

Warimpex: Russia crisis expected to hit 2014 earnings hard

Provisional results for 2014:

- **Measurement and foreign currency losses in Russia were the key reasons for the loss of the period of EUR 35.3 million**
- **Positive operating performance in countries not impacted by the Russia crisis, NOP per hotel room up by a total of 2 per cent to EUR 8,954**
- **Cash flow from operating activities up 7 per cent to EUR 19.8 million**
- **Sale of two office towers at AIRPORTCITY St. Petersburg completed in the first quarter of 2015**

Vienna/Warsaw, 15 April 2015 – According to preliminary figures, Warimpex Finanz- und Beteiligungs AG's annual earnings for 2014 will prove considerably muted. This is because of – non-cash – foreign exchange losses due to a weak Russian rouble, lower property valuations in Russia and weaker operating performance, especially at hotels whose guests come primarily from Russia and Ukraine.

In 2014, operating business in the hotels segment was positive in the markets not impacted by the Russia crisis. Most of these hotels in the portfolio posted a good performance. Streamlining the portfolio as a result of the sale of the five-star hotels in Prague also impacted positively. This is evidenced by the 2 per cent increase in NOP per available room over the entire hotel portfolio.

However, the 2014 results of some hotels were characterised by the effects of the Russia crisis and rouble depreciation, suffering significant revenue declines as a result. For example, revenues at the Dvorak hotel in Karlovy Vary (Czech Republic) fell by 20 per cent due to the absence of Russian and Ukrainian guests. On a euro basis, revenues in the three Russian hotels were around 10 per cent lower than the previous year, which is less to do with lower occupancy than with the weak rouble and thus lower room rates. Due to these declines in revenues, which were not compensated for by revenue increases in other hotels, and to hotel sales in Prague and an accompanying reduction in the number of rooms, revenues in the Hotels segment fell by a total of 11 per cent year on year – 5 per cent when joint ventures are included on a proportionate basis – to EUR 61.6 million. Consolidated revenues decreased by 18 per cent to EUR 73.8 million.

EBITDA declined by 9 per cent to EUR 17.1 million. This is attributable primarily to the loss of profits from the sale of properties, as the Hotel Savoy in Prague was sold in June 2014 for roughly its carrying amount. The ultimately successful sale of two office towers at AIRPORTCITY St. Petersburg was not closed until March 2015. In total, EBIT fell by EUR 35.7 million in 2013 to EUR -5.2 million. This is because of impairment losses and a loss on remeasurement of office properties, which have been recognised at market value since 2013. The impairment relates primarily to Russian properties. Despite a 31 per cent decline, earnings from joint ventures are positive at EUR 1.5 million. With a decline in the financial result compared to 2013 to EUR -31.6 million, there was a loss for the year of EUR -35.3 million (2013: EUR 7.1 million).

Provisional financial key figures for 2014 at a glance (as of 31 December 2014) – final and complete annual figures are scheduled for release on 29 April 2015:

in EUR '000	2014	Change	2013 adjusted
Hotels revenues	61,559	-11%	69,435
Investment Properties revenues	9,813	-9 %	10,731
Development & Services revenues	2,476	-75%	10,019
<i>Total revenues</i>	<i>73,848</i>	<i>-18%</i>	<i>90,185</i>
Expenses directly attributable to the revenues	-45,559	-25%	-60,382
<i>Gross income from revenues</i>	<i>28,289</i>	<i>-5%</i>	<i>29,803</i>
Gains on property disposals	-30	-	2,030
EBITDA	17,114	-9%	18,835
EBIT	-5,160	-	35,674
Earnings from joint ventures	1,531	-31%	2,213
Profit or loss for the period (for the year)	-35,306	-	7,116
Cash flow from operating activities	19,810	7%	18,448
Segment information (including joint ventures on a proportionate basis):			
Hotels revenues	106,510	-5%	112,289
Net operating profit (NOP) – Hotels	30,992	-1%	31,262
NOP per hotel room	8,954	2%	8,796
Investment Properties revenues	10,560	-9%	11,555
EBITDA of Investment Properties	5,994	43%	4,197
Revenues – Development & Services	2,866	-72%	10,223
Gains or losses from the disposal of properties	367	-91%	4,240
EBITDA of Development & Services	-3,022	-	1,811
	31 December 2014	Change	31 December 2013 adjusted
Gross asset value (GAV) in EUR million	498.0	-2%	508.0
NNNAV per share in EUR	3.0	-	3.1