

Traumhaus (TRU GY) | Construction

July 07, 2021

The investment case remains unchanged positive

We confirm our Buy rating with an unchanged PT of EUR 22.50. The recent publication of the FY 20 annual report with final financial figures has provided no deviations from prelims and the outlook. On the positive side, the equity ratio now amounts to c. 24%, a meaningful improvement to FY 19 (16.6%). Yesterday, the company also announced that it intends to pay a dividend of EUR 0.50 for the second time in a row, implying an attractive 2.7% dividend yield at the actual share price. Shareholder dilution from the current share offering should be in our view negligible (max. 5% of the existing share capital), however funds from the capital increase should allow Traumhaus to increase the project pipeline and improve its equity ratio, which we consider as useful. We will adjust our estimates when the exact number of newly issued shares will be announced. Our positive stance on the investment case of Traumhaus remains unchanged: (1) The execution of the large project pipeline (EUR 500m) is expected to result in revenue growth of 15%-20% p.a. in the coming years, while (2) 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.

- **Valuation:** Our estimates and PT remain unchanged. Traumhaus trades at a P/E 22e multiple of 11.0x, its peers at 12.8x.

Fundamentals (in EUR m)	2018	2019	2020	2021e	2022e	2023e
Sales	54	86	86	108	128	153
EBITDA	8	8	9	12	15	19
EBIT	7	7	8	10	14	17
EPS adj. (EUR)	0.89	0.70	0.77	1.14	1.67	2.03
DPS (EUR)	0.00	0.50	0.50	0.60	0.70	0.80
BVPS (EUR)	3.64	5.04	6.17	8.52	9.09	10.65
Net Debt incl. Provisions	3	46	54	48	50	51
Ratios	2018	2019	2020	2021e	2022e	2023e
EV/EBITDA	7.7	14.3	12.5	11.4	8.9	7.4
EV/EBIT	9.0	16.7	14.7	13.2	10.0	8.2
P/E adj.	15.1	21.5	17.2	16.0	11.0	9.0
Dividend yield (%)	0.0	3.3	3.8	3.3	3.8	4.4
EBITDA margin (%)	14.8	9.4	10.7	11.0	12.0	12.2
EBIT margin (%)	12.6	8.0	9.1	9.5	10.7	11.0
Net debt/EBITDA	0.4	5.7	5.9	4.1	3.3	2.7
ROE (%)	31.1	16.6	13.7	15.7	18.9	20.5
PBV	3.7	3.0	2.1	2.1	2.0	1.7

Sources: Refinitiv, Metzler Research

Buy

 **unchanged**

Price*

EUR 18.30

Price target

EUR 22.50 (unchanged)

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

Market Cap (EUR m)	87
Enterprise Value (EUR m)	135
Free Float (%)	13.3

Price (in EUR)



Performance (in %)	1m	3m	12m
Share	8.9	19.6	39.7
Rel. to CDAX	9.7	16.0	12.6

Sources: Refinitiv, Metzler Research

Changes in estimates (in %)	2021e	2022e	2023e
Sales	0.0	0.0	0.0
EBIT	0.0	0.0	0.0
EPS	0.0	0.0	0.0

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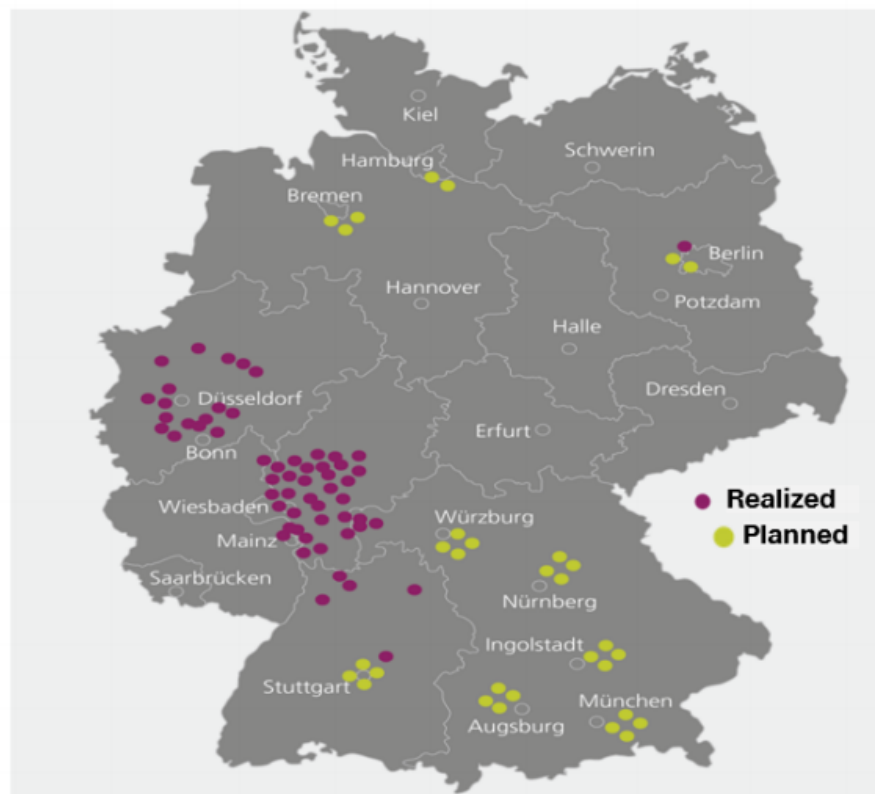
company note

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

Valuation

	Bloomberg	Share Price 07.07.2021	Metzler Recommendation/ Price Target	P/E 2022e
Adler Group	ADJ GY	23.2		18.4
Bonava	BONAVB SS	93.2		10.4
CAIRN	CRN ID	1.12		13.9
HELMA	H5E GY	60.4	BUY / 67 EUR	10.9
Instone	INS GY	25.9		9.7
NVR Inc.	NVR US	5078.0		13.9
Average				12.8
Traumhaus	TRU GY	18.3	BUY / 22,5 EUR	11.0
Upside				17%

Sources: Traumhaus, Metzler Research, Bloomberg

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)	2018	%	2019	%	2020	%	2021e	%	2022e	%	2023e	%
Sales	54	-24.5	86	58.6	86	-0.7	108	25.3	128	19.1	153	19.5
EBITDA	8	-27.8	8	1.0	9	13.1	12	28.9	15	29.9	19	21.5
EBITDA margin (%)	14.8	-4.4	9.4	-36.3	10.7	13.8	11.0	2.9	12.0	9.1	12.2	1.7
EBIT	7	-32.3	7	1.2	8	12.3	10	31.2	14	34.1	17	23.0
EBIT margin (%)	12.6	-10.3	8.0	-36.2	9.1	13.0	9.5	4.7	10.7	12.6	11.0	2.9
Financial result	-1	37.5	-2	-67.8	-3	-24.8	-2	7.1	-2	5.3	-3	-29.8
EBT	6	-31.0	5	-13.2	5	7.1	8	49.7	11	45.9	14	21.7
Taxes	-2	19.2	-2	5.0	-2	-2.8	-2	-42.1	-4	-45.5	-4	-22.1
Tax rate (%)	-31.1	n.a.	-34.0	n.a.	-32.7	n.a.	-31.0	n.a.	-30.9	n.a.	-31.0	n.a.
Net income	4	-35.3	3	-16.9	4	9.3	5	53.4	8	46.1	10	21.5
Minority interests	0	n.a.	0	n.a.	0	n.a.	0	n.a.	0	n.a.	0	n.a.
Net Income after minorities	4	-35.3	3	-16.9	4	9.3	5	53.4	8	46.1	10	21.5
Number of shares outstanding (m)	4	n.a.	5	5.9	5	0.0	5	3.1	5	0.0	5	0.0
EPS adj. (EUR)	0.89	n.a.	0.70	-21.5	0.77	9.3	1.14	48.8	1.67	46.1	2.03	21.5
DPS (EUR)	0.00	n.a.	0.50	n.a.	0.50	0.0	0.60	20.0	0.70	16.7	0.80	14.3
Dividend yield (%)	0.0	n.a.	3.3	n.a.	3.8	n.a.	3.3	n.a.	3.8	n.a.	4.4	n.a.
Cash Flow (in EUR m)	2018	%	2019	%	2020	%	2021e	%	2022e	%	2023e	%
Gross Cash Flow	6	n.a.	6	2.9	7	15.5	9	25.9	12	25.9	14	21.4
Increase in working capital	-3	n.a.	-10	n.a.	-10	n.a.	-8	n.a.	-9	n.a.	-10	n.a.
Capital expenditures	-5	n.a.	-2	58.0	-1	52.4	-2	-87.0	-2	-19.1	-2	-8.5
D+A/Capex (%)	-22.6	n.a.	-53.7	n.a.	-133.0	n.a.	-82.7	n.a.	-71.6	n.a.	-72.0	n.a.
Free cash flow (Metzler definition)	-2	n.a.	-6	-153.7	-4	32.8	-1	86.0	1	193.6	2	259.3
Free cash flow yield (%)	-3.9	n.a.	-8.4	n.a.	-6.4	n.a.	-0.6	n.a.	0.6	n.a.	2.1	n.a.
Dividend paid	0	n.a.	0	n.a.	-0	n.a.	-2	-611.7	-3	-20.0	-3	-16.7
Free cash flow (post dividend)	-2	n.a.	-6	-153.7	-4	27.1	-3	31.2	-2	19.9	-0	79.1
Balance sheet (in EUR m)	2018	%	2019	%	2020	%	2021e	%	2022e	%	2023e	%
Assets	104	8.8	140	33.8	119	-14.6	161	35.2	172	6.7	188	9.6
Goodwill	6	-21.6	5	-16.4	4	-22.8	3	-18.8	2	-23.1	2	-30.1
Shareholders' equity	16	72.9	23	46.7	28	22.4	41	42.4	43	6.7	51	17.1
Equity/total assets (%)	15.2	n.a.	16.6	n.a.	23.9	n.a.	25.1	n.a.	25.1	n.a.	26.9	n.a.
Net Debt incl. Provisions thereof pension provisions	3	n.a.	46	n.m.	54	16.7	48	-11.3	50	5.0	51	1.0
thereof pension provisions	0	n.a.	0	n.a.	0	n.a.	0	n.a.	0	n.a.	0	n.a.
Gearing (%)	18.1	n.a.	198.9	n.a.	189.8	n.a.	118.2	n.a.	116.4	n.a.	100.4	n.a.
Net debt/EBITDA	0.4	n.a.	5.7	n.a.	5.9	n.a.	4.1	n.a.	3.3	n.a.	2.7	n.a.

Structure

Geographical revenue breakdown 2020



Sources: Refinitiv, Metzler Research

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Date of dissemination	Metzler recommendation *		Current price **	Price target *	Author ***
	Previous	Current			
Issuer/Financial Instrument (ISIN): Helma (DE000A0EQ578)					
10.06.2021	Buy	Buy	56.80 EUR	67.00 EUR	Bonhage, Stephan
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
Issuer/Financial Instrument (ISIN): Traumhaus (DE000A2NB7S2)					
23.04.2021	Buy	Buy	18.80 EUR	22.50 EUR	Bonhage, Stephan
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)

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Traumhaus

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