



Earnings Announcement

1st Quarter 2020

(unaudited)

This document is a translation of a document originally issued in Portuguese, prepared using accounting policies consistent with the International Financial Reporting Standards as adopted in European Union (IFRS-EU), 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.

INTRODUCTION

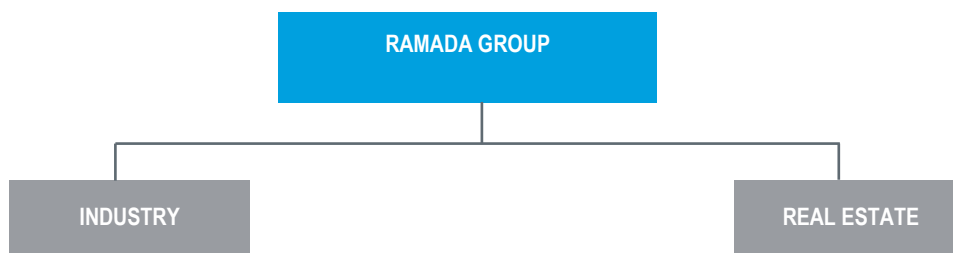
Ramada Investimentos is the parent company of a group of companies that together operate within two distinct business segments: i) Industry segment, which includes the activity of special steels and wire drawing, as well as the activity related to the management of financial investments in which the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

The special steels activity, which 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.

Socitrel's main business is the manufacture 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 participations held in CEV, S.A. and Fisio Share – Gestão de Clínicas, S.A..

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



HIGHLIGHTS - COVID-19

The first quarter of 2020 was marked by the emergence of a global epidemic called Covid-19, and on 11 March 2020 the World Health Organization declared it a pandemic. In Portugal, a state of emergency was declared, which was in force from the 19th of March to the 2nd of May 2020.

Ramada Group has been assessing and monitoring the pandemic's developments, in terms of the risk factors that in its understanding are relevant, and which may affect the business areas, whether in operational, investment or financial terms. From all the actions implemented within the scope of the monitoring and evaluation of pandemic developments, we highlight the following:

- Ramada Group, implemented a set of measures for the prevention, control and surveillance of this infection. As a result of the various measures implemented by the Ramada Group, on March 31, 2020, a negative impact on the income statement is estimated in the amount of approximately 100 thousand Euro (including donations, protective equipment, among others).
- Ramada Group proceeded cautiously with an internal review and evaluation process on the investments it had planned for the 2020 financial year, reassessing the cost-benefit of these portfolio projects, as well as their feasibility, taking into account the current reality. From this review it was decided to reschedule to the second semester the investments that were planned for the months of March and April 2020. The Ramada Group expects to comply with the investments initially stipulated for 2020 until the end of the fiscal year.
- During the first quarter, and following the declaration of Calamity in the Municipality of Ovar, its subsidiary Ramada Aços, S.A., a production unit located in Ovar responsible for around 40% of the Group's turnover, had its registered office closed from March 18, 2020 to April 6, 2020. The Ramada Group has made every effort to reinforce the inventories and resources of its branches across the country, in order to respond to its Customers requests. Regarding the subsidiary Socitrel – Sociedade Industrial de Trefilaria, S.A., part of the Employees of the factory have been in simplified lay-off since April 14.
- With regard to liquidity risk management, the Group maintained a liquidity reserve in the form of credit lines with its relationship banks, in order to ensure the ability to meet its commitments, without having to refinance in unfavorable conditions. As of March 31, 2020, the amount of consolidated loans¹ maturing in the next 12 months is approximately 19 million Euro. On the same date, the Group has consolidated credit lines available (namely bank overdrafts, pledged current accounts and not used commercial paper programs) in the amount of approximately 40 million Euro. As a result of the performance of previous years, and the capacity to manage credit and liquidity risk, the Group presents a robust financial position statement, presenting Cash and cash equivalents amounting to 38.5 million Euro, representing approximately 80% of its current liabilities.
- Ensuring the permanent well-being of all Employees, their families and community, has always been and will continue to be a priority of the Ramada Group. To deal with the pandemic, Ramada Group put in place a set of additional preventive measures to protect the health and safety of its Employees, based on the recommendations of the Portuguese Health Authority. The human resources department, based on the recommendations of the Portuguese Health Authority, proceeded with the elaboration of the Group's Covid-19 Contingency Plan. This plan has been continuously adjusted considering the evolution of the pandemic, being essential for the purposes of containing the impacts of the pandemic between our employees and the local community. Ramada Group hereby informs that, up to this date, it is unaware of any of its employees testing positive for COVID-19. Nevertheless, the Group is prepared for this possibility.

¹ Consolidated loans: Bank loans + Other loans + Lease liabilities.

CONSOLIDATED INCOME STATEMENT

The consolidated financial information of Ramada Investimentos was prepared in accordance with the recognition and measurement principles of the International Financial Reporting Standards, as adopted by the European Union (IFRS – EU).

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

	1Q 2020	1Q 2019	Var. %
Sales and services rendered	26,362	30,410	-13.3%
Other income	126	136	-7.4%
Total revenues	26,488	30,546	-13.3%
Cost of sales and production variation	(16,601)	(19,094)	-13.1%
External supplies and services	(3,509)	(3,840)	-8.6%
Payroll expenses	(3,275)	(3,583)	-8.6%
Other operating costs (a)	(298)	(138)	115.9%
Total costs	(23,683)	(26,655)	-11.1%
EBITDA (b)	2,805	3,891	-27.9%
EBITDA margin (c)	10.6%	12.7%	-2.1 pp
Amortization and depreciation	(839)	(1,101)	-23.8%
EBIT (d)	1,966	2,790	-29.6%
EBIT margin (e)	7.4%	9.1%	-1.7 pp
Results related to investments	46	0	-
Financial expenses	(297)	(381)	-22.1%
Financial income	10	38	-74.5%
Profit before income tax	1,724	2,447	-29.5%
Income tax	(390)	(538)	-27.5%
Consolidated net profit	1,334	1,909	-30.1%
Net profit attributable to shareholders of the parent company	1,334	1,909	-30.1%

Amounts in thousands of Euro

(a) Other operating costs = Other costs + Provisions and impairment losses

(b) EBITDA= Profit before income tax + Financial expenses – Financial income + Amortization and depreciation

(c) EBITDA margin = EBITDA / Total revenues

(d) EBIT = EBITDA + Amortization and depreciation

(e) EBIT margin = EBIT / Total revenues

Total revenues of Ramada Group during the first quarter of 2020 amounted to 26,488 thousand Euro, representing a 13.3% decrease over the total revenues recorded in the same period of 2019.

Total costs amounted to 23,683 thousand Euro, recording a 11.1% decrease over the same period the previous year.

EBITDA amounted to 2,805 thousand Euro, representing a decrease of 27.9% compared to the first quarter of 2019. EBITDA margin achieved 10.6%, a decrease of 2.1 percentage points compared to the same period of the previous year.

EBIT, in the amount of 1,966 thousand Euro, recorded a decrease of 29.6% when compared to 2,790 thousand Euro in 2019.

The financial results (financial expenses – financial income), in the amount of 287 thousand Euro, recorded a 16.3% decrease over the first quarter of 2019.

During the first quarter of 2020, consolidated net profit amounted to 1,334 thousand Euro, decreasing 30.1% compared to the first quarter of the previous year.

INDUSTRY

	1Q 2020	1Q 2019	Var. %
Total revenues (a)	24,675	28,768	-14.2%
Total costs (b)	23,296	26,241	-11.2%
EBITDA (c)	1,379	2,527	-45.4%
EBITDA margin (d)	5.6%	8.8%	-3.2 pp
EBIT (e)	592	1,498	-60.5%
EBIT margin (f)	2.4%	5.2%	-2.8 pp
Financial results (g)	(146)	(132)	10.3%
Results related to investments	46	0	-
Profit before income tax	492	1,366	-64.0%
Income tax	119	300	-60.4%
Net profit	373	1,065	-65.0%

Amounts in thousands of Euro

(a) Total revenues = Sales and services rendered + Other income

(b) Total costs = Cost of sales and production variation + External supplies and services + Payroll expenses + Other costs + Provisions and impairment losses

(c) EBITDA = Profit before income tax + Financial expenses – Financial income + Amortization and depreciation

(d) EBITDA margin = EBITDA / Total revenues

(e) EBIT = EBITDA + Amortization and depreciation

(f) EBIT margin = EBIT / Total revenues

(g) Financial results = Financial expenses – Financial income

In the first quarter of 2020, total revenues from the Industry segment amounted to 24,675 thousand Euro, registering a decrease of 14.2% compared to the same period in 2019. The steel activity is mainly developed in the national market, which, in the first quarter of 2020, represented 93% of the revenues.

EBITDA in the Industry segment amounted to 1,379 thousand Euro, representing a negative variation of 45.4% compared to the 2,527 thousand de Euro recorded in the first quarter of 2019. The EBITDA margin reached 5.6%, which compares to 8.8% recorded in the same period of the previous year.

EBIT, in the amount of 592 thousand Euro, recorded a decrease of 60.5% compared to 1,498 thousand Euro in 2019.

The net profit of the Industry segment recorded in the first quarter of 2020, in the amount of 373 thousand Euro, represented a decrease of 65.0% compared to the net profit of the same period of 2019.

At the end of 2019, there was some optimism and confidence that 2020 would be the year of the recovery of the automotive industry. However, that did not happen. In the first quarter of 2020, steel activity recorded a decrease in turnover compared to the same period in 2019. In fact, the month of January turned out to be an unstable month, with the moulds sector registering low levels of activity and a drop in metal-mechanics, as a result of the decrease verified in the automotive sector.

The declines in car sales were accentuated and the stoppages in China and the consequent break in the supply chains of the sector, created difficulties for the European industry.

The impact on the Group's results of a three-week closure was partially compensated by the relocation of production and the satisfaction of Customers' requests through the Group's branches.

The Group is currently, despite market instability, in the process of gradually resuming operations temporarily closed. The speed of recovery of the Group's operational activity will depend on the evolution of national and international markets, especially in the automotive sector.

In the first quarter of 2020, the wire drawing activity also recorded a drop in turnover compared to the previous year, as a result of a decrease in prices for the main manufactured products and the impacts of the Covid-19 pandemic, with the cancellation of a significant volume of orders.

The wire drawing activity essentially operates in the foreign market which, in the first quarter of 2020, represented 60% of the turnover, with Europe being the destination market with the biggest preponderance.

REAL ESTATE

	1Q 2020	1Q 2019	Var. %
Total revenues (a)	1,813	1,778	2.0%
Total costs (b)	388	414	-6.3%
EBITDA (c)	1,425	1,365	4.5%
EBIT (d)	1,374	1,292	6.3%
Financial results (e)	(141)	(211)	-32.9%
Profit before income tax	1,232	1,081	14.0%
Income tax	271	238	13.8%
Net profit	961	843	14.0%

(Amounts in thousands of Euro)

(a) Total revenues = Sales and services rendered + Other income

(b) Total costs = Cost of sales and production variation + External supplies and services + Payroll expenses + Other costs + Provisions and impairment losses

(c) EBITDA = Profit before income tax + Financial expenses – Financial income + Amortization and depreciation

(d) EBIT = EBITDA + Amortization and depreciation

(e) Financial results = Financial expenses – Financial income

In the first quarter of 2020, total revenues from the Real Estate segment amounted 1,813 thousand Euro, an increase of 2.0% compared to the same period of 2019.

The rents obtained from the long-term leases of forest land represent about 90% of the total real estate revenues.

EBITDA in the Real Estate segment in the first three months of 2020 amounted to 1,425 thousand Euro, 4.5% higher than the amount recorded in the same period of 2019.

EBIT amounted to 1,374 thousand Euro, representing a growth of 6.3% compared to 2019.

In the first quarter of 2020, the financial results of the Real Estate segment were negative by 141 thousand Euro, having improved 32.9% compared to the negative 211 thousand Euro in 2019.

The net profit of the Real Estate segment amounted to 961 thousand Euro, an increase of 14.0% compared to the first quarter of 2019.

INVESTMENTS AND INDEBTEDNESS

In the first quarter of 2020, investments² made by the Ramada Group amounted to approximately 180 thousand Euro.

Ramada Group's net nominal indebtedness³ on March 31, 2020 amounted to approximately 19 million Euro. As of December 31, 2019, the net nominal indebtedness was approximately 31 million Euro.

FUTURE PERSPECTIVES

Despite the measure already mentioned, and at this stage, characterized by a generalized uncertainty in the social and economic context, the Ramada Group will remain alert and careful in the management of its business, and in the evaluation and monitoring of the actions already implemented and/or to be implemented in order to manage and anticipate, as far as possible, the impacts of this pandemic on its operational and financial performance.

Considering the degree of uncertainty that characterizes the current context, we have not been able to quantify the real impact of this pandemic, nor how the markets or companies will adapt. The uncertainty is big, the impact on the markets where we operate is expected to be quite negative.

Ramada Group is preparing for the future, restructuring teams and processes in order to increase the productivity and profitability of the Group's subsidiaries.

Ramada Group is convinced that with prevention, serenity and joint efforts with our partners, such as Customers, Suppliers, Employees and local Communities, it is prepared to face this challenge.

Ramada's Board of Directors expresses its appreciation and thanks to all Employees of the Ramada Group, for their dedication and commitment to overcome this phase that we are going through.

Oporto, 28 May 2020

The Board of Directors

² Investments – Acquisitions of property, plant and equipment and intangible assets related to the operational activity of the Industry and Real Estate segments.

³ Net nominal indebtedness = Bank loans (nominal values) + Other loans (nominal values) – Cash and cash equivalents



Shaping industry

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