

JAVER (BUY, T.P. MXN\$20.0)

Fitch Ratings upgraded the National Scale Corporate Rating

Fitch Ratings confirmed JAVER's BB- Global Scale Corporate Rating and upgraded the company's National Scale Corporate Rating to A(mex), from A-(mex). The outlook for both is Stable. Some of the factors that the rating agency took into account were JAVER's solid commercial position as one of the largest home construction companies in Mexico, its ability to adjust its sales mix to market dynamics, the improvement in its operating margins and a comfortable liquidity position. The upgrade in the National Scale rating reflects Fitch's expectation that the company will maintain its solid profitability; an estimated EBITDA margin of 14%; positive free cash flow (FCF) generation; a gross leverage of around 2.0x, and a solid liquidity profile. In our opinion, the improvement in the National Scale Corporate Rating reflects JAVER's financial strength and favorable outlook. Our recommendation is BUY with MXN\$20.0/share target price.

January 16th, 2023

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