

**Price (Euro)** **22.20**  
52 weeks range 22.80 / 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) 1485.6  
Number of shares (million) 66.9  
Free Float (approx.) 60%  
Free Float MarketCap (Euro million) 891.3  
CAGR (EBITDA '18-21e) 8.6%

Multiples	2018	2019e	2020e	2021e
Market cap/ Revenues-Ratio	7.7	7.9	7.8	7.5
<b>P/E-Ratio</b>	<b>6.8</b>	<b>6.6</b>	<b>9.4</b>	<b>10.8</b>
Dividend Yield	3.2%	3.6%	3.8%	4.1%

**Key Data per Share (Euro)**

	2018	2019e	2020e	2021e
<b>Earnings per Share (EpS)</b>	<b>3.27</b>	<b>3.39</b>	<b>2.35</b>	<b>2.06</b>
Dividends per Share (DpS)	0.70	0.80	0.85	0.90
Book Value per Share (BVpS)	15.88	18.43	19.89	21.01
EPRA NAV per share	21.25	25.60	27.14	29.06
FFO I per share	0.92	1.18	1.32	1.45

**Financial Data (Euro '000)**

	2018	2019e	2020e	2021e
<b>Revenues</b>	<b>204,628</b>	<b>213,909</b>	<b>224,790</b>	<b>228,576</b>
Rental income	115,778	121,445	129,339	132,442
Net revaluation result	167,814	198,475	95,870	71,224
<b>Operating cash profit (EBITDA)</b>	<b>95,280</b>	<b>105,040</b>	<b>115,606</b>	<b>121,964</b>
<b>Operating Profit (EBIT)</b>	<b>255,422</b>	<b>295,195</b>	<b>203,119</b>	<b>184,409</b>
Pre-tax profit (EBT)	248,159	266,718	182,974	161,964
<b>Net profit after minorities</b>	<b>215,877</b>	<b>224,753</b>	<b>155,444</b>	<b>135,898</b>
Shareholders' Equity	1,062,513	1,233,160	1,331,116	1,406,145
RoE after tax	21.8%	19.6%	12.1%	9.9%

**Financial Calendar**

2019 annual report April 2, 2020  
AGM April 24, 2020  
1Q 2020 May 26, 2020

**Main Shareholders**

Immofinanz 29%  
Ronny Pecik and Norbert Ketterer 10%  
Own shares 1%

**Analyst**

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## Very good 9M numbers with +11% in FFO and a doubling of the bottom line – the end of merger talks is also good for the stock – target up from Euro 24.00 to Euro 25.00

Yesterday, S IMMO released the 9M 2019 report and invited for a conference call in the afternoon to explain strategy and numbers.

The 9M numbers have been excellent in all key performance indicators and similar to the excellent half-year numbers published in August. That speaks a clear language for a prudent cycle management to buy and develop or sell the right things at the right time.

The total revenues were up 11%, from Euro 139.6m to Euro 154.5m. The rental income was even up more than 15% from Euro 77m to over Euro 88m. We also welcome the decent 10% hike in the hotel revenues of the first nine months, after they already steeply increased +19% in 2018.

**With regards to the FFO I, the picture was also impressive, with a steep 11% increase from Euro 47.7m to Euro 53.0m. With regards to the P & L, the cash-driven operating EBITDA profit was also up +8% to Euro 68m, after Euro 63m in 9M 2018.** The operating EBIT almost doubled from Euro 103m to Euro 199m as this KPI was supported by a very good revaluation result of Euro 137m (9M 2018: Euro 46m) coming mainly from a very prosperous German market (70%) but also some mark-ups in Austria (10%) and CEE (20%).

With regards to the financing side, the Cost of Funding including the bonds is on a low 2.46% level. S IMMO issued a 7 years Euro 150m bond in May with a low 1.875% coupon and a 10 years Euro 200m bond in October with a low 2.0% coupon.

**With regards to the portfolio size, it rocketed from Euro 2.12bn at year-end 2018 to almost Euro 2.3bn in only 9 months,** due to some transactions, primarily in the German market, for instance B cities like Leipzig, Halle, Kiel and the capital of the German state of Thuringia, Erfurt, where the company managed to acquire over 30 properties in the last 2 years, mainly residential. To sum it up, S IMMO strives for a critical mass in some promising German B cities with a growing population and a positive economic forecast, as the Berlin market shows a steady trend of declining yields which makes it less attractive. Besides Germany, S IMMO also expanded the portfolio in CEE, by buying the 15 storey HOTO office tower in the Croatian capital of Zagreb, with 15k sqm rental space and 249 parking lots in the CBD area, almost fully rented and earnings and value accretive from the beginning.

**Important news came yesterday regarding the merger talks with Immofinanz, which have now been terminated without a result, as the parties did not find an agreement about the concrete details, in particular about a possible exchange ratio. We welcome this news after a quite long term period of rumors about a merger, as this helps both companies to concentrate more on the operational excellence and internal growth options or other M & A related growth opportunities. With the good 9M and the end of merger talks we lift our TP to 25 Euros. As the share gained 14% in the last 3 months we reduce the rating to Accumulate.**

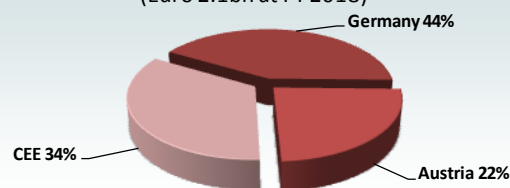
## S IMMO AG Company Profile

<b>Industry:</b>	Real Estate	<b>Management Board:</b>	
<b>Sub-segment:</b>	mixed (71% commercial)	CEO Ernst Vejdovszky	
<b>Country:</b>	Austria	Friedrich Wachernig, MBA	
<b>Headquarter:</b>	Vienna		
<b>Foundation:</b>	1986	<b>Supervisory Board:</b>	
<b>Employees (without Hotels):</b>	108	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 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 more than Euro 2.3bn at June 2019 (+8.5% 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 47% is located in Germany (about Euro 1.1bn). Austria stands for 21% (approx. Euro 0.5bn) while CEE stands for the remaining 32% (Euro 0.7bn) of the total portfolio value of Euro 2.3bn (1H 2019). The current rental yield is still at high 5.5% at 1H 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 came even further up to 95.8% and was almost unchanged at 95.6% at 1H 2019. The company released its 2018 annual report on 3 April and presented the best year in history with a net profit after minorities surpassing the Euro 200m threshold and an FFO I surpassing the Euro 60m threshold. 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 1H 2019 FFO I was again up 13% to Euro 39m.

### Value of portfolio by region

(Euro 2.1bn at FY 2018)



Source: Company data (FY 2018)

In addition to a stable Hold portfolio, the company has just finished or will soon finish 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. 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 1H 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 48.8% in 1H 2019.

Source: Company Data, SRC Research

## P&L Account for S IMMO AG

31/12 IFRS (Euro '000)	2013	2014	2015	2016	2017	2018	2019e	2020e	2021e	CAGR '18 - '21e
<b>Revenues</b>	<b>193,735</b>	<b>188,491</b>	<b>190,697</b>	<b>198,754</b>	<b>191,421</b>	<b>204,628</b>	<b>213,909</b>	<b>224,790</b>	<b>228,576</b>	<b>3.8%</b>
└ thereof rental income	116,707	111,845	111,686	118,174	112,020	115,778	121,445	129,339	132,442	
└ thereof revenues from service charges	36,827	34,542	33,465	37,657	33,435	33,379	35,547	37,680	39,114	
└ thereof revenues from hotel operations	40,201	42,104	45,546	42,923	45,966	55,471	56,917	57,771	57,020	
Other operating income	6,186	4,700	3,534	3,405	2,866	1,948	2,845	2,902	2,752	
Expenses directly attributable to properties	-60,603	-55,841	-55,841	-64,152	-59,877	-53,410	-62,223	-63,778	-59,785	
<i>Gross margin property segment</i>	60.5%	61.9%	61.5%	58.8%	58.8%	64.2%	60.4%	61.8%	65.2%	
Hotel operating expenses	-29,747	-31,344	-33,164	-32,037	-36,232	-38,023	-38,587	-38,888	-39,001	
<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>17,448</b>	<b>18,330</b>	<b>18,883</b>	<b>18,019</b>	
<i>Gross margin within hotel segment</i>	26.0%	25.6%	27.2%	25.4%	21.2%	31.5%	32.2%	32.7%	31.6%	
<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>115,143</b>	<b>115,944</b>	<b>125,025</b>	<b>132,542</b>	<b>4.8%</b>
<i>Total Gross margin</i>	56.6%	56.2%	55.2%	53.3%	51.3%	56.3%	54.2%	55.6%	58.0%	
<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>113,195</b>	<b>113,099</b>	<b>122,123</b>	<b>129,790</b>	<b>4.7%</b>
<i>NOI-margin</i>	53.4%	53.7%	53.3%	51.6%	49.8%	55.3%	52.9%	54.3%	56.8%	
<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>0</b>	<b>9,685</b>	<b>11,400</b>	<b>10,550</b>	
Management expenses	-15,078	-16,050	-16,483	-18,635	-18,963	-19,863	-20,589	-20,820	-21,128	
└ thereof personnel expenses	-5,730	-6,019	-7,665	-8,916	-8,796	-10,601	-11,240	-11,344	-11,744	
<b>EBITDA</b>	<b>100,907</b>	<b>90,136</b>	<b>88,748</b>	<b>92,468</b>	<b>89,556</b>	<b>95,280</b>	<b>105,040</b>	<b>115,606</b>	<b>121,964</b>	<b>8.6%</b>
<i>EBITDA-margin</i>	52.1%	47.8%	46.5%	46.5%	46.8%	46.6%	49.1%	51.4%	53.4%	
Depreciation	-11,992	-7,635	-7,695	-7,823	-8,999	-7,672	-8,320	-8,357	-8,779	
Property Revaluation	6,879	56,552	84,645	194,035	127,592	167,814	198,475	95,870	71,224	
<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>255,422</b>	<b>295,195</b>	<b>203,119</b>	<b>184,409</b>	<b>-10.3%</b>
<i>EBIT-margin</i>	49.4%	73.8%	86.9%	140.2%	108.7%	124.8%	138.0%	90.4%	80.7%	
<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>87,608</b>	<b>96,720</b>	<b>107,249</b>	<b>113,185</b>	<b>8.9%</b>
Net financial result	-53,901	-71,737	-48,892	-55,297	-41,437	-7,263	-28,477	-20,145	-22,445	
Participating certificates expenses (hybrid capital)	-9,286	-7,485	-4,553	-6,912	-5,964	0	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>248,159</b>	<b>266,718</b>	<b>182,974</b>	<b>161,964</b>	<b>-13.3%</b>
<i>EBT margin</i>	16.8%	31.7%	58.9%	108.9%	84.0%	121.3%	124.7%	81.4%	70.9%	
Income tax expense	-4,553	-25,682	-35,004	-12,148	-27,278	-31,822	-41,554	-27,244	-25,744	
<i>Tax rate</i>	14.0%	42.9%	31.2%	5.6%	17.0%	12.8%	15.6%	14.9%	15.9%	
<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>216,337</b>	<b>225,164</b>	<b>155,730</b>	<b>136,220</b>	<b>-14.3%</b>
Minorities	-745	-2,824	960	-5,864	-3,379	-460	-411	-286	-322	
<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>215,877</b>	<b>224,753</b>	<b>155,444</b>	<b>135,898</b>	<b>-14.3%</b>
<i>Return on sales</i>	14.1%	16.6%	41.0%	99.9%	68.0%	105.5%	105.1%	69.2%		
Number of shares (in million)	66.9	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>3.27</b>	<b>3.39</b>	<b>2.35</b>	<b>2.06</b>	<b>-14.2%</b>
Dividends per Share (DPS) in Euro	0.20	0.24	0.30	0.40	0.40	0.70	0.80	0.85	0.90	
Book Value per Share (BVPS) in Euro	10.99	8.06	9.01	11.49	13.66	15.88	18.43	19.89	21.01	
<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>2,720,134</b>	<b>2,842,540</b>	<b>2,906,497</b>	<b>3,016,944</b>	<b>3.5%</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>1,062,513</b>	<b>1,233,160</b>	<b>1,331,116</b>	<b>1,406,145</b>	<b>9.8%</b>
Shareholders' equity incl. participating certificates	735,710	634,876	659,148	819,120	971,052	1,062,513	1,233,160	1,331,116	1,406,145	
Equity ratio without minorities with hybrid capital	39%	34%	32%	36%	43%	39%	43%	46%	47%	
Return on Equity (RoE)	5.6%	6.0%	13.7%	28.9%	15.5%	21.8%	19.6%	12.1%	9.9%	

## SRC Research

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## Rating Chronicle

Company	Date	Rating	Former Price	Former Target
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
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

## Please note:

The S IMMO AG share price mentioned in this report is the closing price of 26 November 2019. S IMMO mandated SRC Research for covering the S IMMO share.

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