

PINFRA

Quarterly Report

Record revenues and EBITDA driven by Concessions

Highlights

- 3Q23 figures showed solid increases at the operating level. Profitability expanded, exceeding expectations, due to the higher contribution from Concessions, partially offset by Construction
- Constant investments support sustained growth prospects, which, together with an attractive valuation of 5.9x FV/EBITDA and a healthy financial position, confirm our positive outlook for Pinfra

Positive results, albeit with few near-term catalysts. The company showed a 10.5% y/y increase in revenues to MXN 3.9 billion, in line with estimates. The rise in Concessions was 12.6% y/y, driven by more dynamic traffic volumes and higher tariffs, which resulted in a 2.0% y/y expansion in traffic on concessioned highways. In addition, IPM Altamira continued to perform favorably (+10% in sales). In turn, Plants recorded an improve of 5.1%, due to higher production and mix sales, while Construction recorded a 9.4% decline due to a lower volume of work executed. EBITDA grew 11.9% y/y to MXN 2.8 billion, and with this, the margin expanded 0.9pp to 71.0%, surprisingly positive. By segment, Concessions grew by 13.6% and Plants by 4.3%, while Construction showed a decrease of 61.4%. Finally, majority net income rose 11.9% y/y due to operating performance, higher interest income and FX gains, partially offset by lower taxes.

PINFRA's outlook remains solid. Including the figures, the FV/EBITDA multiple declined from 6.3x to 5.9x, which compares favorably with the 3-year average of 7.8x. The quarter's performance reaffirms the expectation of sustained growth, especially considering the opportunity represented by the benefits of nearshoring in vehicle traffic. This, coupled with high profitability and higher expected cash flow generation, as well as financial strength (-1.0x ND/EBITDA), leads us to reiterate our Buy recommendation. However, we do not rule out that some idiosyncratic risks may continue to generate volatility in the stock price.

Financial Statements

MXN, million	2021	2022	2023E	2024E
Revenues	12,420	14,340	15,274	16,193
Margen Financiero	6,707	8,238	9,189	9,347
Estim Prev p/Ries Cre	7,785	9,449	10,424	11,157
Utilidad de Operación	62.7%	65.9%	68.2%	68.9%
Utilidad Neta	5,605	5,285	5,866	6,299
Margen Neto	45.1%	36.9%	38.4%	38.9%
Activo Total	76,680	74,543	80,551	88,308
Cartera Vigente	27,560	23,030	25,409	26,500
Cartera Vencida	21,186	20,859	19,899	19,601
Pasivo Total	16,010	15,901	15,647	15,509
Capital	55,495	53,684	60,652	68,707

Source: Banorte

Valuation and financial metrics

	2021	2022	2023E	2024E
FV/EBITDA	7.6x	6.7x	5.9x	5.5x
P/E	11.3x	11.9x	10.8x	10.0x
P/BV	1.2x	1.3x	1.1x	1.0x
ROE	11.7%	11.5%	11.3%	10.7%
ROA	7.3%	7.1%	7.3%	7.1%
EBITDA/ Interest exp	3.6x	3.5x	3.7x	3.9x
Net Debt/EBITDA	-1.5x	-0.8x	-0.9x	-1.0x
Debt/Equity	0.3x	0.3x	0.3x	0.2x

November 1, 2023



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BUY

Current Price	\$152.65
PT	\$208.80
Dividend estimated	\$2.66
Dividend (%)e	1.7%
Upside potential	38.5%
Current Price L Series	\$102.00
PT L Series	\$125.00
Upside Potential	22.5%
Max - Min LTM (\$)	196.7 - 138.8
Max - Min L Serie LTM (\$)	126.0 - 89.0
Market Cap (US\$m)	3,458.0
Shares Outstanding (m)	381
Shares Outstanding L (m)	48
Float	57.5%
Daily Turnover (\$m)	68.1
Valuation metrics LTM	
FV/EBITDA	5.9x
P/E	12.3x
MSCI ESG Rating*	B

Relative performance to Mexbol



Source: Banorte



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



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Document for distribution among public.



Pinfra – Results 3Q23

MXN, million

Concept	3Q22	3Q23	Var %	3Q23e	Diff % vs Estim.
Revenue	3,548	3,922	10.5%	3,883	1.0%
Operating income	2,204	2,592	17.6%	2,314	12.0%
Ebitda	2,488	2,783	11.9%	2,637	5.6%
Net Income	1,764	1,974	11.9%	1,623	21.6%
Margins					
Operating Margin	62.1%	66.1%	4.0pp	59.6%	6.5pp
Ebitda Margin	70.1%	71.0%	0.9pp	67.9%	3.1pp
Net Margin	49.7%	50.3%	0.6pp	41.8%	8.5pp
EPS	\$4.11	\$4.60	11.9%	\$3.78	21.6%

Income Statement (Million pesos)					
Year	2022	2023	2023	Change	Variation
Quarter	3	2	3	% y/y	% q/q
Net Revenue	3,548.2	3,849.5	3,921.6	10.5%	1.9%
Costs of goods sold	1,307.6	1,487.4	1,264.6	-3.3%	-15.0%
Gross profit	2,240.6	2,362.1	2,657.1	18.6%	12.5%
General expenses	0.0	0.0	0.0	N.A.	N.A.
Operating Income	2,204.4	2,291.7	2,592.2	17.6%	13.1%
Operating Margin	62.1%	59.5%	66.1%	4.0pp	6.6pp
Depreciation	283.2	317.0	191.1	-32.5%	-39.7%
EBITDA	2,487.6	2,608.7	2,783.3	11.9%	6.7%
EBITDA Margin	70.1%	67.8%	71.0%	0.9pp	3.2pp
Interest Income (Expense) net	176.8	(512.4)	369.1	108.8%	N.A.
Interest expense	346.1	399.7	386.2	11.6%	-3.4%
Interest income	615.8	454.5	710.3	15.4%	56.3%
Other income (expense)	(108.9)	245.8	(176.9)	62.4%	N.A.
Foreign Exchange gain (loss)	16.1	(812.9)	221.9	>500%	N.A.
Unconsolidated subsidiaries	(16.8)	(15.9)	89.4	N.A.	N.A.
Income before taxes	2,364.4	1,763.4	3,050.8	29.0%	73.0%
Income taxes	350.5	548.2	675.7	92.8%	23.3%
Discontinued operations	0.0	0.0	0.0	N.A.	N.A.
Consolidated Net Income	2,013.9	1,215.3	2,375.1	17.9%	95.4%
Non-controlling interest	250.1	236.0	400.9	60.3%	69.8%
Net Income	1,763.8	979.3	1,974.2	11.9%	101.6%
Net Margin	49.7%	25.4%	50.3%	0.6pp	24.9pp
EPS	4.106	2.280	4.596	11.9%	101.6%

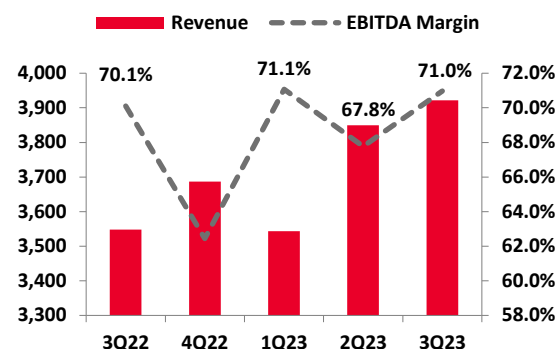
Balance Sheet (Million pesos)					
Total Current Assets	29,392.7	26,137.0	28,415.1	-3.3%	8.7%
Cash & Short-Term Investments	25,772.2	23,159.6	25,527.4	-0.9%	10.2%
Long Term Assets	47,835.2	48,220.8	48,117.8	0.6%	-0.2%
Property, Plant & Equipment (Net)	2,687.2	2,626.8	2,731.5	1.6%	4.0%
Intangible Assets (Net)	39,767.4	39,746.2	39,877.6	0.3%	0.3%
Total Assets	77,227.9	74,357.8	76,532.9	-0.9%	2.9%
Current Liabilities	6,795.1	5,224.7	5,256.8	-22.6%	0.6%
Short Term Debt	738.5	996.7	1,011.2	36.9%	1.5%
Accounts Payable	853.9	1,161.5	1,049.5	22.9%	-9.6%
Long Term Liabilities	16,419.4	14,912.3	14,800.2	-9.9%	-0.8%
Long Term Debt	15,212.8	14,034.0	13,964.7	-8.2%	-0.5%
Total Liabilities	23,214.4	20,137.0	20,057.0	-13.6%	-0.4%
Stockholders' equity	54,013.5	54,220.8	56,475.9	4.6%	4.2%
Non-controlling interest	7,669.1	7,562.9	7,729.5	0.8%	2.2%
Total Equity	46,344.4	46,657.9	48,746.4	5.2%	4.5%
Liabilities & Equity	77,227.9	74,357.8	76,532.9	-0.9%	2.9%
Net Debt	(9,820.8)	(8,128.9)	(10,551.6)	7.4%	29.8%

Cash Flow (Million pesos)			
Cash Flow from Operating Activities	1,861.4	2,600.2	2,384.4
Cash Flow from Investing Activities	692.3	1,690.1	(1,466.2)
Cash Flow from Financing Activities	(2,296.2)	(2,228.2)	(164.4)
FX effect	(442.7)	(3,027.5)	1,614.0
Change in Cash Balance	(185.2)	(965.5)	2,367.8

Source: Banorte, MSE.

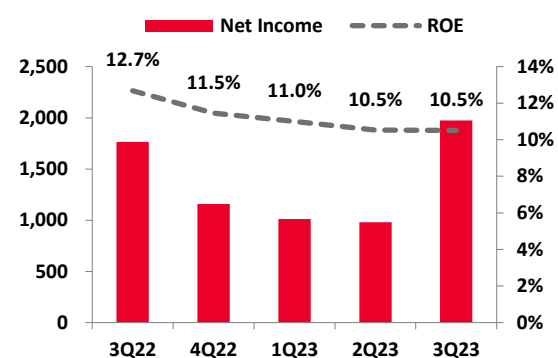
Revenue & EBITDA Margin

MXN, million



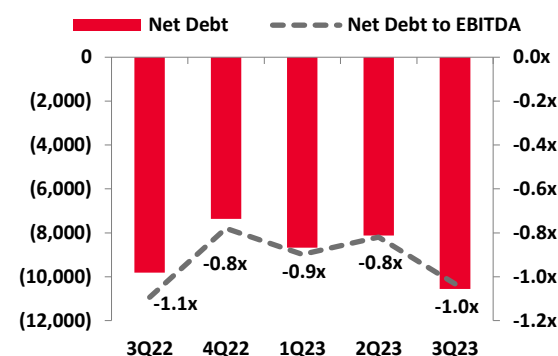
Net Income & ROE

MXN, million



Net Debt / Net Debt to EBITDA ratio

MXN, million



PINFRA 3Q23

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	3,555	12.6%	2,750	13.6%	77.4%	0.6pp
Construction	282	-9.4%	21	-61.4%	7.4%	-9.9pp
Plants	85	5.1%	12	4.3%	14.2%	-0.1pp
Total	3,922	10.5%	2,783	11.9%	71.0%	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, Paula Lozoya Valadez, 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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	Reference
BUY	When the share expected performance is greater than the MEXBOL estimated performance.
HOLD	When the share expected performance is similar to the MEXBOL estimated performance.
SELL	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		

*MSCI ESG Rating is an indicator that evaluates companies in Environment, Social and Governance (ESG) metrics



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