

GMXT

Quarterly Report

July 26, 2021

Growth returns with solid results

- **GMXT posted remarkable progress in 2Q21, in line with our estimates, supported by an easy comparative base, as well as lower expenses, which reflected a greater profitability expansion**
- **The report should be welcomed, as it points to sustained growth in coming quarters. We reiterate the company as one of the most benefited in the current recovery context**

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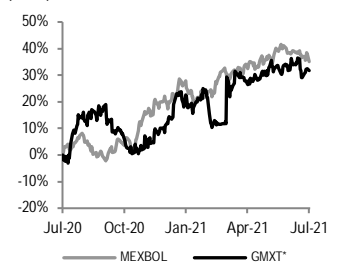
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Positive quarter with better performance in all segments. GMXT recorded solid 2Q21 numbers in line with expectations. The above was due to a very low comparative base, as the greatest impact of the pandemic occurred in 2Q20, coupled with greater economic dynamism and activity reactivation. As a result, the company's revenues grew 17.0% y/y to MXN 12.9 billion (+7.0% y/y), with a 17.0% y/y increase in net ton-kilometer transported volume, along with a 1.6% y/y rise in average prices. The largest increases were mainly in the Automotive segment (+221%), which last year was impacted by temporary plant closures, followed by Metals (+39%) due to the increase in both import and domestic traffic, as well as Intermodal (+28%) and Cement (25%). These, combined with improved productivity indicators and the absence of an extraordinary donation expense in 2Q20 of MXN 387 million, boosted EBITDA by 31.3% y/y to MXN 5.9 billion (+9.1% y/y), placing the EBITDA margin at 45.5% (+5.0pp). Net income rose 89.9% to MXN 2.1 billion, due to higher operating income and FX gains. **Favorable outlook confirmed.** The company will continue to focus on achieving efficiencies, where it now foresees investments of US\$373.3 million (+4% vs. previous). Once again, the healthy financial situation was the reason for a higher declared dividend of MXN 0.35 per share (return of 1.1%), which will be paid on August 24. Including the results, the FV/EBITDA multiple showed a significant reduction from 8.5x to 7.7x, reflecting an attractive valuation, thus we consider GMXT as one of the companies that will stand out in the recovery environment.

BUY	
Current Price	\$30.75
PT	\$36.30
Dividend	\$0.35
Dividend (%)	1.1%
Upside Potential	19.2%
Max - Min LTM (\$)	34.65-23.60
Market Cap (US\$m)	6,252.1
Shares Outstanding (m)	4,100.6
Float	14.0%
Daily Turnover (\$m)	19.1
Valuation Metrics LTM *	
FV/EBITDA Adj	7.7x
P/E	19.0x
MSCI ESG Rating*	N.A.

Relative performance to MEXBOL (LTM)



Financial statements MXN, million	2019	2020	2021E	2022E
Revenues	47,633	46,106	50,602	56,951
Operating Income	13,635	13,104	15,916	18,627
Adjusted EBITDA	21,117	20,143	22,631	25,765
EBITDA Margin	44.3%	43.7%	44.7%	45.2%
Net Income	6,038	7,727	7,410	9,300
Net margin	12.7%	16.8%	14.6%	16.3%
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Total Assets	110,812	112,661	114,362	120,223
Cash	3,837	4,177	4,539	4,826
Total Liabilities	51,868	51,932	49,108	49,375
Debt	34,565	34,303	34,303	34,303
Common Equity	50,439	52,234	54,724	58,283

Source: Banorte

Valuation and financial metrics	2019	2020	2021E	2022E
EV/EBITDA	7.8x	8.2x	7.4x	6.5x
P/E	20.9x	21.3x	17.0x	13.6x
P/BV	2.5x	2.4x	2.3x	2.2x
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ROE	12.0%	11.3%	13.5%	16.0%
ROA	5.4%	5.2%	6.5%	7.7%
EBITDA/ Interest exp	8.4x	8.7x	9.3x	10.7x
Net Deb/EBITDA	1.5x	1.5x	1.3x	1.1x
Deb/Equity	0.7x	0.7x	0.6x	0.6x

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GMXT – 2Q21 Results

MXN, million

Concept	2Q20	2Q21	Var %	2Q21e	Diff % vs. Estim.
Revenue	11,035	12,913	17.0%	13,011	-0.7%
Operating Income	2,672	4,130	54.6%	3,907	5.7%
Ebitda	4,474	5,875	31.3%	5,615	4.6%
Net Income	1,087	2,064	89.9%	1,754	17.6%
Margins					
Operating Margin	24.2%	32.0%	7.8pp	30.0%	2.0pp
Ebitda Margin	40.5%	45.5%	5.0pp	43.2%	2.3pp
Net Margin	9.8%	16.0%	6.1pp	13.5%	2.5pp
EPS	\$0.27	\$0.50	89.9%	\$0.43	17.6%

Income Statement (Million)					
Year	2020	2021	2021	Change	Change
Quarter	2	1	2	% y/y	% q/q
Net Revenue	11,034.6	12,065.9	12,913.3	17.0%	7.0%
Cost of goods sold	5,569.3	6,006.1	6,398.2	14.9%	6.5%
Gross profit	5,465.3	6,059.8	6,515.1	19.2%	7.5%
General expenses	2,793.2	2,429.6	2,385.4	-14.6%	-1.8%
Operating Income	2,672.1	3,630.2	4,129.8	54.6%	13.8%
Operating Margin	24.2%	30.1%	32.0%	7.8pp	1.9pp
Depreciation	1,802.0	1,753.0	1,745.0	-3.2%	-0.5%
EBITDA	4,474.0	5,383.0	5,875.0	31.3%	9.1%
EBITDA Margin	40.5%	44.6%	45.5%	5.0pp	0.9pp
Interest income (expense) net	(742.8)	(509.9)	(461.4)	-37.9%	-9.5%
Interest expense	638.5	615.1	604.2	-5.4%	-1.8%
Interest income	30.3	26.8	36.8	21.4%	37.5%
Other financial income (expense)				N.A.	N.A.
Exchange Income (loss)	(134.7)	78.4	105.9	N.A.	35.1%
Unconsolidated subsidiaries	(11.0)	11.4	8.8	N.A.	-23.3%
Net Income before taxes	1,918.2	3,131.7	3,677.1	91.7%	17.4%
Provision for income taxes	463.6	973.6	1,054.3	127.4%	8.3%
Discontinued Operations					
Consolidated Net Income	1,454.6	2,158.1	2,622.8	80.3%	21.5%
Minorities	367.8	486.4	559.1	52.0%	15.0%
Net Income	1,086.8	1,671.8	2,063.7	89.9%	23.4%
Net Margin	9.8%	13.9%	16.0%	6.1pp	2.1pp
EPS	0.265	0.408	0.503	89.9%	23.4%

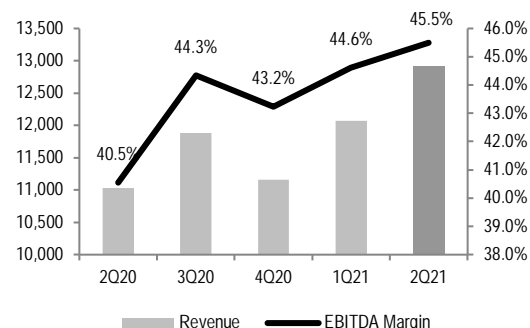
Balance Sheet (MXN, million)					
Total Current Assets	14,755.7	14,293.7	17,774.6	20.5%	24.4%
Cash & Short Term Investments	4,747.1	4,612.2	8,100.4	70.6%	75.6%
Long Term Assets	107,361.6	101,046.3	99,129.2	-7.7%	-1.9%
Property, Plant & Equipment (Net)	94,137.8	89,238.9	87,800.4	-6.7%	-1.6%
Intangible Assets (Net)	1,411.2	1,342.2	1,319.9	-6.5%	-1.7%
Total Assets	122,117.3	115,340.0	116,903.8	-4.3%	1.4%
Current Liabilities	10,684.6	10,086.4	8,272.6	-22.6%	-18.0%
Short Term Debt	3,997.1	4,344.0	1,680.3	-58.0%	-61.3%
Accounts Payable	5,474.4	4,244.8	5,209.4	-4.8%	22.7%
Long Term Liabilities	44,570.7	42,892.1	46,871.6	5.2%	9.3%
Long Term Debt	31,853.4	30,943.4	35,384.5	11.1%	14.4%
Total Liabilities	55,255.3	52,978.5	55,144.1	-0.2%	4.1%
Common Stock	66,862.0	62,361.5	61,759.7	-7.6%	-1.0%
Minorities	8,449.2	8,506.0	8,763.9	3.7%	3.0%
Total Equity	58,412.9	53,855.5	52,995.8	-9.3%	-1.6%
Liabilities & Equity	122,117.3	115,340.0	116,903.8	-4.3%	1.4%
Net Debt	31,103.4	30,675.2	28,964.4	-6.9%	-5.6%

Cash Flow			
Cash Flow from Operating Activities	10,176.4	4,254.0	10,546.7
Cash Flow from Investing Activities	(2,239.4)	(1,207.0)	(2,983.2)
Cash Flow from Financing Activities	(5,937.6)	(1,780.0)	(2,106.9)
Increase (decrease) in cash	910.5	435.1	3,923.3

Source: Banorte, MSE

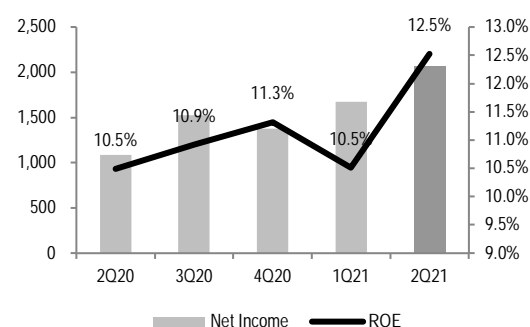
Revenue & EBITDA Margin

MXN, million



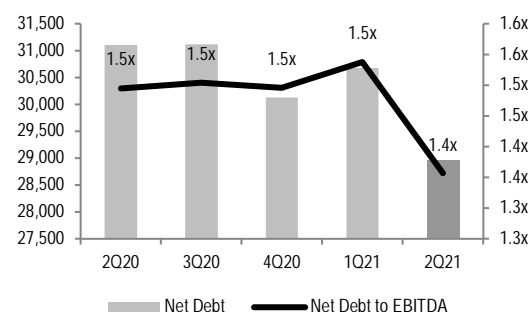
Net Income & ROE

MXN, million



Net Debt & Net Debt to EBITDA

MXN, million



Operating Information by business segment

Millions of pesos

SEGMENT	REVENUE			NET TONS			CARLOADS		
	2020	2021	Var %	2020	2021	Var %	2020	2021	Var %
Agricultural	3,574	3,662	2%	6,188	6,957	12%	80,744	82,727	2%
Intermodal	1,367	1,750	28%	1,588	1,770	11%	144,885	185,303	28%
Minerals	1,416	1,573	11%	2,581	2,906	13%	49,257	58,483	19%
Automotive	342	1,097	221%	191	512	168%	11,049	31,523	185%
Energy	909	1,039	14%	1,038	1,195	15%	18,423	23,148	26%
Chemicals	981	995	1%	1,244	1,336	7%	18,962	19,428	2%
Industrials	820	938	14%	471	698	48%	27,109	32,528	20%
Metals	498	693	39%	977	1,345	38%	16,583	22,341	35%
Cement	475	593	25%	849	977	15%	24,766	28,590	15%
Other	652	574	-12%						
TOTAL	11,034	12,913	17.0%	15,127	17,695	17.0%	391,778	484,071	23.6%

Source: GMXT

Certification of Analysts.

We, Gabriel Casillas Olvera, Alejandro Padilla Santana, Delia María Paredes Mier, Juan Carlos Alderete Macal, Manuel Jiménez Zaldívar, Marissa Garza Ostos, Francisco José Flores Serrano, Katia Celina Goya Ostos, Santiago Leal Singer, José Itzamna Espitia Hernández, Víctor Hugo Cortes Castro, Hugo Armando Gómez Solís, Miguel Alejandro Calvo Domínguez, Luis Leopoldo López Salinas, Leslie Thalía Orozco Vélez, Gerardo Daniel Valle Trujillo, Eridani Ruibal Ortega and Juan Barbier Arizmendi, certify that the points of view expressed in this document are a faithful reflection of our personal opinion on the company (s) or firm (s) within this report, along with its affiliates and/or securities issued. Moreover, we also state that we have not received, nor receive, or will receive compensation other than that of Grupo Financiero Banorte S.A.B. of C.V for the provision of our services.

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Guide for investment recommendations.

	Reference
BUY	When the share expected performance is greater than the MEXBOL estimated performance.
HOLD	When the share expected performance is similar to the MEXBOL estimated performance.
SELL	When the share expected performance is lower than the MEXBOL estimated performance.

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PT and recommendation history

Stock	Date	Recommendation	PT
GMXT	January 7, 2021	BUY	\$36.30
GMXT	December 4, 2019	BUY	\$35.50
GMXT	January 9, 2019	BUY	\$31.70
GMXT	September 28, 2018	BUY	\$37.00

MSCI ESG Rating scale

CCC	B	BB	BBB	A	AA	AAA
LAGGARD			AVERAGE		LEADER	

*The MSCI ESG Rating is an indicator that evaluates companies in Environment, Society and Governance (ESG) metrics.

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