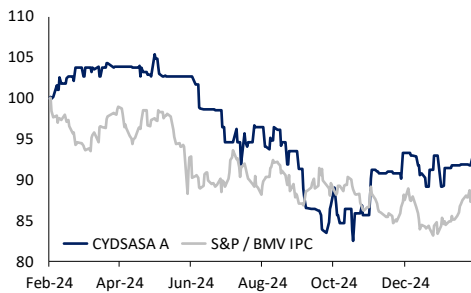


CYDSA: 4Q24 Results

Stronger-than-expected operating results despite temporary partial suspension of production in co-generation

CYDSASA A	BUY
Target Price (MXN\$)	\$ 47.00
Current Price (MXN\$)	\$ 17.80
Min / Max (L12M)	\$15.00 - 19.50
Expected Dividend (MXN\$)	\$ 0.56
Expected Return	167.2%
Market Cap (MXN\$ Mn)	10,680
Enterprise Value (MXN\$ Mn)	22,739
Oustanding Shares (Mn)	600.0
Float	49.9%
6-Month ADTV (MXN\$ Mn)	\$ 0.88



Opinion and recommendation

CYDSA reported favorable operating results in the quarter, far exceeding our expectations in terms of revenues and EBITDA. However, the company posted a larger-than-expected net loss due to an extraordinary charge.

We reiterate our BUY recommendation and are raising our target price to MXN\$47.0/share, from MXN\$45.0/share, based on our updated model.

4Q24 Results

CYDSA's quarterly revenues reached MXN\$4.15 billion, up 9.6% YoY. Manufacturing and Chemical Specialties revenues rose 10.5% supported by higher domestic and international demand for edible salt, together with the contribution of the new chlorine-caustic soda plant with membrane technology. These factors and a favorable FX effect offset the reduction in international prices of chlorine-alkali products. Energy Processing and Logistics revenues decreased 4.0% due to the temporary partial suspension of the cogeneration business productive capacity.

EBITDA rose 2.2% YoY to MXN\$1.15 billion with a 210 bps margin contraction to 27.7% due to the start-up costs of the new plant, and energy acquisition from the CFE at a higher cost.

The company recorded a MXN\$124 million net loss as a result of higher financial expenses, depreciation and taxes, in addition to an extraordinary MXN\$212 million charge in the cogeneration business.

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February 26th, 2025

On the other hand, CYDSA announced some organizational changes including the appointments of Tomás Gonzalez Sada as Executive President, in addition to his position as Chairman of the Board; Edmundo Rodarte Valdés, as the new CEO; and Alejandro Von Rossum Garza, as advisor to the CEO and the Executive President, in addition to his role as a Board Director.

(Figures in Million Pesos)	4Q24	4Q24E	Diff.	4Q23	Chg.
Revenues	4,151	3,798	9.3%	3,787	9.6%
Operating Profit	563	577	-2.5%	805	-30.0%
<i>Operating Margin</i>	<i>13.6%</i>	<i>15.2%</i>		<i>21.2%</i>	
EBITDA	1,151	1,000	15.1%	1,129	1.9%
EBITDA Margin	27.7%	26.3%		29.8%	
Financial Gains	155	49	216.7%	21	623.6%
Financial Cost	-428	-328	30.4%	-347	23.2%
Net Profit	-124	209	-159.5%	503	n.a.

Discounted Cash Flow Model

(Figures in Millions of MXN\$)	2026E	2027E	2028E	2029E	2030E	Perp.
OPERATING PROFIT	3,996	5,000	6,234	6,427	6,705	6,855
Tax Rate	31%	31%	31%	31%	31%	30%
Tax Shield	-1,219	-1,525	-1,901	-1,960	-2,045	-2,056
NOPLAT	2,777	3,475	4,333	4,467	4,660	4,798
Depreciation	1,636	1,822	1,850	2,300	2,550	2,607
Working Capital Changes	-292	46	100	306	128	131
CAPEX	-3,292	-3,347	-3,404	-2,122	-2,250	-2,531
FCFF	829	1,996	2,879	4,951	5,088	5,005
Perpetuity Growth Rate						2.2%
PV of Explicit Period (2026 - 2030E)						10,685
Perpetuity Value						55,788
PV of Perpetuity Value						29,511
Enterprise Value						40,196
Net Debt						13,976
Minority Interest						522
Market Value						25,698
Land Properties						2,500
Adjusted Market Value						28,198
Outstanding Shares						600
Target Price						P\$ 47.00
Current Market Price						P\$ 17.80
Potential Return Incl. Dividends						167.0%
Forward EV/EBITDA						8.1x
Forward P/E						20.6x
Average Cost of Debt						8.6%
LT Tax Rate						30.0%
After-Tax Cost of Debt						6.0%
Cost of Equity						16.9%
Market Risk Premium						6.0%
Risk-Free Rate						10.0%
Beta						1.16
% Total Debt						52.6%
% Capital						47.4%
WACC						11.2%

Sensitivity Analysis Table, EV/EBITDA vs. EBITDA

	-10%	-5%	<i>Original</i>	+5%	+10%
Projected EBITDA	5,152	5,423	5,709	5,994	6,294
Target EV/EBITDA					
6.6x	26.62	29.59	32.72	35.86	39.14
7.1x	30.91	34.11	37.48	40.85	44.39
7.6x	35.21	38.63	42.24	45.85	49.63
8.1x	39.50	43.15	47.00	50.84	54.88
8.6x	43.79	47.67	51.75	55.84	60.12
9.1x	48.09	52.19	56.51	60.83	65.37

Sensitivity Analysis Table, P/E vs. Net Profit

	-10%	-5%	<i>Original</i>	+5%	+10%
Projected Net Profit	1,235	1,300	1,368	1,436	1,508
Target P/E					
17.6x	36.24	38.15	40.16	42.16	44.27
18.6x	38.30	40.32	42.44	44.56	46.79
19.6x	40.36	42.48	44.72	46.95	49.30
20.6x	42.41	44.65	47.00	49.35	51.81
21.6x	44.47	46.81	49.28	51.74	54.33
22.6x	46.53	48.98	51.56	54.13	56.84

(Figures in Millions of MXN\$)

INCOME STATEMENT	2024	2025E	2026E	2027E	2028E	2029E	2030E
Revenues	15,039	15,557	17,938	19,975	22,166	23,580	25,004
Cost of Sales	-8,579	-8,790	-9,400	-10,400	-11,450	-12,190	-12,920
Gross Profit	6,460	6,767	8,538	9,575	10,716	11,390	12,084
General Expenses	-3,616	-3,714	-4,465	-4,497	-4,403	-4,884	-5,300
Operating Profit	2,571	2,977	3,996	5,000	6,234	6,427	6,705
Depreciation and Amortization	-1,323	-1,419	-1,636	-1,822	-1,850	-2,300	-2,550
EBITDA	4,121	4,472	5,709	6,900	8,163	8,806	9,334
Financial Gains	474	148	166	186	207	221	234
Financial Cost	-1,538	-1,857	-2,173	-2,400	-2,633	-2,626	-2,471
Pre-Tax Profit	1,500	1,245	1,965	2,761	3,784	3,998	4,444
Income Tax & Profit Sharing	-993	-380	-599	-842	-1,154	-1,219	-1,355
Net Profit	504	868	1,368	1,922	2,632	2,781	3,091
BALANCE SHEET	2024	2025E	2026E	2027E	2028E	2029E	2030E
TOTAL ASSETS	34,335	34,994	39,637	43,513	46,509	46,938	47,424
Current Assets	9,285	10,089	11,087	11,788	12,437	12,589	12,807
LT Assets	25,050	24,905	28,549	31,725	34,072	34,349	34,617
TOTAL LIABILITIES	19,896	20,593	24,722	27,664	29,178	28,026	26,704
ST Liabilities	4,846	5,542	7,212	7,633	7,827	6,675	5,353
LT Liabilities	15,051	15,051	17,511	20,031	21,351	21,351	21,351
TOTAL DEBT	15,017	16,178	19,963	22,494	23,557	22,118	20,698
NET DEBT	12,598	13,976	17,399	19,594	20,359	18,749	17,081
TOTAL CAPITAL	14,439	14,571	15,084	16,020	17,501	19,082	20,890
CASH FLOW STATEMENT	2024	2025E	2026E	2027E	2028E	2029E	2030E
Net Profit	504	868	1,368	1,922	2,632	2,781	3,091
Inv. Related Activities	3,609	3,287	3,665	4,026	4,243	4,821	5,187
Pre-Tax Cash Flow	4,121	1,880	2,102	3,263	4,916	5,788	5,995
Working Capital Changes	-1,921	-235	-292	46	100	306	128
Operating Cash Flow	2,199	1,645	1,809	3,309	5,016	6,094	6,122
Investment Cash Flow	-1,472	-1,252	-3,126	-3,161	-3,197	-1,901	-2,017
Financing Cash Flow	-263	-1,068	1,221	-268	-1,978	-4,479	-4,316
Net Incr. (Decr.) in Cash & Temp. Inv.	822	-675	-96	-120	-159	-286	-210
Beg. of Period Cash and Temp. Inv.	1,597	2,420	2,202	2,563	2,900	3,198	3,370
End of Period Cash and Temp. Inv.	2,420	2,202	2,563	2,900	3,198	3,370	3,617

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