

ALPEK (Buy)

Current price: \$22.84, PT \$32.00

Flash: Closes Cooper River to optimize capacity

Alpek announced that it has shut down PET resin operations at its Cooper River plant in South Carolina indefinitely. The plant, with an installed capacity of 170,000 tons, represents just under 2% of the company's total capacity of ~9.205 million tons. The company said that PET resin production will be transferred to its other facilities, which will reduce costs by approximately \$20 million annually, along with improved capacity utilizations. This would represent approximately 2.2% of the \$920 million EBITDA established in the company's [2023 guidance](#).

Neutral implication: In our view, this news is part of the long-term strategy that Alpek has been implementing in recent years, seeking to streamline operations by optimizing facilities, focusing on growth through strategic projects and working to strengthen recycling capacity. Therefore, this should not have a material impact on the company's prospects. It is important to notice that after the weakness in [4Q22](#) results, we remain cautious about Alpek's performance in following quarters, given a scenario of complicated comparatives in 2023. In any case, we believe Alpek's medium-to-long-term strategy is positive, while fundamentals remain solid, with outstanding financial strength (net debt/EBITDA 1.3x) and a very attractive valuation at 3.1x FV/EBITDA.

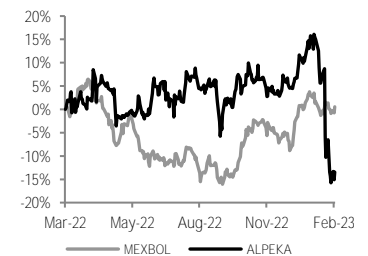
March 3, 2023

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BUY	
Current Price	\$22.84
PT	\$32.00
Dividend	\$1.20
Dividend Yield(%)e	5.3%
Upside Potential	45.4%
Max – Min LTM (\$)	30.95-22.12
Market Cap (US\$m)	2,656.5
Shares Outstanding (m)	2,107
Float	17.9%
Daily Turnover (\$m)	45.6
	45.6
Valuation metrics LTM	
FV/EBITDAR	3.1x
P/E	3.5x
MSCI ESG Rating*	N.A.

Relative performance to Mexbol
LTM



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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 Thalia Orozco Vélez, Hugo Armando Gómez Solís, Yazmín Selene Pérez Enríquez, Cintia Gisela Nava Roa, Miguel Alejandro Calvo Domínguez, Daniela Olea Suárez, 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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HOLD	When the share expected performance is similar to the MEXBOL estimated performance.
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History of PT and Ratings

Stock	Date	Rating	PT
ALPEK	10/20/2022	Buy	\$32.00
ALPEK	04/20/2021	Buy	\$25.50
ALPEK	02/11/2021	Buy	\$22.00

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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