Moura Dubeux (MDNE3)

Don't Stop Me Now

Upward Estimate Revisions Following Site Visit to Recife Operations

We hosted a site visit with MDNE's management at the company's operations in Recife, which led us to increase the operational assumptions in our model and raise our YE25 TP to R$ 26/sh (from R$ 19/sh), maintaining a buy rating. Overall, we see: (i) a transformative 2025 driven by strong momentum in the Novo Cais area; (ii) an elevated launch equilibrium in the condominium segment; and (iii) growing importance of the Mood and Única brands. These factors support our upward revisions to launch volumes, revenue, and margins, resulting in upward revisions in the bottom-line estimates of +22% for 2025 and +28% for 2026, which stand above consensus by 21% and 32%, respectively. Despite the strong stock rally, valuation remains attractive at 4.0x P/E 26E, with (i) positive EPS growth potential and (ii) solid ROE levels justifying a multiple premium versus historical averages.

Moura Dubeux (MDNE3)	Buy
Target Price (R$/sh.)	26.00
Current Price (R$/sh.)	19.97
Upside (%)	*30%*
Market Cap (R$ million)	1,674
# of shares (million)	84
Free Float (%)	39%
ADTV (R$ million)	9

Ygor Altero
Real Estate
ygor.altero@xpi.com.br

Ruan Argenton
Real Estate
ruan.argenton@xpi.com.br

We expect 2025 to be a transformative year for Moura Dubeux (MDNE3), marking a significant step-change in the company's launch volume trajectory. This optimism is partly driven by the strong market acceptance of MDNE's recent projects in the Novo Cais area of Recife. As highlighted in the company's 1Q25 earnings call and confirmed during our meetings with MDNE's commercial team in Recife, Lucena Plaza (one of MDNE's latest launches in Novo Cais with a net PSV of R$ 485mn) has demonstrated exceptional sales performance. This success reflects pent-up demand for high-end condominium projects, supported by limited new launches in the area and the aging inventory at Boa Viagem. We believe this momentum will bolster MDNE's confidence to accelerate new launches in the region, leveraging strong sales to bring forward additional phases of the project. With three other lots available beyond Lucena, totaling over R$ 2 billion in PSV, we anticipate a substantial increase in condominium launch volume for 2025.

Condominiums should reach a higher equilibrium. Given the complexity of managing the condominium model, (i) Moura Dubeux's strong track record and (ii) its significantly more robust administrative structure compared to regional competitors provide the company with a meaningful competitive advantage in this segment. Beyond Recife, we observe strong demand for luxury condominiums in Fortaleza and Salvador, as demonstrated by the solid performance of recent projects such as Infinity Salvador and Mansão Seara. In our view, this diversification and consistent demand should support an elevated equilibrium for the condominium business, stabilizing at approximately R$ 2 bn from 2026 onwards (vs. R$ 1.2bn/year previously estimated).

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MDNE3 - XP Estimates	2024A	2025E	2026E	2027E
Net Revenues (R$ million)	1,570	2,024	2,251	2,629
Gross Profit (R$ million)	527	712	824	972
Gross Margin (%)	*33.5%*	*35.2%*	*36.6%*	*37.0%*
Net Income (R$ million)	251	344	414	495
P/E (x)	-	*4.9x*	*4.0x*	*3.4x*
P/BV (x)	-	*0.9x*	*0.8x*	*0.7x*
Dividend Yield (%)	-	*6.0%*	*8.6%*	*10.4%*

Source: Company data, XP Research

Mood and Única as profitable alternatives to traditional development projects. Regular development projects should decline in importance within MDNE's portfolio due to (i) lower profitability in recent project cycles and (ii) strong acceptance of luxury condominium projects. However, lower-income segments present profitable alternatives. For the Mood brand, (i) strong SoS, (ii) low competition, and (iii) favorable demand tailwinds from Group 4 should support continued brand expansion, while Única is beginning to gain traction. Additionally, the successful adoption of concrete wall construction and industrialized processes, supported by the expansion of the company's material kit centers, appears to be driving attractive margins that should further boost profitability in the development segment. Overall, this combination of strong demand momentum and solid profitability should increase the importance of Mood and Única, which together should account for approximately 40% and 50% of total launches in 2026 and 2027, respectively, in our view.

A new company size potentially driving strong earnings momentum. We believe that the combination of (i) the acceleration of launches in the Novo Cais area, (ii) a higher stabilized volume in the condominium model, and (iii) increased relevance of the Mood and Única brands should support stronger launch volumes for the company. This has led us to revise our launch (%Co) estimates to R$ 3.5bn for 2025 and R$ 3.7bn for 2026 (+41% vs. previous forecasts), anticipating a larger company size from 2027 onward with annual launches reaching R$ 3.8 bn. Additionally, the potential continuation of high SoS levels, in our view, should drive revenue growth, prompting us to upward revise our estimates by 21% and 19% for 2025 and 2026, respectively, standing above consensus by 19% and 23% for 2025-26. We also foresee a gradually higher gross margin in 2026 (+130bps vs. previous forecasts), driven by the growing importance of the Mood brand. Overall, we expect a stronger bottom line for the company, estimating net income of R$ 344mn for 2025 and R$ 414mn for 2026 (+22% and +28% vs. prior estimates), standing above consensus by 21% in 2025 and 32% in 2026.

Still an attractive valuation after the stock's rally. After revising our estimates, we see MDNE trading at 4.0x P/E 26E, which we consider attractive and slightly below historical levels despite the strong stock rally (MDNE3 +90% YTD). Additionally, we believe the company's new phase of operational growth should support solid EPS growth potential, with an estimated CAGR of 25% from 2024-27. Coupled with (i) an attractive ROE outlook of 21% for 2025 and 2026, and (ii) a potentially strong and recurring dividend payout, we believe this justifies a multiple premium vs. historical levels. Accordingly, we have revised our YE2025 TP to R$ 26.0/sh. (from R$ 19.0/sh previously), maintaining a buy rating and setting a target P/E for 2026 of 5.3x, above the company's historical forward P/E multiple of 4.2x.

Changes to Estimates

Figure 1: Changes to estimates

MDNE3	Old			New			New vs. Old		
	2025	2026	2027	2025	2026	2027	2025	2026	2027
Operational Data									
Launches (%Co)	2,504	2,629	2,761	3,528	3,709	3,813	41%	41%	38%
Net Pre-Sales (%Co)	2,102	2,232	2,413	2,822	3,303	3,620	34%	48%	50%
SoS (%Co)	44.9%	42.9%	42.1%	49.2%	49.4%	50.3%	4.3 p.p.	6.5 p.p.	8.2 p.p
Income Statement									
Net Revenues	**1,669**	**1,892**	**2,197**	**2,024**	**2,251**	**2,629**	**21%**	**19%**	**20%**
Adj. Gross Profit	**621**	**703**	**811**	**749**	**865**	**1,020**	**21%**	**23%**	**26%**
Adj. Gross Profit Margin	37.2%	37.1%	36.9%	37.0%	38.4%	38.8%	-0.2 p.p.	1.3 p.p.	1.9 p.p.
Adj. EBITDA	**351**	**396**	**455**	**418**	**494**	**586**	**19%**	**25%**	**29%**
Adj. EBITDA Margin	21.0%	20.9%	20.7%	20.7%	21.9%	22.3%	-0.3 p.p.	1.0 p.p.	1.6 p.p.
Adj. EBIT	**337**	**379**	**432**	**406**	**479**	**569**	**21%**	**27%**	**32%**
Adj. EBIT Margin	20.2%	20.0%	19.7%	20.1%	21.3%	21.6%	-0.1 p.p.	1.3 p.p.	2.0 p.p.
Net Financial Result	21	29	48	20	29	37	-2%	3%	-21%
EBT	**324**	**369**	**436**	**390**	**468**	**559**	**20%**	**27%**	**28%**
IR and CSLL	-42	-48	-56	-46	-54	-63	9%	13%	14%
% of EBT (Effective rate)	13.0%	13.0%	12.8%	11.8%	11.6%	11.3%	-1.3 p.p.	-1.4 p.p.	-1.4 p.p.
Net Income	**283**	**323**	**382**	**344**	**414**	**495**	**22%**	**28%**	**30%**
Net Margin	17.0%	17.1%	17.4%	17.0%	18.4%	18.8%	0.0 p.p.	1.3 p.p.	1.5 p.p.
Leverage & Returns									
Cash & Equivalents	205	284	393	303	318	322	47%	12%	-18%
Net Debt	148	70	-40	226	210	207	52%	200%	-621%
Net Debt/Total Equity	*8.3%*	*3.5%*	*-1.8%*	*12.7%*	*10.2%*	*8.7%*	*4.4 p.p.*	*6.7 p.p.*	*10.5 p.p.*
ROE	*16.4%*	*16.8%*	*17.7%*	*20.6%*	*21.1%*	*21.9%*	*4.2 p.p.*	*4.3 p.p.*	*4.2 p.p.*

Figure 2: XPe vs. Consensus' Estimates

MDNE3	FY 2025E			FY 2026E		
R$mn	XPe	Consensus	%	XPe	Consensus	%
Net Revenues	2,024	1,708	18.5%	2,251	1,825	23.3%
Gross Margin	712	596	19.5%	824	646	27.6%
EBITDA	35.2%	34.9%	0.3 p.p.	36.6%	35.4%	1.2 p.p.
EBITDA Margin	382	324	17.8%	453	364	24.6%
Net Income	18.9%	19.0%	-0.1 p.p.	20.1%	19.9%	0.2 p.p.
Net Margin	344	285	20.8%	414	314	31.7%
EPS	17.0%	16.7%	0.3 p.p.	18.4%	17.2%	1.2 p.p.

Figure 3: 2025E Comparison

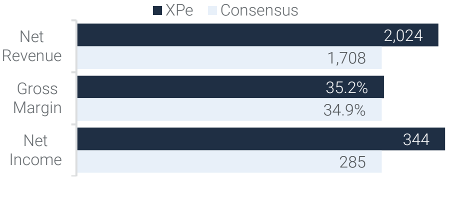
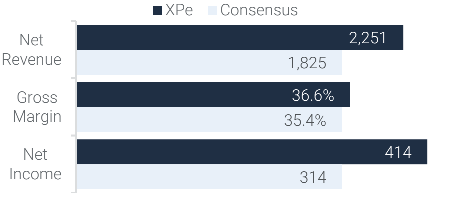


Figure 4: 2026E Comparison



Valuation

Adjusting our YE25 TP to R$ 26.00/sh.

Our 2025YE DCF-based target price of R$ 26.00 per share presents a 30% 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) 9.5% risk-free rate, (ii) 20% debt to (debt + equity) ratio and (iii) beta at 1.56, implying 16.5%, 18.1% and 12.1% nominal WACC, cost of equity and cost of debt, respectively.

Figure 5: Main DCF Assumptions

DCF	2025E	2026E	2027E	2028E	2029E	Perpetuity
EBIT	406	479	569	598	589	
Taxes	(46)	(54)	(63)	(67)	(66)	
NOPAT	361	425	505	531	522	
D&A	12	15	17	20	23	
D in Working Capital	(349)	(239)	(301)	(227)	(78)	
CAPEX	(27)	(29)	(34)	(40)	(47)	
FCFF	*(3)*	*171*	*187*	*284*	*421*	*3,665*

Figure 6: CAPM Model

Assumptions	
Risk Free Rate (BRL)	9.5%
MRP	5.5%
Levered Beta	1.56
Kd	10.3%
Ke	18.1%
WACC	16.5%
g	4.5%
Valuation (R$mn)	
EV YE25	2,400
Net Debt 2025	226
Minorities (Mkt Value) 2025	-4
Target Equity Value YE25	**2,179**
Outstading Shares	84
TP YE25 (R$)	26.00
Current Price (R$)	19.97
Upside	30%
Dividend Yield 2025	6.0%

Figure 7: Sensitivity Analysis

TP (R$)		WACC				
		15.0%	15.5%	16.5%	16.5%	17.0%
g	3.5%	28.4	26.9	24.2	24.3	23.1
	4.0%	29.5	27.9	25.1	25.1	23.9
	4.5%	30.8	29.0	26.0	26.0	24.7
	5.0%	32.1	30.3	27.0	27.0	25.6
	5.5%	33.7	31.6	28.1	28.1	26.6

Figure 8: XP vs. Consensus Estimates (P/E)

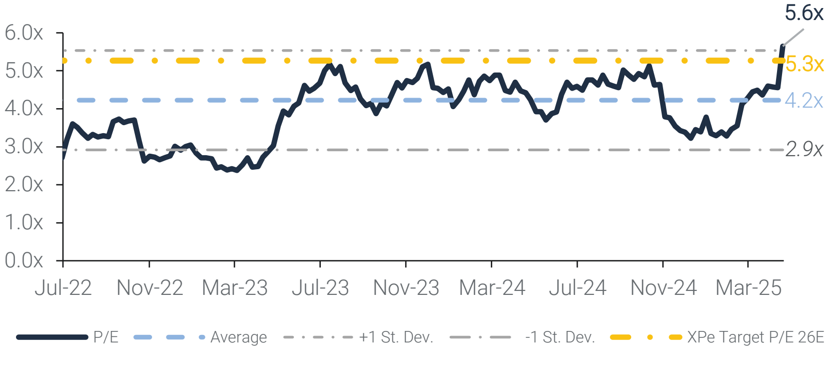
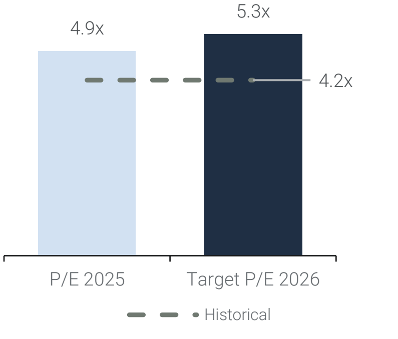


Figure 9: P/E Multiple Comparison



XP Estimates (Summary) – MDNE3

Figure 10: XP – Moura Dubeux (MDNE3) Estimates

XP Estimates - MDNE3	2024A	2025E	2026E	2027E
Valuation				
EV (R$ Mn)	1,755	1,873	1,858	1,855
Market Cap (R$ Mn)	1,652	1,652	1,652	1,652
P/BV		0.9x	0.8x	0.7x
P/E		4.9x	4.0x	3.4x
ROE	17.3%	20.6%	21.1%	21.9%
ROIC	19.3%	23.4%	23.2%	23.6%
Dividend Yield	3.3%	6.0%	8.8%	10.5%
FCFF Yield	-1.7%	-0.2%	9.2%	10.1%
Net Debt/Equity	7.0%	12.7%	10.2%	8.7%
Consolidated Income Statement (R$mn)				
Net Revenues	1,570	2,024	2,251	2,629
Gross Profit	527	712	824	972
Gross Margin	*33.5%*	*35.2%*	*36.6%*	*37.0%*
EBIT	248	370	438	521
EBIT Margin	*15.8%*	*18.3%*	*19.5%*	*19.8%*
EBITDA	258	382	453	538
EBITDA Margin	*16.4%*	*18.9%*	*20.1%*	*20.5%*
Net Financial Results	42	20	29	37
Pre-tax income	290	390	468	559
Pre-tax margin	*18.5%*	*19.3%*	*20.8%*	*21.2%*
Net Income	251	344	414	495
Net margin	*16.0%*	*17.0%*	*18.4%*	*18.8%*
Shares Outstading	84	84	84	84
Consolidated balance sheet (R$mn)				
Total Debt	511	529	529	529
Net Debt	107	226	210	207
Equity	1,540	1,786	2,055	2,377
Assets	4,148	4,429	4,751	5,167
Operational Data (R$mn)				
Launches (%Co)	2,542	3,528	3,709	3,813
Development	942	943	1,509	1,811
Condominium	1,600	2,585	2,200	2,002
Net Sales (%Co)	2,390	2,822	3,303	3,620
Development	810	992	1,183	1,495
Condominium	1,580	1,830	2,120	2,125
SoS (%Co)	54.3%	49.2%	49.4%	50.3%

Source: XP Research

XP research