

metrovesesa

Results 1Q2022

May 4th, 2022

mvc.

Oceana Gardens (Estepona, Málaga)

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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

PROVINCIA



Highlights

1Q22 on track to meet our FY targets

Outstanding Operating Metrics

- Record levels of Pre-sales for 1Q22
- Deliveries well on track with guideline

	In 1Q22	<u>vs 1Q21</u>
Pre-sales	568 units	1.4x
Deliveries	540 units	1.8x

Solid Financial Statements

- Positive EBITDA and Net Profit
- Strong Cashflow generation

	In 1Q22	<u>vs 1Q21</u>
EBITDA	€15.6m	19.5x
Net Profit	€10.7m	neg
Op. Cashflow	€46.9m	1.9x

Attractive Dividends

- €0.60/sh to be paid on May 20th
- Total dividend on CF 2021 of €0.9955/sh, 86% payout

	€ /sh
May 2022	0.60
Dec 2021	<u>0.3955</u>
Total	0.9955 → 13% yield ⁽¹⁾

Notes:

(1) Calculated on the current stock market price (price as of May 1st, 2022)

2. Business Update



Key operational data

as of 31st of March 2022

Active projects



Sales Backlog ⁽¹⁾

3,061 Sold units
€878m
€287 k/unit ASP ⁽²⁾

Under commercialization

6,001 units
€308 k/unit ASP ⁽²⁾
114 projects

Active units

7,323 units
138 active projects

Construction



3,724 units under construction ⁽³⁾

81 Developments under construction ⁽³⁾

Deliveries / Sales



540 units delivered in the period

€253 k/unit ASP ⁽²⁾

568 units pre-sold ⁽⁴⁾ in the period

Land portfolio



€12.6m
Land Sales

€4.0m recorded in P&L
+ €8.6m in private contracts

c.31,400
Resi units in land bank

Financials



€334m
Total cash

€127m
Net debt

4.9%
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

Market context (1/2)

Solid demand

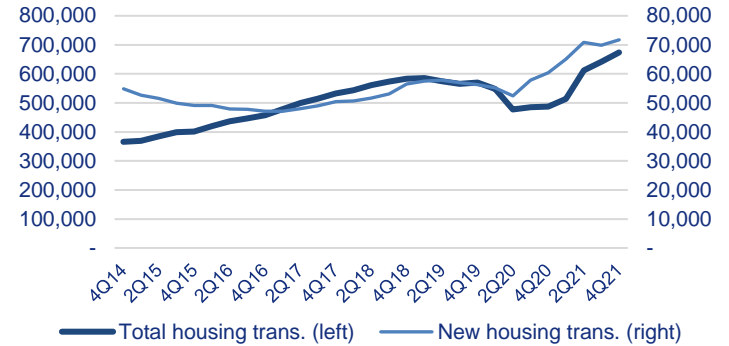
- **Housing demand has remained solid during 1Q**, and April data confirms the same trend:
 - MVC had record BTS pre-sales in 1Q22
 - Increasing demand from domestic buyers in Tier-1 and Tier-2 cities, and from foreigners in Costa del Sol
 - Favourable demand-supply balance, with new construction starts growing more slowly than demand
 - Share of new homes on total transactions is still low: 20% now vs 15-yr avg. of 42%
- **Mortgage financing from banks remains accessible for house buyers:** +31% YoY growth in new mortgages in early 2022



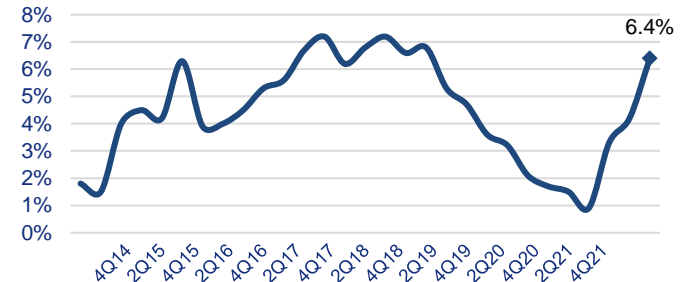
Room for price hikes

- **We expect HPA in Spain of approx. +5% in 2022**
- **MVC is now implementing price increases in the range of +3% to 8%** in a significant number of our projects

Housing transactions, in units (source: MITMA)



Housing price, YoY % change (source: INE)



Market context (2/2)

Construction cost

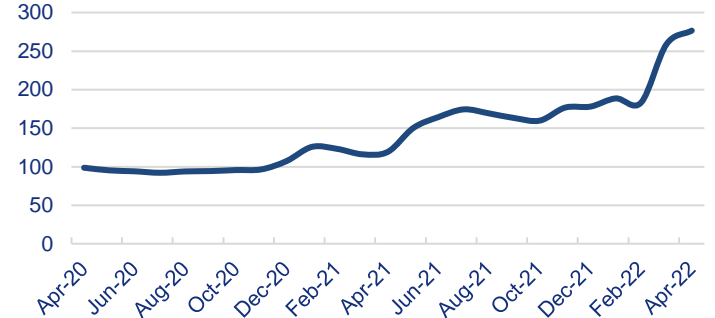
- **Construction costs rising in recent months** driven by i) higher energy costs; ii) increased demand for industrial raw materials; iii) temporary disruption in the supply chains
- **We expect c.10% increase in construction costs in 2022**
 - Cost pressure expected to ease up in the second part of the year, assuming that supply chain issues get eventually resolved
 - A reduction in the volume of new housing starts in the sector (especially in small developers), will reduce the construction volume tendered



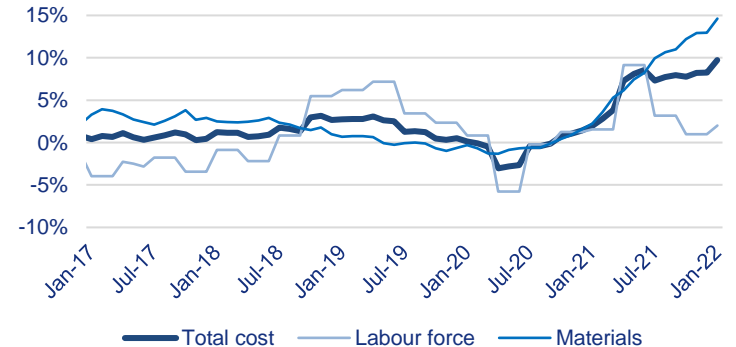
MVC is in good position to wade through this:

- **2022 deliveries: 2/3 of construction already completed** and 100% will be completed by August
- Robust contracts with contractors (fixed price, high retention rates and contractual guarantees), with **c.60% contracted with very large construction companies** → limited execution risk
- **Positive HPA** is an important factor **to mitigate cost increases**. MVC is also working on initiatives to minimize the impact on margins

Steel price in Spain (source: ANIFER Index)



Construction cost YoY change (source: MITMA)

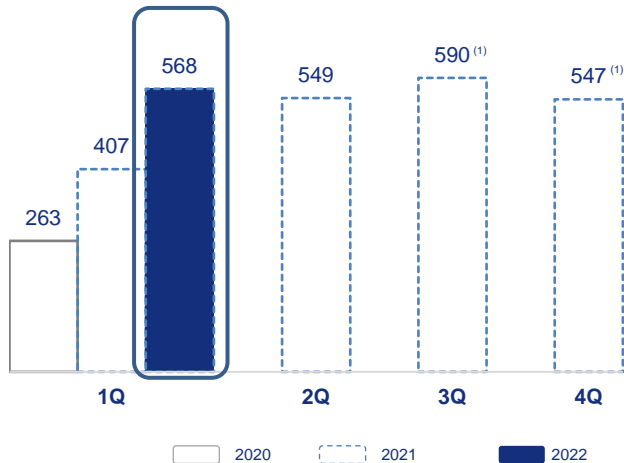


Pre-sales

Solid housing demand driving pre-sales evolution

Quarterly pre-sales (units): +40% vs. 1Q21

New record quarter ex BTR



Very solid demand

- Presales experienced a 40% increase YoY, with all market segments displaying a solid performance
- ASP of €289k/unit is 3% above backlog average

Last 12 months presales

- Accumulated presales of **2,253** units in the last 12M
- Consistent with our medium term targets

Healthy absorption ratios

Monthly presales on avg. units in commercialization (sold+unsold)

1Q21

2.6%

1Q22

3.3%

Monthly presales on avg. unsold units in commercialization

1Q21

5.1%

1Q22

6.9%

Notes:

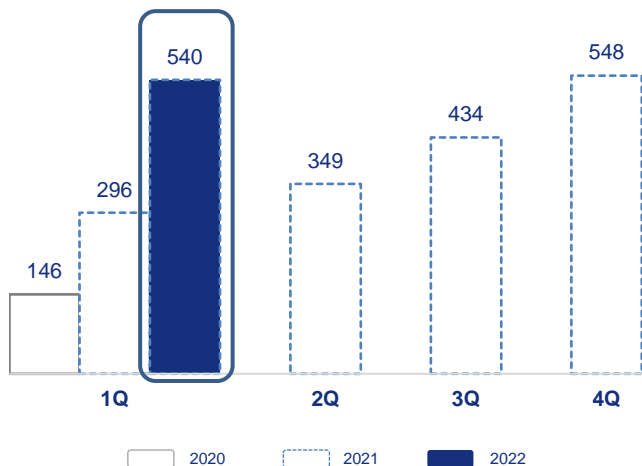
(1) Including 208 BTR units in 3Q21 and 152 BTR units in 4Q21

Residential deliveries

Backlog supportive of FY targets

Quarterly deliveries (units): 540 in 1Q

+82% increase vs. 1Q21



On track to achieve FY2022 targets

For 2022 deliveries:

- 85% already sold
- Construction progress close to completion (avg. 94%)

12 months accumulated:

- 1,871 units delivered, over the last 12 months

Deliveries in 1Q22:

- The provinces with the highest numbers of units delivered were: Córdoba (30%), Barcelona (16%), Málaga (14%) and the Canary Islands (13%).
- ASP 1Q22: €253k/unit

Operational activity

Allowing for increased visibility and predictability of future cash flow

Pre-sales backlog

3,061 units

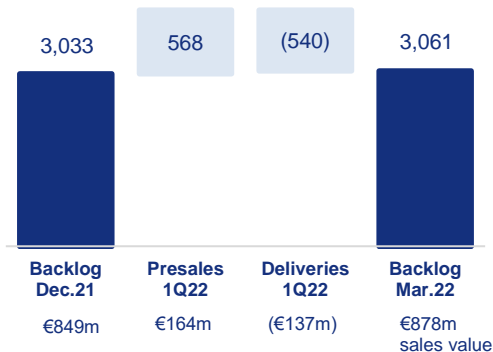
- Average unit price (ASP): €287k
- 75% contracts, 25% reservations
- 76% retail clients, 24% institutional

Units in commercialization

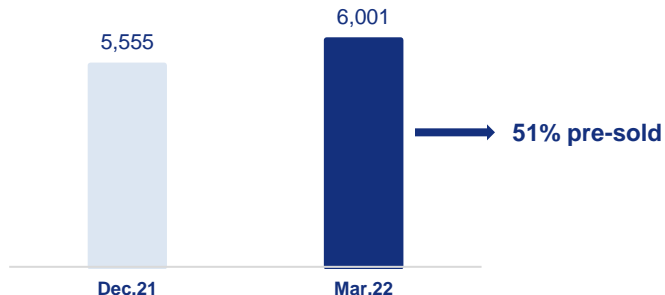
6,001 units

- New commercial launches: **986 units** in 1Q22 (7 new projects in commercialization).
- Of total projects in commercialization: **51% pre-sold**

Backlog evolution in # units:



Units in commercialization :



Units under construction⁽¹⁾

3,724 units

- 100% of the targeted deliveries for 2023 are already under construction
- 1,100 units with building permits awarded, ready to begin construction
- New construction starts 1Q22: 257 units

Notes:

(1) Includes units with construction completed

Land sales & land management

Progress on land sales & management

Land sales in 1Q 2022



Land management milestones in 1Q

- Agustín Lara (Valencia city): transformation to fully permitted (119 units)
- Mesena (Madrid city): final approval of detailed study, now FP ready-to-build (160 units)
- Los Cerros (Madrid city): initial approval of urbanisation plan (1,548 units)
- San Pedro de Visma (A Coruña): final approval of re-allotment plan (567 units)



Isla Natura/Palmas Altas (Seville)

Commercial segment

Improved activity and clear interest from investors



Monteburgos 2 (office turnkey)

- 11,250 sqm office project in Madrid
- Construction works 65% executed
- The project will be delivered by year end, according to plan



Puerto de Somport (MVC 24% stake)

- 20,000 sqm office building in Madrid
- Currently in advanced negotiations with potential tenants to take up part of the building



Oria project (Clesa)

- 89,000 sqm mixed-use project in Madrid
- Currently aiming for two turnkey agreements: a student residence plus a hospitality project, that would secure c.50% of the total buildable area
- Building licenses to be requested in June 2022

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Sustainability and ESG (1/2)

Strategy ESG24: 100% aligned with the business model

Metrovacesa has updated its **2022-2024 General Sustainability Strategy (ESG24)**, leveraged on the significant progress made in the 2020-2022 Sustainability Plan

The ESG24 defines an **ambitious common action framework aligned with our activity** and which focuses its objective on the development of a responsible and sustainable business model

Metrovacesa's ESG24 consists of **9 strategic lines** and **21 lines of action** articulated in the three ESG dimensions, which are materialized through **88 specific actions** with monitoring indicators (**KPIs**) and an estimated **budget**



ESG24 OBJECTIVE

Position the company at the forefront of the real estate development sector in sustainability

The lines developed in the ESG24 will contribute to the SDGs within a set period, thanks to the promotion and monitoring of those responsible. Specifically, it will contribute with a greater impact on the following SDGs:

**SUSTAINABLE
DEVELOPMENT
GOALS**



Sustainability and ESG (2/2)

ESG24 strategic lines and objectives

Strategic lines



E

Sustainability in housing developments

Neutrality and climate adaptation

Sustainable homes and customer well-being

The best talent for business

Spreading sustainability to suppliers and contractors

Promoter of and contributor to social development

Responsible and ethical corporate governance in businesses

ESG leadership and reputation management

Sustainable business model



S



G

Strategic objectives of Metrovacesa

Obtain **sustainable building certifications or seals** in 100% of new housing developments

Achieve **carbon neutrality** by 2040, focusing on construction, the use of homes and customer awareness

Position as a **benchmark for customers** in **satisfaction** and **development** of **sustainable** housing

Be **recognized** as a **reference employer** and preferred company to work for

Ensure responsible and sustainable **behaviour** of 100% of **critical suppliers and contractors**

Promote sustainable urban developments, support for **vulnerable groups, environmental conservation and emergency response**

Adopt the highest practices of corporate governance and business ethics

Being **recognized in the top 10** of the best companies **in the world** in our sector in terms of **ESG**

100% of activities considered sustainable (EU Taxonomy)

3. Financial Overview

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Profit & Loss

Summary



Profit & Loss

€ m	1Q 2021	1Q 2022	% Change
Revenues	77.9	141.1	81%
Development	67.8	137.1	
Land sales	10.1	4.0	
Gross Margin	10.6	27.9	163%
Development	10.2	27.8	
% gross margin dev't	15.1%	20.2%	+5.2 pp
Land sales	0.4	0.1	
Net margin	6.6	22.4	238%
EBITDA	0.8	15.6	1746%
Recurring EBITDA ⁽¹⁾	0.4	15.5	
Pretax profit	(2.2)	11.8	
Net Profit	(2.2)	10.7	
Recurring pre-tax profit ⁽¹⁾	(2.6)	11.6	

+81% rise in
total revenues

Recurring EBITDA
margin 11.3%

Positive net profit
€10.7m

Op.Cashflow 1Q22
€46.9m

Notes:

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

Net debt

Solid financial structure

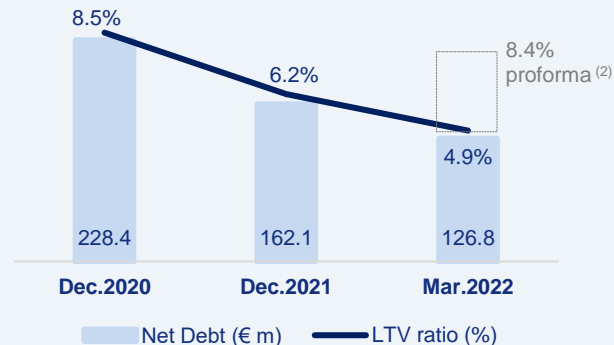
Net debt details

€ m	Dec. 2021	Mar. 2022
Developer loans	55.9	47.7
Corporate debt	338.6	327.3
Gross Financial Debt	394.5	375.1
Unrestricted cash	231.3	247.7
S/T investment	1.1	0.6
Net Financial Debt	162.1	126.8
Restricted cash ⁽¹⁾	68.3	86.4
% LTV	6.2%	4.9%

Total cash
€334m

€247.7m unrestricted cash
€86.4m advances from clients

Evolution of net debt and LTV ratio



Improvement of rating



- Bond rating improved by one notch to **BBB** by Axesor
- Direct impact of 20 bps reduction on coupon in the €30m, 5-yr bond issued in May21 to 3.90%

Buyback update ⁽³⁾



- €21m invested to date (+€4.5m mark to market)
- 2.2% of share capital

Notes:

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

(2) Pro forma LTV post May 2022 dividend

(3) Via equity-swap financing

4. Final Comments

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Partial Tender Offer

Presented by FCyC S.A.

Key terms announced of the offer

- **Offer Price of 7.20 €/share** (ex dividend)
- Voluntary and partial offer for **up to 24% of Metrovacesa** (up to 36,402,322 shares)
- **Presented by FCyC S.A.**, the real estate subsidiary of FCC group. The offeror's group control currently owns 5.4% stake in MVC, through Soinmob

Key dates in the process

- FCyC announced on 23/03 its intention to present the bid, and has submitted its application for authorization to the CNMV on 25/4
- The acceptance period will start after the CNMV completes its review process of the bid request and authorizes for publication the offer prospectus
- The Board of Directors (BoD) of Metrovacesa will issue its mandatory opinion report within the first 10 calendar days of the acceptance period

- MVC's BoD has appointed its advisors:
 - **Bank of America** as financial advisor
 - **Hogan Lovells and Uría Menéndez** as legal advisors
- The BoD has also set up a **committee for monitoring the tender offer**, headed by the Chairman and the CEO

Dividend Policy

Strong cashflow generator

Next dividend
€ 0.60 /sh
to be paid on May 20th

- Approved by GSM yesterday, 3rd May 2022
- Key dates:
 - Payment date 20th May
 - Ex-date 18th May
- 2nd distribution of final dividend on CF2021: 7.8% yield
- Total dividend on CF2021 (€0.9955) implies a 13% yield⁽¹⁾

€ 262 m

Total dividend distributed
2019-2022

Dividend history

	Payment date	Amount	Dividend per share		
2019	✓ May	€ 50 m	€ 0.33/sh	Final	-----> Pay-out 109% of CF 2018
2021	✓ May	€ 61 m	€ 0.40/sh	Final	-----> Pay-out 85% of CF 2019+2020
	✓ Dec	€ 60 m	€ 0.3955/sh	Interim	-----> Pay-out 86% of CF2021
2022	✓ May	€ 91 m	€ 0.60/sh	Final	
Total 2019-2022		€ 262 m	€ 1.7255/sh		

This underprints MVC's profile as a **strong cashflow generator** and an **attractive shareholder remuneration policy** (>80% payout on CF)

Notes:

(1) Calculated on the current stock market price (01/05/2022)

Closing remarks

We reiterate our guidance for FY 2022



1Q22 figures reinforce our expectations for FY 2022 targets

Residential deliveries

1,600 – 2,000 units

- 34% delivered in 1Q
- 85% pre-sold at March

Land sales agreements ⁽¹⁾

> €75m

- 17% achieved in 1Q

Op. Cash Flow

> €150m

- 31% achieved in 1Q

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Notes:

(1) Including private contracts

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Residencial Avante (Valencia)

Appendices

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Profit and Loss

	(€m)	1Q 2021	1Q 2022	YoY
A Total Revenues		77.9	141.1	81%
Residential Development		67.8	137.1	
Land Sales		10.1	4.0	
Total COGs		(67.3)	(113.2)	
Residential Development		(57.6)	(109.3)	
Land Sales		(9.7)	(3.9)	
B Gross Margin		10.6	27.9	163%
Gross Margin Development		10.2	27.8	
% Gross margin Development		15.1%	20.2%	+5.2pp
Gross Margin Land Sales		0.4	0.1	
Commercial & other operating costs		(4.0)	(5.5)	
C Net Margin		6.6	22.4	238%
Wages & Salaries		(4.4)	(4.4)	
Other general expenses		(1.4)	(2.4)	
D EBITDA		0.8	15.6	1746%
Change in fair value of assets		(0.2)	0.0	
Net financial results		(2.8)	(3.7)	
Others		(0.1)	(0.2)	
Pre-tax Profit		(2.2)	11.8	
Incomen Tax		(0.0)	(1.1)	
E Net Profit		(2.2)	10.7	
Recurring pre-tax profit ⁽¹⁾		(2.6)	11.6	



Key comments

A - Total revenues of €141.1m (up 81% YoY)

- Residential revenues of €137.1m (+102% YoY)
- Land sales of €4.0m

B - Gross margin of €27.9m

- 20.2% margin in residential development

C - Net margin of €22.4m, after direct costs

D - Positive EBITDA of €15.6m

E - Positive net profit of €10.7m (7.6% margin)

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Notes:

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

Balance Sheet

(€m)	Dec. 2021	Mar. 2022
Investment Property	417.0	295.3
Other non-current assets	159.5	159.4
Total non-current assets	576.5	454.7
Inventory	1,844.0	1,916.7
<i>Land</i>	992.5	988.9
<i>WIP & finished product</i>	851.6	927.8
Cash	299.6	334.1
Other current assets	56.8	56.3
Total current assets	2,200.4	2,307.1
Total assets	2,777.0	2,761.8
Provisions	7.6	7.2
Financial debt	287.4	287.6
Other non-current liabilities	38.6	38.8
Total non-current liabilities	333.6	333.6
Provisions	28.6	27.2
Financial debt	102.6	83.6
Other current liabilities	232.5	227.0
Total current liabilities	363.7	337.8
Shareholders' funds	2,079.6	2,090.4
Total equity + liabilities	2,777.0	2,761.8



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Pau Concordia (Manresa, Barcelona)

Q & A

INVC.