budimex

Investor presentation for 1H of year 2022

Agenda

1 **Macroeconomic data & construction market**

2 Budimex Group financial results

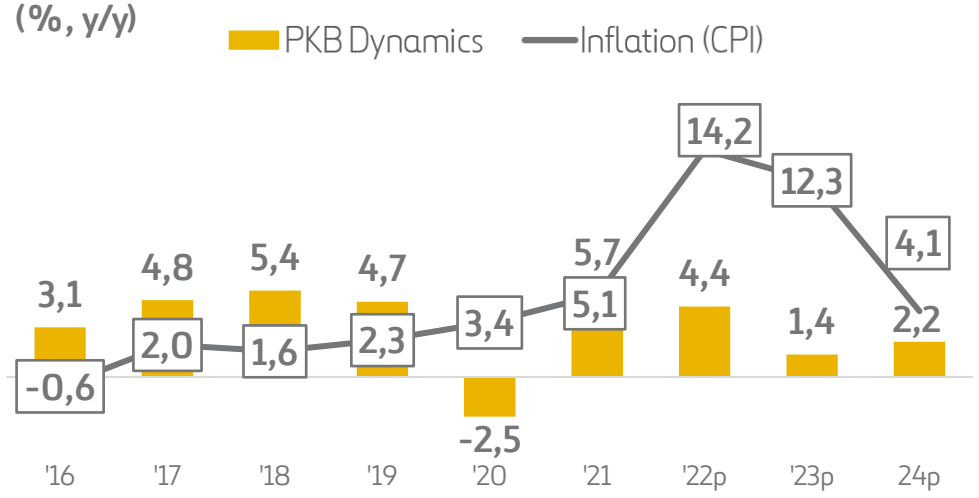
3 FBSerwis & Mostostal Kraków

4 Market outlook

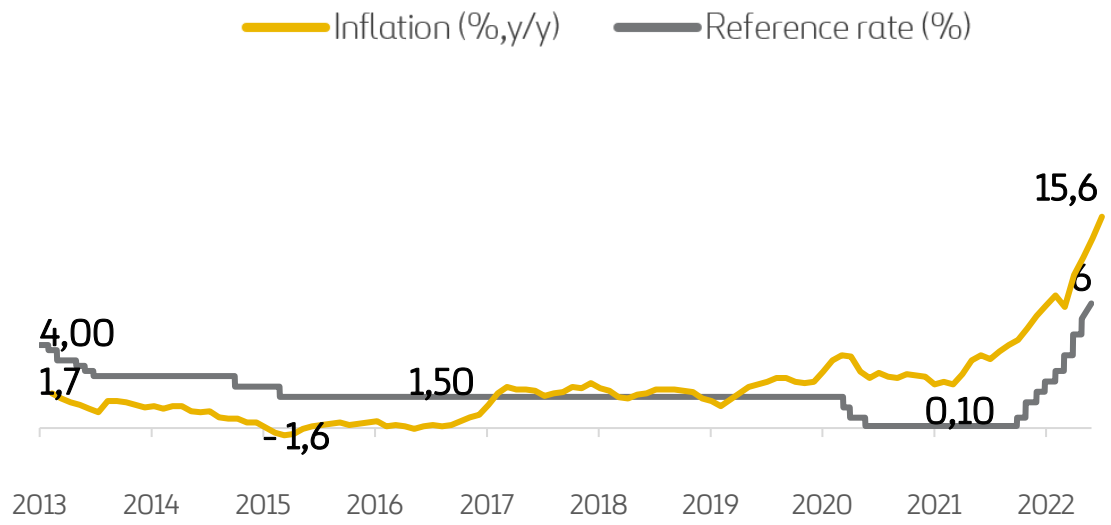
5 CSR

Macroeconomic environment

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



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



GDP and inflation forecasts are deteriorating over time. The war in Ukraine is resulting in an energy crisis, which is reflected in increases in raw material prices (gas, electricity).

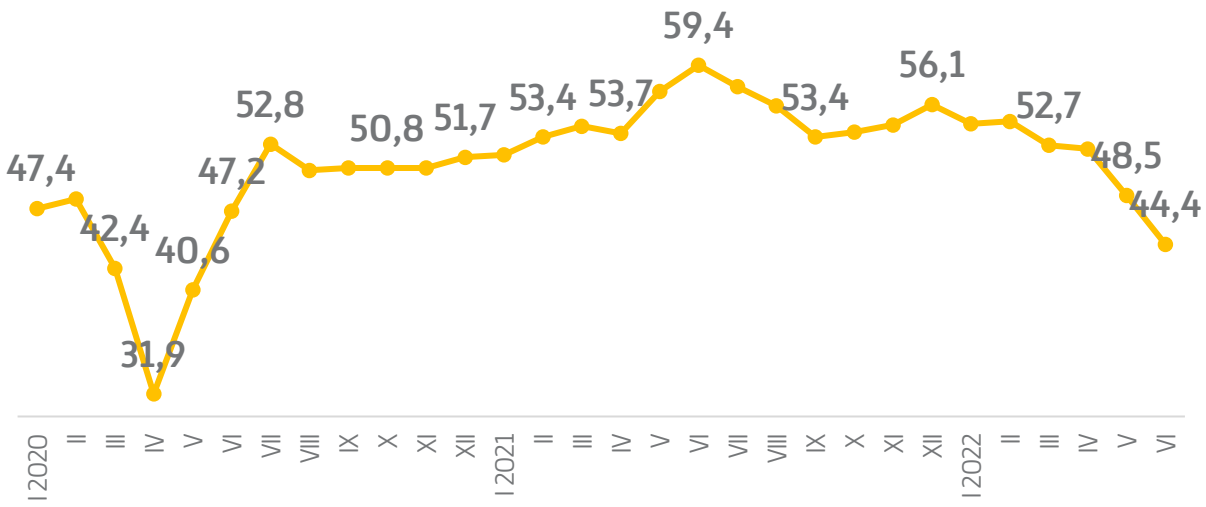
CPI inflation in June rose to 15.6% y/y from 13.9% y/y. Fuel (+9.4% m/m) and Energy carriers prices (+3% m/m) were mainly responsible for the increase. In the wake of rising inflation, the level of interest rates in Poland is gradually rising.

Weakening core inflation dynamics and the likely economic slowdown may influence a more cautious approach to monetary policy tightening.

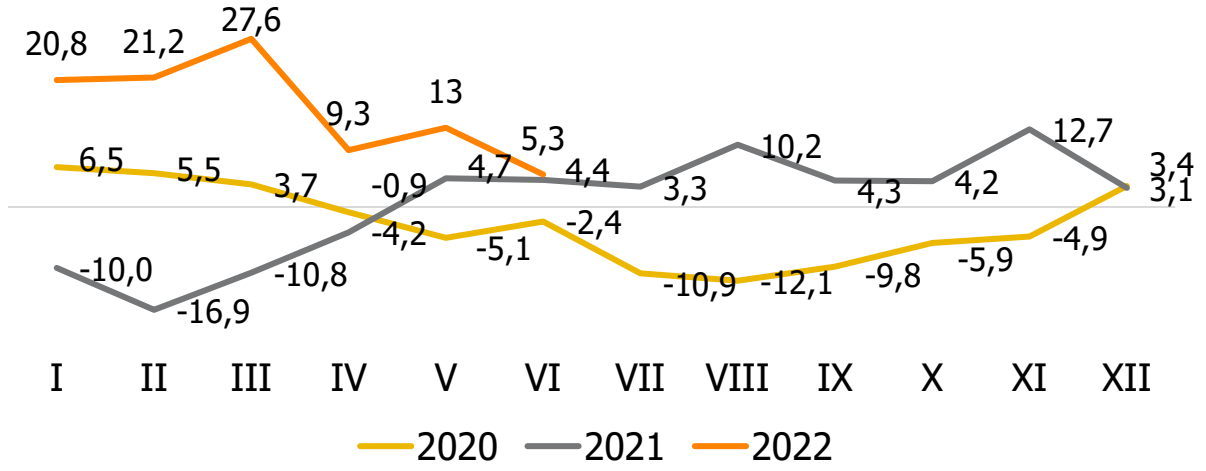
Sources: NBP, GUS (as of 30.06.2022r.)

Macroeconomic environment

PMI for Poland



Growth in production of construction and assembly (fixed prices)



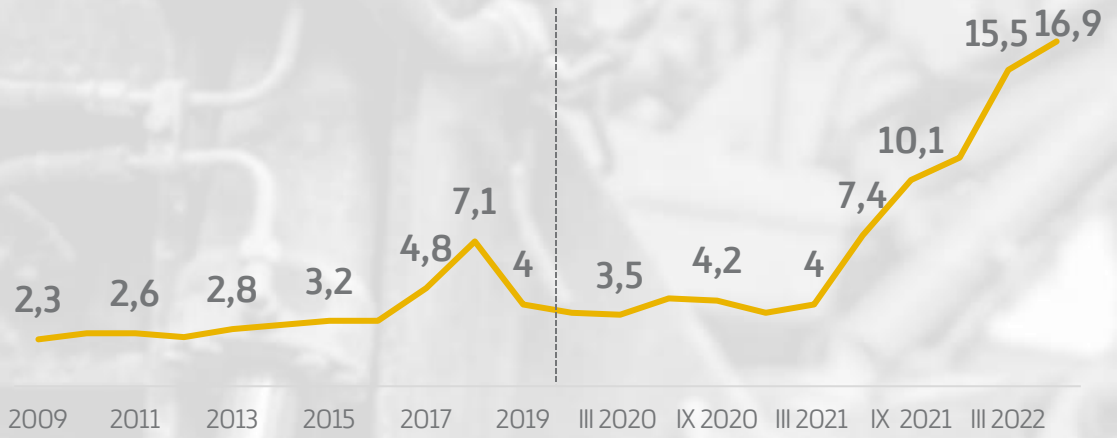
The PMI for domestic processing fell to 44.4 points in June, suggesting that a recession in the economic sector has already begun. The data prompts the RPP to take a cautious approach to monetary policy tightening. The likelihood of an end to the interest rate hike cycle is increasing.

The value of construction and assembly production increased by 5.3% y/y in June. In the January-June period, the index increased by 12% y/y, while the individual segments were as follows: (i) building construction (+15.2% y/y), specialised construction (-3.1% y/y), civil engineering construction (+5% y/y).

Source: GUS (as of 25.07.2022r.)

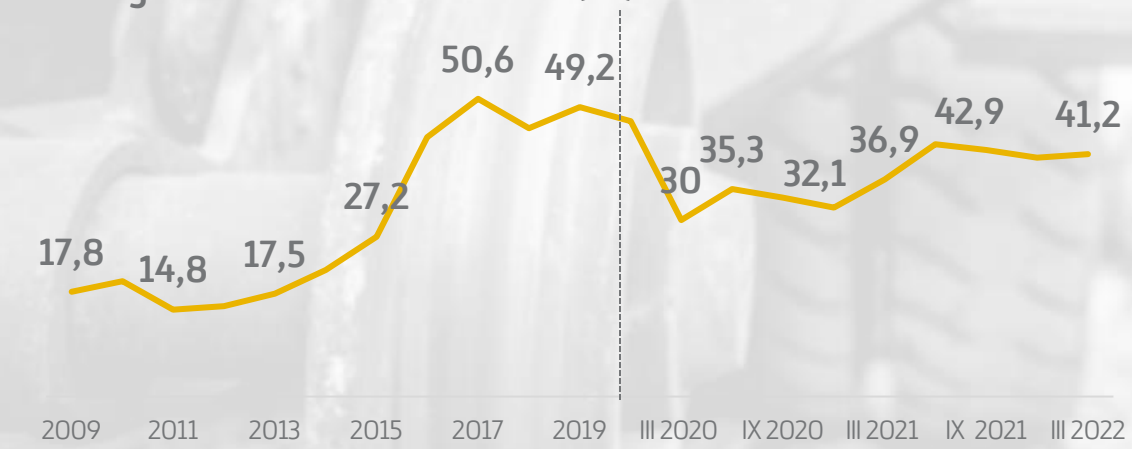
Situation of the construction industry - as of H1'22

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

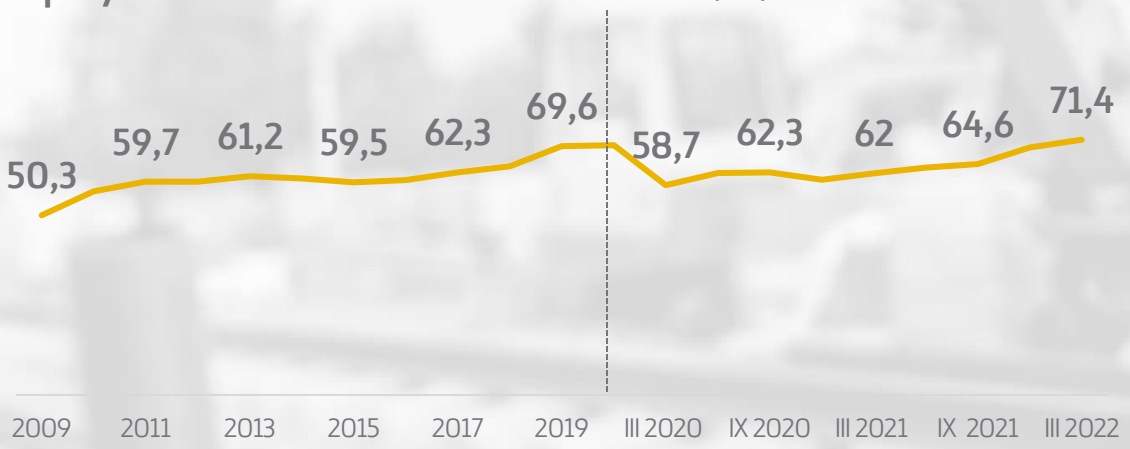


Percentage of construction companies considering prices of materials as a barrier to business (%)

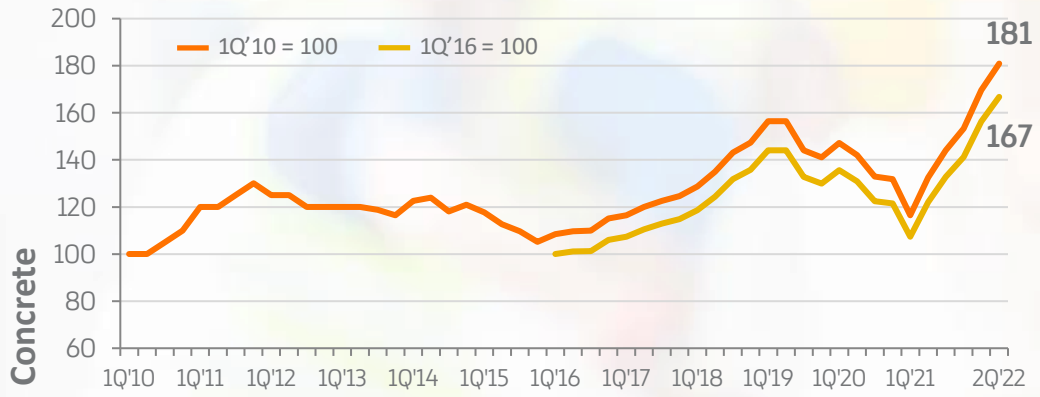
Percentage of construction companies considering labour shortage as a barrier to business (%)

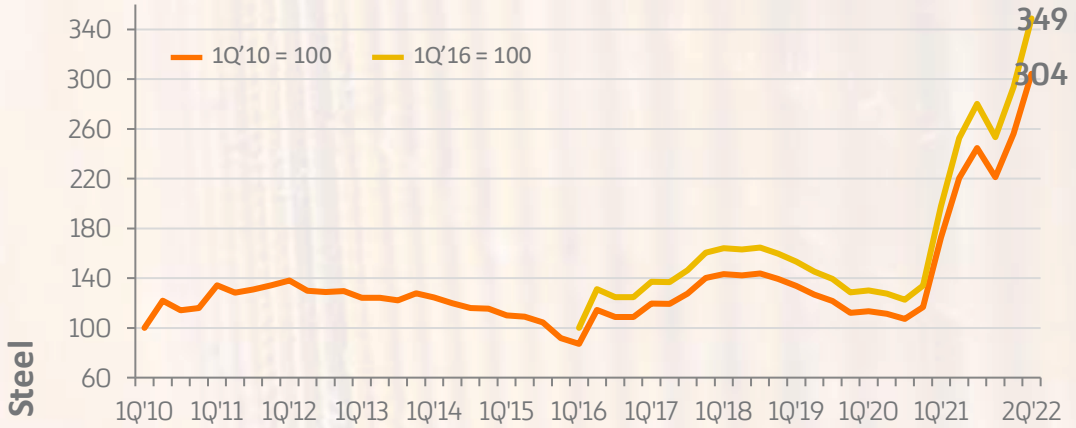


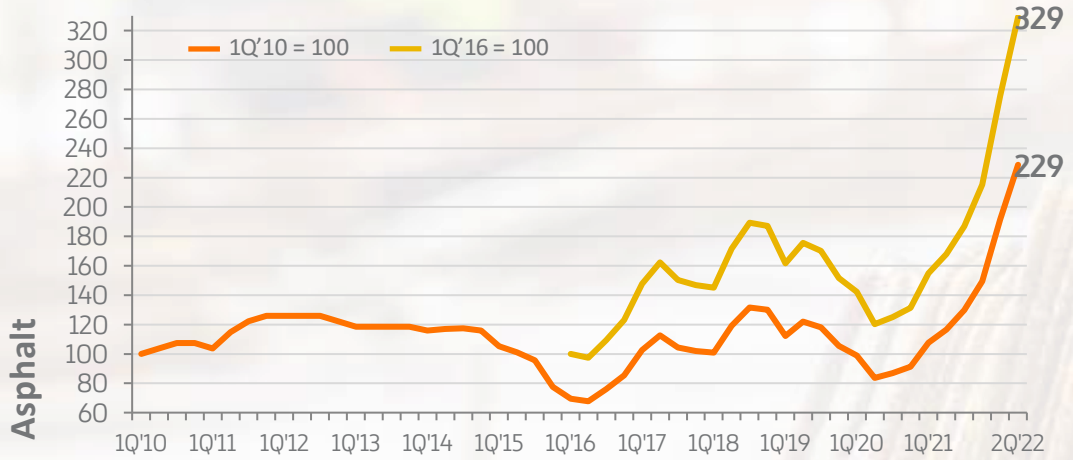
Percentage of construction companies considering employment costs as a barrier to business (%)

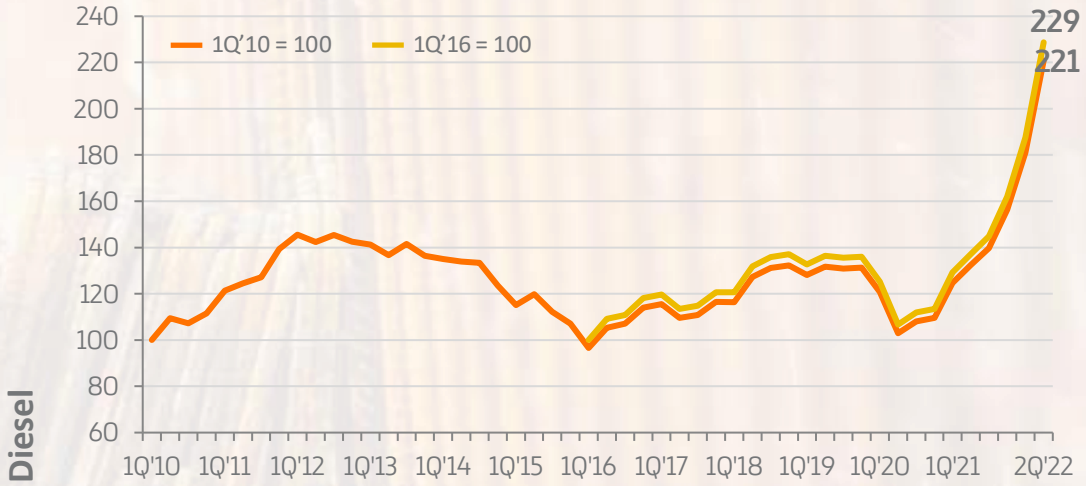


Prices of selected raw materials









Construction market summary- key events

- MRiT is preparing a special law to facilitate the valorisation of contracts in all categories of contracts covered by public procurement
- Protracted launch of KPO funding
- Amendment to the RES Act - unlocking prospects for wind power industry (10H rule)
- CPK: Market consultations are underway with potential rail route contractors

Budimex – key events

- Budimex signed annexes with the GDDKiA raising the valorisation limit to 10% on 11 ongoing contracts
- Adoption of dividend policy for 2022-2026
- The largest hydro contract in the country – DCT3
- Infrastructure contract bid selection in Slovakia
- Memorandum with Bouygues TC on nuclear project
- Agreement with Betchel Corporation on a nuclear power plant

Budimex's construction contracts

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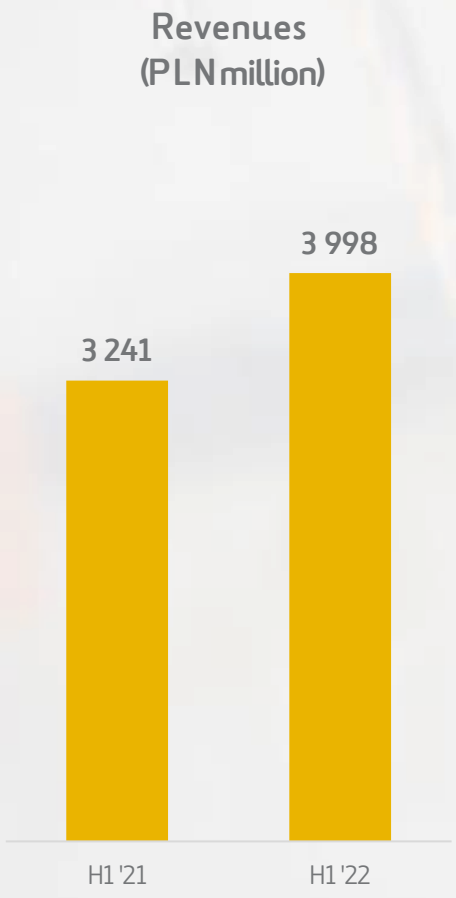
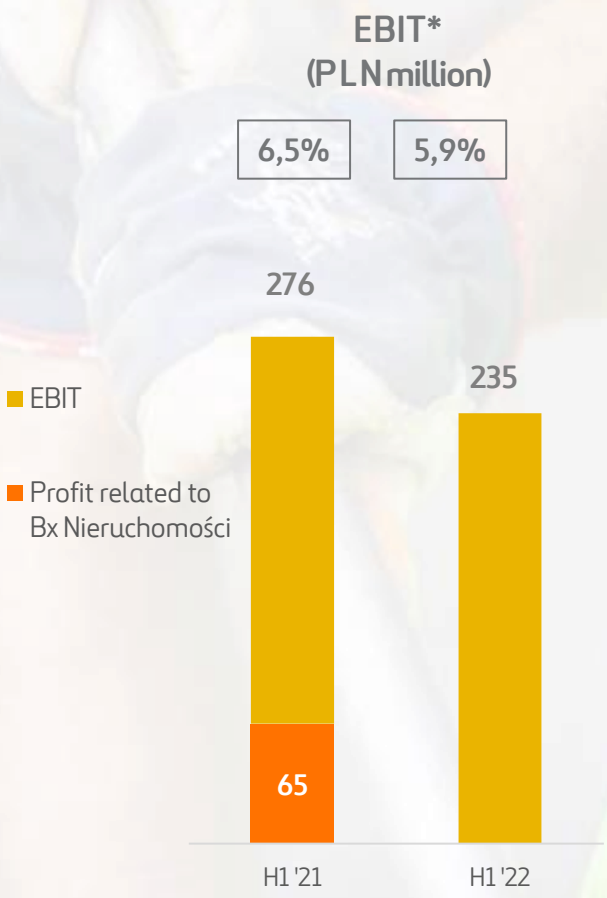
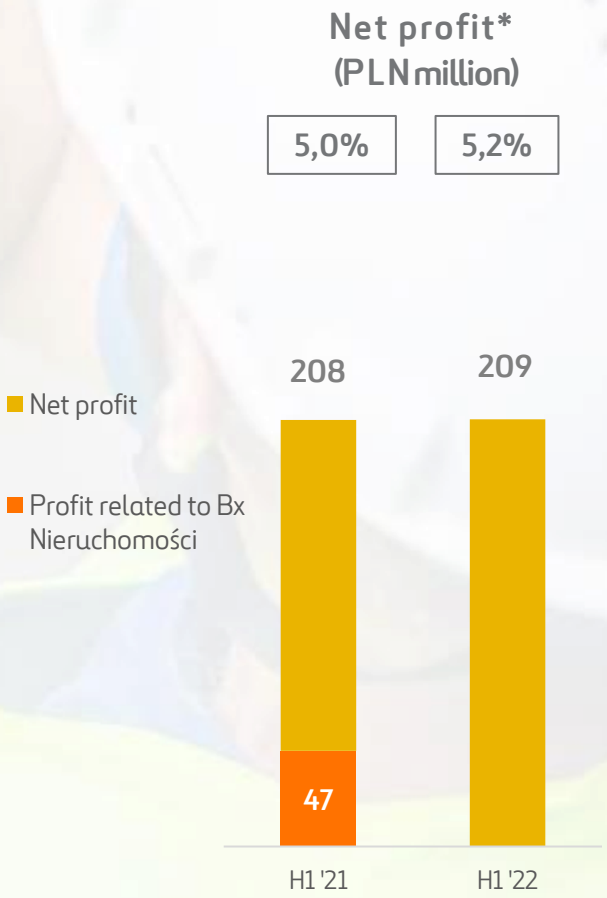
Results from continuing operations



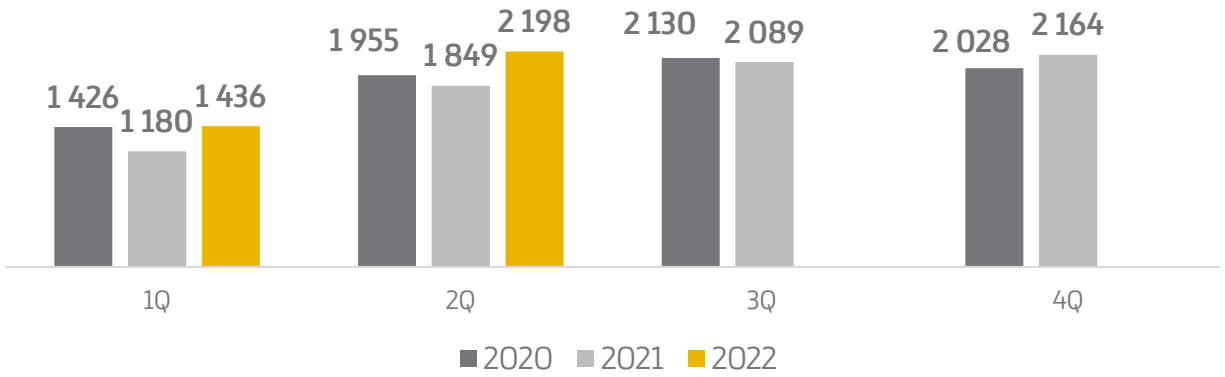




*Margin % of H1'21 has been cleared of the profit related to Bx Nieruchomości

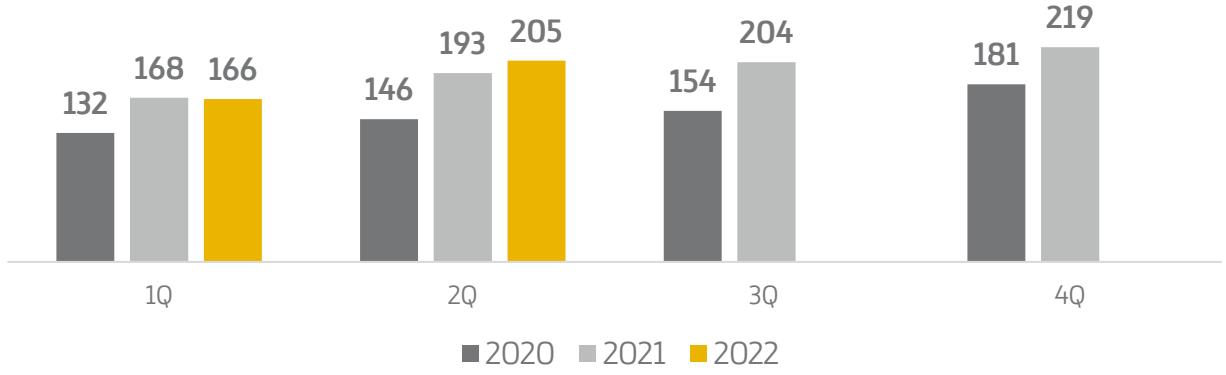
Revenues by segment

Construction segment (PLN million)



In the second quarter of 2022, revenues in the construction segment increased by PLN 349 million y/y (+18.9% y/y). The positive dynamics were made possible by both better weather conditions than last year and a high and diversified backlog.

Services segment (PLN million)

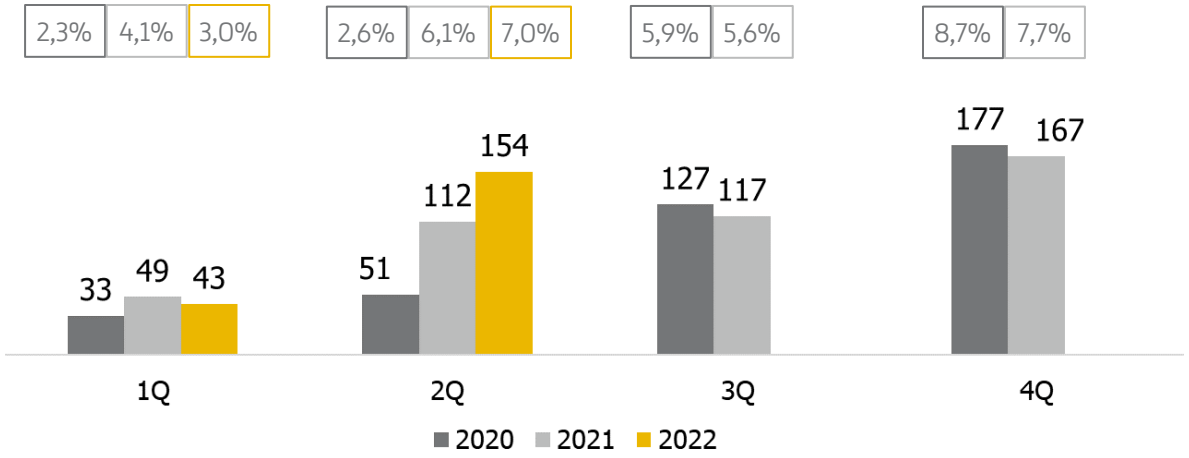


Services segment generated revenues slightly higher than those achieved in the same period last year (+6.2% y/y).

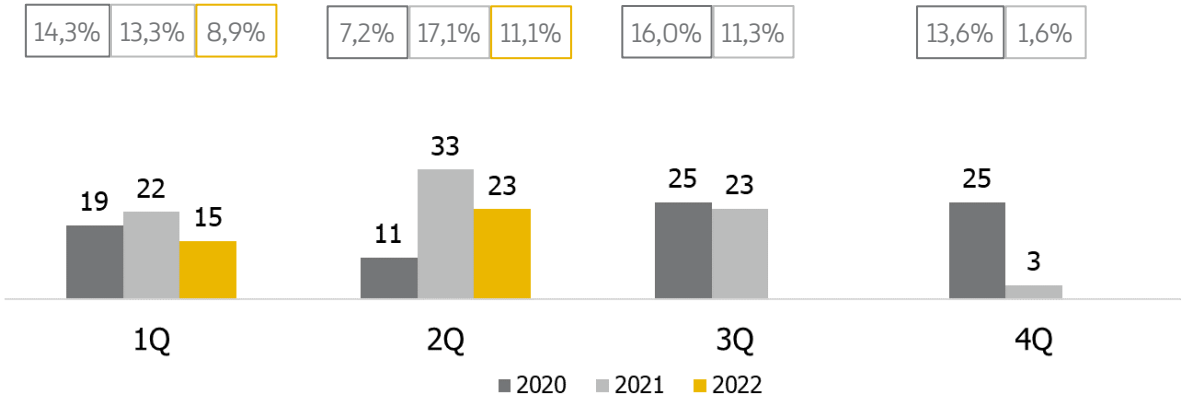
The current baclog's structure largely secures work until the end of 2023.

EBIT margin by segment

Construction segment (PLN million)



Services segment (PLN million)



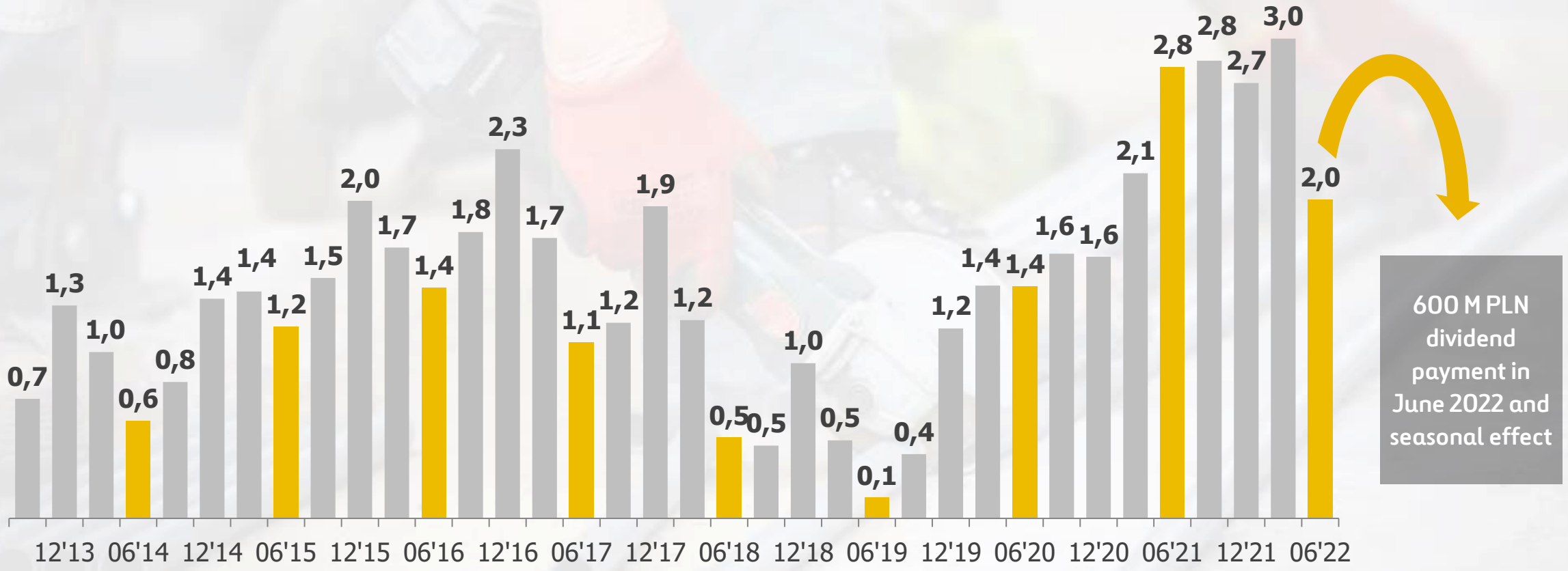
Second quarter profitability is supported by contracts signed before 2022.
Budgets for all projects implemented by Budimex are are continuously updated.

The construction segment generated a margin of 7% **in Q2 of this year**, which translated into a result of PLN 154 million.

The EBIT margin in the services segment was 11,1 % and reached 23 PLN million. The negative y/y dynamics were influenced, among other things, by the increase in fuel prices.

Evoluution of net cash position

Net cash position in the Budimex Group (PLN bn)



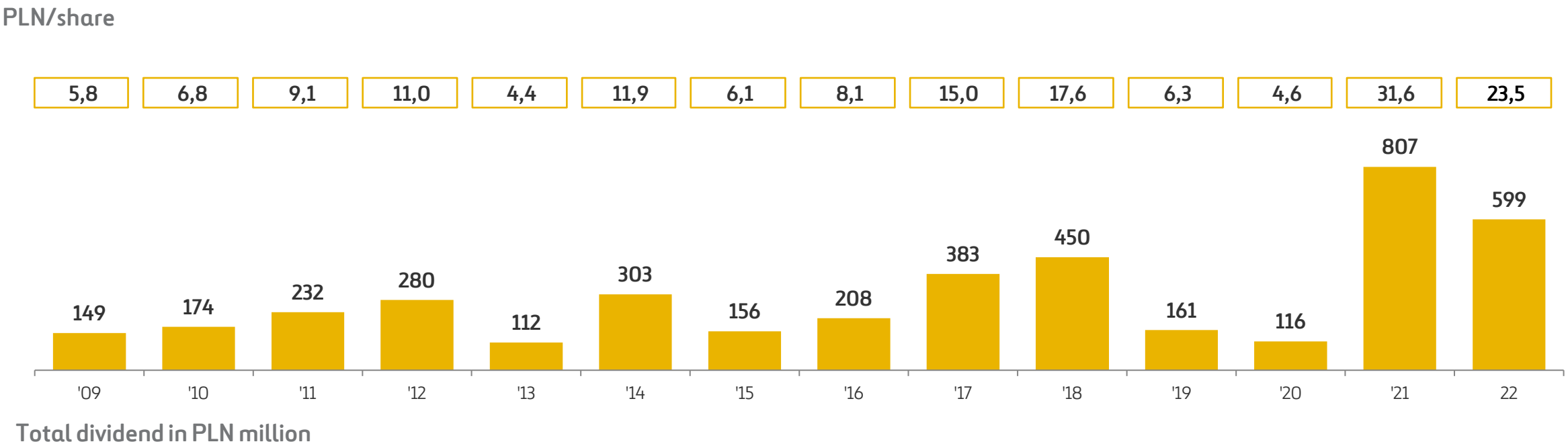
Budimex's Group dividend history

Budimex has been regularly distributing profit to shareholders for 13 years

$\sum$ = 4 128
PLN million

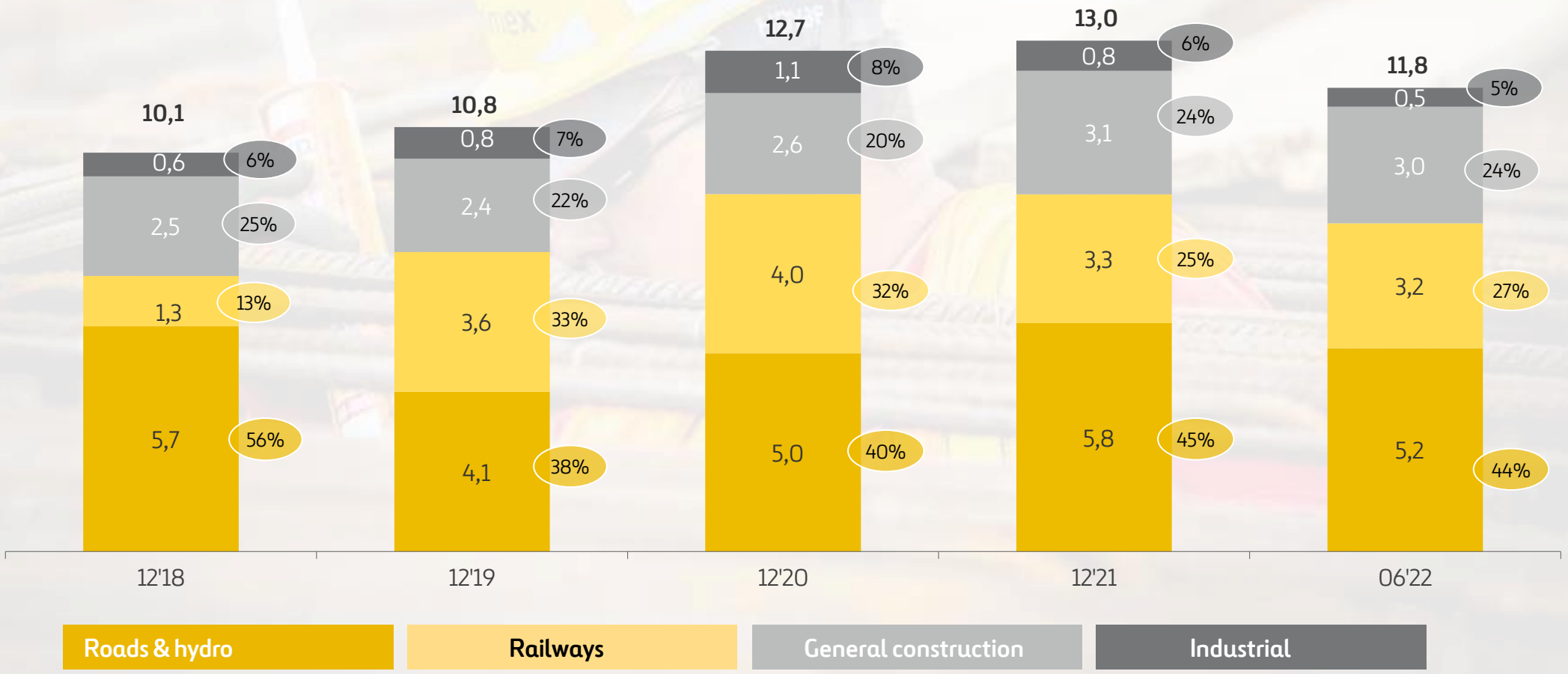
=

161,7
PLN/share



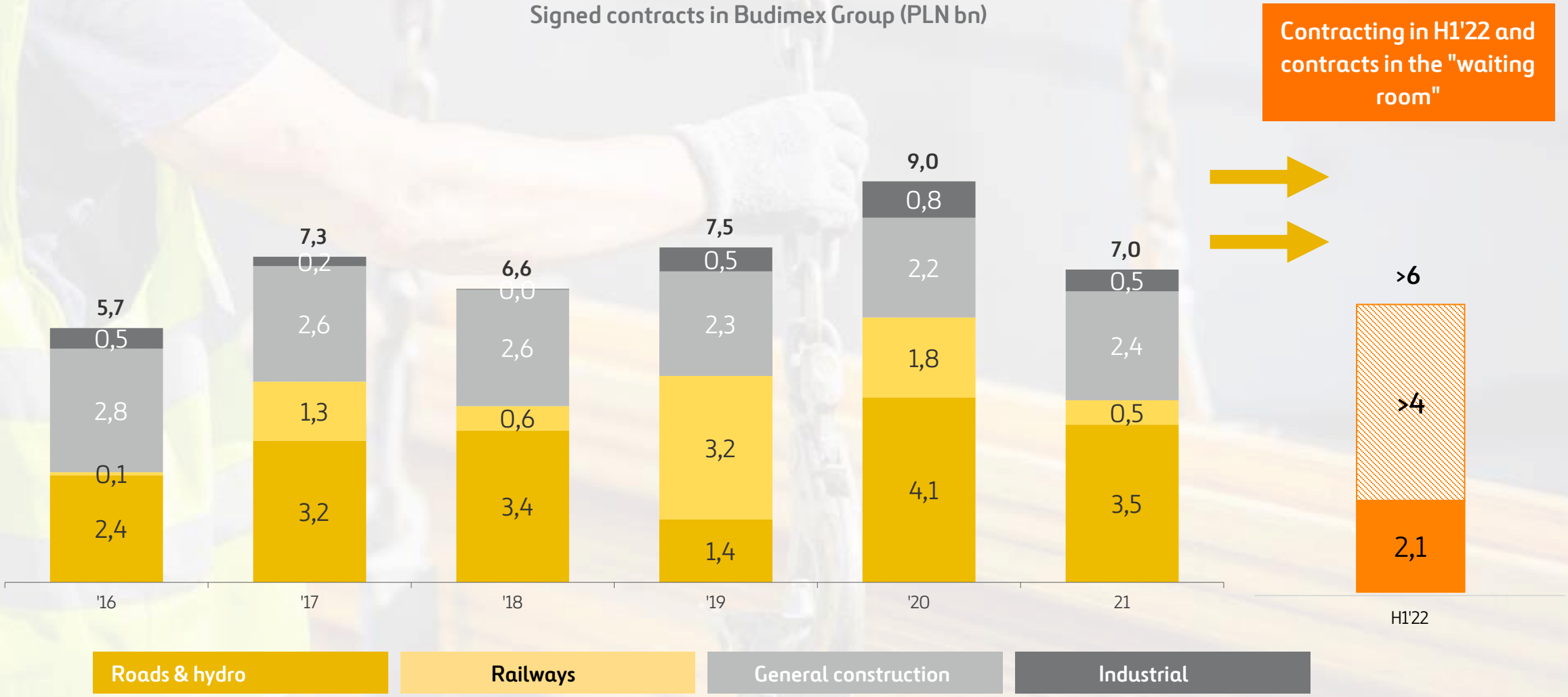
Backlog

Budimex Group's backlog (PLN bn)



Contracts signed

Signed contracts in Budimex Group (PLN bn)



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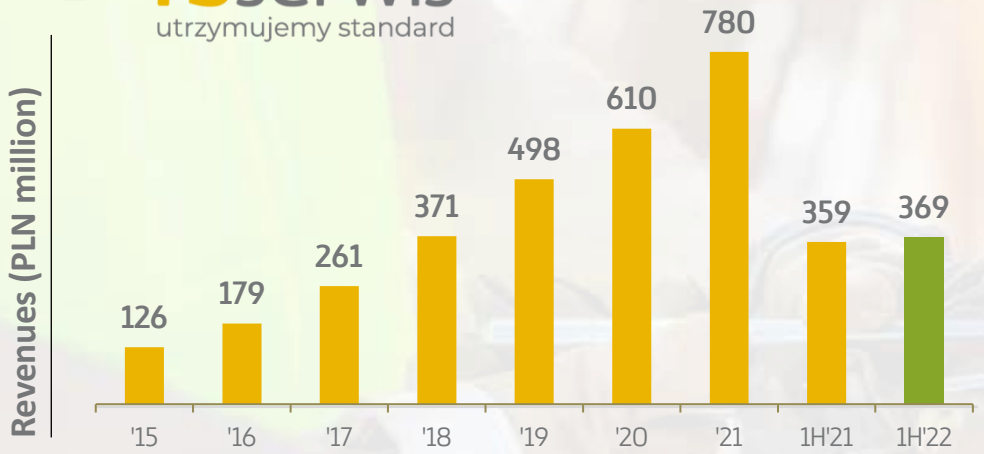
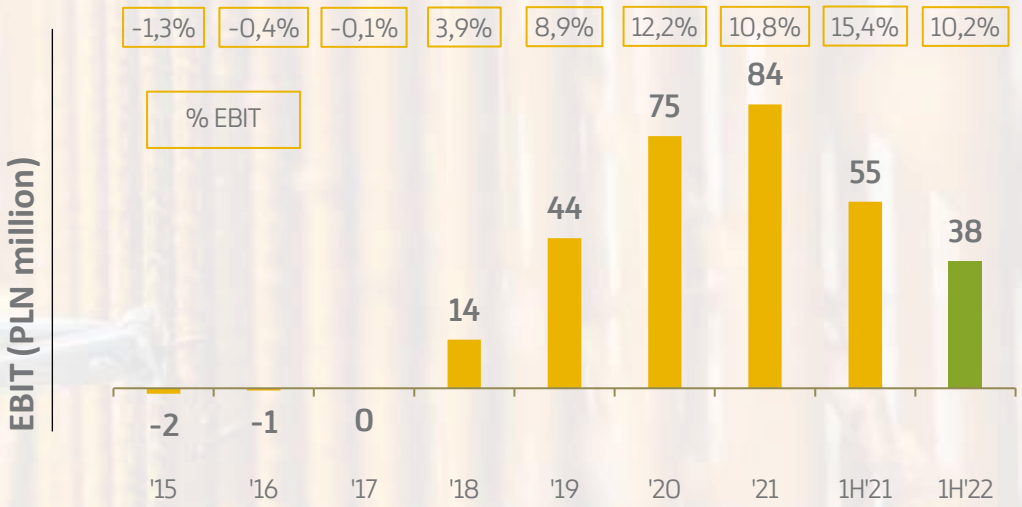
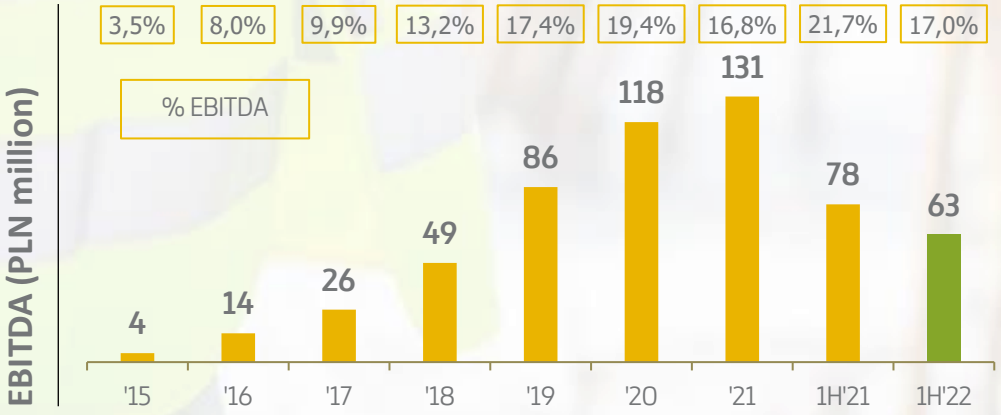
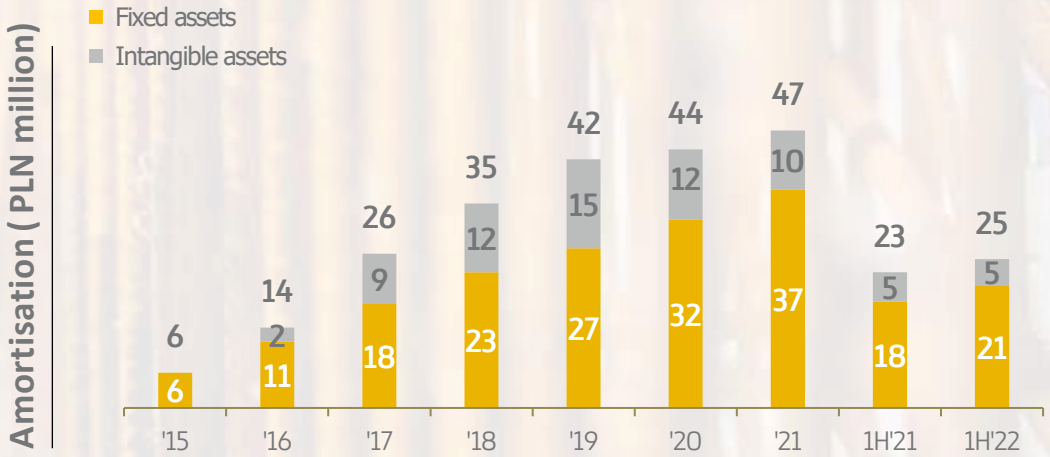
FBSerwis – financial results





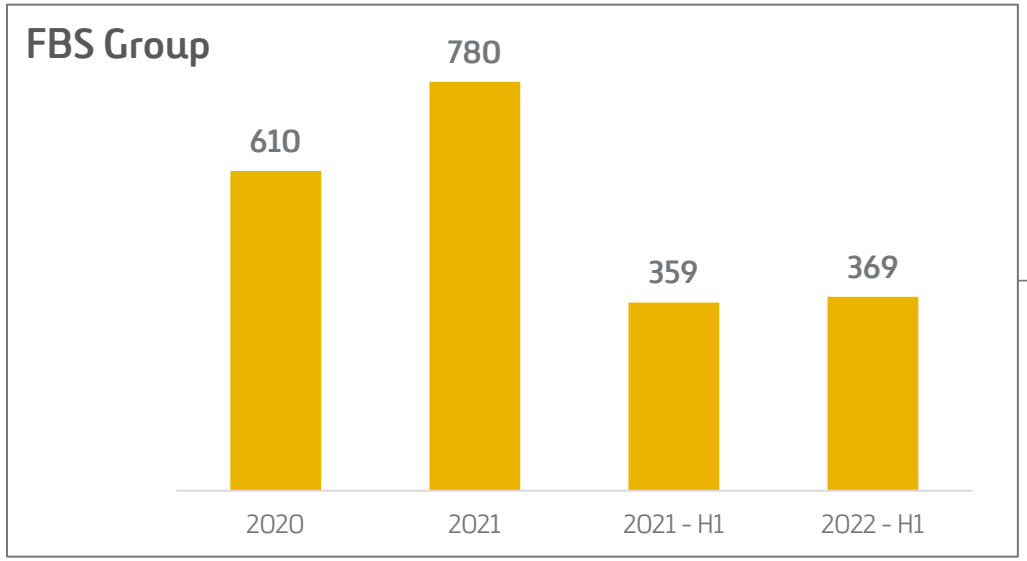


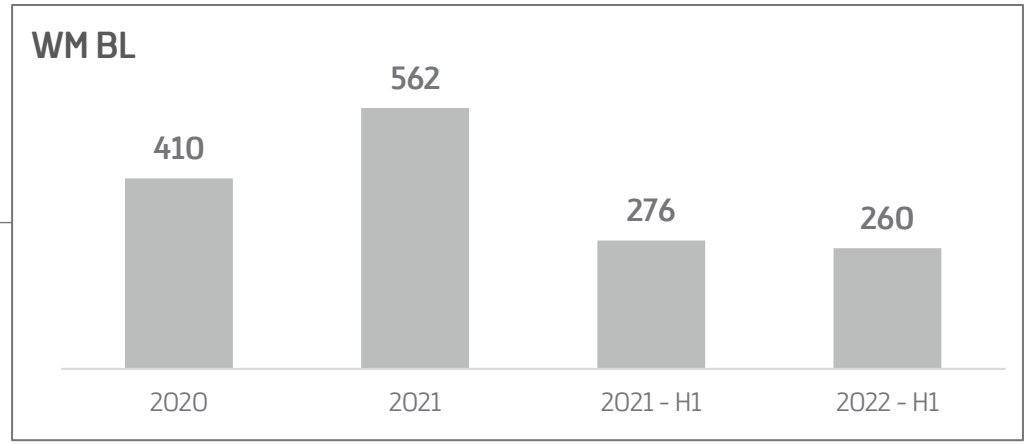


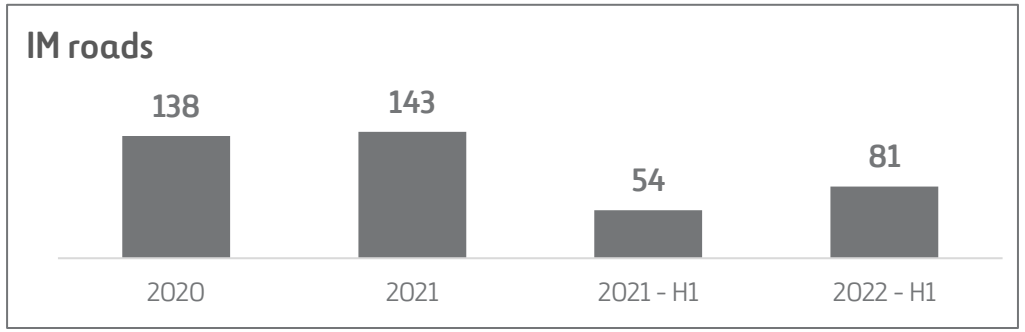
A

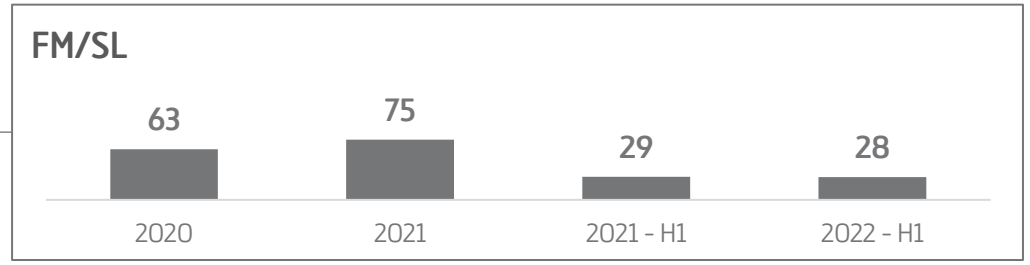
Waste segment had negative dynamics of growth in 1HY 2022

FBServis Group's revenues 2020 - 1H 2022 [PLN million]







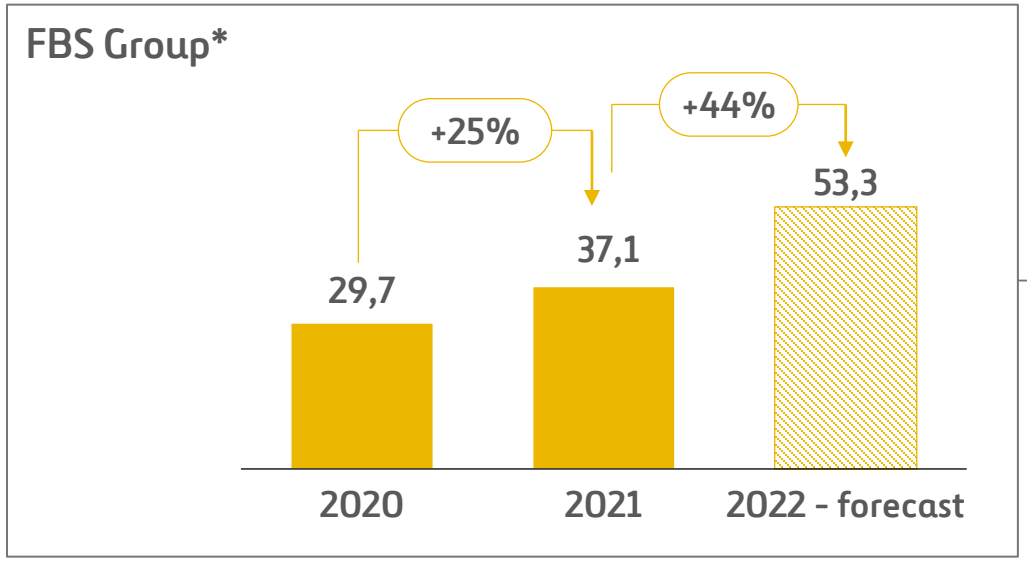


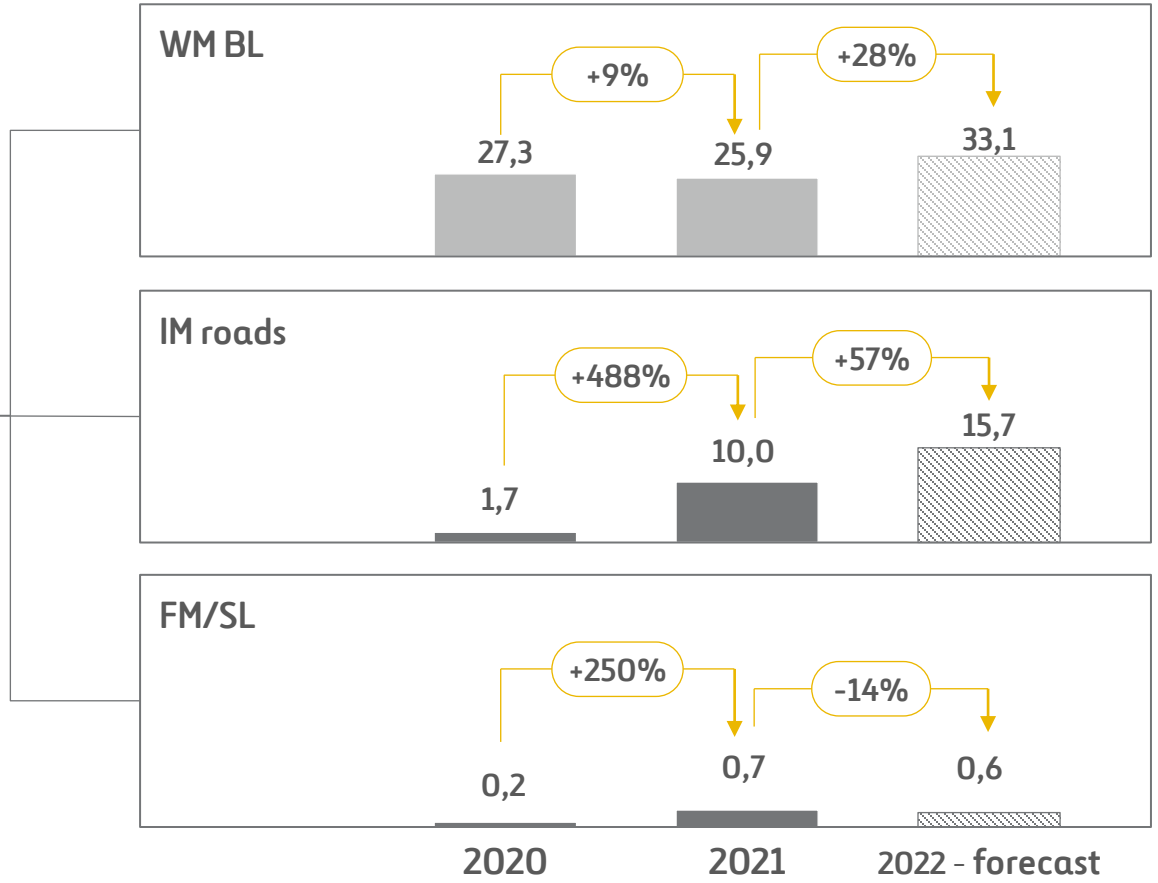
10 lat fbserwis utrzymujemy standard

B

To get back on the growth path, we need to maintain high investment dynamics, including in WM BL.

FBServis Group's CAPEX in 2020-2022 [PLN million]





*The FBServis Group's CAPEX expenditure also includes administrative expenses, not allocated to business lines.

10 lat fbserwis utrzymujemy standard

C

What do we need to continue to grow and reach 1 billion in revenue by 2026?

Consistently implement the WM BL strategy of 2021 and the IM BL strategy of 2022.

Waste processing

- Above all, develop the network with new and expand existing waste processing facilities. Here we need the courage, investments and M&A
- We are analysing the extension of our operations to include hazardous waste
- Growth in the commercial and industrial customer segment
- Establishing long-term alliances with municipal customers on the subject of the supply stream to our installations

IM roads

- Change in the position of Executive Director of the IM road business - internal promotion
- Scale and upscaling are not a priority
- The priority is to stabilise profitability
- The cooperation with Budimex may provide an additional impulse for the development of this activity

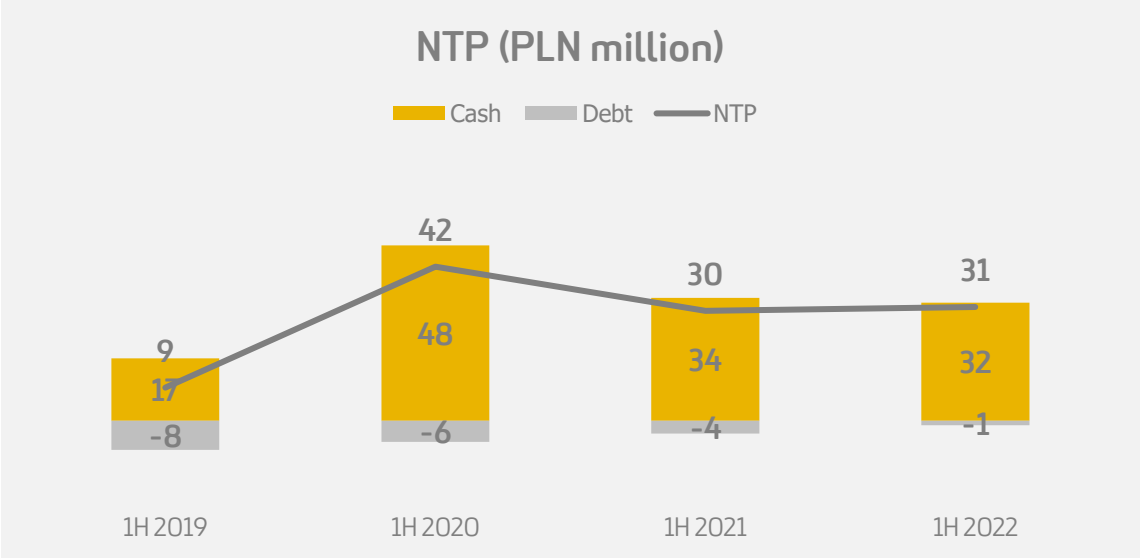
FM / SL

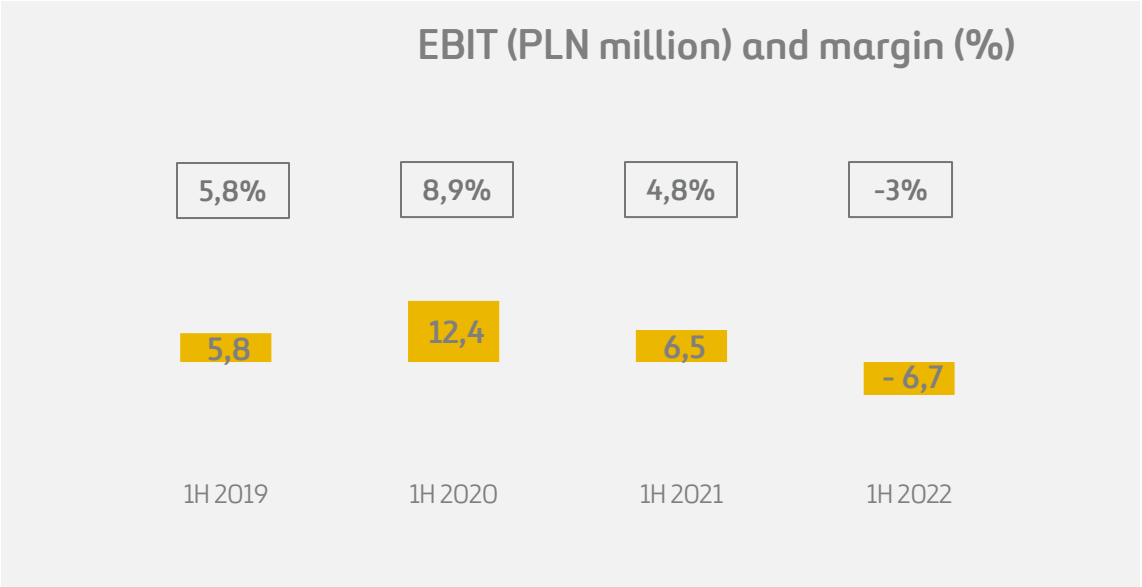
- In Q1 2022, there was a change in the position of Executive Director of this business. Internal promotion
- After dealing with the problems in FM / SL in the South, this Region needs to be developed further
- Scale growth is not a priority, maintaining profitability is a priority
- We have every reason in this business for continued, organic growth of this business in the future

New businesses

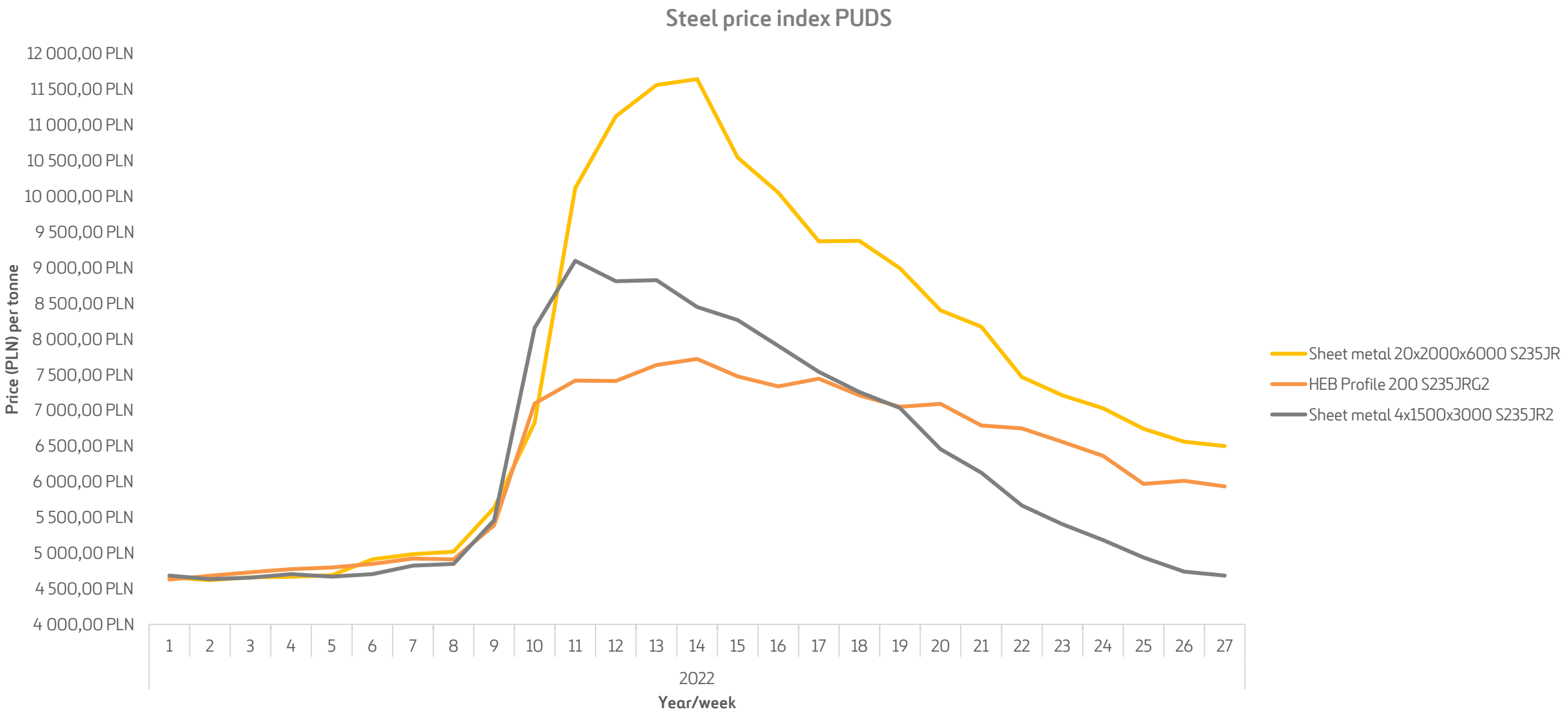
- We are interested in RES and Electromobility
- Development as part of the strategy of the entire Bx Group, not just FBSerwis alone

Mostostal Kraków





Mostostal Kraków



We focus on export

1. 38,5 PLN million– value of steel structure deliveries to foreign markets in 1H 2022.
2. Supply of structures for major investments connected with energy transition:
   - Construction of a waste incineration plant in Slough, UK;
   - Construction of a waste incineration plant in Dinslaken, Germany;
   - Replacement of CatOxSystem SCR reactor housing components for GEA, USA.

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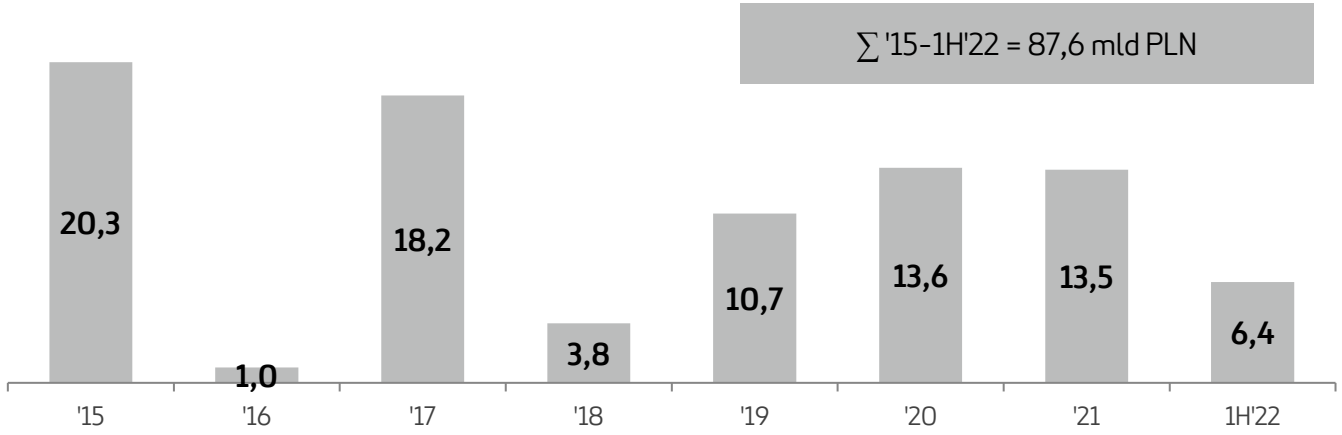
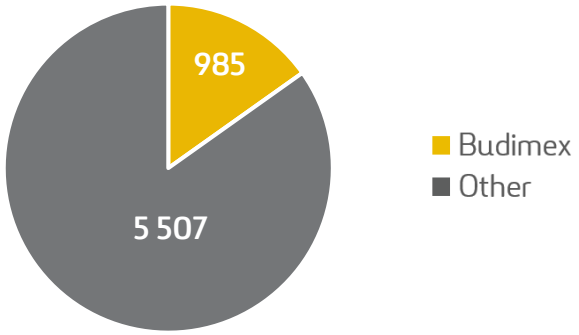
PKP & GDDKiA - status

Bids submitted in significant GDDKiA tenders (PLN billion)

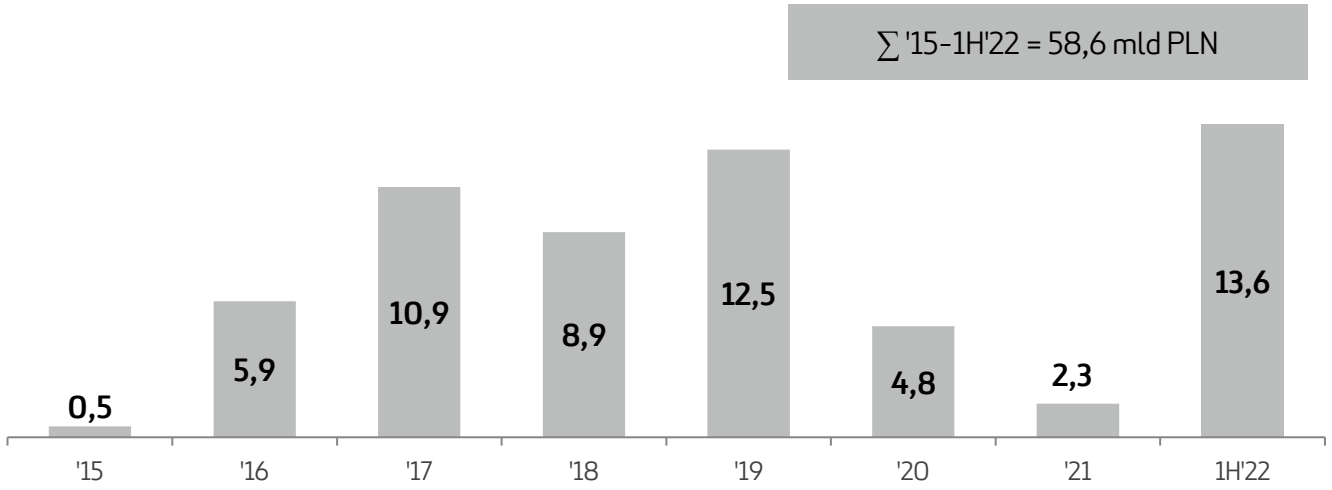


Total value (PLN million) of the lowest bids submitted in GDDKiA tenders 01-07'22

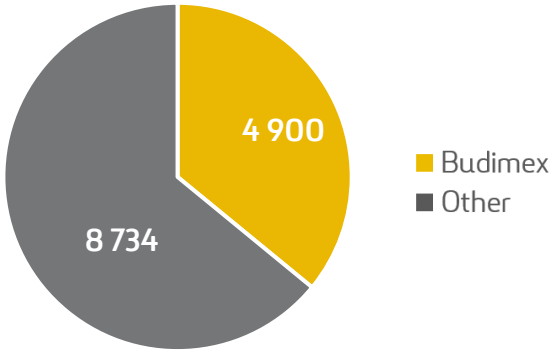


Σ 01-07'22 = 6,5 PLN bn
Budimex's share ~15%

Bids submitted in significant PKP PLK tenders (PLN billion)



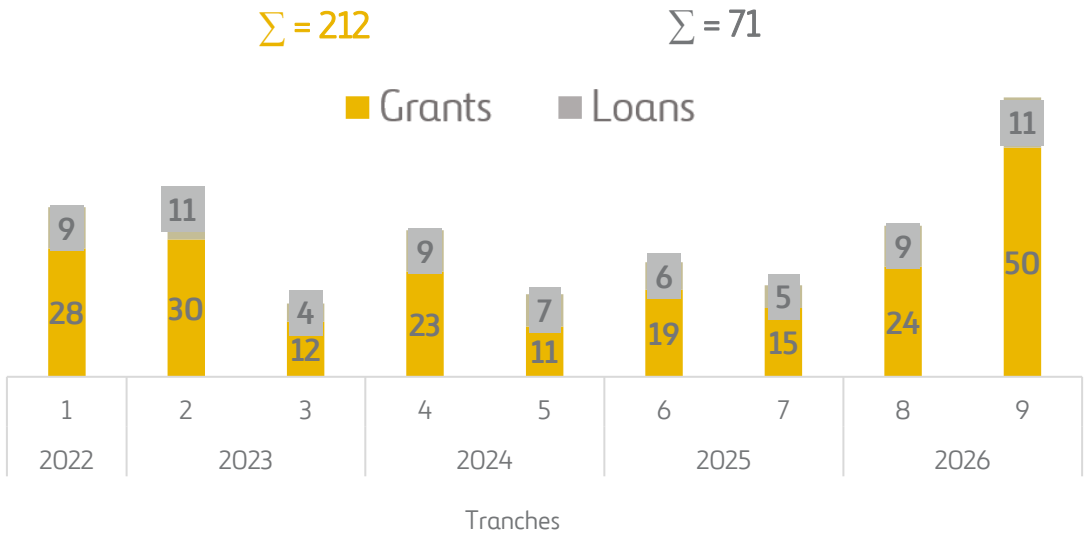
Total value (PLN million) of the lowest bids submitted in PKP PLK tenders 01-07'22



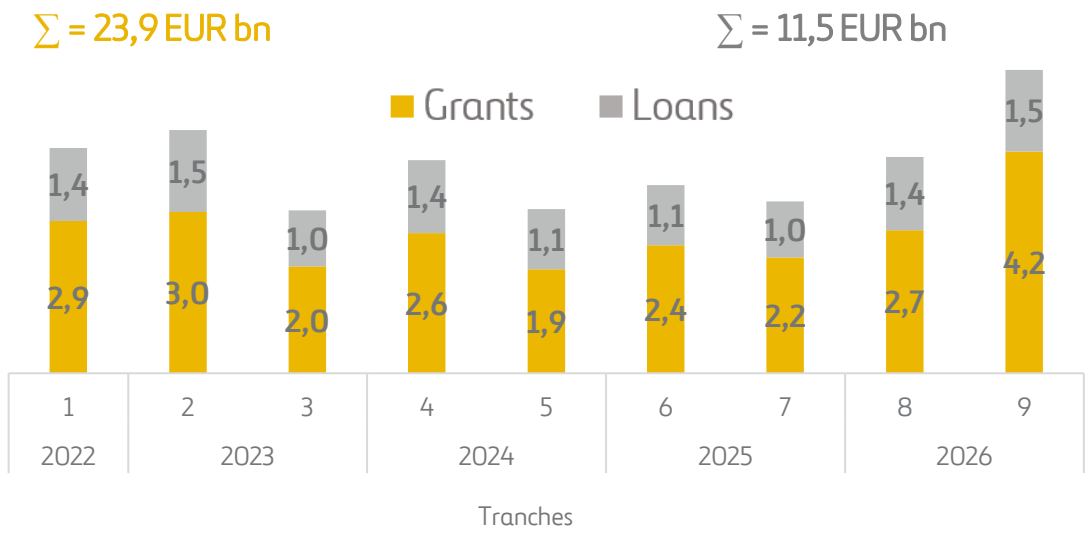
Σ 01-07'22 = 13,6 PLN bn
Budimex's share~36%

KPO

Number of milestones and indicators verified in each tranche



Value of transfers received – loans and grants (EUR billion)



Grants for transport projects under the Polish KPO (EUR billion)

Railways
2,6
EUR billion

Roads
0,7
EUR billion

Milestones and key indicators for Poland:

- Polish KPO includes 48 reforms and 54 investments related with over 280 milestones and indicators.
- Payments will be transferred only after proving, on a semi-annual basis, that the milestones and indicators planned in a given period have been achieved
- The main risks for the industry is the shortage of funds for the railway investments announced by PKP PLK and problems with financing local projects carried out by local authorities.

Source: mBank research

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budimex
zmieniaj świat

Prizes and awards

BUDOWLANA MARKA ROKU 2022

Budimex became **Złota Marka Budowlana 2022** in nationwide survey of contractors

POLITYKA CSR

We have won **Biały Listek Polityki** – an award for the most responsible and socially committed companies

TOP Builder 2022

We received the **Top Builder** award for the realisation of the PKN Orlen Research and Development Centre

WICEAWARDS
The European Women In Construction & Engineering Awards
BREAKING DOWN BARRIERS AND BUILDING NEW HEIGHTS

In the final of the international contest- **The European Women In Construction & Engineering Awards 2022**, there were 6 representatives of Budimex, and one of them stood on the podium

budimex
zmieniaj świat

Home from the heart

The second edition of the 'Home from the Heart' programme is coming to an end.

The building is equipped with the project Partners:

KELLER

WIŚNIOWSKI
BRAMY | OKNA | DRZWI | OGRODZENIA

DRUTEX
ENGINEERED FOR YOU

POLBRAM
STEEL GROUP

ATUT RENTAL

CREATON

castorama

fbserwis

DAIKIN

PORTA
DRZWI

RTV EURO AGD

MAGNAT

FOVEO TECH
Profesjonalne Systemy Ocieplen Budynków

meblik
POKOJOWE ROZWIĄZANIA

Corab

BLUE energy

SIGMA
lighting

FUNDACJA iSOWA
www.iSowa.pl

Sun Sol

StillLike

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40th Parent’s Zone- Pisz

We equipped the **40th anniversary Parent’s Zone** at the Independent Public Health Care Centre of the County Hospital in Pisz.

We renovated four rooms which will serve the hospital's young charges and their carers.

STREFA RODZICA
budimex dzieciom

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zmieniaj świat

Local communities support

Budimex's **CSR strategy** includes being a good neighbour, visitor and partner to local communities.

In Q2 2022, we carried out 17 projects to help local communities, including: in Ełk, Olsztyn, Warsaw, Słubice and Piotrków Trybunalski.

STREFA RODZICA
budimex dzieciom

dom
z serca

budimex
dla natury

hello ICE
budimex dzieciom

GRANT NA
WOLONTARIAT
budimex