

Recommendation:

BUY (BUY)

Risk:

HIGH (HIGH)

Price Target:

EUR 11.90 (13.20)

12 March 2013

Preliminary figures FY 2012:

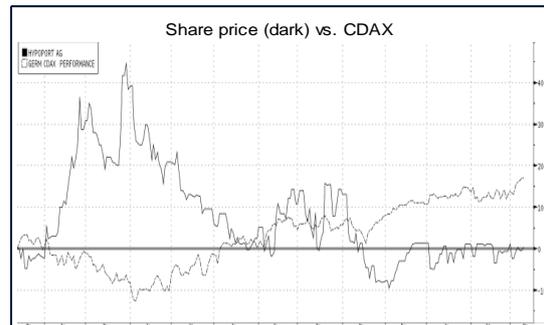
Top-line +4% and EBIT -46% YoY

- Hypoport AG announced its preliminary figures for FY 2012 reporting an increase of 4% in group revenues to EUR 87.8m (PY: EUR 84.4m), which was in line with our estimate (CBSR estimate: EUR 87.6m). EBITDA decreased by 27% to EUR 8.1m (PY: EUR 11.1m), whereas EBIT even fell by approx. 46% to EUR 3.2m (PY: EUR 5.9m), considerably missing our estimate (CBSR estimate: EUR 4.8m). Likewise, the net result of EUR 1.9m almost halved from EUR 3.7m to EUR 1.9m in the YoY comparison. Due to the highly volatile market conditions Hypoport was unable to exploit the full potential of its business model, according to Ronald Slabke (CEO).
- The Private Clients business unit reported a slight decline in revenues to EUR 50.5m (PY: EUR 51.8m), whereas the EBIT contribution diminished to EUR -1.1m (PY: EUR 3.7m). Boosted by the buoyant real estate market and the low level of interest rates, revenues of the Financial Service Providers business unit jumped by 24% to EUR 26.5m (PY: EUR 21.4m), providing an revenue contribution of EUR 3.9m (PY: EUR 2.6m). The volume of transactions processed on EUROPACE grew by 36% to EUR ~29bn in FY 2012, representing the largest annual growth in absolute terms (EUR 7.7bn) since EUROPACE was launched. Institutional Clients generated revenues of EUR 11.6m in FY 2012 (PY: EUR 12.3m). Compared to FY 2011 the business unit recorded a notable decline concerning new business it brokered. The EBIT contribution stood at EUR 3.8m compared to EUR 4.7m in FY 2011.
- In February 2013 Hypoport AG and its partner Stater Participations B.V. have decided to dissolve their joint-venture company Hypoport Stater B.V., which will be wound up in a regulated manner. Thus, extraordinary write-downs are expected to impact net profit of the current year by EUR 1.2m. But in the following periods earnings will benefit by around EUR 1.0m per annum from the discontinuation of start-up losses attributable to the joint venture.
- We expect low level interest rates to persist at least in the upcoming quarters, which on the one hand will further fuel mortgage finance, but on the other hand drag the pension, saving and investment related business. Based on these assumptions, we have adjusted our estimates again, leading to a new fair value of EUR 11.88 per share. Thus, **we cut our price target from EUR 13.20 to EUR 11.90, but confirm our BUY recommendation**, as Hypoport still trades with a ~30% discount to our price target.

Key data

Y/E Dec 31, EUR m	2010	2011	2012E	2013E	2014E	2015E
Revenues	66.9	84.4	87.8	92.2	97.4	103.4
EBITDA	11.1	11.1	8.1	9.9	11.1	12.8
EBIT	6.4	5.9	3.2	5.8	6.1	6.9
Net result	3.3	3.7	1.9	3.3	3.5	3.8
Basic EPS	0.53	0.61	0.30	0.54	0.57	0.61
DPS	0.00	0.00	0.00	0.00	0.00	0.00
EBITDA margin	16.7%	13.1%	9.3%	10.7%	11.4%	12.4%
EBIT margin	9.6%	7.0%	3.7%	6.3%	6.3%	6.7%
EV/EBITDA	5.7	5.7	7.8	6.4	5.7	4.9
EV/EBIT	9.8	10.7	19.5	10.9	10.3	9.1
P/E	15.9	14.0	28.1	15.6	14.7	13.7

Source: CBS Research AG, Hypoport AG



Source: CBS Research AG, Bloomberg

Change	2013E		2014E		2015E	
EUR m	new	old	new	old	new	old
Revenues	92.2	93.5	97.4	98.7	103.4	-
EBIT	5.8	6.2	6.1	12.1	6.9	-
EPS	0.54	0.55	0.57	0.79	0.61	-

www.hypoport.com
WKN: 549336
Reuters: HYQGn.DE

Sector: Financial Services
ISIN: DE0005493365
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, latest closing price):	8.42
Shares outstanding (m):	6.2
Market capitalisation (EUR m):	52.2
Enterprise value (EUR m):	63.3
Ø daily trading volume (3 m., no. of shares):	1,336

Performance data:

High 52 weeks (EUR):	12.15
Low 52 weeks (EUR):	7.44
Absolute performance (12 months):	0.3%
Relative performance vs. CDAX:	
1 month	-4.7%
3 months	-2.3%
6 months	-8.6%
12 months	-14.3%

Shareholders:

Revenia GmbH	34.8%
Kretschmar Familienstiftung	12.9%
Deutsche Postbank AG	9.7%
Sparta AG	5.8%
Free Float	36.8%

Financial calendar:

1Q 13 results	May 06, 2013
AGM	June 07, 2013
2Q 13 results	August 05, 2013

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Appendix

Financials

Profit and loss account

	IFRS	EURm	2010	2011	2012E	2013E	2014E	2015E
Revenue			66.9	84.4	87.8	92.2	97.4	103.4
YoY growth			32.6%	26.1%	4.0%	5.1%	5.6%	6.2%
Selling expenses			-26.6	-39.9	-41.5	-43.4	-46.0	-48.3
% of total revenue			-39.8%	-47.3%	-47.0%	-47.0%	-47.3%	-46.8%
Gross Profit			40.3	44.5	46.3	48.8	51.3	55.0
Gross Profit margin in %			60.2%	52.7%	52.7%	53.0%	52.7%	53.2%
Own work capitalised			5.7	4.0	4.7	4.4	5.2	5.6
% of total revenue			8.6%	5.4%	5.3%	4.8%	5.3%	5.4%
Other operating income			1.4	1.8	1.4	2.0	2.1	1.6
% of total revenue			2.0%	2.2%	1.5%	2.2%	2.2%	1.6%
Personnel expenses			-24.6	-26.7	-29.9	-31.6	-32.8	-34.0
% of total revenue			-36.8%	-31.6%	-34.1%	-34.2%	-33.7%	-32.9%
Other operating expenses			-11.6	-12.6	-14.2	-13.9	-14.6	-15.4
% of total revenue			-17.4%	-14.9%	-16.2%	-15.0%	-15.0%	-14.9%
EBITDA			11.1	11.1	8.1	9.9	11.1	12.8
EBITDA margin in %			16.7%	13.1%	9.3%	10.7%	11.4%	12.4%
Depreciation, amortisation exp. & impairment loss			-4.7	-5.2	-4.9	-4.1	-5.0	-5.9
EBIT			6.4	5.9	3.2	5.8	6.1	6.9
EBIT margin in %			9.6%	7.0%	3.7%	6.3%	6.3%	6.7%
Financial result			-1.6	-0.8	-1.0	-1.0	-1.1	-1.1
EBT			4.8	5.1	2.3	4.8	5.1	5.8
EBT margin in %			7.2%	6.1%	2.6%	5.2%	5.2%	5.6%
Taxes on income & def.			-1.6	-1.4	-0.4	-1.4	-1.5	-2.0
% of EBT			-32.4%	-26.6%	-18.5%	-30.0%	-30.0%	-34.3%
Profit/loss from continuing operations, net of tax			3.3	3.7	1.9	3.3	3.5	3.8
as % of total revenue			4.9%	4.4%	2.1%	3.6%	3.6%	3.7%
Profit/loss from discontinued operations			0.0	0.0	0.0	0.0	0.0	0.0
Net profit/loss for the year			3.3	3.7	1.9	3.3	3.5	3.8
Net profit margin in %			4.9%	4.4%	2.1%	3.6%	3.6%	3.7%
Attributable to non-controlling/minority interest			0.0	0.0	0.0	0.0	0.0	0.0
Attributable to Hypoport AG shareholders			3.3	3.8	1.9	3.3	3.5	3.8
Weighted number of shares, basic in million shares			6.15	6.19	6.19	6.19	6.19	6.19
Weighted number of shares, diluted in million shares			6.18	6.19	6.19	6.19	6.19	6.19
EPS Basic			0.53	0.61	0.30	0.54	0.57	0.61
EPS Diluted			0.53	0.61	0.30	0.54	0.57	0.61

Balance Sheet

	IFRS	EURm	2010	2011	2012E	2013E	2014E	2015E
Assets								
Total non-current assets			37.0	35.0	36.9	38.4	38.4	37.2
as % of total assets			55.1%	48.6%	49.1%	48.5%	46.1%	42.2%
Intangible assets			27.8	27.9	29.7	30.9	30.8	29.6
Tangible Assets; PPE			2.4	2.5	2.4	2.6	2.6	2.3
Financial assets			0.5	1.0	1.0	1.0	1.0	1.0
Trade receivables			5.0	2.5	2.6	2.7	2.9	3.1
Deferred tax assets			1.3	1.2	1.2	1.2	1.2	1.2
Other assets			0.0	0.0	0.0	0.0	0.0	0.0
Current assets			30.1	37.1	38.2	40.7	44.9	50.8
as % of total assets			44.9%	51.4%	50.9%	51.5%	53.9%	57.8%
Trade receivables			15.5	25.1	26.1	27.4	28.9	30.7
Other assets			3.0	3.9	3.9	3.9	3.9	3.9
Current income tax assets			0.4	0.6	0.6	0.6	0.6	0.6
Cash & cash equivalents			11.2	7.5	7.7	8.8	11.5	15.7
Total assets			67.2	72.1	75.1	79.1	83.3	88.0

Total Shareholder's Equity & Liabilities

Total shareholders equity			27.4	31.3	33.8	37.1	40.6	44.4
as % of total equity and liabilities			40.8%	43.3%	45.0%	46.9%	48.8%	50.5%
Subscribed capital			6.2	6.2	6.2	6.2	6.2	6.2
Reserves			21.0	24.9	27.3	30.7	34.2	38.0
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
Non-current liabilities			20.6	10.3	10.3	10.3	10.3	10.3
as % of total equity and liabilities			30.6%	14.3%	13.7%	13.0%	12.3%	11.7%
Financial liabilities			17.9	7.8	7.8	7.8	7.8	7.8
Provisions			0.4	0.3	0.3	0.3	0.3	0.3
Other liabilities			0.0	0.0	0.0	0.0	0.0	0.0
Deferred tax liabilities			2.2	2.2	2.2	2.2	2.2	2.2
Current liabilities			19.2	30.6	31.0	31.7	32.4	33.3
as % of total equity and liabilities			28.6%	42.4%	41.3%	40.1%	38.9%	37.8%
Provisions			0.2	0.3	0.3	0.3	0.3	0.3
Financial liabilities			2.7	10.9	10.9	10.9	10.9	10.9
Trade payables			9.6	12.2	12.6	13.3	14.0	14.9
Current income tax liabilities			0.1	0.9	0.9	0.9	0.9	0.9
Other liabilities			6.6	6.3	6.3	6.3	6.3	6.3
Total liabilities			39.8	40.9	41.3	42.0	42.7	43.6
as % of total equity and liabilities			59.2%	56.7%	55.0%	53.1%	51.2%	49.5%
Total liabilities			67.2	72.1	75.1	79.1	83.3	88.0

Cash flow statement

	IFRS	EURm	2010	2011	2012E	2013E	2014E	2015E
Earnings before interest and tax (EBIT)			6.4	5.9	3.2	5.8	6.1	6.9
from continuing operations			6.4	5.9	3.2	5.8	6.1	6.9
from discontinued operations			0.0	0.0	0.0	0.0	0.0	0.0
Non-cash income (+) / expense (-) from income tax			-1.5	-0.6	0.0	0.0	0.0	0.0
Net Interest received (+) / paid (-)			-1.2	-1.0	-1.3	-1.0	-1.1	-1.1
Net income taxes receipts (+) / payments (-)			-0.4	-0.4	-1.0	-1.4	-1.5	-2.0
Depreciation and amortisation expense, impairment losses (+) / reversals of impairment			4.7	5.2	5.1	4.1	5.0	5.9
Gains (-) / losses (+) on the disposal of non-current assets			0.0	0.0	0.0	0.0	0.0	0.0
Cash flow			8.0	9.1	7.6	7.4	8.6	9.7
Increase (+) / decrease (-) in current provisions			0.1	0.1	0.0	0.0	0.0	0.0
Increase (-) and decrease (+) in inventories, trade receivables and other assets not attributable to investing or financing activities			-5.4	-8.1	-1.0	-1.5	-1.7	-2.0
Increase (+) / decrease (-) in trade payables and other liabilities not attributable to investing or financing activities			7.4	3.6	0.5	0.6	0.7	0.9
Cash flows from operating activities			10.0	4.7	7.0	6.6	7.6	8.6
from discontinued operations			0.0	0.0	0.0	0.0	0.0	0.0
Proceeds from the disposal of property, plant and equipment / intangible assets (+)			0.0	0.0	0.0	0.0	0.0	0.0
Payments to acquire property, plant and equipment / intangible assets (-)			-7.6	-5.3	-6.8	-5.5	-4.9	-4.4
Payments for acquisitions to be consolidated			0.0	0.0	0.0	0.0	0.0	0.0
Proceeds from the disposal of financial assets (+)			0.4	0.1	0.0	0.0	0.0	0.0
Purchase of financial assets (-)			-0.4	-0.6	0.0	0.0	0.0	0.0
Cash flows from investing activities			-7.7	-5.7	-6.8	-5.5	-4.9	-4.4
from discontinued operations			0.0	0.0	0.0	0.0	0.0	0.0
Proceeds from additions to equity (+)			0.2	0.0	0.0	0.0	0.0	0.0
Payments to shareholders and minority interest (-)			0.0	0.0	0.0	0.0	0.0	0.0
Net issue (+) / redemption of bonds and loans			1.5	-2.6	0.0	0.0	0.0	0.0
Cash flows from financing activities			1.7	-2.6	0.0	0.0	0.0	0.0
from discontinued operations			0.0	0.0	0.0	0.0	0.0	0.0
Net change in cash and cash equivalents			4.0	-3.7	0.2	1.2	2.7	4.1
Cash and cash equivalents at the beginning of the period			7.2	11.2	7.5	7.7	8.8	11.5
Cash and cash equivalents at the end of the period			11.2	7.5	7.7	8.8	11.5	15.7
from discontinued operations			0.0	0.0	0.0	0.0	0.0	0.0

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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 analyzed in this report:

Date	Recommendation	Price at change date	Price target
20 March 2012	BUY	EUR 8.00	EUR 17.00
07 May 2012	BUY	EUR 10.88	EUR 17.00
06 August 2012	BUY	EUR 9.10	EUR 15.00
05 November 2012	BUY	EUR 8.73	EUR 13.20

12 March 2013	BUY	EUR 8.42	EUR 11.90
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