

# TRAXIÓN: 4Q22 Preview

We expect strong sales growth due to high demand in the three business units and acquisitions, but lower profitability

TRAXION A	BUY
Target Price (MXN\$)	\$ 38.00
Current Price (MXN\$)	\$ 37.58
Min / Max (L12M - MXN\$)	17.34 - 40.00
Expected Dividend (MXN\$)	\$ 0.00
Total Return	1.1%
Mkt Cap (Mn of MXN)	20,424
Enterprise Value (Mn of MXN\$)	28,760
Shares Outstanding (Mn)	543.5
Float	43.5%
ADTV (MXN\$ Mn)	\$ 19.78

## Opinion and recommendation

We expect TRAXION to report positive 4Q22 results on the back of high organic revenue growth in the three business units and last year's acquisitions. This will be partially offset by lower margins given start-up expenses in the pharmaceutical business in Logistics and Technology, and the impact of gasoline prices in Mobility of Cargo and Mobility of Personnel. Net profits will decrease due to higher financial expenses. Our recommendation is BUY.

## 4Q22 Preview

We expect TRAXION's 4Q22 revenues to reach MXN\$5,478 million, up 20% YoY. The Logistics & Technology business will benefit from higher application revenues and last year's acquisitions of Medistik and V-MODAL. Mobility of Cargo sales will be fueled by high demand in the consumer segment and the recovery in the automotive sector. Mobility of Personnel will continue to experience high growth from new customers, we believe from the industrial sector due to the "nearshoring" effect.

Consolidated EBITDA margin will contract 120 bps YoY to 17.5% mainly due to pre-operating expenses in the pharmaceutical business and the growth of Traxporta in the Logistics and Technology division, as well as the impact of gasoline prices in Mobility of Cargo and Mobility of Personnel. This will result in a 12.9% YoY growth in the company's EBITDA to MXN\$958 million. We expect profitability to gradually improve over the following quarters. Net profits will likely fall 55% due to higher financial expenses.



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