

### The most important events of 2018Q3

- Opening of a production plant in Argentina
- Improving profits and profitability at every level of the income statement
- Improvement of the net debt to EBITDA ratio despite intensive investments and preparations for the strongest fourth quarter sales in the year
- Payment of the dividend: 0,17 zł / share

*The opening of the Argentina plant begins a new phase of our expansion into the South American markets. At the same time, we focus on diversification, thanks to which in the third quarter we used the continued good economic situation on the Polish market and recorded excellent revenue growth in the country.*



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

### Samples of LUG completions in 2018Q3

- Chain store of AZ market, Italy
- Giurgiu-Ruse Bridge lighting, Bulgaria
- DHL, Lipsk, Germany
- Street lighting in w Wittenberg, Germany
- Residence complex of Ain Al Fayda lighting, Al Ain, UAE
- Exterior lighting of European Hotel, Warsaw, Poland
- Lighting of the Palm House and Vine Hill, Zielona Góra, Poland
- External lighting of Zalando logistic Center, Olsztynek, Poland
- Street lighting modernization, Świebodzin, Poland

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

 factories

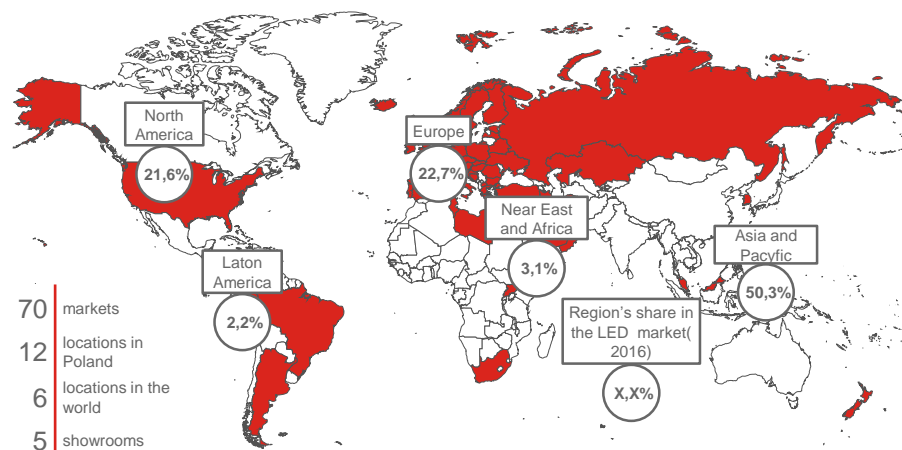
### Strategic directions for development

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

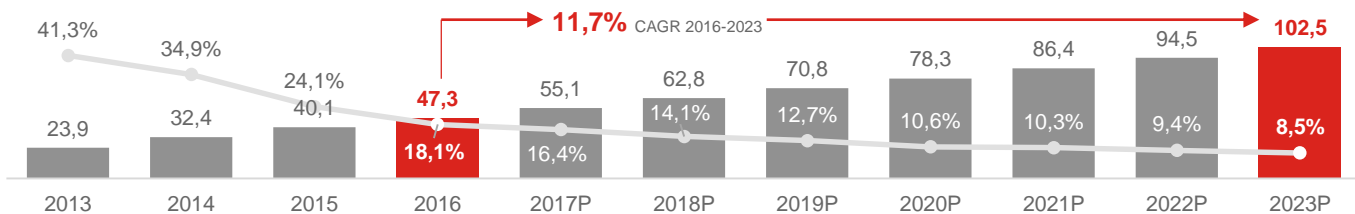
- **Increase:**  
To increase the share of completed projects, valued at more than 1 million Euro, to 10% of sales revenue by the end of 2021.
- **Globalization:**  
Increase in the share of export revenues to 75% of the revenues of the capital group by the end of 2021.
- **Margins:**  
To increase gross margin on sales to exceed 40% over the next few year 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	Hôtels 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 2018Q3

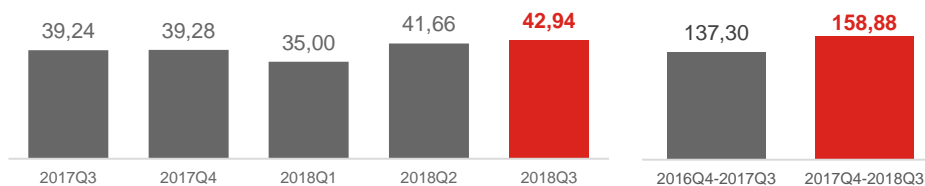
All values in PLN mln  
and %, unless  
otherwise indicated

## FINANCIAL RESULTS

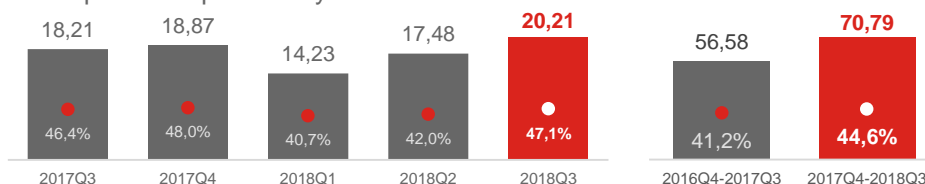
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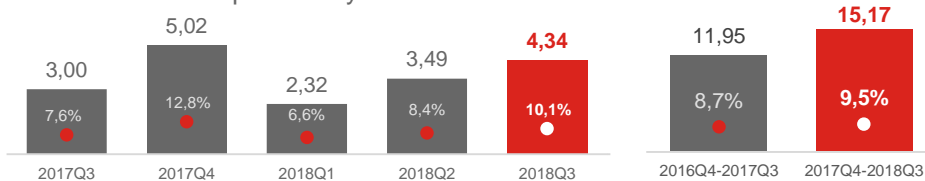
### Sales revenues



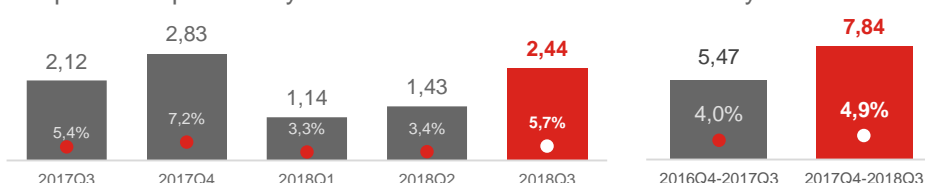
### Gross profit and profitability on sales



### EBITDA result and profitability



### Net profit and profitability for shareholders of the dominant entity



### Comments

The increase in revenues by 9.4% y/y in 2018Q3 and by 15.7% in the last four quarters.

The increase in the scale of operations and investments allowed the increase of gross profit on sales by 11.0% y/y and improvement of the margin by 0.7pp y/y and 5.1pp q/q to 47.1% in 2018Q3. The margin is close to the level from the record 2017Q4.

EBITDA profitability was higher in 2018Q3 by 2.5pp y/y, and EBITDA increased by 44.7%. The sum of EBITDA result for the last four quarters increased by 26.9% compared to the previous period.

Net profit for shareholders of the parent at PLN 2.44 million with a net margin of 5.7%. The sum of net profit for the last four quarters at the level of 7.84 million PLN (increase by 43.3%).

Increase in indebtedness as a result of using leaseback to finance the purchase of machinery and equipment. Increasing stocks as part of preparation for the most important 4Q income.

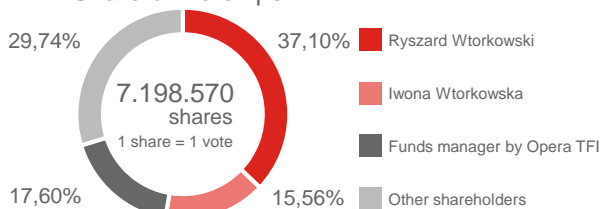
Stable financial situation and safe liquidity ratios, decrease of net debt to EBITDA by 0.12.

### Selected balance items and indicators

	30.09.2017.	30.06.2018.	30.09.2018.
Total balance sheet	117,09	133,17	141,46
Fixed assets	52,83	62,53	63,92
Current assets	64,26	70,64	77,54
Inventory	32,57	32,61	39,94
Trade receivables	25,60	32,80	32,19
Cash	3,21	0,70	1,54
Equity capital	48,63	52,61	54,95
Long-term liabilities	15,47	16,48	16,57
Long-term loans	4,78	4,18	3,99
Short-term liabilities	52,99	64,08	69,94
Short-term loans	18,34	22,97	22,94
Short-term trade liabilities	18,29	19,09	22,70
ROE	11,3%	14,1%	14,1%
ROA	4,7%	5,6%	5,5%
Net debt/ EBITDA	2,33	2,90	2,78
EV/EBITDA (at the end of the period)	9,62	7,00	6,47



### Share ownerships



### Management Board | Supervisory Board

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