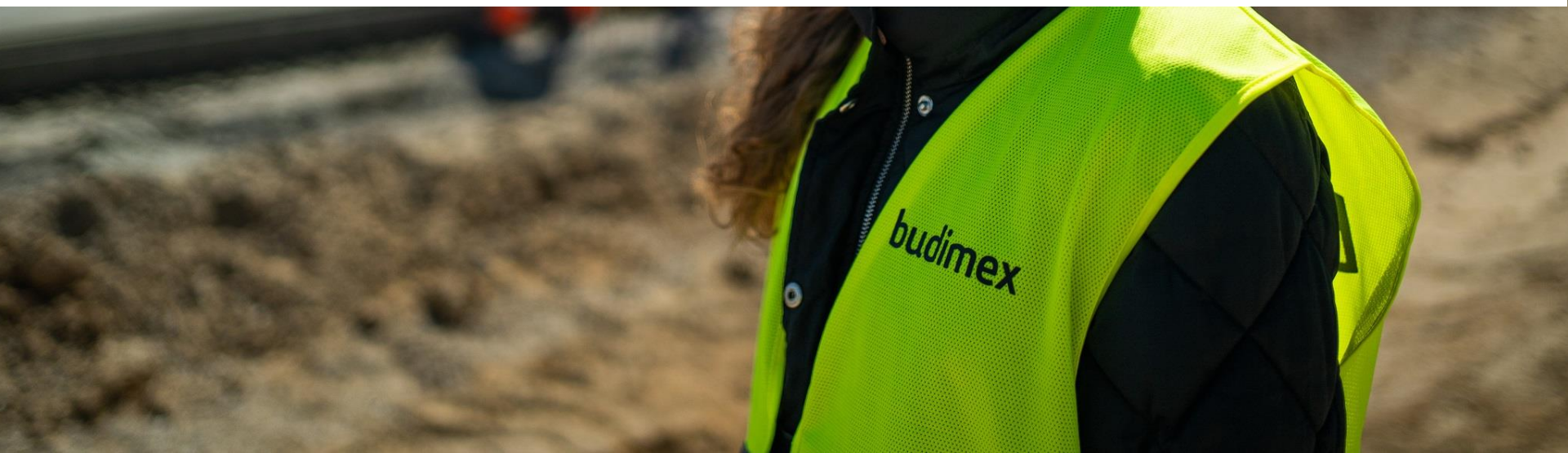




**budimex**

Investor Presentation

**1H'21**





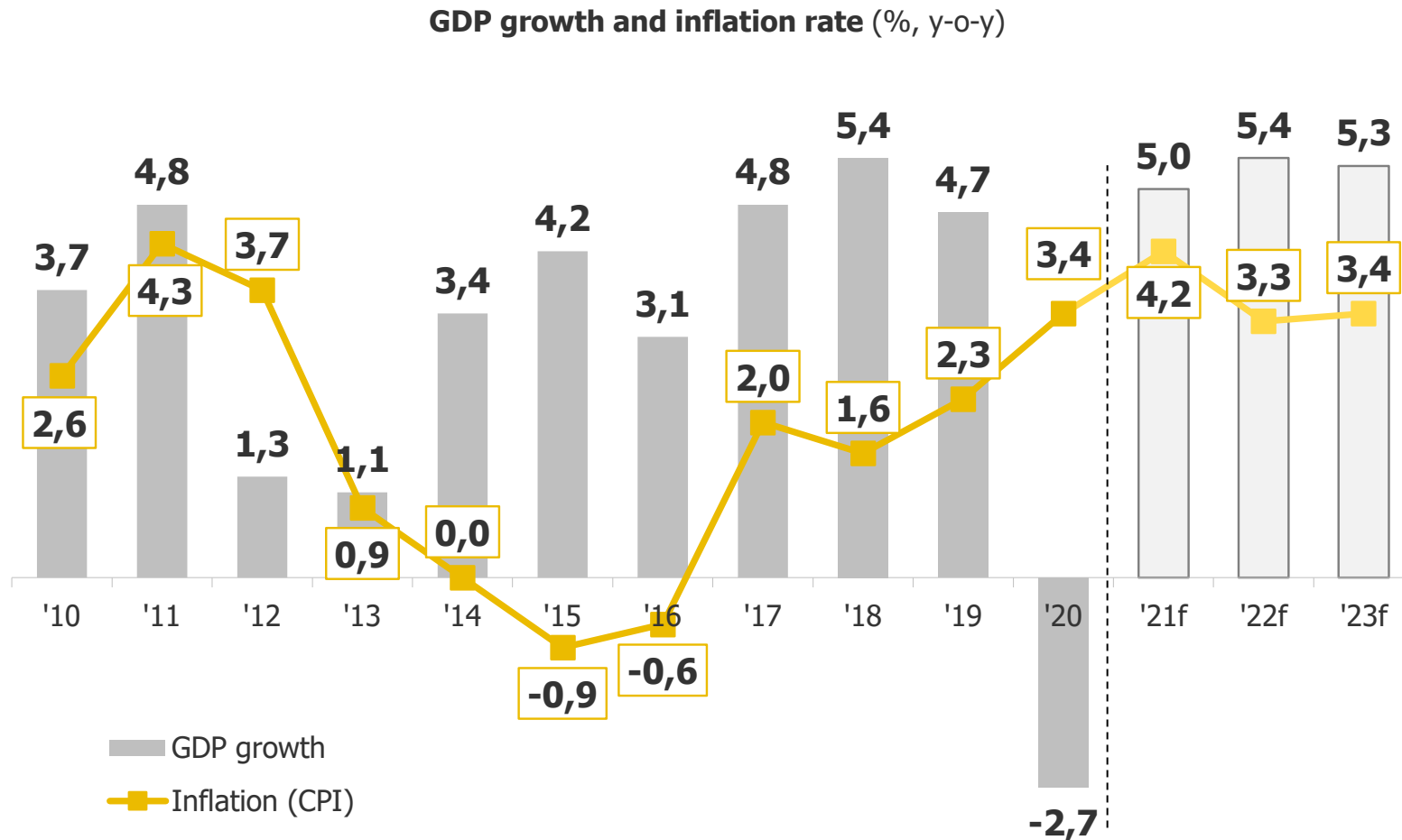
**budimex**

**Market snapshot**



## Comment

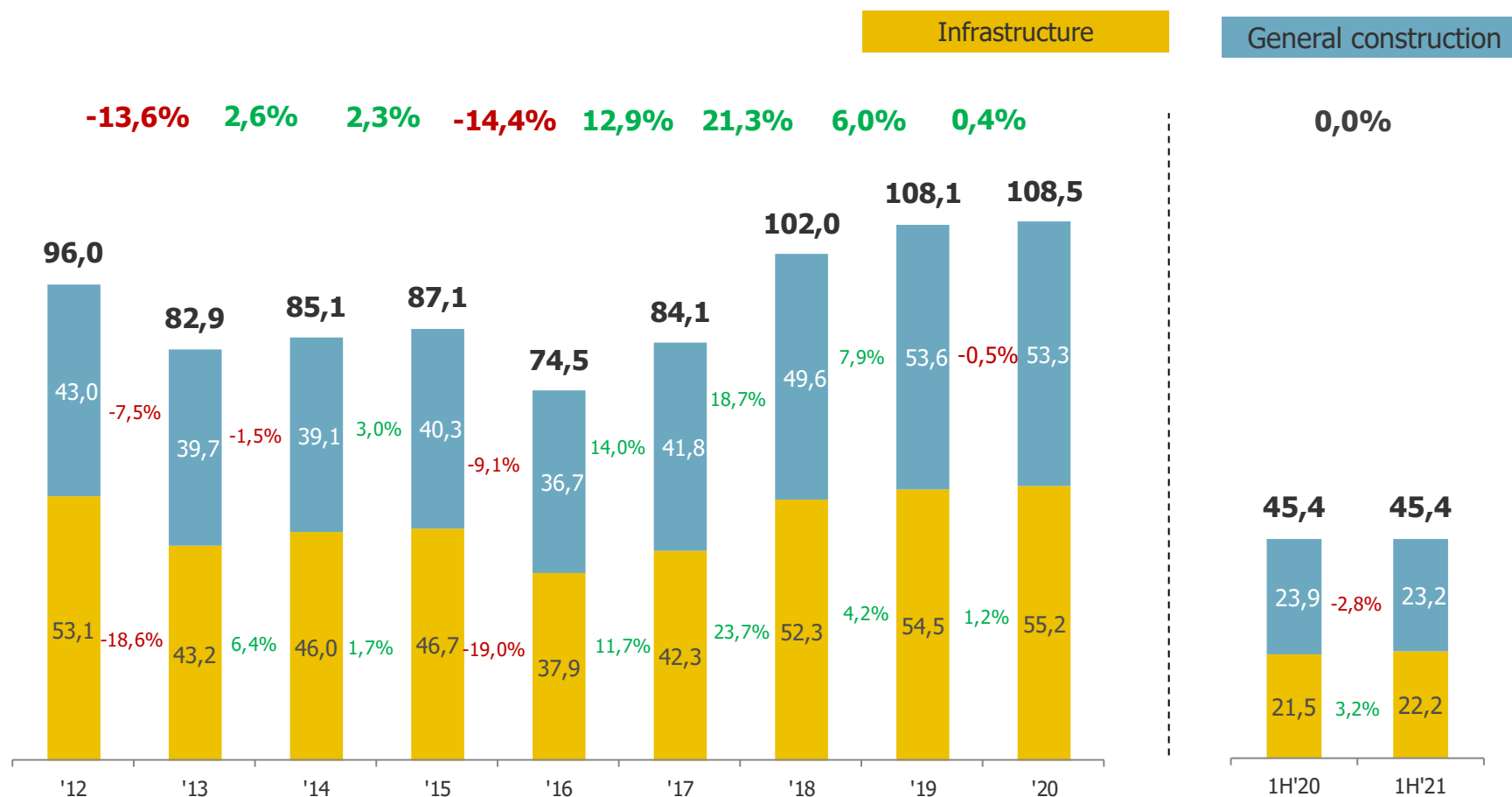
- COVID-19 pandemic caused deep decline in economic activity impacting forecast of Polish GDP growth and inflation rate



## Comment

- In 1H'21 construction production in Poland remained at the same level
- In recent quarter the production was strongly impacted by COVID-19 pandemic, especially in general construction segment

Construction and assembly production '12 – '21 (bn PLN, enterprises with > 9 employees, current prices)

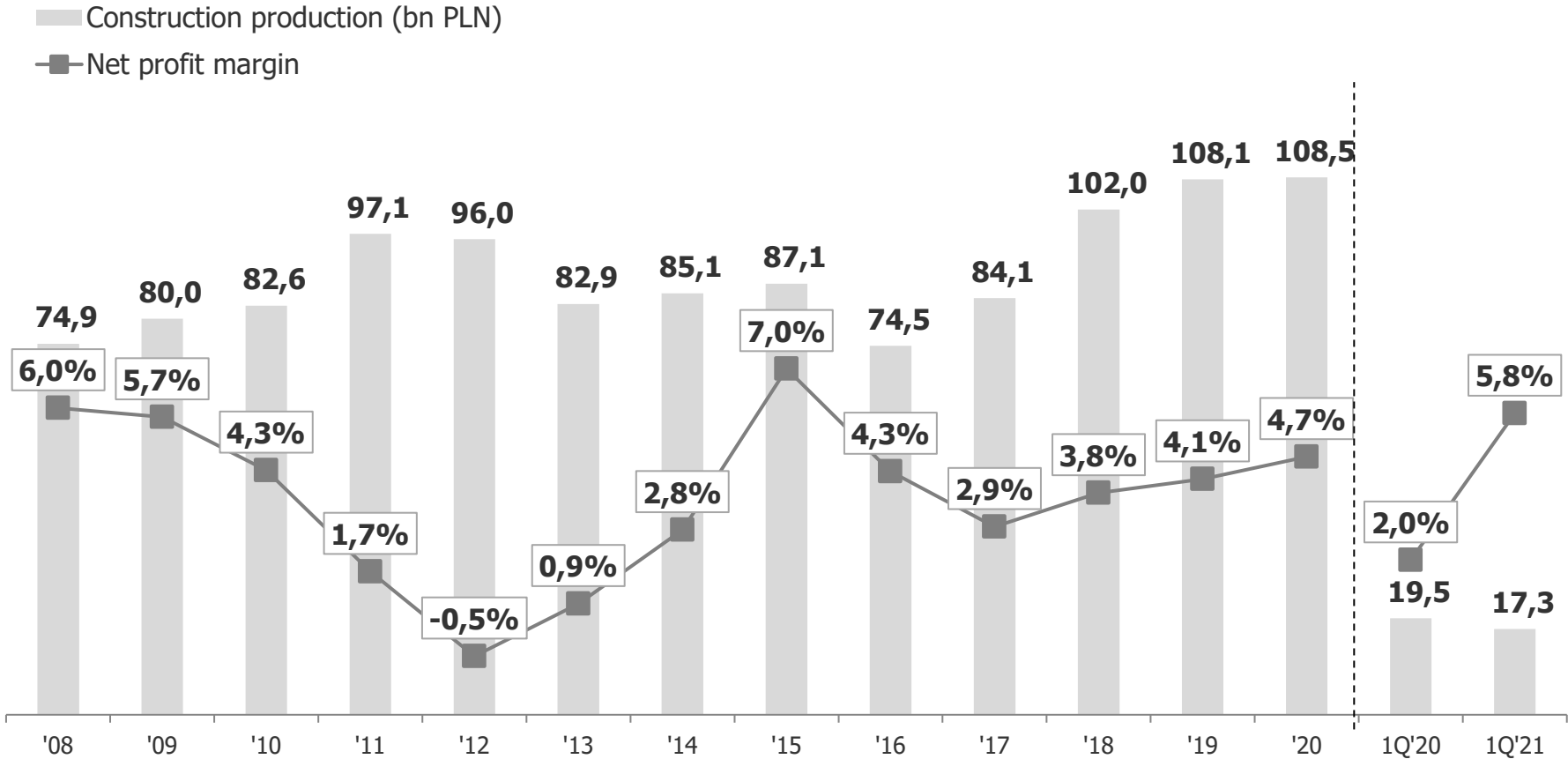


# Production vs.net profit margin in construction

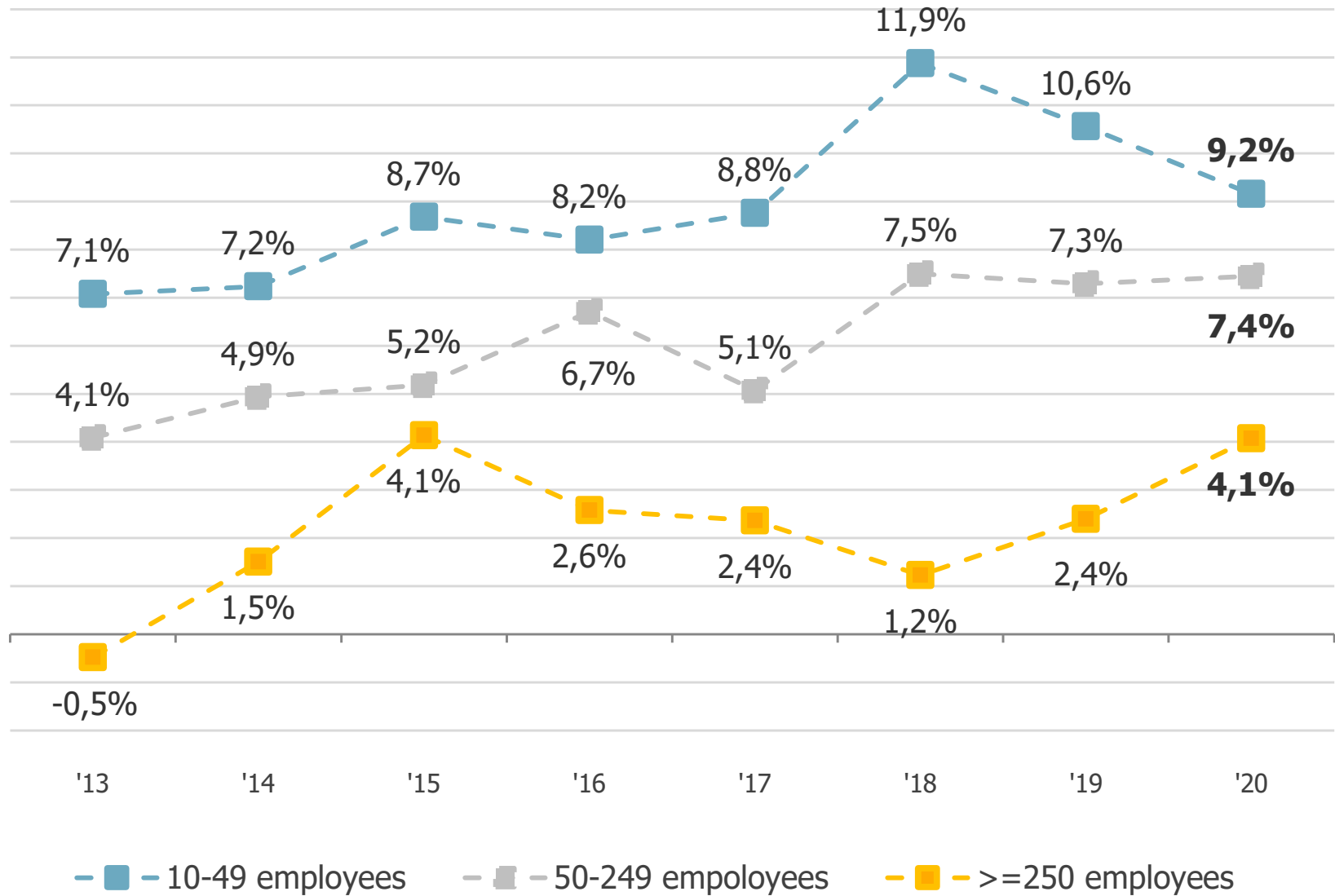
## Comment

- High cost inflation combined with no real indexation impacted strongly margins of big construction companies in '17-'18, but recent years have brought relief

Construction production (companies > 9 employees) vs. net profit margin in construction (companies > 49 employees)



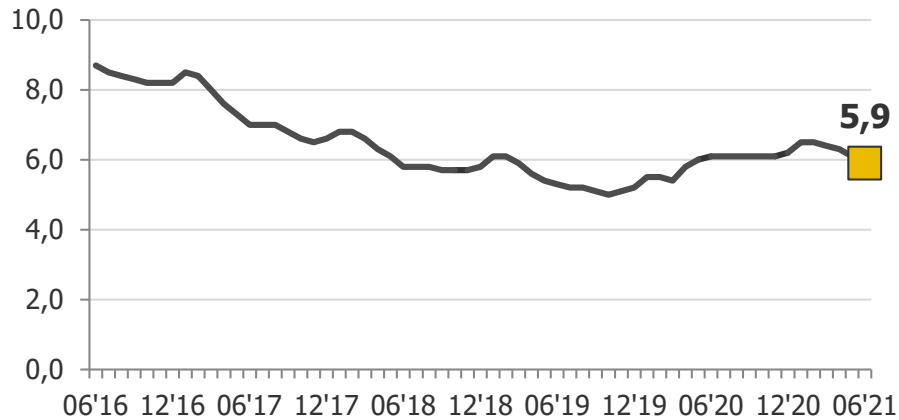
# EBIT margin by size of construction company



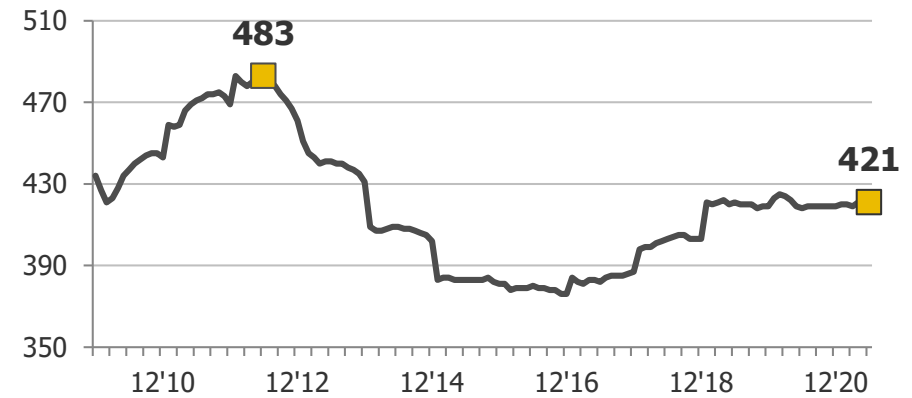
## Comment

- Wages in construction are still growing, in 2Q'21 the dynamics was higher compared to 1Q'21

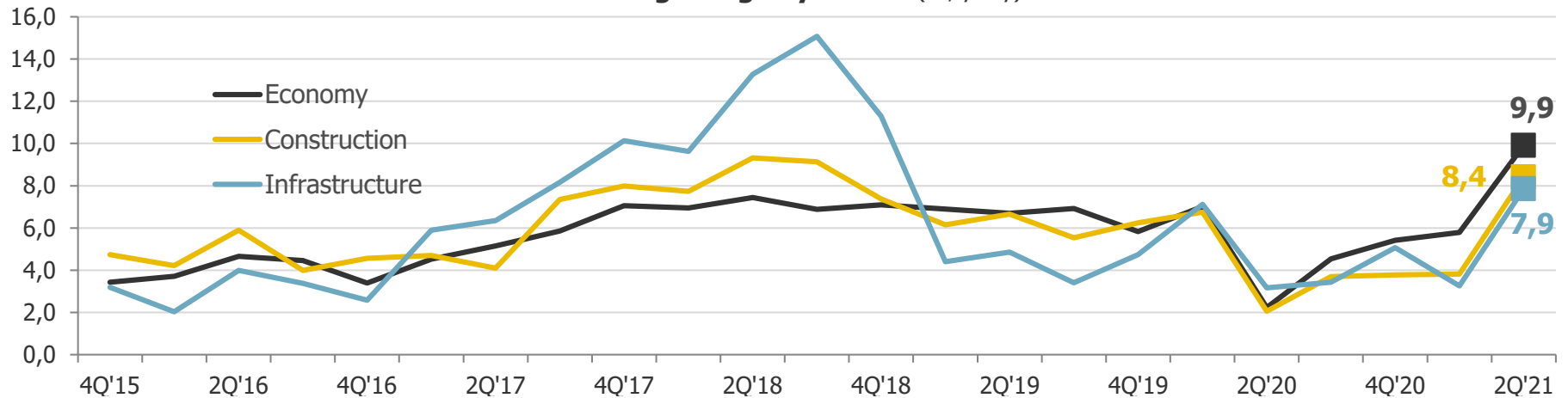
### Unemployment rate (%)



### Employment in construction (thous. employees)



### Average wage dynamics (% y-o-y)

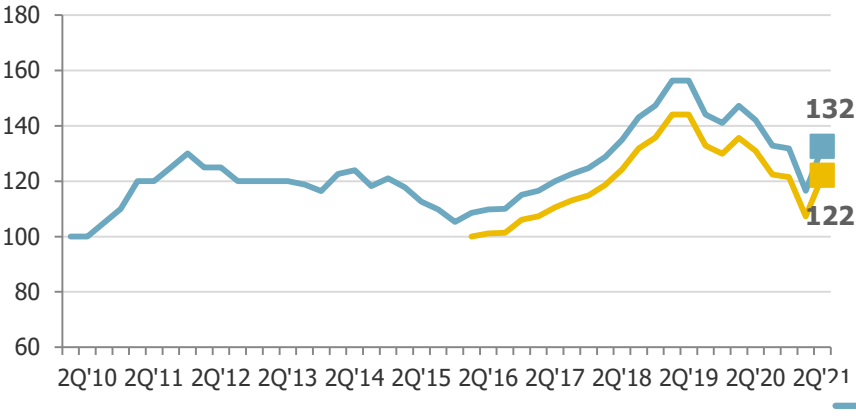


# Prices of main materials

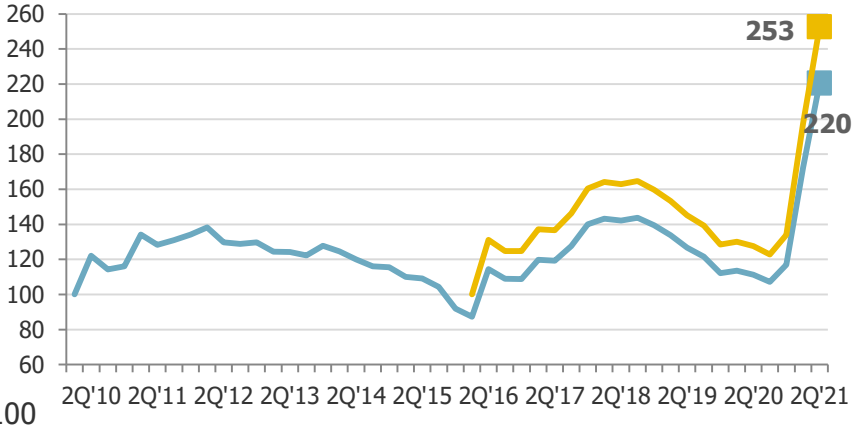
## Comment

- The trends in the prices of materials, in particular steel, oil and asphalt, are worrying
- In the coming quarters, average profitability in construction may be under pressure

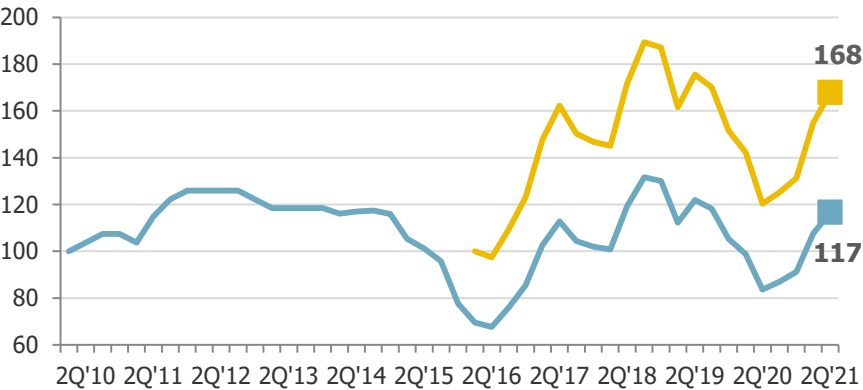
### Concrete



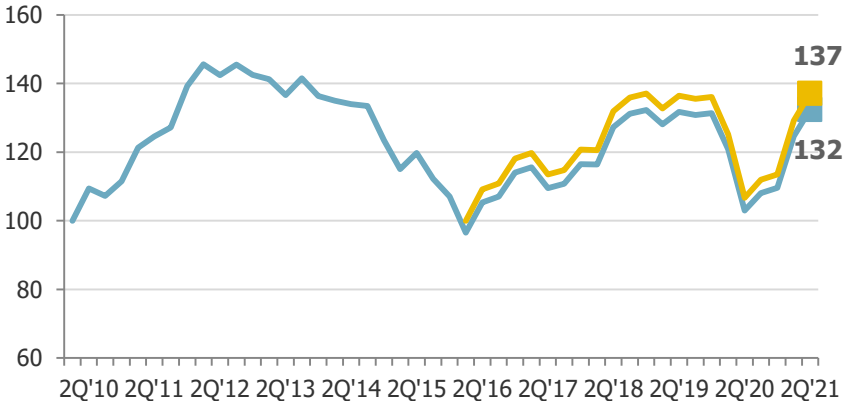
### Reinforcement steel



### Asphalt



### Diesel oil







**budimex**

**Budimex Group**

1H'21 results



## Comment

- Our goal is to keep profitability above market rates that may be under pressure due to rising material costs
- 1H'21 consolidated net profit included positive impact of sale of Budimex Nieruchomości (542 M PLN)

	1H'21	1H'20*	Δ	
<b>Sales</b>	<b>3 241</b>	<b>3 460</b>	<b>-219</b>	
<i>y-o-y dynamics</i>	<i>-6,3%</i>			
<b>Gross margin</b>	<b>376</b>	<b>253</b>	<b>123</b>	
<i>% sales</i>	<i>11,6%</i>	<i>7,3%</i>	<i>4,3 pp.</i>	
<b>SG&amp;A</b>	<b>-125</b>	<b>-116</b>	<b>-9</b>	
<i>% sales</i>	<i>3,9%</i>	<i>3,3%</i>	<i>0,5 pp.</i>	
<b>Other operating</b>	<b>26</b>	<b>-38</b>	<b>63</b>	
<b>EBIT</b>	<b>276</b>	<b>100</b>	<b>177</b>	
<i>% sales</i>	<i>8,5%</i>	<i>2,9%</i>	<i>5,6 pp.</i>	
<b>PBT</b>	<b>260</b>	<b>91</b>	<b>168</b>	
<i>% sales</i>	<i>8,0%</i>	<i>2,6%</i>	<i>5,4 pp.</i>	
<b>Net profit</b>	<b>729</b>	<b>114</b>	<b>614</b>	
<i>% sales</i>	<i>22,5%</i>	<i>3,3%</i>	<i>19,2 pp.</i>	

\* comparable financial results

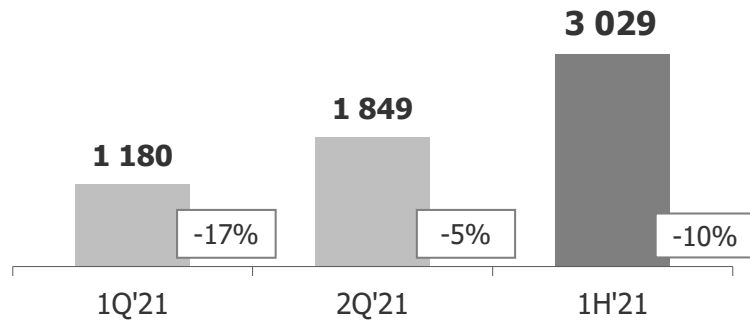
# P&L - results by segment

## Comment

- Group's sales decreased by 6% y-o-y, while sales in services increased by 30% y-o-y and in the construction decreased by 10%
- Lower pace of construction works was mainly due to difficult weather conditions, schedule of design works on D&B contracts and lower production in buildings segment

**Quarterly sales in Budimex Group (M PLN)**

### Construction

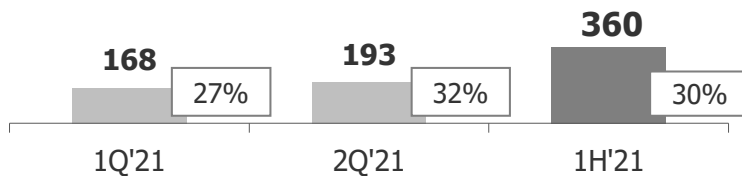


### Real estate

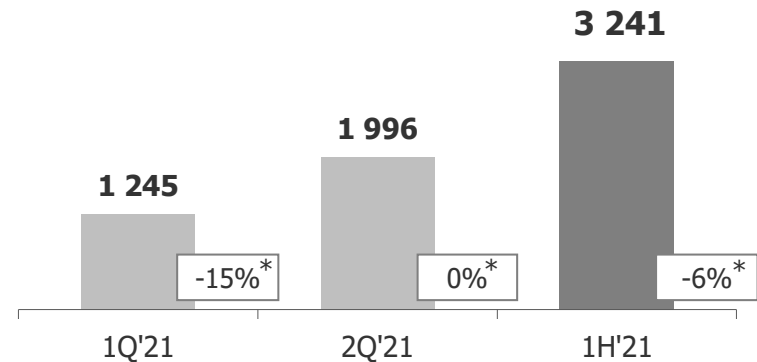
*Presented on net profit level as discontinued activity*

### Services

y-o-y dynamics



### Budimex Group



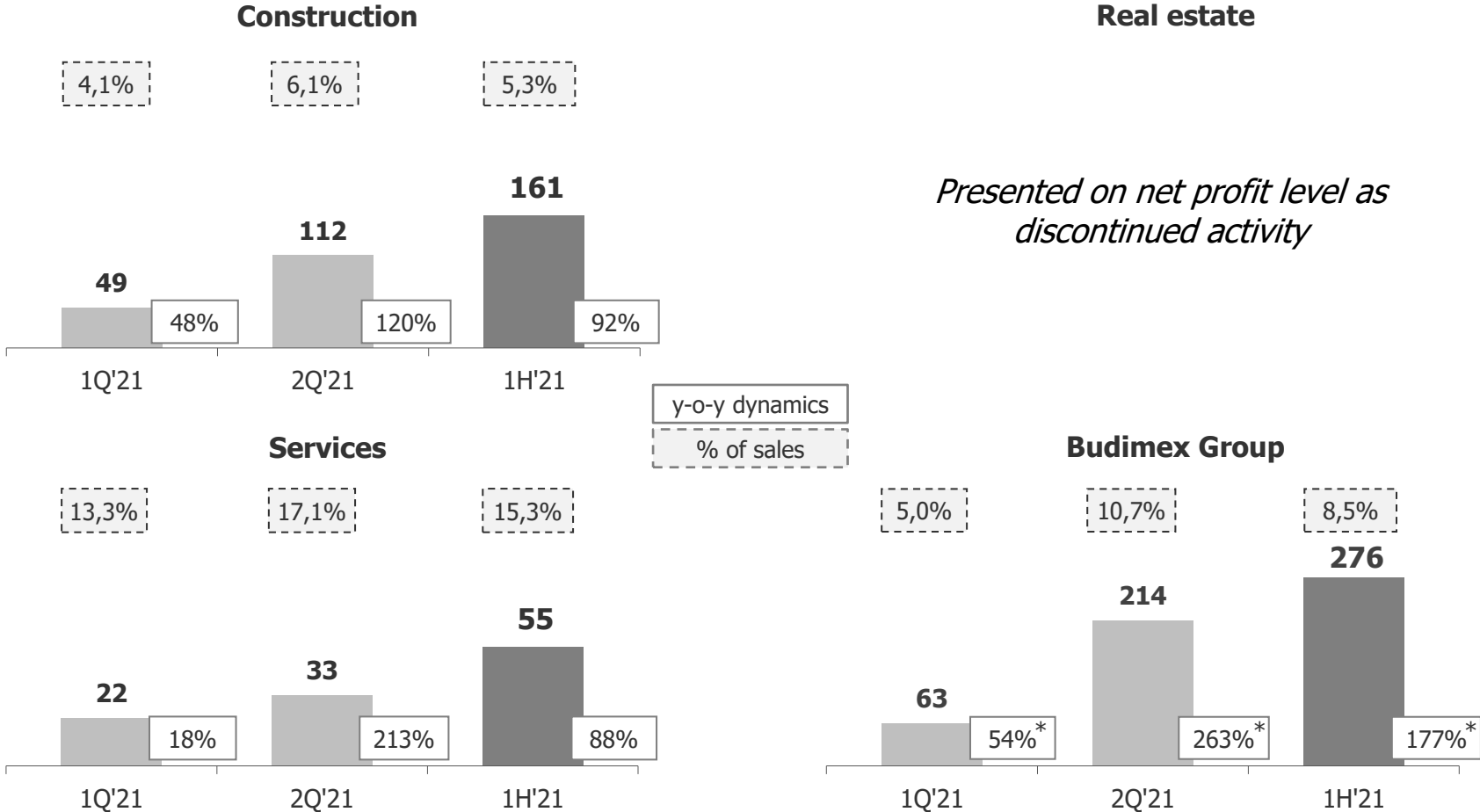
\* I-f-I change

# P&L - results by segment

## Comment

- *New contracts that have been signed over last 2 years improved the profitability of backlog and contributed to the decent margin in 1H'21*

**Quarterly EBIT in Budimex Group (M PLN)**



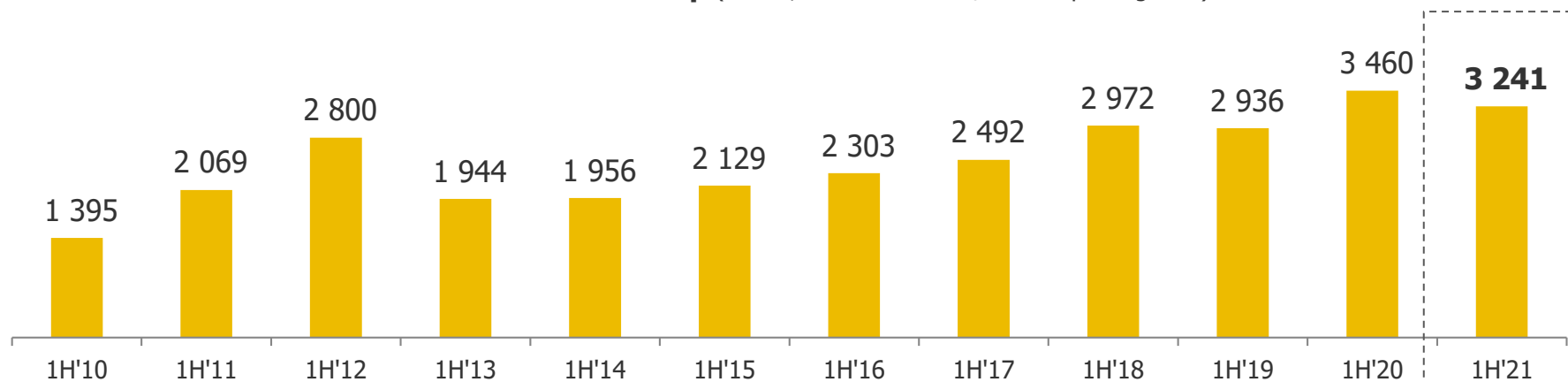
*Presented on net profit level as discontinued activity*

\* I-f-I change

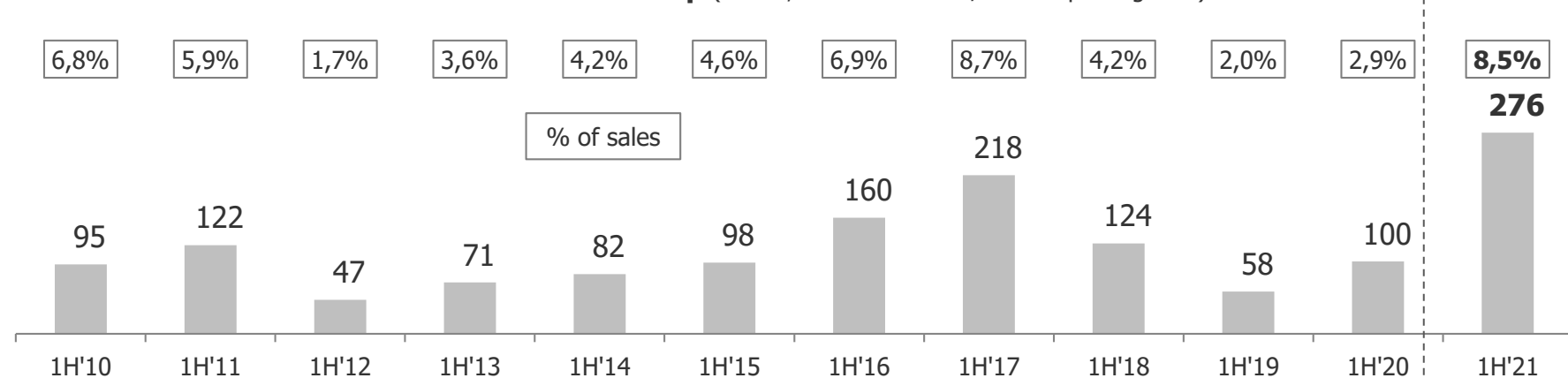
## Comment

- *Good financial results of Budimex Group in 1H'21 are in line with our expectations*
- *Despite difficult market conditions, we have achieved significant increase in Group's EBIT within continuing operations*

**Sales in Budimex Group** (M PLN, historical data w/o developer segment)



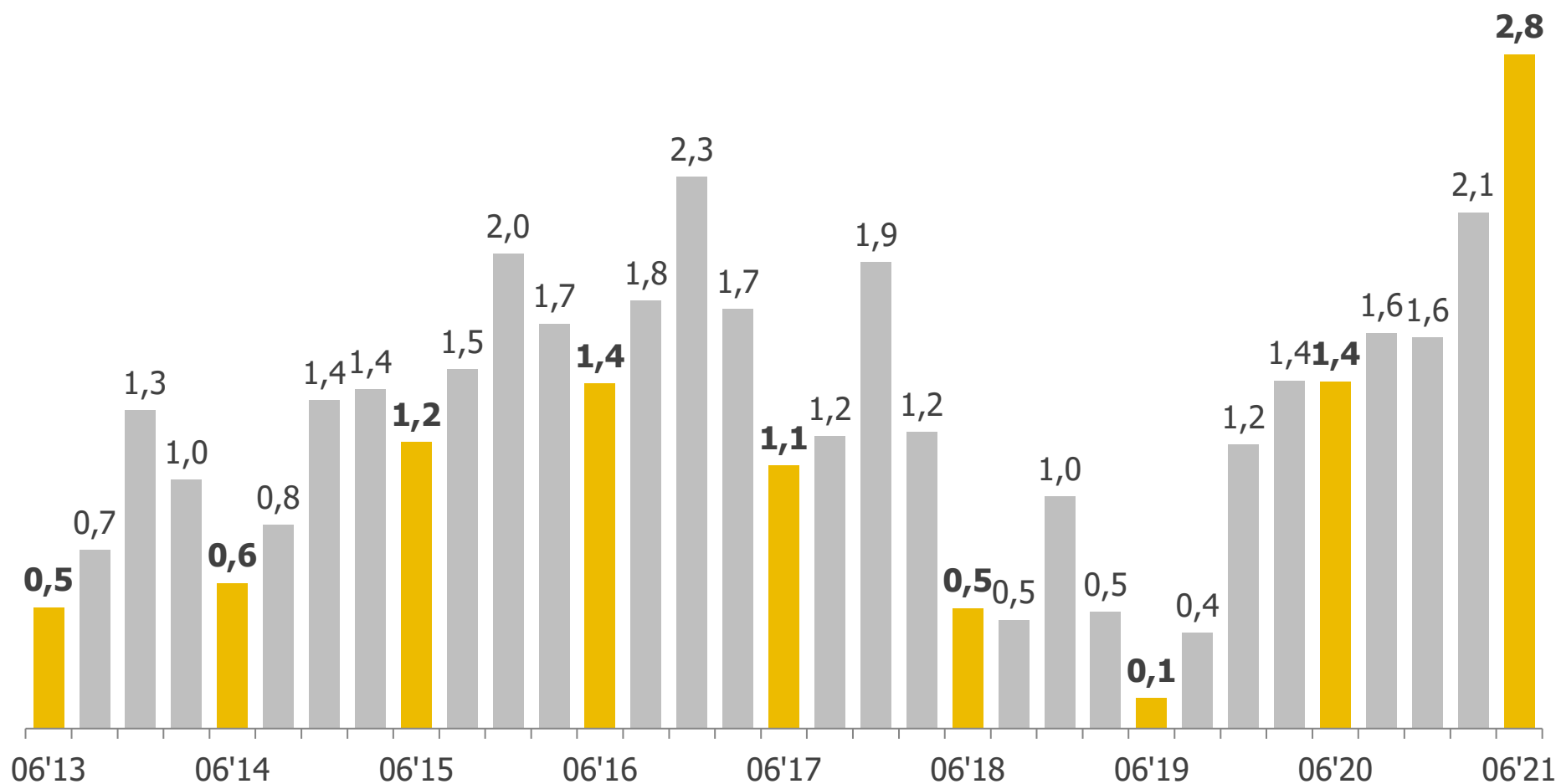
**EBIT in Budimex Group** (M PLN, historical data w/o developer segment)



## Comment

- In 06'21 consolidated net cash amounted to 2,8 bn PLN and included cash from the sale of Budimex Nieruchomosci

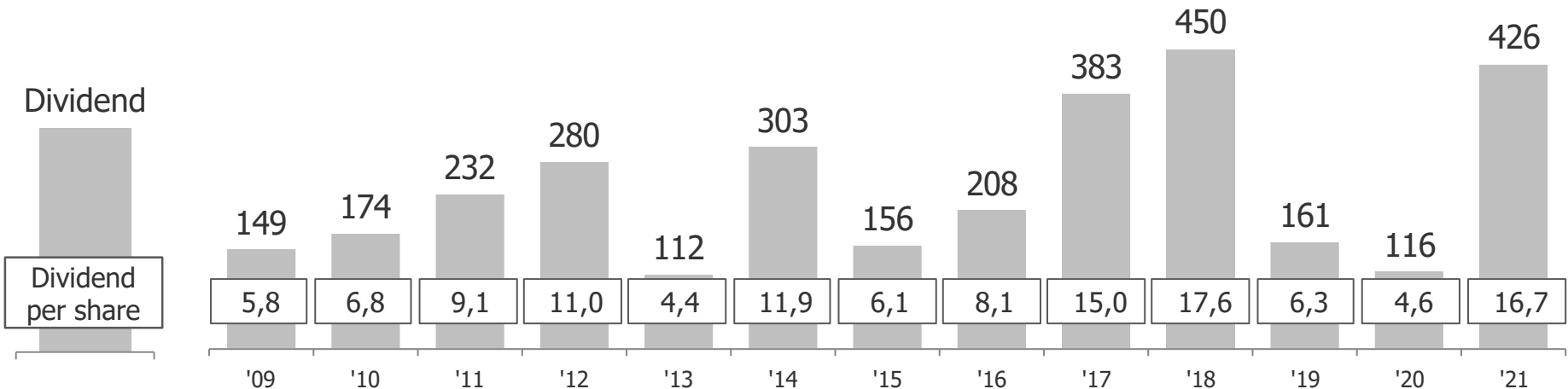
Net Treasury Position in Budimex Group (M PLN, historical data w/o developer segment)



## Comment

- *In 06'21, for 13th year in a row, Budimex paid a dividend of 426 M PLN (16,7 PLN per share)*
- *We plan to make an advance payment for dividend for '21 of up to 381 M PLN (half of individual net profit of Budimex S.A. for 1H'21)*

**Dividends paid (M PLN)**

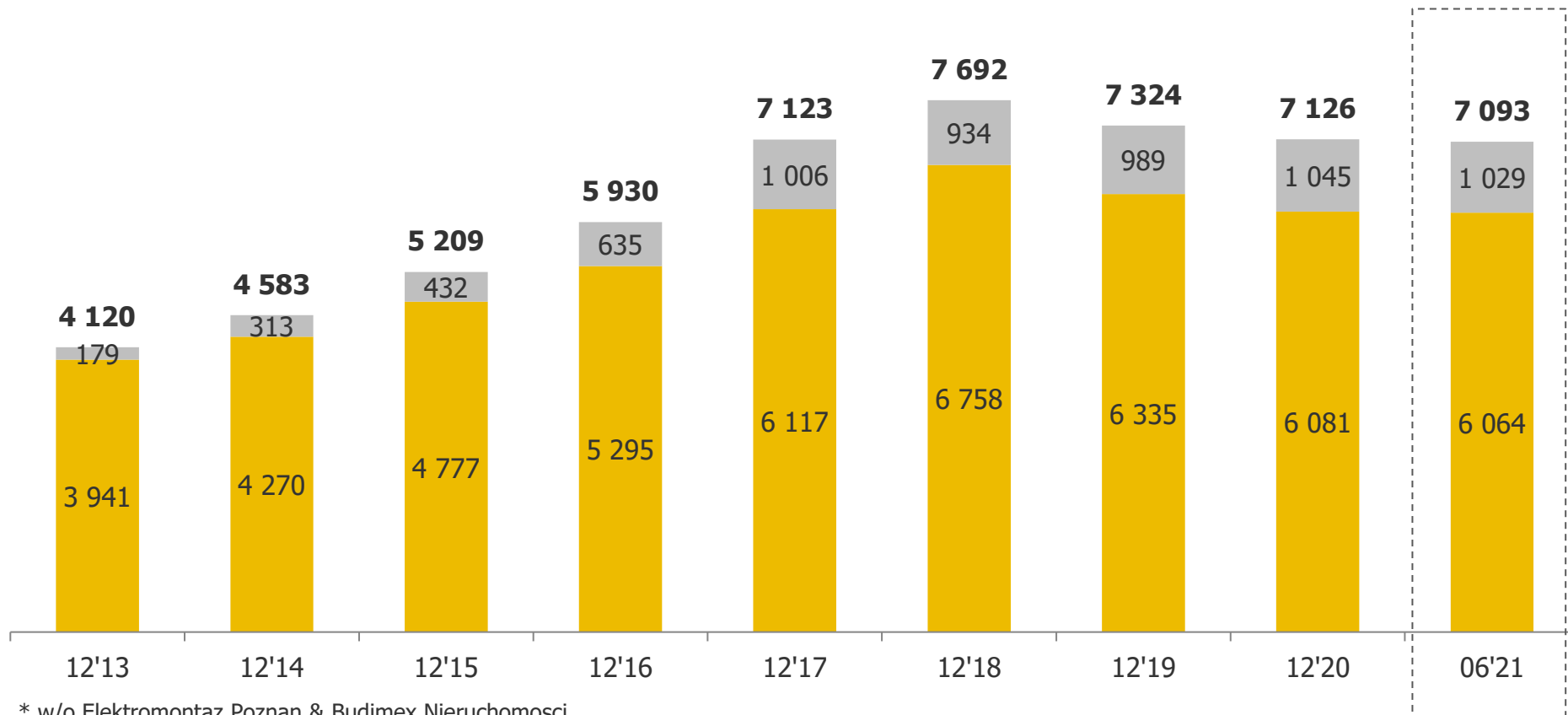


## Comment

- Generally, in 1H'21 the Group slightly decreased the employment level
- Taking control over FBSerwis Group in 07'19 increased employment of Budimex Group by ca. 1 000 people

### Employment in Budimex Group\*

■ Bx Group w/o FBS ■ FBS



\* w/o Elektromontaz Poznan & Budimex Nieruchomosci





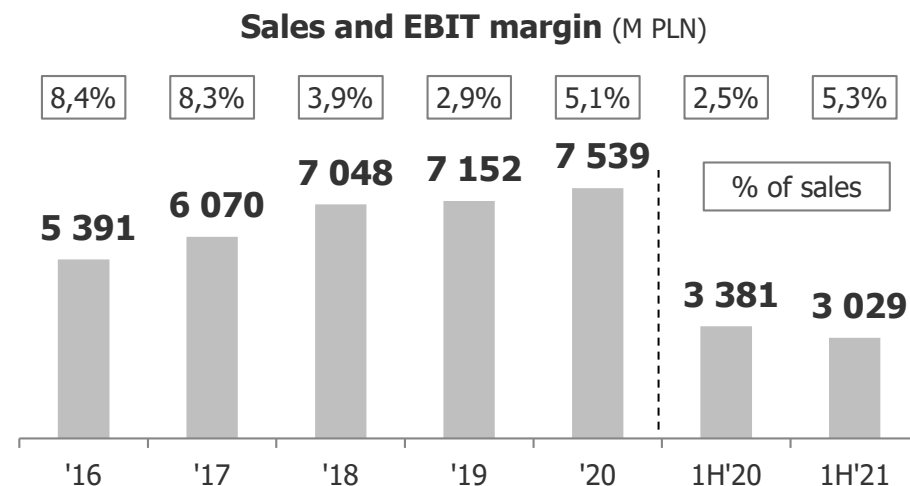
## **Construction segment – 1H'21 results**



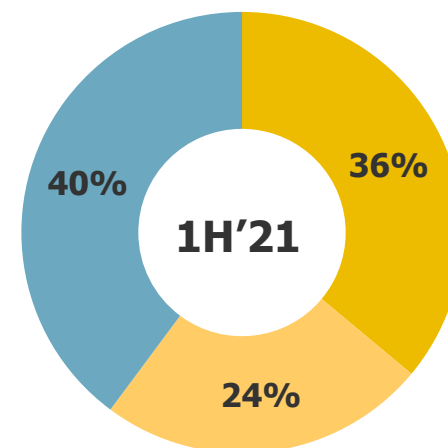
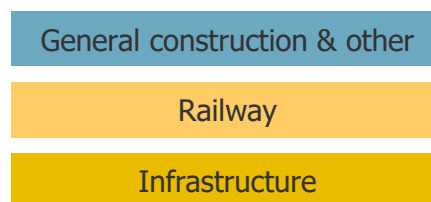
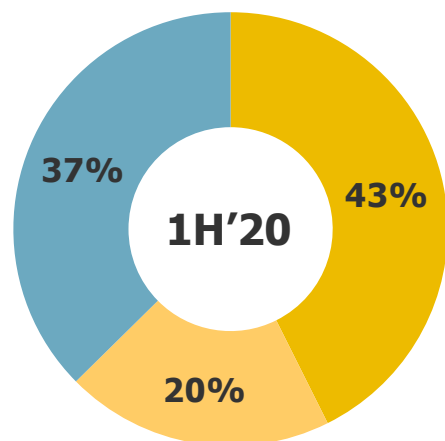
## Comment

- EBIT margin of construction segment amounted to 5,3%
- Observed increase of material prices does not significantly affect the profitability of our backlog due to price indexation, as well as prudent approach to offers

	1H'21	y-o-y dynamics
<b>Sales</b>	<b>3 029</b>	<b>-10%</b>
<b>Gross margin</b>	<b>242</b>	<b>5%</b>
% sales	8,0%	1,2 pp.
<b>EBIT</b>	<b>161</b>	<b>92%</b>
% sales	5,3%	2,8 pp.
<b>Net profit</b>	<b>116</b>	<b>132%</b>
% sales	3,8%	2,4 pp.



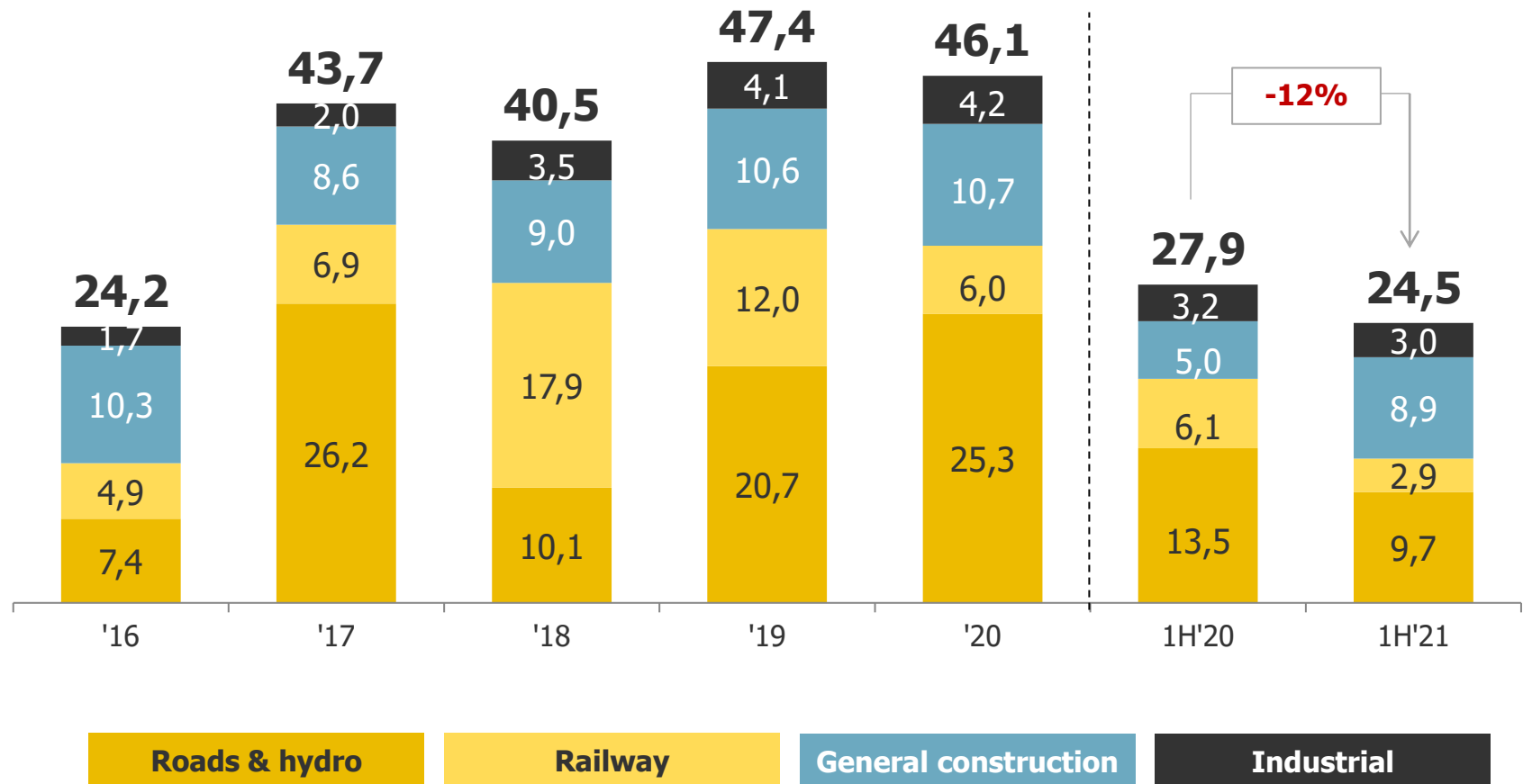
Sales structure



## Comment

- Value of offers placed in 1H'21 decreased y-o-y, mainly due to lower activity of key public clients (GDDKiA & PKP PLK)

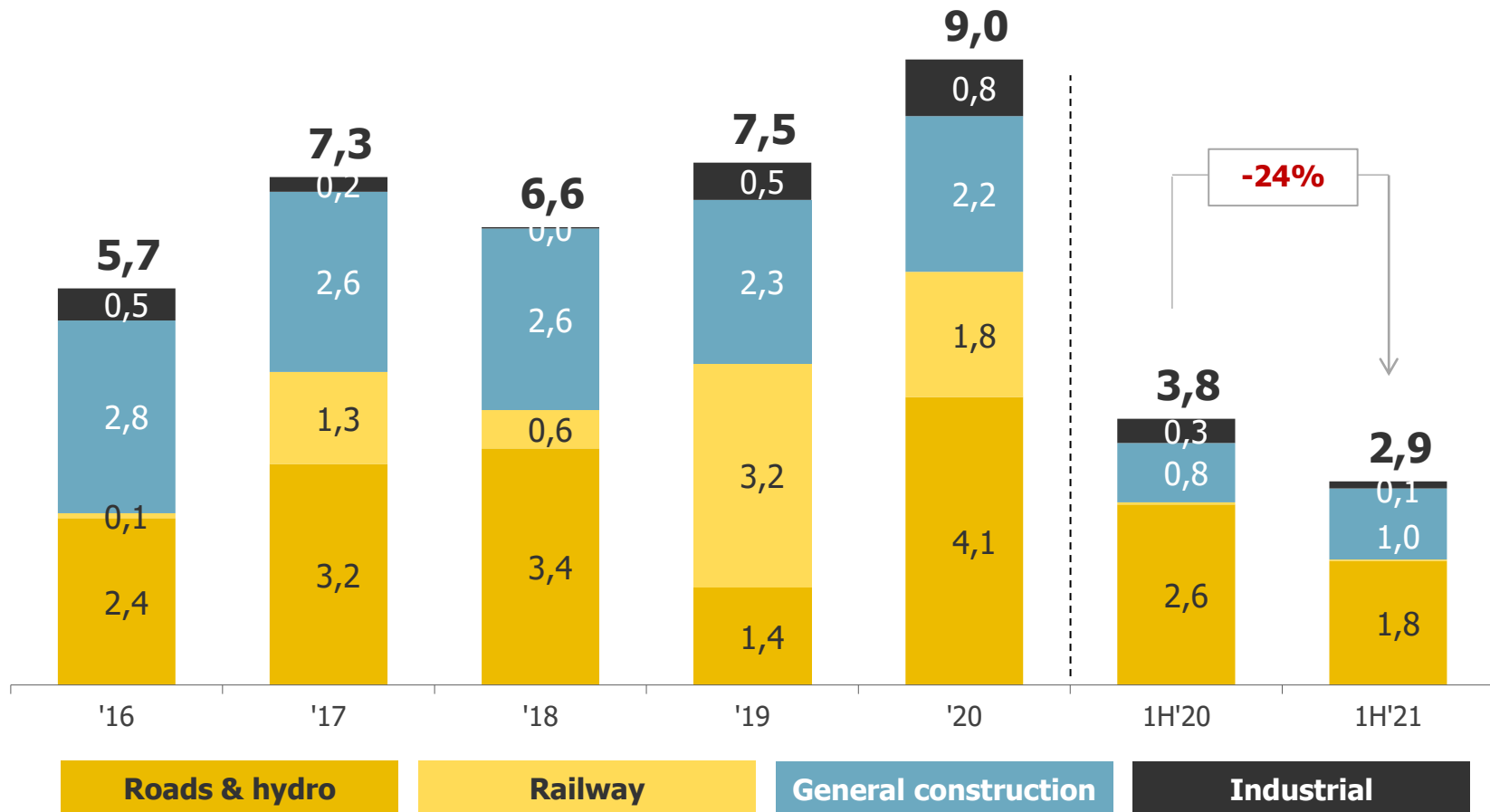
Offers placed in Budimex Group (bn PLN)



## Comment

- In 1H'21, Budimex acquired contracts worth 2,9 bn PLN, while the value of contracts pending amounted to over 3 bn PLN
- Top contracts signed in 1H'21 include Tricity Metropolitan ring road I (581 M PLN) and Waterway Vistula Lagoon – Gdansk Bay II (467 M PLN)

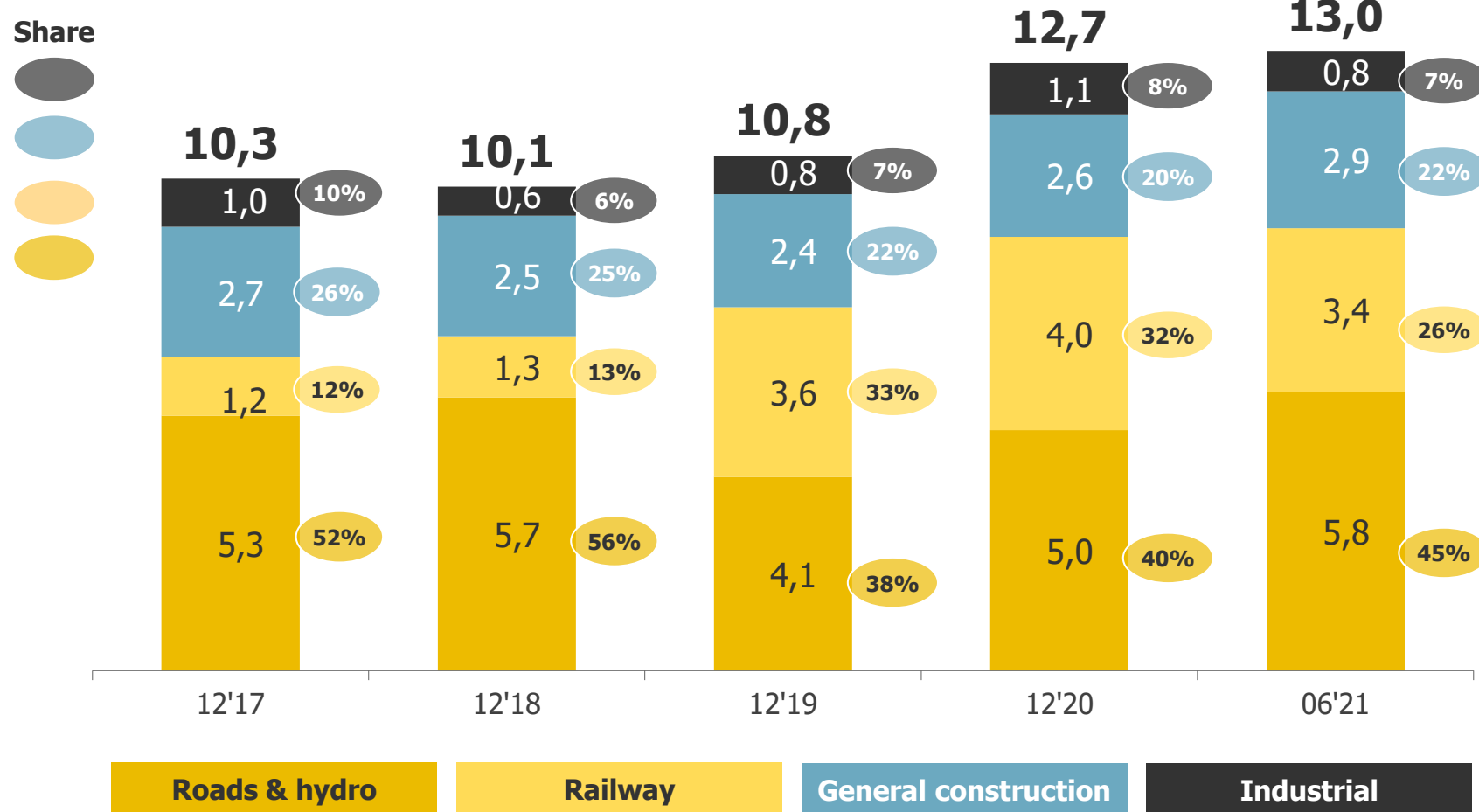
Contracts signed in Budimex Group (bn PLN)



## Comment

- Actual backlog ensures full use of resources
- Taking into account the value of contracts pending, which we plan to sign in the coming months, works front is secured till the end of '22

Backlog in Budimex Group (bn PLN)





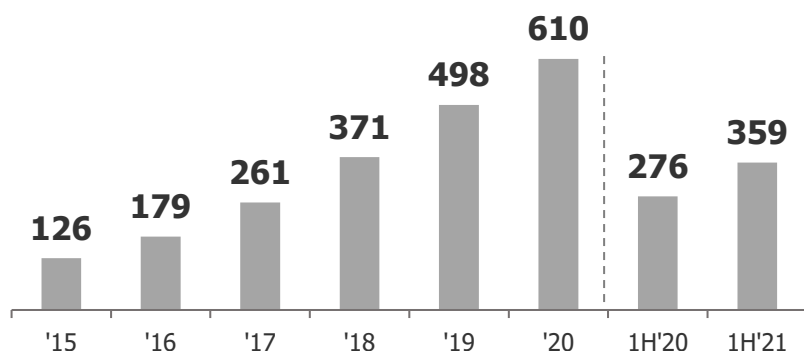
## Services segment – 1H'21 results



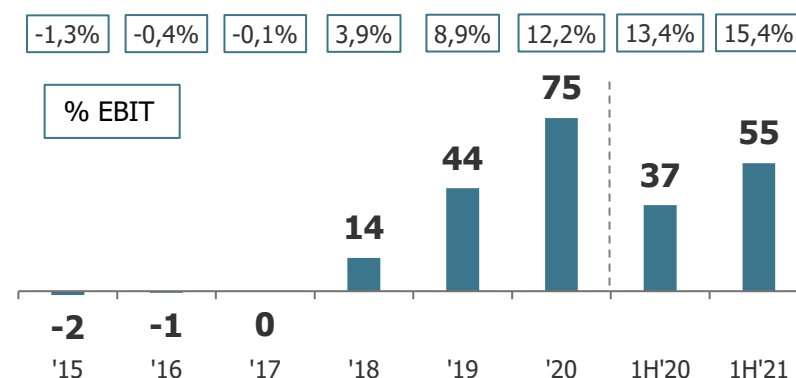
## Comment

- **Sales structure in 1H'21:** Waste Management – 77%, Infrastructure Maintenance – 15%, Facility Management & Street Lightening – 8%
- FBSerwis Group goal is to generate yearly sales of at least 1,0 bn PLN in '25

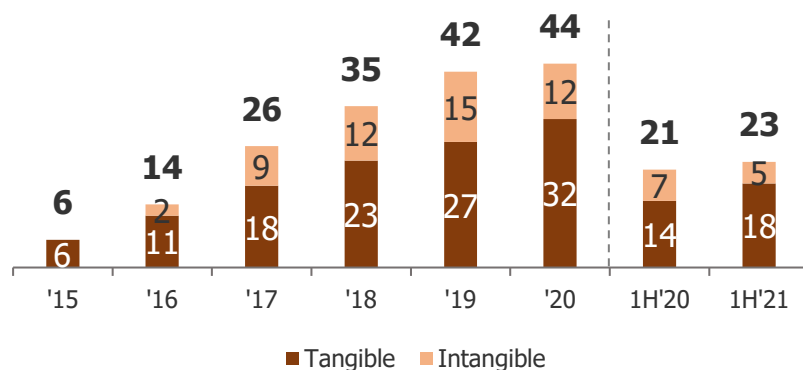
### Sales (M PLN)



### EBIT (M PLN)



### Depreciation (M PLN)



### EBITDA (M PLN)

