

Homebuilders

2025 outlook: reassessing coverage amid macro headwinds; introducing YE25 estimates and TPs

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February 2, 2025

Low-income homebuilders remain our preferred theme. We have updated our estimates for the homebuilders under our coverage, incorporating new macroeconomic assumptions (and a higher cost of capital). In our view, low-income fixed mortgage rates remain the best play against the tightening cycle, as the segment should continue to benefit from the Minha Casa, Minha Vida (MCMV) improved environment. Construction inflation has raised some warning flags, but we remain confident in homebuilders' capacity to sustain healthy gross margin levels. We also note that any cost surprises can be mostly mitigated through price increases, while we would still expect solid earnings growth even under deteriorated gross margin levels (an unlikely 2pps gross margin miss would still drive an average 31% EPS CAGR 2024–2026).

We have a more cautious stance on the mid/high-income niche, but favorable micro trends shouldn't be overlooked. The hawkish environment should continue to dominate the segment's newsflow, putting additional pressure on savings accounts and leading to further increases in mortgage rates, which at some point could take a greater toll on sales. Valuations are also likely to stay compressed (~5.2x P/E) given the segment's strong correlation to long-term rates, staying out of most of investors' radar until the macro sentiment improves. Nonetheless, sales have not yet shown clear signs of deceleration, while São Paulo's mid/high-income inventory remains at the lowest level since February 2020 (mortgage rates were close to a historical low), a positive sign for homebuilders' future launches.

How to play the homebuilding game? CURY > CYRE > DIRR. In a tough year for Brazilian equity markets, investors are likely to favor more established stories with consistent earnings, as valuation levels should take a back seat in investment decisions. Accordingly, we are promoting Cury as our top pick in light of the company's strongest gross margin levels and cash conversion in the industry, which should support higher dividend payments. Meanwhile, we see Cyrela defying industry fundamentals with a flawless operation, while its shares are trading near an all-time low 4.3x P/E despite record-high profitability ratios. Direcional also remains among our preferred names, reflecting the company's excellent execution, stronger dividends (13% yield in 2025E) supported by a positive cash flow outlook, and attractive valuation levels.

Reiterating Outperform ratings on PLPL, TEND, LAVV, and MDNE. We see Plano & Plano trading at an attractive 4.3x P/E (35% discount to Cury's and Direcional's average 6.6x multiple), while it combines solid earnings growth, an unleveraged balance sheet and strong dividend prospects. Meanwhile, we believe Tenda is closer than ever to successfully implement its full turnaround, accelerating its deleveraging process given the improved earnings outlook (2025 ROE of 33%). Finally, we also keep our Outperform ratings on Lavvi and Moura Dubeux. Both companies carry lower inventory levels and lower leverage, supporting higher profitability ratios (2025 ROE of 27% for LAVV and 17% for MDNE).

Downgrading MRVE and EVEN and keeping Neutral rating on EZTC. Although we believe that Resia's downsizing plan should bear fruits in the long run, it should already have a major impact on the company's P&L in 2025, while its higher leverage (120% net debt/equity, including credit assignments) should take a toll on its earnings power. As a result, we view MRV shares trading at a 6.2x 2025 P/E valuation, implying a 13% premium to its peers' average. We are also downgrading Even to Neutral, as we are more on the sidelines regarding the company's future results given the higher inventory levels and the pipeline of large high-end developments that could take a greater toll on its balance sheet and profitability ratios. Finally, we keep our Neutral rating on Eztec given the still-high inventory levels and soft ROE outlook.

Mind the risks: (i) higher-than-expected construction inflation pressuring companies' cash flow and gross margin levels; (ii) funding shortage for the MCMV program resulting from higher FGTS withdrawals; (iii) higher mortgage rates and lower household affordability taking a greater-than-expected toll on future sales; (iv) higher cancellations considering the expected peak of deliveries in 2025/2026; and (v) tax reform – VAT taxes on mid/high-income homebuilders could reach as high as ~4% (vs. 2% currently).

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Moura Dubeux

Leveraging regional strength to navigate macro instability – reinforcing Outperform

We are introducing our YE25 target price of R\$20.6/share for Moura Dubeux (from R\$21.5/share), implying a 63% upside, thus justifying 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 a higher cost of capital; and (iii) fine-tuned estimates. We forecast R\$2.6bn in launches in 2025 and 2026, translating into R\$2.5bn and R\$2.7bn in net sales, respectively.

Compelling growth story at a big discount following the recent stock sell-off. Since its IPO in 2020, Moura Dubeux has delivered a compelling 46% net sales CAGR with an average 47% SoS ratio, which brought its inventory to 11 months of sales, a welcoming sign for its future launches. All in all, we expect the company's launches to reach R\$2.6bn in 2025 and 2026, which should translate into a 11% 2024–2026 earnings CAGR and a 17% average ROE. Nonetheless, since the recent sell-off (-25% stock performance since November 2024), we see the company's shares trading at an attractive 3.8x 2025 P/E valuation, the cheapest in our coverage universe, while it supports an unleveraged balance sheet (8% YE24 net debt/equity) allowing for higher dividend payments (10% yield in 2025).

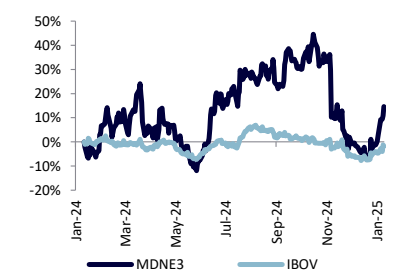
Valuation. We estimate a total equity value of R\$1.7bn (R\$20.6/share) for Moura Dubeux. Our valuation is based on: (i) the company's current discounted NAV (liquidation value), totaling R\$0.6bn (R\$6.9/share); plus (ii) the NPV of its future cash flows (FCF estimate until 2035, discounted at a WACC of 18.1%), totaling R\$1.1bn (R\$13.7/share), for which we assume an average NPV margin (average net margin forecast for future launches) of 13.3%.

MDNE3	
Rating	Outperform
Current price	R\$ 12.64
Target price (12m-fwd.)	R\$ 20.60
Upside potential	63%

Multiples	24E	25E	26E
P/E	4.3x	3.8x	3.4x
P/BV	0.7x	0.6x	0.6x
Dividend yield	5.2%	9.6%	14.6%
ROE	17.3%	17.2%	17.1%

Market data	
Market cap	R\$ 1,073mn
52 week low-high	R\$ 10.1 / 16.8
ADTV (3mn)	R\$ 10mn
Shares outstanding	85mn
Free float	68%
LTM performance	7.3%
YTD performance	17.0%

MDNE3 vs. Ibovespa



Source: Bloomberg and Safra.

Figure 94. Valuation breakdown

Valuation	Sum-Of-Parts	Equity (R\$m)	R\$/share
(a)	NPV receivables	775	9.2
(b)	NPV inventory	531	6.3
(c)	Landbank and other	-511	-6.1
(d)	Net cash (debt)	-215	-2.6
	Current NAV	580	6.9
(e)	NPV new launches	2,346	28.0
(f)	NPV holding (G&A + CAPEX)	-1,198	-14.3
	Future NPV	1,148	13.7
Total	Equity value / target price	1,728	20.6

Figure 95. 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\$	4.18%	Cost of debt (R\$)	11.9%
Brazil risk	3.00%	Effective tax rate	15.0%
Brazil country risk - 10y	7.18%	Cost of debt after tax (Kd)	10.1%
Forex (R\$/US\$)	2.00%	Capital structure	
10y Brazil risk - R\$	9.18%	Equity	90%
Equity risk premium	6.12%	Debt	10%
Liquidity discount	1.00%	WACC	18.1%
Beta	1.44	Perpetual growth (g)	3.5%
Cost of equity (Ke)	19.0%		

Source: Safra.

Source: Safra.

Figure 96. Main changes in Moura Dubeux's estimates

(BRL mn)	2024			2025			2026		
	New	Previous	% change	New	Previous	% change	New	Previous	% change
Net revenues	1567	1561	0.4%	1785	1683	6.1%	1841	1831	0.6%
Adj. gross profit	568	580	-2.0%	658	641	2.7%	700	700	0.1%
Adj. gross margin (%)	36.3%	37.2%	-88 bps	36.9%	38.1%	-122 bps	38.0%	38.2%	-18 bps
Net income	249	243	2.3%	282	270	4.2%	308	310	-0.6%
Net margin (%)	15.9%	15.6%	29 bps	15.8%	16.1%	-28 bps	16.8%	17.0%	-19 bps
Launches (%MD)	2346	2307	1.7%	2560	2480	3.2%	2636	2960	-10.9%
Net sales (%MD)	2400	2372	1.2%	2484	2371	4.8%	2679	2680	0.0%
ROE	17.3%	16.8%	43 bps	17.2%	16.5%	4.4%	17.1%	17.2%	-0.5%
WACC	18.1%	16.1%	200 bps	18.1%	16.1%	200 bps	18.1%	16.1%	200 bps

Source: Safrá.

Figure 97. Safrá vs. Bloomberg consensus

(BRL mn)	2024			2025			2026		
	Safrá	Consensus	Safrá vs Consensus	Safrá	Consensus	Safrá vs Consensus	Safrá	Consensus	Safrá vs Consensus
Net revenues	1567	1569	-0.1%	1785	1642	8.7%	1841	1809	1.8%
Gross profit	539	529	2.0%	621	575	8.0%	660	631	4.7%
Gross margin (%)	34.4%	33.7%	70 bps	34.8%	35.0%	-24 bps	35.9%	34.9%	101 bps
Net income	249	243	2.7%	282	272	3.6%	308	315	-1.9%
Net margin (%)	15.9%	15.5%	43 bps	15.8%	16.6%	-78 bps	16.8%	17.4%	-63 bps

Source: Bloomberg and Safrá.

Figure 98. Valuation sensitivity analysis – stabilized launches vs. NPV margin

		Stabilized launches - 2025						
		1,700	2,200	2,700	3,200	3,700	4,200	4,700
NPV margin of launches	10.3%	4.1	7.5	10.9	14.3	17.7	21.1	24.5
	11.3%	5.3	9.0	12.7	16.4	20.1	23.8	27.6
	12.3%	6.4	10.4	14.5	18.5	22.6	26.6	30.7
	13.3%	7.5	11.9	16.2	20.6	25.0	29.4	33.7
	14.3%	8.6	13.3	18.0	22.7	27.4	32.1	36.8
	15.3%	9.7	14.8	19.8	24.8	29.8	34.9	39.9
	16.3%	10.8	16.2	21.6	26.9	32.3	37.6	43.0

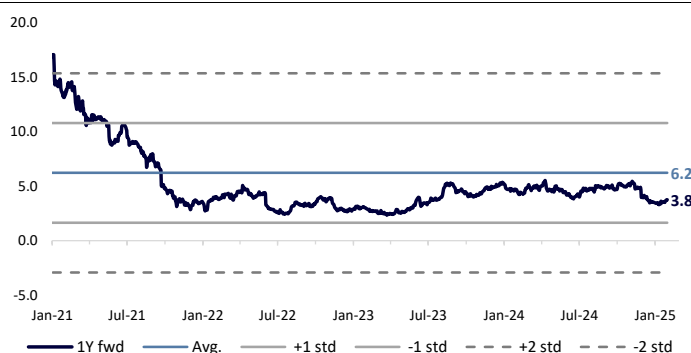
Source: Safrá.

Figure 99. Valuation sensitivity analysis – WACC vs. perpetual growth

		WACC						
		19.6%	19.1%	18.6%	18.1%	17.6%	17.1%	16.6%
Perpetual Growth (g)	2.0%	18.9	19.3	19.8	20.2	20.7	21.3	21.8
	2.5%	19.0	19.4	19.9	20.4	20.9	21.4	22.0
	3.0%	19.1	19.5	20.0	20.5	21.0	21.6	22.1
	3.5%	19.2	19.6	20.1	20.6	21.2	21.7	22.3
	4.0%	19.3	19.8	20.2	20.8	21.3	21.9	22.5
	4.5%	19.4	19.9	20.4	20.9	21.5	22.1	22.7
	5.0%	19.5	20.0	20.5	21.1	21.7	22.3	23.0

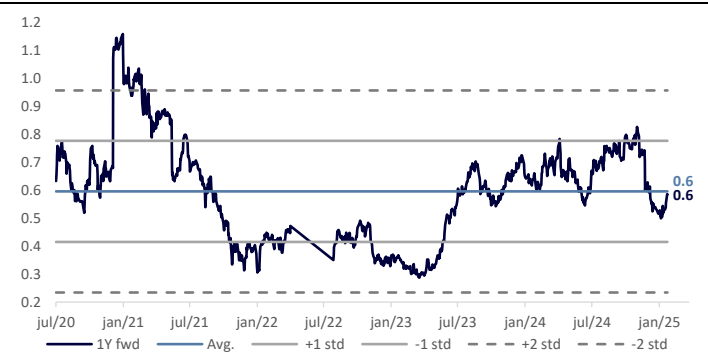
Source: Safrá.

Figure 100. Moura Dubeux's 1Y fwd P/E



Source: Bloomberg and Safrá.

Figure 101. Moura Dubeux's 1Y fwd P/BV



Source: Bloomberg and Safrá.

Figure 102. Safrá Analysis and Valuation Scorecard (SAVS)

P&L	2023A	2024E	2025E	2026E
Launches (% MD)	1,612	2,542	2,560	2,636
Contracted sales (% MD)	1,482	2,484	2,484	2,679
SoS ratio	44.4%	53.6%	52.8%	55.1%
Net revenues	1,151	1,567	1,785	1,841
COGS	(751)	(1,028)	(1,164)	(1,181)
Gross profit	400	539	621	660
Gross margin	34.7%	34.4%	34.8%	35.9%
SG&A expenses	(192)	(255)	(284)	(302)
SG&A expenses/net revenues	16.7%	16.3%	15.9%	16.4%
EBITDA	179	263	312	333
EBITDA margin	15.6%	16.8%	17.5%	18.1%
EBIT	172	253	301	322
EBIT margin	14.9%	16.2%	16.9%	17.5%
NOPAT	134	214	258	277
NOPAT Margin	11.7%	13.7%	14.5%	15.1%
Pre tax profit	193	290	325	353
Taxes	(38)	(39)	(43)	(44)
Minorities and others	(0)	2	-	-
Reported net profit	156	249	282	308
Normalized net profit	156	249	282	308
<i>Normalized net margin</i>	13.5%	15.9%	15.8%	16.8%
Dividends	0	55	102	155

Balance Sheet (BS)	2023A	2024E	2025E	2026E
Cash and equivalents	302	358	217	142
Accounts receivables	1,013	1,364	1,680	1,761
Inventories	1,069	1,020	1,137	1,291
Other current assets	102	263	274	283
Total current assets	2,487	3,005	3,308	3,478
Long-term assets	598	587	587	587
Permanent assets	354	367	368	368
Total assets	3,438	3,959	4,263	4,433
Accounts payables	121	84	108	114
Short-term debt	93	33	87	92
Other current liabilities	1,484	1,668	1,816	1,899
Total current liabilities	1,698	1,784	2,010	2,105
Long-term debt	246	446	345	266
Other long-term liabilities	156	188	188	188
Total long-term liabilities	402	635	533	455
Minorities	-4	-4	-4	-4
Shareholders equity	1,341	1,544	1,724	1,877
Total liabilities	3,438	3,959	4,263	4,433

Source: Safrá.

YoY Growth Rates	2023A	2024E	2025E	2026E
Launches (% MD)	-13.6%	57.7%	0.7%	3.0%
Contracted sales	10.1%	67.6%	0.0%	7.8%
Net revenues	44.0%	36.1%	13.9%	3.1%
Gross profit	50.0%	34.9%	15.1%	6.3%
SG&A expenses	28.1%	32.4%	11.6%	6.1%
EBITDA	94.0%	46.7%	18.5%	6.8%
EBIT	96.3%	47.5%	18.7%	6.9%
NOPAT	106.0%	59.6%	20.4%	7.5%
Normalized net profit	47.1%	59.8%	13.1%	9.5%
Dividends	<i>n.a.</i>	<i>n.a.</i>	86.7%	51.8%

Leverage and BS Metrics	2023A	2024E	2025E	2026E
Inventory days	512	357	352	394
Accounts receivable days	317	313	339	344
Accounts payable days	58	29	33	35
Current liquidity	1.5	1.7	1.6	1.7
Invested capital	1,378	1,666	1,939	2,094
Net debt/EBITDA	0.20	0.46	0.69	0.65
Net debt/total assets	0.01	0.03	0.05	0.05
EBITDA/net financial result	8.40	7.14	13.24	10.76

Return and Others	2023A	2024E	2025E	2026E
Market Cap. (R\$m)	1139.9	1059.4	1059.4	1059.4
EV (R\$m)	1168.7	1168.2	1262.0	1263.7
EV/EBITDA	6.5	4.4	4.0	3.8
P/E	7.3	4.3	3.8	3.4
P/B	0.9	0.7	0.6	0.6
ROIC	9.7%	12.9%	13.3%	13.2%
ROE	12.4%	17.3%	17.2%	17.1%
Asset turnover	0.33	0.40	0.42	0.42
WACC	18.1%	18.1%	18.1%	18.1%
Cost of equity	19.0%	19.0%	19.0%	19.0%
Dividend yield	0.0%	5.2%	9.6%	14.6%
Net debt	37	121	215	217
Net debt/equity	3%	8%	12%	12%

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Indústria e Comércio, Exes Araguaia FIAGRO - 4ª Emissão, Exes FII - 4ª Emissão, Fator Veritá Multiestratégia FII - 1ª Emissão, Fator Veritá Multiestratégia FII - 2ª Emissão, Fazenda Pioneira Empreendimentos Agrícolas S.A., Ferrari Agroindústria S.A., FI Infra Safr Asset, Fibrasil S.A., FII Capitânia Shoppings - 4ª Emissão, FII Invista Brazilian Business Park - 2ª Emissão, FII Patagônia Multiestratégia - 1ª Emissão, FII RBR Crédito Pulverizado - 2ª Emissão, FII REC Fundo de CRI Cotas Amortizáveis - 1ª Emissão, Financeira Alfa S.A., Foom URE - BA Ambiental, Forma Certa Soluções Gráficas Ltda., Frigol S.A., FS Indústria de Biocombustíveis Ltda., Fundo de Fundos de Investimento Imobiliário Kinea FII - 4ª Emissão, Gazit Malls FII - 2ª Emissão, Genial Malls FII - 5ª Emissão, Gestora de Inteligência de Crédito S.A., GGR Covepi FII - 6ª Emissão, GLP Capital Partners Gestão de Recursos e Administração Imobiliária Ltda., Greenwich Agro FIAGRO - 2ª Emissão, Guardian Logística FII - 5ª Emissão, Guardian Real Estate FII - 6ª Emissão, Hedge Brasil Logístico Industrial FII - 1ª Emissão, Hedge Brasil Logístico Industrial FII - 2ª Emissão, Hedge Brasil Logístico Industrial FII - 5ª Emissão, Hedge Recebíveis - 6ª Emissão, HSI Ativos Financeiros FII - 2ª Emissão, HSI Malls FII - 3ª Emissão, HSI Malls FII - 4ª Emissão, Huma Capital Ltda., Icatu Vanguarda GRU Logístico FII - 1ª emissão, Iguatemi Empresa de Shopping Centers S.A., In-Haus Servicos Industriais e Logística S.A., Inter Amerra Fiagro Imobiliário - 2ª Emissão, Inter Desenvolvimento FII - 1ª Emissão, Inter Infra FIC Renda Fixa - 3ª Emissão, Inter Infra FICF INC de Invest Infra RF CP - 2ª Emissão, Ipiranga Agroindustrial S.A., Itapebi Geração de Energia S.A., Itaú FIC FI Infra - 4ª Emissão, Itaú FIC FI INFRA CDI - 1ª Emissão, Jasc Renda Varejo Essencial FII - 4ª Emissão, JBS S.A., JBS USA Lux / JBS USA Food Company / JBS Luxembourg, JF Citrus S.A., JiveMauá Bossanova FIC FI-Infra - 1ª Emissão, JS Ativos Financeiros - 2ª Emissão, JS Ativos Financeiros - 3ª Emissão, JSL S.A., Karoon Petróleo e Gás Ltda, Kinea Agro Income USD

FIAGRO - 1ª Emissão, Kinea Crédito Agro FIAGRO-Imobiliário - 4ª emissão , Kinea Hedge Fund FII - 2ª Emissão, Kinea High Yield CRI FII - 6ª Emissão, Kinea Oportunidades Real Estate FII - 1ª Emissão, Kinea Renda Imobiliária FII - 8ª Emissão, Kinea Rendimentos Imobiliários - 10ª Emissão, Kinea Rendimentos Imobiliários - 11ª Emissão, Kinea Securities FII - 5ª Emissão, Kinea Unique HY CDI FFII - 3ª Emissão, Lar Cooperativa Agroindustrial, Lavvi Empreendimentos Imobiliários S.A., Life Capital Partners FII - 5ª Emissão, Life Capital Partners FII - 6ª Emissão, Localiza Rent a Car S.A. , LOGCP Inter FII - 4ª Emissão, Lojas Belian Moda Ltda., Lucca Incorporações e Participações S.A., LWART Soluções Ambientais, Maha Energy Finance SARL, Manati Capital Hedge Fund FII - 5ª Emissão, Marfrig Global Foods S.A., Mauá Capital Real Estate FII - 3ª Emissão, Maxi Renda FII - 10ª Emissão, Maxi Renda FII - 9ª Emissão, Minas Mineração Ltda., MRV Engenharia e Participação S.A., Multiplan Empreendimentos Imobiliários S.A., Navi Infra FIP IE - 1ª Emissão, Neoenergia Distribuição Brasília, Newport Logística FII - 3ª Emissão, Nex Crédito Fiagro Imobiliário - 2ª Emissão, Nortis Incorporadora e Construtora S.A., Nu Infra FIC Infra RF CP - 2ª Emissão, Onda Desenvolvimento Imobiliário FII - 1ª Emissão, One Innovation Empreendimentos e Participações S.A., Open K Ativos e Recebíveis Imobiliários FII - 6ª Emissão, Open K Ativos e Recebíveis Imobiliários FII - 7ª Emissão, Órama High Yield FII - 2ª Emissão, Orizon Valorização de Resíduos S.A., Oryx Bonds Conversíveis EUA ETF, Parshop Participações Ltda., Patria Crédito Infra Renda FIC FI- Infra - 1ª Emissão, Patria Recebíveis Imobiliários FII - 10ª Emissão, Patria Renda Urbana FII RL Unica - 5ª Emissão, Paulista Praia Hotel S.A., Pedra Agroindustrial S.A., PetroReconcavo S.A., Plano & Plano Desenvolvimento Imblr S.A., Portoseg S/A Crédito, Financiamento e Investimento, Quartzo Real Estate Development Mult FII - 1ª Emissão, Randon S. A. Implementos e Participações, RBR Crédito Imobiliário Estruturado - 7ª Emissão, RBR Plus Multiestratégia Real Estate FII - 3ª Emissão, RBR Plus Multiestratégia Real Estate FII - 4ª Emissão, RBR Premium RI FII - 2ª Emissão, REC Cajamar IV Participações S.A., REC Multiestratégia Fundo de Investimento Imobiliário - 1ª Emissão, RIFF FIC FI - Infra - 1ª emissão, Rio Bravo ESG IS FIC FI Infra RF CP - 3ª Emissão, Rio Bravo Renda Varejo RVBA, Riza Terrax FII - 3ª Emissão, Riza Terrax FII - 4ª Emissão, Rumo Malha Paulista S.A., Santos Brasil Participações S.A., Seara Alimentos Ltda., SLC Agrícola S.A., SLC Máquinas Ltda., Smart Real Estate FII - 2ª Emissão, Sociedade Beneficente Israelita Hospital Albert Einstein, Sparta FIAGRO - 3ª Emissão, Sparta FIAGRO - 4ª Emissão, Sparta FIC FI Infra - 5ª Emissão, Sparta Infra CDI FICF Inc de Inv Infra RF - 6ª Emissão, Sparta Infra CDI FICFI Infra RF CP - 5ª Emissão, Speciale Real Estate FII - 2ª Emissão, Stonex MB Crédito Agro FIAGRO - 2ª Emissão, Suno Energias Limpas - 3ª Emissão, Suno Multiestratégia FII - 2ª Emissão, Tekno S.A. Indústria e Comércio, Tellus Rio Bravo Renda Logística FII - 6ª Emissão, Tenax RFA Incentivado - 1ª Emissão, TG Ativo Real - 13ª emissão, TG Renda Urbana FII - 1ª Emissão, Tigre S.A. Participações, TJK Renda Imobiliária FII - 2ª Emissão, Transportadora Associada de Gás S.A., Travelex Issuerco 2 PLC, Triple Play Brasil Participações S.A., TRX Hedge Fund FII - 1ª Emissão, TRX Real Estate FII - 10ª Emissão, Unidas Locações e Serviços S.A., Unidas Locadora S.A., Usina Lins Agroindustrial S.A., Usina Vale do Tijuco, Vale S.A., Valora CRI CDI FII - 7ª Emissão, Valora CRI CDI FII - 8ª Emissão, Valora CRI CDI FII - 9ª Emissão, Valora Renda Imobiliária FII - 1ª Emissão, Vamos Locação de Caminhões, Máquinas e Equipamentos S.A., VBI Prime Properties FII, VBI Real Estate Gestão de Carteiras S.A., Vectis Gestão de Recursos Ltda., Vera Cruz Agropecuária Ltda, Vera Cruz CRI Residencial High Grade - 1ª Emissão, Vero, Viação Piracicabana S.A., Vicunha, Vinci Shopping Centers FII - 10ª Emissão, Vitru Brasil Empreendimentos, Participações e Comércio S.A., WHG Real Estate - 3ª Emissão, XP Infra II FIP-IE - 5ª Emissão, XP Malls FII - 11ª Emissão, Zagros Multiestratégia FII - 2ª Emissão, Zamp S.A..

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