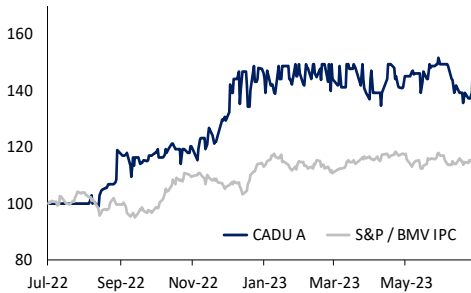


# CADU: 2Q23 Preview

We expect double digit revenue and EBITDA growth due to strong housing demand and land sale

CADU A	BUY
Target Price (MXN\$)	\$ 5.20
Current Price (MXN\$)	\$ 2.97
Min / Max (L12M)	\$ 1.90 - 3.16
Expected Dividend (MXN\$)	\$ 0.00
Expected Return	75.1%
Market Cap (MXN\$ Mn)	948
Enterprise Value (MXN\$ Mn)	3,005
Outstanding Shares (Mn)	319.2
Float	29.2%
ADTV (MXN\$ Mn)	\$ 0.11



## Opinion and recommendation

We expect CADU to report positive 2Q23 results with double-digit revenue and EBITDA growth due to a solid performance in housing and land sales. Our recommendation is BUY with a target price of MXN\$5.20/share.

## 2Q23 Preview

We anticipate that CADU's 2Q23 revenues will reach MXN\$1,135 million, which will represent a 14.2% YoY increase. They will be driven by the recovery of housing revenues, given the opening of new projects and increased demand in the State of Quintana Roo, as well as the sale of non-strategic land.

For the same reason, we expect profitability to improve, with an EBITDA margin reaching 17.7% in the current quarter, compared to 17.0% in the same period last year. This will likely boost the EBITDA by 19.0% to MXN\$201 million. However, net profits will decrease 10.3% to MXN\$57 million as a result of a higher fiscal reserve.

On the other hand, we estimate that the company will continue focusing on generating positive free cash flow and reducing its debt levels in order to improve its financial ratios.

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