

The fourth quarter of 2019 was a time of intensive work on strengthening exports. Thanks to the internationalization, we want to become independent from the difficult economic situation and changing conditions on individual markets. We develop and optimize products and services that will help us respond to demand on foreign markets and increase the competitiveness of our solutions.



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

Sales
revenues
of IVQ2019
-7,7% y/y

47,25
PLN mln

Export
revenues
of IVQ2019
+10,1% y/y

25,54
PLN mln

The most important events 2019Q4

- New companies in the LUG S.A. Capital Group: ESCOLIGHT Sp. z o.o. and LUG Services Sp. z o.o.
- Revenues on domestic market under the pressure of weak domestic investment dynamics, export revenues increased by 15%
- LUG raises competitiveness due to higher sales volumes and introduces optimization measures to return to higher profitability
- LUG as a triple winner of the Best Lighting Investment competition.

Top 3 completions 2019Q4:

- Fakeeh University Hospital, Dubai, UAE
- Pfizer Ireland Pharmaceuticals, Little Island, Cork, Ireland
- Metro station C07 Młynów, Warsaw, Poland

60,4
%

Export share
in revenues
2019Q1-4
+10,1pp y/y

+5,76
PLN mln

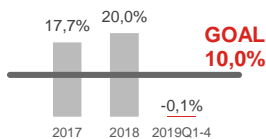
Net operating
income

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

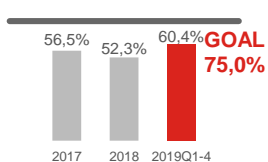


Implementation of strategic directions of development

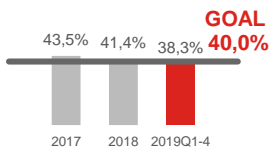
Main goal: average annual increase to 2021 at 10% CAGR



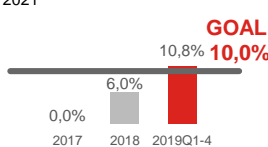
Goal: export share in revenues at the level of 75% in the perspective of 2021



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



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



Lighting market

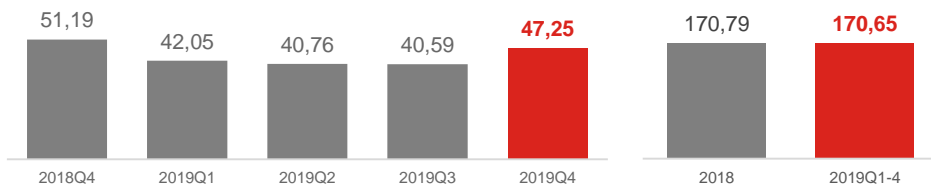
15,5%
CAGR

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 requirement regarding energy efficiency of lighting requirement of 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.

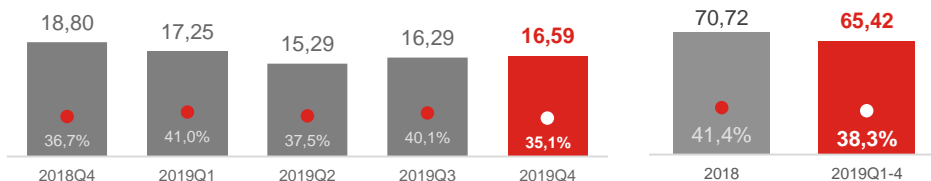
Sales revenues



Explanation

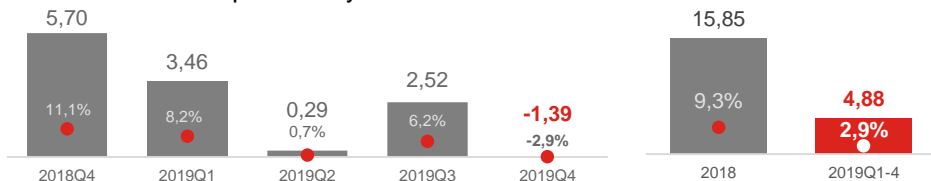
Reduction of revenues by 7,7% y/y in 2019Q4 as a result of a high base a year before with the continuing weak economic situation in the domestic construction industry.

Gross profit and profitability on sales



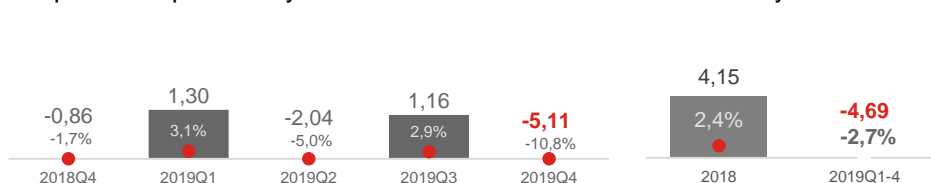
Increase of the costs of sold products, goods and materials as a result of the transition to material-intensive products and due to the need to bear the costs of product certification to export markets.

EBITDA result and profitability



EBITDA level due to the increase in general and administrative expenses (due to the start of new research and development projects) and sales costs (related to the reorganization of commercial structures and increased expenditure on acquiring foreign customers).

Net profit and profitability for the shareholders of the dominant entity



Increase in short-term debt necessary to finance the extended inventory cycle.

Positive cash flows from operating activities enabling investment financing and reducing part of credit and leasing debt

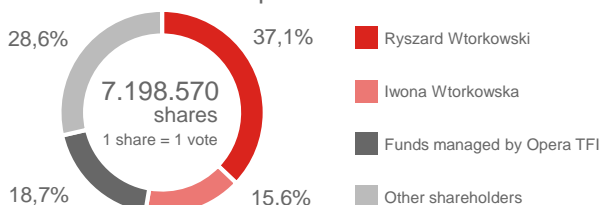
Selected balance items and indicators

	31.12.2018.	30.09.2019.	31.12.2019.
Total balance sheet	143,83	147,96	146,86
Fixed assets	64,36	70,27	70,50
Current assets	79,47	77,69	76,36
Inventory	35,51	40,45	40,09
Trade receivables	34,92	30,01	29,02
Cash	5,26	3,31	3,79
Equity capital	53,85	52,04	47,34
Long-term liabilities	14,93	16,63	15,16
Long-term loans	3,78	3,22	2,64
Short-term liabilities	75,05	79,29	84,36
Short term loans	23,72	32,31	34,00
Short-term trade liabilities	29,88	17,96	22,27
ROE	6,7%	-1,9%	-7,0%
ROA	2,5%	-0,7%	-2,3%
Net debt/ EBITDA	2,40	5,02	11,43
EV/EBITDA (at the end of the period)	5,94	7,14	16,82

NewConnect quotations



Share ownership



Management Board | Supervisory Board

Ryszard Wtorkowski President of the Board	Iwona Wtorkowska President of Supervisory Board
Mariusz Ejsmont V-ce President Technical Director	Renata Baczańska Eryk Wtorkowski
Małgorzata Konys Board Member Financial Director	Zygmunt Ćwik Szymon Ziolo