

FIBRA INN: 2Q22 Preview

We expect favorable results driven by a higher occupancy and ADRs; AFFO will turn positive

FINN 13	BUY
Target Price (MXN\$)	\$ 5.00
Current Price (MXN\$)	\$ 3.70
Min / Max (L12M - MXN\$)	2.98 - 4.15
Expected Dividend (MXN\$)	\$ 0.00
Total Return	35.1%
Mkt Cap (Mn of MXN)	1,863
CBFI's Outstanding (Mn)	503.6
Float	86.5%
ADTV (MXN\$ Mn)	\$ 0.24



Opinion and recommendation

We expect FIBRA INN to register very solid 2Q22 results driven by a stronger tourism activity. Revenues will benefit from higher occupancy and average daily rates, while profitability will improve significantly. This will be the first quarter with a positive AFFO since the start of the pandemic. Our recommendation is BUY with a MXN\$5.0/CBFI target price.

2Q22 Preview

We project that FIBRA INN's total revenues be up 74% YoY to MXN\$487 million. The Fibra had previously reported that its occupancy increased to 57.9%, from 40.6%, and that the average daily rate rose 21% to MXN\$1,564, thanks to higher hotel activity. This resulted in hotel revenues of MXN\$465 million, 71% higher than the previous year.

We estimate that total expenses will advance 46% YoY. Total NOI will grow 184% reaching MXN\$162 million thanks to operating leverage. The NOI margin will expand to 33.2%, compared to 20.3% in 2Q21.

Adjusted EBITDA will increase 177% to MXN\$132 million. Furthermore, we expect the EBITDA margin to improve to 27.2%, from 17.1%. This will be the first quarter since the start of the pandemic that the Fibra reports a positive AFFO of MXN\$19 million.

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