



October 18th 2023

HOTEL: We expect a positive report, with revenue growth and occupancy levels above 60%.

Target Price Ps.7.00 (current Ps.4.00).

Recommendation: BUY

We expect that during 3Q23 HOTEL will maintain its positive trend in the annual comparative, derived from the progression in the portfolio's occupancy levels and the containment of operating expenses.

That said, for the beach segment we expect mixed results, due to the redistribution of European and U.S. tourism as a result of the reopening of several destinations in Central America and the Caribbean. As for city hotels, we expect them to continue to regain traction in occupancy levels, due to the good performance observed in the construction and industrial segments, mainly in the northern part of the country.

In operating terms, we expect occupancy of the total portfolio (owned and managed) to be approximately 62.3%, which would represent a 2.0 pp reduction with respect to 3Q22. This reduction would derive mainly from the reorientation of the flow of international travelers to destinations in the Caribbean and Central America.

In that sense, we expect an overall ADR of Ps.1,565, with a RevPar of Ps.975.

On the revenue side, we expect revenues to reach Ps.648 million, a 0.9% increase over 3Q22, mainly driven by better revenues in hotels with higher ADR.

On the profitability front, we expect Operating Costs and Expenses to be above the year-to-date level, standing at ~91.4% of Total Revenues. Therefore, we expect an Operating Income of ~Ps.55 million (-44.1% YoY), which translates into a margin of 8.6%.

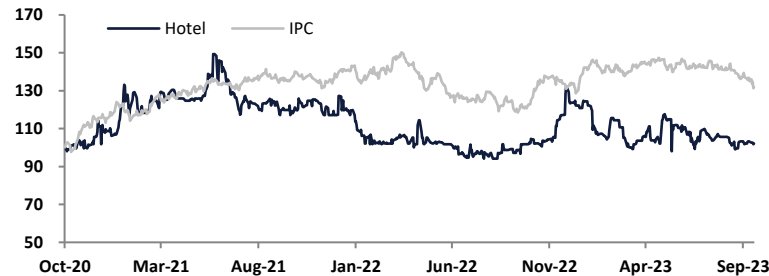
Finally, we expect Adjusted EBITDA of ~Ps.150 million (-12.6% YoY), affected by lower expense absorption.

On the net result front, we expect a Net Loss of ~Ps.51m, mainly due to higher financial expenses and higher costs.

Pending the company's report on October 19th and considering our estimates for the quarter, we ratify our fundamental BUY recommendation, with a June 2024 Target Price (TP) of Ps.7.00 per share.

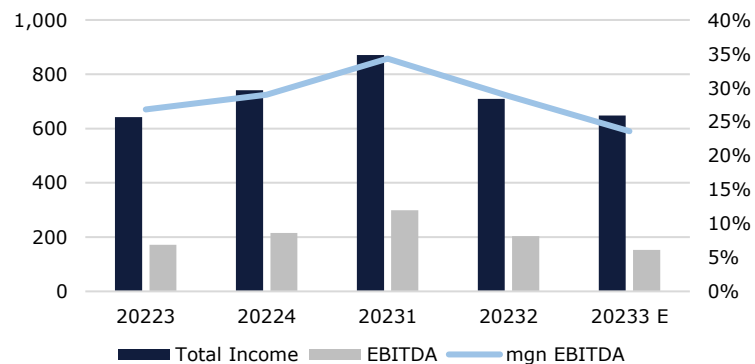
HOTEL VS IPC

(base 100 last three years)



Source: BMV

Consolidated US\$ millions



Source: BMV and APL Global estimates.

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