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CA Immobilien Anlagen AG: CA Immo on course for strong growth

Balance sheet as at 30 September 2017

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- * Net rental income up 12% to EUR 121.8 m
- * EBITDA 11% above previous year's level at EUR 124.1 m
- * Unscheduled valuation result through planned sale of Tower 185 in Frankfurt
- * Consolidated net income rises 17% to EUR 147.6 m
- * NAV per share at EUR 24.79 (+8% since start of year, adjusted for dividend of EUR 0.65 per share)
- * EPRA NAV rises to EUR 28.18 per share (2016: EUR 26.74 per share)
- * FFO I per share up 24% to EUR 0.91 (2016: EUR 0.73 per share); annual target is confirmed
- * Value chain broadened to include indirect property fund business

CA Immo remains on course for profitable growth thanks to an operationally strong third quarter that exceeded expectations. The successful placing of convertible bonds with a volume of EUR 200 m and the acquisition of a fully let prime office building in Warsaw realised the key strategic aims of 2017 and prompted further earnings growth.

Results for the first three quarters of 2017

In the first nine months of 2017, **rental income** for CA Immo rose by a significant 8.9% to EUR 133.5 m. The positive trend was essentially sustained through the acquisition of Millennium Towers in Budapest and the procurement 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 three quarters was EUR 121.8 m, up 11.9% on the 2016 value of EUR 108.8 m. At 91.3%, the operating margin of the lettings business exceeded expectations and is well above the 2016 reference value of 88.7%. The overall result from **property sales** amounted to EUR 26.2 m on the key date (EUR 24.3 m in 2016). As a result of the positive operational development, **earnings before interest, taxes, depreciation and amortisation (EBITDA)** rose by 11.0% to EUR 124.1 m (EUR 111.8 m in 2016).

The **revaluation result** of EUR 32.9 m as at key date 30 September 2017 was highly positive (EUR 100.3 m in 2016). The largest contributions to the revaluation gain in terms of amount came from investment properties in Berlin and Munich. Amongst other things, the **result from joint ventures** of EUR 50.7 m (2016: EUR 7.3 m) reflects the unscheduled positive revaluation effect of Tower 185 in Frankfurt, which is currently undergoing a sales process. **Earnings before interest and taxes (EBIT)** of EUR 205.5 m were - 5.7% down on the 2016 figure of EUR 217.8 m, largely due to a lower revaluation result in yearly comparison.

In the first nine months the **financial result** totalled EUR -22.6 m, up by a substantial 50.5% on last year's value of EUR -45.2 m. Thanks to continual optimisation of the financing structure, the Group's **financing costs**, a key element in long-term revenue, fell by - 17.8% compared to 2016 to stand at EUR -26.4 m. **Earnings before taxes (EBT)** stood at EUR 182.9 m, 6.0% below the previous year's value of EUR 172.6 m. Aside from the higher operational result, a significantly improved financial result compensated for the lower valuation result. The **result for the period** was EUR 147.6 m, 16.8% above the 2016 value of EUR 126.4 m. **Earnings per share** amounted to EUR 1.58 on the balance sheet date (EUR 1.32 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 84.8 m after nine months (EUR 69.9 m in 2016). **FFO I per share** was EUR 0.91 on the key date, 23.5% up on the 2016 figure of EUR 0.74 per share. As in preceding quarters, this underlines operational development that

was both robust and independent of the valuation 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 97.4 m on the key date (EUR 86.6 m in 2016). **FFO II per share** stood at EUR 1.04 (2016: EUR 0.91 per share), an increase of 14.4% year-on-year.

CA Immo has upheld a robust balance sheet with an equity ratio of 51.6% and a conservative loan-to-value ratio (net debt to property assets) of 37.1%. On the key date, NAV (shareholders' equity) per share was EUR 24.79 (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 7.8% rise since the start of the year. The EPRA NAV per share stood at EUR 28.18 (EUR 26.74 per share on 31.12.2016).

Consistently strong pace of growth

Key growth-promoting measures were also taken in quarter three of 2017. The successful placing of convertible bonds with a volume of EUR 200 m, a term of 7.5 years and a coupon of 0.75% constituted another milestone in the optimisation of the financing structure. The reduction in financing costs linked to funds allocation is boosting the Group's recurring profitability (FFO I). Another major strategic target of 2017 was achieved with the acquisition of Warsaw Spire (building section B) in Warsaw. The fully let prime office building will increase the rental income of the CA Immo Group by approximately EUR 6 m.

Value chain broadened to include indirect property fund business

The idea of investigating a broadening of the value chain as announced in the previous quarter by embarking on indirect property fund business in partnership with a regulated external service provider was positively received and approved by the company's Supervisory Board at today's meeting. This will create the synergy potential to derive maximum value from the utilisation of non-strategic properties and raise long-term profitability by generating service fees. This will involve strategic expansion of the development area to include the in-house development of land earmarked for residential construction, which was recently agreed. Over the years ahead, the significant proportion of high quality residential developments in CA Immo's development pipeline (especially in Munich) will potentially generate more than EUR 1 bn which can be placed in property funds.

Sale of Tower 185 approved internally

The Supervisory Board today approved the Tower 185 sales process on the basis of a concrete bid drawn up in the course of exclusive negotiations. The transaction is expected to be signed in the final quarter of 2017, subject to final clarification of outstanding legal and economic issues.

Outlook

Given the extremely positive operational development, strong consolidated net income is anticipated. The annual target for recurring earnings - an increase in FFO I to over EUR 100 m (> EUR 1.05 per share) - is hereby confirmed.

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

Profit and loss (EUR m)	1-3Q 2017	1-3Q 2016	yoy	3Q 17	3Q 16	yoy
Rental income	133,5	122,6	8,9%	45,0	41,3	8,8%
Net rental income (NRI)	121,8	108,8	11,9%	41,7	36,7	13,7%
Other development expenses	-2,5	-2,0	25,3%	-0,7	-0,5	21,5%
Result from trading and construction works	6,4	4,8	31,8%	5,1	4,3	17,9%

Result from the sale of investment properties	19,8	19,4	1,8%	12,5	17,0	-26,6%
Result from services rendered	7,6	9,9	-22,9%	1,8	3,7	-50,4%
Indirect expenses	-29,7	-29,9	-0,8%	-9,2	-11,1	-17,5%
Other operating income	0,7	0,8	-12,2%	0,3	0,4	-13,9%
EBITDA	124,1	111,8	11,0%	51,6	50,5	2,3%
Depreciation and impairment/reversal	-2,2	-1,6	38,2%	-0,8	0,0	n.m.
Result from revaluation	32,9	100,3	-67,2%	-7,2	-12,7	-43,8%
Result from joint ventures	50,7	7,3	598,6%	13,7	4,5	203,8%
EBIT	205,5	217,8	-5,6%	57,4	42,3	35,7%
Financing costs	-26,4	-32,2	-17,8%	-7,9	-10,2	-22,5%
Result from derivatives	-1,5	-2,1	-26,8%	-2,3	-0,1	n.m.
Result from financial investments	5,4	5,9	-8,3%	1,0	4,0	-75,5%
Other financial result	-0,1	-16,9	-99,7%	0,0	-0,7	n.m.
Earnings before tax (EBT)	182,9	172,6	6,0%	48,1	35,2	36,6%
Income tax	-35,3	-46,2	-23,6%	-5,7	-7,7	-25,1%
Net profit	147,6	126,4	16,8%	42,4	27,6	53,8%
Earnings per share in EUR (basic)	1,58	1,32	19,6%	0,45	0,29	55,5%
Earnings per share in EUR (diluted)	1,58	1,32	19,6%	0,45	0,29	55,5%

Balance sheet (EUR m)	30.09.2017	31.12.2016	+/-			
Investment properties	3.145,3	2.923,7	7,6%			
Investment properties under development	534,5	433,0	23,4%			
Own-used properties	6,4	6,6	-4,0%			
Other long-term assets	12,6	13,8	-8,6%			
Investments in joint ventures	196,3	191,4	2,6%			
Financial assets	96,0	89,7	7,0%			
Deferred tax assets	1,8	1,6	15,6%			
Assets held for sale and relating to disposal groups	5,1	26,8	-80,8%			
Properties held for trading	61,9	34,1	81,1%			
Cash and cash equivalents	213,4	395,1	-46,0%			
Other short-term assets	207,9	193,3	7,5%			
Total assets	4.481,3	4.309,1	4,0%			
Shareholders' equity	2.311,3	2.204,5	4,8%			
Long-term financial liabilities	1.569,7	1.412,6	11,1%			
Other long-term liabilities	90,9	100,4	-9,4%			

Deferred tax liabilities	264,5	240,0	10,2%			
Short-term financial liabilities	38,6	153,0	-74,8%			
Other short-term liabilities	206,4	198,6	3,9%			
Liabilities + Equity	4.481,3	4.309,1	4,0%			

Selected balance sheet items (EUR m)	30.09.2017	31.12.2016	+/-			
Property assets	3.753,2	3.424,3	9,6%			
Total assets	4.481,3	4.309,1	4,0%			
Cash and cash equivalents	213,4	395,1	-46,0%			
Long-term interest-bearing liabilities	1.569,7	1.412,6	11,1%			
Short-term interest-bearing liabilities	38,6	153,0	-74,8%			
Debt	1.608,3	1.565,6	2,7%			
Net debt	1.391,5	1.167,7	19,2%			
Shareholders' equity	2.311,3	2.204,5	4,8%			
NAV per share (in EUR)	24,79	23,60	5,0%			
EPRA NAV per share (in EUR)	28,18	26,74	5,4%			
EPRA NNNAV per share (in EUR)	25,75	24,56	4,8%			
Equity ratio	51,6%	51,2%				

Gearing	69,6%	71,0%				
Net gearing	60,2%	53,0%				
Loan-to-value	42,9%	45,9%				
Loan-to-value (net)	37,1%	34,2%				

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