

UBM Development AG

Real Estate - Austria



Buy (old: Buy)

17.10.2024

EUR 27.00 (old: EUR 27.00)

Good exchange result for new green bond

Topic: UBM recently announced the planned **issue of a further green bond with a volume of up to € 100m** (possible increase to € 150m) with a **five-year term and an annual coupon of 7%**. Until 15 October, the company provided an exchange offer to the holders of the UBM Bond 2019-2025 (2.175% coupon / € 120m) and the UBM Bond 2021-2026 (3.125% coupon / € 150m). In detail:

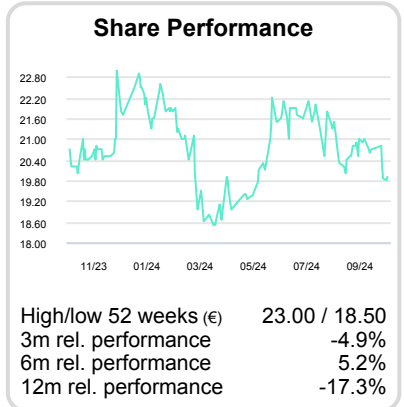
Yesterday, UBM announced the results of the exchange offer for the new green bond, as a nominal amount of € 73.6m, representing c. 25% of the holders of both the '19-'25 and '21-'26 bonds, was exchanged. In our view, this clearly **underpins investors' trust in the company's prospects going forward**. The re-offer price was set at 100% of the nominal amount.

In addition to the exchange offer, new investors will be able to subscribe to the new green bond in the period from 16 October to 22 October in the way of a private placement. While we expect the company to reach the targeted € 100m, we do not yet include this in our estimates and wait for the end of the offer period. The planned value date is 29 October.

Overall, the issuance will **further strengthen UBM's solid financial position** with an equity ratio of > 30%, an LTV of 46% and liquid funds of € 180m as of H1. Moreover, UBM has no relevant maturities until the '19-'25 bond (c. € 90m remaining nominal) expires in November '25e.

Management intends to use the net issue proceeds for refinancing as well as the financing of new or existing suitable green projects, which are in accordance with the company's *Green Finance Framework*. Mind you, that UBM is one of the **leading developers of timber-hybrid construction in Europe** with currently more than 300k sqm in the pipeline (total pipeline: € 1.9bn pro rate over 4 years), including the tallest timber-hybrid tower in the world, the *Timber Marina Tower*. Given the cost advantages in connection with the modular and serial construction as well as the significantly reduced carbon emissions, we expect **UBM's projects to meet brisk demand once the market fully reopens**, as investors are under pressure to comply with the EU taxonomy.

Reiterate **BUY** with an unchanged **€ 27 PT** based on DCF.



Market data

Share price (in €)	19.90
Market cap (in € m)	150.9
Number of shares (in m pcs)	7.5
Enterprise value (in € m)	814.2
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

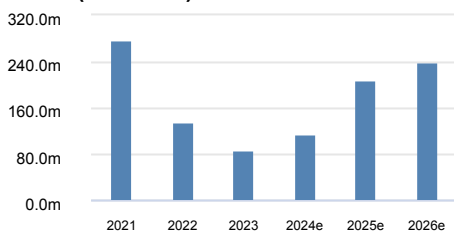
	2024e	2025e	2026e
Sales	0%	0%	0%
EBIT	0%	0%	0%
EPS	0%	0%	0%

Comment on changes

Y/E 31.12 (EUR m)	2021	2022	2023	2024e	2025e	2026e
Sales	278.3	133.9	85.3	116.4	209.4	240.9
Sales growth	51.8%	-51.9%	-36.3%	36.4%	80.0%	15.0%
EBITDA	75.9	39.2	-27.3	11.3	44.0	60.2
Net debt (if net cash=0)	436.2	547.6	660.6	648.6	680.0	583.4
FCF	-46.8	-71.2	-54.9	12.1	18.6	55.6
Net Debt/EBITDA	5.7	14.0	-24.2	57.5	15.5	9.7
EPS pro forma	4.50	2.25	-7.03	-1.94	1.72	3.51
EBITDA margin	27.3%	29.2%	-32.0%	9.7%	21.0%	25.0%
ROCE	5.6%	2.6%	-2.3%	0.7%	3.4%	4.9%
EV/sales	2.7	5.3	9.7	7.0	4.0	3.1
EV/EBITDA	9.9	18.1	-30.3	72.2	19.2	12.4
PER	9.2	9.0	-2.9	-10.4	11.8	5.8
Adjusted FCF yield	-79.9%	-44.1%	-97.0%	1.1%	35.7%	217.9%

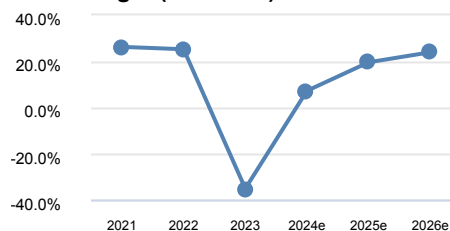
Source: Company data, NuWays, Close price as of 15.10.2024

Sales (2021-26e)



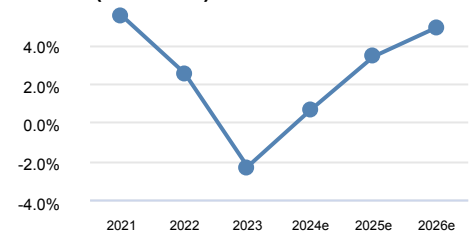
Source: NuWays Research

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.

Guidance

Financials

Profit and loss (EUR m)	2021	2022	2023	2024e	2025e	2026e
Net sales	278.3	133.9	85.3	116.4	209.4	240.9
<i>Sales growth</i>	51.8%	-51.9%	-36.3%	36.4%	80.0%	15.0%
Increase/decrease in finished goods and work-in-process	-45.9	3.0	33.0	4.6	0.0	0.0
Total sales	232.4	136.9	118.3	120.9	209.4	240.9
Other operating income	59.3	63.6	37.3	3.9	10.5	12.0
Material expenses	141.4	86.9	70.4	64.7	115.2	127.7
Personnel expenses	36.8	37.3	30.9	24.2	33.5	36.1
Other operating expenses	37.6	37.2	81.6	24.7	27.2	28.9
Total operating expenses	215.8	161.3	182.9	113.6	175.9	192.7
EBITDA	75.9	39.2	-27.3	11.3	44.0	60.2
Depreciation	2.6	5.3	2.8	2.8	2.8	2.4
EBITA	73.3	33.9	-30.1	8.5	41.1	57.8
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	8.5	41.1	57.8
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	-5.7	28.2	47.8
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0
Earnings before taxes	60.1	31.5	-39.4	-5.7	28.2	47.8
Income tax expense	16.4	4.3	6.7	1.6	8.2	14.3
Net income from continuing operations	43.7	27.1	-46.0	-7.3	20.0	33.4
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	-7.3	20.0	33.4
Minority interest	10.1	10.3	6.5	7.2	7.2	7.2
Net profit (reported)	33.6	16.8	-52.5	-14.5	12.8	26.2
Average number of shares	7.5	7.5	7.5	7.5	7.5	7.5
EPS reported	4.50	2.25	-7.03	-1.94	1.72	3.51

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%	36.4%	80.0%	15.0%
Increase/decrease in finished goods and work-in-process	-16.5%	2.2%	38.7%	3.9%	0.0%	0.0%
Total sales	83.5%	102.2%	138.7%	103.9%	100.0%	100.0%
Other operating income	21.3%	47.5%	43.7%	3.4%	5.0%	5.0%
Material expenses	50.8%	64.8%	82.5%	55.6%	55.0%	53.0%
Personnel expenses	13.2%	27.8%	36.2%	20.8%	16.0%	15.0%
Other operating expenses	13.5%	27.8%	95.7%	21.2%	13.0%	12.0%
Total operating expenses	77.6%	120.4%	214.4%	97.6%	84.0%	80.0%
EBITDA	27.3%	29.2%	-32.0%	9.7%	21.0%	25.0%
Depreciation	0.9%	3.9%	3.3%	2.4%	1.4%	1.0%
EBITA	26.3%	25.3%	-35.2%	7.3%	19.6%	24.0%
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%	7.3%	19.6%	24.0%
Interest income	5.0%	17.5%	25.5%	14.0%	8.9%	9.5%
Interest expenses	9.8%	19.3%	36.4%	26.2%	15.1%	13.7%
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%	-4.9%	13.5%	19.8%
Extraordinary income/loss	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Earnings before taxes	21.6%	23.5%	-46.1%	-4.9%	13.5%	19.8%
Tax rate	27.3%	13.8%	-17.0%	-28.0%	29.0%	30.0%
Net income from continuing operations	15.7%	20.2%	-54.0%	-6.3%	9.6%	13.9%
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%	-6.3%	9.6%	13.9%
Minority interest	3.6%	7.7%	7.6%	6.2%	3.4%	3.0%
Net profit (reported)	12.1%	12.5%	-61.5%	-12.5%	6.1%	10.9%

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	258.6	261.8	240.9
Accounts receivable	60.6	49.5	37.3	31.9	40.2	46.2
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	155.7	95.2	125.1
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	509.2	460.3	475.2
TOTAL ASSETS	1,467.8	1,451.8	1,253.8	1,245.6	1,243.9	1,206.4

SHAREHOLDERS EQUITY	518.8	495.9	374.4	368.0	387.0	410.2
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	31.9	40.2	46.2
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	240.4	128.5	131.2
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	1,467.8	1,451.8	1,253.8	1,245.6	1,243.9	1,206.4

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%	58.1%	62.2%	60.0%
FIXED ASSETS	55.0%	53.8%	58.7%	59.1%	63.0%	60.6%
Inventories	9.1%	17.9%	21.2%	20.8%	21.0%	20.0%
Accounts receivable	4.1%	3.4%	3.0%	2.6%	3.2%	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%	12.5%	7.7%	10.4%
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%	40.9%	37.0%	39.4%
TOTAL ASSETS	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

SHAREHOLDERS EQUITY	35.3%	34.2%	29.9%	29.5%	31.1%	34.0%
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%	12.4%	21.5%	16.9%
Bonds (long-term)	30.4%	22.5%	30.0%	34.2%	32.5%	33.5%
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%	50.7%	58.1%	54.7%
Short-term liabilities to banks	5.7%	8.9%	9.6%	15.0%	5.4%	5.3%
Accounts payable	3.4%	3.2%	2.0%	2.6%	3.2%	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%	0.5%	0.5%	0.6%
Other liabilities (incl. from lease and rental contracts)	0.4%	0.2%	0.3%	0.3%	0.3%	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%	19.3%	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	-7.3	20.0	33.4
Depreciation of fixed assets (incl. leases)	-0.9	-14.2	43.2	1.5	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	11.2	16.8	54.4
Increase/decrease in inventory	-10.2	-72.0	-6.1	6.8	-3.2	20.9
Increase/decrease in accounts receivable	-33.0	27.0	5.3	5.4	-8.3	-6.0
Increase/decrease in accounts payable	-14.7	-10.7	-13.7	6.2	8.3	6.0
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	18.5	-3.2	20.9
Cash flow from operating activities	-45.7	-70.7	-54.5	12.7	19.6	56.8
CAPEX	1.1	0.5	0.4	0.6	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	-0.6	-51.0	48.8
Cash flow before financing	-1.8	-90.6	-58.7	12.1	-31.4	96.6
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	9.0
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	-75.7
Increase/decrease in liquid assets	176.1	-100.4	-171.4	4.1	-60.4	29.8
Liquid assets at end of period	423.3	322.9	151.5	155.7	95.2	125.1

Key ratios (EUR m)	2021	2022	2023	2024e	2025e	2026e
P&L growth analysis						
Sales growth	51.8%	-51.9%	-36.3%	36.4%	80.0%	15.0%
EBITDA growth	1.3%	-39.8%	-135.9%	-71.2%	-261.2%	434.3%
EBIT growth	2.6%	-45.3%	-141.0%	-75.0%	-236.9%	583.0%
EPS growth	2.6%	-50.1%	-412.7%	-72.3%	-188.3%	104.6%
Efficiency						
Sales per employee	748.2	424.5	252.3	360.6	590.1	616.9
EBITDA per employee	204.1	124.2	-80.7	34.9	123.9	154.2
No. employees (average)	372	316	338	323	355	390
Balance sheet analysis						
Avg. working capital / sales	57.1%	162.3%	246.5%	223.6%	128.6%	103.7%
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	12.1	18.6	55.6
Free cash flow/sales	-16.8%	-53.2%	-64.3%	10.4%	8.9%	23.1%
FCF / net profit	neg.	neg.	119.1%	neg.	92.8%	166.2%
Capex / sales	-21.1%	-0.0%	-70.3%	26.3%	96.0%	83.5%
Solvency						
Net debt	436.2	547.6	660.6	648.6	680.0	583.4
Net Debt/EBITDA	5.7	14.0	-24.2	57.5	15.5	9.7
Dividend payout ratio	50.0%	49.0%	0.0%	0.0%	70.0%	72.8%
Interest paid / avg. debt	3.4%	3.1%	3.7%	3.6%	4.0%	4.4%
Returns						
ROCE	5.6%	2.6%	-2.3%	0.7%	3.4%	4.9%
ROE	6.5%	3.4%	-14.0%	-3.9%	3.3%	6.4%
Adjusted FCF yield	-79.9%	-44.1%	-97.0%	1.1%	35.7%	217.9%
Dividend yield	11.1%	5.4%	0.0%	0.0%	5.9%	12.7%
DPS	2.2	1.1	0.0	0.0	1.2	2.6
EPS reported	4.50	2.25	-7.03	-1.94	1.72	3.51
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	0.4
EV/sales	2.7	5.3	9.7	7.0	4.0	3.1
EV/EBITDA	9.9	18.1	-30.3	72.2	19.2	12.4
EV/EBIT	10.3	20.9	-27.5	96.2	20.6	13.0

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

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