

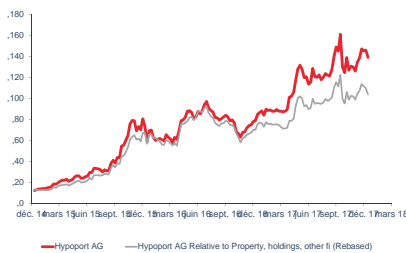
Hypoport AG

Neutral ↘ | Target price : 139.00 EUR

Price : 139.00 EUR | Upside : 0 %

Est.chg	2017e	2018e
BPA	0.0%	0.0%

Further growth expected despite a more challenging market, weak IC business might jeopardise 2017 income guidance; Downgrade to Neutral

Monday 15 January 2018

Capital

HYQ GY HYQGn.DE	
Market Cap (EURm)	836
Enterprise value (EURm)	682
Extrema 12 months	82.13 - 161.0
Free Float (%)	56.1

Performance (%)	1m	3m	12m
Absolute	3.2	-13.1	65.6
Perf. rel. "sector"	1.4	-14.9	50.7
Perf. rel. Property, holding	0.0	-15.1	37.5

P&L	12/17e	12/18e	12/19e
Sales (EURm)	193	218	242
EBITDA (EURm)	33.0	38.5	43.2
Current EBIT (EURm)	25.5	30.2	34.1
Attr. net profit (EURm)	20.8	24.7	28.0
Adjusted EPS (EUR)	3.38	4.03	4.56
Dividend (EUR)	0.00	0.00	0.00
P/E (x)	33.6	34.5	30.5
P/B (x)	8.3	7.8	6.2
Dividend Yield (%)	0.0	0.0	0.0
FCF yield (%)	1.4	2.1	2.5
EV/Sales (x)	3.54	3.76	3.30
EV/EBITDA (x)	20.7	21.3	18.4
EV/Current EBIT (x)	26.8	27.1	23.4
Gearing (%)	-25	-36	-44
Net Debt/EBITDA(x)	ns	ns	ns

Next Events

26/03/2018	FY Results
03/05/2018	Q1 Results
04/05/2018	Annual General meeting
06/08/2018	H1 Results

New elements

Management emphasized once again that Hypoport's credit platform will be able to show further growth by expanding its market share, also in a more challenging market environment, thanks to its size advantages and higher efficiency in combination with product independence and high price transparency. According to our calculations, based on figures of Deutsche Bundesbank, mortgage volume to German private households showed a decline of -0.6% yoy from 1 January to 30 November 2017. Building permits declined in the period January to October 2017 by -7.3%, while mortgage rates rose slightly in 2017. The delayed formation of a new German government may have also caused some market participants to hold back on their construction projects.

Management assumes, however, that all of the political parties that might assume a leading role in the German government strive for improvements in the framework conditions of the German housing market. Regarding the potential threat to mortgage volumes from rising interest rates, management confirmed our view that German homebuyers' investment decisions are mainly dependent on their particular life situation (e.g. marriage, birth of children, etc.) and not the interest rate level.

Main message on the outlook

Management stated that the market environment was obviously also not supportive for HYQ's institutional clients (IC) business. This business's recent weakness already weighed on the group's Q3 2017 results. In our view, however, another weak quarter of the inherently volatile IC business would not be a huge problem in general, since we assume this business will return to growth later. Nevertheless, we assume that continued weakness in the IC segment in Q4 2017 may jeopardise the group's double-digit earnings growth for the full year and thus the management's guidance.

Management mentioned that the employee count (year-end 2016: 797; 30 September 2017: 936) continued to increase strongly in Q4 2017. While we regard HYQ's continuous recruiting of qualified IT staff as an investment in its future competitiveness, we also assume its increased personnel expense ratio (9M 2017: +120bps yoy) also weighed on margins in Q4 2017e.

Impact on EPS/Recommendation/Target Price – Conclusion

Hypoport's share price has shown a strong performance since our Buy recommendation issued at a share price level of €124.50. At the current share price level, we downgrade to Neutral, maintaining our target price of €139.

Martin Decot
+49 (69) 71 83 736
martin.decot@oddo-bhf.com

Conflict of interests:

ODDO BHF CORPORATES & MARKETS, a division of ODDO BHF SCA, limited sharepartnership - Bank authorised by ACPR. ODDO BHF and/or one of its subsidiaries could be in a conflict of interest situation with one or several of the groups mentioned in this publication. Please refer to the conflict of interests section at the end of this document.
This is a non-contractual document, it is strictly for the private use of the recipient, and the information it contains is based on sources we believe to be reliable, but whose accuracy and completeness cannot be guaranteed. The opinions given in the document reflect our appraisal at the time of publication and may therefore be revised at a later date.

This document was printed for Veyssel TAZE on Monday, January 15, 2018 9:41:25 AM .