



RAMADA

INVESTIMENTOS E INDÚSTRIA

Earnings' Announcement

June 30, 2018

(unaudited)

This document is a translation of a document originally issued in Portuguese, prepared using accounting policies consistent with the International Financial Reporting Standards and in accordance with the International Accounting Standard 34 – Interim Financial Reporting, some of which may not conform or be required by generally accepted accounting principles in other countries. In the event of discrepancies, the Portuguese language version prevails.



80 YEARS
Investing in industry

INTRODUCTION

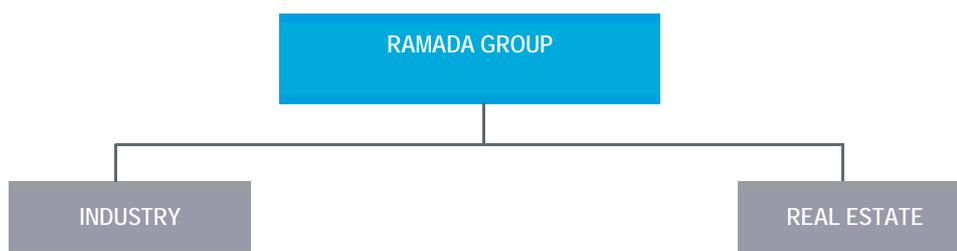
Ramada Investimentos¹ is the parent company of a group of companies that together operate two distinct business segments: i) Industry Segment, which includes the activity of special steels and wire drawing, as well as the activity related to the management of financial investments in which the Group is a minority shareholder; and ii) Real Estate Segment, aimed at the management of real estate assets.

The steel activity, which develops, especially at the level of the sub-segment of moulds, with a leading position in the domestic market, is developed by three companies: Ramada Aços, Universal Afir and Planfuro Global.

In the last quarter of 2017, Ramada Investimentos acquired, indirect control of 99% of the share capital of SOCITREL – Sociedade Industrial de Trefilaria, S.A. ("Socitrel"). It should be noted that Socitrel only started to impact the consolidated statement of profit and loss from 2018, January 1st onwards. Additionally, in the period ended March 31, 2018 Ramada Investimentos acquired the remaining 1% of Socitrel's share capital, holding since then the whole share capital of that subsidiary.

This acquisition allowed Ramada Investimentos to diversify its industrial activity, entering a new area of business. The main business of Socitrel is related with manufacture of steel wires, capable of being used in a wide variety of activities, including industry, agriculture and construction.

In the first half of 2018, Ramada Investimentos sold the entire share capital of Ramada Storax, S.A. and of all its subsidiaries in France, the United Kingdom, Belgium and Spain, which supported the entire international distribution network. This operation entailed the discontinuation of the Storage Solutions activity.



¹ In June 2018 F. Ramada - Investimentos SGPS, S.A., changed the Company's corporate purpose, as well as the Company's name to "RAMADA INVESTIMENTOS E INDÚSTRIA, S.A." (Ramada Investimentos).

The financial information presented below in relation to Ramada Group was prepared in accordance with the recognition and measurement criteria of the International Financial Reporting Standards (IFRS), as adopted by the European Union.

Profit and loss statement

The income statement for the first half of 2017 was restated in order to segregate in an autonomous line the results attributable to the discontinuing units (subsidiaries that are dedicated to the storage solutions business).

| | 1H 2018 | 1H 2017 (Restated) | Var. % |
|--|-----------------|-----------------------|----------------|
| Sales and services rendered | 67 243 | 38 950 | 72.60% |
| Other income | 531 | 194 | 174.10% |
| Total revenue | 67 774 | 39 143 | 73.10% |
| Cost of sales | (40 952) | (21 124) | 93.90% |
| External supplies and services | (8 895) | (4 554) | 95.30% |
| Payroll expenses | (7 323) | (4 682) | 56.40% |
| Other expenses | (832) | (681) | 22.10% |
| Total costs (a) | (58 002) | (31 041) | 86.90% |
| EBITDA (b) | 9 772 | 8 103 | 20.60% |
| EBITDA Margin | 14.40% | 20.70% | |
| Amortization and depreciation | (2 998) | (2 568) | 16.70% |
| EBIT (c) | 6 774 | 5 535 | 22.40% |
| EBIT Margin | 10.00% | 14.10% | |
| Gains/(losses) in associated companies | - | 991 | -100.00% |
| Financial expenses | (893) | (752) | 18.70% |
| Financial income | - | 87 | -99.40% |
| Profit before income tax from continuing operations | 5 881 | 5 861 | 0.30% |
| Income tax | (1 370) | (1 284) | |
| Profit after tax from continuing operations | 4 511 | 4 578 | -1.50% |
| Profit after tax income from discontinued operations | 60 214 | 2 493 | 2315.50% |
| Consolidated net profit | 64 725 | 7 071 | 815.40% |
| Consolidated net profit attributable to shareholders of parent company | 64 725 | 7 061 | 816.70% |
| Consolidated net profit attributable to Non-controlling Interest | - | 10 | |

Amounts in thousand Euros

- (a) Operating costs excluding depreciation and amortization, financial costs and income taxes
 (b) EBITDA = income before financial results, taxes on income, amortization and depreciation
 (c) EBIT = income before financial results and taxes on income

Total turnover of Ramada Group, during the first semester of 2018, amounted to 67,774 thousand Euro representing an increase of 73.1% compared to the total turnover of the homologous period in 2017. This growth is explained by the impact of the consolidation of Socitrel which occurred only in 2018. Excluding this effect, the group had an equivalent growth in the period of 5,482 thousand Euros, an increase of 14.1%.

Total costs, excluding amortization, financial expenses and taxes, amounted to 58,002 thousand Euro, representing an increase of 86.9 % in relation to June 2017.

EBITDA in the first semester of 2018 reached 9,772 thousand Euro, representing an increase of 20.6% when compared to the homologous period. EBITDA margin reached 14.4%, which compares to 20.70% obtained in the same period in 2017.

Group's operating results (EBIT) amounted to 6,774 thousand Euro, representing an increase of 22.4% comparing with 5,535 thousand Euro in the same period of 2017.

The negative financial costs amounted to 893 thousand Euro, representing a growth of 34.3%, when compared with the same period in 2017.

In the first semester of 2018 net profit from continuing operations amounted to 4,511 thousand Euro, 1.5% less than in the first semester of the previous year.

The net result of the discontinued operations was 60,214 thousand Euros, which included the gain on the transaction of the entire storage solutions business of 59,038 thousand Euros. In the same period of 2017 the profit of this activity amounted to 2,493 thousand Euros.

Consolidated net profit, including discontinued operations, reached 64,725 thousand Euros, of which 7,071 thousand Euros in the same period of 2017.

INDUSTRY

| | 1H 2018 | 1H 2017 (Restated) | Var. % |
|--|---------------|-----------------------|----------------|
| Total revenue | 64 323 | 35 741 | 80.0% |
| Total costs (a) | (57 331) | (30 475) | 88.1% |
| EBITDA (b) | 6 993 | 5 266 | 32.8% |
| EBITDA Margin | 10.9% | 14.7% | |
| EBIT (c) | 4 118 | 2 898 | 42.1% |
| EBIT Margin | 6.4% | 8.1% | |
| Financial results | (456) | (123) | 271.9% |
| Gains/losses in associated companies | 0 | 991 | -100.0% |
| Profit before income tax from continuing operations | 3 662 | 3 766 | -2.8% |
| Income tax | (815) | (655) | 24.5% |
| Net profit from continuing operations | 2 846 | 3 111 | -8.5% |
| Net Income from discontinued operations | 60 214 | 2 493 | 2315.5% |
| Consolidated net profit for the period | 63 060 | 5 604 | 1025.2% |

Amounts in thousands of Euros

(a) Operating costs excluding depreciation and amortization, financial costs and income taxes

(b) EBITDA = income before financial results, taxes on income, amortization and depreciation

(c) EBIT = income before financial results and taxes on income

During the first semester of 2018 the total income for the industry segment amounted to 64,323 thousand Euro, representing an increase of 80% compared to total income for the first six months of 2017. This increase is explained by the impact of the consolidation of Socitrel subsidiary which occurred only in 2018. Excluding this effect, the group had an equivalent growth in the period of 5,482 thousand Euros, an increase of 14.1%.

Industry segment's EBITDA in the first semester of 2018 amounted to 6,993 thousand Euro, which represents an increase of 32.8% when compared with 5,266 thousand Euro achieved in the same period in 2017.

Industry's EBITDA margin decreased to 10.9% compared to 14.7% in the previous year.

Operating income (EBIT), in the amount of 4,118 thousand Euros, grew by 42.1% compared to 2,898 thousand Euros in the same period of 2017.

In the first half of 2018, the Steel business recorded a growth in turnover compared to the same period of the previous year.

The sectors of mould and metal mechanics continue to be the engine of sales growth of this activity.

The recent USA, China and EU trade battle can bring huge upheavals in car sales, although the imperative need to reduce vehicle weight and the introduction of the "electric and self-powered car" may have a significant positive impact on the activity of the Moulds Industry.

In the first half of 2018 the Group took another important step in entering a new market niche in this sector: moulds for bumpers, wheel arches and door panels.

The Metal-mechanics sector continues to go through a good period with exports having an important contribution.

The sector of the construction of tools for the stamping of parts for the automotive industry had a dynamic first half of the year, with new projects awarded to the Portuguese market, which boosted the oxyfuel service and sales of cold work steels.

Steel prices continue to rise, and everything suggests that this trend will continue until the end of the year.

The Steel business operates essentially in the domestic market, which accounted for 94% of turnover in the first half of 2018. The growth of exports is a bet for 2018. The increase in export activity has posed enormous challenges to the logistics of the Group, hitherto aimed at the domestic market.

In the first half of 2018, Socitrel's activity registered a significant growth compared to the same period of 2017, recovering levels of production, sales and financial performance.

In the main markets where Socitrel operates, there is some stability at the end of the first half with pressure signals on the supply side, after a few months of demand-side pressure. At the level of the zinc products the supply side pressure remains. The machine wire market maintains the price stability associated with the uncertainty of its evolution for the third quarter.

Socitrel operates mainly in the foreign market, which in the first half of 2018 accounted for 66% of turnover, with Europe being the target market with the highest preponderance.

REAL ESTATE

| | 1H 2018 | 1H 2017 (Restated) | Var. % |
|--------------------------|---------|-----------------------|--------|
| Total revenue | 3 450 | 3 402 | 1.4% |
| Total costs (a) | (671) | (566) | 18.6% |
| EBITDA (b) | 2 779 | 2 836 | -2.0% |
| EBIT (c) | 2 656 | 2 637 | 0.7% |
| Financial results | (436) | (542) | -19.5% |
| Profit before income tax | 2 220 | 2 095 | 5.9% |

Amounts in thousand Euros

(a) Operating costs excluding depreciation and amortization, financial costs and income taxes

(b) EBITDA = income before financial results, taxes on income, amortization and depreciation

(c) EBIT = income before financial results and taxes on income

Total income for the Real Estate segment in the first semester of 2018 was 3,450 thousand Euro, presenting an increase of 1.4% over the same period of 2017.

The rents obtained from the long-term lease of forest land represent more than 95% of total income of the Real Estate segment.

Real Estate segment EBITDA in the first semester of 2018 amounted to 2,779 thousand Euro, having registered a decrease of 2.0% compared to 2017.

In the first half of 2018, the operating income (EBIT) of the Real Estate segment, in the amount of 2,656 thousand Euros, showed a slight increase compared to the same period of 2017.

The financial results of the Real Estate segment were negative by 436 thousand Euros, showing an improvement of 19.5% compared to the negative 542 thousand Euros in the first half of 2017.

In the first half of 2018, profit before taxes from the Real Estate segment amounted to 2,220 thousand Euros, 5.9% higher than in 2017.

INVESTMENTS AND DEBT

Ramada Group investments (CAPEX) in the first semester of 2018 amounted to 1,141 thousand Euro.

On June 30, 2018, the Ramada Group had net cash, deducted of nominal gross debt, amounting to 12,035 thousand Euros. At 31 December 2017, net nominal debt amounted to 7,872 thousand Euros.

Porto, July 26, 2018

The Board of Directors



Shaping industry

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