

Research

CEE | Equity Research

Dom Development

Welcome to the suburbs!

When, at the start of the year, we pointed out that the coming months were likely to bring a significant correction in profit margins for the largest property developers, the market appeared to be pricing in a far more aggressive scenario. Ultimately, our concerns materialised (GM in 1H26 down 4pp yoy), however, we now believe that 'the worst' – namely, the aforementioned erosion of reported margins and a lower-than-expected interim dividend – is behind us, and it is now worth beginning to capitalise on Dom Development's leading role in the accelerating consolidation of the domestic residential market. While we do not believe that the Group's entry into Poznań will be a game-changer for its pre-sales volumes, we see significantly greater upside potential in legislative changes, such as the introduction of integrated investment plans (ZPI), and the launch of operations in the Warsaw suburbs.

In view of the rise in Polish bond yields, we are increasing the risk-free rate by 50 bps to 6.0%, which reduces our valuation by PLN 30 per share. At the same time, we are increasing our EPS estimates for FY26–28E by 2/6/7% respectively. We are also raising our assumed sales volumes beyond FY30E. These model adjustments increase our valuation by PLN 15 per share. As a result, we are lowering our target price by 5% to PLN 285, which, given the share price's weakness in recent months, implies a BUY recommendation. We note that the Group is currently trading at a discount to its historical 1Y/2Y forward P/E and P/BV ratios.

Investor Day Highlights. We view the message from the meeting as slightly positive - the newly raised topics should not affect sentiment towards Dom Dev in the short term, while in the medium term, structural changes in the primary market should cement DOM's position as the leader of the domestic residential development sector. From the perspective of, among other things, our forecasts, two topics currently appear to be key: i) legislative changes, mainly Integrated Investment Plans (ZPI), which should sharply increase the supply of the largest multi-phase projects in the largest markets, while at the same time materially raising development costs (including the "offset" towards local municipalities/districts), and ii) Dom Dev's proactive expansion of its offering into the capital's "suburban ring", i.e. suburban municipalities of the Warsaw agglomeration, such as Pruszków. [For a broader description see p. 7.](#)

Estimates change. We are revising our earnings trajectory at the short- and medium-term end of the curve. We expect FY26E to be a transitional year, during which the erosion of margins (resulting, amongst other things, from the growing proportion of faster-turnover plots) will not yet be offset by higher volumes. The situation will change from FY27E onwards – we expect the Group to significantly exceed the 5,000 mark for units sold next year. Consequently, we currently assume that the Group will hand over 4,950/5,155/5,615 units to customers in FY26–28E, which leads us to raise our EPS forecasts for this period by 2/6/7 per cent respectively.

Valuation. We base our valuation on both DCF and DDM models, each accounting for 50% of the total. We have assumed an RFR of 6.0% (up 50bps) and a market premium of 5.5%. We also assumed 5,400 handovers at the terminal (up from 5,000 in the last recommendation) and a gross margin of 28% (unchanged). These assumptions imply a 12-month target price of PLN 285. Comparative valuation returns PLN 238 (up 3% from the last recommendation)

Risk factors. Specific risk factors include: 1) monetary risk, 2) regulatory risk, 3) interest rate risk and 4) legal/administrative risk. [For a broader description see p. 10.](#)

PLNm	2023	2024	2025	2026E	2027E	2028E
Revenues	2,550	3,168	3,256	3,791	4,177	4,624
EBITDA	579	722	828	897	973	1,049
EBIT	558	697	801	869	944	1,019
Net profit	460	569	654	702	756	828
EPS (PLN)	17.9	22.1	25.4	27.2	29.3	32.1
P/E (x)	13.3	10.8	9.4	8.7	8.1	7.4
EV/EBITDA (x)	11.0	8.7	7.8	7.4	6.6	5.8
P/BV (x)	4.2	3.6	3.1	2.6	2.3	2.1
DY (%)	6.9%	5.3%	5.9%	6.0%	7.2%	8.2%

Source: Company, Trigon

Buy

(Previous: Hold 300 PLN)

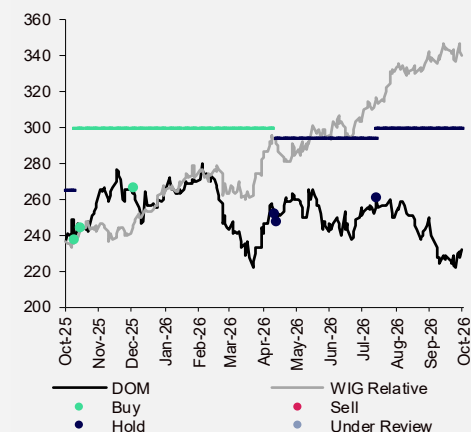
Target Price: PLN 285

Upside: +20%

FACT SHEET

Ticker	DOM		
Sector	Real Estate		
Price (PLN)	237.5		
52W range (PLN)	220 / 284.5		
Shares outstanding (m)	25.8		
Market Cap (PLNm)	6,127		
Free-float	33%		
3M Avg. Vol. (PLNm)	2.0		
Price performance	1M	3M	1Y
	-8%	-3%	-2%

RELATIVE SHARE PRICE VS WIG INDEX



RECOMMENDATIONS	DATE	TP
Hold	22.07.2026	300
Hold	21.04.2026	295
Hold	20.04.2026	295
Buy	10.12.2025	300
Buy	23.10.2025	300
Buy	17.10.2025	300
Hold	21.07.2025	265

SHAREHOLDERS	Share %
Groupe Belleforet SA r.l	54.8%
OFE Allianz Polska	9.7%
Jarosław Szanajca	5.6%
Grzegorz Kielpsz	5.0%

INVESTOR CALENDAR

3Q26 Earnings	19.11.2026
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ANALYST

David Sharma, CFA

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Glossary of professional terms:

capitalisation – market price multiplied by the number of a company's shares

free float (%) – percentage of a company's shares held by shareholders with less than 5% of total voting rights attached to the shares, reduced by treasury shares held by the company

min/max 52 wks – lowest/highest share price over the previous 52 weeks

average turnover – average volume of share trading over the previous month

EBIT – operating profit

EBITDA – operating profit before depreciation and amortisation

adjusted profit – net profit adjusted for one-off items

CF – cash flow

CAPEX – sum of investment expenditures on fixed assets

OCF – cash generated through a company's operating activities

FCF – cash generated by a company after accounting for cash outflows to support its operations and maintain capital assets

FCFF - free cash flow, cash generated through the operational activities of the company minus capital expenditures and lease payments

ROA – rate of return on assets

ROE – rate of return on equity

ROIC – rate of return on invested capital

NWC – net working capital

cash conversion cycle – length of time it takes for a company to convert its cash investments in production inputs into cash revenue from sale of its products or services

gross profit margin – ratio of gross profit to net revenue

EBITDA margin – ratio of the sum of operating profit and depreciation/amortisation to net revenue

EBIT margin – ratio of operating profit to net revenue

net margin – ratio of net profit to net revenue

EPS – earnings per share

DPS – dividend per share

BVPS – book value per share

P/E – ratio of market price to earnings per share

P/BV – ratio of market price to book value per share

EV/EBITDA – ratio of a company's EV to EBITDA

EV – sum of a company's current capitalisation and net debt

DY – dividend yield, ratio of dividends paid to share price

FCFF yield – free cash flow yield, FCFF divided by EV and adjustments

RFR – risk free rate

WACC – weighted average cost of capital

Recommendations of the Brokerage House

Issuer – Dom Development S.A

BUY – we expect the total return on an investment to reach at least 15%

HOLD – we expect the price of an investment to be largely stable, with potential upside of up to 15%

SELL – we expect negative total return on an investment of more than -0%

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Document prepared by: David Sharma

Valuation methods used

The Discounted Cash Flow (DCF) method values a company by estimating its future cash flows and discounting them back to their present value.

- Advantages: future-oriented, flexible when it comes to assumptions, based on the intrinsic value of a company, widely accepted.

- Disadvantages: sensitivity to assumptions, complexity, subjectivity, doesn't consider market sentiment or short-term fluctuations.

The comparable valuation method values a company by comparing it to similar publicly traded companies.

- Advantages: simplicity, transparency, benchmarking, reflects current market valuations and investor sentiment.

- Disadvantages: lack of specificity, limited comparables, sensitive to market fluctuations, ignoring fundamental differences.

SOTP – sum-of-the-parts method, which consists in valuing a company by valuing its individual business lines separately and then summing them up.

Advantages: different valuation methods can be applied to diverse business lines; the approach is useful for assessing the value of a company e.g. in the case of planned acquisition or restructuring.

Disadvantages: the peer group for individual business lines is usually limited, the method does not adequately account for synergies between business segments.

Risk-adjusted net present value method (rNPV)

Advantages: accounting for probabilities assigned to future cash flows, providing a more realistic assessment of the present value of future cash flows and reflecting business-specific factors, especially in the case of innovative companies.

Disadvantages: subjectivity involved in the adoption of a discount rate, significant reliance on a number of assumptions, high level of complexity in the calculations and exclusion of qualitative factors from the valuation.

Discounted residual income method (DRI)

Advantages: valuation based on the excess of income over risk-adjusted opportunity cost to owners of capital, the method can be applied to companies that do not pay dividends or generate positive FCF.

Disadvantages: significant reliance on subjective judgements and assumptions, as well as sensitivity of the valuation to any changes in those variables.

Discounted dividend model (DDM)

Advantages: accounting for real cash flows to equity owners, the model works best for companies with a long history of dividend distribution.

Disadvantages: the method can be applied to dividend-paying companies only, it is not suitable for companies with a short history of dividend distribution.

Net asset value method (NAV)

Advantages: the approach is particularly relevant to holding companies with significant property, plant and equipment assets, the calculation of NAV is relatively straightforward.

Disadvantages: the method neglects future revenue or earnings potential and may not properly reflect the value of intangible assets.

Target multiple method

Advantages: the method can be applied to any company.

Disadvantages: it involves a high degree of subjectivity.

Replacement value method – it assesses the value of a company based on the costs of replacing its assets.

Advantages: the method is particularly relevant to companies with significant property, plant and equipment assets.

Disadvantages: it may be hard to capture the value of a company's intangible assets, reputation and market potential.

Liquidation value method – the sum of prices that the business would receive upon selling its individual assets on the open market.

Advantages: the method can capture the lowest threshold of a company's value.

Disadvantages: it may be hard to capture the value of a company's intangibles.

Basis of the valuation or methodology and the underlying assumptions used to evaluate the financial instrument or the issuer, or to set a price target for the financial instrument: DCF and DDM models.

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