Homebuilders

Navigating Turbulent Waters with Strong Earnings Momentum

2Q25 Earnings Preview Part. 1 and Estimates Update; Cyrela Remains Our Preference

We are releasing our 2Q25 earnings preview for Cyrela, Moura Dubeux, and Lavvi, which we expect to stand out among high-income homebuilders this season, with solid bottom-line expansions of 8%, 39%, and 81% YoY, respectively, supported by robust operating data. **We take this opportunity to update our numbers, rolling our TPs for 2026** and elevating CYRE3 to R$ 37.0/sh (from R$ 30.0/sh), MDNE3 to R$ 31.0/sh (from R$ 26.0/sh), and for LAVV3 to R$ 17.0/sh (from R$ 13.0/sh). **CYRE3 remains our top pick,** combining (i) operational resilience, (ii) strong earnings momentum, (iii) attractive ROE levels, (iv) high liquidity, and (v) an appealing valuation at 4.6x P/E 26E. It is followed by MDNE3, which is in a strong expansion cycle expected to deliver an attractive EPS CAGR, and LAVV3, which should maintain elevated launches while capturing earnings growth from its backlog.

Strong Earnings Expected in 2Q25 on Robust Operating Performance. We anticipate Cyrela, Moura Dubeux, and Lavvi to be the highlights of the season, driven by strong operational results. CYRE should deliver 8% YoY net income growth, supported by increased revenues from backlog and sustained solid margins. MDNE should achieve a 39% YoY bottom-line expansion, fueled by higher land development and enrollment fees alongside elevated gross margin levels. LAVV should report 81% YoY net income growth, backed by robust net revenues (+63% YoY), solid margins, and increased equity income.

CYRE, MDNE, and LAVV should remain operationally defensive. For CYRE, (i) Vivaz's rising role amid robust demand momentum, (ii) the competitive edges of its high-income projects, and (iii) its stable funding amid potentially reduced supply from mid-sized players should sustain elevated SoS, creating room for launch expansion. MDNE's robust demand for high-end condominiums and Mood's expansion post-MCMV Group 4 creation should stabilize launches at a higher standard. Lavvi's expanding qualified landbank, solid demand, and accretive partnerships should keep launch volumes elevated. Overall, we expect these companies to continue benefiting from a combination of strong operational momentum since 2023, which has built a solid backlog, and significant launch growth potential in 2025-26. This should sustain robust earnings momentum, resulting in a strong EPS CAGR outlook.

We maintain our optimistic view on these names, reiterating CYRE as our top pick. We believe that operational stability amid a challenging macro environment and strong contracted earnings momentum are key factors for positioning within the mid- to high-income sector, given its strong sensitivity to interest rates (link). In our view, CYRE, MDNE, and LAVV combine greater resilience in the current cycle with a higher beta profile, making them attractive options to capture potential declines in long-term interest rates, despite their differing investment theses. We continue to maintain Cyrela as our top pick due to its compelling combination of (i) a consistent pace of project launches driven by its strong competitive edge in the high-income segment and the growing importance of Vivaz, (ii) a strong SoS level compared to peers, which we expect to continue in 2025-26, (iii) robust earnings momentum, (iv) attractive ROE levels nearing 20%, (v) high stock liquidity, and (vi) an appealing valuation at 4.6x P/E and 0.8x P/BV for 2026E.

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Moura Dubeux (MDNE3)

Robust Operational Data to Support 2Q25 Earnings Momentum

We are releasing our 2Q25 earnings preview, updating our estimates, and rolling our DCF-based TP to R$ 31.0/sh. (from R$ 26.0/sh.) to 2026YE, maintaining our Buy rating. We expect a robust 2Q25 with 39% YoY bottom-line expansion fueled by (i) strong net revenue expansion (+58% YoY) on the back of increased land development fees and increased enrollment revenues, and (ii) sustained elevated gross margin levels of 35.1%. Following above expected operating results in 2Q25, we've fine tuned our model to include increased net sales prospects (+11% and +3% in 2025-26), resulting in slightly elevated net revenue (+4% and +3% in 2025-26) and bottom-line estimates (+3% and +1% in 2025-26). Despite the solid stock rally since June, we remain constructive on the thesis, supported by (i) solid EPS growth (+26% CAGR 2024-27), (ii) attractive ROE, (iii) strong recurring dividends, and (iv) an attractive 4.2x P/E 26E valuation.

MDNE's robust operating data should support strong earnings in 2Q25. Net revenues should reach R$ 620mn (+58% YoY), driven by (i) strong enrollment fees supported by an elevated level of condominium adhesions (+490% YoY), (ii) expansion of land development fees due to increased condominium launches with high adhesion rates, and (iii) growth in development revenues fueled by solid net sales (+62% YoY). We expect gross margin to remain elevated at 35.1%, supported by (i) gradual expansion of development margins aided by Mood and (ii) a higher share of condominiums in the revenue mix, although slightly lower margins on land development fees may cause a marginal YoY decline (-1.6 p.p.). Overall, we project strong bottom-line growth to R$ 105mn (+39% YoY)

Tweaking net revenue estimates after 2Q25's operational preview. We have slightly revised our estimates following MDNE's better-than-expected operating data in 2Q25. We raised our net sales expectations by 11% for 2025, driven by an accelerated pace of condominium adhesions in 2Q25 and improved demand prospects for high-end condominiums, particularly in Recife, reflected in elevated SoS expectations (+4.8 p.p. in 2025). We expect this solid operating momentum to support net revenue growth, increasing our estimates by 4% and 3% for 2025 and 2026, respectively, based on higher enrollment and land development fees.

Profitability growth scenario maintained. We maintain our adjusted gross margin growth expectations (37.0% and 38.3% in 2025-26), supported by (i) an elevated share of condominiums in the revenue mix, (ii) increasing relevance of management fees as condominium projects mature, (iii) a lower level of resale in recent condominium projects, and (iv) gradual expansion of development margins with Mood's growing contribution.

Slightly adjusting valuation premises and introducing our YE2026 TP. We rolled our target price forward to 2026 and slightly adjusted valuation assumptions, incorporating updated expectations from the XP Macro team. Accordingly, we introduce our YE26 target price of R$ 31.0/sh (up from R$ 26.0/sh previously for YE25), maintaining a Buy rating. Despite the recent stock rally (+37% since May), we remain constructive on the thesis, supported by (i) solid EPS growth potential (+26% CAGR from 2024-27) driven by robust operational momentum, (ii) an attractive ROE outlook, (iii) strong and recurring dividend payout potential, and (iv) an appealing valuation at 4.2x P/E 26E.

Moura Dubeux (MDNE3)	Buy
Target Price (R$/unit)	31.00
Current Price (R$/unit)	21.12
Upside (%)	*47%*
Market Cap (R$ million)	1,770
# of shares (million)	84
Free Float (%)	59%
ADTV (R$ million)	16

2Q25 Preview and Changes to Estimates

Figure 10: 2Q25 Earnings Preview

Moura Dubeux (MDNE3)	2Q25E	2Q24	YoY	1Q25	QoQ
Net Revenues	620	392	58%	439	41%
Gross Profit	217	144	51%	148	47%
Gross Margin (%)	*35.1%*	*36.7%*	*-1.6 p.p.*	*33.8%*	*1.3 p.p.*
Adj. Gross Profit	229	152	51%	156	46%
Adj. Gross Margin (%)	*36.9%*	*38.7%*	*-1.8 p.p.*	*35.6%*	*1.3 p.p.*
EBITDA	115	82	40%	80	44%
EBITDA Margin (%)	*18.6%*	*20.9%*	*-2.3 p.p.*	*18.2%*	*0.4 p.p.*
Net Income	105	75	39%	70	49%
Net Margin (%)	*16.9%*	*19.1%*	*-2.2 p.p.*	*16.0%*	*0.9 p.p.*

Figure 11: Changes to estimates (2025-2027)

MDNE3	Old			New			New vs. Old		
	2025	2026	2027	2025	2026	2027	2025	2026	2027
Operational Data									
Launches (%Co)	3,528	3,709	3,813	3,566	3,842	3,972	1%	4%	4%
Net Pre-Sales (%Co)	2,822	3,303	3,620	3,118	3,410	3,759	11%	3%	4%
SoS (%Co)	49.2%	49.4%	50.3%	54.0%	51.9%	52.7%	4.8 p.p.	2.6 p.p.	2.5 p.p
Income Statement									
Net Revenues	**2,024**	**2,251**	**2,629**	**2,114**	**2,327**	**2,642**	**4%**	**3%**	**0%**
Adj. Gross Profit	**749**	**865**	**1,020**	**782**	**890**	**1,031**	**4%**	**3%**	**1%**
Adj. Gross Profit Margin	37.0%	38.4%	38.8%	37.0%	38.3%	39.0%	0.0 p.p.	-0.2 p.p.	0.3 p.p.
Adj. EBITDA	**418**	**494**	**586**	**437**	**506**	**595**	**4%**	**3%**	**2%**
Adj. EBITDA Margin	20.7%	21.9%	22.3%	20.7%	21.8%	22.5%	0.0 p.p.	-0.2 p.p.	0.3 p.p.
Adj. EBIT	**406**	**479**	**569**	**425**	**492**	**578**	**5%**	**3%**	**2%**
Adj. EBIT Margin	20.1%	21.3%	21.6%	20.1%	21.1%	21.9%	0.0 p.p.	-0.2 p.p.	0.3 p.p.
Net Financial Result	20	29	37	16	25	38	-19%	-16%	1%
EBT	**390**	**468**	**559**	**403**	**475**	**569**	**3%**	**1%**	**2%**
IR and CSLL	-46	-54	-63	-48	-56	-64	4%	4%	1%
% of EBT (Effective rate)	11.8%	11.6%	11.3%	11.9%	11.8%	11.2%	0.1 p.p.	0.2 p.p.	-0.1 p.p.
Net Income	**344**	**414**	**495**	**355**	**418**	**505**	**3%**	**1%**	**2%**
Net Margin	17.0%	18.4%	18.8%	16.8%	18.0%	19.1%	-0.2 p.p.	-0.4 p.p.	0.3 p.p.

Figure 12: XPe vs. Consensus' Estimates (2025-2026)

MDNE3	FY 2025E			FY 2026E		
R$mn	XPe	Consensus	%	XPe	Consensus	%
Net Revenues	2,114	2,030	4.1%	2,327	2,308	0.8%
Gross Margin	744	714	4.1%	848	830	2.3%
EBITDA	35.2%	35.2%	0.0 p.p.	36.5%	35.9%	0.5 p.p.
EBITDA Margin	399	416	-4.2%	464	492	-5.7%
Net Income	18.9%	20.5%	-1.6 p.p.	20.0%	21.3%	-1.4 p.p.
Net Margin	355	347	2.2%	418	416	0.7%
EPS	16.8%	17.1%	-0.3 p.p.	18.0%	18.0%	0.0 p.p.

Source: XP Research, Bloomberg

Valuation

Introducing our YE26 TP to R$ 31.00/sh.

Our 2026YE DCF-based target price of R$ 31.00 per share presents a 47% upside vs. current prices, assuming 4.5% growth in perpetuity. We use a FCFF (free cash flow to firm) valuation approach, where our main assumptions include: (i) 9.7% risk-free rate, (ii) 20% debt to (debt + equity) ratio and (iii) beta at 1.54, implying 16.5%, 18.2% and 9.5% nominal WACC, cost of equity and cost of debt, respectively.

Figure 13: Main DCF Assumptions

DCF	2026E	2027E	2028E	2029E	2030E	2031E	Perpetuity
EBIT	**492**	**578**	**606**	**593**	**583**	**577**	
Taxes	(56)	(64)	(68)	(69)	(69)	(69)	
NOPAT	**435**	**514**	**538**	**524**	**514**	**508**	
D&A	15	17	20	23	27	32	
Δ in Working Capital	(248)	(306)	(258)	(104)	(42)	(42)	
CAPEX	(29)	(34)	(40)	(47)	(55)	(64)	
FCFF	**173**	**192**	**260**	**396**	**444**	**434**	**3,793**

Figure 14: CAPM Model

Assumptions	
Risk Free Rate (BRL)	9.7%
MRP	5.5%
Levered Beta	1.54
Kd	9.5%
Ke	18.2%
WACC	**16.5%**
g	**4.5%**
Valuation (R$mn)	
EV YE26	2,822
Net Debt 2026	255
Minorities (Mkt Value) 2025	-4
Target Equity Value YE26	**2,571**
Outstading Shares	84
TP YE26 (R$)	**31.00**
Current Price (R$)	21.12
Upside	47%
Dividend Yield 2026	7.1%

Figure 15: Sensitivity Analysis

TP (R$)		WACC				
		14.5%	15.5%	16.5%	17.5%	18.5%
g	3.5%	35.0	31.6	28.9	26.4	24.3
	4.0%	36.3	32.6	29.7	27.1	24.9
	4.5%	37.7	33.8	31.0	27.9	25.5
	5.0%	39.3	35.1	31.7	28.7	26.2
	5.5%	41.1	36.4	32.8	29.7	27.0

Figure 16: XP vs. Consensus Estimates (P/E)

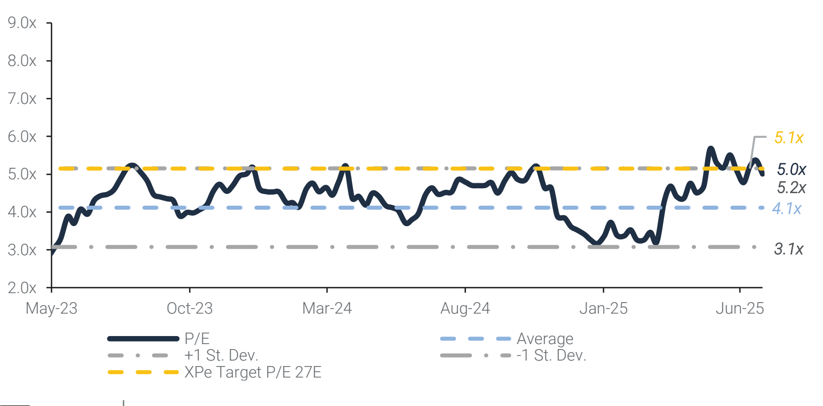
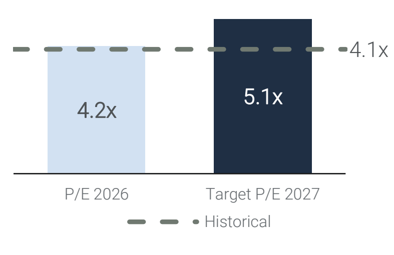


Figure 17: P/E Multiple Comparison



Source: LSEG Refinitiv, XP Research

XP Estimates (Summary) – MDNE3

Figure 18: XP – Moura Dubeux (MDNE3) Estimates

XP Estimates - MDNE3	2024A	2025E	2026E	2027E
Valuation				
EV (R$ Mn)	1,873	2,052	2,022	2,016
Market Cap (R$ Mn)	1,770	1,770	1,770	1,770
P/BV		1.0x	0.8x	0.7x
P/E		5.0x	4.2x	3.5x
ROE	17.3%	21.2%	21.2%	22.0%
ROIC	19.3%	24.0%	22.8%	23.1%
Dividend Yield	3.1%	5.8%	7.1%	10.0%
FCFF Yield	-1.6%	-2.7%	8.6%	9.5%
Net Debt/Equity	7.0%	16.0%	12.3%	10.4%
Consolidated Income Statement (R$mn)				
Net Revenues	1,570	2,114	2,327	2,642
Gross Profit	527	744	848	984
Gross Margin	*33.5%*	*35.2%*	*36.5%*	*37.2%*
EBIT	248	387	450	531
EBIT Margin	*15.8%*	*18.3%*	*19.3%*	*20.1%*
EBITDA	258	399	464	548
EBITDA Margin	*16.4%*	*18.9%*	*20.0%*	*20.7%*
Net Financial Results	42	16	25	38
Pre-tax income	290	403	475	569
Pre-tax margin	*18.5%*	*19.1%*	*20.4%*	*21.5%*
Net Income	251	355	418	505
Net margin	*16.0%*	*16.8%*	*18.0%*	*19.1%*
Shares Outstading	84	84	84	84
Consolidated balance sheet (R$mn)				
Total Debt	511	529	529	529
Net Debt	107	286	255	250
Equity	1,540	1,794	2,087	2,415
Assets	4,148	4,460	4,803	5,207
Operational Data (R$mn)	2024A	2025E	2026E	2027E
Launches (%Co)	2,542	3,566	3,842	3,972
Development	942	1,026	1,642	1,970
Condominium	1,600	2,540	2,200	2,002
Net Sales (%Co)	2,390	3,118	3,410	3,759
Development	810	1,088	1,289	1,629
Condominium	1,580	2,030	2,121	2,130
SoS (%Co)	54.3%	54.0%	51.9%	52.7%

Source: XP Research

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