



Reassessing Cyrela's Hidden Treasures: CYRE and MDNE Our Top Picks; Upgrading TRIS3 to OP

- We are introducing new YE24 TPs for all the mid/high-income Brazilian homebuilders segment stocks under our coverage, and we upgrade Trisul to OP from N.
- Our top picks are Cyrela and Moura Dubeux. CYRE3 combines (i) robust launches since 2021, leading to a solid revenue backlog (16% 23-25 EPS CAGR); (ii) stock liquidity for the top-down macro trade (historical correlation shows that a 100bps drop in LT rates could take CYRE's P/BV to 1.6x. from 1.3x currently); (iii) a P/BV at 1.3x not yet reflecting the market value of its listed subsidiaries or the fair value of its unlisted business units (Figures 6-9).
- In this report, we present an exercise incorporating the value of its subsidiaries to Cyrela's BV. **Adjusting Cyrela's BV to the market value of its listed subsidiaries (CURY, PLPL and LAVV), we see CYRE3 P/BV at 1.1x**, which we already see as attractive. **If we add Vivaz and CashMe at fair value (Figures 6-9), we see CYRE3 trading at 0.9x P/BV.**
- MDNE3 is our favorite low-liquidity stock, on the back of: (i) solid and sustained earnings momentum (35% EPS CAGR 23-25); (ii) a solid balance sheet (still net cash in 2Q23); (iii) operations in a far less competitive environment in the Northeast of Brazil; and, finally, (iv) cheap valuation (0.7x P/BV and 4.3x P/E), with an undeserved discount to peers (at 7.6x P/E).
- We upgrade TRIS3 to OP from N after recent results and SoS recovery (which we expect to help cash generation and reduce leverage in 2024). We see room for Trisul to revamp launches already in 2023 and reaccelerate earnings in 2024, combining Trisul's shorter-than-peers construction cycle (~20-22 months, vs. peers ~30) and an improved outlook for sales of inventory in advanced stage of construction. Under our new estimates, we see attractive valuation of 5.5x PE24 with 68% 23-25 EPS CAGR.

We see positive momentum for the mid/high-income segment, combining: 1) a positive mood from investors ahead of the monetary easing cycle (stocks have a high correlation with long-term rates, but investment flows should respond to lower SELIC); 2) sequential signs that the 2023-24 peak of deliveries should be concluded smoothly from a balance sheet perspective (even considering margins below 2020-21 expectations); 3) significant relief in construction costs; and 4) positive changes in SP's master plan, which should increase the offer of land for the following years, potentially enabling better margins in the next vintage of launches.

Reassessing Cyrela's hidden treasures: core mid/high business trades at 0.9x P/BV. CYRE3 currently trades at 1.3x P/BV, but Cyrela's BV consolidates Cury at book value (a significant discount to CURY3 at 4.9x P/BV), while PLPL and LAVV were booked at the IPO value (stocks are +16% and -8% vs their value in Cyrela's book, respectively). The difference sums up to R\$1.2bn, a 16% addition to Cyrela's book value. **Adjusting Cyrela's BV to the market value of its listed subsidiaries, we see CYRE3 P/BV at 1.1x.** We also updated our valuation exercise on Cyrela's non-listed subsidiaries Vivaz (Minha Casa Minha Vida business unit) and CashMe (asset-backed fintech) - Figures 6-9. **Assuming Vivaz at fair value, CYRE3 trades at 0.9x P/BV.**

CYRE's stake in listed subsidiaries up R\$1.1bn YTD (23% of CYRE3 mkt cap gain YTD). CYRE3 is up 94% YTD, which means a R\$4.8bn addition to Cyrela's market cap. The YTD stellar performance of its stakes in CURY3 (+48%, or +R\$0.4bn), LAVV3 (+92%, +R\$0.5bn) and PLPL3 (+183%, +R\$0.8bn) adds up to R\$1.1bn (or 23% of CYRE3's total market cap gains - Figure 10), which helps to support CYRE3 recent performance.

Upgrading TRIS to OP (from N): time to look to the next cycle. We are upgrading TRIS3 to Outperform, from Neutral, with a new YE24 TP of R\$11.00 (from R\$7.00). Our upgrade follows recent results and SoS recovery, which we expect to help cash generation and significantly reduce leverage in 2024 (to 35% D/E, down from 47% in YE23). We see room for Trisul to revamp launches already in 2023, helped by its R\$1bn PSV landbank in the MCMV segment, now eligible under the program's new rules. We are confident that the company should be

Ticker	Rating	FX	Last Px	TP	Upside
CYRE3 BZ	OP	BRL	24.9	31.00	24%
EVEN3 BZ	OP	BRL	7.9	10.00	26%
EZTC3 BZ	N	BRL	22.9	27.00	18%
HBOR3 BZ	N	BRL	4.2	5.00	19%
JHSF3 BZ	OP	BRL	5.6	10.00	77%
LAVV3 BZ	OP	BRL	8.8	11.00	26%
MTRE3 BZ	OP	BRL	7.4	10.00	35%
MDNE3 BZ	OP	BRL	11.2	16.00	42%
TCSA3 BZ	N	BRL	3.9	5.00	30%
TRIS3 BZ	OP	BRL	6.4	11.00	72%

Ticker	Mkt Cap \$mn	3M ADTV US\$m	P/E 2023E	P/BV 2023E
CYRE3 BZ	9,954	128.4	11.9	1.3
EVEN3 BZ	1,643	6.7	8.2	0.8
EZTC3 BZ	5,198	46.5	9.7	1.1
HBOR3 BZ	564	2.4	26.7	0.4
JHSF3 BZ	3,870	16.0	8.3	0.8
LAVV3 BZ	1,742	4.1	11.0	1.4
MTRE3 BZ	783	4.1	9.2	0.8
MDNE3 BZ	954	3.1	5.2	0.7
TCSA3 BZ	283	0.4	31.1	0.5
TRIS3 BZ	1,192	5.7	13.7	0.9

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able to reaccelerate earnings already in 2024 (15% ROE 24e), combining 1) Trisul's shorter-than-peers construction cycle (~20-22 months, vs peers ~30 months, which allows revenue recognition of launches to happen relatively fast) and 2) an improved outlook for sales of inventory in advanced stage of construction, which is immediately reflected in earnings and cash generation. Under our new estimates, we see attractive valuation of 5.5x PE24 with 68% 23-25 EPS CAGR.

CYRE vs. EZTC: after stellar +20pp performance, we are closing our long CYRE short EZTC trade. As we said in our [BBI Weekly Build Up #22](#), we opened the trade Long CYRE-Short EZTC back in Nov. 22 (our previous mid-high income revision), when we saw two very different stories on the micro side, with Cyrela at cruise speed and Eztec still struggling to improve asset turnover and with a margin downtrend. After a ~20pp spread over the time frame, we now see CYRE trading at 1.3x, a 17% premium in P/BV to EZTC's 1.1x, and we see this premium as justifiable. We do not expect this relative valuation to return to the historical 6% discount in the short-medium term, and still prefer Cyrela, but we think that the relative upside is not as clear as it was before the rally. Eztec should also benefit from lower interest rates, in addition to the eligibility of the mid-income segment arm Fit Casa to the Minha Casa Minha Vida program new rules, which should boost the company's 2H23 launches and help the stock's narrative in the short term, in addition to providing gradual improvement its asset turnover for the medium-to-long term.

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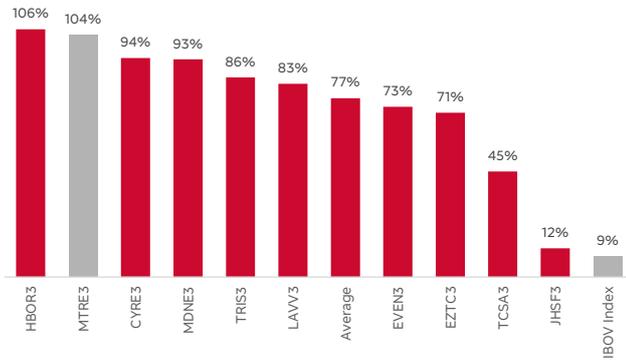
BBI Real Estate Coverage

Figure 1 - BZ homebuilding comp table

Company	Ticker	Rating	TP	Price	Upside	ADTV (3M)	Market Cap	P/E		P/BV		ROE		ND/Equity	Div. Yield	EPS CAGR
			YE23	R\$	%	R\$m	R\$m	2023	2024	2023	2024	2023	2024	2023	2023	'23-25
Homebuilders																
Low-Income Segment																
Cury	CURY3	OP	22.0	17.5	24%	52	4,065	18.6x	8.3x	2.8x	23%	34%	30%	2%	61%	
Direcional	DIRR3	OP	27.0	22.1	22%	29	5,067	10.5x	8.1x	4.9x	65%	72%	-21%	5%	22%	
MRV	MRVE3	OP	20.0	13.9	44%	143	7,823	42.4x	9.0x	1.1x	3%	12%	64%	0%	178%	
Plano & Plano	PLPL3	OP	13.0	11.3	15%	9	2,236	10.2x	7.9x	3.6x	42%	38%	47%	1%	17%	
Tenda	TEND3	N	15.0	13.2	14%	35	1,376	n.a.	9.1x	2.3x	-18%	23%	70%	0%	n.a.	
Mid/High-Income Segment																
Cyrela	CYRE3	OP	31.0	24.9	24%	24	9,954	11.8x	10.6x	1.3x	12%	12%	9%	2%	16%	
Even	EVEN3	OP	10.0	7.9	26%	7	1,643	9.7x	10.5x	0.8x	9%	8%	13%	2%	17%	
EzTec	EZTC3	N	27.0	22.9	18%	46	5,198	16.9x	11.9x	1.1x	7%	9%	-7%	0%	35%	
Helbor	HBOR3	N	5.0	4.2	19%	2	564	26.7x	6.4x	0.4x	1%	6%	72%	2%	161%	
JHSF	JHSF3	OP	10.0	5.6	77%	16	3,870	12.7x	7.3x	0.8x	6%	10%	26%	3%	74%	
Lavvi	LAVV3	OP	11.0	8.7	26%	4	1,706	11.0x	8.0x	1.4x	13%	17%	-9%	3%	44%	
Mitre	MTR3	OP	10.0	7.4	26%	4	783	9.2x	4.5x	0.8x	8%	16%	27%	0%	54%	
Moura Dubeux	MDNE3	OP	16.0	11.2	30%	3	954	6.3x	4.3x	0.7x	12%	16%	7%	0%	35%	
Tecnisa	TCSA3	N	5.0	3.9	20%	0	283	21.3x	4.5x	0.5x	2%	10%	102%	0%	211%	
Trisul	TRIS3	OP	11.0	6.4	42%	6	1,164	13.3x	5.5x	0.9x	7%	15%	47%	1%	68%	

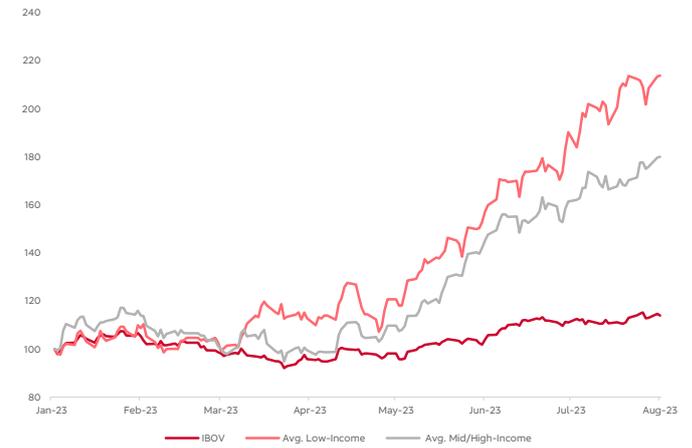
Source: Bloomberg, Bradesco BBI

Figure 2 - Mid-High-income homebuilders' stock performance YTD



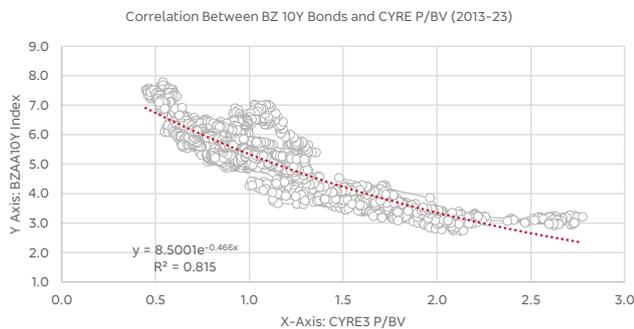
Source: Bloomberg, Bradesco BBI

Figure 3 - Mid/High-Income HBs vs. Low-Income HBs vs. IBOV Performance (YTD)



Source: Bloomberg, Bradesco BBI

Figure 4 - Correlation Between CYRE3's P/BV and BZ 10-Year Bonds (2013-23)



Source: Bloomberg, Bradesco BBI

Figure 5 - CYRE vs. EZTC historical P/BV premium (discount)



Source: Bloomberg, Bradesco BBI

Cyrela's Hidden Treasures

Here we present an exercise incorporating the value of Cyrela's subsidiaries to its book value. On Cyrela's balance sheet, Cury is recorded at book value, while CURY3 stock currently trades at 4.9x P/BV. PLPL and LAVV, on the other hand, were initially booked at the IPO price, and stocks are currently +16% and -8% vs their value in Cyrela's book, respectively. The difference between the market value and the value on Cyrela's balance sheet adds up to R\$1.1bn (Figure 10), which would lead to additional 16% in Cyrela's book value.

Adjusting Cyrela's BV to the market value of its listed subsidiaries (CURY, PLPL and LAVV), we see CYRE3 P/BV at 1.1x (vs. 1.3x before the adjustment).

Figure 6 - Cyrela's BV adjusted by subsidiaries market cap

	Price	mkt cap (R\$ '000)	Cyrela Stake	Mkt cap @ stake	BV 1Q23 (as in CYRE's BS)	P/BV
Cyrela	24.90	9,954	-	9,954	7,488	1.3x
Cury	17.48	5,102	22%	1,111	166	
Plano & Plano	11.28	2,304	34%	790	688	
Lavvi	8.73	1,742	28%	494	534	
Cyrela's fair P/BV adjusted by subsidiaries market cap¹					8,691	1.1x

Source: Bloomberg, Companies, Bradesco BBI

We are also updating our fair value estimates for Vivaz (Cyrela's low-income business unit - Figure 8) and CashMe (Figure 9).

If we add Vivaz' and CashMe' at fair value to Cyrela's book, we see CYRE3 trading at 0.9x P/BV (including listed subsidiaries at market cap) - Figure 7.

Figure 7 - Cyrela's P/BV analysis adjusted by subsidiaries mkt cap, Vivaz and CashMe fair values

	Price	mkt cap (R\$ '000)	BV 1Q23 (as in CYRE's BS)	P/BV
Cyrela	24.90	9,954	7,488	1.3x
CashMe (BBle)		1,225	721	
Cyrela ex-CashMe ^{1, 2}		8,729	6,766	1.3x
Vivaz (BBle)		1,632	616	
Cury (%CYRE)		1,111	166	
Plano & Plano (%CYRE)		790	688	
Lavvi (%CYRE)		494	534	
Cyrela's fair P/BV adj. By subsidiaries mkt cap, Vivaz and CashMe		4,702	4,959	0.9x

Source: Bloomberg, Company, Bradesco BBI

Figure 8 - Vivaz valuation (BBle)

Vivaz key figures (R\$mn)	2019	2020	2021	2022	1Q23
book value	465	499	700	652	616
NOPLAT	118	84	118	207	47
Net earnings (BBle)	111	76	106	197	44
ROE (annualized, BBle)	24%	16%	20%	29%	28%
Vivaz stable ROE (BBle)		25%			
Fair P/BV		2.6			
Vivaz fair equity value		1,632			

Source: Cyrela, Bradesco BBI

Figure 9 - CashMe valuation (BBle)

CashMe (FY2025+perp)		
Assets (R\$mn)	5,000	(A)
Lending rate (IPCA+)	13.0%	(B)
Senior quotes (% of assets)	85%	(C)
Senior quotes (R\$mn)	4,250	(D)=(A)x(C)
Funding cost (IPCA+)	7.0%	(E)
CashMe gross spread	6.0%	(F)=(B)-(E)
Senior quotes gross results (R\$mn)	255	(G)=(D)x(F)
Subordinated quotes (% of assets)	15%	(H)
Subordinated quotes (R\$mn)	750	(I) = (H)x(A)
IPCA inflation (a.a.)	4.0%	(J)
Subordinated quotes gross results (R\$mn)	128	(K)=(I) x [(B)+(J)]
Net Interest Margin (R\$mn)	383	(L)=(G)x(K)
Net Interest Margin -bad debt and -operating costs	51.0%	(M)=(L)/(I)
Operating costs (3% of assets)	-150	(N)
Bad debt (0.8% of assets)	-40	(O)
Taxes (34%)	-65	(P)
CashMe net earnings	127	(Q)=(L)+(N)+(O)+(P)
ROE	17%	(R)=(Q)/(I)
Ke	11.9%	(S)
WACC	4.0%	(T)
Fair P/BV	1.6	(U)=((R)-(T))/((S)-(T))
Fair equity value (CashMe)	1,225	(V)=(I)x(U)
EV/Sales*	3.2	(X)=(V)/(L)

Source: Cyrela, Bradesco BBI

Figure 10 - Cyrela's subsidiaries mkt cap change

	Mkt Cap Jan-23	Cyrela's stake	Mkt Cap Jan-23*	Cur Mkt Cap*	Change (R\$mn)*	Change %	As % of Cyrela's change
Cyrela	5,137	na	5,137	9,954	4,817	94%	
Cury	3,453	22%	752	1,111	359	48%	7%
Plano e Plano	813	34%	279	790	511	183%	11%
Lavvi	906	28%	257	494	237	92%	5%
Total					1,108		23%

(*) @ Cyrela's stake

Source: Bloomberg, Bradesco BBI

New vs. Old Estimates

Figure 11 - Mid/High-Income HBs New vs. Old Estimates

Mid/High-Income	Cyrela	Even	EzTec	Helbor	JHSF	Lavvi	Mitre	Moura Dubeux	Tecnisa	Trisul	
Rating	NEW	OP	OP	N	N	OP	OP	OP	OP	N	OP
	OLD	OP	OP	N	N	OP	OP	OP	OP	N	N
Target Price	NEW	31.00	10.00	27.00	5.00	10.00	11.00	10.00	16.00	5.00	11.00
<i>Current Price</i>		24.90	7.93	22.90	4.21	5.64	8.73	7.40	11.24	3.85	6.39
<i>Upside</i>	NEW	24%	26%	18%	21%	42%	26%	35%	42%	30%	72%
Trading Multiples											
P/BV											
2023E		1.3x	0.8x	1.1x	0.4x	0.8x	1.4x	0.7x	0.7x	0.5x	0.9x
2024E		1.3x	0.8x	1.1x	0.4x	0.8x	1.3x	0.6x	0.6x	0.4x	0.8x
ROE											
2024E		12.3%	7.7%	9.2%	5.9%	10.4%	17.2%	8.3%	15.8%	10.0%	14.9%
23-25 avg.		12.7%	9.2%	9.3%	5.5%	11.3%	18.0%	13.5%	15.0%	9.9%	12.5%
P/E											
2023E		11.8x	9.7x	16.4x	25.7x	13.1x	10.5x	8.6x	6.1x	21.3x	13.5x
2024E		10.6x	10.5x	11.6x	6.2x	7.5x	7.7x	4.2x	4.2x	4.5x	5.6x
2025E		8.8x	7.0x	9.0x	3.8x	4.4x	5.1x	3.6x	3.4x	2.2x	4.8x
23-25 EPS CAGR		16.1%	17.4%	34.9%	160.8%	73.6%	44.3%	54.0%	34.8%	210.6%	68.2%
ND/Equity YE23		8.7%	13.3%	-7.0%	71.9%	25.7%	-8.9%	27.5%	7.2%	102.3%	47.0%
Dividend Yield											
2023E		1.9%	2.3%	0.1%	2.2%	2.4%	3.0%	0.0%	0.0%	0.0%	1.4%
2024E		4.3%	2.6%	1.7%	0.0%	4.0%	5.7%	3.0%	0.0%	0.0%	2.2%
Key Figures											
Launches											
2023E		7,001	1,810	1,486	692	1,500	1,974	1,697	1,862	818	988
<i>New vs. Old (%)</i>		4%	25%	-25%	-23%	36%	0%	0%	4%	10%	-17%
2024E		7,437	1,952	1,919	811	700	2,515	1,653	1,960	745	1,335
<i>New vs. Old (%)</i>		7%	29%	-10%	-14%	-31%	0%	0%	5%	0%	0%
2025E		7,824	2,058	1,988	945	1,082	2,467	1,702	2,059	745	1,562
<i>New vs. Old (%)</i>		9%	29%	-11%	-2%	7%	0%	0%	6%	0%	0%
Net Revenue											
2023E		5,713	2,413	1,243	952	1,838	925	1,198	1,192	621	1,125
<i>New vs. Old (%)</i>		0%	-8%	12%	-11%	-23%	0%	0%	-5%	-4%	19%
<i>BBle vs. Cons. (%)</i>		-2%	-1%	5%	-13%	-9%	1%	16%	-1%	1%	11%
2024E		6,268	2,333	1,508	1,212	2,330	1,411	1,540	1,504	620	1,498
<i>New vs. Old (%)</i>		3%	-4%	-2%	3%	1%	0%	0%	-4%	0%	66%
<i>BBle vs. Cons. (%)</i>		0%	-2%	2%	-5%	-5%	6%	11%	-2%	-6%	31%
2025E		6,691	2,456	1,594	1,195	2,909	1,857	1,656	1,683	449	1,367
<i>New vs. Old (%)</i>		7%	7%	30%	-11%	18%	0%	0%	-2%	-2%	6%
<i>BBle vs. Cons. (%)</i>		0%	0%	-6%	-18%	18%	6%	6%	-2%	-34%	-4%
Gross Margin											
2023E		31%	25%	35%	27%	55%	32%	24%	34%	20%	26%
<i>New vs. Old (%)</i>		-2.9pp	-0.9pp	-4.0pp	-0.6pp	-8.7pp	0.0pp	0.0pp	-0.6pp	-18.2pp	-5.7pp
<i>BBle vs. Cons. (%)</i>		-1.1pp	-0.7pp	0.0pp	-3.6pp	-8.7pp	0.1pp	-1.9pp	-0.6pp	-13.8pp	-3.8pp
2024E		31%	28%	38%	32%	55%	32%	27%	35%	21%	30%
<i>New vs. Old (%)</i>		-2.6pp	-1.0pp	-6.0pp	1.6pp	-8.5pp	0.0pp	0.0pp	0.8pp	-16.7pp	-1.7pp
<i>BBle vs. Cons. (%)</i>		-1.5pp	-0.8pp	-0.9pp	-0.3pp	-8.5pp	-0.7pp	-2.2pp	0.8pp	-13.5pp	-1.9pp
2025E		32%	30%	39%	33%	58%	32%	29%	35%	26%	32%
<i>New vs. Old (%)</i>		-1.8pp	-1.0pp	0.2pp	1.7pp	-6.4pp	0.0pp	0.0pp	1.4pp	-12.7pp	0.7pp
<i>BBle vs. Cons. (%)</i>		-1.1pp	-1.3pp	0.7pp	0.2pp	-6.4pp	-0.8pp	-1.7pp	1.4pp	-9.1pp	0.2pp
Net Income											
2023E		843	169	308	21	304	155	85	152	13	87
<i>New vs. Old (%)</i>		-6%	-6%	-22%	-73%	-61%	0%	0%	-19%	47%	-20%
<i>BBle vs. Cons. (%)</i>		-1%	-7%	4%	-53%	-42%	-2%	-6%	-14%	-38%	-23%
2024E		940	157	436	88	532	212	172	223	63	212
<i>New vs. Old (%)</i>		-8%	-20%	-27%	-21%	-29%	0%	0%	-18%	-23%	113%
<i>BBle vs. Cons. (%)</i>		-5%	-24%	2%	-11%	-28%	-9%	2%	-8%	-27%	27%
2025E		1,136	233	561	143	915	324	201	277	129	247
<i>New vs. Old (%)</i>		4%	10%	35%	-18%	-1%	0%	0%	5%	-1%	31%
<i>BBle vs. Cons. (%)</i>		-5%	-16%	-2%	-12%	-1%	-3%	-2%	5%	51%	6%

Source: Company, Bloomberg and Bradesco BBI

Key Figures

Cyrela (OP; YE24 TP of R\$31.00)

	CYRE3	2022A	2023E	2024E	2025E
Operational					
Launches (%co.)		6,500	7,001	7,437	7,824
Contracted Sales (%co.)		6,123	6,709	7,021	7,430
Financials					
Net Revenues		5,412	5,713	6,268	6,691
Gross Profit		1,734	1,752	1,947	2,144
<i>Gross Margin</i>		32.0%	30.7%	31.1%	32.0%
Net Earnings		808	843	940	1,136
<i>Net Margin</i>		14.9%	14.7%	15.0%	17.0%
EPS		2.10	2.19	2.45	2.96
FCF		113	(277)	273	547
<i>FCF Yield</i>		1.1%	-2.8%	2.7%	5.5%
Dividends		25	192	429	611
<i>Dividend Yield</i>		0.3%	1.9%	4.3%	6.1%
<i>Payout</i>		3.1%	22.8%	45.6%	53.8%
Leverage					
Net Debt		239	708	864	927
Net Debt / Equity		3%	9%	10%	11%
Growth (YoY)					
Launches (%co.)		3%	8%	6%	5%
Contracted Sales (%co.)		25%	10%	5%	6%
Net Revenues		13%	6%	10%	7%
Net Earnings		-12%	4%	12%	21%
EPS		-12%	4%	12%	21%
Returns & Multiples					
ROE		12.1%	11.5%	12.3%	14.3%
P/E		12.3x	11.8x	10.6x	8.8x
P/BV		1.4x	1.3x	1.3x	1.2x

Source: Bloomberg, Company, Bradesco BBI

Even (OP; YE24 TP of R\$10.00)

	EVEN3	2022A	2023E	2024E	2025E
Operational					
Launches (%co.)		1,104	1,810	1,952	2,058
Contracted Sales (%co.)		1,305	1,677	2,067	2,151
Financials					
Net Revenues		2,318	2,413	2,333	2,456
Gross Profit		522	595	650	725
<i>Gross Margin</i>		22.5%	24.6%	27.9%	29.5%
Net Earnings		104	169	157	233
<i>Net Margin</i>		4.5%	7.0%	6.7%	9.5%
EPS		0.50	0.82	0.76	1.13
FCF		(918)	(49)	364	(47)
<i>FCF Yield</i>		-55.2%	-2.9%	21.8%	-2.8%
Dividends		-	37	43	78
<i>Dividend Yield</i>		0.0%	2.3%	2.6%	4.8%
<i>Payout</i>		0.0%	21.9%	27.4%	33.6%
Leverage					
Net Debt		290	376	56	181
Net Debt / Equity		11%	13%	2%	6%
Growth (YoY)					
Launches (%co.)		-54%	64%	8%	5%
Contracted Sales (%co.)		-20%	28%	23%	4%
Net Revenues		2%	4%	-3%	5%
Net Earnings		-55%	62%	-7%	49%
EPS		-55%	62%	-7%	49%
Returns & Multiples					
ROE		5.7%	8.7%	7.7%	11.1%
P/E		15.7x	9.7x	10.5x	7.0x
P/BV		0.9x	0.8x	0.8x	0.8x

Source: Bloomberg, Company, Bradesco BBI

EzTec (N; YE25 TP of R\$27.00)

	EZTC3	2022A	2023E	2024E	2025E
Operational					
Launches (%co.)		1,783	1,486	1,919	1,988
Contracted Sales (%co.)		1,435	1,468	1,777	1,754
Financials					
Net Revenues		1,121	1,243	1,508	1,594
Gross Profit		388	430	567	624
<i>Gross Margin</i>		34.6%	34.6%	37.6%	39.2%
Net Earnings		325	308	436	561
<i>Net Margin</i>		29.0%	24.8%	28.9%	35.2%
EPS		1.43	1.36	1.92	2.47
FCF		(520)	94	1,427	164
<i>FCF Yield</i>		-10.1%	1.8%	27.6%	3.2%
Dividends		102	7	85	436
<i>Dividend Yield</i>		2.0%	0.1%	1.7%	8.4%
<i>Payout</i>		31.5%	2.4%	19.6%	77.8%
Leverage					
Net Debt		(246)	(333)	(1,674)	(1,402)
Net Debt / Equity		-5%	-7%	-35%	-29%
Growth (YoY)					
Launches (%co.)		45%	-17%	29%	4%
Contracted Sales (%co.)		12%	2%	21%	-1%
Net Revenues		17%	11%	21%	6%
Net Earnings		-25%	-5%	42%	29%
EPS		-25%	-5%	42%	29%
Returns & Multiples					
ROE		7.4%	6.7%	9.2%	11.9%
P/E		15.9x	16.8x	11.9x	9.2x
P/BV		1.2x	1.1x	1.1x	1.1x

Source: Bloomberg, Company, Bradesco BBI

Helbor (N; YE24 TP of R\$5.00)

	HBOR3	2022A	2023E	2024E	2025E
Operational					
Launches (%co.)		964	692	811	945
Contracted Sales (%co.)		785	817	835	878
Financials					
Net Revenues		906	952	1,212	1,195
Gross Profit		253	262	385	395
<i>Gross Margin (%)</i>		27.9%	27.5%	31.8%	33.0%
Net Earnings		(38)	21	88	143
<i>Net Margin (%)</i>		-4.2%	2.2%	7.2%	12.0%
EPS		(0.28)	0.16	0.65	1.07
FCF		(538)	(94)	159	340
<i>FCF Yield (%)</i>		-95.7%	-16.8%	28.2%	60.5%
Dividends		24	12	-	-
<i>Dividend Yield (%)</i>		4.3%	2.2%	0.0%	0.0%
<i>Payout (%)</i>		-63.0%	57.5%	0.0%	0.0%
Leverage					
Net Debt		1,480	1,587	1,428	1,088
Net Debt / Equity		70%	72%	64%	47%
Growth (YoY)					
Launches (%co.)		11%	-28%	17%	17%
Contracted Sales (%co.)		-12%	4%	2%	5%
Net Revenues		-4%	5%	27%	-1%
Net Earnings		n.a.	n.a.	315%	64%
EPS		n.a.	n.a.	315%	64%
Returns & Multiples					
ROE		-2.8%	1.5%	5.9%	9.2%
P/E		-14.8x	26.7x	6.4x	3.9x
P/BV		0.4x	0.4x	0.4x	0.4x

Source: Bloomberg, Company, Bradesco BBI

JHSF (OP; YE24 TP of R\$10.00)

JHSF3	2022A	2023E	2024E	2025E
Operational				
Launches (%co.)	1,711	1,500	700	1,082
Contracted Sales (%co.)	1,532	1,391	1,048	1,356
Financials				
Net Revenues	1,902	1,838	2,330	2,909
Gross Profit	1,135	1,012	1,278	1,691
Gross Margin (%)	59.7%	55.1%	54.9%	58.1%
Net Earnings	632	304	532	915
Net Margin (%)	33.2%	16.5%	22.8%	31.4%
EPS	0.95	0.46	0.80	1.38
FCF	(927)	867	567	822
FCF Yield (%)	-24.0%	22.4%	14.6%	21.2%
Dividends	109	98	159	426
Dividend Yield (%)	2.8%	2.5%	4.1%	11.0%
Payout (%)	17.3%	32.1%	29.9%	46.5%
Leverage				
Net Debt	2,136	1,366	959	562
Net Debt / Equity	41%	26%	18%	10%
Growth (YoY)				
Launches (%co.)	-22%	-12%	-53%	55%
Contracted Sales (%co.)	-12%	-9%	-25%	29%
Net Revenues	-5%	-3%	27%	25%
Net Earnings	-34%	-52%	75%	72%
EPS	-34%	-52%	75%	72%
Returns & Multiples				
ROE	13.5%	6.1%	10.4%	17.4%
P/E	6.1x	12.7x	7.3x	4.2x
P/BV	0.8x	0.8x	0.8x	0.7x

Source: Bloomberg, Company, Bradesco BBI

Moura Dubeux (OP; YE24 TP of R\$16.00)

MDNE3	2022A	2023E	2024E	2025E
Operational				
Launches (%co.)	1,866	1,862	1,960	2,059
Contracted Sales (%co.)	1,437	1,566	1,874	1,961
Financials				
Net Revenues	800	1,192	1,504	1,683
Gross Profit	266	407	529	595
Gross Margin (%)	33.3%	34.2%	35.2%	35.3%
Net Earnings	104	152	223	277
Net Margin (%)	13.0%	12.8%	14.8%	16.5%
EPS	1.23	1.80	2.63	3.26
FCF	69	(225)	(27)	319
FCF Yield (%)	7.2%	-23.5%	-2.8%	33.5%
Dividends	-	-	-	56
Dividend Yield (%)	0.0%	0.0%	0.0%	5.9%
Payout (%)	0.0%	0.0%	0.0%	20.2%
Leverage				
Net Debt	(129)	96	123	(141)
Net Debt / Equity	-11%	7%	8%	-8%
Growth (YoY)				
Launches (%co.)	55%	0%	5%	5%
Contracted Sales (%co.)	5%	9%	20%	5%
Net Revenues	29%	49%	26%	12%
Net Earnings	25%	46%	47%	24%
EPS	25%	46%	47%	24%
Returns & Multiples				
ROE	9.2%	12.1%	15.8%	17.2%
P/E	9.2x	6.3x	4.3x	3.4x
P/BV	0.8x	0.7x	0.6x	0.6x

Source: Bloomberg, Company, Bradesco BBI

Tecnisa (N; YE24 TP of R\$5.00)

TCSA3	2022A	2023E	2024E	2025E
Operational				
Launches (%co.)	778	818	745	745
Contracted Sales (%co.)	556	528	752	750
Financials				
Net Revenues	206	621	620	449
Gross Profit	20	127	130	118
Gross Margin (%)	9.5%	20.4%	21.0%	26.2%
Net Earnings	(7)	13	63	129
Net Margin (%)	-3.5%	2.1%	10.2%	28.7%
EPS	(0.01)	0.02	0.09	0.17
FCF	(58)	(207)	219	75
FCF Yield (%)	-20.4%	-73.2%	77.3%	26.3%
Dividends	-	-	-	-
Dividend Yield (%)	0.0%	0.0%	0.0%	0.0%
Payout (%)	0.0%	0.0%	0.0%	0.0%
Leverage				
Net Debt	443	651	432	357
Net Debt / Equity	71%	102%	62%	43%
Growth (YoY)				
Launches (%co.)	-8%	5%	-9%	0%
Contracted Sales (%co.)	93%	-5%	42%	0%
Net Revenues	46%	201%	0%	-28%
Net Earnings	-96%	n.a.	376%	103%
EPS	-96%	n.a.	376%	103%
Returns & Multiples				
ROE	-1.2%	2.2%	10.0%	17.5%
P/E	-39.0x	21.3x	4.5x	2.2x
P/BV	0.5x	0.5x	0.4x	0.4x

Source: Bloomberg, Company, Bradesco BBI

Trisul (OP; YE24 TP of R\$11.00)

TRIS3	2022A	2023E	2024E	2025E
Operational				
Launches (%co.)	1,000	988	1,335	1,562
Contracted Sales (%co.)	675	1,035	1,481	1,468
Financials				
Net Revenues	760	1,125	1,498	1,367
Gross Profit	225	293	451	444
Gross Margin (%)	29.6%	26.0%	30.1%	32.5%
Net Earnings	68	87	212	247
Net Margin (%)	8.9%	7.8%	14.1%	18.1%
EPS	0.37	0.48	1.16	1.36
FCF	(310)	(42)	127	207
FCF Yield (%)	-26.6%	-3.6%	10.9%	17.8%
Dividends	29	16	26	53
Dividend Yield (%)	2.5%	1.4%	2.2%	4.5%
Payout (%)	42.2%	18.5%	12.1%	21.4%
Leverage				
Net Debt	594	652	551	397
Net Debt / Equity	45%	47%	35%	24%
Growth (YoY)				
Launches (%co.)	-41%	-1%	35%	17%
Contracted Sales (%co.)	-10%	53%	43%	-1%
Net Revenues	-2%	48%	33%	-9%
Net Earnings	-44%	28%	143%	17%
EPS	-44%	28%	143%	17%
Returns & Multiples				
ROE	5.5%	6.7%	14.9%	15.8%
P/E	17.1x	13.3x	5.5x	4.7x
P/BV	0.9x	0.9x	0.8x	0.7x

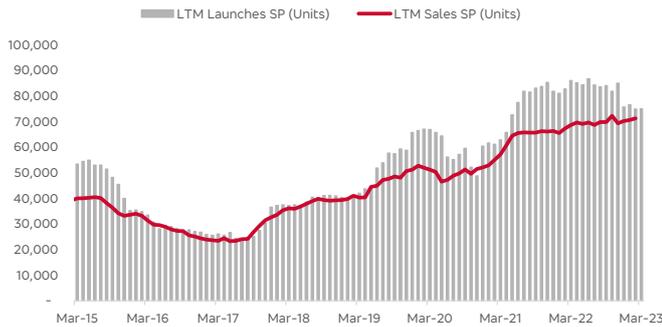
Source: Bloomberg, Company, Bradesco BBI

Sector Overview

Supply: the mid/high-income segment should maintain a conservative approach to launches in 2H23, but cost inflation no longer an issue

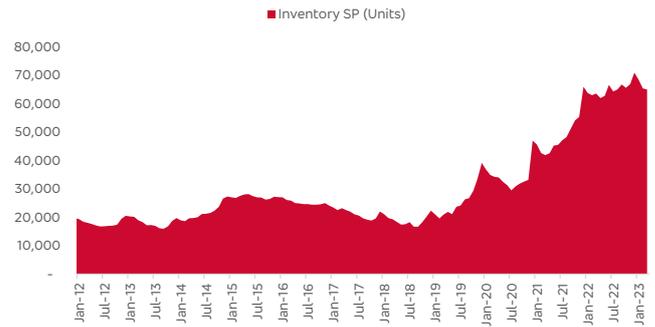
We expect mid/high-income players to continue being selective in launches in 2H23 given the current turbulent macro scenario, and especially in light of the peak of deliveries in 2H23-2024. Therefore, we see companies that have a better balance sheet as having an edge, as there might be less competition in launches next year, when the new cycle should begin. On the flip side, a normalized INCC (construction cost inflation) should be a relief for companies' margins, and costs should no longer be a large overhang for the companies' operations.

Figure 12 - LTM Launches and Sales in SP (Units)



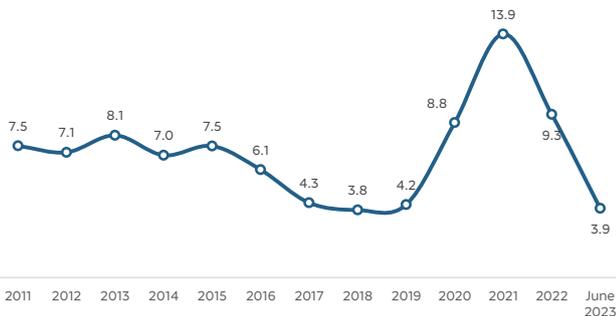
Source: Secovi, Bradesco BBI

Figure 13 - SP Inventory



Source: Secovi, Bradesco BBI

Figure 14 - INCC 12-Month Variation (%)



Source: Sinduscon, Bradesco BBI

Credit: challenging SBPE scenario, but far from 2015-16 levels, and should slowly improve with rate cuts

A sequentially higher Selic rate led to R\$55bn in net outflows from savings accounts YTD through June (Figure 18), putting extra pressure on funding costs for the SBPE (savings accounts) system. This forced banks to keep mortgage rates in the double digits in 1H23 (Figure 16), although we do not see a concerning situation yet. Nevertheless, the likely reduction in Selic rate that should continue in 2H23 (-50bps cut in August already) should bring relief to some pressure to net outflows in SBPE, thus improving mortgage conditions. In our view, the mortgage market's stability will be particularly important as we approach 2024 in order to support the peak of projects being delivered next year, and we believe this is the first time that sector will finish a cycle smoothly from a balance sheet perspective (after 2012's budget overruns and 2015-16 credit scarcity/cancellations crisis).

Figure 15 - Historical and Forecast SELIC



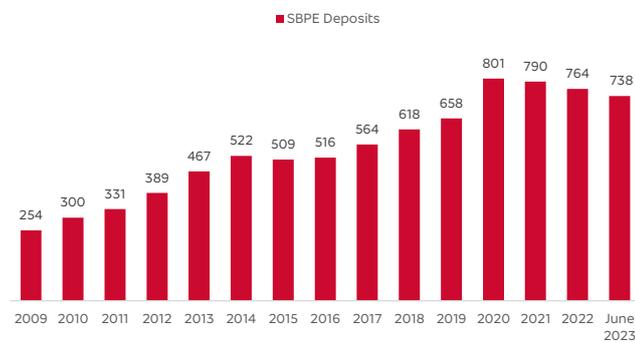
Source: Bacen, Bradesco BBI

Figure 16 - Market Mortgage Rates in Brazil's Main Financial Institutions



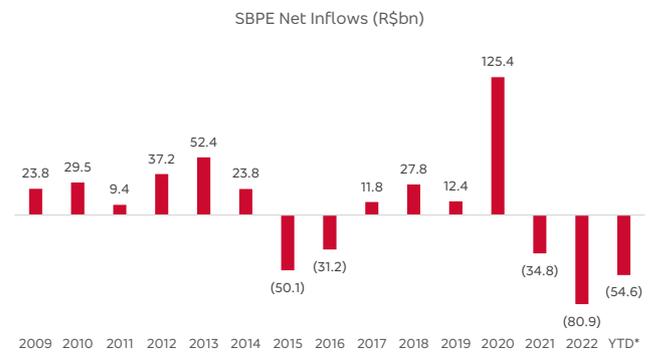
Source: Bacen, Bradesco BBI

Figure 17 - SBPE Deposits (R\$bn)



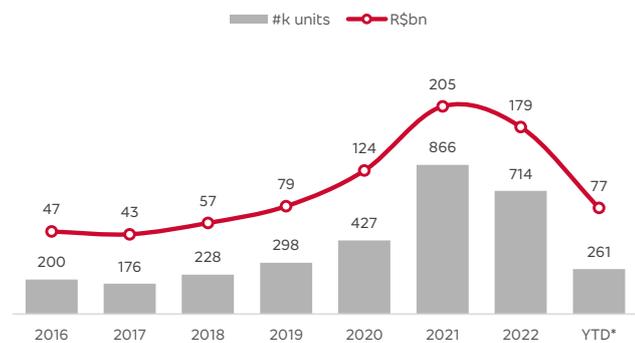
Source: Abecip, Bradesco BBI

Figure 18 - SBPE Net Inflows (R\$bn)



Source: Abecip, Bradesco BBI. *YTD until June, 2023

Figure 19 - Units and Amount Financed Through the SBPE System (Savings Accounts)

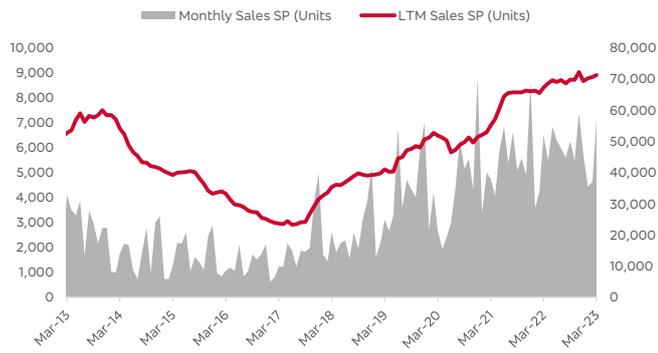


Source: Abecip, Bradesco BBI. * YTD until June, 2023

Demand: remains resilient in the mid/high-income segment

The first semester of 2023 showed better-than-expected demand. Sales speed remained surprisingly healthy, even amid concerns about the macro scenario, although at the expense of additional sales efforts (reduced prices). Furthermore, as interest rates have most likely peaked, a drop in the Selic rate should help improve affordability and consumer confidence, which should continue boosting demand in 2H23 onwards.

Figure 20 - Sales in São Paulo



Source: Secovi, Bradesco BBI

Figure 21 - Consumer Confidence Index (ICC)



Source: FecomercioSP, Bradesco BBI

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