



Company Flash Note

Reason: Company newsflow

7 May 2018

Accumulate

from Buy

Share price: EUR 158.00

closing price as of 04/05/2018

Target price: EUR 172.00

from Target Price: EUR 164.00

Upside/Downside Potential 8.9%

Reuters/Bloomberg HYQGN.DE/HYQ GR

Market capitalisation (EURm) 979

Current N° of shares (m) 6

Free float 64%

Daily avg. no. trad. sh. 12 mth 19

Daily avg. trad. vol. 12 mth (m) 784.16

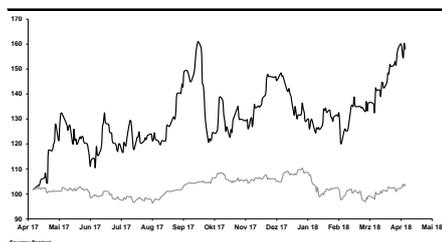
Price high/low 12 months 102.10 / 160.95

Abs Perfs 1/3/12 mths (%) 19.16/22.48/55.28

| Key financials (EUR) | 12/17 | 12/18e | 12/19e |
|----------------------------|-------|--------|--------|
| Sales (m) | 195 | 238 | 269 |
| EBITDA (m) | 30 | 39 | 46 |
| EBITDA margin | 15.5% | 16.4% | 17.1% |
| EBIT (m) | 23 | 31 | 36 |
| EBIT margin | 12.0% | 12.8% | 13.3% |
| Net Profit (adj.)(m) | 18 | 24 | 28 |
| ROCE | 20.4% | 19.3% | 22.2% |
| Net debt/(cash) (m) | 12 | 11 | (16) |
| Net Debt/Equity | 0.1 | 0.1 | -0.1 |
| Net Debt/EBITDA | 0.4 | 0.3 | -0.3 |
| Int. cover(EBITDA/Fin.int) | 92.1 | 119.3 | 140.1 |
| EV/Sales | 4.7 | 4.2 | 3.6 |
| EV/EBITDA | 30.3 | 25.4 | 21.0 |
| EV/EBITDA (adj.) | 30.3 | 25.4 | 21.0 |
| EV/EBIT | 39.1 | 32.5 | 26.9 |
| P/E (adj.) | 46.9 | 40.9 | 34.8 |
| P/BV | 10.9 | 9.2 | 7.2 |
| OpFCF yield | -1.4% | -0.5% | 2.6% |
| Dividend yield | 0.0% | 0.0% | 0.0% |
| EPS (adj.) | 3.10 | 3.87 | 4.55 |
| BVPS | 13.33 | 17.23 | 21.81 |
| DPS | 0.00 | 0.00 | 0.00 |

Shareholders

Slabke 36%;



Analyst(s)

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Hypoport remains on track: D/g to Accumulate with new TP of EUR 172 after strong share price performance

Hypoport has reported better than expected Q1 results and has announced two acquisitions which should complement its service offering for the housing industry and should thus enable Hypoport to make better use of its customer base. Additionally the company has increased its revenues/earnings guidance for 2018. We have updated our model and have taken into account the two acquisitions. Thus we have slightly increased our target price from EUR 164 to EUR 172.

Given the strong share price performance YtD we downgrade the shares from Buy to Accumulate with a new TP of EUR 172 as the remaining upside does not justify a Buy rating anymore. HYP is the key beneficiary of the strong housing market in Germany which led to an increased demand for mortgage loans. Additionally HYP's online marketplace for insurance policies should become HYP's second earnings driver in the coming years. Earnings growth should remain strong with an expected EPS CAGR of 21% (2017-2021e).

- ✓ **Q1 results came in better than expected.** Revenues were up by 26% yoy to EUR 60m which was above our forecast of EUR 56m due to a strong performance of the retail clients unit. EBIT was up by 8% yoy to EUR 7.5m which was also above our forecast of EUR 7.0m. EBIT margin was with 12.5% fully in line with our forecast.
- ✓ **Guidance increased:** Hypoport increased its full-year revenue guidance from between EUR 220m and EUR 240m to between EUR 230m and EUR 250m due to the announced acquisitions (see more details on the next page). It has increased its EBIT target from between EUR 26m and EUR 31m to between EUR 28m and EUR 33m.
- ✓ **Financials:** We have taken the recent acquisitions including the increased number of shares into account and have thus adjusted our earnings estimates. We have slightly reduced our EPS estimate from EUR 3.99 to EUR 3.93 and from EUR 4.69 to EUR 4.55 for 2018e and 2019e, respectively. We have also increased our tax rate estimate to 20% (from 18%) as the latest acquisitions should lead to a higher taxable income in Germany which should negatively impact the group tax rate.
- ✓ **Valuation and Recommendation:** Our valuation is based upon two separate DCF models. Valuing the online insurance marketplace with a separate DCF model we have derived a fair value of EUR 38 per share. Adding this to our calculated fair value of EUR 120 for Hypoport excl. the online insurance marketplace we come to a new fair value of EUR 158 per share (EUR 150). The main reason for the increased fair value is that we have increased our earnings estimates for Hypoport's non-insurance business following the two acquisitions. As described in our update last September we have included a takeover premium of 9% in our valuation. Hence, we set a target price of EUR 172 for the shares.



Acquisition of FIO Systems AG

In the end of April, Hypoport has announced the acquisition of FIO Systems AG for a purchase price of around EUR 70m to be paid partially in cash (EUR 24m) and in shares (by a capital increase in kind). FIO, which has achieved sales of EUR 7m in 2017 and has more than 130 employees, is active in three areas:

1. It is offering a web-based real estate brokerage software to banks and is No.1 among the savings banks (316 out of around 390 savings banks use the FIO software). Mutual banks (55 out of around 900) and some private banks like Postbank use FIO.
2. It is offering the housing industry web-based software solutions for claims management and payment services.
3. It has developed a new web-based ERP system for the housing industry.

From a strategic point of view FIO Systems fits well into Hypoport. On the one hand it complements Europace's offering in particular to the savings but also to the mutual and private banks. As FIO has a leading market position among the savings bank this should be a good entry point for FINMAS to win more savings banks to use its platform. At the same time FIO can use GENOPACE's better market position to win additional customers. On the other FIO's software solutions for the housing industry should help Dr. Klein Institutional Clients to further strengthen its market position by being able to offer its customers additional products/services.

The acquisition price is with 10x 2017 revenues high, but as the revenue potential is significant and as FIO has not yet rolled out its new ERP system, we do not see it too negatively.

Acquisition of Value AG

Value AG, which has achieved sales of EUR 8m with more than 60 employees in 2017, has specialized on the valuation of real estate properties with a focus on both residential and commercial real estate properties. The acquisition price was not published. We estimate that Hypoport paid around EUR 25m which we would consider as a fair price.

We see this acquisition positively from a strategic point of view as well as it will complement Hypoport's already existing real estate valuation activities, which are bundled under the roof of HypService and integrated into the Europace service. As HypService has focused on valuing real estate properties with a value of below EUR 400k, the acquisition of Value AG perfectly fits into Hypoport's offering as Value AG has a special expertise in larger residential real estate properties and commercial real estate properties (e.g. office, retail). Note that HypService has already more than 100 banks as customers. For banks it makes a lot of sense to outsource the valuation of real estate properties to specialized partners which have on the hand more expertise and on the other hand the outsourcing is more efficient.

M&A Strategy: more to come

Ronald Slabke said in the CC that Hypoport was still looking for possible acquisitions on the insurance side, in particular portfolios of insurance contracts from IFAs would be interesting. The recently made two acquisitions should be not interpreted that way that the company has shifted its strategic focus more towards the non-insurance activities.



Q1 performance in more detail

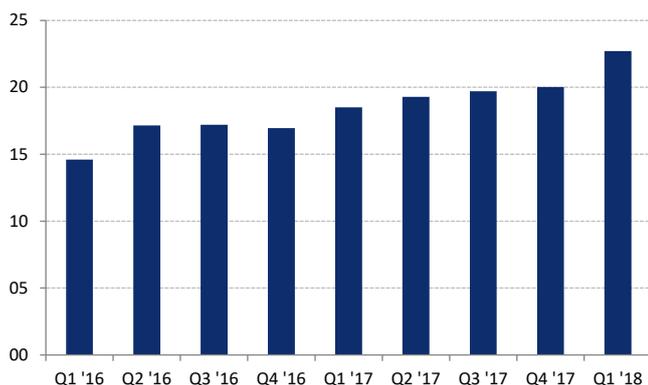
Europace

Q1 was a good quarter for Europace which managed to increase its transaction volume by 11% yoy to EUR 13.5bn (+8% for mortgage loans which compares with a decline of the market by 1% yoy). The number of its customers increased by 21% yoy to 534, which came both from GENOPACE (+17%) and FINMAS (+34%), the latter showing also a strong performance in the transaction volume development (+76% yoy to EUR 0.8bn; GENOPACE: +16% yoy to EUR 0.4bn). Revenues were up by 23% yoy to EUR 23m, i.e. Europace's margin (revenue as a % of transaction volume) increased by 2bps yoy to 17 bps. EBIT margin declined by 200 bps yoy to 18.5% as some of the younger business sub-segments like the real estate valuation unit HypService is not profitable yet but shows good revenues growth.

Retail Clients

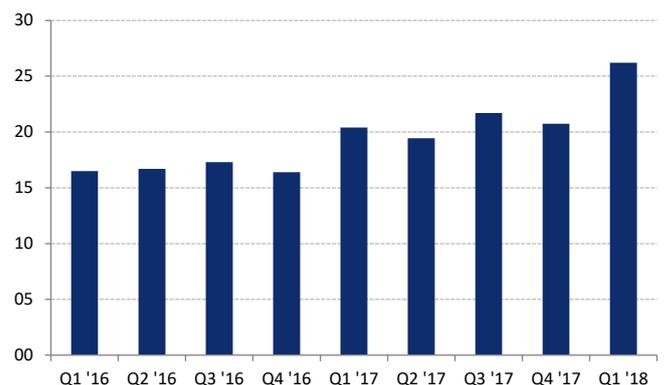
Retail Clients showed a particularly strong performance in Q1 with an increase of the brokered loans by 34% yoy to EUR 1.7bn which resulted in a revenue increase by 28% yoy. Positively, the number of consultants increased by only 12% yoy to 587, i.e. the efficiency of the consultants has increased. EBIT was up by 30% yoy to EUR 4.3m, i.e. EBIT margin increased by 20 bps yoy to 16.4%.

Exhibit 1: Revenue development Europace (EUR m)



Source: Hypoport, equinet Research

Exhibit 2: Revenue development retail clients (EUR m)



Source: Hypoport, equinet Research

Institutional Clients

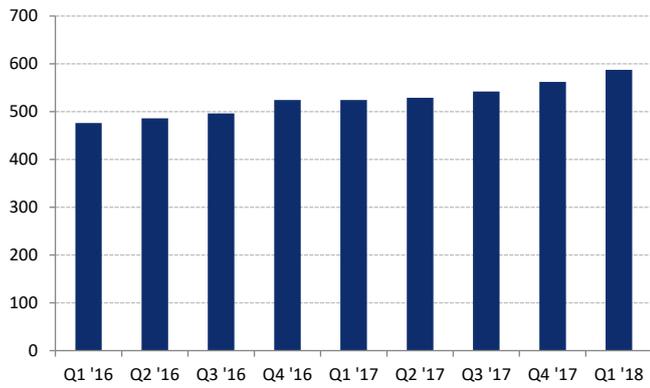
After two disappointing quarters Institutional Clients delivered a good result again. The brokered loan volume was up by 11% yoy to EUR 0.5bn, revenues were up by 13% yoy to EUR 6.0m. EBIT increased over-proportionately by 28% yoy to EUR 2.2m which is equivalent to an EBIT margin of 37%. This business is characterized by a high volatility as the tickets are of relatively large size (compared to the retail business) and are not evenly spread over the course of the year.

Insurtech

Hypoport's youngest business unit showed a strong performance with a revenue increase by 46% yoy to EUR 5.6m. EBIT remained negative at EUR 0.8m but Hypoport's CEO said in the CC that he was confident that this unit will reach break-even in the coming quarters.

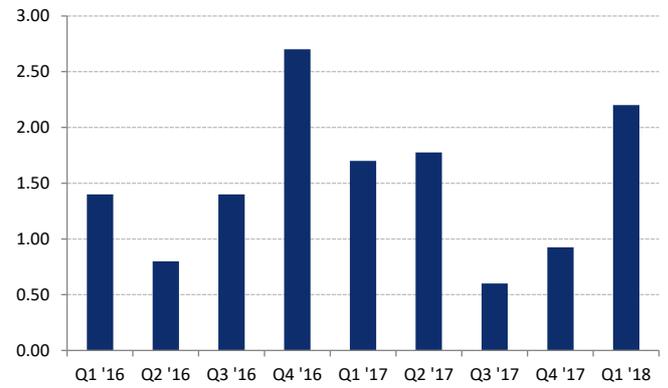


Exhibit 3: # consultants development in retail clients



Source: Hypoport, equinet Research

Exhibit 4: EBIT dev. at Institutional Clients (EUR m)



Source: Hypoport, equinet Research



Valuation

Exhibit 5: DCF Valuation of Hypoport's non-insurance activities

| Expectations in EUR m | Phase I | | | | Phase II | | | | | Phase III | |
|----------------------------------|---------|--------|-------|-------|-----------------------|-------|-------|----------------------------|----------------------------|-----------|------|
| | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | | 2027 |
| Revenues | 212 | 233 | 251 | 272 | 292 | 314 | 336 | 360 | 385 | 411 | |
| growth rate | 2.7% | 9.8% | 8.0% | 8.0% | 7.5% | 7.4% | 7.2% | 7.1% | 6.9% | 6.8% | |
| EBIT | 30 | 34 | 38 | 44 | 50 | 56 | 60 | 64 | 68 | 72 | |
| EBIT Margin | 14.2% | 14.6% | 15.1% | 16.1% | 17.0% | 18.0% | 17.9% | 17.8% | 17.7% | 17.6% | |
| Tax | -6 | -7 | -9 | -10 | -11 | -12 | -13 | -14 | -15 | -16 | |
| Tax rate | 20.0% | 20.0% | 20.0% | 20.0% | 22.0% | 22.0% | 22.0% | 22.0% | 22.0% | 22.0% | |
| Depreciation | 8 | 9 | 11 | 10 | 10 | 10 | 11 | 12 | 13 | 14 | |
| % of revenue | 3.8% | 4.0% | 4.2% | 3.8% | 3.3% | 3.3% | 3.3% | 3.3% | 3.3% | 3.3% | |
| Capex | -40 | -7 | -9 | -11 | -9 | -10 | -11 | -12 | -12 | -13 | |
| % of revenue | 18.8% | 2.9% | 3.7% | 4.1% | 3.2% | 3.2% | 3.2% | 3.2% | 3.2% | 3.2% | |
| Change in Working Capital | 11 | -2 | -2 | -2 | -2 | -2 | -2 | -3 | -3 | -3 | |
| % of revenue | -5.1% | 0.9% | 0.8% | 0.7% | -1.0% | -1.0% | -1.0% | -1.0% | -1.0% | -1.0% | |
| Free Cash Flow | 3 | 27 | 29 | 31 | 37 | 42 | 45 | 48 | 51 | 54 | 955 |
| growth rate | -58.8% | 798.9% | 4.2% | 8.2% | 19.2% | 14.0% | 6.6% | 6.5% | 6.4% | 6.2% | 2.0% |
| Present Value CF | 3 | 26 | 25 | 25 | 28 | 30 | 29 | 29 | 29 | 28 | 500 |
| PV Phase I | | 80 | | | Market Cap | | 874 | | Target equity ratio | | 80% |
| PV Phase II | | 173 | | | Risk premium | | 5.00% | | Beta | | 1.0 |
| PV Phase III | | 500 | | | Risk-free rate | | 3.50% | | WACC | | 7.8% |
| Enterprise value | | 753 | | | Sensitivity | | | Growth in Phase III | | | |
| + Cash | | 14 | | | Analysis | | 1.0% | 1.5% | 2.0% | 2.5% | 3.0% |
| - Debt | | 20 | | | 6.98% | | 122 | 130 | 139 | 151 | 165 |
| Equity Value | | 746 | | | 7.37% | | 114 | 121 | 129 | 138 | 150 |
| Number of shares | | 6 | | | WACC | | 7.76% | 107 | 113 | 120 | 128 |
| | | | | | 8.15% | | 101 | 106 | 112 | 118 | 126 |
| Value per share | | 120 | | | 8.54% | | 95 | 99 | 104 | 110 | 117 |

Source: equinet Research

Exhibit 6: DCF Valuation of Hypoport's insurance activities

| Expectations in EUR m | Phase I | | | | Phase II | | | | | Phase III | |
|----------------------------------|---------|-------|-------|--------|-----------------------|-------|-------|----------------------------|----------------------------|-----------|------|
| | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | | 2027 |
| Revenues | 26 | 36 | 47 | 59 | 73 | 87 | 101 | 116 | 130 | 143 | |
| growth rate | nm | 39.6% | 30.9% | 27.0% | 23.0% | 19.5% | 16.6% | 14.1% | 12.0% | 10.2% | |
| EBIT | 0 | 2 | 5 | 8 | 11 | 15 | 19 | 23 | 25 | 27 | |
| EBIT Margin | 12% | 5.3% | 10.7% | 13.0% | 15.0% | 17.0% | 19.0% | 20.0% | 19.5% | 19.0% | |
| Tax | 0 | 0 | -1 | -2 | -2 | -3 | -4 | -5 | -6 | -6 | |
| Tax rate | 19.9% | 20.0% | 20.0% | 20.0% | 22.0% | 22.0% | 22.0% | 22.0% | 22.0% | 22.0% | |
| Depreciation | 1 | 1 | 1 | 1 | 2 | 3 | 3 | 4 | 4 | 5 | |
| % of revenue | 2.0% | 2.0% | 2.0% | 2.0% | 3.3% | 3.3% | 3.3% | 3.3% | 3.3% | 3.3% | |
| Capex | -5 | -5 | -5 | -3 | -2 | -3 | -3 | -4 | -4 | -5 | |
| % of revenue | 20.0% | 15.0% | 10.0% | 5.0% | 3.2% | 3.2% | 3.2% | 3.2% | 3.2% | 3.2% | |
| Change in Working Capital | -1 | -2 | -1 | -1 | -1 | -1 | -1 | -1 | -1 | -1 | |
| % of revenue | 5.0% | 5.0% | 2.5% | 1.5% | -1.0% | -1.0% | -1.0% | -1.0% | -1.0% | -1.0% | |
| Free Cash Flow | -6 | -5 | -1 | 3 | 8 | 11 | 14 | 17 | 19 | 21 | 365 |
| growth rate | nm | -114% | -817% | -4910% | 25.1% | 36.8% | 31.3% | 20.5% | 9.0% | 11.1% | 2.0% |
| Present Value CF | -6 | -5 | -1 | 3 | 6 | 8 | 9 | 10 | 10 | 11 | 191 |
| PV Phase I | | -8 | | | Market Cap | | 874 | | Target equity ratio | | 80% |
| PV Phase II | | 54 | | | Risk premium | | 5.00% | | Beta | | 1.0 |
| PV Phase III | | 191 | | | Risk-free rate | | 3.50% | | WACC | | 7.8% |
| Enterprise value | | 237 | | | Sensitivity | | | Growth in Phase III | | | |
| + Cash | | | | | Analysis | | 1.0% | 1.5% | 2.0% | 2.5% | 3.0% |
| - Debt | | | | | 6.98% | | 39 | 42 | 45 | 50 | 55 |
| Equity Value | | 237 | | | 7.37% | | 36 | 38 | 41 | 45 | 50 |
| Number of shares | | 6 | | | WACC | | 7.76% | 33 | 35 | 38 | 41 |
| | | | | | 8.15% | | 31 | 33 | 35 | 38 | 41 |
| Value per share | | 38 | | | 8.54% | | 29 | 30 | 32 | 35 | 37 |

Source: equinet Research

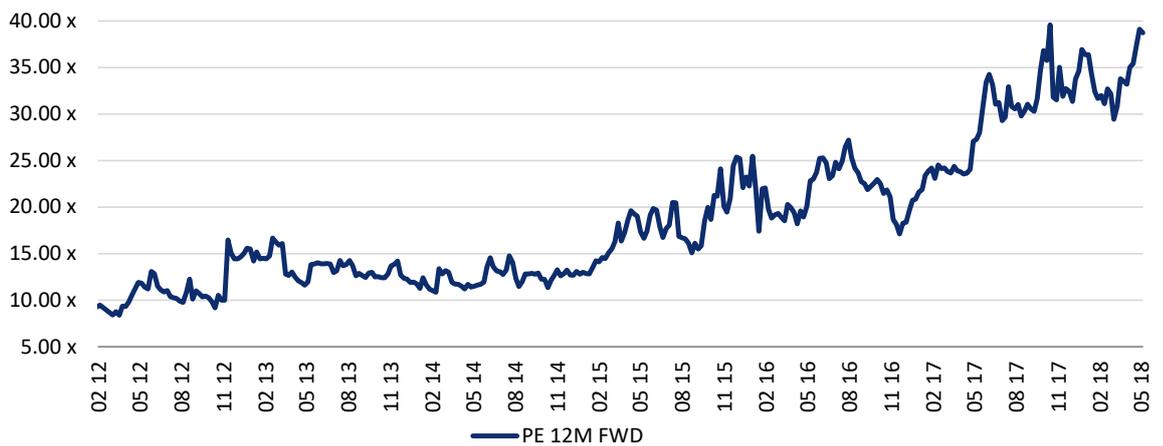


Exhibit 7: Peer Group Valuation

| Company | Share Price (EUR) | MC (EUR m) | PER 2018e | PER 2019e | P/B 2018e | P/B 2019e | ROE 2018e | ROE 2019e | Yield 2017e |
|-------------------|--------------------|------------|------------------|------------------|------------------|------------------|------------------|------------------|--------------------|
| comdirect bank AG | 12.56 | 1,774 | 26.5x | 24.1x | 2.7x | 2.6x | 10.1% | 10.6% | 2.0% |
| Ferratum | 25.95 | 560 | 18.2x | 13.7x | 4.4x | 3.5x | 24.0% | 25.7% | 0.7% |
| FinTech Group AG | 33.60 | 565 | 22.5x | 18.0x | 3.9x | 3.2x | 17.2% | 17.7% | 0.0% |
| GRENKE AG | 99.75 | 4,420 | 33.9x | 28.3x | 5.2x | 4.4x | 15.3% | 15.7% | 0.7% |
| Hypoport AG | 158.00 | 940 | 41.2x | 34.6x | 8.5x | 6.9x | 20.6% | 19.9% | 0.0% |
| MLP SE | 5.10 | 558 | 16.2x | 14.8x | 1.4x | 1.3x | 8.4% | 9.1% | 3.9% |
| OVB Holding AG | 18.20 | 259 | 25.9x | 24.5x | 2.9x | 2.9x | 11.3% | 11.9% | 4.1% |
| Average | Share Price | | PER 2018e | PER 2019e | P/B 2018e | P/B 2019e | ROE 2018e | ROE 2019e | Yield 2017e |
| | | | 26.4x | 22.6x | 4.1x | 3.5x | 15.3% | 15.8% | 1.6% |

Source: FactSet, equinet Research

Exhibit 8: Historic Valuation

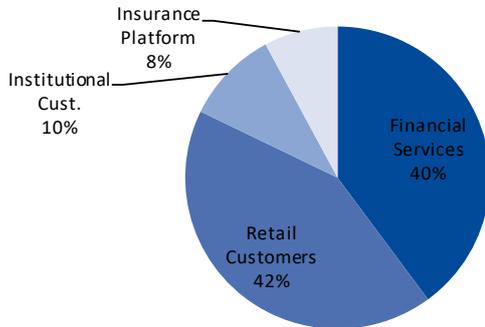


Source: FactSet, equinet Research



Exhibit 9: Investment Case in Charts

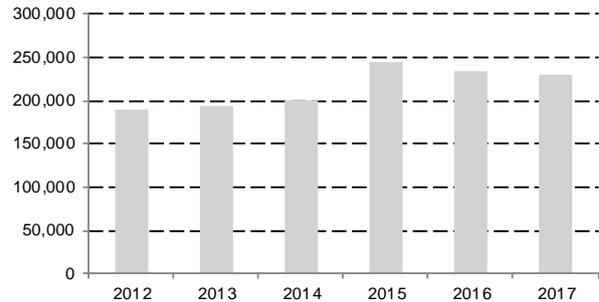
Business split



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

Source: Hypoport, equinet Research

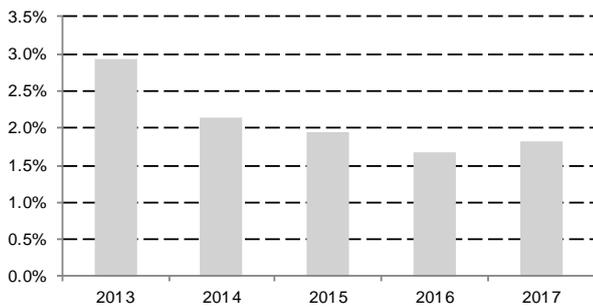
Market development (new mortgage loans in EUR m)



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

Source: Bundesbank, equinet Research

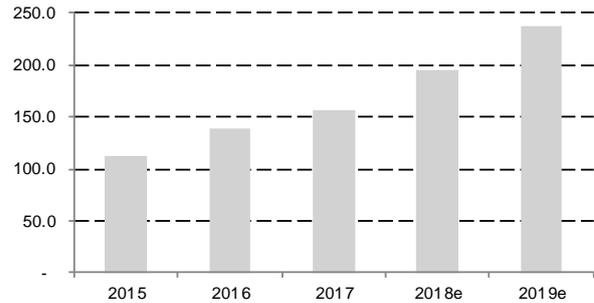
10YR Mortgage Rate development



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

Source: Bundesbank, equinet Research

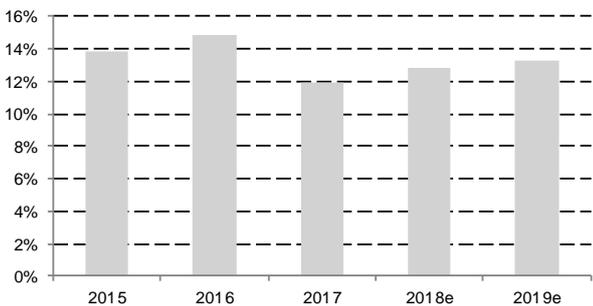
Revenues development (in EUR m)



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

Source: Hypoport, equinet Research

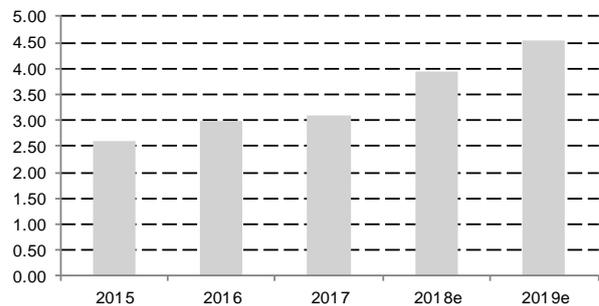
EBIT margin development



EBIT Margins should only slightly increase in 2018e/'19e due to investments into the online insurance marketplace.

Source: Hypoport, equinet Research

EPS development (in EUR)



We forecast EPS CAGR of 21% (2017e-'20e).

Source: Hypoport, equinet Research



Exhibit 10: At a Glance

| Business Units | Credit Platform | Private Clients | Institutional Clients | Insurance Platform | |
|---------------------------------------|---|---|---|--|---|
| | | DIE PARTNER FÜR IHRE FINANZEN | | | |
| Products/ applications | Through its credit platform Europace the company is enabling banks to distribute loans of more than hundred banks to its customers. Banks can also use Europace to solely process their own loan business. | Dr. Klein is the brand through which Hypoport is servicing retail customers. Dr. Klein's more than 500 IFAs advise customers on different financial products, the focus being clearly on mortgage loans. | Hypoport is brokering real estate loans to institutional customers via Dr. Klein. In addition to the pure brokerage of loans Dr. Klein has recently started to more and more advise customers on how to finance real estate transactions. | Hypoport's youngest business unit targets the insurance market. Idea is to build an Europace for the insurance industry, i.e. an online insurance market place which comprises products comparison, advice tools and processing of the policies and claims management. | |
| Customers | Customers range from mortgage brokers via Postbank to savings and mutual banks. Savings and mutual banks are serviced via two separate joint ventures. | Customers are normal retail customers with average financing needs. Mortgage customers should be above average incomes. | Customers are professional real estate investors, mainly public housing investors. | Potential customers include insurance brokers, IFAs and insurance companies. At the moment HYP has only customers which use certain parts of the software. | |
| | Although we do not have any figures we do not see Europace being dependent on a few single customers. | Very diversified customer base, no dependence on single customers at all. | We do not have any figures, but the dependence on single customers may be somewhat higher in this unit. | Revenues are still on low level, i.e. customer dependence not an issue yet. | |
| Market share/ positioning | Overall market share of Europace in GER Europace's only market, in mortgage loans is around 15%. Market share of around 50% among mortgage brokers, market share of only 2% among savings/mutual banks. | No figures available, we estimate that Dr. Klein has a market share of below 5%. | No figures available, but Dr. Klein's market share should be well below 5%. | Market share not yet meaningful as this unit is still in the ramp-up phase. | |
| Drivers | Main driver is the demand for mortgage loans which is impacted by level of interest rates and demand for apartments/housing. | Main driver is the demand for mortgage loans which is impacted by level of interest rates and demand for apartments/housing. | High dependence on the public hand; even if the need for more public housing is high, the process until construction starts and a loan is needed may take long. | Overall growth of insurance premiums and growing need for insurers and brokers to increase efficiency. | |
| Main competitors | Interhyp is the only important competitor offering a similar service. | Interhyp as mortgage broker, other IFAs like MLP, OVB, DVAG. | Mainly savings banks, but also mutual, private banks and other loan brokers. | At the moment similar software solutions are offered by Acturis and Finanzsoft/softair. | |
| Entry barriers/ competitive advantage | Entry barriers depend on the different business units. Highest entry barriers exist in our view in Hypoport's strongest growing unit, Europace. With the underlying technology and the extensive customer relationships HYP has a decisive competitive advantage compared to other players. | | | | |
| Strategy & Guidance | Strategy: (I) Winning more customers for Europace to realize economies of scale. (II) Build-up of an insurance marketplace in the mid-to-long term. (III) Developing Private and Institutional Clients further which should continue to benefit from the housing boom in Germany | | Guidance 2018: Revenue: EUR 230m-250m EBIT EUR 28m-33m | equinet Estimates Revenue: 238 y/y 22.0% EBIT margin 12.8% | Consensus 236 21.2% 12.5% |
| 2017 | Sales (EURm) 194.9 y/y 24.4% | EBITDA (EURm) 30.1 Margin 15.5% | EBIT (EURm) 23.3 Margin 12.0% | EPS 3Y hist. CAGR 47.7% | |
| Sales & EBIT Split | Retail Cust: 43%, Credit Platform: 42%, Instit. Cust.: 12%, Insurance Platform: 3% | Retail Cust: 37%, Credit Platform: 48%, Instit. Cust.: 15%, Insurance Platform: 0% | Shows EBIT (EURm) from 2012 to 2017, broken down by division. | Shows EBIT margin (%) from 2012 to 2017. | |
| Shareholder structure & management | CEO Ronald Slabke Major shareholder and CEO (since 2010) • With Hypoport since 2002 • >20 years experience in the banking industry • prior to becoming CEO he was board member of Hypoport (since 2002). He joined Dr. Klein & Co GmbH & Co. KG in 1996, he became a board member in 2000. | Stephan Gwarecki Board Member (since 2010) • With Dr. Klein since 2004 • almost 20 years experience in the banking/insurance industry • Prior to his career at Dr. Klein Mr. Gwarecki worked for FinanceScout 24 and Deutscher Ring • Mr. Gwarecki is responsible for Retail Customers and Commercial Insurance business for all distribution channels. | Shareholder structure Ronald Slabke: 36%, Free Float: 64% | | |
| # of employees FY | 917 | | | | |

Source: equinet Research, Hypoport



Hypoport AG : Summary tables

| PROFIT & LOSS (EURm) | 12/2014 | 12/2015 | 12/2016 | 12/2017 | 12/2018e | 12/2019e |
|--|----------------|----------------|----------------|----------------|-----------------|-----------------|
| Sales | 112 | 139 | 157 | 195 | 238 | 269 |
| 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 | 30.1 | 39.0 | 45.8 |
| EBITDA (adj.)* | 12.7 | 25.1 | 28.3 | 30.1 | 39.0 | 45.8 |
| Depreciation | 4.8 | 5.8 | 5.1 | 6.8 | 8.5 | 10.0 |
| EBITA | 17.5 | 30.9 | 33.4 | 36.9 | 47.5 | 55.8 |
| EBITA (adj)* | 17.5 | 30.9 | 33.4 | 36.9 | 47.5 | 55.8 |
| Amortisations and Write Downs | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| EBIT | 7.9 | 19.3 | 23.2 | 23.3 | 30.5 | 35.8 |
| EBIT (adj.)* | 7.9 | 19.3 | 23.2 | 23.3 | 30.5 | 35.8 |
| Net Financial Interest | -0.7 | -0.1 | -0.4 | -0.3 | -0.3 | -0.3 |
| 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 | 23.0 | 30.2 | 35.5 |
| Tax | 1.3 | 3.2 | 4.8 | 4.6 | 6.0 | 7.1 |
| <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 | 18.4 | 24.1 | 28.4 |
| Net Profit (adj.) | 5.9 | 15.9 | 18.0 | 18.4 | 24.1 | 28.4 |
| CASH FLOW (EURm) | 12/2014 | 12/2015 | 12/2016 | 12/2017 | 12/2018e | 12/2019e |
| Cash Flow from Operations before change in NWC | 10.7 | 23.7 | 25.8 | 24.2 | 27.4 | 37.4 |
| Change in Net Working Capital | -2.3 | 2.9 | -8.2 | -16.0 | 10.8 | -2.0 |
| Cash Flow from Operations | 8.4 | 26.7 | 17.6 | 8.3 | 38.2 | 35.4 |
| Capex | -6.2 | -7.1 | -12.6 | -21.2 | -43.0 | -10.0 |
| Net Financial Investments | -1.2 | -6.9 | -7.4 | 4.9 | 4.1 | 2.0 |
| Free Cash Flow | 1.1 | 12.7 | -2.4 | -8.1 | -0.8 | 27.4 |
| 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 | -2.8 | 1.0 | 0.0 |
| Change in Net Debt | 0.0 | 9.1 | -0.8 | -10.9 | 0.2 | 27.4 |
| NOPLAT | 5.6 | 13.5 | 16.3 | 16.3 | 21.4 | 25.1 |
| BALANCE SHEET & OTHER ITEMS (EURm) | 12/2014 | 12/2015 | 12/2016 | 12/2017 | 12/2018e | 12/2019e |
| Net Tangible Assets | 2.2 | 2.6 | 2.6 | 4.4 | 4.4 | 4.4 |
| Net Intangible Assets (incl. Goodwill) | 31.0 | 31.9 | 41.7 | 56.0 | 90.5 | 90.5 |
| Net Financial Assets & Other | 0.1 | 0.0 | 1.1 | 1.4 | 1.4 | 1.4 |
| Total Fixed Assets | 33.3 | 34.5 | 45.4 | 61.8 | 96.3 | 96.3 |
| Cash (-) | -12.0 | -24.8 | -22.4 | -14.3 | -13.6 | -41.0 |
| Shareholders Equity | 38.6 | 52.4 | 63.8 | 82.6 | 107 | 135 |
| Minority | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 |
| Total Equity | 38.9 | 52.7 | 64.1 | 82.9 | 107 | 135 |
| 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 | -13.1 | -6.1 | -5.1 |
| Total Long Term Liabilities | -5.8 | -9.3 | -6.7 | -13.1 | -6.1 | -5.1 |
| Short term interest bearing debt | 21.1 | 24.7 | 23.2 | 26.0 | 25.0 | 25.0 |
| Net Working Capital | 8.9 | 8.9 | 12.9 | 19.6 | 16.0 | 18.0 |
| GROWTH & MARGINS | 12/2014 | 12/2015 | 12/2016 | 12/2017 | 12/2018e | 12/2019e |
| <i>Sales growth</i> | <i>11.1%</i> | <i>23.7%</i> | <i>12.7%</i> | <i>24.4%</i> | <i>22.0%</i> | <i>13.0%</i> |
| EBITDA (adj.)* growth | 55.7% | 97.5% | 12.9% | 6.4% | 29.5% | 17.4% |
| <i>EBITA (adj.)* growth</i> | <i>41.4%</i> | <i>76.9%</i> | <i>8.1%</i> | <i>10.6%</i> | <i>28.6%</i> | <i>17.5%</i> |
| <i>EBIT (adj.)* growth</i> | <i>100.1%</i> | <i>142.7%</i> | <i>20.6%</i> | <i>0.3%</i> | <i>30.8%</i> | <i>17.4%</i> |



Hypoport AG : Summary tables

| GROWTH & MARGINS | 12/2014 | 12/2015 | 12/2016 | 12/2017 | 12/2018e | 12/2019e |
|---|----------------|----------------|----------------|----------------|-----------------|-----------------|
| Net Profit growth | 97.0% | 168.1% | 13.7% | 2.1% | 31.1% | 17.6% |
| EPS adj. growth | 97.0% | 175.1% | 15.5% | 2.0% | 24.8% | 17.6% |
| DPS adj. growth | | | | | | |
| EBITDA (adj)* margin | 11.3% | 18.0% | 18.1% | 15.5% | 16.4% | 17.1% |
| EBITA (adj)* margin | 15.5% | 22.2% | 21.3% | 19.0% | 20.0% | 20.8% |
| EBIT (adj)* margin | 7.1% | 13.9% | 14.8% | 12.0% | 12.8% | 13.3% |
| RATIOS | 12/2014 | 12/2015 | 12/2016 | 12/2017 | 12/2018e | 12/2019e |
| Net Debt/Equity | 0.2 | 0.0 | 0.0 | 0.1 | 0.1 | -0.1 |
| Net Debt/EBITDA | 0.7 | 0.0 | 0.0 | 0.4 | 0.3 | -0.3 |
| Interest cover (EBITDA/Fin.interest) | 18.5 | n.m. | 70.6 | 92.1 | n.m. | n.m. |
| Capex/D&A | -129.8% | -121.3% | -247.3% | -311.2% | -505.9% | -100.0% |
| Capex/Sales | 5.5% | 5.1% | 8.0% | 10.9% | 18.1% | 3.7% |
| NWC/Sales | 8.0% | 6.4% | 8.2% | 10.1% | 6.7% | 6.7% |
| ROE (average) | 16.6% | 34.9% | 31.0% | 25.2% | 25.5% | 23.5% |
| ROCE (adj.) | 13.2% | 31.1% | 28.4% | 20.4% | 19.3% | 22.2% |
| WACC | 7.8% | 7.8% | 7.8% | 7.8% | 7.8% | 7.8% |
| ROCE (adj.)/WACC | 1.7 | 4.0 | 3.7 | 2.6 | 2.5 | 2.9 |
| PER SHARE DATA (EUR)*** | 12/2014 | 12/2015 | 12/2016 | 12/2017 | 12/2018e | 12/2019e |
| Average diluted number of shares | 6.2 | 6.0 | 5.9 | 5.9 | 6.2 | 6.2 |
| EPS (reported) | 0.96 | 2.63 | 3.04 | 3.10 | 3.87 | 4.55 |
| EPS (adj.) | 0.96 | 2.63 | 3.04 | 3.10 | 3.87 | 4.55 |
| BVPS | 6.23 | 8.46 | 10.30 | 13.33 | 17.23 | 21.81 |
| DPS | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| VALUATION | 12/2014 | 12/2015 | 12/2016 | 12/2017 | 12/2018e | 12/2019e |
| EV/Sales | 0.8 | 3.6 | 3.1 | 4.7 | 4.2 | 3.6 |
| EV/EBITDA | 6.7 | 19.9 | 17.0 | 30.3 | 25.4 | 21.0 |
| EV/EBITDA (adj.)* | 6.7 | 19.9 | 17.0 | 30.3 | 25.4 | 21.0 |
| EV/EBITA | 4.8 | 16.1 | 14.4 | 24.7 | 20.8 | 17.3 |
| EV/EBITA (adj.)* | 4.8 | 16.1 | 14.4 | 24.7 | 20.8 | 17.3 |
| EV/EBIT | 10.7 | 25.9 | 20.8 | 39.1 | 32.5 | 26.9 |
| EV/EBIT (adj.)* | 10.7 | 25.9 | 20.8 | 39.1 | 32.5 | 26.9 |
| P/E (adj.) | 12.7 | 30.6 | 25.6 | 46.9 | 40.9 | 34.8 |
| P/BV | 2.0 | 9.5 | 7.5 | 10.9 | 9.2 | 7.2 |
| Total Yield Ratio | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| EV/CE | 2.0 | 11.5 | 8.4 | 11.4 | 8.9 | 8.5 |
| OpFCF yield | 3.0% | 3.9% | 1.0% | -1.4% | -0.5% | 2.6% |
| OpFCF/EV | 2.6% | 3.9% | 1.0% | -1.4% | -0.5% | 2.6% |
| 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 | 12/2017 | 12/2018e | 12/2019e |
| Price** (EUR) | 12.16 | 80.50 | 77.75 | 145.35 | 158.00 | 158.00 |
| 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 | 900 | 979 | 979 |
| Net Debt | 9 | 0 | 1 | 12 | 11 | -16 |
| <i>o/w Cash & Marketable Securities (-)</i> | <i>-12</i> | <i>-25</i> | <i>-22</i> | <i>-14</i> | <i>-14</i> | <i>-41</i> |
| <i>o/w Gross Debt (+)</i> | <i>21</i> | <i>25</i> | <i>23</i> | <i>26</i> | <i>25</i> | <i>25</i> |
| Other EV components | 0 | 0 | 0 | 0 | 0 | 0 |
| Enterprise Value (EV adj.) | 85 | 499 | 483 | 912 | 990 | 963 |

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/FinSvcs 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.



Recommendations and Disclosures

| Coverage | Analyst | Target | Rating | Disc. | Coverage | Analyst | Target | Rating | Disc. |
|--------------------------------|----------|--------|------------|-------|-------------------------|----------|--------|------------|-------|
| 1&1DRILLISCHAG | Sen | 66.00 | Buy | | Merkur Bank | Häßler | 10.00 | Buy | 2/7 |
| 2GEnergy | Rüzgar | 23.50 | Accumulate | 2/3/5 | Metro AG | Bruns | 17.00 | Buy | 2 |
| Aareal Bank | Häßler | 42.00 | Neutral | | MLP | Häßler | 7.50 | Buy | 2/3 |
| adidas | Josefson | 228.00 | Accumulate | | MTU Aero Engines | Rüzgar | 130.00 | Reduce | 2 |
| Adler Modemaerkte | Josefson | 6.35 | Buy | 7 | Munich Re | Häßler | 210.00 | Accumulate | |
| ADLER Real Estate | Mayer | 17.10 | Accumulate | | Nemetschek SE | Mildner | 47.00 | Reduce | 5 |
| Aixtron | Sen | 11.60 | Accumulate | 2/3 | NexusAG | Droste | 28.00 | Buy | |
| Allianz | Häßler | 200.00 | Neutral | | Norma Group | Schuldt | 61.00 | Neutral | |
| Axel Springer | Josefson | 66.50 | Reduce | | OHB SE | Rüzgar | 40.00 | Neutral | 7 |
| Bayar | Miemietz | 118.00 | Buy | | OVH Holding AG | Häßler | 20.00 | Neutral | 2/5/7 |
| Baywa | Bruns | 33.00 | Buy | 2/7 | Patrizia | Mayer | 18.00 | Neutral | |
| BB Biotech | Miemietz | 73.00 | Buy | 7 | Pfeiffer Vacuum | Sen | 162.00 | Buy | 5 |
| Biotest | Miemietz | 18.00 | Neutral | 2/3 | Procredit Holding | Häßler | 15.00 | Buy | 2/3/5 |
| BMW | Schuldt | 105.00 | Buy | | PSI SOFTWAREAG | Mildner | 20.00 | Buy | 2/3 |
| Brenntag | Hinkel | 59.80 | Buy | 2 | Puma | Josefson | 492.00 | Buy | |
| Ceconomy AG | Bruns | 10.70 | Reduce | | PWO | Schuldt | 51.00 | Buy | 2/3 |
| Cenit | Droste | 22.50 | Buy | | Rheinmetall | Rüzgar | 118.00 | Neutral | |
| comdirect | Häßler | 11.20 | Neutral | | RIB Software | Mildner | 25.00 | Buy | 2/3 |
| Commerzbank | Häßler | 13.00 | Neutral | | RTL Group | Josefson | 72.00 | Accumulate | |
| Continental | Schuldt | 270.00 | Buy | | S&TAG | Sen | 21.00 | Buy | 2/3 |
| CORESTATE Capital Holding S.A. | Mayer | 72.00 | Buy | 2/5 | SAF-Holland | Schuldt | 17.00 | Neutral | 7 |
| CTS Eventim | Heilmann | 39.50 | Neutral | | Schaeffler | Tanzer | 14.30 | Buy | |
| Daimler AG | Schuldt | 80.00 | Accumulate | | Schaltbau Holding AG | Becker | 32.20 | Buy | 2/7 |
| Daldrup & Soehne | Becker | 14.50 | Buy | 2/3/5 | SCOUT24 | Heilmann | 31.00 | Reduce | 2 |
| Demire | Mayer | 4.55 | Buy | 2/5 | Siegfried Holding AG | Miemietz | 338.00 | Neutral | |
| Deutsche Bank | Häßler | 14.00 | Buy | | Siemens Healthineers AG | Rüzgar | 35.50 | Accumulate | 2 |
| Deutsche EuroShop | Mayer | 33.00 | Neutral | | SLM Solutions | Sen | 24.00 | Sell | |
| Deutsche Pfandbriefbank | Häßler | 13.50 | Neutral | | SMT Scharf AG | Rüzgar | 16.70 | Buy | 2/3 |
| Deutsche Telekom | Sen | 13.30 | Neutral | | Software AG | Mildner | 30.00 | Sell | |
| Duerr | Augustin | 120.00 | Buy | | Stabilus | Tanzer | 91.00 | Buy | |
| EringKlinger | Schuldt | 10.00 | Sell | | Suedzucker | Bruns | 12.00 | Sell | |
| elumio SE | Josefson | 10.90 | Accumulate | | Suess MicroTec | Sen | 13.80 | Accumulate | 2/3 |
| Epigenomics AG | Miemietz | 4.72 | Accumulate | 2/3 | Surteco | Mildner | 30.50 | Buy | 2/3 |
| Euromicron AG | Droste | 13.00 | Buy | 2/3/5 | Symrise AG | Hinkel | 67.00 | Neutral | |
| Eyemaxx Real Estate | Mayer | 16.00 | Buy | 2/5/7 | Syzygy AG | Heilmann | 11.50 | Accumulate | 2/3 |
| Ferrat um | Häßler | 30.00 | Buy | | TAKKT AG | Bruns | 18.50 | Neutral | 2 |
| Fielmann | Heilmann | 70.00 | Neutral | | Talanx Group | Häßler | 40.00 | Accumulate | |
| Freenet | Sen | 36.00 | Buy | 2 | Technotrans | Becker | 45.70 | Neutral | 2/3 |
| Fuchs Petrolub | Hinkel | 48.00 | Neutral | | TELECOLUMBUS | Sen | 11.00 | Buy | |
| Gea Group | Augustin | 39.00 | Neutral | | Telefonica Deutschland | Sen | 3.40 | Sell | |
| Gerresheimer AG | Rüzgar | 69.00 | Neutral | | United Internet | Sen | 63.00 | Buy | |
| Gerry Weber | Josefson | 8.00 | Neutral | | Vapiano | Bruns | 26.50 | Buy | 2/7 |
| Gesco | Becker | 36.00 | Accumulate | 2/3/5 | va-Q-tec | Sen | 17.00 | Neutral | 2/3/5 |
| GFT Technologies | Mildner | 15.50 | Buy | 2/3 | Viscom | Rüzgar | 28.00 | Buy | 2/3 |
| Gigaset | Sen | 0.85 | Accumulate | 2/3 | Volkswagen | Schuldt | 162.00 | Neutral | |
| Grenke | Häßler | 90.00 | Neutral | | Wacker Neuson SE | Becker | 27.20 | Neutral | |
| Hannover Re | Häßler | 110.00 | Neutral | | windeln.de | Josefson | 3.10 | Buy | 2 |
| Heidelberg Pharma | Miemietz | 3.50 | Accumulate | 2/3 | XING SE | Heilmann | 300.00 | Buy | |
| Heidelberg Druck | Augustin | 3.60 | Buy | | Zalando | Josefson | 44.50 | Neutral | |
| HELLA GmbH & Co. KGaA | Tanzer | 57.00 | Accumulate | | | | | | |
| Hornbach Holding | Bruns | 89.00 | Buy | | | | | | |
| Hugo Boss | Josefson | 81.00 | Buy | | | | | | |
| Hypoport AG | Häßler | 172.00 | Accumulate | 2/7 | | | | | |
| INDUS Holding AG | Becker | 64.50 | Neutral | | | | | | |
| K+S AG | Hinkel | 24.40 | Neutral | | | | | | |
| Koenig & Bauer | Augustin | 72.00 | Neutral | | | | | | |
| Krones AG | Augustin | 123.00 | Accumulate | | | | | | |
| KWSSAAT | Hinkel | 348.00 | Buy | | | | | | |
| Lanxess | Hinkel | 83.00 | Buy | | | | | | |
| Leoni | Schuldt | 57.00 | Neutral | | | | | | |
| Linde | Hinkel | 176.00 | Neutral | | | | | | |
| Logwin | Mildner | 148.00 | Neutral | 2/3/5 | | | | | |
| Manz AG | Rüzgar | 35.00 | Neutral | 2/3 | | | | | |
| MAX Automation AG | Becker | 9.40 | Buy | 2/3/5 | | | | | |
| Merck | Miemietz | 112.00 | Buy | | | | | | |

* =Coverage suspended

Source: equinet Recommendations



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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

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Sources

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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 |
|------------|----------------|--------------|----------------------|
| 07. Mai 18 | Accumulate | 172.00 | 158.00 |
| 01. Nov 17 | Buy | 164.00 | 126.10 |
| 10. Okt 17 | Accumulate | 164.00 | 152.90 |
| 03. Aug 17 | Accumulate | 131.00 | 119.15 |
| 08. Mai 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)**.

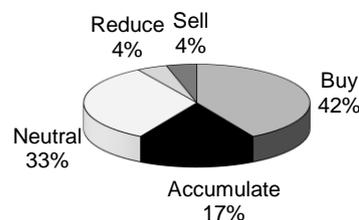
Furthermore, in specific cases and for a limited period of time, the analysts are allowed to rate the stocks as **Rating Suspended (RS)** or **Not Rated (NR)**, as explained below.

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
- **Rating Suspended:** the rating is suspended due to a change of analyst covering the stock or a capital operation (take-over bid, SPO, ...) where the issuer of the document (a partner of ESN) or a related party of the issuer is or could be involved
- **Not Rated:** there is no rating for a company being floated (IPO) by the issuer of the document (a partner of ESN) or a related party of the issuer

Certain flexibility on the limits of total return bands is permitted especially during higher phases of volatility on the markets

Equinet Bank Ratings Breakdown



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

Date and time of production: 7 May 2018: 17:30 CET

First date and time of dissemination: 7 May 2018: 17:35 CET

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