

# HOTEL: 1Q21 Results

Occupancy Stabilizes Sequentially and Slightly Positive EBITDA, In Line

HOLD	
Target Price (MXN\$)	\$ 5.80
Current Price (MXN\$)	\$ 4.95
Min / Max (L12M - MXN\$)	3.65 - 5.40
Expected Dividend (MXN\$)	\$ 0.00
Total Return	17.2%
Mkt Cap (Mn of MXN)	3,082
Enterprise Value (Mn of MXN\$)	5,554
Shares Outstanding (Mn)	622.5
Float	75.0%
ADTV (MXN\$ Mn)	\$ 0.83

## Opinion and Recommendation

HOTEL's occupancy rate stabilized in the quarter mainly due to a stronger performance during the month of March, which offset the weakness in January and February. In addition, the company posted a slightly positive EBITDA in the quarter, despite lower sales, because of cost and expense reduction initiatives. These results were in line with our projections.

## Portfolio

During the quarter, HOTEL maintained the same portfolio, ending with a total of 25 hotels, of which 13 are owned hotels and the remaining 12 are managed by the company. Total rooms decreased 1.5% YoY due to the departure of the *Double Tree by Hilton Toluca* hotel from the portfolio, which was offset by the entry of the *SLS Cancun hotel* with 45 rooms. Of the total rooms in operation, 54% belong to the beach segment and 46% to the urban segment. Additionally, 65% of rooms are in stabilized properties, 24% in properties under stabilization, and 11% in properties under construction.

## Revenues

HOTEL presented total revenues of MXN\$268 million in 1Q21, with an annual reduction of -54.3% (vs -53.2% E) due to the health crisis that generated a lower occupancy rate. By business segment, the company registered a drop of -60.1% in food, -51.1% in others and -49.8% in managed hotels.

Revenues from owned hotels stood at MXN\$133 million, down -50.4% YoY. The occupancy of owned hotels was 33.2% in the current quarter, below the 59.5% level of 1Q20, but practically in line with the 33.5% in 4Q20, which means that this indicator has started to stabilize. The lower occupancy on an annual basis was attributed to the requirement for COVID-19 testing in international



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flights in the United States and the cancellation of flights from Canada. The average daily rate for owned hotels was MXN\$1,192 in 1Q21, 10.2% lower than in 1Q20, in order to boost demand. This resulted in a MXN\$396 RevPar, compared with MXN\$ 790 in the same period of the previous year. However, this indicator rose slightly on a sequential basis.

### Profitability

Costs and general expenses decreased -34.2% YoY to MXN\$322 million, thanks to the implementation of various initiatives that reduced non-priority expenses and improved the hotel's cost and expense structure.

HOTEL posted a positive EBITDA of MXN\$4 million in 1Q21 (in line with our expectations), down -97.3% YoY (vs. -97.4% E), impacted by lower revenues. The EBITDA margin contracted to 1.6% (vs. 1.5% E), from 26.7% in 1Q20.

The net loss was MXN\$185 million (vs. MXN\$152 million E), improving 69.5% YoY thanks to lower FX losses.

### Financial Situation

HOTEL's cash and temporary investments were MXN\$482 million in the quarter, higher than the MXN\$259 million in 1Q20 due to the capital increase that the company carried out. However, this figure was lower than the MXN\$539 million in 4Q20. The company ended up with a negative net debt to EBITDA ratio of -22.7x. Short-term debt amounted to MXN\$261 million.

(Figures in Millions of MXN\$)

MAIN OPERATING INDICATORS	1Q21	1Q21E	Diff.	1Q20	Change
Total Hotels	25	25	0.0%	25	0.0%
Owned Hotels (50+ Ownership)	13	13	0.0%	13	0.0%
N° of Rooms	3,741	3,741	0.0%	3,741	0.0%
Occupancy Rate	33.2%	33.0%	20	59.5%	-2630
ADR	1,192	1,200	-0.7%	1,327	-10.2%
RevPar	396	396	0.0%	790	-49.9%
INCOME STATEMENT	1Q21	1Q21E	Diff.	1Q20	Change
Total Revenues	268	274	-2.4%	586	-54.3%
Hotels Revenues	133	133	0.1%	269	-50.4%
Food & Bev.	91	107	-14.8%	228	-60.1%
Other Revenues	35	25	38.0%	69	-50.2%
Hotel Management	9	9	-4.2%	19	-53.4%
Operating Profit	-65	-59	10.2%	86	n.a.
Operating Margin	n.a.	n.a.	n.a.	14.7%	n.a.
EBITDA	4	4	-3.7%	156	-97.3%
EBITDA Margin	1.6%	1.6%	-2	26.7%	-2511
Financial Gains	77	-38	-300.6%	600	-87.2%
Financial Cost	-197	-53	n.a.	n.a.	n.a.
Pre-Tax Profit	-185	-152	21.8%	-606	-69.5%
Income Tax & Profit Sharing	0	0	n.a.	0	n.a.
Tax & Profit Sharing Rate	0.0%	0.0%	0	0.0%	0
Profit Before Minorities	-185	-152	21.8%	-606	-69.5%
Minority Interest	46	69	n.a.	207	n.a.
Net Profit	-139	-82	68.7%	-399	-65.1%
EPS	-P\$ 0.22	-P\$ 0.13	68.7%	-P\$ 0.80	-72.2%

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