

In the first quarter of 2019, we returned to the path of dynamic growth. Revenues reflect the growing internationalization of our business. It makes us more and more independent on fluctuations in the Polish construction market and leads to the fulfilment of strategic goals.



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

Revenues
+20,1% y/y

40,05
mIn PLN

Gross margin on sales
+0,4pp y/y

41,0
%

The most important events of 2019Q1

- Record level of export revenues (66.7%)
- Increase in profitability at almost all levels of the income statement (y/y)
- Taking up the function of a Member of the World Economic Forum by LUG
- iF Design Award for the Avenida LED luminaire

Top 3 completions in 2019Q1:

- Internal lighting of MCI Management Center University, Innsbruck, Austria
- GlaxoSmithKline Pharmaceutical, Ireland
- Provincial Complex of Specialist Health Care, Wrocław, Poland

3,46
mIn PLN

EBITDA
+49,1% y/y

1,30
mIn PLN

Net profit
+14,% y/y

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

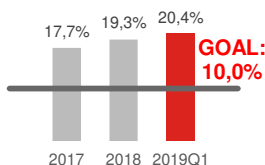


3
production
plants

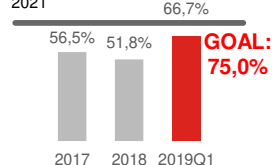
70
markets

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

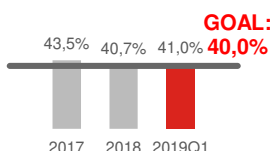


Lighting market

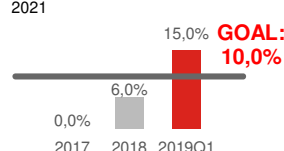
15,5%
CAGR

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

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



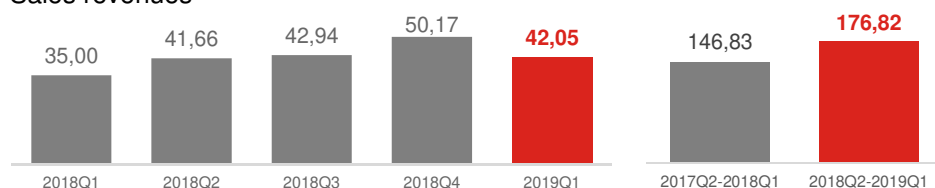
Goal: share of contracts 1 million euros at the level of min. 10% in the perspective of 2021



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.

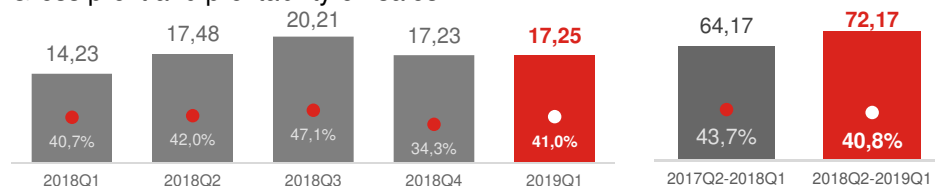
Sales revenues



Comment

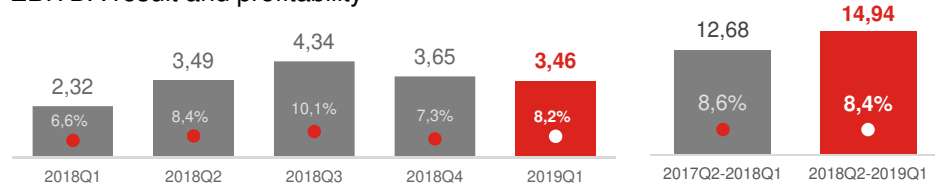
The increase in revenues by 20.1% y/y in 2019Q1 and by 20.4% in the last four quarters. In 2019Q1, an intensive growth of export revenues to the level of 66.7% share in the revenue structure.

Gross profit and profitability on sales



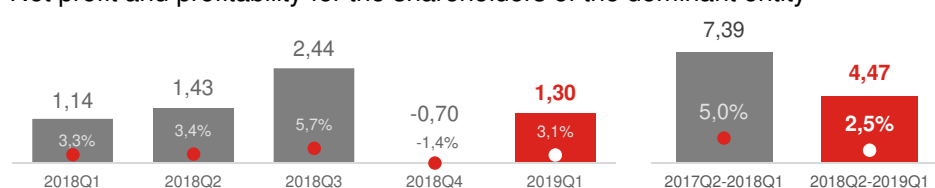
Return to the gross margin on sales at the level exceeding 40%, in accordance with the strategic development directions of the LUG Group.

EBITDA result and profitability



The growth rate of sales costs (+6.8% y/y) and general administrative expenses (+19.1% y/y) lower than the revenue growth rate allowed a significant increase in operating result and EBITDA (+49.1% y/y)

Net profit and profitability for the shareholders of the dominant entity

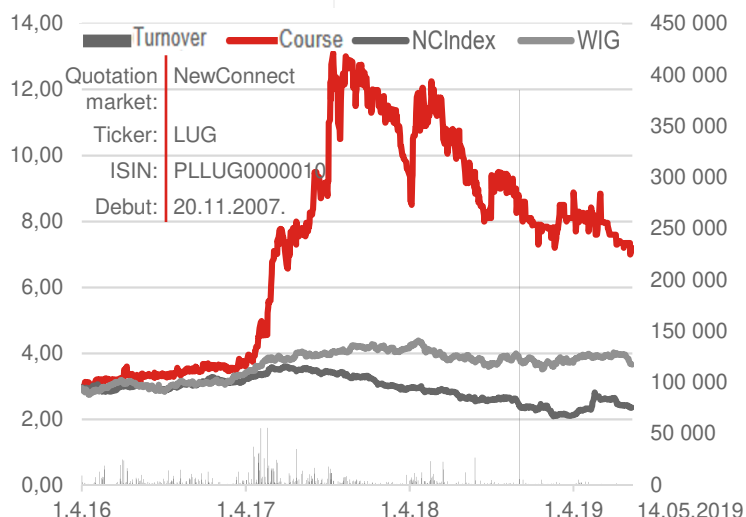


Stable balance sheet situation with lower inventory levels and increased use of leaseback for the financing of machines and equipment purchased.

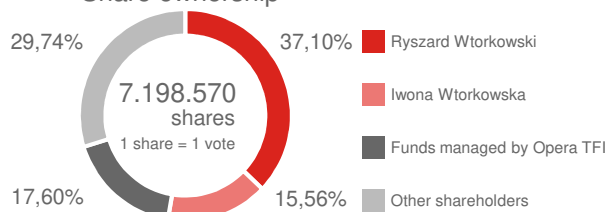
Positive operating cash flows of PLN 1.04 million in 2019Q1 and PLN 11.21 million in the last four quarters allowed financing investments and building a cash position at the level of PLN 7.09 million at the end of the quarter.

Selected balance items and indicators

	31.03.2017.	31.12.2018.	31.12.2018.
Total balance sheet	121,20	143,17	140,92
Fixed assets	59,05	65,04	67,98
Current assets	62,15	78,13	72,94
Inventory	31,29	37,67	36,67
Trade receivables	26,32	32,70	25,44
Cash	1,48	5,25	7,09
Equity capital	52,43	54,18	54,75
Long-term liabilities	14,66	16,99	18,25
Long-term loans	4,47	3,78	3,59
Short-term liabilities	54,11	72,00	67,92
Short-term loans	19,31	23,72	27,47
Short-term trade liabilities	14,26	26,70	19,13
ROE	13,9%	8,0%	8,2%
ROA	6,0%	3,0%	3,2%
Net debt / EBITDA	2,83	2,74	2,83
EV/EBITDA (at the end of the period)	8,40	6,85	6,36



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