

FIBRA INN: 1Q22 Results

Excellent operating results with a significantly higher occupancy and ADR

FINN 13	BUY
Target Price (MXN\$)	\$ 5.00
Current Price (MXN\$)	\$ 3.45
Min / Max (L12M - MXN\$)	2.97 - 4.98
Expected Dividend (MXN\$)	\$ 0.00
Total Return	44.9%
Mkt Cap (Mn of MXN)	1,737
CBFI's Outstanding (Mn)	503.6
Float	86.5%
ADTV (MXN\$ Mn)	\$ 0.30

Opinion and recommendation

FIBRA INN reported positive 1Q22 operating results, in line with our projections at the revenue, NOI and adjusted EBITDA level, and stronger in terms of FFO and AFFO. Results were fueled by a significant improvement in occupancy levels and ADRs, which resulted in strong growth in all operating indicators compared to the previous year. We expect such strengthening to continue over the coming quarters. In fact, occupancy reached 58.2% in March and exceeded 60% in April, the best level since the start of the pandemic. We reiterate BUY with a MXN\$5.0/CBFI target price.

Revenues

Average daily occupancy improved significantly to 47.7%, from 29.5% a year earlier, as a result of increased hotel activity. In addition, the average daily rate rose 21.6% to MXN\$1,486 due to the incorporation of luxury hotels and the closure of limited-service hotels. These factors boosted RevPar by 96.5% to MXN\$709.5 and lodging revenues by 99.4% to MXN\$360.9 million. Leasing revenues amounted to MXN\$16.7 million in 1Q22, from MXN\$4.9 million in 1Q21. Hotel Factory sales were MXN\$1.2 million. As a result, total revenues reached MXN\$378.8 million (vs. MXN\$377.4 million E), up 100.1%. FIBRA INN included revenues from the Hotel Factory as part of total revenues and this business' expenses as payroll in the current quarter.



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Profitability / Cash Flow

FIBRA INN experienced high operating leverage as expenses represented 69.6% of total revenues, from 91.8%. As a result, total NOI was MXN\$115.0 million (vs. MXN\$112.6 million E), compared to a minimum figure of MXN\$15.5 million the previous year. Likewise, the adjusted EBITDA reached MXN\$85.4 million (vs. MXN\$89.7 million E), from a MXN\$7.5 million loss the previous year. The Fibra presented a negative MXN\$4.4 million FFO (vs. -MXN\$15.3 million) and a negative MXN\$17.6 million AFFO (vs. -MXN\$29.2 million), with a significant annual improvement and above our estimates.

Financial structure

Cash amounted to MXN\$243.8 million, while leverage closed at 34.3%, below the regulatory maximum of 50%. In addition, the Fibra registered MXN\$170.6 million in recoverable VAT and assets available for sale of MXN\$77.1 million.

ESG

FIBRA INN consolidated the ESG area under the Administration and Finance area, appointed Lorena Margarita Cárdenas Costas to the Technical Committee, identified climate risks in its different properties, held the first ESG session and will publish the second annual ESG report in upcoming dates.

(Figures in MXN\$ Mn)	1Q22	1Q22E	Diff.	1Q21	Change
Total Revenues	379	377	0.4%	186	103.7%
Hotel Revenues	361	361	0.0%	181	99.4%
Property Leasing	17	17	0.9%	5	n.a.
Hotel Costs and Expenses	-264	-264	-0.1%	-174	51.8%
Total NOI	115	113	2.1%	9	n.a.
<i>Total NOI Margin</i>	30.3%	29.8%		4.9%	
Adjusted EBITDA	85	90	-5.2%	-7	n.a.
<i>Adjusted EBITDA Margin</i>	22.5%	23.9%		-4.0%	
FFO	-4	-15	n.a.	-97	n.a.
<i>FFO Margin</i>	-1.2%	-4.1%		-52.1%	
AFFO	-18	-29	n.a.	-103	n.a.
<i>AFFO Margin</i>	-4.6%	-7.7%		-55.6%	

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