

Europace with strong Q1 transaction volume

Europace, Hypoport's credit platform, has reported strong figures for Q1 with an increase of the transaction volume by 34% yoy to EUR 20.8bn, the growth rate having been well above the level of previous quarters. In mortgage finance (which stands for 81% of Europace's transaction volume) transaction volume was even up by 38%, a very strong performance. FINMAS, the JV with the savings banks, reported an increase of the transaction volume by 50% yoy to EUR 2.0bn, GENOPACE, the JV with the mutual banks, reported an increase by 159% yoy to EUR 1.7bn, once again a very strong performance. Ronald Slabke, CEO of Hypoport, is quoted in the press release saying that the impact from COVID-19 can not yet be reliably quantified. In our view Europace has reported very strong Q1 transaction figures. Although we expect Hypoport to be negatively impacted from COVID-19 as well we expect the impact to be the least among the companies in our coverage. Clearly, if the public lock-down continues during May, there should be a more pronounced effect on the mortgage finance volumes. Note that a significant proportion of Europace's transaction volumes are however prolongations which are unaffected. As Dr. Klein (and many of Europace's partners) are offering video chat options customers do not have to come into the branches to do business. We stick to our Buy recommendation with a target price of EUR 300 as we see Hypoport as an attractive growth company – COVID-19 should be no threat for its business model and even if revenues were negatively impacted in 2020 the mid-term growth story remains intact.

Q1 figures in more detail

Daily transaction volume was up by 32% yoy to EUR 324m. Building transaction volume was up by 22% yoy to EUR 3.1bn, in personal loans the volume increased by 14% yoy to EUR 0.98bn. While mortgage finance transaction volume increased by 38% yoy, the market (according to Bundesbank figures for the new business development of mortgage loans in January and February) volume increased by only 5% yoy, i.e. Hypoport continued to win market share.

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