

# Portobello Grupo

Earnings  
Release  
**1Q21**



# Disclaimer

The information prepared by PBG, such as the business perspectives, projections or operational and financial goals are forecasts based on management expectations about the future of the company.

Future considerations are no guarantees of performance. They involve risks, uncertainties and assumptions. These expectations depend on the circumstances that may or may not occur, as well as the domestic and foreign market conditions, Brazil's and the sector's general economic performance, which may lead to results that materially differ from those contained in such future considerations.





# 1Q21 Summary

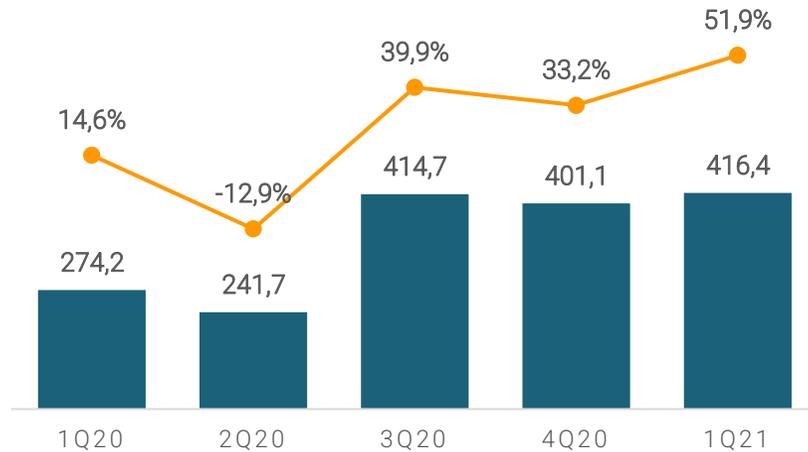
CEO

# 1Q21 Summary

Portobello Group continues to capture market opportunities and deliver growth with improved economic and financial foundations

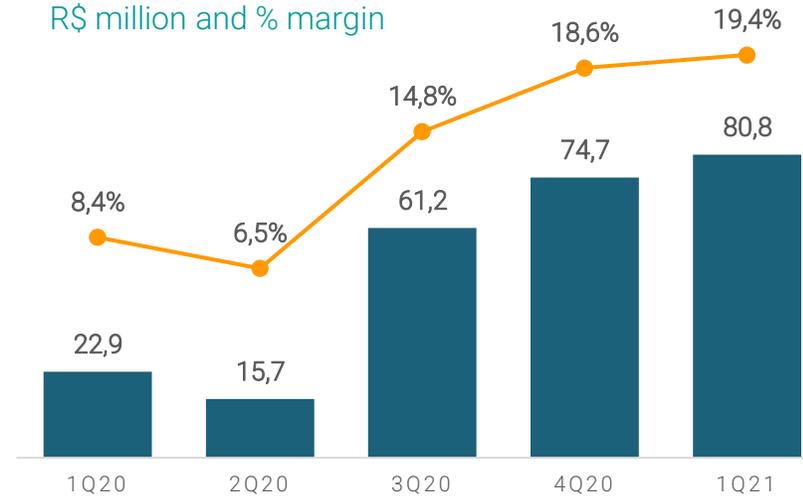
## Net Revenue

R\$ million and % variation vs. previous year



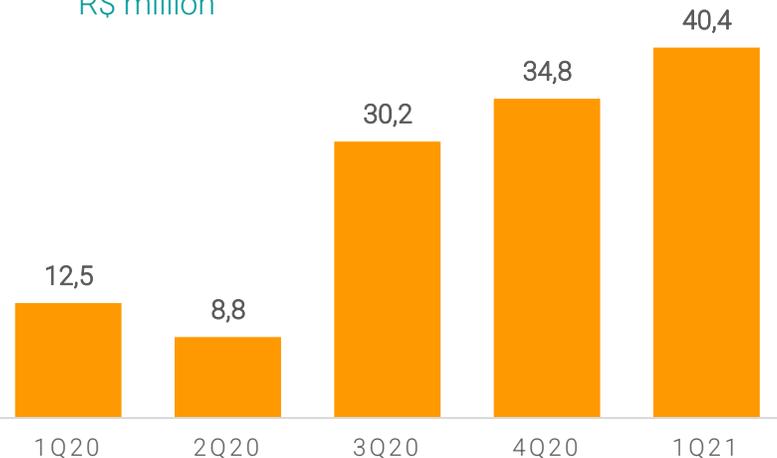
## EBITDA and Margin (Adjusted and Recurring)

R\$ million and % margin

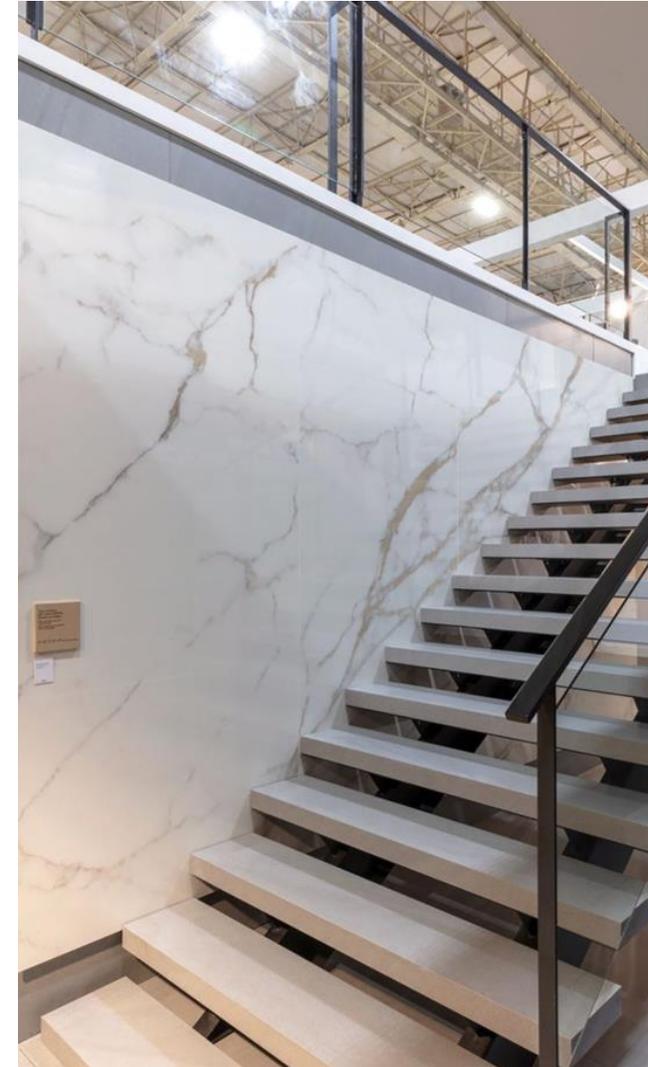
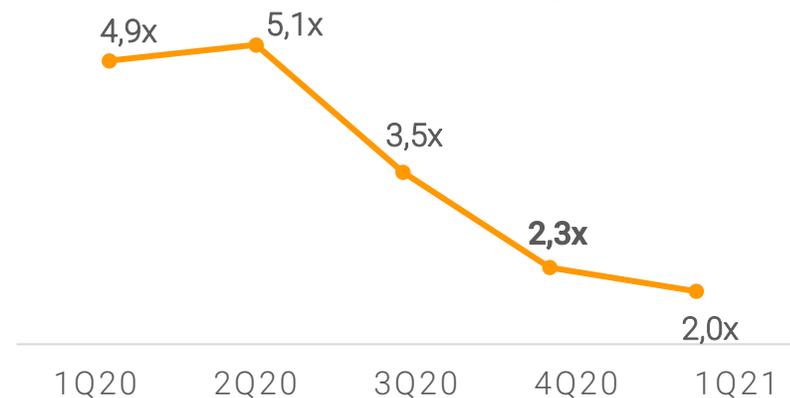


## Adjusted and Recurring Profit for the Period

R\$ million



## Net Debt/Adjusted and Recurring EBITDA



# Revestir 2021

The Group was protagonist of the largest ceramic tile fair in Latin America, held in a 100% online format in March

**UNLTD.**  
EXPERIENCE.

+ 10000 enrolled  
+ 5000 connected  
+ 3000 interactions

Portobello | Revestir 2021

## Participation of Portobello Group

- Launch of the 2021 Unlimited Experience Collection of Portobello and of the Match Sempre On Collection of Pointer
- Participation in the Revestir platform with presentation of the new portfolio
- Exclusive platform for broadcasting the Group's events, with free lectures, talks and online meetings, as well as a 360° virtual tour of the Portobello plant
- Launch of the 2nd edition of Mostra Unlimited





1Q21

Operational and Financial  
Performance

CFO

# Highlights

Consistent delivery in 1Q21 with growth vs. 1Q20, and progress vs. 4Q20, exceeding the prospects communicated in 4Q20

## 1H21 Prospects

- The market continues favorable, and the **civil construction sector is still warm**
- Second wave of the pandemic: focus on remote sales and direct contact with network of specifiers

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- **Net Revenue Growth over 1Q20 in line with that reported in 4Q20 vs. 4Q19**
- **Retail as one of the business growth pillars** and market share gain

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- **Maintenance of Gross Margin at the 4Q20 level**, despite the greater inflationary pressure on costs (increase in energy costs), with increase in prices, improvement of product mix and plant productivity
- Continued **strict management of costs and expenses**

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- **Focus on strategic projects:** Growth in retail with expansion of the Portobello Shop network of stores, expansion of the Tijucas plant, expansion of Portobello América

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- **Priority in working capital management**, especially the management of suppliers, improvement of customer portfolio and small adjustments to inventory
- Focus on improvement of debt profile and monitoring and **maintenance of Net Debt-to-EBITDA ratio**



### Market



### Production and Sales



### Costs and Expenses



### CapEx



### Cash Flow

## 1H21 Delivery

- Cielo (Value): 19.4% over 1Q20 ✓
- ABRAMAT (Value): **15.5%** over 1Q20 ✓
- ANFACER (Volume): 21.5% over 1Q20 ✓

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- Strong growth of Net Revenue, up 51.9% over 1Q21 ✓
- Growing performance as Retail, with Net Revenue growth of 50.3% vs. 1Q21, notably through company-owned stores ✓

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- Gross margin of 42.9%, improvement of 8.2 p.p. over 1Q20 ✓
- Operating Expenses of 27.2%, 4.4 p.p. lower than in 1Q20 ✓
- EBITDA of **R\$ 80.8 MM**, growth of **253.3%** over 1Q20 (R\$ 57.9 MM), EBITDA Margin of **19.4%**, increase of **11.1 p.p. over 1Q21** ✓

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- Investments of **R\$ 79.2 MM**, of which 21% are earmarked for increasing the production capacity and expansion of company owned-stores ✓

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- Working capital of R\$ 229.4 MM, R\$ 31.4 MM lower than in 1Q21 ✓
- Reduction of 42 days in CCC to **35 days** in 1Q21 ✓
- **Net debt of R\$ 467.4 MM, in line with 1Q21** ✓
- Net Debt / EBITDA reduced from 4.9x in 1Q20 to 2.0x in 1Q21 ✓

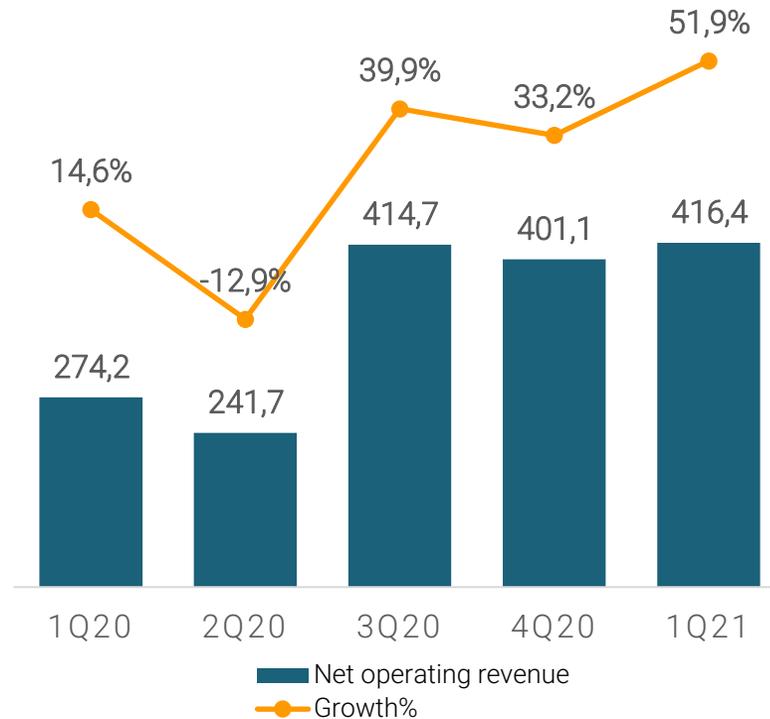
# Net Revenue and Gross Profit

Best first quarter, with growth of Net Revenue and progression of Gross Margin, repositioning the Group's profitability



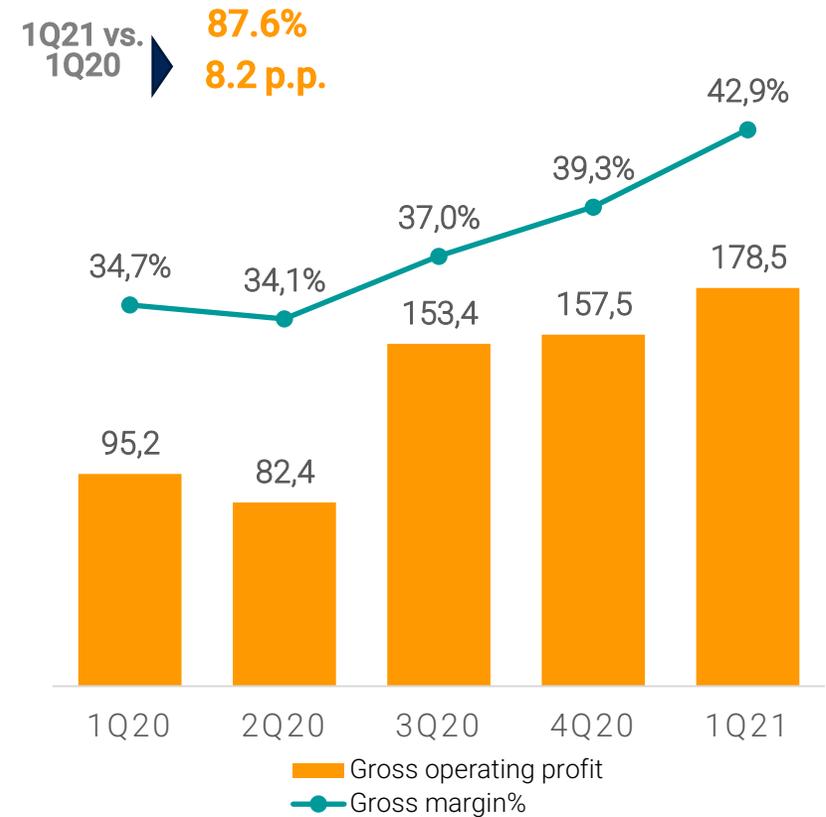
## Net Revenue

R\$ million and % variation



## Gross Profit and Gross Margin (Adjusted and Recurring)

R\$ million and % variation | % and p.p. variation



# Net Revenue per Segment

Strong Group performance in both Domestic and Foreign Markets, with all Business Units posting a double-digit growth in 1Q21

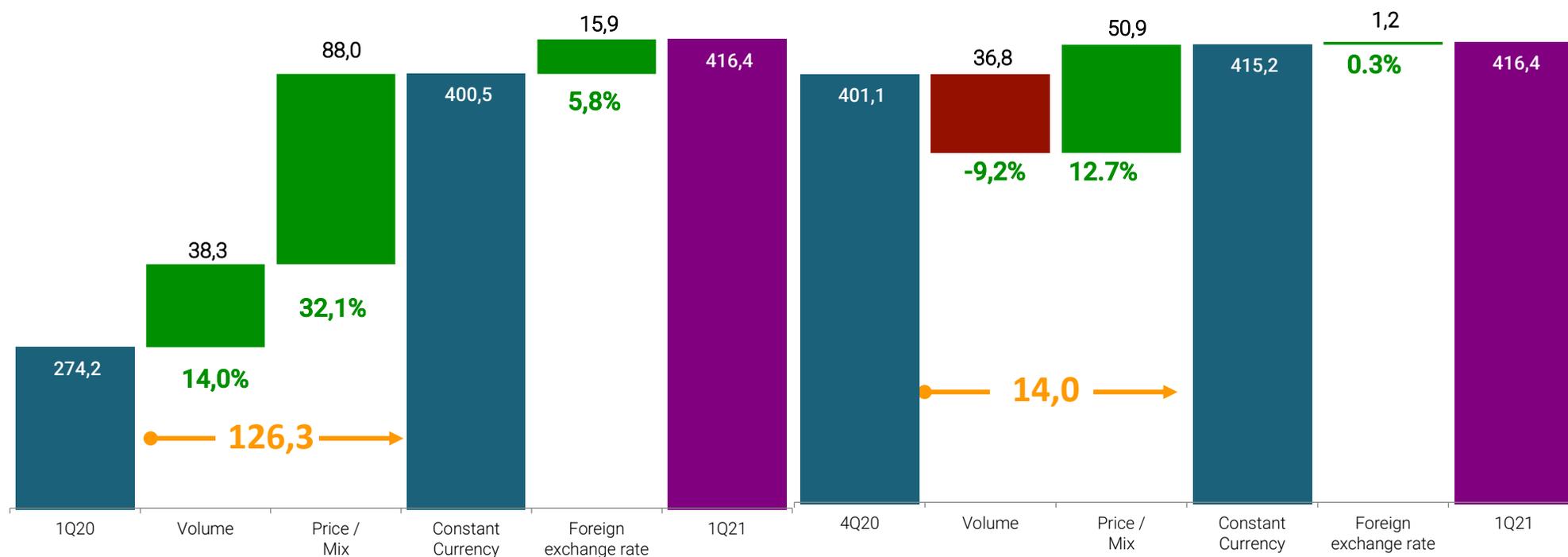


# Net Revenue Drivers

Growth supported by growing operation as retail, volume growth above the market, better price and mix management, and favorable exchange rates in exports

## Net Revenue

R\$ million



# Gross Margin per Segment

Greater profitability supported by Gross Margin gain in all Business Units, mainly Pointer and Portobello América

## Variance in Adjusted and Recurring Gross Margin

Percentage points and % over the same period in 2020

1Q21 vs. 1Q20

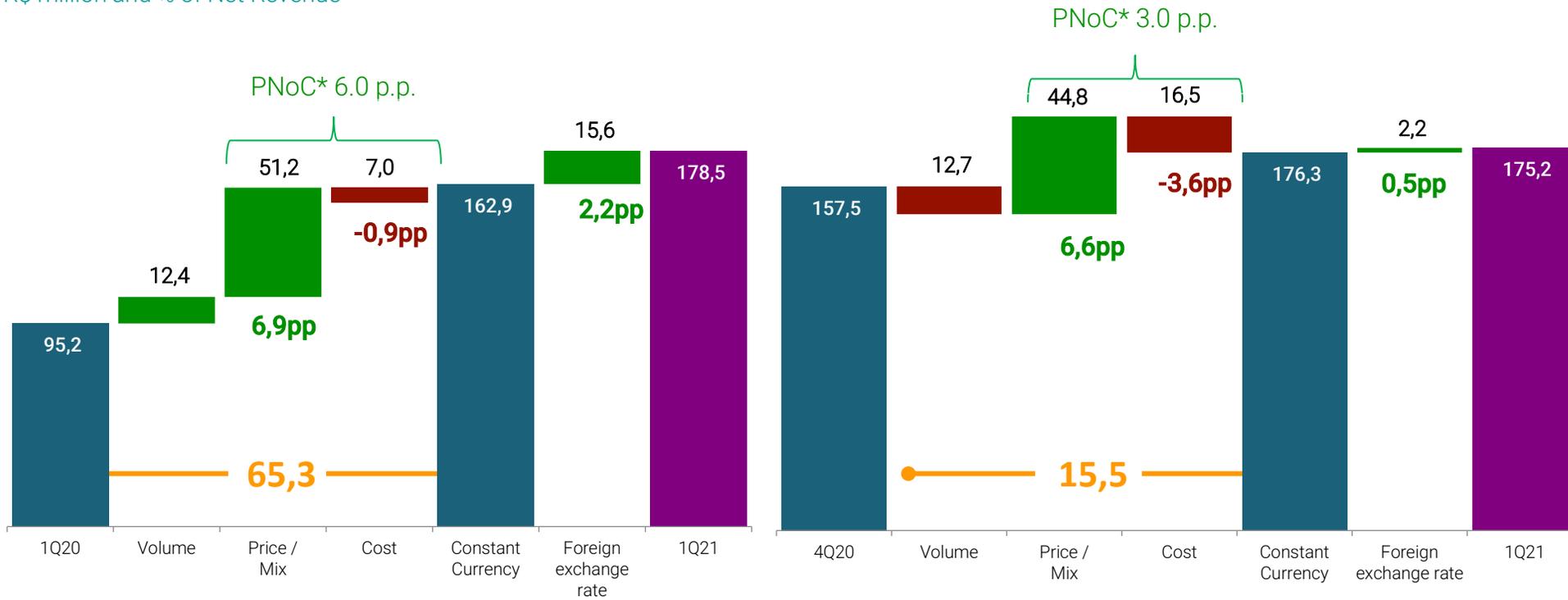


# Gross Margin Drivers

Sustainable gains in Gross Margin in 1Q21, due to price increase and mix improvement above cost pressure, combined with a favorable foreign exchange rate

## Gross Profit and Gross Margin (Adjusted and Recurring)

R\$ million and % of Net Revenue

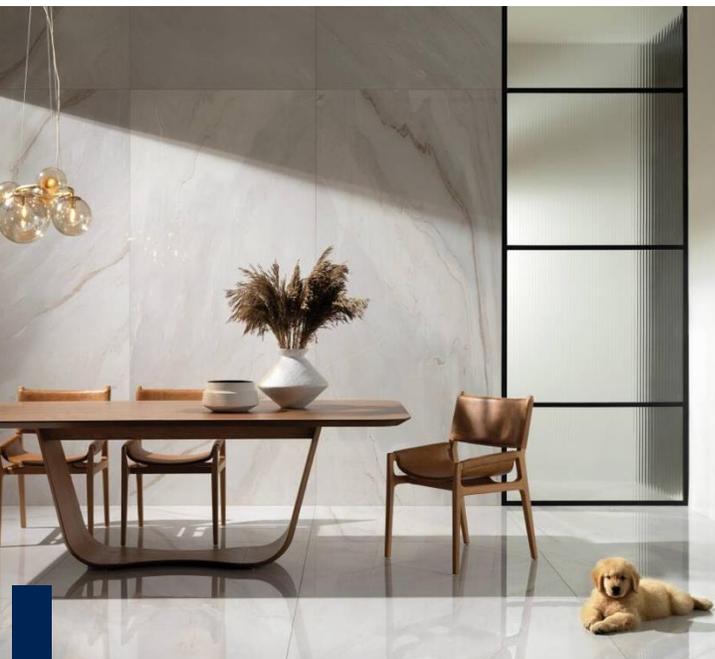


\*PNoC (Pricing Net of Cost)



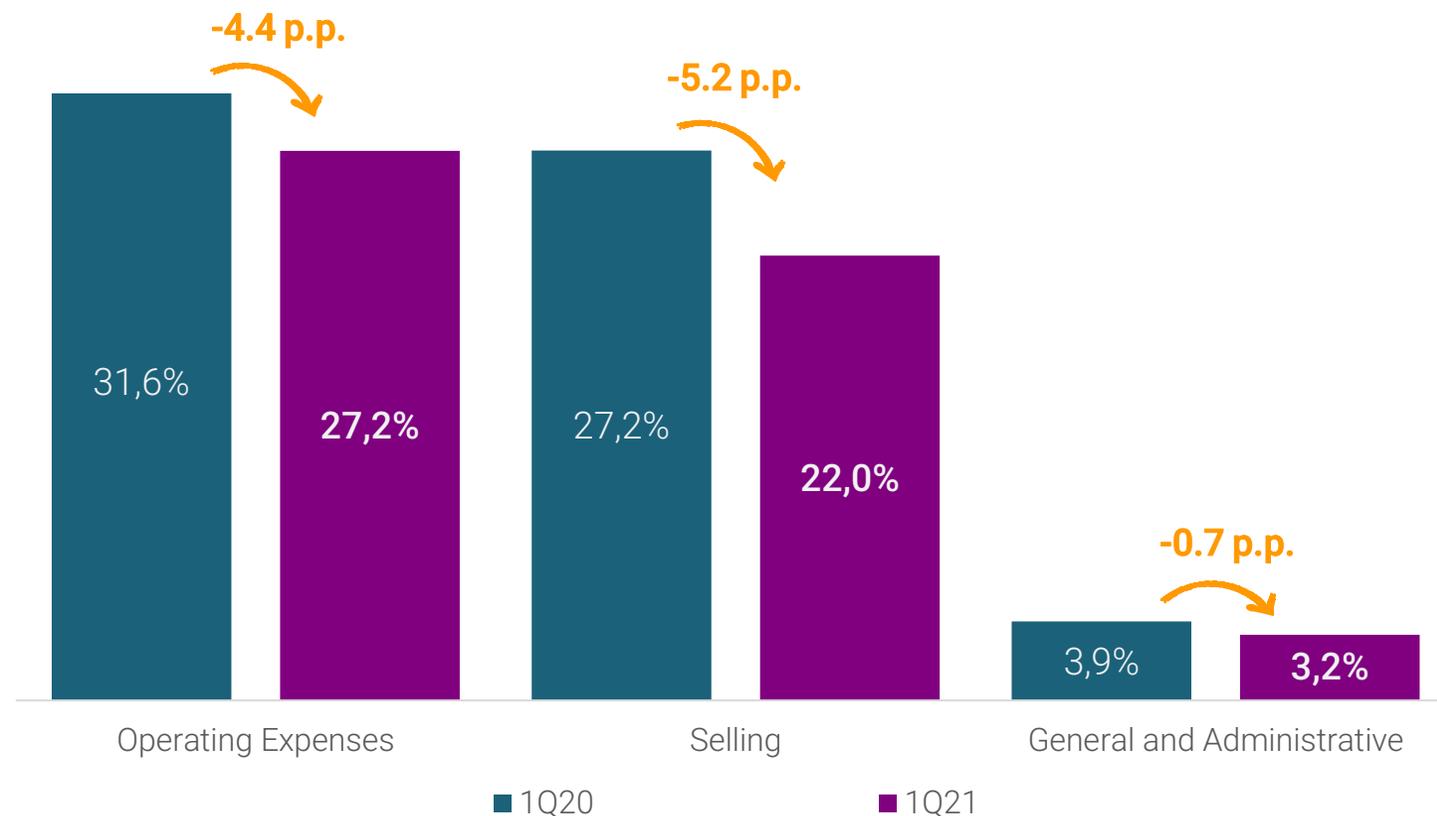
# Operating Expenses

Discipline in management and rigorous choices resulted in dilution of Selling and G&A Expenses as a percentage of Net Revenue



## Adjusted and Recurring Operating Expenses

R\$ million and % on Net Revenue



# EBITDA

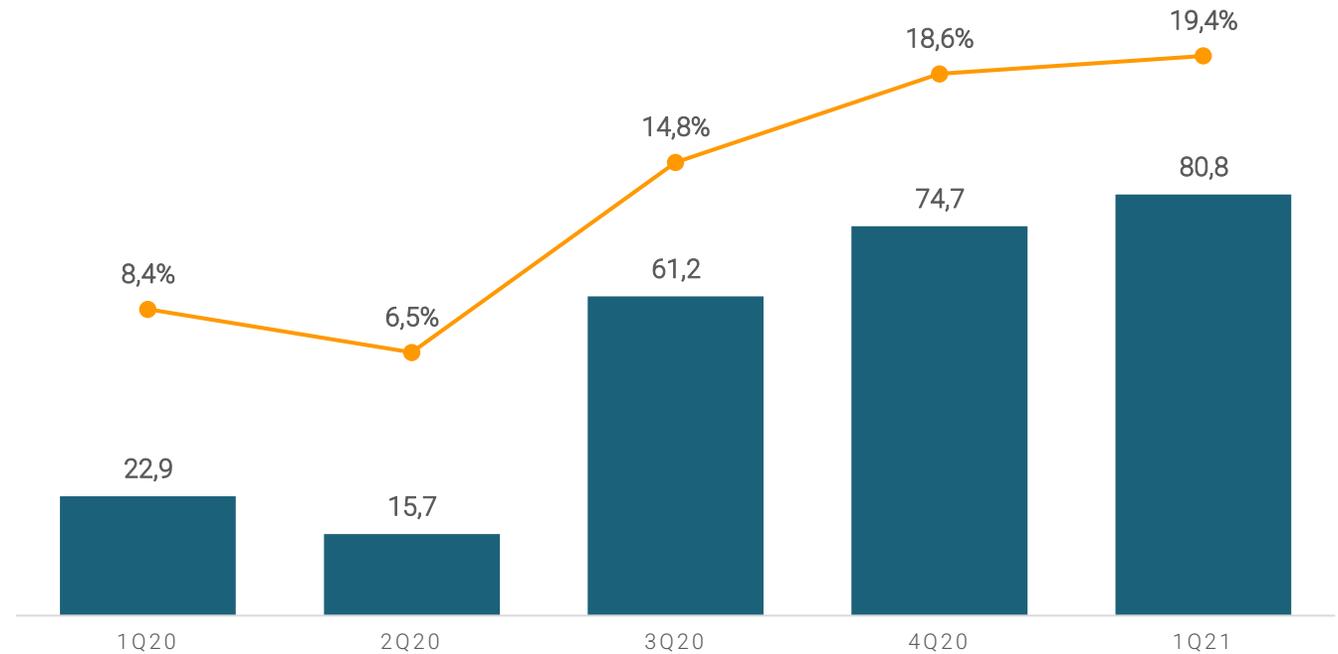
Growth of EBITDA over the last 3 quarters, with progression of EBITDA Margin as a result of the improvement in Gross Margin and discipline in Expenses management



## EBITDA and Margin (Adjusted and Recurring)

R\$ million and % variation | % and p.p. variation

1Q21 vs. 1Q20 **253.3%**  
**11.1 p.p.**



Adjusted and Recurring Margin

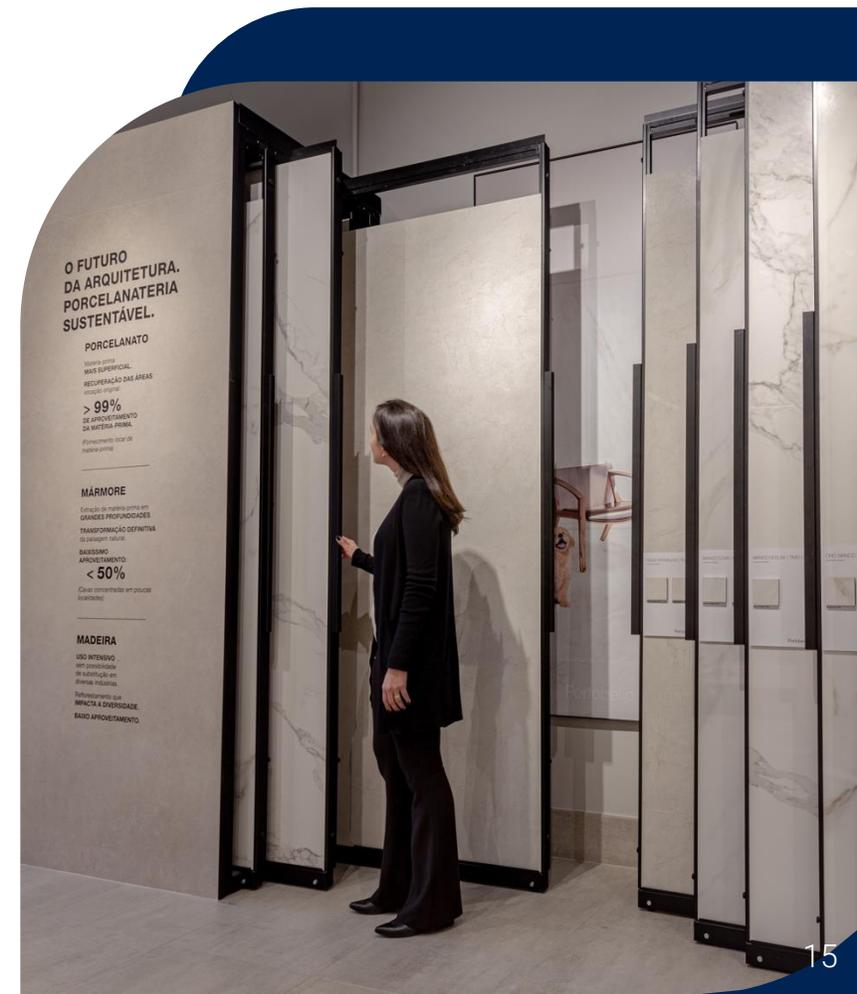
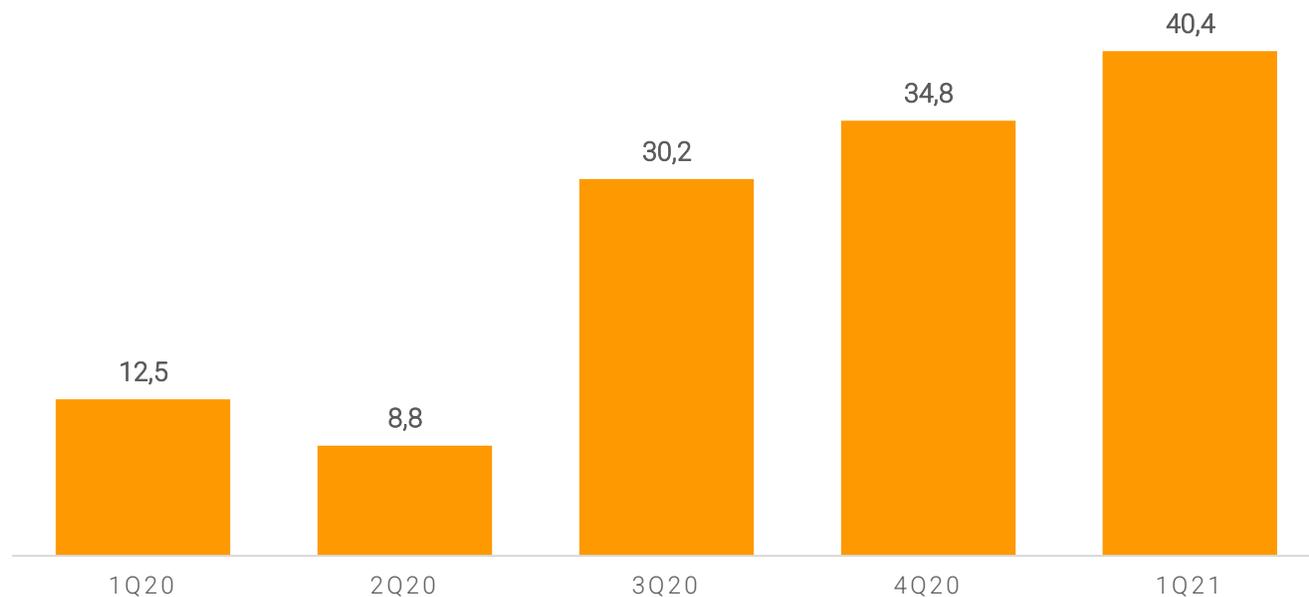
# Profit for the Period

Growth of Profit for the Period due to higher EBITDA, lower finance cost (reduction of Net Debt and interest) combined with lower effective tax rate

## Adjusted and Recurring Profit for the Period

R\$ million

1Q21 vs.  
1Q20 **224.3%**



# Working Capital

Working Capital and CCC Reduction due to focus on optimization of inventories, strategic management of suppliers and effective reduction of term/default of customers

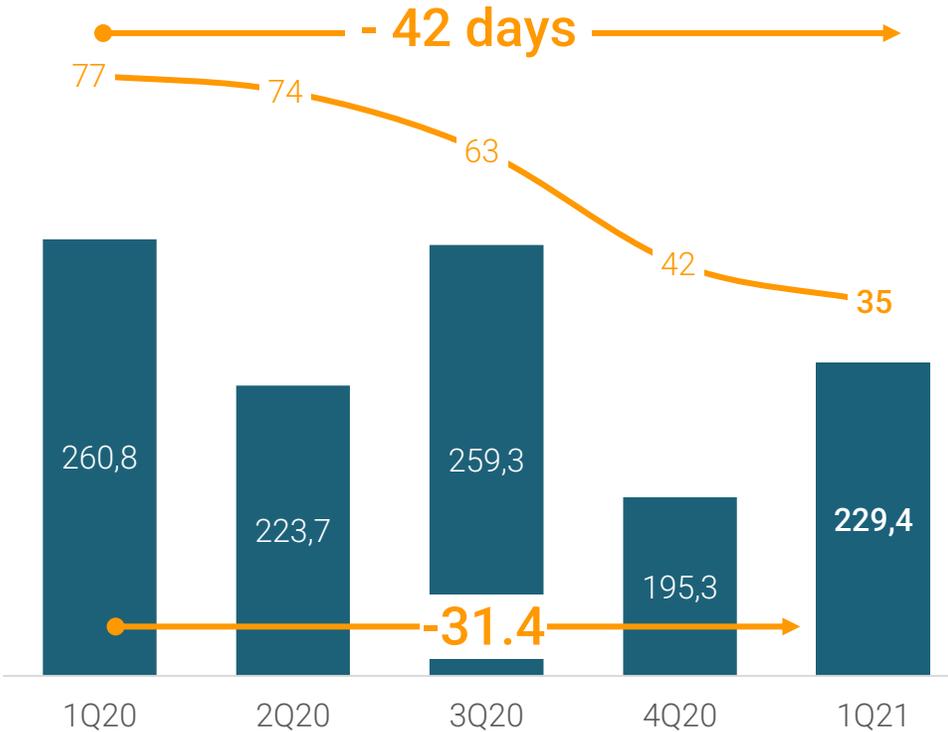
## Cash Conversion Cycle (CCC)

R\$ million



## Development of Cash Conversion Cycle (CCC)

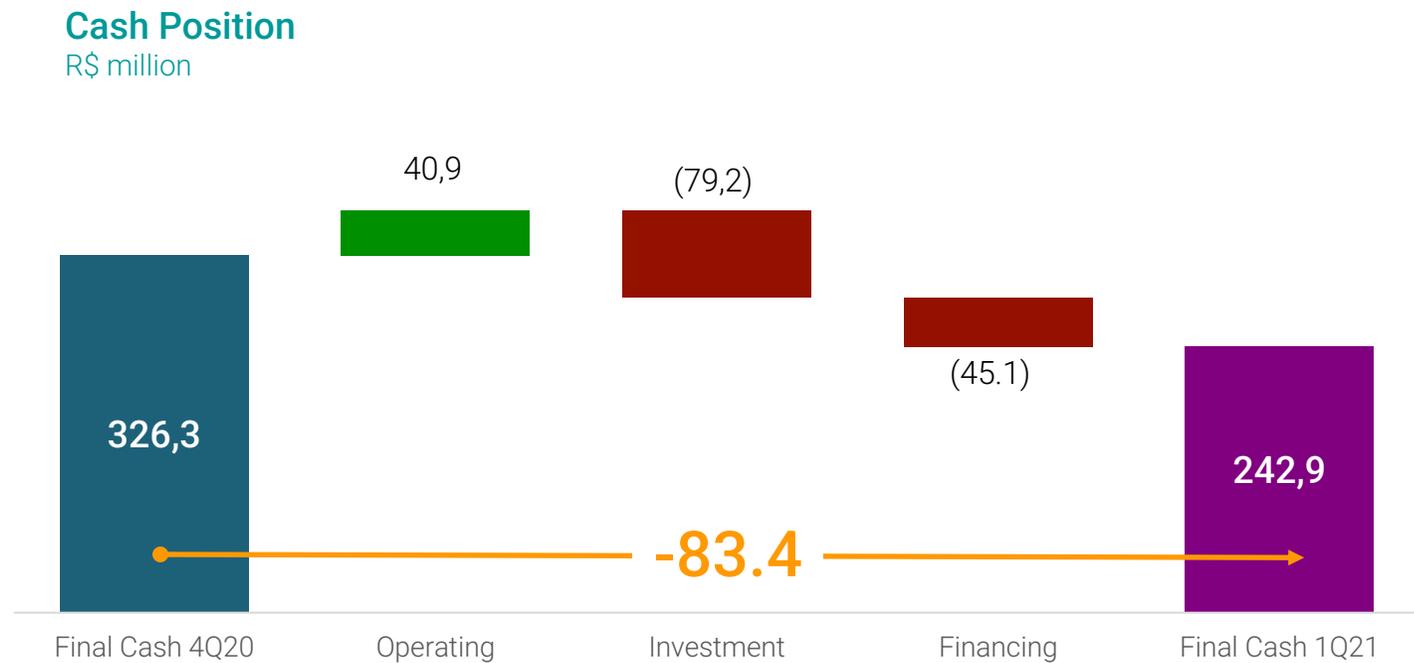
R\$ million and days



1Q20	58	124	105	<b>77</b>
1Q21	53	82	101	<b>35</b>
Var.	-5	-42	-4	<b>-42</b>

# Cash Flow

Cash position reduction due to advance payment of dividends and investment in the share buyback program



# Investments

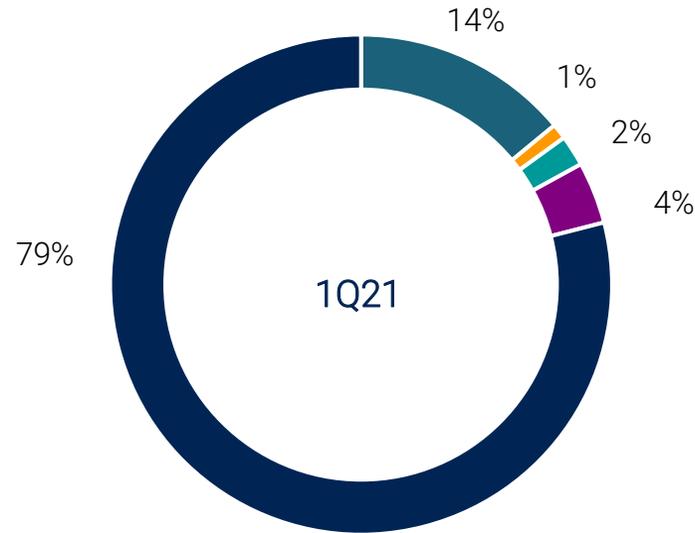
Investments focused on the share buyback program, increased production capacity and expansion of own stores

Investments  
R\$ million

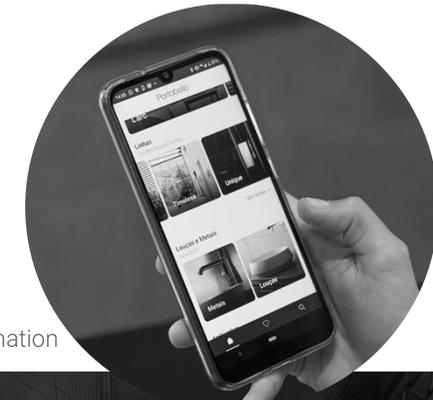
465.7%



## Investment breakdown



- Tijucas Plant
- Company Owned Stores
- Marechal Deodoro Plant
- Share Buyback
- Commercial and Corporate Projects



Digital Transformation



Portobello Brasília

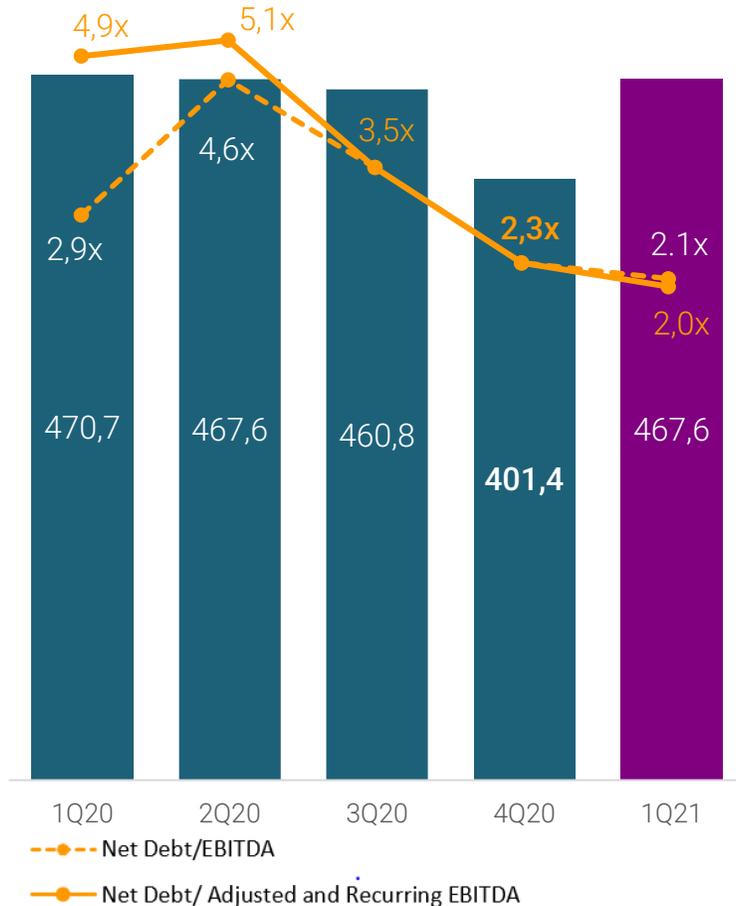


Renovation of Stores

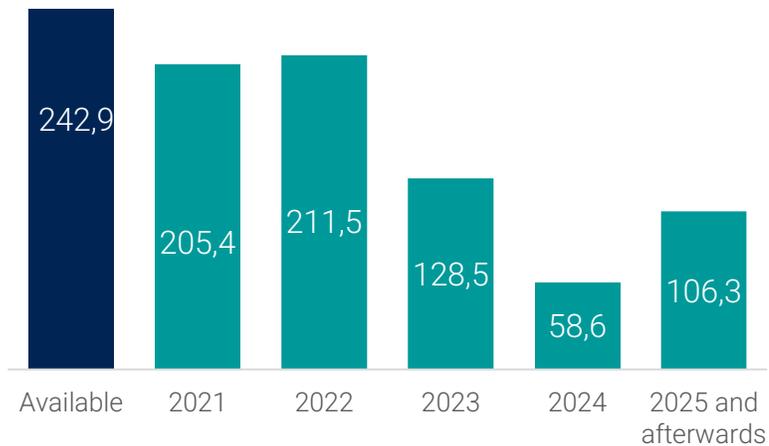
# Net Debt

Reduction of Net Debt and Leverage to the lowest level in the last 5 years due to an increase in EBITDA and better Working Capital management

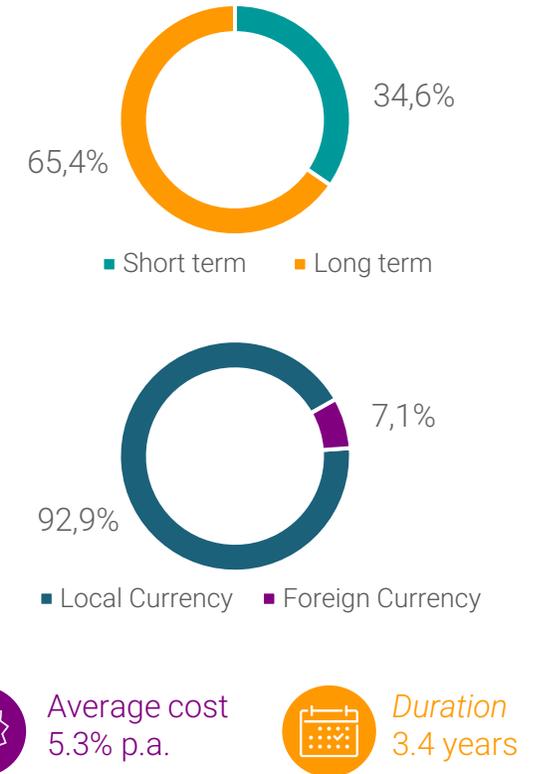
**Net Debt and Net Debt/EBITDA**  
R\$ million



**Amortization Schedule**  
R\$ million



**Debt Breakdown**  
R\$ million



# Capital Market

PTBL3 performing above IBOV, increase in trading volume. Dividends with 6.11% yield. Buyback program completed and treasury shares canceled



## Buyback Program

March 26, 2021: Conclusion of the program approved on Jan 20, 2021

7.0 MM shares, average price R\$ 8.91

May 12, 2021: Cancellation of treasury shares



## Distribution of Dividends

AGM Proposal

Distribution of R\$ 60.9 MM

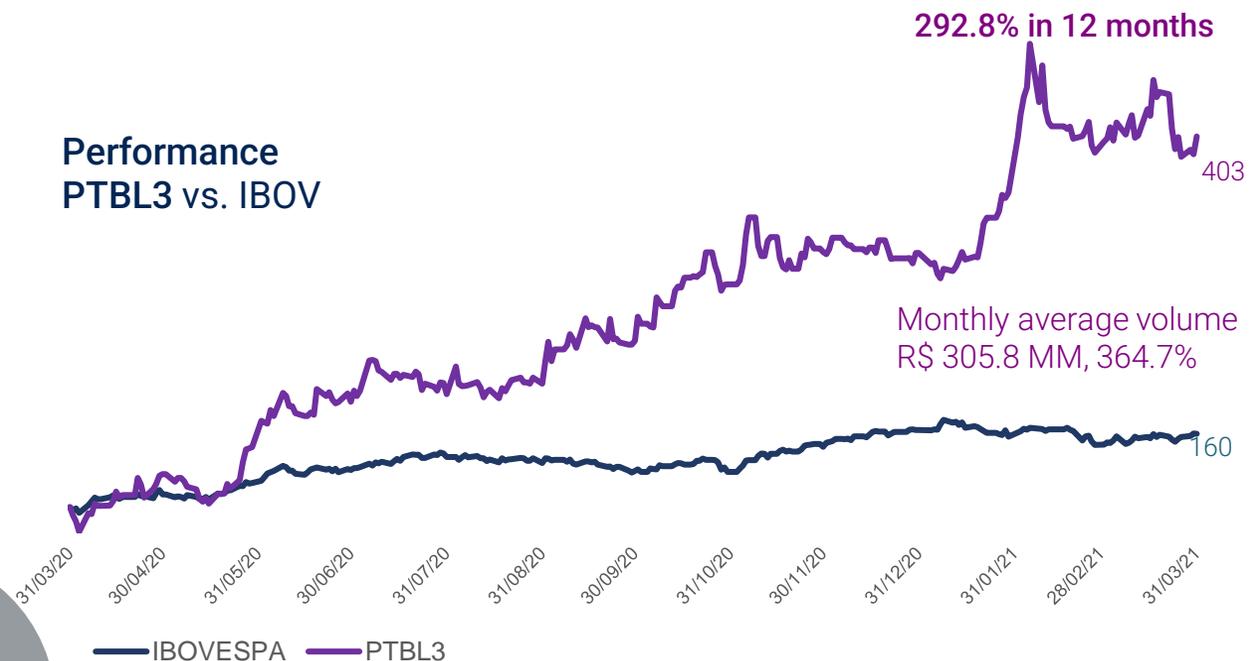
Feb 21, 2021: Advance payment of R\$ 17.3 MM

May 13, 2021: Payment of R\$ 43.6 MM

Total yield 2020

Dividend yield 6.11%

Performance PTBL3 vs. IBOV



## Ownership Structure Mar 31, 2021

154.5 MM shares

147.5 MM outstanding shares

41.8% free float



Legal Entity

Treasury



# 2Q21 Prospects

The market environment continues favorable, operating performance in line with 1Q21



## Market

- In the short term, the civil construction market should remain warm
- Net Revenue in 2021 with significant growth compared with the weak comparison base of 2Q20
- Net Revenue in 2Q21 with absolute figures similar to 1Q21
- The progress of basic interest rates may affect the economic growth projections and real estate market perspectives in the medium/long term



## Production and Sales

- Maintenance of Gross Margin at approximately 40.0%, despite the strong inflationary pressure on costs (mainly energy and imported materials), through increase in prices, improvement of product mix and plant productivity
- Maintenance of the strict management of operating costs and expenses
- Focus on strategic projects: Growth in retail with expansion of the Portobello Shop network of stores, expansion of the Tijuca plant, expansion of Portobello América



## Costs and Expenses



## CapEx

- Maintenance of Net Debt-to-EBITDA ratio at approximately 2.5 times Adjusted and Recurring EBITDA
- Discipline in financial management, optimizing the Cash Conversion Cycle and preserving liquidity



## Cash Flow





# Corporate Governance and Strategic Projects Update

CEO

# Sustainability Report

Building transparent, inspiring and engaging connections through our relationships, our way of doing business and our participation in society



We believe that assessments using ESG factors encourage sustainable investments, increase confidence in the capital market and create more value for society

We are committed to transparency and continued improvement in the generation and disclosure of relevant information for environmental, social and economic sustainability

Access our information through the Sustainability Report available on the website:

<https://www.portobello.com.br/sustentabilidade>



Environmental,  
social and corporate  
sustainability

# Pillars of Sustainability

Building transparent, inspiring and engaging connections through our relationships, our way of doing business and our participation in society



We care about the well-being of our employees and the people around us, contributing to build sustainable and diverse communities



All Portobello products are manufactured in a sustainable manner, respecting the biodiversity and use of natural resources



At Portobello Group, we believe it is only possible to grow together. Opportunities exist for everyone, and we share risks, results and ethical values.

ODS



# Pillars of Sustainability

Building transparent, inspiring and engaging connections through our relationships, our way of doing business and our participation in society



3,607 Direct employees

16% decrease of total accidents in 2020

Donation of products equivalent to the amount necessary to supply 1000 popular houses

Assistance to 250 children and teenagers through the Crescer Program and Anjos Luz Choir



Program for recovery of own and third-party pits

100% closed loop water system for industrial use

100% clean energy system

Zero Waste Program



Innovation: Porcelain tiles, sustainable material with technical characteristics more suitable for use as flooring

Pioneering: Lastras Portobello

88% Satisfied customers

Seal "RA 1000", from the Reclame Aqui website, for the 3rd consecutive year

ODS





# Questions & Answers

CEO & CFO