

QUICKVIEW

Construction
Materials

CMOCTEZ* MM

PRICE

(MXN, al 28/10/2016)

P\$61

FLOAT
22%

BETA (3yr, vs Mexbol)
0.16

MARKET CAP (MXN MN)
53,699

DL VL TRADED (AV. MXN MN)
7.4

TARGET PRICE

MXN\$63.5 /Var.TP +4.1%/
Div. +4.1%

BUY

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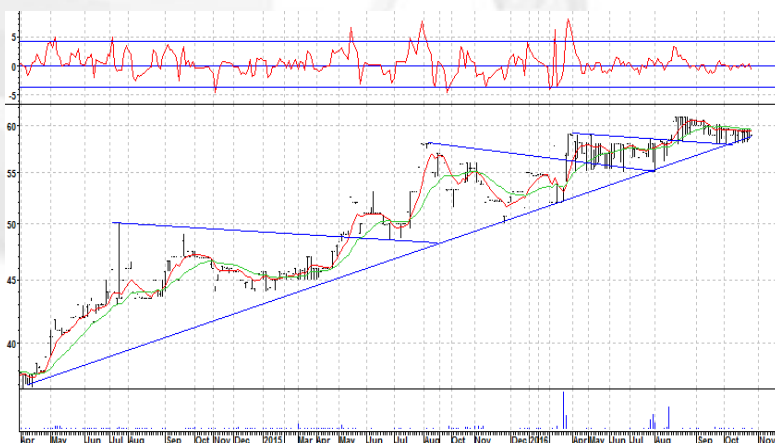
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Q316 Financial Report

Good results - Sales advanced +9.8% YoY, to MXN\$3.12 billion, operating income grew +29.3% YoY, to MXN\$ 1.36 billion and EBITDA +26.1% YoY, to MXN\$1.49 billion. Net income also showed a significant advance of +32.5% YoY, to MXN\$1.01 billion. We expect marginal movements in the stock price.

Significant expansion in margins - Expansion was observed in margins over 600 basis points in the operating and EBITDA margins, both were in line with our estimate.

Possible weakness in Q416 - The Company commented that for the year end 2016 some factors could have a negative impact in the results, such as the formation of a reserve of MXN\$67 million and some energetics and raw materials rise in price.



	Q316	Q315	Chg(%)
Sales	3,115	2,836	9.8%
Operating Income	1,364	1,055	29.3%
E BITDA	1,490	1,182	26.1%
Net Income	1,008	761	32.5%

	Q316	Q315	Chg bp
Operating Mgn. (%)	43.8%	37.2%	660.8
E BITDA Mgn. (%)	47.8%	41.7%	617.2
Profit Mgn. (%)	32.4%	26.8%	554.2

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	13.7x	15.0x	15.5
P/BV	4.8x	5.1x	4.6x	5.1x	4.7
EV/EBITDA	11.7x	10.1x	8.5x	10.1x	9.3

Estimates (MXN mill.)	2014	2015	U12M	2016E	2017E
Revenues	9,186	11,026	11,970	11,842	13,974
EBITDA	3,302	4,512	5,557	5,090	5,970
EBITDA Margin (%)	35.9%	40.9%	46.4%	43.0%	42.7%
Net Income	2,030	2,860	3,745	3,597	3,772
Net Margin (%)	22.1%	25.9%	31.3%	30.4%	27.0%
Net Debt	- 1,759	- 2,941	- 3,923	- 2,605	- 3,025
Net Debt/EBITDA	-0.5x	-0.7x	-0.7x	-0.5x	-0.5x

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 +13% YoY, but also to higher prices of concrete and cement. 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)	Q316	Q315	Chg (%)
Cement	2,516	2,226	13.0%
Concrete	599	609	-1.8%
Corporate	0	0	0.0%
Total	3,114	2,835	9.8%

Source: Company's Report

Significant expansion in margins - Expansion was observed in margins over 600 basis points in the operating and EBITDA margins, both were in line with our estimate.

Possible weakness in Q416 - The Company commented that for the year end 2016 some factors could have a negative impact in the results, such as the formation of a reserve of MXN\$67 million and some energetics and raw materials rise in price.

New acquisition - The Company informed about the acquisition of a Joint Venture realized through a subsidiary. That entity generated negative results and affected quarterly consolidated net profit in - MXN\$4 million. It is expected that at the end of the project the negative results can be reduced.

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

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

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