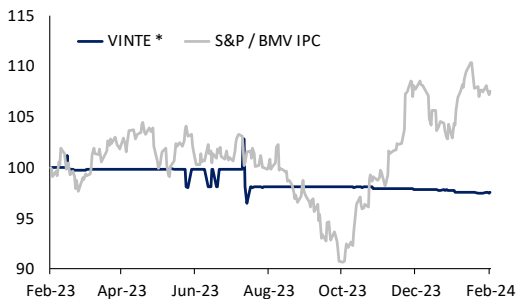


# VINTE: 4Q23 Results

Higher-than-expected operating results due to land sales; the company met its annual guidance

VINTE *	BUY
Target Price (MXN\$)	\$ 43.00
Current Price (MXN\$)	\$ 30.82
Min / Max (L12M)	\$ 29.80 - 32.50
Expected Dividend (MXN\$)	\$ 0.86
Expected Return	42.3%
Market Cap (MXN\$ Mn)	6,670
Enterprise Value (MXN\$ Mn)	9,221
Outstanding Shares (Mn)	216.4
Float	23.5%
ADTV (MXN\$ Mn)	\$ 1.33



## Opinion and recommendation

VINTE reported higher-than-expected revenues and EBITDA mainly due to land sales, as housing revenues decreased. We reiterate our BUY recommendation with a MXN\$43.0/share target price.

## 4Q23 Results

Total revenues were up 12.6% YoY to MXN\$1.78 billion in the quarter, exceeding our MXN\$1.69 billion projection. The company registered MXN\$446 million in land sales, which offset the 13.7% drop in housing revenues derived mainly from a 14.5% reduction in units sold due to temporary delays in the titling process. The average price per unit remained practically unchanged at MXN\$1.17 million. However, cumulative housing revenues for the year increased 1.8%, which together with land sales, boosted total revenues by 10.6%, with the company meeting its annual guidance.

VINTE mentioned that it could sell land for a relevant amount, around MXN\$400 million, during the current year or the next one, taking advantage of capital gains. The company also expects to open new projects in Tijuana with 900 homes and Morelos with 2,000 homes during the next year.

The gross margin improved 300 bps also supported by land sales, which are more profitable. The EBITDA margin expanded 70 bps, partially limited by a 32.2% increase in administrative and other expenses. This resulted in an 18.2% YoY EBITDA growth to MXN\$294 million (vs. MXN\$274 million E).

February 28<sup>th</sup>, 2024

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Net profits fell 3.2% YoY to MXN\$124 million as a result of a 143.9% increase in financing costs.

### Financial structure/cash flow

The net debt to EBITDA ratio was 2.95x at the end of 4Q23, slightly below 3.24x in 3Q23. The company's cash reserves exceeded MXN\$1.5 billion which we believe will be used to invest in new developments.

VINTE generated MXN\$309 million in positive free cash flow in 4Q23, accumulating a positive figure of MXN\$25 million in 2023. It also expects to generate positive free cash flow in 2024.

### ESG

The company achieved EDGE certification for 3,624 homes in 2023, including 480 EDGE Advanced homes. This certification represents 96% of homes that it developed during the year. It increased its EDGE certification goal for 2024 to 16,000 cumulative homes, from 10,518 in the previous goal.

(Figures in Millions of Pesos)	4Q23	4Q23E	Diff.	4Q22	Chg.
Revenues	1,777	1,687	5.4%	1,579	12.6%
EBITDA	294	274	7.3%	234	25.9%
EBITDA Margin	16.5%	16.2%		14.8%	
Financial Gains	18	14	25.2%	37	-52.7%
Financial Cost	-61	-24	154.6%	-38	61.2%
Net profit	124	151	-18.0%	128	-3.2%

## Discounted Cash Flow Model

(Figures in Millions of MXN\$)	2025E	2026E	2027E	2028E	2029E	Perp.
OPERATING PROFIT	920	1,020	1,128	1,247	1,379	1,456
Tax Rate	25%	25%	26%	26%	27%	30%
Adjusted Taxes	-225	-255	-288	-324	-365	-386
NOPLAT	694	765	841	923	1,014	1,070
Depreciation	55	57	59	60	62	66
Working Capital Changes	-129	-426	-442	-478	-517	-546
CAPEX	-24	-28	-28	-28	-28	-30
FCFF	597	368	429	477	531	560
Perpetuity Growth Rate						5.6%
PV of Explicit Period (2025E - 2029E)						1,878
Perpetuity Value						16,929
PV of Perpetuity Value						10,164
Enterprise Value						12,042
Net Debt						2,581
Minority Interest						154
Market Value						9,307
Outstanding Shares						216
Target Price						P\$ 43.00
Current Market Price						P\$ 30.82
Potential Return Incl. Dividends						42.3%
Target 2024E EV/EBITDA						12.3x
Target 2024E P/E						16.1x
Average Cost of Debt						12.3%
LT Tax Rate						30.0%
After-Tax Cost of Debt						8.6%
Cost of Equity						9.5%
Market Risk Premium						6.0%
Risk-Free Rate						9.3%
Beta						0.03
% Total Debt						38.3%
% Capital						61.7%
WACC						8.9%

**Sensitivity Analysis Table, EV/EBITDA vs. EBITDA**

	-10%	-5%	<i>Original</i>	+5%	+10%
<b>Projected EBITDA</b>	<b>880</b>	<b>926</b>	<b>975</b>	<b>1,024</b>	<b>1,075</b>
<b>Target EV/EBITDA</b>					
10.8x	31.48	33.80	36.25	38.69	41.25
11.3x	33.52	35.94	38.50	41.05	43.73
11.8x	35.55	38.08	40.75	43.42	46.22
<b>12.3x</b>	<b>37.58</b>	<b>40.22</b>	<b>43.00</b>	<b>45.78</b>	<b>48.70</b>
12.8x	39.61	42.36	45.25	48.15	51.18
13.3x	41.65	44.50	47.51	50.51	53.67

**Sensitivity Analysis Table, P/E vs. Net Profit**

	-10%	-5%	<i>Original</i>	+5%	+10%
<b>Projected Net Profit</b>	<b>523</b>	<b>550</b>	<b>579</b>	<b>608</b>	<b>638</b>
<b>Target P/E</b>					
13.1x	31.57	33.23	34.98	36.73	38.56
14.1x	33.98	35.77	37.65	39.53	41.51
15.1x	36.39	38.31	40.33	42.34	44.46
<b>16.1x</b>	<b>38.81</b>	<b>40.85</b>	<b>43.00</b>	<b>45.15</b>	<b>47.41</b>
17.1x	41.22	43.39	45.68	47.96	50.36
18.1x	43.64	45.93	48.35	50.77	53.31

(Figures in Millions of Pesos)

<b>INCOME STATEMENT</b>	<b>2023</b>	<b>2024E</b>	<b>2025E</b>	<b>2026E</b>	<b>2027E</b>	<b>2028E</b>	<b>2029E</b>
Revenues	4,820	4,977	5,338	5,821	6,327	6,879	7,481
Cost of Sales	-3,506	-3,414	-3,646	-3,959	-4,285	-4,638	-5,021
Gross Profit	1,314	1,563	1,691	1,862	2,043	2,242	2,460
<i>Gross Margin</i>	<i>27.3%</i>	<i>31.4%</i>	<i>31.7%</i>	<i>32.0%</i>	<i>32.3%</i>	<i>32.6%</i>	<i>32.9%</i>
General Expenses	-748	-722	-772	-842	-915	-994	-1,081
Operating Profit	624	841	920	1,020	1,128	1,247	1,379
<i>Operating Margin</i>	<i>12.9%</i>	<i>16.9%</i>	<i>17.2%</i>	<i>17.5%</i>	<i>17.8%</i>	<i>18.1%</i>	<i>18.4%</i>
Depreciation and Amortization	-240	-54	-55	-57	-59	-60	-62
EBITDA	864	895	975	1,077	1,187	1,308	1,441
<i>EBITDA Margin</i>	<i>17.9%</i>	<i>18.0%</i>	<i>18.3%</i>	<i>18.5%</i>	<i>18.8%</i>	<i>19.0%</i>	<i>19.3%</i>
Financial Gains	68	49	42	46	50	54	59
Financial Cost	-121	-202	-195	-195	-195	-195	-195
Pre-Tax Profit	570	688	767	871	983	1,106	1,242
Income Tax & Profit Sharing	-137	-165	-188	-218	-251	-288	-329
<i>Tax &amp; Profit Sharing Rate</i>	<i>24.0%</i>	<i>24.0%</i>	<i>24.5%</i>	<i>25.0%</i>	<i>25.5%</i>	<i>26.0%</i>	<i>26.5%</i>
Net profit	433	523	579	653	732	819	913
<b>BALANCE GENERAL</b>	<b>2023</b>	<b>2024E</b>	<b>2025E</b>	<b>2026E</b>	<b>2027E</b>	<b>2028E</b>	<b>2029E</b>
TOTAL ASSETS	11,745	11,113	11,539	12,060	12,647	13,315	14,071
Current Assets	7,209	6,444	6,632	7,177	7,744	8,357	9,021
LT Assets	4,536	4,669	4,907	4,883	4,904	4,958	5,050
TOTAL LIABILITIES	6,901	5,945	5,982	6,051	6,116	6,186	6,261
ST Liabilities	1,700	1,693	1,731	1,799	1,865	1,935	2,010
LT Liabilities	5,201	4,251	4,251	4,251	4,251	4,251	4,251
Total Debt	4,059	3,178	3,200	3,207	3,209	3,209	3,210
Net Debt	2,551	2,581	2,559	2,508	2,449	2,384	2,312
TOTAL CAPITAL	4,844	5,185	5,573	6,026	6,547	7,145	7,827
Stockholder's Equity	4,700	5,030	5,407	5,846	6,352	6,932	7,594
Minority Interest	144	154	166	180	195	213	233
<b>CASH FLOW STATEMENT</b>	<b>2023</b>	<b>2024E</b>	<b>2025E</b>	<b>2026E</b>	<b>2027E</b>	<b>2028E</b>	<b>2029E</b>
Net Profit	433	523	579	653	732	819	913
Inv. Related Activities	266	206	206	208	212	215	219
Pre-Tax Cash Flow	699	228	200	540	574	628	685
Working Capital Changes	-961	-221	-129	-426	-442	-478	-517
Operating Cash Flow	-261	7	71	114	132	150	167
Investment Cash Flow	-6	42	38	34	34	34	34
Financing Cash Flow	1,064	-959	-65	-90	-105	-117	-129
Net Incr. (Decr.) in Cash & Temp. Inv.	797	-910	43	58	61	66	72
Beg. of Period Cash and Temp. Inv.	711	1,507	597	641	699	759	825
End of Period Cash and Temp. Inv.	1,507	597	641	699	759	825	898

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