Hypoport AG

Preliminary results for
2017
Technology-based financial services

Investment highlights in 2017 and forecast for 2018

Key figures for FY 2017 (yoy)

- Revenue: €194.9 million (+24%)
- EBIT: €23.3 million (0%)
- EPS: €3.10 (+3%)
- Market cap (December 31, 2017): approx. €900 million (+87%)
- Average trading volume per day: approx. €2.97 million (+41%)

Hypoport growth stronger than the market (yoy)

- Mortgage finance market contracted by 2.2 per cent in 2017 (source: Deutsche Bundesbank)
- Volume of EUROPACE transactions: +8%
- Volume of new loans brokered for Dr. Klein private clients: +17%
- Volume of new loans brokered for Dr. Klein corporate clients: +15%

Forecast for 2018

- Hypoport forecasts a double digit growth rate with a revenue of €220 mn to €240 mn and an EBIT of €26 mn to €31 mn.
Contents

1. Market environment
2. Business units
3. Overview of key performance indicators
4. Hypoport's shares
5. Investment highlights and outlook
Huge excess demand in the housing market

Changes in the German housing market

Mortgage finance volume contracted by 2.2 per cent in 2017

Performance of relevant market indices in Germany since 2009

Sources: Bundesbank, EUROPACE, Dr. Klein.

Hypoport AG, 2017 financial year
Mortgage finance – market has strong potential

Factors influencing the private and commercial real-estate finance markets

**Negative factors**

- Lack of available properties
- Legislators keep the market busy with a steady stream of new regulatory ideas
- Delayed purchases as election campaign pledges remain on hold
- Commercial and residential projects competing for construction resources
- High ancillary purchasing costs

**Positive factors**

- Strong pent-up demand in the rental market
- Rising construction/purchase prices
- Slight growth in construction activity
- Market share of neutral loan brokerage advisors is growing
- Proportion of home ownership (48%*) remains low compared with other EU countries

* Source: Federal Statistical Office.

**Finance for OWNER-OCCUPIED PROPERTIES**

- Credit Platform
- Private Clients

**Finance for RENTAL PROPERTIES**

- Institutional Clients

- Over-regulated rental market
- In metropolitan areas such as Berlin, political favouritism stands in the way of necessary new construction
- New requirements resulting from the EU General Data Protection Regulation

- Marked increase in planned projects and approvals for the construction of affordable housing
Contents

1. Market environment
2. Business units
3. Overview of key performance indicators
4. Hypoport's shares
5. Investment highlights and outlook
Hypoport – a dynamic group of companies

Hypoport's business units
Credit Platform

Segment results
EUROPACE outperforms market by 10 percentage points

Credit Platform: volume of transactions and number of partners

- Volume of home loans and building finance on EUROPACE grew by 8 per cent, whereas the overall market contracted by over 2 per cent in 2017.

- The volume of transactions per sales day*** rose by 10 per cent, from €176 million in 2016 to €193 million in 2017.

- Neutral mortgage finance distributors are significantly widening their market share by using EUROPACE.

- Private banks have ceded significant market share to regional banks, both as product suppliers and as brokers.

- Superior technology of the personal loans front end, KreditSmart, is attracting additional customers and resulting in substantial growth in personal loans.

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**Volume of transactions**

<table>
<thead>
<tr>
<th>Year</th>
<th>Value (€ billion)</th>
<th>CAGR (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>39.8</td>
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<tr>
<td>2016</td>
<td>44.7</td>
<td>+10%</td>
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<tr>
<td>2017</td>
<td>48.2</td>
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<tr>
<td>12M 2016</td>
<td>44.7</td>
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</tr>
<tr>
<td>12M 2017</td>
<td>48.2</td>
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</tr>
</tbody>
</table>

*Numbers before cancellations.

**Volume of transactions by product segment**

<table>
<thead>
<tr>
<th>Product Segment</th>
<th>FY 2017 Value (€ billion)</th>
<th>Growth (%)</th>
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</thead>
<tbody>
<tr>
<td>Building finance</td>
<td>7.6</td>
<td>+9%</td>
</tr>
<tr>
<td>Personal loans</td>
<td>2.7</td>
<td>+15%</td>
</tr>
<tr>
<td>Mortgage finance</td>
<td>38.0</td>
<td>+7%</td>
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**Contractual partners**

<table>
<thead>
<tr>
<th>Year</th>
<th>Value (number)</th>
</tr>
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<tbody>
<tr>
<td>2016</td>
<td>399</td>
</tr>
<tr>
<td>2017</td>
<td>501</td>
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</table>

*Incl. FINMAS and GENOPACE partners.

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***The number of sales days equals the number of working days (not including Saturdays) less half of the number of ‘bridging days’ (days falling between public holidays and weekends).
Exceptionally strong growth at regional banks

GENOPACE and FINMAS sales transaction volume and number of contractual partners

- Significant expansion of the use of EUROPACE by savings banks and cooperative banks for own-account distribution.
- FINMAS: 33 of the top 50 savings banks are already contractual partners.
- GENOPACE: 41 of the top 50 credit cooperatives and mutually owned banks are already contractual partners.
- Savings banks recognised the potential of EUROPACE in 2017 and are forging ahead with rollout projects.
- The focus for GENOPACE is on increasing the number of contractual partners, thereby laying the foundations for faster growth in 2018 and beyond.
- The efficiency gains for regional banks that equip their advisors with EUROPACE technology remain huge.

**Volume of transactions** (€ billion)

<table>
<thead>
<tr>
<th>Year</th>
<th>GENOPACE</th>
<th>FINMAS</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2016</td>
<td>1.0</td>
<td>1.5</td>
</tr>
<tr>
<td>FY 2017</td>
<td>1.2</td>
<td>2.5</td>
</tr>
</tbody>
</table>

+31% \(+17%\)

**Contractual partners** (number)

<table>
<thead>
<tr>
<th>Year</th>
<th>GENOPACE</th>
<th>FINMAS</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2016</td>
<td>174</td>
<td>144</td>
</tr>
<tr>
<td>FY 2017</td>
<td>228</td>
<td>183</td>
</tr>
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</table>

+31% \(+68%\)

*Numbers before cancellations.*
Double-digit growth secures market leadership
Credit Platform: revenue, gross profit and earnings

- Property services were successfully expanded in 2017 and have been placed with more than 100 partners. Budgeted start-up losses of €0.7 million in 2017. Break-even point will be reached in 2018.

- Renewed double-digit revenue growth in the Credit Platform business unit underlines the strength of the business model.

- Capital expenditure on gaining customers at regional banks and on IT development is boosting EUROPACE's sustained growth.

* Prior-year figures adjusted to reflect new segment reporting.
Private Clients
Segment results
Dr. Klein makes significant gains in market share

Private Clients: volume of loans brokered and number of advisors

- Despite the market as a whole contracting, Dr. Klein is continually expanding its market share by focusing on online business development and making efficient use of the increased sales capacity.


- The B2B personal loans business grew by a substantial 66 per cent thanks to the expansion of alliances.

- In 2017, the number of loan brokerage advisors was increased by 7 per cent to cater to the further rise in demand from customers for neutral advice.
Dr. Klein achieves record revenue and earnings

Private Clients: revenue, gross profit and earnings

- Expansion of market share in mortgage finance led to significant double-digit revenue growth.

- Dr. Klein has won the German Fairness Prize for the fourth time in succession. Awarded by the German Institute for Service Quality (DISQ) and news channel n-tv, the accolade is an accurate reflection of the views of Dr. Klein's clients because consumers are surveyed directly.

- Exceptionally strong EBIT highlights the profitability of the business model.

### Revenue (€ million)*

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<thead>
<tr>
<th></th>
<th>FY 2016</th>
<th>FY 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2016</td>
<td>66.9</td>
<td></td>
</tr>
<tr>
<td>FY 2017</td>
<td>82.3</td>
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</table>

### Gross profit (€ million)*

<table>
<thead>
<tr>
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<th>FY 2016</th>
<th>FY 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2016</td>
<td>26.0</td>
<td></td>
</tr>
<tr>
<td>FY 2017</td>
<td>31.9</td>
<td></td>
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</table>

### EBIT (€ million)*

<table>
<thead>
<tr>
<th></th>
<th>FY 2016</th>
<th>FY 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2016</td>
<td>9.5</td>
<td></td>
</tr>
<tr>
<td>FY 2017</td>
<td>12.1</td>
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</tbody>
</table>

* Prior-year figures adjusted to reflect new segment reporting.
Institutional Clients
Segment results
Customer reticence in the second half of 2017

Institutional Clients: volume of loans brokered and consulting revenue

- The realisation of several large-scale financing projects resulted in a good level of revenue in the first half of 2017.
- In the second half of the year, decision-making in the housing industry was delayed by a lack of political clarity in the wake of the German general election and the difficulty in forming a government and by the lack of stimulus from interest rates.
- Capital expenditure on digitalisation is improving the efficiency of operating processes in the Institutional Clients business unit.
- Still a growing need for consultancy services in connection with the implementation of financing projects.
Earnings squeezed by drop in revenue in H2 2017
Institutional Clients: revenue, gross profit and earnings

- The volume of transactions and commission declined in the second half of 2017 owing to reduced demand in the housing sector.
- Revenue in the second half of 2017 was down significantly compared with the strong level in Q4 2016 and H1 2017.
- EBIT fell by €1.3 million due to spending on digitalisation and expansion of the distribution network and support resources.
- Market position and earnings power are expected to further strengthen in the medium term as interest rates have been rising since January 2018 and the successful formation of a government would send an important signal to the public-sector housing industry.
Insurance Platform
Segment results
Insurance technologies grouped together in this business unit

Insurance Platform: revenue, gross profit and earnings

- The IT companies acquired in 2016 and early 2017 have been successfully integrated.
- Smart InsurTech has been established as an umbrella brand for the companies of the Insurance Platform.
- The first year has been a success, and the focus on gaining more market share by acquiring companies, investing in IT and using aggressive pricing structures will continue in 2018.
- The start-up losses resulting from acquisition and integration costs were in line with expectations.
- The acquisition of further software companies and insurance portfolios is being considered for 2018.
- Excluding further acquisitions, revenue is expected to rise by around 50 per cent in 2018.
Contents

1. Market environment
2. Business units
3. Overview of key performance indicators
4. Hypoport's shares
5. Investment highlights and outlook
Hypoport Group generates strong growth
Overview of Hypoport's key performance indicators

<table>
<thead>
<tr>
<th>Indicator</th>
<th>FY 2016</th>
<th>FY 2017</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue (€ million)</td>
<td>156.6</td>
<td>194.9</td>
<td>+24%</td>
</tr>
<tr>
<td>Gross profit (€ million)</td>
<td>85.2</td>
<td>102.3</td>
<td>+20%</td>
</tr>
<tr>
<td>Employees (number)</td>
<td>797</td>
<td>1,009</td>
<td>+27%</td>
</tr>
<tr>
<td>EBITDA (€ million)</td>
<td>20.6</td>
<td>30.1</td>
<td>+6%</td>
</tr>
<tr>
<td>EBIT (€ million)</td>
<td>23.3</td>
<td>23.3</td>
<td>0%</td>
</tr>
<tr>
<td>Net profit for the year (€ million)</td>
<td>18.1</td>
<td>18.4</td>
<td>+2%</td>
</tr>
</tbody>
</table>
History of Hypoport Group

Long-term changes in revenue and EBIT

**Revenue (€ million)**

- **1999**: 4
- **2006**: 26
- **2013**: 98
- **2016**: 157
- **12M 2017**: 195

**EBIT (€ million)**

- **1999**: 2
- **2006**: 6
- **2013**: 4
- **2016**: 23
- **12M 2017**: 23
Contents

1. Market environment
2. Business units
3. Overview of key performance indicators
4. Hypoport's shares
5. Investment highlights and outlook
Free float remains high
Shareholder structure and share information

**Breakdown of shareholders** as at 31 December 2017
- Ronald Slabke (CEO)
- Treasury shares
- **Free float**
  (of which approx. 5.0% held by Union Investment, 3.2% by Wasatch and 3.1% by KBC Asset Management)

**KPIs and indices**

<table>
<thead>
<tr>
<th>KPI</th>
<th>DETAILS</th>
<th>VALUE</th>
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<tbody>
<tr>
<td>EPS</td>
<td>Earnings per share in 2017</td>
<td>€3.10</td>
</tr>
<tr>
<td>Number of shares</td>
<td>Total number of shares</td>
<td>6,194,958</td>
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<tr>
<td>Market cap</td>
<td>Market capitalisation as at 31 December 2017</td>
<td>Approx. €900 million</td>
</tr>
<tr>
<td>High</td>
<td>Highest closing price in 2017</td>
<td>€160.95</td>
</tr>
<tr>
<td>Low</td>
<td>Lowest closing price in 2017</td>
<td>€77.48</td>
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<tr>
<td>Indices</td>
<td>SDAX, Prime All Share, CDAX, DAXplus Family, GEX</td>
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</tbody>
</table>
1. Market environment
2. Business units
3. Overview of key performance indicators
4. Hypoport's shares
5. Investment highlights and outlook
Many reasons for investing in Hypoport

Investment highlights

→ Hypoport Group combines financial services with technology.

→ In 2017, the volume of transactions grew by 8 per cent despite market contraction of 2 per cent.

→ Strong organic growth of previous years continues and has been combined with growth by acquisition in the new Insurance Platform business unit since 2016.

→ Significant potential in the housing market guarantees long-term business success.

→ Regulation and pressure on margins are accelerating the digitalisation of financial services and boosting the revenue potential of Hypoport Group.

→ Solid balance sheet structure and reliable cash flow create financial scope for growth.

→ In 2018, Hypoport forecasts a double digit growth rate with a revenue of €220 mn to €240 mn and an EBIT of €26 mn to €31 mn.
Contacts

**Christian Würdemann**  
Head of Group Operations  
Tel: +49 (0)30 420 860  
Email: ir(at)hypoport.de

**Jan H. Pahl**  
Investor Relations Manager  
Tel: +49 (0)30 420 860  
Email: ir(at)hypoport.de

**Hypoport AG**  
Klosterstrasse 71  
10179 Berlin  
Germany
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Share price rises sharply in 2017

Share price: from the date of joining the SDAX to the end of 2017 (daily closing price, Xetra, €)
Further expansion of investor relations activities

Investor events, research reports and awards

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<tr>
<th>ANALYST</th>
<th>RECOMMENDATION</th>
<th>TARGET PRICE</th>
<th>DATE</th>
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<tr>
<td>Warburg</td>
<td>Buy</td>
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<td>ODDO BHF</td>
<td>Neutral</td>
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<td>Berenberg</td>
<td>Buy</td>
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<td>6 Nov 2017</td>
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<tr>
<th>INVESTOR EVENTS IN 2017</th>
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<tr>
<td>Investor Conference</td>
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<td>Equity Forum</td>
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<td>Investor Conference</td>
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HYPOPORT INCLUDED IN

- Warburg Best Ideas 2017
- Berenberg 15 Top Picks 2017 (GARP)
- Sdk's nominations for Company of the year