

HOTEL: 4Q21 Preview

We Expect a Strong Sales and EBITDA Growth Driven by a Higher Occupancy and ADR

HOTEL*	HOLD
Target Price (MXN\$)	\$ 5.90
Current Price (MXN\$)	\$ 4.04
Min / Max (L12M - MXN\$)	4.00 - 5.87
Expected Dividend (MXN\$)	\$ 0.00
Total Return	46.0%
Mkt Cap (Mn of MXN)	2,489
Enterprise Value (Mn of MXN\$)	5,075
Shares Outstanding (Mn)	616.1
Float	75.0%
ADTV (MXN\$ Mn)	\$ 0.20



Opinion and Recommendation

We expect HOTEL to report positive 4Q21 results with a strong revenue and EBITDA growth both on an annual and quarterly basis, which will derive mainly from a higher occupancy and rising average daily rates (ADRs). In fact, the EBITDA will likely be similar to that of 4Q19. We believe that these results could support HOTEL's share price in the short term.

4Q21 Preview

We expect HOTEL to report total revenues of MXN\$545 million in 4Q21, up 87.6% YoY, thanks to higher occupancy and ADRs. We forecast that the owned hotels' occupancy rate will reach 57.0%, from 33.5% of 4Q20, mainly driven by beach hotels. This will allow the company to raise the ADR of its owned hotels by 24.8% YoY, which will stand at MXN\$1,450. For this reason, RevPar will increase 112.5% to MXN\$827.

As a result of economies of scale and strict expense control, the EBITDA will likely be MXN\$160 million in 4Q21, from an EBITDA of only MXN\$6 million in the same period last year. In fact, this indicator will be practically in line with that of 4Q19. The EBITDA margin will expand to 29.3% in 4Q21, from just 2.0% in 4Q20.

We project that HOTEL will report a MXN\$21 million quarterly net profit, compared to a MXN\$206 million net income in 4Q20 mainly due to the non-cash FX impact.

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