

VINTE: 4Q19 RESULTS

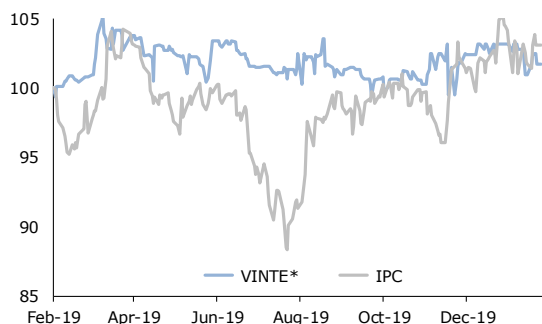
Positive Results With a Much Higher Sales Price

BUY

2020E Target Price (MXN\$)	\$ 36.00
Current Price (MXN\$)	\$ 27.80
Min / Max (L12M)	\$ 26.77 - 28.72
Expected Dividend (MXN\$)	\$ 1.14
Expected Return	33.6%
Market Cap (MXN\$ Mn)	5,616
Enterprise Value (MXN\$ Mn)	7,709
Outstanding Shares (Mn)	202.0
Float	33.7%
ADTV (MXN\$ Mn)	\$ 3.28

Opinion and Recommendation:

- **In 2019, VINTE revenues, EBITDA and net income grew 10.1%, 3.9% and 2.9%, respectively. Sales were in line with the company's guidance for the year.**
- **The average price increased 18.2% in the year and 9.8% in the quarter due to the company's flexible business model.**
- **We maintain our BUY recommendation and year-end target price of MXN\$36.0 per share because we believe that 4Q19 was an atypical quarter, affected by several non-recurring items. We consider that the company's outlook for this year is very favorable, taking into account the guidance that includes a 10-15% revenue growth with similar margins. In addition, VINTE plans to invest more than MXN\$ 3 billion in land reserves and continue gaining market share since it anticipates a low growth of the housing market.**



Revenues

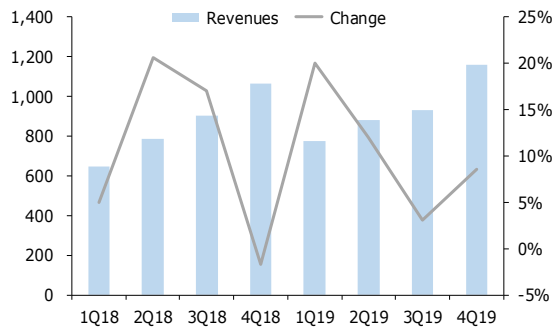
VINTE's total revenues were up 8.6% to MXN\$1,156 million in 4Q19. This included an 18.9% rise in housing sales, which were supported by an 8.1% volume growth to 1,362 units, thanks to the consolidation of the Jardines Mayakoba development from October last year. In addition, the average housing price improved 9.8% in the quarter (and 18.2% in the year), standing at MXN\$822.7 thousand, due to VINTE's focus on higher-priced housing, taking advantage of its flexible business model. Revenues with an average unit price of between MXN\$700 thousand and MXN\$1 million advanced 21.7% and those with a price above MXN\$1 million were up 49.7%. However, the sales of units with an average price below MXN\$700 thousand remained unchanged.

Other revenues (equipment, lots, commercial and residential spaces) fell 52.2%, mainly due to the fact that the company did not register any construction revenues at Jardines Mayakoba.

Profitability

Gross profit decreased 0.3% as a result of a lower than-expected performance at Playa del Carmen and the low

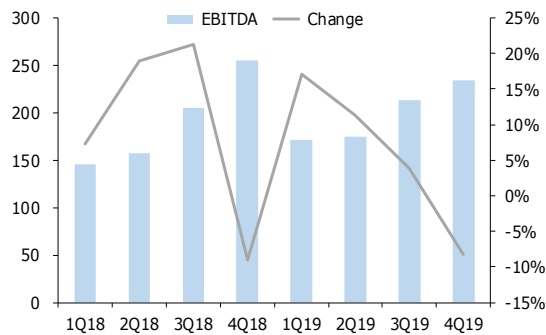
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profitability of Jardines Mayakoba. Operating expenses advanced 14.8% for the same reasons, in addition to the start of operations in Monterrey. However, this was partially offset by other projects that showed very positive results, thanks to the company's geographical, segment and mortgages diversification.

Net Profit

The 4Q19 net income fell 13.8% to MXN\$168 million. The net margin stood at 14.6% in the current quarter, compared with 18.3% the previous year. The ROE was 16.2% in 4Q19, from 18.8% in 4Q18, due to the MXN\$350 capitalization that the company carried out in 2Q19.

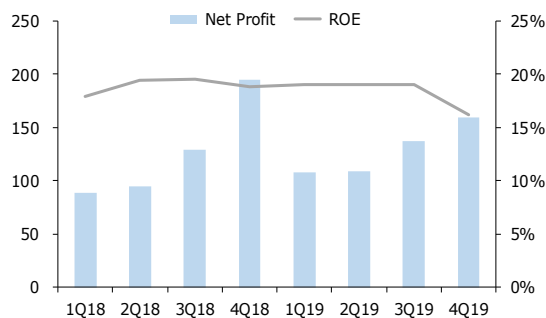


Financial structure

Net debt to EBITDA ratio was 2.64x at the end of 4Q19, above 2.21x in 4Q18, as a result of the Jardines Mayakoba consolidation as such project had a MXN\$266 million net debt. Had the company not carried out this transaction, its leverage would have been 2.29x in 4Q19.

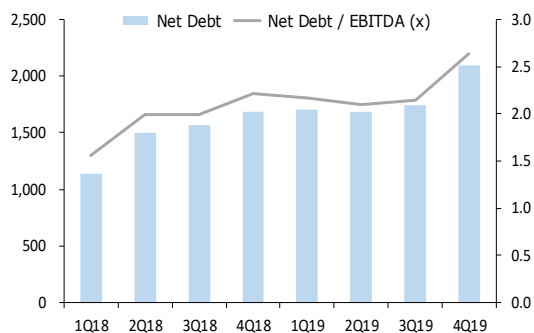
Investments

During 2019, VINTE invested MXN\$3,265 million in land reserves, which resulted in a negative free flow of MXN\$110 million in the year. Excluding the land reserve and Jardines Mayakoba acquisitions, the free cash flow would have been MXN\$282 million positive.



Other

VINTE mentioned that only 189,000 homes were built in the country during 2019, the lowest level in 10 years. The demand is estimated at 600,000 houses per year. This creates a significant gap that the company plans to take advantage of. The other important point to consider is that bank mortgage rates are at historically lows, which should support the demand.



VINTE: 4Q19 Results

INCOME STATEMENT	4Q19	4Q18	Change	Acum 2019	Acum 2018	Change
Revenues	1,156	1,065	8.6%	3,745	3,402	10.1%
Operating Profit	197	226	-12.6%	663	665	-0.3%
<i>Operating Margin</i>	<i>17.1%</i>	<i>21.2%</i>		<i>17.7%</i>	<i>19.6%</i>	
EBITDA	234	255	-8.2%	792	763	3.9%
<i>EBITDA Margin</i>	<i>20.2%</i>	<i>23.9%</i>		<i>21.2%</i>	<i>22.4%</i>	
Financial Gains	9	16	-45.5%	34	31	9.5%
Financial Cost	-18	-17	3.9%	-76	-86	-11.2%
Part. in Affiliated Companies	0	-2	-100.0%	10	4	165.6%
Pre-Tax Profit	188	222	-15.3%	631	614	2.8%
Income Tax & Profit Sharing	-19	-26	-27.0%	-108	-105	2.3%
<i>Tax & Profit Sharing Rate</i>	<i>10.2%</i>	<i>11.9%</i>		<i>17.1%</i>	<i>17.2%</i>	
Profit Before Minorities	168	195	-13.8%	523	508	2.9%
Minority Interest	-9	-0	n.a.	-9	-0	17517.6%
Net Profit	159	195	-18.4%	514	508	1.1%
EPS	P\$ 0.79	P\$ 1.03	-23.6%	P\$ 2.60	P\$ 2.69	-3.5%
ROE	16%	19%		16%	19%	
BALANCE SHEET	4Q19	4Q18	Change	Acum 2019	Acum 2018	Change
TOTAL ASSETS	7,861	6,406	22.7%	7,861	6,406	22.7%
Current Assets	4,677	3,403	37.5%	4,677	3,403	37.5%
Cash & Temp. Inv.	252	330	-23.5%	252	330	-23.5%
Accounts Receivable	391	369	5.9%	391	369	5.9%
Inventories	3,861	2,642	46.1%	3,861	2,642	46.1%
LT Assets	3,183	3,003	6.0%	3,183	3,003	6.0%
P, P & E	109	105	3.8%	109	105	3.8%
Intangible Assets	92	39	134.4%	92	39	134.4%
Other LT Assets	2,979	2,800	6.4%	2,979	2,800	6.4%
TOTAL LIABILITIES	4,315	3,557	21.3%	4,315	3,557	21.3%
ST Liabilities	1,262	1,031	22.4%	1,262	1,031	22.4%
LT Liabilities	3,053	2,526	20.9%	3,053	2,526	20.9%
TOTAL CAPITAL	3,546	2,849	24.5%	3,546	2,849	24.5%
Stockholder's Equity	3,491	2,849	22.6%	3,491	2,849	22.6%
Minority Interest	54	0	N.A.	54	0	N.A.
TOTAL DEBT	2,345	2,017	16.3%	2,345	2,017	16.3%
NET DEBT	2,093	1,687	24.0%	2,093	1,687	24.0%
Net Debt / EBITDA (x)	2.6x	2.2x	42.8%	2.6x	2.2x	42.8%
CASH FLOW STATEMENT	4Q19	4Q18	Change	Acum 2019	Acum 2018	Change
PRE-TAX PROFIT	168	195	-13.8%	523	508	2.9%
Pre-Tax Cash Flow	251	280	-10.6%	812	833	-2.5%
Working Capital Changes	-314	-287	9.4%	-1,041	-1,014	2.6%
Operating Cash Flow	-63	-6	896.7%	-229	-182	26.1%
Investment Cash Flow	-10	-53	-81.9%	-33	-71	-53.3%
Financing Cash Flow	-66	-305	-78.3%	185	298	-38.0%
Net Incr. (Decr.) in Cash & Temp. Inv.	-139	-364	-61.9%	-77	46	-268.8%
FX Gain (Loss) In Cash and Temp. Inv.	0	0	N.A.	0	0	N.A.
Beg. of Period Cash and Temp. Inv.	391	694	-43.7%	391	694	-43.7%
End of Period Cash and Temp. Inv.	252	330	-23.5%	252	330	-23.5%

Source: BMV

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