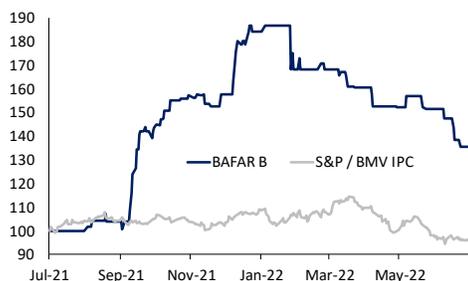


BAFAR: Initiation of Coverage

High-growth conglomerate focused on food, real estate and the financial sectors

BAFAR B	BUY
Target Price (MXN\$)	\$ 71.00
Current Price (MXN\$)	\$ 48.00
Min / Max (L12M)	\$ 37.58 - 71.20
Expected Dividend (MXN\$)	\$ 0.65
Expected Return	49.3%
Market Cap (MXN\$ Mn)	14,695
Enterprise Value (MXN\$ Mn)	23,956
Outstanding Shares (Mn)	306.1
Float	20.0%
ADTV (MXN\$ Mn)	\$ 0.70



INVESTMENT THESIS

We are initiating coverage on GRUPO BAFAR, S.A.B. DE C.V. ("BAFAR") with a BUY recommendation and MXN\$71.0/share target price.

In our opinion, BAFAR's fundamentals are very solid. They include the company's leading position in various segments of the food business, its renowned brands, its high organic growth and through acquisitions, its wide distribution, its vertical integration and its management with a well-known track record of value creation for shareholders. In addition, BAFAR owns 74.70% of Fibra Nova ("FNOVA"), which has an attractive real estate portfolio, strategically located in the northern states of the country and the Bajío region, registers high margins and distributes attractive dividends.

High growth potential. BAFAR's revenues, EBITDA and net profits have grown at an average annual rate of 12%, 16% and 11%, respectively, during the 2012-2022 period. We expect these indicators to increase at an average annual rate of 17%, 19% and 18%, respectively, in the 2022-2027 period, which includes a strong expansion in all the company's businesses. Our model does not include acquisitions that BAFAR could eventually undertake in the future.

Valuation. BAFAR shares trade at a 2022E EV/EBITDA of 7.1x, and a projected P/E of 8.5x, below those of its international food peers. We believe they should trade more in line with the sector's average multiples because of the company's strong fundamentals. In addition, they trade at a 42.1% discount against the sum-of-the-parts.

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July 18th, 2022

Target price. We established a MXN\$71.0/share target price through a discounted cash flow model that includes the following variables: i) an 8.7% WACC; and ii) a 6.0% perpetuity growth rate in nominal terms. We used a Beta of 1.09 against the S&P/BMV IPC which we calculated from the average Beta of the international food sector (deleveraged and re-leveraged with BAFAR's financial structure). This Beta is more conservative than the company's original 0.33 Beta and reflects our expectation that BAFAR shares will outperform the S&P/BMV IPC in the future.

The main risks include: i) macroeconomic volatility; ii) changes in consumer preferences; iii) supply chain problems; iv) strong competition; v) regulatory/sanitary changes; vi) increase in raw material prices; vii) foreign exchange exposure; viii) concentration of major customers; and, xii) low liquidity of the shares.

BAFAR’S MAIN ADVANTAGES

Valuable brands. BAFAR has developed in-house several of its most successful brands such as "Bafar", "Pery", "Dixie", "McCoy", "All American", "Tres Castillos", "California Gold", "Griller's" and "Guisy". It has also acquired other brands such as "Burr", "Parma", "Sabori", "Ponderosa" and "Campestre" from other key players in the sector such as Nestlé Mexico. BAFAR owns more than 26 brands that are widely recognized in Mexico and other countries.

Related business acquisitions. BAFAR has carried out several acquisitions of related businesses such as Carnes BIF in 1998, Grupo Burr in 2000, Parma, Sabori and Campestre in 2002, 51% of Grupo Fernández and the "Freske-cito" brand in 2004, "La Estrella" hamburger brand in 2014, "Ponderosa" in 2016, "La Pastora" store chain in 2017, the "Meat Market" and "Value Market" store chains in 2018 and the AMP cheese converter in 2020.

Solid track record of value creation for shareholders. BAFAR's executive team has more than 20 years of combined experience in the retail and food industries. As a result of this, the company's revenues, EBITDA and net profits have grown at an average annual rate of 12%, 16% and 11%, respectively, in the 2012-2022 period.



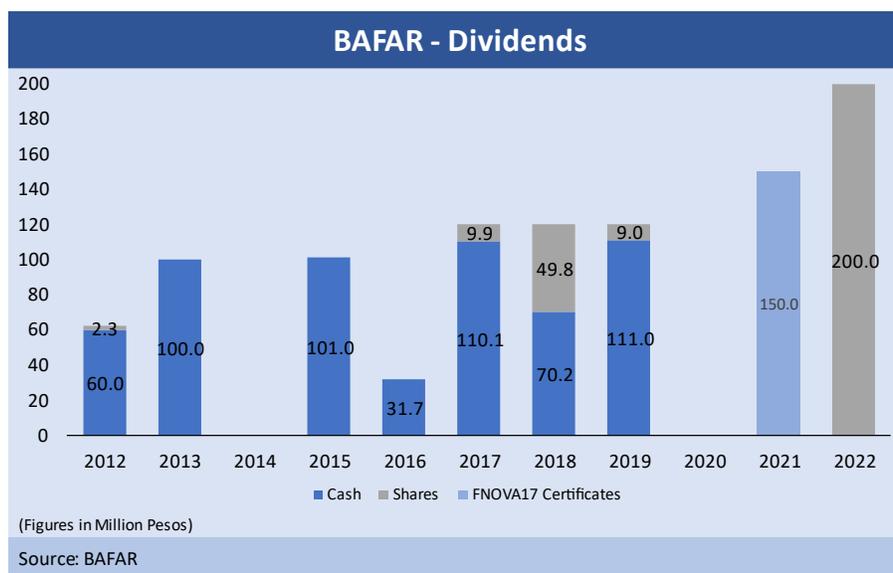
Wide distribution. BAFAR has four different formats of wholly-owned stores with a 95% coverage of Mexico. CarneMart generates a significant percentage of BAFAR sales. The company also owns 25 distribution centers and a fleet of more than 1,000 refrigerated trucks. In addition, BAFAR distributes through the modern retail channel (supermarkets, convenience stores, hypermarkets, price clubs, among others), the traditional retail channel (grocery stores, miscellaneous stores, discount stores and regional stores) and the channel focused on third-party food businesses (restaurants, formal and informal, among others).

Vertical integration. BAFAR is vertically integrated from the acquisition of raw materials to domestic and foreign producers, certified processing and packaging facilities, to the distribution of products in an extensive network of storage centers and a robust fleet of refrigerated vehicles.

Attractive real estate portfolio. BAFAR owns a 74.70% equity stake in FNOVA, which had a portfolio of 109 properties with a gross profitable area (GLA) of 521,336 M2 at the end of 1Q22. This portfolio is strategically

located in the country’s northern and central states, which offer high growth potential. Its main clients include BAFAR, UVM, RR Donnelly, Beckers, ERAE, Hakkai, Visteon, Truper, CEMEX, and UNITEC, among others. FNOVA contracts have an average duration of 7.8 years. Its revenues are 64% denominated in US dollars, which can represent a benefit when the Mexican peso weakens. In addition, FNOVA is a high-margin business and distributes attractive dividends.

Dividends. BAFAR has paid dividends in almost every year for the past 10 years. In 2021, it distributed MXN\$150 million. At its Annual Meeting last April, the company’s shareholders approved a MXN\$200 million payment in shares from its share buy-back reserve, with a 1.12% return. In addition, its shareholders approved the creation of a new MXN\$600 million share buy-back reserve.



Favorable comparison against Mexican food companies. In Mexico there are several publicly-listed food companies, including BAFAR, Grupo Bimbo, Gruma, Grupo Lala, Grupo Herdez, and Bachoco. Sigma is a private company, but provides detailed financial and operational information because it is an Alfa subsidiary. In the following table, we can see that BAFAR’s main indicators, such as growth and ROE, compare favorably to those of the other Mexican food companies.

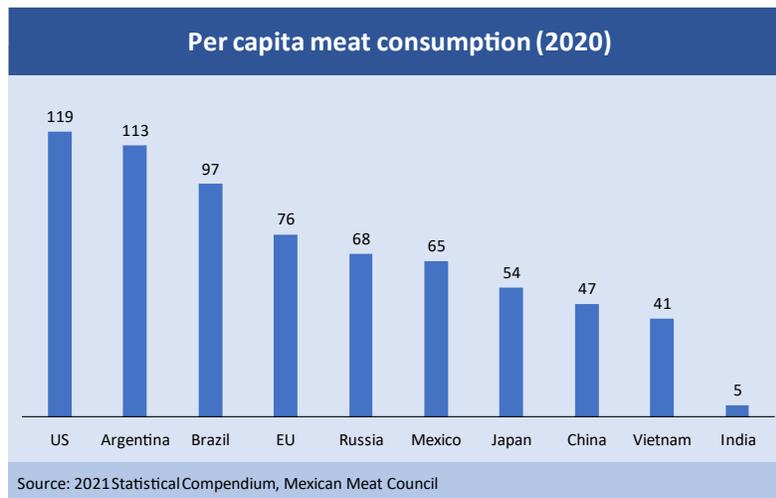
Millions of MXN\$	Bafar	Bimbo	Gruma	Lala	Bachoco	Sigma	Herdez
Sales 1Q22	5,807	93,321	25,906	21,936	24,367	35,079	7,108
% Change	31%	18%	17%	9%	26%	6%	22%
EBITDA	797	11,897	3,381	1,962	3,517	3,301	282
% Change	12%	12%	-2%	-7%	21%	-11%	-55%
EBITDA Margin	13.7%	12.7%	13.1%	8.9%	14.4%	9.4%	4.0%
Net Profit	600	4,467	1,255	199	2,128	923	176
% Change	81%	10%	-5%	-62%	3%	-5%	-62%
ROE	21%	17%	21%	6%	10%	2%	9%
Leverage	3.1X	0.4X	1.8X	2.7X	-2.3X	2.5X	4.0X
Interest Coverage	6.33	5.75	9.78	3.44	28.33	6.42	2.37

Source: Companies

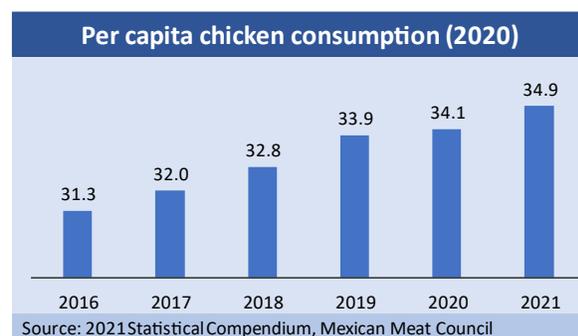
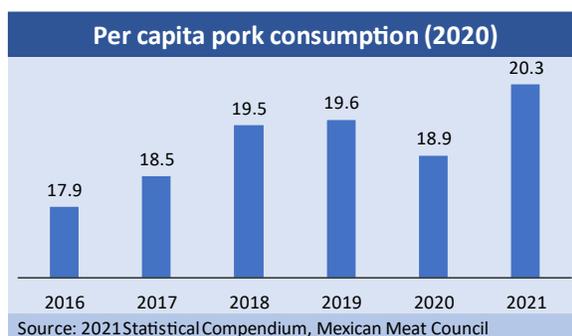
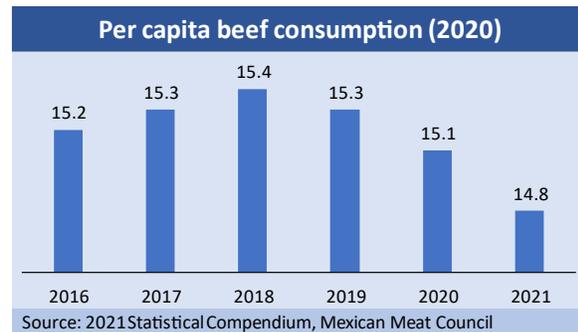
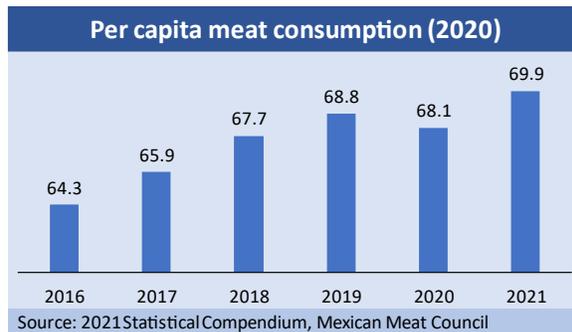
THE MEXICAN MEAT AND COLD CUTS MARKET

Mexico is one of the main consumers of meat, beef, pork and chicken, according to the "2021 Statistical Compendium" of the Mexican Meat Council. Per capita meat consumption was 65 kilograms per year in 2020, which positioned the country in 6th place, behind the US, Argentina, Brazil, the European Union and Russia. Per capita consumption of beef was 15 kilograms (5th place), pork 16 kilograms (8th place) and chicken 35 kilograms (4th place).

Mexico’s total meat production (beef, pork and chicken) increased from 6.2 million tons in 2015 to 7.4 million tons in 2020, which represented a 3.5% annual average rate during that period. Meanwhile, consumption rose from 8.0 million tons to 9.1 million tons, with a 2.5% compound annual growth. This was mainly due to a combination of population growth and higher per capita consumption. We believe that meat consumption will continue to rise over the next few years at an average annual rate of between 2.0-2.5% for the same reasons.

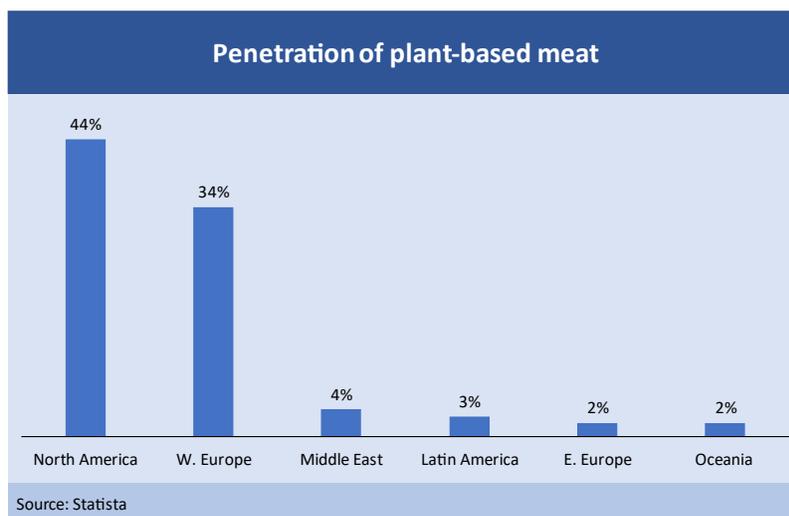
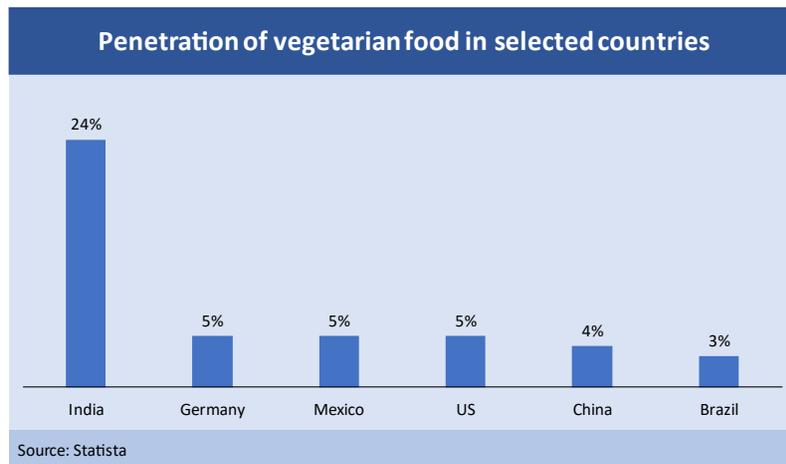


Mexico’s per capita meat consumption rose from 64.3 kilograms in 2016 to 69.9 kilograms in 2021. This resulted from an increase in per capita pork consumption from 17.9 to 20.3 kilograms and in chicken from 31.3 to 34.9 kilograms. Meanwhile, per capita beef consumption remained virtually unchanged at around 15 kilograms per year. We expect meat consumption to reach 80 kilograms over the next 10 years, which is a conservative level if we take into account that Argentina's current consumption is 113 kilograms per year and Brazil's is 97 kilograms per year.



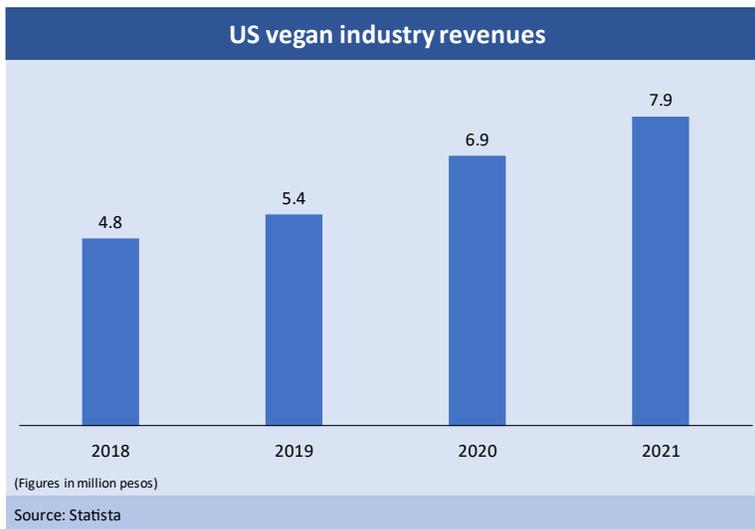
Mexico’s cold cuts production rose from 981,918 tons in 2015 to 999,144 tons in 2020, which translated into an average annual rate of 0.3%, according to the "2021 Statistical Compendium" of the Mexican Meat Council. Meanwhile, consumption increased from 991,534 tons in 2015 to 1,004,623 tons in 2020, with a 0.3% average annual rate. Over the next few years, we believe that both Mexico's production and consumption will increase at an average annual rate of 1.5%, in line with the population growth that we anticipate.

Change in consumer food trends, risk or not? One of the most important food trends of the last few years in several countries has been the shift towards vegetarian and vegan eating. The vegetarian diet seeks to eliminate the consumption of red or white meat, while the vegan diet completely avoids the consumption of any product deriving from animals. These two diets have become an important trend for 3 main reasons: health improvement, promoting a sustainable lifestyle that curbs climate change and raising awareness of animal abuse. In Mexico, vegetarian food had a penetration of 5% of total food in 2021, according to Statista, a similar level than in developed countries such as Germany and the US. India’s high penetration is mainly due to religious factors, so we do not believe that it will reach such level in Mexico.



Vegan US consumer represent around 3-5% of total population, according to different sources such as Statista and The Vegetarian Resource Group. Penetration in other countries is 3% in the UK, 3% in Germany, 1% in China, 1% in Brazil and 1% in Mexico, according to Statista's Global Consumer Survey.

The growth trend is clearly positive. In the United States, sales of the plant-based food industry went from US\$4.8 billion in 2018 to US\$7.9 billion in 2021, according to Statista. In our opinion, this trend will take a long time to consolidate in Mexico due to the population's low purchasing power and the entrenchment of existing food customs.



Worth mentioning that, according to a study carried out by El Sol de México, the cities with the highest options for vegetarian and vegan foods are Puerto Vallarta, Oaxaca, Playa del Carmen and La Paz, due to a high demand from foreign tourists. In the rest of Mexico, although there is a wide availability of such food, prices are high, so they are not accessible to the majority of the population.

THE MEXICAN FIBRA INDUSTRY

Traditional Fibras (immediate dividends)

In Mexico, there are two types of real estate investment trust or “Fibras”, traditional and non-traditional. Traditional Fibras normally acquire fully finished and stabilized properties (shopping centers, office buildings, industrial buildings hotels or schools, among others) in order to distribute dividends immediately to their CBFi holders. Most of the existing Fibras in the country (such as FNOVA, Funo, Fibra Prologis, Terrafina, Fibra MacQuarie, Fibra Danhos, FMTY, Fibra Inn, Fibra Storage) follow such business model.

The main advantage of these Fibras is that they distribute dividends immediately from the acquired properties. The long-term growth potential of their revenues depends on acquisitions and rising rents, which are usually linked to the inflation or exchange rate depreciation. Some of the traditional Fibras also develop properties internally (FNOVA, Funo, Fibra Storage) which can accelerate their growth potential.

Non-traditional Fibras (Capital gains + dividends in the medium-term)

The second group includes those Fibras that build properties from scratch, rent them out and, after a reasonable period, distribute dividends to their holders. They can also sell these properties at a significant profit. Fibra Upsite and Fibra Plus are part of this group. Their main advantage is that they generate a surplus value that can be very interesting (+25-30% vs. the investment in land + construction) that they share with their holders. They do not distribute dividends immediately, until the property is finished and stabilized, which can take between 1.0-1.5 years.

Corporate Governance / Management internalization

There are two very important factors in the operation of all Fibras, their corporate governance and management. Corporate governance includes the structure of the Technical Committee (mainly the number of independent members), as well as the different committees. Several Fibras, such as FNOVA, have an internal administration that reduces expenses. Commissions should be as low as possible, so that the Fibras distribute the largest amount of dividends to their holders.

In the following table we can see the main operational characteristics of the different Fibras:

	Fibra Nova	Fibra Inn	Terrafina	Fibra Prologis	Fibra Hotel	Fibra UNO
Administration / Advisory	Internal	Internal	Internal	External	Internal	External
Technical Committee Members	7	9	8	8	10	12
Independent Members	57%	56%	75%	63%	40%	33%
% Women in the Technical Committee	0%	11%	14%	25%	10%	
Property Administration Commission	Net expenses	NO	0.5% of real estate gross value	0.75% of appraisal value 3% of revenues	1.0% of book value net of debt	0.5% of non-depreciated book value of assets minus debt + IVA
Acquisition Commission	NO	NO	NO	NO	NO	NO
Leasing Commission	NO	NO	NO	5% of leasing value	NO	1% of collected revenues + VAT
Construction / Development Commission	NO	NO	NO	4% of construction cost	NO	NO
Performance / Incentive Commission	NO	NO	10% of change in capitalization value	10% above a 9.0% return	NO	Based on the CBI's performance and other metrics

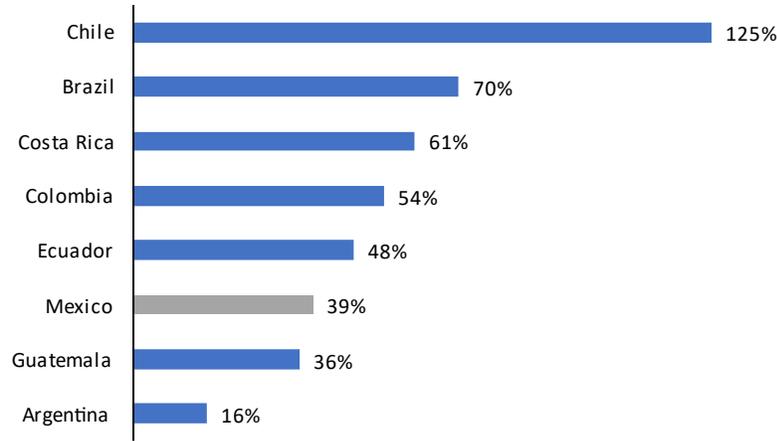
	Fibra Danhos	Fibra Macquarie	Fibra MTY	Fibra Plus	Fibra Shop	Fibra Upsite
Administration / Advisory	Internal / External	External	Internal	Internal	Internal	Internal
Technical Committee Members	11	7	9	12	10	7
Independent Members	27%	86%	78%	33%	40%	57%
% Women in the Technical Committee	18%	14%	33%	0%	20%	29%
Property Administration Commission	Administrator expenses + P\$84,419 per month	1% of market capitalization + 100% of expenses	Net expenses	Net expenses	Net expenses + 3.2% margin NOI * 4.5%	NO
Acquisition Commission	NO	NO	NO	NO	NO	NO
Leasing Commission	NO	NO	NO	Business manager: 4.5% of NOI	NO	NO
Construction / Development Commission	NO	NO	NO	8% of project value	NO	NO
Performance / Incentive Commission	NO	Based on return	0.75% of market capitalization	NO	NO	YES

Source: Fibras

THE MEXICAN FINANCIAL INDUSTRY

Mexico's penetration of financial services is low compared to that of other countries. Credit to the private sector accounted for only 3.9% of GDP in 2020 (the most up-to-date figure), well below other Latin American countries such as Chile (125%), Brazil (70%), Costa Rica (61%), Colombia (54%) and Ecuador (48%), according to World Bank data. We expect credit to the private sector to show an average annual growth of around 9%, above the nominal GDP growth of 7% that we project for the coming years.

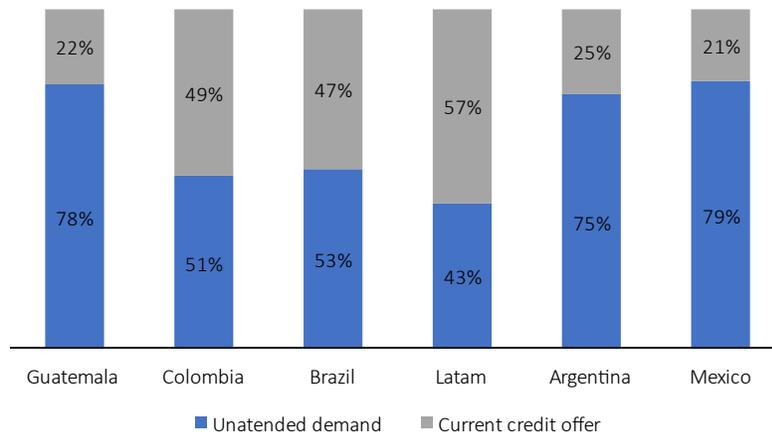
Domestic Credit as % of GDP (2020)



Source: World Bank

In Mexico, unmet demand represented 79% of total demand, while credit supply only represented 21% of total demand, according to figures from the 2017 SME Financial Forum. SMEs are neglected by a number of factors including lack of information from SMEs themselves, high operating costs of commercial banks, lack of collateral, as well as regulations and policies.

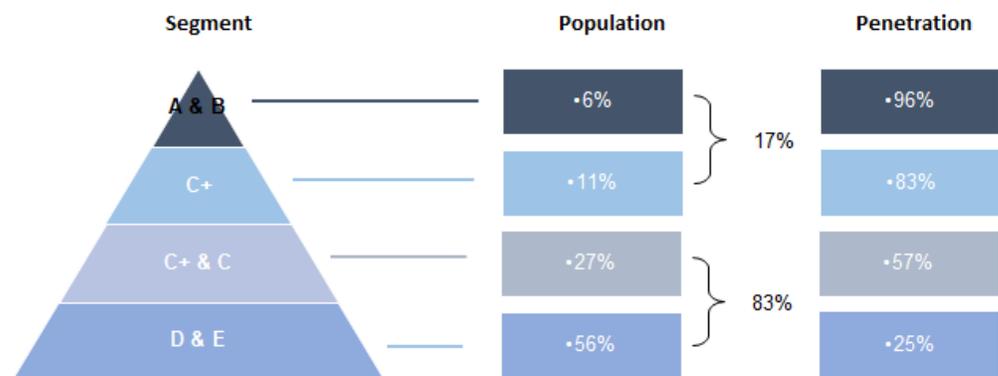
Latin America' Financial Gap



Source: SME Financial Forum 2017

Banking indicators by socio-economic level also confirm that there is a high growth potential in Mexico. The socioeconomic stratum with the highest banking penetration is the A&B with 96%, followed by the C+ with 83%, C and C- with 57% and D&E with 25%, according to 2018 data from the Mexican Association of Market Intelligence Agencies and Public Opinion (AMAI). It is important to mention that commercial banks typically focus on higher-income levels of the Mexican population due to their lower risk profile.

Banking Penetration by Socioeconomic Stratum in Mexico (2018)



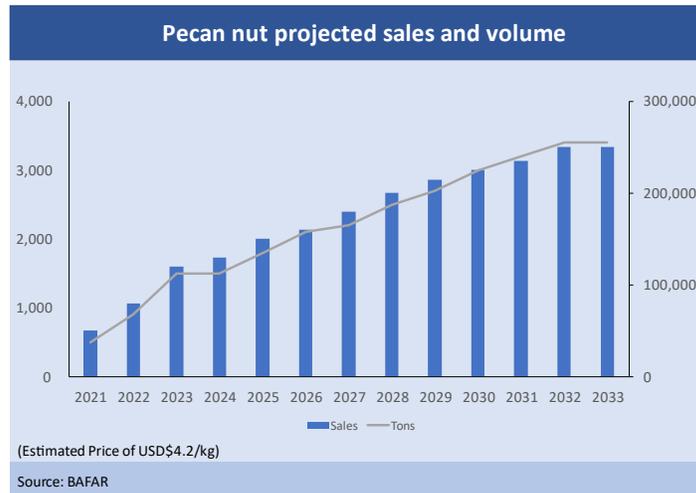
Source: INEGI, AMAI

In Mexico there are about 1,700 Multiple Purpose Financial Companies (Sofomes), better known as non-bank financial institutions (NBFIs), according to several sources. We believe that this sector is very fragmented, so we do not rule out a consolidation among the main players in the future.

BAFAR'S FAVORABLE OUTLOOK

We believe BAFAR's outlook is favorable as we expect its revenues, EBITDA and net profits to increase at an average annual rate of 17%, 19% and 18%, respectively, within the 2022-2027 period. By business, we expect the following:

- In the food business, we forecast that revenue will grow at an average annual rate of 16% mainly due to the aggressive expansion plan that includes the opening of 175 stores over the next few years, mainly of the “Carnemart” brand. We also estimate that the EBITDA margin will rise from 10% in 2022 to 11% in 2027.
- At FNOVA, we project that revenue will increase at an average annual rate of 16%. The Fibra registered a GLA of 521,336 M2 at the end of 1Q22 with a 100% occupancy and is in the process of building another 68,862 M2. As a result, we anticipate that the GLA will reach 461,554 M2 by the end of 2023 and that it will remain at those levels thereafter. We also expect average rents to rise slightly above inflation and occupancy to remain at around 100%. FNOVA recently announced lease extensions with Electrolux and BRP. On the other hand, we anticipate that the EBITDA margin will remain at around 92-93% over the next few years.
- In the agro-industrial business, we project an average annual rate of 15% in terms of revenue as pecan nut production will reach 3 thousand tons over the next 5 years (from 424 in 2021) with which BAFAR will become one of North America’s largest producers. We believe that the EBITDA margin will remain in negative territory in 2022 and will gradually improve to 35.9% in 2027.



- At Vextor, we expect revenues to grow at an average annual rate of 11%, above the 9% increase we expect in bank lending to the business sector. We project that the EBITDA margin will remain at around 18%.
- In the real estate business, we estimate that revenue will rise at an average annual rate of 16% taking into account the contracts the company has signed and the dividends we expect FNOVA to pay. The EBITDA margin will remain at around 100%.

Financial structure

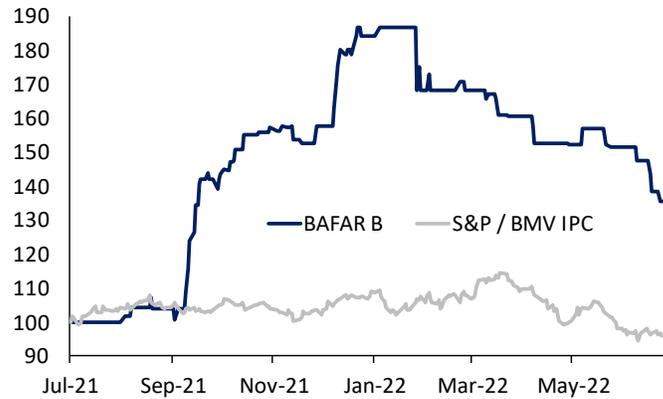
BAFAR's net debt to EBITDA ratio was 3.1x at the end of 1Q22. Leverage is likely to rise slightly over the next few years due to a higher debt level at FNOVA, with LTV that could reach 45%, from the current 39%, as well as a higher amount of funding at Vextor in order to boost these two businesses' future growth.

VALUATION

Performance vs. S&P/BMV IPC

BAFAR B shares have outperformed the S&P/BMV IPC over the past twelve months. We expect them to continue outperforming Mexico's main stock index in the future due to the company's favorable outlook and the low valuation of its shares.

BAFAR B vs. S&P/BMV IPC



Source: Bloomberg

International comps

BAFAR shares trade at a 2022E EV/EBITDA of 7.1x, and a projected P/E of 8.5x, below those of international food comps. We believe they should trade more in line with the sector’s average multiples because of the company’s strong fundamentals. In our opinion, BAFAR should be compared against food companies mainly since more than 50% of its revenue and EBITDA come from the food business.

Multiples of International Food Companies

Company	Price		EV/EBITDA				P/E		EBITDA Δ%		Net Debt		EBITDA Margin	Div. Yield
	14-Jul-22 (USD)	Mkt. Cap. (USD Mn)	L12m	2022E	2023E	L12M	2022E	2023E	2022E	2023E	EBITDA	ROE		
Grupo Bafar	\$ 2.30	713	8.2x	7.1x	6.0x	10.4x	8.5x	7.1x	28%	24%	3.1x	20.7	13.7	1.2
JBS	\$ 5.64	12,476	3.7x	3.4x	3.6x	3x	4.4x	5.9x	(11%)	(11%)	1.6x	56.6	12.1	13.1
Grupo Bimbo	\$ 3.37	14,874	8.3x	7.9x	7.5x	18.9x	18.6x	18.5x	1%	4%	2.2x	17.1	14.1	0.9
Nutresa	\$ 9.45	4,330	13.3x	13.1x	12.4x	23.9x	25.7x	22.0x	1%	5%	2.3x	8.7	11.7	2.2
Gruma	\$ 11.46	4,249	7.6x	7.2x	6.8x	14.0x	14.3x	13.2x	4%	4%	1.9x	20.8	15.1	2.3
BRF	\$ 3.00	3,233	6.1x	8.2x	5.6x	41.5x	(10.7x)	21.0x	(30%)	49%	3.4x	(11.4)	9.3	n.a.
Marfrig Global Foods	\$ 2.34	1,610	2.4x	2.6x	3.3x	2.0x	2.8x	4.0x	(35%)	(24%)	1.4x	146.8	16.9	13.7
Industrias Bachoco	\$ 3.36	2,009	3.0x	3.1x	2.9x	8.0x	9.3x	8.4x	(4%)	5%	(2.1x)	10.7	9.6	2.3
M Dias Branco	\$ 5.69	1,924	16.7x	14.7x	10.4x	20.5x	23.2x	17.1x	8%	38%	1.5x	8.1	9.0	n.a.
Minerva	\$ 2.56	1,553	6.6x	5.3x	4.9x	14.0x	12.2x	9.0x	17%	6%	2.6x	60.5	9.0	2.5
Mondelez International	\$ 60.88	84,253	17.1x	17.2x	16.3x	19.6x	20.7x	19.5x	(0%)	6%	3.3x	15.2	19.0	2.3
Kraft Heinz	\$ 38.76	47,440	14.6x	10.9x	10.4x	46.9x	14.4x	13.9x	31%	2%	4.3x	2.5	17.1	4.1
Hershey	\$ 217.87	44,795	20.7x	19.0x	18.2x	30.3x	26.9x	25.2x	8%	4%	1.9x	62.5	27.7	1.7
General Mills Inc	\$ 74.70	44,608	13.4x	14.5x	13.8x	16.5x	18.5x	17.7x	(9%)	4%	2.8x	27.1	21.3	2.9
Danone	\$ 53.13	35,812	13.2x	10.6x	9.8x	15.7x	17.2x	15.9x	20%	7%	3.5x	11.5	12.6	3.7
Tyson Foods	\$ 81.54	29,481	6.3x	6.2x	6.7x	9.7x	8.9x	10.4x	1%	(10%)	1.1x	23.2	13.2	2.3
Hormel Foods	\$ 48.09	26,260	20.9x	17.9x	16.5x	28.9x	25.3x	23.1x	16%	7%	1.6x	13.7	11.8	2.2
Conagra Brands	\$ 33.15	15,908	14.5x	10.9x	10.3x	17.9x	12.9x	12.4x	29%	4%	5.0x	12.2	14.9	3.8
Average		375,528	10.8x	10.3x	10.1x	16.3x	15.6x	15.6x	2%	0%	2.9x	21.0	17.2	2.9

Source: Consensus, Miranda Global Research, n.a. = not available

Note: All figures are in US\$

Discounted Cash Flow Model

We established a MXN\$71.0/share target price through a DCF model that includes the following variables: i) and 8.7% WACC; and, ii) a 6.0% growth rate in perpetuity in nominal terms. We used a Beta of 1.09 against the S&P/BMV IPC which we calculated from the average Beta of the international food sector (deleveraged and re-leveraged with BAFAR's financial structure). This Beta is more conservative than the company's original 0.33 Beta and reflects our expectation that BAFAR shares will outperform the S&P/BMV IPC in the future.

Discounted Cash Flow Model

Figures in MXN\$ Mn)	2023E	2024E	2025E	2026E	2027E	Perp.
OPERATING PROFIT	3,926	4,582	5,377	6,265	7,286	7,721
Tax Rate	17%	20%	23%	26%	30%	30%
Tax Shield	-667	-916	-1,237	-1,629	-2,186	-2,316
NOPLAT	3,259	3,665	4,140	4,636	5,100	5,405
Depreciation	597	627	658	691	726	769
Working Capital Changes	-483	-531	-609	-692	790	837
CAPEX	-2,464	-2,710	-3,067	-3,727	-4,531	-5,762
FCFF	908	1,051	1,123	908	2,085	1,249
Perpetuity Growth Rate						6.0%
PV of Explicit Period (2023 - 2027E)						4,630
Perpetuity Value						46,553
PV of Perpetuity Value						28,287
Enterprise Value						32,916
Net Debt						11,182
Market Value						21,735
Outstanding Shares						306
Target Price						P\$ 71.00
Current Market Price						P\$ 48.00
Potential Return Incl. Dividends						48.2%
Forward EV/EBITDA						7.5x
Forward P/E						10.4x
Average Cost of Debt						4.2%
LT Tax Rate						30.0%
After-Tax Cost of Debt						2.9%
Cost of Equity						15.0%
Market Risk Premium						6.0%
Risk-Free Rate						8.5%
Beta						1.09
% Total Debt						52.7%
% Capital						47.3%
WACC						8.7%

Source: Miranda Global Research

Sensitivity Analysis

We carried out a sensitivity analysis based on different levels of EV/EBITDA compared against different levels of EBITDA, and different levels of estimated P/E's against net profits. Our price target implies that BAFAR shares will trade at an estimated EV/EBITDA of 7.5x and a projected P/E of 10.4x.

Sensitivity Analysis Table, EV/EBITDA vs. EBITDA

	-10%	-5%	<i>Original</i>	+5%	+10%
Projected EBITDA	4,071	4,297	4,523	4,749	4,975
Target EV/EBITDA					
6.0x	39.93	44.38	48.83	53.29	57.74
6.5x	46.58	51.40	56.22	61.04	65.87
7.0x	53.23	58.42	63.61	68.80	73.99
7.5x	59.87	65.43	71.00	76.56	82.12
8.0x	66.52	72.45	78.38	84.31	90.24
8.5x	73.17	79.47	85.77	92.07	98.37

Source: Miranda Global Research

Sensitivity Analysis Table, P/E vs. Net Profit

	-10%	-5%	<i>Original</i>	+5%	+10%
Projected Net Profit	1,875	1,979	2,083	2,187	2,291
Target P/E					
7.4x	45.53	48.05	50.58	53.11	55.64
8.4x	51.65	54.52	57.39	60.26	63.13
9.4x	57.77	60.98	64.19	67.40	70.61
10.4x	63.90	67.45	71.00	74.55	78.09
11.4x	70.02	73.91	77.80	81.69	85.58
12.4x	76.14	80.37	84.60	88.83	93.06

Source: Miranda Global Research

Sum of the parts

BAFAR shares also trade at an attractive 42.1% discount against the sum of the parts. In our model, we used the following assumptions:

- We valued the food business and the agro-industrial business in line with the average of food companies internationally, according to our global valuation table;
- We used FNOVA's current market value and applied the same multiple to the other real estate companies;
- We valued Vextor at an EV/EBITDA of 8.5 times, at a discount against Mexican financial companies;
- We applied a 25% liquidity discount to the net asset value per share we obtained for Bafar.

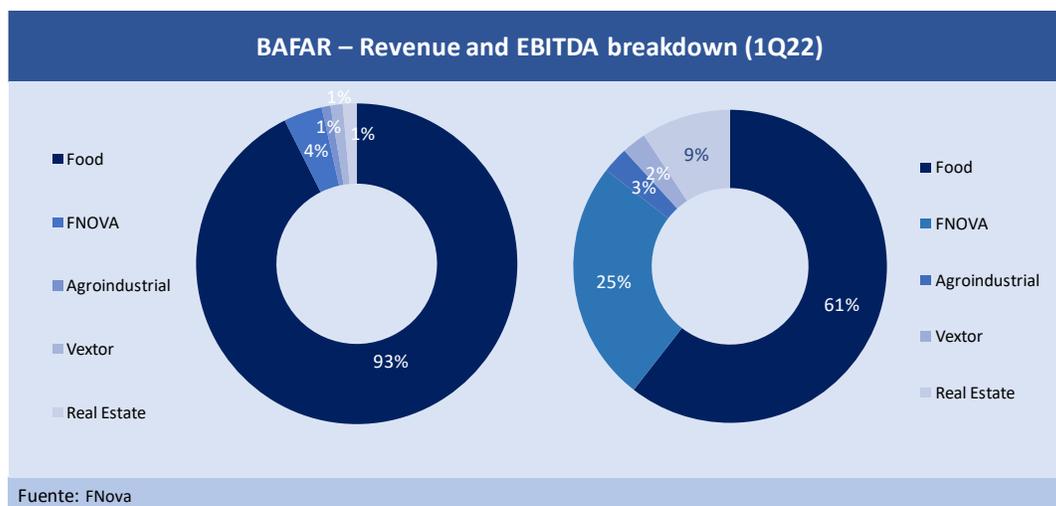
Sum-of-the-parts

MXN\$ Mn	2022E EBITDA	Target EV/EBITDA	Target EV	Net Debt	NAV	% Owned by Bafar	Adjusted NAV
Food	2,374	10.1	23,976	1,839	22,136	100.0%	22,135
FNOVA	957	15.6	14,903	4,736	10,167	74.7%	10,167
Agroindustrial	-32.039244	10.1	(324)	209	(533)	100.0%	(534)
Vextor	121	8.5	1,028	639	389	100.0%	388
Real Estate	345	15.6	5,371	1,122	4,249	100.0%	4,248
Sum			44,955	8,545	36,409		33,837
Shares							306
NAV / Share							\$ 110.5
Liquidity discount							25.0%
Adjusted NAV							\$ 82.9
Current Price							\$ 48.0
Discount vs. VNA							-42.1%

Source: Miranda Global Research

DESCRIPTION

BAFAR is a holding company involved in the food, financial, real estate and agro-industrial (pecan nut production) businesses. In 1Q22, BAFAR recorded revenues of MXN\$4,428 million, EBITDA of MXN\$711 million, net profits of MXN\$332 million and bank debt of MXN\$10,635 million.



The food business is one of the country's leading manufacturers and distributors of meat, dairy, red meat and other products. It is integrated in industrialization, distribution and marketing.

BAFAR food product are segmented into: animal protein such as meats, chickens and pigs packaged and sold in its own store lines; cold cuts and sausages of the “Parma”, “Sabori”, “Bafar”, “Burr”, “Ponderosa”, and “Dixie farm” brands, among others; prepared and frozen products for both premium markets and mass consumption markets with the “Guisy”, “Platillo Campestre”, “La Pastora” and “Casa Hernández” brands; and dairy products

of the "Montebello" brands and other brands. The company owns more than 26 brands that have wide recognition in Mexico and other countries. The main competitors are Sigma Alimentos, which owns the "Fud", "San Rafael" and "Chimex" brands, and Qualtia Alimentos, with the "Kir" and "Zwan" brands.

BAFAR has four production complexes located in the cities of Chihuahua, La Piedad, Michoacán, Toluca and Gómez Palacio. These plants produce cold cuts, sausages, breads and various meat products, as well as dairy and derivatives. All production facilities are ISO, TIF and USDA certified. Worth mentioning that the Chihuahua plant has an additional certification that allows exporting to Japan.

In 2021, BAFAR carried out a strategic alliance with Intergan Foods, one of the cattle breeding and fattening and meat marketing companies in the La Laguna area. Thanks to this agreement, BAFAR expanded its exports of meat products, mainly beef, to more than 14 countries.

BAFAR acquires more than 200 thousand tons per year of beef, pork, chicken, and turkey and all its milk needs from third parties. The main suppliers are Sanderson Farms, Tyson Fresh Meats, Su Karne, Grupo Industrial Cuadritos Biotek, JBS Swift & Company, Sure Goods Foods, Sea Board Foods, McCain Mexico, Schreiber de Mexico, Grupo Bimbo, Cargill Meat Solutions, Jennie O Turkey, and Interra.

BAFAR owns several of its own store formats including "CarneMart", "La Pastora", "Casa Hernández" and "Supermarket". "CarneMart", is the company's main format serving small businesses, formal and informal businesses. It also sells unique meat products of the brand and third-party products. "La Pastora", with 24 establishments, offers dairy products and sausages. "Casa Hernández", with 12 stores, offers meat and dairy products focused on small businesses and restaurants. The three "BIF" stores sell meat for the premium segment; some of them are located in airports. "Supermarket" offers quality Mexican-style meats in its 7 stores located in the state of Texas. The company also distributes through the traditional channel that includes supermarket stores, convenience stores, hypermarkets, clubs, groceries, mom & pop stores, etc. The main competitors are "MaxiCarne", "SuKarne" from Grupo Viz and "RYC" stores, "Gran Bodega" for "La Pastora" stores, and "Súper González" for "Casa Hernández".

BAFAR has consolidated its presence in the US in states with the largest Hispanic population including California, Texas, Illinois, Georgia, New Mexico, Arizona and Colorado. The company has a regional office in Atlanta, and plans to continue its international expansion by opening different points of sale.

BAFAR – Distribution centers						
Location	Covered area	Distributed brands	Age	Size (sq. mts.)	Installed capacity	
Chihuahua	Chihuahua, Chihuahutémoc, Parral, Delices, Camargo, Jiménez, Ojinaga	All	40	1,600	145	
CD. Juárez	Juárez and Casas Grandes	All	20	1,500	127	
Laguna	Torreón and Durango	All	20	1,000	139	
Tijuana	Tijuana, Tecate, Rosarito, Ensenada	All	12	2,900	447	
Mexicali	Mexicali, San Luis and San Felipe	All	30	800	136	
Hermosillo	Agua Prieta, Cananea, Nogales, Caborca, Puerto Peñasco, Santa Ana, Sontoya	All	12	2,500	169	
Ensenada	Tijuana, Rosarito, Ensenada	All	12	800	135	
Obregón	Álamos	All	45	3,000	130	
Sinaloa	Culliacán and Baja Sur	All	7	2,000	95	
Monterrey	Monclova, Tampico, Victoria	All	25	1,300	280	
Reynosa	Laredo, Reynosa y Matamoros, Valle Hermosa	All	11	2,000	53	
Guadalajara	Colima, Nayarit, Jalisco and Michoacán	All	21	2,200	64	
León	Michoacán, Querétaro, Celaya, Irapuato, San Luis Potosí, Zacatecas y Guanajuato, Aguascalientes	All	12	1,000	170	
México	Cuernavaca, Toluca, Pachuca, Atlacomulco, Valle de Bravo and Taxco	All	17	5,000	388	
Puebla	Oaxaca, Tlaxcala, Puebla	All	11	1,500	78	
Acapulco	Guerrero, Tlapa de Comonfort, Lázaro, Cárdeas and Río Grande Oaxaca	All	12	1,100	42	
Veracruz	Poza Rica, Tuxpan, Coxinitla, Martínez de la Torre, Laredo de Tejada, Córdoba, Fortín, Orizaba, Caros Acarrillo, Tuxtepec, Isla, Tierra Blanca, Jalapa, Terote, Aztlán, Atlotorga.	All	10	2,500	73	
Sureste	Tabasco, Coatzacoalcos, Cd. Del Carmen, Campeche, Minatitlán and Chiapas	All	16	900	57	
Cancún	Playa del Carmen, Chetumal, Mérida, Isla Mujeres, Cancún, Tulum, Cozumel, Teimin, Valladolid	All	10	2,500	106	
Chiapas	Chiapas	All	16	900	57	
Texas	El Paso, Laredo	Bafar, third parties	5	11,600	4,500	

Source: BAFAR

FNOVA is a real estate investment trust (Fibra) which was listed on the Mexican Stock Exchange (BMV) in 2017. The Fibra's main purpose is to acquire, manage and develop a leasing portfolio. It has 109 properties and a GLA of more than 521 thousand square meters. The Fibra is managed internally by Administradora Fibra Norte S.C.

FNOVA - Breakdown of Properties

Properties	Tenant	Head Quarters	Industry	Location	Surface	Type of Building
Veritiv	Vertiv	United Estates	Paper and pulp	Juárez City, Mexico	15,157 m2	Manufacturing
Lear	Lear	United Estates	Automobile Industry	Juárez City, Mexico	22,584 m2	Manufacturing
BWI	Vehicles stability Technology	United Estates	Automobile Industry	Chihuahua, Mexico	5,746 2	Manufacturing
Bafar	Bafar / Grupo Bafar SAB	Mexico	Agroindustrial	Chihuahua, Mexico	16,535,500 m2	Agroindustrial
Laureate International	UNITEC / Laurete Internacional	Mexico	Education	Querétaro, Mexico	7,554 m2	BTS / Office
Laureate International	UNITEC / Laurete Internacional	Mexico	Education	Guadalajara, Mexico	13,342 m2	BTS / Office
Laureate International	UVM / Laurete Internacional	Mexico	Education	Chihuahua, Mexico	11,000 m2	BTS / Office
Truper	Truper	Mexico	Construction	Guadalajara, Mexico	7,500 m2	BTS / Warehouse
Bafar	Bafar / Grupo Bafar SAB	Mexico	Food	Others	18,700 m2	BTS / Warehouse
Truper	Truper	Mexico	Construction	Chihuahua, Mexico	4,300 m2	BTS / Warehouse
Electrolux	Electrolux	Sweden	Appliances	Juárez, Mexico	17,826 m2	Manufacturing
Lagget	Legget & Platt Inc.	United Estates	Domestic Appliances	Juárez, Mexico	23,876 m2	Manufacturing
Avant	Avant Manufactura	United Estates	Electrical	Reynosa, Mexico	11,799 m2	Manufacturing
ALT	ATL Technologies B.V	Netherlands	Automobile Industry	Chihuahua, Mexico	5,750 m2	Manufacturing
Shelf	Shelf Company	United Estates	Furniture	Juárez City, Mexico	12,211 m2	Manufacturing
BRP	BRP México	Canada	Recreational Vehicle	Juárez City, Mexico	8,013 m2	Manufacturing
Bafar	Bafar / Grupo Bafar SAB	Mexico	Food	La Piedad, Mexico	31,200 m2	BTS / Manufacturing & Warehouse
Weiss	Weiss - Aug / Weiss-Aug Co.	United Estates	Healthcare	Monterry, Mexico	2,640 m2	BTS / Manufacturing & Warehouse
Erae	Erae	Korea	Automobile Industry	Monterry, Mexico	4,700 m2	BTS/ Manufacturing & Office
Hakkai	Hakkai / Hakkai Inc.	Japan	Automobile Industry	Monterry, Mexico	5,000 m2	BTS/ Manufacturing & Office
Beckers	Beckers Industrial / Aktiebolager	Sweden	Chemistry	Monterry, Mexico	5,000 m2	BTS/ Manufacturing & Office
RR Donnelly	RR Donnelly / Banta Europe BV	Netherlands	Electrical	Juarez, Mexico	15,000 m2	BTS / Manufacturing & Warehouse
Visteon Services	Altec / Visteon Corporation	United Estates	Automobile Industry	Chihuahua, Mexico	3,200 m2	BTS / Manufacturing & Warehouse
Bafar	Bafar / Grupo Bafar SAB	Mexico	Food	Chihuahua, Mexico	37,000 m2	BTS / Manufacturing & Warehouse
Visteon	Altec / Visteon Corporation	United Estates	Automobile Industry	Chihuahua, Mexico	25,000 m2	BTS/ Manufacturing & Office
Visteon Qro	Visteon Corp	United Estates	Automobile Industry	Querétaro, Mexico	22,770 m2	Offices
Cemex	Cemex	Mexico	Office	Querétaro, Mexico	1,000 m2	BTS / Office
Bafar	Bafar / Grupo Bafar SAB	Mexico	Retail	Others	19,300 m2	BTS / Office
Bafar	Bafar / Grupo Bafar SAB	Mexico	Office	Chihuahua, Mexico	7,360 m2	BTS / Office

Source: FNova

Vextor Activo, is a non-bank bank (SOFOM E.N.R.), which started operations in 2010. It grants consumer loans, enterprise loans, financial factoring to suppliers, automotive credit and microcredits. At the end of 2021, the average terms were 37 months for the enterprise segment, 47 months in automotive, 14 months in payrolls, 37 months in external payrolls, 17 months in SME's, 1 month in factoring, 12 months in insurance and 8 months in microcredits. The average interest rate was TIIE plus 7 points (variable) or 21% fixed. In 1Q22, it launched a digitalization strategy to provide working capital and fixed asset loans to customers in the commercial division. BAFAR expects to start providing such loans by the end of the current year.

In the agro-industrial sector, BAFAR grows pecan nuts, which is one of the main products in the State of Chihuahua. The company contributed a piece of land with 1,653 hectares to FNOVA (that the Fibra uses to harvest pecan nuts) in exchange for CBFi's. The lease term was 15 years. In 2021, this division launched a nut sorting plant, which required a MXN\$60 million investment, and automated irrigation systems.

Corporate Governance / Administration

BAFAR's Board of Directors consists of 15 members, of which 9 are independent. In addition, the company has an Audit Committee and a Corporate Practices Committee, which in both cases include 3 independent directors. Bafar's top officials are as follows:

- Lic. Oscar Eugenio Baeza Fares. Chairman of the Board of Directors, CEO and founding partner of Grupo Bafar. He holds a bachelor's degree in business administration from the University of Las Cruces, New Mexico, and a graduate degree from Harvard Business School. He has been in charge of the company

since its inception in 1983 and participates in various committees such as the Mexican Meat Council, CANACINTRA Chihuahua Delegation, member of the National Association of TIF Packers and the National Agricultural Council. He is also a Director of "Food Group" and the Mexican Council of the Consumer Products Industry, called "Conmexico", as well as an advisor to the Business Coordinating Council. He participates on the boards of various organizations such as NAFIN, ITESM, Banamex, Telmex and BBVA Bancomer. He served as municipal president of the city of Chihuahua. He is recognized as one of Mexico's 100 most important businessmen and one of the most influential leaders in Mexico according to various publications.

- C.P. Luis Eduardo Ramírez Herrera, CFO. With 47 years of age, he holds a Bachelor's degree in Public Accountancy and Financial Administration from the Instituto Tecnológico y de Estudios Superiores de Monterrey (ITESM), with a master's degree in Administration from Thunderbird University. He was recognized as one of Mexico's best CFOs by various publications such as Expansión, Forbes and Mundo Ejecutivo.
- C.P. Guillermo Medrano Artalejo, real estate Director. Public Accountant with a Master's Degree in Business Administration from the Instituto Tecnológico y de Estudios Superiores de Monterrey (ITESM) and studies in Senior Management from IPADE. With more than 16 years of experience in the real estate sector and more than 10 years of experience in the industrial sector, he was CEO of Intermex Parques Industriales, and held important positions in Grupo Chihuahua. He was director of the real estate division of Grupo Bafar managing to position this business unit as one of the fastest growing and contributing to the group's results. He also positioned the Bafar brand within the real estate segment in the north of the country and in just 4 years formed a portfolio that served as the basis for FNOVA.
- Mr. José María Muzquiz Barrera, Director of Vextor. He is 60 years old and holds a degree in Agricultural Engineering from the Universidad Autónoma de Chihuahua with a Master's Degree in Economics and Finance from Universidad La Salle, studies and diplomas from IESE in Spain and the Instituto Tecnológico y de Estudios Superiores de Monterrey (ITESM). He has more than 30 years of experience in the financial sector, holding various management positions in BBVA Bancomer's Credit and Commercial areas.
- Lic. Jorge Baeza, Director of Bafar Alimentos. He is a graduate of the University of Las Cruces, New Mexico, and holds a graduate degree from Harvard Business School. He is a member of the Board of Directors and Managing Director of BAFAR's food division. He has more than 20 years of experience in the agricultural and commercial sectors.
- C.P. Guillermo Baeza. Director of M&A. He is a Public Accountant from the Instituto Tecnológico y de Estudios Superiores de Monterrey (ITESM). He has a postgraduate degree from Harvard Business School. He is Vice Chairman of the Board of Directors and Director of Mergers, Acquisitions and Alliances at BAFAR. For more than 30 years, he has held various management positions in BAFAR being a pioneer in the development of products, markets and brands of cold meats and cheeses in the Mexican market. He has been a leader and key player in the acquisition of several companies such as Grupo Burr in the Pacific, the "Parma", "Sabori" and "Campestre" brands from Nestlé, "Ponderosa" cold cuts in the northeast and "Zagora" stores in Puebla.

1Q22 Results

BAFAR reported net sales of MXN\$5.8 billion, up 31.1% YoY. In the food division, which accounted for 96% of total revenue, the company recorded an increase of 30.3% (Mexico +27.2% and the US +83.3%) mainly due to an 18.5% increase in volume (Mexico +16.5% and the US +68.9%) in combination with higher average prices, primarily in export products. This business opened 10 stores during the quarter, and is expected to open one more in the state of Oaxaca during the following quarter, which will increase coverage to 32 states. FNOVA's revenues rose 63.2% supported by the leases of industrial buildings by BWI, Electrolux, Tecma, Black & Decker and Lear, and the engineering centers by Visteon, as well as the incorporation of the agro-industrial portfolio. Sales in the agroindustrial sector grew 218.1%, those of Vextor 4.3% and those of real estate 16.3%.

The cost of sales advanced 43.7% due to higher commodity prices. As a result, gross profit was 5.4% higher and gross margin contracted to 26.4%, from 32.8%. This was partially offset by a reduction in the expense to sales ratio to 15.1% of total revenue, from 19.5% in 1Q21.

Consolidated EBITDA rose 12.2% YoY to MXN\$797 million. This growth came mainly from the food business (+8.8%), FNOVA (+72.0%), agroindustrial (+1,012.2%) and real estate (+11.8%). However, Vextor's EBITDA decreased 33.4% AsA. Consolidated EBITDA margin fell to 13.7%, from 16.0%.

Net profits were up 80.6% YoY to MXN\$600 million on FX gains that more than offset the higher minority interest. Net profits represented 10.3% of revenue versus 7.5% in 1Q21.

Financial structure

BAFAR's net debt rose 26.2% YoY to MXN\$9.3 billion, as a result of higher indebtedness at FNOVA (LTV of 39% vs. 30%), offset by a 22.2% reduction in the food business. BAFAR's net debt to EBITDA ratio stood at 3.1x in 1Q22, from 3.0x a year earlier. 51% of total debt was denominated in US dollars.

Short-term debt accounted for 28% of total debt at the end of 1Q22. After the close of the quarter, BAFAR carried out a US\$150 million private placement with a fixed 3.58% interest rate and an average term of 5 years. We expect the company to carry out additional long-term debt placements in the future, with which it will continue to extend its maturity profile.

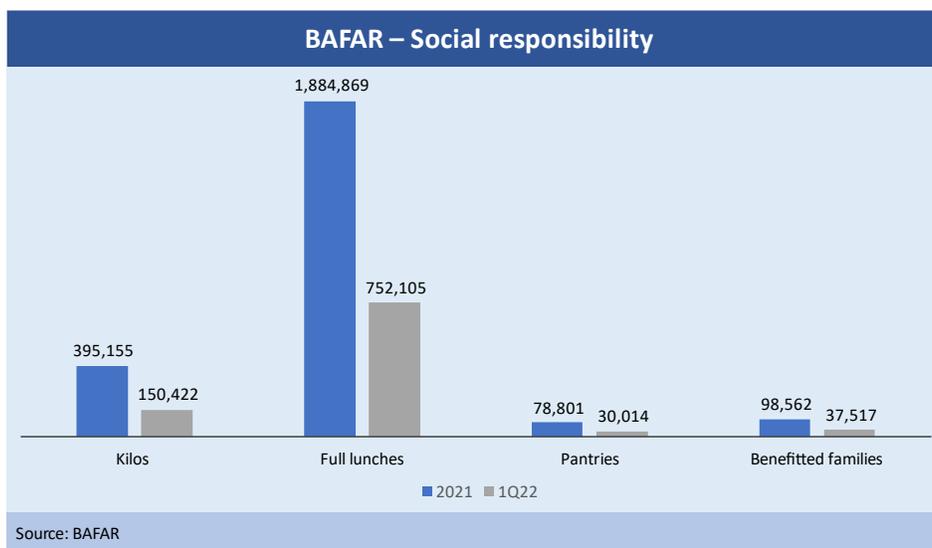
Share data

BAFAR has been listed on the Mexican Stock Exchange (BMV) since 1996 when it placed 10,514,863 series B shares that represented 20% of its capital. The company currently has 306,140,881 outstanding shares and has also repurchased 9,305,015 own shares. We consider BAFAR shares to have a low liquidity with an average daily traded value of MXN\$0.7 million over the past six months.

ESG

Fundación Grupo Bafar supports the Mexican society through the Socio-Sports Schools program in partnership with the Real Madrid Foundation, and the food bank. During 2021, the company contributed 78,801 pantries and 1,884,869 full meals, benefiting 98,562 families. The Foundation also works on ANSPAC programs to support women in vulnerable situations and to provide lenses in conjunction with the Devlyn Foundation.

During 2021, BAFAR initiated a project, with the help of a third party, for the development of the ESG strategy. The company will publish its first Annual Sustainability Report this year, which will include the main consumption and impact indicators in terms of energy, emissions, water and waste. This will represent the initial phase of an action plan that will allow the company to properly and consistently manage its environmental performance in each of its business units.



MAIN RISKS

Macroeconomic volatility. A macroeconomic downturn could affect BAFAR's operating performance and/or that of its major customers.

Changes in consumer preferences. In other countries, vegetarian and vegan food has registered a significant growth. In Mexico, this market is limited since it reaches only 2% of the population, mainly of high purchasing power, but it will likely continue to expand in the future. We believe that the penetration of such type of food will be lower in Mexico than in other countries due to the population’s low purchasing power and the entrenchment of eating habits.

Supply chain problems. A disruption, damage or sudden change in the supply chain would entail a high risk to BAFAR's operations. However, the company can acquire its main inputs from several countries.

Strong competition. BAFAR faces high competition from other food producers, which in some cases are larger.

Changes in health regulations. BAFAR is subject to strict health regulations. The availability of animal protein could be affected by outbreaks of epidemics and diseases.

Changes in the BAFAR/FNOVA’s management team. We believe that a change in key executives, primarily the CEO and/or the CFO, could have a negative effect on the price of BAFAR/FNOVA shares and certificates due to their extensive knowledge of the food, retail and real estate sectors, as well as their strong track record of creating value for shareholders.

Increase in raw material prices. Higher commodities prices have boosted food prices.

Exchange rate exposure. More than 50% of raw materials are denominated in US dollars. Around 51% the debt is also denominated in dollars. However, 15% of revenues are also in US dollars and the company buys dollars to cover its inventory needs for the next 6 weeks giving it a natural coverage.

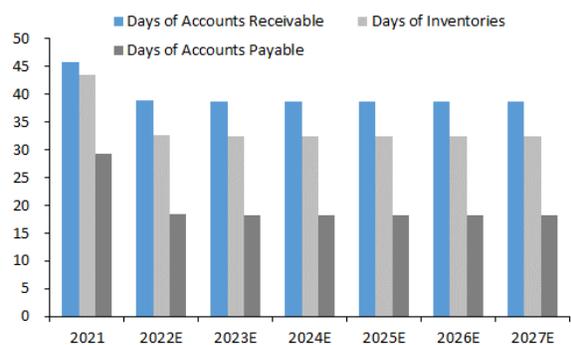
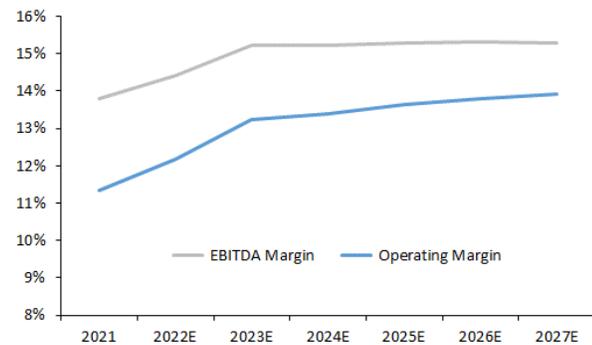
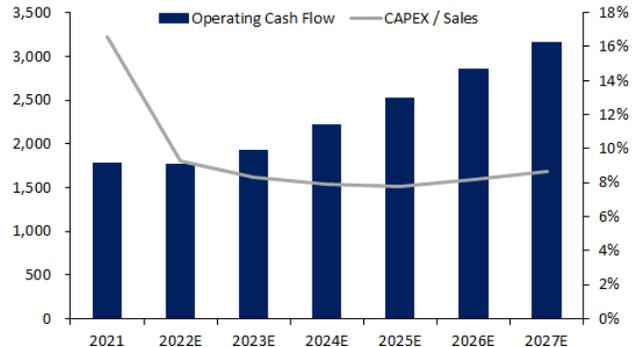
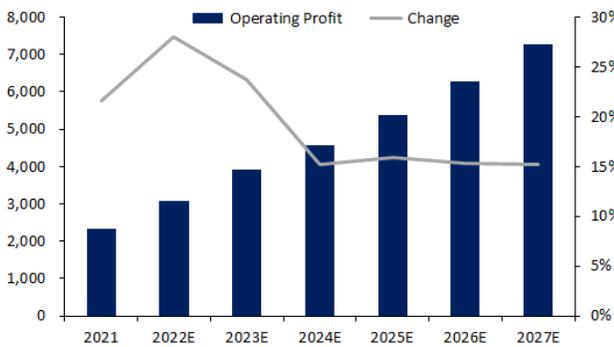
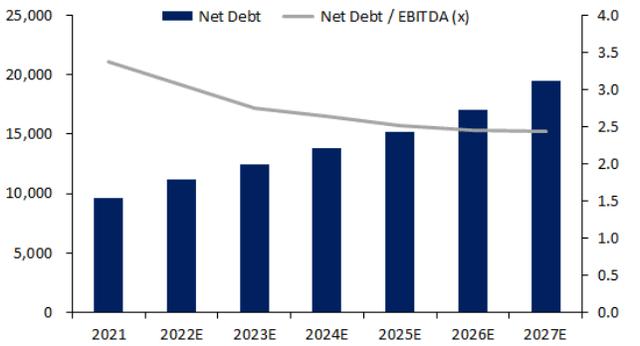
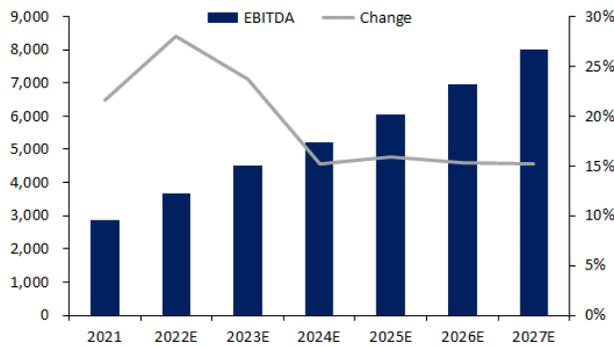
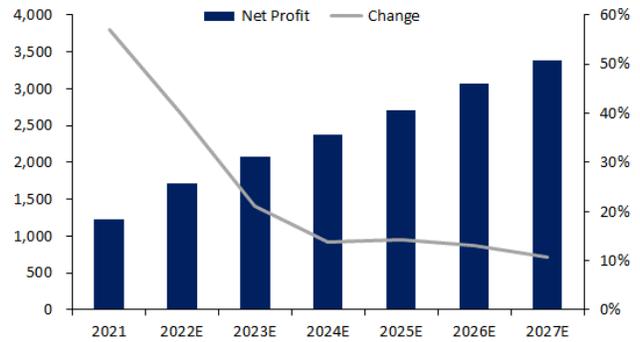
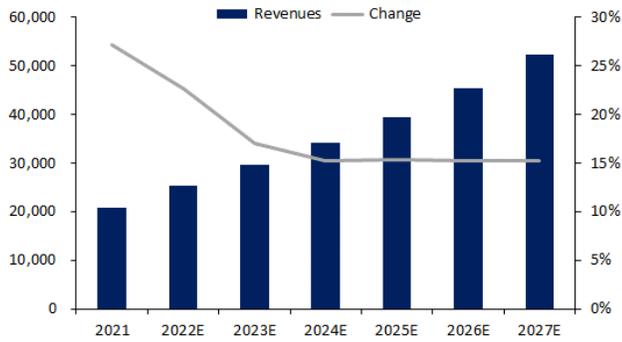
Concentration of main customers. BAFAR's top ten clients account for a significant percentage of its revenue, with Walmex being the largest. Some self-service chains have consolidated in previous years, so they have increased their purchasing power. No customer accounts for more than 5% of the company's sales.

High short-term debt. Short-term debt accounted for 28% of total debt in 1Q22. Nevertheless, the company carried out a US\$150 million private placement after the end of the quarter, which will extend its maturity profile.

Tax differences. The tax authorities determined that there are differences in the income tax and VAT for 2020 and 2021. These differences are 100% provisioned so no additional impact on results is expected.

Low liquidity of shares. We consider that the liquidity of BAFAR shares is low with an average daily traded value of MXN\$0.7 million.

(Figures in Millions of MXN\$)



Source: BMV

FINANCIAL PROJECTIONS

(Figures in Millions of MXN\$)

INCOME STATEMENT	2021	2022E	2023E	2024E	2025E	2026E	2027E
Revenues	20,697	25,365	29,685	34,199	39,440	45,450	52,372
Cost of Sales	-15,108	-19,045	-22,255	-25,605	-29,490	-33,938	-39,055
Gross Profit	5,589	6,320	7,430	8,594	9,950	11,512	13,317
<i>Gross Margin</i>	<i>27.0%</i>	<i>24.9%</i>	<i>25.0%</i>	<i>25.1%</i>	<i>25.2%</i>	<i>25.3%</i>	<i>25.4%</i>
General Expenses	-3,588	-3,363	-3,504	-4,012	-4,574	-5,247	-6,031
Operating Profit	2,346	3,087	3,926	4,582	5,377	6,265	7,286
<i>Operating Margin</i>	<i>11.3%</i>	<i>12.2%</i>	<i>13.2%</i>	<i>13.4%</i>	<i>13.6%</i>	<i>13.8%</i>	<i>13.9%</i>
Depreciation and Amortization	-509	-569	-597	-627	-658	-691	-726
EBITDA	2,855	3,655	4,523	5,209	6,035	6,956	8,012
<i>EBITDA Margin</i>	<i>13.8%</i>	<i>14.4%</i>	<i>15.2%</i>	<i>15.2%</i>	<i>15.3%</i>	<i>15.3%</i>	<i>15.3%</i>
Financial Gains	35	133	15	17	20	23	27
Financial Cost	-722	-615	-705	-781	-859	-953	-1,073
Pre-Tax Profit	1,659	2,605	3,236	3,818	4,538	5,336	6,240
Income Tax & Profit Sharing	-201	-387	-550	-764	-1,044	-1,387	-1,872
<i>Tax & Profit Sharing Rate</i>	<i>12.1%</i>	<i>14.9%</i>	<i>17.0%</i>	<i>20.0%</i>	<i>23.0%</i>	<i>26.0%</i>	<i>30.0%</i>
Net Profit	1,231	1,720	2,083	2,369	2,710	3,062	3,388
Outstanding Shares	306	306	306	306	306	306	306
EPS	P\$ 3.96	P\$ 5.62	P\$ 6.80	P\$ 7.74	P\$ 8.85	P\$ 10.00	P\$ 11.07
BALANCE SHEET	2021	2022E	2023E	2024E	2025E	2026E	2027E
TOTAL ASSETS	23,781	26,341	29,871	33,747	38,144	43,378	49,622
Current Assets	5,960	6,293	7,166	8,129	9,239	10,506	11,958
LT Assets	17,821	20,048	22,705	25,619	28,905	32,871	37,664
TOTAL LIABILITIES	14,243	15,262	16,931	18,670	20,601	23,027	26,152
ST Liabilities	4,609	4,615	4,284	4,023	3,954	4,381	4,505
LT Liabilities	9,635	10,647	12,647	14,647	16,647	18,647	21,647
Total Debt	10,646	12,684	14,202	15,774	17,511	19,715	22,584
Net Debt	9,639	11,182	12,461	13,768	15,197	17,049	19,511
TOTAL CAPITAL	9,538	11,182	13,055	15,203	17,682	20,500	23,633
Stockholder's Equity	7,672	9,008	10,517	12,247	14,244	16,515	19,038
CASH FLOW STATEMENT	2021	2022E	2023E	2024E	2025E	2026E	2027E
PRE-TAX PROFIT	1,458	2,550	3,236	3,818	4,538	5,336	6,240
Inv. Related Activities	1,062	392	506	634	780	944	1,129
Pre-Tax Cash Flow	2,520	1,766	2,409	2,748	3,136	3,549	3,954
Working Capital Changes	-738	5	-483	-531	-609	-692	-790
Operating Cash Flow	1,783	1,771	1,926	2,217	2,527	2,857	3,164
Investment Cash Flow	-3,491	-2,300	-2,419	-2,663	-3,016	-3,674	-4,474
Financing Cash Flow	1,900	1,019	728	707	793	1,166	1,713
Net Incr. (Decr.) in Cash & Temp. Inv.	197	491	235	261	304	349	403
Beg. of Period Cash and Temp. Inv.	811	1,008	1,502	1,741	2,006	2,313	2,666
End of Period Cash and Temp. Inv.	1,008	1,502	1,741	2,006	2,313	2,666	3,073

Source: Miranda Global Research

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