

Health & Personal Care: Healthy revaluation expected

MX Equity Research

July 11, 2024 | Sector Initiation

Positive Consumer Outlook

We are initiating coverage of Genomma Lab (Outperform) and Kimberly-Clark de Mexico (Outperform)

Within Consumer, we see Health & Personal Care as mostly defensive.

While perfect conditions are hard to align, or remain, these days, we see mostly favorable conditions ahead for this segment, at least where it matters the most. Throughout the last years, consumers have faced a wide array of HPC options, some of them later phased out as companies started to focus on their core products amid rising costs. We see opportunities for companies with strong brand power, able to continue passing through cost increases and keep or even gain market share.

We see our covered companies —Genomma Lab (Outperform rating, P\$22 PT) and Kimberly-Clark de Mexico (Outperform, P\$38 PT)— as solidly positioned in most of their core categories. Based on different cost premises —although both benefitted from cost savings programs— and strong brand positioning, Genomma Lab and KCM are expected to continue posting healthy results ahead, further contributing to operating leverage.

The market remains too cautious, in our view. While both companies started to post solid results in previous quarters, especially at the profitability level, their stock prices aren't fully reflecting a more favorable cost environment. Currently trading at 6.7x and 7.8x EV/EBITDA, respectively, we see healthy upside potential on Genomma Lab and KCM as the companies continue posting solid profitability levels.

2Q24E Preview: We forecast healthy top-line growth for Genomma Lab and KCM, with the former slightly impacted by its LatAm exposure. Profitability is expected to post a solid expansion amid a different set of tailwinds.

Figure 3: Highlights

(P\$, 7/9/24)

Ticker	LABB	KIMBERA
Rating	Outperform	Outperform
Price Target (12M)	\$ 22.00	\$ 38.00
Stock Price	\$ 18.25	\$ 31.15
Expected Return	20.5%	22.0%
FY24 Dividend Yield	1.7%	4.9%
Total Return	22.3%	26.9%
Market Cap (US\$m)	\$ 1,095	\$ 5,229
Free Float	70%	100%
Daily Volume* (US\$m)	3.1	11.7

Source: Bloomberg, Actinver. *1-year average

Antonio Hernandez | Sr. Analyst

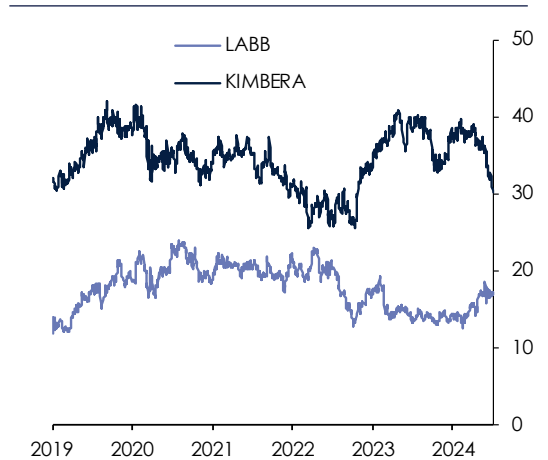
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Figure 1: Stock performance

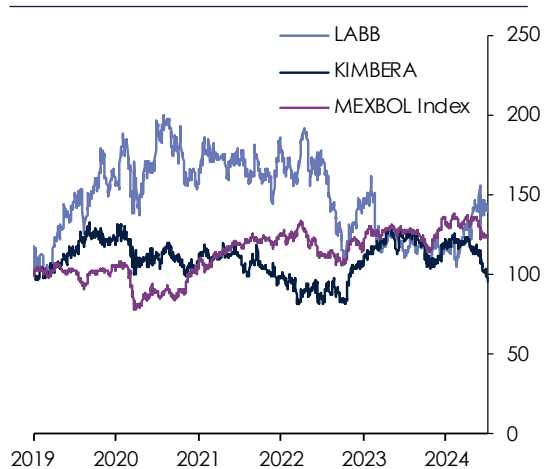
(P\$, 7/5/24)



Source: Bloomberg, Actinver.

Figure 2: Relative stock performance

P\$, 7/5/24)



Source: Bloomberg, Actinver.

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Health & Personal Care: Resiliency where it matters the most

Genomma Lab: Results are here, valuation is not; initiating with an Outperform rating and a P\$22 PT

Genomma Lab has been facing a wide array of headwinds throughout the last years as it integrates vertically —FX headwinds, hyperinflation in Argentina, supplier disruption, and pending regulatory approvals—, yet **the company started to deliver solid results in late 2023, and we expect this trend to continue, with previous headwinds in the rearview mirror.**

- **Focus on core products is paying off.** With core categories representing 90% of the company's revenues —vs 73% a year earlier—, last year's announcement is paying off as they continue to take market share in most product categories while providing operating leverage.
- **Profitability is expected to continue improving.** Genomma Lab has already improved in recent quarters —expanding its EBITDA margin on average 80bps in the last 12 months—, yet the company expects further room for margin expansion, with **guided EBITDA margin of 23-24% for year-end FY24 representing a solid expansion** vs the 20.8% and 21% margins in 4Q23 and FY23, respectively. Additionally, the company still has 60% of its P\$1.8bn cost productivity savings to be captured, which don't depend on further regulatory approvals.
- **Capex needs to remain low, representing further opportunities for distribution to shareholders.** With the investment for the manufacturing plant fairly finished, we don't see major cash outlays needed ahead. This, along with the improving productivity, will help the company keep a **healthy dividend payout and share buyback program.** Additionally, it enables the company to pursue M&A opportunities in its core segments.

We see Genomma Lab as a healthy player ahead, with solid room to grow organically and inorganically, most of its headwinds behind, and well positioned to capture margin improvement.

Kimberly-Clark de Mexico: Solidly reaching targets; initiating with an Outperform rating and a P\$38 PT

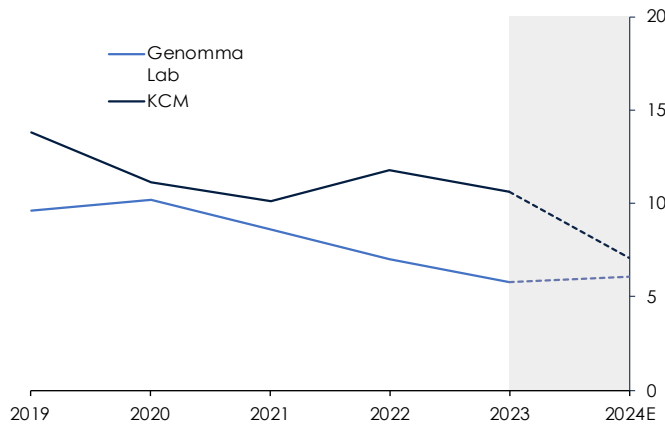
KCM has faced a series of headwinds in recent years, and while we acknowledge that a perfect combination of favorable raw material costs and FX is too difficult to remain, we expect a solid outlook.

- **Top-line growth is expected to remain mostly healthy. In our view, KCM will have to rely on its multi-tier product availability and innovation to keep its market share** —a feasible goal as growing market share proves to be too difficult given its high shares in several categories—. Innovation, additionally, could also help product mix and brand loyalty.
- **Cost savings are also expected to remain.** For years, KCM has led a cost savings program, reaching P\$1.75bn in FY23, and at least P\$1bn expected this year.
- **In this environment, EBITDA margin target of around 27% could now be a constant.** Reaching an EBITDA margin of this level was a challenge some years ago, yet **KCM has accelerated its margin improvement and surpassed its target in the last 3 quarters; we expect this to continue despite recent MXN strength.**

We see KCM as a solid player, with solid EBITDA margins expected to remain. Currently trading at 7.8x EV/EBITDA, we see relevant upside potential, on the back of solid EBITDA generation and the recent stock underperformance (over 2x the MEXBOL decline YTD, despite the improving results).

Figure 4: EV/EBITDA

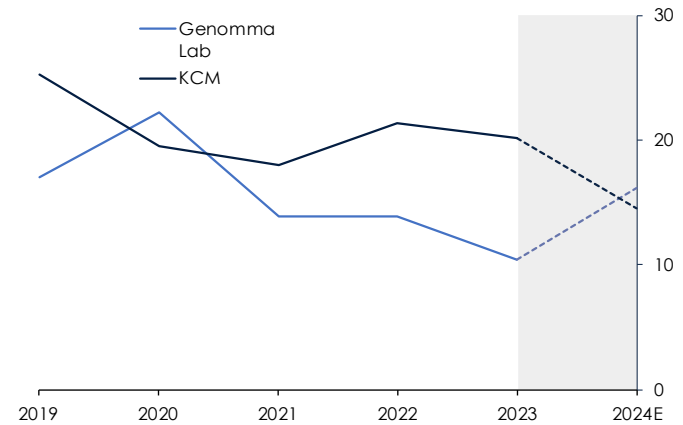
(x, 1Q24)



Source: Bloomberg, Actinver.

Figure 5: P/E

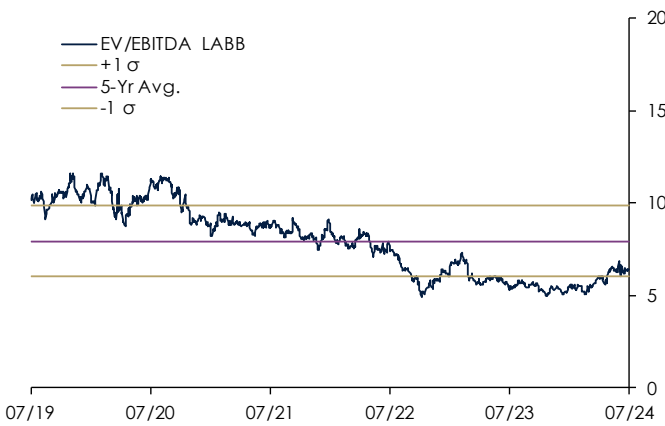
(x, 1Q24)



Source: Bloomberg, Actinver.

Figure 6: EV/EBITDA Genomma Lab

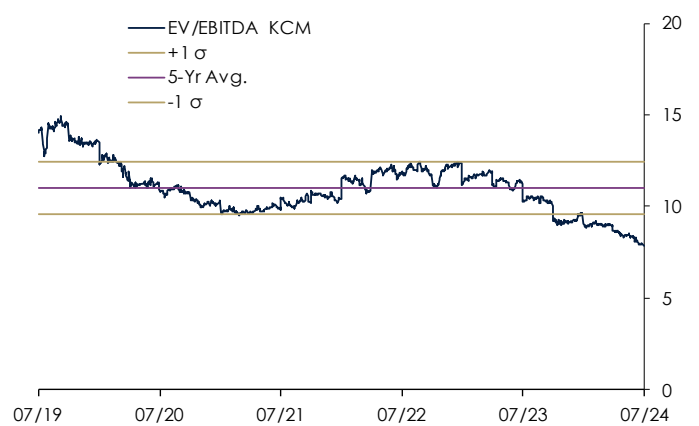
(x, 1Q24)



Source: Bloomberg, Actinver.

Figure 7: EV/EBITDA KCM

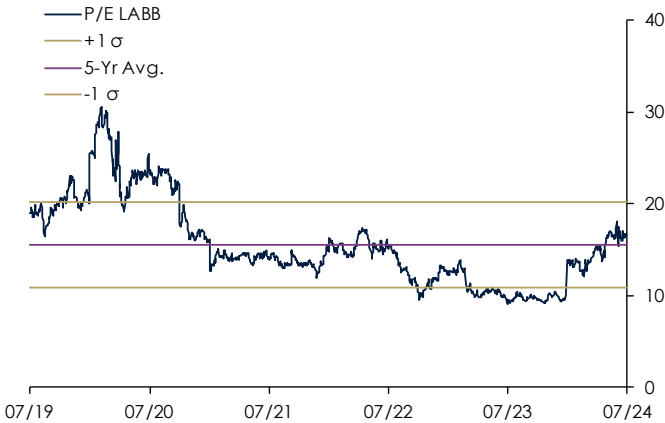
(x, 1Q24)



Source: Bloomberg, Actinver.

Figure 8: P/E Genomma Lab

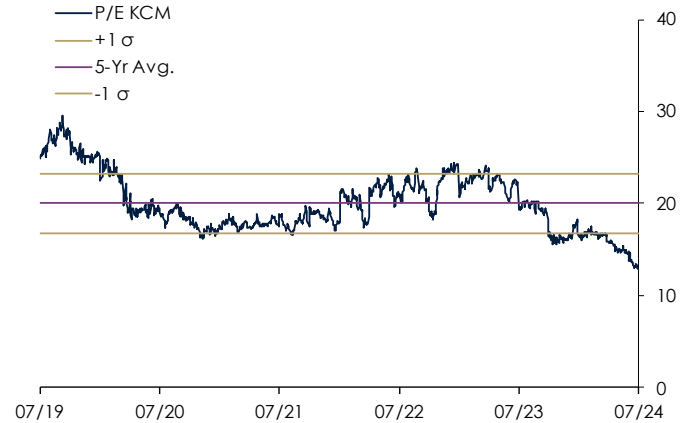
(x, 1Q24)



Source: Bloomberg, Actinver.

Figure 9: P/E KCM

(x, 1Q24)



Source: Bloomberg, Actinver.

2Q24E and 2024E Preview

For 2Q24E, we expect Genomma Lab to report a 1% YoY sales growth, on the back of healthy sales growth in Mexico and the U.S. In terms of profitability, we see EBITDA margin of 22.2%, a solid over-100bps YoY expansion, as the company continues posting productivity improvements. We are slightly (1.1%) below Bloomberg consensus at the top-line level, while our EBITDA margin is 30bps above consensus.

The company is planned to report its 2Q24 results on Wednesday July 25th AMC.

Figure 10: Genomma Lab 2Q24E and 2024E Preview

Income Statement (P\$mm)	2Q24E	2Q23A	Δ YoY	1Q24A	Δ QoQ	2024E
Revenues	\$ 4,413	\$ 4,371	1.0%	\$ 4,197	5.1%	\$ 16,880
Revenues YoY % growth	1.0%	1.1%	(12 bps)	0.5%	51 bps	2.5%
Gross Profit	\$ 2,810	\$ 2,665	5.4%	\$ 2,740	2.6%	\$ 10,699
Gross Margin	63.7%	61.0%	270 bps	65.3%	(160 bps)	63.4%
Operating Profit	\$ 908	\$ 871	4.3%	\$ 857	5.9%	\$ 3,453
Operating Margin	20.6%	19.9%	65 bps	20.4%	16 bps	20.5%
EBITDA	\$ 980	\$ 920	6.5%	\$ 936	4.7%	\$ 3,752
EBITDA Margin	22.2%	21.1%	115 bps	22.3%	(9 bps)	22.2%
Majority Net Profit	\$ 416	\$ 417	(0.2%)	\$ 373	11.8%	\$ 1,324
Majority Net Margin	9.4%	9.6%	(11 bps)	8.9%	56 bps	7.8%
EPS (maj.)	\$ 0.41	\$ 0.40	2.5%	\$ 0.37	11.8%	\$ 1.30

Operating Metrics

Mexico Sales	\$ 2,206	\$ 2,081	6.0%	\$ 1,996	10.5%	\$ 8,731
Mexico Sales YoY %	6.0%	19.4%	(1,344 bps)	15.0%	(903 bps)	8.0%
LatAm Sales	\$ 1,784	\$ 1,898	(6.0%)	\$ 1,775	0.5%	\$ 6,482
LatAm Sales YoY %	(6.0%)	(14.5%)	852 bps	(9.7%)	369 bps	10.0%
U.S. Sales	\$ 422	\$ 391	8.0%	\$ 426	(0.8%)	\$ 1,667
U.S. Sales YoY %	8.0%	8.5%	(49 bps)	9.2%	(116 bps)	6.0%

Source: Company reports, Actinver.

For **Kimberly-Clark de Mexico**, we estimate 2Q24E sales growth of 1.8% YoY, on the back of healthy results from Consumer Products and Away from Home, with Exports still slightly impacted from the hard rolls issue, yet at a lower scale vs the previous 3 quarters; our P\$14bn sales estimate is 2% below consensus. Our EBITDA margin estimate of 27.1% is on the other hand 40bps above consensus, as we expect continued favorable conditions from raw materials and FX, yet a contraction vs the strong 28.2% margin reported in 1Q24.

The company is planned to report its 2Q24 results on Thursday July 18th AMC.

Figure 11: KCM 2Q24E and 2024E Preview

Income Statement (P\$mm)	2Q24E	2Q23A	YoY	1Q24A	QoQ	2024E
Revenues	\$ 13,964	\$ 13,714	1.8%	\$ 13,790	1.3%	\$ 55,544
Revenues YoY % growth	1.8%	6.4%	(453 bps)	1.8%	5 bps	4.2%
Gross Profit	\$ 5,821	\$ 5,236	11.2%	\$ 5,829	(0.1%)	\$ 23,250
Gross Margin	41.7%	38.2%	350 bps	42.3%	(59 bps)	41.9%
Operating Profit	\$ 3,294	\$ 3,029	8.7%	\$ 3,400	(3.1%)	\$ 13,132
Operating Margin	23.6%	22.1%	150 bps	24.7%	(107 bps)	23.6%
EBITDA	\$ 3,786	\$ 3,512	7.8%	\$ 3,894	(2.8%)	\$ 15,204
EBITDA Margin	27.1%	25.6%	150 bps	28.2%	(113 bps)	27.4%
Majority Net Profit	\$ 1,960	\$ 1,799	8.9%	\$ 2,082	(5.8%)	\$ 7,837
Majority Net Margin	14.0%	13.1%	92 bps	15.1%	(106 bps)	14.1%
EPS (maj.)	\$ 0.64	\$ 0.59	8.9%	\$ 0.68	(5.8%)	\$ 2.55

Operating Metrics

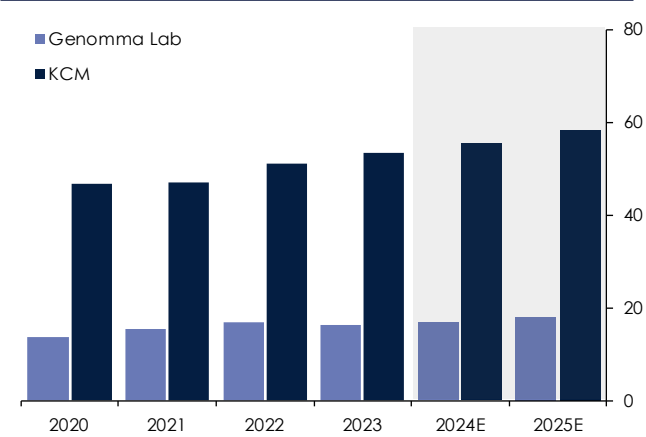
Consumer	\$ 11,667	\$ 11,383	2.5%	\$ 11,583	0.7%	\$ 45,858
Consumer YoY	2.5%	12.0%	(1 bps)	3.0%	(0 bps)	5.4%
Away from Home	\$ 1,321	\$ 1,234	7.0%	\$ 1,379	(4.2%)	\$ 5,422
AFH YoY	7.0%	22.0%	(1 bps)	6.0%	0 bps	7.5%
Exports	\$ 976	\$ 1,097	(11.0%)	\$ 827	18.0%	\$ 4,264
Exports YoY	(11.0%)	(42.0%)	(1 bps)	(17.0%)	(0 bps)	-10.1%

Source: Company reports, Actinver.

Financial Performance

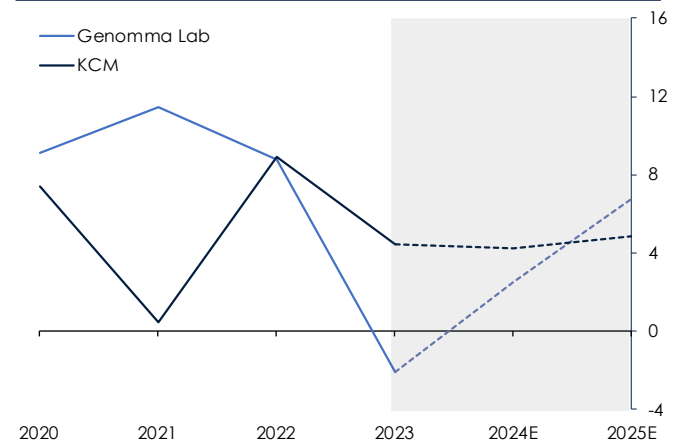
Our covered companies have posted mostly resilient sales in Mexico, yet their foreign operations —c.50% for Genomma Lab, and c.10% for KCM via exports— have faced FX headwinds, especially given the MXN strength in recent years. Genomma Lab has been particularly impacted throughout the last years, especially from Argentina; in 2023, this country represented a c.12% proportion of sales in 2023, from a 22% proportion in 2022, as the country faced both a hyperinflationary environment and FX headwinds. Going forward, this negative impacted is expected to decelerate.

Figure 12: Consolidated Sales
(P\$bn, 1Q24)



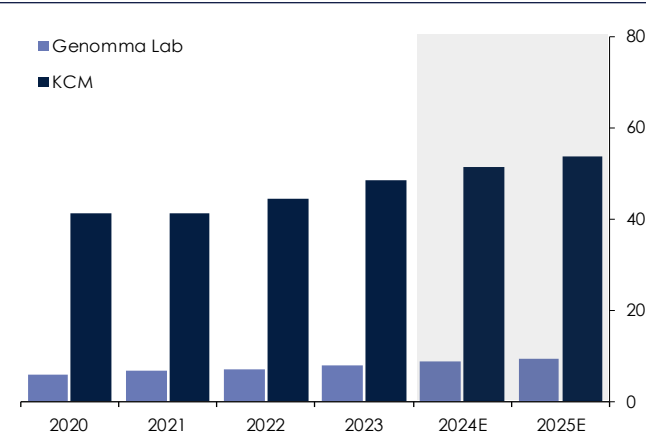
Source: Company reports, Actinver.

Figure 13: Consolidated Sales YoY
(%, 1Q24)



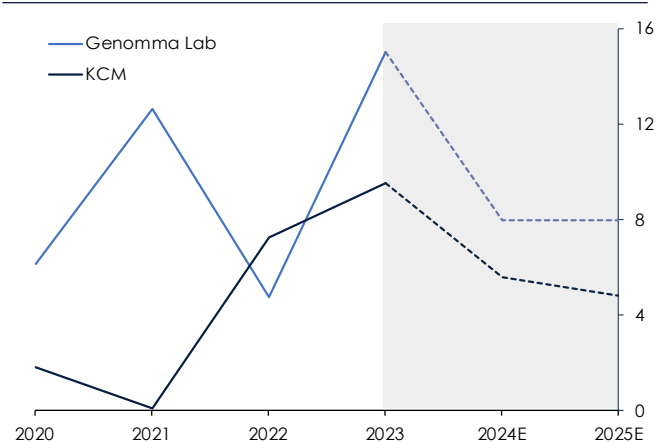
Source: Company reports, Actinver.

Figure 14: Sales in Mexico
(P\$bn, 1Q24)



Source: Company reports, Actinver.

Figure 15: P/E
(%, 1Q24)



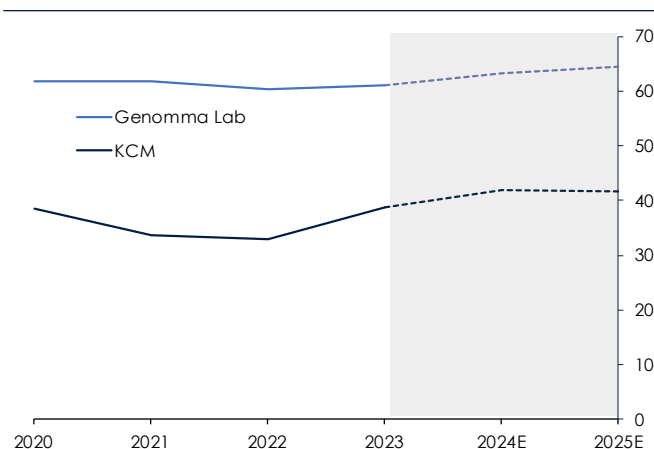
Source: Company reports, Actinver.

Profitability

Genomma Lab's vertical integration started to yield positive results starting 2023, after years of struggling with gross margin pressure. We cover later in the report the company's plans to further integrate vertically and the associated cost savings.

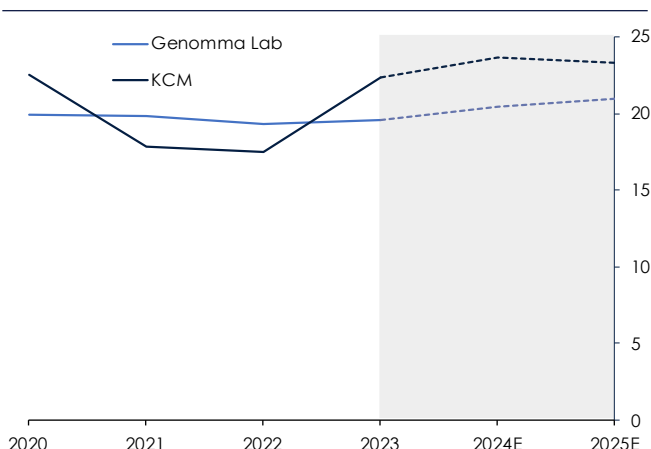
Kimberly-Clark de Mexico has been operating a cost reduction program for several years, yielding P\$1,750mn in cost savings in FY23, and P\$360mn in 1Q24, with at least P\$1bn expected for FY24.

Figure 16: Gross Margin
(% 1Q24)



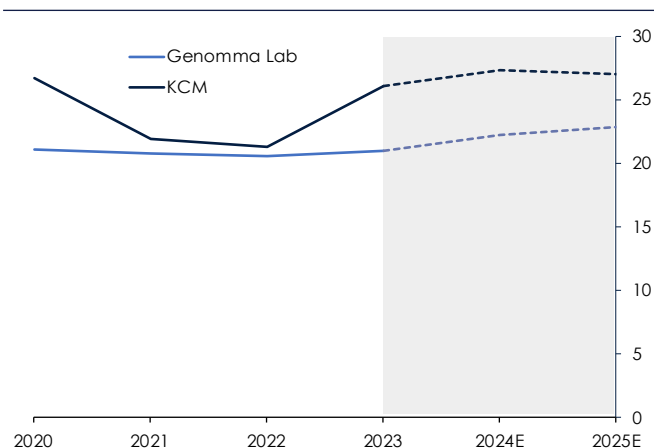
Source: Company reports, Actinver.

Figure 17: EBIT Margin
(%, 1Q24)



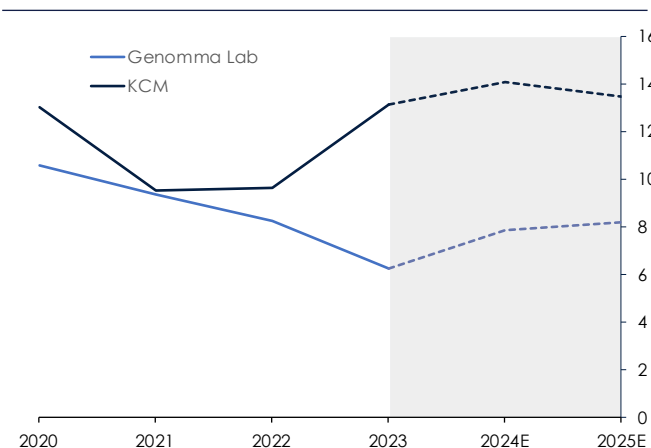
Source: Company reports, Actinver.

Figure 18: EBITDA Margin
(%, 1Q24)



Source: Company reports, Actinver.

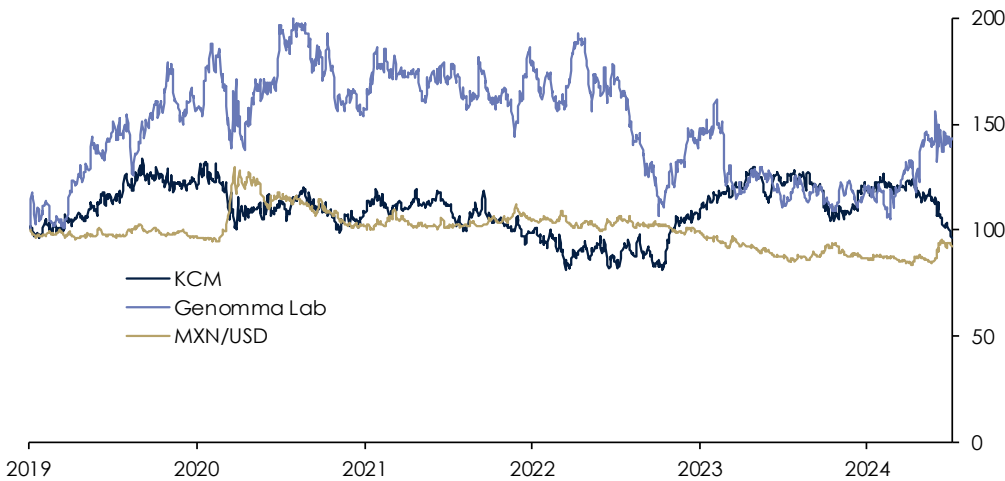
Figure 19: Net Margin
(%, 1Q24)



Source: Company reports, Actinver.

FX plays opposite roles for both companies at the profitability level. For Genomma Lab, a weak MXN is favorable given its Mexico-based production vs only c.50% of its revenues in the country; therefore, the weaker the MXN, the better its cost structure. For KCM, on the other hand, 60% of its raw material costs are USD-denominated, and thus the stronger MXN helps profitability given its mostly MXN-denominated sales —only c.10% of its sales are exports—. We can see this correlation in the following figure.

Figure 20: Relative USD and stock performance
(Jan 19=100, 7/5/24)



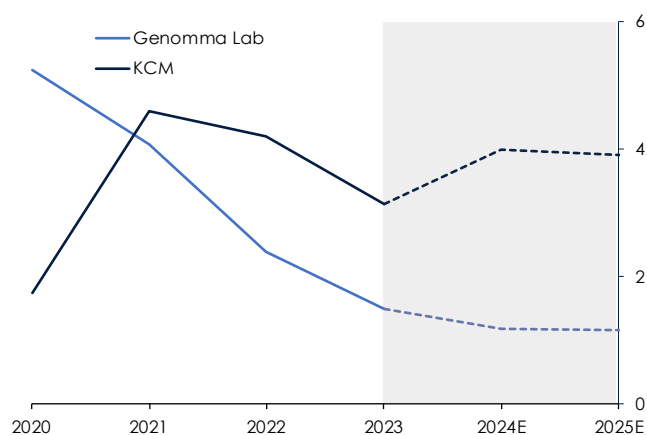
Source: Company reports, Actinver.

Cash generation and use

Within our HPC coverage, both companies have been improving their cash collection cycles. KCM has been improving its cash collection on the back of better receivables and payables turnover. Additionally, Capex closed lower in FY23 on both a P\$ and % of revenues basis, and we expect it to remain within 3.5-4% of sales in coming years.

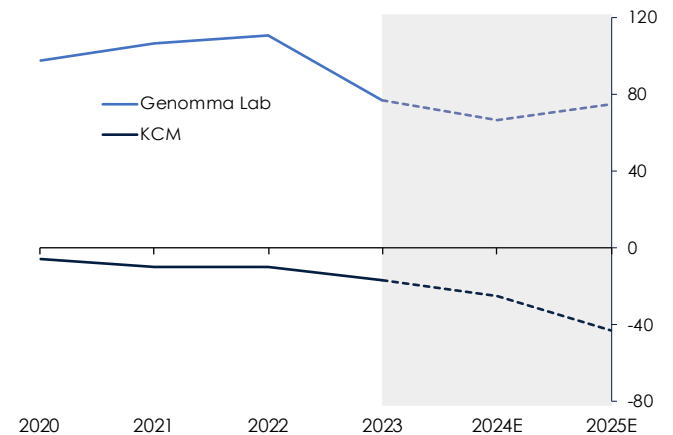
Genomma Lab has also been improving its cash collection cycle, fairly reducing its cash collection cycle and we expect this trend to remain as the company continues to integrate vertically. Additionally, Genomma Lab faced Capex-intensive years amid its investment in the manufacturing plant. Peaking at P\$1.43bn in 2018, Capex started to decelerate, finishing with a P\$247mn balance in 2023 —P\$212.2mn out of this were destined to the manufacturing complex—, and expected to further decline.

Figure 21: Capex as % of Revenues
(%, 1Q24)



Source: Company reports, Actinver.

Figure 22: Cash Conversion Days
(%, 1Q24)



Source: Company reports, Actinver.

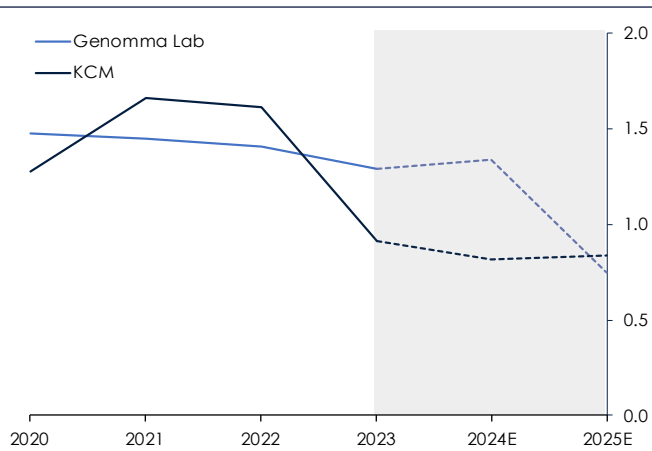
Leverage

Genomma Lab has been lowering its leverage levels, remaining below 1.5x Net Debt/ EBITDA since 2020, and we expect the company to close at similar levels this year. The

company has a long term AA+(mex) credit rating by Fitch. Around 14% of the company's debt is denominated in foreign currency, and 12% is in fixed rate.

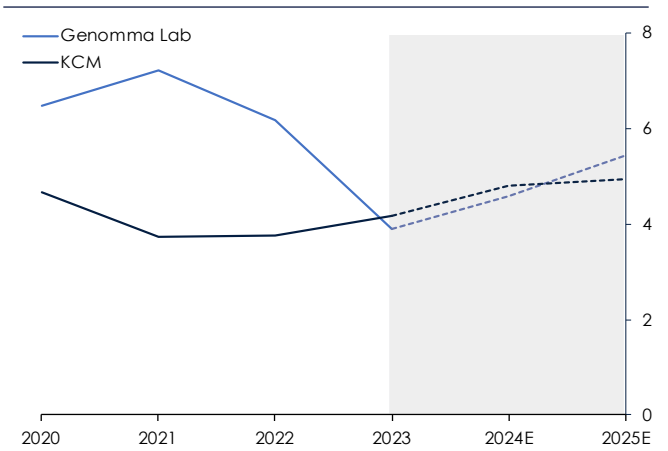
Kimberly-Clark de Mexico has a mxAAA S&P national credit rating, and a AAA(mex) Fitch rating. KCM ended FY23 with a Net Debt/EBITDA of 0.9x, a reduction from the previous levels above 1.5x, and with all debt denominated in MXN. 87% of the company's debt is in fixed interest rate, although interest rate swaps lead to a higher proportion of 92% fixed interest rate debt.

Figure 23: Leverage
(Net Debt/EBITDA x, 1Q24)



Source: Company reports, Actinver.

Figure 24: Interest Coverage
(%, 1Q24)

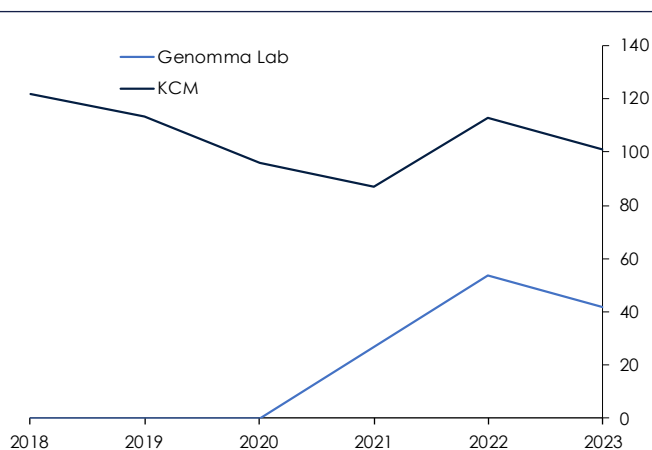


Source: Company reports, Actinver.

Dividends

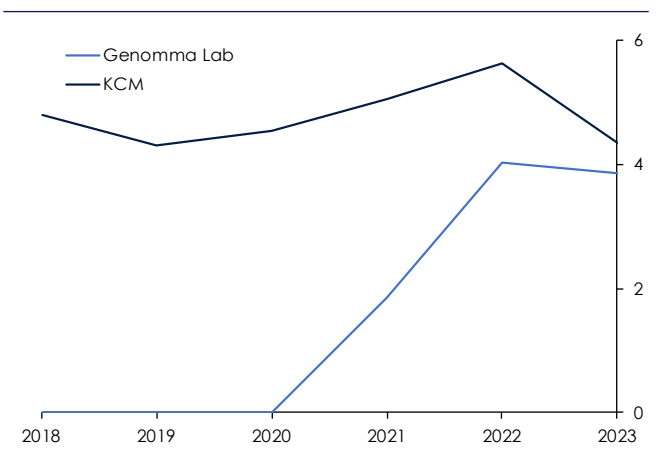
Given the aforementioned lower Capex needs, Genomma Lab started to pay dividends in 2021, with dividend payout of around 40% and yield at around 3% since. The company plans to continue paying dividends constantly, although a dividend policy hasn't been specified. Kimberly-Clark de Mexico is a steady dividend payer, and while dividend slowed down in recent years, we expect the company to ramp up dividend growth.

Figure 25: Dividend Payout Ratio
(%, 1Q24)



Source: Company reports, Actinver.

Figure 26: Dividend Yield
(%, 1Q24)



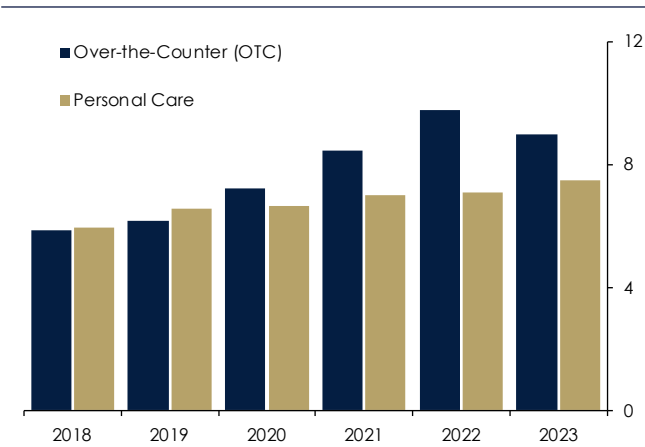
Source: Company reports, Actinver.

Operations & Strategy

Genomma Lab has two main segments: 1) OTC, which includes over-the-counter

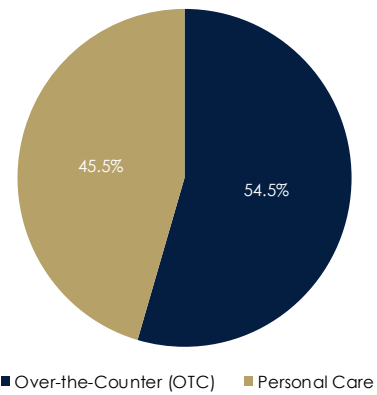
medicines and medical devices; and 2) Personal Care, which includes food & bev, food supplements, cosmetics and perfumes, among others.

Figure 27: Genomma Lab Revenues per segment
(P\$bn, FY23)



Source: Company reports, Actinver.

Figure 28: As a % of Revenues
(%, FY23)

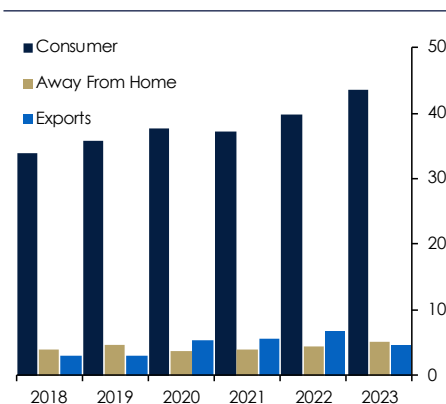


Source: Company reports, Actinver.

Genomma Lab has solid experience creating and developing products and brands; while brand acquisitions aren't part of its strategy, the company has been working with third parties to 1) distribute their products (e.g., Novamil), and 2) have its products manufactured and distributed by others (e.g., Suerox). **Since its inception, Genomma Lab has focused on creating marketing campaigns that have evolved from a television-centric focus to social media presence, while improving its POS positioning.** The company's distribution channels include large pharmaceutical distributors, pharmacy chains, self-service stores, convenience stores, discount clubs, department stores, and grocery distributors. With a diversified channel exposure, the company's products reach over 350k POS in Mexico and over 150k abroad.

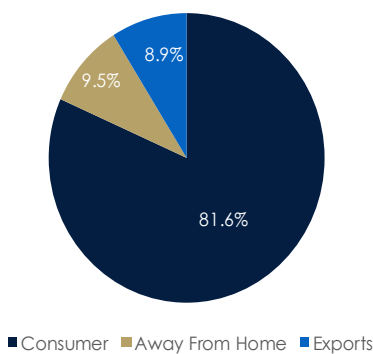
For KCM, Consumer Products has been the main segment, representing at least 80% of sales over the years. Meanwhile, Away from Home, or Professional, has represented on average almost 10% of sales, while exports have been more volatile as a % of sales, ranging from 5% to 13% of sales amid FX volatility, new export destinations, and industry factors; in 2023, they represented 9% of total sales.

Figure 29: KCM Revenues per segment
(P\$bn, FY23)



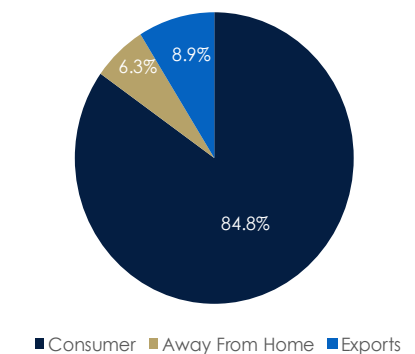
Source: Company reports, Actinver.

Figure 30: As a % of Revenues
(%, FY23)



Source: Company reports, Actinver.

Figure 31: As a % of EBITDA
(%, FY23)



Source: Company reports, Actinver.

Manufacturing

Throughout the last years, Genomma Lab's vertical integration has been a heavily discussed topic. The company announced in 2016 the construction of a new 150k sqm manufacturing plant, which started in 4Q17, comprised of a pharma/OTC plant (solids, semi-solids, topical liquids, oral liquids and coating), a warehouse, and a Personal Care plant (isotonic beverages, shampoo, ointments, facial creams and body creams). In July 2019, the OTC plant received the approval from the COFEPRIS (Federal Commission for the Protection against Sanitary Risks, in Spanish), and in 3Q21, the COFEPRIS provided the GMP (Good Manufacturing Practice) Certification for the solids and semisolids lines (within OTC).

By year-end 2020, the company finished the construction of its Personal Care plant. In February 2021, the company's Personal Care plant started to operate, along with a new logistics and warehouse system, as the company started to shift its logistics hub to the San Cayetano DC (from previously used distribution centers). Furthermore, the company started to implement 4 more additional lines in the Personal Care plant,

In 4Q22, the solid and semisolids production lines started to manufacture products for the Mexican market, while the Suerox, shampoo and pomades lines (within Beverage and Personal Care, respectively), completed their installation phase.

In 3Q23, Genomma Lab received the sanitary license from the COFEPRIS to start operating its oral liquids, topic liquids, and table coating lines. This led Genomma to fulfill its operation licenses requirements for the OTC plant, with all OTC manufacturing lines now capable of producing a wide array pharmaceutical products. **All in, within OTC the company received its sanitary license for all of the pharmaceutical forms, enabling new production lines; Mexico GMPs for oral liquid, tropical liquid and coating lines are pending, with international GMPs to be submitted later. For Personal Care, the company's five production lines — isotonic beverages, shampoos, ointments, facial creams and body lotions— are properly functioning.**

In February 2023, the company established a P\$1.8bn savings target by 2027 supported by its manufacturing facility. In 2023, the company executed P\$673mn (c.3.9% of EBITDA margin) in annual productivity savings, which are expected to continue impacting positively. **Besides productivity savings, the company's ongoing vertical integration is expected to improve working capital. By 1Q24, the company reached a 40% progress of its productivity goals.** Some of the initiatives include: a redesign of the Suerox bottle, optimizing the bottle cap and label for efficiencies. This strategy has led to annual savings of P\$82.7mn, to mostly impact in 2024, vertical integration of Tio Nacho bottle production (P\$12mn in annual savings), raw material negotiation (P\$101mn in annual savings), go-to-market initiatives (P\$207mn in 2023), logistics savings (P\$45mn in annual savings), new Suerox line that produces over 96mn bottles per year and yields P\$63mn annual savings, label cost optimization (P\$22mn in total savings), and a packaging standardization project (P\$20-30mn in savings).

For Genomma Lab, advertising is essential as seen by the company's origins. Its advertising strategy entails a constant monitoring of consumers' feedback, and the company can swiftly readjust its communication given its in-house audiovisual production department. In 2023, the company filmed over 250 TV commercials.

Kimberly-Clark de Mexico has 10 manufacturing plants, all located across Mexico. Most of the company's products are produced internally, and the company's capacity is 820k tons of tissue paper, and 420k of recycled fiber. The company's main raw materials are: pulp and recycled fibers (softwoods and hardwoods such as eucalyptus, especially for tissue paper, diapers, and feminine protection); polypropylenes and other synthetic materials (for diapers, wet wipes and feminine protection products); and absorbent materials (for diapers and incontinence products). Some of the company's suppliers include Georgia

Pacific, Domtar, International Paper and Fibría, among others.

Distribution

Genomma Lab is well diversified in terms of sales channels: independent pharmacies, mom & pop stores, grocery distributors and pharmacy chains (via wholesalers) accounted for 37.2% of the company's sales with over 500k POS, self-service and department stores for 33.6% of sales with 7.6k POS, pharmacy chains for 22.9% via 8.8k POS, and convenience stores and others (e.g., department stores, club and convenience stores) for 6.3% of sales and 39.2k POS; the company sees high growth potential in the latter. Direct-to-consumer distribution channels accounted for 56.5% of total sales, further portraying the company's diversified and efficient distribution channel mix.

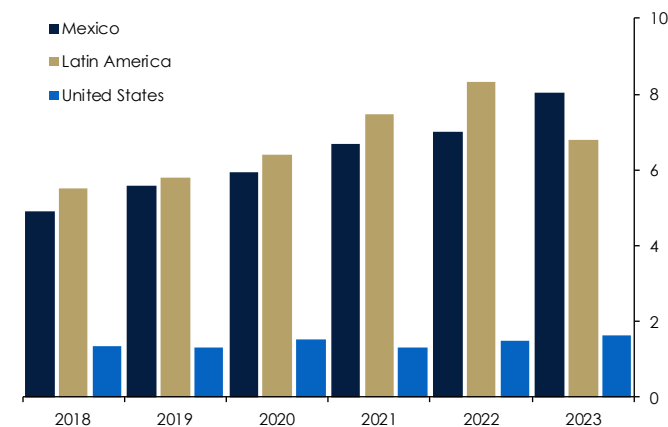
International exposure

Within our HPC coverage, Genomma Lab is the only company with relevant international exposure, with 51% of its sales from abroad —41% in LatAm and 10% in the U.S.—. All in, the company operates in 18 countries: Mexico, the U.S., Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Ecuador, El Salvador, Guatemala, Honduras, Nicaragua, Panama, Paraguay, Peru, Dominican Republic and Uruguay. The company tests all of its products in Mexico first, before introducing them abroad.

While the company wanted to diversify its revenues from a geographical perspective, Mexico has nonetheless weighted more, increasing its share as a % of consolidated revenues to almost 50%, from c.40% in 2016. MXN strength is a big contributor, along with the company's revision to further invest in other countries such as Europe —where it currently doesn't operate— and Brazil —part of LatAm operations—.

Figure 32: Revenues per Region Genomma Lab

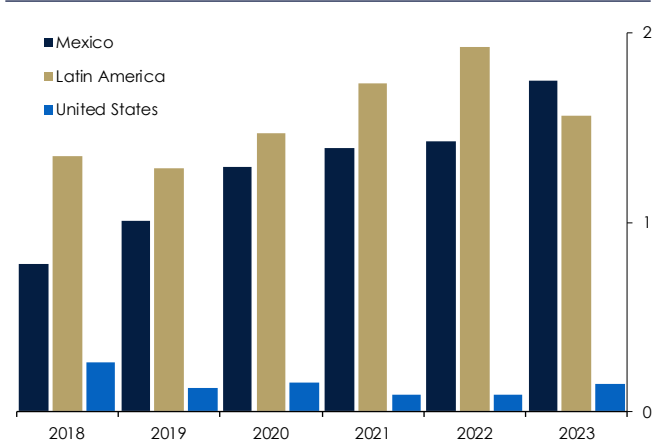
(P\$bn, FY23)



Source: Company reports, Actinver.

Figure 33: EBITDA per Region Genomma Lab

(P\$bn, FY23)



Source: Company reports, Actinver.

Kimberly-Clark de Mexico is less diversified from a geographical perspective, with only 9% of its sales from abroad via its export operations.

Figure 34: Genomma Lab's international exposure
(2024)



Source: Company reports, Actinver.

Risks To Our Investment Thesis:

Adverse macroeconomic conditions

Adverse FX trends, high inflation, and a weak consumer environment are among the macroeconomic conditions that could impact our covered companies' performance. For example, Argentina has been considered hyperinflationary since 2019, impacting Genomma Lab's results.

Increased competition

We see the OTC & personal care markets as highly competitive in Mexico and abroad, with a wide array of products from local and international companies. Within OTC, leading players are Bayer AG, Boehringer Ingelheim, Sanofi-Aventis, Procter & Gamble, Johnson & Johnson, Novartis, Reckitt Benckiser, Pfizer and others. Within Personal Care, Colgate-Palmolive, Procter & Gamble, Jafra Cosmetics and Pond's de Mexico are among the main competitors. The larger international presence of some of these players, along with deep pockets for marketing spending, could lead to fierce competition, especially in products in which Genomma Lab found more it more difficult to foster brand loyalty, such as skincare.

Retailers have been more aggressive on their private label product offering, which we see impacting both Genomma Lab and Kimberly-Clark de Mexico, although our covered companies haven't been vocal about any relevant impact.

KCM's main competitors are Essity, Procter & Gamble, Ontex, CMPC, and regional manufacturers.

Raw materials and supply chain risks

Both companies rely on several raw materials, most of them being imported from outside of their main manufacturing country Mexico. Additionally, shortage of raw materials could lead to higher COGS and thus lower profitability—especially if the companies are not able to pass through cost increases amid high competition—and could even impact sales if production needs are not fulfilled.

Recently, extreme weather events have been more frequent and impactful, which could lead to disruption in raw material supply, logistics headwinds, and regulatory changes to manufacturing standards, therefore increasing costs, Capex investing, and impacting profitability.

Distribution and channel risks

Headwinds in distribution conditions can impact sales and profitability. For example, Genomma Lab has previously faced performance headwinds amid a reorganization within distributors. Additionally, we see potential headwinds from the aforementioned increased focus on private labels within retailers, as they could reduce our covered companies' exposure at the POS.

Shift in consumer habits

Increased competition and new trends in advertising strategies could be correlated with a shift in consumer habits and a decrease in market shares of our covered companies. Increased spending and other efforts to retain and gain market share could impact profitability.

Sociopolitical and macroeconomic conditions

Amid the upcoming change in administration in Mexico, we foresee some uncertainty regarding political, economic, legal and regulatory conditions with the new government. Additionally, FX volatility and high inflationary environments could impact results from LatAm, along with upcoming elections in the U.S. and in other countries in coming years. Furthermore, sociopolitical protests could lead to rioting, impacted POS and temporary closures.

Regulatory changes

Legislation changes could lead to new restrictions in labeling, advertisement, taxes and manufacturing, among others, which could impact sales and costs.

Company Profiles

Genomma Lab

Genomma Lab is one of the leading pharmaceutical and personal care product companies in Mexico, with presence in LatAm and in the U.S. The company manufactures, markets, distributes and sells its products via two main business lines, Personal Care and OTC (Over-the-Counter), which cater different consumer needs and are supported by a strong brand recognition and a wide portfolio of over 350 products. According to IMS Health/IQVIA, Genomma Lab has market shares of 5.2% and 6.7% in the OTC and Personal Care markets in Mexico, respectively, as of December 2023. As of 1Q24, the company has 1,020mn Series B shares. Rodrigo Herrera, Genomma Lab's founder and Chairman of the Board has a c.30% stake in the company.

Brief company history

Genomma Lab was founded in 1996, as a direct-to-consumer advertising company, with internal capabilities to produce TV infomercials, and a year later focusing on the beauty category while starting to develop its own products. In 1999, Genomma Lab started to steer away from the infomercials production to focus on establishing a distribution and wholesale network to place its products in strategic POS. Later, the company extended its portfolio to include OTC products. In 2007-08, the company acquired brands in the PC and OTC segments and, in June 2008, it completed its IPO with the ticker "LABB". Throughout the next years, the company acquired other brands, entering new product categories within its main business lines, while launching operations in Brazil and the U.S. in 2010, reaching 15 operating countries —it currently operates in 18 countries—.

In October 2017, the company's Board approved the investment of up to P\$1.4bn to build a manufacturing plant in Toluca, using both company and external funds, in an effort to integrate vertically and improve working capital. In July 2018, the IFC and the Inter-American Development Bank signed a financing package of up to US\$100mn to support the company's investment plans. As of year-end 2023, the company had 1.6k employees, with c.75% based in Mexico.

Management and Board

Marco Sparvieri was appointed CEO of Genomma Lab in November 2022, effective starting February 2023. Mr. Sparvieri joined Genomma Lab in 2014 after a 20-year career at Procter & Gamble.

Antonio Zamora is the company's CFO since December 2015. Mr. Zamora has c.30 years of experience, including management positions in Cydsa and as CFO of Grupo Lala.

Rodrigo Herrera Aspra is the company's founder and Chairman of the Board. Mr. Herrera has over 25 years of experience in marketing and brand positioning, and was the CEO of the company until 2015.

ESG

The company is working on improving its packaging by using recycled materials. Additionally, its industrial complex was developed with sustainable infrastructure, holding the Edge certification, an eco-efficient construction standard developed by the IFC, recognizing 20% or greater efficiency in energy, water, and materials consumption during construction. In FY23, the company's Scope 1 emissions from its industrial complex in Mexico were of 3,100 tCO₂e, of 4,740 tCO₂e at Scope 2 level, and of 44,075 at the Scope 3 level.

Dividends and share buybacks

In FY24, the company will pay a P\$1.86 DPS, a 15% YoY growth, and a share repurchase plan of up to P\$1bn was also approved. Additionally, Genomma Lab recently approved

the cancellation of 20mn ordinary shares already bought back, and a further cancellation of up to 100mn ordinary shares to be bought back was also approved.

Sales and Margin Performance

The company has a wide product portfolio (over 350 products) in different categories:

Figure 35: Genomma Lab's main brands

Product Category Brands		Size (P\$m)*	Opportunities
Isotonic Beverages	Suerox	+2,850mn	Grow SOM, Geographic expansion, Product innovation
Gastro	QG5, Genoprazol	+1,140mn	Grow SOM, Geographic expansion, GTM
Skincare	Cicatricure, Asepxia	+1,000mn	Grow SOM, Product innovation
Haircare	Tío Nacho, Medicasp	+950mn	Grow SOM, Product innovation
Analgesics	X-Ray, Allivix	+810mn	Grow SOM, Product Innovation, GTM
Cough and cold	Tukol D, Next, XL-3	+800mn	Grow SOM, Product innovation, GTM
Infant nutrition	Novamil	+500mn	Grow SOM, Geographic expansion
Razors & Blades	Groomen	+150mn	Grow SOM, Geographic expansion
Others		+1,800mn	

Source: Company reports, Actinver, Company reports. *As of FY23

Suerox's relevance has grown throughout the last years, reaching new markets as it expands its presence in the U.S., and to more than 10 countries in LatAm. Almost 50% of the company's sales are originated from the following brands:

Figure 36: Genomma Lab's main brands

Brand	Product Category Segment		Sales (P\$m)*	% of total sales*
Suerox	Isotonic beverage	Personal Care	2,219	13.5%
Tío Nacho	Hair care	Personal Care	1,761	10.7%
Cicatricure	Scar treatment	OTC	1,689	10.3%
Tafirol	Analgesic	OTC	1,245	7.6%
Tukol-D	Expectorant	OTC	1,050	6.4%

Source: Company reports, Actinver. *As of FY23

Of the main brands, the company has both created value from internally developed (e.g., Suerox and Cicatricure) and acquired brands (e.g., Tío Nacho and Tafirol). Market value of internally developed brands isn't reflected in the company's balance sheet.

Genomma Lab's core brands represent 90% of its sales, vs 73% a year after. Throughout the last year, these core brands grew solidly, with the exception of skincare.

The company highlighted that in 2023 80% of its sales outpaced inflation, and 53% gained market share within their categories.

Growth profile

In the company's 2023 Investor Day, incoming CEO Marco Sparvieri updated the company's strategies:

- Focus on key brands and categories, i.e., in core categories that need to fulfill the following requirements and with the objective of reaching P\$10bn in additional sales to gain market share, obtain Go-to-Market efficiencies, and expand to new markets:
 - Within the company's visibility strategy (Go-to-Market)
 - Within TV airtime and social media plans
 - Experienced team in the category
 - Sufficient barriers of entry
 - Efficient investment
- Focus on profitability, targeting P\$1,800mn in savings, through:
 - Increase in savings from in-house manufacturing at the Toluca plant
 - Vertical integration via reducing the number of co-packers
 - Better sourcing leading to lower raw material costs and COGS
 - SG&A efficiencies
 - Lower distribution costs

Non-core brands are expected to be sold or divested to unlock working capital and narrow management focus.

Additionally, the company expects to achieve a 23-24% EBITDA margin by year-end 2024.

Company specific risks

The company's reliance on third party manufacturers while further integrating vertically via its manufacturing plant, could lead to disruptions via reduced availability as the company standardizes product quality, and increased COGS as suppliers raise prices before being phased out. Both of these issues have impacted the company in the past.

Additionally, Genomma Lab's plans to improve performance have previously relied on achieving vertical integration via its manufacturing plant. Nonetheless, the company has faced several delays throughout the years, and its full completion can't be assured within a specific timeline, neither its benefits. Additionally, its ramp up phase could take longer than expected, and while the company's productivity savings plan isn't relying on new operations, it could imply more costs than previously expected.

Furthermore, the company's exposure to different segments and countries, including OTC, along with its vertical integration process, leads to higher risk of regulatory process delays and changes in legislation. For example, Genomma Lab's manufacturing plant has been delayed by COFEPRIS approvals, leading to a delay in synergies obtained.

We also see dilutive inorganic expansion as another potential risk, given the company's previous —albeit not in recent years— ventures in other countries (e.g., Spain) and business lines (.e.g, distribution) that were eventually divested. Additionally, some of these ventures (e.g., Brazil) have led to negative one-offs.

Kimberly-Clark de Mexico

Kimberly-Clark de Mexico, or KCM, is a leading producer and seller of consumer and institutional products in Mexico, with well-known brands in the toilet paper, napkins, diapers, wet wipes and feminine care segments. The company is the exclusive manufacturer, distributor, and seller of products from Kimberly-Clark Corporation, or KCC, in Mexico. Approximately 48% of Kimberly-Clark de Mexico is owned by Kimberly-Clark Corporation (via its subsidiary Kimberly-Clark Holland Holding B.V.). The company's shares trade in the Mexican Stock (3,075mn shares, comprised of c.52% Series A, and 48% Series B shares), and in the U.S. via an ADR program.

Brief company history

La Aurora was founded in 1925, with a manufacturing plant for writing and printing paper. Between 1955 and 1959, KCC acquired La Aurora, renaming it as Kimberly-Clark de Mexico. The company's shares trade in the Mexican Stock Exchange since 1961. In 2006, the company divested its writing and printing paper business, along with its notebook business. In 2012, the company acquired some of Evenflo's businesses, and in 2016 the Escudo soap brand from P&G and 55% of liquid soap company 4e Global, with KCM becoming the third largest player in the soap segment in Mexico. The company has over 8k employees.

Management and Board

Pablo R. González Guajardo is KCM's CEO since 2007 and has been working in the company for over 27 years. Mr. González is member of the Company's Board since 2010, and is also member of the Board of America Movil, Grupo Sanborns, and Grupo Lala, among others.

Xavier Cortés Lascurain joined KCM in 1996, and has been the company's CFO since 2012. Previous roles in the company include Financial Planning and Analysis and International Funding.

Claudio X. González Laporte is the company's Chairman of the Board since 1973, was elected member of the Board in 1961, and previously served as CEO (from 1973 to 2007). Mr. González is also member of the Board of Fondo Mexico, Grupo Carso, Alfa, and Grupo Mexico, among others.

ESG

The company has a water treatment agreement with Bio Pappel Scribe, and has implemented water recycling systems in most of its manufacturing plants. Additionally, the company reached in 2023 its target of effective procurement and management of 100% of its sustainably sourced fiber chain, while it continues to work on the circularity of its packaging and expects to achieve 100% recyclability in 2024. Regarding water use, KCM is now using more than 50% of its post-consumer sources of water.

Dividends and share buybacks

Kimberly-Clark de Mexico is a steady dividend payer; in FY24, the company will pay a P\$1.86 DPS, a 15% YoY growth, and a share repurchase plan of up to P\$1bn was also approved.

Sales and Margin Performance

Kimberly-Clark de Mexico has 3 operating segments: Consumer Products, Professional or Away from Home, and Exports. Throughout the years, Consumer Products have represented around 80% of total sales, with Away from Home and Exports around 10% each on average. Consumer Products and Away from Home represent the B2C and B2B segments, respectively, with brand overlap between the two segments, although the latter is more focused on napkins, hand soap, toilet paper, dispensers, and industrial cleaning

paper, among others. The company's overall product portfolio is comprised of home (toilet paper, napkins, facial tissues), babies (diapers, wet wipes, shampoo), personal care (bar soap and other types of soaps and body wash products), adults (underwear, protectors, feminine napkins), pets (shampoo, spray), women (feminine pads, tampons), and cleaning and protection (wet wipes, anti-bacterial gel). Some of the company's main umbrella brands include Kleenex, Huggies, Kotex, Evenflo, Escudo, Blumen, Pétalo, and Scott. Meanwhile, the export segment sells products mostly to the U.S. and LatAm, with Australia a recent market. Exported products include paper tissue, baby diapers and wet wipes, napkins, and liquid soaps.

Across the company's main categories, KCM has a leading share: over 50% in diapers, facial tissues, wet wipes, kitchen rolls, and napkins; close to 50% in toilet paper; around 25% in feminine care and incontinence. We estimate that diapers and toilet paper account for fairly half of the company's revenues.

Company specific risks

Given its USD-denominated raw material exposure (c.60% of its raw materials), and mostly MXN-denominated sales, Kimberly-Clark de Mexico has been usually impacted by FX volatility and MXN depreciation. While this has been a tailwind in recent years, another trend of MXN weakening vs the USD could impact profitability.

Additionally, most of the company's brands are owned by an affiliate of Kimberly-Clark Corporation, renewed under 5-year contracts. While we don't expect any major risk from this, contrary to other players the company is not the brand owner of most of its products.

Valuation: Methodologies, Key Assumptions & Scenarios

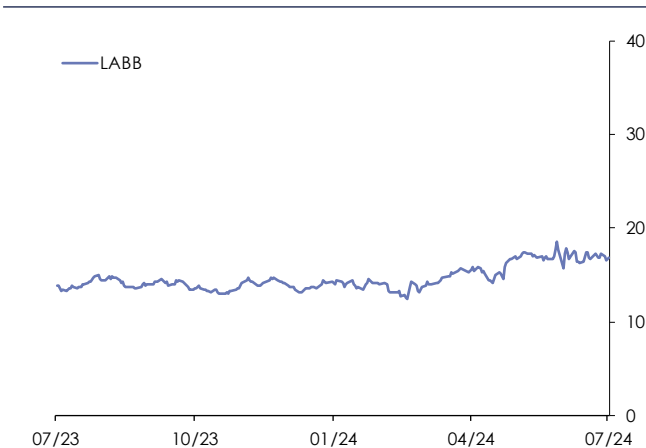
Our **Genomma Lab** PT (P\$22) is derived from a DCF calculation, using a 15.1% WACC —we use a 13% cost of debt, an effective tax rate of 32.8%, a cost of equity of 19.1%, and a D/E ratio of 0.61—, accounting for the company's operations geographic breakdown.

In our upside case (P\$25) we assume a slightly higher terminal growth rate. We also assume better margins and working capital management, leading to better cash flow generation vs our base case scenario. This margin expansion could lead to solid EBITDA margin of close to 27% in the long run.

For our downside case (P\$16), we assume a weaker top-line growth on the back of competitive pressures and FX headwinds, along with weaker cash flow generation vs our base case scenario on the back of working capital management, and lower profitability as the company's vertical integration and productivity initiatives don't yield the expected results, leading to no margin expansion beyond FY24 levels.

Figure 37: Genomma Lab Stock Price

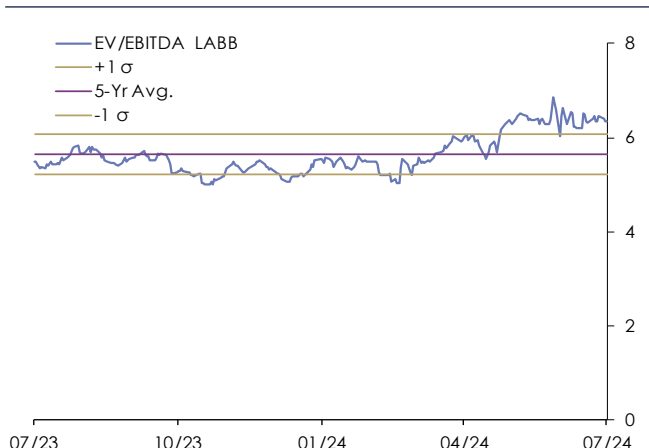
(P\$, L12M as of 7/5/24)



Source: Company reports, Actinver.

Figure 38: Genomma Lab EV/EBITDA

(x, L12M as of 7/5/24)



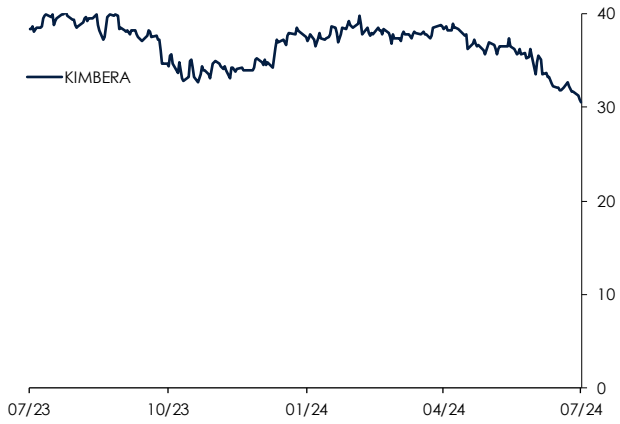
Source: Company reports, Actinver.

Our **Kimberly-Clark de Mexico** PT (P\$38) is derived from a DCF calculation, using a 10.4% WACC —we use a 12% cost of debt, an effective tax rate of 32.5%, a cost of equity of 16.1%, and a D/E ratio of 2.5—.

In our upside case (P\$44) we assume better growth rates. We also assume better margins and working capital management, leading to better cash flow generation vs our base case scenario. This margin expansion could lead to solid EBITDA margin of c.27% in the long run, in line with the company's target.

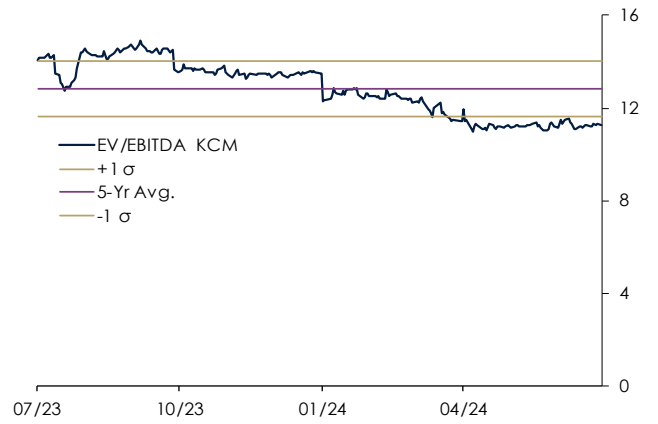
For our downside case (P\$30), we assume a weaker top-line growth on the back of competitive pressures and consumer trade down, along with weaker cash flow generation vs our base case scenario on the back of working capital management, and lower profitability amid FX and raw material headwinds, leading to lackluster margins.

Figure 39: KCM Stock Price
(P\$, L12M as of 7/5/24)



Source: Company reports, Actinver.

Figure 40: KCM EV/EBITDA
(x, L12M as of 7/5/24)



Source: Company reports, Actinver.

Genomma Lab Key Stats

Income Statement and FCF								
(in P\$m)	2021A	2022A	2023A	2024E	2025E	2019A-23A CAGR	2023A-27E CAGR	
Revenues	\$ 15,460	\$ 16,820	\$ 16,467	\$ 16,880	\$ 18,020	5.3%	4.0%	
Gross Profit	\$ 9,549	\$ 10,164	\$ 10,083	\$ 10,699	\$ 11,618	4.5%	5.6%	
Operating Profit	\$ 3,063	\$ 3,245	\$ 3,224	\$ 3,453	\$ 3,776	6.7%	6.2%	
EBITDA	\$ 3,210	\$ 3,453	\$ 3,454	\$ 3,752	\$ 4,122	8.7%	8.2%	
Majority Net Profit	\$ 1,451	\$ 1,389	\$ 1,031	\$ 1,324	\$ 1,480	6.2%	14.7%	
Shares Outstanding (mn)	\$ 1,048	\$ 1,048	\$ 1,020	\$ 1,020	\$ 1,020	0.0%	0.0%	
EPS (maj.)	\$ 1.38	\$ 1.33	\$ 1.01	\$ 1.30	\$ 1.45	6.7%	14.7%	
Average Stock Price	\$ 20.21	\$ 18.38	\$ 14.74	N/A	N/A			
Enterprise Value	\$ 25,825	\$ 24,139	\$ 19,554	\$ 27,484	N/A	(3.2%)	N/A	
Total Assets	\$ 22,467	\$ 21,607	\$ 20,664	\$ 22,302	\$ 22,780	1.8%	4.9%	
Net Debt	\$ 4,650	\$ 4,874	\$ 4,521	\$ 5,044	\$ 3,086	(3.0%)	N/A	
Controlling Interest	\$ 11,006	\$ 10,153	\$ 9,384	\$ 10,368	\$ 11,819	4.2%	15.3%	
Minority Equity	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	N/A	N/A	
Dividends Paid	(\$ 392)	(\$ 778)	(\$ 581)	(\$ 392)	(\$ 199)	N/A	(23.0%)	
Dividend Yield	1.9%	4.0%	3.9%	N/A	N/A	N/A	N/A	
Free Cash Flow to the Firm (FCFF)	\$ 1,516	\$ 2,292	\$ 3,471	\$ 1,780	\$ 3,070	N/A	(1.5%)	
FCFF Yield	7.2%	11.9%	23.1%	7.9%	N/A			
Free Cash Flow to Equity (FCFE)	\$ 730	\$ 2,442	\$ 2,778	\$ 1,395	\$ 1,783	N/A	(21.0%)	
FCFE Yield	3.4%	12.7%	18.5%	6.2%	N/A			

Profitability YoY growth

	2021A	2022A	2023A	2024E	2025E	2019A-23A CAGR	2023A-27E CAGR	
Revenues	11.5%	8.8%	(2.1%)	2.5%	6.8%	5.3%	4.0%	
Gross Profit	11.2%	6.4%	(0.8%)	6.1%	8.6%	4.5%	5.6%	
Operating Profit	10.7%	6.0%	(0.6%)	7.1%	9.3%	6.7%	6.2%	
EBITDA	9.8%	7.6%	0.0%	8.6%	9.9%	8.7%	8.2%	
Majority Net Profit	(1.3%)	(4.3%)	(25.8%)	28.5%	11.8%	6.2%	14.7%	

Profitability margins

	2021A	2022A	2023A	2024E	2025E	2019A-23A CAGR	2023A-27E CAGR	
Gross Margin	61.8%	60.4%	61.2%	63.4%	64.5%	(247 bps)	474 bps	
Operating Margin	19.8%	19.3%	19.6%	20.5%	21.0%	125 bps	212 bps	
EBITDA Margin	20.8%	20.5%	21.0%	22.2%	22.9%	153 bps	270 bps	
Majority Net Margin	9.4%	8.3%	6.3%	7.8%	8.2%	25 bps	395 bps	
ROA	6.5%	6.3%	4.9%	6.2%	6.6%	78 bps	338 bps	
ROE	13.2%	13.1%	10.6%	13.4%	13.3%	62 bps	285 bps	
ROIC	21.0%	14.6%	15.5%	15.5%	16.6%	138 bps	316 bps	

Multiples

	2021A	2022A	2023A	2024E	2025E	2017A-20A Avg.	2021A-24E Avg.	
EV/EBITDA	8.6x	7.0x	5.8x	6.1x		9.6x	6.9x	
3-Yr Avg.	9.5x	8.6x	7.1x	6.3x				
Premium (Discount) vs. 3-Yr Avg.	(9.0%)	(18.8%)	(19.1%)	(3.3%)		2.8%	(12.5%)	
5-Yr Avg.	9.4x	8.8x	8.2x	6.3x				
Premium (Discount) vs. 5-Yr Avg.	(8.2%)	(21.0%)	(30.0%)	(3.3%)		(2.7%)	(15.6%)	
P/E	13.9x	13.9x	10.4x	16.2x		17.1x	13.6x	
3-Yr Avg.	17.7x	16.7x	12.7x	13.5x				
Premium (Discount) vs. 3-Yr Avg.	(21.4%)	(16.9%)	(18.4%)	20.0%		12.1%	(9.2%)	
5-Yr Avg.	16.4x	16.2x	15.5x	15.3x				
Premium (Discount) vs. 5-Yr Avg.	(1.7%)	0.1%	4.4%	5.5%		3.8%	2.1%	
PEG	(1,057.2x)	(325.6x)	(40.3x)	56.7x		(44.7x)	(341.6x)	
P/BV	2.2x	1.8x	1.4x	2.1x		2.7x	1.9x	
P/Sales	1.5x	1.2x	0.9x	1.3x		1.6x	1.2x	

Kimberly-Clark de Mexico Key Stats

Income Statement and FCF

(in P\$m)	2021A	2022A	2023A	2024E	2025E	2019A-23A CAGR	2023A-27E CAGR
Revenues	\$ 46,894	\$ 51,055	\$ 53,307	\$ 55,544	\$ 58,233	5.2%	4.3%
Gross Profit	\$ 15,786	\$ 16,773	\$ 20,700	\$ 23,250	\$ 24,266	6.1%	6.1%
Operating Profit	\$ 8,350	\$ 8,941	\$ 11,932	\$ 13,132	\$ 13,570	7.3%	5.3%
EBITDA	\$ 10,285	\$ 10,903	\$ 13,917	\$ 15,204	\$ 15,744	6.2%	5.2%
Majority Net Profit	\$ 4,460	\$ 4,936	\$ 7,013	\$ 7,837	\$ 7,834	0.0%	0.0%
Shares Outstanding (mn)	\$ 3,075	\$ 3,075	\$ 3,075	\$ 3,075	\$ 3,075	0.0%	0.0%
EPS (maj.)	\$ 1.45	\$ 1.61	\$ 2.28	\$ 2.55	\$ 2.55	8.1%	4.5%
Average Stock Price	\$ 34.12	\$ 29.17	\$ 37.22	N/A	N/A		
Enterprise Value	\$ 122,005	\$ 107,308	\$ 127,193	\$ 129,298	N/A	(0.2%)	(41.7%)
Total Assets	\$ 48,784	\$ 53,541	\$ 53,919	\$ 51,741	\$ 44,811	6.6%	(4.0%)
Net Debt	\$ 17,087	\$ 17,598	\$ 12,746	\$ 12,443	\$ 13,216	(7.4%)	3.7%
Controlling Interest	\$ 5,724	\$ 5,027	\$ 6,921	\$ 2,139	\$ 2,247	7.0%	(25.8%)
Minority Equity	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	N/A	N/A
Dividends Paid	(\$ 5,296)	(\$ 5,043)	(\$ 4,982)	(\$ 5,720)	(\$ 3,918)	1.0%	(5.4%)
Dividend Yield	5.0%	5.6%	4.4%	N/A	N/A	0.2%	N/A
Free Cash Flow to the Firm (FCFF)	\$ 8,193	\$ 7,631	\$ 12,938	\$ 10,337	\$ 8,258	5.1%	(10.7%)
FCFF Yield	7.8%	8.5%	11.3%	8.8%	N/A		
Free Cash Flow to Equity (FCFE)	\$ 1,547	\$ 11,173	\$ 8,209	\$ 3,944	\$ 2,266	(1.9%)	(6.3%)
FCFE Yield	1.5%	12.5%	7.2%	3.4%	N/A		

Profitability YoY growth

	2021A	2022A	2023A	2024E	2025E	2019A-23A CAGR	2023A-27E CAGR
Revenues	0.4%	8.9%	4.4%	4.2%	4.8%	5.2%	4.3%
Gross Profit	(12.3%)	6.3%	23.4%	12.3%	4.4%	6.1%	6.1%
Operating Profit	(20.8%)	7.1%	33.5%	10.1%	3.3%	7.3%	5.3%
EBITDA	(17.7%)	6.0%	27.6%	9.3%	3.6%	6.2%	5.2%
Majority Net Profit	(26.7%)	10.7%	42.1%	11.7%	(0.0%)	0.0%	0.0%

Profitability margins

	2021A	2022A	2023A	2024E	2025E	2019A-23A CAGR	2023A-27E CAGR
Gross Margin	33.7%	32.9%	38.8%	41.9%	41.7%	131 bps	270 bps
Operating Margin	17.8%	17.5%	22.4%	23.6%	23.3%	170 bps	82 bps
EBITDA Margin	21.9%	21.4%	26.1%	27.4%	27.0%	95 bps	84 bps
Majority Net Margin	9.5%	9.7%	13.2%	14.1%	13.5%	132 bps	7 bps
ROA	8.7%	9.6%	13.1%	14.8%	16.2%	65 bps	429 bps
ROE	77.3%	91.8%	117.4%	173.0%	357.3%	2,199 bps	28,588 bps
ROIC	28.6%	26.0%	37.4%	50.8%	59.8%	1,270 bps	2,330 bps

Multiples

	2021A	2022A	2023A	2024E	2025E	2017A-20A Avg.	2021A-24E Avg.
EV/EBITDA	10.1x	11.8x	10.6x	7.1x		13.1x	9.9x
3-Yr Avg.	11.7x	11.0x	10.9x	9.8x			
Premium (Discount) vs. 3-Yr Avg.	(13.4%)	7.0%	(2.0%)	(28.1%)		(6.2%)	(9.1%)
5-Yr Avg.	12.5x	12.1x	11.5x	8.5x			
Premium (Discount) vs. 5-Yr Avg.	(19.1%)	(2.4%)	(7.5%)	(16.4%)		(8.3%)	(11.4%)
P/E	18.0x	21.4x	20.2x	14.5x		23.5x	18.5x
3-Yr Avg.	20.9x	19.6x	19.9x	18.7x			
Premium (Discount) vs. 3-Yr Avg.	(30.6%)	(26.0%)	(26.9%)	(22.4%)		(43.1%)	(26.5%)
5-Yr Avg.	22.4x	21.7x	20.9x	18.7x			
Premium (Discount) vs. 5-Yr Avg.	(35.2%)	(33.1%)	(30.4%)	(22.5%)		(45.1%)	(30.3%)
PEG	(67.6x)	200.0x	48.0x	123.6x		135.8x	76.0x
P/BV	18.1x	15.7x	22.7x	53.2x		18.4x	27.4x
P/Sales	2.3x	1.9x	2.2x	2.0x		2.8x	2.1x