

Recommendation:
BUY (BUY)

Risk:
HIGH (HIGH)

Price Target:
EUR 16.80 (16.80)

09 May 2011

Continuing to deliver

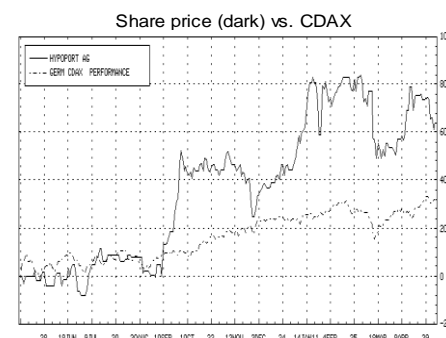
1Q 2011 posts good results

- Hypoport today published its 1Q 2011 report, which was a showcase of yet another successful quarter. Revenue came in at EUR 17.68m, representing a 46% increase compared to the EUR 12.09m generated in the same period one year earlier. EBITDA and EBIT resulted in EUR 2.24m and 0.98m respectively, which is a great improvement from the losses of -0.28 and -1.078m respectively from the previous year. Consequently, the EBIT margin (EBIT as % of revenue) jumped from minus 8.9% to plus 5.6%. Although revenue was more or less in line with CBSR estimates, we had predicted 1Q 2011 EBIT to come in at least EUR 1.5m.
- The volume of transactions completed in 1Q 2011 totalled EUR 4.12bn, which represents a y-o-y increase of 35.7% (1Q 2010: EUR 3.04bn) and a q-o-q increase of 13.3% (4Q 2010: EUR 3.64bn). Thereof, the volume of mortgage finance transactions completed in the first quarter of 2011 totalled EUR 3.47bn (1Q 2010: EUR 2.47bn). As a result, Financial Service Providers – Hypoport's second-largest business unit – achieved above-average growth in revenue, which advanced by 51.8% to EUR 3.5m (Q1 2010: EUR 2.3m).
- However, the growth achieved in Private Clients, the largest of Hypoport's four business units was also remarkable- revenue generated by this business unit grew by 45.3% to EUR 11.4m (Q1 2010: EUR 7.9m). Furthermore, Corporate Real Estate Clients and the Institutional Clients business unit also showed a strong performance.
- Although in terms of profitability the numbers missed our expectations, we believe that on a full year basis our forecast can well be achieved. This is because 1.) Hypoport's business model is such that it usually shows more activity in the subsequent quarters of the year and 2.) big ticket deals as seen in the Corporate Clients business last year have extremely high profit margins (above 40% in FY 2010).
- On the back of a broadly in line result we therefore stick to our EUR 16.80 price target and recommend to BUY the share.

Key data

FY 12/31, EUR m	2008	2009	2010	2011E	2012E	2013E
Sales	52.7	50.5	66.9	75.0	80.0	88.0
EBIT	5.0	1.2	6.4	7.0	9.1	10.0
Net result	-0.3	-0.3	3.3	4.4	5.7	6.3
EPS	-0.05	-0.05	0.53	0.67	0.92	1.02
DPS	0.00	0.00	0.00	0.00	0.00	0.00
EBITDA margin	15.3%	9.7%	16.7%	15.8%	17.6%	17.6%
EBIT margin	9.4%	2.4%	9.6%	9.3%	11.4%	11.4%
Net margin	-0.5%	-0.7%	4.9%	5.9%	7.1%	7.2%
EV/EBITDA	9.2	15.2	6.7	6.3	5.3	4.8
EV/EBIT	15.0	61.1	11.6	10.6	8.2	7.4
P/E	-228.1	-185.7	19.9	15.6	11.4	10.3

Source: CBS Research AG, Hypoport AG



Source: CBS Research AG, Bloomberg, Hypoport AG

Change	2011E		2012E		2013E	
	new	old	new	old	new	old
Revenue	-	75.0	-	80.0	88.0	-
EBIT	-	7.0	-	9.1	10.0	-
EPS	-	0.67	-	0.92	1.02	-

www.hypoport.com Sector: Financial Services
WKN: 549336 ISIN: DE0005493365
Reuters: HYQGn.DE Bloomberg: HYQ GY

Short company profile:

The Hypoport Group is an internet-based financial services provider that consists of two mutually supportive pillars, namely Dr. Klein and EUROPACE

Share data:

Share price (EUR, latest closing price):	10.50
Shares outstanding (m):	6.181
Market capitalisation (EUR m):	64.9
Enterprise value (EUR m):	74.5
Ø daily trading volume (3 m., no. of shares):	2,013

Performance data:

High 52 weeks (EUR):	11.95
Low 52 weeks (EUR):	5.85
Absolute performance (12 months):	65.4%
Relative performance vs. CDAX:	
1 month	1.8%
3 months	-7.6%
6 months	1.2%
12 months	26.2%

Shareholders:

Revenia GmbH	34.8%
Kretschmar Familienstiftung	18.7%
Deutsche Postbank AG	9.7%
Free float	36.8%

Financial calendar:

AGM	17 June 2011
1H 2011 Report	08 August 2011

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BUY: The expected performance of the share price is above +10%.

HOLD: The expected performance of the share price is between 0% and +10%.

SELL: The expected performance of the share price is below 0%.

Recommendation history over the last 12 months for the company analysed in this report:

Date	Recommendation	Price at change date	Price target
17 November 2010	BUY (Initiating Coverage)	EUR 9.43	EUR 15.00
25 January 2011	BUY	EUR 11.76	EUR 15.00
05 April 2011	BUY	EUR 9.80	EUR 16.80
09 May 2011	BUY	EUR 10.50	EUR 16.80

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