

<p><b>Buy</b></p> <p>EUR <b>108.00</b> (EUR 92.00)</p> <p>Price EUR 79.75</p> <p>Upside <b>35.4 %</b></p>	<p><b>Value Indicators:</b> EUR</p> <p>DCF: 108.37</p>	<p><b>Share data:</b></p> <p>Bloomberg: HYQ GR</p> <p>Reuters: HYQGn.DE</p> <p>ISIN: DE0005493365</p>	<p><b>Description:</b></p> <p>Technology-based financial services provider</p>
	<p><b>Market Snapshot:</b> EUR m</p> <p>Market cap: 494.0</p> <p>No. of shares (m): 6.2</p> <p>EV: 465.0</p> <p>Freefloat MC: 311.7</p> <p>Ø Trad. Vol. (30d): 1.77 m</p>	<p><b>Shareholders:</b></p> <p>Freefloat 63.1 %</p> <p>Revenia (Slabke) 36.9 %</p>	<p><b>Risk Profile (WRe):</b> 2016e</p> <p>Beta: 1.2</p> <p>Price / Book: 6.8 x</p> <p>Equity Ratio: 63 %</p>

## Convincing Roadshow

On May 11-12 the Hypoport CEO Ronald Slabke and Warburg gave a presentation of the company in London. The **key takeaways** were:

- Growth of Europace in Q1 (reported) slowed slightly following new **German regulation** (Wohnimmobilienkreditlinie / WIKR) and could also have a negative impact on Q2 due to changes in the process of closing mortgages. A pick-up in growth is expected as of Q3.
- A significant slowdown in growth in the Private Clients segment (WRe, Note 01/04/16) seems unrealistic as there still is plenty of potential in offices in some German regions. Better regional coverage could further increase the efficiency of online lead-generation.
- A significant slowdown in growth in the Institutional Clients segment (WRe, Note 01/04/16) seems unrealistic, as the demand for financial advice remains very high following the market exit of specialised consultants in regional banks (Landesbanken) and mortgage banks (Hypothekenbanken) in the years after 2008/09.
- Margins in the Financial Service Providers segment (FSP, Europace) seem too conservative (WRe, Note 01/04/16). The incremental margin in 2015 was 50% in the FSP segment. Revenue is growing in this segment and margins will probably improve faster than expected as costs are not expected to grow to the extent previously anticipated. Background to these changes is an investment policy in software and team which is probably organic, structured and defensive.

With regards to these aspects, the forecasts (especially on a long-term basis) are increased. The stock is rated Buy with a **new PT of 108 (92)**.

Hypoport Segments	2013	2014	2015	2016e	2017e	2018e
<b>Private Clients</b>						
Sales	56,1	63,9	78,6	86,5	94,2	101,8
Growth	13,9%	23,0%	20,0%	10,0%	9,0%	5,0%
% of sales	57,2%	56,9%	56,6%	55,5%	54,8%	54,4%
EBIT	-1,6	1,9	7,4	9,5	10,4	11,2
Margin %	-2,9%	3,0%	9,4%	11,0%	11,0%	11,0%
<b>Financial Service Providers</b>						
Sales	30,3	34,4	44,0	51,3	58,2	64,3
Growth	13,5%	27,9%	24,0%	16,5%	13,6%	10,5%
% of sales	30,9%	30,6%	31,7%	32,9%	35,0%	37,0%
EBIT	6,0	5,6	10,1	13,3	16,9	21,2
Margin %	19,8%	16,3%	23,0%	26,0%	29,0%	33,0%
<b>Institutional Clients</b>						
Sales	12,3	14,5	17,3	18,9	20,4	21,8
Growth	17,9%	19,3%	9,0%	8,0%	7,0%	7,0%
% of sales	12,0%	12,9%	12,4%	12,1%	11,8%	11,7%
EBIT	3,8	4,5	6,6	6,6	6,9	7,2
Margin %	30,9%	31,0%	38,2%	35,0%	34,0%	33,0%
<b>Überleitung / Konzernkosten</b>						
Sales	-0,6	-0,5	-0,9	-0,9	-0,9	-0,9
EBIT	-4,3	-4,1	-4,8	-5,0	-5,0	-5,2
<b>Group</b>						
Sales	98,1	112,3	139,0	155,7	171,9	187,0
Growth	14,5%	23,7%	12,0%	10,4%	8,8%	8,8%
EBIT	3,9	7,9	19,3	24,4	29,2	34,4
Margin %	4,0%	7,1%	13,9%	15,7%	17,0%	18,4%

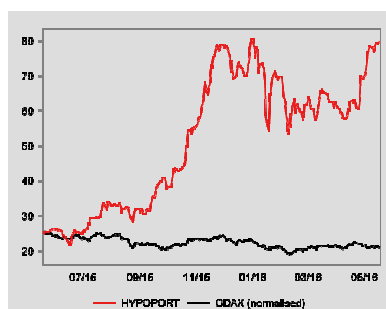
Source: Hypoport, WRe

### Changes in Estimates:

FY End: 31.12. in EUR m	2016e (old)	+ / -	2017e (old)	+ / -	2018e (old)	+ / -
Sales	155.7	0.0 %	169.7	1.3 %	179.0	4.5 %
EBIT	24.4	0.0 %	28.7	1.9 %	33.1	3.9 %
EPS	3.33	0.0 %	3.93	2.0 %	4.55	4.0 %

### Comment on Changes:

- New estimates show a slight increase in expectations 2017+2018.
- Stronger revenue growth in the lower-margin Private Client segment increases profits but decreases the margins slightly.
- In the long run (DCF) a margin improvement is expected due to a higher proportion of FSP revenues.



### Rel. Performance vs CDAX:

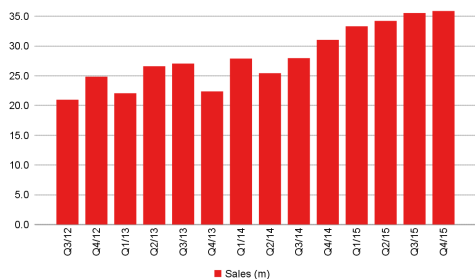
1 month:	29.8 %
6 months:	20.2 %
Year to date:	8.0 %
Trailing 12 months:	237.3 %

### Company events:

10.06.16	AGM
01.08.16	Q2
31.10.16	Q3

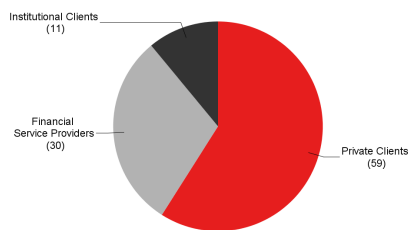
FY End: 31.12. in EUR m	CAGR (15-18e)	2012	2013	2014	2015	2016e	2017e	2018e
Sales	10.4 %	87.8	98.1	112.3	139.0	155.7	171.9	187.0
Change Sales yoy		n.a.	11.8 %	14.5 %	23.7 %	12.0 %	10.4 %	8.8 %
Gross profit margin		55.7 %	54.3 %	53.9 %	54.9 %	54.7 %	55.5 %	55.9 %
EBITDA	18.7 %	8.1	8.1	12.7	25.1	30.7	36.1	41.9
Margin		9.3 %	8.3 %	11.3 %	18.0 %	19.7 %	21.0 %	22.4 %
EBIT	21.3 %	3.2	3.9	7.9	19.3	24.4	29.2	34.4
Margin		3.6 %	4.0 %	7.1 %	13.9 %	15.7 %	17.0 %	18.4 %
Net income	22.7 %	1.9	3.2	5.9	15.9	20.7	24.8	29.3
EPS	22.7 %	0.32	0.52	0.97	2.56	3.33	4.01	4.73
EPS adj.	22.7 %	0.32	0.52	0.97	2.56	3.33	4.01	4.73
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.
FCFPS		0.20	0.61	0.37	3.16	2.54	3.85	4.62
FCF / Market cap		2.3 %	7.4 %	3.3 %	10.2 %	3.2 %	4.8 %	5.9 %
EV / Sales		0.7 x	0.6 x	0.6 x	1.4 x	3.0 x	2.6 x	2.1 x
EV / EBITDA		8.0 x	7.0 x	5.6 x	7.8 x	15.2 x	12.2 x	9.5 x
EV / EBIT		20.3 x	14.4 x	9.0 x	10.2 x	19.0 x	15.1 x	11.6 x
P / E		27.9 x	15.9 x	11.3 x	13.2 x	23.9 x	19.9 x	16.4 x
P / E adj.		27.9 x	15.9 x	11.3 x	13.2 x	23.9 x	19.9 x	16.4 x
FCF Yield Potential		11.9 %	14.5 %	15.9 %	11.2 %	5.9 %	7.3 %	9.4 %
Net Debt		10.1	6.0	4.1	-13.3	-29.0	-52.9	-81.5
ROCE (NOPAT)		13.3 %	10.3 %	15.8 %	38.9 %	50.8 %	56.8 %	65.6 %
Guidance:		2016: slight double digit percentage growth in revenue and earnings						

Sales development in EUR m



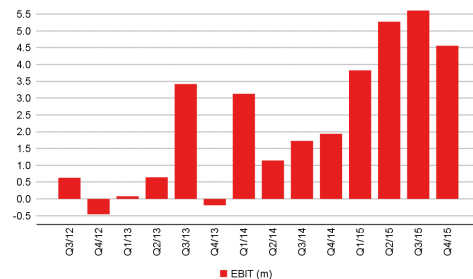
Source: Warburg Research

Sales by Segments 2016e; in %



Source: Warburg Research

EBIT development in EUR m



Source: Warburg Research

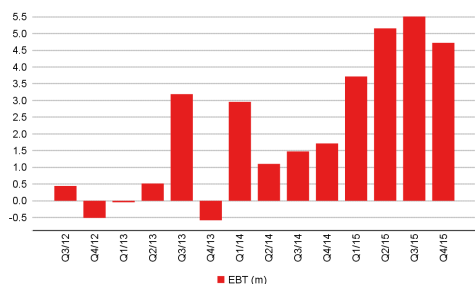
## Company Background

- The company, founded in 1999, is specialised as a property financing intermediary
- With Europace, Hypoport operates the largest German internet platform for property financing and similar products
- Under the Dr. Klein brand, Hypoport operates a franchise system of stationary advisors
- 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

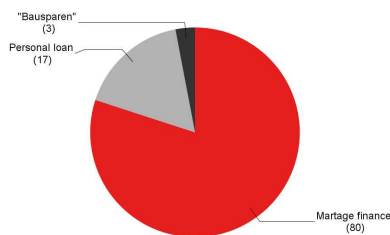
- The online marketplace for property financing operated by Hypoport (Europace) is the largest of its kind in Germany
- As the number of affiliated suppliers is decisive for marketplaces of this type, this forms a central competitive advantage and a considerable market entry barrier for third parties.
- The Dr. Klein business segments (private and institutional customers) benefit from market access over Europace but also from the many years of experience in the area of property financing
- Dr. Klein has regional presence (200 branches) and, in this way, achieves customer proximity.
- Most importantly however Dr. Klein is strongly focused (mainly property financing) and neutral (with offers from every provider). Other financial sales teams or retail banks normally cannot afford both.

EBT development in EUR m



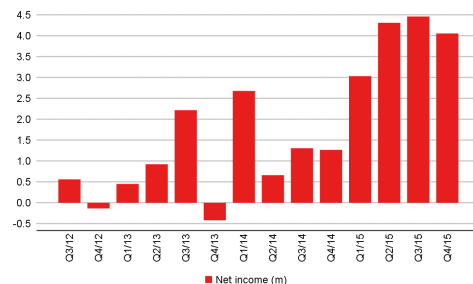
Source: Warburg Research

Europace by product segments 2016e; 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
	2016e	2017e	2018e	2019e	2020e	2021e	2022e	2023e	2024e	2025e	2026e	2027e	2028e	
Sales	155.7	171.9	187.0	196.4	206.2	216.5	227.3	238.7	250.6	258.1	265.9	273.8	280.7	
Sales change	12.0 %	10.4 %	8.8 %	5.0 %	5.0 %	5.0 %	5.0 %	5.0 %	5.0 %	3.0 %	3.0 %	3.0 %	2.5 %	2.5 %
EBIT	24.4	29.2	34.4	39.3	44.3	47.6	51.1	54.9	57.6	59.4	61.1	63.0	64.6	
EBIT-margin	15.7 %	17.0 %	18.4 %	20.0 %	21.5 %	22.0 %	22.5 %	23.0 %	23.0 %	23.0 %	23.0 %	23.0 %	23.0 %	
Tax rate (EBT)	13.0 %	13.0 %	13.0 %	13.0 %	13.0 %	13.0 %	13.0 %	13.0 %	13.0 %	13.0 %	13.0 %	13.0 %	13.0 %	
NOPAT	21.3	25.4	29.9	34.2	38.6	41.4	44.5	47.8	50.1	51.6	53.2	54.8	56.2	
Depreciation	6.2	6.9	7.5	5.9	6.2	6.5	6.8	7.2	7.5	7.7	8.0	8.2	8.4	
in % of Sales	4.0 %	4.0 %	4.0 %	3.0 %	3.0 %	3.0 %	3.0 %	3.0 %	3.0 %	3.0 %	3.0 %	3.0 %	3.0 %	
Changes in provisions	0.0	0.0	0.0	-0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Change in Liquidity from														
- Working Capital	5.6	1.9	1.8	-2.2	1.0	1.0	1.1	1.1	1.2	0.8	0.8	0.8	0.7	
- Capex	5.5	6.0	6.4	5.9	6.2	6.5	6.8	7.2	7.5	7.7	8.0	8.2	8.4	
Capex in % of Sales	3.5 %	3.5 %	3.4 %	3.0 %	3.0 %	3.0 %	3.0 %	3.0 %	3.0 %	3.0 %	3.0 %	3.0 %	3.0 %	
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Free Cash Flow (WACC Model)	16.4	24.4	29.2	36.1	37.6	40.4	43.4	46.6	49.0	50.9	52.4	54.0	55.5	56
PV of FCF	15.6	21.5	23.8	27.1	26.1	25.9	25.7	25.4	24.7	23.7	22.5	21.4	20.3	355
share of PVs	9.25 %			36.86 %										53.89 %

**Model parameter**

Derivation of WACC:		Derivation of Beta:	
Debt ratio	0.00 %	Financial Strength	1.00
Cost of debt (after tax)	2.7 %	Liquidity (share)	1.30
Market return	7.00 %	Cyclicality	1.30
Risk free rate	1.50 %	Transparency	1.30
		Others	1.30
<b>WACC</b>	<b>8.32 %</b>	<b>Beta</b>	<b>1.24</b>

**Valuation (m)**

Present values 2028e	304		
Terminal Value	355		
Financial liabilities	11		
Pension liabilities	0		
Hybrid capital	0		
Minority interest	0		
Market val. of investments	0		
Liquidity	25	No. of shares (m)	6.2
<b>Equity Value</b>	<b>671</b>	<b>Value per share (EUR)</b>	<b>108.37</b>

**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
1.42	9.3 %	87.46	88.80	90.23	91.77	93.43	95.22	97.15	1.42	9.3 %	85.50	87.59	89.68	91.77	93.86	95.95	98.05
1.33	8.8 %	94.13	95.76	97.51	99.41	101.46	103.68	106.11	1.33	8.8 %	92.63	94.89	97.15	99.41	101.67	103.92	106.18
1.29	8.6 %	97.83	99.64	101.59	103.70	105.99	108.49	111.22	1.29	8.6 %	96.64	98.99	101.35	103.70	106.05	108.41	110.76
1.24	8.3 %	101.83	103.84	106.01	108.37	110.94	113.75	116.84	1.24	8.3 %	101.00	103.46	105.91	108.37	110.83	113.28	115.74
1.19	8.1 %	106.15	108.39	110.81	113.46	116.36	119.54	123.05	1.19	8.1 %	105.75	108.32	110.89	113.46	116.03	118.60	121.17
1.15	7.8 %	110.83	113.33	116.06	119.04	122.31	125.92	129.93	1.15	7.8 %	110.96	113.65	116.34	119.04	121.73	124.42	127.11
1.06	7.3 %	121.47	124.63	128.11	131.94	136.19	140.93	146.26	1.06	7.3 %	123.01	125.99	128.96	131.94	134.91	137.89	140.86

- The growth anticipated for Hypoport is based on robust business development in all segments
- Financial Services (Europace) in particular offers systematic potential for economies of scale and margin growth
- On this basis the group assumes a positive long-term margin trend
- Based on a sophisticated regional dispersion of tax obligations a low tax rate is assumed long term.

<b>Valuation</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016e</b>	<b>2017e</b>	<b>2018e</b>
Price / Book	1.9 x	1.5 x	1.7 x	4.0 x	6.8 x	5.0 x	3.8 x
Book value per share ex intangibles	0.31	0.53	1.25	3.31	6.64	10.65	15.38
EV / Sales	0.7 x	0.6 x	0.6 x	1.4 x	3.0 x	2.6 x	2.1 x
EV / EBITDA	8.0 x	7.0 x	5.6 x	7.8 x	15.2 x	12.2 x	9.5 x
EV / EBIT	20.3 x	14.4 x	9.0 x	10.2 x	19.0 x	15.1 x	11.6 x
EV / EBIT adj.*	20.3 x	14.4 x	9.0 x	10.2 x	19.0 x	15.1 x	11.6 x
P / FCF	44.4 x	13.5 x	29.9 x	9.8 x	31.3 x	20.7 x	16.8 x
P / E	27.9 x	15.9 x	11.3 x	13.2 x	23.9 x	19.9 x	16.4 x
P / E adj.*	27.9 x	15.9 x	11.3 x	13.2 x	23.9 x	19.9 x	16.4 x
Dividend Yield	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Free Cash Flow Yield Potential	11.9 %	14.5 %	15.9 %	11.2 %	5.9 %	7.3 %	9.4 %
*Adjustments made for: -							

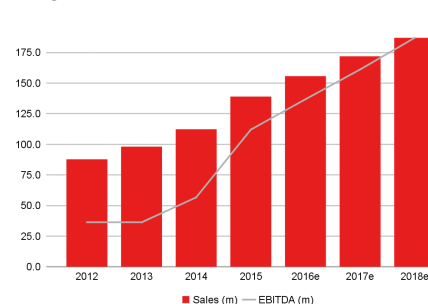
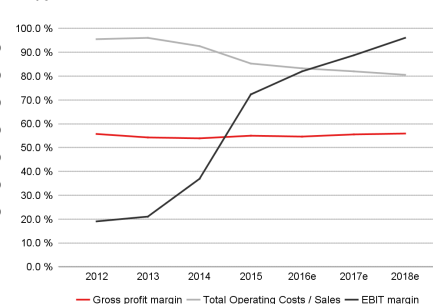
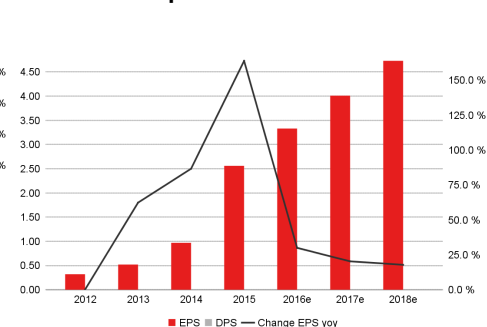
**Consolidated profit & loss**

In EUR m	2012	2013	2014	2015	2016e	2017e	2018e
<b>Sales</b>	<b>87.8</b>	<b>98.1</b>	<b>112.3</b>	<b>139.0</b>	<b>155.7</b>	<b>171.9</b>	<b>187.0</b>
Change Sales yoy	n.a.	11.8 %	14.5 %	23.7 %	12.0 %	10.4 %	8.8 %
Increase / decrease in inventory	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Own work capitalised	4.2	4.2	4.2	4.7	4.7	5.2	5.4
<b>Total Sales</b>	<b>91.9</b>	<b>102.3</b>	<b>116.5</b>	<b>143.6</b>	<b>160.3</b>	<b>177.1</b>	<b>192.4</b>
Material Expenses	43.0	49.1	55.9	67.3	75.2	81.7	87.9
<b>Gross profit</b>	<b>48.9</b>	<b>53.2</b>	<b>60.6</b>	<b>76.3</b>	<b>85.1</b>	<b>95.4</b>	<b>104.5</b>
<i>Gross profit margin</i>	<i>55.7 %</i>	<i>54.3 %</i>	<i>53.9 %</i>	<i>54.9 %</i>	<i>54.7 %</i>	<i>55.5 %</i>	<i>55.9 %</i>
Personnel expenses	29.9	32.7	35.3	38.2	42.0	44.7	47.7
Other operating income	2.4	2.8	1.8	2.2	3.1	1.7	1.9
Other operating expenses	13.2	15.2	14.5	15.2	15.6	16.3	16.8
Unfrequent items	0.0	0.0	0.1	0.0	0.0	0.0	0.0
<b>EBITDA</b>	<b>8.1</b>	<b>8.1</b>	<b>12.7</b>	<b>25.1</b>	<b>30.7</b>	<b>36.1</b>	<b>41.9</b>
<i>Margin</i>	<i>9.3 %</i>	<i>8.3 %</i>	<i>11.3 %</i>	<i>18.0 %</i>	<i>19.7 %</i>	<i>21.0 %</i>	<i>22.4 %</i>
Depreciation of fixed assets	0.9	1.1	1.0	1.1	1.6	1.7	1.9
<b>EBITA</b>	<b>7.2</b>	<b>7.1</b>	<b>11.7</b>	<b>24.0</b>	<b>29.1</b>	<b>34.4</b>	<b>40.0</b>
Amortisation of intangible assets	4.0	3.1	3.8	4.7	4.7	5.2	5.6
Goodwill amortization	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>EBIT</b>	<b>3.2</b>	<b>3.9</b>	<b>7.9</b>	<b>19.3</b>	<b>24.4</b>	<b>29.2</b>	<b>34.4</b>
<i>Margin</i>	<i>3.6 %</i>	<i>4.0 %</i>	<i>7.1 %</i>	<i>13.9 %</i>	<i>15.7 %</i>	<i>17.0 %</i>	<i>18.4 %</i>
<b>EBIT adj.</b>	<b>3.2</b>	<b>3.9</b>	<b>7.9</b>	<b>19.3</b>	<b>24.4</b>	<b>29.2</b>	<b>34.4</b>
Interest income	0.2	0.1	0.1	0.4	0.1	0.1	0.1
Interest expenses	1.0	1.0	0.8	0.5	0.8	0.8	0.8
Other financial income (loss)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>EBT</b>	<b>2.3</b>	<b>3.1</b>	<b>7.3</b>	<b>19.1</b>	<b>23.7</b>	<b>28.5</b>	<b>33.7</b>
<i>Margin</i>	<i>2.7 %</i>	<i>3.1 %</i>	<i>6.5 %</i>	<i>13.7 %</i>	<i>15.3 %</i>	<i>16.6 %</i>	<i>18.0 %</i>
Total taxes	0.4	-0.1	1.3	3.2	3.1	3.7	4.4
<b>Net income from continuing operations</b>	<b>1.9</b>	<b>3.2</b>	<b>5.9</b>	<b>15.9</b>	<b>20.7</b>	<b>24.8</b>	<b>29.3</b>
Income from discontinued operations (net of tax)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Net income before minorities</b>	<b>1.9</b>	<b>3.2</b>	<b>5.9</b>	<b>15.9</b>	<b>20.7</b>	<b>24.8</b>	<b>29.3</b>
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Net income</b>	<b>1.9</b>	<b>3.2</b>	<b>5.9</b>	<b>15.9</b>	<b>20.7</b>	<b>24.8</b>	<b>29.3</b>
<i>Margin</i>	<i>2.2 %</i>	<i>3.2 %</i>	<i>5.3 %</i>	<i>11.4 %</i>	<i>13.3 %</i>	<i>14.4 %</i>	<i>15.7 %</i>
Number of shares, average	6.1	6.1	6.1	6.2	6.2	6.2	6.2
<b>EPS</b>	<b>0.32</b>	<b>0.52</b>	<b>0.97</b>	<b>2.56</b>	<b>3.33</b>	<b>4.01</b>	<b>4.73</b>
EPS adj.	0.32	0.52	0.97	2.56	3.33	4.01	4.73

\*Adjustments made for:

**Guidance: 2016: slight double digit percentage growth in revenue and earnings****Financial Ratios**

	2012	2013	2014	2015	2016e	2017e	2018e
Total Operating Costs / Sales	95.5 %	96.1 %	92.5 %	85.3 %	83.3 %	82.0 %	80.5 %
Operating Leverage	n.a.	2.0 x	7.0 x	6.0 x	2.2 x	1.9 x	2.0 x
EBITDA / Interest expenses	7.8 x	8.2 x	15.4 x	48.0 x	38.3 x	45.1 x	52.4 x
Tax rate (EBT)	16.9 %	-3.3 %	18.2 %	16.9 %	13.0 %	13.0 %	13.0 %
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

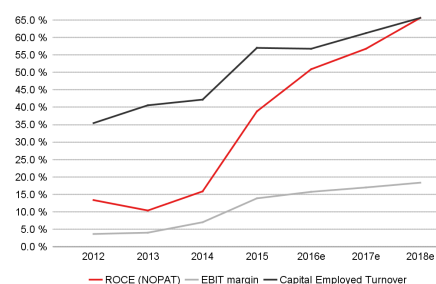
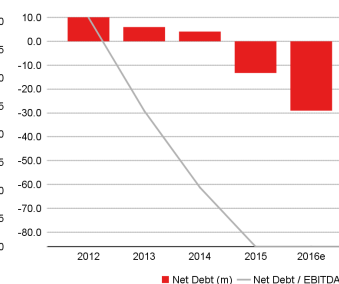
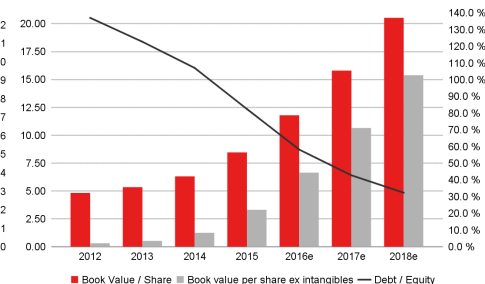
Source: Warburg Research

**Consolidated balance sheet**

In EUR m	2012	2013	2014	2015	2016e	2017e	2018e
<b>Assets</b>							
Goodwill and other intangible assets	27.7	29.6	31.0	31.9	31.9	31.9	31.9
thereof other intangible assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0
thereof Goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Property, plant and equipment	2.6	2.5	2.7	3.0	2.3	1.4	0.3
Financial assets	0.1	0.1	0.1	0.0	0.0	0.0	0.0
Other long-term assets	0.0	0.7	1.1	1.4	1.4	1.4	1.4
<b>Fixed assets</b>	<b>30.4</b>	<b>32.8</b>	<b>34.8</b>	<b>36.4</b>	<b>35.6</b>	<b>34.7</b>	<b>33.6</b>
Inventories	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Accounts receivable	25.7	24.4	29.6	32.8	40.9	45.2	49.2
Liquid assets	8.6	11.0	12.0	24.8	37.3	58.1	83.7
Other short-term assets	6.0	5.4	3.9	2.1	2.1	2.1	2.1
<b>Current assets</b>	<b>40.3</b>	<b>40.8</b>	<b>45.6</b>	<b>59.7</b>	<b>80.3</b>	<b>105.4</b>	<b>135.0</b>
<b>Total Assets</b>	<b>70.7</b>	<b>73.6</b>	<b>80.4</b>	<b>96.1</b>	<b>115.9</b>	<b>140.1</b>	<b>168.6</b>
<b>Liabilities and shareholders' equity</b>							
Subscribed capital	6.2	6.2	6.2	6.2	6.2	6.2	6.2
Capital reserve	2.1	2.1	2.2	2.3	2.3	2.3	2.3
Retained earnings	21.4	24.6	30.3	44.0	64.7	89.5	118.8
Other equity components	-0.1	-0.1	-0.1	-0.2	-0.2	-0.2	-0.2
Shareholders' equity	29.6	32.8	38.6	52.4	73.0	97.9	127.2
Minority interest	0.2	0.3	0.3	0.3	0.3	0.3	0.3
<b>Total equity</b>	<b>29.8</b>	<b>33.1</b>	<b>38.9</b>	<b>52.7</b>	<b>73.3</b>	<b>98.1</b>	<b>127.5</b>
Provisions	0.3	0.1	0.2	0.2	0.2	0.2	0.2
thereof provisions for pensions and similar obligations	0.3	0.1	0.2	0.2	0.2	0.2	0.2
Financial liabilities (total)	18.3	16.8	15.9	11.3	8.0	5.0	2.0
thereof short-term financial liabilities	5.4	4.8	4.6	4.3	4.0	3.0	2.0
Accounts payable	14.1	15.2	16.5	20.4	22.8	25.2	27.4
Other liabilities	8.2	8.4	9.0	11.5	11.5	11.5	11.5
<b>Liabilities</b>	<b>40.9</b>	<b>40.5</b>	<b>41.6</b>	<b>43.4</b>	<b>42.6</b>	<b>42.0</b>	<b>41.2</b>
<b>Total liabilities and shareholders' equity</b>	<b>70.7</b>	<b>73.6</b>	<b>80.4</b>	<b>96.1</b>	<b>115.9</b>	<b>140.1</b>	<b>168.6</b>

**Financial Ratios**

	2012	2013	2014	2015	2016e	2017e	2018e
<b>Efficiency of Capital Employment</b>							
Operating Assets Turnover	6.1 x	8.4 x	7.1 x	9.0 x	7.6 x	8.0 x	8.5 x
Capital Employed Turnover	2.2 x	2.5 x	2.6 x	3.5 x	3.5 x	3.8 x	4.1 x
ROA	6.4 %	9.7 %	17.0 %	43.6 %	58.0 %	71.5 %	87.2 %
<b>Return on Capital</b>							
ROCE (NOPAT)	13.3 %	10.3 %	15.8 %	38.9 %	50.8 %	56.8 %	65.6 %
ROE	13.1 %	10.2 %	16.6 %	34.9 %	32.9 %	29.0 %	26.1 %
Adj. ROE	13.1 %	10.2 %	16.6 %	34.9 %	32.9 %	29.0 %	26.1 %
<b>Balance sheet quality</b>							
Net Debt	10.1	6.0	4.1	-13.3	-29.0	-52.9	-81.5
Net Financial Debt	9.7	5.9	3.9	-13.5	-29.3	-53.1	-81.7
Net Gearing	33.7 %	18.1 %	10.5 %	-25.2 %	-39.6 %	-53.9 %	-63.9 %
Net Fin. Debt / EBITDA	119.8 %	72.2 %	30.5 %	n.a.	n.a.	n.a.	n.a.
Book Value / Share	4.8	5.3	6.3	8.5	11.8	15.8	20.5
Book value per share ex intangibles	0.3	0.5	1.2	3.3	6.6	10.6	15.4

**ROCE Development**

**Net debt in EUR m**

**Book Value per Share in EUR**


Source: Warburg Research

Source: Warburg Research

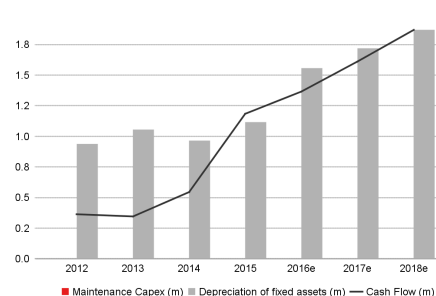
Source: Warburg Research

**Consolidated cash flow statement**

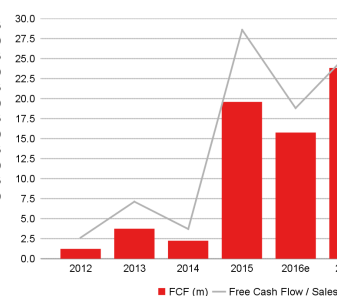
In EUR m	2012	2013	2014	2015	2016e	2017e	2018e
Net income	1.9	3.2	5.9	15.9	20.7	24.8	29.3
Depreciation of fixed assets	0.9	1.1	1.0	1.1	1.6	1.7	1.9
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	4.0	3.1	3.8	4.7	4.7	5.2	5.6
Increase/decrease in long-term provisions	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other non-cash income and expenses	0.3	-0.5	0.0	1.6	0.0	0.0	0.0
<b>Cash Flow</b>	<b>7.1</b>	<b>6.8</b>	<b>10.7</b>	<b>23.3</b>	<b>26.9</b>	<b>31.7</b>	<b>36.8</b>
Increase / decrease in inventory	1.6	1.0	-4.1	-1.7	0.0	0.0	0.0
Increase / decrease in accounts receivable	0.0	0.0	0.0	0.0	-8.1	-4.3	-4.0
Increase / decrease in accounts payable	-0.1	2.8	1.8	4.6	2.4	2.4	2.2
Increase / decrease in other working capital positions	-0.8	-1.0	0.1	0.5	0.0	0.0	0.0
Increase / decrease in working capital (total)	0.6	2.7	-2.3	3.4	-5.6	-1.9	-1.8
<b>Net cash provided by operating activities</b>	<b>7.8</b>	<b>9.5</b>	<b>8.4</b>	<b>26.7</b>	<b>21.2</b>	<b>29.8</b>	<b>35.0</b>
Investments in intangible assets	-5.9	-5.2	-5.5	-4.7	-4.7	-5.2	-5.6
Investments in property, plant and equipment	-0.7	-0.6	-0.6	-0.6	-0.8	-0.8	-0.8
Payments for acquisitions	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financial investments	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Income from asset disposals	0.1	0.0	0.0	0.1	0.0	0.0	0.0
<b>Net cash provided by investing activities</b>	<b>-6.5</b>	<b>-5.7</b>	<b>-6.2</b>	<b>-7.1</b>	<b>-5.5</b>	<b>-6.0</b>	<b>-6.4</b>
Change in financial liabilities	0.4	-1.4	-0.9	-4.6	-3.3	-3.0	-3.0
Dividends paid	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Purchase of own shares	-0.6	0.0	-0.3	-2.3	0.0	0.0	0.0
Capital measures	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Net cash provided by financing activities</b>	<b>-0.3</b>	<b>-1.4</b>	<b>-1.2</b>	<b>-6.9</b>	<b>-3.3</b>	<b>-3.0</b>	<b>-3.0</b>
Change in liquid funds	1.0	2.4	1.1	12.7	12.5	20.8	25.6
Effects of exchange-rate changes on cash	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Cash and cash equivalent at end of period</b>	<b>8.6</b>	<b>11.0</b>	<b>12.0</b>	<b>24.8</b>	<b>37.3</b>	<b>58.1</b>	<b>83.7</b>

**Financial Ratios**

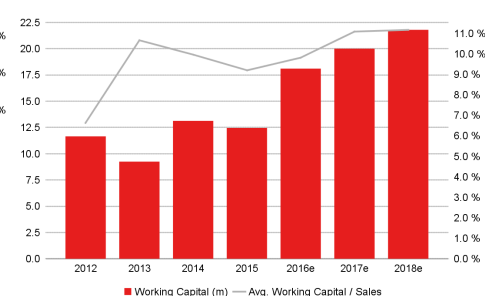
	2012	2013	2014	2015	2016e	2017e	2018e
<b>Cash Flow</b>							
FCF	1.2	3.8	2.2	19.6	15.8	23.8	28.6
Free Cash Flow / Sales	1.4 %	3.8 %	2.0 %	15.4 %	10.1 %	13.9 %	15.3 %
Free Cash Flow Potential	7.7	8.2	11.4	21.8	27.6	32.4	37.5
Free Cash Flow / Net Profit	63.5 %	118.2 %	38.0 %	134.7 %	76.3 %	96.0 %	97.5 %
Interest Received / Avg. Cash	4.2 %	1.1 %	1.2 %	2.0 %	0.3 %	0.2 %	0.1 %
Interest Paid / Avg. Debt	11.3 %	5.6 %	5.0 %	3.8 %	8.3 %	12.3 %	22.9 %
<b>Management of Funds</b>							
Investment ratio	7.4 %	5.8 %	5.5 %	3.8 %	3.5 %	3.5 %	3.4 %
Maint. Capex / Sales	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Capex / Dep	132.1 %	137.4 %	129.5 %	91.4 %	87.8 %	86.6 %	85.7 %
Avg. Working Capital / Sales	6.6 %	10.7 %	10.0 %	9.2 %	9.8 %	11.1 %	11.2 %
Trade Debtors / Trade Creditors	182.8 %	160.8 %	179.6 %	161.1 %	179.4 %	179.4 %	179.6 %
Inventory Turnover	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Receivables collection period (days)	107	91	96	86	96	96	96
Payables payment period (days)	119	113	108	111	111	113	114
Cash conversion cycle (Days)	n.a.	n.a.	n.a.	n.a.	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



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-B-	<b>Buy:</b>	The price of the analysed financial instrument is expected to rise over the next 12 months.
-H-	<b>Hold:</b>	The price of the analysed financial instrument is expected to remain mostly flat over the next 12 months.
-S-	<b>Sell:</b>	The price of the analysed financial instrument is expected to fall over the next 12 months.
“-“	<b>Rating suspended:</b>	The available information currently does not permit an evaluation of the company.

**WARBURG RESEARCH GMBH – RESEARCH UNIVERSE BY RATING**

Rating	Number of stocks	% of Universe
Buy	119	64
Hold	61	33
Sell	4	2
Rating suspended	1	1
<b>Total</b>	<b>185</b>	<b>100</b>

**WARBURG RESEARCH GMBH – ANALYSED RESEARCH UNIVERSE BY RATING ...**

... taking into account only those companies which were provided with major investment banking services in the last twelve months.

Rating	Number of stocks	% of Universe
Buy	23	77
Hold	7	23
Sell	0	0
Rating suspended	0	0
<b>Total</b>	<b>30</b>	<b>100</b>

**PRICE AND RATING HISTORY HYPOPORT AS OF 18.05.2016**


The chart has markings if Warburg Research GmbH changed its rating in the last 12 months. Every marking represents the date and closing price on the day of the rating change.

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