

QUICKVIEW

Construction
Materials

CMOCTEZ* MM
Buy

PRICE

(MXN, al 26/07/2016)
P\$57

FLOAT
22%

BETA (3yr, vs Mexbol)
0.161

MARKET CAP (MXN MN)
50,178

DL VL TRADED (AV. MXN MN)
6.8

TARGET PRICE

MXN\$63.5 /Var.TP +11.4%/
DIV Y 4.4%

BUY

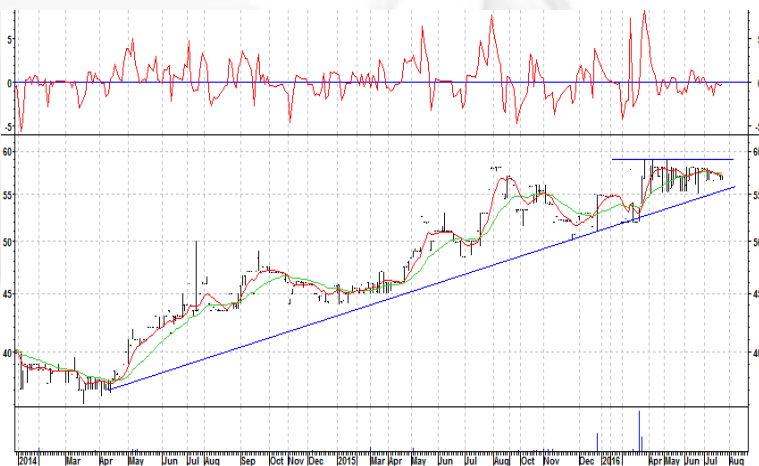
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Q216 Financial Report

Excellent results - The company reported the best operating results observed in its history. Sales advanced +18% YoY, to MXN\$3,235 mn, operating income +49% YoY, to MXN\$ 1,472 mn and EBITDA +43.7% YoY, to MXN\$ 1,599 mn. Net income also showed a significant advance of +63.1% YoY, to MXN\$ 1.124 million. We highly recommend participating in the stock, we expect positive effects.

Significant expansion in margins - Expansion was observed in margins over 800 basis points in the operating and EBITDA margins, both scored significantly better than our estimate, which remained conservative by the adverse economic environment in the construction industry, the outlook is better for the second half of the year.

Best quarterly EBITDA margin and operating margin in almost 10 years - The margin of 49.4% and operating margin of 45.5% are the highest since 2005. Meanwhile, net margin was the best in 7 years.



	Q216	Q215	Chg(%)
Sales	3,235	2,741	18.0%
Operating Income	1,472	988	49.0%
EBITDA	1,599	1,113	43.7%
Net Income	1,124	689	63.1%

	Q216	Q215	Chg bps
Operating Mgn. (%)	45.5%	36.0%	946.8
EBITDA Mgn. (%)	49.4%	40.6%	883.6
Profit Mgn. (%)	34.8%	25.1%	961.0

*Data in million of pesos unless expressed otherwise, sum may vary due to adjustments.
Source: Interacciones and quarterly company reports*

Multiples	2014	2015	U12M	2016E	2017E
P/E	19.9x	17.0x	17.1x	16.5x	16.1x
P/BV	4.8x	5.1x	5.0x	5.3x	4.9x
EV/EBITDA	11.7x	10.1x	10.3x	10.2x	9.7x

Estimates (MXN mill.)	2014	2015	U12M	2016E	2017E
Revenues	9,186	11,026	11,198	11,760	13,796
EBITDA	3,302	4,512	4,762	5,050	5,785
EBITDA Margin (%)	35.9%	40.9%	42.5%	42.9%	41.9%
Net Income	2,030	2,860	3,063	3,264	3,630
Net Margin (%)	22.1%	25.9%	27.4%	27.8%	26.3%
Net Debt	- 1,759	- 2,941	- 3,349	- 2,287	- 2,562
Net Debt/EBITDA	- 0.53	- 0.65	- 0.70	- 0.45	- 0.44

Source: Interacciones Research and the company

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The significant expansion in sales was attributable to growth in the main business segments, particularly the cement division rose +20.6% YoY, and also operational efficiencies. The administration stressed that it is rethinking their strategies for cost-saving expenses and business plan in order to maintain or improve the record levels of growth observed in 2015.

Sales (MXN\$ mn)	Q216	Q215	Chg (%)
Cement	2,655	2,202	20.6%
Concrete	579	538	7.6%
Corporate	0	0	0.0%
Total	3,235	2,741	18.0%

Source: Interacciones Research & Company's Report

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Best quarterly EBITDA margin and operating margin in nearly 10 years - 49.4% margin and operating margin of 45.5% are the highest since 2005. Meanwhile, net margin was the best in 7 years.

Outperformance in 10 years - We also note that the return on equity (ROE) and return on assets (ROA) were the best ones since 2005, which stood at 47.1% and 38.3%, respectively.

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CMOCTEZ*: Historic Target Price(s) & Recommendation(s)

Date of change	J une 28, 2016
Target Price	MXN\$63.5
Recommendation	1

* Recommendations: 1=Buy, 2=Hold, 3=Sell