

Investment Research

Reason: Initiation of Coverage

25 August 2016

Buy

Share price: EUR 83.76

closing price as of 24/08/2016

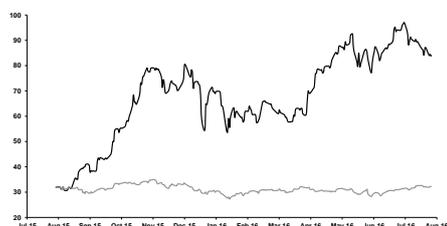
Target price: EUR 100.00

Reuters/Bloomberg HYQGn.DE/HYQ GR

Daily avg. no. trad. sh. 12 mth	14,319
Daily avg. trad. vol. 12 mth (m)	1,200.98
Price high 12 mth (EUR)	97.00
Price low 12 mth (EUR)	30.73
Abs. perf. 1 mth	-11.0%
Abs. perf. 3 mth	-1.7%
Abs. perf. 12 mth	194.9%

Market capitalisation (EURm)	519
Current N° of shares (m)	6
Free float	63%

Key financials (EUR)	12/15	12/16e	12/17e
Sales (m)	139	155	171
EBITDA (m)	25	31	35
EBITDA margin	18.0%	19.7%	20.3%
EBIT (m)	19	25	29
EBIT margin	13.9%	16.2%	17.0%
Net Profit (adj.)(m)	16	19	23
ROCE	31.1%	40.8%	49.3%
Net debt/(cash) (m)	(0)	(20)	(43)
Net Debt Equity	0.0	-0.3	-0.5
Net Debt/EBITDA	0.0	-0.6	-1.2
Int. cover(EBITDA/Fin.int)	171.8	20.4	23.1
EV/Sales	3.6	3.2	2.8
EV/EBITDA	19.9	16.3	13.7
EV/EBITDA (adj.)	19.9	16.3	13.7
EV/EBIT	25.9	19.9	16.3
P/E (adj.)	31.4	26.7	22.7
P/BV	9.5	7.2	5.5
OpFCF yield	3.9%	3.7%	4.5%
Dividend yield	0.0%	0.0%	0.0%
EPS (adj.)	2.56	3.14	3.69
BVPS	8.46	11.60	15.29
DPS	0.00	0.00	0.00



Source: Factset —HYPOPORT AG — CDAX (Rebased)

Shareholders: Slabke 37%;

For company description please see summary table footnote

Riding high on the low interest rate wave

Hypoport (HYP) is a financial services company focusing on the distribution of real estate loans both to retail and to commercial customers. Its key product is EUROPACE, an electronic marketplace for (mortgage) loans, through which banks can better process their loan business and banks/sales organisations have access to basically all loan providers in Germany. Through its Dr. Klein branch network HYP is furthermore selling financial service products, mainly mortgage loans, to retail customers. We expect the interest rates to remain low and therefore we forecast new mortgage loan volumes to remain on high levels; furthermore HYP should be able to gain further market shares. Hence, we forecast average annual revenue growth of 10% between 2015 and 2018e, annual net profit growth should amount to 18%. We recommend buying the shares with a target price of EUR 100.

- ✓ **Market environment should remain benign:** Driven by the low interest rate environment and a positive pricing development of the German housing market which is supported by an excess demand for apartments we expect new business mortgage volumes to remain on high levels in the coming quarters. The new WIKR regulation has led to some somewhat lower new business mortgage volumes in Q2 due to the uncertainty around the new regulation and due to the required changes in the banks' processes. This should however be only of temporary nature.
- ✓ **EUROPACE should win further market shares:** EUROPACE is the leading independent electronic marketplace for loans, particularly mortgage loans in Germany. We expect EUROPACE to win additional new customers in the coming years as the marketplace helps customers to more efficiently process the existing loan business and to be able to offer retail customers a wider product range. Particularly the former aspect should gain in importance as banks should come more under pressure from rising regulatory requirements and revenue pressure because of the low rate environment; thus costs will more and more come into focus.
- ✓ **Dr. Klein in growth mode again:** Dr. Klein, a financial agents network, has been underperforming in recent years due to high cancellation rates. This led to reimbursement of paid commissions from Hypoport to insurance companies which burdened the P&L. This problem has been solved and Dr. Klein is now in pole position to benefit from an expected continued strong demand for mortgage loans.
- ✓ **Financials:** We forecast revenue growth of 10% p.a. and net profit growth of 18% p.a. for the next three years (CAGR 2015-2018e). Main revenues drivers should be a continued positive mortgage market, a growing market share of Hypoport both in the commercial and in the retail segment and the realization of economies of scale as particularly EUROPACE has a highly scalable business model.
- ✓ **Valuation and Recommendation:** Our valuation is based upon a DCF model. Thus we have derived a target price of EUR 100. Given an upside of more than 15% we initiate coverage on Hypoport shares with a Buy rating and a target price of EUR 100.

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For important disclosure information, please refer to the disclaimer page of this report



CONTENTS

Investment Case	3
Valuation	4
DCF valuation	4
Peer Group Analysis	5
Triggers & Swot Analysis	7
Company Profile	9
Company overview	9
Market Environment	13
Competition	17
Key Earnings Drivers	19
Financials	22
P&L Analysis	22
Appendix I – Management	25
Appendix II – NKK Programm Service AG	26
ESN Recommendation System	39

Investment Case

Market environment should remain benign: Driven by the low interest rate environment and a positive pricing development of the German housing market we expect new business mortgage volumes to remain on high levels in the coming quarters. The new WIKR regulation has led to some somewhat lower new business mortgage volumes in Q2 due to the uncertainty around the new regulation and due to the required changes in the banks' processes. This should however be only of temporary nature as demand for residential real estate property should remain high.

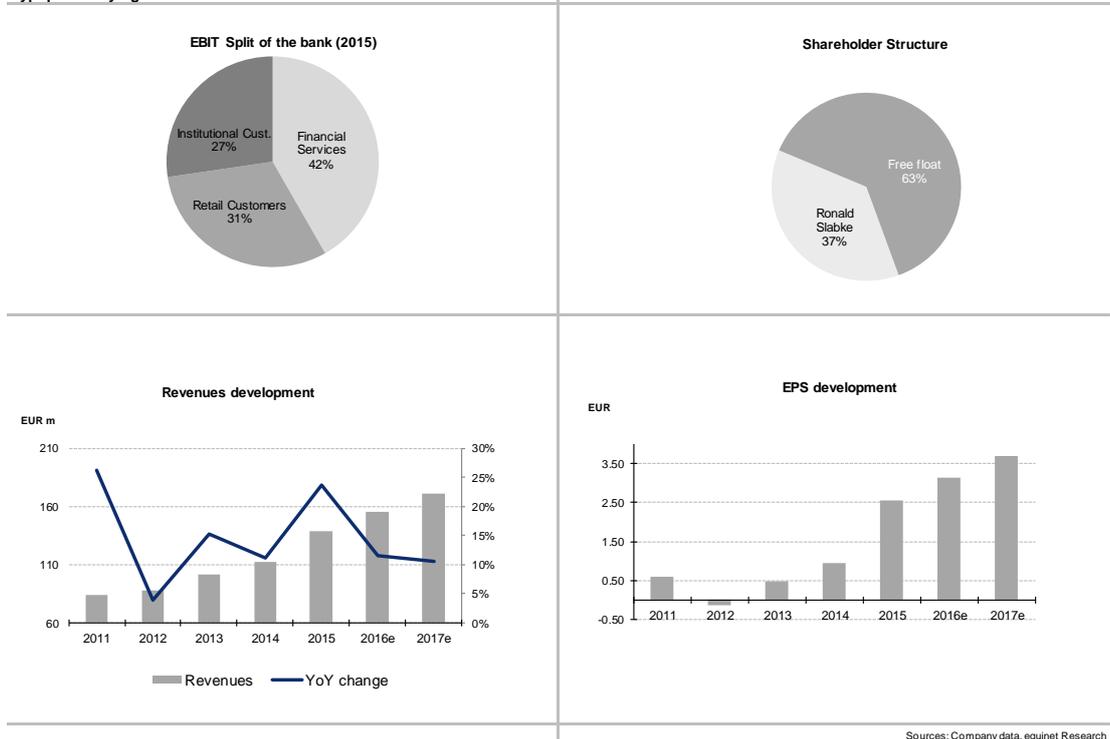
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Dr. Klein in growth mode again: Dr. Klein, a financial agents network, has been underperforming in recent years due to high cancellation rates. This led to reimbursement of paid commissions from Hypoport to insurance companies which burdened the P&L. This problem has been solved and Dr. Klein is now in pole position to benefit from an expected continued strong demand for mortgage loans.

Financials: We forecast revenue growth of 10% p.a. and net profit growth of 18% p.a. for the next three years (CAGR 2015-2018e). Main revenues drivers should be a continued positive mortgage market, a growing market share of Hypoport both in the commercial and in the retail segment and the realization of economies of scale as particularly EUROPACE has a highly scalable business model.

Valuation and Recommendation: Our valuation is based upon a DCF model. Thus we have derived a target price of EUR 100. Given an upside of more than 15% we initiate coverage of the shares with a Buy rating and a target price of EUR 100.

Hypoport - Key figures at a Glance



Sources: Company data, equinet Research

Valuation

Our target price of EUR 100 is solely derived from a DCF-based valuation. We have also conducted a peer group valuation but have not taken it into account for the target price calculation as the peers' business model differ in our view too much from HYP's business model. Given an upside of more than 15% we recommend buying the shares with a target price of EUR 100.

DCF valuation

Our DCF valuation results in a fair value of EUR 100 and is based upon three different time phases. In the first time phase (2016e-2019e) we use our detailed earnings estimates; in the second time phase (2020e-'25e) we have not made detailed estimates but work with assumptions for revenues and EBIT margin growth. The last phase is from 2026e onwards – we have made an assumption for the terminal value growth. Our DCF model is based upon the following parameters:

- We use a WACC of 7.8% which is calculated according to the ESN methodology, taking a risk free rate of 3.50% and risk premium of 5.0%. Beta is calculated at 1.0.
- We calculate with an average tax rate of 17%.
- We use a terminal value growth of 2%.
- Average revenue growth for phase 1 is 9% p.a., average EBIT growth is forecasted to be at 12% p.a. For phase 2 we calculate with 6% (revenue growth p.a.) and 4% (EBIT growth p.a.).
- The total enterprise value is EUR 579m, of which 62% comes from the terminal value and 15% from phase I and 23% from phase II.

DCF Model

Expectations in EUR m	Phase I				Phase II						Phase III
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	
Revenues	155	171	187	202	216	231	244	258	271	283	
<i>growth rate</i>	115%	10.5%	9.0%	8.0%	7.3%	6.6%	6.0%	5.5%	5.0%	4.5%	
EBIT	25	29	32	35	39	41	43	45	47	48	
<i>EBIT Margin</i>	16.2%	17.0%	17.3%	17.6%	17.9%	17.7%	17.5%	17.4%	17.2%	17.0%	
Tax	-4	-5	-5	-6	-7	-7	-7	-8	-8	-8	
<i>Tax rate</i>	17.0%	17.0%	17.0%	17.0%	17.0%	17.0%	17.0%	17.0%	17.0%	17.0%	
Depreciation	6	6	6	7	7	8	8	9	9	9	
<i>% of revenue</i>	3.5%	3.2%	3.2%	3.2%	3.3%	3.3%	3.3%	3.3%	3.3%	3.3%	
Capex	-8	-8	-8	-8	-9	-9	-10	-10	-11	-11	
<i>% of revenue</i>	5.2%	4.7%	4.3%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	
Change in Working Capital	0	2	2	2	2	2	2	3	3	3	
<i>% of revenue</i>	-0.3%	-12%	-1%	-10%	-10%	-10%	-10%	-10%	-10%	-10%	
Free Cash Flow	19	24	27	30	33	35	36	38	39	41	723
<i>growth rate</i>	-14%	26.1%	12.5%	11.5%	9.0%	5.6%	5.0%	4.5%	4.0%	3.5%	2.0%
Present Value CF	19	22	23	23	24	23	23	22	21	20	360
PV Phase I		86			Market Cap	500		Target equity ratio	80%		
PV Phase II		133			Risk premium	5.00%		Beta	1.0		
PV Phase III		360			Risk-free rate	3.50%		WACC	7.8%		
Enterprise value		579			Sensitivity			Growth in Phase III			
+ Cash		47			Analysis		1.0%	1.5%	2.0%	2.5%	3.0%
- Debt		14				6.98%	103	108	115	124	135
Equity Value		611				7.37%	96	101	107	114	123
Number of shares		6			WACC	7.76%	91	95	100	106	113
						8.15%	86	90	94	99	105
Value per share		100				8.54%	82	85	89	93	98

Sources: equinet Research

Peer Group Analysis

We have set up two different peer groups, one with German competitors and one with European competitors.

Our German peer group consists of different German financial service companies. The companies that we have selected are also active in the Financial Service sector, the companies range from online banks to leasing companies. Unfortunately, the best comparable company for Hypoport, Interhyp, is not a listed company anymore. In our view the business models of the peer group members are only partially comparable with Hypoport's as they do not operate in the same market environment. Hence, we do not think that it makes sense to use them as peers. Below we show the valuation multiples of other German financial service companies.

Valuation overview selected German Financials

Company	Share Price (EUR)	MC (EUR m)	PER 2016e	PER 2017e	P/B 2016e	P/B 2017e	ROE 2016e	ROE 2017e	EV/EBIT '16e	EV/EBIT '17e	EV/Sales '17e	EV/Sales '17e
comdirect bank AG	9.48	1,339	19.5x	25.1x	2.1x	2.1x	10.8%	8.4%	na	na	na	na
Ferratum	20.81	449	25.5x	14.8x	9.5x	7.5x	37.4%	50.7%	19.6	13.4	3.2	2.3
GRENKE AG	174.90	2,583	25.9x	22.4x	4.0x	3.5x	15.4%	15.6%	na	na	na	na
MLP AG	3.82	418	29.1x	14.0x	1.1x	1.1x	3.7%	7.5%	44.2	23.5	1.5	1.5
OVH Holding AG	16.63	237	29.1x	29.5x			10.0%	9.7%	8.7	8.4	0.6	0.6
PATRIZIA Immobilien	23.47	1,791	7.5x	20.9x	2.3x	2.2x	31.4%	10.6%	na	na	na	na
Average	Share Price		PER 2016e	PER 2017e	P/B 2016e	P/B 2017e	ROE 2016e	ROE 2017e	EV/EBIT '16e	EV/EBIT '17e	EV/Sales '17e	EV/Sales '17e
Average			22.8x	21.1x	3.8x	3.3x	18.1%	17.1%	24.1	15.1	1.8	1.5
Hypoport AG	84.48	523	19.3x	15.1x	5.7x	4.4x	26.4%	25.7%	22.4x	18.1x	3.2x	2.8x

Source: Factset, equinet

Our European peer group consists of different European financial service companies. The companies that we have selected are also active in the Financial Service sector, ranging from Fineco to VZ Holding. Like in the case of the German peers the companies are however only partially comparable with HYP. A peer group valuation makes even less sense as not only the business model differ to a large extent but the companies are also operating in different countries. Hence, we do not think that it makes sense to use them as peers. Below we show the valuation multiples of other European financial service companies.

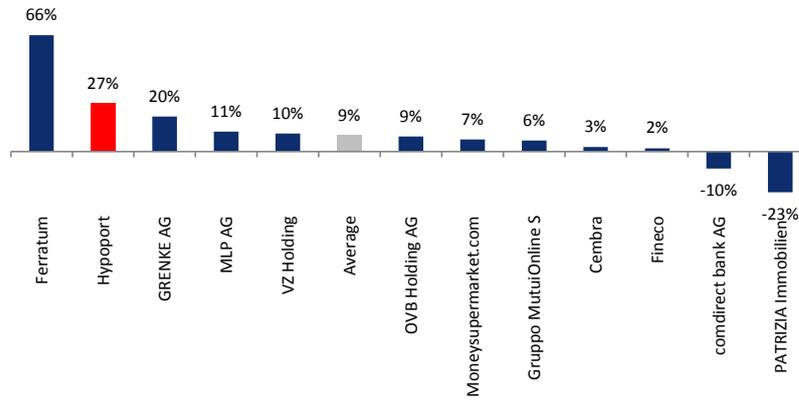
Valuation overview selected European Financials

Company	Share Price (EUR)	MC (EUR m)	PER 2016e	PER 2017e	P/B 2016e	P/B 2017e	ROE 2016e	ROE 2017e	EV/EBIT '16e	EV/EBIT '17e	EV/Sales '17e	EV/Sales '17e
VZ Holding	278.8	2,216	25.6x	22.5x	5.2x	4.5x	20.2%	20.0%	na	na	na	na
Moneysupermarket.com	3.0	1,650	19.6x	18.2x	9.0x	7.8x	45.9%	43.0%	16	15	5	5
Gruppo MutuiOnline S	7.5	275	13.7x	12.3x					10	9	2	2
Fineco	5.4	3,274	17.0x	16.5x	4.9x	4.7x	28.7%	28.5%	na	na	na	na
Cembra	70.6	1,988	13.9x	14.1x	2.4x	2.3x	16.9%	16.1%	na	na	na	na
Average	Share Price		EPS 2016	EPS 2017	BVPS 2016	BVPS 2017	ROE 2016	ROE 2017	EV/EBIT '16e	EV/EBIT '17e	EV/Sales '17e	EV/Sales '17e
Average			18.0x	16.7x	5.4x	4.8x	27.9%	26.9%	13.0	11.6	3.8	3.5
Hypoport AG	84.48	523	19.3x	15.1x	5.7x	4.4x	26.4%	25.7%	22.4x	18.1x	3.2x	2.8x

Source: Factset, equinet

Another important difference between Hypoport and its "peers" is HYP's higher expected earnings growth rate. HYP is growing much faster in terms of earnings than its peers which is difficult to take into account for the peer group valuation as well.

Earnings Growth Rates of Peers
 (EPS CAGR '15-'17e; sources: Factset, equinet)



Triggers & Swot Analysis

Triggers & Drivers

Uncertainty around regulation is going to be removed: Currently, uncertainty about the ongoing implementation of the Wohnimmobilienkreditrichtlinie (WIKR = „Real estate mortgage regulations“) is relatively high. Thus, some banks are rather cautious in writing new business which burdens the overall market. We expect the uncertainty about this regulation to disappear in the coming months which should have c.p. a positive impact on new business volumes. We would even not rule out some changes to the WIKR as criticism by banks at the WIKR has been quite high.

Investors' focus further increases: Currently, HYP is covered by two analysts (excl. equinet). In case of more analysts covering the stock, investors' interest should also further increase which should have c.p. a positive impact on the share price development.

Strong new mortgage loan volume figures: Deutsche Bundesbank will publish new mortgage loan volume figures for July on August 31. A continuing recovery of the recently weakened figure should be seen positively by the market as it would indicate that the negative impact from WIKR is running out (see page 14 for more details).

STRENGTHS

EUROPACE as key asset: EUROPACE is the largest electronic marketplace for loans in Germany. As we expect the trend to continue that more and more banks use such platforms either to use the web-based platform for the handling of the own loan business or to be able to offer its customers a wider range of mortgage loan offerings, we expect EUROPACE to win further market share.

Highly scalable business model: Hypoport's business model is highly scalable as its EUROPACE platform is a web-based platform which has relatively low incremental costs with each new partner added to the platform, i.e. with rising revenues profitability should increase more than proportionately.

WEAKNESS

High dependency on German residential real estate market: Key earnings source of Hypoport is the brokerage of real estate loans to retail and institutional customers. Hence, the company is highly dependent on the German residential real estate market and a significant deterioration of the market would be clearly negative for Hypoport.

OPPORTUNITIES

Further decline in mortgage rates: Another fall in mortgage rates should lead c.p. to a further increase in mortgage loan demand.

New partners for EUROPACE: Having only around 30% of the German savings and mutual banks under contract for EUROPACE we see the chance for Hypoport that it further increases the number of its EUROPACE partners in the coming years, particularly that more banks will use EUROPACE for its own mortgage business.

EUROPACE as winner from "WIKR": Mortgage loan brokerage platforms like EUROPACE may even win market shares due to the introduction of tighter regulation as they should be able to find the suitable bank even for those customers for whom it may get more difficult to get a mortgage loan due to the "WIKR".



THREATS

Strong increase in mortgage rates: A strong increase in mortgage rates could lead to a lower mortgage volume in the medium term, as higher funding costs would make real estate investments less affordable for many potential buyers.

Recession: A recession in Germany coupled with a sharp fall in real estate prices should lead to a lower demand for real estate property and thus reduced mortgage loan volumes.

SWOT Analysis

Strengths

- EUROPACE as the largest independent electronic marketplace for loans in Germany
- Highly scalable business model

Weaknesses

- High dependency on German residential real estate market

Opportunities

- Further decline in mortgage rates
- New partners for Europace
- EUROPACE as winner from "WIKR"

Threats

- Strong increase in mortgage rates
- Recession

Company Profile

Hypoport is a broker of real estate loans both to retail and institutional customers. Its key product is EUROPACE, an electronic marketplace for consumer loans through which partners can distribute third-party loans and banks can process their own loans more efficiently. Furthermore Hypoport has a network of financial agents which focuses on selling mortgage loans to retail customers. Its third business unit, which is the nucleus of Hypoport, sells real estate loans to institutional customers.

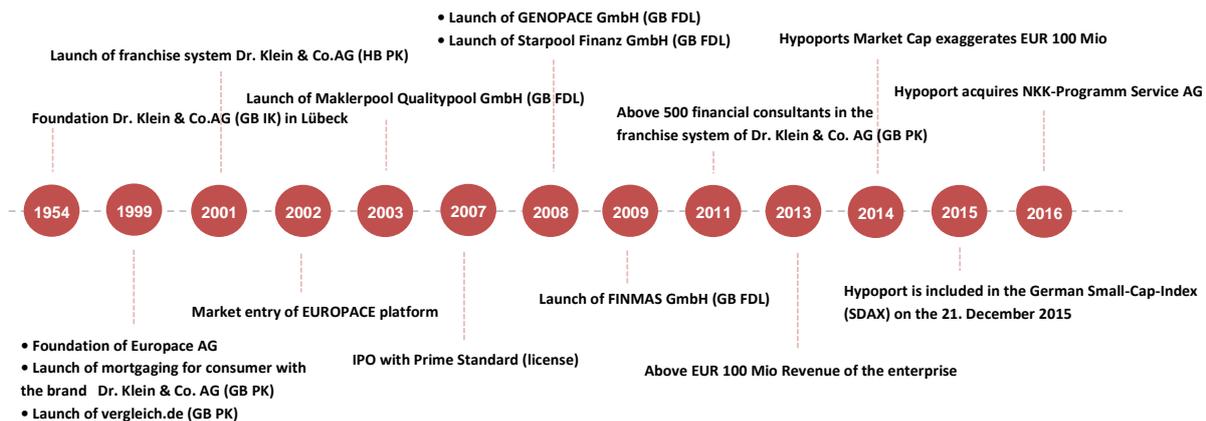
Company overview

History

Hypoport was founded as Dr. Klein & Co. AG in Lübeck in 1954. Until 1999 the company focused on the brokerage of real estate loans to institutional clients. With the foundation of EUROPACE in 1999 and the launch of the retail business (under the Dr. Klein brand) the company expanded its business model. In 2001 the franchise system under the brand Dr. Klein & Co. AG was built up. A milestone in the company's history was the market entry of the EUROPACE Platform – Hypoport started offering its mortgage loan brokerage service on a wider scale. In 2007 the company went public and further milestones in the subsequent years were the start of GENOPACE (2008) and FINMAS GmbH (2009). Last year the company achieved total revenues of more than EUR 100m and since December 2015 the Hypoport shares are a member of the SDAX.

Historical Milestones

(Sources: Hypoport, equinet)



Management

Hypoport's board consists of three members: CEO Ronald Slabke, who is also major shareholder of the company. Stephan Gawarecki is responsible for the private clients unit and Hans Peter Trampe is responsible for the institutional clients. See Appendix I for additional details.

Business Model

Hypoport is a broker of real estate loans (consumer loans do not yet play an important role) both to retail and institutional customers in Germany. In the retail segment Hypoport has built up a franchise network under the brand Dr. Klein through which its consultants are offering insurance and investment products, in addition to mortgage loans, to its customers. The heart of its business model is however its EUROPACE platform through which institutional customers have access to the loan offering of around 320 financing partners. Banks can also use the platform for the processing of their own loan business. EUROPACE

basically provides a software with which the bank (or an independent financial agent network) can make the customer a loan offer based upon his personal situation. This does not only include selecting the best mortgage loan offer for the customer but also the printing out of the contracts (incl. all legal requirements) and last but not least the loan appraisal. Hypoport receives a fee of around 10 basis points (from the bank which grants the loan) for the use of the Europace platform and in case of Dr. Klein, it also receives a fee from the bank, for which it distributes the loan, which depends on the customer type (institutional or retail). Hypoport is organized in the three following business units:

Business units of Hypoport (Sources: Hypoport, equinet)



- 1) **Financial Service Providers:** This unit comprises the technological heart of the company, its IT platform EUROPACE, which is a financial marketplace for brokering loans to private clients via institutional partners, mainly banks and mortgage loan brokers. Additionally banks use EUROPACE to better process their own mortgage loan business. EUROPACE links around 350 partners from the financing and the distribution side.

EUROPACE: An electronic marketplace for financial products

(Sources: Hypoport, equinet)



These include mainly banks but also insurance companies and financial product distributors. In 2015 the volume executed via EUROPACE amounted to more than EUR 45bn, of which 79% were mortgage loans, 17% “Bausparverträge” (building-society contracts) and 4% other consumer loans. Hypoport has founded three different companies to better serve different institutional customer groups.

GENOPACE was founded in 2008 to better service the mutual banking sector. The other shareholders (apart from Hypoport which holds 49.975% in GENOPACE) are Münchener Hypothekenbank eG, R+V Versicherung AG, WL BANK AG and Bausparkasse Schwäbisch Hall AG. At the end of Q1 2016 146 mutual banks (+4% yoy) were connected to GENOPACE, 18 of the TOP 25 mutual banks were partners. Out of the 1,021 mutual banks 14% are thus using GENOPACE.

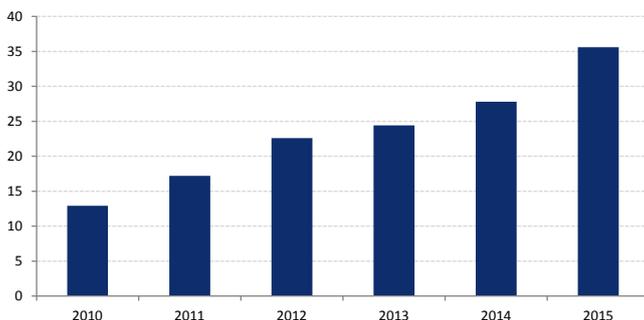
FINMAS, which was founded in 2008, is a joint venture with Ostdeutscher Sparkassenverband (OSV), the association of the Eastern German saving banks. Both partners hold 50% in FINMAS. Through FINMAS Hypoport is servicing the savings banks. At the end of Q1 2016 124 savings banks were connected to FINMAS (+9% yoy), 18 of the TOP-25 savings banks are partner of FINMAS.

Starpool Finanz GmbH is a joint venture with Deutsche Postbank AG (Hypoport holds a 49.975% stake) through which it is providing EUROPACE (plus packaging services) to smaller and mid-sized financial product distributors.

These joint ventures are only used for distribution purposes, i.e. to win new customers (savings or mutual bank).

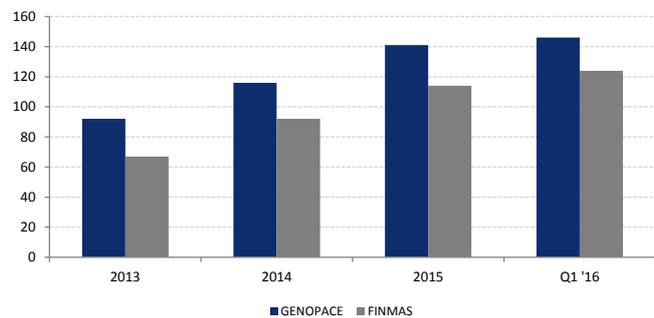
Europace: Development of real estate financing volumes

(in EUR bn; sources: Hypoport, equinet)



Development of selected Europace partners

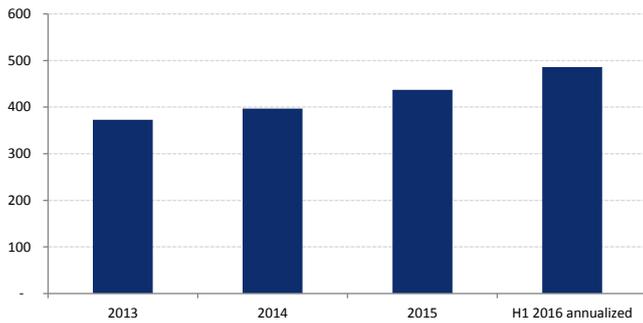
(# partners; sources: Hypoport, equinet)



- 2) **Retail Clients:** Hypoport is servicing its retail clients through its brands Dr. Klein and Vergleich.de. Dr. Klein is a network of independent sales agents who are selling mainly mortgage loans (inkl. Bauspardarlehen) to retail customers. Additionally they are also offering insurance and investment products. Dr. Klein's 476 sales agents are not employed by Dr. Klein and act thus as independent agents. The 200 branches are operating under a franchising system. Dr. Klein is thus comparable with other financial advisors networks like MLP, OVB or DVAG with the important difference that Dr. Klein is focusing on the distribution of mortgage loans. Another important difference is that Dr. Klein is consequently pursuing a multi-channel approach, i.e. customers may first get interested in Dr. Klein via the internet and can get access to an advisor via telephone or in the branches in a second step. Alternatively the customer can solely use the online distribution channel and can compare products via the product comparison website Vergleich.de and purchase those financial products online, which do not require physical presence in a branch. Last but not least Hypoport, which has no insurance companies as shareholders (with a stake >3%), claims that it has a neutral stance regarding the financial partners for whom it is distributing products.

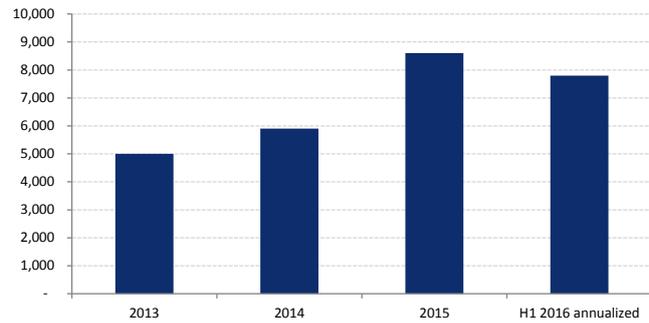
Retail Business: Development of mortgage consultants

(sources: Hypoport, equinet)



Retail Business: Development of mortgage volumes

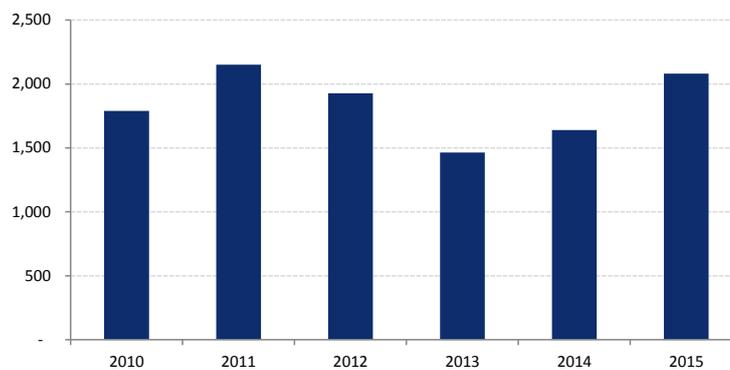
(in EUR m sources: Hypoport, equinet)



- 3) **Institutional Clients:** This business is the nucleus of Hypoport, Dr. Klein has been brokering real estate loans to institutional clients since 1954. Additionally it offers consulting services around real estate financing and insurance products. A relatively new subsidiary is EUROPACE for issuers which is based in Amsterdam and offers banks support in the analysis and reporting of securitized and collateralized loan portfolios. As can be seen from the graph below the development of business volumes was relatively volatile in years as this is a somewhat lumpy business (average transaction volume of around EUR 50m) and as business volumes do not depend to such a large extent on the interest rate levels.

Institutional Business: Dev. of transaction volumes

(in EUR m sources: Hypoport, equinet)



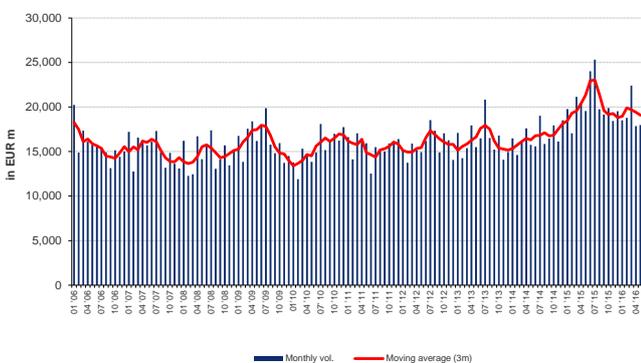
Market Environment

Driven by the low interest rate environment residential real estate prices have increased significantly in Germany in recent years. This has led with some time lag to an increasing demand for residential real estate loans. Legal changes have led to a decline in new mortgage loans in Q2; we see however no lasting effect from the “WIKR”. Generally we see a limited risk of a contraction of the residential real estate market as the excess demand for apartments should persist due to a too low construction activity coupled with migration towards metropolitan regions.

As a broker of residential real estate loans Hypoport is to a large extent dependent on the residential real estate loan generation, both in the private and institutional customers segments. Demand for residential real estate loans is influenced by the level of mortgage rates and by the overall status quo of the residential real estate market.

New residential real estate loan volumes have steadily increased in recent years, parallel to the decline in mortgage rates. While 10Y mortgage rates were still on average at above 4% five years ago, they are now at around 1% (current market rates). During the same time new business volumes have increased significantly from around EUR 15.8bn to EUR 19.4bn (moving 3 month average).

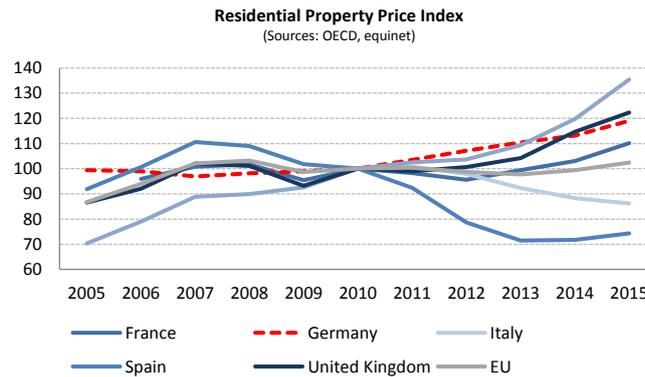
New business mortgage loans (Sources: Bundesbank, equinet)



Development of German mortgage rates >10Y (rates in %; sources: Bundesbank, equinet)



The pricing trend for residential real estate property in Germany was positive in recent years, particularly in the metropolitan areas. Residential real estate prices in Germany increased on average by 5% in 2015 (acc. to F+B Forschung und Beratung für Wohnen, Immobilien und Umwelt GmbH). In some “hot spots” like Berlin, Stuttgart and Wiesbaden apartment prices increased even by 7% (Berlin), 6% (Stuttgart/Wiesbaden). Looking at Germany in more detail it has to be noted that real estate markets are very heterogeneous, i.e. while price in some large cities and Tier 2 cities increased, the price development was negative in some rural areas, particularly in Eastern Germany. Some experts are already cautioning that the residential real estate market in Germany is approaching a bubble status. We do not think that prices for German residential real estate property is generally too high but we definitely see certain regions (like e.g. some areas in Munich or Hamburg) as being very close to the top. The overall market should however benefit from the influx of migrants which we do not expect to significantly decline in the coming years. Hence, even if price declines in selected regions cannot be ruled out, we do not expect the overall residential real estate market in Germany to crash.



Our underlying assumption is that mortgage rates will remain low (i.e. 10Yr mortgage rates below 3%) for at least another five years. Thus demand for residential real estate loans should remain high although we do not expect another acceleration in new loan generation unless mortgage or inflation rates would increase relatively strong over a short period of time – in this case demand for residential real estate loans would probably sharply increase as people would try to use the still low mortgage rates for a house/apartment purchase. Another driver would be higher inflation rates which should lead to an increased demand for residential real estate property and thus higher mortgage loan demand.

Generally the excess demand for apartments in Germany should continue to support the residential real estate market and thus mortgage loan markets in Germany (see page 19 for additional details).

Wohnimmobilienkreditrichtlinie (WIKR = „Real estate mortgage regulations“)

On March 21 2016 a new law came into effect (the so-called “Umsetzungsgesetz zur europäischen Wohnimmobilienkreditrichtlinie”) with the aim to better protect loan consumers. The law basically implements the European Directive on credit agreements for consumers

From now on, banks and lenders have to adapt their credit approval process as stricter information- and auditing standards have to be considered. The Real Estate Credit Regulations are not fixed in an independent law but in the Civil Law Code (“BGB”). These include specific requirements regarding pre-contract information, credit scoring, right of cancellation, bundle sales, prepayment penalty and foreign currency loans.

See below the key changes implemented via the new law:

- **Information requirements in the pre-signing phase:** The bank has to provide the potential customer in the pre-signing phase extensive information he/she needs. This information will be included in a standardized leaflet (ESIS) which needs to be attached to the loan contract. The basis of calculation of the effective rate of interest will be the same throughout the EU.
- **Credit Scoring:** From now on a scoring of the borrowers is an obligation. If the scoring is negative, the banks have to refuse the credit application. The bank is only allowed to conclude the loan contract if no significant doubts exist that lenders repay the contract (in case of a general consumer loan contract) or in case of a mortgage loan that it is probable that the lender will repay the loan. This is in our view one of the most important changes which has been implemented as it means that banks have to check the lenders’ availability to repay the loans much more thoroughly than before. Prior to the new regulation banks focused on both the underlying property and the personal income situation of the lender in deciding upon whether to grant a loan or not. With the new law the underlying property will

not play an important role as collateral anymore. Banks will focus solely on the lenders' capacity to repay the loan out of its running cash flow.

- **FX loans:** Borrowers who conclude a loan in a foreign currency need to be informed by fluctuations of currencies. The exchange rate is fixed in the contract and if the terminal value or the monthly payback rate is increasing by 20 percent, the customer has to be informed. As a result, they have the right to change the foreign currency to the domestic currency to reduce their risk.
- **Bundle sales** in which customers have to conclude a loan in connection with shares, savings accounts, insurances and so on are no longer allowed. Only products in the interest of the customer like building loan agreements or Riester-contracts are admitted.
- **Training requirements for advisors:** Advisors of real estate loans ("Immobilienvermittler") have to prove their expertise with a certificate, register in the Chamber of Industry and Commerce ("IHK") and be secured by a professional indemnity. Moreover, employees, who are involved in the credit approval process, require sufficient knowledge and competence.

Wohnimmobilienkreditrichtlinie (Source: equinet)



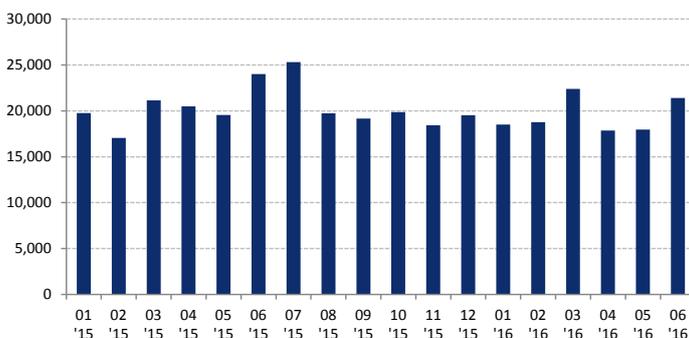
- **Compensation:** The advisors are expected to act in the best interest of the customers. Therefore the employees' compensation should not be linked to sales volume or loan contract targets.
- **Prepayment penalty:** Banks will still be able to charge the lender prepayment penalties in case of an early cancellation of the real estate loan contract (if certain preconditions are fulfilled). Importantly, the prepayment penalties will not be capped.
- **Right of cancellation:** The new regulation sets a maximum limit expiration right to up to 12 months and 14 days after conclusion of the contract even if an incorrect instruction was given. In other scenarios the right of withdrawal expires after 14 days like before which counts henceforward for zero-percent-loans as well. From now on, banks and lenders have legal certainty as the right of withdrawal is limited. For construction loans which were concluded between 01 August 2002 and 10 June 2010 lenders had a deadline of three months to cancel the loan after commencement of the act which was the 21 March 2016.

Key question for us is whether the new law will have an impact on the new business mortgage loan volume. We think that mainly the required new credit scoring may have an impact. In the past consumers were able to get a loan if they had sufficient financial assets or another property as collateral even with a small salary. These people will be unlikely to receive a loan in the future as the banks will solely focus on recurring cash flows. This change should mainly affect self-employed people, young families, pensioners and people with a low salary. This means that banks have to prove in a much deeper way whether the potential borrower will be able to pay back his loan. Key risk for the banks is in our view, that they will be sued afterwards by customers for flawed advice.

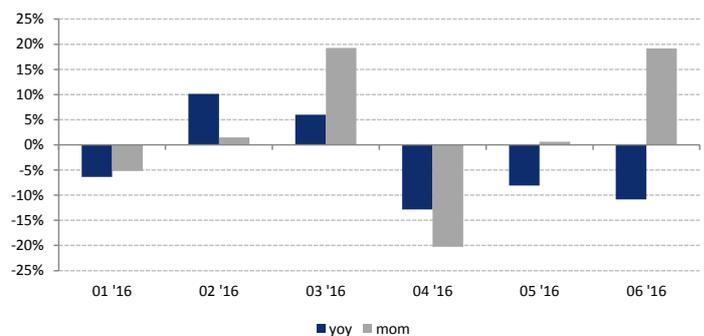
However, demand for residential property should remain high mainly because of the low interest rate environment. Therefore, we think that even despite the tighter regulation new business mortgage volumes should not be impacted in the mid-term once banks have adjusted their loan processes and have gained some experience with the law. In the beginning a somewhat dampening effect is likely as some banks may act somewhat more cautiously. In the end we 1) expect a shift in the loan customers from people with less secure/lower cash flows to people with more secure/higher cash flows, i.e. one group of residential real estate investors should be at least partially replaced by other groups. 2) We expect customers to have to talk with several banks before being able to get a mortgage loan approval as banks may interpret the WIKR differently. This means that, more often than in the past, one bank may grant a mortgage loan while another bank will not grant a loan to the same customer.

Looking at the new mortgage loan figures, which are published by the Deutsche Bundesbank on a monthly basis, it can be seen that with the WIKR becoming effective as of 21.3.2016, new mortgage loan volumes fell sharply in April 2016: -20% mom and -13% yoy. In May the situation normalized somewhat with an increase by 1% mom and a decline by 8% yoy. In June the market further recovered with an increase by 19% mom; the decline by 11% yoy must be at least partly seen as a base effect as June 2016 was one of the best months ever in terms of new mortgage loan volumes. Hence, we think it is fair to say that new mortgage loans volumes have been under pressure with the introduction of WIKR but the market seems to have normalized as banks have adjusted to the new law and adjusted their loan policies accordingly. Therefore we could imagine, that even if mortgage volumes may remain under pressure for some time because of the WIKR, as has been the case in Q2, the market should further normalize in the coming months. Mortgage loan brokerage platforms may even win market shares as they should be able to find the suitable bank even for those customers for whom it may get more difficult to get a mortgage loan.

Monthly new mortgage business volumes
(in EUR bn; sources: Bundesbank, equinet)



Development of monthly new mortgage business
(Sources: Bundesbank, equinet)



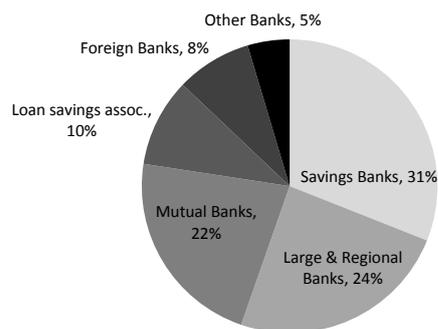
Competition

Mortgage loan origination

The German market for mortgage loans is dominated by the different banks, the savings banks with an approximate market share of 50% as market leaders, followed by the mutual banks (30% market share) and the large private banks which have each market shares below 10%. The success of ING DiBa which has significantly increased its market share during the last ten years shows however that new competitors are able to win market share. With EUR 66bn (H1 '16) ING DiBa is today one of the large single players in the residential mortgage market.

German mortgage market: Market share overview

(2016; Sources: Bundesbank, equinet)



Distribution of mortgage loans

In the past distribution of mortgage loans was primarily done by the banks that originated the loans i.e. the seller of the loan took it also on its balance sheet. There have always been financial advisors which brokered mortgage loans. However, with the start of Interhyp in 1999 the traditional link between originator and distributor of the mortgage loan loosened. With EUROPACE, Dr. Klein and the growing popularity of price comparison websites the mortgage loan distribution has become further detached from the origination. Today, banks distribute not only their own mortgage loans through their own distribution channels but also more and more sell third-party mortgage loans (instead of own loans).

Today, Interhyp is the only real competitor for Hypoport in the German mortgage brokerage market. Interhyp which was founded in 1999 and was bought by ING in 2007 follows a comparable business like HYP. It is brokering mortgage loans to retail customer through direct contact (through 100 own branches) or indirectly through B2B partners. Unlike Hypoport it has focused on mortgage loans and is not selling any other financial service products. Based upon our estimates Interhyp is the No. 1 in the retail market while Hypoport is the No. 1 in the B2B market. Key difference between the two players is the ownership of the two companies: Hypoport is an independent company while Interhyp belongs to ING.

Hypoport's Market Share Development

Based upon EUROPACE's brokered mortgage volumes and the new business mortgage volumes published by the Bundesbank, Hypoport has a market share of 13% (June 2016). Hypoport's market share has more than doubled since Q2 2010, but has declined somewhat from its peak of 15% in Q1 2015. Two comments are important in our view:

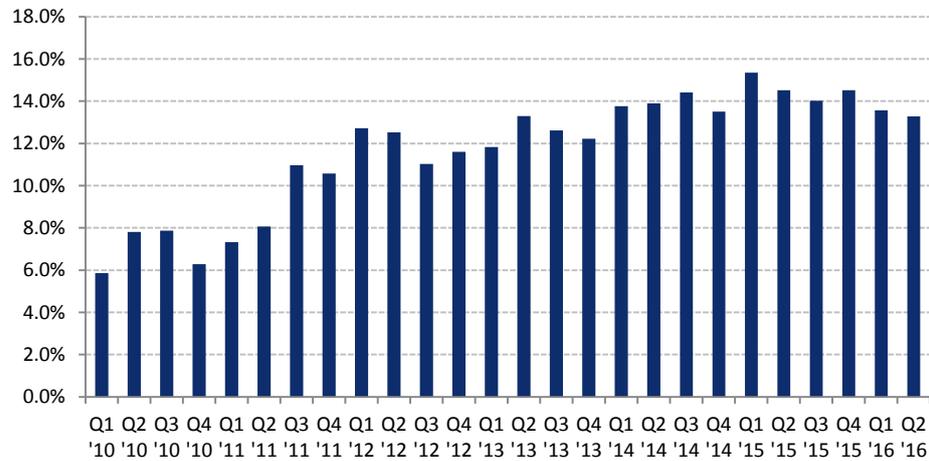
1. The EUROPACE and the Bundesbank figures are not perfectly comparable as the latter count e.g. prolongations or the sale of loan portfolios as new business, business which does not go through the EUROPACE platform (prolongations can be brokered via EUROPACE if the prolongations are signed with a new bank or in selected other special cases). Furthermore EUROPACE new business figures may

be overstated as EUROPACE counts the mailing of the loan contracts to the customers (regardless of the contracts are signed by the customers and finally approved by the banks) as new business.

2. The decline in market share compared to 2015 figures is also partially due to the switch of the EUROPACE-Frontend BaufiSmart which resulted in a statistical special effect which makes yoy comparison not possible according to Hypoport.

Market Share development of Europace

(Sources: Dt Bundesbank, Hypoport, equinet)

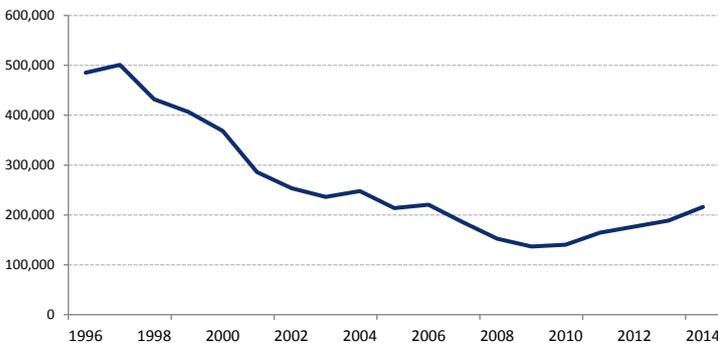


Key Earnings Drivers

We see 1) tailwind from the market environment, 2) additional customer growth at EUROPACE, 3) acceleration of the turn-around at Dr. Klein and 4) the build-up of the insurance marketplace as key earnings drivers in the coming quarters.

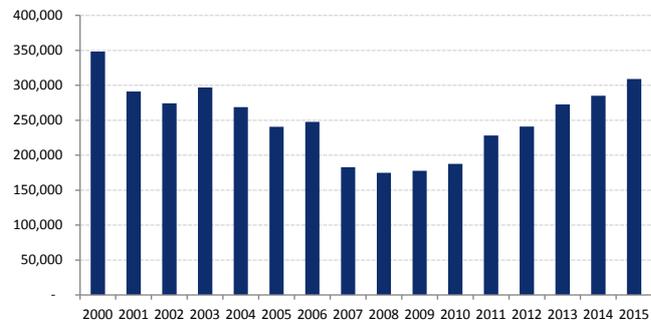
- Tailwind from the market environment:** Although we do not expect new business mortgage volumes to further increase in the coming quarters, we do not foresee any decline neither. Hence, Hypoport should benefit from a positive market environment as demand for mortgage loans should remain high. In case of a rise in long-term rates (which would result in higher mortgage rates) we would even expect a strong increase in mortgage new business volumes as the potential house/apartment investors would rush to secure the low financing costs; this is however not our baseline scenario. One important indicator for new apartment building activity is the number of building permits. As can be seen from the graph below the number of building permits has continuously increased in recent years. In H1 '16 the number of new building permits (for apartments) has increased by 30% yoy to 182,600 and has reached the highest half-year level since 2000. This should further support the demand for new mortgage loans, even if not all apartments will be necessarily bought and financed by private individuals. At the same time construction of new apartments (which is a somewhat lagging indicator compared to housing permits) seems to bottom out which should also result in higher new bus. mortgage volume.

Germany: Construction of new apartments (Sources: Destatis, equinet)



Development of housing permits in Germany

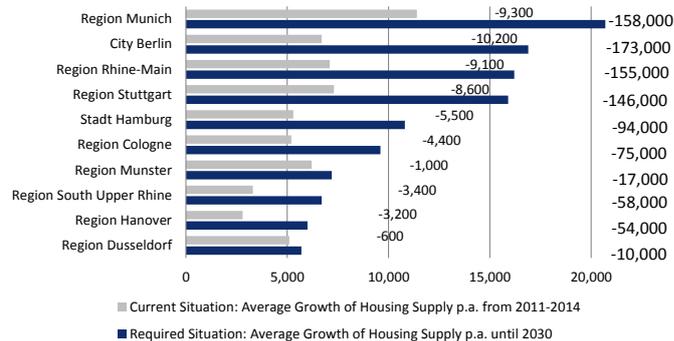
(apartments sources: destatis, equinet)



As can be seen from the graph above construction of new apartments has increased in recent years quite significantly but still does not match the increased demand which was among others driven by the urbanization trend and just recently by the high number of migrants coming to Germany. According to the DIW Germany 380,000 new apartments are needed p.a. until 2020 in Germany of which however only around 270,000 were built in 2015, i.e. a shortfall of 140,000 apartments. As can be seen from the graph below this supply deficit is not expected to change in the coming years because of a too low construction activity.

Sum of Missing Apartments until 2030

(assuming equalized housing mkt. of 1,030 ap. per 1,000 households; sources: Prognos AG, equinet)



2. **EUROPACE with additional customer growth:** Generally we see good growth potential for EUROPACE to win new partners for its platform for the following reasons:

- a. Pressure should further increase for banks to offer their customers attractive mortgage rates particularly as competition from the internet (comparison websites) and/or new competitors (Fintechs) should further increase. This means that particularly smaller banks will more and more not be able anymore to compete with other players if they take loans on their own balance sheet. This is particularly true for somewhat more special loan demands like e.g. loans with high loan-to-values which the individual bank does not want to give but specialized banks may accept such loan demands. By using EUROPACE these banks will be able to offer more attractive rates and thus be able to keep the customer. The big advantage of using EUROPACE is that banks can decide on a loan by loan basis whether they want to take the mortgage loan on their own balance sheet or rather offer the customer a mortgage loan from a third party.
- b. Even if banks continue taking mortgage loans on their own balance sheets they benefit from using EUROPACE for the processing of their mortgage business. By using the EUROPACE platform banks can reduce their IT costs. This is particularly true in a world of rising compliance and regulatory demands. With 124 savings banks FINMAS has 30% of the 415 savings banks (1.7.2015) under contract. Among the TOP 25 the penetration rate is with 72% much higher. Growth rate between 2013 and 2015 was on average at 30% p.a. or almost 30 new savings banks p.a. With 146 mutual banks GENOPACE has 14% of the total 1,046 (2014) mutual banks under contract. Like FINMAS it has a penetration rate of 72% among the TOP 25 mutual banks. The fact that the penetration rate with the smaller savings/mutual banks is still comparably low shows the growth potential for EUROPACE in our view as the benefits for the smaller banks should be much higher than for the larger banks. Even if the potential business volume per small bank is much lower than for the larger banks, the quantity of smaller banks (in the case of the mutual banks 900! are not yet using EUROPACE) means that business volume should be significant.

Looking at the brokered volumes the potential looks even more significant. FINMAS brokered a mortgage volume of around EUR 2bn in 2015 (equinet estimate based upon 2014 figures); this compares to a new business mortgage volume of the savings banks of EUR 52bn, i.e. less than 5% of the new mortgage loan business of the savings banks went through EUROPACE. For the mutual banks the figures should be similar.

Importantly most of the banks under the contract do not yet use EUROPACE to process their "own" mortgage loans but rather to be able to offer customers third-party mortgage loans and thus win customers from third-party mortgage loan brokers. This means that growth potential for Hypoport is quite significant if they succeed in convincing the existing customers to use the platform for the processing of the own mortgage loans as well.

3. **The Retail Clients unit has successfully managed the turnaround.** Following the build-up of the insurance business during 2011, the retail unit has become loss making due to an increase in cancellation rates which forced Hypoport to pay back already received commissions to the insurance companies. In 2015 Hypoport booked once again a provision with a volume of EUR 1.5m to cover legal cases. During 2014 the unit became profitable again and reached with an EBIT margin of 10% in 2015 a solid profitability level again. In Q1 2016 total revenues increased by 8% yoy to EUR 21m and EBIT margin further increased to 12%. Having

successfully restructured the insurance business, we expect this unit to benefit from a growing demand for mortgage loans as well.

4. **Build-up of insurance marketplace:** Hypoport has heavily invested into IT and increased the insurance policies under management while reducing the number of insurance back-office employees from 70 to 15. Thus, it has reached an automatization rate of 90% for its insurance brokerage business. In the future Hypoport plans to offer this insurance marketplace to third parties like it does with EUROPACE, i.e. consultants can use the insurance market place to manage insurance policies and to get access to a vast range of insurance products. In order to support these growth plans Hypoport has bought NKK in June 2016 for a lower single-digit EUR million sum. NKK, which was founded in 1988, is offering software to financial agents, insurance companies and financial service companies (See Appendix II for additional details). Hypoport has e.g. been using NKK software since 10 years.

We see good growth potential for such an insurance marketplace in the mid-term as particularly smaller financial advisors should come more and more under pressure to invest into technology to be able to compete with Fintechs. Additionally we see the risk that revenues will come further under pressure due to stricter regulations (e.g. life insurance reform act). Such an insurance marketplace through which advisors can outsource their back-office activities while being able to use state-of-the-art technology should be attractive for many investment advisors. Nevertheless we do not expect meaningful revenues coming from this latest initiative in the short term.

Financials

We forecast revenue growth of 10% p.a. and net profit growth of 18% p.a. for the next three years (CAGR 2015-2018e). Main revenues drivers should be a continued positive mortgage market, a growing market share of Hypoport both in the commercial and in the retail segment and the realization of economies of scale as particularly EUROPACE has a highly scalable business model. In the midterm new initiatives like the insurance marketplace should become important growth drivers.

P&L Analysis

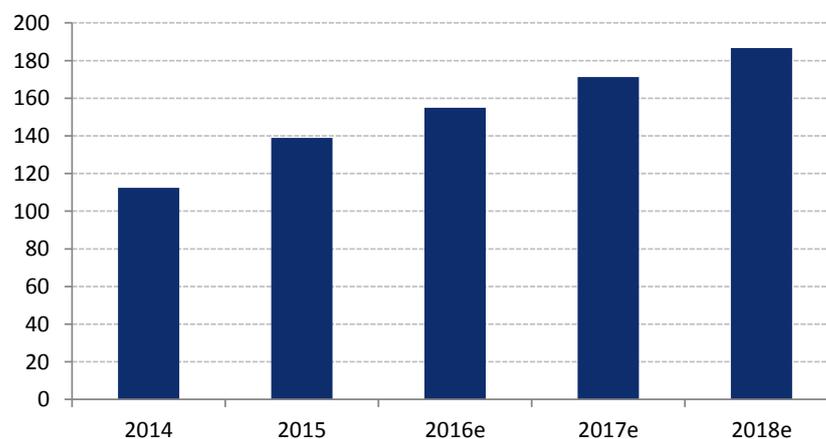
Revenue

We forecast revenue to increase by 12% yoy to EUR 155m in 2016e based upon the following scenario:

- 1) the German residential real estate market remains benign which should result in an increasing demand for new mortgage volumes,
- 2) EUROPACE should be able to win additional customers and the existing customers should do more business via EUROPACE (including a rising proportion of customers using EUROPACE for the processing of own loans),
- 3) the retail segment should benefit from the positive market environment i.e. a continued high demand for real estate properties,
- 4) for the institutional business, which is a lumpy business and difficult to forecast we forecast a slight revenue increase,
- 5) no negative impact from the WIKR on Hypoport.

For 2017e we expect revenue growth to remain on a high level with 11% yoy.

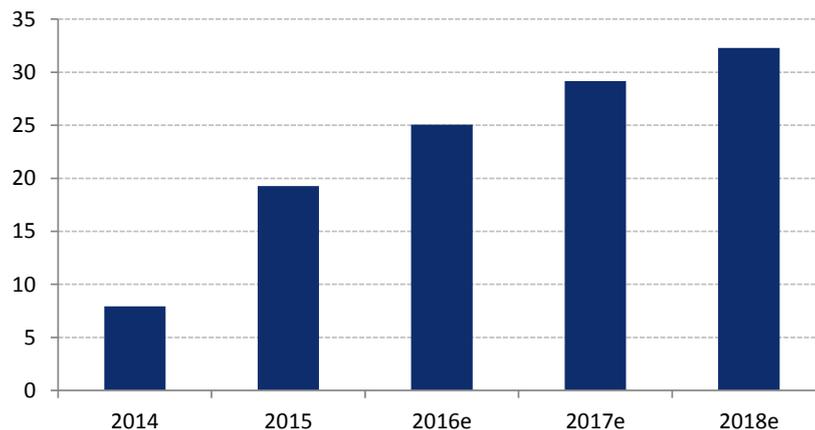
Revenue development (Sources: Hypoport, equinet)



EBIT

We forecast EBIT to grow by 30% yoy to EUR 25m in 2016e, which would be equivalent to an EBIT margin of 16.2%, an improvement by 230 basis points yoy. This assumption looks quite optimistic at first glance but can be explained by the fact that Hypoport has booked a provision of EUR 1.5m in 2015 in the retail unit for already paid commissions to advisors which have to be paid back to the insurance companies. As particularly the EUROPACE business is highly scalable EBIT should normally grow more than proportionately (relative to revenue growth); EBIT margin at EUROPACE should increase by 260 bp's yoy to 26.0% in 2016e (2017e: 27.2%). We expect however Hypoport to continue investing into its IT platforms (EUROPACE and the insurance marketplace) which should burden profitability somewhat. For 2017e we forecast a further increase of the EBIT margin by 80 bp's to 17.0% due to the expected revenue growth.

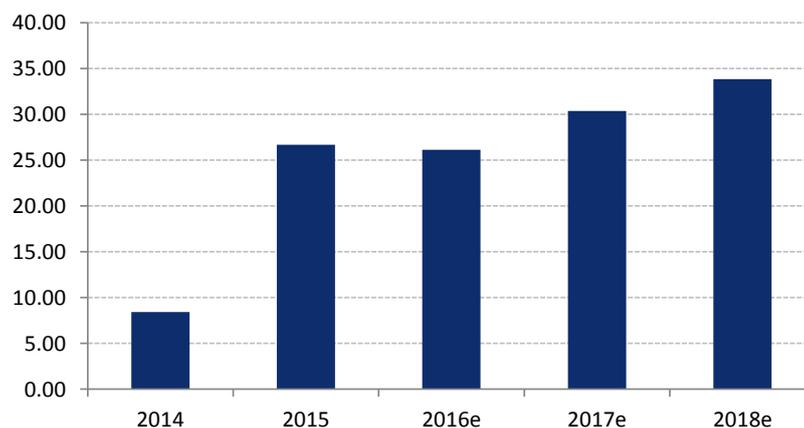
EBIT development (Sources: Hypoport, equinet)



Cash Flow

Hypoport's business model is not very cash-intensive, the main cash outflows are for salaries, rents and working capital consist mainly of payments to financial agents against which stand payments which HYP receives from its product partners. Working capital needs should not change significantly in 2016/'17e. Therefore we expect cash flow from operating activities to grow more or less in line with net profit. We neither expect any significant cash needs for investing or financing activities in the coming years.

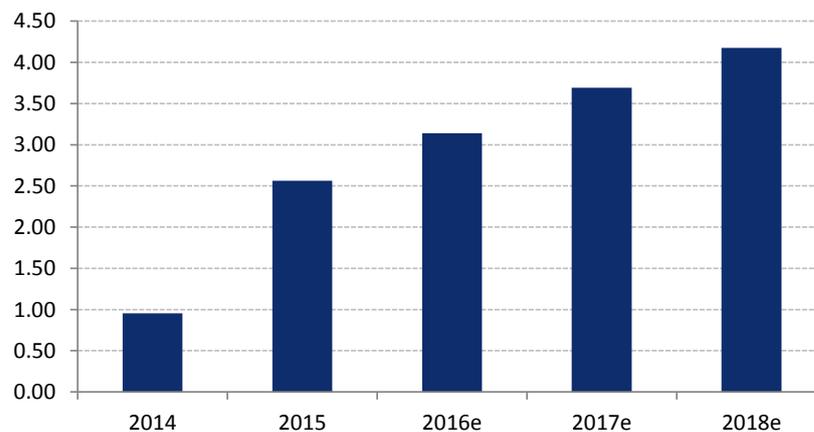
Operating Cash Flow development (Sources: Hypoport, equinet)



Equity & Dividend Strategy

With an equity ratio of 55% (12 2015) Hypoport is strongly capitalized. Net cash amounted to EUR 20m at the end of 2015. Thus it also has a solid cash position. Hypoport has not yet paid a dividend and does not plan to start paying a dividend as it sees share buy-backs as the better way to let shareholders participate in the growth/success of the company. Additionally the acquired shares can be used for future acquisitions. In H1 '16 it has bought back shares with a volume of EUR 1.9m. End of H1 2016 Hypoport held 185,115 own shares (3% of total capital) with an average acquisition price of EUR 27.

EPS development (Sources: Hypoport, equinet)



Net profit development

Hypoport has a very low tax rate of 17% as it has an Irish subsidiary (Hypoport Mortgage Market Ltd., Westport) through which a significant part of EUROPACE's revenues are booked. We expect the tax rate to remain at this level in 2016e and 2017e. Thus we forecast net profit to increase by 23% in 2016e and by 18% in 2017e which translates into EPS of EUR 3.14 and EUR 3.69, respectively.

See below how our earnings estimates compare with consensus estimates.

Comparison with consensus estimates

P&L Parameter	equinet	Consensus	Delta
Revenues 2016e	155	156	0%
EBIT 2016e	25	25	2%
EPS 2016	3.14	3.30	-5%
Revenues 2017e	171	173	-1%
EBIT 2017e	29	29	2%
EPS 2017e	3.69	3.90	-5%

Sources: Factset, equinet

Appendix I – Management

Ronald Slabke (Chairman of the Management Board)

The CEO of Hypoport worked at Westdeutsche Immobilien Bank as customer advisor after his studies in business administration. In 1996, he joined Dr. Klein & Co. GmbH & Co. KG. From this point he worked his way up. At first, Ronald Slabke worked as assistant to the managing director with full commercial power of representation (Prokura) before he became a member of the Management Board in 2000. As he shaped the business of Private Clients, his new responsibilities were private clients, information technology and finance. In 2002, Dr. Klein integrated into the Hypoport Group where he again joined the Management Board. After 3 years (2007-2010) as Co-CEO he was appointed as Chairman of the Management Board (CEO).

Stephan Gawarecki (Member of the Management Board)

As well as his colleague Ronald Slabke in the Management Board, Stephan Gawarecki studied business administration. His first area of activity was at Deutscher Ring from 1998 to 2000, where he worked in building finance on product management. In 2000, he worked a few years at FinanceScout24, and afterwards he joined the Management Board of Dr. Klein in 2004, where he is responsible for private clients insurance and investment. In 2010, he was appointed to the Management Board of Hypoport AG.

Hans Peter Trampe (Member of the Management Board)

Hans Peter Trampe holds a diploma in banking. After his studies, he joined Weberbank as corporate client relationship manager from 1993 until 1996. He then worked at Deutsche Kreditbank where he developed the entire property business covering the territory of the former West Germany. At this time, he studied business administration from 1997 to 2003. Meanwhile, he laid his focus on corporate real estate clients at Dr. Klein since 2001. In 2004, he joined the Management Board of Dr. Klein and was as well appointed to the Management Board of Hypoport AG in 2010.

Appendix II – NKK Programm Service AG

NKK Programm Services, which is headquartered in Regensburg, employs around 50 people. Its management board consists of Albert Krieger, Andreas Herzog and Dr. Oswald Peterhans. Customers include Dr.Klein, a subsidiary of Hypoport, ASI Wirtschaftsberatung, Deutsche Telekom, Hochtief and insurance companies like Allianz, AXA and HDI.

Founded in 1988, Albert Krieger and Helmut Newin developed an agent administration software (“Maklerverwaltungssoftware”) for insurance contracts at a time when this type of program was not advanced and common. In the 1990s NKK developed its software OASIS further, which was accepted by more and more customers and received a Gold-Award for agent systems of the insurance magazine by 2002. Further projects and developments were made and a broad customer basis was formed by the beginning of June 2016, when Hypoport’s subsidiary Hypoport InsurTech GmbH acquired NKK. The Hypoport Group aims to strengthen its competitiveness in the insurance business and pursues a strategy of growth in digitalization via the takeover.

The main product of NKK (“OASIS.WIN“) combines administrative, accounting and controlling tasks as well as claims handling. The software offers the opportunity to customize OASIS.WIN according to the customer’s request. Moreover NKK offers the opportunity with “Schadenmanagement CMS” to create, control and analyse damage events and generate a customizable report. A role system ensures that data is accessible for requested consultants within the company. Another product of NKK is “Risikomanagement IRS” which provides users with the possibility to accumulate, historicise, consolidate and control insurance data from internal and external sources. Furthermore NKK provides with OASIS.WEB a web based back office solution. Digitalisation of the insurance business is essential in the future including agent administration software.

OASIS.WIN – an overview (Sources: NKK, equinet)





Hypoport AG: Summary tables

PROFIT & LOSS (EURm)	12/2013	12/2014	12/2015	12/2016e	12/2017e	12/2018e
Sales	101	112	139	155	171	187
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	8.2	12.7	25.1	30.6	34.7	38.3
EBITDA (adj.)*	8.2	12.7	25.1	30.6	34.7	38.3
Depreciation	4.2	4.8	5.8	5.5	5.5	6.0
EBITA	12.3	17.5	30.9	36.1	40.2	44.3
EBITA (adj)*	12.3	17.5	30.9	36.1	40.2	44.3
Amortisations and Write Downs	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	4.0	7.9	19.3	25.1	29.2	32.3
EBIT (adj.)*	4.0	7.9	19.3	25.1	29.2	32.3
Net Financial Interest	-0.9	-0.7	-0.1	-1.5	-1.5	-1.0
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)	3.1	7.3	19.1	23.6	27.7	31.3
Tax	0.1	1.3	3.2	4.0	4.7	5.3
<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)	3.0	5.9	15.9	19.5	22.9	25.9
Net Profit (adj.)	3.0	5.9	15.9	19.5	22.9	25.9
CASH FLOW (EURm)	12/2013	12/2014	12/2015	12/2016e	12/2017e	12/2018e
Cash Flow from Operations before change in NWC	6.2	10.7	23.7	25.7	28.4	31.9
Change in Net Working Capital	3.9	-2.3	2.9	0.5	2.0	2.0
Cash Flow from Operations	10.1	8.4	26.7	26.1	30.4	33.9
Capex	-5.7	-6.2	-7.1	-7.0	-7.0	-7.0
Net Financial Investments	-1.4	-1.2	-6.9	2.8	2.1	2.1
Free Cash Flow	3.0	1.1	12.7	21.9	25.5	29.0
Dividends	0.0	0.0	0.0	0.0	0.0	0.0
Other (incl. Capital Increase & share buy backs)	-1.2	-1.1	-3.6	-2.3	-2.0	-2.0
Change in Net Debt	1.8	0.0	9.1	19.6	23.5	27.0
NOPLAT	2.8	5.6	13.5	17.5	20.4	22.6
BALANCE SHEET & OTHER ITEMS (EURm)	12/2013	12/2014	12/2015	12/2016e	12/2017e	12/2018e
Net Tangible Assets	2.3	2.2	2.6	1.1	-0.4	-1.9
Net Intangible Assets (incl. Goodwill)	29.6	31.0	31.9	33.9	35.9	37.4
Net Financial Assets & Other	0.1	0.1	0.0	1.0	2.0	3.0
Total Fixed Assets	31.9	33.3	34.5	36.0	37.5	38.5
Cash (-)	-11.5	-12.0	-24.8	-46.7	-72.1	-101
Shareholders Equity	32.8	38.6	52.4	71.9	94.7	121
Minority	0.3	0.3	0.3	0.4	0.5	0.6
Total Equity	33.1	38.9	52.7	72.2	95.2	121
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	-5.5	-1.6	-5.7	-4.6	-4.6	-4.6
Total Long Term Liabilities	-5.5	-1.6	-5.7	-4.6	-4.6	-4.6
Short term interest bearing debt	20.6	21.1	24.7	27.0	29.0	31.0
Net Working Capital	4.7	8.9	8.9	8.0	6.0	4.0
GROWTH & MARGINS	12/2013	12/2014	12/2015	12/2016e	12/2017e	12/2018e
<i>Sales growth</i>	<i>15.2%</i>	<i>11.1%</i>	<i>23.7%</i>	<i>11.5%</i>	<i>10.5%</i>	<i>9.0%</i>
EBITDA (adj.)* growth	0.3%	55.7%	97.5%	21.9%	13.5%	10.4%
<i>EBITA (adj.)* growth</i>	<i>-5.5%</i>	<i>41.4%</i>	<i>76.9%</i>	<i>16.7%</i>	<i>11.4%</i>	<i>10.2%</i>
<i>EBIT (adj)* growth</i>	<i>24.1%</i>	<i>100.1%</i>	<i>142.7%</i>	<i>30.1%</i>	<i>16.4%</i>	<i>10.6%</i>



Hypoport AG: Summary tables

GROWTH & MARGINS	12/2013	12/2014	12/2015	12/2016e	12/2017e	12/2018e
Net Profit growth	n.m.	97.0%	168.1%	22.6%	17.5%	13.1%
EPS adj. growth	n.m.	97.0%	168.1%	22.6%	17.5%	13.1%
DPS adj. growth						
EBITDA (adj)* margin	8.1%	11.3%	18.0%	19.7%	20.3%	20.5%
EBITA (adj)* margin	12.2%	15.5%	22.2%	23.3%	23.5%	23.7%
EBIT (adj)* margin	3.9%	7.1%	13.9%	16.2%	17.0%	17.3%
RATIOS	12/2013	12/2014	12/2015	12/2016e	12/2017e	12/2018e
Net Debt/Equity	0.3	0.2	0.0	-0.3	-0.5	-0.6
Net Debt/EBITDA	1.1	0.7	0.0	-0.6	-1.2	-1.8
Interest cover (EBITDA/Fin.interest)	9.3	18.5	n.m.	20.4	23.1	38.3
Capex/D&A	-136.7%	-129.8%	-121.3%	-127.3%	-127.3%	-116.7%
Capex/Sales	5.7%	5.5%	5.1%	4.5%	4.1%	3.8%
NWC/Sales	4.7%	8.0%	6.4%	5.2%	3.5%	2.1%
ROE (average)	9.6%	16.6%	34.9%	31.3%	27.5%	24.0%
ROCE (adj.)	7.6%	13.2%	31.1%	40.8%	49.3%	57.3%
WACC	7.8%	7.8%	7.8%	7.8%	7.8%	7.8%
ROCE (adj.)/WACC	1.0	1.7	4.0	5.3	6.3	7.4
PER SHARE DATA (EUR)***	12/2013	12/2014	12/2015	12/2016e	12/2017e	12/2018e
Average diluted number of shares	6.2	6.2	6.2	6.2	6.2	6.2
EPS (reported)	0.49	0.96	2.56	3.14	3.69	4.18
EPS (adj.)	0.49	0.96	2.56	3.14	3.69	4.18
BVPS	5.29	6.23	8.46	11.60	15.29	19.47
DPS	0.00	0.00	0.00	0.00	0.00	0.00
VALUATION	12/2013	12/2014	12/2015	12/2016e	12/2017e	12/2018e
EV/Sales	0.7	0.8	3.6	3.2	2.8	2.4
EV/EBITDA	8.5	6.7	19.9	16.3	13.7	11.7
EV/EBITDA (adj.)*	8.5	6.7	19.9	16.3	13.7	11.7
EV/EBITA	5.6	4.8	16.1	13.8	11.8	10.1
EV/EBITA (adj.)*	5.6	4.8	16.1	13.8	11.8	10.1
EV/EBIT	17.4	10.7	25.9	19.9	16.3	13.9
EV/EBIT (adj.)*	17.4	10.7	25.9	19.9	16.3	13.9
P/E (adj.)	19.9	12.7	31.4	26.7	22.7	20.1
P/BV	1.8	2.0	9.5	7.2	5.5	4.3
Total Yield Ratio	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
EV/CE	1.9	2.0	11.5	11.6	11.5	11.4
OpFCF yield	7.3%	3.0%	3.9%	3.7%	4.5%	5.2%
OpFCF/EV	6.3%	2.6%	3.9%	3.8%	4.9%	6.0%
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)	12/2013	12/2014	12/2015	12/2016e	12/2017e	12/2018e
Price** (EUR)	9.65	12.16	80.50	83.76	83.76	83.76
Outstanding number of shares for main stock	6.2	6.2	6.2	6.2	6.2	6.2
Total Market Cap	60	75	499	519	519	519
Net Debt	9	9	0	-20	-43	-70
<i>o/w Cash & Marketable Securities (-)</i>	<i>-12</i>	<i>-12</i>	<i>-25</i>	<i>-47</i>	<i>-72</i>	<i>-101</i>
<i>o/w Gross Debt (+)</i>	<i>21</i>	<i>21</i>	<i>25</i>	<i>27</i>	<i>29</i>	<i>31</i>
Other EV components	0	0	0	0	0	0
Enterprise Value (EV adj.)	69	85	499	499	476	449

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/Financial Services

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.



Financial calendar



31/10/2016 Results 9m 2016

November '16 Analyst Presentation at Dt Eigenkapitalforum Frankfurt

Source: Company data, equinet Research

Recommendations and Disclosures

Coverage	Analyst	Target	Rating	Disc.	Coverage	Analyst	Target	Rating	Disc.
2GEnergy	Schmidt	24.00	Buy	2/3/5	Leoni	Schmidt	35.00	Accumulate	
4SC	Miemietz	3.50	Buy	7	Linde	Hinkel	160.00	Neutral	
Aareal Bank	Häßler	37.00	Accumulate		Logwin	Rothenbacher	2.20	Neutral	2/3/5
Adpepper	Heilmann	3.00	Buy	2/3	Lufthansa	Rothenbacher	15.00	Buy	
adidas	Josefson	128.00	Sell		Manz AG	Kruchevska	33.00	Neutral	2/3
Adler Modemaerkte	Josefson	11.00	Buy	7	MAXAutomation AG	Schmidt	7.00	Accumulate	2/3/5
ADLER Real Estate	Häßler	16.00	Buy		Merck	Miemietz	85.00	Accumulate	
Aixtron	Kruchevska	6.00	Accumulate	2/3	Merkur Bank	Häßler	8.20	Buy	7
Allianz	Häßler	160.00	Buy		MLP	Häßler	4.30	Accumulate	2/3
Axel Springer	Josefson	55.00	Neutral		MTU	Rothenbacher	100.00	Accumulate	2
BASF	Schäfer*	95.00	Accumulate		Munich Re	Häßler	180.00	Neutral	
Bayer	Miemietz	118.00	Buy		Nemetschek SE	Droste	46.00	Reduce	5
BayWa	Schäfer*	33.00	Neutral	5	Nexus AG	Droste	20.00	Buy	5
BB Biotech	Miemietz	52.00	Buy	7	Norma Group	Schmidt	60.00	Buy	
Beiersdorf	Schäfer*	64.00	Sell		OHB SE	Kruchevska	20.00	Neutral	7
Biotest	Miemietz	18.00	Buy	2/3	OVH Holding AG	Häßler	20.00	Buy	2/3/5
BMW	Schmidt	96.00	Accumulate		Patrizia AG	Häßler	26.00	Accumulate	
Cenit	Droste	22.50	Buy	2/3	Pfeiffer Vacuum	Sen	92.00	Neutral	
comdirect	Häßler	10.00	Neutral		PSI	Droste	13.00	Accumulate	2/3
Commerzbank	Häßler	7.50	Buy		Rheinmetall	Rau*	79.00	Buy	
Continental	Schmidt	240.00	Buy		RIB Software	Rothenbacher	12.00	Buy	2/3/5
CTS Eventim	Josefson	33.00	Neutral		RTL Group	Josefson	81.00	Accumulate	
Cytotools AG	Heilmann	11.50	Accumulate	2/3	RWE	Schäfer*	13.00	Neutral	
Daimler AG	Schmidt	83.00	Buy		SAF-Holland	Schmidt	13.50	Buy	7
Daldrup & Soehne	Schäfer*	15.00	Accumulate	2/3/5	Siegfried Holding AG	Miemietz	220.00	Accumulate	
Deutsche Bank	Häßler	13.00	Neutral		SLM Solutions	Sen	27.50	Buy	
Deutsche Boerse	Häßler	79.00	Neutral		SMT Scharf AG	Schmidt	11.00	Neutral	2/3
Deutsche EuroShop	Rothenbacher	42.00	Neutral		Software AG	Droste	30.00	Neutral	
Deutsche Pfandbriefbank	Häßler	12.30	Buy		SuessMicroTec	Kruchevska	7.00	Neutral	2/3
Deutsche Post	Rothenbacher	30.00	Accumulate		Surteco	Schmidt	27.00	Buy	2/3
Deutsche Telekom	Sen	15.50	Neutral		Symrise AG	Schäfer*	36.00	Neutral	
Deutz AG	Schmidt	5.00	Buy		Syzygy AG	Heilmann	13.00	Buy	2/3/5
DMGMori Seiki AG	Schmidt	37.35	Sell		Talanx Group	Häßler	32.00	Accumulate	
Draegerwerk AG & Co. KGaA	Rau*	98.00	Neutral		Technotrans	Kruchevska	21.00	Buy	2/3
Drillisch	Sen	41.00	Neutral		TELECOLUMBUS	Sen	10.00	Buy	2
E.ON	Schäfer*	10.50	Accumulate		United Internet	Sen	55.00	Buy	
Elmos Semiconductor	Kruchevska	15.00	Buy		VIB Vermoegen	Rothenbacher	22.00	Buy	
EringKlinger	Schmidt	17.00	Neutral		Viscom	Kruchevska	14.50	Accumulate	2/3
elumeo SE	Josefson	14.00	Buy		Volkswagen	Schmidt	166.00	Buy	
Epigenomics AG	Miemietz	6.70	Buy	2/3	Vossloh	Rau*	74.00	Buy	2/3
Euromicron AG	Droste	13.00	Buy	2/3	WCM AG	Rothenbacher	3.25	Accumulate	2/3
Evonik	Schäfer*	34.00	Accumulate		Willex	Miemietz	4.00	Buy	2/3
Ferratum	Häßler	27.00	Buy		Wincor Nixdorf	Sen	50.00	Accumulate	
Fielmann	Heilmann	68.00	Accumulate		Zumtobel Group AG	Kruchevska	18.50	Buy	2/3/5
Fraport	Rothenbacher	56.00	Buy						
Freenet	Sen	36.00	Buy	2					
FuchsPetrolub	Schäfer*	37.00	Neutral						
GEA Group	Rau*	49.00	Buy						
Gesco	Schmidt	65.00	Neutral	2/3/5					
GFT Technologies	Droste	28.00	Buy	2/3/5					
Gigaset	Sen	0.65	Accumulate	2/3					
Grand City Properties	Häßler	20.00	Neutral						
Grenke	Häßler	200.00	Buy						
Hannover Re	Häßler	88.00	Neutral						
Heidelberger Druck	Rau*	3.40	Buy						
Henkel	Schäfer*	82.00	Neutral						
HHLA	Rothenbacher	13.00	Neutral						
Hugo Boss	Josefson	72.00	Buy						
Hypoport AG	Häßler	100.00	Buy	7					
Jenoptik	Rau*	14.00	Neutral						
K+S AG	Schäfer*	22.00	Accumulate						
Kontron	Sen	1.70	Sell						
Krones AG	Rau*	104.00	Neutral						
KUKA	Schmidt	125.00	Accumulate						
Lanxess	Schäfer*	54.00	Neutral						

* =Coverage suspended

Source: equinet Recommendations



NOTES

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- Accumulate - The stock is expected to generate a total return of 5% to 15% during the next 12 months time horizon.
- Neutral - The stock is expected to generate a total return of -5% to 5% during the next 12 months time horizon
- Reduce - The stock is expected to generate a total return of -15% to -5% during the next 12 months time horizon
- Sell - The stock is expected to generate a total return below -15% during the next 12 months time horizon

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-BaFin- (Federal Financial Supervisory Authority)
Graurheindorfer Straße 108, 53117 Bonn and
Marie-Curie-Str. 24-28, 60439 Frankfurt am Main.



Recommendation history for HYPOPORT AG

Date	Recommendation	Target price	Price at change date
25-Aug-16	Buy	100.00	83.76

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)



European Coverage of the Members of ESN

Aerospace & Defense	Mem(*)	Bcp	CBI	Tikkurila	OPG	Ebro Foods	BKF
Airbus Group	CIC	Bnp Paribas	CIC	Electronic & Electrical Equipment	Mem(*)	Enervit	BAK
Carbures Europe Sa	BKF	Bper	BAK	Alstom	CIC	Fleury Michon	CIC
Dassault Aviation	CIC	Bpi	CBI	Areva	CIC	Forfarmers	SNS
Finmeccanica	BAK	Caixabank	BKF	Euromicron Ag	EQB	Heineken	SNS
Latecoere	CIC	Commerzbank	EQB	Gemalto	CIC	Hkscan	OPG
Lisi	CIC	Credem	BAK	Ingenico	CIC	Lanson-Bcc	CIC
Mtu	EQB	Credit Agricole Sa	CIC	Kontron	EQB	Laurent Perrier	CIC
Ohb Se	EQB	Creval	BAK	Legrand	CIC	Ldc	CIC
Safran	CIC	Deutsche Bank	EQB	Neways Electronics	SNS	Naturex	CIC
Thales	CIC	Deutsche Pfandbriefbank	EQB	Nexans	CIC	Olvi	OPG
Zodiac Aerospace	CIC	Eurobank	IBG	Pkc Group	OPG	Parmalat	BAK
Airlines	Mem(*)	Ing Group	SNS	Rexel	CIC	Pernod Ricard	CIC
Air France Klm	CIC	Intesa Sanpaolo	BAK	Schneider Electric Se	CIC	Raisio	OPG
Finnair	OPG	Mediobanca	BAK	Vaisala	OPG	RefrescoGerber	SNS
Lufthansa	EQB	Merkur Bank	EQB	Viscom	EQB	Remy Cointreau	CIC
Automobiles & Parts	Mem(*)	National Bank Of Greece	IBG	Financial Services	Mem(*)	Unilever	SNS
Bittium Corporation	OPG	Natixis	CIC	Anima	BAK	Vidrala	BKF
Bmw	EQB	Nordea	OPG	Athex Group	IBG	Vilmorin	CIC
Brembo	BAK	Piraeus Bank	IBG	Azmut	BAK	Viscofan	BKF
Continental	EQB	Societe Generale	CIC	Banca Generali	BAK	Vranken Pommery Monopole	CIC
Daimler Ag	EQB	Ubi Banca	BAK	Banca Ifis	BAK	Wessanen	SNS
Eirringklinger	EQB	Unicredit	BAK	Banca Sistema	BAK	Food & Drug Retailers	Mem(*)
Faurecia	CIC	Basic Resources	Mem(*)	Bb Biotech	EQB	Ahold	SNS
Ferrari	BAK	Acerinox	BKF	Binckbank	SNS	Carrefour	CIC
Fiat Chrysler Automobiles	BAK	Altri	CBI	Bolsas Y Mercados Espanoles Sa	BKF	Casino Guichard-Perrachon	CIC
Landi Renzo	BAK	Arceormittal	BKF	Capman	OPG	Dia	BKF
Leoni	EQB	Corticeira Amorim	CBI	Christian Dior	CIC	Jeronimo Martins	CBI
Michelin	CIC	Ence	BKF	Cir	BAK	Kesko	OPG
Nokian Tyres	OPG	Europac	BKF	Comdirect	EQB	Marr	BAK
Norma Group	EQB	Metka	IBG	Corp. Financiera Alba	BKF	Metro	CIC
Piaggio	BAK	Metsä Board	OPG	Deutsche Boerse	EQB	Sligro	SNS
Plastic Omnium	CIC	Myltineos	IBG	Deutsche Forfait	EQB	Sonae	CBI
Sogefi	BAK	Outokumpu	OPG	Eq	OPG	General Industrials	Mem(*)
Stern Groep	SNS	Portucel	CBI	Euronext	CIC	2G Energy	EQB
Valeo	CIC	Semapa	CBI	Ferratum	EQB	Aalberts	SNS
Volkswagen	EQB	Ssab	OPG	FincoBank	BAK	Accell Group	SNS
Banks	Mem(*)	Stora Enso	OPG	Grenkeleasing Ag	EQB	Ahlstrom	OPG
Aareal Bank	EQB	Surteco	EQB	Mip	EQB	Arcadis	SNS
Abn Amro Group Nv	SNS	Tubacex	BKF	Ovb Holding Ag	EQB	Aspo	OPG
Aktia	OPG	Upm-Kymmene	OPG	Patrizia Ag	EQB	Huhtamäki	OPG
Alpha Bank	IBG	Biotechnology	Mem(*)	Rallye	CIC	Kendrion	SNS
Banca Carige	BAK	4Sc	EQB	Unipol Gruppo Finanziario	BAK	Nedap	SNS
Banca Mps	BAK	Cytotoools Ag	EQB	Food & Beverage	Mem(*)	Pöyry	OPG
Banco Popolare	BAK	Epigenomics Ag	EQB	Acomo	SNS	Prelios	BAK
Banco Popular	BKF	Wilex	EQB	Atria	OPG	Saf-Holland	EQB
Banco Sabadell	BKF	Chemicals	Mem(*)	Bonduelle	CIC	Saft	CIC
Banco Santander	BKF	Air Liquide	CIC	Campari	BAK	Serge Ferrari Group	CIC
Bankia	BKF	Holland Colours	SNS	Coca Cola Hbc Ag	IBG	Siegfried Holding Ag	EQB
Bankinter	BKF	Kemira	OPG	Corbion	SNS	Wendel	CIC
Bbva	BKF	Nanogate Ag	EQB	Danone	CIC		

General Retailers	Mem(*)	Seb Sa	CIC	Delta Lloyd	SNS	Vicat	CIC
Banzai	BAK	Zumtobel Group Ag	EQB	Generali	BAK	Vinci	CIC
Beter Bed Holding	SNS	Industrial Engineering	Mem(*)	Hannover Re	EQB	Yit	Opg
Elumeo Se	EQB	Accsys Technologies	SNS	Mapfre Sa	BKF	Media	Mem(*)
Fielmann	EQB	Aixtron	EQB	Munich Re	EQB	Ad Pepper	EQB
Folli Follie Group	IBG	Ansaldo Sts	BAK	Nn Group Nv	SNS	Alma Media	Opg
Fourlis Holdings	IBG	Biesse	BAK	Sampo	Opg	Atresmedia	BKF
Groupe Fnac Sa	CIC	Cargotec Corp	Opg	Talanx Group	EQB	Axel Springer	EQB
Inditex	BKF	Cnh Industrial	BAK	Unipolsai	BAK	Brill	SNS
Jumbo	IBG	Danieli	BAK	Materials, Construction & Infrastructure	Mem(*)	Cofina	CBI
Macintosh	SNS	Datalogic	BAK	Abertis	BKF	Cts Eventim	EQB
Rapala	Opg	Deutz Ag	EQB	Acs	BKF	Editoriale L'Espresso	BAK
Stockmann	Opg	Dmg Mori Seiki Ag	EQB	Aena	BKF	Gameoft	CIC
Healthcare	Mem(*)	Duro Felguera	BKF	Aeroports De Paris	CIC	Gl Events	CIC
Amplifon	BAK	Emak	BAK	Astaldi	BAK	Havas	CIC
Bayer	EQB	Exel Composites	Opg	Atlantia	BAK	Impresa	CBI
Biotest	EQB	Gesco	EQB	Bilfinger Se	EQB	Ipsos	CIC
Diasorin	BAK	Ima	BAK	Boskalis Westminster	SNS	Jcdecaux	CIC
Fresenius	EQB	Interpump	BAK	Buzzi Unicem	BAK	Lagardere	CIC
Fresenius Medical Care	EQB	Kone	Opg	Caverion	Opg	M6-Metropole Television	CIC
Gerresheimer Ag	EQB	Konecranes	Opg	Cramo	Opg	Mediaset	BAK
Korian	CIC	Kuka	EQB	Eiffage	CIC	Mediaset Espana	BKF
Merck	EQB	Manz Ag	EQB	Ellaktor	IBG	Notorious Pictures	BAK
Oriola-Kd	Opg	Max Automation Ag	EQB	Eitel	Opg	Nrj Group	CIC
Orion	Opg	Metso	Opg	Ezentis	BKF	Publicis	CIC
Orpea	CIC	Outotec	Opg	Fcc	BKF	Rcs Mediagroup	BAK
Pihlajalinna	Opg	Pfeiffer Vacuum	EQB	Ferrovial	BKF	Relx	SNS
Recordati	BAK	Ponsse	Opg	Fraport	EQB	Rtl Group	EQB
Rhoen-Klinikum	EQB	Prima Industrie	BAK	Heidelberg Cement Ag	CIC	Sanoma	Opg
Hotels, Travel & Tourism	Mem(*)	Prysmian	BAK	Heijmans	SNS	Solocal Group	CIC
Accor	CIC	Reesink	SNS	Hochtief	EQB	Spir Communication	CIC
Autogrill	BAK	Sabaf	BAK	Imerys	CIC	Szygy Ag	EQB
Beneteau	CIC	Smt Scharf Ag	EQB	Italcementi	BAK	Talentum	Opg
Elior	CIC	Technotrans	EQB	Lafargeholcim	CIC	Telegraaf Media Groep	SNS
Europcar	CIC	Valmet	Opg	Lemminkäinen	Opg	Teleperformance	CIC
I Grandi Viaggi	BAK	Wärtsilä	Opg	Maire Tecnimont	BAK	Tf1	CIC
Ibersol	CBI	Zardoya Otis	BKF	Mota Engil	CBI	Ubisoft	CIC
Intralot	IBG	Industrial Transportation	Mem(*)	Obrascon Huarte Lain	BKF	Vivendi	CIC
Kotipizza	Opg	Bollere	CIC	Ramirent	Opg	Wolters Kluwer	SNS
Melia Hotels International	BKF	Caf	BKF	Royal Bam Group	SNS	Oil & Gas Producers	Mem(*)
Nh Hotel Group	BKF	Ctt	CBI	Sacyr	BKF	Eni	BAK
Opap	IBG	Deutsche Post	EQB	Saint Gobain	CIC	Galp Energia	CBI
Snowworld	SNS	Hhla	EQB	Salini Impregilo	BAK	Gas Plus	BAK
Sonae Capital	CBI	Logwin	EQB	Sias	BAK	Hellenic Petroleum	IBG
Trigano	CIC	Insurance	Mem(*)	Sonae Industria	CBI	Maurel Et Prom	CIC
Household Goods	Mem(*)	Aegon	SNS	Srv	Opg	Motor Oil	IBG
Bic	CIC	Allianz	EQB	Thermador Groupe	CIC	Neste Corporation	Opg
De Longhi	BAK	Axa	CIC	Titan Cement	IBG	Petrobras	CBI
Fila	BAK	Banca Mediolanum	BAK	Trevi	BAK	Qgep	CBI
Osram Licht Ag	EQB	Cattolica Assicurazioni	BAK	Uponor	Opg	Repsol	BKF

Media	Mem(*)	Oil Services	Mem(*)	Akka Technologies	CIC	Besi	SNS
Ad Pepper	EQB	Bourbon	CIC	Alten	CIC	Elmos Semiconductor	EQB
Alma Media	Opg	Cgg	CIC	Altran	CIC	Ericsson	Opg
Atresmedia	BKF	Fugro	SNS	Amadeus	BKF	Gigaset	EQB
Axel Springer	EQB	Saipem	BAK	Assystem	CIC	Nokia	Opg
Brill	SNS	Sbm Offshore	SNS	Atos	CIC	Okmetic	Opg
Cofina	CBI	Technip	CIC	Basware	Opg	Roodmicrotec	SNS
Cts Eventim	EQB	Tecnicas Reunidas	BKF	Cenit	EQB	Slm Solutions	EQB
Editoriale L'Espresso	BAK	Tenaris	BAK	Comptel	Opg	Stmicroelectronics	BAK
Gameloft	CIC	Vallourec	CIC	Ctac	SNS	Suess Microtec	EQB
GI Events	CIC	Vopak	SNS	Digia	Opg	Teleste	Opg
Havas	CIC	Personal Goods	Mem(*)	Docdata	SNS	Telecommunications	Mem(*)
Impresa	CBI	Adidas	EQB	Econocom	CIC	Acotel	BAK
Ipsos	CIC	Adler Modemaerkte	EQB	Ekinops	CIC	Deutsche Telekom	EQB
Jdecaux	CIC	Amer Sports	Opg	Engineering	BAK	Drillisch	EQB
Lagardere	CIC	Basic Net	BAK	Esi Group	CIC	Elisa	Opg
M6-Metropole Television	CIC	Cie Fin. Richemont	CIC	Exprivia	BAK	Freenet	EQB
Mediaset	BAK	Geox	BAK	F-Secure	Opg	Kpn Telecom	SNS
Mediaset Espana	BKF	Gerry Weber	EQB	Gft Technologies	EQB	Nos	CBI
Notorious Pictures	BAK	Hermes Intl.	CIC	Ict Automatisering	SNS	Oi	CBI
Nij Group	CIC	Hugo Boss	EQB	Indra Sistemas	BKF	Ote	IBG
Publicis	CIC	Interparfums	CIC	Nemetschek Ag	EQB	Telecom Italia	BAK
Rcs Mediagroup	BAK	Kering	CIC	Nexus Ag	EQB	Telefonica	BKF
Relx	SNS	Luxottica	BAK	No vabase	CBI	Telia	Opg
Rtl Group	EQB	Lvmh	CIC	Ordina	SNS	Tiscali	BAK
Sanoma	Opg	Marimekko	Opg	Psi	EQB	United Internet	EQB
Solocal Group	CIC	Moncler	BAK	Reply	BAK	Vodafone	BAK
Spir Communication	CIC	Puma	EQB	Rib Software	EQB	Utilities	Mem(*)
Syzygy Ag	EQB	Safilo	BAK	Seven Principles Ag	EQB	A2A	BAK
Talentum	Opg	Salvatore Ferragamo	BAK	Software Ag	EQB	Acciona	BKF
Telegraaf Media Groep	SNS	Sarantis	IBG	Sopra Steria Group	CIC	Acea	BAK
Teleperformance	CIC	Swatch Group	CIC	Tie Kinetix	SNS	Albioma	CIC
Tf1	CIC	Tod'S	BAK	Tieto	Opg	Direct Energie	CIC
Ubisoft	CIC	Real Estate	Mem(*)	Tomtom	SNS	Edp	CBI
Vivendi	CIC	Beni Stabili	BAK	Visiativ	CIC	Edp Renováveis	CBI
Wolters Kluwer	SNS	Citycon	Opg	Wincor Nixdorf	EQB	Enagas	BKF
Oil & Gas Producers	Mem(*)	Deutsche Euroshop	EQB	Support Services	Mem(*)	Endesa	BKF
Eni	BAK	Grand City Properties	EQB	Asiakastieto Group	Opg	Enel	BAK
Galp Energia	CBI	Hispania Activos Inmobiliarios	BKF	Batenburg	SNS	Falck Renewables	BAK
Gas Plus	BAK	Igd	BAK	Bureau Veritas S.A.	CIC	Fortum	Opg
Hellenic Petroleum	IBG	Realia	BKF	Cellnex Telecom	BKF	Gas Natural Fenosa	BKF
Maurel Et Prom	CIC	Sponda	Opg	Dpa	SNS	Hera	BAK
Motor Oil	IBG	Technopolis	Opg	Edenred	CIC	Iberdrola	BKF
Neste Corporation	Opg	Vib Vermoegen	EQB	Ei Towers	BAK	Iren	BAK
Petrobras	CBI	Wcm Ag	EQB	Fiera Milano	BAK	Public Power Corp	IBG
Qgep	CBI	Renewable Energy	Mem(*)	Lassila & Tikanoja	Opg	Red Electrica De Espana	BKF
Repsol	BKF	Daldrup & Soehne	EQB	Openjobmetis	BAK	Ren	CBI
Total	CIC	Gamesa	BKF	Technology Hardware & Equipment	Mem(*)	Snam	BAK
		Software & Computer Services	Mem(*)	Asm International	SNS	Terna	BAK
		Affecto	Opg	Asml	SNS		

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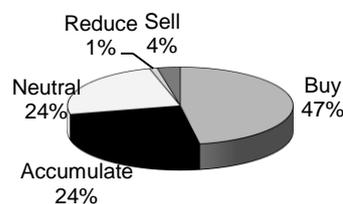
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- **Accumulate:** the stock is expected to generate total return of **5% to 15%** during the next 12 months time horizon
- **Neutral:** the stock is expected to generate total return of **-5% to +5%** during the next 12 months time horizon
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- **Sell:** the stock is expected to generate total return **under -15%** during the next 12 months time horizon
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Certain flexibility on the limits of total return bands is permitted especially during higher phases of volatility on the markets

Equinet Bank Ratings Breakdown



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