


Company Alert

Hypoport

Results Initial View: back to profitability in Q2

COMPANY



HYPOPORT
THE FINANCE INTEGRATOR

RATING
HOLD (UNCHANGED)

TARGET PRICE
7 EUR (UNCHANGED)

HIGHLIGHTS

- All business units were profitable in Q2

EBIT came in at EUR 1.3m in Q2/10 which reflected Hypoport's return to profitability after two loss-making quarters in a row. The EBIT and net profit were both above our expectations. The good results were mainly driven by higher revenues (+28% y-o-y to EUR 15.9m). The Business unit Financial Service Providers achieved the greatest improvements due to an increase in revenues by 32% to EUR 4.0m and its EBIT turned around from -0.7m to EUR 0.5m in Q2. This was achieved despite ongoing capital expenditure on strategic market development in the EUROPACE platform. The segment benefited from a 25% increase in transaction volumes on the EUROPACE platform. Hypoport's main business unit Private Clients increased revenues by 20% to EUR 8.6m q-o-q but the EBIT fell by 33% to EUR 0.6m. The main contributor to group EBIT was the Real Estate Companies segment (EBIT: +148% to EUR 1.3m). It is noteworthy that this result was achieved with revenues of only EUR 2.5m thanks to an increase of big-ticket transactions. Revenues of EUR 0.8m and EBIT of EUR 0.2m from the smaller segment Institutional Clients were both unchanged y-o-y in Q2.

All in all, Q2/10 showed clear signs of improvement in Hypoport's business. However, after two completely different quarters in 2010 it will be important in our view that Hypoport can show in the next quarters that the positive trend is sustainable. We leave our estimates and rating unchanged for the time being.

in EUR m	Q2/2010	LBBW E	Consensus	6M/2010	LBBW E	Consensus
Sales	15.9	14.1	n.a.	28.0	26.2	n.a.
EBIT	2.2	0.8	n.a.	1.1	-0.3	n.a.
Net profit	1.3	0.4	n.a.	0.2	-0.8	n.a.
EPS (in EUR)	0.22	0.07	n.a.	0.03	-0.12	n.a.

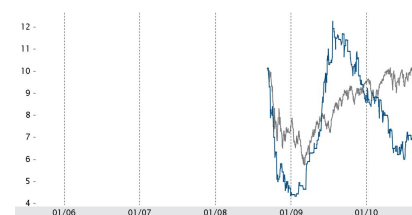
Source: Hypoport, LBBW Research

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

Current Price (XETRA (Germany); 2010-08-11; 01:00 pm) 7.09 EUR
CLOSING PRICE (2010-08-12):..... 7.09 EUR
 EXPECTED PERFORMANCE:..... -1.3%
 MARKET CAPITALIZATION:..... 43.45 EUR m
 ENTERPRISE VALUE:..... 53.86 EUR m
 NUMBER OF SHARES:..... 6.13 m
 FREE FLOAT:..... 36.0 %
 INDEX (WEIGHT):..... PRIME ALL SHARE (0 %)
 AVG. DAILY TRADEVOL.: 555
 ISIN:..... DE0005493365
 SECTOR: Financial Services

KEY DATA (DEC)	2010E	2011 E	2012E
Sales (EUR m)	52.9	56.1	60.8
EBITDA (EUR m)	4.6	5.6	8.1
EBIT (EUR m)	0.2	1.1	3.5
Net profit (EUR m)	-0.5	0.2	1.8
FCF (EUR m)	-3.3	-1.9	0.1
FCF yield	-7.6 %	-4.4 %	0.2 %
EPS (EUR)	-0.08	0.03	0.29
DPS (EUR)	0.00	0.00	0.00
EV / Sales (x)	1.0	1.0	0.9
EV / EBITDA (x)	11.7	9.5	6.6
EV / EBIT (x)	269.3	46.8	15.4
P / E (x)	n.m.	236.3	24.4
P / BV (x)	1.87	1.86	1.72
Dividend yield	0.0 %	0.0 %	0.0 %

PRICE PERFORMANCE



Source: Hypoport, LBBW Research, Thomson Reuters

UPCOMING EVENTS

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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:	55,0%
Sell:	9,7%
Hold:	33,2%
Under review:	0,8%
Suspended:	1,3%

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.

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