

# RAMADA

INVESTMENTS AND INDUSTRY

Earning's Announcement

1<sup>st</sup> Quarter 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 with 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

## GROUP'S ACTIVITY

F. Ramada Investimentos S.G.P.S., S.A (F. Ramada Investimentos) is the parent company of a group of companies ("Ramada Group") which, together, operate in two business areas: i) Industry, which includes the steel activity, steel wire, the storage solutions activity and the activity related to financial investments management (corresponding to non-controlling interests) and ii) Real Estate, focused in the management of real estate assets.

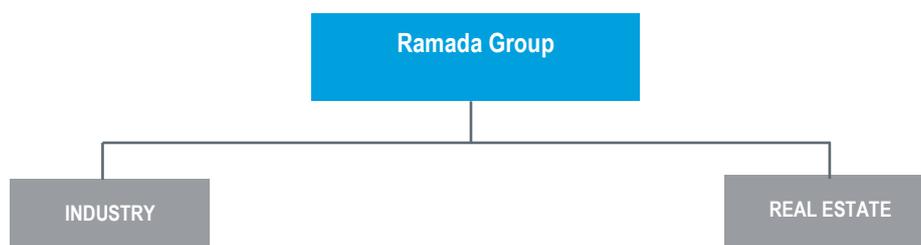
The steel activity, which develops, especially at the level of the sub-segment of moulds, with a leading position in the domestic market, is developed by three companies: Ramada Aços, Universal Afir and Planfuro, Global S.A..

In the last quarter of 2017, F. Ramada Investimentos acquired, indirect control of 99% of the share capital of SOCITREL – Sociedade Industrial de Trefilaria, S.A. ("Socitrel"), following the decision in December 2017 of non-opposition by the Portuguese Competition Authority ("Autoridade da Concorrência"). It should be noted that Socitrel only started to impact the consolidated statement of profit and loss from January 1<sup>st</sup> 2018 onwards. Additionally, in the period ended March 31, 2018 F. Ramada purchased the remaining 1% of Socitrel's share capital, becoming holder of the whole share capital of that subsidiary.

This acquisition allowed F. Ramada Investimentos to diversify its industrial activity, entering a new business area. 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.

The activity of storage solutions is carried out by five companies: Ramada Storax (the largest manufacturer of storage systems in Portugal and where all manufacturing of the Group is concentrated), and by its subsidiaries in France, UK, Belgium and Spain.

On March 20, 2018, F. Ramada Investimentos announced an agreement entered into with Aveyrs Group for the sale of the entire share capital of its wholly owned subsidiary Ramada Storax, S.A. The conclusion of the transaction remained subject to the decision of non-opposition by Competition Authorities. As such, considering the high probability of completion of the transaction, the assets, liabilities and profit and loss of the subsidiaries engaged in the activity of storage solutions, are presented in the financial statements of March 31, 2018 as discontinued operations.



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

The statement of profit and loss for the first quarter of 2017 was restated in order to disclose in a single and separate caption profit and loss attributable to the discontinuing operations (subsidiaries engaged in the business of storage solutions).

	1Q 2018	1Q 2017 (Restated)	Var. %
Sales and services rendered	31 656	18 971	66.9%
Other income	147	98	49.6%
<b>Total revenue</b>	<b>31 803</b>	<b>19 068</b>	<b>66.8%</b>
Cost of sales	(19 077)	(9 852)	93.6%
External supplies and services	(4 222)	(2 629)	60.6%
Payroll expenses	(3 614)	(2 336)	54.7%
Other expenses	(239)	(329)	-27.3%
<b>Total costs (a)</b>	<b>(27 152)</b>	<b>(15 145)</b>	<b>79.3%</b>
<b>EBITDA (b)</b>	<b>4 651</b>	<b>3 923</b>	18.6%
<b>EBITDA Margin</b>	<b>14.6%</b>	<b>20.6%</b>	
Amortization and depreciation	(1 492)	(1 320)	13.0%
<b>EBIT (c)</b>	<b>3 159</b>	<b>2 602</b>	<b>21.4%</b>
<b>EBIT Margin</b>	<b>9.9%</b>	<b>13.6%</b>	
Gains in associated companies	0	496	-100.0%
Financial expenses	(397)	(359)	10.6%
Financial income	0	44	-98.9%
<b>Profit before income tax from continuing operations</b>	<b>2 763</b>	<b>2 784</b>	<b>-0.7%</b>
Income tax	(591)	(816)	
<b>Profit after tax from continuing operations</b>	<b>2 172</b>	<b>1 967</b>	<b>10.5%</b>
Profit after tax income from discontinued operations	1 176	1 223	-3.9%
<b>Consolidated net profit</b>	<b>3 348</b>	<b>3 190</b>	<b>5.0%</b>
Consolidated net profit attributable to shareholders of the parent company	3 348	3 203	4.5%
Consolidated net profit attributable to non-controlling interests	0	(13)	

Amounts in thousands of Euros

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

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

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

Total turnover of Ramada Group, during the first quarter of 2018, amounted to 31,803 thousand Euro representing an increase of 66.8% compared to the total turnover of the homologous period in 2017.

Total costs, excluding amortization, financial expenses and taxes, amounted to 27,152 thousand Euro, representing an increase of 79.3% in relation to the same period in 2017.

EBITDA in the first quarter of 2018 reached 4,651 thousand Euro, representing an increase of 18.6% when compared to the homologous period. EBITDA margin reached 14.6%, which compares to 20.6% obtained in the same period in 2017.

Group's operating results (EBIT) amounted to 3,159 thousand Euro, representing a positive variation of 21.4% comparing with 2,602 thousand Euro in the same period of 2017.

The negative financial results amounted to 397 thousand Euro, representing a growth of 26%, when compared with the same period in 2017.

In the first quarter of 2018 net profit from continuing operations amounted to 2,172 thousand Euro, 10.5% more than in the first quarter of the previous year.

Consolidated net profit, including discontinued operations, amounted to 3,348 thousand Euro, reflecting a 5.0% growth in comparison with the same period of 2017.

## INDUSTRY

	1T 2018	1T 2017 (Restated)	Var. %
Total revenue	30 069	17 509	71.7%
Total costs (a)	26 790	14 869	80.2%
EBITDA ( b )	3 279	2 640	24.2%
EBITDA Margin	10.9%	15.1%	
EBIT (c)	1 849	1 419	30.3%
EBIT Margin	6.1%	8.1%	
Financial results	(183)	(55)	232.9%
Share of results of associates	0	496	-100.0%
<b>Profit before income tax from continuing operations</b>	<b>1 666</b>	1 860	-10.4%
Income tax	317	539	-41.3%
<b>Net profit from continuing operations</b>	<b>1 350</b>	1 321	2.2%
Net Income from discontinued operations	1 176	1 223	- 3.9%
<b>Consolidated net profit for the period</b>	<b>2 525</b>	2 544	0.7%

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 quarter of 2018 the total income for the industry segment amounted to 30,069 thousand Euro, representing an increase of 71.7% compared to total income for the first three months of 2017. This increase is explained partly by the impact of the consolidation of Socitrel.

Industry's segment's EBITDA in the first quarter of 2018 amounted to 3,279 thousand Euro, which represents an increase of 24.2% when compared with 2,640 thousand Euro achieved in the same period in 2017.

Industry's segment's EBITDA margin went from 15.1% in 2017 to 10.9% in 2018.

Industry's segment's EBIT in the first three months of 2018 was 1,849 thousand Euro, representing an increase of 30.3% compared to 1,419 thousand Euro in 2017.

In the first quarter of 2018, the steel business registered a growth in turnover compared to the same period of the previous year.

The sectors of molds and metal mechanics continue to be the most important segments contributing to the sales growth of this activity.

In the first three months of 2018 the Group took another important step in entering a new market niche in this sector (molds for bumpers, wheel arches and door panels).

The metalworking sector is crossing a good phase, where exports have been playing an important role.

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

The Steel business operates mainly in the domestic market, which accounted for 93% of turnover in the first three months of 2018. The growth of exports is a bet for 2018.

Regarding Socitrel, its activity has been presenting significant growth, recovering the levels of production, sales, and financial performance.

In the first quarter of 2018, the major markets where Socitrel operates had distinct behaviors: in the pre stressing market there was a pressure on the demand side, although decreasing in intensity at the end of the quarter, while in the galvanizing market pressure has been on the supply side, a trend that is estimated to continue at least until the beginning of the second quarter. In the market of machine-wire in the first quarter of 2018, the trend was for a rise in price, specially at the level of the high carbon content, raw material of pre-wire effort.

Socitrel operates mainly in the external market which, in the first quarter of 2018, represented 67% of turnover, with Europe being the destination market with higher importance.

## REAL ESTATE

	1T 2018	1T 2017	Var. %
Total revenue	1 734	1 560	11.1%
Total Costs (a)	362	276	30.8%
EBITDA ( b)	1 372	1 283	6.9%
EBIT (c)	1 311	1 184	10.7%
Financial results	(214)	(260)	-17.8%
Profit before income tax	1 097	924	18.8%

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

Total income for the Real Estate segment in the first quarter of 2018 was 1,734 thousand Euro, verifying an increase of 11.1% over the same period of 2017.

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 quarter of 2018 amounted to 1,372 thousand Euro, having registered growth of 6.9% compared to 2017.

In the first quarter of 2018, the operating income (EBIT) of the Real Estate segment, in the amount of 1,311 thousand Euros, grew by 10.7% over the same period of 2017.

The financial results of the Real Estate segment in the first quarter of 2018 were negative in 214 thousand Euro, which represents an improvement of 17.8% when comparing to 260 thousand Euro negative in homologous period.

The net profit before income tax in the first quarter of 2018 was 823 thousand Euro, representing an increase of 27.2% when compared with the same period in 2017.

## INVESTMENTS AND DEBT

F. Ramada Group investments in the first quarter of 2018 amounted to 466 thousand Euro.

The nominal net debt of the F. Ramada Group as of 31 March 2018 reached 6,443 thousand Euro. As of December 31, 2017 it was 7,872 thousand Euro.

**SIGNIFICANT EVENTS**

In May 4, 2018 F. Ramada Investimentos informed the market about the decision of non-opposition by the Competition Authority to the sale of Ramada Storax. The transaction is expected to occur by the end of this month.

Porto, 11 May 2018

**The Board of Directors**



Shaping industry

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