

**S IMMO again with a steep hike in rentals and hotel operations result in 1Q numbers, EBIT almost unchanged despite a slightly negative revaluation result, EPRA NTA also stable**

On 26 May, S IMMO released the 1Q report. The numbers underlined a good start into the new year with regards to the operating performance. As in the full year 2022 numbers there was a steep hike in rentals and hotel operations. **With several acquisitions in the last year in CEE markets after the strategy shift away from low yielding Germany to higher yielding CEE and Austrian markets, the rental income steeply increased +33%, from Euro 36m to Euro 48m with an almost unchanged high occupancy rate of 91.8%, after 92.6% in the year before. The overall rental yield increased from 5.8% at year-end 2022 to 6.4%, the portfolio stake of Germany declined from 38.3% at year-end 2022 to 28.6%, while CEE was up from 47% to 55% and will further rise to 60% soon.** Not only the rental income was clearly up, it was also an improving picture from hotel operations, much better as in the years before, which were impaired by the Corona pandemic and a lower booking level. Hotel revenues jumped +46% from Euro 9.2m to Euro 13.4m. The gross operating profit from hotel operations doubled from Euro 1.3m to Euro 2.5m.

The EBITDA profited from above mentioned developments and steeply hiked 34%, from Euro 23.5m to Euro 31.4m. With a slightly negative net revaluation picture of Euro -10m (1Q 2022: Euro -0.7m), the EBIT was more or less unchanged compared to last year, at Euro 19m, after Euro 20m in 1Q 2022. The net financial result was flattered in the year before by high positive contributions from interest rate derivatives, which missed this year. Together with higher interest expenses, the net financial result turned from Euro 1.7m to Euro -13m and pre-tax profit came down from Euro 22m to Euro 6m.

The company continued the new strategy to bring down the low yielding stake of Germany by selling 153 properties Germany in the first three months of the year, for a volume of Euro 570m. For instance, on 20 March, the company reported the sale of 41 properties in Berlin with about 1,300 residential and commercial units with a rental space of more than 100k sqm.

But not only the selling side was marked by some great activities, also the acquisition side was interesting, as the firm signed an LOI for 6 office buildings and 1 development at the Vienna Wienerberg district, which should stand for at least Euro 20m of annualized rental income if this deal will be closed. Another important deal was announced last month on 21 April, by the acquisition of 3 offices (2 in Prague, 1 in Brünn) and 1 hotel (Courtyard Marriott Prague City) from majority shareholder CPI Property Group, with a volume of approx. Euro 168m and an annualized rental income of Euro 8.4m.

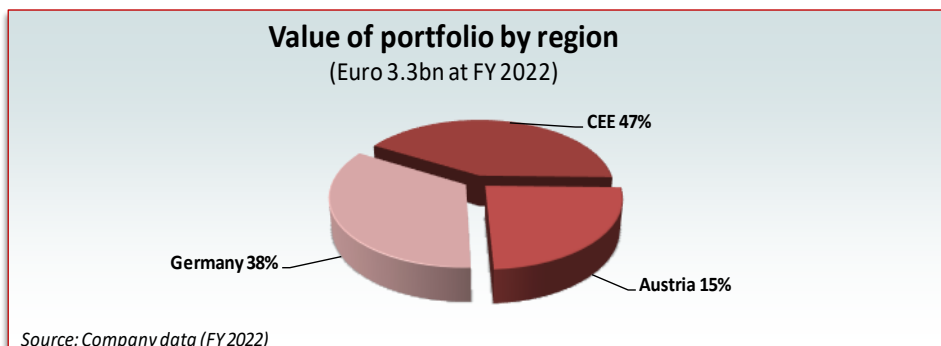
The balance sheet quality improved, as EPRA LTV went down from 39.4% at year-end 2022 to now only 32.7%. The cost of funding increased a little bit from 2.16% in 2022 to now 2.29% in 1Q 2023, but the debt maturity profile is relatively undemanding for 2023 and 2024 what helps to react for higher interest expenses with a higher yielding portfolio in future. **The firm continues to work on shifting away from Germany, in particular residential. Residential was a Euro 900m portfolio at the end of 2021 (32% stake) and is now 15 months later only at Euro 400m (14% stake). EPRA NTA remained stable at Euro 25.85 per share (Dec. 2022: Euro 26.09). After 1Q there is no reason to change our rating or € 18 target price.**

Price (Euro)	11,18			
52 weeks range	23.35 / 11.12			
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)	822,9			
Number of shares (million)	73,6			
Free Float (approx.)	11,6%			
Free Float MarketCap (Euro million)	95,5			
CAGR (EBITDA '21-24e)	19,8%			
Multiples	2022	2023e	2024e	2025e
Market cap/ Revenues-Ratio	4,2	4,4	4,3	4,1
P/E-Ratio	24,9	33,8	10,4	6,6
Dividend Yield	5,8%	0,0%	3,6%	4,5%
Key Data per Share (Euro)	2022	2023e	2024e	2025e
Earnings per Share (EpS)	0,45	0,33	1,07	1,69
Dividends per Share (DpS)	0,65	0,00	0,40	0,50
Book Value per Share (BVpS)	20,75	23,06	22,91	23,40
EPRA NTA per share	26,09	27,86	29,37	30,31
FFO I per share	0,92	1,01	1,09	1,21
Financial Data (Euro '000)	2022	2023e	2024e	2025e
Revenues	260.493	286.699	302.828	311.441
Rental income	155.705	173.178	185.635	191.245
Net revaluation result	-78.397	-62.040	12.002	21.230
Operating cash profit (EBITDA)	106.058	129.534	139.779	176.064
Operating Profit (EBIT)	17.979	56.364	139.471	184.449
Pre-tax profit (EBT)	34.834	36.954	109.740	151.994
Net profit after minorities	27.204	18.425	72.931	118.359
Shareholders' Equity	1.697.228	1.686.209	1.722.336	1.789.169
RoE after tax	1,7%	1,1%	4,3%	6,7%
Financial Calendar				
1H 2023 report		30 August 2023		
9M 2023 report		29 November 2023		
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)	Holger Schmidtmayr, MRICS
Country:	Austria	Herwig Teufelsdorfer, MRICS
Headquarter:	Vienna	
Foundation:	1986	
Employees (without Hotels):	138	
		Supervisory Board:
		Dr. Karin Rest, EMBA (Chairwoman)
		Martin Nemecek (First Deputy Chairman)
		Ulrich Steffen Ritter (Second Deputy Chairman)
		Andreas Feuerstein
IR Contact		John Verpeleti
Andreas Feuerstein		Elisabeth Wagerer
(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 360 properties, a lettable space of about 1,400k sqm amounting to a value of almost Euro 3.3bn at December 2022 (+15.6% compared to year-end 2021). In average, investments have a volume of a low or mid 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. With CPI taking the steering wheel, the company will shift away from low yielding German resi (and also some German commercial assets) and more to office in CEE and Austria, with a focus on ESG and high standards. All in all, at the moment, office properties have a 55% weighting, retail 12%, hotels 6% and residential have approx. 25% (thereof over 90% in Germany). The remaining 3% are land plots, mainly in Germany. In terms of the current portfolio value of almost Euro 3.3bn a large share of 38% is located in Germany (more than Euro 1.2bn, yielding 4.6%). Austria stands for about 15% (approx. Euro 0.5bn, yielding 4.6%) while CEE stands for the remaining 47% (over Euro 1.5bn, yielding 7.1%) of the total portfolio. In 2022, the high occupancy remained high at 92.6% despite a deteriorating economic environment (2021: 94.0%). S IMMO released the 2022 annual report on 30 March 2023 and presented a record EBITDA result of clearly over Euro 100m in a challenging year. Balance sheet is very solid with an equity ratio, that was slightly up from 45.2% in 2021 to 47.2% in 2022 and an LTV of 41.3%, more or less unchanged to 2021 (40.4%). Cost of funding incl. hedging was always at 2.3% or even below in the last years. After a low 2.09% in 2021, it was slightly up to 2.16% in 2022. The debt maturity profile is undemanding for 2023. In February 2024 there is a Euro 100m bond due with a low 1% coupon.



Source: Company Data, SRC Research

P&L Account for S IMMO AG

31/12 IFRS (Euro '000)	2019	2020	2021	2022	2023e	2024e	2025e	CAGR '21 - '24e
Revenues	210.427	173.915	196.856	260.493	286.699	302.828	311.441	15,4%
└ thereof rental income	119.373	123.255	131.294	155.705	173.178	185.635	191.245	
└ thereof revenues from service charges	31.952	32.871	34.359	48.405	55.401	58.743	61.242	
└ thereof revenues from hotel operations	59.102	17.789	31.203	56.383	58.120	58.450	58.954	
Other operating income	2.481	2.501	3.175	2.227	2.874	3.120	3.200	
Expenses directly attributable to properties	-60.952	-66.760	-66.795	-79.511	-86.785	-91.441	-92.451	
<i>Gross margin property segment</i>	<i>59,7%</i>	<i>57,2%</i>	<i>59,7%</i>	<i>61,0%</i>	<i>62,0%</i>	<i>62,6%</i>	<i>63,4%</i>	
Hotel operating expenses	-42.250	-18.126	-23.702	-43.010	-42.104	-42.608	-43.001	
Gross operating profit hotels (GOP)	16.852	-337	7.501	13.373	16.016	15.842	15.953	
<i>Gross margin within hotel segment</i>	<i>28,5%</i>	<i>-1,9%</i>	<i>24,0%</i>	<i>23,7%</i>	<i>27,6%</i>	<i>27,1%</i>	<i>27,1%</i>	
Gross profit (revenues less directly attributable expenses)	109.706	91.530	109.534	140.199	160.684	171.899	179.189	16,2%
<i>Total Gross margin</i>	<i>52,1%</i>	<i>52,6%</i>	<i>55,6%</i>	<i>53,8%</i>	<i>56,0%</i>	<i>56,8%</i>	<i>57,5%</i>	
Net operating income (NOI)	107.225	89.029	106.359	137.972	157.810	168.779	175.989	16,6%
<i>NOI-margin</i>	<i>51,0%</i>	<i>51,2%</i>	<i>54,0%</i>	<i>53,0%</i>	<i>55,0%</i>	<i>55,7%</i>	<i>56,5%</i>	
Net Gains on property disposal	0	0	0	0	0	0	0	
Management expenses	-22.669	-20.398	-28.237	-34.141	-31.150	-32.120	-3.125	
└ thereof personnel expenses	-11.513	-12.272	-14.608	-19.009	-15.988	-16.744	-17.788	
EBITDA	87.037	71.132	81.297	106.058	129.534	139.779	176.064	19,8%
<i>EBITDA-margin</i>	<i>41,4%</i>	<i>40,9%</i>	<i>41,3%</i>	<i>40,7%</i>	<i>45,2%</i>	<i>46,2%</i>	<i>56,5%</i>	
Depreciation	-8.264	-9.232	-9.646	-9.682	-11.130	-12.310	-12.845	
Property Revaluation	192.671	39.056	198.686	-78.397	-62.040	12.002	21.230	
Operating profit (EBIT)	271.444	100.956	270.337	17.979	56.364	139.471	184.449	-19,8%
<i>EBIT-margin</i>	<i>129,0%</i>	<i>58,0%</i>	<i>137,3%</i>	<i>6,9%</i>	<i>19,7%</i>	<i>46,1%</i>	<i>59,2%</i>	
EBIT-profit without revaluation result	78.773	61.900	71.651	96.376	118.404	127.469	163.219	21,2%
Net financial result	-20.021	-29.370	705	16.855	-19.410	-29.731	-32.455	
Participating certificates expenses (hybrid capital)	0	0	0	0	0	0	0	
Earnings before tax (EBT)	251.423	71.586	271.042	34.834	36.954	109.740	151.994	-26,0%
<i>EBT margin</i>	<i>119,5%</i>	<i>41,2%</i>	<i>137,7%</i>	<i>13,4%</i>	<i>12,9%</i>	<i>36,2%</i>	<i>48,8%</i>	
Income tax expense	-38.116	-14.674	-40.484	-15.907	-16.987	-35.454	-32.185	
<i>Tax rate</i>	<i>15,2%</i>	<i>20,5%</i>	<i>14,9%</i>	<i>45,7%</i>	<i>46,0%</i>	<i>32,3%</i>	<i>21,2%</i>	
Net profit	213.307	56.912	230.558	18.927	19.967	74.286	119.809	
Minorities	-533	-375	-1.037	8.277	-1.542	-1.355	-1.450	
Net profit after minorities	212.774	56.537	229.521	27.204	18.425	72.931	118.359	-31,8%
<i>Return on sales</i>	<i>101,1%</i>	<i>32,5%</i>	<i>116,6%</i>	<i>10,4%</i>	<i>6,4%</i>	<i>24,1%</i>	<i>38,0%</i>	
Number of shares (in million)	66,9	73,6	73,6	73,6	73,6	73,6	73,6	
Earnings per Share (EPS) in Euro	3,21	0,79	3,24	0,45	0,33	1,07	1,69	-30,8%
Dividends per Share (DPS) in Euro	0,70	0,50	0,65	0,00	0,40	0,50	0,70	
Book Value per Share (BVPS) in Euro	19,34	18,31	20,75	23,06	22,91	23,40	24,31	
Total assets	3.137.688	3.122.610	3.688.121	3.774.361	3.955.530	4.139.462	4.294.278	3,9%
Shareholders' equity (after dividend payment)	1.294.259	1.347.524	1.527.194	1.697.228	1.686.209	1.722.336	1.789.169	4,1%
Shareholders' equity incl. participating certificates	1.294.259	1.347.524	1.527.194	1.697.228	1.686.209	1.722.336	1.789.169	
Equity ratio without minorities with hybrid capital	41%	43%	41%	45%	43%	42%	42%	
Return on Equity (RoE)	18,1%	4,3%	16,0%	1,7%	1,1%	4,3%	6,7%	
Key ratios & figures	2019	2020	2021	2022	2023e	2024e	2025e	
Growth rates in %								
Revenues	9,3%	-17,4%	13,2%	32,3%	10,1%	5,6%	2,8%	
EBITDA	4,7%	-18,3%	14,3%	30,5%	22,1%	7,9%	26,0%	
EBIT	11,6%	-62,8%	167,8%	-93,3%	213,5%	147,4%	32,2%	
EBT	6,5%	-71,5%	278,6%	-87,1%	6,1%	197,0%	38,5%	
Net profit after minorities	4,5%	-73,3%	305,1%	-91,8%	5,5%	272,0%	61,3%	
Margins in %								
EBITDA	41,4%	40,9%	41,3%	40,7%	45,2%	46,2%	56,5%	
EBIT	129,0%	58,0%	137,3%	6,9%	19,7%	46,1%	59,2%	
EBT	119,5%	41,2%	137,7%	13,4%	12,9%	36,2%	48,8%	
Expense ratios in %								
Depreciation to sales	-3,9%	-5,3%	-4,9%	-3,7%	-3,9%	-4,1%	-4,1%	
Tax rate	15,2%	20,5%	14,9%	45,7%	46,0%	32,3%	21,2%	
Profitability in %								
Profit margin	101,4%	32,7%	117,1%	7,3%	7,0%	24,5%	38,5%	
Return on equity (RoE) after tax	18,1%	4,3%	16,0%	1,7%	1,1%	4,3%	6,7%	
Return on Assets (RoA)	6,8%	1,8%	6,3%	0,5%	0,5%	1,8%	2,8%	
Return on Investment (RoI)	6,8%	1,8%	6,3%	0,5%	0,5%	1,8%	2,8%	
Valuation								
P/E-ratio	3,48	14,19	3,45	24,87	33,85	10,44	6,62	
P/S-ratio	3,91	4,73	4,18	3,16	2,87	2,72	2,64	
Price/BVpS (PBV)	0,58	0,61	0,54	0,48	0,49	0,48	0,46	
Dividend yield in %	6,3%	4,5%	5,8%	0,0%	3,6%	4,5%	6,3%	
Data per share								
Number of shares (in million)	66,9	73,6	73,6	73,6	73,6	73,6	73,6	
EPS	3,21	0,79	3,24	0,45	0,33	1,07	1,69	
DPS	0,70	0,50	0,65	0,00	0,40	0,50	0,70	
BVPS	19,34	18,31	20,75	23,06	22,91	23,40	24,31	
FFO I per share	0,98	0,59	0,86	0,92	1,01	1,09	1,21	

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Rating Chronicle

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

Please note:

The S IMMO AG share price mentioned in this report is the price of 30 May 2023. S IMMO mandated SRC Research for covering the S IMMO share.

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