

PINFRA

Quarterly Report

July 28, 2021

Surprising recovery and more than doubled EBITDA

- The 2Q21 figures showed relevant growths that were better than expected, due to a very low comparative base and rebound of economic activity
- Although traffic on some highways continues to recover, EBITDA for the quarter was record high. We reaffirm our Pinfra's positive outlook and highlight its financial strength (ND/EBITDA -1.6x)

Progress in all three segments and profitability exceeded estimates. In 2Q21, the company showed year-over-year revenue growth of 69.6% to MXN 3.0 billion, due to an easy comparative base, as 2Q20 was the quarter with the greatest impact from the pandemic, coupled with the reopening of activities. Thus, traffic on concessioned highways increased 77% y/y, and it also has been favored by the start of operations of the Monterrey-Nuevo Laredo highway in 3Q20, driving with this a 65.7% y/y increase in Concessions. Construction had an annual increase of 73.1% due to works in the Aguascalientes Beltway, and in Plants, growth was 206.6% stemming from higher work volume conferred by the Mexico City government. On the other hand, EBITDA increased 116.8% y/y to MXN 2.1 billion, and as a result, the margin expanded 15.0pp to 68.7%, exceeding expectations. By segment, year-over-year growths were 90.4% in Concessions and 330.2% in Plants, while Construction posted a profit vs. 2Q20 loss. Finally, at the net level, majority income raised 75.8% y/y, due to improved operating performance.

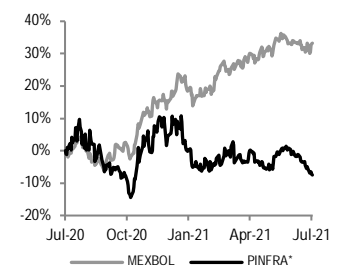
Growth prospects are strengthening. Although traffic has not yet returned to pre-pandemic levels (-5.5% vs. 4Q19), expectations are favorable due to a more accelerated recovery that underpins solid growths and higher cash flow generation. Including figures, the multiple lowered from 9.8x to 8.2x, which is attractive vs. 9.4x L2Y pre-pandemic average, therefore we reiterate Buy.

www.banorte.com
@analisis_fundam

José Espitia
Senior Strategist, Equity
jose.espitia@banorte.com

BUY	
Current Price	\$150.01
PT	\$208.80
Upside Potential	42.4%
Current Price L Series	\$103.00
PT L Series	\$138.90
Upside Potential	34.9%
Max - Min LTM (\$)	184.1 - 137.0
Max - Min L Serie LTM (\$)	120.0 - 95.0
Market Cap (US\$m)	3,102.65
Shares Outstanding (m)	381
Shares Outstanding L	
Serie (m)	48
Float	52%
Daily Turnover (\$m)	71.3
Valuation metrics LTM	
FW/EBITDA	8.2x
P/E	20.1x
MSCI ESG Rating*	B

Relative Performance to MEXBOL LTM



Financial Statements

MXN, million	2019	2020	2021E	2022E
Revenues	11,874	9,789	11,335	12,035
Operating Income	6,433	5,142	6,566	7,383
EBITDA	7,025	5,877	7,316	8,032
EBITDA Margin	59.2%	60.0%	64.5%	66.7%
Net Income	4,521	2,660	3,864	4,385
Net Margin	38.1%	27.2%	34.1%	36.4%
Total Assets	72,724	74,684	77,648	83,069
Cash	28,830	26,652	27,753	29,153
Total Liabilities	20,901	21,605	19,584	19,646
Debt	16,226	16,470	16,293	16,097
Common Equity	51,823	53,079	58,064	63,423

Source: Banorte with data from MSE

Valuation and financial metrics

	2019	2020	2021E	2022E
FW/EBITDA	8.0x	10.1x	8.0x	7.2x
P/E	13.8x	23.4x	16.1x	14.2x
P/BV	1.3x	1.3x	1.1x	1.0x
ROE	10.0%	5.8%	7.7%	8.0%
ROA	6.2%	3.6%	5.0%	5.3%
EBITDA/ Interes exp.	8.6x	5.0x	8.1x	8.1x
Net Debt/EBITDA	-1.8x	-1.7x	-1.6x	-1.6x
Debt/Equity	0.3x	0.3x	0.3x	0.3x

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Document for distribution among public

PINFRA – Results 2Q21

MXN, million

Concept	2Q20	2Q21	Var %	2Q21e	Diff % vs Estim.
Revenue	1,784	3,025	69.6%	2,855	5.9%
Operating Income	803	1,820	126.6%	1,566	16.2%
Ebitda	959	2,079	116.8%	1,794	15.9%
Net Income	514	903	75.8%	757	19.3%

Margins					
Operating Margin	45.0%	60.2%	15.1pp	54.9%	5.3pp
Ebitda Margin	53.8%	68.7%	15.0pp	62.8%	5.9pp
Net Margin	29.3%	29.9%	0.6pp	26.5%	3.3pp
EPS	\$1.20	\$2.10	75.8%	\$1.76	19.3%

Income Statement					
Year	2020	2020	2021	Change	Change
Quarter	2	1	2	% y/y	% q/q

Net Revenue	1,783.6	2,732.9	3,025.0	69.6%	10.7%
Cost of goods sold	981.1	1,173.8	1,231.0	25.5%	4.9%
Gross profit	802.5	1,559.1	1,794.0	123.6%	15.1%
General expenses	(0.8)	11.5	(26.2)	>500%	N.A.
Operating Income	803.3	1,547.6	1,820.2	126.6%	17.6%
Operating Margin	45.0%	56.6%	60.2%	15.1pp	3.5pp
Depreciation	155.6	223.6	258.9	66.4%	15.8%
EBITDA	959.0	1,771.2	2,079.0	116.8%	17.4%
EBITDA Margin	53.8%	64.8%	68.7%	15.0pp	3.9pp
Interest income (expense) net	(12.2)	313.0	(441.4)	>500%	N.A.
Interest expense	204.8	317.4	320.7	56.6%	1.0%
Interest income	465.4	417.9	538.5	15.7%	28.9%
Other income (expenses)	(99.9)	(114.5)	(99.9)	0.0%	-12.8%
Exchange Income (loss)	(173.0)	327.1	(559.4)	223.4%	N.A.
Unconsolidated subsidiaries	(33.1)	(10.8)	12.8	N.A.	N.A.
Income before taxes	758.0	1,849.8	1,391.6	83.6%	-24.8%
Income taxes	93.6	383.1	300.3	220.8%	-21.6%
Discontinued operations	0.0	0.0	0.0	N.A.	N.A.
Consolidated Net Income	664.4	1,466.7	1,091.3	64.3%	-25.6%
Minorities	150.7	129.8	188.4	25.0%	45.2%
Net Income	513.7	1,336.9	903.0	75.8%	-32.5%
Net margin	29.3%	48.9%	29.9%	0.6pp	(19.1pp)
EPS	1.196	3.112	2.102	75.8%	-32.5%

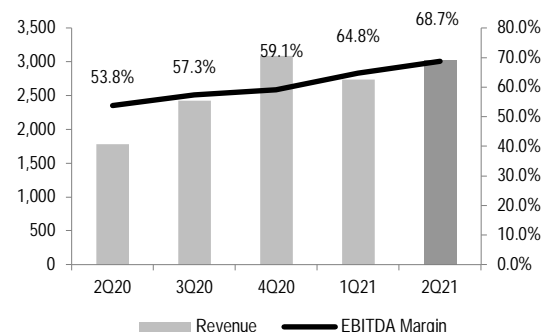
Balance Sheet (Million pesos)					
Total Current Assets	31,954.8	29,723.3	30,131.8	-5.7%	1.4%
Cash & Short Term Investments	29,231.6	27,702.4	27,872.2	-4.7%	0.6%
Long Term Assets	42,502.9	46,368.3	46,532.8	9.5%	0.4%
Property, Plant & Equipment (Net)	995.2	1,420.3	1,407.8	41.5%	-0.9%
Intangible Assets (Net)	36,043.9	40,336.9	40,483.9	12.3%	0.4%
Total Assets	74,457.8	76,091.6	76,664.7	3.0%	0.8%
Current Liabilities	5,536.2	3,760.4	5,702.3	3.0%	51.6%
Short Term Debt	477.9	676.4	705.1	47.6%	4.2%
Accounts Payable	539.5	618.8	612.5	13.5%	-1.0%
Long Term Liabilities	17,087.7	17,901.8	17,620.7	3.1%	-1.6%
Long Term Debt	16,097.6	15,784.5	15,572.5	-3.3%	-1.3%
Total Liabilities	22,623.8	21,662.2	23,323.0	3.1%	7.7%
Common Stock	51,833.9	54,429.3	53,341.7	2.9%	-2.0%
Preferred Stock	6,773.4	7,316.5	7,329.1	8.2%	0.2%
Total Equity	45,060.5	47,112.8	46,012.5	2.1%	-2.3%
Liabilities & Equity	74,457.8	76,091.6	76,664.7	3.0%	0.8%
Net Debt	(12,656.0)	(11,241.4)	(11,594.6)	-8.4%	3.1%

Cash Flow (Million pesos)					
Cash Flow from Operating Activities	2,307.8	1,362.6	1,386.1		
Cash Flow from Investing Activities	749.0	462.5	(508.9)		
Cash Flow from Financing Activities	(2,533.1)	(162.9)	(672.3)		
FX effect	(1,249.7)	(611.4)	(35.1)		
Change in Cash Balance	(726.0)	1,050.8	169.8		

Source: Banorte, MSE.

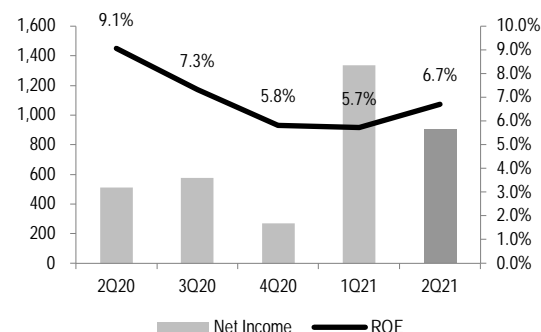
Revenue & EBITDA Margin

MXN, million



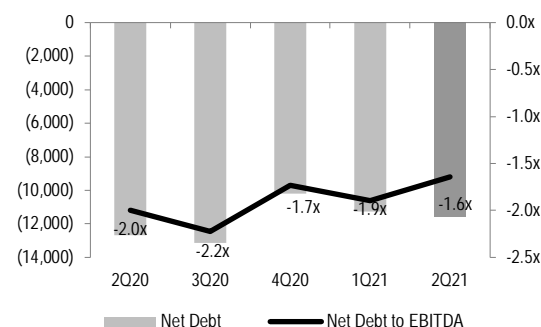
Net Income & ROE

MXN, million



Net Debt & Net debt to EBITDA ratio

MXN, million



Pinfra 2Q21 - 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	2,475	65.7%	1,928	90.4%	77.8%	10.1pp
Construction	111	73.1%	114	N.A.	26.3%	N.A.
Plants	435	206.6%	37	330.2%	33.3%	9.6pp
Total	3,025	69.6%	2,079	116.8%	68.7%	15.0pp

Source: Banorte, Pinfra.

Certification of Analysts.

We, Gabriel Casillas Olvera, Alejandro Padilla Santana, Delia María Paredes Mier, Juan Carlos Alderete Macal, Manuel Jiménez Zaldivar, Marissa Garza Ostos, Francisco José Flores Serrano, Katia Celina Goya Ostos, Santiago Leal Singer, José Itzamna Espitia Hernández, Víctor Hugo Cortes Castro, Hugo Armando Gómez Solís, Miguel Alejandro Calvo Domínguez, Luis Leopoldo López Salinas, Leslie Thalía Orozco Vélez, Gerardo Daniel Valle Trujillo, Eridani Ruibal Ortega and Juan Barbier Arizmendi, 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*	01/18/2018	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.

Research and Strategy			
Gabriel Casillas Olvera	IRO and Chief Economist	gabriel.casillas@banorte.com	(55) 4433 - 4695
Raquel Vázquez Godínez	Assistant	raquel.vazquez@banorte.com	(55) 1670 - 2967
Lourdes Calvo Fernández	Analyst (Edition)	lourdes.calvo@banorte.com	(55) 1103 - 4000 x 2611
Economic Research and Financial Market Strategy			
Alejandro Padilla Santana	Executive Director of Economic Research and Financial Markets Strategy	alejandro.padilla@banorte.com	(55) 1103 - 4043
Itzel Martínez Rojas	Analyst	itzel.martinez.rojas@banorte.com	(55) 1670 - 2251
Economic Research			
Juan Carlos Alderete Macal, CFA	Director of Economic Research	juan.alderete.macal@banorte.com	(55) 1103 - 4046
Francisco José Flores Serrano	Senior Economist, Mexico	francisco.flores.serrano@banorte.com	(55) 1670 - 2957
Katía Celina Goya Ostos	Senior Economist, Global	katia.goya@banorte.com	(55) 1670 - 1821
Luis Leopoldo López Salinas	Economist, Global	luis.lopez.salinas@banorte.com	(55) 1103 - 4000 x 2707
Market Strategy			
Manuel Jiménez Zaldivar	Director of Market Strategy	manuel.jimenez@banorte.com	(55) 5268 - 1671
Fixed income and FX Strategy			
Santiago Leal Singer	Senior Strategist, Fixed Income and FX	santiago.leal@banorte.com	(55) 1670 - 2144
Leslie Thalia Orozco Vélez	Strategist, Fixed Income and FX	leslie.orozco.velez@banorte.com	(55) 5268 - 1698
Equity Strategy			
Marissa Garza Ostos	Director of Equity Strategy	marissa.garza@banorte.com	(55) 1670 - 1719
José Itzamna Espitia Hernández	Senior Strategist, Equity	jose.espitia@banorte.com	(55) 1670 - 2249
Víctor Hugo Cortes Castro	Senior Strategist, Technical	victorh.cortes@banorte.com	(55) 1670 - 1800
Eridani Ruibal Ortega	Analyst	eridani.ruibal.ortega@banorte.com	(55) 1103 - 4000 x 2755
Juan Barbier Arizmendi, CFA	Analyst	juan.barbier@banorte.com	(55) 1670 - 1746
Corporate Debt			
Hugo Armando Gómez Solís	Senior Analyst, Corporate Debt	hugo.gomez@banorte.com	(55) 1670 - 2247
Gerardo Daniel Valle Trujillo	Analyst, Corporate Debt	gerardo.valle.trujillo@banorte.com	(55) 1670 - 2248
Economic Studies			
Delia María Paredes Mier	Executive Director of Economic Studies	delia.paredes@banorte.com	(55) 5268 - 1694
Miguel Alejandro Calvo Domínguez	Senior Analyst, Economic Studies	miguel.calvo@banorte.com	(55) 1670 - 2220
Wholesale Banking			
Armando Rodal Espinosa	Head of Wholesale Banking	armando.rodal@banorte.com	(81) 8319 - 6895
Alejandro Aguilar Ceballos	Head of Asset Management	alejandro.aguilar.cebaldos@banorte.com	(55) 5268 - 9996
Alejandro Eric Faesi Puente	Head of Global Markets and Institutional Sales	alejandro.faesi@banorte.com	(55) 5268 - 1640
Alejandro Frigolet Vázquez Vela	Head of Sólida Banorte	alejandro.frigolet.vazquezvela@banorte.com	(55) 5268 - 1656
Arturo Monroy Ballesteros	Head of Investment Banking and Structured Finance	arturo.monroy.ballesteros@banorte.com	(55) 5004 - 1002
Carlos Alberto Arciniega Navarro	Head of Treasury Services	carlos.arciniega@banorte.com	(81) 1103 - 4091
Gerardo Zamora Nanez	Head of Transactional Banking, Leasing and Factoring	gerardo.zamora@banorte.com	(81) 8318 - 5071
Jorge de la Vega Grajales	Head of Government Banking	jorge.delavega@banorte.com	(55) 5004 - 5121
Luis Pietrini Sheridan	Head of Private Banking	luis.pietrini@banorte.com	(55) 5004 - 1453
Lizza Velarde Torres	Executive Director of Wholesale Banking	lizza.velarde@banorte.com	(55) 4433 - 4676
Oswaldo Brondo Menchaca	Head of Specialized Banking Services	oswaldo.brondo@banorte.com	(55) 5004 - 1423
Raúl Alejandro Arauzo Romero	Head of Transactional Banking	alejandro.arauzo@banorte.com	(55) 5261 - 4910
René Gerardo Pimentel Ibarrola	Head of Corporate Banking	pimentelr@banorte.com	(55) 5268 - 9004
Ricardo Velázquez Rodríguez	Head of International Banking	rvelazquez@banorte.com	(55) 5004 - 5279
Víctor Antonio Roldan Ferrer	Head of Commercial Banking	victor.roldan.ferrer@banorte.com	(55) 5004 - 1454