

HOTEL: 1Q21 Preview

We Expect a Slightly Positive EBITDA Despite Lower Revenues

Under Review

Target Price (MXN\$)	UR
Current Price (MXN\$)	\$ 4.95
Min / Max (L12M - MXN\$)	3.65 - 5.40
Expected Dividend (MXN\$)	\$ 0.00
Total Return	UR
Mkt Cap (Mn of MXN)	3,082
Enterprise Value (Mn of MXN\$)	5,409
Shares Outstanding (Mn)	622.5
Float	75.0%
ADTV (MXN\$ Mn)	\$ 0.88

Opinion and Recommendation

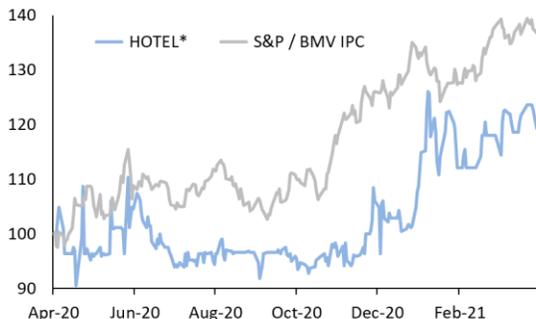
HOTEL's 1Q21 revenues will likely continue to decline on an annual basis due to the impact of the health emergency. However, we expect the company's occupancy levels to recover from March due to higher vaccination levels in the US. In addition, HOTEL has made significant efforts to reduce costs and expenses, which will result in a positive EBITDA in the current quarter.

We expect the occupancy rate to gradually improve during the rest of the year due to the re-opening of the economy and higher vaccination levels. However, we estimate that the company's leverage will remain high.

1Q21 Preview

We expect HOTEL to report total revenues of MXN\$274 million in 1Q21, down 53.1% YoY due to the impact of the pandemic, and with a sequential 5.0% reduction due to seasonality. We expect a 33.0% occupancy rate in owned hotels, below last year's 59.5% level, but slightly lower than the 33.5% of 4Q20. We believe that HOTEL experienced a recovery in March due to higher vaccination levels in the US, after a complicated January and February due to the cancellation of flights from Canada and the application of Covid-19 tests in the US.

The average daily rate for owned hotels will be MXN\$1,200 in 1Q21, still below the previous year, but 3.3% higher on a sequential basis. This will result in a MXN\$396 RevPar in 1Q21, down 49.9% YoY. However, this indicator will be marginally higher sequentially.



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Despite the lower revenues, the 1Q21 EBITDA will likely stand at MXN\$4 million due to the significant cost and expense reduction efforts that the company has carried out. Although the EBITDA will be much lower than last year's M\$156 million figure, it will be practically in line with the MXN\$6 million in 4Q20. We expect HOTEL to register a net loss of MXN\$152 million in 1Q21 mainly due to lower operating results and FX losses, thus improving the MXN\$605 million net loss in 1Q20.

The company will report on April 22nd after the close.

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