

## Grupo Hotelero Santa Fe Earning Conference Call

### Corporate Participants

- Enrique Gerardo Martínez Guerrero - Grupo Hotelero Santa Fe, S.A.B. de C.V. - CFO
- Francisco Medina Elizalde - Grupo Hotelero Santa Fe, S.A.B. de C.V. - CEO
- Maximilian Zimmermann Canovas - Grupo Hotelero Santa Fe, S.A.B. de C.V. - Director of IR & Sustainability

### Conference Call Participants

- Martín Lara - Miranda Global Research - Partner
- Kazuo Okamoto - Apalache Análisis - Economist

### Presentation

- **Operator - -**

Good day, everyone, and welcome to today's Grupo Hotelero Santa Fe First Quarter 2022 Investor Relations Call. (Operator Instructions) Please note that this call may be recorded. (Operator Instructions)

It is now my pleasure to turn today's program over to Mr. Max Zimmermann.

- **Maximilian Zimmermann Canovas - Grupo Hotelero Santa Fe, S.A.B. de C.V. - Director of IR & Sustainability**

Thank you, operator. Good afternoon, everyone, and thank you for joining us today. My name is Max Zimmermann, Investor Relations Director of HOTEL, and I would like to welcome you to the company's earnings webcast for the first quarter of 2022. On the line, we have Francisco Medina, our CEO; and Enrique Martinez, our CFO; and Alberto Santana, our Administration Director.

The presentation slides we will follow during the call are available on our webcast, which you can find the Investor Relations section of our website. Before we begin, I would like to remind you that this call is being recorded, and that information discussed today may include forward-looking statements regarding the company's financial and operating performance. Our projections are subject to risks and uncertainties, and actual results may differ materially based on a number of factors. Please refer to the detailed notes in the company's press release regarding forward-looking statements. At the end of the presentation, we will open the call to any questions you may have.

We will now begin with the presentation, and I will pass the call to Francisco Medina, our CEO.

- **Francisco Medina Elizalde - Grupo Hotelero Santa Fe, S.A.B. de C.V. - CEO**

Thank you, Max. Hello, everyone. We are very happy to be here with you sharing excellent results for the first 3 months of the year.

We posted a strong quarter, driven by recovery of the tourism industry in Mexico and worldwide. Resort hotels continue to perform better than urban hotels and were an important factor for our strong EBITDA generation in the quarter. Urban hotels also have been posting better results month after month. And we estimate that occupancy in this part of the portfolio will continue improving for the rest of the year. Our last 12 months EBITDA as of March 31, 2022, was MXN 565.7 million, and therefore, our net debt to LTM EBITDA ratio was 4.4x, which is a significant improvement from previous quarters.

I would like to reiterate that we will remain focused on timely controlling expenses to preserve liquidity levels and continue to search for operational and financial opportunities to ensure the long-term sustainability of our business.

To wrap up, I would like to mention that none of these achievements would have been possible without the support of our dedicated employees, experienced management team and the confidence that you, our investors, have placed in us.

Now let me get into our quarterly operational results. Please go to Slide 2. Revenue totaled MXN 589 million compared to MXN 258 million in the first quarter of last year. Room revenue was MXN 290 million, food and beverage revenue was MXN 218 million. And other income, which includes among other items, event room rentals, parking, laundry, telephone and leasing of commercial spaces, was MXN 54 million. Vacation Club income was MXN 8 million and third-party hotel management fees were MXN 19 million.

Now please go to Slide 3. Moving on to our key operational metrics. On a consolidated level, this quarter, we posted a 23 percentage points increase in occupancy, combined with an ADR increase of 29%. RevPAR in the quarter was MXN 962.

Now I will pass the call to Enrique Martinez, who will cover the financial aspects of the quarter.

- **Enrique Gerardo Martínez Guerrero - Grupo Hotelero Santa Fe, S.A.B. de C.V. - CFO**

Thank you, Paco. Now please move to Slide 4. EBITDA in the quarter was MXN 169 million compared to MXN 4 million in the first quarter of last year. This result was driven by higher revenues combined with operational efficiency. Moving on, operating income was MXN 99 million compared to a negative MXN 64 million in the first quarter of 2021. In terms of net income, we went from MXN 185 million loss in the first quarter of last year to MXN 105 million gain in the first quarter of 2022. This was mainly due to a higher operating income.

Now please move to Slide 5. Net debt was MXN 2,501 million at the end of the first quarter of 2022, which represented a total debt-to-EBITDA last 12 months ratio of 4.4x, driven by higher last 12 months EBITDA of MXN 565 million. Total debt is normally U.S. dollar-denominated, 80% to be exact, and this tranche of the debt was an average cost of [40%] while the remaining portion of 20% of total debt is peso-denominated with an average cost of 10%, having a competitive overall debt mix of 5.2%. Additionally, I would like to mention that over 94% of our debt maturities are long-term. Our short U.S. dollar position by the end of the quarter was \$115 million, equivalent to MXN 2,285 million.

Now please move to Slide 6, and I will pass the call back to Paco, who will finish off the call. Thank you.

- **Francisco Medina Elizalde - Grupo Hotelero Santa Fe, S.A.B. de C.V. - CEO**

Thank you, Enrique Martinez. Lastly, I would like to highlight and extend my gratitude to more than 3,200 associates who have supported the company unconditionally, with a tremendous attitude that goes beyond the call of duty. As always, we are especially thankful for the trust and support of our shareholders in these times. And again, to all of our tremendous professional and cooperative teams.

With that, I would like to open the call for questions and answers.

## Question And Answers

- **Operator - -**

**A.** (Operator Instructions) Our first question will come from Kazuo Okamoto with Apalache Análisis.

- **Kazuo Okamoto - Apalache Análisis - Economist**

**Q.** Congratulations on the results obtained during this quarter. I'd like to ask 2 questions. The first one would be, when do you estimate that beach hotels will recover the 2019 occupancy levels? And second one would be regarding city hotels, what were the average occupancy percentage?

- **Francisco Medina Elizalde - Grupo Hotelero Santa Fe, S.A.B. de C.V. - CEO**

**A.** Well, thank you very much, Kazuo, for your questions. This is Francisco Medina. We are perceiving a tremendous recovery in the levels of occupancy at the resort level hotel. And basically, we are very close to the 2019 with only a 1 digit difference from the occupancy of 2019. So we really expect by the end of the first semester to be almost in line with the same levels of occupancy from 2019 in the resorts level hotels.

And regarding the hotels of the cities, we estimate that they will take a little bit longer, and we are expecting to have a very close number of occupancy compared to 2019,

around the last quarter of the 2022. We are now reaching right now the levels of 2019. We are around 15% to 18% compared the year 2019. So basically, last quarter of 2022, we expect to be closer at the same level of 2019 in terms of urban hotel.

- **Operator - -**

**A.** (Operator Instructions) Our next question will come from Martín Lara with Miranda Global Research.

- **Martín Lara - Miranda Global Research - Partner**

**Q.** Congratulations for quarterly results. I have some questions. The first one is, you have a cash position of more than MXN 600 million. What do you plan to do with such cash levels? And the second is, if you could please give us an update on the CapEx plan for this year?

- **Francisco Medina Elizalde - Grupo Hotelero Santa Fe, S.A.B. de C.V. - CEO**

**A.** Sure, Martín. This is Francisco Medina. As you probably saw yesterday, we had a relevant information mentioning that we are looking forward to seeing the pipeline of opportunities in the Riviera Maya area. And that is basically part of the reason to use that amount that you mentioned will be for that pipeline.

And the second part of your question is that regarding the CapEx, basically, what we are going to remain this year will be the finishing of the Hyatt Insurgentes that it's going to be open in November of this year. And the other property is the Secrets Tulum that it will be open at the end of this year, basically. In more detail of numbers, Enrique, he can give you more detail of the amount.

- **Martín Lara - Miranda Global Research - Partner**

**Q.** Okay. And do you have any plans to sell any property or recycle any property?

- **Francisco Medina Elizalde - Grupo Hotelero Santa Fe, S.A.B. de C.V. - CEO**

**A.** No, no, not really at this moment.

- **Enrique Gerardo Martínez Guerrero - Grupo Hotelero Santa Fe, S.A.B. de C.V. - CFO**

**A.** Thank you, Martin, for your questions. Getting into the CapEx, we would expect maintenance CapEx of around MXN 40 million for the year. And any additional CapEx would be in investments for opportunities that we would come by. And as soon as we have any relevant information about that, we would share that.

- **Operator - -**

A. Our next question will come from [Edson Morvillas] with Singtel.

- **Operator - -**

Q. I have one of them. Do you mention in the report that we are expecting to going forward, for the growth coming from expansion of the third-party management hotel? So I was wondering if you could give us a little bit more details about that for the going forward following quarters?

- **Francisco Medina Elizalde - Grupo Hotelero Santa Fe, S.A.B. de C.V. - CEO**

A. I'm sorry, [Edson], could you repeat the question?

- **Operator - -**

Q. Sorry about that. I was trying to understand the expansion of the third-party management hotel that you mentioned in the press release. It seems that the growth for Grupo Hotelero Santa Fe will come from this rather than other expansions through other properties. So will you give us a little bit more detail about this?

- **Maximilian Zimmermann Canovas - Grupo Hotelero Santa Fe, S.A.B. de C.V. - Director of IR & Sustainability**

A. Sure. So I mean, normally, in the -- as you know, the third-party management in terms of revenues is basically what we receive in terms of fees from these hotels. And we are constantly looking for more operation contracts with different third-party hotels. And as you know, we have a couple that are in construction, such as Tulum and Monterrey and Aguascalientes. So that is in process. Every time that we sign a management contract, of course, we will publish that. Does that answer your question?

- **Francisco Medina Elizalde - Grupo Hotelero Santa Fe, S.A.B. de C.V. - CEO**

A. Exactly. It's one of the good examples, as Max was mentioning is that we are planning to operate the AC by Marriott in Monterrey to be opened in around June. So that's the opportunity that Max has mentioned, and we are always looking forward to see more.

- **Operator - -**

Q. Okay. And last, the Hyatt Regency Insurgentes, the planning is to open by the end of the third quarter, fourth quarter. Could you just give us a reminder when was the time proposal for the opening?

- **Francisco Medina Elizalde - Grupo Hotelero Santa Fe, S.A.B. de C.V. - CEO**

A. Yes. We -- there we are looking to open in the fourth quarter of this year. We still don't -- we still haven't given out a month when this will happen, but it should be I think, towards the mid or the end of the quarter where we will start operations.

- **Operator - -**

A. And at this time there are no further questions in the queue.

- **Maximilian Zimmermann Canovas - Grupo Hotelero Santa Fe, S.A.B. de C.V. - Director of IR & Sustainability**

A. Thank you, operator. So with that, we would like to thank you for the trust that you have placed in us and on our commitment to maximize your investments. We'd also like to thank all our associates for their constant efforts, and have a great day, everyone.

- **Francisco Medina Elizalde - Grupo Hotelero Santa Fe, S.A.B. de C.V. - CEO**

A. Thank you so much.

- **Enrique Gerardo Martínez Guerrero - Grupo Hotelero Santa Fe, S.A.B. de C.V. - CFO**

A. Thank you very much, everyone.

- **Operator - -**

A. Ladies and gentlemen, thank you for your participation. This concludes today's program, and you may disconnect at any time.