

Marvipol Development

1Q24E Results Preview

Marvipol is due to publish its 1Q24E results on 27 May 2024.

Opinion: Negative, however expected as the developer has already reported that it delivered only 14 dwellings in 1Q24 (we note that the management board had informed about the project schedules earlier). Thus, we anticipate that the group will report poor 1Q24 results, including: 1) revenues of PLN 16.7m (-76% y/y), 2) EBITDA loss of PLN 0.9m, and 3) a net loss of PLN 4.3m (vs. profit of PLN 5.7m in 1Q23; 1Q24 numbers additionally downgraded by negative FX differences).

We note that the developer increased the number of pre-sold dwellings in 1Q24E (+35% y/y), driven by healthy demand and solid offer, which was higher than in 1Q23. We point to expected further offer expansion (already announced by the management board), which sounds supportive for future pre-sales.

Pre-sales: The company reported pre-sales of 144 units in 1Q24 (+35% y/y and -28% q/q; the value of units sold amounted to PLN 121.6m, implying average value of ca. PLN 844.4k). As a reminder, the company had dwelling offer of 559 units as of end-4Q23.

Deliveries: At the same time, the company delivered 14 units (vs. 103 flats in 1Q23; with value of PLN 16.7m).

Revenues: We estimate that revenues arrived at PLN 16.7m (-76% y/y), which is broadly in line with company's current report, driven mainly by a significantly lower number of handed over apartments.

Gross margin: Given the above-mentioned, we expect gross margin to arrive at 30.7% (vs. 19.8% in 1Q23 and 37.2% in 4Q23).

EBITDA: We assume that the company will report ca. PLN 9.3m in SG&A costs (vs. PLN 7.4m in 1Q23). Thus, EBITDA loss could come in at PLN 0.9m. We predict that profit on sales could reach PLN -4.1m vs. PLN 6.6m in 1Q23).

Net profit: We expect that net financial loss amounted to PLN 1.9m, vs PLN -0.5m in 1Q23. Thus, the net loss should arrive at PLN 4.3m (vs. profit of PLN 5.7m in 1Q23).

Figure 1. Marvipol Development 1Q24E preview summary

	1Q23	2Q23	3Q23	4Q23	1Q24E	Y/Y	Q/Q
Revenues	70.8	197.2	87.0	22.5	16.7	-76%	-26%
Gross profit	14.0	63.8	32.3	8.4	5.1	-63%	-39%
Profit on sales	6.6	53.9	22.4	-2.7	-4.1	n.a.	n.a.
EBITDA	9.3	59.9	24.7	-3.4	-0.9	n.a.	n.a.
EBIT	7.0	57.5	22.3	-5.8	-3.3	n.a.	n.a.
EBT	6.5	49.7	30.8	-18.4	-5.3	n.a.	n.a.
Net profit	5.7	39.6	24.3	-14.3	-4.3	n.a.	n.a.
Gross margin	19.8%	32.3%	37.2%	37.2%	30.7%		
EBITDA margin	13.2%	30.4%	28.4%	n.a.	n.a.		
EBIT margin	9.9%	29.2%	25.6%	n.a.	n.a.		
Net margin	8.0%	20.1%	28.0%	n.a.	n.a.		
Pre-sales	107	141	213	200	144	35%	-28%
Deliveries	103	278	37	5	14	-86%	180%
Avg.price (PLNk)	687.6	709.4	2,351.0	4,494.0	1,194.3	74%	-73%

Source: Company, IPOPEMA Research

Real Estate

**Marvipol
Development
BUY
FV PLN 11.15**

20.7% upside

Price as of 8 April 2024 PLN 9.24

Analysts

Adrian Górniak
adrian.gorniak@ipopema.pl
+ 48 514 995 073

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NII – Net interest income – interest income minus interest expense.

Net F&C – Net fee and commission income – fee and commission income minus fee and commission expense.

LLP – loan loss provisions – an expense set aside as an allowance for bad loans.

NPL – non-performing loan – loans that are in default or close to be in default.

Cost/Income – operating expenses divided by total banking revenue.

ROE – return on equity – net income (or adjusted net income) divided by the average shareholders' equity.

ROA – return on assets – net income (or adjusted net income) divided by the average assets.

EBIT – earnings before interests and tax.

EBITDA – earnings before interests, tax, depreciation and amortization.

EPS – earnings per share – the net income (or adjusted net income) divided by the number of shares outstanding.

P/E – price to earnings ratio – price divided by earnings per share.

PEG – P/E ratio divided by the annual EPS growth, usually over a certain period of time.

CAGR – compound annual growth rate.

BVPS – book value per share, the book value of the Company's equity divided by the number of shares outstanding.

P/BV – price to book value - price divided by the BVPS.

DPS – dividend per share – dividend of a given year divided by the number of shares outstanding.

DY – dividend yield – dividend of a given year divided by the current price.

DDM – dividend discount model – a fundamental method of valuation based on the assumption that the value of stock equals the sum of all discounted future dividends.

FV – Fair Value, calculated based on valuation methods outlined in the document.

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Rating History – Marvipol Development

Date	Recommendation	Fair Value	Price at recommendation	Author
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12/12/2023	BUY	PLN 10.07	PLN 7.20	Adrian Górniak
20/03/2024	BUY	PLN 11.15	PLN 8.26	Adrian Górniak