

<b>Buy</b> <b>EUR 170.00</b> (EUR 145.00)  Price EUR 142.85 <b>Upside 19.0 %</b>	<b>Value Indicators:</b> EUR SotP: 169.61	<b>Share data:</b> Bloomberg: HYQ GR Reuters: HYQGn.DE ISIN: DE0005493365	<b>Description:</b> Technology-based financial services provider
	<b>Market Snapshot:</b> EUR m Market cap: 848.79 No. of shares (m): 5.94 EV: 824.49 Freefloat MC: 505.88 Ø Trad. Vol. (30d): 2.06 m	<b>Shareholders:</b> Freefloat 59.6 % Revenia (Ronald Slabke) 36.3 % Treasury shares 4.1 %	<b>Risk Profile (WRe):</b> 2017e Beta: 1.2 Price / Book: 10.1 x Equity Ratio: 62 %

## Acquisition in InsureTech; PT up on higher margin expectations

- The company announced the acquisition of yet another software company, **IWM Software AG** with 50 employees and more than EUR 3m in annual sales. The company was founded in 1990 and seems to be very healthy. Revenues have been growing by 17% on average, with an estimated net income margin of 6% and an equity ratio of over 85%. This information was not contained in Hypoport's press release but was garnered from IWM's company presentation. The purchase price was not disclosed but we estimate EUR 5-7m. IWM essentially offers documentation support, processing, back office administration, commission management, CRM solutions, contract management solutions, including app solutions, **all of which makes a good fit for Hypoport's InsureTech offer, targeting insurance brokers.** The IWM deal is expected to close in early 2018 and will then be worked into our model.
- After speaking to the company, we understand that the deal is really about sourcing client relationships (i.e. access to insurance brokers) and access to programming talent. Hypoport acquired another small company called Volz Software recently and we would estimate an overall cash outlay of EUR 9m for both assets, which can easily be covered by the company's net cash position, estimated at EUR 24.3m by year-end 2017. The transactions round off Hypoport's InsureTech platform, which aims to seamlessly address all functions needed by insurance brokers when selling and managing insurance policies for clients and to provide cost-saving and transparency-enhancing process automation. **Hypoport has invested approximately EUR 40m in its InsureTech platform so far, including all acquisitions (NKK, Innosystems, maklersoftware.com, IWM and Volz).**
- On a separate note, **we reviewed our long-term margin assumptions, which form the basis of our DCF analysis,** with the company and came to the conclusion that we could give the company more credit for operating leverage without losing sight of necessary further investments to support growth. In the "legacy business" our long-term EBIT margin assumption increases from 16.5% to 18.0%. In the credit platform business in particular (EUROPACE), the "marginal" EBIT margin is around 50%. In the private clients business, it reaches 60%. On the other hand, Hypoport is still investing in and expanding structures to foster growth and reported figures still remain far from these prospects. In the InsureTech business, where the company is targeting steady-state EBIT margins of above 40%, we increase our long-term EBIT margin from 20% to 30%. Our legacy business DCF yields a fair value of EUR 128.68 per share (EUR 118.65) and our InsureTech DCF yields a fair value of EUR 40.92 (EUR 26.77). **Hence our new Sum of the Parts valuation adds up to EUR 169.61, justifying a new PT of EUR 170.00 per share.**

The stock has rallied recently and the story is still being discovered by international institutional investors. The acquisition pipeline in the InsureTech arena is still well filled, and the mortgage platform business in Germany shows strong pent-up growth in light of ongoing forays into the savings banks and cooperative banks sectors, which together account for 60% of the German mortgage market. **We therefore see strong support for the share going forward.**

	FY End: 31.12. in EUR m	CAGR (16-19e)	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017e</b>	<b>2018e</b>	<b>2019e</b>
	<b>Sales</b>	15.8 %	98.09	112.33	138.98	156.60	191.78	216.60	243.06
Change Sales yoy		11.8 %	14.5 %	23.7 %	12.7 %	22.5 %	12.9 %	12.2 %	
Gross profit margin		54.3 %	53.9 %	54.9 %	58.0 %	57.9 %	57.9 %	57.9 %	
<b>EBITDA</b>	16.0 %	8.12	12.70	25.08	28.20	33.54	38.22	44.03	
Margin		8.3 %	11.3 %	18.0 %	18.0 %	17.5 %	17.6 %	18.1 %	
<b>EBIT</b>	17.7 %	3.95	7.94	19.26	23.12	27.93	32.26	37.73	
Margin		4.0 %	7.1 %	13.9 %	14.8 %	14.6 %	14.9 %	15.5 %	
<b>Net income</b>	17.7 %	3.18	5.92	15.87	17.97	21.55	24.97	29.30	
<b>EPS</b>	18.0 %	0.52	0.97	2.56	3.00	3.63	4.20	4.93	
<b>EPS adj.</b>	18.0 %	0.52	0.97	2.56	3.00	3.63	4.20	4.93	
<b>DPS</b>	-	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Dividend Yield		n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	
<b>FCFPS</b>		0.61	0.37	3.16	1.90	2.16	3.34	4.09	
<b>FCF / Market cap</b>		7.4 %	3.3 %	10.2 %	2.4 %	1.5 %	2.3 %	2.8 %	
<b>EV / Sales</b>		0.6 x	0.6 x	1.4 x	2.8 x	4.4 x	3.8 x	3.3 x	
<b>EV / EBITDA</b>		7.0 x	5.6 x	7.8 x	15.6 x	25.0 x	21.4 x	18.0 x	
<b>EV / EBIT</b>		14.4 x	9.0 x	10.2 x	19.0 x	30.0 x	25.4 x	21.0 x	
<b>P / E</b>		15.9 x	11.3 x	13.2 x	25.0 x	39.4 x	34.0 x	29.0 x	
<b>P / E adj.</b>		15.9 x	11.3 x	13.2 x	25.0 x	39.4 x	34.0 x	29.0 x	
<b>FCF Potential Yield</b>		14.5 %	15.9 %	11.2 %	5.3 %	3.3 %	3.9 %	4.6 %	
<b>Net Debt</b>		5.97	4.08	-13.29	-11.46	-24.30	-44.13	-68.43	
<b>ROCE (NOPAT)</b>		10.3 %	15.8 %	38.9 %	39.6 %	38.6 %	39.8 %	43.1 %	
<b>Guidance:</b>		2017: revenues and earnings growth just into double digit figures							

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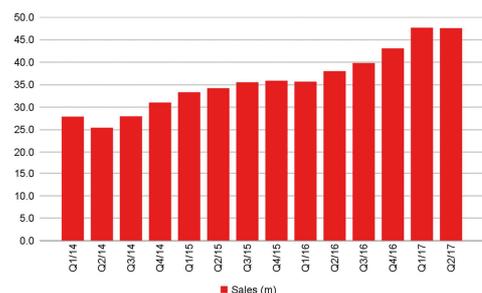
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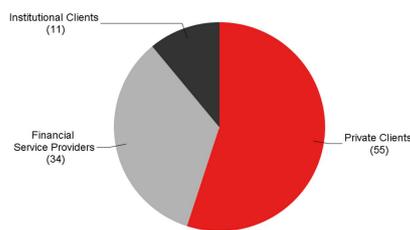
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**Sales development**  
in EUR m



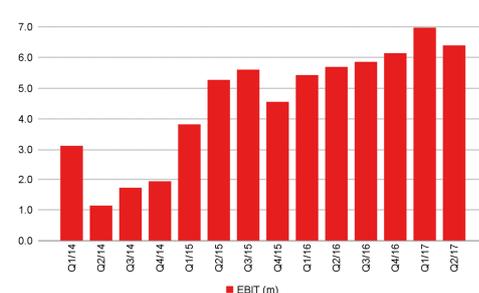
Source: Warburg Research

**Sales by Segments**  
2016; in %



Source: Warburg Research

**EBIT development**  
in EUR m



Source: Warburg Research

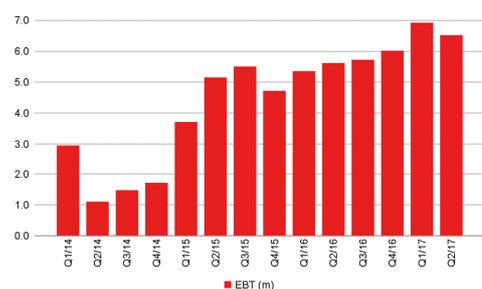
**Company Background**

- The company, founded in 1999, is specialised as a property financing intermediary
- With Europace, Hypoport operates the largest German internet platform for property financing and similar products
- Under the Dr. Klein brand, Hypoport operates a franchise system of stationary advisors
- Hypoport is also in a leading position in the area of institutional property financing (also under the Dr. Klein brand)
- An advanced level of technology is shown in all segments (fintech)

**Competitive Quality**

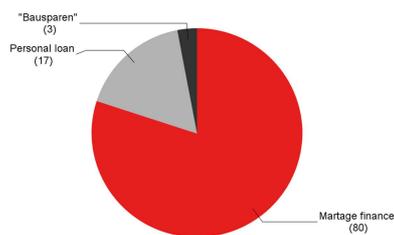
- The online marketplace for property financing operated by Hypoport (Europace) is the largest of its kind in Germany
- As the number of affiliated suppliers is decisive for marketplaces of this type, this forms a central competitive advantage and a considerable market entry barrier for third parties.
- The Dr. Klein business segments (private clients) benefits from market access over Europace but also from the many years of experience in the area of property financing
- Dr. Klein has regional presence (200 branches) and, in this way, achieves customer proximity.
- Most importantly however Dr. Klein is strongly focused (mainly property financing) and neutral (with offers from every provider). Other financial sales teams or retail banks normally cannot afford both.

**EBT development**  
in EUR m



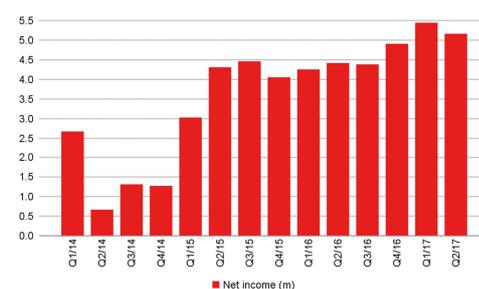
Source: Warburg Research

**Europace by product segments**  
2016; in %



Source: Warburg Research

**Net income development**  
in EUR m



Source: Warburg Research

**DCF model**

Figures in EUR m	Detailed forecast period			Transitional period										Term. Value
	2017e	2018e	2019e	2020e	2021e	2022e	2023e	2024e	2025e	2026e	2027e	2028e	2029e	
Sales	191.78	216.60	243.06	272.22	304.89	335.38	368.92	394.74	422.37	451.94	474.54	498.26	510.72	
Sales change	22.5 %	12.9 %	12.2 %	12.0 %	12.0 %	10.0 %	10.0 %	7.0 %	7.0 %	7.0 %	5.0 %	5.0 %	2.5 %	2.5 %
EBIT	27.93	32.26	37.73	43.56	50.31	57.01	66.40	71.05	76.03	81.35	85.42	89.69	91.93	
EBIT-margin	14.6 %	14.9 %	15.5 %	16.0 %	16.5 %	17.0 %	18.0 %	18.0 %	18.0 %	18.0 %	18.0 %	18.0 %	18.0 %	
Tax rate (EBT)	20.9 %	20.9 %	20.9 %	20.9 %	20.9 %	20.9 %	20.9 %	20.9 %	20.9 %	20.9 %	20.9 %	20.9 %	20.9 %	
NOPAT	22.10	25.52	29.85	34.46	39.81	45.11	52.54	56.22	60.16	64.37	67.59	70.96	72.74	
Depreciation	5.61	5.97	6.30	10.89	12.20	13.42	14.76	15.79	16.89	18.08	18.98	19.93	20.43	
in % of Sales	2.9 %	2.8 %	2.6 %	4.0 %	4.0 %	4.0 %	4.0 %	4.0 %	4.0 %	4.0 %	4.0 %	4.0 %	4.0 %	
Changes in provisions	0.00	0.00	0.00	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.02	0.02	0.01	
Change in Liquidity from														
- Working Capital	4.32	3.10	3.30	3.61	4.05	3.78	4.15	3.20	3.42	3.66	2.80	2.94	1.54	
- Capex	10.00	8.00	8.00	13.61	15.24	16.77	18.45	19.74	21.12	22.60	23.73	24.91	25.54	
Capex in % of Sales	5.2 %	3.7 %	3.3 %	5.0 %	5.0 %	5.0 %	5.0 %	5.0 %	5.0 %	5.0 %	5.0 %	5.0 %	5.0 %	
Other	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Free Cash Flow (WACC Model)	13.39	20.39	24.86	28.16	32.74	38.01	44.73	49.10	52.54	56.22	60.06	63.07	66.10	68
PV of FCF	12.72	17.91	20.19	21.16	22.77	24.45	26.62	27.02	26.75	26.48	26.17	25.42	24.65	451
share of PVs	6.74 %			33.38 %										59.88 %

**Model parameter**

Derivation of WACC:		Derivation of Beta:	
Debt ratio	0.00 %	Financial Strength	1.00
Cost of debt (after tax)	2.4 %	Liquidity (share)	1.00
Market return	7.00 %	Cyclicality	1.40
Risk free rate	1.50 %	Transparency	1.30
		Others	1.30
<b>WACC</b>	<b>8.10 %</b>	<b>Beta</b>	<b>1.20</b>

**Valuation (m)**

Present values 2029e	302		
Terminal Value	451		
Financial liabilities	11		
Pension liabilities	0		
Hybrid capital	0		
Minority interest	0		
Market val. of investments	0		
Liquidity	22	No. of shares (m)	5.9
<b>Equity Value</b>	<b>765</b>	<b>Value per share (EUR)</b>	<b>128.68</b>

**Sensitivity Value per Share (EUR)**

Beta	WACC	Terminal Growth							Beta	WACC	Delta EBIT-margin						
		1.75 %	2.00 %	2.25 %	2.50 %	2.75 %	3.00 %	3.25 %			-1.5 pp	-1.0 pp	-0.5 pp	+0.0 pp	+0.5 pp	+1.0 pp	+1.5 pp
1.38	9.1 %	101.00	102.81	104.76	106.85	109.11	111.55	114.20	1.38	9.1 %	96.59	100.01	103.43	106.85	110.27	113.69	117.11
1.29	8.6 %	109.65	111.87	114.26	116.85	119.66	122.72	126.06	1.29	8.6 %	105.66	109.39	113.12	116.85	120.58	124.31	128.04
1.25	8.4 %	114.48	116.95	119.61	122.50	125.66	129.10	132.88	1.25	8.4 %	110.79	114.70	118.60	122.50	126.41	130.31	134.22
1.20	8.1 %	119.71	122.46	125.44	128.68	132.23	136.12	140.42	1.20	8.1 %	116.40	120.49	124.59	128.68	132.78	136.87	140.97
1.15	7.9 %	125.39	128.46	131.80	135.45	139.46	143.89	148.79	1.15	7.9 %	122.54	126.84	131.15	135.45	139.75	144.06	148.36
1.11	7.6 %	131.57	135.01	138.77	142.90	147.46	152.51	158.14	1.11	7.6 %	129.30	133.83	138.37	142.90	147.43	151.97	156.50
1.02	7.1 %	145.70	150.09	154.92	160.28	166.26	172.96	180.54	1.02	7.1 %	145.08	150.14	155.21	160.28	165.35	170.42	175.48

- The growth anticipated for Hypoport is based on robust business development in all segments
- Financial Services (Europace) in particular offers systematic potential for economies of scale and margin growth
- On this basis the group assumes a positive long-term margin trend
- Based on a sophisticated regional dispersion of tax obligations a low tax rate is assumed long term.

Valuation	2013	2014	2015	2016	2017e	2018e	2019e
Price / Book	1.5 x	1.7 x	4.0 x	7.0 x	10.1 x	7.8 x	6.2 x
Book value per share ex intangibles	0.53	1.25	3.40	3.72	6.68	10.63	15.33
EV / Sales	0.6 x	0.6 x	1.4 x	2.8 x	4.4 x	3.8 x	3.3 x
EV / EBITDA	7.0 x	5.6 x	7.8 x	15.6 x	25.0 x	21.4 x	18.0 x
EV / EBIT	14.4 x	9.0 x	10.2 x	19.0 x	30.0 x	25.4 x	21.0 x
EV / EBIT adj.*	14.4 x	9.0 x	10.2 x	19.0 x	30.0 x	25.4 x	21.0 x
P / FCF	13.5 x	29.9 x	9.8 x	42.4 x	66.1 x	42.8 x	34.9 x
P / E	15.9 x	11.3 x	13.2 x	25.0 x	39.4 x	34.0 x	29.0 x
P / E adj.*	15.9 x	11.3 x	13.2 x	25.0 x	39.4 x	34.0 x	29.0 x
Dividend Yield	n.a.						
FCF Potential Yield (on market EV)	14.5 %	15.9 %	11.2 %	5.3 %	3.3 %	3.9 %	4.6 %

\*Adjustments made for: -

**Consolidated profit & loss**

In EUR m	2013	2014	2015	2016	2017e	2018e	2019e
<b>Sales</b>	<b>98.09</b>	<b>112.33</b>	<b>138.98</b>	<b>156.60</b>	<b>191.78</b>	<b>216.60</b>	<b>243.06</b>
Change Sales yoy	11.8 %	14.5 %	23.7 %	12.7 %	22.5 %	12.9 %	12.2 %
Increase / decrease in inventory	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Own work capitalised	4.25	4.18	4.66	5.66	6.71	7.58	8.51
<b>Total Sales</b>	<b>102.34</b>	<b>116.50</b>	<b>143.65</b>	<b>162.26</b>	<b>198.50</b>	<b>224.18</b>	<b>251.56</b>
Material expenses	49.11	55.95	67.31	71.44	87.45	98.77	110.83
<b>Gross profit</b>	<b>53.23</b>	<b>60.55</b>	<b>76.34</b>	<b>90.82</b>	<b>111.04</b>	<b>125.41</b>	<b>140.73</b>
<i>Gross profit margin</i>	<i>54.3 %</i>	<i>53.9 %</i>	<i>54.9 %</i>	<i>58.0 %</i>	<i>57.9 %</i>	<i>57.9 %</i>	<i>57.9 %</i>
Personnel expenses	32.68	35.33	38.22	46.36	56.19	63.03	70.49
Other operating income	2.77	1.83	2.18	3.07	4.22	4.98	5.83
Other operating expenses	15.23	14.50	15.25	19.33	25.53	29.14	32.04
Unfrequent items	0.04	0.15	0.03	0.00	0.00	0.00	0.00
<b>EBITDA</b>	<b>8.12</b>	<b>12.70</b>	<b>25.08</b>	<b>28.20</b>	<b>33.54</b>	<b>38.22</b>	<b>44.03</b>
<i>Margin</i>	<i>8.3 %</i>	<i>11.3 %</i>	<i>18.0 %</i>	<i>18.0 %</i>	<i>17.5 %</i>	<i>17.6 %</i>	<i>18.1 %</i>
Depreciation of fixed assets	1.06	0.97	1.12	1.24	1.20	1.20	1.20
<b>EBITA</b>	<b>7.07</b>	<b>11.73</b>	<b>23.96</b>	<b>26.96</b>	<b>32.34</b>	<b>37.02</b>	<b>42.83</b>
Amortisation of intangible assets	3.12	3.80	4.70	3.84	4.41	4.77	5.10
Goodwill amortisation	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>EBIT</b>	<b>3.95</b>	<b>7.94</b>	<b>19.26</b>	<b>23.12</b>	<b>27.93</b>	<b>32.26</b>	<b>37.73</b>
<i>Margin</i>	<i>4.0 %</i>	<i>7.1 %</i>	<i>13.9 %</i>	<i>14.8 %</i>	<i>14.6 %</i>	<i>14.9 %</i>	<i>15.5 %</i>
<b>EBIT adj.</b>	<b>3.95</b>	<b>7.94</b>	<b>19.26</b>	<b>23.12</b>	<b>27.93</b>	<b>32.26</b>	<b>37.73</b>
Interest income	0.11	0.14	0.37	0.23	0.10	0.10	0.10
Interest expenses	0.99	0.82	0.52	0.63	0.80	0.80	0.80
Other financial income (loss)	0.00	0.00	0.00	0.01	0.00	0.00	0.00
<b>EBT</b>	<b>3.07</b>	<b>7.25</b>	<b>19.10</b>	<b>22.73</b>	<b>27.23</b>	<b>31.56</b>	<b>37.03</b>
<i>Margin</i>	<i>3.1 %</i>	<i>6.5 %</i>	<i>13.7 %</i>	<i>14.5 %</i>	<i>14.2 %</i>	<i>14.6 %</i>	<i>15.2 %</i>
Total taxes	-0.10	1.32	3.24	4.76	5.68	6.59	7.73
<b>Net income from continuing operations</b>	<b>3.18</b>	<b>5.93</b>	<b>15.87</b>	<b>17.97</b>	<b>21.55</b>	<b>24.97</b>	<b>29.30</b>
Income from discontinued operations (net of tax)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Net income before minorities</b>	<b>3.18</b>	<b>5.93</b>	<b>15.87</b>	<b>17.97</b>	<b>21.55</b>	<b>24.97</b>	<b>29.30</b>
Minority interest	0.00	0.01	0.00	0.00	0.00	0.00	0.00
<b>Net income</b>	<b>3.18</b>	<b>5.92</b>	<b>15.87</b>	<b>17.97</b>	<b>21.55</b>	<b>24.97</b>	<b>29.30</b>
<i>Margin</i>	<i>3.2 %</i>	<i>5.3 %</i>	<i>11.4 %</i>	<i>11.5 %</i>	<i>11.2 %</i>	<i>11.5 %</i>	<i>12.1 %</i>
Number of shares, average	6.14	6.12	6.19	6.01	5.94	5.94	5.94
<b>EPS</b>	<b>0.52</b>	<b>0.97</b>	<b>2.56</b>	<b>3.00</b>	<b>3.63</b>	<b>4.20</b>	<b>4.93</b>
EPS adj.	0.52	0.97	2.56	3.00	3.63	4.20	4.93

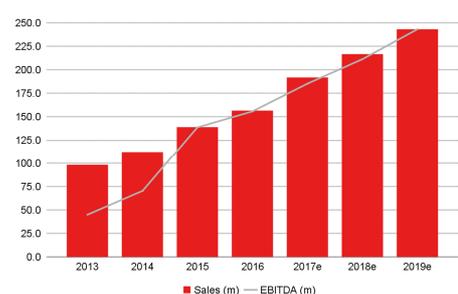
\*Adjustments made for:

**Guidance: 2017: revenues and earnings growth just into double digit figures**
**Financial Ratios**

	2013	2014	2015	2016	2017e	2018e	2019e
Total Operating Costs / Sales	96.1 %	92.5 %	85.3 %	85.6 %	86.0 %	85.9 %	85.4 %
Operating Leverage	2.0 x	7.0 x	6.0 x	1.6 x	0.9 x	1.2 x	1.4 x
EBITDA / Interest expenses	8.2 x	15.4 x	48.0 x	44.9 x	41.9 x	47.8 x	55.0 x
Tax rate (EBT)	-3.3 %	18.2 %	16.9 %	20.9 %	20.9 %	20.9 %	20.9 %
Dividend Payout Ratio	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Sales per Employee	n.a.						

**Sales, EBITDA**

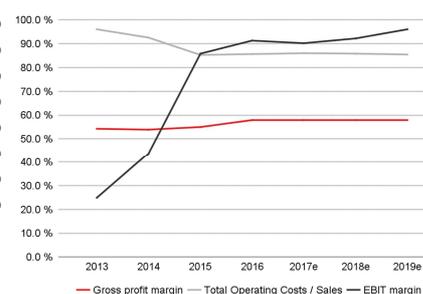
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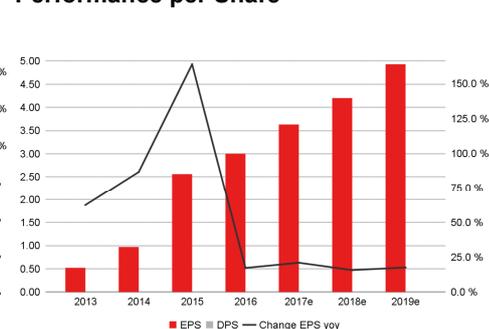
Source: Warburg Research

**Operating Performance**

in %



Source: Warburg Research

**Performance per Share**


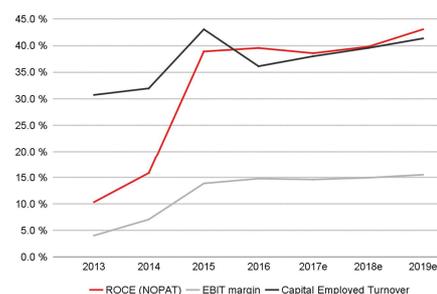
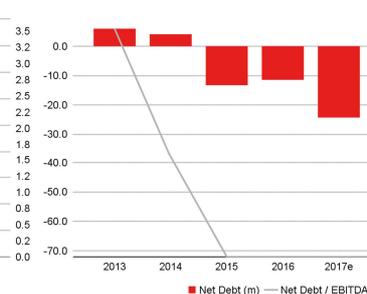
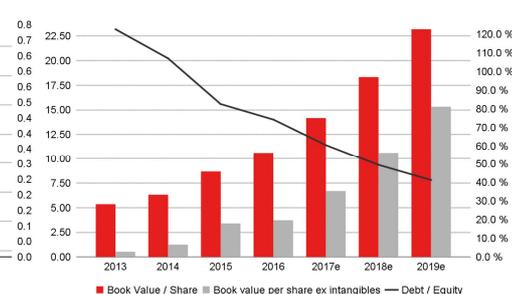
Source: Warburg Research

**Consolidated balance sheet**

In EUR m	2013	2014	2015	2016	2017e	2018e	2019e
<b>Assets</b>							
Goodwill and other intangible assets	29.57	30.95	31.89	41.66	45.25	46.48	47.38
thereof other intangible assets	0.00	0.00	0.00	3.06	6.64	7.88	8.78
thereof Goodwill	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Property, plant and equipment	2.50	2.66	3.04	2.63	3.43	4.23	5.03
Financial assets	0.07	0.08	0.03	1.09	1.09	1.09	1.09
Other long-term assets	0.71	1.12	1.42	3.01	3.01	3.01	3.01
<b>Fixed assets</b>	<b>32.85</b>	<b>34.82</b>	<b>36.38</b>	<b>48.39</b>	<b>52.78</b>	<b>54.82</b>	<b>56.51</b>
Inventories	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Accounts receivable	24.45	29.62	32.85	38.09	46.60	52.70	59.10
Liquid assets	10.95	12.02	24.76	22.41	35.25	55.08	79.39
Other short-term assets	5.40	3.94	2.09	3.21	3.21	3.21	3.21
<b>Current assets</b>	<b>40.80</b>	<b>45.59</b>	<b>59.70</b>	<b>63.71</b>	<b>85.06</b>	<b>110.99</b>	<b>141.69</b>
<b>Total Assets</b>	<b>73.60</b>	<b>80.40</b>	<b>96.10</b>	<b>112.10</b>	<b>137.80</b>	<b>165.80</b>	<b>198.20</b>
<b>Liabilities and shareholders' equity</b>							
Subscribed capital	6.20	6.20	6.20	6.20	6.20	6.20	6.20
Capital reserve	2.06	2.21	2.35	2.35	2.35	2.35	2.35
Retained earnings	24.60	30.26	44.01	55.54	77.09	102.06	131.36
Other equity components	-0.06	-0.08	-0.16	0.05	-0.05	0.05	0.05
Shareholders' equity	32.80	38.59	52.39	64.13	85.58	110.65	139.95
Minority interest	0.26	0.26	0.27	0.27	0.27	0.27	0.27
<b>Total equity</b>	<b>33.05</b>	<b>38.85</b>	<b>52.66</b>	<b>64.40</b>	<b>85.85</b>	<b>110.92</b>	<b>140.22</b>
Provisions	0.11	0.20	0.21	0.25	0.25	0.25	0.25
thereof provisions for pensions and similar obligations	0.11	0.20	0.21	0.24	0.24	0.24	0.24
Financial liabilities (total)	16.82	15.90	11.26	10.71	10.71	10.71	10.71
thereof short-term financial liabilities	4.76	4.64	4.34	6.27	6.27	6.27	6.27
Accounts payable	15.20	16.49	20.39	18.71	22.90	25.90	29.00
Other liabilities	8.41	8.96	11.55	18.07	18.07	18.07	18.07
<b>Liabilities</b>	<b>40.54</b>	<b>41.56</b>	<b>43.42</b>	<b>47.74</b>	<b>51.93</b>	<b>54.93</b>	<b>58.03</b>
<b>Total liabilities and shareholders' equity</b>	<b>73.60</b>	<b>80.40</b>	<b>96.10</b>	<b>112.10</b>	<b>137.80</b>	<b>165.80</b>	<b>198.20</b>

**Financial Ratios**

	2013	2014	2015	2016	2017e	2018e	2019e
<b>Efficiency of Capital Employment</b>							
Operating Assets Turnover	8.4 x	7.1 x	9.0 x	7.1 x	7.1 x	7.0 x	6.9 x
Capital Employed Turnover	2.5 x	2.6 x	3.5 x	3.0 x	3.1 x	3.2 x	3.4 x
ROA	9.7 %	17.0 %	43.6 %	37.1 %	40.8 %	45.5 %	51.8 %
<b>Return on Capital</b>							
ROCE (NOPAT)	10.3 %	15.8 %	38.9 %	39.6 %	38.6 %	39.8 %	43.1 %
ROE	10.2 %	16.6 %	34.9 %	30.8 %	28.8 %	25.4 %	23.4 %
Adj. ROE	10.2 %	16.6 %	34.9 %	30.8 %	28.8 %	25.4 %	23.4 %
<b>Balance sheet quality</b>							
Net Debt	5.97	4.08	-13.29	-11.46	-24.30	-44.13	-68.43
Net Financial Debt	5.87	3.88	-13.50	-11.70	-24.54	-44.37	-68.68
Net Gearing	18.1 %	10.5 %	-25.2 %	-17.8 %	-28.3 %	-39.8 %	-48.8 %
Net Fin. Debt / EBITDA	72.2 %	30.5 %	n.a.	n.a.	n.a.	n.a.	n.a.
Book Value / Share	5.3	6.3	8.7	10.6	14.2	18.3	23.2
Book value per share ex intangibles	0.5	1.2	3.4	3.7	6.7	10.6	15.3

**ROCE Development****Net debt in EUR m****Book Value per Share in EUR**

Source: Warburg Research

Source: Warburg Research

Source: Warburg Research

**Consolidated cash flow statement**

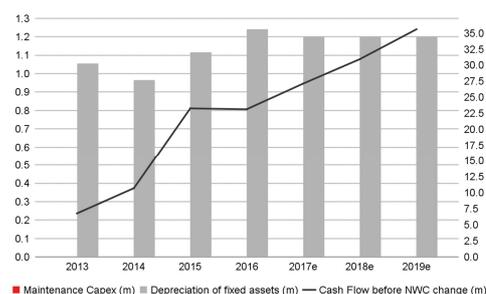
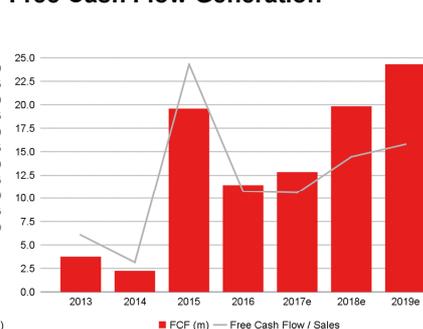
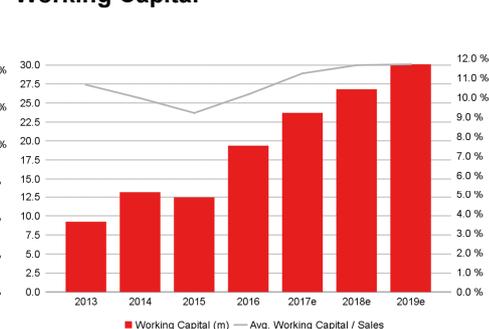
In EUR m	2013	2014	2015	2016	2017e	2018e	2019e
Net income	3.18	5.93	15.87	18.05	21.55	24.97	29.30
Depreciation of fixed assets	1.06	0.97	1.12	1.24	1.20	1.20	1.20
Amortisation of goodwill	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Amortisation of intangible assets	3.12	3.80	4.70	3.84	4.41	4.77	5.10
Increase/decrease in long-term provisions	0.00	0.00	0.00	0.03	0.00	0.00	0.00
Other non-cash income and expenses	-0.54	0.03	1.60	0.00	0.00	0.00	0.00
<b>Cash Flow before NWC change</b>	<b>6.81</b>	<b>10.72</b>	<b>23.28</b>	<b>23.16</b>	<b>27.16</b>	<b>30.93</b>	<b>35.60</b>
Increase / decrease in inventory	0.96	-4.13	-1.66	0.00	0.00	0.00	0.00
Increase / decrease in accounts receivable	0.00	0.00	0.00	-5.24	-8.51	-6.10	-6.40
Increase / decrease in accounts payable	2.77	1.77	4.60	-1.69	4.19	3.00	3.10
Increase / decrease in other working capital positions	-1.05	0.05	0.47	2.10	0.00	0.00	0.00
Increase / decrease in working capital (total)	2.68	-2.31	3.41	-4.83	-4.32	-3.10	-3.30
<b>Net cash provided by operating activities [1]</b>	<b>9.49</b>	<b>8.42</b>	<b>26.69</b>	<b>18.34</b>	<b>22.84</b>	<b>27.83</b>	<b>32.30</b>
Investments in intangible assets	-5.16	-5.55	-4.70	-6.90	-8.00	-6.00	-6.00
Investments in property, plant and equipment	-0.57	-0.62	-0.62	-0.80	-2.00	-2.00	-2.00
Payments for acquisitions	0.00	0.00	0.00	-3.40	0.00	0.00	0.00
Financial investments	0.00	0.02	0.01	3.00	0.00	0.00	0.00
Income from asset disposals	0.04	0.00	0.05	0.00	0.00	0.00	0.00
<b>Net cash provided by investing activities [2]</b>	<b>-5.70</b>	<b>-6.18</b>	<b>-7.06</b>	<b>-13.30</b>	<b>-10.00</b>	<b>-8.00</b>	<b>-8.00</b>
Change in financial liabilities	-1.39	-0.85	-4.60	-0.55	0.00	0.00	0.00
Dividends paid	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Purchase of own shares	0.00	-0.31	-2.30	-6.91	0.00	0.00	0.00
Capital measures	0.00	0.00	0.00	0.50	0.00	0.00	0.00
Other	0.00	0.00	0.00	-0.50	0.00	0.00	0.00
<b>Net cash provided by financing activities [3]</b>	<b>-1.39</b>	<b>-1.16</b>	<b>-6.90</b>	<b>-7.46</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Change in liquid funds [1]+[2]+[3]</b>	<b>2.40</b>	<b>1.07</b>	<b>12.73</b>	<b>-2.42</b>	<b>12.84</b>	<b>19.83</b>	<b>24.30</b>
Effects of exchange-rate changes on cash	0.00	0.00	0.00	0.10	0.00	0.00	0.00
<b>Cash and cash equivalent at end of period</b>	<b>10.95</b>	<b>12.02</b>	<b>24.76</b>	<b>22.43</b>	<b>35.25</b>	<b>55.08</b>	<b>79.39</b>

**Financial Ratios**

	2013	2014	2015	2016	2017e	2018e	2019e
<b>Cash Flow</b>							
FCF	3.75	2.25	19.59	11.44	12.84	19.83	24.30
Free Cash Flow / Sales	3.8 %	2.0 %	15.4 %	6.8 %	6.7 %	9.2 %	10.0 %
Free Cash Flow Potential	8.23	11.38	21.84	23.52	27.86	31.63	36.30
Free Cash Flow / Net Profit	118.2 %	38.0 %	134.7 %	59.2 %	59.6 %	79.4 %	82.9 %
Interest Received / Avg. Cash	1.1 %	1.2 %	2.0 %	1.0 %	0.3 %	0.2 %	0.1 %
Interest Paid / Avg. Debt	5.6 %	5.0 %	3.8 %	5.7 %	7.5 %	7.5 %	7.5 %
<b>Management of Funds</b>							
Investment ratio	5.8 %	5.5 %	3.8 %	4.9 %	5.2 %	3.7 %	3.3 %
Maint. Capex / Sales	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Capex / Dep	137.4 %	129.5 %	91.4 %	151.4 %	178.2 %	134.1 %	126.9 %
Avg. Working Capital / Sales	10.7 %	10.0 %	9.2 %	10.2 %	11.2 %	11.7 %	11.7 %
Trade Debtors / Trade Creditors	160.8 %	179.6 %	161.1 %	203.6 %	203.5 %	203.5 %	203.8 %
Inventory Turnover	n.a.						
Receivables collection period (days)	91	96	86	89	89	89	89
Payables payment period (days)	113	108	111	96	96	96	96
Cash conversion cycle (Days)	n.a.						

**CAPEX and Cash Flow**

in EUR m


**Free Cash Flow Generation**

**Working Capital**


Source: Warburg Research

Source: Warburg Research

Source: Warburg Research

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-B-	<b>Buy:</b>	The price of the analysed financial instrument is expected to rise over the next 12 months.
-H-	<b>Hold:</b>	The price of the analysed financial instrument is expected to remain mostly flat over the next 12 months.
-S-	<b>Sell:</b>	The price of the analysed financial instrument is expected to fall over the next 12 months.
“-“	<b>Rating suspended:</b>	The available information currently does not permit an evaluation of the company.

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Rating	Number of stocks	% of Universe
Buy	111	54
Hold	87	42
Sell	8	4
Rating suspended	1	0
<b>Total</b>	<b>207</b>	<b>100</b>

**WARBURG RESEARCH GMBH – ANALYSED RESEARCH UNIVERSE BY RATING ...**

... taking into account only those companies which were provided with major investment services in the last twelve months.

Rating	Number of stocks	% of Universe
Buy	28	70
Hold	10	25
Sell	1	3
Rating suspended	1	3
<b>Total</b>	<b>40</b>	<b>100</b>

**PRICE AND RATING HISTORY HYPOPORT AS OF 29.09.2017**


Markings in the chart show rating changes by Warburg Research GmbH in the last 12 months. Every marking details the date and closing price on the day of the rating change.

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**Our research can be found under:**

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