



Press release

Warsaw, 11 March 2020

Ronson Development successfully wraps up 2019 and expects highly robust performance in H1 2020

- In Q4 2019 Ronson Development generated a net profit of PLN 4.2 million while in Q4 2018 it was “in the red”. Full year’s net profit totaled PLN 17.4 million and was up 29% over the previous year.
- Ronson Development expects highly robust financial performance in H1 2020, as it plans to deliver approximately 300 units to buyers in the City Link III high-margin project located in Warsaw’s Wola district.
- The Company’s plans for 2020 call for selling more than 950 units (versus 761 in 2019) and delivering a total of approximately 950 units to customers (in comparison with 658 last year).

First revenue and profits from City Link III

“In keeping with our statements, in Q4 we completed the construction of the City Link III project in Warsaw’s Wola District. From the outset this project has been one of our best sellers while additionally offering outstanding profitability. Its final gross margin was nearly 39%. 350 of the 368 units built in this project have been sold and the first pool of 66 units was handed over to buyers before the end of last year. This translated into a positive contribution to our financial results for Q4 and the full year of 2019”, pointed out **Boaz Haim, CEO of Ronson Development.**

In the last quarter of 2019 Ronson Development generated a net profit of PLN 4.2 million while in the corresponding period of 2018 it was a net loss. Gross profit on sales was PLN 13.7 million (including PLN 12 million from the City Link III project) versus PLN 3.6 million a year ago. Ronson Development’s total revenue in Q4 2019 was PLN 53.6 million, or 31% more than in the corresponding period of 2018.

Last year’s total revenue amounted to nearly PLN 233 million, of which PLN 226 million was for delivering 467 units to clients in projects subject to full consolidation. Investments in Warsaw made the greatest contribution to the revenue recognized: Nova Królikarnia (35%) and Miasto Moje (23%). Even though the City Link III project accounted for a “mere” 14% of last year’s revenue, it delivered a 28% chunk of gross profit. The average gross margin on the sales of units delivered to clients in 2019 was 19.5% versus 15.5% in 2018.

In addition, in 2019 Ronson Development delivered 191 units with a total value in excess of PLN 87 million in the City Link I and II projects executed within the framework of a joint venture in which the Company has a 50% stake. The gross margin on these projects topped 25%, with profit from the joint venture attributable to Ronson Development coming in at PLN 9.1 million.

Ultimately, Ronson Development’s net profit in 2019 totaled PLN 17.4 million and was up 29% over the previous year.

Profitable first half of 2020

All indications suggest that the financial results in the first half of this year, especially the first quarter, will also be outstanding. For this is the period when the bulk of the units in the high-margin City Link III project will be delivered to customers.

“At the end of 2019 the City Link III project had 302 finished units that had not yet been handed over to their buyers, with 284 of them having already been sold and the total value of those contracts was PLN 143 million. As the gross margin was close to 39%, this yields more than PLN 54 million of gross profit from this single project. That is more than Ronson Development’s total gross profit on sales in all of last year”, said **Yaron Shama, the Company’s Vice-President and CFO**.

Ronson Development plans to deliver approximately 950 units in 2020 in total in all of its projects versus 658 in 2019.

Miasto Moje and Ursus Centralny will drive sales performance

Ronson Development would like to achieve a similar magnitude in terms of new sales contracts. *“Our plans for 2020 call for selling more than 950 units, or substantially more than in recent years. This will be possible because, among other things, last year we launched the construction of more than 1,100 units, considerably strengthening our offer. This year we would additionally like to start the construction of more than 900 units. Above all, these units will come from the subsequent stages of our ongoing projects that are enjoying great popularity among clients”*, said **Andrzej Gutowski, Vice-President of the Management Board, Director of Sales and Marketing at Ronson Development**.

“We assume that our two flagship projects in Warsaw will be major sales drivers: Miasto Moje in Białołęka and Ursus Centralny, where we have been successfully rolling out the concept of a ‘city within a city’ by combining our offer of attractively-priced units with a wide selection of commercial and service locations and common recreational areas located on the property development’s premises. We intend to find buyers for more than 200 units in each one of these projects”, added **Andrzej Gutowski**.

Highlights of Ronson Development’s consolidated financial performance

(PLN m)	Q4 2019	Q4 2018	yoy change	2019	2018	yoy change
Revenue	53.6	40.8	+31%	232.6	294.1	-21%
Gross profit on sales	13.7	3.6	+281%	44.3	45.7	-3%
Share in profit from joint ventures	0.1	0.1	-	9.1	2.8	+225%
Net profit ¹⁾	4.2	(3.8) ²⁾	-	17.4	13.5	+29%

1) Net profit attributable to the parent company’s shareholders.

2) Restated results due to IFRS 15.

About Ronson Development

Ronson Development is an experienced, well established, dynamically expanding real estate developer with residential investments in major Polish cities, mainly in Warsaw, as well as in Poznań, Wrocław, and Szczecin.

Since its foundation in 2000, Ronson has gained the trust of thousands of clients, making it one of the leading real estate developers in Poland. The company has been listed on the Warsaw Stock Exchange since 2007.

Ronson creates spaces for good and convenient living. The company's portfolio currently includes units tailored to the needs of various client groups – including both apartments and popular flats.

Ronson Development is a member of the Polish Association of Real Estate Developers. Numerous awards and certificates confirm clients' trust in the company. These include an award in the development services category of the Polish Construction Eagles 2014 competition as well as the Developer of the Year 2013 award from the Central Office for National Certification.

Ronson is also the recipient of numerous prestigious awards from stock market analysts and investors. In 2013, the company placed 1st in the "Investor Relations" category of the Listed Company of the Year ranking hosted by daily Puls Biznesu. In 2017, the Company's website received the Issuer's Golden Website award in a competition organized by the Polish Association of Listed Companies.

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