



RAMADA

INVESTIMENTOS E INDÚSTRIA

RAMADA INVESTIMENTOS E INDÚSTRIA, S.A.

Public Company

Earnings announcement 1st Quarter 2021
(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.

Head Office: Rua Manuel Pinto de Azevedo, 818

4100-320 Oporto

Share capital: 25,641,459 Euro

INTRODUCTION

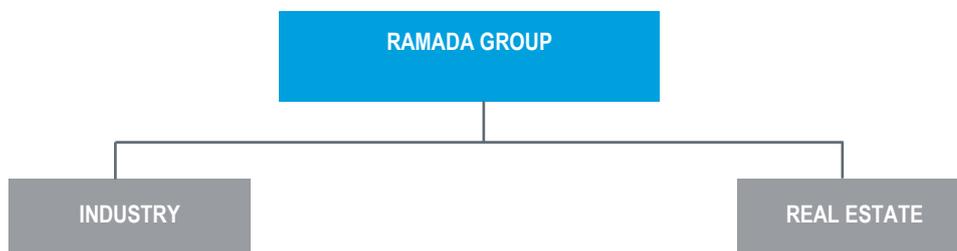
Ramada Investimentos is the parent company of a group of companies that together operate within two distinct business segments: i) Industry segment, which includes the activity of special steels and wire drawing, as well as the activity related to the management of financial investments in which the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



CONSOLIDATED INCOME STATEMENT BY NATURE

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 2021	1Q 2020	Var. %
Total revenues (a)	32 251	26 488	21.8%
Total costs (b)	(27 540)	(23 683)	16.3%
EBITDA (c)	4 712	2 805	68.0%
EBITDA margin (d)	14.6%	10.6%	+4.0 pp
Amortization and depreciation	(792)	(839)	-5.7%
EBIT (e)	3 920	1 966	99.4%
EBIT margin (f)	12.2%	7.4%	+4.8 pp
Results related to investments	(13)	46	-
Financial expenses	(274)	(297)	-7.8%
Financial income	5	10	-44.8%
Profit before income tax	3 639	1 724	111.0%
Income tax	(782)	(390)	-
Consolidated net profit	2 857	1 334	114.1%
Net profit attributable to shareholders of the parent company	2 857	1 334	114.1%

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 results and Amortization and depreciation

(d) EBITDA margin = EBITDA / Total revenues

(e) EBIT = EBITDA + Amortization and depreciation

(f) EBIT margin = EBIT / Total revenues

During the first quarter of 2021, total revenues of Ramada Group amounted to 32,251 thousand Euro, representing a 21.8% increase over the total revenues recorded in 2020.

Total costs amounted to 27,540 thousand Euro, recording a 16.3% increase over the previous year.

EBITDA amounted to 4,712 thousand Euro, representing an increase of 68.0% compared to the first quarter of 2020. EBITDA margin achieved 14.6%, representing an increase of 4.0 percentage points when compared to the previous year.

EBIT, in the amount of 3,920 thousand Euro, recorded an increase of 99.4% when compared to 1,966 thousand Euro in 2020.

The financial results (financial income – financial expenses), in the amount of 269 thousand Euro, recorded a 6.5% decrease over the previous year.

The consolidated net profit of the first quarter of 2021 amounted to 2,857 thousand Euro, increasing 114.1% compared to the net profit of the same period of the previous year.

INDUSTRY

	1Q 2021	1Q 2020	Var. %
Total revenues (a)	30 428	24 675	23.3%
Total costs (b)	(27 196)	(23 296)	16.7%
EBITDA (c)	3 232	1 379	134.3%
EBITDA margin (d)	10.6%	5.6%	+5.0 pp
EBIT (e)	2 480	592	319.1%
EBIT margin (f)	8.2%	2.4%	+5.8 pp
Results related to investments	(138)	(146)	-5.5%
Financial results (g)	(13)	46	-
Profit before income tax	2 330	492	373.7%
Income tax	(494)	(119)	314.8%
Net profit	1 836	373	392.5%

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 results and 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 income – Financial expenses

In the first quarter of 2021, total revenues from the Industry segment amounted to 30,428 thousand Euro, recording an increase of 23.3% compared to the same period of 2020.

EBITDA in the Industry segment amounted to 3,232 thousand Euro, representing a positive variation of 134.3% compared to the 1,379 thousand Euro recorded in the first quarter of 2020. EBITDA margin reached 10.6%, recording an increase of 5.0 percentage points over the same period of the previous year.

EBIT, in the amount of 2,480 thousand Euro, recorded an increase of 319.1% compared to 592 thousand Euro in 2020.

The net profit of the Industry segment recorded in the first quarter of 2021, in the amount of 1,836 thousand Euro, represented an increase of 392.5% compared to the net profit of the same period of previous year.

Despite the excellent start of 2021, in the middle of January there was a slowdown in demand. Just as a year ago, the reinforcement of demand in Portugal was noticeable with the Chinese and Italian “Lock Down”. However, with the development of the pandemic in Portugal, which led the country to be referred to as the worst in number of infections per 100,000 inhabitants, it may have weighed in the decision not to order moulds in Portugal, opting for competing markets.

It should be noted that this effect disappeared in March and orders returned to Portugal, with a significant increase in demand from countries that import products from customers in the Moulds and Metalworking industry.

In addition to the growth in demand, the first quarter of 2021 was also marked by a significant increase in the price of scrap and iron ore, in addition to the rapid closing of import quotas from third countries in the European Union (which, when exhausted, adds 25% on import tax). On the same way, the lack of containers and maritime transport has also created some uncertainty and delays in deliveries from suppliers from more distant countries, giving European suppliers the opportunity to increase their production, even prorating capacity and cancelling some orders.

At the moment, the concern is the possibility of shortages for the next quarter in the steel market, worldwide, in the same way that is already felt in other products, such as copper and aluminium alloys. China withdrew all export support as a way of reducing steel production, as the targets for carbon dioxide emissions must be met by 2030.

In the first quarter of 2021, sales of the Steel activity to the foreign market represented 9.7% of turnover, registering a growth of 52.1% compared to the same period in 2020. The Spanish market stands out, where Ramada Group is consolidating its position as a supplier to the metal industry, through the teams that are present in Galicia, Basque Country, Extremadura and Catalonia.

In the first quarter of 2021, the wire drawing activity recorded a significant rise in sales when compared to the previous year, as a result of significant increases in prices and production volume. The evolution of the Chinese economy led to sharp price increases in the first quarter of 2021 in terms of scrap and iron ore, with a consequent increase in the prices of the most representative raw materials for this activity. The wire drawing activity essentially operates in the foreign market which, in the first quarter of 2021, represented 64.2% of the turnover. In 2020, exports represented 59.7% of turnover. The main destinations for exports were Spain, France and the United States.

REAL ESTATE

	1Q 2021	1Q 2020	Var. %
Total revenues (a)	1 823	1 813	0.6%
Total costs (b)	(344)	(388)	-11.3%
EBITDA (c)	1 480	1 425	3.8%
EBIT (d)	1 439	1 374	4.8%
Financial results (e)	(131)	(141)	-7.6%
Profit before income tax	1 309	1 232	6.2%
Income tax	(288)	(271)	6.2%
Net profit	1 021	961	6.2%

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 results and Amortization and depreciation

(d) EBIT = EBITDA + Amortization and depreciation

(e) Financial results = Financial income – Financial expenses

During the first quarter of 2021, total revenues from the Real Estate segment amounted to 1,823 thousand Euro, an increase of 0.6% compared to the same period of 2020.

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 2021 amounted to 1,480 thousand Euro, 3.8% higher than the amount recorded in the same period of the previous year.

EBIT amounted to 1,439 thousand Euro, representing a growth of 4.8% compared to 2020.

In the first quarter of 2020, the financial results of the Real Estate segment were negative by 131 thousand Euro, having improved 7.6% compared to the negative 141 thousand Euro in 2020.

The net profit of the Real Estate segment amounted to 1,021 thousand Euro, an increase of 6.2% compared to the first quarter of 2020.

INVESTMENTS AND INDEBTEDNESS

The investments¹ made by Ramada Group during the first quarter of 2021 amounted to approximately 900 thousand Euro.

Ramada Group's net nominal indebtedness² on March 31, 2021, amounted to approximately 4 million Euro. As of December 31, 2020, the net nominal indebtedness was approximately 11 million Euro.

OUTLOOK

The growth in demand that occurred in the first quarter in the sectors of moulds and metalworking, combined with the maintenance of the increasing trend in raw material prices, leads the Group to face 2021 with more confidence, expecting a significant increase in sales and profitability, when compared with 2020.

It should be noted that these perspectives are based on the assumption that the pandemic is controlled and that mass vaccination takes place, allowing the economy to relaunch.

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, May 20, 2021

The Board of Directors

¹ Investments: Acquisitions of property, plant and equipment and intangible assets related to the operational activity of the Industry and Real Estate segments.

² Net nominal indebtedness: Bank loans (nominal values) + Other loans (nominal values) – Cash and cash equivalents.



Shaping industry

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