

# TRAXION: 1Q20 RESULTS

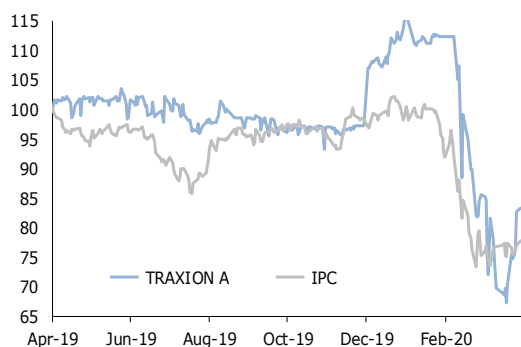
## Very Favorable Results With a Strong Organic Growth That Exceeded our Projections and Consensus

### BUY

Target Price 2020E (MXN\$)	\$ 16.00
Current Price (MXN\$)	\$ 11.84
Min / Max (L12M - MXN\$)	8.50 - 16.77
Expected Dividend (MXN\$)	\$ 0.00
Total Return	35.1%
Mkt Cap (Mn of MXN)	6,435
Enterprise Value (Mn of MXN\$)	12,011
Shares Outstanding (Mn)	543.5
Float	43.5%
ADTV (MXN\$ Mn)	\$ 9.92

### Opinion and Recommendation:

- TRAXIÓN's results were very favorable as they included a strong organic growth in terms of revenues (+ 12.3%), EBITDA (+ 12.3%) and net profits (+ 55.5%), which exceeded our projections and consensus. The company benefited from a solid performance in its two business lines and the flexibility of its platform, which enabled it to take advantage of the growth opportunities in the retail and consumer goods segments. We expect a positive reaction in TRAXIÓN's share price and we are reiterating our BUY recommendation after these quarterly results.



### Revenues

TRAXIÓN's revenues reached MXN\$3,184 million, up 12.3% YoY. In the cargo and logistics business, sales rose 9.6% driven by: i) a favorable performance in the logistics services business as the storage capacity increased 7.8% while revenue per square meter was 6.9% higher; and, ii) in cargo, kilometers increased 4.2%, but the average revenue per kilometer remained practically unchanged. The company was able to offset the impact of lower demand in certain sectors that were affected by the measures against Covid-19, with a greater focus on the retail and consumer goods segments. It used its fleet in an efficient way since it only grew 1.3% in the case of motor units and decreased 1.4% in the case of last mile units. In the student and personal transportation business, revenues advanced 16.3%, which was due to a 4.8% increase in kilometers traveled, coupled with a 10.9% rise in average revenue per kilometer.

### Profitability

Total costs and expenses rose 11.4% due to higher cost of facilities, services and supplies, which included a higher level of logistics service subcontracting, and higher depreciation and amortization. This was partially offset by lower spending on gasoline, tolls, and fleet maintenance. The cost to sales ratio improved 60 basis points to 71.2%, which boosted the EBITDA by 12.3%. The EBITDA margin was 20.2% in 1Q20, stable compared to 1Q19.

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### Net Profit

The company presented an MXN\$130 million quarterly net profit, up 55.5%, which was due to a sizable MXN\$57 million FX gain.

### Operating Cash Flow

The cash flow from operations registered a significant 48.5% growth supported by an improvement in working capital.

### Financial structure

TRAXIÓN decided to use some of its credit lines during the quarter in order to strengthen its liquidity position, with which its cash, short-term debt and long-term debt increased. The net debt to EBITDA ratio fell to 1.93x at the end of the current quarter, from 2.05x in 4Q19 and 2.18x in 1Q19. 28% of total debt is short term.

### 1Q20 Results

(Figures in Millions of MXN\$)

INCOME STATEMENT	1Q20	1Q20E	Diff.	1Q19	Change
Revenues	3,184	3,114	2.2%	2,836	12.3%
Operating Profit	314	316	-0.6%	275	14.3%
<i>Operating Margin</i>	9.9%	10.2%		9.7%	
EBITDA	642	630	1.9%	572	12.2%
<i>EBITDA Margin</i>	20.2%	20.2%		20.2%	
Financial Gains	64	6	990.4%	13	377.3%
Financial Cost	-166	-164	1.5%	-159	4.2%
Pre-Tax Profit	212	159	33.8%	129	64.5%
Net Profit	130	111	16.9%	83	55.5%
EPS	P\$ 0.23	P\$ 0.20	16.2%	P\$ 0.15	52.5%
Net Debt / EBITDA (x)	1.9x	2.2x		2.2x	

Source: Company, BMV

## TRAXION: 1Q20 Results

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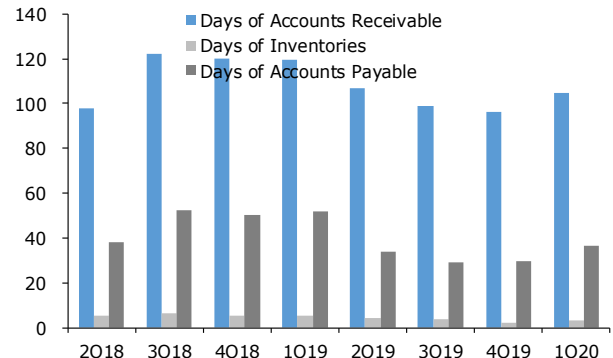
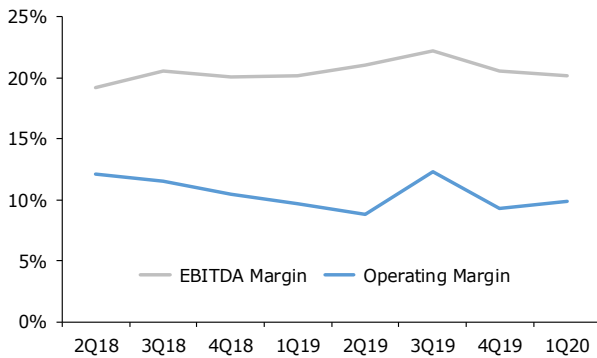
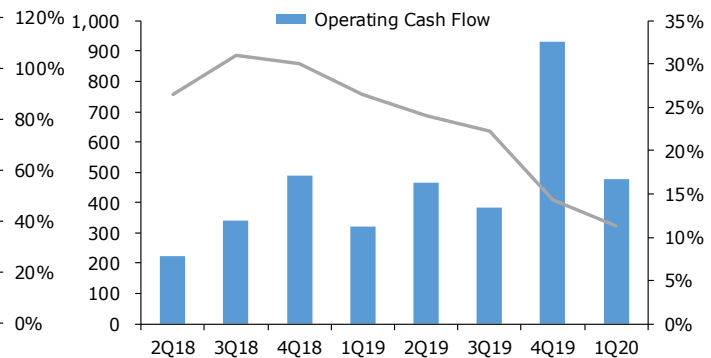
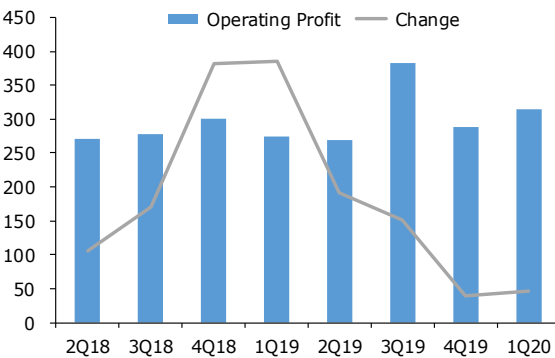
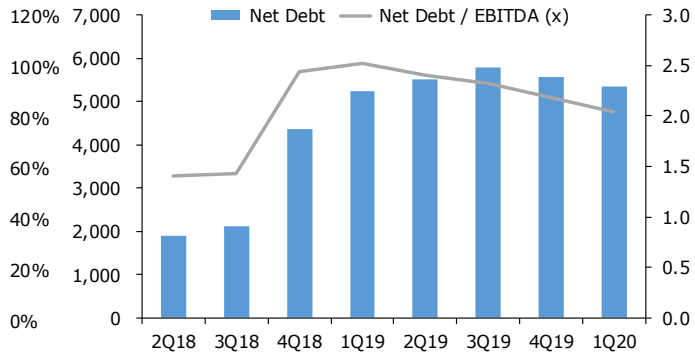
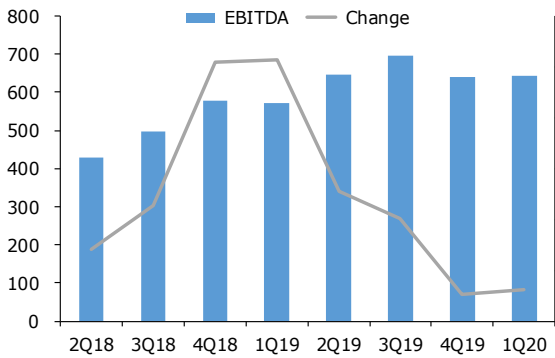
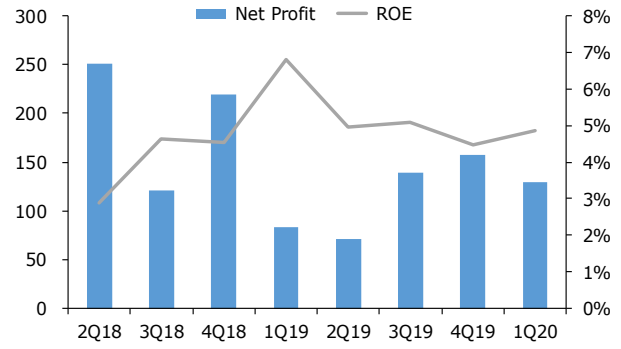
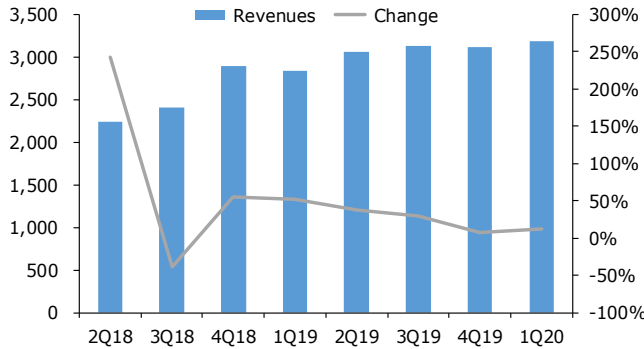
(Figures in Millions of MXN\$)

<b>INCOME STATEMENT</b>	<b>1Q20</b>	<b>1Q19</b>	<b>Change</b>	<b>Acum 2020</b>	<b>Acum 2019</b>	<b>Change</b>
Revenues	3,184	2,836	12.3%	3,184	2,836	12.3%
Operating Profit	314	275	14.3%	314	275	14.3%
<i>Operating Margin</i>	9.9%	9.7%		9.9%	9.7%	
EBITDA	642	572	12.2%	642	572	12.2%
<i>EBITDA Margin</i>	20.2%	20.2%		20.2%	20.2%	
Financial Gains	64	13	377.3%	64	13	377.3%
Financial Cost	-166	-159	4.2%	-166	-159	4.2%
Pre-Tax Profit	212	129	64.5%	212	129	64.5%
Net Profit	130	83	55.5%	130	83	55.5%
EPS	P\$ 0.23	P\$ 0.15	52.5%	P\$ 0.23	P\$ 0.15	52.5%
<b>BALANCE SHEET</b>	<b>1Q20</b>	<b>1Q19</b>	<b>Change</b>	<b>Acum 2020</b>	<b>Acum 2019</b>	<b>Change</b>
TOTAL ASSETS	20,641	18,851	9.5%	20,641	18,851	9.5%
Current Assets	5,302	4,010	32.2%	5,302	4,010	32.2%
Cash & Temp. Inv.	1,744	504	246.1%	1,744	504	246.1%
Accounts Receivable	2,345	2,249	4.2%	2,345	2,249	4.2%
Inventories	72	109	-34.1%	72	109	-34.1%
LT Assets	15,338	14,841	3.3%	15,338	14,841	3.3%
P, P & E	7,876	8,353	-5.7%	7,876	8,353	-5.7%
Intangible Assets	5,630	5,661	-0.5%	5,630	5,661	-0.5%
Deffered Tax Assets	372	250	48.6%	372	250	48.6%
Other LT Assets	61	109	-44.6%	61	109	-44.6%
TOTAL LIABILITIES	10,185	8,779	16.0%	10,185	8,779	16.0%
ST Liabilities	4,292	3,560	20.6%	4,292	3,560	20.6%
LT Liabilities	5,893	5,220	12.9%	5,893	5,220	12.9%
Stockholder's Equity	10,456	10,072	3.8%	10,456	10,072	3.8%
TOTAL DEBT	7,079	5,728	23.6%	7,079	5,728	23.6%
NET DEBT	5,335	5,224	2.1%	5,335	5,224	2.1%
Net Debt / EBITDA (x)	1.9x	2.2x		2.0x	2.2x	
<b>CASH FLOW STATEMENT</b>	<b>1Q20</b>	<b>1Q19</b>	<b>Change</b>	<b>Acum 2020</b>	<b>Acum 2019</b>	<b>Change</b>
PRE-TAX PROFIT	130	83	55.5%	130	83	55.5%
Pre-Tax Cash Flow	850	611	39.2%	850	611	39.2%
Working Capital Changes	-372	-289	28.7%	-372	-289	28.7%
Operating Cash Flow	478	322	48.5%	478	322	48.5%
Investment Cash Flow	-86	-333	-74.0%	-86	-333	-74.0%
Financing Cash Flow	764	13	5712.1%	764	13	5712.1%
Net Incr. (Decr.) in Cash & Temp. Inv.	1,163	3	42644.7%	1,163	3	42644.7%
FX Gain (Loss) In Cash and Temp. Inv.	7	0	n.a.	7	0	n.a.
Beg. of Period Cash and Temp. Inv.	581	501	15.8%	581	501	15.8%
End of Period Cash and Temp. Inv.	1,744	504	246.1%	1,744	504	246.1%

Source: Company, BMV

# TRAXION: 1Q20 Results

(Figures in Millions of MXN\$)



Source: Company, BMV

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