

One United Properties

3Q '24 Earnings Review

12 Nov '24

The Company published its 3Q '24 results on 11 Nov before market open. The results were presented via two conference calls (one in English and another in Romanian) on 12 Nov.

Residential revenues rise y/y and q/q but miss our estimate

Revenues from residential sales in 3Q '24 came in at RON 292m, up 7.5% y/y and 34% q/q, yet 18.9% below our projection. The revenue miss versus our estimate is partially explained by the fact that no revenues were recognized in relation to sales of apartments at One Lake District Phase 2. According to management, this was due to very little progress having been made in terms of the construction of the development in the quarter, with the expectation being that the development's 'very good sales' (304 units sold in 2Q and 3Q) will contribute in the upcoming quarters as construction picks up pace.

The largest contributor to the segment's revenues was the One High District development (RON 72.2m), followed by One Cotroceni Park (RON 52m) and One Lake District Phase 1 (RON 50m).

The segment income net of cost of sales and other related expenses rose 26% y/y and 30% q/q to RON 92.4m (-24% vs. est.), implying a 31.6% margin (+4.6pp y/y, -1.0pp q/q).

In 3Q '24, rental income increased 19% y/y to RON 29.4m (+5.2% q/q, +2.7% vs. est.). Net rental income climbed 8.8% y/y and 2.9% q/q to RON 27.5m, 3.1% above our estimate.

The Company also booked RON 4.1m in gains from completed investment property.

3Q net income a.m. up 19.4% y/y

Operating expenses declined 14.7% y/y to RON 21m on a 35% y/y reduction in administrative expenses. A RON 2.4m loss was recognized in relation to disposals of investment properties.

The operating profit jumped 35% y/y and 10.8% q/q to RON 103m, which is 15% short of our estimate given that Residential revenues came in below our expectation. The net finance expense was RON 15.9m, significantly higher compared to previous quarters and our estimate (+63% y/y, +30% q/q, +36% vs. est.).

Net income attributable to the Company's shareholders was RON 67.1m, up 19.4% y/y and missing our RON 90.1m estimate. The 9M '24 net profit a.m. amounted to RON 286m, down 10.1% y/y.

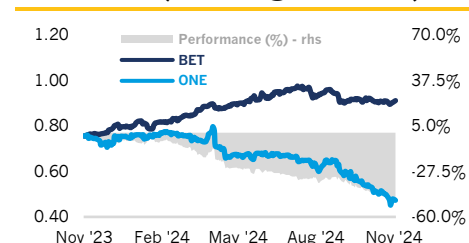
Summary data

Share price (RON)	0.4960
Shares in issue (m)	3,828.9
Market cap (RONm)	1,899
Market cap (USDm)	408
Free float	44.5%
3m average daily traded volume (EURk)	179
Absolute change 3month	-15.7%
Absolute change 12month	-31.6%
Change% 3m (vs BET)	-13.9%
Change% 12m (vs BET)	-53.2%

Target price (RON)	U/R
Rating	U/R
Upside	n.m.
Benchmark	BET
BET weighting	1.7%
BET one-year return	+21.6%
Bloomberg	ONE RO
Refinitiv RIC	ROONE.BX

Source: BT Capital Partners, EquityRT

ONE vs. BET (rebased @ 13 Nov '23)



Source: EquityRT

Key ratios / multiples

	FY '23	3M '24	6M '24	9M '24
EPS (RON) LTM	0.109	0.108	0.097	0.100
EPS (RON) QTR	0.026	0.038	0.019	0.018
P/E (x) LTM	4.6	4.6	5.1	4.9

Source: BT Capital Partners

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Financial data (RONm)

	3Q '24	3Q '24f	act. vs. est.	3Q '23	y/y	2Q '24	q/q	9M '24	9M '23	y/y
Revenues from sales of residential property	292.5	360.5	-18.9%	272.1	+7.5%	217.8	+34.3%	816.6	876.2	-6.8%
Cost of sales of residential property	(199.3)	(236.0)	-15.6%	(197.2)	+1.1%	(145.4)	+37.1%	(528.7)	(619.2)	-14.6%
Net income from residential property	92.4	122.3	-24.4%	73.5	+25.6%	70.9	+30.3%	282.8	251.6	+12.4%
Gains from investment property	4.1	-	-	-	-	24.5	-83.1%	101.2	174.4	-42.0%
Net rental income	27.5	26.6	+3.1%	25.2	+8.8%	26.7	+2.9%	81.1	67.9	+19.4%
Result from operating activity	103.0	121.4	-15.2%	76.2	+35.1%	93.0	+10.8%	390.9	429.3	-8.9%
Net income	69.9	95.5	-26.8%	57.8	+20.9%	71.4	-2.0%	298.6	344.8	-13.4%
Net income a.m.	67.1	90.1	-25.6%	56.2	+19.4%	73.2	-8.3%	286.1	318.2	-10.1%

Source: BT Capital Partners, Company data

Analyst coverage universe

Company	Ticker	Rating	Target price (RON)	Current price (RON)	Analyst
Aquila Part Prod Com	AQ	UNDER REVIEW	UNDER REVIEW	1.400	Adrian Hornea
BRD Societe Generale	BRD	UNDER REVIEW	UNDER REVIEW	19.08	Vlad Podea
Digi Communications	DIGI	UNDER REVIEW	UNDER REVIEW	65.0	Vlad Podea
Electrica	EL	UNDER REVIEW	UNDER REVIEW	13.30	Octavian Duma
Hidroelectrica	H2O	NEUTRAL	125	124.5	Vlad Podea
MedLife	M	UNDER REVIEW	UNDER REVIEW	6.15	Adrian Hornea
One United Properties	ONE	UNDER REVIEW	UNDER REVIEW	0.496	Vlad Podea
Premier Energy	PE	OUTPERFORM	26.4	19.81	Octavian Duma
Sphera Franchise Group	SFG	UNDER REVIEW	UNDER REVIEW	39.90	Adrian Hornea
Romgaz	SNG	UNDER REVIEW	UNDER REVIEW	5.51	Octavian Duma
Nuclearelectrica	SNN	UNDER REVIEW	UNDER REVIEW	44.05	Adrian Hornea
OMV Petrom	SNP	UNDER REVIEW	UNDER REVIEW	0.7500	Vlad Podea
Transgaz	TGN	UNDER REVIEW	UNDER REVIEW	24.0	Octavian Duma
Purcari Wineries	WINE	UNDER REVIEW	UNDER REVIEW	14.90	Adrian Hornea
Lion Capital; Evergent Investments; Transilvania Investments Alliance; Longshield Investment Group; Infinity Capital Investments	SIFs	RESTRICTED	RESTRICTED		- Vlad Podea

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	0.681*	0.759*	Neutral					
Earnings Preview	26 Aug '24	0.640	U/R	U/R					

Source: BT Capital Partners

*Adjusted prices.

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Rating	General Equities
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UNDERPERFORM	The stock is expected to yield negative absolute returns of more than -15% over a 12-month investment horizon in terms of price and we recommend reduced exposure relative to its blue-chip benchmark peers (BET index).
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 12 Nov '24 Recommendation	Total BT Capital Partners	
	Count	% of Total
Outperform	1	4%
Neutral	1	4%
Underperform	0	0%
Under Review	12	48%
Restricted	6	24%
Not rated	5	20%
Coverage in transition	0	0%
Total	25	100%

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