

TRAXIÓN (BUY, T.P. MXN\$45.00)

Acquires V-MODAL, an intermodal marketing company for rail services

TRAXIÓN announced that it completed the acquisition of V-MODAL, one of the most important intermodal marketing companies for rail services in Mexico, with 12 years of experience. It is one of the pioneers of such business and is one of the strongest players of intermodal and general freight services through rail with a 100% asset-light focus and a virtually zero CapEx model.

TRAXIÓN paid MXN\$102.5 million (of which MXN\$62.5 million were in cash and the rest in shares) for 90% of V-MODAL, which has no debt and is expected to generate revenues of MXN\$520 million with an EBITDA margin of 8% in 2022. This translates into an EV/EBITDA of only 2.7x, which seems very attractive to us since it is below TRAXION's 5.3x.

V-MODAL's contribution will initially be low as it will represent 2.6% of TRAXIÓN's revenues and 1.1% of EBITDA. However, TRAXION expects to grow V-MODAL's revenues significantly through cross-selling to its existing customers.

We believe this transaction will strengthen TRAXIÓN's services offer in the railway segment through an "asset light" strategy and that it could represent a new source of attractive revenue and EBITDA growth. We reiterate our BUY recommendation with a MXN\$45.0/share target price.

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