

# UBM Development AG

**Buy** (unchanged) **Target: Euro 40.00** (old: Euro 44.00)

21 | February | 2023



Der Spezialist für Finanzaktien

■ **Price (Euro)** **29.60**  
52 weeks range 43.90 / 22.20

## ■ Key Data

Country	Austria
Industry	Real Estate
Segment	Development (trading oriented)
ISIN	AT0000815402
WKN	852735
Reuters	UBMV.VI
Bloomberg	UBS.VI
Internet	www.ubm.at
Reporting Standard	IFRS
Fiscal Year	31/12
Market Cap (EUR million)	221.2
Number of shares (million)	7.47
Free Float	49.2%
Free Float MCap (million)	108.8
CAGR pre tax profit '21 - '24e	-4.6%

■ Multiples	2021	2022e	2023e	2024e
MarketCap/revenues	0.79	1.10	0.95	0.78
PE ratio	6.6	14.1	9.3	8.1
Dividend yield	7.6%	3.4%	5.1%	6.1%
Price-to-Book ratio	0.41	0.43	0.42	0.41

■ Key Data per Share (Euro)	2021	2022e	2023e	2024e
Earnings per share (EPS)	4.50	2.11	3.17	3.66
Dividends per share (DPS)	2.25	1.00	1.50	1.80
Book Value per share (BVpS)	73.00	68.15	70.33	72.49

■ Financial Data (Euro '000)	2021	2022e	2023e	2024e
Revenues	278,313	201,257	233,472	285,364
Operating profit (EBITDA)	75,929	47,947	61,359	69,883
Operating profit (EBIT)	73,302	44,492	57,084	65,294
Pre-tax profit (EBT)	60,139	30,488	42,761	52,229
Net profit (after minorities)	33,625	15,732	23,721	27,358
Adj. shareholders' equity	545,435	509,247	525,496	541,646
RoE after tax	6.6%	3.0%	4.6%	5.1%

## ■ Financial Calendar

Annual Report 2022	17 April 2023
AGM	17 May 2023
1Q 2023 report	25 May 2023

## ■ Main Shareholders

Syndicate Ortnr/ Strauss	38.8%
IGO Ortnr Gruppe	7.0%
J. Dickinger	5.0%
Management & Supervisory board	3.9%

■ **Analysts** **Dipl.-Kfm. Stefan Scharff, CREA**  
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**Preliminary 2022 EBT result between Euro 30m and Euro 31m remains below our estimates and the firm's guidance – Balance sheet still in very solid state – target down to Euro 40.00, still Buy**

Yesterday evening, the company released first key numbers regarding the fiscal year 2022, which ended on 31 December. The company stated that based on preliminary numbers, the pre-tax profit will be in a range between Euro 30m and Euro 31m, which is both below our estimate of Euro 41.8m and the firm's guidance of a range between Euro 38m and Euro 42m. The reason for the lower than expected result are delays in the receipt of permits and transfers, which were expected within the last year. In our estimate, this is mainly in respect to the building permit for the Baubergerstrasse project, which is the first and largest commercial campus in timber (hybrid) construction to be built in Munich and also the firm's largest project in Germany in the pipeline. This was also already stated in the firm's 9M report and call as one of the events on which the outcome of the year was dependent. While the building permit thus likely was not granted within the last year, we are confident that this will follow in the current year and that the respective effects will therefore be included in the 2023 numbers.

On a more positive note, however, the firm also gave some details about the balance sheet at year-end 2022, which is still in a solid position and allows for much flexibility and a fast reaction to possible opportunities. The cash position at FY22 was at a high level of Euro 324m and the equity stood at about Euro 500m, translating into an equity ratio within the firm's target corridor between 30% and 35%. The still relatively high cash position is even more convincing as the firm has already repaid the outstanding about Euro 81m 2022 bond from its cash reserves in the fourth quarter. Thus, the firm has no further maturities until the end of the year, when the Euro 120m 2018/23 bond comes to maturity in November. Here, the firm will still have enough liquidity in our opinion to repay that bond in case the debt market remains unfavourable throughout the year 2023. Net debt stood at Euro 499m at year-end 2022.

**While our expectations regarding the profit numbers for 2022 were not met with the released preliminary number, the discrepancy is also not too drastic and the firm still delivered a solid profit in a very complicated year. We in turn reduced our 2022 estimates and now also expect a lower dividend payment, however, reflecting the dividend policy of the firm. Looking at the current year, while the firm has not given any guidance so far, we expect that the firm's EBT will be on top of 2022 and for the moment estimate a pre-tax profit of about Euro 43m. Given the adjusted P&L numbers, we reduce our target price from Euro 44.00 to now Euro 40.00. With an upside of about 35%, we clearly confirm our Buy rating for the share.**

## UBM Development AG

**Industry:** Real Estate Development  
**Sub-segment:** Resi, Office, Hotels  
**Country:** Austria  
**Headquarter:** Vienna  
**Foundation:** 1873  
**Employees:** 369

### Management Board of UBM

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

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### Supervisory Board of UBM

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

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.

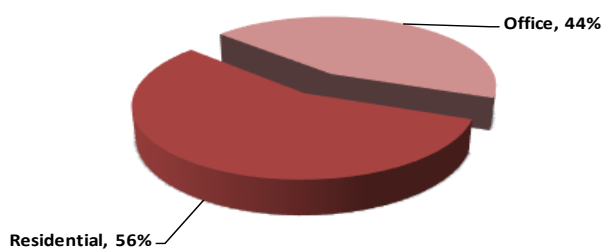
In 1992 the firm started to develop numerous lucrative projects in Eastern Europe, in particular in Poland and Czech Republic. Between 2001 and 2010 UBM entered some opportunistic markets like France and the Netherlands with hotels. In 2014 PORR, the Vienna-based construction and development conglomerate 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. The high-quality development pipeline in European top metropole regions has broken the Euro 2bn threshold in mid of 2019 and stood at a record high level of Euro 2.5bn at year-end 2019 for the next 4 years 2020 to 2023 (2018 pipeline: Euro 1.8bn). Due to the Corona pandemic, the company rightsized the pipeline. Depending on the recovery, the pipeline is now seen somewhere between Euro 1.25bn and Euro 2.5bn. At the current level (9M 2022) of Euro 2.1bn, the pipeline is split at about 56% residential and 44% office.

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 with a high equity ratio of 33.4% and a LTV of only 32.2% certainly allow the company to react to arising opportunities from distressed competitors, which we see to happen over the course of 2023. Due to the current uncertainties regarding the war in Ukraine, the ongoing Covid picture, the inflationary environment and the unclear interest rate developments, which lead also to a more or less stand-still status of the transaction markets. Based on the preliminary numbers from 20 February, pre-tax profit for 2022 will be in a range between Euro 30m to Euro 31m.

### Pipeline split as of 30 September 2022

(c. Euro 2.1bn pipeline)



Source: Company data, SRC Research

**P & L UBM Development AG**

31/12 IFRS (Euro '000 except for per share-data)	2019	2020	2021	2022e	2023e	2024e	CAGR '21 - '24e
<b>Revenues</b>	<b>241,999</b>	<b>183,339</b>	<b>278,313</b>	<b>201,257</b>	<b>233,472</b>	<b>285,364</b>	<b>0.8%</b>
Changes in the portfolio	20,294	-21,145	-45,874	-31,960	-35,327	-39,112	
Share of profit/loss of companies accounted for under the equity method	59,980	27,813	36,003	42,142	49,113	37,846	
Income from fair-value adjustments to investment property	46,270	69,853	11,568	10,723	6,847	8,553	
Other operating income	10,488	8,224	11,767	12,430	13,558	12,347	
Cost of materials and other related production services	-202,198	-115,673	-141,421	-110,633	-133,471	-158,641	
Staff expenses	-36,644	-34,847	-36,807	-37,144	-38,107	-39,574	
Expenses from fair-value adjustments to investment property	-24,582	-7,543	-6,550	-5,124	-2,557	-1,299	
Other operating expenses	-40,641	-44,922	-31,070	-33,744	-32,169	-35,603	
<b>Operating profit (EBITDA)</b>	<b>74,966</b>	<b>65,099</b>	<b>75,929</b>	<b>47,947</b>	<b>61,359</b>	<b>69,883</b>	<b>-2.7%</b>
Depreciation, amortisation and impairment expenses	-3,515	-3,085	-2,627	-3,455	-4,275	-4,589	
<b>Operating profit (EBIT)</b>	<b>71,451</b>	<b>62,014</b>	<b>73,302</b>	<b>44,492</b>	<b>57,084</b>	<b>65,294</b>	<b>-3.8%</b>
Financial income	20,711	23,899	14,040	13,441	15,447	17,419	
Finance costs	-21,650	-23,654	-27,203	-27,445	-29,771	-30,484	
<b>Financial result</b>	<b>-939</b>	<b>245</b>	<b>-13,163</b>	<b>-14,004</b>	<b>-14,324</b>	<b>-13,065</b>	
<b>Earnings before tax (EBT)</b>	<b>70,512</b>	<b>62,259</b>	<b>60,139</b>	<b>30,488</b>	<b>42,761</b>	<b>52,229</b>	<b>-4.6%</b>
Income tax expense	-20,450	-21,506	-16,428	-8,543	-11,529	-14,737	
Tax rate	29.0%	34.5%	27.3%	28.0%	27.0%	28.2%	
<b>Net profit before minorities</b>	<b>50,062</b>	<b>40,753</b>	<b>43,711</b>	<b>21,945</b>	<b>31,232</b>	<b>37,492</b>	<b>-5.0%</b>
Minorities	-4,011	-7,984	-10,086	-6,213	-7,511	-10,134	
<b>Net profit after minorities</b>	<b>46,051</b>	<b>32,769</b>	<b>33,625</b>	<b>15,732</b>	<b>23,721</b>	<b>27,358</b>	<b>-6.6%</b>
Earnings per share (EPS)	6.16	4.39	4.50	2.11	3.17	3.66	
Dividends per share (DPS)	2.20	2.20	2.25	1.00	1.50	1.80	
Payout ratio	35.7%	50.2%	50.0%	47.5%	47.2%	49.2%	
Number of shares ('000)	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>509,247</b>	<b>525,496</b>	<b>541,646</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>1,554,242</b>	<b>1,647,496</b>	<b>1,696,921</b>	<b>4.3%</b>
<b>Equity ratio</b>	<b>35.3%</b>	<b>35.5%</b>	<b>37.1%</b>	<b>33.4%</b>	<b>32.5%</b>	<b>32.5%</b>	
<b>Book value per share (BVpS)</b>	<b>61.14</b>	<b>64.03</b>	<b>73.00</b>	<b>68.15</b>	<b>70.33</b>	<b>72.49</b>	<b>-0.2%</b>
<b>RoE (after tax)</b>	<b>10.4%</b>	<b>7.0%</b>	<b>6.6%</b>	<b>3.0%</b>	<b>4.6%</b>	<b>5.1%</b>	
<b>Key ratios &amp; figures</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022e</b>	<b>2023e</b>	<b>2024e</b>	
<b>Growth rates in %</b>							
Sales revenues	-52.9%	-24.2%	51.8%	-27.7%	16.0%	22.2%	
EBIT	27.7%	-13.2%	18.2%	-39.3%	28.3%	14.4%	
EBT	26.9%	-11.7%	-3.4%	-49.3%	40.3%	22.1%	
Net profit after minorities	16.0%	-28.8%	2.6%	-53.2%	50.8%	15.3%	
<b>Margins in %</b>							
Operating profit (EBIT)	29.5%	33.8%	26.3%	22.1%	24.5%	22.9%	
Pre-tax profit (EBT)	29.1%	34.0%	21.6%	15.1%	18.3%	18.3%	
Net Profit (after minorities)	19.0%	17.9%	12.1%	7.8%	10.2%	9.6%	
<b>Expense ratios in %</b>							
Personnel costs to sales	15.1%	19.0%	13.2%	18.5%	16.3%	13.9%	
Cost of material to sales	83.6%	63.1%	50.8%	55.0%	57.2%	55.6%	
Depreciation to sales	1.5%	1.7%	0.9%	1.7%	1.8%	1.6%	
<b>Profitability in %</b>							
Return on equity (RoE) after tax	10.4%	7.0%	6.6%	3.0%	4.6%	5.1%	
Return on assets (RoA)	3.5%	2.4%	2.2%	1.0%	1.4%	1.6%	
<b>Valuation</b>							
P/E-ratio	4.8	6.7	6.6	14.1	9.3	8.1	
Price/ BV per Share	0.48	0.46	0.41	0.43	0.42	0.41	
Dividend yield	7.4%	7.4%	7.6%	3.4%	5.1%	6.1%	

## SRC Research

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

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Rating Chronicle	Date	Rating	Former Price	Former Target
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 €
UBM Development AG	25 August 2021	Buy	43.20 €	55.00 €
UBM Development AG	22 July 2021	Buy	41.40 €	53.00 €
UBM Development AG	25 May 2021	Buy	43.50 €	52.00 €
UBM Development AG	23 April 2021	Buy	38.80 €	50.00 €
UBM Development AG	01 February 2021	Buy	35.00 €	48.00 €

#### Please note:

The UBM share price mentioned in this report is from 20 February 2023. UBM mandated SRC Research for covering the UBM share.

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