



# budimex

Investor presentation

1H'2023

# Agenda

Macroeconomic background

Financial results of Budimex Group

FBSerwis & Mostostal Kraków

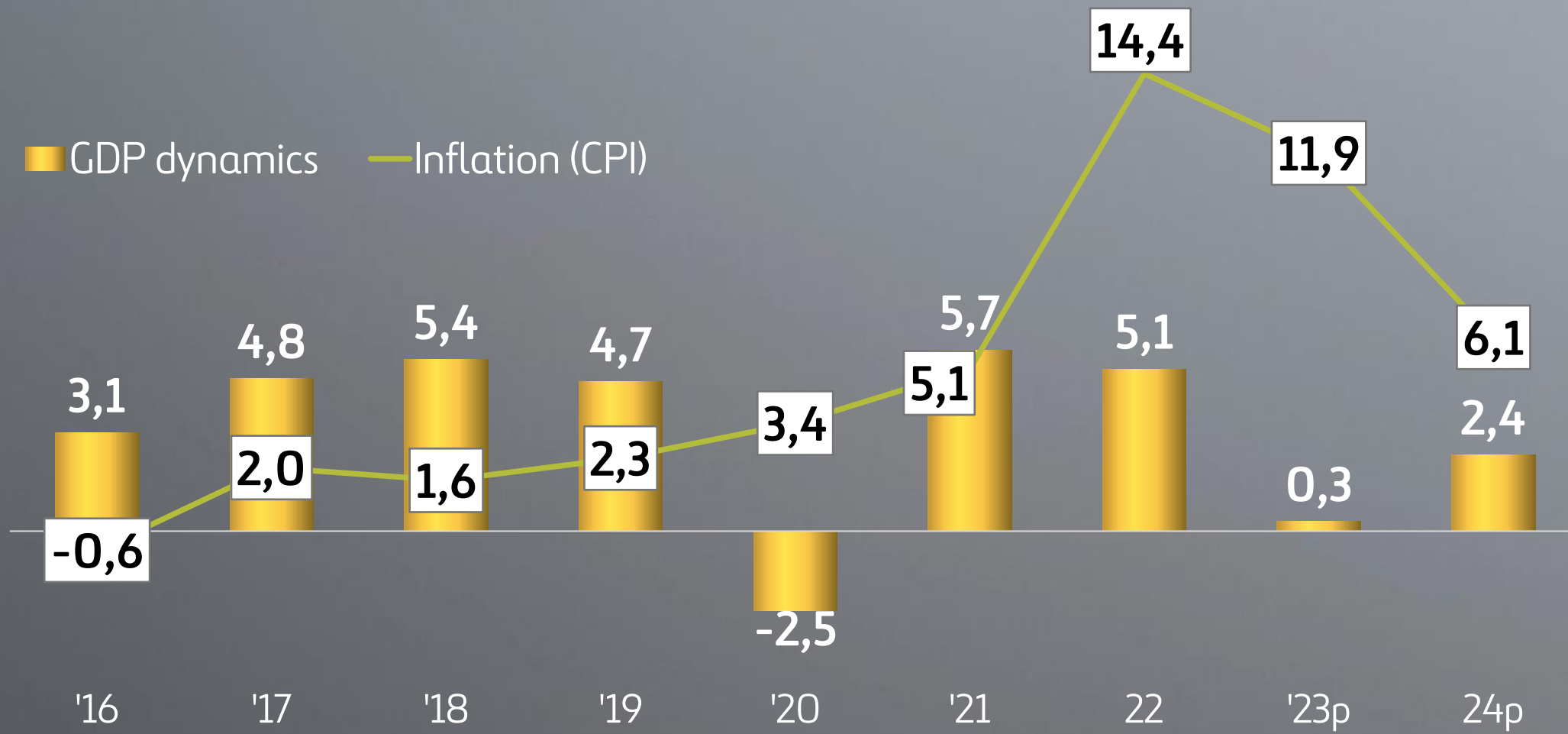
Market and outlook

ESG

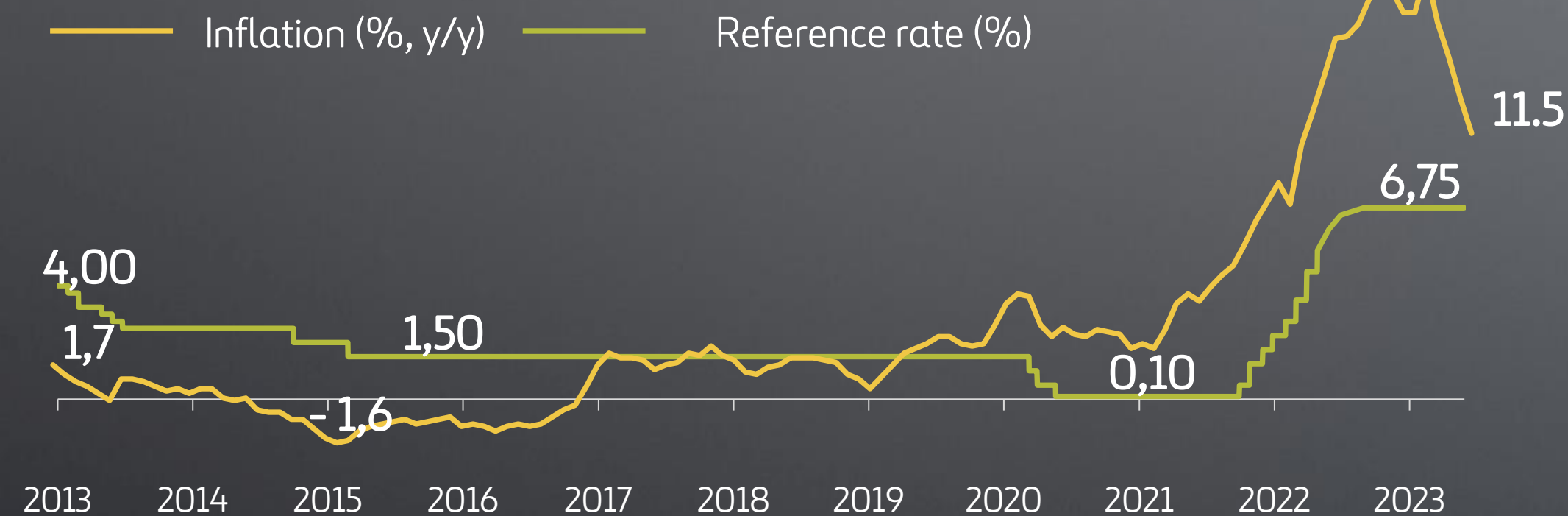


# Macroeconomic background

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



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



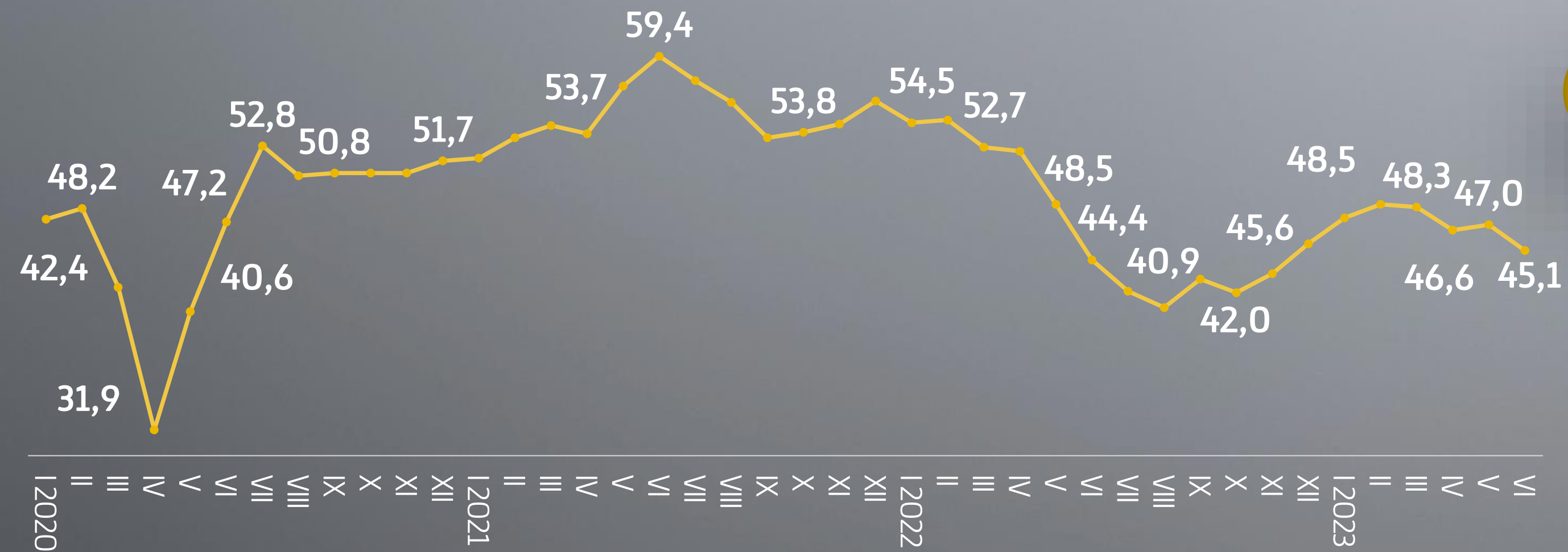
The IMF forecasts sustained inflation at double-digit levels and a significant weakening of GDP growth to 0.3% y/y in 2023. Inflation in 2024 should be featured by single-digit growth at 6.1% y/y.

Domestic inflation in the CSO's quick estimate for June was 11.5%, down 1.5% on the May reading. The macroeconomic data suggests that the peak in inflation was recognised in Q1 2023.

Economists see opportunities for rate cuts in late 2023.

# Macroeconomic background

PMI indicator for Poland



In June, the PMI fell sharply from May's 47.0 to 45.1, signalling a deterioration in the health of Poland's manufacturing sector for the fourteenth consecutive month. The lower PMI readings in the first half of 2023 were a consequence of declines in new orders, inventories and production.

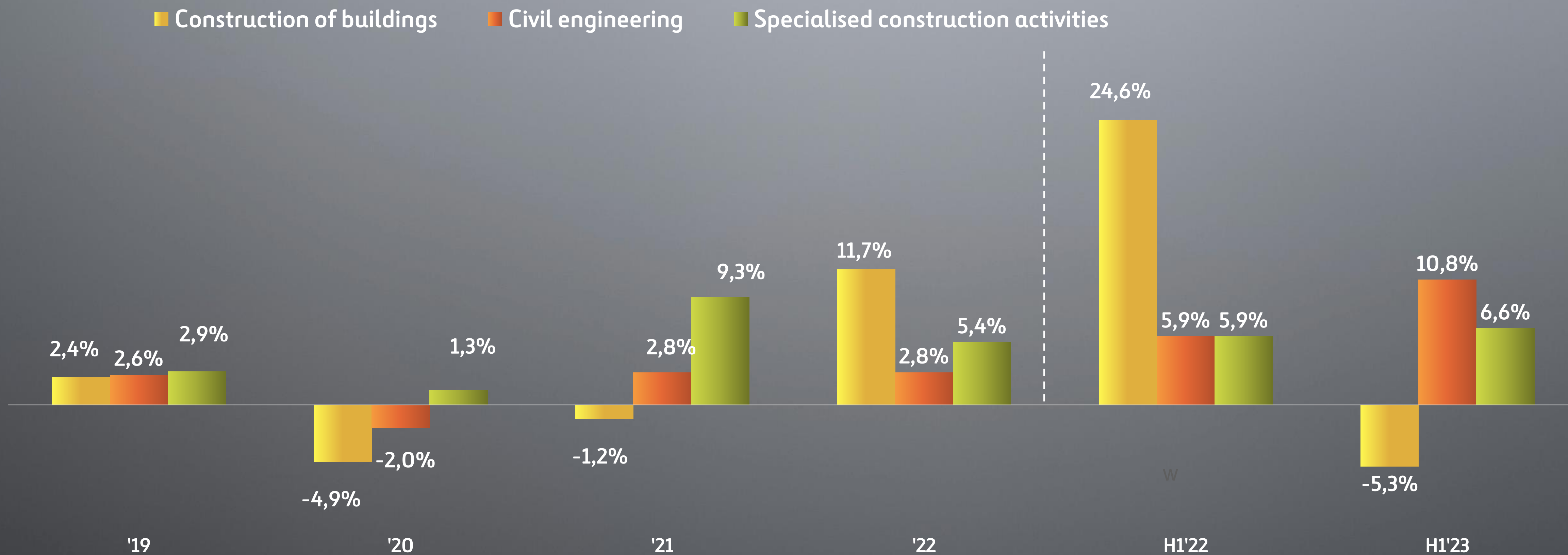
Growth in construction and assembly production (% y/y, constant prices)



The value of construction and assembly production increased by 1.5% y/y in June. In the January-June period, the index increased by 3.8% y/y, while the individual segments were as follows: construction of buildings (-5.3% y/y), specialised construction (6.6% y/y), construction of civil engineering structures (10.8% y/y).

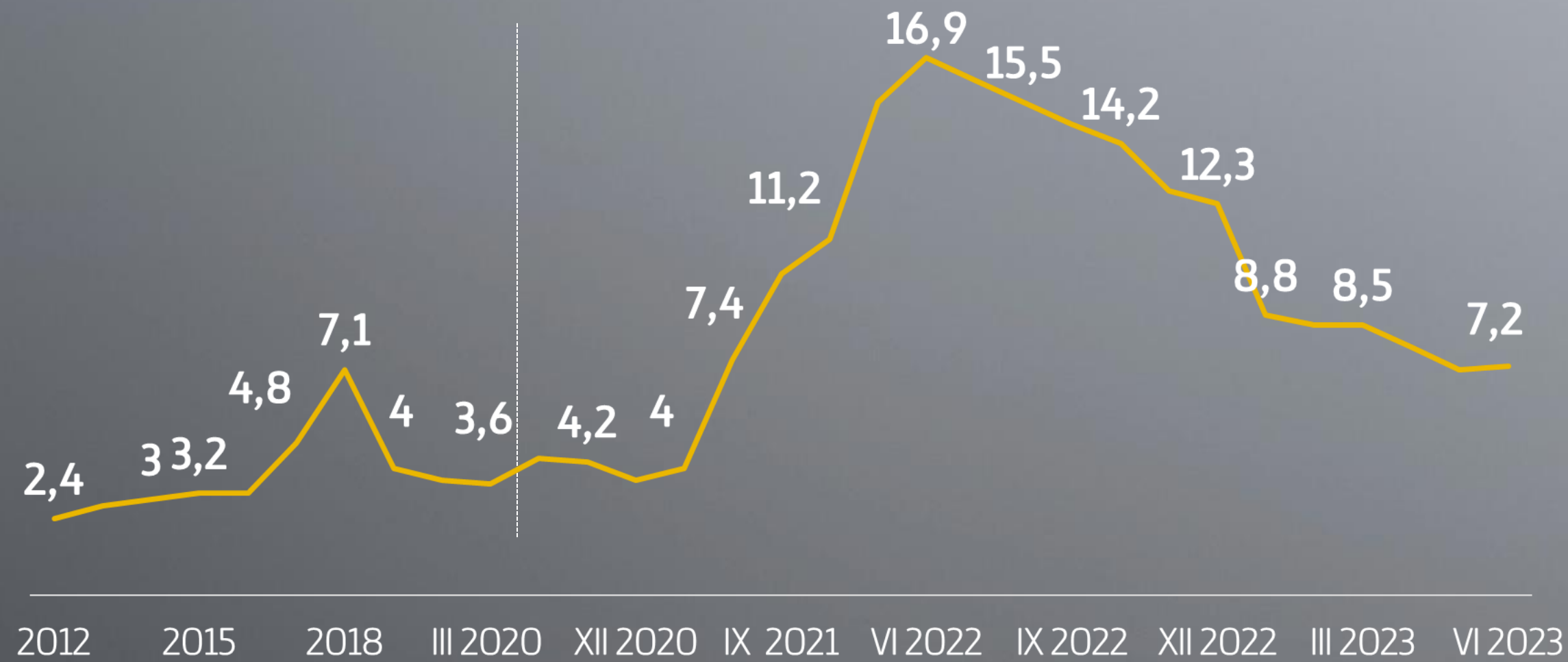
# Components of construction and assembly production

Construction and assembly production dynamics (% , y/y, constant prices)

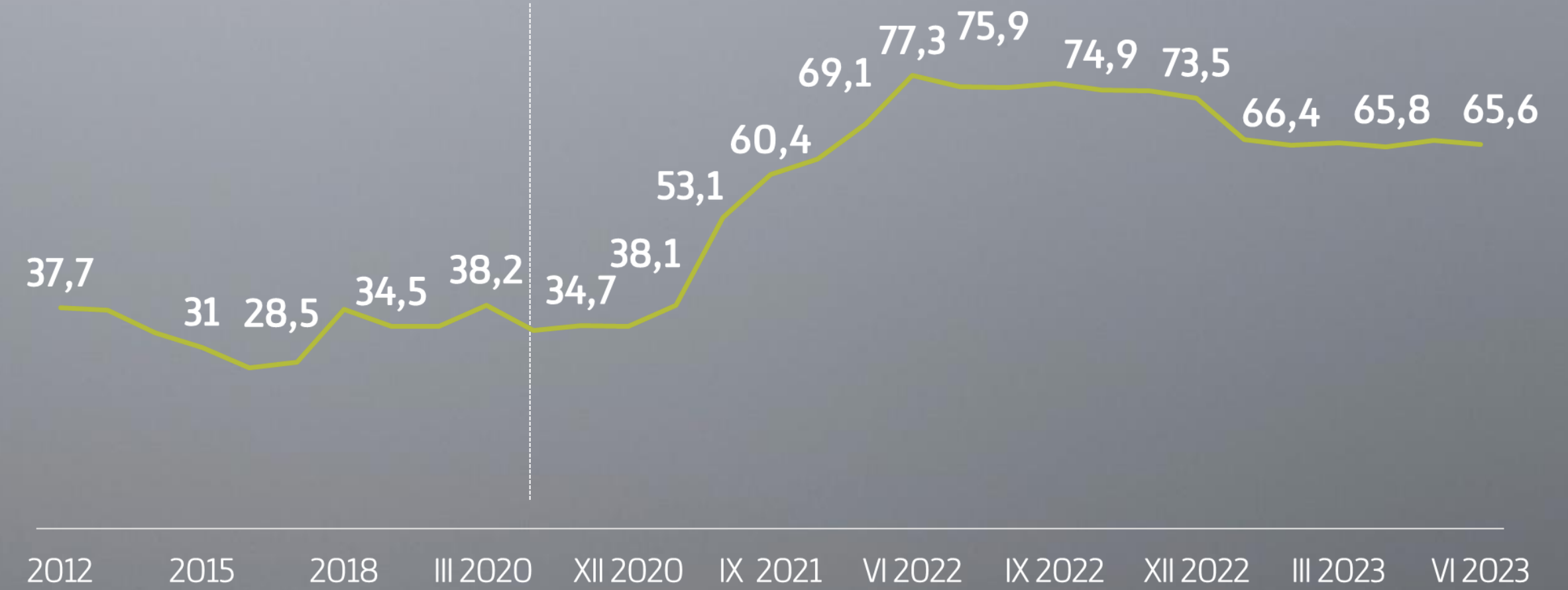


# Situation of the construction industry – stabilisation and prospects for improvement

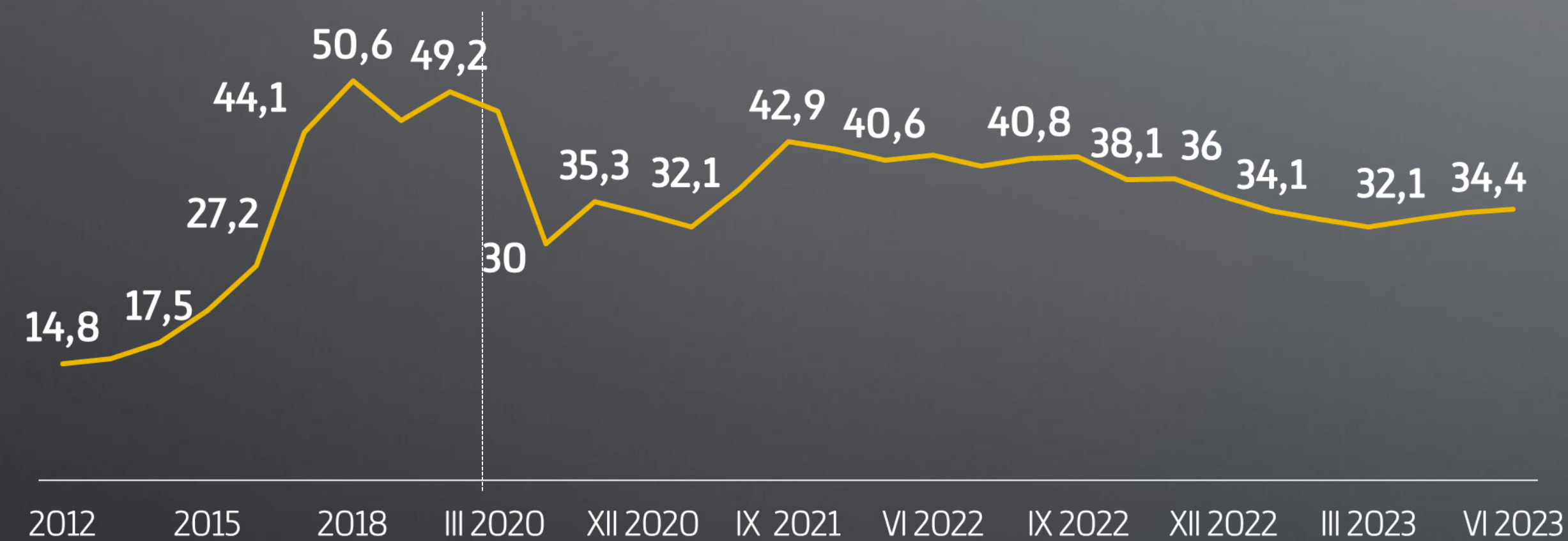
Percentage of construction companies considering shortage of materials as a barrier to business (%)



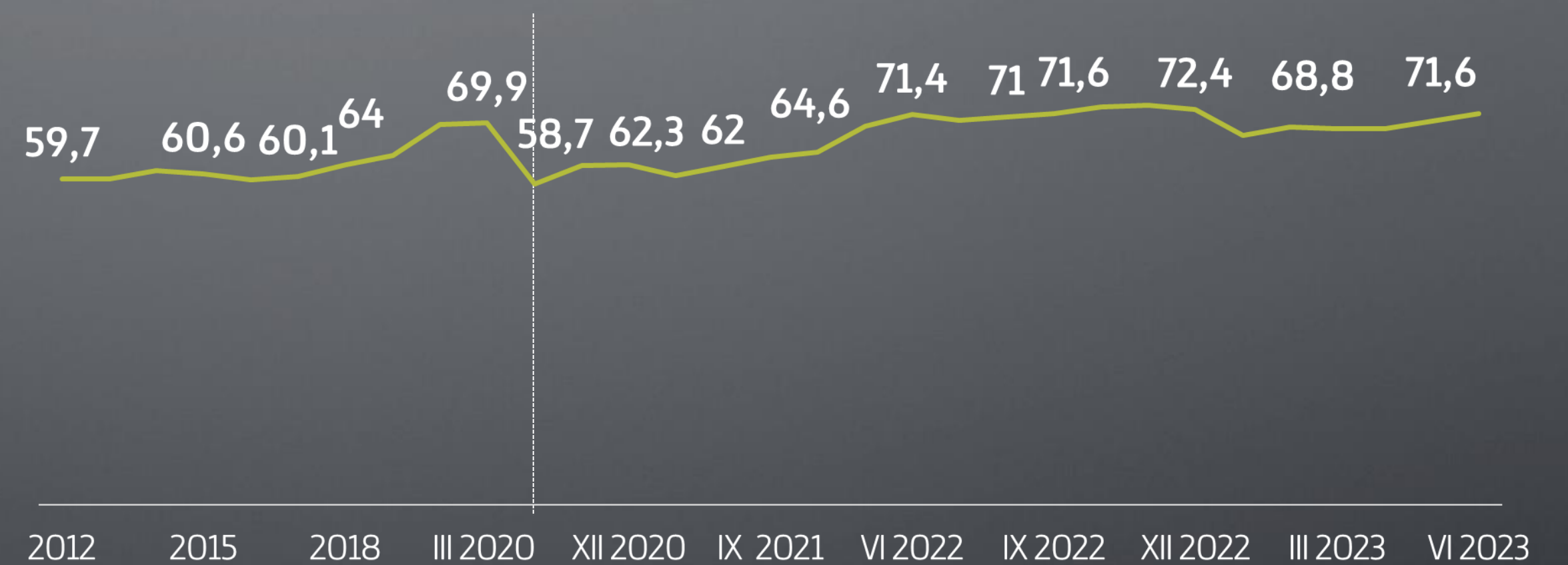
Percentage of construction companies considering material costs as a barrier to business (%)



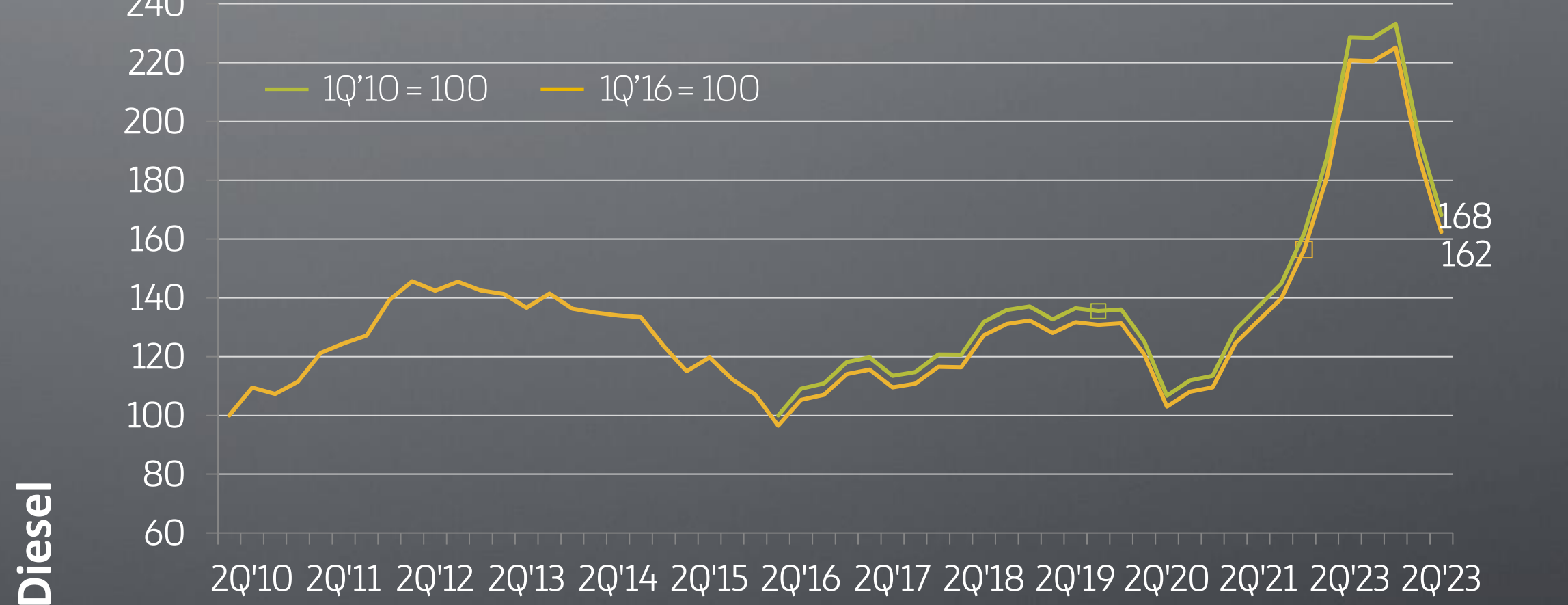
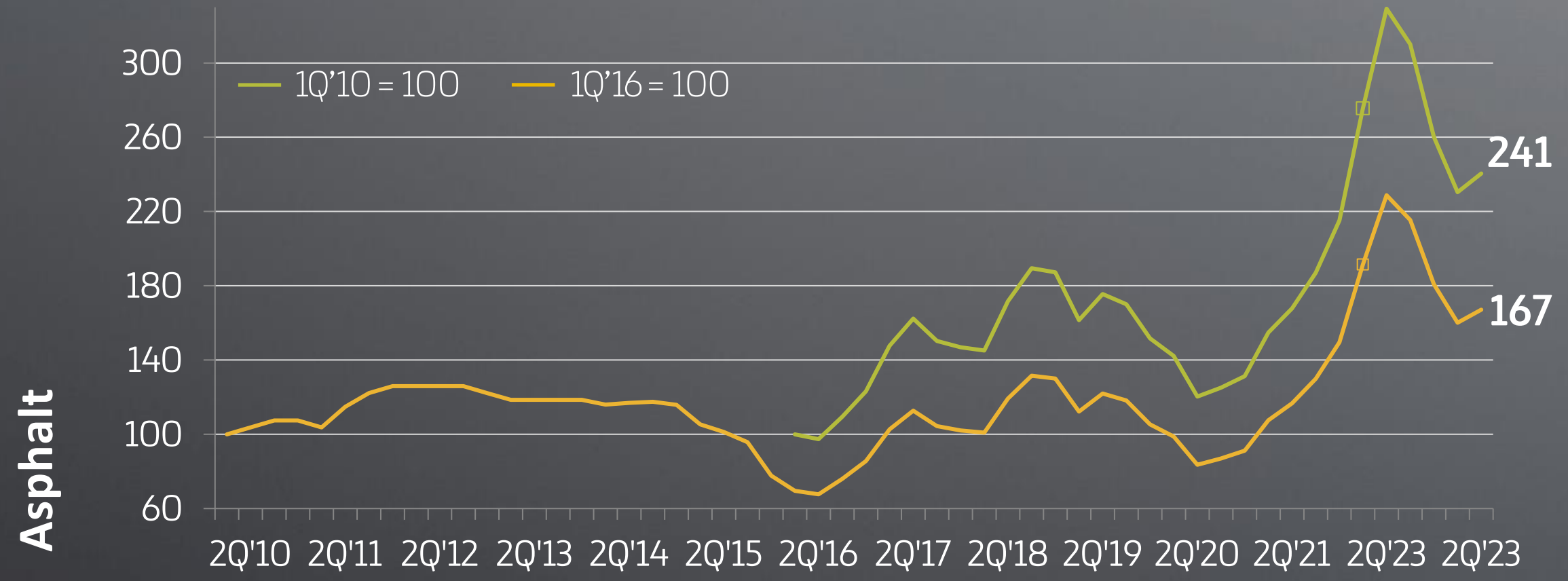
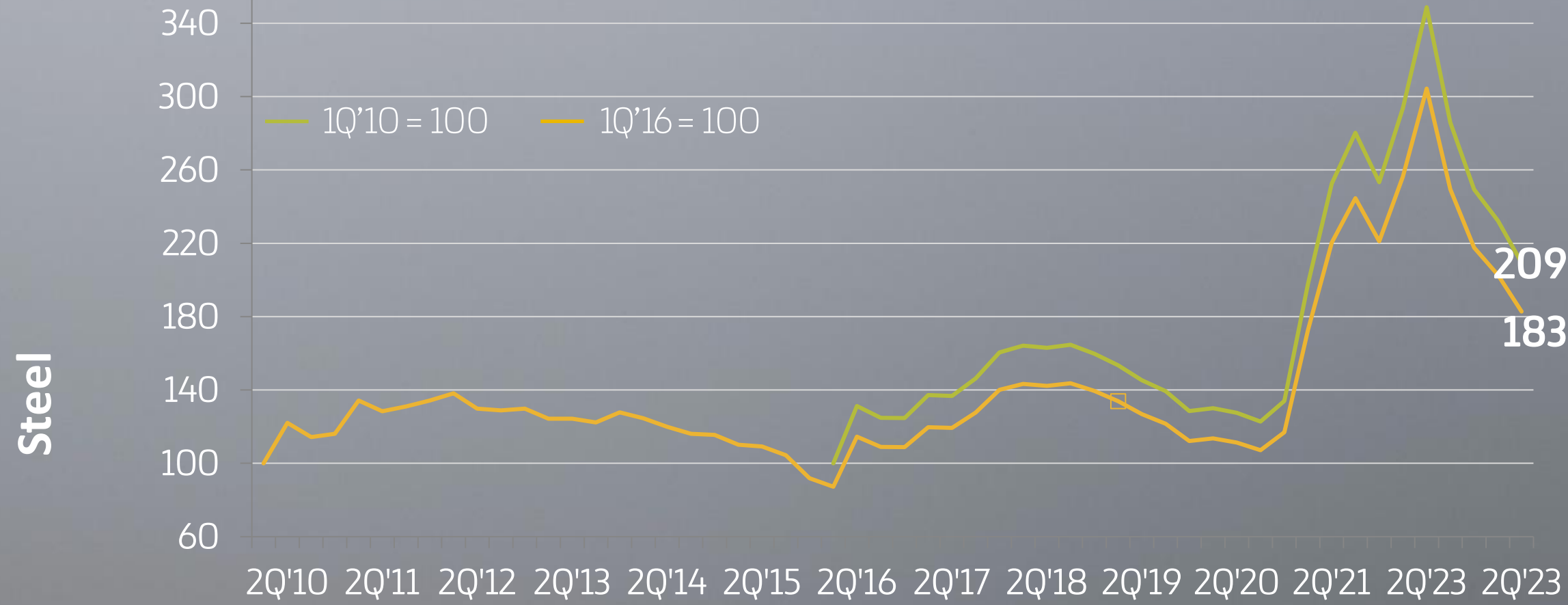
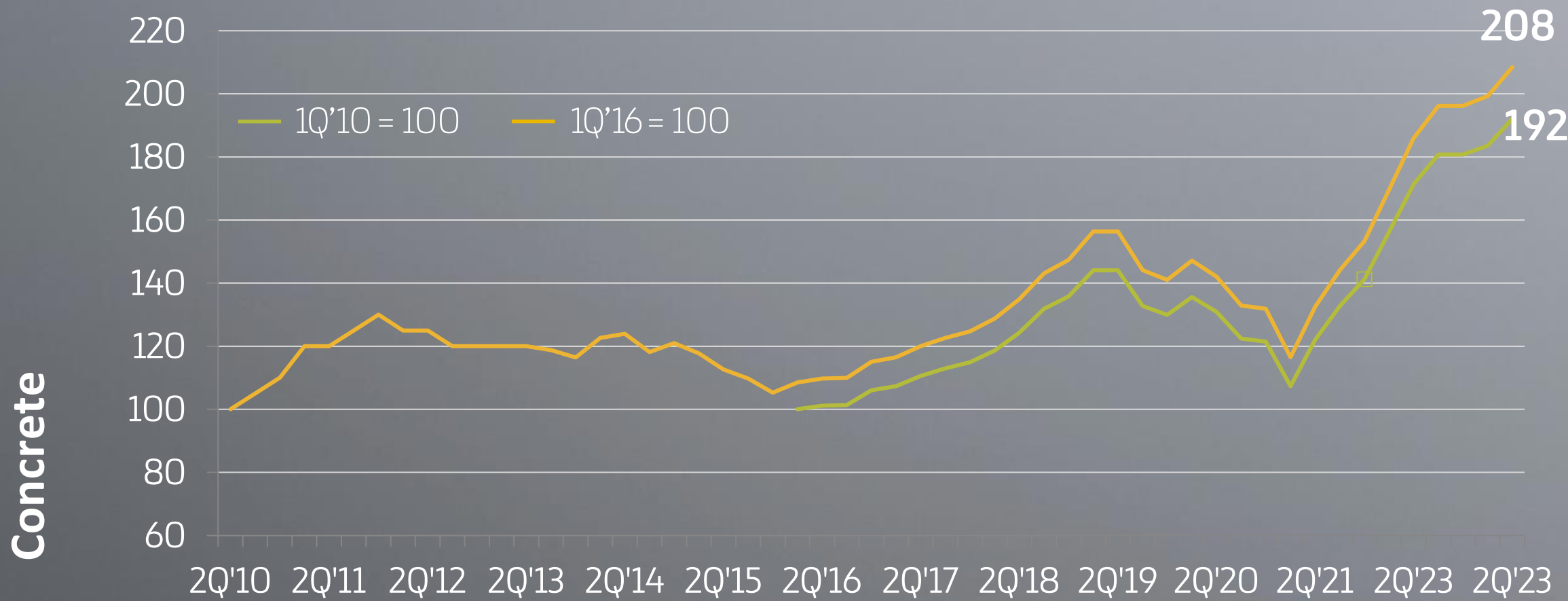
Percentage of construction companies considering labour shortage as a barrier to business (%)



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



# Prices of selected raw materials

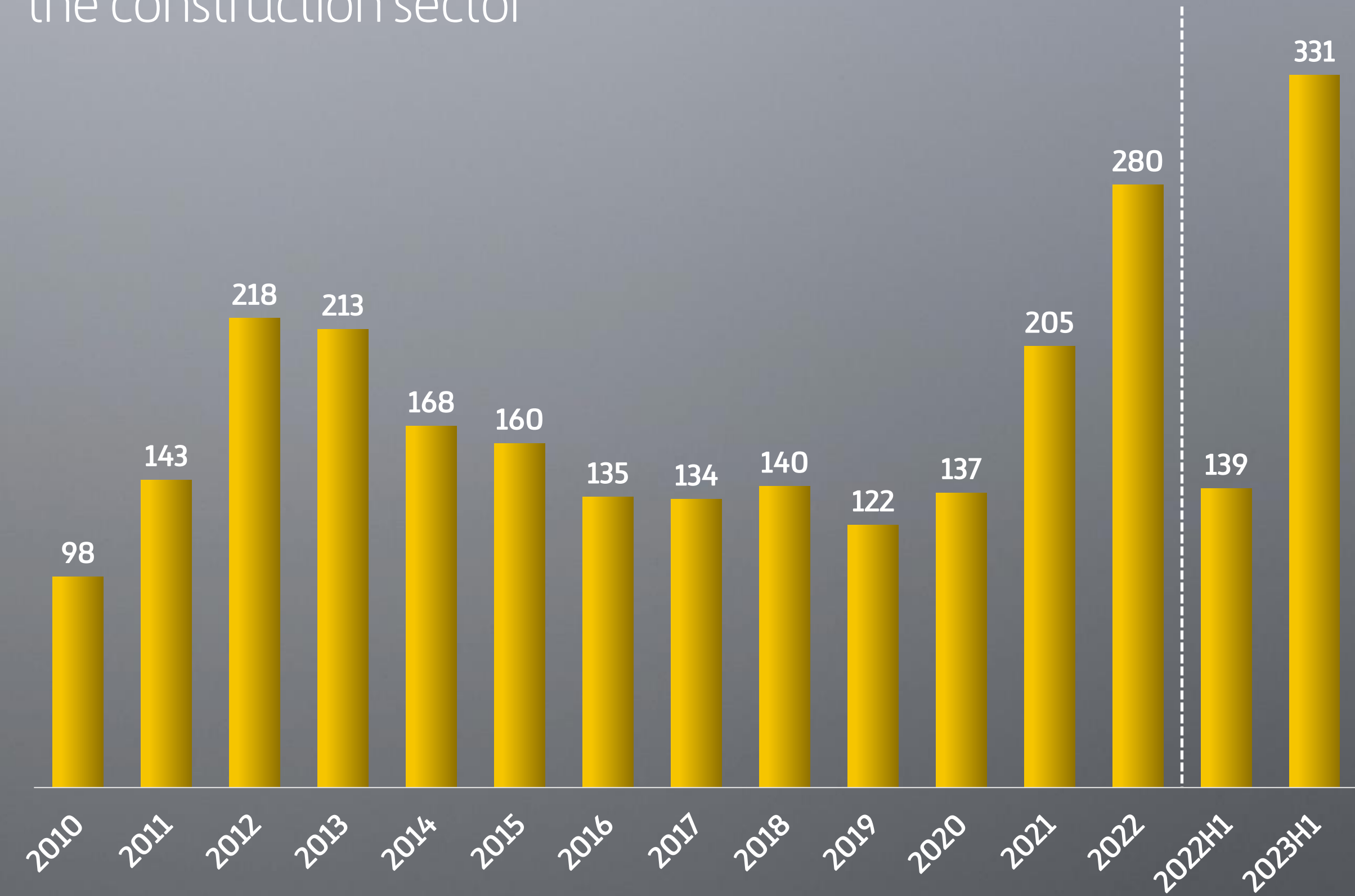


# Construction companies' margins by size

Margins are levelling out in the market between GW and smaller players



Number of bankruptcy and restructuring proceedings in the construction sector





# Agenda

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**Financial results of Budimex Group**

FBSerwis & Mostostal Kraków

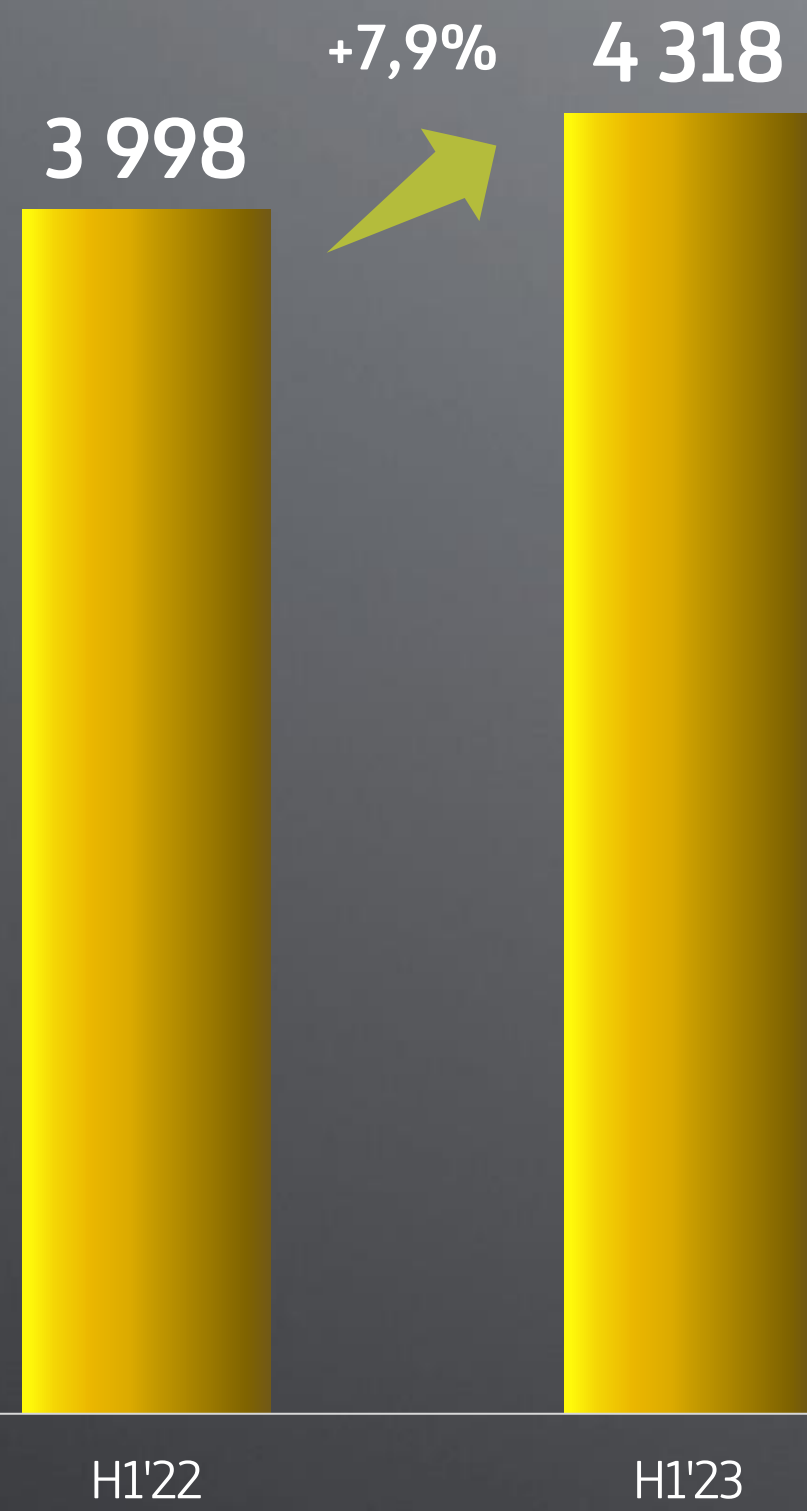
Market and outlook

ESG

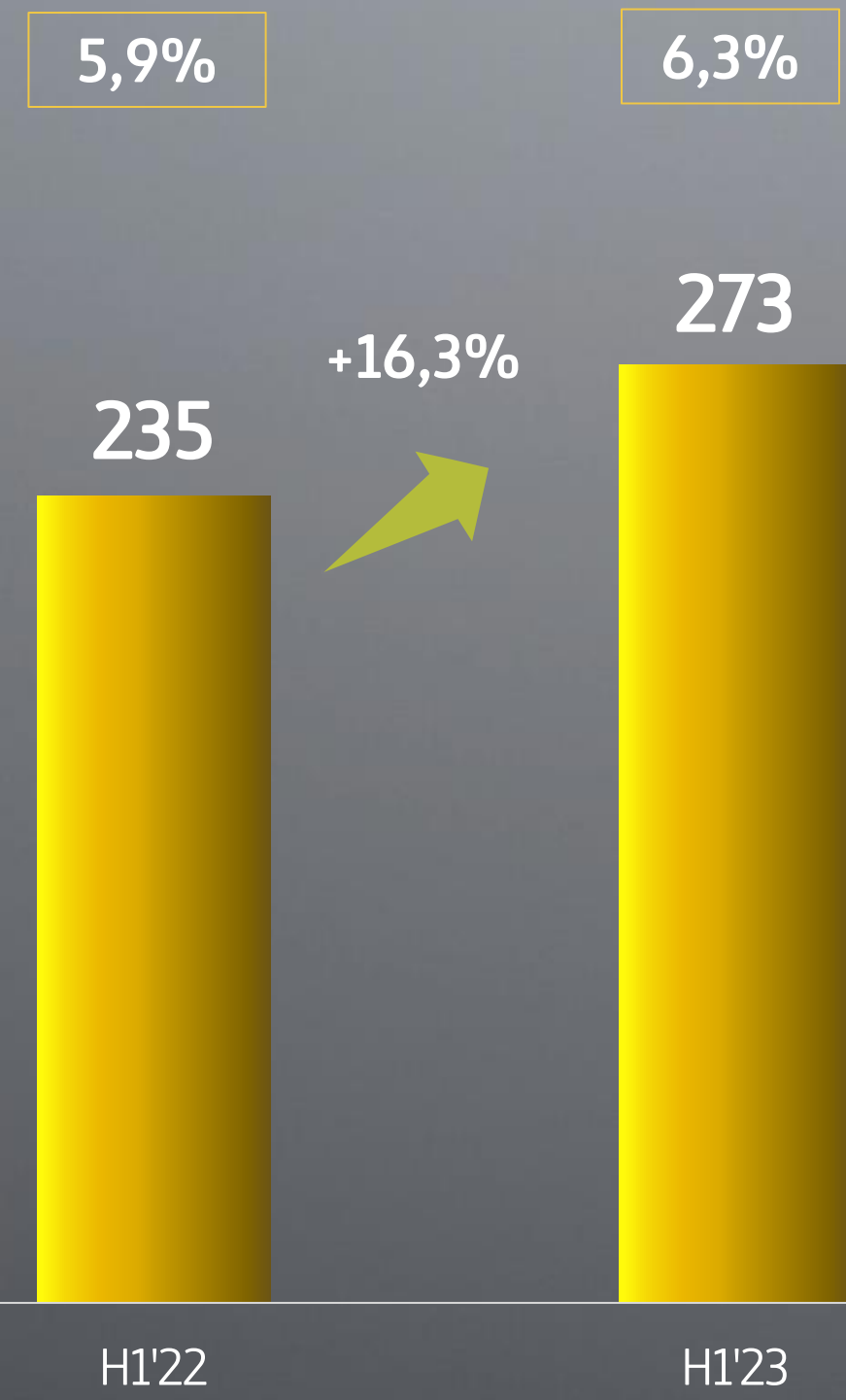


# Results from continuing operations

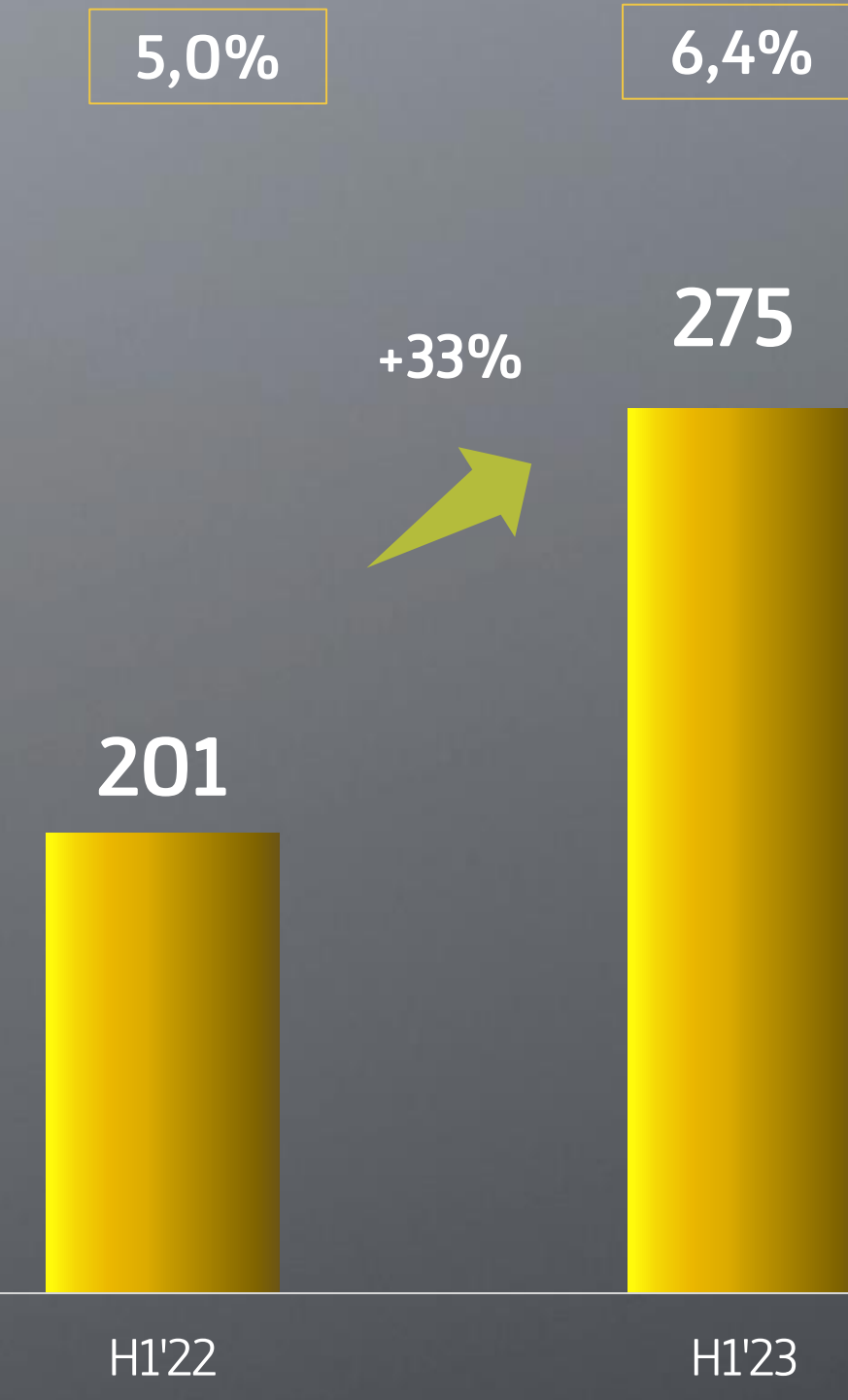
Revenues  
(mln PLN)



EBIT  
(mln PLN)



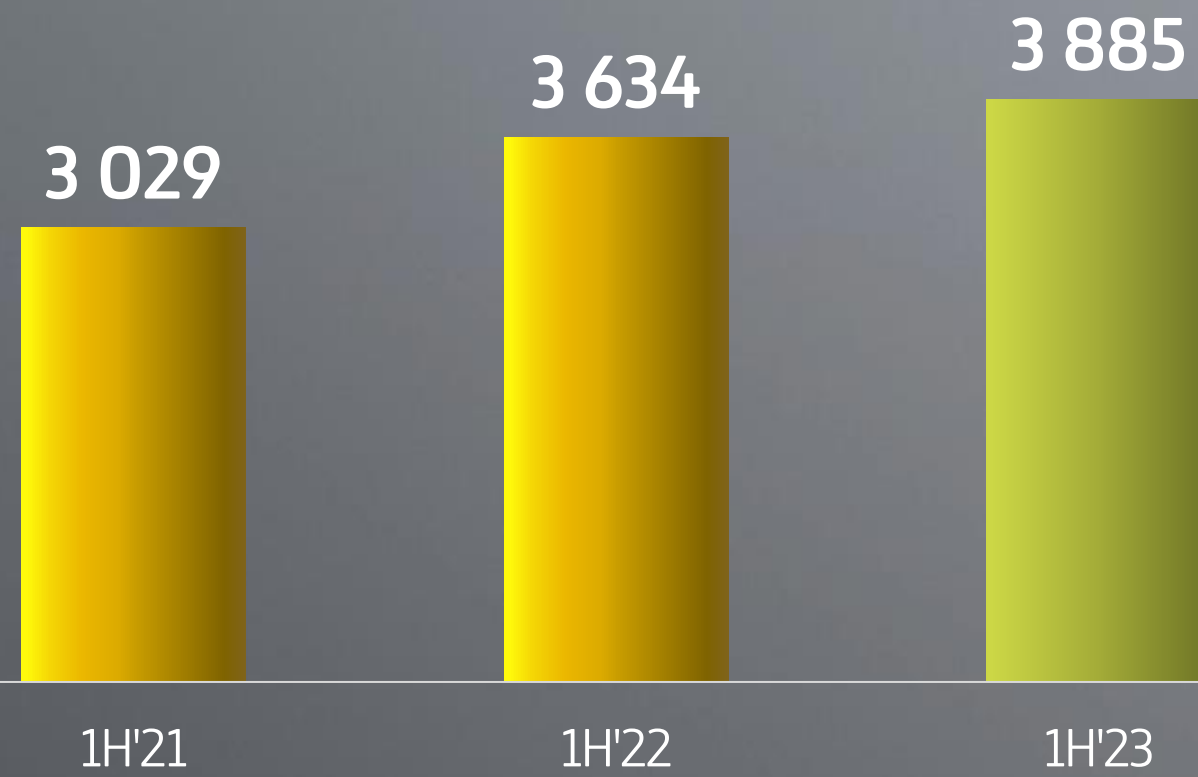
Net profit  
(mln PLN)



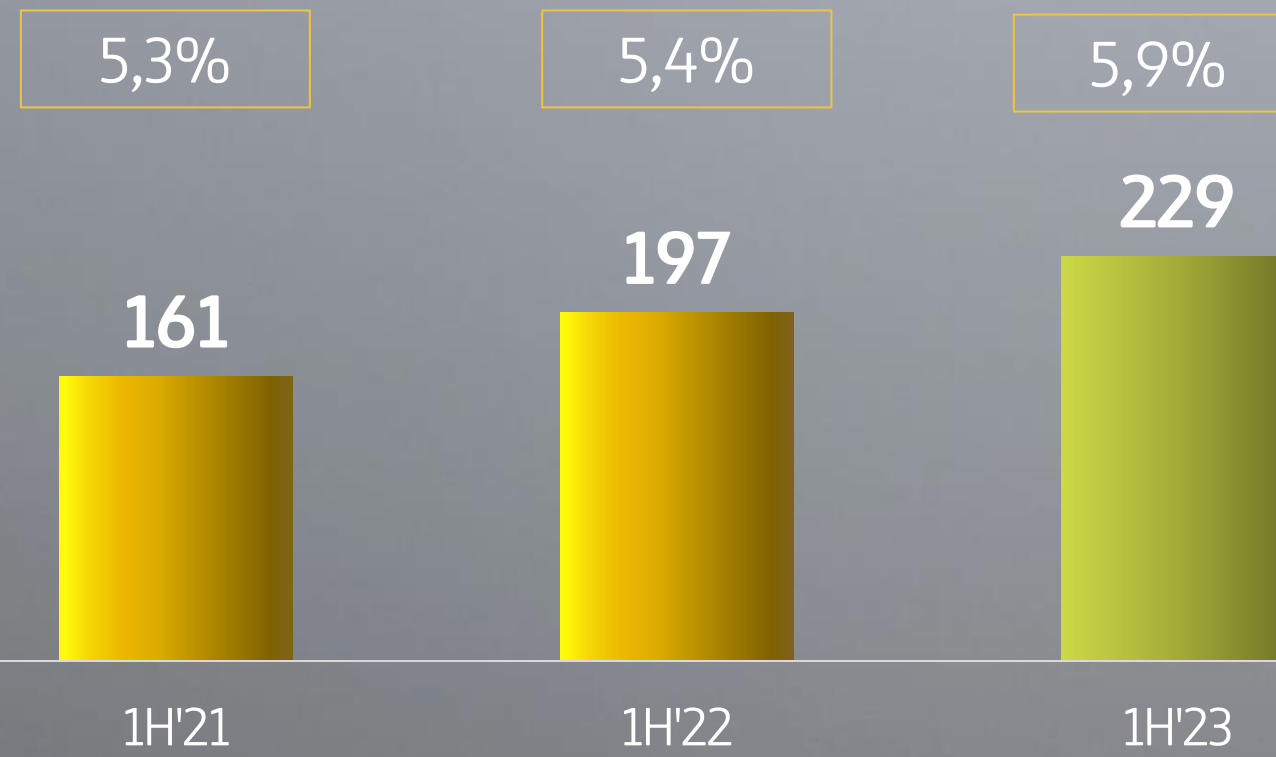
# Financial results by division

## Construction

Revenues (mln PLN)



EBIT (mln PLN)

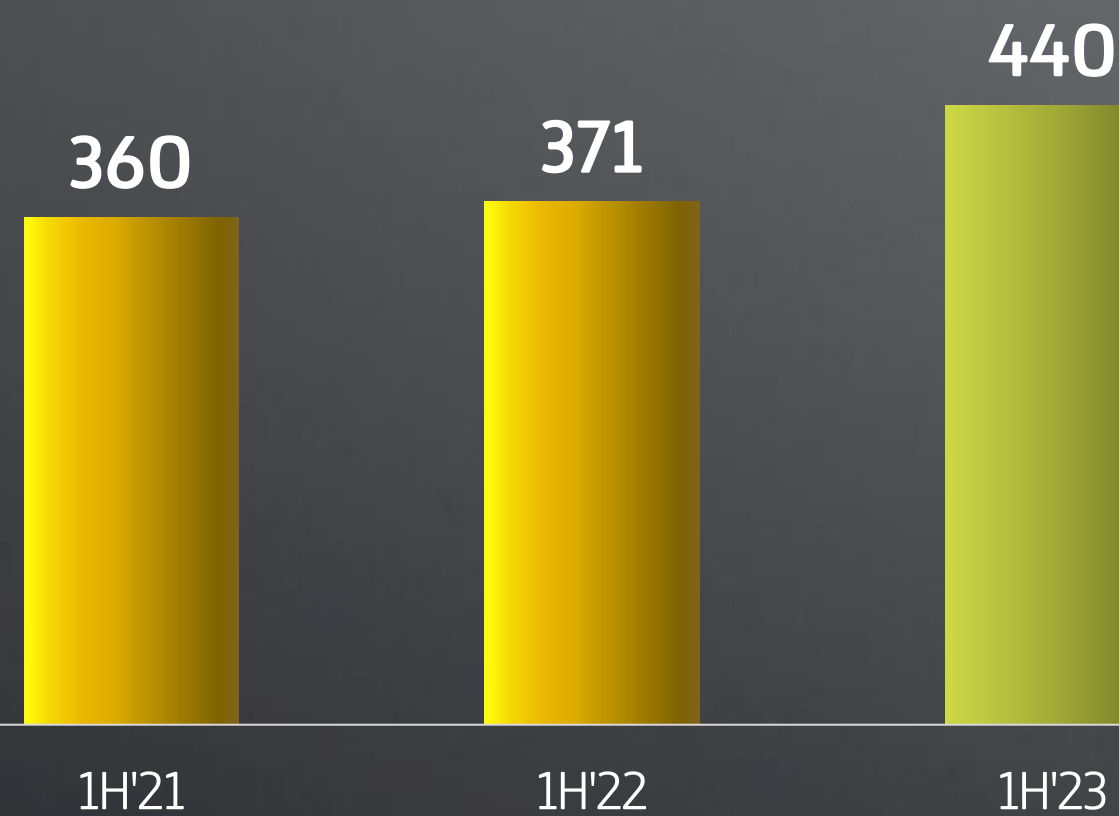


In H1 2023, revenues in the construction segment increased by PLN 251 million year-on-year (+6.8% year-on-year).

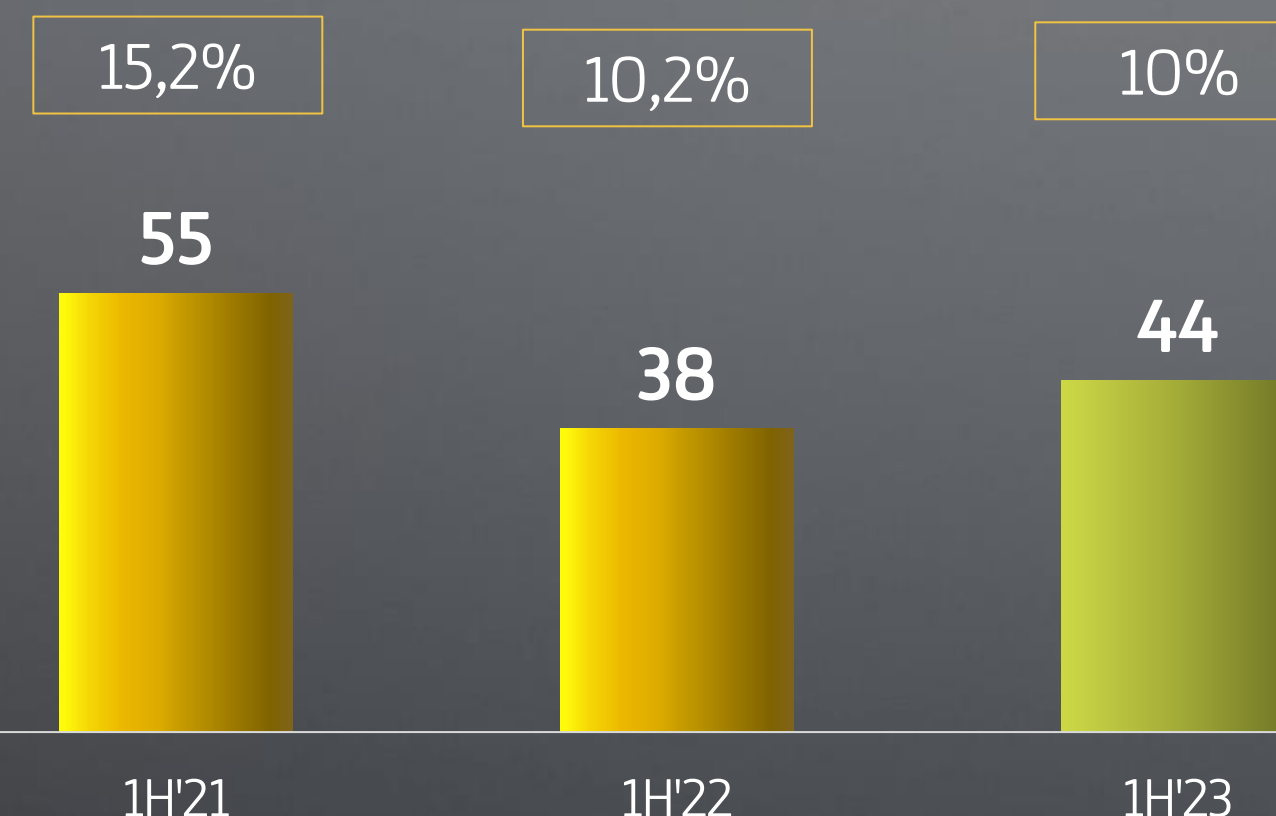
The profitability of the construction segment amounted to 5.9%, higher than the previous year's result. The construction industry was less affected than a year earlier by the disrupted supply chains caused by the outbreak of the armed conflict in Ukraine.

## Services

Revenues (mln PLN)



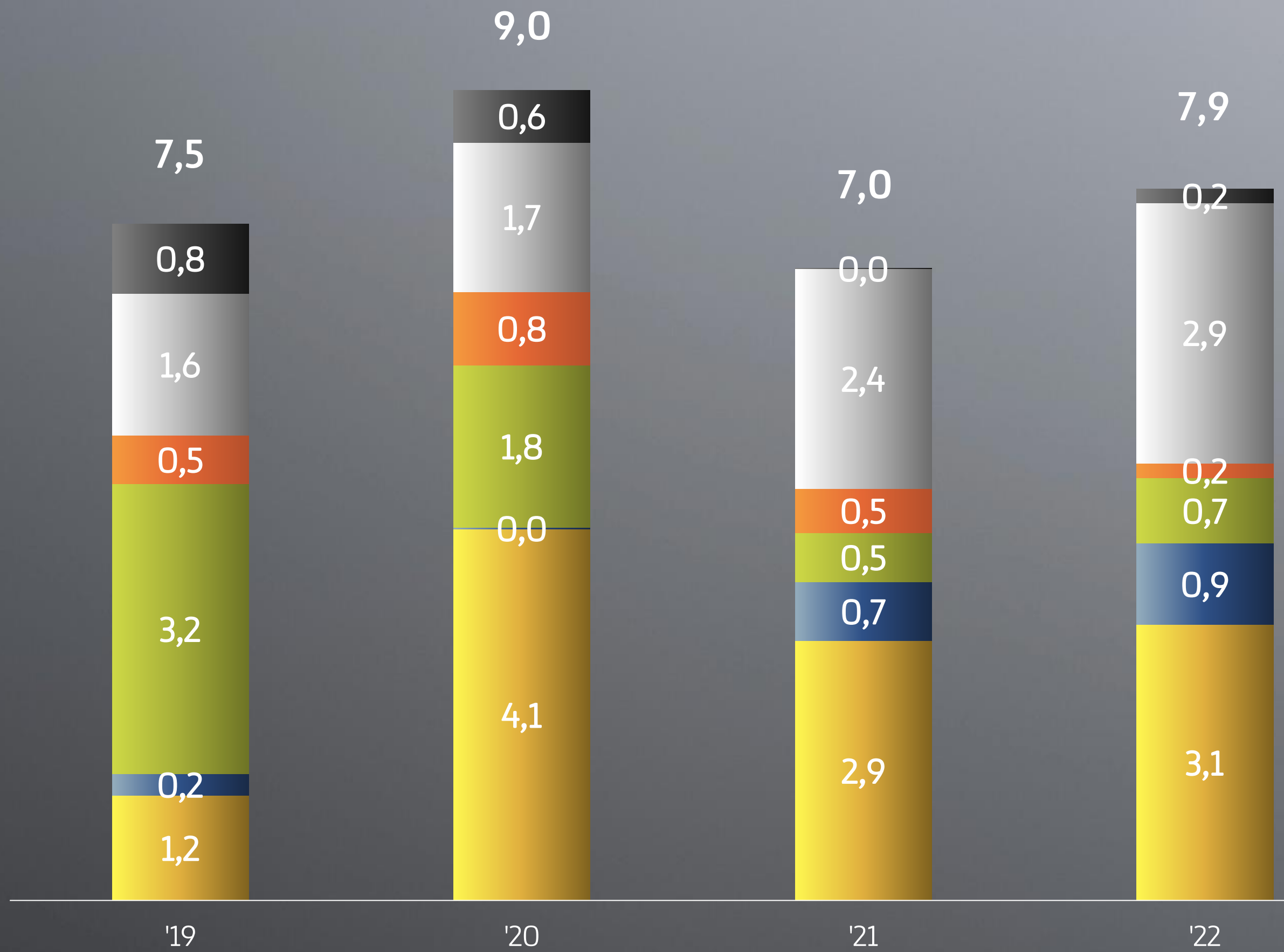
EBIT (mln PLN)



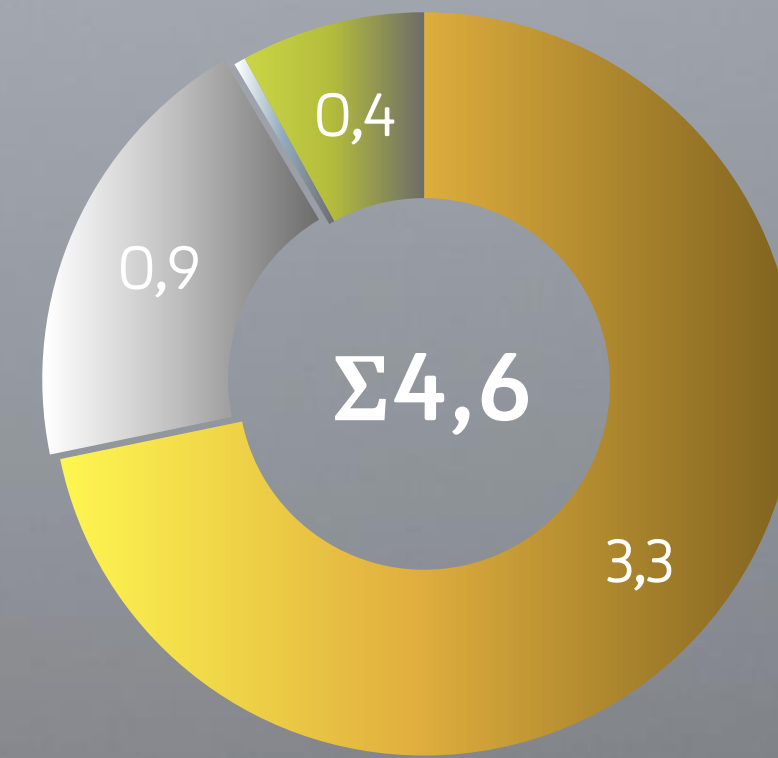
The current structure of the backlog fully secures work for the whole of 2023 and, combined with the contracts pending, provides a solid foundation for the business for 2024-2026.

The services segment generated sales revenue of PLN 440 million with a profitability of 10%.

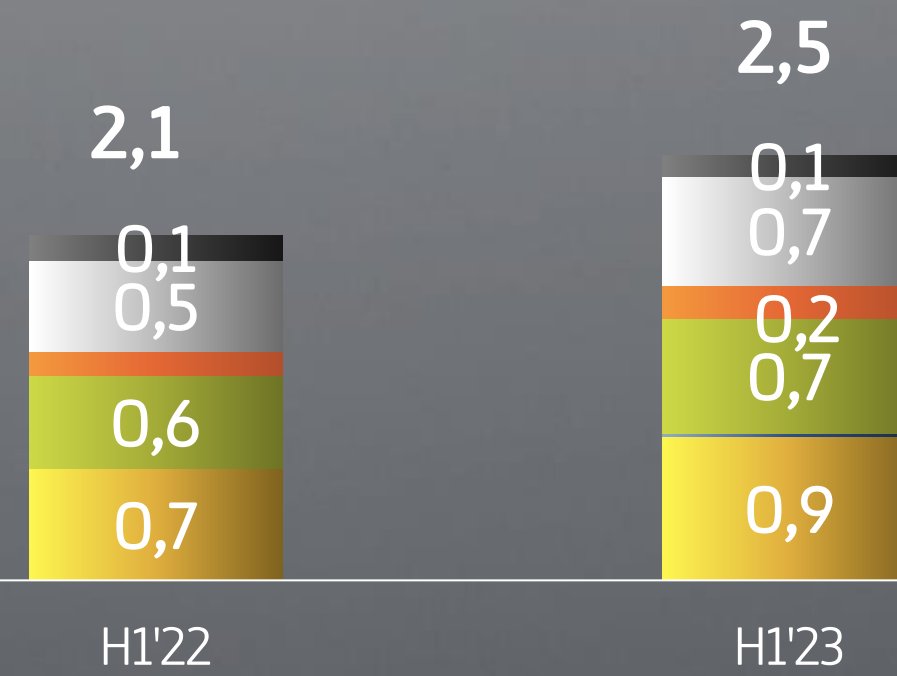
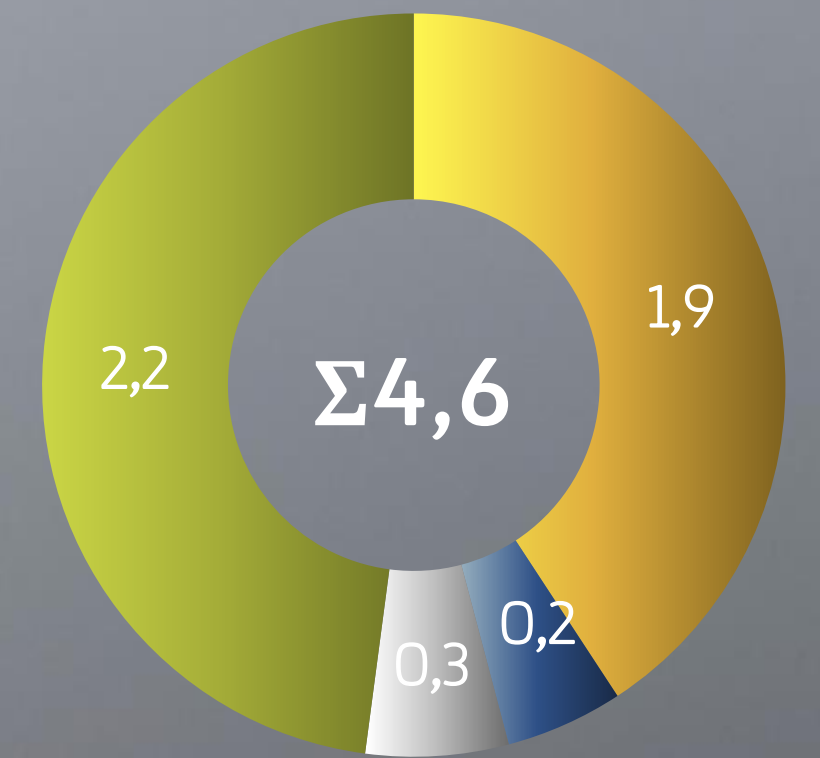
# Contracts signed (bn PLN)



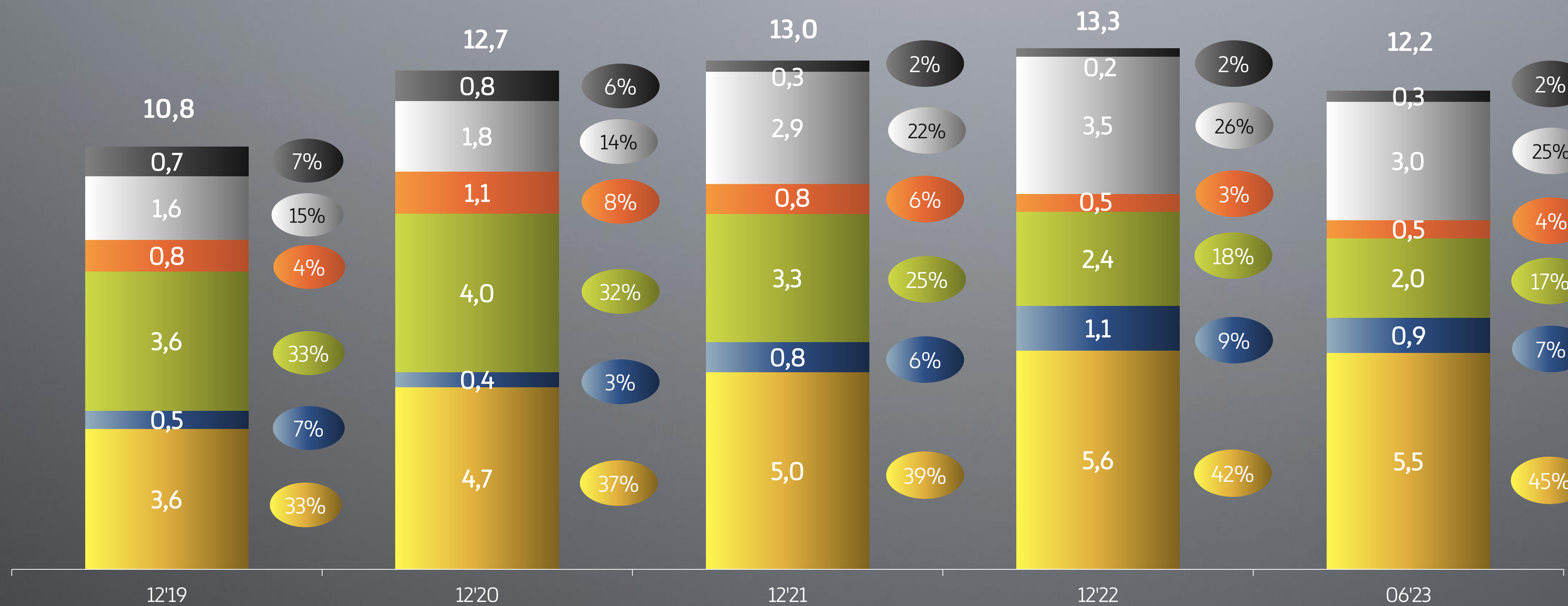
Contracts pending (bn PLN) – as of 06'2022



Contracts pending (bn PLN) – as of 06'2022

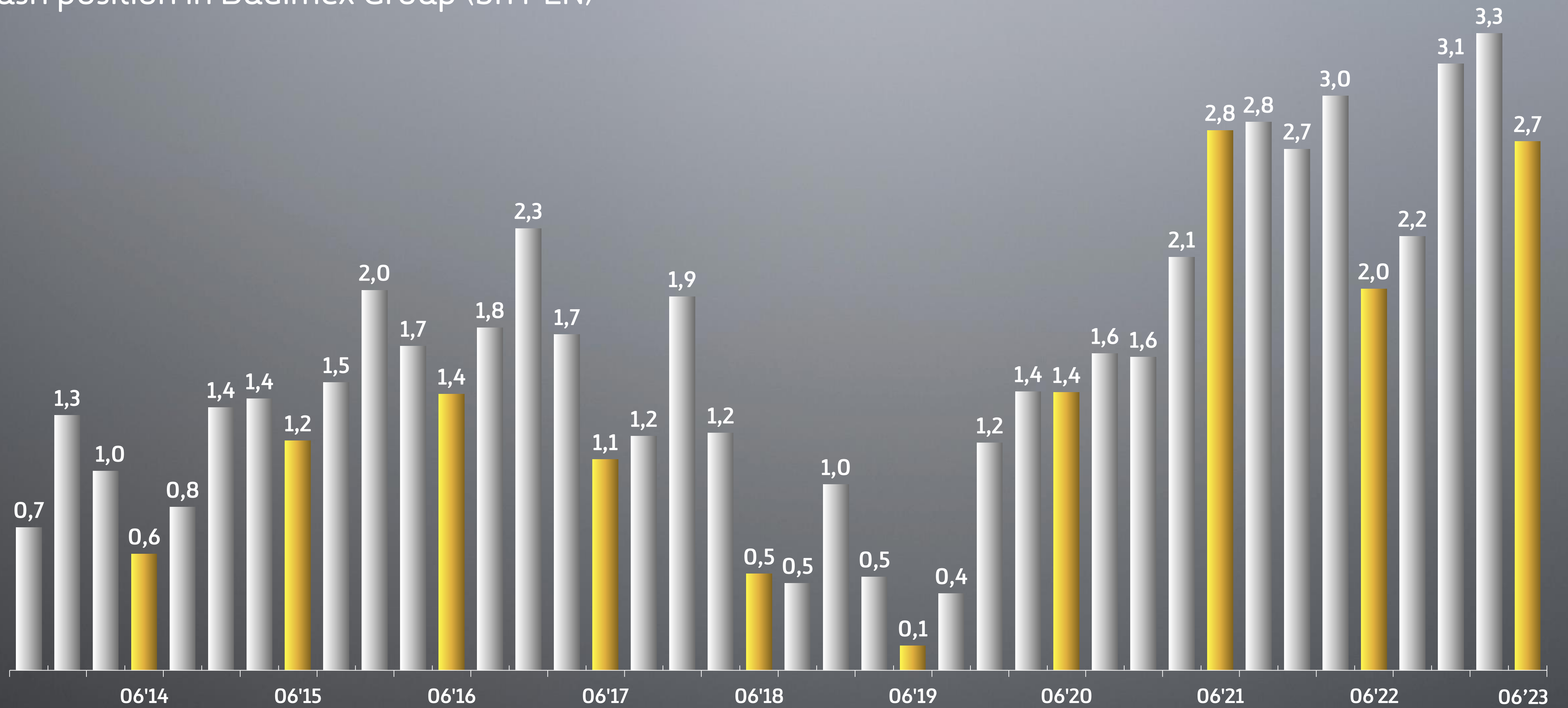


# Backlog (bn PLN)



# Evolution of the net cash position

Net cash position in Budimex Group (bn PLN)



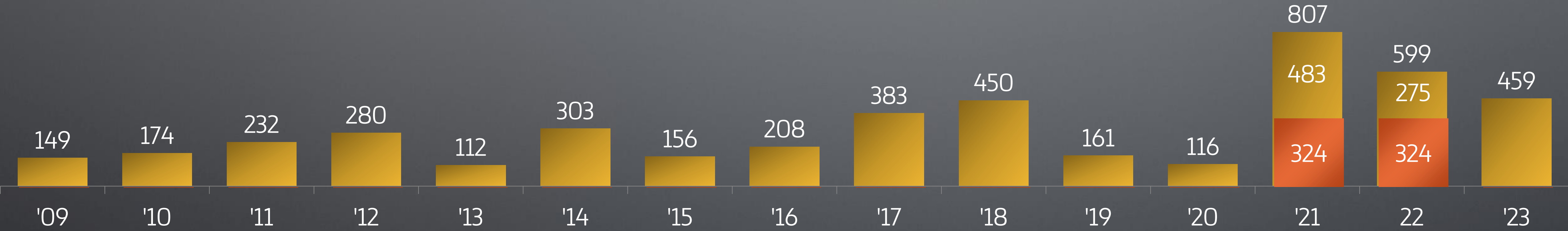
# Budimex Group dividend history

Budimex has regularly shared profit with shareholders for 15 years



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

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**FBSerwis & Mostostal Kraków**

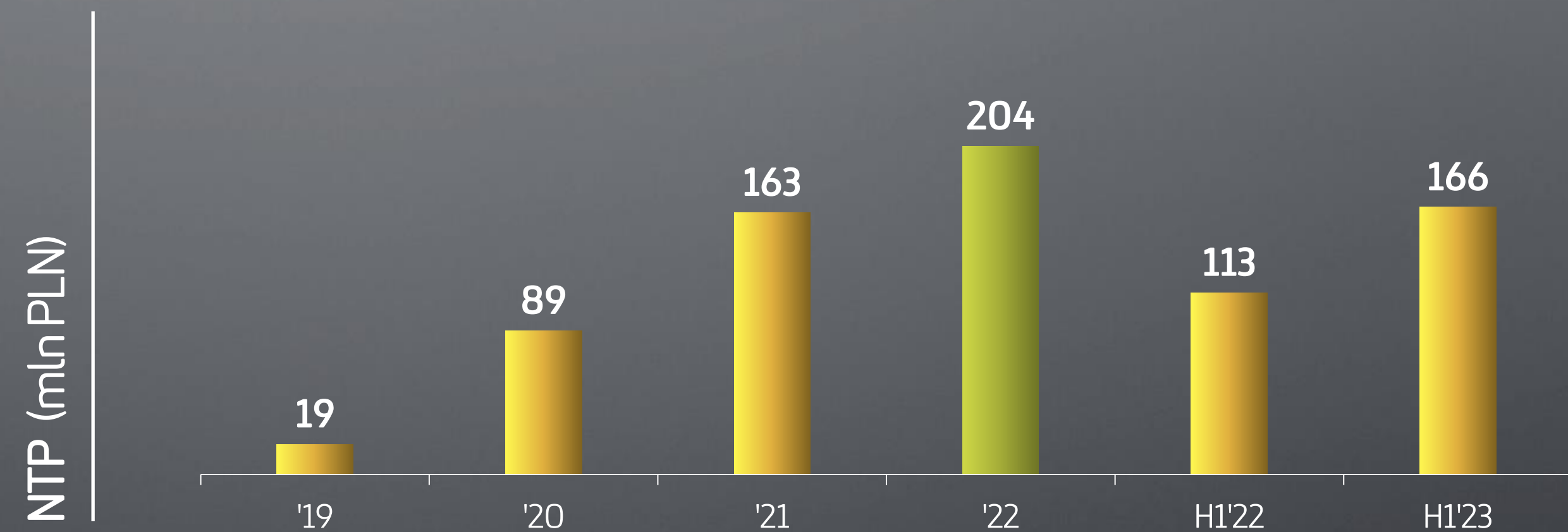
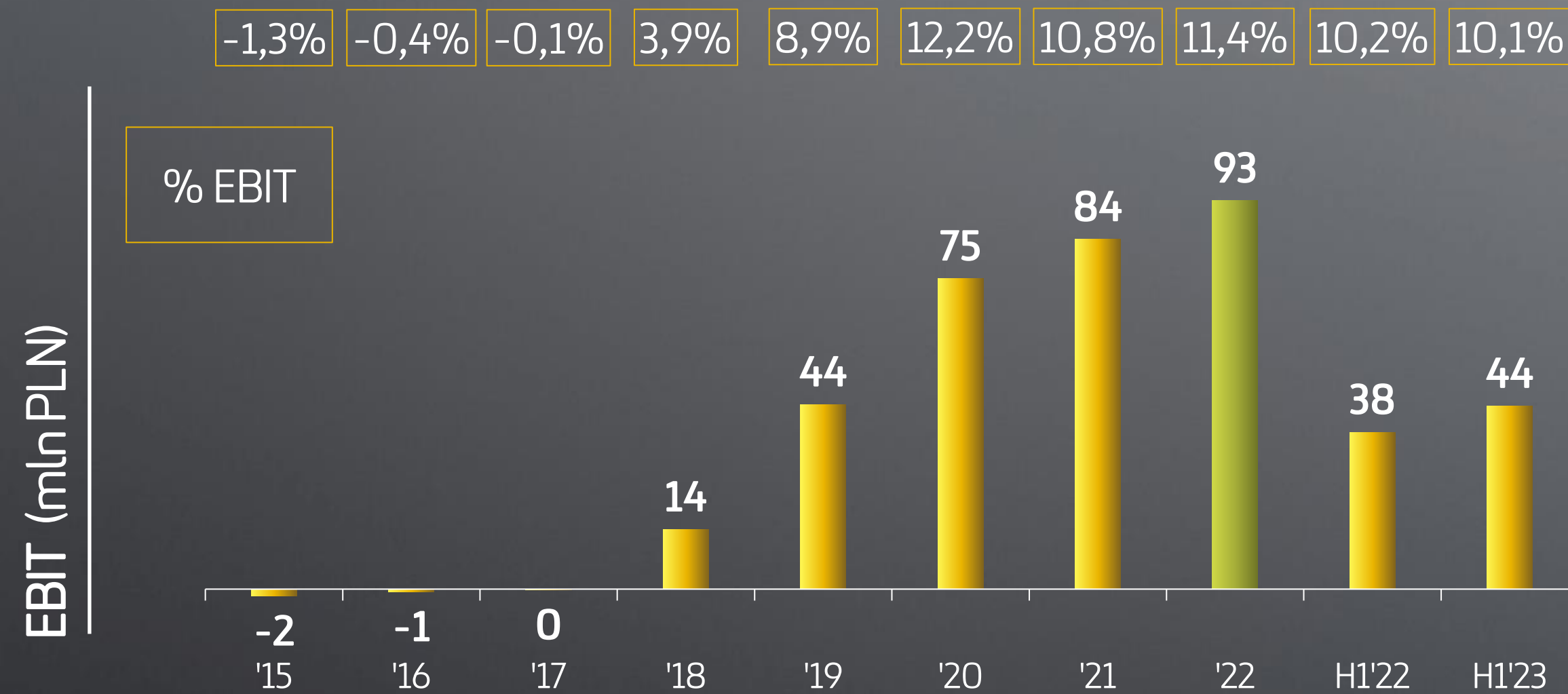
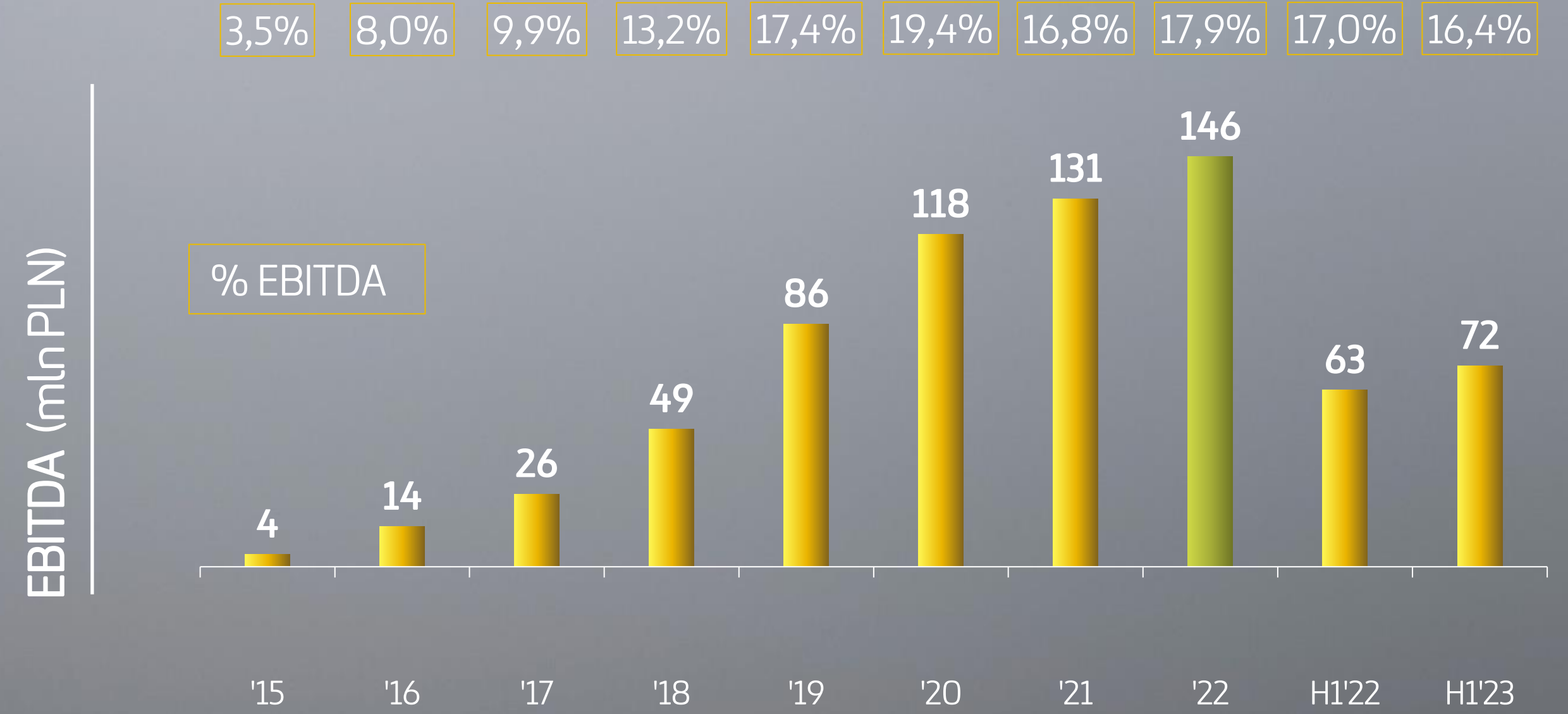
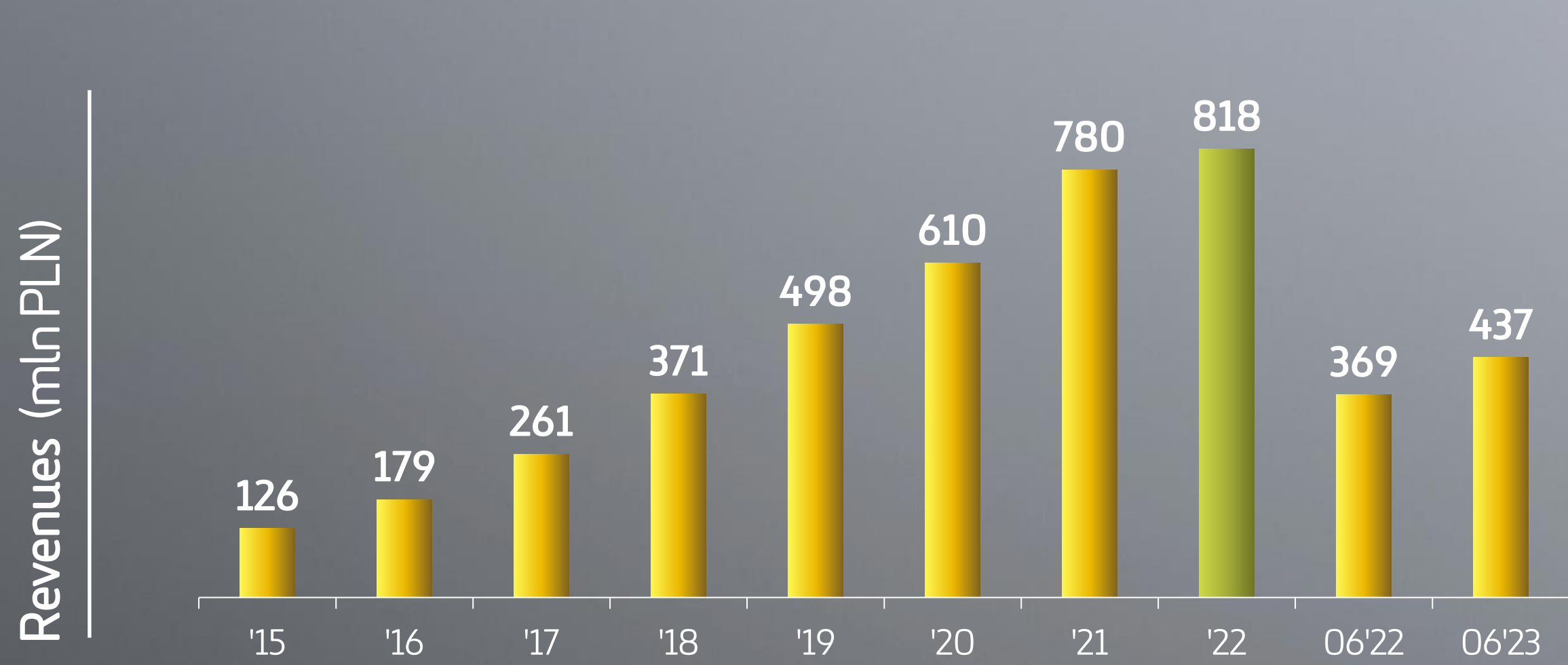
Market and outlook

ESG





# FBSerwis – financial results



\* Net cash since the consolidation of 100% FBSerwis shares



Investments on existing plants - modernisation and adaptation to requirements.

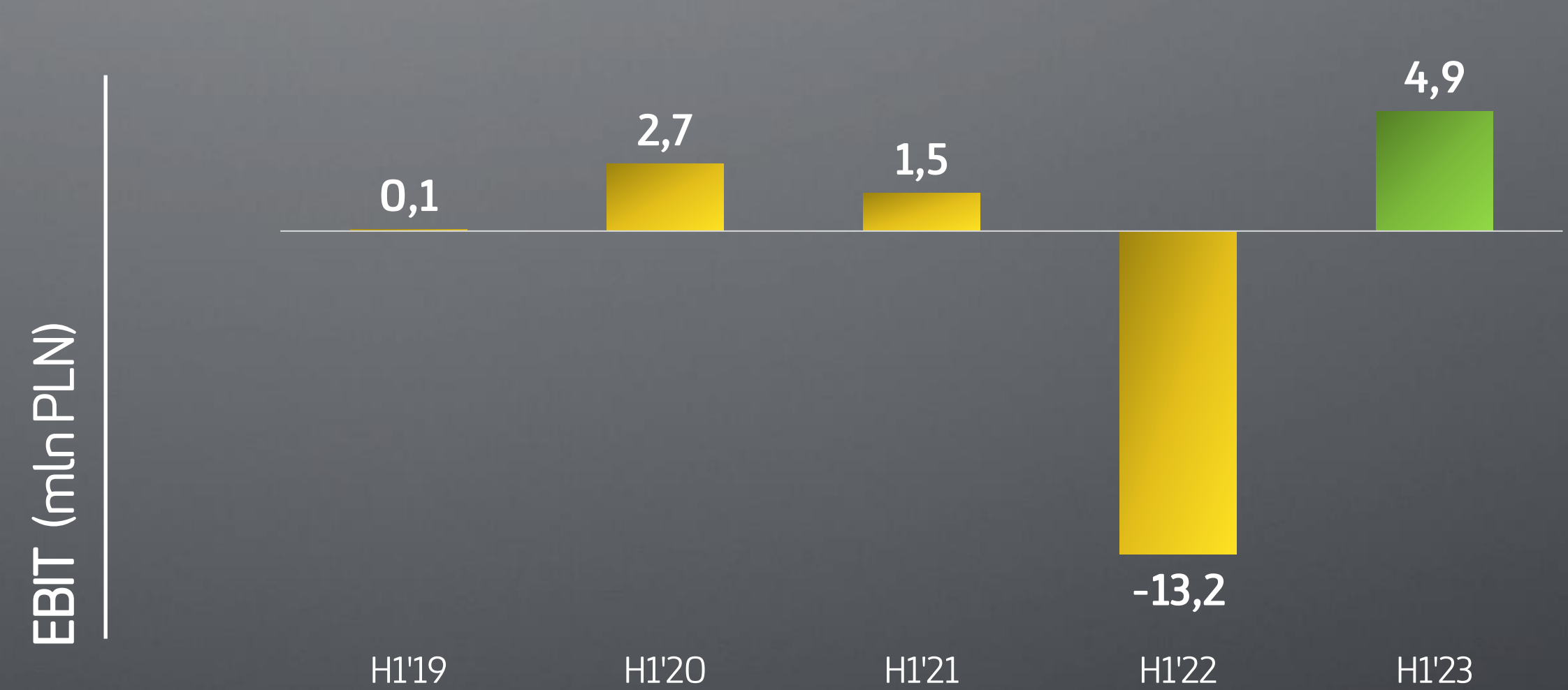
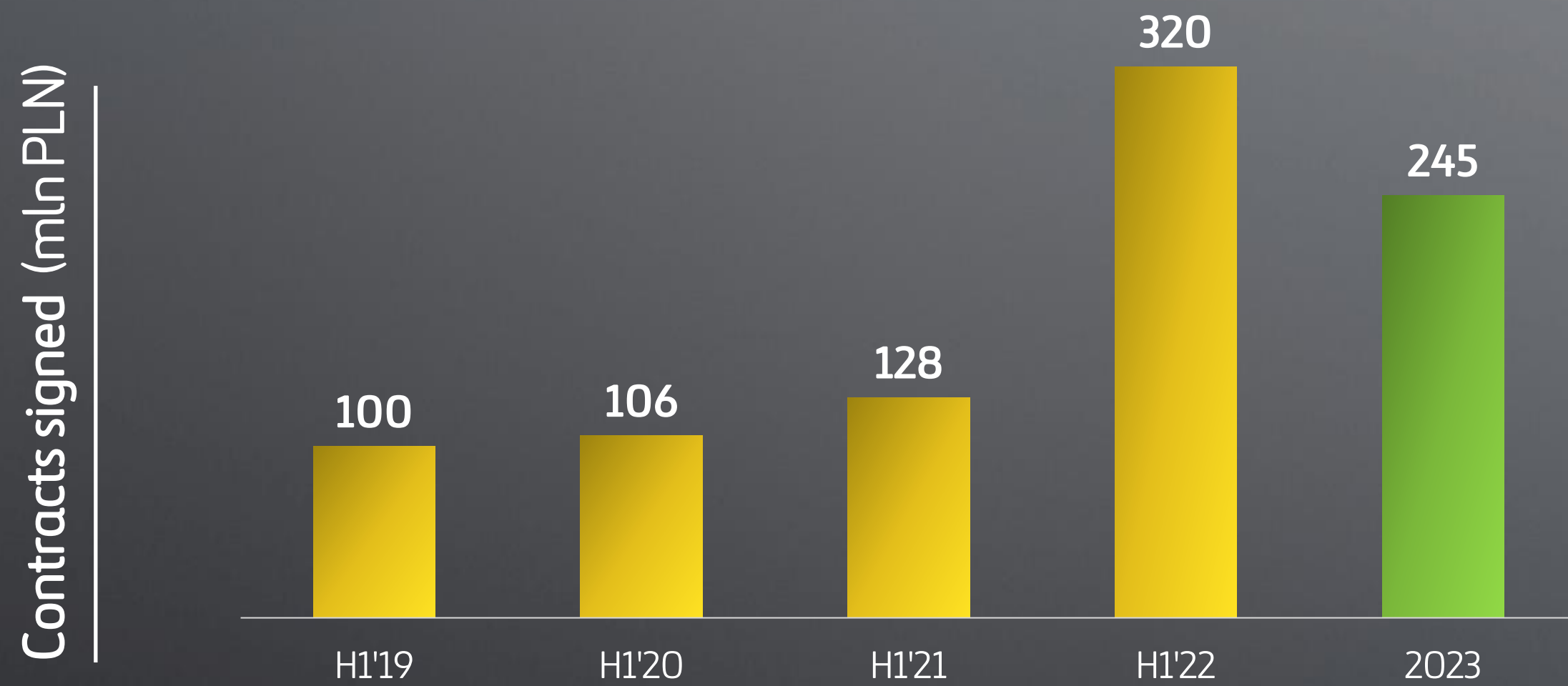
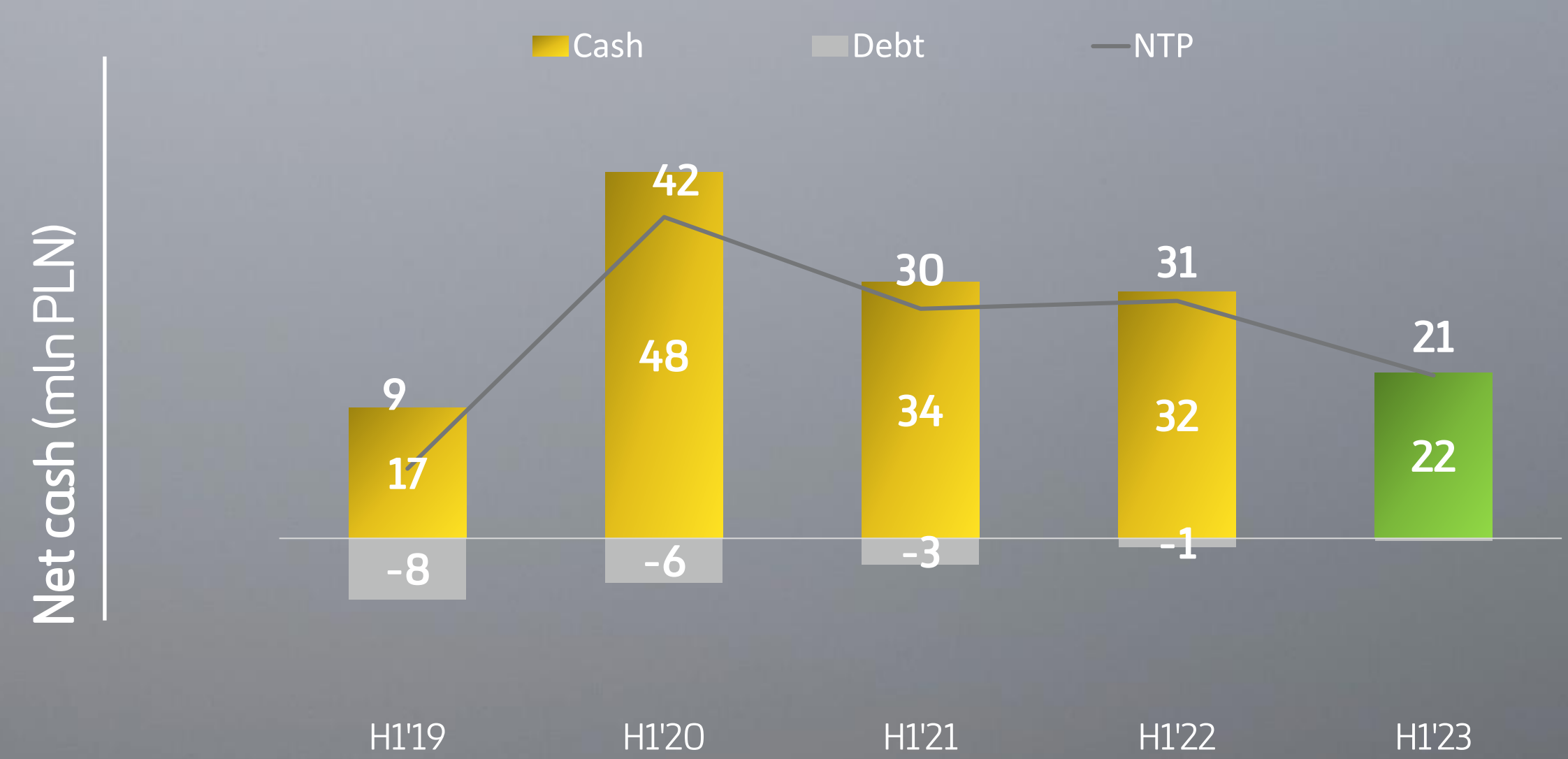
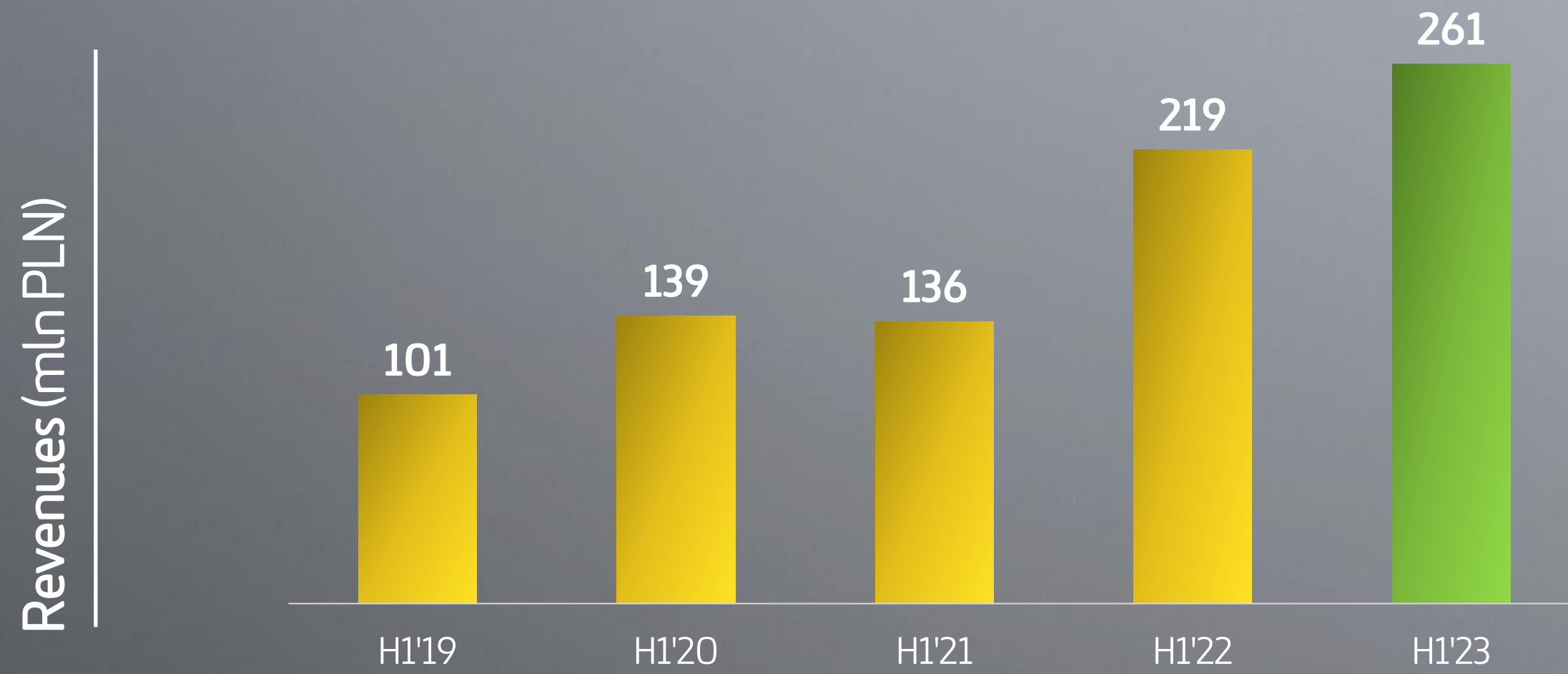


Focus on greenfield investments. Selective approach to investment projects (biogas plants, composting plants and building products projects)



M&A - further acquisition plans.

# Mostostal Kraków – financial results



# Mostostal Krakow - M&A of Konstalex

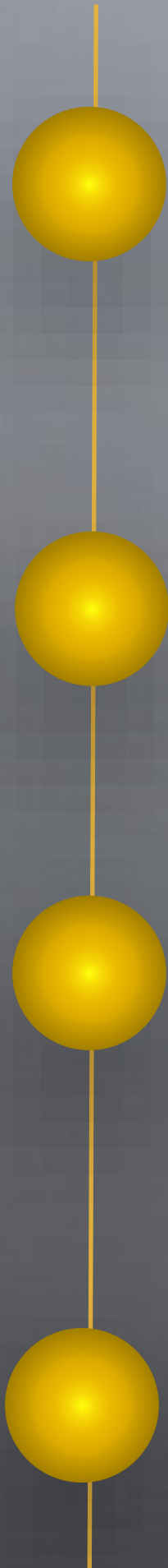
Mostostal Kraków production capacity (thousand tonnes)

**17 000**

Type of steel construction



Locations of Mostostal Krakow's steel construction plants



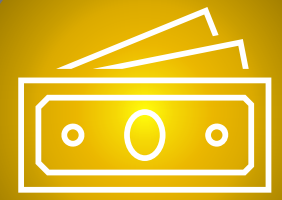
In May 2023, Mostostal Kraków completed the purchase of its third steel construction plant, the Konstalex company located in Radomsko.

Mostostal Krakow's production capacity is 17,000 thousand per year which means gaining a leading position.

Owned factories allow to produce both light and medium structures (skeletons in the Kleszczów and Krakow factories) and heavy structures (e.g. bridges in Radomsko).

MK's production capacity not only represents synergies within the Budimex Group, but also increased export opportunities.

# Budimex – key events in H1 2023



Budimex pays a dividend of PLN 459 M (PLN 17.99 per share) – the 15th year in a row (total of PLN 179.8 per share).



Mostostal Krakow acquires Konstalex and becomes a leader in the domestic steel construction market.



Budimex publishes ESG strategy for 2023 – 2026.



Signing the contract with PKP PLK (Chabówka – Nowy Sącz).



Budimex increases loader portfolio to 160.

# Agenda

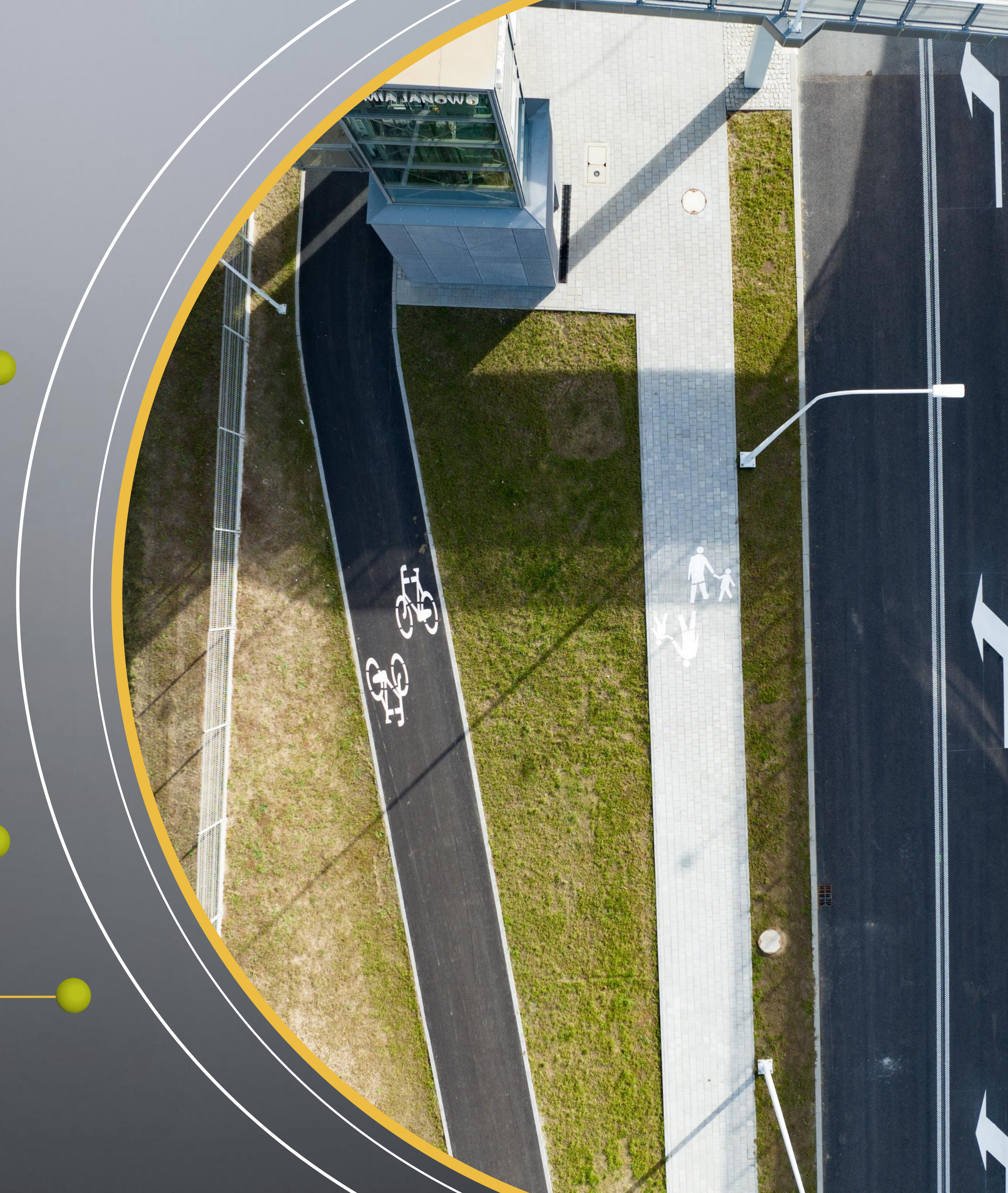
Macroeconomics background

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FBSerwis & Mostostal Kraków

**Market and outlook**

ESG



# 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



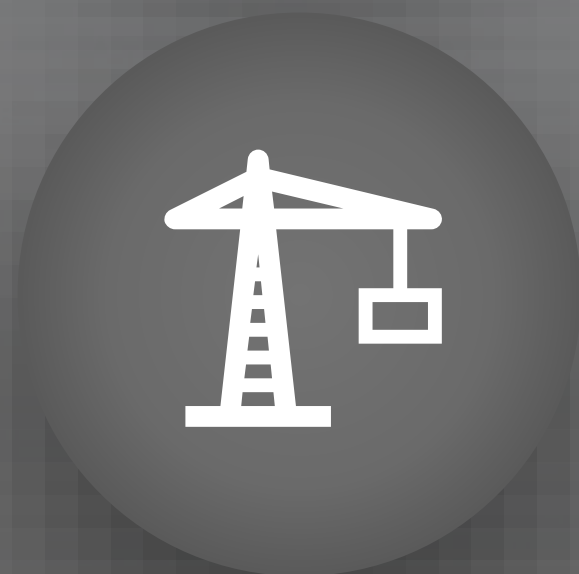
National Railway Programme to 2030

>100 bn PLN



CPK

≈140 bn PLN



Investment in ports until 2030

40 bn PLN



PSE until 2036

62 bn PLN



Nuclear power plants

≈200 bn PLN



Off-shore until 2040

>100 bn PLN

Σ 1000 bn PLN

# National investment programmes – rail

**National Railway Programme – planned outlays of PLK SA**



**Rail programme ( data in bn PLN)**



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.

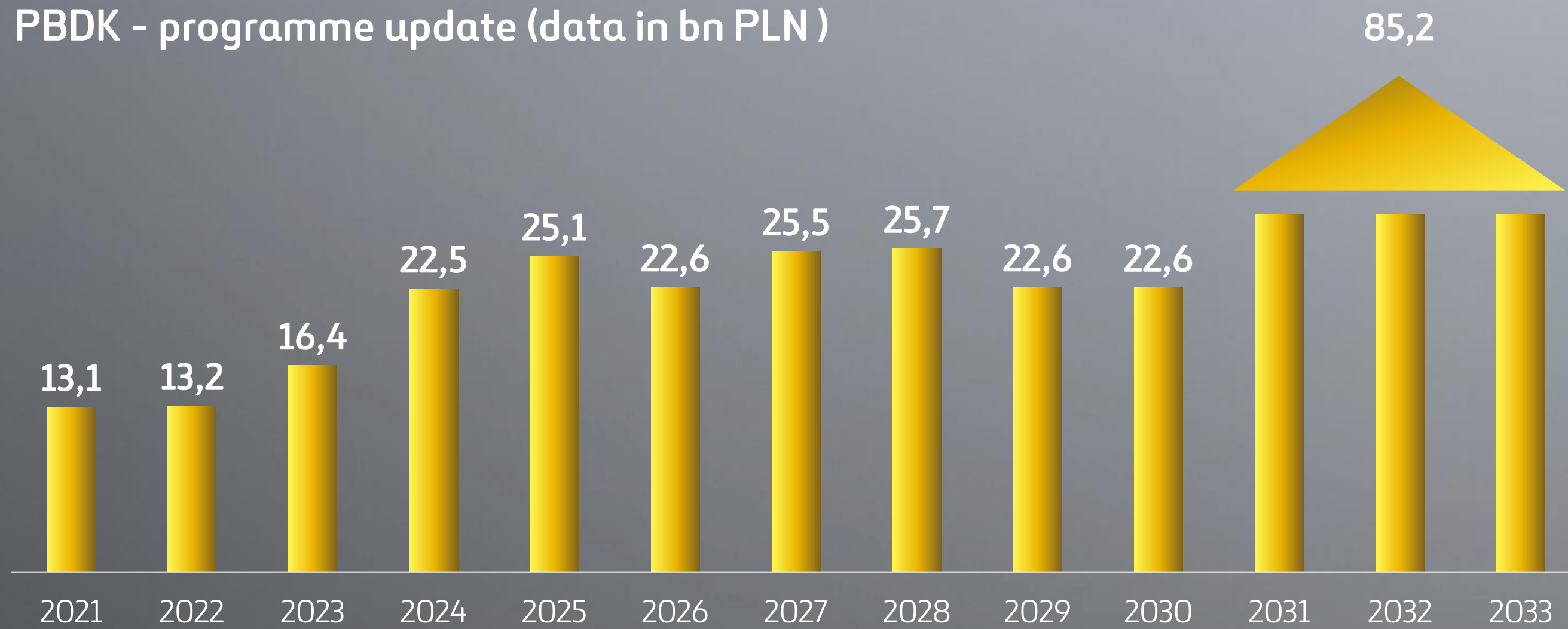
Rail programme, detailed until 2029, confirms the dependence of railway investments on EU funds.

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

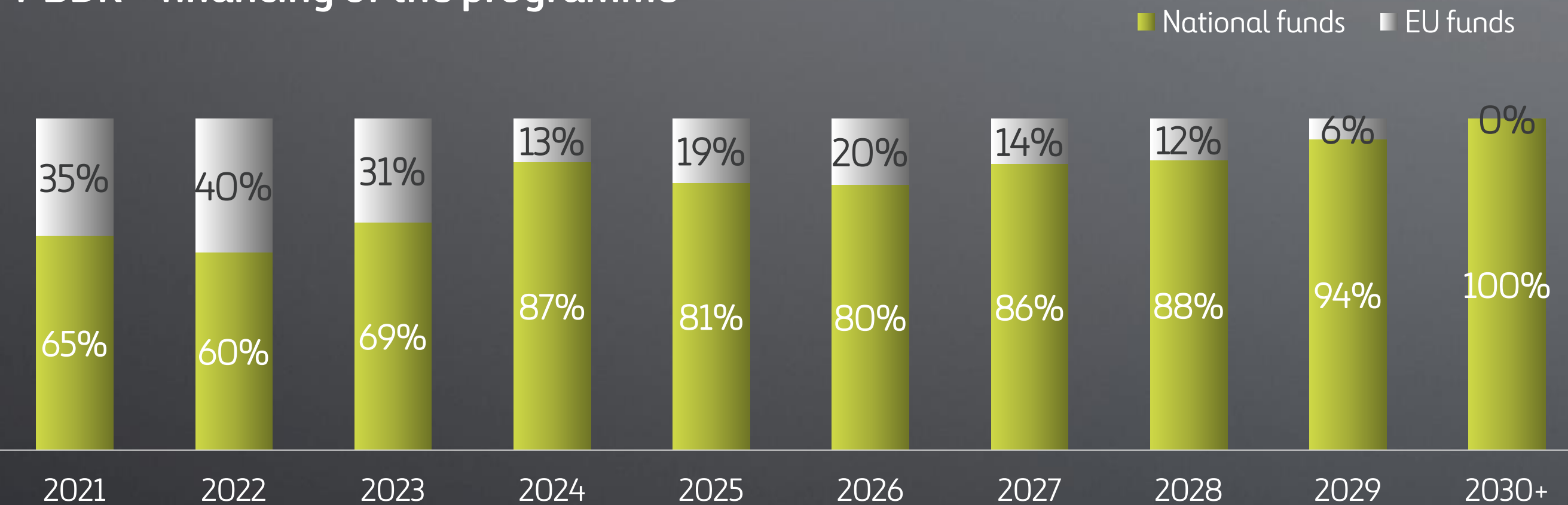


# Investment programmes – infrastructure

**PBDK – programme update (data in bn PLN)**



**PBDK – financing of the programme**



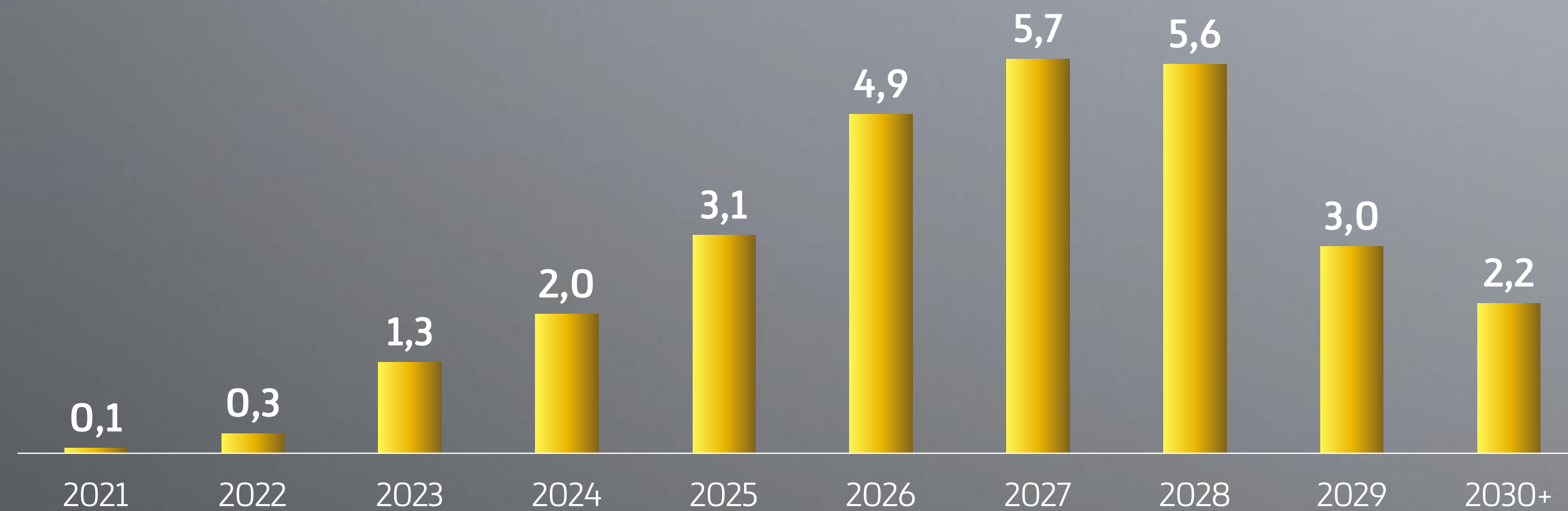
## Main features of the updated PBDK

- Largest road programme in history
- Total investment value of PLN 294.4 billion
- Implementation of investments of over 6,100 km.
- Implementation of 2,500 km of new roads
- In 2023, 480 km of tenders are planned to be announced

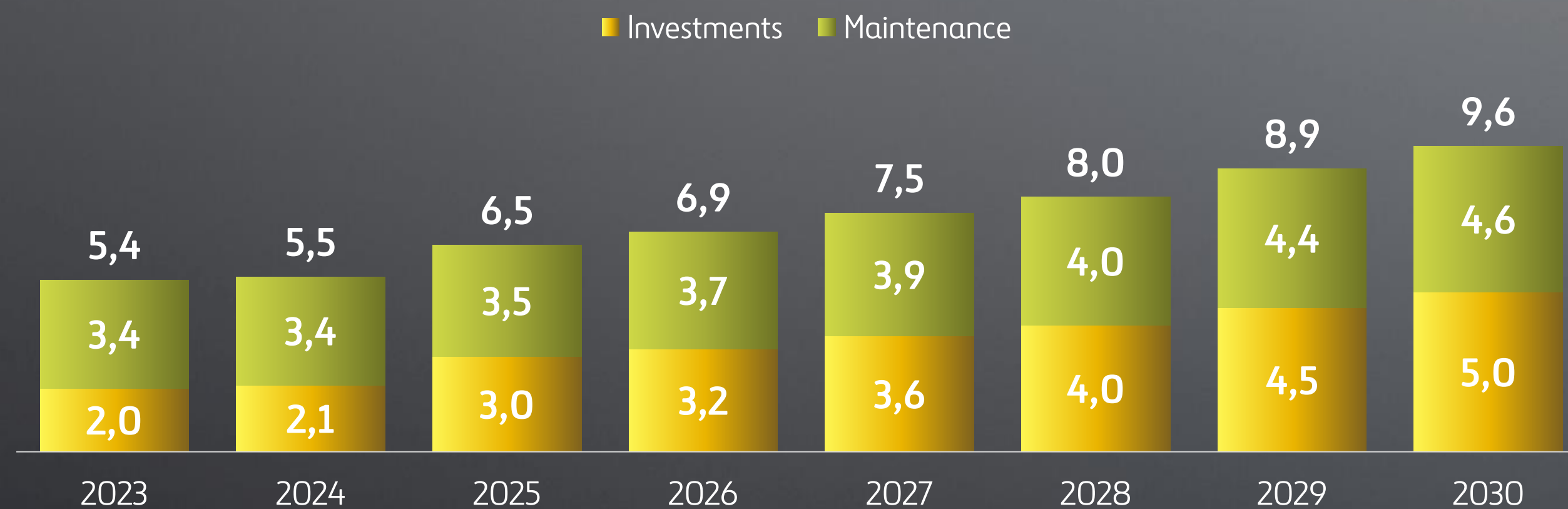
The main source of funding for the investments included in the PBDK is the National Road Fund, which is fed by, among others., EU funds. The financial limit of the new programme should allow the completion of practically the entire network of motorways and expressways specified in the Regulation of the Council of Ministers on the network of motorways and expressways.

# Investment programmes – infrastructure

Programme of 100 Bypasses (data in bn PLN )



Programme for Strengthening the National Road Network



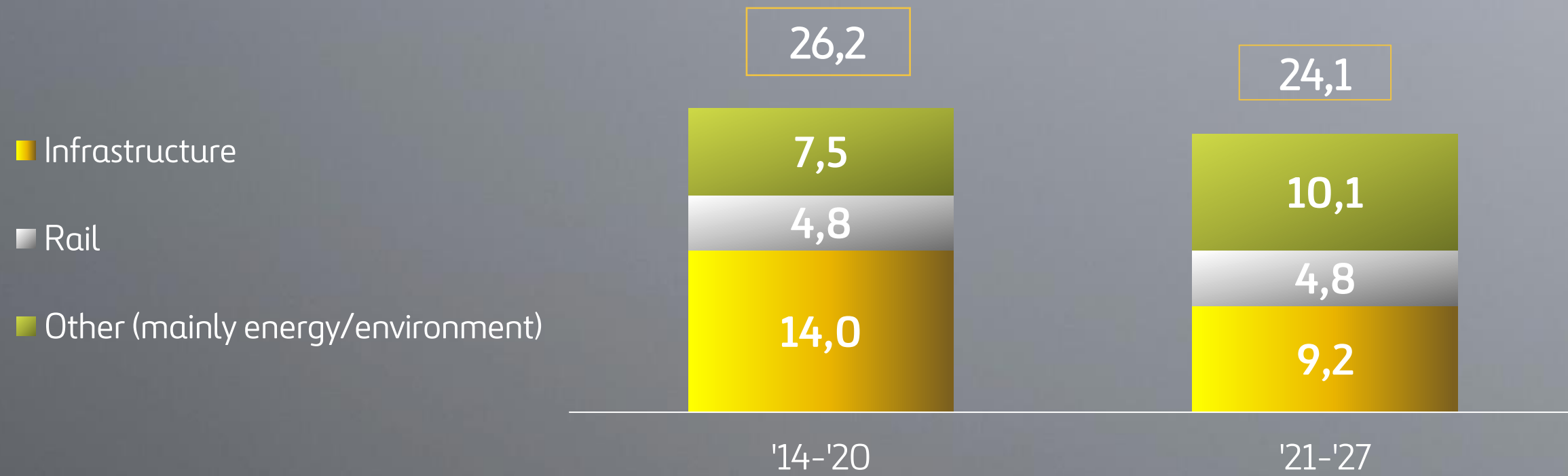
The cost of implementing the Programme for the Construction of 100 bypasses has been estimated at PLN 28 billion. Funding will be provided by the National Road Fund.

The scope of the programme is: (i) structural maintenance (comprehensive reconstruction/reconstruction of sections of national roads); (ii) day-to-day maintenance (including routine rehabilitation, repair, maintenance and cleaning works); (iii) execution of designs for new maintenance solutions to the road network.

The main source of funding the Programme will be the state budget (funds from excise duty on motor fuels). It is allowed to apply for funds from the EU budget in case of tasks of an investment nature. The KFD is to play an auxiliary role in financing. The necessary amount for implementation is PLN 58.3 billion.

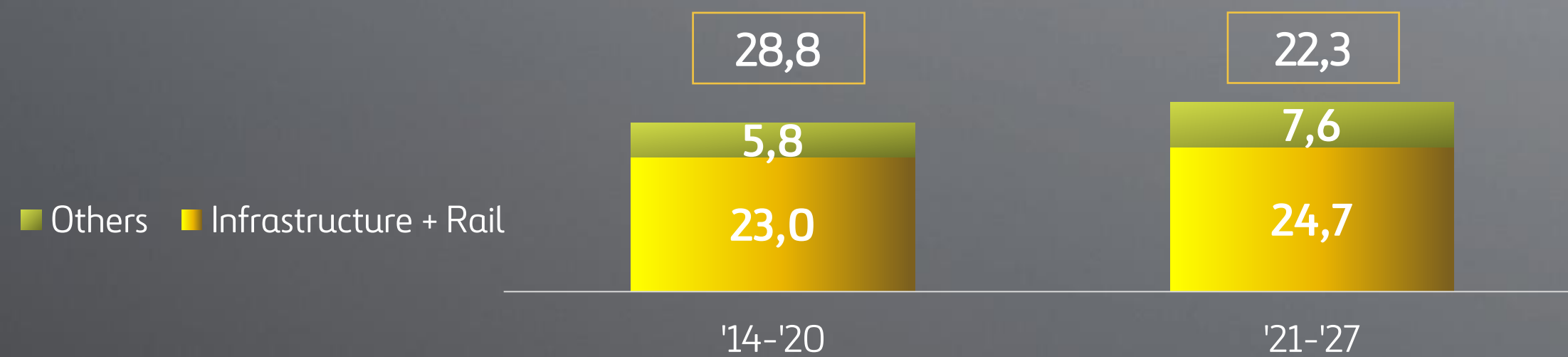
# EU funds

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



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.

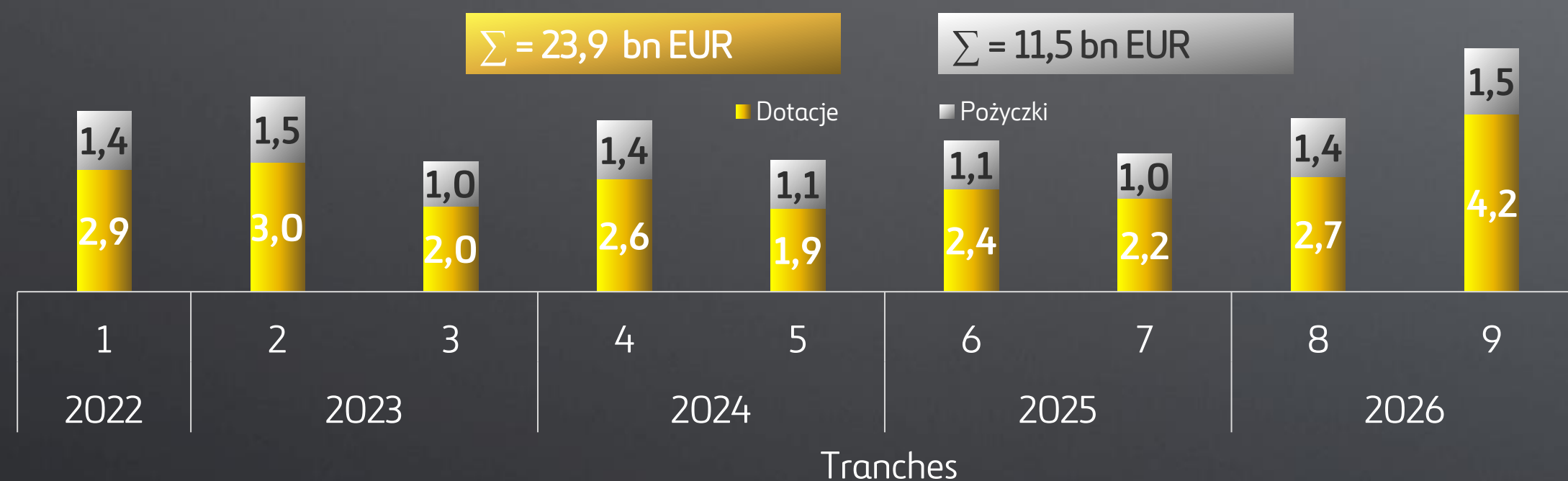
## Connecting Europe Facility (CEF) - funds for all countries (bn EUR)



It will also be important to support infrastructure projects under the Connecting Europe Facility (CEF) competition instrument. 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 (bn EUR)



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 (KPO), which is dependent on the government achieving milestones.

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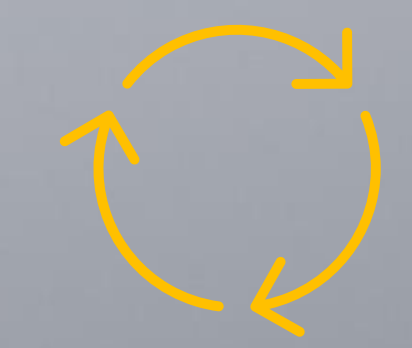
FBSerwis & Mostostal Kraków

Market and outlook

**ESG**



# E Targets



01

Striving for : 100% of energy obtained from the market comes from RES

2023

02

Striving for: 100% of the energy produced by Budimex Group companies for Budimex comes from RES

2026

03

Aiming for: 20% reduction in Scope 1 and 2 2030 CO2 emissions, including.

33% reduction in emissions from the car fleet and use of RES electricity

2030

04

Towards net zero by 2050

05

Closing the raw material cycle

2026

06

Protection of water resources and biodiversity

2025

Investment in renewable energy sources and reduction of carbon footprint towards achieving climate neutrality

Ensuring circularity in the value chain.

Aiming to reduce the environmental footprint in the dimensions of water resources and biodiversity.

# S Targets



01

Integration of generations, aiming for:

< 8.5% Maintain voluntary turnover rate 2026

< 9% GPGR 2026

22% GCR - aim to increase the proportion of women in middle and senior management 2026

Strong and multi-generational teams. Increasing the proportion of women in the workforce. Levelling the playing field in the area of pay. Continuous competence building.



02

Safe and decent work:

**Safety** visits to contracts and meetings with employees and business partners

**Annual** delivery of all training and programmes promoting safety culture to **100%** of employees

At least 90% of contracts covered by Safety Week in the Budimex Group every year.

Ensuring the safety of employees and participants in ongoing projects. Implementing new solutions to support the creation of a safe workplace.



03

Good neighbour and strengthening relationships:

Educational programmes in schools and technical colleges

No less than 50 outreach activities on all ongoing contracts

Supporting local initiatives around ongoing projects. Charitable activities. Liaising with universities promoting introductory programmes to work in the construction industry.

# G Targets



01

We are an ethical company

Revision and expansion of ethics issues 2023

Addressing conflicts of interest 2023

Business Partner Code 2024

Activities to strengthen the ethical culture among employees and business partners.

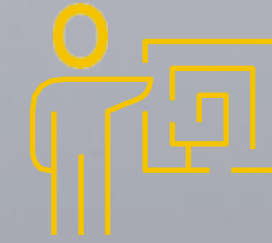


02

Anti-corruption

Cyclical anti-corruption training among employees.

No corruption incidents



03

Risk management

Integration of ESG risks into the risk management system.

Managing business and ESG risks in an integrated manner



04

Cyber security

Improving protection mechanisms against cyber threats

Ensuring the highest standards of cyber security and protection of information systems.

# Agenda 2030

We have joined the Partnership for the Implementation of the Sustainable Development Goals

The 2030 Agenda is a strategy for world development up to 2030, contains 17 Sustainable Development Goals divided into 5 areas :

**people, planet, prosperity, peace and partnership**

## Budimex Sustainable Development Goals

E	<b>7</b> CZYSTA I DOSTĘPNA ENERGIA	<b>12</b> ODPOWIEDZIALNA KONSUMPCJA I PRODUKCJA	<b>13</b> DZIAŁANIA W DZIEDZINIE KLIMATU	<b>15</b> ŻYCIE NA LĄDZIE
	<b>3</b> DOBRE ZDROWIE I JAKOŚĆ ŻYCIA	<b>4</b> DOBRA JAKOŚĆ EDUKACJI	<b>5</b> RÓWNOŚĆ PŁCI	
	<b>8</b> WZROST GOSPODARCZY I GODNA PRACA	<b>9</b> INNOWACYJNOŚĆ, PRZEMYSŁ, INFRASTRUKTURA		

Ministerstwo Rozwoju i Technologii

Partnership for the Implementation of the Sustainable Development Goals

**Partnerstwo na rzecz realizacji Celów Zrównoważonego Rozwoju (SDGs)**

Świadomi globalnych wyzwań gospodarczych, społecznych i środowiskowych oraz ich złożoności, upatrujemy w celach zrównoważonego rozwoju szansę na wykreowanie nowej rzeczywistości gospodarczej, otwierającej nowe ścieżki rozwoju dla biznesu, opartej na zasadach transparentności i budującej wizerunek Polski, jako wiarygodnego partnera gospodarczego.

Uznajemy, że osiągnięcie ambitnych celów i zadań będzie możliwe dzięki wspólnemu działaniu w efektywny sposób, mobilizacji sił, kreowaniu synergii, ożywionemu i wzmocnionemu partnerstwu, będącemu efektem dialogu, otwartego dla wszystkich zainteresowanych stron.

Dążąc wspólnie do wykorzystania szans na dokonanie zmian w kraju, regionie i firmie, zwiększania wpływu na zrównoważony rozwój, wyrażamy intencję współpracy w ramach niniejszej inicjatywy partnerstwa na rzecz realizacji Celów Zrównoważonego Rozwoju.

**budimex** Budimex S.A.

*Artur Popko*

*Artur Popko*

Imię, nazwisko oraz stanowisko osoby upoważnionej do podpisu

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28.12.2022

Miejscowość, data





# budimex

Investor presentation

1H'2023