



## Company Flash Note

### Neutral

from Accumulate

**Share price: EUR 194.40**

closing price as of 20/08/2018

**Target price: EUR 190.00**

from Target Price: EUR 176.00

**Upside/Downside Potential -2.3%**

Reuters/Bloomberg HYQn.DE/HYQ GR

**Market capitalisation (EURm) 1,204**

Current N° of shares (m) 6

**Free float 64%**

Daily avg. no. trad. sh. 12 mth 14

Daily avg. trad. vol. 12 mth (m) 3,579.10

Price high/low 12 months 119.70 / 194.40

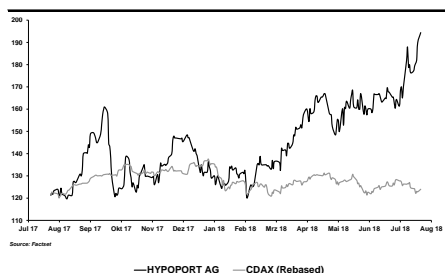
Abs Perfs 1/3/12 mths (%) 15.99/16.55/61.73

**Key financials (EUR)**

|                            | 12/17 | 12/18e | 12/19e |
|----------------------------|-------|--------|--------|
| Sales (m)                  | 195   | 247    | 280    |
| EBITDA (m)                 | 30    | 40     | 48     |
| EBITDA margin              | 15.5% | 16.2%  | 17.1%  |
| EBIT (m)                   | 23    | 32     | 38     |
| EBIT margin                | 12.0% | 12.7%  | 13.6%  |
| Net Profit (adj.)(m)       | 18    | 24     | 30     |
| ROCE                       | 20.4% | 17.5%  | 20.8%  |
| Net debt/(cash) (m)        | 12    | 16     | (12)   |
| Net Debt/Equity            | 0.1   | 0.1    | -0.1   |
| Net Debt/EBITDA            | 0.4   | 0.4    | -0.3   |
| Int. cover(EBITDA/Fin.int) | 92.1  | 42.2   | 50.5   |
| EV/Sales                   | 4.7   | 4.9    | 4.3    |
| EV/EBITDA                  | 30.3  | 30.5   | 24.9   |
| EV/EBITDA (adj.)           | 30.3  | 30.5   | 24.9   |
| EV/EBIT                    | 39.1  | 38.7   | 31.4   |
| P/E (adj.)                 | 46.9  | 48.8   | 41.0   |
| P/BV                       | 10.9  | 11.2   | 8.8    |
| OpFCF yield                | -1.4% | -1.6%  | 2.2%   |
| Dividend yield             | 0.0%  | 0.0%   | 0.0%   |
| EPS (adj.)                 | 3.10  | 3.98   | 4.74   |
| BVPS                       | 13.33 | 17.28  | 22.06  |
| DPS                        | 0.00  | 0.00   | 0.00   |

**Shareholders**

Slabke 36%;


**Analyst(s)**

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## Reason: Company newsflow

21 August 2018

### Target price reached: Downgrade to Neutral with new TP of EUR 190.00 (EUR 176.00)

Having reached our target price of EUR 176 we downgrade the shares from Accumulate to Neutral with a new target price of EUR 190.00 (EUR 176). Having been among the best performing shares in the SDAX year-to-date we see no upside ahead anymore. We continue to like the story and see strong earnings growth ahead but we think that this is adequately priced in at the moment with a 2019e PER of 41x. Hypoport is in pole position to benefit from an expected continuous strong demand for residential real estate properties by private investors. Additionally the insurance platform, which is currently still loss making, should become more and more an important earnings driver for the company in the coming years.

- ✓ **Strong H1 Results:** Hypoport achieved a revenue growth of 28% yoy and an EBIT growth of 11% in H1 2018. EBIT margin amounted to 12.2%. Hypoport is thus well on track to achieve its full-year targets of increasing both revenue and EBIT by at least 10% yoy.
- ✓ **Credit Platform:** Europace showed a strong performance in H1 with an increase of the transaction volume by 16% yoy to EUR 28bn and thus once again outgrew the market, which (based upon Bundesbank figures) grew by 3% yoy. FINMAS, Hypoport's JV with the savings banks, developed particularly favourable with an increase by 73% yoy to EUR 1.8bn. Revenues of the segment grew by 34% yoy, EBIT was up by 27% yoy to EUR 11.4m.
- ✓ **Private Clients:** Dr. Klein managed to increase its transaction volume by 27% yoy to EUR 3.2bn, the number of branch consultants increased by 13% yoy to 575. While revenue grew by 18% yoy to EUR 44m, EBIT went even up by 26% yoy to EUR 6.9m.
- ✓ **Real Estate Platform:** This unit (former Institutional Clients, which comprises now also real estate valuation service and software as a service) managed to increase its revenues by 28% yoy due to the recent acquisitions to EUR 14.5m. EBIT increased by only 7% yoy to EUR 3.2m as the newly acquired businesses have a lower profitability.
- ✓ **Insurance Platform:** Due to a number of recently closed acquisitions this unit had the highest revenues growth rate with +46% in H1. Gross profit increased by 38% yoy to EUR 6.7m, EBIT remained negative at EUR 1.7m. For H2 Hypoport expects to reach break-even for its Insurance Platform. We see huge growth potential for Hypoport's Insurance Platform and expect it to deliver positive earnings in 2019e.
- ✓ **Valuation:** Our valuation is based upon a single DCF model. As described in our update last September we have included a takeover premium of 9% in our valuation. We have slightly changed our earnings estimates for the years beyond 2022 and the underlying model assumptions. Thus we have increased our TP from EUR 176 to EUR 190.



**Exhibit 1: DCF Model**

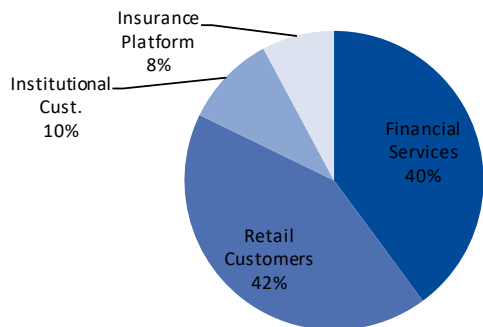
| Expectations in EUR m            | Phase I    |              |            |            | Phase II              |              |              |                            |                            | Phase III   |             |
|----------------------------------|------------|--------------|------------|------------|-----------------------|--------------|--------------|----------------------------|----------------------------|-------------|-------------|
|                                  | 2018       | 2019         | 2020       | 2021       | 2022                  | 2023         | 2024         | 2025                       | 2026                       |             | 2027        |
| <b>Revenues</b>                  | <b>247</b> | <b>280</b>   | <b>310</b> | <b>344</b> | <b>379</b>            | <b>416</b>   | <b>456</b>   | <b>499</b>                 | <b>545</b>                 | <b>594</b>  |             |
| <i>growth rate</i>               | 2.7%       | 13.0%        | 11.0%      | 11.0%      | 10.0%                 | 9.8%         | 9.6%         | 9.4%                       | 9.2%                       | 9.0%        |             |
| <b>EBIT</b>                      | <b>32</b>  | <b>38</b>    | <b>45</b>  | <b>54</b>  | <b>64</b>             | <b>75</b>    | <b>82</b>    | <b>89</b>                  | <b>97</b>                  | <b>105</b>  |             |
| <i>EBIT Margin</i>               | 2.7%       | 13.6%        | 14.6%      | 15.8%      | 17.0%                 | 18.0%        | 17.9%        | 17.9%                      | 17.8%                      | 17.7%       |             |
| <b>Tax</b>                       | <b>-6</b>  | <b>-7</b>    | <b>-9</b>  | <b>-11</b> | <b>-14</b>            | <b>-16</b>   | <b>-18</b>   | <b>-20</b>                 | <b>-21</b>                 | <b>-23</b>  |             |
| <i>Tax rate</i>                  | 20.0%      | 20.0%        | 20.0%      | 20.0%      | 22.0%                 | 22.0%        | 22.0%        | 22.0%                      | 22.0%                      | 22.0%       |             |
| <b>Depreciation</b>              | <b>9</b>   | <b>10</b>    | <b>12</b>  | <b>12</b>  | <b>13</b>             | <b>14</b>    | <b>15</b>    | <b>16</b>                  | <b>18</b>                  | <b>20</b>   |             |
| <i>% of revenue</i>              | 3.4%       | 3.6%         | 3.7%       | 3.3%       | 3.3%                  | 3.3%         | 3.3%         | 3.3%                       | 3.3%                       | 3.3%        |             |
| <b>Capex</b>                     | <b>-60</b> | <b>-12</b>   | <b>-14</b> | <b>-14</b> | <b>-12</b>            | <b>-13</b>   | <b>-15</b>   | <b>-16</b>                 | <b>-17</b>                 | <b>-19</b>  |             |
| <i>% of revenue</i>              | 24.2%      | 4.3%         | 4.5%       | 4.1%       | 3.2%                  | 3.2%         | 3.2%         | 3.2%                       | 3.2%                       | 3.2%        |             |
| <b>Change in Working Capital</b> | <b>11</b>  | <b>-2</b>    | <b>-2</b>  | <b>-2</b>  | <b>-2</b>             | <b>-2</b>    | <b>-3</b>    | <b>-3</b>                  | <b>-3</b>                  | <b>-3</b>   |             |
| <i>% of revenue</i>              | -4.4%      | 0.7%         | 0.6%       | 0.6%       | -10%                  | -10%         | -10%         | -10%                       | -10%                       | -10%        |             |
| <b>Free Cash Flow</b>            | <b>-15</b> | <b>27</b>    | <b>32</b>  | <b>39</b>  | <b>48</b>             | <b>56</b>    | <b>62</b>    | <b>67</b>                  | <b>73</b>                  | <b>79</b>   |             |
| <i>growth rate</i>               | nm         | nm           | 20.5%      | 22.8%      | 23.3%                 | 16.5%        | 9.2%         | 9.0%                       | 8.8%                       | 8.6%        |             |
| <b>Present Value CF</b>          | <b>-16</b> | <b>26</b>    | <b>29</b>  | <b>33</b>  | <b>38</b>             | <b>41</b>    | <b>42</b>    | <b>42</b>                  | <b>43</b>                  | <b>43</b>   |             |
| <b>PV Phase I</b>                |            | <b>72</b>    |            |            | <b>Market Cap</b>     |              | <b>874</b>   |                            | <b>Target equity ratio</b> | <b>80%</b>  |             |
| <b>PV Phase II</b>               |            | <b>248</b>   |            |            | <b>Risk premium</b>   |              | <b>5.00%</b> |                            | <b>Beta</b>                | <b>1.0</b>  |             |
| <b>PV Phase III</b>              |            | <b>782</b>   |            |            | <b>Risk-free rate</b> |              | <b>3.50%</b> |                            | <b>WACC</b>                | <b>7.6%</b> |             |
| <b>Enterprise value</b>          |            | <b>1,102</b> |            |            | <b>Sensitivity</b>    |              |              | <b>Growth in Phase III</b> |                            |             |             |
| <b>+ Cash</b>                    |            | <b>9</b>     |            |            | <b>Analysis</b>       |              | <b>1.0%</b>  | <b>1.5%</b>                | <b>2.0%</b>                | <b>2.5%</b> | <b>3.0%</b> |
| <b>- Debt</b>                    |            | <b>30</b>    |            |            |                       | <b>6.84%</b> | 176          | 188                        | 203                        | 222         | 245         |
| <b>Equity Value</b>              |            | <b>1,081</b> |            |            |                       | <b>7.22%</b> | 164          | 174                        | 187                        | 203         | 222         |
| <b>Number of shares</b>          |            | <b>6</b>     |            |            | <b>WACC</b>           | <b>7.60%</b> | 153          | 162                        | <b>173</b>                 | 186         | 202         |
| <b>Value per share</b>           |            | <b>173</b>   |            |            |                       | <b>7.98%</b> | 144          | 151                        | 161                        | 172         | 185         |
|                                  |            |              |            |            |                       | <b>8.36%</b> | 135          | 142                        | 150                        | 159         | 171         |

Source: equinet Research



**Exhibit 2: Investment Case in Charts**

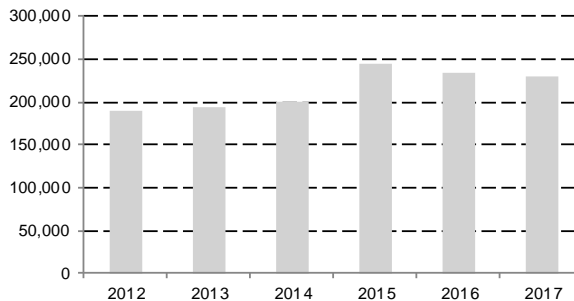
**Business split**



Financial Services (Europace) is Hypoport's key revenue pillar.

Source: Hypoport, equinet Research

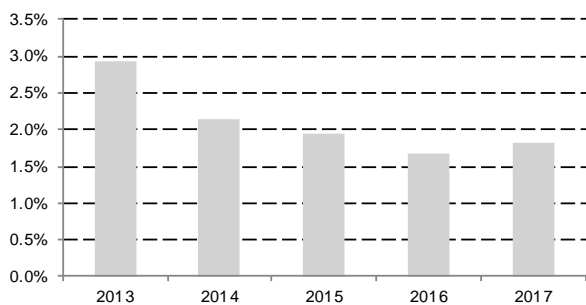
**Market development (new mortgage loans in EUR m)**



New mortgage loan volumes in GER have benefited from a decline in interest rates, 2016 being negatively impacted from regulation.

Source: Bundesbank, equinet Research

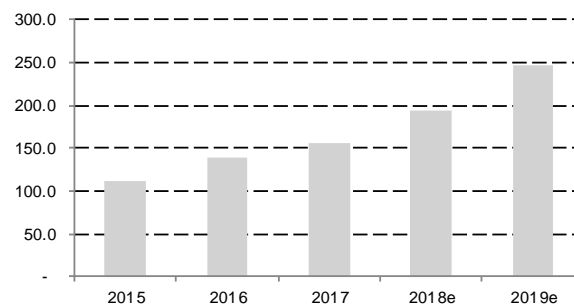
**10YR Mortgage Rate development**



10YR Mortgage rates on record low levels; we do not expect a sharp increase in the short term.

Source: Bundesbank, equinet Research

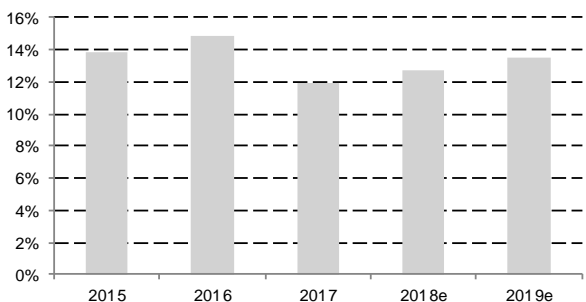
**Revenues development (in EUR m)**



A positive overall market development and a growing market share of Hypoport should be the main revenues drivers.

Source: Hypoport, equinet Research

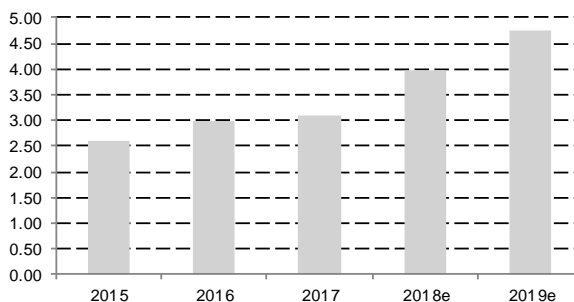
**EBIT margin development**



EBIT Margins should only slightly increase in 2018e/'19e due to investments into the online insurance marketplace.

Source: Hypoport, equinet Research

**EPS development (in EUR)**



We forecast EPS CAGR of 21% (2017e-'20e).

Source: Hypoport, equinet Research



**Exhibit 3: At a Glance**

| Business Units                        | Credit Platform   | Private Clients  | Institutional Clients  | Insurance Platform   |
|---------------------------------------|---|--|--|--|
|                                       |   | <br>DIE PARTNER FÜR IHRE FINANZEN  |  |  |
| Products/ applications                | Through its credit platform Europace the company is enabling banks to distribute loans of more than hundred banks to its customers. Banks can also use Europace to solely process their own loan business.  | Dr. Klein is the brand through which Hypoport is servicing retail customers. Dr. Klein's more than 500 IFAs advise customers on different financial products, the focus being clearly on mortgage loans. | Hypoport is brokering real estate loans to institutional customers via Dr. Klein. In addition to the pure brokerage of loans Dr. Klein has recently started to more and more advise customers on how to finance real estate transactions.  | Hypoport's youngest business unit targets the insurance market. Idea is to build an Europace for the insurance industry, i.e. an online insurance market place which comprises products comparison, advice tools and processing of the policies and claims management. |
| Customers                             | Customers range from mortgage brokers via Postbank to savings and mutual banks. Savings and mutual banks are serviced via two separate joint ventures.  | Customers are normal retail customers with average financing needs. Mortgage customers should be above average incomes.  | Customers are professional real estate investors, mainly public housing investors.   | Potential customers include insurance brokers, IFAs and insurance companies. At the moment HYP has only customers which use certain parts of the software.   |
|                                       | Although we do not have any figures we do not see Europace being dependent on a few single customers.   | Very diversified customer base, no dependence on single customers at all.  | We do not have any figures, but the dependence on single customers may be somewhat higher in this unit.  | Revenues are still on low level, i.e. customer dependence not an issue yet.  |
| Market share/ positioning             | Overall market share of Europace in GER Europace's only market, in mortgage loans is around 15%. Market share of around 50% among mortgage brokers, market share of only 2% among savings/mutual banks.   | No figures available, we estimate that Dr. Klein has a market share of below 5%.   | No figures available, but Dr. Klein's market share should be well below 5%.  | Market share not yet meaningful as this unit is still in the ramp-up phase.  |
| Drivers                               | Main driver is the demand for mortgage loans which is impacted by level of interest rates and demand for apartments/housing.  | Main driver is the demand for mortgage loans which is impacted by level of interest rates and demand for apartments/housing.   | High dependence on the public hand; even if the need for more public housing is high, the process until construction starts and a loan is needed may take long.  | Overall growth of insurance premiums and growing need for insurers and brokers to increase efficiency.   |
| Main competitors                      | Interhyp is the only important competitor offering a similar service.   | Interhyp as mortgage broker, other IFAs like MLP, OVB, DVAG.   | Mainly savings banks, but also mutual, private banks and other loan brokers.   | At the moment similar software solutions are offered by Acturis and Finanzsoft/softair.  |
| Entry barriers/ competitive advantage | Entry barriers depend on the different business units. Highest entry barriers exist in our view in Hypoport's strongest growing unit, Europace. With the underlying technology and the extensive customer relationships HYP has a decisive competitive advantage compared to other players.                   |  |  |  |
| Strategy & Guidance                   | <b>Strategy:</b><br>(I) Winning more customers for Europace to realize economies of scale.<br>(II) Build-up of an insurance marketplace in the mid-to-long term.<br>(III) Developing Private and Institutional Clients further which should continue to benefit from the housing boom in Germany              |  | <b>Guidance 2018:</b><br>Revenue: EUR 240m-260m<br>EBIT EUR 29m-34m  | <b>equinet Estimates</b><br>Revenue: 247<br>y/y 27.0%<br>EBIT margin 12.7%<br><b>Consensus</b><br>255<br>30.8%<br>12.5%  |
| 2017                                  | Sales (EURm) 194.9<br>y/y 24.4%   | EBITDA (EURm) 30.1<br>Margin 15.5%   | EBIT (EURm) 23.3<br>Margin 12.0%   | EPS 3Y hist. CAGR 47.7%  |
| Sales & EBIT Split                    |   |  |  |  |
| Shareholder structure & management    | <b>CEO Ronald Slabke</b><br>Major shareholder and CEO (since 2010)<br>• With Hypoport since 2002<br>• >20 years experience in the banking industry<br>• prior to becoming CEO he was board member of Hypoport (since 2002). He joined Dr. Klein & Co GmbH & Co. KG in 1996, he became a board member in 2000. |  | <b>Stephan Gwarecki</b><br>Board Member (since 2010)<br>• With Dr. Klein since 2004<br>• almost 20 years experience in the banking/insurance industry<br>• Prior to his career at Dr. Klein Mr. Gwarecki worked for FinanceScout24 and Deutscher Ring<br>• Mr. Gwarecki is responsible for Retail Customers and Commercial Insurance business for all distribution channels. |  |
| # of employees FY                     | 917   |  |  |  |
|                                       |   |  |  |  |

Source: Hypoport, equinet Research



## Hypoport AG : Summary tables

| PROFIT & LOSS (EURm)                             | 12/2014        | 12/2015        | 12/2016        | 12/2017        | 12/2018e        | 12/2019e        |
|--|----------------|----------------|----------------|----------------|-----------------|-----------------|
| <b>Sales</b>                                     | <b>112</b>     | <b>139</b>     | <b>157</b>     | <b>195</b>     | <b>247</b>      | <b>280</b>      |
| Cost of Sales & Operating Costs                  | 0.0            | 0.0            | 0.0            | 0.0            | 0.0             | 0.0             |
| Non Recurrent Expenses/Income                    | 0.0            | 0.0            | 0.0            | 0.0            | 0.0             | 0.0             |
| <b>EBITDA</b>                                    | <b>12.7</b>    | <b>25.1</b>    | <b>28.3</b>    | <b>30.1</b>    | <b>40.0</b>     | <b>47.9</b>     |
| <b>EBITDA (adj.)*</b>                            | <b>12.7</b>    | <b>25.1</b>    | <b>28.3</b>    | <b>30.1</b>    | <b>40.0</b>     | <b>47.9</b>     |
| Depreciation                                     | 4.8            | 5.8            | 5.1            | 6.8            | 8.5             | 10.0            |
| <b>EBITA</b>                                     | <b>17.5</b>    | <b>30.9</b>    | <b>33.4</b>    | <b>36.9</b>    | <b>48.5</b>     | <b>57.9</b>     |
| <b>EBITA (adj)*</b>                              | <b>17.5</b>    | <b>30.9</b>    | <b>33.4</b>    | <b>36.9</b>    | <b>48.5</b>     | <b>57.9</b>     |
| Amortisations and Write Downs                    | 0.0            | 0.0            | 0.0            | 0.0            | 0.0             | 0.0             |
| <b>EBIT</b>                                      | <b>7.9</b>     | <b>19.3</b>    | <b>23.2</b>    | <b>23.3</b>    | <b>31.5</b>     | <b>37.9</b>     |
| <b>EBIT (adj.)*</b>                              | <b>7.9</b>     | <b>19.3</b>    | <b>23.2</b>    | <b>23.3</b>    | <b>31.5</b>     | <b>37.9</b>     |
| Net Financial Interest                           | -0.7           | -0.1           | -0.4           | -0.3           | -0.9            | -0.9            |
| Other Financials                                 | 0.0            | 0.0            | 0.0            | 0.0            | 0.0             | 0.0             |
| Associates                                       | 0.0            | 0.0            | 0.0            | 0.0            | 0.0             | 0.0             |
| Other Non Recurrent Items                        | 0.0            | 0.0            | 0.0            | 0.0            | 0.0             | 0.0             |
| <b>Earnings Before Tax (EBT)</b>                 | <b>7.3</b>     | <b>19.1</b>    | <b>22.8</b>    | <b>23.0</b>    | <b>30.6</b>     | <b>37.0</b>     |
| Tax  | 1.3            | 3.2            | 4.8            | 4.6            | 6.1             | 7.4             |
| <i>Tax rate</i>                                  | <i>n.m.</i>    | <i>n.m.</i>    | <i>n.m.</i>    | <i>n.m.</i>    | <i>n.m.</i>     | <i>n.m.</i>     |
| Discontinued Operations                          | 0.0            | 0.0            | 0.0            | 0.0            | 0.0             | 0.0             |
| Minorities                                       | 0.0            | 0.0            | 0.0            | 0.0            | 0.0             | 0.0             |
| <b>Net Profit (reported)</b>                     | <b>5.9</b>     | <b>15.9</b>    | <b>18.0</b>    | <b>18.4</b>    | <b>24.5</b>     | <b>29.6</b>     |
| <b>Net Profit (adj.)</b>                         | <b>5.9</b>     | <b>15.9</b>    | <b>18.0</b>    | <b>18.4</b>    | <b>24.5</b>     | <b>29.6</b>     |
| <b>CASH FLOW (EURm)</b>                          | <b>12/2014</b> | <b>12/2015</b> | <b>12/2016</b> | <b>12/2017</b> | <b>12/2018e</b> | <b>12/2019e</b> |
| Cash Flow from Operations before change in NWC   | 10.7           | 23.7           | 25.8           | 24.2           | 27.7            | 38.6            |
| Change in Net Working Capital                    | -2.3           | 2.9            | -8.2           | -16.0          | 10.8            | -2.0            |
| <b>Cash Flow from Operations</b>                 | <b>8.4</b>     | <b>26.7</b>    | <b>17.6</b>    | <b>8.3</b>     | <b>38.5</b>     | <b>36.6</b>     |
| Capex  | -6.2           | -7.1           | -12.6          | -21.2          | -58.0           | -10.0           |
| Net Financial Investments                        | -1.2           | -6.9           | -7.4           | 4.9            | 14.1            | 2.0             |
| <b>Free Cash Flow</b>                            | <b>1.1</b>     | <b>12.7</b>    | <b>-2.4</b>    | <b>-8.1</b>    | <b>-5.4</b>     | <b>28.6</b>     |
| Dividends  | 0.0            | 0.0            | 0.0            | 0.0            | 0.0             | 0.0             |
| Other (incl. Capital Increase & share buy backs) | -1.1           | -3.6           | 1.5            | -2.8           | 1.0             | 0.0             |
| <b>Change in Net Debt</b>                        | <b>0.0</b>     | <b>9.1</b>     | <b>-0.8</b>    | <b>-10.9</b>   | <b>-4.4</b>     | <b>28.6</b>     |
| NOPLAT   | 5.6            | 13.5           | 16.3           | 16.3           | 22.1            | 26.5            |
| <b>BALANCE SHEET &amp; OTHER ITEMS (EURm)</b>    | <b>12/2014</b> | <b>12/2015</b> | <b>12/2016</b> | <b>12/2017</b> | <b>12/2018e</b> | <b>12/2019e</b> |
| Net Tangible Assets                              | 2.2            | 2.6            | 2.6            | 4.4            | 4.4             | 4.4             |
| Net Intangible Assets (incl. Goodwill)           | 31.0           | 31.9           | 41.7           | 56.0           | 105             | 105             |
| Net Financial Assets & Other                     | 0.1            | 0.0            | 1.1            | 1.4            | 1.4             | 1.4             |
| <b>Total Fixed Assets</b>                        | <b>33.3</b>    | <b>34.5</b>    | <b>45.4</b>    | <b>61.8</b>    | <b>111</b>      | <b>111</b>      |
| Cash (-)   | -12.0          | -24.8          | -22.4          | -14.3          | -8.9            | -37.5           |
| Shareholders Equity                              | 38.6           | 52.4           | 63.8           | 82.6           | 107             | 137             |
| Minority   | 0.3            | 0.3            | 0.3            | 0.3            | 0.3             | 0.3             |
| Total Equity                                     | 38.9           | 52.7           | 64.1           | 82.9           | 107             | 137             |
| Long term interest bearing debt                  | 0.0            | 0.0            | 0.0            | 0.0            | 0.0             | 0.0             |
| Provisions                                       | 0.0            | 0.0            | 0.0            | 0.0            | 0.0             | 0.0             |
| Other long term liabilities                      | -5.8           | -9.3           | -6.7           | -13.1          | 3.9             | 4.9             |
| <b>Total Long Term Liabilities</b>               | <b>-5.8</b>    | <b>-9.3</b>    | <b>-6.7</b>    | <b>-13.1</b>   | <b>3.9</b>      | <b>4.9</b>      |
| Short term interest bearing debt                 | 21.1           | 24.7           | 23.2           | 26.0           | 25.0            | 25.0            |
| <b>Net Working Capital</b>                       | <b>8.9</b>     | <b>8.9</b>     | <b>12.9</b>    | <b>19.6</b>    | <b>16.0</b>     | <b>18.0</b>     |
| <b>GROWTH &amp; MARGINS</b>                      | <b>12/2014</b> | <b>12/2015</b> | <b>12/2016</b> | <b>12/2017</b> | <b>12/2018e</b> | <b>12/2019e</b> |
| <i>Sales growth</i>                              | <i>11.1%</i>   | <i>23.7%</i>   | <i>12.7%</i>   | <i>24.4%</i>   | <i>27.0%</i>    | <i>13.0%</i>    |
| <b>EBITDA (adj.)* growth</b>                     | <b>55.7%</b>   | <b>97.5%</b>   | <b>12.9%</b>   | <b>6.4%</b>    | <b>32.9%</b>    | <b>19.7%</b>    |
| <i>EBITA (adj.)* growth</i>                      | <i>41.4%</i>   | <i>76.9%</i>   | <i>8.1%</i>    | <i>10.6%</i>   | <i>31.4%</i>    | <i>19.3%</i>    |
| <i>EBIT (adj.)* growth</i>                       | <i>100.1%</i>  | <i>142.7%</i>  | <i>20.6%</i>   | <i>0.3%</i>    | <i>35.3%</i>    | <i>20.2%</i>    |



## Hypoport AG : Summary tables

| <b>GROWTH &amp; MARGINS</b>                     | <b>12/2014</b> | <b>12/2015</b> | <b>12/2016</b> | <b>12/2017</b> | <b>12/2018e</b> | <b>12/2019e</b> |
|---|----------------|----------------|----------------|----------------|-----------------|-----------------|
| Net Profit growth                               | 97.0%          | 168.1%         | 13.7%          | 2.1%           | 32.8%           | 20.9%           |
| EPS adj. growth                                 | 97.0%          | 175.1%         | 15.5%          | 2.0%           | 28.5%           | 19.0%           |
| DPS adj. growth                                 |                |                |                |                |                 |                 |
| EBITDA (adj)* margin                            | 11.3%          | 18.0%          | 18.1%          | 15.5%          | 16.2%           | 17.1%           |
| EBITA (adj)* margin                             | 15.5%          | 22.2%          | 21.3%          | 19.0%          | 19.6%           | 20.7%           |
| EBIT (adj)* margin                              | 7.1%           | 13.9%          | 14.8%          | 12.0%          | 12.7%           | 13.6%           |
| <b>RATIOS</b>                                   | <b>12/2014</b> | <b>12/2015</b> | <b>12/2016</b> | <b>12/2017</b> | <b>12/2018e</b> | <b>12/2019e</b> |
| Net Debt/Equity                                 | 0.2            | 0.0            | 0.0            | 0.1            | 0.1             | -0.1            |
| Net Debt/EBITDA                                 | 0.7            | 0.0            | 0.0            | 0.4            | 0.4             | -0.3            |
| Interest cover (EBITDA/Fin.interest)            | 18.5           | n.m.           | 70.6           | 92.1           | 42.2            | 50.5            |
| Capex/D&A                                       | -129.8%        | -121.3%        | -247.3%        | -311.2%        | -682.4%         | -100.0%         |
| Capex/Sales                                     | 5.5%           | 5.1%           | 8.0%           | 10.9%          | 23.4%           | 3.6%            |
| NWC/Sales                                       | 8.0%           | 6.4%           | 8.2%           | 10.1%          | 6.5%            | 6.4%            |
| ROE (average)                                   | 16.6%          | 34.9%          | 31.0%          | 25.2%          | 25.8%           | 24.3%           |
| ROCE (adj.)                                     | 13.2%          | 31.1%          | 28.4%          | 20.4%          | 17.5%           | 20.8%           |
| WACC  | 7.8%           | 7.8%           | 7.8%           | 7.8%           | 7.8%            | 7.8%            |
| ROCE (adj.)/WACC                                | 1.7            | 4.0            | 3.7            | 2.6            | 2.3             | 2.7             |
| <b>PER SHARE DATA (EUR)***</b>                  | <b>12/2014</b> | <b>12/2015</b> | <b>12/2016</b> | <b>12/2017</b> | <b>12/2018e</b> | <b>12/2019e</b> |
| Average diluted number of shares                | 6.2            | 6.0            | 5.9            | 5.9            | 6.2             | 6.2             |
| EPS (reported)                                  | 0.96           | 2.63           | 3.04           | 3.10           | 3.92            | 4.74            |
| EPS (adj.)                                      | 0.96           | 2.63           | 3.04           | 3.10           | 3.98            | 4.74            |
| BVPS  | 6.23           | 8.46           | 10.30          | 13.33          | 17.28           | 22.06           |
| DPS   | 0.00           | 0.00           | 0.00           | 0.00           | 0.00            | 0.00            |
| <b>VALUATION</b>                                | <b>12/2014</b> | <b>12/2015</b> | <b>12/2016</b> | <b>12/2017</b> | <b>12/2018e</b> | <b>12/2019e</b> |
| EV/Sales  | 0.8            | 3.6            | 3.1            | 4.7            | 4.9             | 4.3             |
| EV/EBITDA                                       | 6.7            | 19.9           | 17.0           | 30.3           | 30.5            | 24.9            |
| <b>EV/EBITDA (adj.)*</b>                        | <b>6.7</b>     | <b>19.9</b>    | <b>17.0</b>    | <b>30.3</b>    | <b>30.5</b>     | <b>24.9</b>     |
| EV/EBITA  | 4.8            | 16.1           | 14.4           | 24.7           | 25.1            | 20.6            |
| <b>EV/EBITA (adj.)*</b>                         | <b>4.8</b>     | <b>16.1</b>    | <b>14.4</b>    | <b>24.7</b>    | <b>25.1</b>     | <b>20.6</b>     |
| EV/EBIT   | 10.7           | 25.9           | 20.8           | 39.1           | 38.7            | 31.4            |
| <b>EV/EBIT (adj.)*</b>                          | <b>10.7</b>    | <b>25.9</b>    | <b>20.8</b>    | <b>39.1</b>    | <b>38.7</b>     | <b>31.4</b>     |
| <b>P/E (adj.)</b>                               | <b>12.7</b>    | <b>30.6</b>    | <b>25.6</b>    | <b>46.9</b>    | <b>48.8</b>     | <b>41.0</b>     |
| P/BV  | 2.0            | 9.5            | 7.5            | 10.9           | 11.2            | 8.8             |
| Total Yield Ratio                               | 0.0%           | 0.0%           | 0.0%           | 0.0%           | 0.0%            | 0.0%            |
| EV/CE   | 2.0            | 11.5           | 8.4            | 11.4           | 9.7             | 9.3             |
| OpFCF yield                                     | 3.0%           | 3.9%           | 1.0%           | -1.4%          | -1.6%           | 2.2%            |
| OpFCF/EV  | 2.6%           | 3.9%           | 1.0%           | -1.4%          | -1.6%           | 2.2%            |
| Payout ratio                                    | 0.0%           | 0.0%           | 0.0%           | 0.0%           | 0.0%            | 0.0%            |
| Dividend yield (gross)                          | 0.0%           | 0.0%           | 0.0%           | 0.0%           | 0.0%            | 0.0%            |
| <b>EV AND MKT CAP (EURm)</b>                    | <b>12/2014</b> | <b>12/2015</b> | <b>12/2016</b> | <b>12/2017</b> | <b>12/2018e</b> | <b>12/2019e</b> |
| Price** (EUR)                                   | 12.16          | 80.50          | 77.75          | 145.35         | 194.40          | 194.40          |
| Outstanding number of shares for main stock     | 6.2            | 6.2            | 6.2            | 6.2            | 6.2             | 6.2             |
| <b>Total Market Cap</b>                         | <b>75</b>      | <b>499</b>     | <b>482</b>     | <b>900</b>     | <b>1,204</b>    | <b>1,204</b>    |
| <b>Net Debt</b>                                 | <b>9</b>       | <b>0</b>       | <b>1</b>       | <b>12</b>      | <b>16</b>       | <b>-12</b>      |
| <i>o/w Cash &amp; Marketable Securities (-)</i> | <i>-12</i>     | <i>-25</i>     | <i>-22</i>     | <i>-14</i>     | <i>-9</i>       | <i>-37</i>      |
| <i>o/w Gross Debt (+)</i>                       | <i>21</i>      | <i>25</i>      | <i>23</i>      | <i>26</i>      | <i>25</i>       | <i>25</i>       |
| <b>Other EV components</b>                      | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>        | <b>0</b>        |
| <b>Enterprise Value (EV adj.)</b>               | <b>85</b>      | <b>499</b>     | <b>483</b>     | <b>912</b>     | <b>1,221</b>    | <b>1,192</b>    |

Source: Company, equinet Bank estimates.

### Notes

\* Where EBITDA (adj.) or EBITA (adj.) = EBITDA (or EBITA) -/+ Non Recurrent Expenses/Income and where EBIT (adj.) = EBIT -/+ Non Recurrent Expenses/Income - PPA amortisation

\*\*Price (in local currency): Fiscal year end price for Historical Years and Current Price for current and forecasted years

Sector: Financial Services Industrials/FinSvcs Industrials

Company Description: Hypoport is a financial service provider focusing on real estate loans. Key product is the Europace platform which is an internet based platform enabling banks on the one hand to more efficiently process their mortgage basis and on the other hand to get access to more than 250 product partners.



**Recommendations and Disclosures**

| Coverage                        | Analyst   | Target | Rating     | Disc. | Coverage                | Analyst   | Target | Rating     | Disc. |
|---------------------------------|-----------|--------|------------|-------|-------------------------|-----------|--------|------------|-------|
| 1&1DRILLISCHAG                  | Sen       | 66.00  | Buy        |       | Logwin                  | Mildner   | 165.00 | Accumulate | 2/3   |
| 2GEnergy                        | Rüzgar    | 23.50  | Accumulate | 2/3/5 | Manz AG                 | Rüzgar    | 37.00  | Neutral    | 2/3   |
| Aareal Bank                     | Häßler    | 42.00  | Neutral    |       | MAXAutomationSE         | Becker    | 6.70   | Buy        | 2/3   |
| adidas                          | Josefson  | 228.00 | Accumulate |       | Merck                   | Berzhanin | 112.00 | Buy        |       |
| Adler Modemaerkte               | Josefson  | 6.35   | Buy        | 7     | Merkur Bank             | Häßler    | 10.00  | Buy        | 2/7   |
| ADLER Real Estate               | Mayer     | 18.00  | Buy        |       | Metro AG                | Bruns     | 17.00  | Buy        | 2     |
| Aixtron                         | Sen       | 14.00  | Buy        | 2/3   | MLP                     | Häßler    | 7.50   | Buy        | 2/3   |
| Allianz                         | Häßler    | 200.00 | Neutral    |       | MTU Aero Engines        | Rüzgar    | 148.00 | Reduce     | 2     |
| Axel Springer                   | Josefson  | 67.00  | Accumulate |       | Munich Re               | Häßler    | 210.00 | Accumulate |       |
| Bayer                           | Berzhanin | 118.00 | Buy        |       | Nemetischek SE          | Mildner   | 47.00  | Reduce     | 5     |
| Baywa                           | Bruns     | 33.00  | Buy        | 2/7   | Norma Group             | Schuldt   | 54.00  | Neutral    |       |
| BB Biotech                      | Berzhanin | 73.00  | Buy        | 7     | OHB SE                  | Rüzgar    | 40.00  | Buy        | 7     |
| Biotest                         | Berzhanin | 24.10  | Neutral    | 2/3   | OVH Holding AG          | Häßler    | 20.00  | Neutral    | 2/5/7 |
| BMW                             | Schuldt   | 95.00  | Buy        |       | Patrizia                | Mayer     | 20.00  | Accumulate |       |
| Brenntag                        | Hinkel    | 59.80  | Buy        | 2     | Pfeiffer Vacuum         | Sen       | 162.00 | Buy        | 5     |
| Ceconomy AG                     | Bruns     | 8.00   | Neutral    |       | Procredit Holding       | Häßler    | 15.00  | Buy        | 2/3/5 |
| comdirect                       | Häßler    | 11.20  | Neutral    |       | PSI SOFTWARE AG         | Mildner   | 20.00  | Buy        | 2/3   |
| Commerzbank                     | Häßler    | 9.20   | Neutral    |       | Puma                    | Josefson  | 565.00 | Buy        |       |
| Continental                     | Schuldt   | 250.00 | Buy        |       | PWO                     | Schuldt   | 50.00  | Buy        | 2/3   |
| CORESTATE Capital Holding S. A. | Mayer     | 72.00  | Buy        | 2/5   | Rheinmetall             | Rüzgar    | 103.00 | Neutral    |       |
| CTS Eventim                     | Heilmann  | 37.50  | Reduce     |       | RIB Software            | Mildner   | 25.00  | Buy        | 2/3   |
| Daimler AG                      | Schuldt   | 71.00  | Buy        |       | RTL Group               | Josefson  | 72.00  | Accumulate |       |
| Daldrup & Soehne                | Becker    | 13.50  | Buy        | 2/3/5 | S&TAG                   | Sen       | 27.00  | Buy        | 2/3   |
| Demire                          | Mayer     | 4.55   | Buy        | 2/5   | SAF-Holland             | Schuldt   | 17.00  | Neutral    |       |
| Deutsche Bank                   | Häßler    | 14.00  | Buy        |       | Schaeffler              | Tanzer    | 14.30  | Buy        |       |
| Deutsche EuroShop               | Mayer     | 30.00  | Neutral    |       | Schaltbau Holding AG    | Becker    | 32.70  | Buy        | 2/7   |
| Deutsche Pfandbriefbank         | Häßler    | 14.50  | Accumulate |       | SCOUT24                 | Heilmann  | 31.00  | Reduce     | 2     |
| Deutsche Telekom                | Sen       | 13.30  | Neutral    |       | Siegfried Holding AG    | Berzhanin | 399.00 | Neutral    | 7     |
| Duerr                           | Augustin  | 43.00  | Accumulate |       | Siemens Healthineers AG | Rüzgar    | 39.00  | Neutral    | 2     |
| DWS                             | Häßler    | 34.00  | Buy        |       | SLM Solutions           | Sen       | 24.00  | Sell       |       |
| EringKlinger                    | Schuldt   | 7.00   | Sell       |       | SMT Scharf AG           | Rüzgar    | 17.50  | Neutral    | 2/3   |
| elumio SE                       | Josefson  | 10.90  | Accumulate |       | Software AG             | Mildner   | 30.00  | Sell       |       |
| Epigenomics AG                  | Berzhanin | 3.70   | Buy        | 2/3   | Stabilus                | Tanzer    | 91.00  | Buy        |       |
| Euromicron AG                   | Becker    | 11.40  | Buy        | 2/3/5 | Suedzucker              | Bruns     | 11.70  | Reduce     |       |
| Evonik                          | Hinkel    | 41.00  | Buy        |       | SuessMicroTec           | Sen       | 13.80  | Accumulate | 2/3   |
| Eyemaxx Real Estate             | Mayer     | 18.00  | Buy        | 2/5/7 | Surteco Group           | Mildner   | 26.50  | Buy        | 2/3   |
| Ferratum                        | Häßler    | 23.00  | Buy        |       | Symrise AG              | Hinkel    | 67.00  | Neutral    |       |
| Fielmann                        | Heilmann  | 55.00  | Reduce     |       | Syzygy AG               | Heilmann  | 11.50  | Accumulate | 2/3   |
| First Sensor AG                 | Becker    | 27.30  | Buy        | 7     | TAKKTAG                 | Bruns     | 18.50  | Neutral    | 2     |
| Freenet                         | Sen       | 36.00  | Buy        | 2     | Talanx Group            | Häßler    | 39.00  | Buy        |       |
| Fuchs Petroleum                 | Hinkel    | 48.00  | Neutral    |       | Technotrans             | Becker    | 43.00  | Accumulate | 2/3   |
| Gea Group                       | Augustin  | 33.00  | Neutral    |       | TELECOLUMBUS            | Sen       | 9.70   | Buy        |       |
| Gerresheimer AG                 | Rüzgar    | 69.00  | Neutral    |       | Telefonica Deutschland  | Sen       | 3.40   | Sell       |       |
| Gerry Weber                     | Josefson  | 5.75   | Reduce     |       | United Internet         | Sen       | 63.00  | Buy        |       |
| Gesco                           | Becker    | 34.80  | Buy        | 2/3   | Vapiano                 | Bruns     | 26.50  | Buy        | 2/7   |
| GFT Technologies                | Mildner   | 15.50  | Buy        | 2/3   | va-Q-tec                | Sen       | 17.00  | Neutral    | 2/3   |
| Gigaset                         | Sen       | 0.85   | Accumulate | 2/3   | Viscom                  | Rüzgar    | 28.00  | Buy        | 2/3   |
| Grenke                          | Häßler    | 90.00  | Neutral    |       | Volkswagen              | Schuldt   | 154.00 | Neutral    |       |
| Hannover Re                     | Häßler    | 110.00 | Neutral    |       | Wacker Neuson SE        | Becker    | 27.20  | Neutral    |       |
| Heidelberg Pharma               | Berzhanin | 3.50   | Accumulate | 2/3   | windeln.de              | Josefson  | 3.10   | Buy        | 2     |
| Heidelberger Druck              | Augustin  | 3.60   | Buy        |       | XINGSE                  | Heilmann  | 305.00 | Accumulate |       |
| HELLA GmbH & Co. KGaA           | Tanzer    | 55.00  | Accumulate |       | Zalando                 | Josefson  | 44.50  | Neutral    |       |
| Hornbach Holding                | Bruns     | 89.00  | Buy        |       |                         |           |        |            |       |
| Hugo Boss                       | Josefson  | 81.00  | Buy        |       |                         |           |        |            |       |
| Hypoport AG                     | Häßler    | 190.00 | Neutral    | 2/7   |                         |           |        |            |       |
| INDUS Holding AG                | Becker    | 64.50  | Neutral    |       |                         |           |        |            |       |
| Intershop Communications AG     | Mildner   | 1.85   | Accumulate | 2/7   |                         |           |        |            |       |
| K+S AG                          | Hinkel    | 22.00  | Neutral    |       |                         |           |        |            |       |
| Koenig & Bauer                  | Augustin  | 73.00  | Accumulate |       |                         |           |        |            |       |
| Krones AG                       | Augustin  | 123.00 | Accumulate |       |                         |           |        |            |       |
| KWS SAAT                        | Hinkel    | 348.00 | Buy        |       |                         |           |        |            |       |
| Lanxess                         | Hinkel    | 83.00  | Buy        |       |                         |           |        |            |       |
| LEG Immobilien AG               | Mayer     | 104.00 | Accumulate |       |                         |           |        |            |       |
| Leoni                           | Schuldt   | 57.00  | Neutral    |       |                         |           |        |            |       |
| Linde                           | Hinkel    | 176.00 | Neutral    |       |                         |           |        |            |       |

\*=Coverage suspended

Source: equinet Recommendations



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Buy - The stock is expected to generate a total return of over 20% during the next 12 months time horizon.

Accumulate - The stock is expected to generate a total return of 10% to 20% during the next 12 months time horizon.

Hold - The stock is expected to generate a total return of 0% to 10% during the next 12 months time horizon

Reduce - The stock is expected to generate a total return of 0 to -10% during the next 12 months time horizon

Sell - The stock is expected to generate a total return below -10% during the next 12 months time horizon

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-BaFin- (Federal Financial Supervisory Authority)  
Graurheindorfer Straße 108, 53117 Bonn and  
Marie-Curie-Str. 24-28, 60439 Frankfurt am Main



**Recommendation history for HYPOPORT AG**

| Date       | Recommendation | Target price | Price at change date |
|------------|----------------|--------------|----------------------|
| 21. Aug 18 | Neutral        | 190.00       | 194.40               |
| 20. Jun 18 | Accumulate     | 176.00       | 160.00               |
| 07. Mai 18 | Accumulate     | 172.00       | 159.00               |
| 01. Nov 17 | Buy            | 164.00       | 126.10               |
| 10. Okt 17 | Accumulate     | 164.00       | 152.90               |
| 03. Aug 17 | Accumulate     | 131.00       | 119.15               |
| 08. Mai 17 | Accumulate     | 114.00       | 103.00               |
| 25. Aug 16 | Buy            | 100.00       | 82.50                |

Source: Factset & ESN, price data adjusted for stock splits.

This chart shows equinet Bank continuing coverage of this stock; the current analyst may or may not have covered it over the entire period. Current analyst: Philipp Häßler, CFA (since 25/08/2016)





## ESN Recommendation System

The ESN Recommendation System is **Absolute**. It means that each stock is rated on the basis of a **total return**, measured by the upside potential (including dividends and capital reimbursement) over a **12 month time horizon**.



The ESN spectrum of recommendations (or ratings) for each stock comprises 5 categories: **Buy (B)**, **Accumulate (A)**, **Neutral (N)**, **Reduce (R)** and **Sell (S)**.

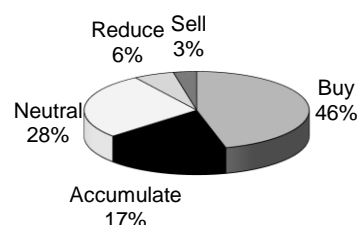
Furthermore, in specific cases and for a limited period of time, the analysts are allowed to rate the stocks as **Rating Suspended (RS)** or **Not Rated (NR)**, as explained below.

### Meaning of each recommendation or rating:

- **Buy:** the stock is expected to generate total return of **over 15%** during the next 12 months time horizon
- **Accumulate:** the stock is expected to generate total return of **5% to 15%** during the next 12 months time horizon
- **Neutral:** the stock is expected to generate total return of **-5% to +5%** during the next 12 months time horizon
- **Reduce:** the stock is expected to generate total return of **-5% to -15%** during the next 12 months time horizon
- **Sell:** the stock is expected to generate total return **under -15%** during the next 12 months time horizon
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Certain flexibility on the limits of total return bands is permitted especially during higher phases of volatility on the markets

### Equinet Bank Ratings Breakdown



For full ESN Recommendation and Target price history (in the last 12 months) please see ESN Website [Link](#)

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