

# UBM Development AG

Buy (unchanged) Target: Euro 30.00 (old: Euro 32.00)



Der Spezialist für Finanzaktien

23 | November | 2023

■ **Price (Euro)** **20,80**  
52 weeks range 33.00 / 20.00

## ■ Key Data

Country	Austria
Industry	Real Estate
Segment	Development (trading oriented)
ISIN	AT0000815402
WKN	852735
Reuters	UBMV.VI
Bloomberg	UBS VI
Internet	www.ubm-development.com
Reporting Standard	IFRS
Fiscal Year	31/12
Market Cap (EUR million)	155,4
Number of shares (million)	7,47
Free Float	49,2%
Free Float MCap (million)	76,5
CAGR pre tax profit '22 - '25e	13,9%

■ Multiples	2022	2023e	2024e	2025e
MarketCap/revenues	1,16	1,07	0,88	0,58
PE ratio	9,3	-5,2	35,9	5,1
Dividend yield	5,3%	0,0%	0,0%	7,2%
Price-to-Book ratio	0,31	0,34	0,33	0,31

■ Key Data per Share (Euro)	2022	2023e	2024e	2025e
Earnings per share (EPS)	2,25	-4,00	0,58	4,04
Dividends per share (DPS)	1,10	0,00	0,00	1,50
Book Value per share (BVpS)	67,11	62,02	62,59	66,63

■ Financial Data (Euro '000)	2022	2023e	2024e	2025e
Revenues	133.944	145.045	176.090	265.921
Operating profit (EBITDA)	39.173	-12.784	33.467	70.591
Operating profit (EBIT)	33.907	-16.038	25.137	65.471
Pre-tax profit (EBT)	31.450	-28.088	6.957	46.411
Net profit (after minorities)	16.790	-29.852	4.327	30.187
Adj. shareholders' equity	501.449	463.378	467.705	497.892
RoE after tax	3,2%	-6,2%	0,9%	6,3%

## ■ Financial Calendar

2023 annual report	11 April 2024
AGM	21 May 2024
1Q 2024	29 May 2024
1H 2024	29 August 2024

## ■ Main Shareholders

Syndicate Ortner/ Strauss	38,8%
IGO Ortner Gruppe	7,0%
J. Dickinger	5,0%
Management & Supervisory board	3,9%

■ **Analyst** Dipl.-Kfm. Stefan Scharff, CREA

E-Mail [scharff@src-research.de](mailto:scharff@src-research.de)

Internet [www.src-research.de](http://www.src-research.de)  
[www.aktienmarkt-international.at](http://www.aktienmarkt-international.at)  
[www.aktienmarkt-international.de](http://www.aktienmarkt-international.de)

**It is all about relative strength and superior quality to survive a challenging market – 9M loss halved from 1H level – Buy affirmed**

Today, the company released the report for the first nine months and invited for a conference call. The numbers were pleasing, as the company profited from the Munich Bauberger Strasse building permit in the third quarter (Timber Factory). The 9M pre-tax loss was only at a small Euro -17.4m, coming from Euro -31.6m at half-year. The company made some significant operational progress even in this difficult year with the closing of Frankfurt FAZ tower, the big progress in Prague Arcus City and Astrid Garden projects, the milestone lease with Universal for the Frankfurt Timber Pioneer and the cheap acquisition of Vienna Marina Tower project.

**On the financial side, the Euro 50m placement of a 4 years Green Bond in July with a 7% coupon is to mention, which goes hand in hand with a leading position in ESG and sustainability ratings within the real estate industry, for instance the highest EcoVadis Platin ranking since October 2022 and the Prime Status at the ISS ESG Rating with a B- rating. The superior asset quality and very strong ESG orientation will be very important for future financing costs and for the future chances to rent and finally sell eco-friendly and appealing timber office and resi products.**

The company still had more than Euro 250m cash in the wings at the record date 30 September, and even with deducting the outstanding Euro 91m of the 2018 – 2023 bond, which were repaid last week on 16 November, **the company will still have about Euro 150m or even a bit more at the year-end 2023, with no more obligations to come from bond repayments until November 2025, for the next two years.** The equity ratio is unchanged to the half-year level at 30%, and despite some devaluations in the difficult market still at a satisfying level. The LTV was even a bit down, from 45% at 1H 2023 to now 44% at 9M level.

For the remaining weeks of the year and the coming FY 2024 the outlook from the company remains cautious, which we fully agree. It is very difficult to predict, when good opportunities for the forward sales of bigger projects will occur again or when the market for hotel sales will come back to more attractive levels.

Summing up, we leave our P & L for 2023 and our 2024 forecast vastly unchanged and expect no dividend for 2023 and 2024 to keep the powder dry.

**With an uncertain market development and a prevailing poor economic framework, we bring down our target price a bit from Euro 32.00 to Euro 30.00. With the low share price, we clearly stick to our Buy recommendation and see UBM as a winner in a industry-wide consolidation process, having a quite healthy balance, an undemanding debt maturity profile, a superior asset quality and a prudent management.**

## UBM Development AG

**Industry:** Real Estate Development  
**Sub-segment:** Residential, Office  
**Country:** Austria  
**Headquarter:** Vienna  
**Foundation:** 1873  
**Employees:** 283

### Management Board of UBM

Thomas G. Winkler, LL.M. (CEO)  
Dipl.-Ökonom Patric Thate (CFO)  
Martina Maly-Gärtner, MRICS (COO)  
Dipl.-Ing. Peter Schaller (CTO)

### Supervisory Board of UBM

Ing. Karl-Heinz Strauss (Chairman)  
DI Iris Ortner (Dep. Chairwoman)  
DI Klaus Ortner  
Dr. Bernhard Vanas  
Dr. Ludw. Steinbauer  
Dr. Susanne Weiss  
Mag. Paul Unterluggauer  
Dkff. Birgit Wagner  
Martin Mann  
Hannes Muster  
Anke Duchow  
Günter Schnötzing

### IR Contact

Christoph Rainer  
Phone: +43664801873200  
Mail: investor.relations@ubm-development.com

Founded in 1873 as "Union-Baumaterialien-Gesellschaft" the company has now an outstanding history of more than 145 years. Keep in mind, that since 1873, the firm is also listed on the Viennese stock market and thus is the oldest Austrian real estate company. After the initial focus was on the renting of construction equipment, the firm made a significant step ahead since the early Nineties where the firm started to initiate many new development projects after a 50% increase of share capital in 1991. In 1992 the firm started to develop numerous lucrative projects in Eastern Europe, in particular in Poland and Czech Republic. Between 2001 and 2010 UBM entered some opportunistic markets like France and the Netherlands with hotels. In 2014 PORR, the Vienna-based construction and development conglomerate decided to separate its non-core real estate development activities from its construction activities with the destination to create two pure play entities and separately listed companies. In this spirit, PIAG was used as a spin-off vehicle which held PORR's non-core real estate development activities as well as PORR's share in UBM. In a second step UBM Realitäten AG was merged with PIAG and Strauss & Partner to the "new" UBM.

The UBM Development AG acts now since 2016 as a pure-play trade developer. After a record year in 2019 with a net profit of Euro 53m, the 2020 fiscal year was impacted by the Covid pandemic, however, considering the circumstances turned out to be very successful as well and above expectations. 2021, which was originally considered to be a year that reflects a Corona dent, turned out to deliver the second highest bottom line in the firm's history at almost Euro 44m. Thus, UBM lifted the dividend to Euro 2.25 per share, representing a new record dividend. The strong balance sheet remained with the full year 2022 numbers as equity ratio remained at almost 35% and with Euro 1.10 the company continued the shareholder friendly policy in a much more rough economic and interest environment. The 2022 bottom line was impaired by two major delays, the permit for Munich Bauberger Strasse and the Frankfurt FAZ tower closing did not come in 2022. Net profit after minorities halved from Euro 34m to Euro 17m. Due to the current uncertainties regarding the war in Ukraine, the ongoing weak economic picture in UBM's markets with a low level of transaction activity, the inflationary environment and the unclear interest rate developments, UBM gave no guidance for the 2023 result, so far. The times could be easier for developers, but UBM has an appealing and sustainable pipeline for residential and office properties, as for instance the highly rated Timber Highrises in Germany to come in Frankfurt, Mainz and Düsseldorf as well as in Vienna with the TimberOffice at Leopoldquartier. Another deal was just recently done mid of June with the acquisition of Donaumarina Tower at Vienna Handelskai for only Euro 24.5m. Another good news came end of June with the closing of FAZ Tower deal with HanseMercur Grundvermögen AG. The demand for this kind of office space with a low carbon footprint should remain quite high from tenants and from investors, as UBM recently delivered a big rental contract for 10k sqm with fund specialist Universal Investment for Frankfurt's Timber Pioneer. With regards to the debt side, UBM issued a 4 years Euro 50m Green bond in July 2023 with a 7% coupon. After the repayment of 2018 -2023 bond on 16 November 2023 there is no bond maturity until Nov. 2025.

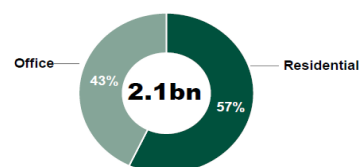
## 5 >250,000m<sup>2</sup> in timber construction.



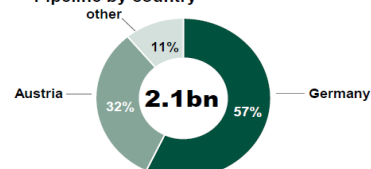
### Timber pipeline

Project	GFA <sup>1</sup> in m <sup>2</sup>	Asset class
LeopoldQuartier	75,700 m <sup>2</sup>	Mix
Timber Factory	57,600 m <sup>2</sup>	Office
Bogner Gründe	24,100 m <sup>2</sup>	Residential
Timber Pioneer	17,600 m <sup>2</sup>	Office
Timber View	17,000 m <sup>2</sup>	Residential
Amras	16,600 m <sup>2</sup>	Residential
Timber Port	10,900 m <sup>2</sup>	Office
Pelkovenstraße	10,800 m <sup>2</sup>	Office
Molenkopf	9,800 m <sup>2</sup>	Residential
Timber Peak	9,500 m <sup>2</sup>	Office
Unterbibergerstr.	8,400 m <sup>2</sup>	Office
Timber Praha	7,400 m <sup>2</sup>	Residential
<b>Total</b>	<b>265,400 m<sup>2</sup></b>	

### Pipeline by asset class <sup>2</sup>



### Pipeline by country <sup>2</sup>



Source: Company data, SRC Research

**P & L UBM Development AG**

31/12 IFRS (Euro '000 except for per share-data)	2019	2020	2021	2022	2023e	2024e	2025e	CAGR '22 - '25e
<b>Revenues</b>	<b>241.999</b>	<b>183.339</b>	<b>278.313</b>	<b>133.944</b>	<b>145.045</b>	<b>176.090</b>	<b>265.921</b>	<b>25,7%</b>
Changes in the portfolio	20.294	-21.145	-45.874	2.965	26.578	-14.542	-31.532	
Share of profit/loss of companies accounted for under the equity method	59.980	27.813	36.003	25.396	14.502	37.846	42.545	
Income from fair-value adjustments to investment property	46.270	69.853	11.568	25.454	6.847	10.212	11.454	
Other operating income	10.488	8.224	11.767	12.740	13.558	12.347	14.541	
Cost of materials and other related production services	-202.198	-115.673	-141.421	-86.858	-82.473	-119.404	-155.774	
Staff expenses	-36.644	-34.847	-36.807	-37.255	-38.607	-39.182	-40.805	
Expenses from fair-value adjustments to investment property	-24.582	-7.543	-6.550	-4.619	-52.447	-1.299	-1.250	
Other operating expenses	-40.641	-44.922	-31.070	-32.594	-45.787	-28.603	-34.509	
<b>Operating profit (EBITDA)</b>	<b>74.966</b>	<b>65.099</b>	<b>75.929</b>	<b>39.173</b>	<b>-12.784</b>	<b>33.467</b>	<b>70.591</b>	<b>21,7%</b>
Depreciation, amortisation and impairment expenses	-3.515	-3.085	-2.627	-5.266	-3.254	-8.330	-5.120	
<b>Operating profit (EBIT)</b>	<b>71.451</b>	<b>62.014</b>	<b>73.302</b>	<b>33.907</b>	<b>-16.038</b>	<b>25.137</b>	<b>65.471</b>	<b>24,5%</b>
Financial income	20.711	23.899	14.040	23.442	20.548	12.822	13.450	
Finance costs	-21.650	-23.654	-27.203	-25.899	-32.598	-31.002	-32.510	
<b>Financial result</b>	<b>-939</b>	<b>245</b>	<b>-13.163</b>	<b>-2.457</b>	<b>-12.050</b>	<b>-18.180</b>	<b>-19.060</b>	
<b>Earnings before tax (EBT)</b>	<b>70.512</b>	<b>62.259</b>	<b>60.139</b>	<b>31.450</b>	<b>-28.088</b>	<b>6.957</b>	<b>46.411</b>	<b>13,9%</b>
Income tax expense	-20.450	-21.506	-16.428	-4.338	4.781	-1.180	-10.780	
Tax rate	29,0%	34,5%	27,3%	13,8%	17,0%	17,0%	23,2%	
<b>Net profit before minorities</b>	<b>50.062</b>	<b>40.753</b>	<b>43.711</b>	<b>27.112</b>	<b>-23.307</b>	<b>5.777</b>	<b>35.631</b>	<b>9,5%</b>
Minorities and shares of hybrid capital	-4.011	-7.984	-10.086	-10.322	-6.545	-1.450	-5.444	
<b>Net profit after minorities</b>	<b>46.051</b>	<b>32.769</b>	<b>33.625</b>	<b>16.790</b>	<b>-29.852</b>	<b>4.327</b>	<b>30.187</b>	<b>21,6%</b>
Earnings per share (EPS)	6,16	4,39	4,50	2,25	-4,00	0,58	4,04	
Dividends per share (DPS)	2,20	2,20	2,25	1,10	0,00	0,00	1,50	
Payout ratio	35,7%	50,2%	50,0%	49,0%	0,0%	0,0%	37,1%	
Number of shares ('000)	7.472	7.472	7.472	7.472	7.472	7.472	7.472	
<b>Adjusted shareholders' equity without minorities</b>	<b>456.833</b>	<b>478.467</b>	<b>545.435</b>	<b>501.449</b>	<b>463.378</b>	<b>467.705</b>	<b>497.892</b>	<b>-0,2%</b>
<b>Total assets</b>	<b>1.316.389</b>	<b>1.372.021</b>	<b>1.494.463</b>	<b>1.451.831</b>	<b>1.469.253</b>	<b>1.381.098</b>	<b>1.429.436</b>	<b>-0,5%</b>
<b>Equity ratio</b>	<b>35,3%</b>	<b>35,5%</b>	<b>37,1%</b>	<b>35,1%</b>	<b>32,1%</b>	<b>34,5%</b>	<b>35,4%</b>	
<b>Book value per share (BVpS)</b>	<b>61,14</b>	<b>64,03</b>	<b>73,00</b>	<b>67,11</b>	<b>62,02</b>	<b>62,59</b>	<b>66,63</b>	<b>-0,2%</b>
<b>RoE (after tax)</b>	<b>10,4%</b>	<b>7,0%</b>	<b>6,6%</b>	<b>3,2%</b>	<b>-6,2%</b>	<b>0,9%</b>	<b>6,3%</b>	
<b>Key ratios &amp; figures</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023e</b>	<b>2024e</b>	<b>2025e</b>	
<b>Growth rates in %</b>								
Sales revenues	-52,9%	-24,2%	51,8%	-51,9%	8,3%	21,4%	51,0%	
EBIT	27,7%	-13,2%	18,2%	-53,7%	-147,3%	-256,7%	160,5%	
EBT	26,9%	-11,7%	-3,4%	-47,7%	-189,3%	-124,8%	567,2%	
Net profit after minorities	16,0%	-28,8%	2,6%	-50,1%	-277,8%	-114,5%	597,7%	
<b>Margins in %</b>								
Operating profit (EBIT)	29,5%	33,8%	26,3%	25,3%	-11,1%	14,3%	24,6%	
Pre-tax profit (EBT)	29,1%	34,0%	21,6%	23,5%	-19,4%	4,0%	17,5%	
Net Profit (after minorities)	19,0%	17,9%	12,1%	12,5%	-20,6%	2,5%	11,4%	
<b>Expense ratios in %</b>								
Personnel costs to sales	15,1%	19,0%	13,2%	27,8%	26,6%	22,3%	15,3%	
Cost of material to sales	83,6%	63,1%	50,8%	64,8%	56,9%	67,8%	58,6%	
Depreciation to sales	1,5%	1,7%	0,9%	3,9%	2,2%	4,7%	1,9%	
<b>Profitability in %</b>								
Return on equity (RoE) after tax	10,4%	7,0%	6,6%	3,2%	-6,2%	0,9%	6,3%	
Return on assets (RoA)	3,5%	2,4%	2,2%	1,2%	-2,0%	0,3%	2,1%	
<b>Valuation</b>								
P/E-ratio	3,4	4,7	4,6	9,3	-5,2	35,9	5,1	
Price/ BV per Share	0,34	0,32	0,28	0,31	0,34	0,33	0,31	
Dividend yield	10,6%	10,6%	10,8%	5,3%	0,0%	0,0%	7,2%	

## SRC Research

### - The Specialist for Financial and Real Estate Stocks -

SRC - Scharff Research und Consulting GmbH

Klingerstr. 23

D-60313 Frankfurt

Germany

Fon: +49 (0)69/ 400 313-80

Mail: scharff@src-research.de

Internet: www.src-research.de

Rating Chronicle	Date	Rating	Former Price	Former Target
UBM Development AG	31 August 2023	Buy	21,10 €	32,00 €
UBM Development AG	22 August 2023	Buy	21,30 €	32,00 €
UBM Development AG	26 May 2023	Buy	27,40 €	40,00 €
UBM Development AG	19 April 2023	Buy	27,50 €	40,00 €
UBM Development AG	05 April 2023	Buy	26,90 €	40,00 €
UBM Development AG	21 February 2023	Buy	29,60 €	40,00 €
UBM Development AG	24 November 2022	Buy	30,40 €	44,00 €
UBM Development AG	28 September 2022	Buy	28,50 €	44,00 €
UBM Development AG	26 August 2022	Buy	32,90 €	50,00 €
UBM Development AG	30 May 2022	Buy	38,50 €	55,00 €
UBM Development AG	11 April 2022	Buy	40,40 €	55,00 €
UBM Development AG	02 March 2022	Buy	39,50 €	55,00 €
UBM Development AG	25 November 2021	Buy	40,60 €	55,00 €

#### Please note:

The UBM share price mentioned in this report is from 22 November 2023. UBM mandated SRC Research for covering the UBM share.

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