

# Corporación Moctezuma

Corporación Moctezuma, S.A.B. de C.V.

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## 1Q15: Opening the “Growth Chapter”...

- After a challenging year for the company, we can finally open the most expected “Growth Chapter”. We’ve mentioned in our latest reports (i.e. “3Q14 Results and TP update”) that the housing and construction sectors are partially recovering and in turn, the company is delivering strong fundamentals. To conclude, sector recovery plus strong fundamentals result in a more than compelling quarter. We remain positive that during upcoming quarters, the company will reach the quarterly revenue, EBITDA margin and net income levels that we saw in 2012. Our view is mainly backed by positive factors pushing economic activity towards growth. The company reported double-digit YoY sales growth, from MXN 2,114 to MXN 2,676 mm. EBITDA was MXN 1,106 mm, yielding a margin of 36.7%. We like this margin level. EPS was MXN 0.79
- SG&A as a % of revenues was 4.1% in 1Q15 vs 4.4% in 1Q14, significantly lower than the 6.4% reached in 4Q14. Management is planning to continue its cost control strategy, which we believe they have executed well; 1Q15 is a clear example
- Capex for the quarter reached MXN 62 mm, which are distributed as following: MXN 48 mm for the cement division and MXN 14 mm for the concrete division. Total Capex includes investments in the operation of the company such as land, renewal and modernization of equipment. The construction of the second line of production in Apazapan, Veracruz began on December, 2014. According to the company the project is expected to be completed in 3Q16
- We reiterate our TP of MXN 43.00, but if the company continues to deliver strong fundamentals, a TP update will follow

<b>Stock price</b>	<b>47.50</b>
<b>Target price 2015</b>	<b>43.00</b>

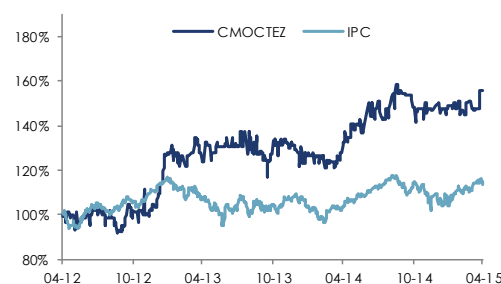
Potential expected return	-9.5%
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52 week range	40 - 48.37
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### Market summary (mm)

Stock price	47.50
Fully-diluted outstanding shares	880
Free float	13.3%
Market cap	41,815
Enterprise value	39,679

3 month ADTV (000's)	34
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### Price performance

	CMOCTEZ	IPC
1 month	3.4%	1.5%
3 months	4.4%	8.9%
6 months	4.9%	0.0%
12 months	18.8%	9.5%

1Q15 Results (MXN mm)					
	1Q15A	1Q14A	Δ YoY%	4Q14A	Δ QoQ%
Revenues	2,676	2,114	26.6%	2,517	6.3%
SG&A	109	93	16.6%	161	-32.5%
Operating profit	981	648	51.5%	749	31.1%
Operating margin	36.7%	30.6%	603 bps	29.7%	693 bps
EBITDA	1,106	771	43.4%	872	26.9%
EBITDA margin	41.3%	36.5%	485 bps	34.6%	670 bps
Net income	692	464	49.2%	578	19.7%
Net margin	25.8%	21.9%	391 bps	23.0%	289 bps
EPS (MXN)	0.79	0.53	49.2%	0.66	19.7%

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