



The art of prefabrication

April 2020

 **Pekabex**

Pekabex in numbers

Solid fundamentals create basis for dynamic development

No.1

Leading Polish manufacturer

2,097

People working in Pekabex Group

143,000

(m³) prefabricated elements produced

PLN 572 m

Value of backlog as of 31.12.2019*

PLN 772 m

Revenues

PLN 55 m

EBITDA**

PLN 30 m

Net income

PLN 30 m

Net debt***

PLN 107 m

Cash and cash equivalents

PLN 158 m

Net working capital****

*Concerns prefabrication contracts, construction services and production services

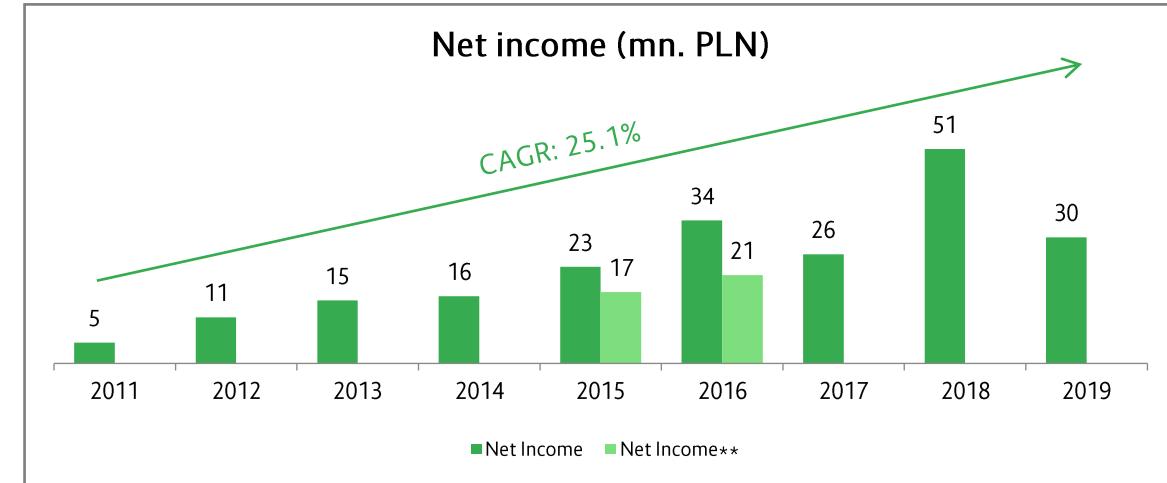
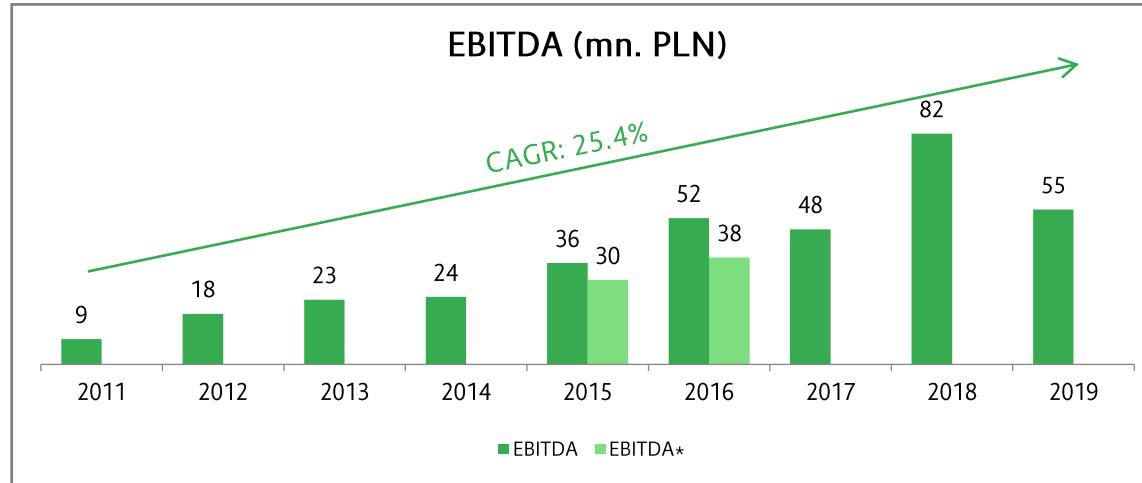
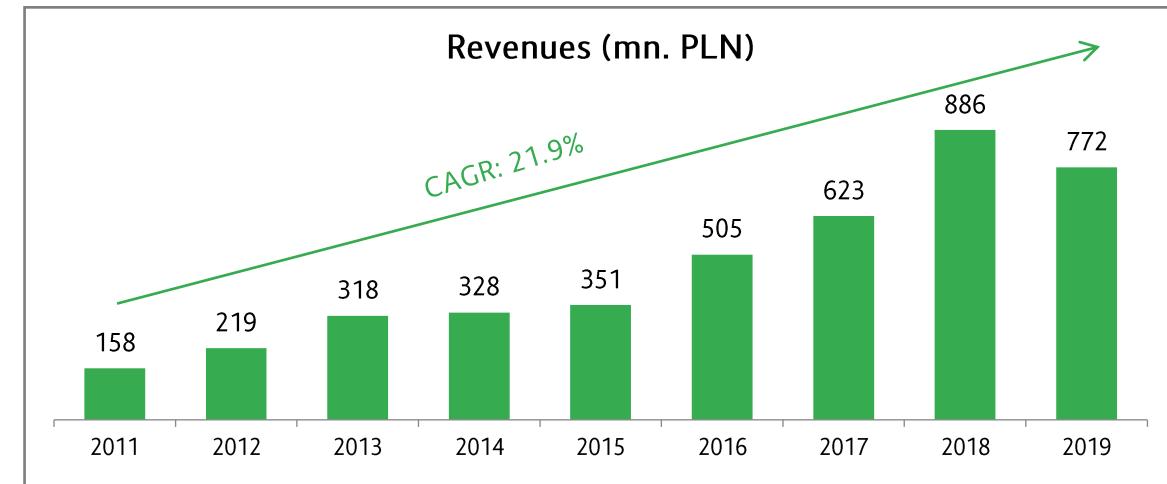
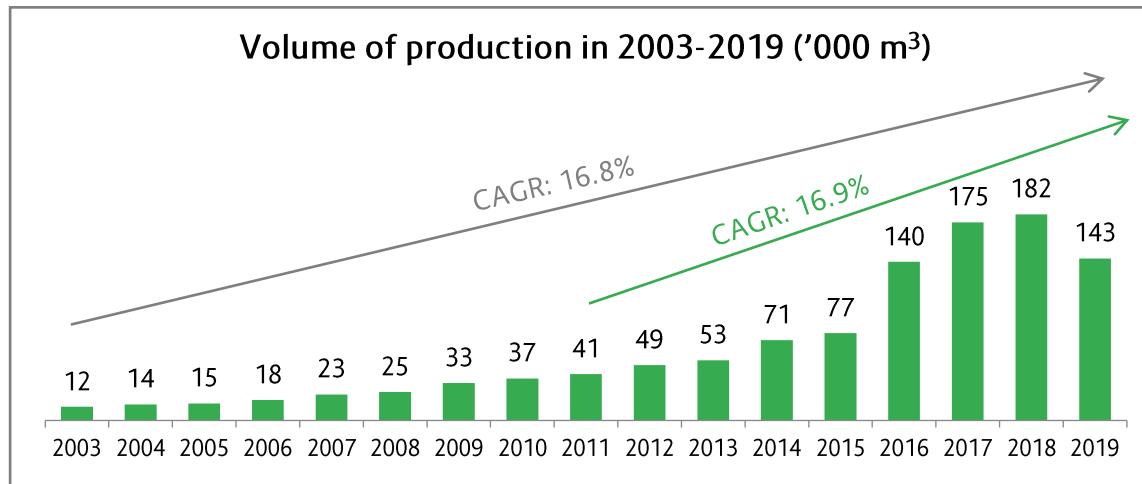
**EBITDA - operating profit plus depreciation and amortization

***Net debt is the difference between financial liabilities (loans, borrowings and other external sources of financing, financial leasing) and cash and cash equivalents.

****Net working capital - sum of receivables, inventory and cash and cash equivalents minus current liabilities

Strong balance sheet & financial stability

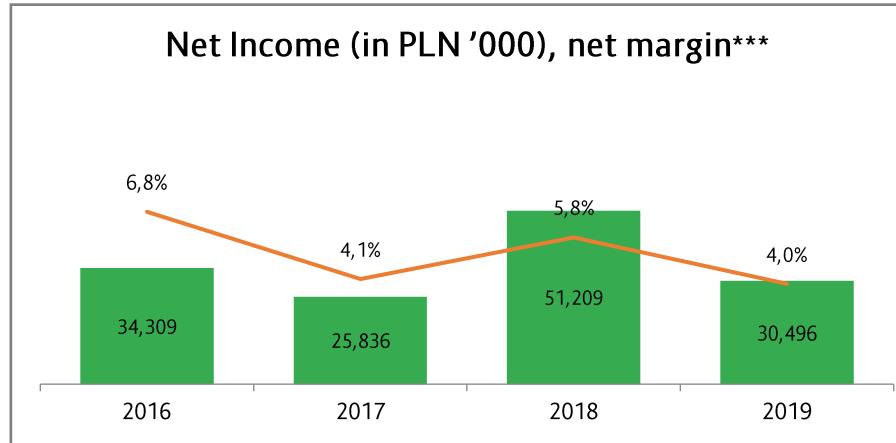
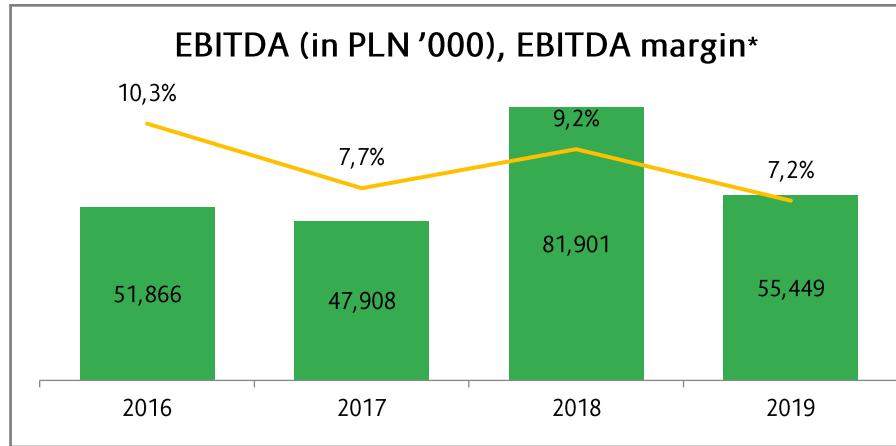
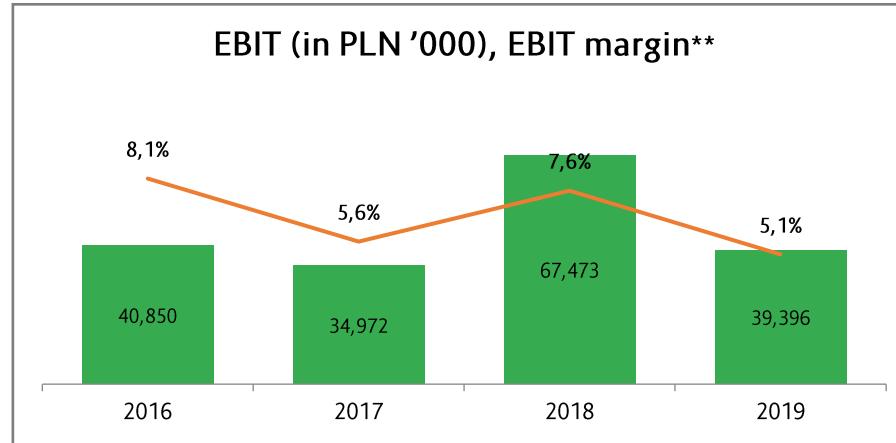
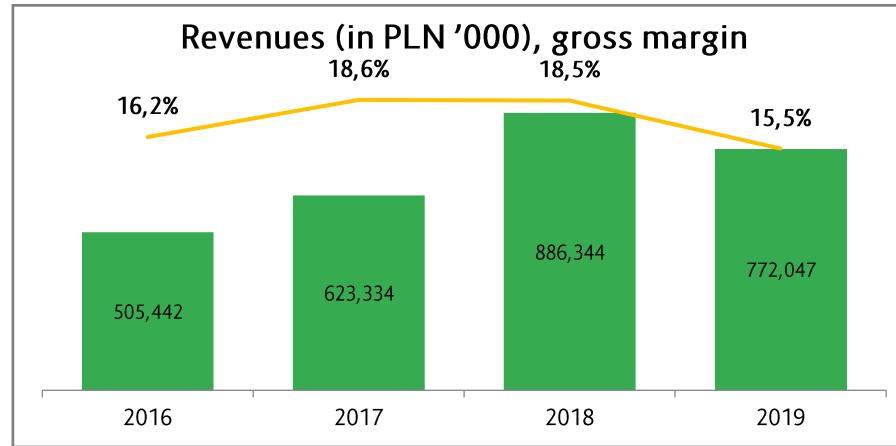
Steady and continuous growth



* adjusted for a gain from a bargain purchase

Strong balance sheet & financial stability

Revenue growth and stable margins



- 2018 was exceptional year in terms of revenues and results.
- Scope of contracts realized in 2019 was substantially different than in 2018. In 2018 backlog contained big, high-margin contracts in prefabrication segment, which are non-standard in winter season. Lack of similar contracts in 2019 in conjunction with reduced level of investments on the market had negative impact on financial results.
- 2019 financial results should be compared with 2017.

* EBITDA margin calculated as EBIT plus depreciation and amortization divided by total revenue

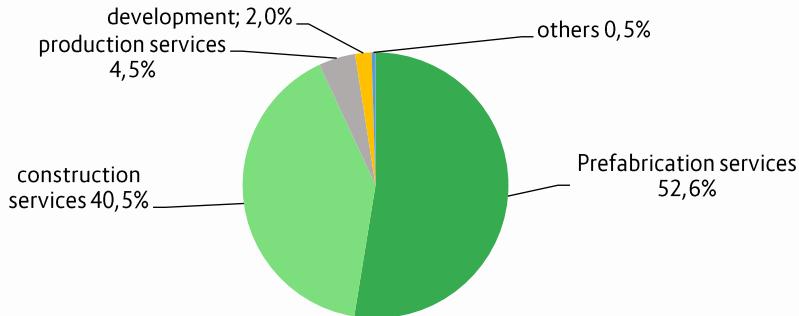
**EBIT margin calculated as EBIT divided by total revenue

***Net Margin calculated as net income divided by total revenue

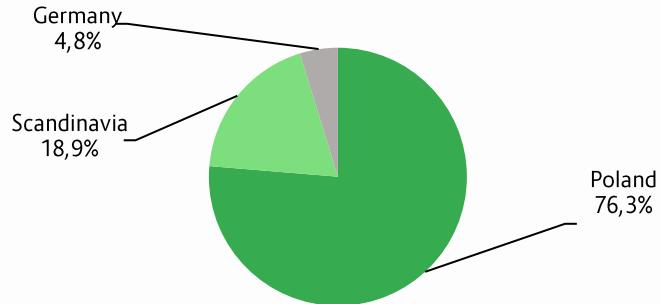
Strong balance sheet & financial stability

Well diversified revenue sources

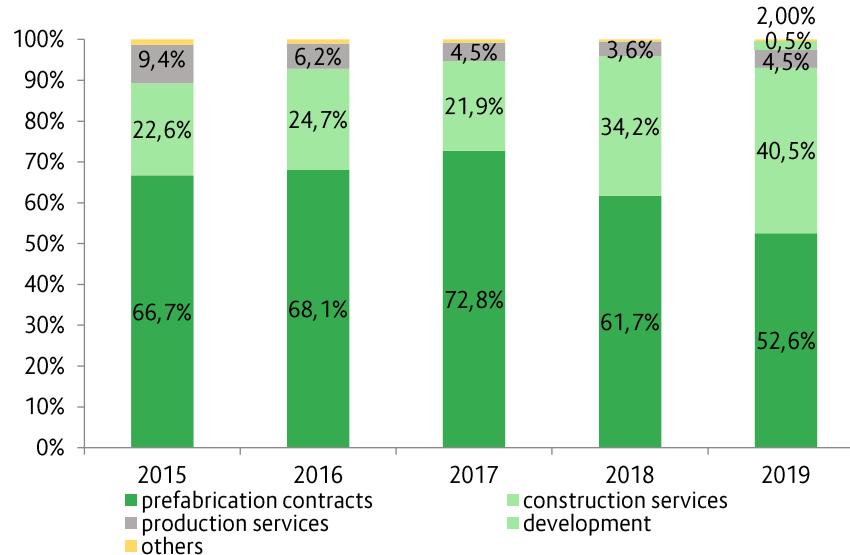
Revenue structure in 2019 by segments



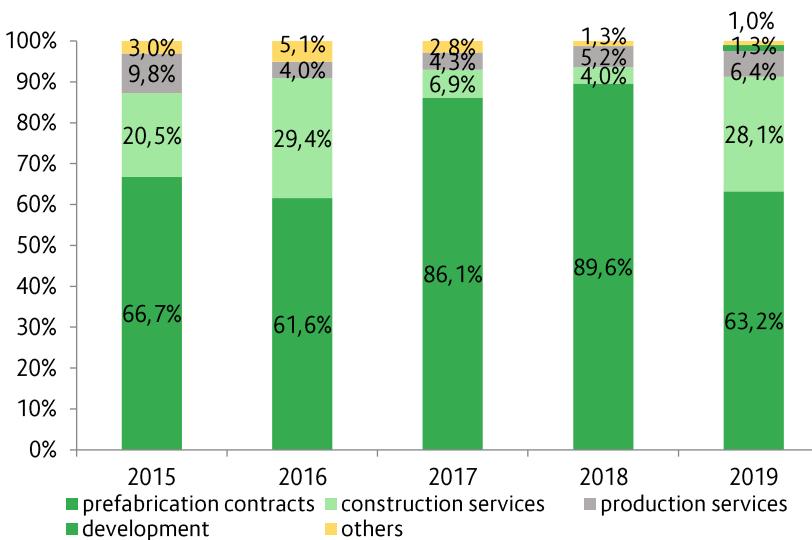
Revenue structure in 2019 by geographical area



Revenue structure by segments



Profit by segments*



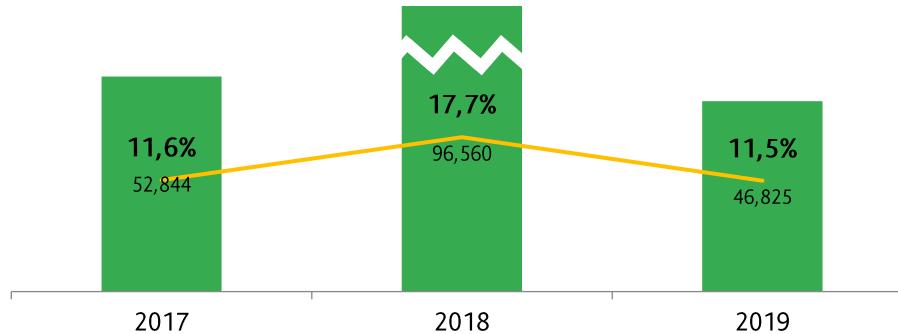
* Profit by segments relates to the operating profit from internal reports reviewed periodically by the Management Board.

- Prefabrication contracts is a leading segment and it generates the largest part of Group's revenues.
- In connection with establishing cooperation with largest logistic companies in previous year, in 2019 big increase in revenues in construction services segment occurred.
- Polish is a main market for Pekabex, and was responsible for 76% of total revenues in 2019.
- 100% of revenues in construction services segment are generated in Poland.
- The second most important market in terms of revenues is Scandinavian market, where prefabrication contracts are being realized.
- In German market Pekabex generates revenues mainly in production services segment.

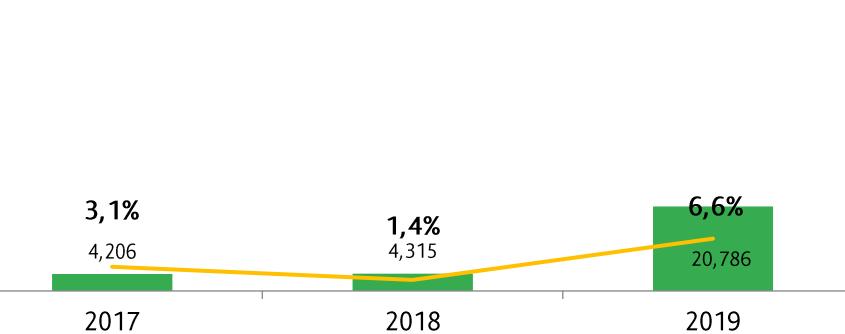
Selected financial data by segments

Stable margins in most important segments

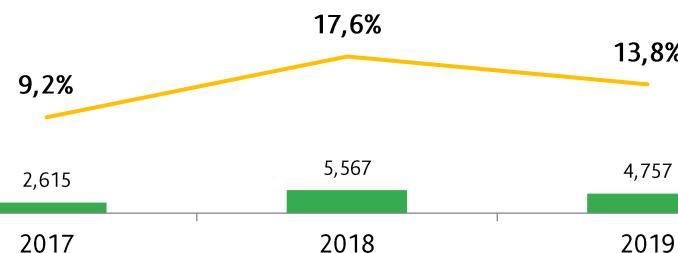
Prefabrication contracts* - segment profit
(in PLN '000) and margin



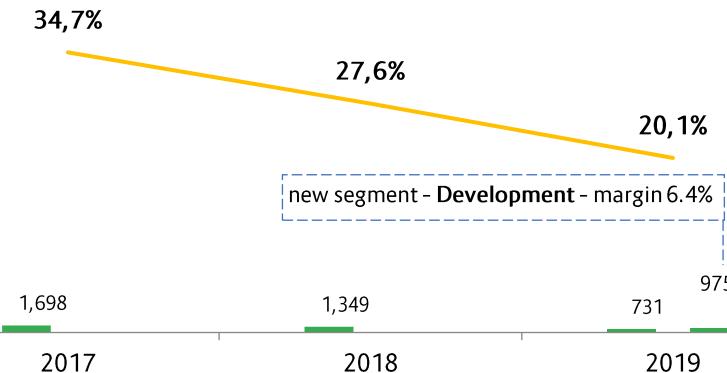
Construction services* - segment profit
(in PLN '000) and margin



Production services* - segment profit (in PLN '000)
and margin



Others* - segment profit (in PLN '000) and margin



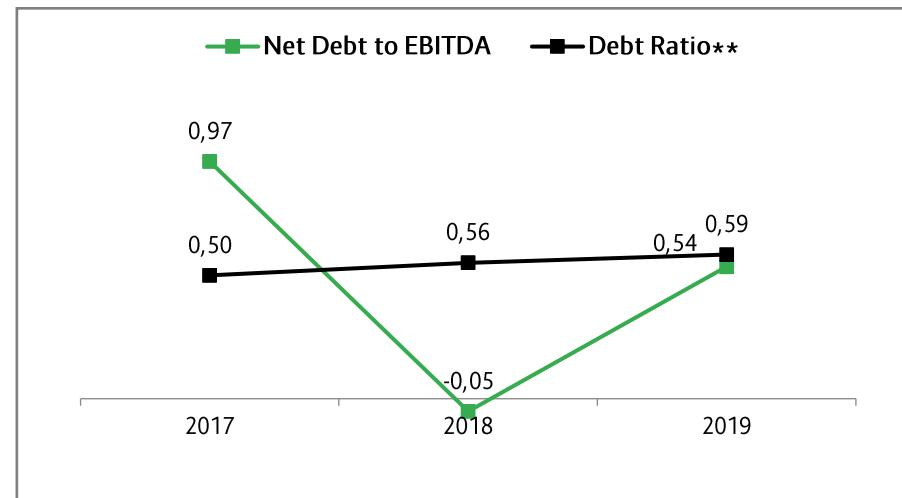
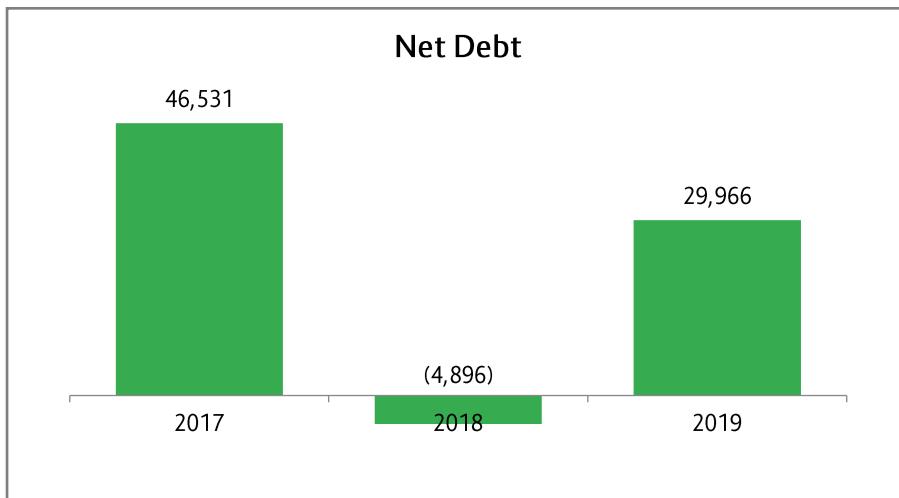
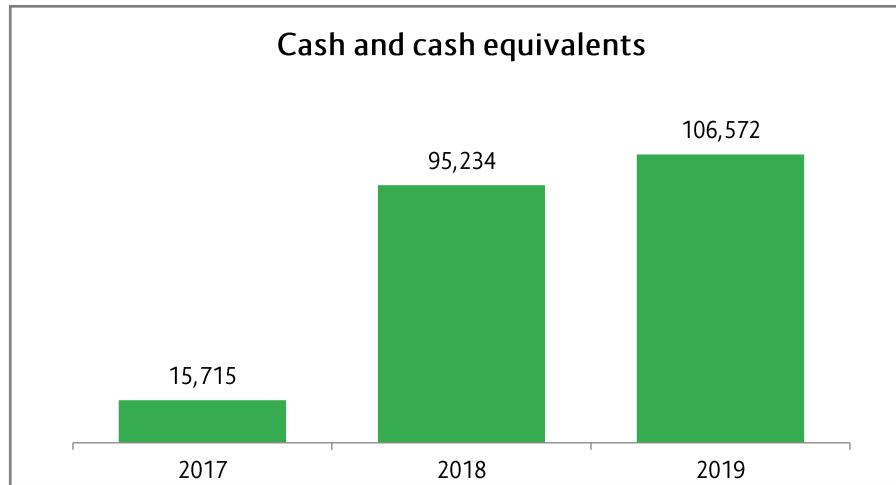
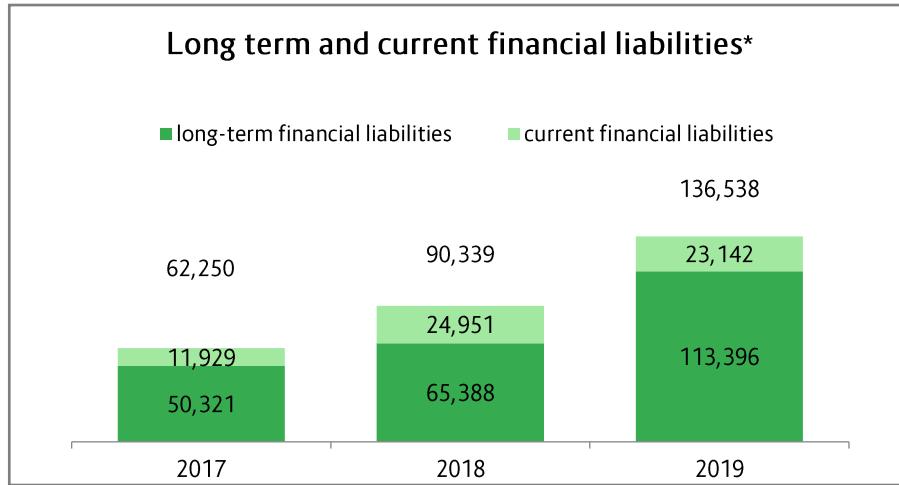
* Segment margin calculated as segment profit divided by segment revenue

- In 2019 highest operating results were achieved in prefabrication contracts and construction services segments. Those segments represented respectively 90% and 63% of total operating result.

- Significant increase in profitability of construction services is a result of economies of scale and lower subcontractor costs in this segment.

Strong balance sheet & financial stability

Stable and safe level of financial leverage



Net Debt

- Net Debt is the difference between financial liabilities (loans, borrowings and other external sources of financing, financial leasing) and cash and cash equivalents. Level of Net Debt indicates good financial condition of Pekabex.

Net Debt and EBITDA

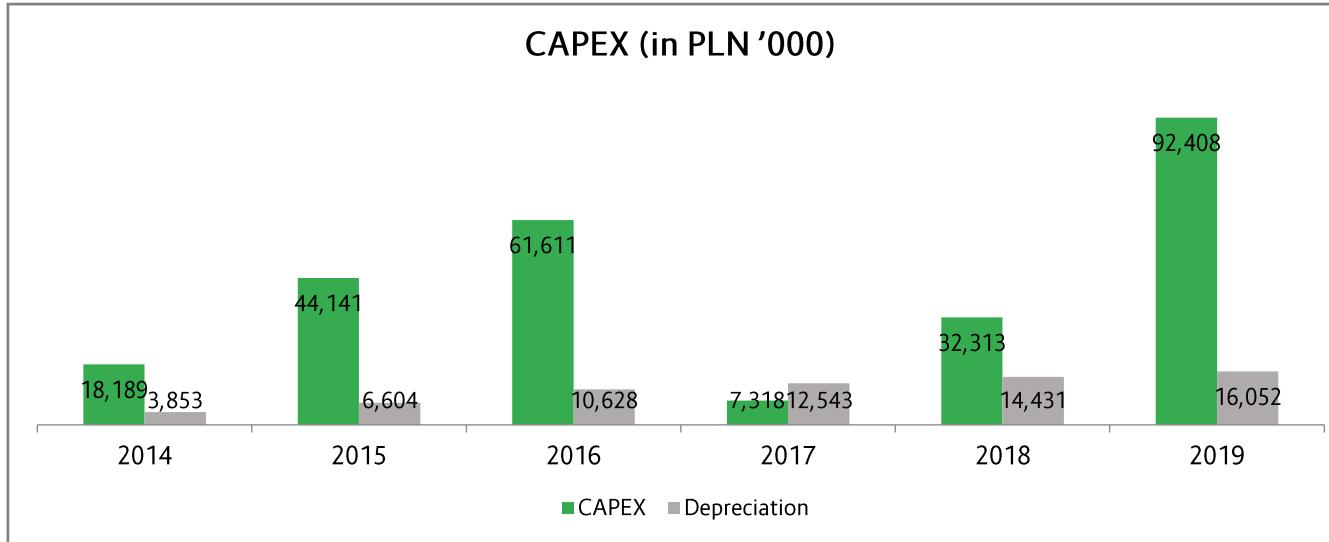
- Net Debt to EBITDA ratio remains at a very low level.

*loans, borrowings and other external sources of financing, financial leasing

** calculated as total liabilities divided by total assets

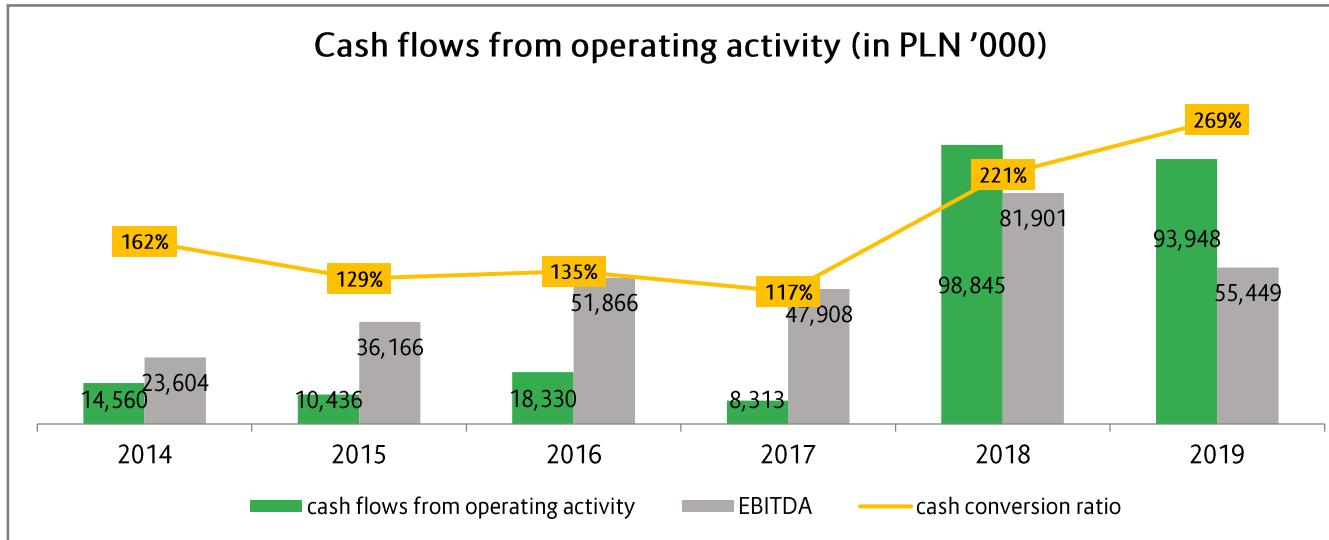
Strong balance sheet & financial stability

CAPEX to expand growth potential



CAPEX policy:

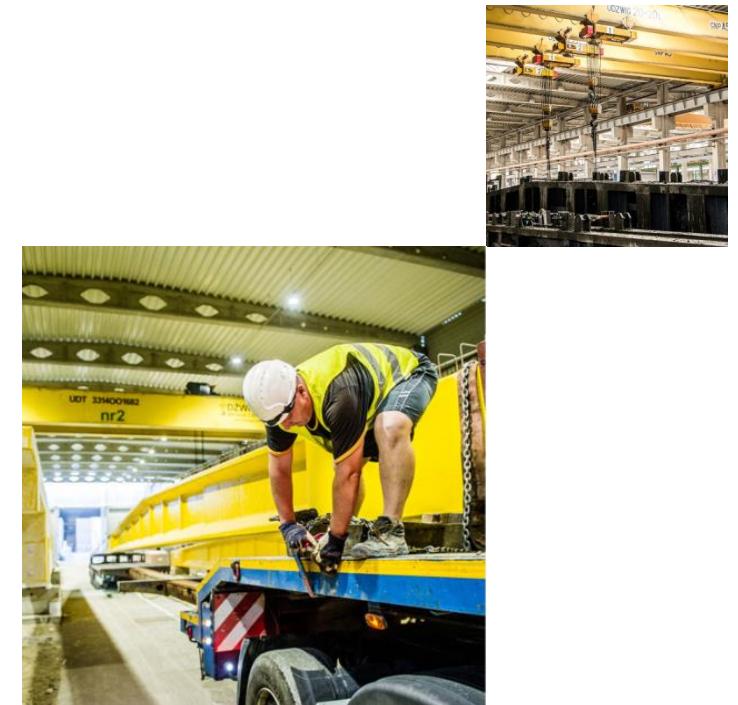
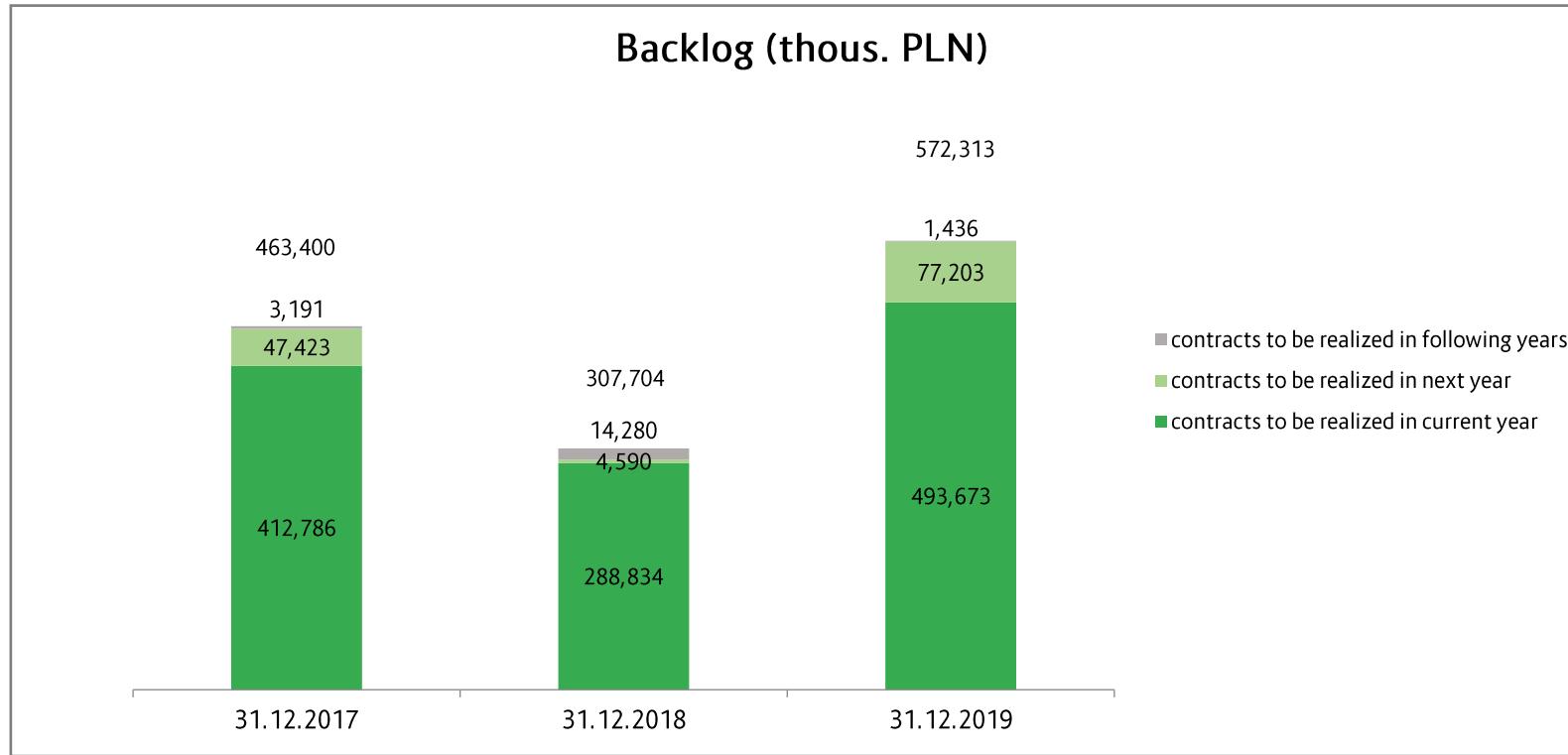
- Improving production capacity and efficiency (new investments with the required rate of return of 20% - target: 30%).
- Improving the quality of products.
- Improving health and safety in work.



CAPEX breakdown	2014	2015	2016	2017	2018	2019
Land	0	6,137	8,522	0	5,946	76
Buildings	3,664	20,487	15,109	1,967	1,252	5,126
Machinery and equipment	10,697	6,867	30,205	1,245	1,217	7,750
Vehicles	1,694	279	905	451	915	1,775
Other fixed assets	1,864	472	1,771	894	2,449	1,779
Fixed assets under construction	204	9,656	4,748	2,362	18,239	75,482
Software	54	235	351	359	1,672	421
Intangible assets under construction	12	8	0	40	623	0

Backlog

Strong, well-diversified backlog

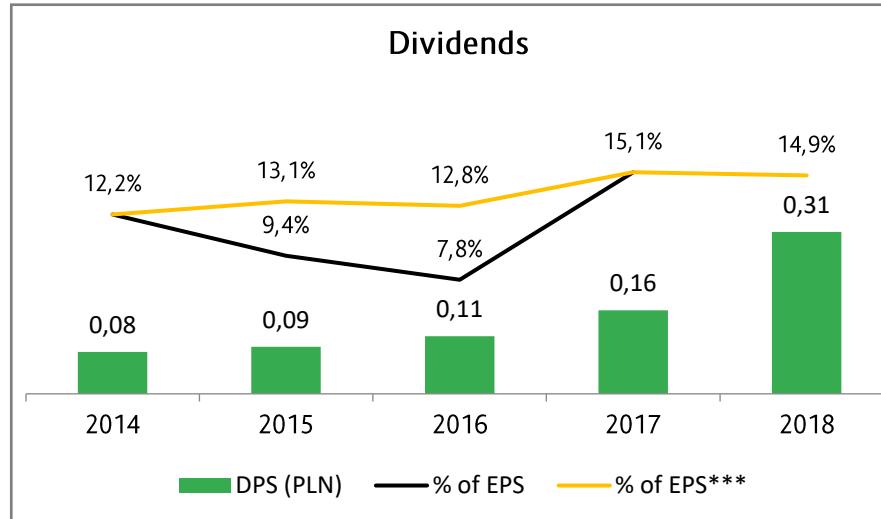


- Pekabex Group systematically builds strong and well-diversified backlog, which will fill the production in following years. It contains aggregated value of signed contracts, which are/will be realized, and revenues will be recorded after the balance sheet date.
- Value of contracts to be realized from 31.12.2019 is equal to PLN 573m and it has increased by about 86% comparing to 31.12.2018

- Backlog in 31.12.2019 does contain expected revenues from pilot project (Jasielska phase 2) realized on company's own account.
- Eventually, revenues depend on many factors beyond company's control.
- Value of backlog broken down into each period/year, is calculated assuming timely execution of contracts (e.g. no delay and lack of other unexpected situations that could affect contract execution).

Strong balance sheet & financial stability

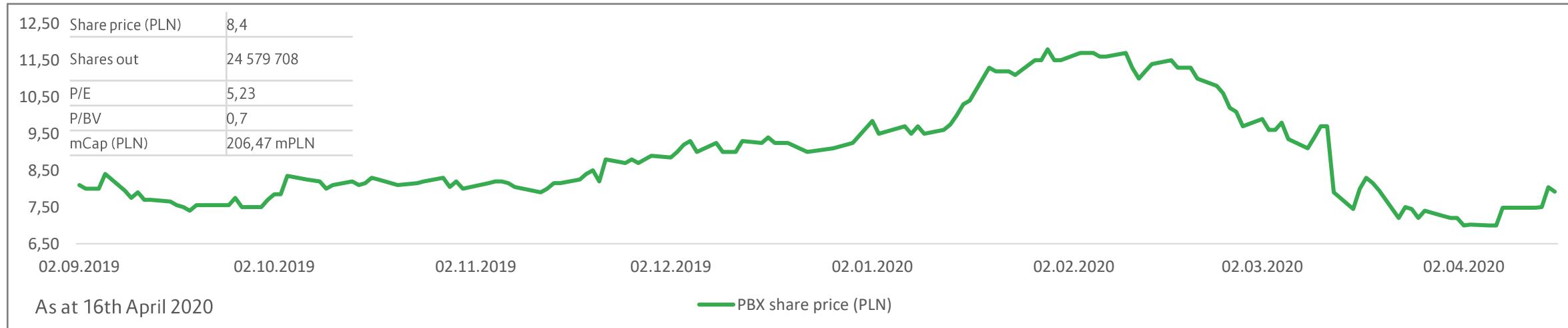
Stock market and ratios



- Dividend payout corresponds to the generated profit and the Group's financial situation and capital needs

financial year dividend date	2014	2015	2016	2017	2018	
	2015	2016	2017	2018	2019	
Dividend per share (PLN)		0.08	0.09	0.11	0.16	0.31
Total amount of dividend (thous. PLN)		1,937	2,179	2,663	3,899	7,620
Net profit (thous. PLN)		15,850	23,193	34,309	25,836	51,209
% of net profit		12.2%	9.4%	7.8%	15.1%	14.9%
Net profit*** (thous. PLN)		15,850	16,621	20,798	25,836	51,209
% of net profit***		12.2%	13.1%	12.8%	15.1%	14.9%

- A medium-term objective of the Group is to keep the net interest-bearing debt at the level of 1x - 2x EBITDA. If this objective is met and there is no need for reinvestments then the Management Board usually recommends to pay a dividend in the amount which is at least 50% of the consolidated net profit.



*loans, borrowings and other external sources of financing, financial leasing

** calculated as total liabilities divided by total assets

*** adjusted for a gain from a bargain purchase

Summary

Highlights of the 2019



Strong market position as a leader in the field reinforced concrete structures prefabricated. The highest in the Pekabex history cash balance and backlog of contracts to be realized in 2020 year



Completion of the construction and beginning production in the most modern in Europe, fully automated, fifth prefabrication plant of Pekabex Group



Excellent financial results, developed in highly variable and difficult market environment. Group results achieved were lower than obtained in record-breaking and a special year 2018, however much better than achieved results in 2017



Continuation of the housing project JA_SIELSKA in Poznań. Sold out all 56 apartments from phase one. Over 70% of apartments from the second (last) phase is already taken.



Strengthening the market position in general construction segment. Further cooperation for the largest logistics developers operating in Poland - including for Prologis, MLP and Panattoni Group.



Increasing further experience on foreign markets in Germany (cooperation with the most demanding clients) and Scandinavia (production and assembly of precast construction for the largest hospital in Denmark).

Selected realized contracts

Diversity



Prologis hall

Ruda Śląska

- Construction contains warehouse - total area c.a. 51 200 m² (hall 48 600 m², office building 2 500 m²).
- Prefabrication contains 1 200 elements (docs, columns, griders).



MLP Pruszków

- Construction contains warehouse with welfare and office facility.
- Total area - almost 11 400 m².



Office Building

Zielona Góra

Construction contains:

- An office building - total floor area 2 800 m²
- Total number of elements - 600 pieces
- End date: August 2019



BrF Fyrhusen

Stockholm

- Construction contains residential complex (66 apartments) - area 5 200 m².
- 2 266 prefabricated elements to be installed.



Linaberg-19

Stockholm

- Largest contract realized in Sweden started in June 2017.
- Housing area consisting of 19 buildings involving 370 apartments (41 200 m²).
- Over 8 500 elements to be installed.



THANK YOU

