



LUG Spółka Akcyjna
Producent Opraw Oświetleniowych



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Entity LUG S.A.

Subject: Estimated consolidated selected financial data of the LUG S.A. Capital Group for the fourth quarter and cumulatively for the four quarters of 2018

Content:

The LUG S.A. Management Board with its registered office in Zielona Góra ("LUG", "Issuer") due to the information received today on the estimated value of selected financial data of the LUG S.A. Capital Group for the fourth quarter and cumulatively for the four quarters of 2018 and their changes in relation to the financial results presented in the analogical periods of previous years, provides approximate consolidated selected financial data for the fourth quarter and cumulatively for the four quarters of 2018 together with comparative data for analogous periods of financial years 2015-2017.

The fourth quarter of 2018 compared to the fourth quarter of 2017 brought an increase in sales revenues of +27,7%, to PLN 50.17 million. Thanks to that, in a growing incidence, sales revenues reached the level of PLN 169.76 million with the dynamics +19.3% y/y. Thanks to the implemented projects, LUG has maintained the trend of revenue growth for more than a dozen quarters.

The drop in the Issuer's results in other items in the fourth quarter of 2018 was affected by a one-off event in the form of a large lighting project, which due to a combination of unforeseeable external factors was completed at a negative margin. This situation was caused by factors such as a fixed contracted price and unexpected costs that materially affected the rigorous financial framework of the project. As a result of the above activities, the Issuer decided to increase the involvement of resources in the project in order to complete it and reduce possible losses to a minimum. The implementation of this project in accordance with the originally assumed conditions would not be burdened with such large decreases in results, which in the attached file is shown in the column presenting the Issuer's estimated results after eliminating the negative impact of a one-off event.

The following description contains the reported values and results that would have been achieved after the exclusion of the abovementioned one-off event. In the fourth quarter of 2018, the LUG S.A. Capital Group generated PLN 17.23 million of gross profit on sales, which



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compared with the result of PLN 18.87 million in the corresponding period of 2017 means a decrease by 8.7% (increase by 2.7% to the level of PLN 19.38 million excluding one-off event). Considering the four quarters of 2018, gross profit on sales was 11.8% better than a year before and reached the level of PLN 69.15 million (increase by 15.3% to PLN 71.31 million excluding one-off event). The gross margin on sales in the fourth quarter itself dropped y/y by 13.7 pp and reached the level of 34.3%, as compared to the level of 40.7% of the gross margin in the entire 2018 (y/y decline by 2.7pp). In the case of excluding the one-off event, the gross margin would decrease by 9.4pp to 38.6% in the fourth quarter of 2018 and by 1.5pp to the level of 42.0% in the entire 2018. In the last quarter of the year, the LUG S.A. Capital Group generated a consolidated EBITDA result in the amount of PLN 3.65 million (decrease by 27.2% y/y), while in the 12-month period of 2018, EBITDA increased by 12.2% and amounted to PLN 13.80 million. Without taking into account a one-off event, EBITDA would reach PLN 5.81 million in the fourth quarter of 2018 (y/y increase by 15.7%), and in the entire year 2018 PLN 15.95 million (y/y increase by 29.7%). Operating profit and net profit in the fourth quarter of 2018 amounted to PLN 1.16 million (decrease y/y by 68.8%) and PLN -0.7 million (y/y decrease by 124.7%). Cumulative operating profit for the four quarters of 2018 amounted to PLN 6.52 million, thus recording a decrease in dynamics of 10.2%. Net profit cumulatively in the four quarters of 2018 decreased by 39.2% and amounted to PLN 4.31 million. With the exception of a one-off event, operating profit in the fourth quarter of 2018 would amount to PLN 3.31 million (decrease by 10.8% y/y), and net profit PLN 1.46 million (decrease by 48.5% y/y); while in the entire 2018 operating profit would amount to PLN 8.67 million (y/y increase by 19.4%), and net profit of PLN 6.47 million (y/y decline by 8.8%).

The impact of the indicated contract on the situation of the Issuer is incidental and the condition of the LUG S.A. Capital Group in the future is considered stable. The Management Board does not identify any events of a similar extraordinary nature that could likewise affect the results of the LUG S.A. Group in future periods.

The final values of financial data presented in this report will be published in the periodic report for the fourth quarter of 2018.

Law basis: Art. 17 paragraph 1 MAR – confidential information

Appendix: Estimated consolidated selected financial data of the LUG S.A. Capital Group for the fourth quarter and cumulatively for the four quarters of 2018.pdf

Company's representatives:

Ryszard Wtorkowski – CEO of the Management Board