

In the second quarter of 2019, our results were under influence of poor economic conditions, price pressure and rising labor costs. That is why we have strengthened our sales structures and accelerated the implementation of the internationalization strategy, which makes us independent of local fluctuations.



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

Revenues
-2,2% y/y

40,76
mIn PLN

Export revenues
+27,0% y/y

26,26
mIn PLN

The most important events of 2019Q2

- Export dynamics following the strategic goal
- Revenue in the country and results under pressure of economic slowdown in construction
- Focus on internationalization strategy: strengthening sales structures
- Dividend payment (0,14PLN /share) September 19, 2019.

Top 3 completions in 2019Q2:

- International airport Oran AS-Sanija, Algeria
- Street lighting of Tur'an municipality in North District, Israel
- Egyptian Japanese University of Science and Technology, Egypt

64,4
%

Export share
in revenues
+14,8pp y/y

13,79
mIn PLN

EBITDA for last 4
quarters
-0,3% y/y

Posadas | Sao Paulo | London | Berlin | Zielona Góra | Nowy Kisielin | Istanbul | Dubai

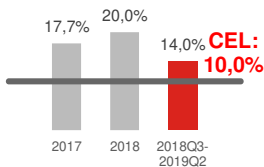


3
production
plants

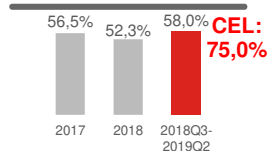
70
markets

Implementation of strategic directions of development

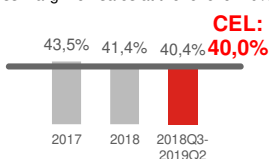
Main goal: average annual increase to 2021 at 10% CAGR



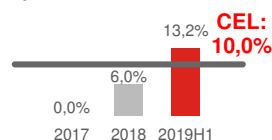
Goal: share of exports in revenues at the level of 75% in the perspective of 2021



Goal: permanent maintenance of the gross margin on sales at the level of 40%



Goal: share of contracts 1 million euros at the level of min. 10% in the perspective of 2021



Lighting market

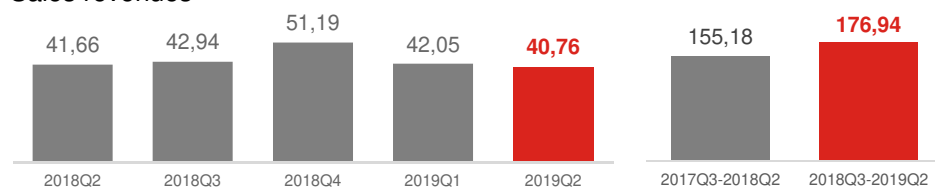
15,5%
CAGR

The forecasted growth rate of the LED lighting market in Europe in 2018-2024

Factors of growth:

- **Savings:** The use of LEDs saves 60-65% of electricity costs and reduces indirect greenhouse gas emissions
- **Regulations:** EU requirements regarding energy efficiency of lighting require the use of LED solutions
- **IoT:** The development of intelligent lighting, both internal and external, is possible only with the use of LED. This results in a rapidly growing demand for IoT and Smart City solutions.

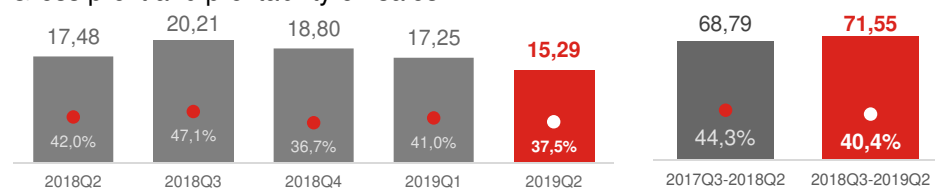
Sales revenues



Explanation

Decrease by 2.2% y/y in revenues of 2019Q2 due to the weakening of the economic situation in the construction industry in the country with a simultaneous increase in exports by 27.0% y/y to PLN 26.26 million.

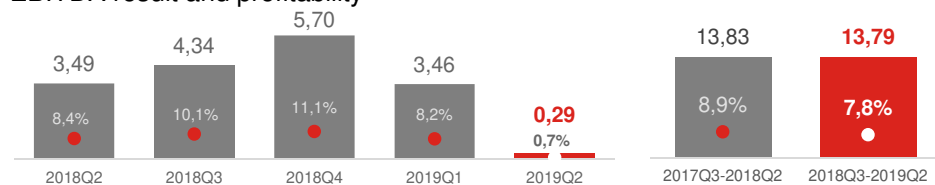
Gross profit and profitability on sales



Unfavourable economic situation in the country caused a weakening of financial results.

Gross sales margin for the last four quarters maintained at a level higher than expected in the strategic directions of the Group's development.

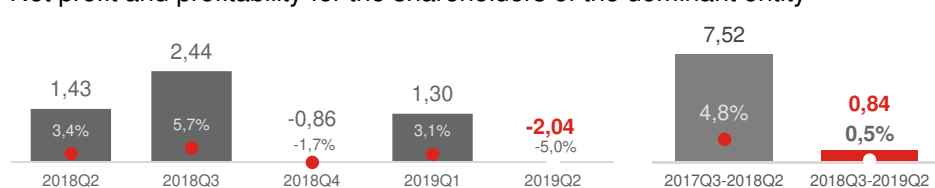
EBITDA result and profitability



Increase in short-term debt due to the launch of loans for projects and the opening of a new reverse factoring line with a higher limit. Stock increase in the second half of the year was visible in higher inventory levels.

Reduction of the net debt to EBITDA ratio as a result of weaker financial results and changes in the balance sheet structure

Net profit and profitability for the shareholders of the dominant entity

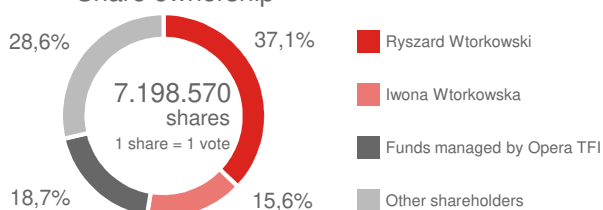


Selected balance items and indicators

	30.06.2018.	31.03.2019.	30.06.2019.
Total balance sheet	133,17	140,92	143,09
Fixed assets	62,53	67,98	69,57
Current assets	70,64	72,94	73,52
Inventory	32,61	36,67	37,88
Trade receivables	32,80	25,44	28,72
Cash	0,70	7,09	3,21
Equity capital	52,61	54,75	52,61
Long-term liabilities	16,48	18,25	17,41
Long-term loans	4,18	3,59	3,22
Short-term liabilities	64,08	67,92	73,07
Short-term loans	22,97	27,47	29,43
Short-term trade liabilities	19,09	19,13	15,21
ROE	14,1%	6,9%	0,6%
ROA	5,6%	2,7%	0,2%
Net debt / EBITDA	2,90	2,49	4,03
EV/EBITDA (at the end of the period)	7,00	5,59	7,67



Share ownership



Management Board | Supervisory Board

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