

■ Price (Euro)	18.48			
52 weeks range	18.70 / 13.92			
■ 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)	1236.6			
Number of shares (million)	66.9			
Free Float (approx.)	70%			
Free Float MarketCap (Euro million)	865.6			
CAGR (EBITDA '18-21e)	11.4%			
■ Multiples	2018	2019e	2020e	2021e
Market cap/ Revenues-Ratio	6.4	6.6	6.5	6.2
P/E-Ratio	6.0	7.9	7.8	8.9
Dividend Yield	3.8%	4.1%	4.3%	4.6%
■ Key Data per Share (Euro)	2018	2019e	2020e	2021e
Earnings per Share (EpS)	3.08	2.34	2.36	2.08
Dividends per Share (DpS)	0.70	0.75	0.80	0.85
Book Value per Share (BVpS)	15.88	17.43	18.96	20.15
EPRA NAV per share	21.25	22.95	23.87	24.82
FFO I per share	0.92	1.01	1.09	1.18
■ Financial Data (Euro '000)	2018	2019e	2020e	2021e
Revenues	192,441	209,336	217,384	221,576
Rental income	104,313	118,145	123,225	125,442
Net revaluation result	167,814	96,988	91,774	71,224
Operating cash profit (EBITDA)	83,093	106,054	113,916	114,964
Operating Profit (EBIT)	243,235	194,722	197,333	177,409
Pre-tax profit (EBT)	235,972	181,064	182,313	160,657
Net profit after minorities	203,690	154,866	156,240	136,860
Shareholders' Equity	1,062,513	1,166,654	1,268,788	1,348,161
RoE after tax	20.6%	13.9%	12.8%	10.5%
■ Financial Calendar				
1Q 2019		May 27, 2019		
AGM		June 14, 2019		
2Q 2019		August 27, 2019		
SRC Forum Financials & Real Estate		September 3, 2019		
■ Main Shareholders				
Immofinanz		29%		
Own shares		1%		
■ Analyst	Dipl.-Kfm. Stefan Scharff, CREA			
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	www.aktienmarkt-international.de			

Bottom line and EPRA NAV at record levels, a+43% hike in FFO I translates into a significant uplift of dividend payment – Buy affirmed, target once more up to Euro 21.50

Yesterday, S IMMO released the 2018 annual report with the bottom line and EPRA NAV at record levels, a year, which was initially planned only as transition year after some huge sales activities in 2017. The 2018 FFO I hike of 43% to Euro 61m was also impressive and leads to a much higher dividend. As the firm already stated on 28 March, the management decided for a shareholder friendly dividend policy with a significant uplift in the dividend payment from 40 Cents to 70 Cents for FY 2018 to reflect the steep hike in the FFO cash earnings and to secure a high > 70% payout ratio.

The numbers were coined by a good rental income, namely a significant hike in 4Q 2018 rental income by 7% compared to the previous year, from Euro 26.0m to now Euro 27.8m. This is a good basis for 2019, as Bucharest-based The Mark (25k sqm) and other recently completed and fully let office buildings as Berlin-based Leuchtenfabrik (16k sqm) will contribute in 2019 to the top-line. Keep in mind that S IMMO acquired several German properties, mainly residential, in the magnitude of Euro 123m in the last year, in German B cities like Leipzig, Erfurt and Kiel. Moreover, the company secured some land reserves near the capital Berlin in the magnitude of 850k sqm which helps to secure the future growth. Besides the growth by attractive acquisitions S IMMO expanded the rental income by an active asset management which helped to bring up the like-for-like rentals in the portfolio by 4.9%.

Besides the good rental income which was also supported by the +72% in gross operating profit from the hotel business (from Euro 9.7m in 2017 to Euro 16.7m in 2018) S IMMO profited from a high revaluation result and a benign net financial result, very much below the 2017 level. The net revaluation surged by 32% from Euro 128m to almost Euro 168m, coming from all regions (51% from Germany, the remaining was split between Austria and CEE).

The net financial result was at only Euro -7.3m, after -47.4m in 2017. One reason was the Cost of Funding going down from 2.67% in 2017 to 2.28% in 2018, with a tendency to further slightly decelerate in 2019. Another reason was the declining effect from hedge accounting and interest derivatives which burdened 2017 with Euro -14m. This came down to only Euro -2m. In addition to that, the financial income which contains the earnings from the Immofinanz and CA Immo dividend payments tripled from Euro 4.8m to Euro 14.5m. This positive impact might repeat or even reinforce in 2019 as CAI already stated to pay a higher dividend. And lastly, a much higher contribution from at equity firms (for instance Einsteinova and QBC) also helped to realize a much lower net financial result.

The steep +57% hike in net profit after minorities to Euro 204m leads us to lift our 2019 and 2020 P & L. The +21% EPRA NAV per share hike to Euro 21.25 speaks also for the S IMMO share. We only expected a hike to c. Euro 20.60. We clearly maintain our Buy rating and lift our target again, to Euro 21.50.

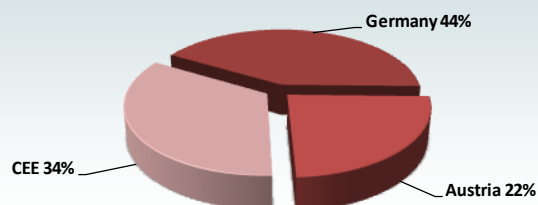
S IMMO AG Company Profile

Industry:	Real Estate	Management Board:	
Sub-segment:	mixed (71% commercial)	CEO Ernst Vejdovsky	
Country:	Austria	Friedrich Wachernig, MBA	
Headquarter:	Vienna		
Foundation:	1986		
Employees (without Hotels):	108	Supervisory Board:	
		Dr. Martin Simhandl (Chairman)	
		Franz Kerber (Deputy Chairman)	
		Christian Hager	Manfred Rapf
IR Contact		Dr. Wilhelm Rasinger	Hanna Bomba
Andreas Feuerstein		Andrea Besenhofer	Dr. Karin Rest, MBA
(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 Hold strategy, a real estate portfolio that comprises over 280 properties, a lettable space of some 1,200k sqm amounting to a value of more than Euro 2.1bn at present (+15% compared to 2017). In average, investments have a volume of a lower double digit million. The portfolio contains a widely diversified range of office, business and hotel properties as well as residential properties selected for a sustainable value growth. All in all, commercial properties have a high 71% weighting (FY 2018) and residential have 29%. 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. In terms of portfolio value a large share of 44% is located in Germany (about Euro 0.9bn). Austria stands for 22% (approx. Euro 0.5bn) while CEE stands for the remaining 34% (Euro 0.7bn) of the total portfolio value of Euro 2.1bn (FY 2018). The current rental yield is still at high 5.7% at FY 2018 (6.1% at year-end 2017), even after the significant property mark-ups this is not too aggressive, in our view. In 2018, the high occupancy of 94.8% in 2017 came even further up to 95.8%. The company released its 2018 annual report on 3 April and presented the best year in history with a net profit after minorities surpassing the Euro 200m threshold and an FFO I surpassing the Euro 60m threshold. For 2018 the dividend payment was strongly lifted from 40 Cents to 70 Cents, meaning a payout ratio of clearly more than 70% of FFO cash earnings.

Value of portfolio by region

(Euro 2.1bn at FY 2018)



Source: Company data (FY 2018)

In addition to a stable Hold portfolio, the company has just finished or will soon finish some promising development activities in Berlin (Leuchtenfabrik) as well as in Vienna (Quartier Belvedere Central) and Bucharest (The Mark office was completed in 1Q 2019) as well as Bratislava (Einsteinova completed in 4Q 2018). 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 29% stake. The other way round S IMMO holds a 12% 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, and for 2018 S IMMO managed another very steep +43% hike to Euro 61m. We also like the improving numbers on the financing side. Cost of Funding came down to 3.12% in 2016 and even down to 2.67% in 2017 and now to only 2.28%. The LTV improved to 55.9% at year-end 2016 and came down after the big sale transactions in Vienna Viertel Zwei and Sofia Serdika Shopping Center to 49.3% at FY 2017. In 2018 LTV remained almost unchanged at 50.4%.

Source: Company Data, SRC Research

The Mark is a landmark office in Bucharest with 25k sqm superior space which was recently finished – will contribute c. 5m to S IMMO's rental income on an annualized basis – also a perfect bet on shrinking yields

Project development CEE

The Mark



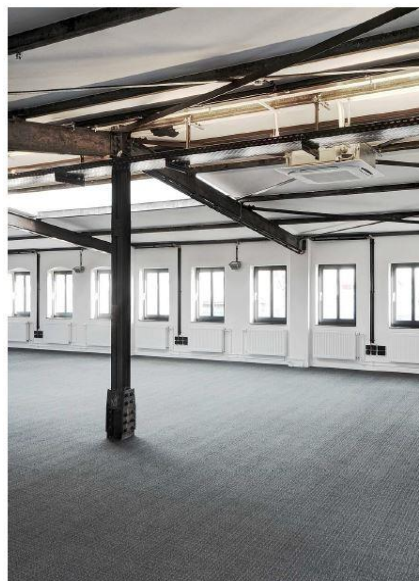
Modern and sustainable working

- Roughly 25,500 m² of lettable area
- Final completion took place in the first quarter of 2019
- Fully occupied
- Deloitte Romania is occupying more than 8,500 m² on 8 floors
- Further tenants: Dentons, WPP, Infosys and Starbucks
- Top location
- Aiming to obtain a BREEAM certification with a level of „excellent“

Source: Analyst's presentation of 2018 results on 3 April 2019

The Berlin Leuchtenfabrik with 16k sqm was a very successful and lucrative repositioning project that will contribute 2m to future rental income – the property was bought mid 2015 being almost empty – the historic building is very charming and Berlin offers good opportunity for declining yields

Increase in value by repositioning



Property with a character in Berlin

- Leuchtenfabrik acquired in 2015
- 16,000 m² lettable area
- Acquisition price: approx. EUR 10m
- Refurbishment costs: approx. EUR 10m
- Innovative marketing concept and extensive repositioning
- Expected annual rental income after completion: EUR 2m

Source: Analyst's presentation of 2018 results on 3 April 2019

P&L Account for S IMMO AG

31/12 IFRS (Euro '000)	2013	2014	2015	2016	2017	2018	2019e	2020e	2021e	CAGR '18 - '21e
Revenues	193,735	188,491	190,697	198,754	191,421	192,441	209,336	217,384	221,576	4.8%
└ thereof rental income	116,707	111,845	111,686	118,174	112,020	104,313	118,145	123,225	125,442	
└ thereof revenues from service charges	36,827	34,542	33,465	37,657	33,435	33,379	35,547	37,680	39,114	
└ thereof revenues from hotel operations	40,201	42,104	45,546	42,923	45,966	54,749	55,644	56,479	57,020	
Other operating income	6,186	4,700	3,534	3,405	2,866	1,948	2,544	2,595	2,752	
Expenses directly attributable to properties	-60,603	-55,841	-55,841	-64,152	-59,877	-53,410	-57,095	-58,523	-59,785	
<i>Gross margin property segment</i>	<i>60.5%</i>	<i>61.9%</i>	<i>61.5%</i>	<i>58.8%</i>	<i>58.8%</i>	<i>61.2%</i>	<i>62.9%</i>	<i>63.6%</i>	<i>63.7%</i>	
Hotel operating expenses	-29,747	-31,344	-33,164	-32,037	-36,232	-38,023	-38,302	-38,601	-39,001	
Gross operating profit hotels (GOP)	10,454	10,760	12,382	10,886	9,734	16,726	17,342	17,878	18,019	
<i>Gross margin within hotel segment</i>	<i>26.0%</i>	<i>25.6%</i>	<i>27.2%</i>	<i>25.4%</i>	<i>21.2%</i>	<i>30.6%</i>	<i>31.2%</i>	<i>31.7%</i>	<i>31.6%</i>	
Revenues less directly attributable expenses	109,571	106,006	105,226	105,970	98,178	102,956	116,483	122,855	125,542	6.8%
<i>Total Gross margin</i>	<i>56.6%</i>	<i>56.2%</i>	<i>55.2%</i>	<i>53.3%</i>	<i>51.3%</i>	<i>53.5%</i>	<i>55.6%</i>	<i>56.5%</i>	<i>56.7%</i>	
Net operating income (NOI)	103,385	101,306	101,692	102,565	95,312	101,008	113,939	120,260	122,790	6.7%
<i>NOI-margin</i>	<i>53.4%</i>	<i>53.7%</i>	<i>53.3%</i>	<i>51.6%</i>	<i>49.8%</i>	<i>52.5%</i>	<i>54.4%</i>	<i>55.3%</i>	<i>55.4%</i>	
Net Gains on property disposal	6,414	180	5	5,133	10,341	0	9,685	11,400	10,550	
Management expenses	-15,078	-16,050	-16,483	-18,635	-18,963	-19,863	-20,114	-20,339	-21,128	
└ thereof personnel expenses	-5,730	-6,019	-7,665	-8,916	-8,796	-10,601	-10,855	-11,344	-11,744	
EBITDA	100,907	90,136	88,748	92,468	89,556	83,093	106,054	113,916	114,964	11.4%
<i>EBITDA-margin</i>	<i>52.1%</i>	<i>47.8%</i>	<i>46.5%</i>	<i>46.5%</i>	<i>46.8%</i>	<i>43.2%</i>	<i>50.7%</i>	<i>52.4%</i>	<i>51.9%</i>	
Depreciation	-11,992	-7,635	-7,695	-7,823	-8,999	-7,672	-8,320	-8,357	-8,779	
Property Revaluation	6,879	56,552	84,645	194,035	127,592	167,814	96,988	91,774	71,224	
Operating profit (EBIT)	95,794	139,053	165,698	278,680	208,149	243,235	194,722	197,333	177,409	-10.0%
<i>EBIT-margin</i>	<i>49.4%</i>	<i>73.8%</i>	<i>86.9%</i>	<i>140.2%</i>	<i>108.7%</i>	<i>126.4%</i>	<i>93.0%</i>	<i>90.8%</i>	<i>80.1%</i>	
EBIT-profit without revaluation result	88,915	82,501	81,053	84,645	80,557	75,421	97,734	105,559	106,185	12.1%
Net financial result	-53,901	-71,737	-48,892	-55,297	-41,437	-7,263	-13,658	-15,020	-16,752	
Participating certificates expenses (hybrid capital)	-9,286	-7,485	-4,553	-6,912	-5,964	0	0	0	0	
Earnings before tax (EBT)	32,607	59,831	112,253	216,471	160,748	235,972	181,064	182,313	160,657	-12.0%
<i>EBT margin</i>	<i>16.8%</i>	<i>31.7%</i>	<i>58.9%</i>	<i>108.9%</i>	<i>84.0%</i>	<i>122.6%</i>	<i>86.5%</i>	<i>83.9%</i>	<i>72.5%</i>	
Income tax expense	-4,553	-25,682	-35,004	-12,148	-27,278	-31,822	-25,954	-25,787	-23,475	
<i>Tax rate</i>	<i>14.0%</i>	<i>42.9%</i>	<i>31.2%</i>	<i>5.6%</i>	<i>17.0%</i>	<i>13.5%</i>	<i>14.3%</i>	<i>14.1%</i>	<i>14.6%</i>	
Net profit	28,054	34,149	77,249	204,323	133,470	204,150	155,110	156,526	137,182	-12.4%
Minorities	-745	-2,824	960	-5,864	-3,379	-460	-244	-286	-322	
Net profit after minorities	27,309	31,325	78,209	198,459	130,091	203,690	154,866	156,240	136,860	-12.4%
<i>Return on sales</i>	<i>14.1%</i>	<i>16.6%</i>	<i>41.0%</i>	<i>99.9%</i>	<i>68.0%</i>	<i>105.8%</i>	<i>74.0%</i>	<i>71.9%</i>		
Number of shares (in million)	66.9	66.9	66.9	66.9	66.9	66.9	66.9	66.9	66.9	
Earnings per Share (EPS) in Euro	0.41	0.47	1.17	2.98	1.97	3.08	2.34	2.36	2.08	-12.4%
Dividends per Share (DPS) in Euro	0.20	0.24	0.30	0.40	0.40	0.70	0.75	0.80	0.85	
Book Value per Share (BVPS) in Euro	10.99	8.06	9.01	11.49	13.66	15.88	17.43	18.96	20.15	
Total assets	1,879,648	1,894,672	2,067,356	2,278,900	2,272,255	2,720,134	2,842,540	2,906,497	3,016,944	3.5%
Shareholders' equity (after dividend payment)	510,710	539,337	603,189	769,120	914,335	1,062,513	1,166,654	1,268,788	1,348,161	8.3%
Shareholders' equity incl. participating certificates	735,710	634,876	659,148	819,120	971,052	1,062,513	1,166,654	1,268,788	1,348,161	
Equity ratio without minorities with hybrid capital	39%	34%	32%	36%	43%	39%	41%	44%	45%	
Return on Equity (RoE)	5.6%	6.0%	13.7%	28.9%	15.5%	20.6%	13.9%	12.8%	10.5%	
Key ratios & figures	2013	2014	2015	2016	2017	2018	2019e	2020e	2021e	
Growth rates in %										
Revenues	-1.5%	-2.7%	1.2%	4.2%	-3.7%	0.5%	8.8%	3.8%	1.9%	
EBITDA	2.1%	-10.7%	-1.5%	4.2%	-3.1%	-7.2%	27.6%	7.4%	0.9%	
EBIT	-10.3%	45.2%	19.2%	68.2%	-25.3%	16.9%	-19.9%	1.3%	-10.1%	
EBT	1.3%	83.5%	87.6%	92.8%	-25.7%	46.8%	-23.3%	0.7%	-11.9%	
Net profit after minorities	7.8%	21.7%	126.2%	164.5%	-34.7%	53.0%	-24.0%	0.9%	-12.4%	
Margins in %										
EBITDA	52.1%	47.8%	46.5%	46.5%	46.8%	43.2%	50.7%	52.4%	51.9%	
EBIT	49.4%	73.8%	86.9%	140.2%	108.7%	126.4%	93.0%	90.8%	80.1%	
EBT	16.8%	31.7%	58.9%	108.9%	84.0%	122.6%	86.5%	83.9%	72.5%	
Expense ratios in %										
Depreciation to sales	-6.2%	-4.1%	-4.0%	-3.9%	-4.7%	-4.0%	-4.0%	-3.8%	-4.0%	
Tax rate	14.0%	42.9%	31.2%	5.6%	17.0%	13.5%	14.3%	14.1%	14.6%	
Profitability in %										
Profit margin	14.5%	18.1%	40.5%	102.8%	69.7%	106.1%	74.1%	72.0%	61.9%	
Return on equity (RoE) after tax	5.6%	6.0%	13.7%	28.9%	15.5%	20.6%	13.9%	12.8%	10.5%	
Return on Assets (RoA)	4.2%	1.8%	3.7%	9.0%	5.9%	7.5%	5.5%	5.4%	4.5%	
Return on Investment (RoI)	1.5%	1.8%	3.7%	9.0%	5.9%	7.5%	5.5%	5.4%	4.5%	
Valuation										
P/E-ratio	45.33	39.52	15.83	6.22	9.37	6.00	7.89	7.82	8.91	
P/S-ratio	6.39	6.57	6.49	6.23	6.47	6.43	5.91	5.69	5.59	
Price/BVpS (PBV)	1.68	2.30	2.05	1.61	1.35	1.17	1.06	0.98	0.92	
Dividend yield in %	1.1%	1.3%	1.6%	2.2%	2.2%	3.8%	4.1%	4.3%	4.6%	
Data per share										
Number of shares (in million)	66.9	66.9	66.9	66.9	66.9	66.9	66.9	66.9	66.9	
EPS	0.41	0.47	1.17	2.98	1.97	3.08	2.34	2.36	2.08	
DPS	0.20	0.24	0.30	0.40	0.40	0.70	0.75	0.80	0.85	
BVPS	10.99	8.06	9.01	11.49	13.66	15.88	17.43	18.96	20.15	
FFO I per share	0.50	0.32	0.52	0.60	0.64	0.92	1.01	1.09	1.18	

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Rating Chronicle

Company	Date	Rating	Former Price	Former Target
S IMMO	18 March 2019	Buy	€ 17.98	€ 21.00
S IMMO	01 February 2019	Buy	€ 16.84	€ 20.50
S IMMO	27 November 2018	Buy	€ 15.20	€ 20.00
S IMMO	30 August 2018	Accumulate	€ 17.96	€ 19.00
S IMMO	29 May 2018	Accumulate	€ 16.70	€ 18.00
S IMMO	06 April 2018	Accumulate	€ 16.50	€ 17.50
S IMMO	28 November 2017	Buy	€ 14.83	€ 16.00
S IMMO	29 August 2017	Buy	€ 12.80	€ 14.50
S IMMO	30 May 2017	Accumulate	€ 12.53	€ 13.50
S IMMO	11 April 2017	Accumulate	€ 11.93	€ 13.00
S IMMO	07 March 2017	Buy	€ 11.70	€ 13.00
S IMMO	17 February 2017	Buy	€ 11.34	€ 13.00

Please note:

The S IMMO AG share price mentioned in this report is the closing price of 3 April 2019. S IMMO mandated SRC Research for covering the S IMMO share.

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