

Price (Euro) **15,78**
52 weeks range 27.70 / 12.40

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) 1161,5
 Number of shares (million) 73,6
 Free Float (approx.) 60%
 Free Float MarketCap (Euro million) 696,9
 CAGR (EBITDA '19-22e) -1,3%

Multiples	2019	2020e	2021e	2022e
Market cap/ Revenues-Ratio	6,0	6,2	6,1	5,8
P/E-Ratio	4,9	37,2	15,8	11,0
Dividend Yield	4,4%	2,2%	4,4%	4,4%

Key Data per Share (Euro)	2019	2020e	2021e	2022e
Earnings per Share (EpS)	3,21	0,42	1,00	1,44
Dividends per Share (DpS)	0,70	0,35	0,70	0,70
Book Value per Share (BVpS)	19,34	19,65	19,91	20,62
EPRA NAV per share	26,45	24,55	25,24	26,22
FFO I per share	0,98	0,64	0,84	1,00

Financial Data (Euro '000)	2019	2020e	2021e	2022e
Revenues	210.427	166.016	188.805	205.166
Rental income	119.373	112.447	120.023	123.844
Net revaluation result	192.671	12.144	48.887	81.445
Operating cash profit (EBITDA)	87.037	72.854	77.181	83.628
Operating Profit (EBIT)	271.444	74.551	117.289	155.991
Pre-tax profit (EBT)	251.423	35.569	86.844	124.544
Net profit after minorities	212.774	28.978	71.381	103.690
Shareholders' Equity	1.294.259	1.446.438	1.465.792	1.517.455
RoE after tax	18,1%	2,1%	4,9%	7,0%

Financial Calendar

2020 annual result April 8, 2021
 AGM April 30, 2021
 1Q 2021 report May 28, 2021
 1H 2021 report August 27, 2021

Main Shareholders

Immofinanz 26%
 Ronny Pecik and Norbert Ketterer 14%
 Own shares 1%

Analyst Dipl.-Kfm. Stefan Scharff, CREA

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S IMMO delivers a higher rental income and only a relatively small decrease in EBITDA despite the very challenging pandemic year, pay-out of 70 cents dividend followed in October – no change of our Buy rating or the target price

Today, S IMMO released the 9M 2020 report. The numbers are satisfying for a difficult pandemic year and a second serious lockdown, which started in many European countries beginning of November.

The rental revenues of the first nine months even accelerated by 3.7%, from Euro 88.2m to Euro 91.5m, speaking a clear language for a profound property management. The revenues from the hotel business were hit the most by the crisis and came in only one third of last year's Euro 42.0m level, to now Euro 14.7m. It is important to mention, that the firm lost no money as expenses from hotel operations were also drastically reduced by almost 50%, from Euro 28.6m to Euro 14.8m.

Cash driven operating EBITDA profit was below last year, but still good with the given circumstances. After 9M EBITDA was at Euro 67.8m last year, it came in at Euro 57.3m now (-15.5%). It is worth to mention, that 3Q's EBITDA of Euro 21m was clearly above the 2Q level of Euro 15m.

Looking at the revaluation side, the overall 9M picture remains in the positive area with a small Euro +3.4m, being a bit below the positive Euro +10.2m in the half-year report, but much better than in the 1Q reporting, where the revaluation was shown with a negative Euro -31.5m. The reason for the small down-valuation in 3Q comes from the CEE region with Euro -6.6m for the Bukarest Sun Plaza mall and some smaller assets.

Looking at the FFO, the nine months FFO I number was at a good Euro 33m (9M 2019: Euro 53m) and 100% above the 1H 2020 level of Euro 17m. For sure, the 3Q FFO picture was flattered by the CA Immo dividend of Euro 6.3m in August (Zero from Immofinanz and thus only Euro 6.3m dividend income after Euro 17.0m last year).

But the still good FFO picture also derives from the fact, that the company has a superior and strong and reliable real estate portfolio in all asset classes like residential, offices as well as retail and hotels, even if the last two asset classes have to struggle with the Covid-19 effects. The occupancy rate remained unchanged to 1H 2020 at 94.3% and almost unchanged to year-end 2019 (95.5%), even despite a small hike in the portfolio size from Euro 2.37bn at year-end 2019 to now Euro 2.43bn. For instance, S IMMO recently announced the buy of Zagrebtower in the Croatian capital, a modern class A office on 22 floors and a rental space of almost 26k sqm, fully rented to Bayer, Deloitte and some public authorities with a yield above 7.5%. More opportunities to strengthen the portfolio with strong cash generating properties might occur in the following months in CEE and also in Germany and Austria. The balance sheet remains very healthy with a 44% equity ratio (41% at Dec. 2019) and an LTV of 47.7%, unchanged to 2019 (46.9%). The cost of funding remains unchanged at approx. 2.3%.

The EPRA NAV per share was only slightly down since June, from Euro 23.78 to Euro 23.17, based on lower share prices of Immofinanz and CA Immo on the reporting date of 30 September. After the satisfying 9M picture we see no reason to change the rating or the target price, the more as the firm turned out as a stable and reliable dividend payer, paying 70 Cents in October after the virtual AGM.

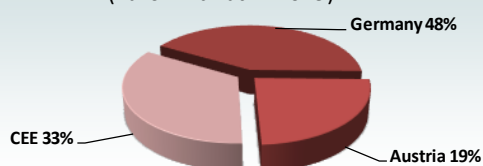
S IMMO AG Company Profile

Industry:	Real Estate	Management Board:	
Sub-segment:	mixed (71% commercial)	CEO Ernst Vejdovszky	
Country:	Austria	Friedrich Wachernig, MBA	
Headquarter:	Vienna		
Foundation:	1986		
Employees (without Hotels):	113	Supervisory Board:	
		Dr. Karin Rest, MBA (Chairman)	
		Christian Hager (Deputy Chairman)	
		Hanna Bomba	Manfred Rapf
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(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 millenium. Within recent years the company acquired, according to its Buy and Develop and Hold strategy, a real estate portfolio that comprises about 300 properties, a lettable space of more than 1,200k sqm amounting to a value of almost Euro 2.4bn at December 2019 (+11.8% compared to year-end 2018). In average, investments have a volume of a lower double digit million. The portfolio contains a widely diversified range of office, business and hotel properties as well as residential properties selected for a sustainable value growth. All in all, commercial properties have a high 71% weighting and residential have 29%. S IMMO aims on a long investment horizon but also strongly exploits opportunities for trading in these low yielding times - as done in a bigger magnitude in 2016 and 2017, in particular in Germany and Austria. In terms of portfolio value a large share of 48% is located in Germany (more than Euro 1.1bn). Austria stands for 19% (approx. Euro 0.5bn) while CEE stands for the remaining 33% (Euro 0.8bn) of the total portfolio value of approx. Euro 2.4bn in 2019. The current rental yield is still at high 5.4% in 2019 (5.7% at year-end 2018), even after the significant property mark-ups this is not too aggressive, in our view. In 2018, the high occupancy of 94.8% in 2017 increased to 95.8% and was more or less unchanged at 95.5% in 2019. S IMMO released the 2019 annual report on 2 April and presented the best year in history with a net profit after minorities of Euro 213m, after a very high Euro 204m in 2018, and an FFO I increasing from Euro 61m in 2018 to almost Euro 65m in 2019. For 2018 the dividend was strongly lifted from 40 Cents to 70 Cents, meaning a payout ratio of clearly more than 70% of FFO cash earnings. The firm decided for a stable dividend of 70 Cents also for FY 2019, despite the COVID-19 pandemic.

Value of portfolio by region

(Euro 2.4bn at FY 2019)



Source: Company data (FY 2019)

In addition to a stable Hold portfolio, the company has recently finished some promising development activities in Berlin (Leuchtenfabrik) as well as in Vienna (Quartier Belvedere Central) and Bucharest (The Mark office was recently completed in 1Q 2019) as well as Bratislava (Einsteinova completed in 4Q 2018). 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 Bucharest), held within the CEE portfolio, results from own developments. The core shareholder is Immofinanz with a 29% stake. The other way round S IMMO holds a 12% stake in Immofinanz.

The company aimed to lift FFO I to more than Euro 40m until 2018 and already managed to reach this target already in 2016, as FFO I increased by 15% from Euro 35.0m to Euro 40.1m. The FY 2017 FFO I then was at almost Euro 43m, and for 2018 S IMMO managed another very steep +43% hike to Euro 61m, followed by another Euro 65m record in 2019. 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 and now to only 2.28% in 2018, almost the same in 2019 (2.26%). 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. In 2018 LTV remained almost unchanged at 50.4% and slightly down to 46.9% in 2019.

Source: Company Data, SRC Research

P&L Account for S IMMO AG

31/12 IFRS (Euro '000)	2015	2016	2017	2018	2019	2020e	2021e	2022e	CAGR '19 - '22e
Revenues	190.697	198.754	191.421	192.441	210.427	166.016	188.805	205.166	-0,8%
└ thereof rental income	111.686	118.174	112.020	104.313	119.373	112.447	120.023	123.844	
└ thereof revenues from service charges	33.465	37.657	33.435	33.379	31.952	33.114	34.778	35.881	
└ thereof revenues from hotel operations	45.546	42.923	45.966	54.749	59.102	20.455	34.004	45.441	
Other operating income	3.534	3.405	2.866	1.948	2.481	2.531	2.855	2.677	
Expenses directly attributable to properties	-55.841	-64.152	-59.877	-53.410	-60.952	-55.401	-60.987	-62.651	
<i>Gross margin property segment</i>	<i>61,5%</i>	<i>58,8%</i>	<i>58,8%</i>	<i>61,2%</i>	<i>59,7%</i>	<i>61,9%</i>	<i>60,6%</i>	<i>60,8%</i>	
Hotel operating expenses	-33.164	-32.037	-36.232	-38.023	-42.250	-28.845	-33.447	-39.447	
Gross operating profit hotels (GOP)	12.382	10.886	9.734	16.726	16.852	-390	557	5.994	
<i>Gross margin within hotel segment</i>	<i>27,2%</i>	<i>25,4%</i>	<i>21,2%</i>	<i>30,6%</i>	<i>28,5%</i>	<i>-1,9%</i>	<i>1,6%</i>	<i>13,2%</i>	
Revenues less directly attributable expenses	105.226	105.970	98.178	102.956	109.706	92.301	97.226	105.745	-1,2%
<i>Total Gross margin</i>	<i>55,2%</i>	<i>53,3%</i>	<i>51,3%</i>	<i>53,5%</i>	<i>52,1%</i>	<i>55,6%</i>	<i>51,5%</i>	<i>51,5%</i>	
Net operating income (NOI)	101.692	102.565	95.312	101.008	107.225	89.770	94.371	103.068	-1,3%
<i>NOI-margin</i>	<i>53,3%</i>	<i>51,6%</i>	<i>49,8%</i>	<i>52,5%</i>	<i>51,0%</i>	<i>54,1%</i>	<i>50,0%</i>	<i>50,2%</i>	
Net Gains on property disposal	5	5.133	10.341	0	0	0	0	0	
Management expenses	-16.483	-18.635	-18.963	-19.863	-22.669	-19.447	-20.045	-22.117	
└ thereof personnel expenses	-7.665	-8.916	-8.796	-10.601	-11.513	-10.958	-11.744	-12.320	
EBITDA	88.748	92.468	89.556	83.093	87.037	72.854	77.181	83.628	-1,3%
<i>EBITDA-margin</i>	<i>46,5%</i>	<i>46,5%</i>	<i>46,8%</i>	<i>43,2%</i>	<i>41,4%</i>	<i>43,9%</i>	<i>40,9%</i>	<i>40,8%</i>	
Depreciation	-7.695	-7.823	-8.999	-7.672	-8.264	-10.447	-8.779	-9.082	
Property Revaluation	84.645	194.035	127.592	167.814	192.671	12.144	48.887	81.445	
Operating profit (EBIT)	165.698	278.680	208.149	243.235	271.444	74.551	117.289	155.991	-16,9%
<i>EBIT-margin</i>	<i>86,9%</i>	<i>140,2%</i>	<i>108,7%</i>	<i>126,4%</i>	<i>129,0%</i>	<i>44,9%</i>	<i>62,1%</i>	<i>76,0%</i>	
EBIT-profit without revaluation result	81.053	84.645	80.557	75.421	78.773	62.407	68.402	74.546	-1,8%
Net financial result	-48.892	-55.297	-41.437	-7.263	-20.021	-38.982	-30.445	-31.447	
Participating certificates expenses (hybrid capital)	-4.553	-6.912	-5.964	0	0	0	0	0	
Earnings before tax (EBT)	112.253	216.471	160.748	235.972	251.423	35.569	86.844	124.544	-20,9%
<i>EBT margin</i>	<i>58,9%</i>	<i>108,9%</i>	<i>84,0%</i>	<i>122,6%</i>	<i>119,5%</i>	<i>21,4%</i>	<i>46,0%</i>	<i>60,7%</i>	
Income tax expense	-35.004	-12.148	-27.278	-31.822	-38.116	-6.305	-15.141	-20.374	
<i>Tax rate</i>	<i>31,2%</i>	<i>5,6%</i>	<i>17,0%</i>	<i>13,5%</i>	<i>15,2%</i>	<i>17,7%</i>	<i>17,4%</i>	<i>16,4%</i>	
Net profit	77.249	204.323	133.470	204.150	213.307	29.264	71.703	104.170	
Minorities	960	-5.864	-3.379	-460	-533	-286	-322	-480	
Net profit after minorities	78.209	198.459	130.091	203.690	212.774	28.978	71.381	103.690	-21,3%
<i>Return on sales</i>	<i>41,0%</i>	<i>99,9%</i>	<i>68,0%</i>	<i>105,8%</i>	<i>101,1%</i>	<i>17,5%</i>	<i>37,8%</i>	<i>50,5%</i>	
Number of shares (in million)	66,9	66,9	66,9	66,9	66,9	73,6	73,6	73,6	
Earnings per Share (EPS) in Euro	1,17	2,98	1,97	3,08	3,21	0,42	1,00	1,44	-23,5%
Dividends per Share (DPS) in Euro	0,30	0,40	0,40	0,70	0,70	0,35	0,70	0,70	
Book Value per Share (BVPS) in Euro	9,01	11,49	13,66	15,88	19,34	19,65	19,91	20,62	
Total assets	2.067.356	2.278.900	2.272.255	2.720.134	3.137.688	3.096.898	3.171.224	3.272.703	1,4%
Shareholders' equity (after dividend payment)	603.189	769.120	914.335	1.062.513	1.294.259	1.446.438	1.465.792	1.517.455	5,4%
Shareholders' equity incl. participating certificates	659.148	819.120	971.052	1.062.513	1.294.259	1.446.438	1.465.792	1.517.455	
Equity ratio without minorities with hybrid capital	32%	36%	43%	39%	41%	47%	46%	46%	
Return on Equity (RoE)	13,7%	28,9%	15,5%	20,6%	18,1%	2,1%	4,9%	7,0%	
Key ratios & figures	2015	2016	2017	2018	2019	2020e	2021e	2022e	
Growth rates in %									
Revenues	1,2%	4,2%	-3,7%	0,5%	9,3%	-21,1%	13,7%	8,7%	
EBITDA	-1,5%	4,2%	-3,1%	-7,2%	4,7%	-16,3%	5,9%	8,4%	
EBIT	19,2%	68,2%	-25,3%	16,9%	11,6%	-72,5%	57,3%	33,0%	
EBT	87,6%	92,8%	-25,7%	46,8%	6,5%	-85,9%	144,2%	43,4%	
Net profit after minorities	126,2%	164,5%	-34,7%	53,0%	4,5%	-86,3%	145,0%	45,3%	
Margins in %									
EBITDA	46,5%	46,5%	46,8%	43,2%	41,4%	43,9%	40,9%	40,8%	
EBIT	86,9%	140,2%	108,7%	126,4%	129,0%	44,9%	62,1%	76,0%	
EBT	58,9%	108,9%	84,0%	122,6%	119,5%	21,4%	46,0%	60,7%	
Expense ratios in %									
Depreciation to sales	-4,0%	-3,9%	-4,7%	-4,0%	-3,9%	-6,3%	-4,6%	-4,4%	
Tax rate	31,2%	5,6%	17,0%	13,5%	15,2%	17,7%	17,4%	16,4%	
Profitability in %									
Profit margin	40,5%	102,8%	69,7%	106,1%	101,4%	17,6%	38,0%	50,8%	
Return on equity (RoE) after tax	13,7%	28,9%	15,5%	20,6%	18,1%	2,1%	4,9%	7,0%	
Return on Assets (RoA)	3,7%	9,0%	5,9%	7,5%	6,8%	0,9%	2,3%	3,2%	
Return on Investment (RoI)	3,7%	9,0%	5,9%	7,5%	6,8%	0,9%	2,3%	3,2%	
Valuation									
P/E-ratio	13,50	5,30	7,99	5,12	4,92	37,25	15,78	10,97	
P/S-ratio	6,09	5,84	6,07	6,04	5,52	7,00	6,15	5,66	
Price/BVpS (PBV)	1,75	1,37	1,15	0,99	0,82	0,80	0,79	0,77	
Dividend yield in %	1,9%	2,5%	2,5%	4,4%	4,4%	2,2%	4,4%	4,4%	
Data per share									
Number of shares (in million)	66,9	66,9	66,9	66,9	66,9	73,6	73,6	73,6	
EPS	1,17	2,98	1,97	3,08	3,21	0,42	1,00	1,44	
DPS	0,30	0,40	0,40	0,70	0,70	0,35	0,70	0,70	
BVPS	9,01	11,49	13,66	15,88	19,34	19,65	19,91	20,62	
FFO I per share	0,52	0,60	0,64	0,92	0,98	0,64	0,84	1,00	

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Rating Chronicle

Company	Date	Rating	Former Price	Former Target
S IMMO	26 August 2020	Buy	€ 14,52	€ 21,00
S IMMO	26 May 2020	Buy	€ 16,72	€ 20,00
S IMMO	12 May 2020	Buy	€ 16,50	€ 20,00
S IMMO	23 March 2020	Buy	€ 14,44	€ 20,00
S IMMO	27 November 2019	Accumulate	€ 22,20	€ 25,00
S IMMO	27 August 2019	Buy	€ 19,46	€ 24,00
S IMMO	27 May 2019	Accumulate	€ 19,98	€ 22,50
S IMMO	04 April 2019	Buy	€ 18,48	€ 21,50
S IMMO	18 March 2019	Buy	€ 17,98	€ 21,00
S IMMO	01 February 2019	Buy	€ 16,84	€ 20,50
S IMMO	27 November 2018	Buy	€ 15,20	€ 20,00

Please note:

The S IMMO AG share price mentioned in this report is the closing price of 23 November 2020. S IMMO mandated SRC Research for covering the S IMMO share.

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