

# PINFRA

Quarterly Report

October 26, 2022

## Continues to set records and surprises profitability

- **3Q22 results posted solid increases, with better-than-expected margins due to positive performance in Concessions, partially offset by weakness in Plants**
- **Vehicular traffic showed solid progress and EBITDA for the quarter was record. We reiterate our Buy recommendation, but without a clear catalyst that could boost the stock price**

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**Higher growth and contribution from Concessions supports progress, while Plants continued to be weak.** In 3Q22, Pinfra reported a year-on-year increase in revenues of 11.2% to MXN 3.55 billion, in line with estimates, due to a greater dynamism in vehicle traffic, the integration of the Aguascalientes Bypass and the Nabor-Carrillo section (Piramides-Textoco). As a result, traffic on concessioned highways rose 12% y/y, supporting the 21.6% y/y increase in Concessions, which also benefited from the favorable performance of IPM. In contrast, there were annual declines in Construction of 32.8%, due to a lower volume of work executed, and in Plants of 38.3%, due to a lower volume of work released by the CDMX government. In turn, EBITDA rose 18.4% y/y to MXN 2.49 billion (new record), and therefore, the margin expanded by 4.2pp to 70.1%, beating expectations. By segment, the increase in Concessions was 20.1% and in Construction 2.3%, while Plants fell 64.3%. Finally, majority net income increased 9.0% y/y due to operating performance, partially offset by lower foreign exchange gains. We highlight the healthy financial balance with a ND/EBITDA of -1.0x. **Fundamentals remain strong, but without near-term catalysts.** The solid report reaffirms the outlook for sustained growth and higher expected cash flow generation; however, we believe there are no catalysts in the near term that could give a further stock price boost, except for the current valuation of 5.9x FV/EBITDA vs. 7.7x of the sector.

BUY	
Current Price	\$140.46
PT	\$208.80
Dividend	\$4.76
Dividend (%)e	3.4%
Upside Potential	52.0%
Current Price L Series	\$89.20
PT L Series	\$138.90
Upside Potential	55.7%
Max – Min LTM (\$)	166.0 – 131.0
Max – Min L Serie LTM (\$)	106.0 – 79.9
Market Cap (US\$m)	2,916.3
Shares Outstanding (m)	381
Shares Outstanding L (m)	48
Float	57.5%
Daily Turnover (\$m)	97.0
Valuation metrics LTM	
FV/EBITDA	5.9x
P/E	9.8x
MSCI ESG Rating*	B

Relative Performance to MEXBOL  
LTM



### Financial Statements

MXN, million	2020	2021	2022E	2023E
Revenues	9,933	12,429	14,186	15,182
Operating Income	5,098	7,186	8,461	9,024
EBITDA	5,961	8,226	9,403	10,057
EBITDA Margin	60.0%	66.2%	66.3%	66.2%
Net Income	2,661	5,614	5,636	5,985
Net Margin	26.8%	45.2%	39.7%	39.4%
Total Assets	74,684	76,680	82,064	89,560
Cash	26,652	27,560	26,448	27,881
Total Liabilities	21,605	21,186	19,899	20,249
Debt	16,470	16,010	15,914	15,697
Common Equity	53,079	55,495	62,165	69,312

Source: Banorte with data from MSE

### Valuation and financial metrics

	2020	2021	2022E	2023E
FV/EBITDA	9.2x	6.5x	5.9x	5.5x
P/E	21.7x	10.3x	10.3x	9.7x
P/BV	1.2x	1.1x	1.0x	0.9x
ROE	5.8%	11.7%	10.5%	10.0%
ROA	3.6%	7.3%	6.9%	6.7%
EBITDA/ Interes exp.	4.5x	4.3x	4.6x	4.7x
Net Debt/EBITDA	-1.7x	-1.4x	-1.1x	-1.2x
Debt/Equity	0.3x	0.3x	0.3x	0.2x

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## PINFRA – Results 3Q22

MXN, million

Concept	3Q21	3Q22	Var %	3Q22e	Diff % vs Estim.
Revenue	3,190	3,548	11.2%	3,570	-0.6%
Operating Income	1,848	2,204	19.3%	2,072	6.4%
Ebitda	2,102	2,488	18.4%	2,373	4.8%
Net Income	1,618	1,764	9.0%	1,373	28.4%
<b>Margins</b>					
Operating Margin	58.0%	62.1%	4.2pp	58.0%	4.1pp
Ebitda Margin	65.9%	70.1%	4.2pp	66.5%	3.6pp
Net Margin	50.7%	49.7%	-1.0pp	38.5%	11.2pp
EPS	\$3.77	\$4.11	9.0%	\$3.20	28.4%

### Income Statement

Year	2021	2022	2022	Change	Change
Quarter	3	2	3	% y/y	% q/q
Net Revenue	3,189.7	3,529.9	3,548.2	11.2%	0.5%
Cost of goods sold	1,332.3	1,452.4	1,307.6	-1.9%	-10.0%
Gross profit	1,857.5	2,077.5	2,240.6	20.6%	7.9%
General expenses	9.0	0.0	0.0	N.A.	N.A.
Operating Income	1,848.5	2,028.8	2,204.4	19.3%	8.7%
Operating Margin	58.0%	57.5%	62.1%	4.2pp	4.6pp
Depreciation	253.3	330.5	283.2	11.8%	-14.3%
EBITDA	2,101.8	2,359.3	2,487.6	18.4%	5.4%
EBITDA Margin	65.9%	66.8%	70.1%	4.2pp	3.3pp
Interes income (expense) net	352.1	(329.5)	176.8	-49.8%	N.A.
Interest expense	323.4	342.6	346.1	7.0%	1.0%
Interest income	513.3	646.5	615.8	20.0%	-4.8%
Other income (expenses)	(139.8)	(425.1)	(108.9)	-22.1%	-74.4%
Exchange Income (loss)	302.0	(208.3)	16.1	-94.7%	N.A.
Unconsolidated subsidiaries	87.5	70.9	(16.8)	N.A.	N.A.
Income before taxes	2,288.0	1,770.2	2,364.4	3.3%	33.6%
Income taxes	450.2	280.3	350.5	-22.1%	25.1%
Discontinued operations	0.0	0.0	0.0	N.A.	N.A.
Consolidated Net Income	1,837.9	1,490.0	2,013.9	9.6%	35.2%
Minorities	220.3	274.1	250.1	13.5%	-8.8%
Net Income	1,617.6	1,215.8	1,763.8	9.0%	45.1%
Net margin	50.7%	34.4%	49.7%	(1.0pp)	15.3pp
EPS	3.766	2.831	4.106	9.0%	45.1%

### Balance Sheet (Million pesos)

	2021	2022	2022	Change	Change
				% y/y	% q/q
Total Current Assets	30,281.0	29,611.9	29,392.7	-2.9%	-0.7%
Cash & Short Term Investments	27,960.1	25,957.4	25,772.2	-7.8%	-0.7%
Long Term Assets	46,673.0	48,338.8	47,835.2	2.5%	-1.0%
Property, Plant & Equipment (Net)	1,396.6	2,542.3	2,687.2	92.4%	5.7%
Intangible Assets (Net)	40,706.7	40,410.1	39,767.4	-2.3%	-1.6%
Total Assets	76,954.0	77,950.6	77,227.9	0.4%	-0.9%
Current Liabilities	5,113.4	7,304.4	6,795.1	32.9%	-7.0%
Short Term Debt	766.9	707.1	738.5	-3.7%	4.4%
Accounts Payable	557.7	685.4	853.9	53.1%	24.6%
Long Term Liabilities	17,485.2	17,152.6	16,419.4	-6.1%	-4.3%
Long Term Debt	15,442.9	15,162.5	15,212.8	-1.5%	0.3%
Total Liabilities	22,598.6	24,457.0	23,214.4	2.7%	-5.1%
Common Stock	54,355.4	53,493.6	54,013.5	-0.6%	1.0%
Preferred Stock	7,408.5	7,895.4	7,669.1	3.5%	-2.9%
Total Equity	46,946.9	45,598.2	46,344.4	-1.3%	1.6%
Liabilities & Equity	76,954.0	77,950.6	77,227.9	0.4%	-0.9%
Net Debt	(11,750.3)	(10,087.8)	(9,820.8)	-16.4%	-2.6%

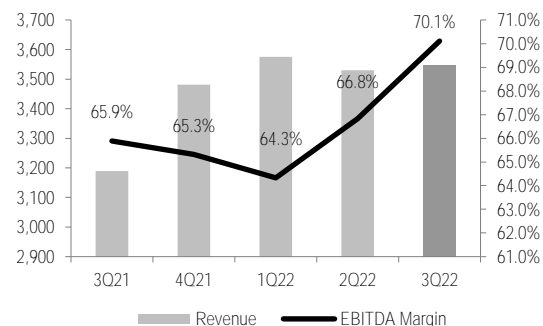
### Cash Flow (Million pesos)

	2021	2022	2022	Change	Change
				% y/y	% q/q
Cash Flow from Operating Activities	1,674.0	2,467.2	1,861.4		
Cash Flow from Investing Activities	783.9	(1,662.0)	692.3		
Cash Flow from Financing Activities	(1,910.4)	(1,884.3)	(2,296.2)		
FX effect	(459.6)	(591.9)	(442.7)		
Change in Cash Balance	87.9	(1,671.1)	(185.2)		

Source: Banorte, MSE.

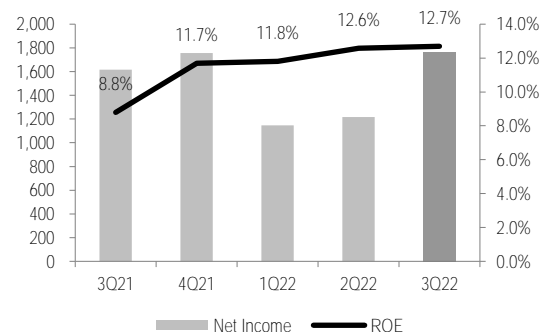
## Revenue & EBITDA Margin

MXN, million



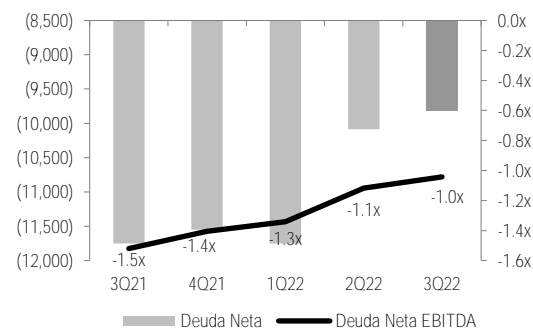
## Net Income & ROE

MXN, million



## Net Debt & Net debt to EBITDA ratio

MXN, million



Pinfra 3Q22 - 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	3,157	21.6%	2,422	20.1%	76.7%	-1.0pp
Construction	311	-32.8%	54	2.3%	17.2%	5.9pp
Plants	80	-38.3%	12	-64.3%	14.3%	-10.4pp
Total	3,548	11.2%	2,488	18.4%	70.1%	4.2pp

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, Daniela Olea Suárez, José De Jesús Ramírez Martínez, Gerardo Daniel Valle Trujillo, Luis Leopoldo López Salinas, Isaías Rodríguez Sobrino, Paola Soto Leal, Daniel Sebastián Sosa Aguilar and Salvador Austria Valencia 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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	<b>Reference</b>
<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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