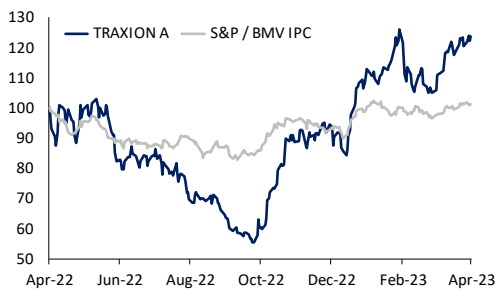


TRAXIÓN: 1Q23 Preview

We anticipate a solid quarter due to acquisitions and higher demand for traditional services, but lower margins due to pre-operating expenses

TRAXION A	BUY
Target Price (MXN\$)	\$ 49.00
Current Price (MXN\$)	\$ 38.51
Min / Max (L12M - MXN\$)	17.34 - 40.00
Expected Dividend (MXN\$)	\$ 0.00
Total Return	27.2%
Mkt Cap (Mn of MXN)	20,929
Enterprise Value (Mn of MXN\$)	29,739
Shares Outstanding (Mn)	543.5
Float	43.5%
ADTV (MXN\$ Mn)	\$ 19.42



Opinion and recommendation

We expect TRAXIÓN to deliver a very favorable quarter, with significant growth in all business units deriving from the acquisitions that the company carried out during the past year, as well as a higher demand for traditional services. Net profits will likely come down due to higher interests paid. Our recommendation is BUY with a MXN\$49.00/share target price.

1Q23 Preview

We expect TRAXIÓN 1Q23 revenues to be up 26% YoY to MXN\$3.7 billion, mainly driven by a 45% increase in Logistics and Technology thanks to the previous year's acquisitions and increased demand for TraXporta services. In Mobility of Cargo, we estimate that revenues will rise 16% due to price adjustments and a focus on specialized cargo. In Mobility of Personnel, revenues will advance 21% due to the growing demand from industrial customers in addition to higher rates.

TRAXIÓN's profitability will decrease due to pre-operating expenses in Logistics and Technology, which will be partially offset by the margin recovery in traditional businesses, as they have already passed through the cost of gasoline. The consolidated EBITDA margin will contract to 17.4% in 1Q23, from 18.7% the previous year. Despite this, consolidated EBITDA will post a healthy 18% YoY growth to MXN\$993 million.

Net profits will likely decline 65% YoY to MXN\$70.0 million as a result of higher interests paid, given the increased debt levels and the impact of rising interest rates.

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Martin Lara
 +5255-6413-8563
 martin.lara@miranda-gr.com

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