



Steep hike in 2023 cash earnings, FFO I up +54%, EBITDA +34%, EPRA NTA quite stable at 25 Euros, as portfolio shift towards CEE makes good progress, we lift target price to Euro 20.00, still Buy

On 25 March S IMMO released the annual 2023 report and unveiled a steep hike in group's cash revenues, coming from a higher yielding portfolio which was more and more shifted away from Germany and into CEE and Austrian assets over the last 18 months. Rental revenues, which already increased +19% in 2022, accelerated their momentum and delivered a +30% growth, from Euro 156m to almost Euro 203m. The same good picture was at hotel operations, where S IMMO managed an impressive recovery after the adverse Corona years. Hotel revenues more than doubled in only 2 years. From low Euro 31m in 2021 it more than doubled to Euro 70m in 2023. The gross profit from hotel operations also indicated a margin improvement. After Euro 7.5m in 2021 it jumped +130% to Euro 17.3m in 2023, bringing a much more significant contribution to S IMMO's cash earnings.

The swift portfolio shift and the much better situation of hotel business translated into a steep 34% hike in cash-driven EBITDA to a new record level of approx. Euro 143m, after Euro 106m in 2022. The challenging market climate with rising overall yields took its toll with a negative valuation result of Euro -109m (2022: Euro -78m). On the financing side, the 2022 financial result was flattered by high Euro 55m non-cash interest derivatives and came in at a positive Euro 17m, whereas the 2023 net financial result was burdened by non-cash interest derivatives and some F/X effects by about Euro -34m, and came in at Euro -70m. With the adverse valuation and the mentioned effects in the financial result, the EBT swung from Euro 35m in 2022 to Euro -46m in 2023. The bottom line dropped also into red, as net profit after minorities decreased from Euro 27m to Euro -32m.

For 2024 we expect the company to successfully continue the streamlining of the entire portfolio, which means to more or less fully exit the low yielding German market, where the firm already has done a lot of trading, as the residential portfolio of S IMMO shrunk from Euro 0.8bn at year-end 2022 to now only Euro 0.2bn, which was mainly Germany. To sell the remaining German portfolio means about Euro 200m in residential and well as about Euro 250m in several commercial properties, mostly small and middle-sized office properties with a limited upside potential. Another focus of exit is for the markets in Croatia and Slovakia, which are too small and stand for only Euro 26m of yearly revenues and Euro 220m portfolio size. In this context, S IMMO already announced on 21 March the sale of Zagreb Tower. With the financial scope deriving from significant sales in Germany, Croatia and Slovakia, S IMMO bought the Vienna Twin Towers with a yearly rental income of Euro 13m and also several Czech and Hungarian properties. The full acquisition volume of Euro 925m was above the sales of Euro 682m. Czech Republic which is a core-market since 3Q 2023 has now a 20% stake, from only 2% before. The Czech stake might further grow as a non-binding LOI was signed in February for a Euro 500m package of several Czech office and retail assets with an annual rent of Euro 28m. The portfolio shift was very quick and will be continued in 2024. With higher yields the FFO jumped +54% from Euro 65m to Euro 100m. We keep the Buy rating and lift TP from € 18.00 to € 20.00 for the higher cash generation, supported by a stable EPRA NTA per share of € 25.00 (2022: € 26.09).

Price (Euro)	17,50			
52 weeks range	17.68 / 11.04			
Key Data				
Country	Austria			
Industry	Real Estate			
Market Segment	Prime Market			
ISIN	AT0000652250			
WKN	902388			
Symbol	TIL			
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)	1288,2			
Number of shares (million)	73,6			
Free Float (approx.)	11,6%			
Free Float MarketCap (Euro million)	149,4			
CAGR (EBITDA '22-25e)	18,4%			
Multiples	2023	2024e	2025e	2026e
Market cap/ Revenues-Ratio	6,6	6,8	6,8	6,5
P/E-Ratio	-38,3	17,5	12,2	11,3
Dividend Yield	0,0%	0,0%	0,0%	0,0%
Key Data per Share (Euro)	2023	2024e	2025e	2026e
Earnings per Share (EpS)	-0,46	1,00	1,43	1,55
Dividends per Share (DpS)	0,00	0,00	0,00	0,00
Book Value per Share (BVpS)	22,39	23,40	24,83	26,38
EPRA NTA per share	25,00	26,00	26,85	28,04
FFO I per share	1,41	1,73	2,11	2,51
Financial Data (Euro '000)	2023	2024e	2025e	2026e
Revenues	336.461	353.751	367.129	380.668
Rental income	202.646	208.954	215.440	224.896
Net revaluation result	-109.343	-5.002	15.237	16.840
Operating cash profit (EBITDA)	142.634	168.470	175.858	184.212
Operating Profit (EBIT)	24.086	154.083	181.508	190.932
Pre-tax profit (EBT)	-46.355	93.633	133.398	146.361
Net profit after minorities	-32.195	73.731	105.402	114.196
Shareholders' Equity	1.648.388	1.722.119	1.827.521	1.941.717
RoE after tax	-1,9%	4,4%	5,9%	6,1%
Financial Calendar				
AGM		3. May 2024		
1Q 2024		27 May 2024		
1H 2024		28 August 2024		
9M 2024		28 November 2024		
Main Shareholders				
CPI Property Group SA		88,4%		
Analyst	Dipl.-Kfm. Stefan Scharff, CREA			
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S IMMO AG Company Profile

Industry:	Real Estate	Management Board:
Sub-segment:	mixed (67% commercial)	Radka Doehring
Country:	Austria	Tomas Salajka
Headquarter:	Vienna	
Foundation:	1986	
Employees (without Hotels):	100	
		Supervisory Board:
		Martin Matula
		Vladislav Jirka (First Deputy Chairman)
		Matej Csenky (Second Deputy Chairman)
IR Contact		Andreas Feuerstein
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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 that also contained some opportunistic sales, a real estate portfolio that comprises more than 240 properties, a lettable space of about 1,400k sqm amounting to a value of almost Euro 3.5bn at December 2023 (+6% compared to year-end 2022). With CPI taking the steering wheel in 2022, the company swiftly shifted away from low yielding German residential properties (and also several German commercial assets) and more into office in CEE and Austria, with a focus on high ESG and energy efficiency standards. The residential stake of the portfolio, which was above 30% in former years shrunk to only 6% now. Office assets which were mostly between 40% and 45% in former years, were up to 67% now. Retail assets were also up from 13% to 17% in former years to now almost 20%. The geographical focus also strongly shifted. CEE was mostly between 32% to 35% in former years and was now at more than 62% at year-end 2023, with a rising tendency as more German assets will be sold and there are new acquisitions in pipeline in Eastern Europe. The lion's share of the Eastern portfolio is split between Czech Republic, Hungary and Romania. In particular, the firm strives to become a major player on the Czech market, which was underlined in 2023 with several significant acquisition deals. A minor part of the portfolio comes from Slovakia and Croatia (about 6% from the total portfolio), but that should diminish soon, as both countries are on the exit list, and S IMMO recently already announced the sale of the Zagreb Tower.

S IMMO released the 2023 annual report on 25 March 2024 and presented again a record EBITDA result of Euro 143m, after breaking the Euro 100m threshold in 2022 with Euro 106m. FFO result was also good with a +54% hike, from Euro 65m to almost 100m. Balance sheet is still solid with an equity ratio, that was a bit down after the portfolio growth, from 47% to 41%. Cost of funding incl. hedging was always at 2.3% or even below in the last years. With the general interest upswing it went up slightly to 2.44% in 2023. The debt maturity profile is undemanding for 2024 and 2025. In May 2026 there is a Euro 150m bond due, with a low 1.875% coupon. On the financing side it is worth to mention that S IMMO could utilize a favorable window in the challenging bond markets to issue a Euro 75m Green Bond in July 2023 for 5 years with a 5.5% coupon.

Country	Book value portfolio (EUR m)	Total revenues (EUR m)	Gross leasable area (m ²) ¹
Austria	766.6	75.0	258,947
Germany	547.3	48.9	301,688
Hungary	708.9	105.8	310,280
Romania	521.5	63.5	214,486
Czech Republic	705.2	16.9	211,616
Slovakia	153.1	15.5	90,000
Croatia	75.0	11.0	41,662
Total	3,477.6	336.5	1,428,679

Source: Company Data, SRC Research

P&L Account for S IMMO AG

31/12 IFRS (Euro '000)	2020	2021	2022	2023	2024e	2025e	2026e	CAGR '22 - '25e
Revenues	173.915	196.856	260.493	336.461	353.751	367.129	380.668	12,1%
└ thereof rental income	123.255	131.294	155.705	202.646	208.954	215.440	224.896	
└ thereof revenues from service charges	32.871	34.359	48.405	63.792	71.543	75.242	78.952	
└ thereof revenues from hotel operations	17.789	31.203	56.383	70.023	73.254	76.447	76.820	
Other operating income	2.501	3.175	2.227	4.210	3.120	3.200	3.450	
Expenses directly attributable to properties	-66.760	-66.795	-79.511	-108.675	-99.790	-103.220	-106.987	
<i>Gross margin property segment</i>	<i>57,2%</i>	<i>59,7%</i>	<i>61,0%</i>	<i>59,2%</i>	<i>64,4%</i>	<i>64,5%</i>	<i>64,8%</i>	
Hotel operating expenses	-18.126	-23.702	-43.010	-52.744	-54.609	-56.726	-56.741	
Gross operating profit hotels (GOP)	-337	7.501	13.373	17.279	18.645	19.721	20.079	
<i>Gross margin within hotel segment</i>	<i>-1,9%</i>	<i>24,0%</i>	<i>23,7%</i>	<i>24,7%</i>	<i>25,5%</i>	<i>25,8%</i>	<i>26,1%</i>	
Gross profit (revenues less directly attributable expenses)	91.530	109.534	140.199	179.252	202.472	210.383	220.390	14,5%
<i>Total Gross margin</i>	<i>52,6%</i>	<i>55,6%</i>	<i>53,8%</i>	<i>53,3%</i>	<i>57,2%</i>	<i>57,3%</i>	<i>57,9%</i>	
Net operating income (NOI)	89.029	106.359	137.972	175.042	199.352	207.183	216.940	14,5%
<i>NOI-margin</i>	<i>51,2%</i>	<i>54,0%</i>	<i>53,0%</i>	<i>52,0%</i>	<i>56,4%</i>	<i>56,4%</i>	<i>57,0%</i>	
Net Gains on property disposal	0	0	0	0	0	0	0	
Management expenses	-20.398	-28.237	-34.141	-36.618	-34.002	-34.525	-36.178	
└ thereof personnel expenses	-12.272	-14.608	-19.009	-17.882	-18.744	-19.188	-19.489	
EBITDA	71.132	81.297	106.058	142.634	168.470	175.858	184.212	18,4%
<i>EBITDA-margin</i>	<i>40,9%</i>	<i>41,3%</i>	<i>40,7%</i>	<i>42,4%</i>	<i>47,6%</i>	<i>47,9%</i>	<i>48,4%</i>	
Depreciation	-9.232	-9.646	-9.682	-9.205	-9.385	-9.587	-10.120	
Property Revaluation	39.056	198.686	-78.397	-109.343	-5.002	15.237	16.840	
Operating profit (EBIT)	100.956	270.337	17.979	24.086	154.083	181.508	190.932	116,1%
<i>EBIT-margin</i>	<i>58,0%</i>	<i>137,3%</i>	<i>6,9%</i>	<i>7,2%</i>	<i>43,6%</i>	<i>49,4%</i>	<i>50,2%</i>	
EBIT-profit without revaluation result	61.900	71.651	96.376	133.429	159.085	166.271	174.092	19,9%
Net financial result	-29.370	705	16.855	-70.441	-60.450	-48.110	-44.571	
Participating certificates expenses (hybrid capital)	0	0	0	0	0	0	0	
Earnings before tax (EBT)	71.586	271.042	34.834	-46.355	93.633	133.398	146.361	56,5%
<i>EBT margin</i>	<i>41,2%</i>	<i>137,7%</i>	<i>13,4%</i>	<i>-13,8%</i>	<i>26,5%</i>	<i>36,3%</i>	<i>38,4%</i>	
Income tax expense	-14.674	-40.484	-15.907	4.956	-18.547	-25.452	-28.366	
<i>Tax rate</i>	<i>20,5%</i>	<i>14,9%</i>	<i>45,7%</i>	<i>10,7%</i>	<i>19,8%</i>	<i>19,1%</i>	<i>19,4%</i>	
Net profit	56.912	230.558	18.927	-41.399	75.086	107.946	117.995	
Minorities	-375	-1.037	8.277	9.204	-1.355	-2.544	-3.799	
Net profit after minorities	56.537	229.521	27.204	-32.195	73.731	105.402	114.196	57,1%
<i>Return on sales</i>	<i>32,5%</i>	<i>116,6%</i>	<i>10,4%</i>	<i>-9,6%</i>	<i>20,8%</i>	<i>28,7%</i>	<i>30,0%</i>	
Number of shares (in million)	73,6	73,6	73,6	73,6	73,6	73,6	73,6	
Earnings per Share (EPS) in Euro	0,79	3,24	0,45	-0,46	1,00	1,43	1,55	47,1%
Dividends per Share (DPS) in Euro	0,50	0,65	0,00	0,00	0,00	0,00	0,00	
Book Value per Share (BVPS) in Euro	18,31	20,75	23,06	22,39	23,40	24,83	26,38	
Total assets	3.122.610	3.688.121	3.774.361	4.179.875	4.681.460	4.868.718	5.248.478	8,9%
Shareholders' equity (after dividend payment)	1.347.524	1.527.194	1.697.228	1.648.388	1.722.119	1.827.521	1.941.717	2,5%
Shareholders' equity incl. participating certificates	1.347.524	1.527.194	1.697.228	1.648.388	1.722.119	1.827.521	1.941.717	
Equity ratio without minorities with hybrid capital	43%	41%	45%	39%	37%	38%	37%	
Return on Equity (RoE)	4,3%	16,0%	1,7%	-1,9%	4,4%	5,9%	6,1%	
Key ratios & figures	2020	2021	2022	2023e	2024e	2025e	2026e	
Growth rates in %								
Revenues	-17,4%	13,2%	32,3%	29,2%	5,1%	3,8%	3,7%	
EBITDA	-18,3%	14,3%	30,5%	34,5%	18,1%	4,4%	4,8%	
EBIT	-62,8%	167,8%	-93,3%	34,0%	539,7%	17,8%	5,2%	
EBT	-71,5%	278,6%	-87,1%	-233,1%	-302,0%	42,5%	9,7%	
Net profit after minorities	-73,3%	305,1%	-91,8%	-318,7%	-281,4%	43,8%	9,3%	
Margins in %								
EBITDA	40,9%	41,3%	40,7%	42,4%	47,6%	47,9%	48,4%	
EBIT	58,0%	137,3%	6,9%	7,2%	43,6%	49,4%	50,2%	
EBT	41,2%	137,7%	13,4%	-13,8%	26,5%	36,3%	38,4%	
Expense ratios in %								
Depreciation to sales	-5,3%	-4,9%	-3,7%	-2,7%	-2,7%	-2,6%	-2,7%	
Tax rate	20,5%	14,9%	45,7%	10,7%	19,8%	19,1%	19,4%	
Profitability in %								
Profit margin	32,7%	117,1%	7,3%	-12,3%	21,2%	29,4%	31,0%	
Return on equity (RoE) after tax	4,3%	16,0%	1,7%	-1,9%	4,4%	5,9%	6,1%	
Return on Assets (RoA)	1,8%	6,3%	0,5%	-1,0%	1,6%	2,2%	2,2%	
Return on Investment (RoI)	1,8%	6,3%	0,5%	-1,0%	1,6%	2,2%	2,2%	
Valuation								
P/E-ratio	21,57	5,25	37,81	-37,17	16,97	11,87	10,96	
P/S-ratio	7,20	6,36	4,80	3,72	3,54	3,41	3,29	
Price/BVpS (PBV)	0,93	0,82	0,74	0,76	0,73	0,68	0,64	
Dividend yield in %	2,9%	3,8%	0,0%	0,0%	0,0%	0,0%	0,0%	
Data per share								
Number of shares (in million)	73,6	73,6	73,6	73,6	73,6	73,6	73,6	
EPS	0,79	3,24	0,45	-0,46	1,00	1,43	1,55	
DPS	0,50	0,65	0,00	0,00	0,00	0,00	0,00	
BVPS	18,31	20,75	23,06	22,39	23,40	24,83	26,38	
FFO I per share	0,59	0,86	0,92	1,41	1,73	2,11	2,51	

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Rating Chronicle

Company	Date	Rating	Former Price	Former Target
S IMMO	29 November 2023	Buy	€ 12,74	€ 18,00
S IMMO	30 August 2023	Buy	€ 12,00	€ 18,00
S IMMO	31 May 2023	Buy	€ 11,18	€ 18,00
S IMMO	04 April 2023	Buy	€ 12,82	€ 18,00
S IMMO	30 November 2022	Accumulate	€ 14,78	€ 18,00
S IMMO	29 August 2022	Accumulate	€ 22,85	€ 23,00
S IMMO	30 May 2022	Accumulate	€ 23,30	€ 26,00
S IMMO	28 April 2022	Buy	€ 22,55	€ 28,00
S IMMO	06 December 2021	Buy	€ 21,45	€ 26,00
S IMMO	29 November 2021	Buy	€ 19,50	€ 26,00
S IMMO	27 August 2021	Buy	€ 20,35	€ 26,00
S IMMO	28 May 2021	Buy	€ 21,60	€ 26,00
S IMMO	20 May 2021	Buy	€ 21,80	€ 26,00
S IMMO	08 April 2021	Buy	€ 21,55	€ 25,00

Please note:

The S IMMO AG share price mentioned in this report is the price of 27 March 2024. S IMMO mandated SRC Research for covering the S IMMO share.

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