

## QUICKVIEW

Construction  
Materials

CMOCTEZ\* MM  
Buy

### PRICE

(MXN, al 24/02/2017)  
P\$59.63

FLOAT  
22%

BETA (3yr, vs Mexbol)  
0.117

MARKET CAP (MXN MN)  
52,766

DL VL TRADED (AV. MXN MN)  
3.7

TARGET PRICE  
MXN\$63.5 /Var.TP 6.5%, Div. 5%

BUY

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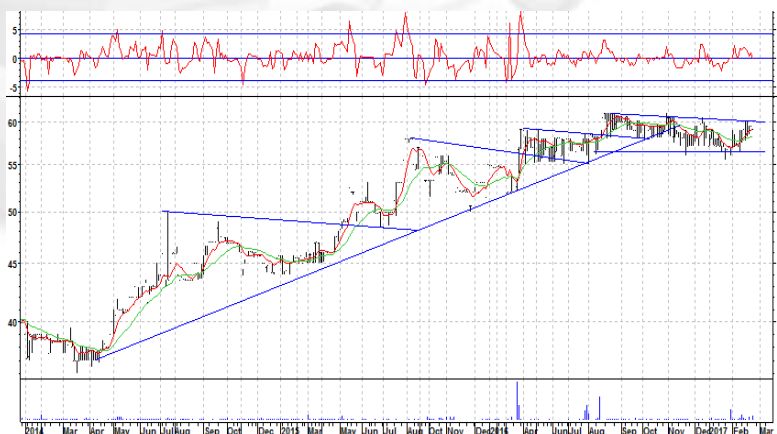
## Q416 Financial Report

*A new record year for CMOCTEZ*

**Excellent results** - Once again we perceived double digit growths on main operating results, surpassing all our estimations. Sales advanced +22.2% YoY, to MXN\$3.39 billion, operating income grew +35.8% YoY, to MXN\$1.35 billion and EBITDA +45.4% YoY, to MXN\$1.62 billion. Net income also showed a significant advance of +42% YoY, to MXN\$1.02 billion. We expect positive movements in the stock price.

**Start up operations in Apazapan facility** - With the initial operation of the cement mill, the facility was fully operating by the end of the year.

Thanks to this start up, we expect that revenues could show double digit increases in 2017, although there should be margins pressures due to major energy costs, exchange rates volatility and higher interest rates.



	Q416	Q415	Chg(%)
Sales	3,390	2,773	22.2%
Operating Income	1,348	992	35.8%
EBITDA	1,617	1,112	45.4%
Net Income	1,019	718	42.0%

	Q416	Q415	Chg bp
Operating Mgn. (%)	39.8%	35.8%	398.5
EBITDA Mgn. (%)	47.7%	40.1%	760.9
Profit Mgn. (%)	30.1%	25.9%	418.1

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

Multiples	2014	2015	2016	2017E
P/E	19.9x	17.0x	13.0x	13.8x
P/BV	4.8x	5.1x	5.2x	4.3x
EV/EBITDA	11.7x	10.1x	8.2x	8.3x

Estimates (MXN mill.)	2014	2015	2016	2017E
Revenues	9,186	11,026	12,587	14,059
EBITDA	3,302	4,512	6,062	6,262
EBITDA Margin (%)	35.9%	40.9%	48.2%	44.5%
Net Income	2,030	2,860	4,047	4,076
Net Margin (%)	22.1%	25.9%	32.2%	29.0%
Net Debt	- 1,759	- 2,941	- 3,248	- 4,017
Net Debt/EBITDA	-0.5x	-0.7x	-0.5x	-0.6x

Source: Interacciones Research and the company

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We remark that for the quarterly EBITDA calculation, in addition of the depreciation and amortization, an impairment reserve for MXN\$140 million was not considered, as it is not a cash outflow.

The significant expansion in sales was attributable to an important growth in the cement division (+28.6% YoY), in spite of the concrete's division slowdown.

Sales (MXN\$ mn)	Q416	Q415	Chg (%)
Cement	2,791	2,170	28.6%
Concrete	598	603	-0.8%
Corporate	0	0	7.0%
Total	3,390	2,773	22.2%

Source: Company's Report

**A new record year** – The margins expanded significantly. In spite of a challenging environment, the company was able to widely surpass its excellent 2015 results.

Revenues on 2016 advanced +14.2% YoY and EBITDA increased +34.4% YoY, with an EBITDA margin expansion of +724 bp YoY. The net income grew +41.6% YoY, with a growth in the net margin of +623 pb compared with 2015.

**Start up operations in Apazapan facility** – On November 30 of last year, Moctezuma informed the conclusion of the construction of the second line for cement production in Veracruz, with an additional capacity of 1.375 mn cement tons per year. With the initial operation of the cement mill, the facility was fully operating by the end of the year.

Derived from the launching of operations above mentioned, we expect that revenues could show double digit increases in 2017, although we may see some margins pressures due to the major energy cost, the exchange rates volatility and higher interest rates.

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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