

VINTE: 2Q19 RESULTS

Excellent 2Q19 Results, Once Again Exceeding Expectations.

BUY

2019E Target Price (MXN\$)	\$ 33.00
Current Price (MXN\$)	\$ 27.90
Max / Min (L12M)	\$ 26.80 - 29.00
Expected Dividend (MXN\$)	\$ 0.00
Expected Return	18.3%
Market Cap (MXN\$ Mn)	5,636
Enterprise Value (MXN\$ Mn)	7,322
Outstanding Shares (Mn)	202.0
Float	33.7%
ADTV (MXN\$ Mn)	\$ 3.28



POSITIVE REPORT

- **VINTE presented another favorable quarter with double-digit increases in revenues, EBITDA and net income in annual terms, as it continued to benefit from its flexible business model, which allowed it to focus on housing with higher prices. Net leverage remained practically unchanged from 1Q19 despite the fact that the company issued two new sustainable bonds during the quarter. After these results, we reiterate our BUY recommendation. We continue to believe that the company will revise up its guidance for the year which includes increases in revenues, EBITDA and net income of 7%.**
- **On June 5, VINTE carried out the issuance of sustainable bonds amounting to MXN\$700 million.**
- **On June 12, VINTE completed the MXN\$350 million rights offering, which was subscribed mainly by PROPARCO, a French finance development institution. As a result of this transaction, PROPARCO now owns 6.9% of VINTE's shares.**

2Q19 Results

Revenues were MXN\$882.5 million in 2Q19, which represented a 12% YoY increase. They were driven by a strong growth in the middle to high price brackets (from MXN\$700 thousand to more than MXN\$2 million), which could offset the sales declines in the low-income segments.

VINTE sold 994 homes in the current quarter, down 18% YoY, which was mainly in the segments comprised between MXN\$350 thousand to MXN\$700 thousand. This was partially mitigated by a higher volume in all price segments above MXN\$700 thousand. As a result of this strategy, the company's average price was MXN\$844 thousand in the current quarter, with a substantial 34% YoY rise.

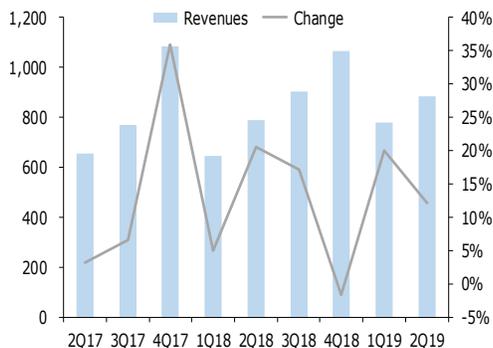
INFONAVIT credits represented 35% of financed units in 2Q19 (vs. 36% in 2Q18), followed by commercial banking that now contributed with 22% of the total (vs. 13% in 2Q18). The percentage of FOVISSSTE's financing remained at 19%. It is worth mentioning that VINTE's exposure to subsidies was only 0.3% in 2Q19, from 7.4% in 2Q18.

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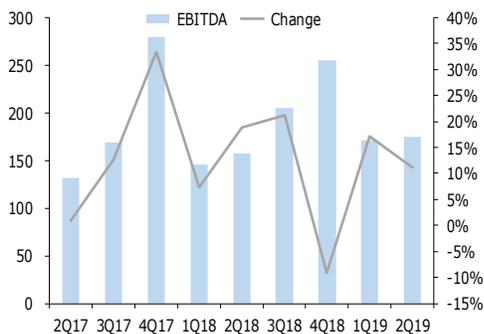
VINTE: Quaterly Results



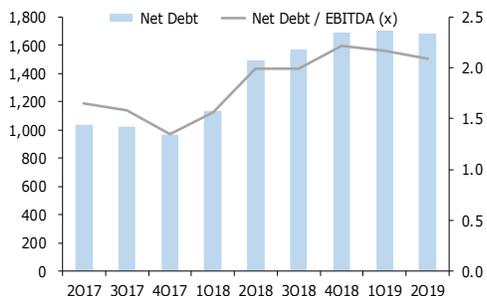
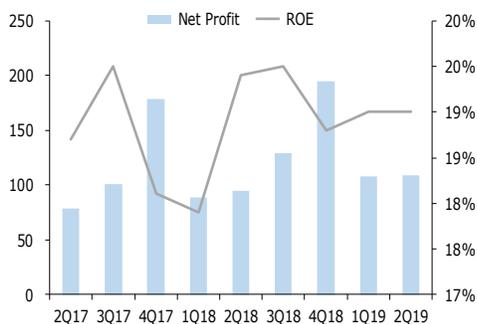
The EBITDA margin remained practically unchanged at 19.8% in 2Q19 (vs. 20.0% in 2Q18), despite the stronger revenue mix. In this way, the company's EBITDA reached MXN\$174.7 million in 2Q19, up 11% YoY.

Net income was MXN\$109.2 million in 2Q19, with a 15% YoY increase. This favorable performance was mainly due to the excellent operating results. The ROE remained at 19.0% in the quarter, in line with that of 1Q19.

The company presented a negative free cash flow MXN\$63 million in the first half of the year due to investments in housing inventory which included land reserves, urbanization, infrastructure and construction.



The balance sheet shows the recent capital increase and the issuance of the two new sustainable bonds. The net debt to EBITDA ratio was 2.09x at the end of 2Q19, slightly below the 2.16x in 1Q19. This slight improvement occurred despite the fact that the company used part of the resources that it raised with the recent bond issues to invest in land reserves and developments.



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