

UBM Development AG

Real Estate - Austria



Buy (old: Buy)

29.11.2024

EUR 27.00 (old: EUR 27.00)

Strong residential & further improved total output; chg.

Yesterday, UBM released its Q3 results, showing continued **muted top-line** development but **promising signs from the residential segment**. In detail:

Q3 total output, which is defined as sales plus pro-rata sales of companies consolidated at-equity as well as proceeds from share deals, **increased by 7.2% yoy to € 70.3m**. This was driven by the sale of property shares and the progress of construction on previously sold real estate projects. In addition, UBM had another strong quarter in terms of residential units sold, as the **number of units increased sixfold to 186 and a total of 283 at 9M**. For FY, management targets to sell a total of 400 units. Overall, UBM has 3,000 units on sale or under development, which are seen to be sold over the next 4 years, **providing sound visibility on residential output**.

Despite this, **Q3 sales declined yoy by 18% to € 20.5m**, thus being significantly behind our estimate of € 35m, as we expected more of total output to be realized as sales. However, management already painted a confident picture for FY25e, targeting the disposal of the LeopoldQuartier Office in Vienna, which would lead to a top-line spike in H2. On the other side, management remained cautious regarding the disposal of the Timber Pioneer, as all interested buyers seek to see the property rented out, while there are still 4,500 sqm vacant (~30% of floor space).

On a positive note, **Q3 EBITDA improved to € 0.3m**, based on positive changes to the portfolio as well as the absence of negative valuation results.

While it is still uncertain when the market will fully reopen, first positive signs are visible, especially in residential, but also recent letting successes in office (i.e. LeopoldQuartier in Vienna), point towards rehabilitation.

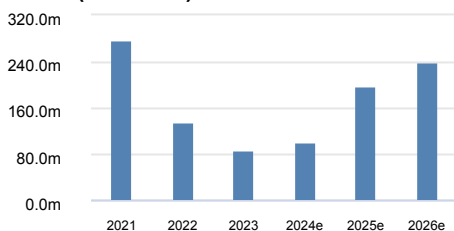
That being said, UBM remains well positioned, having further smoothed the maturity profile with the recent bond placement. Moreover, the company's product should be in great demand once the market re-opens given the strong sustainability footprint in the pipeline. This should make UBM projects attractive, given tightening regulations in connection with the EU taxonomy.

BUY with an unchanged € 27.00 PT based on DDM.

Y/E 31.12 (EUR m)	2021	2022	2023	2024e	2025e	2026e
Sales	278.3	133.9	85.3	99.3	198.6	238.3
Sales growth	51.8%	-51.9%	-36.3%	16.4%	100.0%	20.0%
EBITDA	75.9	39.2	-27.3	5.2	31.8	54.8
Net debt (if net cash=0)	436.2	547.6	660.6	616.0	680.4	592.1
FCF	-46.8	-71.2	-54.9	44.7	-14.4	40.8
Net Debt/EBITDA	5.7	14.0	-24.2	117.8	21.4	10.8
EPS pro forma	4.50	2.25	-7.03	-2.69	0.56	3.01
EBITDA margin	27.3%	29.2%	-32.0%	5.3%	16.0%	23.0%
ROCE	5.6%	2.6%	-2.3%	0.2%	2.4%	4.5%
EV/sales	2.7	5.2	9.5	7.7	4.2	3.1
EV/EBITDA	9.9	17.7	-29.7	146.6	26.2	13.6
PER	9.2	8.1	-2.6	-6.8	32.8	6.1
Adjusted FCF yield	-79.9%	-37.7%	-117.3%	-10.8%	29.7%	192.5%

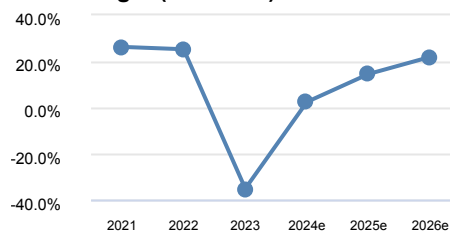
Source: Company data, NuWays, Close price as of 20.11.2024

Sales (2021-26e)



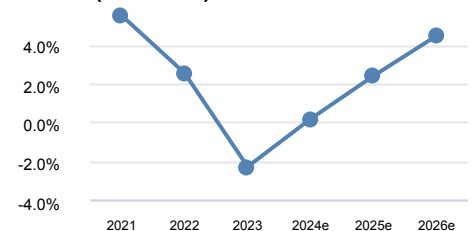
Source: NuWays Research

EBIT margin (2021-26e)



Source: NuWays Research

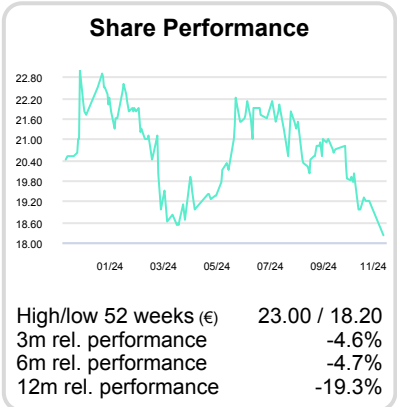
ROCE (2021-26e)



Source: NuWays Research

Company description

UBM is Europe's leading developer of timber-hybrid real estate with a focus on residential and office properties in its core market Germany and Austria. In comparison to holding assets, development has the highest margin in the real estate value chain.



Market data

Share price (in €)	18.20
Market cap (in € m)	136.0
Number of shares (in m pcs)	7.5
Enterprise value (in € m)	766.7
Ø trading volume (6 months)	1,986

Identifier

Bloomberg	UBS AV
Reuters	UBMV
WKN	852735
ISIN	AT0000815402

Key shareholders

Syndikat (Ortner/Strauss)	38.8%
IGO Industries Group	7.0%
J. Dickinger	5.0%
Free Float	49.2%

Estimates changes

	2024e	2025e	2026e
Sales	-15%	-5%	-1%
EBIT	-71%	-30%	-9%
EPS	-38%	-68%	-14%

Comment on changes

- Changes reflect the Q3 release.

Guidance

Financials

Profit and loss (EUR m)	2021	2022	2023	2024e	2025e	2026e
Net sales	278.3	133.9	85.3	99.3	198.6	238.3
<i>Sales growth</i>	51.8%	-51.9%	-36.3%	16.4%	100.0%	20.0%
Increase/decrease in finished goods and work-in-process	-45.9	3.0	33.0	29.9	0.0	0.0
Total sales	232.4	136.9	118.3	129.2	198.6	238.3
Other operating income	59.3	63.6	37.3	3.3	9.9	11.9
Material expenses	141.4	86.9	70.4	79.3	119.1	131.1
Personnel expenses	36.8	37.3	30.9	22.6	31.8	35.7
Other operating expenses	37.6	37.2	81.6	25.4	25.8	28.6
Total operating expenses	215.8	161.3	182.9	127.2	176.7	195.4
EBITDA	75.9	39.2	-27.3	5.2	31.8	54.8
Depreciation	2.6	5.3	2.8	2.8	2.8	2.4
EBITA	73.3	33.9	-30.1	2.4	28.9	52.4
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	0.0	0.0	0.0	0.0	0.0	0.0
Impairment charges	0.0	0.0	0.0	0.0	0.0	0.0
EBIT (inc revaluation net)	73.3	33.9	-30.1	2.4	28.9	52.4
Interest income	14.0	23.4	21.8	16.3	18.7	22.9
Interest expenses	27.2	25.9	31.1	30.5	31.6	33.0
Investment income	0.0	0.0	0.0	0.0	0.0	0.0
Financial result	-13.2	-2.5	-9.3	-14.2	-12.9	-10.0
Recurring pretax income from continuing operations	60.1	31.5	-39.4	-11.8	16.0	42.4
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0
Earnings before taxes	60.1	31.5	-39.4	-11.8	16.0	42.4
Income tax expense	16.4	4.3	6.7	1.1	4.6	12.7
Net income from continuing operations	43.7	27.1	-46.0	-12.9	11.4	29.7
Income from discontinued operations (net of tax)	0.0	0.0	0.0	0.0	0.0	0.0
Net income	43.7	27.1	-46.0	-12.9	11.4	29.7
Minority interest	10.1	10.3	6.5	7.2	7.2	7.2
Net profit (reported)	33.6	16.8	-52.5	-20.1	4.2	22.5
Average number of shares	7.5	7.5	7.5	7.5	7.5	7.5
EPS reported	4.50	2.25	-7.03	-2.69	0.56	3.01

Profit and loss (common size)	2021	2022	2023	2024e	2025e	2026e
Net sales	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<i>Sales growth</i>	51.8%	-51.9%	-36.3%	16.4%	100.0%	20.0%
Increase/decrease in finished goods and work-in-process	-16.5%	2.2%	38.7%	30.1%	0.0%	0.0%
Total sales	83.5%	102.2%	138.7%	130.1%	100.0%	100.0%
Other operating income	21.3%	47.5%	43.7%	3.3%	5.0%	5.0%
Material expenses	50.8%	64.8%	82.5%	79.8%	60.0%	55.0%
Personnel expenses	13.2%	27.8%	36.2%	22.7%	16.0%	15.0%
Other operating expenses	13.5%	27.8%	95.7%	25.6%	13.0%	12.0%
Total operating expenses	77.6%	120.4%	214.4%	128.1%	89.0%	82.0%
EBITDA	27.3%	29.2%	-32.0%	5.3%	16.0%	23.0%
Depreciation	0.9%	3.9%	3.3%	2.8%	1.4%	1.0%
EBITA	26.3%	25.3%	-35.2%	2.4%	14.6%	22.0%
Amortisation of goodwill	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Amortisation of intangible assets	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Impairment charges	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
EBIT (inc revaluation net)	26.3%	25.3%	-35.2%	2.4%	14.6%	22.0%
Interest income	5.0%	17.5%	25.5%	16.4%	9.4%	9.6%
Interest expenses	9.8%	19.3%	36.4%	30.7%	15.9%	13.8%
Investment income	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Financial result	neg.	neg.	neg.	neg.	neg.	neg.
Recurring pretax income from continuing operations	21.6%	23.5%	-46.1%	-11.8%	8.1%	17.8%
Extraordinary income/loss	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Earnings before taxes	21.6%	23.5%	-46.1%	-11.8%	8.1%	17.8%
Tax rate	27.3%	13.8%	-17.0%	-9.4%	29.0%	30.0%
Net income from continuing operations	15.7%	20.2%	-54.0%	-13.0%	5.7%	12.5%
Income from discontinued operations (net of tax)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Net income	15.7%	20.2%	-54.0%	-13.0%	5.7%	12.5%
Minority interest	3.6%	7.7%	7.6%	7.3%	3.6%	3.0%
Net profit (reported)	12.1%	12.5%	-61.5%	-20.2%	2.1%	9.4%

Source: Company data, NuWays

Balance sheet (EUR m)	2021	2022	2023	2024e	2025e	2026e
Intangible assets	4.0	1.6	1.9	1.9	1.9	1.9
Property, plant and equipment	12.9	12.2	11.1	11.1	8.3	5.9
Financial assets	791.1	767.5	723.4	723.4	773.4	723.4
FIXED ASSETS	808.0	781.3	736.4	736.4	783.6	731.2
Inventories	133.1	259.3	265.4	220.6	248.2	238.3
Accounts receivable	60.6	49.5	37.3	27.2	38.1	45.7
Other assets and short-term financial assets	37.2	29.5	54.2	54.2	54.2	54.2
Liquid assets	423.3	322.9	151.5	188.2	94.8	116.4
Deferred taxes	5.7	9.3	8.9	8.9	8.9	8.9
Deferred charges and prepaid expenses	0.0	0.0	0.0	0.0	0.0	0.0
CURRENT ASSETS	659.9	670.6	517.4	499.2	444.3	463.5
TOTAL ASSETS	1,467.8	1,451.8	1,253.8	1,235.6	1,227.8	1,194.7

SHAREHOLDERS EQUITY	518.8	495.9	374.4	362.6	373.0	399.0
MINORITY INTEREST	5.2	5.6	5.3	5.3	5.3	5.3
Long-term liabilities to banks	215.4	269.0	287.8	153.9	267.1	203.7
Bonds (long-term)	446.0	326.6	376.1	426.1	404.1	404.1
other interest-bearing liabilities	113.9	145.6	27.9	37.3	37.3	37.3
Provisions for pensions and similar obligations	9.5	9.3	14.7	14.7	14.7	14.7
Other provisions and accrued liabilities	0.0	0.0	0.0	0.0	0.0	0.0
NON-CURRENT LIABILITIES	784.8	750.5	706.5	631.9	723.1	659.7
Short-term liabilities to banks	84.2	129.4	120.4	187.0	66.8	63.4
Accounts payable	50.1	46.9	25.7	27.2	38.1	45.7
Advance payments received on orders	0.0	0.0	0.0	0.0	0.0	0.0
Accrued taxes	13.4	11.2	6.8	6.8	6.8	6.8
Other liabilities (incl. from lease and rental contracts)	5.8	3.5	4.3	4.3	4.3	4.3
Deferred taxes	5.5	8.9	10.4	10.4	10.4	10.4
Deferred income	0.0	0.0	0.0	0.0	0.0	0.0
CURRENT LIABILITIES	159.0	199.9	167.6	235.8	126.4	130.7
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	1,467.8	1,451.8	1,253.8	1,235.6	1,227.8	1,194.7

Balance sheet (common size)	2021	2022	2023	2024e	2025e	2026e
Intangible assets	0.3%	0.1%	0.2%	0.2%	0.2%	0.2%
Property, plant and equipment	0.9%	0.8%	0.9%	0.9%	0.7%	0.5%
Financial assets	53.9%	52.9%	57.7%	58.5%	63.0%	60.5%
FIXED ASSETS	55.0%	53.8%	58.7%	59.6%	63.8%	61.2%
Inventories	9.1%	17.9%	21.2%	17.9%	20.2%	19.9%
Accounts receivable	4.1%	3.4%	3.0%	2.2%	3.1%	3.8%
Other assets and short-term financial assets	2.5%	2.0%	4.3%	4.4%	4.4%	4.5%
Liquid assets	28.8%	22.2%	12.1%	15.2%	7.7%	9.7%
Deferred taxes	0.4%	0.6%	0.7%	0.7%	0.7%	0.7%
Deferred charges and prepaid expenses	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
CURRENT ASSETS	45.0%	46.2%	41.3%	40.4%	36.2%	38.8%
TOTAL ASSETS	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

SHAREHOLDERS EQUITY	35.3%	34.2%	29.9%	29.3%	30.4%	33.4%
MINORITY INTEREST	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%
Long-term liabilities to banks	14.7%	18.5%	23.0%	12.5%	21.8%	17.0%
Bonds (long-term)	30.4%	22.5%	30.0%	34.5%	32.9%	33.8%
other interest-bearing liabilities	7.8%	10.0%	2.2%	3.0%	3.0%	3.1%
Provisions for pensions and similar obligations	0.6%	0.6%	1.2%	1.2%	1.2%	1.2%
Other provisions and accrued liabilities	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
NON-CURRENT LIABILITIES	53.5%	51.7%	56.3%	51.1%	58.9%	55.2%
Short-term liabilities to banks	5.7%	8.9%	9.6%	15.1%	5.4%	5.3%
Accounts payable	3.4%	3.2%	2.0%	2.2%	3.1%	3.8%
Advance payments received on orders	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Accrued taxes	0.9%	0.8%	0.5%	0.6%	0.6%	0.6%
Other liabilities (incl. from lease and rental contracts)	0.4%	0.2%	0.3%	0.4%	0.4%	0.4%
Deferred taxes	0.4%	0.6%	0.8%	0.8%	0.8%	0.9%
Deferred income	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
CURRENT LIABILITIES	10.8%	13.8%	13.4%	19.1%	10.3%	10.9%
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: Company data, NuWays

Cash flow statement (EUR m)	2021	2022	2023	2024e	2025e	2026e
Net profit/loss	43.7	27.1	-46.0	-12.9	11.4	29.7
Depreciation of fixed assets (incl. leases)	-0.9	-14.2	43.2	1.6	2.8	2.4
Amortisation of goodwill & intangible assets	0.0	0.0	0.0	0.0	0.0	0.0
Other costs affecting income / expenses	-29.4	-27.9	-37.4	0.0	0.0	0.0
Cash flow from operating activities	-44.9	-56.6	-97.7	43.6	-16.2	39.6
Increase/decrease in inventory	-10.2	-72.0	-6.1	44.8	-27.6	9.9
Increase/decrease in accounts receivable	-33.0	27.0	5.3	10.1	-10.9	-7.6
Increase/decrease in accounts payable	-14.7	-10.7	-13.7	1.5	10.9	7.6
Increase/decrease in other working capital positions	0.0	0.0	0.2	0.0	0.0	0.0
Increase/decrease in working capital	-57.8	-55.7	-14.3	56.4	-27.6	9.9
Cash flow from operating activities	-45.7	-70.7	-54.5	45.1	-13.4	42.0
CAPEX	1.1	0.5	0.4	0.5	1.0	1.2
Payments for acquisitions	60.6	32.2	54.4	50.0	50.0	50.0
Financial investments	-59.9	-0.5	-60.4	30.0	200.0	200.0
Income from asset disposals	70.9	40.6	6.8	80.0	200.0	300.0
Cash flow from investing activities	69.1	8.4	12.4	-0.5	-51.0	48.8
Cash flow before financing	-1.8	-90.6	-58.7	44.7	-64.4	88.3
Increase/decrease in debt position	82.1	-9.7	-59.4	-7.9	-29.0	-66.8
Purchase of own shares	0.0	0.0	0.0	0.0	0.0	0.0
Capital measures	0.0	0.0	0.0	0.0	0.0	0.0
Dividends paid	25.3	28.3	16.6	0.0	0.0	2.5
Others	95.6	0.0	-53.7	0.0	0.0	0.0
Effects of exchange rate changes on cash	0.3	-0.1	0.4	0.0	0.0	0.0
Cash flow from financing activities	152.4	-37.9	-129.7	-7.9	-29.0	-69.3
Increase/decrease in liquid assets	176.1	-100.4	-171.4	36.7	-93.4	21.5
Liquid assets at end of period	423.3	322.9	151.5	188.2	94.8	116.4

Key ratios (EUR m)	2021	2022	2023	2024e	2025e	2026e
P&L growth analysis						
Sales growth	51.8%	-51.9%	-36.3%	16.4%	100.0%	20.0%
EBITDA growth	1.3%	-39.8%	-135.9%	-86.7%	-216.4%	948.0%
EBIT growth	2.6%	-45.3%	-141.0%	-92.9%	-196.3%	2063.9%
EPS growth	2.6%	-50.1%	-412.7%	-61.8%	-120.7%	441.3%
Efficiency						
Sales per employee	748.2	424.5	252.3	307.7	559.5	610.3
EBITDA per employee	204.1	124.2	-80.7	16.2	89.5	140.4
No. employees (average)	372	316	338	323	355	390
Balance sheet analysis						
Avg. working capital / sales	57.1%	162.3%	246.5%	243.0%	132.3%	96.3%
Inventory turnover (sales/inventory)	2.1	0.5	0.3	0.4	0.8	1.0
Accounts receivable turnover	79.4	134.9	159.6	100.0	70.0	70.0
Accounts payable turnover	65.7	127.9	109.8	100.0	70.0	70.0
Cash flow analysis						
Free cash flow	-46.8	-71.2	-54.9	44.7	-14.4	40.8
Free cash flow/sales	-16.8%	-53.2%	-64.3%	45.0%	-7.2%	17.1%
FCF / net profit	neg.	neg.	119.1%	neg.	neg.	137.5%
Capex / sales	-21.1%	-0.0%	-70.3%	30.7%	101.2%	84.4%
Solvency						
Net debt	436.2	547.6	660.6	616.0	680.4	592.1
Net Debt/EBITDA	5.7	14.0	-24.2	117.8	21.4	10.8
Dividend payout ratio	50.0%	49.0%	0.0%	0.0%	60.0%	62.4%
Interest paid / avg. debt	3.4%	3.1%	3.7%	3.6%	4.0%	4.4%
Returns						
ROCE	5.6%	2.6%	-2.3%	0.2%	2.4%	4.5%
ROE	6.5%	3.4%	-14.0%	-5.5%	1.1%	5.6%
Adjusted FCF yield	-79.9%	-37.7%	-117.3%	-10.8%	29.7%	192.5%
Dividend yield	12.4%	6.0%	0.0%	0.0%	1.8%	10.3%
DPS	2.2	1.1	0.0	0.0	0.3	1.9
EPS reported	4.50	2.25	-7.03	-2.69	0.56	3.01
Average number of shares	7.5	7.5	7.5	7.5	7.5	7.5
Valuation ratios						
P/BV	0.3	0.3	0.4	0.4	0.4	0.3
EV/sales	2.7	5.2	9.5	7.7	4.2	3.1
EV/EBITDA	9.9	17.7	-29.7	146.6	26.2	13.6
EV/EBIT	10.3	20.4	-27.0	316.4	28.7	14.2

Source: Company data, NuWays

Disclosures

Disclosures regarding research publications of NuWays AG pursuant to section 85 of the German Securities Trading Act (WpHG)

Indication of conflict of interest

It is essential that any research recommendation is fairly presented and discloses interests of indicates relevant conflicts of interest. Pursuant to section 85 of the German Securities Trading Act (WpHG) a research report has to point out possible conflicts of interest in connection with the analysed company. A conflict of interest is presumed to exist in particular if NuWays AG

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Company	Disclosures
UBM Development AG	2

Historical target price and rating changes for UBM Development AG

Company	Date	Analyst	Rating	Target Price	Close
UBM Development AG	30.05.2024	Sennewald, Philipp	Buy	EUR 27.00	EUR 20.30
	14.03.2024	Sennewald, Philipp	Buy	EUR 28.00	EUR 20.00

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The adj. FCF method is based on the assumption that investors purchase assets only at a price (enterprise value) at which the operating cash flow return after taxes on this investment exceeds their opportunity costs in the form of a hurdle rate of 7.5%. The operating cash flow is calculated as EBITDA less maintenance capex and taxes.

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According to Article 4(1) No. i of the delegated regulation 2016/958 supplementing regulation 596/2014 of the European Parliament, further information regarding investment recommendations of the last 12 months are published under: www.nuways-ag.com

Date of publication creation: 29/11/2024 07:47 AM

Date of publication dissemination: 29/11/2024 07:47 AM

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