

HOTEL: 4Q20 Preview

The Sequential Rebound Will Continue

Under Review

Target Price (MXN\$)	UR
Current Price (MXN\$)	\$ 4.65
Min / Max (L12M - MXN\$)	3.65- 6.25
Expected Dividend (MXN\$)	\$ 0.00
Total Return	UR
Mkt Cap (Mn of MXN)	2,314
Enterprise Value (Mn of MXN\$)	5,384
Shares Outstanding (Mn)	497.5
Float	65.4%
ADTV (MXN\$ Mn)	\$ 1.10

Opinion and Recommendation

We expect HOTEL 4Q20 results to continue showing a significant sequential recovery, with total revenues up 61% QoQ as a result of a higher occupancy, and positive EBITDA and net profit. However, the annual comparisons will still be negative.

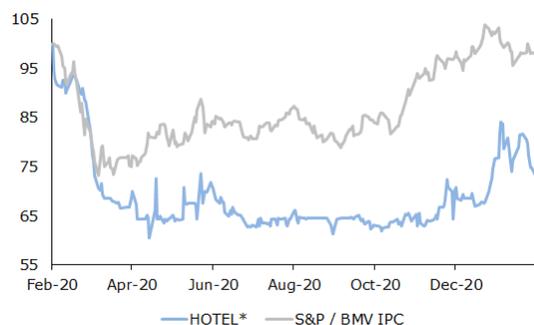
4Q20 Preview

We expect HOTEL to register revenues of MXN\$288 million in 4Q20, with a substantial 61% QoQ increase (although still with an annual 49% contraction) derived from the gradual opening of its hotels. The main reason for this performance will be an improvement in the average occupancy rate to 33.5% in owned hotels, much higher than the 24.3% level registered during 3Q20. The average daily rate will be up marginally, resulting in a 4Q20 RevPar of MXN\$389 in owned hotels, with a sequential 42% rise, but with an annual 52% reduction.

The significant growth in total revenues will offset total costs and expenses for the period, which will translate into a slightly positive EBITDA of MXN\$4 million in 4Q20, thus reversing the negative EBITDA of the previous two quarters. However, this figure will be much lower than the positive EBITDA of MXN\$161 million that the company posted in 4Q19.

We expect HOTEL to report a MXN\$150 million net profit in 4Q20 supported by large FX gains given the recovery of the Mexican peso in the quarter. Worth mentioning that the company had reported net losses during the last three quarters.

HOTEL is expected to report next February 18th after the close.



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