

■ **Price (Euro)** **17.98**  
 52 weeks range 18.64 / 13.92

■ **Key Data**

Country	Austria
Industry	Real Estate
Market Segment	Prime Market
ISIN	AT0000652250
WKN	902388
Symbol	T1L
Reuters	SIAG.VI
Bloomberg	SPI AV
Internet	www.simmoag.at
Reporting Standard	IFRS
Fiscal Year	31/12
Founded	1986
IPO	1987
Market Cap (EUR million)	1203.2
Number of shares (million)	66.9
Free Float (approx.)	70%
Free Float MarketCap (Euro million)	842.2
CAGR (EBITDA '17-20e)	8.7%

■ Multiples	2017	2018e	2019e	2020e
Market cap/ Revenues-Ratio	6.2	6.4	6.3	6.1
<b>P/E-Ratio</b>	<b>9.1</b>	<b>5.9</b>	<b>7.8</b>	<b>8.1</b>
Dividend Yield	2.2%	2.5%	2.8%	3.1%

■ Key Data per Share (Euro)	2017	2018e	2019e	2020e
<b>Earnings per Share (EpS)</b>	<b>1.97</b>	<b>3.07</b>	<b>2.30</b>	<b>2.22</b>
Dividends per Share (DpS)	0.40	0.45	0.50	0.55
Book Value per Share (BVpS)	13.66	16.41	18.20	19.86
EPRA NAV per share	17.63	20.64	21.88	23.02
FFO I per share	0.64	0.90	0.97	1.05

■ Financial Data (Euro '000)	2017	2018e	2019e	2020e
<b>Revenues</b>	<b>191,421</b>	<b>196,969</b>	<b>210,544</b>	<b>216,263</b>
Rental income	112,020	108,556	115,178	117,481
Net revaluation result	127,592	168,447	94,557	81,443
<b>Operating cash profit (EBITDA)</b>	<b>89,556</b>	<b>92,028</b>	<b>109,888</b>	<b>115,155</b>
<b>Operating Profit (EBIT)</b>	<b>208,149</b>	<b>252,425</b>	<b>195,993</b>	<b>190,544</b>
Pre-tax profit (EBT)	160,748	237,964	179,435	173,572
<b>Net profit after minorities</b>	<b>130,091</b>	<b>204,300</b>	<b>153,180</b>	<b>147,771</b>
Shareholders' Equity	914,335	1,098,200	1,217,864	1,328,737
RoE after tax	15.5%	20.3%	13.2%	11.6%

■ **Financial Calendar**

Annual report 2018	April 3, 2019
1Q 2019	May 27, 2019
AGM	June 14, 2019
2Q 2019	August 27, 2019
<b>SRC Forum Financials &amp; Real Estate</b>	<b>September 3, 2019</b>

■ **Main Shareholders**

Immofinanz	29%
Own shares	1%

■ **Analyst**

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## 2018 prelims at record levels – bottom line profit surpasses the Euro 200m – strong hike in FFO and EPRA NAV – we again lift our target price from Euro 20.50 to Euro 21.00

On Thursday, 14 March, S IMMO released a corporate news about the 2018 prelim results, after the company already released end of January that the revaluation result will be very high.

Driven by the good market climate and the yield compression in almost all S IMMO's markets as well as by the good operating progress and a decent contribution from the hotel business, the company managed to strongly increase the net profit before minorities from Euro 133.5m to about Euro 204m, by 53%.

The revenues less the directly attributable expenses, which we expected to come in a little bit below the 2017 level after the tremendous sales activities, came in with a 5% hike, from Euro 98.2m to now about Euro 103m. The revaluation result which we already lifted in our last forecast from 1 February to Euro 131m comes in much higher at Euro 168m, +32% above the previous year.

For the EPRA NAV per share we assumed a range between Euro 20.50 and Euro 21.00 after the release about the revaluation result. Now, the company stated that the EPRA NAV per share is even a little bit higher than that at c. Euro 21.28. This means a hike of Euro 3.65 per share in only one year or an impressive Plus of 21%.

The FFO I picture is also decent with a steep 43% hike, from Euro 42.7m last year to now about Euro 61m.

**After our last update from 1 February the S IMMO share price increased by 7% in only 6 weeks. With the good 2018 prelims this positive trend should continue. We maintain our Buy recommendation and lift our target price once more, from Euro 20.50 to Euro 21.00.**

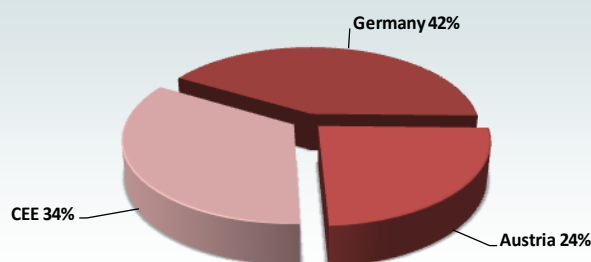
## S IMMO AG Company Profile

<b>Industry:</b>	Real Estate	<b>Management Board:</b>	
<b>Sub-segment:</b>	mixed	CEO Ernst Vejdovsky	
<b>Country:</b>	Austria	Friedrich Wachernig, MBA	
<b>Headquarter:</b>	Vienna		
<b>Foundation:</b>	1986	<b>Supervisory Board:</b>	
<b>Employees (without Hotels):</b>	102	Dr. Martin Simhandl (Chairman)	
		Franz Kerber (Deputy Chairman)	
		Christian Hager	Manfred Rapf
<b>IR Contact</b>		Dr. Wilhelm Rasinger	Hanna Bomba
Andreas Feuerstein		Andrea Besenhofer	Dr. Karin Rest, MBA
(Andreas.Feuerstein@simmoag.at)			

S IMMO is a Vienna-based real estate holding company founded in 1986. Since 1987 the company is listed on the Vienna stock exchange and therefore Austria's longest existing property investment company. The share is member of ATX blue chip index since September 2017. Expansion activities to foreign countries were started close to the millennium. Within recent years the company acquired, according to its Buy and Hold strategy, a real estate portfolio that comprises over 200 properties, a lettable space of some 1,200k sqm amounting to a value of almost Euro 1.8bn at present (Euro 2.1bn at year-end 2016). In average, investments have a volume of a lower double digit million. The portfolio contains a widely diversified range of residential, office, business and hotel properties selected for sustainable value. All in all, commercial properties have a high 73% weighting (FY 2017). S IMMO aims on a long investment horizon but also strongly exploits opportunities for trading in these low yielding times - as done in 2016 and 2017 in Germany. In terms of portfolio value a large share of 42% is located in Germany. Austria stands for 24% while CEE stands for the remaining 34% of the total portfolio value (FY 2017). The current rental yield is still at high 6.1% at FY 2017 (6.2% at year-end 2016), even after the significant property mark-ups this is not too aggressive, in our view. In 2017, the high occupancy of 93.9% in 2016 came even further up to 94.8%. The company released its 2017 annual report on 5 April and presented the second best year in history with a net profit of more than Euro 130m. For 2017 the dividend payment was set again at 40 Cents (30 Cents base + 10 Cents bonus in 2016).

### Value of portfolio by region

(Euro 1.84bn at FY 2017)



Source: Company data (FY 2017)

In addition to a stable Hold portfolio, the company has at present some promising development activities in Berlin as well as in Vienna (Quartier Belvedere Central and Siebenbrunnengasse) and Bucharest (The Mark office) as well as Bratislava (Einsteinova). The lion's share of the company's historical development activity was done in Austria and CEE. Hence, a significant share of already finished properties (like Sun shopping mall in Bukarest and recently sold Serdika Center in Sofia), held within the CEE portfolio, results from own developments. The core shareholders are RPR Privatstiftung (22%) and well-known insurer Vienna Insurance Group (10%).

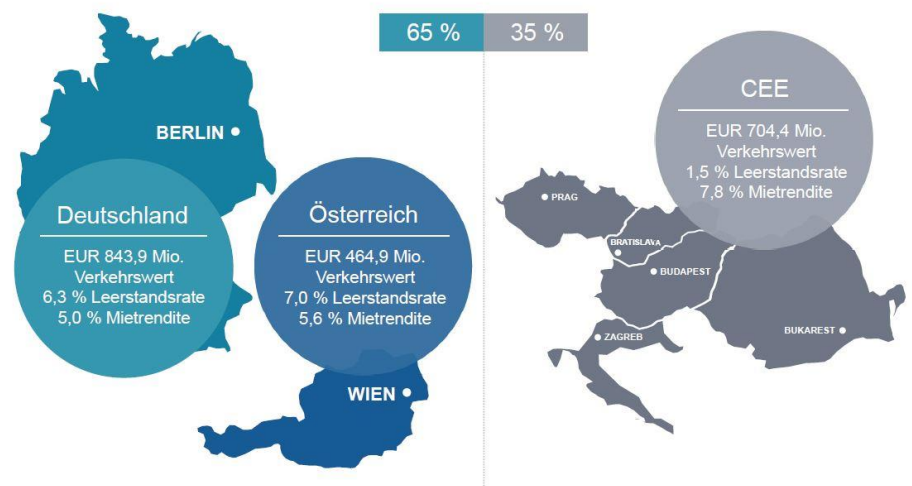
The company aimed to lift FFO I to more than Euro 40m until 2018 and already managed to reach this target in 2016, as FFO I increased by 15% from Euro 35.0m to Euro 40.1m. The FY 2017 FFO I was at almost Euro 43m, representing another hike to the full year 2016 level. We also like the improving numbers on the financing side. Cost of Funding came down to 3.12% in 2016 and even down to 2.67% in 2017. The LTV improved to 55.9% at year-end 2016 and came down after the big sale transactions in Vienna Viertel Zwei and Sofia Serdika Shopping Center to 49.3% at FY 2017. For the future upside in rental income and trading activities, S IMMO built up a promising development pipeline of about Euro 730m (c. 80% Germany and Austria and 20% CEE).

Source: Company Data, SRC Research

## Diversified portfolio located in strong locations in Germany, Austria and CEE – very low vacancy in CEE allows for revaluation mark-ups to come

S IMMO has a well diversified portfolio. As of the end of 2017, about 66% of the portfolio is located in Germany and Austria, while the remaining 34% are located the CEE region. With the exception of Germany, almost all properties are located in primary cities, and in the CEE region exclusively in the capitals of the respective countries. Currently the portfolio consists of 267 objects with a total book value of about Euro 1.9bn. Germany has grown from Euro 660m last year to more than Euro 840m now and currently represents 43% of the portfolio with a vacancy rate of 6.3% (2017: 5.7%) and a rental yield of 5.0% (2017: 4.9%). The Austrian portion has slightly increased from more than Euro 440m at the end of 2017 to Euro 465m now at 1H 2018 and currently makes up for about 23% of the total portfolio. The vacancy rate in Austria is unchanged to year-end 2017 at 7.0% while the rental yield slightly increased from 5.1% to 5.6% in the first six months. The CEE region portfolio increased from approx. Euro 630m at year-end 2017 to more than Euro 700m now and makes up for c. 34% of the total portfolio. The vacancy rate of that region significantly came down from a small 3.7% at year-end 2017 to a very tiny 1.5% at half-year numbers. The rental yield only slightly came down from 8.2% to 7.8%. At this rental yield we still see plenty of potential in the property values in the CEE region to be realized in the next years.

### Robustes Geschäftsmodell Ertrags- und cashflowstarkes Portfolio\*



Source: 1H 2018 company presentation, 30 August 2018

The total portfolio has a low vacancy rate of 4.9% (year-end 2017: 5.1%) and a rental yield of 6.1% unchanged to 2017. The total lettable area is about 1.2m sqm and the portfolio is divided between commercial (73%) and residential (27%).

## P&L Account for S IMMO AG

31/12 IFRS (Euro '000)	2013	2014	2015	2016	2017	2018e	2019e	2020e	CAGR '17 - '20e
<b>Revenues</b>	<b>193,735</b>	<b>188,491</b>	<b>190,697</b>	<b>198,754</b>	<b>191,421</b>	<b>196,969</b>	<b>210,544</b>	<b>216,263</b>	<b>4.2%</b>
└ thereof rental income	116,707	111,845	111,686	118,174	112,020	108,556	115,178	117,481	
└ thereof revenues from service charges	36,827	34,542	33,465	37,657	33,435	35,411	41,254	43,317	
└ thereof revenues from hotel operations	40,201	42,104	45,546	42,923	45,966	53,002	54,112	55,465	
Other operating income	6,186	4,700	3,534	3,405	2,866	2,837	3,945	3,866	
Expenses directly attributable to properties	-60,603	-55,841	-55,841	-64,152	-59,877	-60,745	-62,142	-63,882	
<i>Gross margin property segment</i>	<i>60.5%</i>	<i>61.9%</i>	<i>61.5%</i>	<i>58.8%</i>	<i>58.8%</i>	<i>57.8%</i>	<i>60.3%</i>	<i>60.3%</i>	
Hotel operating expenses	-29,747	-31,344	-33,164	-32,037	-36,232	-36,236	-34,582	-34,755	
<b>Gross operating profit hotels (GOP)</b>	<b>10,454</b>	<b>10,760</b>	<b>12,382</b>	<b>10,886</b>	<b>9,734</b>	<b>16,766</b>	<b>19,530</b>	<b>20,710</b>	
<i>Gross margin within hotel segment</i>	<i>26.0%</i>	<i>25.6%</i>	<i>27.2%</i>	<i>25.4%</i>	<i>21.2%</i>	<i>31.6%</i>	<i>36.1%</i>	<i>37.3%</i>	
<b>Revenues less directly attributable expenses</b>	<b>109,571</b>	<b>106,006</b>	<b>105,226</b>	<b>105,970</b>	<b>98,178</b>	<b>102,826</b>	<b>117,765</b>	<b>121,492</b>	<b>7.4%</b>
<i>Total Gross margin</i>	<i>56.6%</i>	<i>56.2%</i>	<i>55.2%</i>	<i>53.3%</i>	<i>51.3%</i>	<i>52.2%</i>	<i>55.9%</i>	<i>56.2%</i>	
<b>Net operating income (NOI)</b>	<b>103,385</b>	<b>101,306</b>	<b>101,692</b>	<b>102,565</b>	<b>95,312</b>	<b>99,988</b>	<b>113,820</b>	<b>117,626</b>	<b>7.3%</b>
<i>NOI-margin</i>	<i>53.4%</i>	<i>53.7%</i>	<i>53.3%</i>	<i>51.6%</i>	<i>49.8%</i>	<i>50.8%</i>	<i>54.1%</i>	<i>54.4%</i>	
<b>Net Gains on property disposal</b>	<b>6,414</b>	<b>180</b>	<b>5</b>	<b>5,133</b>	<b>10,341</b>	<b>7,123</b>	<b>9,685</b>	<b>11,400</b>	
Management expenses	-15,078	-16,050	-16,483	-18,635	-18,963	-17,920	-17,562	-17,737	
└ thereof personnel expenses	-5,730	-6,019	-7,665	-8,916	-8,796	-9,356	-9,214	-9,072	
<b>EBITDA</b>	<b>100,907</b>	<b>90,136</b>	<b>88,748</b>	<b>92,468</b>	<b>89,556</b>	<b>92,028</b>	<b>109,888</b>	<b>115,155</b>	<b>8.7%</b>
<i>EBITDA-margin</i>	<i>52.1%</i>	<i>47.8%</i>	<i>46.5%</i>	<i>46.5%</i>	<i>46.8%</i>	<i>46.7%</i>	<i>52.2%</i>	<i>53.2%</i>	
Depreciation	-11,992	-7,635	-7,695	-7,823	-8,999	-8,050	-8,452	-6,054	
Property Revaluation	6,879	56,552	84,645	194,035	127,592	168,447	94,557	81,443	
<b>Operating profit (EBIT)</b>	<b>95,794</b>	<b>139,053</b>	<b>165,698</b>	<b>278,680</b>	<b>208,149</b>	<b>252,425</b>	<b>195,993</b>	<b>190,544</b>	<b>-2.9%</b>
<i>EBIT-margin</i>	<i>49.4%</i>	<i>73.8%</i>	<i>86.9%</i>	<i>140.2%</i>	<i>108.7%</i>	<i>128.2%</i>	<i>93.1%</i>	<i>88.1%</i>	
<b>EBIT-profit without revaluation result</b>	<b>88,915</b>	<b>82,501</b>	<b>81,053</b>	<b>84,645</b>	<b>80,557</b>	<b>83,978</b>	<b>101,436</b>	<b>109,101</b>	<b>10.6%</b>
Net financial result	-53,901	-71,737	-48,892	-55,297	-41,437	-14,462	-16,558	-16,972	
Participating certificates expenses (hybrid capital)	-9,286	-7,485	-4,553	-6,912	-5,964	0	0	0	
<b>Earnings before tax (EBT)</b>	<b>32,607</b>	<b>59,831</b>	<b>112,253</b>	<b>216,471</b>	<b>160,748</b>	<b>237,964</b>	<b>179,435</b>	<b>173,572</b>	<b>2.6%</b>
<i>EBT margin</i>	<i>16.8%</i>	<i>31.7%</i>	<i>58.9%</i>	<i>108.9%</i>	<i>84.0%</i>	<i>120.8%</i>	<i>85.2%</i>	<i>80.3%</i>	
Income tax expense	-4,553	-25,682	-35,004	-12,148	-27,278	-33,540	-26,011	-25,515	
<i>Tax rate</i>	<i>14.0%</i>	<i>42.9%</i>	<i>31.2%</i>	<i>5.6%</i>	<i>17.0%</i>	<i>14.1%</i>	<i>14.5%</i>	<i>14.7%</i>	
<b>Net profit</b>	<b>28,054</b>	<b>34,149</b>	<b>77,249</b>	<b>204,323</b>	<b>133,470</b>	<b>204,424</b>	<b>153,424</b>	<b>148,057</b>	<b>3.5%</b>
Minorities	-745	-2,824	960	-5,864	-3,379	-124	-244	-286	
<b>Net profit after minorities</b>	<b>27,309</b>	<b>31,325</b>	<b>78,209</b>	<b>198,459</b>	<b>130,091</b>	<b>204,300</b>	<b>153,180</b>	<b>147,771</b>	<b>4.3%</b>
<i>Return on sales</i>	<i>14.1%</i>	<i>16.6%</i>	<i>41.0%</i>	<i>99.9%</i>	<i>68.0%</i>	<i>103.7%</i>	<i>72.8%</i>	<i>68.3%</i>	
Number of shares (in million)	66.9	66.9	66.9	66.9	66.9	66.9	66.9	66.9	
<b>Earnings per Share (EPS) in Euro</b>	<b>0.41</b>	<b>0.47</b>	<b>1.17</b>	<b>2.98</b>	<b>1.97</b>	<b>3.07</b>	<b>2.30</b>	<b>2.22</b>	<b>4.0%</b>
Dividends per Share (DPS) in Euro	0.20	0.24	0.30	0.40	0.40	0.45	0.50	0.55	
Book Value per Share (BVPS) in Euro	10.99	8.06	9.01	11.49	13.66	16.41	18.20	19.86	
<b>Total assets</b>	<b>1,879,648</b>	<b>1,894,672</b>	<b>2,067,356</b>	<b>2,278,900</b>	<b>2,272,255</b>	<b>2,342,695</b>	<b>2,417,661</b>	<b>2,466,014</b>	<b>2.8%</b>
<b>Shareholders' equity (after dividend payment)</b>	<b>510,710</b>	<b>539,337</b>	<b>603,189</b>	<b>769,120</b>	<b>914,335</b>	<b>1,098,200</b>	<b>1,217,864</b>	<b>1,328,737</b>	<b>13.3%</b>
Shareholders' equity incl. participating certificates	735,710	634,876	659,148	819,120	971,052	1,098,200	1,217,864	1,328,737	
Equity ratio without minorities with hybrid capital	39%	34%	32%	36%	43%	47%	50%	54%	
Return on Equity (RoE)	5.6%	6.0%	13.7%	28.9%	15.5%	20.3%	13.2%	11.6%	
<b>Key ratios &amp; figures</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018e</b>	<b>2019e</b>	<b>2020e</b>	
<b>Growth rates in %</b>									
Revenues	-1.5%	-2.7%	1.2%	4.2%	-3.7%	2.9%	6.9%	2.7%	
EBITDA	2.1%	-10.7%	-1.5%	4.2%	-3.1%	2.8%	19.4%	4.8%	
EBIT	-10.3%	45.2%	19.2%	68.2%	-25.3%	21.3%	-22.4%	-2.8%	
EBT	1.3%	83.5%	87.6%	92.8%	-25.7%	48.0%	-24.6%	-3.3%	
Net profit after minorities	7.8%	21.7%	126.2%	164.5%	-34.7%	53.2%	-24.9%	-3.5%	
<b>Margins in %</b>									
EBITDA	52.1%	47.8%	46.5%	46.5%	46.8%	46.7%	52.2%	53.2%	
EBIT	49.4%	73.8%	86.9%	140.2%	108.7%	128.2%	93.1%	88.1%	
EBT	16.8%	31.7%	58.9%	108.9%	84.0%	120.8%	85.2%	80.3%	
<b>Expense ratios in %</b>									
Depreciation to sales	-6.2%	-4.1%	-4.0%	-3.9%	-4.7%	-4.1%	-4.0%	-2.8%	
Tax rate	14.0%	42.9%	31.2%	5.6%	17.0%	14.1%	14.5%	14.7%	
<b>Profitability in %</b>									
Profit margin	14.5%	18.1%	40.5%	102.8%	69.7%	103.8%	72.9%	68.5%	
Return on equity (RoE) after tax	5.6%	6.0%	13.7%	28.9%	15.5%	20.3%	13.2%	11.6%	
Return on Assets (RoA)	4.2%	1.8%	3.7%	9.0%	5.9%	8.7%	6.3%	6.0%	
Return on Investment (RoI)	1.5%	1.8%	3.7%	9.0%	5.9%	8.7%	6.3%	6.0%	
<b>Valuation</b>									
P/E-ratio	44.06	38.41	15.38	6.04	9.11	5.85	7.82	8.11	
P/S-ratio	6.21	6.38	6.31	6.05	6.29	6.11	5.71	5.56	
Price/BVpS (PBV)	1.64	2.23	1.99	1.56	1.32	1.10	0.99	0.91	
Dividend yield in %	1.1%	1.3%	1.7%	2.2%	2.2%	2.5%	2.8%	3.1%	
<b>Data per share</b>									
Number of shares in million	66.9	66.9	66.9	66.9	66.9	66.9	66.9	66.9	
EPS	0.41	0.47	1.17	2.98	1.97	3.07	2.30	2.22	
DPS	0.20	0.24	0.30	0.40	0.40	0.45	0.50	0.55	
BVPS	10.99	8.06	9.01	11.49	13.66	16.41	18.20	19.86	
FFO I per share	0.50	0.32	0.52	0.60	0.64	0.90	0.97	1.05	

## SRC Research

### - The Specialist for Financial and Real Estate Stocks -

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### Rating Chronicle

Company	Date	Rating	Former Price	Former Target
S IMMO	01 February 2019	Buy	€ 16.84	€ 20.50
S IMMO	27 November 2019	Buy	€ 15.20	€ 20.00
S IMMO	30 August 2018	Accumulate	€ 17.96	€ 19.00
S IMMO	29 May 2018	Accumulate	€ 16.70	€ 18.00
S IMMO	06 April 2018	Accumulate	€ 16.50	€ 17.50
S IMMO	28 November 2017	Buy	€ 14.83	€ 16.00
S IMMO	29 August 2017	Buy	€ 12.80	€ 14.50
S IMMO	30 May 2017	Accumulate	€ 12.53	€ 13.50
S IMMO	11 April 2017	Accumulate	€ 11.93	€ 13.00
S IMMO	07 March 2017	Buy	€ 11.70	€ 13.00
S IMMO	17 February 2017	Buy	€ 11.34	€ 13.00

### Please note:

The S IMMO AG share price mentioned in this report is the closing price of 15 March 2019. S IMMO mandated SRC Research for covering the S IMMO share.

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