

CHDRAUI (Buy, PT2020 \$39.00)

Flash: 2021 revenue guidance slightly better than our estimates

Chedraui announced its 2021 results guidance, which presented a sales growth forecast in line with our estimates, but slightly above them in terms of profitability, highlighting the improvement in the indicator for Mexico and its real estate division. For 2021, the company estimates a 3.3% y/y increase in same-store sales (SSS) for Mexico (Banorte +3.6%e y/y), which would result in total consolidated revenue similar to 2020 sales, despite facing an adverse FX effect –\$20.33 MXN/USD 2021E average vs. 21.48 in 2020–, as well as a week less in the face of a previous leap year. While for its US operation it projects a contraction of between 1.7%-1.9% in dollar terms –without considering the leap year effect, performance would be similar to 2020 for both *El Super* and *Fiesta*–. At the EBITDA level, in its 2021 guidance, Chedraui projects a ~15bps expansion in its EBITDA margin for Mexico (Banorte - 0.23%e), +200bps for its Real Estate division (Banorte +0.53%e), and a stable margin for the US. Regarding CAPEX, the company expects to invest 1.9% of consolidated revenue –allowing a ~0.7% growth in sales floor–, and the opening of 8 new units (1 Chedraui, 2 Súper Chedraui, 5 Supercito). Finally, a ND/EBITDA ratio of 0.2x is expected.

Positive implication: We believe that the estimates presented by Chedraui are positive, considering a high comparison base due to the increase in consumption derived from the pandemic, managing to sustain a similar growth rate in the current year, in addition to the strengthening that would be achieved in profitability, highlighting that of the US, where commercial improvements continuity and synergies achieved in *Fiesta Mart* and *El Super* would offset the negative FX effect given the estimated dollar depreciation against the peso. As a result, we believe this announcement should be well received by the market, while its valuation remains among the most attractive in Mexico's retail sector.

January 27, 2021

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Certification of Analysts.

We, Gabriel Casillas Olivera, Alejandro Padilla Santana, Delia María Paredes Mier, Juan Carlos Alderete Macal, Manuel Jiménez Zaldívar, Marissa Garza Ostos, Tania Abdul Massih Jacobo, Francisco José Flores Serrano, Katia Celina Goya Ostos, Santiago Leal Singer, José Itzamna Espitia Hernández, Valentin III Mendoza Balderas, 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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HOLD	When the share expected performance is similar to the MEXBOL estimated performance.
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History of PT and ratings

Stock	Date	Rating	PT
CHDRAUI B	9/1/2020	Buy	\$39.00
CHDRAUI B	24/7/2019	Buy	\$39.00
CHDRAUI B	25/2/2019	Buy	\$49.00

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