



DEXCO

Viver ambientes.

DEXCO

DAY 2023



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Antonio Joaquim

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Francisco Semeraro

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Henrique Haddad

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Raul Guaragna

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Marina Crocomo

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Daniel Franco

PEOPLE

Glizia Prado

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Antonio Joaquim





INTRODUCTION

Antonio Joaquim

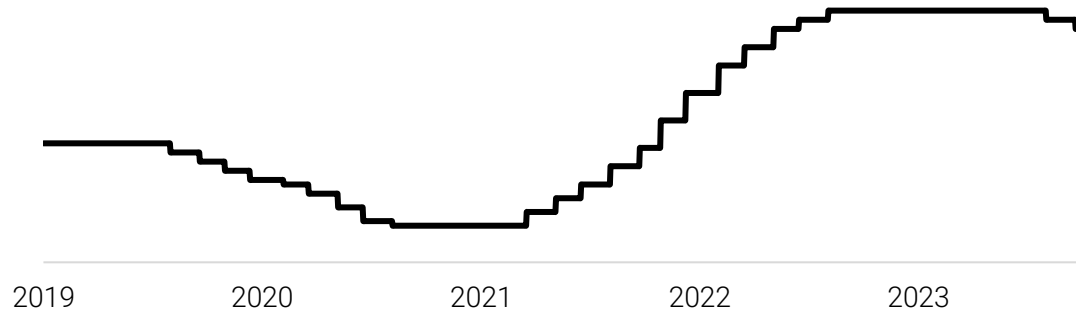
Macroeconomic scenario

Slight uptick in macroeconomic indicators fails to significantly impact the main sectors in which Dexco operates.



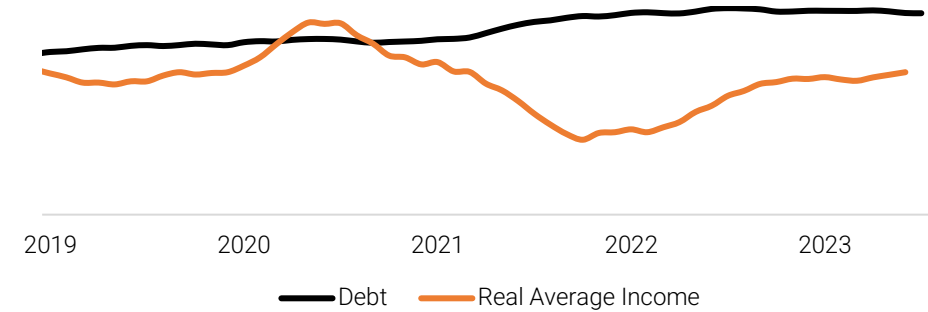
INTEREST RATES (%)

Source: Banco Central



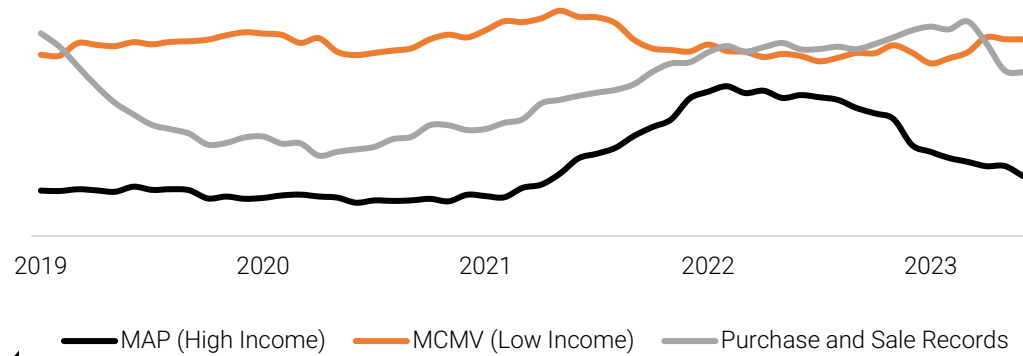
HOUSEHOLD BUDGET (DEBT & REAL INCOME)

Source: CNC-PEIC / PNAD-IBGE



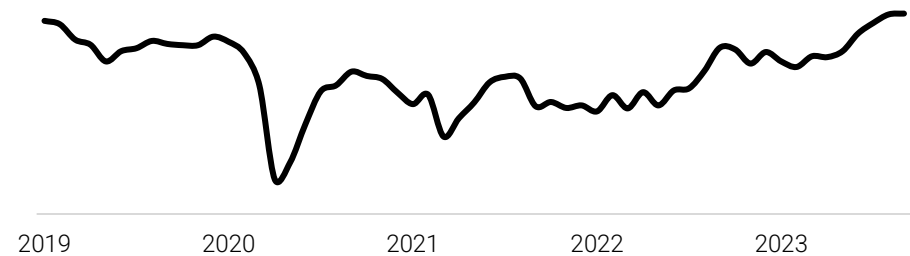
REAL ESTATE LAUNCHES (million)


Source: ABRAINC



CONSUMER CONFIDENCE INDEX

Source: FGV IBRE





RESULTS

3Q23/9M23

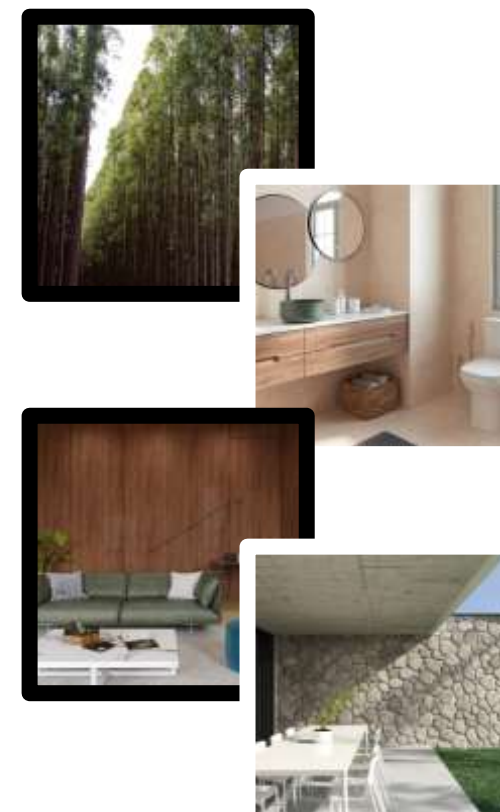
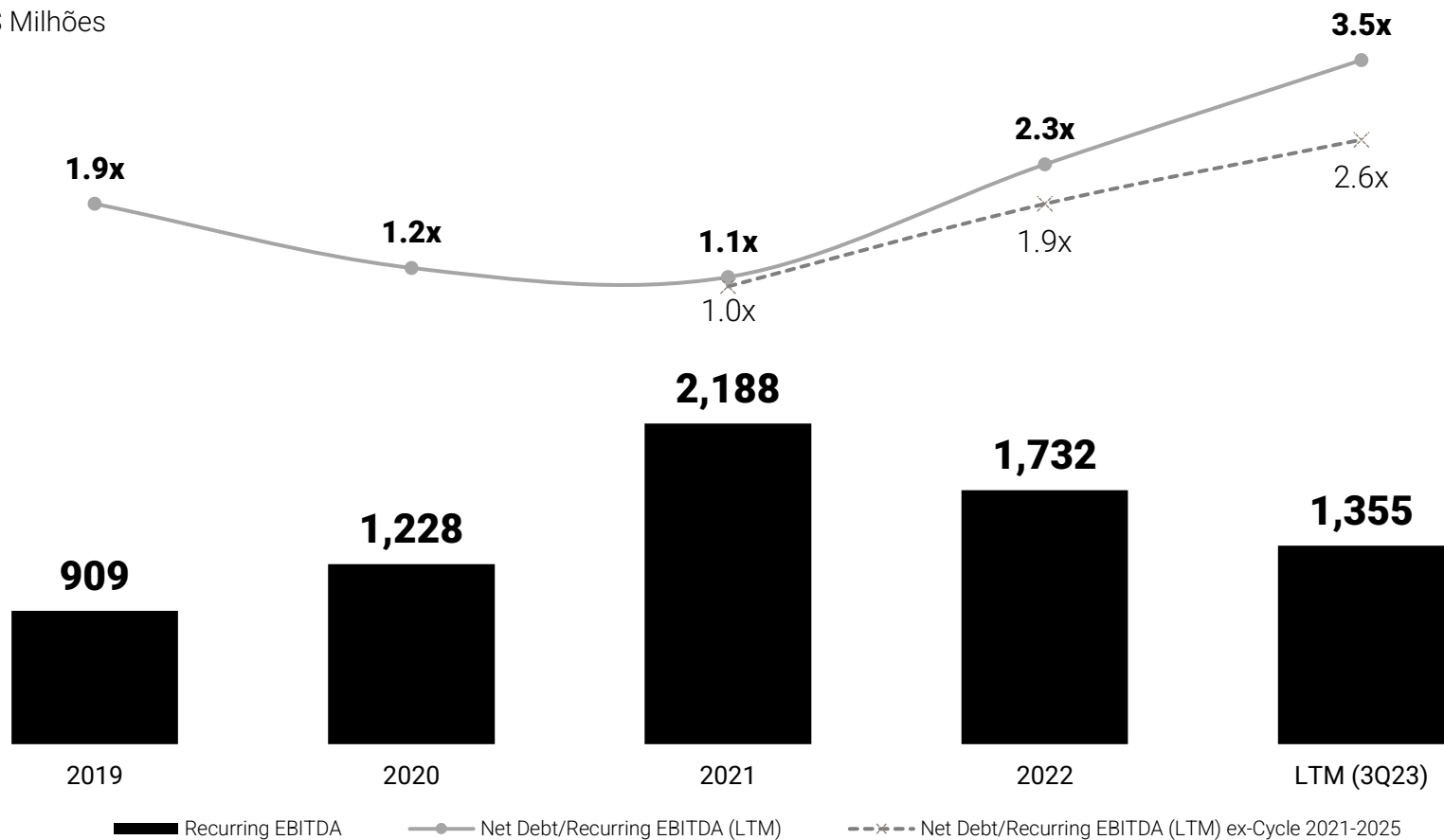
Francisco Semeraro

Consolidated Results

Historic

▶ Results at levels higher than the pre-pandemic period.

Em R\$ Milhões



Highlights

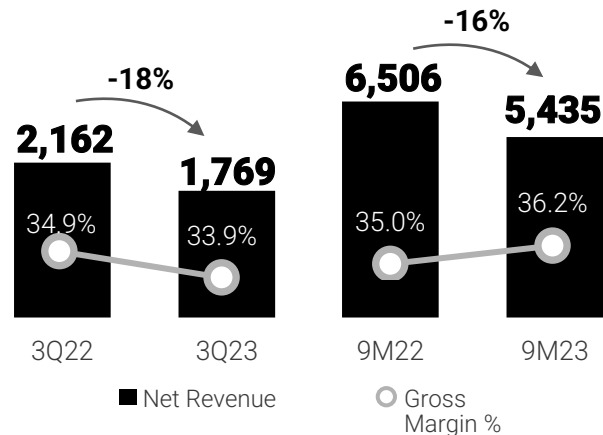
3Q23/9M23

Pro-forma Adjusted & Recurring EBITDA of **R\$1,445M in 9M23**, including the 49% of EBITDA from LD Celulose

- ▶ Signs of recovery in the panels sector led to an increase in factory utilization and reduction in sales of standing wood;
- ▶ Finishings for Construction Division continues to be impacted by restructuring activities in the period;
- ▶ Adjusted & Recurring EBITDA of R\$288 million in 3Q23 and R\$989 million year to date excluding LD Celulose;
- ▶ LD Celulose had a Recurring EBITDA of R\$354 million in 3Q23, with a margin of 61%, R\$173 million pertaining to Dexco.

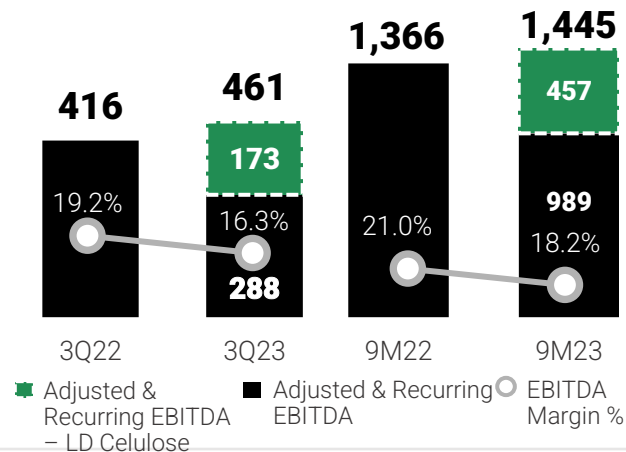
Recurring Net Revenue and Gross Margin

R\$ million / %



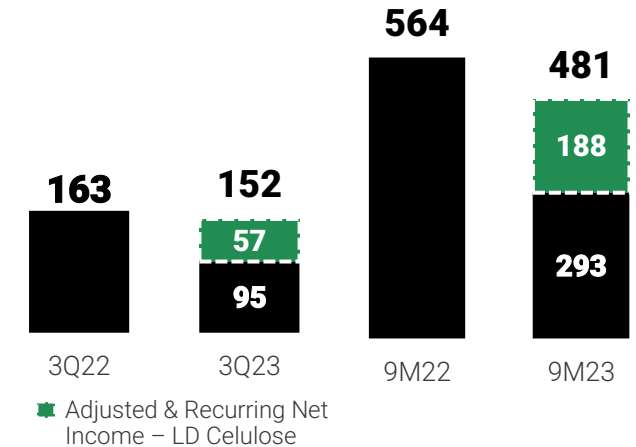
Adjusted & Recurring EBITDA and Margin

R\$ million / %



Recurring Net Income

R\$ million



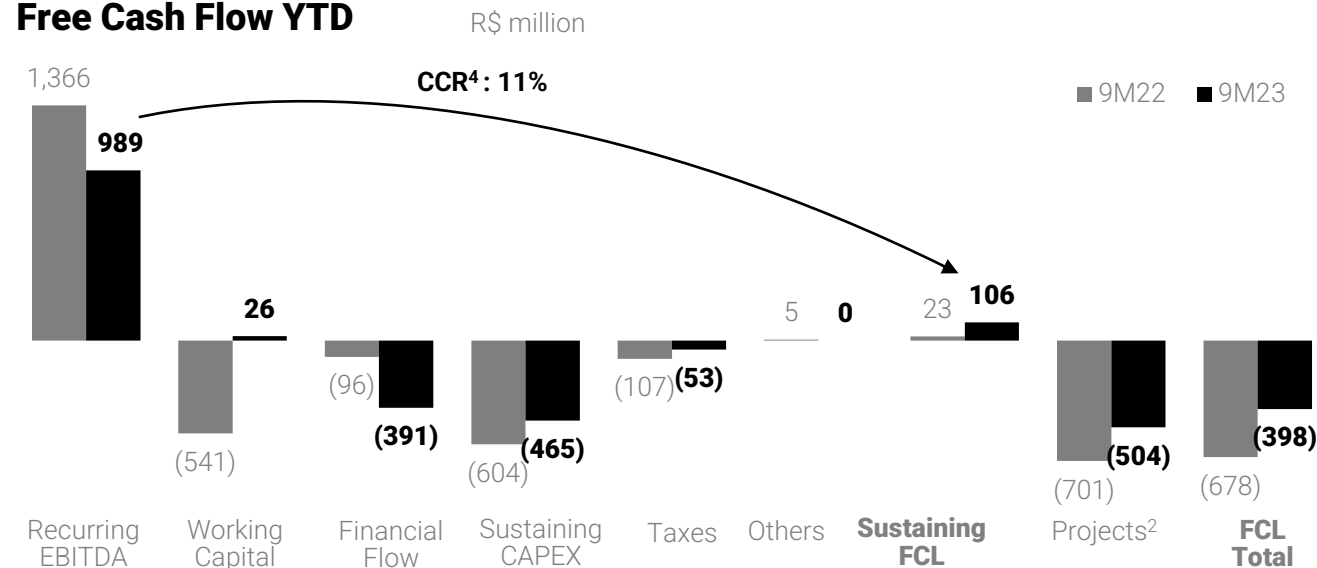
Cash Flow

3Q23/9M23

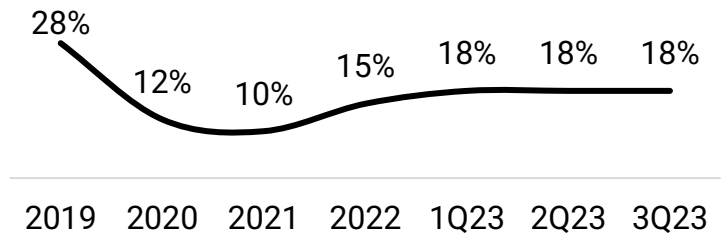
Working Capital/Net Revenue at low levels (~16%)

- ▶ Focus on initiatives aimed at rationalizing Sustaining CAPEX Leading to a reduction in investment;
- ▶ Generation of Sustaining cash flow of R\$163 in the quarter and R\$106 million year to date, leveraged by the management of Working Capital;
- ▶ Ongoing investment in projects that are part of the 2021-2025 Cycle in 9M23:
 - R\$211 million: New Tiles unit in SP
 - R\$127 million: Productivity projects, improvement to the mix and Deca automation
 - R\$37 million: Factory debottlenecking and expansion of the forestry base
 - R\$90 million: DX Ventures

Free Cash Flow YTD



Working Capital/Net Revenue



CAPEX R\$ million

Investment	3Q22	3Q23	9M22	9M23
FORESTRY OPEX	75	102	299	256
MAINTENANCE	120	81	305	209
SUSTAINING CAPEX¹	195	183	604	465
PROJECTS^{2,3}	135	193	686	504

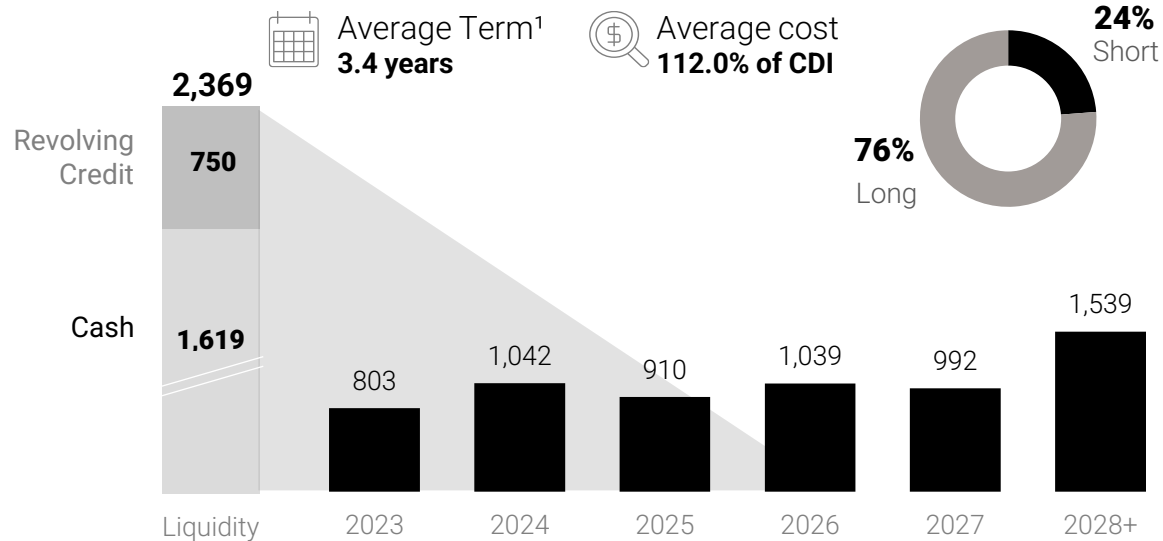
Corporate Debt 3Q23/9M23

Leverage of **3.5x**,
impacted by the **2021-2025
Investment Cycle**

- ▶ Increase in leverage to 3.5x arising from the 2021-2025 Investment Cycle;
- ▶ Liability management:
 - CRA issuance in October in the amount of R\$1.5 billion with a final maturity of 10 years, with the effects of extending the average payment term from 4Q23;
 - Increase in the revolving credit line ("Revolving Credit Facility") to R\$750 million, with availability for withdrawal in up to 12 months.

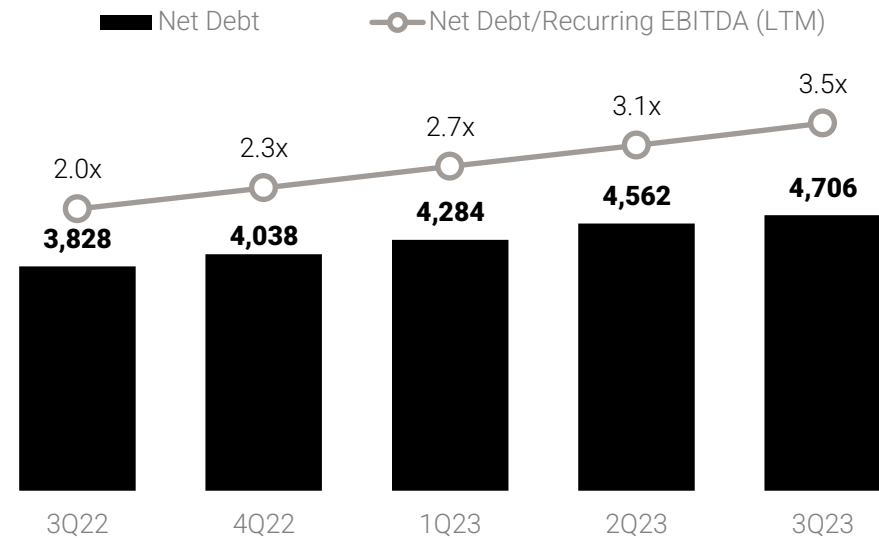
Amortization Timeline

R\$ million



Financial Leverage

R\$ million





WOOD

duratex durafloor  LD Celulose

Henrique Haddad

Dexco Day 2023



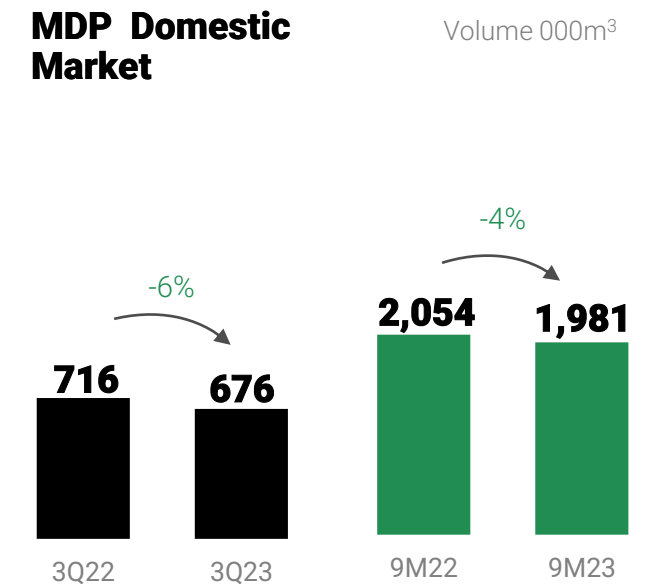
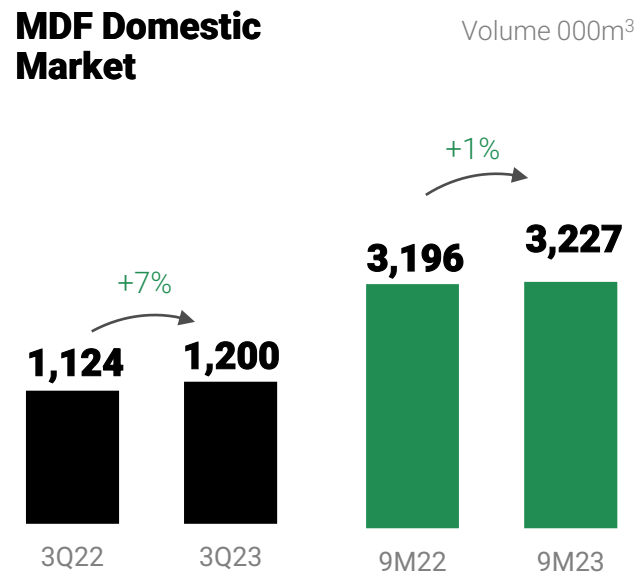
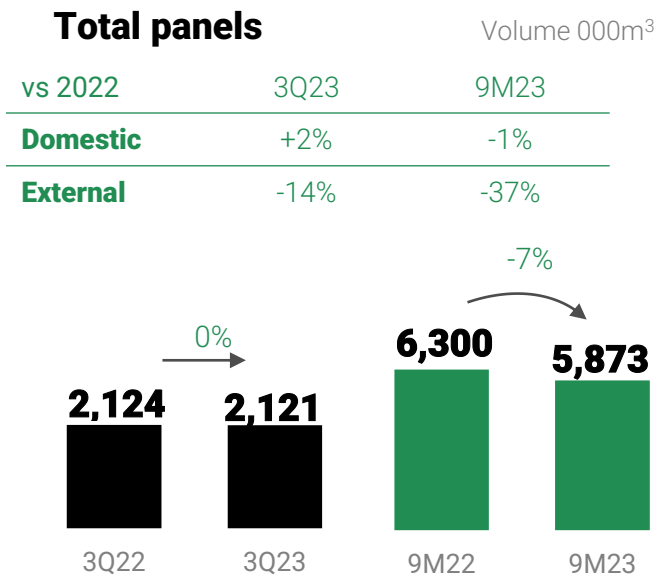
dexco
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Sector Environment

Wood Panels

IBA Data

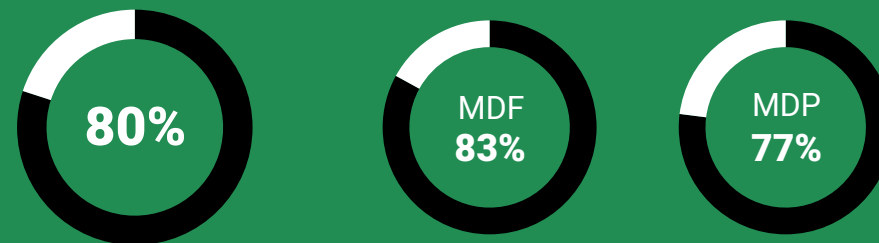
- ▶ Quarterly improvement in the market arising from seasonality typical of the period;
- ▶ External market continues to be impacted, but on a path to recovery.



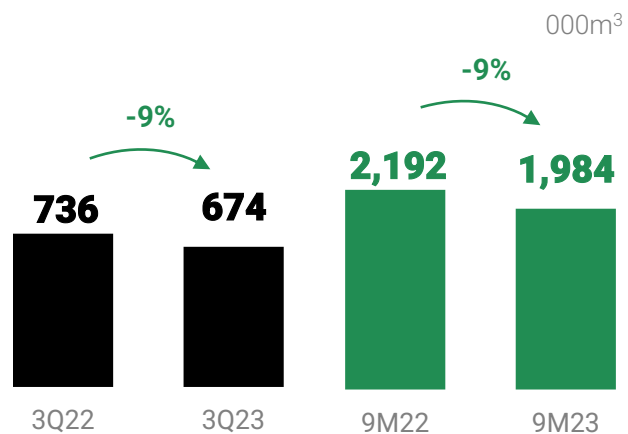
Results Wood

- ▶ Signs that the Panels market is heating up, with a quarterly improvement in factory utilization and reduction in sales of standing wood;
- ▶ EBITDA Margin increase of 3.9 p.p. vs 3Q22 impacted mainly by the reduction in the cost of manufacturing inputs;
- ▶ Adjusted & Recurring EBITDA of R\$286 million for the quarter, with a margin of 25%, and of R\$962 million for 9M23, with a margin of 27%.

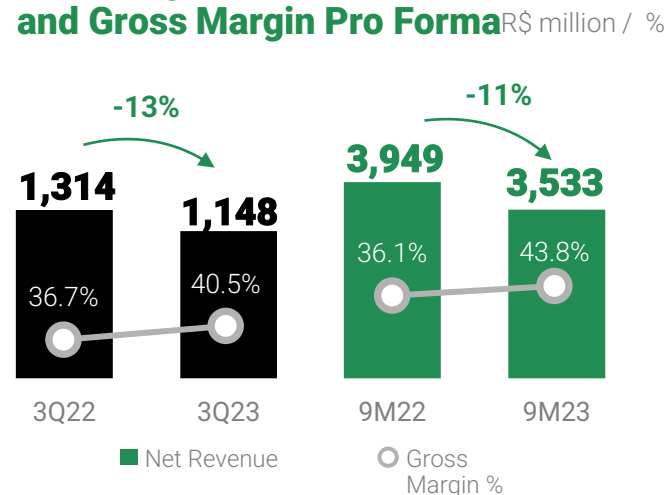
Capacity Utilization 3Q23



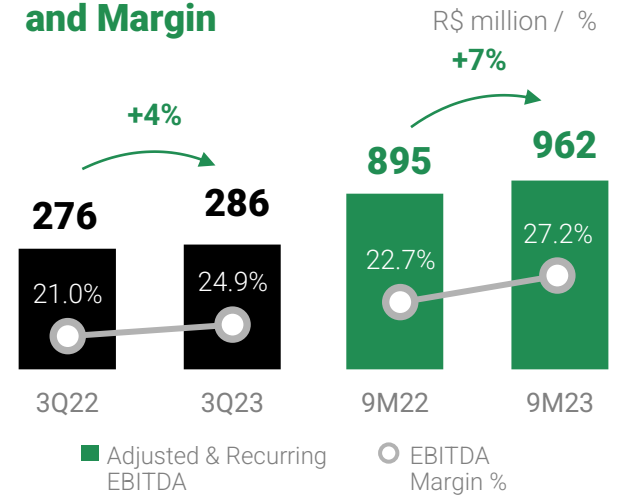
Volume



Recurring Net Revenue and Gross Margin Pro Forma



Adjusted & Recurring EBITDA¹ and Margin



Dissolving Wood Pulp

First year of operations

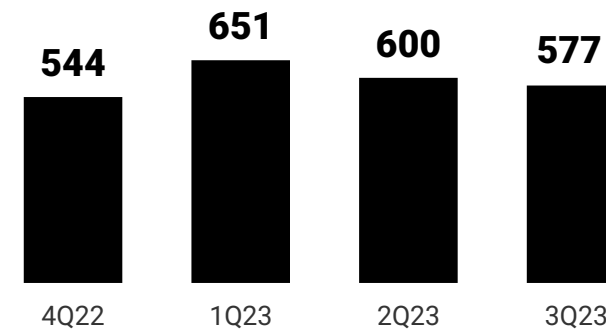
- ▶ Operation running with excellent occupation of installed capacity in the quarter;
- ▶ Pro-forma Recurring EBITDA pertaining to Dexco of R\$173 million in 3Q23, with a margin of 61%.



RESULT
REFLECTS
100% OF THE
OPERATION

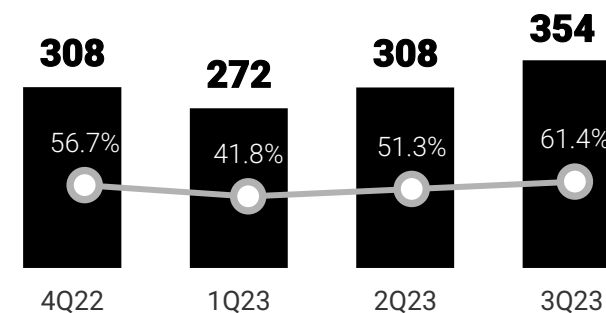
Recurring Net Revenue

R\$ million



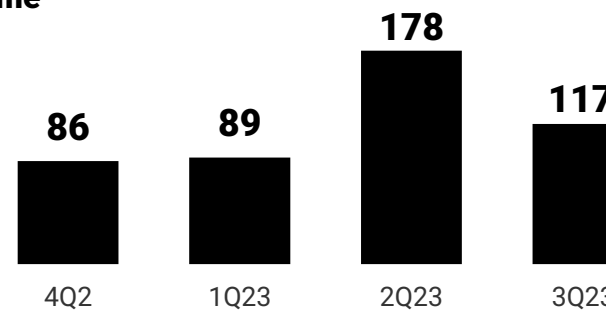
EBITDA

R\$ million



Net Income

R\$ million

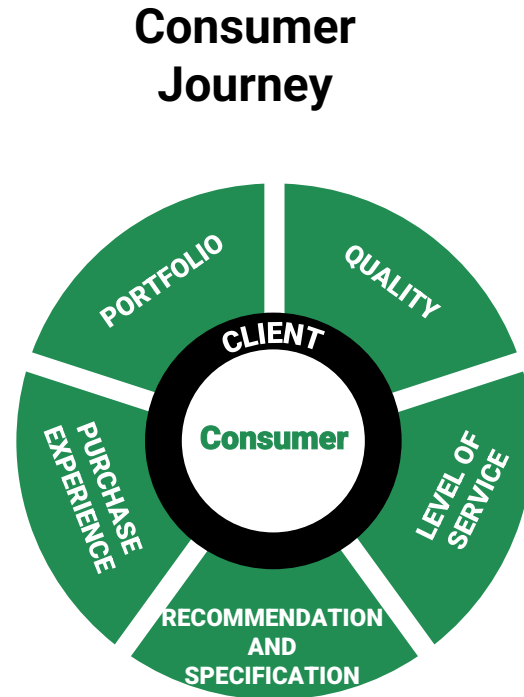


DX24-28 duratex

*Being a protagonist in
the Client and Consumer
Journey*

Building Resilience &

Anticipating Trends

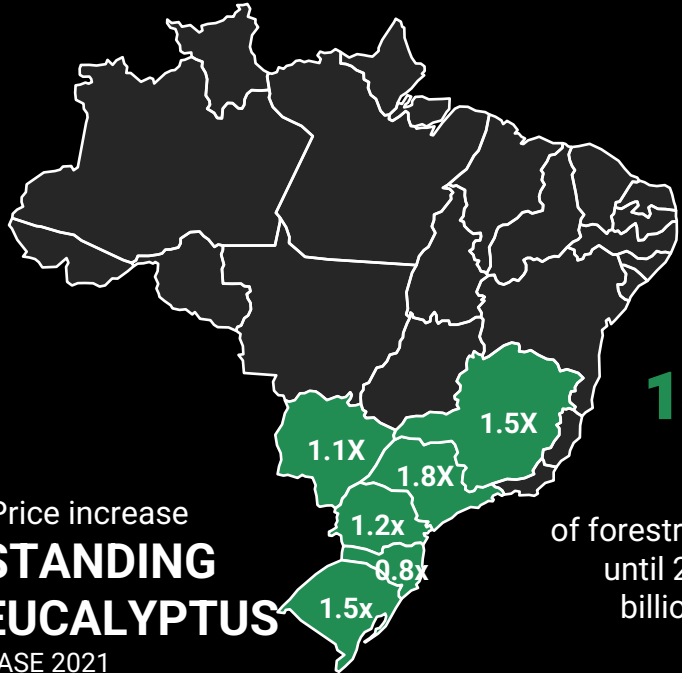


**New Uses of
Wood**

Investees	LD CELULOSE
	CAETEX
DX Ventures	URBEM
	NOAH
	BRASIL AO CUBO
Tech	PROSPECTS
	...

Forestry Base

Forestry & Wood Market



13 expansion projects

of forestry companies in progress until 2028. Brazil totals US\$12 billion in forecast investment

The average price of Wood in 2023¹ is ~2.2x the value of 2021



Exploit the existing asset

Optimize average radius

-15% the last 7 years



Sell surpluses arising



FINISHINGS FOR CONSTRUCTION

deca portinari hydra castelatto ceusa

Raul Guaragna

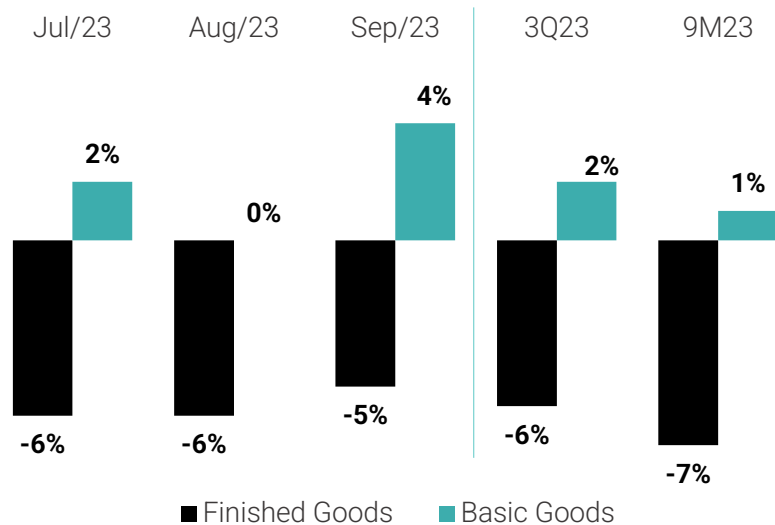
Sector Environment Metals & Sanitary Ware

ABRAMAT data

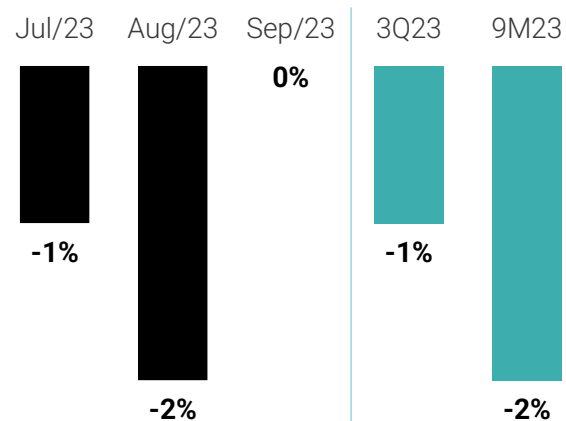
- ▶ Maintenance of the slight improvement in the basics market compared to 2022, but with a significant drop in finished goods;
- ▶ Challenging scenario: fall in deflated gross revenues of 2% year to date.



Deflated gross revenue by product type vs 3Q22 and 9M22¹



Building materials revenues vs 3Q22 and 9M22¹



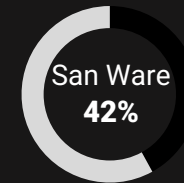
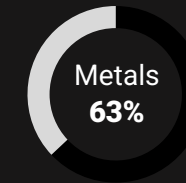
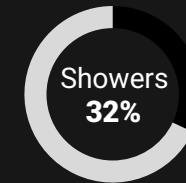
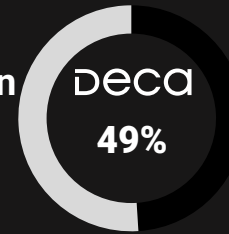


Results Metals & San. Ware

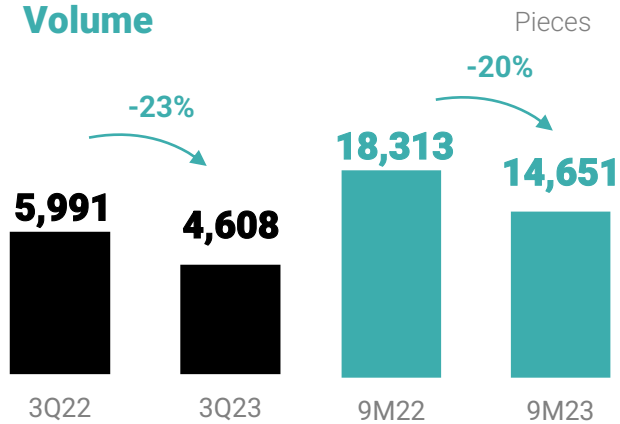


- ▶ Volumes continue to be impacted by the market scenario;
- ▶ Drop off in production volumes in order to balance inventory levels, impacting the Divisions costs and utilization figures;
- ▶ Adjusted & Recurring EBITDA of R\$ -9 million for 3Q23 and R\$ +10 million for the year to date.

Capacity Utilization
3Q23
%

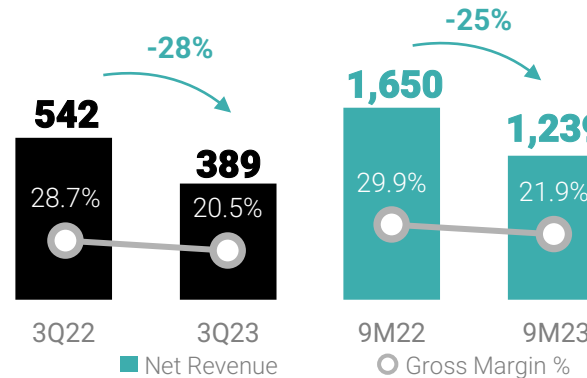


Volume



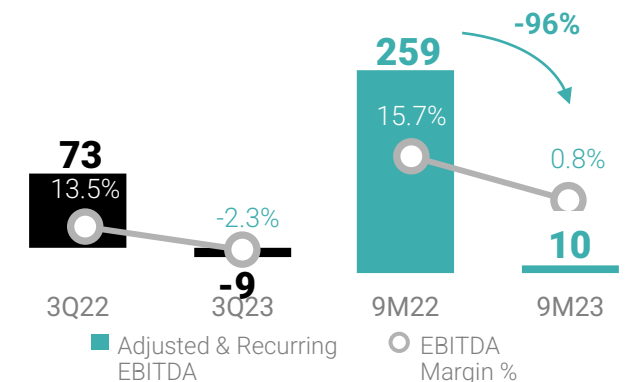
Recurring Net Revenue and Gross Margin Pro Forma

R\$ million / %



Adjusted & Recurring EBITDA¹ and Margin

R\$ million / %

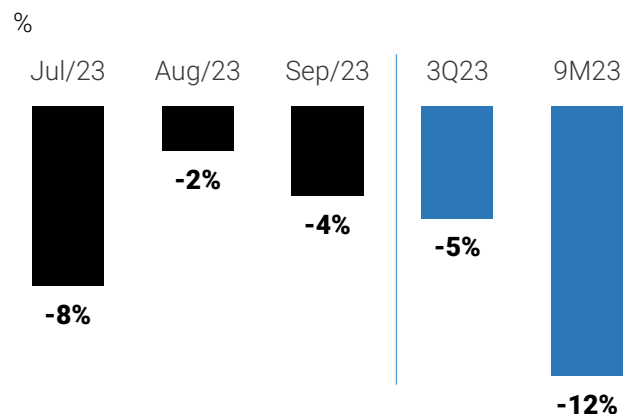


Sector Environment Tiles

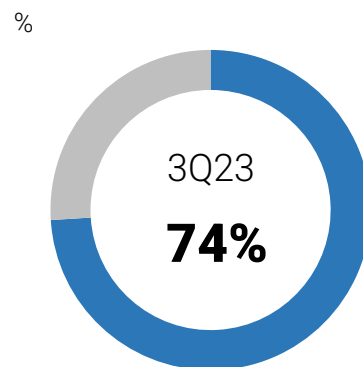
ANFACER data

- ▶ Drop off in sales volumes for the quarter versus the same period in 2022;
- ▶ Capacity utilization below historic levels;
- ▶ Average inventory term stabilized at high levels;

Sales volumes in the ceramic tiles industry vs 2022



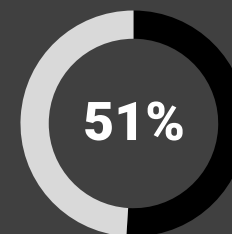
Capacity utilization



Results Tiles

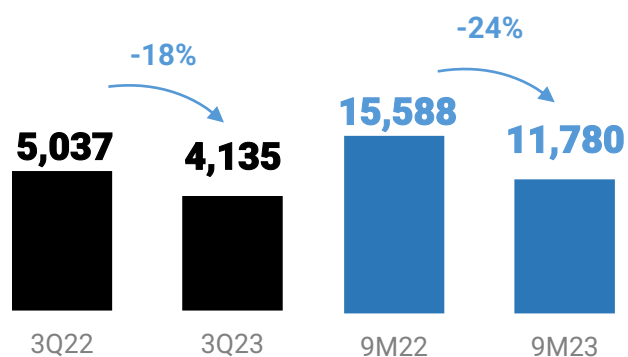
- ▶ Industrial optimization: manufacturing output adapted to the challenging market scenario, with an impact on utilization levels;
- ▶ Increase in market share in September despite the impacts seen in July and August;
- ▶ Adjusted & Recurring EBITDA of R\$11 million in 3Q23 and of R\$17 million year to date.

Capacity Utilization
3Q23
%



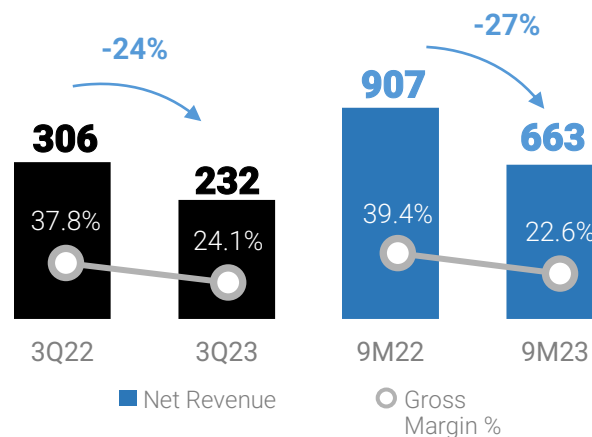
Volume

000m²



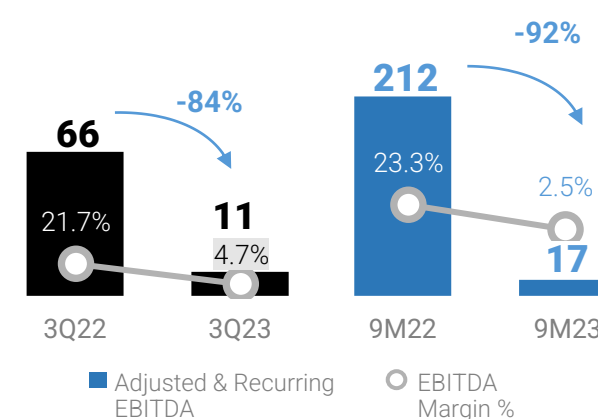
Recurring Net Revenue and Gross Margin Pro Forma

R\$ million / %



Adjusted & Recurring EBITDA and Margin

R\$ million / %





deca portinari hydra castelatto ceusa

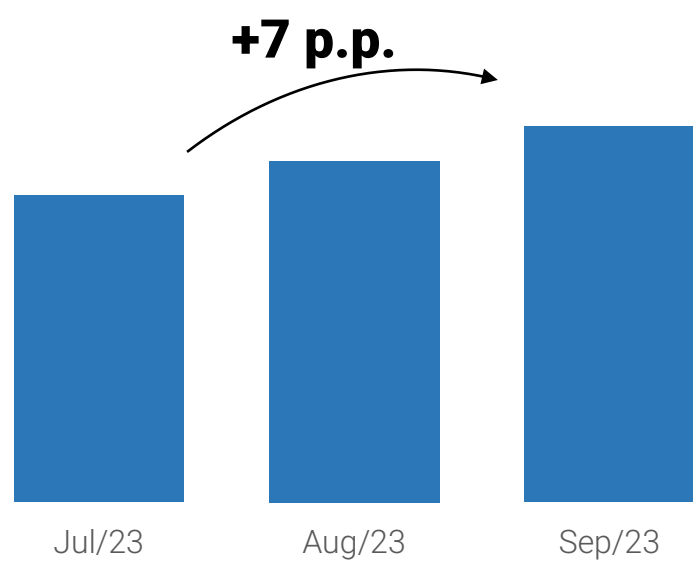
▶ Results from the structural activities starting to be captured

STRATEGIC AGENDA

PREPARING THE FUTURE OF THE DIVISION:

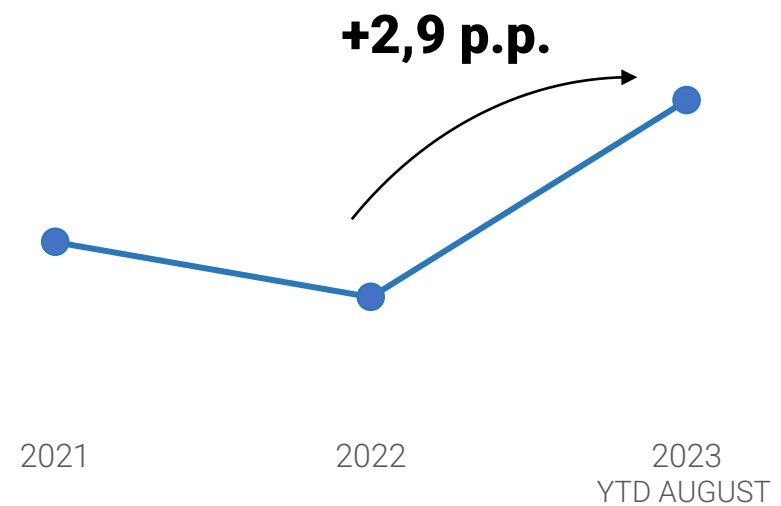
EXPANSION OG PVD METALS CAPACITY | MANUFACTURING AUTOMATION | TECHNOLOGICAL INFRASTRUCTURE:

Quality sanitary ware (%)

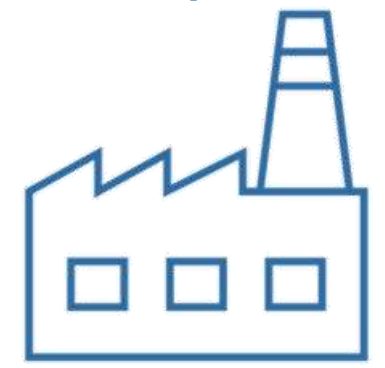


Market share¹ - Price repositioning

Sanitary metals – Mono Comando Dcoat



Adjusting the industrial footprint



SOLID BASE FOR THE YEARS AHEAD...



**STRATEGIC
AGENDA**

deca portinari hydra castelatto ceusa

HONOR OUR LEGACY serving our clients and consumers with a **HIGH LEVEL OF SERVICE**, with **STRONG BRANDS** and a **CLEAR GROWTH PATH**

BUILDING MARKET SHARE IN THE MEDIUM AND LUXURY SEGMENTS

**COMMERCIAL
EXCELENCE**




**OPERATIONAL
EFFICIENCY**




**BENCHMARK
SERVICE LEVELS**




**NEW AVENUES
OF GROWTH**




 **CONSUMER CENTRIC**

DATA & DIGITAL 



MARKETING & DESIGN

Marina Crocomo

Dexco Day 2023

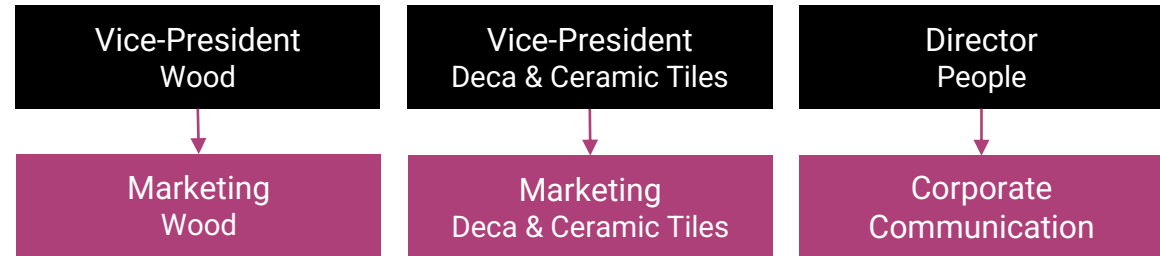
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MARKETING & DESIGN

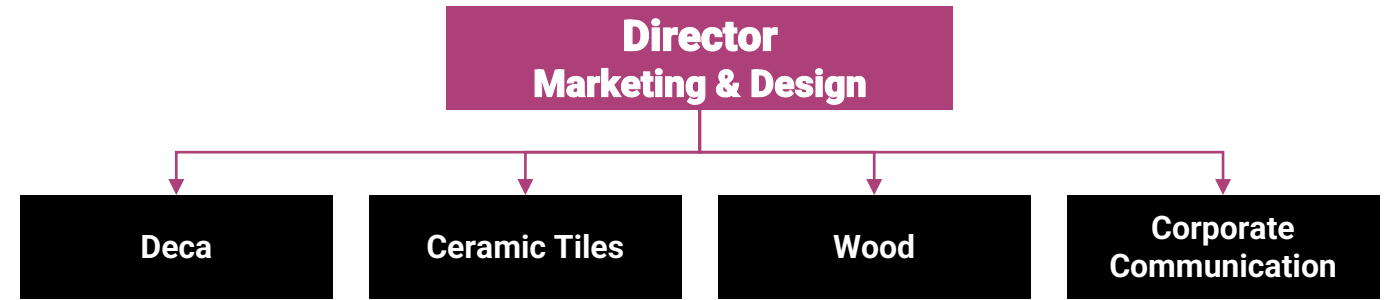
Structure



BEFORE

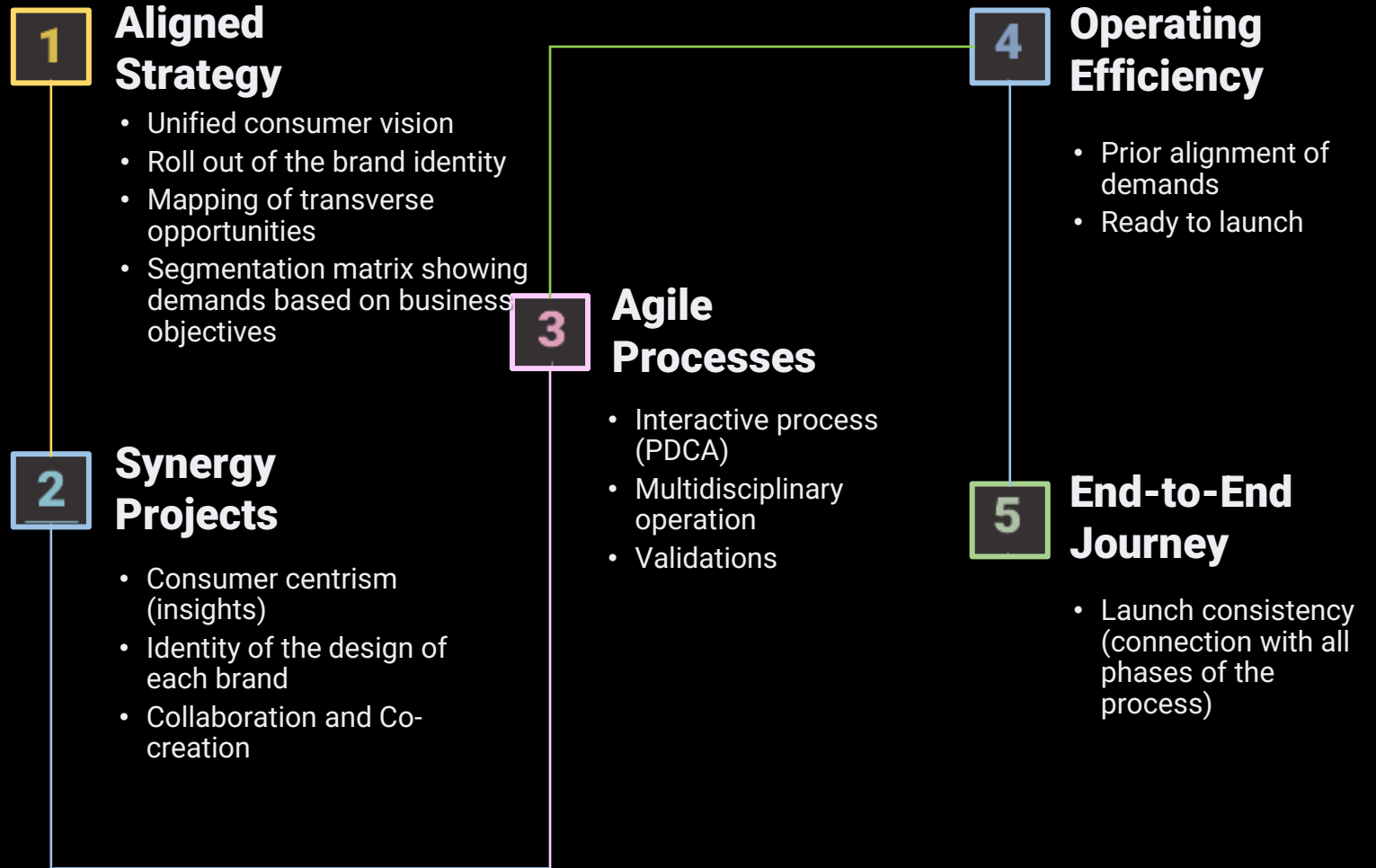


AFTER



- Design Office Dexco
- Portfolio Management
- Communication
- CRM

DEVELOPMENT PROCESS



VALIDATIONS



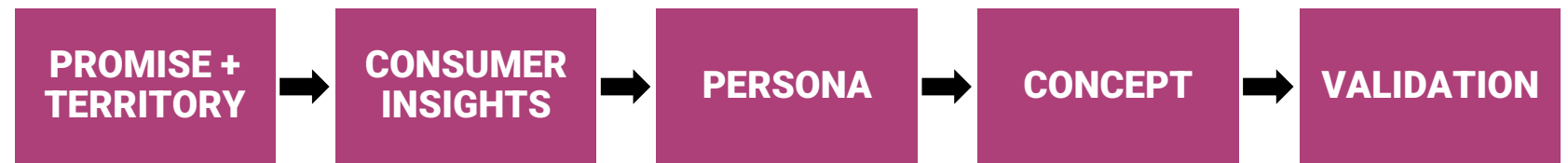
Consumer Centric Design



Dexco

deca portinari hydra duratex castelatto ceusa durafloor

TRENDS & BEHAVIORS COMMON TO THE BRANDS



**CONSUMER
DEMANDS**
(external listening)

TRENDS
RESEARCH
CO-CREATION
VALIDATIONS



**CLIENT | CONSUMERS
DEMANDS**
(internal listening)

SAC
CRM
SHOWROOM
COMMERCIAL

**LAUNCHES VALIDATED BY THE
CONSUMER/SPECIFIER**

100%

INSPIRED BY
CONSUMER INSIGHTS

+6k

**INTERACTIONS
IN 2022**



INNOVATION & Corporate Venture Strategy

Daniel Franco

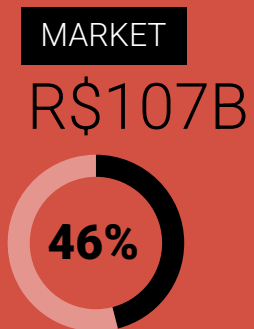
Remembering our Corporate Venture thesis






Journey



Civil Construction

Investment
R\$ 135 MM



- INFLUENCERS
-  Incorporators
 -  Broker
 -  Friends
 -  Social Networks
 -  Internet






Journey



Home Improvement

Investment
R\$ 105 MM



- INFLUENCERS
-  Joiners
 -  Architects
 -  Friends
 -  Social Networks
 -  Internet

DEXCO

urbem noah



Thesis
Innovative uses of the Forest

- Carbon neutrality
- Structural properties
- Viability of manufacturing
- Design and Adaptability

Thesis
Offsite construction

- Modularization
- Inspiration and High Standards
- Leadtime and CX
- ESG appeal

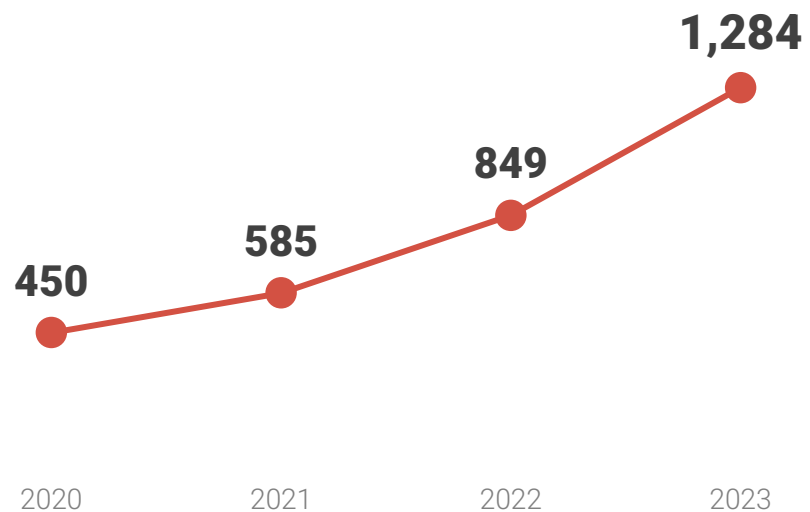


Thesis
New Retail and Franchising

- Omnichannelity
- Efficient Logistics
- In-store experience

Protagonists in transforming the **Consumer Journey**

Solid deliveries in growing Gross Operating Revenues (GOR) in the invested portfolio reflects the resilience of the thesis even against an adverse macroeconomic backdrop (R\$ million):



HIGHLIGHTS 2023

Cerrado Project – Ribas do Rio Pardo (MS)

Ostara Restaurant – Farroupilha (RS)

McDonald's – São Paulo (SP)

Cases in progress

Casa Simetria

(Tubarão, SC)



Arvoredo

(São Paulo, SP)



Hard Rock Hotel¹

(Jericoacoara, CE)





PEOPLE

Glizia Prado

Dexco Day 2023



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STRATEGY



CULTURE



EXECUTION



Human Capital

1st SEASON

2nd SEASON

Reestructuring

Growth Cycle

Ambition



OUR WAY OF BEING AND DOING
Our organizational culture

Management



Results



Customer



Digital Transformation



ESG



DIVERSITY, EQUITY & INCLUSION



- ▶ Progress against the Sustainability Target: 31% female Leaders (target = 35% by 2025)
- ▶ Attraction and development programs focused on priority indicators

ACKNOWLEDGEMENTS:

T E | **Mulheres**
V A | **na Liderança**
Second consecutive year



IDIVERSA B3

We are part of the first portfolio of the **B3 Diversity Index**



PROSPECTS

Antonio Joaquim

STRATEGIC COMMITMENTS



Make the construction and renovation journey easier

Investment made via DX Ventures and CVC has **revolutionized the civil construction market**, offering a **fast, clean and sustainable building material!**



Ensure sustainable growth and keep a positive carbon balance

Expansion of the forestry base in the North East **+40** with potential positive impact on the Company's carbon balance.
k hectares



Promote health and wellbeing in environments

New Tiles factory in Botucatu

- ▶ Improvement in the energy matrix;
- ▶ Industry 4.0: quality and resource optimization through technology;
- ▶ Products offering greater added value.

Crystalizing the Sustainability Strategy

Restaurant chain in Brazil delivers first unit built from engineered wood



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2021-2023:

STRUCTURING

ACTIVITIES...

Change in the corporate brand
from Duratex to **Dexco**

R\$1.8B invested in projects across all
divisions as part of the **2021-2025**
Cycle:

- ▶ **WOOD:** expansion of the forestry base, improvements to the mix and debottlenecking;
- ▶ **METALS & SANITARY WARE:** Improvements to the mix, automation and productivity projects;
- ▶ **TILES:** new factory in Botucatu (SP)
- ▶ **DX VENTURES:** Investment in scale-ups sector of Civil Construction and Home Improvement

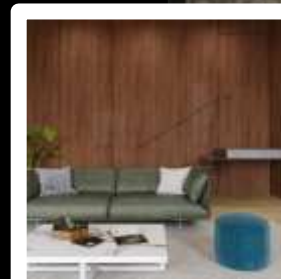
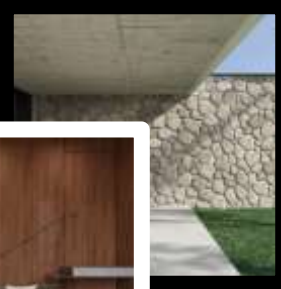
Review of the footprint in
Finishings for Construction

Organizational structure:
**Restructuring of the Executive
Committee**



Dexco

prepared for
the future



...LOOKING AHEAD

Focus on returns from
projects in the **2021-2025**
Cycle

Continued **diligence** in
management of costs,
expenses and investment

Differentiated **growth and design**
with continued **strengthening of**
brands in the market place

Consumer Journey: getting closer to
the **Home Improvements and Civil**
Construction sectors

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