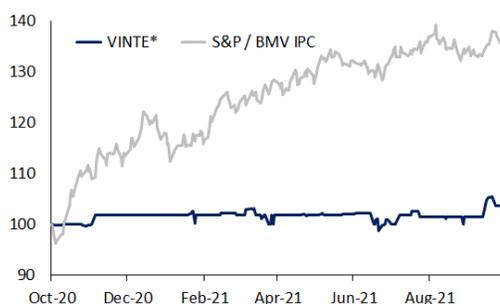


VINTE: 3Q21 Results

Lower Housing Revenues Offset by Lot Sales; Expects Revenues to Accelerate in 4Q21

VINTE *	BUY
Target Price (MXN\$)	\$ 36.00
Current Price (MXN\$)	\$ 29.00
Min / Max (L12M)	\$ 27.61 - 29.49
Expected Dividend (MXN\$)	\$ 0.46
Expected Return	25.7%
Market Cap (MXN\$ Mn)	6,276
Enterprise Value (MXN\$ Mn)	8,454
Outstanding Shares (Mn)	216.4
Float	38.5%
ADTV (MXN\$ Mn)	\$ 0.58



Opinion and Recommendation

VINTE's results were virtually unchanged from the prior year, slightly above our projections. Housing volume decreased due to low inventories, but was offset by a higher average price and land sales. Free cash flow for the quarter was negative due to the reactivation in construction activities, which we expect to have a favorable effect in 4Q21.

VINTE reiterated its annual guidance which includes a 15% revenue growth, which indicates a significant acceleration in 4Q21 due to higher inventories of finished homes towards the end of the year. In fact, the company expects to sell around 1,400 units in 4Q21 (vs. 843 in 3Q21) given that it has 1,261 equivalent units almost terminated, the highest level of the year. VINTE also expects its leverage to decrease to 2.6x, excluding the possible follow-on resources, or 1.0x including these funds, due to higher revenues and profitability. We continue with a BUY recommendation and MXN\$36.00/share target price.

Revenues

VINTE registered 3Q21 total revenues of MXN\$901.4 million, down 2.3% YoY. This was mainly derived from lower housing sales, which declined 10.8%. During the period, the company sold 843 units, decreasing 14.4% YoY due to low housing inventories. The average price was MXN\$924.4 thousand in 3Q21, up 2.0%, mainly due to a change in the sales mix, with a greater contribution from the Monterrey project and higher average prices in the Cancun, Mayakoba, Querétaro, Puebla and Pachuca developments.

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Sales through digital platforms have reached 4,500 homes since 2017. During 3Q21, 39% of sales were made through these channels. The company currently has various sales channels including Facebook, Chatbot, the www.vinte.com.mx website, and Tu Casa Online.

Land sales amounted to MXN\$122.1 million, from MXN\$30.0 million the previous year, offset lower housing sales.

Profitability

Cost of sales decreased 2.3% YoY to MXN\$631.2 million, with the gross margin remaining at 30.0%. On the other hand, administrative expenses fell 5.7% YoY to MXN\$110.4 million. This resulted in a MXN\$159.8 million EBITDA, practically in line with the previous year. The EBITDA margin expanded to 17.7% in 3Q21, from 17.3% in 3Q20.

Net Profits

Quarterly net profits stood at MXN\$92.3 million, in line with 3Q20, due to the stability of operating results. The higher depreciation and amortization was offset by a reduction in the CIF.

Financial Structure

VINTE's leverage temporarily rose to 3.50x, from last year's 2.78x due to a lower EBITDA. However, the company expects it to improve to 2.6x by the end of the year due to higher revenues and profitability, excluding the possible follow-on resources, and to around 1.0x including them.

Net debt advanced 4.5% YoY to MXN\$2,177.5 million. 100% of debt is denominated in Mexican pesos and 74% of it carries a fixed interest rate. The average maturity was 3.8 years at the end of 3Q21.

Cash and equivalents were MXN\$681 million, up 33.4% YoY. Such cash position equals 12.6 weeks of cost of sales and administrative expenses. In addition, the company has access to credit lines amounting to nearly MXN\$1.6 billion.

Working Capital Cycle / Free Cash Flow

The working capital cycle was 983 days for the quarter, which compares favorably against 991 days for the same period last year. This was attributed to higher inventory turnover.

VINTE registered a negative MXN\$232.0 million free cash flow in 3Q21, due mainly to a MXN\$229 million investment in the construction of 432 homes and which boosts the prospect of deeds for 4Q21.

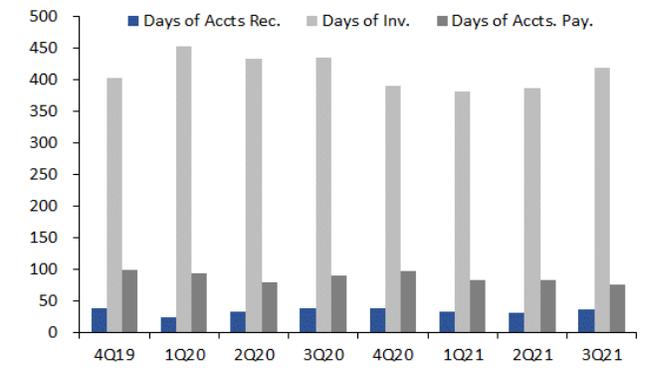
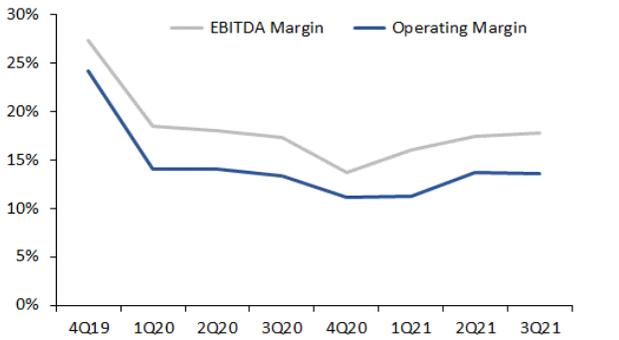
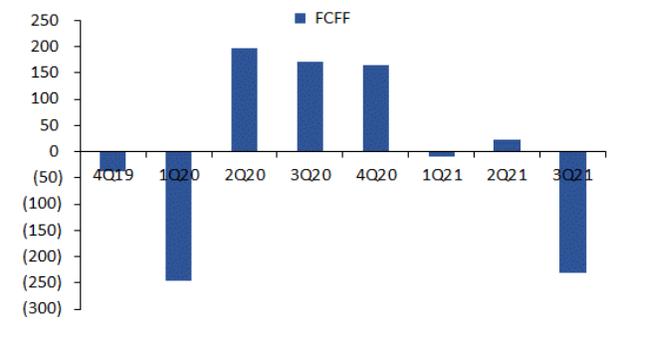
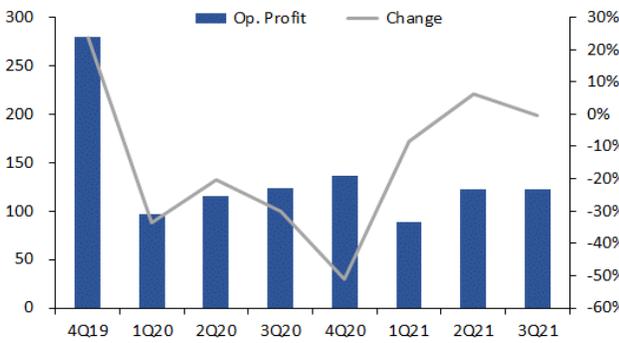
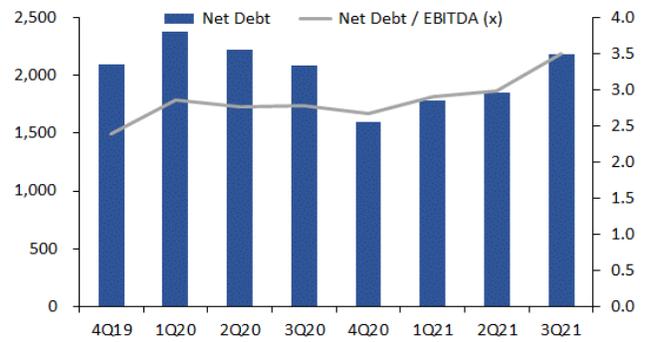
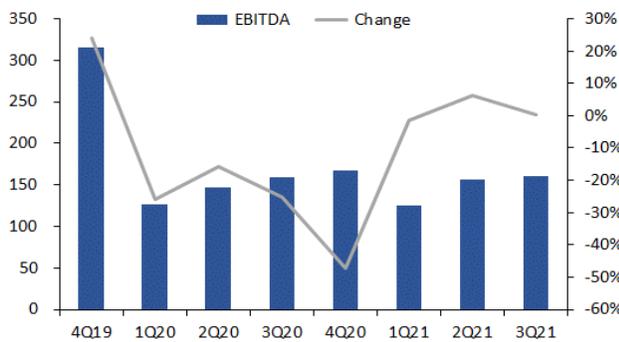
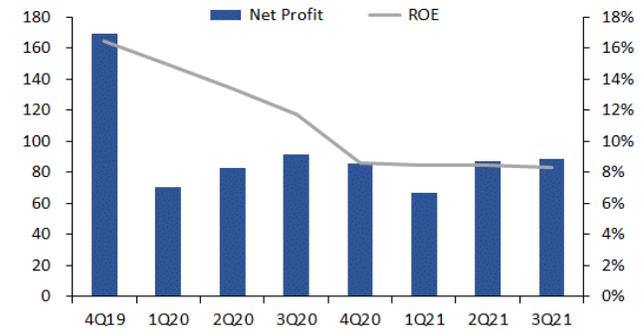
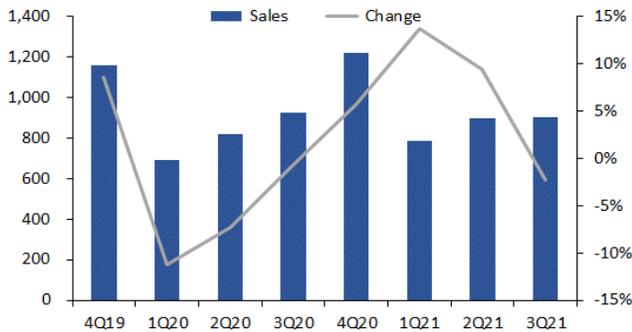
ESG

The firm Clarity AI rated VINTE's ESG risk within the top 10% domestically and within 12% worldwide. This result is in line with the top 16% globally for ESG by Sustainalytics.

As part of the sustainable follow-on, VINTE committed to certify 13,500 EDGE homes by 2030, which will liley generate savings of 80,000 CO2 tons, 7 million M2 of water and 4 million Gigajoules of energy in materials. VINTE certified 383 additional EDGE homes during 3Q21.

(Figures in Millions of MXN\$)	3Q21	3Q21	Diff	3Q20	Chg.
Revenues	901	874	3.1%	922	-2.3%
Operating Profit	122	117	4.7%	123	-0.5%
<i>Operating Margin</i>	<i>13.6%</i>	<i>13.4%</i>		<i>13.3%</i>	
EBITDA	160	149	7.5%	159	0.2%
<i>EBITDA Margin</i>	<i>17.7%</i>	<i>17.0%</i>		<i>17.3%</i>	
Pre-Tax Profit	115	108	6.9%	115	0.1%
Profit Before Minorities	92	86	6.9%	92	0.1%
Minority Interest	-4	-3	28.1%	-0	n.a.
Net Profit	89	83	6.2%	92	-3.6%

(Figures in Millions of MXN\$)



Source: BMV

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