

Inmobiliaria

Vinte

2003-2018

15



Earnings
Release

1Q18

VINTE REPORTS 6.8% GROWTH IN EBITDA AND 8.9% INCREASE IN NET INCOME DURING 1Q18

Mexico City, Mexico, April 24th, 2018. – Vinte Viviendas Integrales S.A.B. de C.V. (BMV: VINTE), a leading home builder in the development and commercialization of sustainable homes in Mexico, announced today its earnings results for the first quarter 2018. The figures presented in this report are expressed in nominal Mexican pesos, are based on internal and non-audited financial statements, prepared in accordance with IFRS and current interpretations, and may include minor differences due to rounding.

HIGHLIGHTS

- ✦ The participation of the Residential segment (homes sold with prices over Ps.1 million) in the sales mix increased by 15.2 percentage points, from 19.1% in 1Q17 to 34.3% in 1Q18 following Vinte's approach to segment diversification.
- ✦ As a result, the average sale price registered an annual growth rate of 17.4%, which more than offset the 13.0% decrease in volume. Consequently, in an annual basis, 1Q18 Consolidated Revenue increased +5.0%; EBITDA, +6.6%; and, Net Income, +8.9%.
- ✦ At the end of 1Q18, LTM net margin reached a new all-time high of 14.2%.
- ✦ As of March 31, 2018, ROE stood at 17.9%, in line with Vinte's business plan (featured by its strong focus on profitability).
- ✦ In 1Q18, Vinte's level of homes sold with a subsidy stood at a record-low of 0.7%. Therefore, the Company's exposure to shifts in the Mexican housing policy is quite limited providing strong flexibility to its operations.
- ✦ The 2018 dividend payment was approved at the Annual Ordinary General Shareholders Meeting for a total amount of Ps.212 million corresponding to 48% of Net Income, derived from the positive cash flow generated during full-year 2017 and in compliance with Vinte's dividend policy.
- ✦ We advanced, in a timely manner, with the execution of our Ps.3,000 million investment plan in 1Q18 according to our business plan announced early this year.

FINANCIAL STATEMENTS SUMMARY

(MXN million)	Income Statement			Margins %	
	1Q18	1Q17	Δ%	1Q18	1Q17
Homes sold (units) and average sale price	780	897	(13.0%)	771.3	656.9
Revenue	647	616	5.0%	100	100
Cost of Sales (non-interest bearing)	428	407	5.3%	66.2	66.1
Gross Profit	218	209	4.4%	33.8	33.9
SG&A and other expenses	73	73	(0.1%)	11.2	11.8
EBITDA	146	136	6.8%	22.5	22.1
Depreciation and amortization	6	4	58.2%	0.9	0.6
CFR	29	24	19.3%	4.5	4.0
Interests in Joint Ventures	0.3	(0.2)	(256.4%)	0.0	0.0
Earnings Before Taxes	111	108	2.8%	17.2	17.6
Income tax	22	27	(15.8%)	3.5	4.3
Net Income	89	82	8.9%	13.7	13.3

Financial Ratios	Mar. 2018	Mar. 2017	Balance Sheet (MXN million)	Mar. 2018	Mar. 2017
ROE	17.9%	18.9%	Cash & Cash Equivalents	272	227
ROIC	20.7%	22.7%	Gross Debt	1,407	1,117
Interest Coverage	5.17x	5.78x	Net Debt	1,136	890
Gross Debt / EBITDA	1.94x	1.78x	Total Liabilities	2,673	2,138
Net Debt / EBITDA	1.56x	1.42x	Shareholders' Equity	2,614	2,371
Total Liabilities / Equity	1.02x	0.90x			
Net Debt / Equity	0.43x	0.38x			
Cost of Debt	10.4%	11.0%			
Working Capital Turnover	0.76x	0.78x			
LTM EBITDA per home sold	168k	148k			
LTM Net Income per home sold	103k	88k			

MESSAGE FROM THE CEO

Vinte steps into 2018 growing steadily along its P&L lines, right on track to meet all the estimates set at its 2018 Guidance.

The gradual growth in EBITDA and Net Income, fueled by an average price of above the Ps.770 thousand mark, underlines the ongoing consolidation of our profitability within healthy and stable operating parameters; in which the increasing added value of our housing models allows us to continue enhancing our ROE and net margin, even without registering any growth in homes titled.

Additionally, significant advances were achieved in the implementation of our investment plan, continuing with our diversification scope towards our social, middle and residential segments, in hand with the steady commercial positioning and brand awareness that we hold over the markets where we operate; thus, providing us certainty and confidence to move forward in our growth path.

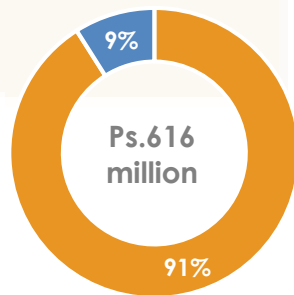
Going forward, the competitive placements of our 5-YR and 10-YR term local notes "CEBUREs", which we have been recently carried out, allow us to improve our liquidity, as well as seize any opportunity that come our way down the road. Regarding our pipeline of housing projects, outstands this quarter the start-up and maturity of: Real Carrara and Real Vizcaya in Estado de Mexico; Real Madeira in Hidalgo; La Vista in Queretaro; and, Real Amalfi and Real Catania in Q. Roo. Finally, with the support of our solid financial position and business model flexibility that we have maintained for over 15 years of successful operation, we feel confident to keep on track the execution of our investment plan as we foresee a positive outlook in this resilient sector and in our flexible operation.

Sergio Leal Aguirre,
Chairman and CEO

OPERATING RESULTS

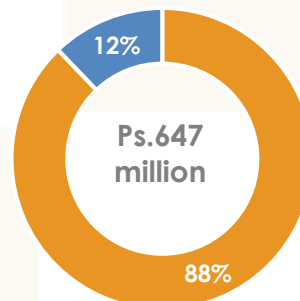
CONSOLIDATED TOTAL REVENUE

1Q17



- Homes
- Home equipment sales and commercial & residential land plots

1Q18



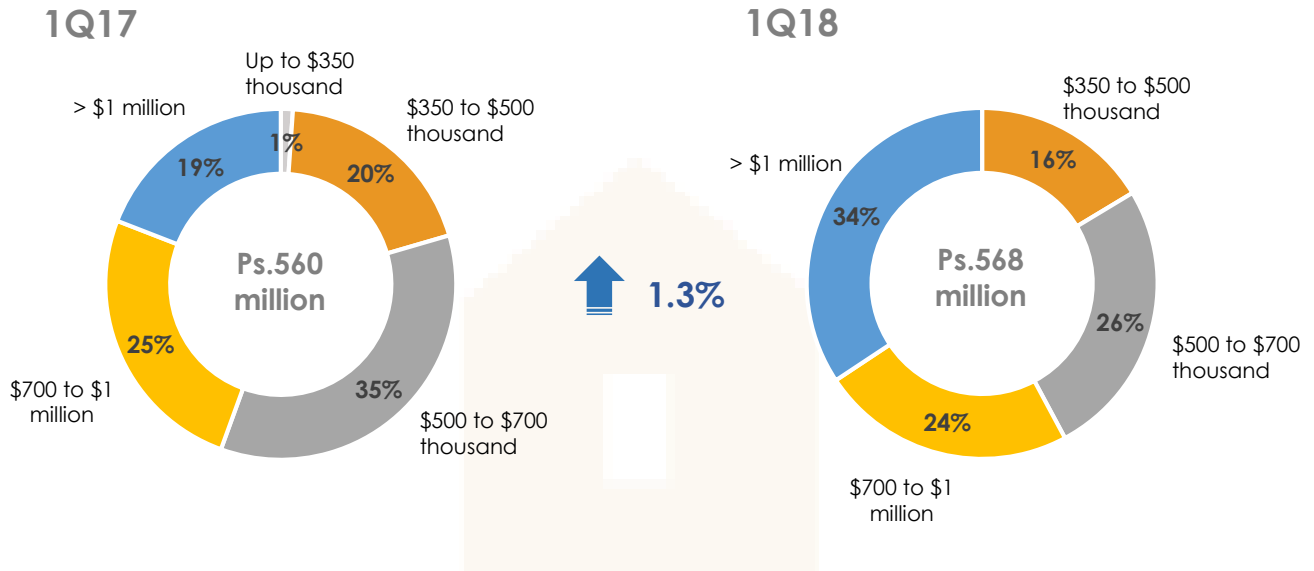
- Homes
- Home equipment sales and commercial & residential land plots

↑ 5.0%

1Q18 Consolidated Revenue totaled Ps.647 million, an increase of 5.0% versus the Ps.616 million registered in the same period last year, highlighting the larger participation of higher added-value housing models in the sales mix. Consolidated Revenue for the period also include Ps.34 million from the sale housing equipment and technologies and Ps.45 million from the ancillary revenue from the sale of home equipment and commercial & residential land plots.

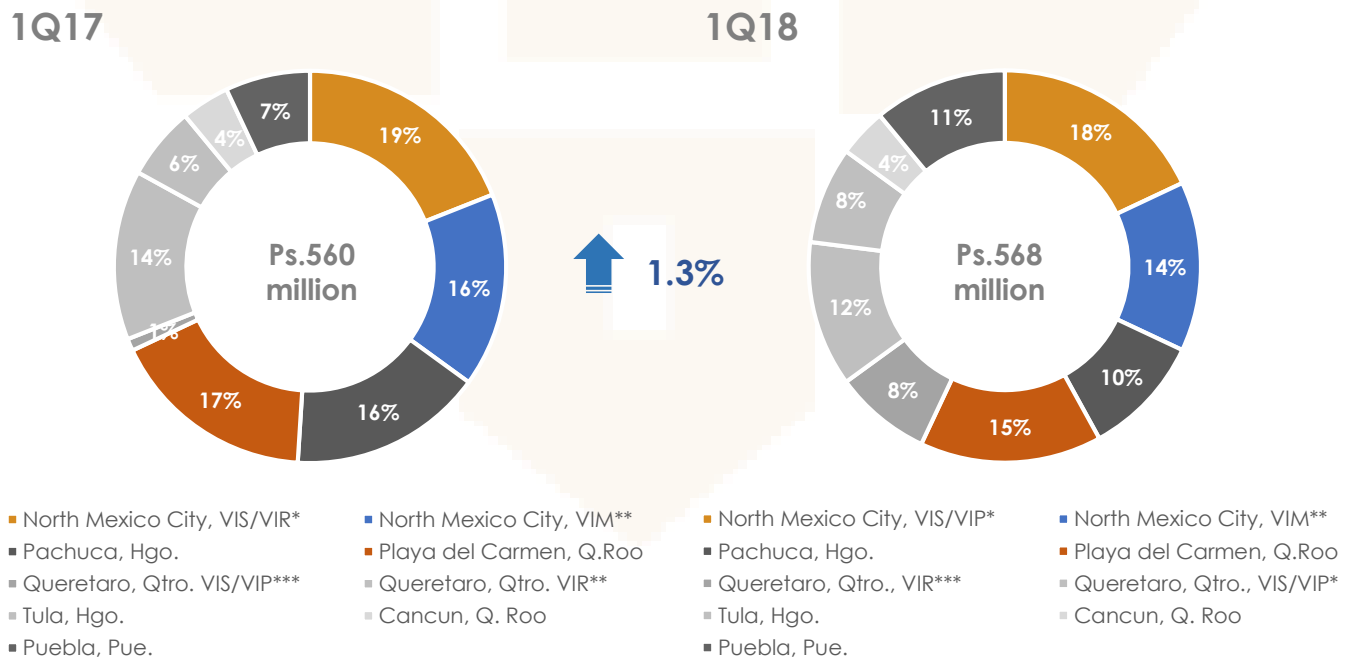
HOMES SOLD REVENUE BREAKDOWN

By segment:



In 1Q18, the larger share of the Residential segment in homes sold revenue stood out, going from 19.1% in 1Q17 to 34.3% this quarter; this segment has prices above one million pesos, and was benefited by the recent commercial operations start-up at Real Catania in Quintana Roo and Real Vizcaya in Estado de Mexico, as well as the ongoing selling activities at our new developments (Real Carrara in Estado de Mexico, Real Madeira in Hidalgo, La Vista in Queretaro, and Real Amalfi in Q. Roo).

By market:

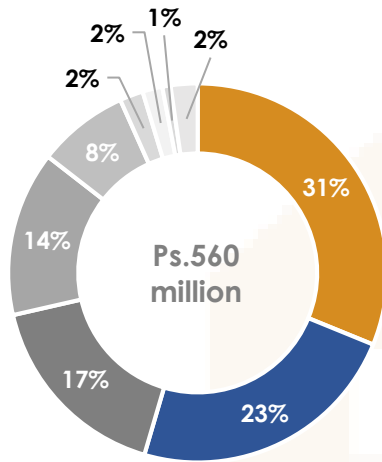


*Affordable entry-level and Residential homes
 **Middle-income homes
 ***Residential homes

By financing:

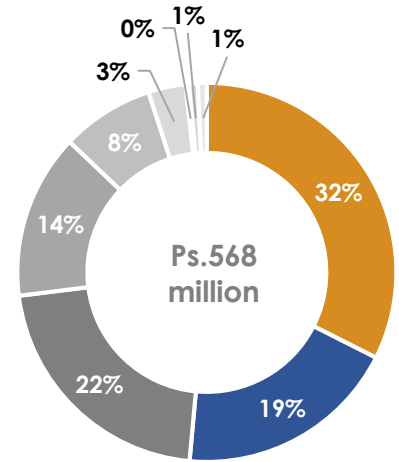
1Q17

- Infonavit
- Fovissste
- Banks
- Without mortgage
- Cofinavit
- Misc. (CFE/PEMEX/Other)
- Info Total
- Alia2
- Infonavit-Fovissste

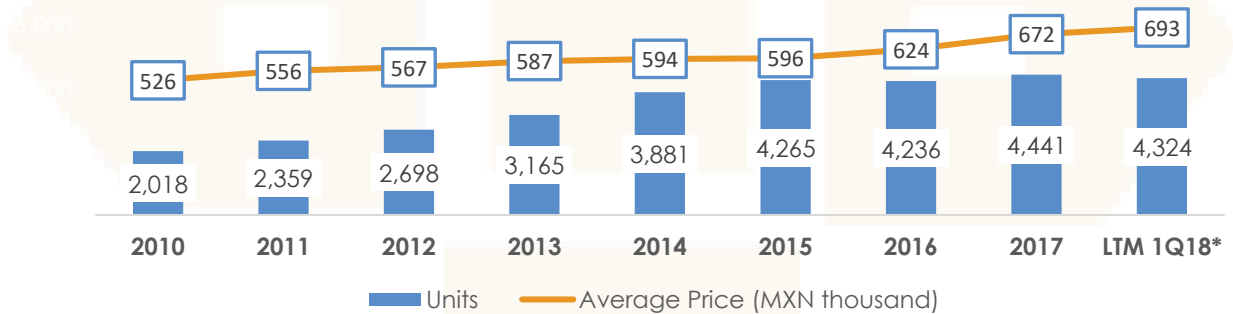


1Q18

- Infonavit
- Fovissste
- Banks
- Without mortgage
- Cofinavit
- Misc. (CFE/PEMEX/Other)
- Info Total
- Alia2
- Infonavit-Fovissste



AVERAGE CONSOLIDATED PRICE

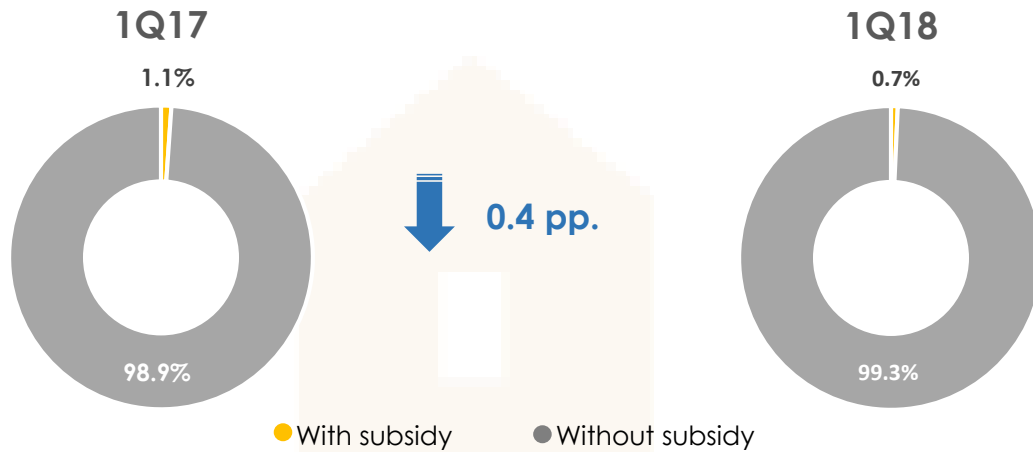


*With financial information from the last three quarters of 2017 and first quarter 2018

1Q18 average consolidated price, including revenue from equipment sales, reached Ps.771 thousand, an increase of Ps.114 thousand (+17.4%) vs. the Ps.657 thousand registered at the end of 1Q17, maintaining an upward trend; largely supported by our strategy focused on developing a highly profitable sales mix, through a larger participation of the middle and residential segments.

NON-DEPENDENCE ON SUBSIDIES

HOMES SOLD WITH SUBSIDIES



In 1Q18, the share of titled homes with subsidies in total revenue stood at a record-low of 0.7%, decreasing 0.4 percentage points versus the 1.1% in 1Q17. This minimum exposure allows us to maintain stable and resilient results against the current environment, due to the possible risks and uncertainty that may arise from the upcoming federal elections in Mexico.

FINANCIAL PERFORMANCE

INCOME STATEMENT

Gross Profit (MXN million)

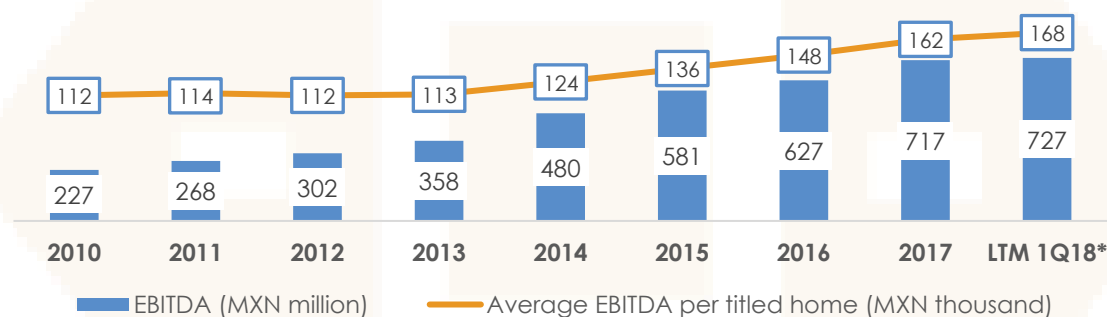
1Q18 Gross Profit reached Ps.204 million, increasing 4.9 YoY when compared to the Ps.195 million in 1Q17. On the other hand, Gross Margin (calculation based on non-interest-bearing cost of sales) stood at 33.8% in 1Q18, decreasing 10 bps. versus the 33.9% in 1Q17.

Selling, General and Administrative Expenses and Other Expenses

SG&A and Other Expenses totaled Ps.73 million in 1Q18, remaining at a similar level compared to the same period 2017, as a result of the Company's strategy focused on profitability, which prioritizes margin over the volume of homes sold, thus boosting the generation of better economies of scale and scope.

Consistent with the operating efficiency achieved in 2017, the proportion of SG&A and Other Expenses to Revenue stood at 11.2% in 1Q18, decreasing by 60 basis points compared to the 11.8% in 1Q17, as the revenue has risen while the cost structure has remained flat.

EBITDA



*With financial information from the last three quarters of 2017 and first quarter 2018

1Q18 EBITDA totaled Ps.146 million, an increase of 6.8% when compared to the Ps.136 million in 1Q17. On the other hand, 1Q18 LTM EBITDA was Ps.727 million, up by 15.9% versus the Ps.627 million registered in the same period last year. During the quarter, average EBITDA per titled home increased 22.9% against 1Q17.

Comprehensive Financial Result (CFR):

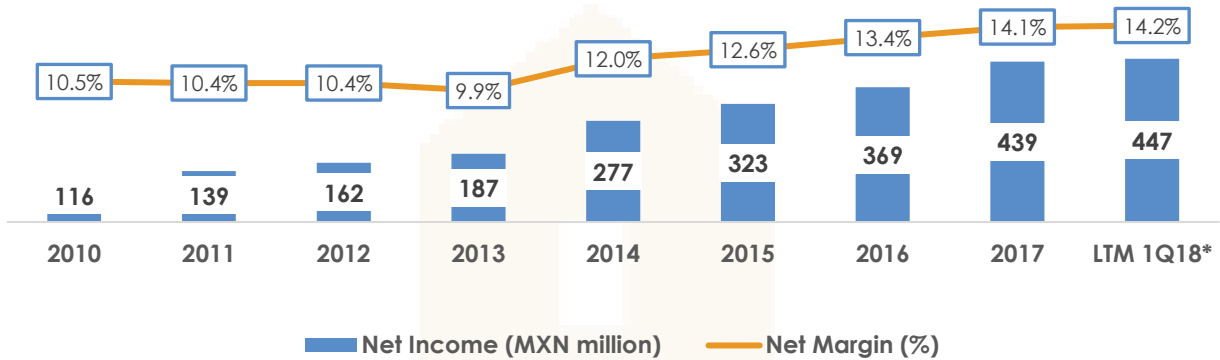
CONCEPT (MXN million)	1Q18	1Q17	Δ%
Capitalized interests	14	14	(1.9)
Interest Income	(3)	(4)	(14.6)
Financial Expenses	19	14	31.3
Total CFR	29	24	19.3
CFR to Revenue	4.5%	4.0%	0.5 pp

1Q18 Comprehensive Financial Result (CFR) was Ps.29 million, increasing 19.3% versus 1Q17, following the interest rate hikes of the last 12 months, as well as the higher outstanding debt of the Company, which will be deployed to finance our business plan.

Income Tax:

Income Tax was Ps.22 million in 1Q18, decreasing 15.8% when compared to the Ps.27 million in 1Q17. At quarter-end, the effective tax rate for the Company declined 4.5 percentage points, from 24.5% in 1Q17 to 20.1% this quarter.

Net Income:



*With financial information from the last three quarters of 2017 and first quarter 2018

1Q18 Net Income amounted to Ps.89 million, posting an 8.9% YoY increase. LTM Net Income reached Ps.447 million in 1Q18, 20.3% higher than the Ps.371 million recorded in the same period last year following the ongoing consolidation of a better sales mix, with higher average prices. Similarly, LTM Net Margin in 1Q18 stood at 14.2%, setting a new all-time high. During the quarter, Net Income per home sold posted a 25.2% growth vs. 1Q17.

STATEMENT OF FINANCIAL POSITION

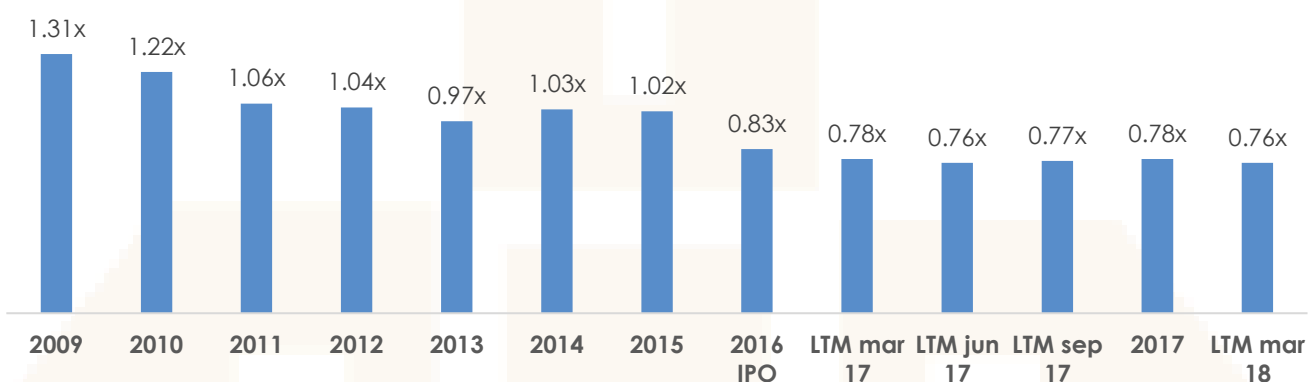
Cash and Cash Equivalents:

Vinte seeks to maintain an available cash balance equal to 6 - 7 weeks of sales and financial expenses. We consider that this amount constitutes an appropriate balance between the financial stability required to face any unpredicted contingency and the maximization of the productive use of the Company's financial resources. Cash and cash equivalents balance at the end of 1Q18 was Ps.272 million, compared to Ps.227 million in 1Q17, an increase of 19.6% YoY. As of March 31, 2018, cash and cash equivalents balance was about 6.4 weeks of sales and financial expenses.

Working Capital Turnover:

Vinte's approach to closely monitor the performance of working capital has boosted continuous growth and reduced financial and operating risk.

Working Capital Turnover = LTM Revenue / (accounts receivable + long and short-term inventories – accounts payable – customer advances)



During 1Q18, working capital turnover registered a slight decline from 0.78 times in 1Q17 to 0.76 times, attributed to the investments carried out in the period as part of the 2018 investment program of up to Ps.3,000 million, announced earlier this year.

Inventories:

At the end of the first quarter 2018, total inventory balance was Ps. 4,467 million, increasing 21.1% when compared to the Ps. 3,688 million recorded in the same period last year. This growth is mainly due to the increase in land bank related to the development of new housing projects and completion of those that are already on development.

It is important to highlight that Vinte's inventory is recorded at acquisition cost, therefore its market value might be substantially higher.

Debt:

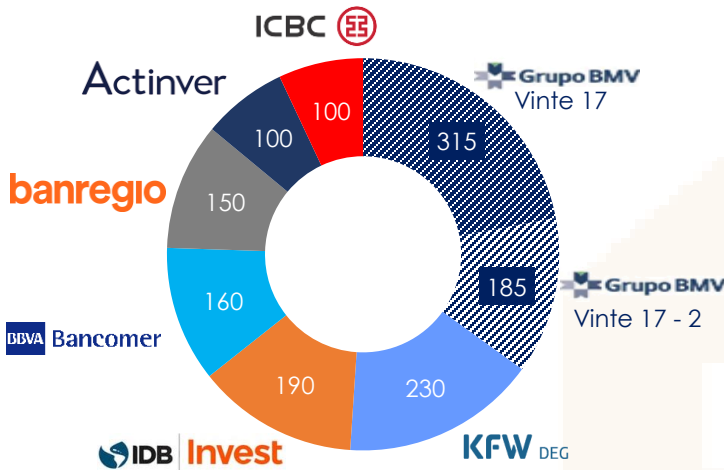
Concept (MXN million)	1Q18	1Q17	Δ%
Net Debt	1,136	890	27.6
Gross Debt	1,407	1,117	26.0

As of March 31, 2018, Vinte's debt balance was Ps. 1,430 million and, discounting the issuance costs in accordance with IFRS, reached Ps. 1,407 million. The increase in gross debt is explained by the utilization of credit facilities to cover the high levels of investment required to purchase land and execute other investments in working capital. The obtained resources were used to finance the Company's operating requirements and accelerate the development of new housing projects.

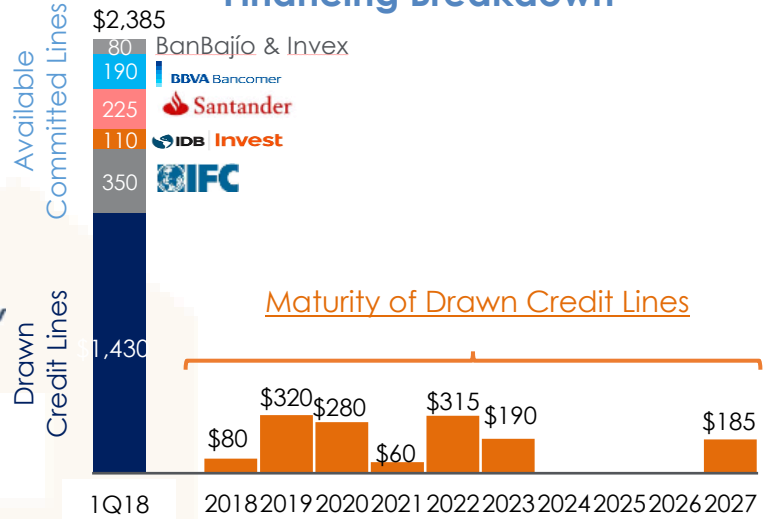
Approximately 29.0% of the Company's total debt (37.0% in net debt terms) was contracted at a weighted average fixed rate of 9.1%, and 100% is denominated in Mexican pesos.

Regarding the Company's financing profile, the average term of the debt is 5.7 years. The balance of debt due 2018 and 2019 amounted to Ps. 80 million and Ps.320 million, respectively.

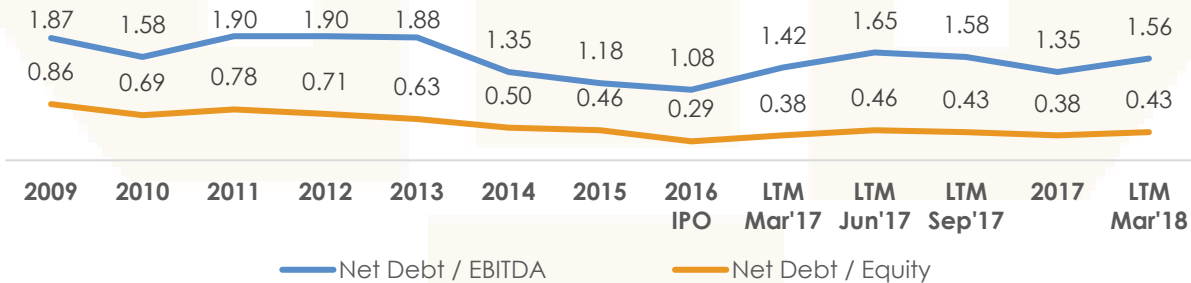
Debt Breakdown (Ps.1,430 million)



Committed Financing Breakdown

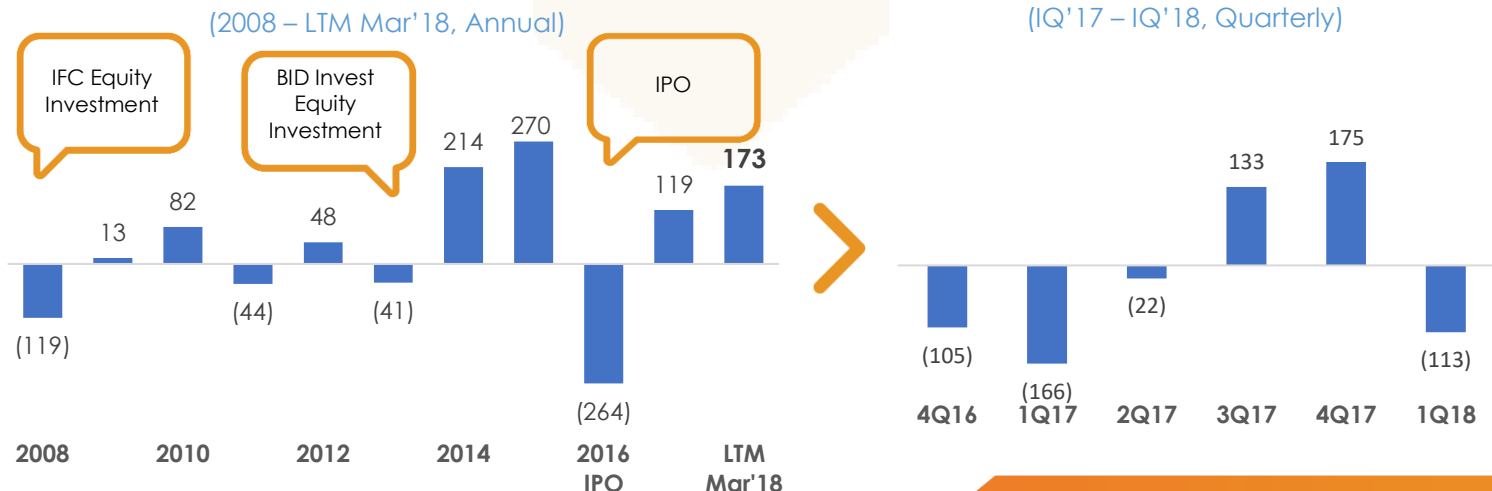


The level of indebtedness as of 1Q18, measured as Net Debt / EBITDA and Net Debt / Shareholders' Equity, posted a quarter-on-quarter expansion, from 1.35x to 1.56x and from 0.38x to 0.43x, respectively. This variation is attributed to the use of the subscribed credit lines in this quarter, in order to execute our 2018 investment program. These resources will be mainly deployed to development activities for the start-up of new housing projects. Despite this increase, Vinte's leverage indicators remained at healthy levels.



Free Cash Flow from Operations:

During 1Q18, the Company registered a negative cash flow from operations of Ps.-113 million, positively compared to the negative Ps.-166 million cash flow in 1Q17. This result reflects the initiation of our investment program and agile development of our affordable-entry level, middle and residential projects.



ADDITIONAL INFORMATION

RECENT DEVELOPMENTS

- On April 23th, 2018, the Ordinary General Shareholders' Meeting of Vinte was held, where the distribution of a cash dividend for a total amount of up to Ps. 212 million, to be charged against the 2017 net income, was proposed on the agenda. The proposed distribution will be settle through a payment of up to Ps.1.12 per each of the 189,153,981 fully subscribed and paid-in single series shares. Additionally, the Meeting approved that such cash distribution will be paid in only one exhibition, thus covering the Ps.212 million.

ANALYST COVERAGE

Institution	Analyst	Email	T.P.	Recommendation
Actinver	Ramón Ortiz Reyes	ortiz@actinver.com.mx	Ps.31.00	Buy
Citigroup	Alejandro Lavin	alejandro.lavin@citi.com	Ps.30.00	Neutral
UBS	Marimar Torreblanca	marimar.torreblanca@ubs.com	Ps.30.00	Buy

ABOUT VINTE

Vinte is a vertically integrated Mexican home builder with a clear focus on profitability. For more than a decade it has been dedicated to developing residential complexes for middle-income families, focused on improving their quality of life, a commitment for which it has received multiple national and international awards. Vinte has developed more than 33 thousand homes across five states of Mexico, mainly in the center of the country, achieving a high level of loyalty amongst its clients and extensive brand recognition in the markets in which it operates. Vinte's highly-qualified management team has over 26 years of experience in the Mexican housing sector.

FORWARD-LOOKING STATEMENTS

"This document contains certain statements related to the comprehensive overview of Vinte Viviendas Integrales (VINTE) regarding its activities to the present day. The information included in this document is a summary of information regarding VINTE which is not intended to cover all related information about VINTE. The information contained in this document has not been included to provide specific advice to investors. The statements contained herein reflect the current views of VINTE with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause future results, performance or achievements of VINTE be different from those expressed or implied by such forward looking statements, including, among others, economic or political changes and global business conditions, changes in exchange rates, the overall level of the industry, changes in housing demand, prices of raw materials, etc. If one or more of these risks occur, or should the underlying assumptions prove to be incorrect, actual results may vary materially from those described herein as anticipated, believed, estimated or expected. VINTE does not intend nor assume any obligation to update the statements presented in this document."

CONFERENCE CALL



CONFERENCE CALL 1Q18

Date: Wednesday, April 25th 2018

Presenters:

Time: 11:00 A.M. (CST, Mexico City)
12:00 P.M. (EST, NYC)

Sergio Leal – CEO
Domingo Valdes – CFO
Gonzalo Pizzuto – Finance Team

Dial-in number:

U.S.A. / International:
Tel: 1-334-323-7224

Mexico:

Tel: 001 334-323-7224

Passcode:

VINTE

MP3 Recording:

Available 60 min. after the
conference call at:
www.vinte.com

**1Q18 earnings
release date:**

Tuesday, April 24th 2018
(before market close)

**Additional
information:**

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VINTE VIVIENDAS INTEGRALES, S.A.B. DE C.V. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF MARCH 31, 2018 AND 2017
(THOUSANDS OF MEXICAN PESOS)

ASSETS	MAR 31, 2018	MAR 31, 2017	Δ%
CURRENT ASSETS:			
Cash, cash equivalents and restricted cash	271,923	227,327	19.6
Accounts receivable	238,232	258,636	(7.9)
Accounts receivable from Mayakoba Trust No CIB/2185	23,042	9,744	136.5
Inventory	2,664,708	2,386,486	11.7
Prepayments and other assets	116,842	183,443	(36.3)
TOTAL CURRENT ASSETS	3,314,747	3,065,636	8.1
NON-CURRENT ASSETS:			
Inventory	1,802,475	1,301,559	38.5
Prepayments	44,787	14,588	207.0
Property, plant and equipment	47,719	40,365	18.2
Investments in Trust and Joint Ventures	50,783	55,717	(8.9)
Other non-current assets	21,946	20,641	6.3
Long-term receivables from sale of commercial lots	4,776	10,472	(54.4)
TOTAL NON-CURRENT ASSETS	1,972,486	1,443,342	36.7
TOTAL ASSETS	5,287,233	4,508,978	17.3
PASIVO Y CAPITAL CONTABLE			
PASIVO A CORTO PLAZO:			
Current portion of long-term bank loans	110,000	100,000	10.0
Current portion of local notes (CEBURES)	-	-	-
Obligations secured by sales of future receivables contracts	57,698	37,761	52.8
Accounts payable to land suppliers	108,158	27,848	288.4
Accounts payable to suppliers	215,113	152,036	41.5
Dividends payable	-	-	-
Various creditors, subcontractors and others	130,051	130,803	(0.6)
Customer prepayments	90,856	107,437	(15.4)
Accumulated expenses and taxes	94,916	57,639	64.7
Income tax	7,221	4,845	49.1
Profit sharing payables	10,263	16,645	(38.3)
TOTAL CURRENT LIABILITIES	824,276	635,014	29.8
NON-CURRENT LIABILITIES			
Long-term debt	806,913	820,107	(1.6)
Long-term local notes (CEBURES)	490,520	197,313	148.6
Accounts payable to land suppliers	-	-	-
Employee benefits	2,294	1,639	40.0
Deferred income tax	548,739	484,005	13.4
TOTAL NON-CURRENT LIABILITIES	1,848,465	1,503,063	23.0
TOTAL LIABILITIES	2,672,741	2,138,077	25.0
STOCKHOLDERS' EQUITY			
Capital stock	862,281	862,304	0.0
Reserve for share repurchase	32,612	71,808	(54.6)
Retained earnings of previous years	1,630,770	1,355,218	20.3
Fiscal year performance	88,829	81,571	8.9
TOTAL SHAREHOLDERS' EQUITY	2,614,492	2,370,901	10.3
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	5,287,233	4,508,978	17.3

VINTE VIVIENDAS INTEGRALES, S.A.B. DE C.V. AND SUBSIDIARIES

STATEMENT OF CONSOLIDATED INCOME FOR THE THREE MONTHS ENDED MARCH 31, 2018 AND 2017
(THOUSANDS OF MEXICAN PESOS)

	1Q18	1Q17	Ch.%
REVENUE	646,503	615,604	5.0
Cost of Sales	442,244	420,888	5.1
GROSS PROFIT	204,259	194,717	4.9
SG&A	79,400	77,444	2.5
Other Expenses (Income), net	(1,185)	(1,233)	(3.9)
OPERATING INCOME	126,044	118,505	6.4
Comprehensive Financial Result	15,203	10,218	48.8
Interest in Joint Ventures	305	(195)	(256.4)
EARNING BEFORE TAX	111,147	108,091	2.8
Income Tax	22,318	26,520	(15.8)
CONSOLIDATED NET INCOME	88,829	81,571	8.9

VINTE VIVIENDAS INTEGRALES, S.A.B. DE C.V. AND SUBSIDIARIES

STATEMENT OF CONSOLIDATED CASH FLOW AS OF MARCH 31, 2018 AND 2017
(THOUSANDS OF MEXICAN PESOS)

	1Q18	1Q17	Δ%
CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit (loss) before income tax	111,147	108,091	2.8%
Adjusted for:			
Depreciation and amortization of intangible assets	5,598	3,538	58.2%
Amortization of debt issuance costs	4,728	2,818	67.8%
Asset retirement	1	13	(95.9%)
Interests in Joint Ventures	(305)	195	(256.4%)
Interest expense	28,560	29,823	(4.2%)
Interest received	(2,688)	(1,808)	48.7%
Sum	147,039	142,670	3.1%
CHANGES IN WORKING CAPITAL:			
(Increase) decrease in accounts receivable	84,540	58,179	45.3%
Increase (decrease) in creditors	12,986	(51,794)	(125.1%)
(Increase) decrease in real estate inventories	(268,074)	(241,517)	11.0%
(Increase) decrease in other current assets	3,141	(7,529)	(141.7%)
(Decrease) Increase in suppliers	(53,768)	(4,208)	>100.0%
Increase (Decrease) in prepayments to clients	(1,521)	29,663	(105.1%)
Increase (decrease) in accumulated taxes and expenses	41,549	(15,585)	(366.6%)
Employee profit sharing	(19)	1,189	(101.6%)
Interest received	2,688	1,808	48.7%
Employee benefits	-	-	-
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES	(31,439)	(87,124)	(63.9%)
Income tax paid	(48,927)	(15,080)	224.5%
Net cash flows from (used in) operating activities	(80,366)	(102,203)	(21.4%)
CASH FLOWS FOR INVESTMENT ACTIVITIES:			
Investment in property, plant and equipment	(2,598)	(3,205)	(19.0%)
Investments in Trusts and Joint Ventures	-	-	-
Advance payments	-	-	-
Payments for other assets	-	-	-
NET CASH FLOWS FROM (USED IN) INVESTMENT ACTIVITIES	(2,598)	(3,205)	(19.0%)
CASH FLOWS FOR FINANCING ACTIVITIES:			
Increase in Capital	-	23	(100.0%)
Increase in bank financing	480,040	724,887	(33.8%)
Share repurchase	(19,330)	(17,872)	8.2%
Decrease in bank financing	(330,000)	(500,029)	(34.0%)
Obligations for sale of future collection rights contracts	(30,823)	(56,520)	(45.5%)
Payment of obligations for sale of future collections rights contracts	-	-	-
Expenses for placement of debt instruments	(289)	(5,498)	(94.7%)
Dividends paid	-	-	-
Interests paid	(28,560)	(29,823)	(4.2%)
NET CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES	71,038	115,168	(38.3%)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(11,926)	9,759	(222.2%)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	283,848	217,568	30.5%
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	271,923	227,329	19.6%