

VINTE: 2Q22 Results

Higher-than-expected profitability; We raised target price to MXN\$43.0/share

VINTE *	BUY
Target Price (MXN\$)	\$ 43.00
Current Price (MXN\$)	\$ 36.00
Min / Max (L12M)	\$ 26.00 - 36.12
Expected Dividend (MXN\$)	\$ 0.74
Expected Return	21.5%
Market Cap (MXN\$ Mn)	7,791
Enterprise Value (MXN\$ Mn)	9,902
Outstanding Shares (Mn)	216.4
Float	23.5%
ADTV (MXN\$ Mn)	\$ 0.43

Opinion and recommendation

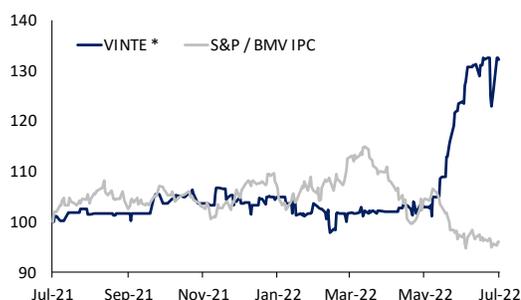
VINTE reported positive 2Q22 results that exceeded our expectations. The company maintained its strategy focused on higher value units, which boosted revenues by 8.8% YoY despite a marginal volume drop. In addition, its profitability improved significantly, which boosted EBITDA and net profits by 23.0% and 23.1%, respectively. The company recorded positive free cash flow.

VINTE continued to benefit from its digital strategy with significant revenue growth in all platforms. The company is open to invest in new businesses that complement its operations. We reiterate BUY and we are raising our target price to MXN\$43.0/share after these results.

VINTE maintained its guidance for the year, which includes an 8% increase in total revenues and a 16% in housing revenues. In addition, the company expects the EBITDA margin to continue improving compared to the previous year.

Revenues

Total revenues advanced 8.8% YoY to MXN\$974 million (vs. MXN\$956 million E), in line with the guidance for the current year. VINTE maintained a strategy focused on the sale of higher value units and took advantage of the availability of financing from commercial banks. As a result, the average price rose 8.6%, once again exceeding the one million pesos mark, which offset the slight 0.6% drop in units sold to 929. In addition, VINTE registered MXN\$14 million in revenues from the cancellation of liabilities with contractors, which are part of the ordinary course of business, but not recurring every quarter.



Regina González

+5255-1391-3180

regina.gonzalez@miranda-gr.com

Martin Lara

+5255-6413-8563

martin.lara@miranda-gr.com

July 20th, 2022

Profitability

As a result of the stronger sales mix, the gross profit was up 12.4% YoY to MXN\$301 million. Gross margin expanded one percentage point to 30.9%. Administrative expenses decreased 2.4% due to operating efficiencies and the aforementioned extraordinary revenues. The expense-to-sales ratio fell to 11.2% in the current quarter, from 12.5% a year earlier. EBITDA grew 23.0% to MXN\$192 million (vs. MXN\$160 million E), with a 19.8% margin, up 2.3 percentage points. Excluding revenues from the cancellation of liabilities with contractors, EBITDA would have grown 14.3% to MXN\$179 million, also above our projections.

Net profits

The comprehensive cost of financing rose slightly to MXN\$34 million, while the tax reserve increased 55.5% to MXN\$35 million. VINTE thus posted a MXN\$111 million quarterly net profit (vs. MXN\$108 million E), up 23.1% YoY.

Financial structure

The net debt/EBITDA ratio fell to 2.88x, from 2.98x in 2Q21. The company expects leverage remain below 3.0x for the rest of the year, reaching 2.65x by the end of the year.

VINTE carried out a MXN\$293 million early amortization of its VINTE 19X domestic bonds to extend its maturity profile. 75% of the net debt is at a fixed rate, so we do not see an impact related to higher interest rates. In addition, VINTE signed 4 new lines of credit amounting to more than MXN\$800 million in the quarter, without mortgage guarantees with an average rate of TIE+195 bps maturing in 2025. The company has MXN\$1,357 million in available lines that could be withdrawn in the short term.

Free cash flow

VINTE obtained a MXN\$168 million positive free cash flow after inventory investments, significantly higher than the MXN\$22 million figure of the same period of the previous year.

Digital strategy

VINTE continued to benefit from its digital strategy, which included:

- In eMobel, a furniture and equipment sales platform, revenues grew 54% in 2Q22 and it registered MXN\$165 million in annual sales, with a 27% gross margin;
 - Xante.mx, a platform for buying and selling used housing, carried out 6 transactions amounting to MXN\$5.3 million, and reached a positive profitability; it has an influx of 127 potential customers;
 - Casa Bravo, Yave and Homie continued to grow significantly.
-

(Figures in Millions of Pesos)	2Q22	2Q22E	Diff	2Q21	Chg.
Revenues	974	956	1.8%	895	8.8%
EBITDA	192	160	20.2%	156	23.0%
<i>EBITDA Margin</i>	<i>19.8%</i>	<i>16.7%</i>		<i>17.5%</i>	
Financial Gains	13	18	-29.6%	12	5.8%
Financial Cost	-23	-24	-3.9%	-21	6.7%
Net profit	111	108	3.4%	90	23.1%
Minority Interest	-4	-3	23.3%	-3	n.a.
Majority Net Profit	107	104	2.8%	87	23.1%
EPS	P\$ 0.50	P\$ 0.48	2.8%	P\$ 0.40	23.1%

DISCLAIMER

The current report was prepared by Miranda Global Research ("Miranda GR") for Vector Casa de Bolsa, S.A. de C.V. The information is presented in summarized form and is not meant to be complete. There are no declarations or guarantees, expressed or implicit, in respect to the accuracy, impartiality or integrity of the information.

Miranda GR, in accordance to applicable legislation, has made sure that the presented personalized recommendation is reasonable to the client, as it has verified congruency between the client's profile and the profile of the financial product. Under no circumstance should it be understood that the fulfillment of the previously mentioned recommendation, guarantees the result or the success of the proposed strategies in the presented document.

The information included in this presentation was obtained from public and/or private sources. Projections or previsions included in this presentation, are a generalized recommendation and are based on subjective assumptions and estimations about events and circumstances that have not yet happened and are subjected to significant variations. Therefore, it is not possible to guarantee that any of the results included in the current report will happen in the future, in other words, it does not guarantee the result or the success of the posed strategies.

This report has been prepared solely with informational purposes. No declarations are made in respects to precision, sufficiency, veracity or accuracy of the information and opinions hereby included. Miranda GR will not answer (either because of negligence or for any other reason) for any damage or detriment derived or related to the use of this report or its content, or any connection to the report. Miranda GR is not responsible for the use or association with this report, including but not limited to, any declaration, expressed or implicit or guarantees or omissions included in this information.

This report is based on facts and/or events that have happened up to this date, consequently any future facts and/or events can impair the conclusions hereby expressed. Miranda GR does not assume any responsibility to update, review, rectify or invalidate this report based on any future occurrence.

The opinions related to this report eventually expressed by Miranda GR, should be considered only as suggestions/recommendations to better operate various topics related to the presentation.

This report and its contents are property of Miranda GR and cannot be reproduced or broadcast in part or in its entirety without the previous written consent of Miranda GR.

Miranda Global Research receives fees from Vinte, Viviendas Integrales, S.A.B. de C.V for independent analyst services. Companies or Fibras under coverage will have no right or opportunity to exert any influence on opinions, projections, recommendations, and/or target prices expressed hereby by Miranda GR.
