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UNTERNEHMENSGRUPPE

## PRESS RELEASE

### **The Schörghuber Corporate Group looks back on a successful 2017 in all four business areas**

**Construction & Real Estate is investing in inventory and using significant real estate acquisitions to fill the pipeline for the future. In the Beverages area, strong exports are offsetting minor sales losses in the steadily declining domestic market. The Hotel sector continues to enjoy positive growth, partly due to the recent addition of the Westin Hamburg. An excellent result has been achieved in the Seafood sector, supported in large part by the measures introduced in 2016 to improve quality and cut costs.**

**Munich, July 26, 2018.** The 2017 financial year was a successful one for the Schörghuber Corporate Group across all four business divisions. In the areas of Construction & Real Estate, Hotel and Seafood, the Group recorded total sales of 761.6 million euros, representing only a slight decrease over the previous year (768.2 million euros). The Beverages sector saw a significant increase in sales, from 628.2 million to 650.2 million euros. This sector is carried at equity and is therefore not included in the consolidated sales.

The Group's EBITDA increased to 194.5 million euros (previous year: 174.2 million euros), while the EBIT — including the effects of the fair-value assessment — stood at 263.2 million euros, somewhat less than the previous year's result (326.1 million euros). In contrast, the consolidated results after tax and interest, at 152.1 million euros, were significantly higher than the previous year's (73.7 million euros). The equity ratio saw an increase to 43.0 percent (previous year: 39.7 percent).

**Alongside ongoing project developments, Bayerische Hausbau is using real estate acquisitions to lay the foundations for further growth**

With a portfolio valued at approximately 2.7 billion euros and holdings centered in Munich, Bayerische Hausbau is one of Germany's large real estate companies. It is active in both Real Estate and Development.

In the year under review, Bayerische Hausbau earned 211.1 million euros (previous year: 220.4 million euros). Of this sum, 57.4 million euros resulted from the divestment of property (previous year: 69.0 million euros). The almost unchanged portfolio of real estate held as financial assets underwent a shift from office usage to other purposes such as retail, hotels & gastronomy and residential use in 2017, in line with Group strategy, as a result of property sales and the completion of a number of real estate projects.

This included the completion of the commercial premises at Marienplatz 22 in Munich. Following renovation work, the building is now occupied by Deutsche Telekom, the book retailer Hugendubel, the International Press Club of Munich, a restaurant and a luxury residence on the two uppermost floors. The conversion of the property at Schwanthalerhöhe 111–115 in Munich, which began in 2016, continued to make progress and remains on schedule. The shopping mall will be completed in fall 2018. All new spaces in the mall have already been let. The building permit was received for an additional property in the portfolio in 2017, the complex at Kardinal-Faulhaber-Strasse 1, meaning that work should begin in early 2019. A 5-star ultra-luxury Rosewood hotel and premium office spaces are planned for the site. Furthermore, Bayerische Hausbau will be expanding its portfolio to include 320 of the 390 apartments planned for the premises on Welfenstrasse formerly occupied by the Paulaner brewery. Thirty of these apartments will be company-owned and will serve as affordable employee housing.

In the Development area, Bayerische Hausbau achieved sales of 113.8 million euros in the year under review (previous year: 221.1 million euros), in line with forecasts. A total of 77 residential units in the projects "Gartenstadt Perlach" and "Am Alten Eiswerk" were sold to individual buyers, with a volume of 60.6 million euros (previous year: 62 residential units with a volume of 41.7 million euros). Investor sales generated a volume of 148.5 million euros (previous year: 80.4 million euros). The

Nockherberg project in Munich's Au district is probably the most prominent of the Development area's projects and continues to advance across its three construction sites in Falkenstrasse, Regerstrasse and Welfenstrasse. The approximately 1,500 apartments are set to be completed by 2023. Demolition work has been underway since March 2016.

Bayerische Hausbau is planning not just for these project developments but also for the future. At the Freisinger Landstrasse site, it intends to build an estate with around 640 residential units along with all necessary infrastructure and communal green spaces. More than 30% of the living space will be given over to subsidized housing. Additionally, a joint venture project will develop 122,000 m<sup>2</sup> of new living space on a site in Feldmoching.

In Hamburg, 161 new apartments are set to be built on the Spielbudenplatz site by 2021, in addition to commercial premises for hotels, small businesses, shops and other services for local residents, covering a total of around 29,500 m<sup>2</sup>. Following intensive negotiations, the urban development agreement should be concluded in fall 2018, Work will then begin in 2019.

Overall, the Construction & Real Estate sector generated sales of 324.9 million euros in the year under review (previous year: 441.5 million euros). The EBITDA amounted to 114.9 million euros (previous year: 162.0 million euros) and the EBIT (including the effects of the fair-value assessment) stood at 242.9 million euros (previous year: 348.3 million euros). The subgroup results after tax increased from 94.1 million euros to 143.9 million euros.

**The Paulaner Brewery Group is recouping minor domestic sales losses thanks to strong momentum generated by foreign business**

As the holding company, the Paulaner Brewery Group (formerly Brau Holding International) manages the Beverages sector of the Schörghuber Corporate 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 are held by the Schörghuber Corporate Group, and 30 percent by its joint venture partner Heineken.

The German beer market continues to decline and domestic sales losses are to be expected. Despite increased prices across the entire portfolio, the Paulaner Brewery Group performed better than other domestic market players overall in the year under review, with a deficit of 1.8% and sales of 4,433 khl of beer, including alcohol-free beer and beer-based mixed drinks. The trend in foreign business was much more favorable. The Paulaner Brewery Group was able to increase its export volume by around 6.2% to 1,257 khl.

Overall, the Paulaner Brewery Group produced and sold 5,691 khl of beer in the year under review, which represents a slight decline of 0.2%. The total volume including soft drinks was 7,573 khl (previous year: 7,550 khl). The core brand Paulaner alone recorded growth of 3% to 2,351 khl. This is due to the launch of new products such as Paulaner Zwickl and to strong momentum generated by foreign business. Against the backdrop of the above-mentioned price increases, the brand suffered a 2.9% drop in sales of its alcoholic weiss beer on the declining weiss beer market.

The brand Mönchshof, part of the Kulmbacher Brewery Group, has successfully defended its leading position in the clip-lock closure segment. However, Mönchshof was unable to realize its full potential due to capacity bottlenecks in filling and packaging as a result of extremely high demand.

Sales for the Beverages subgroup rose to 650.2 million euros, a significant improvement on the previous year's figure (628.2 million euros). The EBITDA amounted to 87.5 million euros (previous year: 75.1 million euros), while the EBIT saw a clear increase to 27.0 million euros (previous year: 17.9 million euros). The consolidated results (before minority interests) fell to 1.7 million euros (previous year: 10.8 million euros). However, this decrease is not due to operational effects but was primarily influenced by deferred income taxes arising from the restructuring of the Group, which do not affect liquidity.

#### **Moderate growth in the Hotel division due to strategic portfolio adjustment and the addition of the Westin Hamburg**

Arabella Hospitality is the holding company for the Hotel business sector. It has a portfolio of 15 hotels in Germany and Switzerland and on Mallorca. Management

agreements with Marriott International, Inc. (formerly Starwood Hotels & Resorts Worldwide, Inc.) are in place for all properties.

2017 was a highly satisfactory year for this business sector. As announced in 2016, further properties were removed from the portfolio as a streamlining measure. The Group parted with the Sheraton Frankfurt Congress Hotel following the end of the lease and sold the Hotel Elephant in Weimar along with its restaurant Zum Weissen Schwan. Arabella Hospitality has thus largely implemented the strategy which it began in 2010 and has consistently followed since then, namely focusing on premium business hotels in major German cities as well as first-class holiday hotels on the Balearic Islands.

While the Munich hotels saw average daily rates fall by around 3% over the previous year due to the weak trade fair and conference cycle, both properties in Frankfurt and Hamburg generated outstanding figures. The hotels on Mallorca performed satisfactorily but were unable to profit directly from the general increase in guest numbers on the island, with sales slightly below the previous year's figure. Finally, the Zürich properties were unable to buck the trend affecting the city's hotel market as a whole, which saw a slight drop in average daily rate and RevPAR as a result of the enormous increase in the number of beds available.

Sales for the Hotel business sector rose to 245.8 million euros (previous year: 244.0 million euros). The EBITDA rose to 35.5 million euros (previous year: 10.7 million euros), while the EBIT saw a clear increase to 22.3 million euros (previous year: -3.0 million euros), as did the subgroup results (before minority interests), which stood at 17.1 million euros (previous year: -6.0 million euros).

### **Pacific salmon is boosting the Seafood sector, while Atlantic salmon is seeing moderate growth**

The Seafood business sector, whose operations are managed by Productos del Mar Ventisqueros, produces and distributes Atlantic and Pacific salmon — something which benefited the Chilean business in 2017. With stocks in Japanese cold-storage depots at historic lows, the very beginning of the year saw the cost of Pacific salmon (coho) climb significantly due to demand from Japan and insufficient supply. Prices remained high throughout the year. This situation was extremely profitable for

Ventisqueros, which had successfully decreased the manufacturing costs of both Pacific and Atlantic salmon by implementing the measures introduced in 2016 to improve quality and cut costs.

The Seafood business sector reported sales of 204.9 million euros in 2017 (previous year: 125.7 million euros). The EBITDA (including the effects of the fair-value assessment) grew significantly, from 5.1 million euros to 57.6 million euros. The EBIT (also including the effects of the fair-value assessment) in turn saw further growth, from –4.9 million euros to 43.3 million euros. Finally, the subgroup results saw a further major increase to 39.4 million euros (previous year: –8.8 million euros).

#### **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 business areas Construction & Real Estate, Beverages, Hotels and Seafood. The Schörghuber Corporate Group's real estate and development activities are consolidated in Bayerische Hausbau, one of the largest 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 Hotel business sector is managed by the holding company Arabella Hospitality and operates 15 properties in Germany and Switzerland and on Mallorca. Most of the hotels are managed by Marriott International Hotels & Resorts. The Group's fourth business area is Seafood, which consists in salmon breeding and processing consolidated in Productos del Mar Ventisqueros, Chile. All of the sectors are united by the common values of diversity, quality and growth. Thanks to the work of the Group's approximately 5,200 employees, customers can experience these values in action every day. [www.sug-munich.com](http://www.sug-munich.com).

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