



budimex

Investor presentation

1Q'2023

Agenda

Macroeconomic background

Financial results of Budimex Group

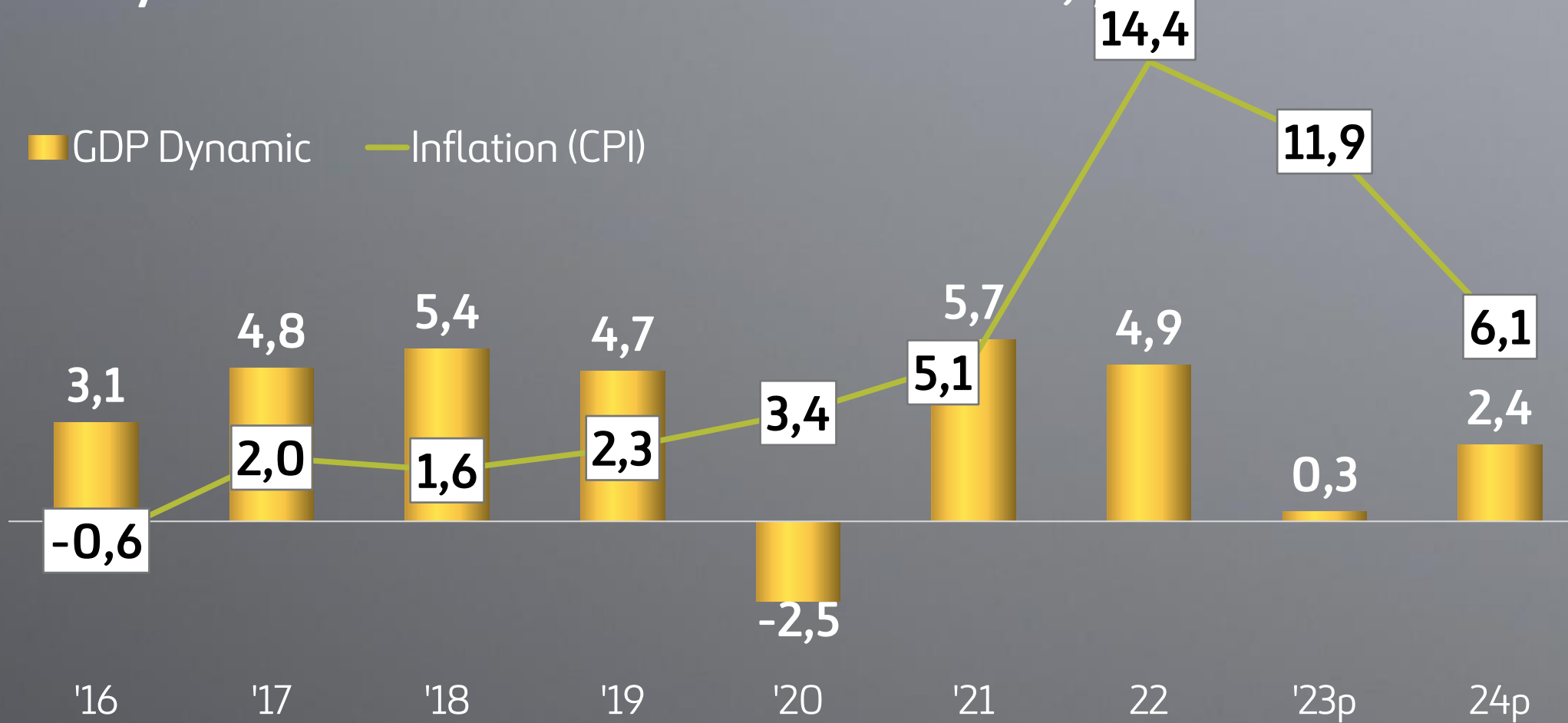
FBSerwis & Mostostal Kraków

Market and outlook

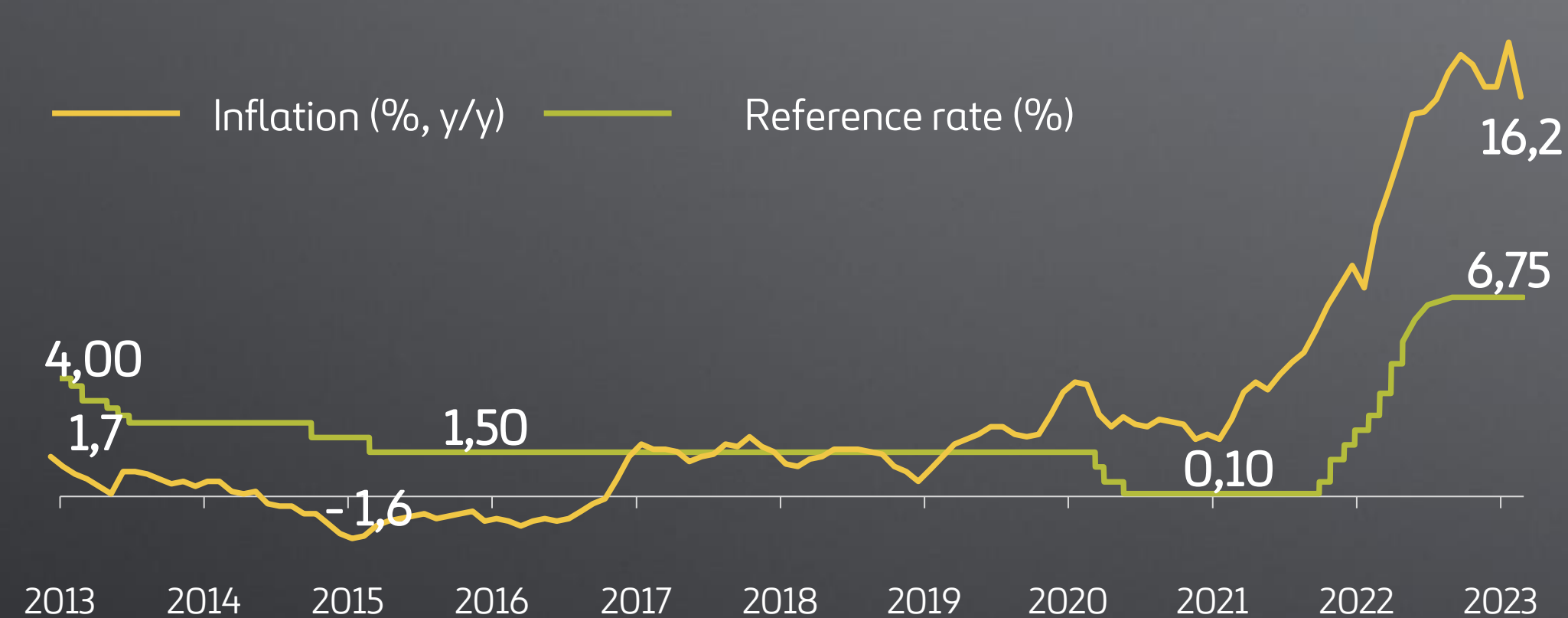


Macroeconomic background

GDP dynamics and CPI inflation in Poland (% y/y)



Inflation (% y/y), reference rate in Poland (%)



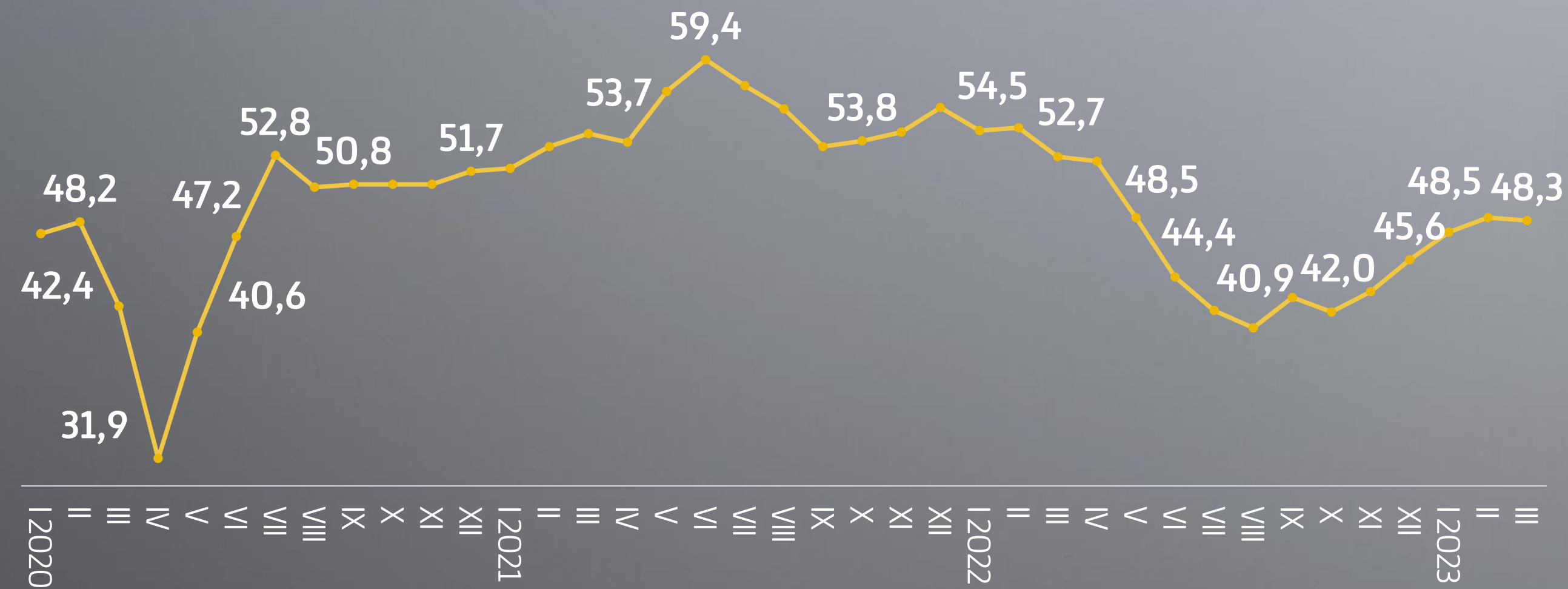
The IMF forecasts sustained inflation at double-digit levels and a significant weakening of GDP growth to 0.3% y/y in 2023. Inflation in 2024 should be characterised by single-digit growth at 6.1% y/y.

Domestic inflation in the CSO's quick estimate for March was 16.2%, down 2.2% on the February reading. The macroeconomic data suggest that the peak in inflation was recognised in Q1 2023.

Economists see potential for rate cuts in late 2023.

Macroeconomic background

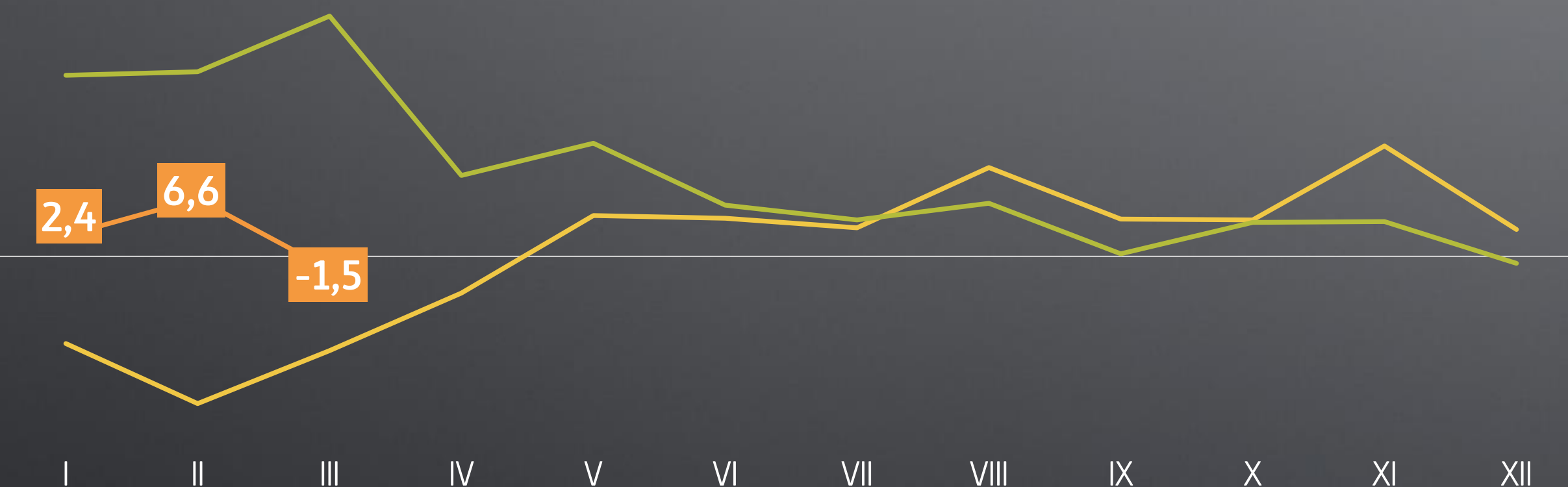
PMI indicator for Poland



The level of the PMI index is inspiring increasing optimism. Values are stabilising at their highest levels since May 2022 and reached 48.3 points in March (vs 48.5 in February).

Growth in construction and assembly production (% y/y, constant prices)

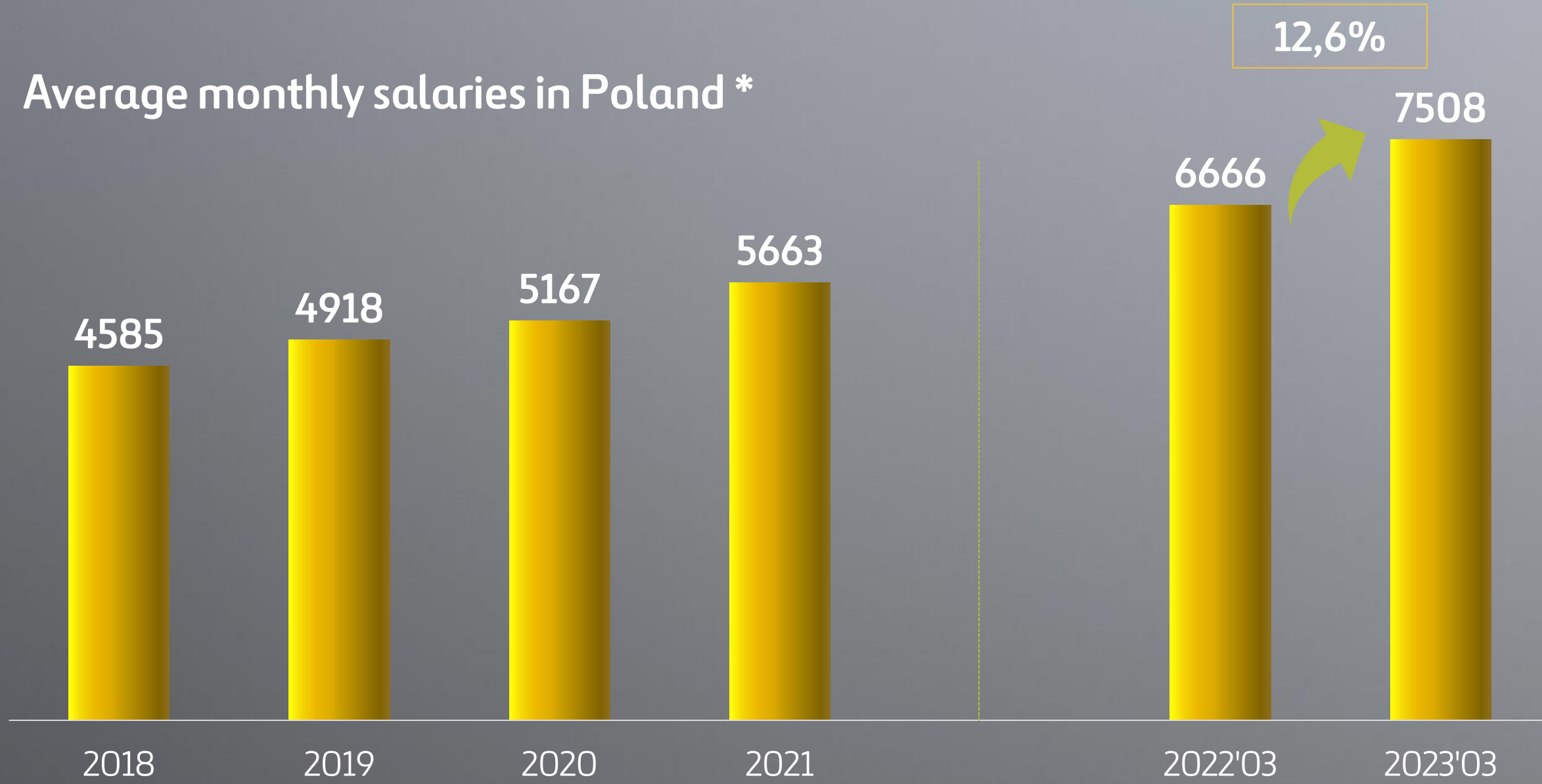
— 2021 — 2022 — 2023



The value of construction and assembly production fell by 1.5% y/y in March. In the January-March period, the index increased by 3.5% y/y, while the individual segments were as follows: (i) building construction (-6.4% y/y), specialised construction (+5.3% y/y), civil engineering construction (+13.7% y/y).

Macroeconomic background

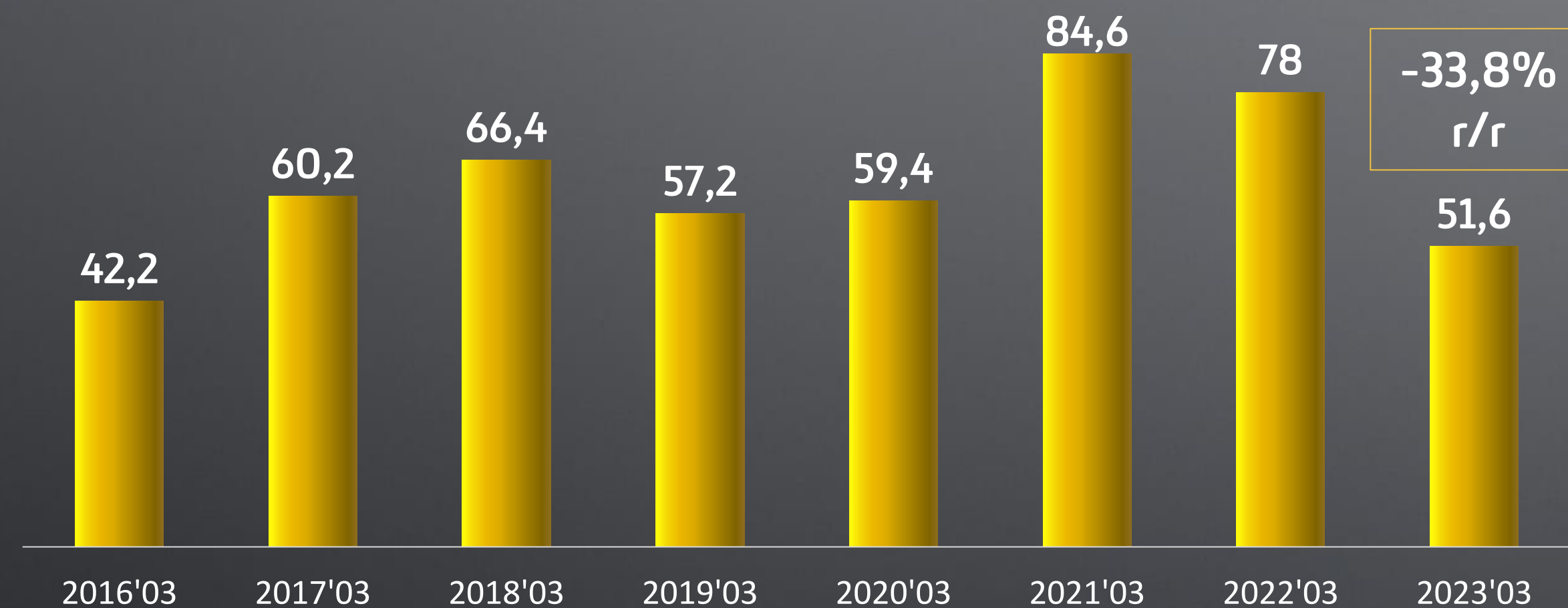
Average monthly salaries in Poland *



Salaries increased by 12.6% y/y in March, a lower reading than inflation. Construction is characterised by wage growth slightly below average (11.3% y/y)

*Data refers to companies with more than 10 employees.

Building permits - dwellings (data in thousands)



The first quarter of 2023 shows the weakest Q1 since 2016 in terms of housing permits (-33.8% y-o-y). Nevertheless, economists indicate that the worst of the period may be behind us as mortgage demand points to a recovery.

Situation of the construction industry – stabilisation and prospects for improvement

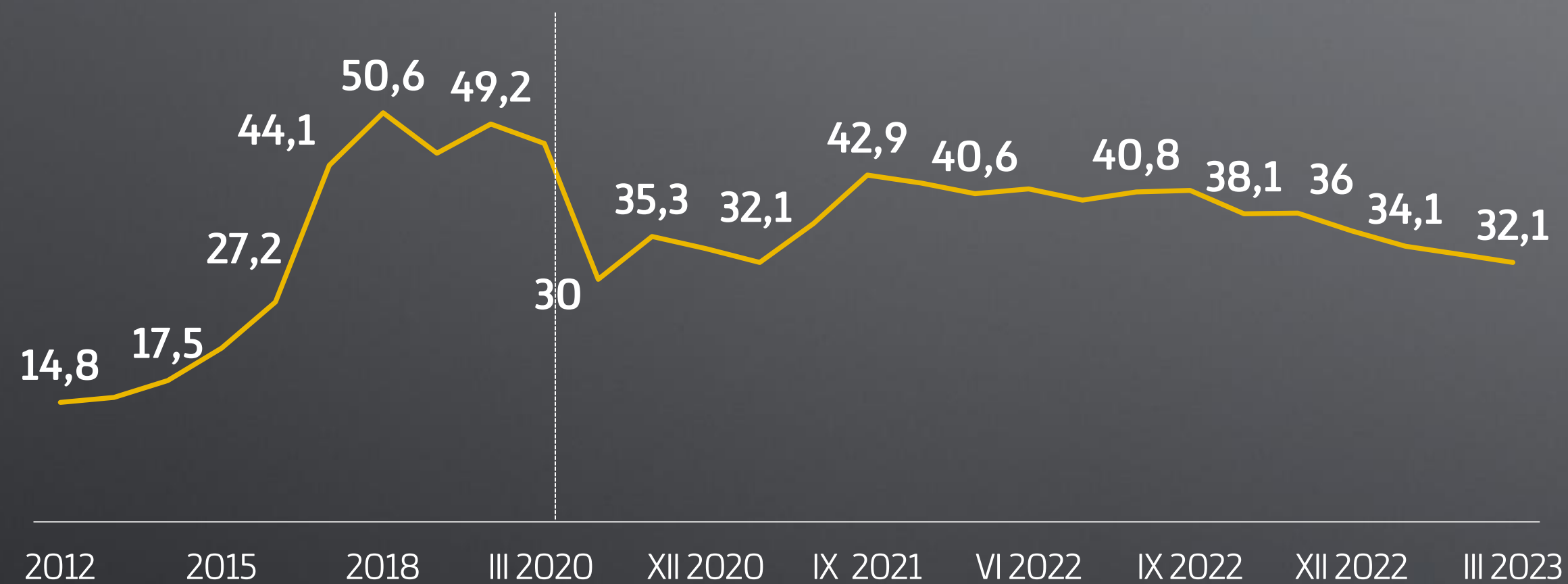
Percentage of construction companies considering shortage of materials as a barrier to business (%)



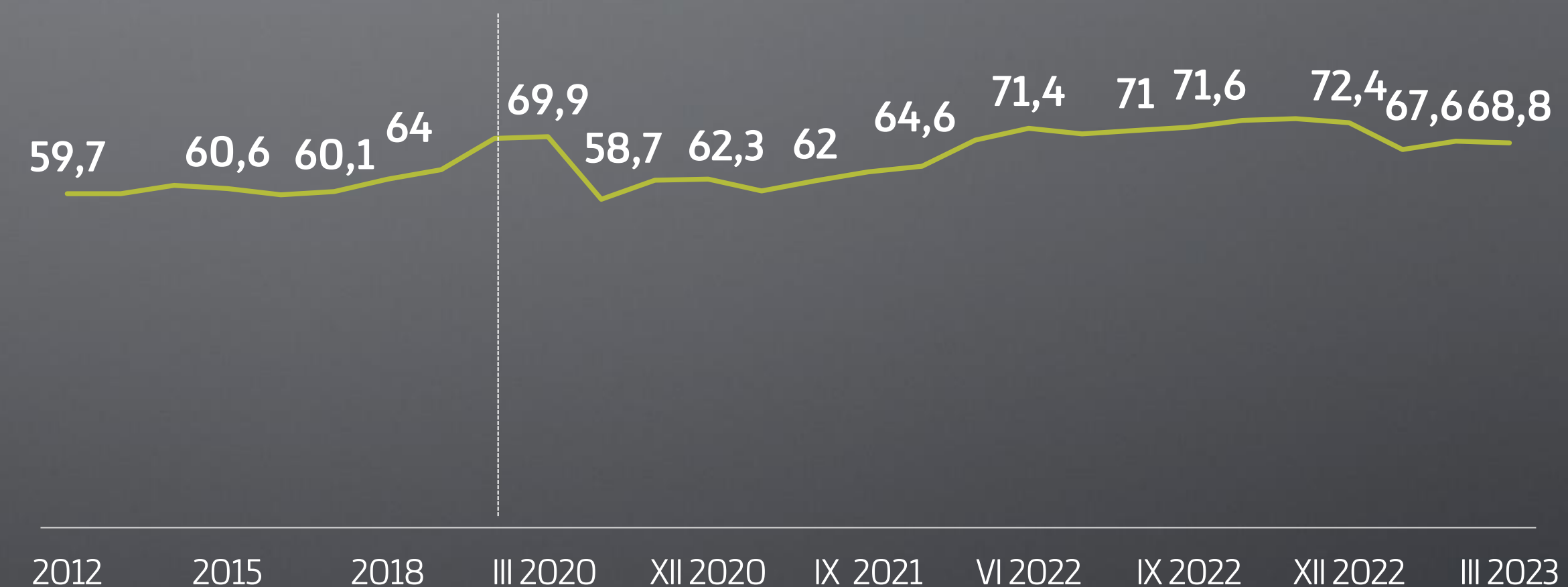
Percentage of construction companies considering material costs as a barrier to business (%)



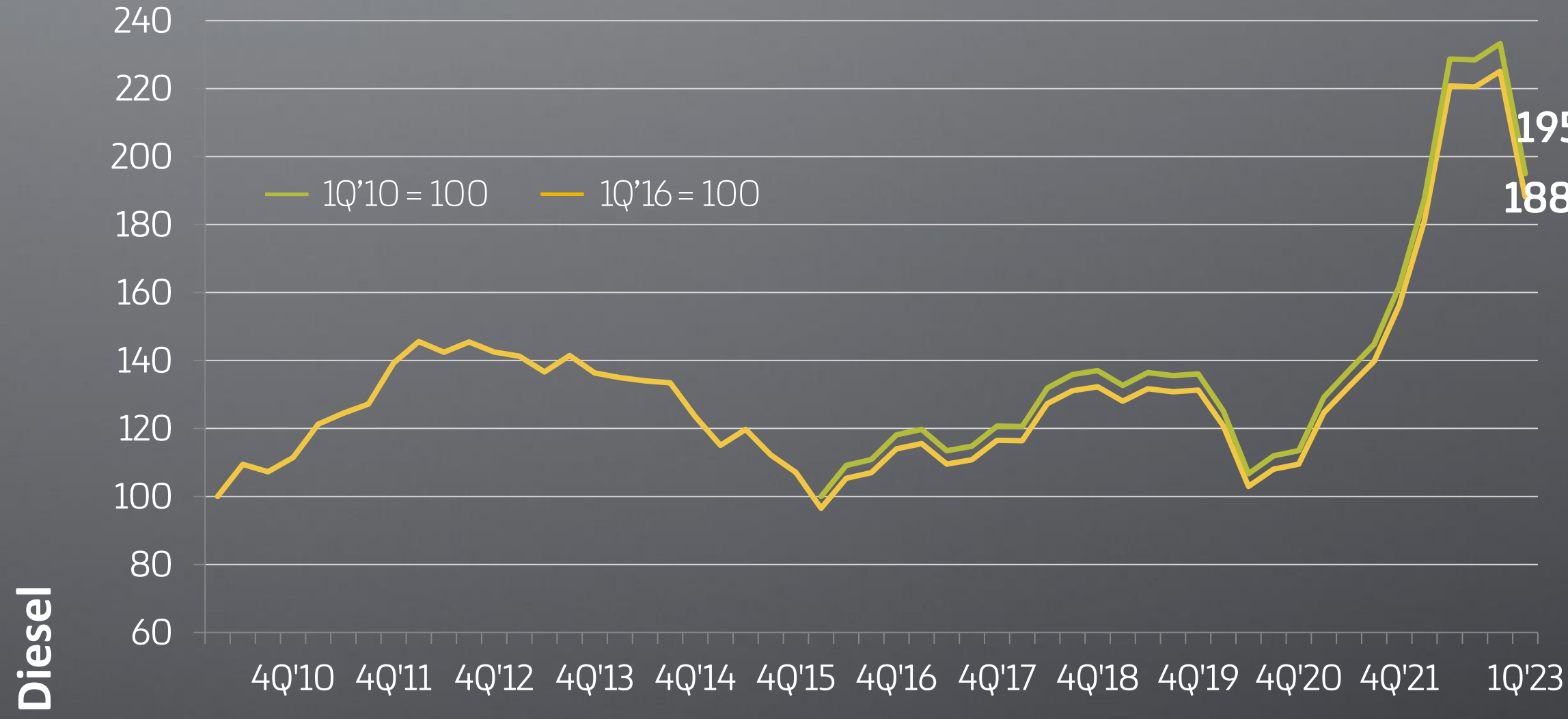
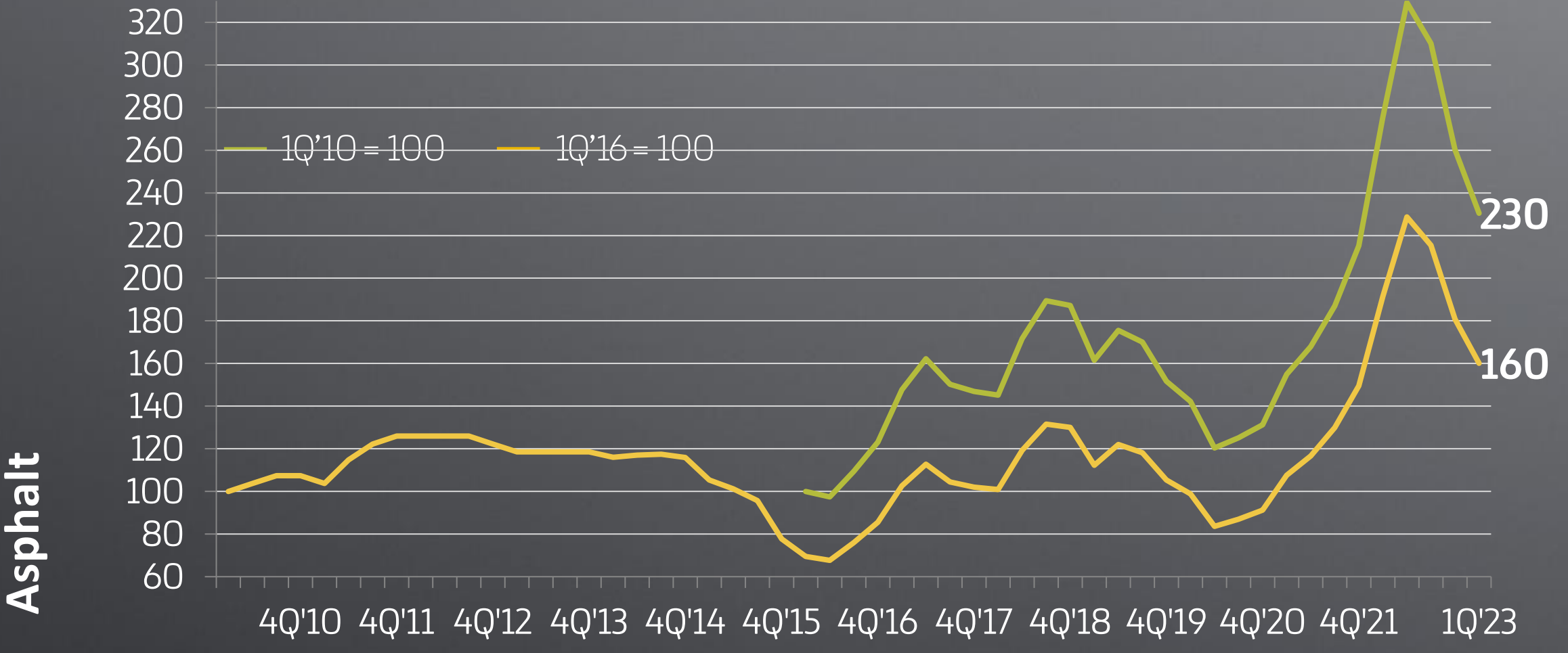
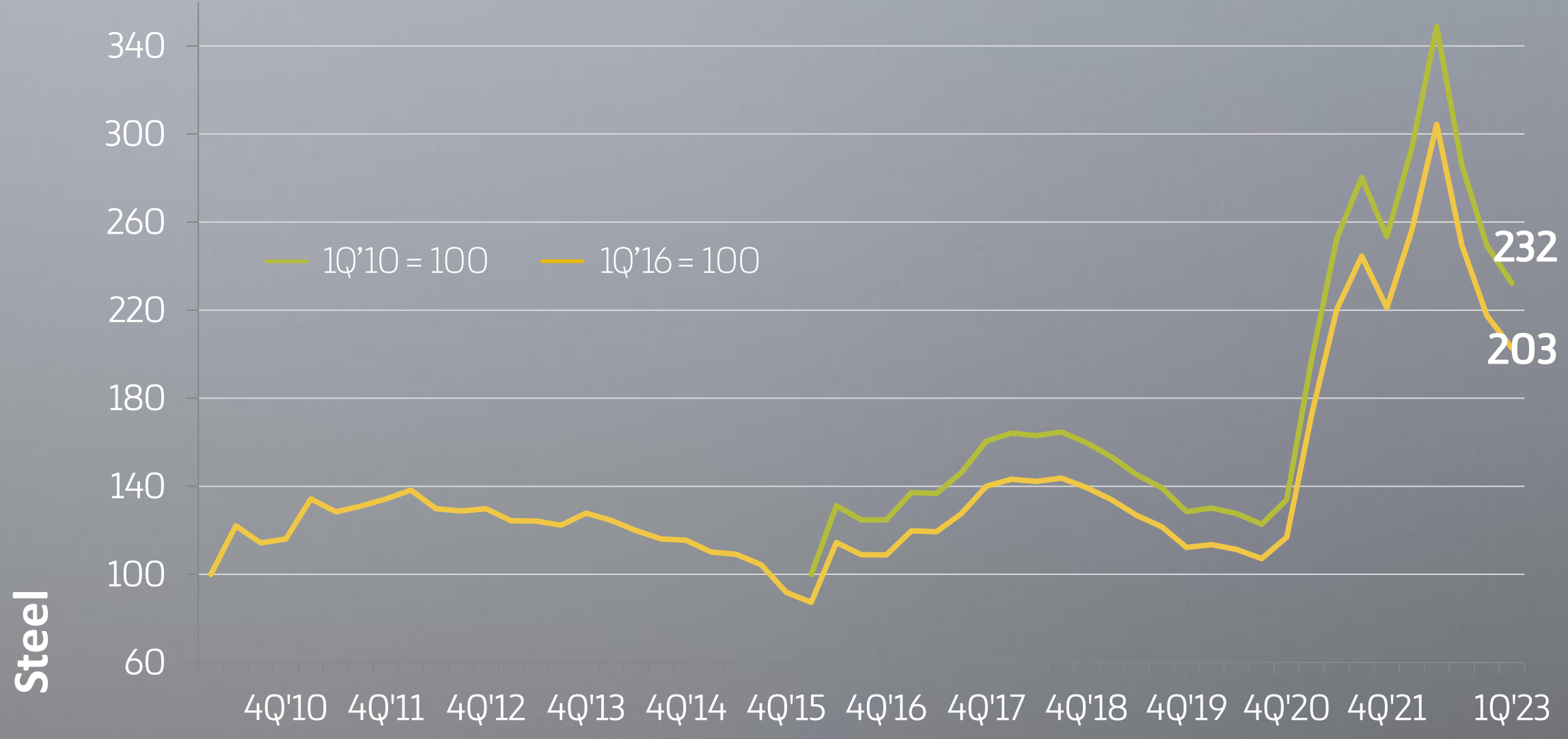
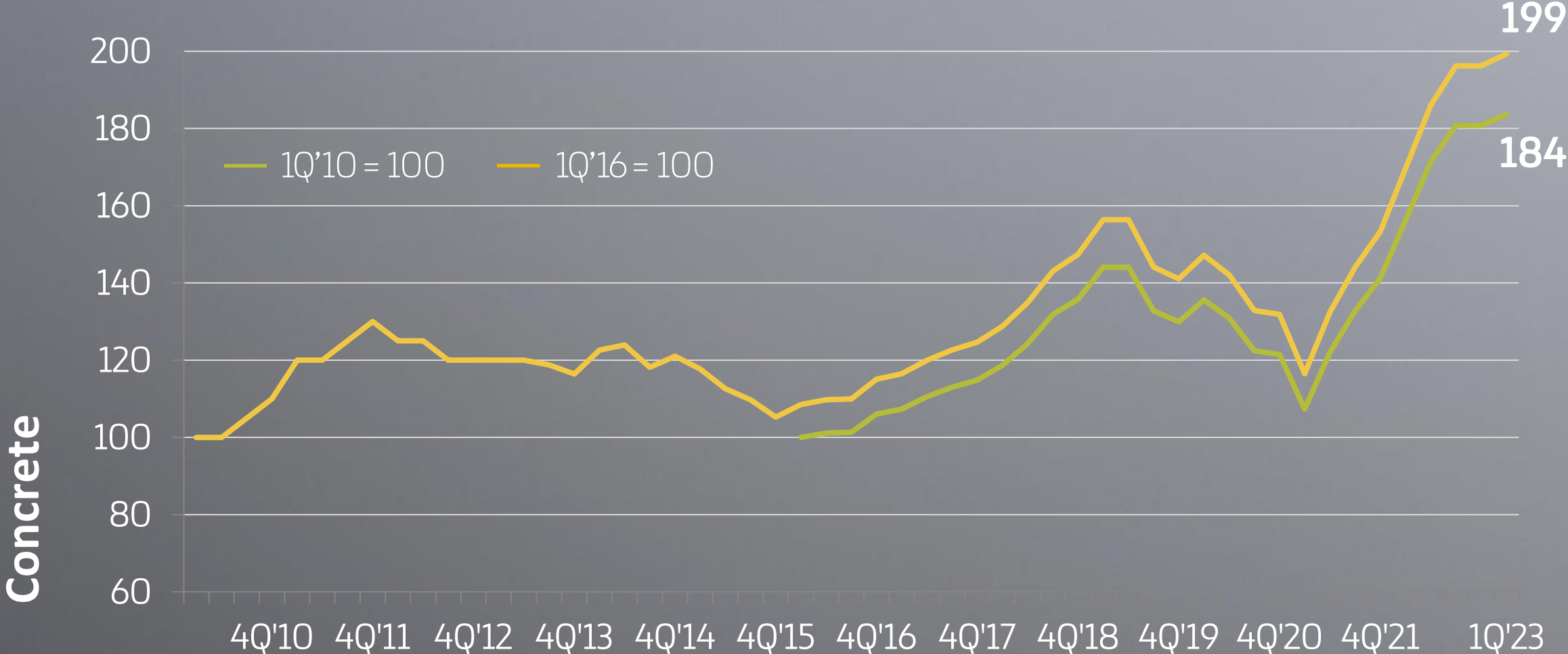
Percentage of construction companies considering labour shortage as a barrier to business (%)



Percentage of construction companies considering employment costs as a barrier to business (%)



Prices of selected raw materials



Agenda

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Financial results of Budimex Group

FBSerwis & Mostostal Kraków

Market and outlook





BXF Energia - Budimex and Ferrovial joint venture focused on green energy development



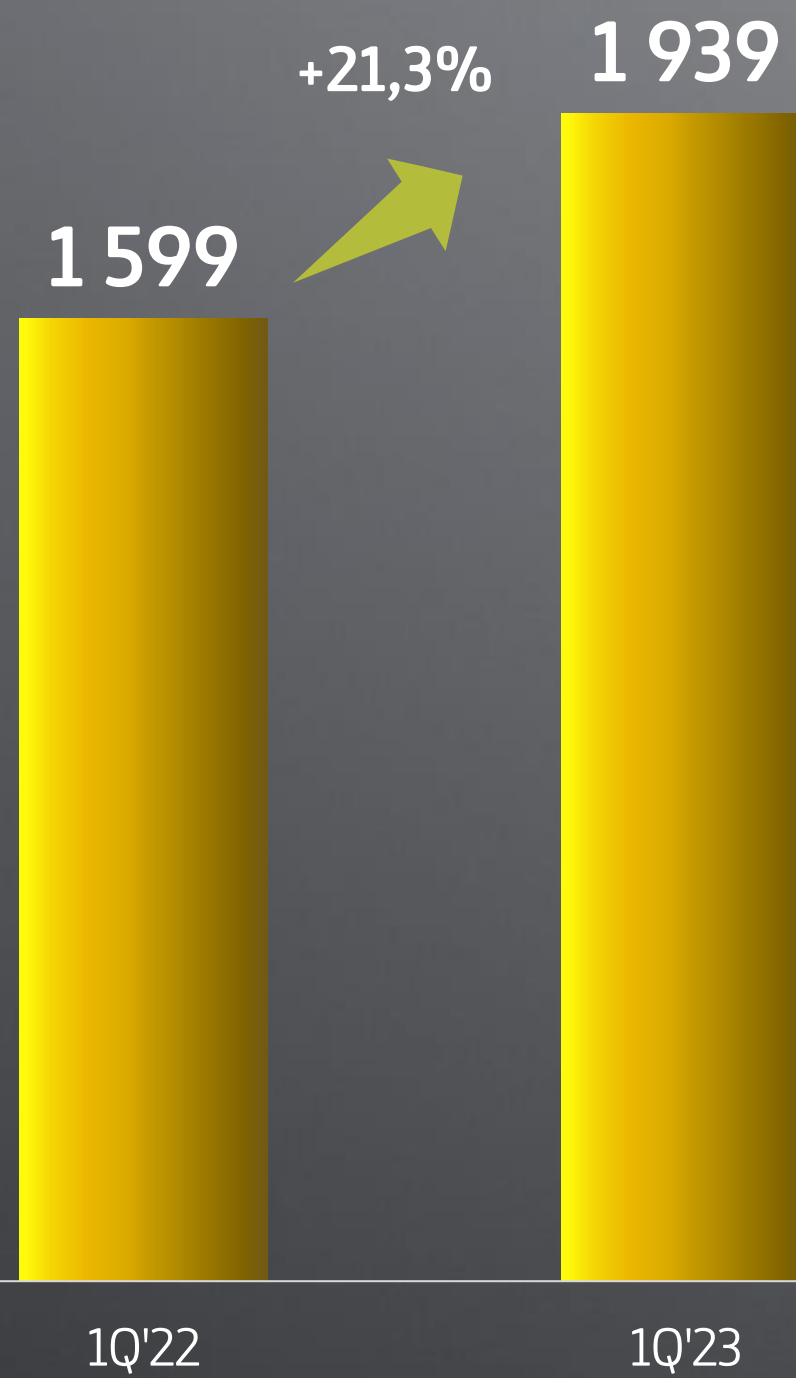
Budimex Mobility - Budimex has acquired 109 charging stations for electrics from Enea Operator



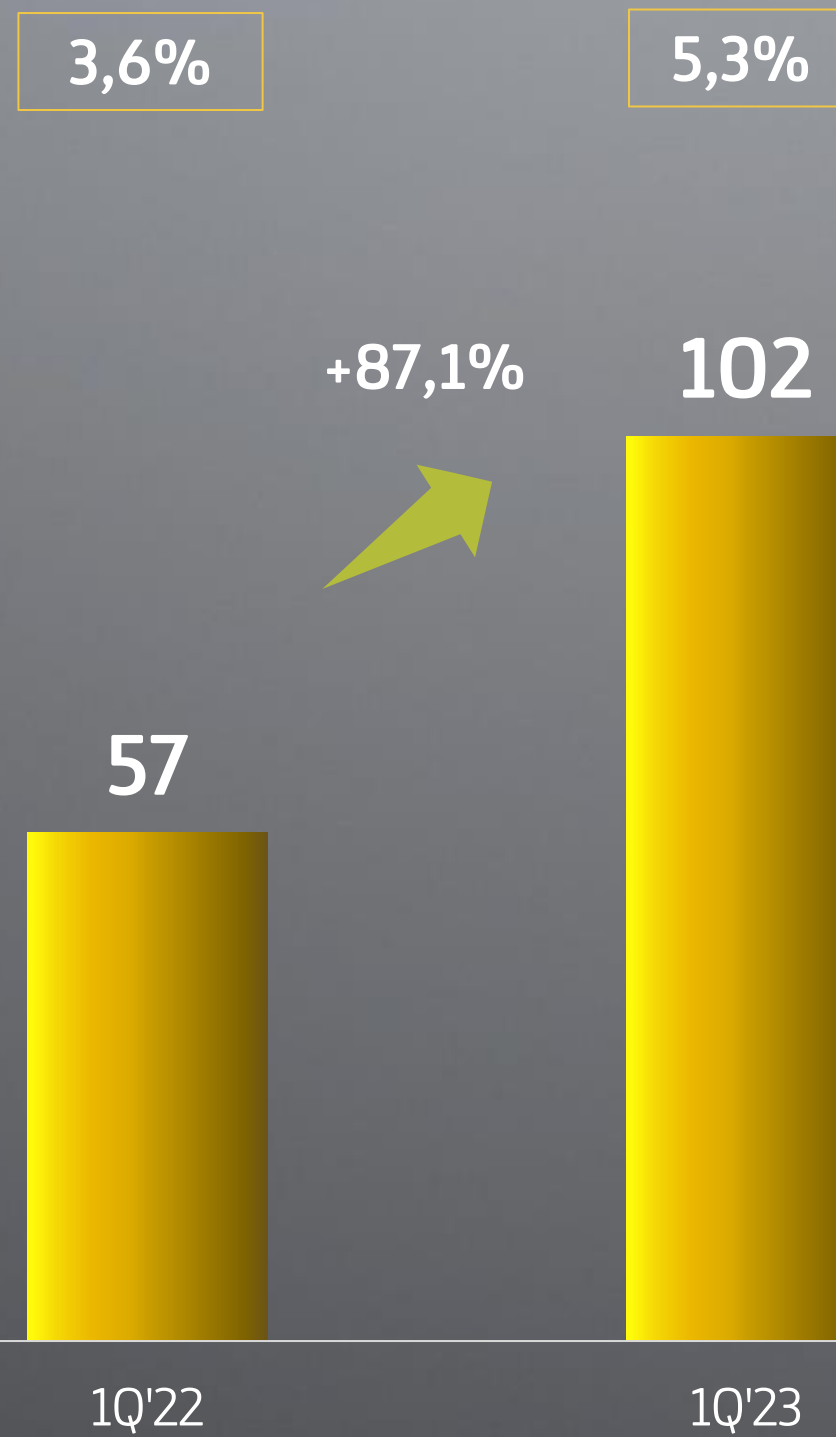
Management Board dividend proposal of PLN 459 M (PLN 17.99 per share)

Results from continuing operations

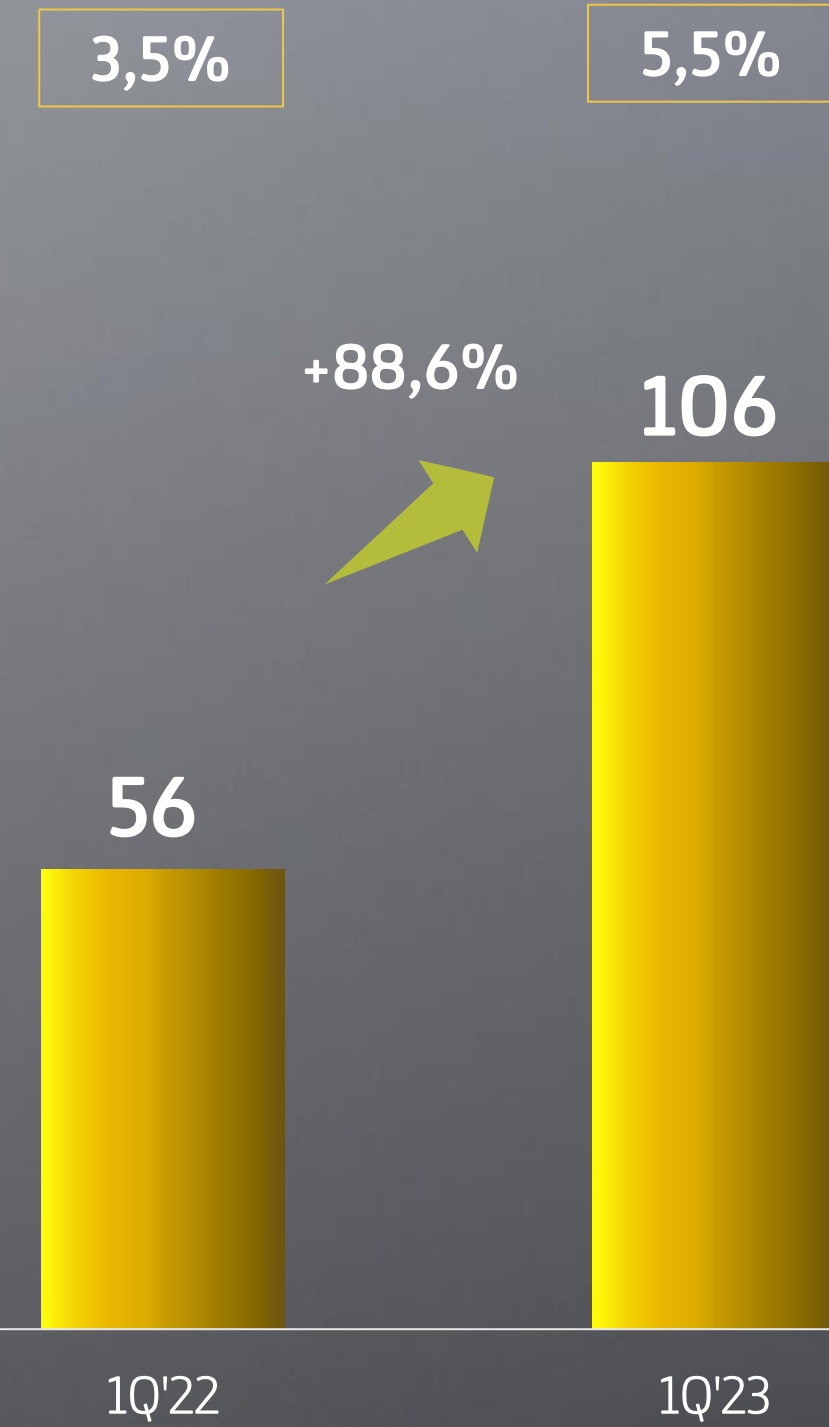
Revenues
(m PLN)



EBIT
(m PLN)



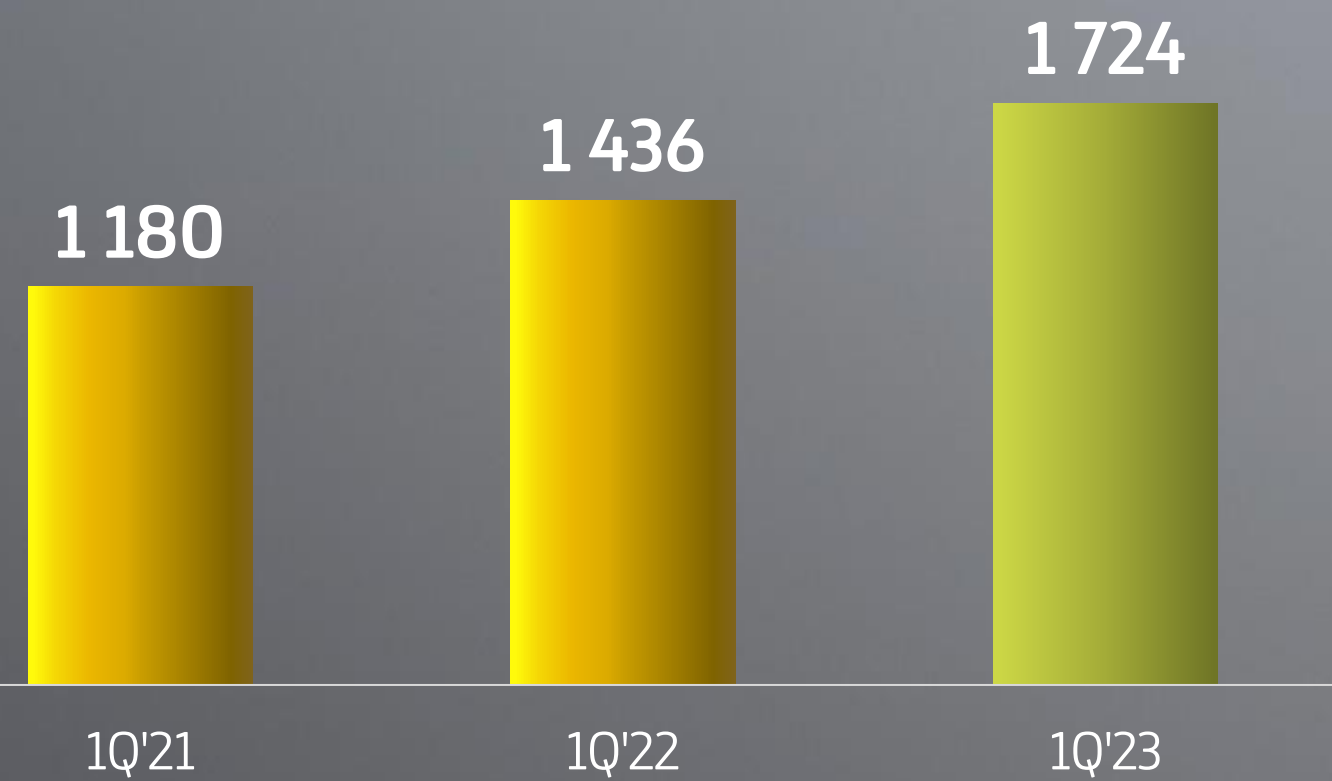
Net profit
(m PLN)



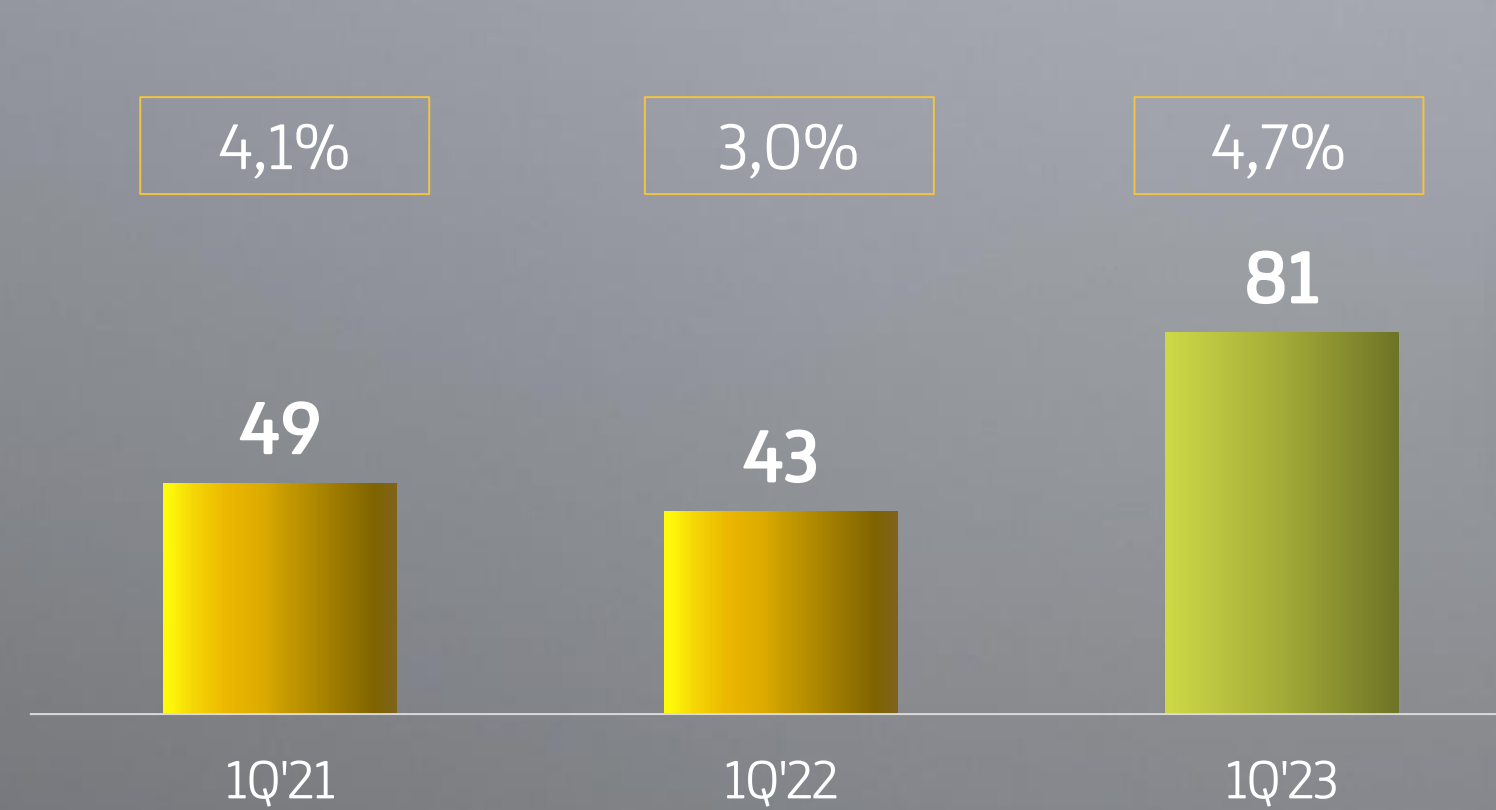
Financial results by division

Construction

Revenues (m PLN)



EBIT (m PLN)

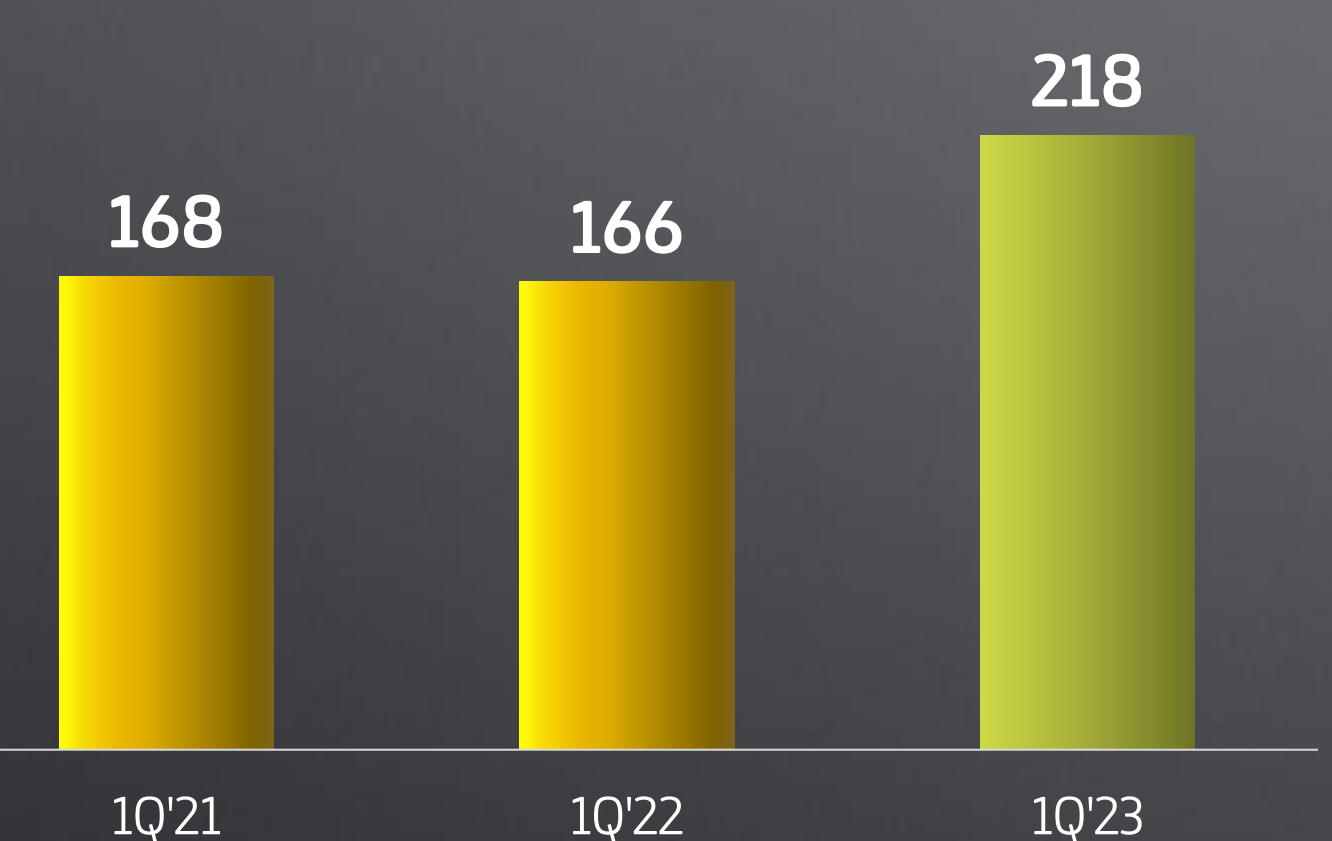


In Q1 2023, revenues in the construction segment increased by PLN 288 million year-on-year (+20.1% year-on-year).

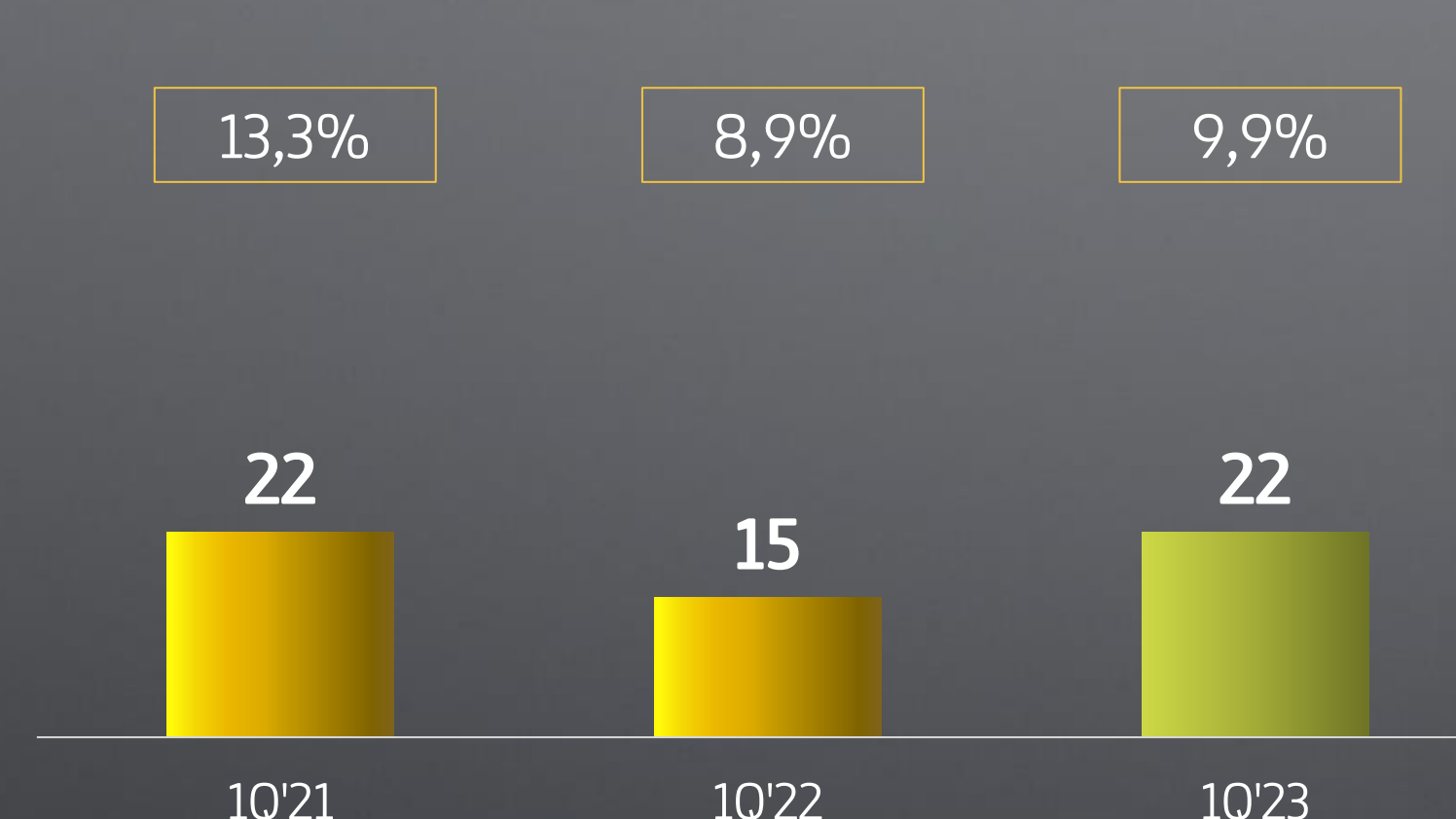
The profitability of the construction segment amounted to 4.7%, which was higher than the previous year's result. The construction industry was less affected than a year earlier by the disrupted supply chains caused by the outbreak of the armed conflict in Ukraine. In addition, the prices of services offered by the main subcontractors in the first quarter of this year fluctuated noticeably less than in the same period last year.

Services

Revenues (m PLN)



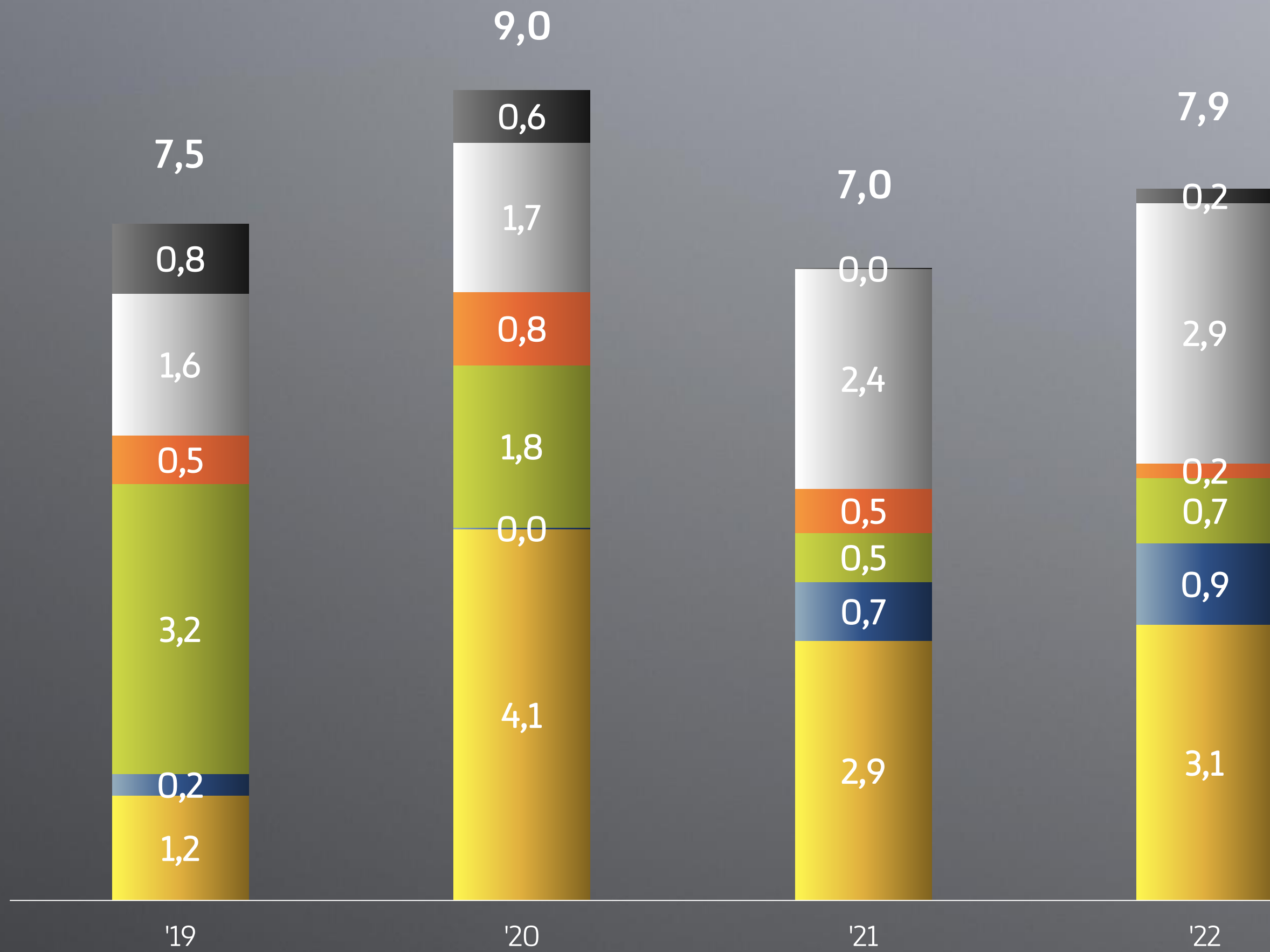
EBIT (m PLN)



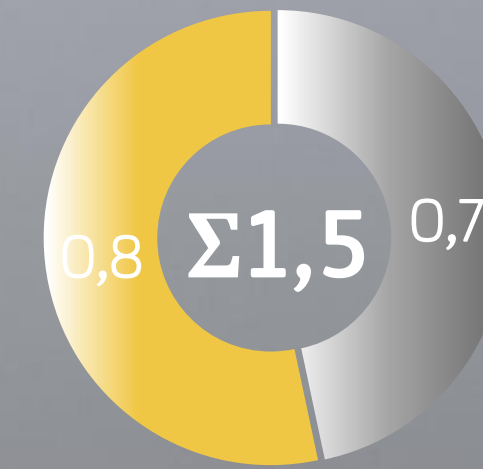
The current structure of the order book secures work for the whole of 2023 and a sizeable part of 2024.

The services segment generated sales revenue of PLN 218 million with a profitability of 9.9 per cent.

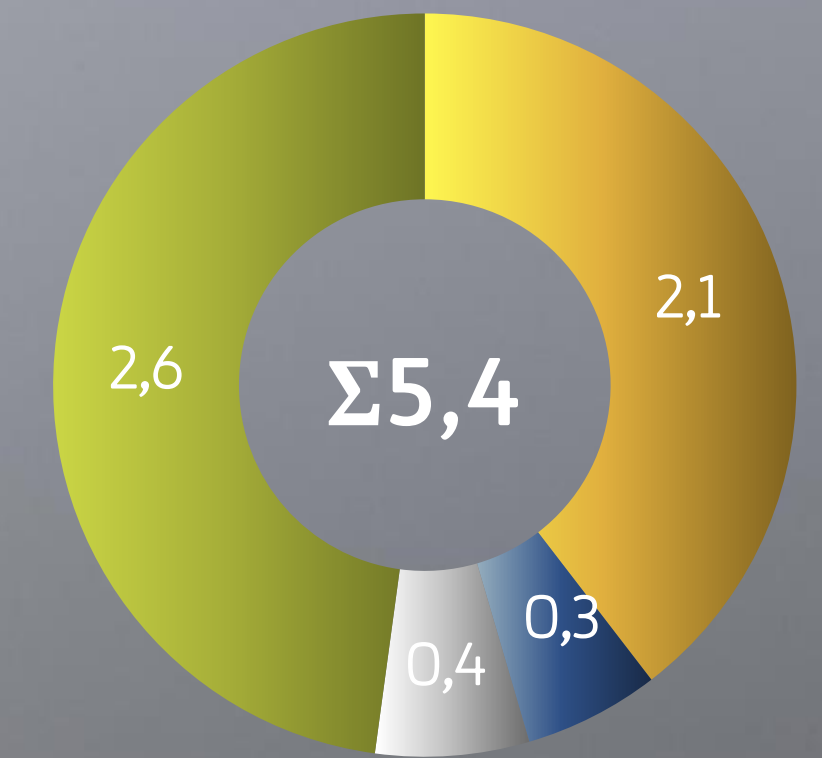
Contracts signed (bn PLN)



Contracts pending (bn PLN) – as of 03'2022



Contracts pending (bn PLN) – as of 03'2023



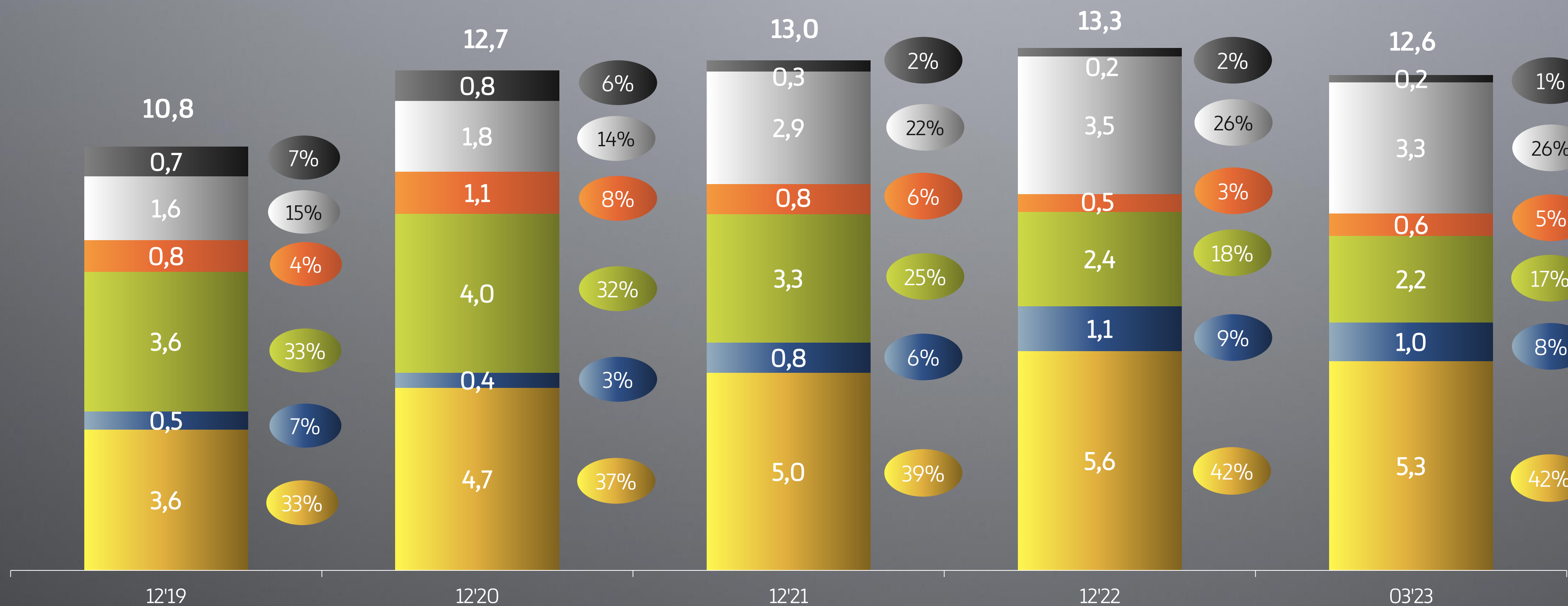
1Q'22



1Q'23

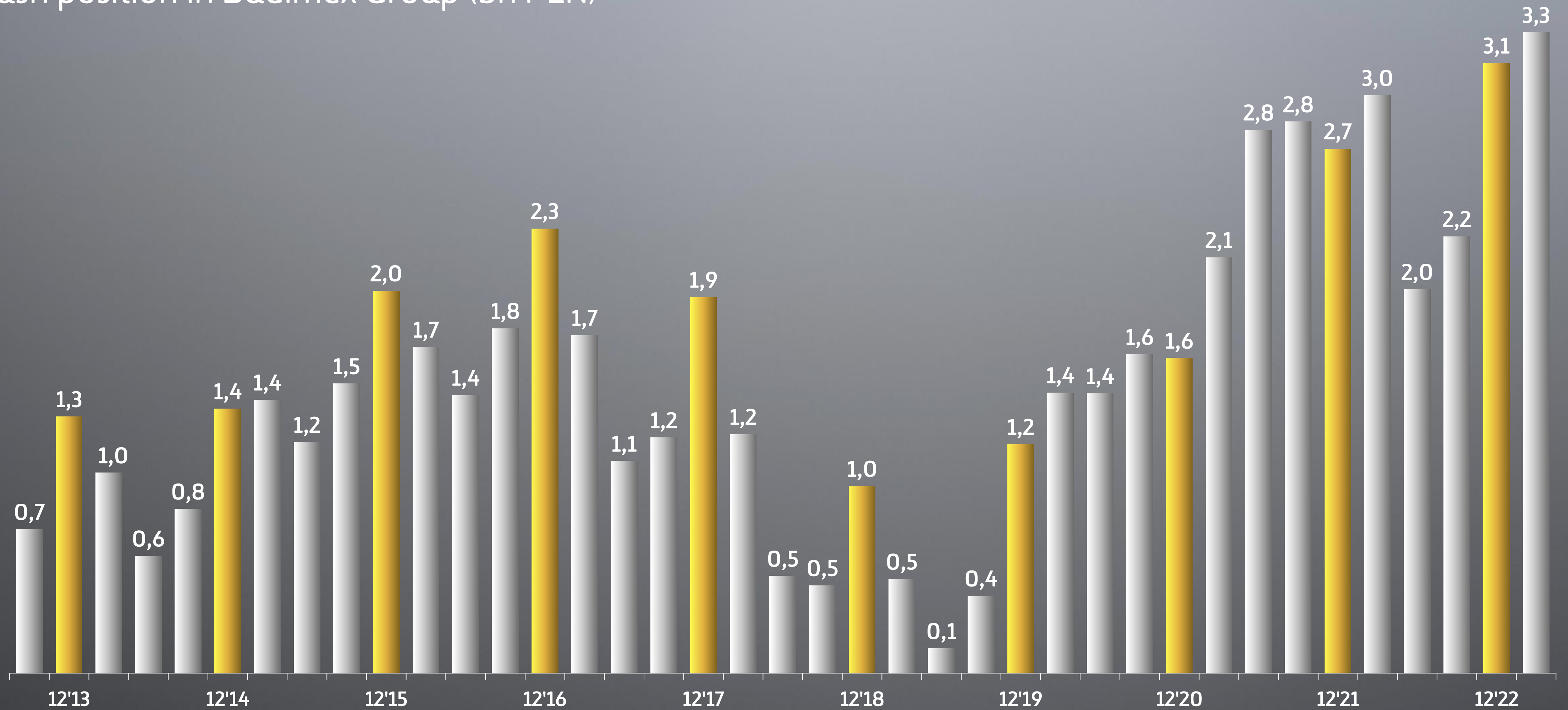


Backlog (bn PLN)



Evolution of the net cash position

Net cash position in Budimex Group (bn PLN)

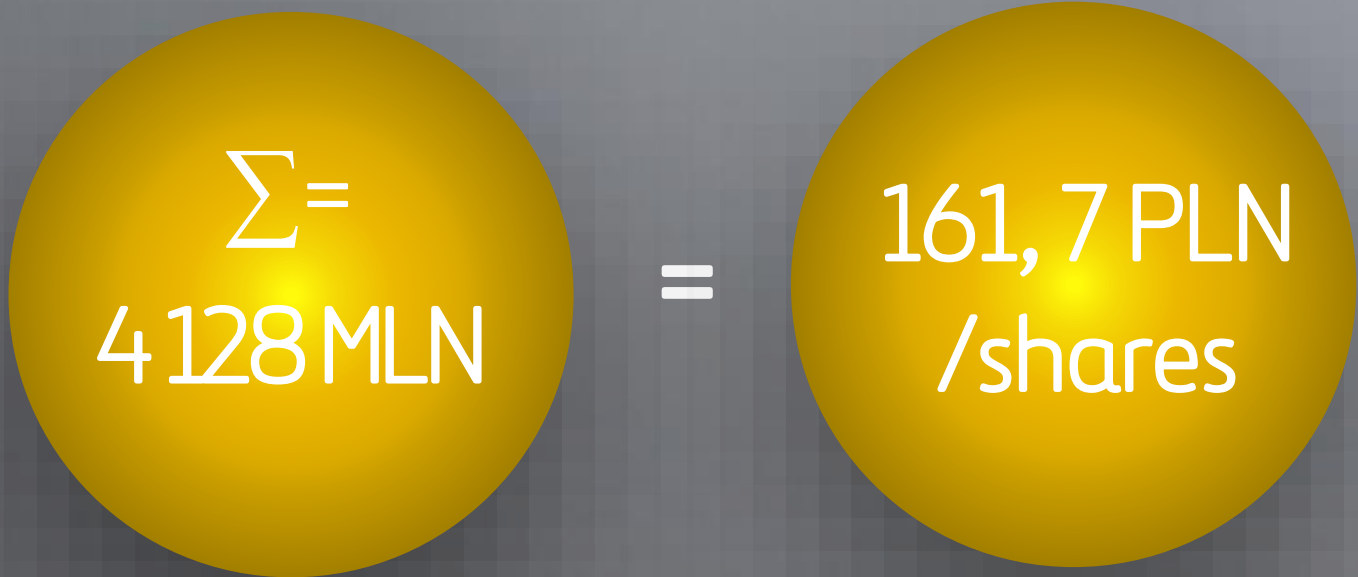


Budimex Group dividend history

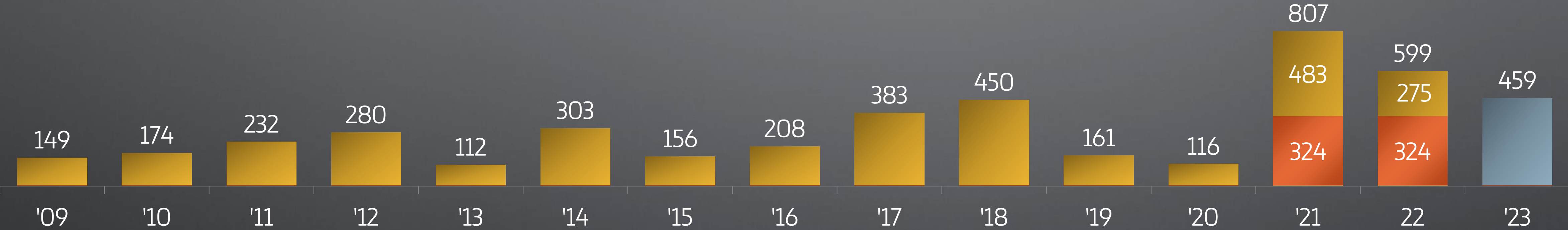
Budimex has regularly shared profit with shareholders for 14 years

30.03.2023 Budimex's Management Board recommended to the Ordinary General Meeting to pay a dividend of PLN 459 M (PLN 17.99 per share).

In 2021, Budimex paid a dividend from the 2020 profit and an advance dividend for 2021, which included the profit from the sale of Budimex Nieruchomości shares.



PLN/shares



Total dividend in M PLN

Agenda

Macroeconomic data

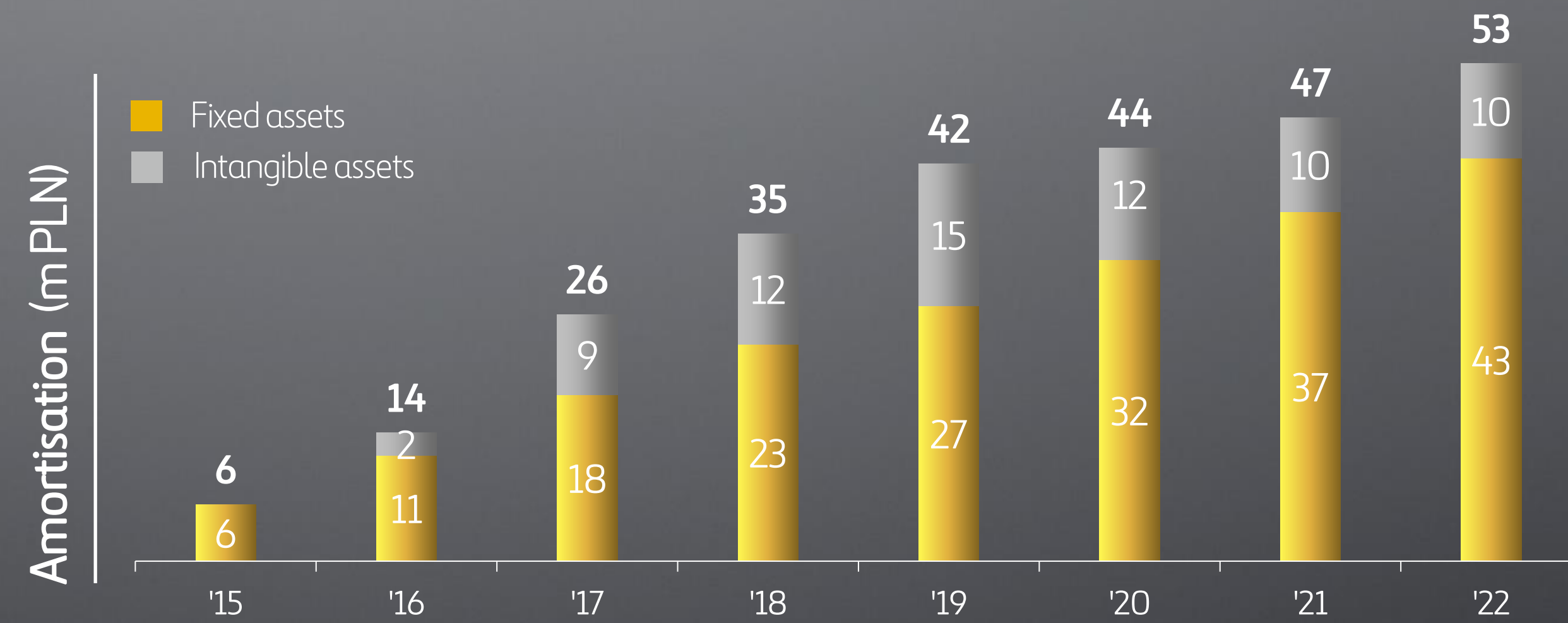
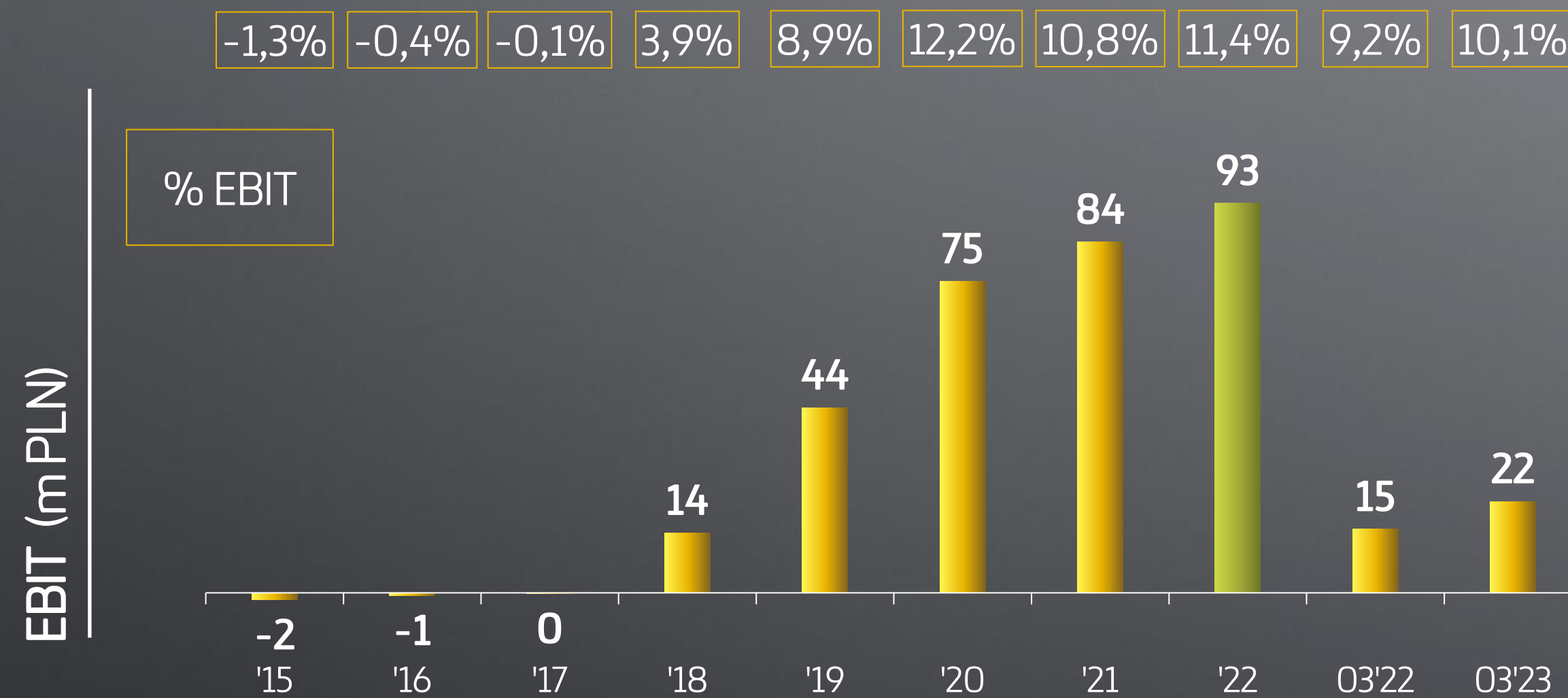
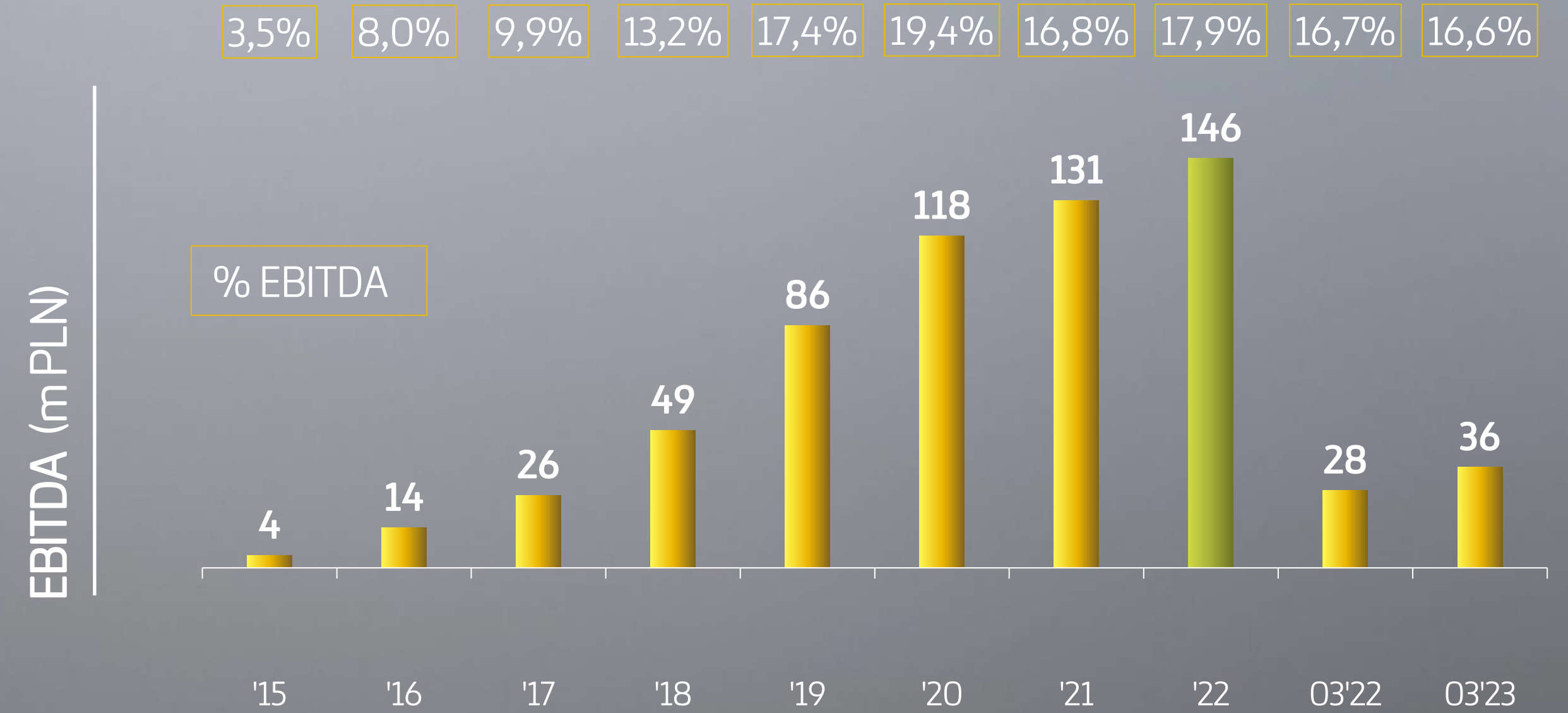
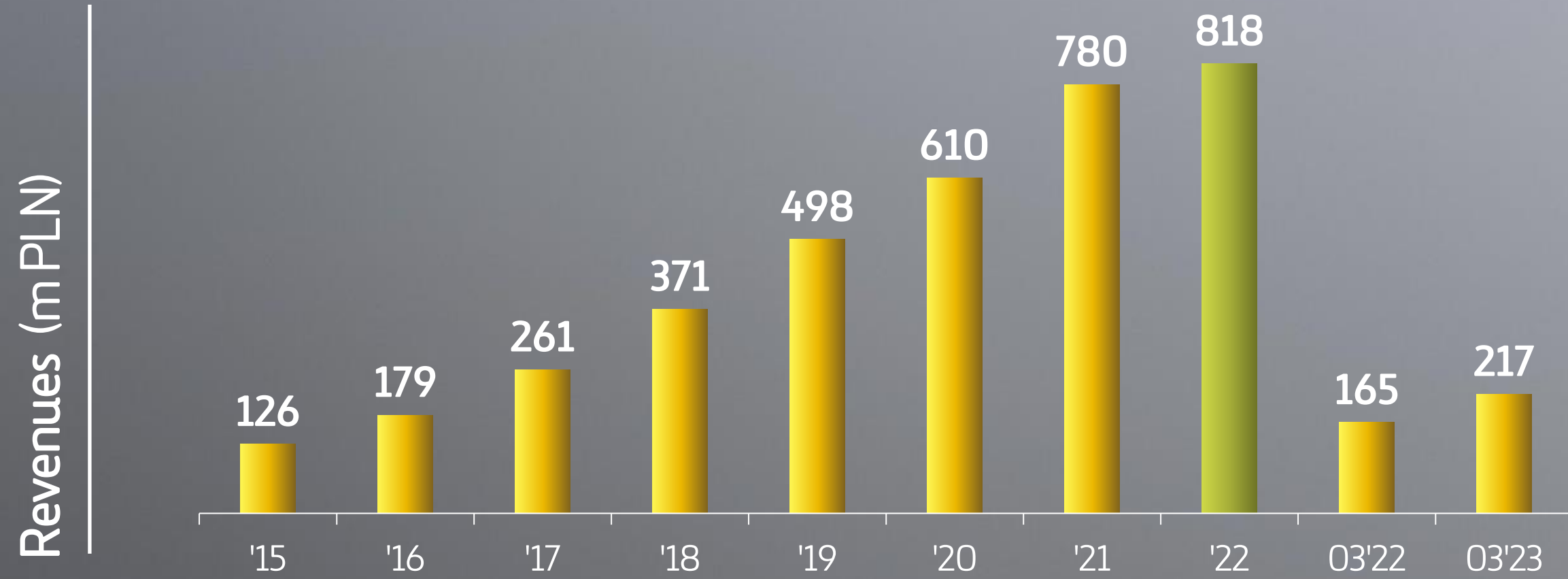
Financial results of Budimex Group

FBSerwis & Mostostal Kraków

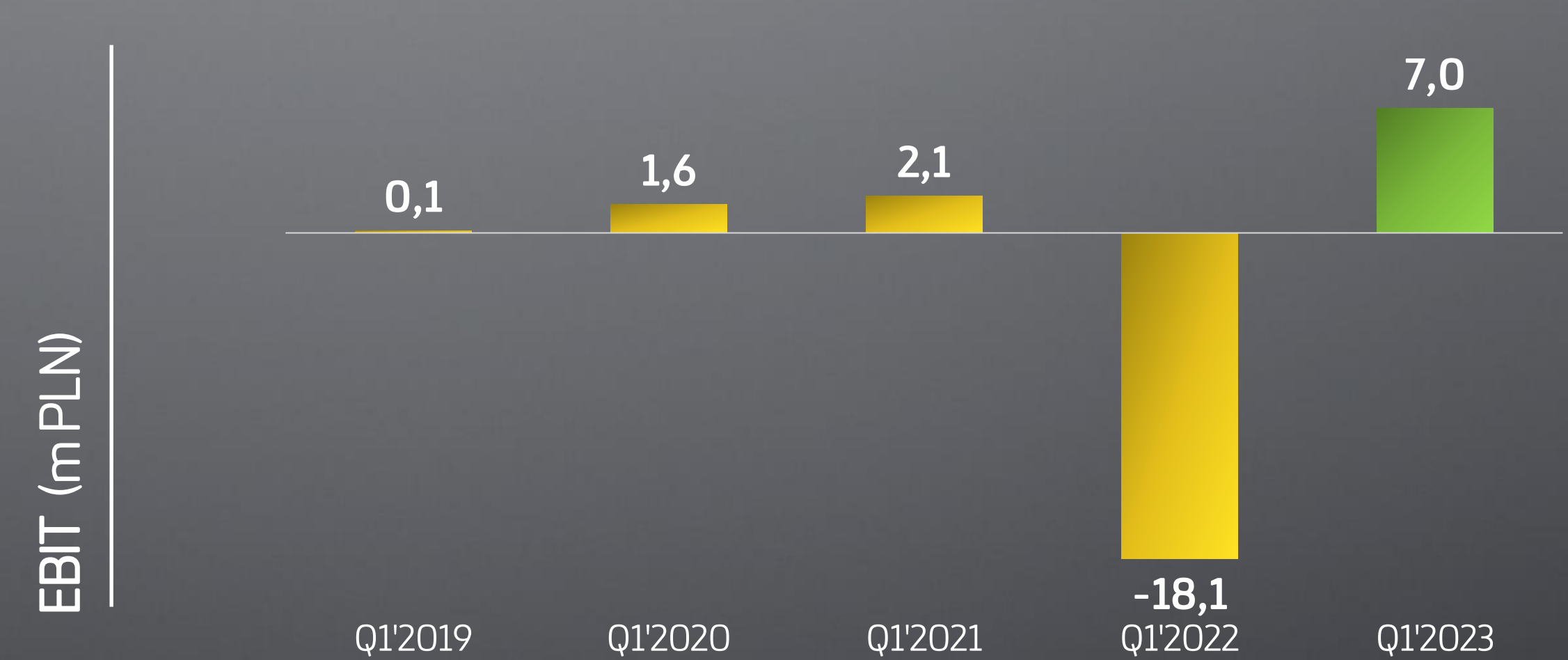
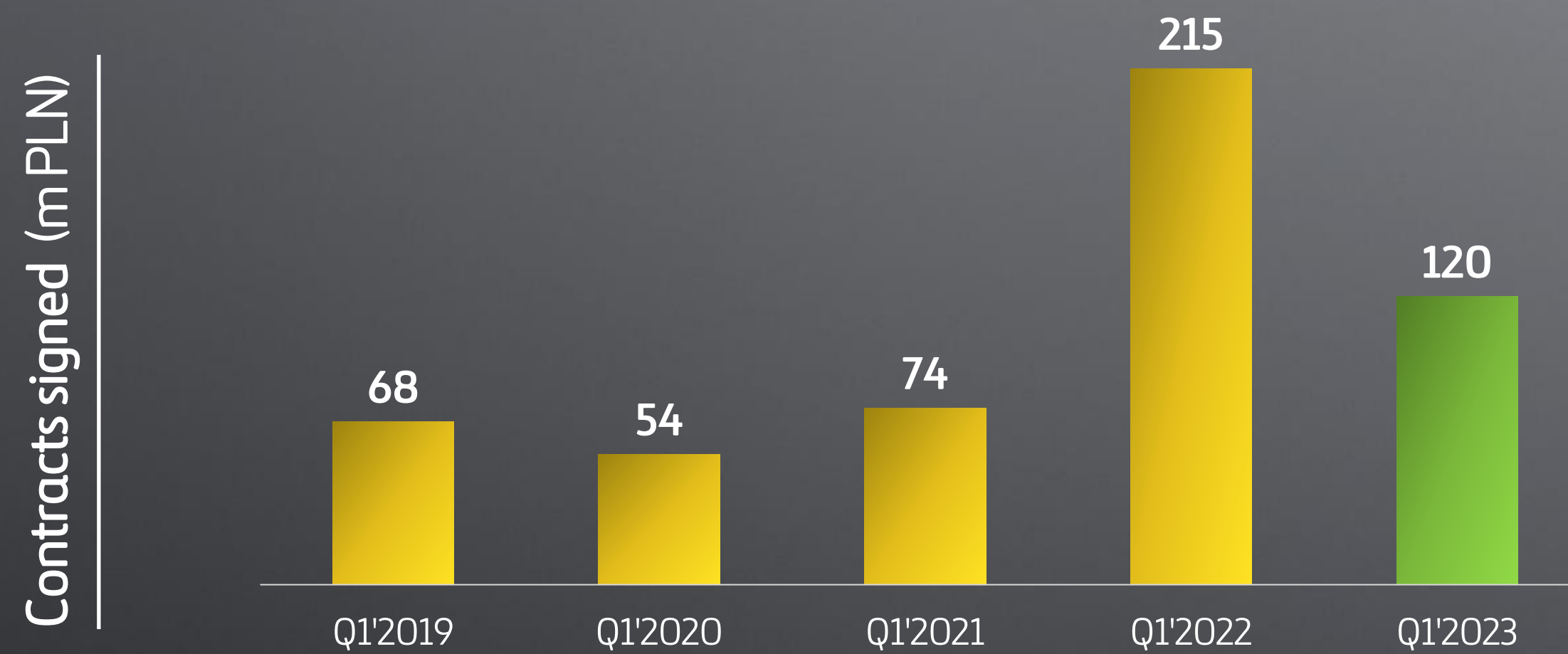
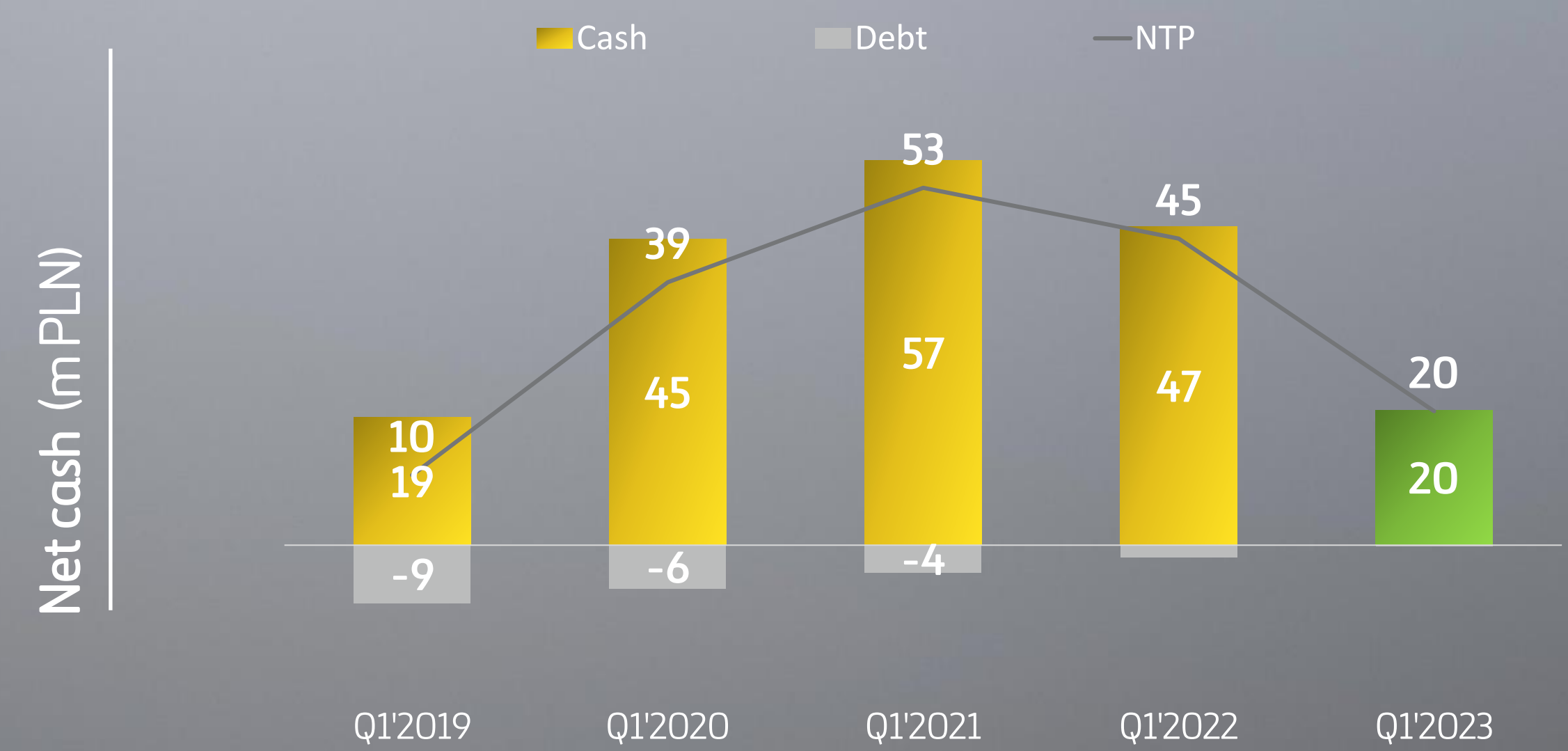
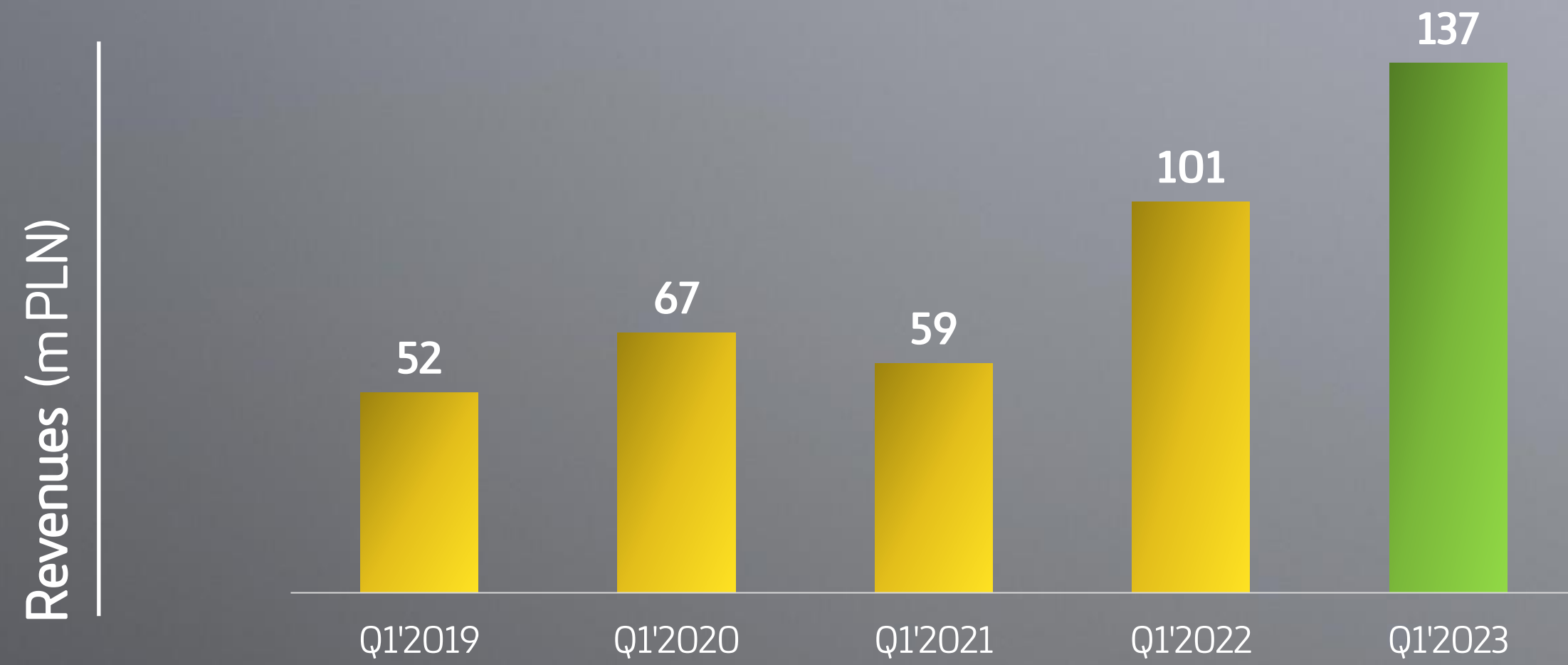
Market and outlook



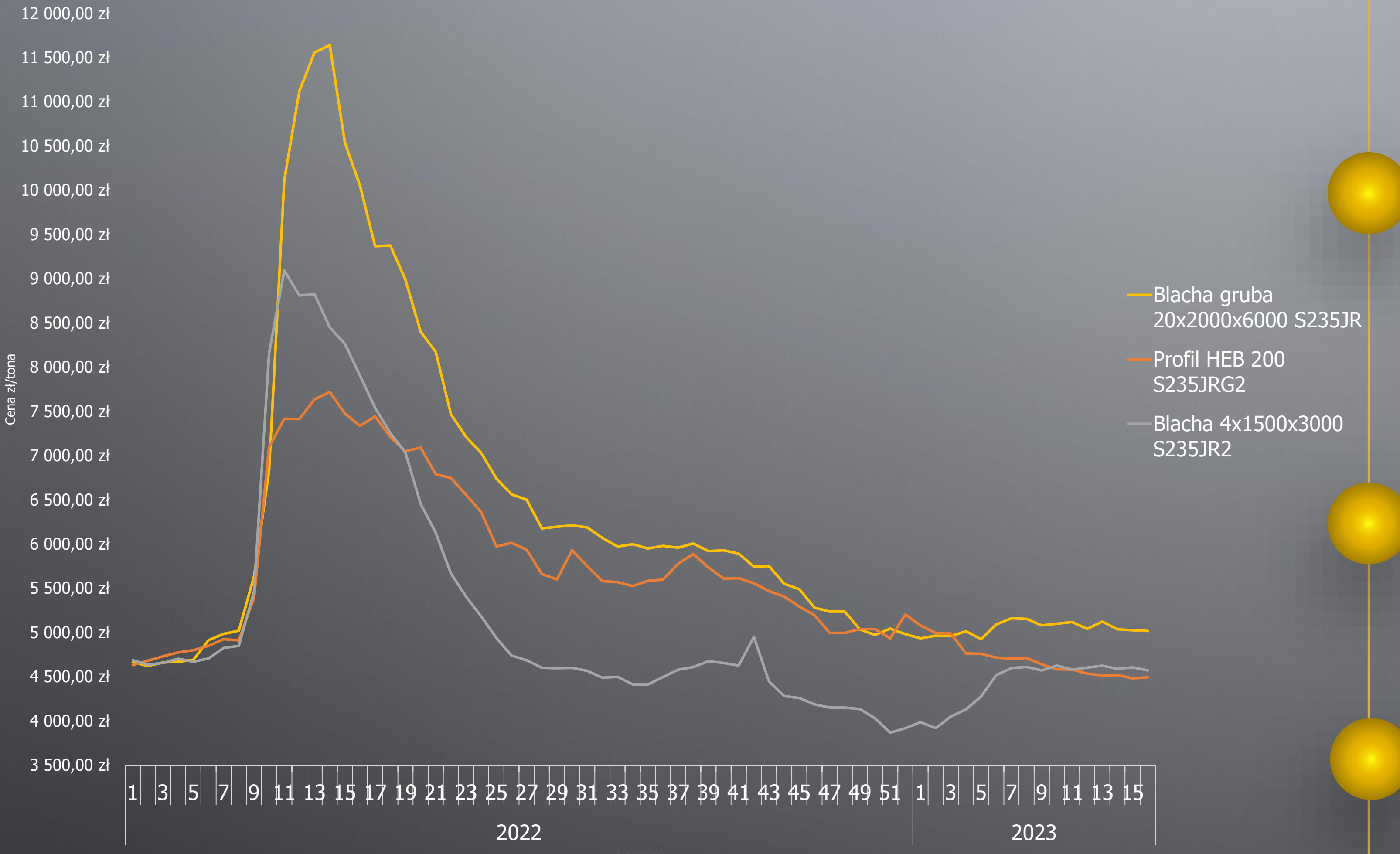
FBSerwis – financial results



Mostostal Kraków – financial results



Steel price index (PUDS)



With the outbreak of war in 2022, steel supplies from Ukraine, Belarus have been curtailed and from Russia completely closed due to sanctions, a total of around 25% of Polish steel imports in 2021. In the last two months, steel prices have fallen by around 30%, yet they are still on average 20% more expensive than before the outbreak of war in Ukraine.

Steel construction plants are sensitive to simultaneous increases and volatility in raw material prices..

Price equilibrium is likely to be at higher levels than before the price shocks of in 2020 and 2022.

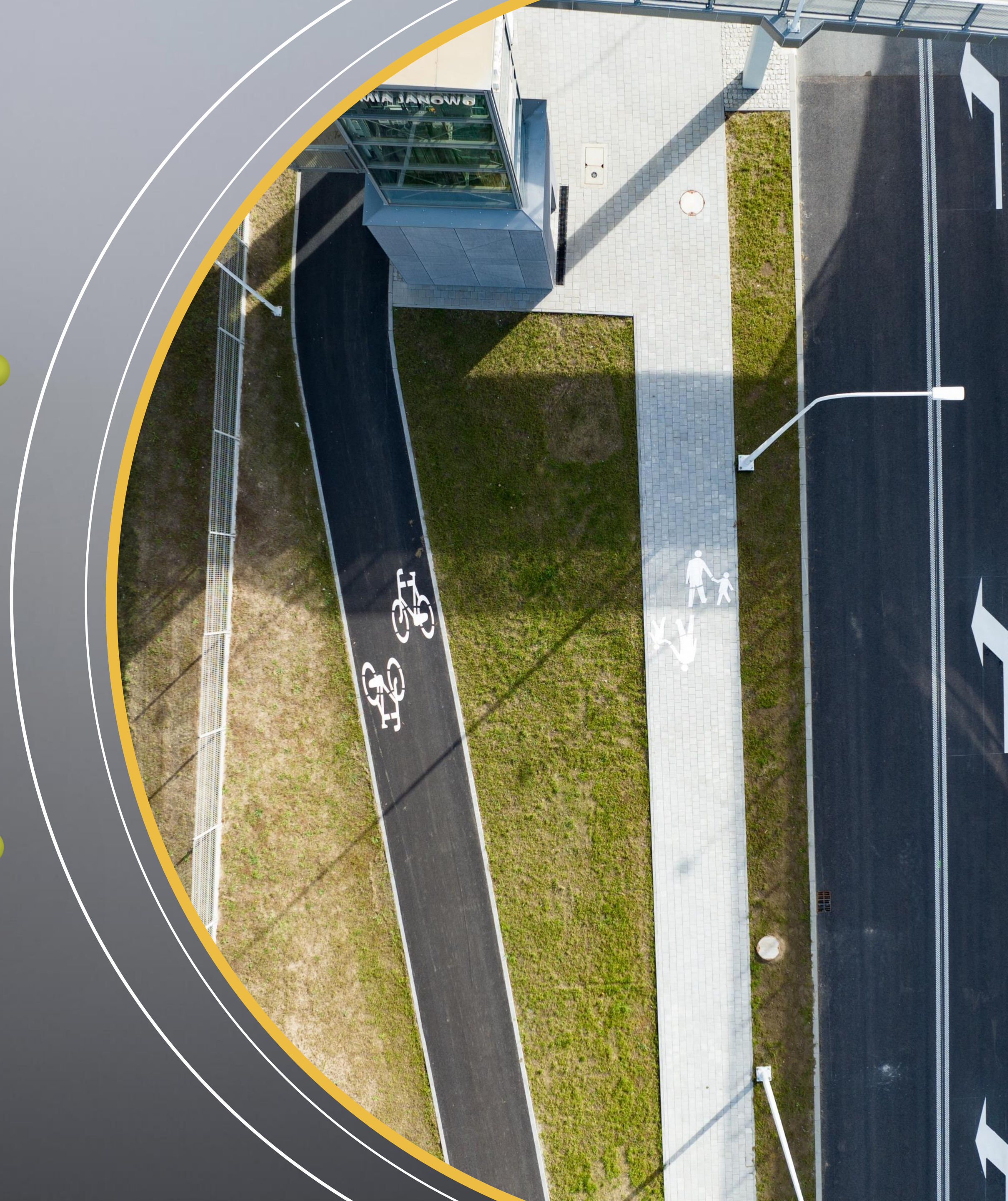
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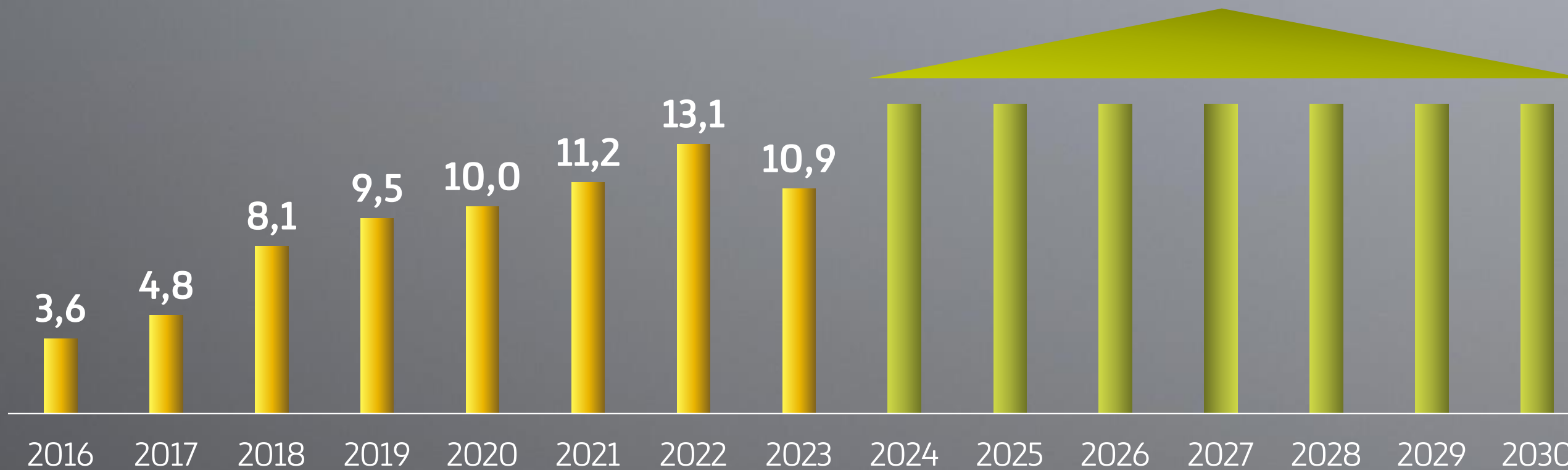
Market and outlook



National investment programmes – rail

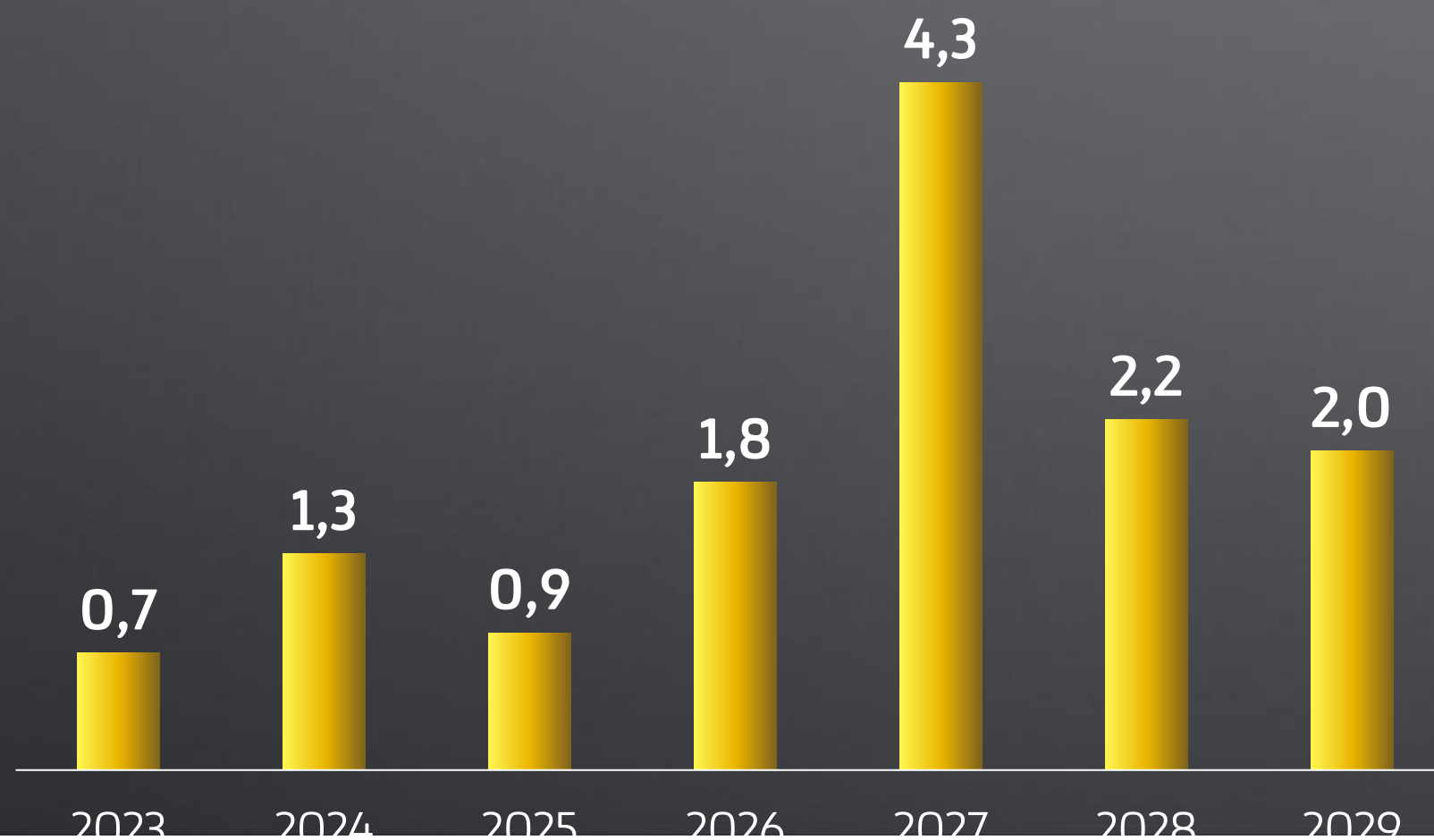
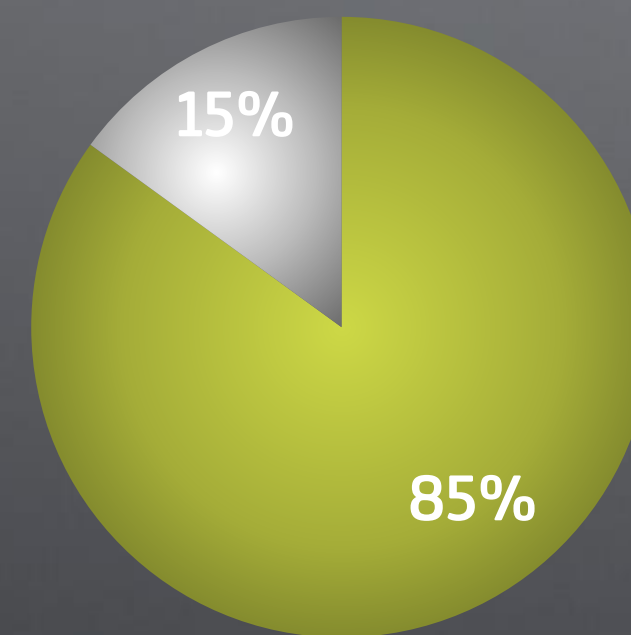
National Railway Programme

New NRP in the proces of being agreed (likely range of PLN 10 – 15 bn per year)



Rail+ programme (data in M PLN)

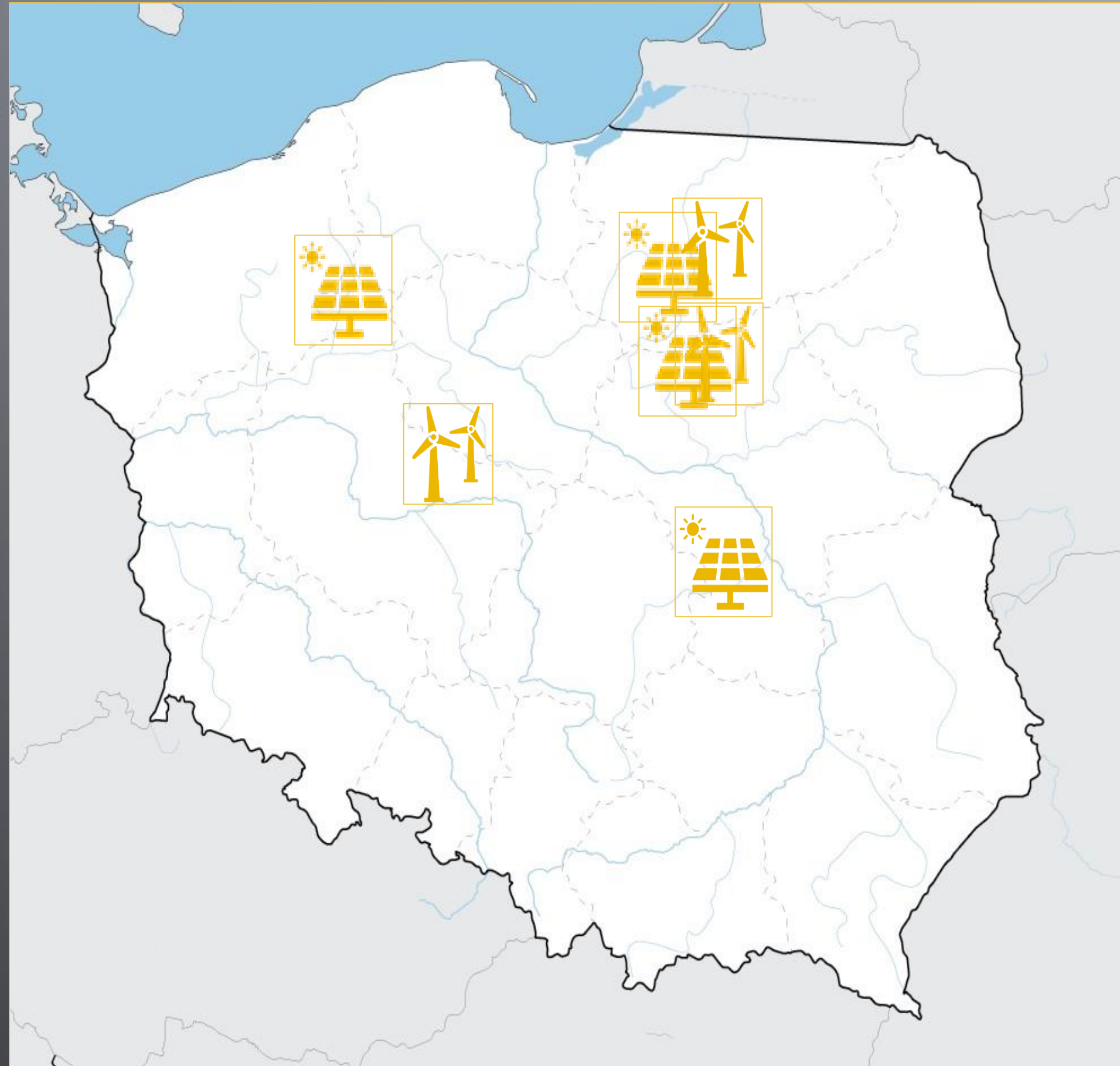
● EU funds ● State budget



The Ministry of Infrastructure is launching consultations on the National Railway Programme worth. PLN 80 billion. The programme is a direct continuation of the National Railway Programme until 2023. The document establishes the financial framework and conditions for the implementation of the state's intentions with regard to railway investments expected to be made by 2030.

The Rail + programme, detailed until 2029, confirms the dependence of rail investment on EU funds.

The target funding sources are the Cohesion Fund, the CEF programme and the National Reconstruction Programme (NRP). The planned PLN 11 billion for projects from the NIP is to be transferred to the NCP.



Budimex is involved in several projects at various stages of development with a total capacity of 112 MW PV and 110 MW wind. A 14 MW solar farm and a wind farm in Drachów are currently under construction.

Budimex's 51% share and Ferrovial's 49% share in the joint venture. Budimex as the leader of the construction market in Poland, while Ferrovial as a strong international partner with experience and resources in large investment projects in RES.

Cel to 500 MW do 2027/2028 roku – rozwój infrastruktury energetycznej począwszy od pozyskania gruntów, opracowania projektu, budowy farm PV i wiatrowych, eksploatacji, utrzymania. Nowe technologie i zielone źródła energii.

Diversification of the Bx model with new business lines

Summary of investment programmes



Government Programme for
the Construction of National
Roads to 2033

294 bn PLN



Programme of 100 Bypasses
by 2030

28 bn PLN



Programme for
Strengthening the National
Road Network up to 2030

58 bn PLN



National Railway
Programme to 2030

>100 bn PLN



CPK

≈140 bn PLN



Investment in ports until
2030

40 bn PLN



PSE until 2032

32 bn PLN



Nuclear power plants

≈200 bn PLN



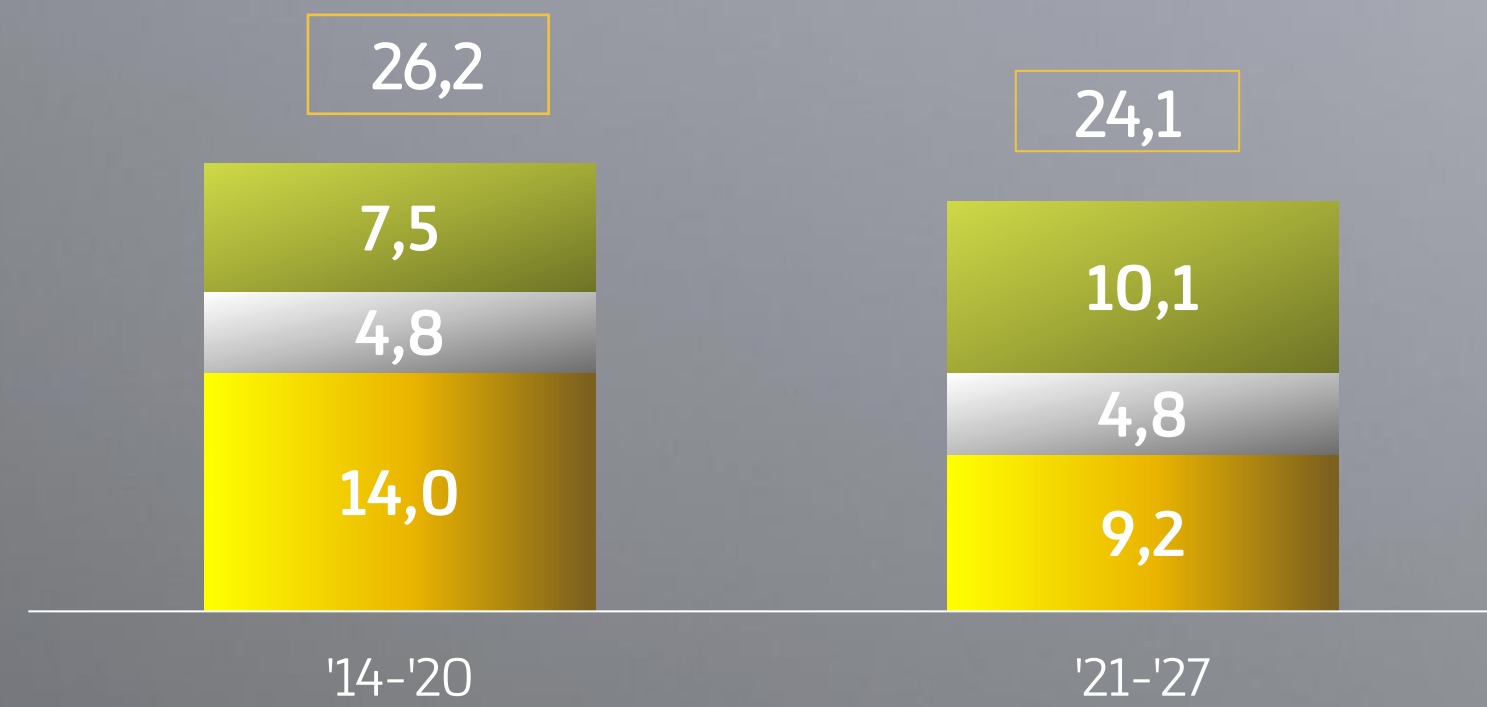
Off-shore until 2040

>100 bn PLN

Σ 1000 bn PLN

European Funds for Infrastructure, Climate, Environment 2021-2027 (FENiKS) programme (EUR bn)

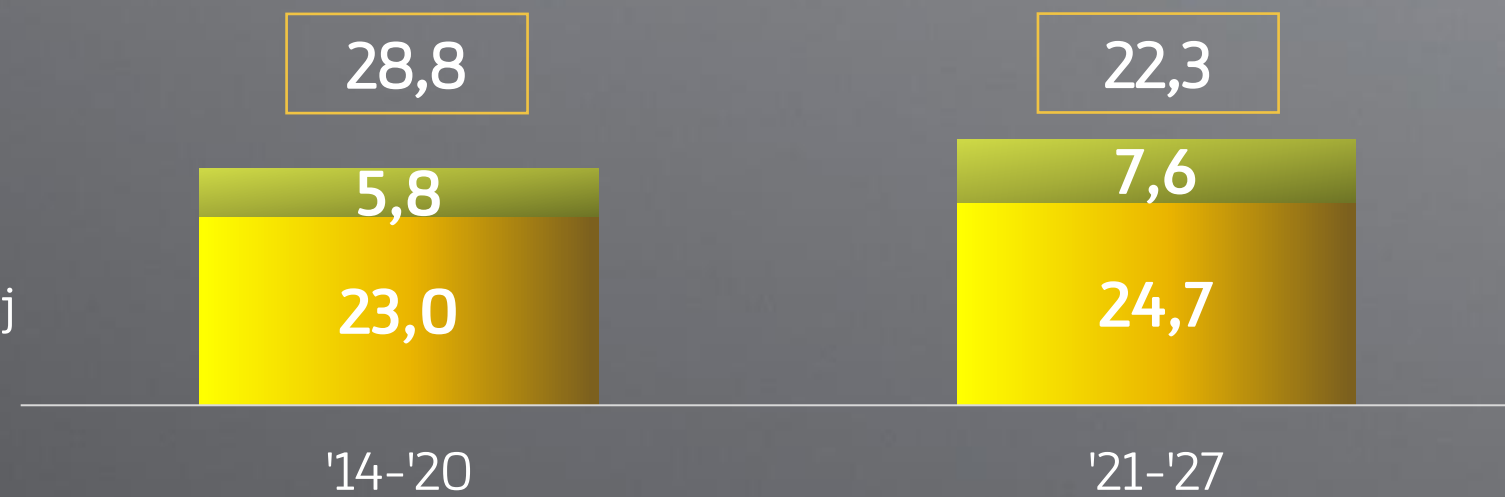
- Infrastructure
- Railways
- Other (energy/environmental)



In December 2022, the European Commission (EC) approved all Polish Cohesion Policy programmes for 2021-2027, agreed on the basis of the developed Partnership Agreement. According to announcements from the Ministry of Funds and Regional Policy, the first competitions under the FENiKS programme (Infrastructure and Environment Programme) are expected to be launched in Q2 2023.

Connecting Europe Facility (CEF) - funds for all countries (EUR bn)

- Inne
- Infrastruktura + Kolej



Support for infrastructure projects under the Connecting Europe Facility (CEF) competition instrument will also be important. In the rail market, four tenders are planned to apply for funding from the CEF2 Connecting Europe Fund.

≈ 10% of the total amount allocated to Poland

National Reconstruction Programme (EUR bn)



The short-term outlook for the development of railway construction in Poland is directly linked to Poland's receipt of EU funds. The biggest question mark is the National Enclosure Plan (NEP), which is dependent on the government achieving milestones.



budimex

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