

metrovacesa

Edificio Betancuria (Las Palmas de Gran Canaria)

Results 1Q2023

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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

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Highlights

Positive start of the year

- **Housing demand holding up**
- **Good pre-sales performance:**
pick-up in 1Q vs previous quarters
- **Confirmation of high activity volumes:**
+2,000 units in the last 12M in construction starts and commercial launches

Strong visibility for next few years

- **Sales backlog:**
exceeding €1bn for the first time
- **Very high sales coverage:**
85% for 2023 and 60% for 2024
- **Good construction progress:**
100% of 2024 and >35% of 2025 already started

Dividend update

- **Dividend of €0.33 p.s. to paid on May 19th**
Ex-date: May 17th
Approved in AGM yesterday
- **85% payout** on FY2022 cashflow generation⁽¹⁾

Notes:

(1) Including interim dividend paid in December 2022 (ordinary component)

2. Business Update



Key operational data

as of March 31st 2023

Active projects



Sales Backlog ⁽¹⁾

3,265 Sold units
€1.04bn
€319 k/unit ASP ⁽²⁾

Under commercialization

6,504 Units
€331 k/unit ASP ⁽²⁾
120 projects

Active units

7,824 Units
145 active projects

Construction



4,239 units under construction ⁽³⁾

89 developments under construction ⁽³⁾

Deliveries / Sales



331 units delivered in the period

€239 k/unit ASP ⁽²⁾

425 units pre-sold ⁽⁴⁾ in the period

€302 k/unit ASP ⁽²⁾

Land portfolio



€2.9m Land Sales

€0.3m in P&L revenues
+ €2.6m in new binding contracts

~ 28,400 Resi units in the land bank

81% Fully Permitted

Financials



€279.6m Net debt

11.5% 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

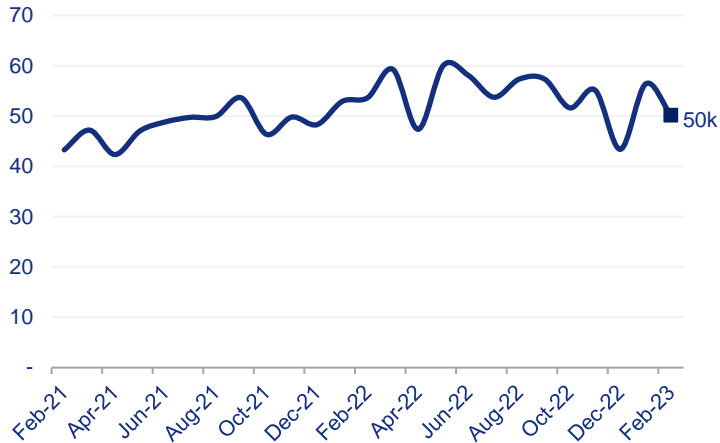
(4) Pre-sales in the period, net of cancellations

Spanish sector dynamics

A promising start of the year

Housing transactions: holding up

k units per month (source: INE)



Demand: holding up

- Most recent data suggests that demand is holding up, with a **more positive tone in early 2023** than at the end of 2022
- The outlook for new housing remains solid, with favourable demand-supply dynamics and a **modest price appreciation**

Housing supply: remains very limited

Housing starts and completions monthly, k units (source: MITMA)

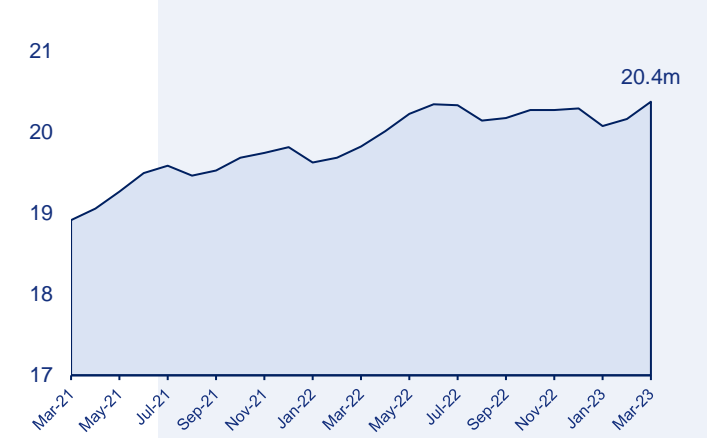


Supply: less active than demand

- Supply volume **remains limited**: housing starts at 97k, and completions at 80k units, in the last 12M
- Construction costs are **stabilizing**

Supportive macro: positive job creation

Total number of workers, millions (source: INE)



Supportive macro data

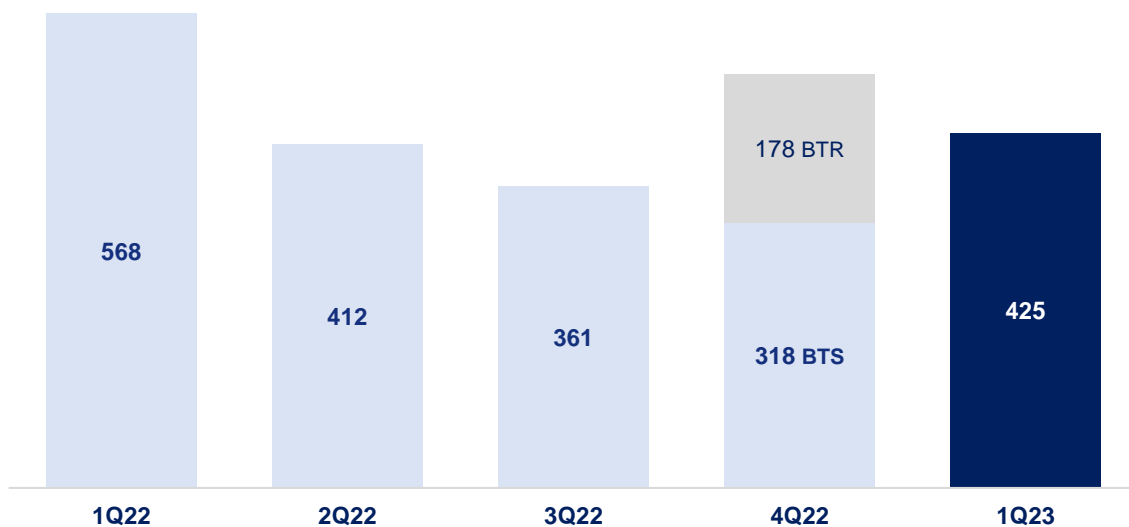
- Positive **job creation** continues
- Upward revisions in **GDP for 2023E**: now +1.7% in Spain vs. 0.5% for the UE according to OECD
- **Households** are overall in a **sound financial situation**, with a high volume of deposits and cash, while their indebtedness has decreased

Pre-sales

Recovery of demand compared to previous quarters

1Q23 net pre-sales: 425 units

units



BTS presales:
above previous three
quarters

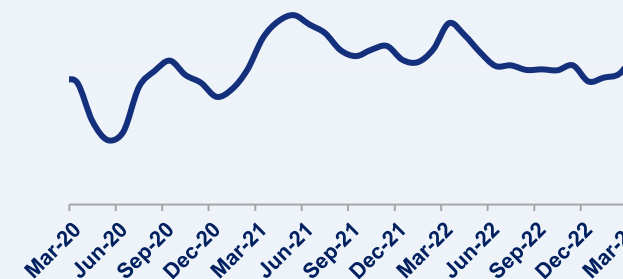
ASP 1Q23:
€ 302 k/unit, +4% YoY

Uptick in demand

- The number of visits has increased throughout the 1Q

Client visits

3-month rolling average



Operational activity

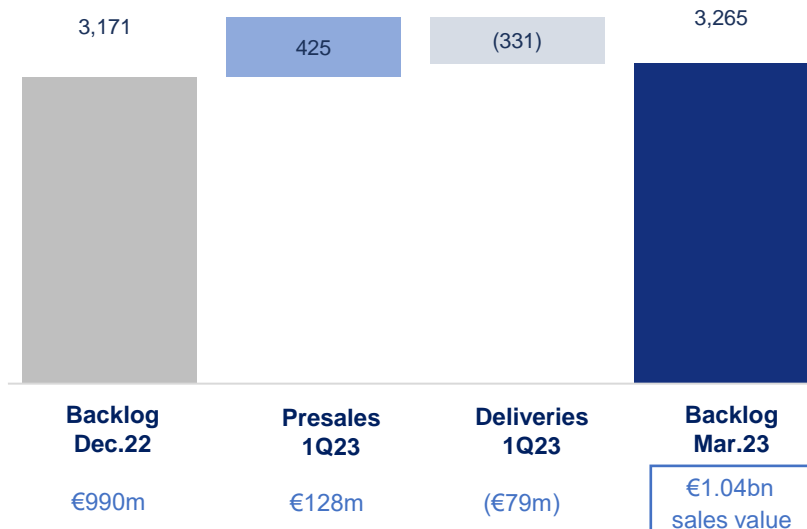
Presales backlog over €1bn, plus activity consistent with +2,000 units in medium term

Pre-sales backlog
3,265 units

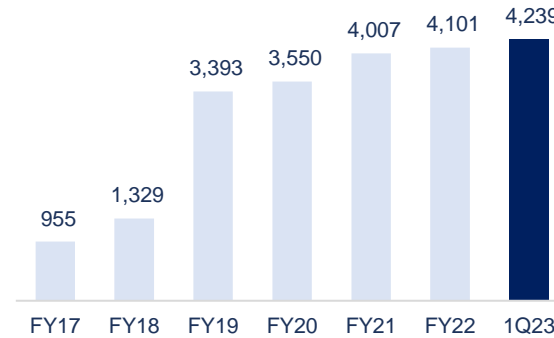
- Average unit price (ASP): €319k
- 80% contracts, 20% reservations
- 82% retail clients, 18% institutional

Backlog evolution: >€1bn sales for the 1st time

units

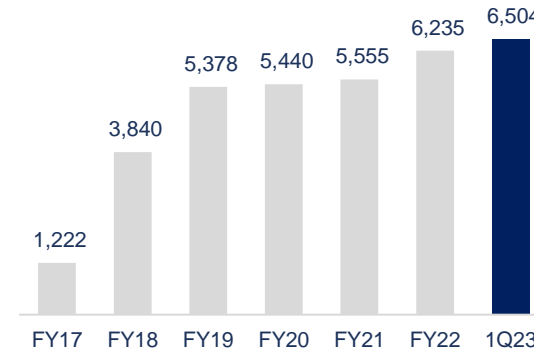


Units in construction (1)



- **Construction starts:** 468 units in 1Q23 and 2,006 units in last 12M
- **High coverage:** 100% of 2024 deliveries and >35% of 2025 have already begun construction
- **Construction costs:** normalization and smooth execution

Units in commercialization



- **Commercial launches:** 599 units in 1Q23 and 2,092 units in last 12M
- **Appealing products:** average selling price (ASP) of €331k (+7.5% YoY) and 50% already pre-sold
- **Active units:** a total of 7,824 units, including a pipeline of 1.3k units in the design phase, for marketing in the near term

Notes:

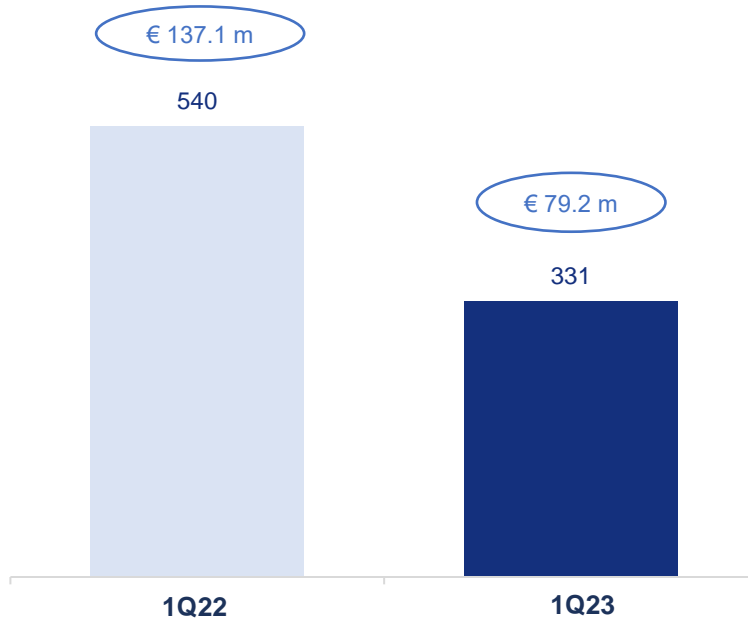
(1) Includes units with construction completed

Residential deliveries

1Q23 according to plan

1Q23 deliveries

units, € m



Volume:
331 units

134 BTS and 197 BTR
One BTR project in Valencia
and another in Madrid

Avg. price:
€ 239 k/unit

BTS units: € 283 k
BTR units: € 208 k

Gross Margin:
21.5%
in 1Q23

In line with
internal plans
and
on track to hit
full-year targets

- Expecting **higher volume** and **higher ASP** in 2H deliveries than in 1H
- **>85% sales coverage** for FY 2023 deliveries

Land activity

Progress on land management

Tres Ximeneies (Barcelona): final approval of the masterplan

- ✓ A strategic location in the coastal line, just North of Barcelona city, with strong potential demand
- ✓ In March, this area saw the final approval of the masterplan (*Plan Director Urbanístico*)
 - Total district size: **~1,800 residential units** (40% social) plus **~100,000 sqm for commercial uses** (mainly offices)
 - Urbanization plan and reallocation plan will be drafted between 2023 and 2024
- ✓ A JV called FMB, controlled between **MVC 38.6%** and Endesa 61.4%, is the majority land owner in the area (71%)
- ✓ According to a proportional distribution, MVC would have land for over 400 residential units and c. 24,000 sqm for commercial uses. Final distribution will depend on the reallocation plan



Land sales

- ✓ **Sales activity in 1Q23:**
 - €0.3m revenues
 - Plus €2.6m new pre-sales (binding contract)
- ✓ **Sales pipeline:**
 - €21m sales backlog: in binding contracts with partial prepayment
 - Plus >€20m in advanced negotiations (in due-diligence)
 - The land market is becoming more active than last year, specially for alternative commercial uses




3. Financial Overview

IVC

Profit and Loss

Summary

 € m	1Q 2022	1Q 2023
Revenues	141.1	79.5
Residential Development	137.1	79.2
Land sales	4.0	0.3
Gross Profit	27.9	16.9
Residential Development	27.8	17.0
% gross margin	20.2%	21.5%
Land sales	0.1	(0.1)
Net margin	22.4	11.2
EBITDA	15.6	4.4
Net financial results	(3.8)	(5.2)
Provisions and others	0.0	(1.2)
Pretax profit	11.8	(1.9)
Net profit	10.7	(3.6)
Recurring pre-tax profit ⁽¹⁾	11.6	(1.8)

Revenues residential development: €79.2m

Residential development gross margin 21.5%

EBITDA: €4.4m

Notes:

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

Net debt

Strong financial structure

Net debt details

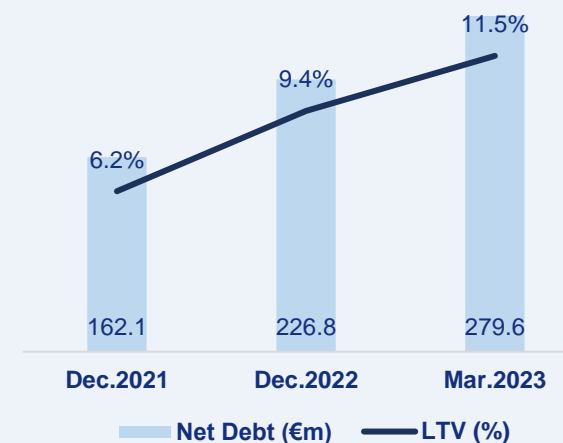
€ m	Dec. 2022	Mar. 2023
Developer loans	35.2	49.9
Corporate debt	315.7	342.3
Gross Financial Debt	350.9	392.1
Unrestricted cash	124.1	112.6
S/T investment	0.0	0.0
Net Financial Debt	226.8	279.6
Restricted cash ⁽¹⁾	77.9	84.9
% LTV	9.4%	11.5%

A solid
capital structure



- Increase in LTV to 11.5%, a comfortable ratio and below our reference of 15%-20%
- After the next May dividend distribution of €50m, pro-forma LTV would rise to 13.6%
- Corporate debt: maturity in 2026 and 90% hedged or fixed rate

Evolution of net debt and LTV ratio



Notes:

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



4. Closing Remarks

Closing remarks

Encouraging market in early 2023

- ✓ Resilient **housing demand**
- ✓ Increased interest in **land assets**
- ✓ We focus on **flexibility to adapt** to market changes as uncertainties are not over yet

Outlook reiterated

- ✓ **€100-150m** cashflow generation in FY2023
- ✓ Project launches and construction starts, consistent with our **mid-term target of >2,000 units p.a.**

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Appendices



Profit and Loss

(€m)	1Q 2022	1Q 2023	YoY
Total Revenues	141.1	79.5	-43.6%
Residential Development	137.1	79.2	
Land Sales	4.0	0.3	
Total COGs	(113.2)	(62.6)	
Residential Development	(109.3)	(62.2)	
Land Sales	(3.9)	(0.4)	
Gross Margin	27.9	16.9	-40.2%
Gross Margin Development	27.8	17.0	
% Gross margin Development	20.2%	21.5%	+13 bp
Gross Margin Land Sales	0.1	(0.1)	
Commercial & other operating costs	(5.5)	(5.7)	
Net Margin	22.4	11.2	-50.0%
Wages & Salaries	(4.4)	(4.8)	
Other general expenses	(2.4)	(2.0)	
EBITDA	15.6	4.4	-71.6%
Net financial results	(3.7)	(5.2)	
Associates	(0.2)	(0.3)	
Provisions & Others	0.0	(0.9)	
Pre-tax Profit	11.8	(1.9)	
Income Tax	(1.1)	(1.7)	
Net Profit	10.7	(3.6)	
Recurring pre-tax profit (1)	11.6	(1.8)	



Notes:

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

Balance Sheet

(€m)	Dec.22	Mar.23
Investment Property	240.4	240.4
Other non-current assets	167.1	166.4
Total non-current assets	407.5	406.9
Inventory	1,842.9	1,889.0
<i>Land</i>	883.6	896.6
<i>WIP & finished product</i>	959.3	992.2
Cash	202.0	197.4
Other current assets	61.5	49.2
Total current assets	2,106.4	2,135.6
Total assets	2,513.9	2,542.5
Provisions	12.7	13.3
Financial debt	273.1	264.0
Other non-current liabilities	40.4	40.3
Total non-current liabilities	326.2	317.6
Provisions	26.5	25.5
Financial debt	74.4	125.4
Other non-current liabilities	281.2	271.9
Total current liabilities	382.1	422.8
Shareholder's funds	1,805.6	1,802.1
Total equity + liabilities	2,513.9	2,542.5





Q & A

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