

Report's type: Current report

Number: 2/2018

Entity: LUG S.A.

Subject:

The Issuer's monthly report - December 2017.

Content:

The Executive Board of LUG S.A. with its seat in Zielona Góra hereby hands over the monthly report for December 2017.

Legal basis:

Section 16 of the Appendix No. 1 to the Resolution No. 293/2010 of 31st March 2010 issued by the Management Board of Warsaw Stock Exchange and entitled "Good Practices of Companies Listed on NewConnect."

Attachment:

The Issuer's monthly report_December.pdf

Company representatives:

Ryszard Wtorkowski – President of the Executive Board

LUG S.A. monthly report
for December 2017



1. Information on the occurrence of trends and events in the Issuer's market environment, which in the Issuer's opinion may have significant future effects on the financial condition and financial performance of the Issuer.

LUG S.A. Capital Group ended the last month of 2017 with a satisfying result, which confirmed the well-established and stable position of the Group on the domestic and international market. In December, despite the high base effect and naturally shorter working time during the holiday season, the consolidated LUG sales revenues continued the upward trend. The results achieved in Poland and abroad improved y/y. LUG S.A. Capital Group has achieved a single-digit dynamics of total sales revenues, which consists of very good results being the effect of activities on the Polish market, bringing double-digit dynamics and positive one-digit sales dynamics achieved on foreign markets.

Key trends in the Issuer's macroeconomic environment:

- Index of Managers of Logistics Markit PMI of the Polish industrial sector increased from 54.2 points in November 2017 to 55 points in December this year, which means that it has reached the highest value for 34 months. The average value on an annual basis was 53.6 and it is the best annual average since 2006 and at the same time the second best result of the indicator in history. The effects of the December PMI surveys indicated the strongest improvement in economic conditions in the Polish industrial sector in almost three years. Both production volume, employment level and the total number of new orders increased at a faster pace. In December, at the fastest pace for seven months, domestic producers increased their employment. Pressure on supply chains remained strong, with delays in supply being among the largest in seven years.
- At the end of December 2017, the EUR / PLN exchange rate reached 4.1709. This level of the exchange rate had a neutral impact on the Issuer's results due to the mutual offsetting of revenues and costs in the currency.

The Issuer's Management Board regularly monitors the environment, including the situation in the construction and related industries, and constantly monitors the risks associated with the company's operations to limit their adverse impact on the organization.

Data on the dynamics of revenues from domestic and foreign sales as well as the geographical structure of revenues in terms of growing for the third quarter of 2017 were published by the Issuer on November 14, 2017.

1. Summary of current reports published in the period covered by the report

a) In the period covered by this report, the Company published the following current reports of the EIB:

- **22.12.2017 – RB EBI 27/2017** Subject: Selection of an authorized entity for the research of the financial statement of LUG S.A.;
- **14.12.2017 – RB EBI 26/2017** Subject: The Issuer's monthly report – November 2017.

b) In the period covered by this report, the Issuer did not publish any periodical report.

c) In the period covered by this report, the Issuer published the following current reports of ESPI:

- **27.12.2017 – RB ESPI 20/2017** Subject: Receiving the decision of the President of the Energy Regulatory Office;
- **06.12.2017 – RB ESPI 19/2017** Subject: Increase of the share capital in the Issuer's subsidiary.

1. Information on the implementation of the issue objectives

In the reporting period, the Issuer did not undertake activities aimed at achieving the issue objectives. The last issue of LUG S.A. took place in 2010, and the issue objectives were realized.

2. Investor's calendar, covering events to be held in January 2018, which concern the Issuer and are important from the point of view of investors' interests

The Issuer does not anticipate planned events. By the end of January 2018, the Issuer will submit in the form of a current report fixed dates of submitting periodic reports in a given financial year.

Zielona Góra, 12.01.2018