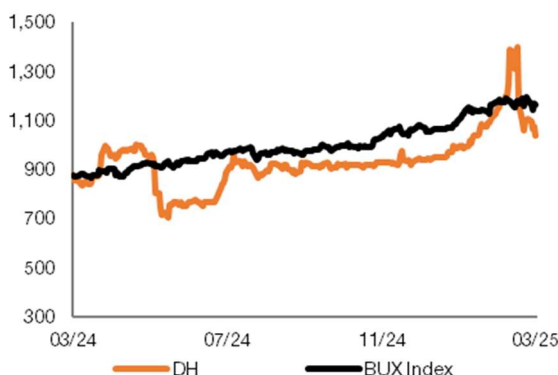


Duna House

Recommendation: Neutral

Target price (12M): HUF 1,137 (prev. Under Review)

HUF mn	2025F	2026F	2027F
Revenues	49,548	50,918	53,854
EBITDA	7,342	6,977	7,671
EBIT	5,893	5,538	6,185
Net profit	4,164	3,908	4,463
EPS	121	114	130
DPS	43	59	67
Dividend Yield %	4.2%	5.7%	6.4%
Int. Loan volume [HUF bn]	1,291	1,465	1,574
Total commission [HUF bn]	19.4	20.7	21.9



Share price close as of 13/03/2025	HUF 1,040	Bloomberg	DUNAHOU HB
Number of shares [million]	34.4	Reuters	DUNA.BU
Market capitalization [HUF mn/EUR mn]	36,968 / 92.4	Free float	22.3%
Daily turnover 12M [EUR ths]	30	52-week range	HUF 696-1,400

Italian intermediation is on the rise

We have revised our forecast for Duna House and incorporated the recent developments over the last year. We set our new 12-m ex-div TP at HUF 1,137, implying 9% upside potential and 14% total return potential, including the next dividend payment. Despite the TR potential exceeding 10% now, we change our recommendation to Neutral due to the lack of short-term catalysts.

Duna House currently trades at 8.6x / 9.2x P/E multiple and 6.4x / 6.3x EV/EBITDA multiple for '25 / '26, based on our forecast, a premium pricing vs. BUX. Given that DH's revenue source is moving to countries with higher stock market valuations, these ratios are justified, in our view.

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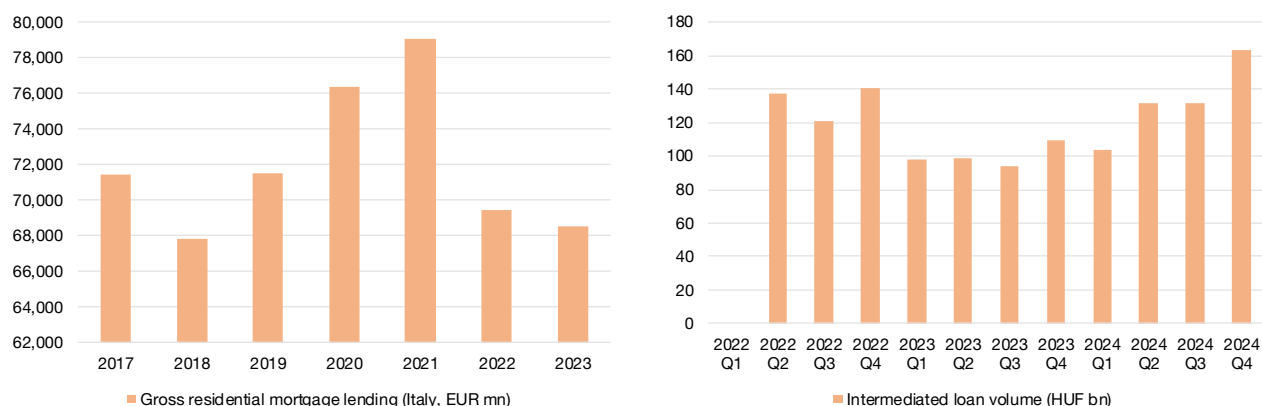
Key factors influencing DH's share price in the coming years:

- Further interest rate reduction by ECB could increase mortgage origination and housing market activity in Italy, while the continuous government support in Hungary poses heightened demand for the housing market and mortgage origination.
- Real estate sales from Forrest Hill project, the purchased apartments during 2024 and the own office building previously used as HQ will provide additional income stream in 2025.
- The new subsidized loan program in Poland may be immaterial, however, potentially more favorable conditions could boost mortgage origination.
- Low debt level and strong cash position serve as a base for future acquisition plans. The published new 5-year strategy and acquisition plan can provide significant upside potential which we haven't incorporated into our model yet.
- The recently launched DH Energy segment may provide additional income stream via providing energy efficiency solutions in the future, though we conservatively estimate very low contribution in our forecast period.

Investment Thesis

Loan intermediation accounts for most of the revenues for Duna House while geographically Italy generated more than 55% of the Group's EBITDA in 2024 which is expected to further increase over time. Loan intermediation in Italy has just started to pick-up in the first half of 2024, although the intermediated loan volume already increased by 32% YoY in 2024. We forecast that this trend will continue given the expected rate cuts by the ECB and increasing mortgage origination in Italy. Based on the gross residential mortgage lending in Italy over the past years, there is still room for volume growth, in our view. This will support DH's income generation. Given the well-established network setup, we expect that increasing operational efficiencies will keep costs fairly stable while the improving intermediation will lead to margin expansion for the segment.

Gross residential mortgage lending in Italy (left) and Intermediated loan volume by DH in Italy (right)



Source: EMF, Duna House

Mortgage origination in Poland increased by 48% YoY in 2024, however the expected new subsidized mortgage program may be ceased, or it will have marginal impact on the lending. Therefore, we conservatively estimate that it will grow by mid-single-digit in 2025 and slightly moderate thereafter. We expect that origination in Hungary will further grow, however, at a slower pace given the high real estate prices. We forecast blended commission rate to decrease marginally as we assume a rate of 3.15% for the next two years and 3.1% thereafter. The decrease in the commission rate will be attributable to the increasing share of mortgage loans within the intermediated products which provides lower commission rates for DH compared to the CQS loans and insurance products in Italy.

Franchise and Own offices segment will grow by nominal GDP based on our forecast, however these segments have low contribution to the Group's results. We assume that the number of offices will remain stable and volume growth will outpace expense growth, therefore a slight improvement in EBITDA margin is seen at these segments.

Real estate management segment is expected to generate HUF 4.4bn in 2025 thanks to the sale of Forrest Hill apartments, the purchased apartments held for sale and the sale of its own office building which was used as the previous headquarter. We forecast that these transactions will generate HUF 1.43bn in EBITDA in 2025. Once these transactions are finalized, we do not expect any additional income stream from this segment. We estimate that Related services segment will reach a breakeven by 2026 and will positively contribute to DH's profitability onwards. That said, we do not expect significant impact from this segment.

DH announced its 5-year strategic plans. They forecast EBITDA to grow to EUR 32.9mn and PAT will reach EUR 23mn by 2029. Based on DH's acquisition plans, they forecast one-third of the 2029 EBITDA will be generated from new acquisitions. In our current model, we do not

incorporate any potential acquisition yet as future transaction values are unknown. We see upside risk in case the management successfully accomplishes its acquisition plan.

DH's 2025 guidance for cleaned core EBITDA is in the range of between HUF 6,011 – 6,985mn and cleaned core net profit to arrive in a range of HUF 2,852 - 3,595mn. Based on our forecast for 2025, we expect cleaned core EBITDA to be closer to the lower bound while cleaned core net profit may arrive at around the midpoint of the guidance. We forecast a reported PAT for 2025 of HUF 4.22bn, which we adjust with the HUF 1.43bn PAT generated by the sale of real estates and further HUF 0.43bn correction due to the amortization of intangible assets that were acquired through Hgroup's consolidation. We arrive at a cleaned core net profit for 2025 of HUF 3.22bn. It shows a 35% YoY increase and we expect it will show a similar trend in 2026, then it will start to moderate as loan origination decelerates. We assumed a payout ratio of 47% based on DH's policy as they highlighted that the remaining earnings will be used for future acquisition. We forecast a DPS of HUF 43.95 for 2025 and HUF 60.21 for 2026, resulting in a 4.2% and 5.8% dividend yield at current share price, respectively.

Changes in estimates

We revised our segmental forecast and updated our revenue and margin estimates for the loan intermediation segment. We estimate intermediated loan volume will grow by 23% in 2025, mainly driven by the stronger Italian segment. The sale of residential apartments and the own office building will further generate HUF 4.4bn additional revenue in 2025. We foresee that the current 13% EBITDA margin of financial intermediary will gradually increase due to operational efficiency and will arrive at 15.5% by the end of our forecast period. On a Group level basis, we estimate EBITDA margin will reach 15.3% by the end of 2029 from the current 13.3% level. We also increased our CapEx estimate as we forecast higher IT-related investments.

Changes in estimates (HUF mn)	F2025			F2026			F2027		
	New	Old	Diff.	New	Old	Diff.	New	Old	Diff.
Revenues	49,548	38,982	27.1%	50,918	40,808	24.8%	53,854	42,126	27.8%
EBITDA	7,342	6,587	11.5%	6,977	6,895	1.2%	7,671	7,118	7.8%
EBITDA margin	14.9%	17.1%	-2.2 %pt	13.8%	17.1%	-3.3 %pt	14.4%	17.1%	-2.7 %pt
EBIT	5,893	5,333	10.5%	5,538	5,572	-0.6%	6,185	5,735	7.9%
Net profit	4,164	4,130	0.8%	3,908	4,179	-6.5%	4,463	4,398	1.5%
EPS (HUF)	121	118	2.4%	114	119	-4.8%	130	126	3.2%
DPS (HUF)	43	56	-22.4%	59	56	5.3%	67	59	12.8%
CAPEX	977	817	19.6%	1,101	895	23.0%	1,169	957	22.1%

Source: Concorde Research

Valuation

We set our 12-month target price at HUF 1,137 per share, implying 9% upside potential and 14% on a total return base. We see that the accelerating Italian intermediation will further drive revenues while the real estate portfolio sale will provide additional income stream in this year. Currently, DH is trading at a P/E ratio of 8.6x / 9.2x / 8.0x and EV/EBITDA ratio of 6.4x / 6.3x / 5.4x for '25 / '26 / '27. The increase in P/E ratio in '26 is driven by the higher EPS estimate in '25 due to real estate sales.

In our FCFF estimate, we adjust with the additional amortization costs arising from the acquisition of Hgroup and continue to apply 10% discount for the lack of liquidity, in line with our earlier approach.

We used a blended WACC, based on the composition of revenues.

WACC	2025F	2026F	2027F	2028F	2029F
Risk free rate	4.7%	4.7%	4.7%	4.7%	4.7%
Equity risk premium	5.5%	5.5%	5.5%	5.5%	5.5%
Beta	1.20	1.20	1.20	1.20	1.20
Cost of Equity	11.3%	11.3%	11.3%	11.3%	11.3%
Cost of debt	3.7%	3.7%	3.7%	3.7%	3.7%
Effective tax rate	23.8%	23.6%	23.4%	23.2%	23.1%
Cost of debt (after tax)	2.8%	2.8%	2.8%	2.9%	2.9%
Net Debt/EV	22.6%	18.0%	13.0%	6.6%	0.0%
WACC	9.4%	9.8%	10.2%	10.8%	11.3%
Adjusted FCFF (HUF mn)	2025F	2026F	2027F	2028F	2029F
Revenue	49,155	50,514	53,427	56,728	59,295
YoY growth %	24.0%	2.8%	5.8%	6.2%	4.5%
EBITDA	7,342	6,977	7,671	8,411	9,067
EBITDA margin %	14.9%	13.8%	14.4%	14.8%	15.3%
Adj. EBIT	6,323	5,968	6,615	7,328	7,895
EBIT margin %	12.9%	11.8%	12.4%	12.9%	13.3%
Effective tax rate %	23.8%	23.6%	23.4%	23.2%	23.1%
NOPLAT	4,818	4,558	5,066	5,625	6,071
(+) Depreciation excl. Acquisition related DDA	1,020	1,008	1,055	1,082	1,171
Working capital/Sales	5.8%	0.0%	0.0%	0.0%	0.0%
(+/-) Working capital	2,841	9	19	21	16
CAPEX/Sales	2.0%	2.2%	2.2%	2.2%	2.2%
CAPEX / DD&A	95.8%	109.2%	110.7%	113.9%	111.2%
(-) CAPEX including lease payments	977	1,101	1,169	1,233	1,302
FCFF	7,701	4,474	4,971	5,496	5,956
Discount factor	0.91	0.83	0.76	0.68	0.61
DCF	7,040	3,725	3,756	3,750	43,558
Enterprise value - boy 2025	61,828				
Terminal growth rate	2.0%				
DLOL	-6,183				
Net debt + leases [2024 eoY]	-16,428				
Minority	-269				
Dividend	-4,612				
Equity value - boy 2025	34,336				
Number of shares wo. Treasury shares	34				
Time value adjusted cost of equity	13.9%				
12M Target price	1,137				
Current price	1040				
Upside/Downside (incl. next DPS)	13.6%				

Source: DH, Concorde Research

Risks

Upside

- Pursued acquisition plans can bring additional income stream and increased market share on DH's existing markets. This could provide additional upside to valuation.
- Stronger mortgage origination on the existing markets. We assumed new loan volumes will slow down in PL from 2026, in HU and IT from 2027.
- New subsidized loan programs in PL with potentially more favorable conditions can increase loan intermediation.

Downside

- Slower ECB rate cuts that could decelerate mortgage origination volumes in IT.
- Commission and fee levels are subject to regulatory risk which may lower DH's profitability.
- Stronger FX can negatively impact DH's profitability.

APPENDIX

MARGINS AND PROFITABILITY

	2025F	2026F	2027F	2028F	2029F
EBITDA margin	14.9%	13.8%	14.4%	14.8%	15.3%
EBIT margin	12.0%	11.0%	11.6%	12.2%	12.6%
EBT margin	11.1%	10.1%	10.9%	11.7%	12.3%
Net Income margin	8.5%	7.7%	8.4%	9.0%	9.5%
ROE	79.2%	52.2%	46.2%	41.9%	37.8%
ROA	13.6%	12.3%	13.7%	15.5%	16.9%
ROIC	19.4%	17.7%	19.2%	21.5%	23.2%

GROWTH

	2025F	2026F	2027F	2028F	2029F
Net Sales growth	24.0%	2.8%	5.8%	6.2%	4.5%
EBITDA growth	39.2%	-5.0%	9.9%	9.6%	7.8%
EBIT growth	49.8%	-6.0%	11.7%	11.5%	8.2%
EBT growth	62.6%	-6.3%	13.9%	13.6%	10.1%
Profit growth	88.1%	-6.1%	14.2%	13.8%	10.3%

MULTIPLES

	2025F	2026F	2027F	2028F	2029F
P/E	8.6x	9.2x	8.0x	7.0x	6.4x
P/BV	6.8x	4.8x	3.7x	2.9x	2.4x
P/CF	4.2x	6.7x	6.0x	5.4x	5.0x
FCF Yield %	20.9%	11.9%	13.4%	15.0%	16.6%
EV/EBITDA	6.4x	6.3x	5.4x	4.6x	3.9x
Net Debt/EBITDA	1.4x	1.1x	0.7x	0.3x	0.0x

PROFIT AND LOSS [HUF MILLION]

	2025F	2026F	2027F	2028F	2029F
Revenues	49,548	50,918	53,854	57,182	59,769
OPEX	-43,656	-45,380	-47,669	-50,284	-52,304
EBITDA	7,342	6,977	7,671	8,411	9,067
Cleaned Core EBITDA	5,912	6,977	7,671	8,411	9,067
EBIT	5,893	5,538	6,185	6,898	7,465
Net financial cost	-428	-421	-358	-280	-177
EBT	5,464	5,118	5,828	6,618	7,288
Income tax	-1,301	-1,209	-1,365	-1,538	-1,684
Net profit	4,164	3,908	4,463	5,080	5,604
Cleaned Core Net profit	3,164	4,338	4,893	5,510	6,034

BALANCE SHEET [HUF MILLION]

	2025F	2026F	2027F	2028F	2029F
ASSETS					
Intangible assets and goodwill	11,217	10,887	10,577	10,286	9,967
Right-of-use asset	1,380	1,463	1,551	1,644	1,726
Property, plant and equipment	1,807	1,717	1,623	1,541	1,480
Other non-current assets	2,021	2,021	2,021	2,021	2,021
Total non-current assets	16,425	16,088	15,771	15,492	15,193
Inventories	66	68	72	76	80
Trade receivables	3,855	3,961	4,190	4,449	4,650
Cash and cash equivalents	7,265	8,446	9,547	9,737	10,139
Restricted cash	1	1	1	1	1
Assets held for sale	0	0	0	0	0
Other assets	3,090	3,090	3,090	3,090	3,090
Total current assets	14,277	15,566	16,900	17,353	17,960
Total assets	30,702	31,654	32,671	32,845	33,153
EQUITY					
Total equity	5,524	7,755	9,919	12,405	15,089
LIABILITIES					
Long term loans, borrowings	13,584	12,187	10,790	8,193	5,595
Other long term borrowings	4,278	4,278	4,278	4,278	4,278
Total non-current liabilities	17,862	16,465	15,067	12,470	9,873
Short term borrowings	0	0	0	0	0
Trade payables	4,234	4,351	4,602	4,887	5,108
Accrued expenses	797	797	797	797	797
Other liabilities	2,286	2,286	2,286	2,286	2,286
Total current liabilities	7,317	7,434	7,685	7,969	8,190
Total liabilities and Equity	30,702	31,654	32,671	32,845	33,153

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Rating	Trigger
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.

Securities prices:

Prices are taken as of the previous day's close on the home market unless otherwise stated.

Valuations and risks:

Analysis of specific risks to set stock target prices highlighted in our investment case(s) are outlined throughout the report. For details of methodologies used to determine our price targets and risks related to the achievement of the targets referred to in the main body of the report or at [Rating Methodology](https://www.con.hu/wp-content/uploads/2016/04/Methodology_concorde_research.pdf?tstamp=201710021038) on our website. (https://www.con.hu/wp-content/uploads/2016/04/Methodology_concorde_research.pdf?tstamp=201710021038)

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