

One United Properties

4Q '23 Earnings Review

05 Mar '24

The Company published its 4Q '23 results on 27 Feb before market open. The results were presented via two conference calls (one in English and another in Romanian) on 04 Mar.

Residential revenues increase 43% y/y, margin drops to 22.7%

In 4Q '23, the Company's revenues from sales of residential property rose 43% y/y to RON 246m, 6.7% below our estimate and down 9.6% versus 3Q '23. The cost of sales saw a 38% increase and amounted to RON 183.5m (-1.3% vs. est., -6.9% q/q). In addition, other property operating expenses came in at 7 RON 6.7m (vs. our RON 1.3m estimate); according to the preliminary earnings release, the expense was 2.4x higher y/y at RON 12.1m in FY '23 given the completion of the Company's largest residential development to date, One Cotroceni Park, and the 'resulting increase in the operating costs which were not yet fully transferred to the final customers.'

As such, the net income from sales of residential property increased 37% y/y to RON 55.8m, with the margin shedding 1.0pp y/y and 4.4pp q/q to reach 22.7%. We had expected the margin to edge up from 27% in 3Q '23 to 29%, but it appears that construction works at several developments being in the early stages still weighed more on the margin (a result of the revenue and cost recognition methods used by the Company) than we anticipated.

Rental income increased 21% y/y to RON 25m (-3% vs. est. and +1.1% q/q) while net rental income was RON 18.7m, close to the 4Q '22 level but 27% below our estimate due to other property operating expenses which amounted to RON 6.3m in the quarter (3.4x y/y).

The Company booked RON 86.7m in gains from investment property, up 52% y/y and 26% above our estimate.

Net income rises 21% y/y, below estimate

Operating expenses jumped 49% y/y to RON 37.4m mainly driven by increased administrative expenses. The result from operating activity increased 34% y/y to RON 124.7m (-15.6% vs. est.). Net finance expenses amounted to RON 12m (compared to net finance income of RON 830k in 4Q '22). The profit before tax went up 21% y/y to RON 112.8m (-18.5% vs. est.).

As a result of the above, the 4Q '23 consolidated net profit (including minority interests) rose 21% y/y to RON 98.5m, missing our RON 117.7m estimate (-16.3% vs. est.). In FY '23, the consolidated net income declined 11.8% y/y to RON 443.2m.

Summary data

Share price (RON)	1.000
Shares in issue (m)	3,797.7
Market cap (RONm)	3,798
Market cap (USDm)	829
Free float	44.8%
3m average daily traded volume (EURk)	568
Absolute change 3month	+6.1%
Absolute change 12month	+17.0%
Change 3m (vs BET)	-2.6%
Change 12m (vs BET)	-13.2%

Target price (RON) **0.998**

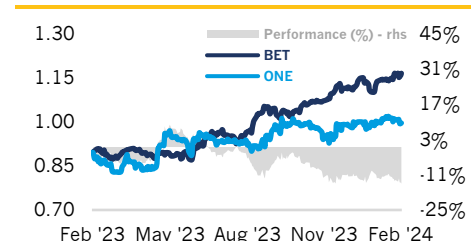
Rating **Neutral**

Upside **-0.2%**

Benchmark	BET
BET weighting	2.3%
BET one-year return	+30.1%
Bloomberg	ONE RO
Refinitiv RIC	ROONE.BX

Source: BT Capital Partners, EquityRT

ONE vs. BET (rebased @ 03 Mar '23)



Source: EquityRT

Key ratios / multiples

	3M '23	6M '23	9M '23	FY '23
EPS (RON) LTM	0.112	0.104	0.101	0.110*
EPS (RON) QTLY	0.039	0.030	0.015	0.026*
P/E (x) LTM	8.9	9.6	9.9	9.1*

Source: BT Capital Partners

*Calculated using net profit including minority interests for 4Q '23 as the net income a.m. has not been presented in the preliminary report.

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Financial data (RONm)

	4Q '23	4Q '23f	act. vs. est.	4Q '22	y/y	3Q '23	q/q	FY '23f	FY '22	y/y
Revenues from sales of residential property	246.0	263.8	-6.7%	171.8	+43.2%	272.1	-9.6%	1,122.3	769.5	+45.8%
Cost of sales of residential property	(183.5)	(186.0)	-1.3%	(132.7)	+38.3%	(197.2)	-6.9%	(802.7)	(445.5)	+80.2%
Net income from residential property	55.8	76.6	-27.1%	40.7	+37.0%	73.5	-24.1%	307.4	318.9	-3.6%
Gains from investment property	86.7	68.9	+25.8%	57.1	+51.9%	-	-	261.1	312.5	-16.5%
Net rental income	18.7	25.7	-27.3%	18.9	-0.9%	25.2	-25.9%	86.6	54.2	+59.8%
Result from operating activity	124.7	147.9	-15.6%	93.2	+33.8%	76.2	+63.7%	554.0	576.1	-3.8%
Net income	98.5	117.7	-16.3%	81.4	+21.0%	57.8	+70.3%	443.2	502.5	-11.8%

Source: BT Capital Partners, Company data

Analyst coverage universe

Analyst	Ticker	Company	Recommendation	Current price (RON)	Target price (RON)
Andrei Ciobotaru	SNP	OMV Petrom	OUTPERFORM	0.6210	0.6520
Andrei Ciobotaru	SNG	Romgaz	UNDER REVIEW	50.90	UNDER REVIEW
Andrei Ciobotaru	TGN	Transgaz	NEUTRAL	19.0	15.43
Vlad Podea	BRD	BRD Societe Generale	UNDER REVIEW	19.48	UNDER REVIEW
Vlad Podea	DIGI	Digi Communications	UNDER REVIEW	49.4	UNDER REVIEW
Vlad Podea	H2O	Hidroelectrica	NEUTRAL	129.0	125
Andrei Ciobotaru	EL	Electrica	UNDERPERFORM	12.10	7.38
Andrei Ciobotaru	SNN	Nuclearelectrica	UNDER REVIEW	48.15	UNDER REVIEW
Vlad Podea	SIFs	Lion Capital; Evergent Investments; Transilvania Investments Alliance; SIF Muntenia; Infinity Capital Investments	RESTRICTED	-	RESTRICTED
Adrian Hornea	WINE	Purcari Wineries	UNDER REVIEW	14.68	UNDER REVIEW
Adrian Hornea	SFG	Sphera Franchise Group	UNDER REVIEW	28.00	UNDER REVIEW
Adrian Hornea	M	MedLife	UNDER REVIEW	3.89	UNDER REVIEW
Vlad Podea	ONE	One United Properties	NEUTRAL	1.000	0.998
Adrian Hornea	AQ	Aquila Part Prod Com	UNDER REVIEW	1.130	UNDER REVIEW

Source: EquityRT, BT Capital Partners

Rating history | One United Properties

Type	Date	Price	TP	Rating	Type	Date	Price	TP	Rating
Coverage Initiation	02 Mar '23	0.895	0.998	Neutral					

Source: BT Capital Partners

Updated: 05 Mar '24

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Rating	General Equities
OUTPERFORM	The stock is expected to yield absolute returns in excess of 15% over a 12-month investment horizon in terms of price and we recommend increased exposure relative to its blue-chip benchmark peers (BET index).
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UNDER REVIEW	The rating of the stock is currently under review for update by BTCP Equity Research.
RESTRICTED	The rating of the stock is restricted from disclosure owing to compliance or other regulatory/legal reasons.
NOT-RATED	The stock is not currently rated by BTCP Equity Research.
COVERAGE IN TRANSITION	The rating of the stock is temporarily suspended due to changes in the research team.

Rating distribution for Romanian listed equities rating

As at 05 Mar '24 Recommendation	Total BT Capital Partners	
	Count	% of Total
Outperform	1	4%
Neutral	3	12%
Underperform	1	4%
Under Review	8	32%
Restricted	6	24%
Not rated	6	24%
Coverage in transition	0	0%
Total	25	100%

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