

3m Results 2025

 Opinion ⁽¹⁾: In line

 Impact ⁽¹⁾: We will maintain our estimates

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Business description

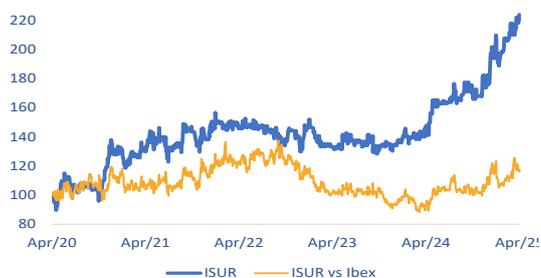
Inmobiliaria del Sur (ISUR), is a property company with headquarters in Seville and a presence in Andalusia and Madrid, whose business model combines a development activity (residential and tertiary) with a property management business, that has a portfolio of rental assets (mainly offices), both activities 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)	203.5	231.6
EV (Mn EUR and USD) ⁽²⁾	418.8	476.7
Shares Outstanding (Mn)	18.7	
-12m (Max/Med/Mín EUR)	11.10 / 8.88 / 6.99	
Daily Avg volume (-12m Mn EUR)	0.03	
Rotation ⁽³⁾	3.6	
Factset / Bloomberg	ISUR-ES / ISUR SM	
Close fiscal year	31-Dec	

Shareholders Structure (%)

Board of Directors	68.9
Free Float	31.1

Relative performance (Base 100)

Stock performance (%)

	-1m	-3m	-12m	-5Y
Absolute	1.9	13.0	48.8	119.9
vs Ibex 35	1.4	3.8	23.6	16.1
vs Ibex Small Cap Index	0.1	4.6	31.1	34.4
vs Eurostoxx 50	5.2	14.5	43.6	27.6
vs Sector benchmark ⁽⁴⁾	-1.9	11.0	44.7	153.2

(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.

1Q25 Results. Strong commercial activity takes pre-sales backlog to record highs.

REVENUE REDUCTION (-17% VS 1Q25) DUE TO LOWER RESIDENTIAL DELIVERIES...

ISUR closes 1Q25 with consolidated revenues of EUR 30.0Mn (-17% vs 1Q24). The revenue reduction is due to a 43% drop in revenues from the residential development activity, explained by: 1) a reduction in home deliveries in the quarter, 56 homes vs 69 in 1Q24, which the company expects to compensate throughout the year, 2) a significant reduction in the average selling price (ASP), EUR 0.291Mn (-36.9% vs 1Q24); due to the delivery of developments in Madrid in 1Q24, with a higher selling price. The rental business records a revenue increase of 7.3% to EUR 4.8Mn, with an occupancy rate of 94.1% (+5.4 p.p. vs 1Q24 and +0.6 p.p. vs December 2024), representing a historical high.

...WITH A (LOGICAL) DROP IN RECURRING EBITDA (-35.1% VS 1Q24). ISUR's recurring EBITDA stands at EUR 4.7Mn (-35.1% vs 1Q24). The impact of lower home deliveries is increased by the drop in the net margin of the residential development business by 3.7 p.p. to 11.4%. This is explained by the low business volume to cover the marketing expenses of undelivered developments.

WHICH NEGATIVELY IMPACTS NET PROFIT (EUR 1.8MN, -59% VS 1Q24). Below EBITDA, higher financial expenses of EUR 2.4Mn (vs EUR 0.7Mn in 1Q24) cause the EBITDA reduction to have an additional impact on the fall in Net Profit (EUR 1.7Mn in 1Q25 vs EUR 4.3Mn in 1Q24).

THE PRE-SALE BACKLOG, AT HISTORICAL HIGHS, PROVIDES VISIBILITY. During 1Q25, 200 units were sold, +111% vs 1Q24 (124 JVs and 75 own; EUR 68Mn). The accumulated pre-sale backlog reaches 1,050 units, +41% vs 1Q24 (EUR 345Mn; ASP: EUR 0.33Mn; coverage ratio of 91.6% and 44.0% on ISUR's estimated deliveries for 2025e and 2026e respectively). This figure represents the historical record in accumulated pre-sale volume.

WITH A REDUCTION IN LEVERAGE (LTV 35.5%). ISUR closes 1Q25 with a Net Debt of EUR 218.9Mn (-7.5% vs 1Q24). This represents a reduction in leverage (LTV) to 35.5% (-4.3 p.p. vs 1Q24) thanks to: (i) residential deliveries in the last twelve months and (ii) the reduction in the number of units under construction and completed to 1,029 units compared to 1,375 units in 1Q24.

CONCLUSION: THE ACCELERATION OF COMMERCIAL ACTIVITY CONFIRMS ISUR'S GOOD MOMENTUM.

The acceleration of commercial activity in 1Q25 confirms that ISUR's business momentum is very favorable. The materialization of deliveries in the coming quarters remains the main catalyst for the business. ISUR closed 1Q25 with a NAV of EUR 398Mn (flat vs December 2024), leaving the NAV/share at EUR 21.1 (c.2x the current share price). The solid fundamentals in terms of pre-sale backlog, at historical highs, together with the improvement in the occupancy of the rental portfolio, confirm the gradual reduction of the company's risk premium associated with execution risk. Despite the excellent performance of the stock -12m (+48.8%; +44.7% vs sector), the momentum and the strong discount vs NAV (c.48%) indicate that outperformance could continue.

Appendix 1. Results table

EUR Mn	3m25		3m25 Real
	Real	3m24	vs 3m24
Total Revenues	30.0	36.1	-17.0%
Property development business	14.3	25.0	-42.8%
Rental Revenue	4.8	4.5	6.7%
Construction	9.8	5.6	75.0%
Administration and marketing	1.0	1.1	-9.1%
Recurrent EBITDA	4.7	7.2	-35.1%
<i>Rec. EBITDA/Revenues</i>	<i>15.6%</i>	<i>19.9%</i>	<i>-4.4 p.p.</i>
EBITDA	4.7	7.3	-35.3%
<i>EBITDA/Revenues</i>	<i>15.7%</i>	<i>20.2%</i>	<i>-4.5 p.p.</i>
EBIT	4.7	6.2	-25.0%
PBT	2.3	5.6	-58.9%
NP	1.7	4.3	-59.4%
GAV	616.9	595.1	3.7%
Rental business GAV	323.7	328.8	-1.6%
GAV Property development business	293.2	266.3	10.1%
NAV	398.0	358.5	11.0%
Net Debt	218.9	236.6	-7.5%
LTV	35.5%	39.8%	-4.3 p.p.

Appendix 2. EV breakdown at the date of this report

	EUR Mn	Source
Market Cap	203.5	
+ Minority Interests	(3.6)	3m Results 2025
+ Provisions & Other L/T Liabilities	-	3m Results 2025
+ Net financial debt	218.9	3m Results 2025
- Financial Investments	-	3m Results 2025
+/- Others		
Enterprise Value (EV)	418.8	

Appendix 3. Main peers (2025e)

		Real estate				REITs			
EUR Mn		Metrovacesa	Aedas Homes	Neinor Homes	Average	Merlin Properties	Colonial	Cevasa	Average
Market data	Ticker (Factset)	MVC-ES	AEDAS-ES	HOME-ES		MRL-ES	COL-ES	CEV-ES	
	Country	Spain	Spain	Spain		Spain	Spain	Spain	
	Market cap	1,721.5	1,219.2	1,132.0		5,566.8	3,557.0	167.4	
	Enterprise value (EV)	1,927.3	1,721.3	1,278.0		8,930.9	8,980.1	246.2	
Basic financial information	Total Revenues	685.4	1,021.7	671.9		546.7	411.5	26.8	
	Total Revenues growth	3.8%	-3.3%	36.4%	12.3%	8.7%	-19.4%	7.2%	-1.2%
	2y CAGR (2025e - 2027e)	3.2%	0.5%	3.0%	2.2%	11.6%	6.0%	n.a.	8.8%
	EBITDA	85.7	158.9	120.2		407.1	336.8	19.2	
	EBITDA growth	91.0%	-1.0%	85.1%	58.4%	8.7%	1.5%	9.1%	6.4%
	2y CAGR (2025e - 2027e)	6.7%	0.8%	4.1%	3.9%	11.5%	6.7%	n.a.	9.1%
	EBITDA/Revenues	12.5%	15.6%	17.9%	15.3%	74.5%	81.9%	71.6%	76.0%
	EBIT	79.8	155.3	107.5		418.4	332.8	20.1	
	EBIT growth	65.5%	-4.6%	77.7%	46.2%	13.0%	2.6%	3.6%	6.4%
	2y CAGR (2025e - 2027e)	6.8%	0.7%	1.6%	3.0%	12.0%	14.1%	n.a.	13.0%
	EBIT/Revenues	11.6%	15.2%	16.0%	14.3%	76.5%	80.9%	75.0%	77.5%
	Net Profit	40.7	107.5	79.4		318.7	212.2	14.6	
	Net Profit growth	156.2%	0.8%	28.1%	61.7%	12.3%	-31.0%	5.0%	-4.5%
	2y CAGR (2025e - 2027e)	7.3%	-2.4%	5.4%	3.4%	7.5%	5.9%	n.a.	6.7%
	CAPEX/Sales %	3.8%	18.7%	17.6%	13.4%	156.9%	25.2%	4.9%	62.3%
Free Cash Flow	129.4	121.4	153.0		(195.2)	177.6	13.5		
Net financial debt	315.3	308.6	210.5		4,289.4	4,499.5	64.9		
ND/EBITDA (x)	3.7	1.9	1.8	2.5	10.5	13.4	3.4	9.1	
Pay-out	285.1%	94.6%	182.8%	187.5%	67.8%	81.6%	39.6%	63.0%	
Multiples and Ratios	P/E (x)	36.0	11.3	15.0	20.8	17.9	17.1	12.2	15.7
	P/BV (x)	1.1	1.2	1.5	1.3	0.7	0.6	n.a.	0.7
	EV/Revenues (x)	2.8	1.7	1.9	2.1	16.3	n.a.	9.2	12.8
	EV/EBITDA (x)	22.5	10.8	10.6	14.6	21.9	26.7	12.8	20.5
	EV/EBIT (x)	24.2	11.1	11.9	15.7	21.3	27.0	12.2	20.2
	ROE	3.1	10.5	9.9	7.8	3.9	3.6	n.a.	3.7
	FCF Yield (%)	7.5	10.0	13.5	10.3	n.a.	5.0	8.1	6.5
	DPS	0.77	2.36	1.95	1.69	0.42	0.30	0.25	0.32
	Dvd Yield	6.7%	8.5%	12.9%	9.4%	4.3%	5.3%	3.5%	4.4%

Note 1: Financial data, multiples and ratios based on market consensus (Factset).

Note 2: All ratios and multiples on EBITDA refer to total EBITDA (not to recurrent EBITDA).

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Date of report	Recommendation	Price (EUR)	Target price (EUR)	Period of validity	Reason for report	Analyst
30-Apr-2025	n.a.	10.90	n.a.	n.a.	3m Results 2025	Alfredo Echevarría Otegui
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

