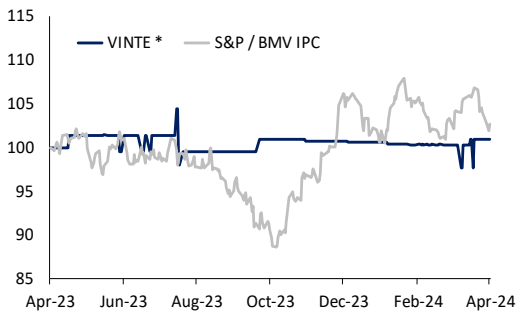


# VINTE: 1Q24 Results

Improved sales mix boosts the EBITDA by 18% and net profits by 11%

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 positive 1Q24 results, practically in line with our projections in terms of revenues, EBITDA and net profits. We reiterate our BUY recommendation with a MXN\$43.0/share target price after having updated our model.

At its next shareholder’s meeting on April 30<sup>th</sup>, the company will propose the payment of a MXN\$160 million dividend, with a 36% payout. In addition, it will propose the appointment of Ursula Wilhelm as an independent Board Director, increasing the percentage of independent directors from 33% to 40%, which we believe is favorable news.

## 1Q24 Results

VINTE continued to benefit from its focus on higher-end housing, resulting in a 7.0% YoY increase in the average unit price to a historically high level of MXN\$1.2 million. This offset the 7.1% drop in titled homes, leaving housing revenues practically unchanged compared to the previous year and total revenues up 1.1% YoY to MXN\$933 million. Worth mentioning that the comparison base was high since the company registered a 17.2% revenue growth in 1Q23.

This strategy also contributed to boost profitability in a significant way. Gross margin improved 3.0 percentage points to 31.7%, while EBITDA margin expanded 2.7 percentage points to 18.9%. Gross profit rose 11.6% YoY, while EBITDA grew 18.1% YoY, reaching MXN\$176.8 million (slightly above our MXN\$167.2 million estimate).

Net profit was up 10.8% YoY to MXN\$86.6 million (practically in line with our MXN\$88.6 million forecast) as the favorable operating performance offset a 44.2% increase in financial costs.

April 26<sup>th</sup>, 2024

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Although the company generated MXN\$208 million in negative operating cash flow in the quarter, it recorded a net debt to EBITDA ratio of 3.19x, slightly higher than 2.90x in 4Q23. The company expects this indicator to fall to 3.0x in 2Q24.

VINTE certified 380 EDGE Advance homes, which represents 16% of its annual objective, above the historical percentage of 10% of EDGE Advance homes out of the total. With this certification, VINTE achieved an interest rate reduction with several commercial banks. On the other hand, the company obtained the “Social Bond of the Year” award by “Environmental Finance” for its placement of a Sustainable and SDG Bond at the end of last year.

<b>(Figures in Millions of Pesos)</b>	<b>1Q24</b>	<b>1Q24E</b>	<b>Diff.</b>	<b>1Q23</b>	<b>Chg.</b>
Total Revenues	933	970	-3.8%	923	1.1%
Gross Profit	252	256	-1.7%	234	7.8%
<i>Gross Margin</i>	<i>27.0%</i>	<i>26.4%</i>		<i>25.3%</i>	
EBITDA	177	167	5.6%	150	18.1%
<i>EBITDA Margin</i>	<i>18.9%</i>	<i>16.2%</i>		<i>16.2%</i>	
Financial Gains	25	18	37.1%	15	68.9%
Financial Cost	-30	-56	-45.2%	-18	71.7%
Net profit	87	89	-2.3%	78	10.8%

## Discounted Cash Flow Model

(Figures in Millions of MXN\$)	2025E	2026E	2027E	2028E	2029E	Perp.
OPERATING PROFIT	977	1,082	1,194	1,318	1,455	1,534
Tax Rate	25%	25%	26%	26%	27%	30%
Adjusted Taxes	-239	-270	-305	-343	-386	-406
NOPLAT	738	811	890	975	1,069	1,127
Depreciation	56	57	59	61	63	66
Working Capital Changes	-118	-371	-385	-416	-450	-474
CAPEX	-24	-28	-28	-28	-28	-30
FCFF	651	470	536	592	654	690
Perpetuity Growth Rate						5.4%
PV of Explicit Period (2025E - 2029E)						2,228
Perpetuity Value						17,368
PV of Perpetuity Value						10,134
Enterprise Value						12,362
Net Debt						2,900
Minority Interest						156
Market Value						9,306
Outstanding Shares						216
Target Price						P\$ 43.00
Current Market Price						P\$ 32.50
Potential Return Incl. Dividends						35.0%
Target Forward EV/EBITDA						12.1x
Target Forward P/E						13.4x
Average Cost of Debt						12.2%
LT Tax Rate						30.0%
After-Tax Cost of Debt						8.5%
Cost of Equity						10.6%
Market Risk Premium						6.0%
Risk-Free Rate						10.4%
Beta						0.03
% Total Debt						42.7%
% Capital						57.3%
WACC						9.4%

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

	-10%	-5%	<i>Original</i>	+5%	+10%
<b>Projected EBITDA</b>	<b>932</b>	<b>981</b>	<b>1,033</b>	<b>1,084</b>	<b>1,138</b>
<b>Target EV/EBITDA</b>					
10.6x	30.90	33.31	35.84	38.38	41.05
11.1x	33.05	35.57	38.23	40.89	43.67
11.6x	35.20	37.84	40.61	43.39	46.30
<b>12.1x</b>	<b>37.35</b>	<b>40.10</b>	<b>43.00</b>	<b>45.90</b>	<b>48.93</b>
12.6x	39.51	42.37	45.39	48.40	51.56
13.1x	41.66	44.64	47.77	50.90	54.19

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

	-10%	-5%	<i>Original</i>	+5%	+10%
<b>Projected Net Profit</b>	<b>627</b>	<b>660</b>	<b>694</b>	<b>729</b>	<b>766</b>
<b>Target P/E</b>					
10.4x	30.12	31.71	33.37	35.04	36.80
11.4x	33.02	34.75	36.58	38.41	40.33
12.4x	35.91	37.80	39.79	41.78	43.87
<b>13.4x</b>	<b>38.81</b>	<b>40.85</b>	<b>43.00</b>	<b>45.15</b>	<b>47.41</b>
14.4x	41.70	43.90	46.21	48.52	50.94
15.4x	44.60	46.95	49.42	51.89	54.48

(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>
Total Revenues	4,820	4,791	5,134	5,598	6,084	6,614	7,192
Cost of Sales	-3,506	-3,304	-3,478	-3,776	-4,085	-4,421	-4,786
Gross Profit	1,314	1,488	1,656	1,823	1,999	2,193	2,406
<i>Gross Margin</i>	<i>27.3%</i>	<i>31.0%</i>	<i>32.3%</i>	<i>32.6%</i>	<i>32.9%</i>	<i>33.2%</i>	<i>33.5%</i>
General Expenses	-748	-633	-679	-741	-805	-875	-951
Operating Profit	641	854	977	1,082	1,194	1,318	1,455
<i>Operating Margin</i>	<i>13.3%</i>	<i>17.8%</i>	<i>19.0%</i>	<i>19.3%</i>	<i>19.6%</i>	<i>19.9%</i>	<i>20.2%</i>
Depreciation and Amortization	-240	-98	-56	-57	-59	-61	-63
EBITDA	881	951	1,033	1,139	1,253	1,379	1,518
<i>EBITDA Margin</i>	<i>18.3%</i>	<i>19.9%</i>	<i>20.1%</i>	<i>20.4%</i>	<i>20.6%</i>	<i>20.8%</i>	<i>21.1%</i>
Financial Gains	68	85	62	64	70	76	82
Financial Cost	-121	-121	-119	-116	-114	-111	-108
Pre-Tax Profit	587	817	920	1,029	1,149	1,282	1,428
Income Tax & Profit Sharing	-149	-196	-225	-257	-293	-333	-379
<i>Tax &amp; Profit Sharing Rate</i>	<i>25.3%</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	438	621	694	772	856	949	1,050
<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	11,718	12,397	12,860	13,458	14,128	14,881	15,726
Current Assets	6,350	6,699	6,613	7,160	7,728	8,343	9,009
LT Assets	5,367	5,698	6,247	6,298	6,400	6,539	6,718
TOTAL LIABILITIES	6,868	7,116	7,065	7,083	7,097	7,113	7,130
ST Liabilities	1,698	1,965	1,915	1,932	1,947	1,962	1,979
LT Liabilities	5,170	5,150	5,150	5,150	5,150	5,150	5,150
Total Debt	4,059	3,954	3,875	3,791	3,700	3,602	3,495
Net Debt	2,551	2,900	3,054	2,896	2,727	2,544	2,344
TOTAL CAPITAL	4,849	5,298	5,811	6,391	7,047	7,784	8,612
Stockholder's Equity	4,705	5,142	5,639	6,203	6,839	7,555	8,359
Minority Interest	144	156	171	188	208	229	254
<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	438	621	694	772	856	949	1,050
Inv. Related Activities	475	230	202	204	208	212	217
Pre-Tax Cash Flow	914	589	486	1,063	1,096	1,151	1,210
Working Capital Changes	-842	-437	-118	-371	-385	-416	-450
Operating Cash Flow	71	153	367	692	711	735	761
Investment Cash Flow	-90	25	9	5	5	5	5
Financing Cash Flow	815	-630	-609	-623	-638	-655	-673
Net Incr. (Decr.) in Cash & Temp. Inv.	797	-453	-233	74	78	85	92
Beg. of Period Cash and Temp. Inv.	711	1,507	1,054	821	896	973	1,058
End of Period Cash and Temp. Inv.	1,507	1,054	821	896	973	1,058	1,151

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