

PRESS RELEASE

Zielona Góra, 9 April 2013

Exports and LEDs Drive LUG's Success

LUG S.A. – a NewConnect listed manufacturer of lighting fixtures – forecasts continued growth in consolidated financial results in 2013. In its long-term plans, LUG expects a 100 percent increase in revenues from exports, and a 30 percent increase in revenues from domestic sales by 2016. The achievement of these goals will be possible mostly through the sale of lighting fixtures and systems based on LED technology, and consolidation of our presence on the most promising foreign markets.

Strategy 2013-2016

The strategic goal of LUG S.A. Capital Group for the years 2013-2016 is development in line with the idea of energy efficiency and reduced CO₂ emissions. This overall goal will be achieved through intermediate objectives in five basic areas: R&D and Competences, Product, Technology, Trading Model, and Markets and Segments.

- We based our strategy on the assumption that in 2013 the lighting industry will still remain under the strong influence of negative economic symptoms, and opportunities for dynamic growth will appear in subsequent years. We want to use this year to make investments which will enhance our opportunities for growth when the lighting industry reaps the great benefits of the developing LED market, expected to grow to EUR 56 billion in 2020 – says Ryszard Wtorkowski, President of LUG S.A. Management Board.

It is the LED segment and the goal of a 20-percent reduction in energy consumption in Europe by 2020 that will provide the primary impulses for the company's growth. LUG expects an increase in consolidated revenues from exports at the level of 100%, and an increase in consolidated revenues from domestic sales at the level of 30% by 2016. During that time, the share of LED products in the company's sales structure will increase to 40%. The achievement of these goals will largely be related to investments in technology and R&D, planned at PLN 2.5 million and PLN 2.4 million, respectively, in 2013 alone. The new production plant to be constructed in the years 2014-2015 will provide a source of new competences in SMD assembly.

- We know our clients well, and we know how their needs evolve in terms of lighting. In our strategic markets, such as Germany, Russia, France, Great Britain, Ukraine, Middle East, Brazil and Poland, we plan to open consultation and trade centers to support the process of departing from simple sales of fixtures towards complex consultation and sales services – Wtorkowski explains.

Another source of competitive advantage for LUG S.A. Capital Group will be the Flash DQ brand, whose advanced technology and sophisticated design will introduce the company to the market niche of unique-design fixture manufacturers. The brand's share in the volume of sales on foreign markets has been planned at 30 percent, and on the Polish market at 10 percent by 2016.

- *Our credo is „illuminating the future”, as the lighting solutions we design today create the future development of our business based on customer satisfaction – says the President of LUG S.A.*

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LUG S.A. is a holding company of LUG S.A. Capital Group – a supplier of comprehensive lighting solutions, one of the largest manufacturers of lighting fixtures in Poland. The company sells its products in Poland and several dozen countries around the world. Established 20 years ago in Zielona Góra, the company has operated as a Capital Group since 2008.

Its members are: LUG S.A., LUG Light Factory Sp. z o.o., LUG GmbH, LUG do Brazil Ltda, and TOW LUG Ukraina. Since November 2007, LUG S.A. has been listed on the NewConnect market administered by the Warsaw Stock Exchange. More information: www.lug.com.pl