



UBM pays stable dividend for record year 2019

- **Stable dividend of €2.20, reduced payout ratio of 31%**
- **Record EBT of €70.5 m and earnings per share of €7.10**
- **Strong balance sheet and high cash at hand create reserves for 2020**
- **Strict risk management in past years pays off**
- **Top priority on liquidity – unknown terrain**

Vienna, 27 April 2020 – UBM follows a dividend policy that is based on continuity and reflects both the past financial year's performance as well as future earnings expectations. Based on the record year in 2019 and in view of the uncertain market environment, the company recommends a stable dividend of €2.20 per share to the Annual General Meeting. This will reduce the payout ratio to 31% compared with 41% in previous years, which is also seen as a precautionary measure in view of the expected recession resulting from the COVID-19 pandemic. "We are working to create a balance between the interests of all stakeholders – also in the current extreme environment", explains Thomas G. Winkler, CEO of UBM Development AG.

2019 represents the second record year in a row for UBM. With the best performance in the company's history, the initial expectations were clearly exceeded. EBT rose by 27% to €70.5m, and earnings per share increased by over 30% to €7.10. UBM also has a strong balance sheet. The equity ratio equalled 35% at the end of 2019, which represents the upper end of the 30–35% target range. Moreover, UBM currently has more than € 200m of cash at hand.

"Even if there is no longer any interest in the previous year's performance, it gives us an important cushion in this strongest downturn since the global financial crisis", comments Winkler. UBM has a balanced project pipeline with a residential share of more than 40% – which is probably the least affected asset class – and almost 20% in office. In addition, the projects are located in top cities with a focus on Germany and Austria. The consequent focus on risk minimisation in past years is now paying off. All hotel and office projects which will be completed in 2020 were forward sold before the corona crisis to buyers with strong credit standings, and the apartment sales in projects currently under construction averages 70%.

Consequent preparations for a recessionary scenario

The further development of the demand for UBM's asset classes is currently connected with substantial uncertainty, and transactions could be postponed. The company must therefore be prepared for all eventualities. A number of measures have already been implemented. "In addition to the health of our employees, the protection of liquidity has our top priority", confirms Patric Thate, CFO of UBM Development AG, and adds: "UBM will require longer staying power in the event of a longer recession." However, this could also create opportunities over time because "healthy" companies will benefit from market shake-outs in the sector. The likely long-term continuation of the low interest rate environment could also intensify the lack of investment alternatives medium-term and increase the demand for real

estate. “Since we, exactly like everyone else, must wait to see the economic consequences of the pandemic, our objective can only be to prepare for all scenarios as best as possible“, adds Thate in conclusion.

Outlook on 2020 – focus on liquidity

Serious forecasts over the development of earnings in 2020 are impossible at the present time. The current travel limitations and related hotel closings have had a direct negative impact on UBM’s hotel leasing business. UBM is also influenced, from an accounting standpoint, by translation effects in the local financial statements which are caused by the recent strong fluctuations in the Polish złoty and the Czech krone. There are no effects on the forward sold properties which will make a positive contribution to earnings in 2020 because they are accounted for according to the percentage of completion method. The sales activities for unsold properties could, however, be delayed by the uncertain market environment. A more precise forecast will only be possible later this year because of the substantial uncertainty, also over short-term developments.

UBM had a comfortable liquidity position at the end of 2019, but the internal focus on cash management has been given even greater priority to allow for flexible reaction to possible variances at all times. This flexibility leads to the conclusion, also under each of the current scenarios, that UBM’s liquidity position can be considered secure in 2020. UBM also has a flat repayment profile for its bonds and promissory note loans, with repayments of only €50m in December 2020 and a further €50m in November 2021.

Key earnings and financial data for 2019 in detail

UBM Development generated Total Output of €678.0m in 2019, compared with the record high of €897.7m in the previous year. Of this total, €523.7m represent Total Output from property sales. The reporting year highlights included, in particular, the forward sale of the final building section in the Quartier Belvedere Central (QBC), the QBC 1&2 office properties which are expected to be completed by the end of 2020. The largest sales in 2019 also included two Disney Hotels in Paris and a development site near Munich.

EBT rose by €15.0m, or 26.9%, over the previous year to €70.5m in 2019 (2018: €55.5m). Profit for the period (net profit after tax) totalled €50.1m, compared with €39.5m in 2018. The resulting earnings per share increased by 33.6% year-on-year from €5.31 to €7.10.

Equity rose to €462.5m as of 31 December 2019, supported by the sound development of earnings (31 December 2018: €436.3m). The equity ratio equalled 35.1% at year-end 2019 and remained at the upper end of the 30–35% target range. Net debt amounted to €442.4m at the end of 2019. Net debt in relation to total assets (loan-to-value ratio) equalled 33.6% at the end of December 2019 and was slightly lower than the 34.2% recorded at year-end 2018. Cash and cash equivalents totalled a comfortable €212.4m at the end of 2019.

Key performance indicators 2019 (in €m)

Key earnings figures	2019	2018	Change
Total Output ¹	678.0	897.7	-24.5%
Revenue	242.0	514.0	-52.9%
Earnings before taxes	70.5	55.5	26.9%
Net profit	50.1	39.5	26.8%
Key asset and financial figures	31.12.2019	31.12.2018	Change
Total assets	1,316.4	1,234.7	6.6%
Equity	462.5	436.3	6.0%
Equity ratio (in %)	35.1%	35.3%	-0.2PP
Net debt ²	442.4	421.8	4.9%
Cash and cash equivalents	212.4	200.4	6.0%
Key share data and staff	31.12.2019	31.12.2018	Change
Earnings per share (in €) ³	7.10	5.31	33.6%
Market capitalisation	352.7	249.6	41.3%
Dividend per share (in €) ⁴	2.20	2.20	0.0%
Payout ratio	31.0%	41.4%	-10.4PP
Staff ⁵	389	365	6.6%

¹ 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, each in proportion to the stake held by UBM.

² Net debt equals current and non-current bonds and financial liabilities, excluding leasing liabilities, minus cash and cash equivalents. The definition of net debt was adjusted in connection with the initial application of IFRS 16 to exclude lease liabilities (the prior year values were also adjusted accordingly).

³ The reported amounts and the change are based on the periods from 1–12/2019 and 1–12/2018.

⁴ The dividend proposal for 2019 is subject to the approval of the Annual General Meeting.

⁵ Of which 55 employees ubm hotels at year-end 2019 (2018: 52 employees)

UBM Development is the leading hotel developer in Europe. Its strategic focus is on the three asset classes Hotel, Residential and Office and on major European metropolitan areas such as Vienna, Berlin, Munich or Prague. With over 145 years of experience, UBM focuses on its core competency, the development of real estate. The Group acts as a one-stop provider for the entire development value chain from initial planning all the way to marketing the property. UBM's shares are listed in the Prime Market, the segment with the highest transparency requirements on the Vienna Stock Exchange.

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