

May 5, 2023

FEMSA

Quarterly Report

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Strategy focused on core businesses

- **Solid performance in strategic businesses, while Heineken's disinvestment was reflected in earnings. Proximity's profitability was affected by higher costs in Mexico**
- **In our view, current FV/EBITDA multiple of 9.2x (vs. L5Y average of 10.4x) does not seem to incorporate the set of factors that could trigger higher value**
- **We update our estimates for the year with a target price of MXN 212.00, which implies a 2023E FV/EBITDA of 8.6x, lower than the current 9.2x. Given the outlook, we reiterate it in our 'top-picks'**

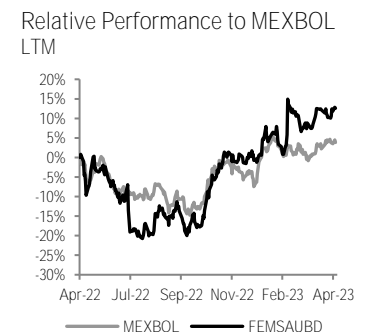
Carlos Hernandez Garcia
Senior Strategist, Equity
jose.espitia@banorte.com

Paola Soto Leal
Analyst
paola.soto.leal@banorte.com

Marissa Garza Ostos
Director of Equity Strategy
marissa.garza@banorte.com

Strategic divisions continue to underpin growth, although Proximity margin pressures increased sequentially. Femsa registered a quarter in line with our estimates, achieving revenue growth of 21.9% y/y to MXN 180.0 billion. Positive performance was mainly driven by Proximity, where Americas division grew 21.9% y/y (+18.3% in SSS) due to a sustained recovery in demand (+11.9% y/y in average ticket and 5.5% y/y in volume), as well as the opening of 157 Oxxos; meanwhile, Europe grew 14.0% y/y. As for other business lines, Fuel's grew +20.6% and Envoy Solutions +23.7% y/y. EBITDA reached MXN 22.2 billion (+12.5% y/y) with a margin of 12.3% (-1.0pp), particularly reflecting a contraction in Proximity profitability (-0.7pp) due to higher labor expenses in Mexico and compensation schemes linked to personnel performance in Oxxo stores, as well as an adjustment in Kof's margin (-0.9pp) given higher expenses in the domestic market. Finally, net income amounted MXN 50.3 billion, including a gain of MXN 40.7 billion from Heineken's disinvestment, in line with the company's strategic plan. **Positive outlook, considering several factors; therefore, we are raising our target price.** Solid performance of its business divisions and measures aimed at strengthening expansion, open the possibility of triggering greater value, as well as extraordinary returns to investors.

BUY	
Current Price	\$171.88
PT	\$212.00
Dividend	\$3.42
Dividend Yield (%)e	2.0%
Upside Potential	25.3%
Max - Min LTM (\$)	177.4-120.6
Market Cap (US\$m)	31,177.7
Shares Outstanding (m)	3,578.2
Float	60%
Daily Turnover (\$m)	535.3
Valuation metrics LTM	
FV/EBITDA	9.2x
P/E	8.9x
MSCI ESG Rating*	N.A.



Financial Statements

	2020	2021	2022	2023E
Revenues	493,627	555,517	673,202	782,839
Operating Income	41,473	51,983	59,416	71,126
EBITDA	72,017	82,342	92,812	105,946
EBITDA Margin	14.6%	14.8%	13.8%	13.5%
Net Income	-4,339	28,492	24,757	64,458
Net Margin	-0.9%	5.1%	3.7%	8.2%
Total Assets	761,233	737,500	798,621	858,025
Cash	133,470	97,407	83,439	132,712
Total Liabilities	413,402	402,383	459,965	452,288
Debt	265,969	255,628	280,639	248,843
Common Equity	347,831	335,117	338,656	405,737

Source: Banorte.

Valuation and financial metrics

	2020	2021	2022	2023E
FV/EBITDA	10.7x	9.6x	9.5x	7.2x
P/E	-146.5x	22.3x	24.8x	10.0x
P/BV	1.8x	1.9x	2.3x	1.6x
ROE	-1.2%	8.5%	9.3%	15.9%
ROA	-0.6%	3.9%	3.1%	7.5%
EBITDA/ Interes exp	4.7x	5.3x	7.4x	10.6x
Net Deb/EBITDA	1.8x	1.9x	2.1x	1.1x
Deb/Equity	0.8x	0.8x	1.1x	0.6x

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FEMSA – Results 1Q23

MXN, million

Concept	1Q22	1Q23	Var %	1Q23e	Diff % vs Estim.
Revenue	147,636	180,011	21.9%	172,450	4.4%
Operating Income	11,892	12,543	5.5%	12,903	-2.8%
Ebitda	19,694	22,157	12.5%	22,247	-0.4%
Net Income	3,987	48,078	>500%	3,830	>500%
Margins					
Operating Margin	8.1%	7.0%	-1.1pp	7.5%	-0.5pp
Ebitda Margin	13.3%	12.3%	-1.0pp	12.9%	-0.6pp
Net Margin	2.7%	26.7%	24.0pp	2.2%	24.5pp
EPS	\$1.11	\$13.44	>500%	\$1.07	1155.3%

Income Statement

Year	2021	2021	2022	Change	Variation
Quarter	4	3	4	% y/y	% q/q
Net Revenue	147,636.0	186,467.4	180,011.4	21.9%	-3.5%
Cost of goods sold	93,167.5	113,979.2	112,997.5	21.3%	-0.9%
Gross profit	54,468.5	72,488.2	67,013.8	23.0%	-7.6%
General expenses	42,576.5	55,083.2	54,470.8	27.9%	-1.1%
Operating Income	11,892.0	17,405.0	12,543.0	5.5%	-27.9%
Operating Margin	8.1%	9.3%	7.0%	(1.1pp)	(2.4pp)
Depreciation	7,802.0	9,157.0	9,614.0	23.2%	5.0%
EBITDA	19,694.0	26,562.0	22,157.0	12.5%	-16.6%
EBITDA Margin	13.3%	14.2%	12.3%	(1.0pp)	(1.9pp)
Interest income (expense) net	(5,538.2)	(6,488.0)	1,955.5	N.A.	N.A.
Interest expense	3,940.8	4,323.9	3,700.5	-6.1%	-14.4%
Interest income	736.5	1,162.3	8,522.8	>500%	>500%
Other income (expenses)			(313.9)	N.A.	N.A.
Exchange Income (loss)	(1,533.0)	(3,520.2)	(2,552.9)	66.5%	-27.5%
Unconsolidated subsidiaries	1,386.0	1,018.0	251.9	-81.8%	-75.3%
Income before taxes	6,484.0	9,899.0	14,246.6	119.7%	43.9%
Income taxes	2,022.3	2,345.0	4,328.0	114.0%	84.6%
Discontinued operations			40,605.8		
Consolidated Net Income	5,847.6	8,838.0	50,329.0	>500%	469.5%
Minorities	1,860.5	4,021.2	2,251.3	21.0%	-44.0%
Net Income	3,987.1	4,816.8	48,077.7	>500%	>500%
Net margin	2.7%	2.6%	26.7%	24.0pp	24.1pp
EPS	1.114	1.346	13.436	>500%	>500%

Balance Sheet (Million pesos)

Total Current Assets	229,960.2	226,448.8	334,115.3	45.3%	47.5%
Cash & Short Term Investments	93,222.3	83,438.7	99,927.1	7.2%	19.8%
Long Term Assets	514,501.2	572,366.5	476,576.4	-7.4%	-16.7%
Property, Plant & Equipment (Net)	118,871.3	134,000.8	131,500.8	10.6%	-1.9%
Intangible Assets (Net)	108,470.2	105,059.7	101,388.1	-6.5%	-3.5%
Total Assets	744,461.4	798,815.3	810,691.6	8.9%	1.5%
Current Liabilities	142,975.3	176,921.6	190,260.1	33.1%	7.5%
Short Term Debt	34,734.6	49,985.7	66,830.5	92.4%	33.7%
Accounts Payable	94,507.3	110,241.6	103,818.3	9.9%	-5.8%
Long Term Liabilities	266,891.5	284,092.0	259,292.1	-2.8%	-8.7%
Long Term Debt	242,098.1	261,240.3	226,767.1	-6.3%	-13.2%
Total Liabilities	409,866.9	461,013.7	449,552.2	9.7%	-2.5%
Common Stock	334,594.6	337,801.6	361,139.4	7.9%	6.9%
Preferred Stock	70,775.5	75,197.1	69,259.9	-2.1%	-7.9%
Total Equity	263,819.1	262,604.5	291,879.5	10.6%	11.1%
Liabilities & Equity	744,461.4	798,815.3	810,691.6	8.9%	1.5%
Net Debt	183,610.4	227,787.3	193,670.5	5.5%	-15.0%

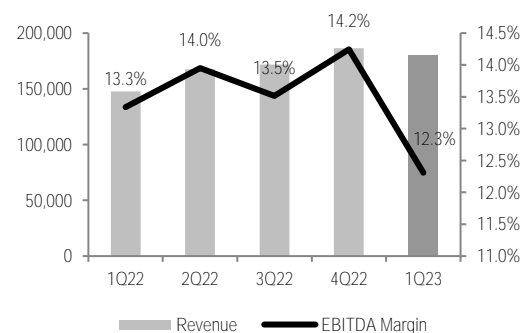
Cash Flow (Million pesos)

Cash Flow from Operating Activities	16,725.0	91,672.0	9,295.0		
Cash Flow from Investing Activities	(9,561.0)	(46,432.0)	38,079.0		
Cash Flow from Financing Activities	(6,310.0)	(35,898.0)	(24,802.1)		
Change in Cash Balance	(5,639.0)	(9,754.0)	20,024.9		

Source: Banorte, MSE.

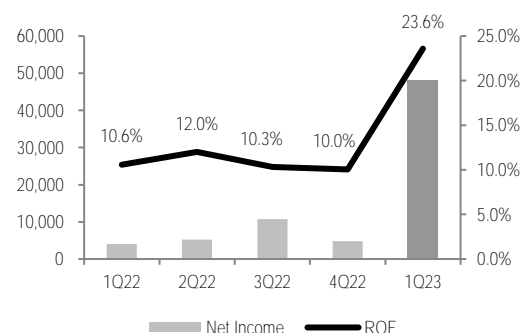
Revenue & EBITDA Margin

MXN, million



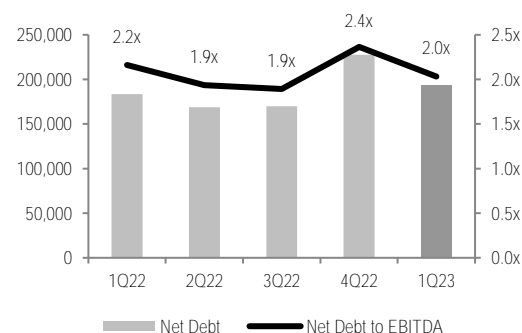
Net Income & ROE

MXN, million



Net Debt & Net debt to EBITDA ratio

MXN, million



Performance by business unit

Proximity Division

	1Q22	4Q22	1Q23	% YoY	% QoQ
Ticket	46.6	51.4	52.1	11.8%	1.4%
Traffic	16.3	18.1	17.2	5.5%	-5.2%
SSS	757.5	932.2	895.9	18.3%	-3.9%
Revenue	49,918	62,652	60,871	21.9%	-2.8%
EBITDA	6,630	10,972	7,660	15.5%	-30.2%
Margin EBITDA	13.3%	17.5%	12.6%	-0.7pp	-4.9pp

Fuente: FEMSA

Health Division

	1Q22	4Q22	1Q23	% YoY	% QoQ
SSS	1,290.7	1,267.5	1,220.0	-5.5%	-3.8%
Revenue	18,657	18,774	18,574	-0.4%	-1.1%
EBITDA	2,000	1,946	2,028	1.4%	4.2%
Margin EBITDA	10.7%	10.4%	10.9%	0.2pp	0.6pp

Source: FEMSA

Fuel Division

	1Q22	4Q22	1Q23	% YoY	% QoQ
Price	19.5	20.3	20.5	5.1%	0.8%
Volume	310.8	373.7	346.9	11.6%	-7.2%
SSS	6,056.2	7,603.2	7,109.5	17.4%	-6.5%
Revenue	10,894	13,875	13,141	20.6%	-5.3%
EBITDA	649	920	819	26.2%	-11.0%
Margin EBITDA	6.0%	6.6%	6.2%	0.3pp	-0.4pp

Fuente: FEMSA

Coca-Cola Femsa

	1Q22	4Q22	1Q23	% YoY	% QoQ
Volume	881.6	995.3	939.6	6.6%	-5.6%
Revenue	51,195	61,209	57,357	12.0%	-6.3%
EBITDA	9,827	11,954	10,522	7.1%	-12.0%
Margin EBITDA	19.2%	19.5%	18.3%	-0.9pp	-1.2pp

Strategic Businesses Division

	1Q22	4Q22	1Q23	% YoY	% QoQ
Revenue	10,887	19,595	13,467	23.7%	-31.3%
EBITDA	823	1,483	931	13.1%	-37.2%
Margin EBITDA	7.6%	7.6%	6.9%	-0.6pp	-0.7pp

Fuente: FEMSA

Consolidated

	1Q22	4Q22	1Q23	% YoY	% QoQ
Revenue	147,636	186,467	180,011	21.9%	-3.5%
EBITDA	19,694	26,562	22,157	12.5%	-16.6%
Margin EBITDA	13.3%	14.2%	12.3%	-1.0pp	-1.9pp

Source: FEMSA. *MXN, million, except Ticket (pesos), Traffic (thousands of transactions), SSS (thousands of pesos), Volume (thousands of lt.) y Price (average of lt.)

Leveraging key businesses, while maintaining a defensive profile and positioning itself favorably

Femsa's figures proved to be resilient throughout 2022, as the company continues with a series of measures aimed at underpinning expansion and entering the European market through Valora. In addition, it recently reported a plan to be developed over the next 24 to 36 months, aimed at shoring up company's key businesses. However, although some concerns related to global recovery prevail in several regions after the banking crisis of some banks in the US and Europe, we have updated our forecast for US growth to 1.7% y/y by 2023 (vs. 0.8% previously), considering that fundamentals remain solid. In particular, the Mexican economy could handle many of the obstacles due to: (1) positive performance of private consumption; (2) higher government spending and investment (especially infrastructure); (3) relatively strong external demand dynamics and (4) some positive ramifications of [nearshoring](#), which together will help [GDP growth of 2.0%](#) this year, upwardly revised from 1.5% previously. Based on the above, and while we believe that the strategies implemented by the company appear to be the right ones, we reaffirm the company in our [top-picks](#).

2023 Estimates

After integrating the latest quarterly results and based on our forecasting model, even with a conservative position for the first half of the year, we are foreseeing a positive scenario for the main business lines, as well as a more favorable economic outlook towards year-end. We estimate consolidated revenues to grow 16.3% y/y to MXN 782.8 billion, which we expect to reflect a combination of factors: (1) a better outlook for economic activity and Mexico's consumption; (2) result's boost from Valora's integration (which contributes 5.2% to growth); (3) continued strong expansion of Oxxo stores in Proximity segment; (4) resilience in the other segments (Health, Fuels, Strategic); (5) a better scenario for [KOF](#) and; (6) a possible further consolidation of its financial solutions through Digital Femsa. Revenue's expansion is the result of the following: Proximity (26.3% y/y), Kof (9.0% y/y), Healthcare (20.0% y/y), Fuels (4.0% y/y), and Strategic Businesses (13.0% y/y). Besides, we expect a more favorable cogs outlook for most business lines, but with some pressures due to Valora's integration, as operating margin (Europe) is lower compared to the Americas by around 9pp, we anticipate an advance in consolidated EBITDA of 13.5% y/y to MXN 105.9 billion with a respective margin of 13.5% (-0.3pp). On the other hand, we anticipate that net income will benefit from Heineken's cash inflow, rising to MXN 64.5 billion in 2023 from MXN 24.8 billion in 2022.

Broken down by business division... For Proximity operations we expect organic expansion to continue in Oxxo and total stores to increase 5.1% y/y to 1,100 stores, to 22,558 units, recalling a possible guidance of: 800 Oxxo, 250 openings in Latin America and 250 in Brazil; while in Valora we see no major changes and place them at 2,777 units (+11 stores). Based on the above, we expect revenues to increase 26.3% y/y to MXN 307.836 billion (+7.2% y/y

SSS), recalling the favorable momentum derived from the integration of Valora's results in 4Q22. Additionally, we consider a 5.1% y/y expansion in average ticket and 2.0% in traffic, aligned with our economic expectations. We forecast EBITDA growth of 16.9% y/y to MXN 43.528 billion, registering a margin of 18.6% (-0.8%pp), where pressures from Europe due to high energy costs could be temporarily dampening profitability. Although Femsa Digital maintains a low share, we expect operations to consolidate this year, opening the possibility of having a higher momentum for the consolidated business.

Regarding Health, our expectation is a 5.7% y/y expansion in total pharmacies to 4,003 units, which would drive sales to MXN 90.1 million (+20% y/y). Meanwhile, EBITDA would increase 17.0% y/y to MXN 9.2 billion with a margin of 10.3% (+0.5pp).

On the other hand, Fuel segment could continue with a limited growth dynamic given lower oil prices; therefore, we forecast an increase of only 4.0% y/y in total stations to 616 units. We maintain our perspective of 4.0% revenue growth to MXN 53.9 billion, reflecting a margin of 5.9% (-0.6pp), with more normalized oil prices.

For the Strategic Businesses Division, the expected expansion is 13.2% y/y in revenues and EBITDA, assuming that the share of consolidated revenues remains at around 12%, which would represent the same 10.7% margin observed. However, Femsa's strategic plan contemplates the sale of this division in the next two years, so we could be adjusting estimates, but we do not believe the transaction will occur this year given the prevailing obstacles. Finally, assuming an EBITDA of MXN 9.0 billion by 2023 and an average sector multiple of 6.8x, the sale of the segment could represent revenues of ~MXN 61 billion (10.8% of femsa's mkt cap).

Finally, in [Kof](#), we anticipate a 9.0% y/y revenue growth to MXN 247.2 billion, where above-inflation price transfer strategies will continue to drive results, alongside the positive outlook for demand, as input costs ease towards the second half of the year. Based on the above, we forecast EBITDA to increase 10.8% y/y to MXN 47.7 billion and a margin of 19.3% (+0.32pp).

The capital structure is further strengthened. Financial strength stands out, which we expect to be maintained over the next few years as growth continues and the possibility of prepaying debt opens up. Regarding ND/EBITDA ratio, we expect it to be 1.1x by the end of the year vs. 2.0x currently. Femsa made a public offering, in which Heineken and Heineken Holding made an acquisition of US\$3.9 billion (3.2 billion euros) in shares. The transaction represents a ~7% stake, therefore, Femsa will decrease its position in the group from 14.76% to 8.13%. Based on the above, we expect a decrease in long-term debt of MXN 37.4 billion, an increase in cash of MXN 18.7 billion and tax payments of MXN 9.4 billion. The remainder to be sold is not yet defined in time but will have to be during the next few years due to its 'strategic plan' guidance, which amounts to ~US\$4.8 million (~4.48 million euros) at current prices, equivalent to a stake of ~15% of Femsa's capitalization. Once these actions are completed, the capital could be used to strengthen strategic businesses and opens up the possibility of

a return to shareholders, in our view through higher dividends or share buybacks. In the meantime, we expect the ordinary dividend to be MXN 3.42, reflecting a yield of 2.0% based on current prices.

Strategic elements for the coming years. Among some of the key points the company has set for long-term business development is to promote the various Oxxo formats in Mexico (Oxxo Smart, Bara, Pronto, and Andatti Drive), while accelerating expansion in South America and exploring the opportunity to enter the US through Proximity division. In addition, some objectives for Digital are: (1) in Spin, to reach more than 10 million active users (vs. +5 million currently); (2) in Oxxo Premia, its loyalty program, to reach more than 30 million active users (vs. +26 million currently); and (3) to capture 1 million users in its Fintech, BxB

Valuation and PT of \$212.00

By updating our sum-of-the-parts valuation exercise, we set our price target at MXN 212.00. This price would represent a multiple of 8.6 vs. 9.2x current multiple, which would be justified by: (1) the company's resilient position in the economic environment; (2) the solid expansion plan of the Proximity division; (3) the outstanding financial strength; (4) the leverage of its key businesses and (5) the possibility of extraordinary remunerations from the measures that will be implemented during the next few years.

For the calculation of our target price, we assume a target FV/EBITDA multiple of 9.0x for Proximity, slightly higher than the global average of its comparable at 8.7x, given the strength and higher profitability of its operations. Meanwhile, in Coca-Cola Femsa, we use our [MXN 167.00 PT](#) given the upgraded growth outlook. In Fuels, we set a target of 5.1x, equal to the average of a sample of companies that operate service stations worldwide. Finally, in Strategic Businesses, we set a target valuation of 6.7x, like the average of comparable companies. Regarding Femsa's equity stake in Heinken (8.13%), we assumed the PT of €106.28, according to Bloomberg consensus, and used a EUR/USD exchange rate of 1.12 in 2023e, based on Bloomberg projections, and 18.70 for the USD/MXN at year-end 2023 estimated by our [fixed income and exchange rate strategy team](#).

The potential yield of 25.3% vs. our PT (including 2.0% dividend return) is relevant, so we reiterate our BUY recommendation, considering that Femsa should be part of investment portfolios this year.

Valuation – Sum of parts

MXN, Million

	EBITDA 2023E \$m	FV/EBITDA	Enterprise Value \$m	Net Debt	Holding	TOTAL	P\$/share
Coca-Cola Femsa	\$ 47,658	8.1x	\$ 350,839	\$ 30,706	47.2%	\$ 165,596	\$ 46.28
Proximity Division	\$ 43,528	9.5x	\$ 413,514		100.0%	\$ 413,514	\$ 115.56
Health Division	\$ 9,312	9.0x	\$ 83,808		100.0%	\$ 83,808	\$ 23.42
Strategic Business Division	\$ 8,978	6.7x	\$ 60,150		100.0%	\$ 60,150	\$ 16.81
Fuel Division	\$ 3,191	5.1x	\$ 16,273		100.0%	\$ 16,273	\$ 4.55
SOTP						\$ 739,342	
Net Debt Femsa						(85,424)	(23.87)
Total FEMSA						\$ 653,918	
Heineken						\$ 104,238	\$ 29.13
Equity Value FEMSA						\$ 758,156	
Outstanding linked units						3,578	
PO2023							\$ 211.88

Source: Banorte

Relative Valuation – Proximity Stores

Stock	P/B	P/E			FV/EBITDA			Dividend Yield
		L12M	2023E	2024E	L12M	2023E	2024E	
SEVEN & I HOLDINGS CO LTD	1.6x	19.2x	18.4x	16.5x	7.9x	7.9x	7.5x	1.8%
GRUPO NUTRESA SA	2.5x	30.1x	25.2x	21.8x	16.1x	13.4x	12.9x	2.0%
TESCO PLC	1.7x	27.3x	13.0x	11.7x	9.6x	7.2x	6.9x	3.9%
CARREFOUR SA	1.3x	10.3x	11.0x	9.2x	6.0x			3.0%
ALIMENTATION COUCHE-TARD -B			12.6x	12.8x	10.3x	10.4x	10.7x	
LOBLAW COMPANIES LTD	3.7x	22.6x	16.8x	15.3x	9.3x	8.7x	8.3x	1.3%
KONINKLUKE AHOLD DELHAIZE N	2.0x	12.3x	12.4x	11.7x	6.2x	6.3x	6.1x	3.3%
KROGER CO	3.4x	11.5x	10.9x	10.8x	6.8x	6.9x	6.9x	2.2%
Average Proximity	2.3x	19.0x	15.0x	13.7x	9.0x	8.7x	8.5x	2.5%
Median Proximity	2.0x	19.2x	12.8x	12.3x	8.6x	7.9x	7.5x	2.2%

Source: Banorte, Bloomberg

Valuación relativa – Bottling Companies

Stock	P/B	P/E			FV/EBITDA			Dividend Yield
		L12M	2023E	2024E	L12M	2023E	2024E	
COCA-COLA CONSOLIDATED INC	5.1x	12.6x			7.0x			0.3%
EMBOTELLADORA ANDINA-PREF B	2.1x	13.8x	10.2x	9.0x	6.3x	5.1x	4.9x	8.2%
COCA-COLA ICECEK AS	3.0x	14.0x	8.3x	5.8x	3.2x	4.2x	3.1x	
COCA-COLA HBC AG-DI	3.1x	24.0x	15.9x	14.2x	9.9x	8.3x	7.7x	
COCA-COLA BOTTLERS JAPAN HOL	0.5x				11.6x	9.0x	7.7x	3.4%
COCA-COLA FEMSA SAB DE CV	21.8x	47.5x	16.7x	14.7x	8.4x	7.7x	7.0x	3.9%
ARCA CONTINENTAL SAB DE CV	2.7x	18.3x	16.9x	15.5x	8.5x	8.1x	7.5x	4.1%
COCA-COLA EMBONOR SA-B	1.1x	6.0x			4.3x			9.9%
HOKKAIDO COCA-COLA BOTTLING	0.8x	57.5x			9.0x			1.0%
ANADOLU EFES BIRACILIK VE	1.5x	11.0x	8.1x	5.0x	4.9x	3.4x	2.6x	1.7%
HAAD THIP PUBLIC CO LTD	1.8x	15.3x	10.7x	9.3x	8.2x	6.7x	6.0x	5.9%
Average Bottling Companies	3.9x	22.0x	12.4x	10.5x	7.4x	6.6x	5.8x	4.3%
Median Bottling Companies	2.1x	14.7x	10.7x	9.3x	8.2x	7.2x	6.5x	3.9%

Source: Banorte, Bloomberg

Relative Valuation – Drugstores

Stock	P/B	P/E			FV/EBITDA			Dividend Yield
		L12M	2023E	2024E	L12M	2023E	2024E	
CARDINAL HEALTH INC		12.8x	15.0x	12.9x		9.2x	8.3x	2.4%
CVS HEALTH CORP	1.3x	9.6x	8.3x	8.0x	10.3x	7.4x	7.2x	3.3%
WALGREENS BOOTS ALLIANCE INC	1.4x	11.6x	7.8x	7.3x		12.4x	11.3x	5.5%
RAIA DROGASIL SA	8.1x	43.4x	36.2x	26.6x	14.6x	16.4x	13.6x	0.2%
Average Drugstores	3.6x	19.3x	16.8x	13.7x	12.4x	11.3x	10.1x	2.8%
Median Drugstores	1.4x	12.2x	11.7x	10.5x	12.4x	10.8x	9.8x	2.9%

Source: Banorte, Bloomberg

Relative Valuation – Fuel

Stock	P/B	P/E			FV/EBITDA			Dividend Yield
		L12M	2023E	2024E	L12M	2023E	2024E	
DELEK US HOLDINGS INC	1.5x						5.5x	
PHILLIPS 66	1.5x	4.9x		7.5x		5.0x	5.8x	4.3%
MARATHON PETROLEUM CORP	2.0x					4.4x	6.0x	2.5%
ULTRAPAR PARTICIPACOES SA	1.3x	10.3x	14.7x	11.8x		6.0x	5.5x	
Average Fuel	1.6x	7.6x	14.7x	9.6x		5.1x	5.7x	3.4%
Median Fuel	1.5x	7.6x	14.7x	9.6x		5.0x	5.6x	3.4%

Source: Banorte, Bloomberg

Relative Valuation – Land Transportation

Stock	P/B	P/E			FV/EBITDA			Dividend Yield
		L12M	2023E	2024E	L12M	2023E	2024E	
ARAMEX PJSC	1.9x	29.4x	17.3x	12.9x	10.0x	7.7x	6.6x	3.0%
HYUNDAI GLOVIS CO LTD	0.9x	5.1x	5.5x	5.4x	2.8x	3.0x	3.1x	3.5%
ID LOGISTICS GROUP	5.2x	30.9x	26.3x	22.3x	8.2x	6.1x	5.6x	
RADIANT LOGISTICS INC	1.6x	7.8x	9.9x			6.2x		
SCHNEIDER NATIONAL INC-CL B	1.6x	9.9x	12.3x	11.0x	4.6x	5.1x	4.7x	1.4%
TFI INTERNATIONAL INC	3.5x	15.2x	14.1x	12.0x	6.8x	8.2x	7.4x	1.4%
TIANJIN PORT CO LTD-A	0.8x	15.2x						1.6%
UNIVERSAL LOGISTICS HOLDINGS	1.5x	4.7x	5.7x	4.4x	3.2x	4.2x	3.6x	1.6%
VALUE GROUP LTD								
VRL LOGISTICS LTD	8.6x	34.8x	27.3x	22.6x	13.2x	14.0x	11.8x	
HUB GROUP INC-CL A	1.7x	8.5x	10.9x	10.5x	4.4x	6.0x	5.8x	
HUNT (JB) TRANSPRT SVCS INC	4.6x	19.2x	20.0x	17.7x	9.7x	9.7x	9.0x	1.0%
HEARTLAND EXPRESS INC	1.3x	22.3x	15.7x	12.4x	4.8x	4.9x	4.9x	0.5%
DASEKE INC	5.8x			5.0x	4.7x	4.7x	4.3x	
XPO LOGISTICS INC								
GRUPO TRAXION SAB DE CV	1.7x	50.3x	25.6x	14.0x	8.0x	6.8x	5.5x	
Average Land Transportation	2.9x	19.5x	15.9x	12.5x	6.7x	6.7x	6.0x	1.7%
Median Land Transportation	1.7x	15.2x	14.9x	12.2x	5.8x	6.1x	5.6x	1.5%
Global	2.9x	17.5x	15.0x	23.1x	8.9x	7.6x	7.1x	
FOMENTO ECONOMICO MEXICA-UBD	2.1x	8.9x	10.0x		9.2x	7.2x		2.1%
Premium/Discount vs Median	-26.9%	-49.1%	-33.2%		3.5%	-5.3%		

Source: Banorte, Bloomberg

Certification of Analysts.

We, Alejandro Padilla Santana, Juan Carlos Alderete Macal, Alejandro Cervantes Llamas, Manuel Jiménez Zaldivar, 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, Paola Soto Leal, Daniel Sebastián Sosa Aguilar 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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	Reference
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History of PT and ratings

Stock	Date	Recommendation	PT
FEMSA UBD	04/28/2023	Buy	\$212.00
FEMSA UBD	01/18/2021	Buy	\$190.00
FEMSA UBD	07/27/2020	Buy	\$164.00

Research and Strategy			
Alejandro Padilla Santana	Chief Economist and Head of Research	alejandro.padilla@banorte.com	(55) 1103 - 4043
Raquel Vázquez Godínez	Assistant	raquel.vazquez@banorte.com	(55) 1670 - 2967
Itzel Martínez Rojas	Analyst	itzel.martinez.rojas@banorte.com	(55) 1670 - 2251
Lourdes Calvo Fernández	Analyst (Edition)	lourdes.calvo@banorte.com	(55) 1103 - 4000 x 2611
María Fernanda Vargas Santoyo	Analyst	maria.vargas.santoyo@banorte.com	(55) 1103 - 4000
Economic Research			
Juan Carlos Alderete Macal, CFA	Executive Director of Economic Research and Financial Markets Strategy	juan.alderete.macal@banorte.com	(55) 1103 - 4046
Francisco José Flores Serrano	Director of Economic Research, Mexico	francisco.flores.serrano@banorte.com	(55) 1670 - 2957
Katia Celina Goya Ostos	Director of Economic Research, Global	katia.goya@banorte.com	(55) 1670 - 1821
Yazmín Selene Pérez Enríquez	Senior Economist, Mexico	yazmin.perez.enriquez@banorte.com	(55) 5268 - 1694
Cintia Gisela Nava Roa	Senior Economist, Mexico	cintia.nava.roa@banorte.com	(55) 1103 - 4000
Luis Leopoldo López Salinas	Manager Global Economist	luis.lopez.salinas@banorte.com	(55) 1103 - 4000 x 2707
Market Strategy			
Manuel Jiménez Zaldívar	Director of Market Strategy	manuel.jimenez@banorte.com	(55) 5268 - 1671
Fixed Income and FX Strategy			
Leslie Thalia Orozco Vélez	Senior Strategist, Fixed Income and FX	leslie.orozco.velez@banorte.com	(55) 5268 - 1698
Isaias Rodríguez Sobrino	Strategist, Fixed Income, FX and Commodities	isaias.rodriguez.sobrino@banorte.com	(55) 1670 - 2144
Equity Strategy			
Marissa Garza Ostos	Director of Equity Strategy	marissa.garza@banorte.com	(55) 1670 - 1719
José Itzamna Espitia Hernández	Senior Strategist, Equity	jose.espitia@banorte.com	(55) 1670 - 2249
Carlos Hernández García	Senior Strategist, Equity	carlos.hernandez.garcia@banorte.com	(55) 1670 - 2250
Víctor Hugo Cortes Castro	Senior Strategist, Technical	victorh.cortes@banorte.com	(55) 1670 - 1800
Paola Soto Leal	Strategist, Equity	paola.soto.leal@banorte.com	(55) 1103 - 4000 x 1746
Corporate Debt			
Hugo Armando Gómez Solís	Senior Analyst, Corporate Debt	hugo.gomez@banorte.com	(55) 1670 - 2247
Gerardo Daniel Valle Trujillo	Analyst, Corporate Debt	gerardo.valle.trujillo@banorte.com	(55) 1670 - 2248
Quantitative Analysis			
Alejandro Cervantes Llamas	Executive Director of Quantitative Analysis	alejandro.cervantes@banorte.com	(55) 1670 - 2972
José Luis García Casales	Director of Quantitative Analysis	jose.garcia.casales@banorte.com	(55) 8510 - 4608
Miguel Alejandro Calvo Domínguez	Senior Analyst, Quantitative Analysis	miguel.calvo@banorte.com	(55) 1670 - 2220
José De Jesús Ramírez Martínez	Senior Analyst, Quantitative Analysis	jose.ramirez.martinez@banorte.com	(55) 1103 - 4000
Daniel Sebastián Sosa Aguilar	Senior Analyst, Quantitative Analysis	daniel.sosa@banorte.com	(55) 1103 - 4000
Andrea Muñoz Sánchez	Analyst, Quantitative Analysis	andrea.munoz.sanchez@banorte.com	(55) 1103 - 4000
Wholesale Banking			
Armando Rodal Espinosa	Head of Wholesale Banking	armando.rodal@banorte.com	(55) 1670 - 1889
Alejandro Aguilar Ceballos	Head of Asset Management	alejandro.aguilar.cebaldos@banorte.com	(55) 5004 - 1282
Alejandro Eric Faesi Puente	Head of Global Markets and Institutional Sales	alejandro.faesi@banorte.com	(55) 5268 - 1640
Alejandro Frigolet Vázquez Vela	Head of Sólida Banorte	alejandro.frigolet.vazquezvela@banorte.com	(55) 5268 - 1656
Arturo Monroy Ballesteros	Head of Investment Banking and Structured Finance	arturo.monroy.ballesteros@banorte.com	(55) 5004 - 5140
Carlos Alberto Arciniega Navarro	Head of Treasury Services	carlos.arciniega@banorte.com	(81) 1103 - 4091
Gerardo Zamora Nanez	Head of Transactional Banking, Leasing and Factoring	gerardo.zamora@banorte.com	(81) 8173 - 9127
Jorge de la Vega Grajales	Head of Government Banking	jorge.delavega@banorte.com	(55) 5004 - 5121
Luis Pietrini Sheridan	Head of Private Banking	luis.pietrini@banorte.com	(55) 5249 - 6423
Lizza Velarde Torres	Executive Director of Wholesale Banking	lizza.velarde@banorte.com	(55) 4433 - 4676
Osvaldo Brondo Menchaca	Head of Specialized Banking Services	osvaldo.brondo@banorte.com	(55) 5004 - 1423
Raúl Alejandro Arauzo Romero	Head of Transactional Banking	alejandro.arauzo@banorte.com	(55) 5261 - 4910
René Gerardo Pimentel Ibarrola	Head of Corporate Banking	pimentelr@banorte.com	(55) 5004 - 1051
Ricardo Velázquez Rodríguez	Head of International Banking	rvelazquez@banorte.com	(55) 5004 - 5279
Víctor Antonio Roldan Ferrer	Head of Commercial Banking	victor.rolan.ferrer@banorte.com	(55) 1670 - 1899