

metrovacesa

Nieremberg 14 (Madrid)

Results 1H2023

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mvc



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Agenda

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Today's Presenters



Jorge Pérez de Leza
CEO



Borja Tejada
CFO



Juan Carlos Calvo
Strategy & IR



1. Highlights

Highlights

Market context

Resilient housing demand

- Spanish **GDP growth & employment** data: consensus estimates **revised up for 2023**
- **The volume** of transactions is **holding up**, despite the spike in mortgage rates
- The **outlook is still volatile**: eyes on the evolution of interest rates and job creation

MVC operations

Improvement in presales, coverage ratio and land sales

- MVC 2Q housing presales: **slight increase YoY and QoQ**
- Coverage ratio for 2023-2025 **strengthens further**, proving very good visibility
- **Land sales**: solid deal flow, both in residential and commercial land

Financials

Targets confirmed, with deliveries concentrating in 2H

- **Deliveries**: more concentrated in 2H23, due to the calendar of project completions
- **Appraisal values**: +0.9% LFL overall, although negative in commercial assets (-2.9% LFL), leading to impairments on the P&L
- Full-year estimates: **confirmation of cashflow targets**

2. Business Update



Key operational data

as of June 30th 2023

Active projects



Sales Backlog ⁽¹⁾

3,507 **€1,124m**

Sold units **€320** k/unit ASP ⁽²⁾

Under commercialization

6,755 **€331** k/unit ASP ⁽²⁾

units **122** projects

Active units

7,856 **144** active projects
units

Construction



4,109 units under
construction ⁽³⁾

85 developments
under construction
⁽³⁾

Deliveries / Sales



572 units
delivered
in the period

€285 k/unit ASP ⁽²⁾

908 units
pre-sold ⁽⁴⁾
in the period

€325 k/unit ASP ⁽²⁾

Land portfolio



Land Sales

€ 1.6 m in P&L revenues

€ 52 m Total binding
contracts

Land Purchases

€ 25 m in 1H23

c.29.0k

Resi units
in land bank

Financials



€301.6m

Net debt

€196.1m

Total cash

12%

LTV ratio

€13.73

NAV p.s.

Notes:

(1) Defined as cumulative pre-sales (reservations + contracts) minus deliveries

(2) ASP = Average Selling Price

(3) Includes units with construction works completed

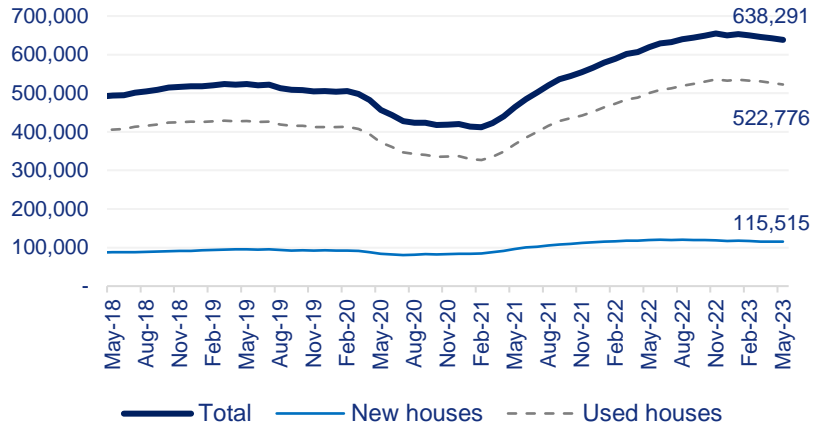
(4) Pre-sales in the period, net of cancellations

The Spanish housing market

Resilient market and limited supply

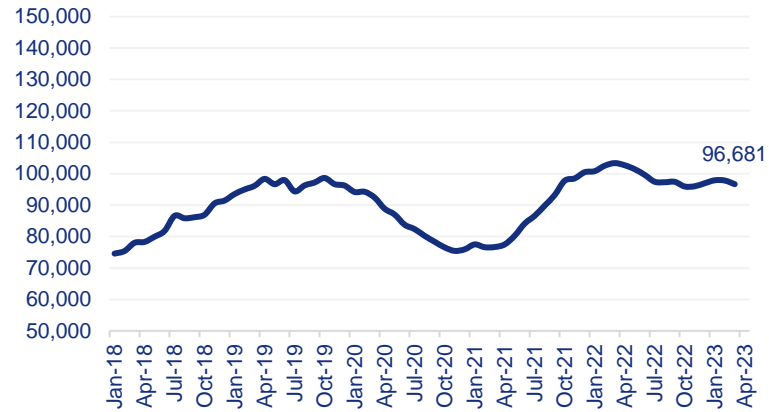
Demand: housing transactions

(INE; # rolling 12M)



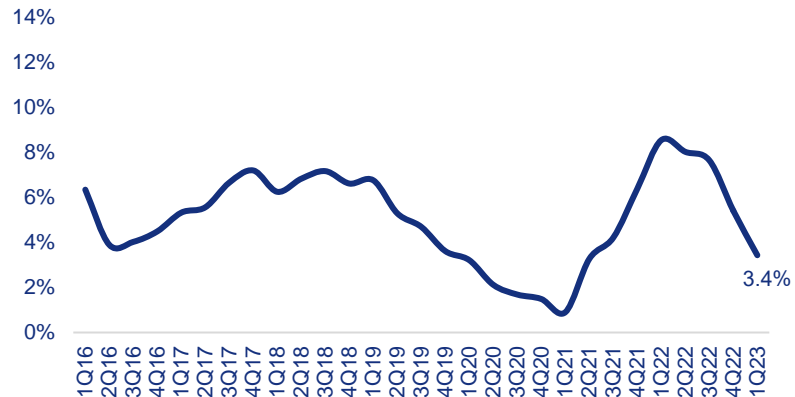
Supply: new housing starts

(MITMA; # rolling 12M)



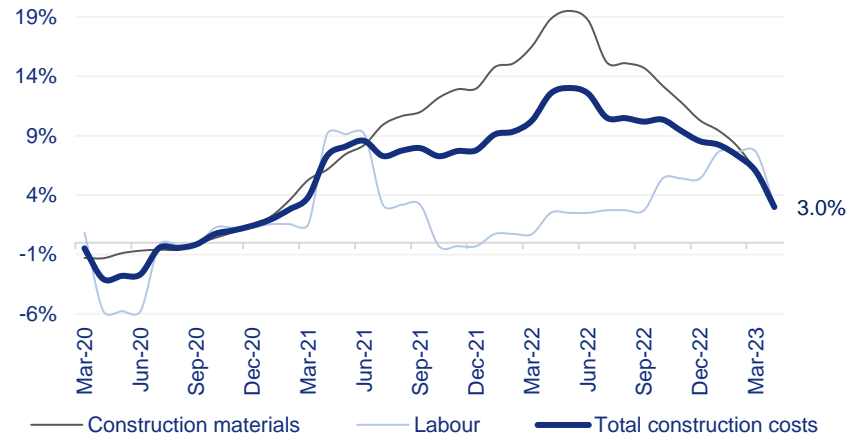
House prices

(INE; % change YoY)



Construction costs: residential segment

(MITMA; % change YoY)



Demand is resilient

- 12M transactions of 638k units, still a healthy volume
- New homes only 18% of total

Constrained supply

- New construction starts below 100k, not enough to match household creation (~200k in 2022)

Prices and costs, both moderating

- Positive HPA, at moderate rates
- Construction cost is also moderating

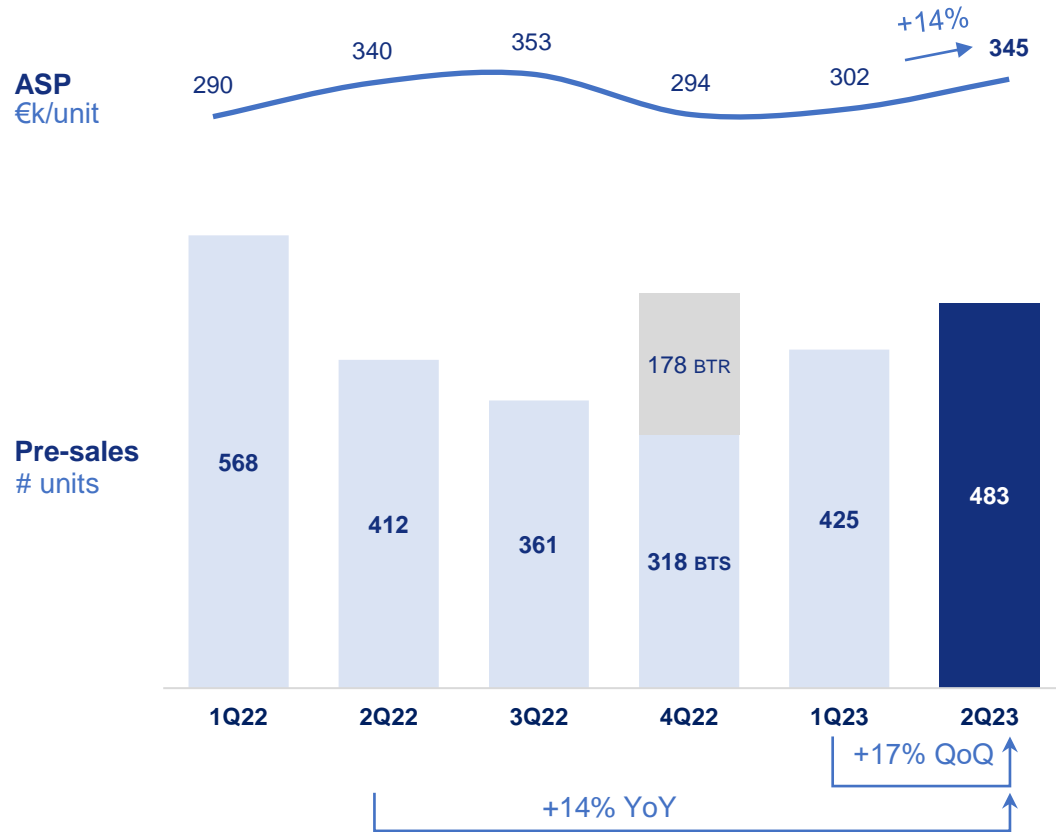
Volatile context

- Housing demand in coming quarters will depend on the progression of mortgage rates and job creation

Pre-sales

Recovery in MVC's marketing activity in 1H23

Net pre-sales: increase in volumes and ASP in 2Q

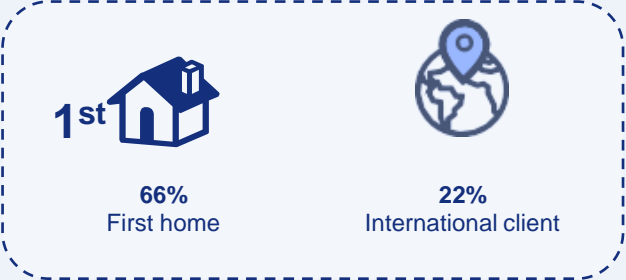
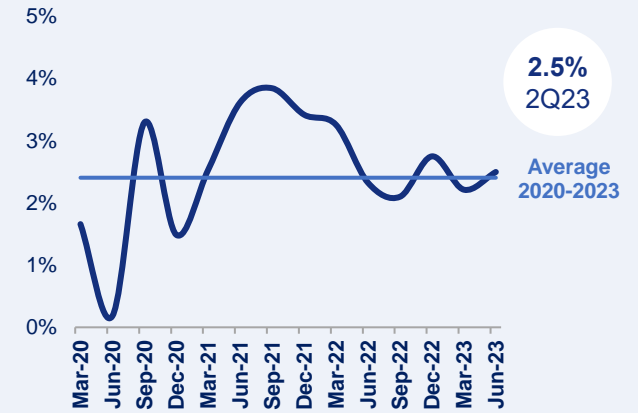


Positive dynamics

- Mild increase of absorption rate
- ASP growth on product mix and slight price appreciation

1H23 Pre-sales
908 units
ASP €325k/unit

Monthly absorption rate ⁽¹⁾ in line with the historical average

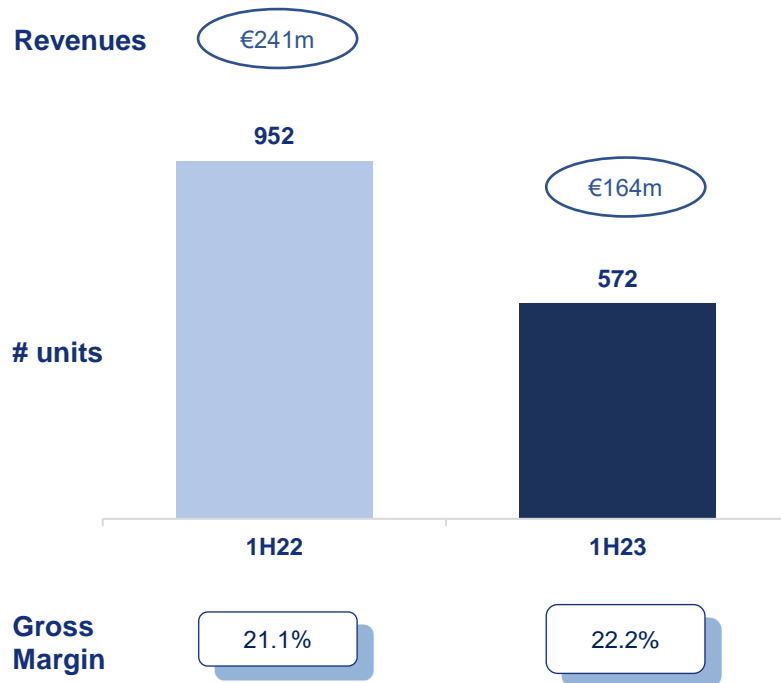


Notes:
(1) Calculated as monthly net presales divided by average number of units in commercialisation, including both sold and unsold units

Residential deliveries

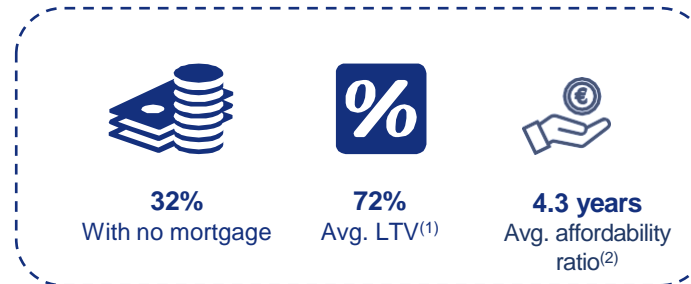
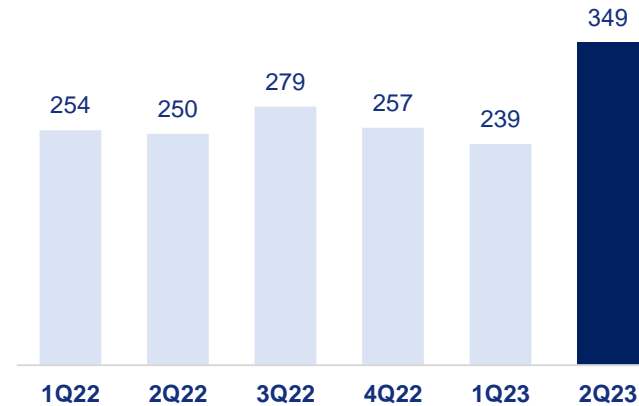
On track to meet FY23 target

1H23 deliveries



ASP in deliveries

€/unit



Confirmation of FY targets

- **Higher concentration of deliveries in 2H this year**, due to the calendar of project completions, affecting 1H's comparison YoY
- A total of **725 units with construction completed**, to be delivered in the coming months
- **Strong increase in ASP**, more consistent with the backlog's ASP

Notes:

(1) For clients buying with a mortgage

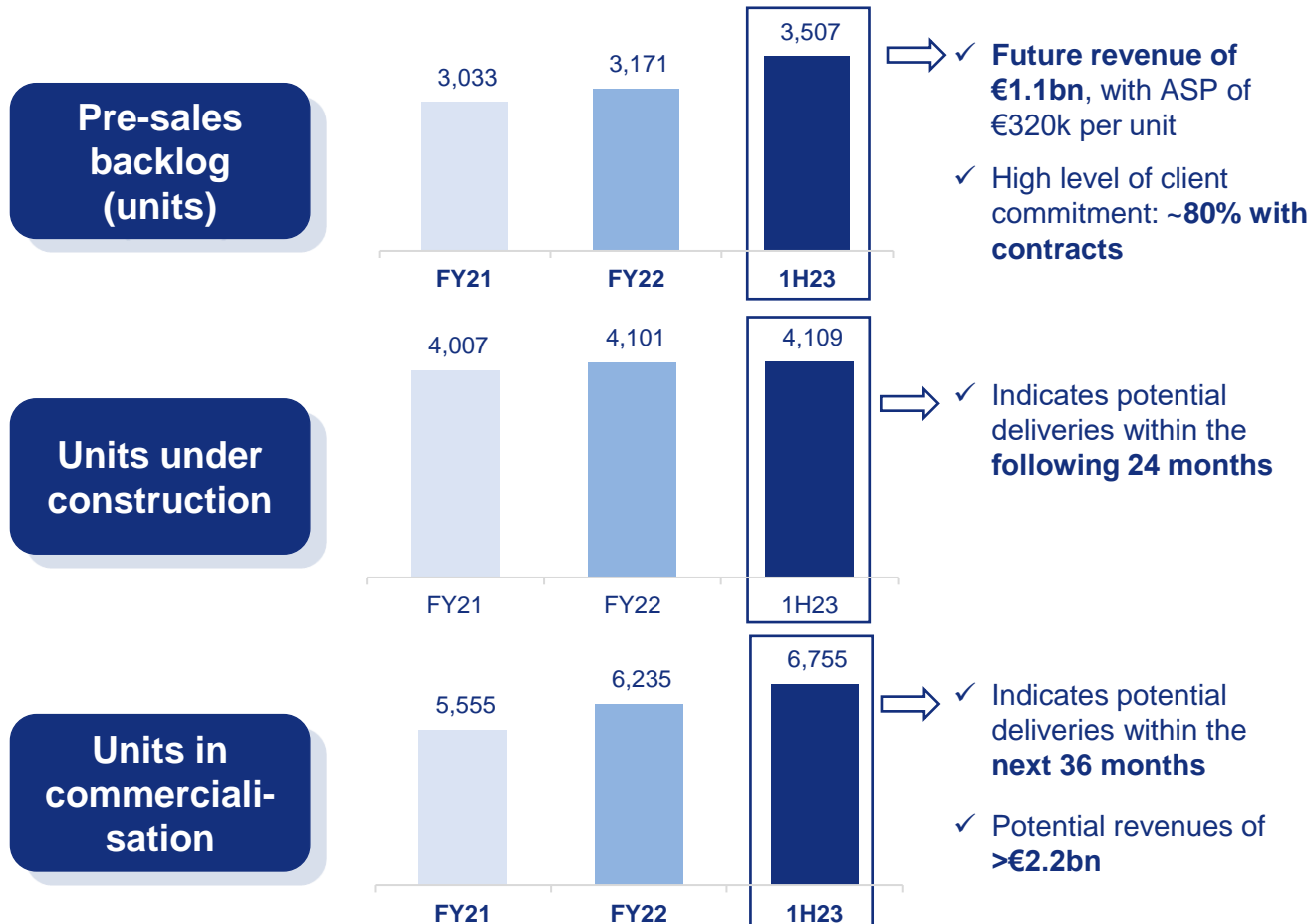
(2) Calculated as the purchase price divided by the annual gross household income (median ratio)

Operational activity

Mid-term objective of >2,000 units p.a. is well on track

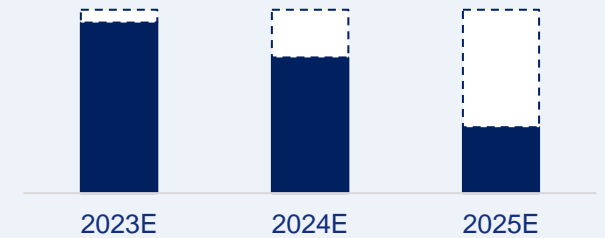
Highly predictable revenues & CF:

Operational KPIs: a good indication of revenues for the next ~3 years



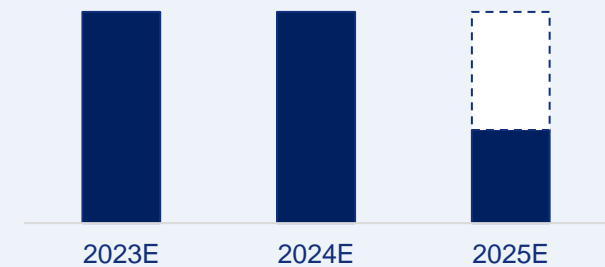
Presales coverage 2023E-2025E

(% of deliveries)



Under construction 2023E-2025E

(% of deliveries)

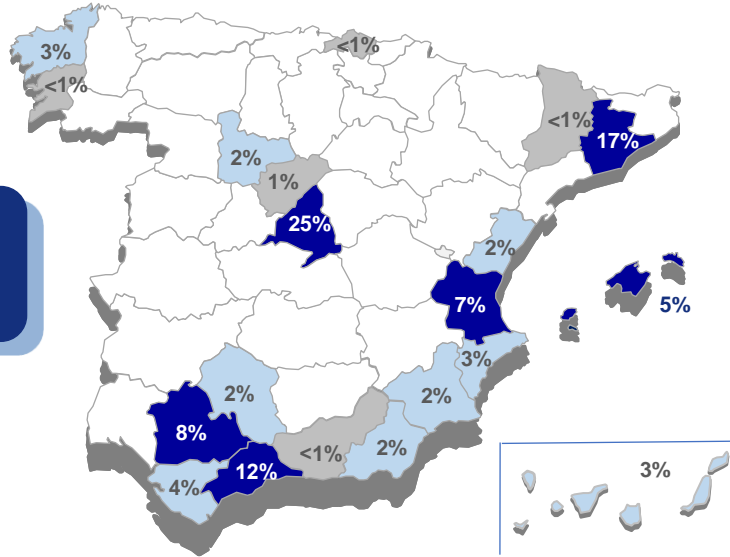


Land activity

Land portfolio and activity in 1H23

Portfolio breakdown⁽¹⁾: GAV €2,516m

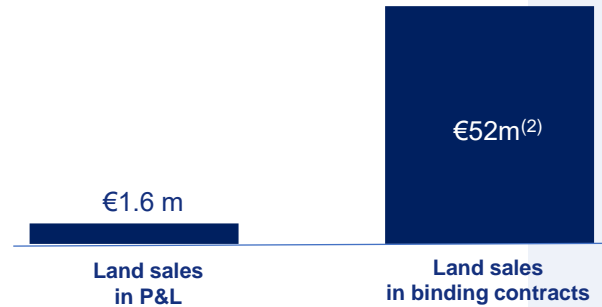
74% in the top 6 provinces



~29.0k
Residential units

Land sales: deal flow to be formalised in coming quarters

Land sales in 1H23 (€m)



- 1/3 residential land and 2/3 commercial land
- Most of binding contracts, to be completed in 2023
- Prices slightly below book value

A sustainable long-term platform

Existing land portfolio to be complemented with bolt-on land acquisitions

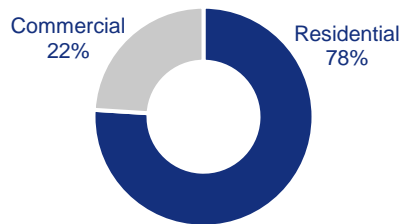
€25m
Land purchases in 1H

572 units acquired in 1H23
in Granada and Valencia

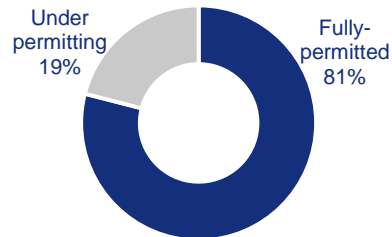
>5.0k
Units to be transformed to FP
by 2025 in core locations

5.6k
Fully-permitted units
(not launched)

GAV by use



GAV by status



Notes:

(1) Distribution as % of GAV June 2023. Excludes provinces with small exposure (value below €10m)

(2) Stock of total amount compromised through binding contracts as of June 2023. Does not include land in turnkey project agreements

ESG

We promote sustainable housing based on a responsible business model



ENVIRONMENT

Sustainable and environmentally friendly initiatives



Domum is our own brand of commitment to quality and sustainability. An array of best practices applied to our developments: energy efficiency, circular economy, climatic and landscape

- 100% of launches in 1H23, with **A-A Energy Certificate**
- 100% of launches in 1H23, with **sustainability certifications**
- 100% of launches in 1H23, with **Life Cycle Analysis (LCA)**



SOCIAL

We contribute to economic development and social welfare

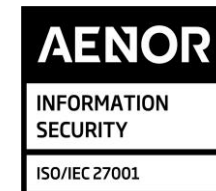
- Participatory Diagnostic Studies and action plans**
In 7 large urban areas undergoing development, in Madrid, Valencia, Barcelona and A Coruña
- A benchmark in sustainable land management**
We carry out participatory processes involving citizens from the conception (design and planning) to the execution and consolidation of our urban projects
- Proactive management of social action**
Implementation of annual plans based on the dialogue with stakeholders and aligned with the UN's SDGs in 2030 Agenda



CORPORATE GOVERNANCE

Committed to transparency and the Code of Good Governance

- Sustainable business model
- Responsible and ethical corporate governance in businesses
- ESG leadership and reputation management
- MVC is a signing member of the United Nations Global Compact**



3. Financial Overview



Profit & Loss

Summary

€ m	1H 2022	1H 2023
Revenues	246.6	165.1
Development	240.8	163.5
Land sales	5.8	1.6
Gross Profit	50.9	35.9
Development	50.8	36.3
% gross margin dev't	21.1%	22.2%
Land sales	0.2	(0.5)
Net margin	37.5	24.9
EBITDA	23.2	9.7
Chg fair value & impairments ⁽¹⁾	(3.0)	(34.4)
Net financials & associates	(3.5)	(10.2)
Pretax profit	16.6	(35.0)
Net Profit	12.0	(35.3)
Recurring pre-tax profit ⁽²⁾	19.4	(0.1)

Total revenues
€165.1 m

Gross development
margin
22.2%

Impairments
(€34.4m)⁽¹⁾

EBITDA
€9.7m

Notes:

(1) Impairment due to the decline in value based on assets appraisals. Mostly related to the commercial segment assets

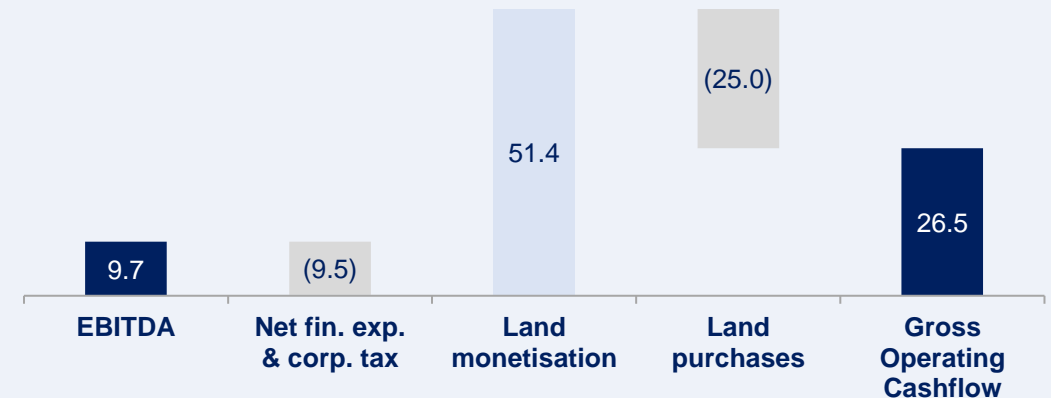
(2) Recurring pre-tax profit: excluding the contribution from land sales and variations in the fair value of assets (including those in associates)

Cashflow

Summary

€ m	1H 2023
+ EBITDA	9.7
- Net financial expenses paid	(9.5)
- Corporate taxes paid	0.0
+ Land monetisation:	
Book value of land sold ⁽¹⁾	1.6
COGS of deliveries (land only) ⁽²⁾	39.4
+/- Other working capital changes ⁽³⁾	10.4
- Land purchases	(25.0)
= Gross Operating Cashflow (A)	26.5
- Capex in urbanization	(14.5)
- Capex in work in progress	(173.4)
+ COGS of deliveries (ex land)	87.7
+/- Other working capital and rest	47.8
= Cashflow related to work in progress (B)	(51.3)
= Total cashflow (A) + (B)	(24.8)
- Dividend paid	(50.0)
= Change in net debt	(74.8)

Gross Operating Cashflow (€m)



Notes:

(1) Cash recovered from land sales, not included in EBITDA

(2) Land component in the cost-of-goods-sold of deliveries, which represents a generation of gross cashflow

(3) Temporary differences in the cash collection from land sales

Net debt

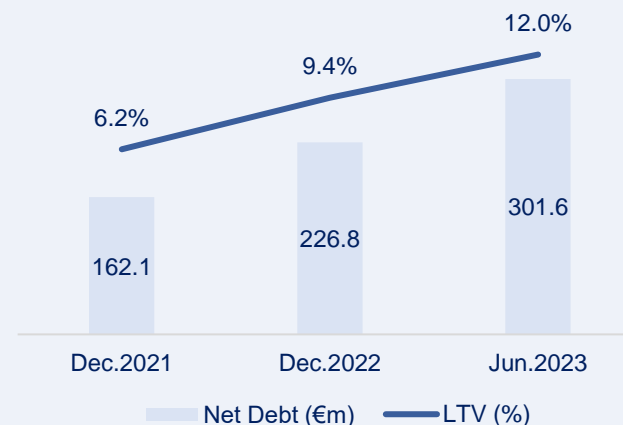
Solid financial structure

Net debt details

€ m	Dec. 2022	Jun. 2023
Developer loans	35.2	93.6
Corporate debt	315.7	322.3
Gross Financial Debt	350.9	415.8
Unrestricted cash	124.1	114.2
S/T investment	0.0	0.0
Net Financial Debt	226.8	301.6
Restricted cash ⁽¹⁾	77.9	81.9
% LTV	9.4%	12.0%



Evolution of net debt and LTV ratio



Conservative structure



- LTV of 12% is below sector peers and below our L/T reference of 15%-20%
- Corporate debt: maturity in 2026

Good access to capital



- €208m raised in new project loans and €66m in commercial paper in 1H2023
- >€500m undrawn and available from current project loans as of June

Notes:

(1) Restricted cash includes advances from clients, which is not used for the calculation of net debt or LTV ratio

Asset appraisal

NAV of €13.73 per share, LFL +0.9%

Net Asset Value, €/sh

€ m	Dec. 2022	Jun. 2023
Shareholders' funds	1,805.6	1,720.4
+/- Capital gains gross	268.0	269.9
+/- Other adjustments	55.7	64.8
= NAV gross	2,129.3	2,082.2
+/- Taxes on capital gains	(67.0)	(74.2)
+/- Other adjustments	(7.6)	(7.3)
= NAV net	2,054.7	2,000.6
Number of shares (m)	151.7	151.7
NAV per share (€)	14.04	13.73
NNAV per share (€)	13.55	13.19

⇒ +0.1%
incl. dividend of €0.33/sh

NAV p.s.
€13.73

- LFL +0.9% vs. Dec.22
- +2.1% LFL residential,
- 2.9% LFL commercial

GAV total
€2,516m

- 78% residential
- 22% commercial

PORTFOLIO BREAKDOWN

Residential

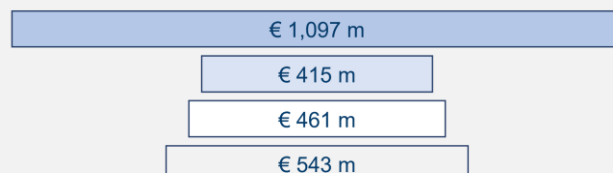
Active units

FP non-active

Land under mgmt

Commercial land

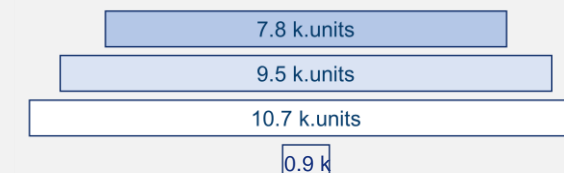
Total GAV: €2,516m



Ratio GAV/sqm: €510/sqm



Total residential units: 29.0 k



Notes:

(1) Calculated on the Commercial FP land, which accounts for 97% of the commercial portfolio



4. Closing Remarks

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Closing remarks

Market trends: good in 1H, but uncertainty still present

We will adapt with flexibility to eventual trend changes

Strong visibility for our 2023-2025 deliveries

Keeping up with our strategy and operational targets

Reiterating our full-year guidance

€100m to €150m cashflow in 2023



Appendices

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Profit and Loss

	(€m)	1H 2022	1H 2023
A	Total Revenues	246.6	165.1
	Residential Development	240.8	163.5
	Land Sales	5.8	1.6
	Total COGS	(195.6)	(129.2)
	Residential Development	(190.0)	(127.2)
	Land Sales	(5.6)	(2.0)
B	Gross Margin	51.0	35.9
	Gross Margin Development	50.8	36.3
	% <i>Gross margin Development</i>	21.1%	22.2%
	<i>Gross Margin Land Sales</i>	0.2	(0.5)
C	Commercial & other operating costs	(13.5)	(11.0)
	Net Margin	37.5	24.9
	Wages & Salaries	(9.1)	(9.7)
D	Other general expenses	(5.2)	(4.6)
	EBITDA	23.2	9.7
	Chg. in fair value of assets & impairments ⁽¹⁾	(3.0)	(34.4)
	Net financial results	(3.9)	(9.9)
	Associates	0.3	(0.3)
	Pre-tax Profit	16.6	(35.0)
E	Income Tax	(4.6)	(0.3)
	Net Profit	12.0	(35.3)
	Recurring pre-tax profit ⁽²⁾	19.4	(0.1)



Key comments

A - Total revenues of €165.1m (-33% YoY)

- Residential revenues of €163.5m
- Land sales of €1.6m

B - Gross margin of €35.9m

- 22.2% margin in residential development

C - Net margin of €24.9m, after direct costs

D - EBITDA of €9.7m

E - Net profit negatively impacted by total impairments of €34.4m

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Notes:

(1) Impairment due to the decline in value based on assets appraisals. Mostly related to the commercial segment assets

(2) Recurring pre-tax profit: excluding the contribution from land sales and impact from changes in appraisal values

Balance Sheet

(€m)	Dec.22	Jun.23
Investment Property	240.4	233.4
Other non-current assets	167.1	163.5
Total non-current assets	407.5	396.9
Inventory	1,842.9	1,917.1
<i>Land</i>	883.6	872.3
<i>WIP & finished product</i>	959.3	1,044.8
Cash	202.0	196.1
Other current assets	61.5	44.7
Total current assets	2,106.4	2,157.9
Total assets	2,513.9	2,554.8
Provisions	12.7	13.2
Financial debt	273.1	253.2
Other non-current liabilities	40.4	39.7
Total non-current liabilities	326.2	306.1
Provisions	26.5	24.8
Financial debt	74.4	159.3
Other non-current liabilities	281.2	344.2
Total current liabilities	382.1	528.3
Shareholder's funds	1,805.6	1,720.4
Total equity + liabilities	2,513.9	2,554.8

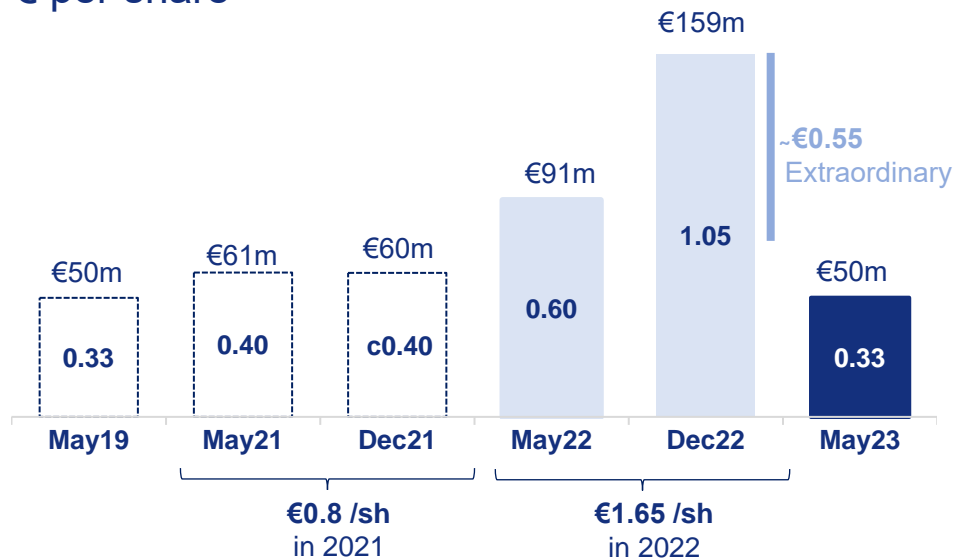


Dividend History

Total of €472m paid since IPO

Dividend history

€ per share



Total in 2019-2023:
€472m or €3.11/sh

- ✓ Equals to 42% of the current market cap
- ✓ Without withholding tax: paid against reserves

Dividend policy

- **+80% payout** on the gross operating cash flow
 - Limited to an LTV range of 15%-20%
- Normally, two annual payments:
 - Nov/Dec: interim
 - May: final dividend

Data series

Evolution of key operating data

# Units	2018	2019	2020	2021	2022	1Q23	2Q23	1H23
Pre-sales in the period	888	1,511	1,037	2,093	1,837	425	483	908
Backlog of presales (units)	909	2,131	2,568	3,033	3,171	3,265	3,507	3,507
Backlog of presales (€ m)	271	597	744	850	990	1,040	1,124	1,124
Active projects (# projects)	102	136	125	138	150	145	144	144
Active units total	5,565	7,962	7,382	7,561	7,947	7,824	7,856	7,856
Units in commercialization	3,840	5,378	5,440	5,555	6,235	6,504	6,755	6,755
Units in construction	1,329	3,383	3,550	4,007	4,101	4,239	4,109	4,109
Deliveries in the period	520	289	601	1,627	1,699	331	241	572

Note / Definitions: Pre-sales: number of reservations plus contracts signed in a period of time, net of cancellations; Sales backlog: balance of accumulated pre-sales minus deliveries at a certain date; Units under commercialization: total number of units in projects under commercialization, including sold and unsold units; Active units: units in projects launched internally, including projects already under commercialization and projects in the design phase (prior to commercialization)



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