

PRESS RELEASE: Duna House group making huge move and acquiring second biggest loan broker in Italy.

On 10 December 2021, DHG has signed an agreement for the acquisition of 70% of the Italian HGroup with future put/call options that can increase its ownership to 100%.

With full country-wide coverage, the Bergamo-based HGroup through Credipass, its subsidiary, is currently the second biggest loan broker in Italy by network size with close to 1,000 financial experts and plans to reach No. 1 position in the Italian market in 2022. The group also has a substantial insurance brokerage activity and has started to build up a real estate brokerage business.

The Enterprise value of HGroup might reach EUR 40-45m due to an adjusted pricing based on actual financial results of 2021, additional earn out on 2022-2024 results and future results-based put/call option mechanism. The first payment of partial purchase price will be EUR 11.3m on closing.

The estimated EBITDA for HGroup in 2021 is EUR 4.5m (HUF 1.6 bln), thus the combined proforma EBITDA of Duna House Group and HGroup in 2021 is expected to be close to EUR 11m (HUF 4.0 bln), the combined loan volumes brokered will be above EUR 2bln (HUF 726bln), and the combined sales force of the 2 groups reaches close to 5,000 loan and real estate brokers.

In connection with this transaction, Duna House Group is considering to issue additional NKP bonds of up to 6bn HUF in order to strengthen its current financial position in regard to future earn out payments, refinance the existing debt in HGroup, other possible acquisitions and maintain the dividend policy of the group. However, the transaction is viable also without such bond issue.

“The current acquisition is a huge leap for Duna House Group, giving us access to one of the largest countries in Europe, significantly increasing our size and profit generation capabilities, opening possibilities to expand into additional western European markets and bringing the group an important step closer to our vision of becoming a leading player in the European residential real estate and financial services markets.” said Guy Dymshiz, the co-founder of Duna House Group, “After showing significant growth in income and EBITDA levels in 2021 and turning our Polish operation into a significant contributor to Duna House Group’s financial results through acquisitions and organic growth, we felt that we are ready to take the next step towards our vision.

During the negotiations and the due diligence process in the last few months we got to know HGroup closely and we found an innovative, committed and very strong management from top to middle levels. We are confident that we will be able work well together and see significant additional growth potential in HGroup, including the strengthening of its real estate brokerage leg and for that purpose we might look at additional add-on acquisitions in the Real Estate field in Italy.

We believe that using the combined strength, know-how and capabilities of these 2 entities will create the situation where one plus one equals three”

“In the last few months of the year, our group has received expressions of interest from several private equity funds, but the choice immediately focused on DHG for the non-speculative but industrial approach of their proposal. With DHG we share development strategies and have an overall vision of the markets in which we operate. I am sure that from this union a much stronger, more competitive group will be formed, ready to explore the opportunities in the market with the declared goal of becoming the leading European group in our reference sectors.” said Mr. Diego Locatelli, the Chairman of HGroup.

KPMG Italy acted as the legal and financial advisor to Duna House Group in the acquisition of HGroup. On behalf of the Sellers, Lorenzo Valentino of Global Strategy s.r.l. acted as the M&A advisor and Stefano Bucci and Aldo Turella of the international law firm Gianni & Orioni as the legal advisor in the transaction.