

HOMEBUILDERS

Time to be selective – tougher outlook strengthens the case for quality; CYRE is our top pick

A more challenging setup, yet not without opportunities. Mid/high-income homebuilders have shown greater resilience in recent years than the segment's rate-sensitive nature would suggest, expanding volumes with solid profitability under adverse macro conditions. However, the sharp surge in launches outpaced sales growth, sending inventory soaring. As near-term relief in homebuyers' affordability remains unlikely, this sets the stage for a more challenging outlook, with upcoming elections adding further uncertainty. Yet, the picture is not entirely negative. Launches have since retreated, while tighter funding dynamics trigger a flight to quality, favoring established players. Several developers have also built a less cyclical earnings base by expanding into MCMV, while valuation multiples already price in a bearish outlook. Homebuilders that combine healthy inventory, a proven track record, and more consistent earnings should offer a better risk-reward.

CYRE remains our top pick, followed by MDNE. CYRE boasts the strongest sales performance across near-term deliveries, providing a buffer for future launches. Its rising MCMV exposure is not yet fully reflected in the P&L (~21% of YTD revenues despite a ~40% share of sales), which should support structurally higher ROEs as the gap narrows (~21% avg. for 2026–2027). Still, we forecast an attractive ~4.4x YE27 adj. P/E (16th percentile over the past 10 years), while its sizeable backlog (1.2x LTM revenues) provides a comfortable cushion against a more pronounced sales slowdown—a 10%–20% downside sales surprise would still trigger only a ~4%–8% revision to YE27 EPS. MDNE, meanwhile, holds the lowest inventory among listed peers (12.5 months of sales) and has a diversified launch pipeline skewed toward more defensive segments. Despite a 24% 2025-2027 EPS CAGR, we forecast an attractive 3.9x YE27 P/E valuation.

Selective on EZTC and LAVV, on the sidelines in EVEN. EZTC's mid-income exposure and high inventory levels increase its sensitivity to macro headwinds. Still, the potential sale of its office towers remains the main catalyst to unlock shareholder value, which has recently gained traction following the full lease-up of both towers. A conservative two-year sale timeline would still imply an attractive 4.4x YE27 P/E (adj. for the towers' NPV). Meanwhile, LAVV's launch ramp-up amid macro headwinds adds downside risks, potentially amplified by its richer 31% NAV premium (vs. peers' ~9% discount). Yet, its earnings are less reliant on new sales, with backlog at 1.7x LTM revenues (vs. peers' ~1.0x), while we forecast an appealing 3.9x YE27 P/E valuation, supporting a constructive outlook. Lastly, EVEN carries the highest inventory risks given its 24-month sales coverage and weaker sales performance on near-term deliveries. Despite a cheap 3.2x YE27 P/E valuation, we continue to favor other players with a stronger earnings conviction.

Mind the risks: (i) Higher indebtedness and inventory build-up taking a greater-than-expected toll on new sales; (ii) tighter funding dynamics weighing on new launches and cancellation levels; (iii) labor shortage and changes in the 6x1 work schedule weighing on construction inflation and future deliveries; and (iv) tax reform increasing homebuilders' tax burden.

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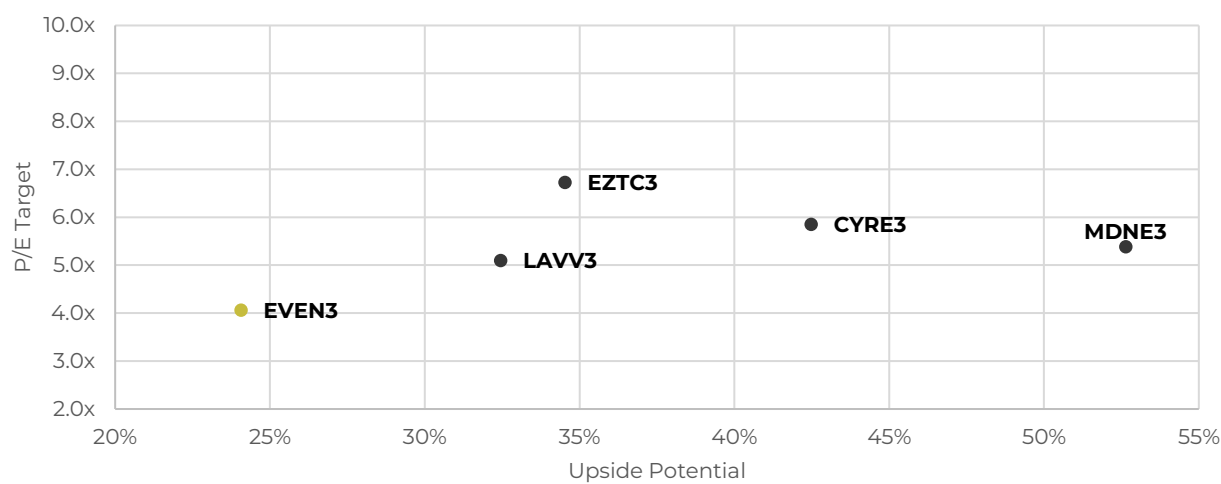
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Company	Rating	Target Price	Total return
CYRE3	OP	38.0	58%
MDNE3	OP	37.0	59%
EZTC3	OP	18.0	41%
LAVV3	OP	14.0	45%
EVEN3	N	5.0	31%

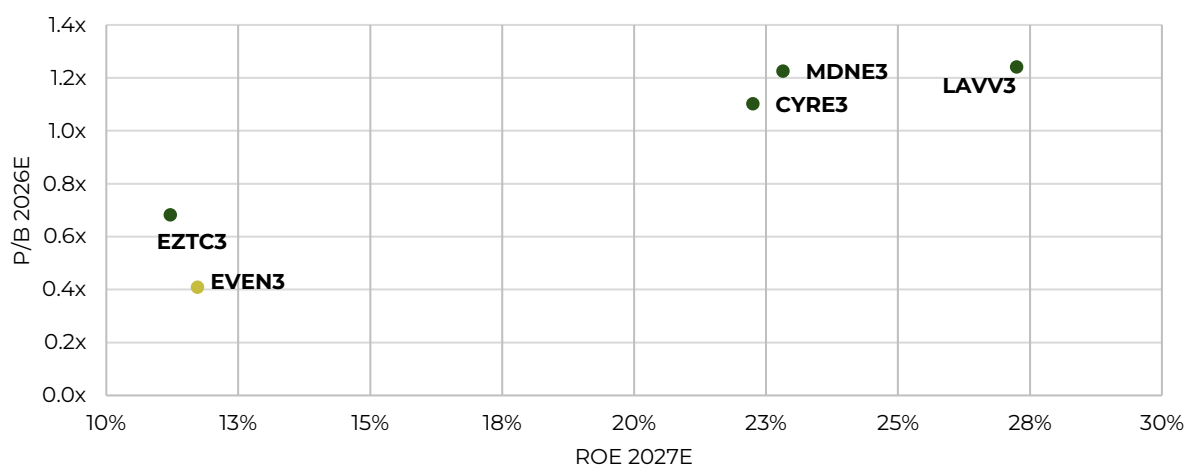
Figure 1. Updated ratings and valuation ratios for mid/high-income homebuilders

Company	Rating	Last Price	Target Price	Upside	Total return	P/E		P/B		ROE		Div. Yield	
						26E	27E	26E	27E	26E	27E	26E	27E
CYRE3	OP	26.7	38.0	42%	58%	6.1x	4.7x	1.1x	0.9x	18.6%	21.3%	5.8%	8.5%
MDNE3	OP	24.2	37.0	53%	59%	4.2x	3.9x	1.2x	0.9x	29.5%	22.8%	8.0%	12.1%
EZTC3	OP	13.4	18.0	35%	41%	7.2x	5.8x	0.7x	0.6x	9.8%	11.2%	2.7%	4.3%
LAVV3	OP	10.6	14.0	32%	45%	5.3x	3.9x	1.2x	1.0x	24.3%	28.2%	10.8%	6.4%
EVEN3	N	4.0	5.0	24%	31%	5.1x	3.2x	0.4x	0.4x	8.1%	11.7%	3.8%	5.9%

Source: Safran.

Figure 2. Target P/E vs. upside potential

Source: Safran.

Figure 3. 2026E P/B vs. ROE 2027E

Source: Safran.

Moura Dubeux

We are reducing our YE27 target price to BRL 37.0/share (from BRL 42.0/share), implying a 53% upside potential for the company's stocks, which justifies our Outperform rating. We revised our valuation model for the company, incorporating: **(i)** past quarterly results; **(ii)** updated macroeconomic assumptions and; **(iii)** fine-tuned estimates, for which we raise our 2027 launch estimates by 8% to BRL 5.3bn, reflecting higher condominium projects (BRL 2.5bn). We anticipate net sales of BRL 4.2bn in 2026 and BRL 4.6bn in 2027.

Valuation. We estimate a total equity value of BRL 3.8bn (BRL37.0/share) for Moura Dubeux. Our valuation is based on the sum of: (i) our estimate for the company's discounted NAV of BRL 1.8bn (BRL17.6/share); and (ii) our estimated NPV of its future cash flows, of BRL 2.0bn (BRL19.4/share), for which we assume an average NPV margin of 11.8% and a discount rate (WACC) of 16.4%.

Figure 46. Main changes in Moura Dubeux's estimates

(BRL mn)	2026		% change	2027		% change	2028		% change
	New	Previous		New	Previous		New	Previous	
Net revenues	2625	2706	-3.0%	2839	2829	0.3%	3,662	3518	4.1%
Adj. gross profit	1062	1032	2.8%	1207	1120	7.7%	1,468	1351	8.7%
Adj. gross margin (%)	40.4%	38.1%	229 bps	42.5%	39.6%	291 bps	40.1%	38.4%	168 bps
Net income	602	584	3.1%	642	634	1.3%	710	744	-4.5%
Net margin (%)	22.9%	21.6%	134 bps	22.6%	22.4%	21 bps	19.4%	21.1%	-174 bps
Launches (%MD)	4941	4800	2.9%	5346	4943	8.1%	5480	5091	7.6%
Net sales (%MD)	4182	4135	1.1%	4561	4796	-4.9%	4608	5157	-10.7%
ROE	29.5%	28.5%	99 bps	22.8%	22.4%	1.9%	22.0%	22.8%	-3.5%
WACC	16.4%	16.3%	10 bps	16.4%	16.3%	10 bps	16.4%	16.3%	10 bps

Source: Safr.

Figure 47. Safr vs. Bloomberg consensus

(BRL mn)	2026		Safr vs Consensus	2027		Safr vs Consensus	2028		Safr vs Consensus
	Safr	Consensus		Safr	Consensus		Safr	Consensus	
Net revenues	2625	2728	-3.8%	2839	3097	-8.3%	3662	3598	1.8%
Gross profit	1017	1033	-1.6%	1157	1164	-0.6%	1407	1322	6.5%
Gross margin (%)	38.7%	37.9%	85 bps	40.8%	37.6%	317 bps	38.4%	36.7%	169 bps
Net income	602	608	-1.0%	642	663	-3.2%	710	751	-5.4%
Net margin (%)	22.9%	22.3%	63 bps	22.6%	21.4%	120 bps	19.4%	20.9%	-147 bps

Source: Safr.

Figure 48. Valuation breakdown

Valuation	Sum-Of-Parts	Equity (BRL mn)	BRL/share
(a)	NPV receivables	2394	23.2
(b)	NPV inventory	776	7.5
(c)	Landbank and other	-1292	-12.5
(d)	Net cash (debt)	-56	-0.5
	Current NAV	1822	17.6
(e)	NPV new launches	5296	51.3
(f)	NPV holding (G&A + CAPEX)	-3295	-31.9
	Future NPV	2001	19.4
Total	Equity value / target price	3823	37.0

Source: Safr.

Figure 49. Breakdown of weighted-average cost of capital

Weighted Average Cost of Capital (WACC)			
Cost of equity assumptions		Cost of debt assumptions	
10y US bond - US\$	4.10%	Cost of debt (BRL)	11.7%
Brazil risk	2.40%	Effective tax rate	15.0%
Brazil country risk - 10y	6.50%	Cost of debt after tax	9.9%
Forex (BRL/US\$)	2.00%	Capital structure	
10y Brazil risk - BRL	8.50%	Equity	80%
Equity risk premium	5.80%	Debt	20%
Beta	1.64	WACC	16.4%
Cost of equity (Ke)	18.0%	Perpetual growth (g)	3.0%

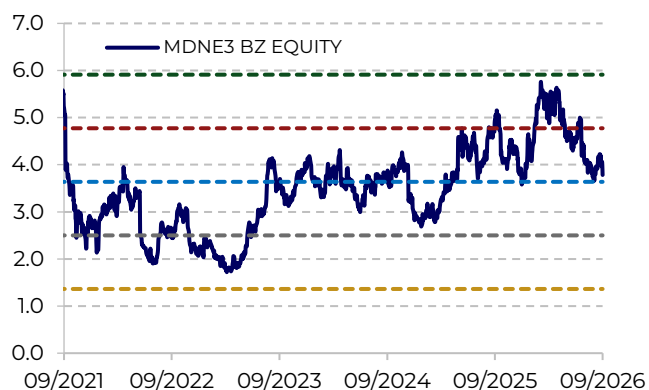
Figure 50. Valuation sensitivity analysis – stabilized launches vs. NPV margin

Stabilized launches (100%) - 2027								
NPV margin of launches		5,500	6,000	6,500	7,000	7,500	8,000	8,500
	8.8%	16.2	18.8	21.3	23.9	26.5	29.1	31.7
	9.8%	19.7	22.5	25.4	28.3	31.2	34.0	36.9
	10.8%	23.2	26.3	29.5	32.7	35.8	39.0	42.2
	11.8%	26.6	30.1	33.6	37.0	40.5	43.9	47.4
	12.8%	30.1	33.9	37.6	41.4	45.1	48.9	52.6
	13.8%	33.6	37.6	41.7	45.7	49.8	53.8	57.9
	14.8%	37.1	41.4	45.8	50.1	54.5	58.8	63.1

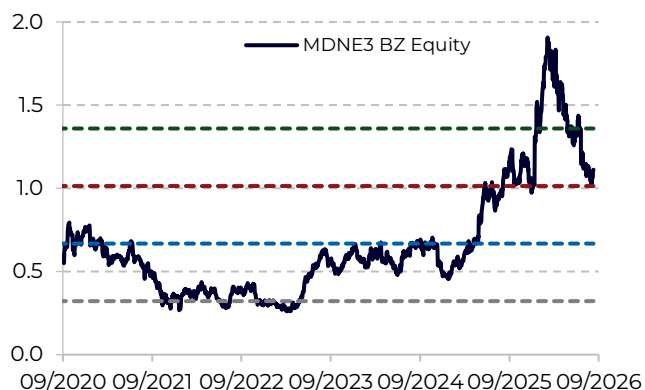
Source: Safr.

Figure 51. Valuation sensitivity analysis – WACC vs. perpetual growth

WACC								
Perpetual Growth (g)		17.9%	17.4%	16.9%	16.4%	15.9%	15.4%	14.9%
	1.5%	35.3	35.7	36.1	36.6	37.0	37.6	38.1
	2.0%	35.4	35.8	36.2	36.7	37.2	37.7	38.3
	2.5%	35.5	35.9	36.4	36.9	37.4	37.9	38.5
	3.0%	35.6	36.1	36.5	37.0	37.6	38.1	38.8
	3.5%	35.8	36.2	36.7	37.2	37.7	38.3	39.0
	4.0%	35.9	36.4	36.8	37.4	38.0	38.6	39.3
	4.5%	36.0	36.5	37.0	37.6	38.2	38.9	39.6

Figure 52. Moura Dubeux's historical P/E 1Y fwd

Source: Bloomberg and Safr.

Figure 53. Moura Dubeux's historical P/B 1Y fwd

Source: Bloomberg and Safr.

Figure 54. Safra Analysis and Valuation Scorecard (SAVS)

P&L	2025A	2026E	2027E	2028E
Launches (% MD)	4,594	4,941	5,346	5,480
Contracted sales (% MD)	3,514	4,182	4,561	4,608
SoS ratio	50.1%	48.4%	46.5%	43.0%
Net revenues	2,357	2,625	2,839	3,662
COGS	(1,534)	(1,608)	(1,682)	(2,255)
Gross profit	823	1,017	1,157	1,407
Gross margin	34.9%	38.7%	40.8%	38.4%
SG&A expenses	(336)	(373)	(414)	(516)
SG&A expenses/net revenue	14.3%	14.2%	14.6%	14.1%
EBITDA	458	612	719	860
EBITDA margin	19.5%	23.3%	25.3%	23.5%
EBIT	447	595	700	836
EBIT margin	18.9%	22.7%	24.7%	22.8%
NOPAT	385	519	620	733
NOPAT Margin	16.3%	19.8%	21.8%	20.0%
Pre tax profit	482	682	751	895
Taxes	(62)	(76)	(80)	(103)
Minorities and others	(0)	4	28	81
Reported net profit	420	602	642	710
Normalized net profit	420	602	642	710
Normalized net margin	17.8%	22.9%	22.6%	19.4%
Dividends	101	200	302	385

YoY Growth Rates	2025A	2026E	2027E	2028E
Launches (% MD)	80.7%	7.6%	8.2%	2.5%
Contracted sales	47.0%	19.0%	9.1%	1.0%
Net revenues	50.1%	11.4%	8.1%	29.0%
Gross profit	56.2%	23.6%	13.8%	21.6%
SG&A expenses	36.8%	11.0%	11.0%	24.6%
EBITDA	77.7%	33.4%	17.5%	19.7%
EBIT	80.1%	33.2%	17.7%	19.4%
NOPAT	84.1%	34.9%	19.4%	18.3%
Normalized net profit	68.9%	43.2%	6.7%	10.6%
Dividends	n.a.	98.0%	51.1%	27.5%

Leverage and BS Metrics	2025A	2026E	2027E	2028E
Inventory days	235	298	365	342
Accounts receivable days	322	406	411	337
Accounts payable days	61	91	97	102
Current liquidity	1.4	1.6	1.7	1.8
Invested capital	1,842	2,890	3,586	3,990
Net debt/EBITDA	0.71	0.53	0.73	0.70
Net debt/total assets	0.06	0.05	0.07	0.08
EBITDA/net financial result	12.95	7.06	14.10	14.68

Balance Sheet (BS)	2025A	2026E	2027E	2028E
Cash and equivalents	552	546	186	-38
Accounts receivables	2,109	2,958	3,241	3,423
Inventories	1,003	1,333	1,704	2,139
Other current assets	361	311	335	349
Total current assets	4,025	5,148	5,466	5,873
Long-term assets	1,285	1,540	1,540	1,540
Permanent assets	258	349	350	351
Total assets	5,568	7,036	7,356	7,764
Accounts payables	262	406	455	640
Short-term debt	161	193	191	164
Other current liabilities	2,545	2,568	2,504	2,547
Total current liabilities	2,968	3,169	3,151	3,353
Long-term debt	715	675	522	403
Other long-term liabilities	369	483	483	483
Total long-term liabilities	1,084	1,303	1,149	1,031
Minorities	-2	-4	-4	-4
Shareholders equity	1,518	2,568	3,060	3,385
Total liabilities	5,568	7,036	7,356	7,764

Return and Others	2025A	2026E	2027E	2028E
Market Cap. (BRLmn)	3201	2503	2503	2503
EV (BRLmn)	3,476	2,866	3,070	3,149
EV/EBITDA	7.6	4.7	4.3	3.7
P/E	7.6	4.2	3.9	3.5
P/B	2.1	1.2	0.9	0.8
ROIC	20.9%	18.0%	17.3%	18.4%
ROE	27%	29%	23%	22%
Asset turnover	42.3%	37.3%	38.6%	47.2%
WACC	16.4%	16.4%	16.4%	16.4%
Cost of equity	18.0%	18.0%	18.0%	18.0%
Dividend yield	3%	8%	12%	15%
Net debt	324	322	527	605
Net debt/equity	21.4%	12.5%	17.2%	17.9%
Net debt/total capital	17.6%	11.1%	14.7%	15.2%

Source: Safra.

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