metrovacesa

Mesena 80 render (Madrid)

Results 3Q2022

October 27th, 2022

mvc.

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Agenda

Table of Contents

Today's Presenters

Jorge Pérez de Leza
CEO

Borja Tejada
CFO

Juan Carlos Calvo
Strategy & IR

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1. Highlights

Highlights

Good operating performance in 9M

+22% YoY in deliveries **/** Stable backlog of presales **/** +64,6% in net profit

Resilient demand for new housing

Despite some slowdown since April 2022 **/** Limited market supply **/** Increased market uncertainty

On track to meet key 2022 operational targets

Operational CF ~€150m in FY2022 **/** Strong coverage ratios for 2023 and 2024

Dividend proposal of €1.05 per share (1)

To be paid by year-end **/** A yield of 17.2% yield (2)

Notes:
(1) Subject to approval by the General Shareholders' Meeting, called for 29/11/2022
(2) With closing price as of 25/10/2022


Jardines de Tetuán (Madrid)

2. Business Update

Key operational data
as of September 30th 2022

Active projects

Sales Backlog [1]

3,047 Sold units

€936m

€308 k/unit ASP [2]

Under commercialization

5,774 units

€321 k/unit ASP [2]

115 projects

Active units

7,647 units

148 active projects

Construction

3,441 units under construction [3]

81 developments under construction [3]

Deliveries / Sales

1,327 units delivered in the period

€260 k/unit ASP [2]

1,341 units pre-sold [4] in the period

€323 k/unit ASP [2]

Land portfolio

€30.2m Land Sales

€6.0m in P&L revenues
+ €24.2m in binding contracts

c.30,600 Resi units in land bank

Financials

€287m Total cash

€152m Net debt

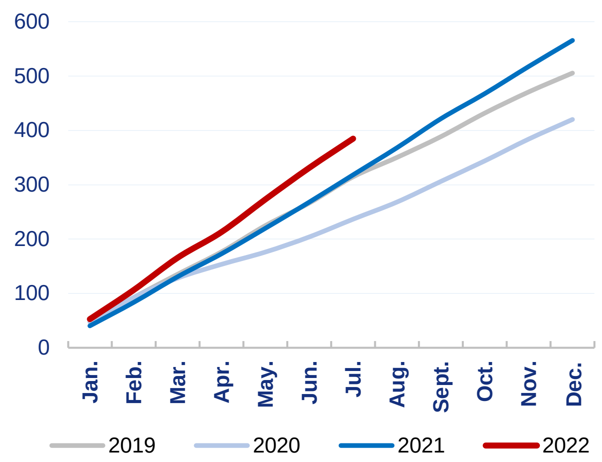
5.9% LTV ratio

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

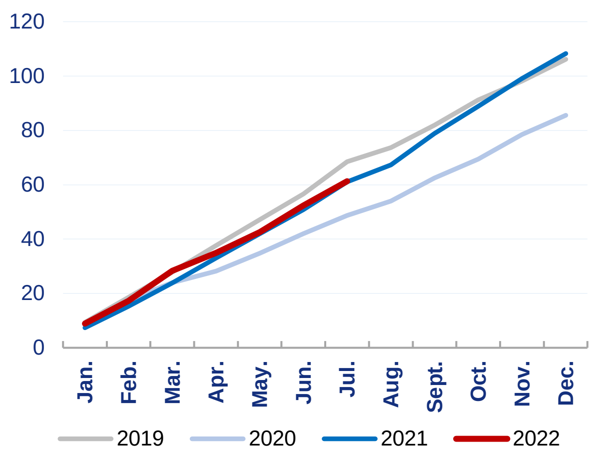
Sector dynamics

Resilient demand for new housing, although increased uncertainty on the future

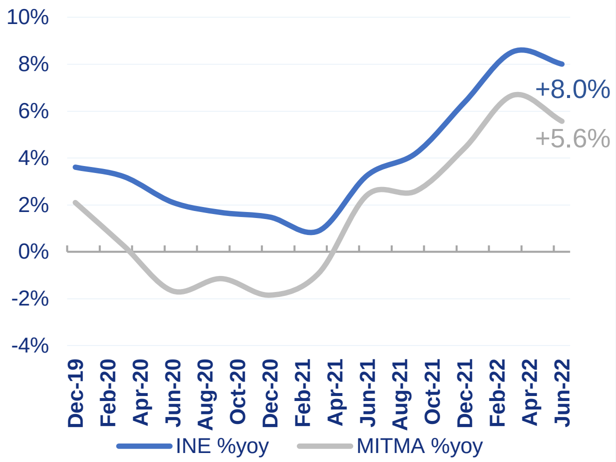
Housing demand in Spain:
Number of transactions (k units)



Housing supply:
New housing construction starts (k units)



House prices:
YoY increase (%)



Construction costs:
YoY increase (%)

- **Favorable demand-supply balance** for new housing
- **Low volume of construction starts**

- **Limited impact on gross development margins**, combining HPA and CCI (1)
- Both **HPA and CCI to moderate** in coming quarters

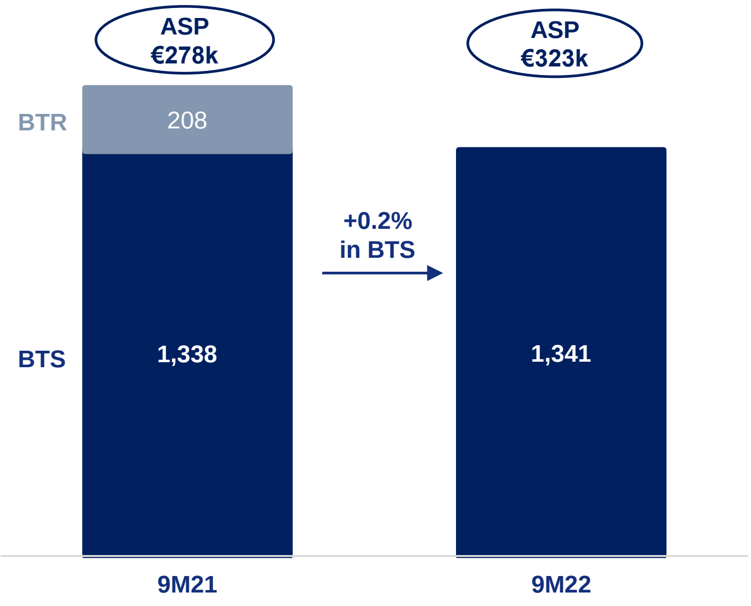
Sources: MITMA and INE
Notes: (1) HPA = House Price Appreciation; CCI = Construction Cost Index

Pre-sales

Flat pre-sales YoY in BTS

9M22 pre-sales: 1,341 units

units



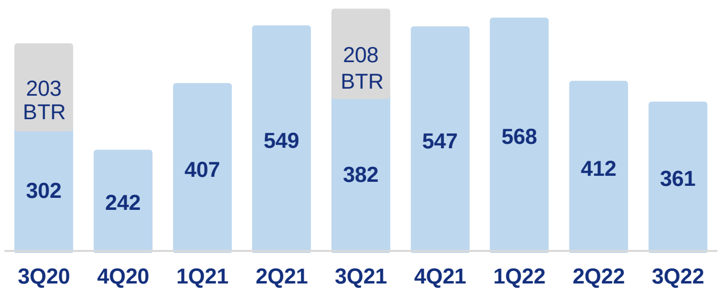
Resilient pre-sales

- 9M net pre-sales flat YoY (+0.2%) in BTS
- 3Q pre-sales down 5% YoY in BTS
- Avg. monthly absorption ratio[1] of 2.6% 9M

Higher unit prices

- **+16% YoY in avg. selling price:** €323k per unit
- Due to improved product mix as well as HPA (avg. +5% in 2022)

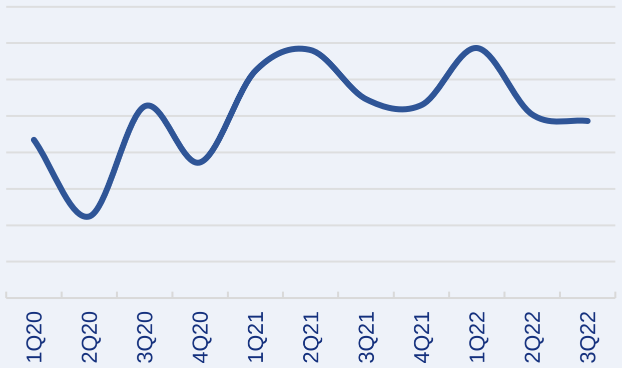
Net presales by quarter (# units)



Recent demand trends

- Some slowdown in demand since April, but similar to historical averages *(example: number of client visits)*
- Longer average selling periods, from a lead to a reservation
- Increased uncertainty for coming quarters due to higher inflation and Euribor rates

Number of client visits: evolution



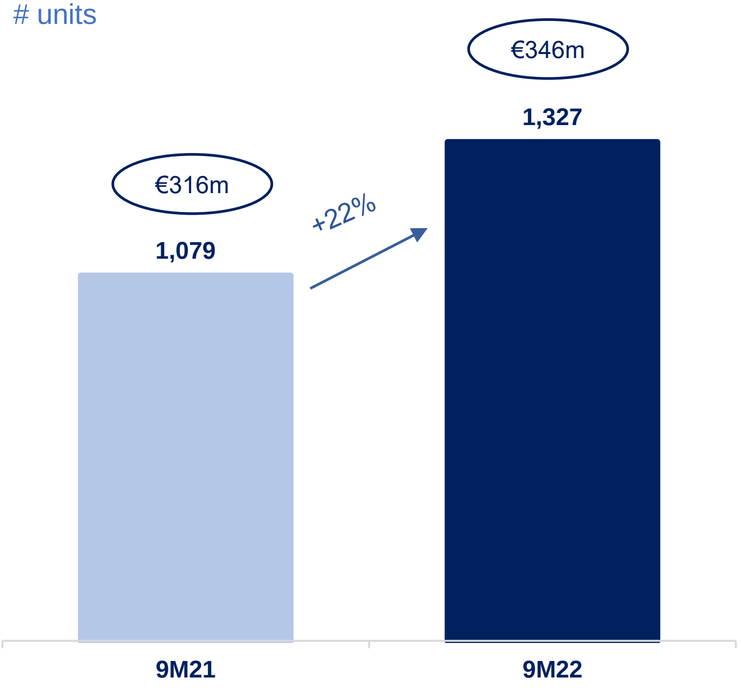
Notes:
(1) Calculated as an average of monthly presales over avg. units in commercialization (sold+unsold)

Residential deliveries

On track to meet FY22 targeted 1,600-2,000 units

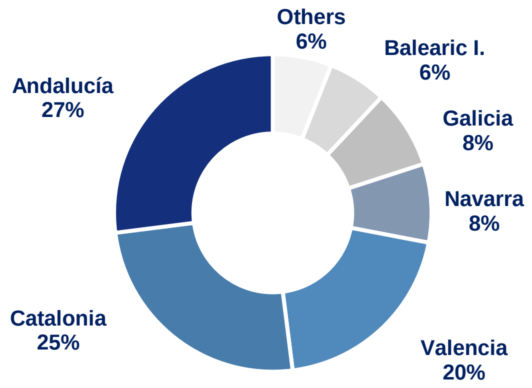
9M22 deliveries

units



Deliveries by region 9M22

% of total units



More deliveries

- 9M deliveries **+22% YoY** in units
- Avg unit price of €260k/unit

Stable gross margin

- **21.2%** gross development margin in 9M, in line with expectations

Strong visibility on deliveries for 2022-2024

2022
- Target: 1,600-2,000 units
- 100% works completed
- >95% pre-sold

2023
- Works on schedule
- >75% pre-sold

2024
- Works 100% started by Dec
- >50% pre-sold

Higher coverages now for the next two years than one year ago

Operational activity

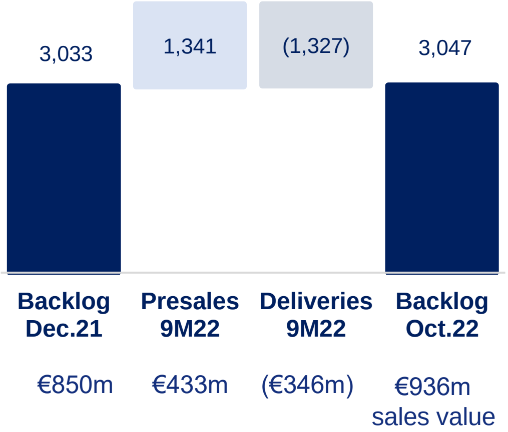
Providing high visibility for the next few years

Pre-sales backlog

3,047
units in
sales backlog

- **Avg. unit price (ASP): €308k** (+10% vs. Dec.21)
- 71% contracts / 29% reservations
- Strong sales coverage for 2023-2024

Backlog evolution in # units:



Units in construction

3,441
units in
construction (1)

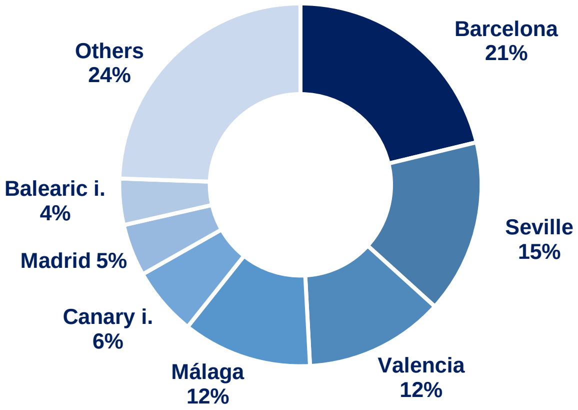
- 915 units completed construction in 9M and 761 units started in the period
- Expecting to catch up on new construction starts in 4Q and reach **nearly 2,000 units in FY22**

Units in commercialization

5,774
units in
commercialization

- **New commercial launches: 1,635 units** in 9M22
- 115 projects in commercialization
- 53% is already presold

Split by province:



Active units

7,647
active units

- New active launches: 1,413 units in 9M22
- 1,873 units in design phase, to initiate commercialisation soon

Notes:
(1) Includes units with construction completed

Pipeline from land under management

Several quality projects in the near term

Zoom in on Madrid: next project launches from land originally under management

		Total units	First launch
	Mesena 80	**155 units**	Oct 2022
	Arpo Pozuelo	**256 units**	1H 2023
	Los Cerros	**1,550 units**	1H 2023
	Getafe La Estación	**417 units**	2H 2023

Total 2,378 units
~7% GAV resi

» o.w. ~900 units to be launched within 2 yrs

Growing relevance of land under management in new project launches

- **Greater visibility on the transformation** of several key land plots from NFP to fully permitted
- To become an important land feeder for new project launches in coming years
- **Improving product mix**: more presence in the key cities (Madrid, Barcelona, Valencia, etc.)
- **Growing in Madrid**: ~900 units to be launched within 2 years, from land originally under management

In aggregate 2018-2022

- **2.2k units launched** from land originally under management (NFP or pending urbanisation)
- **2.4k units transformed** from NFP to fully permitted
- **2.1k units sold** via land sales plus 4.4k units via residential deliveries in the period

Land monetisation

Adapting with flexibility to a more challenging context

Land monetisation in 9M 2022	
Land sales: €30.2m	**Others:** c.€25m

P&L
€6.0m

- Residential use and non-core land. Sale prices in line with book value
- Demand has weakened on tougher market conditions for smaller players

Binding sale contracts
€24.2m

- Includes residential and commercial land. Binding contracts imply partial cash prepayments, and a commitment to formalise at a later date, some of them by the end of 2022
- Demand for commercial land has also softened on rising financing costs and increased uncertainty

Others:
c.€25m

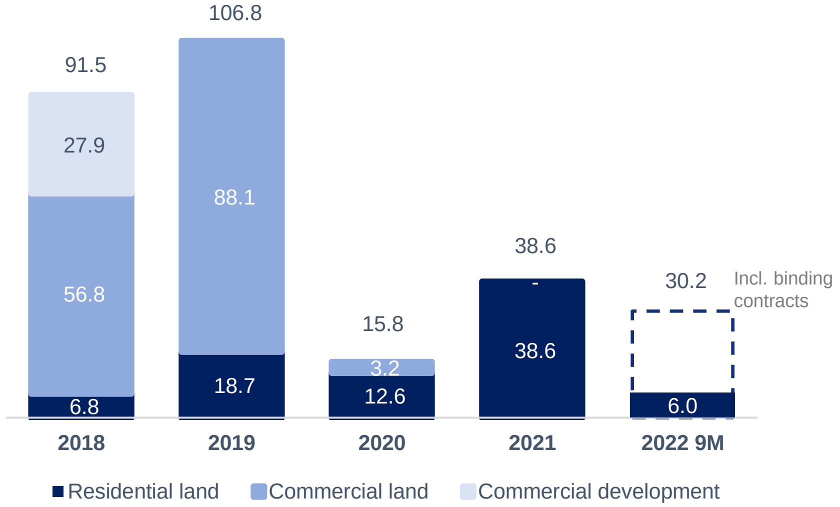
- **Vita Student Residence**: contract signed in July for the development and sale of a 20,100 sqm building as part of the Oria Complex. Land value: c.€25m

Vita Student Residence

Monteburgos 2 (MB2) office project

Sales of land and commercial assets in 2018-2022, €m

Total P&L in 2018-2022: **€258.7m**



Aggregated sales by segment in 2018-2022, €m

Residential land:
€82.7m

Commercial assets
€176m

Total
€258.7m

Plus €11.3m
In binding contracts

Plus €81.7m (1)
to be monetized in coming years, including MB2 to be delivered in 4Q22

Notes:
(1) Includes delivery of Monteburgos 2 office project, the book value of land for the Vita student residence plus two binding contracts for the sale of commercial land plots (Madrid and Palma de Mallorca)

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MB2 office project (Madrid)

3. Financial Overview

Profit & Loss
Summary

€ m	9M 2021	9M 2022	% Change
Revenues	**335.2**	**351.8**	*+5.0%*
Development	316.0	345.8	
Land sales	19.1	6.0	
Gross Profit	**64.7**	**73.6**	*13.6%*
Development	66.4	73.5	
% gross margin dev`t	*21.0%*	*21.2%*	
Land sales	(1.6)	0.1	
Net margin	**46.4**	**54.6**	*17.5%*
EBITDA	**29.3**	**34.1**	*16.4%*
Pretax profit	**13.8**	**23.7**	
Net Profit	**9.9**	**16.2**	*64.6%*
Recurring pre-tax profit (1)	19.6	27.8	*41.3%*

+5% revenues
€351.8m

+16.4% EBITDA
€34.1m

+64.6% Net Profit
€16.2m

Notes:
(1) Recurring pre-tax profit: excluding contribution from land sales and variations in the fair value of assets

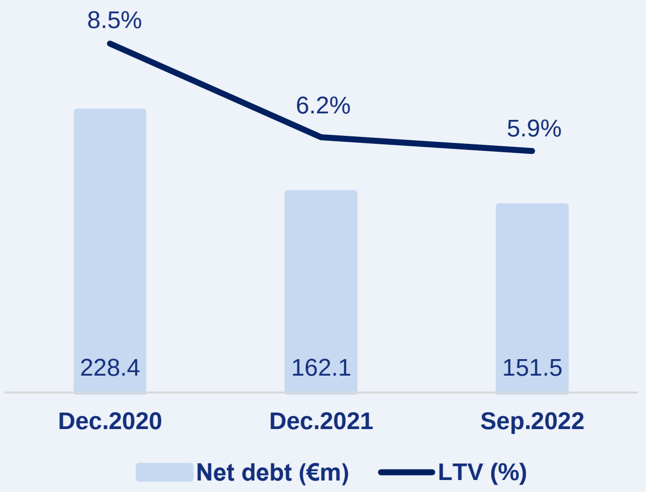
Net debt

Solid financial structure

Net debt details

€ m	Dec. 2021	Sep. 2022
Developer loans	55.9	29.6
Corporate debt	338.6	322.5
Gross Financial Debt	**394.5**	**352.1**
Unrestricted cash	231.3	200.1
S/T investment	1.1	0.6
Net Financial Debt	**162.1**	**151.5**
Restricted cash[(1)]	68.3	87.0
% LTV	6.2%	5.9%

Evolution of net debt and LTV ratio



A very solid capital structure, but not efficient

- LTV of 5.9% is well below an optimal capital structure and peer group
- Cash balance of €287m is equivalent to 56% of annualised revenues, significantly above normal needs

Dividend distribution in December is a step towards a more efficient capital structure

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

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Illa Natura (Terrasa, Barcelona)

4. Closing Remarks

A new dividend announcement

€1.05/share, equivalent to €159m

Dividend
€1.05
per share

- Subject to approval on **General Meeting,** called for 29/11/2022
- Payment expected in December 2022
- The BoD may offer the option to receive payment in cash or in a cash/shares combination, at the discretion of shareholders (1)

A dividend yield of 17.2% (2)
and 27.0% yield overall
in the year 2022 (3)

Notes:
(1) Limited to a maximum distribution of 3.3 million shares already issued, with pro-rata allocation in case of excess demand. Exchange ratio to be based on market prices, and announced by the BoD after the General Meeting. (2) With closing price as of 25/10/2022. (3) Including €0.60/sh paid in May.

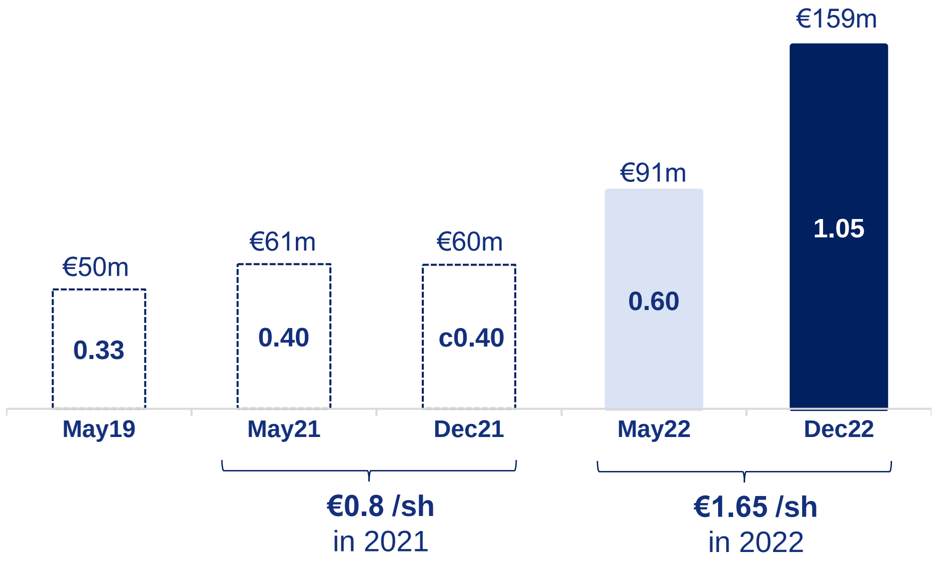
Moving to a more efficient capital structure

While keeping prudent debt ratios

Dividend history

€ per share

Total 2019-2022: **€422m** or €2.78 /sh



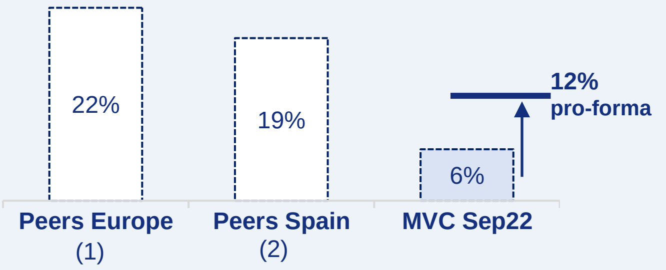
In excess of ordinary distribution policy

- Distributing current excess cash balance before year-end, as an extraordinary distribution (~€0.55 p.s.)
- On top of the ordinary distribution of cashflow generation (~€0.50 p.s.)
- A move **towards a more optimal capital structure**

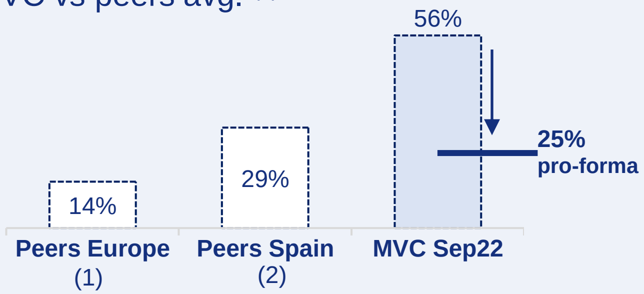
Reflects MVC's strong balance sheet and CF profile

- **12% pro-forma LTV** ratio post dividend, is still prudent: lower than the peers in Spain and Continental Europe
- **Future distributions of 80%+** of cashflow generation, subject to a target LTV range of 15%-20%

LTV ratio (%): MVC vs peers average



Cash to revenues ratio (%):
MVC vs peers avg. (3)



Notes:

(1) Peers Europe includes Nexity, Kaufman & Broad, Instone and JM. Figures as of latest report date (June or August 2022)

(2) Peers Spain includes Aedas, Neinor and Vía Célere. All figures as per latest report date (June 2022), adjusted for dividends paid in July

(3) Non-restricted cash as of latest report date (June 2022 or later) divided by FY2021 total income

Closing remarks

Good progress on targets and strategy

Market outlook: increased uncertainty

Deteriorating macro context, with unclear impact

MVC is very well positioned to manage the current context

Visibility on future deliveries **/** Maintaining launches **/** Flexible to adapt

Delivering on our very attractive dividend profile

Supported by strong CF generation and a solid balance sheet

Appendices

Adhara (Torre del Mar, Málaga)

Profit and Loss

	(€m)	9M 2021	9M 2022	YoY
A	**Total Revenues**	**335.2**	**351.8**	**5.0%**
	Residential Development	316.0	345.8	
	Land Sales	19.1	6.0	
	Total COGs	**(270.4)**	**(278.3)**	
	Residential Development	(249.7)	(272.3)	
	Land Sales	(20.8)	(5.9)	
B	**Gross Margin**	**64.7**	**73.6**	**13.6%**
	Gross Margin Development	66.4	73.5	
	% Gross margin Development	*21.0%*	*21.2%*	*2 bp*
	Gross Margin Land Sales	(1.6)	0.1	
	Commercial & other operating costs	(18.3)	(19.0)	
C	**Net Margin**	**46.4**	**54.6**	**17.5%**
	Wages & Salaries	(11.9)	(14.1)	
	Other general expenses	(5.2)	(6.4)	
D	**EBITDA**	**29.3**	**34.1**	**16.4%**
	Change in fair value of assets	(4.2)	(4.2)	
	Net financial results	(11.3)	(6.4)	
	Others	(0.0)	0.1	
	Pre-tax Profit	**13.8**	**23.7**	**71.2%**
	Incomen Tax	(4.0)	(7.5)	
E	**Net Profit**	**9.9**	**16.2**	**64.6%**
	Recurring pre-tax profit (1)	**19.6**	**27.8**	**41.3%**

Key comments

A -Total revenues of €351.8m (up 5% YoY)

- Residential revenues of €345.8m (+9% YoY)
- Land sales of €6.0m

B - Gross margin of €73.6m

- 21.2% margin in residential development

C - Net margin of €54.6m, after direct costs

D - EBITDA of €34.1m (+16.4% YoY)

E - Net profit of €16.2m (+64.6% YoY)

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

Balance Sheet

(€m)	Dec.21	Sep.22
Investment Property	417.0	298.7
Other non-current assets	159.5	167.5
Total non-current assets	**576.5**	**466.2**
Inventory	1,844.0	1,886.4
Land	*992.5*	*970.7*
WIP & finished product	*851.6*	*915.7*
Cash	299.6	287.1
Other current assets	56.9	60.3
Total current assets	**2,200.4**	**2,233.8**
Total assets	**2,777.0**	**2,700.0**
Provisions	7.6	8.5
Financial debt	287.4	288.5
Otner non-current liabilities	38.6	39.7
Total non-current liabilities	**333.6**	**336.7**
Provisions	28.6	32.4
Financial debt	102.6	59.7
Otner non-current liabilities	232.5	266.1
Total current liabilities	**363.7**	**358.2**
Shareholder's funds	2,079.6	2,005.0
Total equity + liabilities	**2,777.0**	**2,700.0**

Key comments

- **Healthy balance sheet**

- **Strong cash position of €287.1m**:
  - Unrestricted cash: €200.1m
  - Restricted cash: €87.0m

- **Low financial gearing,** with an LTV of 5.9%

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Residencial Avante (Valencia)

Q & A