

Recommendation:

**BUY** (BUY)

Risk:

**HIGH** (HIGH)

Price Target:

**EUR 17.00** (12.50)

05 May 2014

## Hypoport comes up with strong interims

### YoY: Revenues +29%, EBIT and EPS > +100%

Hypoport AG today disclosed its interim figures for 1Q 2014, reporting a 28.6% yoy top line increase with consolidated revenues at EUR 27.9m (PY: EUR 21.7m), beating our estimate by ~15%. Thereby all business divisions recorded double digit yoy growth rates. The Private Clients (PC) segment increased its revenue contribution by 25.8% to EUR 16.3m (PY: EUR 12.9m) as Dr. Klein extended its volume of loan transactions by ~25% yoy. By contrast, the volume of insurance transactions declined by ~6% yoy. Whereas the property insurance business performed well, health insurance and life insurance showed shrinking transaction volumes. Notable growth figures across all product areas fuelled transaction volume on EUROPACE, which stood at EUR 8.5bn (PY: EUR 7.2bn). Accordingly the revenue contribution of the Financial Service Providers (FSP) business unit rose by 23.1% to EUR 7.5m (PY: EUR 6.1m). The Institutional Clients (IC) business unit generated revenues of EUR 4.2m (PY: EUR 2.7m), comprising EUR 2.6m from the brokerage of loans and insurances as well as EUR 1.6m (PY: EUR 1.2m) from consulting services.

A favourable development concerning mortgage finance products across all business units, coupled with an essential cost reduction in the PC insurance business, resulted in significantly improved earnings. Consolidated EBITDA jumped by 275.3% to EUR 4.3m (PY: EUR 1.1m). Being operative break even in 1Q 2013, EBIT reached EUR 3.1m (PY: EUR 0.1m) in 1Q 2014 with the corresponding margin climbing to 11.2% (PY: 0.3%). The single business units made the following EBIT contributions: PC EUR 0.3 (PY: EUR -0.9m), FSP EUR 1.8m (PY: EUR 1.1m) and IC EUR 2.0m (PY: EUR 0.8m). EPS came in at EUR 0.42 (PY: EUR 0.08).

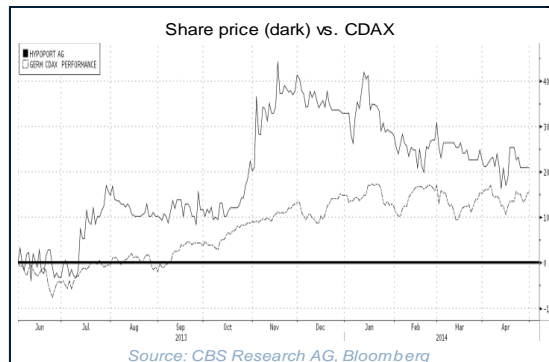
Ronald Slabke (CEO) confirmed its prior guidance for the ongoing financial year, namely, to achieve double-digit revenue growth and earnings above the record levels seen in FY 2010 and FY 2011.

Even having showed a moderate pickup since the beginning of FY 2014, we believe the interest rate environment to continue stimulating the demand for mortgage finance products, whereof Hypoport's entire business divisions will benefit from, which should at least allow constant earnings contributions from FSP and IC. Furthermore, it seems reasonable to assume PC to return to the profit zone on a yearly basis as restructuring measures with regard to the insurance business have started to bear fruits. Based on adjusted estimates, we arrive at a new FV of EUR19.98. Hence, **we conservatively lift our PT to EUR 17.00 and remain BUYers** as the stock is massively undervalued taken Hypoport's earnings potential into account.

#### Key data

Y/E Dec 31, EUR m	2011	2012	2013	2014E	2015E	2016E
Revenues	84.4	87.8	101.1	112.0	118.3	124.7
EBITDA	11.5	8.1	8.2	11.6	12.8	14.1
EBIT	6.8	3.2	4.0	7.4	8.0	8.8
Net result	3.7	-0.8	3.2	5.4	5.2	5.6
Basic EPS	0.60	-0.13	0.52	0.88	0.85	0.92
DPS	0.00	0.00	0.00	0.00	0.00	0.00
EBITDA margin	13.6%	9.3%	8.1%	10.3%	10.8%	11.3%
EBIT margin	8.0%	3.6%	3.9%	6.6%	6.7%	7.0%
EV/EBITDA	5.6	7.9	7.9	5.6	5.0	4.6
EV/EBIT	9.5	20.1	16.2	8.6	8.1	7.3
P/E	14.9	n.a.	17.4	10.3	10.6	9.8

Source: CBS Research AG, Hypoport AG



Change	2014E		2015E		2016E	
EUR m	new	old	new	old	new	old
Revenues	112.0	111.8	118.3	117.9	124.7	-
EBIT	7.4	6.6	8.0	7.3	8.8	-
EPS	0.88	0.67	0.85	0.71	0.92	-

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>9.00</b>
Shares outstanding (m):	6.1
Market capitalisation (EUR m):	55.2
Enterprise value (EUR m):	64.3
Ø daily trading volume (3 m., no. of shares):	1,528

#### Performance data:

High 52 weeks (EUR):	10.64
Low 52 weeks (EUR):	6.97
Absolute performance (12 months):	22.6%
Relative performance vs. CDAX:	
1 month	8.5%
3 months	2.3%
6 months	-4.0%
12 months	4.8%

#### Shareholders:

Revenia GmbH	34.8%
Kretschmar Familienstiftung	12.9%
Deutsche Postbank AG	9.7%
Sparta AG	5.8%
Free Float	36.8%

#### Financial calendar:

AGM	June 2014
2Q 2014 Report	August 4, 2014

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## Valuation

### Peer group: Company data in EURm

Company name	Market cap.	EV	Sales			EBITDA			EBIT			EPS (EUR)		
			2014E	2015E	2016E	2014E	2015E	2016E	2014E	2015E	2016E	2014E	2015E	2016E
MONEYSUPERMARKET.COM	1,226.5	1,252.0	290.1	310.2	330.6	106.8	115.8	124.5	100.1	108.5	120.1	0.1	0.2	0.2
OVH HOLDING AG	256.5	224.2	199.5	204.5	211.0	13.9	15.1	17.2	10.6	11.6	13.3	0.6	0.6	0.7
MLP AG	508.1	1,406.3	552.5	571.5	577.3	60.3	55.4	61.4	53.0	60.4	58.4	0.4	0.4	0.4
ARAGON AG	23.3	19.0	93.0	96.5	99.0	-3.0	1.4	2.7	-4.9	-0.4	1.0	-0.4	-0.1	0.0
<b>Average</b>	<b>503.6</b>	<b>725.4</b>	<b>283.8</b>	<b>295.7</b>	<b>304.5</b>	<b>44.5</b>	<b>46.9</b>	<b>51.5</b>	<b>39.7</b>	<b>45.0</b>	<b>48.2</b>	<b>0.2</b>	<b>0.3</b>	<b>0.3</b>
<b>Median</b>	<b>382.3</b>	<b>738.1</b>	<b>244.8</b>	<b>257.3</b>	<b>270.8</b>	<b>37.1</b>	<b>35.3</b>	<b>39.3</b>	<b>31.8</b>	<b>36.0</b>	<b>35.9</b>	<b>0.3</b>	<b>0.3</b>	<b>0.3</b>

### Peer Group: Multiples

Company name	EV / Sales			EV / EBITDA			EV / EBIT			P / E		
	2014E	2015E	2016E	2014E	2015E	2016E	2014E	2015E	2016E	2014E	2015E	2016E
MONEYSUPERMARKET.COM	4.3	4.0	3.8	11.7	10.8	10.1	12.5	11.5	10.4	15.7	14.7	13.6
OVH HOLDING AG	1.1	1.1	1.1	16.2	14.8	13.0	21.1	19.3	16.9	30.5	28.1	25.0
MLP AG	2.5	2.5	2.4	23.3	25.4	22.9	26.5	23.3	24.1	13.6	11.7	11.4
ARAGON AG	0.2	0.2	0.2	-6.3	13.6	7.0	-3.9	-47.5	19.0	-5.5	-37.5	56.3
<b>Average</b>	<b>2.0</b>	<b>1.9</b>	<b>1.9</b>	<b>11.2</b>	<b>16.1</b>	<b>13.3</b>	<b>14.1</b>	<b>1.7</b>	<b>17.6</b>	<b>13.6</b>	<b>4.3</b>	<b>26.5</b>
<b>Median</b>	<b>1.8</b>	<b>1.8</b>	<b>1.7</b>	<b>14.0</b>	<b>14.2</b>	<b>11.5</b>	<b>16.8</b>	<b>15.4</b>	<b>17.9</b>	<b>14.7</b>	<b>13.2</b>	<b>19.3</b>

EURm, except EPS (EUR)	Sales			EBITDA			EBIT			EPS		
	2014E	2015E	2016E	2014E	2015E	2016E	2014E	2015E	2016E	2014E	2015E	2016E
Hypoport AG: Financial estimates CBS Research	112.0	118.3	124.7	11.6	12.8	14.1	7.4	8.0	8.8	0.88	0.85	0.92
Applied multiples: Peer group median	1.8	1.8	1.7	14.0	14.2	11.5	16.8	15.4	17.9	14.7	13.2	19.3
<b>Enterprise value (derived)</b>	<b>205.4</b>	<b>210.3</b>	<b>218.1</b>	<b>161.4</b>	<b>181.8</b>	<b>162.8</b>	<b>125.2</b>	<b>123.0</b>	<b>157.2</b>	-	-	-
+ Excess cash and marketable securities	6.7											
- Financial debt	-15.1											
- Minority interest (estimated market value)	-0.8											
<b>Market capitalization (derived)</b>	<b>197.0</b>	<b>202.0</b>	<b>209.8</b>	<b>153.0</b>	<b>173.4</b>	<b>154.4</b>	<b>116.9</b>	<b>114.6</b>	<b>148.9</b>	<b>78.8</b>	<b>68.8</b>	<b>108.9</b>
<b>Median</b>	<b>151.0</b>											
Premium (discount) vs. Peer Group	0%											
<b>Fair market capitalization (after discount)</b>	<b>151.0</b>											
Number of shares (m)	6,138											
<b>Fair value per share (EUR)</b>	<b>24.59</b>											

## Discounted Cash Flow Model

EURm	PHASE 1			PHASE 2						PHASE 3																																																	
	2014E	2015E	2016E	2017E	2018E	2019E	2020E	2021E	2022E	2023E	∞																																																
Sales	112.0	118.3	124.7	129.7	134.5	139.0	143.4	147.5	151.4	154.4																																																	
YoY growth	10.8%	5.6%	5.5%	4.0%	3.7%	3.4%	3.1%	2.9%	2.6%	2.0%																																																	
EBIT	7.4	8.0	8.8	9.3	9.7	10.1	10.5	10.8	11.2	11.5																																																	
EBIT margin	6.6%	6.7%	7.0%	7.2%	7.2%	7.3%	7.3%	7.3%	7.4%	7.4%																																																	
Income tax on EBIT (cash tax rate)	-2.2	-2.4	-2.6	-2.8	-2.9	-3.0	-3.1	-3.2	-3.4	-3.4																																																	
Depreciation and amortisation	4.1	4.8	5.3	5.8	6.3	3.1	3.0	3.9	5.8	5.4																																																	
Change in net working capital	-5.1	10.0	11.0	5.4	5.1	4.9	4.7	4.4	4.2	3.3																																																	
Net capital expenditure	-4.0	-3.6	-2.5	-2.3	-3.0	-3.3	-2.9	-3.2	-6.8	-5.4																																																	
<b>Free cash flow</b>	<b>-5.4</b>	<b>10.8</b>	<b>13.3</b>	<b>15.4</b>	<b>15.3</b>	<b>11.8</b>	<b>12.1</b>	<b>12.7</b>	<b>11.0</b>	<b>11.3</b>																																																	
<b>Present values</b>	<b>-5.0</b>	<b>9.2</b>	<b>10.2</b>	<b>10.7</b>	<b>9.6</b>	<b>6.7</b>	<b>6.2</b>	<b>5.9</b>	<b>4.6</b>	<b>4.3</b>	<b>54.2</b>																																																
Present value Phase 1	14.4						Risk free rate 3.50%	Target equity ratio 65.0%																																																			
Present value Phase 2	47.9						Equity risk premium 6.00%	Beta (fundamental) 1.60																																																			
Present value Phase 3	54.2						Debt risk premium 2.75%	<b>WACC 10.05%</b>																																																			
<b>Total present value</b>	<b>116.5</b>						Tax shield 30.0%	<b>Terminal growth 2.0%</b>																																																			
+ Excess cash	6.7						<table border="1"> <thead> <tr> <th colspan="6">Sensitivity analysis</th> </tr> <tr> <th colspan="6">Terminal growth (Phase 3)</th> </tr> <tr> <th></th> <th>1.0%</th> <th>1.5%</th> <th>2.0%</th> <th>2.5%</th> <th>3.0%</th> </tr> </thead> <tbody> <tr> <td><b>WACC 9.0%</b></td> <td>18.84</td> <td>19.53</td> <td>20.32</td> <td>21.22</td> <td>22.28</td> </tr> <tr> <td><b>9.5%</b></td> <td>17.57</td> <td>18.15</td> <td>18.81</td> <td>19.57</td> <td>20.43</td> </tr> <tr> <td><b>10.0%</b></td> <td>16.44</td> <td>16.93</td> <td><b>17.49</b></td> <td>18.12</td> <td>18.84</td> </tr> <tr> <td><b>10.5%</b></td> <td>15.42</td> <td>15.84</td> <td>16.32</td> <td>16.85</td> <td>17.46</td> </tr> <tr> <td><b>11.0%</b></td> <td>14.50</td> <td>14.87</td> <td>15.27</td> <td>15.73</td> <td>16.24</td> </tr> </tbody> </table>					Sensitivity analysis						Terminal growth (Phase 3)							1.0%	1.5%	2.0%	2.5%	3.0%	<b>WACC 9.0%</b>	18.84	19.53	20.32	21.22	22.28	<b>9.5%</b>	17.57	18.15	18.81	19.57	20.43	<b>10.0%</b>	16.44	16.93	<b>17.49</b>	18.12	18.84	<b>10.5%</b>	15.42	15.84	16.32	16.85	17.46	<b>11.0%</b>	14.50	14.87	15.27	15.73	16.24
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## Consolidation of valuation methods

	Weighting factor	Fair value per share (EUR)
Peer group valuation	35.0%	24.59
DCF valuation	65.0%	17.49
<b>Fair value per share (EUR)</b>		<b>19.98</b>

Source: CBS Research AG

## Appendix

### Key figures and ratios

	2011	2012	2013	2014E	2015E	2016E
<b>Growth analysis</b>						
Revenue growth in %	26.1%	4.0%	15.2%	10.8%	5.6%	5.5%
EBITDA growth in %	2.9%	-29.1%	0.3%	41.8%	10.7%	10.2%
EBIT growth in %	5.1%	-52.7%	24.1%	87.6%	7.1%	10.1%
EPS growth in %	12.7%	-122.3%	-486.4%	69.2%	-3.0%	8.4%
<b>Profitability ratios</b>						
Gross profit margin in %	52.7%	51.0%	49.1%	49.9%	50.4%	50.9%
EBITDA margin in %	13.6%	9.3%	8.1%	10.3%	10.8%	11.3%
EBIT margin in %	8.0%	3.6%	3.9%	6.6%	6.7%	7.0%
Net profit margin in %	4.4%	-0.9%	3.1%	4.8%	4.4%	4.5%
Return on equity (ROE) in %	12.8%	-2.6%	10.0%	15.0%	12.7%	12.2%
Return on assets (ROA) in %	5.6%	-1.2%	4.6%	7.1%	6.1%	6.1%
Return on net assets (RONA) in %	9.0%	-1.8%	7.0%	10.5%	9.3%	9.0%
Basic Earnings Power Ratio in %	9.4%	4.5%	5.3%	9.1%	9.1%	9.2%
<b>Efficiency ratios</b>						
Operating costs / revenues in %	45.5%	49.2%	47.9%	45.3%	45.3%	45.3%
Revenues per employee in EUR	185,407	192,864	222,105	246,074	259,912	274,090
EBITDA per employee in EUR	25,215	17,870	17,925	25,418	28,131	30,992
Personnel expenses per employee in EUR	58,305	65,796	72,156	77,297	81,644	86,098
<b>Liquidity ratios</b>						
Current Ratio	1.2	1.4	1.3	1.4	1.6	1.8
Acid Ratio	1.2	1.4	1.3	1.4	1.6	1.8
Cash Ratio	0.2	0.3	0.4	0.4	0.5	0.8
Operating Cash Flow Ratio	0.2	0.4	0.6	0.3	0.5	0.6
<b>Activity ratios</b>						
Asset turnover	1.2	1.2	1.4	1.4	1.3	1.3
Assets / Revenues	0.9	0.8	0.7	0.7	0.7	0.8
<b>Solvency ratios</b>						
Debt Ratio in %	56.7%	57.8%	55.6%	53.0%	50.5%	48.5%
Net debt to equity ratio (Gearing) in %	35.6%	32.7%	16.0%	12.7%	-1.6%	-16.8%
Long-term debt to equity Ratio in %	10.8%	18.3%	16.2%	14.7%	13.7%	12.6%
Total debt to EBITDA Ratio	162.6%	225.1%	206.2%	145.4%	131.4%	119.3%
Net debt to EBITDA Ratio	1.0	1.2	0.6	0.4	-0.1	-0.6
<b>Cash flow analysis</b>						
Free cash flow / revenues in %	0.0%	2.3%	5.1%	0.5%	5.4%	6.8%
FCF / net income in %	-1.0%	-244.3%	163.4%	11.2%	121.8%	150.7%
FCF yield in %	-2.5%	135.8%	353.9%	41.0%	432.5%	580.4%
CAPEX/ revenues in %	6.2%	7.4%	5.7%	3.6%	3.1%	2.0%
CAPEX/ depre in %	101.7%	99.8%	137.5%	97.8%	75.1%	47.7%
<b>Per share data</b>						
EPS Basic	0.60	-0.13	0.52	0.88	0.85	0.92
Operating cash flow per share	0.75	1.26	1.65	0.72	1.50	1.65
Book value per share	5.05	4.84	5.39	6.26	7.11	8.03
Dividends per share	0.00	0.00	0.00	0.00	0.00	0.00
Dividend payout ratio	0.00	0.00	0.00	0.00	0.00	0.00
<b>Valuation Ratios</b>						
P/E-Ratio	14.9	n.a.	17.4	10.3	10.6	9.8
EV/EBIT	9.5	20.1	16.2	8.6	8.1	7.3
EV/EBITDA	5.6	7.9	7.9	5.6	5.0	4.6
EV/Sales	0.8	0.7	0.6	0.6	0.5	0.5
P/B	0.9	0.9	0.9	0.8	0.7	0.7
Dividend Yield in %	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Source: CBS Research AG, Hypoport AG

## Profit and loss yoy comparison

	IFRS	EURm	1Q 14	1Q 13	Δ	% change
<b>Revenues</b>			<b>27.9</b>	<b>21.7</b>	<b>6.2</b>	<b>28.6%</b>
Selling expenses			-13.3	-10.4	-2.9	27.6%
% of total revenue			-47.8%	-48.1%		
<b>Gross Profit</b>			<b>14.6</b>	<b>11.3</b>	<b>3.3</b>	<b>29.4%</b>
Gross Profit margin in %			52.2%	51.9%		
Own work capitalised			1.1	1.0	0.1	10.8%
% of total revenue			4.1%	4.7%		
Other operating income			0.4	0.4	0.0	8.8%
% of total revenue			1.6%	1.9%		
Cost of materials			0.0	0.0	0.0	n.a.
% of total revenue			0.0%	0.0%		
Personnel expenses			-8.5	-8.1	-0.3	4.1%
% of total revenue			-30.3%	-37.5%		
Other operating expenses			-3.4	-3.5	0.0	<b>-0.6%</b>
% of total revenue			-12.3%	-15.9%		
Income from investments valued at equity			0.0	0.0	0.0	<b>-160.0%</b>
% of total revenue			2.5%	-4.2%		
<b>EBITDA</b>			<b>4.3</b>	<b>1.1</b>	<b>3.1</b>	<b>275.3%</b>
EBITDA margin in %			15.2%	5.2%		
Depreciation, amortisation exp. & impairment loss			-1.1	-1.1	-0.1	5.6%
% of total revenue			-4.0%	-4.9%		
<b>EBIT</b>			<b>3.1</b>	<b>0.1</b>	<b>3.1</b>	<b>4498.5%</b>
EBIT margin in %			11.2%	0.3%		
Financial result			-0.2	-0.1	0.0	35.2%
% of total revenue			-0.6%	-0.6%		
<b>EBT</b>			<b>3.0</b>	<b>-0.1</b>	<b>3.0</b>	<b>n.a.</b>
EBT margin in %			10.6%	-0.3%		
Taxes on income & def.			-0.3	0.5	-0.8	-154.4%
% of EBT			-9.4%	-893.0%		
<b>Net profit/loss for the year</b>			<b>2.7</b>	<b>0.5</b>	<b>2.2</b>	<b>493.1%</b>
Attributable to non-controlling/minority interest			0.1	0.0	0.1	-276.7%
<b>Attributable to Hypoport AG shareholders</b>			<b>2.6</b>	<b>0.5</b>	<b>2.1</b>	<b>426.3%</b>
Weighted number of shares , basic in million shares			6.14	6.13	0.0	0.1%
Weighted number of shares , diluted in million shares			6.14	6.13	0.0	0.1%
<b>EPS Basic</b>			<b>0.42</b>	<b>0.08</b>	<b>0.3</b>	<b>425.9%</b>
<b>EPS Diluted</b>			<b>0.42</b>	<b>0.08</b>	<b>0.3</b>	<b>425.9%</b>

Source: CBS Research AG, Hypoport AG

**Profit and loss account**

	IFRS	EURm	2011	2012	2013	2014E	2015E	2016E
<b>Revenues</b>			<b>84.4</b>	<b>87.8</b>	<b>101.1</b>	<b>112.0</b>	<b>118.3</b>	<b>124.7</b>
YoY growth			26.1%	4.0%	15.2%	10.8%	5.6%	5.5%
Selling expenses			-39.9	-43.0	-51.5	-56.1	-58.7	-61.3
% of total revenue			-47.3%	-48.8%	-50.9%	-50.1%	-49.6%	-49.1%
<b>Gross Profit</b>			<b>44.5</b>	<b>44.7</b>	<b>49.6</b>	<b>55.8</b>	<b>59.5</b>	<b>63.4</b>
Gross Profit margin in %			52.7%	51.0%	49.1%	49.9%	50.4%	50.9%
Own work capitalised			3.6	4.2	4.2	4.7	4.9	5.2
% of total revenue			4.9%	4.8%	4.2%	4.2%	4.2%	4.2%
Other operating income			1.8	2.4	2.8	1.8	1.9	2.0
% of total revenue			2.2%	2.7%	2.7%	1.6%	1.6%	1.6%
Personnel expenses			-26.5	-29.9	-32.8	-35.2	-37.1	-39.2
% of total revenue			-31.4%	-34.1%	-32.5%	-31.4%	-31.4%	-31.4%
Other operating expenses			-11.9	-13.2	-15.6	-15.5	-16.4	-17.3
% of total revenue			-14.1%	-15.1%	-15.5%	-13.9%	-13.9%	-13.9%
Income from investments valued at equity			0.0	0.0	0.0	0.0	0.0	0.0
% of total revenue			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>EBITDA</b>			<b>11.5</b>	<b>8.1</b>	<b>8.2</b>	<b>11.6</b>	<b>12.8</b>	<b>14.1</b>
EBITDA margin in %			13.6%	9.3%	8.1%	10.3%	10.8%	11.3%
Depreciation, amortisation exp. & impairment loss			-4.7	-4.9	-4.2	-4.1	-4.8	-5.3
<b>EBIT</b>			<b>6.8</b>	<b>3.2</b>	<b>4.0</b>	<b>7.5</b>	<b>8.0</b>	<b>8.8</b>
EBIT margin in %			8.0%	3.6%	3.9%	6.7%	6.7%	7.0%
Financial result			-0.7	-0.9	-0.9	-0.9	-1.0	-1.1
<b>EBT</b>			<b>6.0</b>	<b>2.3</b>	<b>3.1</b>	<b>6.6</b>	<b>6.9</b>	<b>7.7</b>
EBT margin in %			7.1%	2.7%	3.1%	5.9%	5.9%	6.2%
Taxes on income & def.			-1.6	-0.4	0.1	-1.2	-1.7	-2.0
% of EBT			-25.8%	-16.9%	2.8%	-17.9%	-25.0%	-26.6%
<b>Profit/loss from continuing operations, net of tax</b>			<b>4.5</b>	<b>1.9</b>	<b>3.2</b>	<b>5.4</b>	<b>5.2</b>	<b>5.6</b>
as % of total revenue			5.3%	2.2%	3.1%	4.8%	4.4%	4.5%
Profit/loss from discontinued operations			-0.7	-2.8	0.0	0.0	0.0	0.0
<b>Net profit/loss for the year</b>			<b>3.7</b>	<b>-0.8</b>	<b>3.2</b>	<b>5.4</b>	<b>5.2</b>	<b>5.6</b>
Net profit margin in %			4.4%	-0.9%	3.1%	4.8%	4.4%	4.5%
Attributable to non-controlling/minority interest			0.0	0.0	0.0	0.0	0.0	0.0
<b>Attributable to Hypoport AG shareholders</b>			<b>3.8</b>	<b>-0.8</b>	<b>3.2</b>	<b>5.4</b>	<b>5.2</b>	<b>5.6</b>
<b>Weighted number of shares, basic in million shares</b>			<b>6.19</b>	<b>6.16</b>	<b>6.14</b>	<b>6.13</b>	<b>6.13</b>	<b>6.13</b>
Weighted number of shares, diluted in million shares			6.19	6.16	6.14	6.13	6.13	6.13
<b>EPS Basic</b>			<b>0.60</b>	<b>-0.13</b>	<b>0.52</b>	<b>0.88</b>	<b>0.85</b>	<b>0.92</b>
EPS Diluted			0.60	-0.13	0.52	0.88	0.85	0.92

Source: CBS Research AG, Hypoport AG

## Balance Sheet

	IFRS	EURm	2011	2012	2013	2014E	2015E	2016E
<b>Assets</b>								
<b>Total non-current assets</b>			<b>35.0</b>	<b>35.5</b>	<b>37.4</b>	<b>38.2</b>	<b>37.3</b>	<b>35.8</b>
as % of total assets			48.6%	50.1%	50.2%	46.6%	42.3%	37.4%
Intangible assets			27.9	27.7	29.6	29.5	28.5	26.1
Tangible Assets; PPE			2.5	2.6	2.3	2.2	2.1	1.7
Investments valued at equity			0.0	0.0	0.0	0.0	0.0	0.0
Financial assets			1.0	0.1	0.1	0.1	0.1	0.1
Trade receivables			2.5	4.6	4.3	5.9	6.3	6.6
Deferred tax assets			1.2	0.4	0.4	0.4	0.4	0.4
Other assets			0.0	0.0	0.7	0.0	0.0	1.0
<b>Current assets</b>			<b>37.1</b>	<b>35.3</b>	<b>37.0</b>	<b>43.7</b>	<b>50.8</b>	<b>59.9</b>
as % of total assets			51.4%	49.9%	49.8%	53.4%	57.7%	62.6%
Trade receivables			25.1	21.1	20.6	26.9	28.4	30.0
Other assets			3.9	4.7	4.8	4.8	4.8	4.8
Current income tax assets			0.6	1.0	0.0	0.0	0.0	0.0
Cash & cash equivalents			7.5	8.6	11.5	11.9	17.5	25.1
<b>Total assets</b>			<b>72.1</b>	<b>70.7</b>	<b>74.4</b>	<b>81.8</b>	<b>88.1</b>	<b>95.7</b>
<b>Total Shareholder's Equity &amp; Liabilities</b>								
<b>Total shareholders equity</b>			<b>31.3</b>	<b>29.8</b>	<b>33.1</b>	<b>38.4</b>	<b>43.6</b>	<b>49.3</b>
as % of total equity and liabilities			43.3%	42.2%	44.4%	47.0%	49.5%	51.5%
Subscribed capital			6.2	6.2	6.2	6.2	6.2	6.2
Reserves			24.9	23.5	26.7	32.0	37.2	42.9
Treasury shares			0.0	-0.1	-0.1	-0.1	-0.1	-0.1
Minority interests			0.2	0.2	0.3	0.3	0.3	0.3
<b>Non-current liabilities</b>			<b>10.3</b>	<b>14.8</b>	<b>12.6</b>	<b>12.6</b>	<b>12.6</b>	<b>13.6</b>
as % of total equity and liabilities			14.3%	21.0%	16.9%	15.4%	14.3%	14.2%
Financial liabilities			7.8	12.9	12.1	12.1	12.1	12.1
Provisions			0.3	0.2	0.1	0.1	0.1	0.1
Other liabilities			0.0	0.0	0.0	0.0	0.0	1.0
Deferred tax liabilities			2.2	1.6	0.4	0.4	0.4	0.4
<b>Current liabilities</b>			<b>30.6</b>	<b>26.1</b>	<b>28.8</b>	<b>30.8</b>	<b>31.8</b>	<b>32.9</b>
as % of total equity and liabilities			42.4%	36.9%	38.7%	37.7%	36.2%	34.3%
Provisions			0.3	0.1	0.1	0.1	0.1	0.1
Financial liabilities			10.9	5.4	4.8	4.8	4.8	4.8
Trade payables			12.2	14.1	15.9	18.0	19.0	20.0
Current income tax liabilities			0.9	0.1	0.3	0.3	0.3	0.3
Other liabilities			6.3	6.4	7.7	7.7	7.7	7.7
<b>Total liabilities</b>			<b>40.9</b>	<b>40.9</b>	<b>41.3</b>	<b>43.4</b>	<b>44.4</b>	<b>46.5</b>
as % of total equity and liabilities			56.7%	57.8%	55.6%	53.0%	50.5%	48.5%
<b>Total liabilities</b>			<b>72.1</b>	<b>70.7</b>	<b>74.4</b>	<b>81.8</b>	<b>88.1</b>	<b>95.7</b>

Source: CBS Research AG, Hypoport AG

## Cash flow statement

	IFRS	EURm	2011	2012	2013	2014E	2015E	2016E
<b>Earnings before interest and tax (EBIT)</b>			<b>5.9</b>	<b>1.2</b>	<b>4.0</b>	<b>7.4</b>	<b>8.0</b>	<b>8.8</b>
from continuing operations			6.8	3.2	4.0	7.4	8.0	8.8
from discontinued operations			-0.8	-2.0	0.0	0.0	0.0	0.0
Non-cash income (+) / expense (-) from income tax			-0.6	0.3	-0.6	0.0	0.0	0.0
Net Interest received (+) / paid (-)			-1.0	-0.8	-0.6	-0.9	-1.0	-1.1
Net income taxes receipts (+) / payments (-)			-0.4	-0.7	-0.8	-1.2	-1.7	-2.0
Depreciation and amortisation expense, impairment losses (+) / reversals of impairment			5.2	6.5	4.2	4.1	4.8	5.3
Gains (-) / losses (+) on the disposal of non-current assets			0.0	0.0	0.0	0.0	0.0	0.0
<b>Cash flow</b>			<b>9.1</b>	<b>6.5</b>	<b>6.2</b>	<b>9.5</b>	<b>10.0</b>	<b>11.0</b>
Increase (+) / decrease (-) in current provisions			0.1	-0.2	0.0	0.0	0.0	0.0
Increase (-) and decrease (+) in inventories, trade receivables and other assets not attributable to investing or financing activities			-8.1	1.6	0.9	-7.1	-1.8	-2.9
Increase (+) and decrease (-) in trade payables and other liabilities not attributable to investing or financing activities			3.6	-0.1	3.1	2.1	1.0	2.0
<b>Cash flows from operating activities</b>			<b>4.7</b>	<b>7.8</b>	<b>10.1</b>	<b>4.4</b>	<b>9.2</b>	<b>10.1</b>
from discontinued operations			0.0	0.1	0.0	0.0	0.0	0.0
Proceeds from the disposal of property, plant and equipment / intangible assets (+)			0.0	0.0	0.0	0.0	0.0	0.0
Payments to acquire property, plant and equipment / intangible assets (-)			-5.3	-6.5	-5.8	-4.0	-3.6	-2.5
Payments for acquisitions to be consolidated			0.0	0.0	0.0	0.0	0.0	0.0
Proceeds from the disposal of financial assets (+)			0.1	0.1	0.0	0.0	0.0	0.0
Purchase of financial assets (-)			-0.6	0.0	0.0	0.0	0.0	0.0
<b>Cash flows from investing activities</b>			<b>-5.7</b>	<b>-6.5</b>	<b>-5.7</b>	<b>-4.0</b>	<b>-3.6</b>	<b>-2.5</b>
from discontinued operations			0.0	-0.3	0.0	0.0	0.0	0.0
Proceeds from additions to equity (+)			0.0	0.0	0.0	0.0	0.0	0.0
Payments to shareholders, minority interest, treasury shares (-)			0.0	-0.6	0.0	0.0	0.0	0.0
Net issue (+) / redemption of bonds and loans			-2.6	0.4	-1.4	0.0	0.0	0.0
<b>Cash flows from financing activities</b>			<b>-2.6</b>	<b>-0.3</b>	<b>-1.4</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
from discontinued operations			0.0	0.0	0.0	0.0	0.0	0.0
Net change in cash and cash equivalents			-3.7	1.0	3.0	0.4	5.6	7.6
Cash and cash equivalents at the beginning of the period			11.2	7.5	8.6	11.5	11.9	17.5
<b>Cash and cash equivalents at the end of the period</b>			<b>7.5</b>	<b>8.6</b>	<b>11.5</b>	<b>11.9</b>	<b>17.5</b>	<b>25.1</b>
from discontinued operations			0.0	0.0	0.0	0.0	0.0	0.0

Source: CBS Research AG, Hypoport AG



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BUY: The expected performance of the share price is above +10%.

HOLD: The expected performance of the share price is between 0% and +10%.

SELL: The expected performance of the share price is below 0%.

This rating system is only a guideline. Therefore, deviations from this system may apply.

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

Date	Recommendation	Price at change date	Price target
05 May 2014	BUY (Update)	EUR 9.00	EUR 17.00
10 March 2014	BUY (Update)	EUR 9.25	EUR 12.50
17 February 2014	BUY (Update)	EUR 8.90	EUR 12.50
04 November 2013	BUY (Update)	EUR 9.02	EUR 13.00

05 August 2013	BUY (Update)	EUR 8.50	EUR 11.00
06 May 2013	BUY (Update)	EUR 7.51	EUR 11.00

Risk-scaling System:

CBSR uses a 3-level risk-scaling system. The ratings pertain to a time horizon of up to 12 months:

LOW: The volatility is expected to be lower than the volatility of the benchmark

MEDIUM: The volatility is expected to be equal to the volatility of the benchmark

HIGH: The volatility is expected to be higher than the volatility of the benchmark

The following valuation methods are used when valuing companies: Multiplier models (price/earnings, price/cash flow, price/book value, EV/Sales, EV/EBIT, EV/EBITA, EV/EBITDA), peer group comparisons, historical valuation approaches, discounting models (DCF, DDM), break-up value approaches or asset valuation approaches. The valuation models are dependent upon macroeconomic measures such as interest, currencies, raw materials and assumptions concerning the economy. In addition, market moods influence the valuation of companies.

The figures taken from the income statement, the cash flow statement and the balance sheet upon which the evaluation of companies is based are estimates referring to given dates and therefore subject to risks.

These may change at any time without prior notice.

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