

The most important events of 2018Q2

- The fourth consecutive growth quarter with a gross margin on sales of over 40%
- Further expansion in the world: establishment of LUG Turkey
- Development of the BIOT technology company: capital increase and conclusion of a contract for co-financing a project in the field of new technologies
- Dividend payment approved: PLN 0.17 per share.

The second quarter of year 2018 confirms the sense of investments implemented last year, which allowed us to achieve a constant gross margin on sales of over 40%. The significant effects has brought as well realization of the strategic directions of development and projects from the area of our main segments which positively influenced the results.



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

Samples of LUG completions in 2018Q2

- 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)

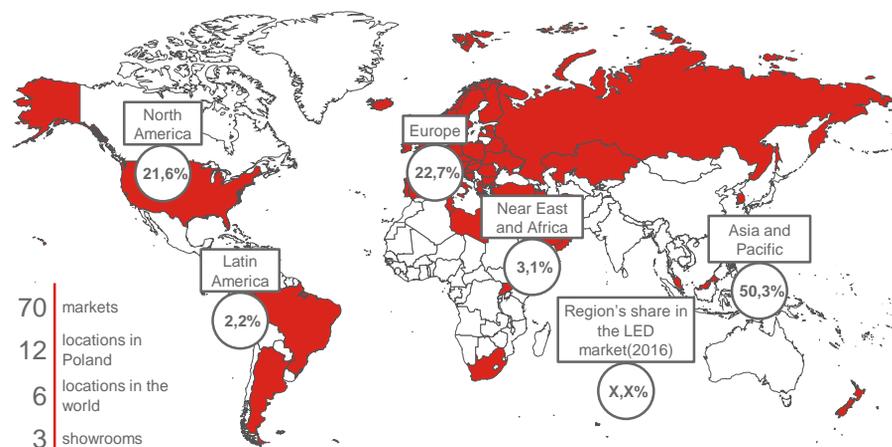
Strategic directions for development

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 Kisielin | London | Berlin | Paris | Sao Paulo | Posadas | Dubai | Stambut



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%
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 2018Q2

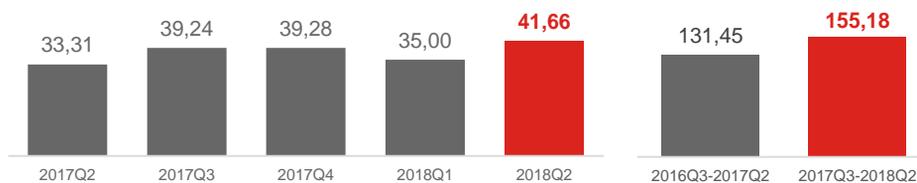
All values in PLN mln
and %, unless
otherwise indicated

WYNIKI FINANSOWE

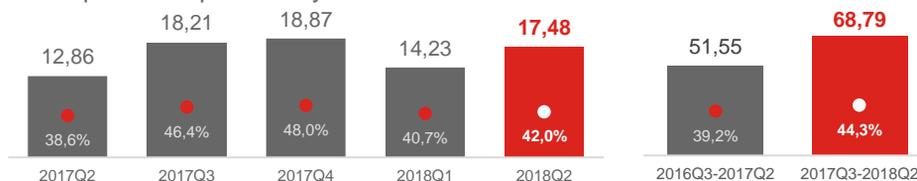
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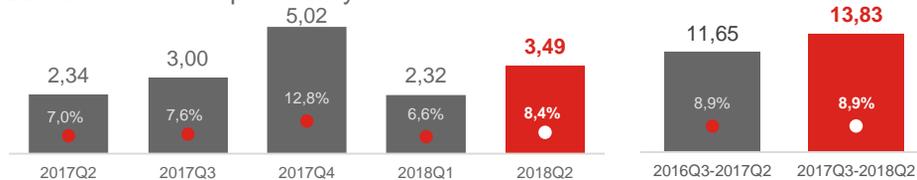
Sales revenues



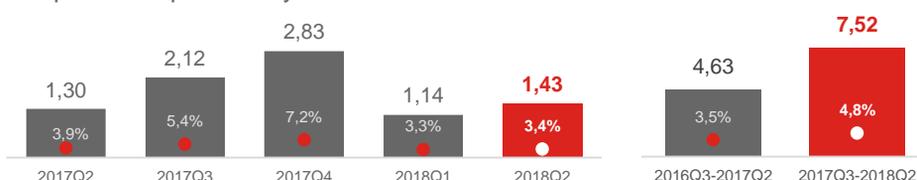
Gross profit and profitability on sales



EBITDA result and profitability



Net profit and profitability



Comments

Revenue growth of 25,1% y/y in 2018Q2 and 18,1% in the last four quarters.

The increase in the scale of operations and investments allowed the increase of gross profit on sales by 35.9% y/y and the improvement of the margin by 3.4 pp to 42% in 2018Q2. For four quarters, the margin has been consistently above 40%.

EBITDA margin was higher in 2018Q2 by 1.4pp y/y and EBITDA increased by 49.1%. The sum of EBITDA results for the last four quarters increased by 18.7% compared to the previous period.

Net profit for shareholders of the dominant company is PLN 1.43 mln. Total net profit for the last four quarters at PLN 7.52 million (increase by 62.4%) with a net margin of 4.8%.

The increase in debt is a result of the increase in working capital necessary to finance street lighting projects that are characterized by longer payment periods for clients (local government units).

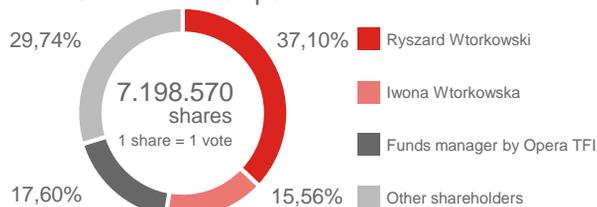
Stable financial situation and safe liquidity and debt ratios allows for further dynamic development.

Selected balance items and indicators

	30.06.2017.	31.03.2018.	30.06.2018.
Total balance sheet	108,37	121,20	133,17
Fixed Assets	49,82	59,05	62,53
Current Assets	58,55	62,15	70,64
Inventory	31,48	31,29	32,61
Trade receivables	21,31	26,32	32,80
Cash	2,38	1,48	0,70
Equity capital	46,77	52,43	52,61
Long-term liabilities	13,35	14,66	16,48
Long-term loans	4,18	4,47	4,18
Short-term liabilities	48,25	54,11	64,08
Short-term loans	14,02	19,31	22,97
Short-term trade liabilities	16,91	14,26	19,09
ROE	9,9%	13,9%	14,1%
ROA	4,3%	6,0%	5,6%
Net debt/ EBITDA	2,13	2,83	2,90
EV/EBITDA (at the end of the period)	7,69	8,40	7,00



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