

# publity AG

Germany / Real Estate  
 Frankfurt Stock Exchange  
 Bloomberg: PBY GR  
 ISIN: DE0006972508

Update

**RATING** UNDER REVIEW  
**PRICE TARGET** SUSPENDED  
 Return Potential n.a.  
 Risk Rating n.a.

## PLACING UNDER REVIEW

We recently placed PREOS Real Estate & Technology AG “Under Review” and suspended our price target on poor visibility (see PREOS note of 12 March 2021). Uncertainties over the company’s financing and growth strategies hampered our ability to quantify risks with any degree of certainty. This likewise impairs our ability to forecast publity, since according to the last communications, it holds an 83.5% stake in PREOS; which it consolidates. Now BaFin is investigating potential market manipulation of PREOS and publity securities. Until we have much greater visibility into PREOS’ operations, publity’s stand-alone asset management business, and the outcome of the BaFin process, we withdraw our forecasts and place publity Under Review (old: Buy) with a “Suspended” price target (old: €55).

**Too much uncertainty with asset management business** Our publity forecasts also hinged largely upon strong portfolio growth at PREOS. publity benefits from transaction fees resulting from acquisitions and disposals by PREOS. The Asset Management segment comprises the ongoing management of properties, non-performing loans for third parties, and the provision of services in connection with the acquisition or sale of properties. In addition, the segment also captures cash inflows from non-performing loans. Asset Management revenue totalled €4.0m in H1/20 including €2.1m with third parties and €1.9m of internal sales. This compared to €13.5m in H1/19, of which €10m were intersegment sales traced to the portfolio build-up at PREOS.

**BaFin investigation casts a further cloud over the company** According to FONDS professionell ONLINE, the German Federal Financial Supervisory Authority (BaFin) has launched an investigation into potential market manipulation of the PREOS and publity securities. While we will not speculate on the eventual outcome of this process, we are concerned about the allegations, which create further uncertainty and risks that we cannot quantify.

## FINANCIAL HISTORY & PROJECTIONS

	2017	2018	2019	2020E	2021E	2022E
Revenue (€m)	29.25	44.05	20.32	n.a.	n.a.	n.a.
Y-o-y growth	-0.4%	0.5%	-0.5%	n.a.	n.a.	n.a.
EBIT (€m)	11.90	37.65	116.30	n.a.	n.a.	n.a.
EBIT margin	40.7%	85.5%	572.3%	n.a.	n.a.	n.a.
Net income (€m)	10.59	31.36	58.82	n.a.	n.a.	n.a.
EPS (diluted) (€)	1.64	2.95	4.82	n.a.	n.a.	n.a.
DPS (€)	0.00	1.50	2.63	n.a.	n.a.	n.a.
FCF (€m)	-2.51	-18.76	-261.72	n.a.	n.a.	n.a.
Net gearing	118.7%	-13.0%	161.7%	n.a.	n.a.	n.a.
Liquid assets (€m)	9.53	27.95	67.44	n.a.	n.a.	n.a.

## RISKS

Risks include, but are not limited to, unfavourable interest rate developments, unfavourable macroeconomic developments, and the departure of key personnel.

## COMPANY PROFILE

Founded in 1999, the Frankfurt am Main-based publity AG is an established asset manager and investor with a focus on office real estate in German metropolises such as Frankfurt and Munich. Services cover key steps in the property value chain from acquisition, management to property sales.

## MARKET DATA

As of 09 Apr 2021

Closing Price	€ 28.95
Shares outstanding	14.87m
Market Capitalisation	€ 430.60m
52-week Range	€ 27.35 / 38.05
Avg. Volume (12 Months)	5,510

Multiples	2019	2020E	2021E
P/E	n.a.	n.a.	n.a.
EV/Sales	n.a.	n.a.	n.a.
EV/EBIT	n.a.	n.a.	n.a.
Div. Yield	n.a.	n.a.	n.a.

## STOCK OVERVIEW



## COMPANY DATA

As of 30 Jun 2020

Liquid Assets	€ 41.78m
Current Assets	€ 178.03m
Intangible Assets	€ 80.74m
Total Assets	€ 1,361.50m
Current Liabilities	€ 334.54m
Shareholders' Equity	€ 406.37m

## SHAREHOLDERS

Thomas Olek	84.0%
Free Float	16.0%

**FIRST BERLIN RECOMMENDATION & PRICE TARGET HISTORY**

Report No.:	Date of publication	Previous day closing price	Recommendation	Price target
Initial Report	23 November 2018	€21.35	Buy	€29.00
2	↓	↓	↓	↓
3	15 March 2019	€19.30	Buy	€30.00
4	5 June 2019	€37.00	Add	€44.00
5	3 December 2019	€36.95	Buy	€55.00
6	Today	€28.95	Buy	€

**Authored by: Ellis Acklin, Senior Analyst**

**Company responsible for preparation:**

**First Berlin Equity Research GmbH**

Mohrenstraße 34  
10117 Berlin

Tel. +49 (0)30 - 80 93 96 83 Fax +49 (0)30 - 80 93 96 87

info@firstberlin.com  
www.firstberlin.com

**Person responsible for forwarding or distributing this financial analysis: Martin Bailey**

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First Berlin's system for asset valuation is divided into an asset recommendation and a risk assessment.

#### ASSET RECOMMENDATION

The recommendations determined in accordance with the share price trend anticipated by First Berlin in the respectively indicated investment period are as follows:

Category		1	2
Current market capitalisation (in €)		0 - 2 billion	> 2 billion
Strong Buy <sup>1</sup>	An expected favourable price trend of:	> 50%	> 30%
Buy	An expected favourable price trend of:	> 25%	> 15%
Add	An expected favourable price trend of:	0% to 25%	0% to 15%
Reduce	An expected negative price trend of:	0% to -15%	0% to -10%
Sell	An expected negative price trend of:	< -15%	< -10%

<sup>1</sup> The expected price trend is in combination with sizable confidence in the quality and forecast security of management.

Our recommendation system places each company into one of two market capitalisation categories. Category 1 companies have a market capitalisation of €0 – €2 billion, and Category 2 companies have a market capitalisation of > €2 billion. The expected return thresholds underlying our recommendation system are lower for Category 2 companies than for Category 1 companies. This reflects the generally lower level of risk associated with higher market capitalisation companies.

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- key sources of information in the preparation of this research report
- valuation methods and principles
- sensitivity of valuation parameters

can be accessed through the following internet link: <http://firstberlin.com/disclaimer-english-link/>

**SUPERVISORY AUTHORITY: Bundesanstalt für Finanzdienstleistungsaufsicht (German Federal Financial Supervisory Authority) [BaFin], Graurheindorferstraße 108, 53117 Bonn and Lurgiallee 12, 60439 Frankfurt**

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