TRIGON

20 October 2026

Research

CEE | Equity Research

Develia

A breather after years of rapid growth

Hold

(Previous: Hold 11.5 PLN)

Target Price: PLN 10

Upside: +13%

Recent years in the residential space have undoubtedly belonged to Develia, which has been by far the fastest-growing player in the sector and has firmly established itself among the top polish real estate heavyweights. In just 4 years, the Group scaled up its sales volumes by over 130% (we estimate 3,764 units sold in FY26E) with the Group's equity story being further enhanced by its highly flexible approach to expanding its land bank – Develia divested its commercial assets and, in subsequent years, expanded significantly through both M&A transactions (Nexity, Bouygues Immobilier Polska) and joint ventures (such as with Grupo Lar in Warsaw or with other investors as part of the Morska Park project in Gdynia).

We are convinced that the Group is well positioned to become one of the leading consolidators of the Polish residential space in the coming years. However, in the short to medium term, we highlight a sharp deceleration in earnings growth; adj. EPS grew at a 34% CAGR over FY20–25, whereas in the coming years we expect the impact of flattish pre-sales prices over the past two years, combined with the PPA effect related to the BIP acquisition, to slow earnings growth to low-single-digit levels – based on our estimates, the corresponding adj. EPS CAGR for FY25–28E stands at just 3%. Consequently, also taking into account that 2H26E earnings are set to decline visibly yoy and that the scope for positive pre-sales surprises over the coming months appears limited, we believe that even a high DY is currently insufficient to support a re-rating of Develia.

Taking the above arguments into account, we reiterate our HOLD recommendation. We cut our TP by 13%, mainly reflecting an increase in the RFR to 6.0%, the September dividend cut-off and a modest downward revision to our FY26–28E estimates, while leaving our long-term model assumptions unchanged. Our FY27–28E EPS estimates come in below consensus.

3Q26 Results Preview. We estimate that despite flat revenue, Develia's EPS will fall by nearly 60% yoy, hence we expect a negative market reaction to the results. The Group handed over 8% more apartments yoy; however, in our view, the mix of units delivered will weigh on profitability. A large share of 3Q26E handovers were apartments from the Unii Lubelskiej project in Poznań and the Przesmycka Vita project in Gdańsk, where the average value of an apartment handed over was just under PLN 600k. As a result, we expect a 9% decline in the average price per unit handed over and as much as a 17pp decline in gross margin yoy – we believe the PPA effect from the BIP acquisition will no longer be as visible in the results of subsequent periods.

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 assume 4,500 handovers at the terminal (unchanged) and a gross margin of 26% (unchanged). These assumptions imply a 12-month target price of PLN 10.0. Comparative valuation returns PLN 7.1 (down 10% from the last recommendation).

Risk factors. Specific risk factors include, among others: 1) monetary risk, 2) regulatory risk, 3) interest rate risk and 4) legal/administrative risk.

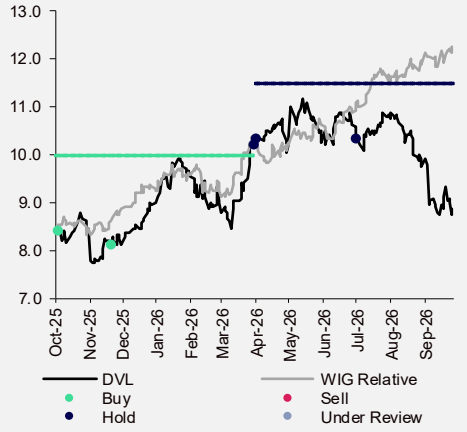
PLNm	2023	2024	2025	2026E	2027E	2028E
Revenues	1,608	1,790	2,075	2,952	3,211	3,418
EBITDA	333	457	536	570	637	638
EBIT	330	450	526	557	625	626
adj. Net profit	293	353	448	454	495	500
EPS (PLN)	0.7	0.8	1.0	1.0	1.1	1.1
P/E (x)	13.6	11.5	9.2	9.2	8.4	8.3
EV/EBITDA (x)	12.8	9.3	8.3	8.4	8.0	7.7
P/BV (x)	2.6	2.4	2.1	2.0	1.9	1.8
DY (%)	4.5%	5.6%	6.5%	8.2%	8.3%	9.0%

Source: Company, Trigon

FACT SHEET

Ticker			**DVL**
Sector			**Real Estate**
Price (PLN)			**8.9**
52W range (PLN)			**5.33 / 8.75**
Shares outstanding (m)			**463.3**
Market Cap (PLNm)			**4,110**
Free-float			**100%**
3M Avg. Vol. (PLNm)			**1.4**
Price performance	1M	3M	1Y
	-5%	**7%**	**51%**

RELATIVE SHARE PRICE VS WIG INDEX



RECOMMENDATIONS

	DATE	TP
Hold	7/22/2026	11.5
Hold	4/21/2026	11.5
Hold	4/20/2026	11.5
Buy	12/10/2025	10.0
Buy	10/23/2025	10.0
Buy	7/21/2025	10.0
Buy	7/15/2025	10.0

SHAREHOLDERS

	Share %
OFE Nationale-Nederlanden	18.5%
OFE PZU Złota Jesień	18.4%
OFE Allianz Polska	16.8%
OFE Generali	9.9%
OFE PKO BP Bankowy	5.5%
OFE Vienna	4.3%

INVESTOR CALENDAR

3Q26 Earnings	19.11.2026

ANALYST

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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
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
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
RFR – risk free rate
WACC – weighted average cost of capital

Recommendations of the Brokerage House
Issuer – Develia 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.

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