

Hold

Recommendation unchanged

Share price: EUR 9.10

closing price as of 03/08/2012

Target price: EUR 11.50

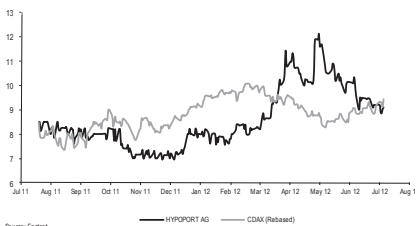
Target Price unchanged

Reuters/Bloomberg

HYQGN.DE/HYQ.GR

Market capitalisation (EURm)	56
Current N° of shares (m)	6
Free float	43%
Daily avg. no. trad. sh. 12 mth	2,228
Daily avg. trad. vol. 12 mth (m)	0
Price high 12 mth (EUR)	12.15
Price low 12 mth (EUR)	6.95
Abs. perf. 1 mth	-9.90%
Abs. perf. 3 mth	-18.68%
Abs. perf. 12 mth	2.44%

Key financials (EUR)	12/11	12/12e	12/13e
Sales (m)	84	97	109
EBITDA (m)	11	13	16
EBITDA margin	13.1%	13.8%	14.5%
EBIT (m)	6	8	10
EBIT margin	7.0%	7.8%	8.8%
Net Profit (adj.)(m)	4	5	6
ROCE	9.6%	11.7%	14.0%
Net debt/(cash) (m)	16	13	9
Net Debt/Equity	0.5	0.4	0.2
Debt/EBITDA	1.4	1.0	0.6
Int. cover(EBITDA/Fin. int)	13.7	16.6	19.5
EV/Sales	0.7	0.7	0.6
EV/EBITDA	5.4	5.2	4.1
EV/EBITDA (adj.)	5.4	5.2	4.1
EV/EBIT	10.2	9.1	6.9
P/E (adj.)	12.0	11.9	9.2
P/BV	1.4	1.6	1.3
OpFCF yield	-2.5%	4.4%	6.9%
Dividend yield	0.0%	0.0%	0.0%
EPS (adj.)	0.60	0.77	0.98
BVPS	5.01	5.78	6.76
DPS	0.00	0.00	0.00



Shareholders: Slabke 35%; Kretschmar 13%; Deutsche Bank 10%;

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Q2 results: EBIT above, net profit below expectations

The facts: Hypoport has just reported solid Q2 results which were slightly better than expected on an EBIT level but slightly weaker on a net profit level. Driven by a strong result of the institutional (real estate) clients unit EBIT increased by 445% yoy (+178%) to EUR 1.9m. Due to a higher than forecasted tax rate (38% vs. 30%) net profit was with EUR 1.02m slightly below our estimate of EUR 1.12m. Hypoport sticks to its earnings guidance for 2012.

Our analysis: Sales increased by 18% yoy (+4% qoq) to EUR 21.4m which was slightly better than expected (EUR 20.50m). Gross margin was with 55% well below our estimate of 61% - presumably distribution costs were once again higher than expected. Due to slightly higher than expected other operating revenues EBIT was with 3.2m (+97% yoy, +83% qoq) slightly better than expected (EUR 3.1m). Own work capitalized was with EUR 1.22m fully in line with our forecast but increased by 35% yoy (+22% qoq). EBIT margin amounted to 8.9% (equinet: 8.8%) and adj. (for own work capitalized) EBIT margin amounted to 3.2% (equinet: 2.9%).

Main earnings driver in Q2 was the institutional (real estate) clients unit. Here EBIT increased by 294% yoy to EUR 1.61m – EBIT margin amounted to 45%. As this business is a large ticket business (and revenues are not spread evenly over the quarters) the good performance should not be sustainable.

Hypoport - Quarterly Results

in EUR m	Q2 2012 rep	Q2 2012e	Q1 2012 rep	Q2 2011 rep	yoy	qoq
Sales	21.4	20.5	20.6	18.2	17.7%	4.3%
Gross profit	11.7	12.5	11.5	9.6	22.1%	-6.4%
EBIT	1.9	1.8	0.7	0.4	444.7%	6.2%
EBIT margin	8.9%	8.8%	3.3%	1.9%	7.0%-p.	0.2%-p.
Pretax profit	1.6	1.6	0.3	0.1	1060.4%	0.8%
Net profit	1.0	1.1	0.5	0.1	1282.4%	-8.7%
EPS (EUR)	0.17	0.18	0.09	0.01	1282.4%	-8.7%

Sources: equinet, Hypoport

Conclusion & Action: For the time being we stick to our Hold rating with a TP of EUR 11.50 as we do not see any share price triggers in the coming quarters. Q2 results were solid but mainly driven by the Institutional Clients business while both Europace and Retail Clients did not excel with an EBIT contribution (from each unit) of only EUR 0.55m. With a H1 2012 net profit result of EUR 1.5bn our full-year estimate of EUR 4.7m remains challenging. A CC is scheduled for 4pm.