



## FINANCIAL RESULTS IN Q3 2022

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INVESTOR PRESENTATION

DECEMBER 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 floor area of approx. 200,000 m2



**Andrzej Kuchtyk,**  
CEO



- a leading manufacturer of accessories (buckets) for construction machines
- high demand for products from international partners, dynamic development of exports
- surge in growth - planned doubling of production capacity within 3 years thanks to the takeover of the Intek plant in Lubawa in 2021

# ● AGENDA

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1. BUDOWNICTWO
2. DEWELOPER
3. STEEL
4. Financial results
5. Summary

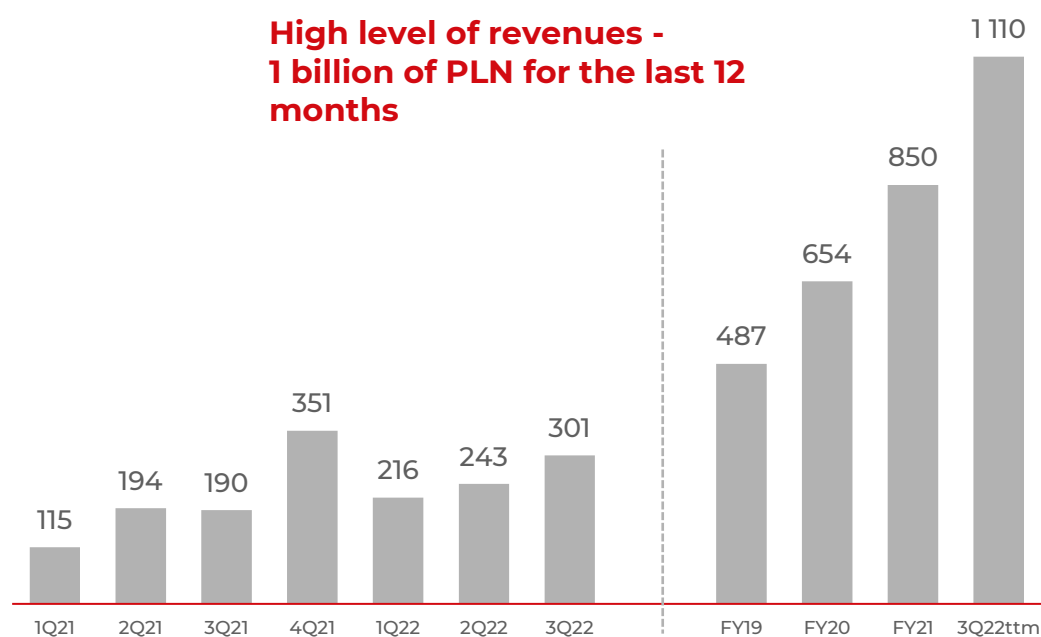




# FINANCIAL RESULTS

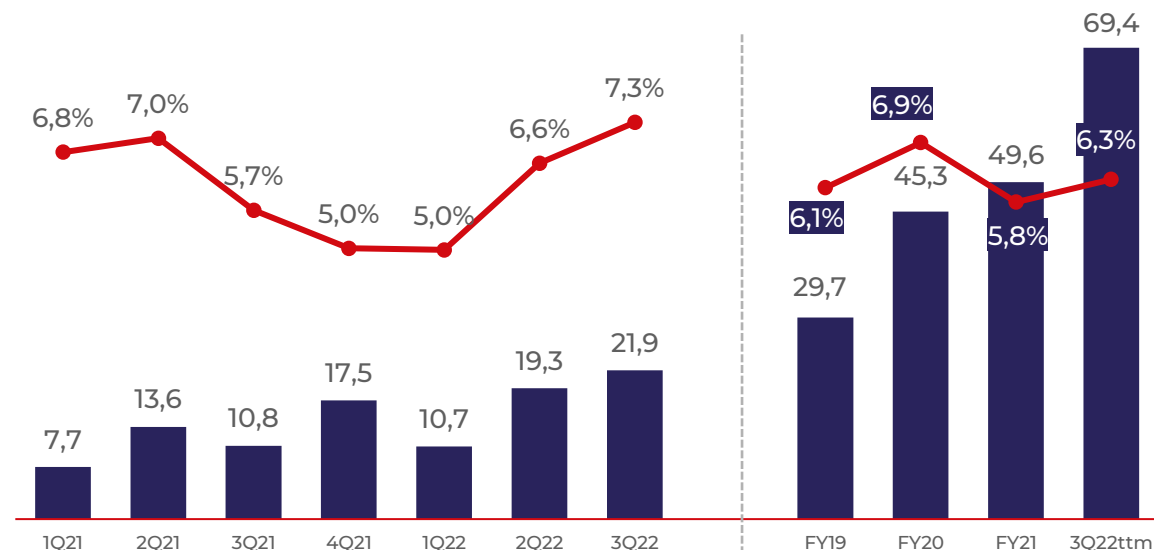
Revenues\* (million of PLN)

**High level of revenues -  
1 billion of PLN for the last 12  
months**



Operating profit

■ EBIT (million) ● margin (%)



- Consequent scale creation: high level of revenue in the amount of PLN 759 million in Q1-Q3 2022 (+52% y/y); PLN 301 million in Q3 (+58% y/y) – taking advantage of a good situation in industrial construction market, including through the development of regional teams
- Factors protecting profitability in a challenging environment: technical and project know-how, rapid contracting, diversified customer portfolio (industrial-logistics and residential), process innovation and digitalization of budget control processes



# REGIONAL DEVELOPMENT

## Local markets (go live: 01.06.2022)

- 2 regions/3 offices/2 pricing centers
- Local implementation teams (25)

## Strengthening of both central sales and marketing support teams fosters strong revenue growth:

- sales and pricing department
- External communication
- Creation of a career: expert ethos, clear career paths, Dekpol academy

## Opening of an office in Poznan and a sales office in Silesia

Acquisition of a new client for a large project in Greater Poland in 4Q 2022 (Swadzim warehouse hall)



GO LIVE  
01.06.2022

2 regions

3 offices

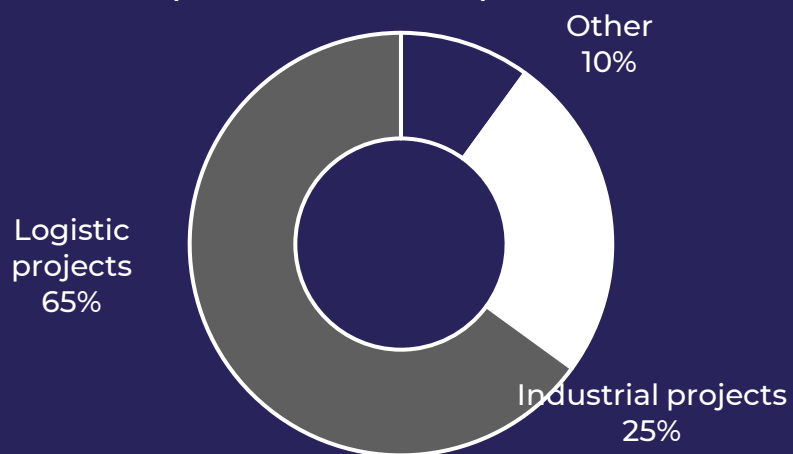
2 pricing centers

25  
of local implementation teams (150km rule)

# OUTLOOK FOR 2022+

## STRONG ORDERING PORTFOLIO

GW projects structure  
(as at 30.09.2022)



### VALUE OF CONTRACTS (net) as at 30.09.2022:

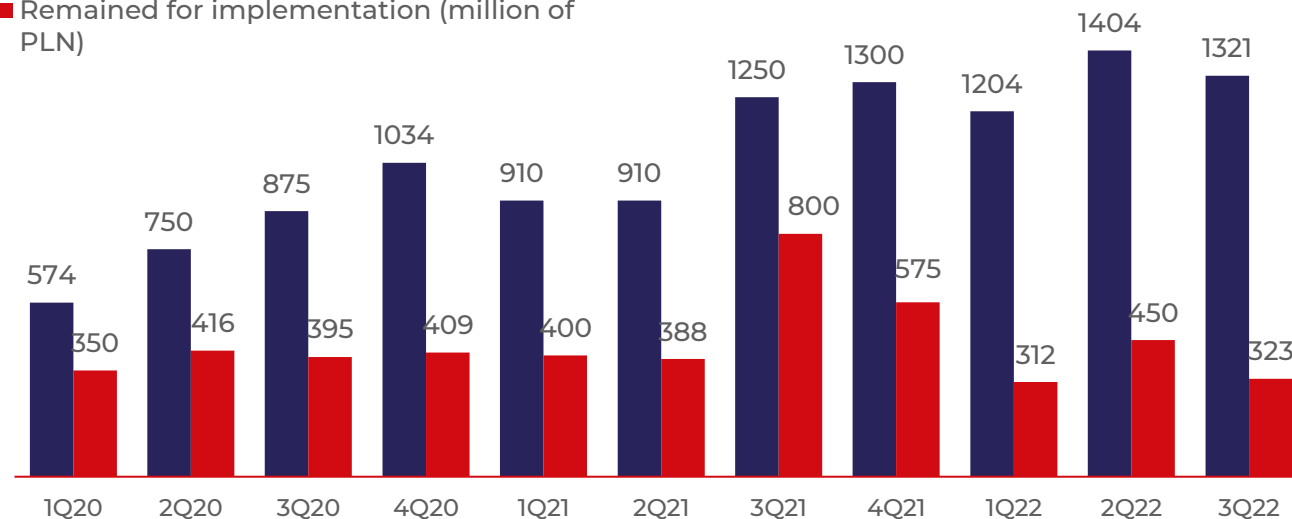
- PLN 1.321 million, (PLN 323 million remaining for execution)
- For Dekpol Deweloper PLN 395 million, (PLN 156 million remaining for execution)

Contracting (million of PLN)

■ Net value of contracts (million of PLN)

■ Remained for implementation (million of PLN)

**Limitation of bidding during the biggest price increases of 2Q 2021 and 1Q 2022**



**High level of new project acquisitions in Q3 2022 after temporary suspension of bidding during the largest price increases in Q1 2022**

### - More clients join the portfolio of projects:

- (1) CTP Invest Group - CEE's largest owner and developer of logistic properties-projects :
  - Łomna-Las (>110 million of PLN),
  - Zabrze (>70 million of PLN), project implemented in a "turn-key" system
  - (2) Raben; Solaris, Marathon, Morat-Swoboda; Finnarto; 2 x BTS Panattoni i.e. Viva and Flex - (total > 240 million of PLN);
- 3) new client- warehouse hall in Swadzim (approx. PLN 130 million in total)

### - Extensions of projects under implementation

- Another stages of projects from the portfolio, II stages) – (> PLN 180 million)

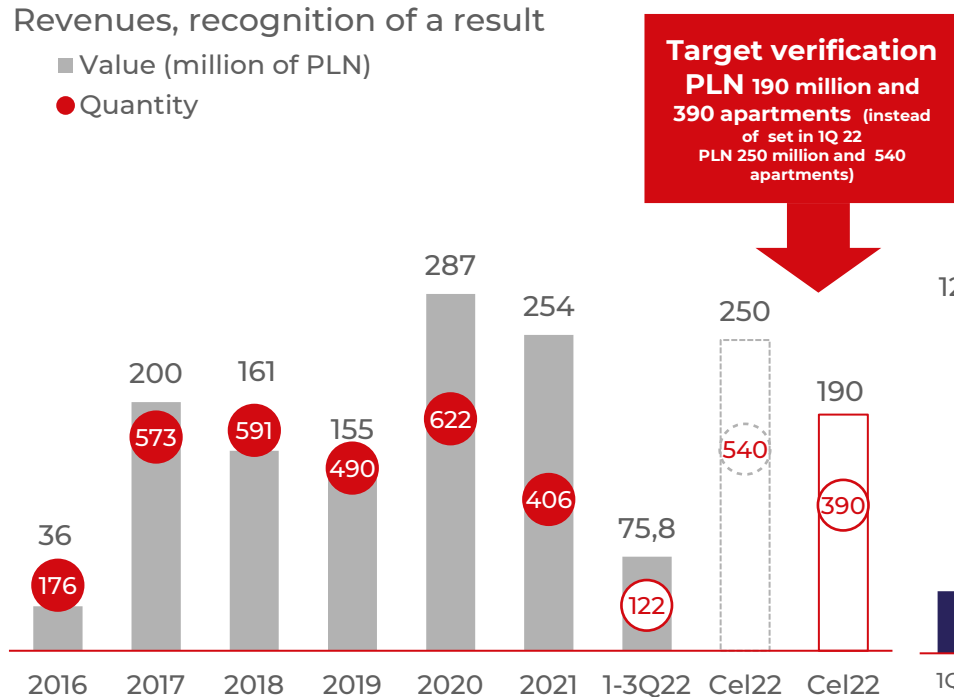




# DEVELOPER – FINANCIAL RESULTS

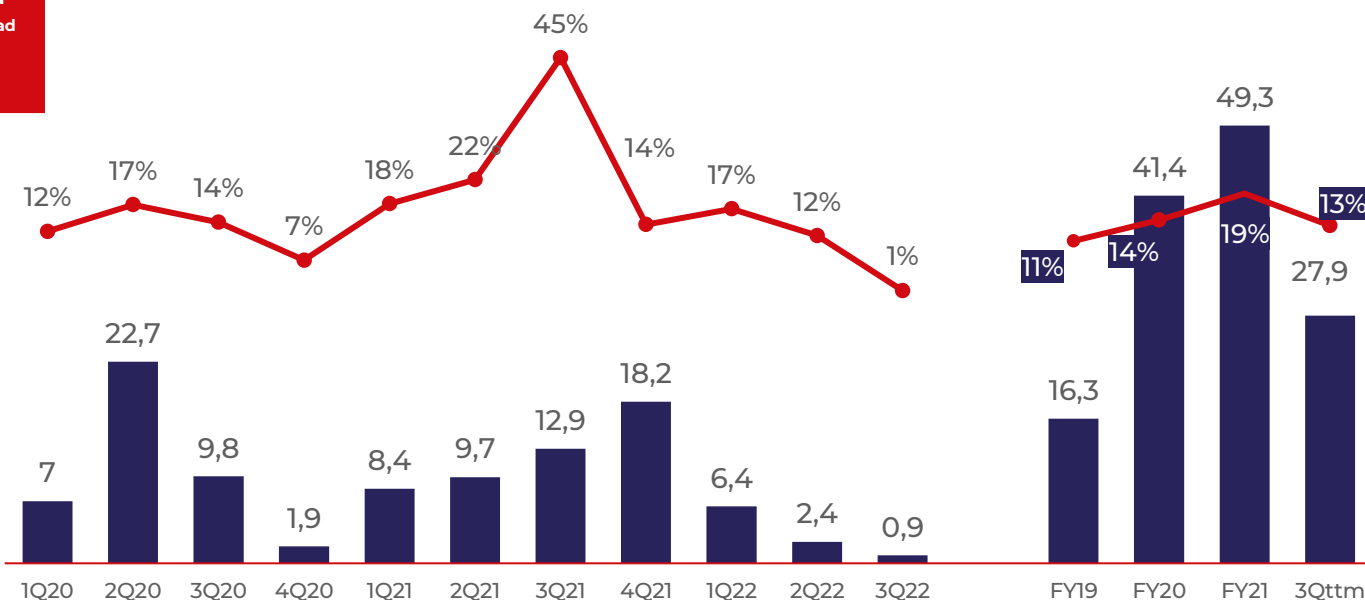
## Revenues, recognition of a result

- Value (million of PLN)
- Quantity



## Operating result

- EBIT (million)
- margin (%)



- in Q1-3 2022 recognition of 122 apartments for an amount of PLN 75.8 million in revenue
- among contracted apartments, 534 units remain to be handed-over in 2022 and 2023
- schedule provides for the hand-over in final months of 2022 of the following investments: Osiedle Pastelowe stage IIa, Osiedle Kociewskie stage II, Neo Jasień stage I, Baltic Porto.
- Goal for 2022: recognition of PLN 190 million of revenues, hand-over for use of 390 apartments

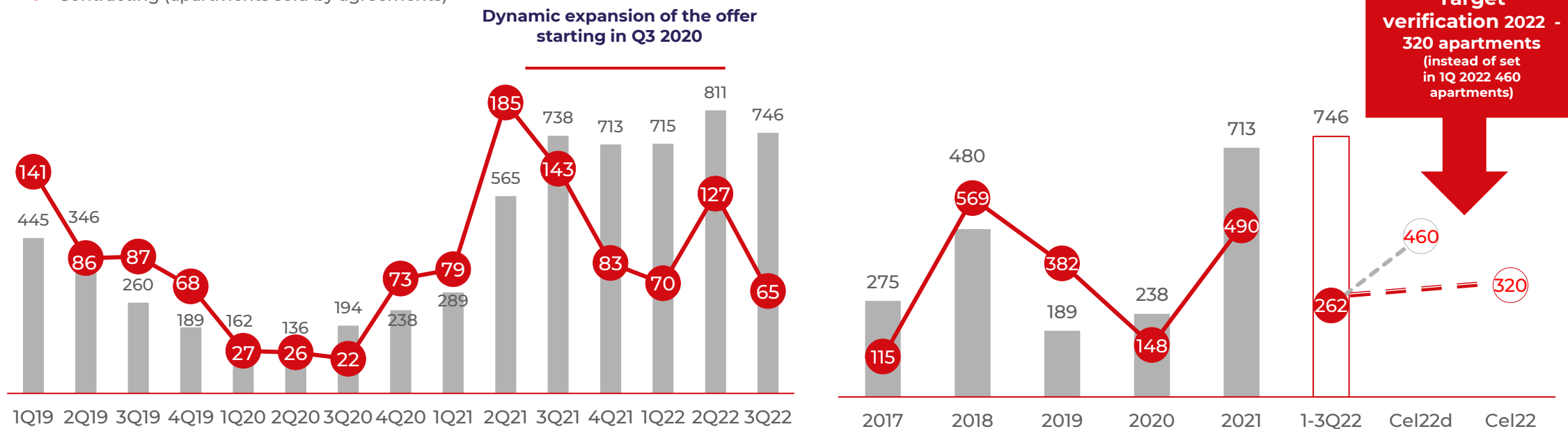
3Q 2022 – estimates

\* with the proviso that none of the above statements relating to the future may be understood or interpreted as granting any guarantee or assurance by the Company or entities belonging to the Capital Group that such events will occur and that the sales targets set out above will be achieved

# SALES DYNAMICS

## Contracting and the offer

■ Offer (number of apartments offered for sale)  
● Contracting (apartments sold by agreements)

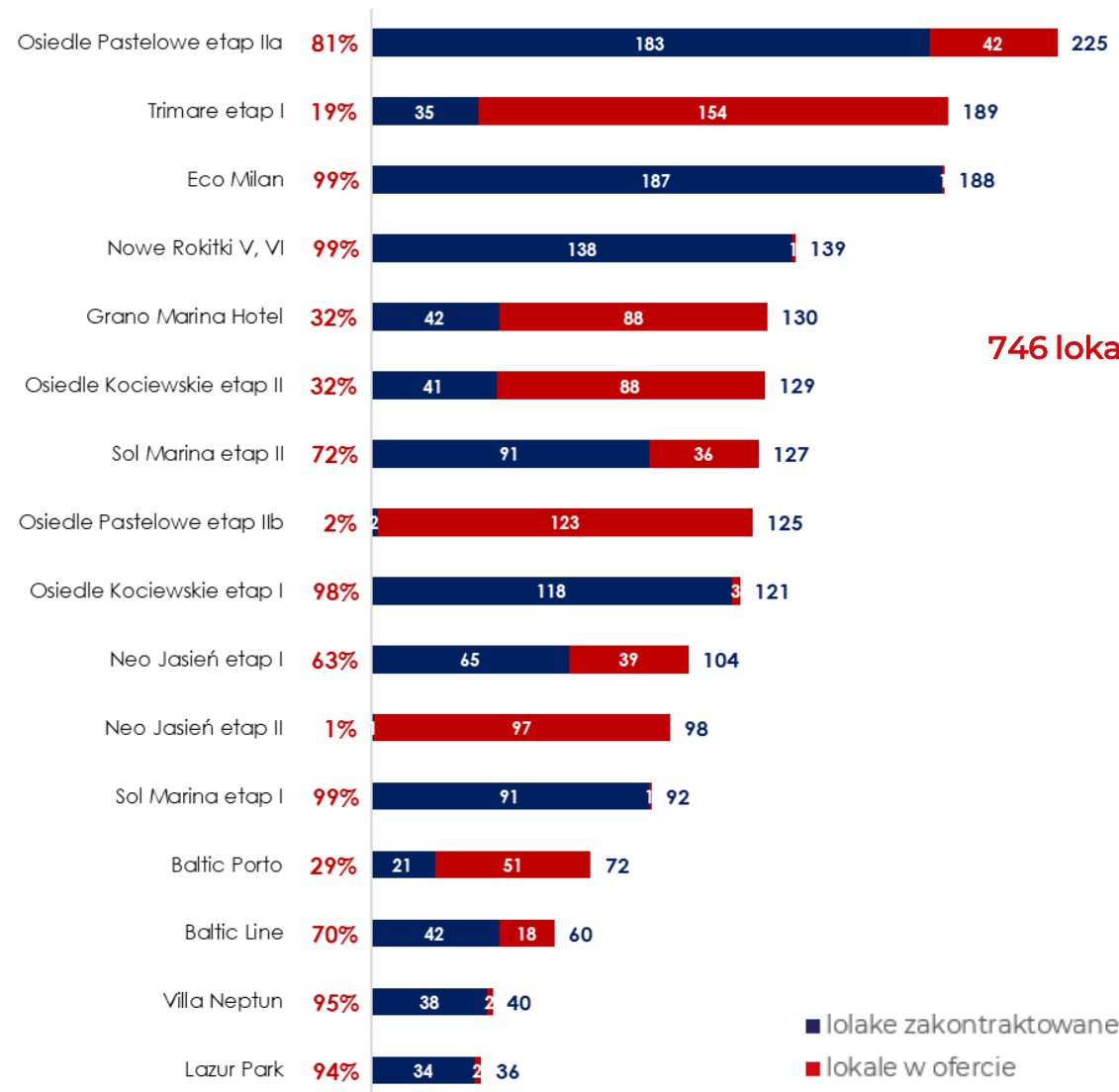


- offer of 746 apartments at the end of Q3 2022 - targeting a wide range of customers. Throughout 2022, planned contracting - 320 units
- Schedule verification of commencement to construction works: Sol Marina stage III (140 apartments), Baltic Fun Park apartments stage I (61 apartments) aiming safe management of working capital
- large and growing share of apartments purchased for cash (90% of sales by value)

# DIVERSIFIED OFFER



% of apartments sale from the offer  
– as at 30.09.2022

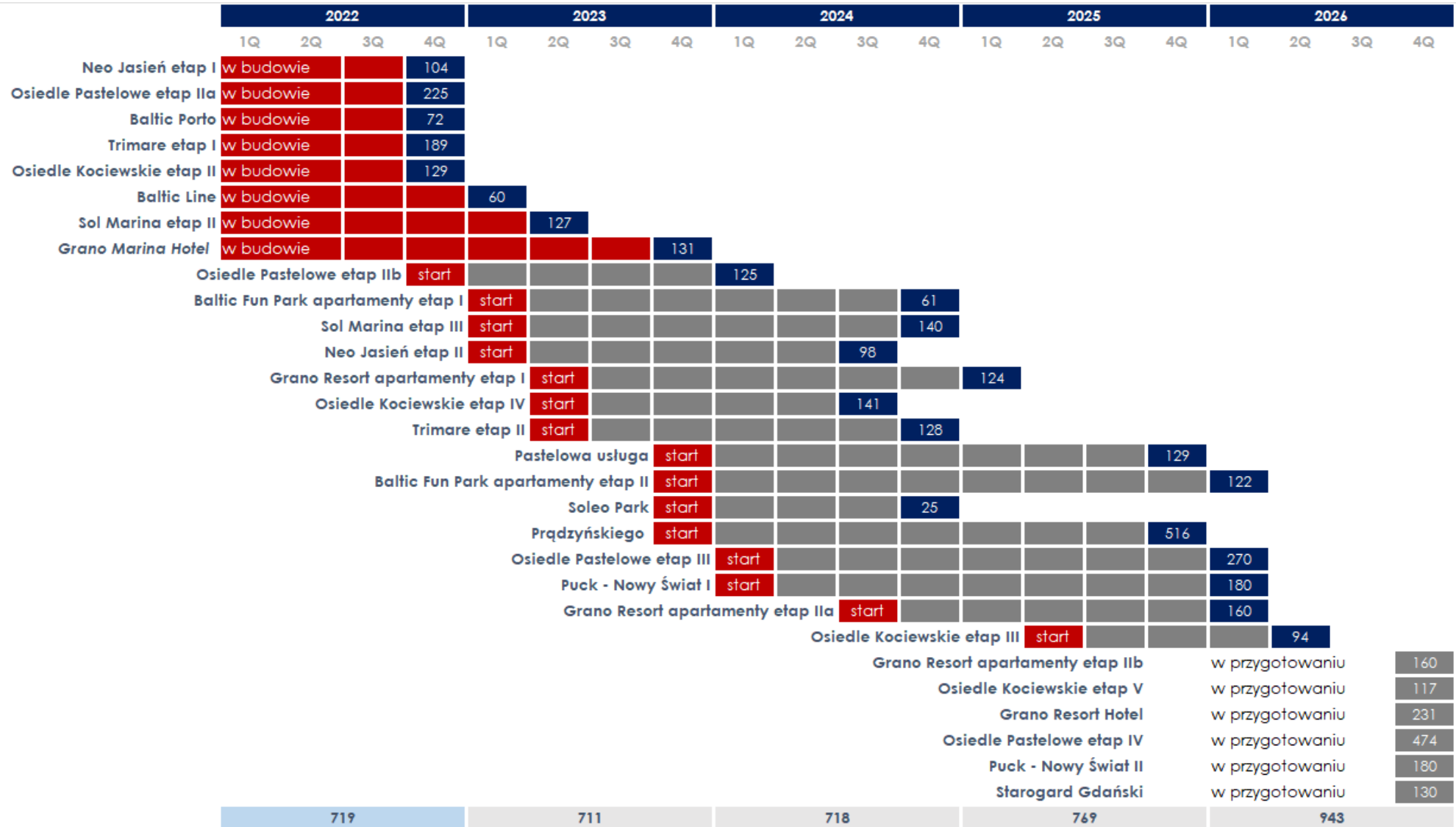


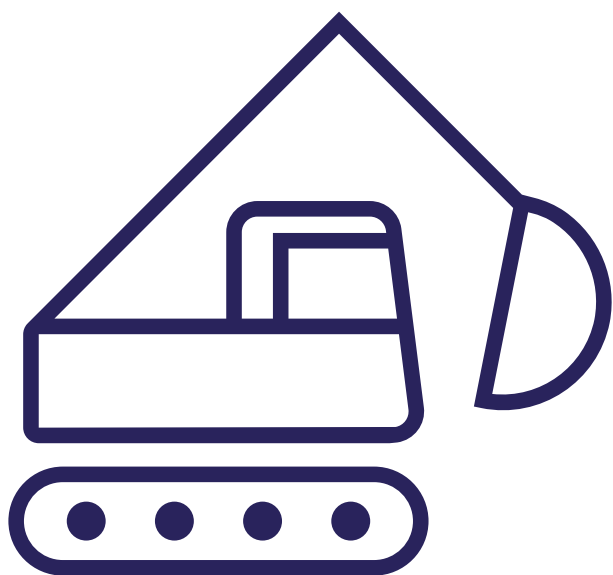
746 lokali w ofercie

■ lokale zakontraktowane  
■ lokale w ofercie

## INVESTMENT PIPELINE 2022-2025

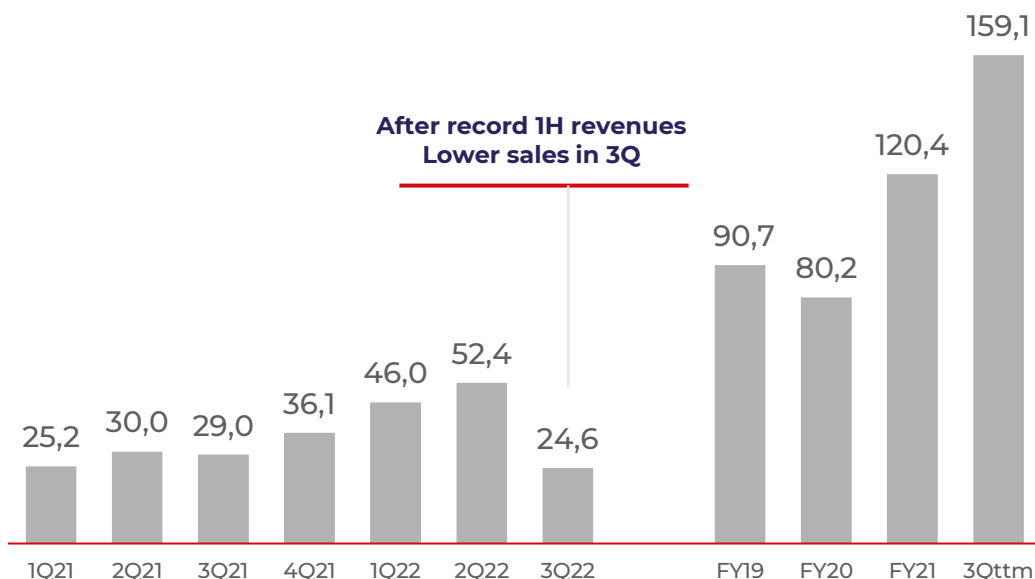
favorable timing of planned implementations



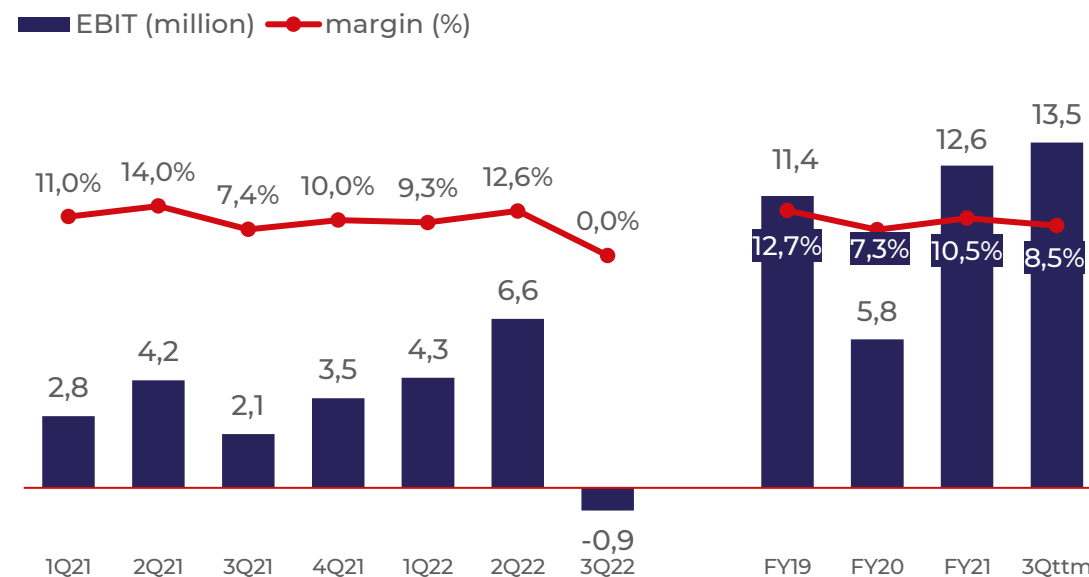


# FINANCIAL RESULTS

Revenues\*  
(million of PLN)



Operating result\*  
(million of PLN)



- Revenues for Q1-3 2022 +46% higher y/y: the effect of a rapid increase of revenues in 1H 2022 thanks to a high level of orders executed with higher production capacity (after acquisition of the company Intek in 4Q 2021)
- In Q3 2022, lower revenues with higher level of costs of the combined plants in Pinczyn and Lubawa (among other things, technological break)

# OUTLOOK FOR 2022+

Volatile steel market, due to the war in Ukraine, which accounted for about 50%-60% of Europe's steel shipments

Raw material sources:

- sourcing wear-resistant steel - Sweden
- Steel 4,5-20mm - Kosice (Slovakia)
- Steel 25-100+mm - Turkey (previously Ukraine)

From May 2022, slowing of demand from OEM clients as well as expectations of a global economic slowdown contribute to the normalization of raw material prices and a downwards trend from Q2 2022

## Transaction Price Data Sheet – MEPS EUROPE





# PIPELINE

Significant growth in orders from Q3 2020:

- acquisition of new customers(Hitachi, CNH, Steelwirst), and development of cooperation with new (e.g.: CASE) and existing partners (e.g.: Caterpillar).

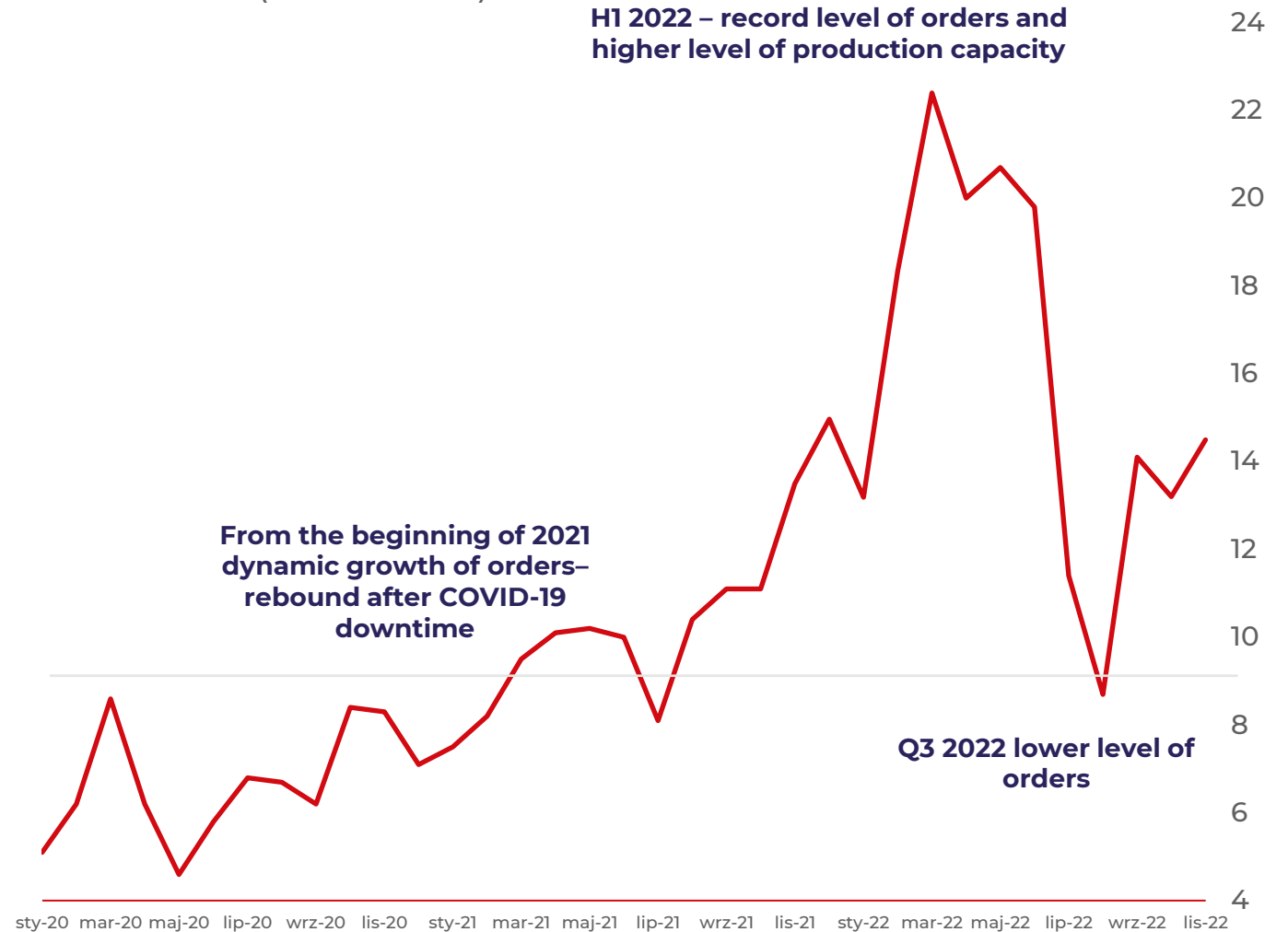
From May 2022 OEM demand slowing, exploring of additional ordering sources

Capitalization of experience of the company Intek :

- renewable energy (offshore), oversized trailers
- commencement of the process of obtaining a military concession



Trend of orders (million of PLN)



# DIVERSIFICATION OF PRODUCTION – THE INTEK PLANT

Utilization of the Intek plant for production outside the area of manufacturing of accessories for construction machines (large-scale trailers, offshore)





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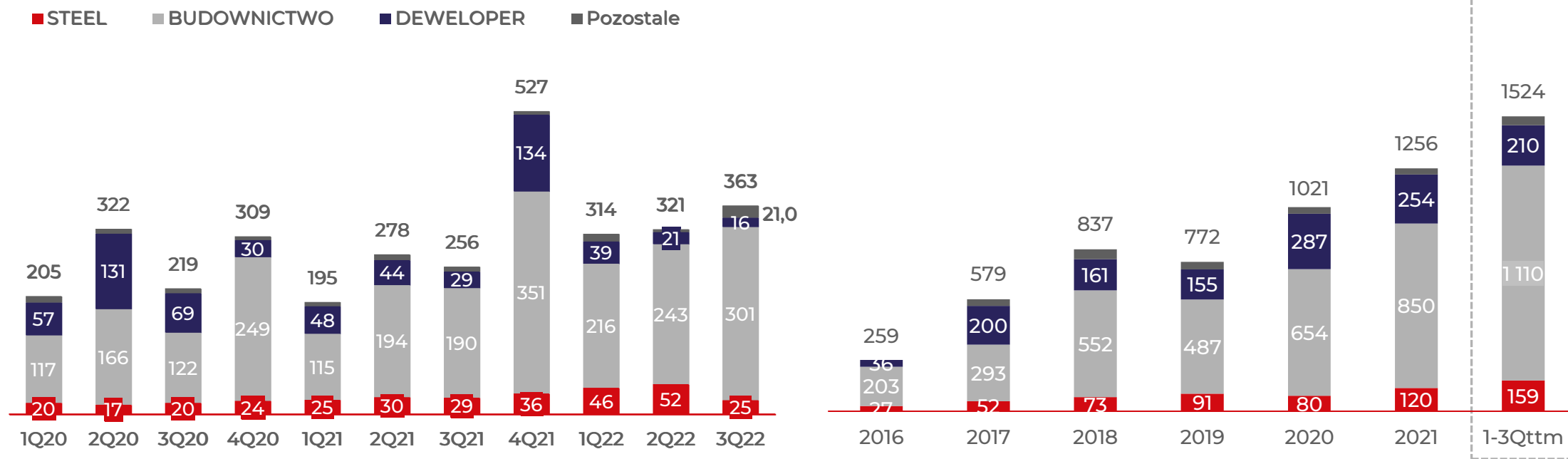
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# FINANCIAL RESULTS OF THE DEKPOL GROUP

# REVENUES – THREE SEGMENTS

Revenues (million of PLN)

Revenues (million of PLN)

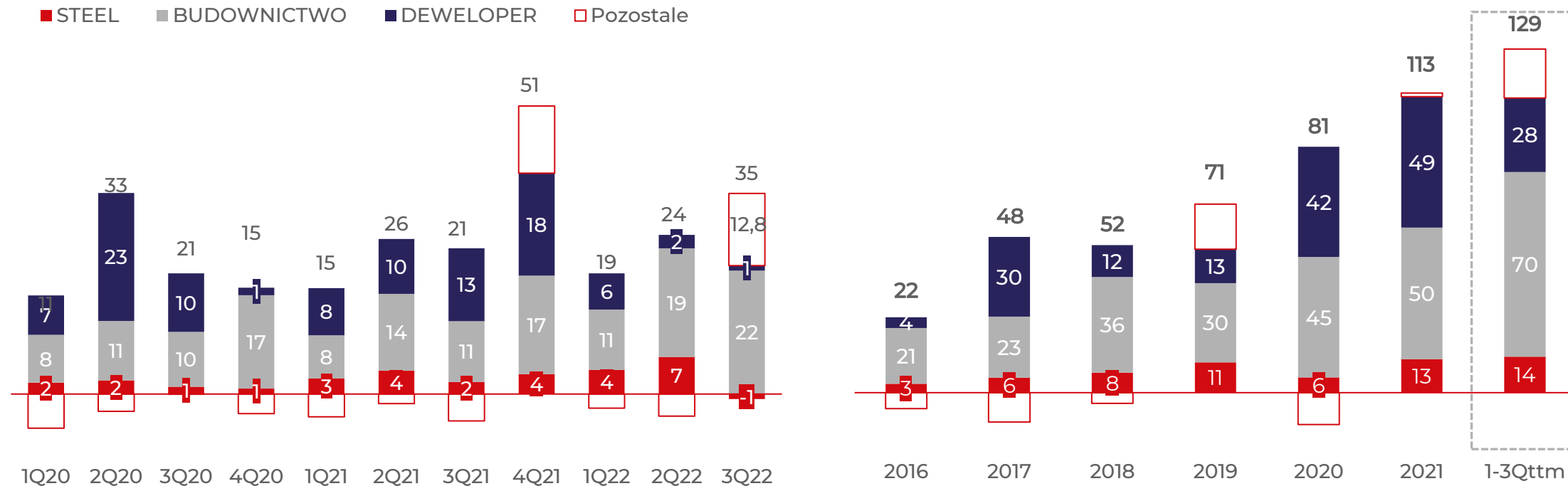


- Revenues for 1-3 Quarter 2022: PLN 997,6 million (+36% y/y); due to increases in general contracting segment +50% y/y
- In Q3 2022 only PLN 362,6 million of revenues (+41% y/y)
- Higher revenues in general contracting compensate lower recognition of revenues at Dekpol Developer

# OPERATING RESULTS – THREE SEGMENTS

EBIT (million of PLN)

EBIT (million of PLN)



- high operating profit in the amount of PLN 78 million in Q1-3 2022 - higher volumes of Dekpol Budownictwo compensate cost pressures and lower contribution of Dekpol Deweloper
- in Q3 2022, in the segment "other", the effect of recognizing the bargain acquisition of the company Kombet (PLN 7 million) and the effect of performance of external sale of Betpref in Q1-Q3 2022 vs. the loss of the segment "other" in 2021
- PLN 129 million of the Group's consolidated operating profit for the last 12 months (ttm)



# PRECAST PRODUCTS – development of production capacities

Acquisition as of 5<sup>th</sup> of August 2022 of 100% of shares in "Kombet Działdowo" Sp. z o. o. with its registered office in Komorniki

KOMBET:

- Production plant
- land allowing expansion
- Approx. 70 of qualified employees

Manufacture and sale of concrete and reinforced concrete products for industrial, infrastructure and residential construction

The M&A transaction was aimed at increasing of the scale of segment's activities in production of prefabricates carried out in the Group within Betpref business in Torun and Pinczyn

BETPREF:

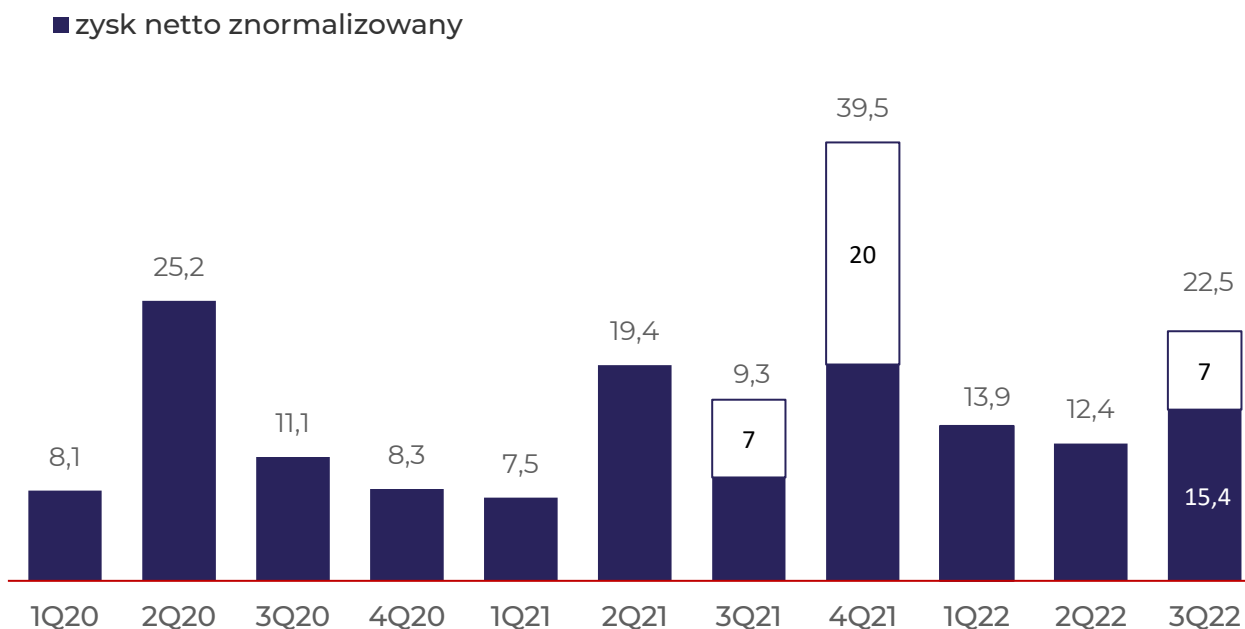
- launching of production of prestressed elements (milestone)



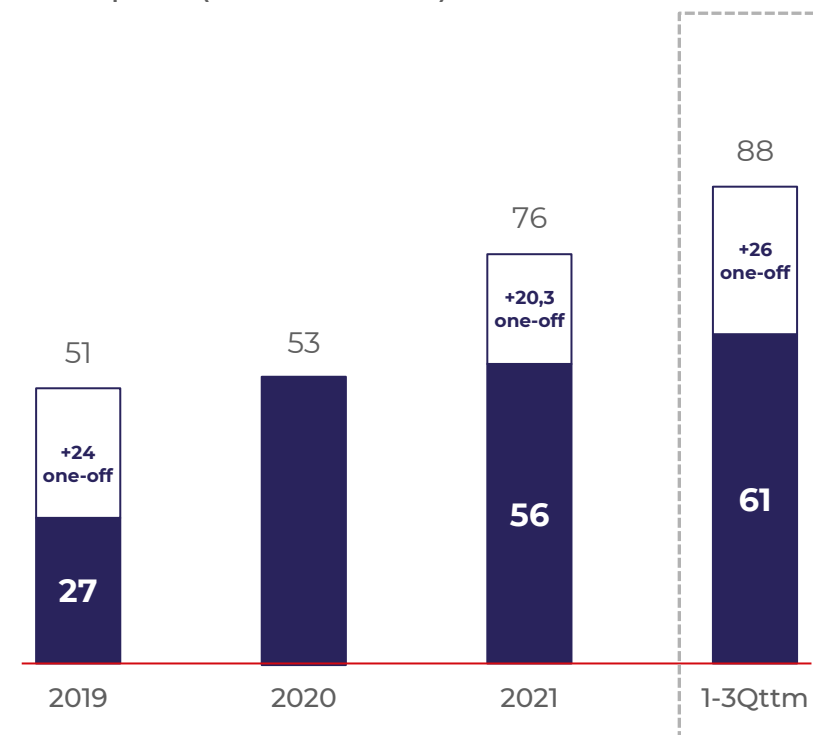


# CONSOLIDATED NET RESULT

Net profit (million of PLN)

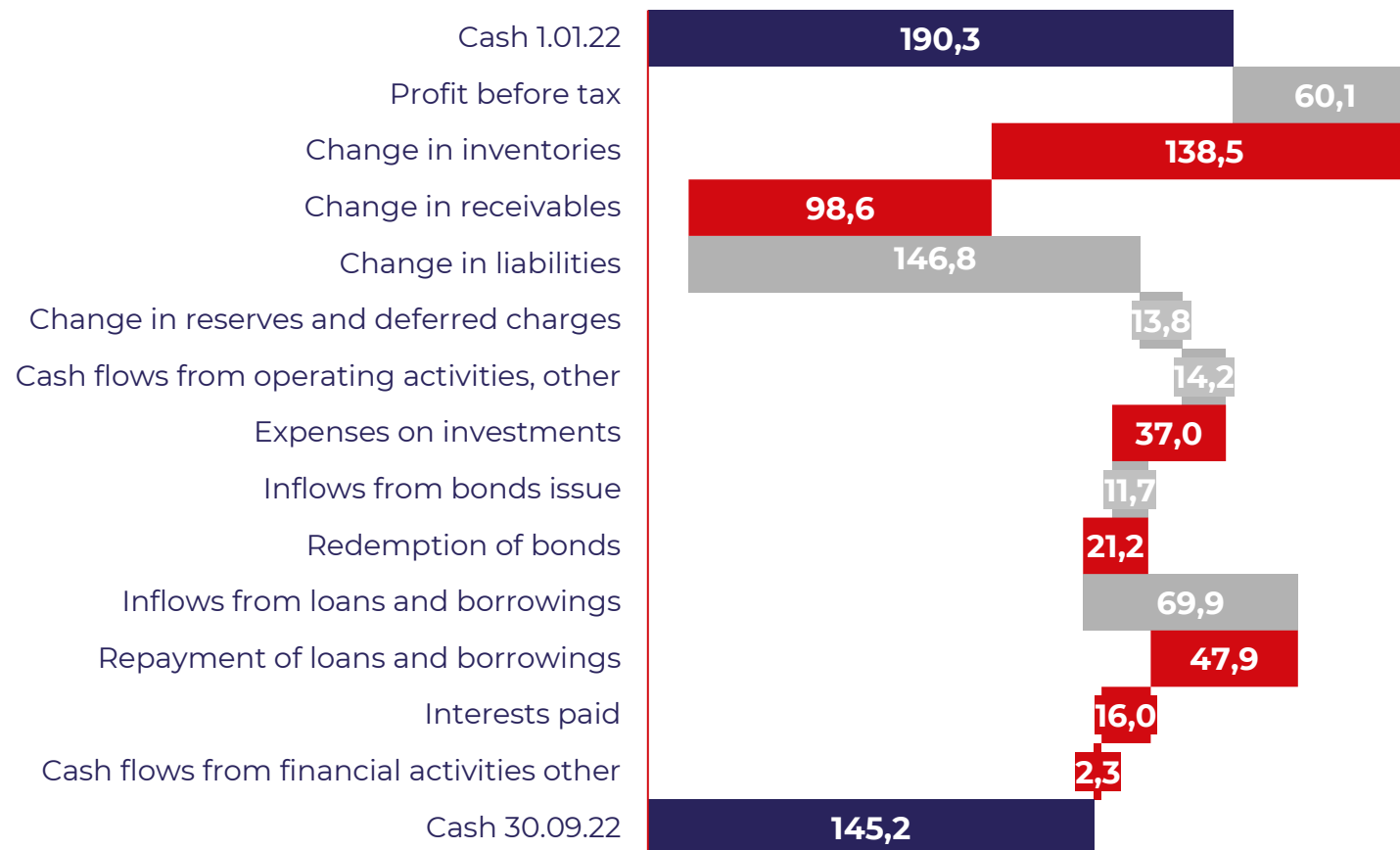


Net profit(million of PLN)



- In Q1-3 2022 consolidated net result in the amount of PLN 49 million (+35% y/y) – solid increase despite a difficult market environment
- Results for 3Q PLN 22,5 million positively impacted by recognition of approx. PLN 7 million of the profit from bargain acquisition of Kombet Sp z.o.o.

Cash flows account Q1-3 2022 – selected items (million of PLN)



## Operating cash flows:

Increased demand on working capital due to projects schedule - reduction in trade receivables vs. 1H 2022

## Investment cash flows – acquisition of:

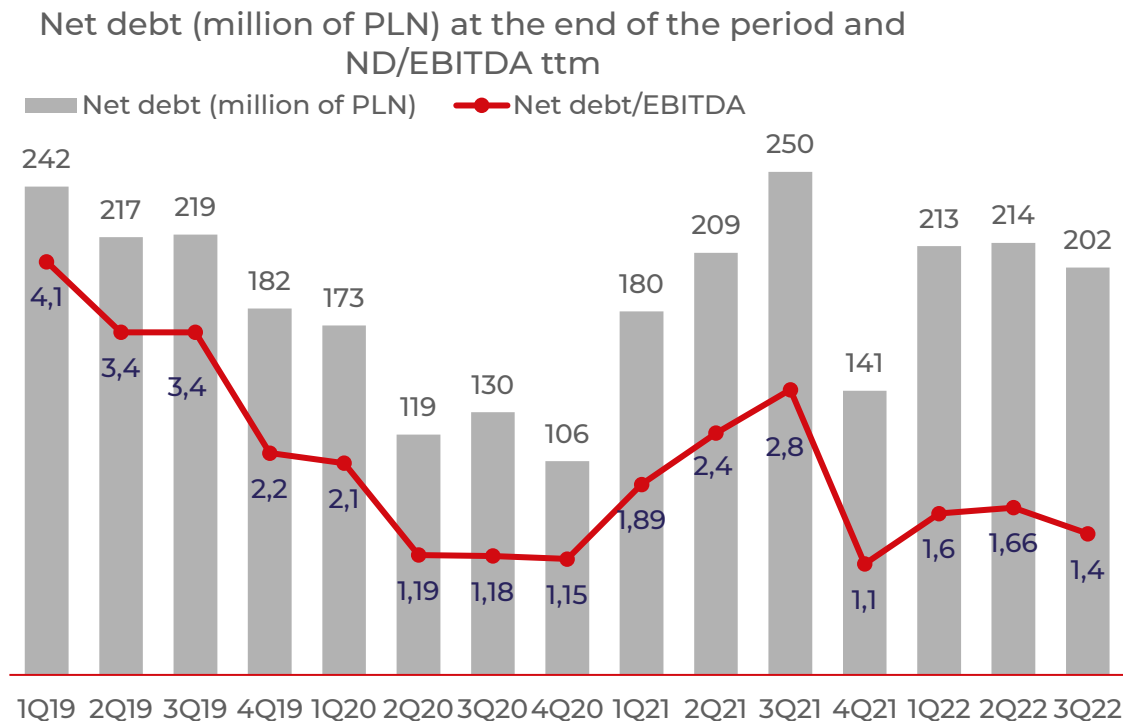
land properties approximately PLN 12 million, subsidiaries PLN 16.2 million, fixed assets PLN 9.8 million

## Financial cash flows:

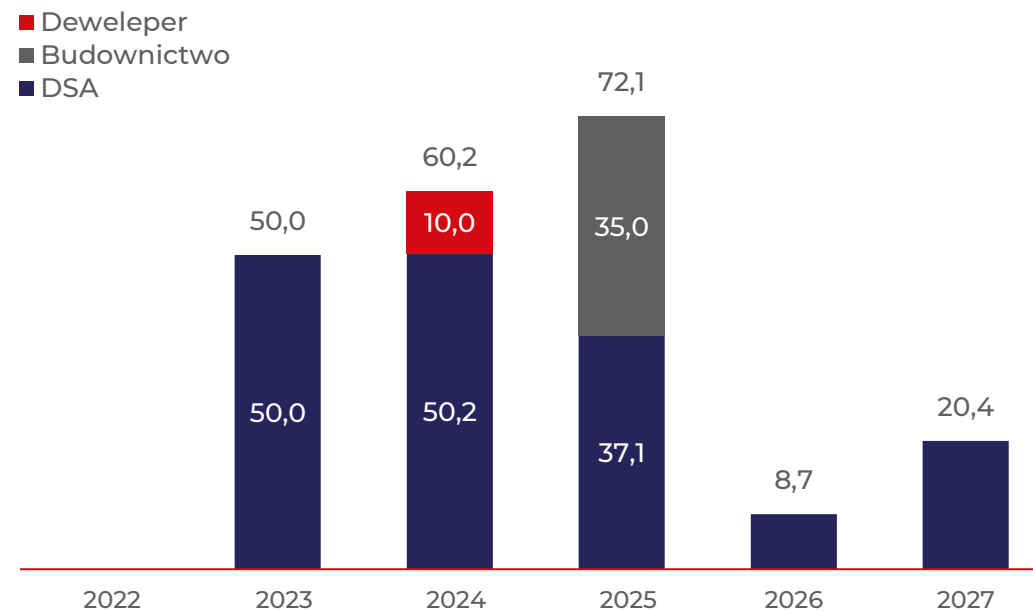
Refinancing of maturing debt - including a PLN 13 million investment loan for the acquisition of Kombet Sp.z o.o. (PKO BP)



# STABLE FINANCIAL POSITION



Bonds – term structure (million of PLN)



- a gradual increase in debt financing throughout 2022 enables maintenance of a higher amount of working capital (target level of 2-3x ND / EBITDA, covenants: 4.5x ND / EBITDA) e.g. September 2022 - issue of EUR 2.4 million of over 4-years bonds – financing for Dekpol Deweloper
- Safe level of cash (PLN 145,2 million) and debt ratio / share capital 0,48x.
- Measures aimed at partial mitigation of the interest rate risk by usage of the IRS (Interest Rate Swap), CAP (interest rate option), conversion of some loans from PLN to EUR currency



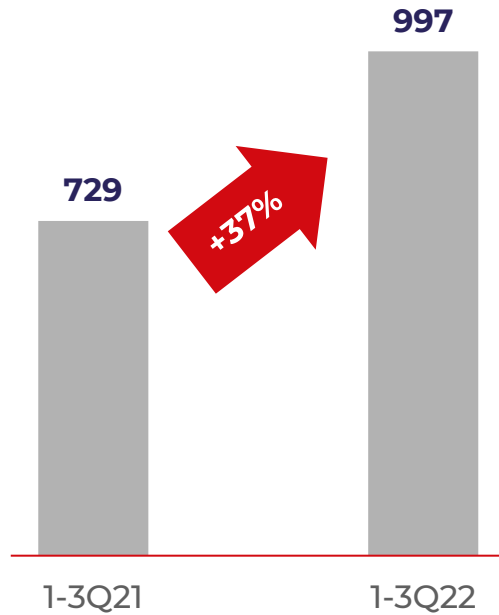
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# SUMMARY AND OUTLOOK FOR 2022+

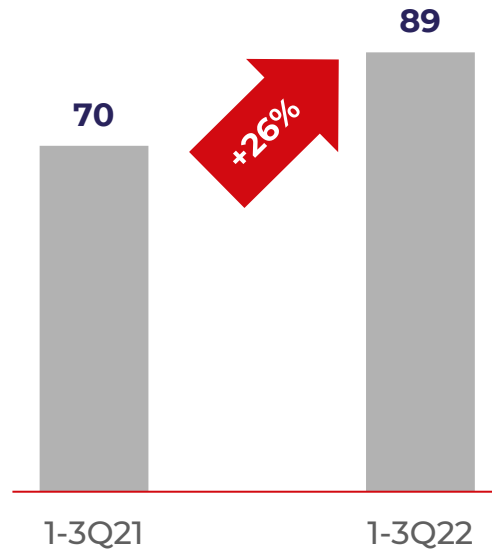


# FINANCIAL RATIOS

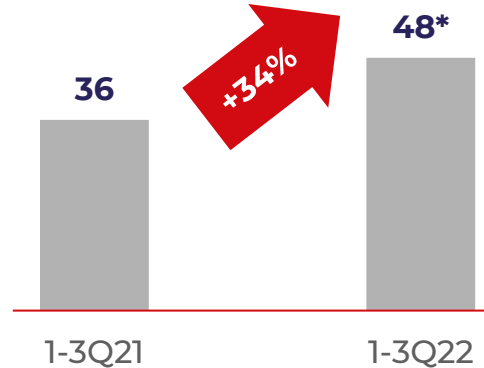
Revenues  
(million of PLN)



EBITDA  
(million of PLN)



Net profit  
(million of PLN)



Market valuation  
(03.10.2022)

Share price	25,70 PLN
Number of shares	8,4 mln
Capitalization	115 mln PLN
Net debt	202 mln PLN
C/Z (normalized C/Z)	2,4 (3,5)
EV/EBITDA (normalized EV/EBITDA)	2,7 (3,3)

- consequent creation of scale from 2019 - in 2022 solid financial results achieved in a difficult economic environment
- Safe net debt level and financial ratios
- \*net result in the amount of PLN 48 million achieved within Q1-3 2022; normalized net profit Q1-3 2022 amounts approx. PLN 41 million

# 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



- high pipeline 3Q 2022 – PLN 1,3 billion - Intensification of commercial activities and regional development (Poznań, Silesia)
- conservative 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



- rich offer adapted to the market needs- more than 700 apartments
- goal for 2022: contracting of 320 apartments
- sustainable investment plan 2022-2026

## STEEL

- Diversification of the ordering portfolio adapted to market conditions and available resources
- higher production capacity, acquisition of the INTEK plant - a local specialized team



- High level of orders executed in 1H 2022 – growth of both, revenue and profit due to acquisition of the Intek plant in November 2021
- Decrease in orders from Q3 2022 due to weaker demand from OEMi aftermarket
- searching for new markets (offshore, military industry)



- precast products: expansion of a production capacity - prestressed concrete production line at Betpref S.A. and acquisition of the plant of Kombet in Działdowo



**Thank you for your attention**

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