

Recommendation:  
**BUY** (BUY)

Risk:  
**HIGH** (HIGH)

Price Target:  
**EUR 16.80** (15.00)

05 April 2011

## Fantastic 2010!

### Growth streak continued in 4Q and beats expectations

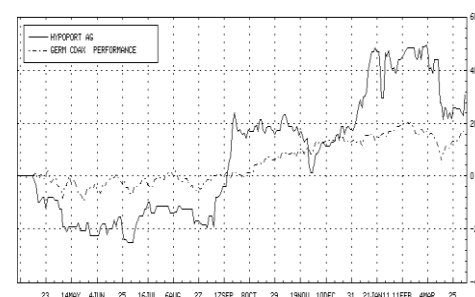
- Hypoport published its 2010 results, which once again managed to outperform our expectations on most counts. Whilst sales came in at EUR 66.9m (CBSR estimate: EUR 64.0m) and EBIT reached EUR 6.4m (CBSR estimate: EUR 6.2m), net income was slightly lower than we had expected at EUR 3.3m (CBSR estimate: EUR 3.7m).
- The growth in revenues (+32.5% y-o-y) and EBIT (+462.7% y-o-y) stems from all business units. Private Clients contributed with revenues of EUR 40.2m and EBIT of EUR 3.5m towards that result. Especially mortgage financing benefitted from the positive market environment. Corporate Real Estate Clients recorded revenue of EUR 8.5m (up 32.8%), mainly due to several big ticket deals. Financial Service providers performed particularly well with an almost 44% increase in revenue up to EUR 14.8m and EBIT of EUR 1.2m (PY: EUR -1.4m), thus returning back to positive territory. Institutional Clients, a relatively stable business, was more or less unchanged in terms of revenue and EBIT compared with the year before. Additional growth opportunities in this segment are presented by further international projects and potential co-operations.
- In 2011, the company plans to gain additional market shares in both financial product sales as well as the B2B financial marketplace. In order to increase regional presence the branch and independent advisor network is to be further expanded.
- The company also issued an outlook for 2011 in which it expects to see a "distinct two-digit growth in revenue and earnings on previous year's level". In light of the new information, we adjust our forecast as follows: For 2011E we predict sales to come in at EUR 75m whilst we predict EBIT to amount to around EUR 7.0m. Whilst we maintain our previous forecast for 2012E we now project a detailed forecast into 2013E.
- Our revised valuation framework now gives rise to a new valuation of EUR 16.80 per share. We hence reiterate our BUY recommendation.

#### Key data

FY 12/31, EUR m	2008	2009	2010	2011E	2012E	2013E
Sales	52.7	50.5	66.9	75.0	80.0	88.0
EBIT	5.0	1.2	6.4	7.0	9.1	10.0
Net result	-0.3	-0.3	3.3	4.4	5.7	6.3
EPS	-0.05	-0.05	0.53	0.67	0.92	1.02
DPS	0.00	0.00	0.00	0.00	0.00	0.00
EBITDA margin	15.3%	9.7%	16.7%	15.8%	17.6%	17.6%
EBIT margin	9.4%	2.4%	9.6%	9.3%	11.4%	11.4%
Net margin	-0.5%	-0.7%	4.9%	5.9%	7.1%	7.2%
EV/EBITDA	8.7	14.3	6.3	5.9	5.0	4.5
EV/EBIT	14.1	57.5	10.9	10.0	7.7	7.0
P/E	-212.9	-173.3	18.6	14.6	10.6	9.6

Source: CBS Research AG, Hypoport AG

Share price (dark) vs. CDAX



Source: CBS Research AG, Bloomberg, Hypoport AG

Change	2011E		2012E		2013E	
	new	old	new	old	new	old
Revenue	75.0	69.0	-	80.0	88.0	-
EBIT	7.0	6.0	-	9.1	10.0	-
EPS	0.67	0.60	-	0.92	1.02	-

www.hypoport.com

WKN: 549336

Reuters: HYQGN.DE

Sector: Financial Services

ISIN: DE0005493365

Bloomberg: HYQ GY

#### Short company profile:

The Hypoport Group is an internet-based financial services provider that consists of two mutually supportive pillars, namely Dr. Klein and EUROPACE

#### Share data:

Share price (EUR, latest closing price):	<b>9.80</b>
Shares outstanding (m):	6.181
Market capitalisation (EUR m):	60.6
Enterprise value (EUR m):	70.2
Ø daily trading volume (3 m., no. of shares):	2,102

#### Performance data:

High 52 weeks (EUR)	11.95
Low 52 weeks (EUR):	5.85
Absolute performance (12 months):	30.8%
Relative performance vs. CDAX:	
1 month	-11.6%
3 months	5.0%
6 months	-3.0%
12 months	12.4%

#### Shareholders:

Revenia GmbH	34.8%
Kretschmar Familienstiftung	18.7%
Deutsche Postbank AG	9.7%
Free float	36.8%

#### Financial calendar:

1Q 2011 Report	09 May 2011
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## Hypoport AG

### Profit and loss account

	IFRS	EURm	2007	2008	2009	2010	2011E	2012E	2013E
<b>Revenue</b>			<b>40.7</b>	<b>52.7</b>	<b>50.5</b>	<b>66.9</b>	<b>75.0</b>	<b>80.0</b>	<b>88.0</b>
YoY growth			-	29.3%	-4.2%	32.6%	12.1%	6.7%	10.0%
Selling expenses (Commission and lead costs)			-8.81	-18.46	-18.45	-26.63	-29.60	-31.30	-34.3
% of total revenue			-21.6%	-35.0%	-36.6%	-39.8%	-39.5%	-39.1%	-39.0%
<b>Gross Profit</b>			<b>31.91</b>	<b>34.22</b>	<b>32.02</b>	<b>40.28</b>	<b>45.40</b>	<b>48.70</b>	<b>53.70</b>
% of total revenue			78.4%	65.0%	63.4%	60.2%	60.5%	60.9%	61.0%
Own work capitalised			2.64	3.78	4.60	5.74	4.00	4.00	4.00
% of total revenue			6.5%	7.2%	9.1%	8.6%	5.3%	5.0%	4.5%
Other operating income			0.50	0.75	1.02	1.36	1.60	1.80	2.00
% of total revenue			1.2%	1.4%	2.0%	2.0%	2.1%	2.3%	2.3%
Other operating expenses			-9.85	-10.45	-11.02	-11.63	-13.15	-14.40	-15.80
% of total revenue			-24.2%	-19.8%	-21.8%	-17.4%	-17.5%	-18.0%	-18.0%
Personnel expenses			-16.45	-20.22	-21.72	-24.60	-26.00	-26.00	-28.40
% of total revenue			-40.4%	-38.4%	-43.0%	-36.8%	-34.7%	-32.5%	-32.3%
<b>EBITDA</b>			<b>8.74</b>	<b>8.06</b>	<b>4.90</b>	<b>11.15</b>	<b>11.85</b>	<b>14.10</b>	<b>15.50</b>
% of total revenue			21.5%	15.3%	9.7%	16.7%	15.8%	17.6%	17.6%
Depreciation, amortisation exp. & impairment loss			-2.58	-3.09	-3.68	4.72	-4.85	-5.00	-5.50
<b>EBIT</b>			<b>6.164</b>	<b>4.969</b>	<b>1.220</b>	<b>6.426</b>	<b>7.000</b>	<b>9.100</b>	<b>10.000</b>
as % of total revenue			15.1%	9.4%	2.4%	9.6%	9.3%	11.4%	11.4%
Financial result			-0.7	-0.9	-1.0	-1.6	-1.2	-1.0	-1.0
<b>EBT</b>			<b>5.4</b>	<b>4.1</b>	<b>0.3</b>	<b>4.8</b>	<b>5.8</b>	<b>8.1</b>	<b>9.0</b>
as % of total revenue			13.3%	7.8%	0.5%	7.2%	7.7%	10.1%	10.2%
Taxes on income & def.			1.0	-1.0	-0.5	-1.4	-1.7	-2.4	-2.7
% of EBT			18.7%	-24.9%	-208.0%	-29.2%	-29.3%	-29.6%	-30.0%
<b>Profit/loss from continuing operations</b>			<b>6.4</b>	<b>3.1</b>	<b>-0.3</b>	<b>3.4</b>	<b>4.1</b>	<b>5.7</b>	<b>6.3</b>
as % of total revenue			15.8%	5.9%	-0.6%	5.1%	5.5%	7.1%	7.2%
<b>Profit/loss from discontinued operations</b>			<b>-2.2</b>	<b>-3.4</b>	<b>-0.1</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Net profit/loss for the year</b>			<b>4.3</b>	<b>-0.3</b>	<b>-0.3</b>	<b>3.3</b>	<b>4.4</b>	<b>5.7</b>	<b>6.3</b>
as % of total revenue			10.5%	-0.5%	-0.7%	4.9%	5.9%	7.1%	7.2%
<b>No of shares basic</b>			<b>6.11</b>	<b>6.11</b>	<b>6.12</b>	<b>6.18</b>	<b>6.18</b>	<b>6.18</b>	<b>6.18</b>
No of shares diluted			6.17	6.17	6.17	6.18	6.18	6.18	6.18
<b>EPS Basic</b>			<b>0.70</b>	<b>-0.05</b>	<b>-0.06</b>	<b>0.53</b>	<b>0.67</b>	<b>0.92</b>	<b>1.02</b>
EPS from continued operations			1.05	-0.05	-0.05	0.53	0.67	0.92	1.02
EPS from discontinued operations			-0.36	0.51	-0.01	0.00	0.00	0.00	0.00
EPS Diluted			0.00	-0.55	0.00	0.53	0.67	0.92	1.02
EPS Diluted continued			0.69	0.00	-0.05	0.53	0.67	0.92	1.02

Source: CBS Research AG, Hypoport AG

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Recommendation history over the last 12 months for the company analysed in this report:

Date	Recommendation	Price at change date	Price target
17 November 2010	BUY (Initiating Coverage)	EUR 9.43	EUR 15.00
25 January 2011	BUY	EUR 11.76	EUR 15.00
05 April 2011	BUY	EUR 9.80	EUR 16.80

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