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Warimpex Finanz- und Beteiligungs AG: Russia crisis impacting profits at the beginning of the year despite the recovery of the rouble

Wien (pta006/28.05.2015/08:00) - * Loss for the period of EUR 5.3 million considerably better than in Q1 2014 (EUR -8.8 million)

* Finance income improved from EUR -8 million in Q1 2014 to EUR -3.9 million in Q1 2015

* Revenue improvement for hotels without Russia and Karlovy Vary (+3 per cent, NOP per available room +12 per cent), revenue contraction at hotels catering to Russian clientele (-44%)

* Sale of two office towers at AIRPORTCITY St. Petersburg concluded in Q1 2015; sale of the andel's hotel Berlin in the pipeline

* Construction projects in Budapest and St. Petersburg and development work in Berlin, Krakow, and St. Petersburg proceeding according to schedule

Vienna/Warsaw, 28 May 2015 - With the sale of both Jupiter towers at AIRPORTCITY St. Petersburg at the beginning of March, the first quarter of 2015 began on a high note for Warimpex Finanz- und Beteiligungs AG. While hotels that are not dependent on Russian clientele saw revenue growth, the crisis in Russia and the depreciation of the rouble since the first quarter of the previous year continued to have a substantial impact on business. This led to an overall revenue decrease of 21 per cent compared with the first quarter of 2014. Despite an improvement in finance income due to foreign currency gains caused by the appreciation of the rouble since the beginning of the year, this metric came in at minus EUR 5.3 million (Q1 2014: EUR -8.8 million).

Hotels

Revenues at the hotels that are not dependent on Russian clientele rose by 3 per cent, and the net operating profit (NOP) per available room grew by 12 per cent. The main drivers were Poland and Berlin. The Russian hotels in Ekaterinburg and St. Petersburg suffered substantial decreases in occupancy and room rates. The Dvorak spa hotel in Karlovy Vary, which generally has a large share of Russian and Ukrainian guests, saw revenues decline by a substantial 35 per cent as many guests stayed home. Overall, revenues at hotels that cater to Russian clientele declined by some 44 per cent in euro terms compared with the previous year. The positive developments of the non-Russian assets were not enough to offset the downtrend in Russia and Karlovy Vary, and revenues from hotels fell by 21 per cent overall to EUR 10.1 million.

Result for the quarter

Consolidated revenues contracted by 29 per cent to EUR 11 million. EBITDA declined by 16 per cent, falling from EUR 1.9 million to EUR 1.6 million, while EBIT remained stable in year-on-year comparison at EUR -0.5 million. Finance income including earnings from joint ventures improved from EUR -8 million to EUR -3.9 million, primarily due to the increase in the rouble exchange rate since the beginning of the year. All in all, this led to a loss for the period of EUR -5.3 million, a 40 per cent improvement over the previous year due to exchange rate changes.

Development

The situation in the Development segment was encouraging with two projects now nearing completion. The revitalisation of 12,250 square metres of space in the Erzsébet office tower in Budapest has entered the final phase, and the tenant is scheduled to move in around the middle of the year. The construction of the Zeppelin office building at AIRPORTCITY St. Petersburg, which has 16,000 square metres of space and which has already been let out, is also proceeding according to plan. Work here is to be completed by the middle of 2015, as well. Warimpex is also working on the development of a parking garage at this site and expects to be finished this year. An office building in Krakow is at an early but very concrete stage of development, and in Berlin, the planning for the development of commercial and conference space on the remaining part of the site next to the andel's hotel is

progressing well.

Berlin and ód after the reporting date

As previously announced, Warimpex and its joint venture partner UBM have received a letter of intent from an investor for the purchase of the andel's in Berlin. The deal is expected to close in the third quarter of this year. After the reporting date, Warimpex was able to significantly reduce the current financing costs for the andel's hotel in the Polish city of ód as part of a sale-and-lease-back transaction with a Polish leasing bank. This corresponds with the general strategy shift towards local financing partners. The planned sale and the refinancing will have a positive effect on the profit for the year. At the same time, Warimpex won a bidding process for the purchase of a piece of land near the andel's hotel in ód.

Outlook

The goal for the 2015 financial year is to continue and complete the running development projects according to schedule, and to initiate a further transaction in addition to the planned sale of the andel's hotel in Berlin. Warimpex is also working continuously to strengthen its financial base, to improve its financing conditions - as was recently achieved in ód - and to boost the earnings from its hotel assets.

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The logo for Warimpex, featuring the word "warimpex" in a blue, lowercase, sans-serif font. A small red mark is positioned above the letter 'i'.

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