

CA Immo Accumulate

(unchanged) Target: Euro 33.00 (unchanged)



Der Spezialist für Finanzaktien

22 | May | 2024

A good start into the new year, +4% rental income, FFO +12%, stable balance with rising equity ratio, new big rental contract in Budapest might help to sell Hungary portfolio – still 33 Euro

Price (Euro) **29,00**
52 weeks range 33.05 / 24.15

Key Data

ISIN AT0000641352
Reuters CAIV.VI
Bloomberg CAI AV
Reporting standard IFRS
Market Cap (Euro million) 2.834
Number of shares (million) 97,7
Free Float 32%
Free Float Market Cap (Euro million) 907
CAGR EBITDA cash profit ('23 - '26e) -18,0%

Multiples	2023	2024e	2025e	2026e
Market Cap/ Total revenues	6,1	7,9	8,6	8,8
PE-Ratio	-12,1	34,6	31,7	35,8
Dividend Yield	11,6%	2,8%	2,8%	2,8%
Price-to-Book-Ratio	1,05	1,02	1,00	0,96
P/ NAV-ratio	0,86	0,82	0,79	0,76

Key Data per share (Euro)	2023	2024e	2025e	2026e
Earnings per share (EPS)	-2,40	0,84	0,91	0,81
Dividend per share (DPS)	3,36	0,80	0,80	0,80
Book Value per Share (BVPS)	27,72	28,30	29,01	30,20
EPRA NTA per share	33,78	35,35	36,85	38,10

Financial Data (Euro '000)	2023	2024e	2025e	2026e
Total revenues incl net disposal gains	468.116	356.563	331.137	321.039
Rental income	231.442	226.813	230.215	244.028
Admin expenses	-53.155	-48.452	-48.772	-49.302
EBITDA profit (cash-driven)	322.111	218.760	192.308	177.814
Net result from revaluations	-532.004	-16.949	29.249	33.247
Operating profit (EBIT)	-217.608	199.870	219.317	208.561
Net financial result	-81.051	-85.454	-95.012	-100.354
Pre-tax profit (EBT)	-298.659	114.416	124.305	108.207
Taxation	62.774	-32.550	-34.958	-29.020
Net profit after minorities	-235.868	81.851	89.329	79.167
Shareholders' equity (Euro million)	2.725	2.765	2.835	2.951
Property assets let (Euro million)	4.754	4.806	4.926	5.237
Property assets under development	344	344	344	154
RoE (pre-tax)	-11,0%	4,1%	4,4%	3,7%
RoE (after tax)	-7,8%	3,0%	3,2%	2,7%
Equity ratio	43,8%	43,2%	43,9%	43,8%

Main Shareholders

Starwood 60%
Own shares 8%

Financial calendar

1H 2024 28 August 2024
9M 2024 27 November 2024

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Yesterday evening, CA Immo published the 1Q 2024 report with pleasing numbers for rental income, letting performance, FFO and balance sheet in a still challenging economic environment and a very sluggish transaction market, in particular for office assets.

The rental income was up almost 4%, from Euro 62m to Euro 64m, the same +4% with the net rental income rising to more than Euro 48m. The cash-driven EBITDA result was flattered last year by the result from some successful trading activities, clearly above book values. Thus, with just relatively smaller transactions this year in the initial quarter, the EBITDA was down from Euro 56.5m to now Euro 37.0m. The occupancy level remained very stable at 88.3% (Dec. 2023: 88.8%). **The superior asset quality was also underlined by a good letting performance, which increased from 29k sqm in 1Q 2023 to more than 36k sqm in 1Q 2024 (+26%).** But due to a higher reluctance of potential new tenants to sign for new office space, the structure changed a bit towards prolongations. Last year 50% came from new leasing contracts, but this year it was only 37%, mainly from new leases in Warsaw and Viena, which stood for 9k sqm out of the 13k sqm. It is worth to mention, that all signed rental contracts (new contracts and prolongations) were about 5% above the expected rental value (ERV) and 28 rental contracts were signed with a start date in the coming months, that tackle about 23% of the current vacancy. These are good news for the following cash flow results and underline the great portfolio resilience in challenging times.

The 1Q FFO I was at a very good level of almost Euro 27m, after Euro 24m in the previous year, this a remarkable +12% hike. The balance sheet looks very healthy and KPIs could be improved a bit, as equity ratio was up from 43.8% at year-end 2023 to 45.3% at the end of March and net LTV was down from 36.6% in December to 36.3% in March.

The company did a good job the last years in terms of capital rotation to sell assets, that are outdated or sub-standard quality or have the wrong asset class for their strategy like hotels or have the wrong location. For instance, the company decided in June 2023 that Hungary is not a strategic core market anymore, which implies a sale of the almost Euro 400m portfolio. With the prolongation and expansion of a prominent rental agreement for 20k sqm in a Budapest office in mid of May with an international bank for another 5 years, we see a rising likelihood for a good deal news flow coming here in the remaining three quarters of this year.

With a good operating picture, a sound balance sheet situation and an EPRA NTA per share more or less unchanged at Euro 33.71 (Dec. 2023: Euro 33.78), we leave our target price unchanged at Euro 33.00. We also confirm our Accumulate rating for the CA Immo stock.

CA Immobilien Anlagen AG

Industry: Real Estate
Sub-segment: Office/ Commercial
Country: Austria
Headquarter: Vienna
Foundation: 1990
Employees (year-end 2023): 348

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

Supervisory Board of CA Immo
Torsten Hollstein (Chairman)
David Smith (First Deputy Chairman)
Jeffrey G. Dishner (Second Deputy Chairman)
Sarah Broughton
Georg Edinger
Sebastian Obermair

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 2023 a gross asset value of approx. Euro 5.2bn allocated in Germany (66%, mainly Berlin, Frankfurt, Munich and Dusseldorf), Austria (7%, mainly Vienna) and CEE (27%, mainly Warsaw, Budapest and Prague). Serbia is almost fully sold now, in the course of the capital rotation program, the Hungary assets (approx. Euro 400m) might be fully or partly sold during 2024, as Hungary is no longer a core market since June 2023.

In the last years CA Immo further sharpened its specialist profile for superior, green and very modern office properties in top locations, especially by disposing some non-strategic assets like logistics assets or assets which do not belong to the core regions of activity or are aged and contain a higher capex demand for the future years. By doing this, CA Immo rebalanced the group's portfolio picture towards office and towards the more stable economies of Germany and Austria. CA Immo strives to bring the share of Germany and Austria to over 80%. In the course of capital rotation the company already 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. The exit from Romania (an approx. Euro 400m portfolio with Euro 30m annual rent) was signed in November 2022 and most properties of Serbia followed in 2023, and the rest might follow in 2024. As Hungary is no longer a core market, these assets might also be sold quite soon, -de-risking CA Immo's overall portfolio, but also bringing down the short term FFO numbers. On the other hand, the 2024 P & L will profit from the full year contribution of recently completed Berlin Hochhaus am Europaplatz with an annual rent of about Euro 12m.

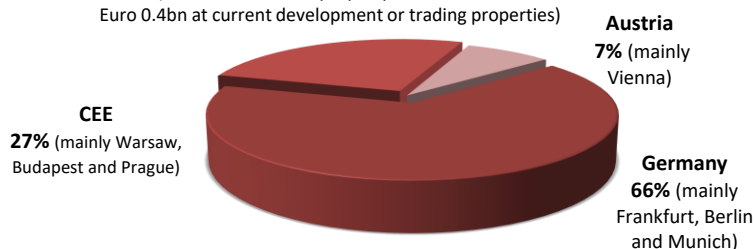
The company is strongly geared to a Net Zero vision, that means sustainable office space for the generations to come. CA Immo stands for a remarkable reduction of energy intensity in property operations by about 15% until 2025. Between 2019 and 2022 there was already a reduction of carbon emissions of about 18%. CA Immo is geared to steadily improve their ESG ratings and give highest priority in top level management to ESG criteria. The company improved the ISS ESG rating from C- in 2020 and 2021 to now C (Prime) in 2022 and also in 2023.

Another highlight of the last years was the significant reduction of the financing costs or at least keeping them stable at very low levels. 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% and remained there in 2021. The 2002 cost of debt was only little higher at 1.71%. A big step of 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%). That was in a retrospective view a very good timing. A second Euro 350m green bond also came in 2020 with a 5 years duration until October 2025 and a low 1.0% coupon. This both landmark issues helped a lot in challenging COVID-19 pandemic years and in the aftermath of strongly rising inflation and shaky economic times after the outbreak of the Russian aggression against Ukraine. The cost of debt of 2.02% for 2023 was also very moderate, given the new interest rate environment. After the repayment of the Euro 175m bond in Feb. 2024, there is no big maturity before the Euro 350m Green Bond in Oct. 2025.

Besides the quite comfortable debt maturity profile until October 2025 the rock solid balance with an equity ratio of almost 44% at year-end 2023 (47% in 2022), a net LTV of still very low 36.6% (after 32.5% in 2022) and liquid funds of still Euro 739m after the Euro 175m bond repayment in February 2024 are good arguments for the stock. CAI is listed on Vienna Stock Exchange since 1988 and member of ATX Blue Chip index and clearly bet the ATX performance in most previous years. The high RoE generation is an important argument, as it was +10% per year in average of the last five years (2017 - 2022). With a good 2023 FFO I result of approx. 114m clearly above the guided Euro 105m, the AGM on 2 May 2024 decided for a 80 Cents payment for each dividend on 13 May.

Euro 5.2bn property portfolio at the year-end 2023

(thereof Euro 4.8bn property assets let and
Euro 0.4bn at current development or trading properties)



Source: Company Data, SRC Research

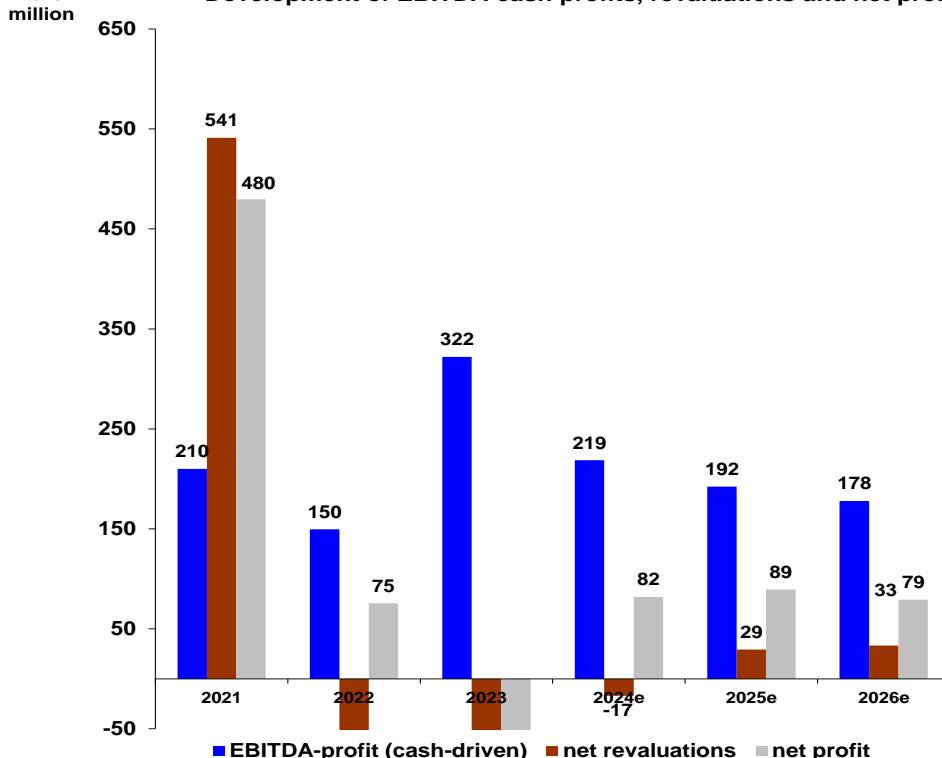
CA Immobilien Anlagen AG

31/12 IFRS ('000)

	2020	2021	2022	2023	2024e	2025e	2026e	CAGR '23 - '26e
Rental income	235.609,0	229.111,0	213.753,0	231.442,0	226.813,2	230.215,4	244.028,3	1,8%
Proceeds from property sale (Trading Portfolio)	43.335,0	8.233,0	9.337,0	131.202,0	254.004,0	15.449,0	8.500,0	
Expenses from property disposal (Trading Portfolio)	-35.387,0	-1.558,0	-1.666,0	-20.465,0	-211.452,0	-11.454,0	-7.450,0	
Subtotal Trading Portfolio	7.948,0	6.675,0	7.671,0	110.737,0	42.552,0	3.995,0	1.050,0	
sale margin (Trading Portfolio)	18,3%	81,1%	82,2%	84,4%	16,8%	25,9%	12,4%	
Proceeds from property sale (Hold Portfolio)	200.076,0	168.302,0	133.229,0	377.351,0	80.778,0	81.620,0	95.454,0	
Expenses from property disposal (Hold Portfolio)	-156.146,0	-115.642,0	-129.153,0	-308.856,0	-51.905,0	-45.721,0	-85.447,0	
Result from property sales (Hold Portfolio)	43.930,0	52.660,0	4.076,0	68.495,0	28.873,0	35.899,0	10.007,0	
sale margin (Hold Portfolio)	22,0%	31,3%	3,1%	18,2%	35,7%	44,0%	10,5%	
Operating costs passed on to tenants	53.260,0	51.053,0	50.436,0	54.648,0	55.120,0	56.774,0	61.442,0	
Revenues from construction	0,0	0,0	0,0	0,0	0,0	0,0	0,0	
Income from services	8.166,0	8.137,0	5.228,0	2.794,0	3.205,0	4.254,0	4.512,0	
Total revenues including the net gains from disposals	348.913,0	347.636,0	281.164,0	468.116,0	356.563,2	331.137,4	321.039,3	-11,8%
Operating expenses	-57.738,0	-57.600,0	-58.982,0	-65.391,0	-61.511,0	-63.142,0	-65.110,0	
Other expenses directly related to Hold-Portfolio	-21.466,0	-23.102,0	-24.459,0	-27.939,0	-28.441,0	-27.585,0	-29.553,0	
Expenses for construction	-2.154,0	-1.854,0	-1.885,0	-1.155,0	-1.500,0	-1.530,0	-1.560,0	
Admin expenses	-73.176,0	-58.222,0	-47.451,0	-53.155,0	-48.452,0	-48.772,0	-49.302,0	
Own works capitalised	0,0	0,0	0,0	0,0	0,0	0,0	0,0	
Other operating income	1.204,0	3.235,0	1.152,0	1.635,0	2.101,0	2.200,0	2.300,0	
EBITDA-profit (cash-driven operating profit)	195.584,0	210.093,0	149.539,0	322.111,0	218.760,2	192.308,4	177.814,3	-18,0%
Gains from Fair Value Adjustments (IAS 40)	352.110,0	602.360,0	183.119,0	13.351,0	34.501,0	55.450,0	65.487,0	
Losses from Fair Value Adjustments (IAS 40)	-168.611,0	-61.213,0	-277.189,0	-545.355,0	-51.450,0	-26.201,0	-32.240,0	
Net result from Revaluations (IAS 40)	183.499,0	541.147,0	-94.070,0	-532.004,0	-16.949,0	29.249,0	33.247,0	
Depreciation and amortisation of long-term assets	-4.662,0	-4.939,0	-5.588,0	-5.831,0	-5.512,0	-5.785,0	-6.120,0	
Depreciation of properties of Trading-Portfolio	-871,0	-354,0	-1.975,0	-1.112,0	-411,0	-450,0	-480,0	
Result from investments in joint ventures	1.898,0	3.618,0	26.475,0	-772,0	3.982,0	3.995,0	4.100,0	
Operating Profit (EBIT)	375.448,0	749.565,0	74.381,0	-217.608,0	199.870,2	219.317,4	208.561,3	
Net financial result	-27.154,0	-74.389,0	43.454,0	-81.051,0	-85.454,0	-95.012,0	-100.354,0	
Pre-tax profit (EBT)	348.295,0	675.176,0	117.835,0	-298.659,0	114.416,2	124.305,4	108.207,3	
taxes on income	-94.341,0	-195.375,0	-36.911,0	62.774,0	-32.550,0	-34.958,0	-29.020,0	
tax-rate	27,1%	28,9%	31,3%	21,0%	28,4%	28,1%	26,8%	
minorities	-5,0	-26,0	2,0	17,0	-15,0	-18,0	-20,0	
result from discontinued operations	0,0	0,0	-5.449,0	-11.404,0	0,0	0,0	0,0	
Net Profit after minorities	253.948,0	479.775,0	75.477,0	-235.868,0	81.851,2	89.329,4	79.167,3	
number of shares without own shares ('000)	93.028,3	99.636,0	99.636,0	98.270,8	97.716,4	97.716,4	97.716,4	
Earnings per share (Euro)	2,73	4,82	0,76	-2,40	0,84	0,91	0,81	
Dividends per share (Euro)	1,00	3,50	3,50	3,36	0,80	0,80	0,80	
Book Value per share (Euro)	33,63	33,03	33,71	27,72	28,30	29,01	30,20	2,9%
EPRA NTA per share (Euro)	40,09	40,05	40,31	33,78	35,35	36,85	38,10	4,1%

Key Data

Shareholders' Equity	3.128.218,0	3.291.038,0	3.358.523,0	2.724.556,0	2.765.424,3	2.834.559,9	2.950.776,9	2,7%
Property assets let (only fully owned from 2014 on)	4.736.000	4.995.500	4.978.700	4.753.900	4.806.193	4.926.348	5.236.708	
thereof Germany ('000)	2.271,4	2.503,4	3.086,2	3.137,6	3.460,5	3.694,8	4.084,6	
thereof Austria ('000)	524,7	496,5	377,1	332,8	336,4	344,8	366,6	
thereof CEE and SEE ('000)	1.939,9	1.995,6	1.515,4	1.283,6	1.009,3	886,7	785,5	
Gross yield property assets let	5,2%	4,6%	4,6%	5,2%	5,4%	5,5%	5,4%	
Vacancy rate property assets let	5,2%	11,1%	10,1%	11,2%	11,5%	12,0%	10,1%	
Property assets under current construction	701.600	1.097.100	596.632	344.100	344.100	344.100	154.452	-23,4%
RoE (pre-tax)	11,1%	20,5%	3,5%	-11,0%	4,1%	4,4%	3,7%	
RoE (after tax)	8,3%	14,9%	2,3%	-7,8%	3,0%	3,2%	2,7%	
Total balance sheet sum	6.820.289,0	7.114.445,0	7.170.568,0	6.221.820,0	6.396.031,0	6.459.991,3	6.744.230,9	2,7%
Equity ratio	45,9%	46,3%	46,8%	43,8%	43,2%	43,9%	43,8%	

Development of EBITDA-cash profits, revaluations and net profits

SRC Research

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Rating Chronicle	Date	Rating	former share price	former target
CA Immo	March 25, 2024	Accumulate	31,70 €	33,00 €
CA Immo	February 13, 2024	Buy	29,85 €	33,00 €
CA Immo	November 30, 2023	Buy	29,80 €	36,00 €
CA Immo	August 24, 2023	Buy	29,95 €	36,00 €
CA Immo	May 25, 2023	Buy	24,60 €	36,00 €
CA Immo	March 24, 2023	Buy	24,55 €	36,00 €
CA Immo	November 24, 2022	Buy	32,40 €	40,00 €
CA Immo	August 25, 2022	Buy	31,95 €	42,00 €
CA Immo	May 25, 2022	Buy	29,25 €	42,00 €
CA Immo	March 25, 2022	Buy	28,15 €	42,00 €
CA Immo	February 7, 2022	Buy	31,65 €	42,00 €

Please note:

The CA Immo share price mentioned in this report is from 21 May 2024. CA Immo mandated SRC Research for covering the CA Immo share.

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