

Corporación Moctezuma

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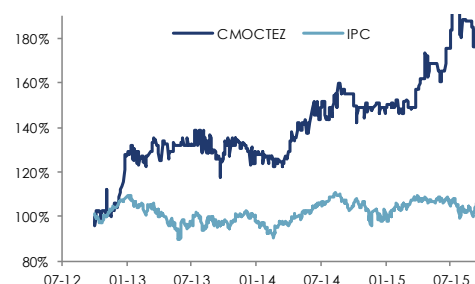
3Q15 Results: One more quarter to go!

- Moctezuma's 2015 numbers have maintained their positive trend so far. The company reported double-digit YoY sales growth, from MXN 2,320 mm to MXN 2,836 mm. EBITDA was MXN 1,182 mm, reaching a margin of 41.7%, which is above what we believed to be the company's optimum level. EPS was MXN 0.86
- SG&A as a % of revenues was 4.31% in 3Q15 vs 6.3% in 3Q14. We like to think that the management's cost strategy is now part of the company's execution, rather than a temporary adjustment. We feel comfortable with the new status quo
- Year-to-date Capex reached MXN 397.8 mm, which are distributed as follows: MXN 337.7 mm for the cement division, MXN 46.1 mm for the concrete division and MXN 13.9 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

Stock price	54.00
Target price 2015	43.00
Potential expected return	-20.4%
52 week range	43.06 - 58

Market summary (mm)

Stock price	54.00
Fully-diluted outstanding shares	880
Free float	13.3%
Market cap	47,537
Enterprise value	44,594
3 month ADTV ('000's)	31



Price performance

	CMOCTEZ	IPC
1 month	-3.6%	6.1%
3 months	1.9%	1.8%
6 months	13.7%	-1.6%
12 months	15.1%	3.1%

3Q15 Results (MXN mm)					
	3Q15A	3Q14A	Δ YoY%	2Q15A	Δ QoQ%
Revenues	2,836	2,320	22.3%	2,741	3.5%
SG&A	122	146	-16.2%	139	-12.2%
Operating profit	1,055	683	54.4%	988	6.8%
Operating margin	37.2%	29.5%	774 bps	36.0%	117 bps
EBITDA	1,182	807	46.4%	1,113	6.2%
EBITDA margin	41.7%	34.8%	687 bps	40.6%	107 bps
Net income	761	479	59.0%	689	10.4%
Net margin	26.8%	20.6%	619 bps	25.1%	168 bps
EPS (MXN)	0.86	0.54	59.0%	0.78	10.4%

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