



CEE Equity Research | Hungary | Real Estate  
05 October 2018

# Duna House

Recommendation: Buy

Target price (12M): HUF 4,750

Equity Note

## Extremely strong loan intermediation figures

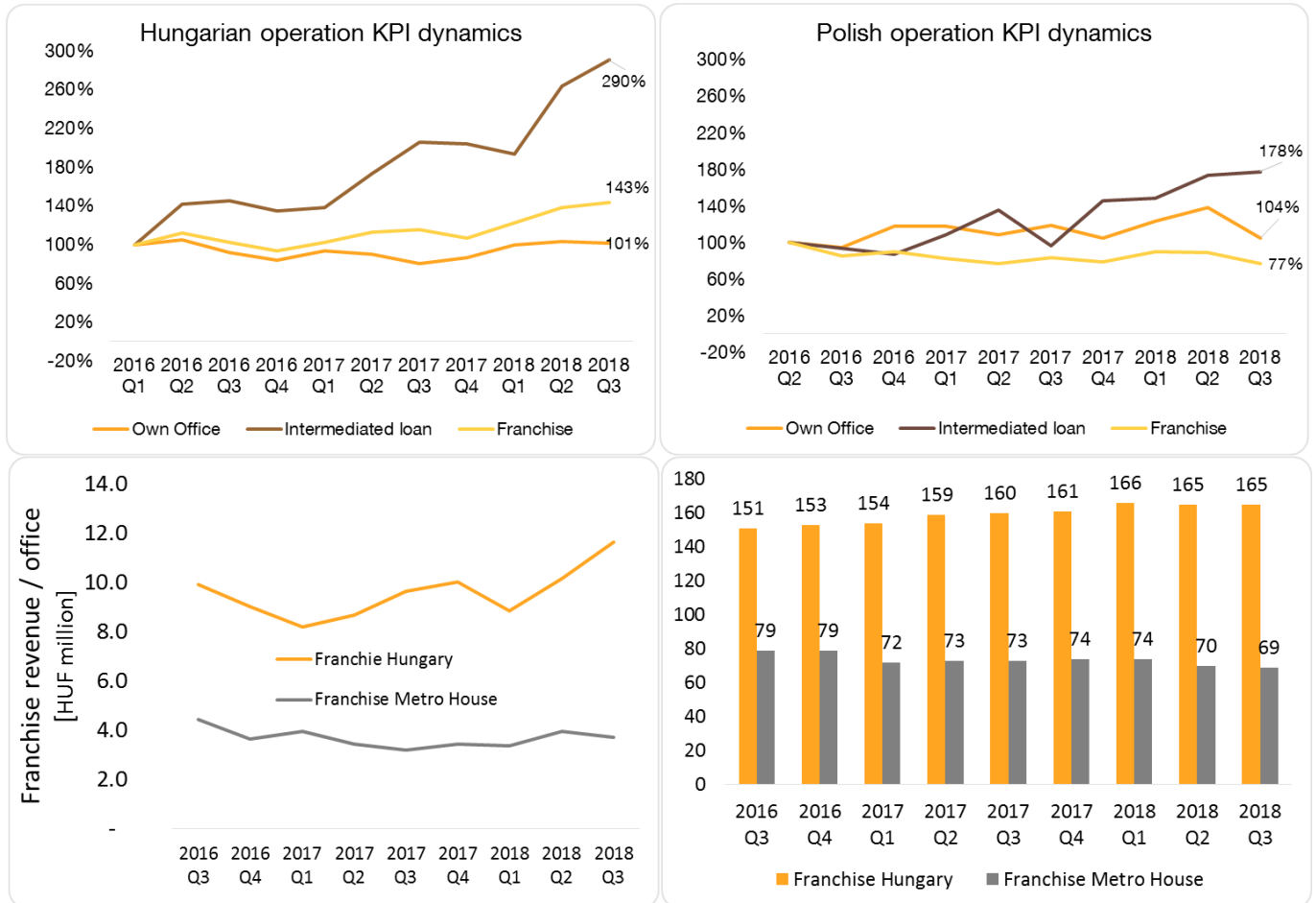
Duna House published its KPI's for Q3. In a nutshell the previous trends have continued: all of the segments posted growth on a yearly comparison.

- **Extremely strong loan intermediation.** The overall volume has grown by 55% y-o-y. Intermediated loan in Hungary operation during the third quarter reached all time high at HUF 15,985 million a stunning 41% y-o-y increase. Duna House's figures are consistent with NBH's recently disclosed statistic saying that originated mortgage loans year-to-date has reached record levels. In Poland, the situation is even better, loan intermediation has exceeded 9,200 million implying a 85% (!) yearly jump.
- **Own office segment was mixed, but on average better than a year ago.** Total commission revenue increased by 14% on the back of robust Hungarian (+25% y-o-y) and Czech (34% y-o-y) contribution, but Polish operation's performance was still weak (-12% y-o-y).
- **Franchise segments posted also decent growth dynamic.** The same picture can be seen than previously mentioned, strong Hungarian (+25% y-o-y) and Czech operations (41% y-o-y) were able to offset, sluggish Polish numbers (-8% y-o-y). In total, yearly growth dynamic reached 20%. According to DH's estimation much of the growth has come from the general house price increase, rather than the increase in transaction numbers (up by 3% y-o-y on a cumulated level). In addition, we see positive dynamics in the Hungarian operation, in terms of [revenue / office], it used to hover around 9 million per office but since Q1 we have received numbers consistently above that average.

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KPI'S AND NUMBER OF OFFICE DEVELOPMENT



Notes: KPI's for Own offices and Franchise refer to commission revenue, for Intermediated loan segment KPI means intermediated loan volumes.

**Opinion:** As the main points of the report are roughly in line with our assumptions, we leave our target price and recommendation unchanged.

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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%)
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