FIBRA INN

Significant Recovery in July's Occupancy Rate

BUY	
Target Price 2019E (MXN$)	$ 8.20
Current Price (MXN$)	$ 6.73
Max / Min (L12M - MXN$)	6.43 - 12.19
Expected Dividend (MXN$)	$ 0.15
Total Return	24.0%
Mkt Cap (Mn of MXN)	3,559
Enterprise Value (Mn of MXN$)	6,291
CBFI's Outstanding (Mn)	528.8
Float	84.6%
ADTV (MXN$ Mn)	$ 1.35

FIBRA INN presented its hotel indicators for July this year, which we found favorable, since the occupation rate improved quite significantly compared to June this year, although it continued to fall on an annual basis. On the other hand, the average daily rate per room remained stable, both on an annual and monthly basis. After these results, we continue with a BUY recommendation and a MXN$8.20 target price. We believe FIBRA INN's valuation is attractive at current levels. In addition, we expect the occupation rate to continue improving during the following months.

In terms of same store sales, which included 41 hotels, FIBRA INN's occupancy rate was 63.1% in July this year, below last year's 67.6%, which was due to the prevailing macroeconomic situation. However, this indicator bounced back significantly compared to the previous three months (60.1% in June, 60.6% in May and 58.3% in April), which is excellent news. The average daily rate per room was MXN$1,243.7 in July this year, stable both annually and monthly. The RevPar (occupancy * rate) decreased 7.3% YoY but rose 4.3% MsM. As a result, hotel revenues fell 7.3% YoY but rebounded a strong 7.3% MoM, reaching MXN$157.6 million.

In terms of total sales, with 42 hotels, the occupation rate was 63.1% in July, below 66.5% in the same period of the previous year. It also showed a significant recovery compared to June's 59.9%. RevPar fell 3.8% YoY but increased 4.8% MoM, while hotel revenues fell 4.8% annually but grew 7.9% monthly to MXN$163.7 million.

Same-store sales		Jul-19		Jul-18	Chg. YoY		Jun-19	Chg. MoM
Hotels		41		41			41	
Room Revenue (MXN$ Mn)	$	157.60	$	170.10	-7.3%	$	146.90	7.3%
Occupancy		63.1%		67.6%	-4.5 PP		60.1%	3.0 PP
ADR (MXN$)	$	1,243.7	$	1,251.6	-0.6%	$	1,252.4	-0.7%
RevPar (P$)	$	784.8	$	846.5	-7.3%	$	752.6	4.3%
Total Monthly Sales		Jul-19		Jul-18	YoY Chg.		Jun-19	MoM Chg.
Hotels		42		42			42	
Room Revenue (MXN$ Mn)	$	163.70	$	172.00	-4.8%	$	151.70	7.9%
Occupancy		63.1%		66.5%	-3.4 PP		59.9%	3.2 PP
ADR (MXN$)	$	1,255.30	$	1,235.80	1.6%	$	1,260.90	-0.4%
RevPar (P$)	$	791.40	$	822.30	-3.8%	$	754.80	4.8%

Source: FIBRA INN

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