

# Duna House

Recommendation: Buy

Target price (12M): HUF 4,750

Equity Note

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## Again, strong KPI's

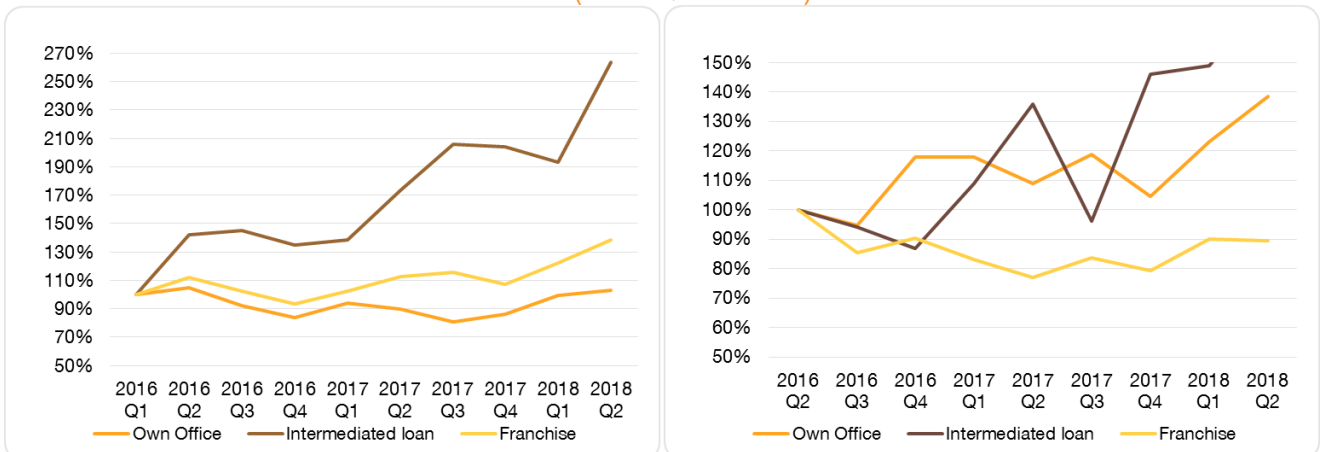
Duna House today morning released it preliminary KPI's for the second quarter. At first glimpse, numbers paint a strong tailwind for Duna House.

Every figure showed a robust increase on a yearly basis. On a segment breakdown:

- Franchise real estate brokerage activities were able to maintain its dynamic and continue to grow by ca. 20% in Q2
- Revenue from own office segment increased by 5% y-o-y, despite the fact that revenue from the Czech operation fall back.
- Intermediated loan segment exhibited stellar results again, growing by ca. 42% y-o-y. This quarter Duna House achieved the highest intermediated loan amount on record (HUF 23.5 billion).

On a country level, Hungarian operation seems to perform quite well, while in Poland Franchise segment's numbers indicate lagging performance compared to other business lines. The reason for this according to Duna House is that the Company closed 9 underperforming offices and opened 5 new ones in this quarter, but consequently average commission / office have improved.

### HUNGARIAN AND POLISH OPERATION'S KPI's (2016 Q1 = 100%)



Source: Duna House

**Opinion:** Based on the KPI's Duna House should have a strong profit in Q2. We highlighted that one of the main driver of the profit of Duna House core operation is the loan intermediation segment which achieved decent numbers in the last three months. In light of the underlying trends we reiterate our Buy recommendation for Duna House.

**KPI's**

<b>Own Office revenues (HUF million)</b>	<b>Hungarian core</b>	<b>Metro House</b>	<b>y-o-y (%)</b>
2016 Q1	249		
2016 Q2	261	112	
2016 Q3	229	106	
2016 Q4	208	132	
2017 Q1	234	132	47%
2017 Q2	224	122	-7%
2017 Q3	201	133	0%
2017 Q4	215	117	-2%
2018 Q1	248	138	5%
2018 Q2	257	155	19%

<b>Intermediated loan volumes (HUF million)</b>	<b>Hungarian core</b>	<b>Metro House</b>	<b>y-o-y (%)</b>
2016 Q1	5,504		
2016 Q2	7,808	5,189	
2016 Q3	7,989	4,882	
2016 Q4	7,423	4,505	
2017 Q1	7,627	5,645	141%
2017 Q2	9,530	7,045	28%
2017 Q3	11,322	4,994	27%
2017 Q4	11,234	7,573	58%
2018 Q1	10,650	7,726	38%
2018 Q2	14,529	8,997	42%

<b>Franchise commission revenues (HUF million)</b>	<b>Hungarian core</b>	<b>Metro House</b>	<b>y-o-y (%)</b>
2016 Q1	1,571		
2016 Q2	1,756	460	
2016 Q3	1,609	393	
2016 Q4	1,470	416	
2017 Q1	1,613	382	27%
2017 Q2	1,767	354	-4%
2017 Q3	1,814	385	10%
2017 Q4	1,681	365	8%
2018 Q1	1,922	414	17%
2018 Q2	2,176	411	22%

*Source: Duna House*

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Sell	Total return is expected to be lower than -20%
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