

Net profit quadrupled at half-year results, EBITDA +27%, high asset quality and cash flow resilience, successful continuation of capital rotation, still Buy, target up to € 42.00

Price (Euro)	36,55			
52 weeks range	41.85 / 22.75			
Key Data				
ISIN	AT0000641352			
Reuters	CAIV.VI			
Bloomberg	CAI AV			
Reporting standard	IFRS			
Market Cap (Euro million)	3.890			
Number of shares (million)	106,4			
Free Float	38%			
Free Float Market Cap (Euro million)	1.478			
CAGR EBITDA cash profit ('20 - '23e)	11,1%			
Multiples				
Market Cap/ Total revenues	11,1	10,5	9,8	9,3
PE-Ratio	13,4	13,3	15,7	13,4
Dividend Yield	2,7%	3,0%	3,3%	3,6%
Price-to-Book-Ratio	1,09	1,03	0,99	0,95
P/ NAV-ratio	0,91	0,85	0,82	0,78
Key Data per share (Euro)				
Earnings per share (EPS)	2,73	2,74	2,33	2,73
Dividend per share (DPS)	1,00	1,10	1,20	1,30
Book Value per Share (BVPS)	33,63	35,43	36,92	38,47
EPRA NTA per share	40,09	42,85	44,69	46,87
Financial Data (Euro '000)				
Total revenues incl net disposal gains	348.913	368.969	395.402	417.478
Rental income	235.609	248.778	265.443	271.999
Admin expenses	-73.176	-53.747	-53.944	-55.102
EBITDA profit (cash-driven)	195.584	234.948	247.315	268.120
Net result from revaluations	183.499	250.672	116.403	141.802
Operating profit (EBIT)	375.448	482.790	360.199	411.322
Net financial result	-27.154	-108.149	-53.447	-56.701
Pre-tax profit (EBT)	348.295	374.641	306.752	354.621
Taxation	-94.341	-99.035	-72.410	-79.984
Net profit after minorities	253.948	275.586	234.330	274.608
Shareholders' equity (Euro million)	3.128	3.566	3.716	3.872
Property assets let (Euro million)	4.736	5.115	5.461	5.793
Property assets under development	702	1.056	846	815
RoE (pre-tax)	11,1%	10,5%	8,3%	9,2%
RoE (after tax)	8,3%	8,2%	6,4%	7,2%
Equity ratio	45,9%	50,2%	50,9%	52,4%
Main Shareholders				
Starwood	57%			
Own shares	5%			
Financial calendar				
9M 2021 report		24 November 2021		
2021 annual report		23 March 2022		
Analyst				
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Yesterday evening, CA Immo delivered pleasing numbers with the publication of the 1H report. Despite the overall still challenging situation with regards to the global pandemic, rental income was up 1.5%, from Euro 118m to almost Euro 120m. The recent completions MY.O and NEO in Munich as well as MY.B in Berlin contributed to the top line as well as last year's acquisitions Karlsbad 11 and Pohlstrasse in Berlin as well as Warsaw-based purchase of Postepu 14. Together these contributions more than offset the missing rents after selling non-strategic properties in the course of the capital rotation program to streamline the portfolio and increase the overall asset quality. The hike in rental income would have been a bit higher, but there have been reserves for bad debts and some smaller rent reductions following the Covid 19 situation hitting the top line with Euro -2.3m.

With a higher property sales result (Euro 35m after Euro 30m last year) and much lower indirect expenses (-44%, as 2020 was strongly inflated by some court fees regarding the BUWOG case), there was a remarkable 27% jump in EBITDA, from Euro 90m to Euro 115m.

The letting performance of about 70k sqm new rentals (64% prolongations and 36% new spaces) as well as 50k sqm in new developments makes us optimistic for the coming quarters and speaks a clear language for the high asset quality. For instance, in the German standing portfolio with a size of Euro 2.3bn the occupancy rate remained very stable at very high 98.3% despite the pandemic (Dec. 2020: 98.8%). **With a stable yielding portfolio and despite capital rotation measures done to sell non-strategic assets (like in Slovakia and some non-strategic German land plots) and to re-invest in own developments or promising acquisitions, CAI managed a stable and slightly rising FFO I of Euro 68.5m, after Euro 68.2m in 1H 2020 (+0.5%). FFO II with trading was even up +12% to Euro 72m.**

The net revaluation picture was very friendly, after the good first quarter with a net revaluation gain of Euro 63m, mainly due to the start of Berlin Upbeat office development fully rented to DKB bank, the overall market conditions (in particular Germany) and the progress in developments lead to a high Euro 195m net revaluation gain (1H 2020: Euro -27m). The total portfolio size climbed from Euro 5.6bn at year-end 2020 to Euro 5.9bn as per June 2021. The gross initial yield is still at quite undemanding 4.9%, (Dec. 2020: 5.1%) given the very superior and ESG conform asset quality.

With the good earnings picture and the tailwind from the revaluation side, the company managed to almost quadruple the net profit from Euro 45m in the previous year to now more than Euro 171m in the first six months. The balance sheet is very healthy with the equity ratio up from 45.9% in December to 49.3% in June and net LTV down from 33.8% to only 28.6%. The cash position remains high at over Euro 970m (Dec. Euro 930m) and opens scope not only for the ongoing developments but also to exploit market opportunities on the acquisition side, as done last year for instance in Berlin with 2 properties and 1 property in Warsaw. **With the good 1H picture we bring up our full year P & L forecast and lift our target price from Euro 41.00 to Euro 42.00. The share price was up 16% so far this year. As we expect this trend to continue, we maintain the Buy rating.**

CA Immobilien Anlagen AG

Industry: Real Estate
Sub-segment: Office/ Commercial
Country: Austria
Headquarter: Vienna
Foundation: 1990
Employees (year-end 2019): 437

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Founded in 1987 CA Immo is one of the major property owners in Europe. The Vienna-based company is a specialist in property management and the development of premium large-scale office properties as well as mixed city quarters and had on year-end 2020 a gross asset value of about Euro 5.6bn allocated in Germany (47%, mainly Berlin, Frankfurt and Munich), Austria (11%, mainly Vienna) and CEE (42%, mainly Warsaw, Budapest, Prague and Bucharest).

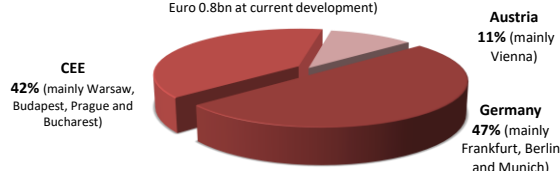
In the last years CA Immo further sharpened its specialist profile, especially by disposing some non-strategic assets like logistics assets or assets which do not belong to the core regions of activity. By doing this, CA Immo rebalanced the group's portfolio picture towards office and towards the more stable economies of Germany and Austria and some promising markets in CEE like Budapest and Bucharest, gaining a critical mass by some landmark acquisitions in the last four years (Millenium Towers in Budapest and Campus 6.1 in Bucharest in former years and Warsaw Postepu 14 office in 2020 to give three examples). Another important focus besides the sharpening of the profile by selling non-core assets was to grow the portfolio by several significant own developments (also developing the own residential land bank) and by acquisitions which make sense to strongly and sustainably uplift the future FFO results. The 2018 net rental income jumped by 7% to Euro 175m and again by more than 11% to Euro 195m in 2019. The pandemic year 2020 offered another significant 8% jump to almost Euro 210m. The FFO I jumped by 11% to Euro 118.5m in 2018 and even surged 12.5% in 2019 to Euro 133.3m. The pandemic year 2020 offered a quite stable FFO I of Euro 133.8m. Keep in mind that the 2019 FFO was flattered by more than 4m in Immofinanz dividend payment, which was not included in the 2020 numbers. In 2020 CA Immo completed two developments, one in Berlin and one in Munich, and expanded the portfolio by three acquisitions (two in Berlin, one in Warsaw). These properties will contribute to the rental top-line from 2021 on as well as three completions coming throughout the year (one in Mainz / Germany and two in Prague). On the trading side, the CUBE Berlin with 17k sqm (investment volume Euro 114m) with the highest standards in sustainability and technology (DGNB Gold) was completed in 1H 2020 and handed over to Nuveen Real Estate in July 2020. In the course of capital rotation the company recently exited the markets in Croatia, in October 2020 with the sale of Zagrebtower, and Slovakia, in March 2021, with the sale of two office properties.

Another highlight of the last years was the significant reduction of the financing costs. The average cost of debt remarkably came down, from an initial 2.3% at year-end 2016 to 1.9% at year-end 2017 and to only 1.7% at year-end 2018. It remained on this very low level in 2019. In 2020 the cost of debt even declined to 1.5%. The optimisation of the financing structure was completed by an inaugural Euro 500m Benchmark Bond issued in January 2020, with a 7 years duration and a coupon of only 0.875% (final yield 0.998%). A second Euro 350m green bond also came in last year with a 5 years duration and a 1.0% coupon. This issues helped in a challenging COVID-19 pandemic year as well as the comfortable debt maturity profile and the rock solid balance with an equity ratio of 46%, a net LTV of only 34% and liquid funds of Euro 935m at year-end 2020.

CAI is listed on Vienna Stock Exchange since 1988 and member of ATX Blue Chip index and clearly beat the ATX performance in 2018 as well as in 2019 (+36% / ATX: +16%). The firm will maintain to pay a high 70% of the FFO I cash earnings as dividend to the shareholders. Thus, the dividend remains stable at Euro 1.00 for FY 2020. For the next years the firm has about Euro 280m land reserves to develop / exploit, which are almost 100% in Germany (more or less a split of Frankfurt, Munich and Berlin) and would offer a high additional approx. Euro 4.2bn book value potential to be realized in the next ten years. The current development portfolio of about Euro 1bn is over 90% for the own standing portfolio and should be more or less realized within the next four years. The newest addition to development portfolio is the Upbeat highrise in Berlin for DKB bank with 35k sqm to be finished until 2025. A rental contract with DKB bank for the full space was signed in March 2021. Another development highlight is the Frankfurt based ONE highrise, which is to be finished in the first half of next year and has a current pre-let status of c. 50% (68k sqm).

Euro 5.6bn property portfolio at the year-end 2020

(thereof Euro 4.8bn property assets let and
Euro 0.8bn at current development)



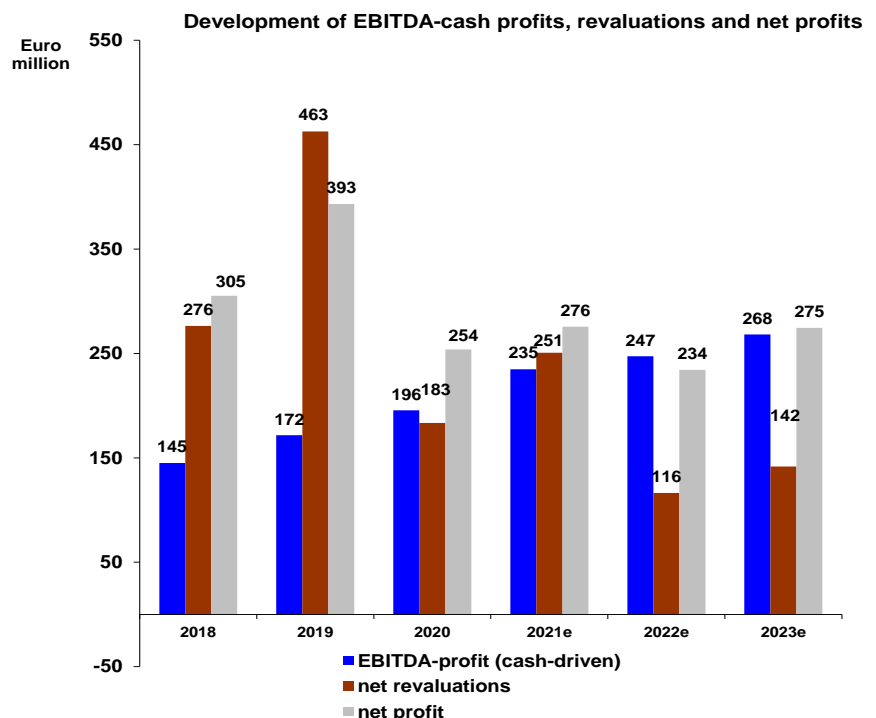
Source: Company Data, SRC Research

CA Immobilien Anlagen AG

31/12 IFRS ('000)

	2017	2018	2019	2020	2021e	2022e	2023e	CAGR '20 - '23e
Rental income	180.281,0	192.440,0	220.730,0	235.609,0	248.778,0	265.443,0	271.999,4	4,9%
Proceeds from property sale (Trading Portfolio)	29.216,0	44.417,0	12.344,0	43.335,0	56.447,0	87.951,0	112.443,0	
Expenses from property disposal (Trading Portfolio)	-15.664,0	-37.011,0	-13.617,0	-35.387,0	-42.583,0	-64.138,0	-83.737,0	
Subtotal Trading Portfolio	13.552,0	7.406,0	-1.273,0	7.948,0	13.864,0	23.813,0	28.706,0	
sale margin (Trading Portfolio)	46,4%	16,7%	-10,3%	18,3%	24,6%	27,1%	25,5%	
Proceeds from property sale (Hold Portfolio)	107.849,0	45.842,0	45.312,0	200.076,0	178.447,0	115.441,0	145.003,0	
Expenses from property disposal (Hold Portfolio)	-75.717,0	-37.616,0	-29.662,0	-156.146,0	-138.781,0	-91.254,0	-114.772,0	
Result from property sales (Hold Portfolio)	32.132,0	8.226,0	15.650,0	43.930,0	39.666,0	24.187,0	30.231,0	
sale margin (Hold Portfolio)	29,8%	17,9%	34,5%	22,0%	22,2%	21,0%	20,8%	
Operating costs passed on to tenants	51.263,0	55.828,0	51.757,0	53.260,0	57.203,0	71.445,0	75.668,0	
Revenues from construction	0,0	0,0	0,0	0,0	0,0	0,0	0,0	
Income from services	11.109,0	12.145,0	8.500,0	8.166,0	9.458,0	10.514,0	10.874,0	
Total revenues including the net gains from disposals	288.337,0	276.045,0	295.364,0	348.913,0	368.969,0	395.402,0	417.478,4	6,2%
Operating expenses	-55.696,0	-60.107,0	-55.326,0	-57.738,0	-56.114,0	-59.143,0	-62.101,0	
Other expenses directly related to Hold-Portfolio	-12.489,0	-12.961,0	-22.410,0	-21.466,0	-24.700,0	-30.004,0	-30.550,0	
Expenses for construction	-2.845,0	-6.141,0	-3.157,0	-2.154,0	-1.447,0	-6.554,0	-3.225,0	
Admin expenses	-44.618,0	-53.246,0	-43.464,0	-73.176,0	-53.746,9	-53.944,0	-55.102,0	
Own works capitalised	0,0	0,0	0,0	0,0	0,0	0,0	0,0	
Other operating income	1.051,0	1.485,0	721,0	1.204,0	1.987,0	1.558,0	1.620,0	
EBITDA-profit (cash-driven operating profit)	173.740,0	145.075,0	171.728,0	195.584,0	234.948,1	247.315,0	268.120,4	11,1%
Gains from Fair Value Adjustments (IAS 40)	182.045,0	293.220,0	491.752,0	352.110,0	305.445,0	151.114,0	155.243,0	
Losses from Fair Value Adjustments (IAS 40)	-78.021,0	-16.759,0	-28.985,0	-168.611,0	-54.773,0	-34.711,0	-13.441,0	
Net result from Revaluations (IAS 40)	104.024,0	276.461,0	462.767,0	183.499,0	250.672,0	116.403,0	141.802,0	
Depreciation and amortisation of long-term assets	-2.658,0	-2.385,0	-4.626,0	-4.662,0	-5.020,0	-5.054,0	-1.030,0	
Depreciation of properties of Trading-Portfolio	-1.189,0	-234,0	95,0	-871,0	-185,0	-320,0	-20,0	
Result from investments in joint ventures	66.585,0	23.354,0	3.729,0	1.898,0	2.374,4	1.855,0	2.450,0	
Operating Profit (EBIT)	340.502,0	442.271,0	633.693,0	375.448,0	482.789,5	360.199,0	411.322,4	3,1%
Net financial result	-40.683,0	-46.071,0	-94.363,0	-27.154,0	-108.149,0	-53.447,0	-56.701,0	
Pre-tax profit (EBT)	299.819,0	396.200,0	539.330,0	348.295,0	374.640,5	306.752,0	354.621,4	0,6%
taxes on income	-64.960,0	-90.896,0	-146.026,0	-94.341,0	-99.035,0	-72.410,0	-79.984,0	
tax-rate	21,7%	22,9%	27,1%	27,1%	26,4%	23,6%	22,6%	
minorities	-5,0	-11,0	-21,0	-5,0	-20,0	-12,5	-29,0	
Net Profit after minorities	234.854,0	305.293,0	393.283,0	253.948,0	275.585,5	234.329,5	274.608,4	2,6%
number of shares without own shares ('000)	93.226,3	93.028,3	93.028,3	93.028,3	100.645,1	100.645,1	100.645,1	
Earnings per share (Euro)	2,52	3,28	4,23	2,73	2,74	2,33	2,73	0,0%
Dividends per share (Euro)	0,80	0,90	1,00	1,00	1,10	1,20	1,30	
Book Value per share (Euro)	25,73	28,37	31,90	33,63	35,43	36,92	38,47	4,6%
EPRA NTA per share (Euro)	29,90	33,30	38,33	40,09	42,85	44,69	46,87	
Key Data								
Shareholders' Equity	2.398.459,0	2.639.635,0	2.967.884,0	3.128.218,0	3.566.168,5	3.715.947,6	3.872.017,4	7,4%
Property assets let (only fully owned from 2014 on)	3.155.736	3.514.700	4.023.700	4.736.000	5.114.880	5.461.030	5.793.021	
thereof Germany ('000)	1.262,3	1.311,3	1.576,7	2.271,4	2.455,1	2.566,7	2.780,7	
thereof Austria ('000)	536,5	513,6	517,2	524,7	578,0	562,5	596,7	
thereof CEE and SEE ('000)	1.357,0	1.689,8	1.929,8	1.939,9	2.081,8	2.331,9	2.415,7	
Gross yield property assets let	5,9%	5,8%	5,5%	5,2%	4,9%	4,8%	4,8%	
Vacancy rate property assets let*	10,5%	5,6%	3,9%	5,2%	8,1%	8,5%	7,9%	
Property assets under current construction	579.295	406.100	597.400	701.600	1.056.041	845.741	814.571	5,1%
RoE (pre-tax)	12,5%	15,0%	18,2%	11,1%	10,5%	8,3%	9,2%	
RoE (after tax)	10,2%	12,1%	14,0%	8,3%	8,2%	6,4%	7,2%	
Total balance sheet sum	4.768.707,6	5.355.504,0	5.888.690,0	6.820.289,0	7.099.920,8	7.305.108,6	7.385.920,0	2,7%
Equity ratio	50,3%	49,3%	50,4%	45,9%	50,2%	50,9%	52,4%	

* from 2018 shown as economic vacancy rate



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Rating Chronicle	Date	Rating	former share price	former target
CA Immo	May 27, 2021	Buy	35,60 €	41,00 €
CA Immo	March 25, 2021	Buy	35,90 €	41,00 €
CA Immo	January 29, 2021	Accumulate	35,70 €	39,00 €
CA Immo	November 26, 2020	Buy	29,45 €	37,00 €
CA Immo	August 25, 2020	Buy	26,65 €	37,00 €
CA Immo	May 28, 2020	Buy	28,75 €	35,00 €
CA Immo	March 30, 2020	Accumulate	29,05 €	33,00 €
CA Immo	November 21, 2019	Accumulate	34,75 €	37,50 €
CA Immo	August 22, 2019	Accumulate	31,55 €	36,00 €
CA Immo	May 22, 2019	Hold	34,15 €	36,00 €
CA Immo	April 2, 2019	Accumulate	31,90 €	36,00 €

Please note:

The CA Immo share price mentioned in this report is from 25 August 2021. CA Immo mandated SRC Research for covering the CA Immo share.

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