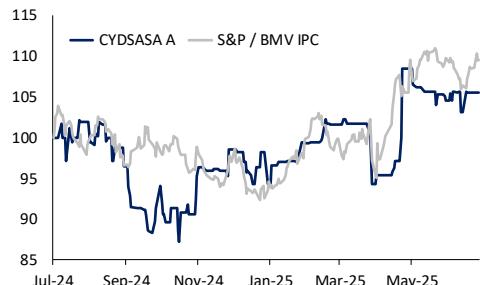


CYDSA: 2Q25 Results

Stronger-than-expected results with double-digit revenue growth but lower profitability levels

CYDSASA A	BUY
Target Price (MXN\$)	\$ 47.00
Current Price (MXN\$)	\$ 17.92
Min / Max (L12M)	\$15.00 - 19.49
Expected Dividend (MXN\$)	\$ 0.66
Expected Return	166.0%
Market Cap (MXN\$ Mn)	10,752
Enterprise Value (MXN\$ Mn)	23,043
Oustanding Shares (Mn)	600.0
Float	49.9%
6-Month ADTV (MXN\$ Mn)	\$ 0.24



Opinion and recommendation

CYDSA reported positive quarterly results with strong revenue growth but lower profitability levels, exceeding our expectations. We reiterate our BUY recommendation with a MXN\$47.0/share target price.

We believe that CYDSA's outlook is favorable due to the expected recovery in international caustic soda prices, the possibility that the company expands its LP gas storage business, and higher profitability once the cogeneration business operates at full capacity. Furthermore, we find the shares valuation attractive, trading at an EV/EBITDA of 5.6x and a P/E of 14.7x, estimated for 2025, which represent a discount to its peers.

2Q25 Results

CYDSA reported total revenues of MXN\$4.2 billion (vs. our MXN\$3.94 billion estimate), which represented a 10.6% annual increase. They were primarily driven by a 12.5% rise in the Manufacturing and Specialty Chemicals business, which benefited from higher volumes from the new chlorine and caustic soda plant in Coatzacoalcos, a slight increase in international chlor-alkali chemical prices, and higher refrigerant gas sales.

EBITDA decreased 5.0% YoY to MXN\$979 million (vs. MXN\$937 million E) due to higher natural gas costs resulting from the temporary suspension of one of the turbines in the cogeneration business, maintenance expenses, and a higher FX rate. The EBITDA margin decreased to 23.1%, from 26.9% in 2Q24. Net financial costs doubled to MXN\$539 million, mainly due to a MXN\$197 million FX loss, compared to a MXN\$44 million gain in the prior year. Net profits fell 77% YoY to MXN\$63 million, due to such FX losses.

(Figures in Millions of MXN\$)	2Q25	2Q25E	Diff.	2Q24	Chg.
Revenues	4,241	3,940	7.6%	3,835	10.6%
Operating Profit	573	505	13.5%	733	-21.8%
<i>Operating Margin</i>	<i>13.5%</i>	<i>12.8%</i>		<i>19.1%</i>	
EBITDA	979	937	4.5%	1,031	-5.0%
EBITDA Margin	23.1%	23.8%		26.9%	
Financial Gains	30	35	-13.9%	74	-59.6%
Financial Cost	-570	-744	-23.4%	-331	72.2%
Net Profit	63	-142	n.a.	271	-76.9%

Discounted Cash Flow Model

(Figures in Millions of MXN\$)	2026E	2027E	2028E	2029E	2030E	Perp.
OPERATING PROFIT	3,297	4,161	5,491	5,874	6,083	6,221
Tax Rate	31%	31%	31%	31%	31%	30%
Tax Shield	-1,005	-1,269	-1,675	-1,791	-1,855	-1,866
NOPLAT	2,291	2,892	3,816	4,082	4,228	4,355
Depreciation	1,939	2,159	1,850	2,300	2,550	2,608
Working Capital Changes	-87	164	229	30	355	363
CAPEX	-3,292	-3,347	-3,404	-2,211	-2,336	-2,627
FCFF	851	1,868	2,491	4,201	4,797	4,698
Perpetuity Growth Rate						2.3%
PV of Explicit Period (2026 - 2030E)						9,764
Perpetuity Value						54,672
PV of Perpetuity Value						29,458
Enterprise Value						39,222
Net Debt						13,022
Minority Interest						497
Market Value						25,702
Land Properties						2,500
Adjusted Market Value						28,202
<i>Oustanding Shares</i>						600
Target Price						P\$ 47.00
Current Market Price						P\$ 17.92
Potential Return Incl. Dividends						165.5%
Forward EV/EBITDA						8.3x
Forward P/E						22.6x
Average Cost of Debt						8.6%
LT Tax Rate						30.0%
After-Tax Cost of Debt						6.0%
Cost of Equity						16.4%
Market Risk Premium						6.0%
Risk-Free Rate						9.4%
Beta						1.16
% Total Debt						53.6%
% Capital						46.4%
WACC						10.9%

Sensitivity Analysis, EV/EBITDA vs. EBITDA

Projected EBITDA	-10%	-5%	Original	+5%	+10%
	4,795	5,047	5,313	5,578	5,857
Target EV/EBITDA					
6.8x	27.84	30.70	33.72	36.74	39.91
7.3x	31.83	34.91	38.15	41.39	44.79
7.8x	35.83	39.12	42.58	46.04	49.67
8.3x	39.82	43.32	47.00	50.69	54.55
8.8x	43.82	47.53	51.43	55.33	59.43
9.3x	47.81	51.73	55.86	59.98	64.31

Sensitivity Analysis, P/E vs. Net Profit

Projected Net Profit	-10%	-5%	Original	+5%	+10%
	1,129	1,188	1,250	1,313	1,379
Target P/E					
19.6x	36.78	38.71	40.75	42.79	44.93
20.6x	38.66	40.69	42.84	44.98	47.23
21.6x	40.54	42.67	44.92	47.17	49.52
22.6x	42.42	44.65	47.00	49.35	51.82
23.6x	44.30	46.63	49.09	51.54	54.12
24.6x	46.18	48.61	51.17	53.73	56.42

(Figures in Millions of MXN\$)

INCOME STATEMENT	2024	2025E	2026E	2027E	2028E	2029E	2030E
Revenues	15,039	16,634	18,969	20,996	23,173	24,567	25,952
Cost of Sales	-8,579	-9,890	-11,000	-11,800	-12,500	-12,860	-13,590
Gross Profit	6,460	6,744	7,969	9,196	10,673	11,707	12,362
General Expenses	-3,616	-4,034	-4,595	-4,957	-5,103	-5,754	-6,200
Operating Profit	2,571	2,674	3,297	4,161	5,491	5,874	6,083
Depreciation and Amortization	-1,323	-1,623	-1,939	-2,159	-1,850	-2,300	-2,550
EBITDA	4,121	4,333	5,313	6,398	7,420	8,253	8,712
Financial Gains	474	129	139	155	170	182	192
Financial Cost	-1,538	-1,824	-1,646	-1,864	-2,118	-2,270	-2,317
Pre-Tax Profit	1,500	985	1,796	2,458	3,550	3,792	3,965
Income Tax & Profit Sharing	-993	-254	-548	-750	-1,083	-1,157	-1,209
Net Profit	504	731	1,250	1,711	2,470	2,638	2,758
BALANCE SHEET	2024	2025E	2026E	2027E	2028E	2029E	2030E
TOTAL ASSETS	34,335	32,623	36,257	40,356	44,793	46,589	48,502
Current Assets	9,285	10,012	10,841	11,214	11,950	11,858	11,995
LT Assets	25,050	22,611	25,416	29,142	32,843	34,731	36,508
TOTAL LIABILITIES	19,896	19,428	22,620	25,996	29,239	29,752	30,326
ST Liabilities	4,846	5,432	6,164	7,021	8,944	9,457	10,030
LT Liabilities	15,051	13,996	16,456	18,976	20,296	20,296	20,296
TOTAL DEBT	15,017	15,436	18,216	21,340	23,946	24,725	25,019
NET DEBT	12,598	13,022	15,472	18,311	20,590	21,165	21,247
TOTAL CAPITAL	14,439	13,375	13,817	14,539	15,734	17,017	18,356
CASH FLOW STATEMENT	2024	2025E	2026E	2027E	2028E	2029E	2030E
Net Profit	504	731	1,250	1,711	2,470	2,638	2,758
Inv. Related Activities	3,609	3,544	3,868	4,226	4,061	4,612	4,955
Pre-Tax Cash Flow	4,121	3,300	3,158	2,774	3,576	4,425	4,763
Working Capital Changes	-1,921	-911	-87	164	229	30	355
Operating Cash Flow	2,199	2,389	3,071	2,938	3,805	4,455	5,119
Investment Cash Flow	-1,472	-1,013	-3,153	-3,192	-3,233	-2,029	-2,144
Financing Cash Flow	-263	-952	916	1,042	260	-1,719	-2,258
Net Incr. (Decr.) in Cash & Temp. Inv.	822	246	835	788	831	707	717
Beg. of Period Cash and Temp. Inv.	1,597	2,420	2,414	2,745	3,029	3,356	3,560
End of Period Cash and Temp. Inv.	2,420	2,414	2,745	3,029	3,356	3,560	3,773

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