

Results 1Q2020

May 13th, 2020

Serenity Collection (Estepona, Málaga)

metrovacesa



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Agenda

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Today's Presenters



Jorge Perez de Leza **CEO**



Borja Tejada **CFO**



Juan Carlos Calvo **IR**

1. Highlights of the quarter



Highlights of the quarter



Continued operational progress in 1Q20

- **3,747 units in construction** (510 added in 1Q) **and 5,501 in commercialisation**
- Pre-sales **backlog increased to 2,248 units** and €630m of future revenues
- **During 1Q20:** 263 units pre-sold, 146 units delivered and €49m in land sales



Strong financial situation, reinforced in 1Q20

- **Cash position of €292m** in March, a substantial rise in 1Q, with net LTV of 3%
- **Positive FCF of €25m** generated in the first quarter
- No material debt repayments in 2020 ⁽¹⁾ and additional debt facilities signed in April



Covid-19 outbreak means reduced visibility

- A disruptive event since early March. Still too **soon to evaluate the impact** on earnings, cashflow or timetables
- **Key priorities** for MVC are: cash preservation and conservative approach; business continuity to minimise the impact; health and safety preservation for all stakeholders

Note:

(1) €7m debt repayment due in 2020

Covid-19: update and initiatives



Commercial initiatives

- **Points of sale reopened this week**, after 8 weeks closed
- **#MVC Digital**: 360° virtual tours, remote signing of reservations and contracts, etc.
- **#PromueveConfianza**: deferral of two monthly payments for existing clients, incentives for new reservations, etc.
- **#BeSafe**: insurance policy covering existing clients, from Covid-related situations



Cash preservation initiatives

- Full **withdrawal of the corporate loan** available
- **New loans signed**: €30m in April
- Case-by-case **review of land capex** commitments
- Prioritising the use of project financing instead of advances from clients



Construction Works

- **All sites are operational since April 13th**. Works were halted only for 2 weeks
- Progress is lower than 100%, due to stricter safety protocols, but it is gradually improving
- **New starts**: decision to commence on new projects when the development financing is in place



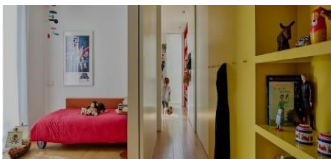
Corporate decisions

- Decision on **dividend** postponed until 2H2020 due to limited visibility
- **Share buyback** plan remains in place
- **Guidance** on 2020 free cashflow is suspended, due to limited visibility
- **Annual General Meeting** called for May 25th, available via remote access



Employees and structure

- MVC's **team is working remotely** with good productivity
- **Safety procedures** during the restriction period and for the gradual comeback period
- €10,160 donation to charities, half from employees and half from MVC
- **Cost-cutting initiatives**: freeze on new hirings, reduction in non-essential general expenses



#PromueveConfianza campaign



#MVC Digital: virtual tours

MVC is reacting and it is well prepared to face the situation

2. Business update



Key operational data as of March, 2020

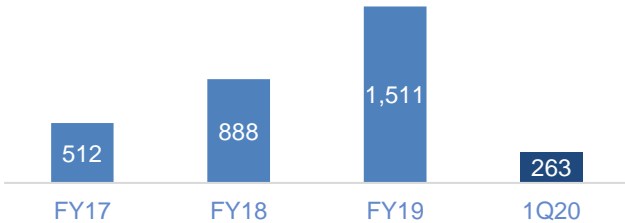
Business		8,054 active units 134 active developments	€307k/unit ASP ⁽¹⁾	5,501 units and 93 developments under commercialization	Sales Backlog ⁽²⁾ 2,248 €630m Sold units €280k/unit ASP ⁽¹⁾
		3,747 units under construction	59 developments under construction		
		146 units delivered in Q1 €255k/unit ASP ⁽⁴⁾	263 units sold in Q1 ⁽³⁾ €255k/unit ASP		€49m Land Sales
		6.0 million sqm Buildable area	c.36,500 buildable units ⁽⁵⁾	81.1% ⁽⁶⁾ Fully permitted	Increase of 1.2% /GAV due to Arpo land plot (Madrid)
Financials		€2.7Bn GAV Dec. 19	€17.90 per share NAV Dec. 19	3% LTV	

Notes:

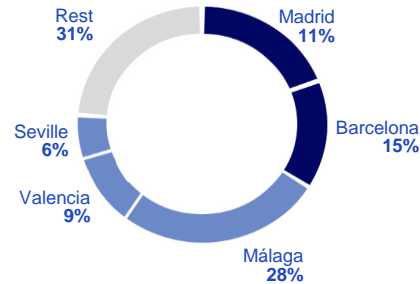
- (1) Average Selling Price, not including future HPA
- (2) Defined as cumulative pre-sales (reservations + contracts) minus deliveries
- (3) Reservations + contracts signed in the period, net of cancellations
- (4) Excluding some units from the historical portfolio
- (5) Estimated number of units may vary in time depending on the type of projects and maximum buildability
- (6) Current percentage, calculated on Dec 2019 appraisal values

Residential pre-sales: 263 units sold in Q1, backlog of 2,248 units

Pre-sales in the period: 263 units in 1Q20
units



Sales backlog split by province

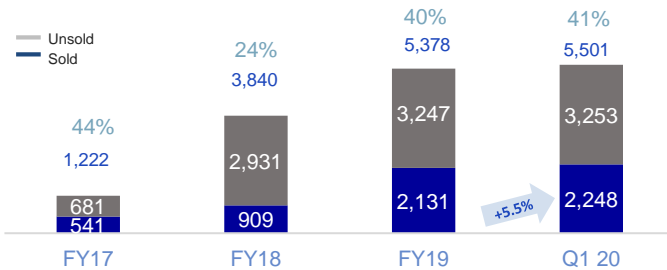


- **1Q pre-sales:** comparatively stronger figures in January and February, followed by a weak March, already impacted by Covid-19
- Improved visibility in the **pre-sales backlog:** 2,248 units with €630m of future revenues. A growing proportion of the total portfolio in commercialization (41%).

Under commercialization:

5,501 units (ASP of €300k), 41% is already pre-sold

units ● % pre-sold



Sales backlog:

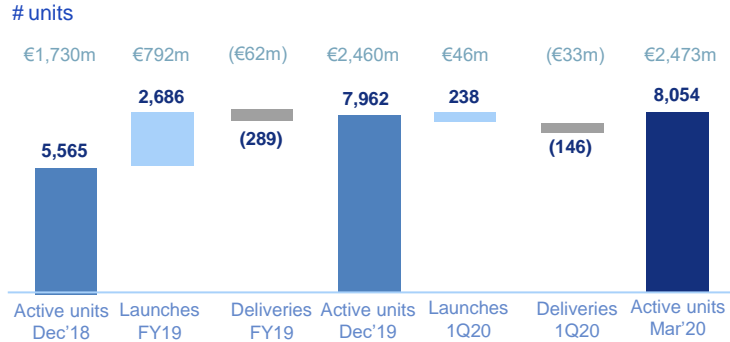
2,248 units (ASP €280k/unit)

units ● sales value in € m



Residential active units: 8,054 as of March

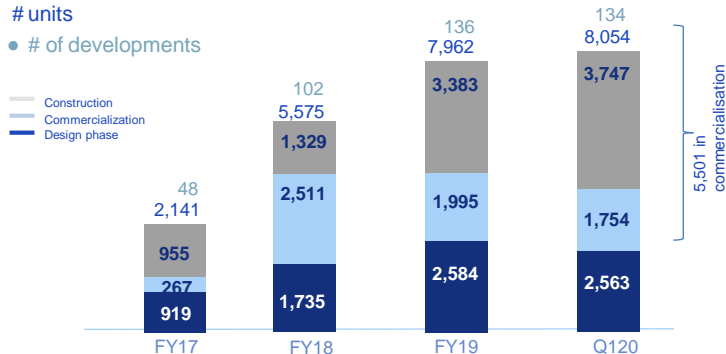
Active units Accum. March 2020 ⁽¹⁾



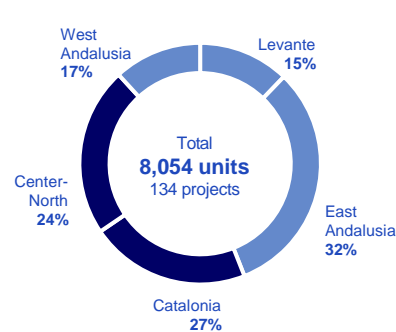
Figures as of March 2020:

- Total **active units** reached **8,054** with an average selling price (ASP) of **€307k/unit**
- **134 active developments:**
 - 93 under commercialization (5,501 units)
 - 59 under construction (3,747 units)
- Launches: **238 units launched** in Q1

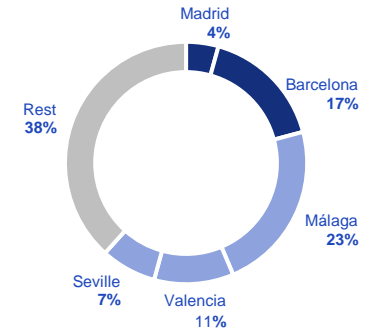
Active Units by Status



Active Units – Split by regional office ⁽²⁾



Active Units – Split by province



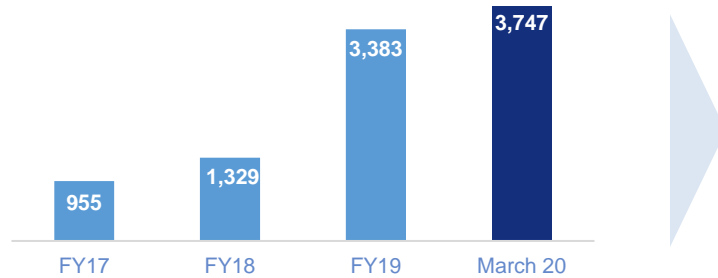
Notes:

(1) Active units: units in projects launched internally, including projects already under commercialisation and projects in design phase (prior to commercialisation)

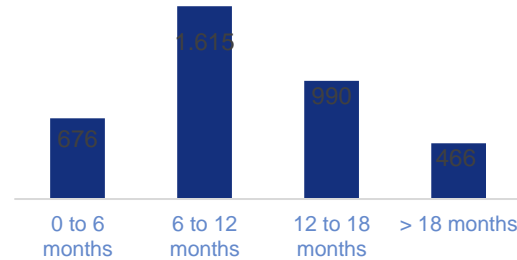
(2) Center-North: Madrid, Navarre, Galicia, Basque Country, Canary Islands and Castilla-Leon; Levante: Valencian Community, Murcia and Ibiza; Catalonia: Catalonia and Mallorca; West Andalusia: Cordoba, Seville, Huelva, Cadiz; East Andalusia: Costa del Sol and Almeria

Construction & licenses as of March

Total units in construction (work in progress)
(# units)

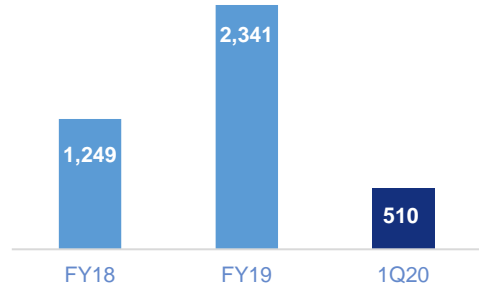


Current units in construction, split by # of months from starting date
(# units)



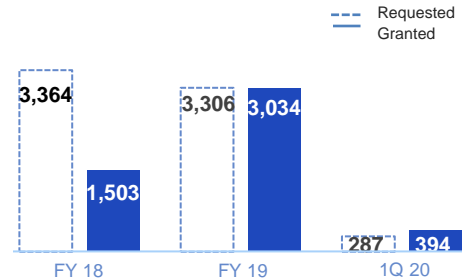
- **3,747 units (59 projects)** are currently under construction (WIP & finished product)
- Total **volume of contracted works is €528m**, signed with 27 construction companies
- Usual lead time is 20-24 months from construction start to delivery

New construction starts
(# units)



- **510 units initiated** construction works in 1Q 20

Building licenses granted & requested
(# units)



- In 1Q20: **394 units** (9 projects) received a **building licence** and 287 units (5 projects) requested licence
- **2,238 units (37 projects)** under **licensing process** now, with avg. of 6 months into the process

Deliveries in 1Q 2020



146 units delivered in the first quarter

- This compares to 14 units delivered in 1Q 2019, and represents the majority of the tail deliveries pending at the end of last year
- A number of units were planned for delivery in March, but they had to be rearranged due to the outbreak of Covid-19. These should be made shortly after the restrictions are lifted
- Still early to evaluate the impact of Covid-19 on the agenda of deliveries for the full year 2020



Details on 1Q deliveries

- Split by regional office: 40% in Centre-North, 38% in Easter Andalusia, 18% in Catalonia and 4% in Levante
- Average selling price (ASP) of delivered units is €255k ⁽¹⁾, with a gross margin of 16%, a margin that is expected to improve in following quarters



Villas de Miramadrid (Paracuellos, Madrid)



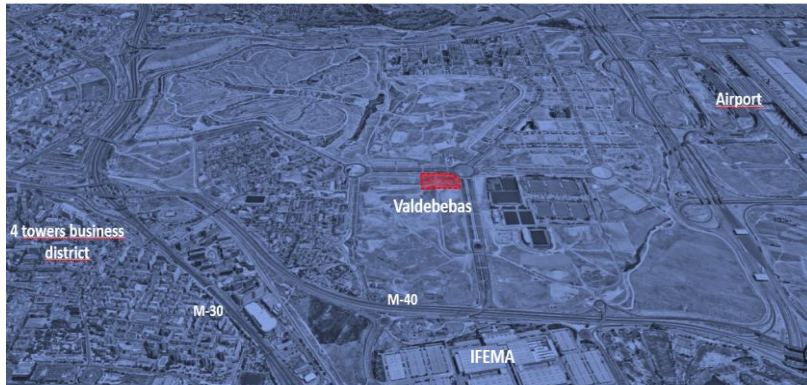
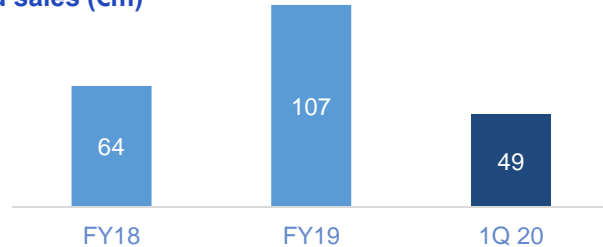
Serenity Views (Estepona, Málaga)

Notes

(1) Excluding a few units sold as historical stock, which are not fully comparable in terms of pricing

Land sales: € 49m in Q1 2020

Land sales (€m)



[Link to Valdebebas location](#)

An important volume of land sales completed in 1Q

- €49m revenues in 1Q20 compared to €25m in 1Q19 (+96%)
- Equals to 46% of the full-year sales in 2019
- Sale price in line with appraisal values (GAV)
- Very significant in terms of cash flow generation, although with a limited impact on earnings: book value was in line with GAV
- Two transactions made: one major plot in Valdebebas, plus one small residential plot in Logroño (€1m), a non-core location for MVC

Valdebebas land sale

- Land with a buildable area of 34,800 sqm for office use, sold for €48m. Located in the emerging district of Valdebebas, Madrid city, next to the subway station and close to the airport. MVC still owns an adjacent plot for 23,300 sqm
- The transaction was closed in early March, just before the Covid-19 restrictions were introduced

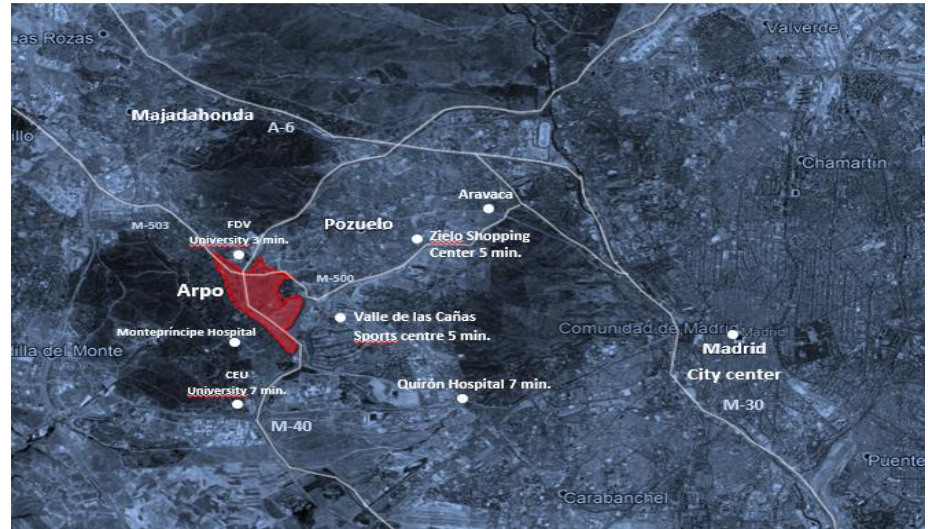
Land management: 306 units converted to FP in 1Q

Arpo, Pozuelo de Alarcón, Madrid

45,148 sqm for 256 units (11% of total area)

- Fully-permitted status since January 2020
- A landmark location, since Pozuelo is Spain's higher Income-per-capita municipality. With 240 Ha, Arpo is the largest urban development project in the municipality
- MVC owns 11% of the total area, and this represents c.2% of our FP residential GAV ⁽¹⁾
- Current status: final rezoning plan was approved in January 2020. Urbanization plan is expected before year-end, and urbanization works should start in early 2021

[Link to Arpo location](#)



Other milestones in 2020

Land plot	Location	Units #	Sqm	Status
Torre del Río	Málaga	241	43,722	Registration of the rezoning plan
Sotogrande	Cádiz	47	15,745	Initial approval of the urbanization plan
Calderotas	Barcelona	145	13,173	Registration of the rezoning plan

Castellar del Vallés, Barcelona

4,183 sqm for 50 units

- Converted to fully permitted in 1Q20
- Located in the municipality Castellar del Vallés, 38km North of Barcelona city
- Suitable for a senior home project

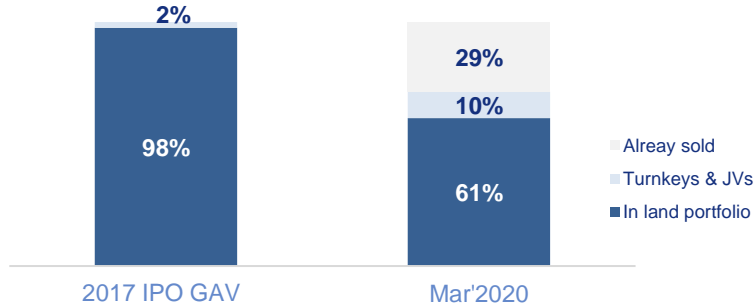
[Link to Castellar location](#)

Progress on fully-permitted transformation: now 81% of GAV

Commercial assets: progress on portfolio reduction

Commercial portfolio evolution

Calculated as % of IPO GAV



Puerto de Somport office project (Madrid)



Recent progress

39% of the initial portfolio already sold or de-risked

- 29% sold and 10% under turnkey or JV commitments

Puerto de Somport office project (24% stake)

- Phase I of 20,000 sqm already under construction, to be completed in 2H 2021.
- Top quality office complex in Madrid city, currently under commercialisation for pre-letting

[Link to video - Puerto Somport project](#)

Monteburgos II turnkey project

- A turnkey 11,250 sqm office project located in Madrid city.
- To be delivered in late 2022

Continued land sales

- Sale of land in Valdebebas in 1Q

3. Financial Overview



Financial Accounts: highlights 1Q 2020



Villas de la Calderona (Bétera, Valencia)



Mirador de Montserrat (Barcelona)



Profit & Loss

Total revenues: **€81.4m**

Residential deliveries:
€32.6m

- 146 units
- Gross margin: 16%

Land Sales:
€48.8m

- 98% commercial
- 2% residential

EBIT: **€(2.7)m**

Net Profit: **€(6.2)m**



Financial situation

LTV ratio: **3%**

Net debt: **€90m**

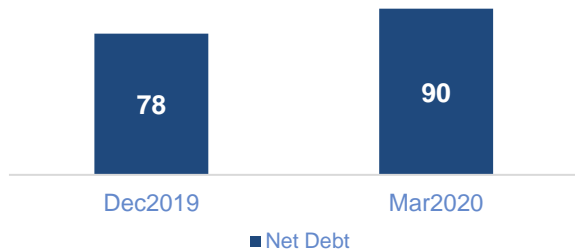
Cash: **€292m**

- **€209m** fully available
- **€83m** advances from clients not considered for net debt

Net Debt: a very sound financial situation



Net Debt of €90m, small change vs YE19



A very sound financial situation

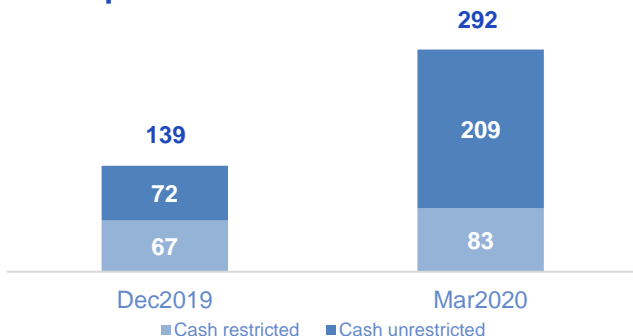
- Low LTV ratio of 3%
- Cash position of €292m at March 2020, up from €139m at Dec2019
- No significant debt maturities in the near term (€7m in 2020)
- The corporate loan expires in Dec.2022

Cash preservation measures recently taken

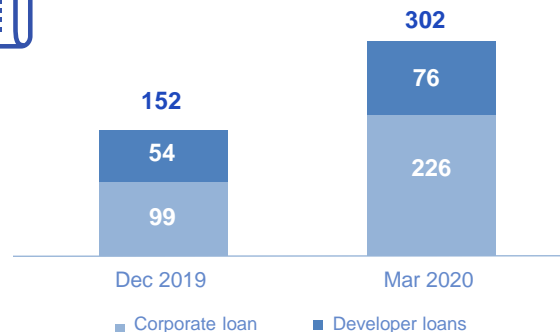
- Full withdrawal of the remaining unused corporate loan facility
- €30m of new loans signed in April (€18m project loans and €12m corporate loan)
- The total amount of available project loan facilities is €325m in March



Cash position of €292m



Gross Debt of €302m



Free Cash Flow for shareholders

Free Cash Flow available for shareholders: a simplified definition consistent with our FCF guidance

	1Q 2020 (€ m)
+ EBITDA	(2.5)
+ Book value of land sold	49.3
+ Book value of land in residential deliveries	10.5
- Net financial expenses paid	(1.7)
- Corporate taxes paid	(0.0)
- Contractual repayment of corporate debt	(7.3)
- Other working capital changes	(22.9)
= Adjusted Free Cash Flow	25.4

Comments



- Cash recovered from land sales, not included in Ebitda
- Land component in the cost-of-goods-sold. It represents cashflow generation assuming no need to replenish the land bank
- Based on the corporate loan agreement, 15% of land revenues will be used to anticipate repayment of this loan
- Includes €34.2m in deferred collection of land revenues, to be collected in 2020, and the cash collection of some sales booked in 2019
- Free cashflow available for shareholders. It is before capex in construction WIP (€48m in 1Q) or capex in land urbanization (€3m in 1Q), which are financed with other sources: clients' advances and developer loans (non-recourse)

4. Closing remarks



Closing remarks



MVC is setting the ground for a solid post-Covid performance

- **A prudent management approach during the pandemia period focused on preserving liquidity**
 - Containment of operational risks
 - Cash preservation policies
- **Large and high-quality land bank: greater flexibility**
 - Well-diversified geographical presence: c.70% located in the top 6 provinces and 81% fully-permitted
 - Addressing multiple buyer profiles and price ranges
 - Exposure to the commercial office segment
 - Active management in land transformation
- **Strong financial situation**
 - Low LTV ratio (3%) and €292m in cash
 - No significant debt maturities this year
 - Positive cash flow generation and good access to financing
 - No need to finance land purchases to secure projects for following years
- **Asset-backed values**
 - Current stock price values our land portfolio at just c.€140 per sqm or 7% of the GDV ⁽¹⁾, compared to 23% in the appraisal value



Spain's housing market has more solid fundamentals this time

- **No apparent imbalances in the housing market**
 - House prices are 30% below previous peaks with adequate affordability ratios
 - New construction volume is contained
- **Developers and banks are in better shape**
 - Developers have generally lower debt levels than in previous cycles
 - The banking sector has liquidity and solvency

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Llull (Barcelona)

Appendices



Financial accounts 1Q 2020
Other data

Profit and Loss Account

Summary P&L

(€m)	1Q 2019	1Q 2020
A Revenues	28.9	81.4
Residential Development	3.5	32.6
Land Sales	25.4	48.8
COGS	(24.9)	(76.6)
COGs Developments	(2.5)	(27.5)
COGs Land Sales	(22.3)	(49.0)
Others	(0.2)	(0.1)
Gross Profit	4.0	4.9
B % Gross Margin	14%	6%
Commercial Cost	(1.0)	(1.8)
Wages & Salaries	(3.2)	(4.0)
C Overheads	(2.1)	(1.7)
EBITDA	(2.3)	(2.6)
(Impairment)/revaluation/ depreciation	(0.5)	(0.1)
EBIT	(2.8)	(2.7)
% EBIT margin	-10%	-3%
D Net financial results	(1.4)	(3.1)
Others	0.0	(0.3)
EBT	(4.2)	(6.0)
Income Tax	(0.5)	(0.1)
Net Income	(4.7)	(6.2)



Key considerations

A Total revenues of €81m

- Residential revenues of €33m: 146 units delivered
- Land sales of €49m, plot in Madrid

B Gross margin of €5m

- 16% margin in residential development

C Operating expenses rising with the increase in activity

- 191 full-time employees at the end of the period

D Interest on senior debt: €3.1m

- €1.4m equity swap, and increase in withdrawal of corporate loan

Balance Sheet

Summary Balance Sheet

(€m)	Dec. 2019 ⁽¹⁾	Mar. 2020
Investment property ⁽¹⁾	334.1	334.2
Other non- current assets	254.0	254.1
Total non-current assets	558.1	588.4
A Inventory	1,902.3	1,886.5
Land	1,215.5	1,167.3
WIP & finished product	686.8	719.2
B Cash	139.7	291.5
C Other current assets	43.2	68.2
Total current assets	2,090.2	2,251.6
Total Assets	2,678.4	2,840.0
Provisions	10.1	9.8
D Bank debt	95.0	223.0
Other non-current liabilities	23.4	25.0
Total non-current liabilities	128.4	257.8
Provisions	19.0	17.8
D Bank debt	53.5	75.0
E Other current liabilities	136.6	154.7
Total current liabilities	209.1	247.5
Equity	2,340.8	2,334.7
Total Equity and Liabilities	2,678.4	2,840.0



Key considerations

- A Increase in WIP** due to new launches and investment in Capex
- B Increase in withdrawal of corporate loan (€135m)**, plus delivery of projects and sale of land
- C Increase in receivables** related to deferred collection of land sales (€47m) to be collected within the year 2020
- D Corporate loan €135m** withdrawn, partially repaid (€7m), net of arrangement fees (€3.6m)
Developer loan €75m withdrawn, prioritizing its use over client downpayments
- E Increase in debt with construction companies** as more projects are in WIP (45 days of avg payment period)

Share buyback update:

€3.1m invested, 335,830 shares acquired to date

Notes:

(1) Audited financial statements for December 2019

(1) Booked at fair market value (IFRS)

Some projects examples

Residencial Aria (El Ejido, Almería)



- Complex with 5 blocks for 84 units, with terraces and views to the ocean
- In front of the beach and close to a sports & golf club, with shopping malls nearby
- Common green areas with parking

[Link to Aria website](#)

Residencial Citrea (Málaga)



- Located in the Colinas del Limonar area, close to Playas de la Caleta
- 25 units, each comes with 2 parking spaces and storage room
- Common areas with infinity pool, spacious gardens and solárium

[Link to Citrea website](#)

Amura (Valencia)



- 53 units with spacious terraces, at a close distance to the Ciudad de las Artes y las Ciencias, an expansion area of Valencia
- Malvarrosa and Arenas beaches nearby
- Swimming pool and playground area

[Link to Amura website](#)

Pórtico Simón Verde (Sevilla)



- Located 10 min distance from Sevilla city center, the complex has a total of 78 units
- Close to shopping malls and other amenities
- Common green areas and swimming pool

[Link to Simón Verde website](#)

Q&A

