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CA Immobilien Anlagen AG: CA Immo reports record result for business year 2017

Preliminary balance sheet as at 31 December 2017: Annual targets exceeded, strong NAV plus growth

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- * FFO I up 16% on last year to EUR 106.8 m (EUR 1.14 per share)
- * Annual FFO I target of > EUR 100 m (> EUR 1.05 per share) exceeded
- * Net rental income up 11% to EUR 163.4 m
- * EBITDA 18% above previous year's level at EUR 173.7 m (EUR 147.6 m in 2016)
- * Highest consolidated net income in the company's history: EUR 234.9 m (+28%)
- * EPRA NAV per share up 11.8% at EUR 29.90 (31.12.2016: EUR 26.74), increase of 14.3% (dividend adjusted)

After today's meeting of its Audit Committee, CA Immo can look back on another extremely successful year that exceeded expectations in operational terms. Our main defined target for 2017 - namely raising recurring earning power (FFO I) - was surpassed and shareholder value (NAV) has been significantly increased. We have also prepared the ground for profitable expansion in the long term. Alongside acquisition of Warsaw Spire B, a prime office building in the Polish capital, implementation of the development pipeline has continued apace.

FFO I, a key indicator of the Group's recurring profitability, reported before taxes and adjusted for the sales result and other non-permanent effects, rose 16.4% on the previous year's value of EUR 91.7 m to EUR 106.8 m. FFO I per share totalled EUR 1.14, an increase of 17.5% on the previous year's value and thus well above the annual target of > EUR 1.05 per share (8.6%). As in preceding quarters, this underlines operational development that was both highly 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 and indicates the Group's overall profitability, stood at EUR 169.7 m (EUR 113.7 m in 2016). **FFO II** per share stood at EUR 1.82 per share (EUR 1.20 per share in 2016), an increase of 51.7% year-on-year. The FFO II result includes the highly profitable sales of Tower 185 in Frankfurt and AVA Hof in Salzburg, which was concluded in January 2018.

Preliminary results for 2017

Rental income for CA Immo increased by 8.9% in 2017 to EUR 180.3 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 **net result from renting** attributable to letting activities rose by 8.5%, from EUR 147.2 m to EUR 163.4 m, after the deduction of direct management costs. The **operating margin** on letting activities (net rental income in relation to rental income) increased from 88.9% in the previous year to 90.6%.

The **result from the trading portfolio** (scheduled sale of properties held in current assets) and construction services totalled EUR 13.6 m (2016: EUR 9.4 m). The **result from the sale of investment properties** increased to EUR 32.1 m, also above the previous year's value of EUR 23.3 m. **Earnings before interest, taxes, depreciation and amortisation (EBITDA)** of EUR 173.7 m were a significant 17.7% above the previous year's level of EUR 147.6 m. This positive development was made possible thanks to higher long-term revenue as well as a higher sales result in yearly comparison.

The **revaluation result** was significantly positive at EUR 104.0 m on the key date 31 December 2017, but well below the 2016 figure of EUR 138.3 m. The result reflects the extremely positive market environment (especially on CA Immo's core market of Germany)

as well as positive progress on development projects. Partly driven by strong underlying data from rental markets, the boom in investment activity has continued on the German real estate market, together with persistently suppressed yields; as was the case in recent years, this was reflected accordingly in CA Immo's valuation result and the figures for business year 2017.

Current results of joint ventures consolidated at equity are reported under '**Earnings of joint ventures**' in the consolidated income statement. The total for 2017 was EUR 66.6 m (EUR 11.4 m in 2016). Amongst other things, this result reflects a significantly positive revaluation effect of EUR 60.1 m linked to the sale of Tower 185 in Frankfurt, which was contractually agreed in November 2017. **Earnings before interest and taxes (EBIT)** stood at EUR 340.5 m despite a low revaluation result, 15.9% above the corresponding figure for 2016 (EUR 293.8 m).

The **financial result** for 2017 was EUR -40.7 m, compared to EUR -56.2 m in the previous year. The Group's financing costs, a key element in recurring earnings, remained basically stable at EUR -41.0 m despite a higher financing volume (EUR -41.6 m in 2016). **Earnings before taxes (EBT)** increased by 26.2% to EUR 299.8 m year on year (2016: EUR 237.6 m). The **result for the period** reached EUR 234.9 m (EUR 2.52 per share), the highest level in the history of the company (against EUR 183.9 m or EUR 1.94 per share in 2016).

Substantial increase in shareholder value

Net asset value (shareholders' equity) per share rose by 9.0% to EUR 25.73 on the key date (31.12.2016: EUR 23.60 per share). The **EPRA NAV** was up 11.8% at EUR 29.90 per share on the key date (2016: EUR 26.74 per share). Adjusted to take account of the dividend payment of 65 cents per share in May 2017, the EPRA NAV rose by 14.3%. The **EPRA NNNAV** stood at EUR 27.13 per share as at 31 December 2017 (EUR 24.56 per share on 31.12.2016) after adjustments for financial instruments, liabilities and deferred taxes. The **equity ratio** remained within the strategic target range at 50.3% on the key date despite an increase in assets of approximately 11% (31.12.2016: 51.2%).

At the end of 2017, **interest-bearing liabilities** amounted to EUR 1,753.1 m (2016: EUR 1,565.6 m). **Cash and cash equivalents** stood at EUR 383.5 m on the balance sheet date (31.12.2016: EUR 395.1 m). **Net debt** (interest-bearing liabilities less cash and cash equivalents) amounted to EUR 1,368.6 m (EUR 1,167.7 m on 31.12.2016). **Gearing** (ratio of net debt to shareholders' equity) was 57.1% on 31 December 2017 (31.12.2016: 53.0%). Year on year, the **loan-to-value ratio** (financial liabilities less cash and cash equivalents to property assets) stood at 35.5%, compared to 34.2% in the previous year. The Group's **average financing costs** fell significantly in 2017 to stand at 1.9% on the key date (against 2.3% at the end of 2016).

Outlook: fast pace of growth to continue

The monetisation of existing land reserves (mainly in inner city areas of Munich, Frankfurt and Berlin) picked up pace in business year 2017. The in-house development of high quality office properties on core markets and subsequent transfer to the asset portfolio is a significant driver of organic growth for the CA Immo Group, enabling long-term earning power and thus the dividend paid to shareholders to be steadily raised. **Long-term revenue (FFO I)** is expected to reach at least EUR 115 m in business year 2018, expanding to not less than EUR 125 m in 2019. As regards the dividend, an approximate payout ratio of 70% of FFO I is confirmed.

The 2017 annual report of CA Immobilien Anlagen AG will be available online at www.caimmo.com/de/investor-relations/finanzberichte/ on 26 March 2018. A full update on the property development pipeline and the associated growth potential of CA Immo will also be published.

Preliminary Profit and Loss						
in EUR m	FY 2017	FY 2016	yoy	4Q 17	4Q 16	yoy
Rental income	180.3	165.6	8.9%	46.8	43.0	8.9%
Net rental income (NRI)	163.4	147.2	11.0%	41.5	38.3	8.4%

Other development expenses	-2.8	-2.3	21.7%	-0.3	-0.3	-0.9%
Result from trading and construction works	13.6	9.4	43.7%	7.2	4.6	56.3%
Result from the sale of investment properties	32.1	23.3	37.7%	12.4	3.9	215.1%
Income from services	11.1	13.3	-16.3%	3.5	3.4	3.1%
Indirect expenses	-44.6	-44.1	1.1%	-14.9	-14.2	5.1%
Other operating income	1.1	0.9	20.5%	0.3	0.0	n.m.
EBITDA	173.7	147.6	17.7%	49.6	35.8	38.9%
Depreciation and impairment/reversal	-3.8	-3.4	12.1%	-1.7	-1.9	n.m.
Result from revaluation	104.0	138.3	-24.8%	71.1	38.0	87.4%
Result from joint ventures	66.6	11.4	483.1%	15.9	4.2	281.5%
EBIT	340.5	293.8	15.9%	135.0	76.0	77.6%
Financing costs	-41.0	-41.6	-1.4%	-14.6	-9.4	54.3%
Result from derivatives	-8.1	-1.7	385.5%	-6.5	0.4	n.m.
Result from financial investments	7.5	7.2	3.1%	2.0	1.3	54.4%
Other financial result	1.0	-20.2	n.m.	1.0	-3.3	n.m.
Earnings before tax (EBT)	299.8	237.6	26.2%	116.9	65.0	79.9%
Income tax	-65.0	-53.7	21.0%	-29.7	-7.5	296.5%
Net profit	234.9	183.9	27.7%	87.2	57.5	51.7%

Earnings per share in EUR (basic)	2.52	1.94	30.0%	0.94	0.62	52.3%
Earnings per share in EUR (diluted)	2.48	1.94	28.3%	0.90	0.62	46.8%

Preliminary Balance Sheet			
in EUR m	31.12.2017	31.12.2016	+/-
Investment properties	3,155.7	2,923.7	7.9%
Investment properties under development	579.3	433.0	33.8%
Own-used properties	5.5	6.6	-17.2%
Other long-term assets	12.2	13.8	-11.8%
Investments in joint ventures	207.2	191.4	8.3%
Financial assets	85.6	89.7	-4.6%
Deferred tax assets	2.0	1.6	29.6%
Assets held for sale and relating to disposal groups	40.1	26.8	49.9%
Properties held for trading	79.3	34.1	132.3%
Cash and cash equivalents	383.5	395.1	-2.9%
Other short-term assets	218.3	193.3	12.9%
Total assets	4,768.7	4,309.1	10.7%
Shareholders' equity	2,398.5	2,204.5	8.8%
Long-term financial liabilities	1,684.2	1,412.6	19.2%
Other long-term liabilities	92.1	100.4	-8.3%
Deferred tax liabilities	291.3	240.0	21.4%
Short-term financial liabilities	68.9	153.0	-55.0%
Other short-term liabilities	233.7	198.6	17.7%
Liabilities + Equity	4,768.7	4,309.1	10.7%
Selected balance sheet items (EUR m)			

in EUR m	31.12.2017	31.12.2016	+/-
Property assets	3,856.7	3,424.3	12.6%
Total assets	4,768.7	4,309.1	10.7%
Cash and cash equivalents	383.5	395.1	-2.9%
Long-term interest-bearing liabilities	1,684.2	1,412.6	19.2%
Short-term interest-bearing liabilities	68.9	153.0	-55.0%
Debt	1,753.1	1,565.6	12.0%
Net debt	1,368.6	1,167.7	17.4%
Shareholders' equity	2,398.5	2,204.5	8.8%
NAV per share (in EUR)	25.73	23.60	9.0%
EPRA NAV per share (in EUR)	29.90	26.74	11.8%
EPRA NNNNAV per share (in EUR)	27.13	24.56	10.4%
Equity ratio	50.3%	51.2%	
Gearing	73.1%	71.0%	
Net gearing	57.1%	53.0%	
Loan-to-value	45.5%	45.9%	
Loan-to-value (net)	35.5%	34.2%	

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