

The most important events of 2018Q1

- The best first quarter of the year in the history of LUG in terms of revenues and results
- Final stage of the factory construction in Argentina
- Success of LUG in the Light&Building fairs – the most important industry event in the world
- Co-financing of a project in the field of new technologies implemented by a LUG subsidiary BIOT
- Plans for dividend payment

In the first quarter of 2018 we can boast not only record results, but also awards given by independent experts, obtaining capital from European Union funds for the development of research in BIOT and completion of investment connected with starting the plant of assembly and production in Argentina.



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

Samples of LUG completions in 2018Q1

- Street lighting of Aziziya District, Riyadh, Saudi Arabia
- Office building Plaza View, Abu Dhabi, UAE
- Parking lot of CORA market, Liège, Belgium
- Office building Lux Gijon, Asturias, Spain
- Street lighting of Conches en Ouches, France
- Chain of Carrefour & Marjane markets, Casablanca, Rabat, Morocco
- Office building Hofplein, Rotterdam, Holland
- Warehouse and hall of Ongropack, Kazincbarcika, Hungary
- Shopping Mall of Vitaminvein Bjarke, Norway
- Aceros Arequipa Company, Pisco, Peru

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.

3 facilities

(in two of them investments are in progress scheduled in the next 12 months)

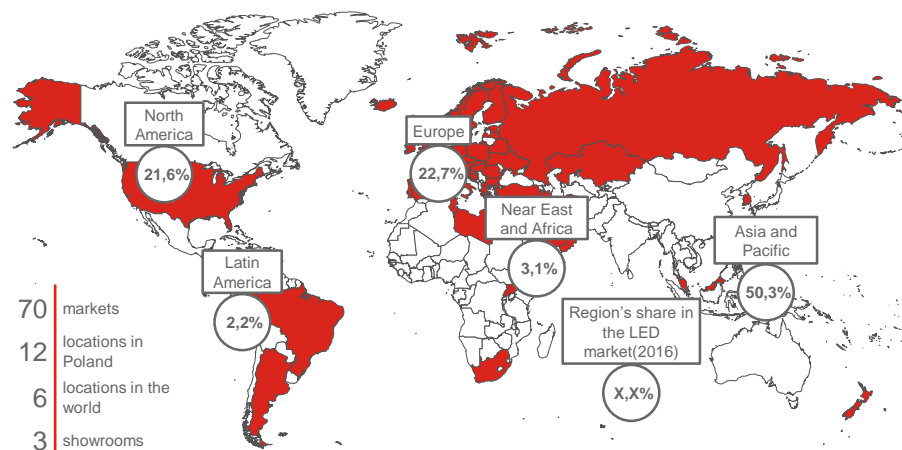
Strategic directions for development

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

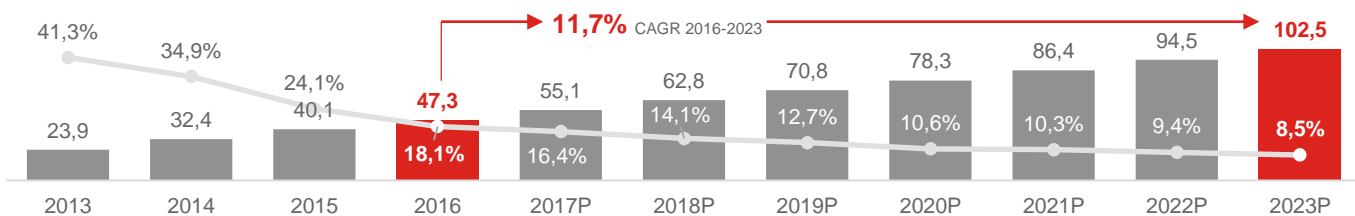
- **Increase:**
To increase the share of completed projects, valued at more than € 1 million, to 10% of sales revenue by the end of 2021.
- **Globalization:**
Increase in the share of export revenues to 75% of the revenues of the capital group by the end of 2021.
- **Margins:**
To increase gross margin 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 Kiszelin | 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 2018Q1

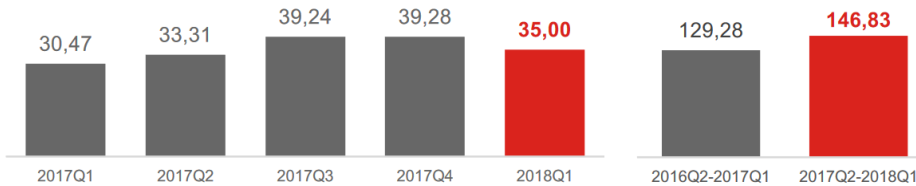
All values in PLN mln
and %, unless
otherwise indicated

FINANCIAL RESULTS

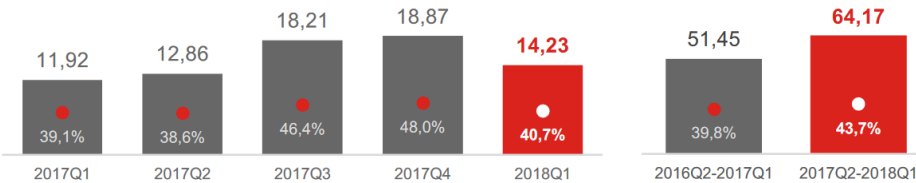
15.5.2018.



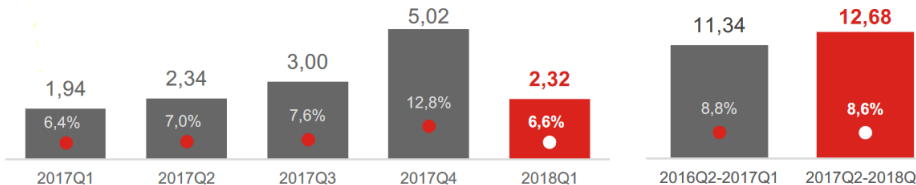
Sales revenues



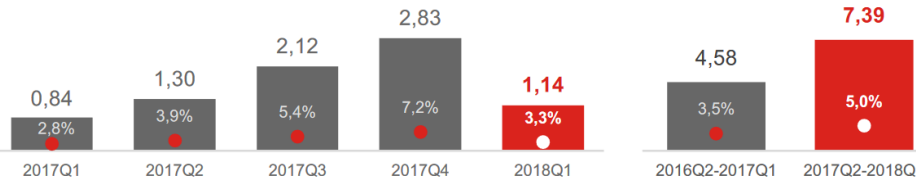
Gross profit and profitability on sales



EBITDA result and profitability



Net profit and profitability



Comments

Revenue growth of 14,9% y/y in 2018Q1 and 13,6% in the last four quarters.

The increase in the scale of operations and investments of year 2017 allowed the increase of gross profit on sales by 19.3% y/y and the improvement of the margin by 1.5 pp to the record result of 40,7% in 2018Q1.

Profitability of EBITDA higher in 2018Q1 by 0.2pp y/y and the result of EBITDA higher by 19.5%. Total EBITDA result for the last four quarters higher by 11.8% than in the previous period.

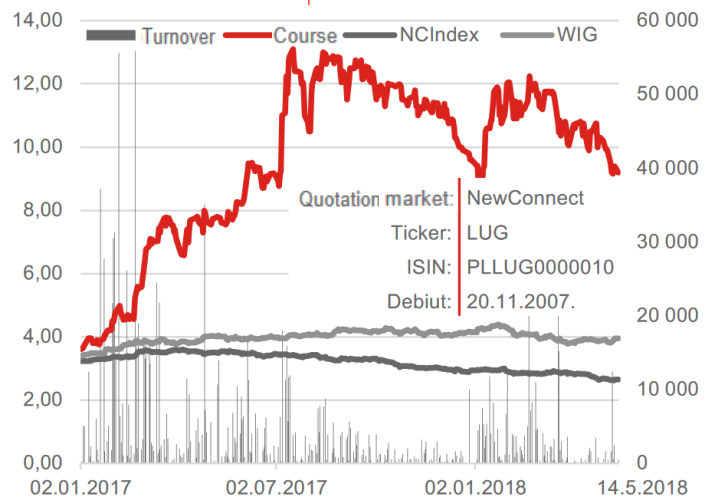
Record value of the net profit of first quarter for shareholders of the dominant company is PLN 1.14 mln (increase by 35.4% y/y) together with the profitability growth by 0.5pp. Total net profit for the last four quarters at PLN 7.39 million (increase by 61.3%) with a net margin of 5.0%.

Temporary increase in short-term debt related with investment financing subject to subsidiaries from appropriations own at planned applying leaseback after they are finished.

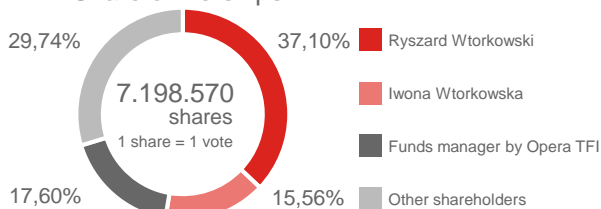
Stable financial situation and safe liquidity ratios and debt allowing for further payment.

Selected balance items and indicators

	31.03.2017.	31.12.2017.	31.03.2018.
Total balance sheet	105,87	121,96	121,20
Fixed Assets	49,34	55,41	59,05
Current Assets	56,53	66,55	62,15
Inventory	33,14	32,59	31,29
Trade receivables	19,87	28,49	26,32
Cash	0,90	2,62	1,48
Equity capital	46,31	51,43	52,43
Long-term liabilities	13,28	14,36	14,66
Long-term loans	3,94	4,75	4,47
Short-term liabilities	46,28	56,17	54,11
Short-term loans	13,49	17,58	19,31
Short-term trade liabilities	19,20	21,29	14,26
ROE	1,8%	5,3%	2,2%
ROA	0,8%	2,2%	0,9%
Net debt/ EBITDA	2,25	2,41	2,83
EV/EBITDA (at the end of the period)	6,63	7,90	8,40



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 Konys Management Board Member & Financial Director	Eryk Wtorkowski
	Zygmunt Ćwik
	Szymon Ziolo