

Buy (old: Buy)

06.02.2024

EUR 18.40 (old: EUR 17.00)

Delisting indications getting stronger; chg. PT

On Friday, S IMMO announced that the company will part ways with board member Herwig Teufelsdorfer with immediate effect. At the same time the supervisory board decided to appoint Tomáš Salajka to the board, who is also member of the Board of Directors of CPI Property Group (CPI), S IMMOs majority shareholder. This comes after the company already parted ways with former board member Holger Schmidtmayr in June. Like Mr Teufelsdorfer, Mr Schmidtmayer was replaced with a person closely associated with CPI: Radka Döhring. After Ms Döhring acted as Finance Director at CPI from 2012-2014, she was announced as member of the board at IMMOFINANZ just two months after CPI gained voting rights majority at the company.

With this, Radovan Vitek, founder, and majority shareholder (90.3% of voting rights) of CPI, is seemingly implementing full operating control over S IMMO and IMMOFINANZ, after acquiring majority stakes (88.4% in SPI & 77% in IIA) in 2022. Mind you, S IMMO also has 4.44% treasury shares. The cancellation of which would lift CPI above the 90% squeeze-out threshold. Moreover, S IMMO is currently running the second consecutive quarterly share buyback (0.25% of targeted 1% bought back in Q4), hence lowering the number of shares CPI would have to acquire at a higher price in the event of a squeeze out.

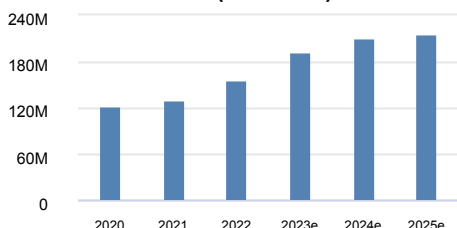
Although a delisting would be sensible at first glance, considering the current dual listing on the Vienna Stock Exchange (S IMMO & IMMOFINANZ) as well as facilitation with regards to related-party-transactions, the following questions arise: When and why not so far? While the question of when is difficult to answer, one possible answer to the question of why it has not happened yet is that CPI would have to pay a significant premium to the current share price given the NTA of € 25.16 as well as the € 19.50 per share, which IMMOFINANZ paid to acquire a 50% S IMMO stake from CPI in Q4 '22. Given CPIs high leverage (>50% LTV) as well as the short attack by hedgefond Muddy Waters it is hence uncertain if the company is currently willing to pay an additional € 100m (eNuW) for the remaining S IMMO share.

Yet, this brings us to the crucial point: Despite best-in-class metrics, the incipient recovery of the real estate market and the looming squeeze-out possibility, shares are trading on an NTA-discount similar to the peer group (-41% as of yesterday's close price), which we regard highly unjustified. The stock hence remains a strong **BUY with a new PT of € 18.40** based on NTA and DDM.

Y/E 31.12 (EUR)	2020	2021	2022	2023e	2024e	2025e
Net rental income	123.3	131.3	155.7	193.3	212.2	217.7
Rental income growth	-3.3%	14.2%	18.1%	19.5%	25.8%	4.5%
FFO	42.9	60.8	64.7	101.0	117.1	122.3
Net profit	56.9	230.7	18.9	-51.1	40.3	84.8
EPS	0.77	3.12	0.37	-0.71	0.53	1.14
FFO yield	3.9%	5.8%	5.9%	9.2%	10.7%	11.2%
FFO margin	34.8%	46.3%	41.6%	52.3%	55.2%	56.2%
NTA per share	23.8	29.1	26.1	23.9	25.1	26.2
Dividend yield	3.4%	4.4%	0.0%	0.0%	2.2%	4.6%
P/NTA premium/discount	-39.1%	-50.2%	-44.4%	-39.3%	-42.3%	-44.8%
P/FFO	25.5	17.1	16.9	10.8	9.3	8.9
Loan-to-value (LTV)	47.7%	40.7%	45.0%	55.9%	50.7%	49.9%
Implied yield	4.6%	4.7%	6.5%	7.1%	7.8%	7.9%

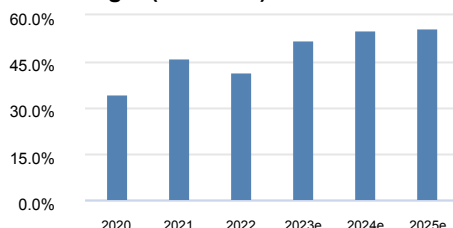
Source: Company data, NuWays, Close price as of 02.02.2024

Net rental income (2020-25e)



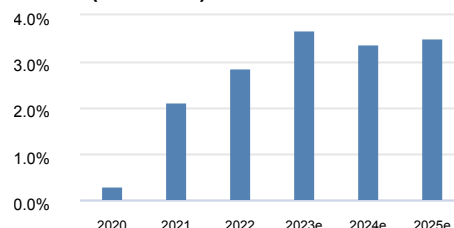
Source: NuWays Research

FFO margin (2020-25e)



Source: NuWays Research

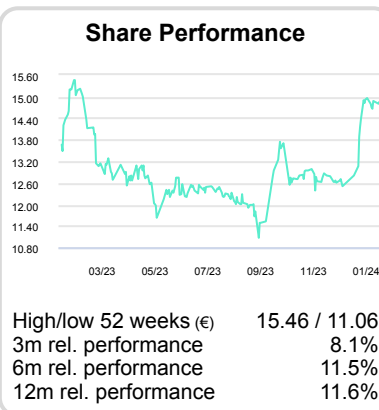
ROCE (2020-25e)



Source: NuWays Research

Company description

S IMMO Group is an international real estate group that engages in buying, selling and developing real estate projects, asset management, operating hotels and shopping centers. In addition, the company revitalizes and renovates properties.



Market data

Share price (in €)	14.86
Market cap (in € m)	1093.8
Number of shares (in m pcs)	73.6
Enterprise value (in € m)	2716.6
Ø trading volume (6 months)	48,895

Identifier

Bloomberg	SPI AV
Reuters	SIAG
WKN	902388
ISIN	AT0000652250

Key shareholders

CPI Property Group SA	88.4%
Free Float	11.6%

Estimates changes

	2023e	2024e	2025e
Net rents	0%	0%	0%
FFO	0%	0%	0%
EPS	0%	0%	0%

Comment on changes

- Higher PT as we adapted lower risk-free rate into our valuation model.

Financials

Profit and loss (EUR m)	2020	2021	2022	2023e	2024e	2025e
Net rental income	123.3	131.3	155.7	193.3	212.2	217.7
Direct property expenses	66.8	66.8	79.5	102.2	97.6	97.9
Net operating income	56.5	64.5	76.2	91.0	114.6	119.7
Earnings from property disposals	0.0	0.0	0.0	0.0	0.0	0.0
Earnings from project developments	0.0	0.0	0.0	0.0	0.0	0.0
Earnings from other property activities	50.7	65.7	104.8	127.3	104.1	105.0
Other operating income	2.5	3.2	2.2	2.8	3.2	3.2
Total revenues	176.4	200.2	262.7	323.3	319.4	325.8
Revaluation result from investment properties (net)	39.1	198.7	-78.4	-147.8	-47.9	0.0
Total income	215.5	398.9	184.3	175.5	271.5	325.8
Administrative expenses	8.1	13.6	13.4	14.0	14.5	14.5
Personnel expenses	0.0	0.0	0.0	0.0	0.0	0.0
Other operating expenses	18.1	23.7	43.0	47.6	47.6	44.2
Total operating expenses	38.5	51.9	77.2	79.9	85.5	81.3
EBITDA	110.2	280.2	27.7	-6.6	88.3	146.6
EBITDA excl revaluation result (net)	71.1	81.5	106.1	141.2	136.3	146.6
Depreciation	9.2	9.6	9.7	9.8	12.0	12.0
EBITA	101.0	270.5	18.0	-16.4	76.3	134.6
EBITA excl revaluation result (net)	61.9	71.8	96.4	131.4	124.3	134.6
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	0.0	0.0	0.0	0.0	0.0	0.0
Impairment charges	0.0	0.0	0.0	0.0	0.0	0.0
EBIT (incl revaluation net)	101.0	270.5	18.0	-16.4	76.3	134.6
EBIT (excl revaluation net)	8.8	71.8	96.4	131.4	124.3	134.6
Interest income	8.8	25.3	59.2	27.2	28.0	28.0
Interest expenses	43.2	30.7	42.7	57.4	58.6	64.5
Depreciation of financial investment	0.0	0.0	0.0	0.0	0.0	0.0
Investment income	5.0	6.2	0.3	0.4	2.0	2.0
Financial result	-29.4	0.7	16.9	-29.9	-28.6	-34.5
Earnings before taxes	71.6	271.2	34.8	-46.2	47.7	100.1
Earnings before taxes (excl revaluation result)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Taxes	14.7	40.5	15.9	4.9	7.4	15.3
Net income from continuing operations (incl reval. result)	56.9	230.7	18.9	-51.1	40.3	84.8
Net income from continuing operations (excl reval. result)	-35.2	32.0	97.3	96.7	88.2	84.8
Income from discontinued operations (net of tax)	0.0	0.0	0.0	0.0	0.0	0.0
Extraordinary items (net of tax)	0.0	0.0	0.0	0.0	0.0	0.0
Cumulative effect of accounting changes (net of tax)	0.0	0.0	0.0	0.0	0.0	0.0
Net income (incl revaluation result net)	56.9	230.7	18.9	-51.1	40.3	84.8
Net income (excl revaluation result net)	-35.2	32.0	97.3	96.7	88.2	84.8
Minority interest	0.4	1.0	-8.3	1.0	1.0	1.0
Net income (net of minority interest, incl reval. result)	56.5	229.7	27.2	-52.1	39.3	83.8
Net income (net of minority interest, excl reval. result)	-35.6	31.0	105.6	95.7	87.2	83.8
Funds from operations (FFO)	42.9	60.8	64.7	101.0	117.1	122.3

Profit and loss (common size)	2020	2021	2022	2023e	2024e	2025e
Net rental income	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Direct property expenses	54.2%	50.9%	51.1%	52.9%	46.0%	45.0%
Net operating income	45.8%	49.1%	48.9%	47.1%	54.0%	55.0%
Earnings from property disposals	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Earnings from projects developments	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Earnings from other property activities	41.1%	50.1%	67.3%	65.9%	49.1%	48.2%
Other operating income	2.0%	2.4%	1.4%	1.4%	1.5%	1.5%
Total revenues	143.1%	152.5%	168.7%	167.3%	150.5%	149.7%
Revaluation result from investment properties (net)	31.7%	151.3%	neg.	neg.	neg.	0.0%
Total income	174.8%	303.8%	118.4%	90.8%	128.0%	149.7%
Administrative expenses	6.6%	10.4%	8.6%	7.2%	6.8%	6.7%
Personnel expenses	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other operating income	2.0%	2.4%	1.4%	1.4%	1.5%	1.5%
Total operating expenses	31.3%	39.6%	49.5%	41.3%	40.3%	37.4%
EBITDA	89.4%	213.4%	17.8%	neg.	41.6%	67.3%
EBITDA excl revaluation result (net)	57.7%	62.1%	68.1%	73.1%	64.2%	67.3%
Depreciation	7.5%	7.3%	6.2%	5.1%	5.7%	5.5%
EBITA	81.9%	206.0%	11.5%	neg.	36.0%	61.8%
EBITA excl revaluation (net)	50.2%	54.7%	61.9%	68.0%	58.6%	61.8%

Profit and loss (common size)	2020	2021	2022	2023e	2024e	2025e
Amortisation of goodwill	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Amortisation of intangible assets	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Impairment charges	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
EBIT (incl revaluation net)	81.9%	206.0%	11.5%	neg.	36.0%	61.8%
EBIT (excl revaluation net)	7.2%	54.7%	61.9%	68.0%	58.6%	61.8%
Interest income	7.2%	19.2%	38.0%	14.1%	13.2%	12.9%
Interest expenses	35.1%	23.4%	27.4%	29.7%	27.6%	29.6%
Depreciation of financial investment	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Investment income	4.1%	4.7%	0.2%	0.2%	0.9%	0.9%
Financial result	neg.	0.5%	10.8%	neg.	neg.	neg.
Earnings before taxes (incl revaluation result)	58.1%	206.6%	22.4%	neg.	22.5%	46.0%
Earnings before taxes (excl revaluation result)	neg.	55.2%	72.7%	52.6%	45.1%	46.0%
Taxes	11.9%	30.8%	10.2%	2.5%	3.5%	7.0%
Net income from continuing operations (incl reval. result)	46.2%	175.7%	12.2%	neg.	19.0%	39.0%
Net income from continuing operations (excl reval. result)	neg.	24.4%	62.5%	50.0%	41.6%	39.0%
Income from discontinued operations (net of tax)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Extraordinary items (net of tax)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Cumulative effect of accounting changes	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Net income (incl revaluation result net)	46.2%	175.7%	12.2%	neg.	19.0%	39.0%
Net income (excl revaluation result net)	neg.	24.4%	62.5%	50.0%	41.6%	39.0%
Minority interest	0.3%	0.8%	neg.	0.5%	0.5%	0.5%
Net income (net of minority interest, incl reval. result)	45.9%	174.9%	17.5%	neg.	18.5%	38.5%
Net income (net of minority interest, excl reval. result)	neg.	24.4%	62.5%	50.0%	41.6%	39.0%
Funds from operations (FFO)	34.8%	46.3%	41.6%	52.3%	55.2%	56.2%

Source: Company data, NuWays

Balance sheet (EUR m)	2020	2021	2022	2023e	2024e	2025e
Intangible assets	0.3	0.4	0.8	0.8	0.8	0.8
Investment properties	2,316.7	2,642.9	2,580.8	2,894.0	3,198.2	3,298.2
Property, plant and equipment	124.0	116.4	110.5	110.5	110.5	110.5
Financial assets	526.7	430.7	124.4	124.4	124.4	124.4
Other non-current assets	0.0	0.0	0.0	0.0	0.0	0.0
Deferred taxes	0.0	0.0	0.0	0.0	0.0	0.0
FIXED ASSETS	3,007.0	3,268.0	2,903.9	3,217.1	3,521.3	3,621.3
Properties held for sale	4.3	0.0	539.1	300.0	50.0	50.0
Accounts receivable	4.3	6.9	17.5	17.5	17.5	17.5
Other current assets	42.3	37.2	66.7	66.7	66.7	66.7
Liquid assets	64.5	376.0	246.9	219.0	289.0	383.7
CURRENT ASSETS	115.6	420.3	870.4	603.4	423.4	518.2
TOTAL ASSETS	3,122.6	3,688.3	3,774.4	3,820.5	3,944.8	4,139.5
Subscribed capital	259.4	256.2	256.2	256.2	256.2	256.2
Surplus capital	173.9	160.6	160.6	160.6	160.6	160.6
Additional paid-in capital	890.8	1,015.9	1,253.2	1,280.4	1,203.9	1,192.4
Net profit/loss	56.5	229.7	27.2	-52.1	39.3	83.8
SHAREHOLDER'S EQUITY	1,380.6	1,662.4	1,697.2	1,645.1	1,660.1	1,693.1
MINORITY INTEREST	3.3	4.1	83.0	83.0	83.0	83.0
PROVISIONS AND ACCRUED LIABILITIES	1.3	1.3	9.9	9.9	9.9	9.9
short-term liabilities to banks	99.3	138.6	82.1	150.0	40.0	60.0
Bonds (long-term)	525.7	646.8	544.2	608.1	608.1	692.2
long-term liabilities to banks	873.8	920.2	927.6	1,077.6	1,262.6	1,277.6
other interest-bearing liabilities	n.a.	0.0	0.0	0.0	0.0	0.0
Interest-bearing liabilities	1,498.8	1,705.6	1,553.9	1,835.7	1,910.7	2,029.8
Accounts payable	3.6	5.7	12.7	12.7	12.7	12.7
Current liabilities	42.7	61.9	225.2	12.7	12.7	12.7
Deferred income	0.0	0.0	0.0	0.0	0.0	0.0
Deferred taxes	195.9	253.0	205.1	234.1	268.3	310.9
LIABILITIES	1,737.4	2,020.6	1,984.1	2,082.5	2,191.7	2,353.4
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY	3,122.6	3,688.3	3,774.4	3,820.5	3,944.8	4,139.5

Balance sheet (common size)	2020	2021	2022	2023e	2024e	2025e
Intangible assets	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Investment properties	74.2%	71.7%	68.4%	75.7%	81.1%	79.7%
Property, plant and equipment	4.0%	3.2%	2.9%	2.9%	2.8%	2.7%
Financial assets	16.9%	11.7%	3.3%	3.3%	3.2%	3.0%
Other non-current assets	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Deferred taxes	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
FIXED ASSETS	96.3%	88.6%	76.9%	84.2%	89.3%	87.5%
Properties held for sale	0.1%	0.0%	14.3%	7.9%	1.3%	1.2%
Accounts receivable	0.1%	0.2%	0.5%	0.5%	0.4%	0.4%
Other current assets	1.4%	1.0%	1.8%	1.7%	1.7%	1.6%
Liquid assets	2.1%	10.2%	6.5%	5.7%	7.3%	9.3%
CURRENT ASSETS	3.7%	11.4%	23.1%	15.8%	10.7%	12.5%
TOTAL ASSETS	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Subscribed capital	8.3%	6.9%	6.8%	6.7%	6.5%	6.2%
Surplus capital	5.6%	4.4%	4.3%	4.2%	4.1%	3.9%
Additional paid-in capital	28.5%	27.5%	33.2%	33.5%	30.5%	28.8%
Net profit/loss	1.8%	6.2%	0.7%	-1.4%	1.0%	2.0%
SHAREHOLDERS EQUITY	44.2%	45.1%	45.0%	43.1%	42.1%	40.9%
MINORITY INTEREST	0.1%	0.1%	2.2%	2.2%	2.1%	2.0%
PROVISIONS FOR PENSIONS AND SIMILIAR OBLIGATIONS	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
short-term liabilities to banks	3.2%	3.8%	2.2%	3.9%	1.0%	1.4%
Bonds (long-term)	16.8%	17.5%	14.4%	15.9%	15.4%	16.7%
long-term liabilities to banks	28.0%	24.9%	24.6%	28.2%	32.0%	30.9%
other interest-bearing liability	n.a.	0.0%	0.0%	0.0%	0.0%	0.0%
Interest-bearing liabilities	48.0%	46.2%	41.2%	48.0%	48.4%	49.0%
Accounts payable	0.1%	0.2%	0.3%	0.3%	0.3%	0.3%
Current liabilities	1.4%	1.7%	6.0%	0.3%	0.3%	0.3%
Deferred income	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Deferred taxes	6.3%	6.9%	5.4%	6.1%	6.8%	7.5%
LIABILITIES	55.6%	54.8%	52.6%	54.5%	55.6%	56.9%
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: Company data, NuWays

Cash flow statement (EUR m)	2020	2021	2022	2023e	2024e	2025e
Net profit	71.6	271.2	34.8	-46.2	47.7	122.3
Other recurrent / non-recurrent items	-7.2	-205.2	47.9	157.6	59.9	12.0
Increase/decrease in working capital	-9.0	3.1	-18.9	0.0	0.0	0.0
Cash flow from operating activities	55.4	69.1	63.9	111.4	107.7	134.3
CAPEX	0.1	0.0	1.5	28.9	32.0	33.0
Payment for acquisitions	-76.6	-35.6	14.8	-855.0	-450.0	150.0
Financial investments	-73.6	105.0	-89.3	205.0	5.4	0.0
Income from asset disposals	36.1	39.6	76.6	200.0	300.0	0.0
Cash flow from investing activities	-114.2	109.0	0.5	-421.1	-112.6	-183.0
Increase/decrease in debt position	-26.9	314.5	-161.6	281.8	75.0	119.1
Dividends paid	-50.2	-35.3	-45.8	0.0	0.0	-24.3
Purchase of own shares	-22.4	-16.4	0.0	0.0	0.0	0.0
Capital measures	146.5	0.0	0.0	0.0	0.0	0.0
Others	-35.3	-129.4	46.1	0.0	0.0	0.0
Cash flow from financing activities	11.7	133.3	-161.4	281.8	75.0	143.4
Cash flow from operating activities	55.4	69.1	63.9	111.4	107.7	134.3
Cash flow after maintenance capex	71.6	271.2	34.8	-46.2	47.7	122.3
Cash flow before financing	291.8	74.7	259.3	932.4	820.3	-24.4
Increase/decrease in liquid assets	-47.1	311.5	212.1	-28.0	554.5	94.7
Key ratios (EUR m)	2020	2021	2022	2023e	2024e	2025e
Return on Equity						
Net profit / Y/E equity	-2.6%	1.9%	6.2%	5.8%	5.3%	5.0%
Recurring net profit / Y/E equity	3.1%	3.7%	3.8%	6.1%	7.1%	7.2%
Net profit / avg. equity	-2.6%	1.9%	6.2%	5.8%	5.3%	5.0%
Recurring net profit / avg. equity	3.1%	3.7%	3.8%	6.1%	7.1%	7.2%
Security						
Net debt	1,434.4	1,329.6	1,307.0	1,616.7	1,621.7	1,646.0
Debt / equity	108.6%	102.6%	91.6%	111.6%	115.1%	119.9%
Net gearing	103.9%	80.0%	77.0%	98.3%	97.7%	n.a.
Interest cover	0.2	2.3	2.3	2.3	2.1	2.1
EBIDTA / interest paid	2.5	9.1	0.6	-0.1	1.5	2.3
Dividend payout ratio	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Dividend cover	1.2	1.3	n.a.	n.a.	4.8	2.4
Loan-to-value (LTV)	47.7%	40.7%	45.0%	55.9%	50.7%	49.9%
Return on Net Asset Value	2.4%	3.0%	n.a.	n.a.	n.a.	n.a.
Liquidity						
Current ratio	0.3	0.9	1.7	1.5	1.3	1.4
Acid test ratio	0.3	0.9	1.7	1.5	1.3	1.4
Valuation metrics						
FFO	42.9	60.8	64.7	101.0	117.1	122.3
FFO per share	0.58	0.87	0.88	1.37	1.59	1.66
NTA per share	23.8	29.1	26.1	23.9	25.1	26.2

Source: Company data, NuWays

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Company	Disclosures
S Immo AG	2

Historical target price and rating changes for S Immo AG

Company	Date	Analyst	Rating	Target Price	Close
S Immo AG	30.03.2023	Sennewald, Philipp	Buy	EUR 17.00	EUR 13.10
	01.03.2023	Sennewald, Philipp	Hold	n.a.	EUR 15.22

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The adj. FCF method is based on the assumption that investors purchase assets only at a price (enterprise value) at which the operating cash flow return after taxes on this investment exceeds their opportunity costs in the form of a hurdle rate of 7.5%. The operating cash flow is calculated as EBITDA less maintenance capex and taxes.

Within the framework of the DCF approach, the future free cash flows are calculated initially on the basis of a fictitious capital structure of 100% equity, i.e. interest and repayments on debt capital are not factored in initially. The adjust-

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According to Article 4(1) No. i of the delegated regulation 2016/958 supplementing regulation 596/2014 of the European Parliament, further information regarding investment recommendations of the last 12 months are published under: www.nuways-ag.com

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