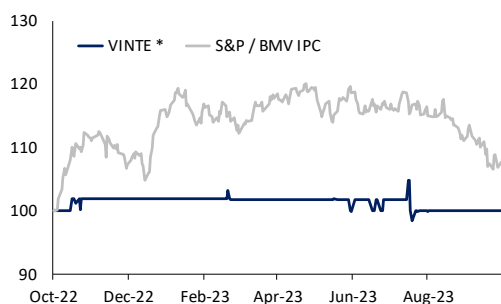


VINTE: 3Q23 Results

Results in line with our estimates; the company expects a strong closing of the year

VINTE *	BUY
Target Price (MXN\$)	\$ 43.00
Current Price (MXN\$)	\$ 31.00
Min / Max (L12M)	\$ 29.99 - 32.50
Expected Dividend (MXN\$)	\$ 0.83
Expected Return	41.4%
Market Cap (MXN\$ Mn)	6,709
Enterprise Value (MXN\$ Mn)	9,365
Outstanding Shares (Mn)	216.4
Float	23.5%
ADTV (MXN\$ Mn)	\$ 0.16



Opinion and recommendation

VINTE’s results were practically in line with our projections in terms of revenue, EBITDA and net profits. The company confirmed its guidance for the year, which includes a 10-15% increase in housing revenues with a solid year-end. Additionally, it expects to generate positive free flow and reduce its leverage.

We reiterate our BUY recommendation with a MXN\$43.00/share target price after these results. We continue to believe that VINTE is well positioned to benefit from the nearshoring trend and the construction of the T-MEX PARK in the State of Mexico. In addition, mortgage credit is widely available, commercial bank mortgage interest rates have begun to fall, and employment is high.

3Q23 Results

VINTE recorded total revenues of nearly MXN\$1.1 billion in the quarter, up 4.9% YoY. They were mainly driven by a 7.2% increase in housing sales. The company continued to benefit from its focus on higher-end housing and price adjustments, which resulted in a 7.8% rise in the average price per unit to MXN\$1.18 million. This offset the slight 1.4% drop in titled homes to 905.

VINTE experienced certain delays in the processing of 3 new phases of its projects during the period, but has already received these permits, which we believe will support its performance during the fourth quarter. Worth mentioning that revenues in 11 of 14 developments rose 24%.

EBITDA grew 4.6% to MXN\$193 million with a stable margin at 18.1%. The 50 bps contraction in gross margin was offset by expense efficiencies. On the other hand, the company recorded a MXN\$101 million quarterly net profit, 2.1% lower than the previous year, as a result of higher financial expenses.

October 19th, 2023

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VINTE generated a MXN\$192 million negative free cash flow as it is preparing for a solid fourth quarter. The net debt to EBITDA ratio rose slightly to 3.24x, compared to 2.97x in 2Q23, but remained virtually unchanged on an annual basis. The company expects such a ratio to decline to 2.80x at the end of the current year. It filed for a possible MXN\$1.7 billion sustainable bond issuance to improve its maturity profile, since the issues would have a 5 and 7-year term, similar to the last bonds that the company placed.

Verum upgraded VINTE's long-term corporate rating and that of its VINTE 17-2, 19-2X and 20X SDG bonds to 'AA-/M' from 'A+/M', with a stable outlook. It also raised the rating of the VINTE 18X bond to 'AAA/M', from 'AA+/M'.

(Figures in Millions of Pesos)	3Q23	3Q23E	Diff.	3Q22	Chg.
Revenues	1,067	1,083	-1.5%	1,017	4.9%
EBITDA	193	200	-3.6%	184	4.6%
<i>EBITDA Margin</i>	18.1%	18.5%		18.1%	
Financial Gains	20	14	41.9%	13	58.2%
Financial Cost	-23	-20	19.0%	-20	15.5%
Net profit	101	99	2.4%	103	-2.1%

Discounted Cash Flow Model

(Figures in Millions of MXN\$)	2024E	2025E	2026E	2027E	2028E	Perp.
OPERATING PROFIT	882	986	1,099	1,219	1,352	1,429
Tax Rate	24%	24%	24%	24%	24%	30%
Adjusted Taxes	-212	-237	-264	-293	-325	-343
NOPLAT	670	750	835	926	1,028	1,086
Depreciation	52	54	55	57	59	62
Working Capital Changes	-152	-462	-483	-502	-544	-575
CAPEX	-20	-24	-28	-28	-28	-30
FCFF	551	317	380	454	514	544
Perpetuity Growth Rate						5.7%
PV of Explicit Period (2024E - 2028E)						1,727
Perpetuity Value						17,131
PV of Perpetuity Value						10,288
Enterprise Value						12,015
Net Debt						2,557
Minority Interest						150
Market Value						9,307
Outstanding Shares						216
Target Price						P\$ 43.00
Current Market Price						P\$ 31.00
Potential Return Incl. Dividends						41.4%
Target EV/EBITDA						12.9x
Target P/E						14.5x
Average Cost of Debt						10.7%
LT Tax Rate						30.0%
After-Tax Cost of Debt						7.5%
Cost of Equity						10.3%
Market Risk Premium						6.0%
Risk-Free Rate						10.1%
Beta						0.03
% Total Debt						38.8%
% Capital						61.2%
WACC						8.9%

Sensitivity Analysis Table, EV/EBITDA vs. EBITDA

	-10%	-5%	<i>Original</i>	+5%	+10%
Projected EBITDA	843	887	934	981	1,030
Target EV/EBITDA					
11.4x	31.73	34.07	36.53	38.99	41.57
11.9x	33.68	36.12	38.69	41.26	43.95
12.4x	35.63	38.17	40.85	43.52	46.33
12.9x	37.58	40.22	43.00	45.79	48.71
13.4x	39.52	42.27	45.16	48.05	51.09
13.9x	41.47	44.32	47.32	50.32	53.47

Sensitivity Analysis Table, P/E vs. Net Profit

	-10%	-5%	<i>Original</i>	+5%	+10%
Projected Net Profit	579	609	642	674	707
Target P/E					
11.5x	30.79	32.41	34.11	35.82	37.61
12.5x	33.46	35.22	37.08	38.93	40.88
13.5x	36.14	38.04	40.04	42.04	44.14
14.5x	38.81	40.85	43.00	45.15	47.41
15.5x	41.49	43.67	45.97	48.27	50.68
16.5x	44.16	46.49	48.93	51.38	53.95

(Figures in Millions of Pesos)

INCOME STATEMENT	2022	2023E	2024E	2025E	2026E	2027E	2028E
Revenues	4,357	4,730	5,198	5,703	6,236	6,795	7,406
Cost of Sales	-3,167	-3,415	-3,611	-3,945	-4,295	-4,660	-5,056
Gross Profit	1,189	1,315	1,587	1,758	1,941	2,136	2,350
<i>Gross Margin</i>	<i>27.3%</i>	<i>27.8%</i>	<i>30.5%</i>	<i>30.8%</i>	<i>31.1%</i>	<i>31.4%</i>	<i>31.7%</i>
General Expenses	-657	-659	-689	-756	-827	-901	-982
Operating Profit	569	678	882	986	1,099	1,219	1,352
<i>Operating Margin</i>	<i>13.1%</i>	<i>14.3%</i>	<i>17.0%</i>	<i>17.3%</i>	<i>17.6%</i>	<i>17.9%</i>	<i>18.3%</i>
Depreciation and Amortization	-173	-166	-52	-54	-55	-57	-59
EBITDA	742	844	934	1,040	1,154	1,276	1,411
<i>EBITDA Margin</i>	<i>17.0%</i>	<i>17.8%</i>	<i>18.0%</i>	<i>18.2%</i>	<i>18.5%</i>	<i>18.8%</i>	<i>19.1%</i>
Financial Gains	52	64	59	65	71	78	85
Financial Cost	-86	-84	-97	-97	-97	-97	-97
Pre-Tax Profit	535	658	844	954	1,073	1,200	1,340
Income Tax & Profit Sharing	-128	-157	-203	-229	-257	-288	-322
Net profit	406	500	642	725	815	912	1,018
BALANCE GENERAL	2022	2023E	2024E	2025E	2026E	2027E	2028E
TOTAL ASSETS	9,893	10,662	11,387	12,074	12,840	13,694	14,651
Current Assets	5,225	6,239	6,569	7,169	7,797	8,451	9,160
LT Assets	4,668	4,423	4,818	4,905	5,043	5,243	5,491
TOTAL LIABILITIES	5,290	5,689	5,887	5,973	6,057	6,143	6,235
ST Liabilities	1,622	1,603	1,751	1,837	1,921	2,006	2,099
LT Liabilities	3,668	4,086	4,136	4,136	4,136	4,136	4,136
Total Debt	2,823	3,125	3,202	3,210	3,213	3,213	3,214
Net Debt	2,216	2,557	2,578	2,526	2,464	2,398	2,325
TOTAL CAPITAL	4,603	4,993	5,519	6,120	6,802	7,571	8,435
Stockholder's Equity	4,468	4,842	5,353	5,936	6,597	7,343	8,181
Minority Interest	135	150	166	184	205	228	254
CASH FLOW STATEMENT	2022	2023E	2024E	2025E	2026E	2027E	2028E
Net Profit	406	500	642	725	815	912	1,018
Inv. Related Activities	210	259	230	234	238	242	246
Pre-Tax Cash Flow	616	862	505	896	935	964	1,018
Working Capital Changes	-496	-1,054	-152	-462	-483	-502	-544
Operating Cash Flow	120	-192	353	434	452	462	474
Investment Cash Flow	-65	-22	-20	-24	-28	-28	-28
Financing Cash Flow	-189	71	-277	-350	-360	-367	-373
Net Incr. (Decr.) in Cash & Temp. Inv.	-134	-143	56	61	64	67	73
Beg. of Period Cash and Temp. Inv.	844	710	568	624	684	748	815
End of Period Cash and Temp. Inv.	710	568	624	684	748	815	889

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