

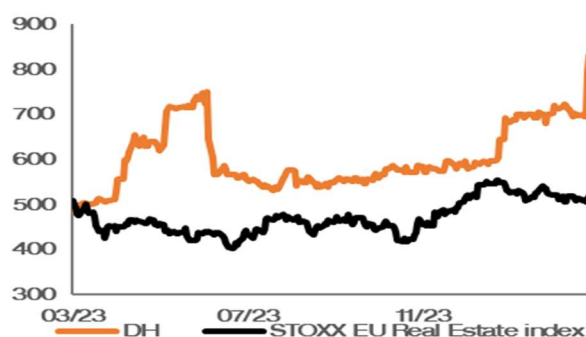
Duna House

Recommendation: Under Revision

Target price (12M): Under Revision

Hun. Core HUF mn	2023	2022	Ch (%)
Revenues	32,838	30,264	+9%
EBITDA	3,157	4,451	-29%
Cleaned Core EBITDA	2,683	3,546	-24%
EBIT	1,979	3,436	-42%
Profit	2,448	3,454	-29%
EPS*	76.4	83.3	-8%
Loan volume [HUF bn]	735.5	728.2	+1%

*after minorities



Share price close as of 04/03/2024	HUF 832	Bloomberg	DUNAHOUS HB
Number of shares [million]	34,4	Reuters	DUNA.BU
Market capitalization [HUF mn/EUR mn]	28,198 / 77.6	Free float	21.65%
Daily turnover 12M [EUR th]	23	52-week range	HUF 483-880

Tough year, huge dividend

- Briefly, DH's earnings came in below the 2023 guidance. The miss was driven by Italy where the Group faced a weak Q4 performance, while they had to book an impairment of approx. HUF 2bn on the Hungarian and Polish portfolio. However, the CF from the Forest Hill handovers and the sale of the RE portfolio provided significant additional dividend payout potential. The BoD proposed a DPS of HUF 131, still a 15.7% DIVy based on Friday's closing price.
- Q4 revenues improved by +2% YoY to HUF 9.1 bn while FY23 revenues increased by +9% YoY to HUF 32.8 bn. Net profit decreased on a yearly (-29% YoY) but surged by +34% on a quarterly basis. Q4 was clouded by impairments and provisions in Italy, which resulted in a huge drop in EBITDA (-60% QoQ and -29% YoY). 2023 cleaned core EBITDA and cleaned core PAT both missed FY23 guidance by HUF 31 mn and HUF 245 mn respectively. The company also published its FY24 guidance, decreasing the lower end of the range both in EBITDA and PAT. On the more positive side, driven by the deliveries of Forest Hill and the cash flow from the sales of the real estate portfolio, mgmt. is going to propose a dividend of HUF 131/sh., which was a pleasant surprise.
- Key positives of the Q4 report:
 - Huge dividend proposal, with outstanding DIVY, even with the higher share price of HUF 828.
 - Total comprehensive income grew by +34% YoY
 - Loan volume grew YoY
- Key negatives of the Q4 report:

- DH missed its FY23 guidance
 - **The management also disclosed its guidance for 2024. Adjusted or clean core total EBITDA is seen in the range of between HUF 3,865-4,550mn, significantly ahead of 2023 adj. EBITDA of 2,683mn. PAT is forecast in the range of between HUF 1,770-2,340mn, compared to HUF 1,960mn in 2023. The Group expects a cash flow of HUF 1.5 billion from the sale of the entire property portfolio. The BoD intends to use the additional total cash flow of HUF 3.0 billion expected from the Forest Hill project and the sale of the entire investment property portfolio for dividend payments or acquisitions in the future.**
 - **Due to the transfer of coverage, we will soon update our earnings forecasts and TP, while leaving DH Under Revision.**
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Buy	Total return is expected to exceed 20% in the next 12 months
Accumulate	Total return is expected to be in the range of 10-20%
Neutral	Total return is expected to be in the range of 10%-(-10%)
Reduce	Total return is expected to be in the range of -10-(-20%)
Sell	Total return is expected to be lower than -20%
Under Revision	The stock is put Under Revision if covering analyst considers new information may change the valuation materially and if this may take more time.
Coverage in transition	Coverage in transition rating is assigned to a stock if there is a change in analyst.

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