

Buy EUR 280.00 (EUR 250.00) Price EUR 237.00 Upside 18.1 %	Value Indicators: EUR DCF: 279.79	Share data: Bloomberg: HYQ GR Reuters: HYQGn.DE ISIN: DE0005493365	Description: Technology-based financial services provider
	Market Snapshot: EUR m Market cap: 1,480.77 No. of shares (m): 6.25 EV: 1,523.38 Freefloat MC: 913.63 Ø Trad. Vol. (30d): 1.88 m	Shareholders: Freefloat 61.7 % Revenia (Ronald Slabke) 34.6 % Treasury shares 3.7 %	Risk Profile (WRe): 2019e Beta: 1.3 Price / Book: 8.2 x Equity Ratio: 53 % Net Fin. Debt / EBITDA: 0.9 x Net Debt / EBITDA: 0.9 x

Lasting strength in cooperative banking sector increases confidence

Stated Figures Q2/2019:									
In EUR m	H1/19	H1/18	yoy	H1/19e	Δ WRe	FY19e	FY18	yoy	
Private Clients									
Revenue	50.5	44.1	15%	50.7	0%	102.8	86.4	19%	
EBIT	4.5	6.9	-35%	4.6	-1%	10.3	10.8	-5%	
margin	8.9%	15.6%		9.0%		10.0%	12.5%		
Credit Platform									
Revenue	65.5	53.2	23%	64.4	2%	138.7	114.7	21%	
EBIT	14.2	11.4	25%	14.5	-2%	31.7	26.1	22%	
margin	21.7%	21.4%		22.5%		22.9%	22.8%		
Real estate Platform									
Revenue	20.9	14.5	44%	20.3	3%	46.0	34.1	35%	
EBIT	2.4	3.1	-23%	2.0	18%	5.1	6.0	-16%	
margin	11.5%	21.4%		10.0%		11.0%	17.6%		
Insurance Platform									
Revenue	20.5	10.6	93%	21.7	-6%	46.3	30.4	52%	
EBIT	-0.3	-1.7	-82%	-0.4		-0.5	-2.7		
margin	-1.8%	-16.0%		-2.0%		-1.0%	-8.9%		
Consolidation effects									
Revenue	-0.3	-0.7	-57%	0.0		0.0	0.4		
EBIT	-5	-4.9	2%	-4.9		-11.0	-10.9	1%	
Group									
Revenue	157.1	121.7	29%	157.1	0%	333.8	266.0	26%	
EBIT	15.8	14.8	7%	15.7	0%	35.6	29.3	21%	
margin	10.1%	12.2%		10.0%		10.7%	11.0%		

Comment on Figures:

- Weak EBIT development in Private Clients is explained by increased investment in bringing on board further product partners for Dr. Klein, as already known. However, this trend should turn in H2, which is why the full-year margin should recover to 10%. In the long run, we expect the segment to even out at 13%.
- The good credit platform development in H1 2019 is expected to continue. Our fair value previously reflected strong growth rates of FINMAS within the savings banks sector and only moderate growth within the cooperative banking sector. However, the strong performance of GENOPACE in this sector during the past two quarters strengthened our confidence in the sub-marketplace which is why we increased our medium-term expectations significantly.

After the publication of the final figures for the first half of the year last week (see our *First Glance* dated 05.08.2019), we have reworked our financial model and increase our PT to EUR 280, based on higher medium-term assumptions which were increased for the following reasons:

- The outstanding transaction volume growth rates at GENOPACE of +82% in Q1 and +154% in Q2 2019 show the strong momentum in the cooperative banking sector. As the joint venture with Schwäbisch Hall, baufinex, would appear to be bearing fruit, we are assuming a continuation of this trend and increase our growth expectations for the segment.
- As a result, our transaction volume assumptions of EUR 2.88bn in 2019e and 5.68bn in 2022e for GENOPACE are increased to EUR 4.13bn in 2019e and 12.54bn in 2022e (vs. anticipated total transaction volume in the credit platform of EUR 74.5bn in 2022e).

In sum, our investment case of ongoing market share gains across all segments is fully confirmed. The strong operative development has strengthened confidence in the credit platform and we still see positive surprise potential for both other platforms. PT increased to EUR 280.

Changes in Estimates:							Comment on Changes:	
FY End: 31.12. in EUR m	2019e (old)	+ / -	2020e (old)	+ / -	2021e (old)	+ / -		
Sales	331.84	0.6 %	388.17	2.1 %	438.13	3.3 %	Increased mid-term assumptions on credit platform business	
EBIT	35.01	0.1 %	45.49	4.4 %	54.98	7.1 %	Proportionately higher EBIT increase due to high-margin platform business	
EPS	4.28	0.2 %	5.47	5.9 %	6.75	7.1 %		

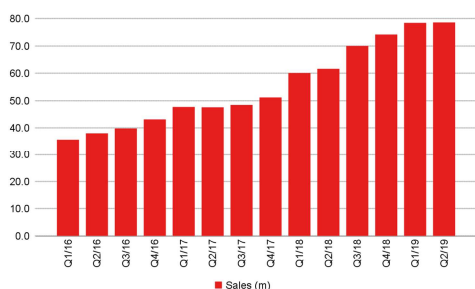


Rel. Performance vs SDAX:	
1 month:	1.9 %
6 months:	33.9 %
Year to date:	50.2 %
Trailing 12 months:	47.0 %

Company events:	
22.08.19	RS ZRH
04.11.19	Q3

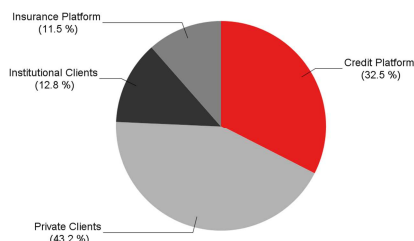
FY End: 31.12. in EUR m	CAGR (18-21e)	2015	2016	2017	2018	2019e	2020e	2021e
Sales	19.4 %	138.98	156.64	194.86	265.96	333.85	396.49	452.80
Change Sales yoy		23.7 %	12.7 %	24.4 %	36.5 %	25.5 %	18.8 %	14.2 %
Gross profit margin		54.9 %	58.0 %	56.1 %	56.7 %	55.9 %	56.9 %	56.7 %
EBITDA	24.6 %	25.08	28.24	30.12	39.09	47.91	62.15	75.62
Margin		18.0 %	18.0 %	15.5 %	14.7 %	14.4 %	15.7 %	16.7 %
EBIT	26.2 %	19.26	23.16	23.32	29.29	35.05	47.48	58.86
Margin		13.9 %	14.8 %	12.0 %	11.0 %	10.5 %	12.0 %	13.0 %
Net income	26.2 %	15.87	18.07	18.42	22.47	26.81	36.18	45.17
EPS	26.2 %	2.56	3.00	3.10	3.60	4.29	5.79	7.23
EPS adj.	26.2 %	2.56	3.00	3.10	3.60	4.29	5.79	7.23
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.
FCF / Market cap		10.2 %	2.2 %	-0.3 %	2.5 %	1.3 %	2.1 %	2.9 %
EV / Sales		1.4 x	2.8 x	3.5 x	3.9 x	4.6 x	3.8 x	3.3 x
EV / EBITDA		7.8 x	15.6 x	22.6 x	26.7 x	31.8 x	24.2 x	19.5 x
EV / EBIT		10.2 x	19.0 x	29.1 x	35.6 x	43.5 x	31.7 x	25.0 x
P / E		13.2 x	25.0 x	36.8 x	44.2 x	55.2 x	40.9 x	32.8 x
P / E adj.		13.2 x	25.0 x	36.8 x	44.2 x	55.2 x	40.9 x	32.8 x
FCF Potential Yield		11.2 %	5.3 %	3.8 %	3.2 %	2.6 %	3.4 %	4.3 %
Net Debt		-13.29	-11.46	2.15	49.26	42.61	23.08	-7.92
ROCE (NOPAT)		38.9 %	39.7 %	27.1 %	16.3 %	12.8 %	15.9 %	18.6 %
Guidance:	2019: Revenue between EUR 310m and 340m and EBIT between EUR 32m and 40m							

Sales development in EUR m



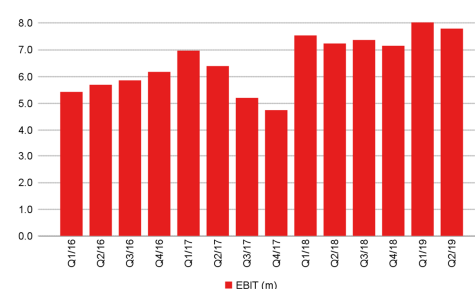
Source: Warburg Research

Sales by Segments 2018; in %



Source: Warburg Research

EBIT development in EUR m



Source: Warburg Research

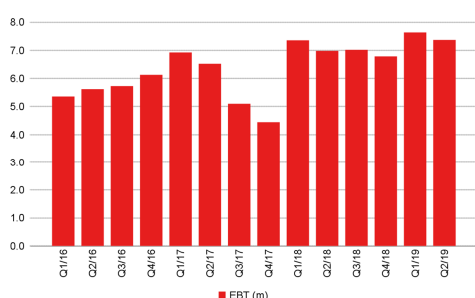
Company Background

- The company, founded in 1999, is specialised as a property financing intermediary and is expanding its value chain towards the insurance and real estate sectors
- 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

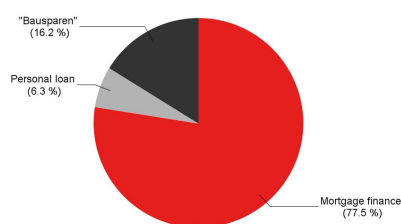
- The online B2B marketplace for property financing (EUROPACE) is the largest of its kind in Germany
- As the number of affiliated suppliers is decisive for marketplaces of this type, this forms a central competitive advantage and a considerable market entry barrier for third parties.
- The Dr. Klein business segments (private clients) benefits from market access over EUROPACE but also from the many years of experience in the area of property financing
- Most importantly however Dr. Klein is strongly focused on property financing and neutral (with offers from every provider). Other financial sales teams or retail banks normally cannot afford both.
- The new platform businesses insurance platform and real estate platform should strongly benefit of the market-leading credit platform and the excellent track record of the company.

EBT development in EUR m



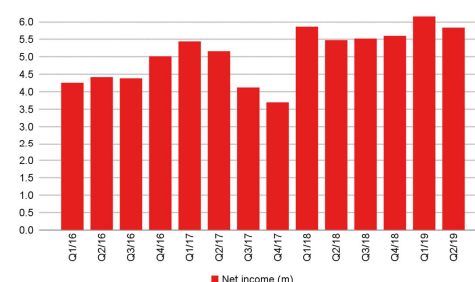
Source: Warburg Research

EUROPACE by product segments 2018; 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
	2019e	2020e	2021e	2022e	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	
Sales	334.33	397.06	453.46	507.68	556.68	602.75	656.22	702.03	749.02	778.98	802.35	822.41	842.97	
Sales change	25.7 %	18.8 %	14.2 %	12.0 %	9.7 %	8.3 %	8.9 %	7.0 %	6.7 %	4.0 %	3.0 %	2.5 %	2.5 %	2.5 %
EBIT	35.60	47.85	59.18	69.91	81.58	93.01	123.06	155.95	173.91	180.86	192.56	205.60	219.17	
EBIT-margin	10.6 %	12.1 %	13.1 %	13.8 %	14.7 %	15.4 %	18.8 %	22.2 %	23.2 %	23.2 %	24.0 %	25.0 %	26.0 %	
Tax rate (EBT)	22.2 %	22.5 %	22.2 %	22.0 %	22.0 %	22.0 %	22.0 %	22.0 %	22.0 %	22.0 %	22.0 %	22.0 %	22.0 %	
NOPAT	27.70	37.09	46.04	54.53	63.63	72.55	95.98	121.64	135.65	141.07	150.20	160.37	170.95	
Depreciation	12.31	14.30	16.44	20.31	22.27	24.11	26.25	28.08	29.96	31.16	32.09	32.90	33.72	
in % of Sales	3.7 %	3.6 %	3.6 %	4.0 %	4.0 %	4.0 %	4.0 %	4.0 %	4.0 %	4.0 %	4.0 %	4.0 %	4.0 %	
Changes in provisions	0.00	0.00	0.00	0.22	0.05	0.05	0.05	0.05	0.05	0.03	0.02	0.02	0.02	
Change in Liquidity from														
- Working Capital	8.49	5.80	5.40	8.07	4.90	4.61	5.35	4.58	4.70	3.00	2.34	2.01	2.06	
- Capex	12.52	13.52	13.52	20.31	22.27	24.11	26.25	28.08	29.96	31.16	32.09	32.90	33.72	
Capex in % of Sales	3.7 %	3.4 %	3.0 %	4.0 %	4.0 %	4.0 %	4.0 %	4.0 %	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)	18.99	32.07	43.56	46.69	58.78	67.98	90.69	117.10	131.00	138.11	147.89	158.38	168.92	180
PV of FCF	18.49	28.82	36.14	35.75	41.55	44.36	54.62	65.10	67.23	65.42	64.67	63.93	62.93	1,149
share of PVs	4.64 %			31.46 %										63.90 %

Model parameter

Derivation of WACC:		Derivation of Beta:	
Debt ratio	5.00 %	Financial Strength	1.00
Cost of debt (after tax)	2.3 %	Liquidity (share)	1.20
Market return	7.00 %	Cyclicality	1.60
Risk free rate	1.50 %	Transparency	1.40
		Others	1.30
WACC	8.33 %	Beta	1.30

Valuation (m)

Present values 2031e	649		
Terminal Value	1,149		
Financial liabilities	81		
Pension liabilities	0		
Hybrid capital	0		
Minority interest	0		
Market val. of investments	0		
Liquidity	32	No. of shares (m)	6.2
Equity Value	1,748	Value per share (EUR)	279.79

Sensitivity Value per Share (EUR)

Beta	WACC	Terminal Growth							Beta	WACC	Delta EBIT-margin						
		1.75 %	2.00 %	2.25 %	2.50 %	2.75 %	3.00 %	3.25 %			-1.5 pp	-1.0 pp	-0.5 pp	+0.0 pp	+0.5 pp	+1.0 pp	+1.5 pp
1.49	9.3 %	215.40	219.70	224.31	229.26	234.58	240.32	246.53	1.49	9.3 %	212.95	218.39	223.82	229.26	234.69	240.13	245.56
1.40	8.8 %	235.50	240.74	246.37	252.44	259.01	266.15	273.93	1.40	8.8 %	234.78	240.67	246.55	252.44	258.33	264.22	270.10
1.35	8.6 %	246.73	252.52	258.77	265.53	272.87	280.87	289.62	1.35	8.6 %	247.10	253.24	259.39	265.53	271.67	277.81	283.96
1.30	8.3 %	258.85	265.28	272.23	279.79	288.02	297.02	306.90	1.30	8.3 %	260.53	266.95	273.37	279.79	286.21	292.62	299.04
1.25	8.1 %	271.97	279.13	286.90	295.37	304.63	314.81	326.03	1.25	8.1 %	275.21	281.93	288.65	295.37	302.09	308.81	315.53
1.20	7.8 %	286.23	294.23	302.94	312.47	322.94	334.49	347.30	1.20	7.8 %	291.32	298.37	305.42	312.47	319.52	326.58	333.63
1.11	7.3 %	318.76	328.86	339.94	352.17	365.74	380.87	397.85	1.11	7.3 %	328.73	336.54	344.36	352.17	359.99	367.80	375.62

- The growth anticipated for Hypoport is based on robust business development in all segments
- Credit platform segment (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	2015	2016	2017	2018	2019e	2020e	2021e
Price / Book	4.0 x	7.0 x	8.2 x	6.5 x	8.2 x	6.9 x	5.7 x
Book value per share ex intangibles	3.40	3.72	4.41	-6.00	-3.81	0.04	5.60
EV / Sales	1.4 x	2.8 x	3.5 x	3.9 x	4.6 x	3.8 x	3.3 x
EV / EBITDA	7.8 x	15.6 x	22.6 x	26.7 x	31.8 x	24.2 x	19.5 x
EV / EBIT	10.2 x	19.0 x	29.1 x	35.6 x	43.5 x	31.7 x	25.0 x
EV / EBIT adj.*	10.2 x	19.0 x	29.1 x	35.6 x	43.5 x	31.7 x	25.0 x
P / FCF	9.8 x	45.6 x	n.a.	40.4 x	79.4 x	47.0 x	34.4 x
P / E	13.2 x	25.0 x	36.8 x	44.2 x	55.2 x	40.9 x	32.8 x
P / E adj.*	13.2 x	25.0 x	36.8 x	44.2 x	55.2 x	40.9 x	32.8 x
Dividend Yield	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
FCF Potential Yield (on market EV)	11.2 %	5.3 %	3.8 %	3.2 %	2.6 %	3.4 %	4.3 %

*Adjustments made for: -

Consolidated profit & loss

In EUR m	2015	2016	2017	2018	2019e	2020e	2021e
Sales	138.98	156.64	194.86	265.96	333.85	396.49	452.80
Change Sales yoy	23.7 %	12.7 %	24.4 %	36.5 %	25.5 %	18.8 %	14.2 %
Increase / decrease in inventory	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Own work capitalised	4.66	5.66	6.99	10.71	10.02	13.64	14.49
Total Sales	143.65	162.30	201.84	276.67	343.86	410.13	467.29
Material expenses	67.31	71.44	92.57	125.78	157.41	184.37	210.55
Gross profit	76.34	90.86	109.27	150.89	186.45	225.76	256.74
<i>Gross profit margin</i>	<i>54.9 %</i>	<i>58.0 %</i>	<i>56.1 %</i>	<i>56.7 %</i>	<i>55.9 %</i>	<i>56.9 %</i>	<i>56.7 %</i>
Personnel expenses	38.22	46.36	58.56	81.75	102.49	120.71	135.84
Other operating income	2.18	3.07	4.52	3.95	7.34	7.93	9.06
Other operating expenses	15.25	19.33	25.35	34.27	43.40	50.83	54.34
Unfrequent items	0.03	0.00	0.26	0.26	0.00	0.00	0.00
EBITDA	25.08	28.24	30.12	39.09	47.91	62.15	75.62
<i>Margin</i>	<i>18.0 %</i>	<i>18.0 %</i>	<i>15.5 %</i>	<i>14.7 %</i>	<i>14.4 %</i>	<i>15.7 %</i>	<i>16.7 %</i>
Depreciation of fixed assets	1.12	1.24	1.69	2.89	3.00	2.78	3.17
EBITA	23.96	27.00	28.44	36.20	44.90	59.37	72.45
Amortisation of intangible assets	4.70	3.84	5.12	6.91	9.85	11.89	13.58
Goodwill amortisation	0.00	0.00	0.00	0.00	0.00	0.00	0.00
EBIT	19.26	23.16	23.32	29.29	35.05	47.48	58.86
<i>Margin</i>	<i>13.9 %</i>	<i>14.8 %</i>	<i>12.0 %</i>	<i>11.0 %</i>	<i>10.5 %</i>	<i>12.0 %</i>	<i>13.0 %</i>
EBIT adj.	19.26	23.16	23.32	29.29	35.05	47.48	58.86
Interest income	0.37	0.23	0.55	0.58	0.80	0.80	0.80
Interest expenses	0.52	0.63	0.88	1.74	1.60	1.80	1.80
Other financial income (loss)	0.00	0.08	0.00	0.00	0.20	0.20	0.20
EBT	19.10	22.84	22.99	28.13	34.45	46.68	58.06
<i>Margin</i>	<i>13.7 %</i>	<i>14.6 %</i>	<i>11.8 %</i>	<i>10.6 %</i>	<i>10.3 %</i>	<i>11.8 %</i>	<i>12.8 %</i>
Total taxes	3.24	4.76	4.56	5.67	7.65	10.50	12.89
Net income from continuing operations	15.87	18.07	18.43	22.47	26.81	36.18	45.17
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	15.87	18.07	18.43	22.47	26.81	36.18	45.17
Minority interest	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net income	15.87	18.07	18.42	22.47	26.81	36.18	45.17
<i>Margin</i>	<i>11.4 %</i>	<i>11.5 %</i>	<i>9.5 %</i>	<i>8.4 %</i>	<i>8.0 %</i>	<i>9.1 %</i>	<i>10.0 %</i>
Number of shares, average	6.19	6.01	5.94	6.25	6.25	6.25	6.25
EPS	2.56	3.00	3.10	3.60	4.29	5.79	7.23
EPS adj.	2.56	3.00	3.10	3.60	4.29	5.79	7.23

*Adjustments made for:

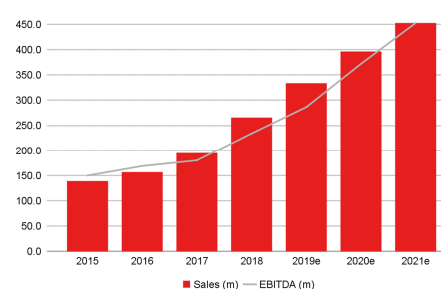
Guidance: 2019: Revenue between EUR 310m and 340m and EBIT between EUR 32m and 40m

Financial Ratios

	2015	2016	2017	2018	2019e	2020e	2021e
Total Operating Costs / Sales	85.3 %	85.6 %	88.3 %	89.4 %	88.7 %	87.8 %	86.5 %
Operating Leverage	6.0 x	1.6 x	0.0 x	0.7 x	0.8 x	1.9 x	1.7 x
EBITDA / Interest expenses	48.0 x	45.0 x	34.3 x	22.5 x	29.9 x	34.5 x	42.0 x
Tax rate (EBT)	16.9 %	20.8 %	19.9 %	20.1 %	22.2 %	22.5 %	22.2 %
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.

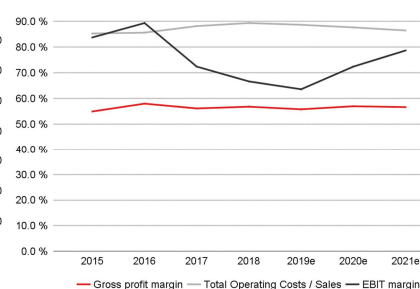
Sales, EBITDA

in EUR m

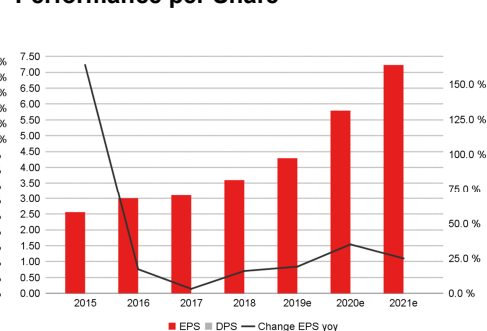


Operating Performance

in %



Performance per Share



Source: Warburg Research

Source: Warburg Research

Source: Warburg Research

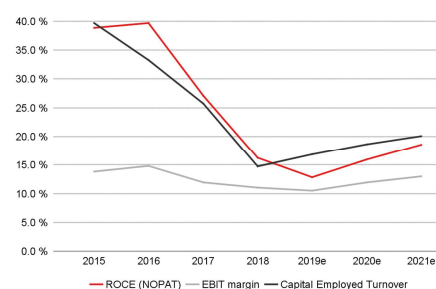
Consolidated balance sheet

In EUR m	2015	2016	2017	2018	2019e	2020e	2021e
Assets							
Goodwill and other intangible assets	31.89	41.66	55.97	190.64	203.79	215.89	226.31
thereof other intangible assets	0.00	3.83	6.77	25.74	38.89	51.00	61.41
thereof Goodwill	0.00	0.00	24.77	140.46	140.46	140.46	140.46
Property, plant and equipment	3.04	2.63	4.45	10.33	8.85	7.59	5.94
Financial assets	0.03	1.09	1.43	0.29	0.29	0.29	0.29
Other long-term assets	1.42	3.01	4.09	12.15	12.15	12.15	12.15
Fixed assets	36.38	48.39	65.93	213.41	225.08	235.93	244.69
Inventories	0.00	0.00	0.00	0.78	0.00	0.00	0.00
Accounts receivable	32.85	38.09	49.14	54.22	68.10	80.80	92.30
Liquid assets	24.76	22.41	14.33	31.76	42.01	65.14	99.74
Other short-term assets	2.09	3.21	11.57	5.45	5.45	5.45	5.45
Current assets	59.70	63.71	75.05	92.21	115.55	151.38	197.49
Total Assets	96.10	112.10	141.00	305.60	340.60	387.30	442.20
Liabilities and shareholders' equity							
Subscribed capital	6.20	6.20	6.20	6.49	6.49	6.49	6.49
Capital reserve	2.35	2.35	2.91	50.59	50.59	50.59	50.59
Retained earnings	44.01	55.54	73.75	96.34	123.14	159.32	204.50
Other equity components	-0.16	0.05	-0.25	-0.25	-0.25	-0.25	-0.25
Shareholders' equity	52.39	64.13	82.60	153.17	179.98	216.15	261.33
Minority interest	0.27	0.27	0.31	0.31	0.31	0.31	0.31
Total equity	52.66	64.40	82.91	153.48	180.29	216.47	261.64
Provisions	0.21	0.25	0.18	0.28	0.28	0.28	0.28
thereof provisions for pensions and similar obligations	0.21	0.24	0.18	0.28	0.28	0.28	0.28
Financial liabilities (total)	11.26	10.71	16.30	80.74	84.34	87.94	91.54
thereof short-term financial liabilities	4.34	4.44	2.94	9.78	9.78	9.78	9.78
Accounts payable	20.39	18.71	23.06	31.99	36.60	43.50	49.60
Other liabilities	11.55	18.07	18.53	39.12	39.12	39.12	39.12
Liabilities	43.42	47.74	58.07	152.13	160.34	170.84	180.54
Total liabilities and shareholders' equity	96.10	112.10	141.00	305.60	340.60	387.30	442.20

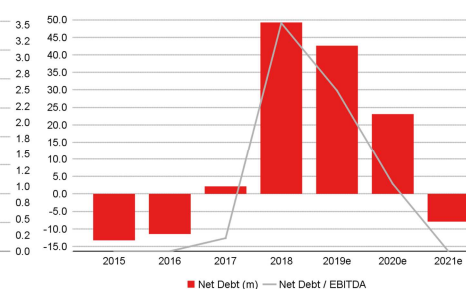
Financial Ratios

	2015	2016	2017	2018	2019e	2020e	2021e
Efficiency of Capital Employment							
Operating Assets Turnover	9.0 x	7.1 x	6.4 x	8.0 x	8.3 x	8.8 x	9.3 x
Capital Employed Turnover	3.5 x	3.0 x	2.3 x	1.3 x	1.5 x	1.7 x	1.8 x
ROA	43.6 %	37.3 %	27.9 %	10.5 %	11.9 %	15.3 %	18.5 %
Return on Capital							
ROCE (NOPAT)	38.9 %	39.7 %	27.1 %	16.3 %	12.8 %	15.9 %	18.6 %
ROE	34.9 %	31.0 %	25.1 %	19.1 %	16.1 %	18.3 %	18.9 %
Adj. ROE	34.9 %	31.0 %	25.1 %	19.1 %	16.1 %	18.3 %	18.9 %
Balance sheet quality							
Net Debt	-13.29	-11.46	2.15	49.26	42.61	23.08	-7.92
Net Financial Debt	-13.50	-11.70	1.97	48.98	42.33	22.80	-8.21
Net Gearing	-25.2 %	-17.8 %	2.6 %	32.1 %	23.6 %	10.7 %	-3.0 %
Net Fin. Debt / EBITDA	n.a.	n.a.	6.5 %	125.3 %	88.4 %	36.7 %	n.a.
Book Value / Share	8.7	10.6	13.7	24.5	28.8	34.6	41.8
Book value per share ex intangibles	3.4	3.7	4.4	-6.0	-3.8	0.0	5.6

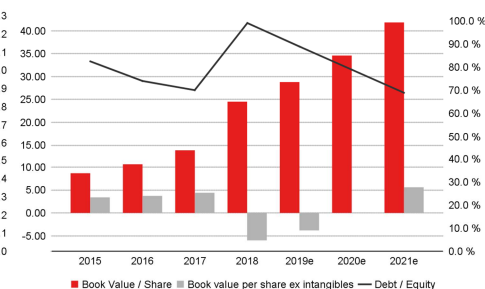
ROCE Development



Net debt in EUR m



Book Value per Share in EUR



Source: Warburg Research

Source: Warburg Research

Source: Warburg Research

Consolidated cash flow statement

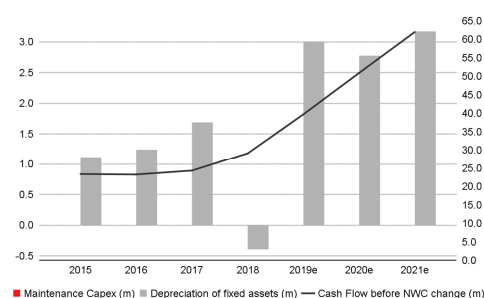
In EUR m	2015	2016	2017	2018	2019e	2020e	2021e
Net income	15.87	18.07	18.43	22.47	26.81	36.18	45.17
Depreciation of fixed assets	1.12	1.24	1.69	-0.39	3.00	2.78	3.17
Amortisation of goodwill	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Amortisation of intangible assets	4.70	3.84	5.12	6.91	9.85	11.89	13.58
Increase/decrease in long-term provisions	0.00	0.03	0.00	0.10	0.00	0.00	0.00
Other non-cash income and expenses	1.60	0.00	-0.92	0.00	0.00	0.00	0.00
Cash Flow before NWC change	23.28	23.19	24.31	29.09	39.66	50.85	61.93
Increase / decrease in inventory	-1.66	0.00	0.00	-0.78	0.78	0.00	0.00
Increase / decrease in accounts receivable	0.00	-5.24	-11.05	-5.08	-13.88	-12.70	-11.50
Increase / decrease in accounts payable	4.60	-1.69	4.35	8.93	4.61	6.90	6.10
Increase / decrease in other working capital positions	0.47	2.10	-9.36	7.67	0.00	0.00	0.00
Increase / decrease in working capital (total)	3.41	-4.83	-16.06	10.75	-8.49	-5.80	-5.40
Net cash provided by operating activities [1]	26.69	18.36	8.26	39.83	31.17	45.05	56.53
Investments in intangible assets	-4.70	-7.67	-8.00	-13.70	-11.00	-12.00	-12.00
Investments in property, plant and equipment	-0.62	-0.80	-2.00	-1.52	-1.52	-1.52	-1.52
Payments for acquisitions	0.00	-5.56	-9.56	-63.26	-12.00	-12.00	-12.00
Financial investments	0.01	0.03	0.55	0.00	0.00	0.00	0.00
Income from asset disposals	0.05	0.01	0.02	0.24	0.00	0.00	0.00
Net cash provided by investing activities [2]	-7.06	-13.25	-21.19	-85.64	-24.52	-25.52	-25.52
Change in financial liabilities	-4.60	-0.50	4.85	70.51	3.60	3.60	3.60
Dividends paid	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Purchase of own shares	-2.30	-6.91	0.00	0.00	0.00	0.00	0.00
Capital measures	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other	0.00	0.00	0.00	-7.27	0.00	0.00	0.00
Net cash provided by financing activities [3]	-6.90	-7.41	4.85	63.23	3.60	3.60	3.60
Change in liquid funds [1]+[2]+[3]	12.73	-2.29	-8.08	17.43	10.25	23.13	34.61
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	24.76	22.46	14.33	31.76	42.01	65.14	99.74

Financial Ratios

	2015	2016	2017	2018	2019e	2020e	2021e
Cash Flow							
FCF	19.59	10.69	-2.84	17.21	18.65	31.53	43.01
Free Cash Flow / Sales	15.4 %	6.3 %	-0.9 %	9.3 %	5.6 %	8.0 %	9.5 %
Free Cash Flow Potential	21.84	23.48	25.56	33.42	40.26	51.65	62.73
Free Cash Flow / Net Profit	134.7 %	54.7 %	-9.5 %	109.5 %	69.6 %	87.1 %	95.2 %
Interest Received / Avg. Cash	2.0 %	1.0 %	3.0 %	2.5 %	2.2 %	1.5 %	1.0 %
Interest Paid / Avg. Debt	3.8 %	5.7 %	6.5 %	3.6 %	1.9 %	2.1 %	2.0 %
Management of Funds							
Investment ratio	3.8 %	5.4 %	5.1 %	5.7 %	3.8 %	3.4 %	3.0 %
Maint. Capex / Sales	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Capex / Dep	91.4 %	166.6 %	146.9 %	155.4 %	97.4 %	92.2 %	80.7 %
Avg. Working Capital / Sales	9.2 %	10.2 %	11.7 %	9.2 %	8.2 %	8.7 %	8.8 %
Trade Debtors / Trade Creditors	161.1 %	203.6 %	213.1 %	169.5 %	186.1 %	185.7 %	186.1 %
Inventory Turnover	n.a.	n.a.	n.a.	161.3 x	n.a.	n.a.	n.a.
Receivables collection period (days)	86	89	92	74	74	74	74
Payables payment period (days)	111	96	91	93	85	86	86
Cash conversion cycle (Days)	n.a.	n.a.	n.a.	-16	n.a.	n.a.	n.a.

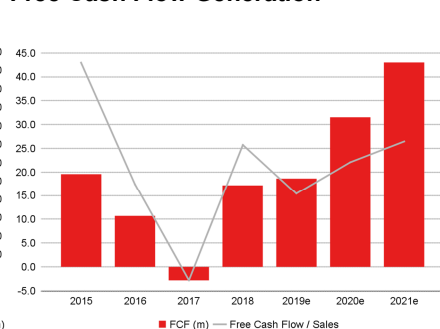
CAPEX and Cash Flow

in EUR m



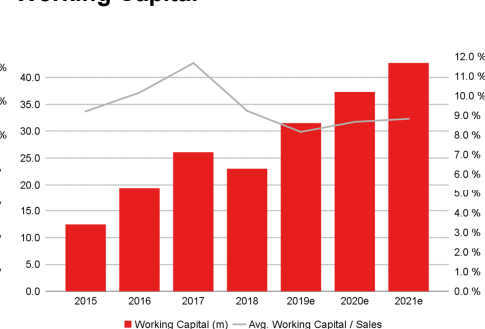
Source: Warburg Research

Free Cash Flow Generation



Source: Warburg Research

Working Capital



Source: Warburg Research

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 (WPHG), 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.

This report has been made accessible to the company analysed.

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	120	61
Hold	66	33
Sell	7	4
Rating suspended	5	3
Total	198	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	79
Hold	7	17
Sell	0	0
Rating suspended	2	5
Total	42	100

PRICE AND RATING HISTORY HYPOPORT AS OF 14.08.2019



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

Matthias Rode +49 40 3282-2678
Head of Equities mrode@mmwarburg.com

RESEARCH

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

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

Jan Bauer +40 40 309537-155
Renewables jbauer@warburg-research.com

Jonas Blum +40 40 309537-240
Telco, Construction jblum@warburg-research.com

Christian Cohrs +49 40 309537-175
Industrials & Transportation 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
Financial Services mfuhrberg@warburg-research.com

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

Philipp Kaiser +49 40 309537-260
Real Estate pkaiser@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

Franz Schall +40 40 309537-230
Automobiles, Car Suppliers fschall@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

Cansu Tatar +49 40 309537-248
Cap. Goods, Engineering ctatar@warburg-research.com

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

Robert-Jan van der Horst +49 40 309537-290
Technology rvanderhorst@warburg-research.com

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

INSTITUTIONAL EQUITY SALES

Marc Niemann +49 40 3282-2660
Head of Equity Sales, Germany mniemann@mmwarburg.com

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

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

Lyubka Bogdanova +49 69 5050-7411
Ireland, Poland, Australia lbogdanova@mmwarburg.com

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

Alexander Eschweiler +49 40 3282-2669
Germany aeschweiler@mmwarburg.com

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

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

Julia Fesenberg +49 69 5050-7417
Roadshow/Marketing jfesenberg@mmwarburg.com

Juliane Niemann +49 40 3282-2694
Roadshow/Marketing jniemann@mmwarburg.com

SALES TRADING

Oliver Merckel +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