

## Traumhaus (TRU GY) | Construction

April 23, 2021

### Targeting the next growth phase

The FY 21e guidance of EUR 98m-108m revenues (M'e: EUR 127m) and an EBITDA of EUR 10m-11.8m (M'e: EUR 12.7m) falls short of our expectations but still implies double-digit percentage revenue and EBITDA growth. On the positive side, Traumhaus provided a promising update on its project pipeline and mid-term growth prospects, which are more relevant for the investment case in our view. The project pipeline sales volume increased to EUR 500m (prev.: 375m), whose execution should allow Traumhaus to achieve an annual revenue growth rate of 15%-20% in the coming years. Apart from that, the margin prospects of the company seem to be better than expected: the upper end of the FY 21e EBITDA guidance implies an EBITDA margin of 12%, which is above our initial EBITDA margin projections of 10%-10.5% for the coming years. For FY 21e, we now expect an EBITDA margin of 11% (prev.: 10%) and we believe that operational efficiency improvements (e.g. the use of prefabricated house walls), scale effects and higher project sale prices should allow Traumhaus to achieve an EBITDA margin level of ~12% beginning with FY 22e. In total, the attractive mid-term growth outlook and margin upside should confirm our positive stance on the company's investment case. We reiterate our BUY rating and increase our PT to EUR 22.5 (18.5).

- Our PT of EUR 22.5 (18.5) is based on the average of our updated DCF and peer group valuation.

Fundamentals (in EUR m)	2017	2018	2019	2020e	2021e	2022e
Sales	72	54	86	86	108	128
EBITDA	11	8	8	9	12	15
EBIT	10	7	7	7	10	14
EPS adj. (EUR)	n.a.	0.89	0.70	0.78	1.14	1.67
DPS (EUR)	0.00	0.00	0.50	0.50	0.60	0.70
BVPS (EUR)	n.a.	3.64	5.04	6.55	7.13	8.04
Net Debt incl. Provisions	n.a.	3	46	49	52	54
Ratios	2017	2018	2019	2020e	2021e	2022e
EV/EBITDA	0.0	7.7	14.3	12.5	11.9	9.3
EV/EBIT	0.0	9.0	16.7	14.7	13.8	10.5
P/E adj.	n.a.	15.1	21.5	16.8	16.5	11.3
Dividend yield (%)	n.a.	0.0	3.3	3.8	3.2	3.7
EBITDA margin (%)	15.4	14.8	9.4	10.2	11.0	12.0
EBIT margin (%)	14.1	12.6	8.0	8.7	9.5	10.7
Net debt/EBITDA	0.0	0.4	5.7	5.6	4.4	3.5
ROE (%)	0.0	31.1	16.6	13.5	16.9	22.0
PBV	0.0	3.7	3.0	2.0	2.6	2.3

Sources: Refinitiv, Metzler Research

**Buy**

 **unchanged**

**Price\***

**EUR 18.80**

**Price target**

**EUR 22.50 (18.5)**

\* XETRA trading price at the close of the previous day unless stated otherwise in the Disclosures

Market Cap (EUR m)	89
Enterprise Value (EUR m)	141
Free Float (%)	13.3

Price (in EUR)



Performance (in %)	1m	3m	12m
Share	30.6	43.5	64.9
Rel. to CDAX	25.4	32.1	13.2

Sources: Refinitiv, Metzler Research

Changes in estimates (in %)	2020e	2021e	2022e
Sales	6.8	-15.2	-12.6
EBIT	5.5	-7.5	1.3
EPS	4.9	-11.8	1.5

### Sponsored Research



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# company note

## Recent newsflow has been positive

We also want to provide a brief overview of the recent newsflow at Traumhaus, which has been positive in our view:

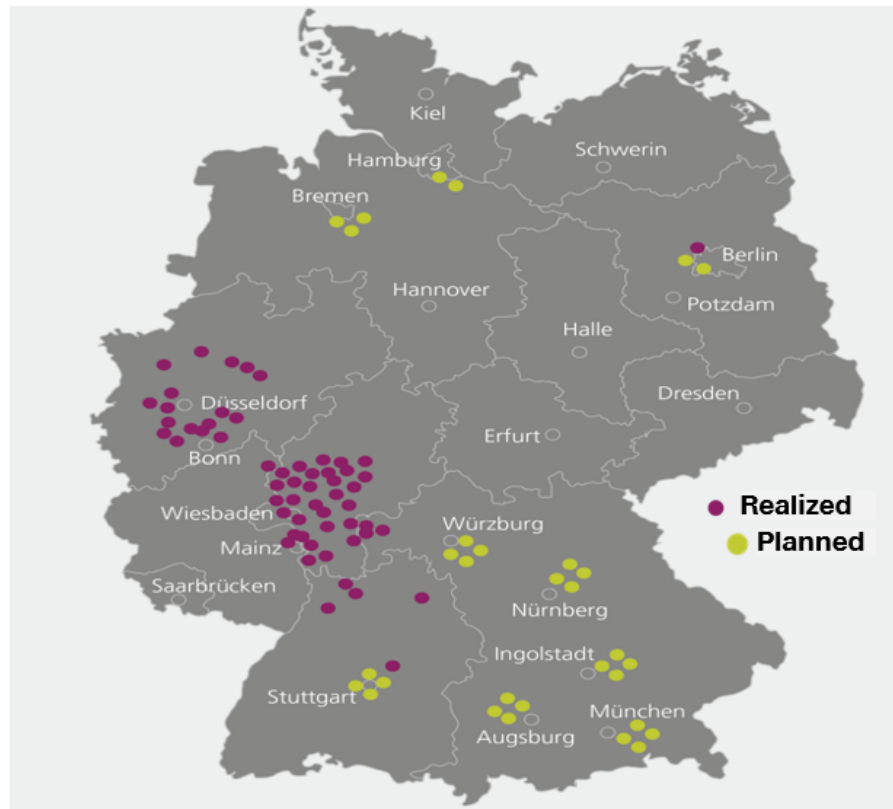
- The company opened its first office in Northern Germany with six employees. The new office is located near Bremen and should support the geographical expansion of Traumhaus.
- The operational start of the production site for prefabricated house walls made by robots is expected for the late summer of 2021. We think this innovation step should allow Traumhaus an increase of its operational efficiency as it improves the production capacity of its craftsmen on the building site meaningfully, resulting in a faster completion of project developments. From our perspective, this should be one of the key margin drivers for FY 22e and beyond.
- According to the company, the Covid-19 crisis currently does not affect its business activity meaningfully. There are hardly any time or project delays and sales activities are running in line with expectations.
- The company announced two larger forward deals at one large project in Wiesbaden-Erbenheim. 18 terraced houses were sold to an individual investor and 42 units to the institutional investor Industria Wohnen. This shows that the company is progressing on its strategy to increase the number of institutional forward deals and we expect the announcement of further institutional forward deals in the upcoming quarters.
- FY 20 revenues are expected to come in at EUR 84m-86m and the FY 20e EBITDA should amount to EUR 8.8m-9m. We expect the release of preliminary FY 20 figures in the upcoming weeks.

## Our investment case in a nutshell

Due to its serial construction method, we believe the company has cost advantages of up to 20% compared to competitors, which allows it to offer attractive house prices in the German home building market. Revenue growth in the coming years should be driven by (1) a geographical expansion of the business model into more suburbs of large German cities, (2) an execution of the large project pipeline and (3) a stronger business with institutional investors.

- A standardized planning and construction process should allow Traumhaus to generate double-digit profitability margins in the coming years. From our perspective, upcoming operational efficiency improvements (e.g. use of prefabricated house walls), scale effects and higher project sales prices should lead to a gradual improvement of the EBITDA margin level in the coming years.
- We believe economic fundamentals (GDP growth, unemployment rate) should gradually return to pre-crisis levels. Furthermore, the underlying demand drivers for dwellings and houses (low interest rates, gap between permits and completions) currently still create a solid business environment for residential property project developers such as Traumhaus.

## Realized and planned projects



Sources: Traumhaus, Metzler Research

### Changes in estimates

We lower our revenue and EBITDA estimates for FY 21e based on the company's revenue and EBITDA outlook for this year. Our new revenue (M'e: EUR 107.5m) and EBITDA (M'e: EUR 11.8m) estimates are now at the upper end of the guidance. Although the project development business is characterized by a certain degree of uncertainty, we remain confident on the growth prospects of Traumhaus for this year. Main growth drivers in FY 21e should be an intensified project pipeline execution, the trend to larger project units and a higher number of forward deals from our perspective.

With regard to FY 22e and FY 23e, we lower our revenue estimates but increase our EBITDA estimates. The higher EBITDA estimates are mainly based on the improved margin prospects of the company. We believe that operational efficiency improvements (e.g. the use of prefabricated house walls made by robots), scale effects and higher sale prices at projects should allow Traumhaus to generate an EBITDA margin level of ~12% next year and beyond. This would be meaningfully above our initial EBITDA margin expectations of 10%-10.5% for the coming years.

# company note

Management confirmed us that in a blue sky scenario an EBITDA margin level of even up to 13% could be possible from today's standpoint in the upcoming years, which we however assess currently as too optimistic.

## Changes in estimates in EUR m

	Old			New		
	FY 2021	FY 2022	FY 2023	FY 2021	FY 2022	FY 2023
<b>Revenues</b>	<b>126.7</b>	<b>146.5</b>	<b>165.1</b>	<b>107.5</b>	<b>128.0</b>	<b>153.0</b>
Growth yoy (in%)	57.4%	15.6%	12.7%	25.0%	19.1%	19.5%
<b>EBITDA</b>	<b>12.7</b>	<b>15.3</b>	<b>17.0</b>	<b>11.8</b>	<b>15.4</b>	<b>18.7</b>
Margin (in %)	10.0%	10.4%	10.3%	11.0%	12.0%	12.2%
<b>EBIT</b>	<b>11.0</b>	<b>13.5</b>	<b>14.5</b>	<b>10.2</b>	<b>13.7</b>	<b>16.9</b>
Margin (in %)	8.7%	9.2%	8.8%	9.5%	10.7%	11.0%
<b>EPS</b>	<b>1.29</b>	<b>1.64</b>	<b>1.67</b>	<b>1.14</b>	<b>1.67</b>	<b>2.03</b>
				<u>Δ old vs. new</u>		
				FY 2021	FY 2022	FY 2023
<b>Revenues (in %)</b>				-15.2%	-12.6%	-7.3%
<b>EBITDA (in%)</b>				-6.9%	0.4%	10.1%
<b>EBIT (in %)</b>				-7.5%	1.3%	16.5%
<b>EPS (in %)</b>				-11.8%	1.5%	21.1%

Sources: Traumhaus, Metzler Research

## Valuation

**Our PT is derived from the average of our two valuation models**

Valuation method	Upside potential
Peer group valuation	10%
DCF valuation	31%
<b>Average</b>	<b>21%</b>

Source: Metzler Research

## Peer group valuation

	Bloomberg	Share price 22.04.2021	Metzler recommendation/ Price target	P/E 2022e
Abbey	ABBY ID	17.5		12.8
Adler Group	ADJ GY	23.5		16.9
Bonava	Bonava SS	101.5		11.3
CAIRN	CRN ID	1.10		13.5
HELMA	H5E GY	56.6	BUY / 67 EUR	10.2
Instone	INS GY	23.7		8.7
NVR Inc.	NVR US	4802.0		13.6
<b>Average</b>				<b>12.4</b>
Traumhaus	TRU GY	18.8	BUY / 22.5 EUR	11.3
<b>Upside</b>				<b>10%</b>

Sources: Traumhaus, Metzler Research, Bloomberg

## DCF model

# company note

## Details of our DCF model

	2021e	2022e	2023e	2024e	2025e	2026e	2027e	2028e	TV Year
Year	0	1	2	3	4	5	6	7	
Sales	107.5	128.0	153.0	170.6	190.2	212.1	236.5	263.7	266.3
Sales growth (%)		19.1	19.5	11.5	11.5	11.5	11.5	11.5	1.0
Operating margin (%)	9.5	10.7	11.0	9.0	9.0	9.0	9.0	9.0	6.0
EBIT	10.2	13.7	16.9	15.4	17.1	19.1	21.3	23.7	16.0
Taxes	2.4	3.5	4.3	4.8	5.3	5.9	6.6	7.4	5.0
Tax rate (%)	31.0	31.0	31.0	31.0	31.0	31.0	31.0	31.0	31.0
Depreciation	1.6	1.7	1.8	2.4	2.7	3.0	3.3	3.7	3.0
Amortisation (ppa etc.)									
<b>Operating cash flow</b>	<b>9.4</b>	<b>11.8</b>	<b>14.3</b>	<b>13.0</b>	<b>14.5</b>	<b>16.1</b>	<b>18.0</b>	<b>20.1</b>	<b>14.0</b>
Capex	1.9	2.0	2.5	3.4	3.8	4.2	4.7	5.3	4.3
Change in working capital	-8.0	-9.0	-10.0	-6	-6	-6	-5	-5	0
<b>Free cash flow</b>	<b>-0.5</b>	<b>0.8</b>	<b>1.8</b>	<b>3.6</b>	<b>4.7</b>	<b>5.9</b>	<b>8.3</b>	<b>9.8</b>	<b>9.7</b>
Discounted free cash flow	-0.5	0.7	1.6	2.9	3.7	4.4	5.8	6.6	
Sum of DCF	25								
TV	144								
Net Debt	52								
Fair' Equity value	117								
Number of shares	4.8								
<b>Fair' value per share</b>	<b>24.7</b>								

Current share price **18.8**  
Upside **31%**

Sales growth (%), years 3-7	11.5	Capex/sales (%), TV year	1.6	WACC		Cost of debt (%)	2.4		
Sales growth (%), TV year	1.0	Depreciation/Capex (%)	70	Cost of equity (%)		10.4			
Operating margin (%), years 3-7	9.0	Beta	1.55	Equity		33.9			
Operating margin (%), TV year	6.0	LT debt interest rate (%)	3.5	Financial Debt		58.0			
Tax rate (%), years 3-7	31	Risk Free Rate (%)	1.0	Total capital		91.9			
Capex/Sales (%), years 3-7	2.0	Market Risk Premium (%)	6.0	<b>WACC (%)</b>		<b>5.3</b>			

Source: Metzler Research

## Sensitivity of DCF value

Sensitivity of DCF value per share to a +/- 5% change in key assumptions	DCF		Market risk DCF		TV sales DCF		TV Ebit DCF	
	beta	value	premium	value	growth	value	margin	value
-5%	1.47	26.6	5.70%	26.5	0.95%	24.4	5.70%	23.0
base case	1.55	24.7	6.00%	24.7	1.00%	24.7	6.00%	24.7
+5%	1.63	23.1	6.30%	23.1	1.05%	25.1	6.30%	26.5

Source: Metzler Research

# company note

## Key Data

### Company profile

CEO: Dipl. Ing. Otfried Sinner

CFO:

Wiesbaden, Germany

Traumhaus, headquartered in Wiesbaden, is specialized in the project development and serial construction of residential settlements with terraced and multi-family houses. The company is one of the ten largest providers of terraced houses in Germany and successfully completed 308 housing units (terraced houses+dwelling) in FY 19.

### Major shareholders

Otfried Sinner (73.7%), Markus Wenner (13%)

### Key figures

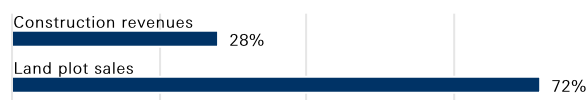
P&L (in EUR m)	2017	%	2018	%	2019	%	2020e	%	2021e	%	2022e	%
<b>Sales</b>	<b>72</b>	<b>n.a.</b>	<b>54</b>	<b>-24.5</b>	<b>86</b>	<b>58.6</b>	<b>86</b>	<b>-0.4</b>	<b>108</b>	<b>25.0</b>	<b>128</b>	<b>19.1</b>
<b>EBITDA</b>	<b>11</b>	<b>n.a.</b>	<b>8</b>	<b>-27.8</b>	<b>8</b>	<b>1.0</b>	<b>9</b>	<b>8.1</b>	<b>12</b>	<b>34.8</b>	<b>15</b>	<b>29.9</b>
EBITDA margin (%)	15.4	n.a.	14.8	-4.4	9.4	-36.3	10.2	8.6	11.0	7.8	12.0	9.1
<b>EBIT</b>	<b>10</b>	<b>n.a.</b>	<b>7</b>	<b>-32.3</b>	<b>7</b>	<b>1.2</b>	<b>7</b>	<b>7.6</b>	<b>10</b>	<b>36.8</b>	<b>14</b>	<b>34.1</b>
EBIT margin (%)	14.1	n.a.	12.6	-10.3	8.0	-36.2	8.7	8.1	9.5	9.5	10.7	12.6
<b>Financial result</b>	<b>-2</b>	<b>n.a.</b>	<b>-1</b>	<b>37.5</b>	<b>-2</b>	<b>-67.8</b>	<b>-2</b>	<b>-9.6</b>	<b>-2</b>	<b>-5.8</b>	<b>-2</b>	<b>5.3</b>
<b>EBT</b>	<b>8</b>	<b>n.a.</b>	<b>6</b>	<b>-31.0</b>	<b>5</b>	<b>-13.2</b>	<b>5</b>	<b>6.8</b>	<b>8</b>	<b>50.1</b>	<b>11</b>	<b>45.9</b>
Taxes	-2	n.a.	-2	19.2	-2	5.0	-2	2.7	-2	-50.1	-4	-45.5
Tax rate (%)	-26.5	n.a.	-31.1	n.a.	-34.0	n.a.	-31.0	n.a.	-31.0	n.a.	-30.9	n.a.
Net income	6	n.a.	4	-35.3	3	-16.9	4	11.7	5	50.1	8	46.1
Minority interests	0	n.a.	0	n.a.	0	n.a.	0	n.a.	0	n.a.	0	n.a.
<b>Net Income after minorities</b>	<b>6</b>	<b>n.a.</b>	<b>4</b>	<b>-35.3</b>	<b>3</b>	<b>-16.9</b>	<b>4</b>	<b>11.7</b>	<b>5</b>	<b>50.1</b>	<b>8</b>	<b>46.1</b>
Number of shares outstanding (m)	0	n.a.	4	n.a.	5	5.9	5	0.0	5	3.1	5	0.0
<b>EPS adj. (EUR)</b>	<b>n.a.</b>	<b>n.a.</b>	<b>0.89</b>	<b>n.a.</b>	<b>0.70</b>	<b>-21.5</b>	<b>0.78</b>	<b>11.7</b>	<b>1.14</b>	<b>45.6</b>	<b>1.67</b>	<b>46.1</b>
<b>DPS (EUR)</b>	<b>0.00</b>	<b>n.a.</b>	<b>0.00</b>	<b>n.a.</b>	<b>0.50</b>	<b>n.a.</b>	<b>0.50</b>	<b>0.0</b>	<b>0.60</b>	<b>20.0</b>	<b>0.70</b>	<b>16.7</b>
Dividend yield (%)	n.a.	n.a.	0.0	n.a.	3.3	n.a.	3.8	n.a.	3.2	n.a.	3.7	n.a.
<b>Cash Flow (in EUR m)</b>	<b>2017</b>	<b>%</b>	<b>2018</b>	<b>%</b>	<b>2019</b>	<b>%</b>	<b>2020e</b>	<b>%</b>	<b>2021e</b>	<b>%</b>	<b>2022e</b>	<b>%</b>
<b>Gross Cash Flow</b>	<b>0</b>	<b>n.a.</b>	<b>6</b>	<b>n.a.</b>	<b>6</b>	<b>2.9</b>	<b>7</b>	<b>10.7</b>	<b>9</b>	<b>31.3</b>	<b>12</b>	<b>25.9</b>
<b>Increase in working capital</b>	<b>0</b>	<b>n.a.</b>	<b>-3</b>	<b>n.a.</b>	<b>-10</b>	<b>n.a.</b>	<b>-8</b>	<b>n.a.</b>	<b>-8</b>	<b>n.a.</b>	<b>-9</b>	<b>n.a.</b>
<b>Capital expenditures</b>	<b>0</b>	<b>n.a.</b>	<b>-5</b>	<b>n.a.</b>	<b>-2</b>	<b>58.0</b>	<b>-6</b>	<b>-196.7</b>	<b>-2</b>	<b>70.0</b>	<b>-2</b>	<b>-19.1</b>
D+A/Capex (%)	n.a.	n.a.	-22.6	n.a.	-53.7	n.a.	-20.2	n.a.	-82.7	n.a.	-71.6	n.a.
<b>Free cash flow (Metzler definition)</b>	<b>0</b>	<b>n.a.</b>	<b>-2</b>	<b>n.a.</b>	<b>-6</b>	<b>-153.7</b>	<b>-7</b>	<b>-25.2</b>	<b>-1</b>	<b>92.5</b>	<b>1</b>	<b>193.6</b>
Free cash flow yield (%)	n.a.	n.a.	-3.9	n.a.	-8.4	n.a.	-12.0	n.a.	-0.6	n.a.	0.6	n.a.
Dividend paid	0	n.a.	0	n.a.	0	n.a.	-1	n.a.	-2	-233.3	-3	-20.0
<b>Free cash flow (post dividend)</b>	<b>0</b>	<b>n.a.</b>	<b>-2</b>	<b>n.a.</b>	<b>-6</b>	<b>-153.7</b>	<b>-8</b>	<b>-37.5</b>	<b>-3</b>	<b>63.5</b>	<b>-2</b>	<b>19.9</b>
<b>Balance sheet (in EUR m)</b>	<b>2017</b>	<b>%</b>	<b>2018</b>	<b>%</b>	<b>2019</b>	<b>%</b>	<b>2020e</b>	<b>%</b>	<b>2021e</b>	<b>%</b>	<b>2022e</b>	<b>%</b>
<b>Assets</b>	<b>96</b>	<b>n.a.</b>	<b>104</b>	<b>8.8</b>	<b>140</b>	<b>33.8</b>	<b>153</b>	<b>9.7</b>	<b>163</b>	<b>6.3</b>	<b>174</b>	<b>6.6</b>
<b>Goodwill</b>	<b>8</b>	<b>n.a.</b>	<b>6</b>	<b>-21.6</b>	<b>5</b>	<b>-16.4</b>	<b>4</b>	<b>-13.7</b>	<b>4</b>	<b>-16.8</b>	<b>3</b>	<b>-20.2</b>
<b>Shareholders' equity</b>	<b>9</b>	<b>-100.0</b>	<b>16</b>	<b>72.9</b>	<b>23</b>	<b>46.7</b>	<b>30</b>	<b>30.0</b>	<b>34</b>	<b>12.2</b>	<b>38</b>	<b>12.7</b>
Equity/total assets (%)	9.5	n.a.	15.2	n.a.	16.6	n.a.	19.7	n.a.	20.8	n.a.	22.0	n.a.
<b>Net Debt incl. Provisions thereof pension provisions</b>	<b>n.a.</b>	<b>n.a.</b>	<b>3</b>	<b>n.a.</b>	<b>46</b>	<b>n.m.</b>	<b>49</b>	<b>5.5</b>	<b>52</b>	<b>6.0</b>	<b>54</b>	<b>4.5</b>
Gearing (%)	0.0	n.a.	18.1	n.a.	198.9	n.a.	161.5	n.a.	152.5	n.a.	141.5	n.a.
Net debt/EBITDA	0.0	n.a.	0.4	n.a.	5.7	n.a.	5.6	n.a.	4.4	n.a.	3.5	n.a.

### Structure

#### Geographical revenue breakdown 2019



#### Revenue breakdown 2019



Sources: Refinitiv, Metzler Research

# company note

## Disclosures

### Recommendation history

Recommendations for each financial instrument or issuer - mentioned in this document - published by Metzler in the past twelve months

Date of dissemination	Metzler recommendation *		Current price **	Price target *	Author ***
	Previous	Current			
<b>Issuer/Financial Instrument (ISIN): Helma (DE000A0EQ578)</b>					
23.03.2021	Buy	Buy	53.00 EUR	67.00 EUR	Bonhage, Stephan
25.01.2021	Buy	Buy	47.30 EUR	59.50 EUR	Bonhage, Stephan
01.09.2020	Sell	Buy	35.10 EUR	47.00 EUR	Bonhage, Stephan
29.04.2020	Buy	Sell	32.50 EUR	29.00 EUR	Bonhage, Stephan
<b>Issuer/Financial Instrument (ISIN): Traumhaus (DE000A2NB7S2)</b>					
20.11.2020	Buy	Buy	13.40 EUR	18.50 EUR	Bonhage, Stephan
25.08.2020	n.a.	Buy	13.80 EUR	17.50 EUR	Bonhage, Stephan

\* Effective until the price target and/or investment recommendation is updated (FI/FX recommendations are valid solely at the time of publication)

\*\* XETRA trading price at the close of the previous day unless stated otherwise herein

\*\*\* All authors are financial analysts

### Traumhaus

17. Metzler and/or a company affiliated with Metzler had reached an agreement on the compilation of the investment analysis with the analysed company. Prior to publication of the financial analysis, the provider gives the issuer a one-off opportunity to comment (comparison of facts in accordance with the DVFA Code) within the regulatory framework to avoid quality defects.

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# company note

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# company note

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# company note

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	Stephan Bonhage	Small/Mid Caps, Construction	5 25
	Tom Diedrich	Media, Retail	2 39
	Alexander Neuberger	Industrial Technology, Small/Mid Caps	43 66
	Holger Schmidt	Software, Technology, Telecommunications	43 60
	Jochen Schmitt	Financials, Real Estate	43 59
	David Varga	Basic Resources	43 62
	Jürgen Pieper	Automobiles, Senior Advisor	5 29
	Hendrik König	Strategy / Quantitative Research	43 71
	Sergii Piskun	Quantitative Research	2 37
	Eugen Keller	Head of FI/FX Research	3 29
	Juliane Rack	FI/FX Strategy	17 48
	Sebastian Sachs	FI/FX Strategy	5 26
	Thomas Weber	FI/FX Strategy	5 27
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		Head of Equity Sales	
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	Uwe Hohmann		3 66
	Hugues Jaouen		41 73
	Alexander Kravkov		41 72
	Jasmina Schul		17 66
Trading	Sven Knauer	Head of Equity Trading	2 45
	Kirsten Fler		2 46
	Stephan Schmelzle		2 47
	Thomas Seibert		2 28
Corporate Solutions	Dr. Karsten Iltgen	Head of Corporate Solutions	5 10

# company note

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	Sebastian Luther		6 88
	Claudia Ruiu		6 83
	Gloria Traidl		2 80
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	Bettina Koch		2 91
	Susanne Kraus		6 58
	Andreas Tanneberger	Head of Fixed Income Trading	6 85
	Silke Amelung		2 89
	Christian Bernhard		2 66
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	Tobias Martin		6 14
	Steffen Völker		2 93
FX Trading	Rainer Jäger		2 76
	Andreas Zellmann		6 10
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CM Advisory	Achim Walde		2 75
	Harwig Wild		2 79
CM Operations	Dominik Müller	Head of Operations	2 74
	Christopher Haase		16 17
	Florian Konz		17 73
	Simon Wesch		3 50