



Earnings Announcement

1st Half 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 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.

INTRODUCTION

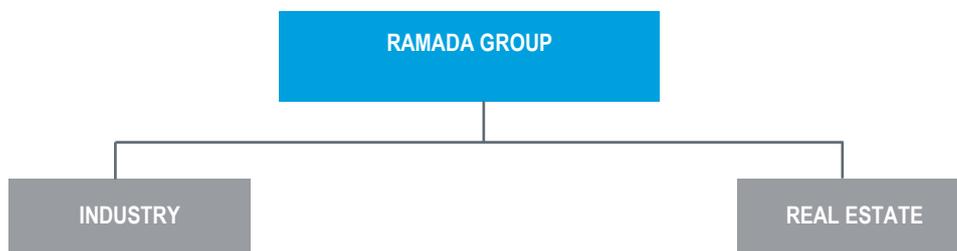
Ramada Investimentos is the parent company of a group of companies that together operate within two distinct business segments: i) Industry segment, which includes the activity of special steels and wire drawing, as well as the activity related to the management of financial investments in which the 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.

The wire drawing activity is developed by Socitrel whose main business is the manufacture and commercialisation 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 Físio 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

Since the beginning of the pandemic, Ramada Group implemented a set of measures for the prevention, control and surveillance, with prevention / contingency plans being developed that cover the entire organisation, from the operational areas to the central structures, in all the Group's businesses.

During the second quarter, Ramada Group maintained its process of monitorisation and assessing of the implemented measures, in order to give answers to the demands arising from the COVID-19 pandemic. 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 June 30, 2020, a negative impact on the income statement is estimated in the amount of approximately 120 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 productive investments that were planned for the first half of 2020. Ramada Group expects to comply with the investments initially set 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 headquarters closed from March 18, 2020 to April 6, 2020. 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., responsible for about 30% of the Group's turnover, it presented a 40% reduction compared to the second quarter of 2019, where part of its employees of the factory were in a simplified lay-off from April 14 until July 31, 2020.
- 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 unfavourable conditions. As of June 30, 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 43 million Euro, representing approximately 89% 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.

¹ Consolidated loans: Bank loans + Other loans.

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:

	1H 2020	1H 2019	Var. %
Sales and services rendered	48 966	59 066	-17.2%
Other income	208	312	-33.3%
Total revenues	49 174	59 378	-17.2%
Cost of sales and production variation	(30 421)	(36 827)	-17.4%
External supplies and services	(6 606)	(7 534)	-12.3%
Payroll expenses	(6 331)	(7 106)	-10.9%
Other operating costs (a)	(711)	(285)	149.7%
Total costs	(44 069)	(51 752)	-14.8%
EBITDA (b)	5 105	7 626	-33.1%
EBITDA margin (c)	10.4%	12.8%	-2.4 pp
Amortization and depreciation	(1 601)	(2 265)	-29.3%
EBIT (d)	3 505	5 360	-34.6%
EBIT margin (e)	7.1%	9.0%	-1.9%
Results related to investments	59	0	-
Financial expenses	(605)	(784)	-22.9%
Financial income	25	93	-73.1%
Profit before income tax	2 984	4 670	-36.1%
Income tax	(448)	(920)	-51.4%
Consolidated net profit	2 536	3 750	-32.4%
Net profit attributable to shareholders of the parent company	2 536	3 750	-32.4%

Amounts in thousands of Euro

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

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

(c) EBITDA margin = EBITDA / Total revenues

(d) EBIT = EBITDA + Amortisation and depreciation

(e) EBIT margin = EBIT / Total revenues

Total revenues of Ramada Group during the first half of 2020 amounted to 49,174 thousand Euro, representing a 17.2% decrease over the total revenues recorded in the same period of 2019.

Total costs amounted to 44,069 thousand Euro, recording a 14.8% decrease over the same period the previous year.

EBITDA amounted to 5,105 thousand Euro, representing a decrease of 33.1% compared to the first half of 2019. EBITDA margin achieved 10.4%, representing a decrease of 2.4 percentage points compared to the same period of the previous year.

EBIT, in the amount of 3,505 thousand Euro, recorded a decrease of 34.6% when compared to 5,360 thousand Euro in 2019.

The financial results (financial expenses – financial income), in the amount of 580 thousand Euro, recorded a 16.1% decrease over the same period of the previous year.

During the first half of 2020, consolidated net profit amounted to 2,536 thousand Euro, decreasing 32.4% compared to the first half of the previous year.

INDUSTRY

	1H 2020	1H 2019	Var. %
Total revenues (a)	45 539	55 851	-18.5%
Total costs (b)	(43 293)	(50 992)	-15.1%
EBITDA (c)	2 246	4 859	-53.8%
EBITDA margin (d)	4.9%	8.7%	-3.8 pp
EBIT (e)	749	2 738	-72.7%
EBIT margin (f)	1.6%	4.9%	-3.3 pp
Financial results (g)	(293)	(279)	5.1%
Results related to investments	59	0	-
Profit before income tax	514	2 459	-79.1%
Income tax	83	(433)	-119.1%
Net profit	597	2 026	-70.5%

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 expenses + Provisions and impairment losses

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

(d) EBITDA margin = EBITDA / Total revenues

(e) EBIT = EBITDA + Amortisation and depreciation

(f) EBIT margin = EBIT / Total revenues

(g) Financial results = Financial expenses – Financial income

In the first half of 2020, total revenues from the Industry segment amounted to 45,539 thousand Euro, registering a decrease of 18.5% compared to the same period in 2019.

EBITDA in the Industry segment amounted to 2,246 thousand Euro, representing a negative variation of 53.8% compared to the 4,859 thousand Euro recorded in the first half of 2019. The EBITDA margin reached 4.9%, recording a decrease of 3.8 percentage points over the same period of the previous year.

EBIT, in the amount of 749 thousand Euro, recorded a decrease of 72.7% compared to 2,738 thousand Euro in 2019.

The net profit of the Industry segment recorded in the first half of 2020, in the amount of 597 thousand Euro, represented a decrease of 70.5% compared to the net profit of the same period of previous year.

In the steel activity, the first half of 2020 was characterised by difficulties and uncertainties that did not make possible the resumption of the automotive industry, a scenario that was anticipated at the end of 2019. The instability of demand and the declines observed at the beginning of the year, both in the moulds sector and in the metal-mechanics sector, made the recovery unfeasible.

During the first half of 2020, uncertainty about the real impacts of the pandemic increased, which resulted in adverse economic consequences and market crashes. The worsening situation at the global level accentuated the drop in car sales. The stoppage of China and the consequent fall in the sector's supply chains created difficulties for European Industry and increased uncertainties.

Even though, and in a context of uncertainty, at the beginning of March the Group's operations were at a more positive pace compared to previous months. However, the external circumstances of COVID-19 and the consequent sanitary fence in the municipality of Ovar, forced the closure of the headquarters from the middle of the month, thus making the recovery process difficult. The Ramada Group saw its main production unit closed for three weeks, which caused breaks in all sectors, at a time when the Group was recovering its order book.

With the closure of Ovar's facilities during the first week of April, the second quarter started a week later, but with a focus on resuming what was pending. According to the prevention, control and surveillance measures plan implemented by Ramada Group, the teams achieved a recovery of around 90%.

In the moulds sector, it was possible to observe fluctuations between periods of greater and lesser demand in the market, with a centralization of the business in a smaller number of customers, which means that the remaining players have a reduced order book.

At metal-mechanics sector, the drop that was felt at the start of the year worsened with the pandemic and most of the major customers are still in lay-off. The customer orders in this sector that were planned were postponed until the beginning of the second semester, although not sure that they will be effective.

Exports continue to grow, reaching values of 7.8% (6.6% in 2019). These are positive levels, given that the European market is also managing the consequences of the pandemic.

Ramada Group believes that it is in a competitive position and will continue to invest in this growth.

In the first half of 2020, the wire drawing activity also registered a significant drop in turnover compared to the previous year. The impacts of the COVID-19 pandemic, with the cancellation of a significant volume of orders and the fall in the prices of the main manufactured products had a significant impact on sales in Portugal, Spain, France and the United Kingdom.

The wire drawing activity essentially operates in the foreign market which, in the first half of 2020, represented 61% of the turnover, with Europe being the destination market with greater preponderance.

REAL ESTATE

	1H 2020	1H 2019	Var. %
Total revenues (a)	3 635	3 526	3.1%
Total costs (b)	(776)	(760)	2.1%
EBITDA (c)	2 859	2 767	3.3%
EBIT (d)	2 756	2 622	5.1%
Financial results (e)	(286)	(411)	-30.4%
Profit before income tax	2 470	2 211	11.7%
Income tax	(531)	(486)	9.2%
Net profit	1 939	1 724	12.4%

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 expenses + Provisions and impairment losses

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

(d) EBIT = EBITDA + Amortisation and depreciation

(e) Financial results = Financial expenses – Financial income

In the first half of 2020, total revenues from the Real Estate segment amounted 3,635 thousand Euro, an increase of 3.1% 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 six months of 2020 amounted to 2,859 thousand Euro, 3.3% higher than the amount recorded in the same period of 2019.

EBIT amounted to 2,756 thousand Euro, representing a growth of 5.1% compared to 2019.

In the first half of 2020, the financial results of the Real Estate segment were negative by 286 thousand Euro, having improved 30.4% compared to the negative 411 thousand Euro in 2019.

The net profit of the Real Estate segment amounted to 1,939 thousand Euro, an increase of 12.4% compared to the first half of 2019.

INVESTMENTS AND INDEBTEDNESS

In the first half of 2020, investments² made by Ramada Group amounted to approximately 365 thousand Euro.

Ramada Group's net nominal indebtedness³ on June 30, 2020 amounted to approximately 15 million Euro. As of December 31, 2019, the net nominal indebtedness was approximately 31 million Euro.

FUTURE PERSPECTIVES

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

Ramada Group will maintain 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.

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, September 10, 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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