Moura Dubeux | Buy; TP R$16.50/sh.

September 13, 2023

Real Estate - Homebuilders

The Northeastern Gem; Initiating at Buy

Exploring untapped potential for growth and profitability

We are initiating coverage of Moura Dubeux (MDNE3) with a Buy rating and YE24 TP of R$ 16.50/sh (+53% upside from current price). Our positive view on MD relies on three main reasons: (i) Moura Dubeux is likely to maintain its dominance in the Northeast region (market share of 20%[1] considering launches from 2012 to 2021), with a solid launches pipeline (+8.1% YoY 24E) amid a significant lack of competition; (ii) Solid gross margin outlook vs. peers (34.9% 24E vs. 31.8% 24E peers avg.) given a combination of (a) costs under control helping development margins; and (b) attractive gross margin from condominiums (47.1% 24E); (iii) Significant EPS growth avenue (+36% YoY 24E) and robust ROE (13.4% 23E and 15.8% 24E) not fairly priced in, with P/BV 24E at 0.6x vs. 0.8x sector average. **That said, our TP implies a target P/E 25E of 5.1x (currently at 3.9x 24E) and a target P/BV 25E of 0.8x (currently at 0.6x 24E).**

Leadership positioning in the Northeast. We see MD well-positioned in the Northeast, taking advantage of (i) Lack of local competition; and (ii) Relevant Southeastern players' exodus from the region in the last few years (see analysis on page 12). Consequently, Moura Dubeux was able to build a solid landbank (R$ 8.4bn in 2Q23). The company is the only listed name in the region, with constant access to capital markets. In 2020, Moura Dubeux raised ~R$1.1bn via IPO (100% primary), boosting launches (%Co) from R$ 354mn in 2019 to R$ 1.86bn in 2022. In addition, we see a solid operational growth avenue, with launches reaching R$ 1.94bn in 2023E (+4.2% YoY) and R$ 2.10bn in 2024 (+8.1% YoY), and sales reaching R$ 1.52bn in 2023E (+13.5% YoY) and R$ 1.83bn in 2024 (+20.1% YoY).

Top-notch execution after the IPO. Moura Dubeux has focused on the mid/high-income segment, presenting a solid operating performance vs. peers (the second largest company in terms of launches in 2022 in our coverage, only below Cyrela). Beyond the significant launches ramp-up after the IPO, Moura Dubeux maintained a healthy gross margin (gross margin in 2022 of 33.3% vs. 29.1% peers avg.), despite costs under pressure from 2021 to 2022, reinforcing MD's solid execution capacity. Furthermore, the company presents a robust balance sheet (ND/Equity at -5.8% in 2Q23), which should support potential launches growth.

We see Moura Dubeux as a solid combination of growth and profitability. We expect to continue seeing higher consolidated gross margins vs. peers, driven by (i) Costs under control helping real estate development profitability; and (ii) Strong margins stemming from the condominium business model. Additionally, condominiums should also be an upside risk in terms of cash generation, given their unique operation method with lower cash exposure (see analysis on page 15). Thus, our gross margin estimates are 100bps above the consensus in 23E and 30bps in 24E, and our net income estimates are 8.6% above the consensus in 24E.

The cheapest name in our coverage. We see Moura Dubeux's solid returns (we expect ROE at 15.8% in 2024E vs. 12.2% 24E avg. peers in our coverage) and consistent growth (we expect EPS growth of 60% 23E and 36% 24E) positioning the company as a scarce quality asset, although not priced accordingly (P/BV 24E at 0.6x vs. 0.8x sector average). Thus, our TP of R$ 16.50/share implies 53% upside and a target P/E 25E of 5.1x and target P/BV 25E of 0.8x vs. current levels (24E) of 3.9x and 0.6x, respectively. **Risks to our call:** (i) Mortgage rates and funding availability; (ii) Fiercer-than-expected competition in the Northeast; (iii) Higher-than-expected construction costs inflation; (iv) Execution risks given the increase construction sites; and (v) Low liquidity (R$ 4mn ADTV).

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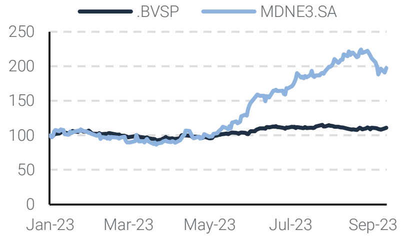
Moura Dubeux (MDNE3)	Buy
Target Price (R$/sh.)	16.50
Current Price (R$/sh.)	10.78
Upside (%)	*53%*
Market Cap (R$ million)	897
# of shares (million)	83
Free Float (%)	40%
ADTV 3M (R$ million)	4

MDNE3 Performance vs. IBOV (LTM)



Source: Companies, Bloomberg, Datazap, Economatica, LSEG Refinitiv, XP Research | Notes: (1) Considering launches from 2012 to 2021 in Recife, Fortaleza, Salvador, Natal, Maceió, João Pessoa and Aracajú (excluding MCMV/CVA projects)

Summary

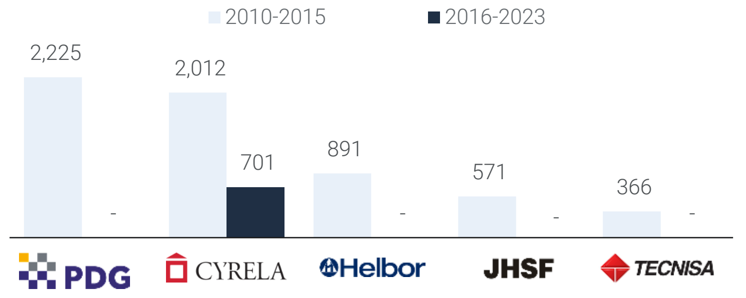
Three Reasons to Buy Moura Dubeux

The Northeastern Gem– Initiating at a Buy and YE24 TP of R$16.5/sh.

Undisputed Market Leader with Lower Competition

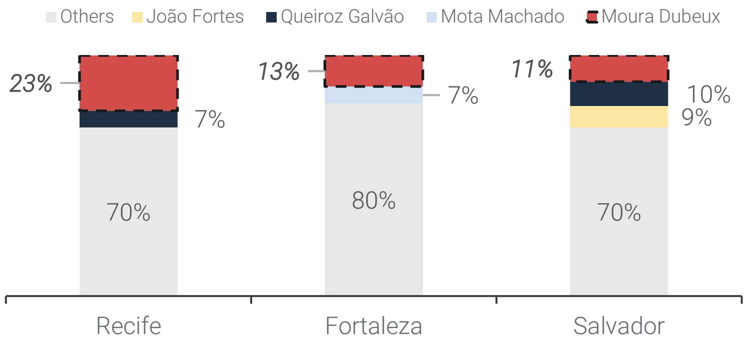
Capitalized Players Exodus from the Northeast Decreased Competition…

Selected Companies Launches Exposure in the Northeast: 2010-2015 vs. 2016-2023 (R$mn of PSV)



…and Moura Dubeux's Consistent Operational Performance Collaborated to Market Consolidation

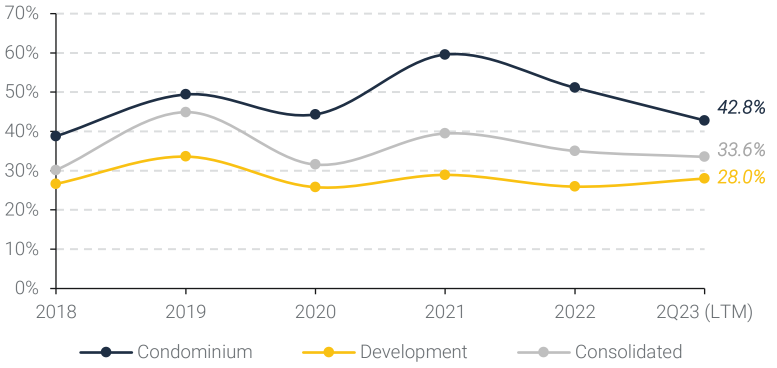
Market share per Region (in units launched from 2012 to 2021)(1)



Unique Business Model with Attractive Margins

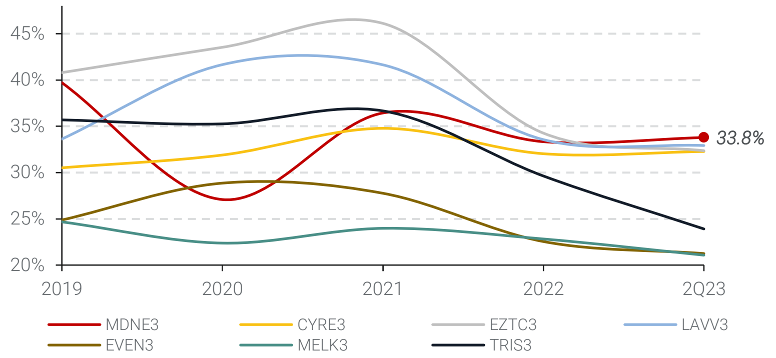
Attractive Margins from the Condominium Business Model Support a Strong Profitability…

Adjusted Gross Margin Composition – Moura Dubeux



…and Moura Dubeux Gross Margin Proved to be Resilient vs. Peers

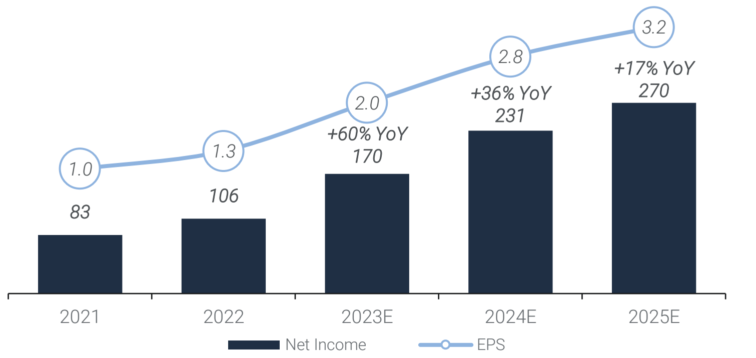
Gross Margin Comparison vs. Mid/High-Income Peers in XP Coverage



Strong Returns not Fairly Priced In

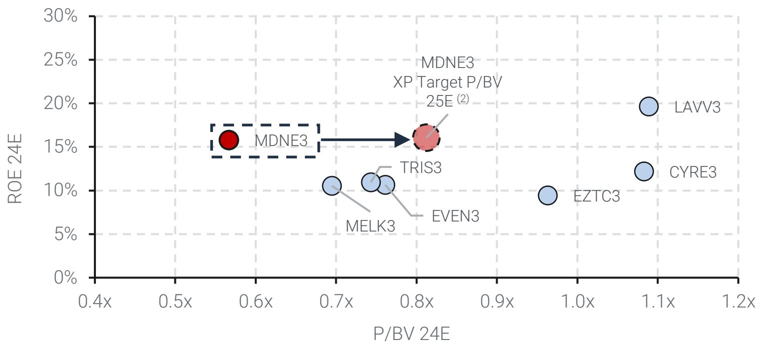
A Combination of Growth and Solid Profitability Should Boost Bottom-Line…

Net Income & EPS - Historical and XP Estimates



…Which Should Lead to a Potential Multiple Re-Rating

P/BV 2024E vs. ROE 2024E (XP Coverage)



Source: Companies, Datazap, LSEG Refinitiv, XP Research | Notes: (1) Considering launches from 2012 to 2021 (excluding MCMV/CVA projects); (2) Considering ROE 2025E for target multiples

Moura Dubeux (MDNE3): The Northeastern Gem

XP Estimates – Consolidated Financials

Figure 01: MDNE3 – Operational Data + XP Estimates

Operational Data (R$mn)	2021A	2022A	2023E	2024E	2025E
Launches (%Co)	1,110	1,866	1,944	2,101	2,184
% YoY Growth	*65.2%*	*68.2%*	*4.2%*	*8.1%*	*3.9%*
Development	517	1,222	1,224	1,370	1,424
Condominium	593	644	720	731	760
Net Sales (%Co)	1,311	1,345	1,527	1,834	1,963
% YoY Growth	*142.9%*	*2.5%*	*13.5%*	*20.1%*	*7.0%*
Development	674	797	892	1,101	1,210
Condominium	663	555	640	733	753
Sales Speed (from Net Pre-Sales)	60.2%	47.9%	42.6%	43.7%	43.2%

Figure 02: MDNE3 – Consolidated Financials + XP Estimates

Consolidated Income Statement (R$mn)	2021A	2022A	2023E	2024E	2025E
Net Revenues	620	800	1,208	1,505	1,618
Gross Profit	226	266	415	525	569
Gross Margin	*36.4%*	*33.3%*	*34.4%*	*34.9%*	*35.2%*
EBIT	62	88	210	287	310
EBIT Margin	*10.0%*	*11.0%*	*17.4%*	*19.1%*	*19.2%*
EBITDA	66	93	217	298	325
EBITDA Margin	*10.7%*	*11.6%*	*18.0%*	*19.8%*	*20.1%*
Net Financial Results	37	40	-5	-12	7
Pre-tax income	99	127	206	275	317
Pre-tax margin	*15.9%*	*15.9%*	*17.0%*	*18.3%*	*19.6%*
Net Income	83	106	170	231	270
Net margin	*13.4%*	*13.2%*	*14.0%*	*15.3%*	*16.7%*
Shares Outstading	83	83	83	83	83
Consolidated balance sheet (R$mn)					
Total Debt	125	125	193	193	193
Net Debt	-60	-129	71	-2	-5
Equity	1,075	1,182	1,351	1,581	1,689
Assets	2,694	2,819	3,425	4,059	4,362

Figure 03: 2023E XP vs. Consensus

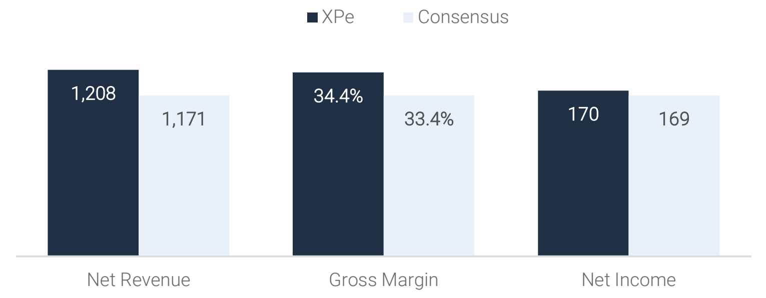
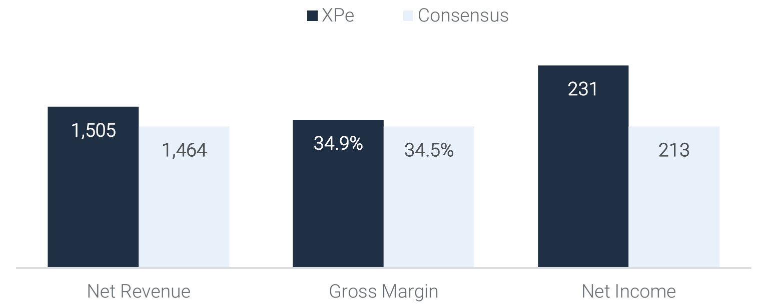


Figure 04: 2024E XP vs. Consensus



Source: Bloomberg, XP Research

Market Overview

Macro Factors Have Significant Impact on Valuation

Mid/High-Income Multiples Have Strong Correlation to Long-Term Interest Rates

The mid/high-income segment has a stronger correlation to macro factors (vs. the low-income segment). We observed a significantly higher correlation to long-term interest rates in the mid/high-income segment (MAP) vs. low-income segment looking at an 8-year spectrum (Fwd P/BV correlation vs. NTN-B 2032 of 89% in MAP vs. 66% in the low-income segment; Figures 5 and 6). Therefore, we see a higher average beta in our MAP coverage (avg. beta of 1.31 vs. 1.19 in the low-income segment), which, in our view, reflects the higher dependence of the segment on the macro scenario of funding, affordability, and demand in the segment vs. low-income names (subsidized conditions).

Long-term interest rates tend to stand out vs. Selic cuts. Looking at the relation between the average mortgage interest rates and the historical movement of short-term interest rates (Selic), we didn't note a significant timing delay between effective cuts in Selic and a downward reaction from mortgage interest rates (Figure 7), although we highlight that mortgage interest rates movements tend to have a strong correlation to savings accounts net inflow. Nonetheless, the mid/high-income segment multiples don't seem to have a strong correlation to Selic (Figure 8), indicating that long-term interest rates have higher pricing impacts on stocks vs. short-term interest rate cuts, in our view.

Figure 5: BZ Low Income[1] - Forward P/BV vs. NTN-B (2032) Yield (8Y)

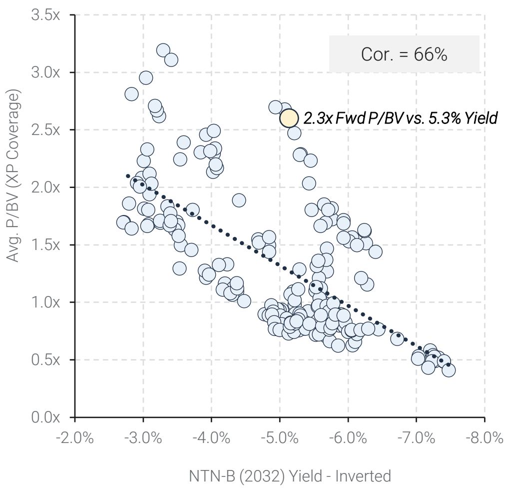


Figure 6: BZ Mid/High[2] - Forward P/BV vs. NTN-B (2032) Yield (8Y)

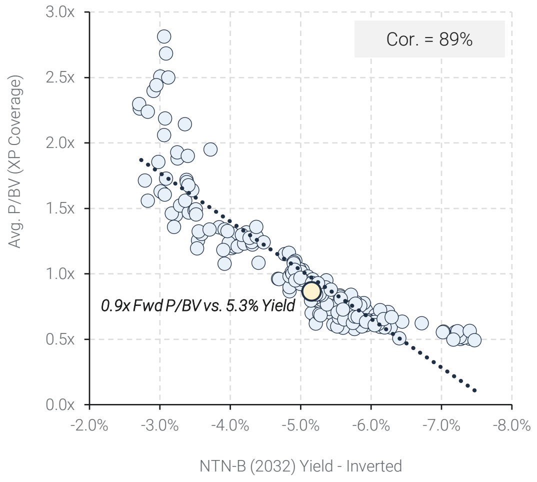


Figure 7: Avg. Mortgage Interest Rates (Individuals) vs. Selic

Figure 8: BZ Mid/High-Income Segment – Historical Forward P/BV vs. Selic (Annual)

Source: BCB, LSEG Refinitiv, XP Research | Notes: (1) Low-income names in our coverage (CURY3, DIRR3, PLPL3, TEND3, MRVE3); (2) Mid/High-income names in our coverage (CYRE3, EZTC3, EVEN3, MDNE3, MELK3, LAVV3, TRIS3)

Macro Factors Have Significant Impact on Valuation

Although the Mid/High-Income Segment Outperformed, Multiples Seem Far from the Historical High

Rate-sensitive sectors outperformed amid a long-term interest rate downward movement. We highlight a significant downward movement in long-term interest rates (Figures 9 and 10), since May 2023, explained by (i) encouraging signs of gradual disinflation in the economy; and (ii) a reduction of fiscal risks after the approval of the new fiscal framework. As a result, markets started pricing in a gradual easing cycle (started on August 2nd, with the Central Bank cutting the Selic by 50bps) bringing down long-term rates. That said, rate-sensitive sectors outperformed (eg. mid/high-income segment; see Figure 11).

… but mid/high-income segment multiples seem far from historical high. Although the positive YTD stock performance from mid/high-income names helped multiples to gradually increase (avg. FWD P/BV of 0.9x in Sep-23 vs. 0.6x in Jan-23), the still high NTN-B long-term yields (~5.7% from Sep-22 to Sep-23 vs. ~3.2% from Sep-19 to Sep-20) seem to have maintained the mid/high-income segment out off investors' radar, and multiples seem far from 2020's historical high (see Figure 12). We do not expect interest rates to reach close to 2020 levels in the mid-term (XP Macro Team expects the Selic rate to reach 10% by mid-2024), but further long-term interest rate decreases could continue helping the sector's stocks.

Figure 9: Long-term interest rates (DI) curve

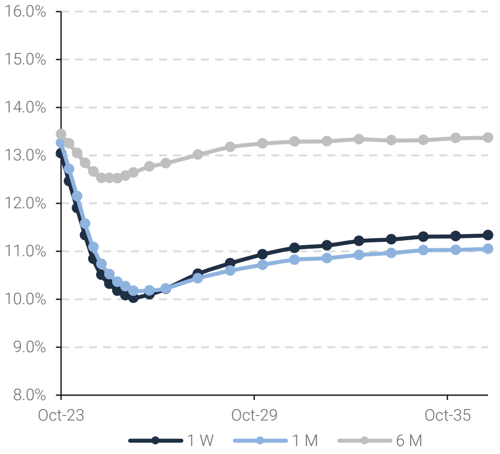


Figure 10: Long-term NTN- B curve

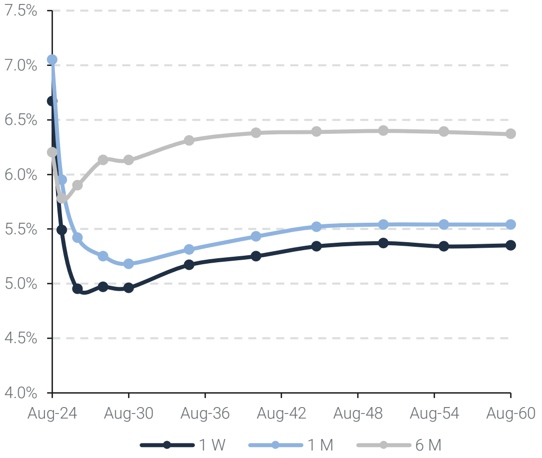


Figure 11: BZ mid/high-income coverage stock performance (YTD)

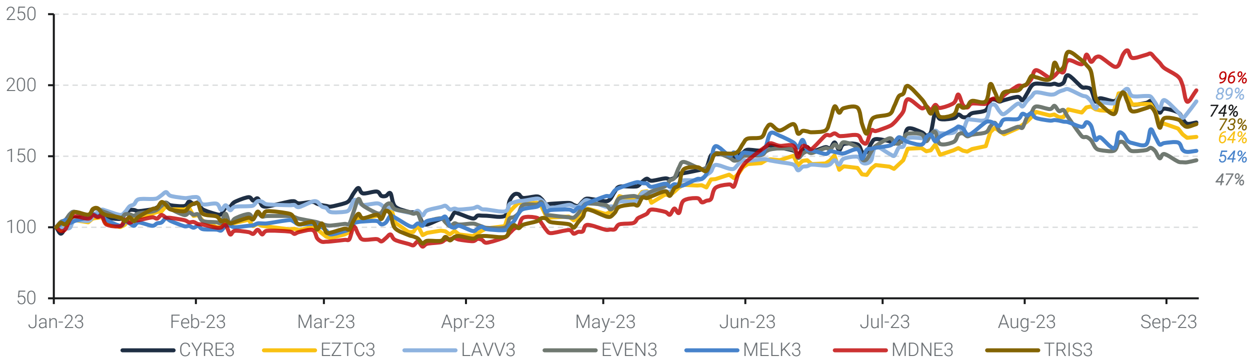
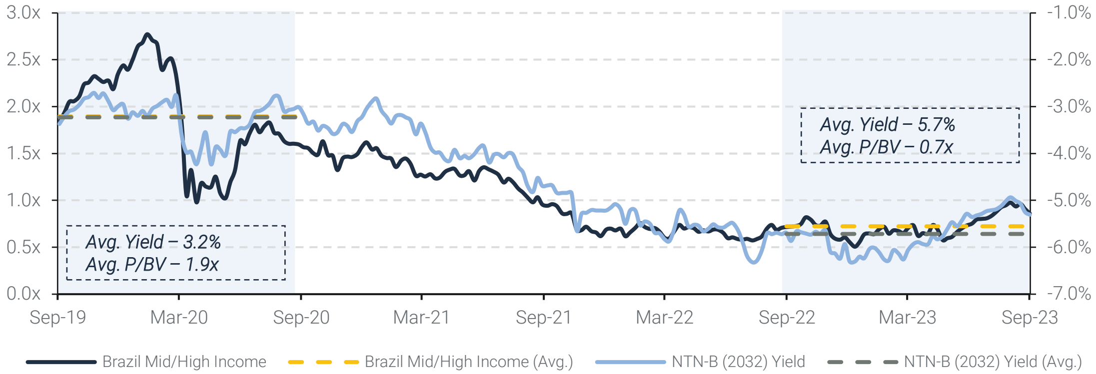


Figure 12: BZ Mid/High – Historical Forward P/BV vs. NTN-B (2032) Yield (4Y)



Source: Broadcast, LSEG Refinitv, XP Research

We See a Better Profitability Scenario Ahead

Higher Interest Rates Should Last Longer, but Lower Construction Costs Could Help Profitability

Savings account withdrawals should put pressure on mortgage interest rates for longer… Net inflow from Saving Accounts (LTM) reached -R$ 91bn in Jul-23 (+32% YoY; see Figure 13), explained by the higher interest rates scenario. Amid the persistence of savings account withdrawals, we expect SBPE funding to continue under pressure (although not at critical levels), which could maintain mortgage interest rates at higher levels for longer than expected, potentially affecting mortgage concessions volume going forward.

…but the construction cost inflation cooling down should help profitability. Construction costs inflation spiked through 2021, but the consistent decrease in materials inflation (from 28.9% YoY in Jul-21 to 0.3% YoY in Jul-23) has brought INCC close to pre-pandemic levels (see Figure 14). As a consequence of a more stabilized inflation scenario, mid/high-income names should start presenting better profitability, with older projects (2020/2021 launches with lower margins) being gradually less representative in the P&L. We also highlight Northeast CUB lagging vs. other regions (see Figure 15), which could be a trigger for a faster development gross margin recovery for Moura Dubeux.

Figure 13: SBPE vs. Mortgage Concessions – LTM Volume (R$bn)

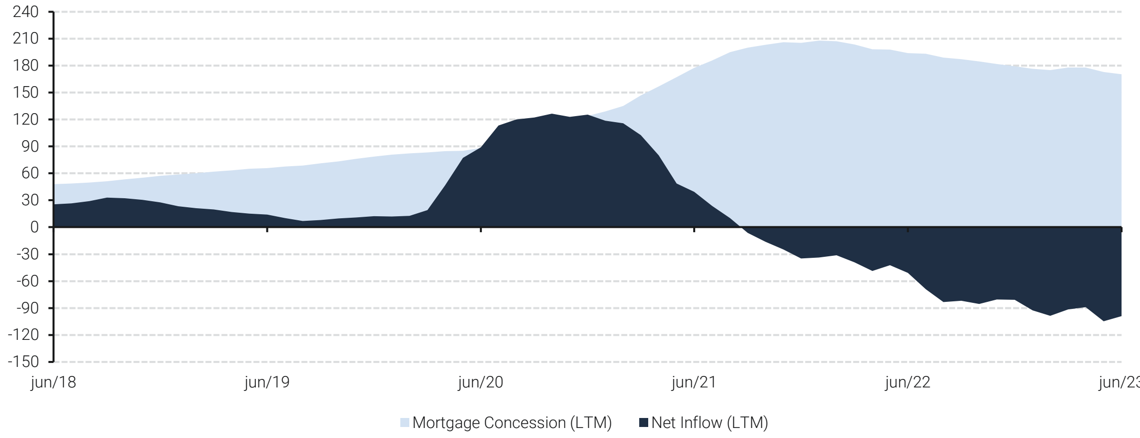


Figure 14: Construction Costs Inflation (LTM)

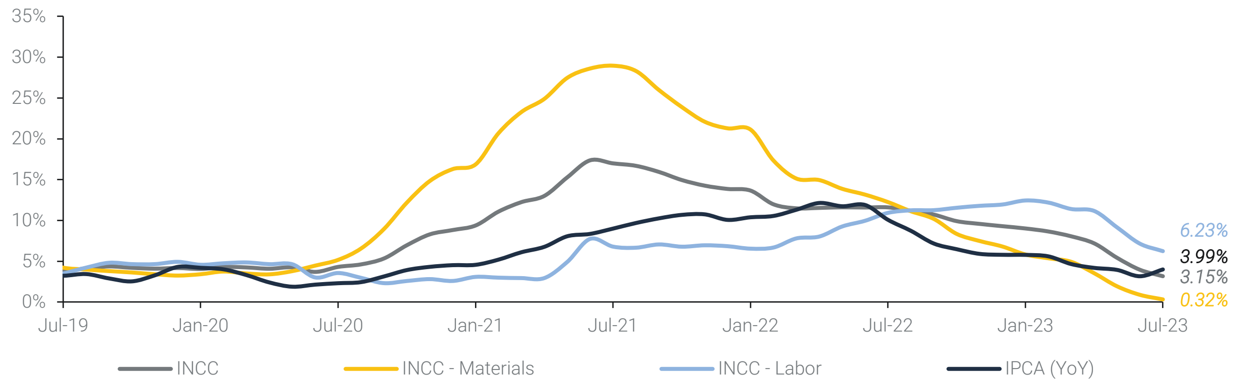
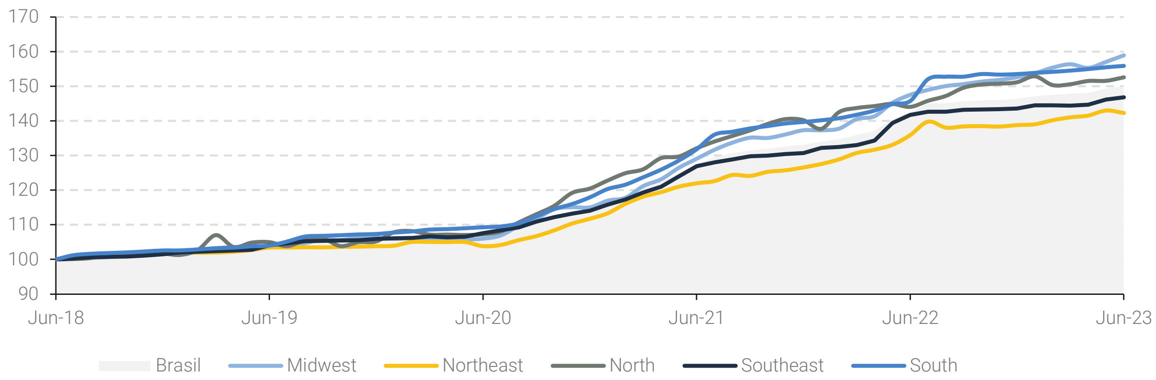


Figure 15: Basic Unitary Cost of Construction (CUB) per sqm – Jun/18 = 100



Source: Abecip, BCB, CBIC, FGV, XP Research

Northeast Development Segment at a Glance

A Relevant Market with a Lack of Consistent Supply

The third most relevant market in Brazil. The Northeastern real estate development segment has consistently maintained itself as one of the most important in Brazil (see Figure 16). It is the third most relevant market in the country, with 49k launched units (LTM) in 2Q23 (17% market share), not far from the South region (2nd most relevant), with 55k launched units (LTM) in 2Q23 (19% market share).

Outperforming in terms of SoS. Looking at sales speed (SoS) performance, the Northeast region has constantly outperformed both the Southeast and South regions (see Figure 17), with an average 417bps positive gap to the Southeast and an average 623bps gap to the South. That said, despite Northeast's launches gap to the beforementioned regions, sales performance seems to indicate a positive demand scenario.

Lack of consistent supply leads to low inventory levels. Since 2Q21, net pre-sales volume (in units) in the Northeast has been higher than launches volume (except for 4Q22; see Figure 18). That said, despite the evident lack of newly launched products, sales maintained a reasonable level, which dragged months of inventory in the region to 9.7 (lowest in Brazil; see Figure 19). Thus, we see the Northeast real estate development market as strong in terms of demand, and the inconsistent supply of launches seems to indicate a lower competition environment.

Figure 16: LTM Launches Distribution per region (in 000' Units – CBIC Data)

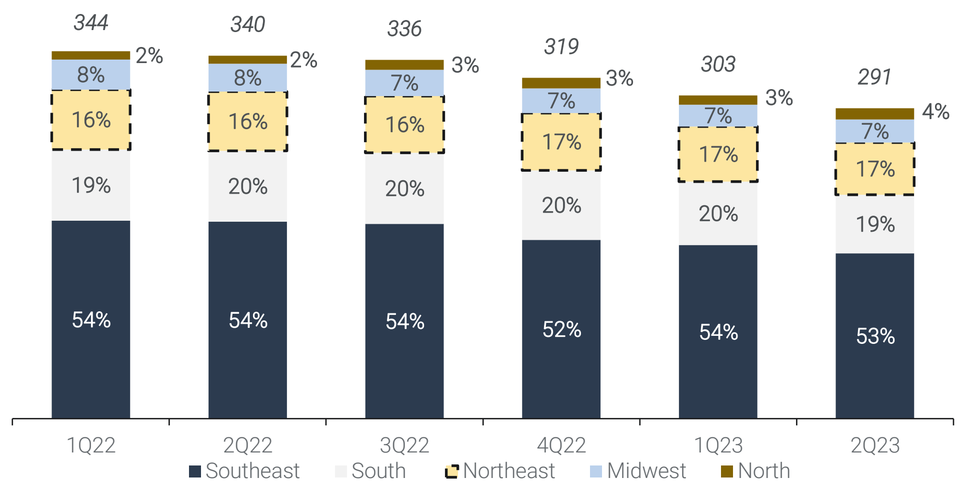


Figure 17: Quarterly SoS per Region (in % - CBIC Data)

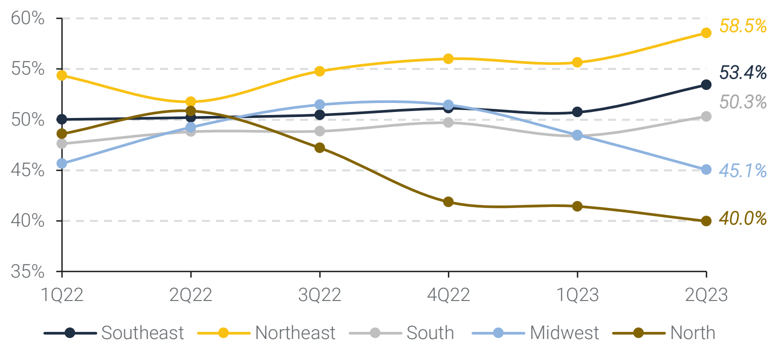


Figure 18: Launches & Net Pre-Sales (Quarter) – Northeast (In 000' Units)

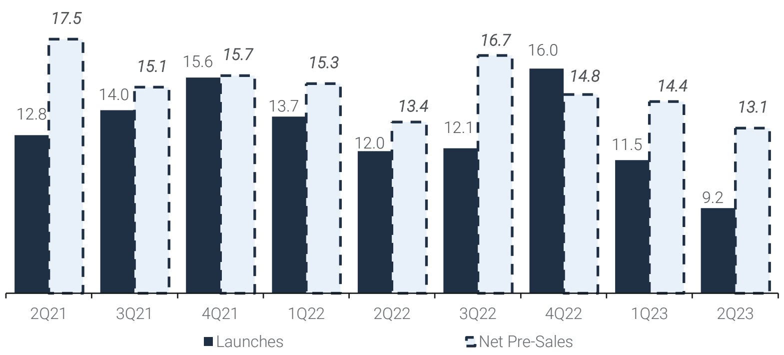
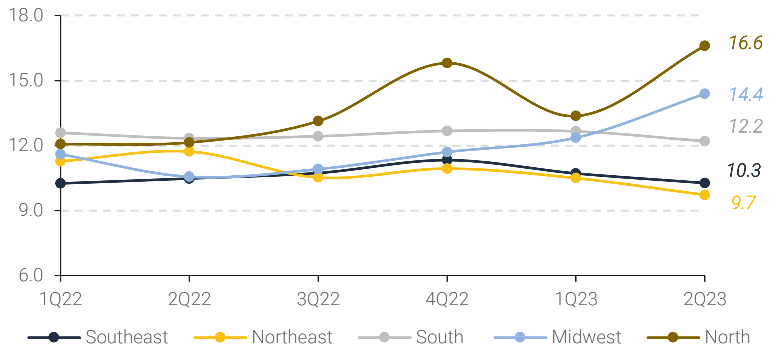


Figure 19: Months of Inventory (from LTM Net Pre-Sales) – Regions



Source: CBIC, Brain, XP Research

Three Reasons to Buy Moura Dubeux

#1 - Undisputed Market Leader with Lower Competition

Understanding Track Record and Regional Positioning

A well-established company in the Northeast. Moura Dubeux was founded in 1983 by Aluísio, Gustavo, and Marcos José Moura Dubeux in Recife (State of Pernambuco). Since its foundation, Moura Dubeux focused its exposure in the high-end/luxury segment (not solely), also extending its portfolio to the second home segment through the "Beach Class Suites" brand. In 2007, after establishing extensive experience in the real estate development segment and a leadership position in Recife, Moura Dubeux started its regional expansion plan, increasing exposure to other Northeast capitals (Natal, Fortaleza, Maceió, and Salvador).

Starting a capitalization cycle early ensured Moura Dubeux a solid landbank. In 2009, the company began its capitalization cycle with its first access to capital markets (issuance of debentures). After completing its IPO in 2020 (R$ 1.1bn raised, 100% primary), Moura Dubeux significantly strengthened its land bank (~R$ 8.4bn in PSV in 2Q23), increasing the exposure in its dominant regions (Pernambuco, Ceará, and Bahia), and expanding its operations to João Pessoa (PB) and Aracaju (SE) in 2021. Thus, the company was able to accelerate its launch ramp-up, reaching ~R$ 4.3bn in PSV since the IPO.

Figure 20: Moura Dubeux Timeline

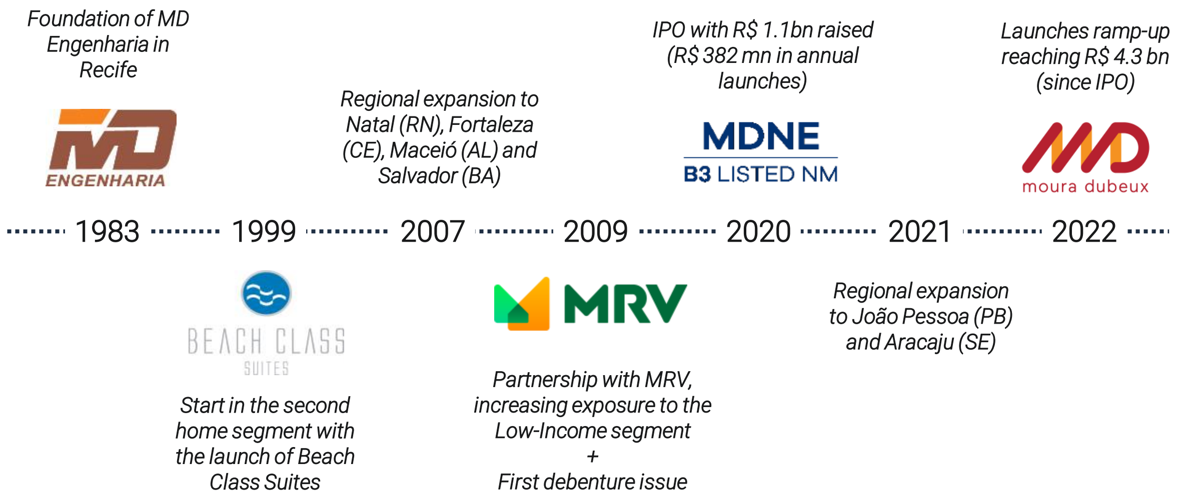
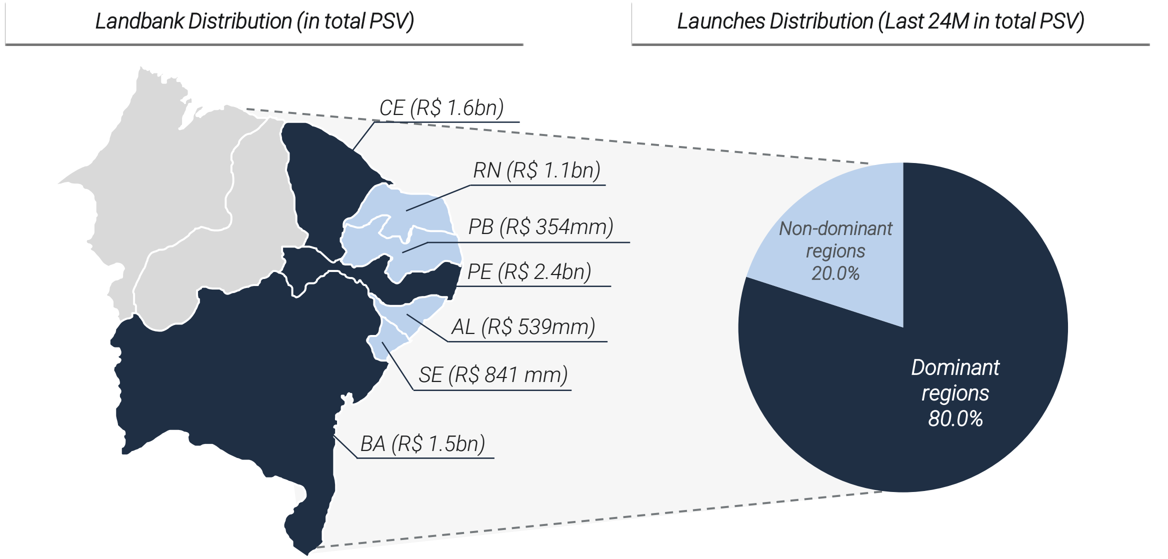


Figure 21: Landbank and Launches Regional Distribution



Source: Company, XP Research

#1 - Undisputed Market Leader with Lower Competition

Capitalized Players Exodus from the Northeast Decreased Competition…

An unsuccessful experience of increasing regional exposure. From 2008 to 2014, relevant Southeast companies (e.g. PDG, Cyrela, and Helbor) increased their exposure to the Northeast amid a booming real estate market environment and launches reached an average of ~R$ 21bn/year[(1)] in that period. In 2015, with the start of a market downturn, the oversupply forced a rapid reduction of companies' exposure to the Northeast (see Figure 24), which had a negative impact on prices (see Figure 25) and launches volume in the region decreased to ~R$ 5bn/year from 2015-2021[(1)].

A clear path in terms of competition. Mid/high-income names in our coverage remain underexposed to the Northeast. Only Cyrela placed launches in the region in the last 24 months (R$ 701mn; See Figure 22). As a result, Moura Dubeux appears as the only capitalized company to continue operating in the Northeast with consistency (launches reaching ~R$ 3.9bn in the last 24M), opening room for the company to continue gaining market share.

Figure 22: XP Mid/High-Income Coverage Launches Distribution per selected regions (Last 24M in R$mn of PSV)

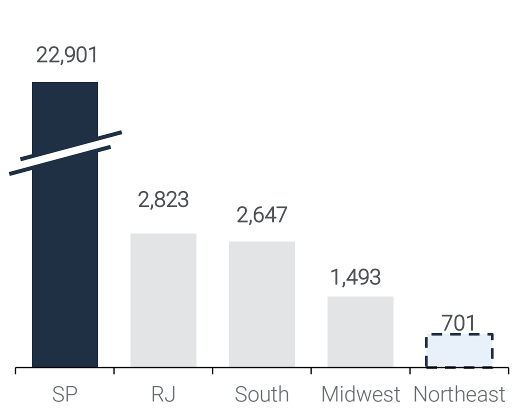


Figure 23: Moura Dubeux Launches Distribution per state (Last 24M in R$mn of PSV)

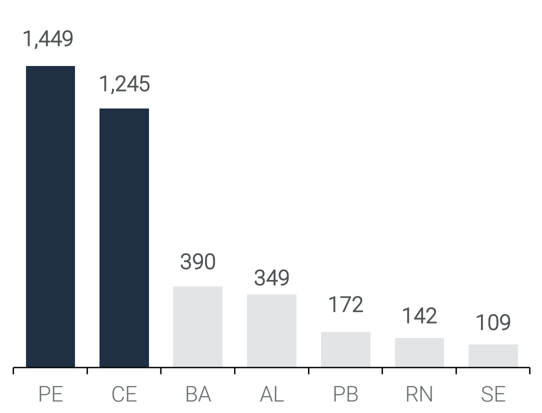


Figure 24: Selected Companies Launches Exposure in the Northeast: 2010-2015 vs. 2016-2023 (R$mn of PSV)

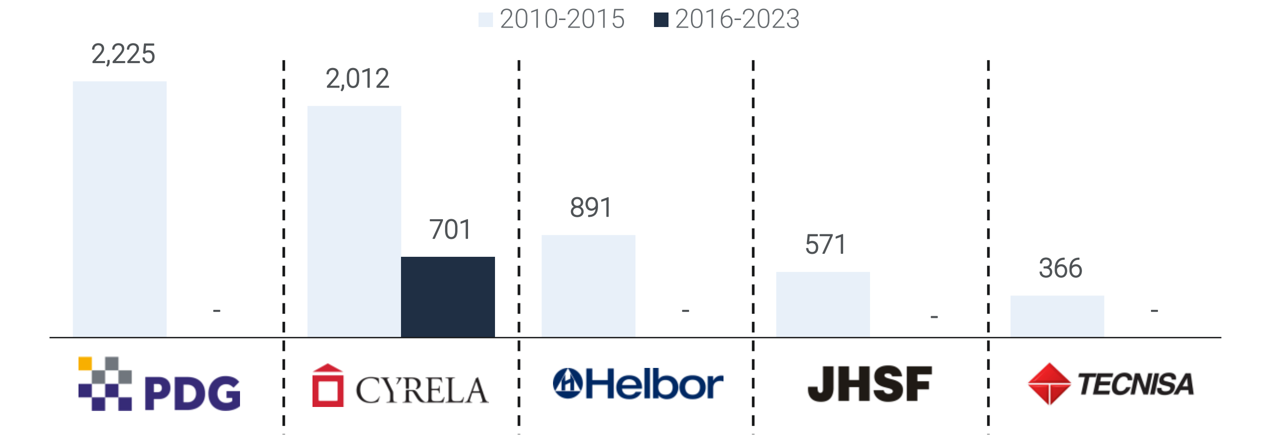
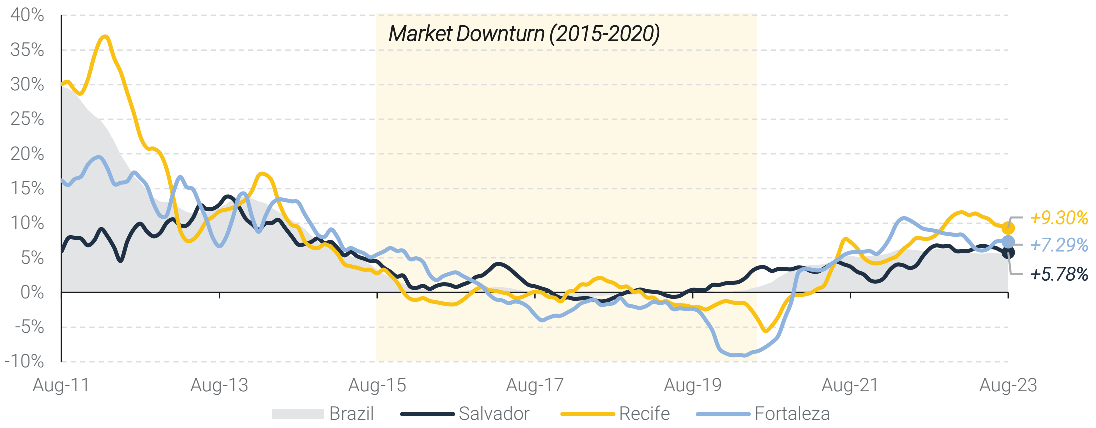


Figure 25: FipeZap Index – R$/sqm YoY Variation



Source: Companies, Datazap, Fipezap. XP Research | Notes: (1) Considering Datazap data for Aracajú, Fortaleza, João Pessoa, Maceió, Natal, Recife, Salvador

#1 - Undisputed Market Leader with Lower Competition

…and Moura Dubeux's Consistent Operational Performance Collaborated to Market Consolidation

Local competitors lost traction after the crisis. Relevant northeastern companies (e.g. Queiroz Galvão, João Fortes, and Mota Machado) also took advantage of the positive market conditions from 2008 to 2014 to accelerate launches (~R$ 5bn(1) from 2012 to 2014; see Figure 26). After the 2015 crisis, the more difficult environment for funding prevented these companies from maintaining the same launches pace (~R$ 500mn(1) from 2015 to 2022).

Moura Dubeux IPO in 2020 supported the launches ramp-up… Moura Dubex's IPO in 2020 raised R$ 1.1bn (100% primary). Despite significantly helping the financial leverage scenario (Net Debt from R$1.1bn in 2019 to R$7mn in 2020), the capitalization helped Moura Dubeux to rapidly ramp up launches, reaching R$ 1.86bn in 2022 (from R$ 672mn in 2020).

…and the company consolidated itself as an undisputed market leader in the Northeast. As a consequence of a consistent launches volume from 2020 to 2022 and a lack of competition, Moura Dubeux managed to consolidate itself as the top player in the main Northeast capitals (market share of 23% in Recife; 13% in Fortaleza; and 11% in Salvador; see Figure 28). That said, with a robust launches pipeline ahead (we expect R$ 1.94bn in 2023E and R$ 2.1bn in 2024; see Figure 27), we believe that Moura Dubeux could extend its dominance, amid a seemingly low competition scenario in the Northeast.

Figure 26: Launches (in total PSV) – Moura Dubeux's Main Competitors in the Northeast (2012-2022)

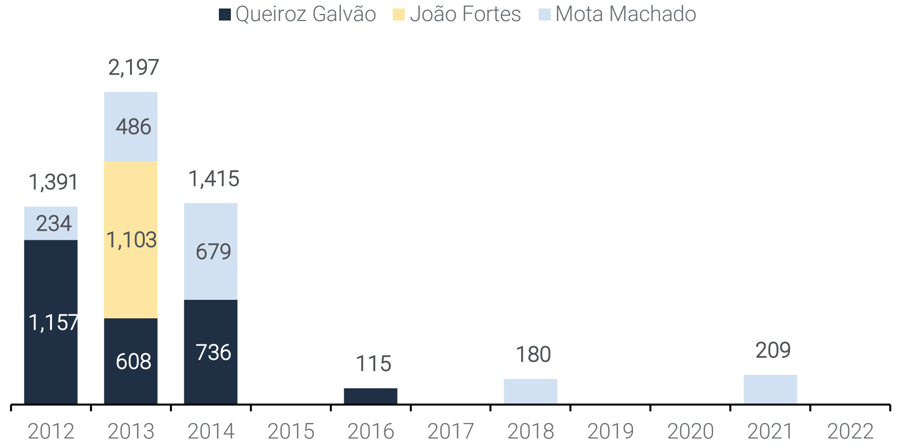


Figure 27: Moura Dubeux's Historical Launches and Net Pre-Sales (PSV in R$mn)

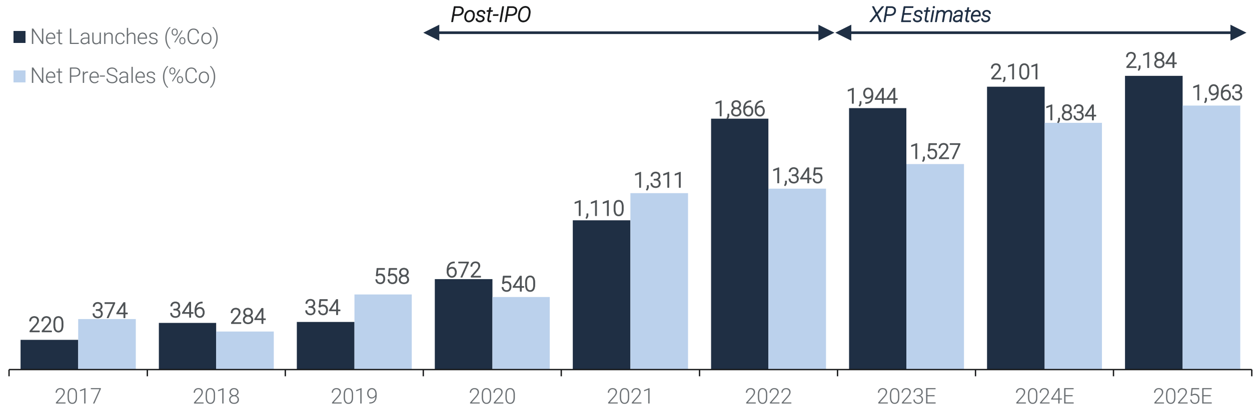
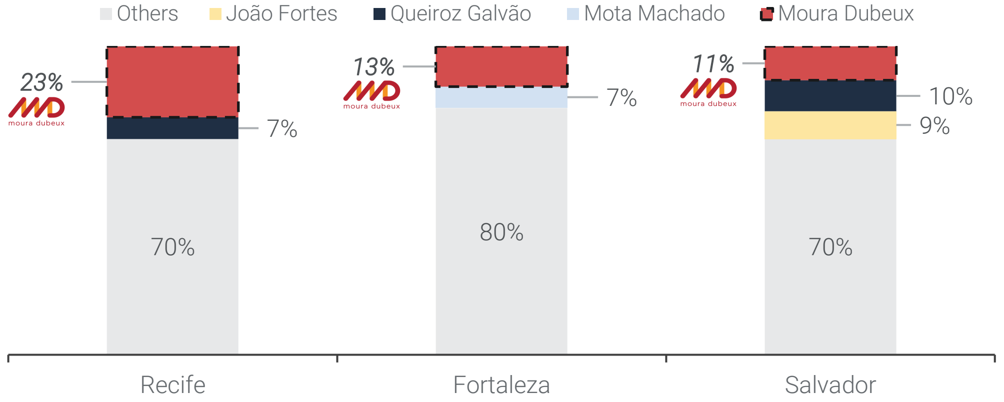


Figure 28: Launches Market Share per Region (in units from 2012 to 2021)(2)



Source: Company, Datazap, XP Research | Notes: (1) Considering only launches from Queiroz Galvão, João Fortes, and Mota Machado; (2) Considering launches from 2012 to 2021 (excluding MCMV/CVA projects)

#2 - Unique Business Model with Attractive Margins

Understanding Moura Dubeux Business Model

Moura Dubeux has two operating methods. Moura Dubeux has a fully integrated business model, participating directly in all phases of real estate development. It operates through two different methods. **(i) Real estate development:** Traditional homebuilding model, where Moura Dubeux owns the project, capturing both added value and risks (like other mid/high-income peers). Banks and financial institutions are the funding sources in this method. **(ii) Condominium:** Buyers and investors own quotas in the project, being responsible for all construction funding, and capturing the potential value added ("construction at cost"). That said, no banks or financial institutions are involved. In addition, Moura Dubeux acts as a provider of management services for these projects, receiving administration fees from the quotaholders.

A broad universe of brands. Through the aforementioned methods, Moura Dubeux operates 4 brands. (i) Moura Dubeux: medium, high-end, and luxury projects. (ii) Beach Class: Second home projects. (iii) Mood: The most recently launched brand, with a focus on mid-income projects, slightly above the MCMV housing program. (iv) International Trade Center (ITC): Focus on commercial properties, representing only 0.1% of the inventory and no projects in the landbank.

Figure 29: Moura Dubeux Business Model at a Glance

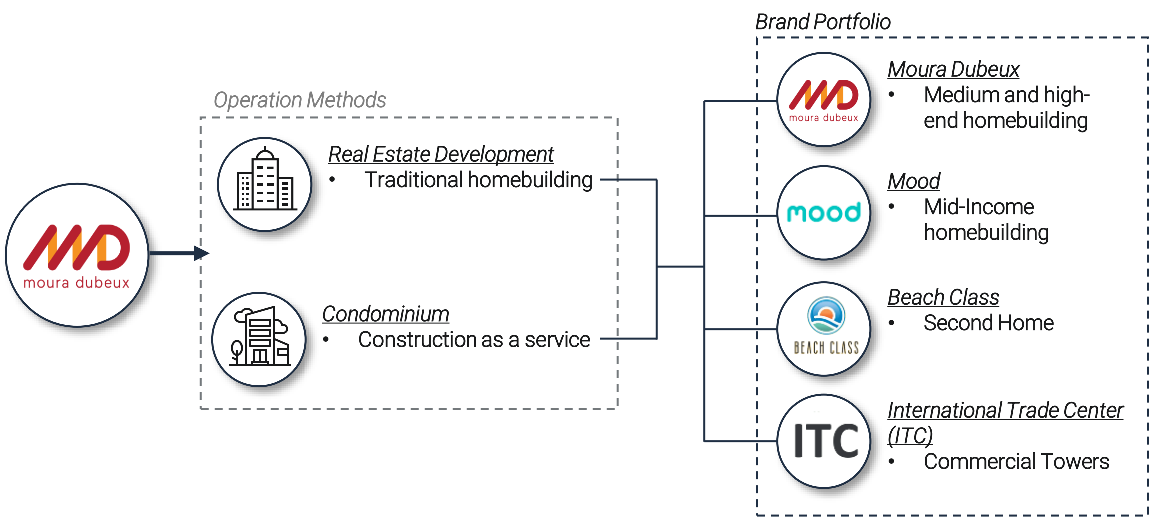


Figure 30: Moura Dubeux Historical Gross Revenue Composition

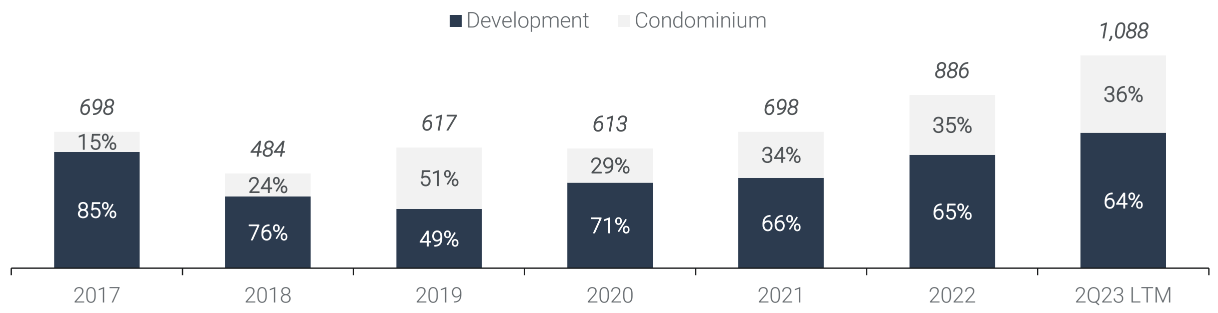


Figure 31: Landbank Distribution in 2Q23 (in R$mn of PSV)

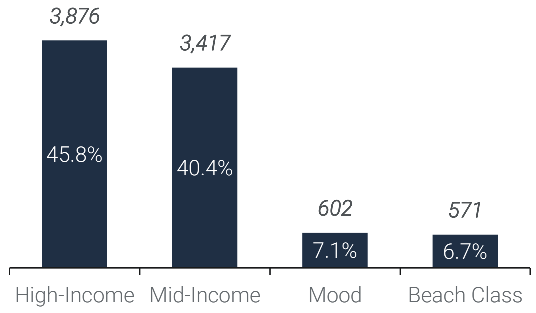
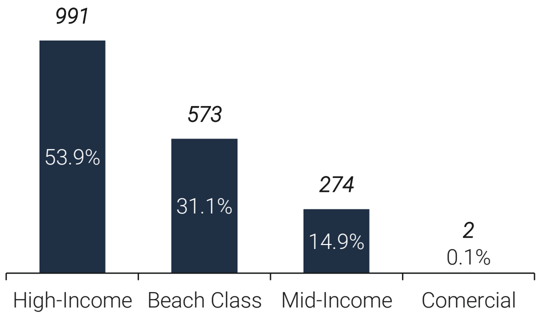


Figure 32: Inventory Distribution in 2Q23 (in R$mn of PSV)



Source: Company, XP Research

#2 - Unique Business Model with Attractive Margins

Attractive Margins and Low Cash Exposure

A unique operating method within its peers. Moura Dubeux is the only company in our coverage to operate in the condominium business model. It has four main revenue streams (we provide a summary in Figure 33), which combined represent ~30% of the company's annual revenue (see Figure 26 for historical data).

Attractive margins stemming from land development fees. Moura Dubeux's extensive landbank (R$ 8.4bn in 2Q23) allows it to provide land plots for 100% of the projects built under the condominium method (sold at fair value). Usually, sale values can get up to ~30% of the launched PSV vs. ~15% of the PSV landbank costs, generating an attractive gross margin of ~50%. Land development fees represent ~50% of total project revenue and ~47% of gross profit, being a key driver for consolidated margins (See Figure 34).

A business model with low (to no) cash exposure. A combination of (i) monthly payments stemming from land development fees (equally divided payments); and (ii) down payments coming from adhesions (usually until 12 months after launch), allows Moura Dubeux to not have initial cash exposure, being an asset-light and attractive model vs. traditional homebuilding (Figure 35).

Figure 34: Condominium Revenue Recognition Method – XP Estimates – Considering a R$ 100mn PSV project

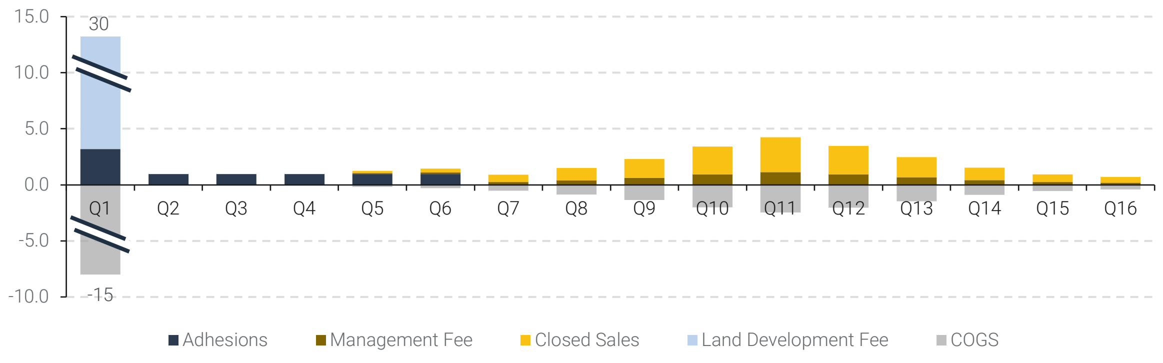


Figure 33: Condominium revenue streams - Summary

Land Development Fee (~50% of total project revenue)

Revenue emerging from the sale of land plots to the condominium holders. Proceeds usually represent ~30% of the PSV, with revenue automatically recognized and cash flow accounted for throughout the construction period. Gross margin depends on the spread between the landbank fair value and the company's acquisition costs (Usually ~50% gross margin).

Adhesions to Condominium (~13% of total project revenue)

Revenues emerge from the fee paid by the buyers to own quotas in the condominium. Proceeds usually represent ~10% of the PSV, in the form of a down payment (revenues and cash-flows automatically recognized). No costs to Moura Dubeux accounted for.

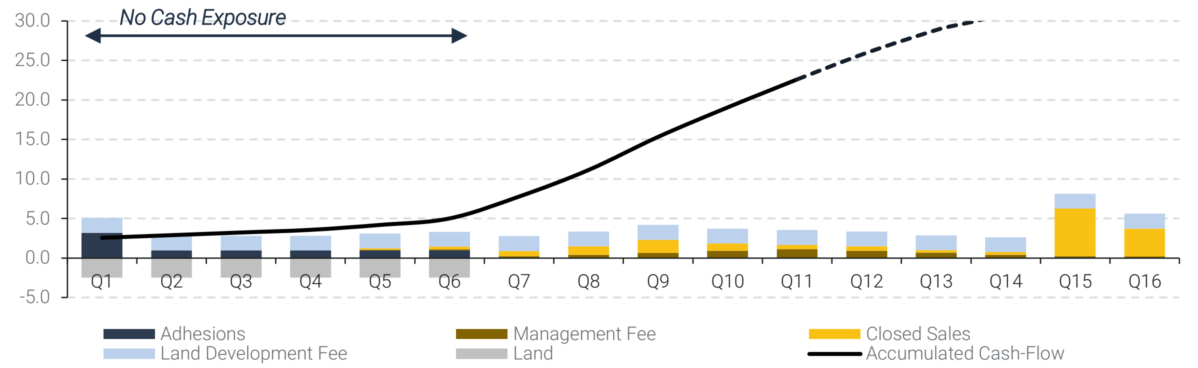
Management Fee (~10% of total project revenue)

Administration fees stemming from management services provided. Fees represent 15% of the total project costs (costs account for ~50% of projects' PSV). Revenues are only recognized during the construction period (starting ~12 months after the project launch), as well as the cash flows. No costs incurred to Moura Dubeux.

Closed Sales (~27% of total project revenue)

Re-sale of condominium quotas owned by Moura Dubeux. Revenues and cash flows are recognized through a traditional homebuilding accounting method (POC). Usually, ~20% of the condominium quotas are owned by Moura Dubeux and destined for re-sale. Closed sales have a lower gross margin of ~20%.

Figure 35: Condominium Cash-Flow Recognition Method – XP Estimates – Considering a R$ 100mn PSV project



Source: Company, XP Research

#2 - Unique Business Model with Attractive Margins

We See a Gross Margin Ramp-Up with the Development Segment Profitability Improving

Condominiums have supported higher a gross margin. Since 2018, condominium gross margins have averaged 47.7% quarterly vs. real estate development gross margins averaging at lower levels close to 28% in the last few quarters (see Figure 36). Nonetheless, the relevant presence of condominiums in the revenue mix (~31% of total revenue from 2017 to 2022; see Figure 30 on page 14) has supported attractive margins vs. relevant sector peers (see Figure 37).

Condominiums should still be relevant in Moura Dubeux's revenue composition. Although quite present in Moura Dubeux's project pipeline, the condominiums have limited demand, presenting a lower room for growth vs. real estate development, in our view. That said, we expect a gradual reduction in the share of this method in the revenue composition going forward (see Figure 38). Nonetheless, we still expect condominiums to be significantly relevant in the company's revenue composition (32% of total revenue in 2024E), which should continue helping gross margin ahead.

We expect a ramp-up in development margins. We see a better scenario for margins in the real estate development segment, given a combination of (i) cooling down of construction cost inflation (see Figure 14 on page 8); and (ii) lower competition for labor force in the Northeast vs. São Paulo. That said, we expect a gradual adjusted gross margin ramp-up in the development segment, reaching 31.2% in 2024E vs. 26% in 2022, leading consolidated adjusted gross margin to 36.0% in 2023E and 36.4% in 2024E (see figure 39).

Figure 36: Adjusted Gross Margin Composition – Moura Dubeux

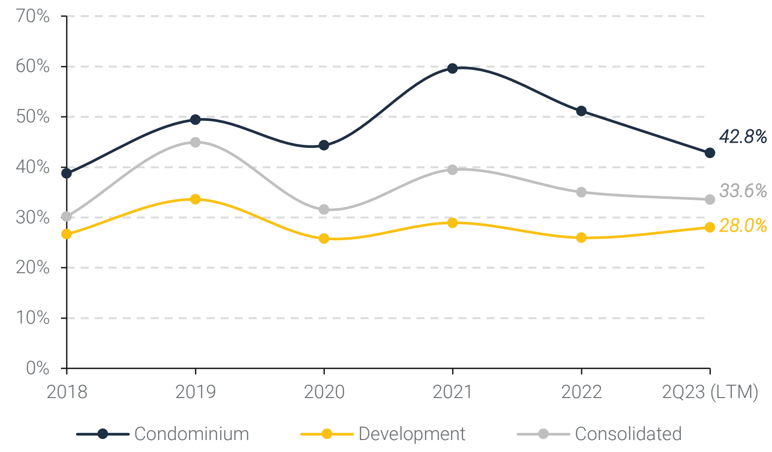


Figure 37: Gross Margin Comparison vs. Peers

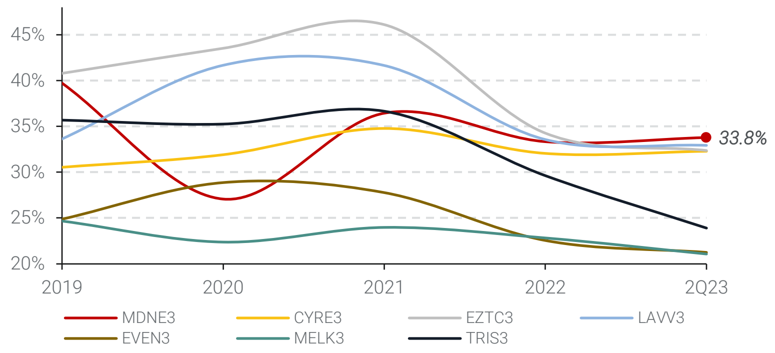


Figure 38: Net Revenue Composition – XP Estimates

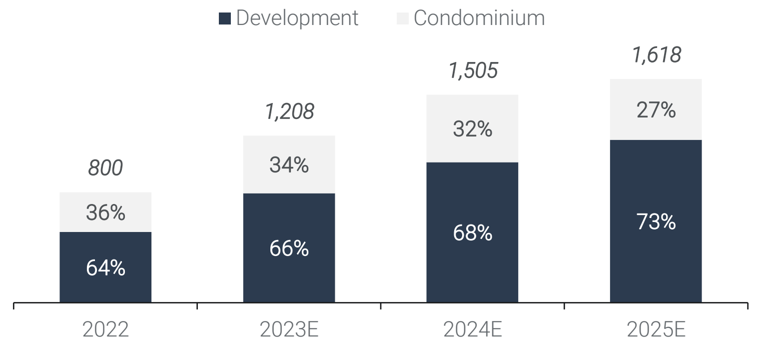
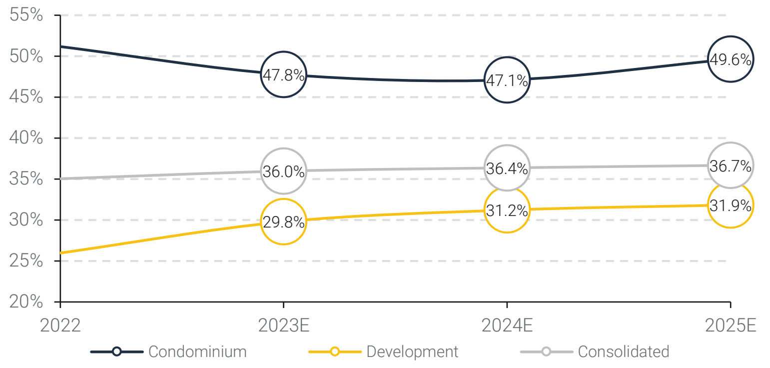


Figure 39: Adjusted Gross Margin Composition – XP Estimates



Source: Companies, XP Research

#3 – Valuation: Strong Returns not Fairly Priced In

A Combination of Growth and Solid Profitability Should Leave Room for a Multiple Re-Rating

An interesting combination of growth and profitability. We expect a solid operational performance outlook for Moura Dubeux, with launches increasing +4.2% YoY in 2023 and +8.1% YoY in 2024 (see page 13 for details). That said, a combination of (i) Solid launches and net pre-sales ahead; and (ii) Further recognition of deferred revenues (see Figure 42), should support a strong top-line growth, in our view. We estimate net revenue to increase 51% YoY in 2023 and 25% YoY in 2024. Beyond that, we expect Moura Dubeux to continue presenting solid profitability, with a potential gross margin expansion (see page 16 for details). As a result, we estimate a sharp bottom-line growth ahead (+60% YoY in 2023E and +36% YoY in 2024E), positioning our estimates above consensus by 8.6% in 24E.

We see room for MDNE3 re-rating. Considering the strong EPS CAGR (see Figure 42) and the potential solid ROE levels ahead, reaching 13.4% in 23E and 15.8% in 24E, we see the current level of Moura Dubeux's multiples as attractive (trading at 0.6x P/BV 24E and 3.9x P/E 24E), not reflecting company's potential returns. That said, our TP of R$ 16.50/sh. implies a target P/E 25E of 5.1x and a target P/BV 25E of 0.8x (see Figures 42 and 43).

Figure 40: Net Income & EPS - Historical and XP Estimates

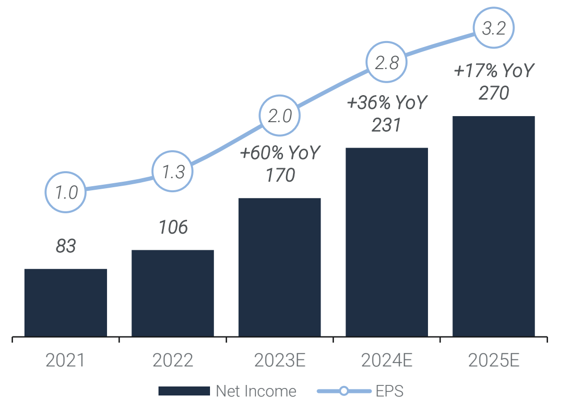


Figure 41: Net Margin & ROE - Historical and XP Estimates

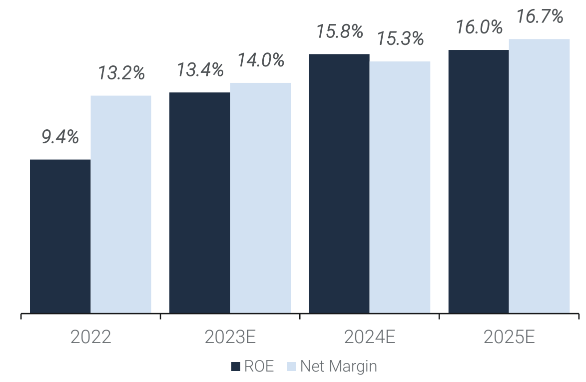


Figure 42: Moura Dubeux deferred revenues (R$ mn)

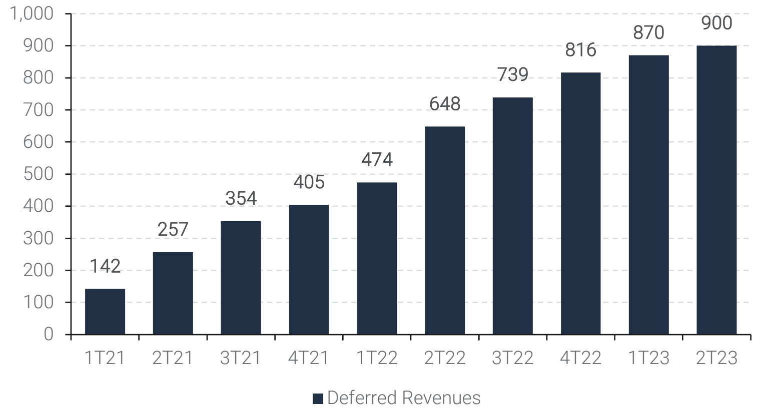


Figure 43: P/E 2024E vs. EPS CAGR 2024-2026E (XP Coverage)

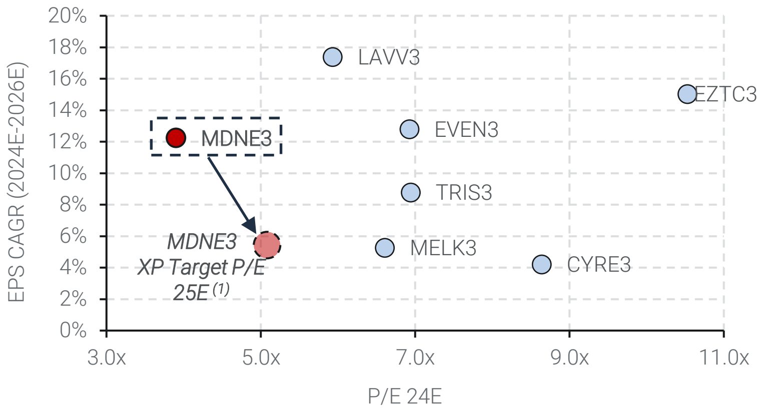
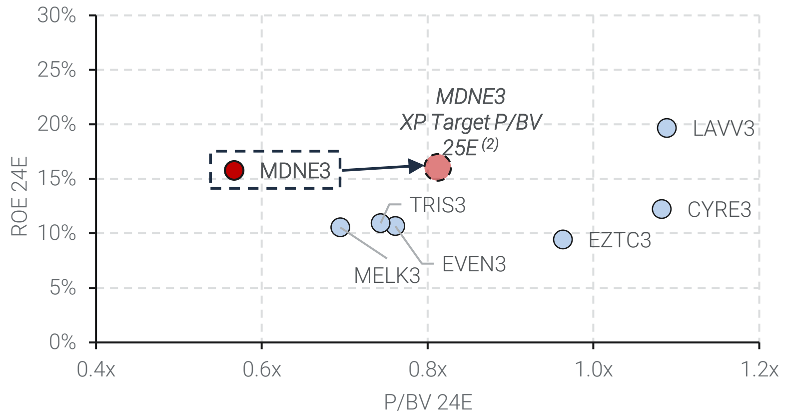


Figure 44: P/BV 2024E vs. ROE 2024E (XP Coverage)



Source: Companies, LSEG Refinitiv, XP Research | Notes: (1) Considering EPS CAGR 2025E-2027E for target multiples; (2) Considering ROE 2025E for target multiples

Valuation & Risks

Moura Dubeux (MDNE3): The Northeastern Gem

Initiating with a Buy; YE24 TP of R$ 16.5/sh.

Initiating MDNE at a Buy. We are initiating coverage of Moura Dubeux, with a Buy rating and a YE24 TP of R$ 16.5/sh, presenting a 53% upside potential vs. current prices. We use a FCFF (free cash flow to firm) valuation approach, where our main assumptions include: (i) 3.5% growth in perpetuity; (ii) 7.5% risk-free rate; (iii) 20% debt to (debt + equity) ratio and (iii) beta at 1.35, implying 14.4%, 14.9% and 12.6% nominal WACC, cost of equity and cost of debt, respectively.

What are we pricing in. In terms of EPS, we estimate a CAGR of +26% (2023E-2025E), based on a positive combination of (i) Solid operational performance outlook (see page 13 for details), supporting top-line growth; and (ii) Gross margin expansion (see page 16 for details), which should boost bottom line going forward. We see Moura Dubeux trading at 0.6x P/BV 24E and 3.9x P/E 24E, which we see as attractive vs. peers trading at 0.8x P/BV 24E, considering ROE of 15.8% vs. peers at 12.2% in 2024. Thus, our TP implies a target P/E 25E of 5.1x and a target P/BV 25E of 0.8x (see Figures 46 and 47).

Additional upsides. We might see strong dividends from Moura Dubeux ahead, starting in 2025, boosted by the reversal in the balance sheet from net loss to net income. It should allow MD to distribute significant dividends for the first time after the IPO.

Figure 45: P/E Multiple Comparison

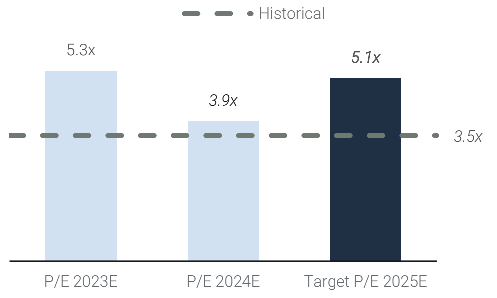


Figure 46: P/BV Multiple Comparison

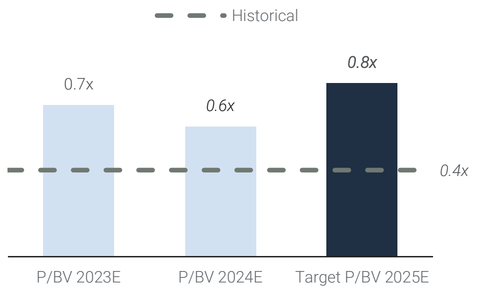


Figure 47: Main DCF Assumptions

DCF	2024E	2025E	2026E	2027E	2028E	Perpetuity
EBIT	309	335	358	370	381	
Taxes	(45)	(48)	(52)	(54)	(56)	
NOPAT	265	286	306	316	325	
D&A	11	15	18	21	24	
D in Working Capital	(135)	(116)	(112)	(94)	(135)	
CAPEX	(30)	(33)	(35)	(37)	(38)	
FCFF	*110*	*152*	*177*	*207*	*177*	*1,675*

Figure 48: CAPM Model

Assumptions	
Risk Free Rate (BRL)	7.5%
MRP	5.5%
Levered Beta	1.35
Kd	12.6%
Ke	14.9%
WACC	*14.4%*
g	*3.5%*
Valuation (R$mn)	
EV YE24	1,362
Net Debt 2024	-2
Minorities (Mkt Value) 2024	-4
Target Equity Value YE24	1,369
Outstading Shares	83
TP YE24 (R$)	*16.50*
Current Price (R$)	10.78
Upside	*53%*

Figure 49: Sensitivity Analysis

TP (R$)		WACC				
		13.0%	13.5%	14.4%	14.5%	15.0%
g	2.5%	17.7	16.8	15.5	15.4	14.8
g	3.0%	18.3	17.4	16.0	15.9	15.2
g	3.5%	19.0	18.0	16.5	16.4	15.6
g	4.0%	19.7	18.7	17.0	16.9	16.1
g	4.5%	20.6	19.4	17.6	17.5	16.6

Gross Margin - Perpetuity (%)		Construction cost as % of launches (Development)				
		36.0%	39.0%	42.0%	45.0%	48.0%
Land cost as % of launches (Development)	16.0%	44.5%	42.2%	39.9%	37.5%	35.2%
	19.0%	42.2%	39.8%	37.5%	35.2%	32.9%
	22.0%	39.8%	37.5%	35.2%	32.9%	30.5%
	25.0%	37.5%	35.2%	32.8%	30.5%	28.2%
	28.0%	35.1%	32.8%	30.5%	28.2%	25.9%

Source: Bloomberg, LSEG Refinitiv, XP Research

Moura Dubeux (MDNE3): The Northeastern Gem

XP Estimates: Consolidated Financials & Operational Metrics

Operational Data (R$mn)	2021A	2022A	2023E	2024E	2025E
Launches (%Co)	1,110	1,866	1,944	2,101	2,184
% YoY Growth	*65.2%*	*68.2%*	*4.2%*	*8.1%*	*3.9%*
Development	517	1,222	1,224	1,370	1,424
Condominium	593	644	720	731	760
Net Sales (%Co)	1,311	1,345	1,527	1,834	1,963
% YoY Growth	*142.9%*	*2.5%*	*13.5%*	*20.1%*	*7.0%*
Development	674	797	892	1,101	1,210
Condominium	663	555	640	733	753
Sales Speed (from Net Pre-Sales)	60.2%	47.9%	42.6%	43.7%	43.2%

Consolidated Income Statement (R$mn)	2021A	2022A	2023E	2024E	2025E
Net Revenues	620	800	1,208	1,505	1,618
Gross Profit	226	266	415	525	569
Gross Margin	*36.4%*	*33.3%*	*34.4%*	*34.9%*	*35.2%*
EBIT	62	88	210	287	310
EBIT Margin	*10.0%*	*11.0%*	*17.4%*	*19.1%*	*19.2%*
EBITDA	66	93	217	298	325
EBITDA Margin	*10.7%*	*11.6%*	*18.0%*	*19.8%*	*20.1%*
Net Financial Results	37	40	-5	-12	7
Pre-tax income	99	127	206	275	317
Pre-tax margin	*15.9%*	*15.9%*	*17.0%*	*18.3%*	*19.6%*
Net Income	83	106	170	231	270
Net margin	*13.4%*	*13.2%*	*14.0%*	*15.3%*	*16.7%*
Shares Outstading	83	83	83	83	83

Consolidated balance sheet (R$mn)					
Total Debt	125	125	193	193	193
Net Debt	-60	-129	71	-2	-5
Equity	1,075	1,182	1,351	1,581	1,689
Assets	2,694	2,819	3,425	4,059	4,362

Valuation	2021A	2022A	2023E	2024E	2025E
EV (R$ Mn)	834	765	963	890	887
Market Cap (R$ Mn)	897	897	897	897	897
P/BV	-	-	0.7x	0.6x	0.5x
P/E	-	-	5.3x	3.9x	3.3x
ROE	8.0%	9.4%	13.4%	15.8%	16.0%
ROIC	9.9%	11.1%	20.8%	22.2%	21.4%
Dividend Yield	0.0%	0.0%	0.0%	0.0%	14.5%
FCFF Yield	7.2%	3.0%	-19.1%	12.3%	17.1%
Net Debt/Equity	-5.6%	-10.9%	5.3%	-0.1%	-0.3%
Net Debt/EBITDA	-0.7x	-1.2x	0.3x	0.0x	0.0x
Capex/Depreciation	5.0x	-0.9x	1.8x	3.1x	2.4x

Figure 50: 2023E XP vs. Consensus

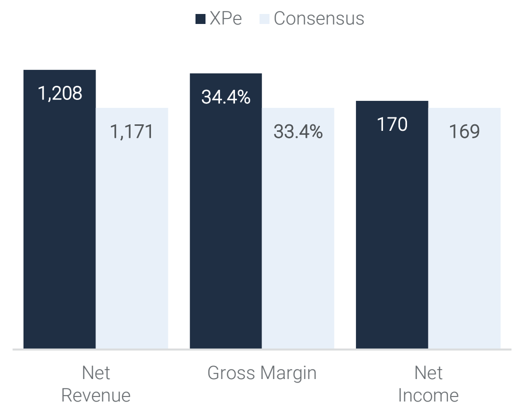
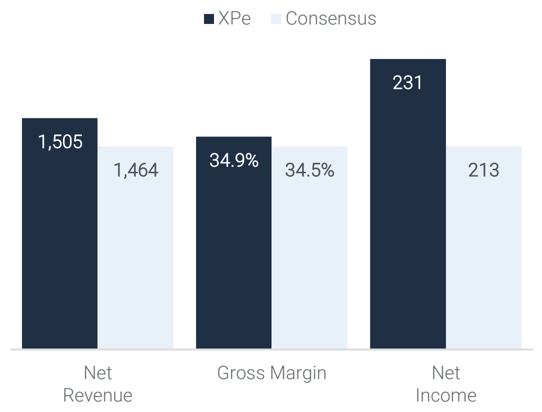


Figure 51: 2024E XP vs. Consensus



Source: Bloomberg, XP Research

Risks

A slower-than-expected macroeconomic outlook could impact unemployment rate, household income and reduce consumer confidence, which should translate into savings accounts deterioration, weaker housing sales, and, consequently, delay developers' growth pipeline.	Economic slowdown
While it is not our base case scenario, we see a downside risk on the possibility of higher-than-expected interest rates and mortgage rates for the coming years combined with the deterioration of savings accounts balance, which should lead to higher credit restriction and reduce retail banks' appetite for mortgages. Nonetheless, XP Macro Team expects the Selic rate to reach 10% by mid-2024 (vs. 13.25% currently).	Mortgage rates and funding availability
We see a downside risk in the possibility of an oversupply of new projects in Moura Dubeux's main operation regions (Recife, Fortaleza, and Salvador), potentially pressuring unit prices. Moreover, fiercer-than-expected competition for landbank should drive acquisition prices up and potentially limit growth in the medium term and/or compress profitability.	Fiercer-than-expected competition in the Northeast
As abovementioned, construction costs inflation spiked through 2021, but the consistent decrease in materials inflation (from 28.9% YoY in Jul-21 to 0.3% YoY in Jul-23) has brought INCC close to pre-pandemic levels. However, higher-than-expected construction cost inflation dynamics could negatively impact Moura Dubeux's cost profile and compress profitability, which could be a risk for our gross margin estimates.	Higher-than-expected construction costs inflation
We see potential execution risks on the increased number of simultaneous construction sites under operation, given launches growth (we expect launches to increase by 4.2% YoY in 2023 and 8.1% YoY in 2024).	Execution risks
Moura Dubeux's ADTV of R$ 4mn vs. the average in our coverage of R$ 38mn, might be a concern for some investors.	Low liquidity

Source: XP Research.

Valuation Comps

Figure 52: XP Homebuilders Coverage – Valuation Comps

	Ticker	Rating	Last Price (R$)	Price Target (R$)	Upside (%)	Market Cap (R$mn)	ADTV 3M (R$mn)	P/BV			P/E			ROE		
								23E	24E	25E	23E	24E	25E	23E	24E	25E
Mid and High-Income Homebuilders																
Cyrela	CYRE3	Buy	22.6	26.0	15%	8,458	132	1.1x	1.1x	1.1x	9.7x	8.6x	8.1x	11.8%	12.2%	12.8%
Even	EVEN3	Buy	7.0	9.0	28%	1,451	7	0.8x	0.8x	0.7x	8.9x	6.9x	5.9x	8.4%	10.6%	12.4%
EZTec	EZTC3	Neutral	22.5	22.0	-2%	4,897	47	1.0x	1.0x	0.9x	13.3x	10.5x	8.5x	8.0%	9.4%	10.7%
Lavvi	LAVV3	Buy	8.4	9.4	13%	1,632	5	1.3x	1.1x	1.0x	9.7x	5.9x	5.2x	13.8%	19.6%	19.3%
Melnick	MELK3	Buy	4.4	5.5	24%	900	1	0.7x	0.7x	0.7x	10.1x	6.6x	5.9x	7.2%	10.5%	11.2%
Moura Dubeux	MDNE3	Buy	10.8	16.5	53%	897	4	0.7x	0.6x	0.5x	5.3x	3.9x	3.3x	13.4%	15.8%	16.0%
Trisul	TRIS3	Neutral	5.8	6.1	6%	1,051	7	0.8x	0.7x	0.7x	12.0x	6.9x	6.1x	6.7%	10.9%	11.6%
Low-Income Homebuilders																
Cury	CURY3	Buy	16.6	21.0	27%	4,806	29	4.5x	3.5x	3.0x	9.6x	7.7x	6.7x	52.8%	48.0%	44.3%
Direcional	DIRR3	Buy	20.1	22.0	9%	3,475	47	2.3x	2.0x	1.8x	10.4x	8.4x	7.1x	22.4%	24.7%	25.4%
MRV	MRVE3	Buy	12.2	17.0	40%	6,834	139	1.0x	0.9x	0.8x	8.9x	7.2x	6.7x	11.5%	12.8%	12.5%
Tenda	TEND3	Neutral	13.6	11.0	-19%	1,679	43	2.3x	2.2x	2.0x	-	32.5x	14.4x	-23.6%	6.8%	14.3%

Source: Economatica, XP Research

ESG

Building the blocks of a promising agenda

Building the blocks of a promising agenda

Switching on a sustainable policy in a sector accelerating renewable and energy-efficient technologies

Part of an emissions and energy-intensive sector, real estate companies are shifting towards sustainable-backed policies driven by the world's push for a low carbon economy. When it comes to Moura Dubeux, we see the company showcasing progress in their (E)-related strategy, setting targets and seeking to shift towards using more sustainable materials, in-line with local and global sustainable certifications related to green buildings. In the (S) pillar, MDNE3 complies with major international standards and certifications on health and safety policies, in addition to foster active community relations, while on (G), the company has its shares traded on B3's Novo Mercado and, as a family-led business, family members are highly engaged with the company's day to day operations, featuring a long-term vision, while independent Board members (40%) adds experience.

(E) Adding (E)-backed aspects throughout construction lifecycle, though disclosure gaps remain. According to the World Green Building Council, the construction of buildings and real estate properties counts for ~40% of global carbon emissions, being one of the largest energy consumers. As such, we positively note MDNE3 evolution towards using sustainable features and materials on buildings' construction, in addition to securing local and global sustainable certifications related to green buildings, which we see as an effective climate mitigation strategy. Additionally, its worth highlighting: (i) the development of its 1st emissions inventory; and (iii) the establishment of a 50-item sustainable policy aiming to guide and standardize the application of (E)-related aspects from product conception to development.

(S) Commitment to health & safety standards and active community engagement as the highlights. Real estate developers and homebuilders typically have high injury rates, aggravated by decentralized organization structures that potentially increase accident rates associated with construction sites, to which we welcome Moura Dubeux's health & safety management system and compliance with major international standards. Additionally, community relations are also important to this sector, considering the role real estate developers play on neighborhoods, communities and cities, being crucial to the economic health of a region; thus, maintaining an active community engagement program is key, to which we see MDNE3 showcasing efforts.

(G) Independent members in Board adding experience in a family-led business. The (G) pillar holds high materiality for the sector, that tends to have a high proportion of controlled shareholdings, according to MSCI[1]. Regarding MDNE3, the company has its shares traded in B3's Novo Mercado listing segment, the highest standard for corporate governance. With a family-led and run business, family members are highly engaged with the company's day to day operations, featuring a long-term vision for the business. At the same time, we positively note Moura Dubeux's Board of Directors structure, as it counts with 2 independent members (40%) with a strong track record, adding experience.

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Company	Ticker	Listed company?	Novo Mercado?	Sustainability Report?	Materiality Matrix?	% of women (BoD)	% of women (C-Level)	% independent members (BoD)	ESG MSCI Rating[1]
Moura Dubeux	MDNE3	✓	✓	✓	✓	0%	0%	40%	*Not available*

Source: Company data, MSCI, XP Research. [1]MSCI is a third-party provider

Building the blocks of a promising agenda

(E) Adding (E)-backed aspects throughout construction lifecycle, though disclosure gaps remain

Carbon emissions. Moura Dubeux faces an opportunity when it comes to speeding adoption of sustainability-driven initiatives in their portfolio. As such, we positively recognize two milestones achieved in 2022: **(i)** 1st emissions inventory, measuring emissions by scope, showing that 98% of companies' emission (32,277.16 tCO_2e) is generated from scope 3[1] (Figure 53), though we note that we were unable to track progress due to lack of comparable results from previous years; and **(ii)** expanded construction designed to optimize natural lighting, including the use of low-consumption LED lamps, which contributes to raising energy efficiency and lowering emissions.

Opportunities in green building. In 2022, the company launched a 50-item sustainable policy aiming to guide and standardize the application of (E)-related aspects from product conception to development, considering solutions related to architecture, landscaping, and facility design, which we welcome. Among outcomes, we highlight transversal efforts to reduce environmental impact by sourcing inputs and suppliers that use recyclable and renewable materials across the company's projects.

Likewise, amid rising incentives to adopt green building certifications in Brazil, we positively highlight: **(i)** compliance with Green IPTU[2], an initiative of the Salvador City Hall to encourage residential and commercial ventures to integrate sustainability-related practices in their constructions by offering a discount directly on the IPTU; and **(ii)** compliance with EDGE[3], an international green building certification system, backed by three projects receiving the seal - Meet Aldeota and Beach Class Meireles projects in Fortaleza and Vivant Caminho das Árvores in Salvador.

However, on a less positive note, we would have welcomed higher disclosure on: **(i)** the proportion of green-certified buildings in the company's portfolio; **(ii)** details of energy-intensive measures adopted; **(iii)** decarbonization targets to drive high-performing and eco-efficient buildings; and **(iv)** initiatives to address scope 3 emissions, where the largest share lies.

Energy consumption. According to the International Energy Agency, the operations of buildings account for 30% of global final energy consumption; thus, a frequent monitoring of energy intensity is key to develop a plan of action ahead. Whereas we welcome that Moura Dubeux's indicator shows that they are annually meeting its energy intensity target (≤12), we note a +14.7% YoY increase in 2022 (Figure 54), worth monitoring looking forward.

Figure 53: Share of scope in total emissions in 2022 (tCO_2e)

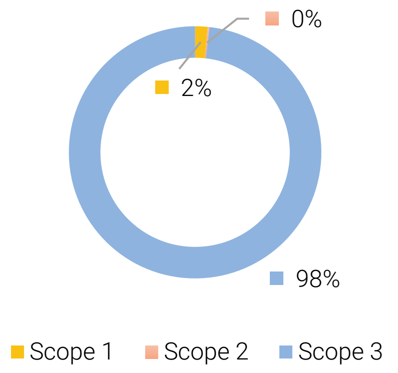
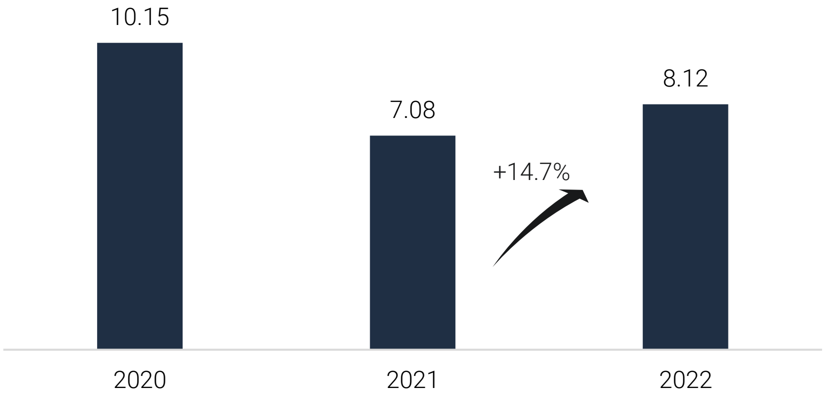


Figure 54: Energy intensity (kwh/m²)



Source: Company data, XP Research. [1]encompasses indirect emissions that are not produced by the company itself, but rather those on its value chain; [2]IPTU is an annual property tax collected by the municipality where it is located; [3]Excellence in Design for Greater Efficiencies

Building the blocks of a promising agenda

(S) Commitment to health & safety standards and active community engagement as the highlights

Health & safety. With a workforce composed of ~4.5K employees, we positively note that the company in compliance with key certifications, including: **(i)** ISO 9001:2015[1]; **(ii)** ISO 14001[2]; and **(iii)** ISO 45001[3]. In terms of the company's figures, in 2022, Moura Dubeux registered a total frequency rate of 3.89 (Figure 55) and a severity rate of 91.22 (Figure 56), with no fatalities on construction sites, considered strong rates by the International Labor Organization. Nonetheless, it is worth noting the significant raise in both indexes on a yearly basis, mainly on the back of a 27% YoY raise in the number of employees and a +54% YoY increase in construction projects (37 vs. 24 previously), worth monitoring ahead.

Community relations. Given that real estate developers' cause a significant impact on the communities in which they are located, we acknowledge the company's efforts to strengthen engagement with the neighbors of their construction sites, maintaining a close and open channel communication. Additionally, it is worth highlighting that they leverage technology, including QR codes, to maintain information on project developments updated for communities' to consult.

Human capital. Moura Dubeux is part of a sector that accounts for a relatively high turnover rate vs. other industries, especially since employment record with construction workers are done according to project phase. To mitigate risks related to poor human capital management practices and high turnover rate, the company usually rehires the same team to be used in multiple projects.

Figure 55: Injury frequency rate

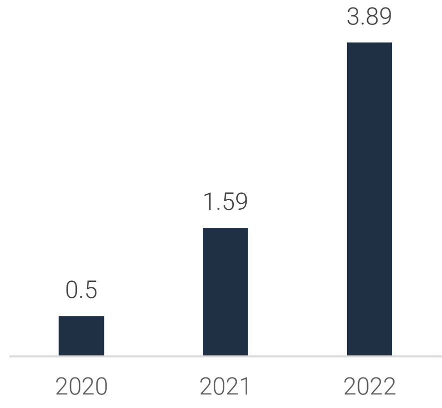
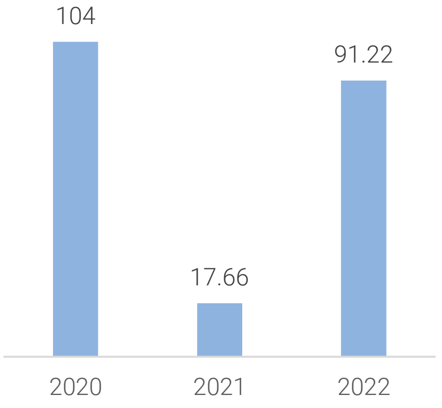


Figure 56: Severity rate



(G) Independent members in Board adding experience in a family-led business

Moura Dubeux's shares are traded in B3's Novo Mercado listing segment, the highest standard for corporate governance in the Brazilian stock market, with 34.9% of the common shares held by controlling shareholders, Mr. Aluísio José Moura Dubeux, Mr. Gustavo José Moura Dubeux and Mr. Marcos José Moura Dubeux, brothers and company's founders. In addition, we note that Moura Dubeux family members are highly engaged with the company's day to day operations, featuring a long-term vision for the business and a unified leadership, key for a sector exposed to (G)-related risks in Brazil.

In terms of Board of Directors (BoD), we note that 3 out of 5 members are part of the founding family, including Mr. Gustavo José Moura Dubeux, Chairman, while counting with 2 independent members (40%) that have a strong track record and extensive market experience, which we welcome. In terms of gender diversity, we note room for improvement, since the company lacks female member in both BoD and Executive Board (composed of an all-male 6 seats).

Finally, regarding transparency with the market, we recognize positive advances in the last few years, with the company releasing high-quality information, backed by **(i)** hosting its 1st Investor Day in 2022, critical to showcase initiatives and disclosure; and **(ii)** publishing the 2nd edition of its Sustainability Report.

Source: Company data, XP Research. [1]specifies requirements for a quality management system; [2]the international standard that specifies requirements for an effective environmental management system (EMS); [3]an international standard for health and safety at work developed by national and international standards committees independent of government.

Management, Board of Directors and Shareholders Structure

(G) Independent members in Board adding experience in a family-led business

Figure 57: Executive Board

Name	Position	Brief Info
Diego Paixão Nossa Villar	CEO	In the real estate market for 14 years, having worked in several areas in the company, such as Engineering, Planning and Controllership.
Marcello Winik Dubeux	CFO and Investor Relations Officer	Covred real estate companies in the Investment Banking team of Itaú BBA and at Santander Brasil. Also has experience in the industry, at Grupo Suzano and was Business Development Officer at Tereos.
Fernando Henrique Affonso Ferreira de Amorim	Real Estate Development Officer in the states of Bahia and Ceará	In the Company since 1993, has occupied several positions, such as engineer, constructor manager and real estate Development Superintendent.
Homero Leite Maia Moutinho da Silva	Real Estate Development Officer in the states of Rio Grande do Norte, Paraíba, Alagoas e Sergipe	Was a member of the Shared Administration at Beach Class Muro Alto Resort, and Beach Class Convention & Flats, in the state of Pernambuco.
Eduardo Fernandes de Moura	Real Estate Development Officer in the state of Pernambuco	Started his career in the Company as a civil engineer intern in 1991, has occupied several management positions.
Carlos Roberto Barreto Gentil Filho	Engineering Officer	Has been working with real estate building for more than 30 years, and as engineering officer, for more than 20 years. In companies such as Stanza and Celi constructures.

Figure 58: Board of Directors

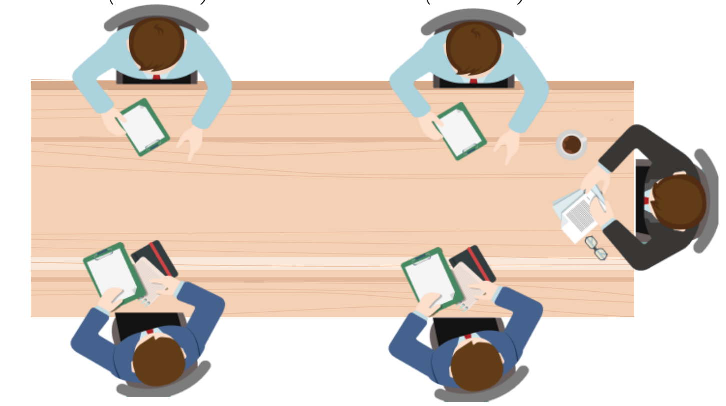


Figure 59: Shareholder Structure[1]

Controllers 34.9%	Executive Board 1.38%	Board of Directors 0.01%	Treasury Shares 2.04%	Navi 9.35%	Fourth Sail 7.94%	Safra 5.08%	Others 39.73%

moura dubeux

Source: Company data, XP Research. [1]base date of composition July 31, 2023

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