



budimex

Investor Presentation
1Q'20



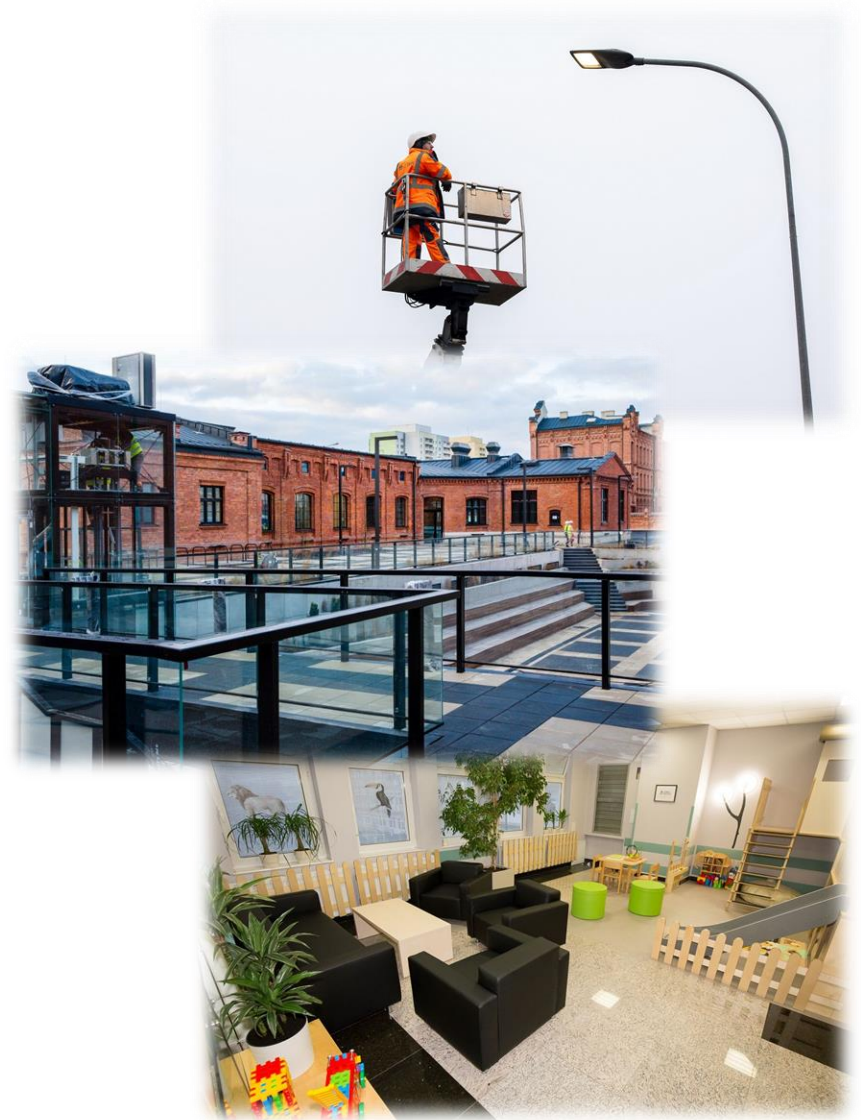
1. Market snapshot

- 1.1 Overview of construction segment
- 1.2 Labour market
- 1.3 Prices of main materials

2. Budimex Group in 1Q'20

- 2.1 Budimex Group – top facts
- 2.2 P&L
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3. Budimex S.A. on WSE





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Market snapshot

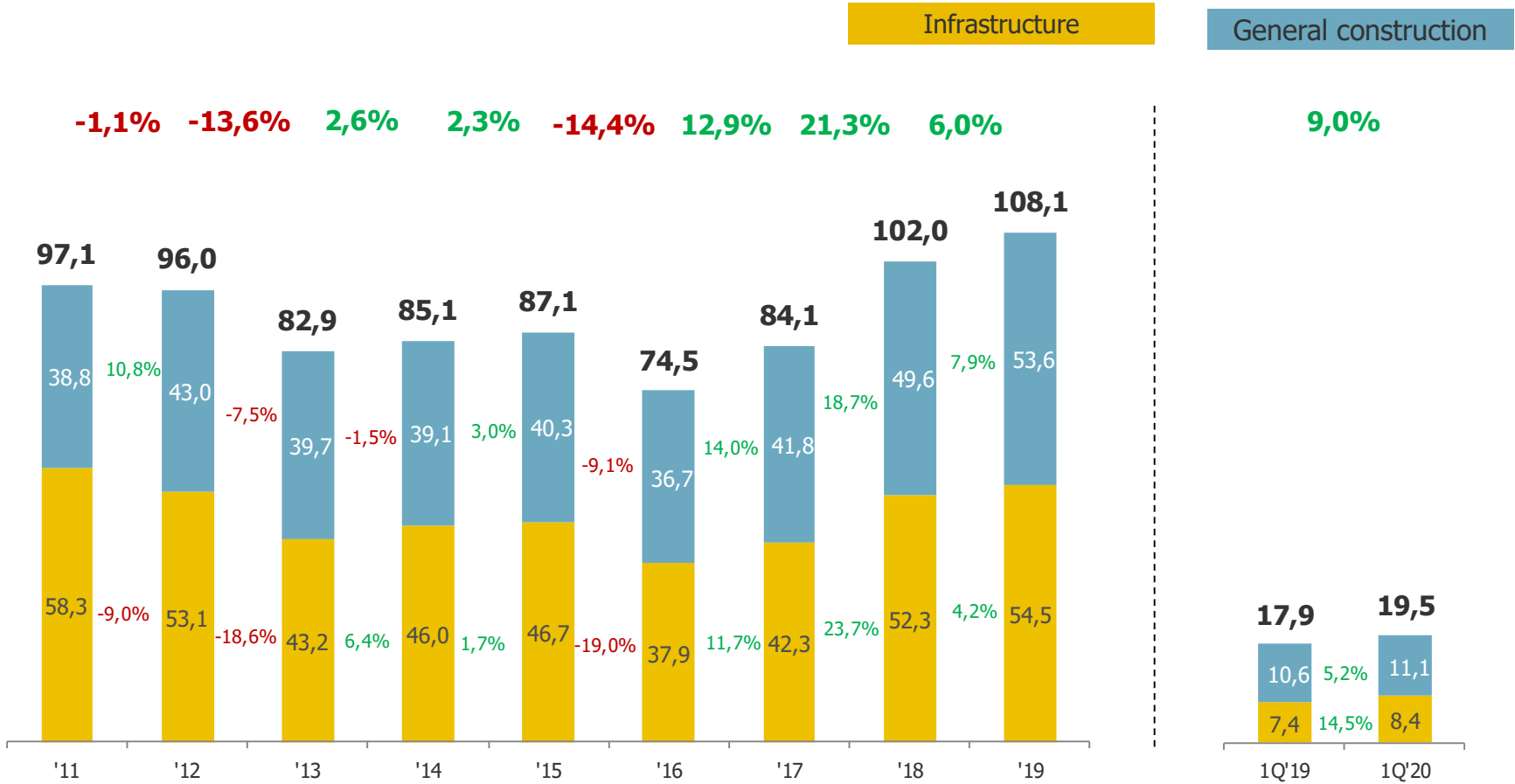


1.1 Construction production by segment

Comment

- In 1Q'20 construction production in Poland increased by 9,0%
- The production was not impacted strongly by COVID-19 epidemic, as no administrative stopping of construction works took place

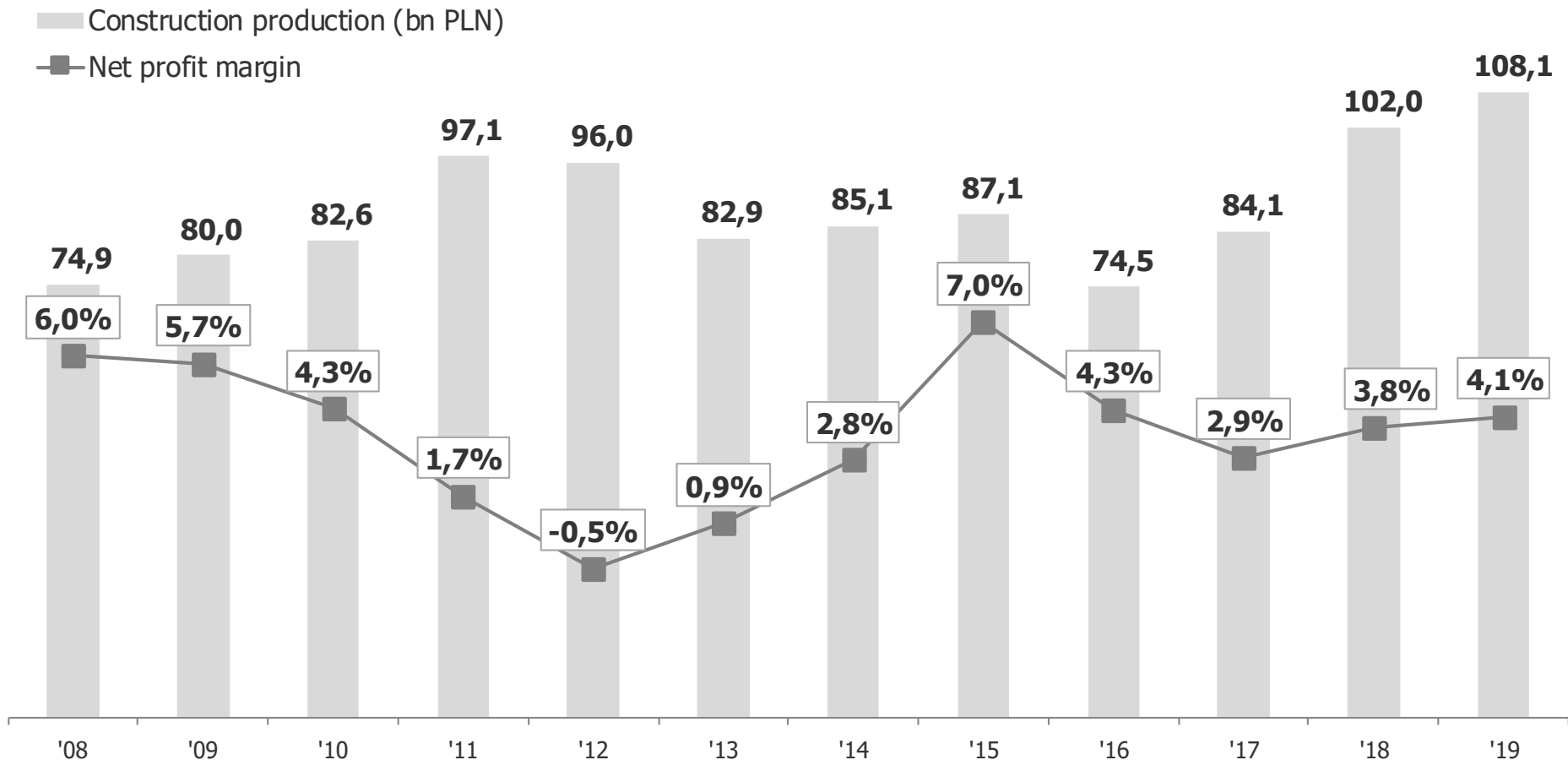
Construction and assembly production '10 – '20 (bn PLN, enterprises with > 9 employees, current prices)



Comment

- High cost inflation combined with no real indexation impacted strongly margins of big construction companies, but statistical data show that margins are currently improving

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

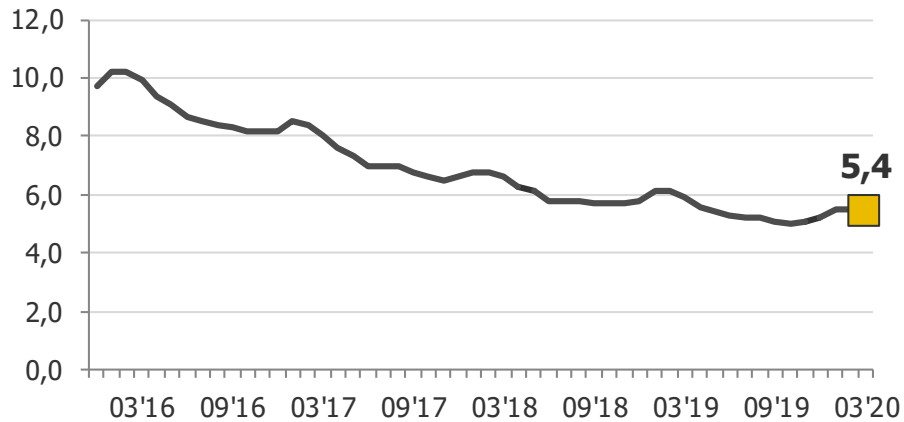


1.2 Labour market

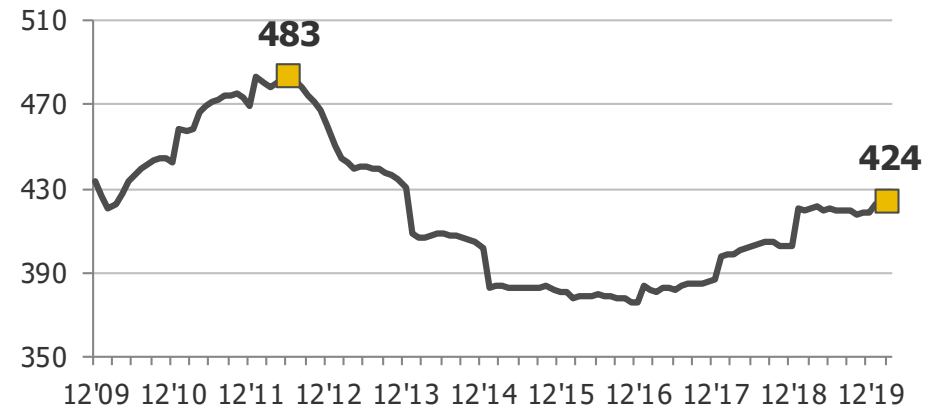
Comment

- *Current epidemic could cause visible increase of unemployment rate in upcoming months*
- *Seasonal q-o-q drop of average wage in construction in 1Q'20*

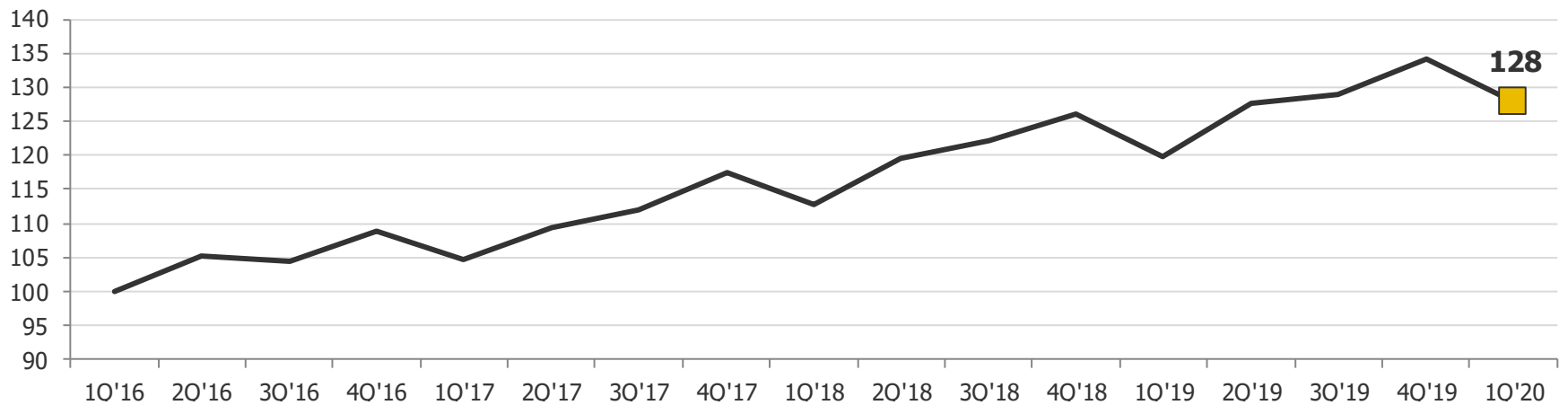
Unemployment rate (%)



Employment in construction (thous. employees)



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

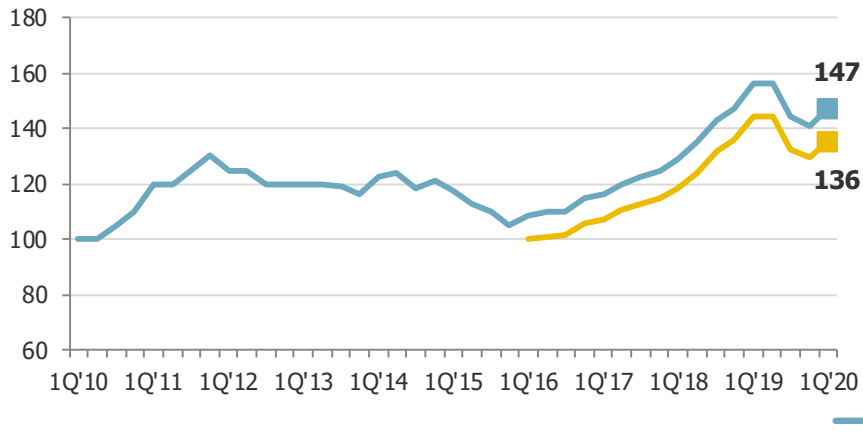


1.3 Prices of main materials

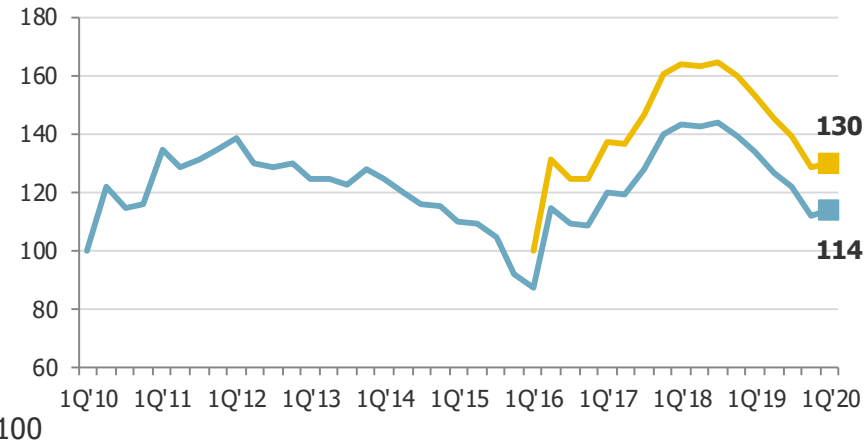
Comment

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

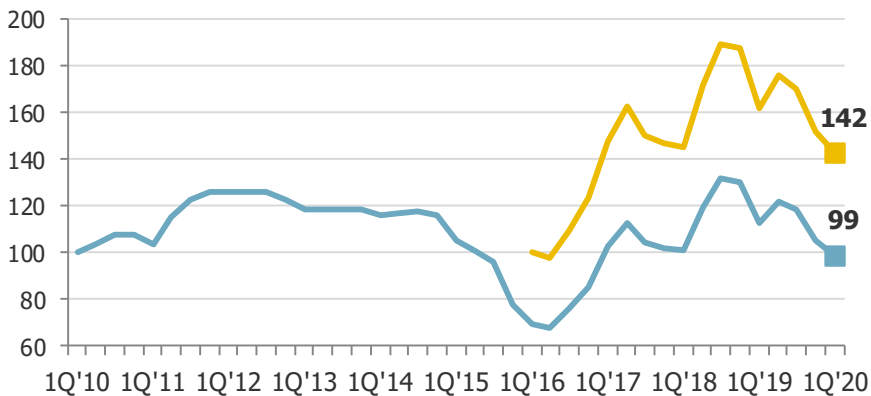
Concrete



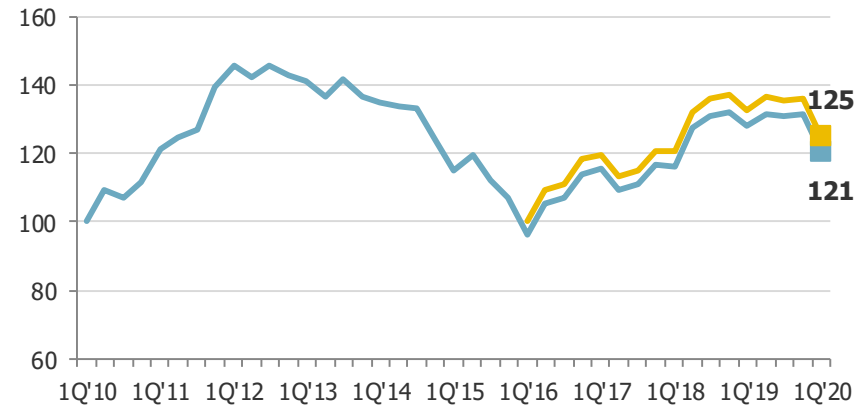
Reinforcement steel



Asphalt



Diesel oil





budimex

Budimex Group
1Q'20 results



2.1 Budimex Group – top facts in 1Q'20

- Increase of sales in 1Q'20 → 1Q'20: **1,5 bn PLN** *(+6,9% y-o-y)*
- Increase of % EBIT in construction segment → 1Q'20: **2,3%** *(+0,6 p.p. y-o-y)*
- Rising share of railway in construction sales → 1Q'20: **19,6%** *(+7,2 p.p. y-o-y)*
- Increase of net cash → 03'20: **1,8 bn PLN** *(+0,4 bn PLN vs. 12'19)*
- Improvement of contracts signed → 1Q'20: **2,3 bn PLN** *(+53,1% y-o-y)*
- Further backlog increase → 03'20: **12,0 bn PLN** *(+1,2 bn PLN vs. 12'19)*
- High improvement of market offer → 03'20: **4 383 flats** *(+479 flats vs. 12'19)*

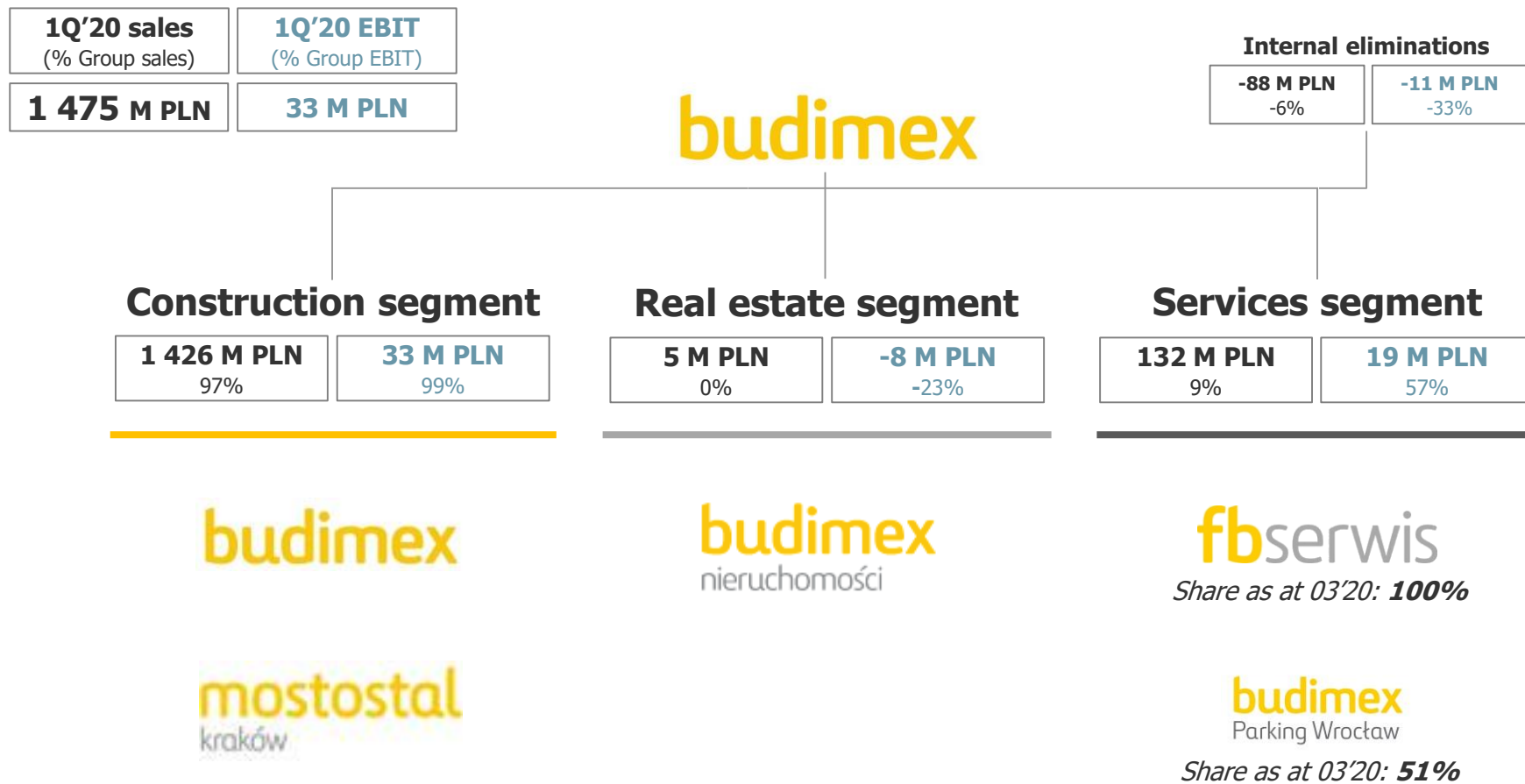
Comment

- Improvement on top line in 1Q'20 (+7% y-o-y) mainly due to high sales dynamics in construction segment (+12% y-o-y) and full consolidation of FBSerwis Group

	1Q'20	1Q'19	Δ		FY'19	FY'18
Sales	1 475	1 380	95		7 570	7 387
<i>y-o-y dynamics</i>	6,9%	3,1%	3,8 pp.		2,5%	16,0%
Gross margin	111	106	5		552	629
<i>% sales</i>	7,5%	7,7%	-0,2 pp.		7,3%	8,5%
SG&A	-66	-59	-6		-229	-260
<i>% sales</i>	4,5%	4,3%	0,1 pp.		3,0%	3,5%
Other operating	-12	3	-15		-4	48
EBIT	33	50	-17		318	417
<i>% sales</i>	2,3%	3,6%	-1,4 pp.		4,2%	5,6%
PBT	28	45	-17		332	403
<i>% sales</i>	1,9%	3,3%	-1,4 pp.		4,4%	5,5%
Net profit	22	29	-6		226	305
<i>% sales</i>	1,5%	2,1%	-0,6 pp.		3,0%	4,1%

Comment

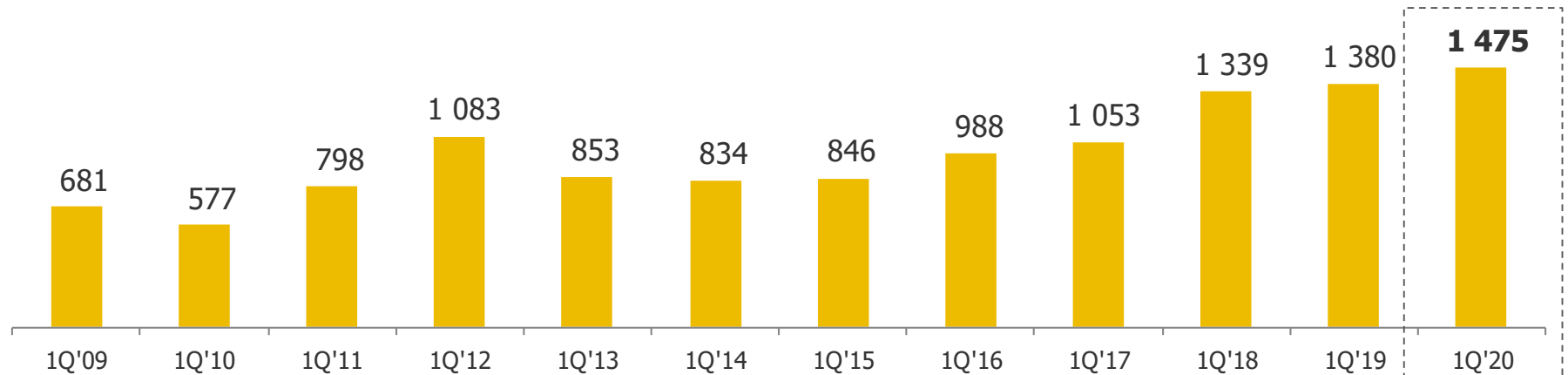
- Negative contribution of real-estate segment on Group' EBIT resulting from the schedule of notary sales (only 4 notary deeds signed in 1Q'20)



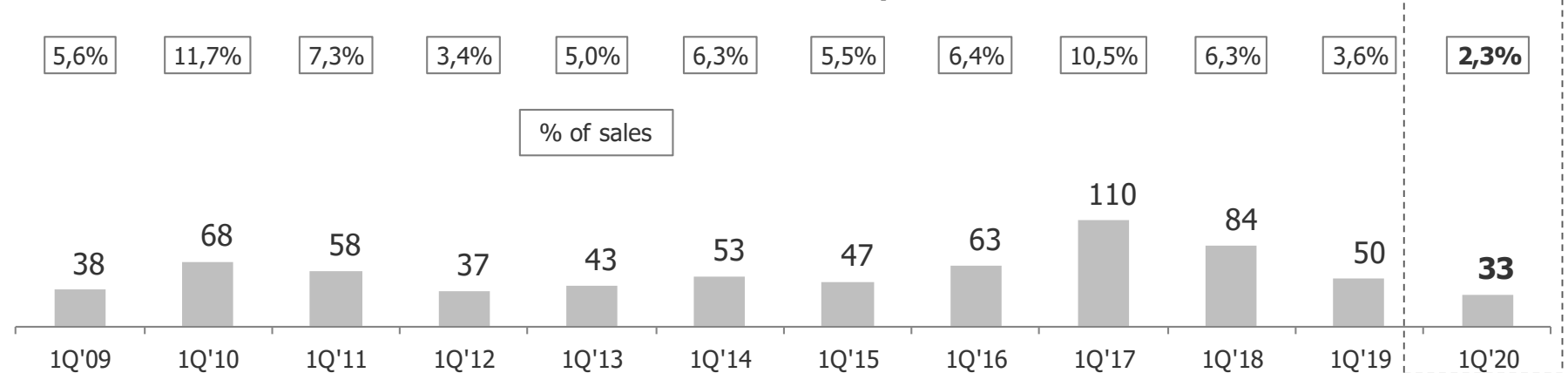
Comment

- Low contribution of real estate segment in 1Q results impacted Group's EBIT margin

Sales in Budimex Group (M PLN)



EBIT in Budimex Group (M PLN)

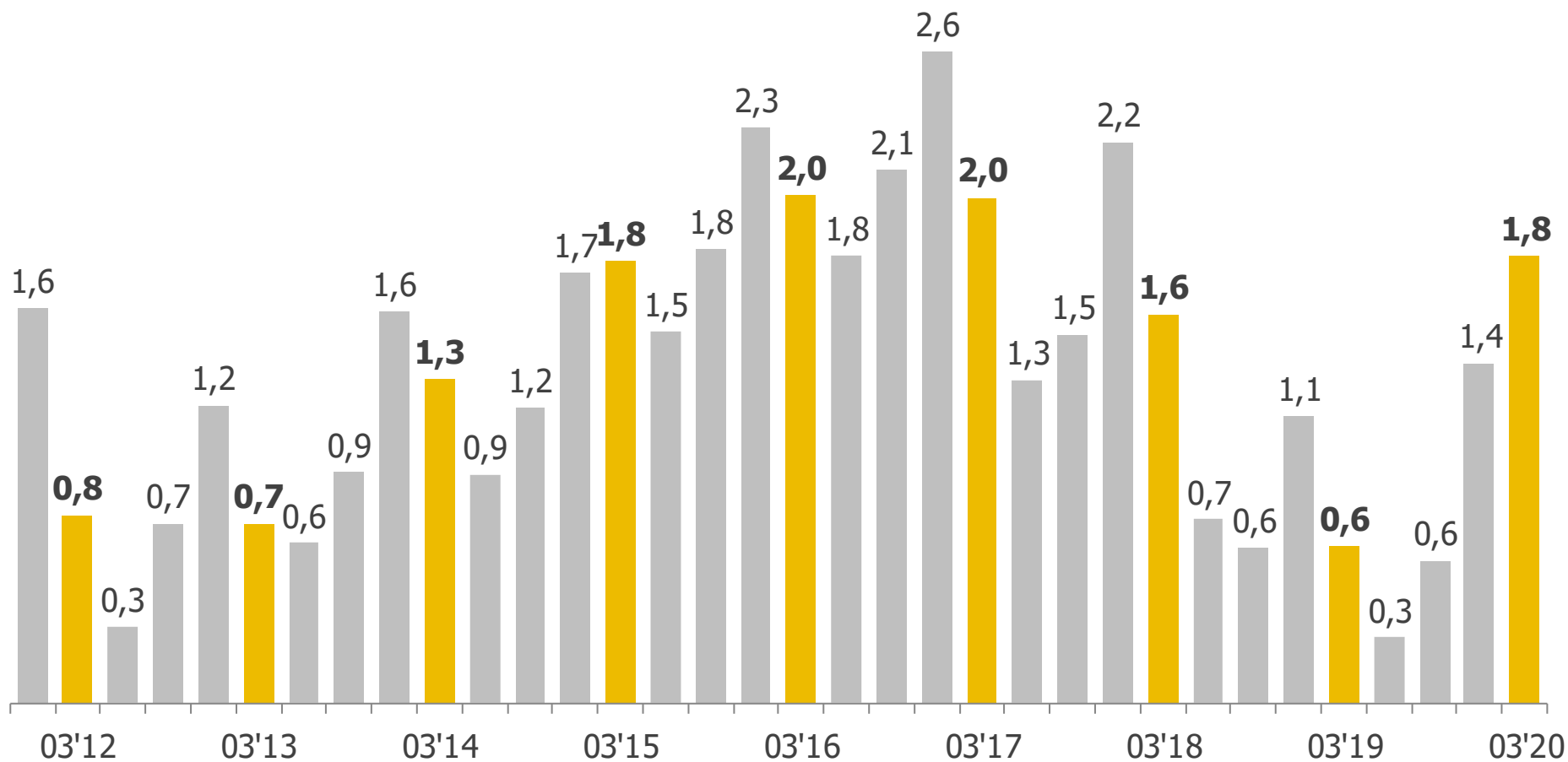


2.3 Evolution of Net Treasury Position

Comment

- *NTP improvement in 1Q'20 due to advance payments and efficient invoicing of construction works*

Net Treasury Position in Budimex Group (M PLN)





Construction segment – 1Q'20 results

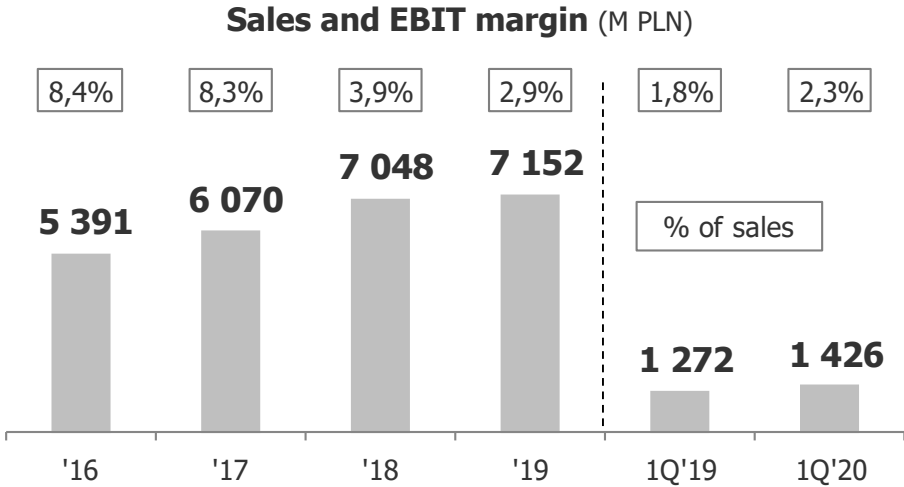


2.4.1 Construction segment

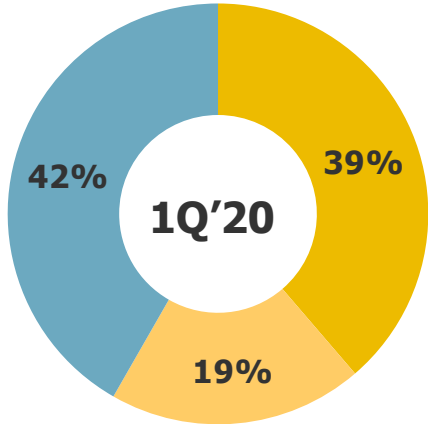
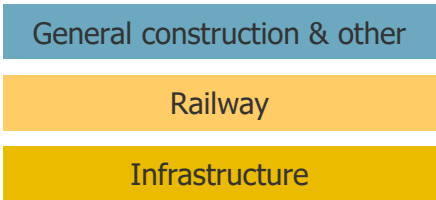
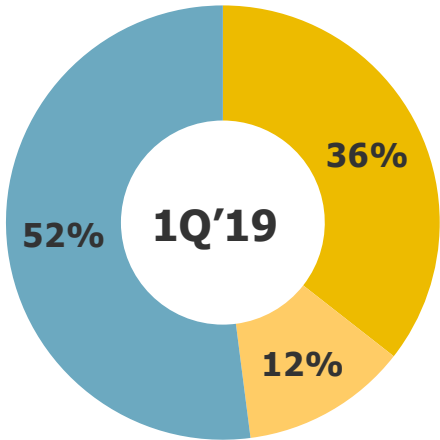
Comment

- Improvement of EBIT margin in 1Q'20
- The share of sales generated in railway segment increased due to further execution of record railway backlog

	1Q'20	y-o-y dynamics
Sales	1 426	12%
Gross margin	98	37%
% sales	6,9%	1,2 pp.
EBIT	33	49%
% sales	2,3%	0,6 pp.
Net profit	25	335%
% sales	1,7%	1,3 pp.



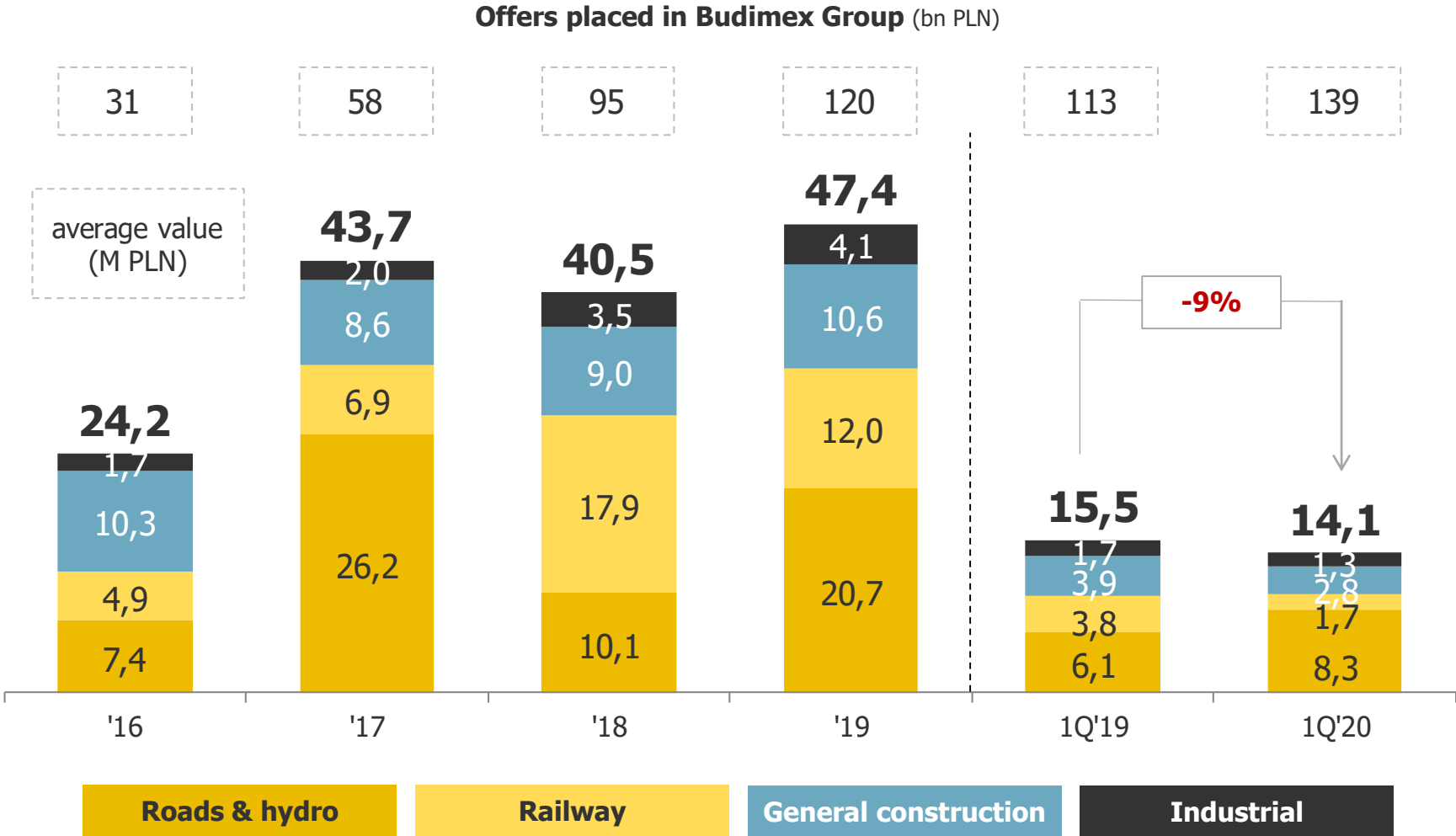
Sales structure



2.4.1 Construction segment

Comment

- Slight y-o-y drop of value of offers placed in 1Q'20, mainly due to lower activity in general construction and railway

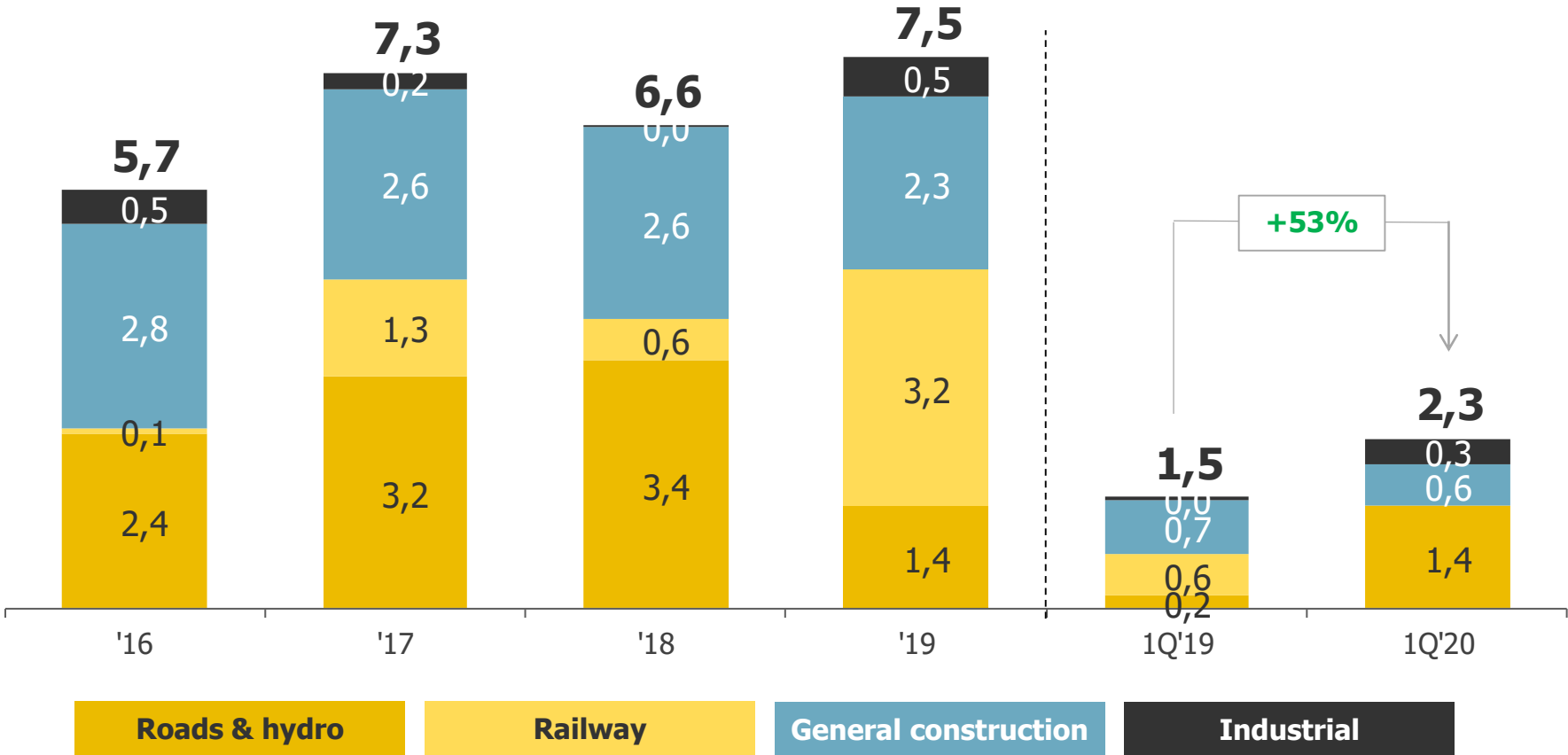


2.4.1 Construction segment

Comment

- Strong value of contracts signed in road, hydro & energy segment
- Top contracts signed in 1Q'20 include: S61 Suwałki - Budzisko (833 M PLN), S11 Koszalin - Bobolice part I (471 M PLN) and Vistula collector (349 M PLN)

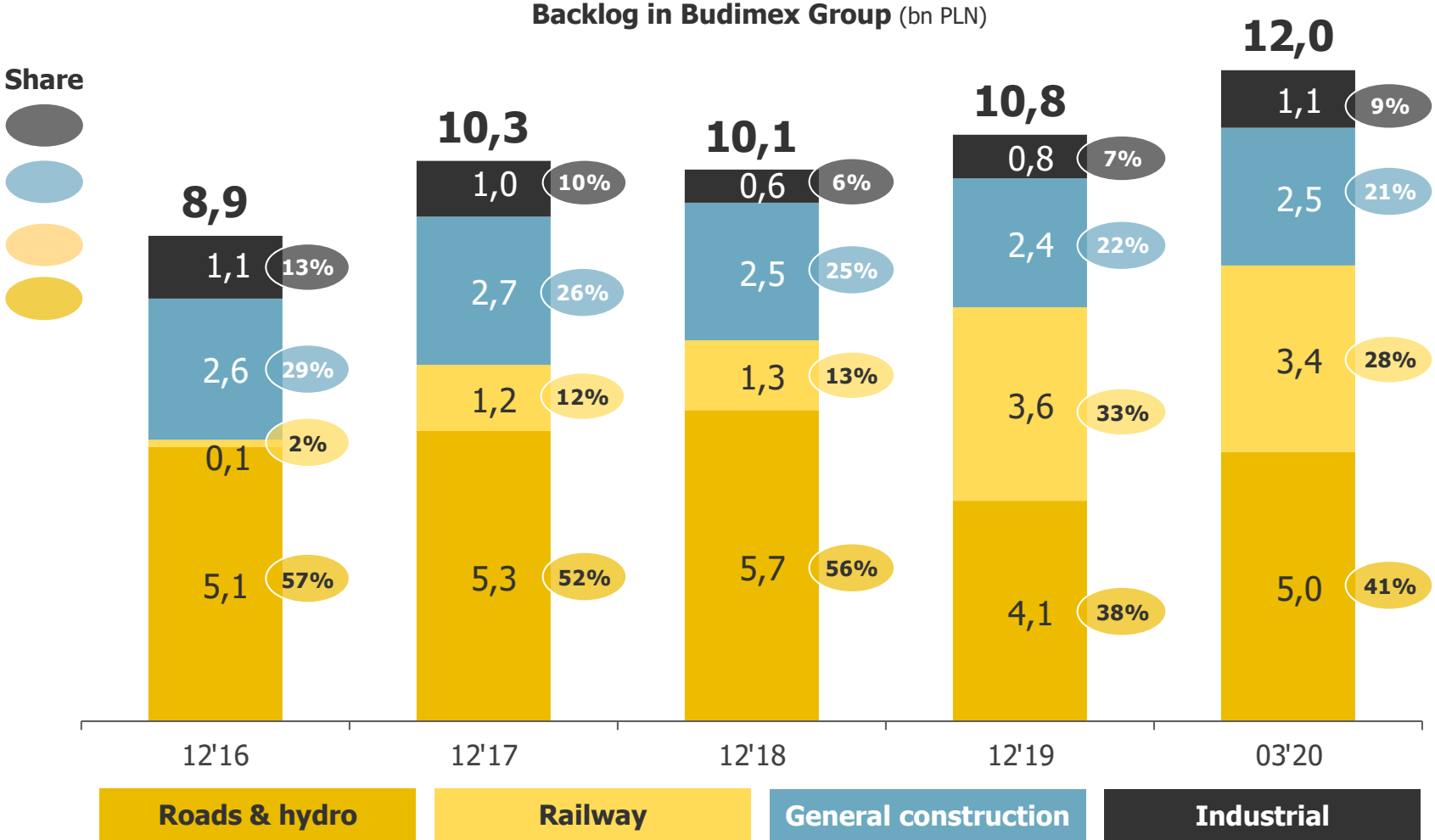
Contracts signed in Budimex Group (bn PLN)



2.4.1 Construction segment

Comment

- *Strongly diversified backlog*
- *Record backlog value at the end of 1Q'20: **12,0 bn PLN***





Real estate segment – 1Q'20 results

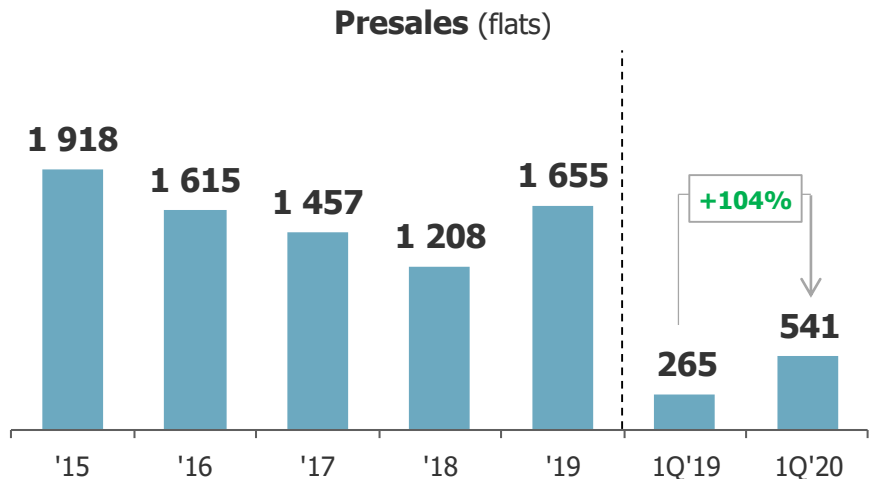
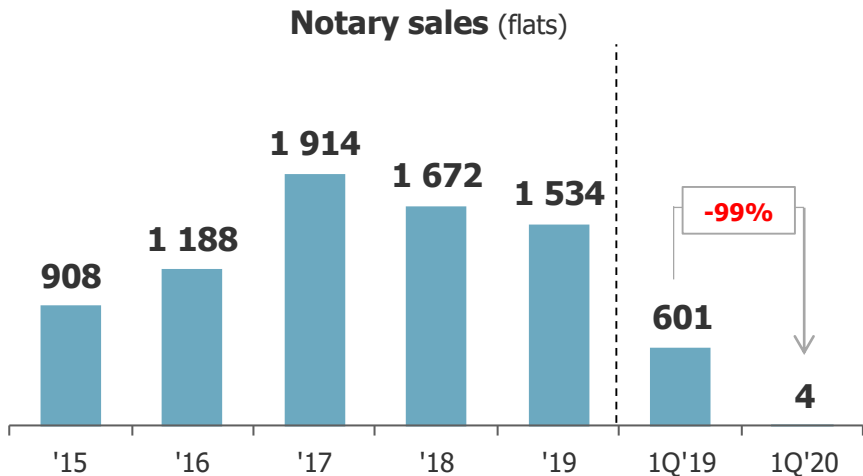
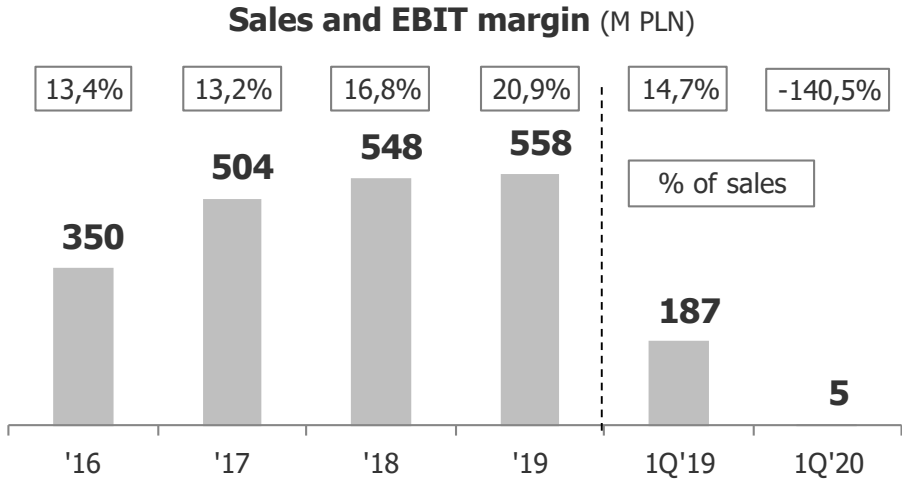


2.4.2 Real estate segment

Comment

- The decrease in sales and profitability results from the schedule of notary deeds signing
- Presales level was increased, mainly due to high sale of flats in Warsaw (+167 flats y-o-y) and launching new projects in Gdańsk and Wrocław

	1Q'20	y-o-y dynamics
Sales	5	-97%
Gross margin	1	-98%
% sales	13,4%	-7,2 pp.
EBIT	8	-127%
% sales	-140,5%	-155,2 pp.
Net profit	6	-128%
% sales	-117,2%	-129,2 pp.

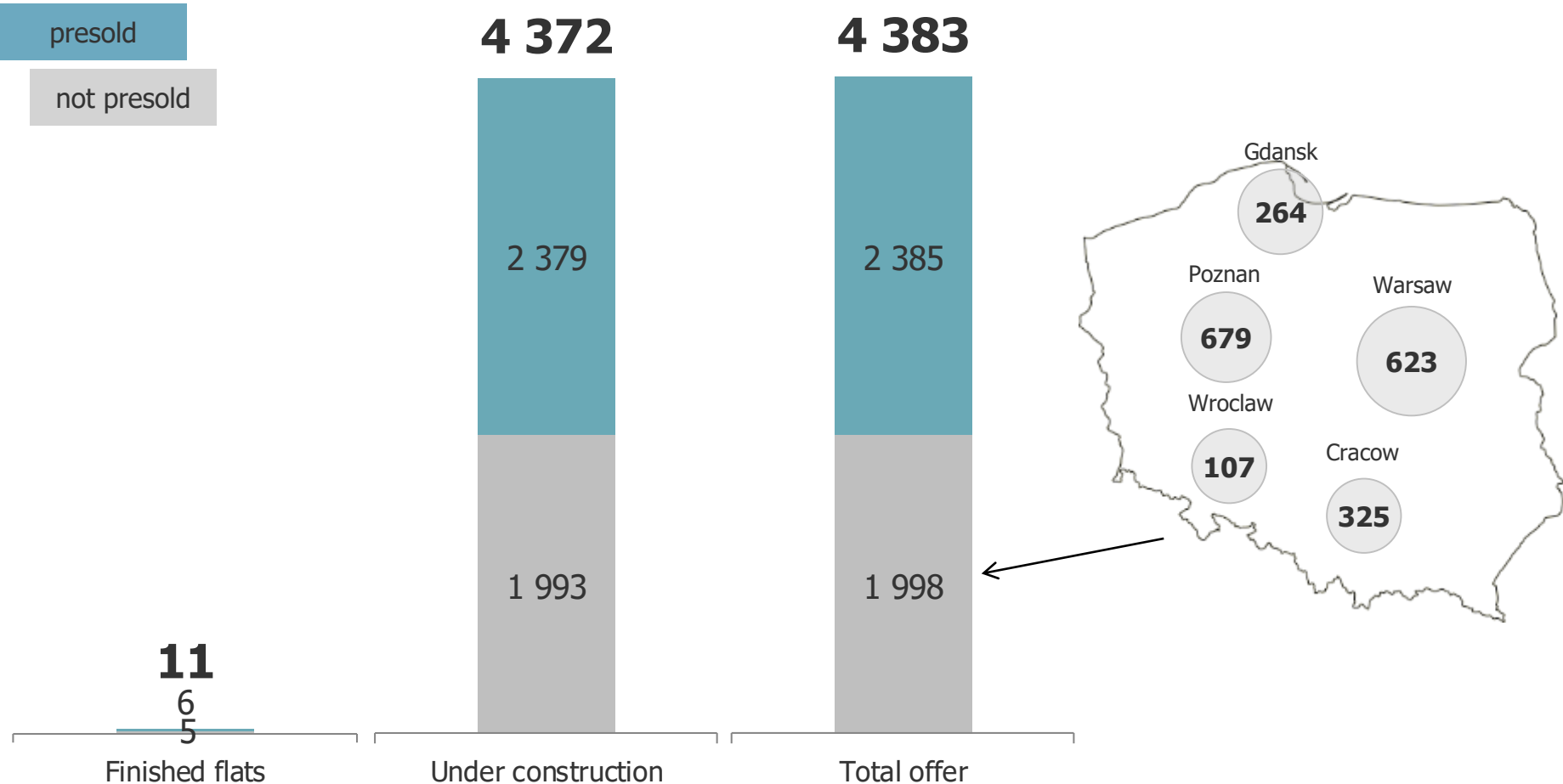


2.4.2 Real estate segment

Comment

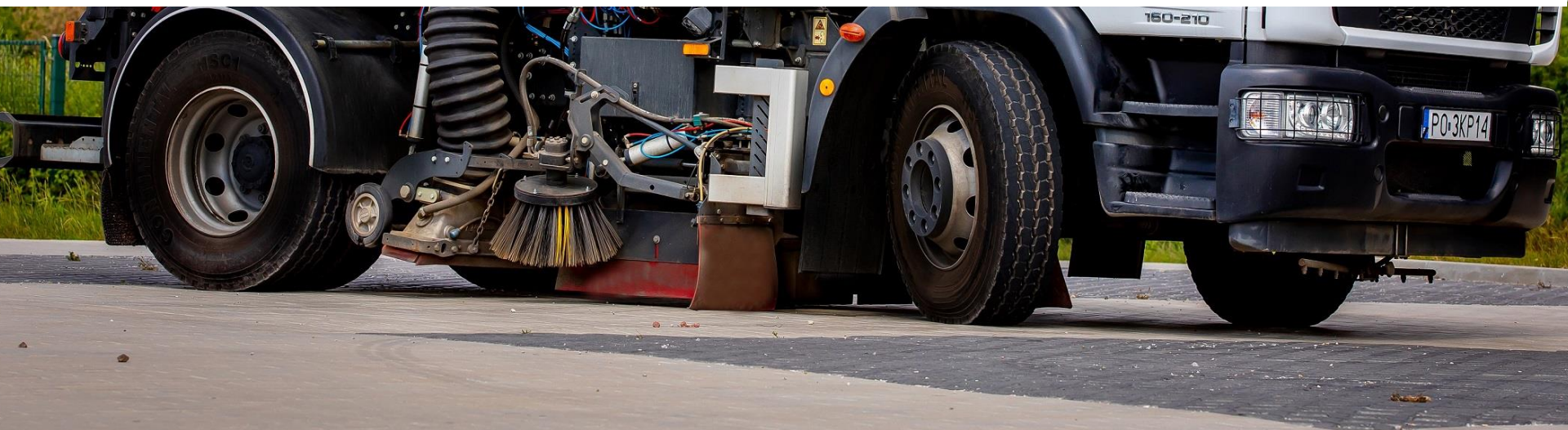
- Market offer in 03'20 was higher than in 12'19
- In 03'20 land bank amounted to 7 451 flats

Market offer as at 03'20 (flats)





Services segment – 1Q'20 results



Comment

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

	1Q'20
Sales	132
Gross margin	24
% sales	17,9%
EBIT	19
% sales	14,3%
Net profit	12
% sales	9,3%

Group's services segment composition



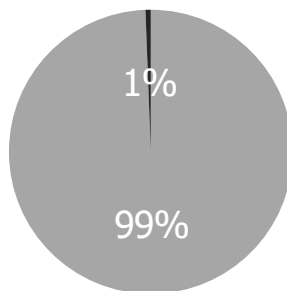
- environmental services, infrastructure maintenance, facility management, energy efficiency services
- 100% share (as at 31.03.2020)
- full consolidation since 07'19



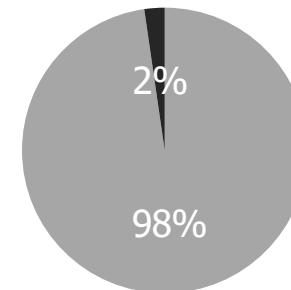
- construction & administration of underground car park in Wroclaw (concession)
- 51% share
- full consolidation

Sales & EBIT structure in 1Q'20

Sales 1Q'20



EBIT 1Q'20

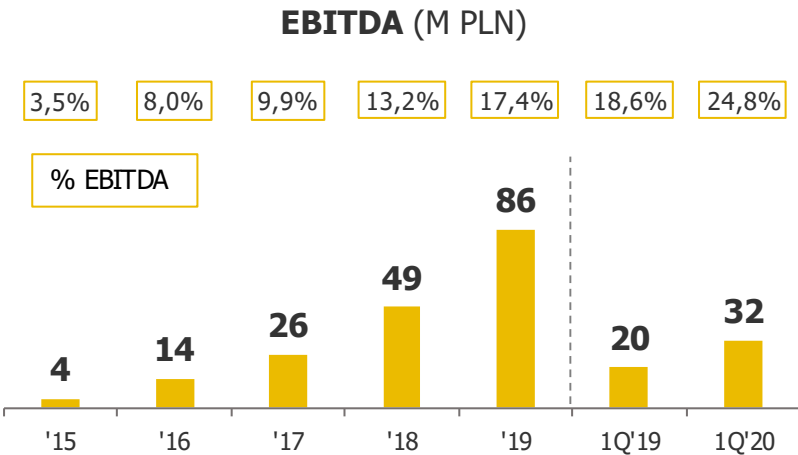
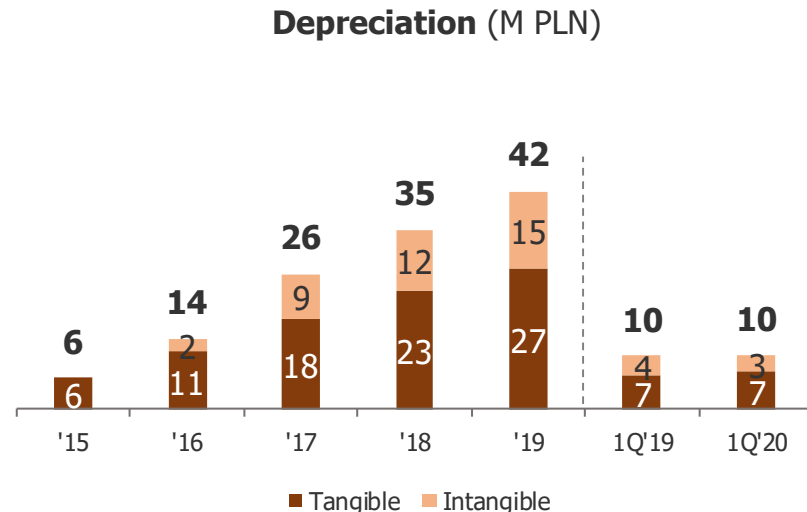
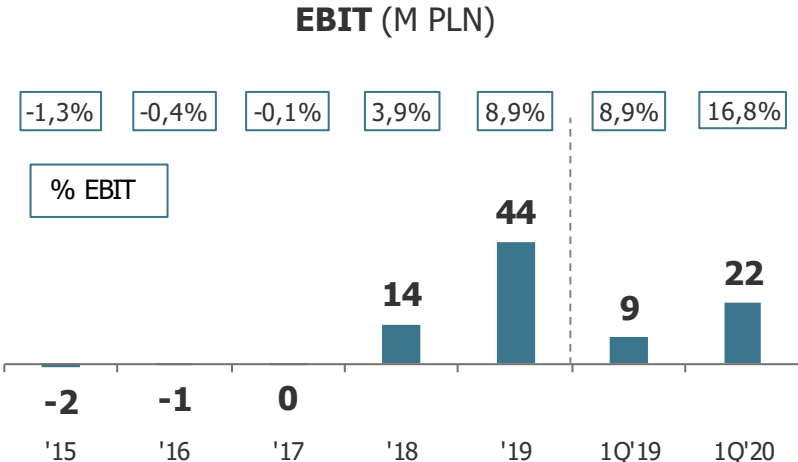
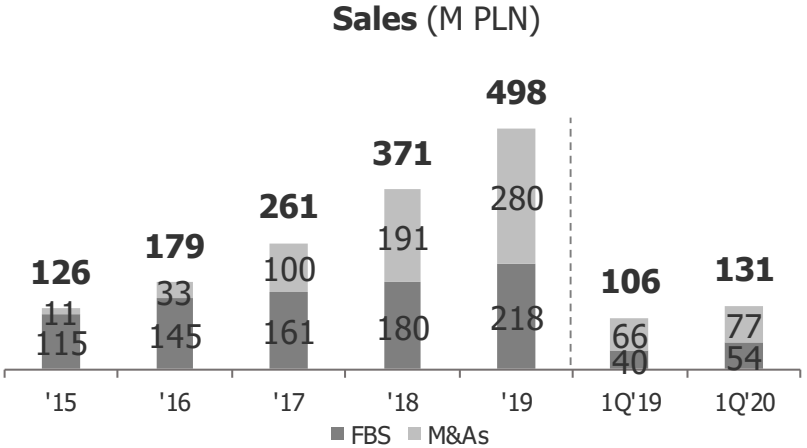


■ FBSerwis ■ Car park in Wroclaw

2.4.3 FBSerwis – key financial data

Comment

- **Sales structure in 1Q'20:** Waste Management – 68%, Infrastructure Maintenance – 21%, Facility Management & Street Lightening – 11%
- FBSerwis Group reported attractive margin in 1Q'20

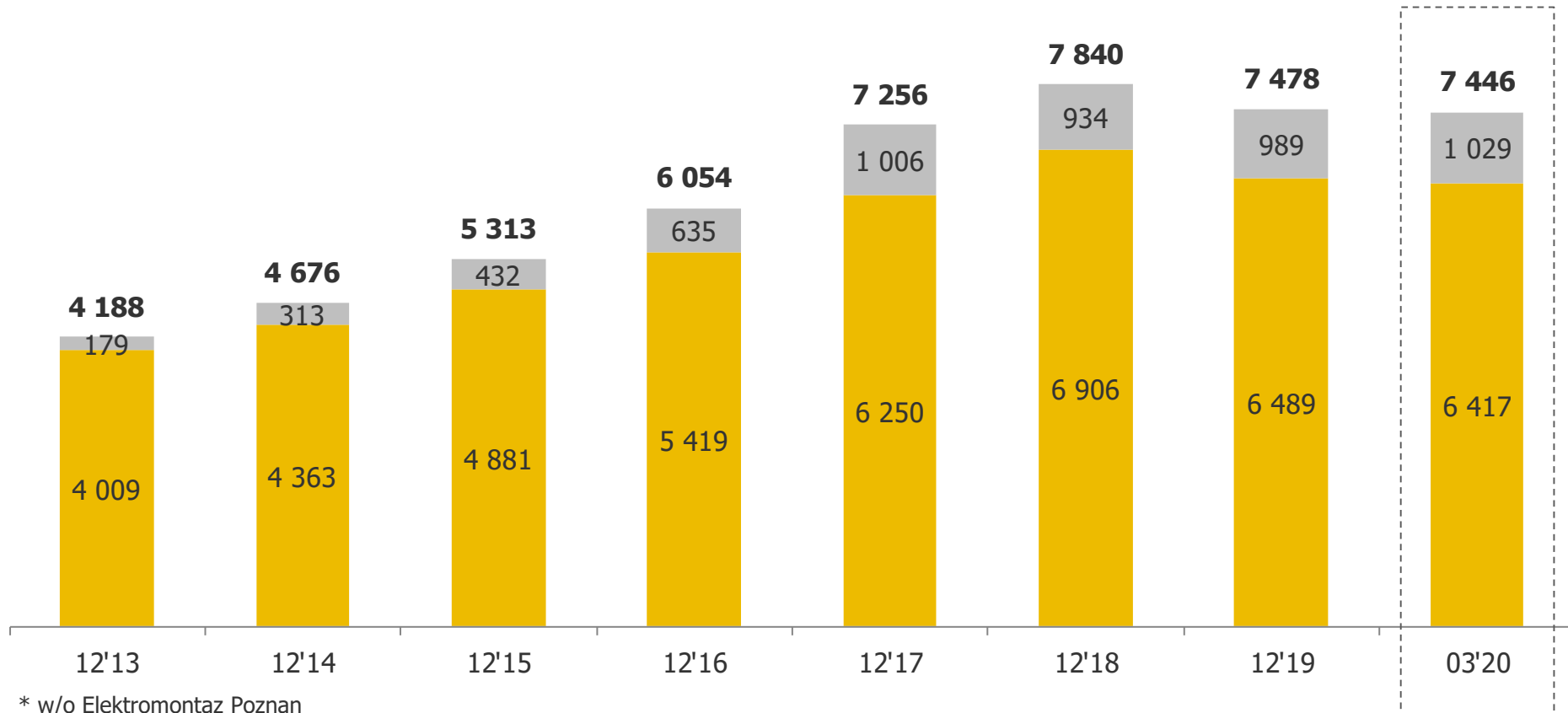


Comment

- Generally, in 1Q'20 the Group maintained 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

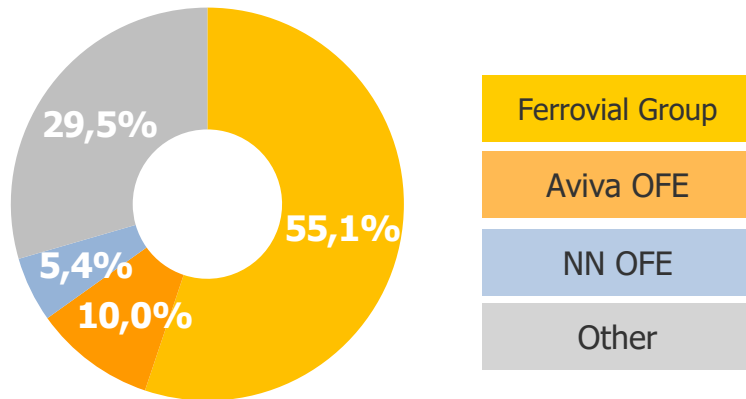


* w/o Elektromontaz Poznan

Comment

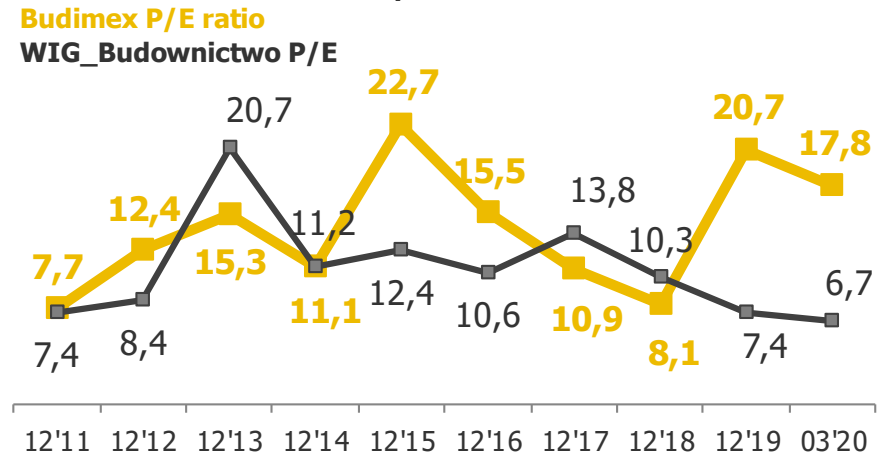
- At the end of '19 Budimex's share prices faced a rebound

Shareholders structure

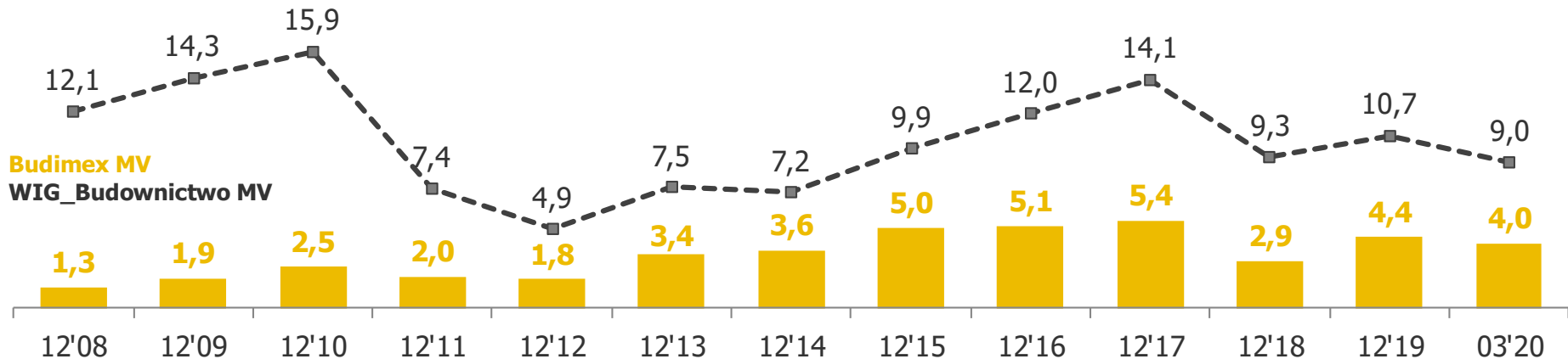


Source: stooq.pl

P/E ratio



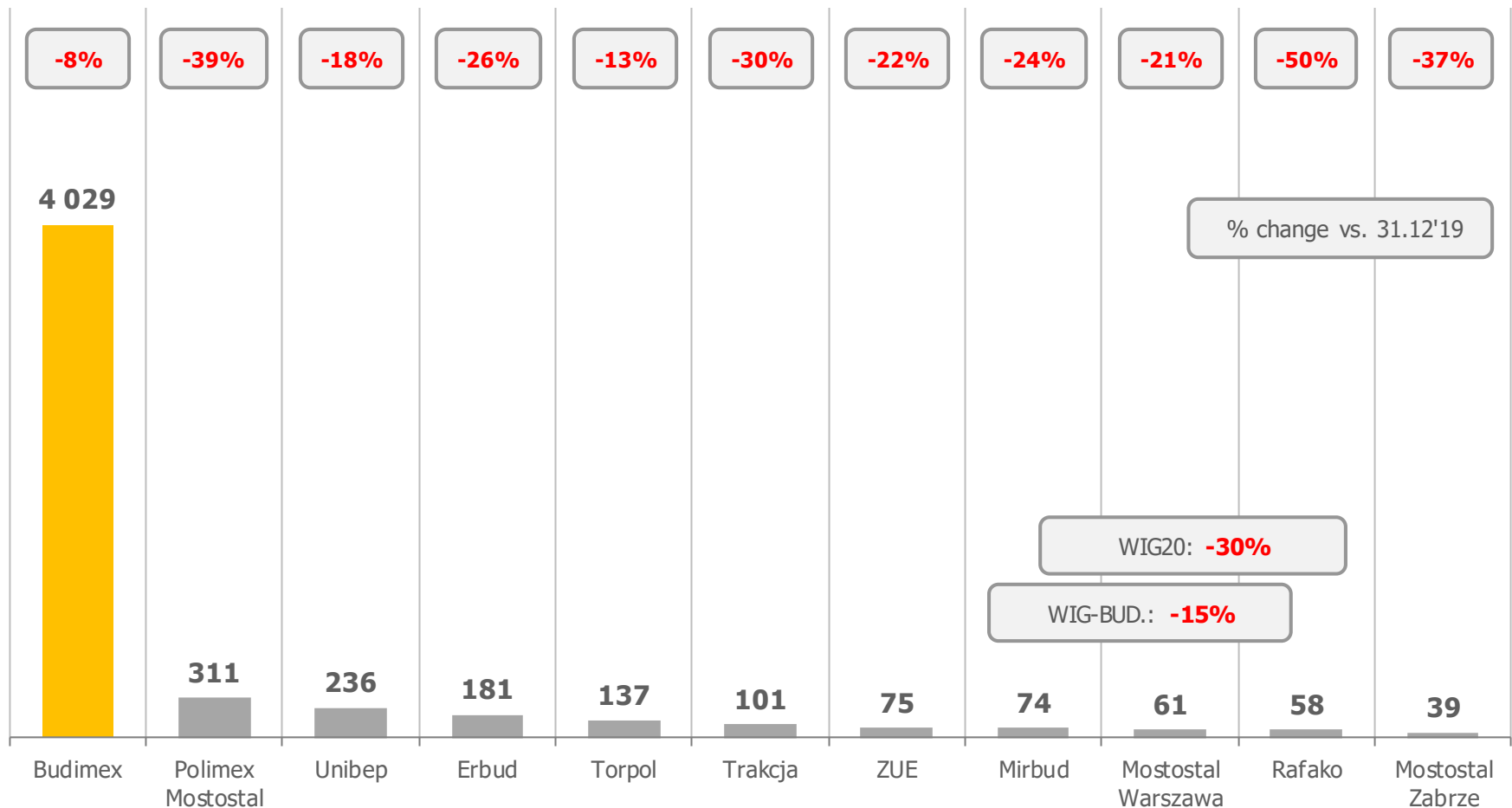
Budimex market value vs. WIG-Budownictwo aggregated market value (bn PLN)



Comment

- Due to COVID-19 pandemic, all significant construction companies in Poland noted drop of market value in 1Q'20

Market value as at 03'20 (M PLN)



Comment

- *Budimex has been paying dividends for over 10 years and belongs to WIGdiv index*
- *As at mid-Apr'20, Management Board did not publish the recommendation concerning dividend payout in '20*

Dividends paid (M PLN)

