

# Hypoport AG

Neutral → | Target 191.00 EUR vs 174.00 EUR ↗

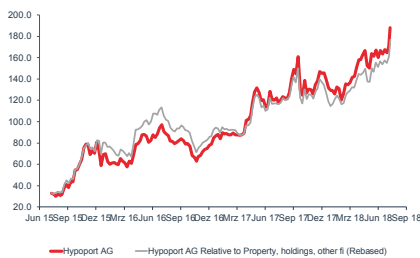
Price (07/08/2018) : 188.00 EUR | Upside : 2 %

	Est.chg	2018e	2019e
EPS		2.9%	6.7%

## Strong Q2 – increased visibility on further growth due to synergistic acquisitions

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Sources : ODDO BHF Securities, Fininfo

### Capital

HYQ GY   HYQGn.DE	
Market Cap (EURm)	1.174
Enterprise value (EURm)	1.229
Extrema 12 months	117.8 - 188.0
Free Float (%)	61.6

Performance (%)	1m	3m	12m
Absolute	12.8	18.2	45.3
Perf. rel. Country Index	10.5	17.9	42.2
Perf. rel. Property, holding	12.8	23.0	42.2

P&L	12/18e	12/19e	12/20e
Sales (EURm)	258	304	343
EBITDA (EURm)	42.6	52.5	62.6
Current EBIT (EURm)	33.1	40.8	49.4
Attr. net profit (EURm)	25.1	30.2	36.4
Adjusted EPS (EUR)	4.09	4.83	5.82
Dividend (€)	0.00	0.00	0.00

P/E (x)	46.0	38.9	32.3
P/B (x)	7.4	6.3	5.3
Dividend Yield (%)	0.0	0.0	0.0
FCF yield (%)	0.9	1.3	1.8
EV/Sales (x)	4.74	4.04	3.52
EV/EBITDA (x)	28.7	23.4	19.3
EV/Current EBIT (x)	37.0	30.2	24.5
Gearing (%)	36	22	9
Net Debt/EBITDA(x)	1.3	0.8	0.3

### Next Events

05.11.2018	Earnings Release
05.11.2018	Q3 Results
18.03.2019	Earnings Release
13.05.2019	Earnings Release

### Final Q2 2018 figures in line with strong preliminaries

Hypoport has delivered another quarter with very strong sales and earnings growth. The final Q2 sales and EBIT figures were slightly above the preliminaries that we had derived from the preliminary H1 figures. These were issued without decimal places and thus included rounding differences. Net income was slightly above our estimate.

Sales: € 61.6m (preliminary: c. € 60m; Q2 2017: 47.6m, +29.6%)

EBIT: € 7.3m (preliminary: c. € 6.9m; Q2 2017: € 6.4m, +13.9% yoy)

Net income: € 5.5m (our estimate: € 5.4m; Q2 2017: 5.2m, +6.0% yoy)

In H1 2018, the overall mortgage lending volume in Germany only grew by c.3% (source: Deutsche Bundesbank), whereas transaction volumes of EUROPACE and Dr. Klein increased ~16% and 27%, respectively.

### Changes in segment reporting after recent acquisitions

With effect from 30 June, Hypoport restructured its segment reporting for the second time in six months. The newly created Real Estate Platform segment is made up of three product groups: advice and loan brokerage (Dr. KLEIN Firmenkunden AG), software as a service (FIO and Hypoport B.V.), and property valuation (Value AG and HypService). Since the previous Institutional Clients business, which is very volatile, now makes up only half of the Real Estate Platform segment's revenue (and its share will decline further in the future), the overall performance of this segment is much more predictable. Furthermore, the business with white-labelled EUROPACE-based personal loans offered to other financial service providers was transferred from the Private Clients segment to the Credit Platform segment.

### Estimates raised, also in the long term (DCF models)

Management confirmed its increased guidance for 2018e (sales of € 240-260m and EBIT of € 29-34m). Please note that the group's sales will be boosted in H2 2018 by the recent takeovers, as two of the three acquired companies contributed only two months to H1 sales and earnings, and the third not at all. Dates of first consolidation:

- FIO Systems AG (sales 2017: € 7m): 30 April 2018
- Value AG (sales 2017: >€ 8m): 1 May 2018
- ASC Assekuranz-Service Center GmbH (sales 2017: >€ 17m): 30 June 2018

We have raised our estimates for 2018-20e. In particular, we now expect stronger growth in the Credit Platform segment from cross-selling opportunities for FINMAS arising from FIO's access to c.80% of all German savings banks which already use FIO's property marketing solutions. FINMAS currently has a market share of only ~4% in the German savings banks sector, while savings banks have the biggest market share of the German mortgage market. Now that Hypoport has acquired ASC's insurance broker pool business, we furthermore assume that Hypoport will be able to migrate a large part of the connected brokers to its Insurance Platform SMART INSUR. In our view, visibility on the Insurance Platform's future growth has thus significantly increased.

### TP raised to € 191, but share looks fairly valued at current level

Based on our increased estimates, we have revised our DCF valuation models for the business segments. Our sum-of-the-parts valuation yields a fair value per share of € 191.25. We raise our TP from € 174.00 to € 191.00. After the surge in share price since publication of the Q2 report, we currently see little additional upside. We thus confirm our Neutral rating.

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### Conflict of interests:

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## Valuation: TP raised to € 191

Based on our increased estimates, we have revised our DCF valuation models for the business segments. Our sum-of-the-parts valuation yields a fair value per share of € 191.25. We raise our target price from € 174.00 to € 191.00.

### Sum-of-the-parts valuation: overview

	EUR	New fair value per share
DCF Credit Platform		88.29
DCF Private Clients		47.57
DCF Real Estate Platform		19.01
Insurance Platform		47.61
Net debt (end of 2017)		-0.33
Financial assets (end of 2017)		0.84
Cash paid for acquisitions + debtor warrant ASC		-11.75
<b>Total fair value per share (EUR)</b>		<b>191.25</b>

Chart 1 – Source: Oddo BHF Securities



**DCF: Credit Platform**

EURm	PHASE 1			2021e	2022e	PHASE 2				PHASE 3	
	2018e	2019e	2020e			2023e	2024e	2025e	2026e	2027e	∞
Sales	106.4	119.8	134.3	145.1	154.8	163.4	171.1	178.2	184.6	189.4	
<i>yoy growth</i>		12.6%	12.1%	8.1%	6.7%	5.5%	4.7%	4.1%	3.6%	2.6%	
EBIT	23.1	27.2	32.0	35.6	39.0	41.9	44.2	46.4	48.3	49.6	
<i>Margin as % of sales</i>	21.7%	22.7%	23.8%	24.6%	25.2%	25.7%	25.9%	26.0%	26.2%	26.2%	
<i>Margin as % of gross profit</i>	39.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	
EBIT incl. allocated holding costs and consolidation	18.9	22.8	27.4	30.9	34.1	37.1	39.4	41.6	43.5	44.9	
<i>Margin as % of sales</i>	17.8%	19.1%	20.4%	21.3%	22.0%	22.7%	23.0%	23.3%	23.6%	23.7%	
Income tax on EBIT	-4.1	-5.1	-6.6	-7.4	-8.2	-8.9	-9.5	-10.0	-10.5	-10.8	
Depreciation and amortisation ((incl. allocated holding costs and consolidation)	4.1	4.6	5.1	5.5	5.9	6.1	6.4	6.6	6.9	7.1	
Change in net working capital	-2.9	-2.4	-2.2	-1.8	-1.8	-1.7	-1.7	-1.7	-1.3	-0.6	
Net capital expenditure and acquisitions	-9.5	-10.3	-11.2	-11.2	-11.6	-11.9	-12.3	-12.1	-12.4	-7.1	
<b>Free cash flow</b>	<b>6.6</b>	<b>9.6</b>	<b>12.6</b>	<b>16.0</b>	<b>18.4</b>	<b>20.7</b>	<b>22.4</b>	<b>24.5</b>	<b>26.3</b>	<b>33.5</b>	
<b>Present values</b>	<b>6.4</b>	<b>8.7</b>	<b>10.7</b>	<b>12.7</b>	<b>13.7</b>	<b>14.4</b>	<b>14.5</b>	<b>14.8</b>	<b>14.9</b>	<b>17.7</b>	<b>422.9</b>
Present value Phase 1	25.8										
Present value Phase 2	102.6										
Present value Phase 3	422.9										
<b>Total present value</b>	<b>551.4</b>										
<b>Fair value of business segment</b>	<b>551.4</b>										
Number of shares outstanding (m)	6.2										
<b>Fair value per share (EUR)</b>	<b>88.29</b>										

Risk free rate	0.78%	Target equity ratio	80.0%
Equity risk premium	7.23%	Beta (fundamental)	1.0
Debt risk premium	2.50%	<b>WACC</b>	<b>6.79%</b>
Tax shield	24.0%	<b>Terminal growth</b>	<b>2.50%</b>

<b>Sensitivity analysis</b>					
<b>Terminal growth rate (Phase 3)</b>					
	<b>1.5%</b>	<b>2.0%</b>	<b>2.5%</b>	<b>3.0%</b>	<b>3.5%</b>
<b>5.8%</b>	95.42	105.55	118.75	136.69	162.46
<b>6.3%</b>	84.10	91.78	101.49	114.15	131.34
<b>WACC 6.8%</b>	74.95	80.93	<b>88.29</b>	97.60	109.73
<b>7.3%</b>	67.41	72.15	77.88	84.93	93.85
<b>7.8%</b>	61.10	64.92	69.46	74.94	81.71

Chart 2 – Source: Oddo BHF Securities





**DCF: Real Estate Platform**

EURm	PHASE 1			PHASE 2							PHASE 3		
	2018e	2019e	2020e	2021e	2022e	2023e	2024e	2025e	2026e	2027e	∞		
Sales	34.3	39.8	42.9	45.6	48.4	51.1	54.1	57.0	59.4	60.5			
yoy growth		16.0%	7.6%	6.5%	5.9%	5.7%	5.8%	5.5%	4.1%	2.0%			
EBIT	7.2	8.5	9.2	10.2	11.2	12.2	13.0	13.9	14.7	15.0			
Margin as % of sales	20.8%	21.2%	21.4%	22.3%	23.2%	23.8%	24.1%	24.4%	24.7%	24.7%			
Margin as % of gross profit	21.7%	22.2%	22.4%	23.4%	24.3%	25.0%	25.3%	25.6%	25.9%	25.9%			
EBIT incl. allocated holding costs and consolidation	5.8	7.0	7.7	8.7	9.7	10.7	11.5	12.4	13.1	13.5			
Margin as % of sales	17.0%	17.5%	18.0%	19.1%	20.1%	20.9%	21.3%	21.7%	22.2%	22.2%			
Income tax on EBIT	-1.7	-2.1	-2.3	-2.6	-2.9	-3.2	-3.5	-3.7	-3.9	-4.0			
Depreciation and amortisation (incl. allocated holding costs and consolidation)	1.6	2.3	2.5	2.6	2.7	2.8	2.9	3.1	3.2	3.2			
Change in net working capital	-0.9	-0.8	-0.7	-0.6	-0.6	-0.5	-0.5	-0.5	-0.4	-0.2			
Net capital expenditure	-1.9	-2.6	-2.7	-2.8	-2.9	-3.0	-3.0	-3.1	-3.2	-3.2			
<b>Free cash flow</b>	<b>2.8</b>	<b>3.7</b>	<b>4.4</b>	<b>5.3</b>	<b>6.1</b>	<b>6.8</b>	<b>7.4</b>	<b>8.1</b>	<b>8.7</b>	<b>9.2</b>			
<b>Present values</b>	<b>2.7</b>	<b>3.3</b>	<b>3.7</b>	<b>4.1</b>	<b>4.3</b>	<b>4.5</b>	<b>4.5</b>	<b>4.5</b>	<b>4.5</b>	<b>4.4</b>	<b>78.1</b>		
Present value Phase 1	9.7												
Present value Phase 2	30.9												
Present value Phase 3	78.1												
<b>Total present value</b>	<b>118.7</b>												
							Risk free rate	0.78%	Target equity ratio	80.0%			
							Equity risk premium	7.23%	Beta (fundamental)	1.2			
							Debt risk premium	2.50%	<b>WACC</b>	<b>7.79%</b>			
							Tax shield (Phase 3)	30.0%	<b>Terminal growth</b>	<b>2.00%</b>			
							<b>Sensitivity analysis</b>						
							<b>Terminal growth rate (Phase 3)</b>						
								<b>1.0%</b>	<b>1.5%</b>	<b>2.0%</b>	<b>2.5%</b>	<b>3.0%</b>	
							<b>6.79%</b>	20.47	21.82	23.47	25.49	28.05	
							<b>7.29%</b>	18.63	19.73	21.03	22.60	24.54	
							<b>WACC</b>	<b>7.79%</b>	17.07	17.96	<b>19.01</b>	20.26	21.77
							<b>8.29%</b>	15.72	16.46	17.32	18.33	19.53	
							<b>8.79%</b>	14.55	15.17	15.88	16.71	17.67	
<b>Fair value of business segment</b>	<b>118.7</b>												
Number of shares outstanding (m)	6.2												
<b>Fair value per share (EUR)</b>	<b>19.01</b>												

Chart 4 – Source: Oddo BHF Securities



**DCF: Insurance Platform**

EURm	PHASE 1			2021e	2022e	PHASE 2				PHASE 3	
	2018e	2019e	2020e			2023e	2024e	2025e	2026e	2027e	∞
Sales	30.7	47.5	57.6	69.8	84.2	101.0	119.8	140.2	155.0	158.9	
yoy growth	45.0%	54.9%	21.2%	21.1%	20.7%	19.9%	18.6%	17.1%	10.5%	2.5%	
EBIT	-0.6	1.0	2.6	5.6	10.5	16.4	23.0	31.6	40.3	47.7	
Margin as % of sales	-2.0%	2.0%	4.5%	8.0%	12.5%	16.2%	19.2%	22.5%	26.0%	30.0%	
Margin as % of gross profit	-3.0%	3.0%	6.5%	11.4%	17.9%	23.1%	27.4%	32.1%	37.1%	42.9%	
EBIT incl. allocated holding costs and consolidation	-1.8	-0.8	0.6	3.3	7.9	13.4	19.6	27.8	36.3	43.7	
Margin as % of sales	-5.9%	-1.7%	1.1%	4.7%	9.4%	13.2%	16.4%	19.8%	23.4%	27.5%	
Income tax on EBIT	0.5	0.2	-0.2	-1.0	-2.4	-4.0	-5.9	-8.3	-10.9	-13.1	
Depreciation and amortisation ((incl. allocated holding costs and consolidation)	2.7	3.6	4.3	4.6	5.5	6.5	7.6	8.8	9.6	9.7	
Change in net working capital	-0.8	-1.0	-1.0	-0.9	-1.0	-1.1	-1.2	-1.3	-1.1	-0.5	
Net capital expenditure and acquisitions	-4.7	-6.2	-7.2	-7.6	-8.2	-8.8	-9.6	-10.3	-11.2	-9.7	
<b>Free cash flow</b>	<b>-4.1</b>	<b>-4.1</b>	<b>-3.4</b>	<b>-1.5</b>	<b>1.9</b>	<b>5.9</b>	<b>10.6</b>	<b>16.6</b>	<b>22.7</b>	<b>30.1</b>	
<b>Present values</b>	<b>-4.0</b>	<b>-3.6</b>	<b>-2.8</b>	<b>-1.1</b>	<b>1.3</b>	<b>3.9</b>	<b>6.3</b>	<b>9.2</b>	<b>11.6</b>	<b>14.1</b>	<b>262.5</b>
Present value Phase 1	-10.5										
Present value Phase 2	45.3										
Present value Phase 3	262.5										
<b>Total present value</b>	<b>297.3</b>										
<b>Fair value of business segment</b>	<b>297.3</b>										
Number of shares outstanding (m)	6.2										
<b>Fair value per share (EUR)</b>	<b>47.61</b>										

Risk free rate	0.78%	Target equity ratio	80.0%
Equity risk premium	7.23%	Beta (fundamental)	1.2
Debt risk premium	2.50%	<b>WACC</b>	<b>8.02%</b>
Tax shield (Phase 3)	30.0%	<b>Terminal growth</b>	<b>2.50%</b>

<b>Sensitivity analysis</b>						
<b>Terminal growth rate (Phase 3)</b>						
	<b>1.5%</b>	<b>2.0%</b>	<b>2.5%</b>	<b>3.0%</b>	<b>3.5%</b>	
<b>7.02%</b>	51.88	56.68	62.54	69.86	79.25	
<b>7.52%</b>	45.87	49.70	54.30	59.92	66.93	
<b>WACC 8.02%</b>	40.82	43.93	<b>47.61</b>	52.02	57.41	
<b>8.52%</b>	36.54	39.10	42.08	45.60	49.83	
<b>9.02%</b>	32.86	34.99	37.44	40.30	43.68	

Chart 5 – Source: Oddo BHF Securities



**HYQGN.DE | HYQ GY**  
**Financial Services | Germany**

**Neutral**  
Upside 1.60%

Price 188.00EUR  
TP 191.00EUR

	12/13	12/14	12/15	12/16	12/17	12/18e	12/19e	12/20e
<b>PER SHARE DATA (EUR)</b>								
Adjusted EPS	0.51	0.96	2.63	3.00	3.10	4.09	4.83	5.82
<b>Reported EPS</b>	<b>0.51</b>	<b>0.96</b>	<b>2.63</b>	<b>3.00</b>	<b>3.10</b>	<b>4.09</b>	<b>4.83</b>	<b>5.82</b>
Growth in EPS(%)	ns	88.0%	ns	14.2%	3.3%	31.8%	18.3%	20.4%
Net dividend per share	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
FCF to equity per share	0.67	0.37	3.24	1.50	-0.40	1.64	2.39	3.36
Book value per share	5.34	6.29	8.68	10.62	13.90	25.28	29.66	35.48
Number of shares market cap	6.14	6.14	6.04	6.01	5.94	6.13	6.24	6.24
Number of diluted shares	6.14	6.14	6.04	6.01	5.94	6.13	6.24	6.24
<b>VALUATION</b>								
12m highest price	10.46	13.78	80.50	97.00	161	188		
12m lowest price	7.03	8.67	12.16	53.59	77.48	120		
(*) Reference price	8.27	11.01	33.28	75.07	114	188	188	188
Capitalization	50.7	67.6	201	451	676	1.153	1.174	1.174
Restated Net debt	5.9	3.9	-13.5	-11.7	2.0	55.3	40.3	19.4
Minorities (fair value)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financial fixed assets (fair value)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Provisions	0.5	1.0	2.1	10.9	7.1	15.1	15.1	15.1
<b>Enterprise Value</b>	<b>57.1</b>	<b>72.5</b>	<b>190</b>	<b>451</b>	<b>685</b>	<b>1.224</b>	<b>1.229</b>	<b>1.209</b>
P/E (x)	16.1	11.4	12.7	25.0	36.7	46.0	38.9	32.3
P/CF (x)	5.2	4.4	5.7	16.0	27.3	33.6	28.2	23.9
Net Yield (%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
FCF yield (%)	8.1%	3.3%	9.7%	2.0%	ns	0.9%	1.3%	1.8%
P/B incl. GW (x)	1.55	1.75	3.84	7.07	8.18	7.44	6.34	5.30
P/B excl. GW (x)	1.55	1.75	3.84	7.07	8.18	7.44	6.34	5.30
EV/Sales (x)	0.58	0.65	1.36	2.88	3.52	4.74	4.04	3.52
EV/EBITDA (x)	7.0	5.7	7.6	15.9	22.7	28.7	23.4	19.3
EV/EBIT (x)	14.5	9.1	9.8	19.4	29.4	37.0	30.2	24.5
(*) historical average price								
<b>PROFIT AND LOSS (EURm)</b>								
Sales	98	112	139	157	195	258	304	343
EBITDA	8.1	12.7	25.1	28.3	30.1	42.6	52	63
Depreciations	-4.2	-4.8	-5.8	-5.1	-6.8	-9.5	-11.7	-13.2
<b>Current EBIT</b>	<b>3.9</b>	<b>7.9</b>	<b>19.3</b>	<b>23.2</b>	<b>23.3</b>	<b>33.1</b>	<b>40.8</b>	<b>49.4</b>
Published EBIT	3.9	7.9	19.3	23.2	23.3	33.1	40.8	49.4
Net financial income	-0.9	-0.7	-0.1	-0.4	-0.3	-1.2	-2.0	-1.5
Corporate Tax	0.1	-1.3	-3.2	-4.8	-4.6	-6.8	-8.6	-11.5
Net income of equity-accounted companies	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Profit/loss of discontinued activities (after tax)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Minority interests	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Attributable net profit	3.1	5.9	15.9	18.0	18.4	25.1	30.2	36.4
<b>Adjusted attributable net profit</b>	<b>3.1</b>	<b>5.9</b>	<b>15.9</b>	<b>18.0</b>	<b>18.4</b>	<b>25.1</b>	<b>30.2</b>	<b>36.4</b>
<b>BALANCE SHEET (EURm)</b>								
Goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other intangible assets	29.6	31.0	31.9	41.7	56.0	186	191	198
Tangible fixed assets	2.2	2.2	2.6	2.6	4.4	11.0	14.0	16.8
WCR	6.9	9.0	4.9	10.8	27.3	24.5	30.7	36.4
Financial assets	0.8	1.6	1.9	2.3	4.2	4.5	4.9	5.3
Ordinary shareholders equity	32.8	38.6	52.4	63.8	82.6	155	185	222
Minority interests	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Shareholders equity	33.1	38.9	52.7	64.1	82.9	155	186	222
Non-current provisions	0.5	1.0	2.1	4.9	7.1	15.1	15.1	15.1
<b>Net debt</b>	<b>5.9</b>	<b>3.9</b>	<b>-13.5</b>	<b>-11.7</b>	<b>2.0</b>	<b>55.3</b>	<b>40.3</b>	<b>19.4</b>
<b>CASH FLOW STATEMENT (EURm)</b>								
<b>EBITDA</b>	<b>8.1</b>	<b>12.7</b>	<b>25.1</b>	<b>28.3</b>	<b>30.1</b>	<b>42.6</b>	<b>52.5</b>	<b>62.6</b>
Change in WCR	3.7	-3.0	2.9	-7.5	-16.1	-7.0	-6.2	-5.7
Interests & taxes	-1.5	-1.3	-2.9	-3.4	-4.8	-8.0	-10.6	-13.0
Others	-0.5	0.0	1.6	-0.7	-0.6	-0.3	-0.3	-0.4
Operating Cash flow	9.9	8.4	26.7	16.7	8.7	27.2	35.3	43.5
CAPEX	-5.7	-6.2	-7.1	-7.7	-11.1	-17.2	-20.4	-22.5
<b>Free cash-flow</b>	<b>4.1</b>	<b>2.2</b>	<b>19.6</b>	<b>9.0</b>	<b>-2.4</b>	<b>10.0</b>	<b>14.9</b>	<b>21.0</b>
Acquisitions / disposals	0.0	0.0	0.0	0.0	-0.5	0.0	0.0	0.0
Dividends	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net capital increase	0.0	0.0	-2.3	-6.9	0.0	0.0	0.0	0.0
Others	-1.4	-1.2	-4.6	3.5	14.9	68.2	-15.5	-15.0
Change in net debt	4.2	1.9	17.3	-3.4	-12.5	-53.3	14.9	21.0
<b>GROWTH MARGINS PRODUCTIVITY</b>								
Sales growth	11.8%	14.5%	23.7%	12.7%	24.4%	32.3%	17.9%	12.9%
<b>Lfi sales growth</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>
Current EBIT growth	23.5%	ns	ns	20.6%	0.3%	41.9%	23.2%	21.1%
Growth in EPS(%)	ns	88.0%	ns	14.2%	3.3%	31.8%	18.3%	20.4%
Net margin	3.2%	5.3%	11.4%	11.5%	9.5%	9.7%	9.9%	10.6%
<b>EBITDA margin</b>	<b>8.3%</b>	<b>11.3%</b>	<b>18.0%</b>	<b>18.1%</b>	<b>15.5%</b>	<b>16.5%</b>	<b>17.3%</b>	<b>18.2%</b>
<b>Current EBIT margin</b>	<b>4.0%</b>	<b>7.1%</b>	<b>13.9%</b>	<b>14.8%</b>	<b>12.0%</b>	<b>12.8%</b>	<b>13.4%</b>	<b>14.4%</b>
CAPEX / Sales	-5.8%	-5.5%	-5.1%	-4.9%	-5.7%	-6.7%	-6.7%	-6.6%
WCR / Sales	7.0%	8.0%	3.5%	6.9%	14.0%	9.5%	10.1%	10.6%
Tax Rate	-3.3%	18.2%	16.9%	20.8%	19.9%	21.4%	22.2%	24.0%
Normative tax rate	-31.1%	-20.1%	-28.3%	-30.3%	-25.8%	22.2%	ns	79.6%
Asset Turnover	2.5	2.8	3.4	3.3	2.7	1.7	1.3	1.4
<b>ROCE post-tax (normative tax rate)</b>	<b>13.0%</b>	<b>23.6%</b>	<b>60.6%</b>	<b>64.1%</b>	<b>41.1%</b>	<b>16.7%</b>	<b>ns</b>	<b>4.1%</b>
ROCE post-tax hors GW (normative tax rate)	13.0%	23.6%	60.6%	64.1%	41.1%	16.7%	ns	4.1%
ROE	10.1%	16.6%	34.9%	31.0%	25.2%	21.1%	17.7%	17.9%
<b>DEBT RATIOS</b>								
Gearing	18%	10%	-26%	-18%	2%	36%	22%	9%
Net Debt / Market Cap	0.12	0.06	-0.07	-0.03	0.00	0.05	0.03	0.02
<b>Net debt / EBITDA</b>	<b>0.72</b>	<b>0.31</b>	<b>ns</b>	<b>ns</b>	<b>0.07</b>	<b>1.30</b>	<b>0.77</b>	<b>0.31</b>
EBITDA / net financial charges	ns	ns	ns	ns	ns	ns	ns	ns

Source: ODDO BHF Securities, Fininfo



• **Valuation method**

Our target prices are established on a 12-month timeframe and we use three valuation methods to determine them. First, the discounting of available cash flows using the discounting parameters set by the Group and indicated on Oddo BHF website. Second, the sum-of-the-parts method based on the most pertinent financial aggregate depending on the sector of activity. Third, we also use the peer comparison method which facilitates an evaluation of the company relative to similar businesses, either because they operate in identical sectors (and are therefore in competition with one another) or because they benefit from comparable financial dynamics. A mixture of these valuation methods may be used in specific instances to more accurately reflect the specific characteristics of each company covered, thereby fine-tuning its evaluation.

• **Sensitivity of the result of the analysis/ risk classification:**

The opinions expressed in the financial analysis are opinions as per a particular date, i.e. the date indicated in the financial analysis. The recommendation (cf. explanation of the recommendation systematic) can change owing to unforeseeable events which may, for instance, have repercussions on both the company and on the whole industry.

• **Our stock market recommendations**

Our stock market recommendations reflect the RELATIVE performance expected for each stock on a 12-month timeframe.

Buy: performance expected to exceed that of the benchmark index, sectoral (large caps) or other (small and mid caps).

Neutral: performance expected to be comparable to that of the benchmark index, sectoral (large caps) or other (small and mid caps).

Reduce: performance expected to fall short of that of the benchmark index, sectoral (large caps) or other (small and mid caps).

• **The prices of the financial instruments used and mentioned in this document are the closing prices.**

• **All publications by Oddo BHF concerning the companies covered and mentioned in this document are available on the research site:** [www.securities.oddo-bhf.com](http://www.securities.oddo-bhf.com)

**Recommendation and target price changes history over the last 12 months for the company analysed in this report**

Date	Reco	Price Target (EUR)	Price (EUR)	Analyst
07.08.18	Neutral	191.00	188.00	Martin Decot
20.06.18	Neutral	174.00	160.00	Martin Decot
26.04.18	Buy	167.00	155.80	Martin Decot
10.04.18	Buy	163.00	139.00	Martin Decot
15.01.18	Neutral	139.00	131.60	Martin Decot
30.10.17	Buy	139.00	124.25	Martin Decot
23.10.17	Neutral	139.00	120.75	Martin Decot
21.06.17	Buy	139.00	123.05	Dr. Oliver Pucker, CFA

In accordance with Article 20 of European Regulation No. 596/2014 (Market Abuse Regulation), a list of all recommendations on any financial instrument or issuer that have been disseminated over the past twelve months is available by clicking on the following link [www.securities.oddo-bhf.com](http://www.securities.oddo-bhf.com)

**Recommendation split**

	Buy	Neutral	Reduce
Our whole coverage (469)	50%	42%	8%
Liquidity providers coverage (155)	45%	50%	5%
Research service coverage (60)	57%	37%	7%
Investment banking services (43)	70%	26%	5%

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