

# TRAXIÓN: 4Q24 Results

Record revenues and EBITDA in the quarter; higher-than-expected profitability levels

TRAXION A	BUY
Target Price (MXN\$)	\$ 45.00
Current Price (MXN\$)	\$ 17.93
Min / Max (L12M - MXN\$)	15.87 - 33.35
Expected Dividend (MXN\$)	\$ 0.00
Total Return	151.0%
Mkt Cap (Mn of MXN)	10,165
Enterprise Value (Mn of MXN\$)	21,220
Shares Outstanding (Mn)	566.9
Float	63.0%
ADTV (MXN\$ Mn)	\$ 24.62

## Opinion and recommendation

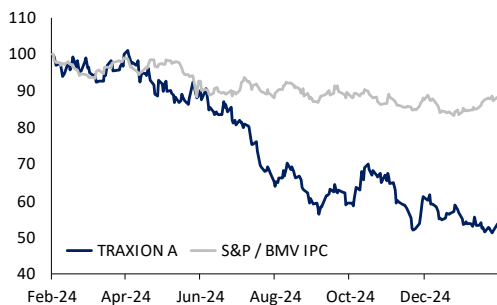
TRAXIÓN reported neutral quarterly results that were in line with our forecasts in terms of revenues, but exceeded our expectations in terms of EBITDA and net income. However, these results were below consensus. The company expects to release its 2025 guidance once it completes the Solística acquisition. This transaction is pending the corresponding regulatory authorizations, which will likely take place in 1Q25.

We reiterate our BUY recommendation and are adjusting our target price to MXN\$45.0/share, from MXN\$53.0/share. The valuation of TRAXIÓN shares is low with a forward EV/EBITDA of 3.9x and projected P/E of 11.6x, below its historical averages of 5.2x and 16.3x, respectively.

## 4Q24 Results

TRAXIÓN posted record quarterly revenues of MXN\$7.58 billion in the quarter, up 13.6% YoY, once again supported by a solid performance in the three business units. Logistics and technology revenues rose 17.9% due to high demand for 3PL and 4PL services and a significant improvement in the B2B business of the last mile division; Mobility of cargo sales rose 11.3% as a result of the company's focus on dedicated services and specialized cargo, which boosted average revenue per kilometer by 10.6%; and Mobility of personnel revenues were 11.5% higher fueled by price adjustments.

Adjusted EBITDA margin improved 10 bps to 18.4% thanks to operational efficiencies generated by the restructuring of the B2C last mile business and lower fuel costs. Adjusted EBITDA was up 14.2% YoY to nearly MXN\$1.4 billion.



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However, net income fell 2.9% YoY to MXN\$203 million due to a MXN\$57 million non-recurring charge related to the B2C last mile business, and higher interest paid. The company generated MXN\$1.16 billion in operating cash flow in the quarter, down 11.1%, as a consequence of higher working capital needs from year-end investments, which exceeded the MXN\$571 million Capex.

Despite a 23.2% net debt increase, the net debt to EBITDA ratio was 2.12x at the end of 4Q24, compared to 1.96x in 4Q23. The company expects this ratio to remain below 2.5x after the closing of the Solística acquisition.

INCOME STATEMENT	4Q24	4Q24E	Diff.	4Q23	YoY Chg.
Revenues	7,583	7,520	0.8%	6,672	13.6%
Operating Profit	698	586	19.1%	637	42.8%
Operating Margin	9.2%	7.8%		9.6%	
EBITDA	1,396	1,346	3.7%	1,222	14.2%
EBITDA Margin	18.4%	17.9%		18.3%	
Net Profit	203	162	25.6%	209	2.9%

### Discounted Cash Flow Model

(Figures in Millions of MXN\$)	2026E	2027E	2028E	2029E	2030E	Perp.
OPERATING PROFIT	3,882	4,548	5,236	6,075	7,193	7,481
Tax Rate	30%	30%	30%	30%	30%	30%
Tax Shield	-1,165	-1,364	-1,571	-1,822	-2,158	-2,244
NOPLAT	2,718	3,183	3,665	4,252	5,035	5,237
Depreciation	2,744	2,904	3,024	3,156	3,156	3,282
Working Capital Changes	-557	-559	-588	-658	-742	-771
CAPEX	-3,728	-3,816	-4,144	-4,224	-4,224	-4,393
FCFF	1,176	1,713	1,956	2,527	3,226	3,355
Perpetuity Growth Rate						4.0%
PV of Explicit Period (2026 - 2030E)						7,664
Perpetuity Value						55,151
PV of Perpetuity Value						30,988
Enterprise Value						38,652
Net Debt						13,362
Market Value						25,290
Outstanding Shares						562
Target Price						P\$ 45.00
Current Market Price						P\$ 17.93
Potential Return Incl. Dividends						151.0%
Forward EV/EBITDA						6.0x
Forward P/E						23.4x
Average Cost of Debt						10.8%
LT Tax Rate						30.0%
After-Tax Cost of Debt						7.6%
Cost of Equity						13.3%
Market Risk Premium						6.0%
Risk-Free Rate						10.1%
Beta						0.54
% Total Debt						50.7%
% Capital						49.3%
ESG Adjusted WACC						10.1%

**Sensitivity Analysis, EV/EBITDA vs. EBITDA**

	-10%	-5%	<i>Original</i>	+5%	+10%
<b>Projected EBITDA</b>	<b>5,964</b>	<b>6,295</b>	<b>6,626</b>	<b>6,957</b>	<b>7,289</b>
<b>Target EV/EBITDA</b>					
4.5x	21.96	24.64	27.32	30.00	32.68
5.0x	27.26	30.24	33.21	36.19	39.16
5.5x	32.57	35.84	39.11	42.38	45.65
<b>6.0x</b>	<b>37.87</b>	<b>41.44</b>	<b>45.00</b>	<b>48.57</b>	<b>52.13</b>
6.5x	43.18	47.04	50.90	54.76	58.62
7.0x	48.49	52.64	56.80	60.95	65.10

**Sensitivity Analysis, P/E vs. Net Profit**

	-10%	-5%	<i>Original</i>	+5%	+10%
<b>Projected Net Profit</b>	<b>974</b>	<b>1,028</b>	<b>1,083</b>	<b>1,137</b>	<b>1,191</b>
<b>Target P/E</b>					
20.4x	35.30	37.26	39.22	41.19	43.15
21.4x	37.04	39.09	41.15	43.21	45.27
22.4x	38.77	40.92	43.08	45.23	47.39
<b>23.4x</b>	<b>40.50</b>	<b>42.75</b>	<b>45.00</b>	<b>47.25</b>	<b>49.50</b>
24.4x	42.24	44.58	46.93	49.28	51.62
25.4x	43.97	46.41	48.86	51.30	53.74

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(Figures in Millions of MXN\$)

<b>INCOME STATEMENT</b>	<b>2024</b>	<b>2025E</b>	<b>2026E</b>	<b>2027E</b>	<b>2028E</b>	<b>2029E</b>	<b>2030E</b>
Revenues	29,142	33,137	37,018	41,045	45,252	49,805	54,841
Cost of Sales	-22,624	-25,542	-28,364	-31,302	-34,391	-37,634	-41,037
Gross Profit	6,518	7,595	8,655	9,743	10,861	12,171	13,803
General Expenses	-4,091	-4,285	-4,773	-5,195	-5,626	-6,096	-6,610
Operating Profit	2,464	3,310	3,882	4,548	5,236	6,075	7,193
Depreciation and Amortization	-2,512	-2,624	-2,744	-2,904	-3,024	-3,156	-3,156
EBITDA	5,196	5,934	6,626	7,452	8,260	9,231	10,349
Financial Gains	276	141	177	217	262	310	339
Financial Cost	-1,786	-2,206	-2,513	-2,836	-3,196	-3,542	-3,771
Pre-Tax Profit	953	1,245	1,547	1,929	2,302	2,842	3,762
Income Tax & Profit Sharing	-294	-374	-464	-579	-691	-853	-1,128
Net Profit	660	872	1,083	1,350	1,611	1,989	2,633
<b>BALANCE SHEET</b>	<b>2024</b>	<b>2025E</b>	<b>2026E</b>	<b>2027E</b>	<b>2028E</b>	<b>2029E</b>	<b>2030E</b>
TOTAL ASSETS	34,599	37,581	41,112	45,290	49,814	54,500	58,876
Current Assets	8,863	11,179	12,801	14,541	16,419	18,508	20,285
LT Assets	25,736	26,402	28,311	30,749	33,395	35,991	38,591
TOTAL LIABILITIES	20,412	23,070	25,570	28,420	31,329	33,984	35,620
ST Liabilities	7,292	7,950	8,949	10,300	11,209	11,864	11,500
LT Liabilities	13,120	15,120	16,620	18,120	20,120	22,120	24,120
TOTAL DEBT	12,512	15,436	17,507	19,904	22,352	24,529	25,658
NET DEBT	11,056	13,362	14,796	16,464	18,085	19,308	19,910
TOTAL CAPITAL	14,187	14,987	16,019	17,346	18,961	20,991	23,731
<b>CASH FLOW STATEMENT</b>	<b>2024</b>	<b>2025E</b>	<b>2026E</b>	<b>2027E</b>	<b>2028E</b>	<b>2029E</b>	<b>2030E</b>
Net Profit	660	960	1,192	1,487	1,775	2,191	2,900
Inv. Related Activities	4,314	5,667	6,583	7,645	8,794	10,108	10,846
Pre-Tax Cash Flow	5,072	3,020	3,487	3,567	4,225	5,005	5,867
Working Capital Changes	-815	-164	-557	-559	-588	-658	-742
Operating Cash Flow	4,257	2,856	2,930	3,009	3,636	4,347	5,125
Investment Cash Flow	-3,637	-2,471	-2,537	-2,588	-2,875	-2,908	-2,878
Financing Cash Flow	-622	-59	-50	15	-226	-779	-2,012
Net Incr. (Decr.) in Cash & Temp. Inv.	76	326	344	435	535	661	235
Beg. of Period Cash and Temp. Inv.	1,380	1,456	2,075	2,711	3,439	4,267	5,221
End of Period Cash and Temp. Inv.	1,456	2,075	2,711	3,439	4,267	5,221	5,748

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