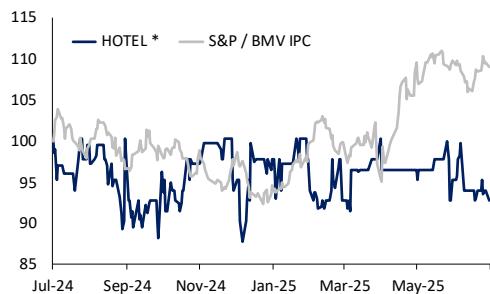


HOTEL: 2Q25 Results

Results fueled by higher available rooms and ADR's in owned hotels; profitability improves and leverage falls

HOTEL *	BUY
Target Price (MXN\$)	\$ 6.00
Current Price (MXN\$)	\$ 3.60
Min / Max (L12M - MXN\$)	3.45 - 4.00
Expected Dividend (MXN\$)	\$ 0.00
Total Return	66.7%
Mkt Cap (Mn of MXN)	2,578
Enterprise Value (Mn of MXN\$)	5,509
Shares Outstanding (Mn)	716.1
Float	72.3%
ADTV (MXN\$ Mn)	\$ 0.28



Opinion and recommendation

HOTEL reported positive quarterly results, supported by the reopening of the *Krystal Beach Acapulco* hotel last year, higher ADR's, and rising profitability levels. Furthermore, leverage improved. These results were in line with our revenue and EBITDA projections, but exceeded our net profits forecasts. We reiterate our BUY recommendation with a MXN\$6.0/share target price.

2Q25 Results

Total revenues were up 23% YoY to MXN\$809.4 million (in line with our expectations), driven by a 22% increase in lodging revenues, which benefited from a 10% rise in available rooms of owned hotels due to the reopening of the *Krystal Beach Acapulco* last year, and a 10% higher ADR, while occupancy levels remained stable at 63.4%. The increases of 24% in food and beverages and 31% in other revenues also contributed.

EBITDA grew 31% YoY to MXN\$193.8 million (in line) with a 1.6 PP margin expansion to 24.0% as administrative expenses only advanced 6.5%, while operating costs and expenses rose 27%. The company posted a higher-than-expected net profit of MXN\$217.2 million (vs. MXN\$160.3 million E), thus reversing last year's net loss due to FX gains.

As a result of the strong EBITDA performance, the net debt-to-EBITDA ratio strengthened to 2.3x at the end of 2Q25, from 2.7x in 1Q25 and 3.4x in 2Q24.

(Figures in Millions of MXN\$)	2Q25	2Q25E	Diff.	2Q24	Change
Revenues	809	801	1.1%	660	22.6%
EBITDA	194	194	-0.2%	148	31.3%
<i>EBITDA Margin</i>	<i>24.0%</i>	<i>24.2%</i>		<i>22.4%</i>	
Financial Gains	222	6	3322.2%	-8	-2957.3%
Financial Cost	-95	107	-189.2%	-237	-59.6%
Net profit	217	160	35.9%	-134	-262.3%

Discounted Cash Flow Model

(Figures in Millions of MXN\$)	2026E	2027E	2028E	2029E	2030E	Perp.
OPERATING PROFIT	702	772	903	969	1,038	1,038
Tax Rate	27%	28%	28%	28%	28%	30%
Tax Shield	-189	-212	-253	-271	-291	-311
NOPLAT	512	560	650	698	747	726
Depreciation	365	385	407	429	452	452
Working Capital Changes	-49	-45	-71	-54	-53	-53
CAPEX	-301	-323	-355	-374	-394	-394
FCFF	528	578	630	699	753	732
Perpetuity Growth Rate						4.9%
PV of Explicit Period (2026 - 2030E)						2,231
Perpetuity Value						9,770
PV of Perpetuity Value						4,856
Enterprise Value						7,087
Net Debt						2,793
Market Value						4,295
<i>Outstanding Shares</i>						716
Target Price						P\$ 6.00
Current Market Price						P\$ 3.60
Potential Return Incl. Dividends						66.7%
Forward EV/EBITDA						8.3x
Forward P/E						17.0x
Average Cost of Debt						7.4%
LT Tax Rate						30.0%
After-Tax Cost of Debt						5.2%
Cost of Equity						15.4%
Market Risk Premium						6.0%
Risk-Free Rate						9.4%
Beta						1.00
% Total Debt						30.0%
% Capital						70.0%
WACC						12.4%

Sensitivity Analysis of the T.P., EV/EBITDA vs. EBITDA

Projected EBITDA	-10%	-5%	<i>Original</i>	+5%	+10%
Projected EBITDA	984	1,036	1,091	1,145	1,203
Target EV/EBITDA					
6.8x	2.70	3.19	3.71	4.23	4.77
7.3x	3.39	3.92	4.47	5.03	5.61
7.8x	4.08	4.64	5.24	5.83	6.45
8.3x	4.76	5.37	6.00	6.63	7.29
8.8x	5.45	6.09	6.76	7.43	8.13
9.3x	6.14	6.81	7.52	8.23	8.97

Sensitivity Analysis of the T.P., P/E vs. Net Profit

Projected Net Profit	-10%	-5%	<i>Original</i>	+5%	+10%
Projected Net Profit	228	240	253	266	279
Target P/E					
14.0x	4.46	4.69	4.94	5.18	5.44
15.0x	4.77	5.03	5.29	5.56	5.83
16.0x	5.09	5.36	5.64	5.93	6.22
17.0x	5.41	5.70	6.00	6.30	6.61
18.0x	5.73	6.03	6.35	6.67	7.00
19.0x	6.05	6.37	6.70	7.04	7.39

(Figures in Millions of Pesos)

INCOME STATEMENT	2024	2025E	2026E	2027E	2028E	2029E	2030E
Revenues	2,985	3,465	3,757	4,034	4,439	4,678	4,924
Operating Profit	529	591	702	772	903	969	1,038
<i>Operating margin</i>	17.7%	17.1%	18.7%	19.1%	20.3%	20.7%	21.1%
Depreciation and Amortization	-330	-346	-365	-385	-407	-429	-452
EBITDA	810	984	1,091	1,185	1,341	1,434	1,530
<i>EBITDA Margin</i>	27.1%	28.4%	29.0%	29.4%	30.2%	30.7%	31.1%
Financial Gains	231	265	27	30	32	34	37
Financial Cost	-878	-306	-387	-431	-465	-498	-545
Pre-Tax Profit	-112	555	347	375	475	511	534
Income Tax & Profit Sharing	8	-79	-94	-103	-133	-143	-150
Net profit	-104	476	253	272	342	368	385
BALANCE SHEET	2024	2025E	2026E	2027E	2028E	2029E	2030E
TOTAL ASSETS	11,800	12,738	13,164	13,669	14,455	14,994	15,535
Current Assets	1,135	1,952	2,085	2,191	2,473	2,571	2,660
LT Assets	10,665	10,786	11,078	11,478	11,982	12,423	12,875
TOTAL LIABILITIES	4,904	5,452	5,765	6,147	6,772	7,137	7,494
ST Liabilities	1,122	1,843	2,079	2,385	2,935	3,224	3,504
LT Liabilities	3,782	3,609	3,685	3,761	3,838	3,914	3,990
TOTAL DEBT	2,956	3,272	3,541	3,900	4,370	4,724	5,079
NET DEBT	2,676	2,793	3,021	3,342	3,756	4,077	4,397
TOTAL CAPITAL	6,896	7,286	7,399	7,522	7,683	7,857	8,041
Stockholder's Equity	5,301	5,570	5,656	5,750	5,873	6,007	6,147
Minority Interest	1,596	1,716	1,743	1,772	1,810	1,851	1,894
BALANCE SHEET	2024	2025E	2026E	2027E	2028E	2029E	2030E
Net Profit	-104	476	253	272	342	368	385
Inv. Related Activities	917	422	636	657	678	700	724
Pre-Tax Cash Flow	814	-3,154	479	444	439	565	625
Working Capital Changes	-68	3,291	-49	-45	-71	-54	-53
Operating Cash Flow	745	137	430	399	368	511	573
Investment Cash Flow	-345	-213	-291	-314	-346	-365	-385
Financing Cash Flow	-323	277	-98	-47	33	-112	-154
Net Incr. (Decr.) in Cash & Temp. Inv.	78	200	40	38	56	33	34
Beg. of Period Cash and Temp. Inv.	202	279	480	520	558	614	647
End of Period Cash and Temp. Inv.	279	480	520	558	614	647	682

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