

Recommendation:  
**BUY** (BUY)

Risk:  
**HIGH** (HIGH)

Price Target:  
**EUR 16.00** (16.80)

10 August 2011

## 2Q 2011 revenues broadly in line...

### ...whilst profits came in much lower than expected by us

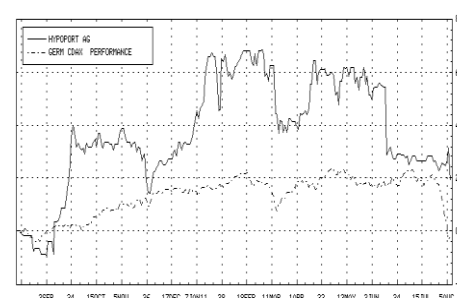
- Hypoport recently published its 2Q/1H 2011 report. Revenue in 2Q 2011 came in at EUR ~18.2m, representing a 14% increase compared to the approx. EUR 16m generated in the same period one year earlier. However EBITDA and EBIT in the second quarter resulted in EUR 1.6m and 0.35m respectively, which is much weaker than the EUR 3.3m and 2.2m of 2Q 2010. Qoq, the picture is similar. Although revenue was up by almost 3% compared to 1Q 2011, EBIT was 64% lower. On analysing half-year figures things look better due to the extremely weak 1Q 2010. Thus, the company generated revenues of EUR 35.8m in the first six months of 2011, which represents a y-o-y increase of 28% (1H 2010: EUR 28.0m) and EBIT of EUR 1.33m, a 17.5% rise (PY: EUR 1.13m). Although revenue was a tad lower than CBSR estimates (EUR 37.5m), EBIT by far missed our target of EUR 3.5m.
- Nonetheless it should be mentioned EUROPACE achieved its best-ever quarterly result of EUR 4.64bn transaction volume, whereof the new BauFi Online XL (BOXL) mortgage finance platform contributed with its first EUR 1bn worth of finance agreements and loans and investments continue to be made into EUROPACE 2, Hypoport's next-generation platform.
- Segmental split, 1H 2011 vs. 1H 2010: 1.) Corporate Real Estate Clients revenue -15.4% to EUR 3.2m, EBIT -33.8% to EUR 1.1m. 2.) Private Clients revenue +33.9% to EUR 22.1m and EBIT +67.5% to EUR 1.1m 3.) Financial Service Providers revenue +40.4% to EUR 8.6m and EBIT from -.7m to .5m. 4.) Institutional Clients revenue ~ +20.0% to EUR ~2.0m, EBIT +28%.
- All in all, profitability was dented by the lack of big-ticket deals in the Corporate Real Estate business segment and by the decrease in own work capitalised (EUR 1.8m investment into development of Hypoport's marketplaces was capitalised in 1H 2010 against EUR 2.9m the year before). In FY 2010, own work capitalised amounted to EUR 5.7m. This item is likely to come in around EUR 2m lower this year, implying that the contribution towards profitability would have to be compensated by other items. The management outlook from 1Q 2011 has been reaffirmed. Assuming that the environment further stabilises, it expects to see a clear double-digit growth in revenue with earnings on the previous year's level.
- On a full-year basis we have become slightly more cautious and lower our EBIT estimates to last year's level. We have also adjusted our EBIT forecast for 2012E and net income for 2013E. Our DCF model results in a fair value of EUR 16.38. Due to the current nervous state of markets we do not consider a Peer Group valuation. We lower our PT to EUR 16.00/share and maintain our BUY recommendation, which offers a particularly strong upside (+89%!) at the moment.

#### Key data

| FY 12/31, EUR m | 2008   | 2009   | 2010  | 2011E | 2012E | 2013E |
|-----------------|--------|--------|-------|-------|-------|-------|
| Sales           | 52.7   | 50.5   | 66.9  | 75.0  | 80.0  | 88.0  |
| EBIT            | 5.0    | 1.2    | 6.4   | 6.4   | 8.0   | 10.0  |
| Net result      | -0.3   | -0.3   | 3.3   | 4.4   | 4.7   | 6.3   |
| EPS             | -0.05  | -0.05  | 0.53  | 0.57  | 0.76  | 0.97  |
| DPS             | 0.00   | 0.00   | 0.00  | 0.00  | 0.00  | 0.00  |
| EBITDA margin   | 15.3%  | 9.7%   | 16.7% | 15.8% | 17.6% | 17.6% |
| EBIT margin     | 9.4%   | 2.4%   | 9.6%  | 8.5%  | 10.0% | 11.4% |
| Net margin      | -0.5%  | -0.7%  | 4.9%  | 5.9%  | 5.9%  | 7.2%  |
| EV/EBITDA       | 8.1    | 13.3   | 5.9   | 5.5   | 4.6   | 4.2   |
| EV/EBIT         | 13.1   | 53.6   | 10.2  | 10.2  | 8.2   | 6.5   |
| P/E             | -183.6 | -149.4 | 16.0  | 14.9  | 11.1  | 8.7   |

Source: CBS Research AG, Hypoport AG

Share price (dark) vs. CDAX



Source: CBS Research AG, Bloomberg, Hypoport AG

| Change  | 2011E |      | 2012E |      | 2013E |      |
|---------|-------|------|-------|------|-------|------|
|         | new   | old  | new   | old  | new   | old  |
| Revenue | -     | 75.0 | -     | 80.0 | -     | 88.0 |
| EBIT    | 6.4   | 7.0  | 8.0   | 9.1  | -     | 10.0 |
| EPS     | 0.57  | 0.67 | 0.76  | 0.92 | 0.97  | 1.02 |

www.hypoport.com                      Sector: Financial Services  
WKN: 549336                              ISIN: DE0005493365  
Reuters: HYQGn.DE                      Bloomberg: HYQ GY

#### Short company profile:

The Hypoport Group is an internet-based financial services provider that consists of two mutually supportive pillars, namely Dr. Klein and EUROPACE

#### Share data:

|   |             |
|---|-------------|
| Share price (EUR, yesterday's closing price): | <b>8.45</b> |
| Shares outstanding (m):                       | 6.181       |
| Market capitalisation (EUR m):                | 52.2        |
| Enterprise value (EUR m):                     | 65.3        |
| Ø daily trading volume (3 m., no. of shares): | 4,704       |

#### Performance data:

|                                   |       |
|-----------------------------------|-------|
| High 52 weeks (EUR)               | 11.95 |
| Low 52 weeks (EUR):               | 6.33  |
| Absolute performance (12 months): | 21.6% |
| Relative performance vs. CDAX:    |       |
| 1 month                           | 16.6% |
| 3 months                          | -3.9% |
| 6 months                          | -9.2% |
| 12 months                         | 27.4% |

#### Shareholders:

|                             |       |
|-----------------------------|-------|
| Revenia GmbH                | 34.8% |
| Kretschmar Familienstiftung | 18.7% |
| Deutsche Postbank AG        | 9.7%  |
| Free float                  | 36.8% |

#### Financial calendar:

|                |                 |
|----------------|-----------------|
| 3Q 2011 Report | 7 November 2011 |
|----------------|-----------------|

Author: **Rabeja Khan** (Analyst)

Close Brothers Seydler Research AG

Phone: +49 (0) 69-977 84 56 0

Email: research@cbseydlerresearch.ag

www.cbseydlerresearch.ag

Below we have shown the income statement for 1H/2Q in order to facilitate a clear comparison between the respective six-month time periods.

**1H, 2Q: 2011 vs. 2010**

## Hypoport AG

### Profit and loss y/y comparison

|   | IFRS | EURm | 1H 11       | 1H 10       | Δ          | % change      | 2Q 11       | 2Q 10       | Δ           | % change      |
|---|------|------|-------------|-------------|------------|---------------|-------------|-------------|-------------|---------------|
| <b>Revenue</b>                                    |      |      | <b>35.8</b> | <b>28.0</b> | <b>7.8</b> | <b>27.9%</b>  | <b>18.2</b> | <b>15.9</b> | <b>2.2</b>  | <b>13.9%</b>  |
| Selling expenses (Commision and lead costs)       |      |      | -15.9       | -11.0       | -4.9       | 44.0%         | -8.6        | -6.1        | -2.5        | 41.0%         |
| % of total revenue                                |      |      | -44.3%      | -39.4%      |            |               | -47.2%      | -38.2%      |             |               |
| <b>Gross Profit</b>                               |      |      | <b>20.0</b> | <b>17.0</b> | <b>3.0</b> | <b>17.4%</b>  | <b>9.6</b>  | <b>9.9</b>  | <b>-0.3</b> | <b>-2.8%</b>  |
| % of total revenue                                |      |      | 55.7%       | 60.6%       |            |               | 52.8%       | 61.8%       |             |               |
| Own work capitalised                              |      |      | 1.8         | 2.9         | -1.1       | -36.7%        | 0.9         | 1.6         | -0.7        | -44.1%        |
| % of total revenue                                |      |      | 5.1%        | 10.3%       |            |               | 5.0%        | 10.1%       |             |               |
| Other operating income                            |      |      | 0.9         | 0.7         | 0.2        | 26.9%         | 0.4         | 0.3         | 0.0         | 2.9%          |
| % of total revenue                                |      |      | 2.4%        | 2.4%        |            |               | 1.9%        | 2.2%        |             |               |
| Other operating expenses                          |      |      | -6.0        | -5.4        | -0.6       | 10.9%         | -2.9        | -2.6        | -0.3        | 11.2%         |
| % of total revenue                                |      |      | -16.6%      | -19.1%      |            |               | -16.0%      | -16.4%      |             |               |
| Personnel expenses                                |      |      | -12.8       | -11.9       | -0.9       | 7.8%          | -6.3        | -5.9        | -0.4        | 7.2%          |
| % of total revenue                                |      |      | -35.8%      | -42.4%      |            |               | -34.7%      | -36.8%      |             |               |
| <b>EBITDA</b>                                     |      |      | <b>3.9</b>  | <b>3.3</b>  | <b>0.6</b> | <b>17.4%</b>  | <b>1.6</b>  | <b>3.3</b>  | <b>-1.7</b> | <b>-51.0%</b> |
| % of total revenue                                |      |      | 10.8%       | 11.8%       |            |               | 9.0%        | 20.9%       |             |               |
| Depreciation, amortisation exp. & impairment loss |      |      | -2.5        | -2.2        | -0.4       | 17.2%         | -1.3        | -1.1        | -0.2        | 14.5%         |
| % of total revenue                                |      |      | -7.1%       | -7.7%       |            |               | -7.0%       | -7.0%       |             |               |
| <b>EBIT</b>                                       |      |      | <b>1.3</b>  | <b>1.1</b>  | <b>0.2</b> | <b>17.8%</b>  | <b>0.4</b>  | <b>2.2</b>  | <b>-1.9</b> | <b>n.m.</b>   |
| as % of total revenue                             |      |      | 3.7%        | 4.0%        |            |               | 1.9%        | 13.9%       |             |               |
| Financial result                                  |      |      | -0.4        | -0.5        | 0.1        | -12.8%        | -0.2        | -0.2        | 0.0         | -14.5%        |
| % of total revenue                                |      |      | -1.2%       | -1.7%       |            |               | -1.2%       | -1.6%       |             |               |
| <b>EBT</b>  |      |      | <b>0.9</b>  | <b>0.6</b>  | <b>0.3</b> | <b>40.6%</b>  | <b>0.1</b>  | <b>1.96</b> | <b>-1.8</b> | <b>n.m.</b>   |
| as % of total revenue                             |      |      | 2.5%        | 2.3%        |            |               | 0.8%        | 12.3%       |             |               |
| Taxes on income & def.                            |      |      | -0.3        | -0.5        | 0.2        | -49.1%        | -0.1        | -0.7        | 0.6         | -88.9%        |
| % of EBT  |      |      | -28.3%      | -78.2%      |            |               | -53.2%      | -34.0%      |             |               |
| <b>Net profit/loss for the year</b>               |      |      | <b>0.65</b> | <b>0.14</b> | <b>0.5</b> | <b>363.1%</b> | <b>0.06</b> | <b>1.29</b> | <b>-1.2</b> | <b>n.m.</b>   |
| Attributable to non-controlling/minority interest |      |      | -0.04       | -0.03       | 0.0        | n.m.          | -0.01       | 0.00        | 0.0         | n.m.          |
| <b>Attributable to Hypoport AG shareholders</b>   |      |      | <b>0.69</b> | <b>0.17</b> | <b>0.5</b> | <b>296.6%</b> | <b>0.1</b>  | <b>1.33</b> | <b>-1.3</b> | <b>n.m.</b>   |
| No of shares basic                                |      |      | 6.18        | 6.13        |            |               | 6.18        | 6.13        |             |               |
| No of shares diluted                              |      |      | 6.18        | 6.17        |            |               | 6.18        | 6.16        |             |               |
| <b>EPS Basic</b>                                  |      |      | <b>0.11</b> | <b>0.03</b> | <b>0.1</b> | <b>272.1%</b> | <b>0.01</b> | <b>0.22</b> | <b>-0.2</b> | <b>-95.2%</b> |
| <b>EPS Diluted</b>                                |      |      | <b>0.11</b> | <b>0.03</b> | <b>0.1</b> | <b>252.1%</b> | <b>0.01</b> | <b>0.22</b> | <b>-0.2</b> | <b>-94.6%</b> |

Source: CBS Research AG; Hypoport AG

The Discounted Cash Flow Model results in a Fair Value of EUR 16.38 per share as shown below.

**DCF model Fair Value:  
EUR 16.38 per  
Hypoport share**

### Discounted Cash Flow Model

| EURm                               | PHASE 1     |            |            | PHASE 2    |            |            |            |            |            | PHASE 3     |             |
|------------------------------------|-------------|------------|------------|------------|------------|------------|------------|------------|------------|-------------|-------------|
|                                    | 2011E       | 2012E      | 2013E      | 2014E      | 2015E      | 2016E      | 2017E      | 2018E      | 2019E      | 2020E       | ∞           |
| Sales                              | 75.0        | 80.0       | 88.0       | 95.0       | 99.8       | 104.8      | 110.0      | 114.4      | 117.9      | 120.2       |             |
| YoY growth                         | 4.8%        | 6.7%       | 10.0%      | 8.0%       | 5.0%       | 5.0%       | 5.0%       | 4.0%       | 3.0%       | 2.0%        |             |
| EBIT                               | 6.4         | 8.0        | 10.0       | 11.4       | 12.2       | 13.1       | 14.0       | 14.9       | 15.6       | 16.2        |             |
| EBIT margin                        | 8.5%        | 10.0%      | 11.4%      | 12.0%      | 12.2%      | 12.5%      | 12.7%      | 13.0%      | 13.2%      | 13.5%       |             |
| Income tax on EBIT (cash tax rate) | -2.1        | -2.6       | -3.3       | -3.8       | -4.0       | -4.3       | -4.6       | -4.9       | -5.2       | -5.4        |             |
| Depreciation and amortisation      | 4.9         | 5.0        | 5.5        | 4.5        | 4.5        | 4.5        | 4.5        | 4.5        | 4.5        | 4.0         | 0.0         |
| Change in net working capital      | -4.4        | -1.5       | -1.2       | -2.2       | -2.3       | -2.4       | -2.5       | -2.1       | -1.6       | -0.8        |             |
| Net capital expenditure            | -6.2        | -5.6       | -5.5       | -5.0       | -4.5       | -4.0       | -4.0       | -4.0       | -4.0       | -4.0        |             |
| <b>Free cash flow</b>              | <b>-1.5</b> | <b>3.3</b> | <b>5.5</b> | <b>4.9</b> | <b>5.9</b> | <b>6.9</b> | <b>7.4</b> | <b>8.3</b> | <b>9.3</b> | <b>10.1</b> |             |
| <b>Present values</b>              | <b>-1.5</b> | <b>3.1</b> | <b>4.9</b> | <b>4.0</b> | <b>4.4</b> | <b>4.7</b> | <b>4.6</b> | <b>4.8</b> | <b>4.9</b> | <b>4.8</b>  | <b>72.1</b> |
| Present value Phase 1              | 6.5         |            |            |            |            |            |            |            |            |             |             |
| Present value Phase 2              | 32.1        |            |            |            |            |            |            |            |            |             |             |
| Present value Phase 3              | 72.1        |            |            |            |            |            |            |            |            |             |             |
| Total present value                | 110.6       |            |            |            |            |            |            |            |            |             |             |
| + Excess cash/Non-operating assets | 11.2        |            |            |            |            |            |            |            |            |             |             |
| - Financial debt                   | -20.6       |            |            |            |            |            |            |            |            |             |             |
| Fair value of equity               | 101.2       |            |            |            |            |            |            |            |            |             |             |
| Number of shares (m)               | 6.18        |            |            |            |            |            |            |            |            |             |             |
| Fair value per share (EUR)         | 16.38       |            |            |            |            |            |            |            |            |             |             |

|                     |       |                        |              |
|---------------------|-------|------------------------|--------------|
| Risk free rate      | 3.50% | Target equity ratio    | 65.0%        |
| Equity risk premium | 6.00% | Beta (fundamental)     | 1.30         |
| Debt risk premium   | 2.75% | <b>WACC</b>            | <b>8.81%</b> |
| Tax shield          | 33.0% | <b>Terminal growth</b> | <b>2.0%</b>  |

| <b>Sensitivity analysis</b>      |             |             |             |              |             |             |
|----------------------------------|-------------|-------------|-------------|--------------|-------------|-------------|
| <b>Terminal growth (Phase 3)</b> |             |             |             |              |             |             |
|                                  |             | <b>1.0%</b> | <b>1.5%</b> | <b>2.0%</b>  | <b>2.5%</b> | <b>3.0%</b> |
| <b>WACC</b>                      | <b>7.8%</b> | 17.58       | 18.64       | 19.89        | 21.37       | 23.16       |
|                                  | <b>8.3%</b> | 16.09       | 16.97       | 17.99        | 19.19       | 20.62       |
|                                  | <b>8.8%</b> | 14.78       | 15.53       | <b>16.38</b> | 17.36       | 18.52       |
|                                  | <b>9.3%</b> | 13.64       | 14.27       | 14.98        | 15.80       | 16.75       |
|                                  | <b>9.8%</b> | 12.63       | 13.17       | 13.77        | 14.46       | 15.25       |

Source: CBS Research AG

## Appendix

### Hypoport AG

#### Profit and loss account

|   | IFRS | EURm | 2007         | 2008         | 2009         | 2010         | 2011E        | 2012E        | 2013E         |
|---|------|------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|
| <b>Revenue</b>                                    |      |      | <b>40.7</b>  | <b>52.7</b>  | <b>50.5</b>  | <b>66.9</b>  | <b>75.0</b>  | <b>80.0</b>  | <b>88.0</b>   |
| YoY growth  |      |      | -            | 29.3%        | -4.2%        | 32.6%        | 12.1%        | 6.7%         | 10.0%         |
| Selling expenses (Commission and lead costs)      |      |      | -8.81        | -18.46       | -18.45       | -26.63       | -29.60       | -31.30       | -34.3         |
| 0.00%   |      |      | -21.6%       | -35.0%       | -36.6%       | -39.8%       | -39.5%       | -39.1%       | -39.0%        |
| <b>Gross Profit</b>                               |      |      | <b>31.91</b> | <b>34.22</b> | <b>32.02</b> | <b>40.28</b> | <b>45.40</b> | <b>48.70</b> | <b>53.70</b>  |
| % of total revenue                                |      |      | 78.4%        | 65.0%        | 63.4%        | 60.2%        | 60.5%        | 60.9%        | 61.0%         |
| Own work capitalised                              |      |      | 2.64         | 3.78         | 4.60         | 5.74         | 4.00         | 4.00         | 4.00          |
| % of total revenue                                |      |      | 6.5%         | 7.2%         | 9.1%         | 8.6%         | 5.3%         | 5.0%         | 4.5%          |
| Other operating income                            |      |      | 0.50         | 0.75         | 1.02         | 1.36         | 1.60         | 1.80         | 2.00          |
| % of total revenue                                |      |      | 1.2%         | 1.4%         | 2.0%         | 2.0%         | 2.1%         | 2.3%         | 2.3%          |
| Other operating expenses                          |      |      | -9.85        | -10.45       | -11.02       | -11.63       | -13.15       | -14.40       | -15.80        |
| % of total revenue                                |      |      | -24.2%       | -19.8%       | -21.8%       | -17.4%       | -17.5%       | -18.0%       | -18.0%        |
| Personnel expenses                                |      |      | -16.45       | -20.22       | -21.72       | -24.60       | -26.00       | -26.00       | -28.40        |
| % of total revenue                                |      |      | -40.4%       | -38.4%       | -43.0%       | -36.8%       | -34.7%       | -32.5%       | -32.3%        |
| <b>EBITDA</b>                                     |      |      | <b>8.74</b>  | <b>8.06</b>  | <b>4.90</b>  | <b>11.15</b> | <b>11.85</b> | <b>14.10</b> | <b>15.50</b>  |
| % of total revenue                                |      |      | 21.5%        | 15.3%        | 9.7%         | 16.7%        | 15.8%        | 17.6%        | 17.6%         |
| Depreciation, amortisation exp. & impairment loss |      |      | -2.58        | -3.09        | -3.68        | 4.72         | -4.85        | -5.00        | -5.50         |
| <b>EBIT</b>                                       |      |      | <b>6.164</b> | <b>4.969</b> | <b>1.220</b> | <b>6.426</b> | <b>6.400</b> | <b>8.000</b> | <b>10.000</b> |
| as % of total revenue                             |      |      | 15.1%        | 9.4%         | 2.4%         | 9.6%         | 8.5%         | 10.0%        | 11.4%         |
| Financial result                                  |      |      | -0.7         | -0.9         | -1.0         | -1.6         | -1.2         | -1.0         | -1.0          |
| <b>EBT</b>  |      |      | <b>5.4</b>   | <b>4.1</b>   | <b>0.3</b>   | <b>4.8</b>   | <b>5.2</b>   | <b>7.0</b>   | <b>9.0</b>    |
| as % of total revenue                             |      |      | 13.3%        | 7.8%         | 0.5%         | 7.2%         | 6.9%         | 8.8%         | 10.2%         |
| Taxes on income & def.                            |      |      | 1.0          | -1.0         | -0.5         | -1.4         | -1.7         | -2.3         | -2.7          |
| % of EBT  |      |      | 18.7%        | -24.9%       | -208.0%      | -29.2%       | -32.7%       | -32.9%       | -30.0%        |
| <b>Profit/loss from continuing operations</b>     |      |      | <b>6.4</b>   | <b>3.1</b>   | <b>-0.3</b>  | <b>3.4</b>   | <b>3.5</b>   | <b>4.7</b>   | <b>6.3</b>    |
| as % of total revenue                             |      |      | 15.8%        | 5.9%         | -0.6%        | 5.1%         | 4.7%         | 5.9%         | 7.2%          |
| <b>Profit/loss from discontinued operations</b>   |      |      | <b>-2.2</b>  | <b>-3.4</b>  | <b>-0.1</b>  | <b>0.0</b>   | <b>0.0</b>   | <b>0.0</b>   | <b>0.0</b>    |
| <b>Net profit/loss for the year</b>               |      |      | <b>4.3</b>   | <b>-0.3</b>  | <b>-0.3</b>  | <b>3.3</b>   | <b>4.4</b>   | <b>4.7</b>   | <b>6.3</b>    |
| as % of total revenue                             |      |      | 10.5%        | -0.5%        | -0.7%        | 4.9%         | 5.9%         | 5.9%         | 7.2%          |
| <b>No of shares basic</b>                         |      |      | <b>6.11</b>  | <b>6.11</b>  | <b>6.12</b>  | <b>6.18</b>  | <b>6.18</b>  | <b>6.18</b>  | <b>6.18</b>   |
| No of shares diluted                              |      |      | 6.17         | 6.17         | 6.17         | 6.18         | 6.18         | 6.18         | 6.18          |
| <b>EPS Basic</b>                                  |      |      | <b>0.70</b>  | <b>-0.05</b> | <b>-0.06</b> | <b>0.53</b>  | <b>0.57</b>  | <b>0.76</b>  | <b>0.97</b>   |
| EPS from continued operations                     |      |      | 1.05         | -0.05        | -0.05        | 0.53         | 0.57         | 0.76         | 0.97          |
| EPS from discontinued operations                  |      |      | -0.36        | 0.51         | -0.01        | 0.00         | 0.00         | 0.00         | 0.00          |
| EPS Diluted                                       |      |      | 0.00         | -0.55        | 0.00         | 0.53         | 0.57         | 0.76         | 0.97          |
| EPS Diluted continued                             |      |      | 0.69         | 0.00         | -0.05        | 0.53         | 0.57         | 0.76         | 0.97          |

Source: CBS Research AG, Hypoport AG

## Hypoport AG

### Balance Sheet

|   | IFRS | EURm | 2008        | 2009        | 2010        | 2011E       | 2012E       | 2013E       |
|---|------|------|-------------|-------------|-------------|-------------|-------------|-------------|
| <b>Assets</b>                               |      |      |             |             |             |             |             |             |
| <b>Total Fixed assets</b>                   |      |      | <b>29.2</b> | <b>31.2</b> | <b>37.0</b> | <b>38.8</b> | <b>39.4</b> | <b>39.4</b> |
| as % of total assets                        |      |      | 51.3%       | 57.0%       | 55.1%       | 54.2%       | 51.8%       | 47.6%       |
| Intangible assets                           |      |      | 23.9        | 25.6        | 27.8        | 28.8        | 29.1        | 29.1        |
| Tangible Assets; PPE                        |      |      | 2.0         | 1.8         | 2.4         | 3.1         | 3.4         | 3.4         |
| Financial assets                            |      |      | 1.4         | 0.4         | 0.5         | 0.5         | 0.5         | 0.5         |
| Deferred tax assets                         |      |      | 1.9         | 0.7         | 1.3         | 1.3         | 1.3         | 1.3         |
| Other assets                                |      |      | 0.0         | 0.0         | 0.0         | 0.0         | 0.0         | 0.0         |
| Trade receivables                           |      |      | 0.0         | 2.7         | 5.0         | 5.0         | 5.0         | 5.0         |
| <b>Current assets</b>                       |      |      | <b>27.7</b> | <b>23.6</b> | <b>30.1</b> | <b>32.8</b> | <b>36.6</b> | <b>43.4</b> |
| as % of total assets                        |      |      | 48.7%       | 43.0%       | 44.9%       | 45.8%       | 48.2%       | 52.4%       |
| Trade receivables                           |      |      | 18.3        | 14.1        | 15.5        | 18.8        | 20.0        | 22.0        |
| Other assets                                |      |      | 1.7         | 2.2         | 3.0         | 3.0         | 3.0         | 3.0         |
| Current income tax assets                   |      |      | 0.3         | 0.1         | 0.4         | 0.2         | 0.2         | 0.2         |
| Cash & cash equivalents                     |      |      | 7.5         | 7.2         | 11.2        | 10.8        | 13.4        | 18.2        |
| <b>Total assets</b>                         |      |      | <b>57.0</b> | <b>54.8</b> | <b>67.2</b> | <b>71.5</b> | <b>76.0</b> | <b>82.8</b> |
| <b>Shareholders' equity and liabilities</b> |      |      |             |             |             |             |             |             |
| <b>Total shareholders equity</b>            |      |      | <b>22.9</b> | <b>23.9</b> | <b>27.4</b> | <b>30.9</b> | <b>35.6</b> | <b>41.6</b> |
| as % of total equity and liabilities        |      |      | 40.2%       | 43.7%       | 40.8%       | 43.2%       | 46.8%       | 50.2%       |
| Subscribed capital                          |      |      | 6.1         | 6.1         | 6.2         | 6.2         | 6.2         | 6.2         |
| Reserves                                    |      |      | 16.6        | 17.6        | 21.0        | 24.5        | 29.2        | 35.2        |
| Treasury shares                             |      |      | 0.0         | 0.0         | 0.0         | 0.0         | 0.0         | 0.0         |
| Minority interests                          |      |      | 0.2         | 0.2         | 0.2         | 0.2         | 0.2         | 0.2         |
| <b>Non-current liabilities</b>              |      |      | <b>23.0</b> | <b>17.6</b> | <b>20.6</b> | <b>22.1</b> | <b>22.1</b> | <b>22.1</b> |
| as % of total equity and liabilities        |      |      | 40.3%       | 32.1%       | 30.6%       | 30.9%       | 29.1%       | 26.7%       |
| Financial liabilities                       |      |      | 19.9        | 17.2        | 17.9        | 19.5        | 19.5        | 19.5        |
| Provisions                                  |      |      | 0.04        | 0.04        | 0.44        | 0.44        | 0.44        | 0.44        |
| Other liabilities                           |      |      | 0.00        | 0.01        | 0.01        | 0.00        | 0.00        | 0.00        |
| Deferred tax liabilities                    |      |      | 2.97        | 0.36        | 2.19        | 2.19        | 2.19        | 2.19        |
| <b>Current liabilities</b>                  |      |      | <b>11.1</b> | <b>13.3</b> | <b>19.2</b> | <b>18.5</b> | <b>18.3</b> | <b>19.1</b> |
| as % of total equity and liabilities        |      |      | 19.5%       | 24.3%       | 28.6%       | 25.9%       | 24.0%       | 23.0%       |
| Provisions                                  |      |      | 0.0         | 0.1         | 0.2         | 0.2         | 0.2         | 0.2         |
| Financial liabilities                       |      |      | 1.3         | 1.7         | 2.7         | 3.0         | 3.0         | 3.0         |
| Trade payables                              |      |      | 4.9         | 5.7         | 9.6         | 8.3         | 8.0         | 8.8         |
| Current income tax liabilities              |      |      | 0.2         | 0.2         | 0.1         | 0.5         | 0.5         | 0.5         |
| Other liabilities                           |      |      | 4.7         | 5.6         | 6.6         | 6.6         | 6.6         | 6.6         |
| <b>Total equity and liabilities</b>         |      |      | <b>57.0</b> | <b>54.8</b> | <b>67.2</b> | <b>71.5</b> | <b>76.0</b> | <b>82.8</b> |

Source: CBS Research AG, Hypoport AG

## Hypoport AG

## Cash flow statement

|   | IFRS | EURm | 2008        | 2009        | 2010E       | 2011E       | 2012E       | 2013E       |
|---|------|------|-------------|-------------|-------------|-------------|-------------|-------------|
| Net income  |      |      | -0.3        | -0.3        | 3.3         | 3.5         | 4.7         | 6.0         |
| Depreciation & amortisation                                   |      |      | 3.1         | 3.7         | 4.7         | 4.8         | 5.0         | 5.5         |
| Gains/losses on disposal of non-current assets                |      |      | 0.0         | 0.0         | 0.0         | 0.0         | 0.0         | 0.0         |
| Others  |      |      | 1.3         | -0.1        | 0.0         | 0.0         | 0.0         | 0.0         |
| <b>Operating Cash flow pre working capital</b>                |      |      | <b>4.4</b>  | <b>3.2</b>  | <b>8.0</b>  | <b>8.3</b>  | <b>9.7</b>  | <b>11.5</b> |
| Change in current provisions                                  |      |      | 0.0         | 0.1         | 0.1         | 0.0         | 0.0         | 0.0         |
| Change intrade receivables                                    |      |      | -2.4        | 1.2         | -2.5        | -3.0        | -1.3        | -2.0        |
| Change in trade payables & other liabilities                  |      |      | 1.5         | 2.0         | 4.9         | -1.4        | -0.3        | 0.8         |
| (Increase)/Decrease in working capital                        |      |      | -0.9        | 3.3         | 2.5         | -4.4        | -1.5        | -1.2        |
| <b>Operating Cash flow</b>                                    |      |      | <b>3.5</b>  | <b>6.5</b>  | <b>10.5</b> | <b>3.9</b>  | <b>8.2</b>  | <b>10.3</b> |
| Proceeds from disposal of PPE/intangible assets               |      |      | 0.0         | 0.1         | 0.0         | 0.0         | 0.0         | 0.0         |
| Payments to acquire PPE/intangible assets                     |      |      | -5.7        | -5.0        | -7.6        | -6.2        | -5.6        | -5.5        |
| Payments to acquire consolidated enterprises                  |      |      | 0.0         | 0.0         | 0.0         | 0.0         | 0.0         | 0.0         |
| Proceeds from disposal of financial assets                    |      |      | 0.1         | 0.1         | 0.4         | 0.0         | 0.0         | 0.0         |
| Purchase of financial assets                                  |      |      | -0.8        | -0.7        | -0.4        | 0.0         | 0.0         | 0.0         |
| <b>Net cash used in investing activities</b>                  |      |      | <b>-6.4</b> | <b>-5.6</b> | <b>-7.7</b> | <b>-6.2</b> | <b>-5.6</b> | <b>-5.5</b> |
| <b>Free cash flow [Cash flow before financing]</b>            |      |      | <b>-2.9</b> | <b>0.9</b>  | <b>2.4</b>  | <b>-2.3</b> | <b>2.6</b>  | <b>4.8</b>  |
| Proceeds from additions to equity                             |      |      | 0.1         | 0.1         | 0.2         | 0.0         | 0.0         | 0.0         |
| Cash receipts from minority interest                          |      |      | 0.2         | 0.0         | 0.0         | 0.0         | 0.0         | 0.0         |
| Proceeds from the issue of bonds & others                     |      |      | 12.9        | 0.0         | 3.0         | 0.0         | 0.0         | 0.0         |
| Redemption of bonds and loans                                 |      |      | -5.9        | -1.2        | -1.5        | 0.0         | 0.0         | 0.0         |
| <b>Net cash used in financing activities</b>                  |      |      | <b>7.3</b>  | <b>-1.2</b> | <b>1.7</b>  | <b>0.0</b>  | <b>0.0</b>  | <b>0.0</b>  |
| Others  |      |      | 0.0         | 0.0         | 0.0         | 0.0         | 0.0         | 0.0         |
| <b>Net increase (decrease) in cash &amp; cash equivalents</b> |      |      | <b>4.4</b>  | <b>-0.3</b> | <b>4.5</b>  | <b>-2.3</b> | <b>2.6</b>  | <b>4.8</b>  |
| <b>Cash &amp; cash equivalents at beginning of period</b>     |      |      | <b>3.1</b>  | <b>7.5</b>  | <b>7.2</b>  | <b>11.2</b> | <b>10.8</b> | <b>13.4</b> |
| <b>Cash &amp; cash equivalents at end of period</b>           |      |      | <b>7.5</b>  | <b>7.2</b>  | <b>11.2</b> | <b>10.8</b> | <b>13.4</b> | <b>18.2</b> |

Source: CBS Research AG, Hypoport AG

## Research



Schillerstrasse 27 - 29  
60313 Frankfurt am Main

Phone: +49 (0)69 – 977 8456-0

|                                      |   |                  |   |
|--------------------------------------|---|------------------|---|
| Roger Peeters<br>Member of the Board | +49 (0)69 -977 8456- 12<br><a href="mailto:Roger.Peeters@cbseydlerresearch.ag">Roger.Peeters@cbseydlerresearch.ag</a> | Kristina Kardum  | +49 (0)69 -977 8456- 21<br><a href="mailto:Kristina.Kardum@cbseydlerresearch.ag">Kristina.Kardum@cbseydlerresearch.ag</a>   |
| Martin Decot                         | +49 (0)69 -977 8456- 13<br><a href="mailto:Martin.Decot@cbseydlerresearch.ag">Martin.Decot@cbseydlerresearch.ag</a>   | Igor Kim         | +49 (0)69 -977 8456- 15<br><a href="mailto:Igor.Kim@cbseydlerresearch.ag">Igor.Kim@cbseydlerresearch.ag</a>                 |
| Rabeya Khan                          | +49 (0)69 -977 8456- 10<br><a href="mailto:Rabeya.Khan@cbseydlerresearch.ag">Rabeya.Khan@cbseydlerresearch.ag</a>     | Manuel Martin    | +49 (0)69 -977 8456- 16<br><a href="mailto:Manuel.Martin@cbseydlerresearch.ag">Manuel.Martin@cbseydlerresearch.ag</a>       |
| Ralf Marinoni                        | +49 (0)69 -977 8456- 17<br><a href="mailto:Ralf.Marinoni@cbseydlerresearch.ag">Ralf.Marinoni@cbseydlerresearch.ag</a> | Felix Parmantier | +49 (0)69 -977 8456- 22<br><a href="mailto:Felix.Parmantier@cbseydlerresearch.ag">Felix.Parmantier@cbseydlerresearch.ag</a> |
| Enid Omerovic                        | +49 (0)69 -977 8456- 19<br><a href="mailto:Enid.Omerovic@cbseydlerresearch.ag">Enid.Omerovic@cbseydlerresearch.ag</a> | Veysel Taze      | +49 (0)69 -977 8456- 18<br><a href="mailto:Veysel.Taze@cbseydlerresearch.ag">Veysel.Taze@cbseydlerresearch.ag</a>           |
| Marcus Silbe                         | +49 (0)69 -977 8456- 14<br><a href="mailto:Marcus.Silbe@cbseydlerresearch.ag">Marcus.Silbe@cbseydlerresearch.ag</a>   |                  |   |

## Institutional Sales



Schillerstrasse 27 – 29  
60313 Frankfurt am Main

Phone: +49 (0)69 – 9 20 54-400



**Close Brothers Seydler UK**

25 Dowgate Hill  
London EC4R 2GA

|  |  |  |  |
|--|--|--|--|
| Raimar Bock<br>Head of Sales               | +49 (0)69 -9 20 54-115<br><a href="mailto:Raimar.Bock@cbseydler.com">Raimar.Bock@cbseydler.com</a>                   | Rüdiger Eich<br>(Germany, Switzerland) | +49 (0)69 -9 20 54-119<br><a href="mailto:Ruediger.Eich@cbseydler.com">Ruediger.Eich@cbseydler.com</a>             |
| Henriette Domhardt<br>(Austria, Germany)   | +49 (0)69 -9 20 54-137<br><a href="mailto:Henriette.Domhardt@cbseydler.com">Henriette.Domhardt@cbseydler.com</a>     | Klaus Korzilius<br>(Benelux, Germany)  | +49 (0)69 -9 20 54-114<br><a href="mailto:Klaus.Korzilius@cbseydler.com">Klaus.Korzilius@cbseydler.com</a>         |
| Uwe Gerhardt<br>(Germany, Switzerland)     | +49 (0)69 -9 20 54-168<br><a href="mailto:Uwe.Gerhardt@cbseydler.com">Uwe.Gerhardt@cbseydler.com</a>                 | Markus Laifle<br>(Execution)           | +49 (0)69 -9 20 54-120<br><a href="mailto:Markus.Laifle@cbseydler.com">Markus.Laifle@cbseydler.com</a>             |
| Stefan Krewinkel<br>(Execution, UK)        | +49 (0)69 -9 20 54-118<br><a href="mailto:Stefan.Krewinkel@cbseydler.com">Stefan.Krewinkel@cbseydler.com</a>         | Christopher Seedorf<br>(Sales-Support) | +49 (0)69 -9 20 54-110<br><a href="mailto:Christopher.Seedorf@cbseydler.com">Christopher.Seedorf@cbseydler.com</a> |
| Bruno de Lencquesaing<br>(Benelux, France) | +49 (0)69 -9 20 54-116<br><a href="mailto:Bruno.deLencquesaing@cbseydler.com">Bruno.deLencquesaing@cbseydler.com</a> | Bas-Jan Walhof<br>(Benelux)            | +49 (0)69 -9 20 54-105<br><a href="mailto:Bas-Jan.Walhof@cbseydler.com">Bas-Jan.Walhof@cbseydler.com</a>           |
| Janine Theobald<br>(Germany)               | +49 (0)69 -9 20 54-116<br><a href="mailto:Janine.Theobald@cbseydler.com">Janine.Theobald@cbseydler.com</a>           |  |  |

**Disclaimer and statement according to § 34b German Securities Trading Act (“Wertpapierhandelsgesetz”) in combination with the provisions on financial analysis (“Finanzanalyseverordnung” FinAnV)**

This report has been prepared independently of the company analysed by Close Brothers Seydler Research AG and/ or its cooperation partners and the analyst(s) mentioned on the front page (hereafter all are jointly and/or individually called the ‘author’). None of Close Brothers Seydler Research AG, Close Brothers Seydler Bank AG or its cooperation partners, the Company or its shareholders has independently verified any of the information given in this document.

Section 34b of the German Securities Trading Act in combination with the FinAnV requires an enterprise preparing a security analysis to point out possible conflicts of interest with respect to the company that is the subject of the analysis.

Close Brothers Seydler Research AG is a majority owned subsidiary of Close Brothers Seydler Bank AG (hereafter ‘CBS’). However, Close Brothers Seydler Research AG (hereafter ‘CBSR’) provides its research work independent from CBS. CBS is offering a wide range of Services not only including investment banking services and liquidity providing services (designated sponsoring). CBS or CBSR may possess relations to the covered companies as follows (additional information and disclosures will be made available upon request):

- a. CBS holds more than 5% interest in the capital stock of the company that is subject of the analysis.
- b. CBS was a participant in the management of a (co)consortium in a selling agent function for the issuance of financial instruments, which themselves or their issuer is the subject of this financial analysis within the last twelve months.
- c. CBS has provided investment banking and/or consulting services during the last 12 months for the company analysed for which compensation has been or will be paid for.
- d. CBS acts as designated sponsor for the company's securities on the basis of an existing designated sponsorship contract. The services include the provision of bid and ask offers. Due to the designated sponsoring service agreement CBS may regularly possess shares of the company and receives a compensation and/ or provision for its services.
- e. The designated sponsor service agreement includes a contractually agreed provision for research services.
- f. CBSR and the analysed company have a contractual agreement about the preparation of research reports. CBSR receives a compensation in return.
- g. CBS has a significant financial interest in relation to the company that is subject of this analysis.

In this report, the following conflicts of interests are given at the time, when the report has been published: d

Additional information: CBSR and a core shareholder of Hypoport have a contractual agreement about the preparation of research reports on Hypoport. CBSR receives a compensation in return.

CBS and/or its employees or clients may take positions in, and may make purchases and/ or sales as principal or agent in the securities or related financial instruments discussed in this analysis. CBS may provide investment banking, consulting, and/ or other services to and/ or serve as directors of the companies referred to in this analysis. No part of the authors compensation was, is or will be directly or indirectly related to the recommendations or views expressed.

Recommendation System:

Close Brothers Seydler Research AG uses a 3-level absolute share rating system. The ratings pertain to a time horizon of up to 6 months:

BUY: The expected performance of the share price is above +10%.

HOLD: The expected performance of the share price is between 0% and +10%.

SELL: The expected performance of the share price is below 0%.

Recommendation history over the last 12 months for the company analysed in this report:

| Date             | Recommendation            | Price at change date | Price target |
|------------------|---------------------------|----------------------|--------------|
| 17 November 2010 | BUY (Initiating Coverage) | EUR 9.43             | EUR 15.00    |
| 25 January 2011  | BUY                       | EUR 11.76            | EUR 15.00    |
| 05 April 2011    | BUY                       | EUR 9.80             | EUR 16.80    |



|                |     |           |           |
|----------------|-----|-----------|-----------|
| 09 May 2011    | BUY | EUR 10.50 | EUR 16.80 |
| 10 August 2011 | BUY | EUR 8.45  | EUR 16.00 |

Risk-scaling System:

Close Brothers Seydler Research AG uses a 3-level risk-scaling system. The ratings pertain to a time horizon of up to 6 months:

LOW: The volatility is expected to be lower than the volatility of the benchmark

MEDIUM: The volatility is expected to be equal to the volatility of the benchmark

HIGH: The volatility is expected to be higher than the volatility of the benchmark

The following valuation methods are used when valuing companies: Multiplier models (price/earnings, price/cash flow, price/book value, EV/Sales, EV/EBIT, EV/EBITA, EV/EBITDA), peer group comparisons, historical valuation approaches, discounting models (DCF, DDM), break-up value approaches or asset valuation approaches. The valuation models are dependent upon macroeconomic measures such as interest, currencies, raw materials and assumptions concerning the economy. In addition, market moods influence the valuation of companies.

The figures taken from the income statement, the cash flow statement and the balance sheet upon which the evaluation of companies is based are estimates referring to given dates and therefore subject to risks.

These may change at any time without prior notice.

The opinions and forecasts contained in this report are those of the author alone. Material sources of information for preparing this report are publications in domestic and foreign media such as information services (including but not limited to Reuters, VWD, Bloomberg, DPA-AFX), business press (including but not limited to B $\ddot{o}$ rsenzeitung, Handelsblatt, Frankfurter Allgemeine Zeitung, Financial Times), professional publications, published statistics, rating agencies as well as publications of the analysed issuers. Furthermore, discussions were held with the management for the purpose of preparing the analysis. Potentially parts of the analysis have been provided to the issuer prior to going to press; no significant changes were made afterwards, however. Any information in this report is based on data considered to be reliable, but no representations or guarantees are made by the author with regard to the accuracy or completeness of the data. The opinions and estimates contained herein constitute our best judgment at this date and time, and are subject to change without notice. Possible errors or incompleteness of the information do not constitute grounds for liability, neither with regard to indirect nor to direct or consequential damages. The views presented on the covered company accurately reflect the personal views of the author. All employees of the author's company who are involved with the preparation and/or the offering of financial analyzes are subject to internal compliance regulations.

The report is for information purposes, it is not intended to be and should not be construed as a recommendation, offer or solicitation to acquire, or dispose of, any of the securities mentioned in this report. Any reference to past performance should not be taken as indication of future performance. The author does not accept any liability whatsoever for any direct or consequential loss arising from any use of material contained in this report. The report is confidential and it is submitted to selected recipients only. The report is prepared for professional investors only and it is not intended for private investors. Consequently, it should not be distributed to any such persons. Also, the report may be communicated electronically before physical copies are available. It may not be reproduced (in whole or in part) to any other investment firm or any other individual person without the prior written approval from the author. The author is not registered in the United Kingdom nor with any U.S. regulatory body.

It has not been determined in advance whether and in what intervals this report will be updated. Unless otherwise stated current prices refer to the closing price of the previous trading day. Any reference to past performance should not be taken as indication of future performance. The author maintains the right to change his opinions without notice, i.e. the opinions given reflect the author's judgment on the date of this report.

This analysis is intended to provide information to assist institutional investors in making their own investment decisions, not to provide investment advice to any specific investor.

By accepting this report the recipient accepts that the above restrictions are binding. German law shall be applicable and court of jurisdiction for all disputes shall be Frankfurt am Main (Germany).

This report should be made available in the United States solely to investors that are (i) "major US institutional investors" (within the meaning of SEC Rule 15a-6 and applicable interpretations relating thereto) that are also "qualified institutional buyers" (QIBs) within the meaning of SEC Rule 144A promulgated by the United States Securities and Exchange Commission pursuant to the Securities Act of 1933, as amended (the "Securities Act") or (ii) investors that are not "US Persons" within the meaning of Regulation S under the Securities Act and applicable interpretations relating thereto. The offer or sale of certain securities in the United States may be made to QIBs in reliance on Rule 144A. Such securities may include those offered and sold outside the United States in transactions intended to be exempt from registration pursuant to Regulation S. This report does not constitute in any way an offer or a solicitation of interest in any securities to be offered or sold pursuant to Regulation S. Any such securities may not be offered or sold to US Persons at this time and may be resold to US Persons only if such securities are registered under the Securities Act of 1933, as amended, and applicable state securities laws, or pursuant to an

exemption from registration.

This publication is for distribution in or from the United Kingdom only to persons who are authorised persons or exempted persons within the meaning of the Financial Services and Markets Act 2000 of the United Kingdom or any order made there under or to investment professionals as defined in Section 19 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 and is not intended to be distributed or passed on, directly or indirectly, to any other class of persons.

This publication is for distribution in Canada only to pension funds, mutual funds, banks, asset managers and insurance companies.

The distribution of this publication in other jurisdictions may be restricted by law, and persons into whose possession this publication comes should inform themselves about, and observe, any such restrictions. In particular this publication may not be sent into or distributed, directly or indirectly, in Japan or to any resident thereof.

Responsible Supervisory Authority:

Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin, Federal Financial Supervisory Authority)

Graurheindorferstraße 108

53117 Bonn

and

Lurgiallee 12

60439 Frankfurt

 Close Brothers Seydler  
Research AG

Schillerstrasse 27 - 29

60313 Frankfurt am Main

[www.cbseydlerresearch.ag](http://www.cbseydlerresearch.ag)

Tel.: 0049 - (0)69 - 97 78 45 60