

# PINFRA

Quarterly Report

August 3, 2023

## Continues to set records for boost in Concessions

- **2Q23 results showed solid increases at the operating level, in line with expectations, as well as an expansion in profitability due to the larger contribution of Concessions**
- **Sustained growth prospects supported by ongoing investments, attractive valuation of 7.3x FV/EBITDA and financial strength, lead us to reiterate our Buy recommendation**

**Higher progress and contribution from Concessions drove revenues and EBITDA to record figures in a quarter.** Pinfra recorded an increase in revenues of 9.1% to MXN 3.8 billion, in line with estimates. Growth in Concessions was 13.7% y/y, due to a greater dynamism in vehicle capacity, which resulted in a 3% y/y increase in traffic on concessioned highways, while the positive performance of IPM (+13% in sales) was also noteworthy. In turn, Plants showed a rise of 31.9%, reflecting higher production and mix sales, and Construction a drop of 27.9% due to a lower volume of work executed. EBITDA increased by 10.6% y/y to MXN 2.6 billion, and with this, the margin expanded by 0.9pp to 67.8%, although below our expectations. By segment, the advance in Concessions was 10.1%, while the contribution from Construction was marginal, and Plants recorded a decrease of 13.4%. Finally, majority net income contracted by 19.5% y/y, mainly because operating performance was more than offset by higher foreign exchange losses.

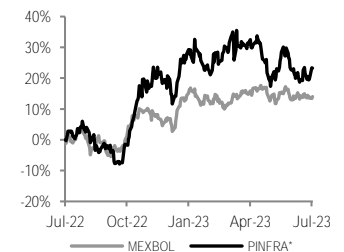
**Fundamentals remain strong.** Incorporating the figures, the FV/EBITDA multiple decreased slightly from 7.4x to 7.3x, which compares favorably with the 3-year average of 8.2x. The report points to continued growth, given the constant investments that even represent an opportunity for the benefits that nearshoring could generate in vehicular traffic. This, together with improved profitability, higher expected cash flow generation and a healthy financial position (-0.8x EBITDA), confirms our favorable view for the company.

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BUY	
Current Price	\$176.33
PT	\$208.80
Dividend	\$2.62
Dividend (%)e	1.5%
Upside Potential	19.9%
Current Price L Series	\$109.95
PT L Series	\$125.00
Upside Potential	13.7%
Max – Min LTM (\$)	196.7 – 131.0
Max – Min L Serie LTM (\$)	126.0 – 79.9
Market Cap (US\$m)	4,307.4
Shares Outstanding (m)	381
Shares Outstanding L (m)	48
Float	57.5%
Daily Turnover (\$m)	78.7
Valuation metrics LTM	
FV/EBITDA	7.3x
P/E	14.8x
MSCI ESG Rating*	B

Relative Performance to MEXBOL LTM



Winners of the 2023 award for the best economic forecasters in Mexico, awarded by Focus Economics.



### Financial Statements

MXN, million	2021	2022	2023E	2024E
Revenues	12,420	14,340	15,266	16,181
Operating Income	6,707	8,238	8,901	9,025
EBITDA	7,785	9,449	10,137	10,836
EBITDA Margin	62.7%	65.9%	66.4%	67.0%
Net Income	5,605	5,285	5,828	6,268
Net Margin	45.1%	36.9%	38.2%	38.7%
Total Assets	76,680	74,543	81,174	87,811
Cash	27,560	23,030	27,130	28,655
Total Liabilities	21,186	20,859	20,569	19,761
Debt	16,010	15,901	15,647	15,509
Common Equity	55,495	53,684	60,606	68,050

Source: Banorte with data from MSE

### Valuation and financial metrics

	2021	2022	2023E	2024E
FV/EBITDA	8.8x	7.7x	6.9x	6.4x
P/E	12.9x	13.7x	12.4x	11.6x
P/BV	1.4x	1.5x	1.3x	1.2x
ROE	11.7%	11.5%	11.2%	10.7%
ROA	7.3%	7.1%	7.2%	7.1%
EBITDA/ Interes exp	3.6x	3.5x	3.6x	3.8x
Net Deb/EBITDA	-1.5x	-0.8x	-1.1x	-1.2x
Deb/Equity	0.3x	0.3x	0.3x	0.2x

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## PINFRA – Results 2Q23

MXN, million

Concept	2Q22	2Q23	Var %	2Q23e	Diff % vs Estim.
Revenue	3,530	3,849	9.1%	3,704	3.9%
Operating Income	2,029	2,292	13.0%	2,251	1.8%
Ebitda	2,359	2,609	10.6%	2,569	1.5%
Net Income	1,216	979	-19.5%	1,360	-28.0%
<b>Margins</b>					
Operating Margin	57.5%	59.5%	2.1pp	60.8%	-1.2pp
Ebitda Margin	66.8%	67.8%	0.9pp	69.4%	-1.6pp
Net Margin	34.4%	25.4%	-9.0pp	36.7%	-11.3pp
EPS	\$2.83	\$2.28	-19.5%	\$3.17	-28.0%

### Income Statement

Year	2022	2023	2023	Change	Change
Quarter	2	1	2	% y/y	% q/q
Net Revenue	3,529.9	3,543.0	3,849.5	9.1%	8.7%
Cost of goods sold	1,452.4	1,325.0	1,487.4	2.4%	12.3%
Gross profit	2,077.5	2,218.0	2,362.1	13.7%	6.5%
General expenses	0.0	0.0	0.0	N.A.	N.A.
Operating Income	2,028.8	2,224.4	2,291.7	13.0%	3.0%
Operating Margin	57.5%	62.8%	59.5%	2.1pp	(3.3pp)
Depreciation	330.5	293.6	317.0	-4.1%	8.0%
EBITDA	2,359.3	2,518.0	2,608.7	10.6%	3.6%
EBITDA Margin	66.8%	71.1%	67.8%	0.9pp	(3.3pp)
Interest income (expense) net	(329.5)	(624.6)	(512.4)	55.5%	-18.0%
Interest expense	342.6	400.0	399.7	16.7%	-0.1%
Interest income	646.5	749.0	454.5	-29.7%	-39.3%
Other income (expenses)	(425.1)	(129.3)	245.8	N.A.	N.A.
Exchange Income (loss)	(208.3)	(844.2)	(812.9)	290.2%	-3.7%
Unconsolidated subsidiaries	70.9	(3.6)	(15.9)	N.A.	341.3%
Income before taxes	1,770.2	1,596.2	1,763.4	-0.4%	10.5%
Income taxes	280.3	338.0	548.2	95.6%	62.2%
Discontinued operations	0.0	0.0	0.0	N.A.	N.A.
Consolidated Net Income	1,490.0	1,258.2	1,215.3	-18.4%	-3.4%
Minorities	274.1	247.6	236.0	-13.9%	-4.7%
Net Income	1,215.8	1,010.6	979.3	-19.5%	-3.1%
Net margin	34.4%	28.5%	25.4%	(9.0pp)	(3.1pp)
EPS	2.831	2.353	2.280	-19.5%	-3.1%

### Balance Sheet (Million pesos)

Total Current Assets	29,611.9	27,173.3	26,137.0	-11.7%	-3.8%
Cash & Short Term Investments	25,957.4	24,125.1	23,159.6	-10.8%	-4.0%
Long Term Assets	48,338.8	48,148.0	48,220.8	-0.2%	0.2%
Property, Plant & Equipment (Net)	2,542.3	2,617.5	2,626.8	3.3%	0.4%
Intangible Assets (Net)	40,410.1	39,726.8	39,746.2	-1.6%	0.0%
Total Assets	77,950.6	75,321.2	74,357.8	-4.6%	-1.3%
Current Liabilities	7,304.4	5,512.0	5,224.7	-28.5%	-5.2%
Short Term Debt	707.1	885.5	996.7	41.0%	12.6%
Accounts Payable	685.4	1,018.6	1,161.5	69.5%	14.0%
Long Term Liabilities	17,152.6	15,489.1	14,912.3	-13.1%	-3.7%
Long Term Debt	15,162.5	14,560.9	14,034.0	-7.4%	-3.6%
Total Liabilities	24,457.0	21,001.1	20,137.0	-17.7%	-4.1%
Common Stock	53,493.6	54,320.2	54,220.8	1.4%	-0.2%
Preferred Stock	7,895.4	7,488.8	7,562.9	-4.2%	1.0%
Total Equity	45,598.2	46,831.3	46,657.9	2.3%	-0.4%
Liabilities & Equity	77,950.6	75,321.2	74,357.8	-4.6%	-1.3%
Net Debt	(10,087.8)	(8,678.7)	(8,128.9)	-19.4%	-6.3%

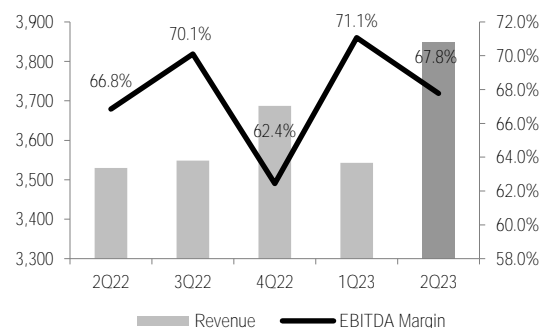
### Cash Flow (Million pesos)

Cash Flow from Operating Activities	2,467.2	1,774.5	2,600.2		
Cash Flow from Investing Activities	(1,662.0)	(888.7)	1,690.1		
Cash Flow from Financing Activities	(1,884.3)	(648.7)	(2,228.2)		
FX effect	(591.9)	857.5	(3,027.5)		
Change in Cash Balance	(1,671.1)	1,094.6	(965.5)		

Source: Banorte, MSE.

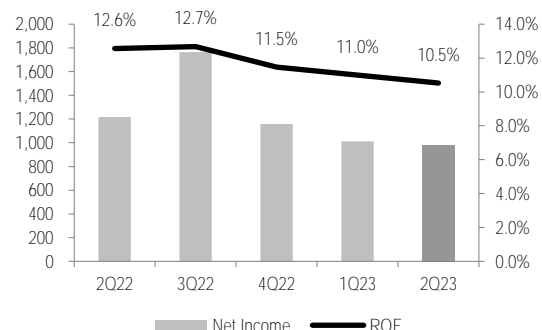
## Revenue & EBITDA Margin

MXN, million



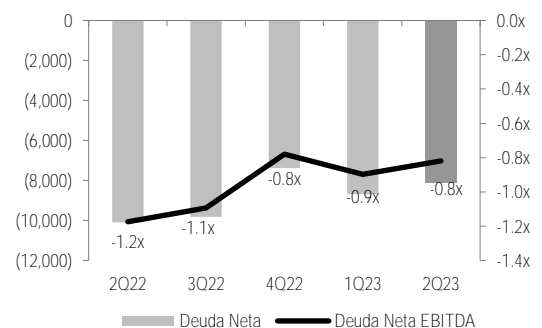
## Net Income & ROE

MXN, million



## Net Debt & Net debt to EBITDA ratio

MXN, million



Pinfra 2023 - Revenue, EBITDA and EBITDA margin per business segment  
MXN, million

Business segment	Revenue	Var y/y	EBITDA	Var y/y	EBITDA Margin	Var y/y
Concessions	3,489	13.7%	2,600	10.1%	74.5%	-2.4pp
Construction	300	-27.9%	1	N.A.	0.2%	2.9pp
Plants	60	31.9%	8	-13.4%	13.9%	-7.3pp
Total	3,849	9.1%	2,609	10.6%	67.8%	0.9pp

Source: Banorte, Pinfra.

## Certification of Analysts.

We, Alejandro Padilla Santana, Juan Carlos Alderete Macal, Alejandro Cervantes Llamas, Manuel Jiménez Zaldívar, Marissa Garza Ostos, Katia Celina Goya Ostos, Francisco José Flores Serrano, José Luis García Casales, Víctor Hugo Cortes Castro, José Itzamna Espitia Hernández, Carlos Hernández García, Leslie Thalía Orozco Vélez, Hugo Armando Gómez Solís, Yazmín Selene Pérez Enríquez, Cintia Gisela Nava Roa, Miguel Alejandro Calvo Domínguez, José De Jesús Ramírez Martínez, Gerardo Daniel Valle Trujillo, Luis Leopoldo López Salinas, Isaías Rodríguez Sobrino, Juan Carlos Mercado Garduño, Daniel Sebastián Sosa Aguilar, Jazmin Daniela Cuautencos Mora and Andrea Muñoz Sánchez, certify that the points of view expressed in this document are a faithful reflection of our personal opinion on the company (s) or firm (s) within this report, along with its affiliates and/or securities issued. Moreover, we also state that we have not received, nor receive, or will receive compensation other than that of Grupo Financiero Banorte S.A.B. of C.V. for the provision of our services.

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### Guide for investment recommendations.

	Reference
<b>BUY</b>	When the share expected performance is greater than the MEXBOL estimated performance.
<b>HOLD</b>	When the share expected performance is similar to the MEXBOL estimated performance.
<b>SELL</b>	When the share expected performance is lower than the MEXBOL estimated performance.

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### History of PT and Ratings

Stock	Date	Rating	PT
PINFRA*	10/28/2019	BUY	\$208.80
PINFRA*	07/29/2019	HOLD	\$201.00
PINFRA*	02/25/2019	BUY	\$215.30
PINFRA*	01/18/2019	HOLD	\$215.30

### MSCI ESG Rating scale

CCC	B	BB	BBB	A	AA	AAA
LAGGARD	AVERAGE				LEADER	

\*The MSCI ESG Rating is an indicator that evaluates companies in Environment, Society and Governance (ESG) metrics.

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