

HOTEL: 4Q23 Preview

We expect lower operating performance due to the temporary closure of the *Krystal Beach Acapulco* and non-recurring expenses

HOTEL*	BUY
Target Price (MXN\$)	\$ 6.40
Current Price (MXN\$)	\$ 3.36
Min / Max (L12M - MXN\$)	3.37 - 4.62
Expected Dividend (MXN\$)	\$ 0.00
Total Return	90.5%
Mkt Cap (Mn of MXN\$)	2,406
Enterprise Value (Mn of MXN\$)	5,451
Shares Outstanding (Mn)	716.1
Float	72.3%
ADTV (MXN\$ Mn)	\$ 2.50

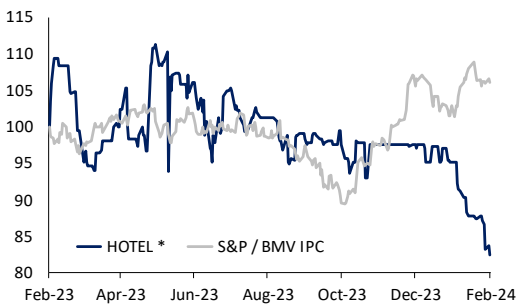
Opinion and recommendation

We expect HOTEL's operating performance to decrease compared to the previous year due to the temporary closure of the *Krystal Beach Acapulco* Hotel, which was affected by Hurricane Otis, in addition to non-recurring expenses. However, the company will likely open part of such a property during the second half of the year, which will boost its results.

4Q23 preview

We forecast that HOTEL revenues will be down 4.2% YoY to MXN\$710 million in the quarter, mainly as a result of the impact on the 400-room Acapulco hotel. In the other owned hotels, occupancy will decline marginally to 65.3%, while the ADR will improve 4.5% to MXN\$1,679. In managed hotels, the company opened the *Secrets Tulúm Resort & Spa*.

We anticipate that the EBITDA margin will contract to 25.3% in 4Q23, from 29.1% in 4Q22, due to lower revenues. The EBITDA will thus fall 16.6% to MXN\$180 million. We expect HOTEL to record FX gains, offsetting non-recurring expenses related to the Acapulco property and the 724 Insurgentes Sur development. The company will close the quarter with a MXN\$7 million net profit, compared to a MXN\$5 million net loss in the same period last year.



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