**10 May 2022**

# 1Q22 Results: Strong start of the year with 866# delivered and €50mn EBITDA

- **Excellent LTM financial results with c3,500# delivered, €190mn EBITDA, €133mn Net Income and 14% ROE**

- **Neinor is fully on track to meet its FY22 guidance with 88% pre-sales coverage for 2022 deliveries and +30% progress on yearly EBITDA target**

- **Growing visibility on Neinor Rental after accelerating launches YTD. Platform now has 3,197# in different stages of development expected to generate €36mn stabilized GRI and potential c€800mn GAV**

## Financial results: Another set of excellent financial results with €50mn EBITDA and 33% QoQ improvement on net debt position

- **Total revenues: €284mn** – 886# delivered during 1Q22 at ASP of €314k/# driving €277mn[1] in revenues – Quabit represented 24% of total deliveries. Other revenues[2] stood at €6mn mostly due to the contribution of Kutxabank servicing contract that is set to expire in May. Rental GRI grew 88% YoY to €1.0mn benefiting from higher occupancy and higher rents levels on Sardes portfolio as well as the delivery of Hacienda Homes that took place during 4Q21.

- **Gross profit**: **€71mn** – As expected, gross margins decreased to 25% (-4.6pp YoY) due to**:** i) lower relative weight of the servicing business; ii) lower gross margins on Quabit's WIP portfolio vs Neinor's standalone product. Rental platform NRI margin has been improving as occupancy increases towards its 95% target. During 1Q22 it stood at 64% due growing occupancy on Hacienda Homes and the fact that Sardes portfolio was still being externally managed.

- **EBITDA: €50mn** – Stable margin at 17.5% (-0.3pp YoY) mainly on structure costs dilution over a higher number of quarterly deliveries. Please note that, on a LTM basis, Neinor has recorded €190mn EBITDA with a corresponding 17.3% margin. During 1Q22, net operational cash flow stood at €134mn showing a strong cash conversion, enhanced by Quabit's deliveries and no new land investments.

- **Net income: €35mn** – Financial costs more than doubled (€5.7mn in 1Q22 vs €2.0mn in 1Q21) but lower effective tax rate (19% vs 24%) drives stronger bottom line-growth (+203% YoY). On a LTM basis, net income reached €133mn underpinning 14% ROE.

- **Adj. net debt: €256mn** – Strong cash flow generation over the last six months led to 51% improvement in adj. net debt position. By the end of 1Q22, total cash in the balance sheet stood at €378mn and LTV ratio decreased to 15% (-5pp QoQ). Please note that in April, S&P recognized the quick deleverage post Quabit merger and upgraded Neinor's green bond rating to BB-.

[1] Development revenues include revenues from legacy and construction activity.
[2] Other revenues include servicing contract and Renta Garantizada.

## Development business: Managing sales velocity through higher prices (HPA at 6%)

- **Deliveries:** During 1Q22, Neinor delivered 866# with the following geographical breakdown: North (11%); Centre (39%); South East (35%); South West (1%); East (9%); Levante (4%). Of the total quarterly deliveries 24% belong to Quabit's portfolio.

- **Commercialization activity:** Spanish residential market continues to exhibit strong fundamentals thanks to growing housing demand while new supply remains limited on both sale and rental segments. The prevailing cost inflationary environment should limit new construction starts as the Spanish market is highly fragmented and smaller players experience increasing difficulties in access to financing. During 1Q22, Neinor recorded 501# gross pre-sales with a corresponding value of €155mn (ASP: €310k/#). Thanks to our excellent forward sales position, and to better manage sales velocity, we have accelerated HPA increasing prices at a rhythm of 6% YTD. Despite higher prices, net absorption rates remained in line with previous quarters standing between 6% and 7% and showing the resiliency of Neinor's product that is located in the Top-6 most dynamic regions of Spain and focused on first residence and mid-high segment of housing demand.

- **Orderbook:** At the end of 1Q22 orderbook had a total of 2,552# with a corresponding value of €678mn. By region, and as a percentage of total units, the orderbook has the following breakdown: North (15%); Centre (46%); South East (10%); South West (12%); East (2%); Levante (16%). Of the total orderbook, 69% is registered as private contracts and the remaining 31% as reservations. This forward sales position offers 88% and 44% visibility on 2022 and 2023 target deliveries.

- **Land bank:** At the end of 1Q22 Neinor had a total land bank with c16,000# which represents more than 6 years of run-rate deliveries. Moreover, Neinor has more than 9,000# active in different stages of development that provide excellent short and medium term earnings visibility. With a conservative LTV of 15% and almost €400mn cash position in the balance sheet, Neinor will continue to follow its highly disciplined investment strategy looking for attractive cherry-picked acquisitions with equity efficient payment structures and opportunistic deals.

## Rental platform: Accelerating launches and growing visibility on Rental Platform

- **Commercialization activity:** During 1Q22, occupancy in Sardes portfolio has stabilized at 94%, close to the full occupancy target of 95%. During 2022 the expected turnover in the portfolio will reduce significantly as only 4% of contracts are set to expire. On Hacienda Homes, Neinor's first BTR delivery, occupancy also reached 94% just five months after delivery. This shows high tenant demand for modern rental product, which has a clear edge vs traditional residential assets thanks to its services, amenities, common areas, optimal size and high energy efficiency standards.

- **Rental platform:** Neinor has significantly accelerated launches YTD and, as of May, its Rental platform has 3,197# underway of which 542# are yielding, 1,324# are under construction and 1,331# launched. The expected stabilized GRI of these projects amounts to €36mn GRI with potential €800mn GAV, which puts Neinor on track to reach its medium-term target of 4,600# portfolio with €48mn GRI and potential +€1bn GAV.

- **HMB Project:** Phase I of the project is currently underway with four developments launched comprising a total of 361#. This represents 9% of the total project which comprises 4,500#.

**Borja García-Egotxeaga, CEO of Neinor Homes**, ensures that: *"After reaching run-rate speed at the development business and, after the successful integration of Quabit, Neinor is the only Spanish residential platform covering the whole value chain of development and rental businesses. This strategy is expected to be more resilient under the current macroeconomic scenario and has allowed Neinor to continue to execute on its business plan. Furthermore, we believe the prevailing cost inflationary* *environment is likely to further aggravate the shortage of new housing product and that should translate into higher HPA allowing Neinor to fully offset CCI and protect margins".*

**Jordi Argemí, Deputy CEO and CFO of Neinor Homes**, signals that: *"We are extremely proud of LTM financial results that position Neinor as the undisputed leader of the Spanish Residential sector with c3,600# delivered and almost €200mn EBITDA recorded. Moreover, regardless of the prevailing macro uncertainties, we are happy to reiterate FY22 guidance and to flag a rapid deleverage in the aftermath of Quabit's merger – today, with a 15% LTV we have a conservative net debt position and recently this was externally recognized by S&P with an upgrade on our Green Bond rating to BB-."*

## About Neinor Homes

Neinor Homes is the leading Spanish Residential Platform with one of the largest land banks comprising c16,800# and a GAV of €1.9bn as of December 2021. This land bank is located in the most dynamic and sought-after regions of Spain: Madrid, South East and West Andalucia, Levante, Basque Country and Catalonia. Furthermore, Neinor is the only player with a 360º value proposition covering the entire value chain of the development and rental businesses. These business lines are complemented by services activity with an extensive know-how in urban planning, servicing, third-party development and construction. In its 2021 assessment, Neinor was recognized by Sustainalytics as the most sustainable developer worldwide being positioned #1 out of 284 companies.

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## Appendix

### Figure 1 - Income statement

| (€mn, unless stated otherwise) | 1Q21 | 1Q22 | Change (%) |
|---|---|---|---|
| **Revenues** | **102.7** | **284.1** | **177%** |
| **Gross profit** | **30.5** | **71.4** | **134%** |
| Margin (%) | 29.7% | 25.1% | -4.6 pp |
| Operating expenses | -5.4 | -14.2 | 163% |
| Overheads | -6.8 | -7.5 | 10% |
| **Adj. EBITDA** | **18.3** | **49.6** | **172%** |
| BTR developer margin | 0.0 | 0.0 | N.M. |
| **EBITDA** | **18.3** | **49.6** | **172%** |
| Margin (%) | 17.8% | 17.5% | -0.3 pp |
| One-offs | -1.7 | -1.8 | 9% |
| **EBITDA w/ one-offs** | **16.6** | **47.8** | **188%** |
| D&A and other | -1.1 | -0.9 | -19% |
| **EBIT** | **15.5** | **46.9** | **203%** |
| Net financial costs | -2.0 | -5.7 | 189% |
| **EBT** | **13.5** | **41.2** | **205%** |
| Corporate income tax | -3.2 | -7.8 | 141% |
| Net income | 10.2 | 33.4 | 226% |
| Attributable net income | 10.2 | 33.4 | 226% |
| **Adj. net income** | **11.5** | **34.8** | **203%** |

### Figure 2 – Balance sheet

| (€mn, unless stated otherwise) | FY21 | 1Q22 | Change (%) |
|---|---|---|---|
| Investment property | 105.6 | 103.3 | -2% |
| Other non-current assets | 36.7 | 37.0 | 1% |
| Deferred tax assets | 98.3 | 97.0 | -1% |
| **Non-current assets** | **240.7** | **237.3** | **-1%** |
| Inventories | 1,322.7 | 1,182.2 | -11% |
| Other current assets | 93.7 | 95.9 | 2% |
| Cash & equivalents | 309.6 | 377.8 | 22% |
| **Current assets** | **1,726.0** | **1,655.9** | **-4%** |
| **Total assets** | **1,966.7** | **1,893.1** | **-4%** |
| **Equity** | **944.5** | **974.2** | **3%** |
| Bank borrowings | 44.8 | 41.3 | -8% |
| Other non-current liabilities | 304.1 | 304.2 | 0% |
| **Non-current liabilities** | **348.9** | **345.4** | **-1%** |
| Bank borrowings | 213.9 | 154.6 | -28% |
| Creditors | 348.4 | 332.3 | -5% |
| Other current liabilities | 111.0 | 86.7 | -22% |
| **Current liabilities** | **673.3** | **573.5** | **-15%** |
| **Total equity and liabilities** | **1,966.7** | **1,893.1** | **-4%** |
| Shares outstanding (mn) | 80.0 | 80.0 | 0% |
| Treasury shares (mn) | 3.6 | 3.9 | 9% |

Neinor HOMES

**Figure 3 - Cash flow statement**

| (€mn, unless stated otherwise) | 1Q21 | 1Q22 | Change (%) |
|---|---|---|---|
| EBT | 13.5 | 41.2 | 205% |
| Adjustments | 3.0 | 5.9 | 101% |
| **CF from operating activities** | **16.5** | **47.1** | **186%** |
| **Working capital change** | **-73.6** | **86.4** | **N.M.** |
| Change in inventories | -42.6 | 140.5 | N.M. |
| Book value sold | 72.2 | 212.8 | 195% |
| Land acquisition | -32.1 | -12.0 | -63% |
| Capex & others | -82.7 | -60.3 | -27% |
| Other WC change | -31.0 | -54.1 | 75% |
| **Net operating cash flow** | **-57.1** | **133.5** | **N.M.** |
| **CF from investing activities** | **-51.0** | **0.7** | **N.M.** |
| **CF from financing activities** | **26.7** | **-75.8** | **N.M.** |
| Change in share capital/premium | -37.4 | -3.7 | -90% |
| Change in bank borrowing & other | 69.5 | -62.6 | N.M. |
| Change in deferred land debt | 0.0 | -3.4 | N.M. |
| Net financial costs | -2.0 | -5.7 | 191% |
| Proceeds from leasing & other | -3.4 | -0.3 | -90% |
| **Net cash flow** | **-81.4** | **58.5** | **N.M.** |

**Figure 4 - Net debt position**

| (€mn, unless stated otherwise) | FY21 | 1Q22 | Change (%) |
|---|---|---|---|
| **Gross debt** | **558.6** | **499.4** | **-11%** |
| **Non-current liabilities** | **342.5** | **339.3** | **-1%** |
| Bank borrowing | 44.8 | 41.3 | -8% |
| Corporate financing | 0.0 | 0.0 | -11% |
| Real Estate financing | 44.8 | 41.2 | -8% |
| Financial liabilities | 297.7 | 298.0 | 0% |
| **Current liabilities** | **216.2** | **160.1** | **-26%** |
| Developer loan | 157.1 | 103.5 | -34% |
| Land | 34.3 | 20.9 | -39% |
| Capex | 122.8 | 82.6 | -33% |
| Land financing | 52.1 | 48.9 | -6% |
| Corporate financing & other | 7.0 | 7.8 | 11% |
| **Cash & equivalents** | **309.6** | **377.8** | **22%** |
| **Net debt** | **249.0** | **121.6** | **-51%** |
| Adjustments | 128.0 | 134.3 | 5% |
| Deferred land payment | 88.1 | 84.7 | -4% |
| Restricted cash | 40.0 | 49.6 | 24% |
| **Adj. net debt** | **377.0** | **256.0** | **-32%** |