

Impact Developer & Contractor

The worst is behind us

We downgrade our recommendation for Impact Developer & Contractor to **HOLD** (from **BUY**), with a fair value per share of **RON 0.20**, implying a **5.5% upside** from the current share price. The issues with the stock of unsold apartments have been resolved. We expect these apartments to be sold and recognized in revenue rather quickly, suggesting the difficult period Impact has gone through recently is a thing of the past. Combined with other developments in Romania, the company will smoothen out its real estate development cycle and report consistent revenue growth. At this time, Romania still has one of the highest overcrowding rates in Europe, indicating unmet demand. Additionally, the largest urban settlements in the country will likely experience population growth, even when accounting for the overall population decline. Impact targets a low to middle income segment, which matches the demographic type that will move in the respective urban areas. The company trades at **16.6X EV/EBITDA vs 7.8x peer median**.

Overcrowding still an issue in Romania. The real estate demand is unmet currently, as the country had an overcrowding rate of 44.7% in 2023, compared to the 18.1% EU27 average, based on Eurostat data, signalling that development should accelerate going forward. In this case, population decline in urban areas is offset by middle income young individuals and families, moving into the metropolitan areas of the country's largest urban centers..

The issue of unsold apartments solved. As a consequence of legal matters, the company was unable to sell and recognize in revenue over 700 apartments that it had finalized. It appears that the issue has been resolved, as indicated in one of the press statements. As such, we believe these apartments will be sold rather quickly in 1H25E, as some of them had delivery contracts signed with customers.

Real estate development cycle smoothened out. Going forward, the company will manage to smoothen out its development cycle, given the existing projects for which Impact has building permits and the other planned projects. This should ensure a mitigation of the otherwise negative impact on the bottom line.

Changes in forecasts. We cut our forecasts from the previous fair value update. The reason for this downwards adjustment is related to the issue with the unsold apartments. In our previous assumptions, we did not consider the company may face the issue. The difference in 2025E and 2026E forecasts is related to the time it will take to sell the apartments, as well as the pre-sales and sales period of the upcoming developments, in relation to G&A and marketing expenses.

Dividends: We expect a 0.0% payout ratio in 2025E and 10% in 2026E, implying RON 0 ps in 2025E and RON 0.001 ps in 2026E, implying a DY 0.4% and 0.4%.

Figure 1. Summary of financial data

RON m	2022	2023E	2024E	2025E	2026E	2027E
Revenues	219	169	255	566	660	726
EBITDA	111	43	23	49	58	66
EBIT	-6	-23	-33	-16	-33	-16
Net profit	86	37	-21	23	17	36
Dividends	0	3	0	0	2	2
EPS (RON)	0.04	0.01	-0.01	0.01	0.01	0.02
DPS (RON)	0.00	0.00	0.00	0.00	0.00	0.00
EV/EBITDA (x)	4.9	6.1	16.6	8.8	7.6	6.9
P/E (x)	10.4	17.9	-26.9	25.6	35.7	16.6
Dividend yield (%)	0.0%	0.5%	0.0%	0.0%	0.4%	0.4%

Source: Company, BVB, IPOPEMA Research*out of previous year's earnings

Real Estate

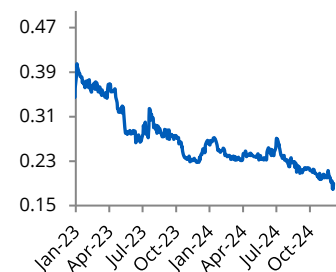
Impact

HOLD

FV RON 0.20 from RON 0.18

5.5% upside

Price as of 6 December 2024 RON 0.19



Share data

Number of shares (m)	2,364.9
Market cap (EUR m)	81.1
12M avg daily volume (k)	503.8
12M avg daily turnover (EUR m)	0.02
12M high/low (RON)	0.3/0.2
BET weight	0.00%
Reuters	ROIIMP.BX
Bloomberg	IMP RO

Total performance

1M	-4.23%
3M	-8.33%
12M	-18.78%

Shareholders

Gheorghe Iaciu	58.03%
Others	41.97%

Analyst

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Impact Developer & Contractor

HOLD

FV 0.20 RON

Mkt Cap RON 455.0m

Upside/downside +5.5%

Valuation multiples	2022	2023	2024E	2025E	2026E
P/E (x)	10.4	17.9	-26.9	25.6	35.7
EV/EBITDA adj (x)	4.9	6.1	16.6	8.8	7.6
EV/Sales (x)	2.5	1.6	1.3	0.8	0.7
P/BV (x)	1.0	0.7	0.7	0.7	0.7
FCF yield (%)	-8.0	32.2	30.6	27.3	9.0
DY (%)	0.0	0.5	0.0	0.0	0.4
Payout ratio	0.0	4.0	0.0	0.0	10.0

Per share	2022	2023	2024E	2025E	2026E
No. of shares (m units)	2,366	2,366	2,366	2,366	2,366
EPS (RON)	0.04	0.01	-0.01	0.01	0.01
BVPS (RON)	0.38	0.39	0.38	0.39	0.40
FCFPS (RON)	-0.02	0.04	0.04	0.05	0.02
DPS (RON)	0.00	0.00	0.00	0.00	0.00

Change yoy (%)	2022	2023	2024E	2025E	2026E
Operating revenue	41.8%	-6.1%	-14.1%	72.4%	21.8%
EBITDA	11.5%	-61.3%	-46.8%	115.8%	18.2%
EBIT	10.5%	-64.2%	-58.3%	179.2%	19.4%
Net profit	8.7%	-56.6%	-157.8%	-207.9%	-28.1%
Tax rate	19.0%	-18.7%	39.1%	-27.2%	11.5%

Leverage and return	2022	2023	2024E	2025E	2026E
Operating margin	49.8%	23.0%	6.4%	8.0%	8.2%
EBITDA margin	50.8%	25.4%	9.0%	8.7%	8.8%
EBIT margin	49.8%	23.0%	6.4%	8.0%	8.2%
Net debt/EBITDA (x)	3.0	8.4	12.8	3.9	3.1
Net debt/Equity	0.4	0.4	0.3	0.2	0.2
Net debt/Assets	0.2	0.2	0.2	0.1	0.1
ROE	9.6%	4.0%	-2.4%	2.5%	1.8%
ROA	5.9%	2.5%	-1.5%	1.5%	1.1%

Assumptions	2022	2023	2024E	2025E	2026E
Operating revenues	219.2	169.5	254.5	565.6	660.3
Sales of apartments	219.2	169.5	254.5	565.6	660.3
Cost of sales	-148.5	-103.1	-197.5	-467.4	-540.7
G&A	-30.2	-42.8	-29.2	-42.4	-56.8

Margins (% of rev)	2022	2023	2024E	2025E	2026E
Selling expenses	13.8%	25.2%	11.5%	7.5%	8.6%
Depreciation	1.1%	2.4%	2.6%	0.7%	0.6%
Total operating exp.	21.3%	35.3%	16.0%	9.3%	9.9%

KPIs	2022	2023	2024E	2025E	2026E
Apartments sold	275	157	165	350	400
Sqm sold	16,582	13,733	13,847	24,500	26,000
Price per sqm growth	59.3%	-6.6%	49.0%	25.6%	10.0%
Average sqm/apartment	60.3	87.5	83.9	70.0	65.0
Cost per sqm growth	69.3%	-16.2%	90.0%	33.7%	9.0%

P&L (RON m)	2021	2022	2023	2024E	2025E	2026E
Total revenue	138.1	226.5	169.5	254.5	565.6	660.3
Operating revenues	137.6	219.2	169.5	254.5	565.6	660.3
Other income and gains from IP	87.2	85.0	32.6	0.0	0.0	0.0
OPEX	-38.3	-46.6	-59.9	-40.7	-52.8	-65.3
EBITDA	99.9	111.4	43.1	22.9	49.4	58.4
Depreciation	-1.2	-2.3	-4.1	-6.6	-4.0	-4.1
EBIT	98.7	109.1	39.0	16.3	45.4	54.3
Net interest expense	-3.5	-6.2	-23.3	-33.4	-16.4	-33.4
Pre-tax profit	95.3	102.8	15.7	-17.1	29.0	20.9
Income tax	-16.5	-18.1	19.2	-6.1	-4.6	-3.3
Minorities	0.0	-0.9	-2.3	-1.8	1.2	0.9
Net profit	78.8	85.6	37.2	-21.5	23.2	16.7

BALANCE SHEET (RON m)	2021	2022	2023	2024E	2025E	2026E
Non-current assets	587.3	727.8	772.6	769.3	772.8	776.2
Net fixed assets	15.2	65.6	88.8	87.8	89.9	91.9
Investment property	571.9	653.7	676.3	677.6	677.6	677.6
Intangibles and goodwill	0.2	4.1	4.2	3.7	4.1	4.6
Others	0.0	4.3	3.3	0.2	1.2	2.0
Current assets	617.1	715.6	694.8	686.5	728.6	741.3
Cash and equivalents	42.0	55.1	51.3	118.5	218.2	220.2
Receivables	36.1	42.8	20.1	19.2	27.9	36.2
Inventories	538.9	617.7	623.4	528.1	443.7	444.4
Other current assets	0.0	0.0	0.0	20.8	38.7	40.5
Total assets	1,204.4	1,443.4	1,467.4	1,455.9	1,501.4	1,517.5

Equity	716.9	879.8	911.2	892.5	915.6	930.0
Minorities	0.0	9.9	13.9	5.9	7.1	8.0
Non-current liabilities	225.5	358.4	410.9	285.0	296.3	307.1
Interest bearing debt	150.1	268.9	347.0	196.5	206.5	214.0
Payables	6.9	8.5	6.0	18.5	24.8	28.1
Others	68.5	81.1	57.9	70.0	65.0	65.0
Current liabilities	262.0	195.4	131.4	272.5	282.3	272.3
Interest bearing debt	186.9	119.9	66.6	215.0	205.0	190.0
Payables	73.8	33.7	23.4	13.2	17.7	22.2
Contract liabilities	0.0	39.5	38.9	39.6	53.2	51.8
Others	1.3	2.2	2.5	4.7	6.3	8.3
Equity and liabilities	1,204.4	1,443.4	1,467.4	1,455.9	1,501.4	1,517.5

Gross debt	337.0	388.8	413.6	411.5	411.5	404.0
Net debt	295.0	333.7	362.3	293.0	193.3	183.7

CASH FLOW (RONm)	2021	2022	2023	2024E	2025E	2026E
Cash flow from operating activities	-52.2	-49.3	22.3	110.8	123.6	49.2
Profit for the period	78.8	84.8	37.2	-19.2	24.4	17.5
Depreciation and amortization	0.8	2.3	4.1	3.8	4.0	4.1
Changes in WC	-69.6	-91.2	-0.3	88.5	83.5	-2.5
Other, net	-62.2	-45.2	-18.7	37.7	11.8	30.1
Cash flow from investment	-38.3	-55.7	-15.5	-12.0	-7.5	-7.5
Additions to PPE and intangibles	-0.3	-45.1	-5.9	-12.6	-7.5	-7.5
Expenses on investment property	-30.5	-9.7	-10.0	0.0	0.0	0.0
Other, net	-7.4	-0.8	0.3	0.6	0.0	0.0
Cash flow from financing	73.5	118.1	-10.6	-31.6	-16.4	-39.7
Changes in debt	80.1	60.7	22.2	-4.0	0.0	-7.5
Dividends paid	0.0	0.0	-3.4	0.0	0.0	-2.3
Proceeds from share capital	0.0	77.7	0.0	0.0	0.0	0.0
Other, net	-6.6	-20.3	-29.3	-27.6	-16.4	-29.8
Net change in cash and equivalent	-17.0	13.1	-3.8	67.2	99.7	2.1
Beginning cash and equivalents	59.0	42.0	55.1	51.3	118.5	218.2
Ending cash and equivalents	42.0	55.1	51.3	118.5	218.2	220.2

Source: Company data, IPOPEMA Research

Figure 2. Valuation summary

Ron m	2024E	2025E	2026E	2027E	2028E	Terminal year
Risk free rate	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%
Unlevered beta	1.0	1.0	1.0	1.0	1.0	1.0
Beta	2.1	1.7	1.7	1.7	1.7	1.7
Rm-Rf	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%
Cost of equity (CAPM)	22.4%	19.2%	19.1%	19.2%	19.2%	19.2%
Debt premium	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Pre-tax cost of debt	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%
Tax rate	-35.8%	16.0%	16.0%	16.0%	16.0%	16.0%
After tax cost of debt	10.2%	6.3%	6.3%	6.3%	6.3%	6.3%
Debt share	45.3%	45.3%	44.8%	45.0%	45.5%	45.5%
Equity share	54.7%	54.7%	55.2%	55.0%	54.5%	54.5%
WACC	16.9%	13.4%	13.4%	13.4%	13.4%	13.4%
Revenues	254.5	565.6	660.3	726.3	795.3	874.8
EBIT	16.3	45.4	54.3	61.3	87.6	125.0
Tax rate	-35.8%	16.0%	16.0%	16.0%	16.0%	16.0%
NOPLAT	22.1	38.2	45.6	51.5	73.6	105.0
Depreciation	3.8	4.0	4.1	4.3	4.4	7.9
CAPEX	-12.6	-7.5	-7.5	-7.5	-7.5	-4.4
Change in working capital	88.5	83.5	-2.5	-13.1	-4.9	-6.8
Leasing payments	-1.0	-1.5	-2.0	-2.5	-3.0	-3.5
FCF	100.8	116.6	37.7	32.6	62.6	98.1
Discount factor	1.0	0.9	0.8	0.7	0.6	
PV of Free Cash Flow	99.6	101.7	29.0	22.1	37.4	
Sum of PV FCFs	289.8					
Terminal growth	3.0%					
Terminal value	947.3					
PV of terminal value	566.7					
Enterprise value	856.5					
Net debt	362.3					
Dividends paid	0.0					
Minorities	13.9					
Equity value	480.3					
NOSH	2365.7					
FV (RON)	0.20					
Current price	0.19					
Upside	5.5%					

Source: Company, IPOPEMA Research

Figure 3. Sensitivity analysis

		EBIT margin				
		12.5%	13.0%	13.6%	14.0%	14.5%
g rate	2.0%	0.18	0.18	0.18	0.18	0.18
	2.5%	0.19	0.19	0.19	0.19	0.19
	3.0%	0.20	0.20	0.20	0.20	0.20
	3.5%	0.22	0.22	0.22	0.22	0.22
	4.0%	0.23	0.23	0.23	0.23	0.23

Source: IPOPEMA Research

Figure 4. Impact Developer & Contractor changes in forecasts

	New 2024E	Old 2024E	Ch.%	New 2025E	Old 2025E	Ch.%	New 2026E	Old 2026E	Ch.%
P&L Summary (RON m)									
Revenue	254.5	165.9	53.4%	565.6	181.0	212.5%	660.3	197.5	234.3%
OPEX and gains	-40.7	-63.3	-35.7%	-52.8	-68.7	-23.2%	-65.3	-55.0	18.8%
EBITDA	22.9	102.7	-77.7%	49.4	112.3	-56.0%	58.4	142.5	-59.0%
Depreciation	-6.6	-3.6	86.5%	-4.0	-3.7	6.3%	-4.1	-4.0	4.0%
EBIT	16.3	99.1	-83.6%	45.4	108.6	-58.1%	54.3	138.6	-60.8%
Net other	-33.4	-15.7	112.7%	-16.4	-14.9	9.8%	-33.4	-13.2	153.5%
Pre-tax profit	-17.1	83.4	-120.5%	29.0	93.7	-69.0%	20.9	125.4	-83.3%
Net profit	-21.5	70.1	-130.7%	23.2	78.7	-70.5%	16.7	105.3	-84.2%

Source: IPOPEMA Research

Figure 5. Impact Developer & Contractor peer comparison

Name	Ticker	Price (local)	P/E			EV/EBITDA		
			2024E	2025E	2026E	2024E	2025E	2026E
One United Properties	ONE RO Equity	0.4	6.72	4.48	4.03	5.2	4.3	3.2
Dom Development	DOM PW	209.0	9.58	8.98	8.06	7.8	7.1	6.6
Atal	1AT PW	52.9	8.09	6.60	6.08	7.6	6.5	6.4
Archicom	ARH PW	35.3	20.55	9.95	4.58	13.9	7.8	3.6
Inmobiliaria Del Sur	ISUR SM	9.2	9.29	4.84	10.76	12.1	7.0	10.3
Median			9.29	6.60	6.08	7.76	7.04	6.41
Premium / discount to median			N/A	288.6%	487.0%	113.8%	24.3%	18.1%

Source: Bloomberg, IPOPEMA Research

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Romanian Equities

The definitions of terms used in the document include:

NII – Net interest income – interest income minus interest expense.

Net F&C – Net fee and commission income – fee and commission income minus fee and commission expense.

LLP – loan loss provisions – an expense set aside as an allowance for bad loans.

NPL – non-performing loan – loans that are in default or close to be in default.

Cost/Income – operating expenses divided by total banking revenue.

ROE – return on equity – net income (or adjusted net income) divided by the average shareholders' equity.

ROA – return on assets – net income (or adjusted net income) divided by the average assets.

EBIT – earnings before interests and tax.

EBITDA – earnings before interests, tax, depreciation and amortization.

EPS – earnings per share – the net income (or adjusted net income) divided by the number of shares outstanding.

P/E – price to earnings ratio – price divided by earnings per share.

PEG – P/E ratio divided by the annual EPS growth, usually over a certain period of time.

CAGR – compound annual growth rate.

BVPS – book value per share, the book value of the Company's equity divided by the number of shares outstanding.

P/BV – price to book value - price divided by the BVPS.

DPS – dividend per share – dividend of a given year divided by the number of shares outstanding.

DY – dividend yield – dividend of a given year divided by the current price.

DDM – dividend discount model – a fundamental method of valuation based on the assumption that the value of stock equals the sum of all discounted future dividends.

FV – Fair Value, calculated based on valuation methods outlined in the document.

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Rating	Difference between FV and price at recommendation
Buy	Above 10%
Hold	In between (and including) -10% and 10%
Sell	Below -10%

IPOPEMA Research - Distribution by rating category (1 July – 30 September 2024)

	Number	%
Buy	18	56%
Hold	8	25%
Sell	6	19%
Total	32	100%

Rating History – Impact Developer & Contractor

Date	Recommendation	Fair Value	Price at recommendation	Author
29/03/2021	BUY	RON 3.40	RON 2.88	Florin Ciocoi
19/07/2021	BUY	RON 0.61	RON 0.52	Florin Ciocoi
27/07/2022	BUY	RON 0.87	RON 0.65	Florin Ciocoi
30/08/2022	BUY	RON 0.52	RON 0.45	Florin Ciocoi
12/12/2022	HOLD	RON 0.41	RON 0.39	Florin Ciocoi
31/06/2023	BUY	RON 0.32	RON 0.28	Florin Ciocoi
06/12/2024	BUY	RON 0.20	RON 0.19	Ionut Gavris