

## FEMSA (Buy)

**Current price: \$179.80, PT \$212.00**

### Flash: Femsa continues to move forward with its long-term plan, selling non-strategic businesses

Femsa announces that it has reached an agreement to divest its minority position in Jetro Restaurant Depot, a company dedicated to supply food and kitchen equipment in the US. As a result of the transaction, Femsa will receive a total cash amount of \$1.4 billion, which represents 4.5% of its market capitalization at current prices. Regarding the amount, \$466 million will be received during 2Q23, while the remainder will be payable over the next two years. Regarding only the first payment, ND/EBITDA ratio would decrease to 1.9x (vs. the current of 2.0x).

**Positive implication:** Although the announcement is in line with the company's long-term plan to focus only on strategic businesses, the sale of the minority stake in Jetro was not contemplated in the near term, and therefore, reflects the company's positive conviction to achieve its stated objectives. Recalling the recent announcement to divest its position in [Heineken](#). Its larger cash position could be used to pay down debt, although we don't rule out the possibility of extraordinary dividends or share buybacks. We reiterate it in our '[top-picks](#)'.

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BUY	
Current Price	\$179.80
PT	\$212.00
Dividend	\$3.42
Dividend (%)	1.9%
Upside Potential	19.8%
Max – Min LTM (\$)	180.6-120.6
Market Cap (US\$m)	32,041.8
Shares Outstanding (m)	3,578.2
Float	60%
Daily Turnover (\$ m)	526.8
Valuation metrics LTM	
FV/EBITDA	9.5x
P/E	9.3x
MSCI ESG Rating*	A

Relative performance to MEXBOL  
LTM



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Document for distribution among public

## 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, 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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	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
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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