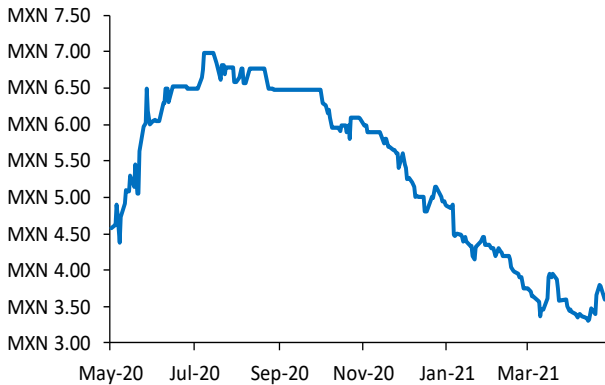


Corpovael, S.A.B. de C.V. (BMV: CADU A)

Updating Estimates



RECOMMENDATION	BUY
Target Price (MXN\$)	\$ 7.00
Current Price (MXN\$)	\$ 3.40
Expected Dividend (MXN\$)	\$ 0.00
Potential Return	105.9%
Market Cap (MXN\$ Mn)	1,154
EV/ EBITDA 2020E	6.8x
P/E 2020E	3.3x
P/BV (current)	0.2x

Opinion and Recommendation

We are increasing CADU's estimated revenues, EBITDA and net income for the 2021-2026 period, after having included the stronger-than-expected 1Q21 results into our model. For the current year, we expect the company's total revenue, EBITDA, and net profit to grow 14%, 42%, 145%, respectively.

We believe that CADU's prospects are favorable due to the continued recovery in housing demand, the significant support from INFONAVIT, FOVISSSTE and commercial banks, the increased tourist influx due to the application of vaccines against COVID-19 in the United States and Mexico, the new developments that the company has launched, the focus on free cash flow generation and debt reduction, the possible sale of non-strategic assets, the possible implementation of partnership schemes for future developments, and its environmental social and governance commitment (ESG).

We maintain our target price at MXN\$7.00/ share. We calculated it through a discounted flow model (DCF), which includes a 9.6% WACC and a 2.2% growth rate in perpetuity in nominal terms. The target multiples are 8.0x EV/EBITDA and 5.2x P/E, which seem conservative to us. We believe CADU's current share price represents a clear investment opportunity as the potential return is 98.2%. In addition, the valuation seems very attractive to us since CADU trades at a forward EV/EBITDA of 6.8x and a projected P/E of 3.3x.

CADU's main risks are the increase in construction materials prices and a slower-than-expected recovery in demand due to health issues.

Luis Hernández
 +5255-3659-6407
 luis.hernandez@miranda-gr.com

Martin Lara
 +5255-6413-8563
 martin.lara@miranda-gr.com

New Estimates Adjustments

	2021E			2022E			2023E		
	Before	After	Change	Before	After	Change	Before	After	Change
Revenues	3,631	3,704	2%	3,847	4,075	6%	4,130	4,403	7%
EBITDA	659	666	1%	744	765	3%	848	862	2%
Net Income	257	351	37%	366	457	25%	494	572	16%

Discounted Cash Flow Model

(Figures in Millions of MXN\$)	2022E	2023E	2024E	2025E	2026E	Perp.
OPERATING PROFIT	534	656	785	929	1,089	949
Tax Rate	0%	0%	0%	0%	0%	30%
Tax Shield	0	0	1	1	1	1
NOPLAT	534	656	786	930	1,090	950
Depreciation	22	23	24	25	26	26
Working Capital Changes	-412	-361	-459	-417	-357	-426
FCFF	144	318	350	538	759	550
Perpetuity Growth Rate						2.2%
PV of Explicit Period (2022 - 2026E)						1,513
Perpetuity Value						7,375
PV of Perpetuity Value						4,246
Enterprise Value						5,759
Net Debt						3,255
Minority Interest						130
Market Value						2,374
Outstanding Shares						339
Target Price						P\$ 7.00
Current Market Price						P\$ 3.40
Potential Return Incl. Dividends						105.7%
Forward EV/EBITDA						8.0x
Forward P/E						5.2x
WACC						9.6%

Source: Miranda Global Research

Sensitivity Analysis Table, EV/EBITDA vs. EBITDA

	-10%	-5%	Original	+5%	+10%
Projected EBITDA	691	727	765	804	844
Target EV/EBITDA					
6.5x	2.18	2.88	3.61	4.35	5.12
7.0x	3.20	3.95	4.74	5.53	6.36
7.5x	4.22	5.02	5.87	6.71	7.60
8.0x	5.23	6.09	7.00	7.90	8.85
8.5x	6.25	7.16	8.12	9.08	10.09
9.0x	7.27	8.23	9.25	10.27	11.33

Sensitivity Analysis Table, P/E vs. Net Profit

	-10%	-5%	Original	+5%	+10%
Projected Net Profit	413	434	457	480	504
Target P/E					
2.2x	2.67	2.81	2.95	3.10	3.26
3.2x	3.88	4.09	4.30	4.52	4.74
4.2x	5.10	5.37	5.65	5.93	6.23
5.2x	6.31	6.65	7.00	7.34	7.71
6.2x	7.53	7.93	8.34	8.76	9.20
7.2x	8.74	9.20	9.69	10.17	10.68

Source: Miranda Global Research

(Figures in Millions of MXN\$)

INCOME STATEMENT	2020	2021E	2022E	2023E	2024E	2025E	2026E
Revenues	3,247	3,704	4,075	4,403	4,704	5,025	5,368
Cost of Sales	-2,529	-2,756	-2,923	-3,026	-3,122	-3,327	-3,554
Gross Profit	718	949	1,152	1,377	1,582	1,698	1,814
<i>Gross Margin</i>	<i>22.1%</i>	<i>25.6%</i>	<i>28.3%</i>	<i>31.3%</i>	<i>33.6%</i>	<i>33.8%</i>	<i>33.8%</i>
General Expenses	-486	-530	-618	-721	-797	-769	-725
Operating Profit	232	419	534	656	785	929	1,089
<i>Operating Margin</i>	<i>7.1%</i>	<i>11.3%</i>	<i>13.1%</i>	<i>14.9%</i>	<i>16.7%</i>	<i>18.5%</i>	<i>20.3%</i>
EBITDA	470	666	765	862	959	1,064	1,180
<i>EBITDA Margin</i>	<i>14.5%</i>	<i>18.0%</i>	<i>18.8%</i>	<i>19.6%</i>	<i>20.4%</i>	<i>21.2%</i>	<i>22.0%</i>
Financial Gains	13	10	11	12	13	14	15
Financial Cost	-73	-77	-86	-94	-99	-102	-103
Pre-Tax Profit	172	352	458	574	700	842	1,002
Profit Before Minorities	147	352	459	574	700	842	1,002
Minority Interest	-4	-1	-2	-2	-2	-3	-3
Net Profit	143	351	457	572	698	839	999
Outstanding Shares	339	339	339	339	339	339	339
EPS	P\$ 0.42	P\$ 1.03	P\$ 1.35	P\$ 1.69	P\$ 2.06	P\$ 2.47	P\$ 2.94
BALANCE SHEET	2020	2021E	2022E	2023E	2024E	2025E	2026E
TOTAL ASSETS	9,989	10,134	10,680	11,171	11,765	12,315	12,831
Current Assets	4,884	5,580	6,047	6,461	6,980	7,454	7,876
LT Assets	5,104	4,554	4,632	4,709	4,786	4,861	4,955
TOTAL LIABILITIES	5,029	4,810	5,235	5,507	5,775	5,875	5,802
ST Liabilities	1,522	1,404	1,337	1,410	1,678	1,577	1,504
LT Liabilities	3,507	3,405	3,897	4,097	4,097	4,297	4,297
TOTAL DEBT	3,635	3,854	4,270	4,535	4,791	4,883	4,799
NET DEBT	3,069	3,255	3,624	3,844	4,053	4,095	3,957
TOTAL CAPITAL	4,959	5,324	5,445	5,664	5,990	6,440	7,029
Stockholder's Equity	4,834	5,194	5,311	5,525	5,844	6,282	6,857
Minority Interest	126	130	133	139	147	158	172

Disclaimer

The current report was prepared by Miranda Global Research ("Miranda GR") for CI, Casa de Bolsa, S.A. de C.V. The information is presented in summarized form and is not meant to be complete. There are no declarations or guarantees, expressed or implicit, in respect to the accuracy, impartiality or integrity of the information.

Miranda GR, in accordance to applicable legislation, has made sure that the presented personalized recommendation is reasonable to the client, as it has verified congruency between the client's profile and the profile of the financial product. Under no circumstance should it be understood that the fulfillment of the previously mentioned recommendation, guarantees the result or the success of the proposed strategies in the presented document.

The information included in this presentation was obtained from public and/or private sources. Projections or previsions included in this presentation, are a generalized recommendation and are based on subjective assumptions and estimations about events and circumstances that have not yet happened and are subjected to significant variations. Therefore, it is not possible to guarantee that any of the results included in the current report will happen in the future, in other words, it does not guarantee the result or the success of the posed strategies.

This report has been prepared solely with informational purposes. No declarations are made in respects to precision, sufficiency, veracity or accuracy of the information and opinions hereby included. Miranda GR will not answer (either because of negligence or for any other reason) for any damage or detriment derived or related to the use of this report or its content, or any connection to the report. Miranda GR is not responsible for the use or association with this report, including but not limited to, any declaration, expressed or implicit or guarantees or omissions included in this information.

This report is based on facts and/or events that have happened up to this date, consequently any future facts and/or events can impair the conclusions hereby expressed. Miranda GR does not assume any responsibility to update, review, rectify or invalidate this report based on any future occurrence.

The opinions related to this report eventually expressed by Miranda GR, should be considered only as suggestions/recommendations to better operate various topics related to the presentation.

This report and its contents are property of Miranda GR and cannot be reproduced or broadcast in part or in its entirety without the previous written consent of Miranda GR.

Miranda Global Research receives fees from Corpovael, S.A.B. de C.V. ("CADU") for independent analyst services.

Directorio

Jorge Gordillo Arias

Director de Análisis Económico y Bursátil
jgordillo@cibanco.com
(55) 1103 1103 Ext. 5693

James Salazar Salinas

Subdirector de Análisis Económico
jasalazar@cibanco.com
(55) 1103-1103 Ext. 5699

A Benjamín Álvarez Juárez

Analista Bursátil Sr.
aalvarez@cibolsa.com
(55) 1103-1103 Ext. 5620

Jesús Antonio Díaz Garduño

Analista Económico
jdiaz@cibanco.com
(55) 1103-1103 Ext. 5609

Omar Contreras Paulino

Analista Bursátil Jr.
ocontreras@cibanco.com
(55) 1103-1103 Ext. 5607

Dirección de Análisis Económico y Bursátil

Paseo de las Palmas N° 215, Piso 2, Col. Lomas de Chapultepec, C.P.
11000 CDMX
www.cibanco.com

