

# Duna House

Recommendation: Buy

Target price (12M): HUF 4,751

Equity Note

**Equity Analyst**

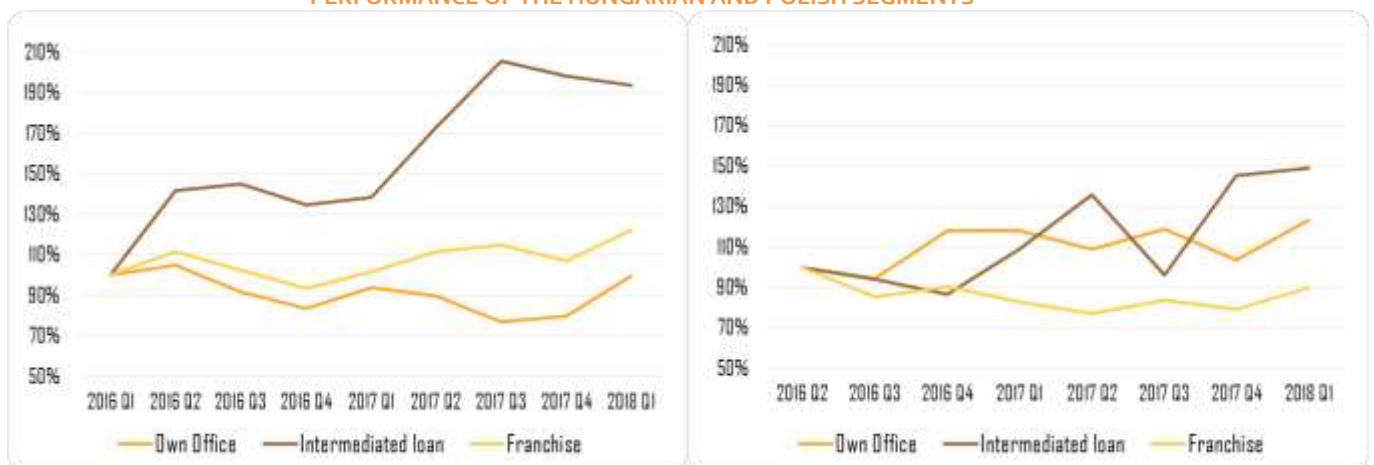
Gellert Gaal  
+361 489 2228  
g.gaal@con.hu

50 Alkotás Street,  
Budapest  
www.con.hu

## Real estate market shows no sign of slowing down

- Duna House has released its preliminary KPI (key performance indicators) for the first quarter of 2018. Numbers indicates benign environment for the DH.
- In nutshell, the most important business line of the company continues to perform well. Intermediated loan volumes has increased 37% y-o-y reaching HUF 18,375 million in the first quarter of 2018 vs. 13,181 2017 Q1. As for the geographic breakdown, both countries have contributed equally to the total in relative terms. Given the decent growth rate of this segment, group’s EBIT margin of the quarter should hover around 25% on our estimates vs. 2017 Q4 18%.
- Commission from franchise segment has started the year pretty well, climbing by 20% y-o-y. On the country levels, the Hungarian operation exhibited decent results, such as higher transaction numbers +5%, elevated revenue / office ratio , higher total number of offices (+5 / quarter) reaching 166 vs 154 a year ago. As for MetroHouse, commission has reached HUF 414 million implying a high single digit growth rate.

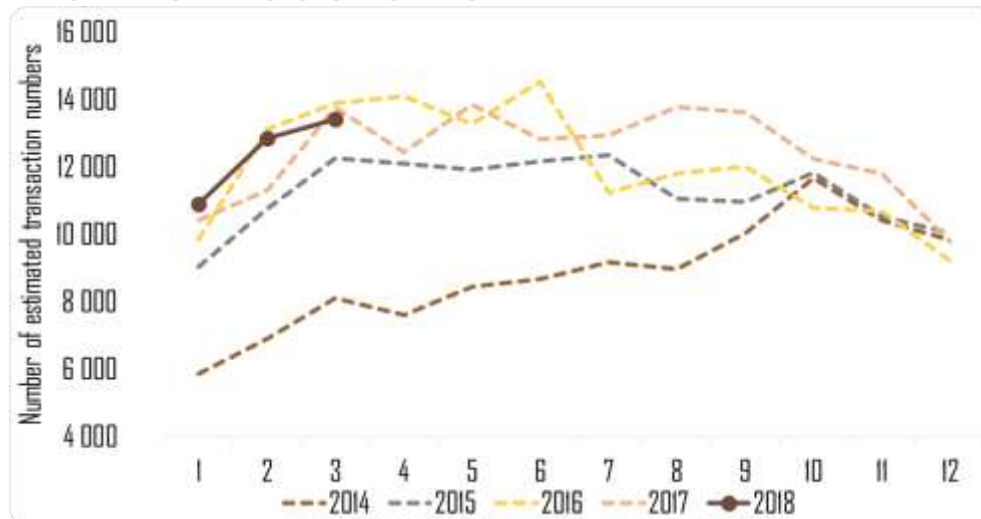
### PERFORMANCE OF THE HUNGARIAN AND POLISH SEGMENTS



Source: DH; Concorde

- Last but not least, own office segment posted better results (+13%) than year ago, but purely due to the high contribution of Czech operation.
- As for the transaction numbers, on cumulative terms (3months), they have exceeded last years by 5%.

THE DEVELOPMENT OF TRANSACTION NUMBERS



Source: DH; Concorde

- DH is going to report it Q1 figures in 28th May. As the underlying environment continues to be supportive, we reiterate our buy recommendation.

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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.
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