Dexco

Deca Portinari Hydra Duratex Ceusa Durafloor

Institucional Presentation 4Q21

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THE COMPANY

Who we are

70 years of history, listed since **1951** on the stock Exchange market

+14k employees

Leader in the market where it operates

19 industrial units, 3 in Colombia, and **5** forest units and **2** joint ventures

Strong brands synonym of excellence

Portfolio of products as a design benchmark

Innovation as a diretional of processes

Solid Management System (SGD) with focus in shareholder value creation

WOOD

durafloor duratex

DECA

Hydra Deca

CERAMIC TILES

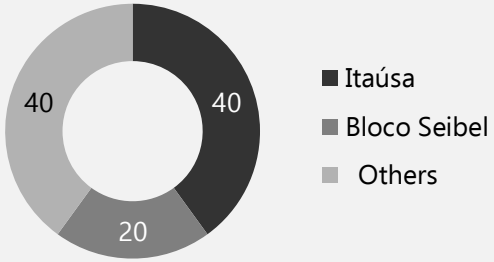
ceusa portinari

DISSOLVING WOOD PULP

LD Celulose

CORPORATE GOVERNANCE

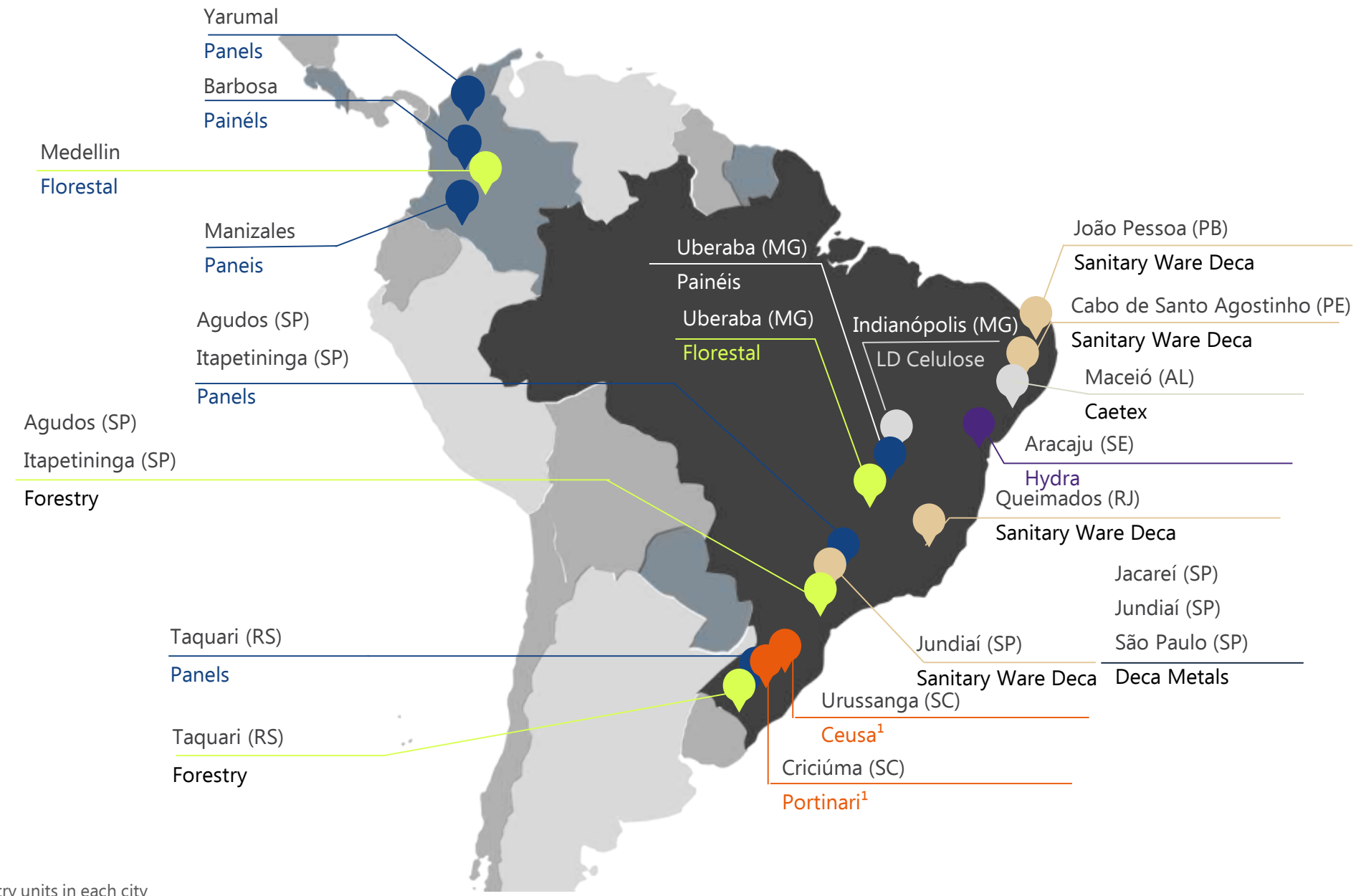
Shareholders Structure (%)



- Dividend policy requiring minimum distribution of 30% of adjusted net earnings;
- 30% of independent members on the Board Directors;.
- Senior board members can not hold an executive position within the Company;
- 6 executive comittees;
- Risk management, Compliance, Audit and Ombudsman Departments;
- Analyst covarage: Bradesco BBI, BTG Pactual, Credit Suisse, Empiricus Research, HSBC, JP Morgan, Santander, Morgan Stanley e Nau Securities.

DXCO B3 LISTED NM | IBOVESPA B3 | IBRA B3 | IBRX100 B3 | ICO2 B3 | IGC B3 | IGCT B3 | IGC-NM B3 | IMAT B3 | INDX B3 | ISE B3 | ITAG B3 | MLCX B3

Where we are



[1] 2 industry units in each city

Strategy development

Dexco

2007 to 2014

Growth Cycle

Boom in demand

Increase in *market share*

Geographical and product **diversification**

Economy expanding

2015

Management Excellence

Dexco Management System (SGD)

Zero Based Budgeting

EVA as performance metric

2016

Cultural Transformation

Straategic review of the **Dexco culture**

Rejuvenated culture ready to face **new challenges**

High performance teams

Active and engaged leadership

Economic Crisis

2017

The New Dexco

The New Proposal**: Solutions For Better Living**

Dexco 2025

Client as center of strategy

Welcome: **Ceusa** and **Viva Decora**

2018

Asset Management

Sale of land and forestry assets

Sale of the **Hardboard business**

Closure of Botucatu unit and **reopening** of Itapetininga unit

Unification of shower operations with the closure of Tubarão/SC unit

Economy Recovery

2019

Company in Transformation

Aquisition of Cecrisa

Closure of **São Leopoldo/RS (Louças) and Santa Luzia/MG (Cecrisa) units**

Approval of the **creation of the joint venture LD Celulose** to produce dissolving wood pulp

Sale of land and forestry assets

2020

Strategy Translated into Number

Partial shutdown of industrial units in the 1H20

Market share gain with the demand resumption

Industries operating in **full capacity** in the end of the year

Record Results

First **Integrated Reporting**

Launch of **Deca's marketplace**

COVID-19 Pandemic

2021

New brand positioning

DEXCO
VIVER AMBIENTES

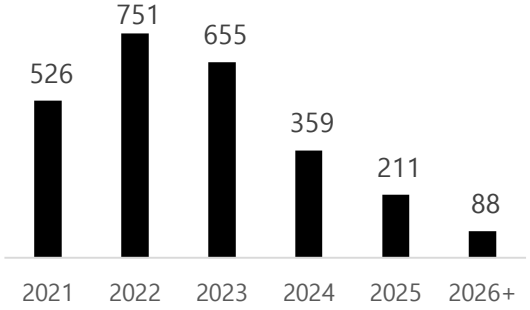
- Opportunity to leverage our competitive advantage;
- To enable expansion of New Business;
- The opportunity to symbolize a new phase for our company.

New growth cycle (2021-2025)

+R$ 2.5B
invested

- **High return**
- **Generation of sustainable cash flow**
- **Low levels of leverage**

TIMELINE – CAPEX (PROJECTS)
R$ million



ORGANIC

Wood
+R$ 500 million

FACTORY DEBOTTLENECKING
CAPEX: ~R$ 90 million **in 3 years**
+10% of capacity **in 2023;**
MIX
CAPEX: ~R$ 180 millions **in 3 years**
+45% of capacity, **+15p.p. per year to 2023;**
FORESTRY BASE
R$ 240 million by 2026.

Deca
+R$ 1,1 billion

+CAPACITY AND MIX (Metals)
CAPEX: ~R$ 600 milion **in 4 years, focusing on 2022**
+35% of capacity **by 2024;**
+CAPACITY AND AUTOMATION (Sanitary Ware)
CAPEX: ~R$ 550 mm **in 5 years (~R$100 million year)**
+30% of capacity **in 2022.**

Ceramic Tiles
+R$ 620 million

GREENFIELD
CAPEX: ~R$ 600 million **in 4 years, with focus on 2022 and 2023**
+35% of capacity, **1st line in 2023 and 2nd line in 2024;**
FACTORY MODERNIZATION
R$ 20 million in 2021.

CORPORATE VENTURE CAPITAL

DX ventures

Initial injection of R$ 100 million

noah urbem

abc da construção

Investment of R$ 102 million
Minority shareholding

INORGANIC

M&A
Evaluation of new opportunities

ESG highlights

We remain focused on perfecting and delivering our targets

+140% of water reutilized

That is, there is **more water in circulation** in the operation than extracted from the environment.

Around 60%

of **energy** used in the operations is **generated from renewable sources**.

Around 80%

of **residue reused** internally or externally. Kudos to the **panels unit at Itapetininga and the metals unit in São Paulo**, which achieved the mark of **Zero Residue sent to landfill in 2021.**

Recognition 2021

ISE B3

For the **14th year** Dexco made the ISE list, demonstrating its **commitment to the efficient management of its operations**.

ICO2 B3

Dexco **once again** made the Carbon Efficient Index (ICO2 B3) for 2022 (Jan-Apr).

Main Actions

Responsible Management

Advances in responsible management practices in the wood supply chain, with the inclusion of new areas in the scope certified.

Donations

Donation of cold chambers to the municipalities of Paraíba, Pernambuco and Sergipe, that **will enable the receipt and storage of vaccines** against Covid-19, as well as **donations of Dexco products and hospital supplies**.

Social Private Investment

Investment of approximately R$5 million in Federal tax incentive laws through **projects that benefited 10 municipalities** in which the Company has manufacturing operations.

BUSINESS UNITS

WOOD

DEXCO

Durafloor
Duratex

Portfólio

DEXCO

MDP

Uncoated MDP, with applications in the funiture and civil constructions sectors

MDF

Uncoated MDF, with applications in the heavy-duty furniture sector

High-gloss LP[1]

Coated MDF, with diferente degrees of gloss finisH

Madeplac LP[1]

Coated MDP, standart and textured

Madefibra LP[1]

Heavy-duty, coated MDF, standar and textured

Durafloor

Lamited wooden floor coverings and vinyl floor coverings made from PVC 100% recyclable

[1] Low pressure: production process for coating wood panels

How about knowing more about Duratex products?

Click on the links below and check out our content

- Origin of the Wood
- MDP and MDF Production
- Panels Finishing
- Evolution of Wooden Furniture

Sector Environment

DEXCO

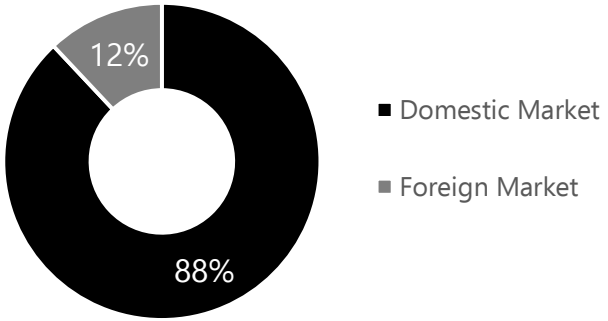
Main indicators for the sector:

- Brailian GDP
- GDP – Civil construction
- Consumer confidence

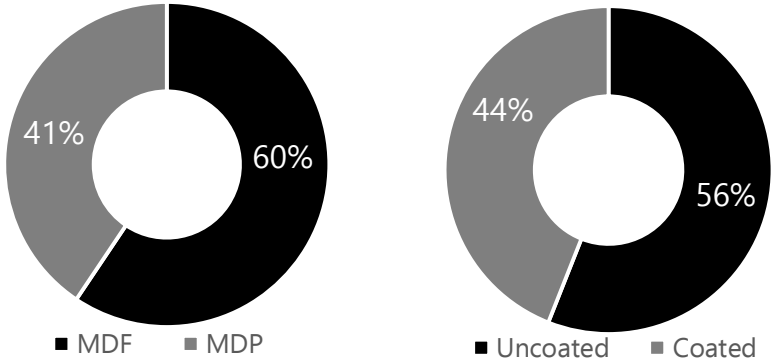
Main association:

- IBÁ (Indústria Brasileira de Árvores)

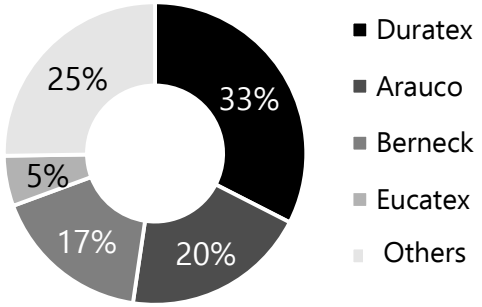
Final Destination



Volume by type[1]



Capacity Share Brazil[2]



[1]Domestic Market
[2]Dexco internal estimatives

Operation Informations

Verticalized production with more than 140k ha

4 industrial units – Brazil

- Agudos (SP): MDF and Durafloor
- Itapetininga(SP): MDP e MDF
- Uberaba (MG): MDP and MDF
- Taquari (RS): MDP

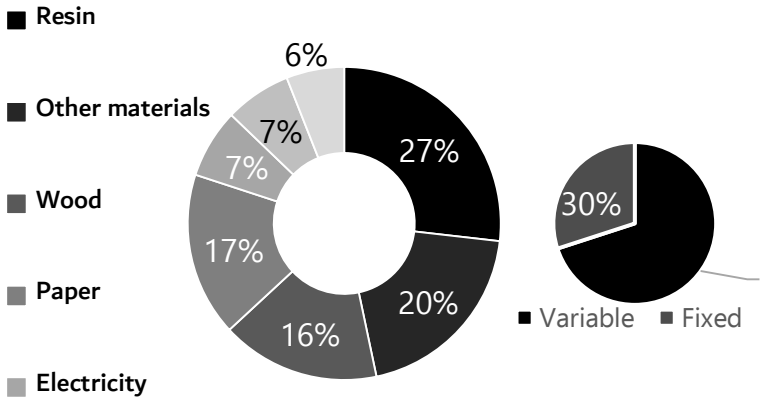
Annual production capacity (m^3)

- MDP Brazil: ~1,7 milhões
- MDF Brazil: ~1,8 milhões
- Colombia: ~0,3 milhões

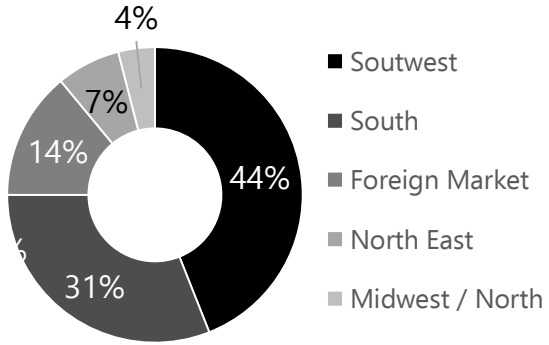
Capacity Share Brazil (2020)

- MDP: 39%
- MDF: 28%

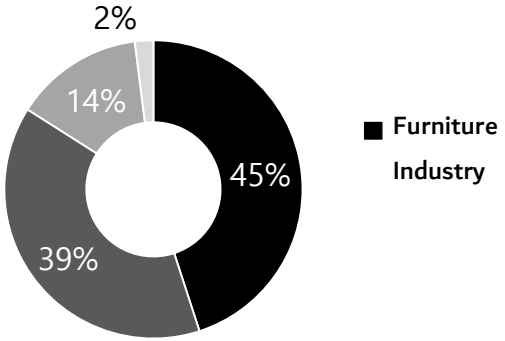
Cost segmentations (%)



Net revenue geographical distribuition (%)



Segmentation of sales (%)



Strategy

Agenda

SALES STRATEGY FOCUSED ON DIFFERENTIATION

- Pricing
- Sales executuon
- Portfolio

COST LEADERSHIP FOR COMMODITIES

- Deducation of the manufacturing units
- Sales and Operations Planning (S&OP)
- Verticalized operation

ASSET OPTIMIZATION AND EVA IMPROVEMENT

- Divestment of forestry assets
- Positive EVA in the division
- Significat improvement in the financial cycle
- Strong cash generation

Volume and Price

Full capacity

- Competitive efficiency
- Strong growth in Commodities
- Price assertiveness

Mix

Full potential

- Additional productivity gains
- Diferentiation
- Increasing trend towards products of higher added value

DECA

DEXCO

Deca Hydra

Portfolio

DEXCO

Sinks

Applications in comercial and residencial kitchas and bathrooms (Inox sink, “Brutalistas”)

Sanitary ware

Applications in comercial and residential bathrooms

Eletric products

Eletric taps and showers for bathrooms and kitchens

Valves

Used to activate the water systems of the sanitary basin

Metals

Wide range of tap and shower heads for bathrooms and kitchens

Acessories

Towel racks, soap dishes, among others

How about knowing more about Deca products?

Click on the links below and check out our content

- Casacor 2021
- Institucional Plant
- Kitchen Sinks

Sector environment

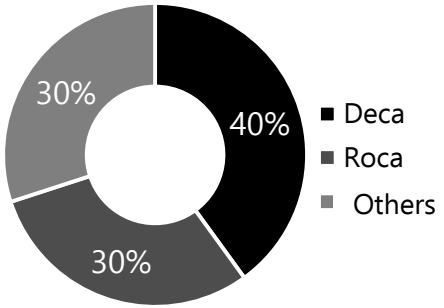
Main indicators for the sector:

- GDP Brazil
- GDP – Civil construction
- Consumer confidence
- New constructions
- Resale – Civil construction

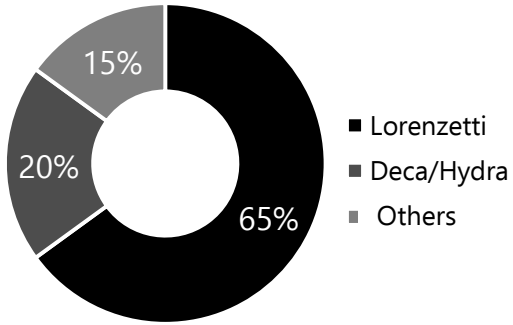
Main association:

ABRAMAT (Brazilian Association of SanitaryWare Manufacturers)

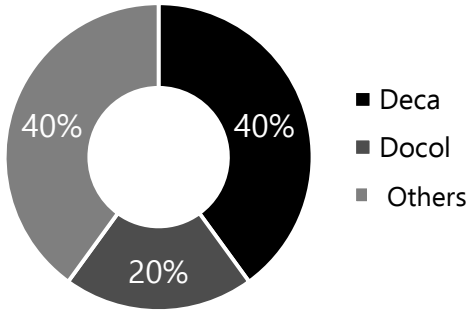
Market Share Sanitary Ware[1]



Market Share Showers[1]



Market Share Metals (% Net revenue)[1]



[1] Dexco internal estimatives

Operational information

Metals

3 Industrial units

- São Paulo (SP)
- Jacareí (SP)
- Jundiaí (SP)

Annual production capacity (piece)

- Sanitary ware: ~11 millions
- Metals: ~22 millions
- Showers: ~12 millions

Sanitary Ware

4 Industrial units

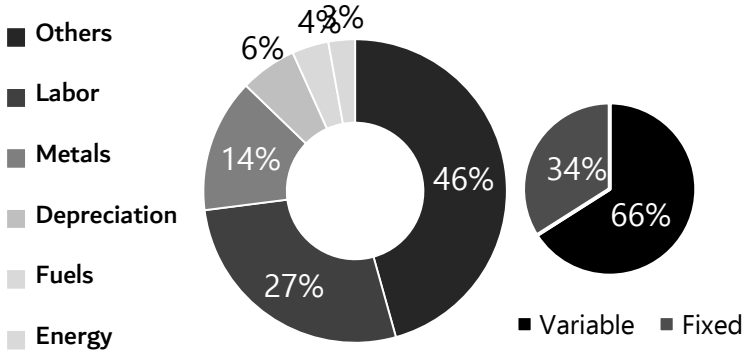
- Jundiaí (SP)
- Queimados (RJ)
- João Pessoa (PB)
- Cabo de Santo Agostinho (PE)

Showers

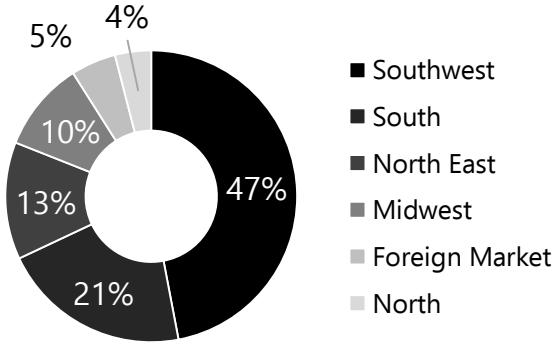
1 Industrial unit

- Aracaju (SE)

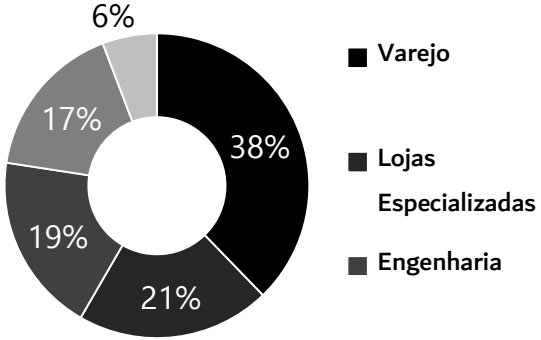
Cost segmentation (%)



Net revenue geographical distribuition (%)



Segmentation of sales (%)



Strategy

Initiatives 2018 - 2020

OPERATIONAL AND LOGISTICAL EFFICIENCY

- 30% reduction in the portfolio
- Gains in manufacturing productivity
- Factory consolidation
- Headcount reduction
- Maximization of Tax Incentive
- Start of ZBB for management of working capital
- Service level evolution
- Ongoing search for productivity
- Paraíba fittings operating at 93% IQG
- Hydra – Restructuring of the product platform
- Restructuring of the factory layout

INNOVATION

- New funnel reducing time to market to 4 months
- Inox washbasin launch
- Rapid delivery launches at Revestir
  - Touchless line
  - Ricardo Dias design line
  - Textured line
  - Hydramotion line
  - Collored wash-basins
  - Hydra Puravita
  - "Brutalistas" wash-basins · Asset Light

SALES EXECUTION

- Start of Sales Policy redesign
- Structuring of the Trade Marketing area
- Integration and capture of Deca + Hydra synergies
- Launch of new Sales Policy
- Implementation of quarterly JBP
- Restructuring of the Sales Area
- Introduction of new metrics in the sales routine
- Launch of Marketplace Deca
- Sales force priming in the Ceará
- Creation of the RGM – Revenue growth management area

● OCT18 TO OCT19
● OCT19 TO OCT20

Strategic pillars

SOLUTIONS FOR BETTER LIVING

INDUSTRIAL & LOGISTICS EFFICIENCY	INNOVATION	MARKET INTELLIGENCE IN ACTION	EXCELLENCE IN SALES EXECUTION	NEW REVENUE SOURCES	PEOPLE

TECHNOLOGY

CULTURE – WAY OF BEING AND DOING

CERAMIC TILES

portinari ceusa

dexco

Portfolio

DEXCO

Polished porcelain tiles

Applications in drier environments such as living rooms, corridors and bedrooms

Tiles

Wide range of applications for wet or dry environments

Special finishings

Wide range of applications with exclusive designs using 3D technology

Roof tiles

Wide range of applications with high durability and lifetime, preserving characteristics over time

How about knowing more about Ceusa and Portinari products?

Click on the links below and check out our content

- Spaces with Portinari - Casacor
- Smart Store
- Industry 4.0

Sector environment

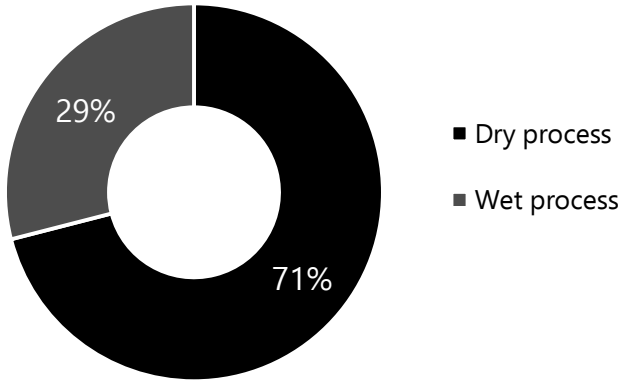
Main indicators for the sector:

- GDP Brazil
- GDP – Civil construction
- Consumer confidence
- New constructions
- Resale – Civil construction

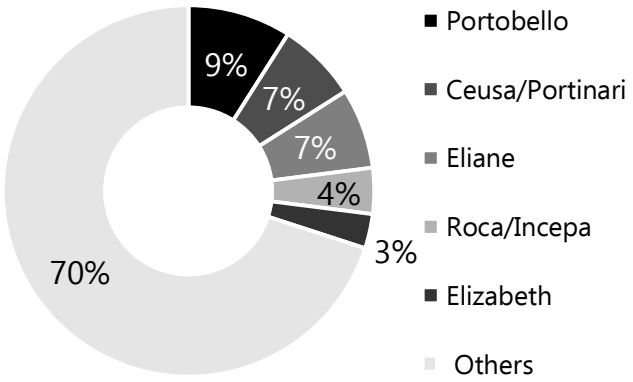
Main association:

- ANFACER (National Association for Ceramic Tile Manufacturers)

Production by type (%)



Market Share (% Net revenue)[1]



[1] Dexco internal estimatives

Operation information

4 Industrial Unit

- 2 in Urussanga/SC
- 2 in Criciúma/SC

Capacity Share

- 3%

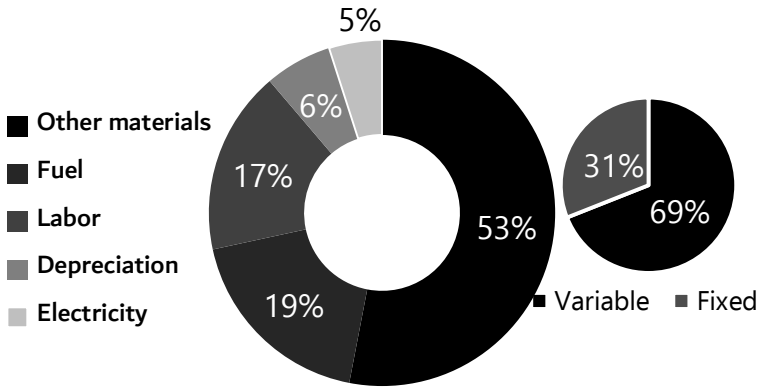
Product Differentials

- Monotone
- Mono-caliber
- Dry joint fitting

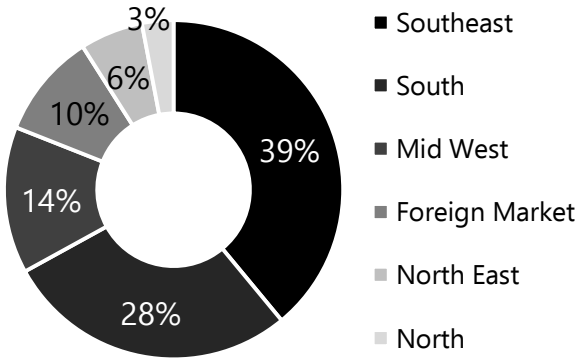
Annual production capacity

- 31 millions m^2/year[1]

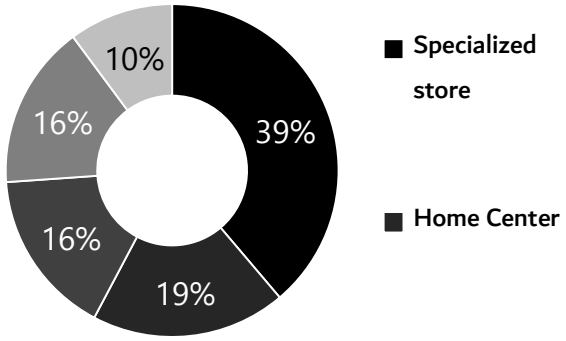
Net revenue geographical distribuition(%)



Net revenue geographical distribuition (%)



Segmentation of sales (%)



[1] Consider Ceusa expansion

Strategy

DEXCO

Strategy agenda

SALLES EXCELLENCE

- Restructuring of market intelligence
- Entry into e-commerce
- Strengthening of sales policy
- Synergy between businesses

STRENGTHENING BRANDS

- Growth of relationship programs with specifiers, sellers and settlers
- Focus on the Consumer Journey
- Smart store.

MANUFACTURING SYNERGY

- 4.0 Industry
- High industrial performance
- Evolution of the service level – S&OP
- Go Live SAP S4/HANA

Synergy in focus

portinari

ceusa

LET'S BUILD THE BEST IN BRAZIL.

Dissolving Wood Pulp

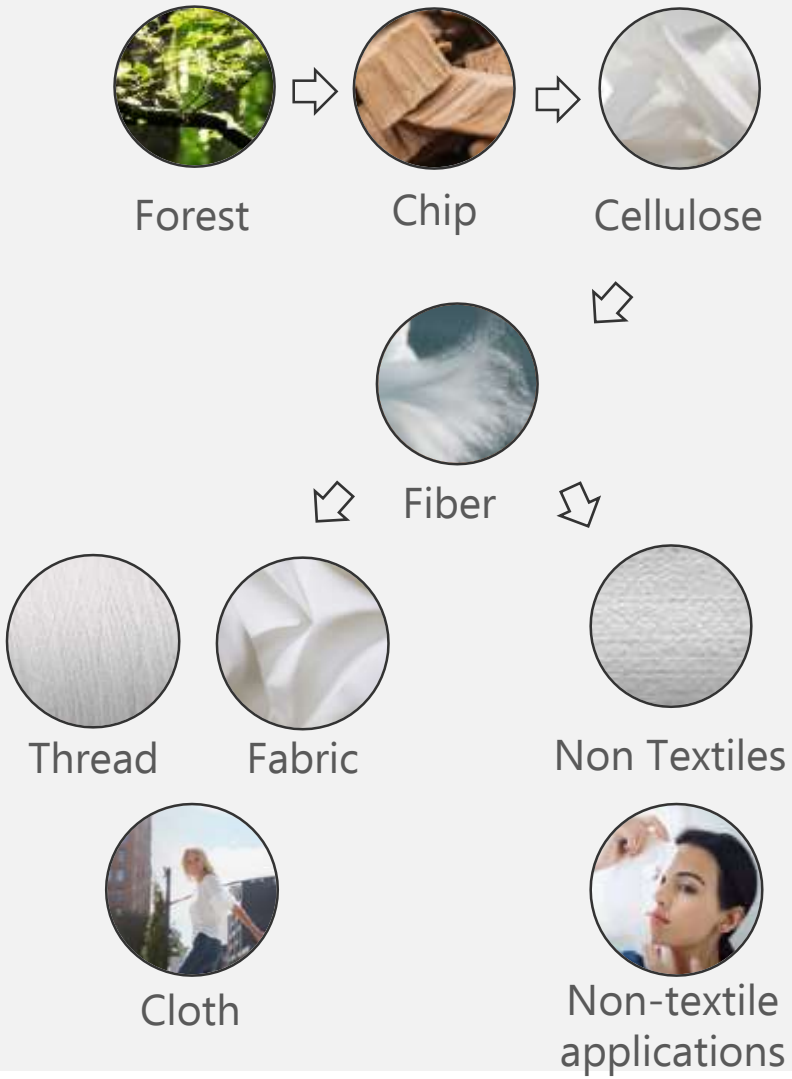
DEXCO

How about knowing more about LD Celulose?

Click on the link below and check out our content

Factory Construction

Productive chain



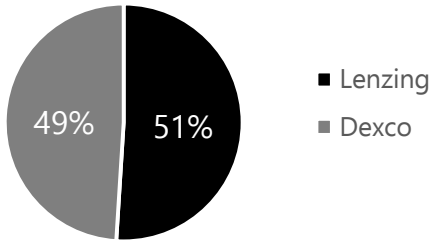
Location of the factory

Dissolving Wood Pulp

LD Celulose

- Competitive advantages
  - Lowest cash cost in the secto worldwide (~300 USD – frete china)
  - Integrated logistics
  - Capacity of 500k ton/year;
  - Wood certified by international standarts
- The Joint Venture
  - Total industrial investment of approcimately 1.2 bilhão de dólares
  - Product 100% sold, destined for Lenzing factories in Europe, Asia and North America for production of viscose and Lyocell
  - Dexco contribuition (forest and cash) realized between 2019 and 2020

Shareholder structure



2018
- 2Q18 Signing of agreement

2019
- 2Q19 Installation license
- 4Q19 Creation of joint venture

2020
- 2Q20 Structuring of financing
- 4Q20 48% of the construction complete

2021
- 4Q21 93% of the construction completed

2022
- 1Q22 Start of operation

2023
- 1Q23 Operation at full capacity

Dexco

A company focused on...

... cash generation, while maximizing shareholder value
Remuneration of executives based on cash generation and EVA

... sustainable growth
Organic and inorganic growth within our
Way of Being and Doing

... innovation and digitalization
As a way to simplify our processes and leverage our sales channels

... strategic assets
Optimization of current assets and productive management with strategic partners

... client solutions
One-stop shop, complete experiences and environments

Strategic Pillars

People
People are our strength

Results
Sustainable high performance

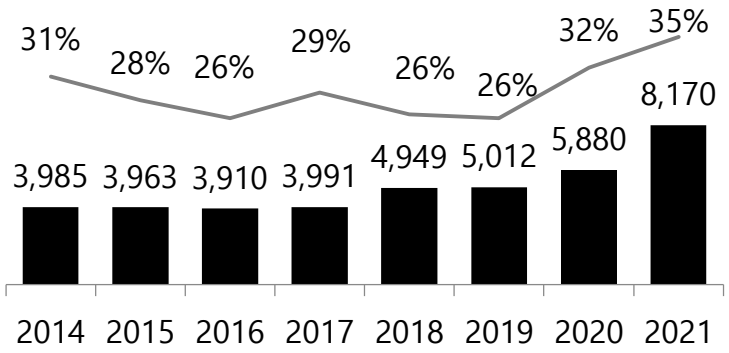
Processes
We work well, simply and safely

Client
We are the best choice

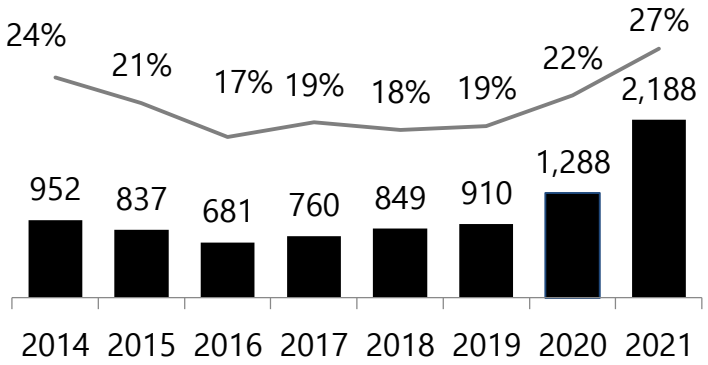
FINANCE INFORMATION

Consolidated Results

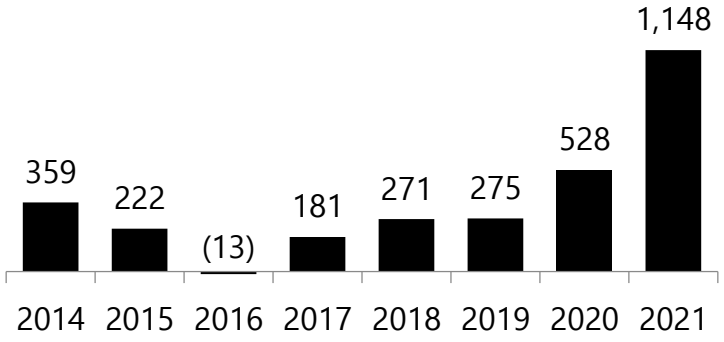
Net Revenue and Gross Margin



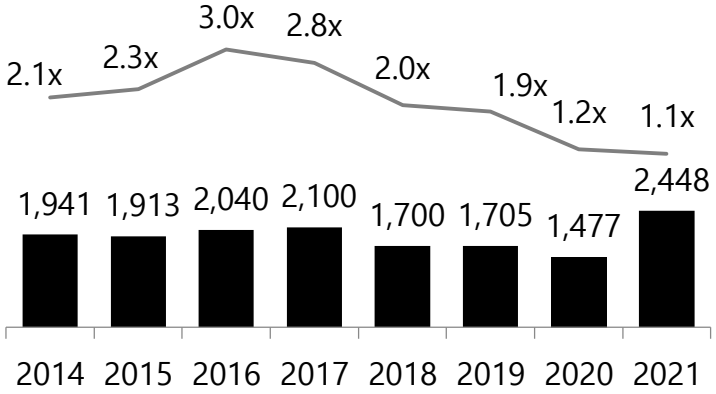
Recurring EBITDA and Margin EBITDA



Recurring Net Income



Net Debt and Financial Leverage

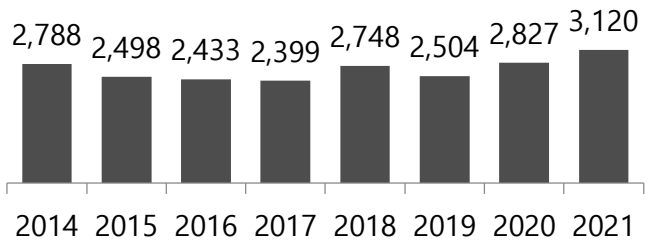


Business units results

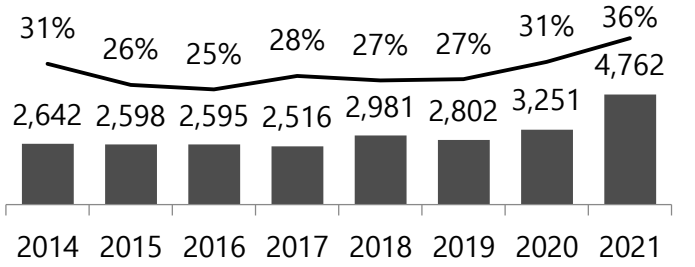
DEXCO

Wood

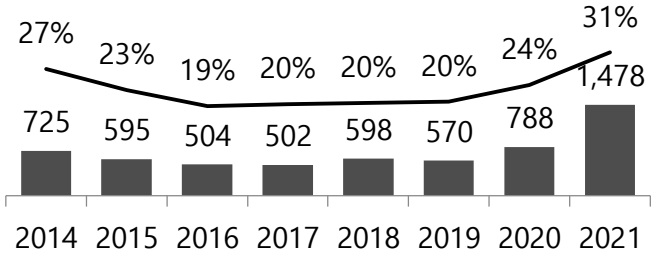
Volume (`000 m³)



Recurr. Net Revenue and Gross Margin

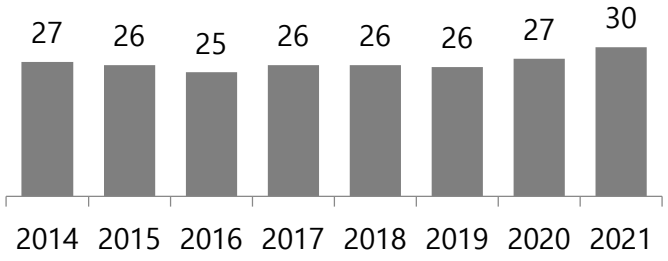


Recurring EBITDA and Margin EBITDA

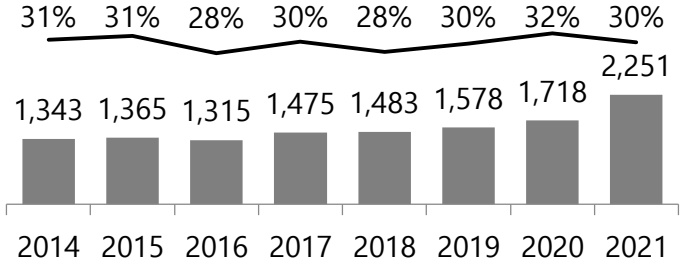


Deca

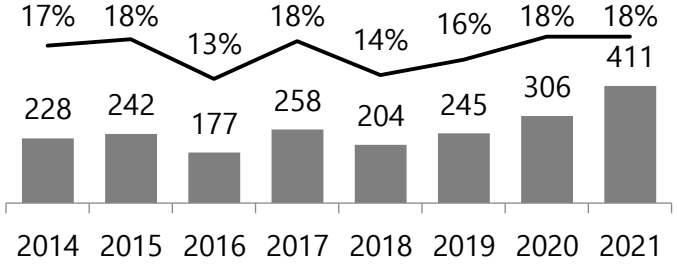
Volume (million of pieces)



Recurr. Net Revenue and Gross Margin

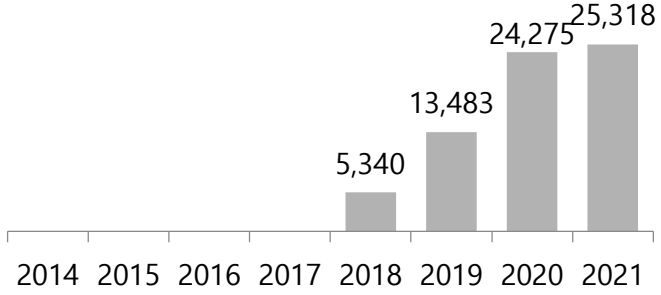


Recurring EBITDA and Margin EBITDA

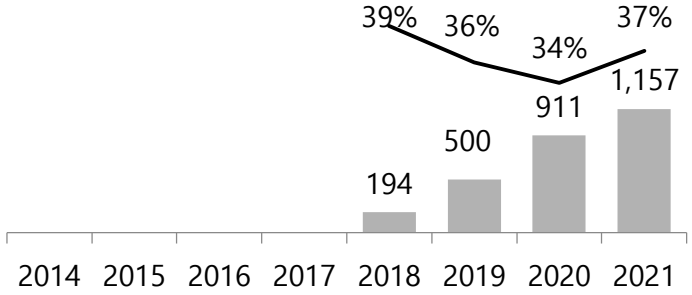


Ceramic Tiles

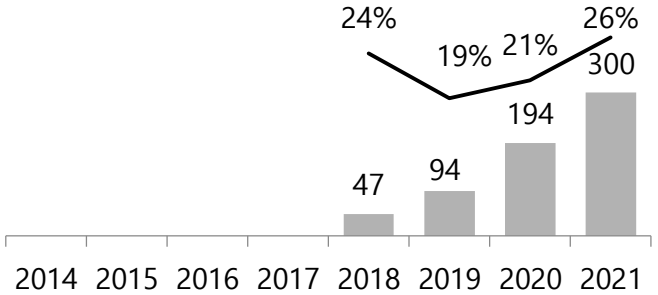
Volume (`000 m²)



Recurr. Net Revenue and Gross Margin

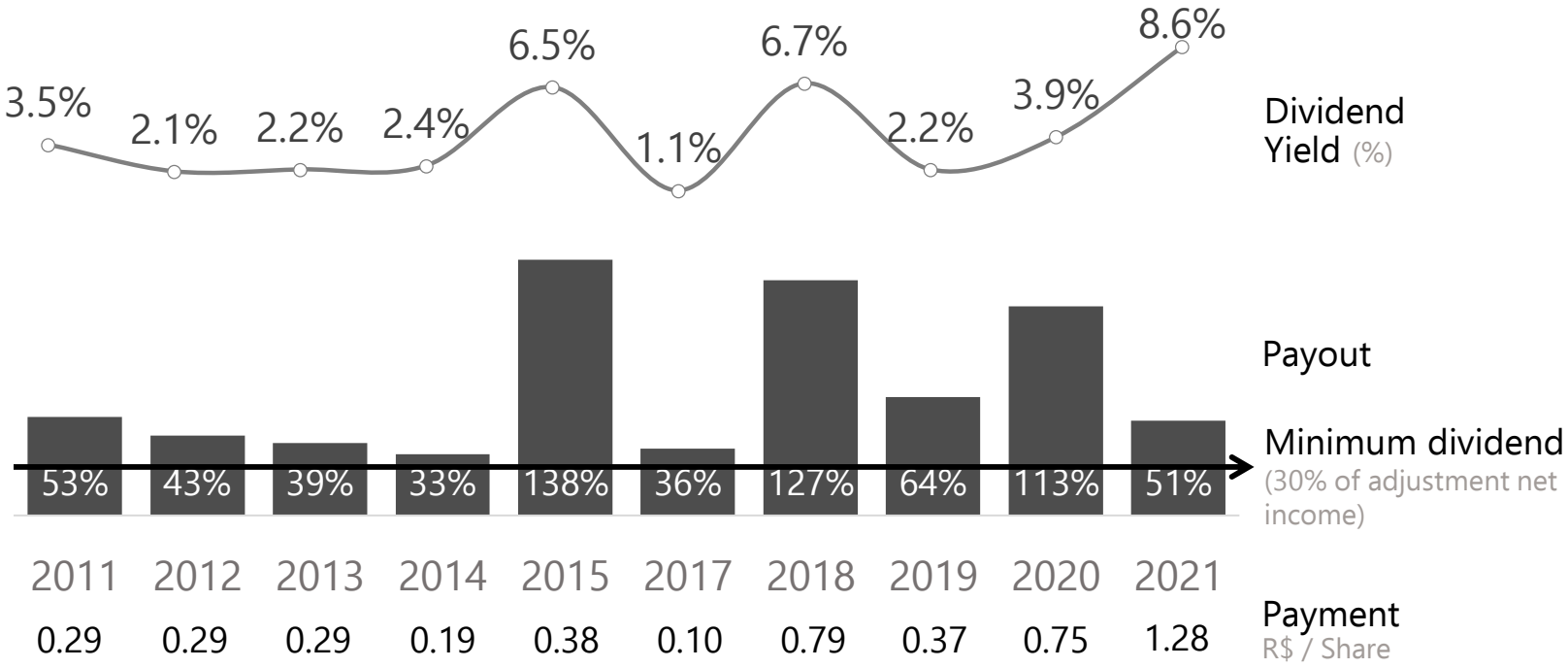


Recurring EBITDA and Margin EBITDA



Dividends Policy[1]

– Payment at least once per year.



[1] In 2016, no disbursements was made regarding dividends and interest on capital

QUARTER RESULTS

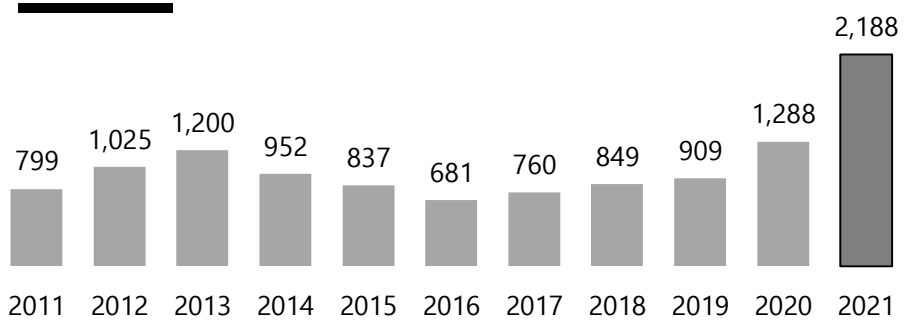
Headlines

DEXCO

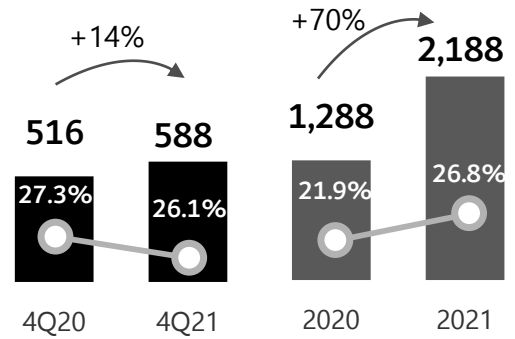
Best performance in the history of the Company, with an annual EBITDA of R$2.2 billion, 70% more than for the previous highest year (2020)

- Improvement in the mix and the successful pass-through of price increases drove improvement to the margin;
- Best ever fourth quarter results with a 14% growth in the quarterly Adjusted and Recurring EBITDA, confirming gains in operating efficiency;
- Less than 2 months to go before the start of operations at the Dissolving Wood Pulp unit.

Adjusted and Recurring EBITDA trend
R$ million

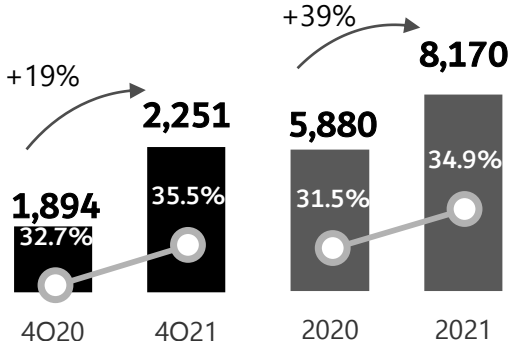


Adjusted and Recurring EBITDA and Margin
R$ million / %



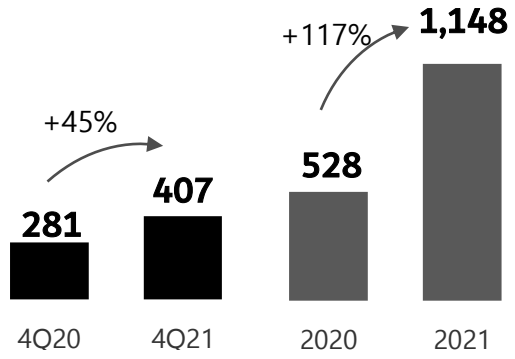
■ Adjusted and Recurring EBITDA ○ EBITDA Margin %

Rec. Net Revenue and Gross Margin
R$ million / %



■ Net Revenue ○ Gross Margin %

Recurring Net Income
R$ million

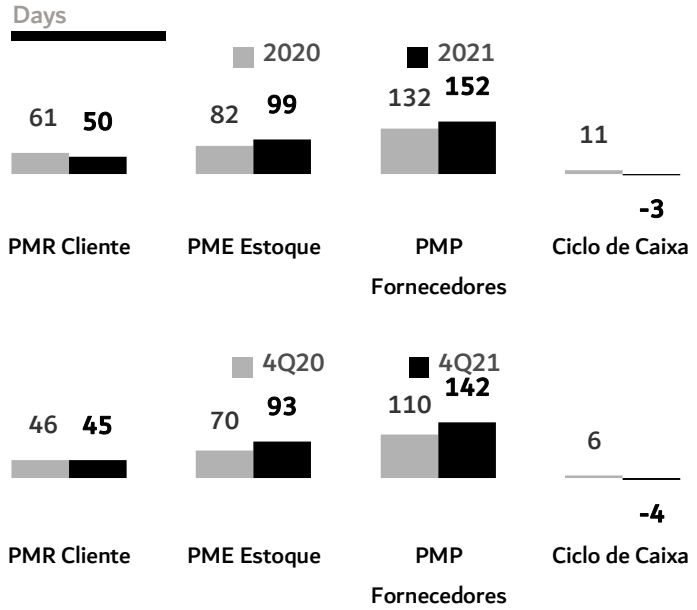


Cash Flow

Maintenance of Working Capital/Net Revenue at low levels (~10%)

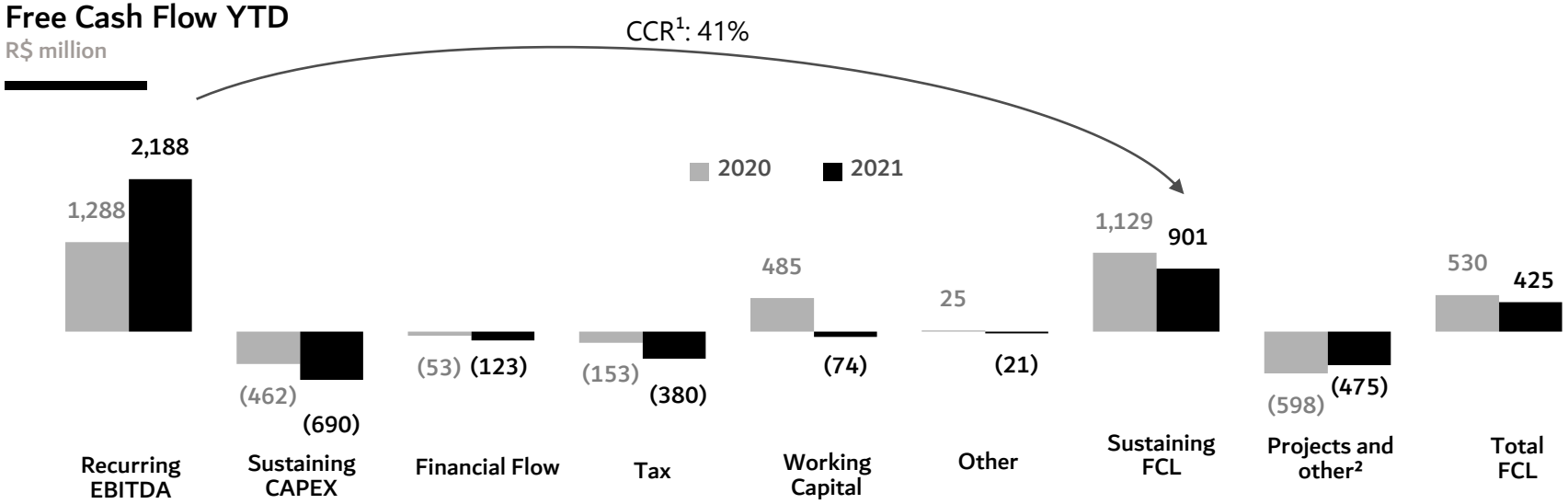
- Negative cash cycle, driven mainly by the important progress in managing supplier and client lead times;
- Conversion of 41% of Adjusted and Recurring EBITDA into cash, despite a slight consumption of working capital;
- Disbursement during the year of R$483 million on projects, including:
  - R$117 million on the project to improve the mix of panels and debottlenecking;
  - R$102 million on acquiring a minority holding in ABC da construção;
  - R$42 million on investment in DX Ventures;
  - R$29 million on Deca growth projects.

Cash Conversion Cycle



Free Cash Flow YTD

R$ million



CAPEX

R$ million

Investment	4Q20	4Q21	2020	2021
FORESTRY OPEX	36	141	125	296
MAINTENANCE	124	149	336	394
Sustaining CAPEX	161	291	462	690
EXPANSION PROJECTS[3]	1	296	534	483

1 – *Cash Conversion Ratio*: rate of conversion of Adjusted and Recurring EBITDA into Sustaining FCL
2 – Expansion Projects, DX Ventures, Investment in LD Celulores, non-recurring payments and receipts
3 – Expansion Projects, DX Ventures, Cecrisa Acquisition and Investment in LD Celulose.

Corporate Debt

Maintenance of low levels of leverage even after record dividends

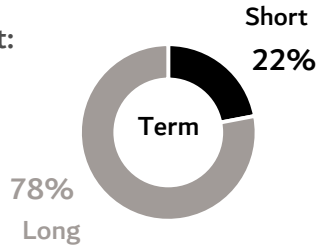
- Liability management: cash draw-down of R$510 million from BNDES, with rates below the CDI leading to an increase in the average payment lead times and reduction in the average cost of debt;
- Secured revolving credit of R$500 million, creating a contingency mechanism for any market volatility;
- Payment of dividends and interest on equity (JCP) to a total amount of R$878 million, representing a payout of 51% of net income.
- Announcement of share buyback program, with potential acquisition of 20 million shares.

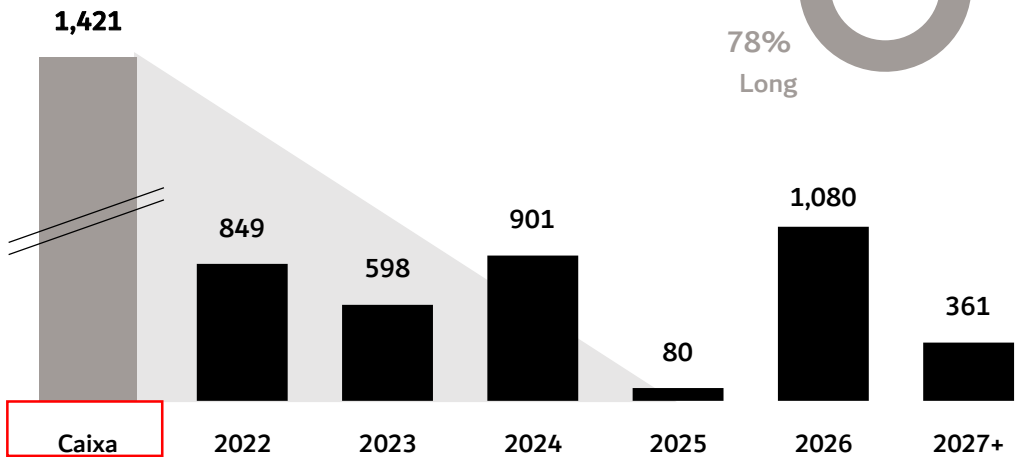
Amortization Timeline

R$ million

Average term: 3.2 years

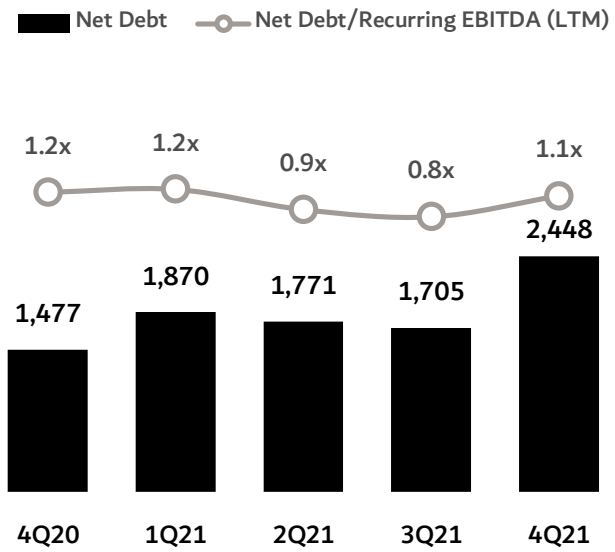
Average cost: 101% of CDI





Financial Leverage

R$ million



WOOD

Duratex Durafloor

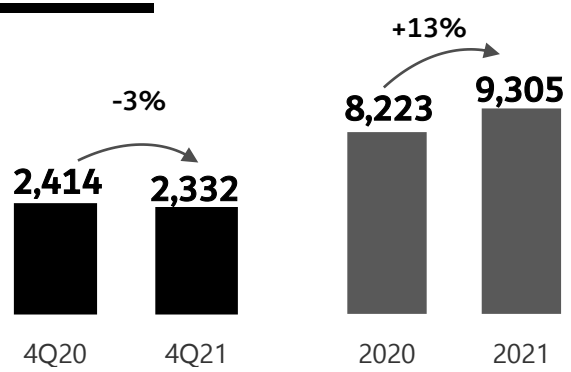
Dexco

Sector Environment

IBÁ data

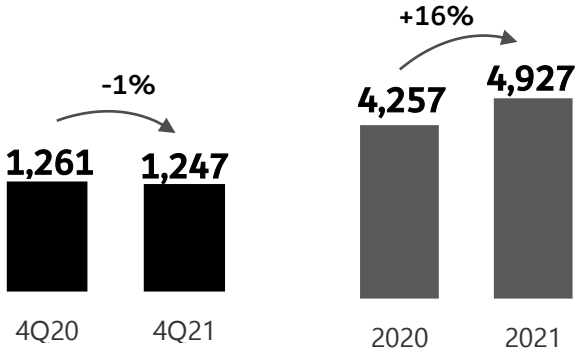
- Slight reduction in volumes as a result of the furniture industry bringing forward planned maintenance shutdowns in 4Q21;
- 15% growth in annual sales of wood panels in Brazil, 16% in MDF and 14% in MDP.

Total panels
Volume 000m³

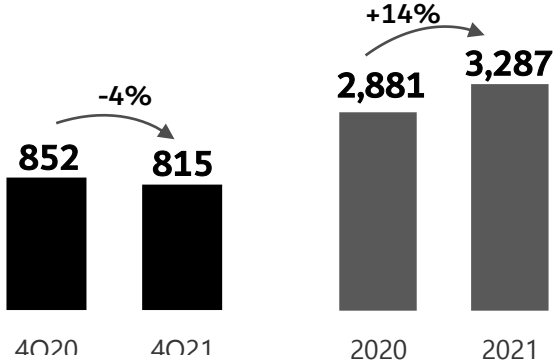


Internal Market: -2,4% **Internal Market:** +15,1%
External Market: -10,3% **External Market:** +0,6%

MDF Internal Market
Volume 000m³



MDP Internal Market
Volume 000m³

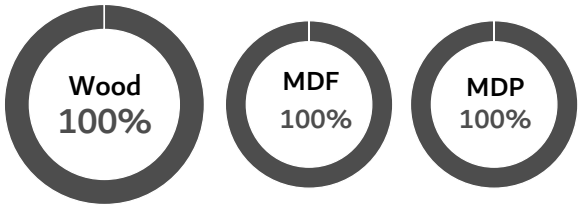


Results

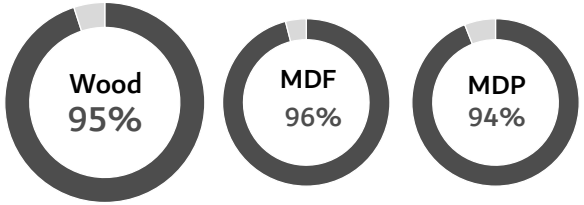
R$1.5 billion in Adjusted and Recurring EBITDA for the year, +68% higher than the total achieved in 2013 (best ever result)

- Record productivity leading to 100% capacity utilization, already benefiting from the debottlenecking process;
- Increase of 38% in unit revenue *vs* 4Q20, the cost pass-through being the highlight in the period;
- New quarterly record for Adjusted and Recurring EBITDA of R$385 million, +20% higher than for the same period the previous year.

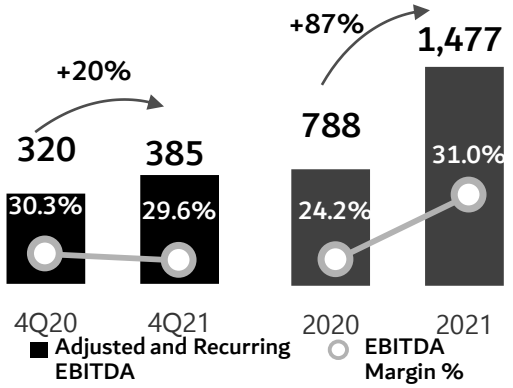
Capacity Utilization 4Q21
%



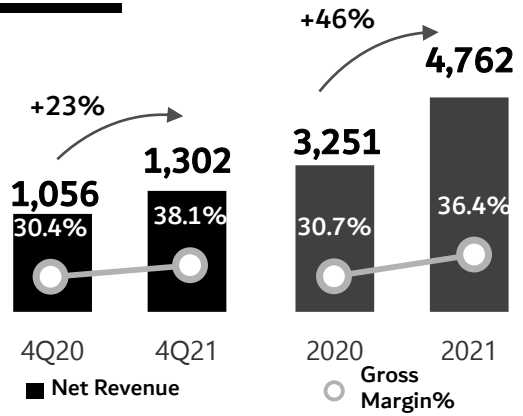
Capacity Utilization 2021
%



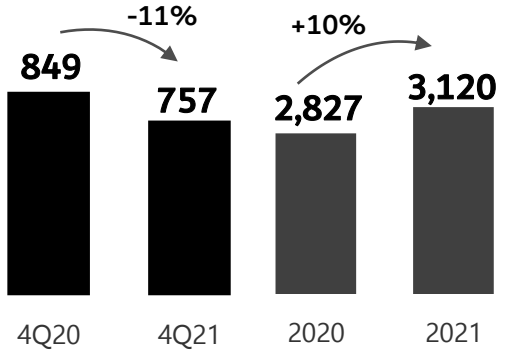
Adjusted and Recurring EBITDA & Margin
R$ million / %



Rec. Net Revenue & Gross Margin Pro Forma
R$ million / %



Volume
000m³



DECA

DEXCO

DECA Hydra

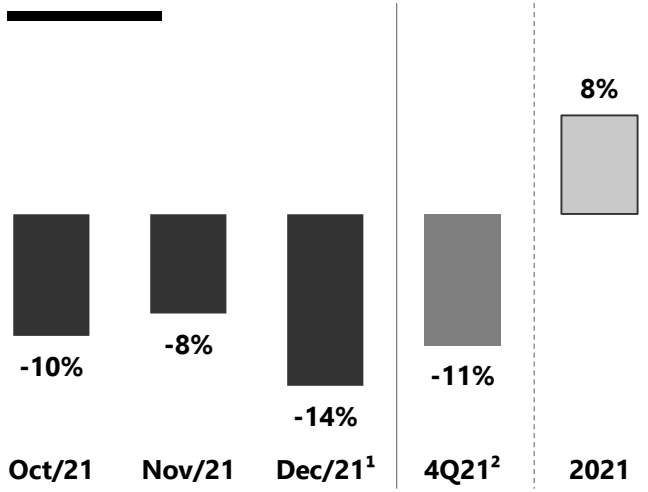
Sector Environment

ABRAMAT data

- Despite the fall in deflated revenue in the quarter, the year closed up +8% vs 2020;
- Deca with an annual performance outstripping the market, reporting gains in market share across all divisions.

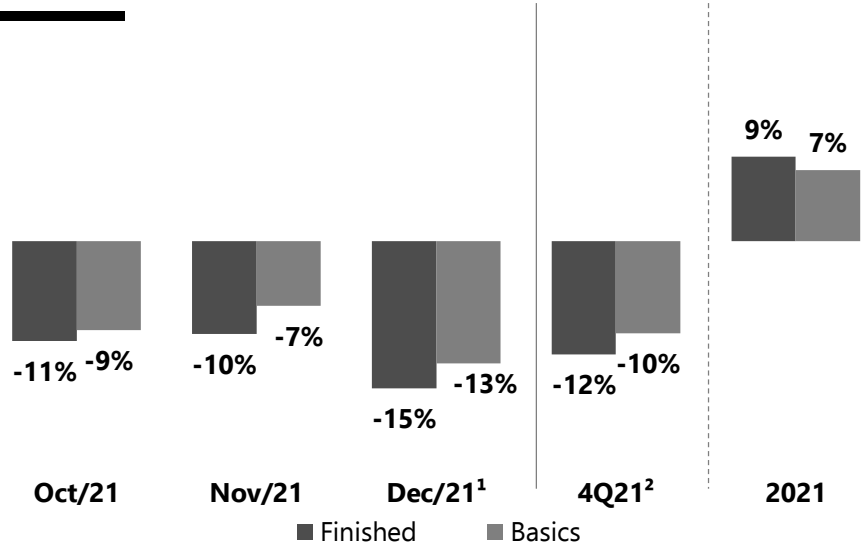
Revenue in the construction materials industry *vs* 2020[1]

%



Deflated gross revenues *vs* 2020[1]

%



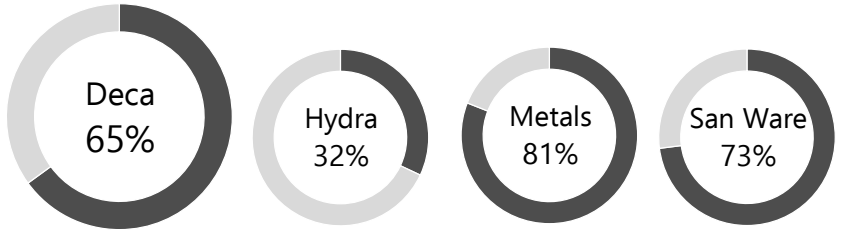
1 – Estimate
2 – Quarter average

Results

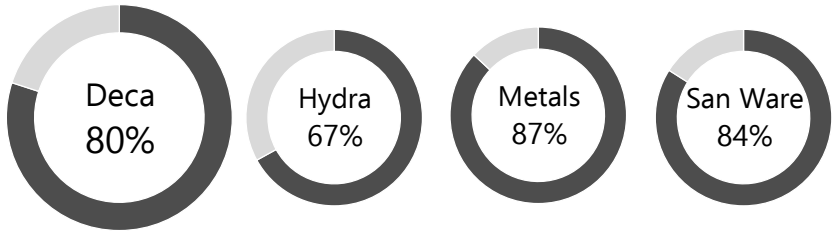
R$411 million in Adjusted and Recurring EBITDA for the year, +34% higher than for 2020, a record high.

- Increase in unit revenue of 21% for the year and 36% in 4Q21 arising from the successful price increases and improvement to the mix;
- Significant improvement in EBITDA margins, with gains for the third consecutive year;
- R$118 million in Adjusted and Recurring EBITDA in 4Q21 slightly less than for 4Q20 due to lower volumes sold.

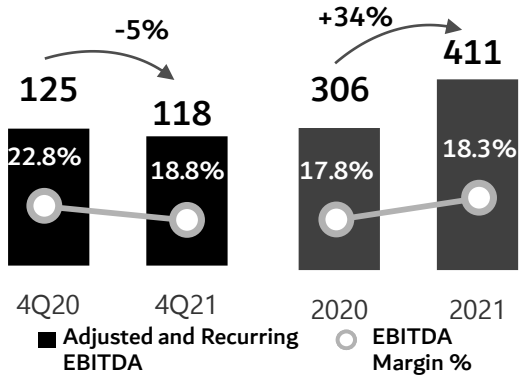
Capacity Utilization 4Q21
%



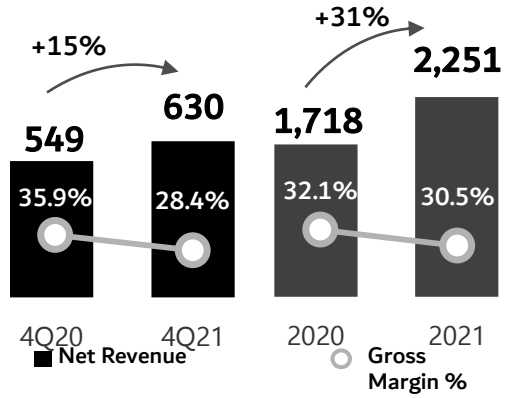
Capacity Utilization 2021
%



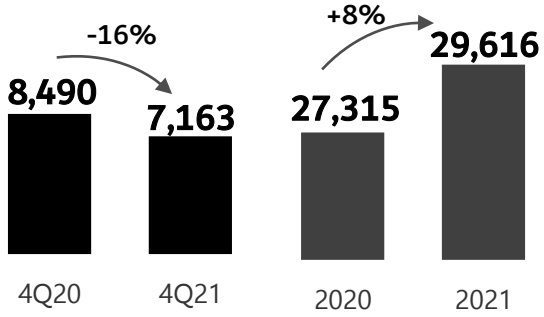
Adjusted and Recurring EBITDA & Margin
R$ million / %



Rec. Net Revenue & Gross Margin Pro Forma
R$ million / %



Volume
pieces



CERAMIC TILES

dexco

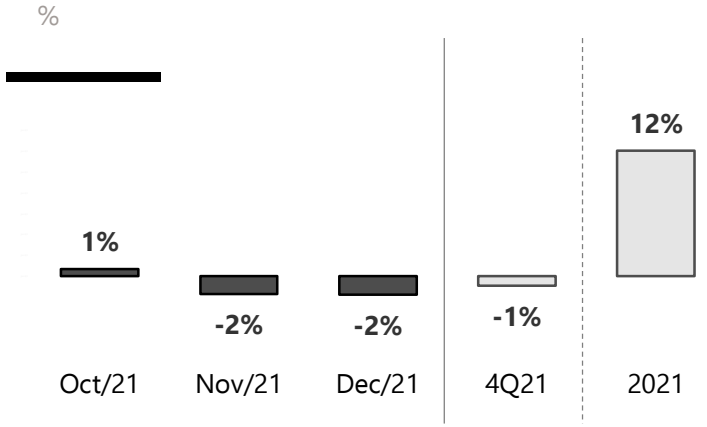
portinari
ceusa

Sector Environment

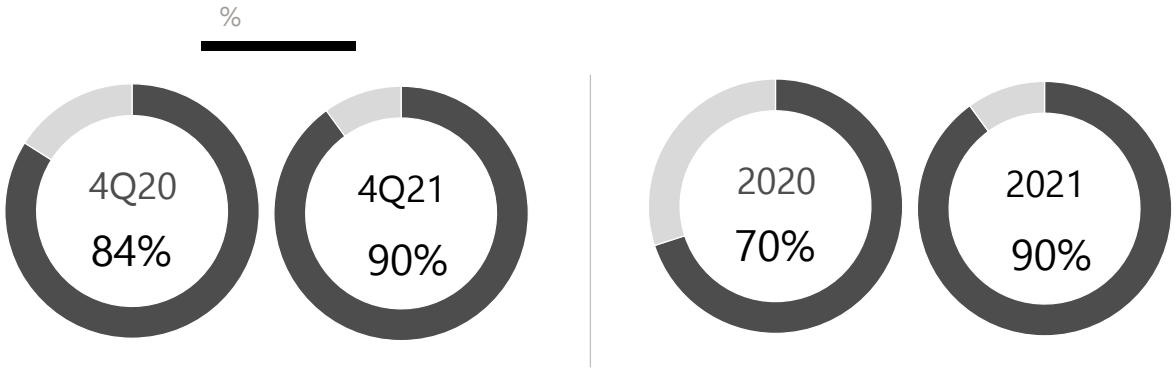
ANFACER data

- Market growth in 2021, even with shrinking slightly in 4Q21;
- Maintenance of high levels of factory capacity utilization during the year.

Sales volume for the ceramic tiles industry *vs* 2020[1]



Capacity utilization



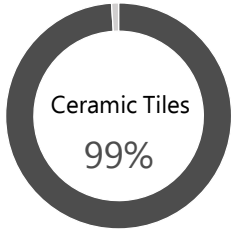
Results

Record Adjusted and Recurring EBITDA of R$300 million in 2021, with a margin of 26%

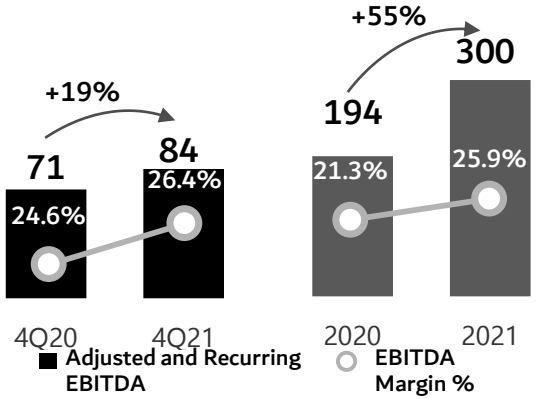
- Operations producing at full capacity the whole year;
- Unit revenue increase of 37% in the quarter and 22% for the year arising from better brand positioning and price increases;
- Best quarter in the history of the Division with Adjusted and Recurring EBITDA of R$84 million and a margin of 26% ,1.8 p.p. higher than for 4Q20;

Capacity Utilization 4Q21
%

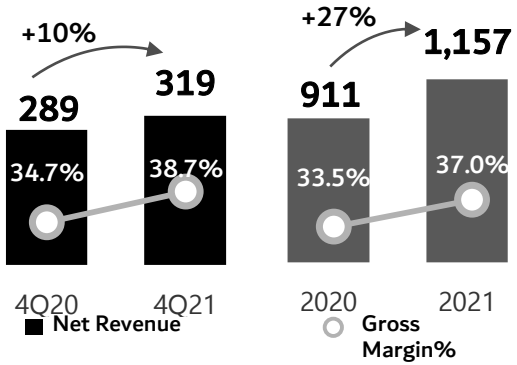
Capacity Utilization 2021
%



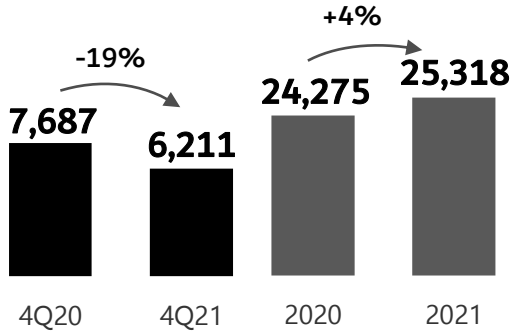
Adjusted and Recurring EBITDA & Margin
R$ million / %



Rec. Net Revenue & Gross Margin Pro Forma
R$ million / %



Volume
000m²



DISSOLVING WOOD PULP

LD Celulose

dexco

Dissolving Wood Pulp

Less than 2 months before the start of operations

DEXCO

THE PROJECT:

Capacity:
500 ton/year

Potencial Debottlenecking:
+10% capacity

Cash Cost
~300 USD
(China freight)

1Q21

2Q21

3Q21

4Q21

+8.0 thousand employees involved in activities

93% of construction complete

2022 Outlook

General Scenario

- Inflation trending towards stabilizing and new level of interest rates without significant impact on the sector;
- Demand for construction materials holds steady, as a result of new real estate ventures already launched;
- Instability of the political scenario and pandemic may cause volatility;

Wood

- Extra panel coating capacity kicks in, announced in the new investment cycle with a focus on expanding the mix;
- High rate of factory utilization, with potential increase in sales to the external market;

Deca

- Start of capture from the new projects, resulting in an improvement to the metals mix;
- Ongoing improvements to the EBITDA margin in line with the Division's growth strategy;

Ceramic Tiles

- Full capacity of operations, achieving 30 million m^2 per annum, and start of construction of the new manufacturing facility at Botucatu (SP);
- Ongoing capture of synergies arising from the merger of management with Deca;

Dissolving Wood Pulp

- Start-up of the manufacturing facility;
- Continued high levels of commodity prices and currency exchange.

DEXCO

DECA PORTINARI HYDRA DURATEX CEUSA DURAFLOOR

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