

12m Results 2024

Opinion ⁽¹⁾: Above expectations

Impact ⁽¹⁾: We will maintain our estimates

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Business description

Inmobiliaria del Sur (ISUR), is a property company with headquarters in Seville and a presence in Andalusia and Madrid, whose business model combines a development activity (residential and tertiary) with a property management business, that has a portfolio of rental assets (mainly offices), both activities having a significant weighting in terms of GAV. The board directly and indirectly controls c. 64% of capital.

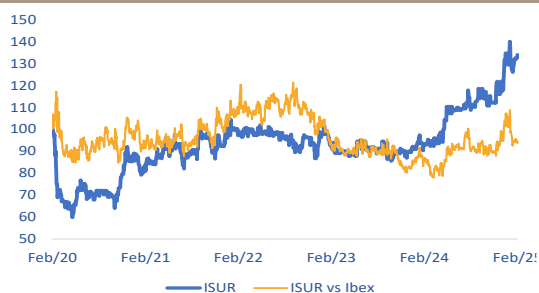
Market Data

Market Cap (Mn EUR and USD)	185.8	195.2
EV (Mn EUR and USD) ⁽²⁾	389.0	408.7
Shares Outstanding (Mn)	18.7	
-12m (Max/Med/Mín EUR)	10.40 / 8.28 / 6.84	
Daily Avg volume (-12m Mn EUR)	0.02	
Rotation ⁽³⁾	3.3	
Factset / Bloomberg	ISUR-ES / ISUR SM	
Close fiscal year	31-Dec	

Shareholders Structure (%)

Board of Directors	71.5
Free Float	27.0

Relative performance (Base 100)



Stock performance (%)

	-1m	-3m	-12m	-5Y
Absolute	0.5	19.7	44.4	34.1
vs Ibex 35	-9.7	4.3	9.8	-6.3
vs Ibex Small Cap Index	-6.1	2.4	21.9	-2.8
vs Eurostoxx 50	-5.1	3.1	27.1	-13.2
vs Sector benchmark ⁽⁴⁾	-4.1	19.7	34.8	102.2

(1) The opinion regarding the results is on reported EBITDA with respect to our estimate for the year (12m). The impact reflects whether, due to the results, we envisage a significant revision (>5% - 10%, depending on the sector) of our EBITDA estimate (for any of the estimated years).

(2) Please refer to Appendix 2.

(3) Rotation is the % of the capitalisation traded - 12m.

(4) vs Stoxx Europe 600 Real State.

(*) Unless otherwise indicated, all the information contained in this report is based on: The Company, Factset and Lighthouse.

12M24 Results: Better than expected. "Another takeoff" expectation maintained for 2025.

2024E DEVELOPMENT REVENUE: +55%. ISUR closes the year with 455 homes delivered (+47% vs. 309 in 2023) with an average selling price (ASP) of EUR 352 thousand (vs. EUR 262 thousand in 2023), explained by deliveries in Madrid. This results in development area revenue of EUR 132Mn (+55.3% vs. 2023; +7.2% vs. 2024e).

ASSET BUSINESS IN LINE AND CONSTRUCTION "JUMP". The asset portfolio, which provides stability and recurrence to the business model, continues to show high occupancy of 93.5% (vs. 87.6% in 2023; +1.5 pp vs. 9M24). In renewed contracts, ISUR has increased rent by 8.9%, which, combined with the impact of CPI updates, leads to an increase in annualized rents to EUR 19.2 Mn, +3% vs. 9M 2024. This allows for 2024 revenue generation of EUR 18.3Mn (+7.0% vs. 2023; in line). Meanwhile, the construction division (EUR 30.7Mn; +124.1%) surprises and improves by c.+40% over the estimate, confirming the advantage of the integration (construction + development) on which ISUR's model is based.

CONSOLIDATED REVENUE AND EBITDA, C.+10% VS. ESTIMATE. Consolidated revenue EUR 185.8Mn (+55.1%). The gross margin stands at 76.8% (vs. 75.4% in 2023), resulting in an EBITDA Rec. growth of +44.7%. The asset GAV, EUR 324 Mn, has increased by 3.2% compared to 9M24, according to CBRE's December valuation.

STRONG RESULTS TO CONTINUE IN 2025 (79% PRE-SALE COVERAGE). Construction of 22% of the homes expected to be delivered in 2025 is already completed, and 78% is under construction. 100% of the homes to be delivered in 2026 are already under construction. ISUR began construction of 166 homes in 2024 and plans to start another 789 units in 2025. The active residential portfolio includes 2,776 units, of which 4% are completed, 32% are under construction, 23% are pending the start of construction, and the remaining 41% are in the design phase. 55.5% of the total portfolio is in the marketing phase. Additionally, ISUR has a potential portfolio of 1,086 units, of which 30% are through options. In other words: all development business KPIs point to a new revenue jump in 2025e (c.+30% vs. 2024).

2024 LEVERAGE ANOTHER POSITIVE SURPRISE: 33.3% OF GAV (VS. 40.6% 2023 AND 38.1% 9M24). The concentration of homes delivered in Q4 (266 units vs. 189 units in 9M24) explains the improvement in debt in the quarter. Net Debt as of December 2024 (EUR 200 Mn) represents a reduction of EUR 43 Mn in the year and a 9% improvement over our estimate. The net balance of investments (EUR 16 Mn) and divestments (EUR 28Mn) is EUR 12Mn, therefore, the remaining EUR 31Mn of debt reduction is explained by the strong performance of the development and construction business. This reduction is relevant for completing ongoing projects. The balance sheet position reaffirms that the 2025e revenue "jump" is credible.

DESPITE OUTPERFORMANCE, 53.1% DISCOUNT TO 2024 NAV. VERY FAVORABLE MOMENTUM. ISUR closed 2024 with a NAV of EUR 400 Mn (+13.5% vs. 2023), leaving NAV/share at EUR 21.2. The strong 2024 results (EBITDA Rec. +9% and Net Profit +71%, better than expected), the solid fundamentals in terms of pre-sale portfolio, along with the improvement in asset portfolio occupancy, confirm the gradual reduction of the company's risk premium associated with execution risk. The new revenue jump projected for 2025 is realistic. Despite the stock's excellent performance -12m (+44.4%; +34.8% vs. sector) and YTD (+13.7%; +9.7% vs. sector), the momentum and the strong discount vs. NAV (>50%) indicate that outperformance could continue.

Appendix 1. Results table

EUR Mn	12m24	12m24 Real		12m24 Real	
	Real	12m23	vs 12m23	2024e	vs 2024e
Total Revenues	185.8	119.8	55.1%	168.1	10.5%
Property development business	131.5	84.7	55.3%	122.8	7.2%
Rental Revenue	18.3	17.1	7.0%	18.1	1.4%
Construction	30.7	13.7	124.1%	22.4	37.0%
Administration and marketing	5.2	4.3	21.6%	4.9	6.5%
Recurrent EBITDA	32.7	22.6	44.7%	29.9	9.2%
<i>Rec. EBITDA/Revenues</i>	<i>17.6%</i>	<i>18.9%</i>	<i>-1.3 p.p.</i>	<i>17.8%</i>	<i>-0.2 p.p.</i>
EBITDA	39.2	31.5	24.4%	29.9	30.9%
<i>EBITDA/Revenues</i>	<i>21.1%</i>	<i>26.3%</i>	<i>-5.2 p.p.</i>	<i>17.8%</i>	<i>3.3 p.p.</i>
EBIT	35.3	23.8	48.4%	25.2	39.8%
PBT	27.2	14.7	85.6%	16.2	68.2%
NP	20.7	11.5	80.0%	12.1	70.7%
GAV	600.1	593.0	1.2%		
<i>Rental business GAV</i>	<i>323.8</i>	<i>329.0</i>	<i>-1.6%</i>		
<i>GAV Property development business</i>	<i>276.3</i>	<i>264.0</i>	<i>4.7%</i>		
NAV	400.1	352.5	13.5%		
Net Debt	200.0	240.5	-16.8%	218.0	-9.0%
LTV	33.3%	40.6%	-7.2 p.p.		

Appendix 2. EV breakdown at the date of this report

	EUR Mn	Source
Market Cap	185.8	
+ Minority Interests	3.2	12m Results 2024
+ Provisions & Other L/T Liabilities	-	12m Results 2024
+ Net financial debt	200.0	12m Results 2024
- Financial Investments	-	12m Results 2024
+/- Others		
Enterprise Value (EV)	389.0	

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Notes and Reports History

Date of report	Recommendation	Price (EUR)	Target price (EUR)	Period of validity	Reason for report	Analyst
27-Feb-2025	n.a.	9.95	n.a.	n.a.	12m Results 2024	Alfredo Echevarría Otegui
31-Oct-2024	n.a.	8.21	n.a.	n.a.	9m Results 2024	José Miguel Cabrera van Grieken
31-Jul-2024	n.a.	8.12	n.a.	n.a.	6m Results 2024	José Miguel Cabrera van Grieken
27-May-2024	n.a.	8.19	n.a.	n.a.	Small & Micro Caps (Spain)	Alfredo Echevarría Otegui
06-May-2024	n.a.	7.32	n.a.	n.a.	3m Results 2024	José Miguel Cabrera van Grieken
04-Mar-2024	n.a.	6.89	n.a.	n.a.	12m Results 2023	José Miguel Cabrera van Grieken
30-Oct-2023	n.a.	6.45	n.a.	n.a.	9m Results 2023	José Miguel Cabrera van Grieken
31-Jul-2023	n.a.	6.73	n.a.	n.a.	6m Results 2023	Alfredo Echevarría Otegui
12-Jun-2023	n.a.	6.93	n.a.	n.a.	Small & Micro Caps (Spain)	David López Sánchez
08-May-2023	n.a.	6.61	n.a.	n.a.	3m Results 2023	David López Sánchez
19-Apr-2023	n.a.	6.61	n.a.	n.a.	Estimates upgrade	David López Sánchez
01-Mar-2023	n.a.	6.79	n.a.	n.a.	12m Results 2022	David López Sánchez
22-Dec-2022	n.a.	6.69	n.a.	n.a.	Initiation of Coverage	David López Sánchez

