

FCFE (BUY, PT2020 \$26.50)

Flash: 3Q20 distribution reflects resilience to difficult environment

Today, Fibra E CFE announced the payment of 3Q20 cash distribution for the period from July 1 to August 31, 2020, in the amount of \$0.8096 per CBFE (+15.9% vs. 2Q20), which represents a 3.2% yield over current prices. The payment will be made on September 30, 2020. It is worth mentioning that 69% of the distribution comes from fiscal result, while 31% belongs to capital reimbursement. FCFE highlighted that the distribution per CBFE reflects the highest electricity demand of the year and that the behavior of the distributions has been maintained in a normal way due to the fact that its operations have continued normally and without setbacks. Likewise, it pointed out that reimbursements to CFE Transmission have been made in accordance with the approved annual budget.

Positive Implication: We consider 3Q20 FCFE cash distribution yield to be attractive, which is in line with our estimate (3.0%e). It is worth stating that the amount to be distributed in the quarter represents a year-on-year drop of only 3.7%, which confirms the resilience of the electricity transmission sector - considered the most defensive arm of CFE- in comparison with the performance of the economy in Mexico. The 2Q20 and 3Q20 distributions refer to a relatively low impact of the pandemic on FIBRA's results, which could continue forward.

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SELL	<i>When the share expected performance is lower than the MEXBOL estimated performance.</i>
HOLD	<i>When the share expected performance is similar to the MEXBOL estimated performance.</i>

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History of PT and Ratings

Stock	Date	Rating	PT
FCFE18	07/28/2020	Buy	\$26.50
FCFE18	05/21/2020	Buy	\$22.50

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