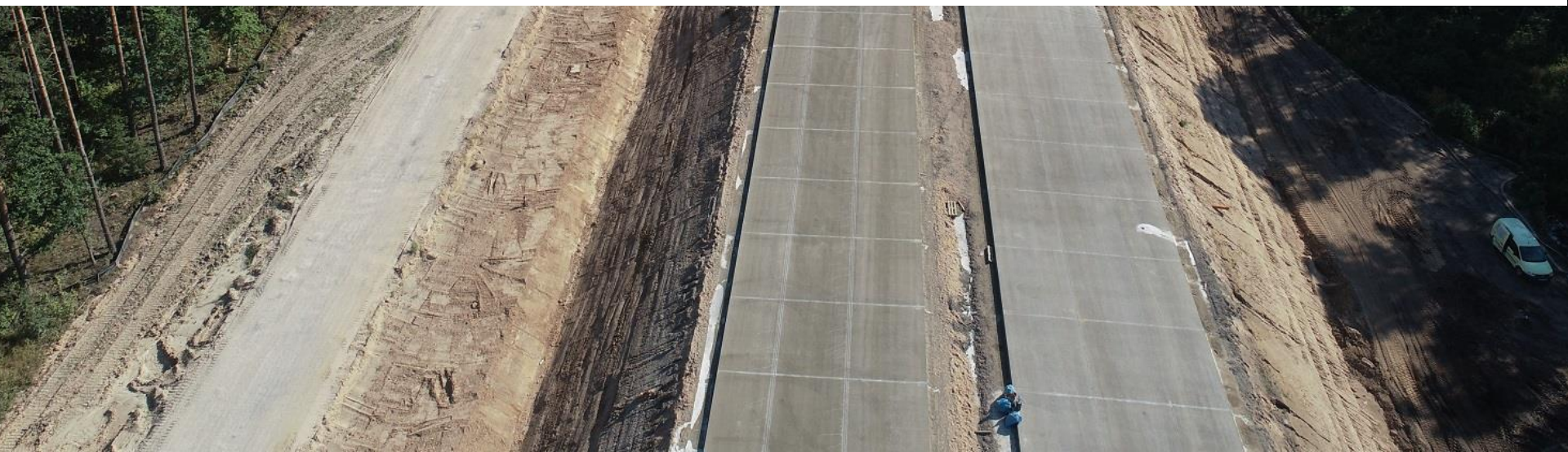




budimex

Investor Presentation

1-3Q'20



1. Market snapshot

- 1.1 Macroeconomic forecasts for Poland
- 1.2 Overview of construction segment
- 1.3 Labour market
- 1.4 Prices of main materials

2. Budimex Group in 1-3Q'20

- 2.1 Budimex Group – top facts
- 2.2 P&L
- 2.3 Evolution of Net Treasury Position
- 2.4 Results by segment
 - 2.4.1 Construction segment
 - 2.4.2 Real estate segment
 - 2.4.3 Services segment
- 2.5 Employment



3. Budimex S.A. on WSE



budimex

Market snapshot

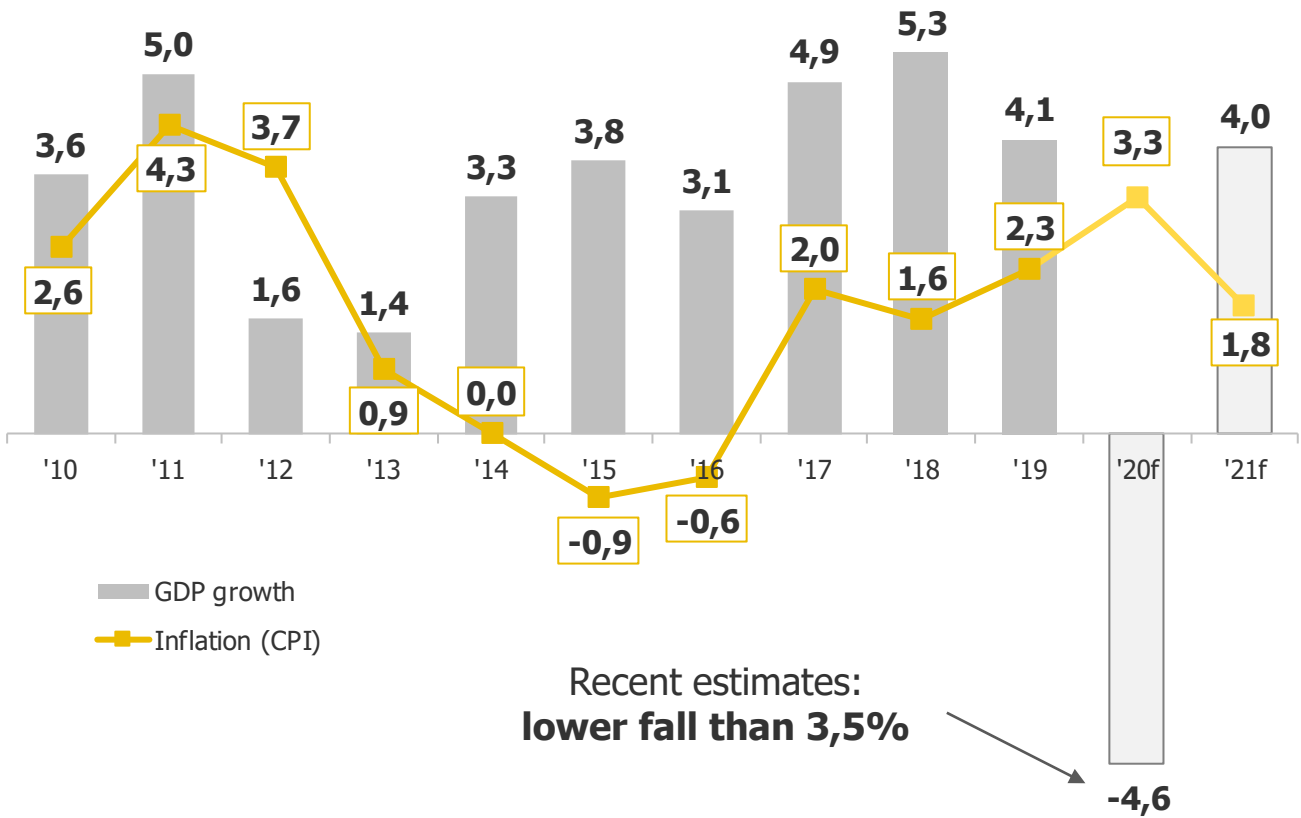


1.1 Macroeconomic forecasts for Poland

Comment

- COVID-19 pandemic caused deep decline in economic activity impacting forecast of Polish GDP growth and inflation rate
- Recent rapid increase in number of new cases may soon change the macroeconomic forecast prepared in mid-'20

GDP growth and inflation rate (% , y-o-y)



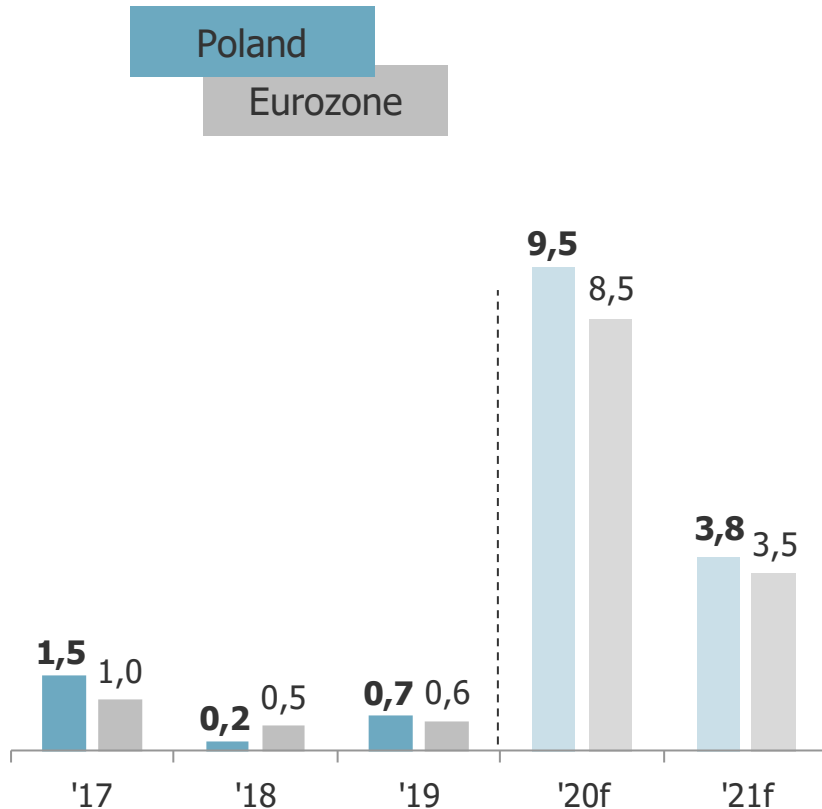
GDP growth:
 deep recession and quick rebound expected in '20 and '21

Inflation rate:
 low economic activity should result in weaker pressure on prices

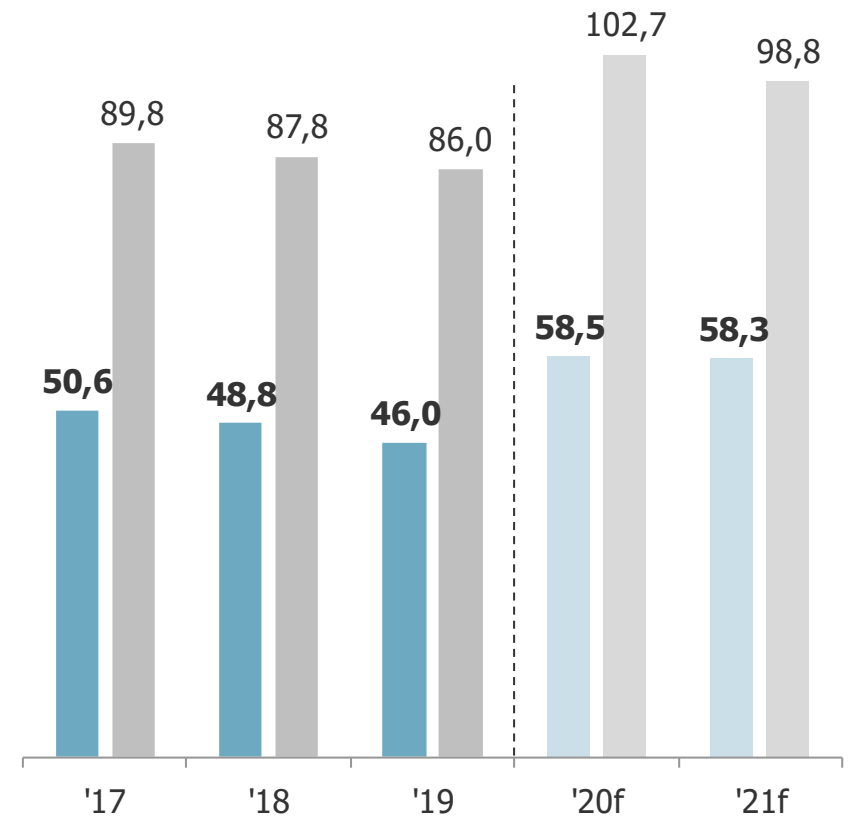
Comment

- Outlays within 'Anti-crisis Shields' put Polish public finances under high pressure

General government deficit (% of GDP)



Public debt (% of GDP)

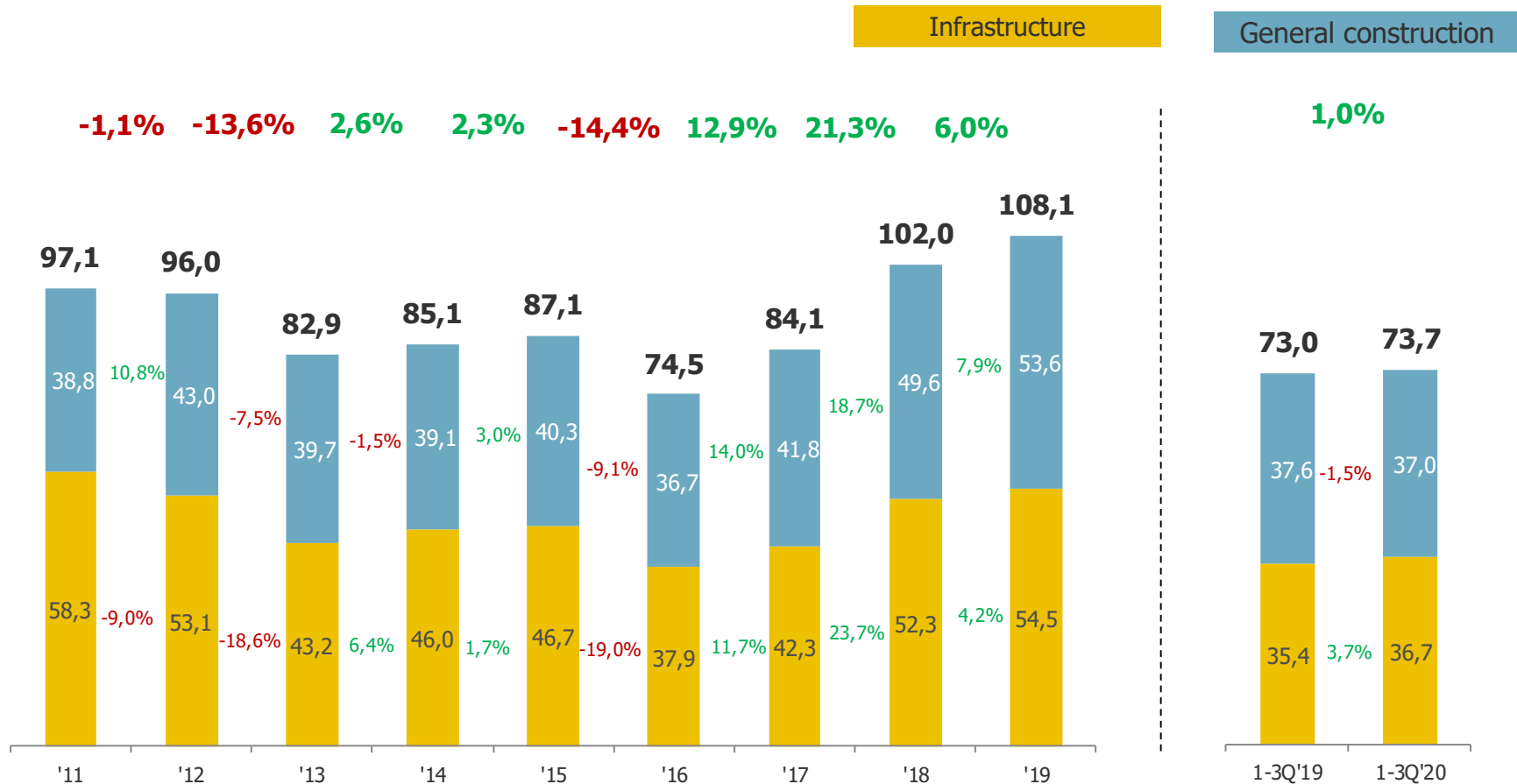


1.2 Construction production by segment

Comment

- In 1-3Q'20 construction production in Poland increased by only 1,0%
- Despite no administrative decision about closing construction sites, the production was impacted by COVID-19 epidemic, especially in general construction

Construction and assembly production '10 – '20 (bn PLN, enterprises with > 9 employees, current prices)

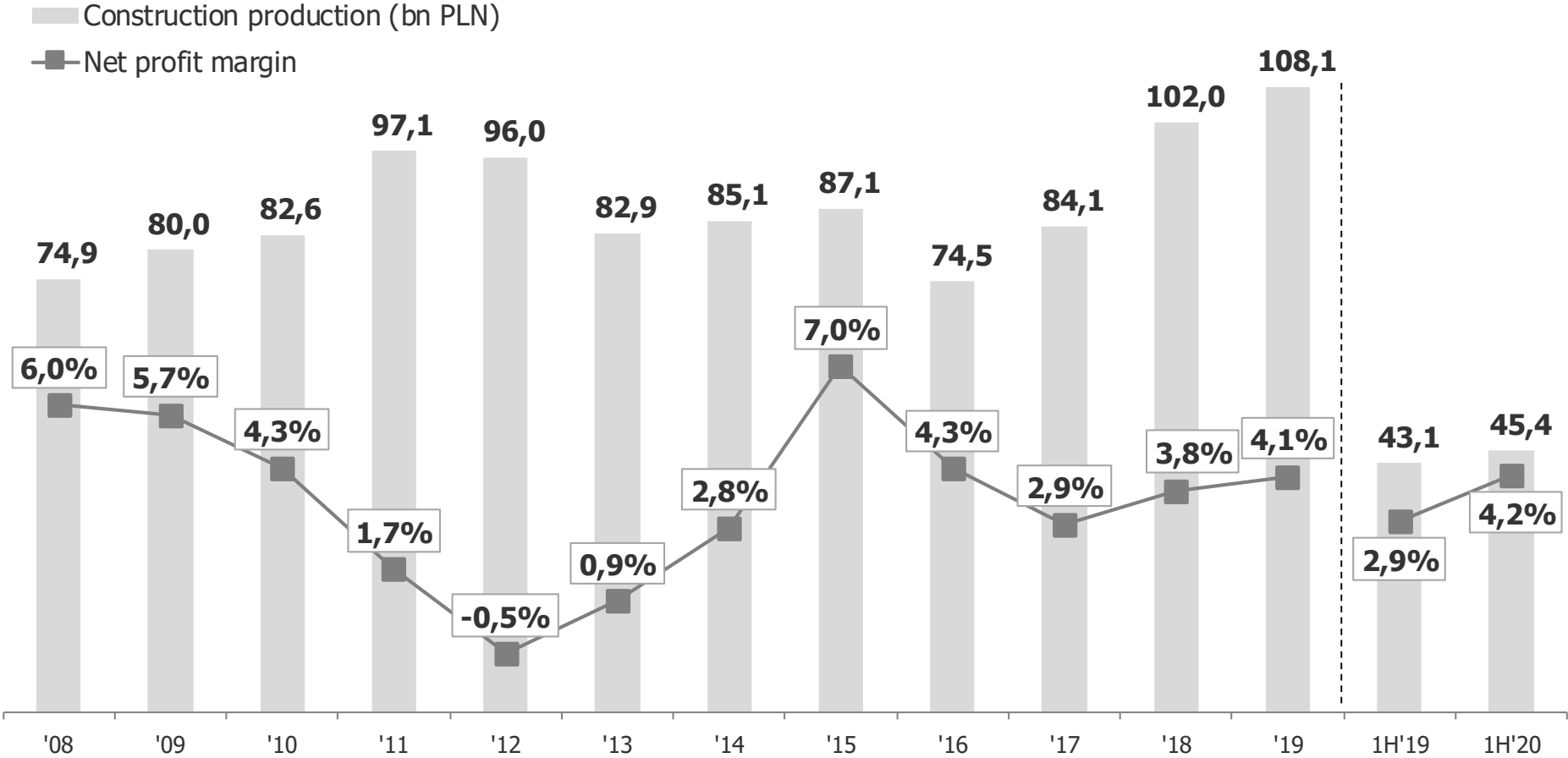


1.2 Production vs.net profit margin in construction

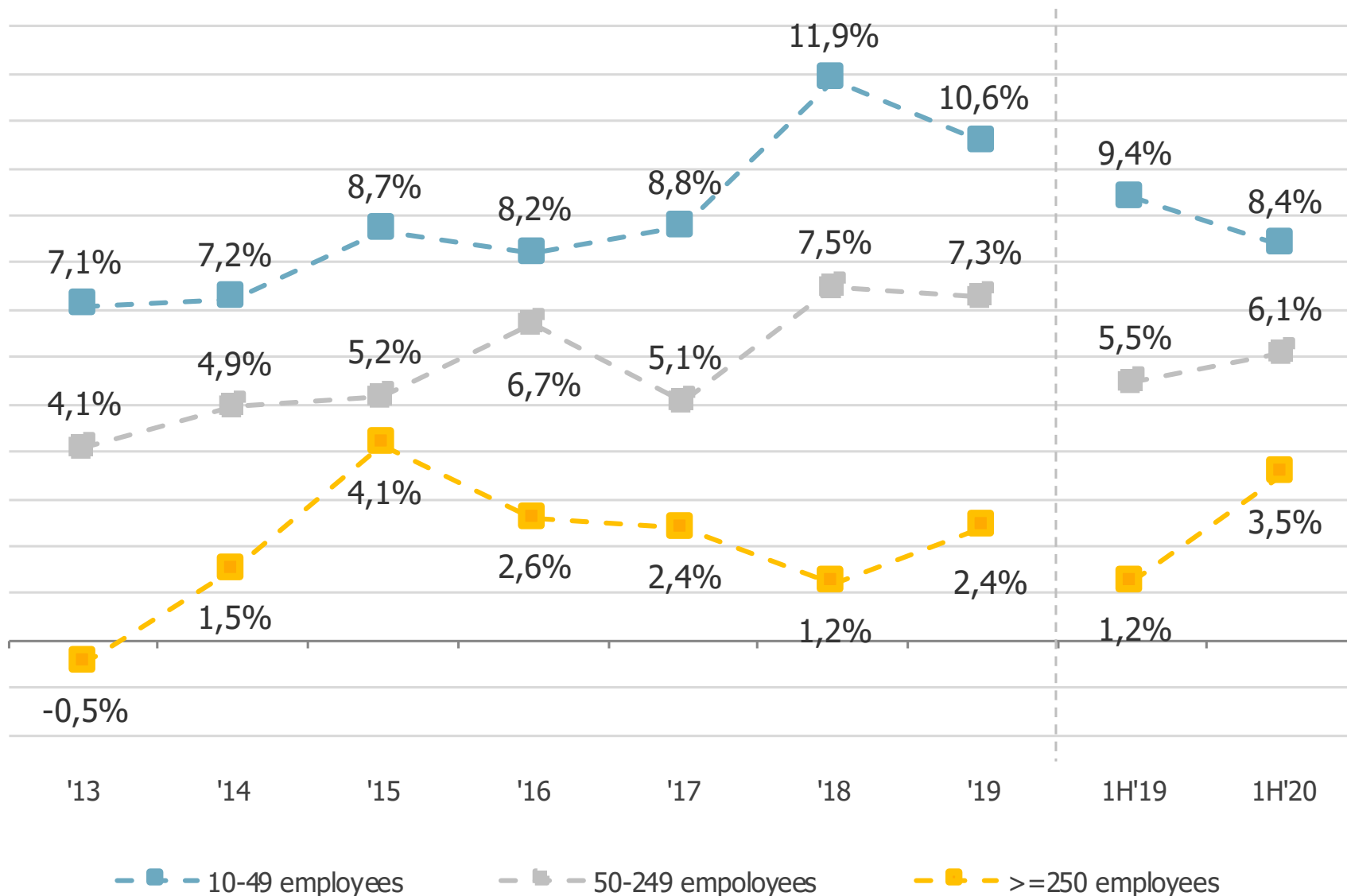
Comment

- High cost inflation combined with no real indexation impacted strongly margins of big construction companies, but recent quarters have brought relief

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



1.2 EBIT margin by size of construction company

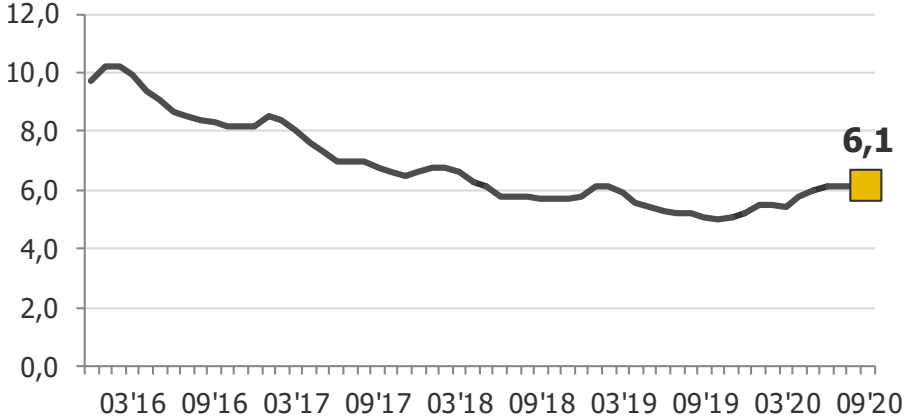


1.3 Labour market

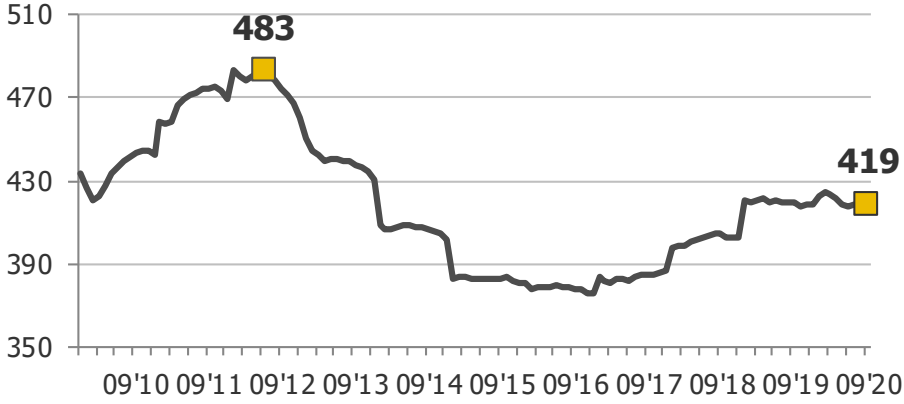
Comment

- *Current epidemic could cause visible increase of unemployment rate in upcoming months*
- *Wages in construction are still growing*

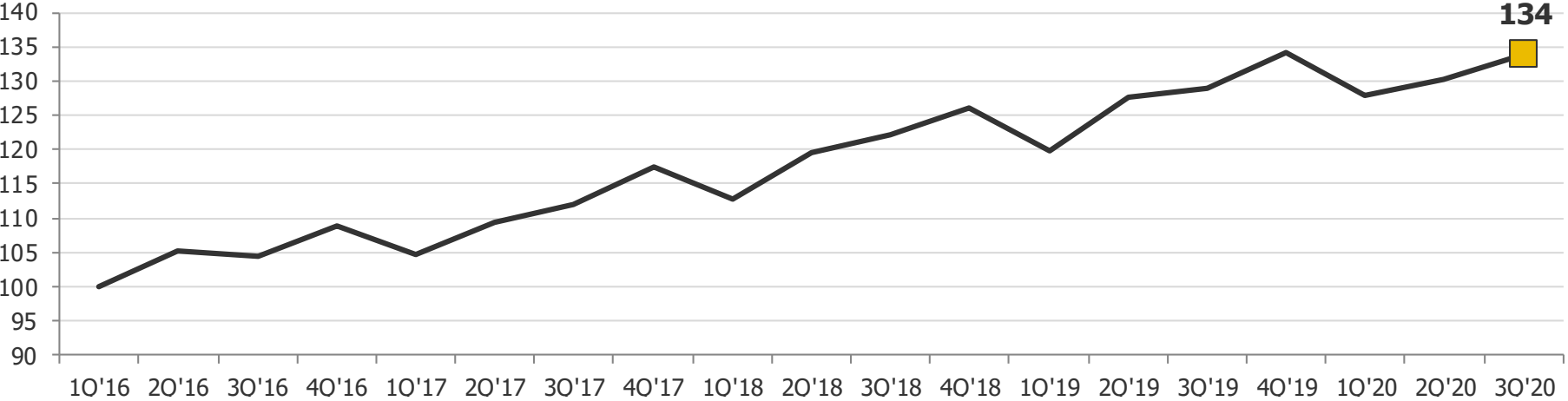
Unemployment rate (%)



Employment in construction (thous. employees)



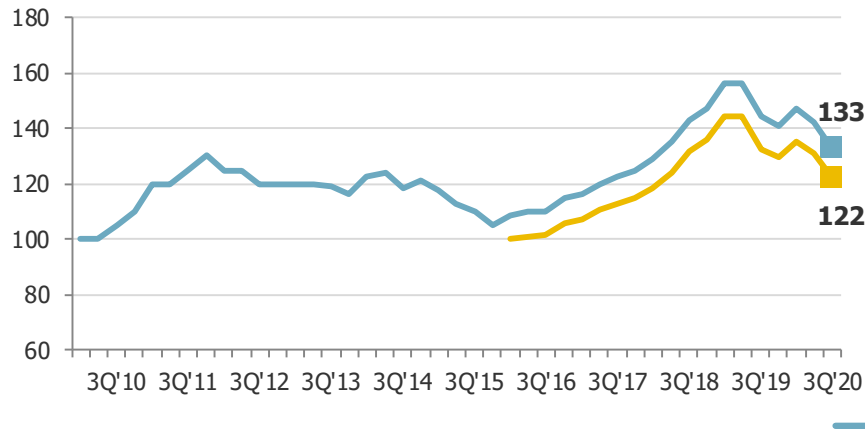
Average wage in construction (1Q'16 = 100)



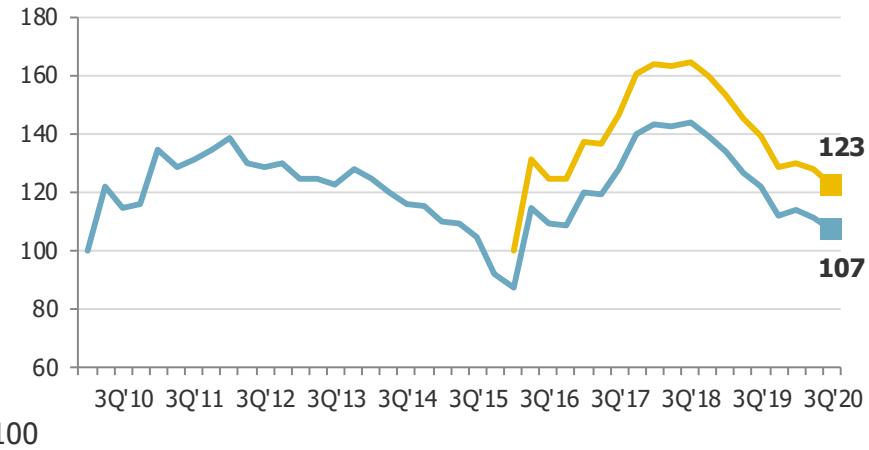
Comment

- Global factors and lower dynamics of construction production in Poland affected the prices of main materials

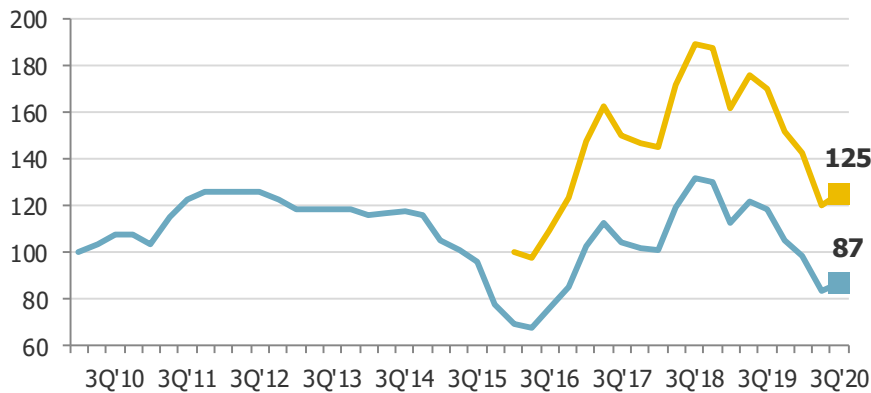
Concrete



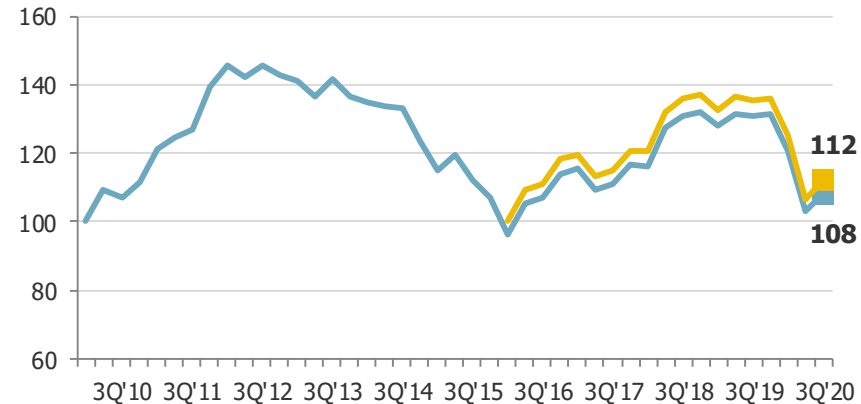
Reinforcement steel



Asphalt



Diesel oil





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Budimex Group
1-3Q'20 results



- Increase of sales in 1-3Q'20 → 1-3Q'20: **6,2 bn PLN** *(+14,6% y-o-y)*
- Increase of % EBIT in construction segment → 1-3Q'20: **3,8%** *(+0,8 p.p. y-o-y)*
- Rising share of railway in construction sales → 1-3Q'20: **20,0%** *(+3,7 p.p. y-o-y)*
- Increase of net cash → 09'20: **2,1 bn PLN** *(+0,2 bn PLN vs. 06'20)*
- Visible increase of contracts signed → 1-3Q'20: **7,0 bn PLN** *(+28,7% y-o-y)*
- Record backlog → 09'20: **12,9 bn PLN** *(+2,1 bn PLN vs. 12'19)*
- Impressive market offer → 09'20: **4 055 flats** *(+151 flats vs. 12'19)*

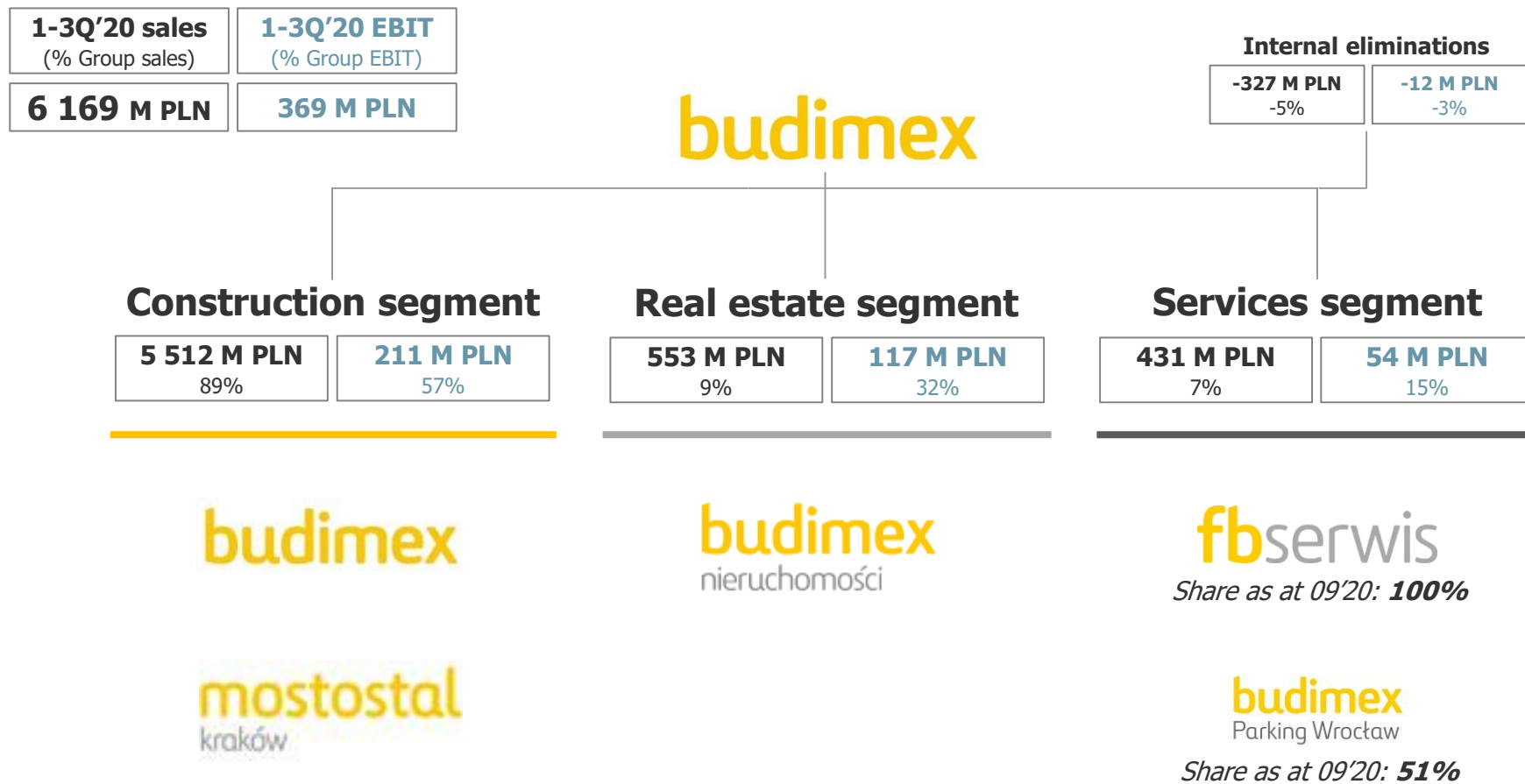
Comment

- Estimated impact of the COVID-19 on the results of the Budimex Group is slightly over **30 M PLN** and mainly relates to additional costs of extension of execution time of several projects, the largest of which is the contract for the construction of a new power unit at Turów Power Plant

	1-3Q'20	1-3Q'19	Δ		FY'19	FY'18
Sales	6 169	5 383	787	↑	7 570	7 387
<i>y-o-y dynamics</i>	14,6%	-0,1%	14,7 pp.	↑	2,5%	16,0%
Gross margin	602	354	248	↑	552	629
<i>% sales</i>	9,8%	6,6%	3,2 pp.	↑	7,3%	8,5%
SG&A	-203	-150	-52		-229	-260
<i>% sales</i>	3,3%	2,8%	0,5 pp.		3,0%	3,5%
Other operating	-30	20	-50		-4	48
EBIT	369	224	146	↑	318	417
<i>% sales</i>	6,0%	4,2%	1,8 pp.	↑	4,2%	5,6%
PBT	350	213	137	↑	332	403
<i>% sales</i>	5,7%	4,0%	1,7 pp.	↑	4,4%	5,5%
Net profit	263	139	124	↑	226	305
<i>% sales</i>	4,3%	2,6%	1,7 pp.	↑	3,0%	4,1%

Comment

- Despite the difficulties resulting from the pandemic, Budimex Group maintains business continuity in all operating segments

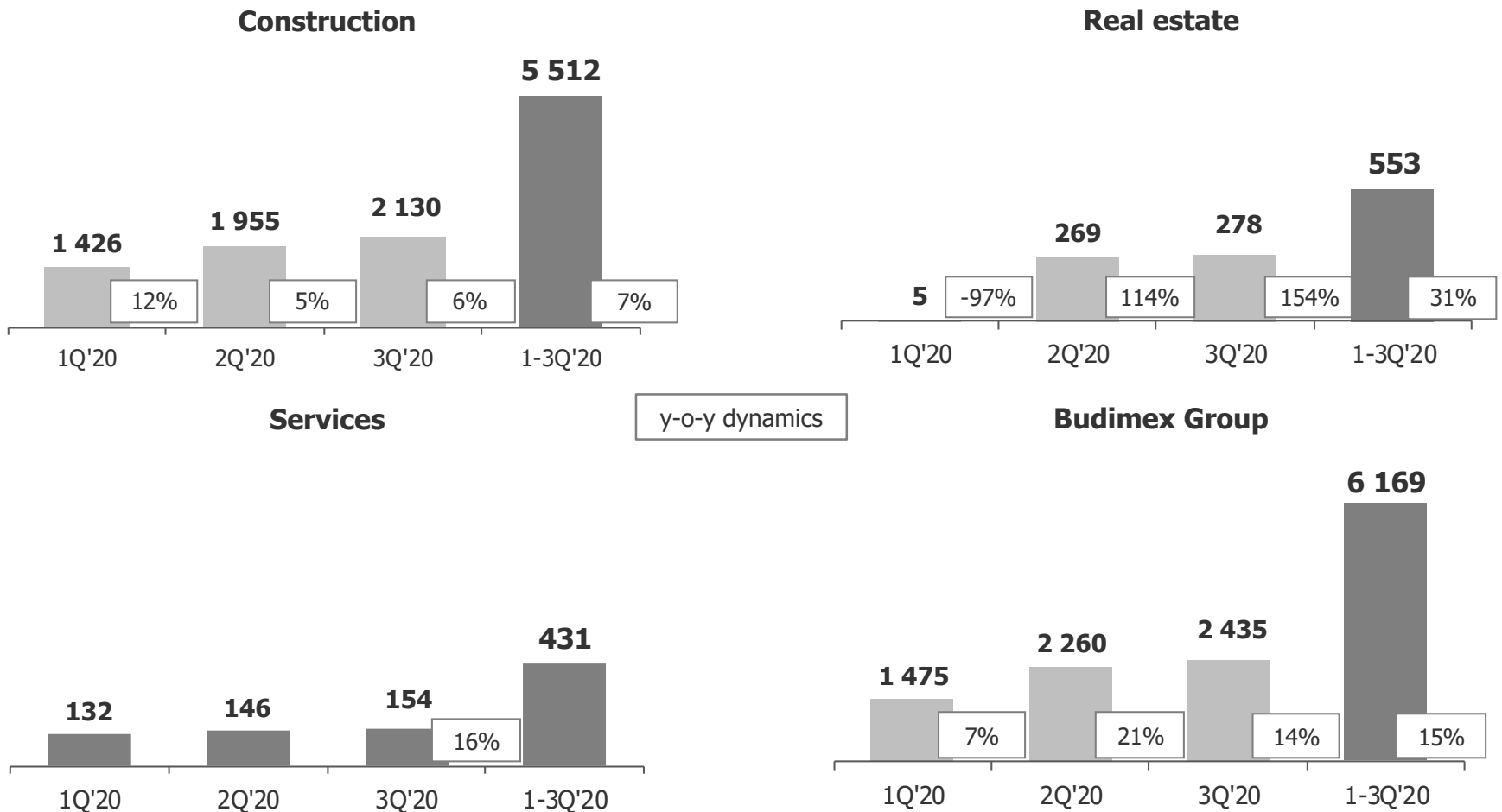


2.2 P&L - results by segment

Comment

- COVID-19 had no significant impact on 1-3Q'20 sales in the construction segment
- Construction segment sales increased by 7% y-o-y achieving dynamics significantly better than the market
- In 07'19 Budimex began full consolidation of FBSerwis results

Quarterly sales in Budimex Group (M PLN)

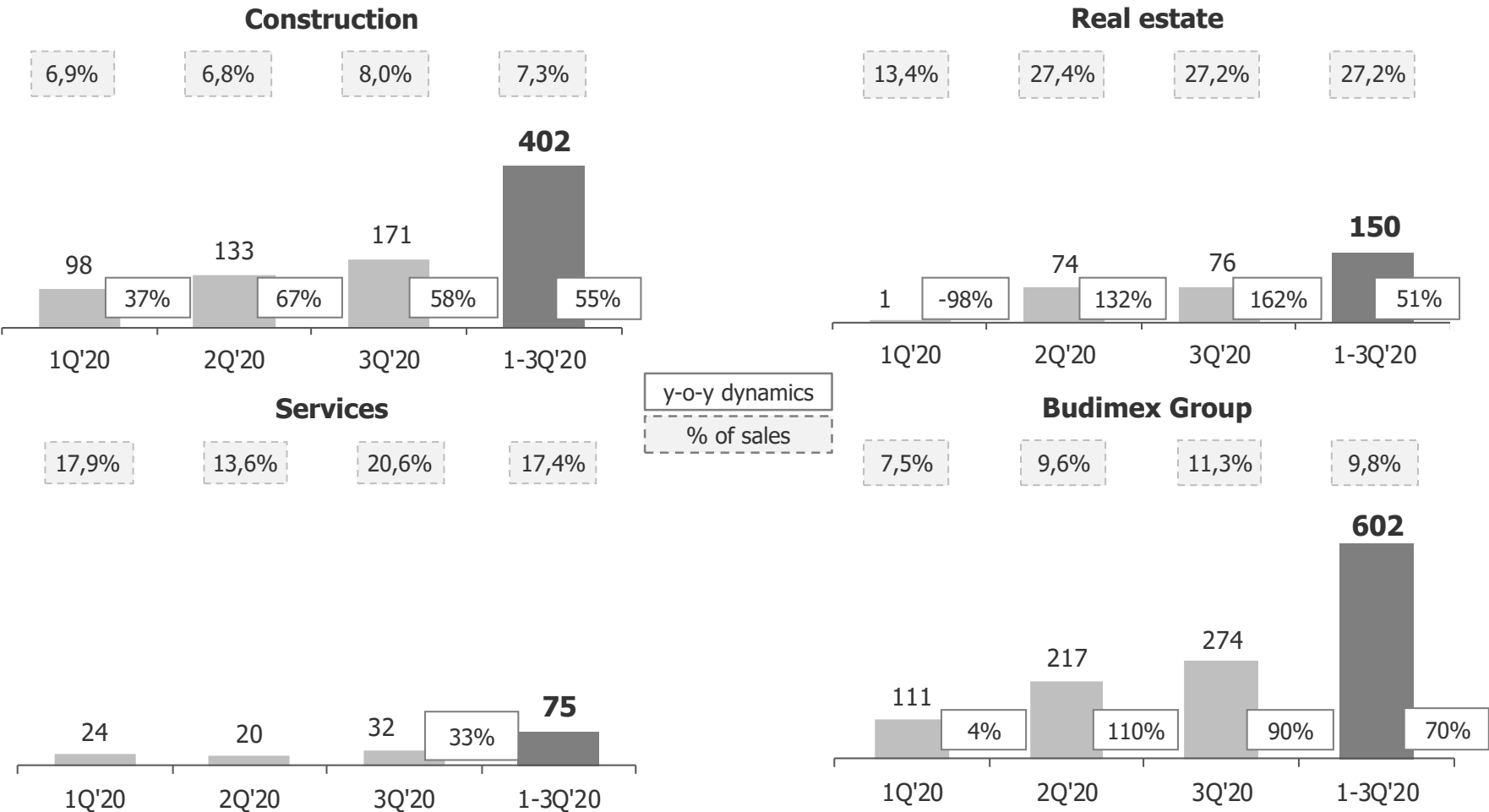


2.2 P&L - results by segment

Comment

- *Good margin achieved in the real estate segment in 2Q-3Q'20 due to higher profitability of projects contributing to notary sales and change of notary deeds geographical structure*

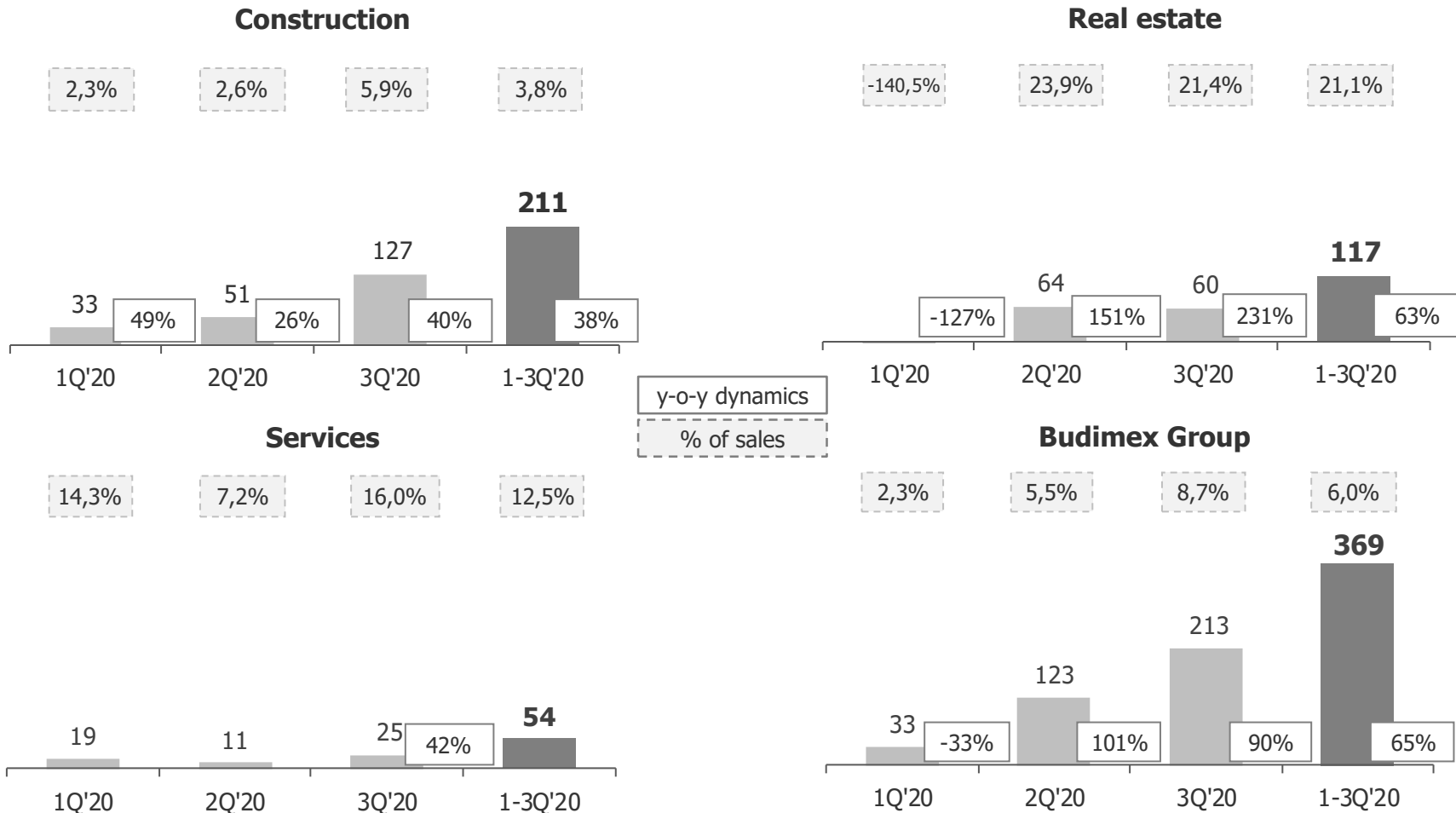
Quarterly gross margin in Budimex Group (M PLN)



Comment

- *New contracts that have been signed over last quarters improved the profitability of backlog and contributed to the decent margin in 3Q'20*

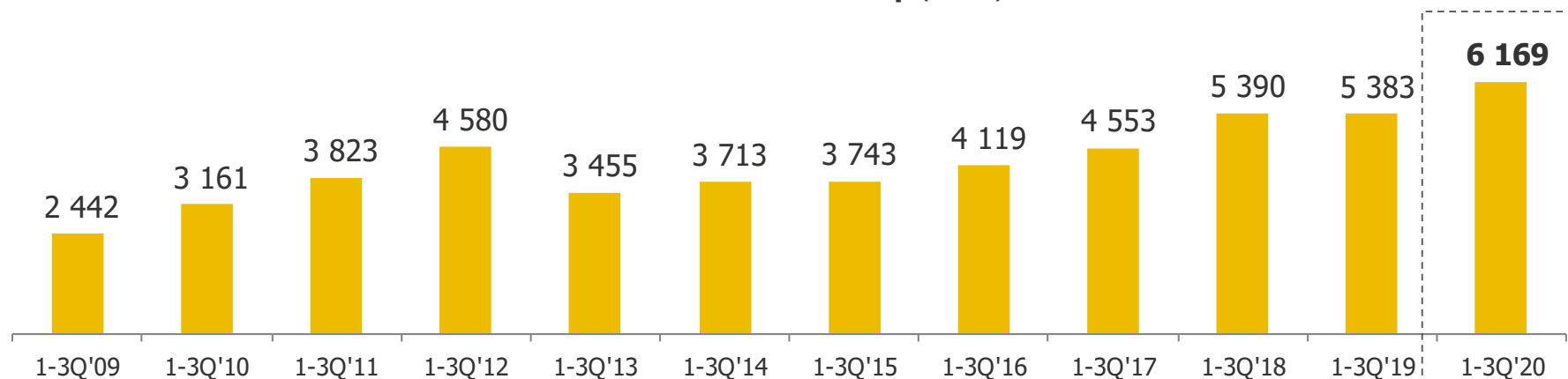
Quarterly EBIT in Budimex Group (M PLN)



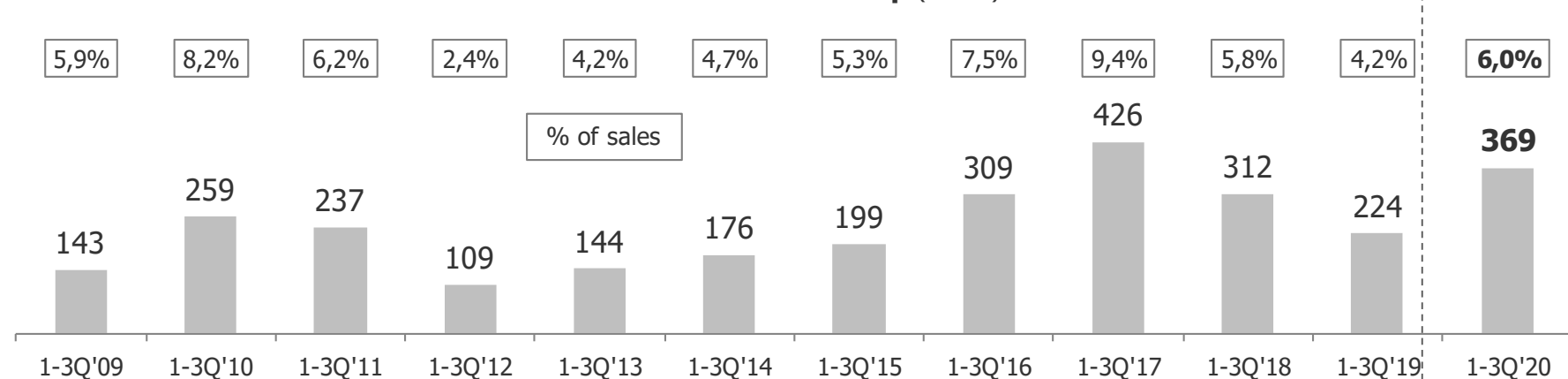
Comment

- The Group achieved record sales in 1-3Q'20
- In 1-3Q'20 Budimex was able to improve profitability as a result of increasing margin in construction & real-estate segments and full consolidation of FBSerwis

Sales in Budimex Group (M PLN)



EBIT in Budimex Group (M PLN)

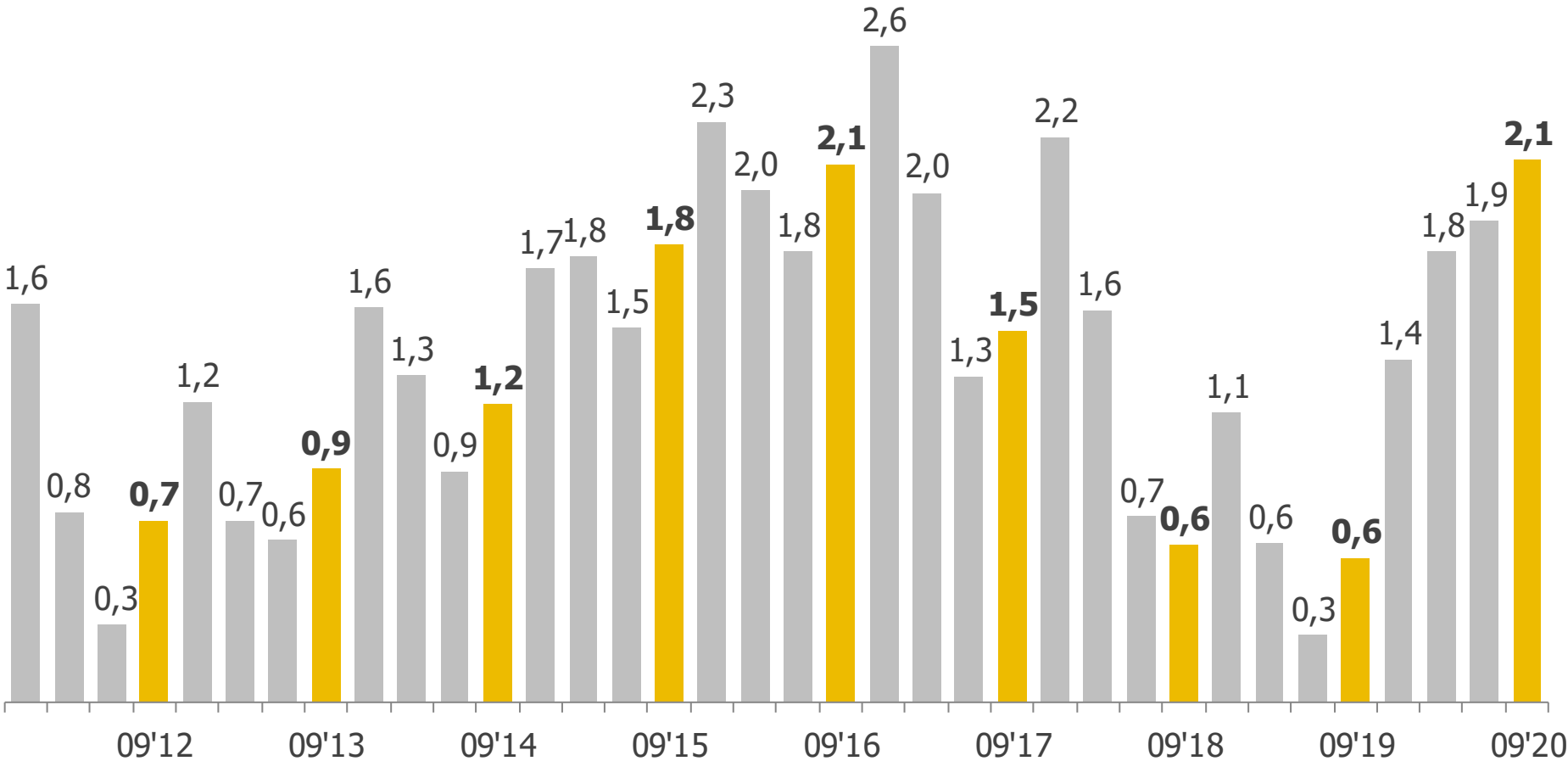


2.3 Evolution of Net Treasury Position

Comment

- Company kept satisfying NTP level due to efficient invoicing of construction works, quick settlement of receivables and positive operating cash flows in the early stages of newly signed infrastructure contracts
- In 07'20 Budimex paid a dividend amounting to 116 M PLN

Net Treasury Position in Budimex Group (M PLN)





Construction segment – 1-3Q'20 results

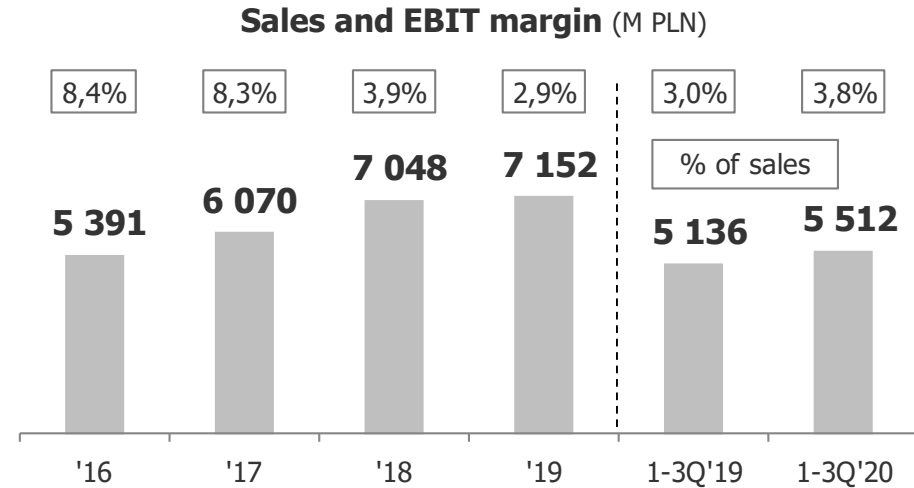


2.4.1 Construction segment

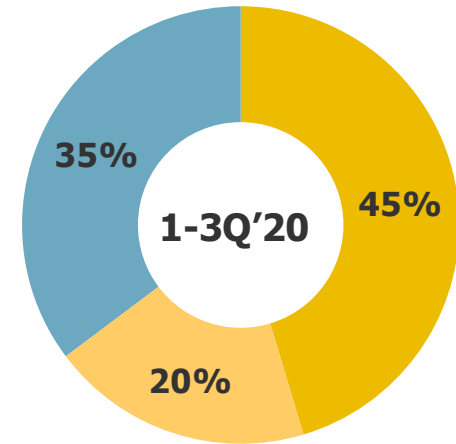
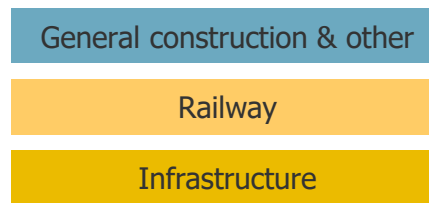
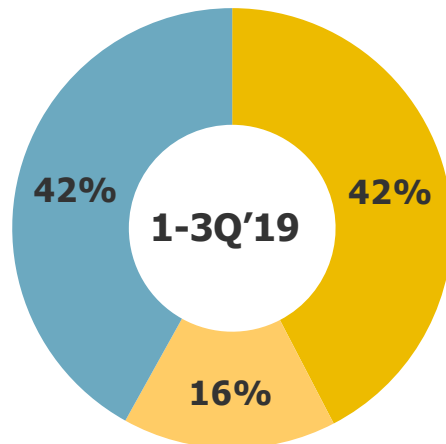
Comment

- High improvement of EBIT margin in 3Q'20
- In recent quarters, we have observed a stabilization of backlog's profitability in all business segments

	1-3Q'20	y-o-y dynamics
Sales	5 512	7%
Gross margin	402	55%
% sales	7,3%	2,2 pp.
EBIT	211	38%
% sales	3,8%	0,8 pp.
Net profit	133	71%
% sales	2,4%	0,9 pp.



Sales structure

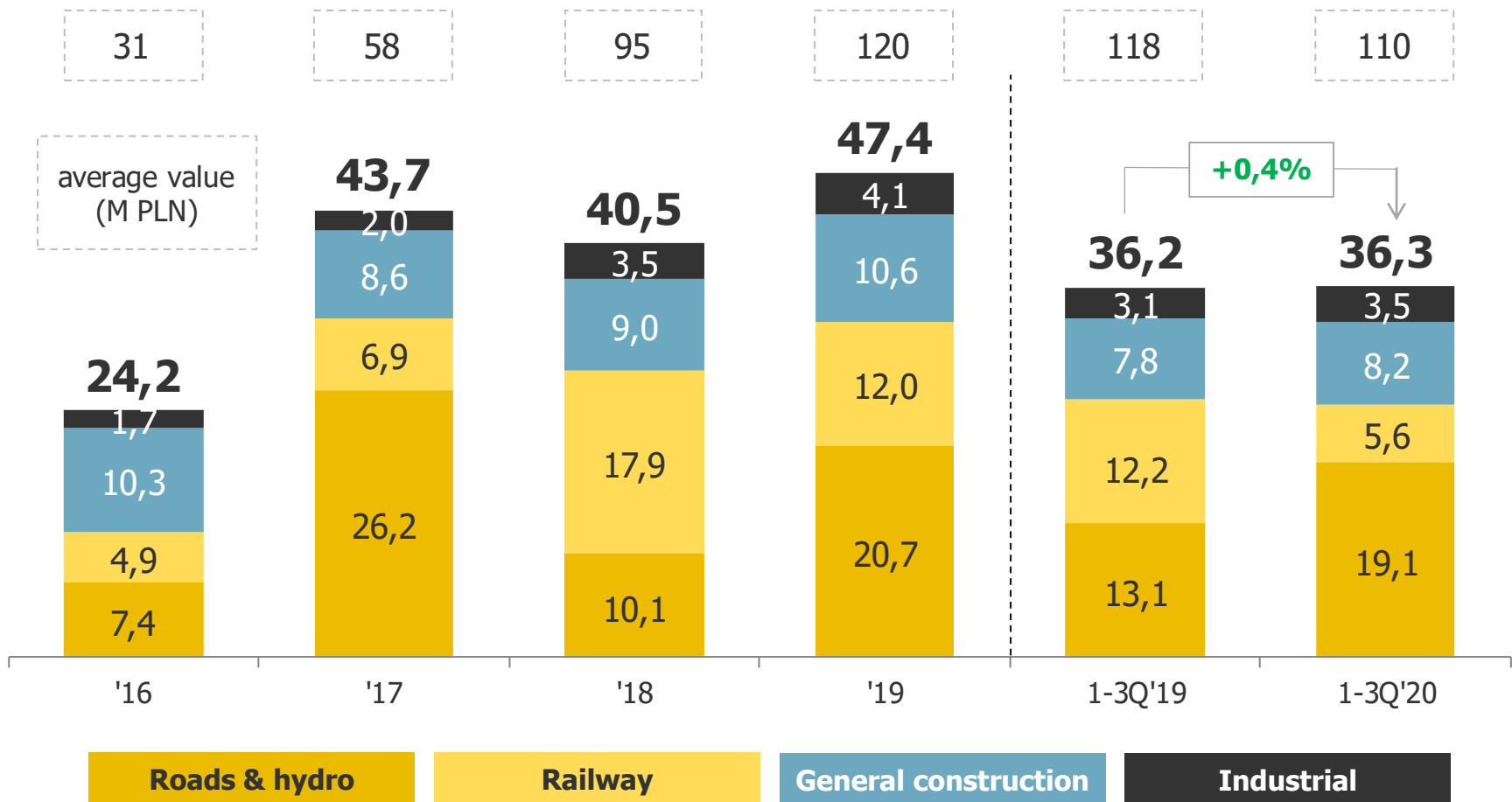


2.4.1 Construction segment

Comment

- In recent months, more aggressive bidding by competition in the area of infrastructure segment have been observed
- The challenge in the coming quarters will be to win contracts in general construction

Offers placed in Budimex Group (bn PLN)

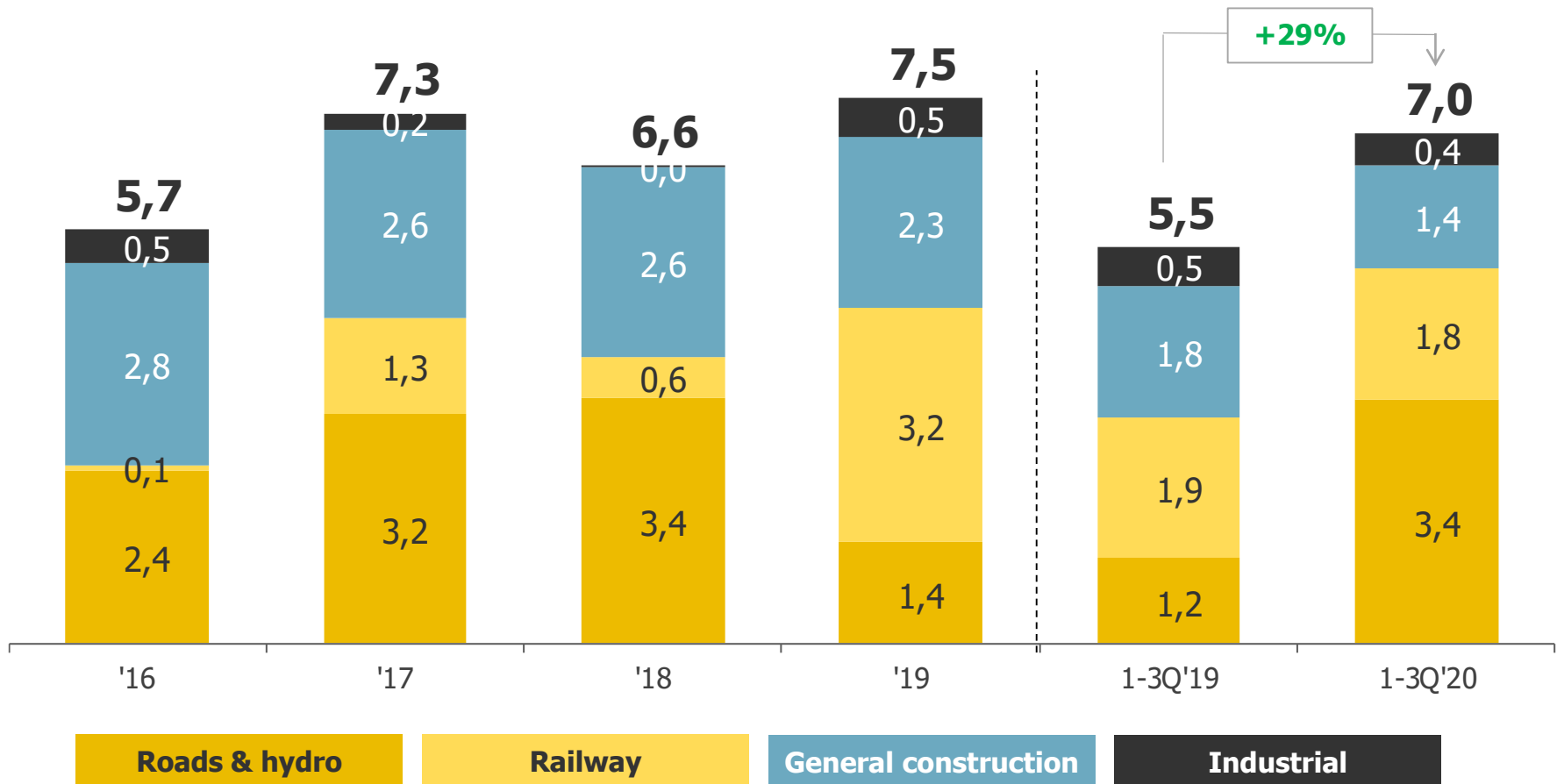


2.4.1 Construction segment

Comment

- Strong value of contracts signed in road & hydro segment
- Top contracts signed in 1-3Q'20 include: Warsaw railway station (1 761 M PLN), S61 Suwałki - Budzisko (844 M PLN), S7 Modlin – Czosnów (487 M PLN), S11 Koszalin - Bobolice part I (471 M PLN) and S5 Nowe Marzy – Dworzysko (461 M PLN)

Contracts signed in Budimex Group (bn PLN)

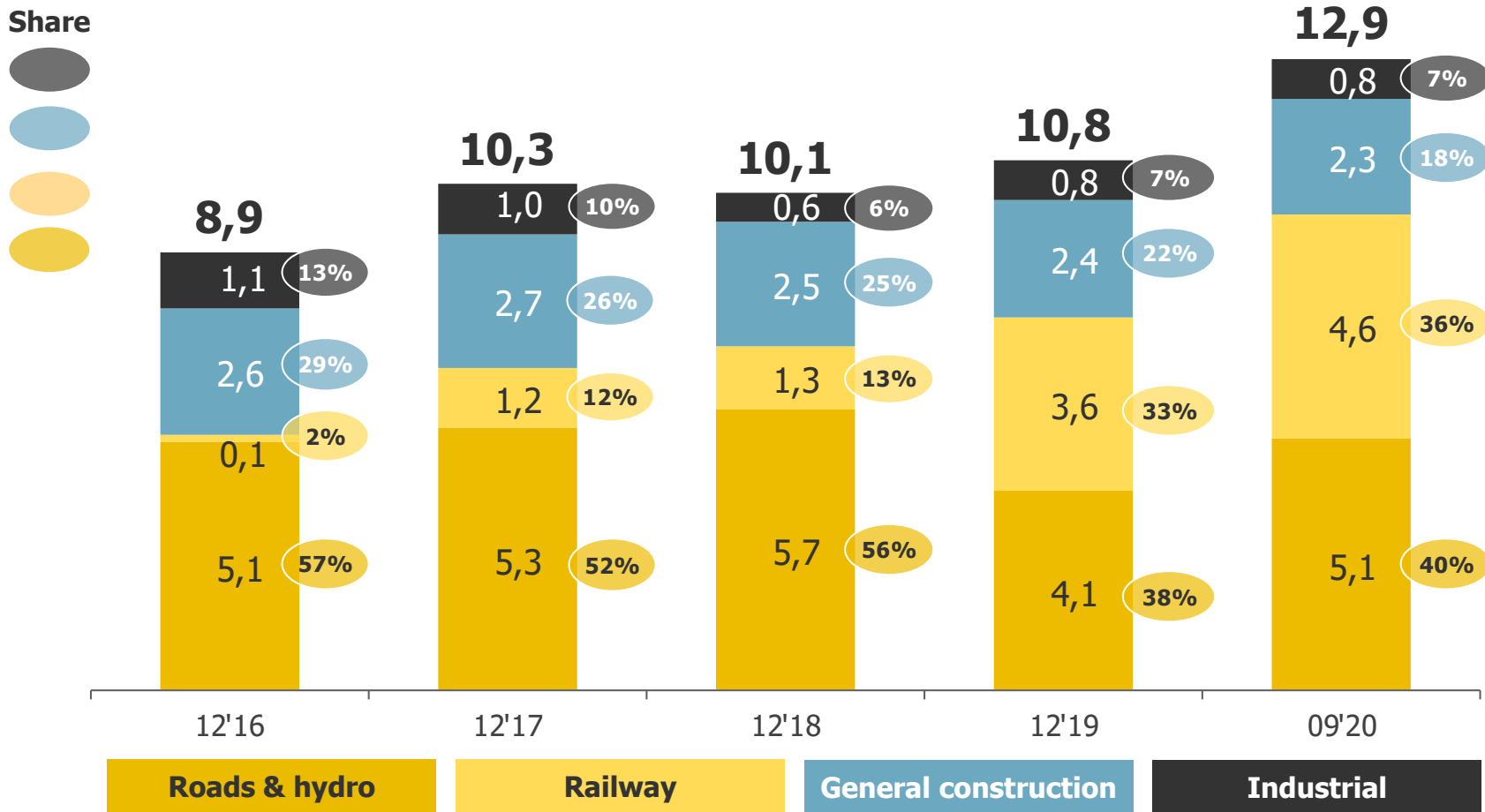


2.4.1 Construction segment

Comment

- Strongly diversified backlog
- New contract signed at the begin of 07'20 (West Warsaw railway station: 1,8 bn PLN) and other contracts pending (**1,6 bn PLN**) secure the backlog for upcoming quarters

Backlog in Budimex Group (bn PLN)





Real estate segment – 1-3Q'20 results

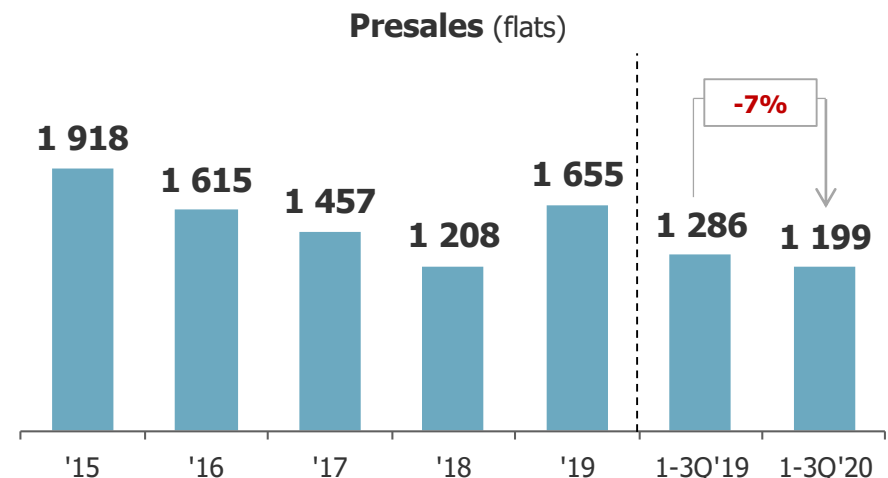
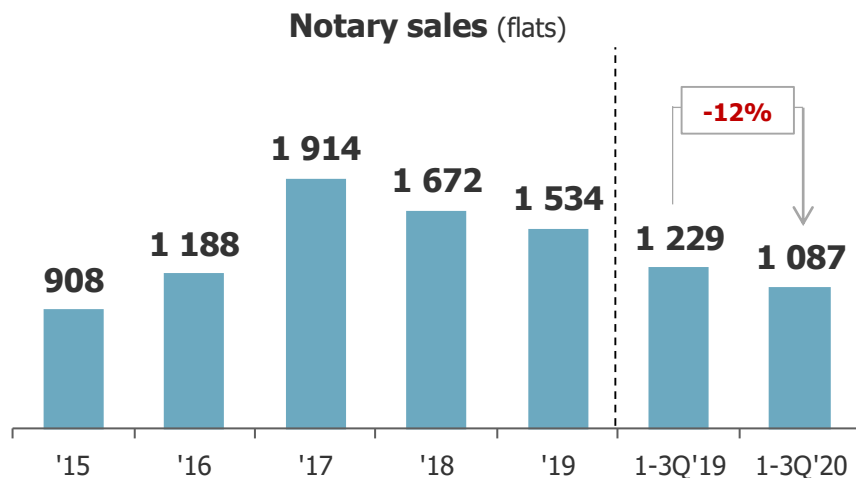
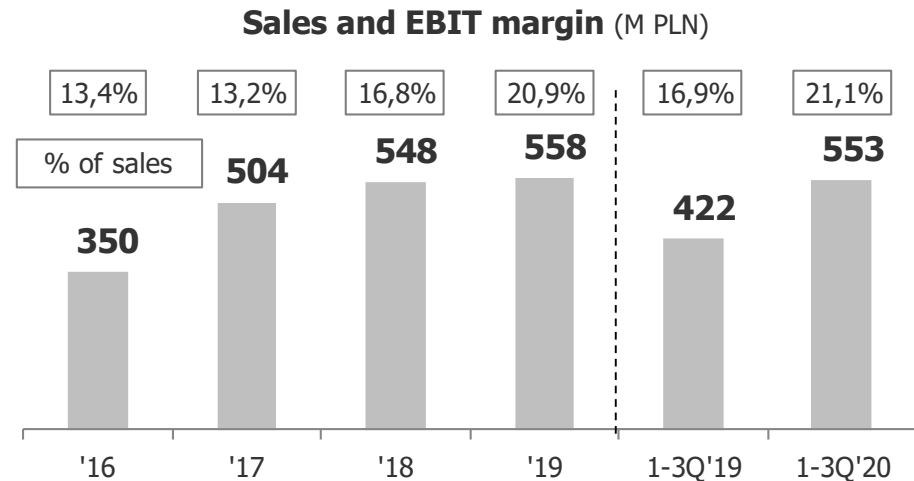


2.4.2 Real estate segment

Comment

- *Budimex decided to review the strategic options of the development segment*
- *Several scenarios are considered, but the option currently being analyzed in the first place is researching the market interest in selling Budimex Nieruchomości*

	1-3Q'20	y-o-y dynamics
Sales	553	31%
Gross margin	150	51%
% sales	27,2%	3,7 pp.
EBIT	117	63%
% sales	21,1%	4,2 pp.
Net profit	98	65%
% sales	17,6%	3,6 pp.

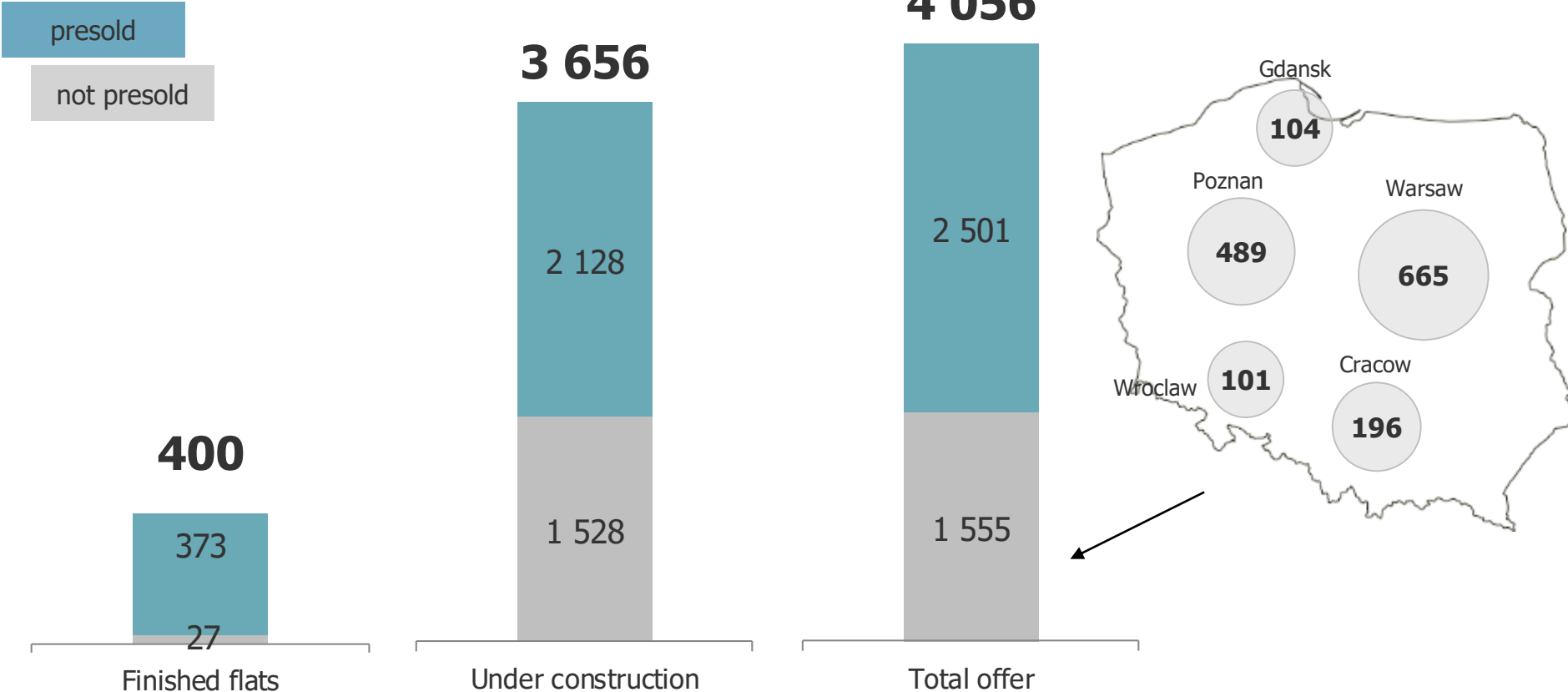


2.4.2 Real estate segment

Comment

- Market offer increased to over 4 000 flats
- At the end of 09'20 land bank amounted to 7 415 flats

Market offer as at 09'20 (flats)





Services segment – 1-3Q'20 results



Comment

- Services results in 1-3Q'20 encompassed Bx Parking Wroclaw and FBSerwis
- Since 07'19 Budimex began full consolidation of FBSerwis Group's results

	1-3Q'20
Sales	431
Gross margin	75
% sales	17,4%
EBIT	54
% sales	12,5%
Net profit	35
% sales	8,2%

Group's services segment composition



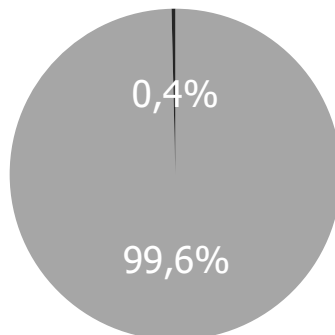
- environmental services, infrastructure maintenance, facility management, energy efficiency services
- 100% share (as at 30.09.2020)
- full consolidation since 07'19



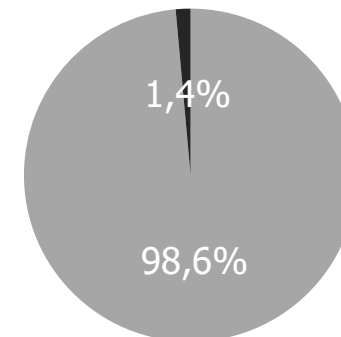
- construction & administration of underground car park in Wroclaw (concession)
- 51% share
- full consolidation

Sales & EBIT structure in 1-3Q'20

Sales 1-3Q'20



EBIT 1-3Q'20

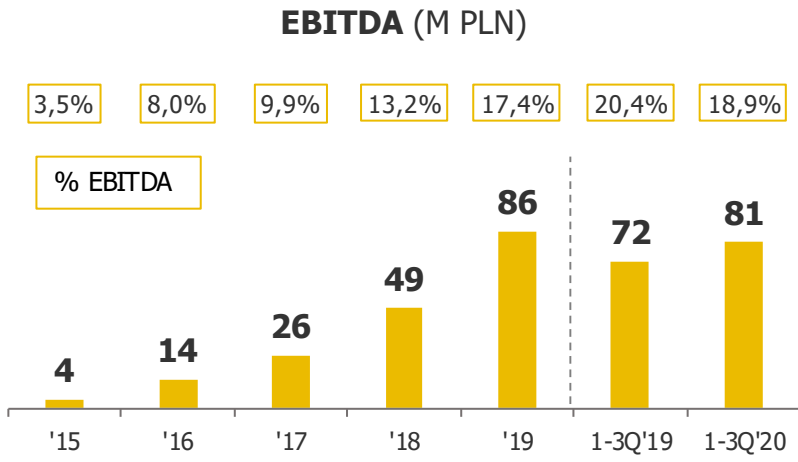
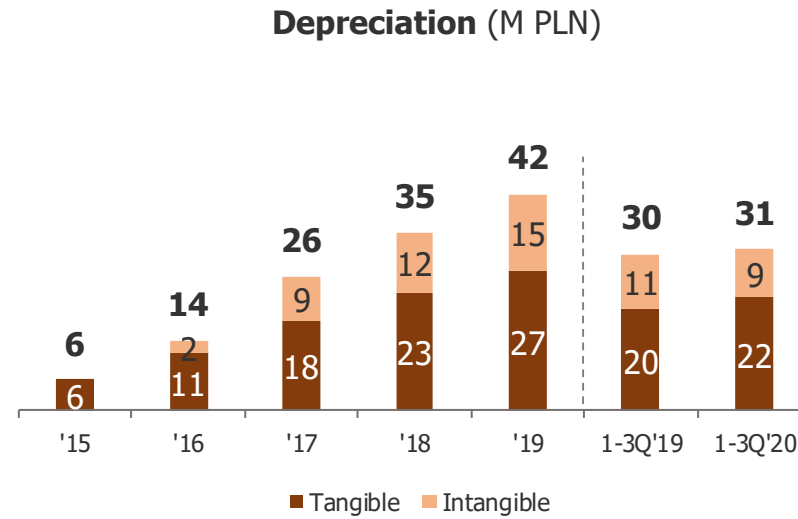
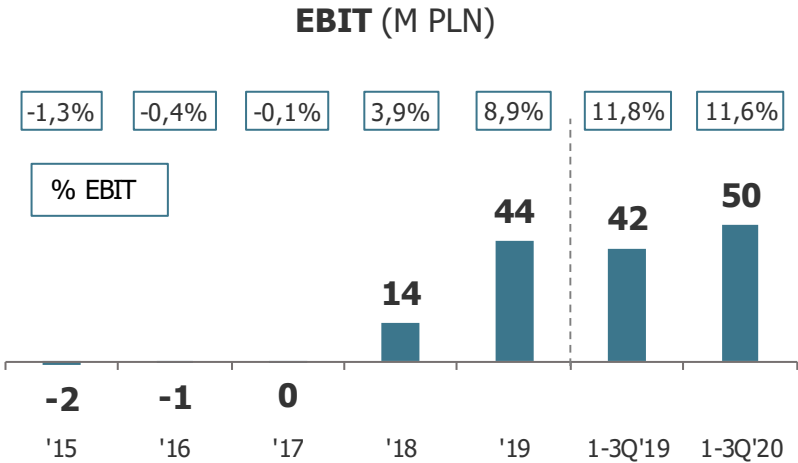
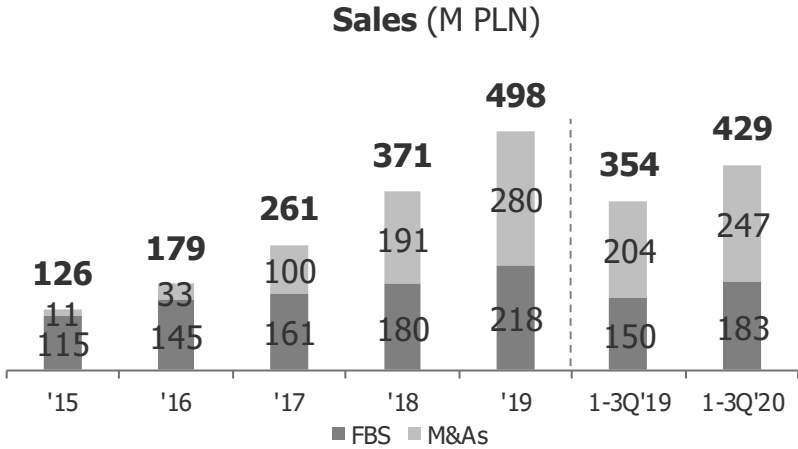


■ FB Serwis ■ Car park in Wroclaw

2.4.3 FBSerwis – key financial data

Comment

- **Sales structure in 1-3Q'20:** Waste Management – 67%, Infrastructure Maintenance – 23%, Facility Management & Street Lightening – 11%
- *FBSerwis Group reported comparable margin in 1-3Q'20 vs. 1-3Q'19*

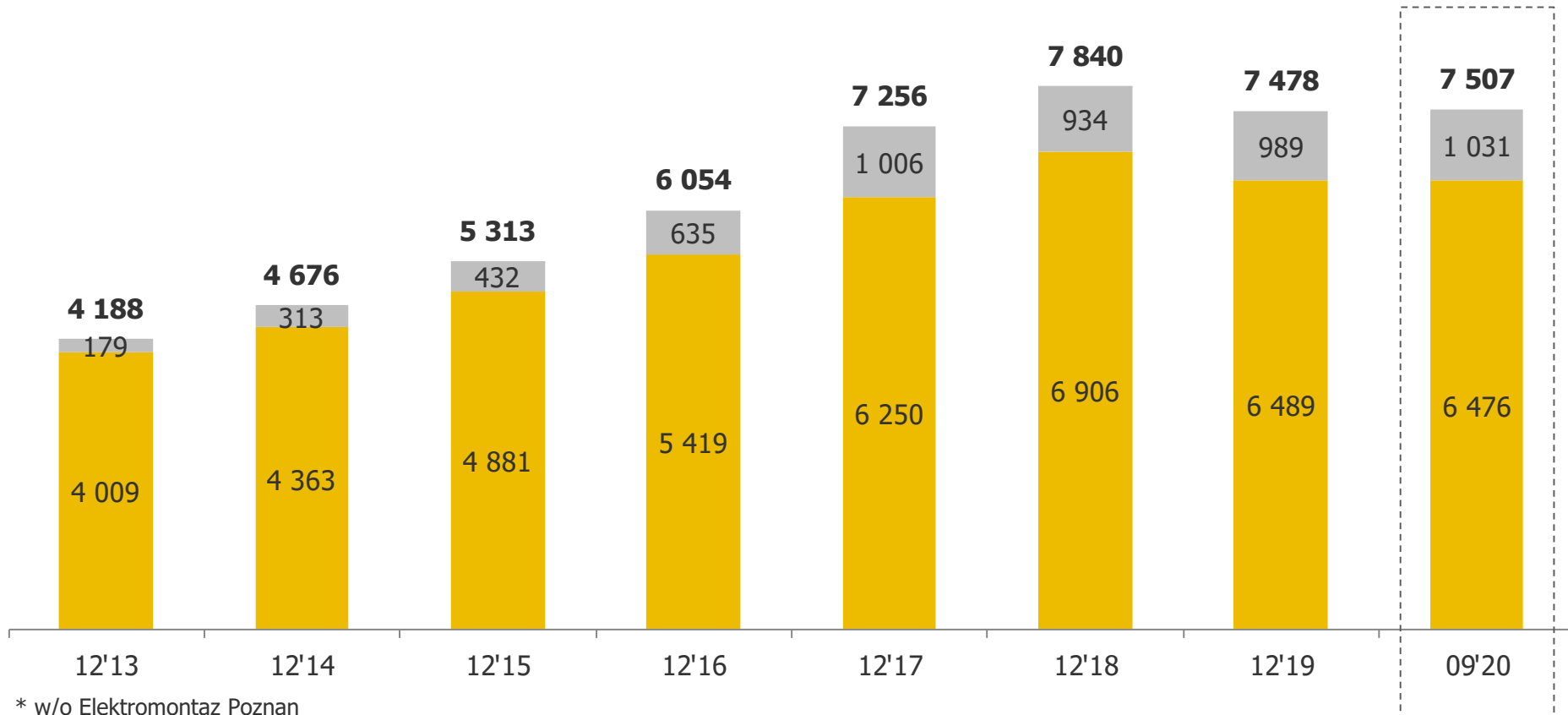


Comment

- Generally, in 1-3Q'20 the Group maintained the employment level
- Taking control over FBSerwis Group in 07'19 increased employment of Budimex Group by over 1 000 people

Employment in Budimex Group*

■ Bx Group w/o FBS ■ FBS



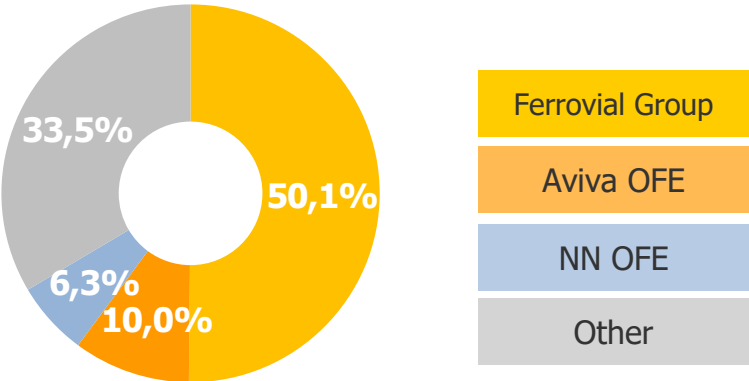
* w/o Elektromontaz Poznan

3. Budimex S.A. on WSE

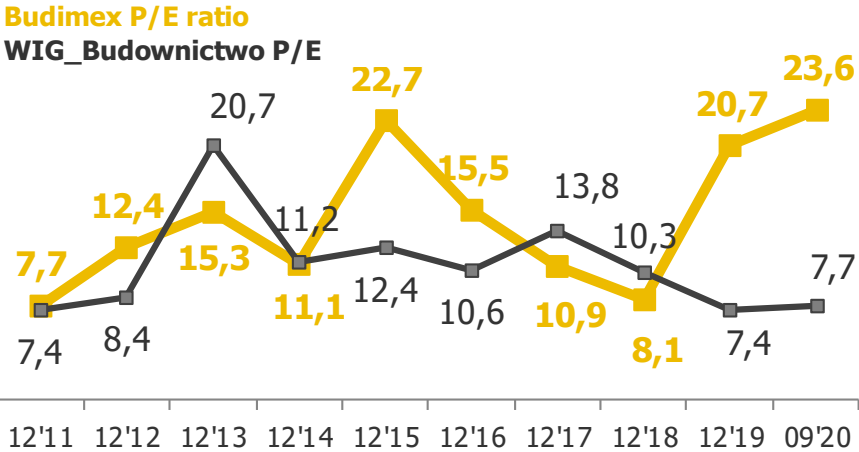
Comment

- In recent months Budimex's share price noted a serious growth

Shareholders structure

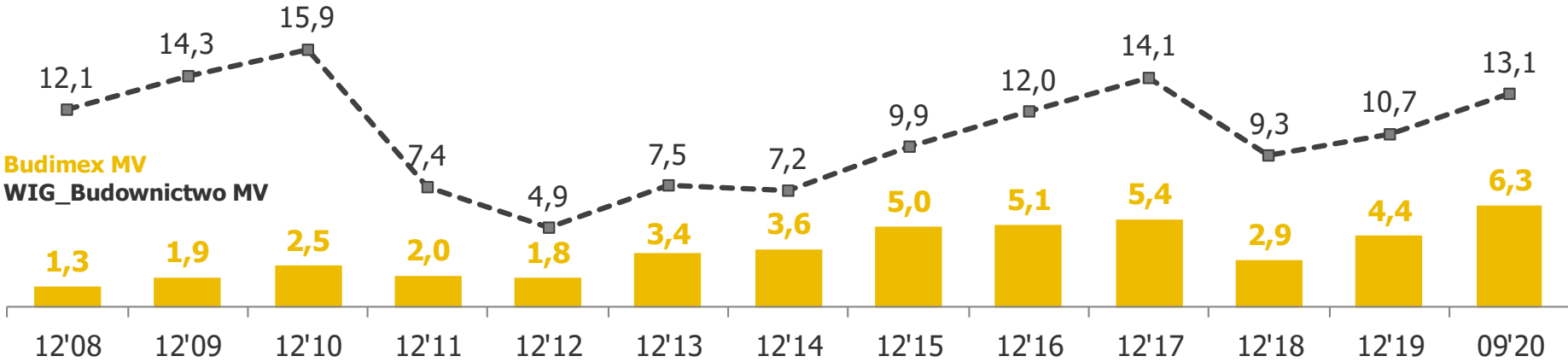


P/E ratio



Source: stooq.pl

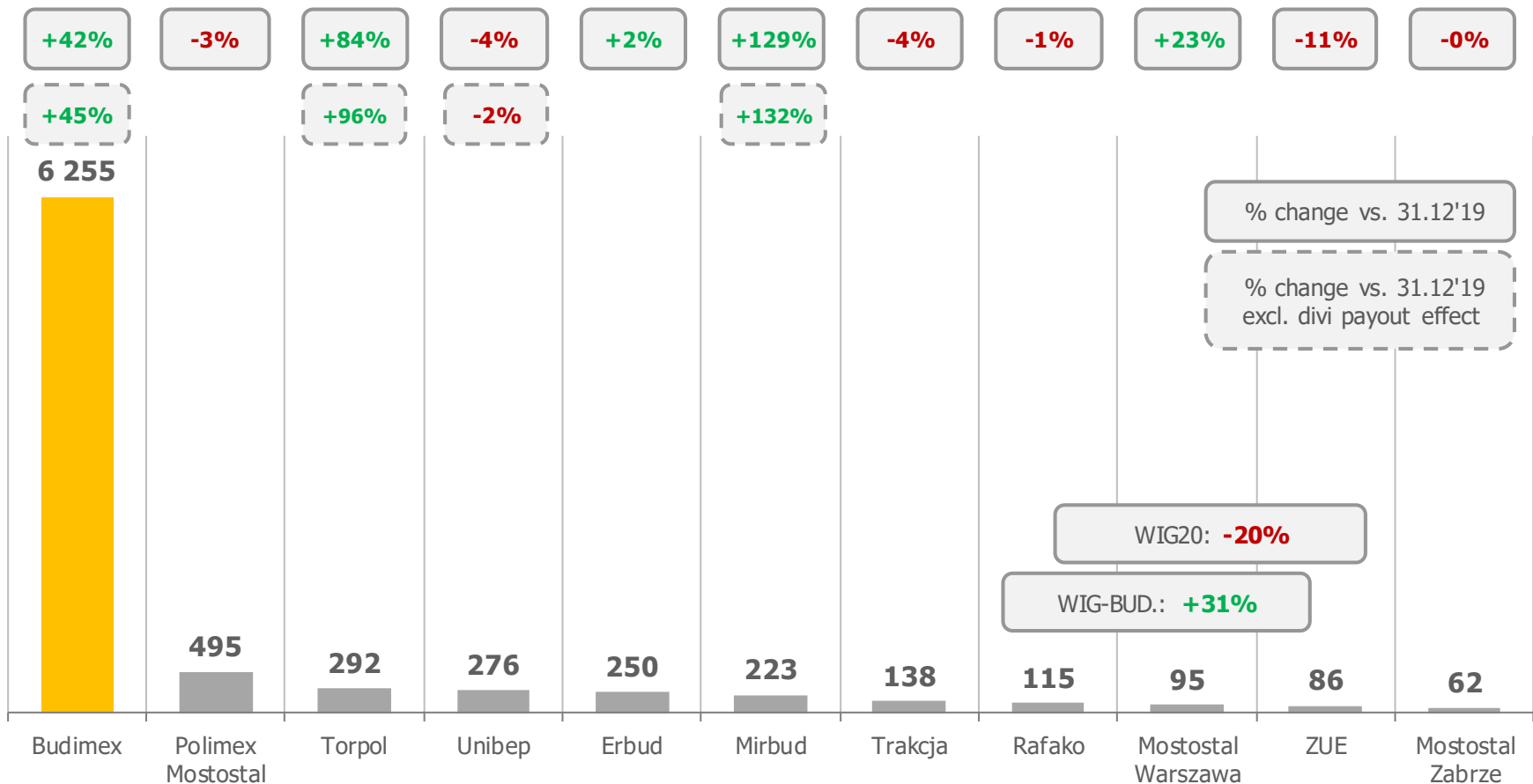
Budimex market value vs. WIG-Budownictwo aggregated market value (bn PLN)



Comment

- After a drop of market value in 1Q'20 caused by the outbreak of COVID-19 pandemic, in next quarters share prices of most construction companies faced a rebound

Market value as at 09'20 (M PLN)



Comment

- As a result of COVID-19 pandemic, in 05'20 Management Board recommended a dividend payment of ca. 50% of FY'19 net profit
- Remaining part of net profit was allocated to reserve capital

Dividends paid (M PLN)

