

POLISH FINANCIAL SUPERVISION AUTHORITY

Current Report No.

4

/

2020

Date:

February 10th 2020

Abbreviated issuer name:

FAMUR S.A.

Subject:

TDJ Equity I Sp. z o.o. takes up controlling stake in Famur Famak S.A., subsidiary of the Company

Legal basis:

Article 17(1) MAR - Confidential information

Text of the report:

On the basis of Article 17(1) of Regulation (EU) No 596/2014 of the European Parliament and of the Council of April 16th 2014 ("**MAR**") and with reference to Current Report No. 3/2020 of February 10th 2020, the Management Board of FAMUR S.A. (the "**Company**") announces that on February 10th 2020 it was notified that TDJ Equity I sp. z o.o. of Katowice ("**TDJ Equity I**") accepted a proposal to acquire a controlling stake in the Company's subsidiary Famur Famak S.A. ("**Famak**") as part of a new share issue.

Following negotiations, the parties agreed on the following conditions:

1. Reduction of Famak's share capital by PLN 69.6m by reducing the nominal value of its shares from PLN 1.00 to PLN 0.32 in order to cover the company's losses, with a concurrent increase of the share capital by PLN 70m through the issue of series F shares by way of a private placement, with the pre-emptive rights of the existing shareholder waived, and taking up of shares in the increased share capital by TDJ Equity I;
2. Calling an Extraordinary General Meeting of Famak by February 15th 2020 to pass resolutions approving the changes specified in item 1 above;
3. Repayment by Famak, from the increased share capital, of all of its financial liabilities, which as at December 31st 2019 totalled approximately PLN 69m and comprised bank loans of PLN 40m, lease liabilities of PLN 7m, and a loan of PLN 22m from Famur;
4. The Company providing support for the Famur Famak companies by making available bank guarantee facilities, for a fee established on an arm's length basis, by:
 - transferring to the Company the non-revolving facility in the amount as at December 31st 2019 totalling approximately PLN 43m, for the bank guarantees already issued for the benefit of Famur Famak Group companies (expected amount as at the end of 2020: approximately PLN 5m);
 - making available a revolving facility of PLN 21m for new bank guarantees.

The above arrangements were made in view of the preliminary results of the Famur Famak Group companies (the "**Famak Group**") for 2019, approved by the Management Board of Famur Famak S.A., and the performance forecast for the first quarter of 2020, which are as follows:

Preliminary estimated results of the Famak Group for 12M 2019

Revenues: approximately PLN 260m;

Pre-tax loss on sales: approximately PLN 24m;

Loss on operating activities: approximately PLN 141m;

EBITDA: approximately PLN -127m;

Net loss: approximately PLN 141m.

Preliminary estimated results of the Famak Group for Q4 2019

Revenue: approximately PLN 48m;

Pre-tax loss on sales: PLN 24m;

Loss on operating activities: approximately PLN 97m;

EBITDA: approximately PLN -92m;

Net loss: approximately PLN 100m.

The Famak Group's net debt as at December 31st 2019 amounted to approximately PLN 55m (excluding the effect of IFRS 16).

Projected trends in the results of the Famak Group in the first quarter of 2020

The Famak Group expects continued revenue decline of approximately 14%-18% in the first quarter of 2020 compared to the same period last year. The expected decrease in revenue results from the order book of about PLN 115m as at the end of 2019 and from a significant reduction in orders in the open pit mining segment and in long-term contracts, as well as from postponement by customers of completion dates in other areas, which – given the current order book of the Famak Group – makes the plants unable to operate at capacity. As a result, a negative operating margin ranging from -16% to -20% is expected. Potential costs related to the restructuring of the Famak Group may additionally weigh on the operating result.

Legal basis: Article 17(1) of Regulation No 596/2014 of the European Parliament and of the Council of April 16th 2014 on market abuse (Market Abuse Regulation) and repealing Directives 2003/6/EC, 2003/124/EC, 2003/125/EC and 2004/72/EC.

FAMUR Spółka Akcyjna	(full issuer name)
FAMUR S.A.	Electromechanical (ele)
(abbreviated issuer name)	(sector according to the WSE)
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SIGNATURES OF AUTHORISED REPRESENTATIVES

Date	Full name	Position	Signature
February 10th 2020	Beata Zawiszowska	Vice President of the Management Board, Chief Financial Officer	
February 10th 2020	Adam Toborek	Vice President of the Management Board, Underground Export Sales	