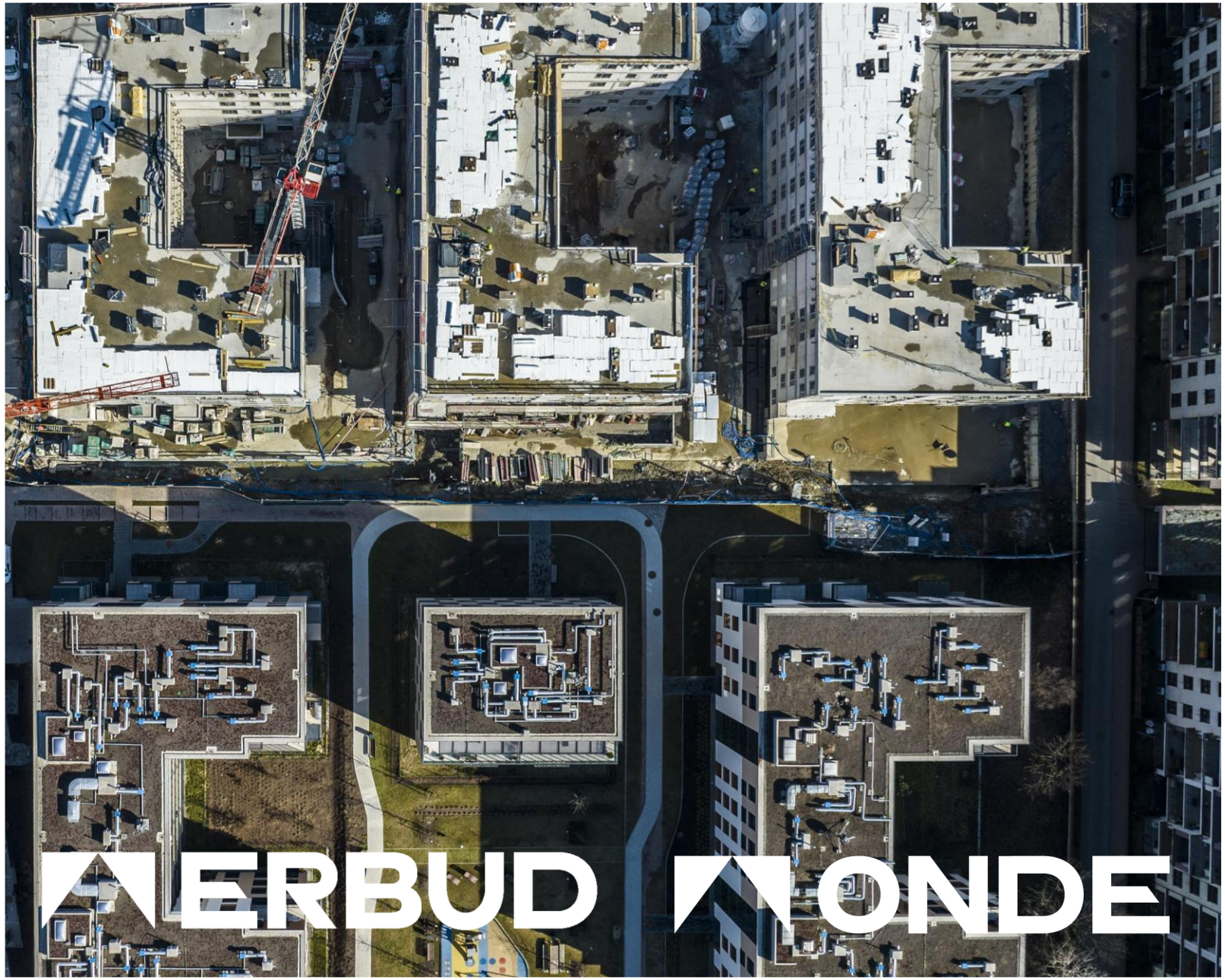
Investor Presentation

Q3 2023



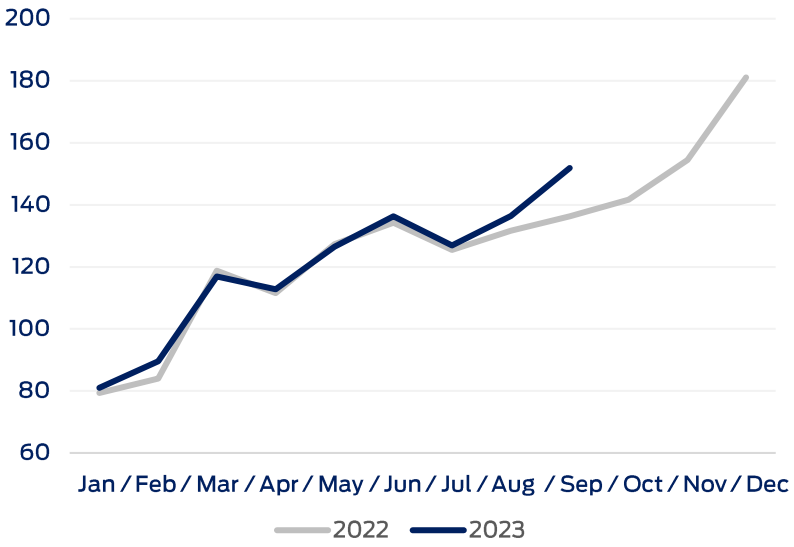


ERBUD Group. Highlights of the 9 months of 2023

- PLN 2.45 billion revenue in nine months 2023 (PLN 2.80 billion a year earlier),
- PLN 52 million EBIT in 9 months 2023 (vs. PLN 20.5 million in 9 months 2022); PLN 13.7 million normalised EBIT after normalisation for the proceeds of compensation from the dispute with Bank Millennium,
- PLN 67.1 million net profit, considering the financial impact of winning the aforementioned litigation,
- Influence of the successful litigation on the net cash balance of PLN 82 million,
- PLN 41.0 million normalised EBITDA (PLN 44.4 million in the corresponding period of 2022),
- EBITDA growth of the RES and industrial services segments significantly offsetting the negative performance of the volume and modular construction projects,
- Backlog of orders from external parties valued at PLN 2.48 bn (30.09.2023) with PLN 2.55 bn at the end of 2022,
- From January the 1st to the date of publication, we signed contracts amounting to PLN 2.51 billion.

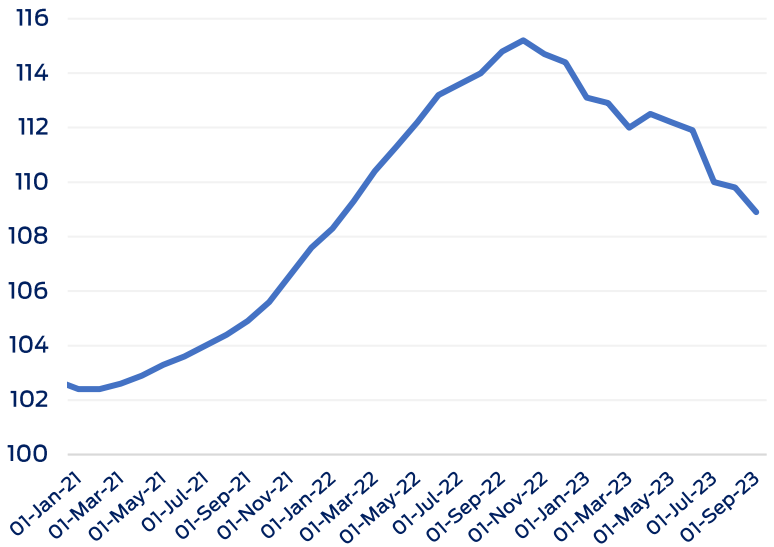
Construction Market in Poland

Construction and assembly production dynamics (constant prices)



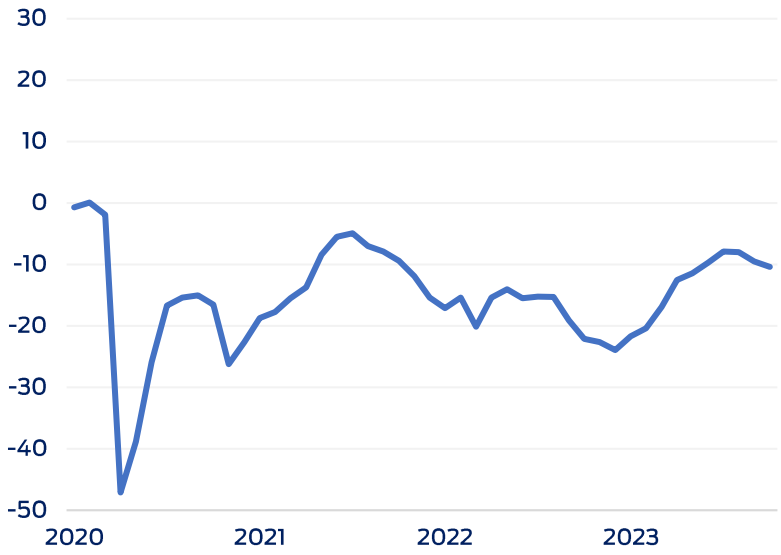
Average per month 2015=100

Construction and assembly production price indicators



Construction and assembly production price changes versus previous year's corresponding period

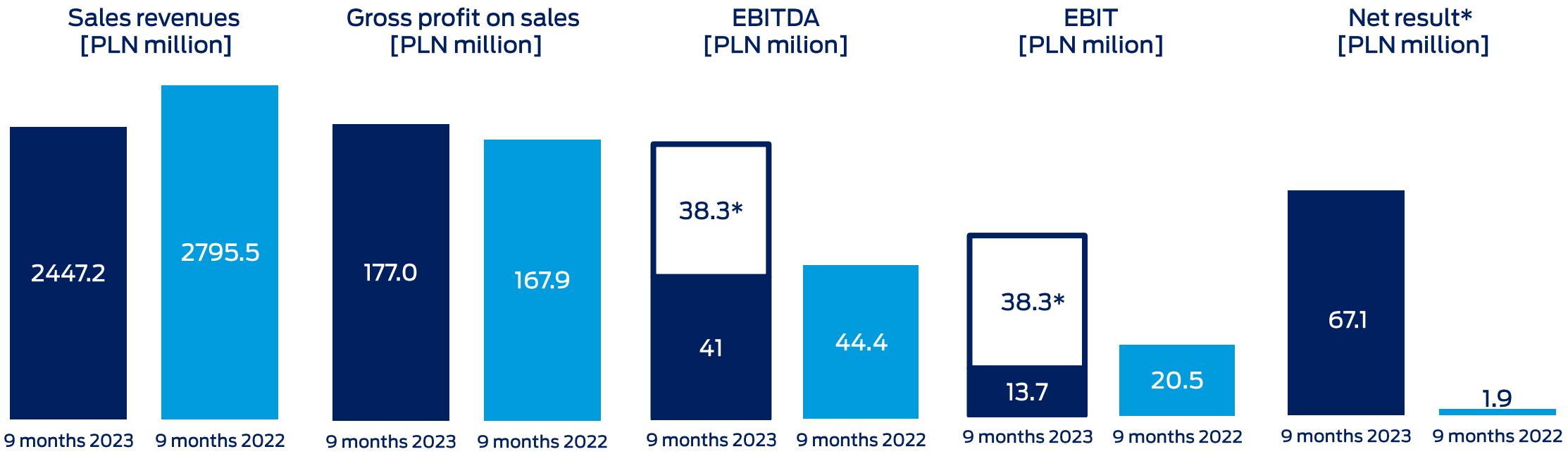
General business climate indicator for the construction industry



NOTES

- Slower growth in realisation costs; prices rising at 9% y/y (September this year)
- Continued negative industry sentiment; construction one of the most pessimistic economic sectors

Group Financial Results for 9 months 2023

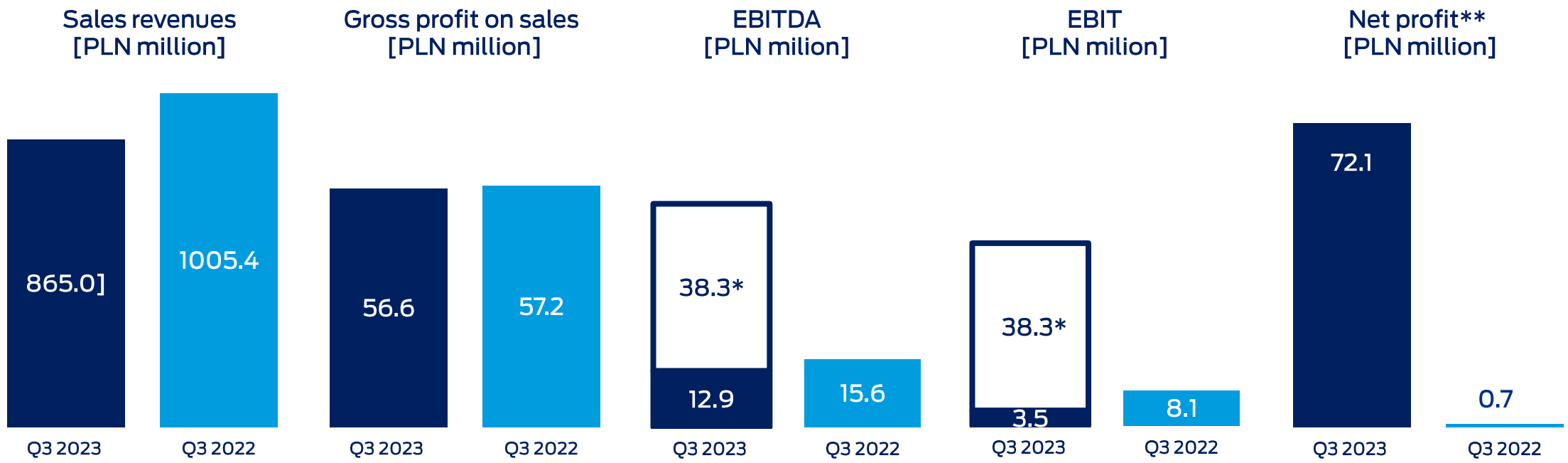


NOTES

- Group revenue for 9 months 2023 reduced by 12% year-on-year.,
- 7.2% gross margin on sales in 9 months 2023, up from 6.0% a year ago, achieved due to, among other things, a recovery in the RES segment and service to industry,
- Lower normalised EBIT and EBITDA results as a consequence of the negative performance of the volume and modular construction segments,
- Positive impact of winning the dispute with Bank Millennium on results.

* Impact of winning the dispute with Bank Millennium (+PLN 38.3 million on EBIT/EBITDA levels in 9 months 2023)
** PLN 81.4 million positive impact of winning the dispute with Bank Millennium on net result for 9 months 2023

Group Financial Results Q3 2023

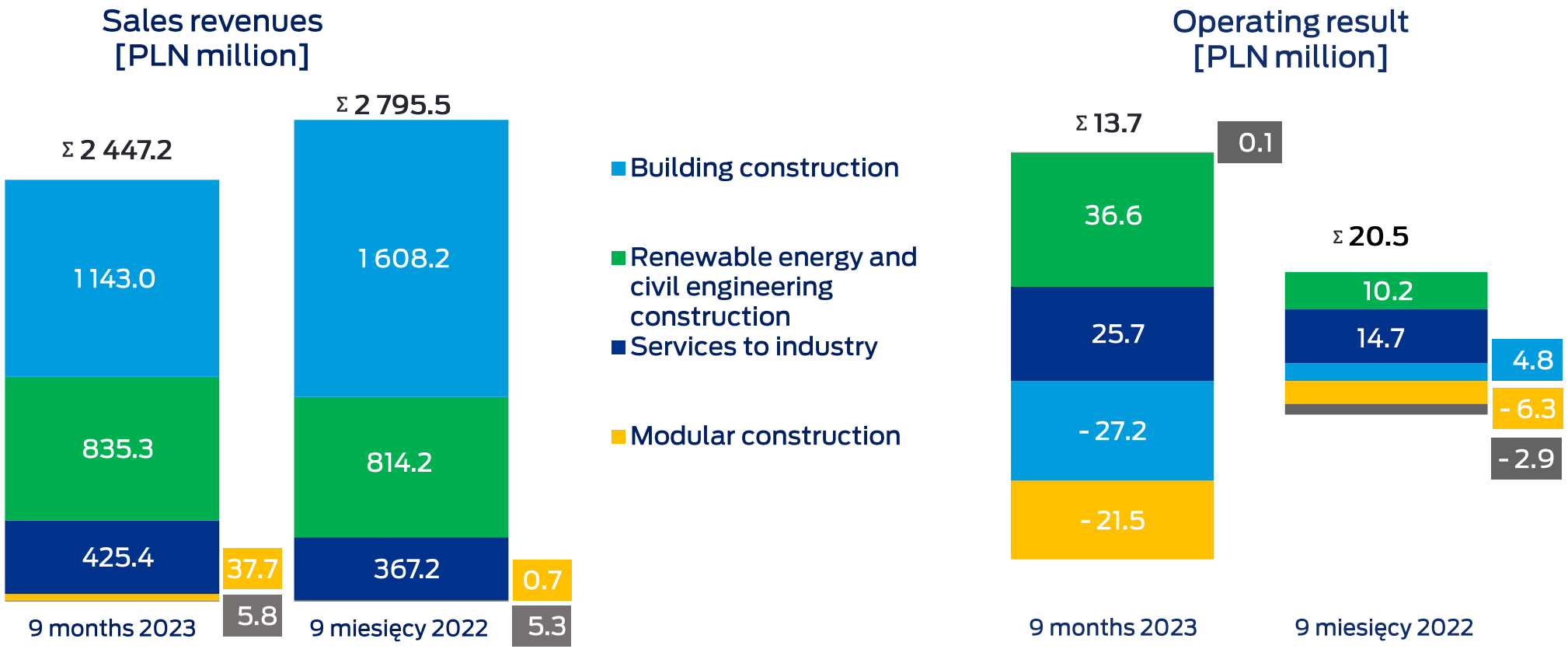


NOTES

- Revenue decrease in Q3 this year by 14% y/y,
- 6.5% gross margin on sales in Q3 2023, up from 5.7% a year ago,
- Negative performance in volume and modular construction, partially offset by growth in RES business and services to industry.

* Impact of winning the dispute with Bank Millennium (+PLN 38.3 million on n EBIT/EBITDA levels in Q3 this year)
** PLN 86.0 million positive impact of winning the dispute with Bank Millennium on net result for 9 months 2023

Results by Segment - 9 months 2023

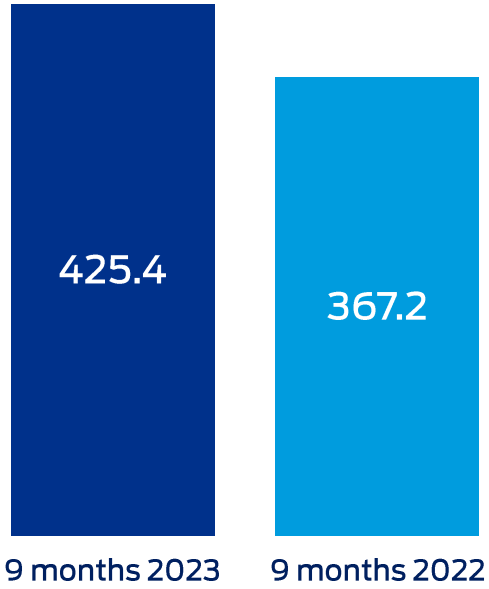


NOTES

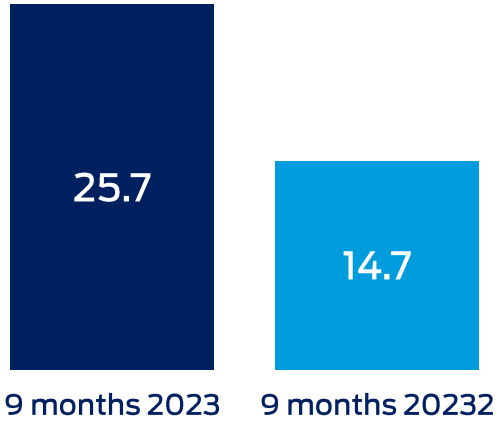
- Dynamic growth in operating profit of the industrial services (+75% y/y) and RES segments (+248% y/y),
- Decrease in sales and negative result of cubature construction (in Poland - PLN -14.7 million, extinguished cubature activity abroad - PLN -12.5 million),
- Negative result of the modular segment (challenges in scaling up production with significant fixed costs).

Services to Industry Segment

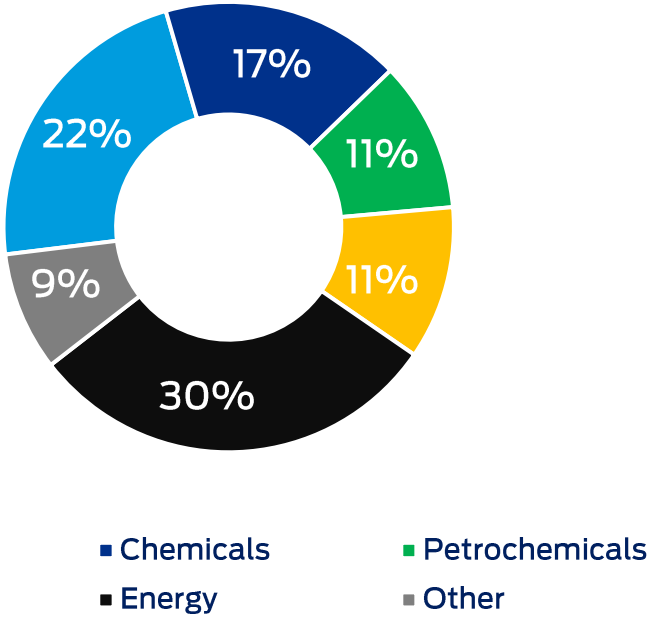
Sales revenues
[PLN million]



EBIT
[PLN milion]



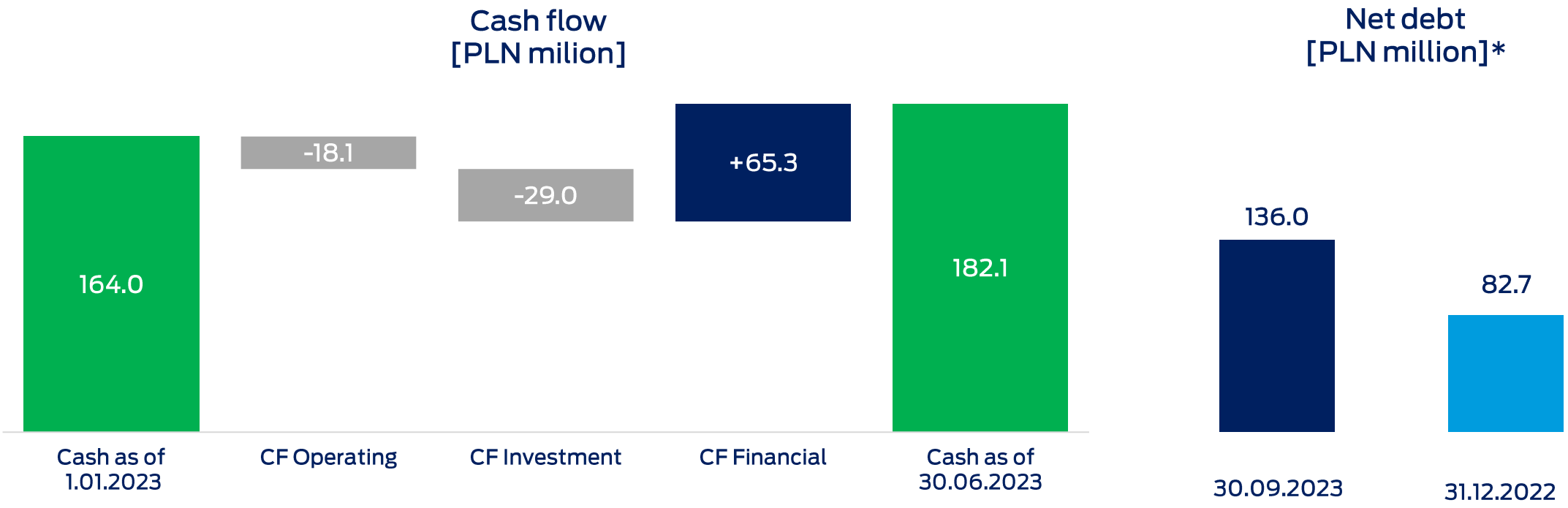
Sales structure
[9 months 2023]



NOTES

- 16% increase in segment revenue:
  - PLN 155.8 million revenue in the country, +16%,
  - PLN 269.6 million foreign revenue, +16%,.
- 75% increase in operating profit; increase in segment operating profitability by half, from 4.0 to 6.0%.

Financial Flows and Net Debt - 9 months 2023



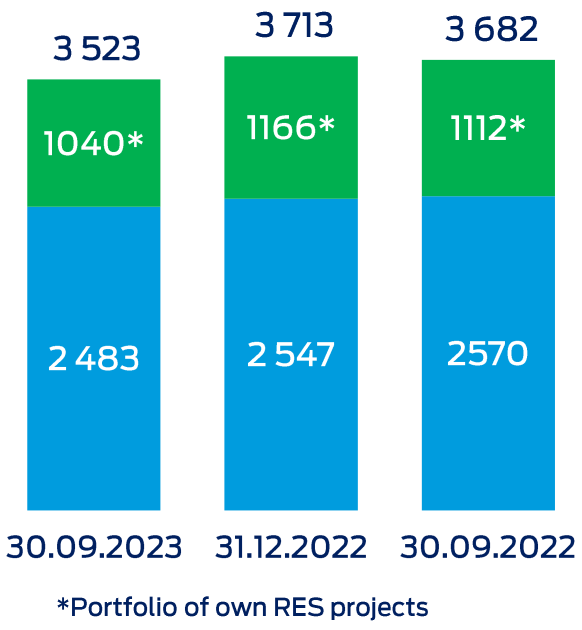
NOTES

- Positive impact of won dispute with Millenium Bank on Group's cash flow
- Net debt at a safe level

*Net debt = interest-bearing liabilities (adjusted for IFRS16 liabilities) less cash (including restricted cash and accumulated VAT)

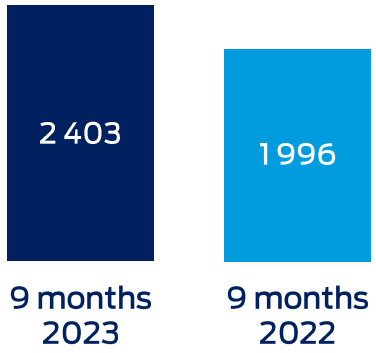
Backlog

Total order backlog [PLN million]

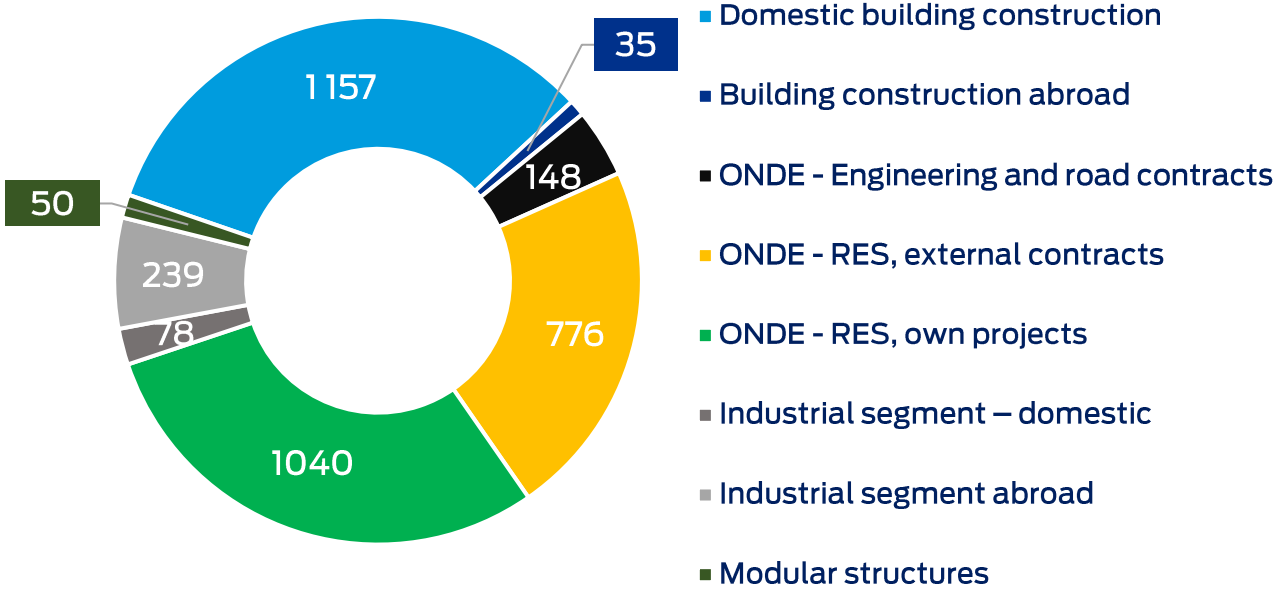


*Portfolio of own RES projects

Value of acquired orders [PLN million]



Order backlog by segment [PLN million] - as of 30.09.20

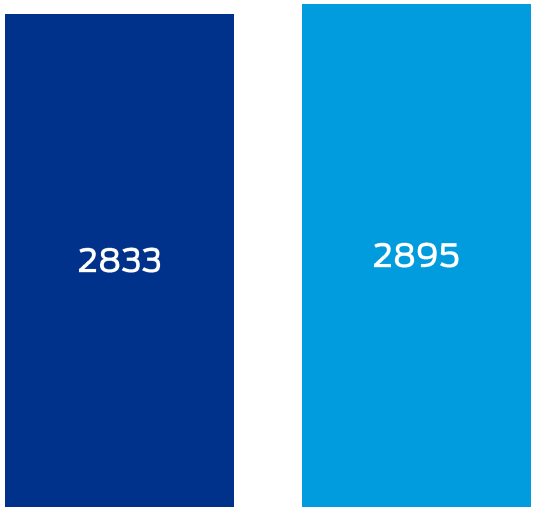


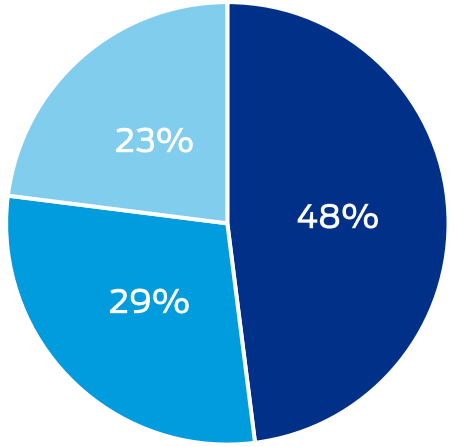
NOTES

- Minor reduction in the Group's external order backlog despite the difficult environment and increased competitiveness,
- The total value of the orders, considering the ONDE's own RES projects, amounts to PLN 3,523 million.

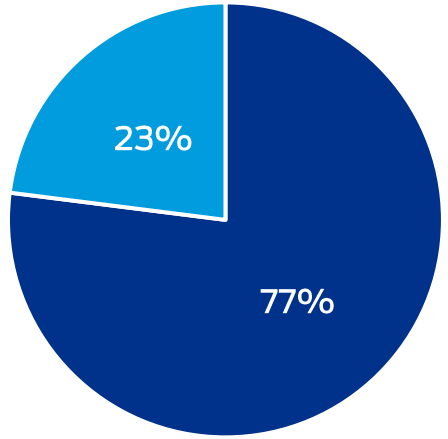
Employment

Number of Group employees





- Production employees
- Technical employees
- Administration



- Employment in Poland
- Employment abroad

as of 30.06.2023

NOTES

- Employment in the Erbud Group decreased by 2% in 9 months 2023

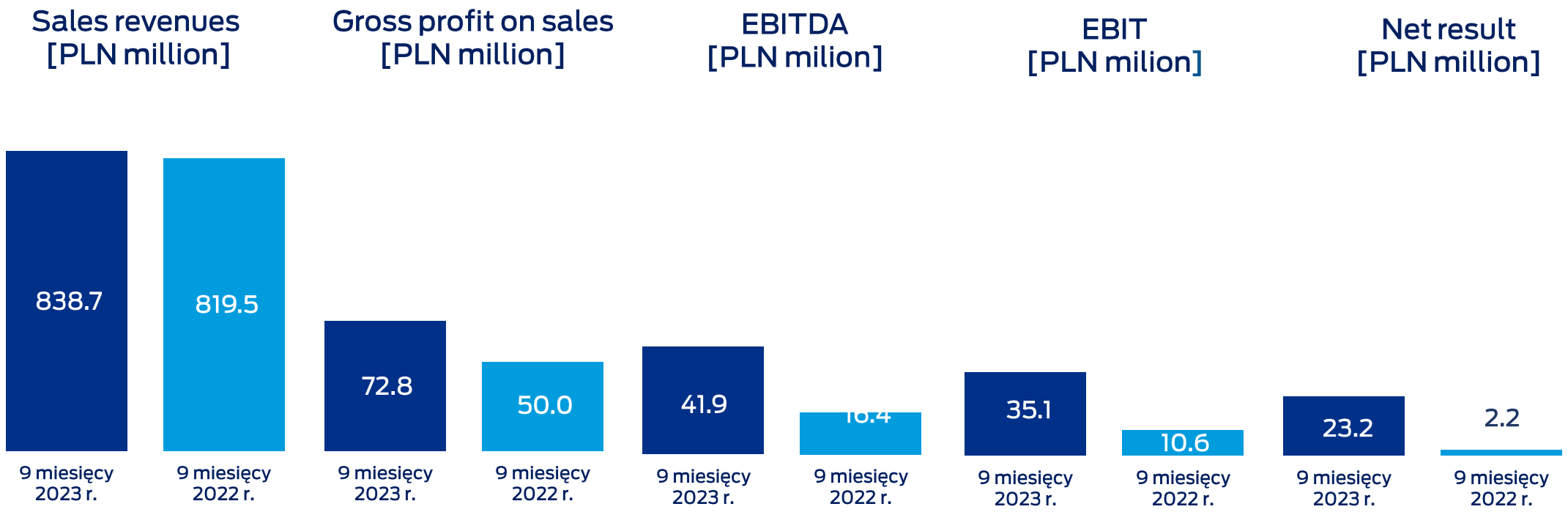


OPERATING AND FINANCIAL RESULTS FOR 9 MONTHS 2023 ONDE GROUP

Highlights of 9 months 2023

- PLN 838.7 million revenue in 9 months 2023, +2.3% y/y,
- PLN 35.1 million EBIT in 9 months 2023, more than 3-fold increase y/y,
- PLN 23.2 million net profit after 9 months 2023, more than 10-fold increase y/y,
- PLN 41.9m EBITDA in 9 months 2023, +255% y/y,,
- Nearly 2-fold increase in backlog of RES projects on behalf of external customers to PLN 770 million,
- Purchase of two advanced PV projects with a total potential of 23 MWp,
- Largest renewable energy contract in the company's history - with a total capacity of 138.6 MW. The total value of the contract amounts to approximately PLN 357 million net (after the balance sheet date).

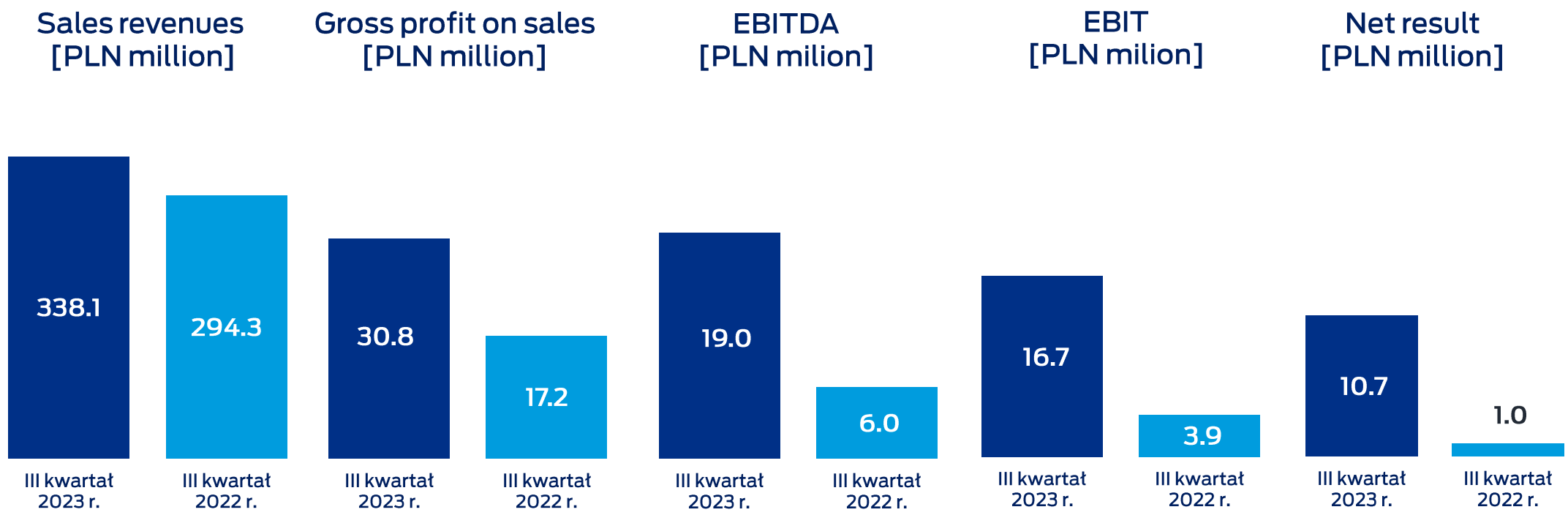
ONDE Financial Results for 9 months 2023



NOTES

- 9-month results burdened by more difficult Q1 - next 2 quarters with noticeable rebound.
- After 9 months, gross margin on sales 8.7% vs. 6.1% after 9 months a year ago; operating margin increased from 1.3% to 4.2%; net margin from 0.3% to 2.8%.

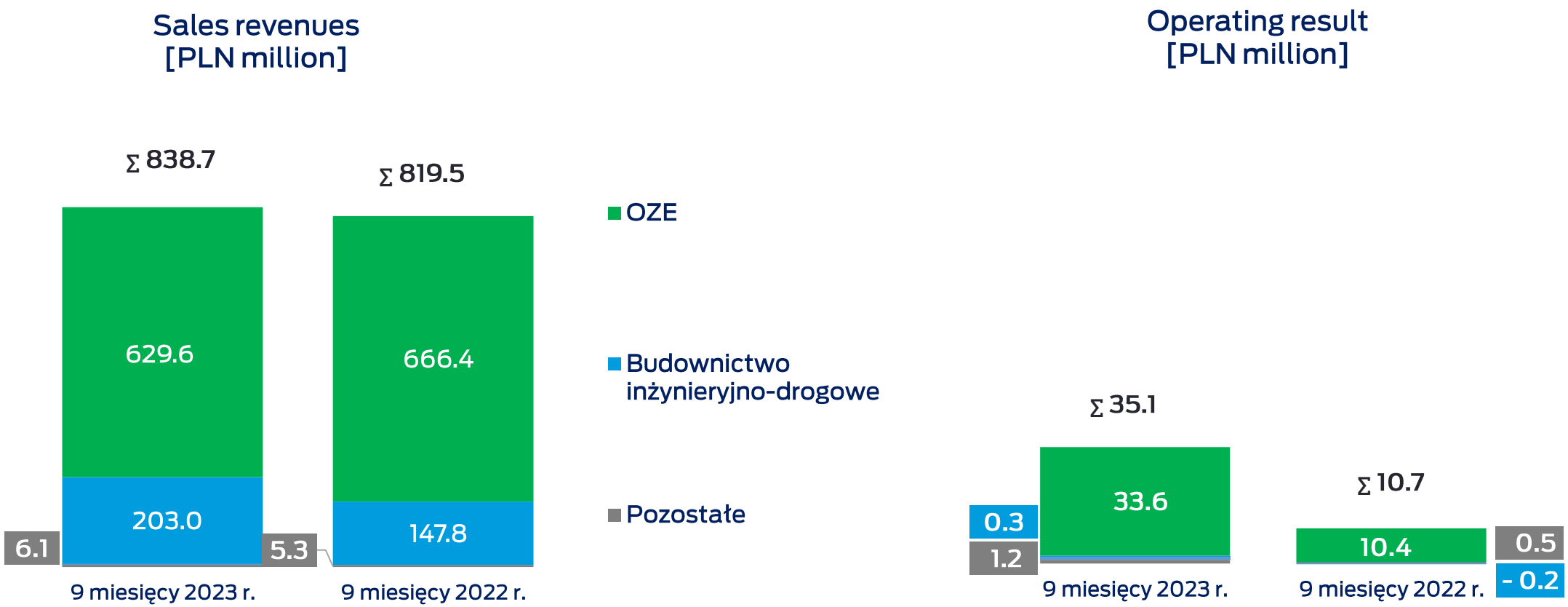
ONDE Financial Results Q3 2023



NOTES

- Gross sales margin 9.1% vs. 5.8% in Q3 a year ago; operating margin up from 1.3% to 4.9%; net margin up from 0.3% to 3.2%,
- Stabilisation of material and energy prices allows contracts to be budgeted at a satisfactory level of profitability.

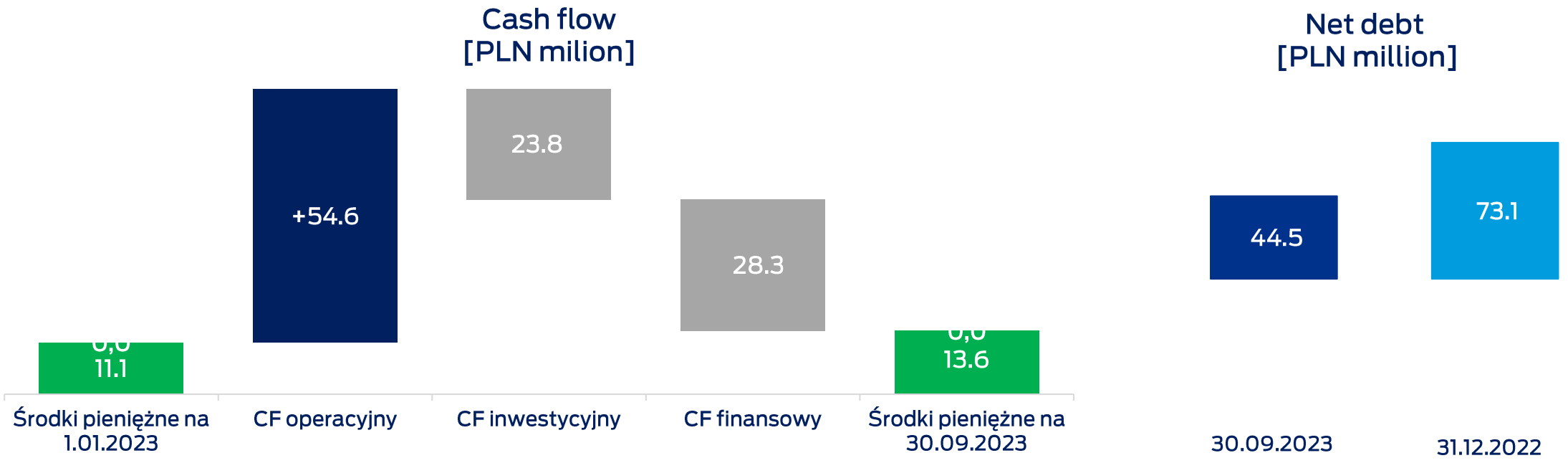
Performance by Segment for 9 months 2023



NOTES

- Stable sales structure - more than 75% of revenues from RES projects,
- Positive profitability in all business areas.

Cash Flow and Debt in 9 months 2023



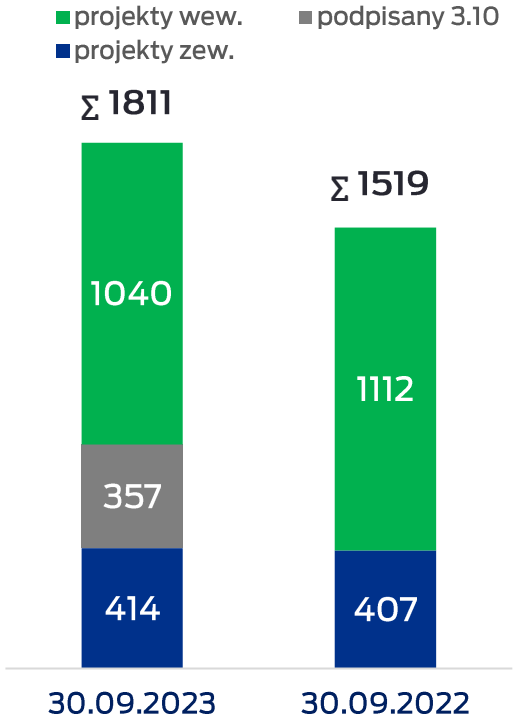
NOTES

- The funds generated from operating activities were partly used to purchase two development projects and partly to reduce debt.

Executive Backlog and Investment Pipeline

[PLN milion]

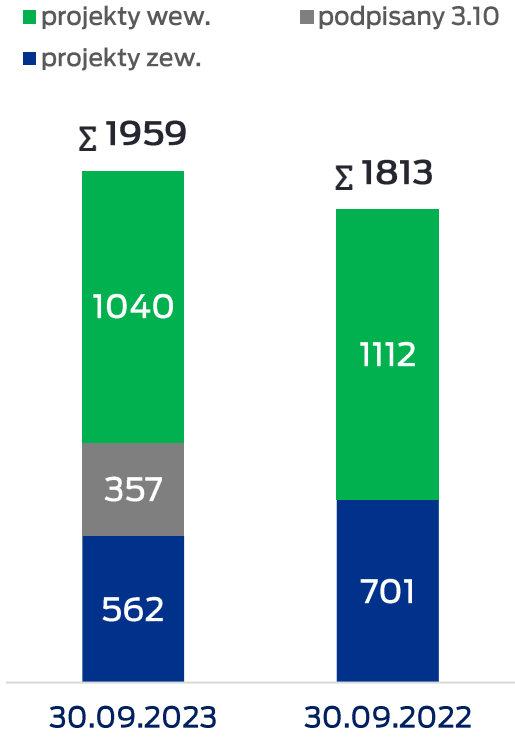
RES



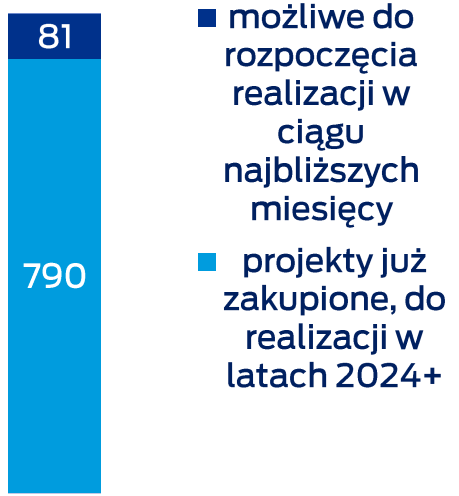
Road and engineering



Total backlog



Total investment pipeline [MW]



NOTES

- 89 per cent higher backlog to external customer in RES compared to the same time in 2022 (including the contract "FW Drzeżewo" - PLN 357 million, declassified on October 3, 2023),
- The commissioning of the S3 contract has reduced the road segment backlog,
- External RES project portfolio: wind - 183 (+357) million PLN; PV - 231 million PLN.

Advancement of Development Projects

	SPV	Type	[MW]	% of ONDE shares in the project	lease agreement	environmental decision	development conditions	connection conditions	construction project	building permit	Construction phase
1	PV Kadłubia 2	PV	9	100%							
2	PV Kadłubia 2	PV	8	100%							
3	PV Szczepanów	PV	8	100%							
4	PV Jankowa Żagańska	PV	8	100%							
5	Ciechanów Solar Park	PV	7	100%							
6	Solar Serby	PV	80	50%							
7	KWE (Kazimierz Biskupi)	FW	34	50%							
8	Szybowice Wind Farm	FW	35	50%							
9	FW Gumienice (Włoszakowice)	PV	10	100%							
10	Park Lewałd	PV	25	100%							
11	Solar Kazimierz Biskupi	PV	150	50%							
12	Power Plant (Rejowiec)	PV	40	100%							
13	Jawor	PV	9,8	100%							
14	Jelenia Góra 1	PV	5,9	100%							
	total MW	=	429.7				165		264.7		
15	19 greenfield projects	PV	435	100%				2 projects were awarded WPs of 14 MW and 3.6 MW			
16	Jelenia Góra 2	PV	4,085	100 %							

as of 06.11.2023

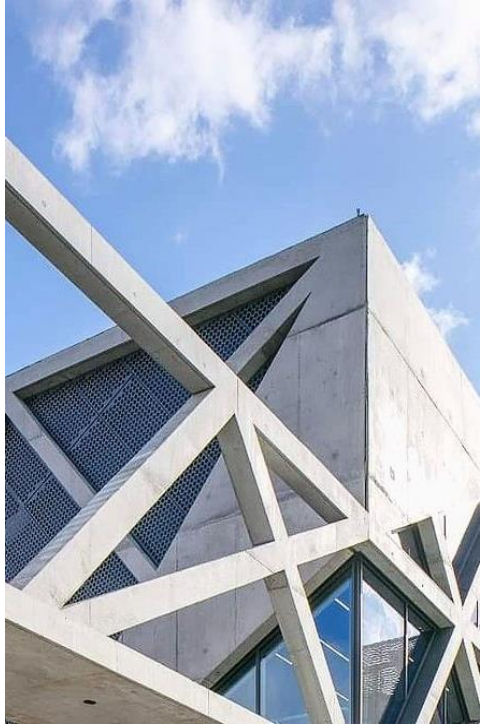
NOTES

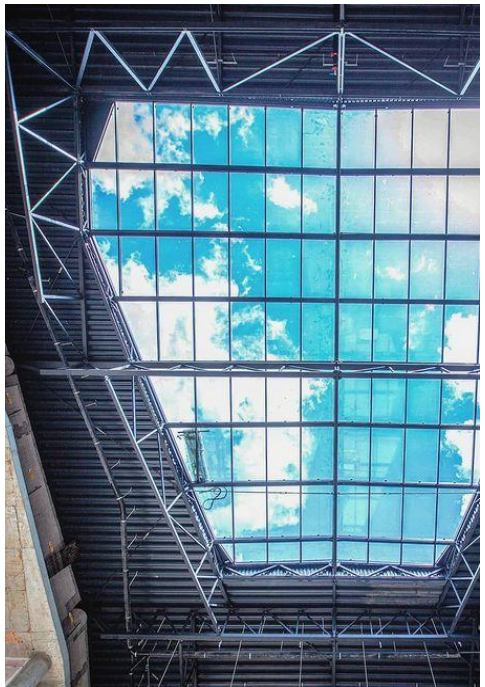
- Final construction financing negotiations for two PV projects purchased in July (23 MWp in total)

Market Environment

- Current PPA prices ~EUR 100/1 MWh,
- Stabilisation of prices for construction materials and key components,
- PEP2040 update postponed. The finalisation of the document is expected in late 2023/early 2024,
- Almost PLN 20 billion for road investments in 2024 within the framework of the National Roads Construction and Construction of 200 bypasses programmes of the General Directorate for National Roads and Motorways,
- The amendment to the RES Act passed by the Sejm included provisions on cable pooling. According to government estimates, this will allow an additional 5 GW of RES potential to be generated without investors awaiting connection decisions.







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