

CA Immo Accumulate

(unchanged) Target: Euro 33.00 (old: Euro 37.50)

30 | March | 2020



THOMSON REUTERS
ANALYST AWARDS
2018 WINNER



Der Spezialist für Finanzaktien

■ **Price (Euro)** **29,05**
52 weeks range 41.85 / 20.65

■ Key Data

ISIN AT0000641352
Reuters CAIV.VI
Bloomberg CAI AV
Reporting standard IFRS
Market Cap (Euro million) 2.870
Number of shares (million) 98,8
Free Float 68%
Free Float Market Cap (Euro million) 1.952
CAGR EBITDA cash profit ('18 - '21e) 10,2%

Multiples	2018	2019	2020e	2021e
Market Cap/ Total revenues	10,4	9,7	9,7	8,5
PE-Ratio	8,9	6,9	20,1	18,8
Dividend Yield	3,1%	3,4%	3,4%	3,4%
Price-to-Book-Ratio	1,02	0,91	0,88	0,85
P/ NAV-ratio	0,87	0,76	0,74	0,70

Key Data per share (Euro)	2018	2019	2020e	2021e
Earnings per share (EPS)	3,28	4,23	1,45	1,55
Dividend per share (DPS)	0,90	1,00	1,00	1,00
Book Value per Share (BVPS)	28,37	31,90	33,15	34,36
EPRA NAV per share	33,30	38,37	39,15	41,22
EPRA NNNNAV	30,08	33,69	34,35	36,18

Financial Data (Euro '000)	2018	2019	2020e	2021e
Total revenues incl net disposal gains	276.045	295.364	294.970	337.163
Rental income	192.440	220.730	225.600	240.591
Admin expenses	-53.246	-43.464	-45.571	-52.147
EBITDA profit (cash-driven)	145.075	171.728	156.241	193.901
Net result from revaluations	276.461	462.767	60.564	54.034
Operating profit (EBIT)	442.271	633.693	213.351	243.310
Net financial result	-46.071	-94.363	-47.590	-50.957
Pre-tax profit (EBT)	396.200	539.330	165.761	192.353
Taxation	-90.896	-146.026	-30.998	-48.212
Net profit after minorities	305.293	393.283	134.752	144.130
Shareholders' equity (Euro million)	2.640	2.968	3.084	3.197
Property assets let (Euro million)	3.515	4.024	4.265	4.585
Property assets under development	406	597	426	259
RoE (pre-tax)	15,0%	18,2%	5,4%	6,0%
RoE (after tax)	12,1%	14,0%	4,5%	4,6%
Equity ratio	49,3%	50,4%	50,9%	50,7%

■ Main Shareholders

Starwood 26%
Own shares 6%

■ Financial calendar

AGM (date to be confirmed or re-scheduled) 7 May 2020
1Q 2020 26 May 2020
2Q 2020 26 August 2020

■ Analyst Dipl.-Kfm. Stefan Scharff, CREA

E-Mail scharff@src-research.de
Internet www.src-research.de
www.aktienmarkt-international.at
www.aktienmarkt-international.de

CA Immo delivers record numbers with high cash earnings and a rock-solid balance sheet, but sentiment for commercial properties seems to deteriorate – target down to € 33.00

On 25 March, CA Immo published the 2019 annual report and invited the next day for an analyst's conference call. CAI delivered record results, above our expectations. Rental income increased 15%, from Euro 192.4m to Euro 220.7m, due to the remarkable portfolio expansion, some completions and a good letting performance. The like-for-like rents also increased 3% to almost 183m. The net revaluation result was up 67% to Euro 462.8m and the portfolio is still not aggressively yielding at 5.5% for the very superior quality (2018: 5.8%). The SRC Research forecast for revaluation was at Euro 287m, just slightly above the 2018 number of Euro 276m. The total portfolio expansion of 16% from Euro 4.5bn to Euro 5.2bn, the steep hike in rental income and the good revaluation together with an unchanged low average Cost of Debt of only 1.6% translated into a boost in net profit of +29%, from Euro 305m to Euro 393m. Our forecast was only at Euro 331m, which would still have marked a record. The FFO I result was another highlight, +13% to more than Euro 133m, overdelivering the target of at least Euro 125m. We expected a lower range of Euro 128m to Euro 130m. With the hike in FFO the management decided to lift the dividend from 90 Cents to Euro 1.00, which translates into a current 3.4% dividend yield. The balance is rock solid with an equity ratio of 50.4% and a net LTV of only 31,9%.

With regards to 2020 CAI gave no new guidance for the FFO but underlined to be prepared for a much more challenging market environment in COVID-19 times. The firm is very much focused on top tier office space in central location of first class business hubs in Germany, Austria and CEE and has just recently completed Kunstcampus Berlin and MY.O in Munich which should contribute Euro 7m to rentals from 2020 on. With regards to rental income, 6.7% came from hotels in 2019 (Euro 15m in Austria and Germany, out of total Euro 221m) and Euro 4.7m from retail in Austria which is only 2.2% of the total income. The share of hotel and other income will further diminish, as the Meininger hotel Salzburg was sold in 2Q 2019 and the company all in all managed to sell 7 non-strategic assets (hotel, land, resi, mixed-use and logistics) at a volume of Euro 130m and a premium to book of 27%. The firm stated that more non-core sales are planned but there might be a delay due to COVID-19 pandemic as well as in the general letting activities and in the investment markets in general. In the last years the weighted average rents signed in hot spots like Berlin Europacity steadily went up, from Euro 18.00 in 2016 to Euro 31.00 in 2019, for instance. That might change. We feel sure that CAI has just minor problems with the COVID-19 situation compared to others, due to the very young age and decent split of the portfolio (little hotel/ retail) as well as for a benign rent expiry profile with just 15% of rental income for prolongation this year (some of them under-rented). We still take a more cautious approach in this epic global pandemic and slightly cut our forecast for rental income and revaluation. CAI has a strong development portfolio of Euro 879m, thereof 98% in strong Germany and 85% for own portfolio. **We maintain our Accumulate, but reduce our target from Euro 37.50 to Euro 33.00, despite an EPRA NAV per share rising 15% to Euro 38.37.**

CA Immobilien Anlagen AG

Industry: Real Estate
Sub-segment: Office/ Commercial
Country: Austria
Headquarter: Vienna
Foundation: 1990
Employees (year-end 2019) 414

IR Contact
Christoph Thurnberger / Julian Wöhrle
(Mail: ir@caimmoag.com)

Management Board of CA Immo
Andreas Quint (CEO)
Keegan Viscius (CIO)
Dr. Andreas Schillhofer (CFO)

Supervisory Board of CA Immo
Torsten Hollstein (Chairman)
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Sarah Broughton

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 2019 a gross asset value of about Euro 5.2bn allocated in Germany (50%, mainly Berlin, Frankfurt and Munich), Austria (11%, mainly Vienna) and CEE (39% , mainly Warsaw, Budapest, Prague and Bucharest).

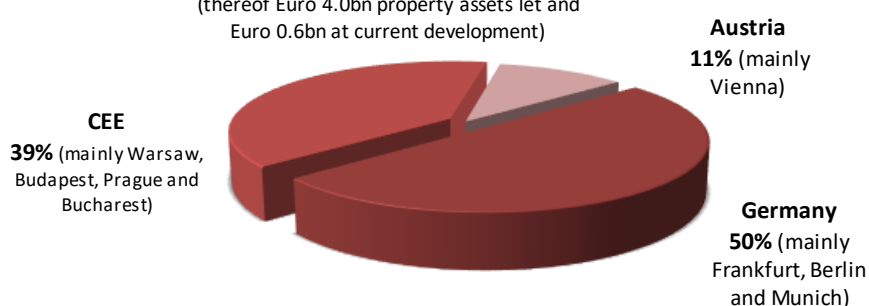
In the last 5 years CA Immo further sharpened its specialist profile, especially by disposing some non-strategic assets like logistics assets or assets which do not belong to the core regions of activity. By doing this, CA Immo rebalanced the group's portfolio picture towards office and towards the more 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 three years (Millenium Towers in Budapest and Campus 6.1 in Bucharest to give two 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 FFO I jumped by 11% to Euro 118.5m in 2018 and even surged 12.5% in 2019 to Euro 133.3m. In 2019 CA Immo completed several promising developments, in particular in Germany, like Kunstcampus Berlin and Munich MY.O offices. These properties will contribute to the rental top-line from 2020 on with about Euro 7m. The Munich NEO office and hotel tower will be completed soon (investment volume Euro 29m), in the second half of FY 2020. Furthermore, the CUBE Berlin with 17k sqm (investment volume Euro 114m) will be also completed soon, also in 2H 2020. It is already sold in a forward sale agreement. For both buildings as well as for other projects the firm strives for DGNB Gold certification.

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. 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%). This issue helps 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 50%, a net LTV of only 32% and liquid funds of about Euro 440m at year-end 2019.

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 steeply increases again, from 80 Cents for 2017 to 90 Cents for FY 2018 and now even Euro 1.00 for FY 2019 (dividend proposal for the AGM). 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 Euro 600m is about 85% for the own standing portfolio and should be more or less realized within the next three or four years.

Euro 5.2bn property portfolio at the end of 2019

(thereof Euro 4.0bn property assets let and
Euro 0.6bn at current development)



Source: Company Data, SRC Research

CA Immobilien Anlagen AG

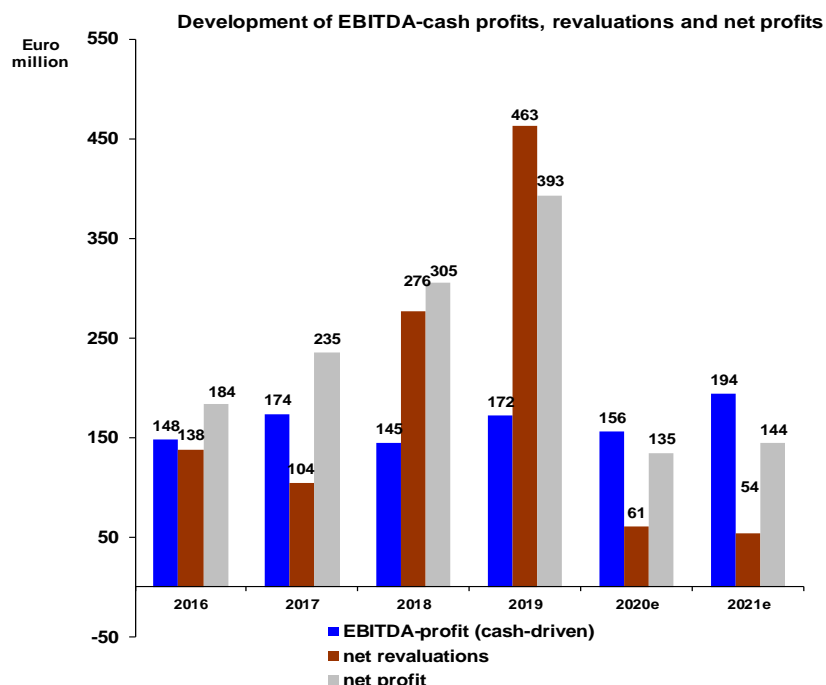
31/12 IFRS ('000)

	2015	2016	2017	2018	2019	2020e	2021e	CAGR '18 - '21e
Rental income	154.817,0	165.603,0	180.281,0	192.440,0	220.730,0	225.600,4	240.591,3	7,7%
Proceeds from property sale (Trading Portfolio)	9.535,0	28.099,0	29.216,0	44.417,0	12.344,0	78.500,0	54.114,0	
Expenses from property disposal (Trading Portfolio)	-6.446,0	-18.669,0	-15.664,0	-37.011,0	-13.617,0	-75.445,0	-49.775,0	
Subtotal Trading Portfolio	3.089,0	9.430,0	13.552,0	7.406,0	-1.273,0	3.055,0	4.339,0	
sale margin (Trading Portfolio)	32,4%	33,6%	46,4%	16,7%	-10,3%	3,9%	8,0%	
Proceeds from property sale (Hold Portfolio)	231.635,0	274.030,0	107.849,0	45.842,0	45.312,0	144.552,0	156.442,0	
Expenses from property disposal (Hold Portfolio)	-195.088,0	-250.691,0	-75.717,0	-37.616,0	-29.662,0	-134.550,0	-135.119,0	
Result from property sales (Hold Portfolio)	36.547,0	23.339,0	32.132,0	8.226,0	15.650,0	10.002,0	21.323,0	
sale margin (Hold Portfolio)	15,8%	8,5%	29,8%	17,9%	34,5%	6,9%	13,6%	
Operating costs passed on to tenants	38.290,0	46.906,0	51.263,0	55.828,0	51.757,0	49.558,0	63.355,2	
Revenues from construction	0,0	0,0	0,0	0,0	0,0	0,0	0,0	
Income from services	16.470,0	13.265,0	11.109,0	12.145,0	8.500,0	6.755,0	7.554,1	
Total revenues including the net gains from disposals	249.213,0	258.543,0	288.337,0	276.045,0	295.364,0	294.970,4	337.162,6	6,9%
Operating expenses	-44.567,0	-52.726,0	-55.696,0	-60.107,0	-55.326,0	-58.949,1	-59.114,0	
Other expenses directly related to Hold-Portfolio	-12.948,0	-12.633,0	-12.489,0	-12.961,0	-22.410,0	-26.558,0	-28.778,0	
Expenses for construction	-2.158,0	-2.333,0	-2.845,0	-6.141,0	-3.157,0	-8.771,0	-5.210,0	
Admin expenses	-42.452,0	-44.140,0	-44.618,0	-53.246,0	-43.464,0	-45.571,0	-52.146,9	
Own works capitalised	0,0	0,0	0,0	0,0	0,0	0,0	0,0	
Other operating income	1.470,0	873,0	1.051,0	1.485,0	721,0	1.120,0	1.987,0	
EBITDA-profit (cash-driven operating profit)	148.558,0	147.584,0	173.740,0	145.075,0	171.728,0	156.241,3	193.900,7	10,2%
Gains from Fair Value Adjustments (IAS 40)	257.563,0	179.094,0	182.045,0	293.220,0	491.752,0	135.445,0	94.587,0	
Losses from Fair Value Adjustments (IAS 40)	-43.744,0	-40.834,0	-78.021,0	-16.759,0	-28.985,0	-74.881,0	-40.553,0	
Net result from Revaluations (IAS 40)	213.819,0	138.260,0	104.024,0	276.461,0	462.767,0	60.564,0	54.034,0	
Depreciation and amortisation of long-term assets	-2.915,0	-3.460,0	-2.658,0	-2.385,0	-4.626,0	-5.141,0	-6.322,0	
Depreciation of properties of Trading-Portfolio	32,0	29,0	-1.189,0	-234,0	95,0	-557,0	-677,5	
Result from investments in joint ventures	43.221,0	11.420,0	66.585,0	23.354,0	3.729,0	2.243,2	2.374,4	
Operating Profit (EBIT)	402.715,0	293.833,0	340.502,0	442.271,0	633.693,0	213.350,5	243.309,6	-18,1%
Net financial result	-86.702,0	-56.228,0	-40.683,0	-46.071,0	-94.363,0	-47.590,0	-50.957,0	
Pre-tax profit (EBT)	316.013,0	237.605,0	299.819,0	396.200,0	539.330,0	165.760,5	192.352,6	-21,4%
taxes on income	-95.174,0	-53.688,0	-64.960,0	-90.896,0	-146.026,0	-30.998,0	-48.212,0	
tax-rate	30,1%	22,6%	21,7%	22,9%	27,1%	18,7%	25,1%	
minorities	0,0	-7,0	-5,0	-11,0	-21,0	-11,0	-11,0	
Net Profit after minorities	220.839,0	183.910,0	234.854,0	305.293,0	393.283,0	134.751,5	144.129,6	-22,1%
number of shares without own shares ('000)	97.941,7	94.995,3	93.226,3	93.028,3	93.028,3	93.028,3	93.028,3	
Earnings per share (Euro)	2,25	1,94	2,52	3,28	4,23	1,45	1,55	-22,1%
Dividends per share (Euro)	0,50	0,65	0,80	0,90	1,00	1,00	1,00	
Book Value per share (Euro)	21,65	23,21	25,73	28,37	31,90	33,15	34,36	6,6%
EPRA NAV per share (Euro)	21,90	26,74	29,90	33,30	38,37	39,15	41,22	
NNNAV per share (Euro)	22,69	24,56	27,13	30,08	33,69	34,35	36,18	6,3%

Key Data

Shareholders' Equity	2.120.410,0	2.204.495,0	2.398.459,0	2.639.635,0	2.967.884,0	3.083.928,3	3.196.800,0	6,6%
Property assets let (only fully owned from 2014 on)	2.478.600	3.219.333	3.155.736	3.514.700	4.023.700	4.265.122	4.585.006	
thereof Germany ('000)	641,0	1.175,6	1.262,3	1.311,3	1.576,7	1.782,8	2.063,3	
thereof Austria ('000)	587,6	551,3	536,5	513,6	517,2	537,4	518,1	
thereof CEE and SEE ('000)	1.250,0	1.492,4	1.357,0	1.689,8	1.929,8	1.944,9	2.003,6	
Gross yield property assets let	6,5%	6,1%	5,9%	5,8%	5,5%	5,5%	5,4%	
Vacancy rate property assets let*	7,3%	8,0%	10,5%	5,6%	3,9%	5,8%	5,6%	
Property assets under current construction	171.600	438.485	579.295	406.100	597.400	425.667	258.770	-13,9%
RoE (pre-tax)	14,9%	10,8%	12,5%	15,0%	18,2%	5,4%	6,0%	
RoE (after tax)	10,8%	8,5%	10,2%	12,1%	14,0%	4,5%	4,6%	
Total balance sheet sum	3.983.983,0	4.309.138,0	4.768.707,6	5.355.504,0	5.888.690,0	6.053.573,3	6.301.769,8	5,6%
Equity ratio	53,2%	51,2%	50,3%	49,3%	50,4%	50,9%	50,7%	

* from 2018 shown as economic vacancy rate



SRC Research

- The Specialist for Financial and Real Estate Stocks -

SRC - Scharff Research und Consulting GmbH

Klingerstr. 23

D-60313 Frankfurt

Germany

Fon: +49 (0)69/ 400 313-80

Mail: scharff@src-research.de

Internet: www.src-research.de

Rating Chronicle	Date	Rating	former share price	former target
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 €
CA Immo	March 6, 2019	Buy	30,12 €	34,00 €
CA Immo	November 21, 2018	Buy	28,52 €	33,00 €
CA Immo	August 24, 2018	Hold	32,46 €	33,00 €
CA Immo	May 24, 2018	Hold	29,08 €	29,00 €
CA Immo	March 22, 2018	Hold	27,48 €	27,50 €
CA Immo	March 2, 2018	Accumulate	25,50 €	27,50 €
CA Immo	November 23, 2017	Buy	24,40 €	26,00 €
CA Immo	August 24, 2017	Buy	22,46 €	25,00 €

Please note:

The CA Immo share price mentioned in this report is from 27 March 2020. CA Immo mandated SRC Research for covering the CA Immo share.

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