

CADU: 1Q24 Preview

We expect lower land sales, offsetting the stability in housing revenues

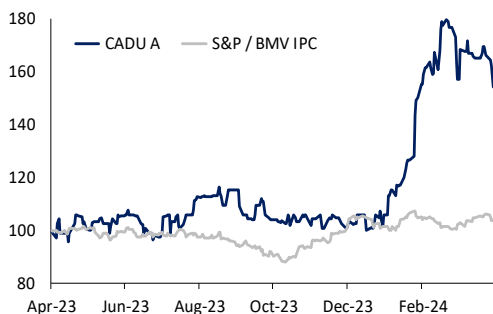
CADU A	BUY
Target Price (MXN\$)	\$ 7.50
Current Price (MXN\$)	\$ 4.43
Min / Max (L12M)	\$ 2.62 - 5.17
Expected Dividend (MXN\$)	\$ 0.00
Expected Return	69.3%
Market Cap (MXN\$ Mn)	1,414
Enterprise Value (MXN\$ Mn)	2,993
Outstanding Shares (Mn)	319.2
Float	29.2%
ADTV (MXN\$ Mn)	\$ 0.38

1Q24 Preview

We estimate that CADU's housing revenues will stand at MXN\$914 million in the quarter, stable compared to the same period of the previous year. The revenue mix will continue to improve with an average price that will increase by 14%, once again exceeding one million pesos. This will be offset by a lower titled house volume due to temporary labor-related delays. On the other hand, land sales will decline by 79% as a consequence of last year's extraordinary sales, which will result in a 15.7% reduction in total revenues to MXN\$936.8 million.

We project that profitability will improve due to the change in the housing revenue mix, with gross margin reaching 27.0% in the current quarter, compared to 23.8% in 1Q23. The EBITDA margin will be 16.9%, slightly higher annually. Despite this situation, EBITDA will decrease 15.7% on a non-comparable basis (due to the aforementioned reduction in land sales). Net profits will be down 85.7%, also on a non-comparable basis.

CADU recently announced that it made the last payment of the Cebur CADU 19, which was fully amortized.



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