

Buy EUR 178.50 Price EUR 157.80 Upside 13.1 %	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: 984.90 No. of shares (m): 6.24 EV: 1,002.86 Freefloat MC: 587.00 Ø Trad. Vol. (30d): 1.27 m	Shareholders: Freefloat 59.6 % Revenia (Ronald Slabke) 36.3 % Treasury shares 4.1 %	Risk Profile (WRe): 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

Convincing strategy with growth and margin potential

Mr. Slabke, CEO of Hypoport AG, attended several one-on-one meetings and gave a presentation at our Warburg Highlights conference.

Presentation Highlights

- Unchanged market conditions in the real estate sector continue to be favourable for Hypoport's business model. The fear of collapsing house prices with the bursting of a property bubble appears unfounded. Demand in the German housing market continues to far outstrip supply and in urban areas in particular, affordable housing is scarce. An increase in interest rates, which would also cause prices to drop, is unlikely, in our view, owing to the risk of a default of the Italian economy among other factors.
- Most investors were interested in the company's recent acquisitions. The integration of FIO Systems AG and the Value AG completes the range of services offered in connection with a real estate transaction. While Hypoport so far covered the financial end of the transaction, these companies add services on the real estate side. FIO operates an ERP system used by most savings banks (savings banks are the largest brokers of real estate in Germany) and Value AG offers property valuation services for banks. This is a mandatory part of the mortgage process for banks and it could be more effectively processed centrally. Ultimately, all services are part of a single transaction and the sharing of large volumes of data lead to processing synergies for Hypoport.
- Besides the mentioned effects of broadening the value chain, the FIO acquisition improves the contact to the savings banks sector. As most of the banks already use the FIO solution, Hypoport intends to upsell its EUROPACE/FINMAS solution by integrating both products to a single solution in the final stage. This will increase the pace of adding new savings banks to the platform. While the number of savings banks on the platform should be directly triggered by the acquisition, cooperative banks lack such a trigger. However, Hypoport should grow at high rates in this sector as well, based on the competitive pressure on these banks. As other banks become more digitized and effective, cooperative banks will experience some pressure in the market and are therefore forced to optimize their processes, which is most likely to occur via Hypoport's solutions.
- The insurance business was the subject of some discussion as well. While the start of the business was slightly beyond Hypoport's plans in terms of broker penetration, the company experienced better than expected development with InsurTech companies and online platforms. However, we believe that the company is on track to become the relevant player in the market and, besides, the potential is huge.

Conclusion

- Company is perfectly on track and maintains its excellent market positions within its segments.
- Looking at the potential in the real estate and insurance markets, Hypoport has the opportunity to grow at high rates for a rather long time.
- Due to the strong and defensible market position, we see no real competitor for Hypoport and reiterate our Buy rating.

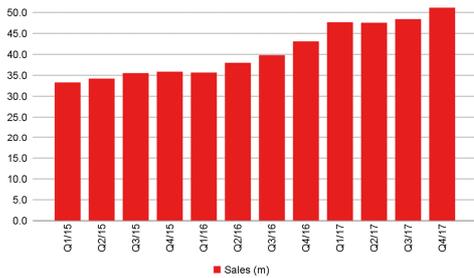


Rel. Performance vs SDAX:	
1 month:	5.9 %
6 months:	4.7 %
Year to date:	6.5 %
Trailing 12 months:	23.7 %

Company events:	
06.08.18	Q2
05.11.18	Q3

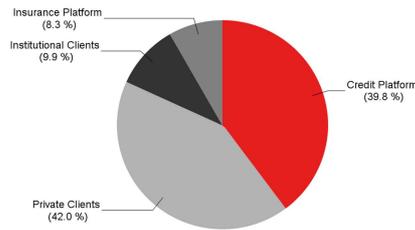
FY End: 31.12. in EUR m	CAGR (17-20e)	2014	2015	2016	2017	2018e	2019e	2020e
Sales	16.6 %	112.33	138.98	156.64	194.86	231.40	268.84	308.98
Change Sales yoy		14.5 %	23.7 %	12.7 %	24.4 %	18.8 %	16.2 %	14.9 %
Gross profit margin		53.9 %	54.9 %	58.0 %	56.1 %	57.4 %	57.9 %	58.2 %
EBITDA	23.1 %	12.70	25.08	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.						
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 %	2.0 %	2.7 %
EV / Sales		0.6 x	1.4 x	2.8 x	3.5 x	4.4 x	3.8 x	3.2 x
EV / EBITDA		5.6 x	7.8 x	15.6 x	22.6 x	26.0 x	21.6 x	17.7 x
EV / EBIT		9.0 x	10.2 x	19.0 x	29.1 x	34.4 x	28.0 x	22.7 x
P / E		11.3 x	13.2 x	25.0 x	36.8 x	42.8 x	35.3 x	29.0 x
P / E adj.		11.3 x	13.2 x	25.0 x	36.8 x	42.8 x	35.3 x	29.0 x
FCF Potential Yield		15.9 %	11.2 %	5.3 %	3.8 %	3.2 %	3.9 %	4.7 %
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



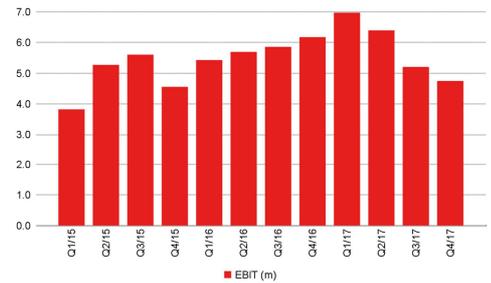
Source: Warburg Research

Sales by Segments 2017; in %



Source: Warburg Research

EBIT development in EUR m



Source: Warburg Research

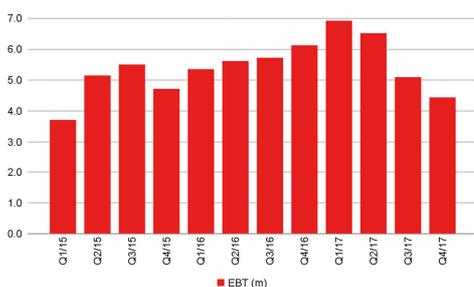
Company Background

- 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

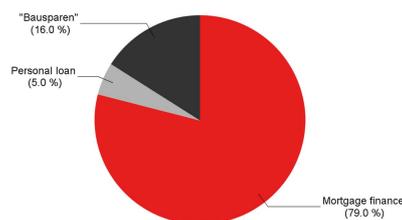
- The online B2B marketplace for property financing (EUROPACE) is the largest of its kind in Germany
- As the number of affiliated suppliers is decisive for marketplaces of this type, this forms a central competitive advantage and a considerable market entry barrier for third parties.
- The Dr. Klein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



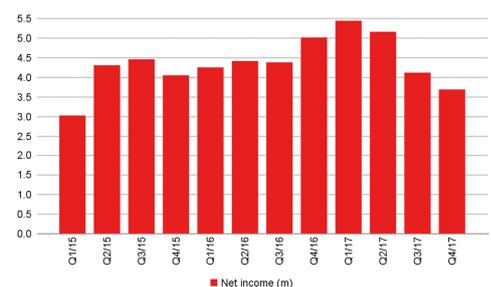
Source: Warburg Research

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 %	
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 %	
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 %	
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 %	
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	5.6 x	4.7 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	4.4 x	3.8 x	3.2 x
EV / EBITDA	5.6 x	7.8 x	15.6 x	22.6 x	26.0 x	21.6 x	17.7 x
EV / EBIT	9.0 x	10.2 x	19.0 x	29.1 x	34.4 x	28.0 x	22.7 x
EV / EBIT adj.*	9.0 x	10.2 x	19.0 x	29.1 x	34.4 x	28.0 x	22.7 x
P / FCF	29.9 x	9.8 x	45.6 x	n.a.	69.5 x	48.6 x	37.0 x
P / E	11.3 x	13.2 x	25.0 x	36.8 x	42.8 x	35.3 x	29.0 x
P / E adj.*	11.3 x	13.2 x	25.0 x	36.8 x	42.8 x	35.3 x	29.0 x
Dividend Yield	n.a.						
FCF Potential Yield (on market EV)	15.9 %	11.2 %	5.3 %	3.8 %	3.2 %	3.9 %	4.7 %

*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:

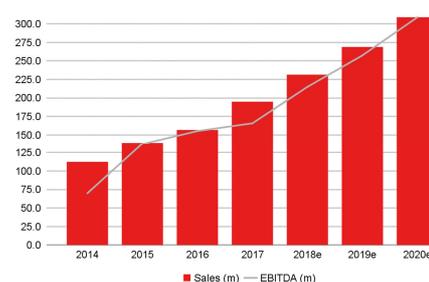
Guidance: 2018: Revenue between EUR 220m and 240m and EBIT between EUR 26m and 31m

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.						

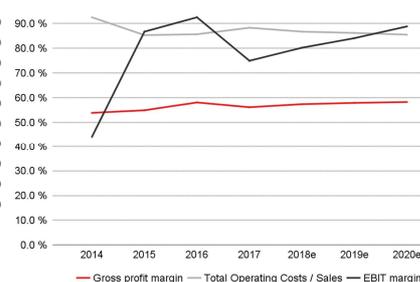
Sales, EBITDA

in EUR m

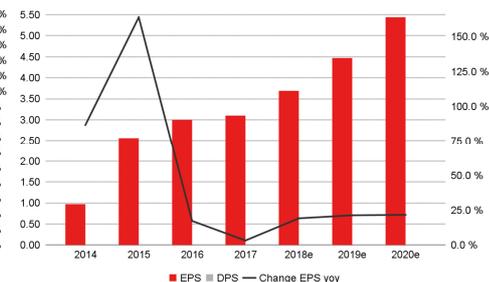


Operating Performance

in %



Performance per Share



Source: Warburg Research

Source: Warburg Research

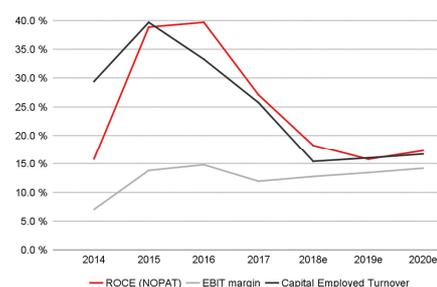
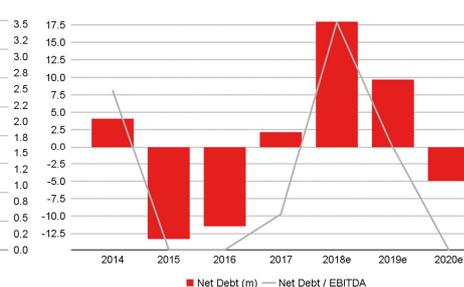
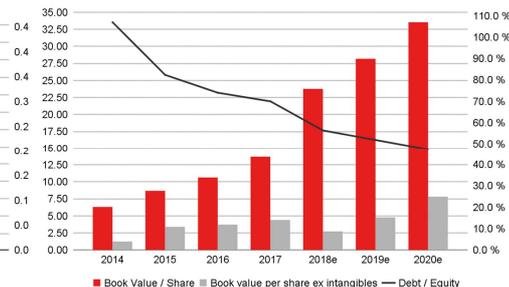
Source: Warburg Research

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

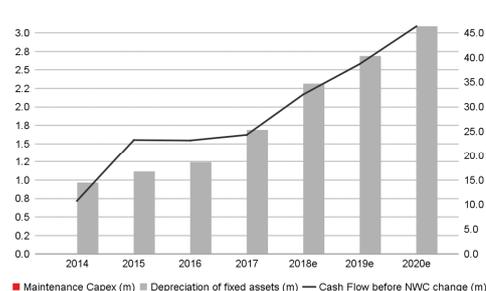
In EUR m	2014	2015	2016	2017	2018e	2019e	2020e
Net income	5.93	15.87	18.07	18.43	23.02	27.93	33.98
Depreciation of fixed assets	0.97	1.12	1.24	1.69	2.31	2.69	3.09
Amortisation of goodwill	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Amortisation of intangible assets	3.80	4.70	3.84	5.12	7.17	8.07	9.27
Increase/decrease 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.						
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.						

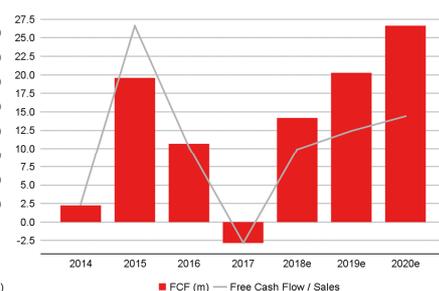
CAPEX and Cash Flow

in EUR m



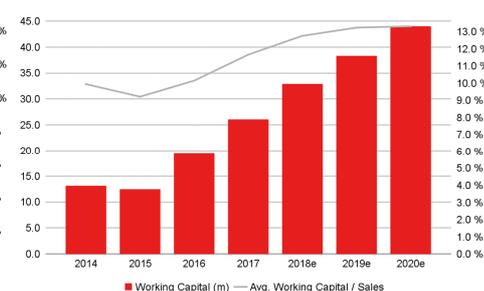
Source: Warburg Research

Free Cash Flow Generation



Source: Warburg Research

Working Capital



Source: Warburg Research

LEGAL DISCLAIMER

This research report ("investment recommendation") was prepared by the Warburg Research GmbH, a fully owned subsidiary of the M.M.Warburg & CO (AG & Co.) KGaA and is passed on by the M.M.Warburg & CO (AG & Co.) KGaA. It is intended solely for the recipient and may not be passed on to another company without their prior consent, regardless of whether the company is part of the same corporation or not. It contains selected information and does not purport to be complete. The investment recommendation is based on publicly available information and data ("information") believed to be accurate and complete. Warburg Research GmbH neither examines the information for accuracy and completeness, nor guarantees its accuracy and completeness. Possible errors or incompleteness of the information do not constitute grounds for liability of M.M.Warburg & CO (AG & Co.) KGaA or Warburg Research GmbH for damages of any kind whatsoever, and M.M.Warburg & CO (AG & Co.) KGaA and Warburg Research GmbH are not liable for indirect and/or direct and/or consequential damages. In particular, neither M.M.Warburg & CO (AG & Co.) KGaA nor Warburg Research GmbH are liable for the statements, plans or other details contained in these investment recommendations concerning the examined companies, their affiliated companies, strategies, economic situations, market and competitive situations, regulatory environment, etc. Although due care has been taken in compiling this investment recommendation, it cannot be excluded that it is incomplete or contains errors. M.M.Warburg & CO (AG & Co.) KGaA and Warburg Research GmbH, their shareholders and employees are not liable for the accuracy and completeness of the statements, estimations and the conclusions derived from the information contained in this investment recommendation. Provided a investment recommendation is being transmitted in connection with an existing contractual relationship, i.e. financial advisory or similar services, the liability of M.M.Warburg & CO (AG & Co.) KGaA and Warburg Research GmbH shall be restricted to gross negligence and wilful misconduct. In case of failure in essential tasks, M.M.Warburg & CO (AG & Co.) KGaA and Warburg Research GmbH are liable for normal negligence. In any case, the liability of M.M.Warburg & CO (AG & Co.) KGaA and Warburg Research GmbH is limited to typical, expectable damages. This investment recommendation does not constitute an offer or a solicitation of an offer for the purchase or sale of any security. Partners, directors or employees of M.M.Warburg & CO (AG & Co.) KGaA, Warburg Research GmbH or affiliated companies may serve in a position of responsibility, i.e. on the board of directors of companies mentioned in the report. Opinions expressed in this investment recommendation are subject to change without notice. All rights reserved.

COPYRIGHT NOTICE

This work including all its parts is protected by copyright. Any use beyond the limits provided by copyright law without permission is prohibited and punishable. This applies, in particular, to reproductions, translations, microfilming, and storage and processing on electronic media of the entire content or parts thereof.

DISCLOSURE ACCORDING TO §85 OF THE GERMAN SECURITIES TRADING ACT (WHPG), MAR AND MIFID II INCL. COMMISSION DELEGATED REGULATION (EU) 2016/958 AND (EU) 2017/565

The valuation underlying the investment recommendation for the company analysed here is based on generally accepted and widely used methods of fundamental analysis, such as e.g. DCF Model, Free Cash Flow Potential, Peer Group Comparison or Sum of the Parts Model (see also <http://www.mmwarburg.de/disclaimer/disclaimer.htm#Valuation>). The result of this fundamental valuation is modified to take into consideration the analyst's assessment as regards the expected development of investor sentiment and its impact on the share price.

Independent of the applied valuation methods, there is the risk that the price target will not be met, for instance because of unforeseen changes in demand for the company's products, changes in management, technology, economic development, interest rate development, operating and/or material costs, competitive pressure, supervisory law, exchange rate, tax rate etc. For investments in foreign markets and instruments there are further risks, generally based on exchange rate changes or changes in political and social conditions.

This commentary reflects the opinion of the relevant author at the point in time of its compilation. A change in the fundamental factors underlying the valuation can mean that the valuation is subsequently no longer accurate. Whether, or in what time frame, an update of this commentary follows is not determined in advance.

Additional internal and organisational arrangements to prevent or to deal with conflicts of interest have been implemented. Among these are the spatial separation of Warburg Research GmbH from M.M.Warburg & CO (AG & Co.) KGaA and the creation of areas of confidentiality. This prevents the exchange of information, which could form the basis of conflicts of interest for Warburg Research in terms of the analysed issuers or their financial instruments.

The analysts of Warburg Research GmbH do not receive a gratuity – directly or indirectly – from the investment banking activities of M.M.Warburg & CO (AG & Co.) KGaA or of any company within the Warburg-Group.

All prices of financial instruments given in this investment recommendation are the closing prices on the last stock-market trading day before the publication date stated, unless another point in time is explicitly stated.

M.M.Warburg & CO (AG & Co.) KGaA and Warburg Research GmbH are subject to the supervision of the Federal Financial Supervisory Authority, BaFin. M.M.Warburg & CO (AG & Co.) KGaA is additionally subject to the supervision of the European Central Bank (ECB).

SOURCES

All data and consensus estimates have been obtained from FactSet except where stated otherwise.

Additional information for clients in the United States

1. This research report (the "Report") is a product of Warburg Research GmbH, Germany, a fully owned subsidiary of M.M.Warburg & CO (AG & Co.) KGaA, Germany (in the following collectively "Warburg"). Warburg is the employer of the research analyst(s), who have prepared the Report. The research analyst(s) reside outside the United States and are not associated persons of any U.S. regulated broker-dealer and therefore are not subject to the supervision of any U.S. regulated broker-dealer.
2. The Report is provided in the United States for distribution solely to "major U.S. institutional investors" under Rule 15a-6 of the U.S. Securities Exchange Act of 1934.
3. Any recipient of the Report should effect transactions in the securities discussed in the Report only through J.P.P. Euro-Securities, Inc., Delaware.
4. J.P.P. Euro-Securities, Inc. does not accept or receive any compensation of any kind for the dissemination of the research reports from Warburg.

Reference in accordance with section 85 of the German Securities Trading Act (WpHG) and Art. 20 MAR regarding possible conflicts of interest with companies analysed:

- 1- Warburg Research, or an affiliated company, or an employee of one of these companies responsible for the compilation of the research, hold a **share of more than 5%** of the equity capital of the analysed company.
- 2- Warburg Research, or an affiliated company, within the last twelve months participated in the **management of a consortium** for an issue in the course of a public offering of such financial instruments, which are, or the issuer of which is, the subject of the investment recommendation.
- 3- Companies affiliated with Warburg Research **manage financial instruments**, which are, or the issuers of which are, subject of the investment recommendation, in a market based on the provision of buy or sell contracts.
- 4- MMWB, Warburg Research, or an affiliated company, reached an agreement with the issuer to provide **investment banking and/or investment services** and the relevant agreement was in force in the last 12 months or there arose for this period, based on the relevant agreement, the obligation to provide or to receive a service or compensation - provided that this disclosure does not result in the disclosure of confidential business information.
- 5- The company compiling the analysis or an affiliated company had reached an **agreement on the compilation of the investment recommendation** with the analysed company.
- 6- Companies affiliated with Warburg Research **regularly trade** financial instruments of the analysed company or derivatives of these.
- 6a- Warburg Research, or an affiliated company, holds a **net long position of more than 0.5%** of the total issued share capital of the analysed company.
- 6b- Warburg Research, or an affiliated company, holds a **net short position of more than 0.5%** of the total issued share capital of the analysed company.
- 6c- The issuer holds shares of more than 5% of the total issued capital of Warburg Research or an affiliated company.
- 7- The company preparing the analysis as well as its affiliated companies and employees have **other important interests** in relation to the analysed company, such as, for example, the exercising of mandates at analysed companies.

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

INVESTMENT RECOMMENDATION

Investment recommendation: expected direction of the share price development of the financial instrument up to the given price target in the opinion of the analyst who covers this financial instrument.

-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.

WARBURG RESEARCH GMBH – ANALYSED RESEARCH UNIVERSE BY RATING

Rating	Number of stocks	% of Universe
Buy	110	54
Hold	89	44
Sell	4	2
Rating suspended	0	0
Total	203	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	33	72
Hold	13	28
Sell	0	0
Rating suspended	0	0
Total	46	100

PRICE AND RATING HISTORY HYPOPORT AS OF 26.06.2018


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.

EQUITIES

Roland Rapelius +49 40 3282-2673
Head of Equities rrapelius@mmwarburg.com

RESEARCH

Michael Heider +49 40 309537-280
Head of Research mheider@warburg-research.com

Henner Rüschemeyer +49 40 309537-270
Head of Research hrueschmeier@warburg-research.com

Lucas Boventer +49 40 309537-290
Renewables, Internet, Media lboventer@warburg-research.com

Christian Cohrs +49 40 309537-175
Engineering, Logistics ccohrs@warburg-research.com

Felix Ellmann +49 40 309537-120
Software, IT fellmann@warburg-research.com

Jörg Philipp Frey +49 40 309537-258
Retail, Consumer Goods jfrey@warburg-research.com

Marius Fuhrberg +49 40 309537-185
Small Cap Research mfuhrberg@warburg-research.com

Ulrich Huwald +49 40 309537-255
Health Care, Pharma uhuwald@warburg-research.com

Thilo Kleibauer +49 40 309537-257
Retail, Consumer Goods tkleibauer@warburg-research.com

Eggert Kuls +49 40 309537-256
Engineering ekuls@warburg-research.com

Andreas Pläsier +49 40 309537-246
Banks, Financial Services aplaesier@warburg-research.com

Jochen Reichert +49 40 309537-130
Telco, Internet, Media jreichert@warburg-research.com

J. Moritz Rieser +49 40 309537-260
Real Estate mrieser@warburg-research.com

Arash Roshan Zamir +49 40 309537-155
Cap. Goods, Renewables aroshanzamir@warburg-research.com

Malte Schaumann +49 40 309537-170
Technology mschaumann@warburg-research.com

Patrick Schmidt +49 40 309537-125
Leisure, Internet pschmidt@warburg-research.com

Oliver Schwarz +49 40 309537-250
Chemicals, Agriculture oschwarz@warburg-research.com

Marc-René Tonn +49 40 309537-259
Automobiles, Car Suppliers mtonn@warburg-research.com

Alexander Wahl +49 40 309537-230
Car Suppliers, Construction awahl@warburg-research.com

Andreas Wolf +49 40 309537-140
Software, IT awolf@warburg-research.com

INSTITUTIONAL EQUITY SALES

Holger Nass +49 40 3282-2669
Head of Equity Sales, USA hnass@mmwarburg.com

Klaus Schilling +49 40 3282-2664
Dep. Head of Equity Sales, GER kschilling@mmwarburg.com

Tim Beckmann +49 40 3282-2665
United Kingdom tbeckmann@mmwarburg.com

Lyubka Bogdanova +49 69 5050-7411
United Kingdom, Australia lbogdanova@mmwarburg.com

Jens Buchmüller +49 69 5050-7415
Scandinavia, Austria jbuchmueller@mmwarburg.com

Paul Döntenwill +49 40 3282-2666
USA, Poland, The Netherlands pdontenwill@mmwarburg.com

Matthias Fritsch +49 40 3282-2696
United Kingdom mfritsch@mmwarburg.com

Michael Kriszun +49 40 3282-2695
United Kingdom mkriszun@mmwarburg.com

Marc Niemann +49 40 3282-2660
Germany mniemann@mmwarburg.com

Sanjay Oberoi +49 69 5050-7410
United Kingdom soberoi@mmwarburg.com

Simon Pallhuber +49 69 5050-7414
Switzerland, France spallhuber@mmwarburg.com

Angelika Flegler +49 69 5050-7417
Roadshow/Marketing aflegler@mmwarburg.com

Juliane Willenbruch +49 40 3282-2694
Roadshow/Marketing jwillenbruch@mmwarburg.com

SALES TRADING

Oliver Merkel +49 40 3282-2634
Head of Sales Trading omerckel@mmwarburg.com

Elyaz Dust +49 40 3282-2702
Sales Trading edust@mmwarburg.com

Michael Ilgenstein +49 40 3282-2700
Sales Trading milgenstein@mmwarburg.com

Bastian Quast +49 40 3282-2701
Sales Trading bquast@mmwarburg.com

Jörg Treptow +49 40 3282-2658
Sales Trading jtreptow@mmwarburg.com

Jan Walter +49 40 3282-2662
Sales Trading jwalter@mmwarburg.com

MACRO RESEARCH

Carsten Klude +49 40 3282-2572
Macro Research cklude@mmwarburg.com

Dr. Christian Jasperneite +49 40 3282-2439
Investment Strategy cjasperneite@mmwarburg.com

Our research can be found under:

Warburg Research research.mmwarburg.com/en/index.html
Bloomberg MMWA GO
FactSet www.factset.com

Thomson Reuters www.thomsonreuters.com
Capital IQ www.capitaliq.com

For access please contact:

Andrea Schaper +49 40 3282-2632
Sales Assistance aschaper@mmwarburg.com

Kerstin Muthig +49 40 3282-2703
Sales Assistance kmuthig@mmwarburg.com