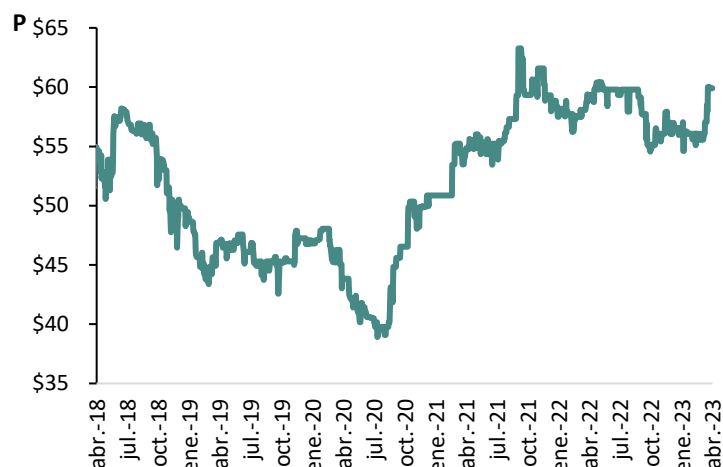


## Corporación Moctezuma, S.A.B. de C.V. CMOCTEZ\*



BUY			
<b>Target price 2023-IV:</b>		P\$67.00	
27/04/23 Closing Price		P\$59.90	
Expected Return		11.85%	
Market Cap (P\$ millions):		P\$51,531	
Qrtly Max	P\$57.03	<b>EV /EBITDA</b>	22.31x
Qrtly Min	P\$54.62	<b>ROE</b>	14.70%
% Qrtly Chg	4.41%	<b>ROIC</b>	56.33%
P\$ mn	2022-IV	2021-IV	Δ% a/a
Sales	3,831	4,850	26.58%
EBITDA	1,743	2,310	32.52%

### Analysis

**Cementos Moctezuma S.A.B. de C.V. delivered a positive first quarter 2023 earnings report.** The company is primarily engaged in the sale and distribution of concrete and cement and has three main plants located in San Luis, Morelos, and Veracruz serving clients in northern, central, and southern Mexico as well as the peninsula and lowland regions of the country. More than 30 distribution centers distribute concrete and cement to 30 states and the company also has a presence in more than 10.

Moctezuma continues to experience an upturn in **revenues, which grew +26.58% y/y and amounted to P\$4.850 bn.** Domestic concrete and cement sales rose +27% y/y, which is noteworthy in terms of revenue share by region, since Cementos Moctezuma's operation focuses mainly on the local market (99.88% of the total), the rest consisting exclusively of cement exports (Table 1).

Table 1 Income by Product. (Figures in P\$ mn)

Origin of Sales	Income 2023	Income 2022	Weighting 2023	Weighting 2022
<b>Domestic</b>	4844.2	3820.53	99.88%	99.71%
<b>International</b>	5.66	11.01	0.12%	0.29%
<b>Total</b>	<b>4849.86</b>	<b>3831.54</b>		

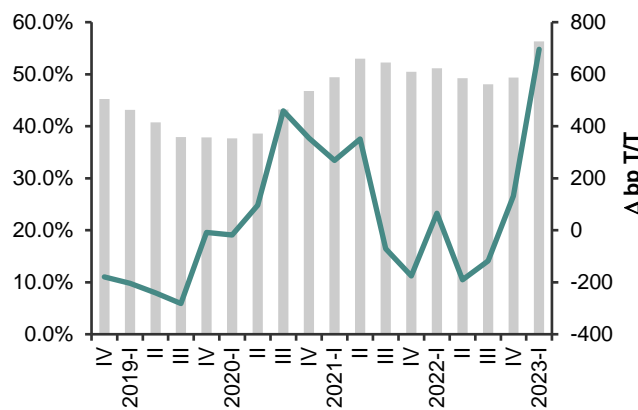
Source: Signum Research and Cementos Moctezuma's 2Q23 results

Gross profit amounted to P\$1.315 bn and the gross margin grew 64.64%, +370 bp y/y, due to better control over the cost of sales. By comparison, **selling general and administrative expenses rose +33.86% and +8.89%, respectively, y/y.**

Operating profit grew +35.86% y/y and amounted to P\$2.159 bn, while the operating margin rose +304 bp y/y to 44.51%. There was a very strong increase in financial income compared to the prior year (+192.79% y/y) driven by interest earned. **EBITDA totaled P\$2.310 bn, +32.52% y/y, and the EBITDA margin was 47.63%, 214 bp above the same year-earlier quarter.**

**Net profit totaled P\$1.569 bn, +38.54% y/y, as construction sector profitability is currently being underpinned by Mexico’s current development phase.** As a result, ROIC was 56.33% for the period.

Chart 1. Quarterly ROIC (NOPAT/Invested Capital)



Source: Signum Research and Cementos Moctezuma’s 2Q23 results

Cementos Moctezuma continues to figure among companies offering shareholders the best returns. Its zero-debt policy in a high interest rate environment translates into stable earnings, which is also reflected in cash and equivalents of P\$6.036 bn, +17.19% compared to 2022, making it an appealing investment option.

**In sum, given attractive returns, a zero-debt strategy, solid reinvestments, and a favorable outlook for short-term local concrete and cement demand, we rate the stock Buy with an end-2023 target price of P\$67.00 per share.**

**Analyst**

Adair Casco

**Armando Rodríguez**  
*General Director*

**Cristina Morales**  
*Stock Analyst Sr. / Specialized Trade and minimart*  
cristina.morales@signumresearch.com

**Manuel Zegbe**  
*Stock Analyst Sr. / Financial Groups*  
manuel.zegbe@signumresearch.com

**Alain Jaimes**  
*Stock Analyst Jr. / Industrial*  
alain.jaimes@signumresearch.com

**Antonio Morales**  
*Stock Analyst Jr. / Consumer*  
antonio.morales@signumresearch.com

**Eduardo Caballero**  
*Stock Analyst Jr. / Telecom & Media*  
eduardo.caballero@signumresearch.com

**Adair Casco**  
*Stock Analyst Jr.*  
adair.casco@signumresearch.com

**Daniel Santana**  
*Editorial Design*  
daniel.santana@signumresearch.com



Tel: 5562370862/5562370863  
Info@signumresearch.com

The information contained in this document or file or e-mail prepared by Punto Casa de Bolsa, S. A. de C.V. (PCB) personnel is directed to clients in general who reside in Mexico and sent and/or published for the sole purpose of providing information and analysis based on information available to the general public, obtained from sources considered reliable but whose accuracy and veracity cannot be guaranteed. Investors should not take this document and its contents as the sole factor in making decisions and in no case should it be understood that the performance, evaluation and analysis, present and historical, of the information provided by PCB personnel, guarantees the result, success or performance of the investments described herein, so the client will make decisions according to their profile and investment needs. The name(s) of the person(s) responsible for the preparation of the analysis, as well as their location data, can be found in the body of the document or file or e-mail or analysis report provided. The opinions contained in this document reflect exclusively the point of view of the PCB personnel responsible for its preparation, who receive compensation in accordance with the applicable regulations, that is to say, they do not receive any type of remuneration from the issuer(s), officers or personnel of the issuer(s) that make reference to the contents of this document or file or e-mail or analysis report. PCB, its Promotion personnel and those responsible for the preparation of this document or file or e-mail or analysis report, could have investments at the end of the last quarter, directly or through an intermediary, in the securities or derivative financial instruments whose underlying would be securities, object of this document or file or e-mail or analysis report, which may represent one percent or more of its securities portfolio, investment portfolio or the mentioned percentage of the issue or underlying of the securities in question. The directors, the chief executive officer and the officers ranking immediately below him in PCB, respectively, may in turn serve in any of these capacities in the issuers of the securities that are the subject of this document or file or e-mail or analysis report. This report has been prepared by PCB personnel and is subject to change without notice. PCB and its employees are under no obligation to update, correct or guarantee the information contained in this document, which distinguishes historical information from estimates and the principal assumptions of the latter. PCB makes no express or implied warranty as to the accuracy or completeness of such information, and PCB and its employees shall not be liable for any related claims. This document or file or e-mail or analysis report mentions changes, if any, in the direction of the analysis for the same securities or derivative financial instruments during the last 12 months, except for information based solely on volume and price analysis, in which case such mention is made only with respect to the change from the immediately preceding recommendation. The information and analyses contained in this document are not intended to provide tax, legal or investment advice and may not be tailored to the investor's specific circumstances. Each investor should determine for himself or herself whether an investment in any of the securities mentioned in this document is appropriate and should consult his or her own tax, legal, investment or other advisors in making such a determination. This document or file or e-mail or research report may mention various securities, some of which may not qualify for sale in some countries or to certain investors. This document or file or e-mail or analysis report may not be reproduced, reprinted, edited, sold or distributed, in whole or in part, without the prior written consent of Punto Casa de Bolsa, S.A. de C.V.