



31 Mai 2017

HELMA EIGENHEIMBAU AG

Rating	Buy (Hold)
Share price (EUR)	39.00
Target price (EUR)	45.00 (45.00)
Bloomberg	H5E GY
Sector	Real Estate

Share data

Shares out (m)	4.0
Daily volume shs (m)	0.5
Free float (%)	60.40
Market cap (EUR m)	156
EV (EUR m)	328
DPS (EUR)	1.10
Dividend yield (%)	2.1
Payout ratio (%)	35.0

Performance

ytd (%)	-25.4
12 months (%)	-29.5
12 months rel. (%)	-48.5
Index	SDAX

Share price performance



Source: Bloomberg

Next triggers

7 July 2017: AGM
13 July 2017: H1 order intake figures

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HELMA increases its firepower

The company recently announced the placement of a EUR 27m promissory note to finance its further growth. Furthermore, Management Board and Supervisory Board will propose a dividend per share of EUR 1.10 to the AGM, which means an attractive yield of 2.8%. We confirm our EUR 45.00 TP and change the recommendation from Hold to Buy,

Placement of a promissory note

HELMA has successfully utilised the current interest rate environment and secured further long-term borrowings on attractive terms in order to finance future growth. A further EUR 27.0m promissory note was issued for HELMA Wohnungsbau GmbH, guaranteed by HELMA Eigenheimbau AG, consisting of two fixed interest tranches with maturities of 5 and 7 years respectively. According to HELMA, the promissory note was placed at the lower end of the marketing range among institutional investors. We estimate that the interest rates were finally fixed at an average of ~2.7%. The proceeds should stimulate its property development business (residential and holiday) further.

Attractive dividend yield of 2.8%

Based on FY 2016 results, HELMA is planning to increase its dividend by around 39% to EUR 1.10 per share (previous year: EUR 0.79). The Shareholders' General Meeting is held on July 7, 2017. Based on yesterday's closing price, the dividend yield amounts to 2.8% which in our view is quite attractive.

Traditionally the dividend policy of HELMA is oriented to a high degree of continuity and therefore envisages a future payout rate from 25% up to 50% based on the net income generated by the parent company.

Upgrade from Hold to Buy, TP EUR 45 confirmed

In February 2017 HELMA reduced its mid-term outlook due to considerably longer processing periods in the residential property development business during the construction planning and contracting phases. This news led to a substantial drop of its share price.

However, we want to emphasize that Helma runs a solid business model that will benefit from a strong demand for properties (private house owners and/or investors) in Germany. **In our view, the share price decline is overdone, we therefore change our recommendation from Hold to Buy.**

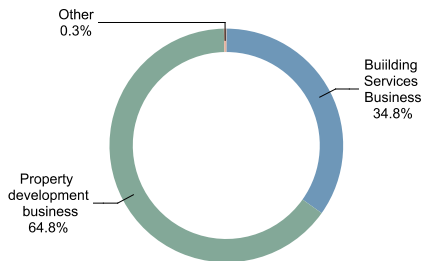
Key figures		2015	2016	2017e	2018e	2019e
Sales	EUR m	211	264	296	335	375
EBITDA	EUR m	19	23	22	27	32
EBIT	EUR m	18	22	21	26	31
EPS	EUR	2.69	3.37	3.36	4.31	5.20
Sales growth	%	23.5	25.3	12.2	13.2	11.9
EBIT growth	%	25.5	21.9	-5.1	24.6	19.1
EPS growth	%	10.5	25.5	-0.4	28.1	20.6
EBITDA margin	%	9.3	8.9	7.6	8.2	8.6
EBIT margin	%	8.4	8.2	6.9	7.6	8.1
Net margin	%	4.7	5.1	4.5	5.1	5.5
EV/Sales	ratio	1.46	1.26	1.11	0.97	0.84
EV/EBITDA	ratio	15.8	14.2	14.7	11.8	9.8
EV/EBIT	ratio	17.3	15.4	16.0	12.7	10.4
P/E	ratio	13.6	15.6	11.5	9.0	7.5
P/BV	ratio	1.9	2.6	1.7	1.5	1.3
Dividend yield	%	2.2	2.1	3.0	3.3	4.0

Source: Bloomberg, Company data, quirin bank estimates

Company description

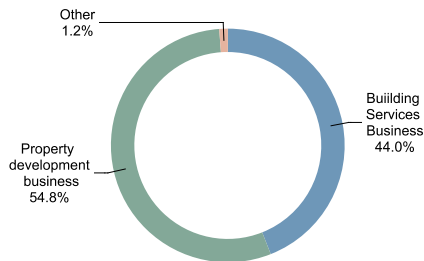
HELMA Eigenheimbau AG is a customer-oriented building services-provider offering a full range of services. The focus is on the development, planning, sale, and construction management of turnkey or partially completed detached and semi-detached houses using the solid construction method. As a property 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 2016



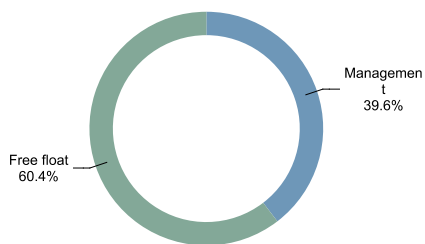
Source: Company data

Operating profit by segment 2016



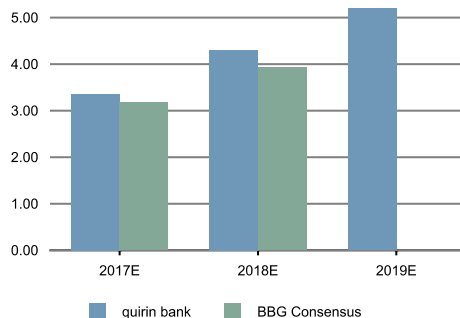
Source: Company data

Shareholder structure



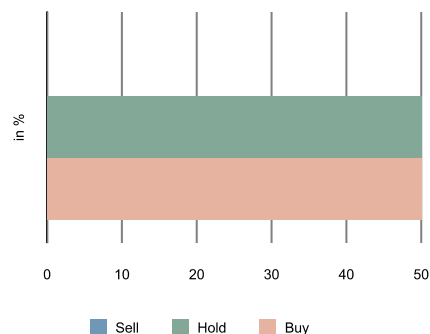
Source: Company data

EPS: quirin bank vs. consensus



Source: quirin bank Research, Bloomberg

Recommendation Overview



Source: Bloomberg

Company guidance

For the 2017-2019 financial years, the company continues to assume further long-term growth.. The expected consolidated revenue now amounts to EUR 290-300m in 2017, EUR 325-340m in 2018 and EUR 370-400m in 2019. An EBIT margin in a range between 7.0 % and 10.0 % is anticipated in each of the 2017-2019 financial years, after adjusting for capitalised interest. The margin in 2017 will prospectively lie in the lower third of the range.

Profit & loss statement

Profit & loss statement (EUR m)	2015	YOY	2016	YOY	2017e	YOY	2018e	YOY	2019e	YOY
Sales	210.6	23.5 %	263.8	25.3 %	296.0	12.2 %	335.0	13.2 %	375.0	11.9 %
Unfinished Goods	53.4		10.1		11.3		12.8		14.3	
Other own work capitalized	0.0		0.1		-0.1		1.8		0.3	
Other operating earnings	1.0		1.7		2.3		2.6		2.5	
Cost of goods	212.8		216.8		243.2		275.3		308.1	
Gross profit	52.2		58.9		66.3		76.9		84.0	
Personnel expenses	17.5		19.8		22.2		25.1		28.1	
Depreciation	1.7		1.8		1.8		1.8		1.9	
Other operating expenses	15.2		15.7		21.8		24.3		23.5	
EBITDA	19.5	22.1 %	23.5	20.3 %	22.4	-4.6 %	27.5	22.8 %	32.4	17.9 %
EBITDA margin (%)	9.26		8.89		7.56		8.20		8.64	
EBIT	17.8	25.5 %	21.7	21.9 %	20.6	-5.1 %	25.6	24.6 %	30.5	19.1 %
EBIT margin (%)	8.44		8.21		6.95		7.65		8.14	
Net interest	-2.8		-2.1		-1.3		-1.0		-0.8	
Income from Participations	0.0		0.0		0.0		0.0		0.0	
Net financial result	-2.8		-2.1		-1.3		-1.0		-0.8	
Exceptional items	0.0		0.0		0.0		0.0		0.0	
Pretax profit	15.0	27.9 %	19.6	30.8 %	19.3	-1.6 %	24.7	28.1 %	29.8	20.6 %
Pretax margin (%)	7.10		7.42		6.50		7.36		7.94	
Taxes	5.0		6.0		5.8		7.4		8.9	
Tax rate (%)	33.25		30.86		30.00		30.00		30.00	
Earnings after taxes	10.0		13.5		13.5		17.3		20.8	
Minorities	0.0		0.0		0.0		0.0		0.0	
Group attributable income	10.0	22.4 %	13.5	35.6 %	13.4	-0.4 %	17.2	28.1 %	20.8	20.6 %
No. of shares (m)	3.7		4.0		4.0		4.0		4.0	
Earnings per share (EUR)	2.69	10.5 %	3.37	25.5 %	3.36	-0.4 %	4.31	28.1 %	5.20	20.6 %

Balance sheet

Balance sheet (EUR m)	2015	YOY	2016	YOY	2017e	YOY	2018e	YOY	2019e	YOY
Assets										
Cash and cash equivalents	12.5		11.3		29.6		33.5		37.5	
Accounts receivables	19.3		21.3		23.8		27.0		30.2	
Inventories	154.4		173.8		182.6		196.3		212.6	
Other current assets	40.3		53.2		53.2		53.2		53.2	
Tax claims	0.0		0.1		0.1		0.1		0.1	
Total current assets	226.5	59.9 %	259.7	14.7 %	289.3	11.4 %	310.1	7.2 %	333.6	7.6 %
Fixed assets	16.3		16.4		16.6		16.8		15.5	
Goodwill	1.4		1.4		1.4		1.4		1.4	
Other intangible assets	0.5		0.8		0.8		0.8		0.8	
Financial assets	0.3		0.0		0.0		0.0		0.0	
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	18.5	1.0 %	18.6	0.3 %	18.8	1.0 %	19.0	1.4 %	17.6	-7.2 %
Total assets	245.0	53.2 %	278.2	13.6 %	308.0	10.7 %	329.1	6.8 %	351.2	6.7 %
Equity & Liabilities										
Subscribed capital	4.0		4.0		4.0		4.0		4.0	
Reserves & other	41.5		41.5		41.5		41.5		41.5	
Revenue reserves	24.2		34.6		43.6		56.1		70.7	
Accumulated other comprehensive	0.0		0.0		0.0		0.3		1.8	
Shareholder's equity	69.9	70.7 %	80.2	14.8 %	89.3	11.3 %	102.1	14.4 %	118.2	15.7 %
Minorities	0.1		0.1		0.1		0.1		0.1	
Shareholder's equity incl. minorities	69.9	70.7 %	80.2	14.8 %	89.3	11.3 %	102.1	14.4 %	118.2	15.7 %
Long-term liabilities										
Pension provisions	0.0		0.0		0.0		0.0		0.0	
Financial liabilities	60.4		103.2		103.2		103.2		103.2	
Tax liabilities	3.4		4.9		5.6		6.3		7.0	
Other liabilities	2.6		3.3		3.6		4.1		4.6	
Total long-term debt	67.2	-12.6 %	112.3	67.2 %	113.4	1.0 %	114.8	1.2 %	116.1	1.2 %
Short-term debt										
Other provisions	31.5		24.0		26.9		30.4		34.1	
Trade payables	5.4		6.6		7.3		7.3		9.3	
Financial debt	50.7		32.4		45.6		45.6		41.2	
Other liabilities	18.0		18.5		20.8		23.5		26.3	
Total short-term debt	107.9	155.9 %	85.7	-20.6 %	105.3	22.9 %	112.2	6.6 %	116.9	4.2 %
Total equity & liabilities	245.0	53.2 %	278.2	13.6 %	308.0	10.7 %	329.1	6.8 %	351.2	6.7 %

Financial key ratios

Key ratios	2015	2016	2017e	2018e	2019e
Per share data (EUR)					
EPS	2.69	3.37	3.36	4.31	5.20
Book value per share	18.9	20.1	22.3	25.5	29.5
Free cash flow per share	-9.8	-5.2	1.8	1.1	-0.6
Dividend per share	0.79	1.10	1.18	1.29	1.56
Valuation ratios					
EV/Sales	1.46	1.26	1.11	0.97	0.84
EV/EBITDA	15.8	14.2	14.7	11.8	9.8
EV/EBIT	17.3	15.4	16.0	12.7	10.4
P/E	13.6	15.6	11.6	9.1	7.5
P/B	1.9	2.6	1.7	1.5	1.3
Dividend yield (%)	2.2	2.1	3.0	3.3	4.0
Growth					
Sales growth (%)	23.5	25.3	12.2	13.2	11.9
EBITDA growth (%)	22.1	20.3	-4.6	22.8	17.9
EBIT growth (%)	25.5	21.9	-5.1	24.6	19.1
EPS growth (%)	10.5	25.5	-0.4	28.1	20.6
Profitability ratios					
EBITDA margin (%)	9.3	8.9	7.6	8.2	8.6
EBIT margin (%)	8.4	8.2	6.9	7.6	8.1
Net margin (%)	4.7	5.1	4.5	5.1	5.5
ROCE (%)	13.0	11.3	10.1	11.8	13.0
Financial ratios					
Total equity (EUR m)	69.9	80.2	89.3	102.1	118.2
Equity ratio (%)	28.5	28.8	29.0	31.0	33.6
Net financial debt (EUR m)	98.6	124.3	119.2	115.3	106.9
Net debt/Equity	0.3	0.3	0.3	0.3	0.3
Interest cover	6.3	10.2	9.6	11.5	13.9
Net debt/EBITDA	5.1	5.3	5.3	4.2	3.3
Payout ratio (%)	29.4	32.6	35.0	30.0	30.0
Working Capital (EUR m)	118.5	174.0	183.9	197.9	216.7
Working capital/Sales	0.56	0.66	0.62	0.59	0.58

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HOLD <=-10% and < = +10%

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Price and Rating History (last 12 months)

Date	Price target-EUR	Rating	Initiation
31.05.2017	45.00	Buy	
24.02.2017	45.00	Hold	
06.09.2016	70.00	Buy	04.05.2016

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