

# FEXI 21: 1Q24 Results

Outstanding results with higher-than-expected traffic, revenues and EBITDA; we raised our target price to MXN\$25.0/CBFE

| FEXI 21                  | BUY              |
|--------------------------|------------------|
| Target Price (MXN\$)     | \$ 25.00         |
| Expected Dividend        | \$ 0.80          |
| Current Price (MXN\$)    | \$ 20.10         |
| Min / Max (L12M - MXN\$) | \$ 17.05 - 20.50 |
| Total Return             | 28.4%            |
| Mkt Cap (Mn of MXN)      | 23,442           |
| CBFI's Outstanding (Mn)  | 1,166.3          |
| Float                    | 100.0%           |
| ADTV (6M - MXN\$ Mn)     | 0.5              |

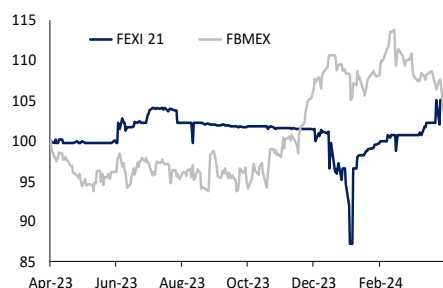
## Opinion and recommendation

FEXI21 once again reported outstanding quarterly results, exceeding our traffic, revenue and EBITDA projections. We reiterate our BUY recommendation and slightly adjusted our target price to MXN\$25.00/CBFE, from MXN\$24.50/CBFE, after having updated our model.

## 1Q24 Results

The Average Annual Daily Traffic (AADA) reached 39,203 vehicles in all FEXI21 concessions, up 9.6%. MAYAB's performance stood out with a 29.8% increase fueled by the crossing of trucks used for the construction of section 5 of the Maya Train. The Fibra expects such high traffic to continue at least until December of the current year. TUCA registered a 27.1% rise, where local traffic predominated, as it attracted more resident vehicles from Acapulco, thus offsetting the decrease in foreign traffic. AQSA's AADA advanced 6.4%. This concession is expected to benefit from the opening of the Coroneo Interchange in Querétaro's South "Macrolibramiento" starting in 1H24. RIO VERDE's traffic grew 11.1% due to the articulated truck restriction through the free concession. However, LIPSA's AADA decreased by 10.4% due to the termination of construction works in downtown La Piedad. It is looking for the La Piedad Municipal Government to continue implementing the vehicle restriction of the first nine months of 2023.

As a result of higher traffic in most concessions, FEXI21 toll revenues were up 15.1% YoY to MXN\$1.0 billion. For its part, total revenues increased 11.3% YoY to MXN\$1.1 billion. This figure was slightly above our MXN\$1.047 billion projection. FEXI21 estimates that TUCA's toll revenues would have been MXN\$70 million if it had collected tolls during the whole quarter (it resumed toll collection as of January 22nd).



**Martin Lara**

+5255-6413-8563

[martin.lara@miranda-gr.com](mailto:martin.lara@miranda-gr.com)

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On the other hand, FEXI21 has not yet obtained authorization to adjust toll rates in its four federal concessions, although it is carrying out the corresponding procedures.

FEXI21's consolidated EBITDA, excluding construction revenues, grew 13.2% YoY to MXN\$903 million in the quarter. It was slightly higher than our MXN\$847 million estimate. The margin expanded to 81.5% in 1Q24, from 81.3% in 1Q23. The 4.2 percentage points margin improvement in AQSA thanks to higher toll revenues, and the 0.8 percentage points expansion in MAYAB stood out. However, RIO VERDE recorded a 4.9 percentage point margin contraction due to routine maintenance expenses, LIPSA 5.8 percentage points due to lower traffic, and TUCA 6.1 percentage points since it did not collect tolls during the entire quarter.

FEXI21's leverage remained virtually unchanged with a 46% LTV at the end of the quarter, compared to 45% in 1Q23.

During 2Q24, FEXI21 expects: i) to receive authorization from the CNBV regarding the Recurring Issuer Program, ii) to continue with the analysis for a potential acquisition of new assets that meet the characteristics of Fibra E; and, iii) begin the refinancing of the credit it used for the acquisition of a 24.99% equity stake of the OVT assets.

FEXI21 continued to move forward in its ESG strategy with an increase of 13.9% in direct jobs and 22.3% in indirect jobs. Additionally, it recorded a 16.7% rise in employed women.

## Discounted Cash Flow Model

| (Figures in Millions of Pesos)       | 2025E | 2026E | 2027E | 2028E | 2029E | Perp.     |
|--------------------------------------|-------|-------|-------|-------|-------|-----------|
| OPERATING PROFIT (NOPLAT)            | 2,040 | 2,443 | 2,877 | 3,299 | 3,750 | 3,922     |
| Working Capital Changes              | -191  | -203  | -215  | -218  | -210  | -220      |
| Depreciation and Amortization        | 1,679 | 1,613 | 1,511 | 1,452 | 1,396 | 1,460     |
| FCFF                                 | 3,527 | 3,853 | 4,174 | 4,534 | 4,936 | 5,679     |
| Perpetuity Growth Rate (Nominal)     |       |       |       |       |       | 4.6%      |
| PV of Explicit Period (2025 - 2029E) |       |       |       |       |       | 14,926    |
| Perpetuity Value                     |       |       |       |       |       | 78,127    |
| PV of Perpetuity                     |       |       |       |       |       | 39,865    |
| Enterprise Value                     |       |       |       |       |       | 54,792    |
| Net Debt                             |       |       |       |       |       | 18,744    |
| Minority Interest                    |       |       |       |       |       | 6,895     |
| Market Value                         |       |       |       |       |       | 29,153    |
| Outstanding CBE's                    |       |       |       |       |       | 1,166     |
| Target Price                         |       |       |       |       |       | P\$ 25.00 |
| Current Market Price                 |       |       |       |       |       | P\$ 20.10 |
| Potential Return incl/ Dividends     |       |       |       |       |       | 28.4%     |
| After-Tax Cost of Debt               |       |       |       |       |       | 9.9%      |
| Cost of Equity                       |       |       |       |       |       | 13.5%     |
| Market Risk Premium                  |       |       |       |       |       | 6.0%      |
| Risk-Free Rate                       |       |       |       |       |       | 9.9%      |
| Beta                                 |       |       |       |       |       | 0.60      |
| % Total Debt                         |       |       |       |       |       | 45.6%     |
| % Capital                            |       |       |       |       |       | 54.4%     |
| WACC                                 |       |       |       |       |       | 11.9%     |

## Operating Indicators

| Total Revenues               | 2023        | 2024E       | 2025E       | 2026E       | 2027E       | 2028E       | 2029E       |
|------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| AQSA                         | 1,236       | 1,304       | 1,431       | 1,577       | 1,721       | 1,879       | 2,052       |
| MAYAB                        | 1,709       | 2,017       | 2,208       | 2,342       | 2,461       | 2,585       | 2,716       |
| ICASAL                       | 811         | 611         | 553         | 587         | 623         | 661         | 701         |
| LIPSA                        | 302         | 313         | 358         | 387         | 419         | 444         | 471         |
| TUCA                         | 179         | 323         | 363         | 382         | 401         | 421         | 443         |
| Consolidated                 | 4,238       | 4,568       | 4,913       | 5,275       | 5,624       | 5,991       | 6,383       |
| Concessions                  | 4,238       | 4,568       | 4,913       | 5,275       | 5,624       | 5,991       | 6,383       |
| Average Daily Toll Rate      | 2023        | 2024E       | 2025E       | 2026E       | 2027E       | 2028E       | 2029E       |
| AQSA                         | \$ 306.55   | \$ 306.55   | \$ 317.28   | \$ 326.80   | \$ 336.60   | \$ 346.70   | \$ 357.10   |
| MAYAB                        | \$ 1,593.97 | \$ 1,593.97 | \$ 1,649.76 | \$ 1,699.25 | \$ 1,750.23 | \$ 1,802.74 | \$ 1,856.82 |
| ICASAL                       | \$ 387.93   | \$ 387.93   | \$ 401.51   | \$ 413.55   | \$ 425.96   | \$ 438.74   | \$ 451.90   |
| LIPSA                        | \$ 129.48   | \$ 129.48   | \$ 134.01   | \$ 138.03   | \$ 142.17   | \$ 146.44   | \$ 150.83   |
| TUCA                         | \$ 117.82   | \$ 117.82   | \$ 121.94   | \$ 125.60   | \$ 129.37   | \$ 133.25   | \$ 137.25   |
| Average Annual Daily Traffic | 2023        | 2024E       | 2025E       | 2026E       | 2027E       | 2028E       | 2029E       |
| AQSA                         | 14,856      | 15,754      | 16,700      | 17,869      | 18,941      | 20,077      | 21,282      |
| MAYAB                        | 4,141       | 5,057       | 5,310       | 5,469       | 5,579       | 5,690       | 5,804       |
| ICASAL                       | 3,563       | 3,791       | 3,829       | 3,944       | 4,062       | 4,184       | 4,309       |
| LIPSA                        | 7,895       | 7,098       | 7,417       | 7,788       | 8,178       | 8,423       | 8,676       |
| TUCA                         | 6,842       | 8,537       | 8,278       | 8,444       | 8,613       | 8,785       | 8,961       |
| Consolidated                 | 37,297      | 40,237      | 41,534      | 43,514      | 45,372      | 47,159      | 49,031      |
| EBITDA*                      | 2023        | 2024E       | 2025E       | 2026E       | 2027E       | 2028E       | 2029E       |
| AQSA                         | 998         | 1,112       | 1,234       | 1,376       | 1,520       | 1,688       | 1,873       |
| MAYAB                        | 1,436       | 1,750       | 1,937       | 2,079       | 2,208       | 2,346       | 2,492       |
| ICASAL                       | 653         | 497         | 455         | 489         | 525         | 563         | 605         |
| LIPSA                        | 246         | 238         | 276         | 302         | 331         | 355         | 382         |
| TUCA                         | 135         | 242         | 276         | 293         | 312         | 332         | 354         |
| Consolidated                 | 3,241       | 3,485       | 3,718       | 4,056       | 4,389       | 4,752       | 5,146       |
| Concessions                  | 3,467       | 3,839       | 4,178       | 4,539       | 4,896       | 5,285       | 5,705       |

\* Does not include construction revenues and expenses

(Figures in Millions of MXN\$)

| <b>INCOME STATEMENT</b>                       | <b>2023</b> | <b>2024E</b> | <b>2025E</b> | <b>2026E</b> | <b>2027E</b> | <b>2028E</b> | <b>2029E</b> |
|---|-------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Revenues                                      | 4,295       | 4,568        | 4,913        | 5,275        | 5,624        | 5,991        | 6,383        |
| Maint. & Admin. Expenses (Incl. Depreciation) | -2,792      | -2,830       | -2,873       | -2,832       | -2,747       | -2,691       | -2,633       |
| EBITDA  | 3,241       | 3,485        | 3,718        | 4,056        | 4,389        | 4,752        | 5,146        |
| <i>EBITDA Margin</i>                          | 76.4%       | 76.3%        | 75.7%        | 76.9%        | 78.0%        | 79.3%        | 80.6%        |
| Financial Gains                               | 843         | 271          | 276          | 346          | 441          | 406          | 333          |
| Financial Cost                                | -2,121      | -2,896       | -2,889       | -2,889       | -2,889       | -2,889       | -2,889       |
| Net Profit                                    | 225         | -887         | -573         | -100         | 430          | 816          | 1,194        |
| <b>BALANCE SHEET</b>                          | <b>2023</b> | <b>2024E</b> | <b>2025E</b> | <b>2026E</b> | <b>2027E</b> | <b>2028E</b> | <b>2029E</b> |
| TOTAL ASSETS                                  | 52,663      | 50,286       | 48,770       | 47,509       | 46,007       | 43,882       | 41,637       |
| Current Assets                                | 5,335       | 4,766        | 4,928        | 5,281        | 6,290        | 5,617        | 4,768        |
| LT Assets                                     | 47,328      | 45,520       | 43,842       | 42,229       | 39,717       | 38,265       | 36,869       |
| TOTAL LIABILITIES                             | 23,780      | 23,431       | 23,495       | 23,607       | 23,748       | 23,873       | 23,991       |
| ST Liabilities                                | 1,969       | 1,966        | 2,007        | 2,097        | 2,217        | 2,319        | 2,414        |
| ST Debt                                       | 1,334       | 1,289        | 1,289        | 1,289        | 1,289        | 1,289        | 1,289        |
| LT Liabilities                                | 21,810      | 21,464       | 21,487       | 21,510       | 21,531       | 21,553       | 21,577       |
| LT Debt                                       | 21,561      | 21,185       | 21,185       | 21,185       | 21,185       | 21,185       | 21,185       |
| Other LT Accts Payable                        | 249         | 279          | 302          | 324          | 346          | 368          | 392          |
| TOTAL DEBT                                    | 22,895      | 22,474       | 22,474       | 22,474       | 22,474       | 22,474       | 22,474       |
| NET DEBT                                      | 18,631      | 18,744       | 18,593       | 18,251       | 17,253       | 17,936       | 18,798       |
| Stockholder's Equity                          | 21,631      | 19,960       | 18,786       | 17,766       | 16,544       | 14,872       | 13,115       |
| Minority Interest                             | 7,253       | 6,895        | 6,489        | 6,137        | 5,715        | 5,137        | 4,530        |
| <b>CASH FLOW STATEMENT</b>                    | <b>2023</b> | <b>2024E</b> | <b>2025E</b> | <b>2026E</b> | <b>2027E</b> | <b>2028E</b> | <b>2029E</b> |
| Net Profit                                    | 225         | -887         | -573         | -100         | 430          | 816          | 1,194        |
| Total Adjustments                             | 2,885       | 5,109        | 5,277        | 5,260        | 5,688        | 4,012        | 3,949        |
| Cash Flow from Operations                     | 3,110       | 4,222        | 4,704        | 5,160        | 6,118        | 4,829        | 5,142        |
| Net Cash Flow from Investment Activities      | -1,966      | 782          | 782          | 782          | 782          | 782          | 782          |
| Net Cash Flow from Financing Activities       | -161        | -5,538       | -5,335       | -5,601       | -5,902       | -6,295       | -6,786       |
| Incr. (Decr.) in Cash and Equivalents         | 983         | -534         | 151          | 341          | 999          | -684         | -861         |
| Cash and T.I. At the Beginning of Period      | 3,391       | 3,457        | 3,741        | 4,071        | 5,034        | 4,375        | 3,545        |
| Cash and T.I. At The End of Period            | 4,264       | 3,730        | 3,881        | 4,223        | 5,221        | 4,538        | 3,676        |

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