

LUG S.A. Capital Group

Strategic Development Goals for 2017-2021

In the face of dynamic changes in the marketplace and meta trends forecasts, our management has established strategic development goals for years 2017-2021. Within these goals, three main operation areas were

defined along with five groups of stakeholders as well as one main and three additional goals. Also, we redefined our operating philosophy what is reflected by our mission and vision.

MISSION

**CREATE INNOVATIVE LIGHTING
FOR A LIFE FULL OF PASSION**

HUMAN CENTERED



LUG S.A. Capital Group
aims at dynamic, human centered development.

While setting our development goals, we decided to base our actions on the management by values methodology. The set of values selected together with all of our employees became a fundamental tool for supporting our future development.

Three development areas:



INNOVATIVENESS

Applied to each aspect of our functioning. Starting with a product portfolio based on advanced lighting management systems, through technological innovations, to research and development carried out in cooperation with research institutions and young companies with significant intellectual potential. In the 2017-2021 perspective, we plan to carry out about 6 million euros' worth of R&D projects.

INTERNATIONALIZATION

Based on introducing business models suitable for the needs of particular markets. Building local structures will allow us to operate and grow effectively in different countries. Our focus is set on markets located in South America and Africa.

ORGANIZATIONAL CULTURE

We aim at increasing the comfort and satisfaction of our stakeholders (our employees as well as clients and investors) by focusing on developing our organizational culture with management by values being its key element.

SERVICE MODEL

Developing our organization within the established areas will become a base for evolving out current sales-manufacturing business model towards a service business model. Developing business models based on lighting management services will

allow us to generate higher margins and make the value building chain longer (from designing and manufacturing electronic components, through installation to managing, maintaining and improving the system).

WE WILL CARRY OUT STRATEGIC DEVELOPMENT GOALS BY STRENGTHENING THE RELATIONSHIPS WITH OUR STAKEHOLDERS

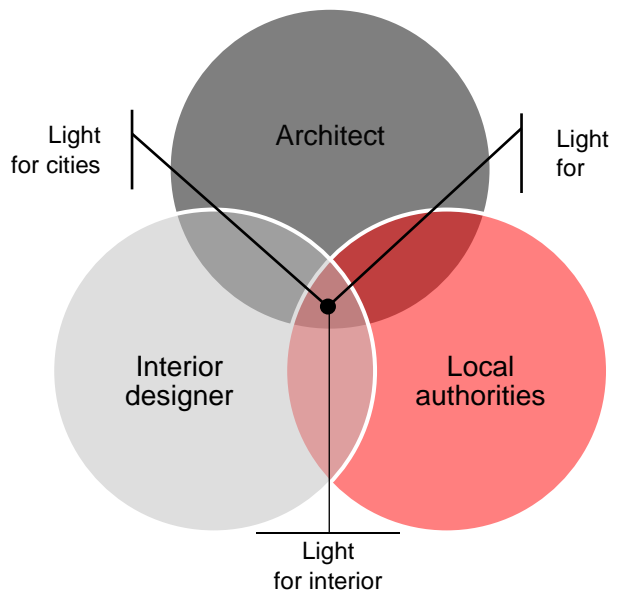
ARCHITECT
bold projects

INTERIOR DESIGNER
inspiring experience

LOCAL AUTHORITIES
comprehensive service

EMPLOYEE
a community of passionate people

OWNER
generating value for shareholders



VISION

**INTERNATIONAL LEADER
OF INNOVATIVE LIGHTING SOLUTIONS**

The strategical development goals set by our management aim at reaching the below by 2021:

MAIN GOAL	Reaching a 10% CAGR sales revenue growth in the next 5 years		
ADDITIONAL GOALS	Growth	Globalization	Margins
	increasing the share of projects valued above 1 million euros in sales revenue to 10% by 2021	increasing the share of export in sales revenue to 75% by 2021	reaching and maintaining a 40% gross sales margin for several years

In the management's opinion, carrying out the above described strategic development goals for 2017-2021 will result in an increase of sales and financial results and thus an increase in the fundamental value of LUG S.A. Capital Group.

The information and data presented above are not a forecast of LUG S.A. Capital Group's financial results.