Marvipol Development

Market recovery as a key driver

We initiate coverage of Marvipol Development with a BUY recommendation and set a FV of PLN 10.49 per share (upside of 31.2%). We point to the ongoing pre-sales recovery and we predict that the company will pre-sell 495 and 586 units in 2023E and 2024E, respectively, which should support 2025E-26E results (in 2024E, the company will deliver projects with lower profitability, which most likely will negatively affect net profit; we predict a significant improvement in 2025E) and cash flows. We do not underestimate the group's exposure to stable logistics activity (we do not exclude potential disposals), expected return to dividend payments (we assume DPS of PLN 0.8 in 2024E) and solid balance sheet. On our forecasts, the company currently trades at P/E ratios of 5.0x in 2023E, 9.6x in 2024E and 5.8x in 2025E, concurrently with a P/BV of 0.5x.

Demand recovery and expansion in offer to support pre-sale volumes. After very weak 2022 data (decrease in pre-sales to 207 units, -45% y/y), we anticipate that the company will present a solid rebound, driven by improvement in market circumstances and expected new commencements. Thus, we forecast that 2023E pre-sales will amount to 495 dwellings (+139% y/y; +130% y/y in 1H23) and will continue the trend in 2024E, with a hike of a further 18% y/y.

Poor 2024E results and a rebound in 2025E. As of now, we predict that the company will reach a net profit of PLN 67m in 2023E. We presume that the developer will report rather uninspiring numbers in 2024E, driven by a less favourable delivery mix (lower margins), and we expect a deterioration in profit to PLN 35m. We believe, that profitability and volumes will improve in 2025E and we arrive at a net profit of PLN 57m.

Possible divestments in logistics division to boost cash position. The group intends to dispose of at least part of its logistics portfolio, which in turn would support its cash position. We assume that the total value of the three existing projects, dedicated to Marvipol Development, may reach ca. PLN 189m. We would expect potential transactions in 4Q23E and 2024E as the investment market should gradually rebound.

Expected return to recurrent dividend pay-outs. In our forecasts, we assume that the company will return to regular dividend payments, starting from 2024E. We assume a dividend payout ratio of 50% and DPS of PLN 0.8 in 2024E, which implies a DY of 10.0%.

Multiple valuation. On our forecasts, Marvipol Development currently trades at a P/E of 5.0x in 2023E and 9.6x in 2024E. As to P/BV multiples, we arrive at 0.5x in 2023E and 2024E, which implies a 70% discount vs. peers.

Figure 1. Marvipol Development – Financial summary (PLNm)

	2020	2021	2022	2023E	2024E	2025E
Revenues	431	394	589	394	428	469
EBITDA	93	119	122	103	51	78
EBIT	90	116	122	94	42	69
Net profit	80	96	90	67	35	57
P/E (x)	4.1	3.5	3.7	5.0	9.6	5.8
P/BV (x)	0.6	0.5	0.5	0.5	0.5	0.4
ROE (%)	14%	16%	14%	9%	5%	8%
DPS (PLN)	0.2	0.9	1.1	0.0	0.8	0.4
Div.yield (%)	2.1%	11.9%	14.2%	0.0%	10.0%	5.2%

Source: Company, IPOPEMA Research

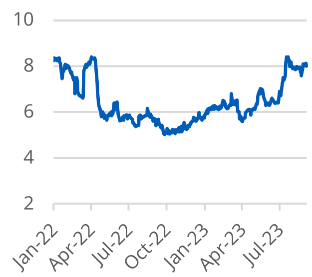
Real Estate

Marvipol Development
BUY
FV PLN 10.49

31.2% upside

Price as of 6 September 2023 PLN 8.00

Initiation of coverage



Share data

Number of shares (m)	41.7
Market cap (EUR m)	74.1
12M avg daily volume (k)	17.2
12M avg daily turnover (EUR m)	0.02
12M high/low (PLN)	8.76/4.94
WIG weight	0.03%
Reuters	MVP.WA
Bloomberg	MVP PW

Total performance

1M	+0.5%
3M	+27.0%
12M	+41.3%

Shareholders

Książek Holding	66.05%
Mariusz Książek	4.99%
Other	28.96%

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MARVIPOL DEVELOPMENT

BUY **FV PLN 10.49**

Mkt Cap EUR 74m Upside +31.2%

Valuation multiples	2021	2022	2023E	2024E	2025E
P/E (x)	3.5	3.7	5.0	9.6	5.8
EV/EBITDA (x)	4.0	4.7	5.6	10.6	7.0
EV/Sales (x)	1.2	1.0	1.5	1.3	1.2
P/BV (x)	0.5	0.5	0.5	0.5	0.4
FCF yield (%)	24%	10%	1%	21%	2%
DY (%)	12%	14%	0%	10%	5%

Per share	2021	2022	2023E	2024E	2025E
No. of shares (m units)	41.7	41.7	41.7	41.7	41.7
EPS (PLN)	2.3	2.2	1.6	0.8	1.4
BVPS (PLN)	14.7	15.7	17.3	17.4	18.3
FCFPS (PLN)	1.9	0.8	0.1	1.7	0.2
DPS (PLN)	0.95	1.14	0.00	0.80	0.42

Change y/y (%)	2021	2022	2023E	2024E	2025E
Revenues	-8.7%	49.5%	-33.1%	8.7%	9.5%
Gross profit	5.7%	27.8%	-11.9%	-38.9%	38.2%
EBITDA	28.8%	2.4%	-15.7%	-50.5%	52.1%
EBIT	30.0%	4.4%	-22.9%	-54.8%	63.8%
Net profit	18.9%	-6.0%	-25.7%	-47.9%	65.0%

Leverage and return	2021	2022	2023E	2024E	2025E
Gross margin (%)	28.4%	24.3%	32.0%	18.0%	22.7%
EBITDA margin (%)	30.3%	20.8%	26.2%	11.9%	16.6%
EBIT margin (%)	29.6%	20.7%	23.8%	9.9%	14.8%
Net margin (%)	24.3%	15.3%	17.0%	8.1%	12.3%
Net debt / EBITDA (x)	1.2	2.0	2.3	4.0	2.8
Net debt / Equity (x)	0.2	0.4	0.3	0.3	0.3
Net debt / Assets (x)	0.1	0.2	0.2	0.1	0.2
ROE (%)	15.6%	13.7%	9.3%	4.8%	7.5%
ROA (%)	6.2%	6.5%	4.9%	2.5%	4.1%
ROIC (%)	12.5%	10.6%	7.6%	3.6%	5.6%

Operational data	2021	2022	2023E	2024E	2025E
Pre-sales (units)	**376**	**207**	**495**	**586**	**618**
change y/y	*-65%*	*-45%*	*139%*	*18%*	*5%*
Deliveries (units)	**554**	**910**	**439**	**576**	**660**
change y/y	*-30%*	*64%*	*-52%*	*31%*	*15%*
Avg value (PLNk)*	**711**	**647**	**897**	**744**	**710**
change y/y	*30%*	*-9%*	*39%*	*-17%*	*-4%*

P&L (PLN m)	2020	2021	2022	2023E	2024E	2025E
Revenues	431	394	589	394	428	469
COGS	-326	-282	-446	-268	-351	-362
Gross profit	**106**	**112**	**143**	**126**	**77**	**106**
SG&A	-47	-41	-44	-39	-43	-47
Profit on sales	**59**	**71**	**99**	**87**	**34**	**59**
Profit from JV	30	39	22	3	9	10
Other operating income (cost)	1	7	0	4	0	0
EBITDA	**93**	**119**	**122**	**103**	**51**	**78**
EBIT	**90**	**116**	**122**	**94**	**42**	**69**
Financial income (cost) net	10	-3	-11	-11	1	2
Pre-tax profit	**100**	**114**	**111**	**83**	**43**	**71**
Income tax	-19	-18	-21	-16	-8	-13
Net profit	**80**	**96**	**90**	**67**	**35**	**57**

BALANCE SHEET (PLN m)	2020	2021	2022	2023E	2024E	2025E
Non-current assets	**216**	**264**	**400**	**366**	**368**	**373**
Intangible assets	0	0	0	0	0	0
PP&E	31	51	63	61	55	49
Long-term financial assets	120	81	215	206	206	206
Other non-current assets	66	133	122	98	107	118
Current assets	**1,098**	**1,285**	**978**	**1,007**	**1,010**	**1,044**
Inventories	854	1,008	768	830	829	886
Trade receivables	53	48	37	25	27	30
Cash and equivalents	191	218	168	143	145	119
Other current assets	0	11	4	9	9	9
Total assets	**1,314**	**1,550**	**1,377**	**1,373**	**1,378**	**1,417**
Equity	**557**	**613**	**655**	**722**	**723**	**763**
Minorities	0	0	0	0	0	0
Non-current liabilities	**259**	**296**	**412**	**397**	**378**	**361**
Loans and leasing	233	272	383	365	346	328
Other non-current liabilities	26	24	28	32	32	32
Current liabilities	**498**	**641**	**311**	**254**	**277**	**293**
Trade payables	53	58	46	31	33	37
Loans and leasing	143	95	31	20	4	4
Other current liabilities	302	488	233	203	240	252
Equity & liabilities	**1,314**	**1,550**	**1,377**	**1,373**	**1,378**	**1,417**
Cash conversion cycle (days)	712	913	465	754	692	675
Gross debt (PLN m)	376	367	415	385	350	333
Net debt (PLN m)	**185**	**149**	**246**	**242**	**205**	**214**

CASH FLOW (PLN m)	2020	2021	2022	2023E	2024E	2025E
Operating cash flow	**-49**	**67**	**85**	**10**	**72**	**10**
Profit Before Tax	100	114	111	83	43	71
D&A	3	3	1	9	9	8
Change in WC	-93	12	12	-84	38	-44
Other	-58	-62	-39	1	-17	-25
Investment cash flow	**124**	**13**	**-50**	**-6**	**-2**	**-2**
CAPEX (incl. inv.in properties)	-25	-75	-53	-4	-2	-2
Other	149	87	3	-2	0	0
Financial cash flow	**-60**	**-52**	**-84**	**-29**	**-68**	**-33**
Change in equity	0	0	0	0	0	0
Change in debt	-35	5	-9	-9	-35	-17
Dividend	-7	-40	-47	0	-33	-17
Other	-18	-17	-28	-20	1	2
Change in cash	**15**	**27**	**-50**	**-26**	**2**	**-26**
Cash as of eop	**191**	**218**	**168**	**143**	**145**	**119**

*Source: Company data, IPOPEMA Research; *related to delivered dwellings*

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Valuation

We value Marvipol Development using the SOTP method (80% weight) and discounted dividend method (weight of 20%). We add a multiples valuation for presentation purpose only.

Figure 2. Marvipol Development – Valuation summary

Valuation method	Weight	FV (PLNps)	Upside (%)
SOTP valuation (PLN ps), incl.:	80%	11.09	38.6%
Residential segment (DCF method, EV of the segment)		*8.81*	
Logistics (market value of existing and planned projects)		*8.02*	
Net debt as of end-2022		*-5.74*	
DDM valuation (PLN ps)	20%	8.11	1.4%
Peer valuation (PLN ps)	0%	18.68	133.5%
Fair value (PLN ps)		**10.49**	**31.2%**

Source: Company, IPOPEMA Research

SOTP valuation

SOTP method is, in our view, the most appropriate valuation approach in the case of Marvipol Development. We use a DCF valuation to estimate the residential segment EV (see more details below). Regarding the logistics division, we calculate its value taking into consideration the market value of existing projects (in Warsaw, Poznan and Wroclaw), adjusted for MVP's share in equity, and book value of planned projects (in Katowice and Lodz). We adjust the sum of values of both segments by 2022 net debt.

We base our DCF valuation of the residential segment on our free cash flow forecasts for 2023E-32E (for more details please refer to the "Financial forecasts" section). We apply a risk-free rate based on 10Y governmental bonds in forecasted years and in terminal, equity risk premium at 5.5% and beta of 1.0x and assume a terminal growth rate of 1.0%.

Figure 3. Marvipol Development – DCF valuation of residential segment (PLNm)

DCF (PLNm)	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	Terminal Year
Revenues	394	428	469	478	506	519	529	538	547	555	560
EBIT	**91**	**34**	**59**	**59**	**61**	**61**	**62**	**63**	**64**	**64**	**65**
Tax on EBIT	-18	-6	-11	-11	-12	-12	-12	-12	-12	-12	-12
NOPLAT	73	27	48	48	50	50	50	51	52	52	53
Depreciation	9	9	8	7	7	6	5	5	5	4	4
Capital expenditures	-4	-2	-2	-2	-3	-3	-3	-3	-3	-3	-4
Change in working capital	-84	38	-44	-14	-17	-17	-17	-16	-16	-15	-11
Free cash flow	**-5**	**72**	**10**	**38**	**37**	**37**	**37**	**37**	**38**	**39**	**42**
Risk-free rate	5.6%	5.6%	5.7%	5.7%	5.8%	5.9%	5.9%	5.9%	5.9%	5.9%	5.9%
Equity risk premium	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%
Beta	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Cost of equity	11.1%	11.1%	11.2%	11.2%	11.3%	11.4%	11.4%	11.4%	11.4%	11.4%	11.4%
Cost of debt (pre-tax)	9.6%	9.6%	9.7%	9.7%	9.8%	9.9%	9.9%	9.9%	9.9%	9.9%	9.9%
Effective tax rate	19.3%	19.0%	19.0%	19.0%	19.0%	19.0%	19.0%	19.0%	19.0%	19.0%	19.0%
After-tax cost of debt	7.8%	7.8%	7.8%	7.9%	7.9%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%
Weight of debt	27.7%	25.1%	23.2%	21.6%	20.1%	18.7%	17.3%	16.0%	14.7%	13.4%	13.4%
Weight of equity	72.3%	74.9%	76.8%	78.4%	79.9%	81.3%	82.7%	84.0%	85.3%	86.6%	86.6%
WACC	**10.2%**	**10.3%**	**10.4%**	**10.5%**	**10.6%**	**10.7%**	**10.8%**	**10.8%**	**10.9%**	**10.9%**	**10.9%**
Discount factor	97%	88%	80%	72%	65%	58%	52%	47%	42%	38%	
PV of FCF	-5	63	8	28	24	21	19	18	16	15	
Sum of FCF PV's	206										
FCF terminal growth rate	1.0%										
Terminal value	424										
PV of terminal value	161										
Enterprise value	**367**										
EV per share (PLN)	**8.81**										

DCF sensitivity (PLN)	**WACC in terminal year**				
Terminal growth	**8.9%**	**9.9%**	**10.9%**	**11.9%**	**12.9%**
0.0%	9.24	8.81	8.45	8.16	7.91
1.0%	9.78	9.24	8.81	8.45	8.16
2.0%	10.48	9.78	9.24	8.81	8.45

Source: Company, IPOPEMA Research

Figure 4. Marvipol Development – key assumptions in logistics segment valuation (PLNm)

Existing projects	GLA (k sqm)	Rent (EUR/sqm)	Occupancy rate (%)	NOI (EURm)	NOI (PLNm)	Exit yield (%)	MVP's share in project (%)	MV adj. (EURm)*	MV adj. (PLNm)*
Warsaw III	41.0	4.3	93%	2.0	8.8	6.00%	50%	16.3	73.2
Wroclaw II	18.0	3.8	93%	0.8	3.4	6.35%	68%	8.2	36.9
Poznan	61.0	3.8	93%	2.6	11.7	6.50%	45%	18.0	80.9
Total	**120.0**	**4.0**	**93%**	**5.3**	**23.9**	**6.29%**	**50%**	**42.5**	**191.0**
Planned projects									**143.0**
Total value									**334.0**
per share									*8.02*

*Source: Company, IPOPEMA Research; *MV adjusted of MVP's share in the project; **book value of investment as of end-2Q23*

DDM valuation

We value Marvipol Development using the DDM method based on our financial forecasts and assumptions regarding the dividend payout ratio. The company cancelled its previous dividend policy in April'23, due to an unfavourable market environment), concurrently with a decision of no dividend payment in 2023E. In our model, we assume that starting from 2024E, the group will return to regular payments with a dividend payout ratio of 50%.

Figure 5. Marvipol Development – DDM valuation (PLNm)

DDM	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	Terminal Year
DPS (PLN ps)	0.00	0.80	0.42	0.69	0.69	0.71	0.72	0.73	0.73	0.74	1.27
Cost of equity	11.1%	11.1%	11.2%	11.2%	11.3%	11.4%	11.4%	11.4%	11.4%	11.4%	11.4%
Discount multiple	97%	87%	78%	70%	63%	56%	51%	45%	41%	37%	
Discounted DPS (PLN ps)	0.00	0.70	0.33	0.48	0.43	0.40	0.36	0.33	0.30	0.27	
Sum of discounted DPS (PLN ps)											3.61
Terminal growth											1.0%
Discounted value of terminal DPS (PLN ps)											4.51
Fair Value (PLN ps)											**8.11**

Source: Company, IPOPEMA Research

Peer comparison

We present a multiples valuation by comparing Marvipol Development to domestic residential developers, based on the P/E and P/BV multiples. In our analysis, we give 0% weight to the method.

Given our forecasts for 2023E-25E, the company currently trades at a P/E multiple of 5.0/9.6/5.8x. In the case of the P/BV multiple, the average discount to its peers is close to 70%.

Figure 6. Marvipol Development – peer comparison

Company	mCap	P/E (x)			P/BV (x)		
	(PLNm)	2023E	2024E	2025E	2023E	2024E	2025E
Dom Development	3,814	8.6	8.4	8.0	2.4	2.2	2.0
Atal	2,261	7.5	9.8	8.3	1.6	1.6	1.5
Develia	2,200	11.2	12.0	11.7	1.5	1.5	1.4
Lokum Deweloper	337	4.7	8.0	6.1	0.7	0.7	0.7
Median		**8.1**	**9.1**	**8.2**	**1.6**	**1.5**	**1.5**
Marvipol Development	**333**	**5.0**	**9.6**	**5.8**	**0.5**	**0.5**	**0.4**
Premium/discount (%)		*-38%*	*5%*	*-29%*	*-70%*	*-70%*	*-70%*
Implied FV/share (PLN)		12.93	7.61	11.28	27.02	26.63	26.62
Average implied FV/share (PLN)		**18.68**					

Source: Bloomberg, IPOPEMA Research

Financial forecasts

3Q23E & 2023E: Given projects schedules, we forecast that Marvipol Development will deliver 46 units in 3Q23E, vs. 73 flats handed over in 3Q22. Despite expected significantly higher gross profitability in the delivery mix (we arrive at 37.2%, vs. 25.0% in the corresponding period in 2022), we forecast that revenues may reach PLN 73.7m, EBIT will amount to PLN 17.5m (vs. PLN 18.3m in 3Q22) and net profit may come in at PLN 13.0m (vs. PLN 18.9m in 3Q22). We note that 3Q22 net profit was boosted by net financial income of PLN 4.4m.

In full-year terms, we assume that the developer will deliver 439 apartments (-52% y/y), with the average dwelling price of PLN 897.0k (+39% y/y, due to price hikes and a more favourable mix). In our base-case scenario, revenues will arrive at PLN 393.7m (-33% y/y), the gross margin would increase to an extra-ordinary 32.0% (+7.7pp. y/y) and net profit would deteriorate to PLN 66.8m (vs. PLN 89.9m in 2022). Concurrently, pre-sale volumes may grew by 139% y/y to 495 apartments, driven by a demand recovery and expected expansion in dwellings in the offer.

2024E: 2024E results are expected to be driven by projects with significantly lower margins, due to pressure coming from the cost side (e.g. increases in construction costs). As of now, we anticipate that the average gross profitability will deteriorate to 18.0% (we assume poor margins in the case of Motława Garden and In Place I projects). Thus, despite the higher number of deliveries, we forecast that Marvipol Development will report revenues of PLN 427.9m, EBIT of PLN 42.4m and net profit of PLN 34.8m (+9%/-55%/-48% y/y, respectively). We note that we do not include the effect of divestments in the logistics division, but the group intends to dispose of its logistics projects. From the positives, we firmly believe that the company will continue its recovery in number of pre-sold flats, as we arrive at 586 units in 2024E (+18% y/y).

Long-term perspectives and dividend policy: We expect that Marvipol Development will improve its results in 2025E, due to more profitable projects and improving pre-sales (we arrive at a net profit of PLN 57.5m). In the long-term perspective, we assume that the developer will be able to pre-sell and to deliver 600-700 dwellings per year, with margin of 21.7-22.7%, vs. the historical average of 23.7%. Moreover, we believe that the group will return to recurrent dividend payments already in 2024E (DPR of 50%).

Figure 7. Marvipol Development - results' estimates in 2023E-2032E (PLNm)

	2019	2020	2021	2022	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
Revenues	291	431	394	589	394	428	469	478	506	519	529	538	547	555
Gross profit	67	106	112	143	126	77	106	107	112	114	116	117	119	120
EBITDA	94	93	120	122	103	51	78	77	79	78	79	79	80	80
EBIT	91	90	116	122	94	42	69	69	72	72	73	74	75	76
EBT	90	100	114	111	83	43	71	71	73	74	75	76	76	77
Net profit	70	80	96	90	67	35	57	57	59	60	60	61	62	63
Gross margin	23.0%	24.5%	28.4%	24.3%	32.0%	18.0%	22.7%	22.4%	22.2%	21.9%	21.9%	21.8%	21.8%	21.7%
EBITDA margin	32.2%	21.5%	30.4%	20.8%	26.2%	11.9%	16.6%	16.1%	15.5%	15.0%	14.9%	14.7%	14.6%	14.4%
EBIT margin	31.1%	20.8%	29.6%	20.7%	23.8%	9.9%	14.8%	14.6%	14.2%	13.9%	13.8%	13.8%	13.7%	13.6%
Net margin	24.0%	18.6%	24.3%	15.3%	17.0%	8.1%	12.3%	12.0%	11.8%	11.5%	11.4%	11.4%	11.3%	11.3%
Pre-sales (units)	942	1,086	376	207	495	586	618	643	662	671	679	686	692	695
Deliveries (units)	772	791	554	910	439	576	660	671	651	662	668	674	679	683
Avg.price (PLNk)	377	545	711	647	897	744	710	712	777	784	792	799	806	812
DPS (PLN)	0.0	0.2	0.9	1.1	0.0	0.8	0.4	0.7	0.7	0.7	0.7	0.7	0.7	0.7
DY (%)	0.0%	2.1%	11.9%	14.2%	0.0%	10.0%	5.2%	8.6%	8.6%	8.9%	8.9%	9.1%	9.2%	9.3%
Net debt (PLNm)	231	157	129	239	238	201	209	201	194	188	182	176	170	163
ND/BV (x)	0.5	0.3	0.2	0.4	0.3	0.3	0.3	0.3	0.2	0.2	0.2	0.2	0.2	0.2
ROE (%)	14%	14%	16%	14%	9%	5%	8%	7%	7%	7%	7%	7%	7%	6%

Source: Company, IPOPEMA Research

Figure 8. Marvipol Development – gross and net margins (%)

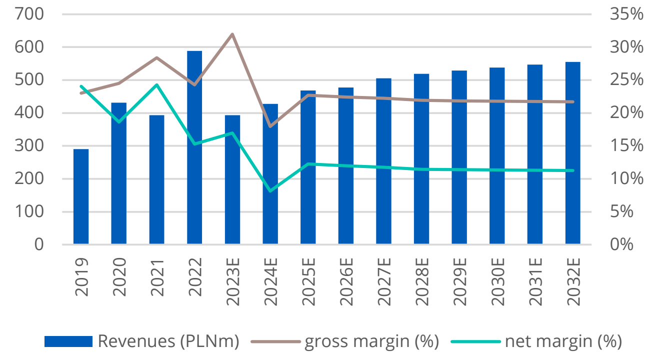
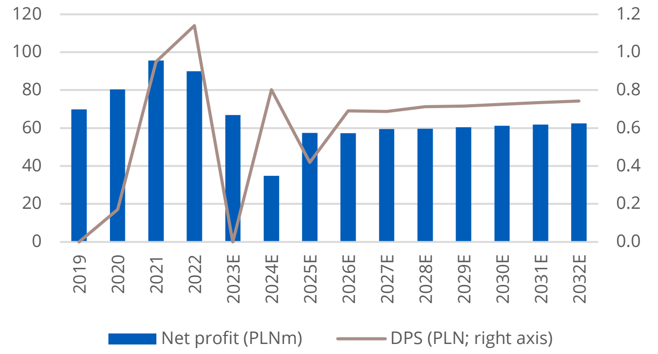


Figure 9. Marvipol Development – DPS (PLN) and net profit (PLNm)



Source: Company, IPOPEMA Research

Figure 10. Marvipol Development - deliveries (units) and revenues (PLNm)

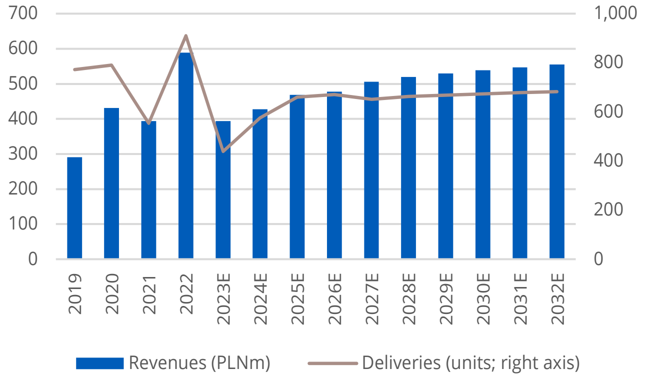
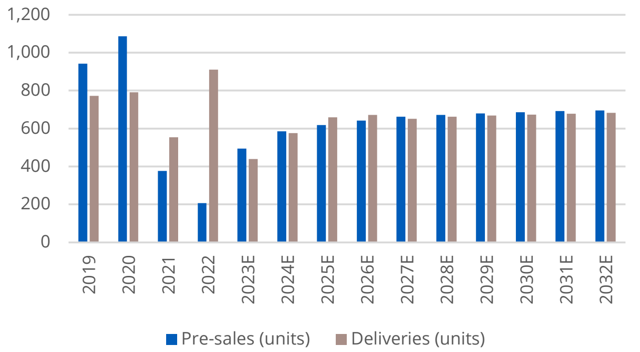


Figure 11. Marvipol Development – pre-sales and deliveries (units)



Source: Company, IPOPEMA Research

Figure 12. Marvipol Development – avg.dwelling price (PLNk)

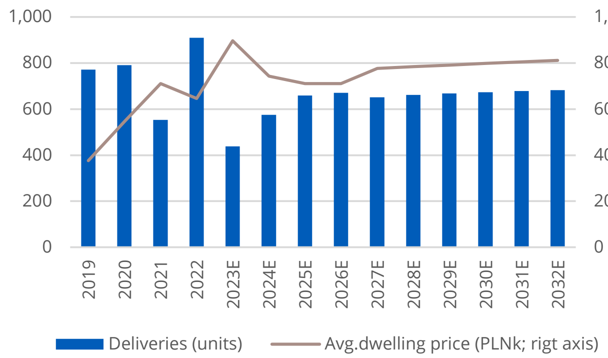
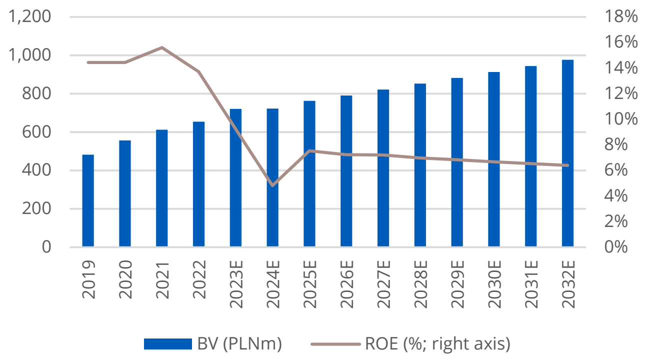


Figure 13. Marvipol Development - ROE (%)



Source: Company, IPOPEMA Research

2Q23 results summary

The company posted its 2Q23 results on 25th August. Below are our key takeaways.

Volumes: The company delivered 278 dwellings (-12% y/y) and pre-sold 141 units (+244% y/y) in 2Q23.

Revenues: Marvipol Development revenues arrived at PLN 197.2m (-4% y/y). The result was driven by higher average dwelling price, which amounted to PLN 709k (+10% y/y) and a drop in deliveries.

Gross margin: Marvipol Development's 2Q23 gross margin increased by 12.0pp y/y, to 32.3%, which reflects the impact of an improved sales mix (the developer reported that it had delivered dwellings mainly in the Lazurova Concept and Apartamenty Zielony Natolin projects).

Selling costs and result on JV's: SG&A costs reached nearly PLN 9.8m (vs. PLN 11.8m in 2Q22). The SG&A to sales ratio amounted to 5.0%. The profit on JV activity stood at PLN 0.7m (vs. PLN 3.8m the previous year).

EBITDA: EBITDA came in at PLN 59.9m, +64% y/y, which resulted in an EBITDA margin of 30.4%, up by 12.6pp y/y.

Net profit: Net profit arrived at PLN 39.6m, (+59% y/y; we note that the company reported a PLN -7.9m net financial loss, vs. PLN -6.6m in 2Q22).

OCF: Marvipol Development posted OCF of PLN 41.3m (vs. PLN -8.3m in 2Q22) derived mainly from the positive impact of the improvement in financial results.

Net debt: Net Debt/ LTM EBITDA came in at 1.7x and net debt/BV arrived at 0.3x (-0.2x y/y and -0.1x q/q). At the end of 2Q23 Marvipol Development held PLN 189.6m in cash and cash equivalents.

Figure 14. Marvipol Development – 2Q23 results summary (PLNm)

	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	Y/Y	Q/Q
Revenues	40.1	13.2	115.2	262.9	50.7	24.6	188.6	129.8	121.6	205.1	85.3	176.6	70.8	197.2	-4%	178%
Gross profit	12.1	4.1	31.0	58.6	12.7	7.4	48.5	43.2	29.5	41.7	21.3	50.4	14.0	63.8	53%	356%
Profit on sales	-0.9	-3.7	20.3	42.9	4.6	-1.6	38.7	28.9	20.4	29.9	11.6	37.2	6.6	53.9	81%	723%
EBITDA	5.1	7.9	31.4	48.4	8.5	27.7	41.4	41.8	33.7	36.5	20.5	31.7	9.3	59.9	64%	543%
EBIT	4.4	6.9	30.6	47.7	7.8	26.9	40.6	41.1	32.9	34.4	18.3	36.1	7.0	57.5	67%	719%
EBT	12.9	6.8	31.7	48.4	8.5	23.4	40.4	41.5	34.5	27.8	22.7	25.9	6.5	49.7	79%	665%
Net profit	11.8	5.6	25.8	37.3	8.1	21.0	33.2	33.3	29.1	24.9	18.9	17.0	5.7	39.6	59%	599%
Gross margin	30.2%	30.8%	26.9%	22.3%	25.0%	30.2%	25.7%	33.3%	24.3%	20.3%	25.0%	28.5%	19.8%	32.3%		
EBITDA margin	12.7%	59.9%	27.2%	18.4%	16.8%	112.8%	21.9%	32.2%	27.7%	17.8%	24.1%	17.9%	13.2%	30.4%		
EBIT margin	11.0%	52.4%	26.5%	18.1%	15.4%	109.4%	21.5%	31.7%	27.0%	16.8%	21.4%	20.4%	9.9%	29.2%		
Net margin	29.4%	42.2%	22.4%	14.2%	16.0%	85.4%	17.6%	25.7%	23.9%	12.1%	22.2%	9.6%	8.0%	20.1%		
Pre-sales (units)	112	112	160	702	83	73	89	131	67	41	44	55	107	141	244%	32%
Deliveries (units)	72	19	257	443	65	23	265	201	224	317	73	296	103	278	-12%	170%
Avg.price (PLNk)	558	694	448	593	780	1,070	712	646	543	647	1,168	597	688	709	10%	3%
CFO	43.0	16.7	-10.9	-97.5	119.7	22.2	-75.6	0.7	34.4	-8.3	71.4	-13.0	-3.6	41.3		
CFI	128.3	-17.9	20.4	-7.1	0.7	-0.1	-44.3	56.3	-49.8	3.2	-10.0	6.4	-1.8	-3.7		
CFF	6.5	-14.3	-13.9	-38.4	-85.0	17.9	6.5	8.4	67.3	-73.9	-44.8	-32.9	-10.0	-0.9		
Net debt	39.7	45.4	46.3	156.6	44.0	67.7	175.3	129.1	163.2	281.0	220.6	239.1	256.8	206.8		
Net debt / EBITDA	0.5	0.6	0.6	1.7	0.5	0.6	1.4	1.1	1.1	1.8	1.7	2.0	2.6	1.7		
Net debt / BV	0.1	0.1	0.1	0.3	0.1	0.1	0.3	0.2	0.3	0.5	0.3	0.4	0.4	0.3		

Source: Company, IPOPEMA Research

Business model

Residential segment

Marvipol Development is a residential developer, which operates in three cities: Warsaw, which is its core market (the company has been operating there for 27 years and delivered nearly 9.4k units), Gdansk and in Wroclaw. The developer focuses its activity on the upper and premium segments, which in turn should underpin the group's profitability.

The company pre-sold 141 flats in 2Q23 (including 55 units in In Place I, 25 units in Lazurova Concept and 10 units in Gardenia Lagom I; 248 units in 1H23, +130% y/y) and 207 units in 2022 (the drop in y/y terms was driven by an unfavourable market environment). We note that the group intends to strengthen its position especially in Warsaw and is set to achieve average yearly pre-sales of ca. 800 dwellings (in the long-term perspective).

Concurrently, the developer had 607 apartments in its offer as of end-2Q23. Moreover, Marvipol Development had projects under construction with a GLA of 56k sqm, divided into four projects (Gardenia Lagom, Motława Garden, In Place I and II), and a landbank dedicated to projects in preparation with a GLA of 110k sqm, located in Warsaw, Gdansk and Wroclaw.

Figure 15. Marvipol Development – projects pipeline*

	Units	GLA (k sqm.)	Pre-sold dwellings (as of 2Q23)	Commencement	Start of deliveries
In Place I	371	18.4	260	2Q22	2Q24
Gardenia Lagom I	160	8.1	38	3Q22	2Q24
Motława Garden	72	6.7	13	4Q22	2Q24
Trio Park I	134	6.4	1	4Q23	2Q25
In Place II	280	14.3	1	3Q23	2Q25
Trio Park II	44	1.9	0	3Q23	2Q25

*Source: Company, IPOPEMA Research; *only projects in offer*

Figure 16. Marvipol Development – quarterly pre-sales (units)

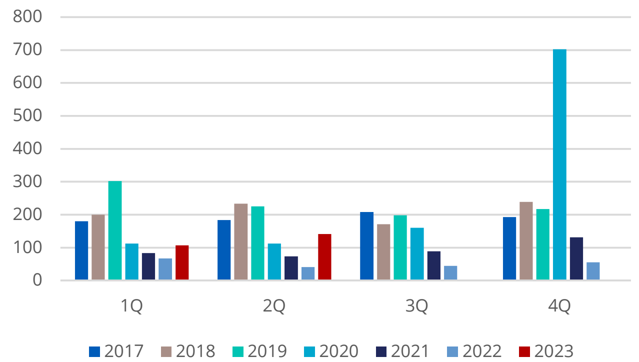
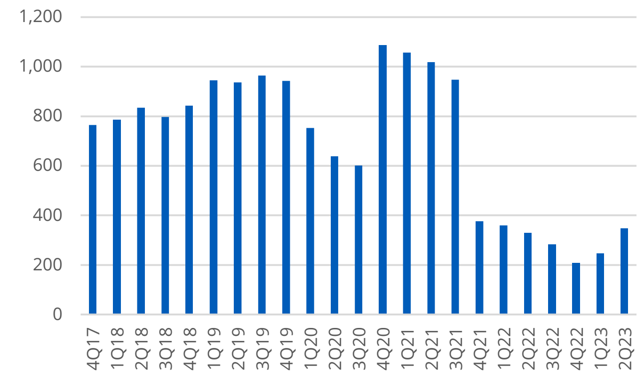


Figure 17. Marvipol Development – ltm pre-sales (units)



Source: Company, IPOPEMA Research

Figure 18. Marvipol Development – quarterly deliveries (units)

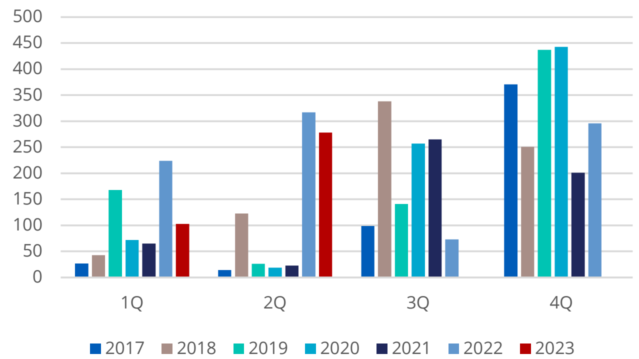
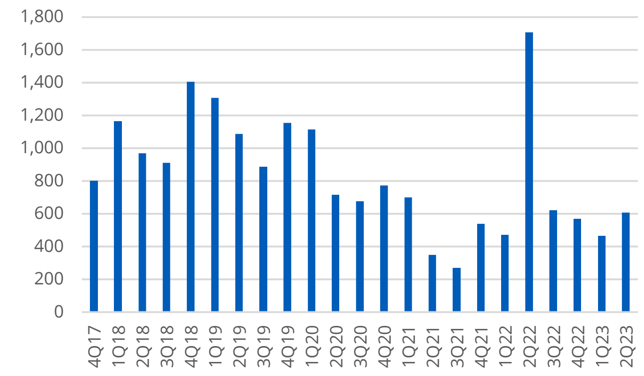


Figure 19. Marvipol Development – dwellings in offer (units)



Source: Company, IPOPEMA Research

Figure 20. Marvipol Development – projects under constr. (k sqm)

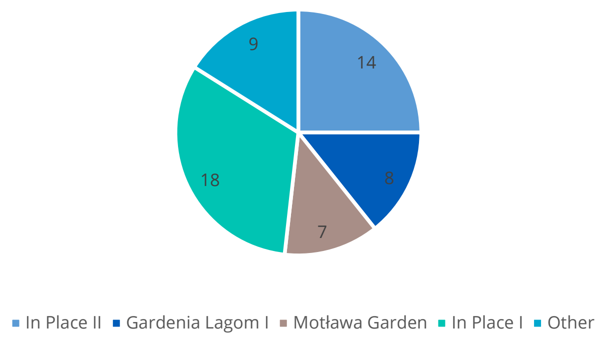
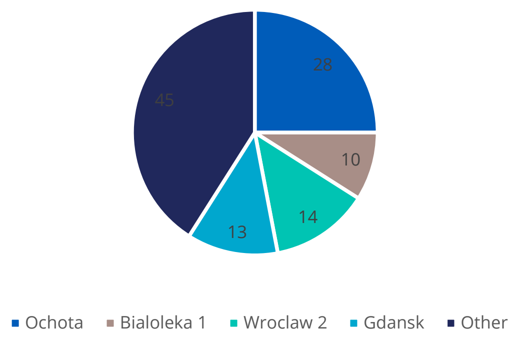


Figure 21. Marvipol Development – projects in preparation (k sqm)



Source: Company, IPOPEMA Research

Logistics activity

The logistics division represents an additional activity within the company's business model. The group began its co-operation with Panattoni in 2015, which is one of the biggest logistics developers in Europe. We note that Marvipol Development's share in the realized project's equity is between 45% to 68% as the company is a co-owner or a co-founder (Panattoni is responsible for the construction and commercialisation of projects). Given 2Q23 numbers, Marvipol has lented a total of PLN 193.6m to the SPV's.

Figure 22. Marvipol Development – capital investment in logistics projects*

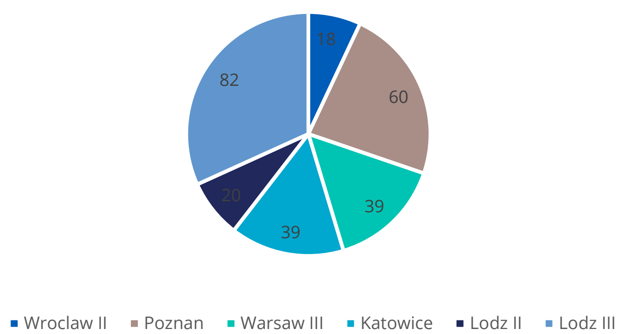
Date	PLNm	Projects
2Q23	193.6	Warsaw III, Wroclaw II, Katowice, Poznan, Lodz II, Lodz III
1Q23	203.4	Warsaw III, Wroclaw II, Katowice, Poznan, Lodz II, Lodz III
2022	204.0	Warsaw III, Wroclaw II, Katowice, Poznan, Lodz II, Lodz III
2021	153.6	Warsaw III, Warsaw IV, Wroclaw II, Katowice, Poznan, Lodz II
2020	130.7	Konotopoa III, Konotopa IV, Warsaw III, Wroclaw I, Warsaw IV, Wroclaw II
2019	171.0	Upper Silesia, Warsaw I, Szczecin, Warsaw South, Warsaw II, Konotopa III, Warsaw III
2018	201.1	Upper Silesia, Cracow, Lodz, Konotopa II, Warsaw I, Szczein, Warsaw South, Warsaw II, Pruszkow, Konotopa III
2017	124.4	Warsaw, Upper Silesia, Cracow, Lodz, Konotopa II
2016	80.0	Konotopa, Warsaw, Upper Silesia

*Source: Company, IPOPEMA Research; *as of end of the period*

The group focuses on projects, which are located in prime locations and intends to dispose of the projects within a three-year period beginning with the commencement of commercialization. According to the company's data, the developer sold projects with a total GLA of 550k sqm in 2017-22.

Moreover, the group currently holds three existing projects in its portfolio, located in Wroclaw, Poznan and Warsaw (with a GLA of 117k sqm), and intends to construct three additional projects (in Katowice and Lodz with a leasable area of 141k sqm; we do not assume the start of the above-mentioned projects till the company disposes of part of existing portfolio).

Figure 23. Marvipol Development – existing and planned portfolio (k sqm)



Source: Company, IPOPEMA Research

Shareholder structure

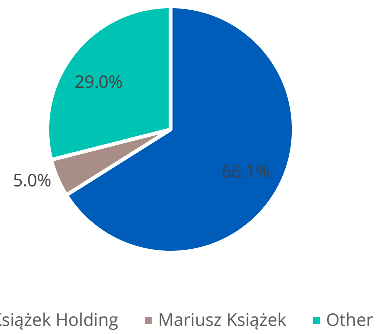
Marvipol Development's share capital consists of 41.7m shares The key shareholder is Mr. Mariusz Książek, who holds n total 71.0% of shares and votes, including 66.1% possessed indirectly by Książek Holding.

Figure 24. Marvipol Development – shareholders structure

	Shares (m)	% of shares	Votes (m)	% of votes
Książek Holding	27.5	66.1%	27.5	66.1%
Mariusz Książek	2.1	5.0%	2.1	5.0%
Other	12.1	29.0%	12.1	29.0%
Total	**41.7**	**100.0%**	**41.7**	**100.0%**

Source: Company, IPOPEMA Research

Figure 25. Marvipol Development – shareholders structure



Source: Company, IPOPEMA Research

Market outlook

Residential market

Pre-sales volumes on track to surge

According to REAS data, the number of pre-sold dwellings in 2Q23 increased by 67.4% y/y and by 35.1% q/q, and stood at 15.4k units. The agency estimated that developers commenced ca. 10k apartments. The overall offer came in at 38.4k flats (-23.4% y/y and -12.3% q/q). We point to an ongoing recovery in the number of pre-sold dwellings, driven by easing of the cushion used in calculating creditworthiness. On the other hand, the developers are still cautious regarding new commencements, but the number of achieved permits is higher than the pace of expansion of their offers.

Figure 26. Dwellings commenced, pre-sold and offered in 6 major cities – quarterly (thousand units)

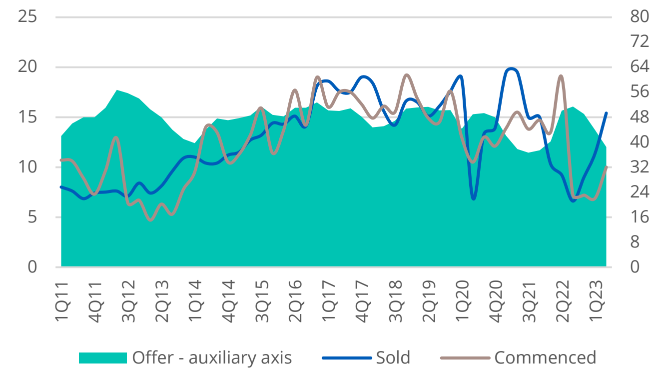
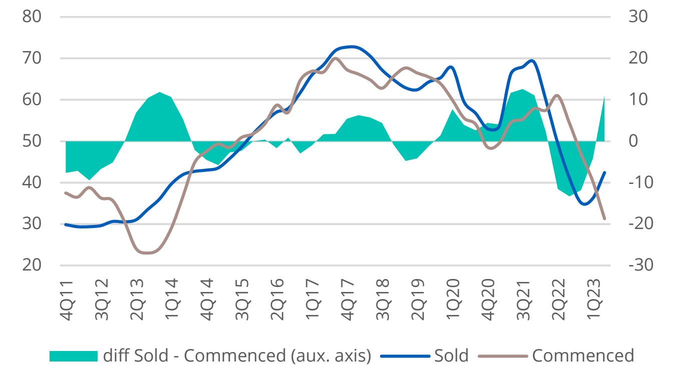


Figure 27. Dwellings commenced and pre-sold in 6 major cities – ltm (thousand units)



Source: REAS, IPOPEMA Research

Dwelling prices continue growth path

In recent months we have observed constant growth in the prices of dwellings. This statement pertains to offer and transaction prices of new projects and also finished flats. According to NBP data, in the seven major cities in Poland, transaction prices grew in 2Q23 by 4.4% y/y and offer prices rose by 7.2% y/y. Based on rynekpierwotny.pl monthly data, in July and June, the growth rate in Warsaw was close to 10% y/y, in Tri-City 12-17% y/y and in Wroclaw 8-15% y/y. Moreover, the prices have increased in m/m terms. We note that the price hikes are correlated with structural changes in the commenced projects and current offer – the share of projects with an average price/sqm > PLN 10k have significantly increased in recent months.

Figure 28. Dwelling offer prices (PLN/sqm)

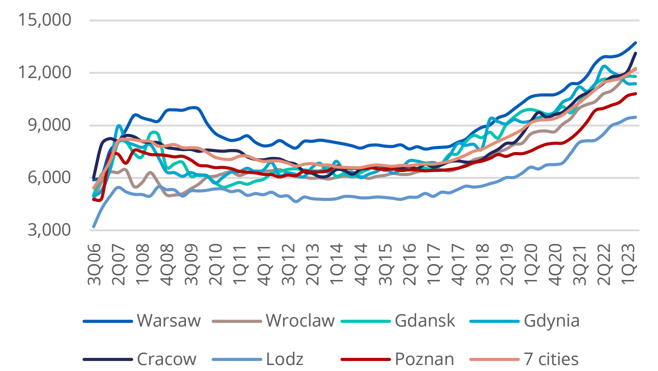
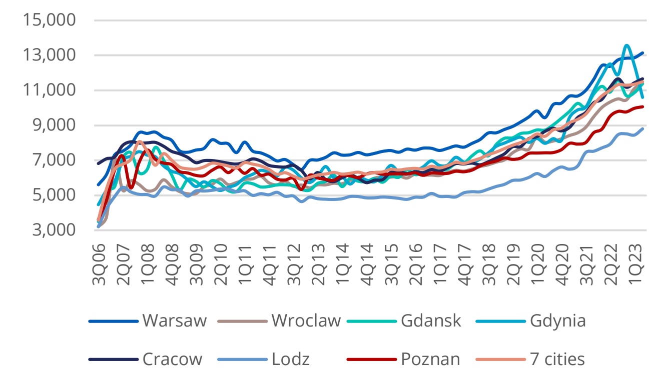


Figure 29. Dwelling transaction prices (PLN/sqm)



Source: NBP, IPOPEMA Research

Figure 30. Dwellings prices (PLN/sqm; monthly data)

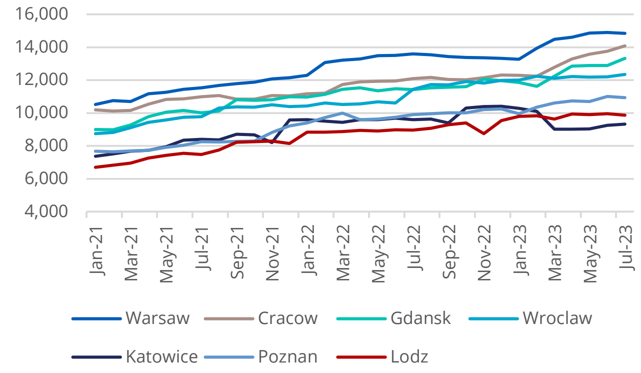
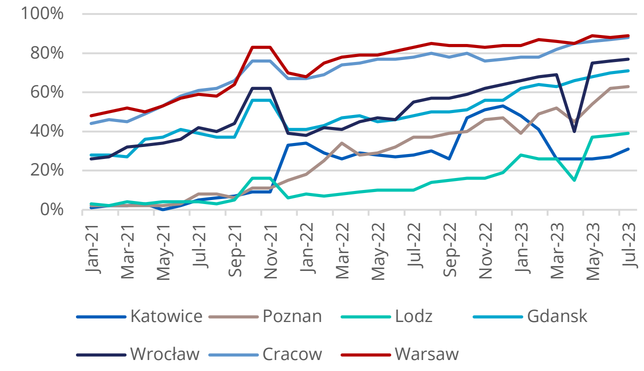


Figure 31. Projects with avg.price/sqm > PLN 10k – share in offer



Source: rynekpierwotny.pl, IPOPEMA Research

Recovery in mortgages

According to BIK and NBP data, the number of granted mortgages increased in June for the first time since December 2021. In our view, the rebound was driven by: 1) easing of the cushion in calculating creditability, and 2) a low base from 2022. Thus, the volume of granted loans grew by 6% y/y. Moreover, the average loan value presented a single-digit y/y increase (+6.6% y/y). We highlight that the number of submitted motions surged in m/m terms in July due to start of low-cost mortgage program (concurrently, we note that even excluding the impact of the program, the numbers would indicate a solid double-digit increase in y/y terms).

Figure 32. Value of new mortgage loans (PLNbn)

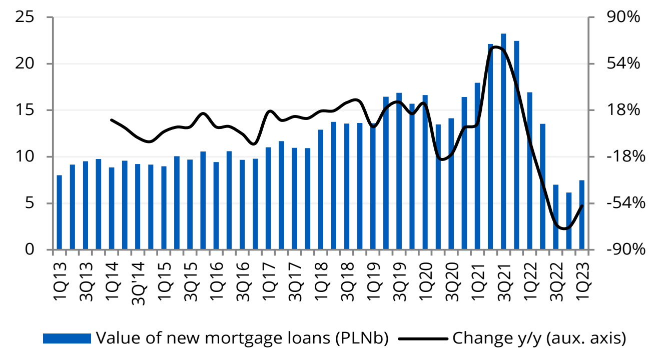
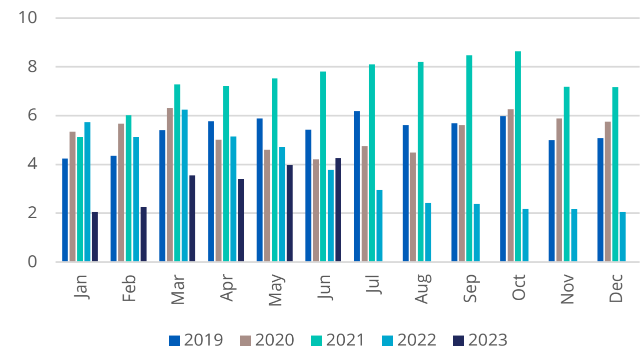


Figure 33. Value of new mortgage loans (PLNbn, monthly)



Source: ZBP, BIK, IPOPEMA Research

Figure 34. Average value of new mortgage loans (PLNk)

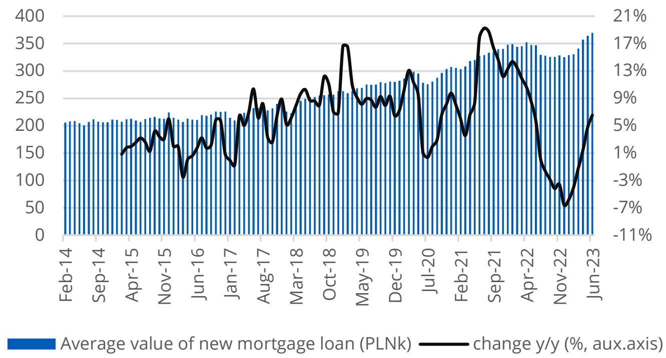
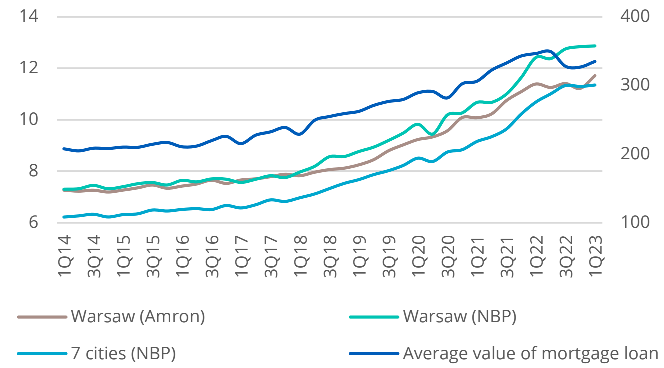


Figure 35. Average value of new mortgage loans vs. dwelling prices



Source: ZBP, BIK, Amron, NBP, IPOPEMA Research

Figure 36. Number of submitted motions (thousands, monthly)

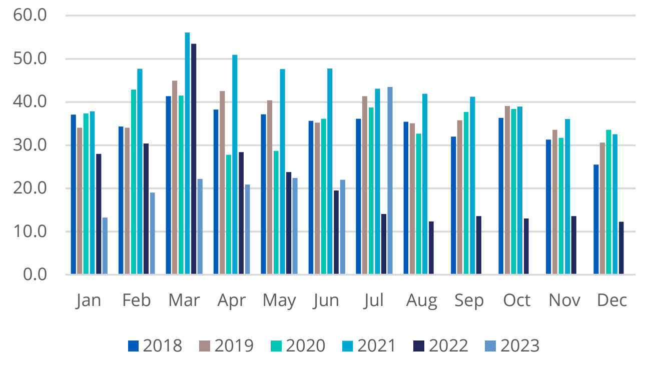
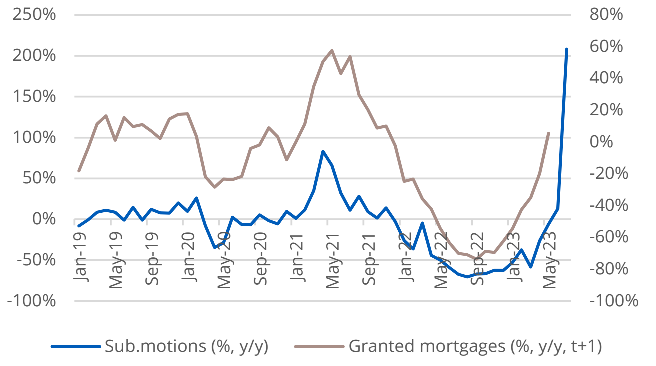


Figure 37. Sub.motions vs. granted mortgages (t+1) – change y/y



Source: BIK, IPOPEMA Research

Favourable trends on the cost side

We point out that according to the latest developer statements, the vast majority of construction costs have stabilized or even decreased. Taking into consideration the recent Budimex investor presentation, reinforced steel prices fell by 21% y/y and by 7% q/q (the data correspond with rebar indices presented by Bloomberg, which indicate a drop of even 50% y/y). On the other hand, concrete prices are still significantly higher in y/y terms (PSB reported that prices grew by 24% y/y in Jul23). We note that there is still low availability of land plots, which may place pressure on margins in the long-term. According to Statistics Poland data, the average salary in the construction segment increased by nearly 8% y/y.

Figure 38. Prices of main materials' trends

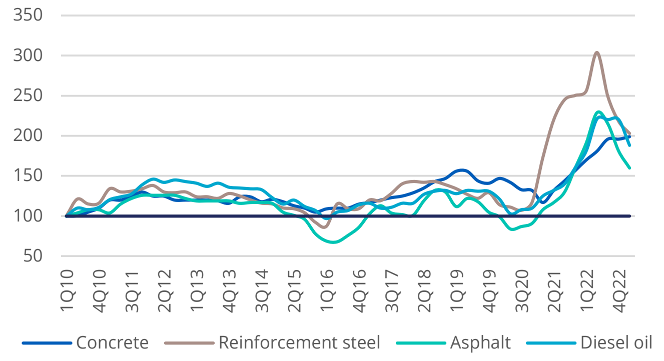
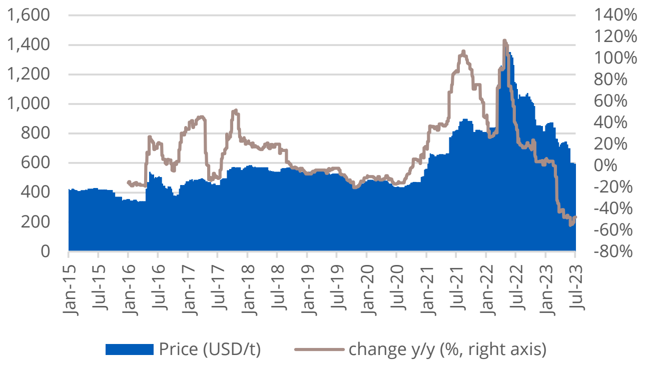


Figure 39. Rebar price (USD/t)



Source: Budimex, Bloomberg, IPOPEMA Research

Low-cost mortgage program

The government introduced a low-cost credit program on 1 July 2023. Below, we present the key objectives of the program:

- The program is dedicated to people < 45 years old and those, who do not possess (and did not possess before) a flat or a house.
- The beneficiaries are obliged to meet the creditworthiness conditions.
- The surcharges will comprise the difference between the average mortgage rate multiplied by 0.9x, decreased by the bank margin, and a fixed rate of 2%.
- There will be no limit regarding the average dwelling price per sqm., however the maximum value of the mortgage is set at PLN 500k (for individual persons) or PLN 600k (in the case of marriage couples).
- The clients' own contribution cannot exceed PLN 200k.
- The subsidies will last for 10 years.
- The minimal duration of the mortgage is 15 years.
- The average credit margin will not be higher than in other types of mortgages.
- The clients may join the low-cost mortgage program with the "Dwelling without a personal contribution" program.
- The purchased dwelling may not be rented out.

- The program is dedicated to the primary and existing market.
- Commercial banks have to ink an agreement with BGK to participate in the program.

Moreover, Mr. Waldemar Buda, the Minister of Economic Development and Technology, informed the public that the program will last for 5 years and the expected number of beneficiaries may amount to 200k people, which implies ca. 40k beneficiaries per year (according to the latest statements, the Minister assumes that the number of submitted motion will amount to >50k in 2023E). We note that according to BIK data, the banks granted 272k and 132k mortgages in 2021-22, respectively (we point out that 2022 numbers were decreased by a significant drop in creditability, driven by an increase in interest rates). Thus, the potential recurrent impact of the program may amount to 15-20% in the case of granted mortgages per year.

We note that the vast majority of developers stated that they had observed an increasing number of inquiries and reservation agreements in previous months, which should be transferred into final agreements in 3-4Q23E. Thus, we presume that the program will strongly support pre-sales volumes in 2H23E and in coming years. Furthermore, some clients, who already have creditworthiness, may decide to speed up their purchase decisions to avoid expected dwelling price hikes in 3Q23E.

Logistics market

According to JLL 1Q23 data, total net demand for logistics space decreased in 1Q23 by 35% y/y to 1.0m sqm, concurrently with an increase of lettable area of 21% y/y to 30.5m sqm (we note that the developers delivered 1.5m sqm in 1Q23). The most active group of tenants were industrial and e-commerce companies. The vacancy rate amounted to 6.3% (+1.2pp. q/q; ca. 1.9m sqm). Moreover, there was 2.6m sqm under construction (the volume came in at <3m sqm for the first time since 2Q21). JLL assumes that the average rents arrived at 3.5-5.5 EUR/sqm/month and prime exit yields have increased in recent months (to 5.50-6.15%), given increase in financial costs. What is more, the trend is expected to continue in coming months, yet its pace should ease. We note that the investment volume in 1H23 arrived at EUR 438m, including transactions with a value of EUR 405m in 1Q23 and EUR 31m in 2Q23.

Figure 40. Average investment yields in key markets in Poland

	2018	2019	2020	2021	1H22	2022
Warsaw	6.75%	6.25%	6.00%	5.25%	4.50%	5.00%
Silesia	6.75%	6.25%	6.25%	5.25%	5.00%	5.30%
Central Poland	6.75%	6.25%	6.15%	5.25%	5.00%	5.30%
Poznan	6.75%	6.50%	6.25%	5.25%	5.00%	5.30%
Wroclaw	6.75%	6.25%	6.25%	5.25%	5.00%	5.30%

Source: MLP Group, JLL, Cushman & Wakefield, IPOPEMA Research

Figure 41. Gross demand in Poland (m sqm)

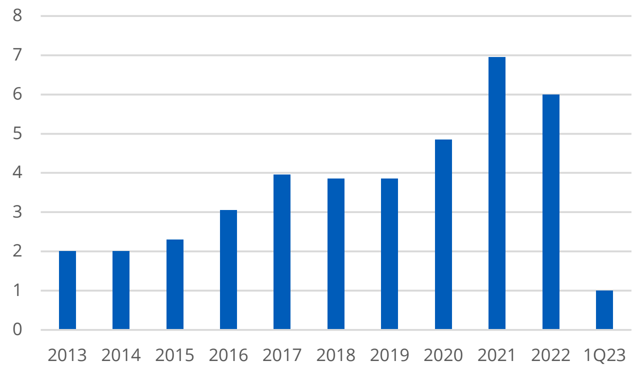
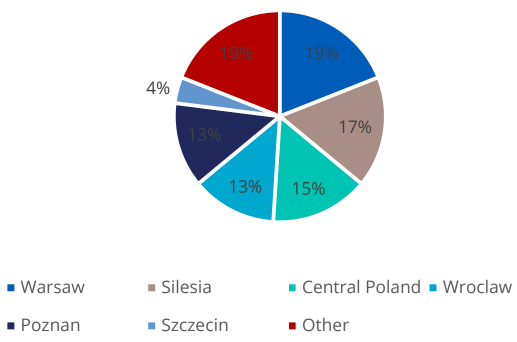


Figure 42. Supply by regions (%)



Source: JLL, IPOPEMA Research

Risk factors

As major risk factors we point to:

- **Risk related to the demand for dwellings.** The company's results are dependent on pre-sales, which took place in previous quarters. Thus, in most cases a drop in demand will negatively affect the financial data and profitability. We note that in 2021-22, Marvipol Development pre-sold 376 and 207 apartments, respectively, due to a limited offer and the above-mentioned deterioration in demand. Hence, we predict that the developer will deliver 442 flats in 2023E, in comparison with 910 units in 2022.
- **Risk related to interest rate volatility.** In 2022, demand surged, which was driven mainly by interest rate hikes implemented by the MPC. The clients lost their creditability, which decreased by 60-70% (according to market data). Moreover, the share of credit-buyers fell from 70-80% to ca. 20% as of end-2022. Nevertheless, starting from 1Q23, creditworthiness started to slowly recover, which has underpinned pre-sale volumes. Given recent BIK data, the number of granted mortgages in June present an increase in y/y terms for the first time since Dec21.
- **Risk related to the mortgage bank's policy.** The demand change may also be affected by the bank's attitude to mortgage policy. According to the latest NBP survey, the majority of sector representatives are planning to tighten credit policy in coming months, despite an improving market environment.
- **Risk related to costs.** The profitability of residential projects depends on two key factors on the cost side: 1) material prices, and 2) landplot prices. We observed increased volatility of core material prices in 2022, due to the negative impact of the war in Ukraine, which could leave a footprint on future projects. Nevertheless, the developers decided to increase selling prices and we suppose that the companies will be able to mitigate the above-mentioned factor. Furthermore, the developers reported that in 2023E the key material prices, have at least stabilized, which sounds quite supportive to us. Regarding landbanks, prices continue their long-term trend of hikes and the share of the landbank in the selling price grew from 20% to 22-24% as of now. In our model, we assume that gross profitability will gradually fall to nearly 23% (vs. a long-term average of 23.7%).
- **Risks related to the logistics market.** The logistics division is a supplementary activity within the company's business model. As of end-2Q23, the group has invested > PLN 200m in logistics projects and will regain this, if the projects are sold. As of now, we observe a slowdown in the investment market, which is caused by a deterioration in the macro environment and increase in exit yields, which has left a footprint on valuations.

Key financial data

Figure 43. Marvipol Development – financial data 2018-2032E

P&L (PLN m)	2018	2019	2020	2021	2022	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
Revenues	266	291	431	394	589	394	428	469	478	506	519	529	538	547	555
COGS	-204	-224	-326	-282	-446	-268	-351	-362	-370	-393	-406	-414	-421	-428	-434
Gross profit	**62**	**67**	**106**	**112**	**143**	**126**	**77**	**106**	**107**	**112**	**114**	**116**	**117**	**119**	**120**
SG&A	-36	-43	-47	-41	-44	-39	-43	-47	-48	-51	-52	-53	-54	-55	-55
Profit on sales	**26**	**24**	**59**	**71**	**99**	**87**	**34**	**59**	**59**	**62**	**62**	**63**	**64**	**64**	**65**
Profit from JV	16	64	30	39	22	3	9	10	11	11	11	11	11	11	11
Other operating income (cost)	3	2	1	7	0	4	0	0	0	-1	-1	-1	-1	-1	-1
EBITDA	**46**	**94**	**93**	**119**	**122**	**103**	**51**	**78**	**77**	**79**	**78**	**79**	**79**	**80**	**80**
EBIT	**45**	**91**	**90**	**116**	**122**	**94**	**42**	**69**	**69**	**72**	**72**	**73**	**74**	**75**	**76**
Financial income (cost) net	11	-1	10	-3	-11	-11	1	2	1	1	1	1	1	1	1
Pre-tax profit	**56**	**90**	**100**	**114**	**111**	**83**	**43**	**71**	**71**	**73**	**74**	**75**	**76**	**76**	**77**
Income tax	-9	-20	-19	-18	-21	-16	-8	-13	-13	-14	-14	-14	-14	-15	-15
Net profit	**47**	**70**	**80**	**96**	**90**	**67**	**35**	**57**	**57**	**59**	**60**	**60**	**61**	**62**	**63**

BALANCE SHEET (PLN m)	2018	2019	2020	2021	2022	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
Non-current assets	**228**	**262**	**216**	**264**	**400**	**366**	**368**	**373**	**379**	**385**	**393**	**401**	**410**	**419**	**429**
Intangible assets	1	1	0	0	0	0	0	0	0	0	0	0	0	0	0
PP&E	5	32	31	51	63	61	55	49	44	40	37	34	32	30	28
Long-term financial assets	195	146	120	81	215	206	206	206	206	206	206	206	206	206	206
Other non-current assets	27	84	66	133	122	98	107	118	128	139	150	161	172	183	194
Current assets	**743**	**1,012**	**1,098**	**1,285**	**978**	**1,007**	**1,010**	**1,044**	**1,060**	**1,077**	**1,087**	**1,096**	**1,104**	**1,112**	**1,119**
Inventories	547	724	854	1,008	768	830	829	886	911	936	956	976	995	1,014	1,031
Trade receivables	23	46	53	48	37	25	27	30	30	32	33	34	34	35	35
Cash and equivalents	153	176	191	218	168	143	145	119	110	100	89	77	66	55	44
Other current assets	20	66	0	11	4	9	9	9	9	9	9	9	9	9	9
Total assets	**972**	**1,275**	**1,314**	**1,550**	**1,377**	**1,373**	**1,378**	**1,417**	**1,439**	**1,462**	**1,480**	**1,497**	**1,514**	**1,531**	**1,547**
Equity	**413**	**483**	**557**	**613**	**655**	**722**	**723**	**763**	**792**	**823**	**853**	**883**	**914**	**945**	**977**
Minorities	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Non-current liabilities	**282**	**326**	**259**	**296**	**412**	**397**	**378**	**361**	**343**	**326**	**309**	**291**	**274**	**257**	**240**
Loans and leasing	266	294	233	272	383	365	346	328	311	294	277	259	242	225	207
Other non-current liabilities	16	32	26	24	28	32	32	32	32	32	32	32	32	32	32
Current liabilities	**276**	**465**	**498**	**641**	**311**	**254**	**277**	**293**	**304**	**313**	**318**	**322**	**326**	**329**	**331**
Trade payables	46	51	53	58	46	31	33	37	37	39	41	41	42	43	43
Loans and leasing	75	147	143	95	31	20	4	4	4	4	4	4	4	4	4
Other current liabilities	155	267	302	488	233	203	240	252	262	270	274	277	279	282	283
Equity & liabilities	**972**	**1,275**	**1,314**	**1,550**	**1,377**	**1,373**	**1,378**	**1,417**	**1,439**	**1,462**	**1,480**	**1,497**	**1,514**	**1,531**	**1,547**
Gross debt (PLN m)	341	441	376	367	415	385	350	333	315	298	281	263	246	229	212
Net debt (PLN m)	**188**	**265**	**185**	**149**	**246**	**242**	**205**	**214**	**205**	**198**	**192**	**186**	**180**	**174**	**168**

CASH FLOW (PLN m)	2018	2019	2020	2021	2022	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
Operating cash flow	**-25**	**-27**	**-49**	**67**	**85**	**10**	**72**	**10**	**39**	**37**	**37**	**37**	**38**	**38**	**39**
Profit Before Tax	56	90	100	114	111	83	43	71	71	73	74	75	76	76	77
D&A	1	3	3	3	1	9	9	8	7	7	6	5	5	5	4
Change in WC	-48	-45	-93	12	12	-84	38	-44	-14	-17	-17	-17	-16	-16	-15
Other	-34	-75	-58	-62	-39	1	-17	-25	-25	-26	-26	-26	-27	-27	-27
Investment cash flow	**-56**	**45**	**124**	**13**	**-50**	**-6**	**-2**	**-2**	**-2**	**-3**	**-3**	**-3**	**-3**	**-3**	**-3**
CAPEX (incl. inv.in properties)	-14	-91	-25	-75	-53	-4	-2	-2	-2	-3	-3	-3	-3	-3	-3
Other	-42	136	149	87	3	-2	0	0	0	0	0	0	0	0	0
Financial cash flow	**6**	**5**	**-60**	**-52**	**-84**	**-29**	**-68**	**-33**	**-45**	**-45**	**-46**	**-46**	**-46**	**-46**	**-47**
Change in equity	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Change in debt	24	26	-35	5	-9	-9	-35	-17	-17	-17	-17	-17	-17	-17	-17
Dividend	0	0	-7	-40	-47	0	-33	-17	-29	-29	-30	-30	-30	-31	-31
Other	-18	-22	-18	-17	-28	-20	1	2	1	1	1	1	1	1	1
Change in cash	**-75**	**23**	**15**	**27**	**-50**	**-26**	**2**	**-26**	**-9**	**-10**	**-11**	**-11**	**-11**	**-11**	**-11**
Cash as of eop	**153**	**176**	**191**	**218**	**168**	**143**	**145**	**119**	**110**	**100**	**89**	**77**	**66**	**55**	**44**

Source: Company, IPOPEMA Research

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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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Total	101	100%

Rating History – Marvipol Development

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