

Marvipol Development

2Q24E Results Preview

Marvipol is due to publish its 2Q24E results on 26 August 2024.

Opinion: Negative, however expected as the developer has already reported that it delivered only 18 dwellings in 2Q24 (we note that the management board had informed about the project schedules earlier). Thus, we anticipate that the group will report poor 2Q24 results, including: 1) revenues of PLN 32.6m (-83% y/y), 2) EBITDA of PLN 0.8m, and 3) a net loss of PLN 1.5m (vs. profit of PLN 39.6m in 2Q23).

As of now, we assume that the deliveries will improve, starting from 3Q24E, as the group is likely to end construction of In Place I and Gardenia Lagom I projects. Regarding pre-sales, the company presented a drop in both, y/y and q/q terms, due to a broad market slowdown.

Moreover, we note that Marvipol informed that it had inked a preliminary agreement regarding the disposal of a logistics project in Bialoleka. The total value of agreement amounted to EUR 53.5m (the company has 50% share in the JV).

Pre-sales: The company reported pre-sales of 110 units in 2Q24 (-22% y/y and -24% q/q; the value of units sold amounted to PLN 91.2m, implying average value of ca. PLN 829.1k. +27% y/y). As a reminder, the company had dwelling offer of 463 units as of end-1Q24.

Deliveries: At the same time, the company delivered 18 units (vs. 278 flats in 2Q23; with value of PLN 28.7m).

Revenues: We estimate that revenues arrived at PLN 32.6m (-83% 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 22.6% (vs. 32.3% in 2Q23 and 20.9% in 1Q24).

EBITDA: We assume that the company will report ca. PLN 9.8m in SG&A costs (flattish y/y). Thus, EBITDA could come in at PLN 0.8m. We predict that profit on sales could reach PLN -2.4m vs. PLN 53.9m in 2Q23).

Net profit: We expect that net financial loss amounted to PLN 0.3m, vs PLN -7.9m in 2Q23 (2Q23 numbers were hit by negative FX differences). Thus, the net loss could arrive at PLN 1.5m (vs. profit of PLN 39.6m in 2Q23).

Figure 1. Marvipol Development 2Q24E preview summary (PLNm)

	2Q23	3Q23	4Q23	1Q24	2Q24E	Y/Y	Q/Q
Revenues	197.2	87.0	22.5	25.7	32.6	-83%	27%
Gross profit	63.8	32.3	8.4	5.4	7.4	-88%	37%
Profit on sales	53.9	22.4	-2.7	-5.0	-2.4	n.a.	n.a.
EBITDA	59.9	24.7	-3.4	-1.3	0.8	-99%	n.a.
EBIT	57.5	22.3	-5.8	-3.7	-1.6	n.a.	n.a.
EBT	49.7	30.8	-18.4	-6.4	-1.9	n.a.	n.a.
Net profit	39.6	24.3	-14.3	-5.4	-1.5	n.a.	n.a.
Gross margin	32.3%	37.2%	37.2%	20.9%	22.6%		
EBITDA margin	30.4%	28.4%	n.a.	n.a.	2.4%		
EBIT margin	29.2%	25.6%	n.a.	n.a.	n.a.		
Net margin	20.1%	28.0%	n.a.	n.a.	n.a.		
Pre-sales	141	213	200	144	110	-22%	-24%
Deliveries	278	37	5	14	18	-94%	29%
Avg.price (PLNk)	656.0	2,057.6	2,036.6	820.5	1,257.4	92%	53%

Source: Company, IPOPEMA Research

Real Estate

Marvipol
Development

BUY

FV PLN 10.09

40.9% upside

Price as of 24 July 2024 PLN 7.16

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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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	Number	%
Buy	25	76%
Hold	6	18%
Sell	2	6%
Total	33	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
12/12/2023	BUY	PLN 10.07	PLN 7.20	Adrian Górniak
20/03/2024	BUY	PLN 11.15 (adjusted on 02.05.2024 to PLN 10.09 by PLN 1.06 DPS)	PLN 8.26	Adrian Górniak