

GICSA

Quarterly Report

February 28, 2020

New projects boosted growth

- By the end of 2019, Gicsa reported double-digit growth rates in its operating results, explained by higher contributions from newly-inaugurated assets
- During the quarter, it stands out the restart of working progress in Galerias Metepec, which opening is expected to happen during the second half of 2021. However, Cero5Cien sales are stagnated at 45%

A positive year-end. GICSA report was neutral highlighting the double-digit growth trend that prevails in operating figures explained by the maturity of newly-inaugurated assets. During this quarter, revenue posted a 9.1% y/y growth to \$1,117 million as a result of a 8.4% GLA increase to stand at 910,707sqm, a 2.7% increment in the average rent and a 190bp occupancy rate improvement. Meanwhile, NOI reported a 17.3% solid growth to \$810 million and EBITDA increased by 28.5% to \$744 million due to higher contributions from new openings. Finally, net income fell 94.7% to \$201 million after facing a difficult comparable basis due to an extraordinary benefit (\$4,340 million) recorded in 4Q18.

Stronger financial position. After the international issuance of \$11,950 million in debt and \$2,310 million in preferred equity, the company improved its financial position. The debt maturity profile increased 15 years, while amortization calendar will begin as of third year with a 10% weighted fixed interest rate. Thus, the company will have higher liquidity and balance sheet flexibility, which is positive in our view. We will be releasing our rating and PT2020 for the stock shortly.

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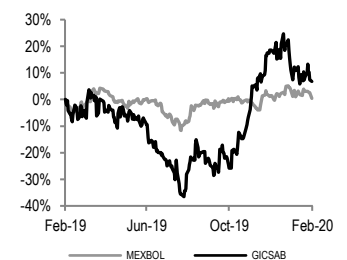
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Under review

Current Price	\$6.48
PT 2020	
Dividend 2020	
Dividend Yield (%)	
Upside Potential	
Max – Min LTM (\$)	7.98– 3.90
Market Cap (US\$m)	508.5
Shares Outstanding (m)	1,500.4
Float	30.62%
Daily Turnover (\$ m)	6.0
Valuation metrics TTM	
FV/EBITDA	11.0x
P/E	4.1x

Relative performance to Mexbol LTM



Financial Statements

	2018	2019	2020E	2021E
Revenues	5,016	4,592	6,089	5,398
NOI	2,939	3,302	3,981	4,319
EBITDA	4,012	3,416	5,567	4,414
EBITDA Margin	80.0%	74.4%	91.4%	81.8%
Net Income	4,845	2,443	2,524	2,106
Net Margin	96.6%	53.2%	41.5%	39.0%
Total Assets	60,639	72,671	74,750	77,683
Cash	3,767	5,690	7,378	5,506
Total Liabilities	35,296	41,534	40,042	39,802
Debt	25,325	27,875	26,209	26,213
Common Equity	25,343	31,136	34,707	37,880

Fuente: Banorte

Valuation and financial metrics

	2018	2019	2020E	2021E
FV/EBITDA	8.7x	11.0x	6.3x	8.5x
P/E	2.1x	4.1x	3.9x	4.7x
P/Book	0.5x	0.4x	0.3x	0.3x
ROE	18.6%	8.7%	7.7%	5.8%
ROA	8.0%	3.4%	3.4%	2.7%
EBITDA/ Interest exp	4.7x	2.6x	4.9x	4.1x
Net Debt/EBITDA	5.4x	6.5x	3.4x	4.7x
Debt/Equity	1.0x	0.9x	0.8x	0.7x

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GICSA – Results 4Q19

MXN, million

Concept	4Q18	4Q19	Chg %	4Q19e	Diff% vs Estim.
Revenue	1,024	1,117	9.1%	1,240	-9.9%
NOI	690	810	17.3%	831	-2.6%
Ebitda	579	744	28.5%	781	-4.7%
Net Income	3,784	201	-94.7%	487	-58.7%
Margins					
Operating Margin	67.4%	72.4%	5.1pp	67.0%	5.4pp
Ebitda Margin	56.5%	66.6%	10.0pp	63.0%	3.6pp
Net Margin	369.6%	18.0%	-351.6pp	39.3%	-21.3pp
EPS	\$2.47	\$0.13	-94.7%	\$0.32	-18.6pp

Income Statement (Million pesos)

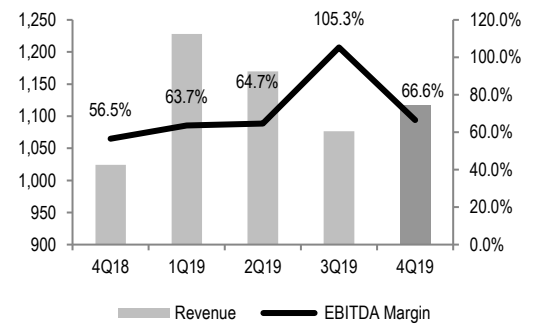
Year	2018	2019	2019	Change	Change
Quarter	4	3	4	% yoy	% qoq
Net Revenue	1,024.0	1,076.6	1,117.4	9.1%	3.8%
Cost of goods sold	46.2	260.7	307.9	>500%	18.1%
Gross profit	977.8	815.9	809.5	-17.2%	-0.8%
General expenses	530.5	317.5	(65.4)	N.A.	N.A.
NOI	690.0	815.9	809.5	17.3%	-0.8%
NOI Margin	67.4%	75.8%	72.4%	5.1pp	(3.3pp)
Depreciation			108.3	N.A.	N.A.
EBITDA	579.0	1,133.5	744.1	28.5%	-34.4%
EBITDA Margin	56.5%	105.3%	66.6%	10.0pp	(38.7pp)
Interes income (expense) net	(732.0)	(607.8)	(225.4)	-69.2%	-62.9%
Interest expense	510.0	307.6	318.2	-37.6%	3.4%
Interest income	120.1	92.8	59.1	-50.8%	-36.3%
Other income (expenses)	(108.8)	(238.0)	(220.5)	102.6%	-7.3%
Exchange Income (loss)	(233.3)	(155.0)	254.2	N.A.	N.A.
Unconsolidated subsidiaries	28.6	14.5	(2.5)	N.A.	N.A.
Income before taxes	3,051.8	630.7	563.1	-81.5%	-10.7%
Income taxes	(666.6)	28.3	299.0	N.A.	>500%
Discontinued operations					
Consolidated Net Income	3,718.4	602.4	264.1	-92.9%	-56.2%
Minorities	(65.9)	132.3	63.1	N.A.	-52.3%
Net Income	3,784.3	470.1	201.1	-94.7%	-57.2%
Net margin	369.6%	43.7%	18.0%	(351.6pp)	(25.7pp)
EPS	2.468	0.307	0.131	-94.7%	-57.2%

Balance Sheet (Million pesos)

Total Current Assets	10,690.4	8,222.1	12,563.0	17.5%	52.8%
Cash & Short Term Investments	3,767.1	1,749.1	5,690.1	51.0%	225.3%
Long Term Assets	49,948.2	59,224.0	60,107.7	20.3%	1.5%
Property, Plant & Equipment (Net)	666.9	803.6	782.3	17.3%	-2.7%
Intangible Assets (Net)	237.5	381.5	402.9	69.6%	5.6%
Total Assets	60,638.5	67,446.1	72,670.7	19.8%	7.7%
Current Liabilities	5,024.2	2,115.8	2,075.6	-58.7%	-1.9%
Short Term Debt	4,092.9	1,068.0	659.5	-83.9%	-38.3%
Accounts Payable	765.9	665.8	650.4	-15.1%	-2.3%
Long Term Liabilities	30,271.5	35,480.5	39,458.6	30.3%	11.2%
Long Term Debt	23,065.1	24,638.7	27,777.4	20.4%	12.7%
Total Liabilities	35,295.7	37,596.4	41,534.2	17.7%	10.5%
Common Stock	25,342.8	29,849.7	31,136.5	22.9%	4.3%
Noncontrolling Interest	(65.9)	132.3	63.1	N.A.	-52.3%
Total Equity	21,732.0	25,530.1	25,664.3	18.1%	0.5%
Liabilities & Equity	60,638.5	67,446.1	72,670.7	19.8%	7.7%
Net Debt	21,557.6	23,396.2	22,185.3	2.9%	-5.2%

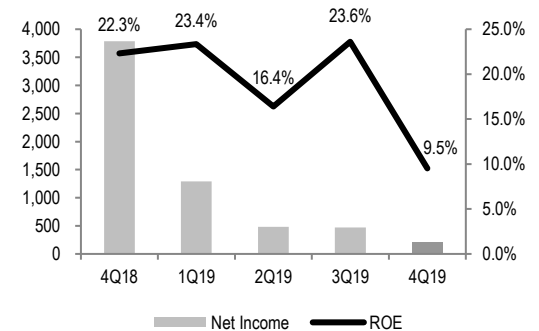
Revenue & EBITDA Margin

MXN, million



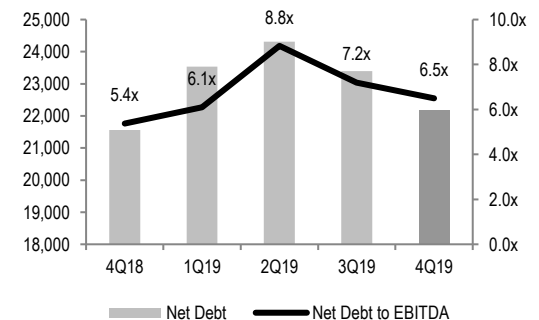
Net Income & ROE

MXN, million



Net Debt & Net debt to EBITDA ratio

MXN, million



Source: Banorte, MSE.

Certification of Analysts.

We, Gabriel Casillas Olvera, Alejandro Padilla Santana, Delia María Paredes Mier, Juan Carlos Alderete Macal, Manuel Jiménez Zaldívar, Marissa Garza Ostos, Tania Abdul Massih Jacobo, Francisco José Flores Serrano, Katia Celina Goya Ostos, Santiago Leal Singer, José Itzamna Espitia Hernández, Valentín III Mendoza Balderas, Víctor Hugo Cortes Castro, Hugo Armando Gómez Solís, Miguel Alejandro Calvo Domínguez, Luis Leopoldo López Salinas, Leslie Thalía Orozco Vélez, Gerardo Daniel Valle Trujillo, Jorge Antonio Izquierdo Lobato and Eridani Ruibal Ortega, certify that the points of view expressed in this document are a faithful reflection of our personal opinion on the company (s) or firm (s) within this report, along with its affiliates and/or securities issued. Moreover, we also state that we have not received, nor receive, or will receive compensation other than that of Grupo Financiero Banorte S.A.B. of C.V for the provision of our services.

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	Reference
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HOLD	<i>When the share expected performance is similar to the MEXBOL estimated performance.</i>
SELL	<i>When the share expected performance is lower than the MEXBOL estimated performance.</i>

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History of PT and Ratings

Stock	Date	Rating	PT
GICSA B	23/07/2019	Buy	\$7.00
GICSA B	01/03/2019	Buy	\$9.00
GICSA B	25/10/2017	Buy	\$14.00
GICSA B	25/04/2017	Buy	\$15.00

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