

# Corporación Moctezuma

Corporación Moctezuma, S.A.B. de C.V.

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CONSULTOR414  
Consultora 414, S.A. de C.V.

Ariel Fischman  
af@414capital.com

Edgar Pérez  
epg@414capital.com

## 2Q15: "Growth Chapter" (Part II)...

- Moctezuma started the year with strong fundamentals and 2Q15 was the "to be continued" of that chapter. The housing and construction sectors are on their way to fully recover, and thus we expect the company to keep delivering strong fundamentals. That being said, sector recovery plus strong fundamentals plus efficient commercial strategy, result in a more than satisfactory first half of 2015. Our view is mainly backed by positive factors pushing economic activity towards growth. Finally, the company outperformed 2012's bottom line (January to June period). The company reported double-digit YoY sales growth, from MXN 2,236 to MXN 2,741 mm. EBITDA was MXN 1,113 mm, yielding a margin of 40.6%, which is higher than the 38.0% we expected the company to reach. EPS was MXN 0.78
- SG&A as a % of revenues was 5.1% in 2Q15 vs 5.2% in 2Q14. We like to think that the management's cost strategy is now part of the company's execution, rather than a temporal adjustment. We feel comfortable with that
- Capex for the quarter reached MXN 66 mm, which are distributed as follows: MXN 51 mm for the cement division, MXN 13 mm for the concrete division and MXN 2 mm for the corporate 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 in December, 2014. According to the company the project is expected to be completed in 3Q16
- We maintain our estimates unchanged and reiterate our TP of MXN 43.00. We still would like to see another strong quarter in order to update our TP

Stock price	53.00
Target price 2015	43.00

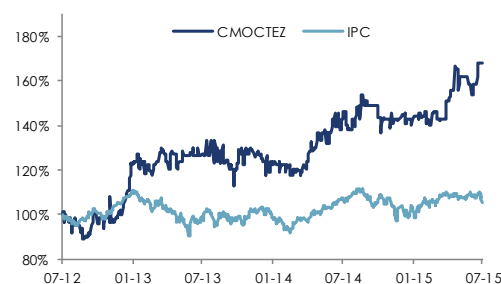
Potential expected return	-18.9%
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52 week range	43.06 - 53
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### Market summary (mm)

Stock price	53.00
Fully-diluted outstanding shares	880
Free float	13.3%
Market cap	46,657
Enterprise value	44,637

3 month ADTV ('000's)	38
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### Price performance

	CMOCTEZ	IPC
1 month	6.0%	-4.1%
3 months	11.6%	-4.0%
6 months	17.8%	2.5%
12 months	17.8%	-1.9%

### 2Q15 Results (MXN mm)

	2Q15A	2Q14A	Δ YoY%	1Q15A	Δ QoQ%
Revenues	2,741	2,236	22.6%	2,676	2.4%
SG&A	139	117	18.6%	109	28.1%
Operating profit	988	731	35.2%	981	0.6%
Operating margin	36.0%	32.7%	335 bps	36.7%	-64 bps
EBITDA	1,113	854	30.3%	1,106	0.6%
EBITDA margin	40.6%	38.2%	239 bps	41.3%	-73 bps
Net income	689	510	35.3%	692	-0.4%
Net margin	25.1%	22.8%	236 bps	25.8%	-70 bps
EPS (MXN)	0.78	0.58	35.3%	0.79	-0.4%

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