



**Presentation of results for the I quarter of 2019**

May 30, 2019

## Representatives

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**Daniel Janusz**

president of the Board



**Piotr Wielecik**

Member of the Board

# The most important events of the I quarter of 2019

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Financial results for the I quarter of 2019

FEERUM in Ukraine

Project Tanzania

Strategy

Summary

# The most important events of the I quarter of 2019

- Ukrainian contracts signed as part of the "supplier's credit" scheme with the Ukrainian company Epicentr K LLC - one of the largest transactions of this type in Europe. KUKE insured contracts for a total value of 50 million EUR, and then FEERUM signed a debt purchase agreement with BGK. It is the largest (worth 30,25 million EUR) in the history of the government program "Financial Support for Exports" the use of the purchase of receivables as an instrument financing the delivery abroad. In the first quarter of 2019, we started shipments under this contract.
- FEERUM strengthens its position on the African market. The company is consistently implementing a contract signed with the National Food Reserve Agency with a total value of 33,1 million USD. As at the date of publication of the report, the Company realized 82% of the contract value in the scope of machinery and equipment delivery and received a payment in the amount of 16 855 643,12 USD, including an advance payment in the amount of 4 971 thousand USD.
- In the first quarter of 2019, the Group achieved sales revenues at a level similar to the corresponding period of the previous year. In the perspective of subsequent periods, it should be emphasized that sales in the scope of a significant contract with the Ukrainian contractor Epicentr K LLC began in the second half of March 2019, hence its significant progressive impact on the financial results will be visible in the second and third quarter of 2019.
- The current order portfolio is approximately 279 million PLN and includes 38 contracts. In turn, the potential portfolio of clients waiting for EU funding and holding a building permit is at the level of approx. 47,4 million PLN. The portfolio with the deadline for completion in 2020-2021 includes projects with a total value of over 131,1 million PLN .
- Active commercial activity in Ukraine brings expected results. We thereby strengthen our position in the region. Ukraine has taken a leading position among our foreign partners. We do not stop at carrying out sales activities on export markets.

# Financial results for the I quarter of 2019

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## Sales revenues (thous. PLN)

Result for the year 2018 – 128 714 thous. PLN

I quarter 2018

**26 735**

sales revenues

I quarter 2017

**27 583**

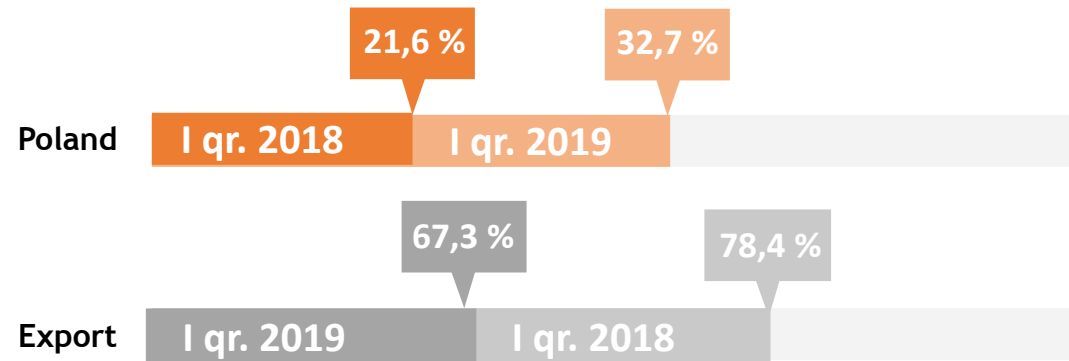
sales revenues



## The Group's revenues in cross-section of geographical areas

Country	01.01 - 31.03.2019	01.01 - 31.03.2018
Poland	8 753	5 970
Ukraine	9 729	1 607
Lithuania	0	1 742
Romania	15	21
Tanzania	7 909	18 242
other countries	329	0
<b>Total</b>	<b>26 735</b>	<b>27 583</b>

# Poland vs the World



As regards financial results in the first quarter of 2019, the Group achieved sales revenues at a level similar to the same period last year. In the perspective of the next periods, it should be emphasized that the sales in the scope of a significant contract with the Ukrainian counterparty Epicentr K LLC began in the second half of March 2019, hence its significant progressive impact on the achieved financial results will be visible in II and III quarter of 2019. In addition, prospects for potential contracts as well as those in the implementation phase allow optimism to assess the forecasts of subsequent periods.

We estimate that exports will account for around 80% of our revenues in 2019. Ukrainian contracts will be responsible for about 75% of our export sales.

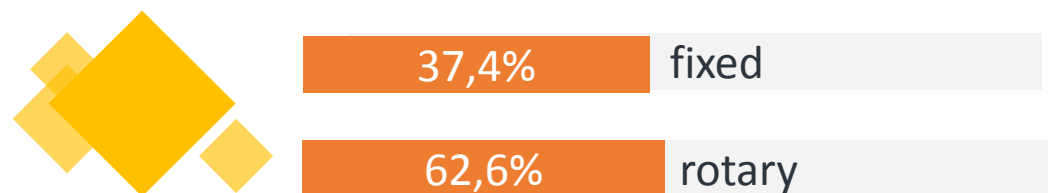


# Financial results for the I quarter of 2019

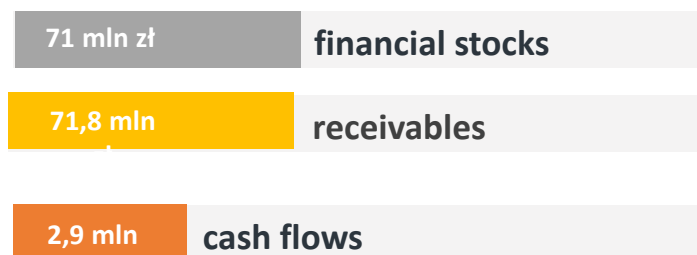
thous. PLN	I quarter of 2019	I quarter of 2018	change in %	change in thous.
Sales revenues	26 735	27 583	-3,1%	-847
Gross profit (loss) on sales	4 188	4 946	-15,3%	-758
Gross margin on sales	15,7%	17,9%		-2,27%
EBITDA	3 593	4 766	-24,6%	-1173
Profitability EBITDA	13,4%	17,3%		- 3,84%
Profit from operating activities (EBIT)	1 457	2 553	- 42,9%	- 1 096
Profitability on operating activity	5,4%	9,3%		-3,81%
Gross profit	1 435	2 082	-31,1%	-647
Gross profit margin	5,4%	7,5%		-2,18%
Net profit	1 425	2 082	-31,6%	-658
Return on net sales	5,3%	7,5%		-2,22%

# The structure of the balance sheet as at March,31 2019

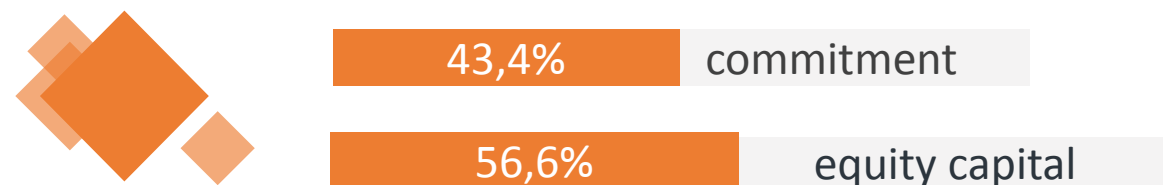
## Assets



### Main items:



## Liabilities



### Main items:



**Balance sheet total: 258,4 mln PLN**

# FEERUM in Ukraine

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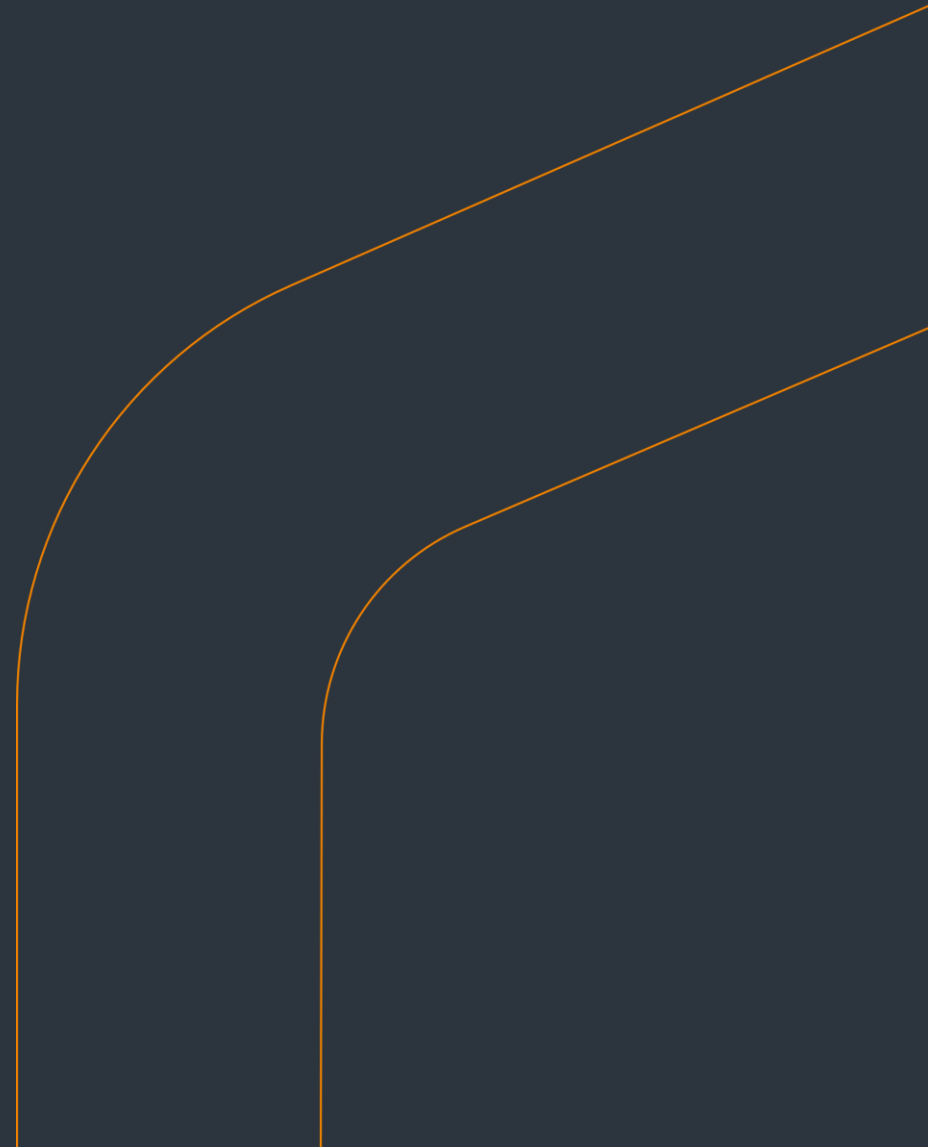
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# FEERUM in Ukraine



## Vendor loan-crediting activity



The recipient, when purchasing from the supplier, does not make the payment in cash immediately, but only after a certain period of time. In the time from receiving the goods, or using the service until you pay for it, the buyer uses the supplier's credit.

Feerum received 15 percent. down payment (10/11 January 2019), and the rest in semi-annual installments within five years. Thanks to the KUKER insurance, the Company will be able to discount its receivables immediately and receive them regularly after issuing invoices.

### **Advantages of insurance:**

- Minimizing the risk of losing receivables and ensuring that the counterparty will assess the credit risk.
- Protection against contract failure by the contractor at the production stage, as well as the lack of payment after delivery.
- The compensation may be paid in the currency of the export contract.
- The payment of compensation is guaranteed by the State Treasury.
- Insurance conditions adapted to international standards set by the OECD and the European Union.

## The condition of being from Poland



## Made in Poland

Insurance with Treasury support may include transactions that relate only to exports of Polish goods and services.

## The final product FEERUM



More than

**90%**

equipment and elements of drying and storage complexes is created on the basis of unique concepts of designers and constructors of FEERUM, in their own CBR.

**100%** benefits

„The creation of products that are ultimately highly advanced technologically is the only key to the success of Polish entrepreneurs, and the use of the strongly developing direction of export support should be the motto for the next decade for everyone. Exactly this direction we have chosen at FEERUM.” – Daniel Janusz

# The first purchase of receivables in the "supplier's credit" scheme

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March 6, 2019 r.



The instrument offered by BGK supports export giving the beneficiary the opportunity earmarking funds for increasing turnover; it enables the importer to offer better payment terms and eliminates the financial risk related to the importer's failure to comply with the obligation.

The importer obtains easy access to attractive financing in the form of a long-term commercial commitment, which in comparison to a loan is a simpler and more advantageous solution.

The FEERUM S.A. and Bank Gospodarstwa Krajowego is the first transaction of this type in the history of the government program "Financial Support for Export", within the framework of Polish-Ukrainian cooperation.



100 million investments in the development of production potential give effect!

The implementation of contracts in Tanzania and Ukraine would not have been possible without the investments that we started a few years ago.



**automation**

**robotics**

**experienced staff**

**management systems**





## Refinancing loans

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We refinanced liabilities in Pekao S.A., we also launched all loans in BGK.

# BGK

## BANK GOSPODARSTW KRAJOWEGO



Daniel Janusz

## Another large contracts?

„The company's acquisition of a contract with a leading producer in Ukraine will translate into increased trust of other customers to FEERUM. We are counting with the possibility of increasing the level of orders from this direction. We are currently working on several other projects in this country.”

# Project Tanzania

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# FEERUM in Tanzaniaii

Until now, under the Tanzania contract, we have received payments in the amount of 16,8 million USD.





The image shows three large, cylindrical metal silos under construction. The silos are made of corrugated metal panels held together by a blue metal frame. They are arranged in a row, with the one on the right being the most prominent. The silos have green roofs. In the foreground, several construction workers wearing yellow hard hats and orange safety vests are visible, working on the base of the silos. The background is a clear blue sky with some white clouds. The entire image is overlaid with a semi-transparent orange banner at the bottom, which contains the text "Another FEERUM silos in Africa".

Another FEERUM silos in Africa



# Summary of production and shipments



## 95% of production

At the moment, we have produced 95% of machines and equipment needed to complete and run facilities in all locations.

## 82% deliveries

We have sent 82% of the entire installation to Tanzania for all 5 construction sites.

## 289 containers

This translated into 289, packed, transported to the port and shipped to Tanzania, containers.





## Earth and foundation works

We have already prepared nearly 90% of the soil stabilization necessary due to difficult seismic conditions. The advancement of foundation works is nearly 60%.



# Construction monitoring



In parallel with the assembly of roofs and silos, we carry out further foundation works for the next silos on all five construction sites.

## Significant progress on each of the 5 sites



### PROJECT TANZANIA

Works are carried out simultaneously, with varying degrees of advancement, on all 5 construction sites. Every day, only 35 employees work at one location, including experienced construction managers.

**Client:** NFRA

**Value of the contract:** 33,1 mln \$

**Total capacity:** 190 tysięcy m<sup>3</sup> ziarna



# Visits to construction sites - Minister of Agriculture of Tanzania

April 2019



# The regional commissioner visited the construction site in Dodoma

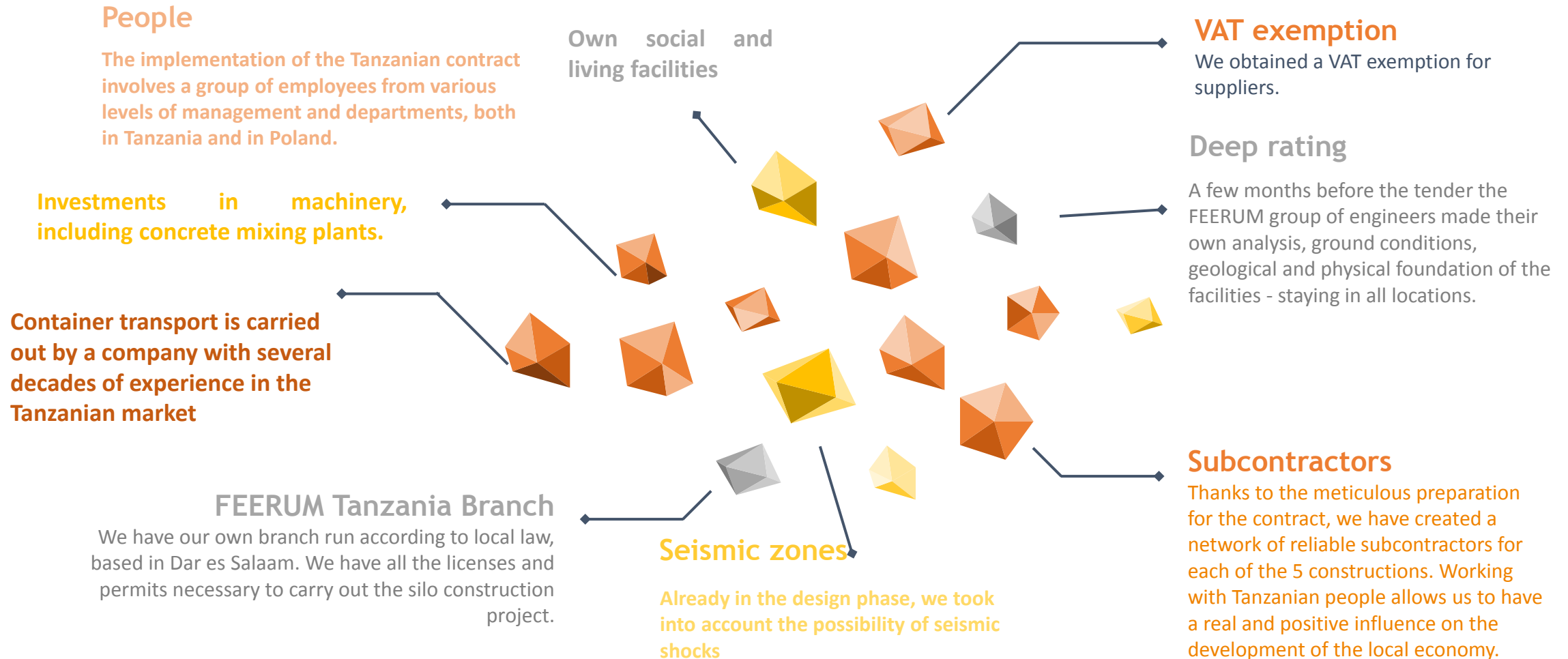
May 2019





# Our success in Tanzania is not a coincidence

The intense time of preparation for the contract has been fully paid off



# Strategy

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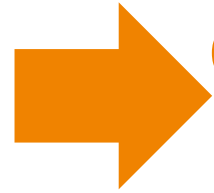
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# Strategy



Obtaining an important player position on the international arena

**Dynamic increase in the scale of operations**

Sales to the domestic market and foreign markets

Strengthening sales network and design department

Intensification of sales activities on foreign markets

Modern technologies and expansion of the production base

Expansion of the production base

Investments in modern technological solutions

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# FEERUM – first quarter of 2019





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