

TRAXIÓN: 1Q25 Results

Positive quarter as the company’s focus on profitability boosted EBITDA by 17.1% and net profits by 16.5%

TRAXION A	BUY
Target Price (MXN\$)	\$ 45.00
Current Price (MXN\$)	\$ 16.15
Min / Max (L12M - MXN\$)	14.29 - 30.74
Expected Dividend (MXN\$)	\$ 0.00
Total Return	178.6%
Mkt Cap (Mn of MXN)	9,156
Enterprise Value (Mn of MXN\$)	20,526
Shares Outstanding (Mn)	566.9
Float	63.0%
ADTV (MXN\$ Mn)	\$ 25.31

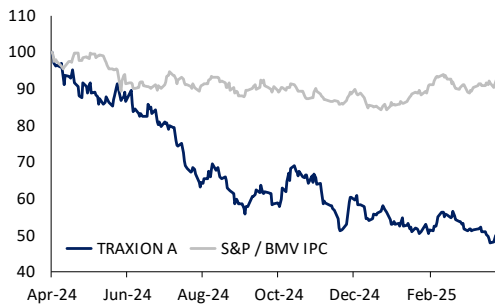
Opinion and recommendation

TRAXIÓN reported positive 1Q25 results, in line with our expectations for revenue and EBITDA, and exceeding our net profit forecasts. We anticipate a favorable short-term reaction in the stock price and we are reiterating our BUY recommendation with a MXN\$45.0/share target price. The valuation of TRAXIÓN's shares is attractive with a forward EV/EBITDA of 3.7x and projected P/E of 9.7x. We believe these multiples do not adequately reflect the company's favorable growth prospects, its focus on profitability, and the pending acquisition of Solística.

1Q25 Results

TRAXIÓN's consolidated revenues reached MXN\$7.28 billion in the quarter, up 9.2% YoY, driven by a strong 15.7% increase in Mobility of Cargo, which benefited from a 20.5% rise in average revenue per kilometer due to price adjustments. Additionally, Mobility of Personnel revenues increased 7.8% due to higher demand. The company mentioned that it also adjusted rates in this business unit, which will begin to be reflected in the following months. This offset the slowdown in the Logistics and Technology business, whose revenues advanced only 6.0% due to the closure of the last-mile B2C business last year.

However, this measure allowed the Logistics and Technology margin to improve 292 bps to 10.0%, which boosted TRAXIÓN's EBITDA margin by 130 bps to 18.5%. As a result, the company's consolidated EBITDA grew a healthy 17.1% YoY to MXN\$1.34 billion. Additionally, net income was 16.5% higher YoY at MXN\$162 million, driven by favorable operating performance despite higher financial costs.



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The company maintained a solid financial structure with a net debt-to-EBITDA ratio of 2.11x at the end of 1Q25, up from 2.07x in 1Q24.

Operating cash flow increased 21.3% YoY, while capex fell 34.2% as a result of a more conservative organic growth investment strategy.

TRAXIÓN stated in its press release that regulatory approvals for the acquisition of Solística continue to move forward; it expects to provide some news in the short term.

(Figures in Millions of MXN\$)	1Q25	1Q25E	Diff.	1Q24	YoY Chg.
Revenues	7,277	7,257	0.3%	6,661	9.3%
Operating Profit	690	678	1.7%	558	42.8%
<i>Operating Margin</i>	9.5%	9.3%		8.4%	
EBITDA	1,343	1,334	0.7%	1,147	17.1%
<i>EBITDA Margin</i>	18.5%	18.4%		17.2%	
Net Profit	162	144	12.5%	139	16.6%

Discounted Cash Flow Model

(Figures in Millions of MXN\$)	2026E	2027E	2028E	2029E	2030E	Perp.
OPERATING PROFIT	4,019	4,661	5,349	6,108	7,161	7,512
Tax Rate	31%	30%	30%	30%	30%	30%
Tax Shield	-1,234	-1,398	-1,605	-1,832	-2,148	-2,254
NOPLAT	2,785	3,263	3,744	4,275	5,013	5,258
Depreciation	2,744	2,904	3,024	3,156	3,156	3,311
Working Capital Changes	-562	-571	-596	-649	-754	-790
CAPEX	-3,581	-3,970	-4,376	-4,823	-5,314	-5,016
FCFF	1,387	1,626	1,796	1,960	2,102	2,762
Perpetuity Growth Rate						4.9%
PV of Explicit Period (2026 - 2030E)						6,627
Perpetuity Value						55,981
PV of Perpetuity Value						31,889
Enterprise Value						38,516
Net Debt						13,366
Market Value						25,150
Outstanding Shares						559
Target Price						P\$ 45.00
Current Market Price						P\$ 16.15
Potential Return Incl. Dividends						178.6%
Forward EV/EBITDA						5.8x
Forward P/E						20.6x
Average Cost of Debt						10.8%
LT Tax Rate						30.0%
After-Tax Cost of Debt						7.6%
Cost of Equity						12.8%
Market Risk Premium						6.0%
Risk-Free Rate						9.6%
Beta						0.54
% Total Debt						51.0%
% Capital						49.0%
ESG Adjusted WACC						9.8%

Sensitivity Analysis, EV/EBITDA vs. EBITDA

	-10%	-5%	<i>Original</i>	+5%	+10%
Projected EBITDA	6,086	6,424	6,763	7,101	7,439
Target EV/EBITDA					
4.3x	21.64	24.24	26.85	29.45	32.06
4.8x	27.08	29.99	32.90	35.81	38.71
5.3x	32.53	35.74	38.95	42.16	45.37
5.8x	37.97	41.48	45.00	48.51	52.02
6.3x	43.42	47.23	51.05	54.86	58.68
6.8x	48.86	52.98	57.10	61.21	65.33

Sensitivity Analysis, P/E vs. Net Profit

	-10%	-5%	<i>Original</i>	+5%	+10%
Projected Net Profit	1,097	1,158	1,219	1,280	1,341
Target P/E					
17.6x	34.61	36.53	38.46	40.38	42.30
18.6x	36.57	38.60	40.64	42.67	44.70
19.6x	38.54	40.68	42.82	44.96	47.10
20.6x	40.50	42.75	45.00	47.25	49.50
21.6x	42.46	44.82	47.18	49.54	51.90
22.6x	44.42	46.89	49.36	51.83	54.29

(Figures in Millions of MXN\$)

INCOME STATEMENT	2024	2025E	2026E	2027E	2028E	2029E	2030E
Revenues	29,142	31,986	35,806	39,701	43,758	48,230	53,135
Cost of Sales	-22,624	-25,112	-27,921	-30,841	-33,867	-37,205	-40,647
Gross Profit	6,518	6,874	7,885	8,860	9,891	11,025	12,488
General Expenses	-4,091	-3,534	-3,867	-4,199	-4,543	-4,918	-5,327
Operating Profit	2,464	3,381	4,019	4,661	5,349	6,108	7,161
Depreciation and Amortization	-2,512	-2,630	-2,744	-2,904	-3,024	-3,156	-3,156
EBITDA	5,196	6,011	6,763	7,565	8,373	9,264	10,317
Financial Gains	276	94	116	141	168	194	210
Financial Cost	-1,786	-2,126	-2,376	-2,570	-2,775	-3,163	-3,570
Pre-Tax Profit	953	1,348	1,759	2,232	2,741	3,138	3,801
Income Tax & Profit Sharing	-294	-414	-540	-670	-822	-942	-1,140
Net Profit	660	934	1,219	1,562	1,919	2,197	2,661
BALANCE SHEET	2024	2025E	2026E	2027E	2028E	2029E	2030E
TOTAL ASSETS	34,599	36,729	39,402	42,163	46,259	51,484	56,915
Current Assets	8,863	10,613	12,424	14,094	15,912	17,940	19,682
LT Assets	25,736	26,116	26,978	28,069	30,347	33,543	37,233
TOTAL LIABILITIES	20,412	22,729	24,759	26,526	29,262	32,841	36,151
ST Liabilities	7,292	8,950	9,480	9,747	10,483	12,062	13,372
LT Liabilities	13,120	13,779	15,279	16,779	18,779	20,779	22,779
TOTAL DEBT	12,512	15,139	16,779	18,149	20,466	23,589	26,428
NET DEBT	11,056	13,366	14,148	14,816	16,330	18,530	20,852
TOTAL CAPITAL	14,187	14,555	15,197	16,191	17,551	19,197	21,318
CASH FLOW STATEMENT	2024	2025E	2026E	2027E	2028E	2029E	2030E
Net Profit	660	954	1,250	1,603	1,968	2,254	2,730
Inv. Related Activities	4,314	4,663	5,671	6,663	7,687	8,868	9,521
Pre-Tax Cash Flow	5,072	5,310	6,518	7,239	7,044	7,279	8,194
Working Capital Changes	-815	-222	-562	-571	-596	-649	-754
Operating Cash Flow	4,257	5,089	5,957	6,669	6,448	6,631	7,440
Investment Cash Flow	-3,637	-3,179	-3,508	-3,877	-4,260	-4,681	-5,155
Financing Cash Flow	-622	-1,583	-1,579	-2,079	-1,376	-1,015	-1,758
Net Incr. (Decr.) in Cash & Temp. Inv.	76	325	869	712	812	935	527
Beg. of Period Cash and Temp. Inv.	1,380	1,456	1,772	2,631	3,333	4,135	5,060
End of Period Cash and Temp. Inv.	1,456	1,772	2,631	3,333	4,135	5,060	5,576

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