

TRAXIÓN: 1Q22 Preview

We expect double digit revenue growth, but with lower profitability levels

TRAXION A	BUY
Target Price (MXN\$)	\$ 45.00
Current Price (MXN\$)	\$ 28.94
Min / Max (L12M - MXN\$)	23.51 - 40.00
Expected Dividend (MXN\$)	\$ 0.00
Total Return	55.5%
Mkt Cap (Mn of MXN)	15,728
Enterprise Value (Mn of MXN\$)	21,066
Shares Outstanding (Mn)	543.5
Float	43.5%
ADTV (MXN\$ Mn)	\$ 20.10

Opinion and recommendation

TRAXIÓN's 1Q22 revenues will likely register a double-digit increase driven by a favorable performance in the three divisions, mainly in Logistics and Technology and Mobility of Cargo. However, we anticipate that the company's profitability will decrease due to the growth of Logistics and Technology and higher gasoline costs. This will translate into a 5.9% EBITDA growth while net profits will be slightly higher than the previous year. We believe that the current price of TRAXIÓN's is very attractive. Our recommendation is BUY with a MXN\$45.00/share target price.

1Q22 Preview

We project that TRAXIÓN's consolidated revenues will reach MXN\$4.5 billion, up 13.2% YoY. Logistics and Technology sales will rise 18.6% as this division's technology applications experienced high growth. Mobility of Cargo revenues will rise 12.9% as the company has maintained its focus on refrigerated cargo and petrochemical transportation. Despite the high comparison base, Mobility of Personnel sales will increase 9.7% due to higher demand from new and existing customers.

We estimate that the consolidated EBITDA margin will contract to 18.1% in the current quarter, from 20.1% last year, given the strong growth of the Logistics and Technology division, which registers lower margins, as well as a higher gasoline cost, which we believe will temporarily reduce the profitability of Mobility of Cargo and Mobility of Personnel. For this reason, the consolidated EBITDA will be up 5.9% YoY. We expect the company to gradually pass on such costs and its profitability to improve over the next few quarters.

Quarterly net profits will be slightly higher, standing at MXN\$203 million, due to a reduction in financial gains.



Martin Lara

+5255-6413-8563

martin.lara@miranda-gr.com

April 25th, 2022

DISCLAIMER

The current report was prepared by Miranda Global Research ("Miranda GR") for Vector Casa de Bolsa, S.A. de C.V. 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.

Miranda Global Research receives fees from Grupo Traxión, S.A.B. de C.V. for independent analyst services. Companies or Fibras under coverage will have no right or opportunity to exert any influence on opinions, projections, recommendations, and/or target prices expressed hereby by Miranda GR.
