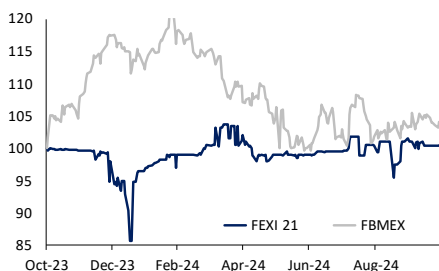


# FEXI 21: 3Q24 Results

Neutral quarter with revenues and EBITDA in line with expectations; could undertake acquisitions in the short-term

FEXI 21	BUY
Target Price (MXN\$)	\$ 24.50
Expected Dividend	\$ 0.71
Current Price (MXN\$)	\$ 20.00
Min / Max (L12M - MXN\$)	\$ 17.05 - 20.65
Total Return	26.1%
Mkt Cap (Mn of MXN)	23,325
CBFI's Outstanding (Mn)	1,166.3
Float	100.0%
ADTV (6M - MXN\$ Mn)	0.4



## Opinion and recommendation

FEXI21 reported neutral 3Q24 results that were practically in line with our expectations in terms of revenues and EBITDA, and above our forecasts for net profits. We reiterate our BUY recommendation and are slightly adjusting our target price to MXN\$24.50/CBFE, from MXN\$25.00/CBFE, based on our updated projections.

We believe that FEXI21's fundamentals are solid due to its attractive concession portfolio and growth potential. In addition, we expect the Fibra to obtain authorizations to adjust tolls in its federal concessions and for the resumption of toll collection in TUCA after Hurricane John passed through the State of Guerrero. On the other hand, FEXI21 is participating in two processes for the acquisition of highway assets meeting the characteristics of Fibras E.

The valuation of FEXI21's CBFEs is attractive since they currently trade at a 20% discount to NAV.

## 3Q24 Results

FEXI21's total revenues increased 1.8% YoY to MXN\$1.13 billion, while toll revenues rose 1.2% to MXN\$1.0 billion. This performance was attributed to higher traffic, as the Ministry of Infrastructure, Communications and Transportation (SICT) has not yet authorized a toll increase in four of FEXI21's highway assets with Federal Concession.

Total traffic (TPDA) was up 3.0% YoY to 39,014 vehicles, supported by the increases of 7.5% in AQSA, 11.1% in MAYAB and 14.2% in TUCA, partially offset by the falls of 8.5% in RIO VERDE, and 13.8% in LIPSA.

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AQSA benefited from higher truck and vehicle traffic following the opening of “Entronque Coroneo” since last July; MAYAB from the increase in vehicles due to the release of lanes with the completion of Section 4 of the Tren Maya; and TUCA from higher resident vehicles. For its part, RIO VERDE’s traffic was affected by lower production and export of automobiles by the assembly plants located in the State of San Luis Potosi, high insecurity levels in that State and the impact of storm Alberto. LIPSA traffic continued to be impacted by a high comparison base derived from the construction works carried out in the center of La Piedad which were completed towards the end of 2023.

Consolidated EBITDA decreased 3.0% YoY to MXN\$875 million while the margin contracted 5 PP to 77.5%. This was mainly attributed to major maintenance expenses, maintenance due to natural disasters, partial highway closures, and the fact that SICT has not authorized the toll adjustments. Net profits reached MXN\$467 million due to financial gains.

Management does not foresee any significant impact on TUCA's ability to meet its financial obligations (MXN\$617.3 million of total debt) since this concession has not charged tolls since late September as a result of Hurricane John. In addition, FEXI21's leverage was 44% as of 3Q24, compared to 45% in 3Q23, and it has debt at the Fibra level of only MXN\$2.69 billion, out of a total debt of MXN\$21.1 billion.

<b>(Figures in Millions of MXN\$)</b>	<b>3Q24</b>	<b>3Q24E</b>	<b>Diff.</b>	<b>3Q23</b>	<b>Change</b>
Revenues	1,129	1,141	-1.1%	1,109	1.8%
EBITDA	875	894	-2.2%	901	-3.0%
<i>EBITDA Margin</i>	77.5%	78.4%		81.4%	
Financial Gains	680	96	608.0%	95	618.3%
Financial Cost	-645	-666	-3.1%	-561	15.0%
Net Profit	467	95	393.7%	0	n.a.

## Discounted Cash Flow Model

(Figures in Millions of Pesos)	2025E	2026E	2027E	2028E	2029E	Perp.
OPERATING PROFIT (NOPLAT)	1,896	2,292	2,681	3,117	3,560	3,749
Working Capital Changes	-87	-209	-220	-223	-216	-227
Depreciation and Amortization	1,711	1,643	1,578	1,495	1,436	1,512
FCFF	3,520	3,726	4,038	4,389	4,780	5,537
Perpetuity Growth Rate (Nominal)						5.3%
PV of Explicit Period (2025 - 2029E)						14,357
Perpetuity Value						78,654
PV of Perpetuity						39,111
Enterprise Value						53,468
Net Debt						17,643
Minority Interest						7,258
Market Value						28,568
Outstanding CBE's						1,166
Target Price						P\$ 24.50
Current Market Price						P\$ 20.00
Potential Return incl/ Dividends						26.0%
After-Tax Cost of Debt						9.9%
Cost of Equity						14.2%
Market Risk Premium						6.0%
Risk-Free Rate						10.5%
Beta						0.63
% Total Debt						43.0%
% Capital						57.0%
WACC						12.3%

## Operating Indicators

Total Revenues	2023	2024E	2025E	2026E	2027E	2028E	2029E
AQSA	1,232	1,298	1,439	1,586	1,731	1,890	2,064
MAYAB	1,709	1,913	2,143	2,273	2,388	2,509	2,636
ICASAL	855	713	509	540	572	607	644
LIPSA	302	268	349	378	409	433	460
TUCA	192	193	355	373	391	411	432
Consolidated	4,295	4,385	4,794	5,149	5,492	5,851	6,236
Concessions	4,295	4,385	4,794	5,149	5,492	5,851	6,236
Average Daily Toll Rate	2023	2024E	2025E	2026E	2027E	2028E	2029E
AQSA	\$ 306.55	\$ 306.55	\$ 320.34	\$ 329.96	\$ 339.85	\$ 350.05	\$ 360.55
MAYAB	\$ 1,593.97	\$ 1,593.97	\$ 1,665.70	\$ 1,715.67	\$ 1,767.14	\$ 1,820.15	\$ 1,874.76
ICASAL	\$ 387.93	\$ 387.93	\$ 405.39	\$ 417.55	\$ 430.07	\$ 442.98	\$ 456.27
LIPSA	\$ 129.48	\$ 129.48	\$ 135.31	\$ 139.37	\$ 143.55	\$ 147.85	\$ 152.29
TUCA	\$ 117.82	\$ 117.82	\$ 123.12	\$ 126.82	\$ 130.62	\$ 134.54	\$ 138.57
Average Annual Daily Traffic	2023	2024E	2025E	2026E	2027E	2028E	2029E
AQSA	14,856	15,693	16,635	17,799	18,867	19,999	21,199
MAYAB	4,141	4,861	5,104	5,258	5,363	5,470	5,579
ICASAL	3,563	3,450	3,485	3,589	3,697	3,808	3,922
LIPSA	7,895	6,863	7,172	7,530	7,907	8,144	8,388
TUCA	6,842	8,266	8,002	8,162	8,326	8,492	8,662
Consolidated	40,783	39,134	40,398	42,339	44,159	45,913	47,751
EBITDA*	2023	2024E	2025E	2026E	2027E	2028E	2029E
AQSA	998	1,099	1,222	1,363	1,506	1,672	1,857
MAYAB	1,436	1,651	1,855	1,990	2,115	2,247	2,387
ICASAL	653	556	390	420	451	484	520
LIPSA	246	195	253	278	304	327	352
TUCA	135	140	260	277	295	314	335
Consolidated	3,238	3,406	3,607	3,935	4,259	4,612	4,996
Concessions	3,467	3,641	3,981	4,328	4,671	5,045	5,451

(Figures in Millions of MXN\$)

<b>INCOME STATEMENT</b>	<b>2023</b>	<b>2024E</b>	<b>2025E</b>	<b>2026E</b>	<b>2027E</b>	<b>2028E</b>	<b>2029E</b>
Revenues	4,295	4,385	4,794	5,149	5,492	5,851	6,236
Maint. & Admin. Expenses (Incl. Depreciation)	-2,792	-2,747	-2,898	-2,857	-2,811	-2,734	-2,676
EBITDA	3,238	3,406	3,607	3,935	4,259	4,612	4,996
<i>EBITDA Margin</i>	<i>76.3%</i>	<i>77.7%</i>	<i>75.2%</i>	<i>76.4%</i>	<i>77.5%</i>	<i>78.8%</i>	<i>80.1%</i>
Financial Gains	843	1,016	316	362	372	374	385
Financial Cost	-2,121	-2,443	-2,478	-2,396	-2,336	-2,336	-2,336
Net Profit	225	211	-266	258	716	1,155	1,609
<b>BALANCE SHEET</b>	<b>2023</b>	<b>2024E</b>	<b>2025E</b>	<b>2026E</b>	<b>2027E</b>	<b>2028E</b>	<b>2029E</b>
TOTAL ASSETS	52,663	49,871	48,367	47,441	45,933	43,992	42,731
Current Assets	5,335	4,503	4,711	5,427	5,497	5,551	5,726
LT Assets	47,328	45,368	43,657	42,014	40,436	38,441	37,005
TOTAL LIABILITIES	23,780	21,917	21,551	21,473	22,342	22,054	22,419
ST Liabilities	1,969	1,803	1,893	2,795	3,643	3,334	3,676
ST Debt	1,334	1,227	1,227	1,227	1,227	1,227	1,227
LT Liabilities	21,810	20,114	19,658	18,679	18,699	18,720	18,743
LT Debt	21,561	19,874	19,374	18,374	18,374	18,374	18,374
Other LT Accts Payable	249	239	283	304	324	346	368
TOTAL DEBT	22,895	21,101	20,601	19,601	19,601	19,601	19,601
NET DEBT	18,631	17,643	16,961	15,257	15,199	15,157	14,996
Stockholder's Equity	21,631	20,697	19,854	19,226	18,374	17,151	15,947
Minority Interest	7,253	7,258	6,962	6,742	6,443	6,014	5,592
<b>CASH FLOW STATEMENT</b>	<b>2023</b>	<b>2024E</b>	<b>2025E</b>	<b>2026E</b>	<b>2027E</b>	<b>2028E</b>	<b>2029E</b>
Net Profit	225	211	-266	258	716	1,155	1,609
Total Adjustments	2,885	3,196	4,152	4,804	2,899	2,786	2,879
Cash Flow from Operations	3,110	3,408	3,886	5,062	3,615	3,941	4,487
Net Cash Flow from Investment Activities	-1,966	580	539	539	539	539	539
Net Cash Flow from Financing Activities	-161	-4,793	-4,243	-4,897	-4,096	-4,438	-4,865
Incr. (Decr.) in Cash and Equivalents	983	-805	181	704	58	42	161
Cash and T.I. At the Beginning of Period	3,391	3,235	3,479	4,153	4,210	4,250	4,405
Cash and T.I. At The End of Period	4,264	3,459	3,640	4,345	4,402	4,444	4,605

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