

PINFRA

Quarterly Report

Record EBITDA boosted by Concessions

- **1Q23 figures showed an important advance in profitability, better than expected, due to the higher contribution of Concessions, partially offset by the weakness in Construction and Plants**
- **Continued investments, including recent ones focused on leveraging the benefits of nearshoring, underpin the outlook for sustained growth, confirming our positive view for Pinfra**

Growth in Concessions supports results. The company presented an annual variation in revenues of -0.9% to MXN 3.5 billion, in line with estimates. The increase in Concessions was 15.3% y/y, due to a greater dynamism in vehicle capacity and the incorporation of the Aguascalientes Bypass and the Nabor-Carrillo section (Pirámides-Textcoco), which led to an 8% y/y rise in traffic on concessioned highways, as well as by the favorable performance of IPM. However, there were annual decreases in Construction of 60.8%, due to a lower volume of work executed, and in Plants of 34.2%, caused by a lower volume of work released by the CDMX government. Meanwhile, EBITDA grew 9.5% y/y to MXN 2.5 billion (a record for a quarter), and with this, the margin expanded by 6.7pp to 71.1%, exceeding expectations. By segment, the increase in Concessions was 12.4%, while Construction fell 46.6%, and Plants recorded a loss. Finally, majority net income decreased 11.9% y/y, mainly due to foreign exchange losses, although these were lower than our estimates. **Report should be well received by the market.** The quarter's performance reaffirms the outlook of sustained growth with higher profitability and cash flow generation, while highlights the financial strength (-0.9x ND/EBITDA). Continued investments should support the results, such as the recently announced MXN 6.5 billion for improvement works in the Uruapan-Lazaro Cardenas section in Michoacan, in view of the opportunity that nearshoring could generate in the region. Incorporating the figures, the FV/EBITDA multiple decreased from 8.1x to 7.8x, which compares favorably with the 3-year average of 8.4x, so we reiterate our Buy recommendation.

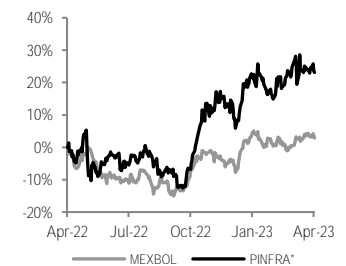
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BUY	
Current Price	\$185.60
PT	\$208.80
Upside Potential	12.5%
Current Price L Series	\$120.00
PT L Series	\$125.00
Upside Potential	4.2%
Max – Min LTM (\$)	196.7 – 131.0
Max – Min L Serie LTM (\$)	126.0 – 79.9
Market Cap (US\$m)	4,213.1
Shares Outstanding (m)	381
Shares Outstanding L (m)	48
Float	57.5%
Daily Turnover (\$m)	91.4
Valuation metrics LTM	
FV/EBITDA	7.8x
P/E	14.9x
MSCI ESG Rating*	B

Relative Performance to MEXBOL LTM



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	9.3x	8.1x	7.3x	6.7x
P/E	13.7x	14.5x	13.1x	12.2x
P/BV	1.5x	1.5x	1.4x	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 Debt/EBITDA	-1.5x	-0.8x	-1.1x	-1.2x
Debt/Equity	0.3x	0.3x	0.3x	0.2x

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PINFRA – Results 1Q23

MXN, million

Concept	1Q22	1Q23	Var %	1Q23e	Diff % vs Estim.
Revenue	3,575	3,543	-0.9%	3,577	-1.0%
Operating Income	2,023	2,224	9.9%	2,093	6.3%
Ebitda	2,300	2,518	9.5%	2,395	5.1%
Net Income	1,148	1,011	-11.9%	679	48.8%
Margins					
Operating Margin	56.6%	62.8%	6.2pp	58.5%	4.3pp
Ebitda Margin	64.3%	71.1%	6.7pp	67.0%	4.1pp
Net Margin	32.1%	28.5%	-3.6pp	19.0%	9.5pp
EPS	\$2.67	\$2.35	-11.9%	\$1.58	48.8%

Income Statement

Year	2022	2022	2023	Change	Change
Quarter	1	4	1	% y/y	% q/q
Net Revenue	3,574.9	3,687.0	3,543.0	-0.9%	-3.9%
Cost of goods sold	1,584.4	1,568.3	1,325.0	-16.4%	-15.5%
Gross profit	1,990.6	2,118.6	2,218.0	11.4%	4.7%
General expenses	0.0	0.0	0.0	N.A.	N.A.
Operating Income	2,023.3	1,981.2	2,224.4	9.9%	12.3%
Operating Margin	56.6%	53.7%	62.8%	6.2pp	9.0pp
Depreciation	276.4	321.0	293.6	6.2%	-8.5%
EBITDA	2,299.7	2,302.3	2,518.0	9.5%	9.4%
EBITDA Margin	64.3%	62.4%	71.1%	6.7pp	8.6pp
Interest income (expense) net	(409.7)	(293.2)	(624.6)	52.4%	113.0%
Interest expense	319.2	372.0	400.0	25.3%	7.5%
Interest income	836.3	919.9	749.0	-10.4%	-18.6%
Other income (expenses)	(460.7)	(234.8)	(129.3)	-71.9%	-44.9%
Exchange Income (loss)	(466.2)	(606.4)	(844.2)	81.1%	39.2%
Unconsolidated subsidiaries	26.3	37.7	(3.6)	N.A.	N.A.
Income before taxes	1,639.9	1,725.7	1,596.2	-2.7%	-7.5%
Income taxes	279.3	313.1	338.0	21.0%	7.9%
Discontinued operations	0.0	0.0	0.0	N.A.	N.A.
Consolidated Net Income	1,360.6	1,412.5	1,258.2	-7.5%	-10.9%
Minorities	213.0	254.7	247.6	16.3%	-2.8%
Net Income	1,147.6	1,157.9	1,010.6	-11.9%	-12.7%
Net margin	32.1%	31.4%	28.5%	(3.6pp)	(2.9pp)
EPS	2.672	2.696	2.353	-11.9%	-12.7%

Balance Sheet (Million pesos)

Total Current Assets	29,985.9	26,420.9	27,173.3	-9.4%	2.8%
Cash & Short Term Investments	27,628.4	23,030.5	24,125.1	-12.7%	4.8%
Long Term Assets	47,466.4	48,122.2	48,148.0	1.4%	0.1%
Property, Plant & Equipment (Net)	1,368.7	2,737.5	2,617.5	91.2%	-4.4%
Intangible Assets (Net)	41,299.8	39,742.5	39,726.8	-3.8%	0.0%
Total Assets	77,452.3	74,543.1	75,321.2	-2.8%	1.0%
Current Liabilities	7,220.3	4,901.9	5,512.0	-23.7%	12.4%
Short Term Debt	836.1	851.7	885.5	5.9%	4.0%
Accounts Payable	729.5	840.1	1,018.6	39.6%	21.2%
Long Term Liabilities	16,893.8	15,956.7	15,489.1	-8.3%	-2.9%
Long Term Debt	15,042.5	14,811.3	14,560.9	-3.2%	-1.7%
Total Liabilities	24,114.1	20,858.6	21,001.1	-12.9%	0.7%
Common Stock	53,338.2	53,684.5	54,320.2	1.8%	1.2%
Preferred Stock	7,409.9	7,570.0	7,488.8	1.1%	-1.1%
Total Equity	45,928.3	46,114.5	46,831.3	2.0%	1.6%
Liabilities & Equity	77,452.3	74,543.1	75,321.2	-2.8%	1.0%
Net Debt	(11,749.9)	(7,367.5)	(8,678.7)	-26.1%	17.8%

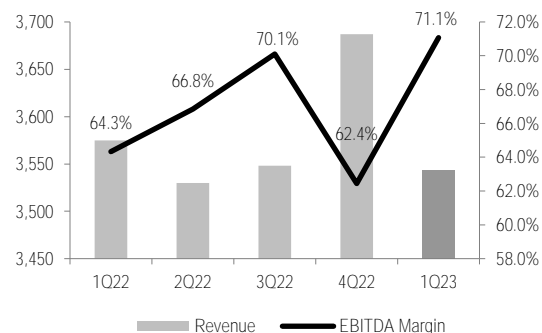
Cash Flow (Million pesos)

Cash Flow from Operating Activities	425.1	605.1	1,774.5		
Cash Flow from Investing Activities	(585.5)	3,347.8	(888.7)		
Cash Flow from Financing Activities	(564.4)	(4,223.8)	(648.7)		
FX effect	793.0	(2,470.8)	857.5		
Change in Cash Balance	68.2	(2,741.7)	1,094.6		

Source: Banorte, MSE.

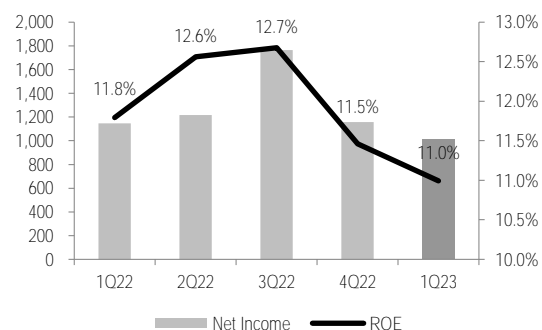
Revenue & EBITDA Margin

MXN, million



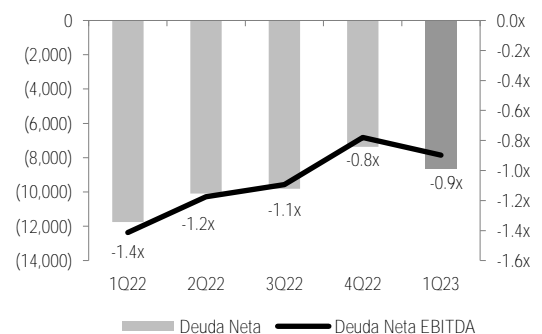
Net Income & ROE

MXN, million



Net Debt & Net debt to EBITDA ratio

MXN, million



Pinfra 1Q23 - 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	3,215	15.3%	2,472	12.4%	76.9%	-2.0pp
Construction	279	-60.8%	49	-46.6%	17.5%	4.7pp
Plants	49	-34.3%	-2.4	N.A.	-4.9%	N.A.
Total	3,543	-0.9%	2,518	9.5%	71.1%	6.77pp

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, Paola Soto Leal, Daniel Sebastián Sosa Aguilar 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
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		

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

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