

3Q21 Summary

The companies in our sample delivered a solid 3Q21 with increases in sales, EBITDA and net profits of 10%, 13% and 95%, respectively. The sectors that registered the best performance were those that benefited from the reopening of the economy, such as hotels, airports and airlines, and consumer discretionary. In addition, the performance of various industrial companies was very strong due to higher international commodity prices.

On the other hand, the profitability of the food and beverage sector was affected by higher raw material costs, despite the fact that most of the companies continued to raise prices. Some of the housing companies were impacted by the change in the INFONAVIT score, the outsourcing reform, or the lack of inventories, but they were able to offset for the lower housing sales with a higher average price and land sales. Autopart companies registered lower results due to the international chip deficit, which reduced the production of automobiles.

Telecommunications and Media

AMX's business remained defensive in the quarter as the company added 4.2 million subscribers, of which 2.2 were post-paid. This figure compares with 4.2 million total subscribers with 2.0 million postpaid. Fixed accesses remained virtually unchanged sequentially but the mix changed as AMX gained 252 thousand broadband connections, but lost 104 thousand pay TV connections and 92 thousand fixed lines. The company surprised with a 34.6% EBITDA margin, the highest in nine years, despite competition and lower rates in some of its businesses. Leverage dropped to 1.55x, which means that that company is ready to undertake acquisitions.

The situation was different in Mexico as AMX lost 4 thousand post-paid subscribers and gained 577 thousand pre-paid ones, which we believe was due to the prevailing macroeconomic situation. In fixed telephony, it registered 94 thousand additional broadband clients, but lost 84 thousand fixed lines. The average revenue per mobile subscriber grew 4.9% annually.

AMX was very active during the quarter as it sold Claro Panama to Cable & Wireless, a subsidiary of Liberty Latin America, for US\$200 million. In addition, its shareholders approved the spin-off of 36,000 transmission towers in Latin America, which we believe will create value. AMX and Liberty Latam will combine their assets in Chile, which include VTR and Claro Chile.

In the pay television business, Televisa registered 59 thousand disconnections in video and around 1.6 thousand in SKY, but continued to add internet and landline subscribers. Megacable reported net additions in the three business lines.

In broadcast television, the performance of the two companies was very positive, mainly due to a favorable comparison base and higher advertising spending by the largest advertisers. This generated a 13% increase Televisa's content revenues and a 44% rise in TV Azteca's sales. The latter's EBITDA nearly tripled.

Self-Services / Specialized Retail

Companies in the self-service sector recorded favorable results despite the slowdown in consumption and the high comparison base. Same store sales were up 6.0% in the case of Walmex México, + 9.7% in Oxxo, + 3.7% in

Lacomer, + 2.4% in Soriana and + 9.1% in Chedraui México. Walmex's and Lacomer's profitability improved due to a stronger sales mix. Chedraui's results were boosted by the acquisition of Smart & Life.

The specialized retail companies (Liverpool, Elektra, GSanbor) and consumer discretionary (Alsea) benefited from the reopening of the economies and thus registered very strong results. Liverpool's same-store sales were up 22% and Alsea's 41.6%.

Food and Beverages

Food and beverage companies were affected by the increase in raw materials, which reduced their profitability. They have been raising prices across the board to offset this impact. Companies with significant operations outside of Mexico suffered from the appreciation of the Mexican peso. Femsa experienced strong growth in fuels and Oxxo, which offset lower margins from KOF.

Industrial Sector

Industrial companies benefited from the significant increase in international commodity prices. In fact, Alfa increased its projected EBITDA by 10% to US\$1,937 million. Alpek raised its guidance by 19%, now anticipating an EBITDA of US\$ 1,037 million. Companies in the industrial sector faced higher energy costs, affecting margins in most cases.

Autopart companies were impacted by the international chips deficit, which affected the production of automobiles in several countries. Nemark revised down its guidance for the year, now expecting a 2-3% reduction in revenue (approx. US\$3.8 billion), 8-9% in volume (35.9 to 36.3 million equivalent units) and 7-8 % in EBITDA (US\$552-558 million) compared to last July's guidance.

Transportation

Airlines and airport companies posted excellent operating results mainly due to higher traffic, both national and international, as well as a favorable comparison base. Land transportation companies continued to experience high demand for last-mile and logistics services due to the continued expansion of the e-commerce industry (Traxion) or strong demand in the agricultural and industrial products market (GMXT).

Hotels

The performance of hotel companies continued to improve on an annual basis as a result of the reopening of the economy which led to higher occupancy and average daily rates. However, in some cases results were lower sequentially due to seasonal factors and the initial impact of the third wave. The outlook for this sector is favorable as we expect occupancies to continue improving gradually.

Cement and Housing

Some of the homebuilders were affected by the change in the INFONAVIT score, the outsourcing reform, or the lack of inventories, which led to lower volumes. However, some of them were able to offset this impact with higher prices and land sales. As a result, their profitability improved. Cash flow fell in almost all cases due to higher investments in inventories, which does not worry us as it will support the sector's growth in the future.

We believe that the impact of the new INFONAVIT score and the outsourcing reform will fade over the next few quarters. In addition, INFONAVIT registered 357 thousand new affiliates during the April 30th-September 7th period nationwide, which we believe will translate into higher demand.

In our view, cement volume reflected the prevailing situation in the housing market as it decreased 3.0% in the case of Cemex and was up only 1% in the case of GCC.

Cemex presented lower-than-expected results due to higher energy, raw materials and imports costs that offset the price increases. The company lowered its guidance for the year. It now expects an EBITDA between US\$2,950-3,000 million. It previously expected US\$3.1 billion.

Fibras

Once again, the industrial sector was the strongest in the quarter with high occupancy levels, supported by a high activity in the industrial export sector, a strong performance of the logistics business focused on e-commerce, and the near-shoring trend. Fibra Upsite announced a new development in Ciudad Juárez. In the commercial segment, occupancies continued slightly downward and some of the Fibras reduced their customer support. We believe that this segment is near the inflection point, taking into account the greater mobility in the country. Mexico City's office segment continued to experience oversupply, which translated into lower occupancies, both annually and sequentially.

Financial Sector

The loan portfolio of Mexican banks declined 1.9% YoY in 3Q21, according to figures from the CNBV. By segment, credit to financial entities was down -10.1% and to companies declined -7.2%, which was partially offset by the increases of 9.7% in mortgages, 2.5% in states and municipalities and 2.2% in entities governmental. Deposits remained practically unchanged. The NPL ratio rose slightly to 2.30%, compared to 2.05% the previous year. The capitalization ratio reached 18.4% at the end of 3Q21, from 17.2% the previous year. Most banks benefited from a lower provisioning due to the improvement in the client's credit profile. This resulted in a significant 49% increase in the sector's net profits in 3Q21, compared to the previous year.

Others

Médica continued to report very favorable results, supported by a greater demand for services not related to Covid and related to the pandemic. After the end of the quarter, the company concluded the sale of its laboratory unit.

Mexico's 3Q21 Results

October 29th, 2021

MXN\$ Mn	Sales			EBITDA			Net profit			Opinion
	3Q21	3Q20	Change	3Q21	3Q20	Change	3Q21	3Q20	Change	
Telecommunications & Media										
América Móvil	253,375	260,212	-3%	87,590	86,501	1%	15,811	18,902	-16%	Positive
Axtel	2,759	3,095	-11%	912	1,078	-15%	-302	-174	n.a.	Negative
Televisa	26,128	23,943	9%	10,473	10,139	3%	761	3,350	-77%	Neutral
Azteca	3,583	2,494	44%	985	356	177%	102	-77	n.a.	Positive
Megacable	6,145	5,621	9%	3,016	2,782	8%	927	1,070	-13%	Positive
Sector Total	291,990	295,365	-1%	102,976	100,856	2%	17,299	23,071	-25%	
Self-Service										
Walmex	176,042	165,386	6%	20,039	18,256	10%	11,049	9,172	20%	Positive
Chedraui	52,473	35,412	48%	3,923	2,677	47%	896	640	40%	Positive
Lacomer	7,339	6,883	7%	758	668	13%	391	352	11%	Positive
Soriana	38,550	37,699	2%	2,635	2,616	1%	786	572	37%	Neutral
Sector Total	274,404	245,380	12%	27,355	24,217	13%	13,122	10,736	22%	
Specialized Retail, Restaurants & Other										
Liverpool	31,829	26,913	18%	5,232	994	427%	2,272	-881	n.a.	Positive
Elektra	35,504	29,646	20%	5,557	2,208	152%	999	-1,636	n.a.	Positive
Gsanborns	11,994	9,232	30%	898	381	136%	319	975	-67%	Positive
Alsea	13,840	9,833	41%	1,854	434	327%	297	-971	n.a.	Positive
Sports	202	138	47%	29	-21	n.a.	-111	-263	n.a.	Positive
Sector Total	93,369	75,762	23%	13,570	3,996	240%	3,776	-2,776	n.a.	
Food										
Bimbo	88,182	85,715	3%	12,963	12,122	7%	4,031	3,601	12%	Positive
Lala	20,382	20,725	-2%	1,957	2,045	-4%	200	455	-56%	Negative
Gruma	23,903	23,473	2%	3,694	3,954	-7%	1,478	1,645	-10%	Negative
Bachoco	20,229	18,292	11%	1,127	1,828	-38%	817	858	-5%	Negative
Herdez	6,767	5,817	16%	886	873	2%	455	383	19%	Negative
Sector Total	159,463	154,022	4%	20,627	20,822	-1%	6,981	6,942	1%	
Beverages										
AC	47,946	44,811	7%	9,198	8,642	6%	3,381	2,744	23%	Positive
KOF	48,316	46,734	3%	9,320	10,075	-7%	3,419	2,463	39%	Negative
Cuervo	9,592	10,413	-8%	2,111	3,249	-35%	1,330	2,084	-36%	Negative
Femsa	143,443	126,501	13%	20,572	18,812	9%	16,046	4,691	242%	Positive
Sector Total	200,981	181,725	11%	31,881	30,703	4%	20,757	9,519	118%	
Consumer Goods										
Kimber	11,343	11,097	2%	2,235	2,845	-21%	879	1,348	-35%	Negative
Lab	3,984	3,428	16%	819	770	6%	393	409	-4%	Neutral
Sector Total	15,327	14,525	6%	3,054	3,615	-16%	1,272	1,757	-28%	
Mining / Metals										
Gmexico	73,157	62,582	17%	43,698	32,969	33%	16,387	15,856	3%	Positive
Peñoles	28,672	27,683	4%	6,933	10,299	-33%	1,330	413	222%	Negative
Mfrisco	3,162	2,882	10%	1,239	1,010	23%	-732	-815	n.a.	Positive
Autlan	6,311	5,825	8%	1,524	1,273	20%	124	92	35%	Positive
Sector Total	111,302	98,972	12%	53,394	45,552	17%	17,109	15,546	10%	
Conglomerates, Industrials										
Alfa	79,652	67,507	18%	9,736	9,672	1%	2,504	3,776	-34%	Positive
Alpek	41,709	29,260	43%	5,589	3,953	41%	2,224	1,435	55%	Positive
Nemak	17,229	19,786	-13%	2,304	3,931	-41%	-581	1,987	n.a.	Negative
Orbia	45,816	36,194	27%	10,658	7,994	33%	3,947	1,634	142%	Positive
GCarso A1	30,158	24,738	22%	4,094	3,045	34%	2,568	2,723	-6%	Positive
Ienova	11,890	7,711	54%	6,310	6,075	4%	3,263	3,244	1%	Positive
Cydsa	2,806	2,856	-2%	719	656	10%	123	-45	n.a.	Positive
Kuo	15,531	11,842	31%	2,153	1,419	52%	748	625	20%	Positive
Gissa	4,968	4,527	10%	461	839	-45%	-20	243	n.a.	Negative
Vitro	9,836	10,511	-6%	1,062	1,700	-38%	-104	309	n.a.	Negative
Ich	15,915	10,523	51%	4,575	2,010	128%	3,931	1,050	274%	Positive
Simec	14,122	9,643	46%	3,974	1,891	110%	3,313	1,003	230%	Positive
Vasconia	1,236	873	42%	127	130	-2%	56	831	-93%	Positive
Rotoplas	2,870	2,364	21%	287	366	-22%	20	41	-51%	Neutral
Sector Total	237,907	199,432	19%	42,486	37,837	12%	16,455	16,419	0%	

Mexico's 3Q21 Results

October 29th, 2021

MXN Mn	Sales			EBITDA			Net profit			Opinion
	3Q21	3Q20	Change	3Q21	3Q20	Change	3Q21	3Q20	Change	
Cement, Construction & Infrastructure										
Cemex	75,505	75,611	0%	14,825	16,054	-8%	-7,532	-33,897	n.a.	Negative
GCC	6,318	6,207	2%	2,206	2,208	0%	1,176	1,162	1%	Negative
CMoctez	3,850	3,755	3%	1,679	1,747	-4%	1,128	1,116	1%	Negative
Aleatica	2,170	1,501	45%	1,385	913	52%	85	-377	n.a.	Positive
Pinfra	3,190	2,461	30%	2,102	1,392	51%	1,618	576	181%	Positive
Gicsa	966	1,128	-14%	702	792	-11%	73	893	-92%	Negative
Sector Total	92,000	90,663	1%	22,899	23,106	-1%	-3,452	-30,527	n.a.	
Housing										
Vinte	901	922	-2%	160	159	0%	92	92	0%	Neutral
Javer	1,779	1,887	-6%	302	288	5%	72	60	20%	Neutral
Cadu	794	822	-3%	217	110	97%	72	15	380%	Neutral
Ara	1,553	1,366	14%	248	173	43%	143	111	29%	Neutral
Sector Total	5,027	4,997	1%	927	730	27%	379	278	36%	
Hotels										
Hcity	638	296	116%	160	-56	n.a.	-107	-302	n.a.	Positive
Hotel	463	179	159%	103	-28	n.a.	-62	-32	n.a.	Positive
Fibra Inn	325	137	136%	48	-41	n.a.	-105	-198	n.a.	Positive
Sector Total	1,426	612	133%	311	-125	n.a.	-274	-532	n.a.	
Airports / Airlines / Transportation										
Asur	4,866	2,447	99%	2,913	755	286%	1,957	147	1232%	Positive
Gap	5,293	3,068	73%	3,098	1,093	183%	1,969	352	459%	Positive
Oma	2,377	1,213	96%	1,473	432	241%	812	69	1077%	Positive
Aeromex	13,234	4,670	183%	3,648	-381	n.a.	-2,244	-2,882	n.a.	Positive
Volar	12,804	9,502	35%	5,235	3,291	59%	1,515	713	112%	Positive
GmxT	13,113	11,882	10%	5,873	5,268	11%	1,963	1,523	29%	Positive
Traxion	4,321	3,774	14%	902	844	7%	277	191	45%	Positive
Sector Total	56,008	36,556	53%	23,142	11,302	105%	6,249	113	5409%	
Health Services										
Médica Sur	1,494	1,234	21%	427	378	13%	237	182	31%	Positive
Financial										
Bolsa	926	962	-4%	541	574	-6%	368	346	6%	Negative
GFNorte							8,874	8,906	0%	Neutral
Bsmx							5,030	4,843	4%	Neutral
GFInbur							4,511	3,806	19%	Positive
Regional							868	775	12%	Neutral
Bbajio							1,250	759	65%	Positive
Genera							657	-1,983	n.a.	Positive
Unifin							433	385	12%	Positive
Q							920	1,657	-44%	Neutral
Sector Total							22,911	19,494	18%	
SAMPLE TOTAL	1,516,517	1,379,093	10%	336,818	297,914	13%	109,389	56,133	95%	

Source: Companies; n.a.: not available

Disclaimer

The current report was prepared by Miranda Global Research ("Miranda GR"). The information is presented in summarized form and is not meant to be complete. There are no declarations or guarantees, expressed or implicit, in respect to the accuracy, impartiality or integrity of the information.

Miranda GR, in accordance to applicable legislation, has made sure that the presented personalized recommendation is reasonable to the client, as it has verified congruency between the client's profile and the profile of the financial product. Under no circumstance should it be understood that the fulfillment of the previously mentioned recommendation, guarantees the result or the success of the proposed strategies in the presented document.

The information included in this presentation was obtained from public and/or private sources. Projections or previsions included in this presentation, are a generalized recommendation and are based on subjective assumptions and estimations about events and circumstances that have not yet happened and are subjected to significant variations. Therefore, it is not possible to guarantee that any of the results included in the current report will happen in the future, in other words, it does not guarantee the result or the success of the posed strategies.

This report has been prepared solely with informational purposes. No declarations are made in respects to precision, sufficiency, veracity or accuracy of the information and opinions hereby included. Miranda GR will not answer (either because of negligence or for any other reason) for any damage or detriment derived or related to the use of this report or its content, or any connection to the report. Miranda GR is not responsible for the use or association with this report, including but not limited to, any declaration, expressed or implicit or guarantees or omissions included in this information.

This report is based on facts and/or events that have happened up to this date, consequently any future facts and/or events can impair the conclusions hereby expressed. Miranda GR does not assume any responsibility to update, review, rectify or invalidate this report based on any future occurrence.

The opinions related to this report eventually expressed by Miranda GR, should be considered only as suggestions/recommendations to better operate various topics related to the presentation.

This report and its contents are property of Miranda GR and cannot be reproduced or broadcast in part or in its entirety without the previous written consent of Miranda GR.