



# FINANCIAL RESULTS FY 2021 PERSPECTIVES 2022+

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INVESTOR PRESENTATION

MAY 2022

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**Mariusz Tuchlin**  
President of Management Board,  
Dekpol S.A.  
main shareholder



**Katarzyna Szymczak-Dampc**  
Vice President of Management Board, Dekpol S.A.  
Chief Financial Officer



**Michał Skowron,**  
Chairman of the Board



- specialization in construction of logistics, industrial and cubature facilities
- short- and medium-term contracts (execution time 6 - 9 months)
- flexibility provided by unique resources: machinery park, own prefabricated products, construction teams



**Sebastian Barandziak,**  
Chairman of the Board



- extensive and diversified portfolio (popular and premium estates, residential and service estates, hotel estates)
- land bank in unique tourist locations (Sobieszewska Island)
- secured land bank until 2025+, attractive locations, usable area of approx. 200,000 m<sup>2</sup>



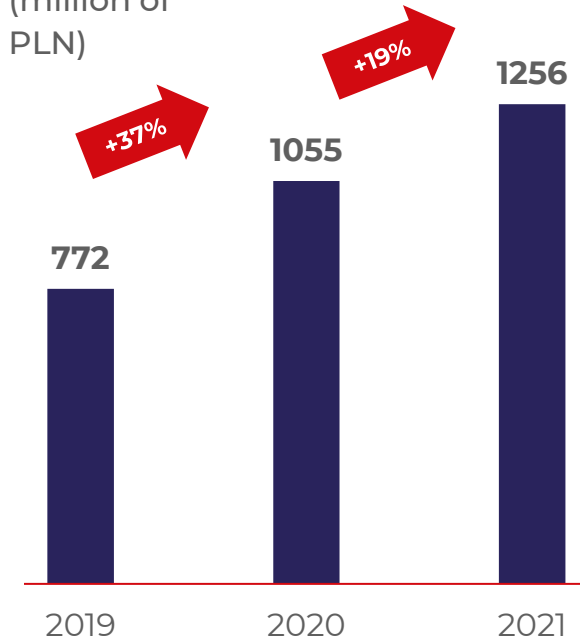
**Andrzej Kuchtyk,**  
Chairman of the Board



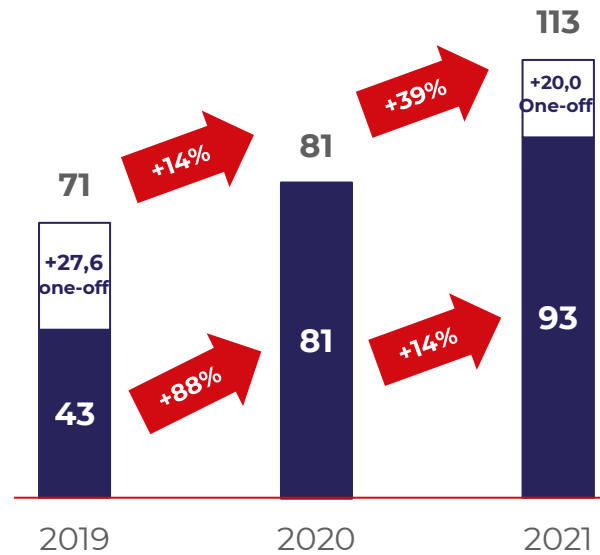
- a leading manufacturer of accessories (buckets) for construction machinery
- high demand for products from international partners, dynamic development of exports
- surge in growth - planned doubling of production capacity in 3 years thanks to the takeover of the Intek plant in Lubawa

# RECORD FINANCIAL RESULT

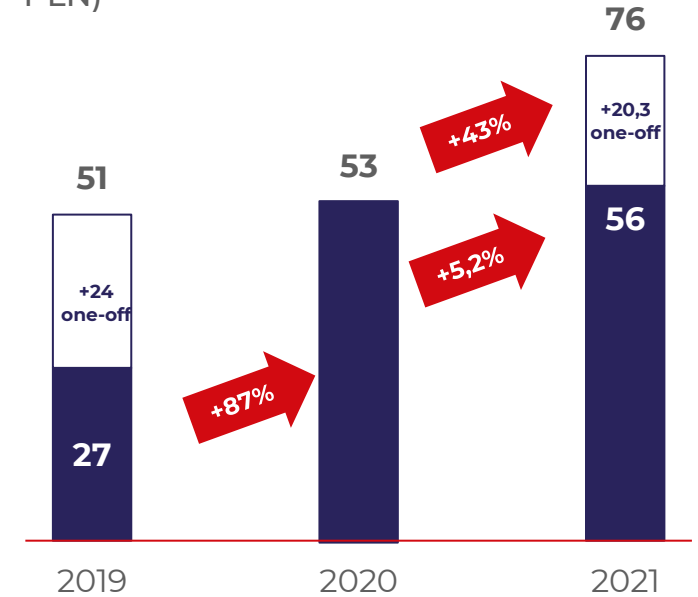
Revenues  
(million of  
PLN)



Operating profit  
(million of PLN)



Net profit  
(million of  
PLN)



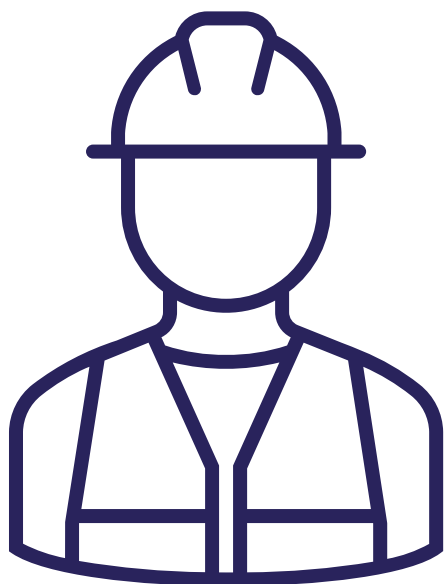
- in 2021, dynamic growth in terms of revenues (+ 19% y / y), operating result (+ 39% y / y) and net profit (+ 43% y / y),
- 2021 results positively influenced by recognition of profit on bargain purchase (Intek) - net effect of PLN 20 million,
- after elimination of one-offs, an increase in the operating result (+ 14% y / y) and net profit (+ 5.2% y / y);
- normalized EBIT margin of 7.4% and net margin of 4.4%,

# ● AGENDA

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1. CONSTRUCTION ACTIVITIES
2. DEVELOPER
3. STEEL
4. Financial results FY 2021
5. Summary





# CONSTRUCTION ACTIVITIES

- specialization in construction of logistics, industrial and other cubature facilities
- construction process control - access to own human resources, equipment and prefabricated materials (Betpref)
- short- and medium-term contracts (completion time 6-9 months)
- implementation of projects mainly for private investors, including the sister company Dekpol Developer



**COMPANY TOP 15 in the PwC / Deloitte / Builder ranking - leader of building construction 2020**

**>40**   
Projects in progress (2021)

**>100**   
Contract Managers,  
Site Managers, Industry Managers

**>150**   
Operators and Fitters

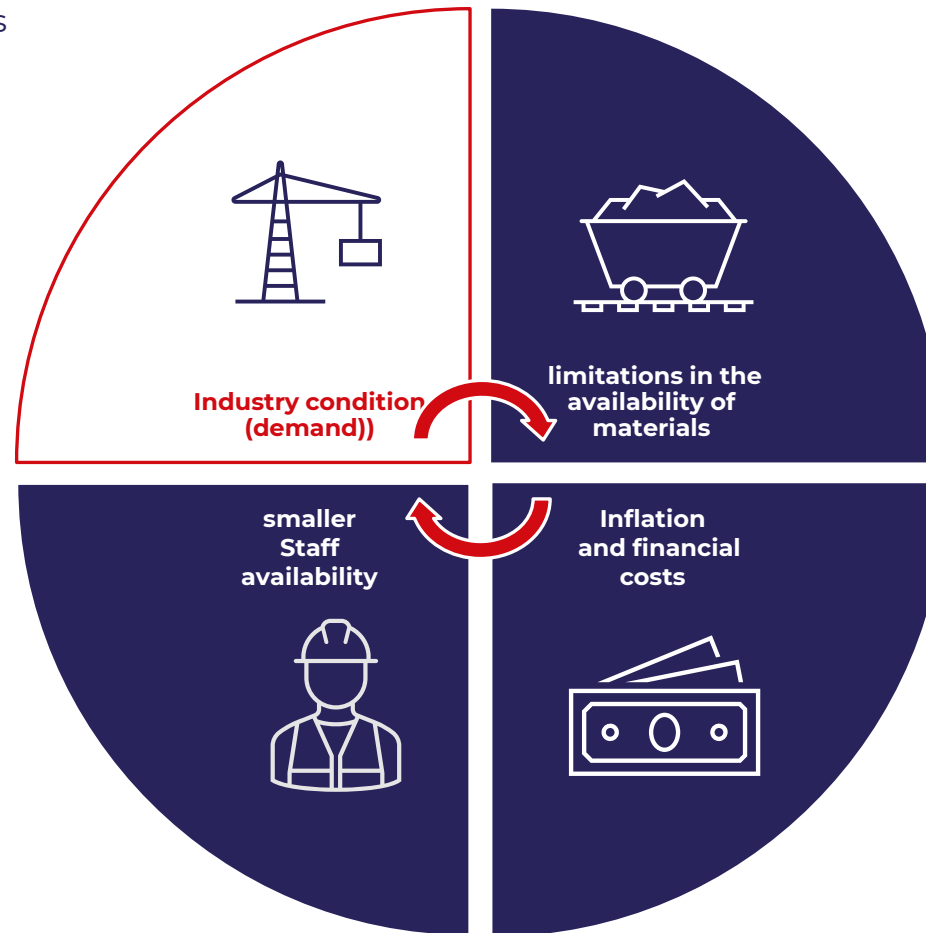
**>200**   
Engineers

**>100**   
Construction equipment for carrying out earthworks



# COMPLEX MARKET ENVIRONMENT in 2021 and 2022

- high demand for industrial constructions
- record year in logistics construction (3.1 million m2 delivered)
- intensification of PRS projects (6,000 / 25,000 under construction)
- recovery of commercial and office segment
- **long-term trends favorable for the logistics and industrial real estate market**



- disrupted supply chains due to the COVID-19 pandemic - sharp price increases and disrupted material availability in 2021
- perturbations on construction materials market in connection with the outbreak of the war in Ukraine in 2022 (sanctions and damage)
- greater need for working capital (prepayments)

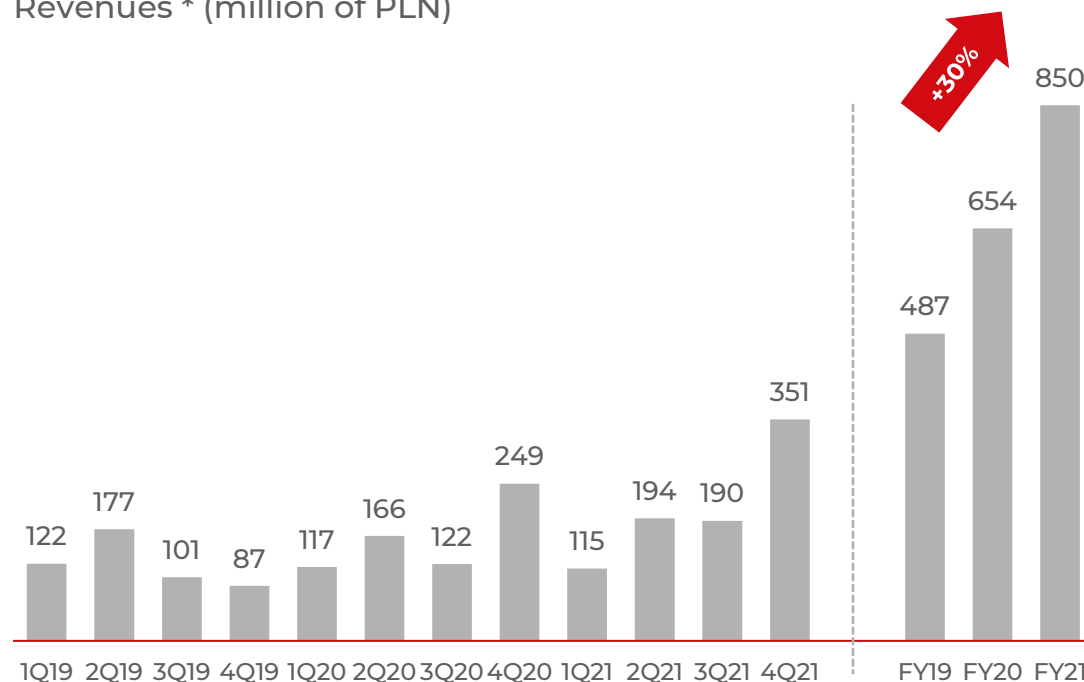
- changes in the labor market due to the COVID pandemic
- wage inflation
- as a result of the outbreak of the war - departures of employees from Ukraine (approx. 10%)

- changes in the market due to inflation
- rapid changes in prices of materials, raw materials as well as fuels and energy - sharp increases in prices in 2021
- extended settlements of contracts resulting in an increase in financial costs

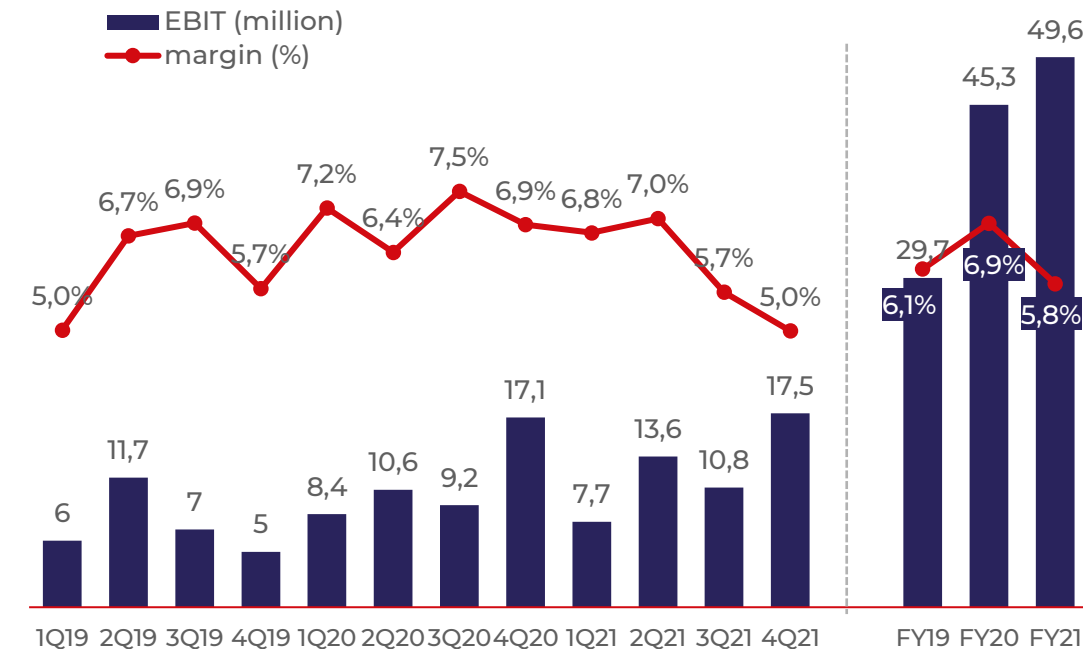


# FINANCIAL RESULTS

Revenues \* (million of PLN)



Operating result

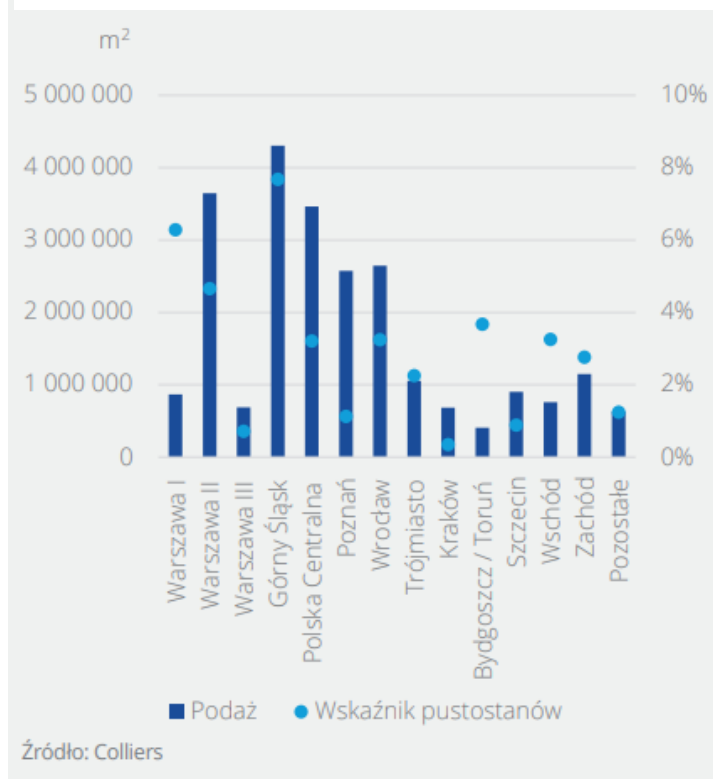


- surge in revenues in Q4 2021 as a result of an increase in the value of contracts carried out during 2021 - in Q4 accumulation of projects contracted in the summer of 2021
- factors protecting profitability with a demanding environment: maximum effectiveness of offers and shortening validity period of the offer (30d -> 14d -> 7d), diversified projects (industrial-logistics and housing), process innovations and digitization of budget control processes (new ERP system)

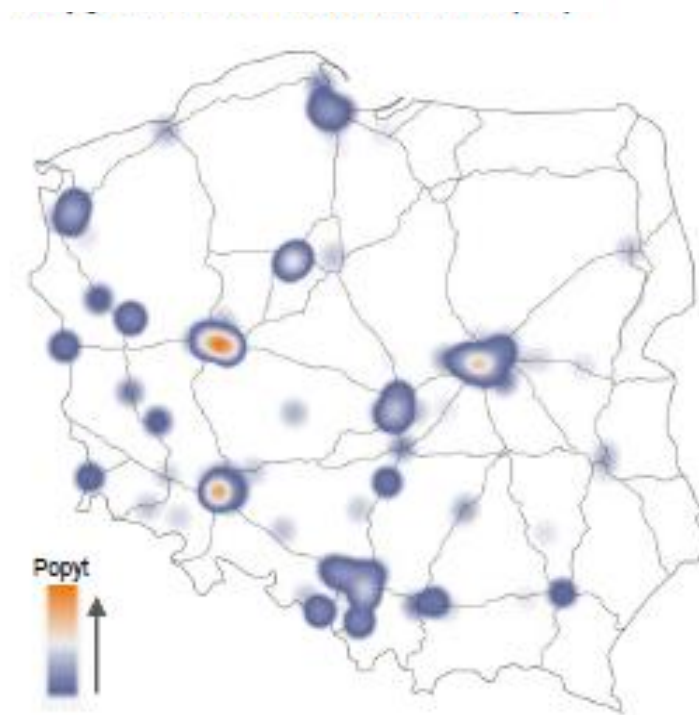
# SUPPLY / DEMAND L&I

- a record year 2021 in the industrial and logistics space sector;
- 3.9% (0.93 million m<sup>2</sup>) record low vacancy rate in the warehouse market;
- crisis in Ukraine without impact (so far) on the number of valuations and orders at Dekpol Budownictwo
- regions with the dominant supply :
  - Warsaw (5,2 mln m<sup>2</sup>),
  - Upper Silesia (4,3 mln m<sup>2</sup>)
  - Central Poland (3,5 mln m<sup>2</sup>)
- at the end of 2021, 4.2 million m<sup>2</sup> of modern warehouse space was under construction :
  - Upper Silesia (706,8 tys. m<sup>2</sup>),
  - Central Poland (624,5 tys. m<sup>2</sup>)
  - Wrocław (577,7 tys. m<sup>2</sup>).

**Warehouse market  
Supply and vacancy rate 4Q21**



**Net demand in 1-3Q21 (m<sup>2</sup>)**



# CREATING A COMPETITIVE ADVANTAGE

## HUMAN CAPITAL:

- local implementation teams (25) - team recomposition focused on competences, values and leadership of leaders;

## OFFER:

- Expanding sales forces and local valuations - better market recognition and faster response to the needs of potential customers;
- Using potential of new markets for Dekpol in cubature construction
- Design & Build
- R&D department looking for and implementing optimal solutions in terms of project implementation costs
- Investments in Betpref - prestressed concrete line

## „design & build” service:

- architectural concept, design documentation, obtaining formal and legal decisions
- coordinating construction stages and comprehensive implementation of works
- service and technical support



GO LIVE  
01.06.2022

2 regions /

3 offices

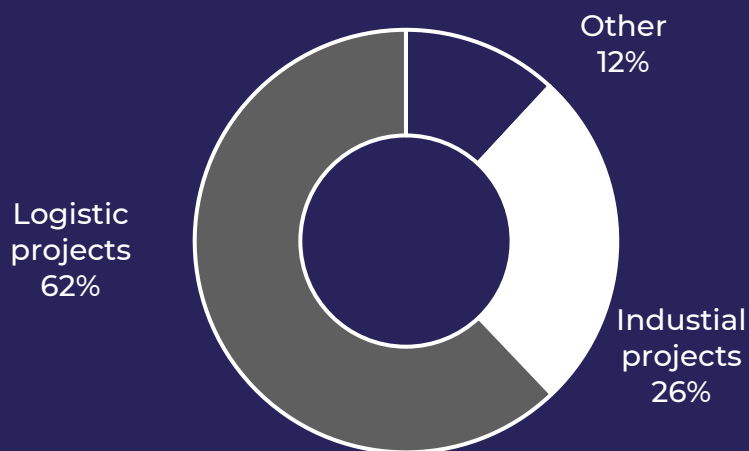
2 valuation centers

25 local implementation teams (150km rule)

# PERSPECTIVE 2022+

## STRONG ORDER WALLET

Structure of GC projects  
(as of 31.12.2021)

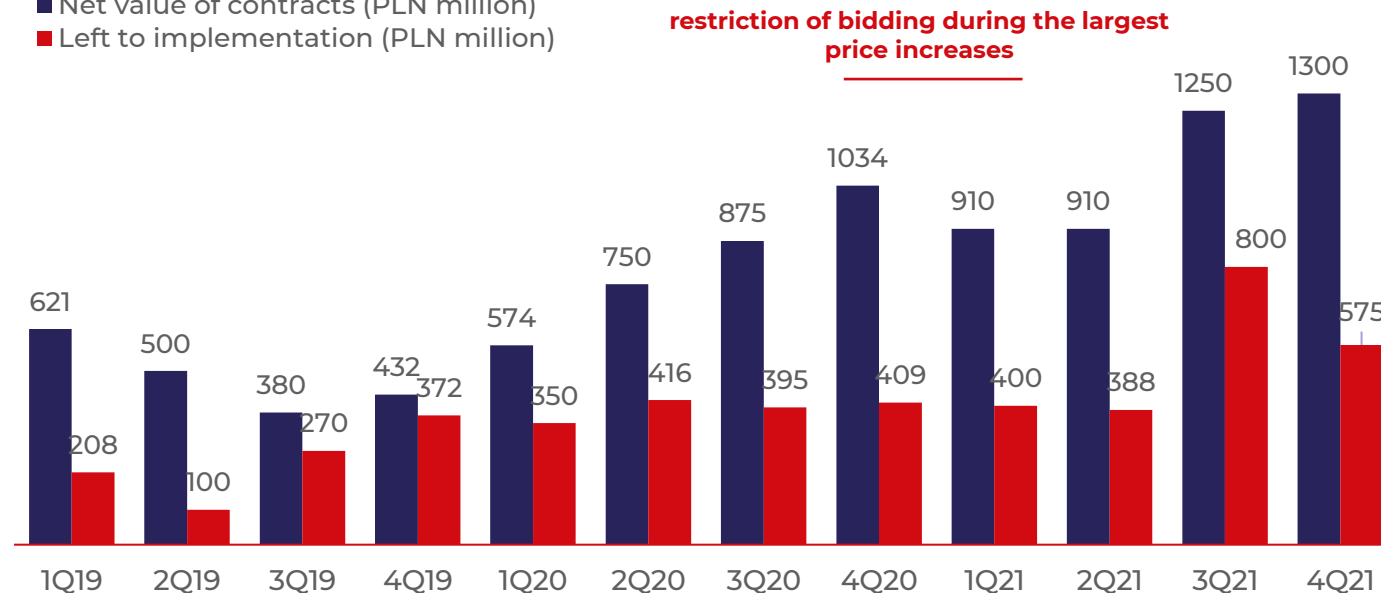


### NET VALUE OF CONTRACTS as at 31.12.2021:

- 1.300 mio PLN  
575 mio PLN still to be implemented)
- for Developer 410 mio PLN,  
(305 mio PLN still to be implemented)

### Contracting (mio PLN)

- Net value of contracts (PLN million)
- Left to implementation (PLN million)

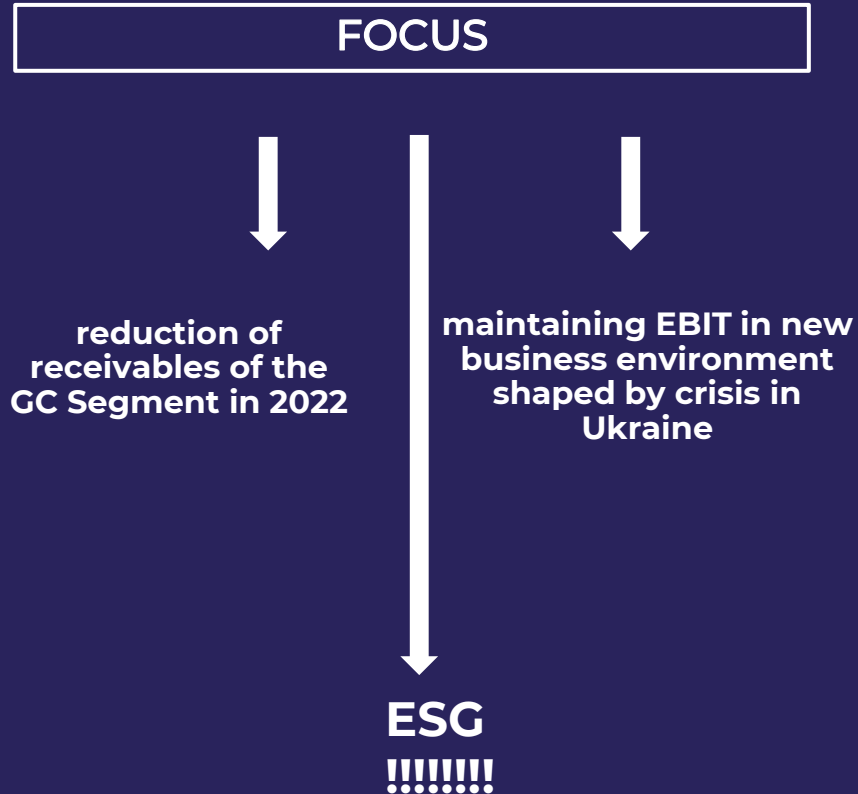


**Suspension of acquisition of new projects during the largest price increases in Q1 2022 (without affecting sales plans for 2022).**

**In Q2 2022, new clients - leaders in their industries, join the project portfolio:**

- (1) CTP - the largest owner and developer of logistics real estate in Central and Eastern Europe - projects :
  - Łomna-Las (64,000 m2, about PLN 100 million),
  - Zabrze (29,000 m2, about PLN 70 million), a project implemented in the "turn-key" system, 29,000 m2
- (2) Raben; Morat-Swoboda; Finnarto; 2 x shakehands (in total approx. PLN 140 million)

# ● PERSPECTIVE 2022+



## Dekpol Budownictwo is the general contractor of the first choice

- proactivity and orientation to customer needs;
- available and competitive service offer;
- technical expertise

## Operational goals of Dekpol BUDOWNICTWO

- expansion towards a committed and competent organization
- securing building materials for projects
- return to dynamic contracting from Q2 2022
- lowering financial costs
- implementation of IFS / shaping the role of PMO
- improving external communication



## Commercial offer

- short-term contracts: I&L segment - 80%; other cubature - 20%
- diversified portfolio (new customers, new markets, new segments)
- resource development :
  - design and build
  - sales and valuation department
  - local markets







# DEVELOPER

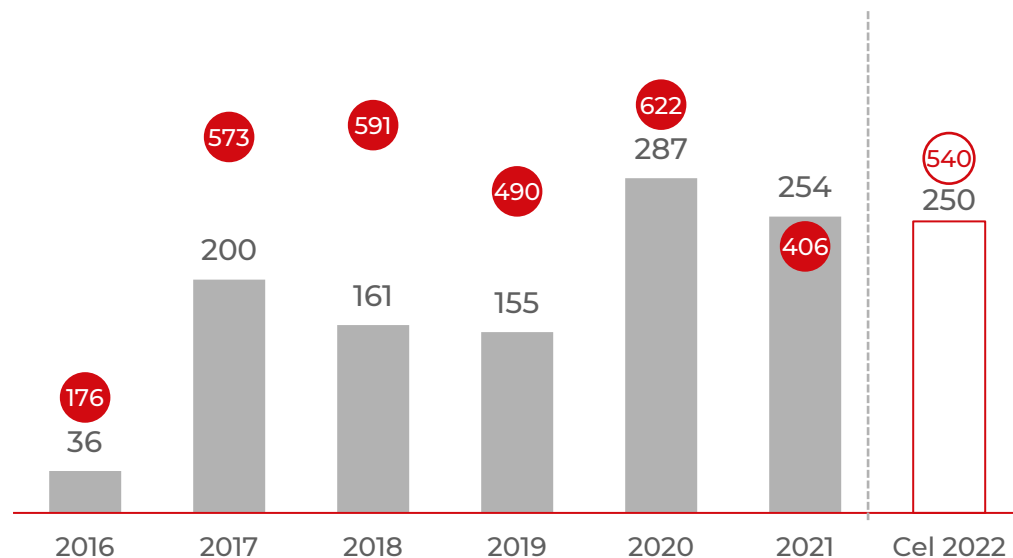
- stable diversified business in the residential and apartment segment
- substantial bank of land at the level of approx. 198 thousand m<sup>2</sup>, of which approx. 65 thousand m<sup>2</sup> in premium projects
- multi-dimensional and specialized competences in segments :
  - popular
  - high-standard
  - premium
  - apartments for rent
  - institutional clients – PRS (*Private Rented Sector*)



# DEVELOPER - FINANCIAL RESULTS

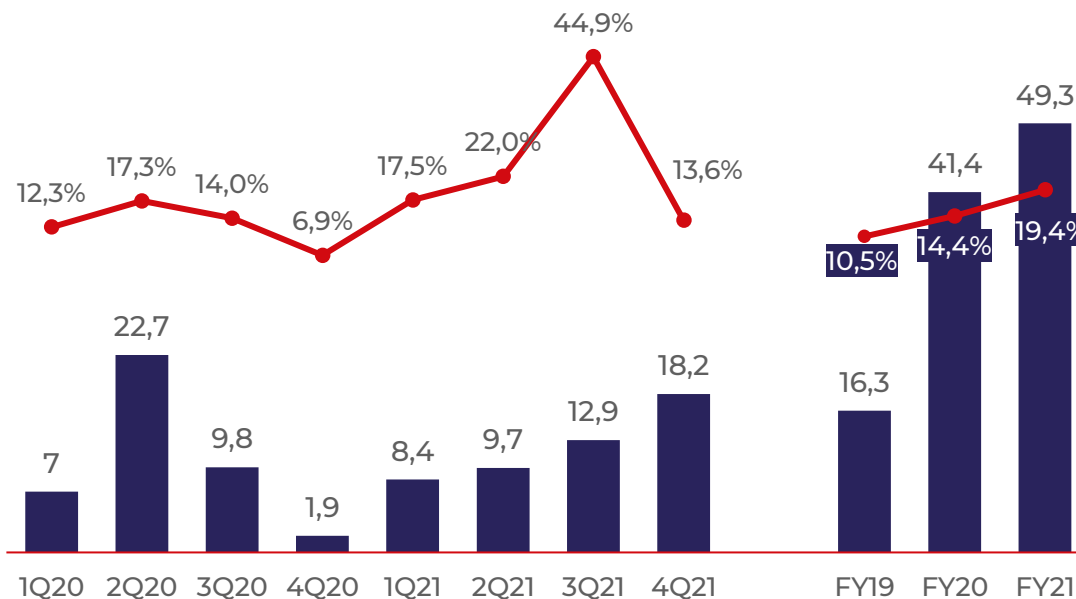
## Revenue, recognition of the result

■ Value (PLN million) ● Quantity



## Operating result

■ EBIT (million) ● margin (%)



- revenues realized in 1-4Q 2021: PLN 252 million due to the recognition of the sale of 406 units (vs. 622 in 2020)
- in 2021: Osiedle Pastelowe stage I (180 units), Osiedle Kociewskie stage I (121 units), Lazur Park (36 units), Villa Neptun (40 units) and stage 1 of Sol Marina (92 units))
- in 4Q 2021, construction starts at ul. Braniborska in Wrocław - project in PRS model
- goal for 2022: recognition of PLN 250 million in revenues involves the commissioning of 540 units - mainly in the following investments: Osiedle Pastelowe stage IIa, Osiedle Kociewskie stage II, Neo Jasień stage I and Baltic Porto

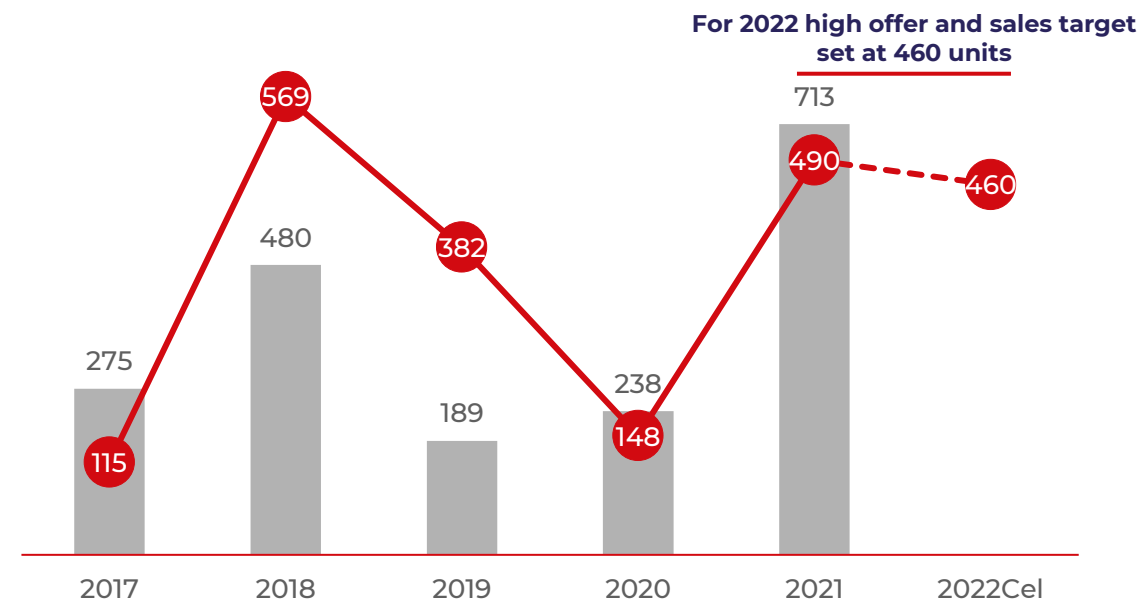
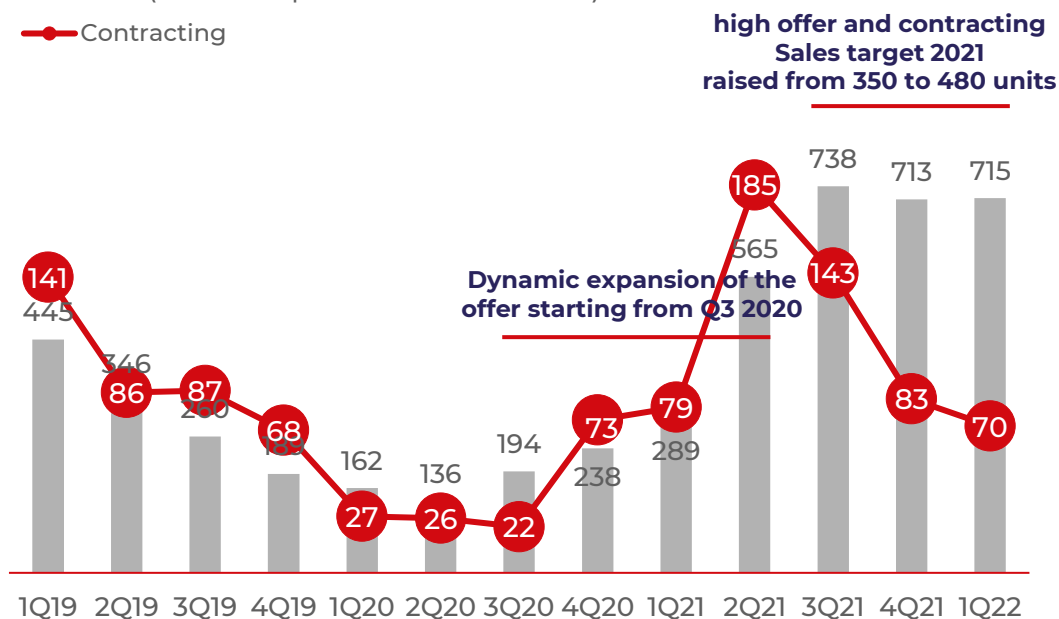


# SALES DYNAMICS

## Contracting and offer

■ Offer (number of premises offered for sale)

● Contracting



- in 2021:
  - start of construction: Neo Jasień I, Osiedle Pastelowe IIa (225 units), Osiedle Kociewskie II (129 units), Sol Marina II (127 units), Grano Marina Hotel (130 units), Baltic Porto (72 units), Baltic Line (60 units) premises) and Trimare I (189 premises)
  - completion of the investment: Osiedle Pastelowe I, Osiedle Kociewskie I, Sol Marina I, Villa Neptun, Lazur Park.
- in 2022 we are introducing a rebuilt offer addressed to a wide range of recipients - throughout the year we plan to repeat similar contracting volumes as in 2021 throughout the year

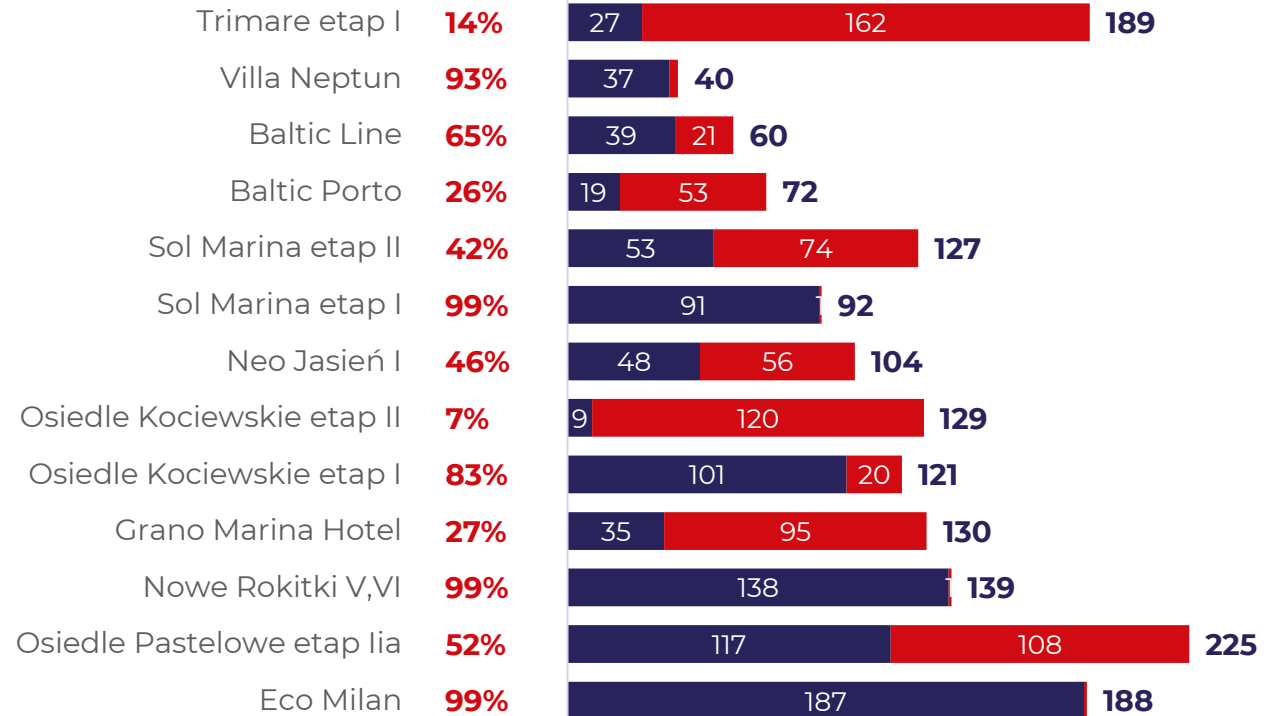
# DIVERSIFIED OFFER



% of sales of premises on offer  
- as of 31.03.2022

**715 lokali w ofercie**

■ lokale zakontraktowane ■ lokale w ofercie



## Unique real estate portfolio

diversified locations, development of coastal locations in 2021 :

- Trimare (Sztutowo) - sales start in Q3 (approx. 189 units in stage I)
- Puck, Starogard Gdański - purchase of land for investment



# INVESTMENT PIPELINE 2021-2025

## favorable timing of planned implementation

	2022				2023				2024				2025				2026			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Neo Jasień etap I	w budowie			104																
Osiedle Pastelowe etap IIa	w budowie			225																
Baltic Porto	w budowie			72																
Trimare etap I	w budowie			189																
Osiedle Kociewskie etap II	w budowie			129																
Baltic Line	w budowie				60															
Sol Marina etap II	w budowie					127														
Grano Marina Hotel	w budowie							131												
Sol Marina etap III	start											140								
Osiedle Pastelowe etap IIb	start								125											
Baltic Fun Park apartamenty etap I	start											61								
Neo Jasień etap II	start											98								
Grano Resort apartamenty etap I	start															124				
Osiedle Kociewskie etap III	start											141								
Trimare etap II	start											128								
Pastelowa usługa	start															129				
Baltic Fun Park apartamenty etap II	start																		122	
Soleo Park	start											25								
Prądyńskiego	start																		516	
Osiedle Pastelowe etap III	start																		270	
Puck - Nowy Świat I	start																		180	
Grano Resort apartamenty etap IIa	start																		160	
Osiedle Kociewskie etap IV	start															94				
Grano Resort apartamenty etap IIb																	w przygotowaniu			160
Osiedle Kociewskie etap V																	w przygotowaniu			117
Grano Resort Hotel																	w przygotowaniu			231
Osiedle Pastelowe etap IV																	w przygotowaniu			474
Puck - Nowy Świat II																	w przygotowaniu			180



# BACKHOE BUCKET PRODUCTION LEADER



95% of total sales are exported



~1000t



steel processing per month

33tys.m2



area of production halls

500+



qualified staff

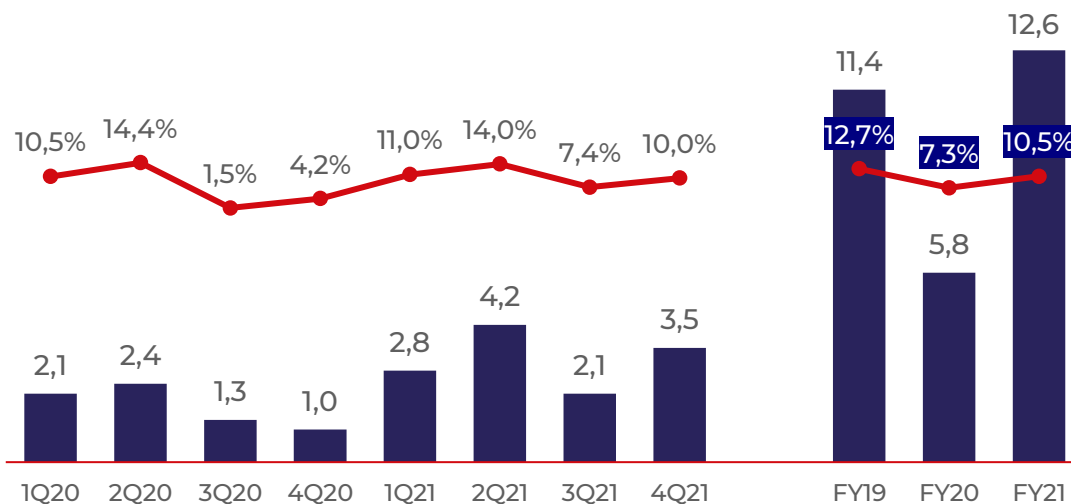
# FINANCIAL RESULTS

Revenues \* (PLN million)



Operating result (PLN million)

■ EBIT (million) ● margin (%)



- record sales in the history of the company: PLN 120 million - + 50% more than in 2020 and + 33% more than in 2019 - thanks to the high level of orders throughout the year
- operating result in 2021: PLN 12.6 million, almost twice as high as in 2020 - achieved thanks to maintaining a solid level of margins with higher revenues

# ● MARKET ENVIRONMENT



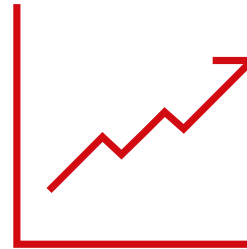
## DEMAND

- high level of orders since 3Q21  
New customers: Hitachi, SMP, Steelwirst
- anticipating the remodeling of the global market -
- changes in supply chains
- demand from the mining market
- demand from logistics and infrastructure construction market



## MACRO

- favorable conditions for exports (PLN / EUR) / 90% of production
- no exports to sanctioned countries



## EMPLOYEES

- COVID-19 absenteeism
- less staff availability
- inflation of wages and expectations
- changes in the labor market due to the war in Ukraine



## RAW MATERIALS

- steel prices soaring
- no steel available
- inflation of all costs (paints, energy)
- supplier diversification
- long-term contracts with key suppliers (no forward contracts)

**offsetting the negative effects of inflation**

- automation and robotization of the welding process (2020)

- **(2021) Acquisition of Intek 200+ new employees**
- Lubawa - less competitive employers' market



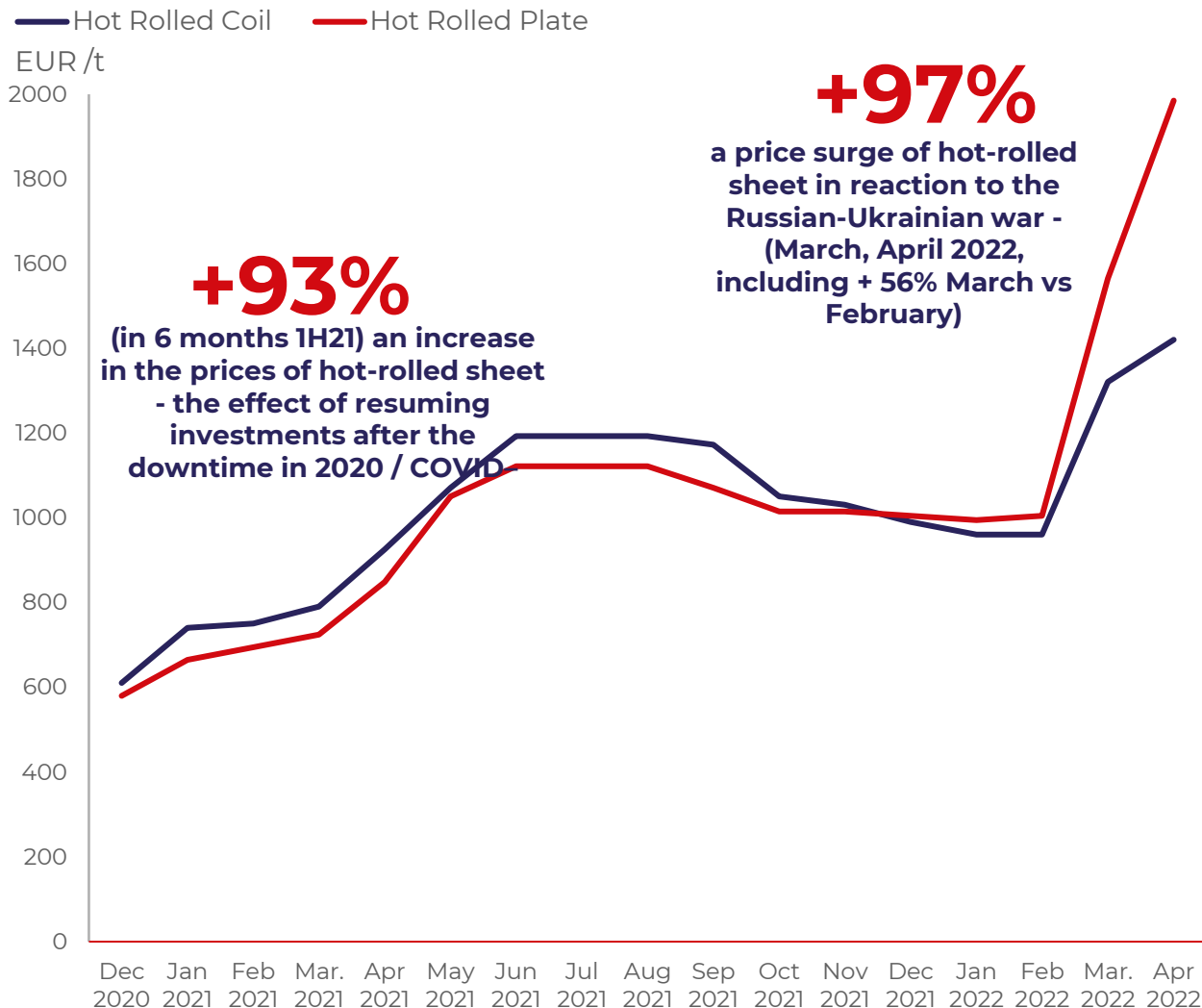
# THE VARIABLE STEEL MARKET

- reduction of steel production capacity in the EU by approx. 50 million tonnes (2009-2019) in favor of imports - through non-competitive environmental costs



- shifting production from the EU to other markets
- disruption of supply chains during COVID (50% of global production - China)
- transferring the production of steel and steel semi-products to markets outside the EU, including Eastern Europe (Russia, Belarus, Ukraine)
- Before the war, Ukraine was responsible for approx. 50% -60% of steel supplies to Europe
- STEEL – steel sources
  - sourcing wear-resistant steel – Sweden
  - Steel 4,5-20mm - Kosice (Slovakia)
  - Steel 25-100 + mm - Turkey (previously Ukraine and Russia through European distributors (Thyssen and others))

## Transaction Price Data Sheet – MEPS EUROPE





# PIPELINE

- Significant increase in orders from Q3 2020 :
  - acquiring new customers (Hitachi, CNH, Steelwrist)
  - development of cooperation with new (e.g. CASE) and existing partners (e.g. Caterpillar).



**STEELWRIST**  
EARTHMOVING EFFICIENCY

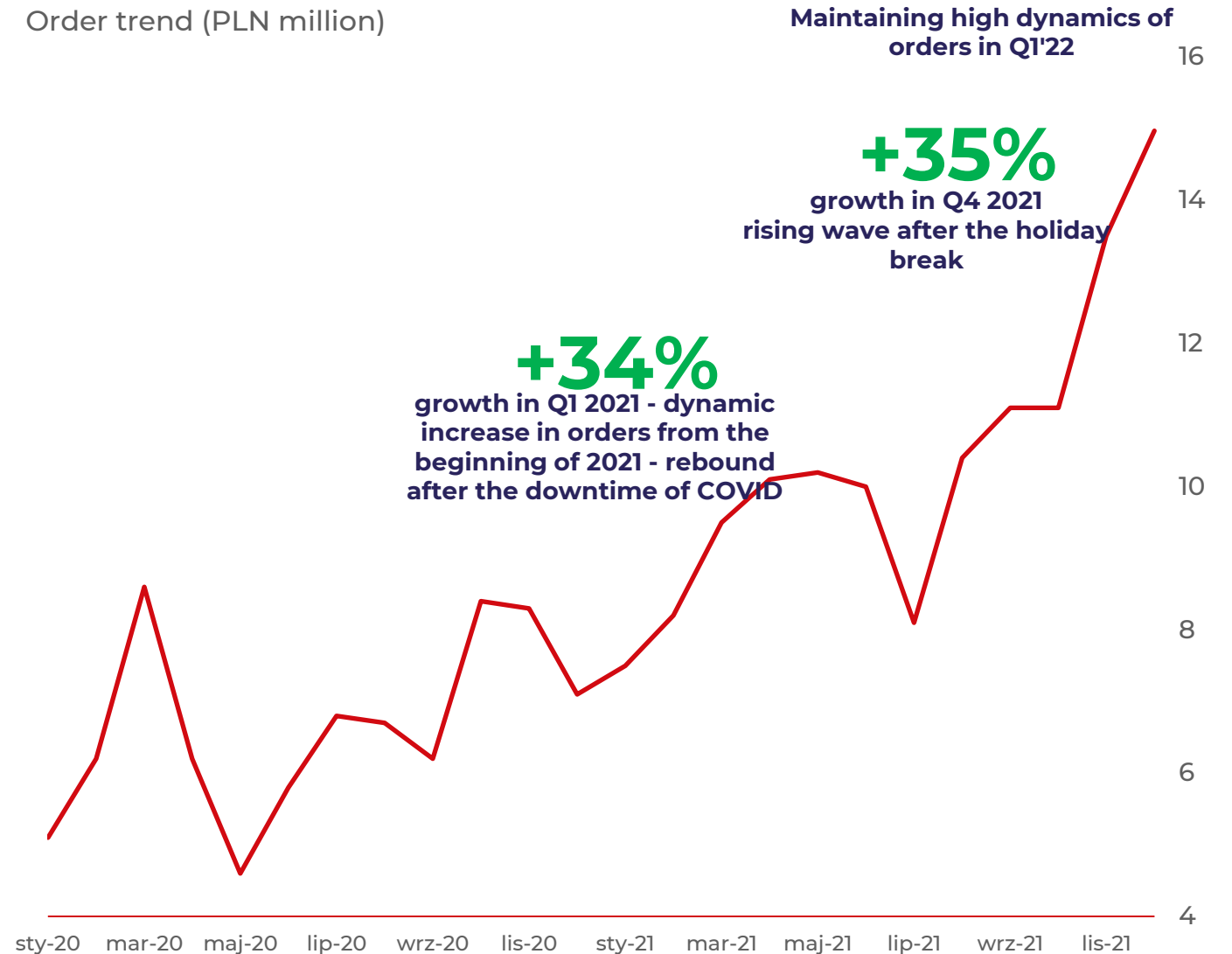


**VOLVO**  
Construction Equipment

Hitachi Construction  
Machinery (UK)



Order trend (PLN million)



# OVERSCALING 2023+

The INTEK plant in Lubawa was taken over in November 2021





# OVERSCALING 2023+

The INTEK plant in Lubawa was taken over in November 2021



# OVERSCALING 2023+

## .PINCZYN.

## .LUBAWA.

**266**  
employees

**7,2 tys. m2**  
warehouses

**11,7 tys. m2**  
production halls

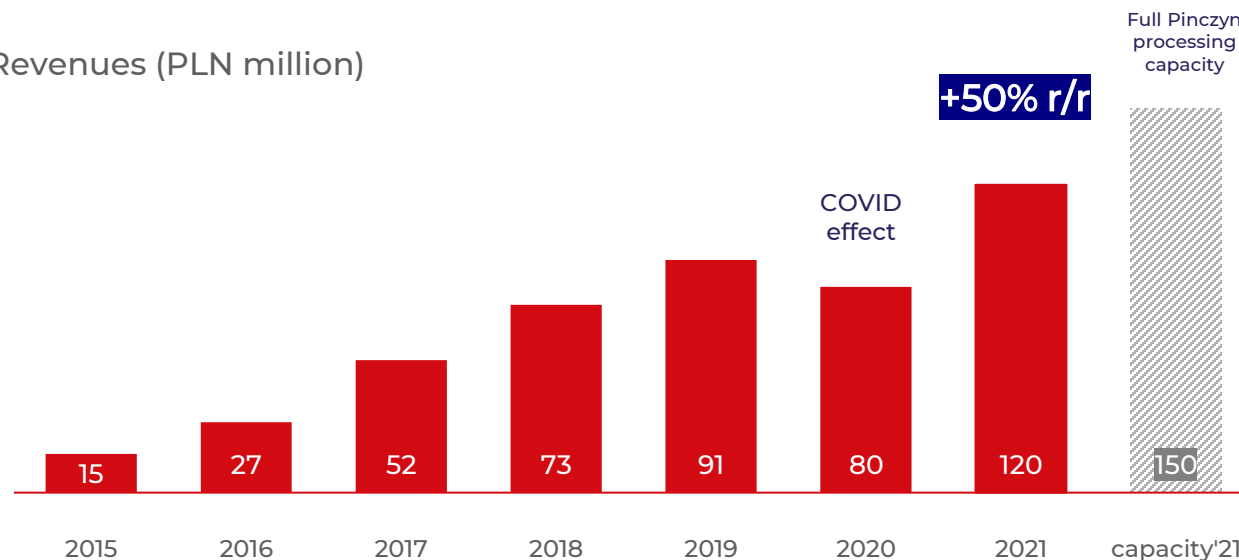
**26 tys. m2**  
plot of land

**213**  
employees

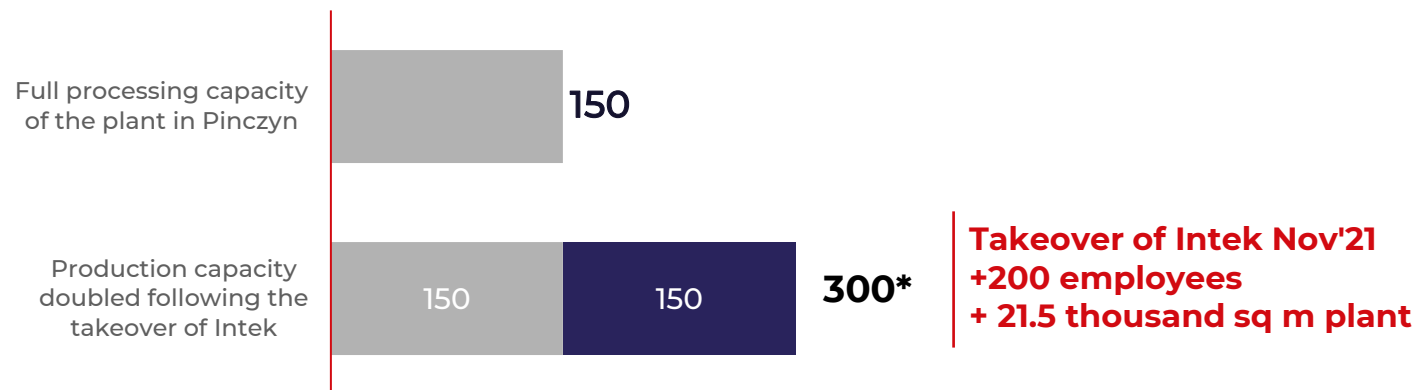
**21,5 tys. m2**  
production halls

**53 tys. m2**  
plot of land

Revenues (PLN million)



Plan to increase production capacity revenues (PLN million)



\* the above is a long-term goal for 3 years, conditioned by many internal and external - market factors



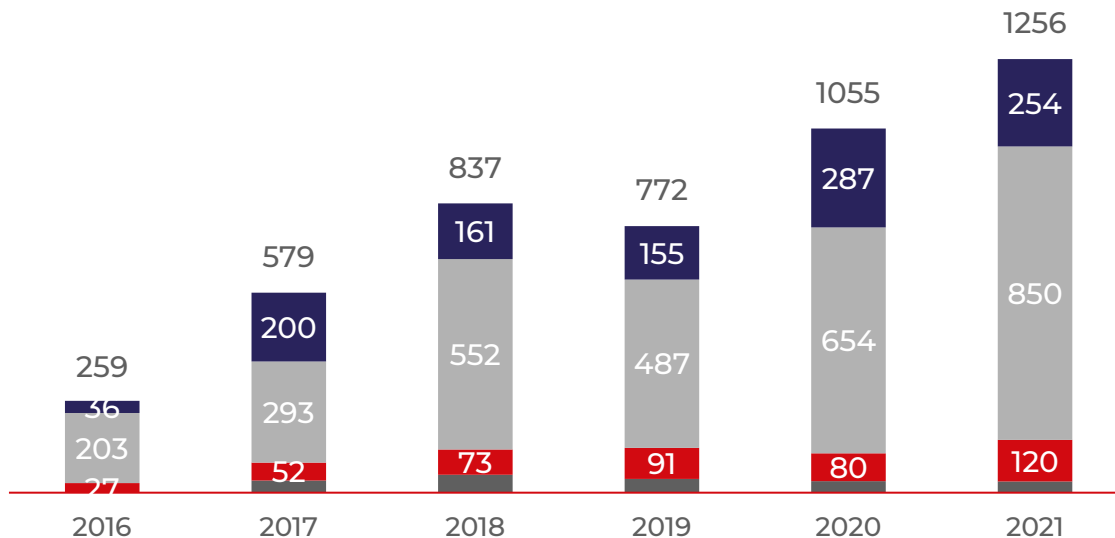
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# FINANCIAL RESULTS OF THE DEKPOL GROUP

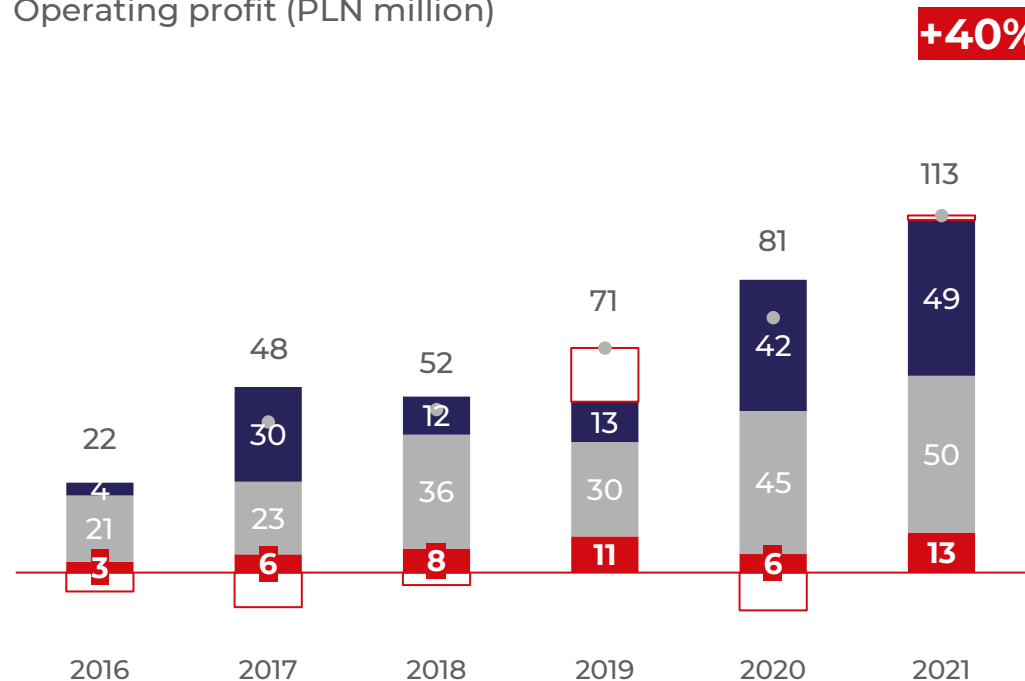
# DEKPOL GROUP CONSISTENT SCALE CONSTRUCTION

Revenues (PLN million)

■ Other ■ STEEL ■ GC ■ Deweloper



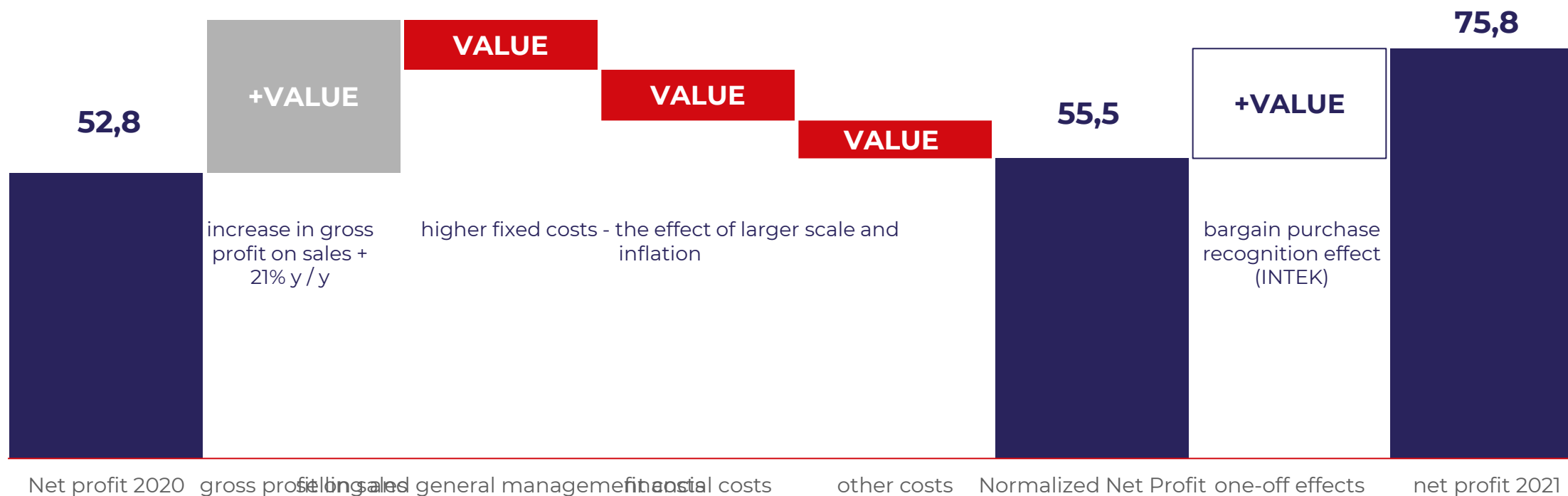
Operating profit (PLN million)



- record level of revenues (+ 19% y / y) and operating profit (+ 40% y / y)
- a surge in revenues in the Construction and Equipment Manufacturing segments, maintaining a solid level of the Developer revenues and an increase in operating profit in all three segments
- the "Other" segment under the positive effect of a bargain purchase of the Intek plant (+ PLN 20 million), after cleaning - PLN 18.6 million operating loss

# ● SELECTED EFFECTS OF THE 2021 RESULTS ACCOUNT vs. 2020

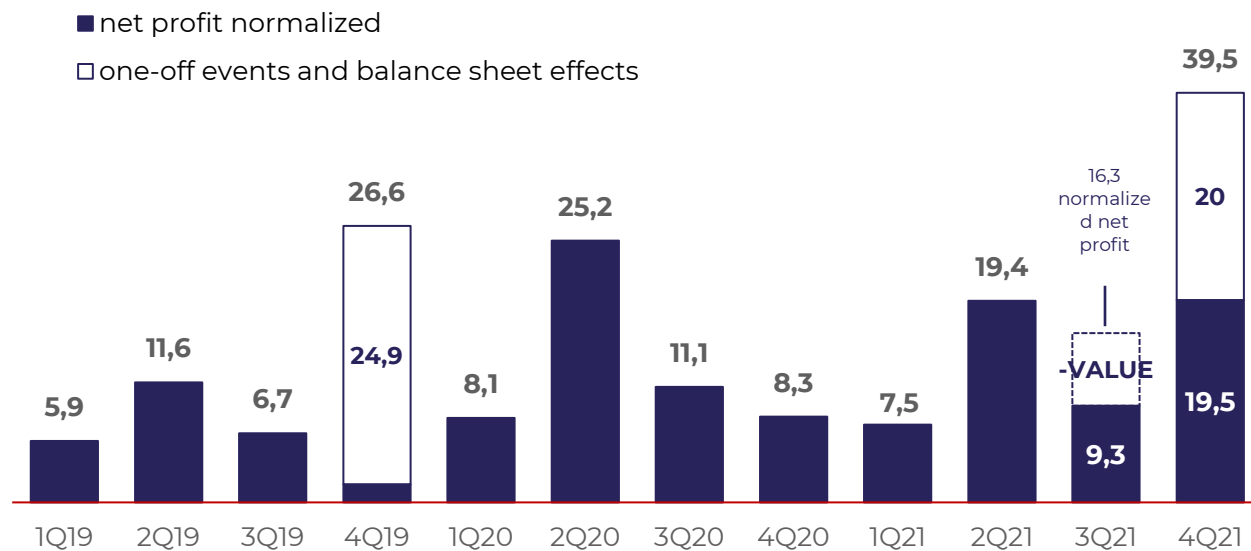
(PLN million)



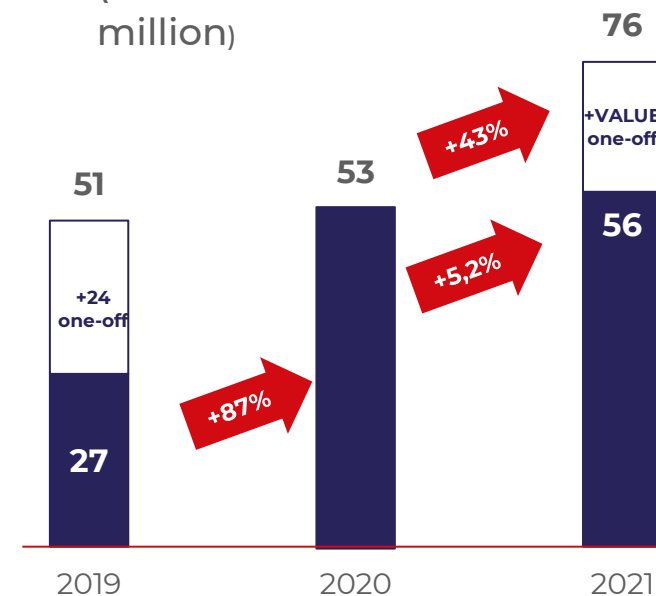
- 2021 results influenced by recognition of profit on bargain purchase (Intek) - net effect PLN 20 million
- after eliminating one-offs, EBIT + 14% y / y and net result + 5.1% y / y; normalized EBIT margin 7.4% and net margin 4.4%

# CONSOLIDATED NET RESULT

Net profit (PLN million)



Net profit  
(PLN  
million)



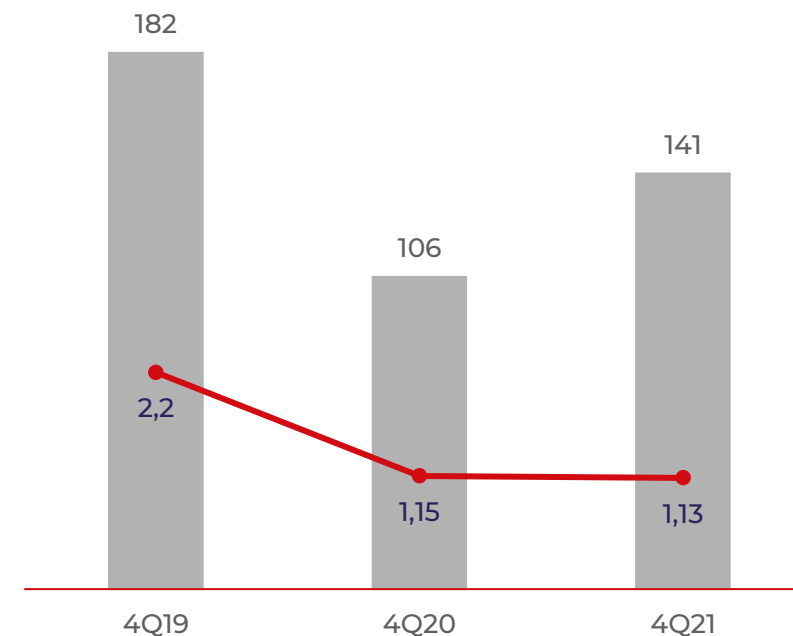
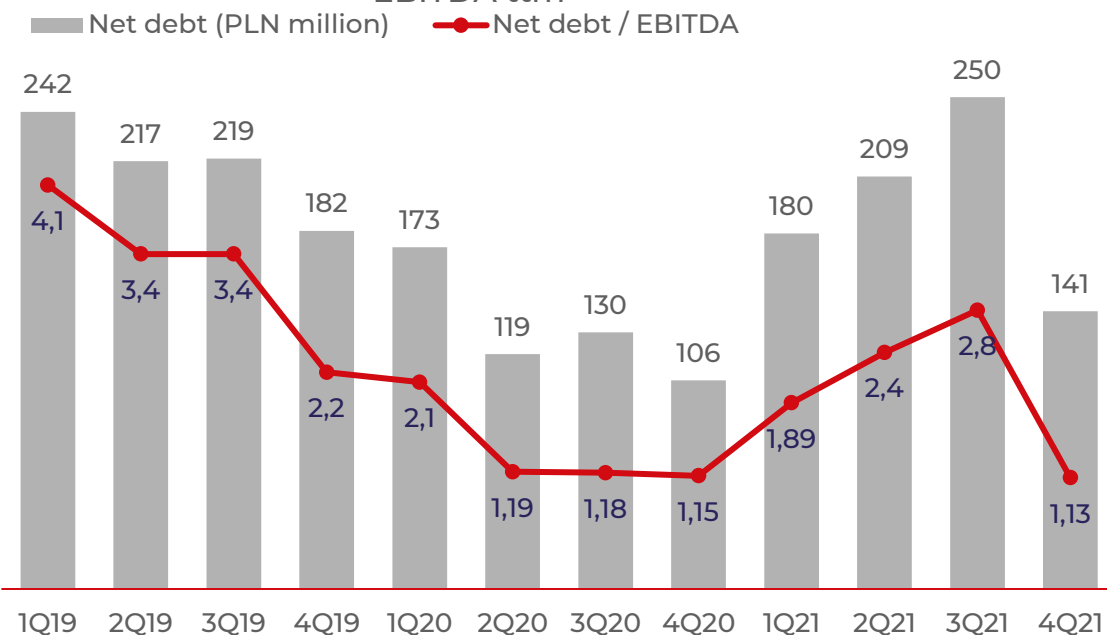
- record-breaking net result of PLN 75.5 million (+ 43% y / y) - achieved in a difficult economic environment
- 2021 results influenced by recognition of profit on bargain purchase (Intek) - net effect PLN 20 million
- after elimination, net result + 5.2% y / y; normalized net margin 4.4%





# STABLE FINANCIAL SITUATION

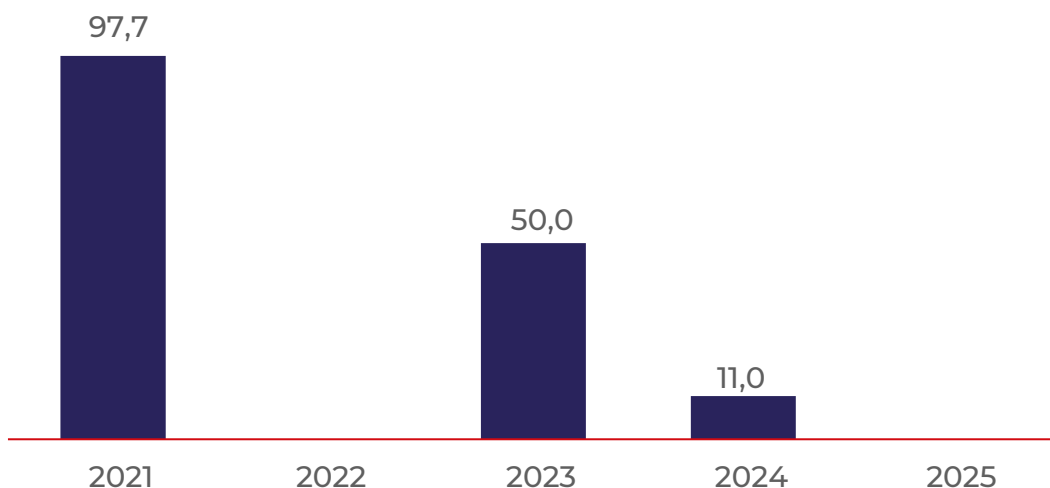
Net debt (PLN million) at the end of the period and ND / EBITDA ttm



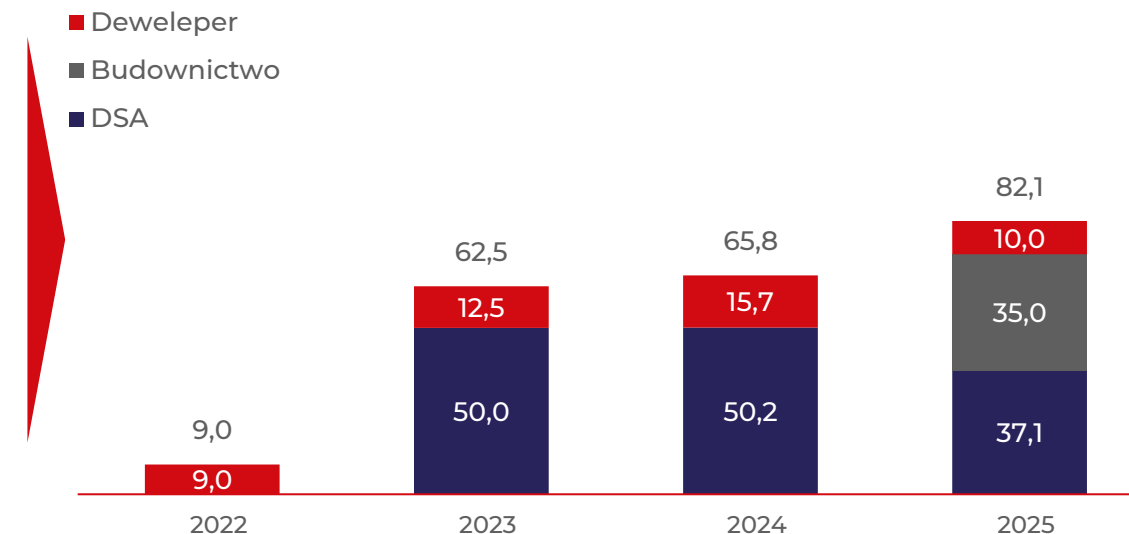
- periodically higher level of debt in 2021, then improvement of ratios due to higher level of cash (net debt at the end of PLN 141 million vs. PLN 250 million in 2021)
- stable balance sheet situation - ratios adjusted to a larger scale of operations (covenants up to 4x EBITDA on average)
- actions aimed at partial reduction of the interest rate risk with the use of IRS (Interest Rate Swap), change of some loans from PLN to EUR

# IMPROVEMENT OF TERM BONDS STRUCTURE

Bonds - term structure (PLN million)  
(as of 31.12.2020)



Bonds - term structure (PLN million)  
(as of 31.03.2022)



- increased demand for working capital
- thanks to the reorganization of the group - bond issues for companies (Developer, Budownictwo)
- 2021 - refinancing of PLN 97., million in bonds maturing in H1 2021
- March 2022 - issue of PLN 12,1 million of bonds

## Cash Flow Account FY 2021 - selected items (PLN million)

Cash 1.01.21	157,5	
Gross profit		+VALUE
Change in receivables	-317	
Change in liabilities	+178	
Change in provisions and accruals		VALU
Other cash flows from operating activities		VALU
Investment activity flows		-VALUE
Inflows from the issue of securities (bonds)		+VALUE
Inflows from credits and loans		VALU
Repayment of securities, loans and borrowings		-VALUE
Repayment of credits and loans		-VALUE
Other cash flows from financial activities		-VALUE
Cash 31.12.2021	190,6	

**Operating flows** - increased demand for working capital, incl.:

- trade receivables PLN 406 million (including PLN 256 million not overdue - PLN 208 million due within 3 months)
- trade liabilities of PLN 328 million

**Investment flows**  
incl. acquisition of Intek PLN 9,7 million

**Financial flows:**  
refinancing maturing debt (including bond issue)



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# SUMMARY AND PERSPECTIVES FOR 2022+



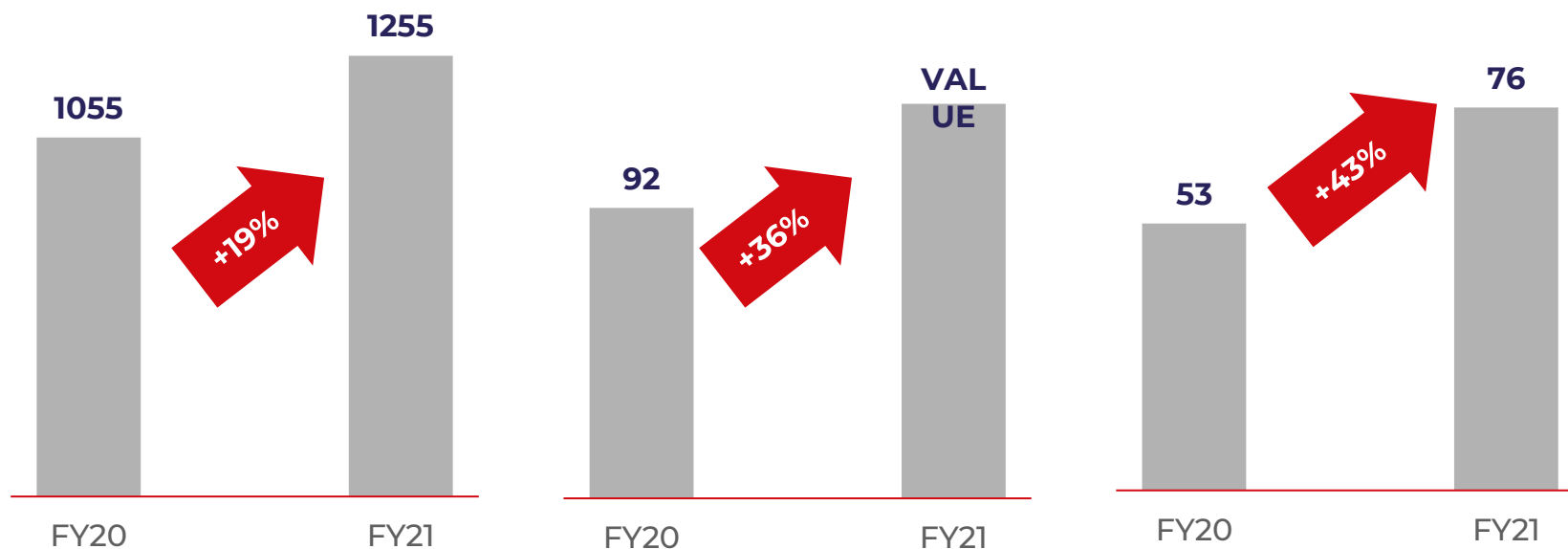
# FINANCIAL RATIOS

Ttm revenues  
(PLN million)

EBITDA ttm  
(PLN million)

Net profit ttm  
(PLN million)

Market valuation  
(2.05.2022)



Share price	24,8 PLN
Number of shares	8,4 mln
Capitalization	208 mln
Net debt	141 mln
C/Z (normalized C/Z)	2,7 (3,7)
EV/EBITDA (normalized EV/EBITDA)	2,5 (3,0)

- record year - excellent results and prospects for further growth in all segments
- result additionally strengthened by PLN 20 million from bargain purchase (INTEK) - comparable net result of PLN 56 million (+ 5.1% y / y)
- improvement of the bond term structure, safe level of net debt and financial ratios

# ● OUTLOOK FOR 2022 +

## BUDOWNICTWO

- short project life cycle (6-8 months), careful bidding, short offer deadline (14 days > 7 days))
- own resources (construction crews, equipment, prefabricates)
- efficiency of the purchasing department



- Q4 2021 pipeline - PLN 1.3bn, approx. PLN 0,57bn to be realized
- taking advantage of the strong demand from industrial construction - to attract new customers, develop resources
- careful contracting during sudden price increases, maintaining the efficiency of construction production

## DEVELOPER

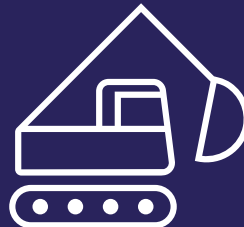
- plots of settled projects purchased at favorable prices
- implementation of investments by companies from the Capital Group
- increase in the prices of the premises sold
- diversified investments



- maintenance of the offer of over 700 apartments
- 2022 target: contracting 460 units - in 2021 contracting 490 units vs. target of 350 premises
- sustainable investment plan 2021-2026

## STEEL

- takeover of the INTEK plant - a local specialized team of 200+ people
- automation and robotization of the welding process
- focus on high-margin and proprietary products



- dynamically growing level of orders, new clients: Hitachi, SMP, Steelwirst
- the takeover of the Intek plant in November 2021 will enable doubling the production capacity by 2024 (up to PLN 300 million)



## Goal 2022

# ESG in activities in the Dekpol Capital Group

ENVIRONMENTAL	<ul style="list-style-type: none"><li>• Analysis of environmental and spatial impacts of investments</li><li>• Checking the Development Plan for other investments that have an impact on the environment in the area</li><li>• Undertaking remediation (cleansing) activities</li><li>• Use of redundant factors in design</li><li>• Considering the possibility of implementing renewable energy sources at the design stage of each investment</li><li>• Experience in the implementation of investments that meet the requirements of BREEAM, DGNB, LEED</li><li>• Operation based on international management standards ISO 9001: 2015 - in the field of quality management ISO 14001: 2015 - in the field of environmental protection; Certificate 45001: 2018 - in the field of health and safety standards.</li></ul>
SOCIAL	<ul style="list-style-type: none"><li>• A list of the CG's stakeholders along with a definition of the method was created</li><li>• involvement and frequency of contacts with them; participation in industry organizations</li><li>• employees take advantage of the possibility of reporting the demand for training, workshops and courses improving their professional qualifications. The companies also finance undergraduate and postgraduate studies, MBA, engineering qualifications, and specialist training</li><li>• Development program AKADEMIA DEKPOL Budownictwo</li><li>• The scope of training and OHS meetings exceeding the legal requirements</li><li>• broad social involvement at the level of local communities by each of the companies - financial support for sports teams, cultural institutions, and others</li></ul>
GOVERNANCE	<ul style="list-style-type: none"><li>• Binding Code of Conduct and anti-corruption training, diversity management policy;</li><li>• Commencement of the implementation of the ESG STRATEGY in the Capital Group in 2022;</li><li>• Assessment of suppliers in terms of specific criteria included in the Supplier Assessment Card. The evaluation criteria are also selected environmental and social issues, i.e. the fact that suppliers have an</li></ul>



**Thank you for your attention**

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