



# FINANCIAL RESULTS IN 1Q 2022

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INVESTOR PRESENTATION

JUNE 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,**  
CEO



- 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,**  
CEO



- 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,**  
CEO



- 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

# ● AGENDA

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1. Financial results
2. GENERAL CONTRACTING
3. PROPERTY DEVELOPMENT
4. STEEL
5. Summary





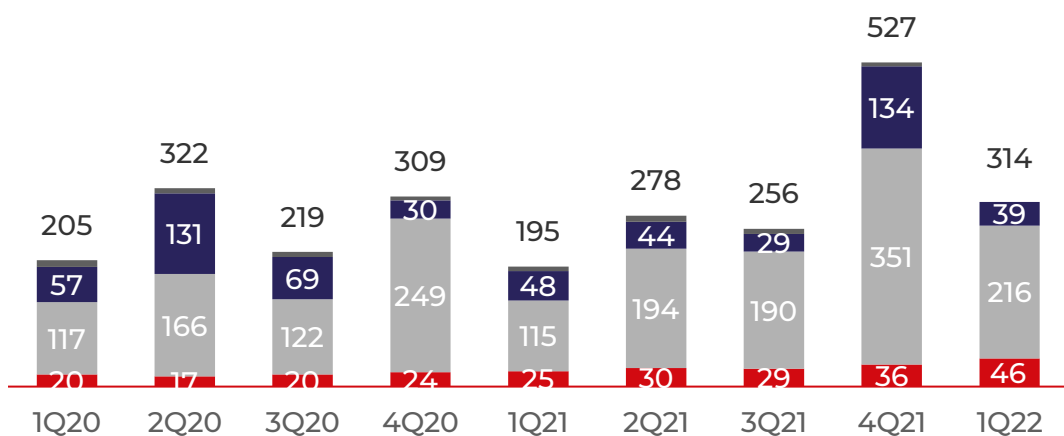
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# FINANCIAL RESULT OF THE DEKPOL GROUP

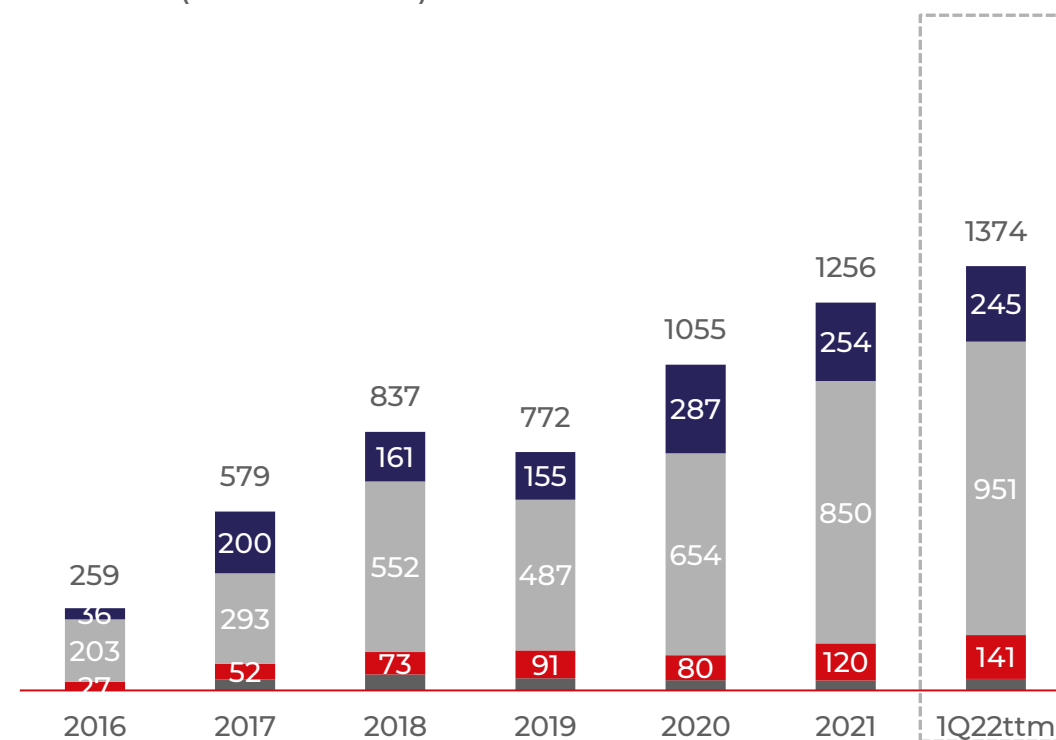
# REVENUES – THREE SEGMENTS

Revenues (million of PLN)

■ STEEL ■ BUDOWNICTWO ■ DEWELOPER ■ Pozostale



Revenues (million of PLN)



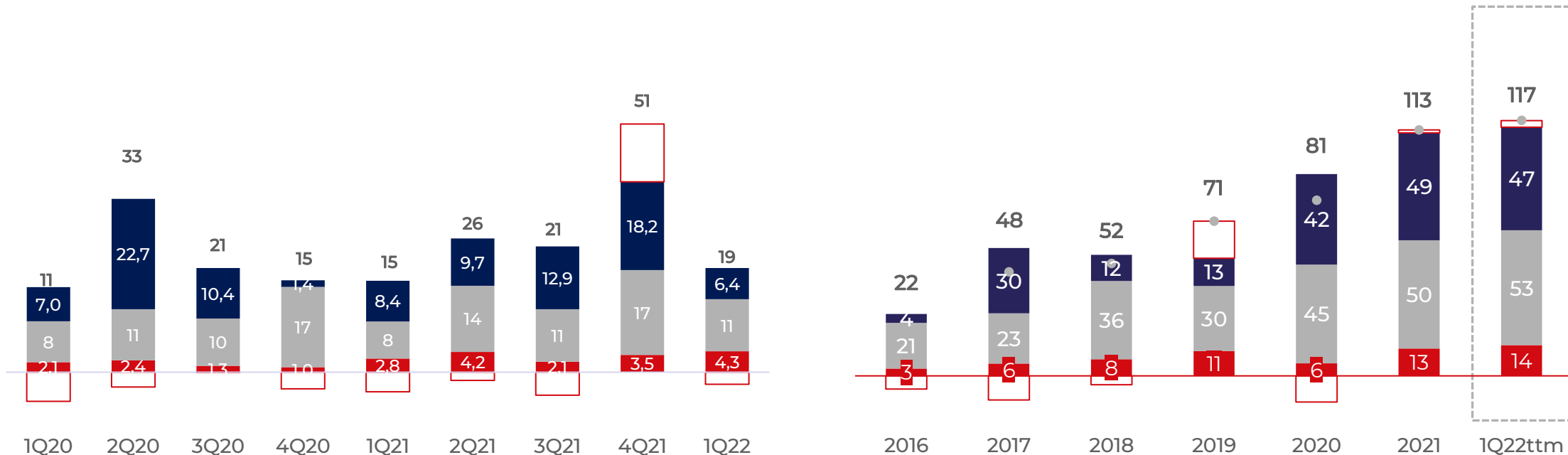
- Revenues of 1Q 2022 mounted PLN 314 million – (vs. PLN 195 million in 2021 +60,7% y/y) – due to increases at Steel +82,6% y/y and General Contracting (+88%)
- a significant increase in Steel's contribution to the Group's consolidated revenues

# OPERATING RESULTS – THREE SEGMENTS

EBIT (million of PLN)

EBIT (million of PLN)

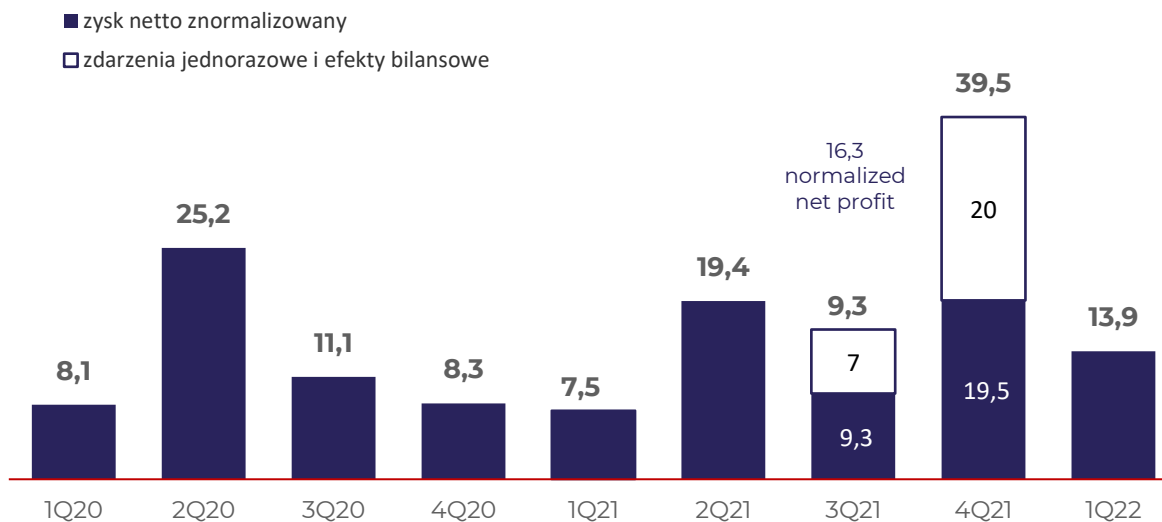
■ STEEL ■ BUDOWNICTWO ■ DEWELOPER □ Pozostale



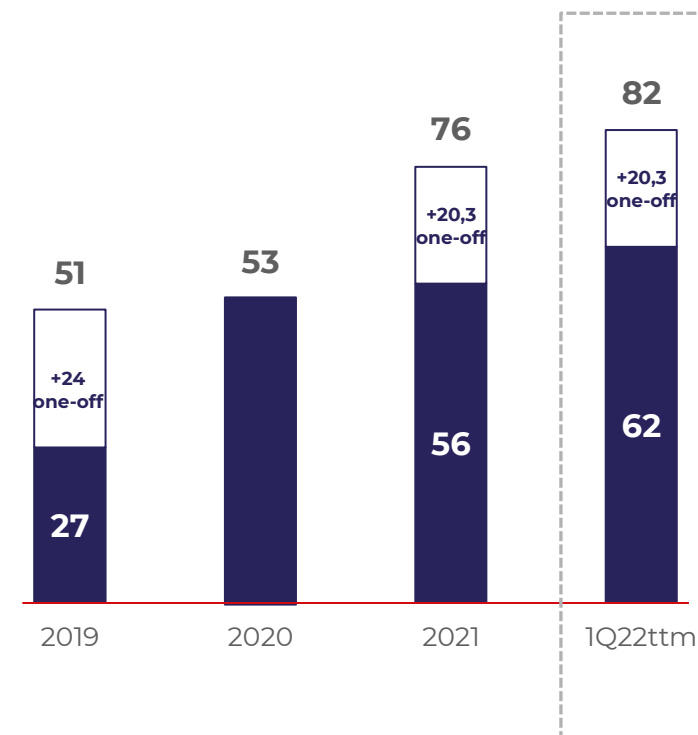
- PLN 19 million of operating profit in 1Q 2022 vs. PLN 15 million in Q1 2021 and PLN 11 million in 2020
- consistent increase in the consolidated operating profit of the Dekpol Group over the last 5+ years, PLN 117 million in consolidated revenues for the last 12 months

# CONSOLIDATED NET RESULT

Net profit (million of PLN)



Net profit (million of PLN)



- PLN 13,9 million of net profit in 1Q 2021 – the best 1Q in Dekpol Group’s history
- consistent creation of the normalized annual net profit of the Group - a 2x increase from 2019
- 2021 results affected by recognition of profit on bargain purchase (Intek) - net effect PLN 20 million



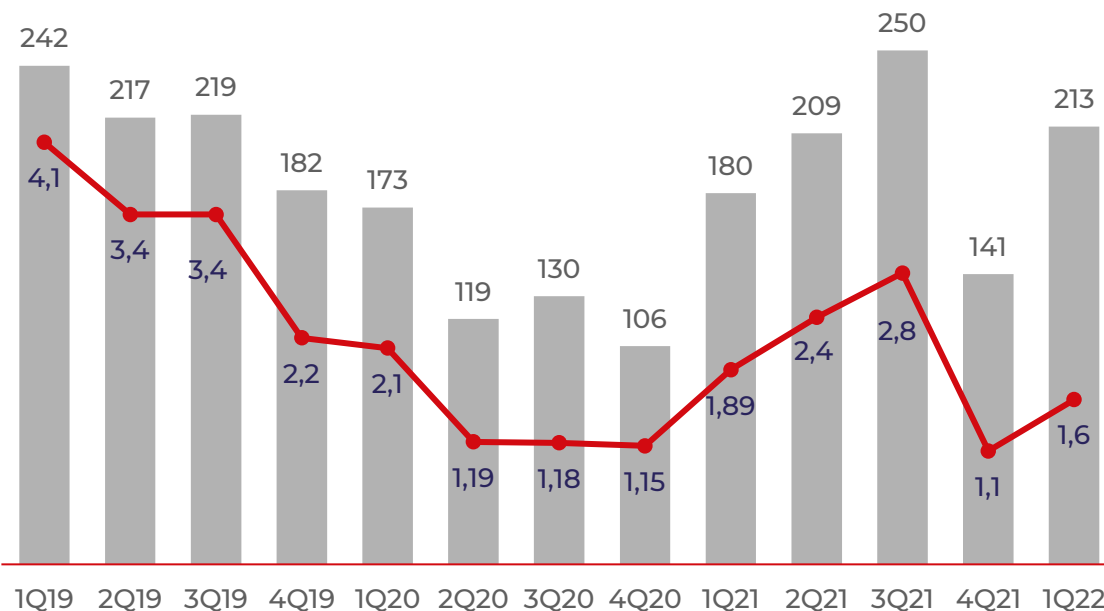


# STABLE FINANCIAL POSITION

Net debt (million of PLN) at the end of the period and

ND/EBITDA ttm

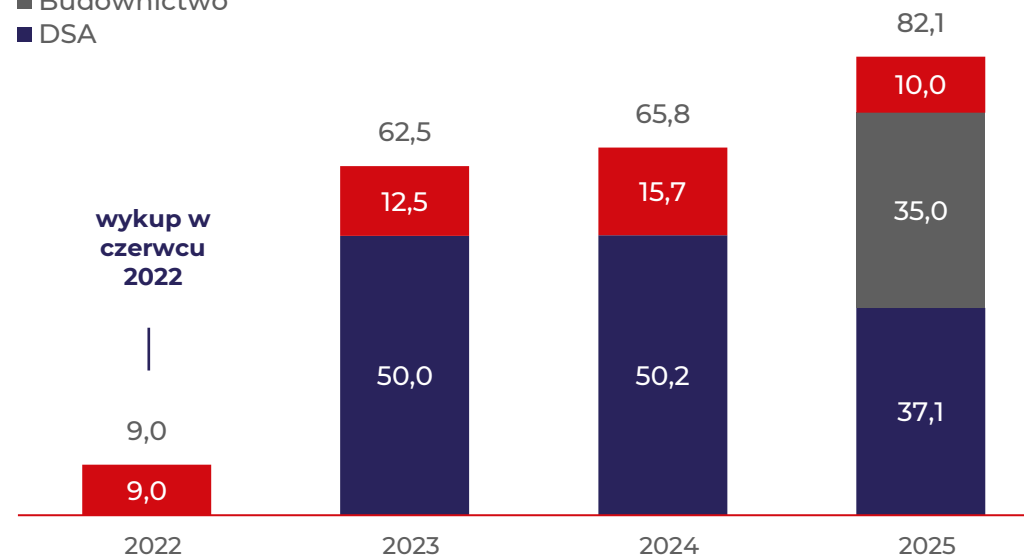
■ Net debt (million of PLN) — Net debt/EBITDA



Bonds – term structure (million of PLN)

(as at 31.03.2022)

■ Deweleper  
■ Budownictwo  
■ DSA

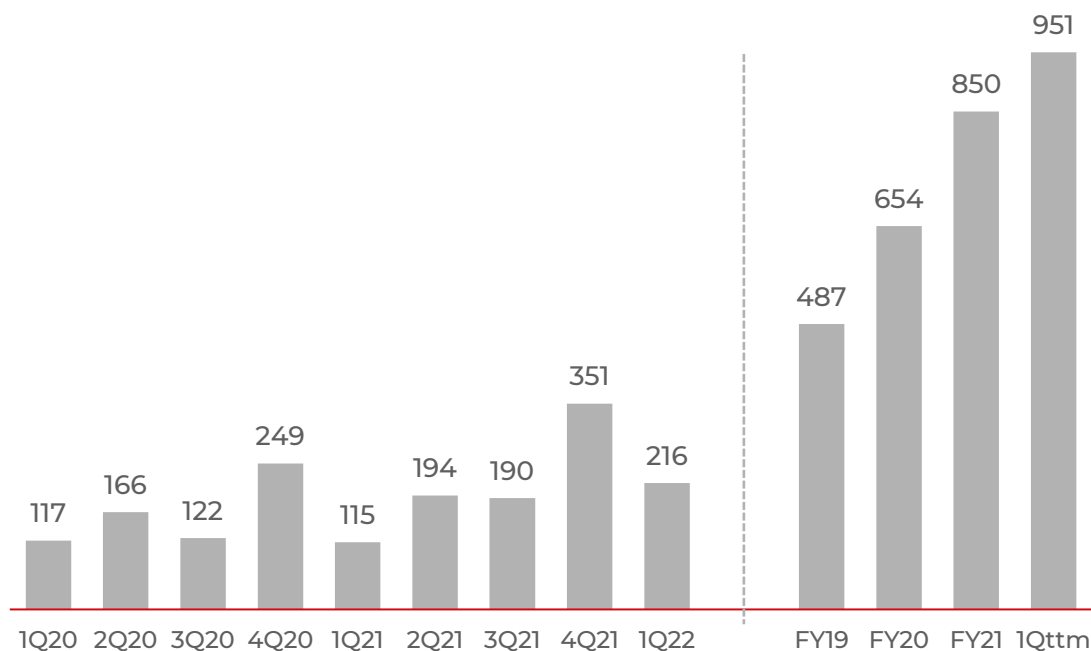


- a gradual increase in debt financing over 2022 enables a higher amount of working capital (target level of 2-3x ND / EBITDA, covenants: 4.5x ND / EBITDA) e.g. March 2022 - issue of PLN 12.1 million of bonds
- safe level of cash PLN 164 million, increase in trade liabilities (including an increase in prepayments and advanced payments)
- actions aimed at partial reduction of the interest rate risk with the use of IRS (Interest Rate Swap), CAP (interest rate option), conversion of some loans from PLN to EUR

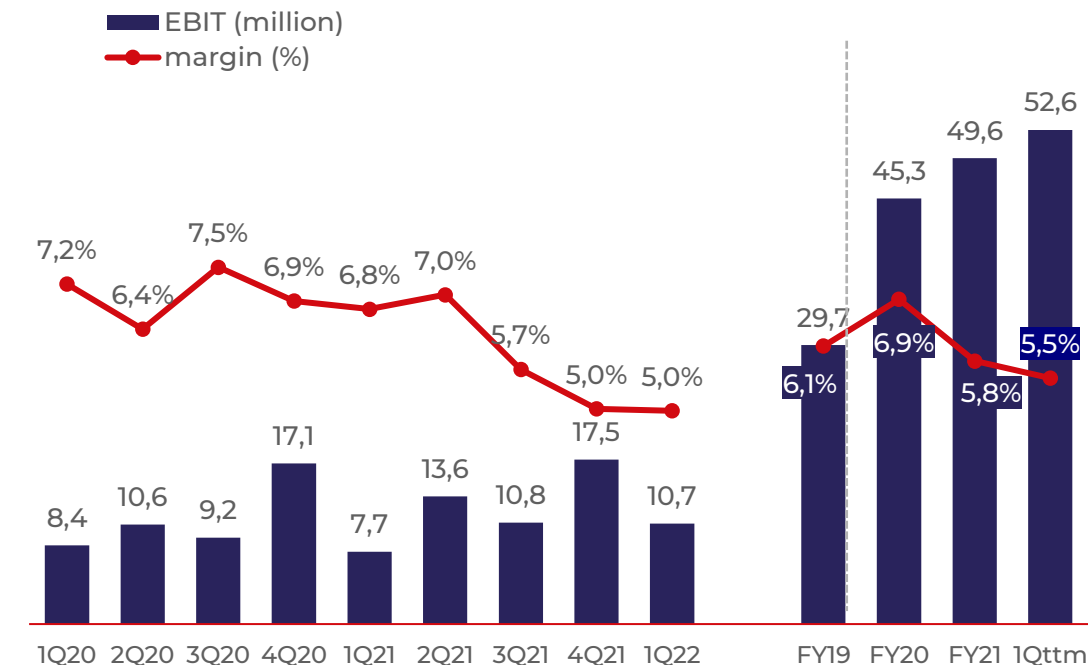


# FINANCIAL RESULTS

Revenues\* (million of PLN)



Operating result

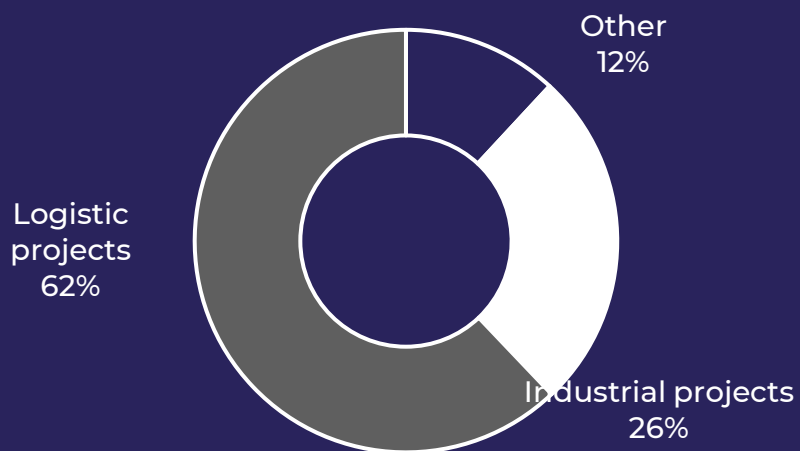


- consistent creation of scale in 4Q and in 1Q 22 accumulation of projects contracted in summer of 2021
- factors protecting profitability in demanding environment: maximum effectiveness of offers and shortening the validity period of the offer (30d -> 14d -> 7d), diversified projects (industrial-logistics and housing estates), process innovations and digitization of budget control processes (new ERP system)

# 2022+ PROSPECTS

## STRONG ORDERING PORTFOLIO

GW projects structure  
(as at 31.03.2022)



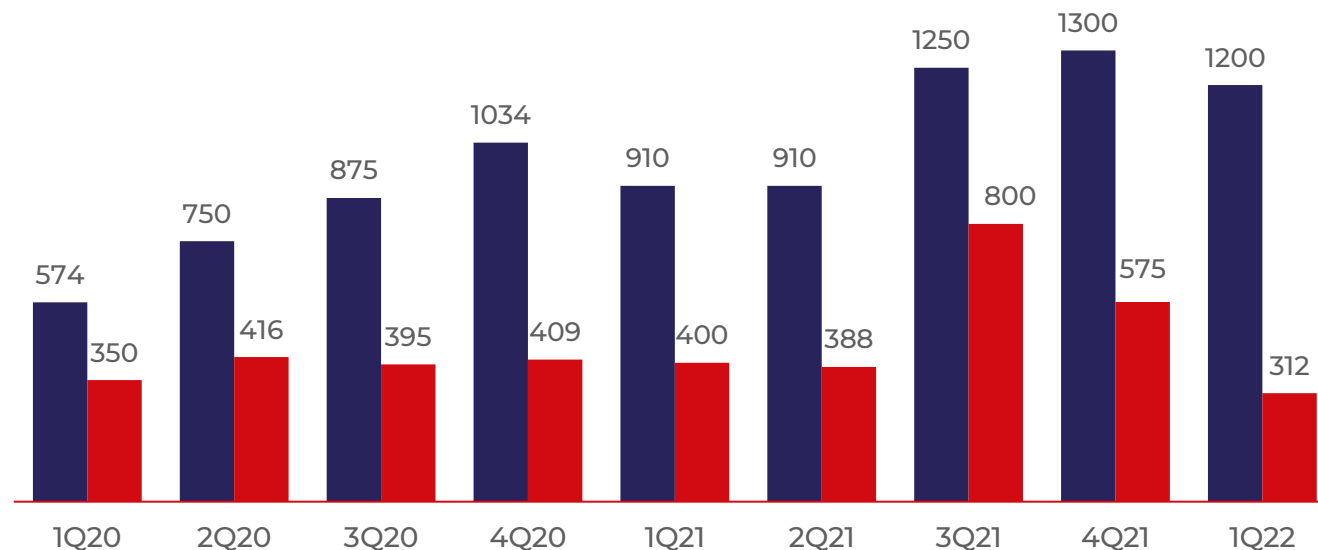
### Net VALUE OF CONTRACTS as at 31.03.2021:

- PLN 1.200 million (PLN 312 million remained for implementation)
- For Dekpol Developer PLN 412 million, (PLN 268 million remained for implementation)

Contracting (PLN million)

■ Net value of contracts (PLN million)

reduction in bidding during the largest price increases in 2Q21 and 1Q22



**Suspension of acquisitions of new projects during the largest price increases in Q1 2022 (no impact on sales plans for 2022)**

**In Q2 2022, more clients joined the project portfolio:**

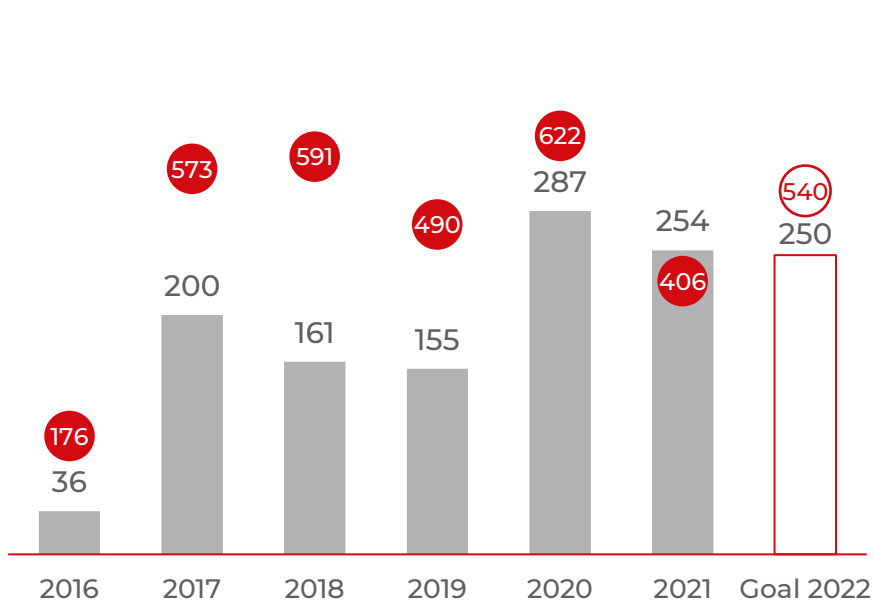
- (1) CTP - the largest owner and developer of logistics estates in Central and Eastern Europe - projects :
  - Łomna-Las (64 thousands of m<sup>2</sup>, approx. PLN 100 million),
  - Zabrze (29 thousands of m<sup>2</sup>, approx. PLN 70 million), project implemented in the "turn-key" system 29 thousands of m<sup>2</sup>
- (2) Raben; Morat-Swoboda; Finnarto; 2 x shakehands (jointly approx. PLN 140 million)



# DEVELOPER – FINANCIAL RESULTS

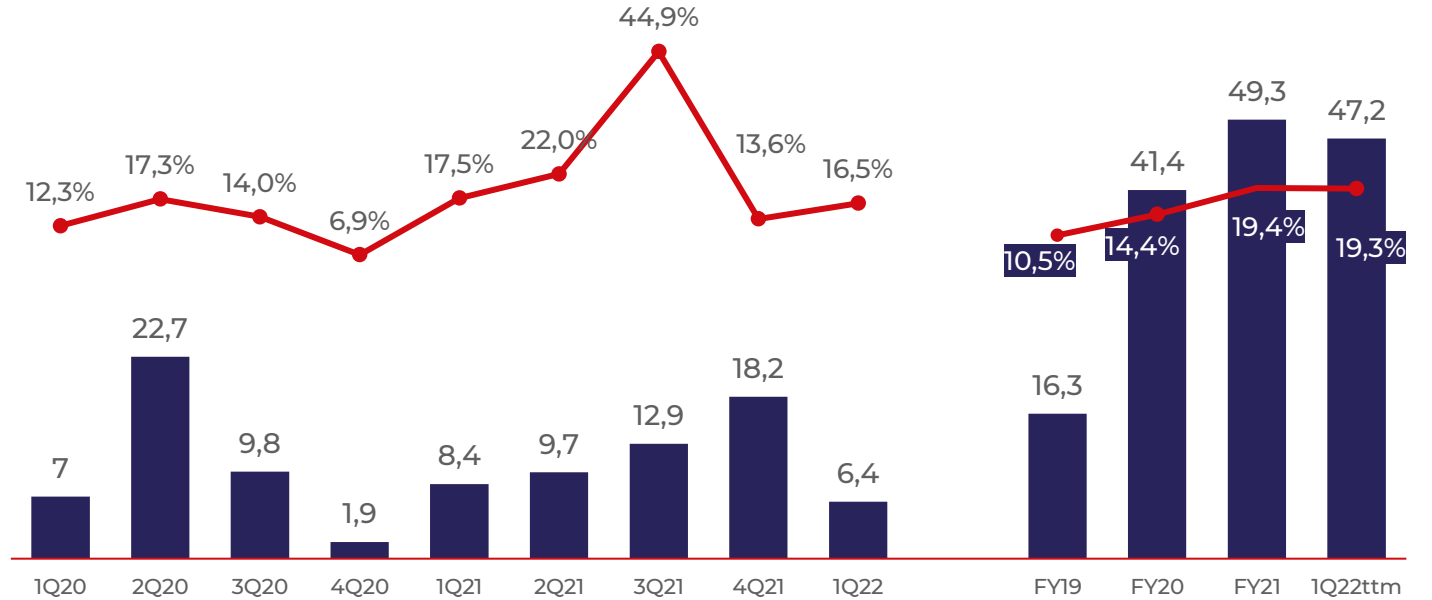
## Revenues, recognition of results

■ Value (million of PLN)  
● Quantity



## Operating result

■ EBIT (million) ● Margin (%)



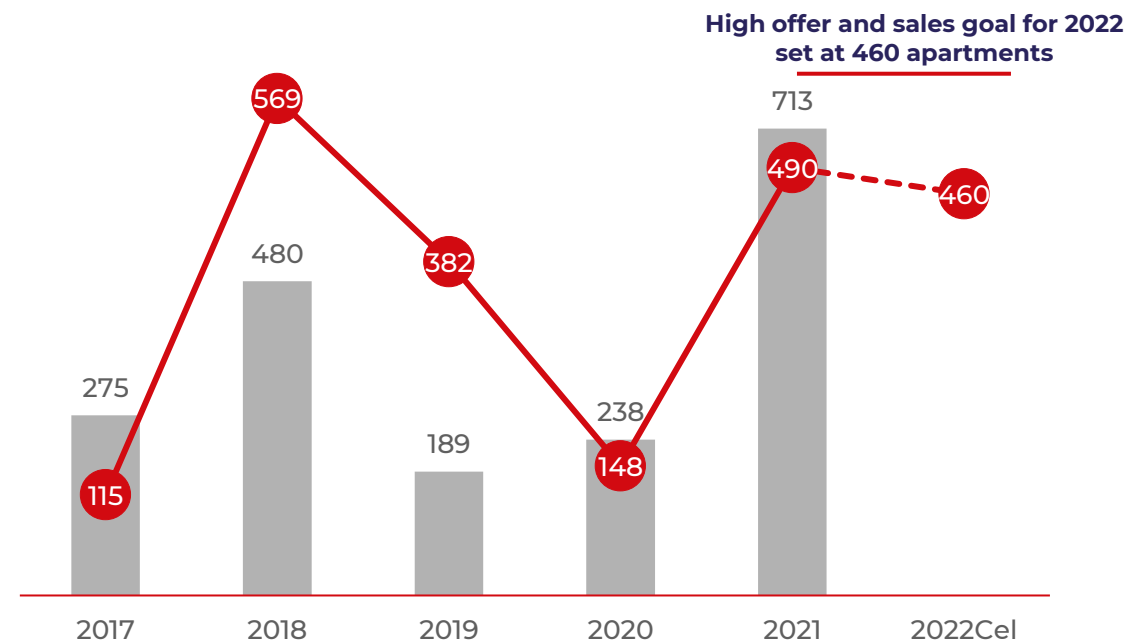
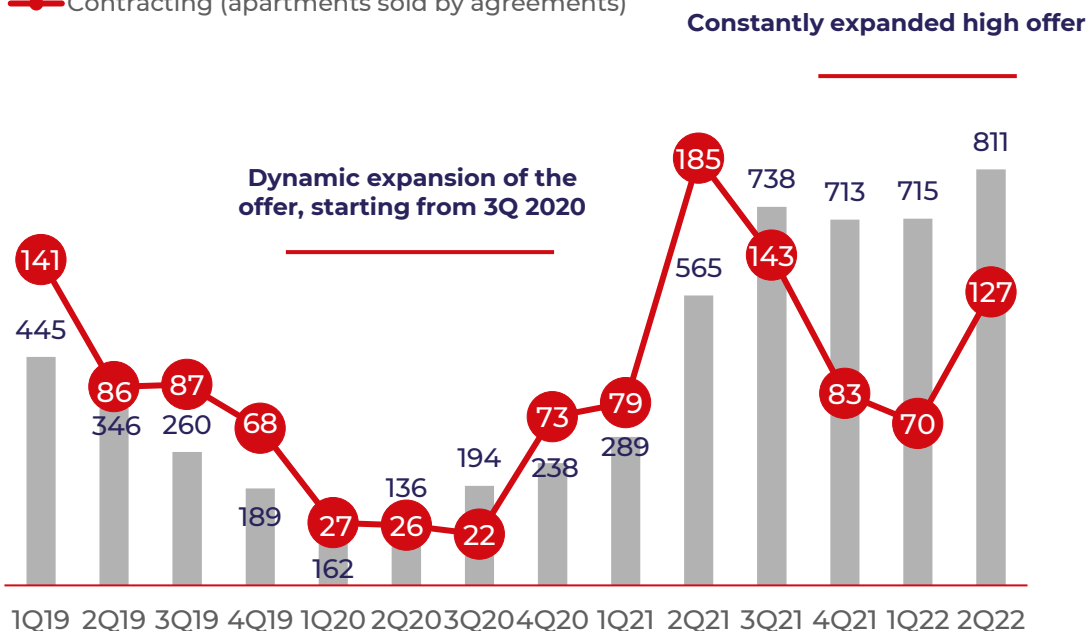
- revenues achieved in 1Q22 PLN 39 million due to recognition of sales of 73 apartments (vs. 148 in 2021)
- in 2Q22 recognition of 30 apartments (vs. 66 in 2022)
- goal for 2022: recognition of PLN 250 million in revenues involves commissioning of 540 apartments - mainly in the following investments: Osiedle Pastelowe stage IIa, Osiedle Kociewskie stage II, Neo Jasień stage I, Trimare stage I and Baltic Porto

# SALES DYNAMICS

## Contracting and offer

■ Offer (number of apartments for sale)

● Contracting (apartments sold by agreements)

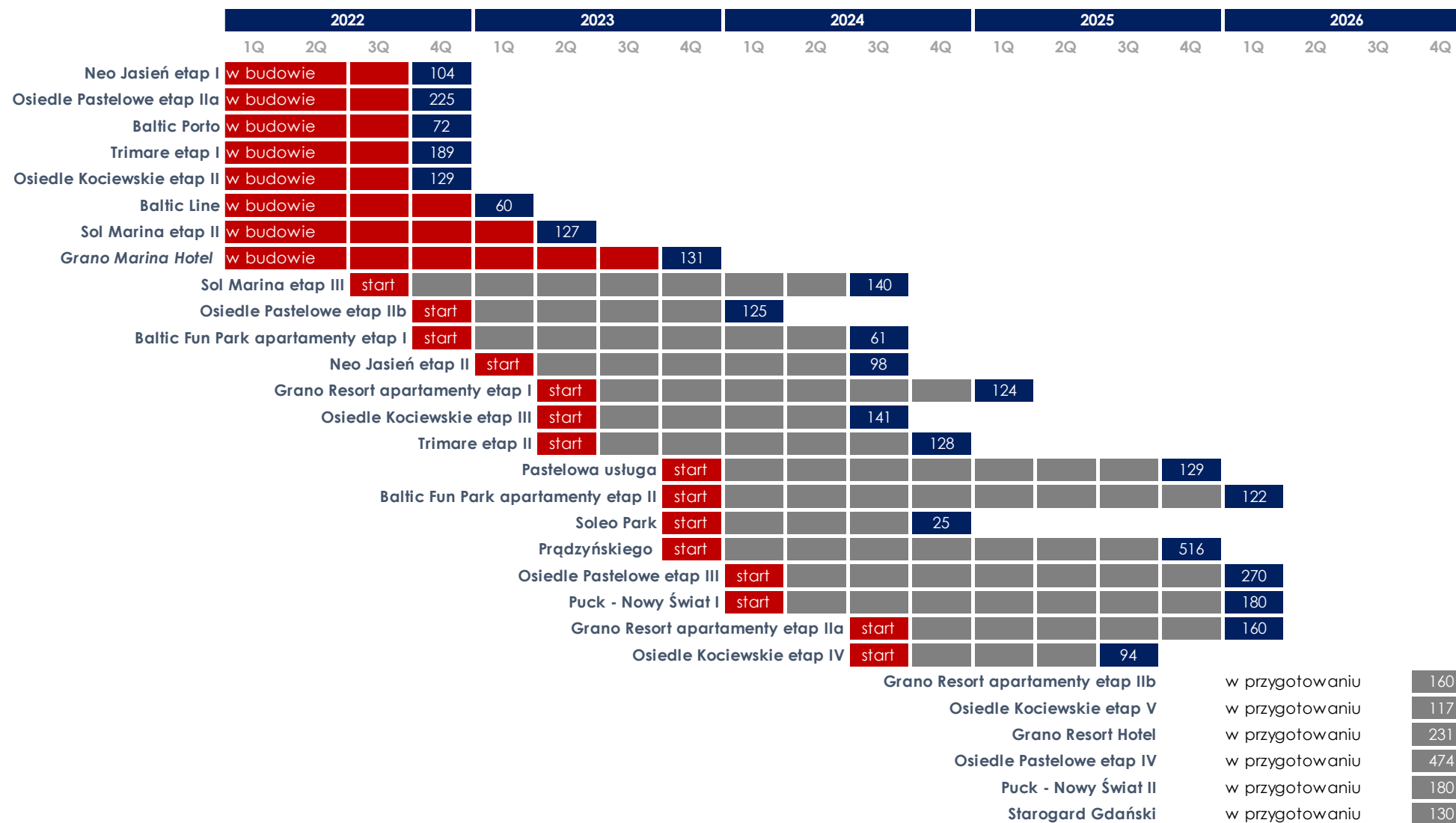


- in 2021, commencement of construction works: Neo Jasień I, Osiedle Pastelowe IIa (125 apartments), Osiedle Kocięskie II (129 apartments), Sol Marina II (127 apartments), Grano Marina Hotel (130 apartments), Baltic Porto (72 apartments), Baltic Line (60 apartments) and Trimare I (189 apartments)
- In 2022 planned commencement of construction: Sol Marina stage III (140 apartments), Baltic Fun Park apartments stage I (61 apartments), Osiedle Pastelowe stage IIb (225 apartments)
- reconstruction of the offer addressed to a wide range of purchasers (up to 811 apartments) throughout 2022, we aim to repeat similar contracting volumes as it was in 2021



# INVESTMENT PIPELINE 2021-2025

## favorable timing of planned implementations





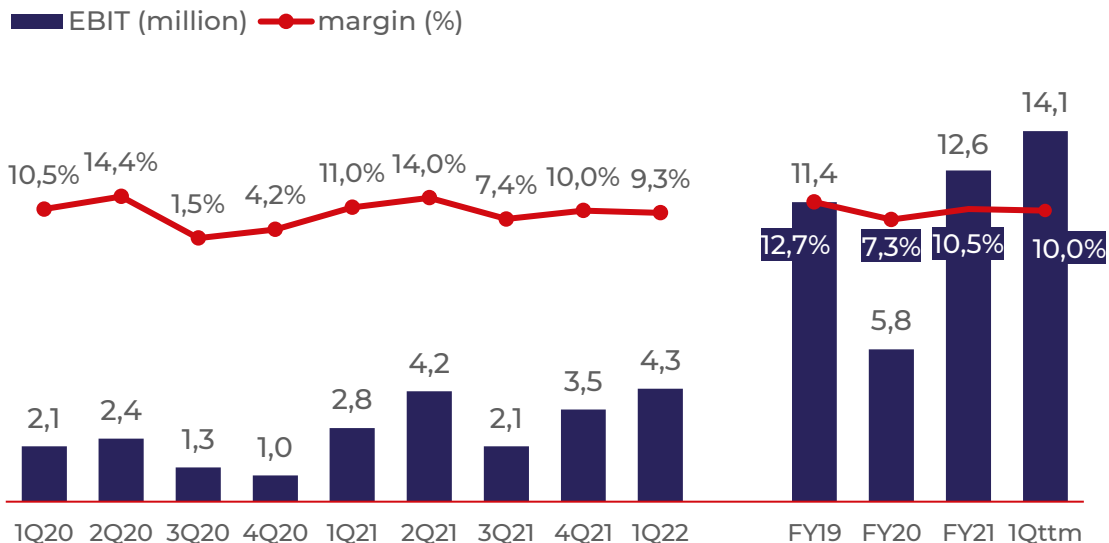


# FINANCIAL RESULTS

Revenues\*  
(million of PLN)



Operating result  
(million of PLN)



- Record sales in company's history: PLN 46 million in 1Q22 – almost 2x more than 2021 and more than 2x than 2020
- operating result in 1Q PLN 4.3 million - achieved due to maintenance of a solid level of margins with higher revenues

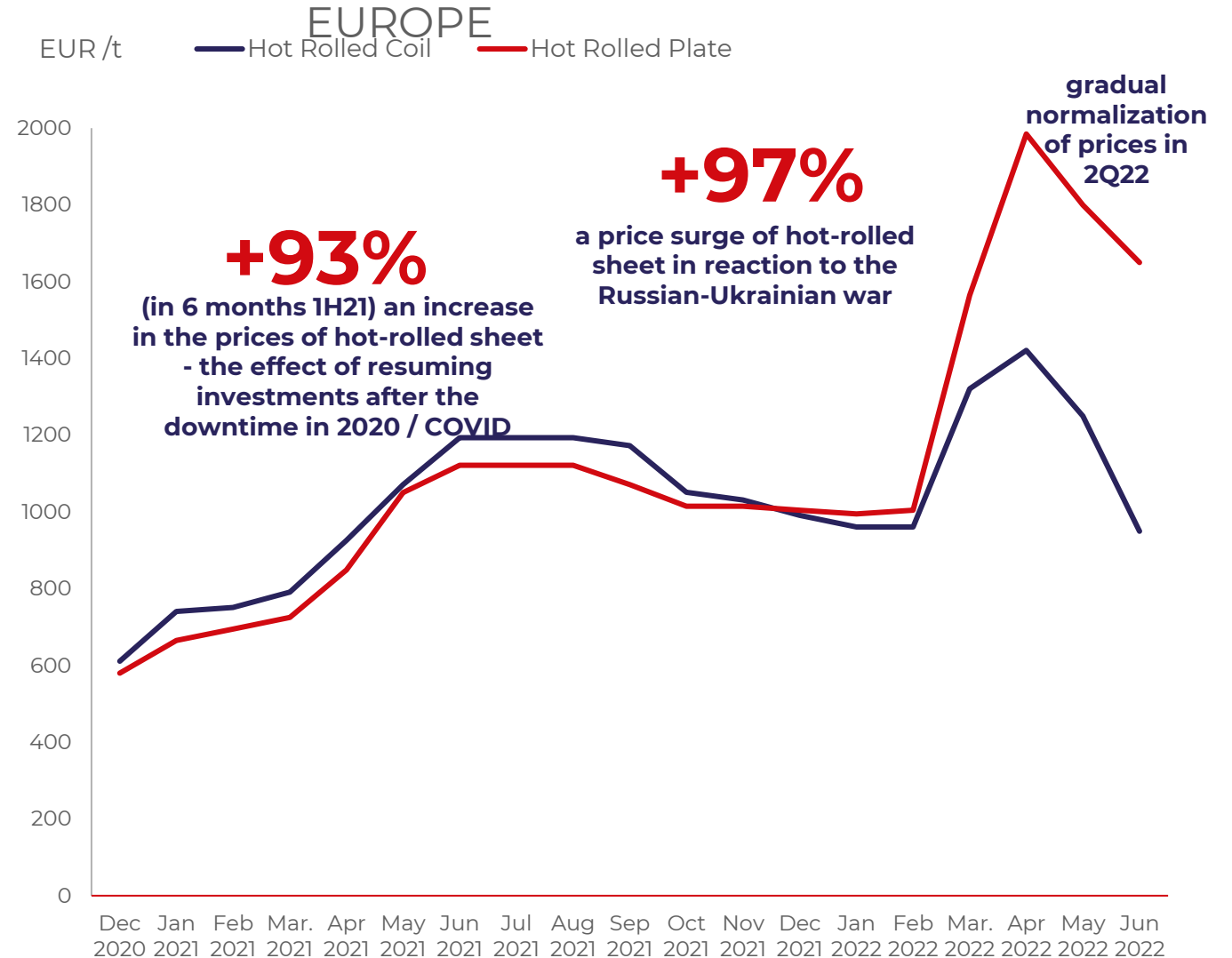
# THE VARIABLE STEEL MARKET

- 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

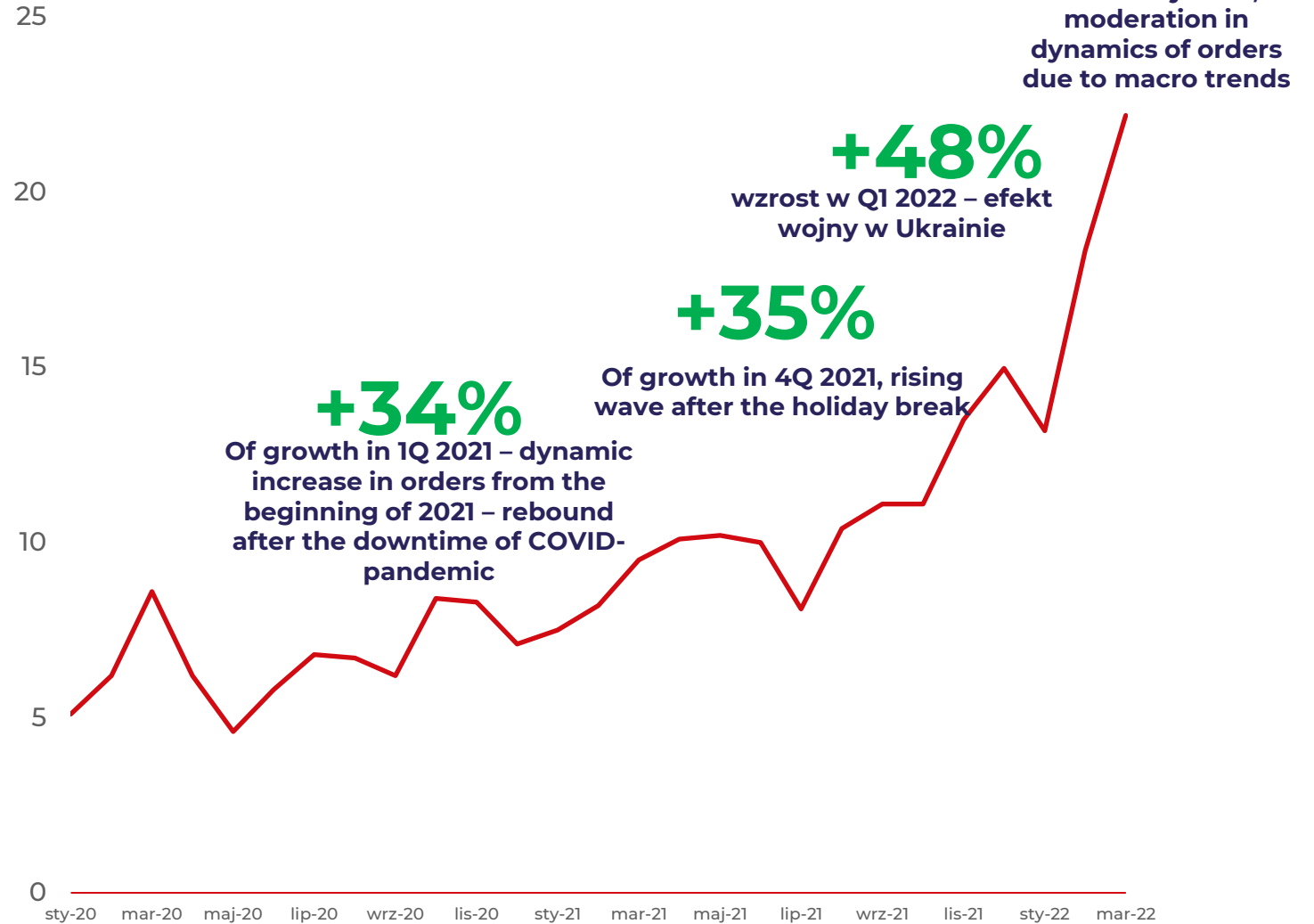


# PIPELINE

- In 2021, acquisition of new customers (Hitachi, CNH, Steelwrist, ABL) and development of cooperation with new and existing partners (e.g. Caterpillar).
- From May 2022 OEM demand slowing, exploring additional ordering sources :
  - Capitalization of experience and customer base of the Intek company: renewable energy (offshore), oversized trailers
  - commencement of the process of obtaining a military concession



Sales (million of PLN)



# 2023+ PROSPECTS

## • HIGH AMOUNT OF ORDERS

- from regular partners and newly acquired customers (Hitachi, CNH, Steelwirst, ABL),

exploration of additional sources of orders: defense industry, renewable energy, logistics,

## • INCREASE PRODUCTION CAPACITY

thanks to the acquisition of the Intek company in 2021 from a maximum of PLN 150 million, ultimately up to PLN 300 million within 3 years

## • PRUDENT STEPS

Continuation of prudent business activities in the face of fluctuations in material prices and rising costs

## • ESG INITIATIVES:

### • ENERGY

Initiatives aimed at creation of a photovoltaic farm providing the energy for the entire DEKPOL STEEL plant (initial phase of the project)

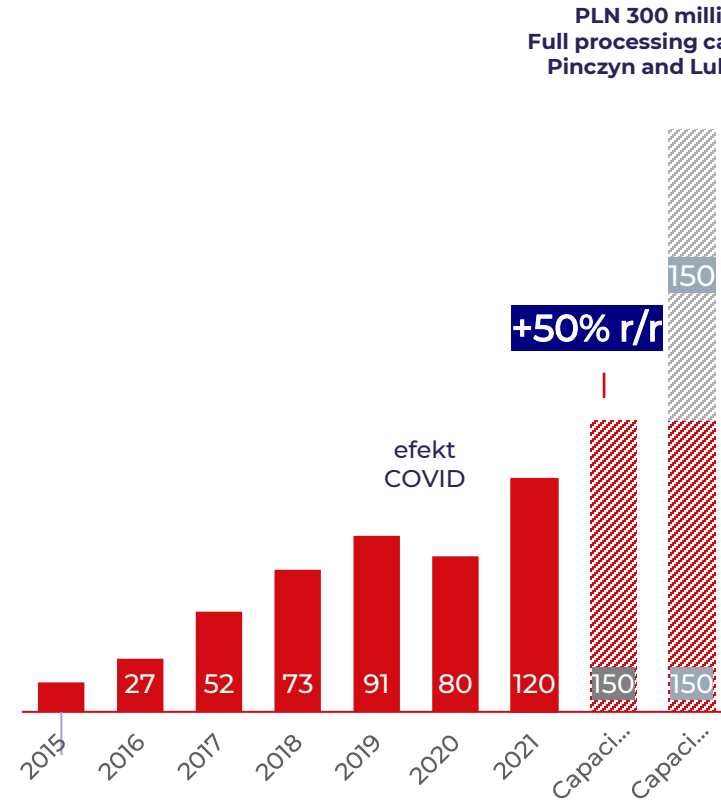
### • PAINTS

reduction of volatile organic compounds by up to 70% and CO2 emissions by up to 50%

### • CARBON FOOTPRINT

Swedish SSAB 500TUF steel for extreme strength (lower weight and longer service life)

Revenues (million of PLN)



Acquisition of Intek Nov. 21  
+200 of employees  
+21,5 thousands of m<sup>2</sup> of the plant

### .PINCZYN.

266 employees

7,2 thous. m2 of warehouse

11,7 thous. m2 of production plant

26 thous. m2 of plot

### .LUBAWA.

213 employees

21,5 thous. m2 of production plant

53 thous. m2 of plot

PLN 300 million of production capacity - a long-term goal for 3 years, conditioned by many internal and external - market factors



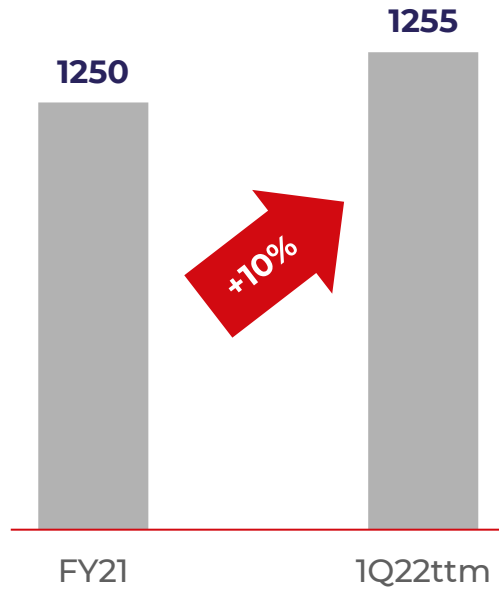
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# SUMMARY AND 2022+ PROSPECTS

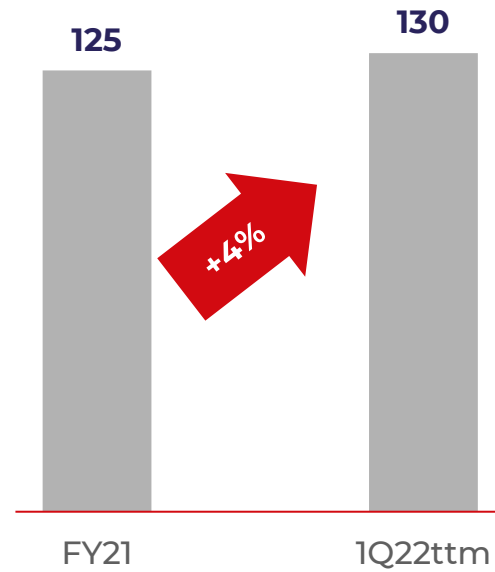


# FINANCIAL RATIOS

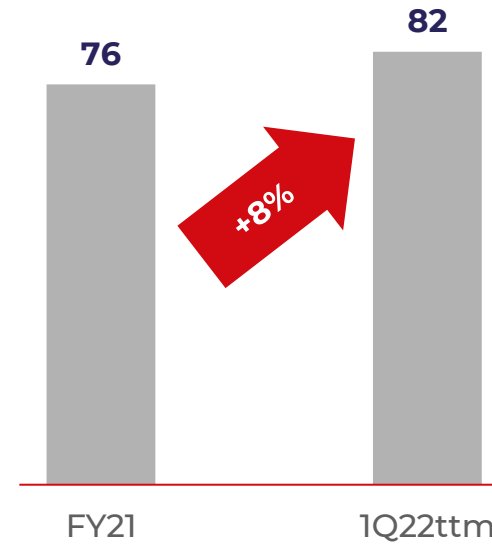
Revenues ttm  
(million of PLN)



EBITDA ttm  
(million of PLN)



Net profit ttm  
(million of PLN)



Market valuation  
(04.07.2022)

Share price	24,8 PLN
Number of shares	8,4 mln
Capitalization	208 mln
Net debt	213 mln
C/Z (normalized C/Z)	2,5 (3,3)
EV/EBITDA (normalized EV/EBITDA)	3,2 (3,8)

- consequent creation of scale from 2019 - in 2022 solid financial results achieved in a difficult economic environment
- Safe net debt level 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



- pipeline 1Q 2022 – PLN 1,2 billion, new contracts in Q2 2022, thanks to intensification of commercial activities and development of the regional structure
- Usage of strong demand from industrial construction - new customers, development of resources
- careful contracting during sudden price increases, maintenance of efficiency of construction production

## DEVELOPER

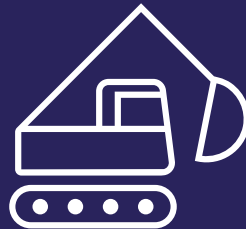
- diversified investments
- implementation of investments by companies from the Capital Group
- plots of settled projects purchased at favorable prices



- Further expansion of the offer to over 800 apartments
- goal for 2022: contracting of 460 apartments
- sustainable investment plan 2022-2026

## STEEL

- Maintenance of a high number of orders
- Higher production capacity, takeover of the INTEK plant - a local specialized team of 200+ people



- dynamically growing level of orders, new clients : Hitachi, SMP, Steelwirst, ABL, exploration of new areas of business activities
- increase in revenues and profit thanks to the acquisition of the Intek plant in November 2021, PLN 46 million in quarterly revenues in 1Q22





**Thank you for your attention**

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