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## **CA Immobilien Anlagen AG: CA Immo posts strong operating result in the first half of 2020**

### **Rental growth only slightly weakened by the Covid-19-pandemic**

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- \* Recurring earnings (FFO I) up 5.7% on last year to Eur 68.2 m (Eur 0.73 per share)
- \* Net result from rent increased by 10.2% to Eur 105.9 m (30 June 2019: Eur 96.1 m); impacts in the form of rent reductions and incentive agreements (rent-free periods) in view of the Covid-19 pandemic amounting to Eur -2.6 m
- \* Operating result (EBITDA) of Eur 90.3 m, 9.1% above the previous year's figure of Eur 82.7 m. Adjusted for a one-time effect (provision of Eur 25.5 m for the BUWOG lawsuit), EBITDA stands at Eur 115.8 m (+39.9% compared to the previous year)
- \* Revaluation result of Eur -27.0 m shows negative value adjustments of properties with hotel and retail uses as well as of investment buildings in CEE (30 June 2019: Eur 114.8 m)
- \* Consolidated net income of Eur 44.7 m significantly below the previous year's figure (30 June 2019: Eur 103.3 m)
- \* Net asset value: EPRA NAV per share at Eur 38.84 (31 December 2019: Eur 38.37), IFRS NAV per share at Eur 32.38 (31 December 2019: Eur 31.90)
- \* Annual target 2020 for recurring earnings (FFO I) of > Eur 126 m (annual target 2019: > Eur 125 m)

CA Immo presents a solid operating result for the first half of the year, hardly affected by the Covid-19 pandemic. Continuous portfolio growth and the continuing high occupancy rate of the property portfolio brought a further increase in net result from rent (+10.2% on the previous year). Although the negative revaluation result reflects the current state of economic emergency, its impact on consolidated net income was significantly mitigated by other positive earnings contributions. CA Immo continued its portfolio growth in the first half of the year with the addition of two fully let Berlin office buildings (including one project completion and one portfolio acquisition) to the investment portfolio.

#### **Results of the first half year 2020**

An FFO I of Eur 68.2 m was generated in the first six months of 2020, 5.7% above the previous year's value of Eur 64.5 m. FFO I, a key indicator of the Group's recurring earning power, is re-reported before taxes and adjusted for the sales result and other non-permanent effects. FFO I per share stood at Eur 0.73 on the reporting date (2019: Eur 0.69). FFO II, which includes the sales result and applicable taxes, stood at Eur 63.8 m on the reporting date, 4.1% above the 2019 value of Eur 61.3 m. FFO II per share was Eur 0.69 (2019: Eur 0.66).

In the first six months of 2020, CA Immo recorded solid growth in rental income of 6.0% to Eur 118.1 m (2019: Eur 111.4 m). In addition to the successful management of the investment portfolio with a high occupancy rate, this positive development is related to the organic portfolio growth of recent months. The net result from rent after the first two quarters was Eur 105.9 m (2019: Eur 96.1 m), a rise of 10.2% on the previous year. The Covid-19 pandemic impacted net rental income in the first half of 2020 - in the form of rent reductions and taking into account incentive agreements (rent-free periods) - by a total of Eur -2.6 m. The efficiency of letting activity, measured as the operating margin in rental business (net rental income to rental income), stood at 89.6% above the previous year's value of 86.2%.

## Sales result

As at the key date, the result from property trading and construction services stood at Eur 5.8 m (2019: Eur -2.0 m). The result from the sale of investment properties stood at Eur 24.2 m on 30 June 2020 (Eur 8.5 m in 2019). The largest contribution in terms of value was generated by the sale of the cube berlin office building.

After the first six months, indirect expenditures amounted to Eur -49.4 m, 121.2% above the 2019 level of Eur -22.3 m. The figure includes potential court fees associated with the action for damages brought by CA Immobilien Anlagen AG in the second quarter of 2020 against the Republic of Austria and the state of Carinthia in connection with the privatisation of the federal housing companies (BUWOG). Adjusted for this one-off effect in the amount of around Eur 25.5 m, indirect expenses arriving at Eur 23.9 m were 7.1% higher than in the previous year.

As a result of the developments outlined above, earnings before interest, taxes, depreciation and amortisation (EBITDA) rose by 9.1% to Eur 90.3 m (compared to Eur 82.7 m in 2019). EBITDA adjusted for the aforementioned BUWOG one-off effect amounted to Eur 115.8 m, which translates into an increase of 39.9% on the previous year's number.

The revaluation result of Eur -27.0 m on the reporting date stood significantly below the previous year's reference value (Eur 114.8 m in 2019). Negative value adjustments were linked primarily to hotel and retail properties directly affected by the consequences of the pandemic as well as investment buildings in the CEE region. However, these negative value adjustments were mitigated by the increase of fair values in Germany. The value increases were generally caused by property-specific changes (e.g. ensuring reliable planning for projects and land value increases) as well as progress in projects under construction and project completions. Earnings before interest and taxes (EBIT) were Eur 60.7 m, 69.0% below the 2019 result of Eur 195.8 m, primarily driven by the weaker revaluation result.

The financial result stood at Eur 9.0 m after the first six months (2019: Eur -55.9 m). The Group's financing costs, a key element in recurring earnings, amounted to Eur -18.1 m, 12.1% below the value for 2019. This item includes a positive effect in connection with proceedings concerning the payment of building taxes amounting to Eur 5.2 m (release of provisions for interest on ar-rears) decided in favour of the CA Immo Group. The result from interest rate derivative transactions includes non-cash valuation effects in connection with the convertible bond (Eur 41.6 m) plus interest rate hedges and amounted to Eur 31.8 m (Eur -40.1 m in 2019). The convertible bond issued in 2017 comprises a debt component and a separable embedded derivative based on the cash settlement option of CA Immo. The embedded derivative of the convertible bond is reported at fair value.

Earnings before taxes (EBT) totalled Eur 69.8 m and stood substantially below the previous year's value of Eur 140.0 m, largely because of the weaker revaluation result. On the key date, taxes on earnings stood at Eur -25.1 m (2019: Eur -36.7 m).

The result for the period was Eur 44.7 m, significantly below the 2019 value of Eur 103.3 m. Earnings per share amounted to Eur 0.48 on the balance sheet date (Eur 1.11 per share in 2019).

The net asset value (IFRS NAV) per share stood at Eur 32.38 (undiluted) on 30 June 2020 against Eur 31.90 at the end of 2019, an increase of 1.5%. The undiluted EPRA NAV stood at Eur 38.84 per share on the key date (Eur 38.37 per share on 31.12.2019). The undiluted EPRA NNNNAV per share after adjustments for financial instruments, liabilities and deferred taxes, stood at Eur 34.95 as at 30 June 2020 (Eur 33.69 per share on 31.12.2019).

The equity ratio of 48.1% remained unchanged in solid territory (the comparative value for the end of 2019 was 50.4%). Cash and cash equivalents stood at Eur 777.8 m on the balance sheet date (Eur 439.1 m on 31.12.2019). The significant increase reflects part of the net proceeds in the amount of around Eur 400 m from the Eur 500 m fixed-rate, senior unsecured benchmark bond successfully placed in Q1 2020 with a term of seven years and an annual coupon of 0.875%.

The Group's financial liabilities stood at Eur 2,462.0 m on the key date (against Eur 2,097.3 m on 31.12.2019). The increase is related to the benchmark bond mentioned above. Net debt (interest-bearing liabilities less cash and cash equivalents) was Eur 1,682.4 m at the end of June 2020 (31.12.2019: Eur 1,656.3 m).

The loan-to-value ratio based on market values as at 30 June 2020 was 32.5% (net, taking account of Group cash and cash equivalents) compared to 31.9% at the start of the year. Gearing was 55.8% on the key date (55.8% on 31.12.2019).

The Group's average financing costs (incl. hedging costs) stood at 1.6% as of the key date (31.12.2019: 1.8%).

The book value of property assets stood - almost unchanged to 31 December 2019 - at Eur 5.2 bn as at the key date. Property assets include investment properties (86% share of the total portfolio) and investment properties under development (14%). The value of the investment portfolio increased to roughly Eur 4.5 bn (31 December 2019: Eur 4.3 bn) as a result of the takeover of a further project completion and a portfolio acquisition during the first half year, and is distributed among CEE (44%), Germany (43%) and Austria (13%). The portfolio yield was 5.4% (31.12.2019: 5.5%); the occupancy rate stood at 95.1% (31.12.2019: 96.1%). Investment properties under development include projects under development and land reserves (incl. short-term property assets) with a total book value of around Eur 726.0 m (31.12.2019: Eur 878.5 m), of which Germany accounts for 97% and CEE for 3%.

#### Outlook and forecast for business year 2020

As an operator of class A office premises in well connected inner city locations, CA Immo continues to expect only minor or short-term losses from the Covid-19-pandemic. Nonetheless, we are unable conclusively to assess the full impact of the Covid-19 pandemic on our operational business at this time. The yearly target for recurring earnings (FFO I) is >Eur 126 m (yearly target for 2019: >Eur 125 m).

#### Proposed dividend for business year 2019

The proposed resolution adopted in March to pay a dividend of Eur 1.00 per share with dividend entitlement for the 2019 financial year remains valid. Compared to last year, this represents a rise of approximately 11%. The decisions on the utilisation of net retained earnings for 2020 and the dividend payout will be made in the course of the Ordinary General Meeting on 25 August 2020.

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