ERBUD S.A.

Current Report No. 51/2018
Report date: 2018-08-22

Topic:

Information on preliminary estimates of performance as of 30.06.2018 made in the course of preparing interim financial statements.

Legal basis:
Article 17(1) of the MAR – confidential information

Content of report:

The Management Board of ERBUD S.A. (the "Issuer") informs that a loss will be recognized in the condensed consolidated financial statements of the Erbud Group as at 30 June 2018 and in the separate financial statements of ERBUD S.A. as at 30 June 2018.

In the course of the preparation of interim statements, the Management Board assessed that it is necessary to revaluate margins on the contracts carried out both in Poland and abroad.

The necessity to reduce the planned margins results from the progressive increase in prices of services provided by subcontractors and materials. This applies to contracts calculated and concluded in the years 2015-2016.

The negative result is also affected by the final settlement of nine construction contracts (six contracts executed in Poland by the Issuer and three contracts executed by the Issuer's subsidiary - GWI GmbH). At the same time, the Issuer's Management Board decided to create a provision of PLN 5 million for possible losses that may be caused by the insolvency of one of the Customers.

As a result of the aforementioned events, the Issuer's Management Board estimates that the financial performance as at 30 June 2018 may be as follows:

Consolidated financial figures of the ERBUD Group

Item	30.06.2018	30.06.2017	Change	Percentage change
Revenues from sales	960 000	776 320	183 680	24%
Profit (loss) before tax	10 000	60 467	-50 467	-83%
Result from operations (EBIT)	-40 500	14 846	-55 346	-373%
Net profit (loss)	-30 000	6 995	-36 995	-529%
Equity holders of the parent	222 000	275 857	-53 857	-20%
Non-controlling interests	7 7000	5 362	2 338	44%

Separate financial figures of ERBUD S.A.

Item	30.06.2018	30.06.2017	Change	Percentage change
Revenues from sales	620 000	574 287	45 713	8%
Profit (loss) before tax	-8 600	39 869	-48 469	-122%
Result from operations (EBIT)	-36 900	14 462	-51 362	-355%
Net profit (loss)	-17 075	9 017	-26 092	-289%
Equity holders of the parent	194 000	225 854	-31 854	-14%

The Issuer points out that both the consolidated financial statements of the ERBUD Group and the separate financial statements of ERBUD S.A. are subject to verification by an independent certified auditor, PWC, as part of the process of reviewing the financial statements for the first half of 2018, as a result of which it cannot be excluded that the amounts indicated above may change.

The publication of financial statements will take place on 5 September 2018. In case of significant changes in the published estimated data, the Issuer will inform about it in a separate current report.