



## **Profit jump of more than 37% in Q1-3 2019 Strong balance sheet sets the stage for growth in 2020 und 2021**

- **Earnings per share of €5.30 – earnings level from 2018 reached after nine months**
- **Strong balance sheet opens room to manoeuvre for investments in new projects**
- **Further growth of €2 bn pipeline expected**
- **Reduction of financing costs – first six-year bond placed in record time**
- **After record year in 2019, sustainable earnings growth also expected in 2020/2021**

Vienna, 28 November 2019 – UBM Development, the leading hotel developer in Europe, is looking back at three extraordinarily successful quarters of dynamic earnings growth. EBT rose by approximately 31% to €46.2m and net profit by an even stronger 37% to €38.1m. At € 5.30 after the first nine months, earnings per share has already matched the level of the entire 2018 financial year. “The stage is set for a new record year in 2019. We expect sustainable increases in earnings also during 2020 and 2021“, comments Thomas G. Winkler, CEO of UBM Development AG.

The balance sheet and financing structure were also strengthened during the past nine months. The corridor for UBM’s equity ratio ranges from 30% to 35%, and the benchmark for net debt to total assets is 50%. At the end of the reporting period, the equity ratio equalled 36% and the loan-to-value ratio had fallen to only 34%. “We are underleveraged for a developer. In other words – we are ready for further growth“, adds Winkler.

The pipeline broke the €2 bn threshold during the first half-year and has still not reached the ceiling. UBM has the necessary financial resources to take advantage of the available market opportunities. In November the company issued a new bond with a 2.75% coupon and, for the first time, a six-year term. It was oversubscribed in only one and a half hours, and the maximum volume of €120m was widely placed – all in all, proof of investors’ strong confidence in UBM and in the real estate market.

### **Earnings growth driven by successful sales**

UBM generated Total Output of €460.4m in the first three quarters of 2019, compared with a record €670.1m in the previous year. Total Output of €337.2m in the reporting period is attributable to income from property sales. Of special note is the forward sale of the last building section of the Quartier Belvedere Central (QBC), the QBC 1&2 office property, which will be completed at the end of 2020. Major sales during the first three quarters of 2019 included the two Disney Hotels in Paris and a development project near Munich.

Against this backdrop, EBT rose by 30.7%, or €10.9m, year-on-year to €46.2m in the first three quarters of 2019. Profit for the period (net profit after tax) totalled €38.1m and was 37.4% higher than the first three quarters of 2018. The resulting earnings per share even increased by 44.9% from €3.66 to €5.30.

## Strong balance sheet and lower financing costs

The sound development of earnings during the reporting period supported an increase in equity from €436.3m as of 31 December 2018 to €449.7m as of 30 September 2019. The equity ratio topped the upper end of the 30–35% target range with 36.0% at the end of September 2019. Net debt fell from €421.9m at year-end 2018 to €418.7m as of 30 September 2019. Net debt in relation to total assets (loan-to-value ratio) equalled only 33.5% at the end of September 2019 and was substantially below the targeted 50%. Cash and cash equivalents totalled € 172.2m at the end of the third quarter and will increase even further by year-end based on the roughly €95m in fresh money generated by the issue of the new 2.75% bond. These balance sheet indicators underscore UBM's financial strength and substantial financial room to manoeuvre which will be used, above all, for increased investments over the next 12 months.

## Outlook for further record years

UBM announced a significant upward revision to its annual guidance at the half-year: Instead of EBT of €55m, which reflects the prior year, the Management Board raised the estimate for 2019 to €65m, which represents an increase of 18%. Net profit is expected to range from €47m to €50m (previous guidance: €40m) for a plus of 18% to 25%. This outlook is confirmed based on the sound earnings growth recorded in the third quarter. In view of the record pipeline and financial manoeuvring room for additional investments, UBM is optimistic that it will be able to continue this sustainable earnings growth over the medium-term.

## Key performance indicators Q1-3 2019 (in €m)

Key earnings figures	Q1-3 2019	Q1-3 2018	Change
Total Output <sup>1</sup>	460.4	670.1	-31.3%
Revenue	183.2	446.9	-59.0%
EBT	46.2	35.4	30.7%
Net profit	38.1	27.8	37.4%
Key asset and financial figures	30.09.2019	31.12.2018	Change
Total assets	1,249.3	1,234.7	1.2%
Equity	449.7	436.3	3.1%
Equity ratio (in %)	36.0%	35.3%	0.7PP
Net debt <sup>2</sup>	418.7	421.9	-0.8%
Key share data and staff	30.09.2019	31.12.2018	Change
Earnings per share (in €) <sup>3</sup>	5.30	3.66	44.9%
Market capitalisation (in €m)	314.6	249.6	26.0%
Dividend per share (in €) <sup>4</sup>	2.20	2.00	10.0%
Staff <sup>5</sup>	378	365	3.6%

<sup>1</sup> Total Output corresponds to the revenue generated by fully consolidated companies and companies consolidated at equity as well as the sale proceeds from share deals in proportion to the stake held by UBM.

<sup>2</sup> Net debt comprises current and non-current bonds and financial liabilities, excluding lease liabilities, minus cash and cash equivalents.

<sup>3</sup> The reported amounts and the change are based on the periods from 1–9/2019 and 1–9/2018.

<sup>4</sup> The dividend was paid during the respective financial year but is based on net profit for the previous financial year.

<sup>5</sup> Of which: 54 employees in Q1-3/2019 (2018: 52 employees)

**UBM Development** is a leading hotel developer in Europe. The strategic focus is on the three asset classes hotel, residential and office as well as on European metropolies such as Vienna, Berlin, Munich and Prague. With over 145 years of experience, UBM focuses on its core competence, real estate development. From planning to marketing, all development services are offered from a single source. UBM shares are listed in the Prime Market segment, the segment with the highest transparency requirements of the Vienna Stock Exchange.

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