

# RAMADA

INVESTIMENTOS E INDÚSTRIA

## Earnings Announcement

1<sup>st</sup> Quarter 2019

(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, 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

## RAMADA GROUP – BUSINESS PROFILE

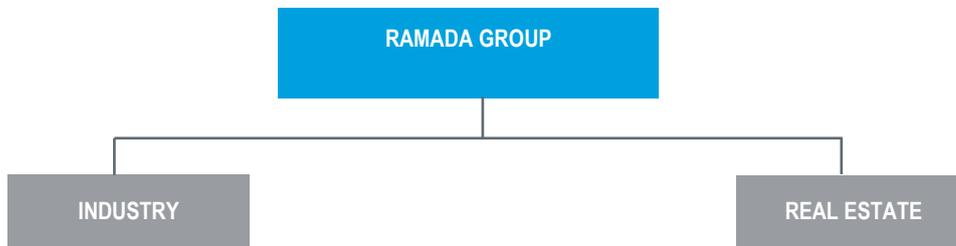
Ramada Investimentos is the parent company of a group of companies that together operate within two distinct business segments: i) Industry Segment, which includes the activity of special steels and wire drawing, as well as the activity related to the management of financial investments in which the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

The special steels activity, which focus especially at 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.

Socitrel's main business is the production and commercialization of steel wires, capable of being used in a wide variety of activities, including industry, agriculture and construction.

In the financial investments management activity, among other portfolio investments held by the Group, it should be highlighted the participation held in Consumo em Verde-Biotecnologia das Plantas, S.A..

The Real Estate Segment includes the real estate asset management activity (made up by the forest assets and the buildings of the group) and is developed by F. Ramada II - Imobiliária, S. A..



The consolidated financial information of Ramada Investimentos presented below 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 key information and indicators of Ramada Group's consolidated activity can be presented as follows:

	1Q 2019	1Q 2018	Var. %
Sales and services rendered	30 410	31 656	-3.9%
Other income	136	147	
<b>Total revenue</b>	<b>30 546</b>	<b>31 803</b>	<b>-4.0%</b>
Cost of sales	(19 094)	(19 077)	0.1%
External supplies and services	(3 840)	(4 222)	-9.0%
Payroll expenses	(3 583)	(3 614)	-0.8%
Other expenses	(138)	(239)	-42.5%
<b>Total Costs (a)</b>	<b>(26 655)</b>	<b>(27 152)</b>	<b>-1.8%</b>
<b>EBITDA (b)</b>	<b>3 891</b>	<b>4 651</b>	<b>-16.3%</b>
<b>EBITDA Margin</b>	<b>12.7%</b>	<b>14.6%</b>	
Amortization and depreciation	(1 101)	(1 492)	-26.2%
<b>EBIT (c)</b>	<b>2 790</b>	<b>3 159</b>	<b>-11.7%</b>
<b>EBIT Margin</b>	<b>9.1%</b>	<b>9.9%</b>	
Financial expenses	(381)	(397)	-3.9%
Financial income	38	0	8156.1%
<b>Net profit before income tax from continuing operations</b>	<b>2 447</b>	<b>2 763</b>	<b>-11.4%</b>
Income tax	(538)	(591)	
<b>Net profit after tax from continuing operations</b>	<b>1 909</b>	<b>2 172</b>	<b>-12.1%</b>
Net profit after tax income from discontinued operations	0	1 176	-100.0%
<b>Consolidated net profit</b>	<b>1 909</b>	<b>3 348</b>	<b>-43.0%</b>

(Amounts in thousands of Euro)

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

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

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

Total revenues of Ramada Group during the first quarter of 2019 amounted to 30,546 thousand Euro, presenting a 4.0% decrease over the total revenues recorded in the same period of 2018.

Total costs, excluding amortizations, financial results and income taxes, amounting to 26,655 thousand Euro, recorded a 1.8% decrease over March 2018.

EBITDA amounted to 3,891 thousand Euro, a 16.3% decrease when compared to the first quarter of 2018. EBITDA margin achieved 12.7% which compares with 14.6% recorded in the homologous period.

Operating income (EBIT), in the amount of 2,790 thousand Euro, recorded a decrease of 11.7% when compared to 3,159 thousand Euro in 2018.

The negative financial results, in the amount of 343 thousand Euro, recorded a 13.6% improvement over the first quarter of 2018.

During the first quarter of 2019, net profit of the continuing operations amounted to 1,909 thousand Euro, decreasing 12.1% when compared to the first quarter of the previous year.

### INDUSTRY SEGMENT

	1Q 2019	1Q 2018	Var. %
Total Revenues	28 768	30 069	-4.3%
Total Costs (a)	26 241	26 790	-2.0%
EBITDA ( b )	2 527	3 279	-22.9%
EBITDA Margin	8.8%	10.9%	
EBIT (c)	1 498	1 849	-19.0%
EBIT Margin	5.2%	6.1%	
Financial results	(132)	(183)	-27.5%
<b>Net profit before income tax from continuing operations</b>	<b>1 366</b>	<b>1 666</b>	<b>-18.0%</b>
Income tax	(300)	(317)	-5.1%
<b>Net profit from continuing operations</b>	<b>1 065</b>	<b>1 350</b>	<b>-21.1%</b>
Net profit from discontinued operations	0	1 176	-100.0%
<b>Consolidated net profit</b>	<b>1 065</b>	<b>2 525</b>	<b>-57.8%</b>

(Amounts in thousands of Euro)

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

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

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

In the first quarter of 2019, total revenues from the Industry segment amounted to 28,768 thousand Euro, recording a 4.3% decrease over total revenues of the first quarter of 2018.

The EBITDA of the Industry segment during the first quarter of 2019 achieved the 2,527 thousand Euro, decreasing 22.9% over the same period of 2018.

EBITDA margin amounted to 8.8% compared with 10.9% recorded in the previous year.

Operational income (EBIT), in the amount of 1,498 thousand Euro, recorded a 19.0% decrease over the 1,849 thousand Euro in the same period of 2018.

In the first quarter of 2019, the steel business recorded a decrease in turnover when compared to the same period of the previous year.

The impact of the restructuring within automotive industry felt during the second half of 2018 continued to be felt during the first quarter of 2019.

Moulds and tools sector, crucial for the Group's business, kept facing adverse conditions. Metalworking sector also suffered with that demand decrease. This stagnant market situation drastically reduced subcontracting and significantly penalized the Group's turnover.

At the same time, the Group changed its ERP and the start-up of this new tool occurred in the middle of the quarter, causing some constraints.

The steel business is mainly developed in the domestic market which, in the first three months of 2019, accounted for 93% of turnover.

In the first quarter of 2019, Socitrel recorded a turnover increase over the same period of 2018.

Regarding the markets where Socitrel operates, there was an intense pressure on the supply side in all products, resulting a decrease in price and in the gross margin.

Socitrel operates mainly in the foreign market, which in the first quarter of 2019 represented 66% of turnover, with Europe being the major target market.

### REAL ESTATE SEGMENT

	1Q 2019	1Q 2018	Var. %
Total revenues	1 778	1 734	2.6%
Total costs (a)	414	362	14.3%
EBITDA (b)	1 365	1 372	-0.6%
EBIT (c)	1 292	1 311	-1.4%
Financial results	(211)	(214)	-1.5%
Net profit before income tax	1 081	1 097	-1.4%

(Amounts in thousands of Euro)

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

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

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

In the first quarter of 2019, total revenues of the Real Estate segment amounted to 1,778 thousand Euro, recording a 2.6% increase over the same period of 2018.

Income from long-term leases of forest land represent approximately 90% of total Real Estate revenues.

The EBITDA of the Real Estate segment in the first quarter of 2019 amounted to 1,365 thousand Euro, similar to 2018's level.

In the first quarter of 2019, operation profit (EBIT) of the Real Estate segment, in the amount of 1,292 thousand Euro, recorded a 1.4% decrease over the same period of 2018.

The financial results of the Real Estate segment were negative by 211 thousand Euro, recording a 1.5% improvement over the negative 214 thousand Euro recorded in the first quarter of 2018.

In the first quarter of 2019, profit before taxes for the Real Estate segment amounted to 1,081 thousand Euro, 1.4% less than in 2018.

### **INVESTMENTS AND DEBT**

Ramada Group's operational investments, in the first quarter of 2019, amounted to, approximately, 352 thousand Euro.

As of 31 March 2019, the nominal net debt amounted to 14,237 thousand Euro. As of 31 December 2018, this amount was 21,375 thousand Euro.

Oporto, May 30, 2019

The Board of Directors



Shaping industry

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**RAMADA INVESTIMENTOS E INDÚSTRIA, S.A.**

**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

**AS OF 31 MARCH 2019 AND 31 DECEMBER 2018**

(Translation of financial statements originally issued in Portuguese - Note 17)  
(Amounts expressed in Euro)

ASSETS		Notes	31.03.2019	31.12.2018
<b>NON CURRENT ASSETS:</b>				
Investment properties	6		86 935 676	86 935 676
Tangible assets			20 247 742	20 482 273
Intangible assets			35 587	42 174
Goodwill			1 245 520	1 245 520
Other investments	4.2		-	-
Other non-current assets			1 321 091	1 319 512
Deferred tax assets	7		3 982 259	3 982 259
<b>Total non current assets</b>			<b>113 767 875</b>	<b>114 007 414</b>
<b>CURRENT ASSETS:</b>				
Inventories			29 345 226	28 602 139
Clients			32 749 337	36 253 156
State and other public entities			4 128 245	2 737 100
Other debtors			1 639 481	1 439 937
Other current assets			471 001	73 682
Cash and cash equivalents	8		73 615 007	74 979 271
<b>Total current assets</b>			<b>141 948 297</b>	<b>144 085 285</b>
<b>Total assets</b>			<b>255 716 172</b>	<b>258 092 699</b>
EQUITY AND LIABILITIES		Notes	31.03.2019	31.12.2018
<b>EQUITY:</b>				
Share capital	9		25 641 459	25 641 459
Legal reserve			6 460 877	6 460 877
Advance on profits			-	(29 487 678)
Other reserves and retained earnings			98 018 559	57 788 337
Consolidated net profit for the year			1 908 597	69 717 900
Total equity attributable to equity holders of the parent company			132 029 492	130 120 895
Non-controlling interests			-	-
<b>Total equity</b>			<b>132 029 492</b>	<b>130 120 895</b>
<b>LIABILITIES:</b>				
<b>NON CURRENT LIABILITIES:</b>				
Bank loans	10		49 987 401	53 487 401
Other loans	10		3 339 699	5 993 275
Other debts from non current debtors			-	-
Provisions	12		2 610 000	2 610 000
Deferred tax liabilities	7		928 341	928 341
<b>Total non current liabilities</b>			<b>56 865 441</b>	<b>63 019 017</b>
<b>CURRENT LIABILITIES:</b>				
Bank loans	10		8 222 660	8 340 737
Other loans	10		26 301 728	28 532 713
Suppliers			18 669 503	16 317 725
State and other public entities			3 478 598	3 356 275
Other creditors			3 511 504	2 166 097
Other current liabilities	11		6 637 246	6 239 240
<b>Total current liabilities</b>			<b>66 821 239</b>	<b>64 952 787</b>
<b>Total liabilities</b>			<b>123 686 680</b>	<b>127 971 804</b>
<b>Total equity and liabilities</b>			<b>255 716 172</b>	<b>258 092 699</b>

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements

The Chartered Accountant

The Board of Directors

**RAMADA INVESTIMENTOS E INDÚSTRIA, S.A.**

**CONDENSED CONSOLIDATED STATEMENTS OF PROFIT AND LOSS BY NATURE**

**FOR THE THREE MONTHS PERIOD ENDED AS 31 MARCH 2019 AND 2018**

**(Translation of financial statements originally issued in Portuguese - Note 17)**

(Amounts expressed in Euro)

	Notes	31.03.2019	31.03.2018
Sales and services rendered		30 409 799	31 656 089
Other income		136 257	146 799
Cost of sales and production variation		(19 093 816)	(19 077 309)
External supplies and services		(3 840 423)	(4 221 785)
Payroll expenses		(3 583 174)	(3 613 789)
Amortization and depreciation		(1 101 104)	(1 491 730)
Provisions and impairment losses	12	70 218	(8 904)
Other expenses		(207 722)	(230 130)
Share of results of associates	4.2	-	-
Financial expenses		(381 410)	(396 828)
Financial income		38 391	465
<b>Profit before income tax</b>		<b>2 447 016</b>	<b>2 762 878</b>
Income tax		(538 419)	(590 719)
<b>Consolidated net profit from continuing operations</b>		<b>1 908 597</b>	<b>2 172 159</b>
Profit after tax income from discontinued operations	5	-	1 175 880
<b>Consolidated net profit</b>		<b>1 908 597</b>	<b>3 348 039</b>
<b>Attributable to:</b>			
<b>Parent company's shareholders</b>		<b>1 908 597</b>	<b>3 348 039</b>
Continuing operations		1 908 597	2 172 159
Discontinued Operations		-	1 175 880
<b>Earnings per share:</b>			
Continuing operations			
Basic	13	0,07	0,08
Diluted	13	0,07	0,08
Discontinued Operations			
Basic	13	-	0,05
Diluted	13	-	0,05

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The Chartered Accountant

The Board of Directors

**RAMADA INVESTIMENTOS E INDÚSTRIA, S.A.**

**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE THREE MONTHS PERIOD ENDED AS 31 MARCH 2019 AND 2018**

(Translation of financial statements originally issued in Portuguese - Note 17)

(Amounts expressed in Euro)

	Notes	31.03.2019	31.03.2018
<b>Net consolidated profit for the period</b>		1 908 597	3 348 039
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising from discontinued operations		-	82 120
<b>Other comprehensive income for the period</b>		-	82 120
<b>Total comprehensive income for the period</b>		<b>1 908 597</b>	<b>3 430 159</b>
<b>Attributable to:</b>			
Parent company's shareholders		1 908 597	3 430 159
Non-controlling interests		-	-

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements

The Chartered Accountant

The Board of Directors

**RAMADA INVESTIMENTOS E INDÚSTRIA, S.A.**

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF CHANGES IN EQUITY  
FOR THE THREE MONTHS PERIOD ENDED AS 31 MARCH 2019 AND 2018  
(Translation of financial statements originally issued in Portuguese - Note 17)  
(Amounts expressed in Euro)**

Notes	Attributable to the parent company's shareholders							Total	Non-controlling interests	Total Equity	
	Share capital	Own shares	Legal reserve	Currency translation reserves	Advance on profits	Other reserves and retained earnings	Net profit				
Balance as of 1 January 2018	9	25 641 459	-	6 460 877	(1 080 409)	-	58 429 714	56 708 187	146 159 828	4 923	146 164 751
Total consolidated comprehensive income for the year		-	-	-	82 120	-	-	3 348 039	3 430 159	-	3 430 159
Appropriation of the consolidated net profit for 2017: Transfer to other reserves		-	-	-	-	-	56 708 187	(56 708 187)	-	-	-
Acquisition of non-controlling interests		-	-	-	-	-	1 923	-	1 923	(4 923)	(3 000)
<b>Balance as of 31 March 2018</b>		<b>25 641 459</b>	<b>-</b>	<b>6 460 877</b>	<b>(998 289)</b>	<b>-</b>	<b>115 139 824</b>	<b>3 348 039</b>	<b>149 591 910</b>	<b>-</b>	<b>149 591 910</b>
Balance as of 1 January 2019	9	25 641 459	-	6 460 877	-	(29 487 678)	57 788 337	69 717 900	130 120 895	-	130 120 895
Total consolidated comprehensive income for the year		-	-	-	-	-	-	1 908 597	1 908 597	-	1 908 597
Appropriation of the consolidated net profit for 2018: Transfer to other reserves		-	-	-	-	29 487 678	40 230 222	(69 717 900)	-	-	-
<b>Balance as of 31 March 2019</b>		<b>25 641 459</b>	<b>-</b>	<b>6 460 877</b>	<b>-</b>	<b>-</b>	<b>98 018 559</b>	<b>1 908 597</b>	<b>132 029 492</b>	<b>-</b>	<b>132 029 492</b>

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements

The Chartered Accountant

The Board of Directors

**RAMADA INVESTIMENTOS E INDÚSTRIA, S.A.**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE THREE MONTHS PERIOD ENDED AS 31 MARCH 2019 AND 2018**  
*(Translation of financial statements originally issued in Portuguese - Note 17)*  
(Amounts expressed in Euro)

Notes	31.03.2019	31.03.2018
<b>Operating activities:</b>		
Collections from customers	41 429 665	60 383 936
Payments to suppliers	(25 930 619)	(42 939 957)
Payments to personnel	(1 646 163)	(1 860 903)
Income tax paid/received	(1 050)	(69 879)
Other collections/payments relating to operating activities	(4 986 963)	(3 224 234)
<i>Cash flow from operating activities (1)</i>	<u>8 864 870</u>	<u>12 288 962</u>
<b>Investment activities:</b>		
Collections arising from:		
Tangible assets	249 690	3 877
Financial investments	-	8 527
Interests and similar income	13 178	(2 548)
Payments arising from:		
Financial investments	-	(195 556)
Intangible assets	-	(983)
Tangible assets	(892 864)	(1 097 820)
Loans granted	-	-
<i>Cash flow from investment activities (2)</i>	<u>(629 996)</u>	<u>(1 284 503)</u>
<b>Financing activities:</b>		
Collections arising from:		
Loans obtained	7 995 937	5 500 000
Payments arising from:		
Interests and similar costs	(554 330)	(806 716)
Loans obtained	(12 152 039)	(5 967 096)
<i>Cash flow from financing activities (3)</i>	<u>(4 710 431)</u>	<u>(1 273 812)</u>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>8</b>	<b>70 090 564</b>
Change in cash and cash equivalents: (1) + (2) + (3)	3 524 443	9 730 648
Effect of exchange rate changes	-	58 068
Cash and cash equivalents associated with discontinued operations	-	(8 072 458)
<b>Cash and cash equivalents at the end of the period</b>	<b>8</b>	<b>73 615 007</b>

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements

The Chartered Accountant

The Board of Directors

**NOTES TO THE CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS AS OF 31 MARCH 2019**  
*(TRANSLATION OF NOTES ORIGINALLY ISSUED IN PORTUGUESE – NOTE 17)*  
*(Amounts expressed in Euro)*

## **1. INTRODUCTORY NOTE**

RAMADA INVESTIMENTOS E INDÚSTIA, S.A. ("Ramada" or "Company") is a Company incorporated as of 1 June 2008, with its head-office located at Rua do General Norton de Matos, 68, r/c - Porto, Portugal, and whose main activity is the management of financial investments, being its shares listed in the Euronext Lisbon Stock Exchange. In May 2018, formerly named as F. Ramada - Investimentos SGPS, S.A., changed its corporate objective, from management of financial investments to consulting services, including financial, administrative, and property management, (with areas and functions related to real estate) as its name changed to RAMADA INVESTIMENTOS E INDÚSTRIA, S.A, as it was deliberated in General Assembly on 4 May 2018.

Ramada was created as a result of the reorganization process of Altri, SGPS, S.A. through the demerger of the business areas of steel and storage systems, namely the participation held in Ramada Aços, S.A., which represented the voting rights of the mentioned company. The restructuring involved a simple demerger operation, as predicted in item 1.a), article 118, of the Portuguese Companies Act ("Código das Sociedades Comerciais").

Following this process, the assets corresponding to the shareholdings of the business units of steel and storage systems, including all the resources (such as human resources, assets and liabilities) related to that business unit were transferred from Altri, SGPS, S.A. to Ramada.

Currently, Ramada is the parent company of the group of companies listed in Note 6 (designated as Ramada Group), and, through these financial holdings structure, it focuses its operations in (i) Industrial activity, which includes steel trade and management of financial investments related to participations in which the group has a minority position, and (ii) real estate, which consists in the management of this type of assets.

Ramada group is listed in Euronext Lisbon since 2008.

The consolidated financial statements of Ramada Group are presented in Euro (rounded to units), which is the currency used by the Group in its operations and, therefore, is considered to be its functional currency.

## **2. MAIN ACCOUNTING POLICIES**

The consolidated financial statements as of 31 March 2019 were prepared in accordance with the accounting policies defined by the International Financial Reporting Standards and in accordance with IAS 34 – Interim Financial Reporting, and include the statement of financial position, the income statement, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows, as well as selected notes to the financial statements.

The accounting policies adopted in the preparation of the consolidated financial statements of Ramada are consistent with the accounting policies used in the preparation of the financial statements presented for the year ended as of 31 December 2018.

## **3. CHANGES IN ACCOUNTING POLICIES AND CORRECTION OF ERRORS**

During the reporting period there were no changes in the accounting policies and no material mistakes related with previous periods were identified.

**NOTES TO THE CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS AS OF 31 MARCH 2019**  
(TRANSLATION OF NOTES ORIGINALLY ISSUED IN PORTUGUESE – NOTE 17)  
(Amounts expressed in Euro)

**4. SUBSIDIARY COMPANIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS AND OTHERS INVESTMENTS**

**4.1 Companies included in the consolidated financial statements**

The companies included in the consolidated financial statements by the full consolidation method, its headquarters, percentage of participation held and main activity as of March 31, 2019, and December 31, 2018, are as follows:

Designation	Headquarters	Percentage of participation held		Activity
		31.03.2019	31.12.2018	
<b>Parent company:</b>				
Ramada Investimentos e Indústria S.A.	Porto	-	-	Provision of consulting services and management of financial holdings
<b>Ramada Group</b>				
Ramada Aços, S.A.	Ovar	100%	100%	Steel commercialization
Planfuro Global, S.A.	Leiria	100%	100%	Manufacture of metal molds
Universal Afir, S.A.	Ovar	100%	100%	Steel commercialization
F. Ramada II, Imobiliária, S.A.	Ovar	100%	100%	Real estate
Socitrel - Sociedade Industrial de Trefilária, S.A.	Trofa	100%	100%	Manufacture and sale of steel wires
Socitrel España, S.A.	Spain	100%	100%	Manufacture and sale of steel wires
Expeliarmus - Consulbria, S.A.	Portugal	100%	100%	Holding company

All the above companies were included in the consolidated financial statements of Ramada Group in accordance with the full consolidation method.

**4.2 Other investments**

As of March 31, 2019 and December 31, 2018, the caption “Other investments” and respective impairment losses can be detailed as follows:

	31.03.2019	31.12.2018
Equity investments and loans	4,445,498	4,445,498
Accumulated impairment losses (note 12)	(4,445,498)	(4,445,498)
	-	-

The caption “Other investments” includes investments in companies in which the group does not have control or significant influence, like CEV, S.A. Loans granted to these companies are also included in this caption.

The assessment of whether or not there is an impairment in investments in other entities takes into account, among others, the financial indicators of the companies, the results of their operations and their profitability for the shareholder, especially taking into account their capacity to distribute dividends.

**5. DISCONTINUED OPERATIONS**

On 20 March 2018, the Ramada Group reached an agreement with the Avey's Group to disinvest the entire share capital of its wholly owned subsidiary, Ramada Storax, S.A. ("Storax").

**NOTES TO THE CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS AS OF 31 MARCH 2019**  
(TRANSLATION OF NOTES ORIGINALLY ISSUED IN PORTUGUESE – NOTE 17)  
(Amounts expressed in Euro)

The execution of the transaction was subject to prior notification to the Competition Authority (“Autoridade da Concorrência”), under the terms established in the legal regime of competition and, therefore, conditioned to the decision of non-opposition of that entity. On 4 May 2018 the Competition Authority notified the non-opposition to this transaction.

Storax is a company that hold four subsidiaries - Storax, SARL (France), Storax Limited (UK), Storax Benelux (Belgium) and Storax España, all of them dedicated to storage solutions.

The effects of this operation in the consolidated financial statements (March 31 2018) can be detailed as follows:

Net assets		
Property, plant and equipment		1,109,244
Intangible assets		99,314
Deferred tax assets		1,207,851
Inventories		12,195,290
Clients		24,885,767
Cash and cash equivalents		8,072,458
Provisions		(2,256,438)
Deferred tax liabilities		(3,232)
Other current liabilities		(26,996,808)
	Total net assets	<u>18,313,446</u>
Foreign currency translation reserve		998,289
Contas a receber e a pagar das unidades continuadas com as entidades alienadas e outros passivos		<u>1,150,404</u>
		<u>20,462,139</u>
Amount received		81,000,000
Transaction costs		(1,500,000)
	Operation gains	<u>59,037,861</u>
Gains after discontinued operations tax		
Income from the discontinued units at the data of disinvestment		1,175,880
Operation gains		<u>59,037,861</u>
		<u>60,213,741</u>

Earnings after tax of the discontinued operations up to the disposal date are as follows:

Income statement		
Sales and rendered services		18,061,693
Other income		31,597
Cost of sales and variation in production		(9,657,663)
Suppliers and external services		(4,068,030)
Payroll expenses		(2,573,452)
Amortizations and depreciations		(123,175)
Provisions and impairment losses		(42,950)
Other expenses		(61,274)
Share of results of joint ventures and associated companies		-
Financial expenses		(5,574)
Financial income		6,668
	Earnings before tax	<u>1,567,840</u>
Corporate income tax		(391,960)
	Earnings after tax	<u>1,175,880</u>

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The impact on the discontinued operations on the statement of financial position is as follows:

Statement of financial position	
Cash-flow from operational activities	1,989,090
Cash-flow from investment activities	(312,539)
Cash-flow from financing activities	-

It is worth mentioning that prior to the sale of the Storax Group, the group distributed dividends, related to accumulated reserves from prior periods to the Ramada Group in the amount of 4,000,000 Euros.

## 6. INVESTMENT PROPERTIES

Investment properties held by Ramda Group relate to lands rented to third parties (Altri Group) under operational leases, through contracts with an average duration of 20 years, and with the possibility of an additional period of four to six years if certain events occur. Investment properties are measured at acquisition cost. The movement occurred in this caption during the three months period ended as of 31 March 2019 and the year ended 31 December 2018 is as follows:

	31.03.2019	31.12.2018
Opening balance (gross)	88,035,676	86,021,939
Acquisitions	-	2,020,943
Disposals	-	(7,206)
Closing balance (gross)	88,035,676	88,035,676
Accumulated impairment losses (note 12)	(1,100,000)	(1,100,000)
Closing balance (net)	86,935,676	86,935,676

The lease land generated, during the three months period ended as of March 31, 2019, income amounting, to approximately, 1,597,000 Euro (approximately 6,406,000 Euro in 2018).

The minimum future receipts for leases of forest land amounting, to approximately, 6.4 million Euro in each of the following 5 years. After this period and until the end of the contracts, the minimum future receipts total, approximately 43 million Euro. After this period and until the end of the contracts, the minimum future receipts total, approximately 36 million Euros.

Given the land characteristics (land leased to third parties for forestry activity), frequent market transactions comparable for this type of assets do not occur. Accordingly, the Board of Directors considers that it is not possible to reliably estimate the fair value of the land, and, as such, it is recorded at acquisition cost. However, it is the Board of Directors belief that, given the amount of rents collected annually, the market value of these assets will not be significantly different from its book value.

Part of the land amounting to, approximately, 74 million Euros is given as collateral for certain borrowings.

## 7. DEFERRED INCOME TAXES

In accordance with current legislation, the tax returns are subject to review and correction by the tax authorities over a period of four years (five years for Social Security), except when tax losses have occurred, tax benefits have been granted, or inspections, complaints or disputes are on-going. In these cases, depending on the circumstances, the above referred period deadlines can be extended or suspended. Therefore, the tax returns of Ramada and its subsidiaries for the years 2015 to 2018 may still be subject to review.

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The Board of Directors of Ramada believes that any potential corrections arising from reviews/inspections of these tax returns by the tax authorities will not have a significant effect on the consolidated financial statements as of March 31, 2019.

The movement occurred in deferred tax assets and liabilities in the three months period ended as of March 31, 2019 and 2018, was as follows:

	31.03.2019	
	Deferred tax assets	Deferred tax liabilities
Balance as of 01.01.2019	3,982,259	928,341
Effects on income statement	-	-
Balance as of 31.03.2019	3,982,259	928,341

	31.03.2018	
	Deferred tax assets	Deferred tax liabilities
Balance as of 01.01.2018	4,552,283	955,993
Effects on income statement	59,406	(21,108)
Transfer to discontinuous operations	(1,207,851)	(3,232)
Balance as of 31.03.2018	3,403,838	931,653

## 8. CASH AND CASH EQUIVALENTS

As of March 31, 2019 and December 31, 2018 the caption “Cash and cash equivalents” included in the consolidated statement of financial position can be detailed as follows:

	31.03.2019	31.12.2018
Cash	31,271	18,533
Bank deposits	73,583,736	74,960,738
	73,615,007	74,979,271
Bank overdrafts (note 10)	-	(4,888,707)
Cash and equivalents	73,615,007	70,090,564

## 9. SHARE CAPITAL

As of March 31, 2019, Ramada’s fully subscribed and paid up capital consisted of 25,641,459 shares with a nominal value of 1 Euro each.

On May 2019, it was approved in the annual shareholders' general meeting the distribution of gross dividends amounting to 0.60 Euro per share. Additionally, on November 2018 was equally approved an extraordinary dividend distribution through an advance on 2018 profits, in the amount of 29,487,678 Euro (corresponding to a gross dividend of 1.15 Euro per share).

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**10. BANK LOANS AND OTHER LOANS**

As of March 31, 2019 and December 31, 2018, the captions “Bank loans” and “Other loans” can be detailed as follows:

	31.03.2019		31.12.2018	
	Current	Non current	Current	Non current
Bank loans	8,222,660	49,987,401	8,340,737	53,487,401
Bank loans	<u>8,222,660</u>	<u>49,987,401</u>	<u>8,340,737</u>	<u>53,487,401</u>
Commercial paper	23,500,000	-	20,500,000	3,000,000
Guaranteed accounts	1,050,000	-	1,050,000	-
Bank overdrafts	-	-	4,888,707	-
Factoring	1,361,343	-	2,067,648	-
Investment subsidies	82,606	2,754,523	-	2,754,523
Leasings	307,779	585,176	26,358	238,752
Other bank loans	<u>26,301,728</u>	<u>3,339,699</u>	<u>28,532,713</u>	<u>5,993,275</u>
	<u>34,524,388</u>	<u>53,327,100</u>	<u>36,873,450</u>	<u>59,480,676</u>

It is the Board of Directors understanding that the loans' book value does not differ significantly from its fair value.

**10.1 Bank Loans:**

The nominal amount of bank loans as of March 31, 2019, will be reimbursed as follows:

31 March 2019			31 December 2018		
Reimbursement year	Amount	Estimated interests <sup>1</sup>	Reimbursement year	Amount	Estimated interests <sup>1</sup>
<b>Current</b>			<b>Current</b>		
03/2020	<u>34,524,388</u>	<u>635,744</u>	2019	<u>36,873,450</u>	<u>679,000</u>
<b>Non current</b>			<b>Non current</b>		
03/2021	9,356,296	789,955	2020	7,927,370	783,948
03/2022	7,582,502	497,893	2021	7,582,502	640,193
03/2023	7,582,502	355,593	2022	7,582,502	497,893
03/2024	7,305,800	254,886	2023	7,582,502	355,593
03/2025	6,500,000	190,937	2024	7,305,800	254,886
03/2026	6,500,000	138,937	2025	6,500,000	190,937
03/2027	3,500,000	86,937	2026	6,500,000	138,937
03/2028	5,000,000	14,225	2027	3,500,000	86,937
03/2029	-	-	2028	5,000,000	14,225
	<u>53,327,100</u>	<u>2,329,363</u>		<u>59,480,676</u>	<u>2,963,549</u>
	<u>87,851,488</u>	<u>2,965,107</u>		<u>96,354,126</u>	<u>3,642,549</u>

During the period of three months ended as of March 31, 2019, these loans bear interest at normal market rates depending on the nature and term of the credit obtained.

During the period of three months ended as of March 31, 2019, and the year ended as of December 31, 2018, the Group did not enter into any loan default.

Additionally, as of March 31, 2019, there are no covenants associated with the loans obtained.

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## 11. OTHER CURRENT LIABILITIES

As of March 31, 2019, and December 31, 2018, the caption "Other current liabilities" can be detailed as follows:

	31.03.2019	31.12.2018
Accrued expenses:		
Accrued payroll	3,862,384	4,393,714
Interests payable	313,225	88,536
Others	1,950,095	1,293,665
Deferred income	511,542	463,325
	<u>6,637,246</u>	<u>6,239,240</u>

## 12. PROVISIONS AND IMPAIRMENT LOSSES

The movements that occurred in provisions and impairment losses for the three months period ended as of March 31, 2019, can be detailed as follows:

	Provisions	Impairment losses in accounts receivables	Impairment losses in investments (note 4.2)	Impairment losses in inventory	Impairment losses in investments properties (note 6)	Total
Opening balance	2,610,000	7,075,677	4,445,498	2,003,329	1,100,000	17,234,504
Increases	-	52,173	-	-	-	52,173
Reversals	-	(122,391)	-	-	-	(122,391)
Utilizations	-	-	-	-	-	-
Closing balance	<u>2,610,000</u>	<u>7,005,459</u>	<u>4,445,498</u>	<u>2,003,329</u>	<u>1,100,000</u>	<u>17,164,286</u>

The constitutions and reversals of provisions and impairment losses recorded in the three-month period ended March 31, 2019 and in the year ended December 31, 2018 were recorded against the income statement caption "Provisions and impairment losses".

The amount recorded under "Provisions" at 31 March 2019 corresponds to the best estimate by the Board of Directors of the Group Companies to cover losses to be incurred with lawsuits currently in progress and other liabilities.

It is the opinion of the Board of Directors, based on its legal and tax advisors, that as of March 31, 2019, there are no material assets or liabilities associated with probable or possible tax contingencies that should be recognized or disclosed in the financial statements on March 31, 2019.

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### 13. EARNINGS PER SHARE

Earnings per share for the three months periods ended as of 31 March 2019 and 2018 were determined taking into consideration the following amounts:

	31.03.2019		31.03.2018	
	Continuing operations	Discontinued operations	Continuing operations	Discontinued operations
Net profit considered for the computation of basic and diluted earnings per share	1,908,597	-	2,172,159	1,175,880
Number of shares	25,641,459	25,641,459	25,641,459	25,641,459
Number of own shares	-	-	-	-
Weighted average number of shares used to compute the basic and diluted earnings per share	25,641,459	25,641,459	25,641,459	25,641,459
Earnings per share				
Basic	0.07	0.00	0.08	0.05
Diluted	0.07	0.00	0.08	0.05

There are no situations in the Group that might represent a reduction on earnings per share, arising from stock options, warrants, convertible bonds or other rights embedded in ordinary shares.

### 14. RELATED PARTIES

The main balances with related parties as of March 31, 2019 and 2018 are related with Altri Group and may be detailed as follows:

	Rents	
	31.03.2019	31.03.2018
Altri Group	1,596,672	1,564,998
	1,596,672	1,564,998

Apart from the companies included in the consolidation (Note 4), the companies considered to be related parties as of March 31, 2018, are the following:

- Actium Capital, S.A.
- Caderno Azul, S.A.
- Livrefluxo, S.A.
- Promendo Investimentos, S.A.
- 1 Thing, Investments, S.A.
- Altri Florestal, S.A.
- Altri Sales, S.A.
- Altri, Participaciones Y Trading, S.L.
- Altri, SGPS, S.A.
- Caima Energia – Empresa de Gestão e Exploração de Energia, S.A.
- Caima Indústria de Celulose, S.A.
- Captaraiz Unipessoal, Lda.
- Celtejo – Empresa de Celulose do Tejo, S.A.
- Celulose da Beira Industrial (Celbi), S.A.
- Cofihold, S.A.
- Cofihold II, S.A.

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- Cofina Media, S.A.
- Cofina, SGPS, S.A.
- Elege Valor, Lda.
- Grafedisport – Impressão e Artes Gráficas, S.A.
- Inflora – Sociedade de Investimentos Florestais, S.A.
- Mercados Globais – Publicação de Conteúdos, Lda.
- Préstimo – Prestígio Imobiliário, S.A.
- Sociedade Imobiliária Porto Seguro – Investimentos Imobiliários, S.A.
- Valor Autêntico, S.A.
- VASP – Sociedade de Transportes e Distribuições, Lda.
- Viveiros do Furadouro Unipessoal, Lda.

## 15. SEGMENT INFORMATION

In accordance with the origin and nature of the income generated by the Group, the main segments identified are as follows:

- Industry – includes the commercialization of steel and storage systems, as well as support services (being the latest a residual activity);
- Real estate – includes the assets and activities related to the Group's real estate development.

These segments were identified considering the business units which develop activities whose income and cost may be distinguished, and for which it is produced separate financial information and its operating results are reviewed and taken decisions by the management.

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The segregation of activities by segments as of March 31, 2019 and 2018 is made up as follows:

	March 31, 2019			
	Industry	Real Estate	Intra-group eliminations	Total
Total assets	171,769,044	96,367,190	(12,420,062)	255,716,172
Total liabilities	48,601,287	62,665,331	12,420,062	123,686,680
Operating investments (a)	351,844	-	-	351,844
Profit from customers	28,768,013	1,778,043	-	30,546,056
Profit from other segments	73,043	206,540	(279,583)	-
Cash-flow from operating activities (b)	2,393,130	1,498,009	-	3,891,139
Amortizations	(1,028,729)	(72,375)	-	(1,101,104)
Earnings before interest and taxes (c)	1,364,401	1,425,634	-	2,790,035
Financial profits	38,292	99	-	38,391
Financial costs	(170,629)	(210,781)	-	(381,410)
Gains / Losses from associated companies	-	-	-	-
Earnings before taxes	1,232,064	1,214,953	-	2,447,016
Income taxes	(270,830)	(267,589)	-	(538,419)
Net profit from continuing operations	961,234	947,363	-	1,908,597
Net profit from discontinuing operations	-	-	-	-
Net profit	961,234	947,363	-	1,908,597

(a) - Investments in non-current assets, except financial instruments, deferred tax assets and financial investments

(b) - Earnings before amortizations excluding Group operations

(c) - Earnings excluding Group operations

	March 31, 2018			
	Industry	Real Estate	Intra-group eliminations	Total
Total assets	186,596,027	91,812,384	(5,201,545)	273,206,866
Total liabilities	85,186,166	61,943,780	(5,201,545)	141,928,401
Operating investments (a)	390,944	74,707	-	465,651
Profit from customers	30,069,175	1,733,713	-	31,802,888
Profit from other segments	10,956	196,776	(207,732)	-
Cash-flow from operating activities (b)	3,093,080	1,557,891	-	4,650,971
Amortizations	(1,430,299)	(61,431)	-	(1,491,730)
Earnings before interest and taxes (c)	1,662,781	1,496,460	-	3,159,241
Financial profits	21,600	235	(21,370)	465
Financial costs	(204,134)	(214,064)	21,370	(396,828)
Gains / Losses from associated companies	-	-	-	-
Earnings before taxes	1,480,247	1,282,631	-	2,762,878
Income taxes	(237,995)	(352,724)	-	(590,719)
Net profit from continuing operations	1,242,252	929,907	-	2,172,159
Net profit from discontinuing operations	1,175,880	-	-	1,175,880
Net profit	2,418,132	929,907	-	3,348,039

(a) - Investments in non-current assets, except financial instruments, deferred tax assets and financial investments

(b) - Earnings before amortizations excluding Group operations

(c) - Earnings excluding Group operations

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**16. FINANCIAL STATEMENTS APPROVAL**

The financial statements were approved by the Board of Directors and authorized for issuance in May 30, 2019.

**17. FINANCIAL STATEMENTS TRANSLATION**

These financial statements are a translation of financial statements originally issued in Portuguese in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union, which, in some aspects, may not conform to or be required by the law or generally accepted accounting principles in other countries. In the event of discrepancies, the Portuguese language version prevails.

The Chartered Account

The Board of Directors

João Manuel Matos Borges de Oliveira – Chairman

Paulo Jorge dos Santos Fernandes

Domingos José Vieira de Matos

Pedro Miguel Matos Borges de Oliveira

Ana Rebelo de Carvalho Menéres de Mendonça