

# TRAXIÓN: 1Q21 Preview

We Expect Excellent Results Driven by Logistics

## BUY

Target Price (MXN\$)	\$ 29.00
Current Price (MXN\$)	\$ 32.19
Min / Max (L12M - MXN\$)	10.23 - 34.45
Expected Dividend (MXN\$)	\$ 0.00
Total Return	n.a.
Mkt Cap (Mn of MXN)	17,495
Enterprise Value (Mn of MXN\$)	22,398
Shares Outstanding (Mn)	543.5
Float	43.5%
ADTV (MXN\$ Mn)	\$ 21.60

## Opinion and Recommendation

We expect TRAXIÓN to report excellent 1Q21 results with revenues and EBITDA growing 22% YoY and net profits up 49.3% YoY driven mainly by a very strong performance in the logistics business, a double-digit growth in personnel and student transportation and stable results in cargo. Worth mentioning that the company will start to report results of these three divisions separately, which we believe could have a positive impact on TRAXIÓN's valuation. For these reasons, we reiterate our BUY recommendation.

## 1Q21 Preview

We expect TRAXIÓN's revenues to increase 22% YoY in 1Q21, reaching MXN\$3.9 billion. We believe they will be driven primarily by the logistics and school and personnel transportation businesses. We anticipate that the EBITDA margin will remain unchanged at 20.2% in 1Q21 as the significant growth in the Logistics unit, which generates a lower margin than that of the other divisions, is offset by a higher profitability in the school and personnel transportation business. Consolidated EBITDA will thus rise 22% YoY. We also project a MXN\$194 million net profit, up 49.3%, due mainly to lower interests paid.

## Logistics

We expect the Logistics business to be the main driver in the current quarter with revenues reaching around P\$1 billion, up more than 100% YoY, and a 9.5% EBITDA margin, with a 100 bps expansion. This unit has continued to benefit from a strong demand of last mile services through Redpack and also from Traxporta's services.



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**Personnel and Student Transportation**

This segment will likely see a double-digit revenue growth to MXN\$1.5 billion due to a solid demand in the industrial sector, which allowed it to more than offset lower school revenues since 2Q20. The EBITDA margin should expand 300 bps due to high operating leverage and lower gasoline costs.

**Cargo**

We expect cargo revenues to remain flat at MXN\$1.4 billion due to a high comparison base and the fact that Traxporta has generated most of the growth in cargo services. The EBITDA margin will likely remain at 22%.

The company will report on April 26<sup>th</sup> after the close.

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