

Marvipol Development

4Q23E Results Preview

Marvipol has not announced yet reporting date of 4Q23E results.

Opinion: Negative, however expected as the developer has already reported that it delivered only 5 dwellings in 4Q23 (we note that the management board had informed about the project schedules earlier). Thus, we anticipate that Marvipol Development will report poor 4Q23 results, including: 1) revenues of PLN 11.1m (-94% y/y), 2) EBITDA loss of PLN 3.5m, and 3) a net loss of PLN 14.9m (vs. profit of PLN 17.0m in 4Q22; 4Q23 numbers additionally downgraded by negative FX differences).

We point to a very strong growth in number of pre-sold dwellings in 4Q23E. The group has already informed that it had pre-sold 200 apartments, in comparison with 55 units in 4Q22. The result was driven by a demand recovery and an offer extension, which should be continued in coming months.

Pre-sales: The company reported pre-sales of 200 units in 4Q23 (+264% y/y and -6% q/q; the value of units sold amounted to PLN 135.1m, implying average value of ca. PLN 675.5k). As a reminder, the company had dwelling offer of 528 units as of end-3Q23.

Deliveries: At the same time, the company delivered 5 units (vs. 296 flats in 4Q22; with value of PLN 10.2m).

Revenues: We estimate that revenues arrived at PLN 11.1m (-94% 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 34.4% (vs. 28.5% in 4Q22 and 37.2% in 3Q23).

EBITDA: We assume that the company will report ca. PLN 9.8m in SG&A costs (vs. PLN 13.2m in 4Q22). Thus, EBITDA loss could come in at PLN 3.5m. We predict that profit on sales could reach PLN -6.0m (vs. PLN 37.2m in 4Q22).

Net profit: We expect that net financial loss amounted to PLN 12.3m, vs PLN -10.1m in 4Q22. Thus, the net loss should arrive at PLN 14.9m (vs. profit of PLN 17.0m in 4Q22).

Figure 1. Marvipol Development 4Q23E preview summary

	4Q22	1Q23	2Q23	3Q23	4Q23	Y/Y	Q/Q
Revenues	176.6	70.8	197.2	87.0	11.1	-94%	-87%
Gross profit	50.4	14.0	63.8	32.3	3.8	-92%	-88%
Profit on sales	37.2	6.6	53.9	22.4	-6.0	n.a.	n.a.
EBITDA	31.7	9.3	59.9	24.7	-3.5	n.a.	n.a.
EBIT	36.1	7.0	57.5	22.3	-6.0	n.a.	n.a.
EBT	25.9	6.5	49.7	30.8	-18.3	n.a.	n.a.
Net profit	17.0	5.7	39.6	24.3	-14.9	n.a.	n.a.
Gross margin	28.5%	19.8%	32.3%	37.2%	34.4%		
EBITDA margin	17.9%	13.2%	30.4%	28.4%	n.a.		
EBIT margin	20.4%	9.9%	29.2%	25.6%	n.a.		
Net margin	9.6%	8.0%	20.1%	28.0%	n.a.		
Pre-sales	55	107	141	213	200	264%	-6%
Deliveries	296	103	278	37	5	-98%	-86%
Avg.price (PLNk)	596.6	687.6	709.4	2,351.0	2,127.3	257%	-10%

Source: Company, IPOPEMA Research

Real Estate

**Marvipol
Development
BUY**

FV PLN 10.07

26.5% upside

Price as of 10 January 2024 PLN 7.96

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The definitions of terms used in the document include:

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