



quirin bank

HELMA EIGENHEIMBAU AG

quirin bank Equity Research

5 September 2016

HELMA EIGENHEIMBAU AG

Rating Buy
Share price (EUR) 58.63
Target price (EUR) 70.00

Bloomberg H5E GY
 Sector Real Estate

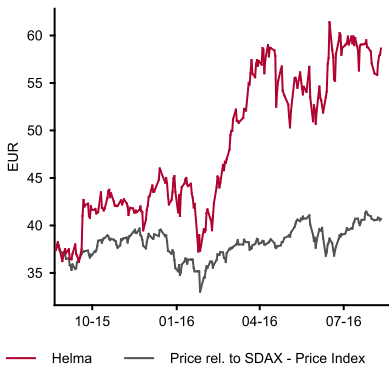
Share data

Shares out (m) 4.0
 Daily volume shs (m) 0.6
 Free float (%) 59.60
 Market cap (EUR m) 235
 EV (EUR m) 328
 Dividend/Share (EUR) 0.79
 Dividend yield (%) 2.2
 Payout ratio (%) 30.0

Performance

ytd (%) 28.1
 12 months (%) 62.3
 12 months rel. (%) 51.6
 Index SDAX

Share price performance



Source: Bloomberg

Next triggers

13 October 2016: 9M order intake

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Strong figures in H1 2016

HELMA delivered a solid set of figures for 1H 2016 and confirmed its guidance for the full year (sales EUR 260m, EBIT EUR 22m). As traditionally H2 provides ~60% of full year sales and ~70% of EBIT this outlook remains reasonable. We therefore leave our BUY recommendation and TP unchanged.

Strong results

In H1 2016, HELMA Group grew its revenue by around 34% yoy, from EUR 77.0m to EUR 103.0m. Thereof the residential property development business grew by 41% and the residential building services by 25%. We believe that there is a shift in this two segments as customers may prefer the “carefree package” (home+land). Due to improved gross profit margins, the EBIT grew by 29% to EUR 6.3m (H1 2015: EUR 4.9m). The net financial result amounted to EUR -1.1m in the reporting period (H1 2015: EUR -1.7m), leaving EUR 3.6m of consolidated net income after minority interests (H1 2015: EUR 2.2m). EPS improved accordingly from EUR 0.61 to EUR 0.90, which corresponds to growth of around 48 %.

Order intake

Consolidated net new order intake was up by EUR 7.5m to reach EUR 120.6m in the first six months of the current financial year (H1 2015: EUR 113.1m). This corresponds to new order intake growth of 7%, to which in particular the specialist property development subsidiaries HELMA Wohnungsbau and HELMA Ferienimmobilien made valuable contributions.

HELMA guided that that the expected order intake in H2 2016 will significantly be above order intake during the first six months of the year, as seen in previous years.

Early repayment of bond

After concluding the refinancing through a promissory note transaction and a KfW financing facility, and having received the funds, the Management Board of HELMA passed a resolution on 1 August 2016 in relation to the company's existing EUR 35.0m bond issued in 2013 to call the bond early as of 19 September 2016, and repay it at 101% of par. HELMA used its early call right to significantly reduce its annual interest costs connected with the bond of around EUR 2.1m to approximately EUR 0.9m.

Slight increase in EPS estimates

Due to a more favorable financial result in H1, we slightly increase our EPS forecasts for FY 2016ff. Based on this, we confirm BUY and the EUR 70 TP.

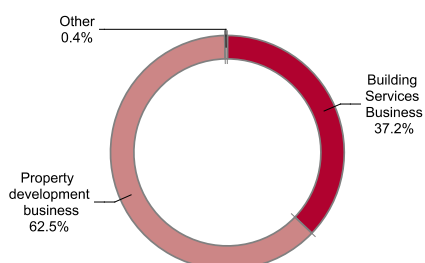
Key figures		2014	2015	2016e	2017e	2018e
Sales	EUR m	170	211	261	346	411
EBITDA	EUR m	16	19	24	34	44
EBIT	EUR m	14	18	23	32	42
EPS	EUR	2.43	2.69	3.60	5.23	6.97
Sales growth	%	23.5	23.5	23.9	32.6	18.8
EBIT growth	%	37.7	25.5	27.4	40.9	31.4
EPS growth	%	31.6	10.5	33.8	45.2	33.3
EBITDA margin	%	9.4	9.3	9.4	9.8	10.7
EBIT margin	%	8.3	8.4	8.7	9.2	10.2
Net margin	%	4.8	4.7	5.5	6.0	6.8
EV/Sales	ratio	1.84	1.58	1.26	0.92	0.72
EV/EBITDA	ratio	19.7	17.1	13.4	9.5	6.7
EV/EBIT	ratio	22.2	18.7	14.5	10.0	7.0
P/E	ratio	10.2	13.6	16.3	11.2	8.4
P/BV	ratio	2.0	1.9	2.9	2.4	1.9
Dividend yield	%	2.5	2.2	1.8	2.7	3.6

Source: Bloomberg, Company data, quirin bank estimates

Company description

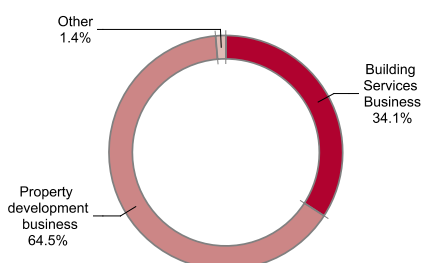
HELMA Eigenheimbau AG is a customer-oriented building services-provider offering a full range of services. The focus is on the development, planning, sale, and construction management of turnkey or partially completed detached and semi-detached houses using the solid construction method. As a property development company, holiday home builder, and finance broker respectively, HELMA Wohnungsbau GmbH, HELMA Ferienimmobilien GmbH and Hausbau Finanz GmbH round out HELMA Group's product range.

Revenues by segment 2015



Source: Company data

Operating profit by segment 2015



Source: Company data

Source: Company data

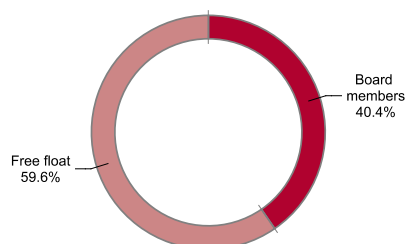
Segment data (EUR m)

	2014	2015	2016e	2017e	2018e
Revenues (growth in %)					
Building Services Business	77.4	78.2	90.0	100.0	110.0
Property development business	92.4	131.6	170.0	245.0	300.0
Other	0.7	0.8	1.0	1.0	1.0
	6.8%	1.2%	15.0%	11.1%	10.0%
	42.1%	42.4%	29.2%	44.1%	22.4%
	38.2%	6.0%	28.5%	0.0%	0.0%

	2014	2015	2016e	2017e	2018e
EBIT (margin in %)					
Building Services Business	6.8	6.1	7.2	8.5	10.5
Property development business	7.2	11.5	15.3	23.3	31.5
Other	0.2	0.2	0.2	0.2	0.0
	8.8%	0.1%	0.1%	0.1%	0.1%
	7.8%	0.1%	0.1%	0.1%	0.1%
	23.0%	0.3%	0.2%	0.2%	0.0%

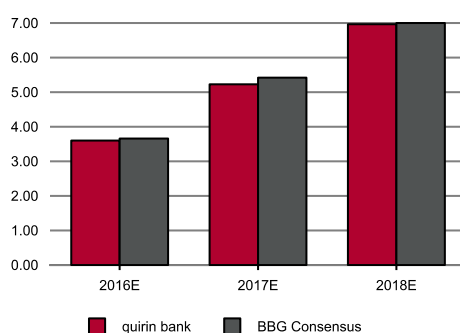
Source: Company data, quirin bank estimates

Shareholder structure



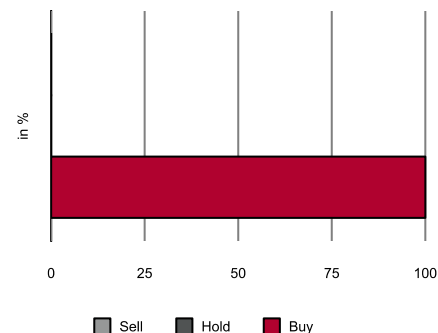
Source: Company data

EPS: quirin bank vs. consensus



Source: quirin bank Research, Bloomberg

Recommendation Overview



Source: Bloomberg

Guidance

The Management Board of HELMA Eigenheimbau AG confirms with the release of H1 2016 report the forecast that it has issued for the 2016 financial year. This includes an increase in consolidated revenue to EUR 260.0m (FY 2015: EUR 210.6m) and growth in consolidated EBIT to EUR 22.0m (FY 2015: EUR 17.8m).

Profit & loss statement

Profit & loss statement (EUR m)	2014	YOY	2015	YOY	2016e	YOY	2017e	YOY	2018e	YOY
Sales	170.5	23.5 %	210.6	23.5 %	261.0	23.9 %	346.0	32.6 %	411.0	18.8 %
Unfinished Goods	15.8		53.4		66.1		87.7		104.2	
Other own work capitalized	0.0		0.0		-0.1		-0.1		-2.3	
Other operating earnings	1.2		1.0		1.2		1.5		1.4	
Cost of goods	143.9		212.8		263.7		349.6		415.3	
Gross profit	43.6		52.2		64.5		85.5		99.0	
Personnel expenses	15.2		17.5		21.7		28.8		34.2	
Depreciation	1.8		1.7		1.8		1.8		1.9	
Other operating expenses	12.4		15.2		18.4		23.0		21.0	
EBITDA	16.0	35.4 %	19.5	22.1 %	24.4	25.2 %	33.7	38.2 %	43.8	29.9 %
EBITDA margin (%)	9.37		9.26		9.35		9.75		10.66	
EBIT	14.2	37.7 %	17.8	25.5 %	22.7	27.4 %	31.9	40.9 %	42.0	31.4 %
EBIT margin (%)	8.31		8.44		8.68		9.23		10.21	
Net interest	-2.5		-2.8		-2.0		-2.0		-2.0	
Income from Participations	0.0		0.0		0.0		0.0		0.0	
Net financial result	-2.5		-2.8		-2.0		-2.0		-2.0	
Exceptional items	0.0		0.0		0.0		0.0		0.0	
Pretax profit	11.7	41.3 %	15.0	27.9 %	20.6	38.0 %	30.0	45.2 %	39.9	33.3 %
Pretax margin (%)	6.86		7.10		7.91		8.66		9.71	
Taxes	3.5		5.0		6.2		9.0		12.0	
Tax rate (%)	30.17		33.25		30.00		30.00		30.00	
Earnings after taxes	8.2		10.0		14.4		21.0		27.9	
Minorities	0.0		0.0		0.0		0.1		0.1	
Group attributable income	8.1	45.0 %	10.0	22.4 %	14.4	44.7 %	20.9	45.2 %	27.9	33.3 %
Earnings per share (EUR)	2.43	31.6 %	2.69	10.5 %	3.60	33.8 %	5.23	45.2 %	6.97	33.3 %

Balance sheet

Balance sheet (EUR m)	2014	YOY	2015	YOY	2016e	YOY	2017e	YOY	2018e	YOY
Assets										
Cash and cash equivalents	6.9		12.5		10.6		14.1		16.7	
Accounts receivables	13.8		19.3		24.0		31.8		37.7	
Inventories	96.1		154.4		171.3		197.1		209.1	
Other current assets	24.8		40.3		40.3		40.3		40.3	
Tax claims	0.0		0.0		0.0		0.0		0.0	
Total current assets	141.6	19.6 %	226.5	59.9 %	246.2	8.7 %	283.2	15.1 %	303.8	7.3 %
Fixed assets	16.1		16.3		16.6		16.8		17.0	
Goodwill	1.4		1.4		1.4		1.4		1.4	
Other intangible assets	0.5		0.5		0.5		0.5		0.5	
Financial assets	0.3		0.3		0.3		0.3		0.3	
Deferred taxes	0.0		0.0		0.0		0.0		0.0	
Other fixed assets	0.0		0.0		0.0		0.0		0.0	
Total fixed assets	18.3	0.6 %	18.5	1.0 %	18.8	1.3 %	19.0	1.0 %	19.2	1.3 %
Total assets	159.9	17.1 %	245.0	53.2 %	264.9	8.1 %	302.2	14.1 %	323.0	6.9 %
Equity & Liabilities										
Subscribed capital	3.4		4.0		4.0		4.0		4.0	
Reserves & other	20.8		41.5		41.5		41.5		41.5	
Revenue reserves	16.6		24.2		35.5		52.1		73.7	
Accumulated other comprehensive income	0.0		0.0		0.0		1.2		3.1	
Shareholder's equity	41.0	46.1 %	69.9	70.7 %	81.1	16.1 %	98.9	21.9 %	122.4	23.8 %
Minorities	0.1		0.1		0.1		0.1		0.1	
Shareholder's equity incl. minorities	41.0	46.1 %	69.9	70.7 %	81.1	16.1 %	98.9	21.9 %	122.4	23.8 %
Long-term liabilities										
Pension provisions	0.0		0.0		0.0		0.0		0.0	
Financial liabilities	71.8		60.4		60.4		60.4		60.4	
Tax liabilities	2.0		3.4		4.2		5.5		6.6	
Other liabilities	1.8		2.6		3.3		4.3		5.1	
Total long-term debt	76.8	34.0 %	67.2	-12.6 %	68.8	2.4 %	71.5	4.0 %	73.6	2.9 %
Short-term debt										
Other provisions	7.4		31.5		39.1		51.8		61.5	
Trade payables	4.9		5.4		6.7		8.4		9.6	
Financial debt	14.5		50.7		44.0		38.2		16.3	
Other liabilities	11.5		18.0		22.2		29.5		35.0	
Total short-term debt	42.2	-17.7 %	107.9	155.9 %	115.0	6.5 %	131.8	14.6 %	127.0	-3.6 %
Total equity & liabilities	159.9	17.1 %	245.0	53.2 %	264.9	8.1 %	302.1	14.1 %	323.0	6.9 %

Financial key ratios

Key ratios	2014	2015	2016e	2017e	2018e
Per share data (EUR)					
EPS	2.43	2.69	3.60	5.23	6.97
Book value per share	12.3	18.9	20.3	24.7	30.6
Dividend per share	0.63	0.79	1.08	1.57	2.09
Valuation ratios					
EV/Sales	1.84	1.58	1.26	0.92	0.72
EV/EBITDA	19.7	17.1	13.4	9.5	6.7
EV/EBIT	22.2	18.7	14.5	10.0	7.0
P/E	10.2	13.6	16.3	11.2	8.4
P/B	2.0	1.9	2.9	2.4	1.9
Dividend yield (%)	2.5	2.2	1.8	2.7	3.6
Growth					
Sales growth (%)	23.5	23.5	23.9	32.6	18.8
EBITDA growth (%)	35.4	22.1	25.2	38.2	29.9
EBIT growth (%)	37.7	25.5	27.4	40.9	31.4
EPS growth (%)	31.6	10.5	33.8	45.2	33.3
Profitability ratios					
EBITDA margin (%)	9.4	9.3	9.4	9.8	10.7
EBIT margin (%)	8.3	8.4	8.7	9.2	10.2
Net margin (%)	4.8	4.7	5.5	6.0	6.8
ROCE (%)	12.0	13.0	15.1	18.7	n.a.
Financial ratios					
Total equity (EUR m)	41.0	69.9	81.1	98.9	122.4
Equity ratio (%)	25.6	28.5	30.6	32.7	37.9
Net financial debt (EUR m)	79.4	98.6	93.8	84.5	60.0
Net debt/Equity	0.3	0.3	0.3	0.3	0.4
Interest cover	5.7	6.3	11.2	16.2	20.6
Net debt/EBITDA	5.0	5.1	3.8	2.5	1.4
Payout ratio (%)	25.9	29.4	30.0	30.0	30.0
Working Capital (EUR m)	99.4	118.5	131.2	151.4	176.8
Working capital/Sales	0.58	0.56	0.50	0.44	0.43

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Date	Price target-EUR	Rating	Initiation
05.09.2016	70.00	Buy	
06.05.2016	70.00	Buy	04.05.2016

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