

metrovacesa

Moreras (Valencia)

Results 3Q2021

October 27th, 2021



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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



Capturing the recovery in demand

Record-high units sold in 3Q;
accelerating new launches and construction starts



Full-year cashflow target will be exceeded

Target of €100m already met in 9M, underpinned by increase in deliveries, with improving margins, as well as land sales



Interim dividend announcement: €60m

Aprox. €0.3955 per share to be paid in Dec.2021,
subject to ESM approval

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Nereidas (Torremolinos, Málaga)

2. Business Update



Key operational data as of September 2021

Active projects	Construction	Deliveries / Sales	Land portfolio	Financials
 <p>Sales Backlog ⁽¹⁾</p> <p>3,034 Sold units €860m €284 k/unit ASP ⁽²⁾</p> <p>5,177 units and 96 developments under commercialization</p> <p>€295 k/unit ASP ⁽²⁾</p> <p>7.502 active units 136 active developments</p>	 <p>3,698 units in construction or completed</p> <p>73 developments in construction or completed</p>	 <p>1,079 units delivered</p> <p>€293 k/unit ASP ⁽²⁾</p> <p>1,546 units pre-sold ⁽³⁾</p>	 <p>€33.7m Land Sales</p> <p>€19.1m recorded in P&L + €14.6m in private contract</p> <p>C.33.000 Resi units in land bank</p>	 <p>€306m Total cash</p> <p>€211m Net debt</p> <p>7.7% LTV ratio</p>

Notes:

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

(2) Average Selling Price in 9M21

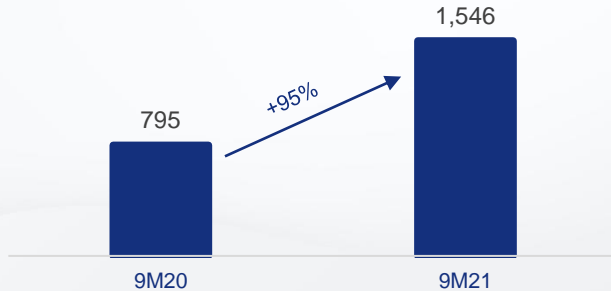
(3) Pre-sales in the period, net of cancellations

(4) Estimated number of units may vary in time depending on the type of projects and maximum buildability

Residential pre-sales: keeping up on good housing demand

9M pre-sales: up 95% YoY (1)

units

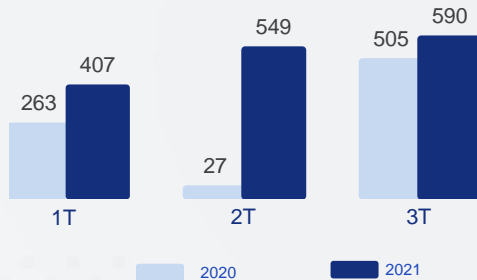


1,546 units
sold in 9M

Breaking record sales
each quarter in 2021

Pre-sales by quarter (1)

units



- 9M21 net pre-sales of 1.546 units is +95% YoY and already higher than our internal budget for the full-year 2021.
- 3Q presales this year includes 208 BTR units signed with AEW in Valencia in July. The figures are comparable with last year's: 203 BTR units signed in 3Q20.
- Demand remains solid in most markets, with the usual seasonality in the summer period. Foreign demand is recovering but still below its full potential.
- Absorption in 3Q:
 - 3.7% monthly on total units in commercialisation (sold and unsold units).
 - 25.4% quarterly on available (unsold) units.

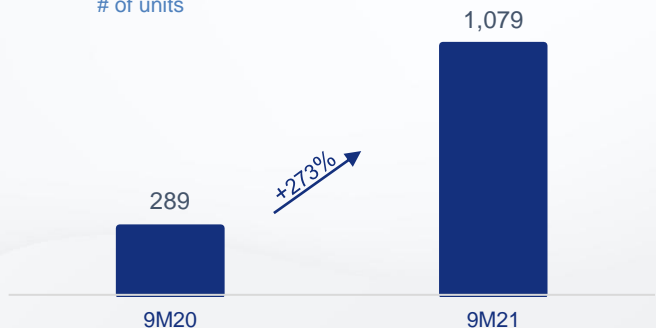
Notes:

(1) Including 208 BTR units in 3Q21, and 203 BTR units in 3Q20

Deliveries: 1,079 units in 9M21

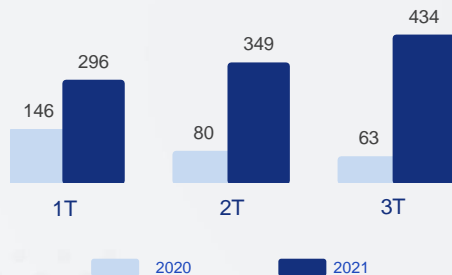
9M deliveries: up 273% YoY

of units



Quarterly deliveries: 434 units in 3Q

of units



More deliveries and with a higher gross margin

- **1,079 units** delivered in 9M: +273% yoy, including 434 units in 3Q
- **ASP of €292k/unit in 9M (€324k/unit in 3Q)**
- **€316m revenues** in 9M: +400% yoy
- **22%% gross margin in 9M (25% in 3Q)**
- Main locations of deliveries in 9M: Malaga (378 units), Cadiz (123), Almeria (69), Barcelona (88), Seville (99), Madrid (72), Pontevedra (58)

	1Q21	2Q21	3Q21
Avg unit Price	€229k	€307k	€324k
Gross margin %	14%	21%	25%

Good visibility for coming quarters

- Target FY2021 deliveries of 1,300-1,700 units is already 72% achieved as of September (low end)
- More than 500 units pre-sold and in delivery phase (with LPO - First Occupation License)
- Expectation for 2022: higher deliveries than FY2021

Operational activity: backlog, in construction, in commercialization

Backlog of pre-sales: evolution



- Backlog of 3,034 units, +18% YtD
- Avg unit price of €284k
- 70%+ coverage of potential 2022 deliveries
- 79% contracts, 21% reservations

Units in construction or completed

3,698
units in
construction

- New construction starts:
 - ✓ 1,228 units in 9M
 - ✓ 800+ units to start in 4Q
- New building permits obtained:
 - ✓ 1,500 units in 9M
- Construction completions:
 - ✓ 1,864 units in 9M (39 projects)
- Ensures a rising volume of deliveries for 2022 and 2023

Units in commercialization

5,177
units in
commercialization

- 96 projects in commercialization with an ASP of €295k/unit
- 59% of total units are already presold

Active units

7,502
active

- New launches:
 - ✓ 1,196 units in 9M
- 2,313 units in design phase, to initiate commercialisation soon

Stepping up in activity volumes:
we expect to reach ~2,000 units in most metrics for FY2021: pre-sales, construction starts and new launches.

Land & Commercial: demand for residential land remains solid

Land sales



- **Land sales recorded in 9M P&L: 19.1m**
 - 3Q 21: several small-size residential transactions, for 224 units
 - Locations: Huelva, Tarrasa, Alicante, Logroño, Córdoba, Lleida, Málaga, Jerez (Cádiz)
- **Plus sales agreed in private contract** (expected to close before year end): **€14.6m in 9M**
- Sale of non-core residential plots, for a total of 887 units, and prices slightly below book values (-8%)
- Demand for residential land is solid. On commercial land we expect a revitalisation in coming quarters

Land management milestones



Vinival (Alboraya, Valencia)

- Initial approval of sector reform plan in Sept starting up
- 540 residential units

Commercial portfolio



Puerto Somport (Madrid)

- Completion of phase 1 building
- 18,900 sqm with top certifications: Leed Platinum, Well Gold, Safe Site
- Currently under commercialisation for new tenants



Clesa (Madrid)

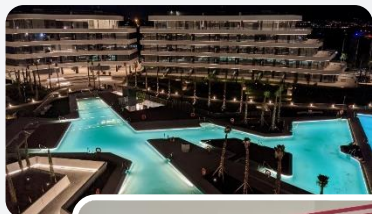
- Design of a global masterplan with 88,700 sqm for mixed use
- Launch of licensing process expected for 1H22
- Seeking investors for potential turnkey agreements for a student residence and a *coliving* project

Other achievements



One of the **best 100 companies to work in Spain**

- Ranking by *Actualidad Económica* magazine
- For a second year, the only residential developer in the top 100 Spanish companies



Nereidas: the **best project in Andalusia**

- Awarded as the Outstanding Real Estate Project in the **VIII edition of the Andalusia Awards**, during the XIII Residential Tourism Conference
- Nereidas project, 104 units on the beachfront in Torremolinos, Málaga, completed in 2021



ESG award by the Cádiz Employers' Association

- Selected for MVC's commitment to the sustainable development goals integrated in the United Nation's 2030 agenda



First Spanish developer integrate **blockchain technology** with its BIM design platform

- To create digital simulations and allow full traceability and authentication of documents by all the players: architects, construction companies, etc.
- Grant Thornton as technology consultant and Alastria as Blockchain network.

3. Financial Overview



Financial accounts: P&L highlights



Profit & Loss

€m	9M 2020 ⁽¹⁾	9M 2021	% Change
Revenues	64.1	335.2	423%
Development	62.3	316.0	
Land sales	1.8	19.1	
Gross Profit	11.2	66.9	497%
Development	11.2	68.2	
% gross margin dev't	18%	22%	
Land sales	(0.0)	(1.3)	
Net margin	4.6	47.9	941%
EBITDA	(11.0)	29.8	
Pretax profit	(79.2)	14.3	
Net Profit	(82.1)	10.4	
Recurring pre-tax profit	(20.8)	19.1	

+423% rise in total revenues

22% gross margin in development

Positive EBITDA and net profit

Gross free cashflow of €101m

Notes:

(1) Figures for 9M 2020 are pro-forma, excluding the sale of one plot of land which was excluded in 4Q 2020

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

Financial Debt: Corporate debt extended and with greater flexibility

Refinancing of syndicated bank loan

Key terms

- **Signed in July**, well in ahead of its scheduled maturity
- Maturity: **5-year extension**, now June 2026
- Size: **increased to €260m** vs €193m outstanding in June
- Cost: **initial interest of 3.35%**, a competitive rate compared to other recent corporate financings in the sector
- Pool: signed with **11 banks**, including 6 domestic and 5 international

Green financing

- Commitment to comply with **ESG targets** on:
 - ✓ Energy impact
 - ✓ Local job creation
 - ✓ Employee training

Greater financial flexibility

- **No restrictions on dividends** or P&L-related covenants
- **Lower repayments linked to land sales:** now 10% of proceeds vs 15% before
- Less dependance on developer loans to finance construction of BTR or BTS projects

Net Debt detail

<i>Eur m</i>	Dec 2020	Sept 2021
Developer loans	178.8	85.7
Corporate debt	257.1	350.8
Gross Financial Debt	435.9	436.5
Unrestricted cash	203.9	224.8
S/T investments	3.5	1.1
Net Financial Debt	228.4	210.6
Restricted cash ⁽¹⁾	130.1	80.9
% LTV	8.5%	7.7%

LTV ratio
7.7%

Total cash
€306m

Net debt
€211m

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

Stepping-up on activity volumes

- We expect to reach ~2,000 units in FY2021 in most activity metrics: pre-sales, construction starts and new launches
- Efficient developer platform already fully operational

Rich in cashflow generation

- Focused on cashflow generation as a management priority
- Housing development is already very rich in cashflow generation: high cash conversion ratio (c.30%) leads to >10% FCF yield p.a. at current prices
- Land sales to represent an important extra cashflow complement in coming years

New dividend

- **Board proposal of €60m or aprox. €0.3955 p.s. to be paid in Dec 2021**
 - Subject to shareholder meeting approval: ESM to be called shortly
- An interim payment, on the back of strong FCF in 9M, meeting already the full-year target of €100m
- Total full-year dividend to be decided with the full-year cashflow generation, and in line with our distribution policy of >80%

metrovesesa

Halia (Málaga)

Appendices

A large, modern, curved apartment building with multiple balconies and a swimming pool in the foreground. The building is white with blue accents and has a curved facade. The pool is in the foreground, and there are palm trees and a lawn around it. The sky is blue and clear.

Profit and Loss Account

(€m)	9M 2020 ⁽¹⁾	9M 2021
A Total Revenues	64.1	335.2
Residential Development	62.3	316.0
Land Sales	1.8	19.1
Total COGS	(52.9)	(268.3)
Residential Development	(51.2)	(247.9)
Land Sales	(1.8)	(20.5)
B Gross margin	11.2	66.9
Gross Margin Development	11.2	68.2
% Gross margin Development	17.9%	21.6%
Gross Margin Land Sales	0.0	(1.3)
Commercial & other operating costs	(6.6)	(18.9)
C Net margin	4.6	47.9
Wages & Salaries	(11.1)	(11.9)
Other general expenses	(4.6)	(6.2)
D EBITDA	(11.0)	29.8
(Impairment)/revaluation/ depreciation	(59.7)	(4.2)
Net financial results	(8.2)	(11.3)
Others	(0.3)	0.0
Pre-tax profit	(79.2)	14.3
Income Tax	(2.9)	(4.0)
E Net Income	(82.1)	10.4
Recurring pre-tax profit ⁽²⁾	(20.8)	19.1



Key comments

A - Total revenues of €335.2m (up 423% YoY)

- Residential revenues of €316.0m
- Land sales of €19.1m

B - Gross margin of €66.9m

- 21.6% margin in residential development in 9M

C - Net margin of €47.9m, after direct costs

D - Positive EBITDA of €29.8m

E - Positive net profit of €10.4m

Notes:

(1) Figures for 9M 2020 are pro-forma, excluding the sale of one plot of land which was excluded in 4Q 2020

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

Balance Sheet

(€m)	Dec. 2020	Sept. 2021
Investment Property	321.3	413.5
Other non-current assets	154.0	158.4
Total non-current assets	475.3	571.9
Inventory	1,982.6	1,933.8
<i>Land</i>	<i>1,097.7</i>	<i>1,055.5</i>
<i>WIP & finished product</i>	<i>884.9</i>	<i>878.3</i>
A Cash	334.0	305.7
Other current assets	133.7	38.6
Total current assets	2,450.3	2,278.1
Total assets	2,925.6	2,849.9
Provisions	14.6	13.9
B Bank debt	217.4	291.0
Other non-current liabilities	30.4	37.3
Total non-current liabilities	262.4	342.3
Provisions	26.6	30.9
B Bank debt	215.9	141.3
Other current liabilities	241.0	205.4
Total current liabilities	483.5	377.7
C Shareholders' funds	2,179.8	2,130.0
Total equity + liabilities	2,925.6	2,849.9



Key comments

A - Cash balance of €306m

- Includes €81m restricted cash (advances from clients) and €225m unrestricted

B - Increase in non-current financial debt

- Renegotiation of syndicated loan (increased to €260m) plus a €30m bond issue

C - Shareholders' funds of €2,130.0m

- Distribution of €60m cash dividend in May

MVC project examples I

Residencial Q fase I (Valencia)

[Link to project website](#)



Alamar (Torremolinos, Málaga)

[Link to project website](#)



Residencial Citrea (Málaga)

[Link to project website](#)



Mirades (Terrasa, Barcelona)

[Link to project website](#)



MVC project examples II

Mirador de la Albaida (Córdoba)

[Link to project website](#)



Aida F1 (Sagunto, Valencia)

[Link to project website](#)



Oceana Views (Estepona, Málaga)

[Link to project website](#)



Dora Maar (Marbella, Málaga)

[Link to project website](#)



Aqualina (Benahavís, Málaga)

Q & A

