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URBI

Urbi Desarrollos Urbanos, S.A.B. de C.V.

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1Q18 Results: Good beginning for 2018

- During the 1Q18, Urbi posted positive results. Total revenues were MXN 180.1 mm (+ 29% YoY), which mainly originate from its two business lines, Line A and Line B

- Line A (sale of own housing and third-party projects) generated revenues of MXN 131.8 mm (+ 72% YoY), maintaining the gradual growth trend in its operations, particularly in the housing sales, which contributed 73% of total revenues in 1Q18, compared to 55% in 1Q17

- The average price per house in own projects increased to MXN 615 k compared to MXN 433 k in 1Q17, due to a greater contribution of the Medium Housing segment in the revenue mix, (80% vs. 51% YoY)

- Line B (sale of land for real estate projects and the divestiture of non-strategic assets) generated revenues of MXN 48.3 mm, equivalent to 27% of total revenues in the quarter, including MXN 28.4 mm from the collection of the sale of non-strategic subsidiaries

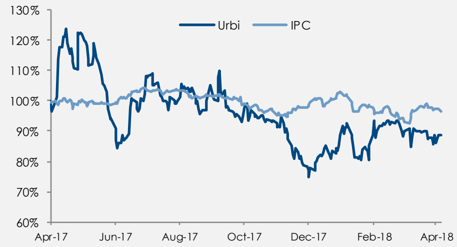
- Urbi also registered a -38% YoY decrease in ordinary expenses from MXN 127.6 mm in 1Q17 to MXN 78.6 mm in 1Q18. Based on this, EBITDA was practically neutral (MXN -15 mm), in line with the parameters authorized by the Board and consistent with its 2018 guideline

- We highlight that, given the excess of liquidity, Urbi has invested in its Business Development area. As reported by the Company, this area has yielded important results, since they have already identified investment opportunities with interesting margins. As of 1Q18, Urbi has a pool of +10 projects with a estimated investment of + MXN 280 mm for 2018, located in cities in which the Company already has operations

- We mantain our TP at MXN 8.00 per share (+ 21% upside)

Stock price	**6.59**
Target price	**8.00**
Potential expected return	21.4%
52 week range	5.56 - 8.18

Market summary (mm)	
Stock price	6.59
Shares outstanding	155
Free float	*100%*
Market cap	1,021
Enterprise value	1,332
3 month ADTV (000's)	25



Price performance	Urbi	IPC
1 month	-1.3%	3.7%
3 months	-3.1%	-5.6%
6 months	-5.6%	-4.7%
12 months	-11.3%	-3.6%

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1Q18 results (MXN 000)	1Q18A	1Q17A	YoY%	4Q17A	QoQ%
Revenue from operations	151,679	139,301	9%	214,539	-29%
COGS	(89,323)	(72,020)	24%	(153,663)	-42%
Gross profit	62,356	67,281	-7%	60,876	2%
SG&A	(156,708)	(137,014)	14%	(256,029)	-39%
D&A	(497)	(720)	-31%	(1,647)	-70%
Operating profit	11,125	25,222	-56%	(50,570)	-122%
Operating profit margin	*7%*	*18%*	*-11bps*	*0%*	*7bps*
EBITDA	(15,100)	(51,479)	-71%	48,370	-131%
EBITDA Margin	*-10%*	*-37%*	*27bps*	*23%*	*-33bps*
Net profit	7,446	16,598	-55%	49,120	-85%
Margin	*5%*	*12%*	*-7bps*	*23%*	*-18bps*
EPS (MXN)	0.0	0.0	-55%	0.0	-85%

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