

TRAXIÓN: 2Q23 Preview

We expect solid quarterly results with high revenue growth and higher profitability levels

TRAXION A	BUY
Target Price (MXN\$)	\$ 51.00
Current Price (MXN\$)	\$ 34.04
Min / Max (L12M - MXN\$)	17.34 - 40.00
Expected Dividend (MXN\$)	\$ 0.00
Total Return	49.8%
Mkt Cap (Mn of MXN)	18,500
Enterprise Value (Mn of MXN\$)	27,897
Shares Outstanding (Mn)	543.5
Float	43.5%
ADTV (MXN\$ Mn)	\$ 20.55



Opinion and recommendation

We expect TRAXIÓN to deliver solid 2Q23 operating results with high revenue growth driven by the Logistics and Technology and Mobility of Personnel divisions, as well as higher profitability due to rate adjustments. We believe that these results could support the stock price in the short term. Our recommendation is BUY with a MXN\$51.0/share target price.

2Q23 Preview

We estimate that TRAXIÓN's consolidated revenues will be up 19.5% YoY to MXN\$5.91 billion. EBITDA will grow 26.3% to MXN\$1.085 billion, with a margin expansion of one percentage point to 18.4%. However, net profits will fall 21.0% to MXN\$108 million due to higher financial costs and FX losses.

The Logistics and Technology division will once again be the main driver with a 43% revenue increase driven by higher demand for TraXporta, 3PL services and acquisitions. The margin will be 8.2% in 2Q23, from 12.4%, due to the change in the sales mix and more competition in last mile.

In Mobility of Personnel, we anticipate a 21% increase in revenues due to favorable performance from customers in the automotive and manufacturing sectors in the north of the country. The margin will improve to 25.1%, from 23.5%, due to economies of scale and rate adjustments.

In Mobility of Cargo, we forecast stable sales. However, the EBITDA margin will expand to 20.6% in the current quarter, compared to 14.7%, also due to higher fees.

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