FIBRA INN

June's Hotel Indicators Continued to Decline on a Annual Basis; But the Occupancy Rate Remained Stable for the Second Month in a Row

BUY	
Target Price 2019E (MXN$)	$ 9.50
Current Price (MXN$)	$ 6.96
Max / Min (L12M - MXN$)	6.57 - 9.99
Expected Dividend (MXN$)	$ 0.81
Total Return	48.1%
Mkt Cap (Mn of MXN)	3,681
Enterprise Value (Mn of MXN$)	6,250
CBFI's Outstanding (Mn)	528.8
Float	85.4%
ADTV (MXN$ Mn)	$ 1.45

FIBRA INN presented its operating indicators for June this year, which continue to show a lower occupancy rate compared to June last year due mainly to the macroeconomic impact and the lack of signing of the USMCA. However, in the monthly comparison we observed that the occupacy rate remained stable for the second month in a row, which we believe is excellent news. For this reason, and due to the low valuation of FIBRA INN's CBFI's (10.3% implicit cap rate, 8.8% dividend yield and heflty 59% discount to NAV), we continue with our BUY recommendation and target price of MXN$9.50 / CBFI.

In terms of same stores (which included 41 hotels in operation), the occupancy rate was 60.1% in June this year, below the 64.0% level of June 2018, as a result of the aforementioned macroeconomic impact. The average daily rate remained practically unchanged at MXN$1,252, which meant that RevPar (revenue per available room, calculated as occupancy multiplied by the daily rate) decreased 5.9% YoY to MXN$753. Hotel revenues contracted 6.5% YoY to MXN$147 million. However, the occupancy rate showed a marginal reduction of 50 bp compared to May this year.

In terms of total hotels, which included 42 properties, the occupancy rate was 59.9% in June, down from 63.6% in the same period last year. The average daily rate per room increased 2.2% YoY to MXN$1,261, with which the RevPar showed a 3.9% YoY fall to MXN$755. Hotel revenues decreased 4.6% YoY to MXN$152 million. In the monthly comparison, the occupation remained practically unchanged.

With respect to the 2Q19 operating indicators, FIBRA INN presented hotel revenues of MXN$460 million, with a 7.1% YoY reduction. The occupancy rate was 59.3% in 2Q19, compared to 65.5% in 2Q18, while the average dialy rate rose 3.0% YoY to MXN$1,269. This translated into a 6.6% YoY drop in the RevPar to MXN$753.

Same-store sales	Jun-19		Jun-18		YoY Chg.		May-19	MoM Chg.
Hotels	41		41				41	
Room Revenue (MXN$ Mn)	$ 146.90	$	157.10		-6.5%	$	154.80	-5.1%
Occupancy	60.1%		64.0%		-3.9 PP		60.6%	-0.5 PP
ADR (MXN$)	$ 1,252.4	$	1,250.0		0.2%	$	1,265.3	-1.0%
RevPar (P$)	$ 752.6	$	799.9		-5.9%	$	766.9	-1.9%
Total Monthly Sales	Jun-19		Jun-18		YoY Chg.		May-19	MoM Chg.
Hotels	42		42				42	
Room Revenue (MXN$ Mn)	$ 151.70	$	159.00		-4.6%	$	159.10	-4.7%
Occupancy	59.9%		63.6%		-3.7 PP		60.1%	-0.2 PP
ADR (MXN$)	$ 1,260.90	$	1,234.20		2.2%	$	1,272.20	-0.9%
RevPar (P$)	$ 754.80	$	785.30		-3.9%	$	765.10	-1.3%

Source: FIBRA INN

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