

FEMSA (Buy)

Current price: \$173.40, PT \$212.00

Flash: Femsa continues to sell its position in Heineken, leveraging strategic businesses

Femsa continues to reduce its position in Heineken. Recalling it had initially sold ~7% of Heineken and Heineken Holding, which represented a cash inflow of ~\$3.9 billion (€3.2 billion). From that moment on, it has decreased its stake from 14.76% to 8.13%. This time, the offer will be for approximately \$3.539 billion (€3.3 billion), reflecting a 5.9% of the combined stake and equivalent to 11.4% of the market capitalization at current prices. If the offer is accomplished, Femsa's final position in Heineken would be ~2.2%.

Neutral implication: We consider the announcement to be in line with its long-term plan, which is already incorporated in our updated [Price Target at \\$212](#). The proceeds would be used to pay down debt, while opening the possibility of extraordinary dividends or share buybacks. We reiterate it in our '[top-picks](#)'.

May 31, 2023

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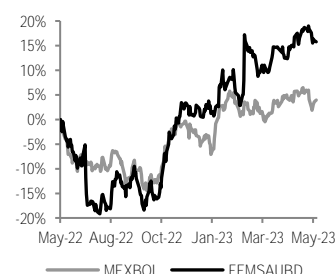
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BUY	
Current Price	\$173.40
PT	\$212.00
Dividend	\$3.42
Dividend (%)	2.0%
Upside Potential	24.2%
Max – Min LTM (\$)	180.6-120.6
Market Cap (US\$m)	31,163.5
Shares Outstanding (m)	3,578.2
Float	60%
Daily Turnover (\$ m)	525.3
Valuation metrics LTM	
FV/EBITDA	9.3x
P/E	9.0x
MSCI ESG Rating*	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 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 Thalia Orozco Vélez, Hugo Armando Gómez Solís, Yazmin 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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HOLD	When the share expected performance is similar to the MEXBOL estimated performance.
SELL	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
FEMSAUBD	04/28/2023	BUY	\$212.00
FEMSAUBD	01/18/2021	BUY	\$190.00
FEMSAUBD	07/27/2020	BUY	\$164.00
FEMSAUBD	11/29/2019	HOLD	\$211.00

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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