



# RAMADA

INVESTIMENTOS E INDÚSTRIA

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

Public Company

Earnings announcement 1<sup>st</sup> Semester 2022

(unaudited information)

This document is a translation of a document originally issued in Portuguese, prepared using accounting policies consistent with the International Financial Reporting Standards 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.

Head Office: Rua Manuel Pinto de Azevedo, 818

4100-320 Oporto

Share capital: 25,641,459 Euro

## INTRODUCTION

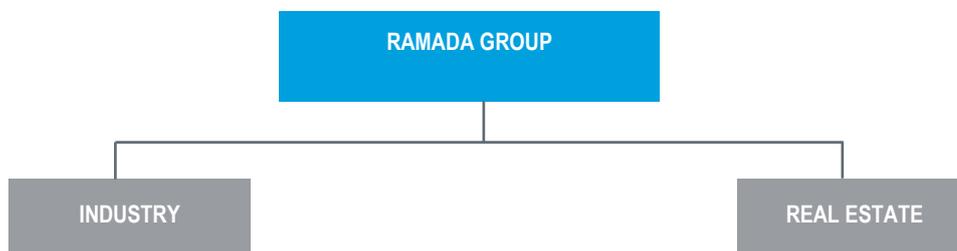
Ramada Investimentos is the parent company of a group of companies that together operate within two distinct business segments: i) Industry segment, which includes the activity of special steels and wire drawing, as well as the activity related to the management of financial investments in which the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

<i>Amounts in thousands of Euros</i>	<b>1H2022</b>	<b>1H2021</b>	<b>Var. %</b>
Total revenues	112 175	66 363	69.0%
Total costs	(96 461)	(56 528)	70.6%
<b>EBITDA</b>	<b>15 714</b>	<b>9 834</b>	<b>59.8%</b>
<b>EBITDA margin</b>	<b>14.0%</b>	<b>14.8%</b>	<b>-0.8 p.p.</b>
Amortization and depreciation	(2 290)	(1 635)	40.1%
<b>EBIT</b>	<b>13 424</b>	<b>8 199</b>	<b>63.7%</b>
<b>EBIT margin</b>	<b>12.0%</b>	<b>12.4%</b>	<b>-0.4 p.p.</b>
Results related to investments	252	120	110.0%
Financial expenses	(565)	(530)	6.6%
Financial income	61	20	197.3%
<b>Profit before income tax</b>	<b>13 172</b>	<b>7 810</b>	<b>68.7%</b>
Income tax	(3 161)	(1 642)	92.6%
<b>Consolidated net profit</b>	<b>10 011</b>	<b>6 168</b>	<b>62.3%</b>
Net profit attributable to shareholders of the parent company	10 011	6 168	62.3%

In the first half of 2022, total revenues of Ramada Group amounted to 112,175 thousand Euro, representing a 69.0% increase over the total revenues recorded in the same period of 2021.

Total costs amounted to 96,461 thousand Euro, recording a 70.6% increase when compared to the same period of the previous year.

EBITDA amounted to 15,714 thousand Euro, representing an increase of 59.8% compared to the same period of 2021. EBITDA margin achieved 14.0%, representing a decrease of 0.8 percentage points when compared to the same period of the previous year.

EBIT, in the amount of 13,424 thousand Euro, recorded an increase of 63.7% when compared to 8,199 thousand Euro in the same period of 2021.

The Financial Results (Financial Income - Financial Expenses), in the amount of 504 thousand Euro, recorded a 1.2% decrease over the same period of the previous year.

The consolidated net profit of the first semester of 2022 amounted to 10,011 thousand Euro, increasing 62.3% compared to the net profit of the same period of the previous year.

**INDUSTRY**

<i>Amounts in thousands of Euros</i>	<b>1H2022</b>	<b>1H2021</b>	<b>Var. %</b>
Total revenues	<b>108 134</b>	62 734	72.4%
Total costs	<b>(95 388)</b>	(55 830)	70.9%
EBITDA	<b>12 745</b>	6 904	84.6%
EBITDA margin	<b>11.8%</b>	11.0%	+0.8 p.p.
EBIT	<b>10 627</b>	5 349	98.7%
EBIT margin	<b>9.8%</b>	8.5%	+1.3 p.p.
Results related to investments	<b>252</b>	120	110.0%
Financial results	<b>(289)</b>	(246)	17.5%
Profit before income tax	<b>10 590</b>	5 223	102.8%
Income tax	<b>(2 606)</b>	(1 073)	142.9%
Net profit	<b>7 984</b>	4 150	92.4%

In the first half of 2022, total revenues from the Industry segment amounted to 108,134 thousand Euro, recording an increase of 72.4% compared to the same period of 2021.

EBITDA in the Industry segment amounted to 12,745 thousand Euro, representing a positive variation of 84.6% compared to the 6,904 thousand Euro recorded in the first half of 2021. EBITDA margin reached 11.8%, recording an increase of 0.8 percentage points over the same period of 2021.

EBIT, in the amount of 10,627 thousand Euro, recorded an increase of 98.7% compared to the 5,349 thousand Euro in the same period of 2021.

The net profit of the Industry segment in the first half of 2022, in the amount of 7,984 thousand Euro, represented an increase of 92.4% compared to the net profit of the same period of 2021.

Despite the post-pandemic uncertainty and the scenario of armed conflict between Russia and Ukraine, in the second quarter of 2022 Ramada Group continued the positive trend seen in the first quarter of 2022, reaching significant growth in sales.

The Steel activity recorded a turnover significantly higher than the same period of 2021, being relevant the contribution of the moulds sector, which stood out with sharp growth rates throughout the semester. This acceleration boosted growth in the machining sector, with this sector registering significant increases in the provision of conventional and customized machining services.

In metalworking, demand was more stable and year-on-year growth was mainly a result of price increases. Towards the end of the semester there was a slowdown in consumption and the market's expectation for a price decrease was noticeable.

With the uncertainty caused by the war in Ukraine, the first semester was marked by inflationary pressures, with particular relevance in energy prices. It is expected that this upward trend will continue in the coming months, which lead the Group to increase prices mainly in thermal treatments where energy consumption is relevant.

In order to partially mitigate the impact of the increase in energy prices and simultaneously contribute to a better environmental performance, a Photovoltaic Plant for self-consumption (Ramada Solar) is being installed, with the start of production of the first Megawatt planned for the second half of 2022.

Due to the rise in prices and the constraints in the supply chain, inventory management was necessarily one of the pillars of action in this semester, requiring constant attention to market movements.

Demand was at high levels, with steel mills' production deadlines increasing by two more months compared to the usual deadlines. The difficulties in the supply of materials are increasing, both due to the crisis in Ukraine and Russia, and to price increases from China. This was a point that focused attention throughout the semester and will certainly be a determining point for the Group's performance throughout this year.

The Group continues to focus on exports and on increasing its customer portfolio to ensure future growth and less dependence on the domestic market. In the first semester of 2022, the sales of the Steel activity to the external market represented 8.7% of the turnover, registering a growth of 70.8% compared to the same period in 2021. The Spanish market continues to be the leader where the steel shortage is generating many opportunities.

In the first half of 2022, the Wire Drawing activity also registered a significant growth in turnover, compared to the same period of the previous year. The Wire Drawing activity operates essentially for the external market, which in the first half of 2022 represented 75.4% of turnover, with the USA and Spain standing out with 34% and 27% respectively. In the same period in 2021, exports represented 66% of turnover.

**REAL ESTATE**

<i>Amounts in thousands of Euros</i>	<b>1H2022</b>	<b>1H2021</b>	<b>Var. %</b>
Total revenues	4 041	3 628	11.4%
Total costs	(1 073)	(698)	53.7%
EBITDA	2 969	2 930	1.3%
EBIT	2 797	2 850	-1.9%
Financial results	(215)	(263)	-18.3%
Profit before income tax	2 582	2 587	-0.2%
Income tax	(555)	(569)	-2.5%
Net profit	2 027	2 018	0.4%

During the first half of 2022, total revenues from the Real Estate segment amounted to 4,041 thousand Euro, recording a 11.4% increase over the same period of 2021.

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 2022 amounted to 2,969 thousand Euro, 1.3% higher than the amount recorded in the same period of the previous year.

EBIT amounted to 2,797 thousand Euro, representing a decrease of 1.9% compared to the same period of 2021.

The financial results of the Real Estate segment were negative by 215 thousand Euro in the first half of 2022, recording an improvement of 18.3% when compared to the negative 263 thousand Euro in the same period of the previous year.

The net profit of the Real Estate segment during the first half of 2022 amounted to 2,027 thousand Euro, an increase of 0.4% compared to the same period of 2021.

### INVESTMENTS AND INDEBTEDNESS

The investments made by Ramada Group in the first half of 2022 amounted to approximately 1,100 thousand Euro.

Ramada Group's net nominal indebtedness on June 30, 2022 amounted to, approximately, 23 million Euros. As of December 31, 2021, the net nominal indebtedness amounted to, approximately, 11 million Euros.

### FUTURE PERSPECTIVES

Some slowdown in the market is beginning to be noticed as a result of inflation and lockdowns in China. Since there is no normal trading volume in China, the value of scrap has fallen and the most basic materials have also been impacted. Although there are no medium-term reasons to believe in a strong decline in the price of steel (due to the focus on green steel, high energy costs, rising carbon taxes, and anti-export policies in China and India), the truth is that the economic slowdown and consequent drop in demand may cause some turmoil in the market, and lead distributors to accelerate inventory rotation.

The growth of new players in the world market, be it Tesla with the Berlin plant starting to deliver cars, or the arrival in force of competitive Chinese electric cars with reasonable quality to compete in the space of the old manufacturers, has demonstrated the pressing need for the European auto industry to react to threats, forcing investment.

We believe that the market will register decreases, but not abruptly or immediately. There may, however, be slowdowns and readjustments in comparison to what we have seen this semester, as a result of inflation and the reduction of purchasing power. Ramada Group will continue to focus on the management and optimization of the business, in order to adjust to market conditions, and with the aim of continuing to create value for all our stakeholders.

Oporto, July 28, 2022

The Board of Directors

Glossary

Total revenues: Sales and services rendered + Other income

Total costs: Cost of sales and production variation + External supplies and services + Payroll expenses + Other expenses + Provisions and impairment losses

EBITDA: Profit before income tax, Financial results, Amortization and depreciation and Results related to investments

EBITDA margin: EBITDA / Total revenues

EBIT: EBITDA + Amortization and depreciation

EBIT margin: EBIT / Total revenues

Financial results: Financial income - Financial expenses

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

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



Shaping industry

Rua Manuel Pinto de Azevedo, 818  
4100-320 Porto PORTUGAL

[www.ramadainvestimentos.pt](http://www.ramadainvestimentos.pt)