Equity Research

ALLOS

ALOS3 | 2Q26 Review: More Mix, Same Margin

Real Estate

Analysts

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Company

ALLOS BZ Equity
Buy

Price: R$ 27.00 (06-August-2026)
Target Price 12M: R$ 38.00

Our Take:

ALLOS delivered a **2Q26 above our estimates** at the operating lines and far above at the bottom line, for entirely different reasons. **Net revenue** came in at **R$732.3mn** (+4.5% vs. Genial; +11.6% YoY; +7.2% QoQ), **Adjusted EBITDA at R$525.4mn** (+3.1% vs. Genial; +10.4% YoY; +6.6% QoQ) and **FFO at R$340.8mn** (+5.1% vs. Genial; +11.6% YoY; +13.8% QoQ**). Net income of R$294.0mn** (+43.1% vs. Genial; +57.4% YoY; +22.9% QoQ), however, tells us nothing about the operation: **pre-tax income came in at R$225.3mn** against R$225.2mn in 2Q25, a variation of zero, and the entire expansion came from a deferred tax credit of R$134.3mn, a non-cash item.

Stripping out one-offs, growth is real but more modest. The final deed on the Uberlândia land parcel (**R$15.4mn**) and the insurance advance for NOI losses at Shopping Tijuca (**R$9.0mn**) account for half of the increase**: ex one-offs, EBITDA grows 5.4% and FFO 4.0%**. The positive standout of the quarter lies in portfolio quality, with **SSR of 4.6% ex-Tijuca representing entirely real growth, given that the IGP-M passed through to the lease book was negative, net delinquency down 45 bps to 1.4%** and the rent component of tenants' occupancy cost falling from 6.3% to 6.2% of sales.

The investment case remains anchored on the same pillars: **maturation of the media and real estate development verticals, expense discipline under the Simplifica program, and portfolio recycling at multiples above those implied by the stock itself**. We reiterate **BUY** with a target price of **R$38.00**.

What Explained the Difference?

The deviation came from revenue composition. We missed rental revenue by R$11.6mn to the downside, with minimum rent of R$375.5mn broadly flat YoY, and were more than offset by other revenues (R$30.9mn against R$5.1mn) and services. Of the R$76.2mn of revenue growth, 77% came from services and other revenues and only R$12.5mn from rent.

At the EBITDA line, the beat came from costs. We projected mall operating costs at R$42.2mn and they came in at **R$37.9mn**, still 36.6% above 2Q25 on Tijuca effects, while SG&A on the ex-long-term incentive basis came in at R$96.6mn against our R$100.2mn estimate, **down 6.3%** YoY even absorbing the May collective bargaining salary adjustment. It is worth noting that, despite the beat in absolute terms, the **EBITDA margin came in 1.0 p.p.** below our estimate, reflecting media growth running ahead of what we had projected, a topic we detail below.

Exhibit 1. Our Estimates vs. ALLOS – Excludes Straitght-line effects

R$ Millions	2Q26E	2Q26A	2Q25A	1Q26A	vs. Est	% Y/Y	% Q/Q
Net Revenue	**701**	**732**	**656**	**683**	**4.5%**	**11.6%**	**7.2%**
Adjusted EBITDA	**510**	**525**	**476**	**493**	**3.1%**	**10.4%**	**6.6%**
Adjusted EBITDA Margin	*72.7%*	*71.7%*	*72.5%*	*72.2%*	*-1.0 p.p.*	*-0.7 p.p.*	*-0.4 p.p.*
Adjusted EBIT	**350**	**376**	**326**	**340**	***7.3%***	***15.2%***	***10.5%***
EBIT Margin	*50.0%*	*51.3%*	*49.7%*	*49.7%*	*1.3 p.p.*	*1.6 p.p.*	*1.5 p.p.*
Net Income	**205**	**294**	**187**	**239**	**43.1%**	**57.4%**	**22.9%**
Net Income Margin	*29.3%*	*40.1%*	*28.5%*	*35.0%*	*10.8 p.p.*	*11.7 p.p.*	*5.1 p.p.*
EPS	**0.41**	**0.59**	0.40	0.49	44.8%	47.7%	19.8%
FFO	**324**	**340**	**305**	**299**	**5.1%**	**11.6%**	**13.8%**
FFO Margin	*46.2%*	*46.4%*	*46.4%*	*43.7%*	*0.2 p.p.*	*0.0 p.p.*	*2.7 p.p.*
FFOPS	**0.64**	**0.68**	**0.60**	**0.59**	**5.9%**	**12.6%**	**14.7%**
NOI	**586**	**601**	**580**	**553**	**2.6%**	**3.7%**	**8.7%**
NOI Margin	*91.0%*	*91.8%*	*93.4%*	*91.2%*	*0.8 p.p.*	*-1.6 p.p.*	*0.6 p.p.*

Source: ALLOS, Genial Investimentos

Operational Highlights:

Sales totaled **R$10.5bn** (+4.6% ex-Tijuca), with **SSS of 2.4%** (2.6% ex-Tijuca) against 7.1% in 2Q25. The deceleration is calendar-driven, not demand-driven: the Easter mismatch between 2026 and 2025 combined with the FIFA World Cup matches. The segment breakdown confirms it, with Convenience, Services and Leisure at 6.5% against just 1.2% in Apparel and Footwear, the pattern of a consumer who went to the mall for entertainment and bought less clothing.

SSR tells a different story and is the most relevant data point of this block. It advanced 3.2% (4.6% ex-Tijuca), which represents entirely **real growth**, since the IGP-M passed through to the lease book was negative. All of the rent gain came from renewals above inflation and from mix. Occupancy cost rose 10 bps to 10.3%, but the breakdown inverts the reading: t**he rent component fell from 6.3% to 6.2% of sales while common charges and the marketing fund rose from 4.0% to 4.1%**, meaning the additional pressure on tenants did not come from ALLOS. With the Company's share receding, we see room for real increases at renewal.

Occupancy ended at **96.2% (96.3% ex-Tijuca)**, stable versus 1Q26, with vacancy concentrated in Boulevard Brasília (84.7%) and Tijuca (90.2%) against a core operating between 96% and 99%. Net delinquency fell to **1.4% (1.2% ex-Tijuca)**. Owned GLA grew 1.6% to 1,262 thousand sqm and total GLA 1.3% to 1,934 thousand sqm, with 196 contracts signed and 27.1 thousand sqm leased.

NOI, Margins and Interest Rates:

NOI totaled R$601.3mn, up 3.7% YoY, with a margin of 91.8%, down 142 bps YoY and up 60 bps QoQ**. The sequential improvement is the takeaway**, as it marks the turning point at Shopping Tijuca, whose peak costs were concentrated in 1Q26. On the annual comparison, what the headline reading conceals is the concentration: ex-Tijuca the **margin was 93.0% against 93.3%, a decline of only 30 bps, meaning 79%** of the compression comes from a single asset representing 2.7% of owned GLA. Based on the ex-Tijuca indicators disclosed, the drag net of insurance is approximately R$10mn of EBITDA per quarter, or R$42mn annualized, around 1.9% of the guidance midpoint.

Adjusted EBITDA **totaled R$525.4mn, up 10.4%** YoY against revenue growing 11.6% YoY, meaning the **margin declined only 72 bps**, to 71.7%. Breaking down the R$49.9mn of annual growth, **NOI contributed R$21.8mn**, of which R$9.0mn relates to the Tijuca insurance, **real estate development R$15.4mn, net service revenue R$8.8mn, SG&A R$6.3mn of savings and other recurring operating revenues R$3.1mn, partially offset by R$5.4mn of additional taxes on revenue**.

On the balance sheet, leverage remains at 1.7x and the average cost of debt improved to **CDI + 0.57%** from CDI + 0.75% in 2Q25, following the R$1.0bn CRI issuance in April. With 98.7% of debt indexed to the CDI and R$3.39bn in cash, net exposure stands at R$3.47bn: **every 100 bps of Selic cuts add roughly R$34.7mn to annual earnings, or 2.5% of FFO**. A 150 bps cycle is worth more than the full normalization of Tijuca and requires no execution.

Media Grows Without Costing Margin:

The media vertical was the main revenue driver of the quarter. Helloo advanced **84.5%,** driven by the multiplatform World Cup project with UOL and NEOOH and by the airport expansion, **moving from 6.4% to 10.6% of gross revenue**. Consolidated service revenue grew 39.6% to **R$115.9mn**.

Because media operates with third-party inventory and revenue shared within a consortium, **the segment margin fell from 74.3% to 60.8%**, an expected move and one with no bearing on the mall operation. **The relevant point is that a 420 bps mix shift toward a structurally lower-margin business cost only 72 bps of consolidated EBITDA margin, because SG&A fell 5.6% and NOI kept growing, absorbing most of the dilution**.

The trade-off shows up in the contribution to earnings. **Services accounted for 43% of net revenue growth and for R$8.8mn of the R$49.9mn of EBITDA growth**, or 18% of the total, since **every incremental real of service revenue converted 27 cents into net service revenue**. This is not a problem, it is pricing: a lower incremental margin for the vertical is to be expected.

Real Estate Development Gains Scale:

The final deed on the Uberlândia land parcel, sold to developer Perplan, generated **R$15.4mn** in the quarter, with R$39.5mn in the first half against zero in 1H25. The model is attractive in that it monetizes idle owned land while transferring development risk to the partner, with no meaningful capital allocation, and the pipeline is sizable, with **72 mixed-use towers signed and 1.74mn sqm of private area available**.

The highlight of the quarter was the **Parque Dom Pedro master plan in Campinas, spanning more than 300 thousand sqm of private area across 17 towers with estimated GSV of R$4.5bn**. The immediate practical value lies less in the headline figure, which the Company itself notes does not represent a revenue expectation and depends on future negotiations, and more in **the signing of the mobility infrastructure agreement with the municipality and the issuance of the construction permit for the hotel**, which move the first phase off paper and reduce execution risk.

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under Review	Under review	**5%**

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