



budimex

Investor Presentation
FY'20



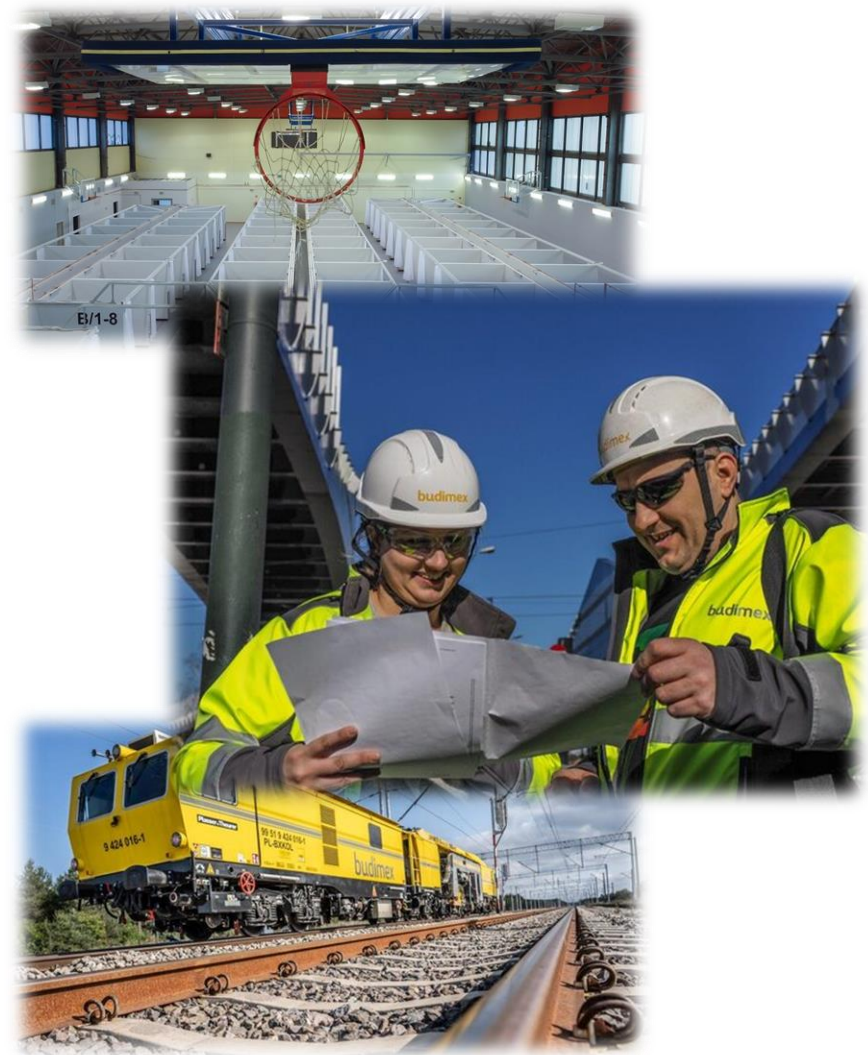
1. Market snapshot

- 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 FY'20

- 2.1 Budimex Group – top facts
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3. Budimex S.A. on WSE





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Market snapshot

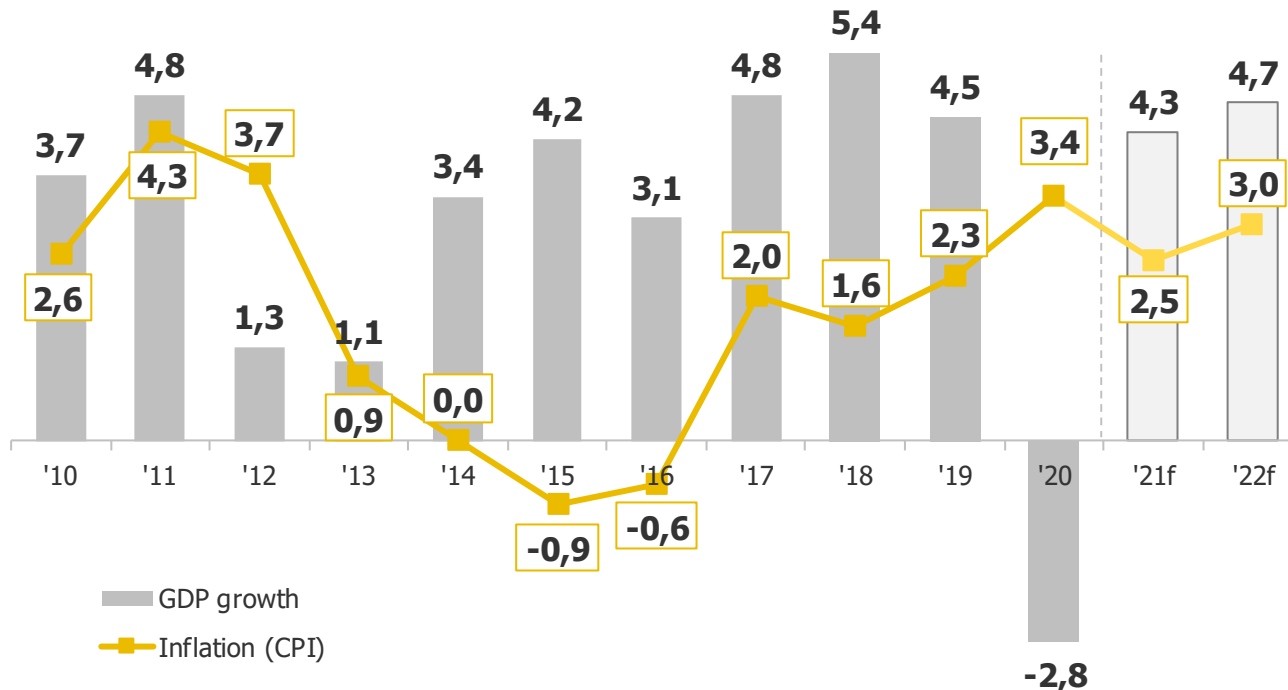


1.1 Macroeconomic forecasts for Poland

Comment

- COVID-19 pandemic caused deep decline in economic activity impacting forecast of Polish GDP growth and inflation rate
- In '21 IPAG forecasts GDP growth at the level of 4,3%, while the latest European Commission predictions (published in 02'21) assume smaller increase amounting to 3,1%

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



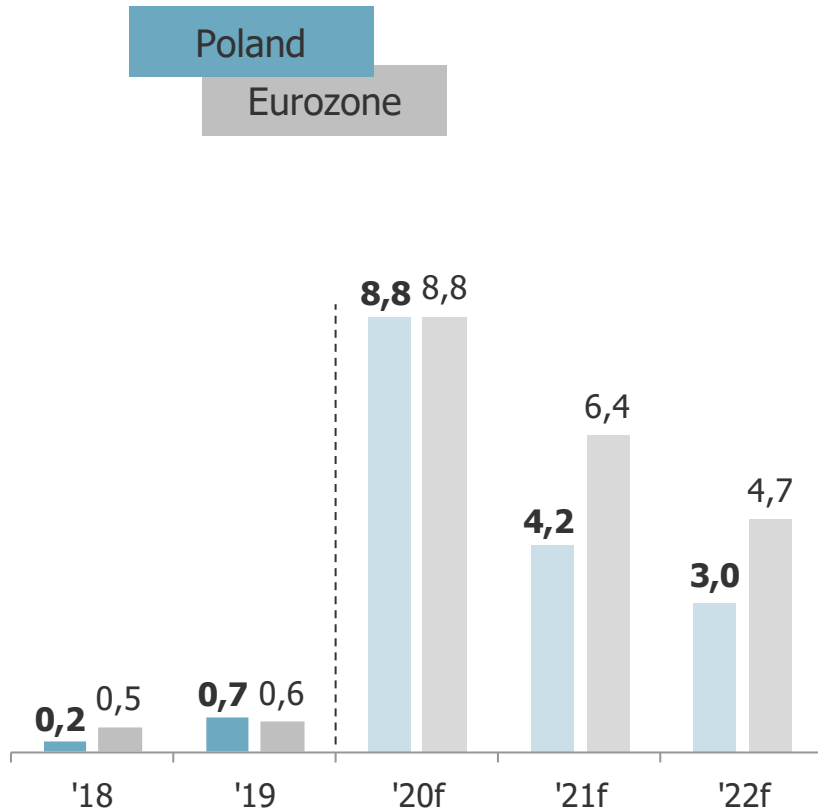
GDP growth:
deep recession in '20
and quick rebound
expected in '21

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

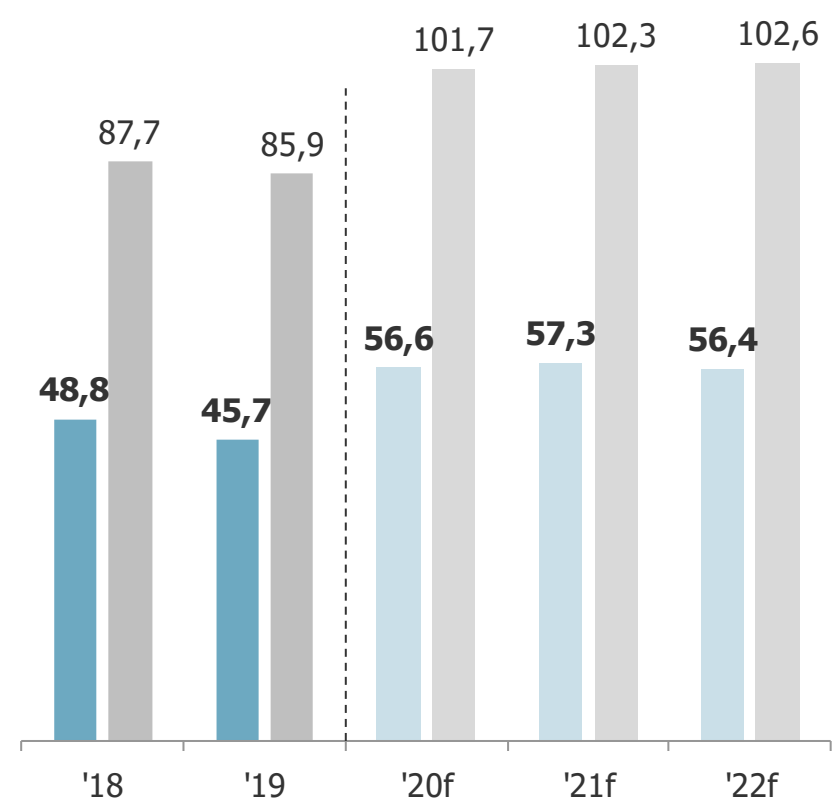
Comment

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

General government deficit (% of GDP)



Public debt (% of GDP)

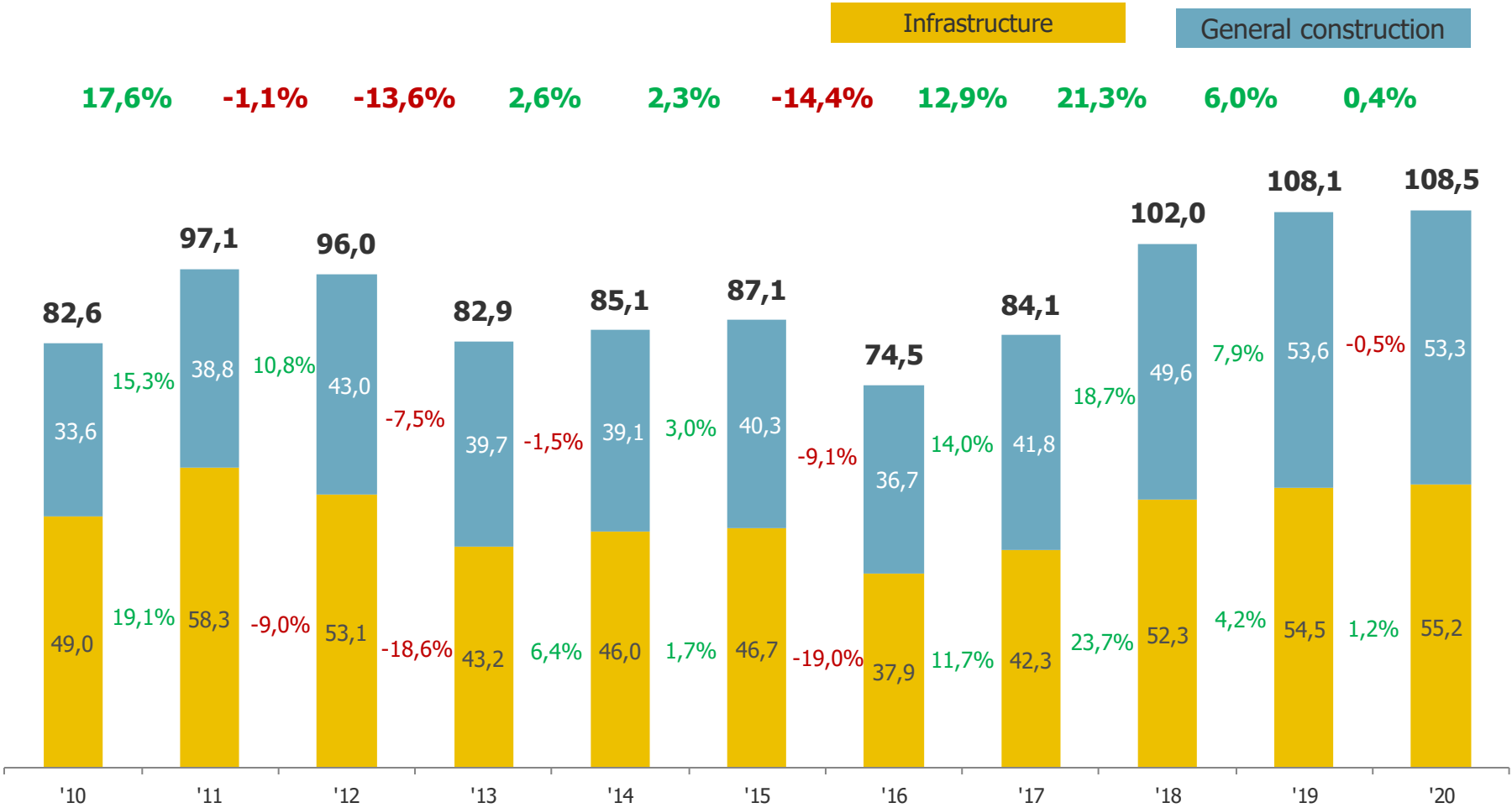


1.2 Construction production by segment

Comment

- In '20 construction production in Poland increased by only 0,4%
- 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)

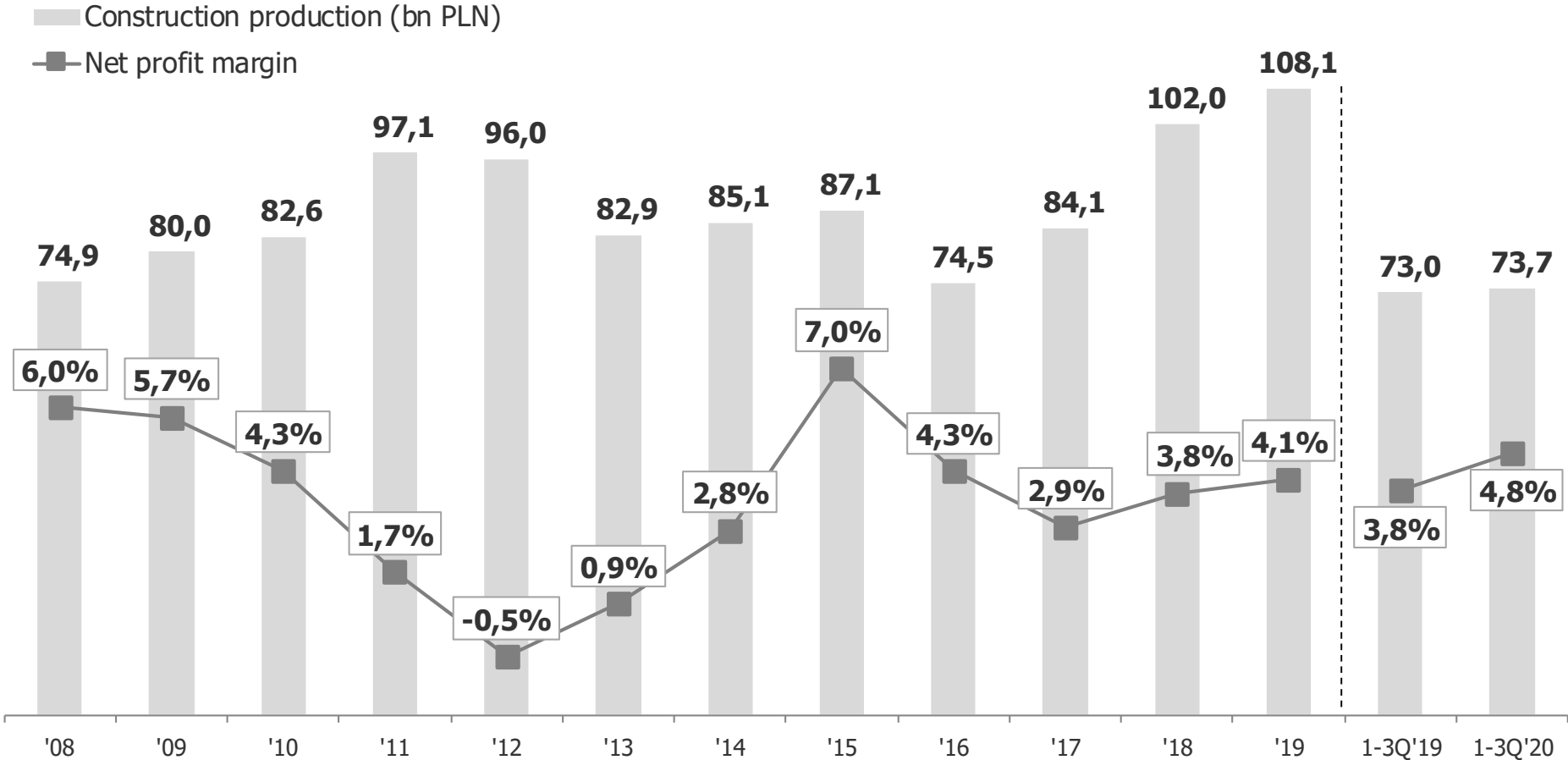


1.2 Production vs.net profit margin in construction

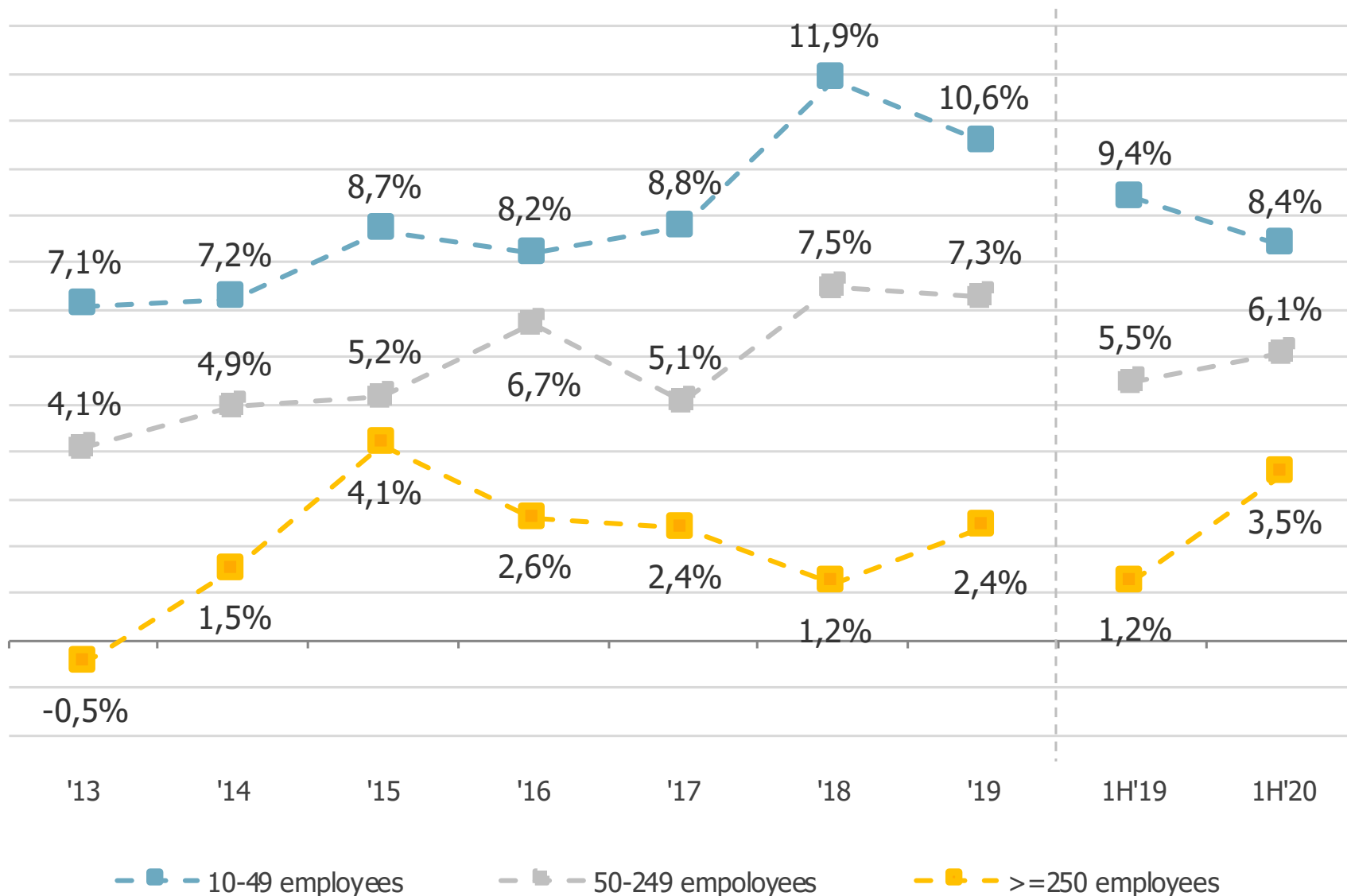
Comment

- 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

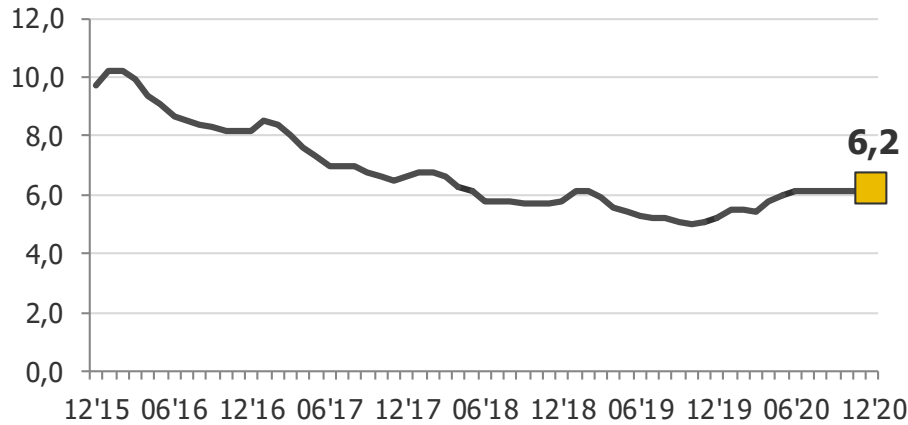


1.3 Labour market

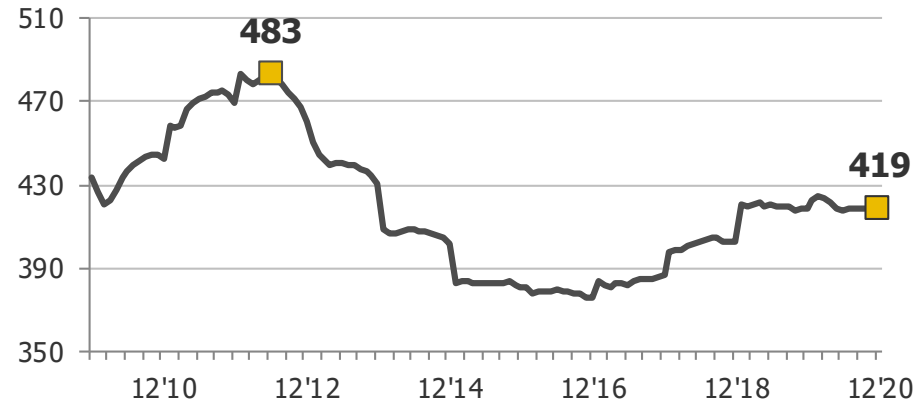
Comment

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

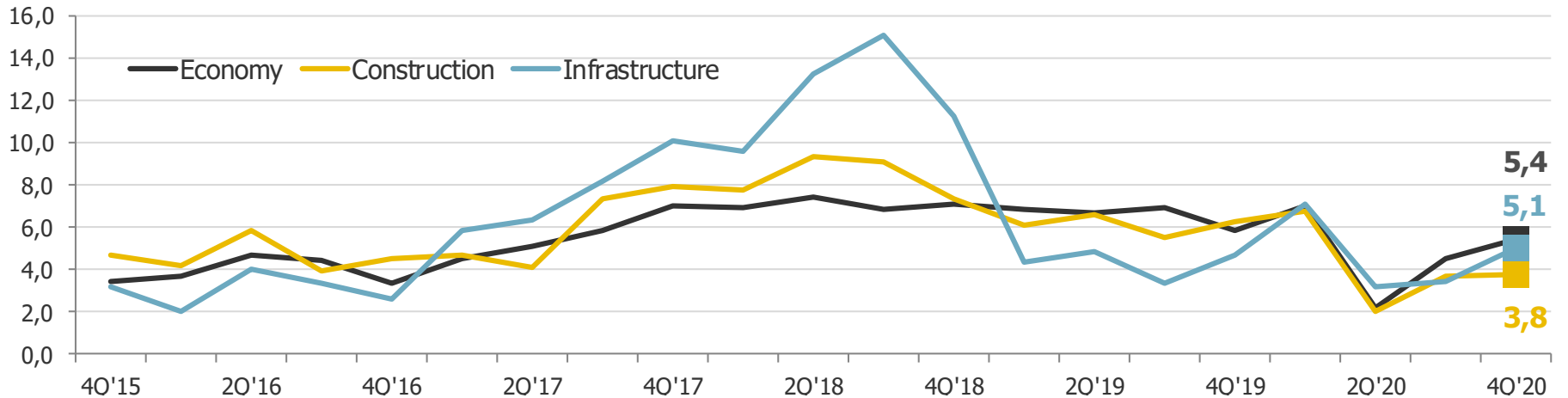
Unemployment rate (%)



Employment in construction (thous. employees)



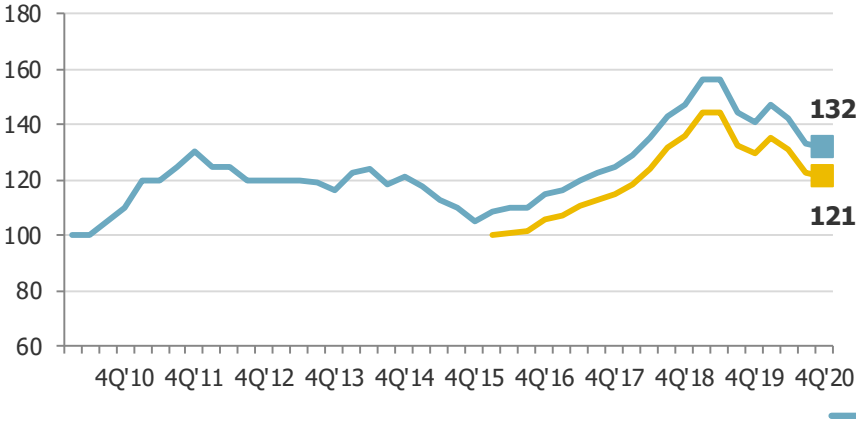
Average wage dynamics (% y-o-y)



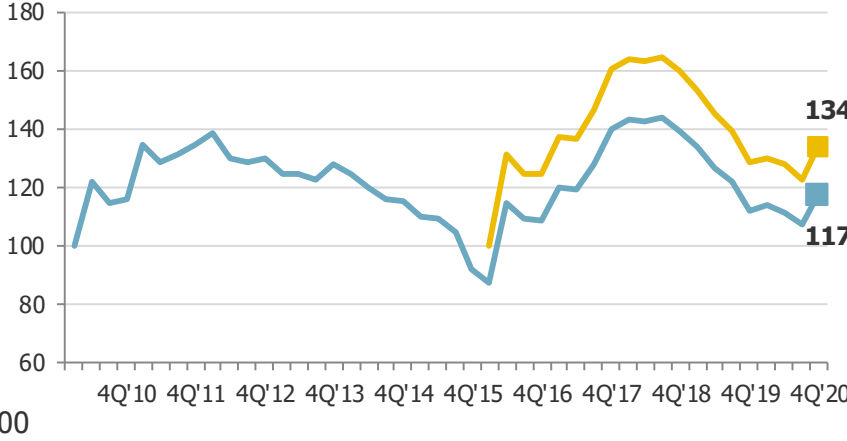
1.4 Prices of main materials

Comment ■ Prices of some materials increased in 3Q-4Q'20

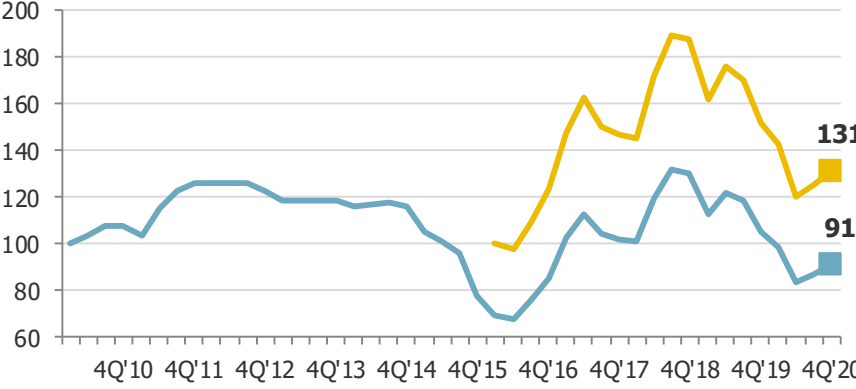
Concrete



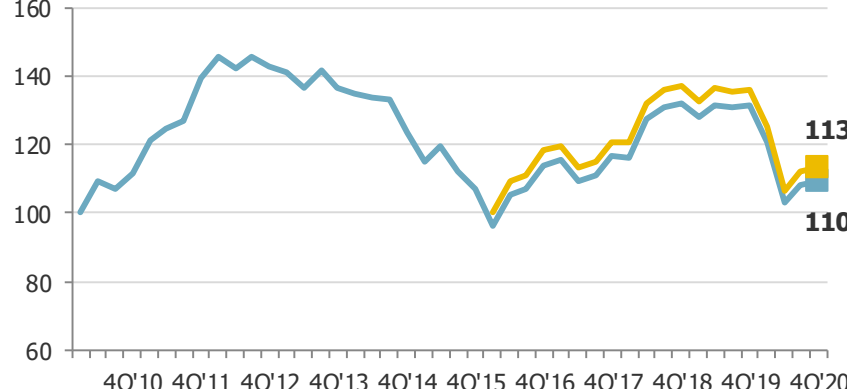
Reinforcement steel



Asphalt



Diesel oil





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Budimex Group

FY'20 results



- Increase of sales in '20 → '20: **8,4 bn PLN** *(+10,7% y-o-y)*
- Increase of % EBIT in construction segment → '20: **5,1%** *(+2,2 p.p. y-o-y)*
- Rising share of railway in construction sales → '20: **20,9%** *(+4,3 p.p. y-o-y)*
- Increase of net cash → 12'20: **2,1 bn PLN** *(+0,8 bn PLN vs. 12'19)*
- Visible increase of contracts signed → '20: **9,0 bn PLN** *(+19,7% y-o-y)*
- Record year-end backlog → 12'20: **12,7 bn PLN** *(+1,9 bn PLN vs. 12'19)*
- Impressive market offer → 12'20: **4 678 flats** *(+774 flats vs. 12'19)*
- Strategic options review of real-estate segment started in 07'20 – conditional SPA signed in 02'21

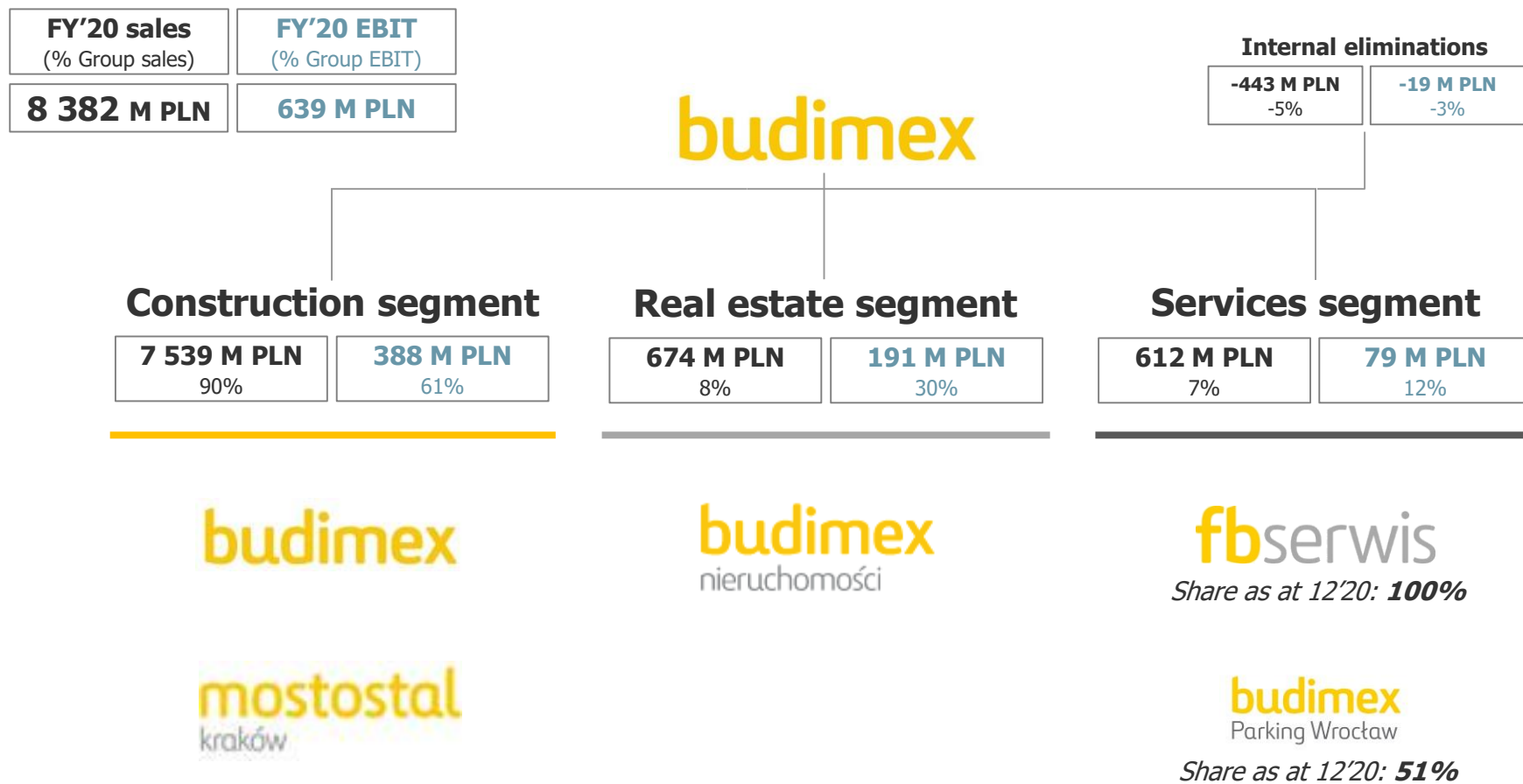
Comment

- 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, as well as the cost of personal protective equipment and employee testing

	4Q'20	4Q'19	Δ		FY'20	FY'19
Sales	2 213	2 187	26	↑	8 382	7 570
<i>y-o-y dynamics</i>	<i>1,2%</i>	<i>9,5%</i>	<i>-8,3 pp.</i>	↓	<i>10,7%</i>	<i>2,5%</i>
Gross margin	335	198	137	↑	937	552
<i>% sales</i>	<i>15,1%</i>	<i>9,0%</i>	<i>6,1 pp.</i>	↑	<i>11,2%</i>	<i>7,3%</i>
SG&A	-106	-79	-26		-308	-229
<i>% sales</i>	<i>4,8%</i>	<i>3,6%</i>	<i>1,2 pp.</i>		<i>3,7%</i>	<i>3,0%</i>
Other operating	40	-24	63		10	-4
EBIT	269	95	174	↑	639	318
<i>% sales</i>	<i>12,2%</i>	<i>4,3%</i>	<i>7,8 pp.</i>	↑	<i>7,6%</i>	<i>4,2%</i>
PBT	272	119	153	↑	622	332
<i>% sales</i>	<i>12,3%</i>	<i>5,4%</i>	<i>6,8 pp.</i>	↑	<i>7,4%</i>	<i>4,4%</i>
Net profit	207	90	117	↑	471	229
<i>% sales</i>	<i>9,3%</i>	<i>4,1%</i>	<i>5,2 pp.</i>	↑	<i>5,6%</i>	<i>3,0%</i>

Comment

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

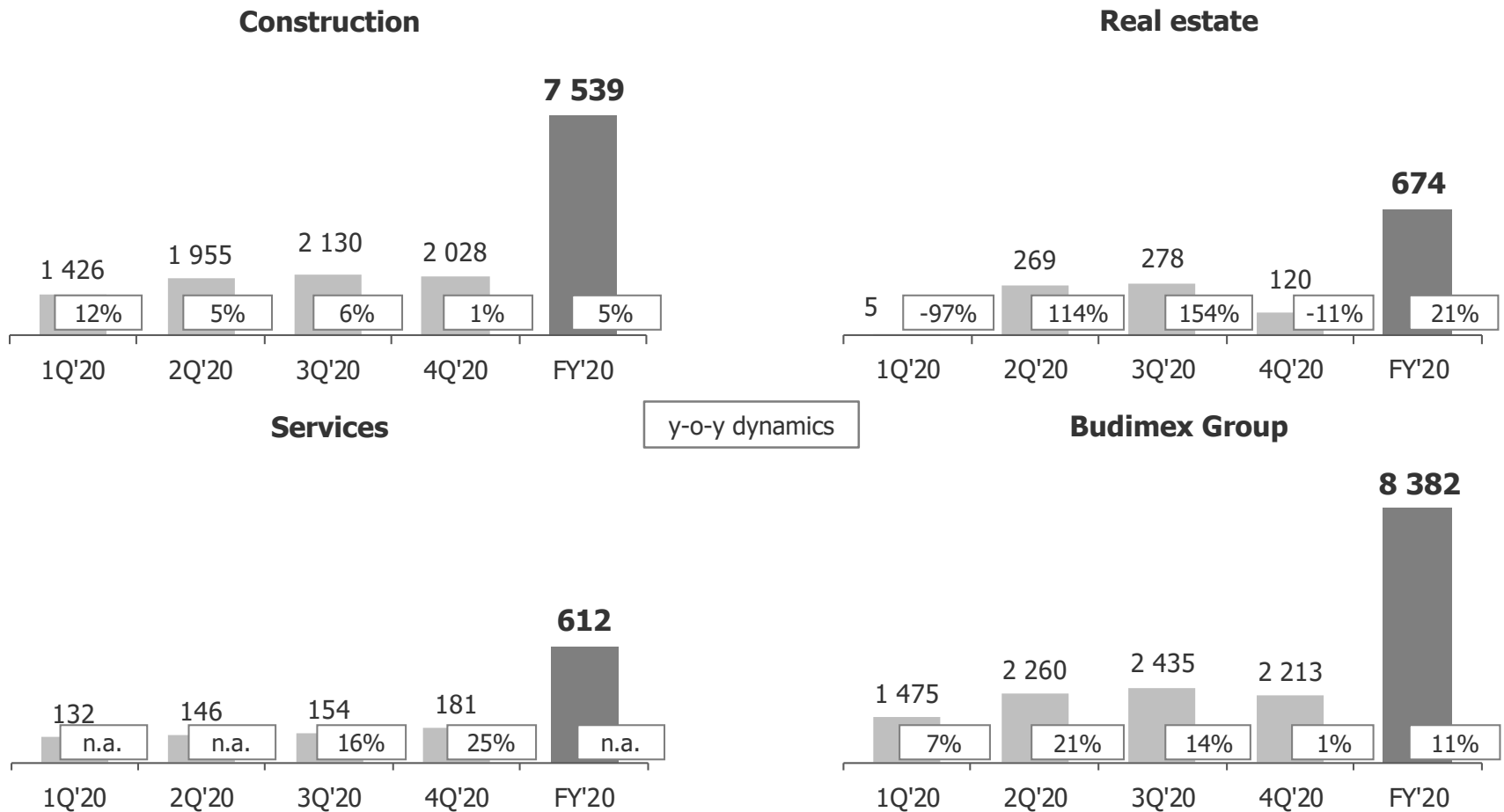


2.2 P&L - results by segment

Comment

- COVID-19 had no significant impact on sales in the construction segment
- Construction segment sales increased by 5% y-o-y achieving dynamics significantly better than the market
- In 07'19 Budimex began full consolidation of FBSerwis results

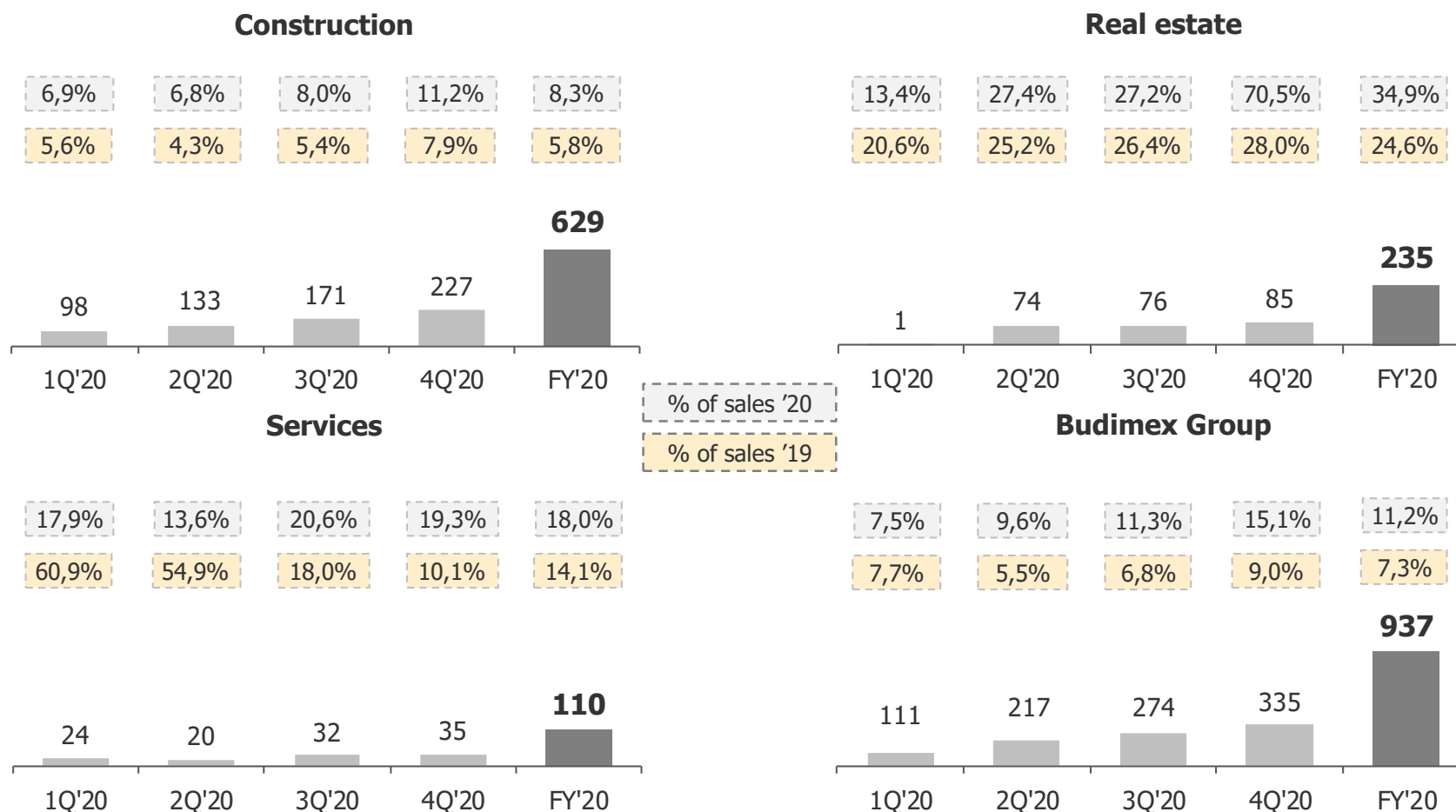
Quarterly sales in Budimex Group (M PLN)



Comment

- Good margin achieved in the real estate segment in '20 due to i.a. higher profitability of projects contributing to notary sales and change of notary deeds geographical structure

Quarterly gross margin in Budimex Group (M PLN)

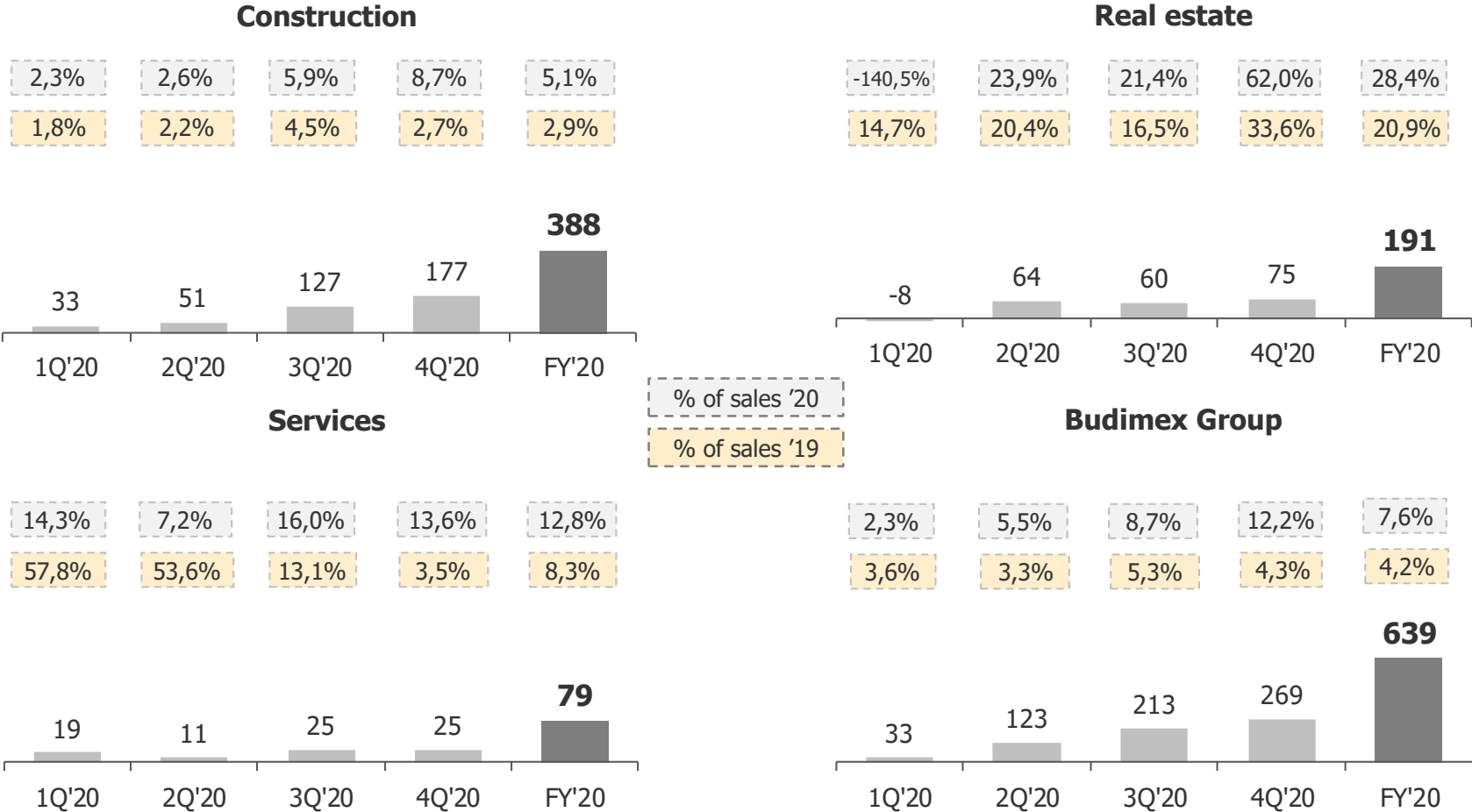


2.2 P&L - results by segment

Comment

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

Quarterly EBIT in Budimex Group (M PLN)

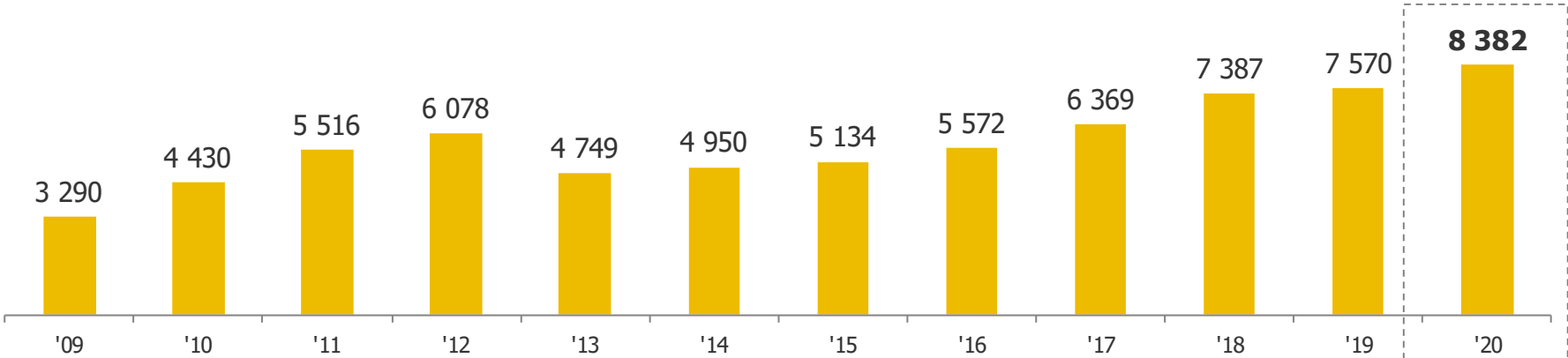


2.2 P&L – historical results

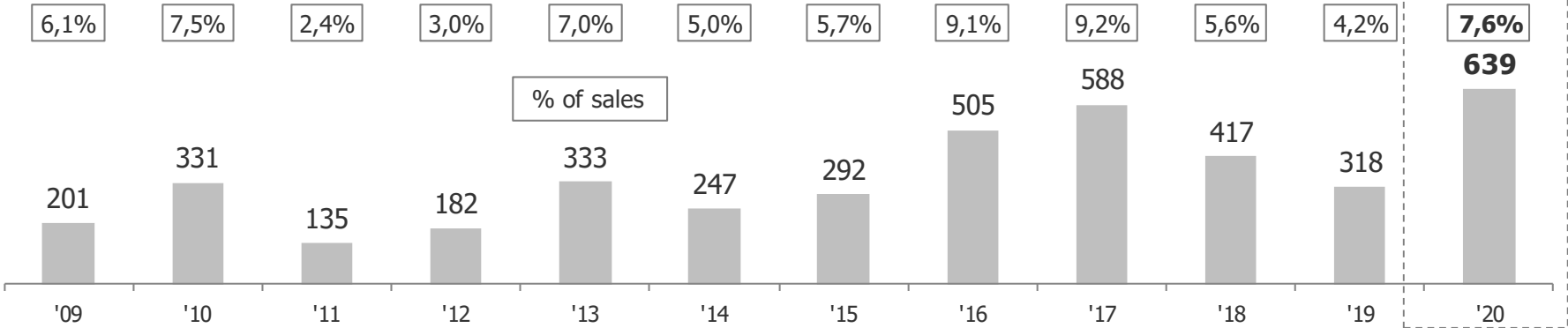
Comment

- *The Group achieved record sales in '20*
- *In '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)

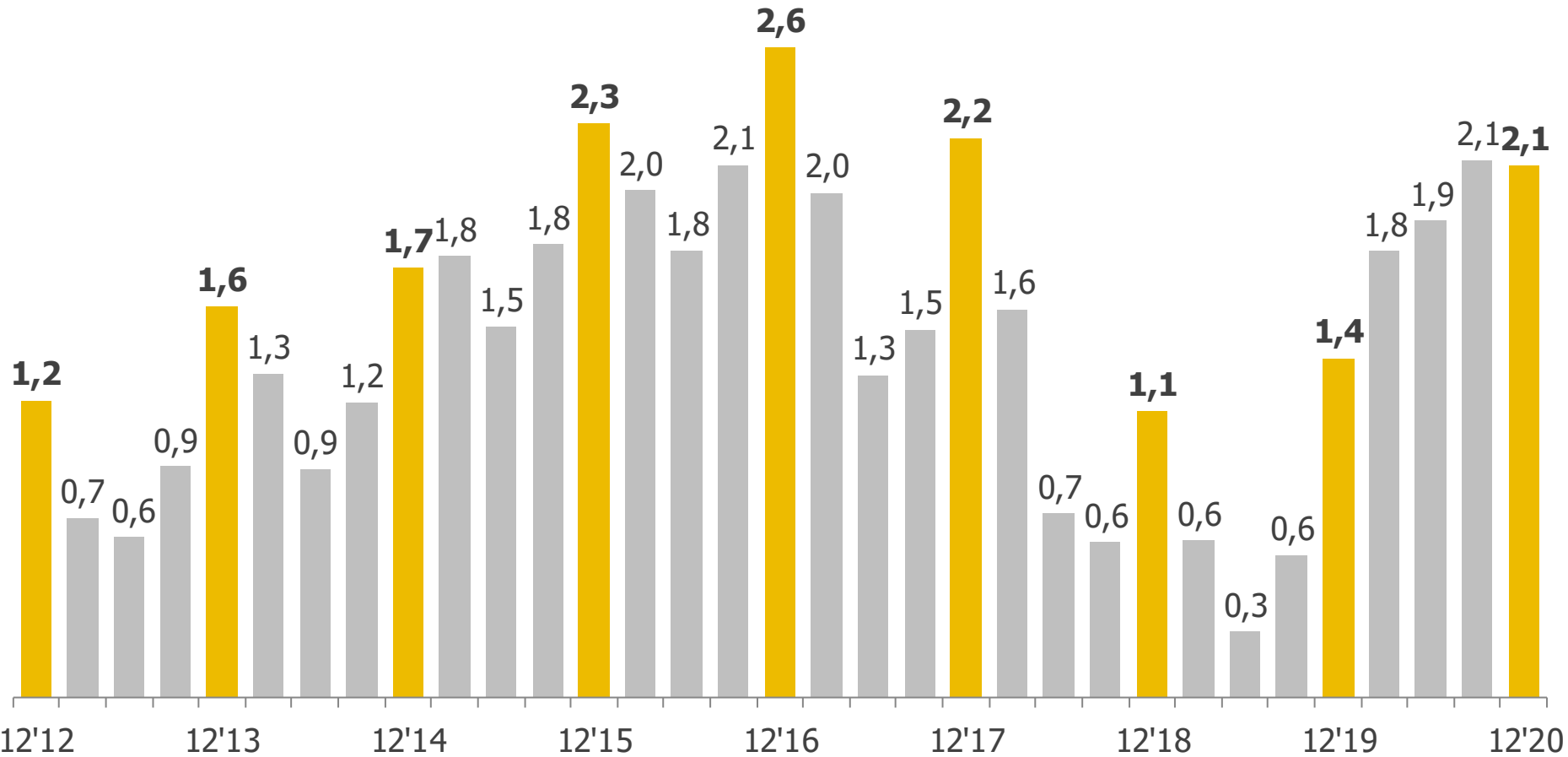


2.3 Evolution of Net Treasury Position

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 (bn PLN)





Construction segment – FY'20 results

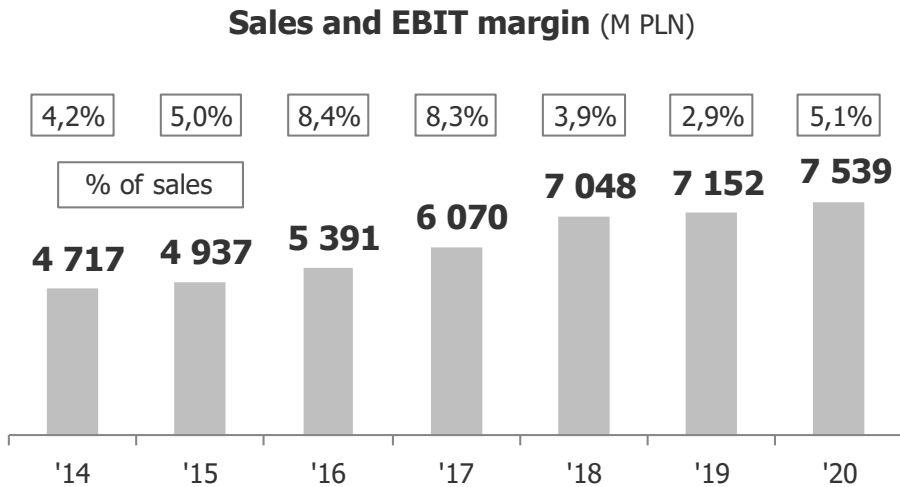


2.4.1 Construction segment

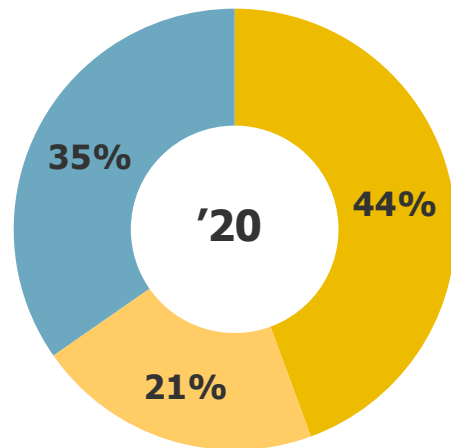
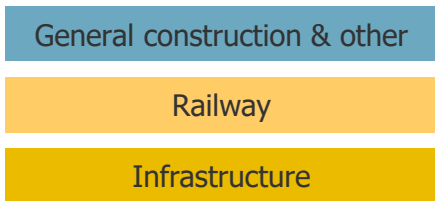
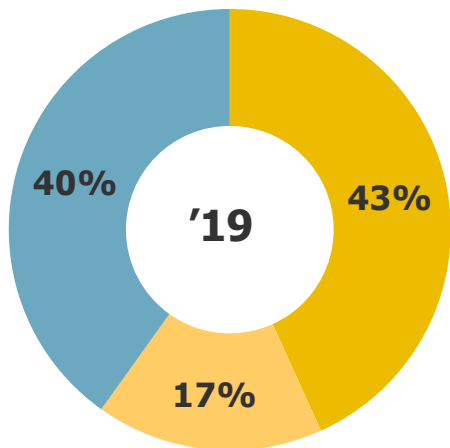
Comment

- High improvement of EBIT margin in 3Q-4Q'20
- In recent quarters, we have observed a stabilization of backlog's profitability in all business segments

	FY'20	y-o-y dynamics
Sales	7 539	5%
Gross margin	629	51%
% sales	8,3%	2,5 pp.
EBIT	388	87%
% sales	5,1%	2,2 pp.
Net profit	270	153%
% sales	3,6%	2,1 pp.



Sales structure

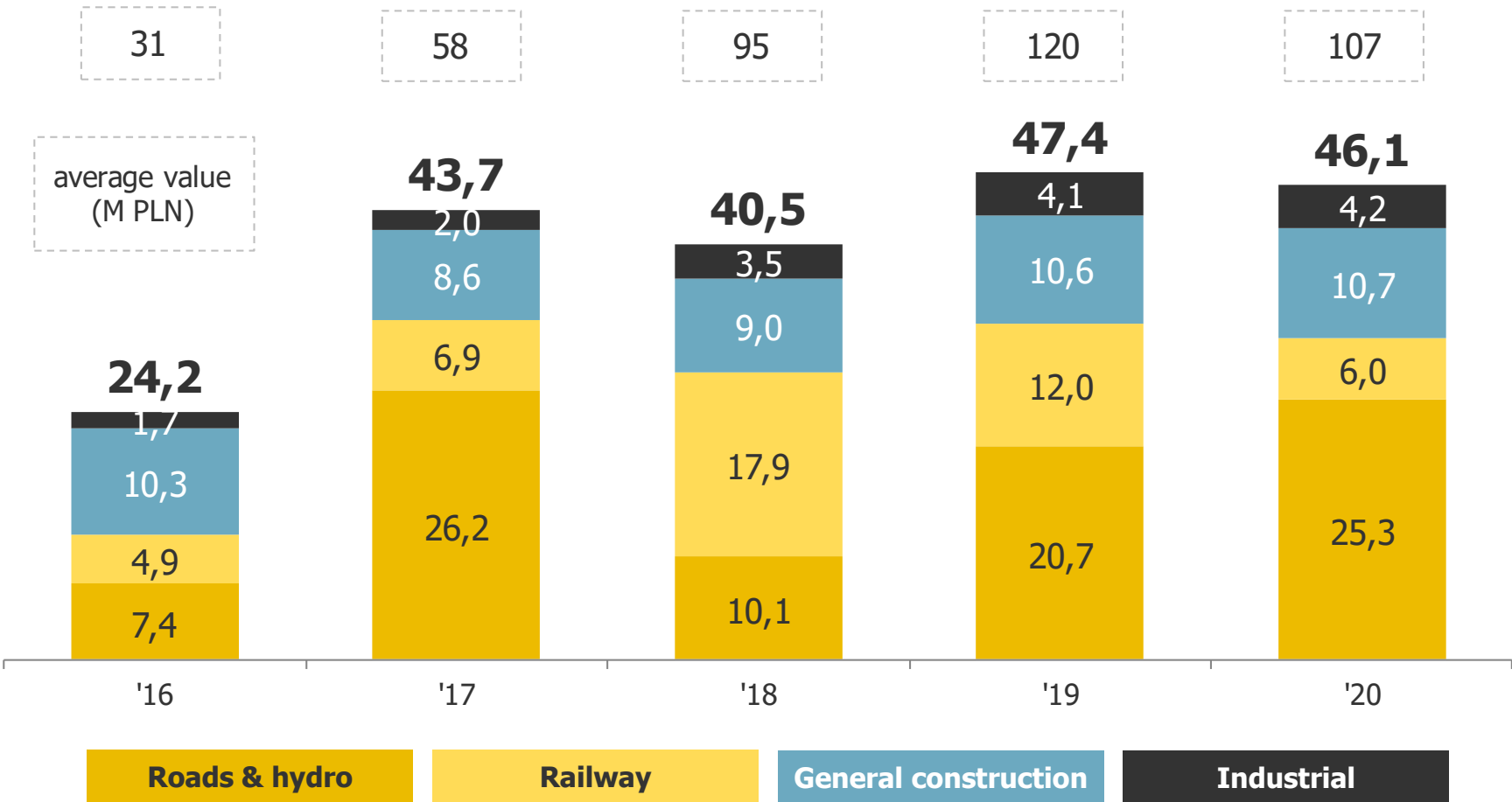


2.4.1 Construction segment

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)

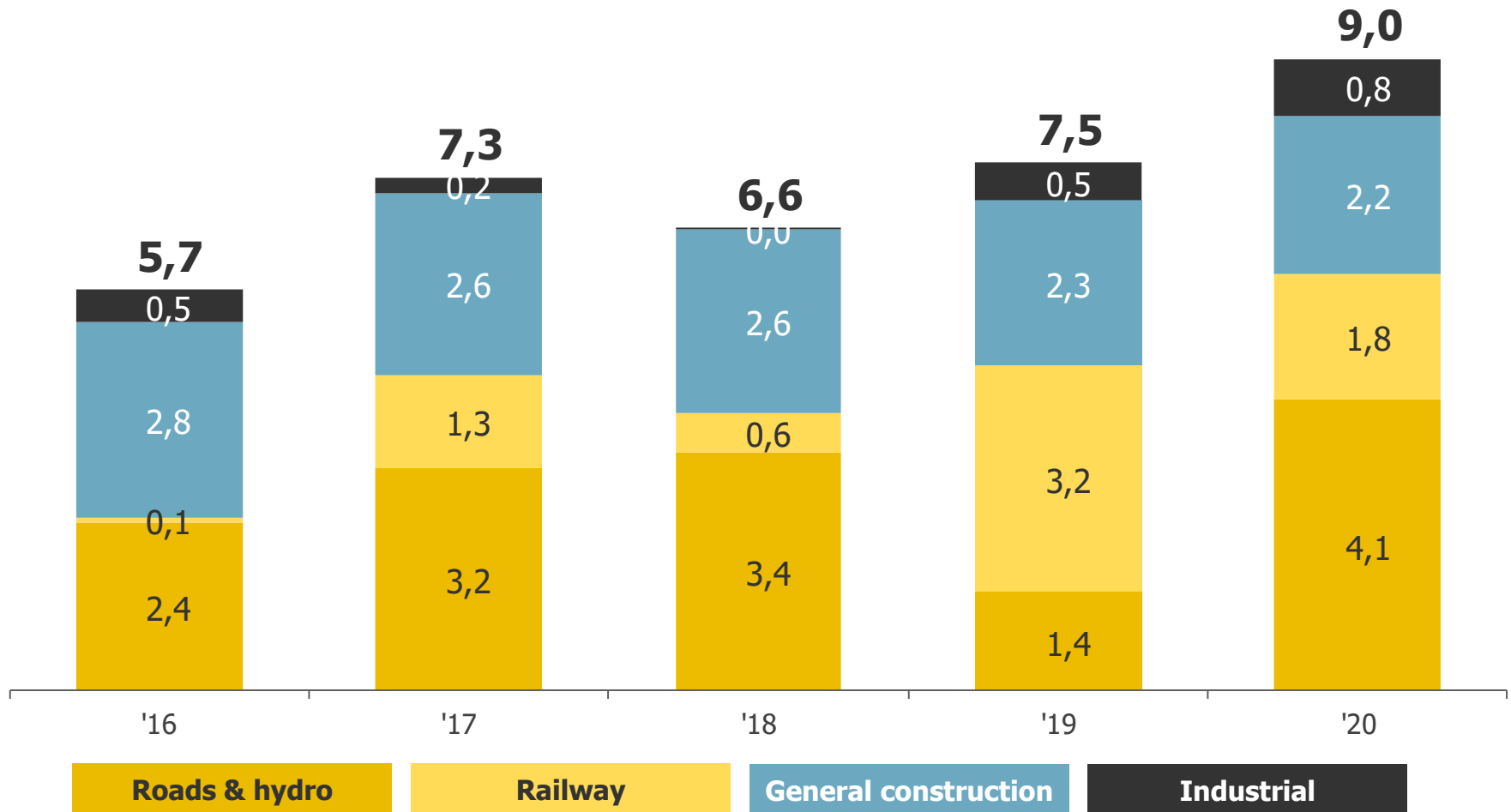


2.4.1 Construction segment

Comment

- Strong value of contracts signed in road & hydro segment
- Top contracts signed in '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)

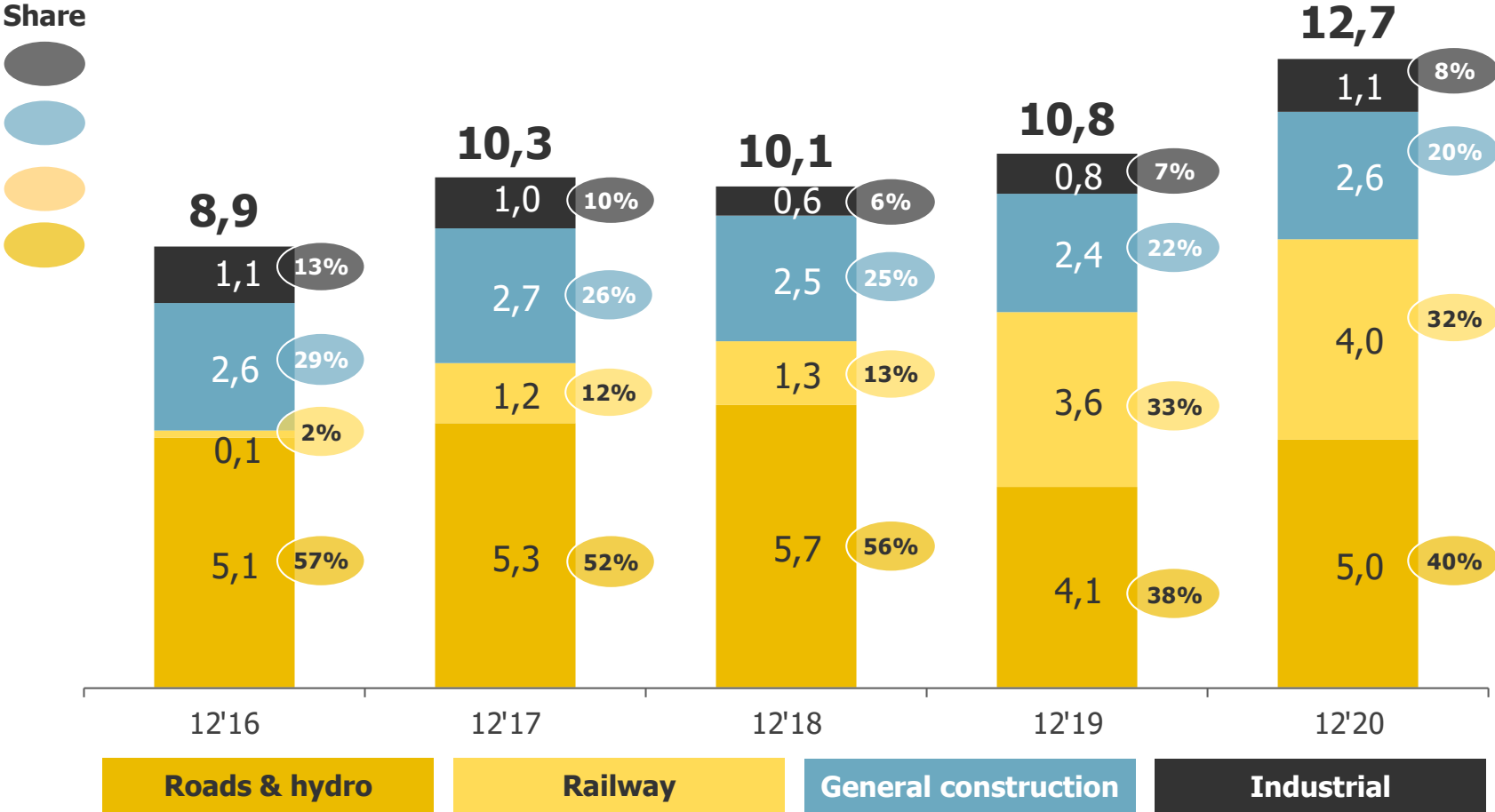


2.4.1 Construction segment

Comment

- *Strongly diversified backlog*
- *Current backlog secures the top line for upcoming quarters*

Backlog in Budimex Group (bn PLN)





Real estate segment – FY'20 results



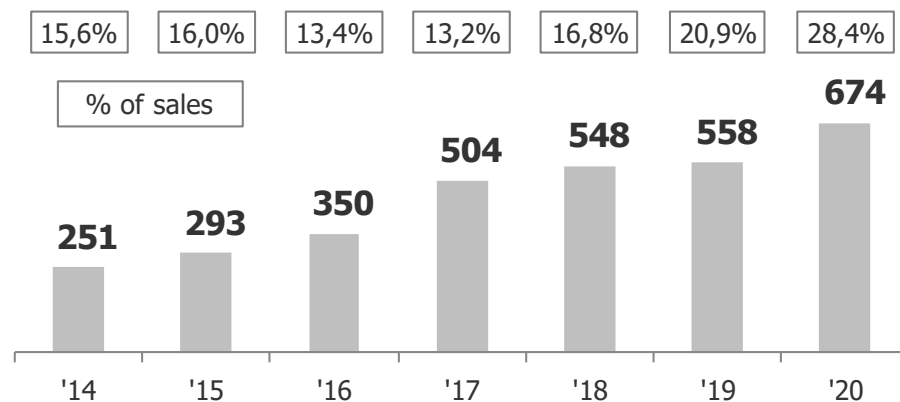
2.4.2 Real estate segment

Comment

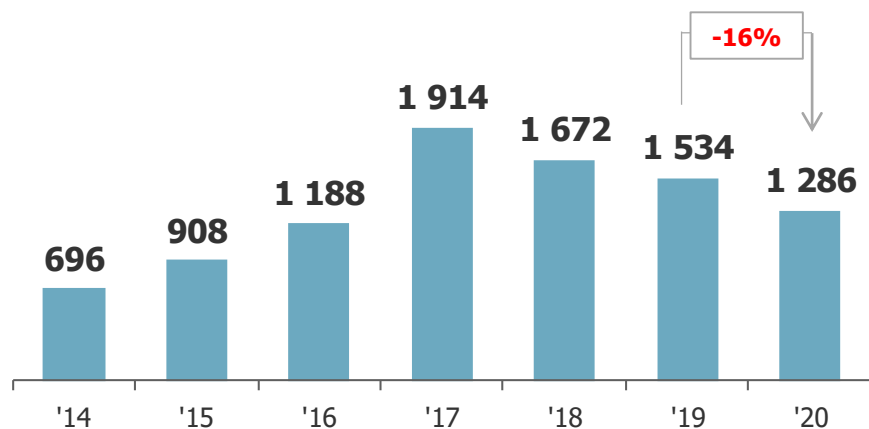
- In 02'21 Budimex S.A. signed conditional agreement to sell 100% shares in Budimex Nieruchomości
- Value of potential transaction could exceed 1,5 bn PLN

	FY'20	y-o-y dynamics
Sales	674	21%
Gross margin	235	71%
% sales	34,9%	10,3 pp.
EBIT	191	64%
% sales	28,4%	7,4 pp.
Net profit	158	62%
% sales	23,4%	6,0 pp.

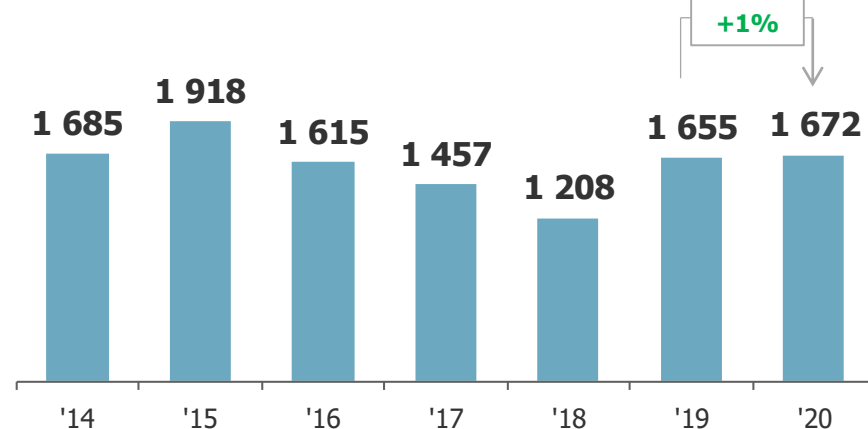
Sales and EBIT margin (M PLN)



Notary sales (flats)



Presales (flats)

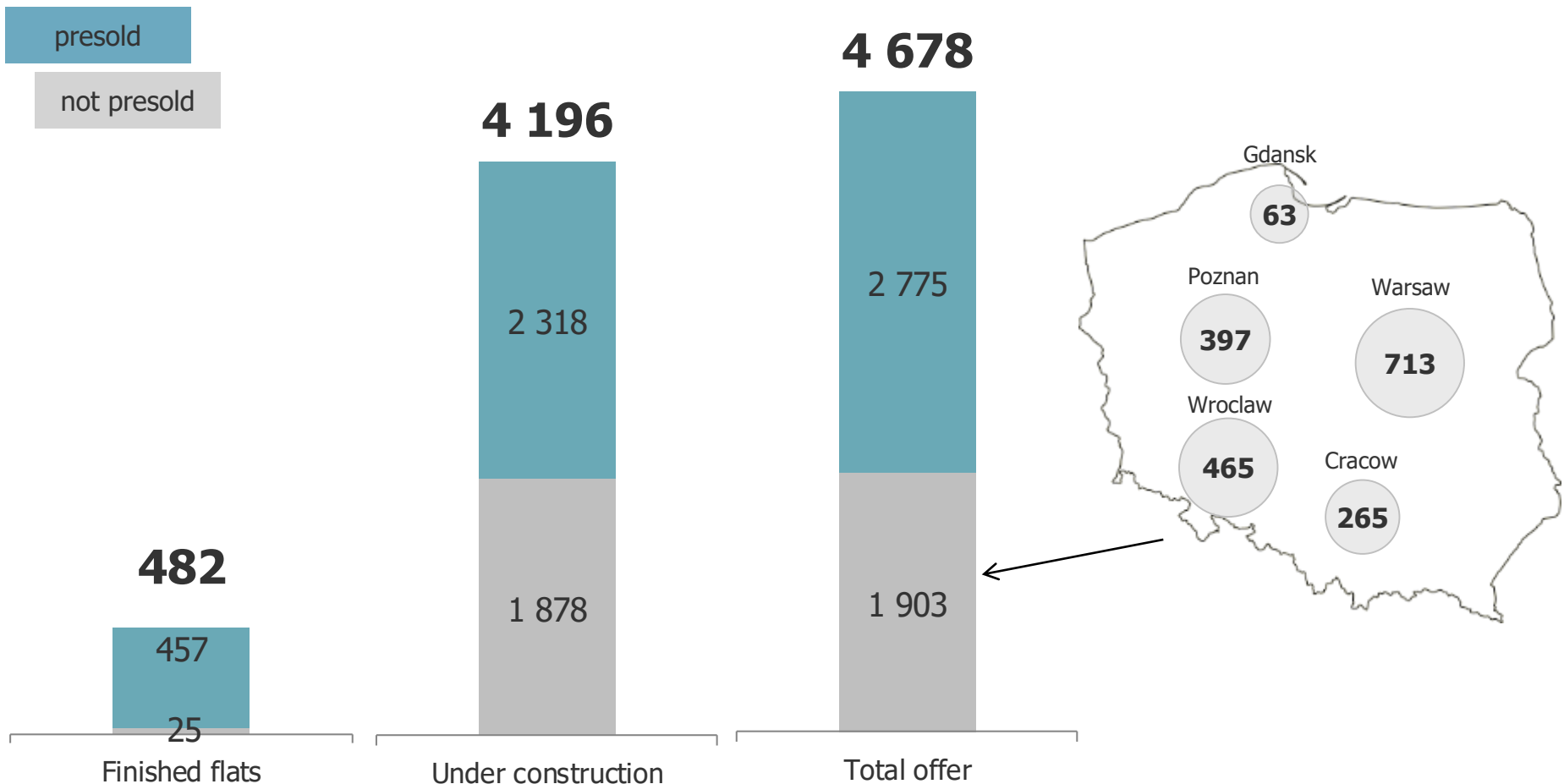


2.4.2 Real estate segment

Comment

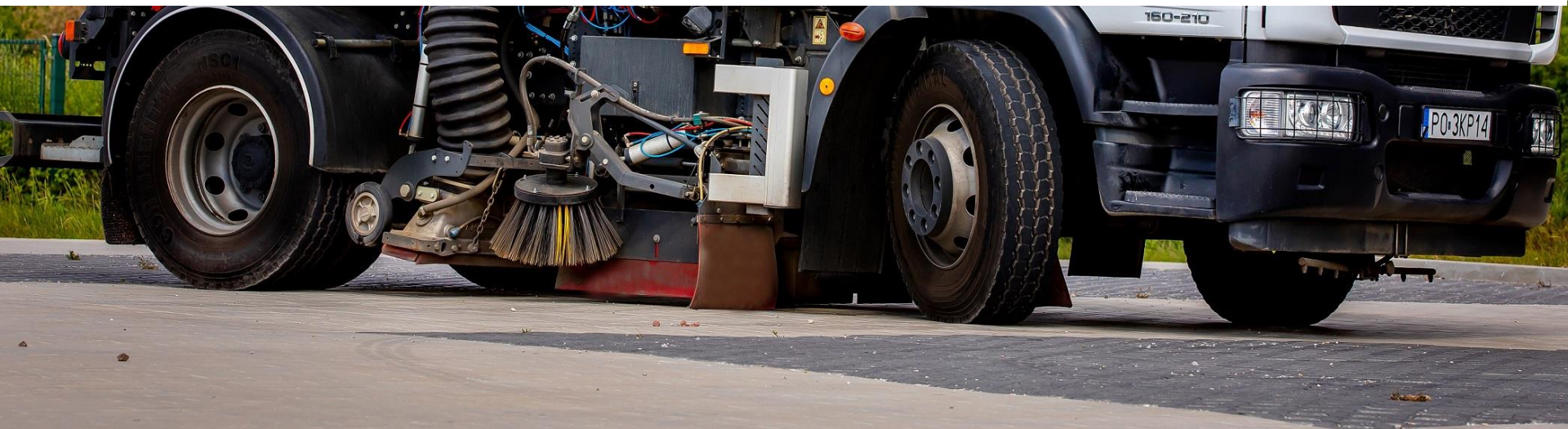
- Market offer increased to over 4 600 flats
- At the end of 12'20 land bank amounted to 6 632 flats

Market offer as at 12'20 (flats)





Services segment – FY'20 results



Comment

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

	FY'20
Sales	612
Gross margin	110
% sales	18,0%
EBIT	79
% sales	12,8%
Net profit	46
% sales	7,6%

Group's services segment composition



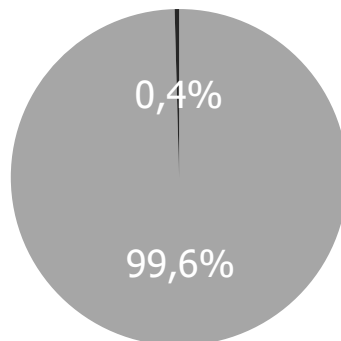
- environmental services, infrastructure maintenance, facility management, energy efficiency services
- 100% share (as at 31.12.2020)
- full consolidation since 07'19



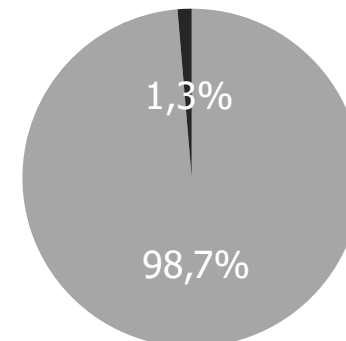
- construction & administration of underground car park in Wroclaw (concession)
- 51% share
- full consolidation

Sales & EBIT structure in '20

Sales FY'20



EBIT FY'20



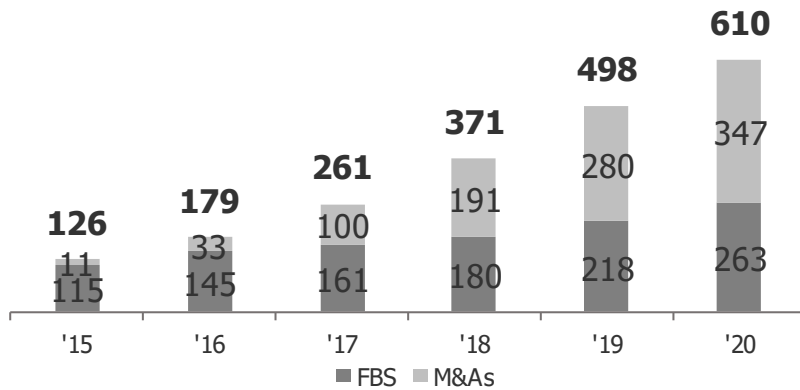
■ FBSerwis ■ Car park in Wroclaw

2.4.3 FBSerwis – key financial data

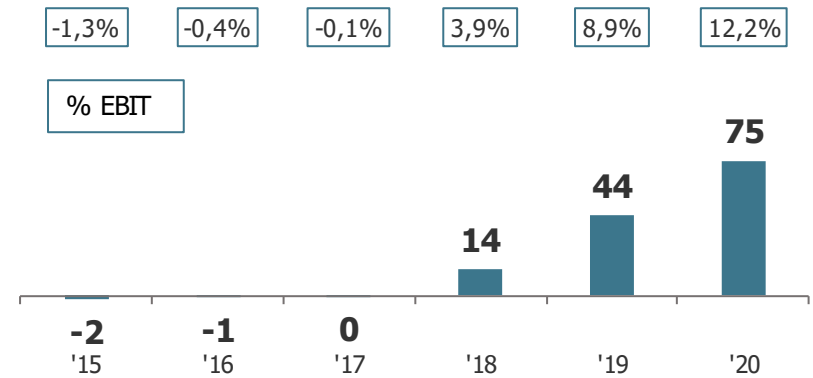
Comment

- **Sales structure in '20:** Waste Management – 67%, Infrastructure Maintenance – 23%, Facility Management & Street Lightening – 10%
- Intangible depreciation has a significant share in total depreciation (financial asset from PPA of M&As)

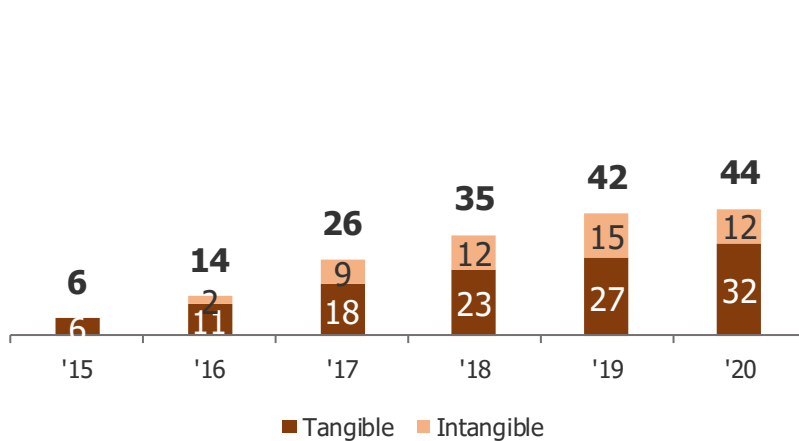
Sales (M PLN)



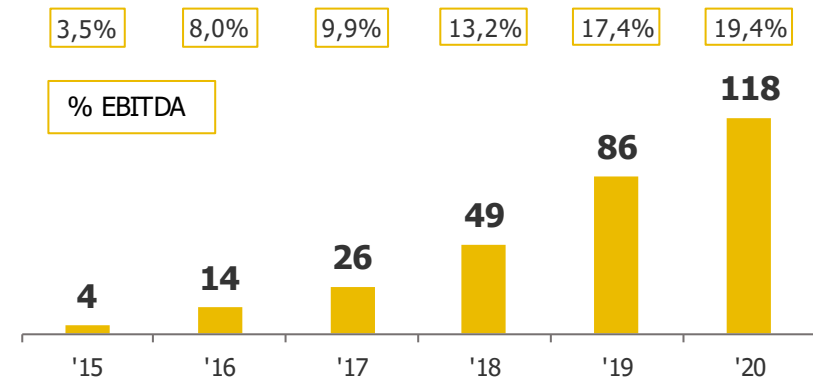
EBIT (M PLN)



Depreciation (M PLN)



EBITDA (M PLN)

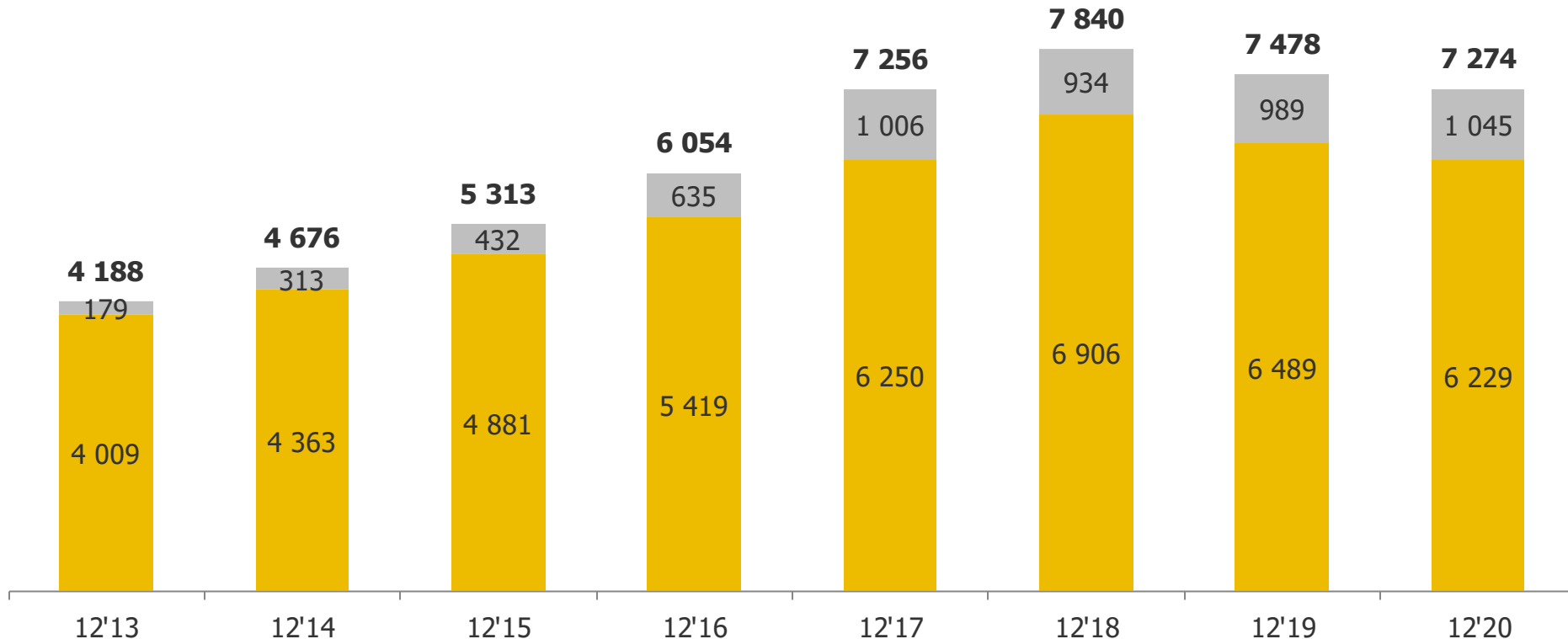


Comment

- Higher availability of subcontractors resulted in the reduction of own workforce
- Taking control over FB Serwis Group in 07'19 increased employment of Budimex Group by ca. 1 000 people

Employment in Budimex Group*

■ Bx Group w/o FBS ■ FBS



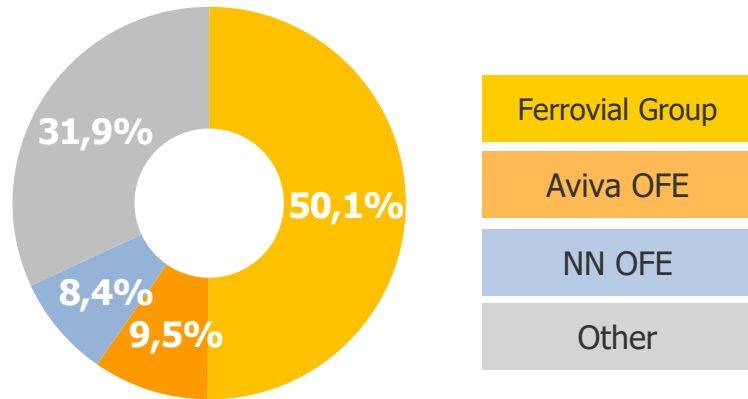
* w/o Elektromontaz Poznan

3. Budimex S.A. on WSE

Comment

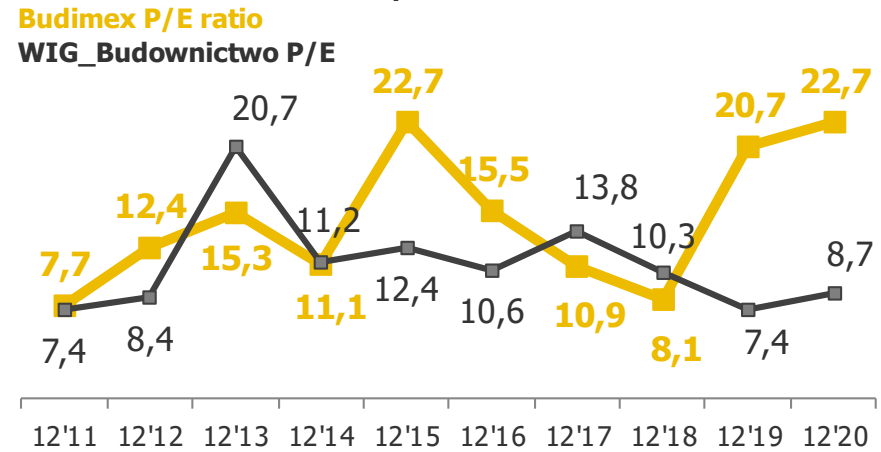
- In recent months Budimex's share price noted a serious growth

Shareholders structure

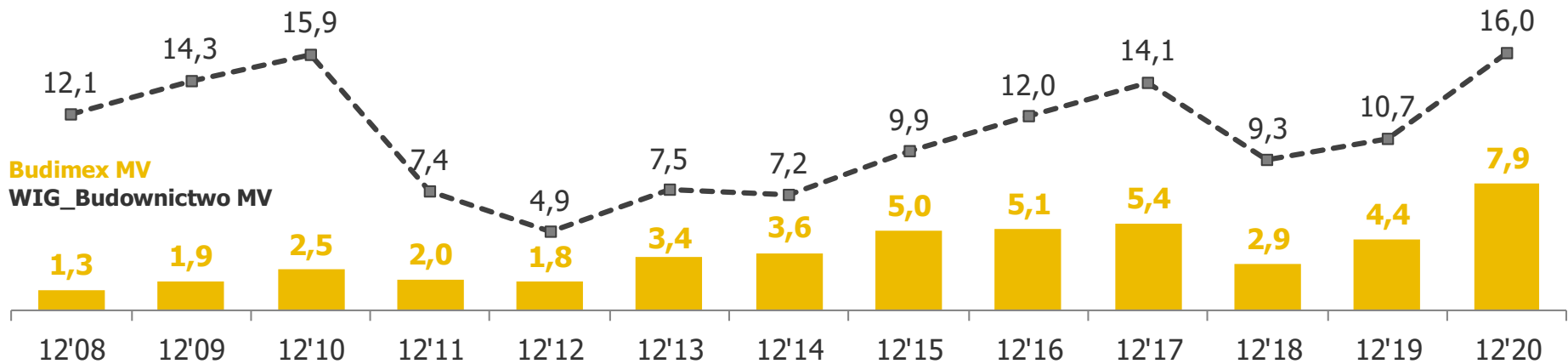


Source: stooq.pl

P/E ratio



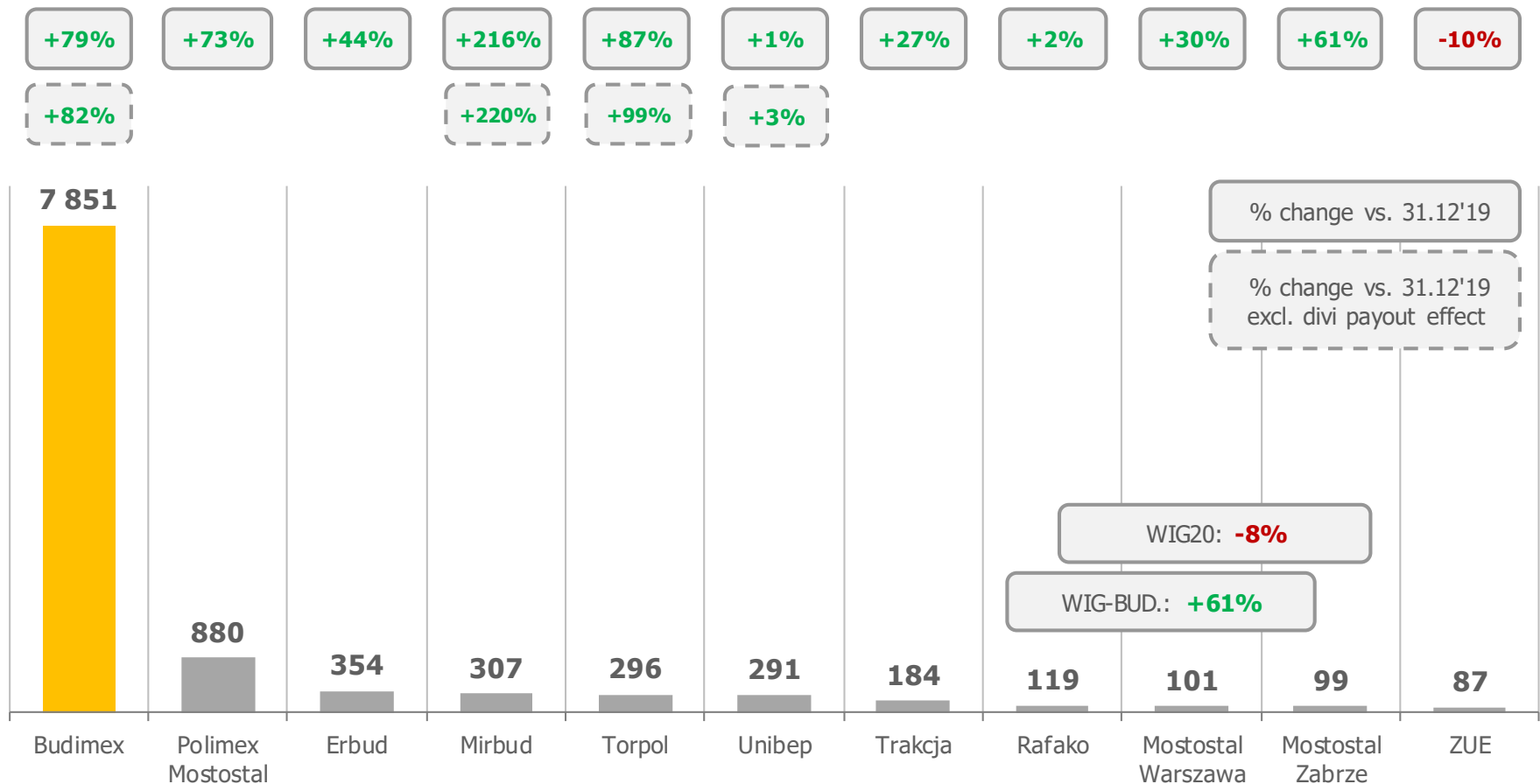
Budimex market value vs. WIG-Budownictwo aggregated market value (bn PLN)



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 12'20 (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)

