



PRESENTATION OF BOWIM GROUP

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WARSZAWA, 18 12 2020 R.

Leading player on the Polish market

3rd place in the PUDS ranking
among the largest polish independent
steel distributor*

6 000 customers

103 place in the ranking of the 200
Largest Polish Companies of "Wprost"
weekly magazine



Volumes processed of close to **550,000 tonnes** in 2019

Nearly **PLN 1.4 billion** revenue in 2019

Modern distribution, sales and
manufacturing facilities

Members of the Management Board
are the main Shareholders

*not including producers



Business segments



		
TRADE	SERVICE CENTRE	REINFORCEMENT PLANT
<p>End-to-end distribution of carbon steel products from Polish and foreign manufacturers. The goods offered include:</p> <ul style="list-style-type: none">❖ Sheets (cold-rolled, hot-rolled, galvanised, roofing sheet);❖ Bars (rebars, round, square, flat);❖ Pipes, tubes and profiles (welded and seamless tubes, line and construction pipes, drilling, extraction and casing pipes, open and box sections);❖ Sections (cold-formed, hot-rolled).	<p>Passat – Stal S.A. is a steel service centre offering largely processed products</p> <p>The company manufactures:</p> <ul style="list-style-type: none">❖ galvanised and cold-rolled sheets and strips❖ hot-rolled sheet in coils❖ cold-formed sections	<ul style="list-style-type: none">▪ The company delivers reinforcement cages and pile rebar cages;▪ The company has the capability to manufacture components of various shapes, with bar diameters ranging from 6 to 40 mm and pile rebar cages with a diameter from 30 to 1500 mm and a length of up to 15 m as a single unit or as combined unit up to 22 m.

SERVICES

GK Bowim provides the following services:

- ❖ **processing** – metal sheet burning, bending on a press, making welded structures and other services related to drilling, grinding and deburring;
- ❖ **laboratory testing** - our in-house testing laboratory, carries out tests using 4 methods, i.e.: tensile testing, impact testing, bending testing, ultrasonic testing;
- ❖ **transportation** - based on a third-party fleet, providing deliveries of purchased goods directly to customers.



Bowim-Podkarpacie Sp. z o.o.






Bowim S.A.



Passat-Stal S.A.

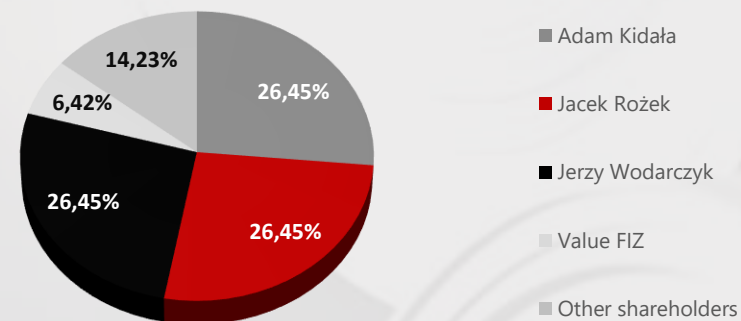
Company authorities | Shareholding

Management Board:

	NAME	FUNCTION	AREA OF RESPONSIBILITY
	Jacek Rożek	Vice President of the Board	Economy & Finance Strategy and development
	Adam Kiwała	Vice President of the Board	Purchases Strategy and development
	Jerzy Wodarczyk	Vice President of the Board	Sales Strategy and development

Shareholding structure by votes as of 15/12/2020

"Bowim" S.A. - as part of the buyback



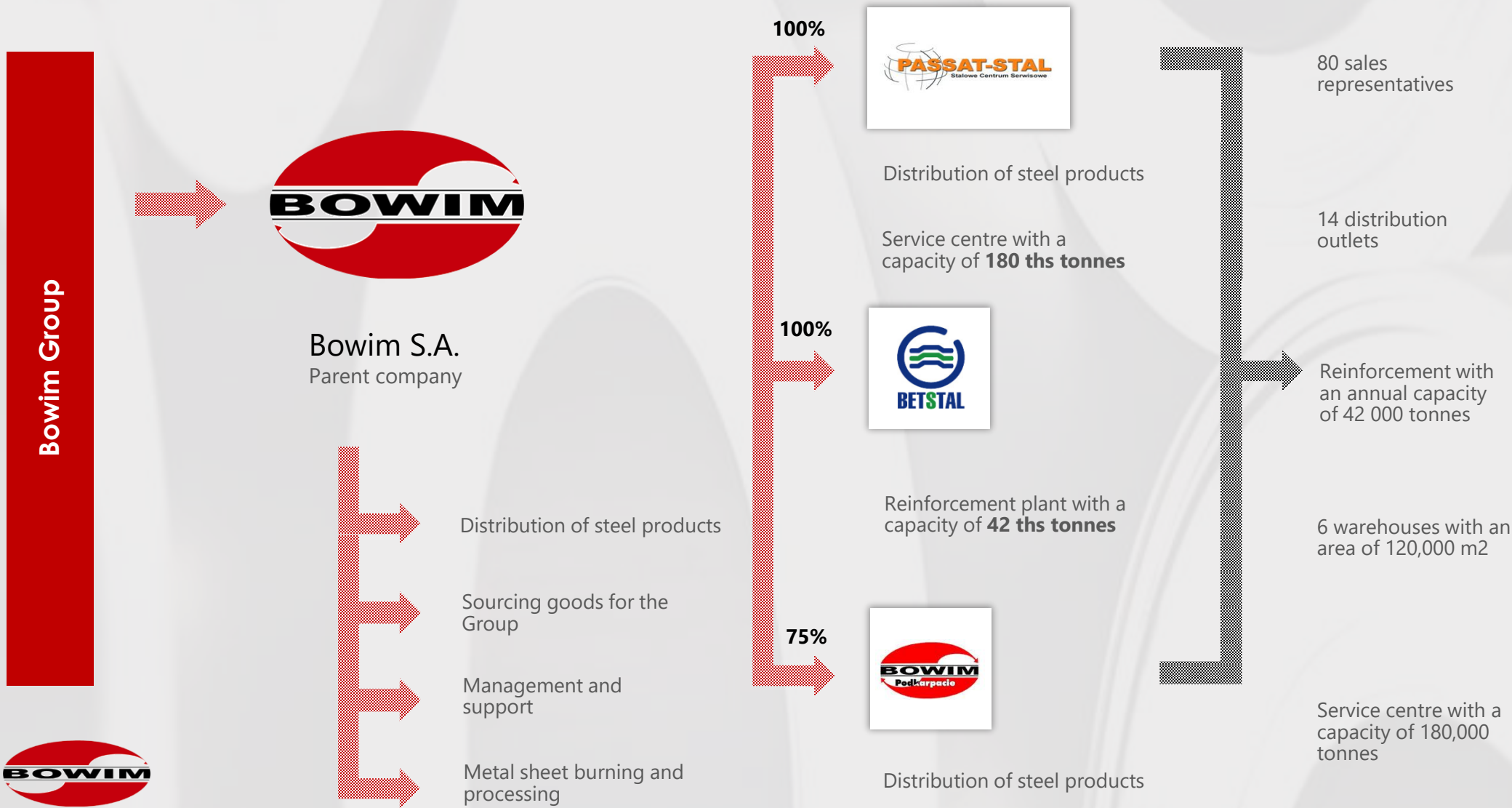
Shareholding as of 15/12/2020.

SHAREHOLDER	NUMBER OF SHARES	% SHARE IN EQUITY	NUMBER OF VOTES	% SHARE IN VOTES AT THE COMPANY GENERAL MEETING
Adam Kiwała	4 132 353	21,18%	6 257 353	26,45%
Jacek Rożek	4 132 353	21,18%	6 257 353	26,45%
Jerzy Wodarczyk	4 132 353	21,18%	6 257 353	26,45%
Value Fundusz Inwestycyjny Zamknięty	1 519 417	7,79%	1 519 417	6,42%
Other shareholders, Including Konsorcjum Stali	3 364 251 236 668	17,22% 1,21%	3 364 251 236 668	14,23% 1,00%
„Bowim” S.A. – as part of the buyback (do not vote at the Company’s GM)	2 233 920	11,45%	0	0,00%
TOTAL	19 514 647	100%	23 655 727	100%

History of business development



Group Structure



Assets | Geographical range

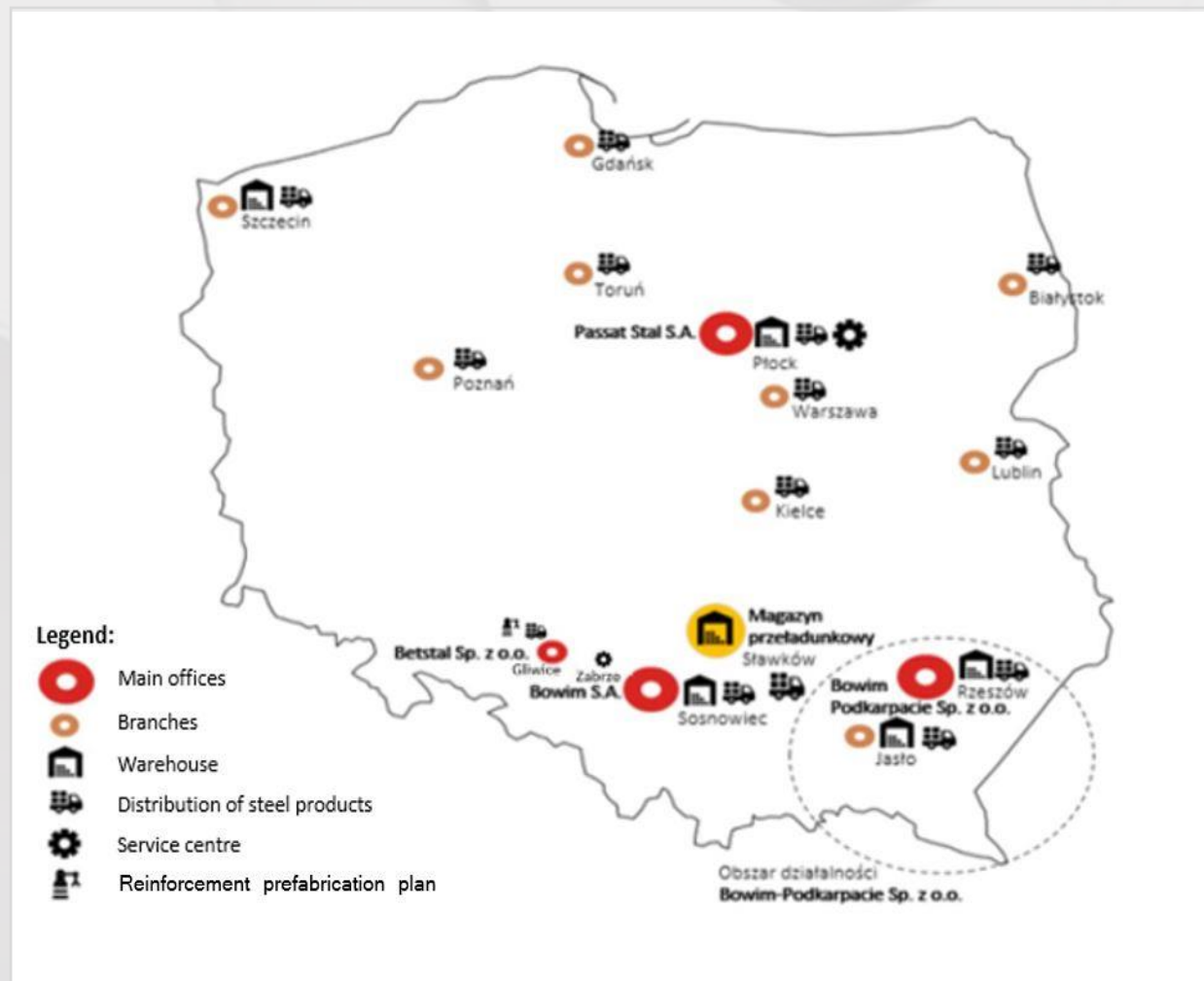
The Company's headquarters and the central warehouse are located in Sosnowiec - the **purchasing centre** as well as the **distribution and logistics centre**;

❖ The **distribution network** covers entire Poland and is composed of the following:

- ❖ **Transshipment warehouse** in Sławków;
- ❖ **Sales branches** located in Białystok, Gdańsk, Kielce, Lublin, Poznań, Szczecin (including a warehouse), Toruń and Warsaw.

❖ **The network is supplemented by the infrastructure** of companies comprising the Group:

- ❖ **Service centre and warehouse in Płock** (belonging to subsidiary Passat Stal S.A.);
- ❖ **Distribution and logistics centre in Rzeszów including a retail warehouse in Jasło** (belonging to subsidiary Bowim-Podkarpacie Sp. z o.o.);
- ❖ **Reinforcement prefabrication plant in Gliwice** (owned by subsidiary Betstal Sp. z o.o.).
- ❖ **Metal sheet burning service centre in Zabrze**



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External environment - Poland



Continuation of infrastructure and construction investments, including those supported by EU funds

National Railway Programme, investments in the power industry, road investments and industrial and residential construction - higher demand for reinforcing and structural steel



Increase in electricity prices

Increase in electricity prices on the wholesale market on the Polish Power Exchange resulting from: increasing prices of hard coal; increasing charges for CO2 emission for energy generators



Shielding measures for the most energy consuming companies

The announced launch of shielding measures including: exemption of the steel industry from excise duty on energy; reliefs and compensation for energy-intensive businesses; free CO2 emission allowances



Impact of SARS-CoV-2 coronavirus on steel markets

In January 2020, a new, unexpected threat appeared, which is likely to be of great, although difficult to estimate, importance for the global economy - the outbreak of SARS-CoV-2 coronavirus



ArcelorMittal Poland permanently close furnace and steel plant in Kraków

Due to the high cost of CO2 emission allowances, the increase in steel imports, high energy prices in the country and global overproduction, the management of the concern announced its decision to extinguish the blast furnace and stop the steelworks in Kraków on 23 November 2019 - until "market conditions improve". The planned restart in mid-March, due to the development of the coronavirus pandemic, did not take place.

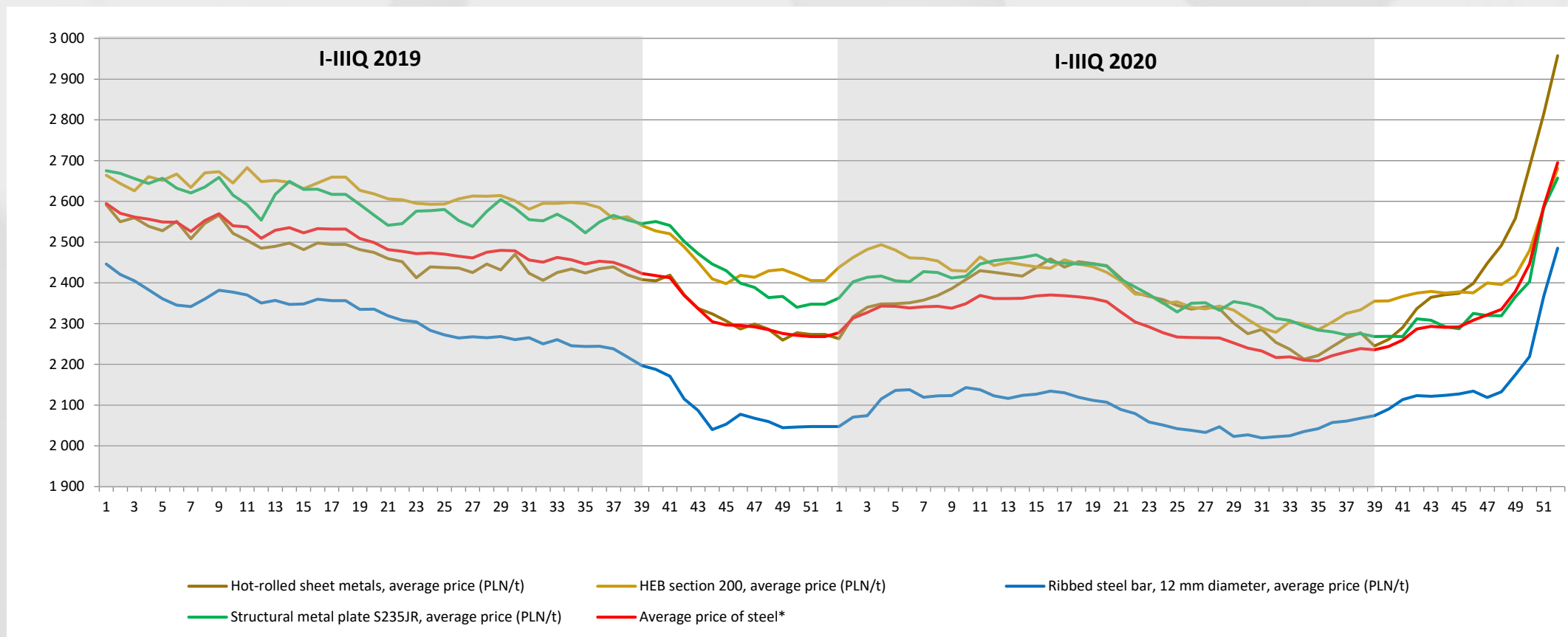


Changes in public procurement

The Polish Parliament passed a new public procurement law in September 2019, which is to enter into force at the beginning of 2021. The new law is intended to facilitate access to the public procurement market worth PLN 200 billion a year for entrepreneurs.



Prices of steel products



Average prices of the Bowim Group's main products lines in 2020 dropped by 5% vs. 2019 average.

Since the beginning of the fourth quarter of 2020 the prices of steel products have been on an upward trend.

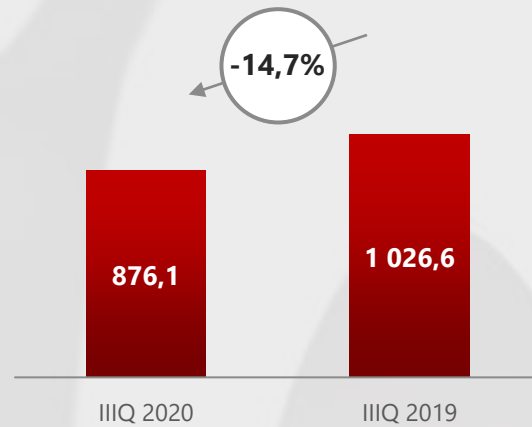


* average value of prices: hot-rolled sheet, HEB 200 sections, 12 mm ribbed steel bar, and metal plate Source: in-house developed sources based on www.puds.pl

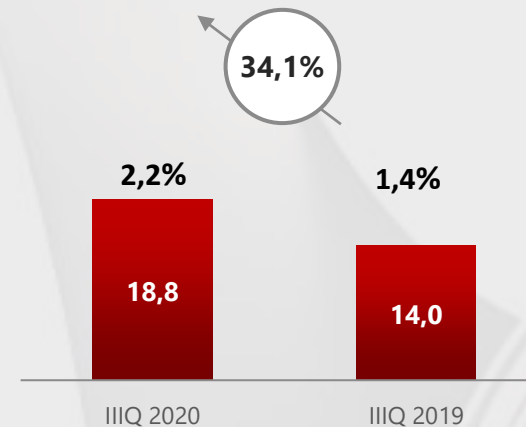
Consolidated financial results in the period Q1-Q3 2020



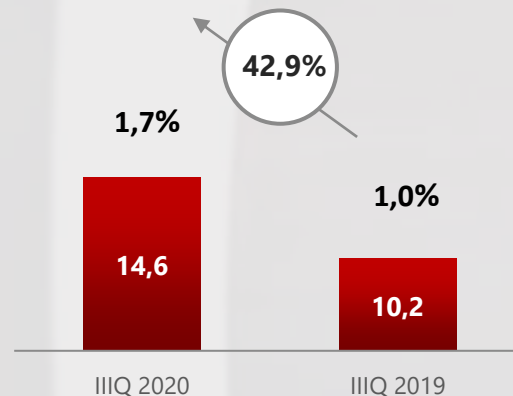
**OPERATING
REVENUE (PLN
million)**



**EBITDA (PLN
million)**



EBIT (PLN million)



**NET PROFIT (PLN
million)**



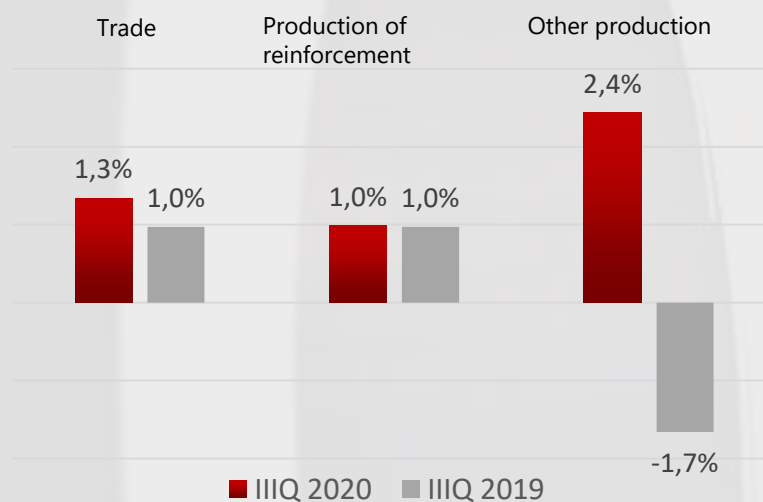
Business segments

Financial data by segments

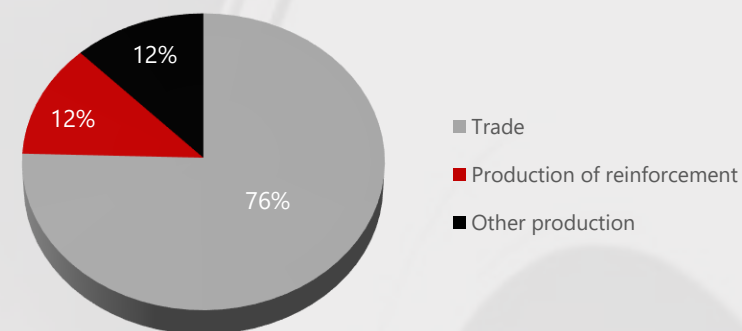


('000 PLN)	TRADE		PRODUCTION OF REINFORCEMENT		OTHER PRODUCTION	
	IIIQ 2020	IIIQ 2019	IIIQ 2020	IIIQ 2019	IIIQ 2020	IIIQ 2019
Revenue	658 522	803 576	108 177	94 015	106 218	124 627
Costs	649 674	795 801	107 110	93 100	103 631	126 697
Gross profit/loss on sale	8 848	7 774	1 067	914	2 587	-2 070

Gross sales margins



Revenue structure



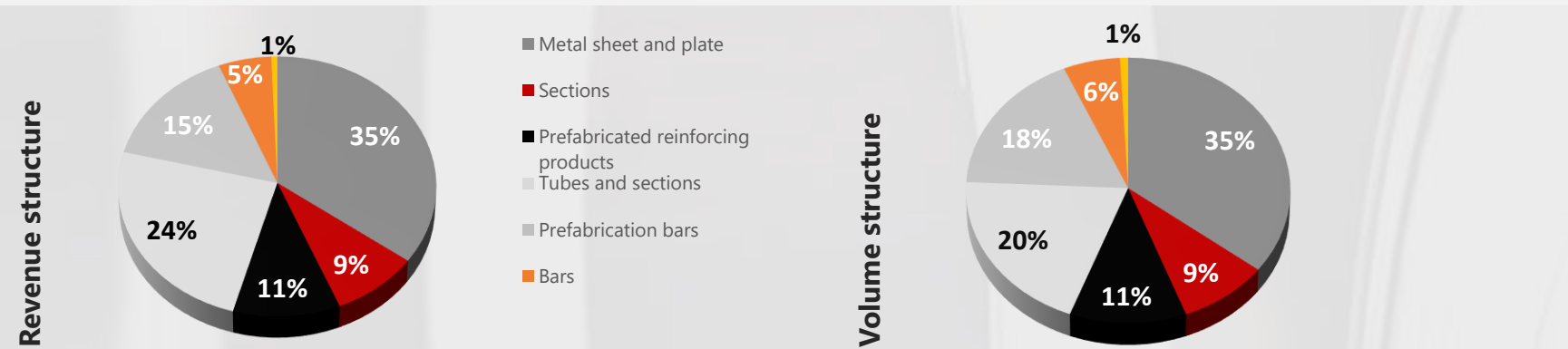
Sale structure

Product line structure of the group*

*without services

Description	IIIQ 2020			IIIQ 2019		
	Value ['000 PLN]	Share [%]	Quantity [t]	Value ['000 PLN]	Share [%]	Quantity [t]
Metal sheet and plate	305 117	35%	131 486,0	381 980	37%	145 335
Sections	75 957	9%	32 873,0	110 104	11%	43 055
Prefabricated reinforcing products	92 609	11%	42 538,0	79 868	8%	32 158
Tubes and sections	212 984	24%	74 132,0	220 373	22%	75 140
Prefabrication bars	130 765	15%	65 668,0	158 895	16%	71 335
Bars	48 061	6%	21 345,0	50 850	5%	20 291
Other	5 482	1%	3 081,4	17 774	2%	8 312
TOTAL	870 975	100%	371 123,4	1 019 844	100%	395 626

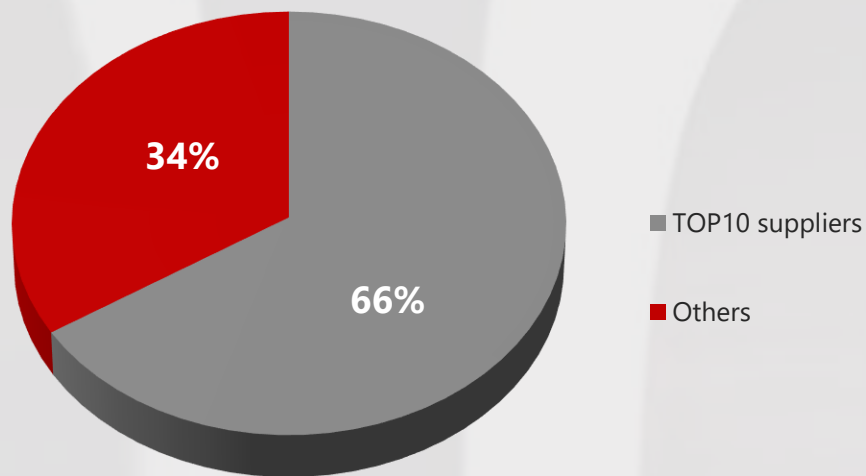
- “Flat” products have **the largest share** in sales both by value and by volume
- A wide range of products offered allows us to meet customers' needs end to end and proactively respond to changes in the structure of the current demand.



Suppliers structure

Share of major suppliers

- Deliveries from **several dozen** domestic and foreign manufacturers;
- **The Company selects basic suppliers for each product line**, and supplies are supplemented on an ongoing basis by purchases from less important and mobile suppliers.

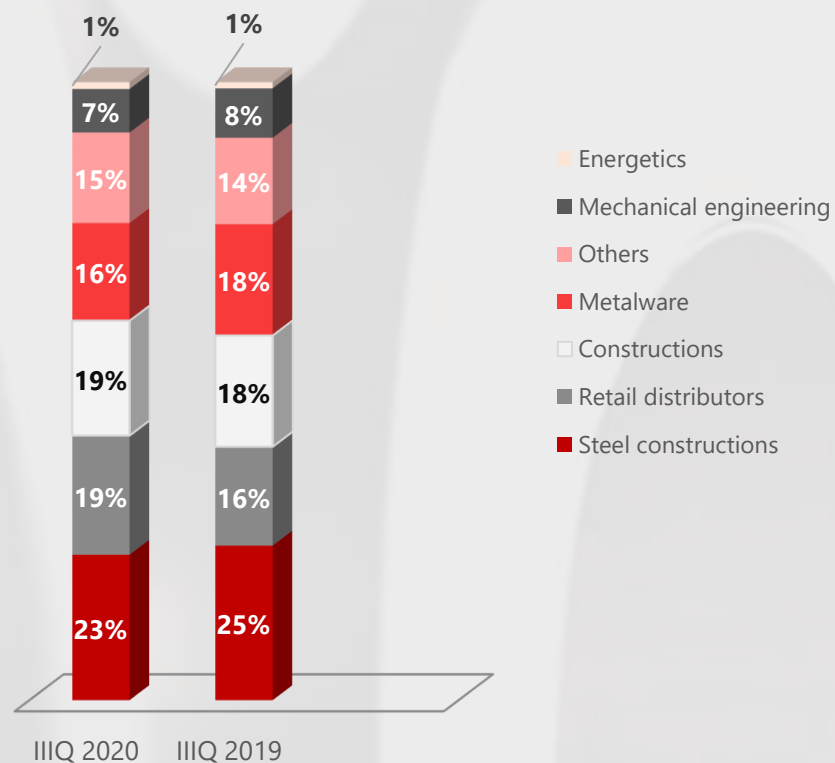


Diversification of supply directions to Bowim Group



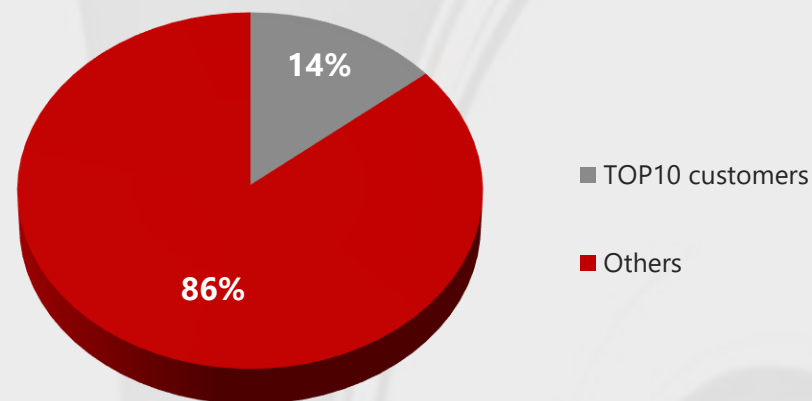
Structure of suppliers and customers

Sales structure by industry



Share of major customers

- Bowim S.A. supplies steel to **all steel-intensive industries** in Poland;
- **Sales are based not only on the largest customers** - TOP10 customers account for **14%** of revenues (data for Q1-Q3 2020);
- **None of the customers has exceeded the level of 5% share**, which indicates full independence from buyers;
- Most sales are generated on the domestic market. **Revenues from foreign sales** in Q1-Q3 2020 amounted to **1.1%** of total sales
- **The number of customers served in 2019 was 3,622**



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On 17 October 2017 we published the strategy for 2017-2020

Our overriding goal for 2017-2020 is to strengthen the Company's position on the key markets for the distribution of steel products and increase its value.



2017 – 2020 Strategy

CAPEX PLAN:

ca. EUR 14 m

1

Expansion of logistics & distribution centre in Sosnowiec (2020)

Total investment value: **EUR 8.1 m**
Investment executed to-date: **100%**

Various logistics-related investments: launching of 3 overpasses, construction and launching of a new warehouse, construction of a railway siding



2

Purchase of a machine for cross-cutting of sheets in a circle (in progress)

Total investment value: **EUR 3.6 m**
Investment executed to-date: **15%**

Purchase of a machine to increase flexibility and expand the offer in developed logistics & distribution centre in Sosnowiec



3

Construction of warehouse/distribution centre in Rzeszów & Płock (2018)

Total investment value: **EUR 1.6 m**
Investment executed to-date: **100%**

Construction of a modern warehouse hall expanding retail business segment



4

Implementation of new IT systems (2020)

Total investment value: **EUR 0.4 m**
Investment executed to-date: **0%**

Improvement of the Group's external and internal operating functioning as well as optimization of operating costs



Development of the retail segment - the Company's Management Board actively analyses the market in order to make acquisitions of companies that are part of the group's strategy.

Material events in 2019 - 2020

Construction of a 12.900 m2 canopy roof



Completion: construction works on the property located in Sosnowiec, consisting of canopy roofing including deliveries and erection of steel structure and steel decking roofing

Capital expenditure realised: 5.8 M PLN

Material events in 2020

- ❑ Status regarding the complaint of the Director of Tax Administration in Katowice on the judgment of the Voivodeship Administrative Court in Gliwice:
 - ❑ **21 November 2019 The Supreme Administrative Court dismissed the cassation appeal of the Director of the Fiscal Administration Chamber in Katowice against the judgment of the Voivodeship Administrative Court in Gliwice, which was favourable to the Company.**
 - ❑ **The judgment of the Supreme Administrative Court is final.**
 - ❑ **As a result, the tax authorities returned to the Issuer the amount of 2,070,754.00 PLN with tax interest accrued from 2008.**

- ❑ Status of Bowim's complaint against the decision of the Head of the Customs and Tax Office in Opole:
 - ❑ **On 12 December 2019 The Supreme Administrative Court issued a judgement accepting the Company's cassation appeal against the unfavourable judgement of the Voivodeship Administrative Court in Opole.**
 - ❑ **The judgement of the Supreme Administrative Court is final.**
 - ❑ **As a result, the tax authorities returned to the Issuer the amount of PLN 5,578,316 with tax interest accrued from 2012.**



Deliveries of steel for selected contracts



Generation Park - Warszawa



Bridge on the Dunajec river – Kurów



Expansion of the National Road 81 - Katowice



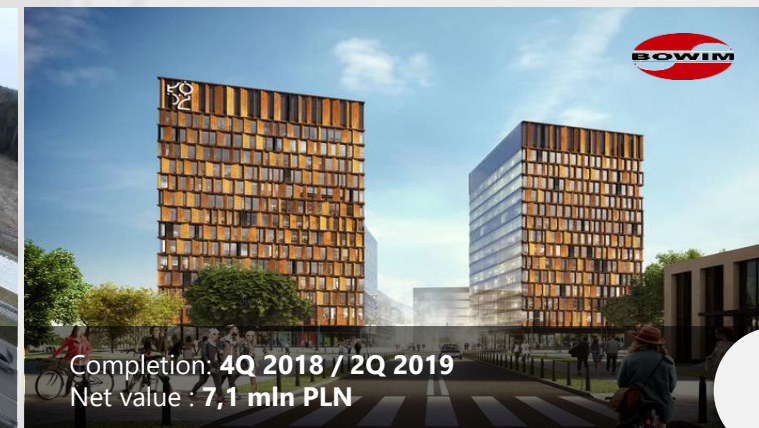
D1 motorway Budimír - Bidovce



S-8 trunk road Wyszaków –Poręba



City Gate- Łódź



Market opportunities



Roads and railways

142 bn PLN

National Roads Construction Programme 2014-2023

117 bn PLN

Infrastructure and Environment Programme 2014-2020

76 bn PLN

National Railway Programme till 2023



Real estate

Continuation of the good situation on the real estate market:

- favorable macroeconomic environment (continued low interest rates on mortgages and improvement on the labor market)
- rich developers' land banks
- high demand for apartments and office space



Energetics and gas pipelines

140 bn EUR

Draft of Polish Energy Policy until 2040

14 bn PLN

Investment programme PSE until 2025

7 bn PLN

Baltic Pipe construction 2017-2022



INVESTMENT RATIONALE

- **3rd largest polish independent steel distributor** on attractive and prospective Polish steel market*
- **Attractive distribution channel for steel producers**, with ca. 550 ths tonnes of steel sold in 2019
- **Solid base for expansion in Central Europe** as well as potential access to neighbouring markets (Germany, Czech Republic, Slovakia, Scandinavia)
- **Wide customer base, allowing to deliver tailored high-value added product range to any chosen industry**, which creates possibility to smoothly adjust the sales structure to the preferences (strategy) of the new investor
- **Attractive market consolidation platform** with clear ideas for potential acquisitions to build distributor having annual turnover of 1,000 ths tonnes of steel
- **Experienced management team** with proven track record
- **Effective business model featuring:**
 - Complementary one-stop-shop with wide range of high quality products
 - Diversified customer base represented by cyclical and non-cyclical industries
 - Efficient working capital management

*not including producers



Questions

Q&A Section





Thank you for your attention

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