

# Marvipol Development

## 3Q23E Results Preview

Marvipol is due to publish its 3Q23E results on 24 November 2023.

**Opinion:** We expect that despite lower number of delivered dwellings, the developer will report higher 3Q23E results from its core business (residential segment), due to a robust increase in gross margin (+12.5p.p. y/y; gross profit of PLN 28.2m, vs. PLN 21.3m in 3Q22; positive impact of Rotunda Dynasy project). We predict that the loss from JV's stood at PLN 1.2m, vs. profit of PLN 5.9m in 3Q22. Hence, reported EBIT may reach PLN 16.7m (-8% y/y). On the other hand, Marvipol Development is expected to report net financial income of PLN 6.2m, due to positive FX differences. To sum up, we come in at PLN 18.6m in net profit (flattish y/y).

We point to a very strong growth in number of pre-sold dwellings in 3Q23E. The group has already informed that it had pre-sold 213 apartments, in comparison with 44 units in 3Q22. The result was driven by a demand recovery and an offer extension, which should be continued in 2H23E.

**Pre-sales:** The company reported pre-sales of 213 units in 3Q23 (+384% y/y and +51% q/q; the value of units sold amounted to PLN 134.2m, implying average value of ca. PLN 630.0k). As a reminder, the company had dwelling offer of 607 units as of end-2Q23.

**Deliveries:** At the same time, the company delivered 37 units (vs. 73 flats in 3Q22; with value of PLN 75m) mainly related to Rotunda Dynasy (7 units), Lazurova Concept (12 units) and Apartamenty Zielony Natolin project (17 units).

**Revenues:** We estimate that revenues arrived at PLN 75.2m (-12% y/y), which is in line with company's current report, driven by two factors: drop in number of handed over apartments and increase in the average dwelling price (+74% y/y).

**Gross margin:** Given the above-mentioned deliveries mix, we expect gross margin to arrive at 37.5% (vs. 25.0% in 3Q22 and 32.3% in 2Q23).

**EBITDA:** We assume that the company will report ca. PLN 10.3m in SG&A costs (vs. PLN 9.7m in 3Q22). Thus, EBITDA could come in at PLN 19.1m (-7% y/y). We predict that profit on sales could reach PLN 18.0m (+55% y/y).

**Net profit:** We expect that net financial profit amounted to PLN 6.2m, vs PLN 4.4m in 3Q22. Thus, the net profit should arrive at PLN 18.6m (-2% y/y).

Figure 1. Marvipol Development 3Q23E preview summary

	3Q22	4Q22	1Q23	2Q23	3Q23E	Y/Y	Q/Q
Revenues	85.3	176.6	70.8	197.2	75.2	-12%	-62%
Gross profit	21.3	50.4	14.0	63.8	28.2	32%	-56%
Profit on sales	11.6	37.2	6.6	53.9	18.0	55%	-67%
EBITDA	20.5	31.7	9.3	59.9	19.1	-7%	-68%
EBIT	18.3	36.1	7.0	57.5	16.7	-8%	-71%
EBT	22.7	25.9	6.5	49.7	22.9	1%	-54%
Net profit	18.9	17.0	5.7	39.6	18.6	-2%	-53%
Gross margin	25.0%	28.5%	19.8%	32.3%	37.5%		
EBITDA margin	24.1%	17.9%	13.2%	30.4%	25.4%		
EBIT margin	21.4%	20.4%	9.9%	29.2%	22.3%		
Net margin	22.2%	9.6%	8.0%	20.1%	24.7%		
Pre-sales	44	55	107	141	213	384%	51%
Deliveries	73	296	103	278	37	-49%	-87%
Avg.price (PLNk)	1,168.3	596.6	687.6	709.4	2,031.7	74%	186%

Source: Company, IPOPEMA Research

Real Estate

## Marvipol Development

BUY

FV PLN 10.49

48.6% upside

Price as of 9 October 2023 PLN 7.06

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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.

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Buy	7	87.5%
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Date	Recommendation	Fair Value	Price at recommendation	Author
07/09/2023	BUY	PLN 10.49	PLN 8.00	Adrian Górniak