

The most important events of 2018Q4

- Opening of a production plant in Argentina
- Record revenues exceeding 50 million PLN on a quarterly basis
- LUG as a member of the Global Economic Forum
- Record capital expenditures for development works and filing of four patent applications

Samples of LUG completions in 2018Q4

- Google Expansion Mietbereich Youtube, Germany
- Cold Storage Logistics Center, Norac do Brasil, Brazil
- Lighting of the Porsche, Mercedes new concept, BMW and Renault in Europe
- Internal lighting of Bons Secours Hospital in Cork, Ireland
- Office building of the Regional Fund for Environment Protection and Water Management, Koszalin, Poland
- Illumination of the training ground of the Training Center of the Army in Oleszno, Drawsko Pomorskie, Poland
- Comprehensive lighting of BMW showrooms in Gorzów Wielkopolski and Szczecin, Poland
- Szczawnica Park Hotel, Poland

Local governments are increasingly focusing on reducing electricity consumption. This creates a perfect field for using our Smart City solutions that we invest in as part of development works, the effects of which will be visible in 2019.



Ryszard Wtorkowski
The President of the Management Board of LUG S.A.

3 factories

LUG provides clients with advanced lighting management services and lighting systems. We develop them by creating innovative products and services, which increase users' comfort, satisfaction from work and better rest in a well-lit space. Personalizing solutions allows us to build long-term relationships with customers and subsequently generate higher margins.

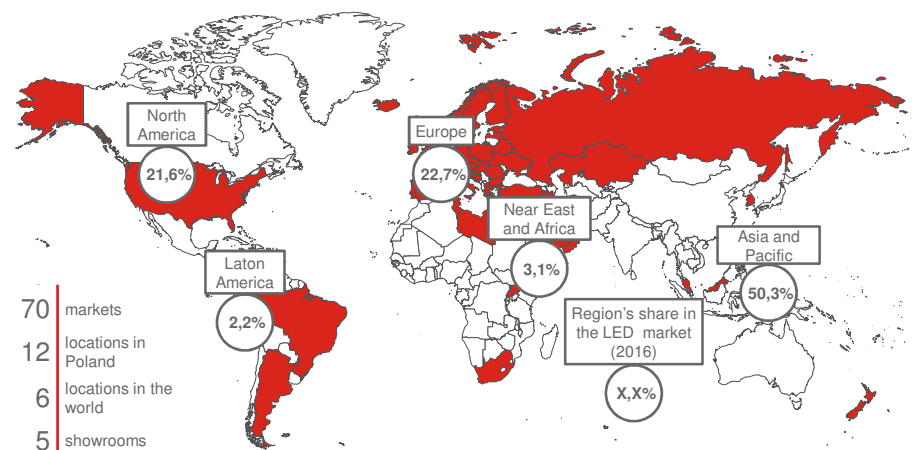
Strategic directions for development

Achieving growth rate of the LUG S.A. Capital Group in relations to 10% CAGR sales revenue in the next 5 years

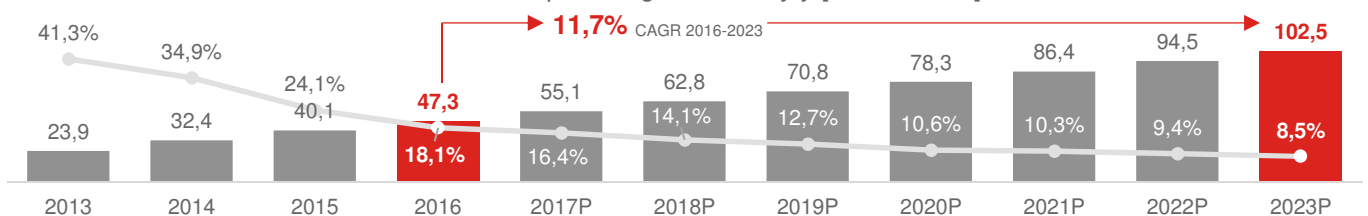
- **Increase:**
To increase the share of completed projects, valued at more than 1 million Euro, to 10% of sales revenue by the end of 2021.
- **Globalization:**
Increase in the share of export revenues to 75% of the revenues of the capital group by the end of 2021.
- **Margins:**
To increase gross margin on sales to exceed 40% over the next few years and sustain it at that level.

LUG and worldwide LED lighting market

Zielona Góra | Nowy Kiszewin | London | Berlin | Paris | Sao Paulo | Posadas | Dubai | Istanbul



The volume of LED market worldwide and the pace of growth rate y/y [mld USD, %]



LED market structure by segments and the respective growth forecast (CAGR)

Year	Architectonical	Hotels and restaurants	Industrial	Office	External application	Residential	Trade
2016	12,4%	6,1%	2,5%	10,3%	18,6%	35,6%	14,5%
Segment CAGR 2016-2023	3,0%	15,2%	14,7%	16,4%	12,7%	11,8%	10,0%
2023P	7,1%	7,5%	3,0%	13,8%	19,8%	35,8%	13,0%

FACTSHEET FINANCIAL RESULTS

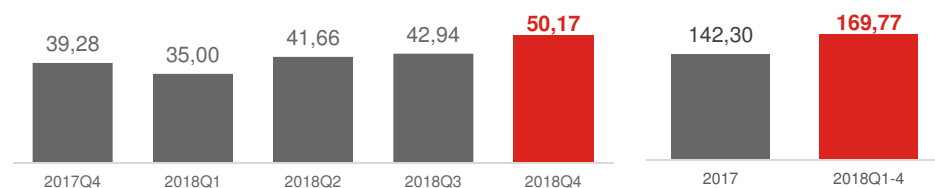
2018Q4

All values in PLN mln and %, unless otherwise indicated

12.02.2019.



Sales revenues



Comments

The increase in revenues by 27.7% y/y in 2018Q4 and by 19.3% in the last four quarters.

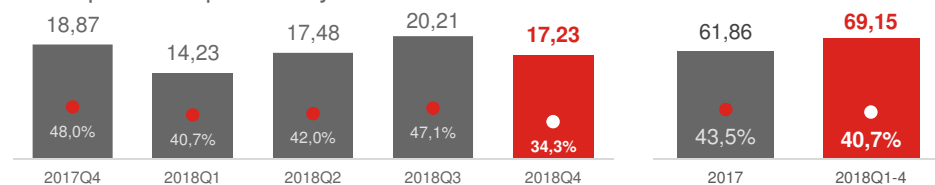
A drop in the gross profit on sales and, consequently, on other result levels in 2018Q4 as a result of a one-off event. Cleaned gross profit on sales without one-off event would reach PLN 19.38 million (increase +2.7% y/y with a margin of 38.6%), EBITDA result would reach PLN 5.81 million (increase + 15.7% y/y at the margin at the level of 11.6%), and the net profit would reach PLN 1.46 million (decrease by -48.5% y/y with a margin of 2.9%).

Increase in depreciation to the level of PLN 2.49 million (+ 92.2% y/y) as a result of commissioning of machines and devices installed in 2018Q2 and Q3 and as a result of the opening of a production plant in Argentina.

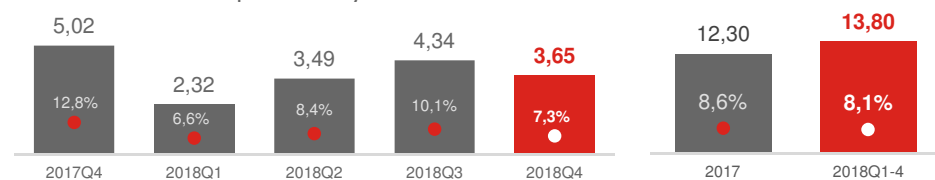
Net cash flows from operating activities at a record level of PLN 8.47 million enabled the repayment of some loans.

Stable financial situation and safe liquidity ratios, decrease of net debt to EBITDA by 0.04 in relation to the previous quarter

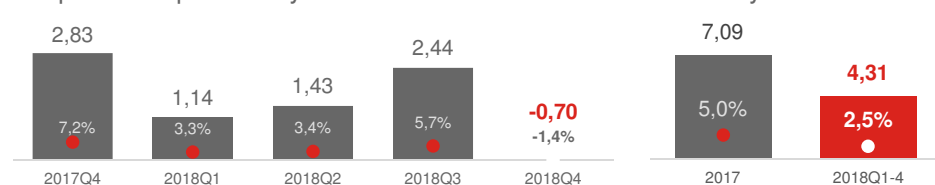
Gross profit and profitability on sales



EBITDA result and profitability



Net profit and profitability for shareholders of the dominant entity

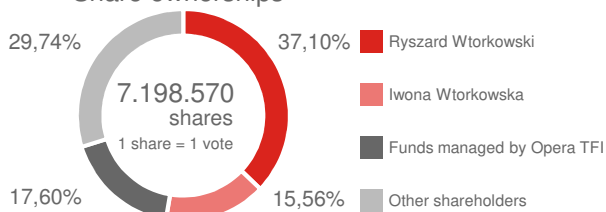


Selected balance items and indicators

	31.12.2017.	30.09.2018.	31.12.2018.
Total balance sheet	121,96	141,46	143,17
Fixed assets	55,41	63,92	65,04
Current assets	66,55	77,54	78,13
Inventory	32,59	39,94	37,67
Trade receivables	28,49	32,19	32,70
Cash	2,62	1,54	5,25
Equity capital	51,43	54,95	54,18
Long-term liabilities	14,36	16,57	16,99
Long-term loans	4,75	3,99	3,78
Short-term liabilities	56,17	69,94	72,00
Short-term loans	17,58	22,94	23,72
Short-term trade liabilities	21,29	22,70	26,70
ROE	13,6%	14,1%	8,0%
ROA	5,7%	5,5%	3,0%
Net debt/ EBITDA	2,41	2,78	2,74
EV/EBITDA (at the end of the period)	7,90	6,47	6,85



Share ownerships



Management Board | Supervisory Board

Ryszard Wtorkowski President, Management Board	Iwona Wtorkowska President, Supervisory Board
Mariusz Ejsmont VP, Management Board & Technical Director	Renata Baczańska
Małgorzata Konyś Management Board Member & Financial Director	Eryk Wtorkowski
	Zygmunt Ćwik
	Szymon Ziolo

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