

HCITY (BUY, T.P. MXN\$11.00)

Solid performance in October with ADR's at historically high levels, which generated double digit RevPar and revenue growth

NORTE 19 maintained its strategy of increasing ADR's above inflation and its focus on capitalizing on trends in the different regions in order to improve its profitability. For these reasons, the ADR of the company's 152 hotels (consolidated and managed) increased 9.8% YoY to MXN\$1,366 (in line with our projections), exceeding the inflation rate by 5.0 percentage points and establishing a new historical high.

Occupancy improved 1.9 PP to 58.8% (vs. 58.5% estimated), which generated a 13.6% rise in the company's RevPar to MXN\$804 (vs. MXN\$799 E). By brand, the best performers were City Centro, with a 24.9% YoY RevPar increase, followed by City Express Plus (+22.4%), City Express Junior (+13.5%), City Express (+10.1%) and City Express Suites by Marriott (+5.7%). By region, the performance of Metropolitan (+20.5%), Northeast (+14.9%) and Central West (+13.6%) stood out. Consolidated revenues grew 11.0% YoY to MXN\$349.8 million (vs. MXN\$347.7 million E).

We believe that NORTE 19 recorded a satisfactory performance in October, so we expect a favorable short-term reaction in the stock price. We reiterate our BUY recommendation with a MXN\$11.0/share target price.

October 2024 Hotel Indicators

	Oct-24	Oct-23	YoY Change	Sep-24	MoM Change
Occupancy	58.8%	56.9%	1.9 PP	55.4%	3.4 PP
ADR (MXN\$)	\$ 1,366.0	\$ 1,244.0	9.8%	\$ 1,347.0	1.4%
RevPar (MXN\$)	\$ 804.0	\$ 708.0	13.6%	\$ 746.2	7.7%
Total Revenues (MXN\$ Mn)	\$ 349.8	\$ 315.1	11.0%	\$ 339.6	3.0%

Source: Norte 19

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