

HOTEL: 1Q22 Preview

Occupancy and ADRs will continue improving, boosting sales and EBITDA

HOTEL*	BUY
Target Price (MXN\$)	\$ 5.90
Current Price (MXN\$)	\$ 4.14
Min / Max (L12M - MXN\$)	4.00 - 5.87
Expected Dividend (MXN\$)	\$ 0.00
Total Return	42.5%
Mkt Cap (Mn of MXN)	2,551
Enterprise Value (Mn of MXN\$)	5,116
Shares Outstanding (Mn)	616.1
Float	75.0%
ADTV (MXN\$ Mn)	\$ 0.17



Opinion and Recommendation

We expect HOTEL to report favorable 1Q22 results with a significant improvement in occupancy and ADRs, both in owned and managed hotels, which will boost sales by 115.2% YoY, while EBITDA will be significantly higher than the previous year. In addition, we project that the company will report a MXN\$104 million net profit. We believe that these results could provide support to HOTEL's share price in the short term. Our recommendation is BUY with a MXN\$5.90/share target price.

1Q22 Preview

We expect HOTEL revenues to rise 115.2% YoY to MXN\$576 million in 1Q22 mainly due to an improvement in the average occupancy of owned hotels, which will reach 57.0% in the current quarter, from 50.6% in the same period last year. The higher occupancy level will allow the company to increase the average daily rate by 25.6% to MXN\$1,500. We also anticipate a 147.1% growth in food and beverage revenues, which will reach MXN\$225 million.

As a result of a high operating leverage, we estimate that EBITDA will reach MXN\$158 million in 1Q22, compared to only MXN\$4 million in 1Q21. The EBITDA margin will expand to 27.5%, from just 1.6% a year ago.

Quarterly net profits will stand at MXN\$104 million, from a MXN\$185 million net loss, derived from the strong operating performance combined with FX gains given the appreciation of the Mexican peso in the quarter.

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