

# FIBRA INN: 1Q21 Results

## Occupancy Rate Improves Sequentially, But Cash Falls

Under Review	
Target Price (MXN\$)	UR
Current Price (MXN\$)	\$ 3.96
Min / Max (L12M - MXN\$)	3.80 - 5.78
Expected Dividend (MXN\$)	\$ 0.00
Total Return	UR
Mkt Cap (Mn of MXN)	1,995
CBFI's Outstanding (Mn)	503.8
Float	86.5%
ADTV (MXN\$ Mn)	\$ 0.23

### Opinion and Recommendation

FIBRA INN reported results with declines in the operating indicators on an annual basis due to the impact of the pandemic, but with a clear sequential recovery. Hotel NOI and total NOI were positive, for the first time in three quarters. Revenues were in line with our projections, while Total NOI, Adjusted EBITDA and FFO slightly exceeded our estimates. FIBRA INN will inaugurate the JW Marriott Monterrey Valle during the next few days.

Cash and temporary investments were MXN\$61.1 million, recoverable VAT amounted to MXN\$276.6 million, and LTV was 39.5%, below the regulatory maximum of 50.0%. The Fibra faces a MXN\$160.6 million maturity next August.

### Revenues

Total revenues stood at MXN\$186.0 million in 1Q21, down -47.9% YoY (vs. -48.7% E), as hotel revenues were impacted by the pandemic. However, they experienced an 18.9% YoY sequential recovery compared to the MXN\$156.4 million in 4Q20.

Hotel revenues decreased -46.7% YoY (vs -47.6% E), but rose 6.6% QoQ, to MXN\$181.0 million. The average daily occupancy rate of total hotels dropped to 29.5%, from 45.5% in 1Q20, derived from the health crisis. However, it exceeded the 26.8% level in 4Q20.

The occupancy rate improved to 35% in March and the Fibra expects it to exceed 37% in April and to reach 45% by the third quarter of the year. These occupancy levels allowed it to reach the operating break-even point during the current quarter (which the Fibra estimates at 25%) and to approach the break-even point at the financial level, which is likely to take place with an occupancy of around 46% (before the pandemic it was 50%).



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The 1Q21 average daily rate MXN\$1,222.6, down 5.4% YoY. This resulted in a MXN\$361.0 RevPar, 38.6% lower vs. 1Q20, but 8.4% higher than in 4Q20.

Rental revenues decreased to MXN\$4.9 million in 1Q21, from MXN\$17.3 million in the same period of the previous year, but were well above the MXN\$13.4 million expense in the previous quarter. The annual drop was caused by lower leasing of meeting rooms, coffee breaks, lounges and restaurants, as well as the rent of some commercial premises.

### **Profitability**

Total costs and operating expenses fell 39.4% YoY (vs 39.4% E) to MXN\$173.8 million, which was attributed to an adequate containment of hotel and corporate expenses, in addition to the adjustment in the hotel staff to more efficient levels in relation to occupancy levels.

FIBRA INN registered a positive Hotel NOI of MXN\$12.1 million, down -82.7% YoY (vs. -87.1% E), which improved significantly against the negative NOI of the last three quarters. Hotel NOI Margin was 6.5% in 1Q21, from 19.7% in 1Q20, but stronger than the negative margin of 4Q20. The NOI of the other businesses was negative MXN\$3.0 million.

Total NOI stood at MXN\$9.2 million in the quarter, compared to MXN\$69.2 million in the same period of the previous year, but above the negative MXN\$ 1.4 million figure in 4Q20. Total NOI margin contracted to 4.9% (vs 4.8% E) in 1Q21, from 19.4% in 1Q20, but improved from the negative level of the previous three quarters.

FIBRA INN reported a negative Adjusted EBITDA of MXN\$7.5 million in 1Q21, which was lower than the MXN\$90.9 million in 1Q20. Therefore, the margin was -4.0% in 1Q21, from 25.5% in the previous year, but expanded from the -15.5% margin in 4Q20.

The FFO was MXN\$96.9 million negative in 1Q21, below the positive FFO of MXN\$39.3 million in 1Q20, but above the negative FFO of MXN\$117.1 million in 4Q20.

### **Financial Structure**

The LTV reached 39.5% in 1Q21, from 30.7% in 1Q20, as a result of long-term financing with BBVA for the construction of the JW Marriott Monterrey Valle, and the financing of the recoverable VAT. The LTV is below the 50% maximum regulatory threshold.

Cash balances closed at MXN\$61.1 million, lower than the MXN\$322.7 million in 4Q20. This decrease was due to falling revenues, the payment of debt obligations, working capital, as well as the development of the JW Marriot Monterrey Valle hotel. On the other hand, the receivable VAT was MXN\$276.6 million at the end of the quarter.

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(Figures in MXN\$ Mn)

MAIN OPERATING INDICATORS	1Q21	1Q21E	Diff.	1Q20	Change
Rooms in Operation	6,391	6,391	-	6,391	0.0%
Occupancy	29.5%	28.3%		45.5%	
Average Daily rate	1,222.6	1,258.1	-3%	1,292.1	-5.4%
RevPar	361.0	356.0	1%	587.9	-38.6%
INCOME STATEMENT	1Q21	1Q21E	Diff.	1Q20	Change
Total Revenues	186	183	1.8%	357	-47.9%
Lodging Revenues	181	178	1.9%	340	-46.7%
Property Leasing	5	5	-1.0%	17	-71.3%
Hotel Costs and Expenses	-174	-174	0.2%	-287	-39.4%
Hotel NOI	12	9	32.9%	70	-82.7%
<i>Hotel NOI Margin</i>	<i>6.5%</i>	<i>5.0%</i>		<i>19.7%</i>	
Total NOI	9	9	4.1%	69	-86.7%
<i>Total NOI Margin</i>	<i>4.9%</i>	<i>4.8%</i>		<i>19.4%</i>	
EBITDA	-11	-17	-36.9%	79	-113.3%
<i>EBITDA Margin</i>	<i>-5.7%</i>	<i>-9.2%</i>		<i>22.2%</i>	
Acquisition and Organization Expenses / Capex	3	2	27.5%	12	-74.0%
Adjusted EBITDA	-7	-14	-47.7%	91	n.a.
<i>Adjusted EBITDA Margin</i>	<i>-4.0%</i>	<i>-7.8%</i>		<i>25.5%</i>	
FFO	-97	-110	-12.1%	39	n.a.
<i>FFO Margin</i>	<i>-52.1%</i>	<i>-60.4%</i>		<i>11.0%</i>	
AFFO	-103	-118	-12.2%	27	n.a.
<i>AFFO Margin</i>	<i>-55.6%</i>	<i>-64.5%</i>		<i>7.5%</i>	
FFO per CBFI	-\$ 0.19	-\$ 0.22	-14.1%	\$ 0.08	n.a.
AFFO Per CBFI	-\$ 0.21	-\$ 0.22	-4.6%	\$ 0.05	n.a.

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