



Price (Euro)	1.11
52 weeks range	1.65 / 1.05

Key data

ISIN	AT0000827209
Reuters	WXFB.VI
Bloomberg	WXT AV
Reporting standard	IFRS
Market Cap (Euro million)	59.9
Shares outstanding (million)	54.0
Free Float	44%
Free Float MarketCap (m)	26.4
3 years CAGR (EBITDA '17e - '20e)	-28.0%

Multiples	2017	2018e	2019e	2020e
MarketCap / Revenues	1.41	2.03	1.68	1.55
PE Ratio	1.5	-64.6	4.1	3.9
Dividend Yield	5.4%	0.9%	5.4%	5.4%

Key data per Share	2017	2018e	2019e	2020e
EPS (Earnings per Share)	0.75	-0.02	0.27	0.29
Dividends per Share	0.06	0.01	0.06	0.06

Financial data (Euro million)	2017	2018e	2019e	2020e
Total Revenues	42.4	29.5	35.6	38.6
thereof Hotels and Resorts	27.5	13.2	14.3	14.6
thereof Investment Properties	13.2	15.4	20.3	22.7
thereof Development & AM	1.7	1.0	1.1	1.3
Total expenses	-22.0	-12.2	-11.6	-11.8
Operating profit (EBITDA)	33.6	5.6	19.4	12.5
Operating profit (EBIT)	54.7	9.4	27.0	24.2
Net financial result	-11.7	-11.2	-1.6	-2.8
Pre-tax profit	43.0	-1.8	25.4	21.5
Net profit after minorities	40.5	-0.9	14.6	15.5

Main Shareholders

Dr. Franz Jurkowsch (CEO)	14%
Georg Folian	15%
Amber Privatstiftung	11%
Bocca Privatstiftung	11%
MetLife PTE	> 5%

Financial calendar

2018 annual report	26 April 2019
1Q 2019 report	28 May 2019
AGM	3 June 2019
2Q 2019 report	27 August 2019

Analysts

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9M numbers coined by the weak rouble but some good operating progress - Buy and target price affirmed

On Friday, Warimpex published its 9M 2018. Hotel revenues declined -as expected- from Euro 24.6m to Euro 9.7m, this was due to the sale of 8 hotels in May 2017. On a 3Q stand-alone view numbers were quite similar, Euro 3.4m now, after Euro 3.8m in 3Q 2017. In contrast to that, revenues from investment properties have surged by 18% from Euro 9.6m to Euro 11.3m. The reason for that is the completed Bykovskaya multi-use building at St. Petersburg airport (7k sqm and 450 parking lots) as well as the acquisitions of fully let Mogilska 41 office in Krakow in December 2017 (6k sqm, 75 parking lots) and also fully let B52 Budapest office in May (5k sqm and 26 parking).

All in all, group's total revenues declined by 39% from Euro 35.5m to Euro 21.6m but the decline was less than at half year level of almost -50%. With some significant measures to increase the top-line this trend will be stopped in the coming quarters. The very central and superior Ogródowa Office Building in Polish Lodz (28k sqm) was just opened in October and will be rented at about 60% until year-end and as there are some serious negotiations underway we expect it to be fully rented until spring 2019. The other Polish office development, the Krakow Mogilska with 12k sqm, is also to be opened soon, in 1Q 2019, and already has a 60% pre-let status which could be easily increased but the sqm prices are normally higher and negotiations easier if the building is finished.

The financial result was good in terms of pure financing expenses which almost halved from Euro 9.3m to Euro 5.4m after buying back all convertible bonds and redeeming the majority of corporate bonds. Unluckily, the non-cash F/X Rouble devaluation has caused an impairment of Euro -8.7m, even more than last year (Euro -6.7m). Thus, the pre-tax profit and the bottom line which was strongly impacted by the lucrative sale transaction last year, turned now negative from Euro 34m to Euro -6m.

We expect 2019 to be again much better after it was very clear that 2018 would be a transition year with much lower income from hotel operations and some office development and purchase transactions to be finished until the end of this year or in the early 2019. We slightly bring down our full year 2018 P & L due to the non-cash Rouble F/X item but with the good operating progress and an almost unchanged triple NAV per share of Euro 2.35 at half year levels (Euro 2.39 at year-end 2017) we maintain our Buy rating. **We also expect a positive impetus coming from a share buyback which started 26 November for up to 1 million shares which means up to 1.85% of the share capital and probably more news from the acquisition side in 4Q or 1Q '19. Still Euro 2.20 target price.**

Warimpex Finanz- und Beteiligungs AG

Industry: Real Estate
Sub-segment: Hotel properties
Country: Austria
Headquarters: Vienna
Foundation: 1959
Employees: 564

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Management Board

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 Dr. Daniel Folian
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Supervisory Board

Günter Korp, Chairman of the Supervisory Board
 Thomas Aistleitner
 William Henry Marie de Gelsey
 Harald Wengust
 Hubert Staszewski

Warimpex is a Vienna-based real estate development and investment company with focus on office and hotel properties in Central and Eastern Europe. The company develops and invests in projects in the Czech Republic, Poland, Hungary, and Russia with a strategy to expand the office portfolio further, perhaps also in other European countries, if opportunities occur. In the past, the firm managed to build up a well diversified hotel portfolio in terms of regions, hotel categories and hotel brands with more than 20 hotels and office properties. In February 2017 the company sold the biggest part of the hotel portfolio, a total of 8 hotels in Poland, Czech republic and Romania, to a Thai investor, U City Public Company Limited. The closing was on 31 May 2017. After the deal Warimpex has only 5 hotels left, the Paris Eurodisney based Dreamcastle and Magic Circus hotels (both are 50% JVs with UBM), and the Intercontinental Warsaw and the Czech Dvorak in Karlovy Vary (both on an operational lease) and the Crowne Plaza at St. Petersburg airport (55% stake). Besides that, there is a minor 9.9% stake at the Vienna-based Palais Hansen Kempinski hotel.

The group is on a good way to de-risk the balance sheet, lift the equity ratio to 32% in 2017 (12% at FY 2016), and even closer to 40% or slightly above in 2018 and the coming years. Warimpex significantly reduced expensive debt (repaying Euro 31m loans and bonds in 1H 2017) and thus brings down financial expenses, putting the full P & L on a more stable basis for the future. The sale of most of the hotel assets helps to reduce the regular depreciation under IFRS rules, which is not cash effective but brings down the P & L profits and consecutively the company's equity ratio. With the recent deal Warimpex confirmed the valuation of the hotel portfolio and even manages to show a profit of c. Euro 22m for the 2017 P & L. With the current office assets and more offices developments to be completed within the next 2 years, the revenues will clearly shift to the office sector. The tables below show the standing office assets and the development pipeline.

Current office portfolio at a glance



Offices	City	Country	Area	Stake	Occ. rate (approx.)	Tenant
Business Tower Zeppelin	St. Petersburg	RU	15,600 m ²	55 %	100 %	Gazprom
Business Tower Jupiter	St. Petersburg	RU	17,000 m ²	24 %	100 %	Gazprom
Bykovskaya multi-use building	St. Petersburg	RU	6,000 m ²	100 %	100 %	Gazprom
Erzsébet Offices	Budapest	HU	15,000 m ²	100 %	95 %	Groupama Garancia Insurance
Sajka Office	Budapest	HU	600 m ²	100 %	100 %	several
B52	Budapest	HU	5,200 m ²	100 %	100 %	several
Mogilska 41	Krakow	PL	5,800 m ²	100 %	100 %	Air Liquide / Lurgi

as of 30.06.2018

warimpex

Overview developments

Project	Status	Exp. opening	Total area (approx.)	Beneficial ownership
AIRPORTCITY St. Petersburg Bykovskaya multi-use building	finished	Q2 2017	7,200 m ² 450 parking spaces	100 %
Lódź Ogrodowa Office	construction	Q3 2018	27,400 m ²	100 %
Krakow Mogilska 43	construction	Q1 2019	12,000 m ²	100 %
Krakow Chopin Office	planning	2020	21,000 m ²	100 %
AIRPORTCITY St. Petersburg Offices phase III	planning	2021	20,000 m ²	55 %
Białystok Offices phase 1	early planning	2021	13,000 m ²	100 %
Krakow Mogilska III	early planning	2021	12,000 m ²	100 %
Białystok Offices phase 2-4	early planning	-	60,000 m ²	100 %
AIRPORTCITY St. Petersburg Offices phase IV	early planning	-	130,000 m ²	55 %

Source: Company Data, SRC Research

Warimpex AG							CAGR
IFRS 31/12 (Euro '000)	2015	2016	2017	2018e	2019e	2020e	'17e - '20e
Revenues	61,899	62,201	42,367	29,542	35,628	38,555	-3.1%
thereof "Hotels & Resorts" segment	54,462	51,864	27,509	13,152	14,250	14,568	-19.1%
thereof "Development & Services"	3,053	1,757	1,668	988	1,122	1,258	
thereof "Investment Properties" (office assets)	4,384	8,580	13,190	15,402	20,256	22,729	
Expenses	-38,539	-35,966	-21,956	-12,235	-11,628	-11,828	
thereof "Hotels & Resorts" segment	-36,374	-33,094	-18,890	-8,562	-7,450	-7,320	
thereof "Development & Services"	-898	-1,030	-651	-774	-1,300	-1,350	
thereof "Investment Properties"	-1,267	-1,842	-2,415	-2,899	-2,878	-3,158	
Net gains from the sale of group subsidiaries	14,220	8,673	26,575	0	10,320	1,069	
thereof revenues from property sales	68,853	14,061	61,030	5,400	63,545	5,387	
thereof carrying amounts, loans and borrowings assumed by the purchaser	-54,633	-5,388	-34,455	-5,400	-53,225	-4,318	
Other operating income	3,740	1,792	1,672	0	1,300	1,150	
thereof changes in real estate projects under development or construction	0	0	0	0	0	0	
thereof other income	0	0	0	0	0	0	
Administrative and other expenses	-12,040	-15,250	-15,053	-11,745	-16,186	-16,429	
EBITDA	29,280	21,450	33,605	5,562	19,434	12,517	-28.0%
Depreciation, amortization and revaluation	-39,185	4,285	21,099	3,840	7,525	11,721	
thereof scheduled depreciation and amortization	-8,905	-6,415	-895	-920	-980	-941	
thereof impairment of property, plant and equipment	-12,189	-491	0	-20	650	515	
thereof reversal of impairments on property, plant and equipment	2,149	3,638	5,805	580	0	0	
thereof valuation result for investment properties	-20,240	7,553	16,189	4,200	7,855	12,147	
Operating profit (EBIT)	-9,905	25,735	54,704	9,402	26,959	24,238	-23.8%
Financial result	-31,853	-1,889	-11,716	-11,168	-1,564	-2,780	
thereof financial revenues	2,416	1,928	3,602	3,255	1,354	1,143	
thereof financial expenses	-24,410	-23,004	-10,499	-6,998	-5,120	-7,173	
thereof exchange rate changes	-19,506	20,343	-7,409	-8,550	452	1,200	
thereof result from JV companies (at equity) after tax	9,647	-1,156	2,590	1,125	1,750	2,050	
Pre-tax profit (EBT)	-41,759	23,846	42,988	-1,766	25,395	21,458	
Taxes	-571	-983	-2,492	-17	-2,245	-512	
thereof income tax	-194	-937	15	-75	-720	-169	
thereof deferred income tax	-377	-46	-2,507	58	-1,525	-343	
Net profit before minorities	-42,330	22,863	40,496	-1,783	23,150	20,946	-19.7%
Minorities	-24,492	5,440	-46	-855	8,502	5,455	
Net profit after minorities	-17,838	17,423	40,542	-928	14,648	15,491	-27.4%
<i>Number of shares (on average)</i>	<i>54,000</i>	<i>54,000</i>	<i>54,000</i>	<i>54,000</i>	<i>54,000</i>	<i>54,000</i>	
Earnings per share	-0.33	0.32	0.75	-0.02	0.27	0.29	-27.4%
Dividends per share (Euro)	0.00	0.00	0.06	0.01	0.06	0.06	
NNNAV per share (Euro)	1.80	1.90	2.40	2.45	2.50	2.55	
Shareholders' Equity (without minorities)	21,728	43,058	83,481	94,437	109,085	121,336	
Shareholders' Equity (including minorities)	53,765	70,188	110,926	102,897	104,440	95,259	
Total assets	350,235	357,886	265,254	271,620	287,102	293,993	
Equity Ratio	6.2%	12.0%	31.5%	34.8%	38.0%	41.3%	

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Rating Chronicle	Date	Rating	former share price	former target
Warimpex	31 August 2018	Buy	1.34 €	2.20 €
Warimpex	30 May 2018	Buy	1.40 €	2.20 €
Warimpex	26 April 2018	Buy	1.41 €	2.20 €
Warimpex	9 April 2018	Buy	1.37 €	2.20 €
Warimpex	4 December 2017	Buy	1.49 €	2.00 €
Warimpex	30 August 2017	Buy	1.18 €	2.00 €
Warimpex	31 May 2017	Buy	1.25 €	1.90 €
Warimpex	4 May 2017	Buy	0.96 €	1.90 €
Warimpex	23 February 2017	Buy	0.89 €	1.90 €

Please note:

The Warimpex share price mentioned in this report is the closing price of 3 December 2018. Warimpex mandated SRC Research for covering the Warimpex share.

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