

# LIVEPOL

Quarterly Report

July 19, 2023

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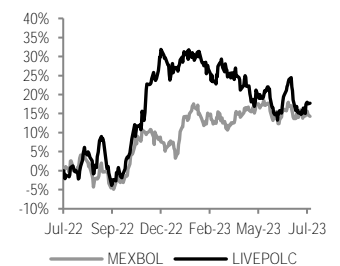
## Advances by commercial and operational strategies

- **Growth continues despite the prevailing challenges in the environment. The implemented measures boosted results, while operating efficiencies favor profitability**
- **The medium-term perspective remains positive, consolidating progress through the Omnichannel segment. Meanwhile, FV/EBITDA valuation remains very attractive at 5.3x (vs U5Y average of 8.6x)**

**Advances in all business lines, while efficiencies and extraordinary cashflow contribute to stability in profitability.** The company's figures stood out with a better operational progress. The report should be well received by the market. Sales grew 11.8% y/y to MXN 47.6 billion, supported by the positive performance of Liverpool (+9.3% in SSS) derived from special events such as: Mother's Day, Father's Day, and Hot Sale, as well as an acceleration in the Softline categories; for its part, Suburbia remained stable (+1.3% in SSS). Regarding other business lines: (1) the leasing segment had an increase of 46.1% y/y (with an occupancy level of 92.2%), by including extraordinary income from a legal settlement of a lawsuit related to claims against insurance companies; (2) in financial businesses, a growth of 26.7% y/y in income was observed, although the nonperforming loan ratio rose to 3.0% in 2Q23 vs. 2.8% in 1Q23. The contribution of the digital channel amounted to 27.1% (+3pp vs 2Q22). Accordingly, EBITDA increased to MXN 8.7 billion (+11.8% y/y) with a margin of 18.3% (+0pp y/y), where excluding the already mentioned extraordinary effect, the growth would have been 9.5% y/y (margin of 18.0%); while the rest of the expansion is attributed to operating efficiencies (including the start of operations of the first distribution centers in Monterrey and Villahermosa), normalization of supply chains and the good performance of business strategies. **The advances in commercial strategies stand out, while financial strength remains.** We believe that the measures implemented in the business lines are adequate, while the financial strength stands out (ND/EBITDA at 0.9x), representing a favorable position in case of any slowdown in consumption in subsequent quarters. We stay tuned to the sustainability of margins and the evolution of delinquency.

BUY	
Current Price	\$105.46
PT	\$118.00
Dividend	\$1.57
Dividend (%)	1.5%
Upside Potential	13.4%
Max – Min LTM (\$)	121.4-86.5
Market Cap (US\$m)	7,789.3
Shares Outstanding (m)	1,342.2
Float	19.2%
Daily Turnover US\$m	105.7
Valuation metrics TTM	
FV/EBITDA	5.3x
P/E	8.1x
MSCI ESG Rating*	N.A.

Relative performance to Mexbol LTM



Winners of the 2023 award for the best economic forecasters in Mexico, awarded by Focus Economics.



Financial Statements				
MXN, million	2021	2022	2023E	2024E
Revenue	151,022	176,034	187,548	204,810
Operating Income	18,733	25,515	25,434	28,411
EBITDA	23,909	30,686	31,139	34,412
EBITDA Margin	15.8%	17.4%	16.6%	16.8%
Net Income	12,878	17,385	16,784	19,213
Net Margin	8.5%	9.9%	8.9%	9.4%
Total Assets	221,971	235,875	221,757	245,428
Cash	32,495	24,516	7,443	17,686
Total Liabilities	102,083	103,420	104,525	107,515
Debt	33,225	43,324	30,531	30,531
Common Equity	119,628	132,183	148,966	168,180

Source: Banorte

Valuation and Financial metrics				
	2021	2022	2023E	2024E
EV/EBITDA	6.6x	5.3x	4.9x	4.4x
P/E	11.1x	8.2x	8.5x	7.4x
P/BV	1.2x	1.1x	1.0x	0.8x
ROE	10.8%	13.0%	11.3%	11.4%
ROA	5.8%	7.4%	7.6%	7.8%
EBITDA/ Interest	10.8x	7.8x	12.3x	16.1x
Net Debt/EBITDA	0.9x	0.6x	0.7x	0.4x
Debt/Equity	0.3x	0.3x	0.2x	0.2x

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Document for distribution among public

## LIVEPOL – Results 2023

MXN, million

Concept	2022	2023	Var %	2023e	Diff% vs Estim.
Revenue	42,560	47,587	11.8%	47,126	1.0%
Operating Income	6,531	7,378	13.0%	6,784	8.8%
Ebitda	7,784	8,703	11.8%	8,093	7.5%
Net Income	4,474	4,702	5.1%	4,529	3.8%
<b>Margins</b>					
Operating Margin	15.3%	15.5%	0.2pp	14.4%	1.1pp
Ebitda Margin	18.3%	18.3%	0.0pp	17.2%	1.1pp
Net Margin	10.5%	9.9%	-0.6pp	9.6%	0.3pp
EPS	\$3.33	\$3.50	5.1%	\$3.37	3.8%

### Income Statement (Million pesos)

Year	2022	2023	2023	Change	Variation
Quarter	2	1	2	% y/y	% q/q
Net Revenue	42,560.2	37,569.5	47,587.1	11.8%	26.7%
Costs of goods sold	25,876.1	22,352.7	28,761.4	11.2%	28.7%
Gross profit	16,684.2	15,216.8	18,825.8	12.8%	23.7%
General expenses	10,153.5	11,331.0	11,447.7	12.7%	1.0%
Operating Income	6,530.7	3,885.8	7,378.1	13.0%	89.9%
Operating Margin	15.3%	10.3%	15.5%	0.2pp	5.2pp
Depreciation	1,253.0	1,303.3	1,324.6	5.7%	1.6%
EBITDA	7,783.7	5,189.1	8,702.7	11.8%	67.7%
EBITDA Margin	18.3%	13.8%	18.3%	(0.0pp)	4.5pp
Interest Income (Expense) net	(368.1)	(1,027.1)	(944.6)	156.6%	-8.0%
Interest expense	975.7	1,007.4	1,016.3	4.2%	0.9%
Interest income	435.2	540.4	429.4	-1.3%	-20.6%
Other income (expense)				N.A.	N.A.
Foreign exchange gain (loss)	172.4	(560.0)	(357.7)	N.A.	-36.1%
Unconsolidated subsidiaries	154.6	79.0	123.3	-20.2%	56.0%
Income before taxes	6,317.2	2,937.8	6,556.8	3.8%	123.2%
Income taxes	1,841.1	791.7	1,852.5	0.6%	134.0%
Discontinued operations					
Consolidated Net Income	4,476.2	2,146.1	4,704.4	5.1%	119.2%
Non-controlling interest	2.4	3.3	2.4	-0.5%	-27.1%
Net Income	4,473.8	2,142.8	4,702.0	5.1%	119.4%
Net Margin	10.5%	5.7%	9.9%	(0.6pp)	4.2pp
EPS	3.333	1.597	3.503	5.1%	119.4%

### Balance Sheet (Million pesos)

Total Current Assets	88,146.9	87,502.2	90,142.7	2.3%	3.0%
Cash & Short Term Investments	23,556.9	18,539.1	15,801.2	-32.9%	-14.8%
Long Term Assets	130,078.9	138,710.4	143,194.1	10.1%	3.2%
Property, Plant & Equipment (Net)	53,205.1	54,958.0	56,363.9	5.9%	2.6%
Intangible Assets (Net)	8,126.4	7,923.4	7,840.9	-3.5%	-1.0%
Total Assets	218,225.8	226,212.6	233,336.8	6.9%	3.1%
Current Liabilities	44,883.5	47,024.5	46,357.7	3.3%	-1.4%
Short Term Debt	4,152.4	3,177.8	2,940.8	-29.2%	-7.5%
Accounts Payable	31,089.3	33,410.8	32,486.1	4.5%	-2.8%
Long Term Liabilities	50,143.2	48,763.2	51,359.1	2.4%	5.3%
Long Term Debt	40,191.1	39,248.2	40,535.2	0.9%	3.3%
Total Liabilities	95,026.7	95,787.7	97,716.8	2.8%	2.0%
Stockholders' Equity	123,199.1	130,424.8	135,620.0	10.1%	4.0%
Non-controlling interest	265.3	275.0	277.3	4.5%	0.9%
Total Equity	122,933.9	130,149.9	135,342.7	10.1%	4.0%
Liabilities & Equity	218,225.8	226,212.6	233,336.8	6.9%	3.1%
Net Debt	20,786.5	23,886.9	27,674.8	33.1%	15.9%

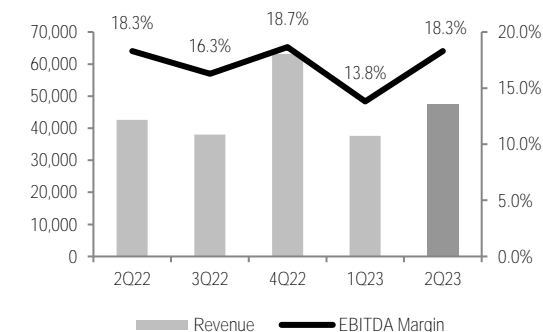
### Cash Flow

CF from Operating Activities	2,028.8	(4,252.4)	(162.0)		
CF from Investing Activities	(2,661.9)	(1,138.1)	(3,223.3)		
CF from Financing Activities	(6,851.4)	(1,076.0)	(4,747.8)		
Change in Cash Balance	(8,937.9)	(5,977.1)	(8,715.0)		

Source: Banorte, MSE.

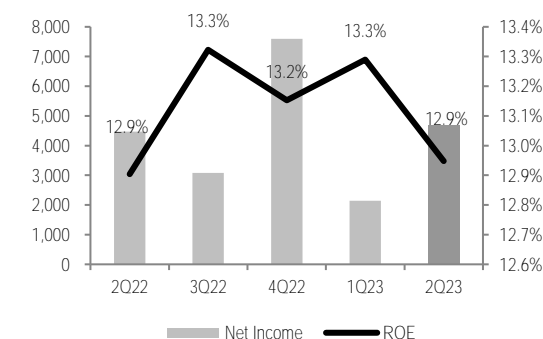
## Revenue & EBITDA Margin

MXN, million



## Net Income & ROE

MXN, million



## Net Debt & Net Debt to EBITDA ratio

MXN, million



## Certification of Analyst.

We, Alejandro Padilla Santana, Juan Carlos Alderete Macal, Alejandro Cervantes Llamas, Manuel Jiménez Zaldívar, Marissa Garza Ostos, Katia Celina Goya Ostos, Francisco José Flores Serrano, José Luis García Casales, Víctor Hugo Cortes Castro, José Itzamna Espitia Hernández, Carlos Hernández García, Leslie Thalía Orozco Vélez, Hugo Armando Gómez Solís, Yazmín Selene Pérez Enríquez, Cintia Gisela Nava Roa, Miguel Alejandro Calvo Domínguez, José De Jesús Ramírez Martínez, Gerardo Daniel Valle Trujillo, Luis Leopoldo López Salinas, Isaías Rodríguez Sobrino, Juan Carlos Mercado Garduño, Daniel Sebastián Sosa Aguilar, Jazmin Daniela Cuautencos Mora and Andrea Muñoz Sánchez, certify that the points of view expressed in this document are a faithful reflection of our personal opinion on the company (s) or firm (s) within this report, along with its affiliates and/or securities issued. Moreover, we also state that we have not received, nor receive, or will receive compensation other than that of Grupo Financiero Banorte S.A.B. of C.V for the provision of our services.

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## Guide for investment recommendations.

	Reference
<b>BUY</b>	When the share expected performance is greater than the MEXBOL estimated performance.
<b>HOLD</b>	When the share expected performance is similar to the MEXBOL estimated performance.
<b>SELL</b>	When the share expected performance is lower than the MEXBOL estimated performance.

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## History of PT and Ratings

Stock	Date	Rating	PT
LIVEPOL	10/18/2022	BUY	\$118.00
LIVEPOL	07/26/2022	BUY	\$116.69
LIVEPOL	04/29/2022	BUY	\$113.97

## MSCI ESG Rating scale

CCC	B	BB	BBB	A	AA	AAA
LAGGARD	AVERAGE				LEADER	

\*The MSCI ESG Rating is an indicator that evaluates companies in Environment, Society and Governance (ESG) metrics.

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