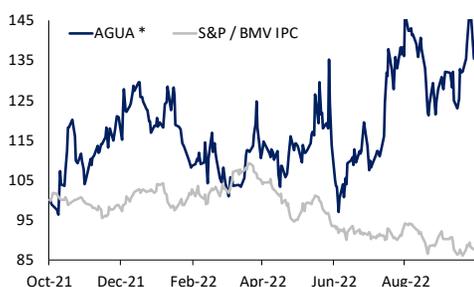


AGUA: 3Q22 Preview

We expect double digit growth in revenues, EBITDA and net profits due to high demand in the products business and selective price adjustments

AGUA*	BUY
Target Price (MXN\$)	\$ 45.00
Current Price (MXN\$)	\$ 25.13
Min / Max (L12M)	\$ 21.00 - 32.39
Expected Dividend (MXN\$)	\$ 0.45
Expected Return	80.9%
Market Cap (MXN\$ Mn)	12,219
Enterprise Value (MXN\$ Mn)	14,869
Outstanding Shares (Mn)	486.2
Float	23.7%
ADTV (MXN\$ Mn)	\$ 5.38



Opinion and recommendation

We expect AGUA to register favorable 3Q22 results with double-digit growth in revenues, EBITDA and net profits, mainly driven by high demand in the product business and selective price adjustments. We believe that these results could support AGUA's share price in the short term. Our fundamental recommendation is BUY with a MXN\$45.0/share target price.

3Q22 Preview

We project that sales will increase 22% to MXN\$3,487 million mainly driven by a strong performance in the products business which will benefit from droughts in Mexico and high demand in Argentina despite the inflationary environment. Meanwhile, we expect the US operations to remain stable and the other countries (Peru, Central America and Brazil) to experience limited demand in the face of challenging macro environments.

We expect AGUA's adjusted EBITDA margin to expand to 16.1% in 3Q22, from 12.7% in the same period last year, due to price adjustments and resin cost stability, which will offset expenses related to the development of new businesses. This will translate into a significant 54% adjusted EBITDA growth to MXN\$560 million. We anticipate a MXN\$156 million net profit, significantly stronger than the MXN\$20 million of the previous year, supported by the solid operating performance.

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October 12th, 2022

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