# FIBRA INN

April's Hotel Indicators Affected by the Macroeconomic Slowndown and the Holly Week Effect

BUY	
Target Price 2019E (MXN$)	$ 9.50
Current Price (MXN$)	$ 8.24
Max / Min (L12M - MXN$)	7.66 - 12.53
Expected Dividend (MXN$)	$ 0.81
Total Return	25.1%
Mkt Cap (Mn of MXN)	4,357
CBFI's Outstanding (Mn)	528.8
Float	85.4%
ADTV (MXN$ Mn)	$ 0.97

FIBRA INN reported its hotel indicators for April, which show the impact of the macroeconomic slowdown and the Holy Week effect (most of FIBRA INN's hotels are urban).

In terms of same store sales, occupancy was 58.3% in April this year, below the 62.8% in March of this year and 66.1% in April of the previous year. The average daily rate was MXN$1,265.9 in April of this year, with a 2.6% reduction with respect to March of this year, but marginally higher than that of April of the previous year. This resulted in a Rev Par (calculated as occupancy multiplied by tariff) decrease of 9.5% MoM and 11.0% YoY. Monthly revenues were MXN$144.5 million in April 2019, which represented a 12.5% monthly fall and an 11.8% annual decrease.
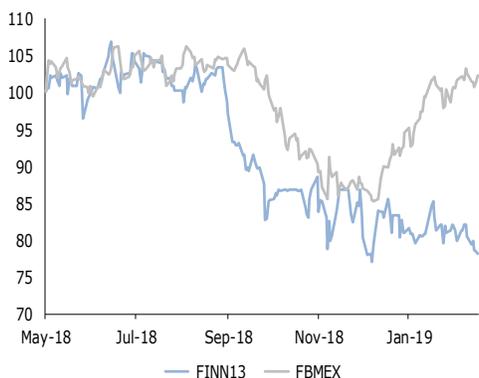
However, if we remove the Holy Week effect, the occupation would have been 61.7% in April of this year, lower than that of March 2019 and April 2018, but the average daily rate would have been MXN$1,268.7, 2.3% lower than March this year and 1.2% higher than April last year. The RevPar would have contracted 4.0% monthly and 5.6% annually. Revenues would have been MXN$153.3 million, with a 7.1% MoM decrease and a 6.5% YoY reduction.

Our BUY recommendation on FIBRA INN is mainly due to: i) its attractive valuation with a Cap Rate of 9.4%, a dividend yield of 7.4% and a very high discount of 52% against NAV; ii) we expect that the performance of FIBRA INN's current hotels will gradually improve once the Mexican economy accelerates, which we believe will take place during the second half of the year; and, iii) FIBRA INN will begin to receive fees from the "Hotel Factory" in 2Q19.

Same-store sales		Apr-19		Mar-19	MoM Chg.		Apr-18	YoY Chg.
Room Revenue (MXN$ Mn)	$	144.50	$	165.10	-12.5%	$	163.90	-11.8%
Occupancy		58.3%		62.8%	-4.5 PP		66.1%	-7.8 PP
ADR (MXN$)	$	1,265.9	$	1,299.2	-2.6%	$	1,254.1	0.9%
RevPar (P$)	$	738.3	$	816.0	-9.5%	$	829.2	-11.0%

Total Monthly Sales		Apr-19		Mar-19	MoM Chg.		Apr-18	YoY Chg.
Hotels		42		42			42	
Room Revenue (MXN$ Mn)	$	148.80	$	169.00	-12.0%	$	165.80	-10.3%
Occupancy		58.0%		62.1%	-4.1 PP		66.1%	-8.1 PP
ADR (MXN$)	$	1,272.80	$	1,305.70	-2.5%	$	1,238.60	2.8%
RevPar (P$)	$	738.10	$	810.60	-8.9%	$	819.20	-9.9%

Source: FIBRA INN

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Report Prepared by Miranda Global Research for Vector Casa de Bolsa, S.A. de C.V.

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