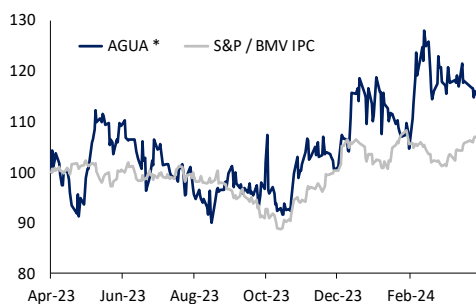


# AGUA: 1Q24 Preview

Higher profitability will likely offset the slight sales reduction

AGUA*	BUY
Target Price (MXN\$)	\$ 46.00
Current Price (MXN\$)	\$ 28.71
Min / Max (L12M)	\$ 22.86 - 32.65
Expected Dividend (MXN\$)	\$ 0.50
Expected Return	62.0%
Market Cap (MXN\$ Mn)	13,960
Enterprise Value (MXN\$ Mn)	17,422
Outstanding Shares (Mn)	486.2
Float	23.7%
ADTV (MXN\$ Mn)	\$ 7.53



## Opinion and recommendation

We expect AGUA to register lower revenues in the quarter due to the high comparison base and the impact of the devaluation in Argentina, which will likely be offset by higher profitability, thus leaving the EBITDA practically unchanged compared to the previous year. Our recommendation is BUY with a MXN\$46.0/share target price.

## 1Q24 preview

We project that AGUA's revenues will reach MXN\$2,647 million in 1Q24, down 3.6% annually. In Mexico, we anticipate a solid performance as the products business started to benefit from the prevailing drought, while the services business continued to experience high demand, mainly in Bebbia. This will be offset by declining revenues in Argentina as the company has not yet fully adjusted its prices to reflect the previous year's devaluation. In the US we anticipate lower demand.

We estimate that the EBITDA margin will be 20.8% in the current quarter, slightly higher than the 20.3% of the previous year, due to higher profitability in Mexico. Consolidated EBITDA will be MXN\$552 million, stable compared to the previous year.

Regarding net profits, we expect a quarterly figure of MXN\$50 million, with a 35.2% increase thanks to a lower level of financial losses.

April 9<sup>th</sup>, 2024

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

## **DISCLAIMER**

The current report was prepared by Miranda Global Research ("Miranda GR") for Vector, Casa de Bolsa, S.A. de C.V. The information is presented in summarized form and is not meant to be complete. There are no declarations or guarantees, expressed or implicit, concerning the accuracy, impartiality, or integrity of the information.

Miranda GR, in accordance with applicable legislation, has made sure that the presented personalized recommendation is reasonable to the client, as it has verified congruency between the client's profile and the profile of the financial product. Under no circumstance should it be understood that fulfilling the previously mentioned recommendation, guarantees the result or the success of the proposed strategies in the presented document.

The information included in this presentation was obtained from public sources. Projections or previsions included in this presentation, are a generalized recommendation based on subjective assumptions and estimations about events and circumstances that have not yet happened and are subjected to significant variations. Therefore, it is not possible to guarantee that any of the results included in the current report will happen in the future. In other words, it does not guarantee the result or the success of the posed strategies.

This report has been prepared solely for informational purposes. No declarations are made concerning the precision, sufficiency, veracity, or accuracy of the information and opinions hereby included. Miranda GR will not answer (either because of negligence or for any other reason) for any damage or detriment derived or related to the use of this report or its content, or any connection to the report. Miranda GR is not responsible for the use or association with this report, including but not limited to, any declaration, expressed or implicit, or guarantees or omissions included in this information.

This report is based on facts and/or events that have happened up to this date. Consequently, any future facts and/or events can impair the conclusions hereby expressed. Miranda GR does not assume any responsibility to update, review, rectify, or invalidate this report based on any future occurrence.

The opinions related to this report eventually expressed by Miranda GR, should be considered only as suggestions/recommendations to better operate various topics related to the presentation.

This report and its contents are the property of Miranda GR and cannot be reproduced or broadcast in part or in its entirety without the previous written consent of Miranda GR.

Miranda Global Research receives fees from Grupo Rotoplas, S.A.B. de C.V. for independent analyst services. Companies or Fibras under coverage cannot influence the opinions, projections, recommendations, and/or target prices that Miranda GR establishes in its research reports.

---