

Buy EUR 178.50 Price EUR 155.80 Upside 14.6 %	Value Indicators: EUR DCF: 178.38	Share data: Bloomberg: HYQ GR Reuters: HYQGn.DE ISIN: DE0005493365	Description: Technology-based financial services provider
	Market Snapshot: EUR m Market cap: 972.41 No. of shares (m): 6.24 EV: 990.38 Freefloat MC: 579.56 Ø Trad. Vol. (30d): 1.47 m	Shareholders: Freefloat 59.6 % Revenia (Ronald Slabke) 36.3 % Treasury shares 4.1 %	Risk Profile (WRε): 2018e Beta: 1.3 Price / Book: 6.6 x Equity Ratio: 64 % Net Fin. Debt / EBITDA: 0.5 x Net Debt / EBITDA: 0.5 x

Acquisition offers plenty of synergy potential

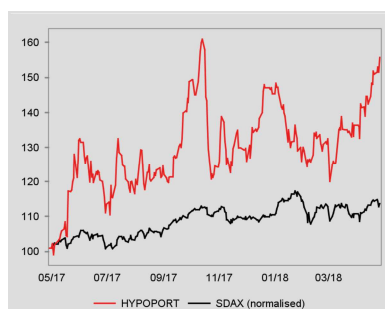
Hypoport has announced the acquisition of FIO SYSTEMS AG (FIO), a digital financial services provider which is mainly active in the fields of digital real estate services and estate management. Relevant for Hypoport's business is that FIO offers B2B services mainly to banks and institutional clients. The purchase price of around EUR 70m was partly paid in cash (EUR 24m) and by issuing 298.4k new shares resulting from a capital increase in kind. In 2017, FIO generated revenues of EUR 7m and we expect EBIT to have been about EUR 2m. The products of FIO can be divided into three categories:

- Firstly, web-based real estate agency services to banks. FIO provides the only realtor software that is integrated into the core banking system of German saving banks. Around **80% of all saving banks in Germany use the FIO solution**. The company also offers its software to cooperative and private banks, which is a **perfect fit** for Hypoport's credit platform business. With the purchase of FIO, **Hypoport gains access to the majority of German saving banks**, which should result in faster and easier integration of the savings banks to FINMAS. We expect a similar effect for other banks. The FIO solution too can be easily offered and distributed to all banks currently working with EUROPACE.
- Secondly, an ERP system for the real estate sector which includes the digital management of real estate portfolios. Hypoport's integration of the processes will, in our view, especially benefit **the institutional clients business**. By analysing the input data, Hypoport can identify advisory or financial needs earlier. This offers the opportunity for proactive contact with institutional clients, which should result in **higher and less volatile revenues**.
- The third group can be described as "others", and is the smallest part of FIO's business. It includes services like payment management and business intelligence for the real estate sector. While these services should generate some revenues and synergies in future, we regard the first two categories as the main drivers of future synergies.

Even though, at first glance, the transaction appears rather expensive with a 2017 sales multiple of 10x, we welcome the good strategic fit and see the growth opportunities that support the transaction. Furthermore, if we apply Hypoport's 2018 P/E of 40.5x, the EUR 70m paid is still below the hypothetical EUR 81m. We incorporated the transaction into our financial model which lifts our revenue and EBIT assumptions. For now, **we reiterate our Buy recommendation and leave our PT at EUR 178.50**.

Changes in Estimates:			Comment on Changes:			
FY End: 31.12. in EUR m	2018e (old)	+ / -	2019e (old)	+ / -	2020e (old)	+ / -
Sales	222.83	3.8 %	254.49	5.6 %	291.00	6.2 %
EBIT	28.52	3.8 %	34.15	5.6 %	41.32	6.2 %
EPS	3.74	-1.3 %	4.43	0.9 %	5.37	1.3 %

▪ Dilutive effects reduce the EPS in 2018e but positive synergies should outweigh from 2019e onwards

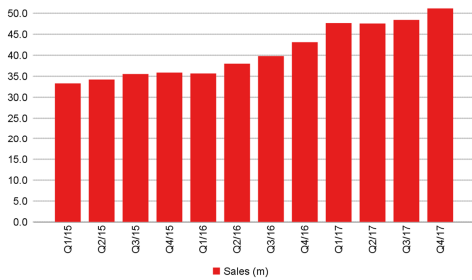


Rel. Performance vs SDAX:	
1 month:	11.1 %
6 months:	23.0 %
Year to date:	4.4 %
Trailing 12 months:	43.7 %

Company events:	
03.05.18	Q1
04.05.18	AGM
06.08.18	Q2
05.11.18	Q3

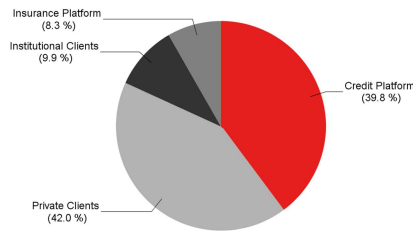
FY End: 31.12. in EUR m	CAGR (17-20e)	2014	2015	2016	2017	2018e	2019e	2020e
Sales	16.6 %	112.33	138.98	156.64	194.86	231.40	268.84	308.98
Change Sales yoy		14.5 %	23.7 %	12.7 %	24.4 %	18.8 %	16.2 %	14.9 %
Gross profit margin		53.9 %	54.9 %	58.0 %	56.1 %	57.4 %	57.9 %	58.2 %
EBITDA	23.1 %	12.70	25.08	28.24	30.12	39.11	46.83	56.23
Margin		11.3 %	18.0 %	18.0 %	15.5 %	16.9 %	17.4 %	18.2 %
EBIT	23.5 %	7.94	19.26	23.16	23.32	29.62	36.08	43.88
Margin		7.1 %	13.9 %	14.8 %	12.0 %	12.8 %	13.4 %	14.2 %
Net income	22.6 %	5.92	15.87	18.07	18.42	23.02	27.93	33.98
EPS	20.6 %	0.97	2.56	3.00	3.10	3.69	4.47	5.44
EPS adj.	20.6 %	0.97	2.56	3.00	3.10	3.69	4.47	5.44
DPS	-	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.
FCFPS		0.37	3.16	1.78	-0.48	2.27	3.25	4.27
FCF / Market cap		3.3 %	10.2 %	2.2 %	-0.3 %	1.4 %	2.1 %	2.7 %
EV / Sales		0.6 x	1.4 x	2.8 x	3.5 x	4.3 x	3.7 x	3.2 x
EV / EBITDA		5.6 x	7.8 x	15.6 x	22.6 x	25.7 x	21.3 x	17.5 x
EV / EBIT		9.0 x	10.2 x	19.0 x	29.1 x	33.9 x	27.6 x	22.4 x
P / E		11.3 x	13.2 x	25.0 x	36.8 x	42.2 x	34.9 x	28.6 x
P / E adj.		11.3 x	13.2 x	25.0 x	36.8 x	42.2 x	34.9 x	28.6 x
FCF Potential Yield		15.9 %	11.2 %	5.3 %	3.8 %	3.3 %	3.9 %	4.8 %
Net Debt		4.08	-13.29	-11.46	2.15	17.96	9.68	-4.95
ROCE (NOPAT)		15.8 %	38.9 %	39.7 %	27.1 %	18.3 %	15.8 %	17.3 %
Guidance:		2018: Revenue between EUR 220m and 240m and EBIT between EUR 26m and 31m						

Sales development in EUR m



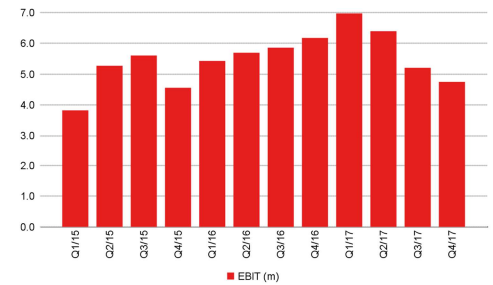
Source: Warburg Research

Sales by Segments 2017; in %



Source: Warburg Research

EBIT development in EUR m



Source: Warburg Research

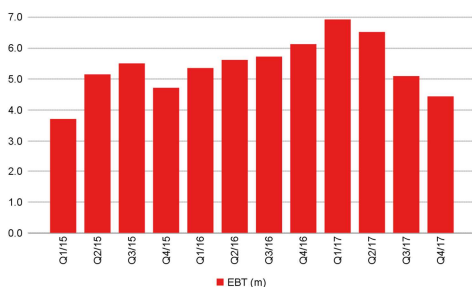
Company Background

- The company, founded in 1999, is specialised as a property financing intermediary and is targeting the insurance market as next field of growth
- With EUROPACE, Hypoport operates the largest German online B2B platform for property financing and similar products
- Under the Dr. Klein brand, Hypoport operates a franchise system of stationary advisors for private customers
- 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

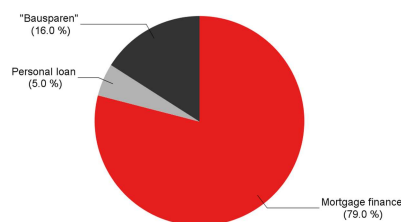
- The online B2B marketplace for property financing (EUROPACE) is the largest of its kind in Germany
- As the number of affiliated suppliers is decisive for marketplaces of this type, this forms a central competitive advantage and a considerable market entry barrier for third parties.
- The Dr. Klein 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 (approx. 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



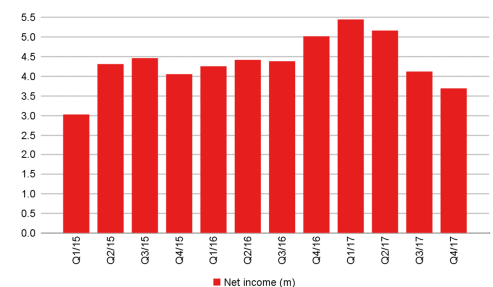
Source: Warburg Research

EUROPACE by product segments 2017; 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
	2018e	2019e	2020e	2021e	2022e	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	
Sales	231.40	268.84	308.98	353.78	403.31	455.74	508.15	558.97	600.89	630.94	656.17	675.86	696.13	
Sales change	18.8 %	16.2 %	14.9 %	14.5 %	14.0 %	13.0 %	11.5 %	10.0 %	7.5 %	5.0 %	4.0 %	3.0 %	3.0 %	3.0 %
EBIT	29.62	36.08	43.88	53.07	64.53	77.48	91.47	103.41	114.17	119.88	124.67	128.41	132.27	
EBIT-margin	12.8 %	13.4 %	14.2 %	15.0 %	16.0 %	17.0 %	18.0 %	18.5 %	19.0 %	19.0 %	19.0 %	19.0 %	19.0 %	19.0 %
Tax rate (EBT)	21.8 %	21.9 %	21.9 %	22.0 %	22.0 %	22.0 %	22.0 %	22.0 %	22.0 %	22.0 %	22.0 %	22.0 %	22.0 %	22.0 %
NOPAT	23.18	28.16	34.29	41.39	50.33	60.43	71.34	80.66	89.05	93.50	97.24	100.16	103.17	
Depreciation	9.49	10.75	12.36	14.15	16.13	18.23	20.33	22.36	24.04	25.24	26.25	27.03	27.85	
in % of Sales	4.1 %	4.0 %	4.0 %	4.0 %	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	0.17	0.05	0.05	0.05	0.05	0.04	0.03	0.03	0.02	0.02	
Change in Liquidity from														
- Working Capital	6.82	5.40	5.70	5.53	6.93	7.34	7.34	7.11	5.87	4.21	3.53	2.76	2.84	
- Capex	11.50	13.00	14.00	15.92	18.15	20.51	22.87	25.15	27.04	25.24	26.25	27.03	27.85	
Capex in % of Sales	5.0 %	4.8 %	4.5 %	4.5 %	4.5 %	4.5 %	4.5 %	4.5 %	4.5 %	4.0 %	4.0 %	4.0 %	4.0 %	4.0 %
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)	14.34	20.52	26.95	34.27	41.43	50.86	61.52	70.80	80.22	89.33	93.74	97.43	100.35	103
PV of FCF	13.60	17.96	21.77	25.56	28.53	32.34	36.10	38.36	40.12	41.25	39.96	38.34	36.45	705
share of PVs	4.78 %			32.00 %										63.22 %

Model parameter

Derivation of WACC:		Derivation of Beta:	
Debt ratio	5.00 %	Financial Strength	1.00
Cost of debt (after tax)	2.1 %	Liquidity (share)	1.20
Market return	7.00 %	Cyclicality	1.60
Risk free rate	1.50 %	Transparency	1.40
		Others	1.30
WACC	8.32 %	Beta	1.30

Valuation (m)

Present values 2030e	410		
Terminal Value	705		
Financial liabilities	16		
Pension liabilities	0		
Hybrid capital	0		
Minority interest	0		
Market val. of investments	0		
Liquidity	14	No. of shares (m)	6.2
Equity Value	1,113	Value per share (EUR)	178.38

Sensitivity Value per Share (EUR)

Beta	WACC	Terminal Growth							Beta	WACC	Delta EBIT-margin						
		2.25 %	2.50 %	2.75 %	3.00 %	3.25 %	3.50 %	3.75 %			-1.5 pp	-1.0 pp	-0.5 pp	+0.0 pp	+0.5 pp	+1.0 pp	+1.5 pp
1.49	9.3 %	136.65	139.43	142.41	145.63	149.12	152.91	157.03	1.49	9.3 %	132.54	136.91	141.27	145.63	150.00	154.36	158.72
1.40	8.8 %	149.44	152.85	156.55	160.56	164.93	169.71	174.97	1.40	8.8 %	146.24	151.01	155.79	160.56	165.33	170.11	174.88
1.35	8.6 %	156.62	160.42	164.56	169.06	173.98	179.39	185.36	1.35	8.6 %	154.04	159.04	164.05	169.06	174.06	179.07	184.08
1.30	8.3 %	164.42	168.67	173.31	178.38	183.95	190.10	196.92	1.30	8.3 %	162.59	167.85	173.11	178.38	183.64	188.90	194.16
1.25	8.1 %	172.91	177.68	182.90	188.64	194.97	201.99	209.83	1.25	8.1 %	172.01	177.55	183.09	188.64	194.18	199.73	205.27
1.20	7.8 %	182.19	187.56	193.47	199.99	207.22	215.29	224.35	1.20	7.8 %	182.43	188.28	194.13	199.99	205.84	211.70	217.55
1.11	7.3 %	203.58	210.49	218.16	226.72	236.33	247.19	259.58	1.11	7.3 %	206.96	213.55	220.13	226.72	233.30	239.89	246.47

- 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 we assume a positive long-term margin trend
- Based on a sophisticated regional dispersion of tax obligations a low tax rate is assumed long term.

Valuation	2014	2015	2016	2017	2018e	2019e	2020e
Price / Book	1.7 x	4.0 x	7.0 x	8.2 x	6.6 x	5.5 x	4.6 x
Book value per share ex intangibles	1.25	3.40	3.72	4.41	2.73	4.78	7.81
EV / Sales	0.6 x	1.4 x	2.8 x	3.5 x	4.3 x	3.7 x	3.2 x
EV / EBITDA	5.6 x	7.8 x	15.6 x	22.6 x	25.7 x	21.3 x	17.5 x
EV / EBIT	9.0 x	10.2 x	19.0 x	29.1 x	33.9 x	27.6 x	22.4 x
EV / EBIT adj.*	9.0 x	10.2 x	19.0 x	29.1 x	33.9 x	27.6 x	22.4 x
P / FCF	29.9 x	9.8 x	45.6 x	n.a.	68.6 x	48.0 x	36.5 x
P / E	11.3 x	13.2 x	25.0 x	36.8 x	42.2 x	34.9 x	28.6 x
P / E adj.*	11.3 x	13.2 x	25.0 x	36.8 x	42.2 x	34.9 x	28.6 x
Dividend Yield	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
FCF Potential Yield (on market EV)	15.9 %	11.2 %	5.3 %	3.8 %	3.3 %	3.9 %	4.8 %

*Adjustments made for: -

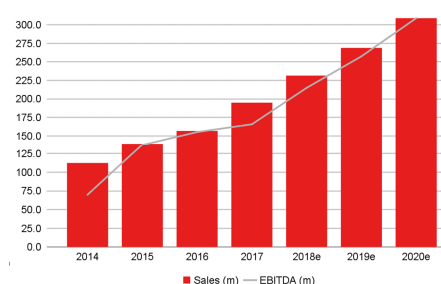
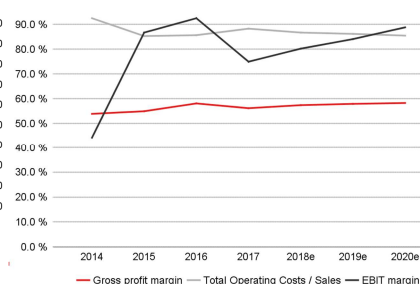
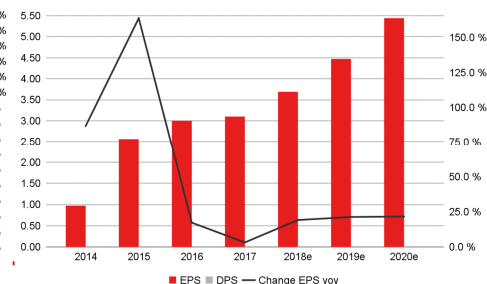
Consolidated profit & loss

In EUR m	2014	2015	2016	2017	2018e	2019e	2020e
Sales	112.33	138.98	156.64	194.86	231.40	268.84	308.98
Change Sales yoy	14.5 %	23.7 %	12.7 %	24.4 %	18.8 %	16.2 %	14.9 %
Increase / decrease in inventory	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Own work capitalised	4.18	4.66	5.66	6.99	8.33	9.68	11.12
Total Sales	116.50	143.65	162.30	201.84	239.73	278.52	320.10
Material expenses	55.95	67.31	71.44	92.57	106.91	122.86	140.28
Gross profit	60.55	76.34	90.86	109.27	132.82	155.66	179.83
<i>Gross profit margin</i>	<i>53.9 %</i>	<i>54.9 %</i>	<i>58.0 %</i>	<i>56.1 %</i>	<i>57.4 %</i>	<i>57.9 %</i>	<i>58.2 %</i>
Personnel expenses	35.33	38.22	46.36	58.56	69.42	80.65	91.46
Other operating income	1.83	2.18	3.07	4.52	4.63	5.38	6.18
Other operating expenses	14.50	15.25	19.33	25.35	28.92	33.55	38.31
Unfrequent items	0.15	0.03	0.00	0.26	0.00	0.00	0.00
EBITDA	12.70	25.08	28.24	30.12	39.11	46.83	56.23
<i>Margin</i>	<i>11.3 %</i>	<i>18.0 %</i>	<i>18.0 %</i>	<i>15.5 %</i>	<i>16.9 %</i>	<i>17.4 %</i>	<i>18.2 %</i>
Depreciation of fixed assets	0.97	1.12	1.24	1.69	2.31	2.69	3.09
EBITA	11.73	23.96	27.00	28.44	36.79	44.14	53.14
Amortisation of intangible assets	3.80	4.70	3.84	5.12	7.17	8.07	9.27
Goodwill amortisation	0.00	0.00	0.00	0.00	0.00	0.00	0.00
EBIT	7.94	19.26	23.16	23.32	29.62	36.08	43.88
<i>Margin</i>	<i>7.1 %</i>	<i>13.9 %</i>	<i>14.8 %</i>	<i>12.0 %</i>	<i>12.8 %</i>	<i>13.4 %</i>	<i>14.2 %</i>
EBIT adj.	7.94	19.26	23.16	23.32	29.62	36.08	43.88
Interest income	0.14	0.37	0.23	0.55	0.80	0.80	0.80
Interest expenses	0.82	0.52	0.63	0.88	1.10	1.30	1.40
Other financial income (loss)	0.00	0.00	0.08	0.00	0.10	0.20	0.20
EBT	7.25	19.10	22.84	22.99	29.42	35.78	43.48
<i>Margin</i>	<i>6.5 %</i>	<i>13.7 %</i>	<i>14.6 %</i>	<i>11.8 %</i>	<i>12.7 %</i>	<i>13.3 %</i>	<i>14.1 %</i>
Total taxes	1.32	3.24	4.76	4.56	6.40	7.85	9.50
Net income from continuing operations	5.93	15.87	18.07	18.43	23.02	27.93	33.98
Income from discontinued operations (net of tax)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net income before minorities	5.93	15.87	18.07	18.43	23.02	27.93	33.98
Minority interest	0.01	0.00	0.00	0.00	0.00	0.00	0.00
Net income	5.92	15.87	18.07	18.42	23.02	27.93	33.98
<i>Margin</i>	<i>5.3 %</i>	<i>11.4 %</i>	<i>11.5 %</i>	<i>9.5 %</i>	<i>9.9 %</i>	<i>10.4 %</i>	<i>11.0 %</i>
Number of shares, average	6.12	6.19	6.01	5.94	6.24	6.24	6.24
EPS	0.97	2.56	3.00	3.10	3.69	4.47	5.44
EPS adj.	0.97	2.56	3.00	3.10	3.69	4.47	5.44

*Adjustments made for:

Guidance: 2018: Revenue between EUR 220m and 240m and EBIT between EUR 26m and 31m
Financial Ratios

	2014	2015	2016	2017	2018e	2019e	2020e
Total Operating Costs / Sales	92.5 %	85.3 %	85.6 %	88.3 %	86.7 %	86.2 %	85.4 %
Operating Leverage	7.0 x	6.0 x	1.6 x	0.0 x	1.4 x	1.3 x	1.4 x
EBITDA / Interest expenses	15.4 x	48.0 x	45.0 x	34.3 x	35.6 x	36.0 x	40.2 x
Tax rate (EBT)	18.2 %	16.9 %	20.8 %	19.9 %	21.8 %	21.9 %	21.9 %
Dividend Payout Ratio	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Sales per Employee	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

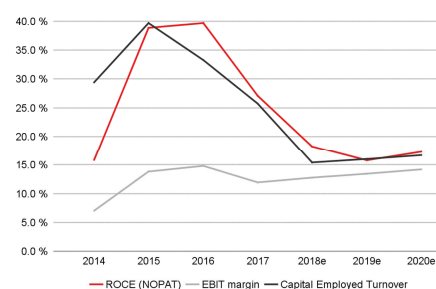
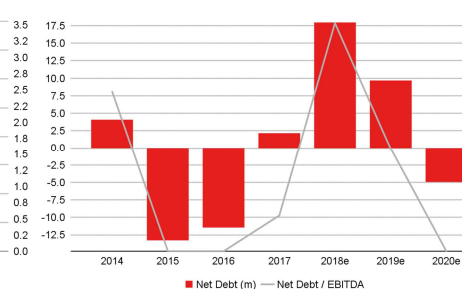
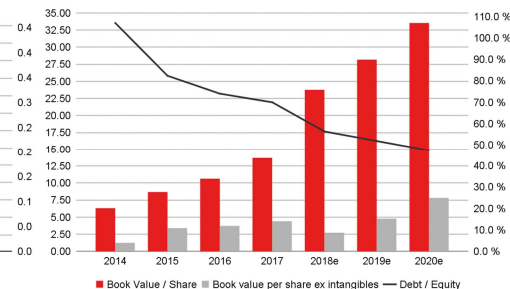
Sales, EBITDA
in EUR m

Operating Performance
in %

Performance per Share


Consolidated balance sheet

In EUR m	2014	2015	2016	2017	2018e	2019e	2020e
Assets							
Goodwill and other intangible assets	30.95	31.89	41.66	55.97	133.30	148.23	162.96
thereof other intangible assets	0.00	0.00	3.83	6.77	84.10	99.03	113.76
thereof Goodwill	0.00	0.00	0.00	24.77	24.77	24.77	24.77
Property, plant and equipment	2.66	3.04	2.63	4.45	4.13	3.44	2.35
Financial assets	0.08	0.03	1.09	1.43	1.43	1.43	1.43
Other long-term assets	1.12	1.42	3.01	4.09	4.09	4.09	4.09
Fixed assets	34.82	36.38	48.39	65.93	142.95	157.19	170.83
Inventories	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Accounts receivable	29.62	32.85	38.09	49.14	58.30	67.80	77.90
Liquid assets	12.02	24.76	22.41	14.33	23.27	35.15	53.39
Other short-term assets	3.94	2.09	3.21	11.57	11.57	11.57	11.57
Current assets	45.59	59.70	63.71	75.05	93.15	114.53	142.86
Total Assets	80.40	96.10	112.10	141.00	236.10	271.70	313.70
Liabilities and shareholders' equity							
Subscribed capital	6.20	6.20	6.20	6.20	6.49	6.49	6.49
Capital reserve	2.21	2.35	2.35	2.91	47.67	47.67	47.67
Retained earnings	30.26	44.01	55.54	73.75	96.77	124.70	158.67
Other equity components	-0.08	-0.16	0.05	-0.25	-0.35	-0.35	-0.35
Shareholders' equity	38.59	52.39	64.13	82.60	150.58	178.51	212.48
Minority interest	0.26	0.27	0.27	0.31	0.31	0.31	0.31
Total equity	38.85	52.66	64.40	82.91	150.89	178.81	212.79
Provisions	0.20	0.21	0.25	0.18	0.18	0.18	0.18
thereof provisions for pensions and similar obligations	0.20	0.21	0.24	0.18	0.18	0.18	0.18
Financial liabilities (total)	15.90	11.26	10.71	16.30	41.05	44.65	48.25
thereof short-term financial liabilities	4.64	4.34	4.44	2.94	2.94	2.94	2.94
Accounts payable	16.49	20.39	18.71	23.06	25.40	29.50	33.90
Other liabilities	8.96	11.55	18.07	18.53	18.53	18.53	18.53
Liabilities	41.56	43.42	47.74	58.07	85.17	92.87	100.87
Total liabilities and shareholders' equity	80.40	96.10	112.10	141.00	236.10	271.70	313.70

Financial Ratios

	2014	2015	2016	2017	2018e	2019e	2020e
Efficiency of Capital Employment							
Operating Assets Turnover	7.1 x	9.0 x	7.1 x	6.4 x	6.2 x	6.4 x	6.7 x
Capital Employed Turnover	2.6 x	3.5 x	3.0 x	2.3 x	1.4 x	1.4 x	1.5 x
ROA	17.0 %	43.6 %	37.3 %	27.9 %	16.1 %	17.8 %	19.9 %
Return on Capital							
ROCE (NOPAT)	15.8 %	38.9 %	39.7 %	27.1 %	18.3 %	15.8 %	17.3 %
ROE	16.6 %	34.9 %	31.0 %	25.1 %	19.7 %	17.0 %	17.4 %
Adj. ROE	16.6 %	34.9 %	31.0 %	25.1 %	19.7 %	17.0 %	17.4 %
Balance sheet quality							
Net Debt	4.08	-13.29	-11.46	2.15	17.96	9.68	-4.95
Net Financial Debt	3.88	-13.50	-11.70	1.97	17.78	9.50	-5.14
Net Gearing	10.5 %	-25.2 %	-17.8 %	2.6 %	11.9 %	5.4 %	-2.3 %
Net Fin. Debt / EBITDA	30.5 %	n.a.	n.a.	6.5 %	45.5 %	20.3 %	n.a.
Book Value / Share	6.3	8.7	10.6	13.7	23.8	28.2	33.5
Book value per share ex intangibles	1.2	3.4	3.7	4.4	2.7	4.8	7.8

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

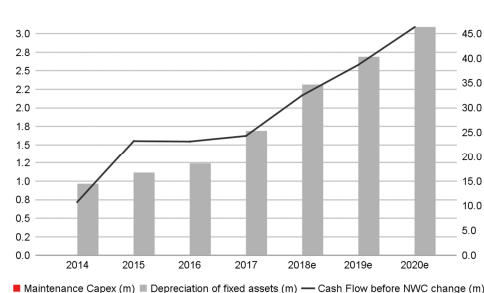
In EUR m	2014	2015	2016	2017	2018e	2019e	2020e
Net income	5.93	15.87	18.07	18.43	23.02	27.93	33.98
Depreciation of fixed assets	0.97	1.12	1.24	1.69	2.31	2.69	3.09
Amortisation of goodwill	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Amortisation of intangible assets	3.80	4.70	3.84	5.12	7.17	8.07	9.27
Increase/decrease in long-term provisions	0.00	0.00	0.03	0.00	0.00	0.00	0.00
Other non-cash income and expenses	0.03	1.60	0.00	-0.92	0.00	0.00	0.00
Cash Flow before NWC change	10.72	23.28	23.19	24.31	32.51	38.68	46.33
Increase / decrease in inventory	-4.13	-1.66	0.00	0.00	0.00	0.00	0.00
Increase / decrease in accounts receivable	0.00	0.00	-5.24	-11.05	-9.16	-9.50	-10.10
Increase / decrease in accounts payable	1.77	4.60	-1.69	4.35	2.34	4.10	4.40
Increase / decrease in other working capital positions	0.05	0.47	2.10	-9.36	0.00	0.00	0.00
Increase / decrease in working capital (total)	-2.31	3.41	-4.83	-16.06	-6.82	-5.40	-5.70
Net cash provided by operating activities [1]	8.42	26.69	18.36	8.26	25.69	33.28	40.63
Investments in intangible assets	-5.55	-4.70	-7.67	-8.00	-9.50	-11.00	-12.00
Investments in property, plant and equipment	-0.62	-0.62	-0.80	-2.00	-2.00	-2.00	-2.00
Payments for acquisitions	0.00	0.00	-5.56	-9.56	-75.00	-12.00	-12.00
Financial investments	0.02	0.01	0.03	0.55	0.00	0.00	0.00
Income from asset disposals	0.00	0.05	0.01	0.02	0.00	0.00	0.00
Net cash provided by investing activities [2]	-6.18	-7.06	-13.25	-21.19	-86.50	-25.00	-26.00
Change in financial liabilities	-0.85	-4.60	-0.50	4.85	24.75	3.60	3.60
Dividends paid	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Purchase of own shares	-0.31	-2.30	-6.91	0.00	0.00	0.00	0.00
Capital measures	0.00	0.00	0.00	0.00	45.00	0.00	0.00
Other	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net cash provided by financing activities [3]	-1.16	-6.90	-7.41	4.85	69.75	3.60	3.60
Change in liquid funds [1]+[2]+[3]	1.07	12.73	-2.29	-8.08	8.94	11.88	18.23
Effects of exchange-rate changes on cash	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Cash and cash equivalent at end of period	12.02	24.76	22.46	14.33	23.27	35.15	53.39

Financial Ratios

	2014	2015	2016	2017	2018e	2019e	2020e
Cash Flow							
FCF	2.25	19.59	10.69	-2.84	14.19	20.28	26.63
Free Cash Flow / Sales	2.0 %	15.4 %	6.3 %	-0.9 %	6.1 %	7.5 %	8.6 %
Free Cash Flow Potential	11.38	21.84	23.48	25.56	32.71	38.98	46.73
Free Cash Flow / Net Profit	38.0 %	134.7 %	54.7 %	-9.5 %	61.6 %	72.6 %	78.4 %
Interest Received / Avg. Cash	1.2 %	2.0 %	1.0 %	3.0 %	4.3 %	2.7 %	1.8 %
Interest Paid / Avg. Debt	5.0 %	3.8 %	5.7 %	6.5 %	3.8 %	3.0 %	3.0 %
Management of Funds							
Investment ratio	5.5 %	3.8 %	5.4 %	5.1 %	5.0 %	4.8 %	4.5 %
Maint. Capex / Sales	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Capex / Dep	129.5 %	91.4 %	166.6 %	146.9 %	121.2 %	120.9 %	113.3 %
Avg. Working Capital / Sales	10.0 %	9.2 %	10.2 %	11.7 %	12.7 %	13.2 %	13.3 %
Trade Debtors / Trade Creditors	179.6 %	161.1 %	203.6 %	213.1 %	229.5 %	229.8 %	229.8 %
Inventory Turnover	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Receivables collection period (days)	96	86	89	92	92	92	92
Payables payment period (days)	108	111	96	91	87	88	88
Cash conversion cycle (Days)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

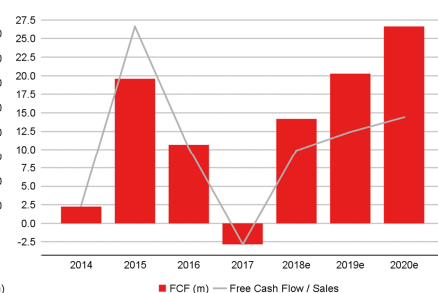
CAPEX and Cash Flow

in EUR m



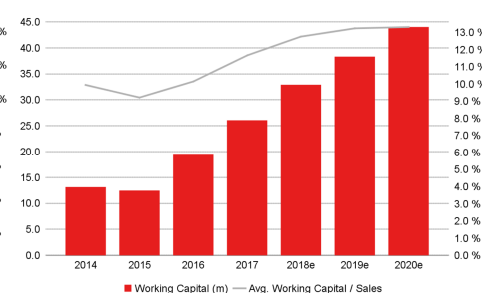
Source: Warburg Research

Free Cash Flow Generation



Source: Warburg Research

Working Capital



Source: Warburg Research

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Company	Disclosure	Link to the historical price targets and rating changes (last 12 months)
HYPOPORT	5	http://www.mmwarburg.com/disclaimer/disclaimer_en/DE0005493365.htm

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-B-	Buy:	The price of the analysed financial instrument is expected to rise over the next 12 months.
-H-	Hold:	The price of the analysed financial instrument is expected to remain mostly flat over the next 12 months.
-S-	Sell:	The price of the analysed financial instrument is expected to fall over the next 12 months.
“-“	Rating suspended:	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	91	44
Sell	4	2
Rating suspended	0	0
Total	206	100

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	32	73
Hold	12	27
Sell	0	0
Rating suspended	0	0
Total	44	100

PRICE AND RATING HISTORY HYPOPORT AS OF 27.04.2018



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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