

Hold (old: Hold)

30.08.2024

EUR 24.00 (old: EUR 19.00)

Q2 in the books – SO & delisting expected for H2; chg.

Topic: S IMMO released its H1 results on Wednesday evening, showing strong top line growth as well as improved operating profitability.

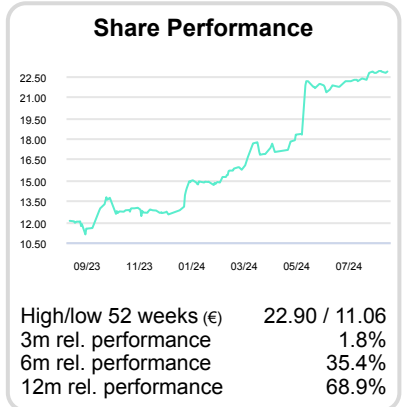
Q2 sales increased by 15% yoy to € 186m (eNuW: € 181m), which was mainly driven by increased rental income of € 112m (+19.2% yoy) following several major acquisitions in Austria and the Czech Republic. Moreover, the hotel segment grew revenues by 7.7% yoy to € 33.8m.

Against this backdrop, **FFO I increased by 47% yoy to € 1.04 per share**, also implying an FFO margin improvement of 9pp driven by operating leverage on the G&A level. The EPRA NTA remained stable at € 24.86 per share.

Disposal program on track. In H1, S IMMO continued the disposal of its properties in Germany. The company aims to leave the German market entirely in order to invest the freed funds into higher yielding properties in the CEE region. As of H1, the company reduced its portfolio in Germany to € 300m, which compares to € 1.25bn 18 months ago. During this time, the average gross initial yield of the total portfolio increased by 1.1pp to 6.9%, which should serve as a proof of concept for the shift in strategy. Management aims for a disposal of the remaining properties in due course (eNuW: until H1 '25e).

Squeeze-out and delisting looming. S IMMO announced that the Extraordinary General Meeting to resolve the squeeze-out is expected to take place in autumn, likely in October/November. Before this, The cash settlement will be determined on the basis of an external expert opinion. Afterward, the resolution must be entered into the commercial register, whereupon a two-months period for the cash settlement begins. At the same time, the Vienna Stock Exchange is seen to initiate the delisting of the shares, which we expect to happen already in the course of Q4.

Hence, the stock remains a **HOLD**. Yet, we increase our PT to € 24 (old: € 19) in light of the looming squeeze-out. The new PT is orientated to the current BV/ps of € 23.63 and the NTA/ps of € 24.86.



Market data

Share price (in €)	22.80
Market cap (in € m)	1612.0
Number of shares (in m pcs)	73.6
Enterprise value (in € m)	3404.1
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

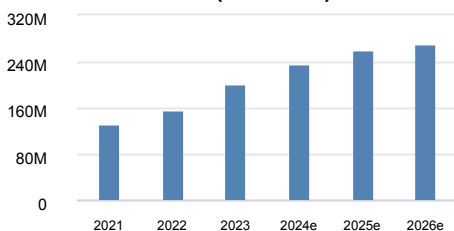
	2024e	2025e	2026e
Net rents	-3%	4%	5%
FFO	9%	2%	2%
EPS	9%	2%	2%

- ### Comment on changes
- Changed estimates following yesterday's release.
 - Updated our disposal forecast

Y/E 31.12 (EUR)	2021	2022	2023	2024e	2025e	2026e
Net rental income	131.3	155.7	202.6	238.1	261.1	269.8
Rental income growth	14.2%	18.1%	23.3%	36.8%	11.7%	3.3%
FFO	60.8	64.7	99.7	133.5	130.9	137.1
Net profit	230.7	18.9	-41.4	80.2	96.8	107.9
EPS	3.12	0.37	-0.44	1.08	1.30	1.45
FFO yield	4.0%	4.0%	6.2%	8.3%	8.1%	8.5%
FFO margin	46.3%	41.6%	49.2%	56.1%	50.1%	50.8%
NTA per share	29.1	26.1	25.0	26.4	27.9	29.1
Dividend yield	3.0%	0.0%	0.0%	1.7%	3.4%	4.4%
P/NTA premium/discount	-50.2%	-44.4%	-42.1%	-45.1%	-48.1%	-50.1%
P/FFO	25.2	24.9	16.2	12.1	12.3	11.8
Loan-to-value (LTV)	40.7%	45.0%	51.4%	53.6%	52.0%	50.7%
Implied yield	4.7%	5.3%	6.1%	7.0%	7.7%	8.0%

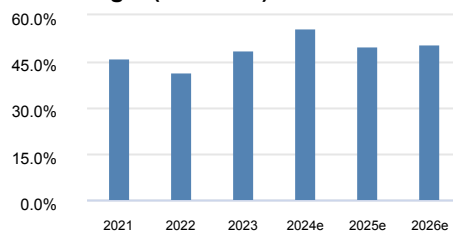
Source: Company data, NuWays, Close price as of 29.08.2024

Net rental income (2021-26e)



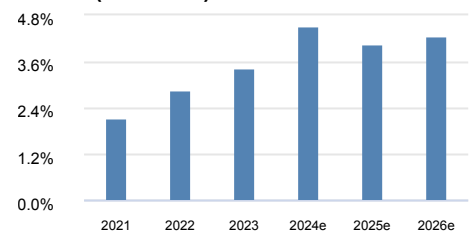
Source: NuWays Research

FFO margin (2021-26e)



Source: NuWays Research

ROCE (2021-26e)



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.

Guidance

Financials

Profit and loss (EUR m)	2021	2022	2023	2024e	2025e	2026e
Net rental income	131.3	155.7	202.6	238.1	261.1	269.8
Direct property expenses	66.8	79.5	108.7	109.5	117.5	121.4
Net operating income	64.5	76.2	94.0	128.6	143.6	148.4
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	65.7	104.8	133.8	147.6	118.9	122.6
Other operating income	3.2	2.2	4.2	4.3	3.2	3.2
Total revenues	200.2	262.7	340.7	390.0	383.2	395.6
Revaluation result from investment properties (net)	198.7	-78.4	-109.3	-33.3	0.0	0.0
Total income	398.9	184.3	231.3	356.7	383.2	395.6
Administrative expenses	13.6	13.4	14.0	14.5	14.5	14.5
Personnel expenses	0.0	0.0	0.0	0.0	0.0	0.0
Other operating expenses	23.7	43.0	52.7	51.0	46.7	48.1
Total operating expenses	51.9	77.2	89.4	95.5	90.4	93.3
EBITDA	280.2	27.7	33.3	151.7	175.3	180.9
EBITDA excl revaluation result (net)	81.5	106.1	142.6	185.0	175.3	180.9
Depreciation	9.6	9.7	9.2	9.2	9.2	9.2
EBITA	270.5	18.0	24.1	142.6	166.1	171.8
EBITA excl revaluation result (net)	71.8	96.4	133.4	175.8	166.1	171.8
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)	270.5	18.0	24.1	142.6	166.1	171.8
EBIT (excl revaluation net)	71.8	96.4	133.4	175.8	166.1	171.8
Interest income	25.3	59.2	8.6	65.8	4.8	5.8
Interest expenses	30.7	42.7	80.8	104.9	59.1	52.3
Depreciation of financial investment	0.0	0.0	0.0	0.0	0.0	0.0
Investment income	6.2	0.3	1.7	1.2	2.0	2.0
Financial result	0.7	16.9	-70.4	-37.9	-52.3	-44.5
Earnings before taxes	271.2	34.8	-46.4	104.7	113.8	127.3
Earnings before taxes (excl revaluation result)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Taxes	40.5	15.9	-5.0	24.4	17.1	19.4
Net income from continuing operations (incl reval. result)	230.7	18.9	-41.4	80.2	96.8	107.9
Net income from continuing operations (excl reval. result)	32.0	97.3	67.9	113.5	96.8	107.9
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)	230.7	18.9	-41.4	80.2	96.8	107.9
Net income (excl revaluation result net)	32.0	97.3	67.9	113.5	96.8	107.9
Minority interest	1.0	-8.3	-9.2	1.0	1.0	1.0
Net income (net of minority interest, incl reval. result)	229.7	27.2	-32.2	79.2	95.8	106.9
Net income (net of minority interest, excl reval. result)	31.0	105.6	77.1	112.5	95.8	106.9
Funds from operations (FFO)	60.8	64.7	99.7	133.5	130.9	137.1

Profit and loss (common size)	2021	2022	2023	2024e	2025e	2026e
Net rental income	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Direct property expenses	50.9%	51.1%	53.6%	46.0%	45.0%	45.0%
Net operating income	49.1%	48.9%	46.4%	54.0%	55.0%	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	50.1%	67.3%	66.0%	62.0%	45.5%	45.4%
Other operating income	2.4%	1.4%	2.1%	1.8%	1.2%	1.2%
Total revenues	152.5%	168.7%	168.1%	163.8%	146.8%	146.6%
Revaluation result from investment properties (net)	151.3%	neg.	neg.	neg.	0.0%	0.0%
Total income	303.8%	118.4%	114.2%	149.8%	146.8%	146.6%
Administrative expenses	10.4%	8.6%	6.9%	6.1%	5.6%	5.4%
Personnel expenses	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other operating income	2.4%	1.4%	2.1%	1.8%	1.2%	1.2%
Total operating expenses	39.6%	49.5%	44.1%	40.1%	34.6%	34.6%
EBITDA	213.4%	17.8%	16.4%	63.7%	67.1%	67.1%
EBITDA excl revaluation result (net)	62.1%	68.1%	70.4%	77.7%	67.1%	67.1%
Depreciation	7.3%	6.2%	4.5%	3.8%	3.5%	3.4%
EBITA	206.0%	11.5%	11.9%	59.9%	63.6%	63.7%
EBITA excl revaluation (net)	54.7%	61.9%	65.8%	73.8%	63.6%	63.7%

Profit and loss (common size)	2021	2022	2023	2024e	2025e	2026e
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)	206.0%	11.5%	11.9%	59.9%	63.6%	63.7%
EBIT (excl revaluation net)	54.7%	61.9%	65.8%	73.8%	63.6%	63.7%
Interest income	19.2%	38.0%	4.3%	27.6%	1.8%	2.2%
Interest expenses	23.4%	27.4%	39.9%	44.0%	22.6%	19.4%
Depreciation of financial investment	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Investment income	4.7%	0.2%	0.8%	0.5%	0.8%	0.7%
Financial result	0.5%	10.8%	neg.	neg.	neg.	neg.
Earnings before taxes (incl revaluation result)	206.6%	22.4%	neg.	44.0%	43.6%	47.2%
Earnings before taxes (excl revaluation result)	55.2%	72.7%	31.1%	57.9%	43.6%	47.2%
Taxes	30.8%	10.2%	neg.	10.3%	6.5%	7.2%
Net income from continuing operations (incl reval. result)	175.7%	12.2%	neg.	33.7%	37.1%	40.0%
Net income from continuing operations (excl reval. result)	24.4%	62.5%	33.5%	47.7%	37.1%	40.0%
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)	175.7%	12.2%	neg.	33.7%	37.1%	40.0%
Net income (excl revaluation result net)	24.4%	62.5%	33.5%	47.7%	37.1%	40.0%
Minority interest	0.8%	neg.	neg.	0.4%	0.4%	0.4%
Net income (net of minority interest, incl reval. result)	174.9%	17.5%	neg.	33.3%	36.7%	39.6%
Net income (net of minority interest, excl reval. result)	24.4%	62.5%	33.5%	47.7%	37.1%	40.0%
Funds from operations (FFO)	46.3%	41.6%	49.2%	56.1%	50.1%	50.8%

Source: Company data, NuWays

Balance sheet (EUR m)	2021	2022	2023	2024e	2025e	2026e
Intangible assets	0.4	0.8	1.2	1.2	1.2	1.2
Investment properties	2,642.9	2,580.8	3,206.5	3,058.3	3,285.1	3,435.1
Property, plant and equipment	116.4	110.5	102.9	102.9	102.9	102.9
Financial assets	430.7	124.4	125.7	138.2	138.2	138.2
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	3,268.0	2,903.9	3,526.1	3,390.5	3,617.3	3,765.4
Properties held for sale	0.0	539.1	87.2	282.7	173.2	50.0
Accounts receivable	6.9	17.5	34.5	26.1	25.0	22.2
Other current assets	37.2	66.7	86.6	66.7	66.7	66.7
Liquid assets	376.0	246.9	445.1	266.9	363.8	283.9
CURRENT ASSETS	420.3	870.4	653.8	642.7	629.1	423.1
TOTAL ASSETS	3,688.3	3,774.4	4,179.9	4,033.3	4,246.4	4,188.5
Subscribed capital	256.2	256.2	255.6	255.6	255.6	255.6
Surplus capital	160.6	160.6	158.9	158.9	158.9	158.9
Additional paid-in capital	1,015.9	1,253.2	1,266.1	1,258.8	1,351.6	1,418.2
Net profit/loss	229.7	27.2	-32.2	79.2	95.8	106.9
SHAREHOLDER'S EQUITY	1,662.4	1,697.2	1,648.4	1,752.5	1,861.9	1,939.6
MINORITY INTEREST	4.1	83.0	53.5	54.5	55.5	56.5
PROVISIONS AND ACCRUED LIABILITIES	1.3	9.9	57.4	9.9	9.9	9.9
short-term liabilities to banks	138.6	82.1	183.3	40.0	150.0	40.0
Bonds (long-term)	646.8	544.2	618.8	608.1	692.2	692.2
long-term liabilities to banks	920.2	927.6	1,334.4	1,409.8	1,318.5	1,291.9
other interest-bearing liabilities	0.0	0.0	0.0	0.0	0.0	0.0
Interest-bearing liabilities	1,705.6	1,553.9	2,136.5	2,057.9	2,160.6	2,024.0
Accounts payable	5.7	12.7	32.1	12.7	12.7	12.7
Current liabilities	61.9	225.2	137.7	12.7	12.7	12.7
Deferred income	0.0	0.0	0.6	0.0	0.0	0.0
Deferred taxes	253.0	205.1	145.8	145.8	145.8	145.8
LIABILITIES	2,020.6	1,984.1	2,420.6	2,216.4	2,319.1	2,182.5
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY	3,688.3	3,774.4	4,179.9	4,033.3	4,246.4	4,188.5

Balance sheet (common size)	2021	2022	2023	2024e	2025e	2026e
Intangible assets	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Investment properties	71.7%	68.4%	76.7%	75.8%	77.4%	82.0%
Property, plant and equipment	3.2%	2.9%	2.5%	2.6%	2.4%	2.5%
Financial assets	11.7%	3.3%	3.0%	3.4%	3.3%	3.3%
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	88.6%	76.9%	84.4%	84.1%	85.2%	89.9%
Properties held for sale	0.0%	14.3%	2.1%	7.0%	4.1%	1.2%
Accounts receivable	0.2%	0.5%	0.8%	0.6%	0.6%	0.5%
Other current assets	1.0%	1.8%	2.1%	1.7%	1.6%	1.6%
Liquid assets	10.2%	6.5%	10.6%	6.6%	8.6%	6.8%
CURRENT ASSETS	11.4%	23.1%	15.6%	15.9%	14.8%	10.1%
TOTAL ASSETS	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Subscribed capital	6.9%	6.8%	6.1%	6.3%	6.0%	6.1%
Surplus capital	4.4%	4.3%	3.8%	3.9%	3.7%	3.8%
Additional paid-in capital	27.5%	33.2%	30.3%	31.2%	31.8%	33.9%
Net profit/loss	6.2%	0.7%	-0.8%	2.0%	2.3%	2.6%
SHAREHOLDERS EQUITY	45.1%	45.0%	39.4%	43.5%	43.8%	46.3%
MINORITY INTEREST	0.1%	2.2%	1.3%	1.4%	1.3%	1.3%
PROVISIONS FOR PENSIONS AND SIMILIAR OBLIGATIONS	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
short-term liabilities to banks	3.8%	2.2%	4.4%	1.0%	3.5%	1.0%
Bonds (long-term)	17.5%	14.4%	14.8%	15.1%	16.3%	16.5%
long-term liabilities to banks	24.9%	24.6%	31.9%	35.0%	31.0%	30.8%
other interest-bearing liability	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Interest-bearing liabilities	46.2%	41.2%	51.1%	51.0%	50.9%	48.3%
Accounts payable	0.2%	0.3%	0.8%	0.3%	0.3%	0.3%
Current liabilities	1.7%	6.0%	3.3%	0.3%	0.3%	0.3%
Deferred income	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Deferred taxes	6.9%	5.4%	3.5%	3.6%	3.4%	3.5%
LIABILITIES	54.8%	52.6%	57.9%	55.0%	54.6%	52.1%
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)	2021	2022	2023	2024e	2025e	2026e
Net profit	271.2	34.8	-46.4	104.7	130.9	137.1
Other recurrent / non-recurrent items	-205.2	47.9	169.5	42.4	9.2	0.0
Increase/decrease in working capital	3.1	-18.9	30.7	-11.0	1.1	2.9
Cash flow from operating activities	69.1	63.9	153.8	136.1	141.1	139.9
CAPEX	0.0	1.5	1.7	1.8	2.0	2.1
Payment for acquisitions	-35.6	14.8	640.5	600.0	400.0	200.0
Financial investments	105.0	-89.3	18.1	0.0	0.0	0.0
Income from asset disposals	39.6	76.6	528.7	369.3	282.7	173.2
Cash flow from investing activities	109.0	0.5	-131.5	-232.6	-119.3	-28.8
Increase/decrease in debt position	314.5	-161.6	241.9	-78.7	102.8	-136.6
Dividends paid	-35.3	-45.8	0.0	0.0	27.7	54.4
Purchase of own shares	-16.4	0.0	2.4	3.0	0.0	0.0
Capital measures	0.0	0.0	0.0	0.0	0.0	0.0
Others	-129.4	46.1	63.1	0.0	0.0	0.0
Cash flow from financing activities	133.3	-161.4	176.4	-81.7	75.0	-191.0
Cash flow from operating activities	69.1	63.9	153.8	136.1	141.1	139.9
Cash flow after maintenance capex	271.2	34.8	-46.4	104.7	130.9	137.1
Cash flow before financing	74.7	259.3	22.3	-96.5	-5.9	56.7
Increase/decrease in liquid assets	311.5	212.1	198.1	554.5	96.9	-79.9

Key ratios (EUR m)	2021	2022	2023	2024e	2025e	2026e
Return on Equity						
Net profit / Y/E equity	1.9%	6.2%	4.7%	6.4%	5.1%	5.5%
Recurring net profit / Y/E equity	3.7%	3.8%	6.0%	7.6%	7.0%	7.1%
Net profit / avg. equity	1.9%	6.2%	4.7%	6.4%	5.1%	5.5%
Recurring net profit / avg. equity	3.7%	3.8%	6.0%	7.6%	7.0%	7.1%
Security						
Net debt	1,329.6	1,307.0	1,691.4	1,790.9	1,796.8	1,740.1
Debt / equity	102.6%	91.6%	129.6%	117.4%	116.0%	104.4%
Net gearing	80.0%	77.0%	102.6%	102.2%	96.5%	89.7%
Interest cover	2.3	2.3	1.7	1.7	2.8	3.3
EBIDTA / interest paid	9.1	0.6	0.4	1.4	3.0	3.5
Dividend payout ratio	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Dividend cover	1.3	n.a.	n.a.	4.8	2.4	1.9
Loan-to-value (LTV)	40.7%	45.0%	51.4%	53.6%	52.0%	50.7%
Return on Net Asset Value	3.0%	n.a.	n.a.	n.a.	n.a.	n.a.
Liquidity						
Current ratio	0.9	1.7	1.4	3.2	2.0	2.1
Acid test ratio	0.9	1.7	1.4	3.2	2.0	2.1
Valuation metrics						
FFO	60.8	64.7	99.7	133.5	130.9	137.1
FFO per share	0.87	0.88	1.35	1.81	1.78	1.86
NTA per share	29.1	26.1	25.0	26.4	27.9	29.1

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	28.05.2024	Sennewald, Philipp	Hold	EUR 19.00	EUR 21.80
	26.03.2024	Sennewald, Philipp	Buy	EUR 19.00	EUR 16.62
	05.02.2024	Sennewald, Philipp	Buy	EUR 18.40	EUR 14.86

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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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