



**DUNA HOUSE<sup>®</sup>**  
**GROUP**

# **MANAGEMENT GUIDANCE FOR FISCAL YEAR 2020**

February 25, 2020



## MANAGEMENT GUIDANCE FOR FISCAL YEAR 2020

	PAT	EBITDA
<b>Consolidated</b>	HUF 2.4 – 2.7 billion	HUF 2.6 – 2.8 billion
<b>Consolidated, excluding MyCity*</b>	HUF 1,150 – 1,350 million	HUF 1,500–1,750 million
- <i>Out of which Poland</i>	<i>HUF 200 – 300 million</i>	<i>HUF 300 – 400 million</i>
<b>MyCity projects *</b>	HUF 1,300 million	HUF 1,070 million **

\* MyCity property development activity

	2020
<b>Annual transaction volumes on the Hungarian residential property market</b>	130-150 thousand pieces
<b>Annual price change on the Hungarian residential property market</b>	3 to 7% growth
<b>Changes in disbursed residential loan volume on the Hungarian loan market</b>	5 to 10% growth
<b>Polish/Czech markets</b>	Management does not regard market trends as significant in the context of the current market share, thus there shall be no guidance made in relation of the Polish and Czech markets

### Profit realization from MyCity property development activity

Due to the specifics of the real estate development activities, the profit realization from the developments follows the completion of the projects, in proportion of unit handovers.

The total PAT of the two projects under construction is expected to be HUF 1.9 billion. Our forecast is based on the following assumptions:

- In Forest Hill project, 70% of the units will be handed over in 2020 and 30% in 2021,
- 100% of MyCity Residence units will be handed over in the second half of 2020.

By the end of 2019, the Group provided HUF 2.0 billion invested capital to the project companies, which capital will be released after the sale of the units, so the total expected cash flow from the two projects will be HUF 3.9 billion.

\*\* *The MyCity Residence project is 50% owned by the Group and is therefore included in the Group's financial statements solely through capital consolidation and is not part of its EBITDA.*

## MANAGEMENT GUIDANCE FOR FISCAL YEAR 2020

### Hungarian market expectations

In 2019, the real estate market's uptrend, which has characterized the transaction numbers and house prices over the last 5 years, has stopped. The market has been transformed due to the introduction of MÁP+, a growing proportion of investor purchases have been replaced by residential purchases, which has resulted in longer real estate sales cycles, but also increased loan penetration.

Due to the latest inflation data, the attractiveness of the MÁP+, therefore its impact on the real estate market might decrease in 2020, and other home-ownership programs could compensate it.

We are expecting a more mature real estate market in 2020 and its impact on our financial results can be predicted only at higher uncertainty.

In the case of newly built residential properties, 27% VAT puts investors in a very unfavorable position, and we are expecting a dramatic drop in new supply.

The loan market performed well in 2019 compared to the weaker real estate market, and despite of a declining real estate market, we expect further modest growth in 2020.

As a consequence, our guidance is based on a careful management forecast and expects stagnation in the results of the Hungarian core activities.

### Growth in Poland

In 2020, we expect significant growth in our Polish subsidiaries both in terms of volume and profit.

Based on our expectations the franchise, our office and the financial segment are also going to contribute to this growth.

We are expecting the most spectacular growth from the financial segment, which, in addition to organic growth, will expand with the volume and earnings of Alex T. Great, acquired in January 2020. The company is going to be consolidated from January 1, 2020.

As in 2019, due to the ongoing marketing campaign in Q1 2020, the Q1 Polish PAT will be negative.

The franchise real estate segment expanded beyond expectations in 2019 (from 67 to 84 offices). By the end of 2020, we are aiming to reach 100 offices.