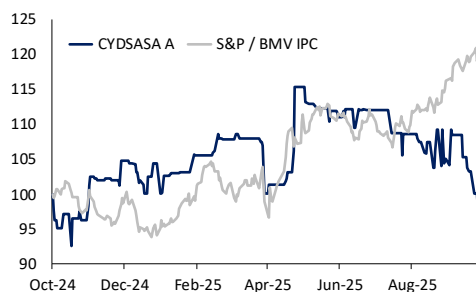


# CYDSA: 3Q25 Results

Solid quarterly results, supported by the new Coatzacoalcos plant and higher international caustic soda prices

CYDSASA A	BUY
Target Price (MXN\$)	\$ 47.00
Current Price (MXN\$)	\$ 16.35
Min / Max (L12M)	\$15.00 - 19.49
Expected Dividend (MXN\$)	\$ 0.66
Expected Return	191.5%
Market Cap (MXN\$ Mn)	9,810
Enterprise Value (MXN\$ Mn)	21,694
Outstanding Shares (Mn)	600.0
Float	49.9%
6-Month ADTV (MXN\$ Mn)	\$ 0.41



## Opinion and recommendation

CYDSA reported favorable 3Q25 results that were practically in line with our revenue and EBITDA projections. We maintain a BUY recommendation and MXN\$47.0/share target price after this report.

We view CYDSA's outlook as solid due to the recovery in international caustic soda prices, the possibility that the company obtains more contracts in the LP gas storage business, and increased profitability once the co-generation business is operating at full capacity. Furthermore, we believe that the stock's valuation is attractive, with forward EV/EBITDA of 4.6x and projected P/E of 10.3x, estimated for 2026, which represent a discount to its peers.

## 3Q25 Results

CYDSA recorded total sales of MXN\$4.2 billion in the quarter, up 7.2% YoY. Revenues from the Manufacturing and Specialty Chemicals business increased 8.1% YoY thanks to a higher contribution from the new membrane-based chlorine and caustic soda plant located in Coatzacoalcos, higher international prices for chlor-alkali products, and higher sales from the edible salt business. However, revenues from the Energy Processing and Logistics business decreased 6.3%.

The EBITDA margin expanded 10bps YoY and 110 bps QoQ, reaching 25.2% in 3Q25, also as a result of the contribution from the new plant, offsetting a 30% increase in natural gas prices. EBITDA grew 7.5% YoY to MXN\$1.06 billion. Meanwhile, net income advanced 10.8% YoY to MXN\$158 million due to operating performance and a lower tax reserve.

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The company raised two long-term loans for a combined amount of MXN\$1.485 billion and placed MXN\$700 million in domestic bonds (“Cebures”) in the quarter. It used proceeds to pay down short-term debt and extend its maturity profile. It also redeemed US\$49.4 million in 6.25% Senior Notes due 2027.

(Figures in Millions of MXN\$)	3Q25	3Q25E	Diff.	3Q24	Chg.
Revenues	4,207	4,295	-2.0%	3,924	7.2%
EBITDA	1,060	1,084	-2.2%	986	7.5%
EBITDA Margin	25.2%	25.2%		25.1%	
Financial Gains	26	31	-13.6%	195	-86.5%
Financial Cost	-447	-514	-13.0%	-415	7.7%
Net Profit	158	183	-13.9%	142	10.8%

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## Discounted Cash Flow Model

(Figures in Millions of MXN\$)	2026E	2027E	2028E	2029E	2030E	Perp.
OPERATING PROFIT	2,937	3,765	5,263	5,888	5,962	6,137
Tax Rate	31%	31%	31%	31%	31%	30%
Tax Shield	-896	-1,148	-1,605	-1,796	-1,818	-1,841
NOPLAT	2,041	2,617	3,658	4,092	4,143	4,296
Depreciation	1,939	2,159	1,850	2,300	2,550	2,625
Working Capital Changes	-201	-249	-478	-348	-225	-232
CAPEX	-1,092	-3,347	-3,404	-3,404	-2,325	-2,632
FCFF	2,688	1,180	1,626	2,640	4,143	4,056
Perpetuity Growth Rate						2.9%
PV of Explicit Period (2026 - 2030E)						8,902
Perpetuity Value						54,001
PV of Perpetuity Value						29,746
Enterprise Value						38,649
Net Debt						12,420
Minority Interest						529
Market Value						25,699
Land Properties						2,500
Adjusted Market Value						28,199
Outstanding Shares						600
Target Price						P\$ 47.00
Current Market Price						P\$ 16.35
Potential Return Incl. Dividends						191.5%
Forward EV/EBITDA						8.3x
Forward P/E						29.5x
Average Cost of Debt						8.3%
LT Tax Rate						30.0%
After-Tax Cost of Debt						5.8%
Cost of Equity						15.8%
Market Risk Premium						6.0%
Risk-Free Rate						8.6%
Beta						1.21
% Total Debt						53.5%
% Capital						46.5%
WACC						10.4%

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

	-10%	-5%	<i>Original</i>	+5%	+10%
<b>Projected EBITDA</b>	<b>4,470</b>	<b>4,706</b>	<b>4,953</b>	<b>5,201</b>	<b>5,461</b>
<b>Target EV/EBITDA</b>					
6.8x	29.11	31.79	34.62	37.44	40.41
7.3x	32.83	35.71	38.74	41.77	44.96
7.8x	36.56	39.63	42.87	46.11	49.51
<b>8.3x</b>	<b>40.28</b>	<b>43.56</b>	<b>47.00</b>	<b>50.44</b>	<b>54.06</b>
8.8x	44.01	47.48	51.13	54.78	58.61
9.3x	47.73	51.40	55.25	59.11	63.16

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

	-10%	-5%	<i>Original</i>	+5%	+10%
<b>Projected Net Profit</b>	<b>864</b>	<b>909</b>	<b>957</b>	<b>1,005</b>	<b>1,055</b>
<b>Target P/E</b>					
26.5x	38.10	40.10	42.21	44.32	46.54
27.5x	39.54	41.62	43.81	46.00	48.30
28.5x	40.98	43.13	45.40	47.67	50.06
<b>29.5x</b>	<b>42.42</b>	<b>44.65</b>	<b>47.00</b>	<b>49.35</b>	<b>51.82</b>
30.5x	43.86	46.16	48.59	51.02	53.57
31.5x	45.30	47.68	50.19	52.70	55.33

(Figures in Millions of MXN\$)

INCOME STATEMENT	2024	2025E	2026E	2027E	2028E	2029E	2030E
Revenues	15,039	16,496	18,079	20,063	22,195	24,451	25,831
Cost of Sales	-8,579	-9,690	-10,470	-10,800	-11,700	-12,860	-13,590
Gross Profit	6,460	6,806	7,609	9,263	10,495	11,591	12,241
General Expenses	-3,616	-4,264	-4,595	-5,420	-5,153	-5,624	-6,200
Operating Profit	2,571	2,506	2,937	3,765	5,263	5,888	5,962
Depreciation and Amortization	-1,323	-1,623	-1,939	-2,159	-1,850	-2,300	-2,550
EBITDA	4,121	4,165	4,953	6,002	7,192	8,267	8,591
Financial Gains	474	120	114	127	139	154	163
Financial Cost	-1,538	-1,894	-1,676	-1,842	-2,126	-2,354	-2,446
Pre-Tax Profit	1,500	734	1,374	2,049	3,275	3,687	3,678
Income Tax & Profit Sharing	-993	-174	-419	-625	-999	-1,124	-1,122
Net Profit	504	559	957	1,426	2,278	2,564	2,559
BALANCE SHEET	2024	2025E	2026E	2027E	2028E	2029E	2030E
TOTAL ASSETS	34,335	32,319	33,605	37,851	42,869	47,239	49,780
Current Assets	9,285	9,875	10,706	11,301	12,562	13,693	14,465
LT Assets	25,050	22,444	22,899	26,550	30,307	33,546	35,315
TOTAL LIABILITIES	19,896	19,595	20,378	23,707	27,043	29,487	30,130
ST Liabilities	4,846	5,307	6,090	7,019	9,095	9,020	9,663
LT Liabilities	15,051	14,288	14,288	16,688	17,948	20,468	20,468
TOTAL DEBT	15,017	14,804	15,178	18,391	21,311	23,292	23,603
NET DEBT	12,598	12,420	12,573	15,556	18,108	19,771	19,866
TOTAL CAPITAL	14,439	12,888	13,391	14,308	15,990	17,915	19,813
CASH FLOW STATEMENT	2024	2025E	2026E	2027E	2028E	2029E	2030E
Net Profit	504	559	957	1,426	2,278	2,564	2,559
Inv. Related Activities	3,609	3,604	3,762	4,095	3,902	4,484	4,818
Pre-Tax Cash Flow	4,121	3,165	2,704	2,309	3,283	4,258	4,720
Working Capital Changes	-1,921	-583	-201	-249	-478	-348	-225
Operating Cash Flow	2,199	2,582	2,503	2,060	2,806	3,910	4,495
Investment Cash Flow	-1,472	-957	-534	-2,776	-2,820	-2,805	-1,717
Financing Cash Flow	-263	-1,355	-1,493	1,201	638	-531	-2,307
Net Incr. (Decr.) in Cash & Temp. Inv.	822	28	477	485	624	574	471
Beg. of Period Cash and Temp. Inv.	1,597	2,420	2,384	2,605	2,835	3,203	3,521
End of Period Cash and Temp. Inv.	2,420	2,384	2,605	2,835	3,203	3,521	3,737

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