

EYEMAXX Real Estate

Buy (unchanged) Target: Euro 14.00 (unchanged)

06 | Dec | 16



Price (Euro)	8.82			
52 weeks range	9.30 / 4.00			
Key Data				
Country	Germany			
Industry	Real Estate			
Segment	General Standard			
ISIN	DE000A0V9L94			
Sec. ID-No.	A0V9L9			
Symbol	BNT1			
Bloomberg	BNT1:GR			
Internet	www.eyemaxx.com			
Reporting Standard	IFRS			
Fiscal Year	31/10			
IPO	2011			
Ø Daily Turnover in € (1M)	1,567			
Market Cap (EUR million)	37.8			
Number of shares (million)	4.29			
Free Float	50%			
Free Float MCap (million)	18.9			
CAGR pre tax profit 2015-18e	20.7%			
Multiples				
	2014/15	2015/16e	2016/17e	2017/18e
PE-Ratio	8.0	6.8	5.5	4.7
Dividend Yield	2.3%	3.4%	5.7%	6.8%
Key Data per Share (Euro)				
	2014/15	2015/16e	2016/17e	2017/18e
Earnings per share (EPS)	1.10	1.30	1.61	1.89
Dividends per share (DPS)	0.20	0.30	0.50	0.60
Book value per share (BVPS)	8.06	8.79	9.33	9.99
Financial Data (Euro '000)				
	2014/15	2015/16e	2016/17e	2017/18e
Revenues	2,316	3,124	3,610	4,250
Operating profit (EBITDA)	9,836	10,781	12,160	13,524
Operating profit (EBIT)	9,613	10,571	11,925	13,294
Pre-tax profit (EBT)	5,930	6,251	8,335	10,425
Net profit	4,034	5,741	7,705	9,738
Net profit after minorities	4,035	5,671	7,623	9,645
Adjusted shareholders' equity	28,286	37,718	43,870	50,935
Book value per share	8.06	8.79	9.33	9.99
RoE after tax	12.4%	11.4%	10.7%	10.0%
Financial Calendar				
Annual report 2015 / 2016			28 February 2017	
Main Shareholder				
CEO Dr. Michael Müller		50%		
Analyst				
	Dipl.-Kfm. Stefan Scharff, CREA			
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EYEMAXX plans to issue a convertible bond to further drive the growth – another lucrative forward residential deal in Potsdam – Buy and Euro 14.00 target confirmed

The company announced last week, on 30 November, a very good news about the second successful forward sale for a residential landmark project in Germany. After Leipzig-based "Lindenauer Hafen" residential project with about 7,200 sqm rental space was already sold in June, the company now achieved a forward sale agreement for the Potsdam-based "Park Apartments Potsdam", with 95 apartments and about 6,100 sqm, for Euro 18m. We assume that the company realizes a decent margin of about 12% to 15% on the total investment. The construction of Park Apartments Potsdam will start soon in 1Q 2017 and will be finished mid of 2018.

Also in last week, on 28 November, the company announced the plan to issue a convertible bond, which is not subordinated and unsecured. This new product will help to stronger capitalize the company for the tremendous growth as EYEMAXX almost doubled the pipeline of its projects (residential and nursing homes in Germany and Austria, retail parks and logistics in CEE) from Euro 200m to Euro 390m in the last fiscal year, which recently ended on 31 October.

The new convertible bond with a duration of up to 3 years might have a volume between Euro 4.0m and Euro 4.3m with a targeted strike price in a range of 4.25% to 4.75%.

In our view, the pricing seems to be realistic as the share price rocketed since our last update from 1 August, increasing 2 Euros from Euro 6.55 to Euro 8.54 as of today, which is a tremendous hike of more than 30% in only 4 months and reflects the good operating development. Keep in mind that end of April EYEMAXX acquired the Mannheim Postquadrat city quarter development in a 50% / 50% JV with 54,000 sqm for a mixed residential, commercial and hotel use which boosts the future earnings and lifts the company to a much higher level.

We expect more concrete details to come about the coupon and strike price of the new convertible in the course of December and perhaps also more news or even a forward sale agreement about parts of the Mannheim Postquadrat development for December or the beginning of 2017. Both news might further trigger the EYEMAXX share price.

We keep our P & L forecast for FY 2015 / 2016 (ended 31 October) unchanged which means a hike of the net profit after minorities from Euro 3.9m to Euro 5.6m. The 2015 / 2016 annual report is to be published on 28 February 2017. We maintain our Buy recommendation and also stick to our Euro 14.00 target price.

EYEMAXX Real Estate AG

Company profile

Industry: Real Estate
Sub-segment: Developer (multi-asset)
Region: Austria, Germany, CEE
Headquarter: Aschaffenburg
Foundation: 1996
Employees: 40

Management Board of EYEMAXX Real Estate AG:
 CEO Dr. Michael Müller

Supervisory Board of EYEMAXX Real Estate AG:
 Franz Gulz (Chairman)
 Richard Fluck Andreas Karl Autenrieth

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EYEMAXX Real Estate AG is an international project developer and investor for commercial, logistics and residential real estate (including nursing homes) with a focus on the home markets Austria and Germany as well as some promising markets in CEE / SEE countries like Poland, Czech Republic, Slovakia and Serbia as well as Croatia. The company started to develop first and foremost retail parks and strip malls and works together with well-known western retail brands participating from their expansion to Central and South Eastern European countries.

In terms of retail parks the company became one of the market leaders in CEE. A pre-let quota of at least 50% is the pre-condition to start construction activities at a certain location. Furthermore popular and well-known trade chains like Hofer, DM, Takko, New Yorker, Bauhaus, Deichmann, Rossmann or C&A, to mention only a few, are among tenants. The retail parks themselves are being distributed under a brand like "BIG BOX" "MyBOX" or "STOP.SHOP" (a trade-mark of Immofinanz). Finally developments within the portfolio are mostly sold after completion to an investor. In the past six years, twenty developments with a transaction volume of more than Euro 250m were successfully built and sold. In addition to that, EYEMAXX built up a core portfolio of commercial properties in Germany with a balance sheet volume of Euro 37.2m at the end of FY 2014/ 2015.

Coming from retail parks and logistics / commercial properties, Eyemaxx announced in 2014 to enter new fields of business by developing German and Austrian residential properties in the German Top 7 cities and surrounding areas and in Vienna as well as nursing homes in Germany. The total pipeline was at Euro 200m at the beginning of FY 2015 / 2016, thereof c. Euro 100m in retail parks (Fachmarktzentren) and c. Euro 100m in residential and nursing homes (Wohnimmobilien und Pflegeheime). Then, EYEMAXX acquired in a 50% / 50% JV together with former conwert founder and CEO Johann Kowar the German Mannheim Postquadrat city quarter development with 57,000 sqm of gross floor area to build residential and commercial units as well as two hotels (euro 160m investments). Besides the Mannheim Postquadrat EYEMAXX recently acquired another residential project in Vienna (Euro 27m investments). Thus, the total pipeline recently almost doubled to c. Euro 390m.

Some more good news besides the acquisition side came from the trading, in particular some lucrative forward deal agreements. The company has several nursing homes in planning or under construction. The first one near the German metropole Mainz was already sold in the second half of last year before the construction started and the second one in Lower Saxony was sold in March 2016 and will be finished at the beginning of 2017.

After these favorable trading news from the nursing homes EYEMAXX delivered on a forward sale agreement for a residential project in the Saxon metropolis Leipzig which was acquired in September 2015 and started mid of 2016 and will deliver 135 flats for c. Euro 25m investment costs. This project was also sold only ten months later as a lucrative forward deal.

And keep in mind that the year started with good trading news came in January 2016 where EYEMAXX announced the forward sale of a retail park near Prague with a deal size of Euro 5m. Another retail park in Polish city Olawa was also sold in January 2016 for about Euro 2.5m.

On 29 July 2016 EYEMAXX reported half-year numbers (Nov. 2015 - April 2016), almost doubling the net profit from Euro 0.6m to approx. Euro 1.2m. EBIT also increased by 29% to Euro 3.4m and pre-tax profit by 59% to Euro 1.4m.

Source: Company Data, SRC Research

P&L Account for EYEMAXX (year ending 31 October)

EYEMAXX Real Estate AG 31/10 IFRS (Euro '000)	2011	2011/12	2012/13	2013/14	2014/15	2015/16e	2016/17e	2017/18e	2018/19e	CAGR '15 - '18e
Revenues	4,232	1,534	2,397	1,571	2,316	3,124	3,610	4,250	5,310	22.4%
Increase in finished products	-1,616	905	449	1,158	1,878	2,145	200	850	200	
Other operating income (including revaluation result)	4,767	3,615	3,904	3,917	9,281	4,180	4,950	6,100	5,020	
thereof revaluation result	0	2,385	2,895	3,683	8,815	4,020	4,625	4,876	4,952	
Total operating income	7,383	6,054	6,750	6,646	13,475	9,449	8,760	11,200	10,530	
Cost of material	-1,150	-497	-89	-398	-192	-255	-285	-296	-205	
Personnel expenses	-1,203	-1,760	-1,597	-1,920	-2,006	-2,452	-2,641	-2,645	-2,702	
Other operating expenses	-3,301	-3,335	-2,988	-4,113	-4,535	-4,502	-4,874	-4,520	-4,210	
Net income from investments accounted for using the equity method	213	4,503	4,836	7,396	3,094	8,541	11,200	9,785	13,320	
EBITDA	1,942	4,965	6,912	7,611	9,836	10,781	12,160	13,524	16,733	11.2%
<i>EBITDA-margin</i>	<i>45.9%</i>	<i>323.7%</i>	<i>288.4%</i>	<i>484.5%</i>	<i>424.7%</i>	<i>345.1%</i>	<i>336.8%</i>	<i>318.2%</i>	<i>315.1%</i>	
Amortization of intangible assets and depreciation of property, plant and equipment and investment properties	-175	-136	-178	-209	-223	-210	-235	-230	-220	
Operating profit (EBIT)	1,768	4,829	6,734	7,402	9,613	10,571	11,925	13,294	16,513	11.4%
<i>EBIT-margin</i>	<i>41.8%</i>	<i>314.8%</i>	<i>280.9%</i>	<i>471.2%</i>	<i>415.1%</i>	<i>338.4%</i>	<i>330.3%</i>	<i>312.8%</i>	<i>311.0%</i>	
Interest earnings	383	1,061	1,154	1,089	1,918	2,021	2,085	2,256	1,850	
Income from disposal of investments	9	0	0	0	0	0	0	0	0	
other financial earnings	0	0	0	0	0	0	0	0	0	
Interest expenses	-1,026	-2,703	-4,246	-4,640	-5,601	-6,341	-5,675	-5,125	-5,348	
other financial costs	0	0	0	0	0	0	0	0	0	
Financial result	-635	-1,642	-3,092	-3,551	-3,683	-4,320	-3,590	-2,869	-3,498	
Pre-tax Profit (EBT)	1,134	3,187	3,642	3,851	5,930	6,251	8,335	10,425	13,015	20.7%
<i>EBT-margin</i>	<i>26.8%</i>	<i>207.8%</i>	<i>151.9%</i>	<i>245.1%</i>	<i>256.0%</i>	<i>200.1%</i>	<i>230.9%</i>	<i>245.3%</i>	<i>245.1%</i>	
Tax expenses	182	-614	-533	-1,521	-1,896	-510	-630	-687	-815	
<i>Tax rate</i>	<i>n.s.</i>	<i>19.3%</i>	<i>14.6%</i>	<i>39.5%</i>	<i>32.0%</i>	<i>8.2%</i>	<i>7.6%</i>	<i>6.6%</i>	<i>6.3%</i>	
Net Profit	1,316	2,573	3,109	2,330	4,034	5,741	7,705	9,738	12,200	34.1%
Minorities	36	38	-40	-20	1	-70	-82	-93	-98	
Other comprehensive income	n.a.	n.a.	-98	-522	-169	-81	-61	-30	-18	
Net Profit after minorities and other comp. Income	1,352	2,611	2,971	1,788	3,866	5,590	7,562	9,615	12,084	
<i>Return on sales</i>	<i>31.9%</i>	<i>170.2%</i>	<i>123.9%</i>	<i>113.8%</i>	<i>166.9%</i>	<i>178.9%</i>	<i>209.5%</i>	<i>226.2%</i>	<i>227.6%</i>	
Number of shares ('000, at year-end)	2,651	2,651	2,901	3,191	3,510	4,290	4,700	5,100	5,500	
Earnings per share (Euro)	0.50	0.98	1.02	0.56	1.10	1.30	1.61	1.89	2.20	
Dividends per Share (DPS) in Euro	0.00	0.30	0.00	0.20	0.20	0.30	0.50	0.60	0.70	
Adjusted shareholder's equity (after dividend payment)	14,877.00	16,601.00	20,079.00	23,585.00	28,286.00	37,718.01	43,870.01	50,935.01	59,719.01	
BookValue per Share (BVPS) in Euro	5.12	6.26	6.92	7.39	8.06	8.79	9.33	9.99	10.86	
Key ratios & figures	2011	2011/12	2012/13	2013/14	2014/15	2015/16e	2016/17e	2017/18e	2018/19e	
Growth rates in %										
Revenues	-70.1%	-63.8%	56.3%	-34.5%	47.4%	34.9%	15.6%	17.7%	24.9%	
EBITDA	14.0%	155.7%	39.2%	10.1%	29.2%	9.6%	12.8%	11.2%	23.7%	
EBIT	20.3%	173.1%	39.4%	9.9%	29.9%	10.0%	12.8%	11.5%	24.2%	
EBT	38.8%	181.0%	14.3%	5.7%	54.0%	5.4%	33.3%	25.1%	24.8%	
Net profit after minorities	n.a.	n.a.	n.a.	432.7%	-67.6%	-52.1%	-24.7%	-50.8%	-40.0%	
Margins in %										
EBITDA (total operating income)	26.3%	82.0%	102.4%	114.5%	73.0%	114.1%	138.8%	120.8%	158.9%	
EBIT (total operating income)	23.9%	79.8%	99.8%	111.4%	71.3%	111.9%	136.1%	118.7%	156.8%	
EBT (total operating income)	15.4%	52.6%	54.0%	57.9%	44.0%	66.2%	95.1%	93.1%	123.6%	
Expense ratios in %										
Personnel costs quote (total operating income)	16.3%	29.1%	23.7%	28.9%	14.9%	25.9%	30.1%	23.6%	25.7%	
Depreciation to total operating income	2.4%	2.2%	2.6%	3.1%	1.7%	2.2%	2.7%	2.1%	2.1%	
Tax rate	n.a.	19.3%	14.6%	39.5%	32.0%	8.2%	7.6%	6.6%	6.3%	
Profitability in %										
Net profit to total operating income ratio	n.a.	n.a.	-1.5%	-7.9%	-1.3%	-0.9%	-0.7%	-0.3%	114.8%	
Return on equity (RoE) after tax	17.8%	16.0%	14.4%	13.5%	12.4%	11.4%	10.7%	10.0%	20.2%	

SRC Research

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Rating Chronicle	Date	Rating	former share price	former target
EYEMAXX Real Estate	01 August 2016	Buy	6.55 €	14.00 €
EYEMAXX Real Estate	04 July 2016	Buy	5.68 €	14.00 €
EYEMAXX Real Estate	22 February 2016	Buy	5.50 €	12.00 €
EYEMAXX Real Estate	28 September 2015	Buy	5.24 €	12.00 €
EYEMAXX Real Estate	11 June 2015	Buy	5.57 €	12.00 €
EYEMAXX Real Estate	08 June 2015	Buy	5.85 €	12.00 €
EYEMAXX Real Estate	05 March 2015	Buy	5.85 €	11.50 €

Please note:

The EYEMAXX Real Estate AG share price mentioned in this report is from 6 December 2016 (2:47 pm). EYEMAXX Real Estate AG mandated SRC Research for monitoring the EYEMAXX Real Estate AG share.

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