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CA Immobilien Anlagen AG: CA Immo reports strong operational first half of 2017

Balance sheet as at 30 June 2017

Vienna (pta030/23.08.2017/19:15) - 23.08.2017.

- * Net rental income up 11% to EUR 80.1 m
- * EBITDA 18% above previous year's level at EUR 72.5 m
- * Consolidated net income rises to EUR 105.2 m (+7%)
- * NAV per share at EUR 24.23 (+5% since start of year, adjusted for dividend of EUR 0.65 per share)
- * FFO I per share up 31% to EUR 0.60 (2016: EUR 0.46 per share)
- * Annual target for FFO I confirmed
- * Share buyback programme to continue
- * Property development expanded to include residential construction

CA Immo has reported strong operational first six months of 2017 with a significant increase in long-term profitability. Highly successful lettings have also been confirmed, providing critical momentum for monetisation of the company's development pipeline.

Results for the first half of 2017

In the first six months of 2017, rental income for CA Immo rose by a significant 8.9% to EUR 88.6 m. The positive trend was essentially sustained through the acquisition of Millennium Towers in Budapest and the acquisition of a minority holding from joint venture partner Union Investment, which in turn generated an increase in rent. The result from renting after the first two quarters was EUR 80.1 m, up 11.0% on the 2016 value of EUR 72.1 m. As a result of the positive operational development, earnings before interest, taxes, depreciation and amortisation (EBITDA) rose by 18.1% to EUR 72.5 m (EUR 61.4 m in 2016).

The revaluation result of EUR 40.1 m as at key date 30 June 2017 was highly positive (EUR 113.1 m in 2016). The largest contributions to the revaluation gain in terms of amount came from investment properties in Berlin and Munich. Negative effects from revaluations were mainly concentrated in the Group's core regions in Eastern Europe, whereby the current market situation on the office property market in Warsaw in particular has led to devaluations. Earnings before interest and taxes (EBIT) of EUR 148.1 m were -15.6% down on the 2016 figure of EUR 175.6 m, largely due to a lower revaluation result in yearly comparison.

The financial result stood at EUR -13.4 m after the first six months (EUR -38.2 m in 2016). Thanks to continual optimisation of the financing structure, the Group's financing costs, a key element in long-term revenue, fell by -15.6% compared to 2016 to stand at EUR -18.5 m. Earnings before taxes (EBT) stood at EUR 134.8 m, -1.9% below the previous year's value of EUR 137.4 m. Aside from the higher operational result, a significantly improved financial result largely compensated for the lower revaluation result. The result for the period was EUR 105.2 m, 6.5% above the 2016 value of EUR 98.9 m. Earnings per share amounted to EUR 1.13 on the balance sheet date (EUR 1.03 per share in 2016).

FFO I, a key indicator of the Group's long-term earning power, reported before taxes and adjusted for the sales result and other non-permanent effects, totalled EUR 56.3 m in the first half of 2017 (EUR 43.8 m in 2016). FFO I per share was EUR 0.60 on the key date, 31% up on the 2016 figure of EUR 0.46 per share. As in preceding quarters, this underlines operational development that was both robust and independent of the revaluation result and which forms the basis for the long-term dividend policy of CA Immo. FFO II, which includes the sales result and applicable taxes, stood at EUR 54.0 m on the key date (EUR 41.0 m in 2016). FFO II per share stood at EUR 0.58 (2016: EUR 0.43 per share), an increase of 34% year-on-year.

CA Immo has upheld a robust balance sheet with an equity ratio of 51% and a conservative loan-to-value ratio (net debt to property assets) of 35%. On the key date, NAV (IFRS equity) per share was EUR 24.23 (against EUR 23.60 per share on 31.12.2016). Adjusted to account for the dividend payment of EUR 0.65 per share in May 2017, this is equivalent to a 5% rise since the start of the year. The EPRA NAV per share stood at EUR 27.60 (EUR 26.74 per share on 31.12.2016).

Dynamic implementation of growth strategy

Several large-scale lettings were concluded in the first half of 2017. Alongside new lettings and lease contract extensions in the investment portfolio, anchor leases were signed for the MY.O and NEO development projects in Munich as well as Orhideea in Bucharest and Tower ONE in Frankfurt (regarding the latter, the foundation stone was thereby laid for the high-rise office and hotel building with a planned investment volume of approximately EUR 330 m). On the core market of Frankfurt, marketing has also commenced for the Tower 185 office building (in which CA Immo holds one third) by agreement with the joint venture partners. JLL has been exclusively appointed to undertake the marketing.

The monetisation of existing land reserves (mainly in inner city areas of Munich, Frankfurt and Berlin) continues to pick up pace. While the in-house development of high quality office properties on the core markets of CA Immo and subsequent transfer to the investment portfolio constitutes a driver of organic growth (especially in Germany) and the core of CA Immo's growth strategy, the development and utilisation of non-strategic properties is also serving to generate value.

In this context, the company has decided to develop land earmarked for residential construction, which in future will enable it to generate profits associated with sales completely independently. The significant organic growth potential has thereby expanded to include a high-yield element. Given the significant share of residential construction in the development pipeline announced earlier, another important foundation for increasing the profitability of CA Immo Group has been established.

In this regard, the company is considering broadening the value chain by engaging in indirect property fund business in partnership with an external, regulated service provider. This offers the potential for CA Immo to generate maximum value from the utilisation of non-strategic real estate and raise long-term profitability by generating service fees.

Share buyback programme to continue

As at the balance sheet date, CA Immobilien Anlagen AG held 5,438,046 own shares in total; given the total number of voting shares issued (98,808,336), this is equivalent to around 5.5% of the voting shares. Today the Management Board of CA Immobilien Anlagen AG also resolved to raise the upper limit of the share buyback programme launched in November 2016 for a volume of up to one million shares from EUR 17.50 to EUR 24.20 (NAV as at 30 June 2017: EUR 24.23). To date, 438,046 shares have been acquired through this share repurchase programme.

Details of transactions completed, along with any changes to the buyback programme, will be published at <http://www.caimmo.com/en/investor-relations/share-buy-back-ca-immo/>

Outlook: Annual target confirmed

The annual target for long-term revenue - an increase in FFO I on last year's value of EUR 91.7 m to over EUR 100 m (> EUR 1.05 per share) - is hereby confirmed.

The financial report for CA Immobilien Anlagen AG as at 30 June 2017 is published on the company's web site at <http://www.caimmo.com/en/investor-relations/financial-reports/>.

Profit and loss (EUR m)	1H 17	1H 16	+/-	2Q 17	2Q 16	+/-
Rental income	88.6	81.3	8.9%	44.8	41.1	8.8%
Net rental income (NRI)	80.1	72.1	11.0%	41.8	36.9	13.5%
Other development expenses	-1.9	-1.5	27.1%	-0.9	-0.5	74.5%

Result from trading and construction works	1.3	0.6	138.4%	0.9	1.1	n.m.
Result from the sale of investment properties	7.3	2.4	203.8%	6.9	1.2	479.6%
Result from services rendered	5.8	6.1	-6.3%	3.0	3.1	-0.9%
Indirect expenses	-20.5	-18.8	9.0%	-10.0	-9.3	7.6%
Other operating income	0.4	0.4	-10.6%	0.2	0.1	45.0%
EBITDA	72.5	61.4	18.1%	42.0	32.6	29.0%
Depreciation and impairment/reversal	-1.4	-1.6	-15.5%	-0.6	-0.8	-30.8%
Result from revaluation	40.1	113.1	-64.6%	30.5	96.3	-68.3%
Result from joint ventures	37.0	2.7	n.m.	32.8	0.9	n.m.
EBIT	148.1	175.6	-15.6%	104.8	129.0	-18.8%
Financing costs	-18.5	-21.9	-15.6%	-8.3	-10.7	-22.9%
Result from derivatives	0.8	-1.9	n.m.	-0.2	-0.4	-39.3%
Result from financial investments	4.4	1.9	135.4%	3.9	1.0	279.3%
Other financial result	-0.1	-16.2	n.m.	3.5	-0.6	n.m.
Earnings before tax (EBT)	134.8	137.4	-1.9%	103.6	118.3	-12.4%
Income tax	-29.5	-38.5	-23.3%	-21.6	-32.6	-33.8%
Net profit	105.3	98.9	6.5%	82.0	85.6	-4.2%

Earnings per share in EUR (basic)	1.13	1.03	9.7%	0.88	0.89	-1.1%
Earnings per share in EUR (diluted)	1.13	1.03	9.7%	0.88	0.89	-1.1%

Balance sheet (EUR m)	30.06.2017	31.12.2016	+/-
Investment properties	3,037.0	2,923.7	3.9%
Investment properties under development	501.5	433.0	15.8%
Own-used properties	6.5	6.6	-2.7%
Other long-term assets	13.0	13.8	-5.7%
Investments in joint ventures	184.6	191.4	-3.5%
Financial assets	96.0	89.7	7.0%
Deferred tax assets	1.8	1.6	15.1%
Assets held for sale and relating to disposal groups	16.1	26.8	-39.7%
Properties held for trading	53.7	34.1	57.3%
Cash and cash equivalents	327.8	395.1	-17.0%
Other short-term assets	195.9	193.3	1.3%
Total assets	4,433.9	4,309.1	2.9%
Shareholders' equity	2,262.5	2,204.5	2.6%
Long-term financial liabilities	1,548.6	1,412.6	9.6%
Other long-term liabilities	94.1	100.4	-6.3%
Deferred tax liabilities	263.4	240.0	9.8%
Short-term financial liabilities	63.0	153.0	-58.9%
Other short-term liabilities	202.3	198.6	1.8%
Liabilities + Equity	4,433.9	4,309.1	2.9%

Selected balance sheet items (EUR m)	30.06.2017	31.12.2016	+/-
Property assets	3,614.8	3,424.3	5.6%

Total assets	4,433.9	4,309.1	2.9%
Cash and cash equivalents	327.8	395.1	-17.0%
Long-term interest-bearing liabilities	1,548.6	1,412.6	9.6%
Short-term interest-bearing liabilities	63.0	153.0	-58.9%
Debt	1,611.6	1,565.6	2.9%
Net debt	1,279.9	1,167.7	9.6%
Shareholders' equity	2,262.5	2,120.5	4.0%
NAV per share (in EUR)	24.23	23.60	2.7%
EPRA NAV per share (in EUR)	27.60	26.74	3.2%
EPRA NNNAV per share (in EUR)	25.26	24.56	2.8%
Equity ratio	51.0%	51.2%	
Gearing	71.2%	71.0%	
Net gearing	56.6%	53.0%	
Loan-to-value	44.6%	45.9%	
Loan-to-value (net)	35.4%	34.2%	

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