

# HOTEL: 4Q24 Results

Positive results due to higher ADRs and occupancy levels, FX benefit and reopening of the *Krystal Beach Acapulco*; raising target price to MXN\$6.0/share

HOTEL *	BUY
Target Price (MXN\$)	\$ 6.00
Current Price (MXN\$)	\$ 3.68
Min / Max (L12M - MXN\$)	3.22 - 4.05
Expected Dividend (MXN\$)	\$ 0.00
Total Return	63.0%
Mkt Cap (Mn of MXN)	2,635
Enterprise Value (Mn of MXN\$)	5,185
Shares Outstanding (Mn)	716.1
Float	72.3%
ADTV (MXN\$ Mn)	\$ 0.37

## Opinion and recommendation

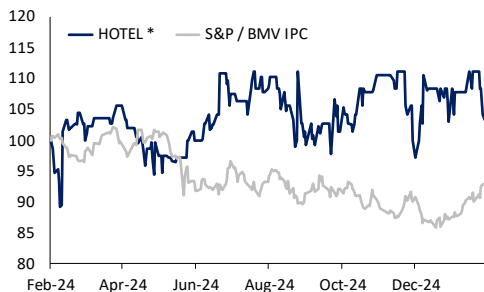
HOTEL reported excellent results for the quarter, with record revenues and EBITDA. Revenues, EBITDA and net profits were virtually in line with our projections. We expect a favorable short-term reaction in HOTEL's share price. We are reiterating our BUY recommendation and raising our target price to MXN\$6.00/share from MXN\$5.50/share, after updating our model.

## 4Q24 Results

Revenues were up 22.3% YoY to MXN\$868.4 million. The main driver was the owned hotel business, which benefited from a 10.3% ADR rise, largely due to the depreciation of the Mexican peso, a 1.3 PP increase in occupancy levels, and a higher number of rooms in operation as a result of the reopening of the *Krystal Beach Acapulco* hotel. Food and beverage also contributed with a solid performance.

The company kept its costs and expenses under control, with a reduction in sales and administrative expenses, which boosted EBITDA by 47.6% YoY to MXN\$266.2 million. EBITDA margin expanded 5.3 percentage points to a higher-than-expected 30.7%. Net profits stood at MXN\$17.2 million in the period, significantly higher than MXN\$5.2 million in 4Q23.

Leverage improved to 3.1x at the end of 4Q24 from 3.6x in 3Q24, although it remained virtually unchanged compared to 3.0x in 4Q23. In addition, cash reserves closed at MXN\$279.4 million in 4Q24 supported by high free cash flow generation, higher than MXN\$182.6 million in 3Q24.



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(Figures in Millions of MXN\$)	4Q24	4Q24E	Diff.	4Q23	Change
Revenues	868	862	0.7%	710	22.3%
EBITDA	266	261	2.1%	180	47.6%
<i>EBITDA Margin</i>	30.7%	30.2%		25.4%	
Financial Gains	39	9	n.a.	156	-75.2%
Financial Cost	-229	-186	23.4%	-125	83.9%
Net profit	17	17	2.6%	5	228.4%

### Discounted Cash Flow Model

(Figures in Millions of MXN\$)	2026E	2027E	2028E	2029E	2030E	Perp.
OPERATING PROFIT	691	774	931	933	1,007	1,007
Tax Rate	27%	28%	28%	28%	28%	30%
Tax Shield	-186	-213	-261	-261	-282	-302
NOPLAT	504	561	671	672	725	705
Depreciation	367	388	409	431	455	455
Working Capital Changes	-38	-43	-51	-37	-43	-43
CAPEX	-299	-322	-358	-370	-394	-394
FCFF	535	584	671	696	744	724
Perpetuity Growth Rate						5.1%
PV of Explicit Period (2026 - 2030E)						2,224
Perpetuity Value						9,163
PV of Perpetuity Value						4,392
Enterprise Value						6,616
Net Debt						2,316
Market Value						4,300
<i>Outstanding Shares</i>						716
Target Price						P\$ 6.00
Current Market Price						P\$ 3.68
Potential Return Incl. Dividends						63.0%
Forward EV/EBITDA						7.3x
Forward P/E						12.6x
Average Cost of Debt						7.8%
LT Tax Rate						30.0%
After-Tax Cost of Debt						5.5%
Cost of Equity						16.3%
Market Risk Premium						6.0%
Risk-Free Rate						10.3%
Beta						1.00
% Total Debt						30.0%
% Capital						70.0%
WACC						13.0%

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

	-10%	-5%	<i>Original</i>	+5%	+10%
<b>Projected EBITDA</b>	<b>1,009</b>	<b>1,062</b>	<b>1,118</b>	<b>1,174</b>	<b>1,232</b>
<b>Target EV/EBITDA</b>					
5.8x	2.78	3.21	3.66	4.11	4.59
6.3x	3.49	3.95	4.44	4.93	5.45
6.8x	4.19	4.69	5.22	5.75	6.31
<b>7.3x</b>	<b>4.90</b>	<b>5.44</b>	<b>6.00</b>	<b>6.57</b>	<b>7.17</b>
7.8x	5.60	6.18	6.79	7.39	8.03
8.3x	6.31	6.92	7.57	8.21	8.89

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

	-10%	-5%	<i>Original</i>	+5%	+10%
<b>Projected Net Profit</b>	<b>307</b>	<b>324</b>	<b>341</b>	<b>358</b>	<b>376</b>
<b>Target P/E</b>					
9.6x	4.13	4.35	4.58	4.81	5.05
10.6x	4.56	4.80	5.05	5.31	5.57
11.6x	4.99	5.25	5.53	5.81	6.10
<b>12.6x</b>	<b>5.42</b>	<b>5.70</b>	<b>6.00</b>	<b>6.30</b>	<b>6.62</b>
13.6x	5.85	6.16	6.48	6.80	7.14
14.6x	6.28	6.61	6.96	7.30	7.67

(Figures in Millions of Pesos)

<b>INCOME STATEMENT</b>	<b>2024</b>	<b>2025E</b>	<b>2026E</b>	<b>2027E</b>	<b>2028E</b>	<b>2029E</b>	<b>2030E</b>
Revenues	2,985	3,518	3,731	4,029	4,479	4,623	4,919
Operating Profit	529	647	691	774	931	933	1,007
<i>Operating margin</i>	<i>17.7%</i>	<i>18.4%</i>	<i>18.5%</i>	<i>19.2%</i>	<i>20.8%</i>	<i>20.2%</i>	<i>20.5%</i>
Depreciation and Amortization	-330	-348	-367	-388	-409	-431	-455
EBITDA	810	1,051	1,118	1,226	1,408	1,432	1,530
<i>EBITDA Margin</i>	<i>27.1%</i>	<i>29.9%</i>	<i>30.0%</i>	<i>30.4%</i>	<i>31.4%</i>	<i>31.0%</i>	<i>31.1%</i>
Financial Gains	231	59	65	77	92	100	106
Financial Cost	-878	-303	-294	-262	-217	-152	-69
Pre-Tax Profit	-112	408	467	594	812	885	1,049
Income Tax & Profit Sharing	8	-108	-126	-163	-227	-248	-294
Net profit	-104	300	341	431	584	638	755
<b>BALANCE SHEET</b>	<b>2024</b>	<b>2025E</b>	<b>2026E</b>	<b>2027E</b>	<b>2028E</b>	<b>2029E</b>	<b>2030E</b>
TOTAL ASSETS	11,800	12,195	12,469	12,940	13,669	13,963	14,454
Current Assets	1,596	1,693	1,718	1,878	2,198	2,197	2,320
LT Assets	10,205	10,502	10,751	11,061	11,471	11,766	12,134
TOTAL LIABILITIES	4,904	4,738	4,374	4,041	3,681	2,789	1,875
ST Liabilities	1,122	896	456	47	-388	-1,356	-2,346
LT Liabilities	3,782	3,842	3,918	3,994	4,070	4,145	4,221
TOTAL DEBT	2,956	2,633	2,301	1,918	1,379	540	-422
NET DEBT	2,676	2,316	1,965	1,515	886	32	-963
TOTAL CAPITAL	6,896	7,457	8,094	8,899	9,987	11,174	12,579
Stockholder's Equity	5,301	5,732	6,222	6,840	7,676	8,589	9,669
Minority Interest	1,596	1,726	1,873	2,059	2,311	2,586	2,911
<b>BALANCE SHEET</b>	<b>2024</b>	<b>2025E</b>	<b>2026E</b>	<b>2027E</b>	<b>2028E</b>	<b>2029E</b>	<b>2030E</b>
Net Profit	-104	300	341	431	584	638	755
Inv. Related Activities	917	552	575	595	617	639	663
Pre-Tax Cash Flow	814	1,049	1,084	1,184	1,365	1,530	1,624
Working Capital Changes	-68	11	-38	-43	-51	-37	-43
Operating Cash Flow	745	1,059	1,045	1,141	1,315	1,493	1,581
Investment Cash Flow	-345	-481	-498	-522	-558	-569	-593
Financing Cash Flow	-323	-541	-528	-552	-667	-908	-956
Net Incr. (Decr.) in Cash & Temp. Inv.	78	37	19	67	90	16	33
Beg. of Period Cash and Temp. Inv.	202	279	317	336	403	493	509
End of Period Cash and Temp. Inv.	279	317	336	403	493	509	541

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