

# Dexco

deca portinari hydra duratex castelatto ceusa durafloor



## Results Presentation 2Q22/1S22

July 28, 2022

# Disclaimer

The information herein has been prepared by Dexco S.A. and does not represent any form of prospectus regarding the purchase or subscription to the company's shares or securities.

This material contains general information relating to Dexco and the markets in which the company operates.

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# Highlights

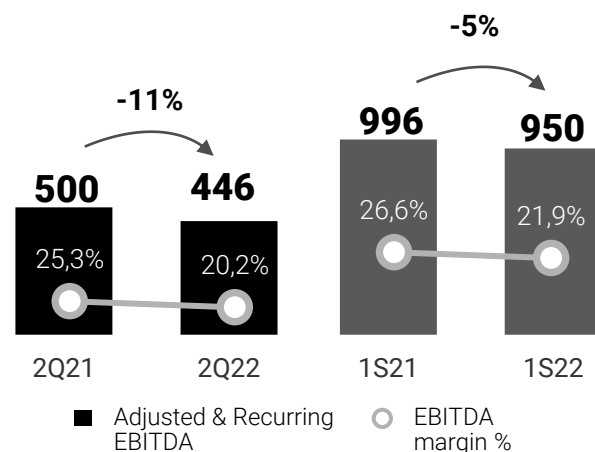
DEXCO

Adjusted and Recurring EBITDA of R\$950 million in 1H22, confirming the new performance levels

- Ongoing price and product mix aimed at revenue growth;
- Continued strong demand in the main markets the Company operates, sustaining the results;
- Costs and expenses pressures squeezing margins;
- EBITDA of R\$446 million in 2Q22, highlighting the strong growth in Deca division.

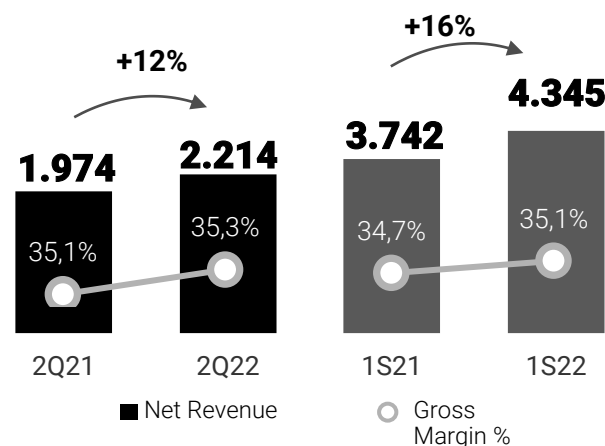
## Adjusted and Recurring EBITDA and Margin

R\$ million / %



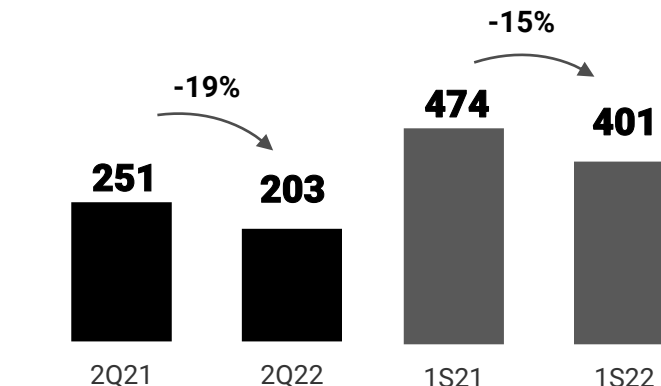
## Recurring Net Revenue and Gross Margin

R\$ million / %



## Recurring Net Income

R\$ million



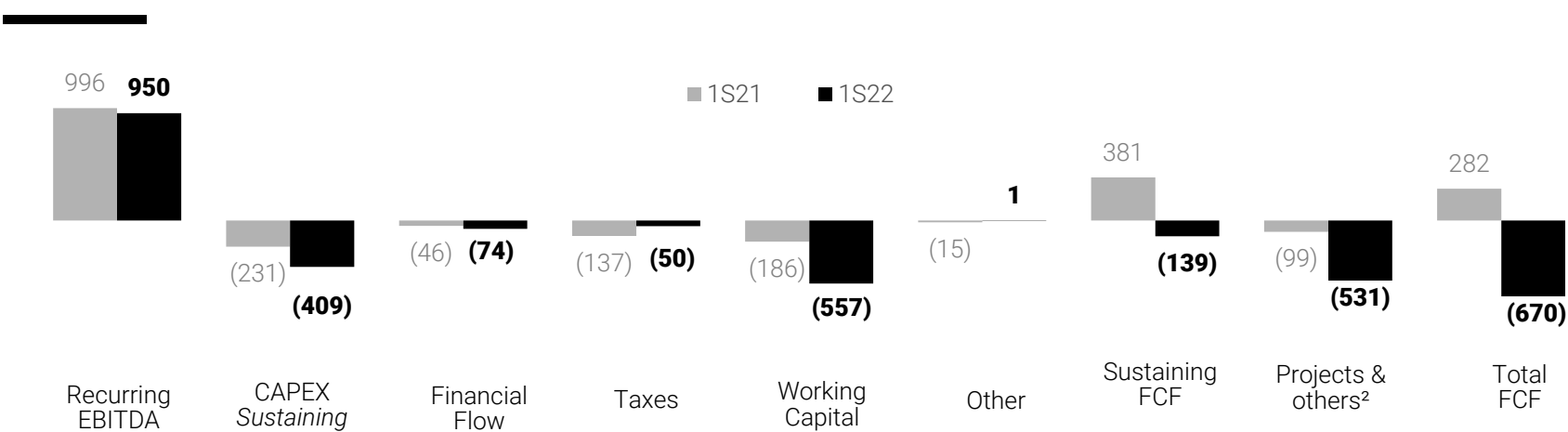
# Cash Flow

Cash Conversion Cycle remains below pre-pandemic levels

- Working Capital/Net Revenue at low levels (~16%), even during a period of inventory rebuilding;
- Sustaining Capex impacted in the semester mainly by continued investment in rebuilding forestry assets;
- Confirmation of investment in expansion projects in 1H22:
  - R\$82.8 million for the new Ceramic Tiles unit;
  - R\$48.0 million expansion project, improvement to the mix and Deca automation;
  - R\$51.7 million in improving the panels mix, factory debottlenecking and forestry expansion.

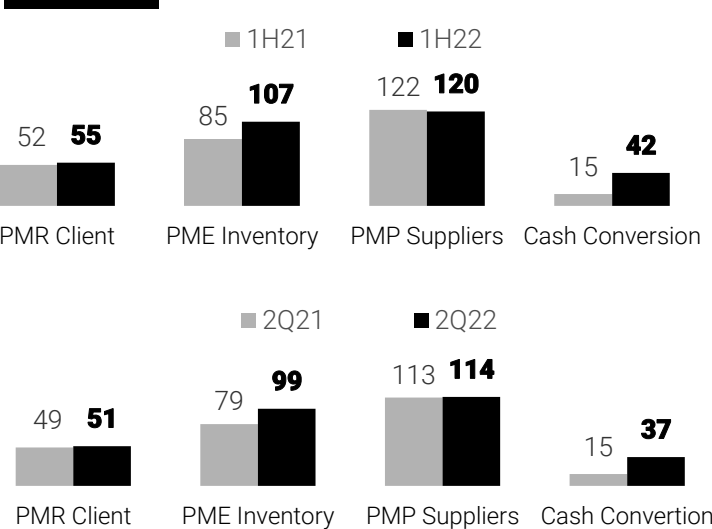
## Free Cash Flow YTD

R\$ million



## Cash Conversion Cycle

Days



## CAPEX

R\$ million

Investment	2Q21	2Q22	1H21	1H22
FORESTRY OPEX	45	93	86	224
MAINTENANCE	69	118	146	185
<b>Sustaining CAPEX<sup>3</sup></b>	<b>114</b>	<b>211</b>	<b>231</b>	<b>409</b>
EXPANSION PROJECTS <sup>3</sup>	81	123	115	537

1 – Expansion Projects, DX Ventures, Investments in LD Celulose, non-recurring payments and receipts | 2 – Investments in maintenance, factory modernization and improvement projects. | 3 – Expansion Projects, DX Ventures, Acquisition of Companies and Investments in LD Celulose



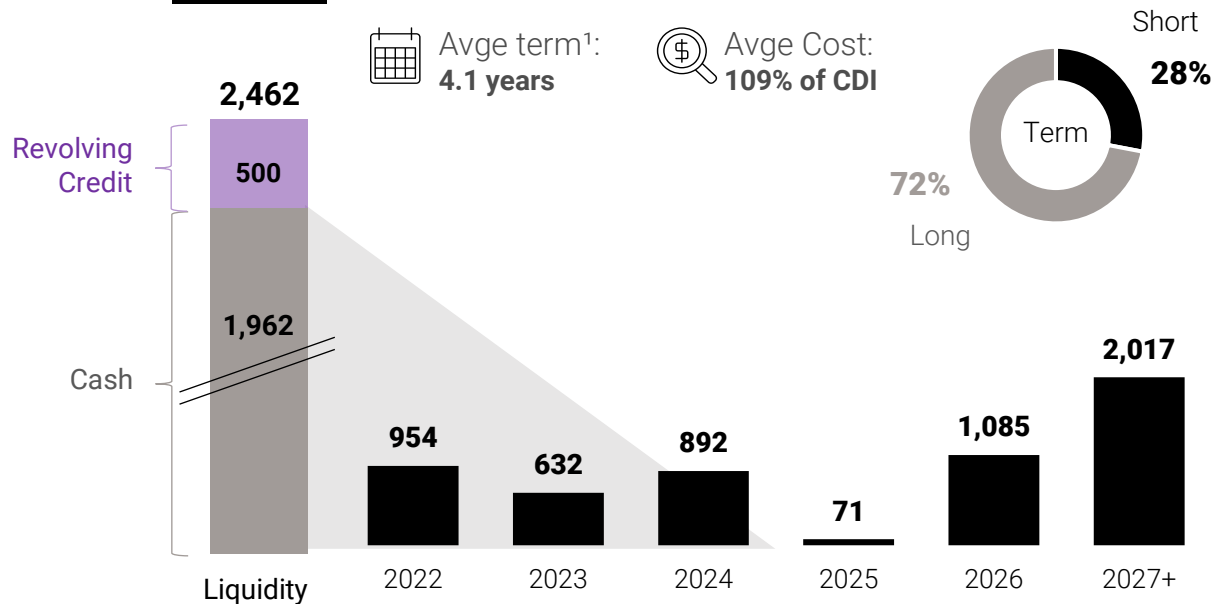
# Corporate Debt

Leverage of 1.7x, a low level despite investment in projects

- Liability management: extension of debt-payment terms of 0.6 years, at a competitive rate;
- Issue of a CRA to the amount of R\$800 million, with an approximate total cost of 107.3% of CDI, and an average term of 8.3 years;
- Strengthened cash position with an eye to amortizations arising in the second semester.

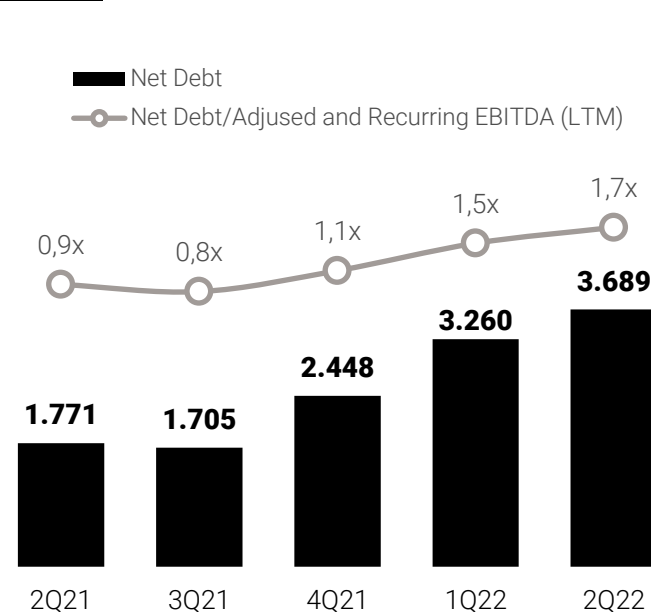
## Amortization timeline

R\$ million



## Financial Leverage

R\$ million



dexco

WOOD

dexco

duratex  
durafloor

# Sector Environment

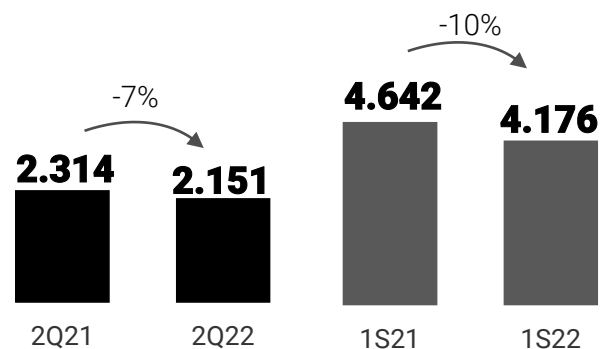
IBÁ data

DEXCO

- Market growth of +6% versus 1Q22, reflecting recovery in the furniture industry in the period;
- Maintenance of the sector's occupancy at high levels<sup>1</sup>.

## **Panels Total**

Volume 000m<sup>3</sup>

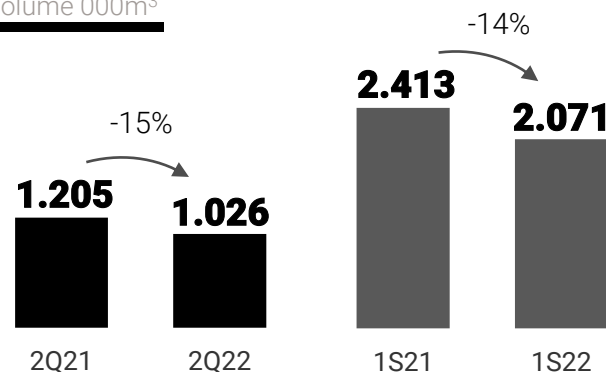


Internal Market: -14%

External Market: +47%

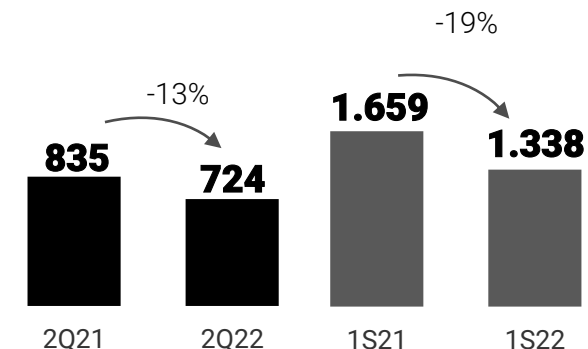
## **MDF Internal Market**

Volume 000m<sup>3</sup>



## **MDP Internal Market**

Volume 000m<sup>3</sup>



1 – Based on internal assumptions



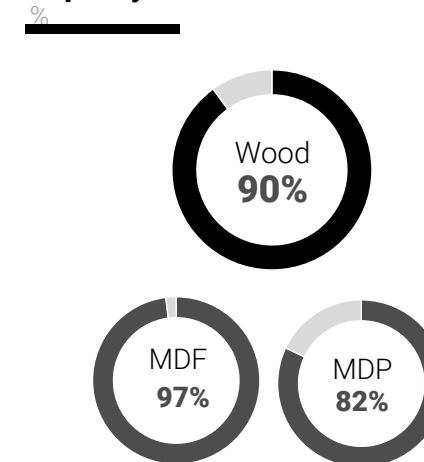
# Results

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Sales Volumes sustained, with gain in market share

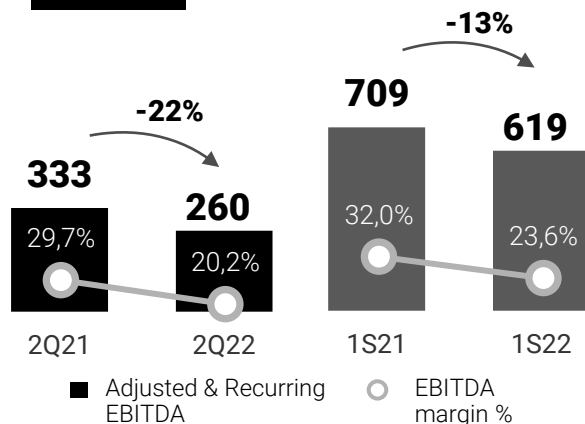
- Better price positioning led to an increase of 15.0% in unit revenue versus 2Q21 and of 19.2% versus 1S21;
- Inflationary pressure and freight costs impacting margins over the period;
- Adjusted and Recurring EBITDA of R\$260 million and R\$619 million in 2Q22 and 1H22 respectively.

Capacity Utilization<sup>1</sup> 2Q22



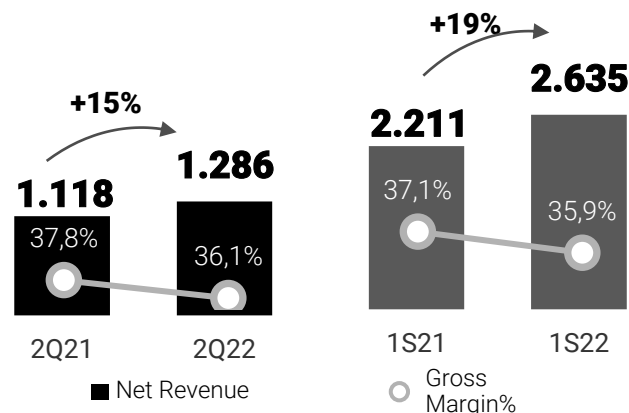
**Adjusted and Recurring EBITDA and Margin**

R\$ million / %



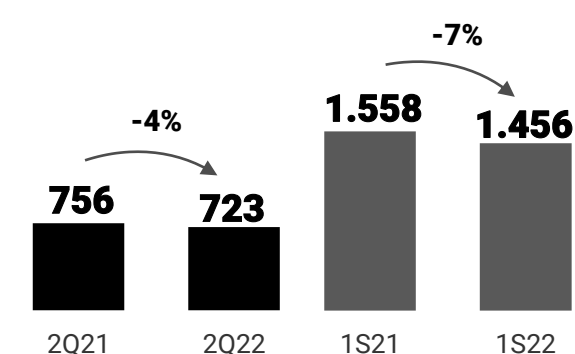
**Recurring Net Revenue and Pro Forma Gross Margin**

R\$ million / %



**Volume**

000m<sup>3</sup>







DECA

dexco

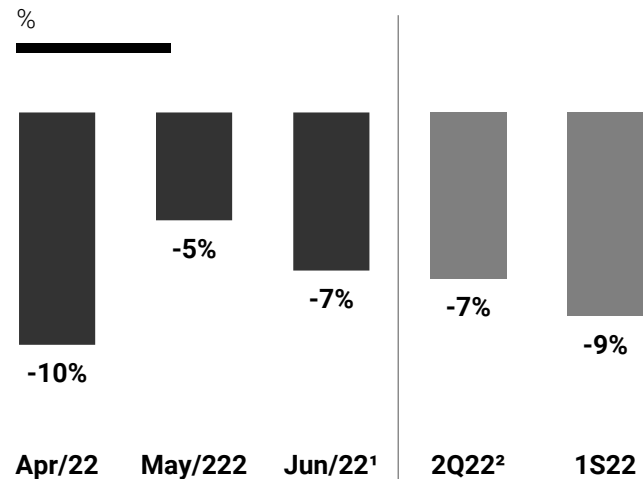
Deca  
Hydra

# Sector Environment

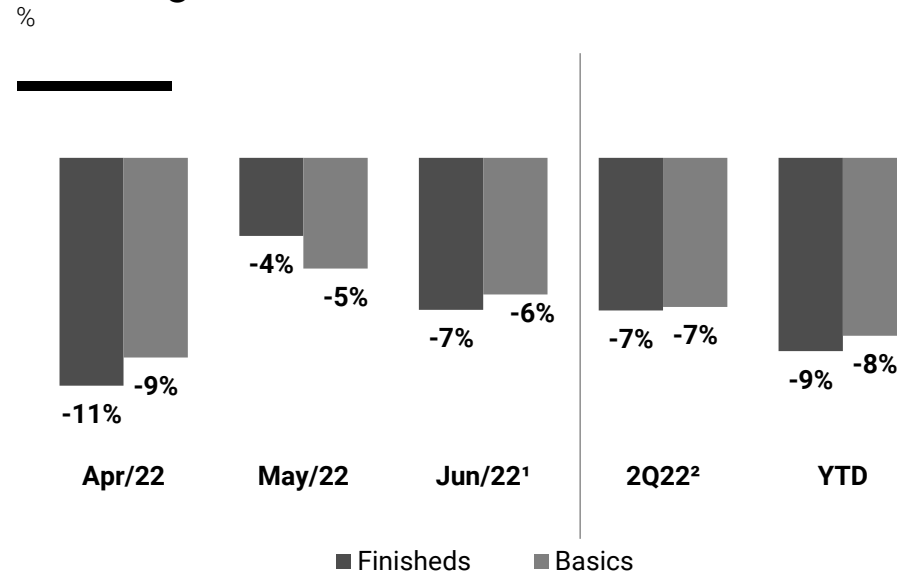
ABRAMAT data

- Semester still impacted by the elevated base comparison from 2021, with a return to normal expected in the final months of the year;
- Growth forecast for 2022 remains at 1.0%.

Construction material industry revenues vs 2021<sup>1</sup>



Deflated gross revenues vs 2021<sup>1</sup>



1 - Estimate  
2 - Average for the quarter

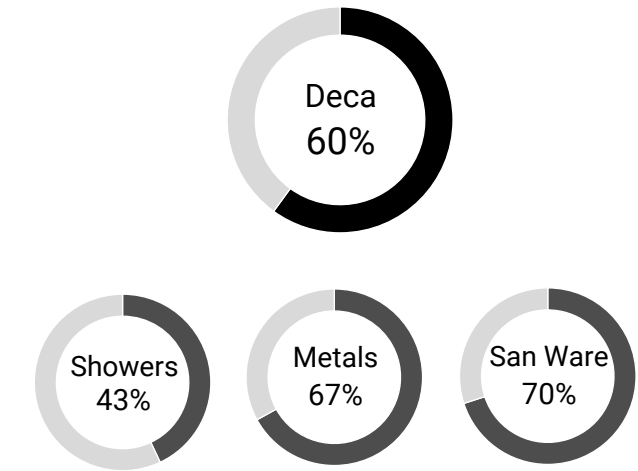


# Results

Another record Adjusted and Recurring EBITDA in the 2<sup>nd</sup> quarter, with the best 1<sup>st</sup> semester in the history of the Division

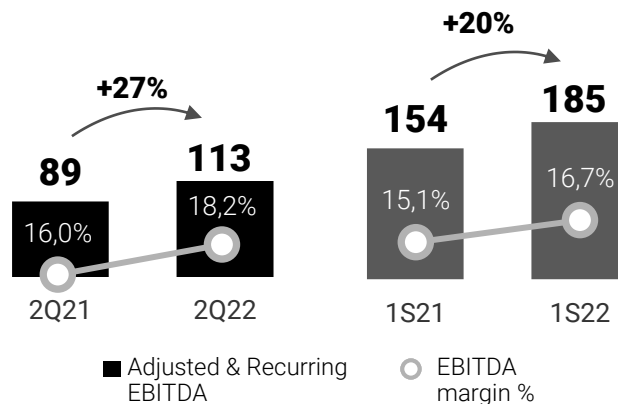
- Increase in market share despite shrinking volumes;
- Unit revenue increase of 20% in 2Q22, and of 29% in 1H22, with the highlight being the pricing strategy and better market positioning;
- Adjusted and Recurring EBITDA of R\$113 million, best 2<sup>nd</sup> quarter in Division' history, with the highlight being the leap forward of the Sanitary Ware sector;

Capacity Utilization 2022  
%



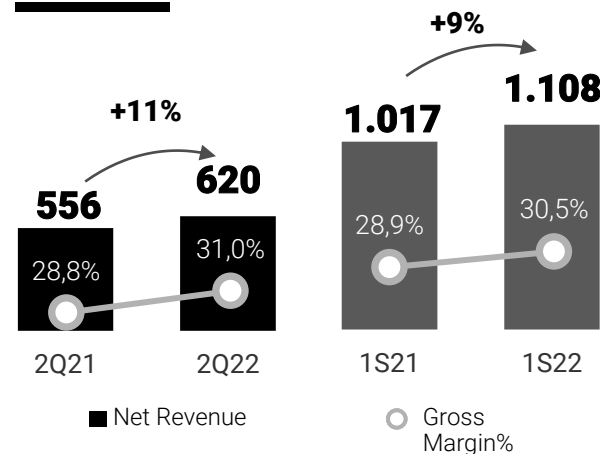
## Adjusted and Recurring EBITDA and Margin

R\$ million / %



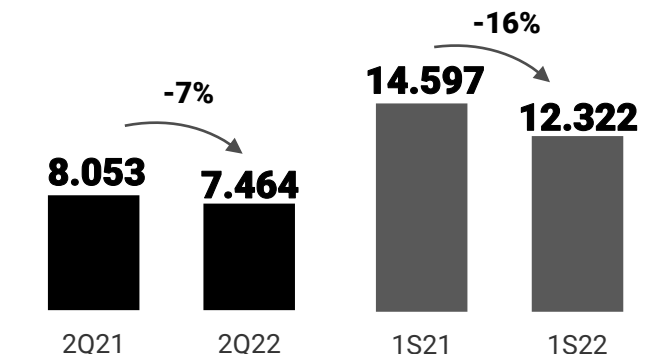
## Recurring Net Revenue and Pro Forma Gross Margin

R\$ million / %



## Volume

pieces





# TILES

DEXCO

portinari  
ceusa  
castelatto

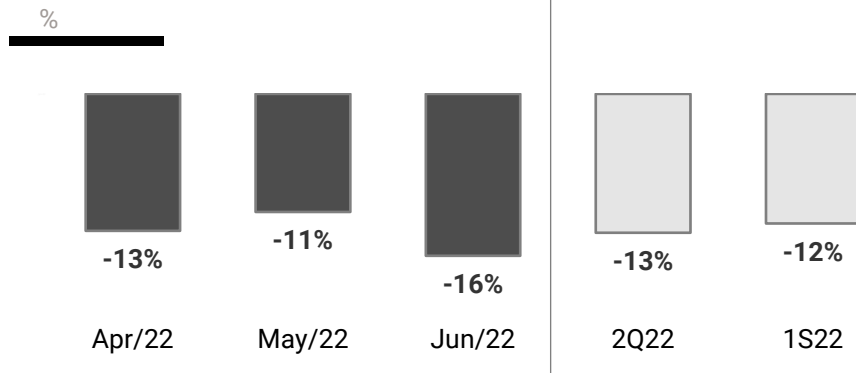


# Sector Environment

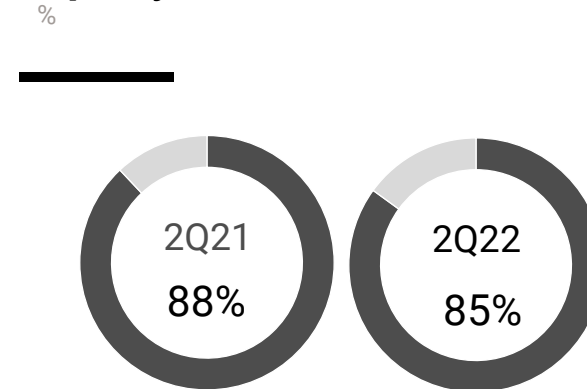
ANFACER data

- Fall in levels of factory utilization arising from a drop in sales volumes;
- Volumes fell in relation to 1H21, due to the elevated basis of comparison, as also seen in the ABRAMAT data.

**Sales Volume of the Ceramic Tiles industry vs 2021<sup>1</sup>**



**Capacity Utilization**

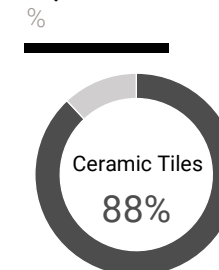


# Results

Record Adjusted and Recurring EBITDA for the semester

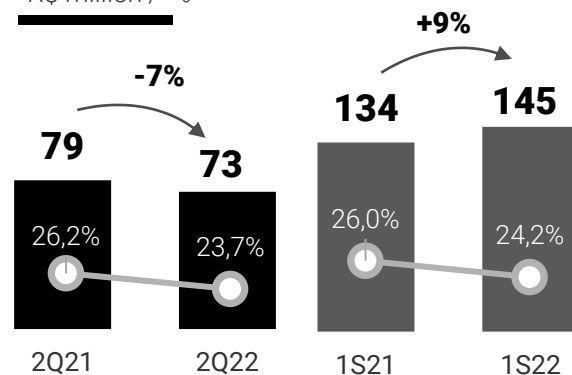
- Market share sustained even faced with a fall in volumes in supply chain;
- Implementation of price adjustments compensated for an increase in the cost of natural gas, with significant gains in gross margin;
- Growth of 9% in the Adjusted and Recurring EBITDA in 1H22 versus 1H21, despite the slight fall quarter-on-quarter.

Capacity Utilization  
2Q22



**Adjusted and Recurring EBITDA and Margin**

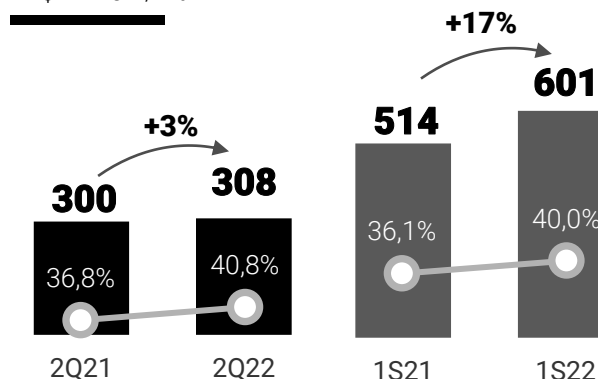
R\$ million / %



■ Adjusted & Recurring EBITDA  
○ EBITDA margin %

**Recurring Net Revenue and Pro Forma Gross Margin**

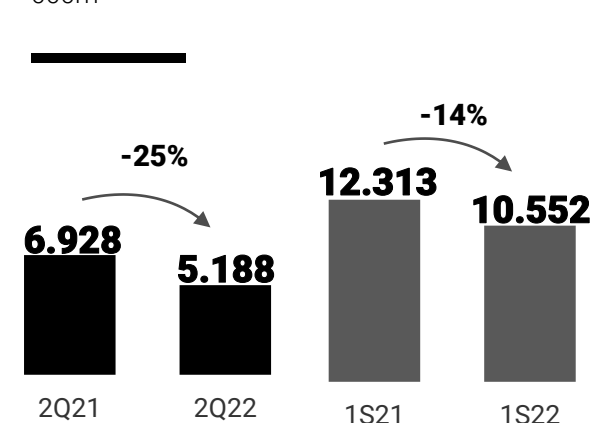
R\$ million / %



■ Net Revenue  
○ Gross Margin %

**Volume**

000m²







# DISSOLVING WOOD PULP

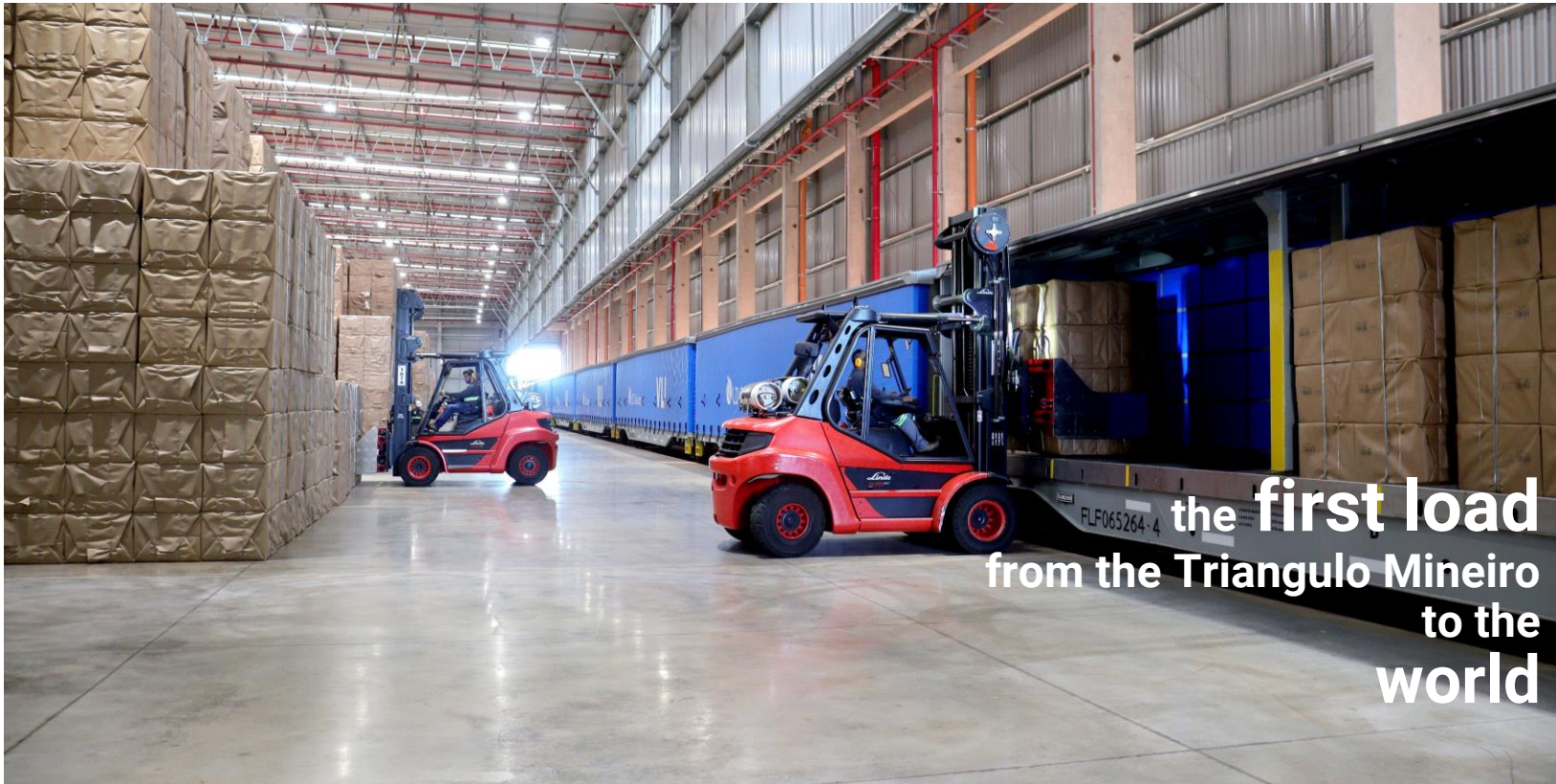
 LD Celulose

dexco



# Dissolving Wood Pulp

- Ramp-up of factory production with an expectation of achieving total operating capacity before the end of this year;
- Commodity prices remain favorable in the market, benefit the project.



**4k tons**  
destined for export

**62 wagons sent to  
Portocel (ES)**  
destined for Asia

Raw materials  
**destined for the  
manufacture of  
sustainable and technological  
textile fibers**



# ESG headlines

Publication of the 2021 Integrated Report

DEXCO

Publication of the 3<sup>rd</sup> Integrated Report, with highlights for:

- Progress and results from the new Sustainability Strategy;
- Socioenvironmental initiatives and investment in the business's Divisions;
- 70 years of Dexco and the change to the corporate brand.

TCFD

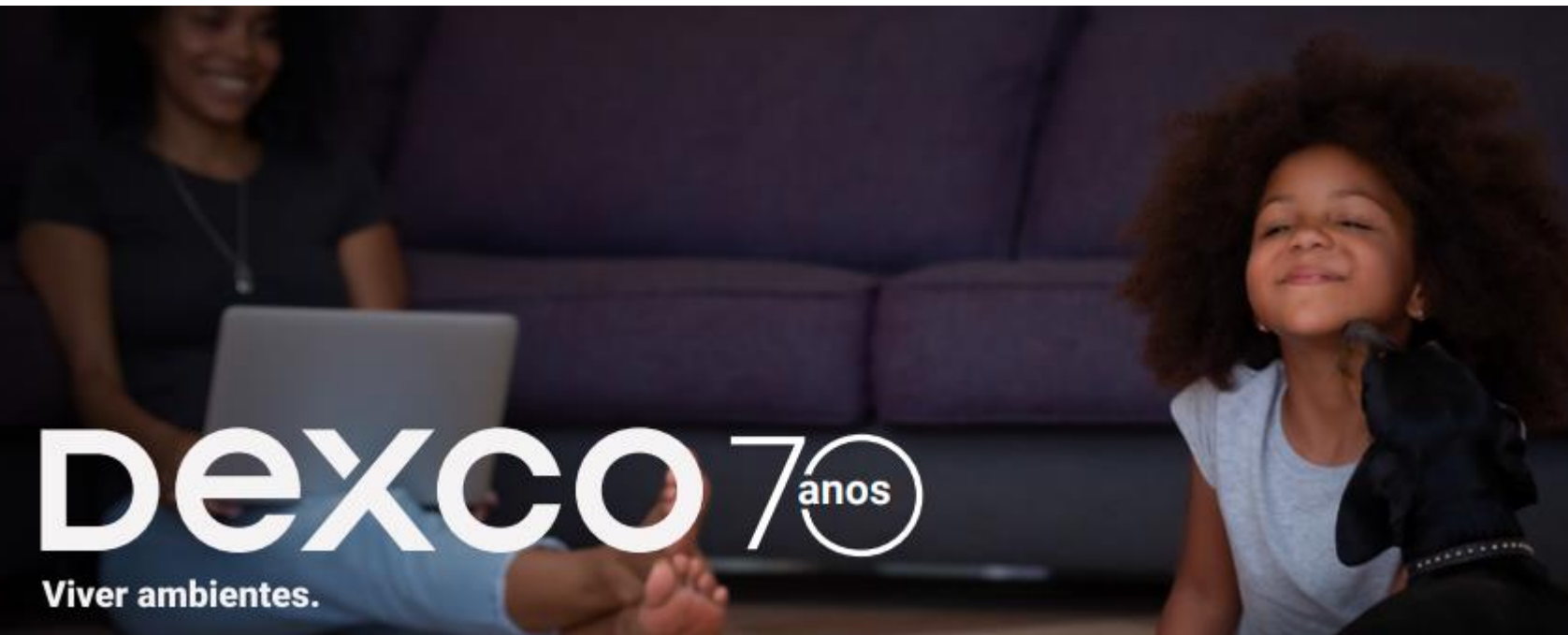
Improved **assessment of climate risks** and their financial implications through the Task Force on Climate-related Financial Disclosures.

In addition...

In 2021, Dexco **removed over 330k tCO<sub>2</sub>e** from the atmosphere;

Hit the annual target for female leadership: **achieving 25% of women among the leadership team**; and

**+17k people and 96 institutions in 14 municipalities benefitted** from our Private Social Investment.



**Dexco** 70 anos  
Viver ambientes.

## MACRO SCENARIO

Volatility arising from the upcoming elections and international situation

Stimulus measure with positive economic outlook

High number of new construction projects over recent years, still having a positive impact of the industry

Higher interest rates to be maintained with ongoing inflationary pressures

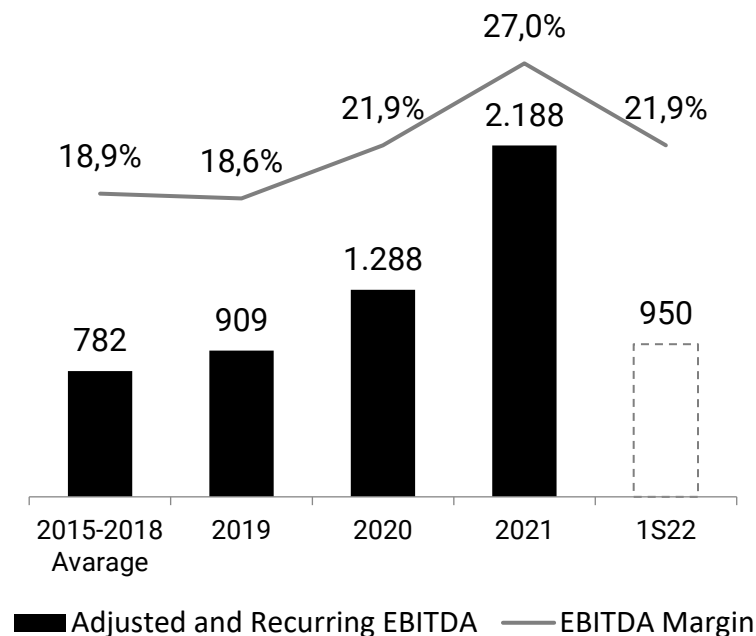
## DEXCO

New EBITDA level, even in the face of inflationary pressures

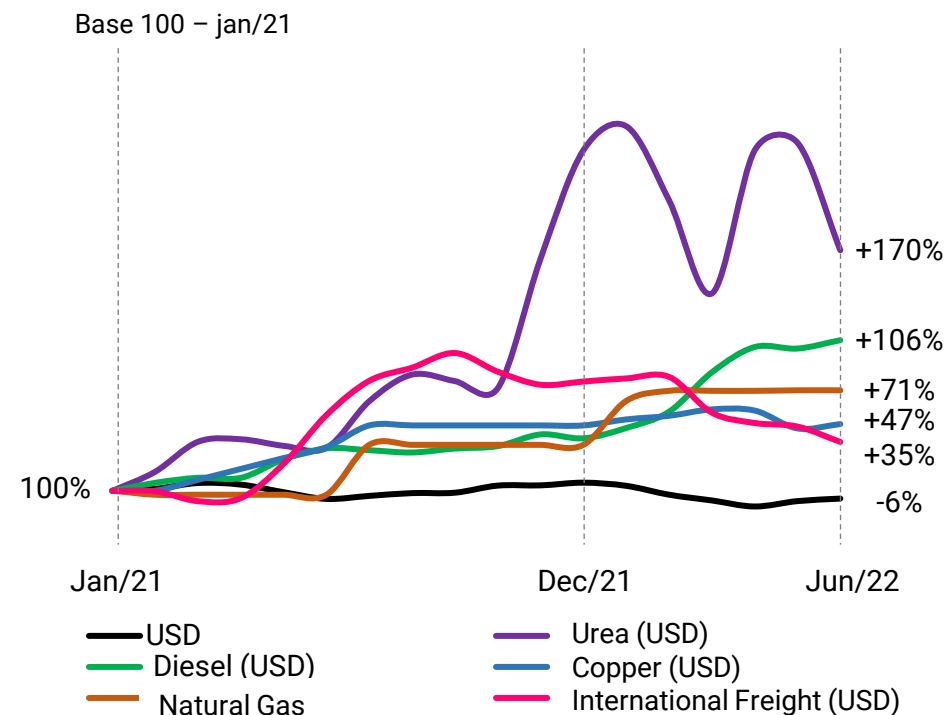
Start of sales of DWP in USD in 3Q22.

Indications that domestic inflation is being absorbed

## Rec. EBITDA & EBITDA margin



## Evolution of main costs



# Dexco

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