



# Q1 2018 Results

11 May 2018

metrovacesa

# Disclaimer

This Presentation neither constitutes nor forms part of any offer for sale or invitation to purchase or subscribe for, or request for an offer of purchase or subscription, of the shares belonging to Metrovacesa, SA ("Metrovacesa"). This Presentation, as well as the information included therein, neither constitutes nor forms part of (i) any contract or commitment of purchase or subscription of shares in accordance with the Securities Market Law, or (ii) an offer of purchase, sale or exchange of shares, or a solicitation of any type of voting rights in the jurisdiction of Spain, UK, USA or any other. "Presentation" refers to this document and any part or content of this document; any oral presentation, brainstorming session and written or audio material processed or distributed during the meeting related to the Presentation or in any way associated with the Presentation. The Presentation and the information contained in the Presentation may not be reproduced, used, distributed or published, in whole or in part, in any case, except with regard to the information extracted from the Presentation and used for the preparation of analysts' reports in accordance with the applicable regulations. The breach of this obligation may result in a violation of the legislation applying to the securities market and this may lead to civil, administrative or criminal liability. In addition to information related to historical facts, this Presentation may contain forward-looking statements relative to Metrovacesa's sales and results and to other issues such as industry, business strategy, goals and expectations concerning its market position, future operations, margins, profitability, capital investment, own resources and other operational and financial information. Forward-looking statements include statements concerning plans, objectives, goals, strategies, future events or performance, and underlying assumptions and other statements that are not about historical facts. The terms "foresee", "expect", "anticipate", "estimate", "consider", "may" and other similar expressions may identify forward-looking statements. Other forward-looking statements can be identified based on their context. Forward-looking statements are based on numerous hypotheses and assumptions relating to Metrovacesa's present and future business strategy, as well as the environment in which Metrovacesa expects to operate in the future. Forward-looking statements include and involve known and unknown risks, uncertainties and other material factors that may affect the actual results and performance of Metrovacesa or the industry. Therefore, the result and the actual performance may differ materially from those expressed or implied in these statements. None of the forward-looking statements, expectations, or perspectives included in this Presentation should be construed as a prediction or a promise. Neither should it be understood that the forward-looking statements involve any demonstration, promise or warranty whatsoever of the accuracy or completeness of the assumptions or hypotheses which such forward-looking statements, expectations, estimates or forecasts are based on, or, in the case of the assumptions, their full inclusion in the Presentation. Numerous factors may cause Metrovacesa's results or actual performance to be materially different from any future results or performance expressly or implicitly included in any of the aforementioned forward-looking statements. In the event that one or several of the aforementioned risks or uncertainties were to materialise, or in the event that the assumptions prove incorrect, actual results may be materially different from those described, anticipated, expected or projected in the Presentation. Therefore, the recipient of this presentation should not unduly rely on these forward-looking statements and their ability to predict future outcomes. Present and future analysts, securities brokers and investors must operate based on their own judgement as to the suitability and adequacy of the securities in terms of the achievement of their particular goals, having taken into consideration what is specified in this notice and the public information available and having received all the professional advice, or of any other type, deemed necessary or merely convenient in these circumstances, without having relied solely on the information contained in the Presentation. The dissemination of this Presentation does not constitute advice or recommendation by Metrovacesa to buy, sell or trade with Metrovacesa shares, or with any other security. Analysts, securities brokers and investors should take into account that the estimates, projections and forecasts do not guarantee the performance, result, prices, margins, exchange rates and other facts relating to Metrovacesa, which are subject to risks, uncertainties or other variables that are not within Metrovacesa's control, in such a way that the future results and the actual performance could be materially different to that anticipated, projected and estimated. The information contained in this Presentation which is not intended to be all-inclusive, has not been verified by an independent third party and shall not be updated. The information of the Presentation, including the forward-looking statements, refers to the date of this document and does not imply any guarantee for future results. Metrovacesa expressly disclaims any obligation or undertaking to disseminate any updates or revisions of the information, including financial data and forward-looking statements. In this regard, Metrovacesa shall not publicly distribute any revision that may affect the information contained in the Presentation that is derived from changes in expectations, facts, conditions or circumstances on which is based the forward-looking statements, or any other change that occurred on the date of the Presentation or after this date. The data relating to the industry, the market and the competitive position of Metrovacesa contained in this Presentation that are not attributable to a specific source have been extracted from the analyses or estimates made by Metrovacesa and have not been independently verified. In addition, the Presentation may include information related to other companies operating in the same sector and industry. This information comes from public sources and Metrovacesa provides no express or implied representation or warranty, nor assumes any responsibility for the accuracy, completeness or verification of the aforementioned data. Certain statistical and financial information contained in the Presentation are subject to rounding adjustment. Therefore, any discrepancy between the total and the sum of the amounts reflected is due to this rounding off. Some of the indicators of financial and operational management included in this Presentation have not been subjected to a financial audit or verification by an independent third party. In addition, certain figures of the Presentation, which have not been subject to financial audit either, are pro forma figures. Metrovacesa and its employees, executives, directors, advisors, representatives, agents or affiliates assume no liability (for fault or negligence, direct or indirect, tort or contract) for damages that may arise from the use of this Presentation or its content or that, in any case, are related to this Presentation. The information contained in this Presentation does not constitute legal, accounting, regulatory, tax, financial or any other type of advice. The aforementioned information has not been prepared taking into consideration the needs or particular situations nor the investment, legal, accounting, regulatory, tax, or financial goals of the recipients of the information. Solely recipients shall be responsible for forming their own judgment and reaching their own opinions and conclusions with respect to these matters and the market, as well as for making an independent assessment of the information. Solely recipients shall be responsible for seeking independent professional advice in connection with the information contained in the Presentation and any action taken based on such information. No one takes responsibility for the information or for any actions taken by any recipient or any of its directors, executives, employees, agents or associates on the basis of the aforementioned information. Neither this presentation nor any part thereof are contractual in nature, and may not be used to form part of or constitute any kind of agreement. Upon receipt of or attendance to the Presentation, the recipient declares its conformity and, therefore, to be subject to the restrictions specified in the preceding paragraphs

# Agenda

Table of Contents

1. Key Business Highlights
2. Business Update
3. Financial Overview
4. Closing Remarks
5. Appendix / Recent case studies

Today's Presenters



Jorge Perez de Leza CEO



Borja Tejada CFO



Pablo Ortiz IR

metrovacesa

Mundo Aguilón. Feel Priviledge (Pulpi, Almería)

# 1. Key Business Highlights



# Portfolio as of Q1 2018

Business		<b>2,959</b> active units <b>62</b> active developments	<b>1,422</b> units and <b>34</b> developments under commercialization	<b>€294k/unit</b> ASP <sup>(1)</sup>	Sales Backlog <sup>(2)</sup> <b>593</b> <b>€149m</b> Sold units
		<b>1,003</b> units under construction	<b>24</b> developments under construction		
		<b>36</b> units delivered	<b>€245k/unit</b> ASP <sup>(1)</sup>	 Commercial business Turnkey projects Josefa Valcárcel <b>62%</b> completion Land Sales. Preliminary agreements > €30m	
		<b>6.1 million sqm</b> buildable area	<b>c.37,500</b> buildable units <sup>(3)</sup>	<b>76%</b> <sup>(4)</sup> Fully permitted	
Financial		<b>€2.6Bn</b> Total Assets	<b>€2.4Bn</b> Equity	<b>1% LTV</b>	

Notes

(1) Average selling price

(2) Defined as bookings + contracts – deliveries in the period

(3) Estimated number of units may vary in time depending on the type of project and maximum buildability

(4) In terms of GAV as of December 31, 2017

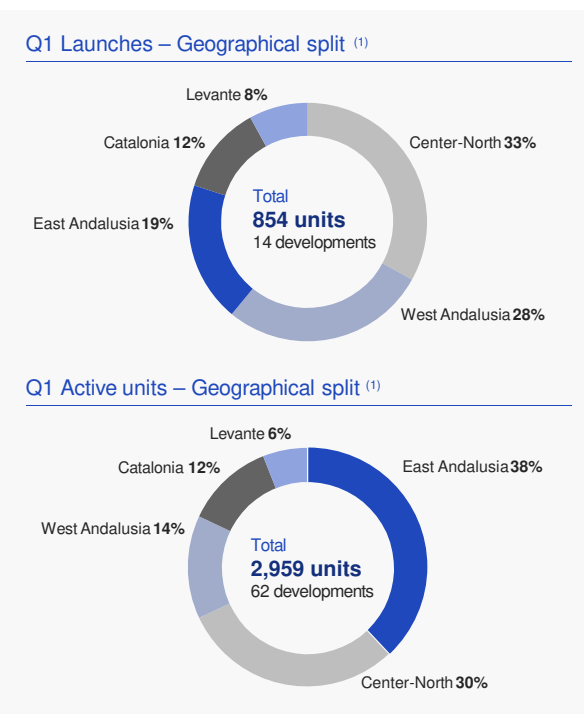
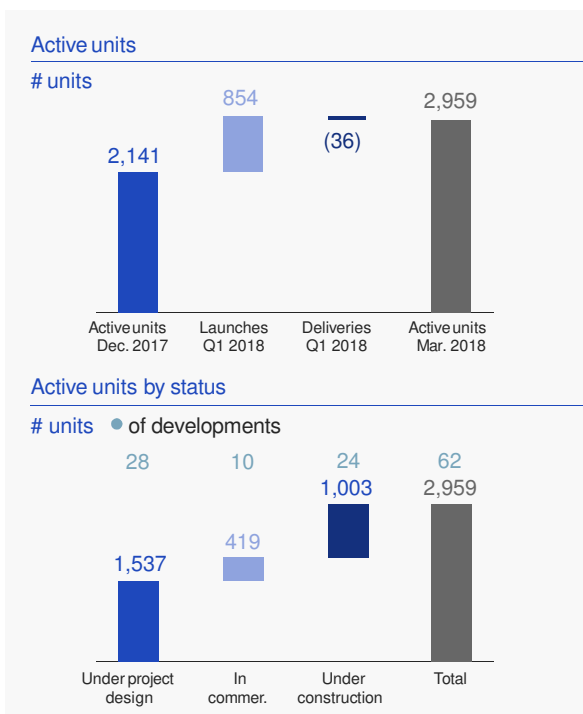
metrovacesa

Albácora Village (Isla Cristina, Huelva)

# 2. Business Update



# Residential launches and active units: in line with our target



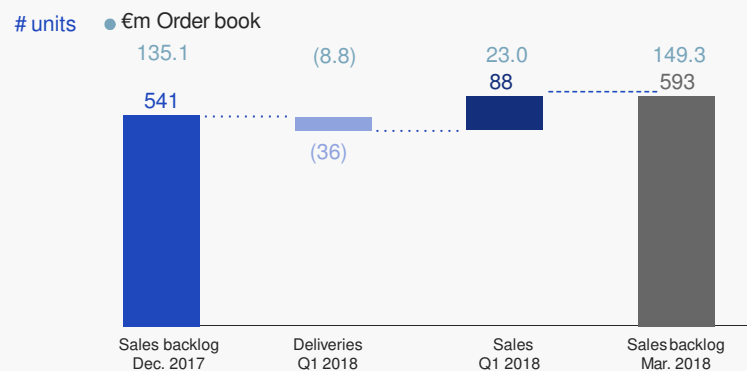
### Key considerations

- Total active units reaching 2,959 which represent 45% of gross active units expected in 2018, with an average selling price of €294k/unit
- Total of 14 new developments, equivalent to 854 units, launched in Q1 2018 with average gross margin of c.27% <sup>(2)</sup>
- Additional 3,500 units to be launched along the rest of 2018
- 62 active developments, of which 34 under commercialization (including 24 under construction)
- 41% of units under construction with a degree of completion ≥ 75%

Notes  
 (1)Center-North: Madrid, Navarre, Galicia, Basque Country, Canary Islands and Castilla - Leon; Levante: Valencian Community, Murcia and Ibiza; Catalonia: Catalonia and Mallorca; West Andalusia: Cordoba, Seville, Huelva and Cadiz; East Andalusia: Malaga (including Costa del Sol) and Almeria  
 (2)Gross margin of c.24% including capitalized financing costs

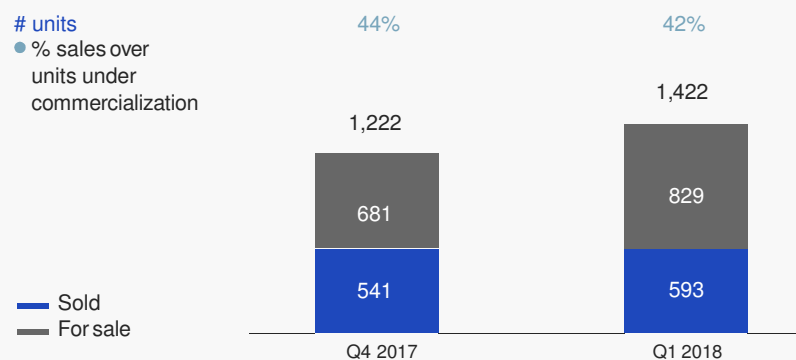
# Residential sales and commercialization evolution. 88 units sold in Q1

88 units sold, 593 units of sales backlog <sup>(1)</sup>



- Total sales backlog stood at 593 units (€149m)
- 72% of 2018 target deliveries already sold

42% of units under commercialization already sold



- 1,422 units under commercialization as of March 31, 2018
- 42% of units under commercialization sold (73% contracts/ 27% pre-sales)

## Sales Overview as of March 2018

Target delivery date	2018	2019	2020
Target deliveries (units) (TD)	520	700	3,500
Sold units <sup>(1)</sup>	374	242	13
% Sold of TD	72%	35%	0%

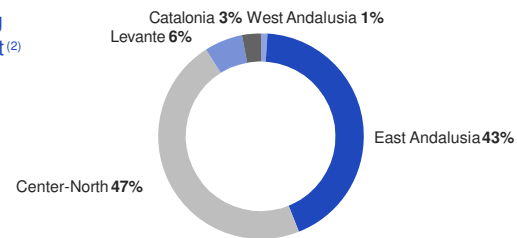
### Notes

(1) Total sales of target deliveries 2018-2019 (616 units) - deliveries 1Q18 (36 units) + sales of target deliveries 2020 (13 units) = 593 units

(2) Center-North: Madrid, Navarre, Galicia, Basque Country, Canary Islands and Castilla - Leon; Levante: Valencian Community, Murcia and Ibiza;





Catalonia: Catalonia and Mallorca; West Andalusia: Cordoba, Seville, Huelva and Cadiz; East Andalusia: Malaga (including Costa del Sol) and Almeria.

## Q1 Sales backlog Geographical split<sup>(2)</sup>





## Residential: main projects in commercialization and under construction

Project	Status	Region	# Units	Expected Delivery Date	% Sales	% Construction Completion
 Mundo Aguilón Feel Priv.	Under construction/ Delivery	East Andalusia	<b>197</b>	2018-2019	<b>19%</b> <sup>(1)</sup>	99% <sup>(2)</sup>
 Rosales Residencial	Under construction	Madrid	<b>132</b>	2018	<b>100%</b>	81%
 Edificio Gregorio Marañón	Under construction	East Andalusia	<b>114</b>	2018-2019	<b>46%</b> <sup>(1)</sup>	100%
 Le Mirage I & II	Under construction	Costa del Sol	<b>72</b>	2019	<b>99%</b>	26%
 Le Mirage III (Develop. 1 of 2)	Under construction	Costa del Sol	<b>66</b>	2019	<b>92%</b>	1%
 Villas de Miramadrid	Under construction	Madrid	<b>46</b>	2019	<b>100%</b>	17%
 Lago de Arrosadía	Under construction	Navarre	<b>41</b>	2018	<b>95%</b>	84%

Notes

(1) WIP Projects acquired with a high degree of construction completion: "Mundo Aguilón" at 98% and "Gregorio Marañón" at 60%. Sales progress of 19% and 46% achieved by Metrovacesa in a 5 month period

(2) Minor upgrade works on fully completed units

# Residential: 36 deliveries in Q1 2018

Main residential developments delivered

## Terrazas III (9 units)



Location	Marbella, Málaga
Region	Costa del Sol
Units	13
Sqm for sale	2,154
Construction Company	Teginser
Start of delivery	Q4 2017
Sales at delivery	100%
Gross Margin	c.29%

## La Reserva de Sotorebolo (7 units)



Location	Algeciras, Cádiz
Region	West Andalusia
Units	8
Sqm for sale	960
Construction Company	Jarquil
Start of delivery	Q1 2018
Sales at delivery	100%
Gross Margin	c.20%

## Mirador de San Blas I (19 units)



Location	Alicante
Region	Levante
Units	32
Sqm for sale	3,745
Construction Company	Avintia
Start of delivery	Q4 2017
Sales at delivery	88%
Gross Margin	c.21%

Residential developments total revenues of **€8.8m**  
and gross margin of **24.7%**  
Average selling Price of **€245k /unit**

# Commercial and Land business: Quarterly Update

	Target 2018	Status	Additional information
Land Sales	<b>&gt; €30m</b>	Preliminary agreements •Almogavers (Barcelona): €22m •Other: €8m Advanced negotiations (LOI) €14m	Sale of Almogavers expected to close during Q2 2018. Agreed sale price in line with current GAV
Turnkey Deliveries	<b>€0m</b>	•Josefa Valcarcel (Madrid): 9,081 sqm sold to Axiare (€30m) •Work in progress at 62%	Expected to be delivered in Q4 2018 (initial target in Q1 2019) Transaction closed above current GAV
Turnkey Projects and JVs	<b>Launch of &gt;36,000 sqm</b>	•In advanced discussions for different projects totaling c.36,000 sqm in Madrid and Barcelona	
Land Management	<b>83% of fully permitted GAV</b> (in 12-18 months since IPO)	•Current Fully Permitted GAV: 76% <sup>(1)</sup> vs. 74% at IPO	Good progress in urban planning in the portfolio of Barcelona, Madrid, Malaga and Cadiz

Note  
 (1) In terms of GAV as of December 31, 2017

metrovacesa

Villas de Alhakén (Córdoba)

# 3. Financial Overview



# Profit and Loss Account: Breakeven net result

## Summary P&L <sup>(1)</sup>

(€m)	YTD Mar. 18
Revenues	8.8
Cost of sales	(6.8)
<b>A</b> Gross margin	2.0
% Gross margin	23%
Wages & salaries	(3.5)
<b>B</b> External services	(4.5)
Changes in investment property	-
EBITDA	(6.0)
<b>C</b> D&A / Change in provisions	3.8
EBIT	(2.2)
<b>D</b> Financial income /(expenses)	(0.6)
EBT	(2.8)
Income tax	-
Net income	(2.8)
Adjustment One-off Expenses <sup>(2)</sup>	3.0
Net Income adjusted	0.1

### Notes

(1) Unaudited Financial Statements

(2) Amount included under External services (€1.9m) and Wages and salaries: 100% MIP (€1.1m)

(3) Rental services and others

(4) SPA: Sale & Purchase Agreement

## Key considerations

### A

- 36 units delivered (€245k/unit)
- 23% gross margin in line with guidance for 2018
  - 24.7% residential development
  - Other services slightly below breakeven <sup>(3)</sup>

- Most units were launched in 2015/2016 with lower margin than targeted for upcoming years

### B

- External services: Mainly commercialization expenses (€2m) accrued at signature of SPAs <sup>(4)</sup> and one-off expenses: IPO costs (€1.9m)

### C

- Includes release of non-current provision booked in 2016

### D

- Net effect of corporate financing expenses (€1.7m) and income from shareholders contribution pre-IPO (€1.1m) as described in IPO prospectus

# Balance Sheet

## Summary Balance Sheet <sup>(1)</sup>

	(€m)	Dec. 2017	Mar. 2018
<b>A</b>	Investment property <sup>(2)</sup>	370.6	370.3
	Other non- current assets	177.3	176.9
	<b>Total non-current assets</b>	<b>547.9</b>	<b>547.2</b>
<b>A</b>	Inventory	1,906.0	1,919.1
<b>B</b>	Cash	50.3	63.2
	Public administration	10.8	4.2
	Other current assets	32.0	39.1
	<b>Total current assets</b>	<b>1,999.1</b>	<b>2,025.6</b>
	<b>Total Assets</b>	<b>2,547.0</b>	<b>2,572.8</b>
<b>C</b>	Provisions <sup>(3)</sup>	16.6	7.9
	Bank debt	-	-
	Other non-current liabilities	12.0	11.9
	<b>Total non-current liabilities</b>	<b>28.6</b>	<b>19.8</b>
	Provisions <sup>(3)</sup>	13.5	13.5
<b>D</b>	Bank debt	47.5	73.2
	Other current liabilities	60.0	63.2
	<b>Total current liabilities</b>	<b>121.0</b>	<b>149.9</b>
<b>E</b>	Equity	2,397.4	2,403.1
	<b>Total Equity + Liabilities</b>	<b>2,547.0</b>	<b>2,572.8</b>

### Notes

(1) Unaudited Financial Statements

(2) Booked at fair market value (IFRS)

(3) Provisions for completion of construction and other provisions (litigation, guarantees, etc)

(4) Among other, shareholders contribution Pre-IPO for MIP and prepaid taxes accrued in 2017

## Key considerations

### A

- **Book value (inventory + investment property): €2.3Bn**
- Updating valuation in June 2018

### B

- **Solid cash position** to fund short term liquidity needs

### C

- **Provision:** release of provision due to agreement with creditor  
Release agreed registered in P&L (€3.9m)

### D

- **Bank debt:** Includes long term corporate financing and project financing. Bridge financing fully repaid in January 2018

### E

- **Shareholders contribution pre-IPO <sup>(4)</sup>**

# Cash Flow Statement

## Summary Cash Flow Statement

(€m)	Dec. 2017	Mar. 2018
EBT	(78.1)	(2.8)
Changes in trade provisions	65.8	(7.5)
Changes in investment properties	(1.4)	-
Financial cost / (income)	-	1.4
Other income / (expenses)	-	1.1
<b>Operating cash flow</b>	<b>(13.7)</b>	<b>(7.8)</b>
Changes in working capital	(12.9)	(12.4)
Inventories	(22.1)	(9.9)
Trades and other receivable	(7.0)	(0.5)
Trades and other payable	16.2	(2.0)
Other operating cash flows	-	-
<b>Net cash flow from operating activities</b>	<b>(26.6)</b>	<b>(20.2)</b>
Net cash flow from investing activities	(2.7)	(0.8)
Net cash flow from financing activities	47.2	33.9
<b>A Net cash increase / (decrease)</b>	<b>17.9</b>	<b>12.9</b>
Cash BoP	32.4	50.3
Cash EoP	50.3	63.2

### Notes

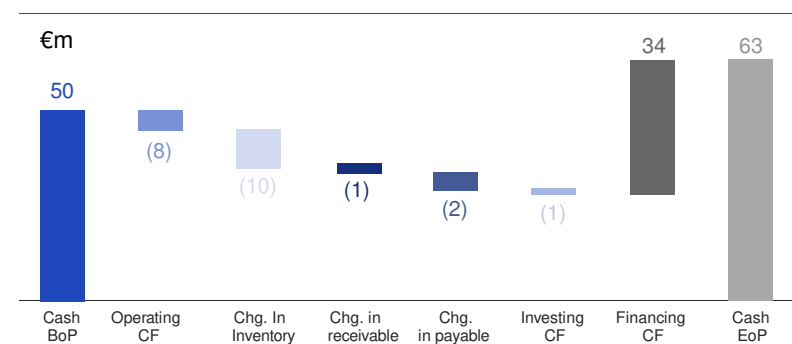
(1) Unaudited Financial Statements

(2) Corporate Income Tax, out of which €1.1m have been recognized in P&L account under "financial income"

## Key considerations

### A

- Shareholders contribution pre-IPO for MIP and prepaid CIT <sup>(2)</sup> (€10.2m)
- Gradually drawing corporate financing to fund operational needs:
  - Corporate financing drawdown: €65m
  - Bridge financing repayment: €40m



# Fully-funded business plan and leverage in ramp up

## Net debt position <sup>(1)</sup>

(€m)	Dec. 2017	Mar. 2018
Adjusted gross debt	38.1 <sup>(2)</sup>	73.2
Corporate Financing		
Non Current	-	-
Current	30.5	65.0
Developer Loans		
Non Current	-	-
Current	7.6	8.2
Other Debt		
Current	-	-
Available cash <sup>(3)</sup>	38.3	49.2
Net Debt	(0.3)	24.0

€638m available financing <sup>(4)</sup>

### Notes

(1) Unaudited financial statements

(2) Adjusted gross debt = Gross debt according to balance sheet (€47.6m, of which €9.5m correspond to VAT financing) minus recoverable VAT (€10m) guaranteed by tax authorities

(3) In addition, there are €12m and €14m respectively, of restricted cash (advanced payments from clients), to pay for construction costs

(4) Available corporate financing (€275m) + project financing committed (€277m) + undrawn project financing (€86m)

## Key considerations

- Prudent leverage strategy
- Net debt according to IPO guidance
- Prioritizing the use of cash to minimize financial expenses
- Target LTV < 25%
- Solid cash position plus undrawn corporate debt
- Project financing
  - More than €277m committed, pending to be signed
  - €94m signed and €8m drawn
  - Diversified bank risk (financing with most relevant credit entities)
- Corporate financing signed on Dec. 2017
  - Amount: €275m fully available from Jan. 2018
  - Term: 5 years (60% balloon at maturity)
  - Purpose: urbanization, opex, capex, taxes and development costs, repayment bridge financing



metrovacesa

Villas Bahía de las Rocas (Manilva, Málaga)

# 4. Closing remarks



# Reconfirming 2018 Targets



Notes

(1) Estimated number of units may vary in time depending on the type of project and maximum buildability

## Closing remarks

---

Strong real estate market fundamentals across the different submarkets

---

2018-19 deliveries well on track

---

Sales momentum aligned with the ongoing sharp increase in projects under commercialization

---

HPA growth absorbing construction cost increase

---

Continuous value creation effort through active land management

---

Growing interest in commercial land and development

---

Best in class platform successfully executing in all submarkets

---

metrovacesa

Residencial Vivaldi (Sagunto, Valencia)

# 5. Appendix

## Case Studies



# Residencial Novolérez (under project design)

## Key metrics

Location	Pontevedra
Region	Galicia
Units	96
Sqm for sale	12,425
Construction Company	n.a
Construction Completion	n.a
Sales to date	n.a
Target Gross Margin	c.25%

## Key highlights

- Residencial Novorélez is located in Pontevedra, Galicia
- 92 multy-family homes (1, 2, 3 and 4 bedrooms) over 8 floors
- 189 parking spaces and 92 storage rooms
- Green and other common areas such as sport facilities and swimming pool
- 4 retail premises



# Residencial Vivaldi (in commercialization)

## Key metrics

Location	Puerto de Sagunto, Valencia
Region	Levante
Units	21
Sqm for sale	3,509
Construction Company	Under tender process
Construction Completion	n.a
Sales to date	38%
Target Gross Margin	c.21%

## Key highlights

- Residencial Vivaldi is located very close to the beach of Sagunto and to commercial and recreational areas
- 21 attached single-family homes (4 and 5 bedrooms) distributed in 2 or 3 floors
- Common areas include a swimming pool



# Lago de Arrosadía (under construction)

## Key metrics

Location	Pamplona
Region	Navarre
Units	41
Sqm for sale	6,411
Construction Company	Ortiz
Construction Completion	84%
Sales to date	95%
Target Gross Margin	c.31%

## Key highlights

- Lago de Arrosadía is located in the southern part of Pamplona, next to the three universities
- This area has recently experienced a remarkable expansion
- 38 multi-family homes (2 and 3 bedrooms), 4 of which are lofts. All include balconies
- 61 parking spaces and 38 storage rooms
- 3 retail premises



# La Reserva de Sotorebolo (delivered)

## Key metrics

Location	Algeciras, Cádiz
Region	West Andalusia
Units	8
Sqm for sale	960
Construction Company	Jarquil
Construction Completion	100%
Sales to date	100%
Gross Margin	c.20%

## Key highlights

- Reserva de Sotorebolo is located in the city of Algeciras, in the province of Cádiz
- It consists of 8 villas (4 bedrooms) where quality and design is present in all its finishes





metrovacesa

Cancelada R4. Le Mirage III (Estepona, Málaga)

# Q&A

