

Dexco

deca portinari hydra duratex castelatto ceusa durafloor



Results Presentation 1Q22

April 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.

No representation or guarantee, expressed or implied, is made herein, and no reliance should be placed on the accuracy, justification or completeness of the information provided.

Dexco does not offer any assurances or guarantees regarding the fulfilment of expectations described.



Headlines

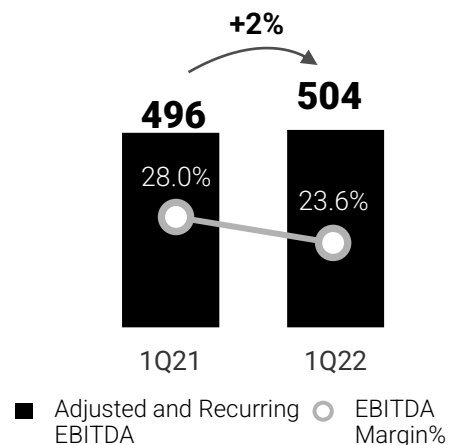
DEXCO

New EBITDA record with R\$504 million in 1Q22, with a significant improvement from Deca and Tiles

- Improvement in the mix and new price points drove the results, even considering the lower sales volumes arising from seasonality not present in 1Q21;
- Increase in the cost of materials and utilities putting pressure on margins;
- Start up of operations of the new Dissolving Wood Pulp unit.

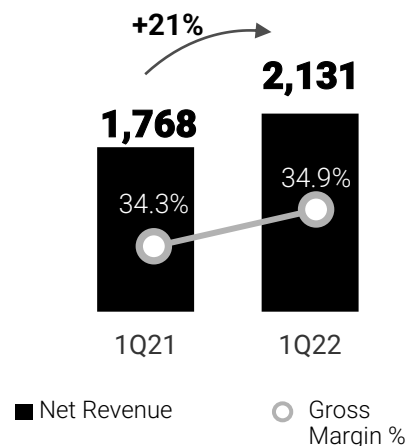
Adjusted and Recurring EBITDA and Margin

R\$ million / %



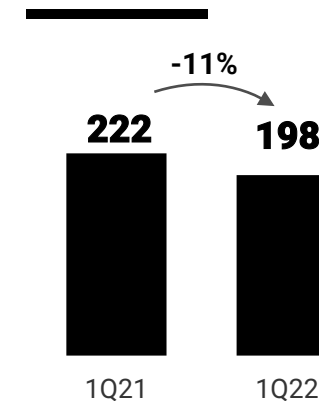
Recurring Net Revenue and Gross Margin

R\$ million / %



Recurring Net Income

R\$ million



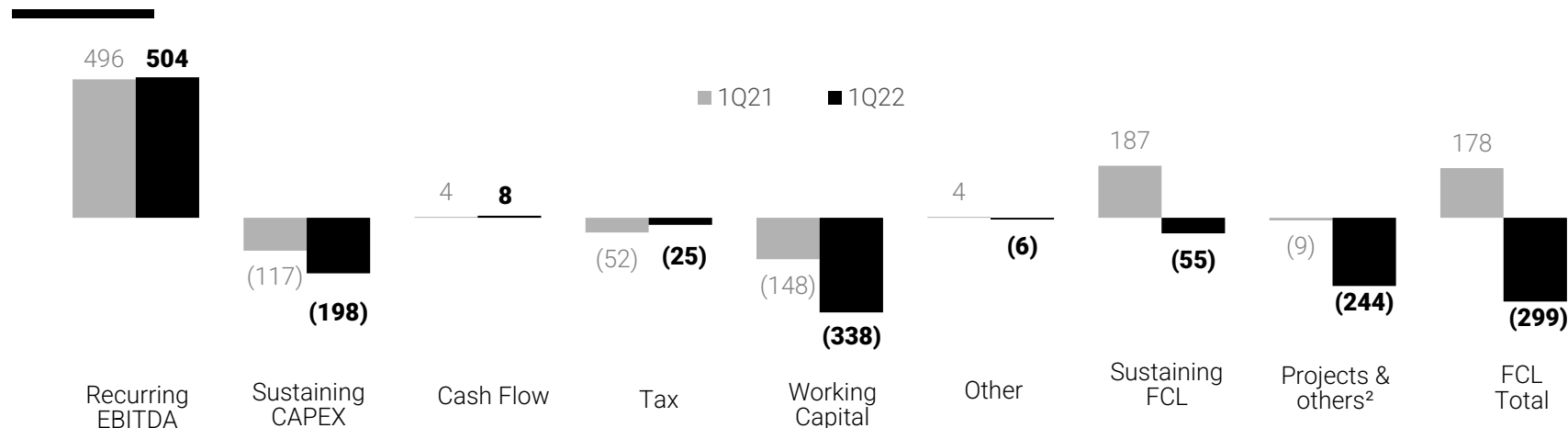
Cash Flow

Working Capital/Net Revenue kept to low levels (~14%)

- Consumption of working capital still below the historical average;
- Increase in investment in the Company's forestry assets, impacting CAPEX in the quarter;
- Investment of R\$244 million in expansion projects resulting in cash consumption in the period.

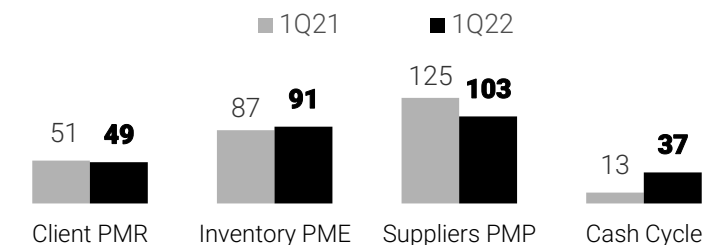
Free Cash Flow YTD

R\$ million



Cash Conversion Cycle

Days



CAPEX

R\$ million

Investment	1Q21	1Q22
FORESTRY OPEX	40	131
MAINTENANCE	77	66
SUSTAINING CAPEX	117	198
EXPANSION PROJECTS ³	16	250

- R\$ 104 million from acquisition of Castelatto;
- R\$ 94 million contribution to LD Celulose;
- R\$ 22 million for the new Ceramic Tiles unit;
- R\$ 13 million on panels projects.

1 – Cash Conversion Ratio: rate of converting Adjusted and Recurring EBITDA into Sustaining FCL / 2 – Expansion Projects, DX Ventures, Investment in LD Celulose, payments and non recurring receivables 3 – Expansion projects, DX Ventures, Acquisition of Cocrisa and Investment in LD Celulose.

Corporate Debt

Low levels of leverage sustained even after investment in projects

- Announcement of 1st emission of commercial promissory notes to the amount of R\$ 300 million, contributing to the increase in average payment terms;
- Awarded a first global company rating by Fitch of BB+, above the sovereign ceiling;
- In January announced the termination of the share buy-back program, in which a total of 20,000,000 shares were acquired, with a disbursement of R\$ 275 million.

Amortization Timeline

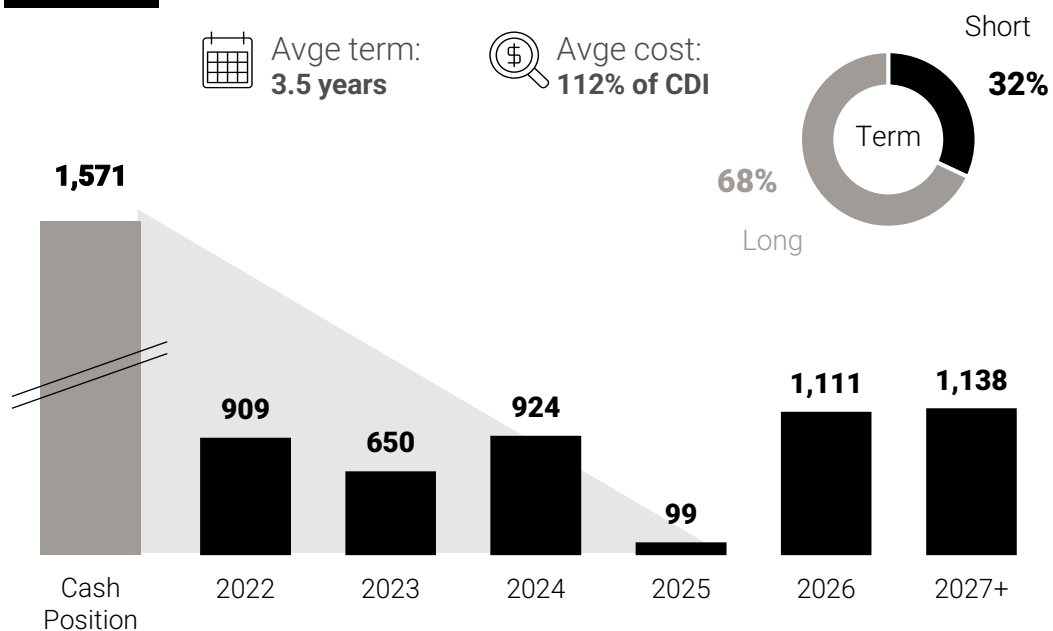
R\$ million



Avg term:
3.5 years

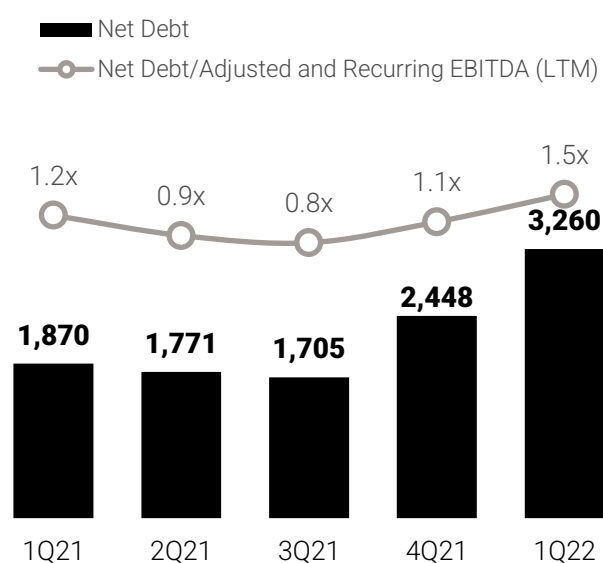


Avg cost:
112% of CDI



Financial leverage

R\$ million



Dexco

WOOD

dexco

duratex
durafloor

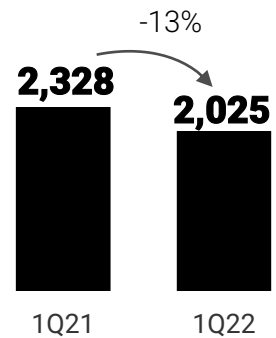
Sector Environment

IBÁ data

- External market grew +23%, with +34% for MDP and +16% for MDF;
- Fall in internal market volumes arising from the return of seasonality in the period.

Panels Total

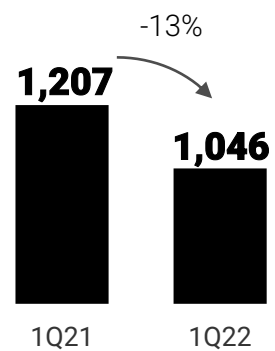
Volume 000m³



Internal Market: -18%
External Market: +23%

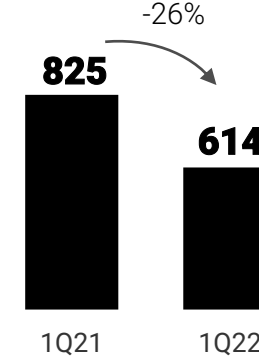
MDF Internal Market

Volume 000m³



MDP Internal Market

Volume 000m³

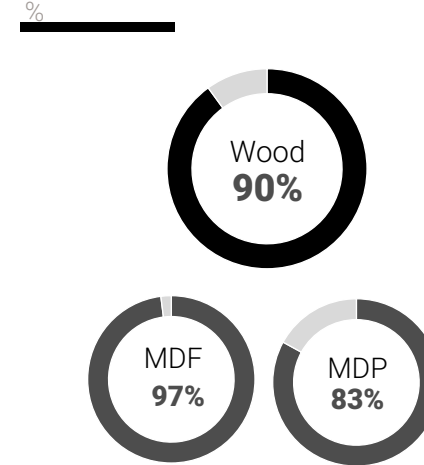


Results

Same level of results despite the greater seasonality in the period.

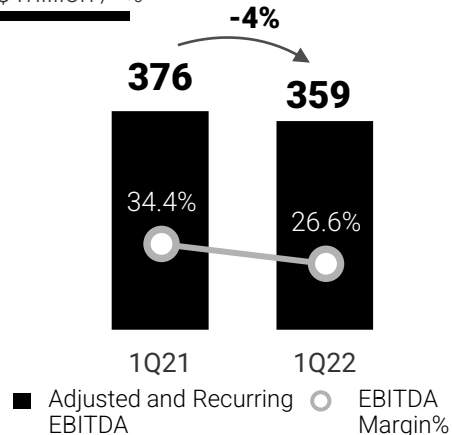
- Scheduled maintenance shutdowns and seasonality influenced the drop in volume, despite gains in market share during the period;
- Ongoing process of improving the mix and raising prices led to unit revenue increasing 35% versus 1Q21;
- Pressure on costs and international freight impacting the quarterly margin and leading to an Adjusted and Recurring EBITDA of R\$ 359.0 million.

Capacity Utilization¹ 1Q22



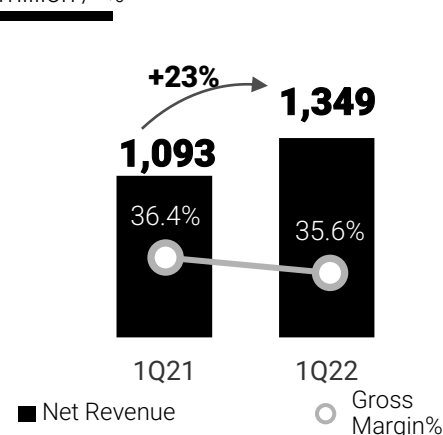
Adjusted and Recurring EBITDA and Margin

R\$ million / %



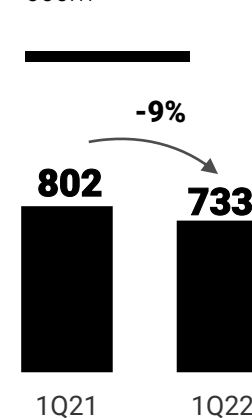
Recurring Net Revenue and Gross Margin Pro Forma

R\$ million / %



Volume

000m³





DECA

dexco

deca
Hydra

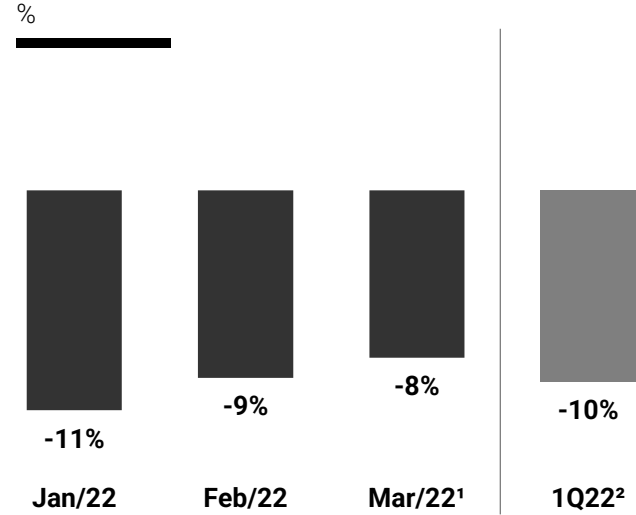


Sector Environment

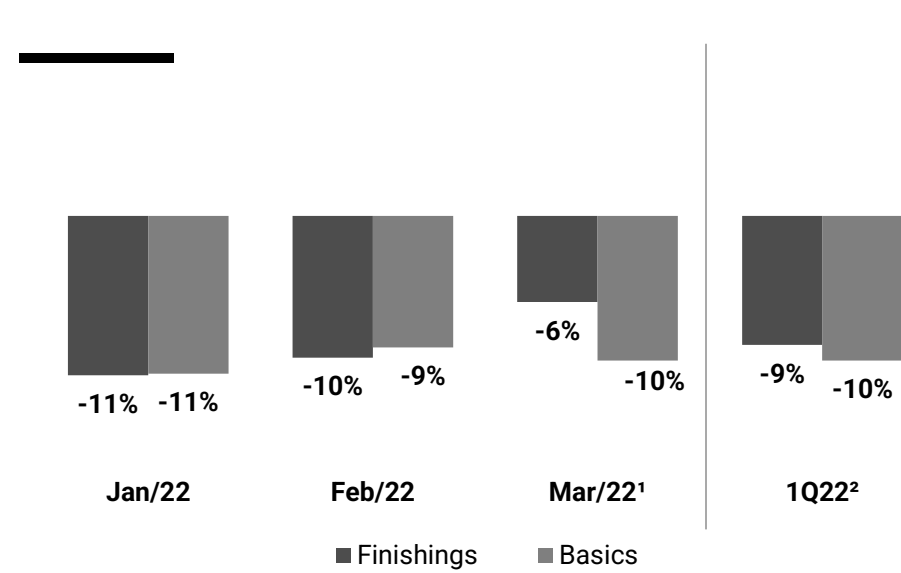
ABRAMAT data

- Drop in revenue at the start of the year, explained by a higher base comparison at the start of 2021 and sazonality;
- Prospective growth of 1.0% for the year 2022.

Revenue for the construction materials industry vs 2021¹



Gross deflated revenue vs 2021¹



1 - Estimate
2 - Quarterly average

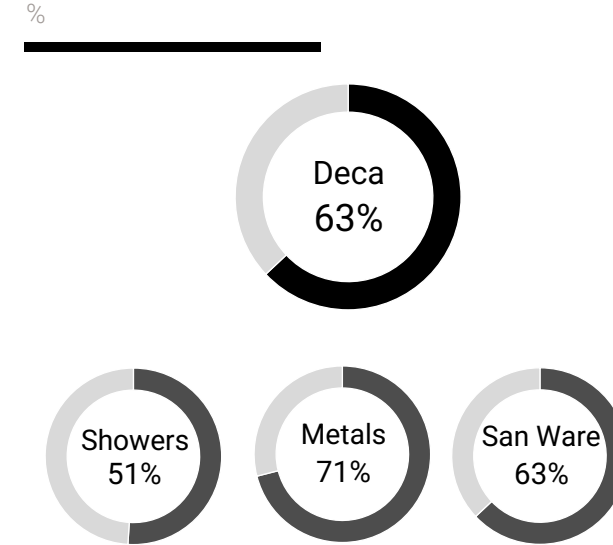


Results

Adjusted and Recurring EBITDA of R\$72 million in 1Q22, growth of 11% versus 1Q21

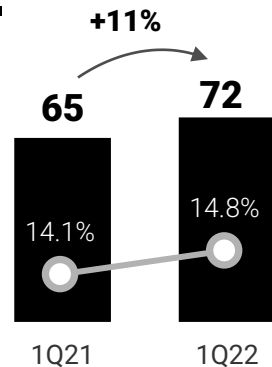
- 43% growth in unit revenue in 1Q22, a result of the revenue growth management strategy, focused on optimizing the prices and mix in the same level;
- Improved margins demonstrating the operational efficiency of the Division and the ongoing focus on profitability;
- Seasonal sales, especially in electric showers, led to a fall in volumes, but already showing signs of a bounce back in March;

Capacity Utilization 1Q22



Adjusted and Recurring EBITDA and Margin

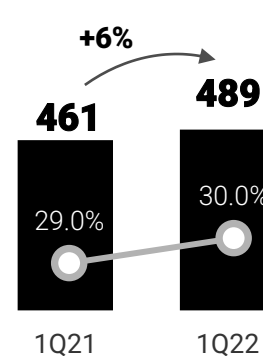
R\$ million / %



■ Adjusted and Recurring EBITDA
○ EBITDA Margin%

Recurring Net Revenue and Gross Margin Pro Forma

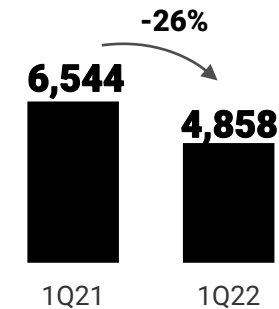
R\$ million / %



■ Net Revenue
○ Gross Margin%

Volume

pieces



oxco

TILES

dexco

portinari
ceusa
castelatto

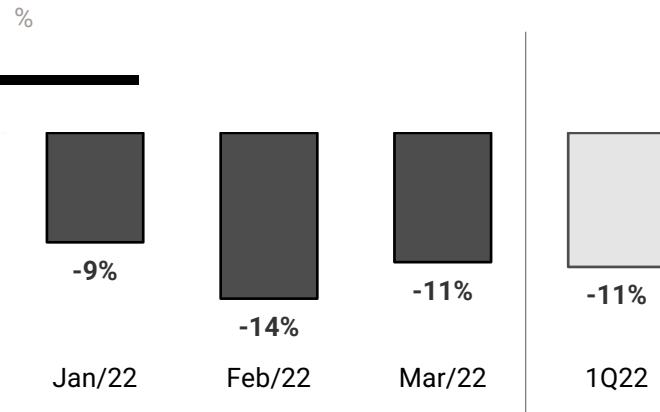


Sector Environment

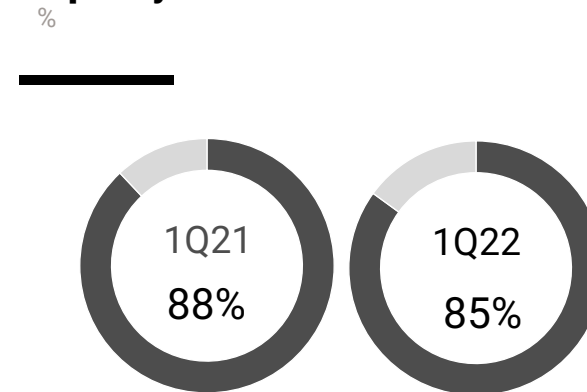
ANFACER data

- High levels of manufacturing capacity utilization maintained, despite the drop in sales volumes;
- As with the ABRAMAT, the sector shrank in relation to 1Q21, due to the higher base of comparison.

Sales volume of the ceramic tiles industry vs 2021¹



Capacity utilization



Results

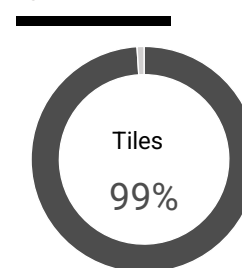
Record Adjusted and Recurring EBITDA of R\$72 million in 1Q22, 31% higher than for 1Q21

- An increase in unit revenue of 37% in the quarter with growth in sales of large formats and the introduction of price rises;
- Margin levels maintained despite the pressure on the cost of materials and utilities, natural gas in particular;
- Incorporation of Castelatto's results from March/22.

Capacity Utilization

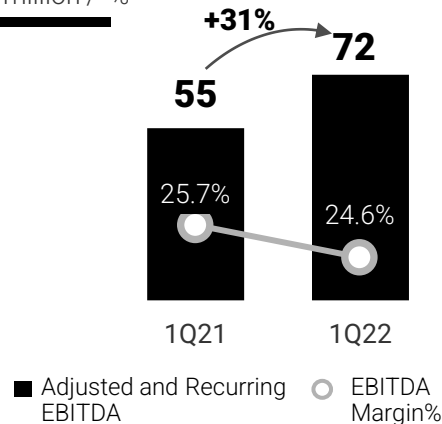
1Q22

%



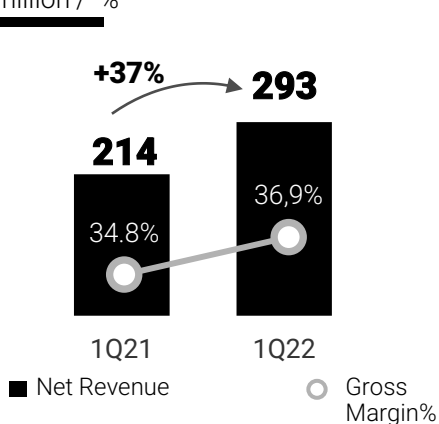
Adjusted and Recurring EBITDA and Margin

R\$ million / %



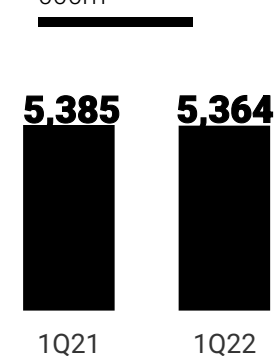
Recurring Net Revenue and Gross Margin Pro Forma

R\$ million / %



Volume

000m²



dexco

DISSOLVING WOOD PULP



dexco

Dissolving Wood Pulp

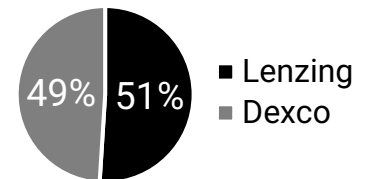
Start of operations

DEXCO



A JOINT VENTURE:

SHAREHOLDER STRUCTURE



INVESTMENT

USD 1.4 billion

SALES

100% of production sold to Lenzing

THE OPERATION:



CAPACITY
500 tons/year
Potential debottlenecking of
+10%



RAMP-UP
Operation running at
close to **full capacity**
already in 2022

ESG Highlights

Publication of the 2025 Sustainability Strategy

SUSTAINABILITY COMMITMENTS THAT CONFIRM THE STRATEGIC FRAMEWORK

Facilitate the
construction
and
renovation
journey

Investment of **BRL 140 million by 2025** in transforming the construction and renovation experience.

Ensuring
sustainable
growth while
maintaining a
positive
carbon
balance


Maintenance of a positive carbon balance, despite the Company's growth and the acquisition of new businesses.

Promote
health and
well-being in
environment.

Increase in revenue from **products that provide health, well-being and eco-efficiency**, as well as an **increase** from 25%¹ to **35%¹ in leadership positions held by women by 2025.**

GOALS MANAGEMENT

ESG Commission: agenda setting, action plans and follow-up;
Deployment of goals for leaders and monitored via the Climate System.

Click here to check out the e-book² 



Dexco

¹ - Considering the leadership positions (president, vice presidents, directors, managers, coordinators and supervisors) Brazil and Colombia;

² - Portuguese only.

Prospects for 2022



Overall Scenario

- Same levels of results to be maintained even given the cost pressures arising from the impacts of the War;
- Levels of demand for construction materials to remain stable, despite the seasonality seen in 1Q22, due to the real estate projects already launched;
- Generation of positive cash flow despite the adjustments to working capital;



Wood

- Attention to the increase in costs over the coming quarters;
- Ongoing exploitation of exports as a strategic channel;



Deca

- Pricing and trade strategy compensating for the high cost levels;
- Improvement to the EBITDA margin in line with the Division's growth strategy;



Tiles

- Incorporation of the results from Castelatto;
- Price increases together with improvements to the mix compensating for the increase in the cost of natural gas;



Dissolving Wood Pulp

- Ramp-up of the manufacturing facility;
- Maintenance of the high price of the commodity.



Dexco

deca portinari hydra duratex castelatto ceusa durafloor



INVESTOR RELATIONS

Henrique Haddad - VP of Adm, Finance &IR

Natasha Utescher – IR Manager

Alana Santos – IR Analyst

Mariana Fontenelle – IR Analyst

dex.co/ir

investidores@dex.co

+55 11 3179.7045

Av. Paulista 1.938 - CEP 01310-200
Consolação - São Paulo – SP

www.dex.co