

The first quarter of 2020 was marked by turbulence caused by the coronavirus pandemic. Although we identify its impact on the level of orders in the following months, the beginning of the year allowed us to increase revenues and achieve positive profitability at every level of the income statement.



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

Revenues
2020Q1
+7,9% y/y

45,39
mIn PLN

Gross margin
on sales
+5,8pp y/y

72,5
%

The most important events of 2020Q1

- Record revenues of IQ in Company's history
- Increased inventory of components secure business continuity in subsequent periods
- Profitability restored at all levels of the income statement
- Dynamic increase in export revenues
- New PurelightLUG product line for sterilization with UV-C light for the HoReCa industry, offices, education, services and healthcare

Top 3 completions of 2020Q1:

- Complex lighting of Ministry Building Facades, Cairo, Egypt
- Street lighting Raglamyr, Haugesund, Norway
- Ruland Engineering & Consulting Factory, Tychy

18,28
mIn PLN

Gross profit
on sales 2020Q1
+6,0% y/y

1,91
mIn PLN

Net profit
for shareholders
of dominant entity
+46,9% y/y

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

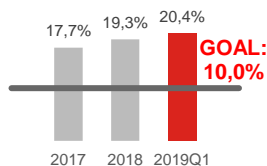


3
production
plant

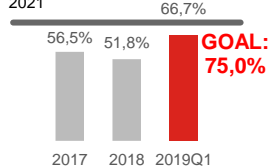
70
markets

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

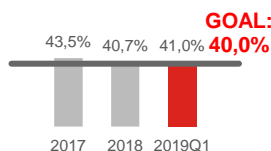


Lighting market

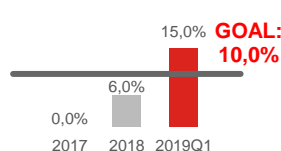
18%
CAGR

The forecasted growth rate of the LED lighting market in Europe in 2020-2025 due do the calculations taking into account the influence of COVID-19 pandemic.

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



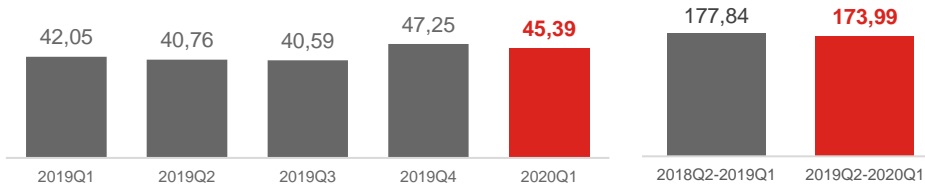
Goal: share of contracts 1 million euros at the level of min. 10% in the perspective of 2021



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

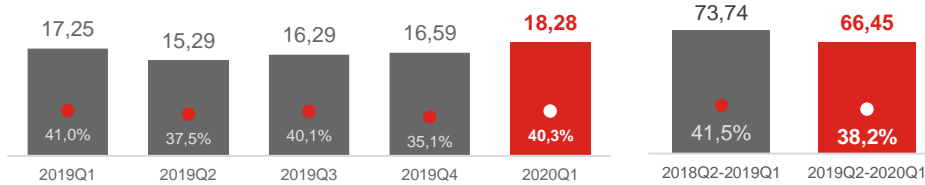
Revenue increase by 7,9% y/y in 2020Q1 with particularly dynamic exports, which achieved a 72,5% share in the revenue structure.

Positive profitability at every level of results due to the relative reduction of costs of products, goods and materials sold and optimization of general and administrative costs. The net profit under the influence of positive exchange rate differences intrade relations with Argentina.

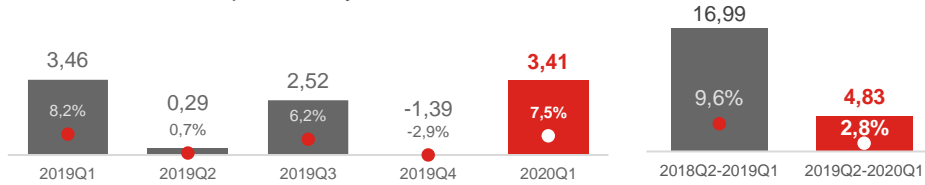
Positive operating cash flows and net cash increase.

Increased debt in working capital loans as a result of an increase in inventories resulting from the need to stock up for ongoing contracts and maintain operating liquidity in subsequent periods. Increase in trade receivables as a result of growing revenues at the end of 2020Q1.

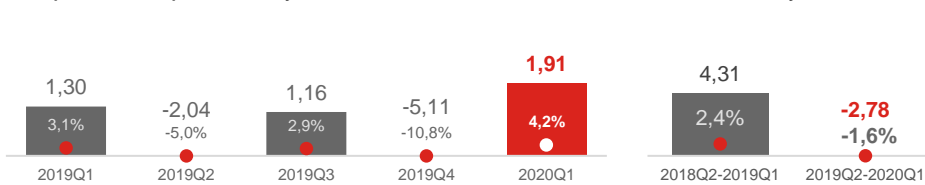
Gross profit and profitability on sales



EBITDA result and profitability



Net profit and profitability for the shareholders of the dominant entity



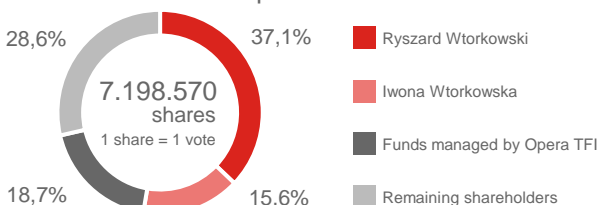
Selected balance items and indicators

	31.03.2019.	31.12.2019.	31.03.2020.
Total balance sheet	140,92	146,86	157,68
Fixed assets	67,98	70,50	69,12
Current assets	72,94	76,36	88,56
Inventory	36,67	40,09	45,77
Trade receivables	25,44	29,02	33,85
Cash	7,09	3,79	4,85
Equity capital	54,75	47,34	48,53
Long-term liabilities	18,25	15,16	12,94
Long-term loans	3,59	2,64	2,35
Short-term liabilities	67,92	84,36	96,21
Short-term loans	27,47	34,00	37,00
Short-term trade liabilities	19,13	22,27	29,54
ROE	6,9%	-7,0%	-5,6%
ROA	2,7%	-2,3%	-1,7%
Net debt/ EBITDA	2,49	11,43	11,82
EV/EBITDA (at the end of the period)	5,59	16,82	14,91

NewConnect quotation



Share ownership



Management Board | Supervisory Board

Ryszard Wtorkowski CEO of the Management Board	Iwona Wtorkowska President of Supervisory Board
Mariusz Ejsmont VP of the Management Board Director of technologies and systems integration of LUG	Renata Baczańska
Małgorzata Konys Management Board Member CFO	Eryk Wtorkowski
	Zygmunt Ćwik
	Szymon Ziolo