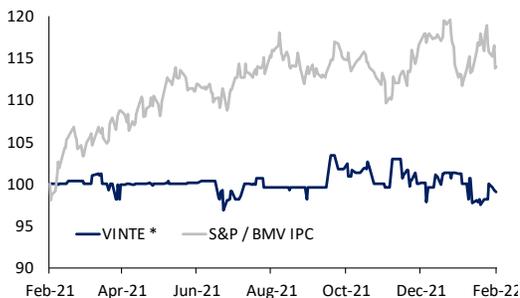


VINTE: 4Q21 Results

Record Housing Sales and Free Cash Flow Generation; Accelerates Digitalization

VINTE *	BUY
Target Price (MXN\$)	\$ 36.00
Current Price (MXN\$)	\$ 28.23
Min / Max (L12M)	\$ 27.00 - 29.49
Expected Dividend (MXN\$)	\$ 0.46
Expected Return	29.2%
Market Cap (MXN\$ Mn)	6,110
Enterprise Value (MXN\$ Mn)	8,034
Outstanding Shares (Mn)	216.4
Float	23.5%
ADTV (MXN\$ Mn)	\$ 0.97



Opinion and Recommendation

We consider that VINTE’s final 4Q21 results were favorable, since the company registered a significant 29.3% growth in revenues and 32.7% in EBITDA, with a MXN\$440 million positive free cash flow generation, and a MXN\$253 million debt reduction in the quarter. These results were in line with the guidance that the company had provided on January 16th. Home sales and free cash flow were record high.

VINTE continued to make progress in its digital strategy as it invested in 3 technology-first companies in the real estate sector and announced the launch of its own "Xanté" platform, which will focus on the sale of used VINTE houses.

The company released its 2022 guidance, which included an 8% increase in total revenue with housing sales up 16%. It expects prices to go up 8% and volume to rise 8%. This performance will be supported by a 16% increase in investments for the year, as well as double-digit growth in mortgage origination by INFONAVIT and FOVISSSTE. The company expects to continue generating positive free cash flow.

VINTE continues to work on its MXN\$2.0 billion sustainable follow-on and expects to conclude it during the second half of the current year, which we believe will accelerate its growth.

We reiterate our BUY recommendation with a MXN\$36.00/share target price after these results.

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Revenues

VINTE's total revenues were up 29.3% YoY to MXN\$1.58 billion, mainly due to a 17.2% increase in housing sales, which reached a record level. This included a 16.6% increase in the average price, which exceeded the MXN\$1 million level for the first time, and a volume that remained practically unchanged at 1,291 units. The company sold a non-strategic piece of land in Querétaro for MXN\$130 million at the end of December 2021. Excluding this transaction, total revenues would have increased 18.7% to MXN\$1.45 billion.

Around 39% of home sales were through digital media in 2021, compared to 34% the previous year and only 15% in 2017. VINTE has sold more than 5,000 homes through these channels since 2017. In 2021, it sold 190 units with 100% digital collection.

Profitability

Gross profit was up 23.2% as a result of the recognition of the cost overrun during the first months of the pandemic. Gross margin contracted to 27.5% in 4Q21, from 28.9% in 4Q20. However, the company maintained a strict control of expenses, with which administrative and selling expenses and other expenses represented 12.3% of total revenues, below the 14.1% level of the previous year. The EBITDA grew 32.7% to MXN\$240 million. The EBITDA margin expanded to 15.2% in 4Q21, from 14.8% in 4Q20. Excluding the land sale in Querétaro, EBITDA would have grown 22.5% to MXN\$222 million, while the margin would have expanded 50 bps to 15.3%.

Net income improved 30.9% YoY to MXN\$120 million, deriving from a high operating growth, which more than offset rising financial costs and the increase in the tax reserve.

Financial structure

VINTE reduced its net debt by 11.6% QoQ and 8.1% YoY, taking advantage of its high free cash flow generation. This translated to a net debt to EBITDA ratio of 2.82x in the current quarter, from 3.50x in 3Q21 and 2.60x in 4Q20. The company has access to credit lines amounting to MXN\$1.65 billion, which means that it has ample liquidity.

Free cash flow

VINTE generated P\$440 million in free cash flow (after investments in land reserves), a record for a quarter and significantly higher than last year's MXN\$146 million figure. In 2021, the company generated MXN\$221 million, from MXN\$288 million the previous year.

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