

INITIATION OF COVERAGE

# DIMAND

## Unloved and undervalued

**Leading developer in Greece, focused on urban redevelopment** – Dimand is one of Greece’s top developers, managing a total of 20 projects encompassing varied-use assets of 539K sqm and a gross development value (GDV) – upon completion – near €1.2bn. The company has expertise in developing energy-efficient and modern buildings, with its competitive moat – following 18 years of presence in the field – lying in its ability to identify areas ripe for urban development, thus being able to acquire land at competitive prices. This approach underpins robust project returns given the implicit yield differential (exit yield minus yield-to-construct), with mgt targeting levered IRRs >20% and returns on capital generated upon project exits >1.5x, with the track record being even stronger. Given the nature of the sector, which requires significant upfront capital for land acquisition and construction, Dimand is structured via SPVs, fact which adds a layer of complexity but facilitates participation in multiple projects while leveraging up further prospective returns.

**... and operating an asset-light model** – Contrary to many developers, who develop assets for rent focusing on long-term income generation from leasing their properties, Dimand engages mostly in asset monetization and capital recycling via the selling of its participation in the SPVs developing the properties. With 20 projects poised to be completed over 2024-27e, asset turnover is set to increase markedly in the coming years helping the group bolster its balance sheet, monetize the capital invested and increase ROE. With most of Dimand’s landbank being situated in areas with healthy property demand/supply balance, there is reasonable degree of visibility regarding this monetization scope, in our view. We model a total c€180m profit crystallized from the 20 projects in progress through to 2027e, of which some €30m in 2024e.

**How to value Dimand** – Valuing Dimand is a rather herculean task due to the complexities associated with the group’s structure and the nature of the development business itself. Our approach is quite simple, namely we value Dimand’s stake in: 1) projects in progress, 2) projects recently announced; and 3) project Skyline (deal to be sealed in H2’24), while also adding the value of: 4) the project management services business, which is “asset-light” and can be considered a recurring income stream. We are not keen to assign a perpetual value for Dimand at this stage, since our PT is on a 12m basis and, at the current juncture, we believe that any growth potential for the company beyond its current and in-progress land bank scale would be hard to be priced-in. We come up with a €11.0 SOTP-based PT, arguing the current price effectively incorporates solely the well telegraphed 20 projects and the value of the services business. On the other hand, the upside from project Skyline and the recently announced projects is effectively offered as free option.

**Valuation** – The stock has suffered 43% losses since its IPO, weighed down by both industry (rate hikes, tighter credit conditions, broad sector de-rating) and idiosyncratic factors (complexity, path to asset monetization). In general, as a group, global developers have seen their 50% valuation premium to spot NAV swing to a c20% discount, but as we show in this report, developers with 2-digit ROEs normally trade at or above 1x P/NAV. Against this background, with Dimand at 1.1x 2023 P/NAV but at <1.0x on 2024e – given the >€50m capital generation embedded in our numbers – we find the stock largely de-risked at these levels. We expect the shares to trade higher in the valuation spectrum as confidence in the company’s ability to sustain ROE in the 2-digits grows. We thus initiate coverage with a Buy.

<b>Recommendation</b>	<b>BUY</b>
Prior Recommendation	N/A
<b>Target Price</b>	<b>€ 11.0</b>
Prior Target Price	N/A
Closing Price (15/07)	€8.57
Market Cap (mn)	€160.1
Expected Return	28.4%
Expected Dividend	6.8%
Expected Total Return	35.1%

### Dimand Share Price



### Stock Data

Reuters RIC	DIMANDr.AT
Bloomberg Code	DIMAND GA
52 Week High (adj.)	€12.95
52 Week Low (adj.)	€8.00
Abs. performance (1m)	3.9%
Abs. performance (YTD)	-19.2%
Number of shares	18.7mn
Avg Trading Volume (qrt)	€91k
Est. 3yr EPS CAGR	120.1%
Free Float	36%

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*See Appendix for Analyst Certification and important disclosures.*

### Estimates

EURm unless otherwise stated	2022	2023	2024e	2025e	2026e
Revenues	10.6	9.4	10.5	11.8	12.1
EBITDA	7.1	19.3	62.5	41.3	74.2
Net profit - reported	-7.8	13.2	54.0	32.8	64.2
EPS (EUR)	-0.51	0.71	2.89	1.76	3.44
DPS (EUR)	0.00	0.00	0.58	0.61	1.20

### Valuation

Year to end December	2022	2023	2024e	2025e	2026e
Adj. PE	NM	14.9x	3.0x	4.9x	2.5x
P/NAV	2.2x	1.4x	0.8x	0.7x	0.6x
EBIT/Interest expense	0.6x	9.3x	7.4x	5.0x	6.6x
Dividend Yield	0.0%	0.0%	6.8%	7.2%	14.0%
Adj. ROE	-6.4%	13.3%	33.4%	16.5%	27.3%

Source: Eurobank Equities Research

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This report has been written by analysts Christiana Armpounioti and Stamatios Draziotis (CFA).

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### 12-month Rating History of Dimand

Date	Rating	Stock price	Target price
16/07/2024	Buy	€ 8.57	€ 11.00

### Eurobank Equities Investment Firm S.A. Rating System:

Stock Ratings	Coverage Universe		Investment Banking Clients		Other Material Investment Services Clients (MISC) - as of 15th Jul 2024	
	Count	Total	Count	Total	Count	Total
Buy	25	69%	3	12%	10	42%
Hold	3	8%	0	0%	1	33%
Sell	0	0%	0	0%	0	0%
Restricted	1	3%	0	0%	1	100%
Under Review	2	6%	1	50%	2	100%
Not Rated	5	14%	2	40%	2	40%
<b>Total</b>	<b>36</b>	<b>100%</b>				

**Coverage Universe:** A summary of historic ratings for our coverage universe in the last 12 months is available [here](#).

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**Buy:** Based on a current 12-month view of total shareholder return (percentage change in share price to projected target price plus projected dividend yield), we recommend that investors buy the stock.

**Hold:** We adopt a neutral view on the stock 12-months out and, on this time horizon, do not recommend either Buy or Sell.

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