

Company Alert

Hypoport

Results Initial View: Investments in growth initiatives eat up profit in Q2

COMPANY



HYPOPORT
THE FINANCE INTEGRATOR

RATING
HOLD (UNCHANGED)

TARGET PRICE
11 EUR (7.2 EUR)

WHAT'S CHANGED

- We lift our target price from EUR 7.2 to EUR 11.0
- 3 out of 4 business units showed a strong EBIT growth
- Loss in Financial Service Providers due to investments in the EUROPACE platform which secures future growth potential

Q2 EBIT was zero despite a slight increase in revenues and a higher EBIT in three of four business units (private clients: +130% to EUR 0.9m; real estate companies: +69% to EUR 0.5m; institutional clients: EUR 0.2m after an EBIT of EUR -0.5m in Q2/08). Responsible for the weak Q2/09 result was a loss of EUR -0.7m (Q2/08: 0.7m) in the segment financial service providers due to investments in the EUROPACE platform. However, revenues of this segment increased by 42% to EUR 3.0m.

Growth drivers are still intact at Hypoport against the background of the difficult market conditions for financial service providers (e.g. revenues at MLP declined by 16% in Q2). In Q2/09 Hypoport increased the number of new branches by 20 to 183 and the number of new financial consultants by 127 to 387. Furthermore, the company announced that they have scheduled a cooperation with the first savings banks association to use the EUROPACE platform.

The short-term outlook is uninspiring but mid-term perspectives are promising. Hypoport expects only a slight increase in revenues for H2/09 and an EBIT at a level of H1/09 (EUR 1.2m). We have lowered our EPS 2009e from 0.51 to 0.41 and leave our 2010 and 2011 estimates unchanged. Thanks to the cooperation agreement with the savings banks, Hypoport is collaborating with all major players in the German banking sector. This will allow the company to significantly increase the earnings generated by the EUROPACE platform. We lift our target price from EUR 7.20 to EUR 11.0 due to the improved growth perspectives and a lower market risk premium of 5.6% (prev. 6.1%).

in EUR m	Q2/2009	LBBW E	Consensus	6M/2009	LBBW E	Consensus
Sales	12.5	12.6	n.a.	25.2	25.3	n.a.
EBIT	0.0	0.6	n.a.	1.2	1.8	n.a.
Net profit	-0.2	0.03	n.a.	0.3	0.6	n.a.
EPS (in EUR)	-0.03	0.03	n.a.	0.03	0.10	n.a.

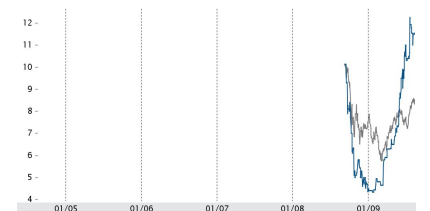
Source: Hypoport, LBBW Research

+++ Reuters: HYQGn +++ Bloomberg: HYQ GY +++

Current Price (XETRA (Germany); 2009-08-14; 11:03 am).... 11.70 EUR
CLOSING PRICE (2009-08-13): 11.54 EUR
EXPECTED PERFORMANCE:..... -37.6%
MARKET CAPITALIZATION:..... 70.32 EUR m
ENTERPRISE VALUE:..... 82.62 EUR m
NUMBER OF SHARES:..... 6.09 m
FREE FLOAT:..... 100.0%
INDEX (WEIGHT):..... PRIME ALL SHARE (n.a.)
AVG. DAILY TRADEVOL.:..... 1,424
ISIN:..... DE0005493365
SECTOR:..... Financial Services

KEY DATA (DEC)	2008	2009E	2010E
Sales (EUR m)	52.7	55.3	67.6
EBITDA (EUR m)	8.1	7.8	9.8
EBIT (EUR m)	5.0	4.2	5.8
Net profit (EUR m)	-0.3	2.5	3.7
FCF (EUR m)	0.4	-1.4	0.3
FCF yield	1.7%	-1.1%	0.4%
EPS (EUR)	-0.05	0.41	0.60
DPS (EUR)	0.00	0.00	0.00
EV / Sales (x)	0.7	1.4	1.2
EV / EBITDA (x)	4.8	9.6	8.5
EV / EBIT (x)	7.8	16.5	14.2
P / E (x)	n/m	28.0	18.6
P / BV (x)	1.16	2.70	2.37
Dividend yield (in %)	0.0%	0.0%	0.0%

PRICE PERFORMANCE



Source: Hypoport, LBBW Research, Thomson Reuters

UPCOMING EVENTS



Olaf Kayser, CEFA
Investment Analyst
+49 711 127-42762
Olaf.Kayser@LBBW.de

Appendix-1

1/2

Important Notice

This research report is prepared by LANDESBANK BADEN-WUERTTEMBERG ("LBBW") and distributed in the United States by LBBW Securities, LLC ("LBBW Securities"). LBBW Securities, LLC, a broker-dealer registered with the U.S. Securities and Exchange Commission, has assumed responsibility for this research for purposes of U.S. law. All transactions by U.S. persons arising from this research should be effected through LBBW Securities, LLC. Any US Person receiving this report and wishing to effect any transaction in any security discussed in this report should contact LBBW Securities at +1 212 338-8840.

Analyst's Certification

All of the views expressed in this research report accurately reflect the research analyst's personal views regarding the Subject Company. No part of analyst compensation was, is or will be, directly or indirectly related to the specific recommendations or views expressed in this research report.

Disclosures

Please Note

Important Disclosures Required by Non-U.S. Regulators

- 1) LBBW or an associated enterprise of LBBW supports the company in the market by entering buy or sell orders.
- 2) LBBW or an associated enterprise of LBBW has made an agreement on the production of financial analyses relating to the issuer or its financial instruments.

Important Disclosures Required by U.S. Regulators

- 3) LBBW together with its affiliates is making a market in the company's securities.

Please Note

This research report and the information contained in this research report must not be distributed or reproduced, in whole or in part, in any form without the prior consent of Landesbank Baden-Württemberg ("LBBW") and LBBW Securities, LLC and only in accordance with the applicable laws in the relevant jurisdiction. Persons who gain access to this information must inform themselves about such applicable laws and have to comply with them.

This research report and the information contained therein is furnished and has been prepared solely for information purposes. It is not intended to be an inducement to engage in investment activity. It is furnished for your private information with the express understanding, which recipient acknowledges, that it is not an offer, recommendation or solicitation to buy, hold or sell, an invitation to subscribe for or purchase, or a means by which any security may be offered or sold.

LBBW and LBBW Securities, LLC do not accept any liability for the accuracy, adequacy, or completeness of any information and is not responsible for any errors or omissions or the result obtained from the use of such information. The information in this report has been obtained from sources believed to be reliable. LBBW and LBBW Securities, LLC can not verify such information, however, and because of the possibility of human or mechanical error by the sources, LBBW or others, no representation is made that the information contained in this report is accurate in all material respects or complete. The statements contained herein are statements of our non-binding opinion, not statement of fact or recommendations to buy hold or sell any securities. Changes to assumptions may have a material impact on any performance detailed. Historic information on performance is not indicative of future performance. LBBW and LBBW Securities, LLC may have issued, and may in the future issue, other reports that are inconsistent with, and reach different conclusions from, the information presented in this report. Those reports reflect the different assumptions, views and analytical methods of the analysts who prepared them and LBBW and LBBW Securities, LLC are under no obligation to ensure that such other reports are brought to the attention of any recipient of this report.

Nothing in this report constitutes investment, legal, accounting or tax advice, or a representation that any investment or strategy is suitable or appropriate to your individual circumstances, or otherwise constitutes a personal recommendation to you. This report is intended only for and directed to persons sufficiently expert to understand the risks involved, namely market professionals. This publication does not replace personal consultancy. Prior to taking any investment decision you should contact your independent investment adviser for further and more up-to-date information on specific investment opportunities and for individual investment advice, regarding the appropriateness of investing in any securities or investment strategies discussed in this report.

Any security referred to herein may involve a high degree of risk, which may include principal, interest rate, index, currency, credit, political, liquidity, time value, commodity and market risk and is not suitable for all investors. The securities may experience sudden and large falls in their value causing losses equal to the original investment when that investment is realized. Any transaction entered into is in reliance only upon your judgment as to both financial, suitability and risk criteria. LBBW and LBBW Securities, LLC do not hold themselves out to be an advisor in these circumstances, nor does any of their staff have the authority to do so.

United Kingdom

This document is issued in the United Kingdom by LBBW, London Branch. LBBW is authorised by the Bundesanstalt für Finanzdienstleistungsaufsicht (the "BaFin").

EQUITY SALES

Stuttgart/Mainz

Am Hauptbahnhof 2
70173 Stuttgart
Phone +49 711 127-25200
Fax +49 711 127-25299

London

London Branch
201 Bishopsgate
GB-London EC2M 3UN
Phone +44 20 7826-8158
Fax +44 20 7826-8095

New York

280 Park Avenue
31st Floor, West Building
New York 10017 U.S. A.
Phone +1 212 338-8840
Fax +1 212 584-1799

Appendix-1

2/2

This document and the information contained in it constitutes a financial promotion for the purposes of the Financial Services and Markets Act 2000 and the rules of the Financial Services Authority (the "FSA"). To the extent that this document is issued in the United Kingdom, it is directed exclusively at persons who are professional clients or eligible counterparties for the purposes of the FSA's Handbook of Rules and Guidance. The products and investment services to which this document relate are only available to the persons referred to above and other persons should not act or rely on it. Moreover, any investment or service to which this document relates is not intended for retail clients and will not be made available to retail clients.

This document is impartial investment research. This document has no regard to the specific investment objectives, financial need or situation or needs of any specific recipient and the investments discussed in this document may not be suitable for all recipients.

LBBW, London Branch has effective organisational and administrative arrangements set up for the prevention and avoidance of conflicts of interest with respect to research recommendations, including information barriers. A copy of LBBW's investment research and conflict of interest policy is available on request from www.lbbw.de/lbbwde/1000005283-en.html

LBBW Research Rating-Systematics (absolute share rating system)

Rating definitions:

Buy:	Based on a time horizon of up to 12 months, we recommend that investors buy the stock.
Sell:	Based on a time horizon of up to 12 months, we recommend that investors sell the stock.
Hold:	We take a neutral view on the stock and, based on a time horizon of up to 12 months, do not recommend either a Buy or Sell.
Under review:	The rating is currently updated.
Suspended:	The evaluation of the company is currently not feasible.

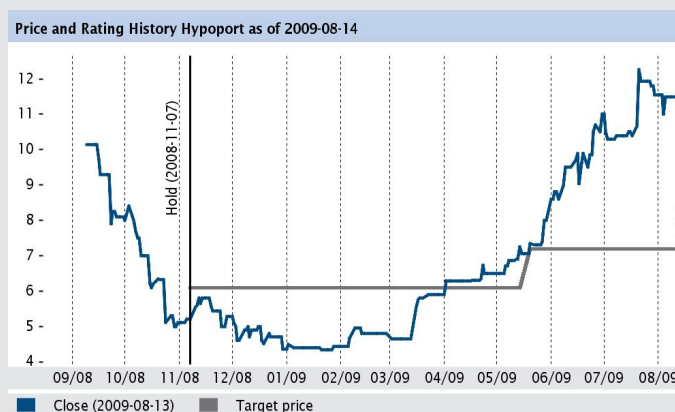
Percentage of companies within this rating category

Buy:	33,8%
Sell:	26,6%
Hold:	37,6%
Under review:	1,3%
Suspended:	0,8%

Notes: Rating definitions prior to 6th April, 2009 were:

Buy: The price potential of the share is at least 10%. **Hold:** The price potential of the share is between 0% and 10%. **Sell:** A negative price performance of the share is expected. Ratings relate to a time horizon of up to 6 months.

For disclosures pertaining to recommendations or estimates made on securities research, please see the most recently published company report or visit our website at <http://www.lbbw.com/disclosures>



EQUITY SALES

Stuttgart/Mainz

Am Hauptbahnhof 2
70173 Stuttgart
Phone +49 711 127-25200
Fax +49 711 127-25299

London

London Branch
201 Bishopsgate
GB-London EC2M 3UN
Phone +44 20 7826-8158
Fax +44 20 7826-8095

New York

280 Park Avenue
31st Floor, West Building
New York 10017 U.S. A.
Phone +1 212 338-8840
Fax +1 212 584-1799