

HOMEBUILDERS

Revisiting preferences amid macro tailwinds: CYRE remains our top pick

We are revising our estimates for the mid/high-income segment, factoring in the recent results and updated macroeconomic assumptions. While the tougher macro backdrop adds pressure to future results, we believe the expected easing cycle justifies a more risk-on approach, as the segment's stocks have historically shown a stronger correlation to macro sentiment than sector fundamentals. In our view, homebuilders that combine low P/Es, healthy inventory, and greater exposure to the Minha Casa, Minha Vida (MCMV) segment should be rewarded in the upcoming cycle.

CYRE remains our top pick, closely followed by MDNE. The company continues to defy industry fundamentals with premium execution, while its rising MCMV exposure should support structurally higher ROEs (~21% avg. for 2026–2027). Still, we forecast an attractive 5.0x 2026 P/E valuation when adjusted for our additional 8% YE25 dividend yield estimate, which provides a comfortable valuation cushion against a more pronounced sales slowdown—a 50% drop in our mid/high-income sales estimate would still lead to a YE26 P/E of 7.7x (vs. 10-year avg. of 7.9x). Meanwhile, despite the strongest YTD launch expansion (+73% YoY), Moura Dubeux still holds the lowest inventory among listed peers (11 months of sales) and has a diversified launch pipeline focused on more defensive segments with higher profitability. We expect a 32% EPS CAGR for 2024–2027, while we estimate a 4.6x 2026 P/E, the cheapest in our coverage.

Upgrading EZTC to Outperform. Eztec's sales performance has improved in recent quarters, benefiting from a launch pipeline targeted at the mid-income segment, where competition has been less intense. While it trades at a valuation premium to its mid/high-income peers (7.2x 2026 P/E vs. peers' avg. of 5.2x), we believe it largely reflects the embedded value of the Esther Towers development, which is the main catalyst to unlock shareholder value. Still, assuming an additional two years for its monetization, we forecast an attractive implicit 5.0x 2026 P/E, which we deem a good entry point for investors' waiting for the easing cycle to unfold.

Maintaining Outperform on LAVV and Neutral on EVEN. Lavvi holds one of the healthiest inventory levels and also has increasing exposure to the low-income segment (~30% of launches in 2026). Although it trades at a richer 1.5x P/BV multiple, we forecast a ~27% YE26 ROE, which translates into an appealing 18% earnings yield. Meanwhile, Even holds the highest inventory levels in our coverage (23 months of sales) and the largest exposure to the luxury segment, where inventory build-up has been more pronounced. Despite a cheap 5.0x 2026E P/E valuation, we continue to favor other mid/high-income players with healthier inventory levels and a stronger earnings conviction.

Mind the risks. We highlight: (i) higher mortgage rates and inventory build-up taking a greater-than-expected toll on future sales; (ii) labor shortage leading to higher-than-expected construction inflation and pressuring future deliveries; (iii) higher unemployment rate reducing homebuyers' affordability; (iv) higher cancellations considering the peak of deliveries in 2026; and (v) tax reform – VAT taxes on mid/high-income homebuilders could reach as high as ~4% (vs. 2% currently).

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Summary

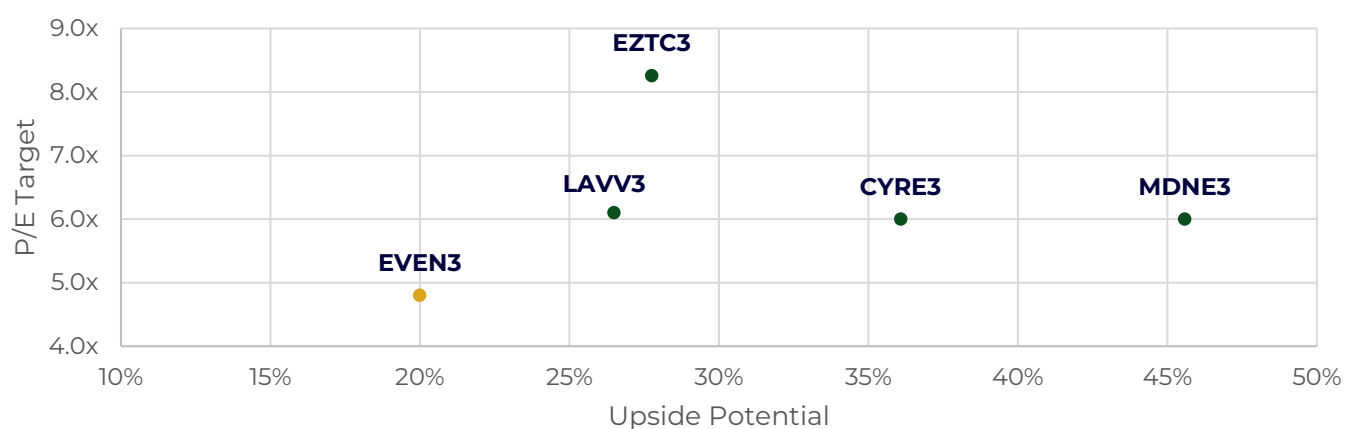
Ticker	Rating	TP	Upside
CYRE3	OP	41.0	36%
EZTC3	OP	21.5	28%
MDNE3	OP	39.0	46%
LAVV3	OP	18.0	26%
EVEN3	N	9.0	20%

Source: Safra estimates

Figure 1. Updated ratings and valuation ratios for mid/high-income homebuilders

Company	Rating	Last Price	Target Price	Upside	P/E		P/B		ROE		Div. Yield	
					25E	26E	25E	26E	25E	26E	25E	26E
Cyrela	OP	30.1	41.0	36%	6.0x	5.5x	1.2x	1.1x	20.1%	20.0%	11.9%	4.2%
Eztec	OP	16.8	21.5	28%	7.2x	7.2x	0.7x	0.7x	10.2%	9.7%	5.1%	7.0%
Moura Dubeux	OP	26.8	39.0	46%	5.6x	4.6x	1.3x	1.1x	24.0%	24.4%	2.2%	7.2%
Lavvi	OP	14.2	18.0	26%	6.4x	5.6x	1.7x	1.5x	26.8%	26.5%	5.7%	9.0%
Even	N	7.5	9.0	20%	5.8x	5.0x	0.8x	0.7x	13.1%	13.5%	0.0%	4.4%

Source: Safrat.

Figure 2. Target P/E vs. upside potential

Source: Safrat.

Moura Dubeux

Raising estimates (again) amid record-low inventory levels and excellent sales performance

We are increasing our YE26 target price for Moura Dubeux to BRL 39.0/share (from BRL 29.0/share), implying a 46% upside, which led us to maintain our Outperform rating on the company's stocks. We have revised our estimates for the company, mainly incorporating: (i) its past quarterly results; (ii) updated macroeconomic assumptions; and (iii) fine-tuned estimates, reflecting the company's excellent sales performance in recent quarters and its new launch pipeline with MCMV exposure.

Raising estimates (once again) and reiterating Outperform. Despite the tougher backdrop, Moura Dubeux's sales have continuously exceeded expectations, reflecting the strong demand for the condominium division and solid sales speed of the Mood brand. Despite the all-time high launch activity, the company has already sold ~56% of the PSV launched this year, which drove its inventory to the lowest level among listed peers, at 11 months of sales. We are again raising our launch forecast for 2025 and 2026 to BRL 4.6bn (from BRL 3.6bn) and BRL 4.3bn (from BRL 3.8bn). This also reflects greater exposure to the MCMV via the Única brand, which will benefit from strategic partnerships with established players, such as Direcional. The shift from the traditional homebuilding model to projects with lower capital requirements should also lead to structurally higher ROEs (~24% in 2025-2026), while securing higher dividend payouts. All in all, despite the ~150% YTD rally, we still forecast an attractive 4.6x P/E and 9% dividend yield by YE26, the cheapest in our coverage universe.

Valuation. We estimate a total equity value of BRL 3.3bn (BRL 39.0/share) for Moura Dubeux. Our valuation is based on: (i) the company's current discounted NAV (liquidation value), totaling BRL 1.0bn (BRL 11.9/share); plus (ii) the NPV of its future cash flows (FCF estimate until 2036, discounted at a WACC of 16.6%), totaling BRL 2.3bn (BRL 27.0/share), for which we assume an average NPV margin (average net margin forecast for future launches) of 13.4%.

MDNE3

Rating Outperform

Current price	BRL 26.79
Target price (YE26)	BRL 39.00
Upside	46%

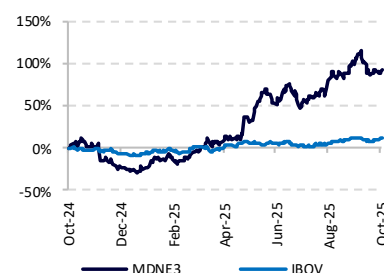
Multiples

	25E	26E	27E
P/E	5.6x	4.6x	4.0x
P/BV	1.3x	1.1x	1.0x
ROE	24.0%	24.4%	24.2%

Market data

Market cap	BRL 2,275
52 week low-high	BRL 10.1 / 30.4
ADTV (3m)	BRL 18
Shares outstanding	85mn
Free float	67%
LTM performance	76.13%
YTD performance	148.06%

MDNE3 vs. Ibovespa



Source: Bloomberg and Safr.

Figure 50. Main changes in Moura Dubeux's estimates

(BRL mn)	2025		% change	2026		% change	2027		% change
	New	Previous		New	Previous		New	Previous	
Net revenues	2285	2115	8.0%	2529	2355	7.4%	2975	2665	11.6%
Adj. gross profit	826	779	6.0%	951	882	7.8%	1104	1008	9.6%
Adj. gross margin (%)	36.1%	36.8%	-68 bps	37.6%	37.4%	15 bps	37.1%	37.8%	-70 bps
Net income	407	351	15.9%	493	425	16.1%	572	500	14.4%
Net margin (%)	17.8%	16.6%	121 bps	19.5%	18.0%	145 bps	19.2%	18.8%	46 bps
Launches (%MD)	4555	3575	27.4%	4319	3825	12.9%	4248	3940	7.8%
Net sales (%MD)	3649	3179	14.8%	4061	3440	18.0%	4464	3807	17.3%
ROE	24.0%	21.1%	288 bps	24.4%	22.0%	11.1%	24.2%	22.4%	8.0%
WACC	16.6%	17.1%	-44 bps	16.6%	17.1%	-44 bps	16.6%	17.1%	-44 bps

Source: Safr.

Figure 51. Safr vs. Bloomberg consensus

(BRL mn)	2025		Safr vs Consensus	2026		Safr vs Consensus	2027		Safr vs Consensus
	Safr	Consensus		Safr	Consensus		Safr	Consensus	
Net revenues	2285	2176	5.0%	2529	2493	1.4%	2975	2690	10.6%
Gross profit	790	764	3.4%	905	897	1.0%	1052	972	8.2%
Gross margin (%)	34.6%	35.1%	-53 bps	35.8%	36.0%	-15 bps	35.3%	36.1%	-77 bps
Net income	407	372	9.6%	493	450	9.5%	572	487	17.4%
Net margin (%)	17.8%	17.1%	74 bps	19.5%	18.1%	144 bps	19.2%	18.1%	110 bps

Source: Safr.

Figure 52. Valuation breakdown

Valuation	Sum-Of-Parts	Equity (BRL mn)	BRL/share
(a)	NPV receivables	1096	13.0
(b)	NPV inventory	931	11.0
(c)	Landbank and other	-764	-9.0
(d)	Net cash (debt)	-253	-3.0
	Current NAV	1009	11.9
(e)	NPV new launches	4051	47.9
(f)	NPV holding (G&A + CAPE)	-1764	-20.9
	Future NPV	2287	27.0
Total	Equity value / target price	3296	39.0

Source: Safr.

Figure 53. Breakdown of weighted-average cost of capital

Weighted Average Cost of Capital (WACC)			
Cost of equity assumptions		Cost of debt assumptions	
10y US bond - US\$	4.30%	Cost of debt (BRL)	10.3%
Brazil risk	2.70%	Effective tax rate	15.0%
Brazil country risk - 10y	7.00%	Cost of debt after tax	8.7%
Forex (BRL/US\$)	2.00%	Capital structure	
10y Brazil risk - BRL	9.00%	Equity	80%
Equity risk premium	5.80%	Debt	20%
Beta	1.66	WACC	16.6%
Cost of equity (Ke)	18.6%	Perpetual growth (g)	3.0%

Figure 54. Valuation sensitivity analysis – stabilized launches vs. NPV margin

		Stabilized launches - 2026						
NPV margin of launches		3,500	4,000	4,500	5,000	5,500	6,000	6,500
	10.4%	17.2	20.9	24.6	28.3	32.1	35.8	39.5
	11.4%	19.7	23.8	27.8	31.9	36.0	40.1	44.1
	12.4%	22.2	26.6	31.0	35.5	39.9	44.3	48.8
	13.4%	24.7	29.5	34.3	39.0	43.8	48.6	53.4
	14.4%	27.2	32.3	37.5	42.6	47.8	52.9	58.1
	15.4%	29.7	35.2	40.7	46.2	51.7	57.2	62.7
	16.4%	32.2	38.0	43.9	49.7	55.6	61.5	67.3

Source: Safr.

Figure 55. Valuation sensitivity analysis – WACC vs. perpetual growth

		WACC						
Perpetual Growth (g)		18.1%	17.6%	17.1%	16.6%	16.1%	15.6%	15.1%
	1.5%	35.3	36.2	37.1	38.1	39.1	40.2	41.4
	2.0%	35.5	36.4	37.4	38.4	39.4	40.6	41.8
	2.5%	35.8	36.7	37.6	38.7	39.8	40.9	42.2
	3.0%	36.0	36.9	37.9	39.0	40.1	41.3	42.6
	3.5%	36.2	37.2	38.2	39.3	40.5	41.7	43.1
	4.0%	36.5	37.5	38.5	39.7	40.9	42.2	43.6
	4.5%	36.8	37.8	38.9	40.0	41.3	42.7	44.2

Figure 56. Safran Valuation Scorecard (SAVS)

P&L	2024A	2025E	2026E	2027E
Launches (% MD)	2,543	4,555	4,319	4,248
Contracted sales (% MC)	2,390	3,649	4,061	4,464
SoS ratio	52.0%	53.2%	53.9%	57.0%
Net revenues	1,570	2,285	2,529	2,975
COGS	(1,043)	(1,495)	(1,623)	(1,924)
Gross profit	527	790	905	1,052
Gross margin	33.5%	34.6%	35.8%	35.3%
SG&A expenses	(246)	(315)	(351)	(412)
SG&A expenses/net revenue	15.7%	13.8%	13.9%	13.9%
EBITDA	258	456	529	610
EBITDA margin	16.4%	19.9%	20.9%	20.5%
EBIT	248	444	516	595
EBIT margin	15.8%	19.4%	20.4%	20.0%
NOPAT	209	388	456	525
NOPAT Margin	13.3%	17.0%	18.0%	17.6%
Pre tax profit	290	463	553	642
Taxes	(39)	(55)	(60)	(70)
Minorities and others	2	(0)	-	-
Reported net profit	249	407	493	572
Normalized net profit	249	407	493	572
Normalized net margin	15.9%	17.8%	19.5%	19.2%
Dividends	0	50	163	222

Balance Sheet (BS)	2024A	2025E	2026E	2027E
Cash and equivalents	405	208	157	77
Accounts receivables	1,357	1,910	2,144	2,428
Inventories	1,019	1,402	1,563	1,732
Other current assets	334	344	351	361
Total current assets	3,114	3,863	4,216	4,597
Long-term assets	664	731	731	731
Permanent assets	370	227	228	229
Total assets	4,148	4,821	5,175	5,557
Accounts payables	184	228	223	281
Short-term debt	0	73	97	92
Other current liabilities	1,755	1,896	1,993	2,044
Total current liabilities	1,940	2,197	2,313	2,416
Long-term debt	511	407	314	243
Other long-term liabilities	161	354	354	354
Total long-term liabilities	673	761	668	597
Minorities	-4	6	6	6
Shareholders equity	1,540	1,857	2,187	2,537
Total liabilities	4,148	4,821	5,175	5,557

YoY Growth Rates	2024A	2025E	2026E	2027E
Launches (% MD)	57.8%	79.1%	-5.2%	-1.6%
Contracted sales	61.2%	52.7%	11.3%	9.9%
Net revenues	36.4%	45.5%	10.7%	17.7%
Gross profit	31.7%	49.9%	14.7%	16.2%
SG&A expenses	27.8%	27.9%	11.7%	17.3%
EBITDA	43.8%	76.5%	16.2%	15.3%
EBIT	44.3%	78.9%	16.3%	15.2%
NOPAT	55.6%	85.8%	17.5%	15.0%
Normalized net profit	59.7%	63.6%	21.1%	16.0%
Dividends	n.a.	n.a.	225.8%	36.2%

Leverage and BS Metrics	2024A	2025E	2026E	2027E
Inventory days	351	338	347	324
Accounts receivable days	311	301	305	294
Accounts payable days	64	55	49	53
Current liquidity	1.6	1.8	1.8	1.9
Invested capital	1,647	2,129	2,441	2,795
Net debt/EBITDA	0.41	0.60	0.48	0.42
Net debt/total assets	0.03	0.06	0.05	0.05
EBITDA/net financial result	6.13	24.21	14.39	12.94

Return and Others	2024A	2025E	2026E	2027E
Market Cap. (BRLmn)	2266	2266	2266	2266
EV (BRLmn)	2299.2	2578.3	2559.8	2563.5
EV/EBITDA	8.9	5.7	4.8	4.2
P/E	9.1	5.6	4.6	4.0
P/B	157.3%	133.4%	112.0%	95.9%
ROIC	12.7%	18.2%	18.7%	18.8%
ROE	17.3%	24.0%	24.4%	24.2%
Asset turnover	37.8%	47.4%	48.9%	53.5%
WACC	16.6%	16.6%	16.6%	16.6%
Cost of equity	18.6%	18.6%	18.6%	18.6%
Dividend yield	0.0%	2.2%	7.2%	9.8%
Net debt	106.80	272.22	253.77	257.51
Net debt/equity	7%	15%	12%	10%

Source: Safran.

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Participações, TJK Renda Imobiliária FII - 2ª Emissão, TRX Hedge Fund FII - 1ª Emissão, TRX Real Estate FII - 11ª Emissão, Union Agro S.A., Usina Vale do Tijucu, V.Tal - Rede Neutra de Telecomunicações S.A., Vale S.A., Valora CRI CDI FII - 8ª Emissão, Valora CRI CDI FII - 9ª Emissão, Valora Debêntures INC FIC FI-Infra - 1ª Emissão, Vectis Gestão de Recursos Ltda., Vectis Securities FII - 1ª Emissão, Vera Cruz Agropecuária Ltda., Vera Cruz CRI Residencial High Grade - 1ª Emissão, Viação Piracicabana S.A., WHG Real Estate - 3ª Emissão, YVY Capital FIC Infra RF - 1ª Emissão, Zagros Multiestratégia FII - 2ª Emissão.

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