



Price (Euro) **21,55**
52 weeks range 22,35 / 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) 1586,3
Number of shares (million) 73,6
Free Float (approx.) 54%
Free Float MarketCap (Euro million) 855,0
CAGR (EBITDA '20-23e) 13,3%

Multiples	2020	2021e	2022e	2023e
Market cap/ Revenues-Ratio	8,2	8,4	8,3	8,0
P/E-Ratio	27,3	19,6	13,9	12,7
Dividend Yield	1,6%	2,1%	2,8%	3,2%

Key Data per Share (Euro)	2020	2021e	2022e	2023e
Earnings per Share (EpS)	0,79	1,10	1,55	1,70
Dividends per Share (DpS)	0,35	0,45	0,60	0,70
Book Value per Share (BVpS)	18,45	19,07	19,98	20,95
EPRA NAV per share	24,32	25,73	26,53	27,43
FFO I per share	0,59	0,77	0,93	1,00

Financial Data (Euro '000)	2020	2021e	2022e	2023e
Revenues	173.915	201.758	220.263	231.668
Rental income	123.255	131.025	138.401	144.519
Net revaluation result	39.056	50.280	81.445	89.495
Operating cash profit (EBITDA)	71.132	89.288	97.154	103.341
Operating Profit (EBIT)	100.956	129.891	168.477	182.382
Pre-tax profit (EBT)	71.586	98.381	136.030	148.371
Net profit after minorities	56.537	78.531	112.132	122.921
Shareholders' Equity	1.294.259	1.358.415	1.403.500	1.471.037
RoE after tax	4,3%	5,7%	7,8%	8,2%

Financial Calendar

1Q 2021 report	May 28, 2021
1H 2021 report	August 27, 2021
SRC Forum Financials & Real Estate	September 8, 2021
9M 2021 report	November 26, 2021

Main Shareholders

Immofinanz	26,5%
Aggregate Holdings S.A.	10,8%
EUROVEA Services s.r.o.	5,2%
Own shares	3,6%

Analyst Dipl.-Kfm. Stefan Scharff, CREA

Fon: +49-(0)69 400 313-80
scharff@src-research.de

Internet www.src-research.de
www.aktienmarkt-international.at
www.aktienmarkt-international.de

Good 2020 results above our expectations, clearly positive re-valuation result, good cash flow picture – target up to € 25.00

Today, S IMMO delivered the 2020 annual report and invited to a conference call with new CEO Dr. Bruno Eettenauer. **The last year's results were very satisfying in the light of a challenging global pandemic year, delivering a 3.3% hike in rentals, from Euro 119.4m to Euro 123.3m, deriving from some prudent additions to the portfolio and a relatively stable occupancy rate in the existing portfolio. The portfolio size increased from Euro 2.37bn to Euro 2.48bn, the occupancy rate remained on a very high level of 93.9% (2019: 95.5%).** The hotel business suffered as expected from several lockdown periods and a very low level of business and leisure trips, but S IMMO managed to keep hotel revenues (Euro 17.8m) and hotel expenses (Euro 18.1m) balanced, so there was no negative P & L impact from that side. Gross profit came in at Euro 91.5m, above our Euro 89.8m forecast and not too far away from the 2019 level which profited from a much better situation for hotels and retail (Euro 109.7m). **The FFO I was satisfying for a very special year, still well above Euro 40m, coming in at Euro 42.4m, after two record years 2018 and 2019 with over Euro 60m and the support from a good cash inflow from hotel and retail properties (2019: 64.7m / 2018: Euro 61.1m). It is worth to mention, that FFO II incl. the trading results has even shown a steep hike from 67m in 2019 to Euro 80m in 2020, being even above the 2018 record level of Euro 76m. The revaluation was another positive point, clearly positive at Euro +39.1m. Some investors might remember our update from 12 May 2020 ("What a year – What a revaluation to follow?"), where we explained our view after a deeply red reval picture of 1Q 2020 and closed with a positive full year positive reval forecast of Euro +17m.** The positive impact came from Germany (Euro +52.7m), as there is a very high and mostly increasing demand on the resi side, and also from Austria (Euro +8.7m) and over-balanced a negative CEE result (Euro -22.3m). **The bottom line was decent for the circumstances with a pre-tax of Euro 72m (SRC forecast: Euro 36m, 2019: Euro 251m) and a net profit after minorities of Euro 56.5m (SRC: 29.0m / 2019: 212.8m).**

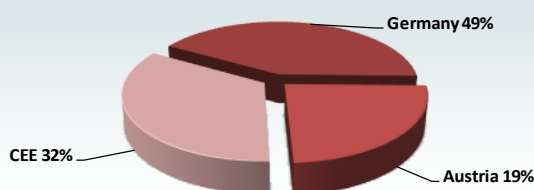
With regards to the Immofinanz efforts for a takeover, there was their adhoc from 25 March (after our last update from 15 March) to increase the offer price from very low Euro 18.04 to Euro 22.25, if S IMMO shareholders follow the Immofinanz proposal to skip § 13 section 3 of the Articles of Association (maximum voting right of 15%). Immofinanz yesterday requested an extraordinary shareholders meeting for 30 April to decide about this. **The S IMMO management refused this request this morning, as an early shareholders meeting without the official Immofinanz offer document, which is not published yet and waits for approval of Austrian takeover commission, makes no sense. We share this opinion.** Furthermore, Immofinanz gave no detailed picture about the goals and the strategic rationale for a takeover. Our assumption is, that the deletion of the maximum voting right is more helpful for Immofinanz, that have > Euro 1.6bn in retail properties (34% of portfolio), than for all other S IMMO shareholders. **Buy affirmed, target price up after good 2020 to € 25.00, which is backed by a 5% hike in EPRA NAV per share from 9M of Euro 23.17 to Euro 24.32. The EPRA Reinstatement Value per share is even higher at Euro 26.40.**

S IMMO AG Company Profile

Industry:	Real Estate	Management Board:	CEO Dr. Bruno Ettenauer, MRICS
Sub-segment:	mixed (71% commercial)		Mag. Ernst Vejdovsky (until 30 June)
Country:	Austria		COO Friedrich Wachernig, MBA
Headquarter:	Vienna		CIO DI Herwig Teufelsdorfer, MRICS (from April on)
Foundation:	1986	Supervisory Board:	Dr. Karin Rest, EMBA (Chairman)
Employees (without Hotels):	115		Christian Hager (Deputy Chairman)
			Mag. Hanna Bomba
			DI Manfred Rapf
			MMag. Holger Schmidtmayr, MRICS
			Mag. Elisabeth Wagerer
IR Contact			
Andreas Feuerstein			
(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 more than 350 properties, a lettable space of more than 1,300k sqm amounting to a value of almost Euro 2.5bn at December 2020 (+4.5% compared to year-end 2019). 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 43% weighting, retail 18%, hotels 9% and residential have 30% (thereof 93% 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. The last years the acquisitions have been a bit higher than the disposals to strenghten the long term cash producing portfolio which had an overall yield of 5.1% in 2020 (5.4% in 2019). In terms of portfolio value a large share of 49% is located in Germany (more than Euro 1.2bn). Austria stands for almost 19% (approx. Euro 0.5bn) while CEE stands for the remaining 32% (Euro 0.8bn) of the total portfolio. In 2020, the high occupancy of 95.5% in 2019, was almost kept stable despite the Covid-19 pandemic, at 93.9%. S IMMO released the 2020 annual report on 8 April and presented a decent result for a very 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. 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. A management proposal for the new dividend for the FY 2020 was not disclosed yet.

Value of portfolio by region
(Euro 2.5bn at FY 2020)



Source: Company data (FY 2020)

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 26.5% stake, striving for a takeover at the moment. The other way round S IMMO holds a 13.4% 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. 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. 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 2020 LTV remained almost unchanged at 46.8%, after 46.9% in 2019. The 2020 equity ratio of 44.3% underlines the healthy balance sheet (2019: 42.9%).

Source: Company Data, SRC Research

P&L Account for S IMMO AG

31/12 IFRS (Euro '000)	2017	2018	2019	2020	2021e	2022e	2023e	CAGR '20 - '23e
Revenues	191.421	192.441	210.427	173.915	201.758	220.263	231.668	10,0%
└ thereof rental income	112.020	104.313	119.373	123.255	131.025	138.401	144.519	
└ thereof revenues from service charges	33.435	33.379	31.952	32.871	35.229	36.421	37.004	
└ thereof revenues from hotel operations	45.966	54.749	59.102	17.789	35.504	45.441	50.145	
Other operating income	2.866	1.948	2.481	2.501	2.855	2.912	3.205	
Expenses directly attributable to properties	-59.877	-53.410	-60.952	-66.760	-62.658	-66.502	-69.125	
<i>Gross margin property segment</i>	<i>58,8%</i>	<i>61,2%</i>	<i>59,7%</i>	<i>57,2%</i>	<i>62,3%</i>	<i>62,0%</i>	<i>61,9%</i>	
Hotel operating expenses	-36.232	-38.023	-42.250	-18.126	-31.387	-37.402	-39.773	
Gross operating profit hotels (GOP)	9.734	16.726	16.852	-337	4.117	8.039	10.372	
<i>Gross margin within hotel segment</i>	<i>21,2%</i>	<i>30,6%</i>	<i>28,5%</i>	<i>-1,9%</i>	<i>11,6%</i>	<i>17,7%</i>	<i>20,7%</i>	
Gross profit (revenues less directly attributable expenses)	98.178	102.956	109.706	91.530	110.568	119.271	125.975	11,2%
<i>Total Gross margin</i>	<i>51,3%</i>	<i>53,5%</i>	<i>52,1%</i>	<i>52,6%</i>	<i>54,8%</i>	<i>54,1%</i>	<i>54,4%</i>	
Net operating income (NOI)	95.312	101.008	107.225	89.029	107.713	116.359	122.770	11,3%
<i>NOI-margin</i>	<i>49,8%</i>	<i>52,5%</i>	<i>51,0%</i>	<i>51,2%</i>	<i>53,4%</i>	<i>52,8%</i>	<i>53,0%</i>	
Net Gains on property disposal	10.341	0	0	0	0	0	0	
Management expenses	-18.963	-19.863	-22.669	-20.398	-21.280	-22.117	-22.634	
└ thereof personnel expenses	-8.796	-10.601	-11.513	-12.272	-13.291	-12.320	-12.877	
EBITDA	89.556	83.093	87.037	71.132	89.288	97.154	103.341	13,3%
<i>EBITDA-margin</i>	<i>46,8%</i>	<i>43,2%</i>	<i>41,4%</i>	<i>40,9%</i>	<i>44,3%</i>	<i>44,1%</i>	<i>44,6%</i>	
Depreciation	-8.999	-7.672	-8.264	-9.232	-9.677	-10.122	-10.454	
Property Revaluation	127.592	167.814	192.671	39.056	50.280	81.445	89.495	
Operating profit (EBIT)	208.149	243.235	271.444	100.956	129.891	168.477	182.382	21,8%
<i>EBIT-margin</i>	<i>108,7%</i>	<i>126,4%</i>	<i>129,0%</i>	<i>58,0%</i>	<i>64,4%</i>	<i>76,5%</i>	<i>78,7%</i>	
EBIT-profit without revaluation result	80.557	75.421	78.773	61.900	79.611	87.032	92.887	14,5%
Net financial result	-41.437	-7.263	-20.021	-29.370	-31.510	-32.447	-34.011	
Participating certificates expenses (hybrid capital)	-5.964	0	0	0	0	0	0	
Earnings before tax (EBT)	160.748	235.972	251.423	71.586	98.381	136.030	148.371	27,5%
<i>EBT margin</i>	<i>84,0%</i>	<i>122,6%</i>	<i>119,5%</i>	<i>41,2%</i>	<i>48,8%</i>	<i>61,8%</i>	<i>64,0%</i>	
Income tax expense	-27.278	-31.822	-38.116	-14.674	-19.440	-23.441	-24.955	
<i>Tax rate</i>	<i>17,0%</i>	<i>13,5%</i>	<i>15,2%</i>	<i>20,5%</i>	<i>19,8%</i>	<i>17,2%</i>	<i>16,8%</i>	
Net profit	133.470	204.150	213.307	56.912	78.941	112.589	123.416	
Minorities	-3.379	-460	-533	-375	-410	-457	-495	
Net profit after minorities	130.091	203.690	212.774	56.537	78.531	112.132	122.921	29,5%
<i>Return on sales</i>	<i>68,0%</i>	<i>105,8%</i>	<i>101,1%</i>	<i>32,5%</i>	<i>38,9%</i>	<i>50,9%</i>	<i>53,1%</i>	
Number of shares (in million)	66,9	66,9	66,9	73,6	73,6	73,6	73,6	
Earnings per Share (EPS) in Euro	1,97	3,08	3,21	0,79	1,10	1,55	1,70	29,2%
Dividends per Share (DPS) in Euro	0,40	0,70	0,70	0,35	0,45	0,60	0,70	
Book Value per Share (BVPS) in Euro	13,66	15,88	19,34	18,45	19,07	19,98	20,95	
Total assets	2.272.255	2.720.134	3.137.688	3.122.610	3.197.553	3.307.868	3.458.509	3,5%
Shareholders' equity (after dividend payment)	914.335	1.062.513	1.294.259	1.358.415	1.403.500	1.471.037	1.541.931	4,3%
Shareholders' equity incl. participating certificates	971.052	1.062.513	1.294.259	1.358.415	1.403.500	1.471.037	1.541.931	
Equity ratio without minorities with hybrid capital	43%	39%	41%	44%	44%	44%	45%	
Return on Equity (RoE)	15,5%	20,6%	18,1%	4,3%	5,7%	7,8%	8,2%	
Key ratios & figures	2017	2018	2019	2020	2021e	2022e	2023e	
Growth rates in %								
Revenues	-3,7%	0,5%	9,3%	-17,4%	16,0%	9,2%	5,2%	
EBITDA	-3,1%	-7,2%	4,7%	-18,3%	25,5%	8,8%	6,4%	
EBIT	-25,3%	16,9%	11,6%	-62,8%	28,7%	29,7%	8,3%	
EBT	-25,7%	46,8%	6,5%	-71,5%	37,4%	38,3%	9,1%	
Net profit after minorities	-34,7%	53,0%	4,5%	-73,3%	38,7%	42,6%	9,6%	
Margins in %								
EBITDA	46,8%	43,2%	41,4%	40,9%	44,3%	44,1%	44,6%	
EBIT	108,7%	126,4%	129,0%	58,0%	64,4%	76,5%	78,7%	
EBT	84,0%	122,6%	119,5%	41,2%	48,8%	61,8%	64,0%	
Expense ratios in %								
Depreciation to sales	-4,7%	-4,0%	-3,9%	-5,3%	-4,8%	-4,6%	-4,5%	
Tax rate	17,0%	13,5%	15,2%	20,5%	19,8%	17,2%	16,8%	
Profitability in %								
Profit margin	69,7%	106,1%	101,4%	32,7%	39,1%	51,1%	53,3%	
Return on equity (RoE) after tax	15,5%	20,6%	18,1%	4,3%	5,7%	7,8%	8,2%	
Return on Assets (RoA)	5,9%	7,5%	6,8%	1,8%	2,5%	3,4%	3,6%	
Return on Investment (RoI)	5,9%	7,5%	6,8%	1,8%	2,5%	3,4%	3,6%	
Valuation								
P/E-ratio	10,92	6,99	6,71	27,35	19,65	13,87	12,68	
P/S-ratio	8,29	8,24	7,54	9,12	7,86	7,20	6,85	
Price/BVpS (PBV)	1,58	1,36	1,11	1,17	1,13	1,08	1,03	
Dividend yield in %	1,9%	3,2%	3,2%	1,6%	2,1%	2,8%	3,2%	
Data per share								
Number of shares (in million)	66,9	66,9	66,9	73,6	73,6	73,6	73,6	
EPS	1,97	3,08	3,21	0,79	1,10	1,55	1,70	
DPS	0,40	0,70	0,70	0,35	0,45	0,60	0,70	
BVPS	13,66	15,88	19,34	18,45	19,07	19,98	20,95	
FFO I per share	0,64	0,92	0,98	0,59	0,77	0,93	1,00	

SRC Research

- The Specialist for Financial and Real Estate Stocks -

SRC - Scharff Research und Consulting GmbH

Klingerstrasse 23

D-60313 Frankfurt

Germany

Fon: +49 (0)69 / 400 313-80

Mail: scharff@src-research.de

Internet: www.src-research.de

Rating Chronicle

Company	Date	Rating	Former Price	Former Target
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
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

Please note:

The S IMMO AG share price mentioned in this report is the price of 7 April 2021. S IMMO mandated SRC Research for covering the S IMMO share.

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