

# DUNA HOUSE GROUP

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Management Guidance  
2022

February 2022



## MANAGEMENT GUIDANCE FOR 2022

	EBITDA range, mFt		Net profit range, mFt	
Italy	1,500	2,600	758	1,541
Hungary	1,100	1,600	748	1,193
Poland	550	800	365	557
Czech Republic	10	50	8	41
<b>Total Clean core</b>	<b>3,160</b>	<b>5,050</b>	<b>1,879</b>	<b>3,332</b>
MyCity property development, Hungary	500	650	258	392
<b>Duna House Group</b>	<b>3,660</b>	<b>5,700</b>	<b>2,137</b>	<b>3,724</b>

**In 2021, the Group had its strongest year ever in its core business and is expected to see further significant records in 2022 with the expansion in Italy.**

The Group completed the acquisition of 70% of Italian Hgroup Spa. in January 2022, with which it expects to achieve a combined **core EBITDA of between HUF 3.16-5.05 billion and core net profit of between HUF 1.88-3.33 billion in 2022 – might even reach its 2020-2024 business plan targets for 2023-2024.**

From the handovers of the **Forest Hill** residential project, the Group expects **revenues between HUF 4-5 billion, EBITDA between HUF 500-650 million, and net profit of between HUF 260-390 million in 2022** by the delivery of 38-47% of the residential units. The **expected total cash flow** after completion and repayment of the project loan is **HUF 4.7-4.8 billion.**

The Group has also started the **sale of its investment property portfolio** in order to **streamline its profile.** The market value of this portfolio is **HUF 1.8 billion.**

The expected total cash flow of the **Forest Hill project** and the **sale of the entire investment property portfolio** is between **HUF 6.5 to 6.6 billion** which amount will be used by the Board of Directors for **dividend payments or future acquisitions.**

### **Additional Comments**

The present management guidance has been prepared in a highly uncertain environment. Although the Group has no exposure to the countries concerned, the escalation of the Russian-Ukrainian conflict in recent days and its potential economic and other geopolitical implications make it extremely difficult to estimate for 2022, hence this year's management guidance applies a wider range.

The biggest challenge the Group's markets are facing is the impact of interest rate hikes on lending and property purchases. The Group's geographic presence has diversified significantly in recent years and sensitivity to these effects may vary from country to country, with the combined impact being reduced:

- Italy: in the Eurozone, the expected rise of interest rate is minimal, the direct market is affected by an increase in the share of brokers, hence further growth is expected,
- Hungary: as market interest rates on loans have started to increase and uncertainty over the extension of state subsidies arose, a rush of demand is being experienced, which is expected to lead to a strong first half-year and it might be followed by a weaker second half-year,
- Poland: interest rate hikes could have a significant impact on the loan and real estate markets, however the Group's market share has been steadily increasing throughout 2021 and will start 2022 at an elevated level.

### **Technical note: Consolidation of the Italian Hgroup**

*The Group agreed to acquire 70% of Hgroup Spa. on 10 December 2021 and the transaction was closed on 13 January 2022. The main terms of the transaction were disclosed by the Group on 10 December 2021.*

*The Group plans to consolidate its Italian subsidiaries from 1 January 2022. In accordance with the international standards, their revenue, EBITDA and net profit will be 100% consolidated in the Group's consolidated income statement, with net profit attributable to the 30% minority interest being reported as "profit attributable to non-controlling interests". In line with the above, present guidance includes 100% of the expected results of the Italian subsidiaries.*

## 2020-2024 BUSINESS PLAN FULFILMENT

<i>mFt</i>		2020	2021	2022	2023	2024	by 2024 from M&A	2024 with M&A
5-year business plan	Clean core EBITDA	1,271	1,857	2,382	2,800	3,193	1,000	4,193
	Clean core Net profit	857	1,107	1,572	1,883	2,195	850	3,045
	Development and property appraisal Net profit	993	870	68	72	75		75
	<b>Total Net profit</b>	<b>1,850</b>	<b>1,977</b>	<b>1,640</b>	<b>1,954</b>	<b>2,270</b>		<b>3,120</b>

Actuals and 2022 guidance	Clean core EBITDA	1,659	2,378	3,160 - 5,050				
	Clean core Net profit	1,166	1,751	1,879 - 3,332				
	Development and property appraisal Net profit	137	-270	258 - 392				
	Other items	43	105	-				
	<b>Total Net profit</b>	<b>1,346</b>	<b>1,586</b>	<b>2,137 - 3,724</b>				

**Technical note: The Italian Hgroup in the guidance**

The guidance above includes 100% of the results of the Italian subsidiaries in accordance with the international accounting standards. After deducting the 30% minority rights, according to management expectations, the Group's Clean core EBITDA is expected to be in the range of HUF 2,710 - 4,270 million while Clean core PAT is expected to be in the range of HUF 1,650 - 2,870 million by 2022. This could be 14-79% higher than the 5-year business plan's clean core EBITDA and 5 -80% higher than the clean core PAT for 2022.