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ERBUD Group Q1 2019: increase in revenues and EBIT

- Increase in revenues by 39%, gross profit on sales by 12% and EBIT by 17% y/y
- Increase in income from building construction in Poland by 60% y/y
- Safe level of net debt amounting to PLN 28.4 million
- Increase in the order portfolio by 11% y/y

In the first quarter of 2019, the ERBUD Group recorded PLN 601 million of sales revenue, i.e. 39% more than in the previous year. The profit on sales before tax amounted to PLN 27.6 million and was of 12% more than a year before, while EBIT reached PLN 5.8 million, which means an increase of 17% y/y. At the end of March, the Group had a portfolio of orders worth PLN 2.174 billion, 11% more than in the corresponding period of last year.

The net profit as at the end of March 2019 amounted to PLN 1.8 million in comparison to PLN 4.6 million a year earlier. The difference is primarily the result of a one-off loan repayment (including interest) of PLN 4.4 million that took place in the first quarter of last year. Financial expenses remained at compared periods at a similar level. In the comparable periods, financial costs remained at a similar level.

The gross profit margin on sales in the first quarter of 2019 was 4.6%, and the EBIT margin was 1%.

The record order portfolio with which the ERBUD Group entered 2019 has contributed to a solid increase in revenues and, above all, to the improvement in EBIT. We hope to maintain this upward trend over the subsequent quarters, which will allow us to achieve the target set for this year as EBIT margin at the consolidated level between 1.5 and 2 percent, says Dariusz Grzeszczak, President of the ERBUD S.A. Management Board.

The total income of the ERBUD Group from the building construction in Poland in Q1 2019 amounted to PLN 453.8 million and rose by 60% y/y. On the other hand, building construction abroad generated PLN 38.6 million of revenue and remained at a similar level as compared to the first quarter of last year (a decrease by PLN 1.2 million).

The power engineering and maintenance services segment, together at home and abroad, increased its revenues by 28% y/y to PLN 74.6m.

At the end of March, the ERBUD Group had a portfolio of orders of PLN 2.174 billion, of which PLN 1.377 billion falls for 2019, and PLN 796 million for further years (2020-2021). The share of public procurement in the portfolio collected at the end of March was 42%. The largest public award executed by the ERBUD Group is the contract between PBDI (in consortium with Mosty Łódź) and GDDKiA for the construction of the section of the S3 expressway with a value of PLN 715.2 million. PBDI S.A. will execute works that are worth half of this amount, i.e. PLN 357.6 million.

In the period from 1 April to 14 May this year, the ERBUD Group signed several new contracts with a total value of PLN 263 million. ERBUD S.A. will be, among others, the main contractor for constructing the residential building “Legnicka 33” in Wrocław. The contract with a firm from the Vantage Development Group is worth PLN 67.2 million. The company was also awarded a PLN 31.6 million contract for the refurbishment and extension of an indoor swimming pool for the Sport and Recreation Centre in Stargard and a PLN 33 million contract for the construction of a building with apartments for rent in Warsaw. The German company GWI from the ERBUD Group will carry out the shell and core of the UpperNord Tower in Düsseldorf, the tallest residential and hotel building in the capital of North Rhine-Westphalia. The contract signed with the subsidiary CG Gruppe is worth EUR 24 million (PLN 102.8 million).

We notice that there are opportunities for further development mainly in the building construction, where the aggregate value of portfolio of orders in Poland and abroad amounted to 67% of the total backlog of the ERBUD Group at the end of March. We also see a significant potential in the road-engineering segment, mainly due to a large contract executed by PBDI for the construction of the S3 route, as well as numerous investments in photovoltaic farms. Thanks to the abundant portfolio of orders, we can take the liberty of making a very selective selection of further orders. Now, the priority is to stabilize revenues and improve profitability, announced the President of the Management Board of ERBUD S.A.

The ERBUD Group consistently maintains a stable financial situation. This is, inter alia, confirmed by PLN 99.2 million available in cash and a safe level of net debt, which amounted to PLN 28.4 million.

In the first quarter of 2019, the total headcount in the Erbud Group was at 2 538 people, so the employment decreased by 24 people since the beginning of the year.

The ERBUD Group is one of the largest construction groups in Poland. It exists since 1990. It provides services at home and abroad, and has many years of experience gained on the Polish market as well as in Western European countries. The core business is construction of buildings, road-engineering and construction for industry and power sector. The ERBUD Group competes with the international branch players in terms of quality and meeting deadlines. Yearly, it carries out projects worth about PLN 2 billion. Since 2007, ERBUD S.A. is listed on the Warsaw Stock Exchange.

The most prestigious projects completed recently by the member companies of the Group are: Młociny Shopping Centre, Eurocentrum Office Complex and Royal Wilanów in Warsaw; Invasive and Non-invasive Medicine Centre of the Medical University of Gdańsk; Southern Hospital in Warsaw; Municipal Waste Incineration Plant in Konin; Miechowice Heating Plant; Photovoltaic Power Plant Complex Dobrcz/Mierki.

For more information visit www.erbud.pl

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