

Corpovael, S.A.B. de C.V. (BMV: CADU A)

3Q22 Preview: We expect positive operating results driven mainly by a higher price per unit



CADU A	Under Review
Target Price (MXN\$)	UR
Current Price (MXN\$)	\$ 2.34
Expected Dividend (MXN\$)	\$ 0.00
Potential Return	UR
Market Cap (MXN\$ Mn)	794
2022E EV/ EBITDA	7.7x
2022E P/E	11.1x
P/BV (current)	0.2x

Opinion and recommendation

We expect CADU to report positive 3Q22 operating results with a 6% increase in revenues and a 10% EBITDA growth excluding special items, which will be supported by a higher price per unit given the company's focus on higher-end housing. We believe that the strong performance will continue in the coming quarters. On the other hand, the company still faces high short-term maturities.

3Q22 Preview

We project that CADU's revenues will increase 6% to MXN\$842 million in 3Q22. As a result of the company's focus on higher level segments, we anticipate that the average price per unit will rise 46% YoY, once again exceeding one million pesos. However, total volume will fall 3% due to the decline in the affordable entry-level sector, which will be partially offset by higher volume in the residential segment, thus improving the mix.

We estimate that EBITDA will contract 40.9% YoY to MXN\$128 million due to extraordinary income in 3Q21 related to the sale of a piece of land. For the same reason, the EBITDA margin will be at 15.2%, from 27.3% the previous year. Excluding the non-recurring gain, we estimate that EBITDA will register a 10% increase and that the margin will improve 50 bps.

We forecast that CADU will report a MXN\$11 million net profit, below the MXN\$70 million figure in 3Q21 due to the aforementioned extraordinary income. We project that the company will close the period with a cash position of around P\$460 million.

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