

# TRAXIÓN: 4Q21 Results

Positive results, driven by Logistics and Technology

TRAXION A	BUY
Target Price (MXN\$)	\$ 45.00
Current Price (MXN\$)	\$ 34.55
Min / Max (L12M - MXN\$)	23.51 - 40.00
Expected Dividend (MXN\$)	\$ 0.00
Total Return	30.2%
Mkt Cap (Mn of MXN)	18,777
Enterprise Value (Mn of MXN\$)	24,115
Shares Outstanding (Mn)	543.5
Float	43.5%
ADTV (MXN\$ Mn)	\$ 27.60

## Opinion and recommendation

TRAXIÓN reported positive 4Q21 results, which were in line with our expectations at the revenue and EBITDA level. Total revenues were up 12.0% (vs. 11.9% E) supported by a solid performance in the Logistics and Technology business, as well as in Mobility of Cargo. Consolidated EBITDA grew 8.3% YoY (vs. 8.8% E) due to a greater contribution of Logistics and Technology. Net profits fell 22.8% (vs. -9.6% E) on a higher-than-expected tax reserve. On the other hand, the financial structure improved slightly on an annual basis with a net debt to EBITDA ratio of 1.57x, compared to 1.60x in 4Q20.

For the fourth consecutive year, TRAXIÓN exceeded its guidance as its revenues and EBITDA rose 19.5% and 12.7% in 2021, with the company expecting a 10% growth in both cases.

TRAXIÓN released its guidance for the current year, which includes a 13% increase in sales with an EBITDA margin of 19%. This will likely translate into a 7.8% EBITDA growth. It also expects a MXN\$3.0 billion Capex (+55%) in technology, fleet renewals and transportation equipment for growth.

We reiterate BUY with a MXN\$45.0/share target price.

## Revenues

TRAXIÓN's total revenues rose 12.0% YoY (vs. +11.9% E) to MXN\$4.55 billion, fueled mainly by a 25.3% increase in Logistics and Technology, which continued to benefit from the significant expansion of the e-commerce industry and the 3PL logistics segment. Last-mile fleet grew 16.6% to 808 units, while 3PL storage capacity expanded 9.0% to 583,845. Worth mentioning that e-commerce revenues represented 27% of the company's total sales in 2021, from 22% the previous year.



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In addition, Mobility of Cargo sales were 10.4% higher thanks to a greater demand for specialized and refrigerated cargo services, which generated a significant 15.8% increase in the average price per kilometer, thus offsetting the slight drop in kilometers traveled. Mobility of Personnel revenues rose only 4.8% as the demand for additional services normalized. In addition, it faced the reopening of schools.

### Profitability

Total costs and expenses were up 18.3%, which derived mainly from the increases of 40.5% in fuel, 26.7% in labor costs and 14.3% in tolls. This resulted in an 18.7% EBITDA margin (vs. 18.8% E) in the current quarter, from 19.3% in the same period last year. Consolidated EBITDA thus grew 8.3% (vs. 8.8% E), reaching MXN\$849 million.

By business line, the Logistics and Technology margin expanded to 7.3%, from 4.1%, due to stronger execution during the maturation and consolidation phase. The Mobility of Cargo margin contracted to 24.0%, from 27.9%, on high demand during the contingency period. However, it was the highest in the last four quarters. The Mobility of Personnel margin improved to 25.7%, from 24.9% a year earlier, due to economies of scale that offset costs related to demand rebalancing.

Consolidated net income was down 22.8% (vs. -9.6% E) to MXN\$146 million, as a result of a higher-than-expected tax reserve due to the start-up of certain businesses, higher fiscal losses and the effect on financial instruments. This offset the operating growth and lower financial costs. Despite this, net income for the year rose 30.7%.

### Financial structure

Total debt advanced 4.8% to MXN\$6,813 million, while cash fell 14.4% to MXN\$1,475 million. This translated into a MXN\$5.33 billion net debt, up 11.7% annually. The net debt to EBITDA ratio improved slightly to 1.57x in the current quarter, from 1.60x in 4Q20.

### ESG

TRAXIÓN presented its quarterly indicators for fuel consumption and intensity of emissions. The scope in emissions intensity was 0.77 tCO<sub>2</sub>eq/1,000 km in 4Q21, from 0.80 in 2020. Fuel performance was 3.60 km/l, the highest level in the last four quarters, while fuel consumption intensity dropped slightly to 0.28 l/km in 4Q21.

The company presents its ESG information through two of the leading international information platforms: Standard & Poor's Corporate Sustainability Assessment (S&P-CSA) and Carbon Disclosure Project (CDP).

(Figures in Millions of MXN\$)	4Q21	4Q21E	Diff.	4Q20	YoY Chg.
Revenues	4,550	4,540	0.2%	4,061	12.0%
Operating Profit	464	462	0.5%	457	1.7%
Operating Margin	10.2%	10.2%		11.2%	
EBITDA	849	853	-0.5%	784	8.3%
EBITDA Margin	18.7%	18.8%		19.3%	
Financial Gains	10	7	58.9%	10	6.2%
Financial Cost	-230	-157	46.4%	-239	-3.8%
Net Profit	146	171	-14.5%	189	-22.7%

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