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INMOBILIARIA



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**QUARTERLY
REPORT**

4Q17

CADU REPORTS GROWTH OF 26.5% IN NET INCOME AND OF 25% IN EBITDA DURING 4Q17

Cancun, Quintana Roo, Mexico, February 27, 2018. – Corpovael, S.A.B. de C.V. (BMV: CADUA), a leading homebuilder in the development of affordable entry-level, middle-income, and mid-to-high income homes in Mexico, announced today its results for the fourth quarter and year-end 2017. The figures presented in this report are expressed in nominal Mexican pesos, are preliminary and non-audited, prepared in accordance with IFRS and current interpretations, and may include minor differences due to rounding.

HIGHLIGHTS (OPERATIONAL AND FINANCIAL)

- 4Q17 Consolidated Revenue totaled Ps.206 million, an increase of 34.7% YoY. 2017 Consolidated Revenue was Ps.4,503 million, up 12.0% when compared to 2016
- 4Q17 Net Income amounted to Ps.185 million, representing a 26.5% YoY growth. 2017 Net Income reached Ps.680 million, an increase of 15.9% YoY, while Net Margin stood at 15.1%
- 4Q17 EBITDA totaled Ps.288 million, up 25.0% when compared to 4Q16. 2017 EBITDA was Ps.1,035 million, 14.4% higher than 2016, with an EBITDA Margin of 23.0%
- For the full-year 2017, a positive Free Cash Flow (FCF) of Ps.230 million was generated, compared to the negative Ps.549 million recorded in 2016
- 4Q17 Average Sale Price increased 26.3% YoY, going from Ps.357 thousand in 4Q16 to Ps.451 thousand. 2017 Average Sale Price went from Ps.332 thousand in 2016 to Ps.396 thousand, increasing 19.0%
- In 2017, CADU once again met the growth estimates set out in its Guidance, most notably in Net Income as show in the following chart:

Progress – Guidance		
	2017 Guidance	2017 Actual Results
Consolidated Revenue	10.0% - 12.5%	12.0%
EBITDA	12.5% - 15.0%	14.4%
Net Income	10.0% - 12.5%	15.9%

KEY INDICATORS (MXP MILLION)						
Indicator	4Q17	4Q16	Δ%	2017	2016	Δ%
Homes sold (units)	2,672	2,295	16.4%	10,190	10,350	(1.5%)
Average Sale Price (thousands)	451	357	26.3%	396	332	19.0%
Home sold revenue	1,206	820	47.0%	4,030	3,439	17.2%
Commercial land plot sales	38	-	-	92	106	(13.5%)
Residential land plot sales	-	119	(100.0%)	35	319	(89.0%)
Construction Services	147	93	57.3%	346	158	119.6%
Total Revenue	1,390	1,032	34.7%	4,503	4,022	12.0%
Operating Income	249	163	52.4%	921	762	20.9%
EBITDA	288	231	25.0%	1,035	905	14.4%
EBITDA Margin (%)	20.8	22.3	(1.5 pp)	23.0	22.5	0.5 pp
Net Income	185	146	26.5%	680	587	15.9%
Net Margin (%)	13.3	14.2	(0.9 pp)	15.1	14.6	0.5 pp
FCF	9	(14)	-	230	(549)	-
Interest Coverage	5.0x	5.8x	(0.8x)	-	-	-
Total Debt / EBITDA LTM	2.2x	2.2x	-	-	-	-
Net Debt / EBITDA LTM	1.5x	1.4x	0.1x	-	-	-
Leverage (Total Liabilities/Equity)	0.9x	0.8x	0.1x	-	-	-
EPS* (Ps.)	0.48	0.42	13.4%	1.86	1.68	10.7%

BALANCE SHEET INDICATORS (MXP thousand)		
Indicator	4Q17	4Q16
Cash and Equivalents	776	730
Receivables	470	422
Inventory	5,584	4,529
Other Assets	575	655
Total Assets	7,405	6,336
Bank Debt	2,000	1,440
Debt Certificates	316	543
Total Debt	2,316	1,982
Other Liabilities	1,115	833
Total Liabilities	3,431	2,815
Equity	3,974	3,521

FINANCIAL INDICATORS		
Indicator	2017	2016
ROE	17.1%	16.7%
ROA	9.2%	9.3%
EBITDA (MXP million)	1,035	905
Net Income (MXP million)	680	587
EPS	1.86	1.68
Working Capital Cycle (days)	615	568

Message from the CEO

Dear CADU Investors:

I am pleased to present you, as ever, our results for this fourth quarter and full-year 2017, having met once again the objectives we have set out.

As we anticipated, 2017 was a challenging year, registering a sluggish growth in homes sold during the first quarters, which we managed to turn around in the second half of the year with a more intensive commercialization of our middle-income residential housing models.

Our Homes Sold Revenue in 4Q17 amounted to Ps.1,206 million, representing an increase of 43% compared to 4Q16. Of these Ps.1,206 million pesos, 33% or Ps.398 million pesos corresponded to middle-income residential homes sold.

This greater participation of the middle-income residential segment in our product mix during the quarter, lead to a 26% increase in the Average Sale Price and, consequently, a significant increase in our profitability: 25.8% in Net Income and 25% in EBITDA. In this connection and as regards the annual results, in 2017, we recorded Ps.1,035 million in EBITDA, 14.4% higher than that in 2016, and Ps.680 million in Net Income, that is, up 15.9% when compared to 2016.

On the other hand, in 2017, we managed to revert the downtrend in our Free Cash Flow, going from a negative generation of Ps.549 million in 2016 to a positive Ps.230 million in 2017.

Consequently, 2017 was a year marked by a strong performance and achievement of objectives, reaching growth of 12% and 14% in Consolidated Revenue and EBITDA, respectively, within the target ranges established in our 2017 Guidance, and 16% increase in Net Income, above Guidance.

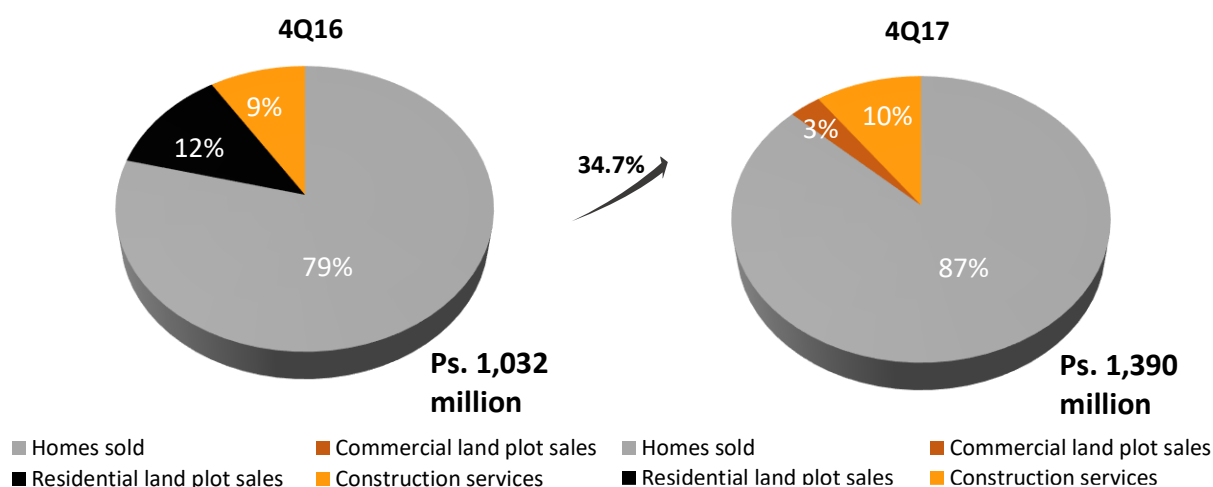
To conclude, a challenging 2018 lies ahead; however, we are well prepared to tackle those new and unprecedented challenges, as we continue with the implementation of our strategy and the execution of our Business Plan, seeking to further enhance the participation of the middle-income residential segment in our sales mix. For these reasons, we are confident that in 2018 we will, yet again, achieve double-digit growth in our key performance indicators.

Pedro Vaca Elguero,
Chairman and CEO

OPERATING RESULTS

CONSOLIDATED REVENUE

Total Revenue (MXP million)								
	4Q17	4Q16	Δ\$	Δ%	2017	2016	Δ\$	Δ%
Homes sold	1,206	820	386	47.0%	4,030	3,439	591	17.2%
Commercial land plot sales	38	-	38	-	92	106	(14)	(13.5%)
Residential land plot sales	-	119	(119)	(100.0%)	35	319	(284)	(89.0%)
Construction services	147	93	53	57.3%	346	158	189	119.6%
Total	1,390	1,032	358	34.7%	4,503	4,022	481	12.0%



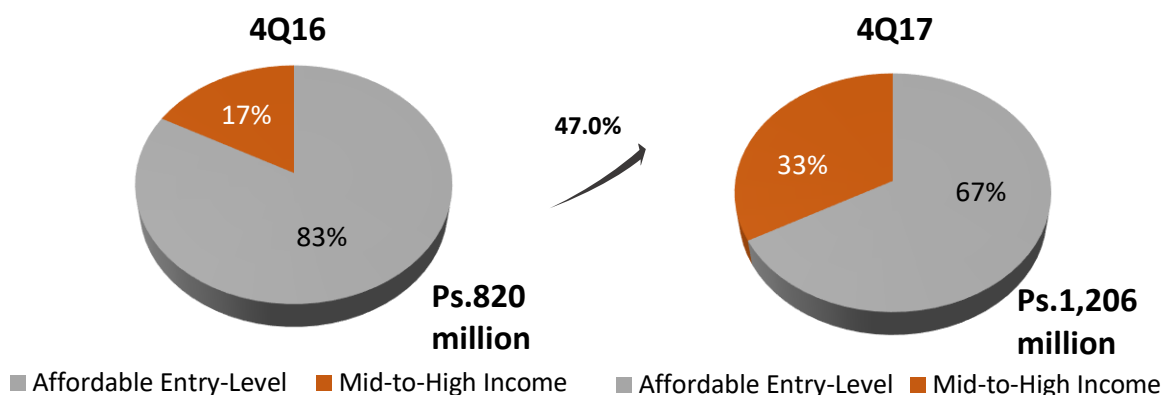
The Company's Consolidated Revenue reached Ps.1,390 million in 4Q17, increasing 34.7% against Ps.1,032 million in 4Q16, driven by a higher volume of homes sold in the middle-income residential segment. Most of the revenue in the quarter was derived from homes sold, amounting to Ps.1,206 million (87% of Consolidated Revenue), while the remaining 13% came from land plot sales for Ps.38 million and construction services for Ps.147 million.

For the full-year 2017, our Consolidated Revenue increased 12.0% YoY, reaching Ps.4,503 million. Most of the revenue came from homes sold, totaling Ps.4,030 million (89% of Consolidated Revenue), and the remaining 11% originated from land plot sales (Ps.127 million) and construction services (Ps.346 million).

Homes Sold Revenue

Homes Sold Revenue (MXP million)						
	4Q17	4Q16	Δ%	2017	2016	Δ%
Affordable Entry-Level Homes						
Cancun	305	330	(7.7%)	1,193	1,390	(14.2%)
Playa del Carmen	327	198	65.1%	1,354	1,135	19.3%
Guadalajara	107	138	(22.4%)	420	600	(30.0%)
Valle de Mexico	38	15	153.6%	104	49	110.2%
Aguascalientes	2	3	(29.6%)	8	22	(62.0%)
Ciudad Juarez	29	-	-	88	-	-
Total Affordable Entry-Level	808	685	18.0%	3,168	3,197	(0.9%)
Mid-to-High Income Homes						
Cancun	209	120	73.7%	600	227	164.5%
Valle de Mexico	189	16	1119.1%	262	16	1588.1%
Total Mid-to-High Income	398	136	193.2%	862	242	255.6%
TOTAL	1,206	820	47.0%	4,030	3,439	17.2%

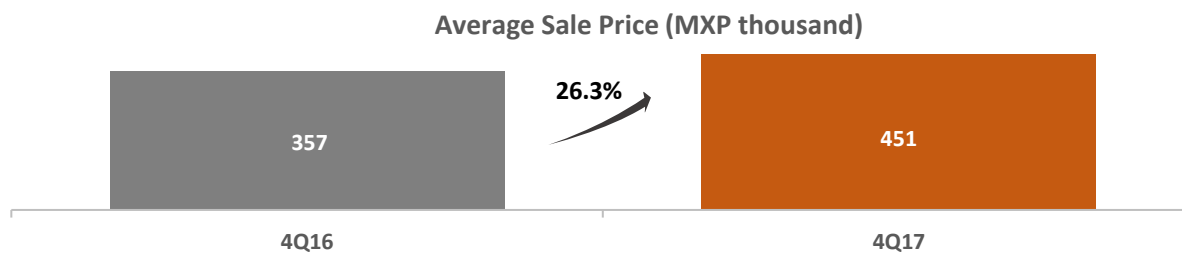
The revenue mix by type of home was as follows:



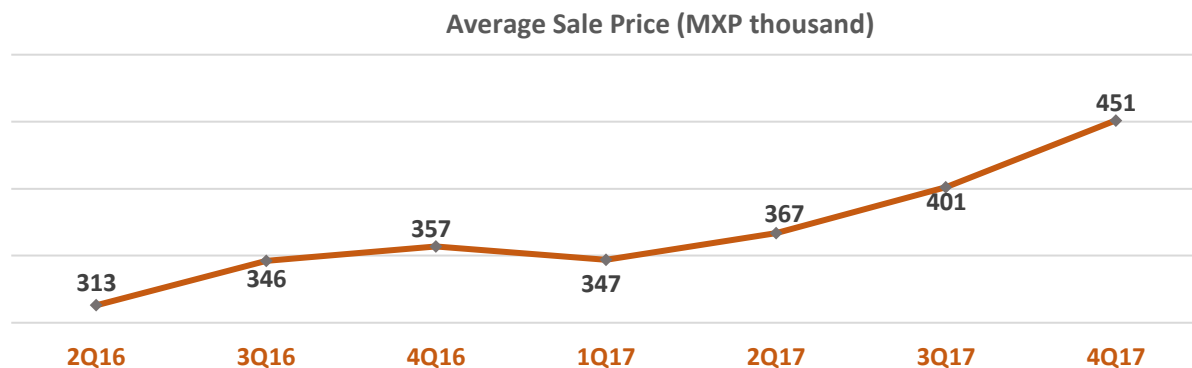
NOTE: Affordable Entry-Level homes are those that are in the price range of less than Ps.500 thousand. Mid-to-High Income homes are those that go from Ps.500 thousand to Ps.2.5 million.

In 4Q17, 33% of Homes Sold Revenue originated from the middle-income residential segment, compared to 17% in 4Q16. The participation of middle-income residential segment in Homes Sold Revenue was 7% in 2016, while in 2017 it stood at 21.4%.

Average Sale Price



The Average Sale Price in 4Q17 reached Ps.451 thousand, increasing 26.3% compared to Ps.357 thousand in 4Q16. The Average Sale Price in 2017 increased 19.0%, going from Ps.332 thousand in 2016 to Ps.396 thousand.



During 2017, Average Sale Price showed a stronger upward trend versus 2016, derived from the maturity of our middle-income residential housing projects, both in Cancun and Valle de Mexico.

The following table shows the average sale prices by segment:

Average Sale Price by Product (MXP thousand)								
Product	4Q17	4Q16	Δ\$	Δ%	2017	2016	Δ\$	Δ%
Affordable Entry-Level	327	308	19	6.1%	326	313	13	4.0%
Mid-to-High Income	1,990	1,859	131	7.0%	1,878	1,809	69	3.8%
Total	451	357	94	26.3%	396	332	63	19.0%

In 4Q17, the average sale price for a Mid-to-High Income home was 6.1 times higher than that of an Affordable Entry-Level home.

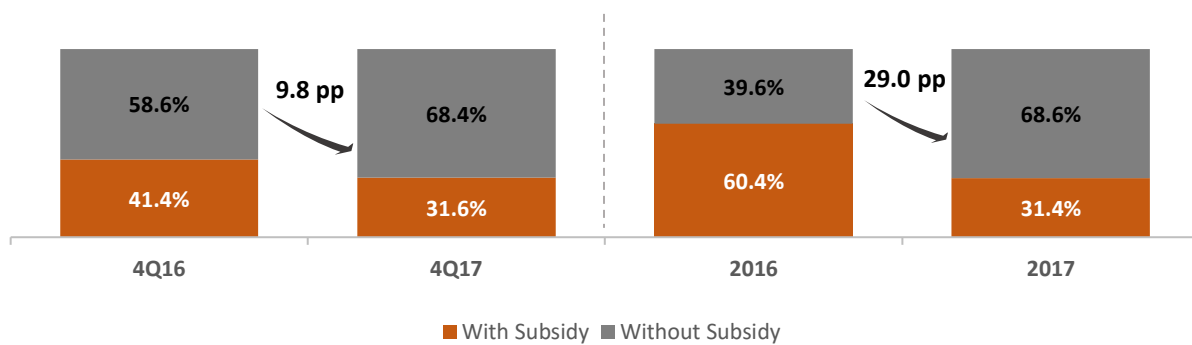
Homes Sold with Subsidies

Homes and Subsidies (units)								
CADU TOTAL	4Q17	4Q16	Δ	Δ%	2017	2016	Δ	Δ%
With Subsidy	844	950	(106)	(11.2%)	3,201	6,248	(3,047)	(48.8%)
Without Subsidy	1,828	1,345	483	35.9%	6,989	4,102	2,887	70.4%
Total	2,672	2,295	377	16.4%	10,190	10,350	(160)	(1.5%)

In 4Q17, the volume of homes sold increased 16.4% YoY, going from 2,295 in 4Q16 to 2,672 units. The participation of subsidized housing in the volume of homes sold decreased 9.8 percentage points in the quarter, as 31.6% of homes sold were subsidized compared to 41.4% in 4Q16.

For the full-year 2017, 10,190 homes were sold, this is, 160 units less than in 2016, as a result of the replacement of affordable entry-level housing models for middle-income residential housing prototypes. This new product mix, with a greater participation of middle-income residential homes, explains the annual growth of 17.2% in Homes Sold Revenue and of 19.0% in the Average Sale Price in 2017.

Number of homes sold with and without subsidy (%)



For the full-year 2017, the participation of subsidized housing was 31.4%, decreasing 29.0 percentage points versus 60.4% recorded in 2016.

FINANCIAL PERFORMANCE

Income Statement

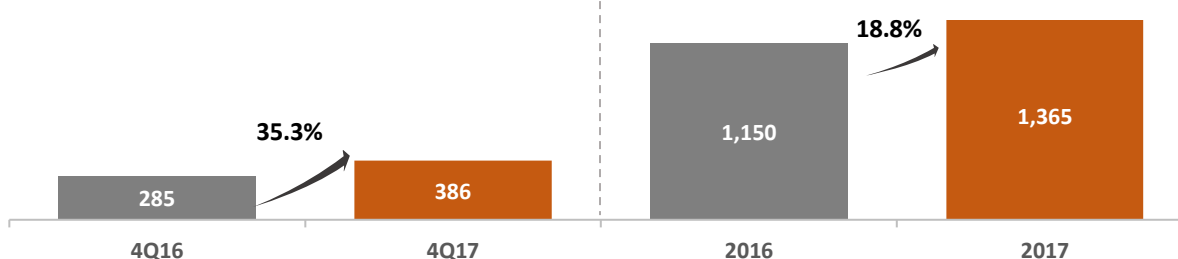
Cost of Sales

Revenue and Cost of Sales Breakdown (MXP million)								
Concept	4Q17	%	4Q16	%	2017	%	2016	%
Homes sold revenue	1,206	86.8%	820	79.5%	4,030	89.5%	3,439	85.5%
Land plots sales revenue	38	2.7%	119	11.5%	127	2.8%	425	10.6%
Construction services	147	10.5%	93	9.0%	346	7.7%	158	3.9%
Total revenue	1,390	100.0%	1,032	100.0%	4,503	100.0%	4,022	100.0%
Cost of homes sold	851	70.5%	600	73.1%	2,753	68.3%	2,482	72.2%
Cost of land plots	16	41.2%	61	51.3%	56	44.2%	242	56.9%
Cost of construction services	139	94.5%	86	92.3%	330	95.3%	149	94.2%
Total Cost of Sales	1,005	72.3%	747	72.4%	3,138	69.7%	2,872	71.4%

4Q17 Cost of Sales was Ps.1,005 million (72.3% of Consolidated Revenue), compared to Ps.747 million (72.4% of Consolidated Revenue) recorded in the same period 2016. On the other hand, the cost-to-revenue ratio remained unchanged vs. 4Q16.

Gross Income

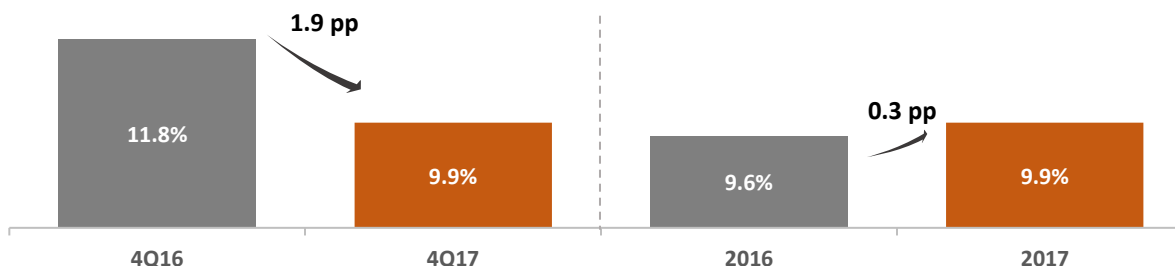
Gross Income (MXP million)



4Q17 Gross Income totaled Ps.386 million, increasing 35.3% compared to Ps.285 million in 4Q16. 2017 Gross Income amounted to Ps.1,365 million versus Ps.1,150 million recorded last year, up 18.8% YoY.

SG&A

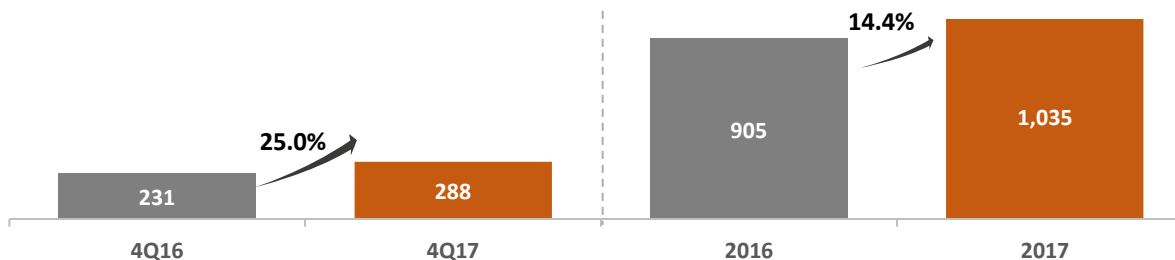
SG&A / Revenue (%)



Selling, General, and Administrative Expenses (SG&A) in 4Q17 was Ps.137 million (9.9% of Consolidated Revenue) versus Ps.122 million (11.8% of Consolidated Revenue) in 4Q16, a decrease of 1.9 percentage points. In 2017, SG&A as a percentage of Consolidated Revenue registered a slight increase of 0.3 percentage points against 2016.

EBITDA

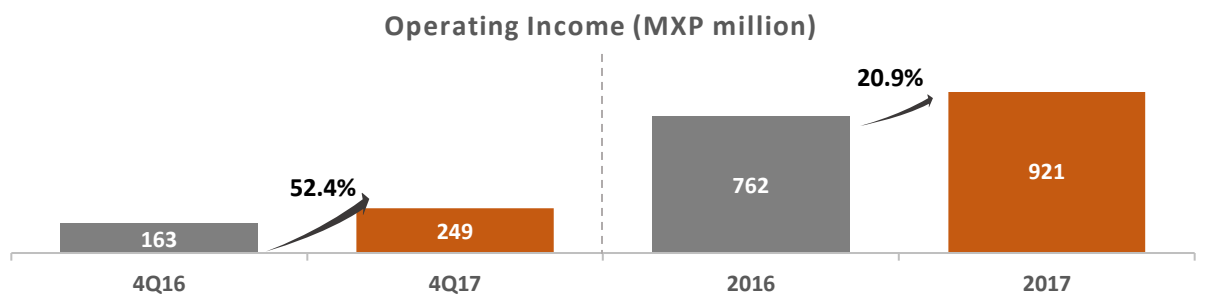
EBITDA (MXP million)



4Q17 EBITDA amounted to Ps.288 million, up 25.0% compared to Ps.231 million in 4Q16. For the full-year 2017, EBITDA reached Ps.1,035 million versus Ps.905 million in 2016, increasing 14.4% YoY. 4Q17 and 2017 EBITDA was 20.8% and 23.0%, respectively.

EBITDA Integration (MXP million)								
Concept	4Q17	4Q16	Δ\$	Δ%	2017	2016	Δ\$	Δ%
EARNINGS AFTER TAXES	185	146	39	26.5%	680	587	93	15.9%
(+) Current income tax	67	18	49	270.8%	254	184	70	37.7%
EARNINGS BEFORE TAXES	252	164	88	53.6%	934	771	163	21.1%
(+) Capitalized CFR	37	64	(27)	(41.9%)	104	131	(27)	(20.6%)
(+) Non-Capitalized interest	7	7	1	8.6%	27	22	5	21.0%
(-) Interest income	11	8	3	39.4%	39	31	8	25.5%
(+) Depreciation	3	3	(1)	(22.6)	11	13	(2)	(16.4%)
EBITDA	288	231	58	25.0%	1,035	905	130	14.4%
EBITDA Margin	20.8%	22.3%	-	(1.5 pp)	23.0%	22.5%	-	+0.5 pp

Operating Income

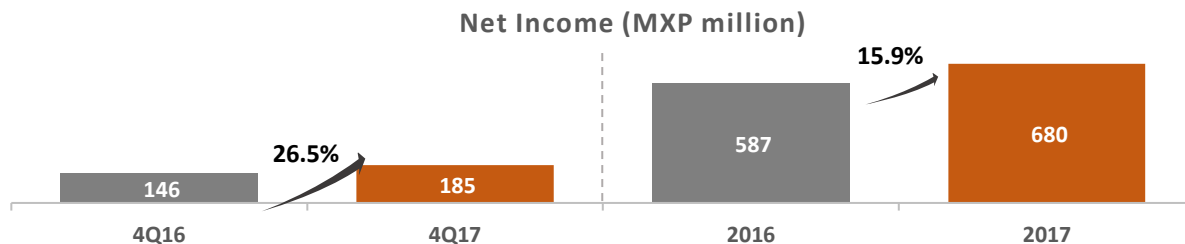


Operating Income rose from Ps.163 million in 4Q16 to Ps.249 million in 4Q17, increasing 52.4% YoY. The Operating Margin stood at 17.9% this quarter, from 15.8% recorded in the same period 2016. 2017 Operating Income reached Ps.921 million, up 20.9% compared to Ps.762 million registered in 2016. The Operating Margin stood at 20.5% in 2017, 1.6 percentage points higher than in 2016.

Income Tax

Income tax provision was Ps.67 million in 4Q17, compared to Ps.18 million in 4Q16.

Net Income



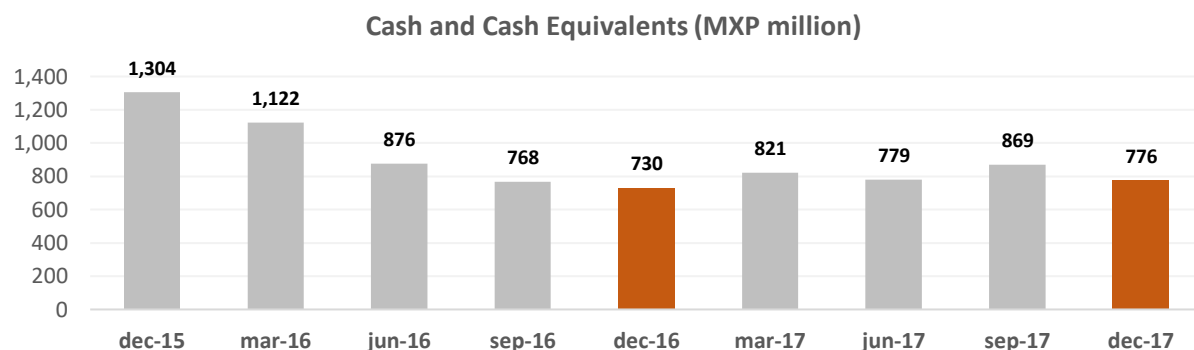
4Q17 Net Income totaled Ps.185 million, increasing 26.5% against Ps.146 million recorded in 4Q16, while Net Margin stood at 13.3%. 2017 Net Income reached Ps.680 million, up 15.9% compared to Ps.587 million in 2016. The Net Margin went from 14.6% in 2016 to 15.1% in 2017.

Net Income and EPS (Ps. Mills.)								
Concept	4Q17	4Q16	Δ\$	Δ%	2017	2016	Δ\$	Δ%
Consolidated Net Income	185	146	39	26.5%	680	587	93	15.9%
Controlling Interest	163	145	18	12.1%	637	581	56	9.6%
Earnings Per Share* (pesos)	0.48	0.42	0.06	13.4%	1.86	1.68	0.18	10.7%

* Figures in pesos. Considering 342,022,974 shares outstanding in 3Q17 and 346,036,496 shares in 3Q16

Statement of Financial Position

Cash and Cash Equivalents



As of December 31, 2017, cash and cash equivalents balance totaled Ps.776 million, comprised of Ps.722 million in available cash and Ps.147 million in the reserve fund created to guarantee the payment of the issuance costs corresponding to the local notes with ticker symbol "CADU15".

CADU's cash funds are primarily invested in high-quality, short-term debt instruments.

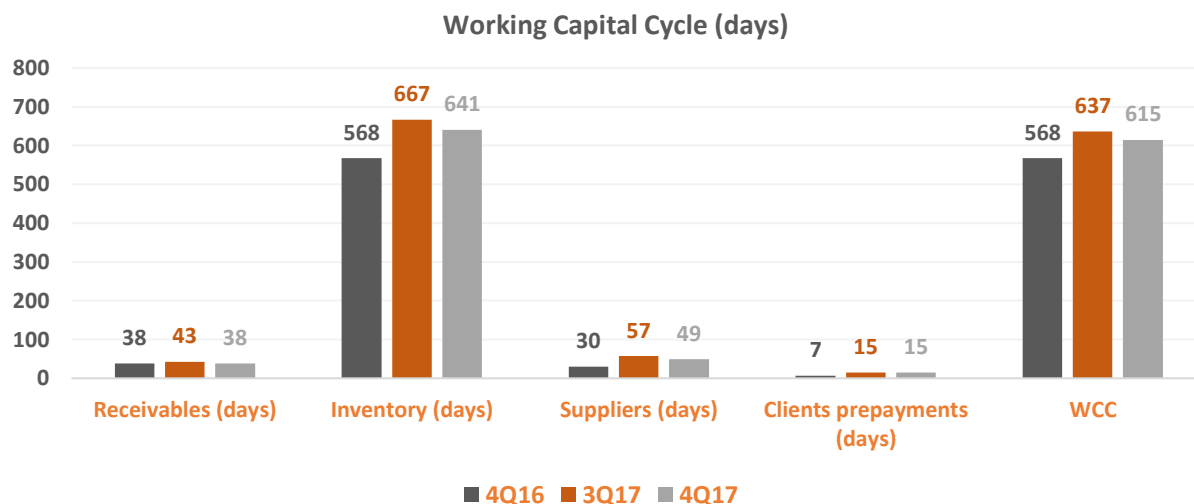
Accounts Receivable

Accounts Receivable Integration (MXP million)				
Concept	4Q17	4Q16	Δ\$	Δ%
Homes sold receivables	200	131	69	53.0%
Other	269	291	(22)	(7.5%)
Total Clients	470	422	48	11.3%

Accounts Receivable (days)	4Q17	4Q16	Δ days	Δ%
Homes sold receivable	18	14	4	30.6%
Other	205	180	25	14.0%
Total Clients	223	194	29	14.9%

At the end of 4Q17, accounts receivable totaled Ps.470 million (38-day turnover) compared to Ps.422 million (38-day turnover).

Working Capital Cycle (WCC)



Working Capital Cycle (WCC) at quarter-end 4Q17 was 615 days cs. 568 days in 4Q16. This variation in WCC reflects the investments made for the development of vertical mid-to-high income housing projects, which involve longer maturity periods than horizontal developments.

The WCC decreased 22 days when compared to 637 days in 3Q17, dropping to 615 days at the end of 4Q17.

Inventory

Inventory Integration (MXP million)			
Concept	4Q17	4Q16	Δ%
Land Bank	1,918	1,740	10.2%
Work in Progress	3,506	2,717	29.0%
Capitalized Interest	160	72	123.6%
Total	5,584	4,529	23.3%

Inventory went from Ps.4,529 million in 4Q16 to Ps.5,584 million in 4Q17, increasing Ps.1,055 million (+23.3% YoY), due to the resources used for the development of our middle-income residential projects and the purchase of land plots.

The land bank (recorded at acquisition cost) was Ps.1,918 million as of December 31, 2017.

As of December 31, 2017, work in progress totaled Ps.3,184 million, up 29.0% when compared to Ps.2,717 million recorded in the same period last year. The foregoing, coupled with the 42.3% increase in estate bridge loans, led to the increase of Ps.88 million in capitalized interest.

Debt

As of December 31, 2017, Total Debt amounted to Ps.2,316 million, increasing 16.8% compared to Ps.1,982 million recorded in the same period 2016.

Bank Loans (MXP million)				
Concept	4Q17	4Q16	Δ\$	Δ%
Estate bridge	1,531	1,076	455	42.3%
Working capital	469	363	105	29.0%
Financial lease	1	0.4	0.2	56.8%
Total	2,000	1,440	560	38.9%

CADU's bank liabilities are at adequate levels, despite an annual increase of 38.9%, going from Ps.1,440 million in 4Q16 to Ps.2,000 million in 4Q17, as the Company's assets and cash flows have also increased. Working capital loans increased Ps.105 million (+29.0 YoY), while estate bridge loans for construction activities, went from Ps.1,076 million in 4Q16 to Ps.1,531 million in 4Q17, registering an annual increase of 42.3%. It is important to note that, despite of our higher total debt, which is associated with our larger scale of operations and projects in development, we continue to maintain healthy levels of indebtedness.

Debt Securities – Local Notes (MXP million)				
Concept	4Q17	4Q16	Δ\$	Δ%
CADU 14	-	148	(148)	(100.0%)
CADU 15	316	394	(78)	(19.8%)
Total	316	543	(227)	(41.7%)
Total Debt*	2,316	1,982	334	16.8%

*100% of the Company's debt is denominated in Mexican pesos as of December 31, 2017.

At quarter-end, the Company's Debt Securities balance decreased Ps.227 million, or 41.7% YoY, mainly due to the full amortization of the Local Note (CEBUR – *Certificado Bursátil*) with ticker symbol "CADU14" and the amortization of the CEBUR with ticker symbol "CADU15" for Ps.80 million from July to December 2017.

Leverage and Interest Coverage Ratios (times)		
Concept	4Q17	4Q16
Gross Debt to EBITDA	2.2	2.2
Net Debt to EBITDA	1.5	1.4
Total Liabilities / Equity	0.9	0.8
EBITDA / Interest Paid	5.0	5.8

Gross Debt / EBITDA ratio stood at 2.2x at the end of 4Q17. Likewise, Net Debt / EBITDA increased to 1.5 times at the end of 4Q17 from 1.4 times in 4Q16. These ratios were in line with those registered in the same period 2016.

Finally, interest coverage ratio (EBITDA / Interest Paid), as of December 31, 2017, was 0.8 times lower than 5.8 times in 4Q16, reaching 5.0 times.

As of December 31, 2017, the weighted average cost of debt was 10.85% (TIE + 3.22 pp / not considering commissions). It is important to note that 100% of our debt is subscribed at floating rate.

Regarding the Company's debt covenants related to the Local Notes with ticker symbol "CADU15", CADU is currently in full compliance with them, which are listed below:

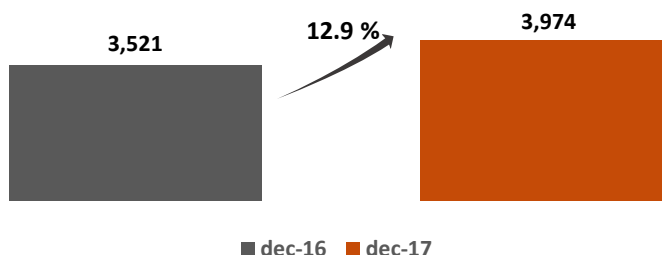
- That the Company's LTM Consolidated Revenue does not show a decrease equal or greater than 30% compared to Consolidated Revenue recorded in the same period last year.
 - 2017 Consolidated Revenue increased 12.0% versus 2016
- That the Company's Total Liabilities / Shareholders' Equity ratio is not greater than 3 times
 - As of December 31, 2017, Total Liabilities / Shareholders' Equity ratio stood at 0.9x
- That the Company's Net Debt / LTM EBITDA ratio is not greater than 3.5 times
 - As of December 31, 2017, Net Debt / LTM EBITDA ratio was 1.5x
- That the Company's Interest Coverage ratio (LTM EBITDA divided by interest paid over the last twelve months) is not less than 2 times
 - As of December 31, 2017, Interest Coverage ratio stood at 5.0x

Debt Maturity Profile as of December 31, 2017 (MXP million)					
Concept	Up to 1 year	Up to 2 years	Up to 3 years	Up to 4 years	Total
Bank Loans	596	360	534	510	2,000
CADU 15	158	158	-	-	316
Total	754	518	534	510	2,316
% Total	32.6%	22.4%	23.0%	22.0%	100.0%

Regarding the Company's debt maturity profile, 32.6% of the total debt matures within one year, 22.4% within two years, 23.0% within three years and 22.0% within four years. CADU does not have dollar-denominated debt.

Shareholders' Equity

Shareholders' Equity (MXP million)



Shareholders' Equity totaled Ps.3,974 million as of December 31, 2017. At the end of December 2016, the Company's capital structure was comprised of 44.4% in liabilities and 55.6% in equity, while as of December 2017, it was 46.3% in liabilities and 53.7% in equity. The leverage ratio (Total Liabilities / Shareholders' Equity) was 0.9 times as of December 31, 2017, versus 0.8 times in 2016, representing an increase of 0.1 times.

In 4Q17, an Earnings Per Share (EPS) of Ps.0.48 was generated, which, when added to the Ps.1.38 of the first nine months of 2017, represented an Accumulated EPS of Ps.1.86 at year-end 2017.

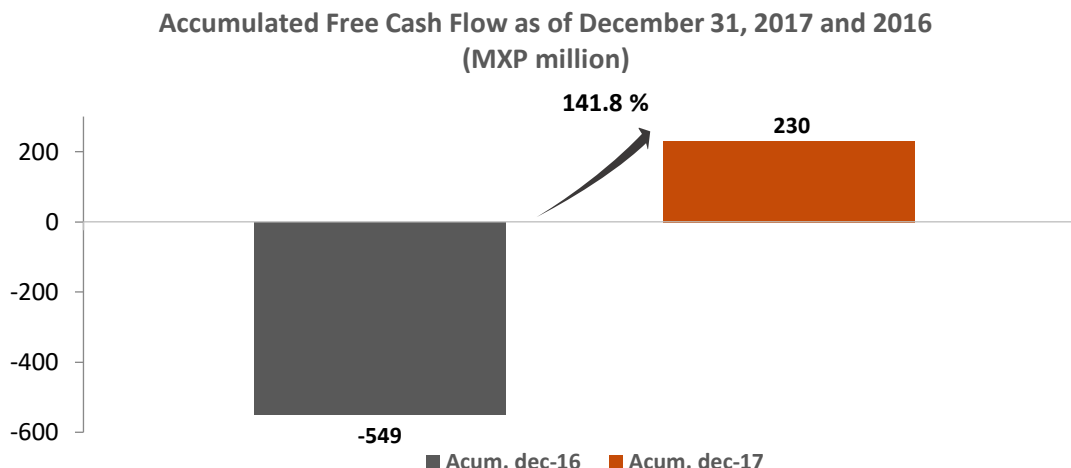
As of December 31, 2017, Stockholders' Equity totaled Ps.453 million, higher than that recorded in 2016. It is worth mentioning that Return on Equity (ROE) was 13.3% after the Initial Public Offering carried out in December 2015 and at quarter-end 4Q17 it stood at 17.1%, increasing 3.8 percentage points.

Cash Flow

Cash Variations

Cash Flow Integration (MXP million)						
Concept	4Q17	4Q16	Δ%	2017	2016	Δ%
Income before taxes	252	164	53.7%	934	771	21.1%
Investment activities	(8)	18	(144.4%)	(29)	3	<(100.%)
Financing activities	37	64	(42.2%)	104	131	(20.6%)
Cash flow before taxes	281	246	14.2%	1,009	905	11.5%
Cash flow generated from operating activities	(299)	(242)	23.6%	(877)	(1,385)	(36.7%)
Net cash flow from operating activities	(18)	4	(550.0%)	131	(481)	(127.2%)
Net cash flow from investment activities	26	(18)	(244.4%)	98	(69)	(242.0%)
Net cash flow from financing activities	(102)	(23)	343.5%	(184)	(25)	636.0%
Δ Cash and cash equivalents	(93)	(38)	144.7%	46	(574)	(108.0%)
Cash and equivalents – beginning of period	869	768	13.2%	730	1,304	(44.0%)
Cash and equivalents – end of period	776	730	6.3%	776	730	6.3%
Free Cash Flow of the firm	9	(14)	160.5%	230	(549)	141.8%

4Q17 Free Cash Flow was positive for the third consecutive quarter, reaching Ps.9 million and Ps.230 million for the full-year 2017.



Recent Developments

- On February 20th, 2018, CADU announced the placement of Ps.500 million in long-term debt on the Mexbol, through the issuance of the local notes (CEBURES – *Certificados Bursátiles*) with ticker symbol “CADU 18” with a 5-year term and interest rate of TIIE 28 + 2.9 percentage points. The resources obtained will be mainly used for working capital and general corporate purposes.
- On December 5th, 2017, HR Ratings upgraded Corpovael, S.A.B. de C.V. (Corpovael) Long-Term National Scale rating from BBB+(mex) to A- with a Stable Outlook, reflecting the strengthening of the financial position which has served to make the Company a reference in the industry. Additionally, HR Ratings upgraded the Company’s local notes with ticker symbol “CADU 15” to A (mex) from A- (mex).
- On November 1th, 2017, Verum assigned its “A-/M” long-term (Stable Outlook) and “2/M” short-term corporate ratings to Corpovael, S.A.B. de C.V. and Subsidiaries, based on the Company’s good profitability and competitive position, derived from the solid operative integration and lean structure for housing development.

Analyst Coverage

Given that Corpovael, S.A.B. de C.V. (“CADU”) has issued securities under the regulations of the Mexican Exchange Internal Bylaws, it informs that the financial institutions that provide analyst coverage over CADU’s stock are: Actinver Casa de Bolsa, BBVA Bancomer and Punto CB. For more information, please visit <http://ri.caduinmobiliaria.com>.

2017 Guidance

CADU met the objectives established in its 2017 Guidance, recording YoY growth during 2017: 12.0% in Consolidated Revenue (Guidance: 10.0%-12.5%); 14.4% in EBITDA (Guidance: 12.5%-15.0%); and, 15.9% in Net Income (Guidance: 10.0%-12.5%).

Progress – Guidance		
	2017 Guidance	2017 Actual Results
Consolidated Revenue	10.0% - 12.5%	12.0%
EBITDA	12.5% - 15.0%	14.4%
Net Income	10.0% - 12.5%	15.9%

*Note: Variation against the midpoint of the range

2018 Guidance

Grounded in its business model and market conditions, CADU plans to achieve double-digit growth in the following lines during 2018:

2018 Guidance	
	2018 Growth Target Ranges
Consolidated Revenue	10.0% a 12.5%
EBITDA	12.5% a 15.0%
Net Income	12.5% a 15.0%

About CADU

Corpovael, S.A.B. de C.V. “CADU” (BMV: CADUA) is a leading homebuilder in the development of affordable entry-level, middle-income, and middle-income residential homes in Mexico. CADU has more than a decade of experience in the housing sector where it has developed a successful business model by seeking sustained, high profitability. Its competitive advantage is based on an efficient and vertically integrated structure (developing activities of land acquisition, urbanization, building, and commercialization) in markets that have been identified as having a high demand for housing. It primarily operates in Quintana Roo, Valle de Mexico, and Jalisco.

Forward-looking statements

Information presented by the Company may contain forward-looking statements about future events and/or financial results. The reader should understand that the results obtained may differ from the projections contained in this document, as past results in no way offer any guarantee of future performance. For this reason, the Company assumes no responsibility for any indirect factors or elements beyond its control that might occur inside Mexico or abroad and which might affect the outcome of these projections.

4Q17 Conference Call



CORPOVAEL S.A.B. de C.V.
Invites you to participate in our
Conference Call 4Q17

Dial-in number:

- Mexico:
001 334 323 7224
- U.S.A. / Canada:
+1-334-323-7224
- Passcode:
CADU

Date: Wednesday, February 28th, 2018

Time:

10:00 AM (CST, Mexico City)
11:00 AM (EST, N.Y.)

Presenters:

Pedro Vaca – CEO,
Javier Cervantes – CFO
César Navarro –IRO

MP3 Recording: Available 60 min. after the conference
call at: ri.caduinmobiliaria.com

ri@caducancun.com
+52 (998) 193 1100

www.caduinmobiliaria.com

4Q17 earnings release date:
Tuesday, February 27th, 2018 (after market close)

Financial Statements

Corpovael, S.A.B de C.V. and Subsidiaries Consolidated Statement of Financial Position As of December 31, 2017 and 2016 (MXP thousand)			
	Dic-31 2017	Dic-31 2016	Δ%
Assets			
Current Assets:			
Cash and cash equivalents	\$628,350	\$593,776	5.8%
"CADU15" reserve fund	147,500	136,250	8.3%
Accounts receivable (Net)	469,746	403,622	16.4%
Other accounts receivable (Net)	300,354	453,810	(33.8%)
Inventory	5,583,929	4,528,733	23.3%
Other Current Assets			
Others	172,993	110,806	56.1%
Non-current Assets:			
Property, plant and equipment (Net)	101,672	53,212	91.1%
Other non-current assets	-	55,730	(100.0%)
Total Assets	<u>\$7,404,543</u>	<u>\$6,335,939</u>	<u>16.9%</u>
Liabilities and Shareholders' Equity			
Current Liabilities			
Bank loans	595,968	294,304	102.5%
Debt securities	158,035	226,503	(30.2%)
Accounts payable	423,481	242,841	74.4%
Taxes payable	4,047	11,329	(64.3%)
Other current liabilities	185,196	76,688	141.5%
Non-current Liabilities			
Bank loans	1,404,098	1,145,481	22.6%
Debt securities	158,035	316,070	(50.0%)
Deferred taxes	502,166	502,167	(0.0%)
Total Liabilities	<u>\$3,431,026</u>	<u>\$2,815,383</u>	<u>21.9%</u>
Shareholders' Equity			
Capital stock	171,011	171,011	-
Retained earnings	3,736,640	3,326,536	12.3%
Controlling interest	3,907,651	3,497,547	11.7%
Non-controlling interest	65,865	23,009	186.3%
Total Shareholders' Equity	<u>3,973,517</u>	<u>3,520,556</u>	<u>12.9%</u>
Total Liabilities and Shareholders' Equity	<u>\$7,404,543</u>	<u>\$6,335,939</u>	<u>16.9%</u>

Corpovael, S.A.B de C.V. and Subsidiaries										
Statement of Consolidated Comprehensive Income										
(MXP thousand)										
	4Q17	%/Rev.	4Q16	%/Rev.	Δ%	2017	%/Rev.	2016	%/Rev.	Δ%
Revenue:										
Homes sold	\$1,206,085	86.8%	\$820,446	79.5%	47.0%	\$4,030,175	89.5%	\$3,439,302	85.5%	17.2%
Land plot sales	37,623	2.7%	118,827	11.5%	(68.3%)	126,761	2.8%	424,769	10.6%	(70.2%)
Construction services	146,525	10.5%	93,145	9.0%	57.3%	346,120	7.7%	157,597	3.9%	119.6%
	1,390,233	100.0%	1,032,417	100.0%	34.7%	4,503,056	100.0%	4,021,668	100.0%	12.0%
Costs and expenses:										
Cost of sales	(1,004,693)	72.3%	(747,459)	72.4%	34.4%	(3,137,804)	69.7%	(2,872,121)	71.4%	9.3%
Gross income	385,540	27.7%	284,958	27.6%	35.3%	1,365,252	30.3%	1,149,547	28.6%	18.8%
General expenses	(137,010)	9.9%	(121,902)	11.8%	12.4%	(444,095)	9.9%	(387,887)	9.6%	14.5%
Operating income	248,530	17.9%	163,056	15.8%	52.4%	921,157	20.5%	761,660	18.9%	20.9%
Financial income	10,933		7,845		39.4%	39,299		31,305		25.5%
Financial expenses	(7,156)		(6,588)		8.6%	(26,781)		(22,128)		21.0%
	3,777		1,257		200.5%	12,518		9,177		36.4%
Income before taxes	252,307	18.1%	164,313	15.9%	53.6%	933,674	20.7%	770,837	19.2%	21.1%
Income taxes:										
Current	(67,404)	4.8%	(18,177)	1.8%	270.8%	(253,781)	5.6%	(184,250)	4.6%	37.7%
Deferred	-		-			-		-		
	(67,404)		(18,177)		270.8%	(253,781)		(184,250)		37.7%
Net and Comprehensive Consolidated Income	<u>\$184,902</u>	<u>13.3%</u>	<u>\$146,136</u>	<u>14.2%</u>	<u>26.5%</u>	<u>\$679,893</u>	<u>15.1%</u>	<u>\$586,587</u>	<u>14.6%</u>	<u>15.9%</u>
Controlling interests	163,062		145,443		12.1%	637,037		581,361		9.6%
Non-controlling interests	21,841		693		>100.0%	42,856		5,226		720.1%
Net and Comprehensive Consolidated Income	184,902	13.3%	146,136	14.2%	26.5%	679,893	15.1%	586,587	14.6%	15.9%
Net Income (Loss) per Share*	0.48		0.42		13.4%	1.86		1.68		10.7%

*Considering 342,022,974 shares outstanding in 4Q17 and 346,036,496 shares in 4Q16.

Corpovael, S.A.B de C.V. and Subsidiaries
Statement of Consolidated Cash Flow
(MXP thousand)

	4Q17	4Q16	2017	2016
Operating Activities				
Income before taxes	252,307	164,313	933,674	770,837
Items Related to Investment Activities				
Depreciation and Amortization	2,535	3,275	10,540	12,607
Interest income	(10,933)	14,284	(39,299)	(9,177)
Capitalized interest recognized in cost of sales	37,416	64,399	103,674	130,648
Cash Flow from Income Before Taxes	281,324	246,271	1,008,588	904,915
Cash Flows from (used in) in Operating Activities				
Decrease (increase) in accounts receivable	21,547	(232,403)	57,248	(451,172)
Decrease (increase) in inventory	(286,778)	(151,469)	(1,055,196)	(883,533)
Decrease (increase) in other accounts receivable and other current assets	146,606	45	7,788	(66,745)
Increase (decrease) in accounts payable	(3,426)	(65,036)	186,934	39,224
Increase (decrease) in other liabilities	(177,080)	278,782	124,112	48,866
Income taxes paid or reimbursed	-	(72,079)	(198,248)	(72,079)
Net Cash Flows from (used in) Operating Activities	(17,807)	4,111	131,226	(480,524)
Investment activities				
Share repurchase	-	(7,016)	-	(56,915)
Investment in property, plant and equipment	15,529	(4,224)	58,999	18,880
Interest received	10,933	(7,185)	39,299	(30,932)
Net Cash Flows from (used in) Investment Activities	26,462	(18,425)	98,298	(68,967)
Financing activities				
Bank loans	819,092	593,686	2,955,683	2,504,279
Debt certificates	-	-	-	-
Amortization of bank loans	(771,920)	(545,628)	(2,394,772)	(1,988,105)
Amortization of debt certificates	(40,000)	-	(229,999)	(150,000)
Dividends paid	-	-	-	(228,143)
Increase (decreased) in Capital	-	-	(225,735)	-
Interest paid	(27,409)	(71,556)	(207,108)	(163,229)
Other items	(81,769)	-	(81,769)	-
Net Cash Flows from (used in) Financing Activities	(102,006)	(23,498)	(183,700)	(24,967)
Increase (decrease) in Cash and Cash Equivalents	(93,351)	(37,812)	45,824	(574,458)
Cash and Cash Equivalents at Beginning of the Period	869,198	767,838	730,026	1,304,484
Cash and Cash Equivalents at End of the Period	775,850	730,026	775,850	730,026

Note on Financial Statements: in addition to the contents of this report, for better analysis we recommend referring to the details noted on financial statements found at <http://ri.caduinmobiliaria.com>.