



Q1 record results create buffer for the future

- **EBT of €39m and net profit of €23m in Q1**
- **Strategic partnership with ARE – part of the reinvention**
- **Strong balance sheet with equity of almost half a billion euros**
- **Secured liquidity, also in longer phase of uncertainty**
- **Corona earnings effects will only become clear over the course of the year**
- **Pipeline prioritised – prepared for all scenarios**

Vienna, 26 May 2020 – UBM is looking back on an exceptional first quarter of 2020. “With a fourfold increase in profit, we definitely show what potential can be unlocked from UBM”, indicates Thomas G. Winkler, CEO of UBM Development AG. EBT rose to €39.3m and net profit to €22.9m. Earnings were significantly influenced, in particular, by substantial negative foreign exchange effects and a high tax rate. The influence of the Corona crisis on the hotel business and, to a lesser extent, through lost rents will only become visible on the income statement during the course of the year. Moreover, the exact effects of the pandemic on the balance sheet values will only be known when there is greater clarity over the parameters.

The first quarter was not only exceptional in regard to earnings, important strategic steps were also taken: In spite of, or even because of, the difficult market environment, a strategic partnership was finalised with ARE (Austrian Real Estate) which represents an absolute win-win situation for both sides. UBM is investing in one of the largest urban development projects in the heart of Vienna, while ARE is acquiring an interest in UBM’s largest project on the German market in Munich.

Strong balance sheet and secured liquidity

UBM also had a strong financial position at the end of the first quarter of 2020: Equity is close to the half-billion mark at €483.3m, and the equity ratio was high at 36%. Net debt was still comparatively low with a loan-to-value ratio of 34%. At the end of March, UBM had cash of nearly €190m at its disposal. “A buffer that will also allow us to dive through a longer phase of uncertainty“, comments Patric Thate, CFO of UBM, and adds: “The current situation underscores the success of the prudent financial policy and consequent risk minimisation strategy we have followed in recent years.“ UBM is consequently preparing for all possible scenarios and has set clear priorities for the current development pipeline. No new acquisitions are currently planned, and projects will only be realised if there is financing and investor demand. The pipeline focus has clearly shifted to the residential asset class, which now represents 50% of the adjusted focus pipeline. The office asset class comprises almost 20% of the pipeline with two flagship projects: the QBC 1&2 in Vienna and the FAZ Tower in Frankfurt. The share of the hotel asset class was reduced to 30% in a first step.

Outlook – prepared for all scenarios

A concrete forecast for the 2020 financial year is not possible at present time due to the high uncertainty surrounding the further economic effects of the COVID-19 pandemic. From today's perspective, earnings in 2020 are expected to be significantly lower than the 2019 record year, and the effects of the pandemic will still be clearly visible in 2021, from the current point of view. "We can now only run on sight. A developer can always generate earnings – during a boom through top prices on sales and in a crisis through favourably-priced acquisitions. Our current objective is to manage the transition in the best possible way", adds Winkler in conclusion.

Q1 2020 earnings and financial indicators in detail

UBM generated Total Output of €86.3m in the first quarter of 2020 (Q1 2019: €71.6m). This year-on-year increase was influenced, above all, by the progress of construction on previously sold real estate projects. The largest contributions in the first quarter of 2020 were made by the QBC 1&2 office project in Vienna, which was forward sold in mid-2019, and by a previous hotel and residential project in the former Mainz customs harbour. In addition, a residential project in Vienna and an office project in Prague were forward sold in the first quarter of 2020.

EBT increased significantly by €31.4m to €39.3m (Q1 2019: €7.9m), above all due to the transaction-based revaluation of current real estate projects. Net profit for the period (after tax) totalled €22.9m and was €17.0m higher than the first quarter of 2019 (€5.9m). The resulting earnings per share rose from €0.55 in the first quarter of 2019 to €2.74 in the reporting period. Beginning with the 2020 financial year, the calculation of this indicator will include the deduction of interest attributable to the hybrid capital holders (the comparative prior year data were adjusted).

The sound development of earnings led to an increase in equity from €462.5m at year-end 2019 to €483.3m as of 31 March 2020. The equity ratio equalled 35.9% at the end of March 2020 and exceeded the upper end of the 30–35% target range. Net debt amounted to €463.2m as of 31 March 2020. Net debt in relation to total assets (loan-to-value ratio) equalled 34.4% and was slightly higher than year-end 2019 (33.6%). Cash and cash equivalents amounted to a comfortable €187.0m at the end of the first quarter.

Key performance indicators Q1 2020 (in €m)

Key earnings figures	Q1 2020	Q1 2019	Change
Total Output ¹	86.3	71.6	20.5%
Revenue	41.3	36.0	14.6%
EBT	39.3	7.9	398.0%
Net profit	22.9	5.9	289.9%
Key asset and financial figures	31.3.2020	31.12.2019	Change
Total assets	1,348.0	1,316.4	2.4%
Equity	483.3	462.5	4.5%
Equity ratio (in %)	35.9%	35.1%	0.7PP
Net debt ²	463.2	442.4	4.7%
Cash and cash equivalents	187.0	212.4	-11.9%
Key share data and staff	31.3.2020	31.12.2019	Change
Earnings per share (in €) ³	2.74	0.55	401.6%
Market capitalisation	204.7	352.7	-41.9%
Dividend per share (in €) ⁴	2.20	2.20	0.0%
Staff ⁵	392	389	0.7%

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 in proportion to the stake held by UBM.

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

³ Earnings per share after the deduction of hybrid capital interest (change in calculation method beginning in 2020, comparative prior year data adjusted). Reported amounts based on Q1.

⁴ Dividend was paid during the respective financial year but is based on net profit for the previous financial year.

⁵ Of which: 54 employees ubm hotels at the end of Q1/2020 (2019: 55 employees)

UBM Development is a stock market listed real estate developer. Its strategic focus is on the three asset classes Residential, Hotel 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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