

HOTEL: 4Q22 Preview

Will continue to benefit from greater hotel activity in addition to the acquisition of the *Mahekal Beach Resort*

| HOTEL* | BUY |
|--------------------------------|-------------|
| Target Price (MXN\$) | \$ 7.00 |
| Current Price (MXN\$) | \$ 4.17 |
| Min / Max (L12M - MXN\$) | 3.67 - 5.20 |
| Expected Dividend (MXN\$) | \$ 0.00 |
| Total Return | 67.9% |
| Mkt Cap (Mn of MXN) | 2,965 |
| Enterprise Value (Mn of MXN\$) | 5,266 |
| Shares Outstanding (Mn) | 711.1 |
| Float | 75.0% |
| ADTV (MXN\$ Mn) | \$ 0.56 |



Opinion and recommendation

We expect HOTEL to continue to benefit from a greater tourism activity in 4Q22, in addition to the acquisition of the *Mahekal Beach Resort* at the end of the quarter which will lead to favorable results. We recommend taking advantage of the current price level of HOTEL shares. Our recommendation is BUY with a MXN\$7.0/share target price.

4Q22 preview

We estimate that quarterly revenues will reach MXN\$739 million, representing a 35% increase over the last year. The main driver will be owned hotels, which will report a 65.4% occupancy, from 57.0% last year, while the average daily rate will be up 9%. In managed hotels, we anticipate a 69.2% occupancy, also above last year's 60.3%, with a stable average daily rate at MXN\$1,700. We are also assuming that food and beverage revenues will grow 28%. In addition, we expect a small contribution from the new *Mahekal Beach Resort* during the quarter. Full-year revenues will rise 51%.

EBITDA margin will come in at 28.2%, down from 30.2% in 4Q21, due to higher operating expenses. Despite this situation, the company's EBITDA will grow 26% to MXN\$208 million. Full-year margin will improve 520 bps, while annual EBITDA will advance 85%.

Quarterly profits will decline 54% YoY to MXN\$34 million as the solid operating performance will be partially offset by non-recurring expenses related to the maintenance of the *Krystal Grand Los Cabos* and *Krystal Resort Puerto Vallarta*.

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