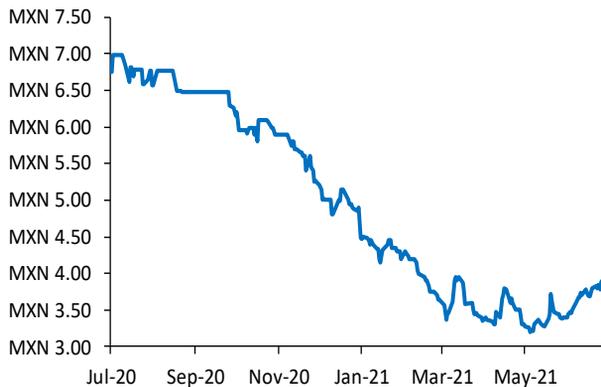


## Corpovael, S.A.B. de C.V. (BMV: CADU A)

### Strong Annual Growth in 2Q21



RECOMMENDATION	BUY
Target Price (MXN\$)	\$ 7.00
Current Price (MXN\$)	\$ 3.86
Expected Dividend (MXN\$)	\$ 0.00
Potential Return	81.3%
Market Cap (MXN\$ Mn)	1,310
EV/ EBITDA 2021E	6.8x
P/E 2021E	3.3x
P/BV (current)	0.2x

### Opinion and Recommendation

We expect CADU to present very strong 2Q21 results compared to the previous year, due to a stronger housing demand. This will result in significant growth in both revenues and EBITDA. Free flow will be positive, but lower than the previous year because the company re-started to invest in new projects, which indicates a more favorable outlook going forward. However, the results will be sequentially lower due to extraordinary factors that will likely include a change in INFONAVIT scoring and the transition between Playa del Carmen projects.

We believe that CADU's prospects are favorable as we anticipate that housing demand will continue to improve, supported by higher hotel occupancy in the Riviera Maya. We thus maintain our BUY recommendation.

### 2Q21 Preview

We estimate that CADU's total revenues will reach MXN\$703 million in 2Q21, which will represent an annual increase of 34.1% due to the recovery in housing demand and a favorable comparison base. However, sales will be sequentially lower due to the change in INFONAVIT scoring and the transition between two projects in Playa del Carmen, which will temporarily limit the sale of social interest units, although we expect a recovery towards the end of the year. For this reason, the company will sell 793 units in 2Q21, well above the 644 in the same period last year, but below the 1,091 in 1Q21. Average price per unit will improve 2.4% YoY and 11.1% QoQ.

EBITDA will almost double YoY to MXN\$104 million supported by the higher revenues. However, it will be below the MXN\$148 million level of the previous quarter. We project that the EBITDA margin will be 14.4% in the current quarter, with a significant expansion against the 10.2% in 2Q20. However, it will be lower than the 17.7% in 1Q21. Net profits will amount to MXN\$24 million, up 11.1% YoY. We also project that the company will generate positive free cash flow of around MXN\$51 million, below the MXN\$199 million in 2Q20 and 1Q21 as the investment in new projects resumed, which indicates a more favorable outlook going forward.

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

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