



Price (Euro)	22,85			
52 weeks range	23.45 / 18.90			
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)	1682,0			
Number of shares (million)	73,6			
Free Float (approx.)	11%			
Free Float MarketCap (Euro million)	191,7			
CAGR (EBITDA '21-24e)	17,2%			
Multiples	2021	2022e	2023e	2024e
Market cap/ Revenues-Ratio	8,7	8,9	8,8	8,5
P/E-Ratio	7,1	15,2	13,9	11,1
Dividend Yield	2,8%	2,8%	3,1%	3,1%
Key Data per Share (Euro)	2021	2022e	2023e	2024e
Earnings per Share (EpS)	3,24	1,50	1,64	2,05
Dividends per Share (DpS)	0,65	0,65	0,70	0,70
Book Value per Share (BVpS)	20,75	21,52	22,38	23,65
EPRA NAV per share	29,29	31,28	33,19	34,75
FFO I per share	0,86	0,75	0,87	1,01
Financial Data (Euro '000)	2021	2022e	2023e	2024e
Revenues	196.856	222.583	247.433	268.671
Rental income	131.294	144.721	157.885	169.124
Net revaluation result	198.686	48.505	60.443	86.943
Operating cash profit (EBITDA)	81.297	101.155	117.601	130.960
Operating Profit (EBIT)	270.337	139.076	166.705	205.454
Pre-tax profit (EBT)	271.042	119.691	137.187	172.277
Net profit after minorities	229.521	104.586	115.020	145.072
Shareholders' Equity	1.527.194	1.583.934	1.647.428	1.740.974
RoE after tax	16,0%	6,7%	7,1%	8,6%
Financial Calendar				
extraordinary general meeting		6 September 2022		
SRC Forum Financials & Real Estate		13 September 2022		
3Q 2022 report		28 November 2022		
Main Shareholders				
CPI Property Group SA		79,2%		
EUROVEA Services s.r.o.		5,2%		
Own shares		4,2%		
Analyst	Dipl.-Kfm. Stefan Scharff, CREA			
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1H rentals +14%, EBITDA +23%, FFO +14% and income from hotels more than doubled, but momentum slowing down after CPI took an 80% majority – rating down to Hold

Today, S IMMO released the 1H 2022 report and invited to a conference call. The numbers were promising in terms of a hike in rental income, in profit from hotel operations and EBITDA and EBIT. The rental income was up more than 14%, from Euro 64m to over Euro 73m, as some acquisitions like Campus 6 offices in Bucharest from June last year and BudaPart Gate from November now contributed to the top line. The recent acquisition of Bucharest Expo Business Park (closing in May 2022) will further fuel the top-line for the second half of the year, as it has an annual rental income of almost Euro 8m. The profit from the hotel operations made a strong rebound after the severe hit in the last two Corona years. Hotel revenues now more than doubled from Euro 10.2m to Euro 23.7m in the first six months and gross profit from hotel operations also more than doubled from Euro 2.2m to Euro 5.2m, not yet on pre-Corona levels (1H 2019 revenues Euro 26.7m and gross profit Euro 8.4m), but coming much closer to it.

With the good operating picture, the cash driven EBITDA operating profit surged more than 23%, from Euro 40m to Euro 49m, and FFO I was also significantly up +14% from Euro 25.6m to Euro 29.3m. The portfolio size was up from Euro 2.83bn at year-end to Euro 2.97bn, +5% in six months, and occupancy remained despite the much more challenging economic situation at very high 94% and a decent ISS ESG quality score. The S IMMO management gave no concrete guidance for FFO or earnings for the full year, but stated to shift the portfolio a bit away from Germany (as yields are low and potential might be limited) to CEE locations within the next quarters. A volume of about Euro 200m out of the approx. Euro 1.4bn portfolio might be a realistic volume until year-end 2023, according to management. **The last months the S IMMO equity story was clearly coined by the CPI takeover bid. After the shareholders of S IMMO voted to waive the cap on the maximum voting rights on last AGM on 1 June, the way was free for CPI to release a mandatory bid of Euro 23.50 per S IMMO share on a cum dividend basis (Euro 22.85 without the dividend). The offer documents were published 15 July and the first deadline for acceptance was 12 August. As a result, CPI now holds 79.2% of all S IMMO shares (if you deduct the own shares the participation is above 83%). There is an additional acceptance period until 18 November. The S IMMO management has previously examined the offer and recommended acceptance. The cash position is very strong, up from Euro 376m at year-end 2021 to Euro 578m at the end of June, but will decline with the partial cancellation of the green bonds after the change of control. Some of the holders of the two green bonds with low 1.75% and 1.25% coupons cancelled their bonds in August, approx. Euro 125m out of Euro 200m. Two other bonds might be fully or partially cancelled until 29 September. The volume here is close to Euro 100m, if there would be a full cancellation. We like the 1H numbers which show a good resilience and a high level of diversification within the portfolio with a hotel business strongly picking up, but momentum is more or less gone since CPI took a vast majority and will change the composition of supervisory board soon on the extraordinary general meeting on 6 September. Downgrade to Hold with new target € 23.00.**

S IMMO AG Company Profile

Industry: Real Estate
Sub-segment: mixed (71% commercial)
Country: Austria
Headquarter: Vienna
Foundation: 1986
Employees (without Hotels): 133

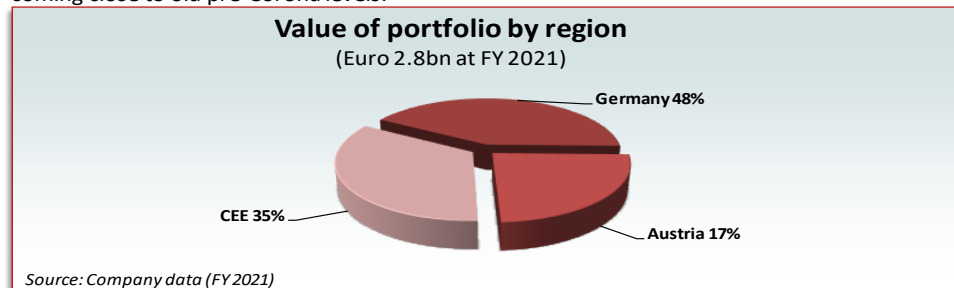
Management Board:
 CEO Dr. Bruno Ettenauer, MRICS
 COO Friedrich Wachernig, MBA
 CIO DI Herwig Teufelsdorfer, MRICS

Supervisory Board:
 Dr. Karin Rest, EMBA (Chairman)
 Christian Hager (Deputy Chairman) Andreas Feuerstein
 Mag. Hanna Bomba* DI Manfred Rapf*
 MMag. Holger Schmidtmayr, MRICS Mag. Elisabeth Wagerer
 Dipl.-Vw. Florian Beckermann, LL.M. John Nacos*
 Dr. Ewald Aschauer* Mag. Christian Böhm*

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* to step down on 6 Sept. 2022 at general meeting

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 more than 350 properties, a lettable space of more than 1,300k sqm amounting to a value of more than Euro 2.8bn at December 2021 (+14.3% compared to year-end 2020). In average, investments have a volume of a lower double digit million. The portfolio contains a widely diversified range of office, retail and hotel properties as well as residential properties selected for a sustainable value growth. All in all, office properties have a 44% weighting, retail 14%, hotels 7% and residential have 32% (thereof 93% in Germany). The remaining 3% are land plots. mainly in Germany. 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 the current portfolio value of Euro 2.8bn a large share of 48% is located in Germany (more than Euro 1.3bn). Austria stands for over 17% (approx. Euro 0.5bn) while CEE stands for the remaining 35% (approx. Euro 1.0bn) of the total portfolio. In 2021, the high occupancy of 93.9% in 2020, was kept stable despite the ongoing Covid-19 pandemic, at 94.0%. S IMMO released the 2021 annual report on 28 April and presented a record bottom line result for another challenging year. The company has prosperous mid and long term growth options by about 2 million sqm undeveloped land (mainly around Berlin) which gives room to grow the residential portfolio or to realize mark-ups in value. The pockets full of cash (probably more than Euro 700m at the end of 1Q 2022) opens some financial scope for a profitable portfolio expansion. 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 for FY 2019, despite the outbreak of COVID-19 pandemic in March 2020. In October 2021 the firm paid 50 Cents dividend for fiscal year 2020. For 2021 the dividend proposal is 65 Cents, coming close to old pre-Corona levels.



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), results from own developments. The new core shareholder is CPI Property Group with a 42.3% stake, which might strive to hold a majority of over 50% in the future. 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. After two years (2018 and 2019) with FFOs at record levels above Euro 60m, the 2020 came back more or less on the 2017 level, with no support from hotel GOP and almost Euro 11m missing from Immofinanz paying no dividend for FY 2019 in 2020. In 2021 the FFO strongly bounced back to Euro 60.8m, thereof Euro 19.5m coming from dividend payments of Immofinanz and CA Immo. Both big listed real estate participations, 6.4% in CA Immo, and 12.7% in Immofinanz, were sold in July 2021 and January 2022 respectively. We like the improving numbers on the financing side. Cost of Funding (incl. hedging) came down from 2.67% in 2017 to 2.53% in 2018 and then very low 2.30% in 2019 and 2.29% in 2020. In 2021 it came down again, to only 2.09%. In 2021 LTV came down significantly, from 46.8% to only 40.4%. The 2021 equity ratio of 45.2% underlines the healthy balance sheet, as it improved to 2020 (44.3%).

Source: Company Data, SRC Research

P&L Account for S IMMO AG

31/12 IFRS (Euro '000)	2017	2018	2019	2020	2021	2022e	2023e	2024e	CAGR '21 - '24e
Revenues	191.421	192.441	210.427	173.915	196.856	222.583	247.433	268.671	10,9%
└ thereof rental income	112.020	104.313	119.373	123.255	131.294	144.721	157.885	169.124	
└ thereof revenues from service charges	33.435	33.379	31.952	32.871	34.359	36.421	39.403	43.027	
└ thereof revenues from hotel operations	45.966	54.749	59.102	17.789	31.203	41.441	50.145	56.520	
Other operating income	2.866	1.948	2.481	2.501	3.175	2.912	3.205	3.573	
Expenses directly attributable to properties	-59.877	-53.410	-60.952	-66.760	-66.795	-66.502	-69.125	-73.798	
<i>Gross margin property segment</i>	<i>58,8%</i>	<i>61,2%</i>	<i>59,7%</i>	<i>57,2%</i>	<i>59,7%</i>	<i>63,3%</i>	<i>65,0%</i>	<i>65,2%</i>	
Hotel operating expenses	-36.232	-38.023	-42.250	-18.126	-23.702	-34.501	-39.773	-42.608	
Gross operating profit hotels (GOP)	9.734	16.726	16.852	-337	7.501	6.940	10.372	13.912	
<i>Gross margin within hotel segment</i>	<i>21,2%</i>	<i>30,6%</i>	<i>28,5%</i>	<i>-1,9%</i>	<i>24,0%</i>	<i>16,7%</i>	<i>20,7%</i>	<i>24,6%</i>	
Gross profit (revenues less directly attributable expenses)	98.178	102.956	109.706	91.530	109.534	124.492	141.740	155.838	12,5%
<i>Total Gross margin</i>	<i>51,3%</i>	<i>53,5%</i>	<i>52,1%</i>	<i>52,6%</i>	<i>55,6%</i>	<i>55,9%</i>	<i>57,3%</i>	<i>58,0%</i>	
Net operating income (NOI)	95.312	101.008	107.225	89.029	106.359	121.580	138.535	152.265	12,7%
<i>NOI-margin</i>	<i>49,8%</i>	<i>52,5%</i>	<i>51,0%</i>	<i>51,2%</i>	<i>54,0%</i>	<i>54,6%</i>	<i>56,0%</i>	<i>56,7%</i>	
Net Gains on property disposal	10.341	0	0	0	0	0	0	0	
Management expenses	-18.963	-19.863	-22.669	-20.398	-28.237	-23.337	-24.139	-24.878	
└ thereof personnel expenses	-8.796	-10.601	-11.513	-12.272	-14.608	-15.230	-15.988	-16.744	
EBITDA	89.556	83.093	87.037	71.132	81.297	101.155	117.601	130.960	17,2%
<i>EBITDA-margin</i>	<i>46,8%</i>	<i>43,2%</i>	<i>41,4%</i>	<i>40,9%</i>	<i>41,3%</i>	<i>45,4%</i>	<i>47,5%</i>	<i>48,7%</i>	
Depreciation	-8.999	-7.672	-8.264	-9.232	-9.646	-10.584	-11.339	-12.449	
Property Revaluation	127.592	167.814	192.671	39.056	198.686	48.505	60.443	86.943	
Operating profit (EBIT)	208.149	243.235	271.444	100.956	270.337	139.076	166.705	205.454	-8,7%
<i>EBIT-margin</i>	<i>108,7%</i>	<i>126,4%</i>	<i>128,0%</i>	<i>58,0%</i>	<i>137,3%</i>	<i>62,5%</i>	<i>67,4%</i>	<i>76,5%</i>	
EBIT-profit without revaluation result	80.557	75.421	78.773	61.900	71.651	90.571	106.262	118.511	18,3%
Net financial result	-41.437	-7.263	-20.021	-29.370	705	-19.385	-29.518	-33.177	
Participating certificates expenses (hybrid capital)	-5.964	0	0	0	0	0	0	0	
Earnings before tax (EBT)	160.748	235.972	251.423	71.586	271.042	119.691	137.187	172.277	-14,0%
<i>EBT margin</i>	<i>84,0%</i>	<i>122,6%</i>	<i>119,5%</i>	<i>41,2%</i>	<i>137,7%</i>	<i>53,8%</i>	<i>55,4%</i>	<i>64,1%</i>	
Income tax expense	-27.278	-31.822	-38.116	-14.674	-40.484	-14.047	-20.921	-25.850	
<i>Tax rate</i>	<i>17,0%</i>	<i>13,5%</i>	<i>15,2%</i>	<i>20,5%</i>	<i>14,9%</i>	<i>11,7%</i>	<i>15,2%</i>	<i>15,0%</i>	
Net profit	133.470	204.150	213.307	56.912	230.558	105.644	116.266	146.427	
Minorities	-3.379	-460	-533	-375	-1.037	-1.058	-1.246	-1.355	
Net profit after minorities	130.091	203.690	212.774	56.537	229.521	104.586	115.020	145.072	-14,2%
<i>Return on sales</i>	<i>68,0%</i>	<i>105,8%</i>	<i>101,1%</i>	<i>32,5%</i>	<i>116,6%</i>	<i>47,0%</i>	<i>46,5%</i>	<i>54,0%</i>	
Number of shares (in million)	66,9	66,9	66,9	73,6	73,6	73,6	73,6	73,6	
Earnings per Share (EPS) in Euro	1,97	3,08	3,21	0,79	3,24	1,50	1,64	2,05	-14,1%
Dividends per Share (DPS) in Euro	0,40	0,70	0,70	0,50	0,65	0,65	0,70	0,70	
Book Value per Share (BVPS) in Euro	13,66	15,88	19,34	18,31	20,75	21,52	22,38	23,65	
Total assets	2.272.255	2.720.134	3.137.688	3.122.610	3.688.121	3.972.106	4.162.767	4.356.336	5,7%
Shareholders' equity (after dividend payment)	914.335	1.062.513	1.294.259	1.347.524	1.527.194	1.583.934	1.647.428	1.740.974	4,5%
Shareholders' equity incl. participating certificates	971.052	1.062.513	1.294.259	1.347.524	1.527.194	1.583.934	1.647.428	1.740.974	
Equity ratio without minorities with hybrid capital	43%	39%	41%	43%	41%	40%	40%	40%	
Return on Equity (RoE)	15,5%	20,6%	18,1%	4,3%	16,0%	6,7%	7,1%	8,6%	
Key ratios & figures	2017	2018	2019	2020	2021	2022e	2023e	2024e	
Growth rates in %									
Revenues	-3,7%	0,5%	9,3%	-17,4%	13,2%	13,1%	11,2%	8,6%	
EBITDA	-3,1%	-7,2%	4,7%	-18,3%	14,3%	24,4%	16,3%	11,4%	
EBIT	-25,3%	16,9%	11,6%	-62,8%	167,8%	-48,6%	19,9%	23,2%	
EBT	-25,7%	46,8%	6,5%	-71,5%	278,6%	-55,8%	14,6%	25,6%	
Net profit after minorities	-34,7%	53,0%	4,5%	-73,3%	305,1%	-54,2%	10,1%	25,9%	
Margins in %									
EBITDA	46,8%	43,2%	41,4%	40,9%	41,3%	45,4%	47,5%	48,7%	
EBIT	108,7%	126,4%	129,0%	58,0%	137,3%	62,5%	67,4%	76,5%	
EBT	84,0%	122,6%	119,5%	41,2%	137,7%	53,8%	55,4%	64,1%	
Expense ratios in %									
Depreciation to sales	-4,7%	-4,0%	-3,9%	-5,3%	-4,9%	-4,8%	-4,6%	-4,6%	
Tax rate	17,0%	13,5%	15,2%	20,5%	14,9%	11,7%	15,2%	15,0%	
Profitability in %									
Profit margin	69,7%	106,1%	101,4%	32,7%	117,1%	47,5%	47,0%	54,5%	
Return on equity (RoE) after tax	15,5%	20,6%	18,1%	4,3%	16,0%	6,7%	7,1%	8,6%	
Return on Assets (RoA)	5,9%	7,5%	6,8%	1,8%	6,3%	2,7%	2,8%	3,4%	
Return on Investment (RoI)	5,9%	7,5%	6,8%	1,8%	6,3%	2,7%	2,8%	3,4%	
Valuation									
P/E-ratio	11,80	7,56	7,26	29,57	7,20	15,52	14,18	11,36	
P/S-ratio	8,96	8,91	8,15	9,86	8,71	7,71	6,93	6,38	
Price/BVpS (PBV)	1,71	1,47	1,20	1,27	1,12	1,08	1,04	0,99	
Dividend yield in %	1,7%	3,0%	3,0%	2,1%	2,8%	2,8%	3,0%	3,0%	
Data per share									
Number of shares (in million)	66,9	66,9	66,9	73,6	73,6	73,6	73,6	73,6	
EPS	1,97	3,08	3,21	0,79	3,24	1,50	1,64	2,05	
DPS	0,40	0,70	0,70	0,50	0,65	0,65	0,70	0,70	
BVPS	13,66	15,88	19,34	18,31	20,75	21,52	22,38	23,65	
FFO I per share	0,64	0,92	0,98	0,59	0,86	0,75	0,87	1,01	

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Rating Chronicle

Company	Date	Rating	Former Price	Former Target
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
S IMMO	15 March 2021	Buy	€ 18,04	€ 23,00
S IMMO	24 November 2020	Buy	€ 15,78	€ 21,00
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

Please note:

The S IMMO AG share price mentioned in this report is the price of 26 August 2022. S IMMO mandated SRC Research for covering the S IMMO share.

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