

TRAXIÓN: 3Q21 Preview

We Expect a Strong Growth in Logistics and Technology and Mobility of Cargo

TRAXION A	BUY
Target Price (MXN\$)	\$ 45.00
Current Price (MXN\$)	\$ 34.00
Min / Max (L12M - MXN\$)	15.50 - 40.00
Expected Dividend (MXN\$)	\$ 0.00
Total Return	32.4%
Mkt Cap (Mn of MXN)	18,478
Enterprise Value (Mn of MXN\$)	23,525
Shares Outstanding (Mn)	543.5
Float	43.5%
ADTV (MXN\$ Mn)	\$ 32.40



Opinion and Recommendation

We expect TRAXIÓN to deliver positive 3Q21 results with double-digit sales growth supported by a solid performance in Logistics and Technology and in Mobility of Cargo. EBITDA will rise 6.1% YoY due to a high comparison base, the beginning of the normalization of activities in the school segment, as well as higher fuel prices. However, net profits will likely rise 38.9% YoY due to FX gains and a lower tax rate. We recommend taking advantage of the current price level of TRAXIÓN's shares.

3Q21 Preview

We expect TRAXIÓN's total revenues to increase 13.0% YoY, reaching MXN\$4.27 billion. The Logistics and Technology business will be the main driver with sales up 32.8% supported by a high demand for logistics and last mile services, due to the strong expansion of the e-commerce industry, as well as outsourced cargo services through the Traxporta platform. In Mobility of Cargo, we anticipate an 11.5% sales rise due to a higher demand for refrigerated and specialized products. In Personal Mobilit, we project a 4.0% revenue growth due to the high comparison base as the company presented a record quarter in 3Q20. In addition, the increased billing to schools will begin to take effect from the next quarter.

We expect EBITDA to increase 6.1% YoY to MXN\$895 million. This is also due to the high comparison base in Personnel Mobility and higher fuel costs. The EBITDA margin will drop to 21.0% in 3Q21, from 22.4% in 3Q20. However, it will improve sequentially by 90 bps.

We estimate a MXN\$265 million quarterly net profit, up 38.9% YoY, thanks to FX gains and a lower tax rate.

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