

## **ALFA (Buy, PT2020 \$14.00) / NEMAK (Hold, PT2020 \$7.60)**

### **Flash: Nemark Holding will be listed as of December 14, 2020**

Alfa has finally announced today the authorization by the National Banking and Securities Commission (CNBV) to carry out Nemark's spin-off. With the aforementioned, the quote start date (ex-right date) of Nemark Holding -under the ticker 'NMK'- and Alfa (ex-Nemark) will be next December 14th.

Alfa's shareholders will receive, for each title of the issuer, one share of NMK whose initial price will be determined one business day prior to the ex-right date -on Friday December 11, 2020-, as a result of taking Nemark's share price at market close, multiplying it by the total number of its issued shares and by 0.7524, to be subsequently divided by the total number of NMK's shares. This established price will be subtracted from the price of Alfa's shares in order to set the new adjusted price of the issuer.

That being said, assuming that NMK's shares are the same as Alfa's, and taking current prices as a reference, the shares of the newly spun-off company would trade at ~MXN 3.20, while Alfa's price would be adjusted to MXN 13.87 per share, in line with [our estimates](#), and with a PT2020 for the latter of MXN 14.00.

Therefore, with NMK listing on the BMV and the distribution of its shares, the spin-off process initiated last August will be completed, making Nemark an independent company, and being Alfa's first step in [its strategy to detonate greater value for its shareholders](#).

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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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In accordance with current laws and internal procedures manuals, analysts are allowed to hold long or short positions in shares or securities issued by companies that are listed on the Mexican Stock Exchange and may be the subject of this report; nonetheless, equity analysts have to adhere to certain rules that regulate their participation in the market in order to prevent, among other things, the use of private information for their benefit and to avoid conflicts of interest. Analysts shall refrain from investing and holding transactions with securities or derivative instruments directly or through an intermediary person, with Securities subject to research reports, from 30 calendar days prior to the issuance date of the report in question, and up to 10 calendar days after its distribution date.

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Analysts' compensation is based on activities and services that are aimed at benefiting the investment clients of Casa de Bolsa Banorte and its subsidiaries. Such compensation is determined based on the general profitability of the Brokerage House and the Financial Group and on the individual performance of each analyst. However, investors should note that analysts do not receive direct payment or compensation for any specific transaction in investment banking or in other business areas.

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## Activities of the business areas during the next three months.

Casa de Bolsa Banorte, Grupo Financiero Banorte or its subsidiaries expect to receive or intend to obtain revenue from the services provided by investment banking or any other of its business areas, by issuers or their subsidiaries, some of which could be analyzed in this report.

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The Analysts of Grupo Financiero Banorte S.A.B. of C.V. do not maintain direct investments or through an intermediary person, in the securities or derivative instruments object of this analysis report.

## Guide for investment recommendations.

|             | <b>Reference</b>   |
|-------------|--|
| <b>BUY</b>  | <i>When the share expected performance is greater than the MEXBOL estimated performance.</i> |
| <b>HOLD</b> | <i>When the share expected performance is similar to the MEXBOL estimated performance.</i>   |
| <b>SELL</b> | <i>When the share expected performance is lower than the MEXBOL estimated performance.</i>   |

Even though this document offers a general criterion of investment, we urge readers to seek advice from their own Consultants or Financial Advisors, in order to consider whether any of the values mentioned in this report are in line with their investment goals, risk and financial position.

## Determination of Target Prices

For the calculation of estimated target prices for securities, analysts use a combination of methodologies generally accepted among financial analysts, including, but not limited to, multiples analysis, discounted cash flows, sum-of-the-parts or any other method that could be applicable in each specific case according to the current regulation. No guarantee can be given that the target prices calculated for the securities will be achieved by the analysts of Grupo Financiero Banorte S.A.B. C.V, since this depends on a large number of various endogenous and exogenous factors that affect the performance of the issuing company, the environment in which it performs, along with the influence of trends of the stock market, in which it is listed. Moreover, the investor must consider that the price of the securities or instruments can fluctuate against their interest and cause the partial and even total loss of the invested capital.

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## History of PT and ratings

| Stock | Date               | Rating | PT      |
|-------|--------------------|--------|---------|
| ALFA  | September 29, 2020 | BUY    | \$14.00 |
| ALFA  | July 18, 2019      | BUY    | \$21.80 |
| ALFA  | April 24, 2019     | BUY    | \$26.80 |

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