

FIBRA INN

Higher Occupancy Will Boost Results

FINN13	BUY
Target Price (MXN\$)	\$ 6.50
Current Price (MXN\$)	\$ 4.05
Max / Min (L12M)	2.97 - 5.45
Expected Dividend (MXN\$)	\$ 0.00
Expected Return	60.5%
Market Cap (MXN\$ Mn)	2,041
CBFI's outstanding	503.8
CBFI's Floating	86.5%
ADTV (MXN\$ Mn)	\$ 0.60

Opinion and Recommendation

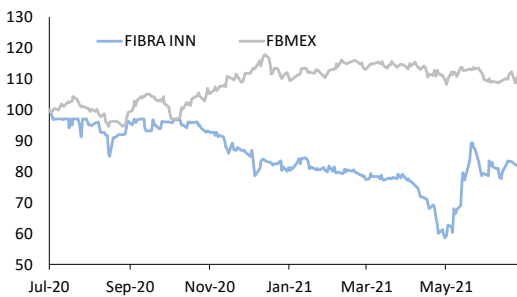
We expect FIBRA INN to report favorable 2Q21 results thanks to higher occupancy levels supported by a greater hotel activity. This will result in a high revenue growth, and positive NOI and EBITDA. We believe that occupancy levels will continue to improve gradually, but this will ultimately depend on vaccination levels and the impact of the pandemic.

Preview 2Q21

We estimate that FIBRA INN's 2Q21 total revenues will reach MXN\$274 million, up 394% YoY. They will be driven by a 429% YoY increase in lodging revenues to MXN\$266 million. The average daily occupancy rate improved to 40.6% in 2Q21 (according to the quarterly hotel indicators that the Fibra released), compared to 16.7% in 2Q20 and 29.5% in 1Q21. In addition, the average daily rate was MXN\$1,288.3, 10% higher than the previous year. This resulted in a MXN\$523.0 RevPar, with a 167% YoY increase.

We expect hotel costs and expenses to rise 56% YoY due to a greater hotel activity. The hotel factory will have a minimal contribution. Total NOI will improve to MXN\$55 million in 2Q21, from a negative MXN\$85 million figure in 2Q20. Total NOI margin will stand at 20.1%, higher than the negative margin of the previous year, and the 4.9% margin in 1Q21.

We expect this to be the first quarter since the beginning of the pandemic with a positive EBTIDA of MXN\$41 million. The EBITDA margin will expand to 15.2% in 2Q21. We estimate a negative MXN\$51 million FFO, which will compare favorably against the negative MXN\$184 million FFO for the prior year.



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