



Earnings Announcement

3rd 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 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

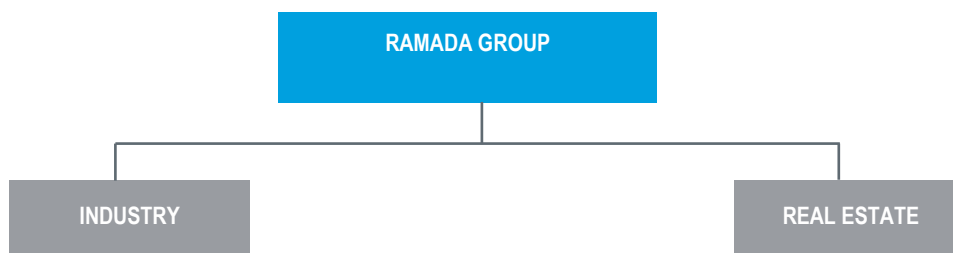
Ramada Investimentos is the parent company of a group of companies that together operate within two distinct business segments: i) Industry segment, which includes the activity of special steels and wire drawing, as well as the activity related to the management of financial investments in which the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

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 organization, from the operational areas to the central structures, in all the Group's businesses.

Therefore, Ramada Group maintained its process of monitorization and assessing of the implemented measures, in order to respond 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 September 30, 2020, a negative impact on the income statement is estimated in the amount of approximately 130 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 half the productive investments that were planned for the first half of 2020. Ramada Group expects to comply with the investments initially stipulated for 2020 until the end of the fiscal year.
- 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 September 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 90% 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:

	9M 2020	9M 2019	Var. %
Sales and services rendered	74 304	86 504	-14.1%
Other income	515	463	11.2%
Total revenues	74 819	86 966	-14.0%
Cost of sales and production variation	(46 290)	(54 161)	-14.5%
External supplies and services	(10 063)	(11 082)	-9.2%
Payroll expenses	(8 913)	(9 797)	-9.0%
Other operating costs (a)	(1 220)	(437)	179.2%
Total costs	(66 486)	(75 477)	-11.9%
EBITDA (b)	8 333	11 490	-27.5%
EBITDA margin (c)	11.1%	13.2%	-2.1 pp
Amortization and depreciation	(2 370)	(3 246)	-27.0%
EBIT (d)	5 962	8 244	-27.7%
EBIT margin (e)	8.0%	9.5%	-1.5 pp
Results related to investments	57	-	-
Financial expenses	(866)	(1 203)	-28.0%
Financial income	46	141	-67.3%
Profit before income tax	5 199	7 181	-27.6%
Income tax	(845)	(1 454)	-41,9%
Consolidated net profit	4 353	5 727	-24.0%
Net profit attributable to shareholders of the parent company	4 353	5 727	-24.0%

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 + Amortization and depreciation

(c) EBITDA margin = EBITDA / Total revenues

(d) EBIT = EBITDA + Amortization and depreciation

(e) EBIT margin = EBIT / Total revenues

During the first nine months of 2020, total revenues of Ramada Group amounted to 74,819 thousand Euro, representing a 14.0% decrease over the total revenues recorded in the same period of 2019.

Total costs amounted to 66,486 thousand Euro, recording a 11.9% decrease over the same period the previous year.

EBITDA amounted to 8,333 thousand Euro, representing a decrease of 27.5% compared to the same period of 2019. EBITDA margin achieved 11.1%, representing a decrease of 2.1 percentage points compared to the same period of the previous year.

EBIT, in the amount of 5,962 thousand Euro, recorded a decrease of 27.7% when compared to 8,244 thousand Euro in 2019.

The financial results (financial expenses – financial income), in the amount of 820 thousand Euro, recorded a 22.8% decrease over the same period of the previous year.

During the first nine months of 2020, consolidated net profit amounted to 4,353 thousand Euro, decreasing 24.0% compared to the net profit of the first months of the previous year.

INDUSTRY

	9M 2020	9M 2019	Var. %
Total revenues (a)	69 361	81 661	-15.1%
Total costs (b)	(65 404)	(74 425)	-12.1%
EBITDA (c)	3 958	7 237	-45.3%
EBITDA margin (d)	5.7%	8.9%	-3.2 pp
EBIT (e)	1 742	4 196	-58.5%
EBIT margin (f)	2.5%	5.1%	-2.6 pp
Financial results (g)	(430)	(469)	-8.3%
Results related to investments	57	0	-
Profit before income tax	1 369	3 727	-63.3%
Income tax	(22)	(694)	-96.8%
Net profit	1 347	3 033	-55.6%

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 + 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 nine months of 2020, total revenues from the Industry segment amounted to 69,361 thousand Euro, recording a decrease of 15.1% compared to the same period in 2019.

EBITDA in the Industry segment amounted to 3,958 thousand Euro, representing a negative variation of 45.3% compared to the 7,237 thousand Euro recorded in the same period of 2019. The EBITDA margin reached 5.7%, recording a decrease of 3.2 percentage points over the same period of the previous year.

EBIT, in the amount of 1,742 thousand Euro, recorded a decrease of 58.5% compared to 4,196 thousand Euro in 2019.

The net profit of the Industry segment recorded in the first nine months of 2020, in the amount of 1,347 thousand Euro, represented a decrease of 55.6% compared to the net profit of the same period of previous year.

The first half proved to be complex given the impossibility of predicting the reaction of the markets to the uncertainty of the pandemic.

With the closure of Ovar's facilities during the first week of April, as a result of the sanitary fence in the municipality of Ovar, the normal production pace made recovery an arduous process. The second half began with an expectation of improvement and a focus on preparing the Ramada Group's teams and responsiveness.

Regarding activity in the third quarter, it tended to show some signs of recovery.

In the Molds sector, the third quarter ended with a positive trend, which allowed to reinforce the sales portfolio for the following months.

At metal-mechanics sector the expectation is positive, where there has been an increase in demand. Ramada Group ended the quarter with values above the pre-COVID phase.

Key investments were also made for the steel business during the third quarter, as anticipated. In particular, the acquisition of essential equipment for the Group's commitment to the future evolution of its main businesses was formalized. Noteworthy, the acquisition of the automatic 3D parts warehouse for Ovar and the acquisition of face machining equipment that will allow the consolidation of Planfuro Global's activity in Vieira and the restructuring of the Universal Afir and Ramada Aços branches in Marinha Grande. This last change will be decisive for the Group's competitiveness gain.

It was also decided and executed the closing of the Maia branch, which, although it was once an important sales point, with the changes in logistics and production paradigms, became more dependent on the headquarters in Ovar, being reduced to a logistics warehouse and adding little value to the business.

During the first nine months of 2020, total sales of the steel activity for the foreign market represented 7.8% of total turnover, recording a 7.3% increase over the same period of 2019.

In the same period, the wire drawing activity also registered a significant drop in turnover compared to the previous year. After the second quarter of 2020 recorded a significant reduction in activity, signs of improvement appear in all lines of the business, although with uncertain intensity, duration and sustainability.

Sales of the third quarter were 28% higher than sales of the second quarter and in line with the third quarter of the previous year.

The wire drawing activity essentially operates in the foreign market which, in the first nine months of 2020, represented 62.7% of the turnover, with Europe being the destination market with greater preponderance.

REAL ESTATE

	9M 2020	9M 2019	Var. %
Total revenues (a)	5 458	5 305	2.9%
Total costs (b)	(1 083)	(1 052)	2.9%
EBITDA (c)	4 375	4 253	2.9%
EBIT (d)	4 220	4 048	4.2%
Financial results (e)	(391)	(593)	-34.1%
Profit before income tax	3 830	3 455	10.9%
Income tax	(823)	(760)	8.3%
Net profit	3 006	2 695	11.5%

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 + Amortization and depreciation

(d) EBIT = EBITDA + Amortization and depreciation

(e) Financial results = Financial expenses – Financial income

In the first nine months of 2020, total revenues from the Real Estate segment amounted 5,458 thousand Euro, an increase of 2.9% 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 nine months of 2020 amounted to 4,375 thousand Euro, 2.9% higher than the amount recorded in the same period of 2019.

EBIT amounted to 4,220 thousand Euro, representing a growth of 4.2% compared to 2019.

In the first nine months of 2020, the financial results of the Real Estate segment were negative by 391 thousand Euro, having improved 34.1% compared to the negative 593 thousand Euro in 2019.

The net profit of the Real Estate segment amounted to 3,006 thousand Euro, an increase of 11.5% compared to the same period of 2019.

INVESTMENTS AND INDEBTEDNESS

In the nine months of 2020, investments² made by Ramada Group amounted to approximately 823 thousand Euro.

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

FUTURE PERSPECTIVES

The current situation continues to be marked by a high level of uncertainty arising from the current pandemic context. The uncertainty is big and the impact on the markets where we operate is expected to be relevant.

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, November 19, 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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