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PRESS RELEASE

The Schörghuber Corporate Group looks back on a positive set of results for the 2016 financial year.

Once again, the Construction & Real Estate business division was the growth driver of the Munich-based family-owned business. The Beverages business division reported muted growth on the German market, but achieved a new sales record on its international markets. The upward trend in the Hotels business division remained stable. And: In the wake of years of very high losses in the Seafood business division, a significant improvement in operating figures heralds a reversal in this trend.

Munich, July 21, 2017. The Schörghuber Corporate Group looks back on another set of satisfactory results for the 2016 financial year. The Construction & Real Estate, Hotels and Seafood business areas generated total sales of 768.2 million euros (previous year: 980.4 million euros). The 21.6 percent fall in sales is essentially due to the scheduled discontinuation of major transactions in the real estate portfolio. The Beverages business division, which reported sales of 628.2 million euros (previous year: 632.8 million euros), is carried at equity and is therefore not included in the consolidated sales.

The Group's EBITDA remained almost unchanged at 174.2 million euros (previous year: 174.7 million euros), whilst EBIT – including the effects of the fair-value assessment – increased to 326.1 million euros (previous year: 189.5 million euros). For strategic reasons, Bayerische Hausbau decided not to claim an extended reduction in trade tax. This decision triggered deferred taxes not affecting liquidity of 192.0 million euros within the Group. The consolidated results after interest and tax totaled 73.7 million euros (previous year: 120.2 million euros). The equity ratio fell slightly by 0.9 points to 39.7 percent.



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Bayerische Hausbau focuses operations on major projects in Real Estate and Development

With a portfolio valued at approximately 2.5 billion euros and holdings centered in Munich, Bayerische Hausbau, one of Germany's largest integrated real estate companies, is divided into the separate business areas of Real Estate and Development. These comprise project development, development activity in the residential and commercial sectors and full management of its own real estate portfolio. The company retains a focus on major projects – including those in its own portfolio – in inner-city core locations in Munich and Hamburg.

Whereas previous year's sales in the Real Estate business area totaled 350.8 million euros based on revenue of 188.4 million euros from portfolio shifts, Bayerische Hausbau reported sales of 220.4 million euros over the past year, including rental income, with a largely unchanged real estate portfolio.

2016 was dominated by four major project developments in the Munich holdings: The radical revitalization of the property at Marienplatz 22 proceeded as planned. With due regard to heritage protection, this building is to be upgraded to a multifunctional business complex accommodating retail stores, restaurants, offices and – for the first time at this location – a hotel, and will open in August 2017. The Schwanthalerhöhe shopping mall built in partnership with HBB Hanseatische Betreuungs- und Beteiligungsgesellschaft, located on the neighbouring property, will open in 2018. The units offered by Bayerische Hausbau were almost fully leased in 2016. At premises on Welfenstraße formerly occupied by the Paulaner brewery, Bayerische Hausbau is currently developing a residential construction project with 390 apartments – including 30 company-owned apartments – various commercial units and a child daycare facility. With the exception of apartments that are part of the social housing scheme, this property will be integrated within the Bayerische Hausbau portfolio. The complex of buildings formerly occupied by the Bayerische Staatsbank has been designated for an interim two-year period of use. The building permit for conversion to a luxury hotel granted by the state capital has not yet acquired definitive validity due to a pending neighborhood lawsuit on which a ruling is awaited.



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Sales of 221.1 million euros (previous year: 250.6 million) were recorded for Development activities. In investment sales, the volume of notarized transactions remained largely unchanged at 80.4 million euros compared to 93.4 million euros in the previous year, but individual sales fell to 41.7 million euros (previous year: 140.5 million euros) for 62 residential units (previous year: 260 units). Development is a classic project business; as such it has always been subject to substantial fluctuations: The decline in the volume of notarized transactions is a consequence of temporarily reduced supply.

In Munich, Bayerische Hausbau completed and handed over the new administrative building on Ohlmüllerstraße for the Paulaner brewery at the end of 2016. In the coming years, the company will focus on developing the zones acquired from the brewery in the Nockherberg district. In addition to the project on Welfenstrasse (Welfengarten), it plans apartments plus space for shops, restaurants, service providers, four child daycare facilities and a local park at the sub-sites on Falkenstrasse (Am Alten Eiswerk) and Regerstrasse (Nockherberg). A total of approximately 1,500 new apartments are to be built across all three sub-sites in the next few years.

Other projects in Munich include the development of a property at Freisinger Landstrasse 40-44, where a residential district with some 350 residential units is planned. Having successfully obtained planning permission, the plots associated with the project to develop Perlach Garden City on the Hochäckerstrasse were sold between 2014 and 2016. Only two plots will be reserved for construction and marketing of owner-occupied apartments by Bayerische Hausbau itself. Finally, the building work to be provided for another major project, the third and final part of the joint venture Am Oberwiesenfeld, with 137 subsidized apartments, was notarized in October 2016. Construction started in spring 2017, completion is scheduled for summer 2019.

Meanwhile, in the center of Hamburg, progress continues on the Paloma District, a project to develop the site of the former Esso buildings. Subsidized and freely financed apartments, a joint building venture, a hotel, small stores appropriate to the St. Pauli district and neighborhood structures are to be built on a plot of 6,190 m². Planning permission is expected to be granted in mid-2018.



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Overall, the Construction & Real Estate business sector generated sales of 441.5 million euros in the past financial year (previous year: 601.4 million euros). EBITDA totaled 162.0 million euros (previous year: 192.5 million euros), EBIT (including the effects of the fair-value assessment) was 348.3 million euros (previous year: 236.4 million euros). The subgroup result (including the effects of the fair-value assessment) fell to 94.1 million euros (previous year: 179.0 million euros).

Beverages business division achieves new sales record abroad

As the holding company, Brau Holding International manages the Beverages sector of the Schörghuber Corporate Group. For the purpose of streamlining corporate structures and associated simplification of processes within the subgroup, the holding company was merged with the Paulaner brewery to form the Paulaner Brewery Group. This makes it both the holding company of the entire Beverages business area and the operating company behind the Paulaner brewery. 70 percent of shares in the Paulaner Brewery Group is held by the Schörghuber Corporate Group, 30 percent by joint venture partner, Heineken.

The business division looks back on a mixed year overall. After eight years of continuous growth, group sales fell by 0.7 percent and the total sales volume dropped by 0.6 percent. Year-end net profit was also substantially lower than in the previous year. The Paulaner and Hacker-Pschorr brands in particular suffered due to start-up difficulties at the new brewery in Munich-Langwied and reduced product availability during the summer months – especially returnable containers. This impacted domestic sales essentially.

In contrast, Brau Holding International consistently pursued its growth abroad. Despite a number of delivery bottlenecks, growth of around five percent generated a new sales record. International sales totaled 1.2 million hectoliters, with the increase driven mainly by the Paulaner brewery, which exported over one million hectoliters for the first time ever. The international success of the Paulaner brand is enhanced by the Paulaner Bräuhaus properties: They grew in number last year – there are now 39 worldwide (previous year: 37) – and further expansion is planned.



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In the unrelentingly tough competitive environment of the German beer market, the breweries associated under the former Brau Holding International – Paulaner Brauerei, Kulmbacher Brauerei AG, Fürstlich Fürstenbergische Brauerei and two private breweries, Hoepfner and Schmucker – provide Germany's regional brewing expertise with a place to call home. This strategy paid off for many of its brands over the past year. Mönchshof, for example, the brewery association's second largest brand after Paulaner, increased output by twelve percent and expanded its position as national market leader in the clip-lock closure segment to more than 20 percent.

Sales by the Beverages subgroup fell slightly to 628.2 million euros (previous year: 632.8 million euros). EBITDA totaled 75.1 million euros (previous year: 86.8 million euros), whilst EBIT suffered a sharp fall to 17.9 million euros (previous year: 42.6 million euros). The consolidated results (before minority interests) fell to 10.8 million euros (previous year: 31.9 million euros).

Hotels: Positive development continues

In the Hotels business sector, the opening of the Westin Hamburg in the Elbphilharmonie concert hall building on November 4, 2016 marked the successful kickoff of an eagerly awaited project. In other respects as well, the 2016 financial year was satisfactory overall. The three Mallorcan hotels, which continued to benefit from the positive development of Spain, and Mallorca in particular, as a vacation destination, made a non-negligible contribution to those results. Hotels in Germany also increased revenue per available room (RevPar), with those in Munich and Frankfurt performing better than the market.

Sales in the Hotels business division increased to 244.0 million euros (previous year: 240.6 million euros). EBITDA fell to 10.7 million euros (previous year: 12.8 million euros), whilst EBIT, at -3.0 million euros, remains in negative figures (previous year: -0.3 million euros), as does the subgroup result (before minority interests) at -6.0 million euros (previous year: -3.2 million euros).

Arabella Hospitality anticipates sustained positive results over the next few years. This will be based in no small part on the gradual portfolio adjustment approved by the executive board of the Schörghuber Corporate Group in 2010 in connection with a



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fundamental revision of strategy within the Hotels business sector. It was decided then that Arabella Hospitality's portfolio should in future be limited to its own hotel properties; no further management or leasing contracts for mostly low-earning third party hotel properties would be concluded. In 2016, following the expiry of leasing contracts, the portfolio was trimmed in this way with the divestment of the Four Points by Sheraton Munich Olympiapark, the Sheraton Munich Airport Hotel and the Sheraton Düsseldorf Airport Hotel.

Seafood places greater sales focus on North American market

2016 got off to a difficult start for the Chilean salmon industry and hence also for Productos del Mar Ventisqueros: Contrary to the forecasts, prices for Atlantic (Salar) salmon and Pacific salmon (Coho) stagnated during the early part of the year. In the spring, an algal bloom caused by the El Niño climate phenomenon led to the loss of approximately 120,000 metric tons of Atlantic salmon, representing almost 20 percent of the usual Chilean harvest. This obviously impacted negatively on Ventisqueros.

From mid-year, prices stabilized at a high level due to the reduced level of supply. Ventisqueros took advantage of diminished harvest volumes during the first six months of the year to implement an extensive range of measures designed to reduce production costs. At the same time, export activities focusing on the delivery of fresh salmon to North America were strengthened with the foundation of the BluGlacier sales company, a joint venture with Salmones Blumar. Significantly positive earnings were generated from August 2016. This was not sufficient, however, to fully compensate for the losses sustained during the first half of the year – especially due to the algal bloom.

The Seafood business division reported sales of 125.7 million in 2016 (previous year: 157.5 million euros). EBITDA increased significantly, from -46.3 million euros in the previous year to 5.1 million in the 2016 financial year. At -4.9 million euros, EBIT (including the effects of fair-value assessment) also closed notably less negatively than in 2015 (-55.9 Mio). The subgroup result was significantly better at -8.8 million. (previous year: -58.7 million euros).



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About the Schörghuber Corporate Group

Founded in 1954 and headquartered in Munich, the family-run Schörghuber Corporate Group is a successful national and international player in the Construction & Real Estate, Beverages, Hotels and Seafood business areas. The Schörghuber Corporate Group's real estate and development activities are consolidated in Bayerische Hausbau, one of the largest integrated real estate companies in Germany. The Paulaner Brewery Group, a joint venture with Heineken, owns brands such as Paulaner, Hacker-Pschorr, Mönchshof and Fürstenberg and is one of Germany's largest regional brewery groups. The Hotels business sector is managed by Arabella Hospitality as holding company and operates 17 properties in Germany, Switzerland and on Mallorca. Most of the hotels are managed by Starwood Hotels & Resorts Worldwide, which became part of Marriott International Hotels & Resorts in 2016. Salmon breeding and processing, which is consolidated in Productos del Mar Ventisqueros in Chile, constitutes the fourth business sector of the Schörghuber Corporate Group, the Seafood business area. All of the sectors are united by the common values of diversity, quality and growth. Thanks to the Group's approximately 5,600 employees, customers can experience these values in action every day. www.sug-munich.com.

PRESS CONTACT

Schörghuber Corporate Group

Bernhard Taubenberger, Director Communication & Marketing

Denninger Straße 165, 81925 Munich, Phone +49 89 9238-258, Fax +49 89 9238-114258

be.taubenberger@sug-munich.com, www.sug-munich.com