



Hypoport AG

Germany | Financial Services
Industrials

Investment Research

Flash Note

Accumulate

Recommendation unchanged

Share price: EUR 119.95

closing price as of 27/07/2017

Target price: EUR 114.00

Target Price unchanged

Upside/Downside Potential -5.0%

Reuters/Bloomberg

HYQGN.DE/HYQ GR

Market capitalisation (EURm) 743

Current N° of shares (m) 6

Free float 63%

Daily avg. no. trad. sh. 12 mth 20

Daily avg. trad. vol. 12 mth (m) 2,241.56

Price high/low 12 months 63.06 / 132.50

Abs Perfs 1/3/12 mths (%) 1.70/20.43/25.08

Key financials (EUR)

Sales (m) 12/16 157 12/17e 188 12/18e 214

EBITDA (m) 28 33 38

EBITDA margin 18.1% 17.4% 17.8%

EBIT (m) 23 27 31

EBIT margin 14.8% 14.2% 14.6%

Net Profit (adj.)(m) 18 21 25

ROCE 28.4% 32.7% 36.9%

Net debt/(cash) (m) 1 (15) (39)

Net Debt Equity 0.0 -0.2 -0.4

Net Debt/EBITDA 0.0 -0.4 -1.0

Int. cover(EBITDA/Fin.int) 70.6 65.5 47.8

EV/Sales 3.1 3.9 3.3

EV/EBITDA 17.0 22.3 18.4

EV/EBITDA (adj.) 17.0 22.3 18.4

EV/EBIT 20.8 27.3 22.6

P/E (adj.) 25.8 34.4 28.6

P/BV 7.5 8.8 6.8

OpFCF yield 1.1% 1.9% 3.0%

Dividend yield 0.0% 0.0% 0.0%

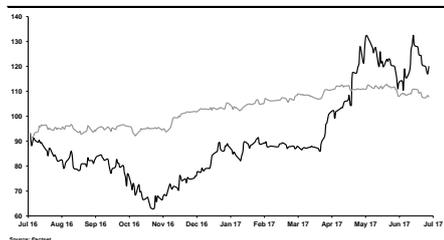
EPS (adj.) 3.01 3.49 4.20

BVPS 10.30 13.68 17.74

DPS 0.00 0.00 0.00

Shareholders

Slabke 37%;



Analyst(s)

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Reason: Company Newsflow

28 July 2017

Good preliminary Q2 results but slightly below expectations on EBIT level

Hypoport has just reported preliminary Q2 results which are slightly lower than expected on an EBIT level and broadly in line with our forecast on a sales level. Q2 sales were up by at least 25% yoy to more than EUR 47.3m (equinet: EUR 48.5m) and EBIT was up by at least 5% yoy to at least EUR 6m (equinet: EUR 7.2m). H1 EBIT growth of c. 20% yoy is below the Q1 growth rate of 29% yoy. Clearly, once again good figures but on an EBIT level slightly below our forecast. We reiterate Accumulate rating, TP EUR 114.00. Final results will be published on 7.8.2017.

- ✓ With a revenues increase by 25% yoy Q2 was another good quarter for Hypoport and fully in line with our expectation.
- ✓ EBIT was up by 5% yoy and fell thus slightly short of our forecast. With a H1 EBIT of at least EUR 13m (+17% yoy), Hypoport remains on track to reach our full-year EBIT forecast of EUR 27m which would be equivalent to a growth rate of 15% yoy.
- ✓ Note that Europace reported good transaction figures for Q2 last week, even if growth rates were down vs. Q1 2017. Europace's transaction volume increased by 7% yoy to EUR 11.8bn (Q1 '17: +17% yoy to EUR 12.2bn). On a daily basis Europace reached new record volume with EUR 199m. While FINMAS achieved even a growth rate of 58% yoy in H1 '17, a slight slow-down vs. Q1 '17 (+63% yoy), GENOPACE reached "only" a growth rate of 32% yoy in H1 '17 (+52% yoy in Q1 '17).

Hypoport - Q2 2017

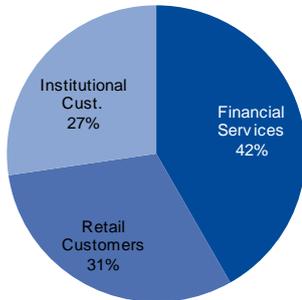
EUR m	Q2 2017	Q1 2017e	Q2 2016	yoy	Cons.	delta
Revenues	47.3	48.5	38.0	24.5%	na	na
EBIT	6.0	7.2	5.7	5.4%	na	na
<i>EBIT Margin</i>	<i>12.7%</i>	<i>14.8%</i>	<i>15.0%</i>	<i>-230 BP</i>	na	na
Net Profit	na	5.8	4.4	na	na	na

Sources: Hypoport, equinet Research



Exhibit 1: Investment Case in Charts

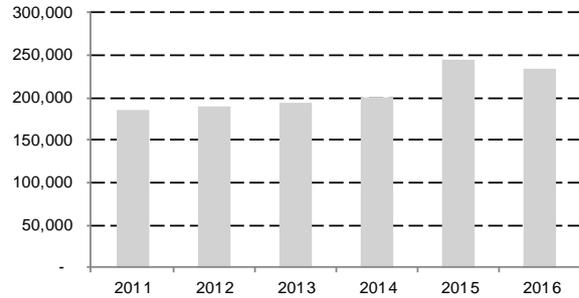
Business split



Financial Services (Europace) is Hypoport's key revenues pillar.

Source: Hypoport, equinet Research

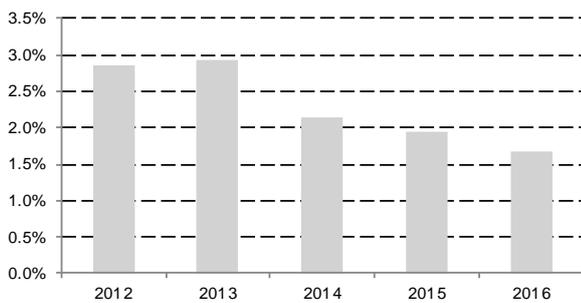
Market development (new morgage loans in EUR m)



New mortgage loan volumes in GER have benefited from a decline in interest rates, 2016 being negatively impacted from regulation.

Source: Bundesbank, equinet Research

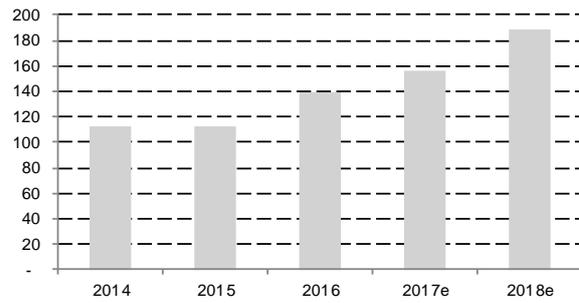
10YR Mortgage Rate development



10YR Mortgage rates on record low levels; we do not expect a sharp increase in the short term.

Source: Hypoport, equinet Research

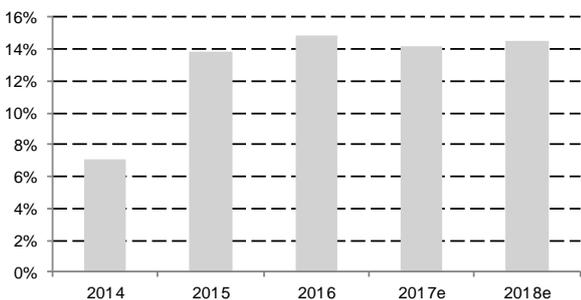
Revenues development (in EUR m)



A positive overall market development and a growing market share of Hypoport should be the main revenues drivers.

Source: Hypoport, equinet Research

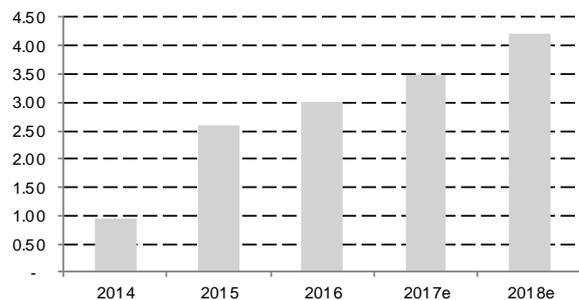
EBIT margin development



EBIT Margins should not further increase in 2017e/'18e due to investments into the online insurance marketplace.

Source: Hypoport, equinet Research

EPS development (in EUR)



We forecast EPS CAGR of 16% (2016e-'18e).

Source: Hypoport, equinet Research



Hypoport AG : Summary tables

PROFIT & LOSS (EURm)	12/2014	12/2015	12/2016	12/2017e	12/2018e	12/2019e
Sales	112	139	157	188	214	236
Cost of Sales & Operating Costs	0.0	0.0	0.0	0.0	0.0	0.0
Non Recurrent Expenses/Income	0.0	0.0	0.0	0.0	0.0	0.0
EBITDA	12.7	25.1	28.3	32.7	38.2	42.4
EBITDA (adj.)*	12.7	25.1	28.3	32.7	38.2	42.4
Depreciation	4.8	5.8	5.1	6.0	7.0	7.5
EBITA	17.5	30.9	33.4	38.7	45.2	49.9
EBITA (adj)*	17.5	30.9	33.4	38.7	45.2	49.9
Amortisations and Write Downs	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	7.9	19.3	23.2	26.7	31.2	34.9
EBIT (adj.)*	7.9	19.3	23.2	26.7	31.2	34.9
Net Financial Interest	-0.7	-0.1	-0.4	-0.5	-0.8	-0.8
Other Financials	0.0	0.0	0.0	0.0	0.0	0.0
Associates	0.0	0.0	0.0	0.0	0.0	0.0
Other Non Recurrent Items	0.0	0.0	0.0	0.0	0.0	0.0
Earnings Before Tax (EBT)	7.3	19.1	22.8	26.2	30.4	34.1
Tax	1.3	3.2	4.8	5.2	5.2	5.8
<i>Tax rate</i>	<i>n.m.</i>	<i>n.m.</i>	<i>n.m.</i>	<i>n.m.</i>	<i>n.m.</i>	<i>n.m.</i>
Discontinued Operations	0.0	0.0	0.0	0.0	0.0	0.0
Minorities	0.0	0.0	0.0	0.0	0.0	0.0
Net Profit (reported)	5.9	15.9	18.0	20.9	25.2	28.2
Net Profit (adj.)	5.9	15.9	18.0	20.9	25.2	28.2
CASH FLOW (EURm)	12/2014	12/2015	12/2016	12/2017e	12/2018e	12/2019e
Cash Flow from Operations before change in NWC	10.7	23.7	25.8	22.7	31.2	34.7
Change in Net Working Capital	-2.3	2.9	-7.5	-2.3	-3.0	-2.0
Cash Flow from Operations	8.4	26.7	18.3	20.5	28.2	32.7
Capex	-6.2	-7.1	-13.3	-6.0	-6.0	-6.0
Net Financial Investments	-1.2	-6.9	-7.4	2.7	2.1	2.1
Free Cash Flow	1.1	12.7	-2.3	17.1	24.3	28.8
Dividends	0.0	0.0	0.0	0.0	0.0	0.0
Other (incl. Capital Increase & share buy backs)	-1.1	-3.6	1.5	-1.8	0.0	0.0
Change in Net Debt	0.0	9.1	-0.8	15.3	24.3	28.8
NOPLAT	5.6	13.5	16.3	18.7	21.9	24.4
BALANCE SHEET & OTHER ITEMS (EURm)	12/2014	12/2015	12/2016	12/2017e	12/2018e	12/2019e
Net Tangible Assets	2.2	2.6	2.6	1.1	-0.4	-1.9
Net Intangible Assets (incl. Goodwill)	31.0	31.9	41.7	43.2	43.7	43.7
Net Financial Assets & Other	0.1	0.0	1.1	1.1	1.1	1.1
Total Fixed Assets	33.3	34.5	45.4	45.4	44.4	42.9
Cash (-)	-12.0	-24.8	-22.4	-39.5	-63.8	-92.6
Shareholders Equity	38.6	52.4	63.8	84.7	110	138
Minority	0.3	0.3	0.3	0.4	0.5	0.6
Total Equity	38.9	52.7	64.1	85.1	110	139
Long term interest bearing debt	0.0	0.0	0.0	0.0	0.0	0.0
Provisions	0.0	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	-5.8	-9.3	-6.7	-12.2	-11.2	-10.2
Total Long Term Liabilities	-5.8	-9.3	-6.7	-12.2	-11.2	-10.2
Short term interest bearing debt	21.1	24.7	23.2	25.0	25.0	25.0
Net Working Capital	8.9	8.9	12.9	13.0	16.0	18.0
GROWTH & MARGINS	12/2014	12/2015	12/2016	12/2017e	12/2018e	12/2019e
<i>Sales growth</i>	<i>11.1%</i>	<i>23.7%</i>	<i>12.7%</i>	<i>20.0%</i>	<i>14.0%</i>	<i>10.0%</i>
EBITDA (adj.)* growth	55.7%	97.5%	12.9%	15.6%	16.8%	10.9%
<i>EBITA (adj.)* growth</i>	<i>41.4%</i>	<i>76.9%</i>	<i>8.1%</i>	<i>16.0%</i>	<i>16.8%</i>	<i>10.3%</i>
<i>EBIT (adj.)* growth</i>	<i>100.1%</i>	<i>142.7%</i>	<i>20.6%</i>	<i>15.1%</i>	<i>16.8%</i>	<i>11.8%</i>



Hypoport AG : Summary tables

GROWTH & MARGINS	12/2014	12/2015	12/2016	12/2017e	12/2018e	12/2019e
Net Profit growth	97.0%	168.1%	13.7%	15.8%	20.4%	12.1%
EPS adj. growth	97.0%	175.1%	14.6%	15.8%	20.4%	12.1%
DPS adj. growth						
EBITDA (adj)* margin	11.3%	18.0%	18.1%	17.4%	17.8%	18.0%
EBITA (adj)* margin	15.5%	22.2%	21.3%	20.6%	21.1%	21.2%
EBIT (adj)* margin	7.1%	13.9%	14.8%	14.2%	14.6%	14.8%
RATIOS	12/2014	12/2015	12/2016	12/2017e	12/2018e	12/2019e
Net Debt/Equity	0.2	0.0	0.0	-0.2	-0.4	-0.5
Net Debt/EBITDA	0.7	0.0	0.0	-0.4	-1.0	-1.6
Interest cover (EBITDA/Fin.interest)	18.5	n.m.	70.6	65.5	47.8	53.0
Capex/D&A	-129.8%	-121.3%	-260.6%	-100.0%	-85.7%	-80.0%
Capex/Sales	5.5%	5.1%	8.5%	3.2%	2.8%	2.5%
NWC/Sales	8.0%	6.4%	8.2%	6.9%	7.5%	7.6%
ROE (average)	16.6%	34.9%	31.0%	28.1%	25.9%	22.8%
ROCE (adj.)	13.2%	31.1%	28.4%	32.7%	36.9%	40.9%
WACC	7.8%	7.8%	7.8%	7.8%	7.8%	7.8%
ROCE (adj.)/WACC	1.7	4.0	3.7	4.2	4.8	5.3
PER SHARE DATA (EUR)***	12/2014	12/2015	12/2016	12/2017e	12/2018e	12/2019e
Average diluted number of shares	6.2	6.0	6.0	6.0	6.0	6.0
EPS (reported)	0.96	2.63	3.01	3.49	4.20	4.71
EPS (adj.)	0.96	2.63	3.01	3.49	4.20	4.71
BVPS	6.23	8.46	10.30	13.68	17.74	22.29
DPS	0.00	0.00	0.00	0.00	0.00	0.00
VALUATION	12/2014	12/2015	12/2016	12/2017e	12/2018e	12/2019e
EV/Sales	0.8	3.6	3.1	3.9	3.3	2.9
EV/EBITDA	6.7	19.9	17.0	22.3	18.4	15.9
EV/EBITDA (adj.)*	6.7	19.9	17.0	22.3	18.4	15.9
EV/EBITA	4.8	16.1	14.4	18.8	15.6	13.5
EV/EBITA (adj.)*	4.8	16.1	14.4	18.8	15.6	13.5
EV/EBIT	10.7	25.9	20.8	27.3	22.6	19.4
EV/EBIT (adj.)*	10.7	25.9	20.8	27.3	22.6	19.4
P/E (adj.)	12.7	30.6	25.8	34.4	28.6	25.5
P/BV	2.0	9.5	7.5	8.8	6.8	5.4
Total Yield Ratio	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
EV/CE	2.0	11.5	8.4	12.7	11.9	11.3
OpFCF yield	3.0%	3.9%	1.1%	1.9%	3.0%	3.6%
OpFCF/EV	2.6%	3.9%	1.0%	2.0%	3.1%	4.0%
Payout ratio	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Dividend yield (gross)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
EV AND MKT CAP (EURm)	12/2014	12/2015	12/2016	12/2017e	12/2018e	12/2019e
Price** (EUR)	12.16	80.50	77.75	119.95	119.95	119.95
Outstanding number of shares for main stock	6.2	6.2	6.2	6.2	6.2	6.2
Total Market Cap	75	499	482	743	743	743
Net Debt	9	0	1	-15	-39	-68
<i>o/w Cash & Marketable Securities (-)</i>	<i>-12</i>	<i>-25</i>	<i>-22</i>	<i>-40</i>	<i>-64</i>	<i>-93</i>
<i>o/w Gross Debt (+)</i>	<i>21</i>	<i>25</i>	<i>23</i>	<i>25</i>	<i>25</i>	<i>25</i>
Other EV components	0	0	0	0	0	0
Enterprise Value (EV adj.)	85	499	483	729	704	676

Source: Company, equinet Bank estimates.

Notes

* Where EBITDA (adj.) or EBITA (adj.) = EBITDA (or EBITA) -/+ Non Recurrent Expenses/Income and where EBIT (adj.) = EBIT -/+ Non Recurrent Expenses/Income - PPA amortisation

**Price (in local currency): Fiscal year end price for Historical Years and Current Price for current and forecasted years

Sector: Financial Services Industrials/FinSvc Industrials

Company Description: Hypoport is a financial service provider focusing on real estate loans. Key product is the Europace platform which is an internet based platform enabling banks on the one hand to more efficiently process their mortgage basis and on the other hand to get access to more than 250 product partners.



Notice according to § 34 b (German) Securities Trading Act ("Wertpapierhandelsgesetz")

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Remarks

Recommendation System

Buy - The stock is expected to generate a total return of over 20% during the next 12 months time horizon.

Accumulate - The stock is expected to generate a total return of 10% to 20% during the next 12 months time horizon.

Hold - The stock is expected to generate a total return of 0% to 10% during the next 12 months time horizon

Reduce - The stock is expected to generate a total return of 0 to -10% during the next 12 months time horizon

Sell - The stock is expected to generate a total return below -10% during the next 12 months time horizon

Basis of Valuation

Equinet Bank uses for valuation purposes primarily DCF-Valuations and Sum-Of-The-Parts-Valuations as well as peer group comparisons.

Share prices

Share prices in this analysis are the German closing prices of the last trading day before the publication.

Sources

Equinet Bank has made any effort to carefully research all information contained in the analysis. The information on which the analysis is based has been obtained from sources which we believe to be reliable such as, for example, Reuters, Bloomberg and the relevant press as well as the company which is the subject of the analysis. Only that part of the research note is made available to the issuer, who is the subject of the analysis, which is necessary to properly reconcile with the facts. Should this result in considerable changes a reference is made in the research note.

Actualizations

Opinions expressed in this analysis are our current opinions as of the issuing date indicated on this document. We do not commit ourselves in advance to whether and in which intervals updates are made.



Recommendations and Disclosures

Coverage	Analyst	Target	Rating	Disc.	Coverage	Analyst	Target	Rating	Disc.
2GEnergy	Rüzgar	22.50	Neutral	2/3/5	Pfeiffer Vacuum	Sen	162.00	Accumulate	5
4SC	Miemietz	3.50	Buy	7	Procredit Holding	Häßler	15.60	Accumulate	2
Aareal Bank	Häßler	38.00	Neutral		PSISOFTWAREAG	Droste	13.00	Accumulate	2/3
Adpepper	Heilmann	2.45	Neutral	2/3	PWO	Schuldt	53.00	Accumulate	2/3
adidas	Josefson	192.00	Buy		RIB Software	Droste	16.50	Buy	2/3
Adler Modemaerkte	Josefson	7.50	Buy	7	RTL Group	Josefson	81.00	Accumulate	
ADLER Real Estate	Häßler	17.00	Buy		SAF-Holland	Schuldt	17.00	Accumulate	7
Aixtron	Sen	4.00	Neutral	2/3	Siegfried Holding AG	Miemietz	220.00	Accumulate	
Allianz	Häßler	185.00	Accumulate		SLM Solutions	Sen	27.50	Reduce	
Axel Springer	Josefson	51.00	Neutral		SMTScharf AG	Rüzgar	14.50	Neutral	2/3
Bayer	Miemietz	118.00	Buy		Software AG	Droste	30.00	Sell	
BB Biotech	Miemietz	60.00	Buy	7	Stabilus	Tanzer	75.00	Accumulate	
Biotest	Miemietz	19.00	Neutral	2/3	Suedzucker	Bruns	20.00	Neutral	
BMW	Schuldt	98.00	Accumulate		SuessMicroTec	Sen	11.00	Accumulate	2/3
Cenit	Droste	22.50	Buy		Surteco	Mildner	26.10	Accumulate	2/3
comdirect	Häßler	8.00	Sell		Symrise	Hinkel	67.00	Neutral	
Commerzbank	Häßler	9.50	Neutral		Syzygy AG	Heilmann	11.50	Neutral	2/3
Continental	Schuldt	240.00	Buy		Talanx Group	Häßler	34.00	Neutral	
CORESTATE Capital Holding S.A.	Mayer	65.00	Buy	2/5	Technotrans	Becker	36.00	Neutral	2/3
CTS Eventim	Heilmann	40.00	Buy		TELECOLUMBUS	Sen	12.00	Buy	
Daimler AG	Schuldt	76.00	Buy		Telefonica Deutschland	Sen	3.70	Sell	
Daldrup & Soehne	Becker	10.10	Buy	2/3/5	United Internet	Sen	63.00	Buy	
Demire	Mayer	4.30	Accumulate		va-Q-tec	Sen	17.00	Neutral	2/3/5
Deutsche Bank	Häßler	19.00	Buy		Viscom	Rüzgar	18.00	Accumulate	2/3
Deutsche EuroShop	Mayer	42.00	Accumulate		Volkswagen	Schuldt	166.00	Buy	
Deutsche Pfandbriefbank	Häßler	12.00	Accumulate		WCMAG	Mayer	3.25	Neutral	2/3
Deutsche Telekom	Sen	15.50	Neutral		Willex	Miemietz	4.00	Buy	2/3
Drillisch	Sen	66.00	Buy		Wincor Nixdorf	Sen	50.00	Accumulate	
EirringKlinger	Schuldt	17.00	Reduce		windeln.de	Josefson	5.00	Buy	2
elumeo SE	Josefson	9.60	Buy		Zalando	Josefson	48.00	Buy	
Epigenomics AG	Miemietz	7.52	Neutral	2/3	XING	Heilmann	300.00	Buy	
Euro micron AG	Droste	13.00	Buy	2/3/5					
Ferratum	Häßler	25.00	Buy						
Fielmann	Heilmann	58.00	Sell						
Freenet	Sen	36.00	Buy	2					
FuchsPetrolub	Hinkel	47.00	Neutral						
Gerry Weber	Josefson	10.00	Reduce						
Gesco	Becker	25.40	Accumulate	2/3/5					
GFT Technologies	Droste	28.00	Buy	2/3					
Gigaset	Sen	0.85	Accumulate	2/3					
Grenke	Häßler	66.67	Buy						
Hannover Re	Häßler	100.00	Neutral						
Heidelberger Druck	Augustin	3.50	Buy						
Hornbach Holding	Bruns	89.00	Buy						
Hugo Boss	Josefson	78.00	Buy						
Hypoport AG	Häßler	114.00	Accumulate	7					
Kontron	Sen	3.60	Buy						
KWS	Hinkel	346.00	Neutral						
Leoni	Schuldt	51.00	Neutral						
Linde	Hinkel	174.00	Accumulate						
Logwin	Mildner	145.00	Neutral	2/3/5					
Manz AG	Rüzgar	42.50	Accumulate	2/3					
MAXAutomation AG	Becker	8.65	Buy	2/3/5					
Merck	Miemietz	112.00	Neutral						
Merkur Bank	Häßler	9.30	Buy	2/7					
Metro Wholesale and Food Specialis	Bruns	29.00	Buy	2					
MLP	Häßler	6.00	Neutral	2/3					
MTU Aero Engines	Rüzgar	135.00	Accumulate	2					
Munich Re	Häßler	180.00	Neutral						
Nemetschek SE	Droste	47.00	Reduce	5					
Nexus AG	Droste	24.00	Buy						
Norma Group	Schuldt	61.00	Buy						
OHB SE	Rüzgar	25.00	Neutral	7					
OVH Holding AG	Häßler	20.00	Accumulate	2/5/7					
Patrizia	Häßler	22.00	Buy						

* =Coverage suspended

Source: equinet Recommendations



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Marie-Curie-Str. 24-28, 60439 Frankfurt am Main



Recommendation history for HYPOPORT AG

Date	Recommendation	Target price	Price at change date
08-May-17	Accumulate	114.00	103.00
25-Aug-16	Buy	100.00	82.50

Source: Factset & ESN, price data adjusted for stock splits.

This chart shows equinet Bank continuing coverage of this stock; the current analyst may or may not have covered it over the entire period. Current analyst: Philipp Häßler, CFA (since 25/08/2016)





ESN Recommendation System

The ESN Recommendation System is **Absolute**. It means that each stock is rated on the basis of a **total return**, measured by the upside potential (including dividends and capital reimbursement) over a **12 month time horizon**.



The ESN spectrum of recommendations (or ratings) for each stock comprises 5 categories: **Buy (B)**, **Accumulate (A)**, **Neutral (N)**, **Reduce (R)** and **Sell (S)**.

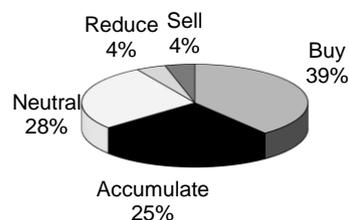
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Meaning of each recommendation or rating:

- **Buy:** the stock is expected to generate total return of **over 15%** during the next 12 months time horizon
- **Accumulate:** the stock is expected to generate total return of **5% to 15%** during the next 12 months time horizon
- **Neutral:** the stock is expected to generate total return of **-5% to +5%** during the next 12 months time horizon
- **Reduce:** the stock is expected to generate total return of **-5% to -15%** during the next 12 months time horizon
- **Sell:** the stock is expected to generate total return **under -15%** during the next 12 months time horizon
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Equinet Bank Ratings Breakdown



For full ESN Recommendation and Target price history (in the last 12 months) please see ESN Website [Link](#)

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