Hypoport AG

Results for
Q1 2018 and strategic outlook
Technology-based financial services

Investment highlights in Q1 2018 and forecast for FY 2018

**Key figures for Q1 2018 (yoy)**

- Revenue: €60.1 million (+26%)
- EBIT: €7.5 million (+8%)
- EPS: €0.98 (+8%)
- Market cap (31 March 2018): approx. €845 million (+55%)
- Average trading volume per day: approx. €1.9 million (+22%)

**Hypoport growth stronger than the market (yoy)**

- Mortgage finance market grew by 2.2 per cent in Jan & Feb 2018 (source: Deutsche Bundesbank)
- Volume of EUROPACE transactions: +11%
- Volume of new loans brokered for Dr. Klein private clients: +34%
- Volume of new loans brokered for Dr. Klein corporate clients: +11%

**Forecast for 2018**

- Hypoport expects the Group's growth to be in double figures, with revenue of €230 million to €250 million and EBIT of €28 million to €33 million.
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Huge excess demand in the housing market

Changes in the German housing market

Volume of mortgage finance increases slightly again

Performance of relevant market indices in Germany since 2009

Sources: Bundesbank, EUROPACE, Dr. Klein.
## Mortgage finance – market has strong potential

Factors influencing the private and institutional residential real-estate finance markets

<table>
<thead>
<tr>
<th>Negative factors</th>
<th>Positive factors</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Lack of available properties</td>
<td>• Strong pent-up demand in the rental market</td>
</tr>
<tr>
<td>• Legislators keep the market busy with a steady stream of new regulatory ideas</td>
<td>• Rising construction/purchase prices</td>
</tr>
<tr>
<td>• Delayed purchases as election campaign pledges remain on hold</td>
<td>• Slight growth in construction activity</td>
</tr>
<tr>
<td>• Commercial and residential projects competing for construction resources</td>
<td>• Market share of neutral loan brokerage advisors is growing</td>
</tr>
<tr>
<td>• High ancillary purchasing costs</td>
<td>• Proportion of home ownership (48%*) remains low compared with other EU countries</td>
</tr>
</tbody>
</table>

### Finance for Owner-Occupied Properties
- Credit Platform
  - Private Clients

### Finance for Rental Properties
- Institutional Clients

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* Source: Federal Statistical Office.

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High ancillary purchasing costs

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
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Hypoport – a dynamic group of companies

Hypoport's business units
Credit Platform

Segment results
EUROPACE again outperforms the market by a long way
Credit Platform: volume of transactions and number of partners

- The mortgage finance product segment on EUROPACE grew by 8 per cent, whereas the overall market expands by just 2 per cent in January and February 2018.
- The transaction volume per sales day*** exceeded the €200 million mark for the first time in Q1 2018, reaching €214 million.
- Neutral mortgage finance distributors are continually widening their market share by using EUROPACE.
- The personal loans front end, KreditSmart, is attracting additional customers and resulting in substantial growth in personal loans.

*** 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).
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: 37 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 have recognised the potential of EUROPACE for own-account distribution and are forging ahead with rollout projects.
- The smaller cooperative banks are still too reticent when it comes to seizing the opportunities of EUROPACE for own-account distribution.
- The efficiency gains for regional banks that equip their advisors with EUROPACE technology remain huge.

### Volume of transactions* (€ billion)

<table>
<thead>
<tr>
<th></th>
<th>GENOPACE</th>
<th>FINMAS</th>
</tr>
</thead>
<tbody>
<tr>
<td>3M 2017</td>
<td>0.3</td>
<td>0.5</td>
</tr>
<tr>
<td>3M 2018</td>
<td>0.4</td>
<td>0.8</td>
</tr>
</tbody>
</table>

*Numbers before cancellations.

### Contractual partners (number)

<table>
<thead>
<tr>
<th></th>
<th>GENOPACE</th>
<th>FINMAS</th>
</tr>
</thead>
<tbody>
<tr>
<td>3M 2017</td>
<td>210</td>
<td>148</td>
</tr>
<tr>
<td>3M 2018</td>
<td>245</td>
<td>199</td>
</tr>
</tbody>
</table>

+16% +76% +17% +34%
Double-digit growth secures market leadership
Credit Platform: revenue, gross profit and earnings

- The property valuation business established in 2017 is doing very well and making a contribution to revenue growth.
- The providers focusing on independent financial product distributors, Qualitypool (brokerage pool) and Starpool (DSL finance portal, joint venture with Postbank), are contributing to the exceptionally strong increase in revenue.
- Renewed double-digit 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 growing only slightly, Dr. Klein is continually expanding its market share by focusing on online business development and making efficient use of the increased sales capacity.

- The number of loan brokerage advisors in the first quarter of 2018 was up by 12 per cent compared with the first three months of 2017.

- Going forward, we expect online demand for loan brokerage advice to remain high. We also anticipate a further rise in demand for neutral advice and will therefore continue to increase the number of advisors.
Dr. Klein achieves record revenue and earnings

Private Clients: revenue, gross profit and earnings

- Expansion of market share in mortgage finance led to further revenue growth.
- Strong EBIT highlights the profitability of the business model.
- The high quality of advice offered by Dr. Klein was underlined by the numerous awards received in 2017.
Institutional Clients

Segment results
Reticence seen in H2 2017 is disappearing again

Institutional Clients: volume of loans brokered and consulting revenue

- The political uncertainties in the wake of the German general election and the lack of stimulus from interest rates led to reticence among market participants in the second half of 2017.
- The loan enquiries made during this period were translated into transactions in the first quarter of 2018 due to the change in interest rates.
- Capital expenditure on digitalisation is improving the efficiency of operating processes in the Institutional Clients business unit.
Strong effect from larger volume of new loans brokered

Institutional Clients: revenue, gross profit and earnings

- The transaction volume and average commission rose sharply in the first quarter of 2018.
- Owing to the fixed-cost structure of business with corporate clients, the upturn in this business is having a disproportionately strong impact on EBIT.
- The level of new enquiries remains high, emphasising the level of customer interest and showing that there is potential for additional revenue in 2018.

<table>
<thead>
<tr>
<th></th>
<th>Revenue (€ million)</th>
<th>Gross profit (€ million)</th>
<th>EBIT (€ million)</th>
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<tbody>
<tr>
<td>3M 2017</td>
<td>5.3</td>
<td>5.2</td>
<td>1.7</td>
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<td>3M 2018</td>
<td>6.0</td>
<td>5.8</td>
<td>2.2</td>
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</table>

+13%  
+12%  
+28%
Insurance Platform
Segment results
Insurance technologies grouped together in this business unit

Insurance Platform: revenue, gross profit and earnings

- Smart InsurTech has been established as an umbrella brand for the companies of the Insurance Platform.
- Successful start to 2018, with a focus on gaining market share (e.g. at OVB, treefin) by offering integrated end-to-end solutions and attractive pricing structures.
- Start-up losses as a result of ancillary acquisition costs and integration costs as well as continued high level of capital expenditure on IT.
- Further acquisitions of software companies and insurance portfolios are being considered.
- Excluding further acquisitions, revenue is expected to rise by around 50 per cent in 2018.
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Hypoport Group generates strong growth
Overview of Hypoport's key performance indicators

Revenue (€ million) +26%

<table>
<thead>
<tr>
<th>Year</th>
<th>Value (€ million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>3M 2017</td>
<td>47.7</td>
</tr>
<tr>
<td>3M 2018</td>
<td>60.1</td>
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</table>

Gross profit (€ million) +23%

<table>
<thead>
<tr>
<th>Year</th>
<th>Value (€ million)</th>
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<tbody>
<tr>
<td>3M 2017</td>
<td>25.6</td>
</tr>
<tr>
<td>3M 2018</td>
<td>31.5</td>
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</table>

Employees (number) +32%

<table>
<thead>
<tr>
<th>Year</th>
<th>Value (number)</th>
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<tbody>
<tr>
<td>3M 2017</td>
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</tr>
<tr>
<td>3M 2018</td>
<td>1,125</td>
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</table>

EBITDA (€ million) +10%

<table>
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<th>Year</th>
<th>Value (€ million)</th>
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</thead>
<tbody>
<tr>
<td>3M 2017</td>
<td>8.6</td>
</tr>
<tr>
<td>3M 2018</td>
<td>9.5</td>
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</table>

EBIT (€ million) +8%

<table>
<thead>
<tr>
<th>Year</th>
<th>Value (€ million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>3M 2017</td>
<td>7.0</td>
</tr>
<tr>
<td>3M 2018</td>
<td>7.5</td>
</tr>
</tbody>
</table>

Net profit for the period (€ million) +8%

<table>
<thead>
<tr>
<th>Year</th>
<th>Value (€ million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>3M 2017</td>
<td>5.4</td>
</tr>
<tr>
<td>3M 2018</td>
<td>5.9</td>
</tr>
</tbody>
</table>
History of Hypoport Group

Long-term changes in revenue and EBIT

- **7Y** Start-up
- **7Y** Established despite fin. crisis
- **4Y** Upscaling and expansion

### Revenue (€ million)

- 1999: 4
- 2006: 26
- 2013: 98
- 2017: 195
- 3M 2018: 60

### EBIT (€ million)

- 1999: 2
- 2006: 6
- 2013: 4
- 2017: 23
- 3M 2018: 8
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Acquisitions in 2018

FIO SYSTEMS AG at a glance

**FIO SYSTEMS AG**

- Market leader for web-based estate agency software for savings banks (316 of around 390), widening reach among cooperative banks (55 of around 900) and private banks (incl. Postbank)
- Web-based software solutions for claims management, rent deposit accounts and payments processing in the housing industry
- Brand-new web-based ERP system for housing companies and property management companies

**Benefits for Hypoport**

- Sales on FINMAS will be stimulated by the integration of EUROPACE and the FIO S-Vermarktung as integral solution for property experts at savings banks
- The strong installed base of contractual partners on GENOPACE (245) will increase the market penetration of the FIO Vermarktung solution at the cooperative banks
- Significant efficiencies to be gained from digitalising the business processes of DR. KLEIN Firmenkunden AG by expanding the product range to include the ERP system, claims management and the payments processing solution for the housing industry

**Other details**

- Acquisition by means of a capital increase in return for a non-cash contribution, plus a cash component
- Allocation to the Institutional Clients segment (in future: ‘Property Platform’) is planned
Acquisitions in 2018

Value AG at a glance

**Value AG**

- Strong expertise in the valuation of both classic residential real estate and individual properties (portfolios, retail, offices, healthcare) in five metropolitan areas
- Long-standing business relationships established with a large number of major mortgage lenders
- Experience in the complete outsourcing of banks' entire valuation departments

**Benefits for Hypoport**

- Quicker scaling up (from both a qualitative and quantitative perspective) of our valuation services for the now more than 100 partner banks of HypService in its standard business (integrated with EUROPACE)
- The high level of expertise, including in the valuation of individual properties, will enable the establishment of a provider offering a complete range of services for mortgage lenders in Germany
- The most efficient option for small and medium-sized banks is for them to successfully outsource their entire valuation departments
- Expansion of the product range in the housing industry to include the valuation of individual properties and portfolios, e.g. in connection with property transactions and for accounting purposes

**Other details**

- Acquisition by means of cash payment
- Allocation to the Institutional Clients segment (in future: ‘Property Platform’) is planned
Hypoport significantly expands its value chain

New business unit planned: Property Platform

- The current Institutional Clients segment is to become Property Platform, bringing together all of the Group's property-related activities apart from private loan brokerage
- FIO, Value and HypService (which will move from Credit Platform) will strengthen the segment
- The segment's aim is to digitalise the sale, management and valuation of real estate in Germany
- Target groups: housing and real-estate sectors, estate agencies, mortgage lenders
- Technical integration with EUROPACE for origination (purchase and loan brokerage) and the simultaneous valuation of the property for the lender
- Sales integration with FINMAS (savings banks) and GENOPACE (credit cooperatives and mutually owned banks)
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**Free float remains high**

Shareholder structure and share information

### Breakdown of shareholders as at 31 March 2018
- Ronald Slabke (CEO) 36.3%
- Treasury shares 59.7%
- Free float 4.0%

(of which 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 Q1 2018</td>
<td>€0.98</td>
</tr>
<tr>
<td>Number of shares</td>
<td>Total number of shares</td>
<td>6,194,958</td>
</tr>
<tr>
<td>Market cap</td>
<td>Market capitalisation as at 31 March 2018</td>
<td>Approx. €845 million</td>
</tr>
<tr>
<td>High</td>
<td>Highest closing price in Q1 2018</td>
<td>€148.40</td>
</tr>
<tr>
<td>Low</td>
<td>Lowest closing price in Q1 2018</td>
<td>€120.00</td>
</tr>
<tr>
<td>Indices</td>
<td>SDAX, Prime All Share, CDAX, DAXplus Family, GEX</td>
<td></td>
</tr>
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Free float remains high
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Many reasons for investing in Hypoport

Investment highlights

- Hypoport Group combines financial services with technology.
- In Q1 2018, the volume of transactions grew by 11 per cent, comfortably surpassing the growth of the market as a whole.
- Strong organic growth of previous years is continuing and has been combined with growth by acquisition 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.
- For 2018, Hypoport expects the Group's growth to be in double figures, with revenue of €230 million to €250 million and EBIT of €28 million to €33 million.
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Annex
Share price rises sharply

Share price: from the date of joining the SDAX to Q1 2018 (daily closing price, Xetra, €)
Further expansion of investor relations activities
Investor events, analyst recommendations and awards

<table>
<thead>
<tr>
<th>Analyst</th>
<th>Recommendation</th>
<th>Target Price</th>
<th>Date</th>
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</thead>
<tbody>
<tr>
<td>Bankhaus Metzler</td>
<td>Buy</td>
<td>168.00 €</td>
<td>26 Apr 2018</td>
</tr>
<tr>
<td>Berenberg</td>
<td>Buy</td>
<td>165.00 €</td>
<td>28 Mar 2018</td>
</tr>
<tr>
<td>Commerzbank</td>
<td>Buy</td>
<td>165.00 €</td>
<td>18 Apr 2018</td>
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<tr>
<td>equinet</td>
<td>Buy</td>
<td>164.00 €</td>
<td>18 Apr 2018</td>
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<td>ODDO BHF</td>
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<td>26 Apr 2018</td>
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<td>Warburg</td>
<td>Buy</td>
<td>178.50 €</td>
<td>27 Apr 2018</td>
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**Hypoport Included In**
- Warburg Best Ideas 2017
- Berenberg 15 Top Picks 2017 (GARP)
- SdK Company of the year 2017

**Recent Investor Events**

<table>
<thead>
<tr>
<th>Event Type</th>
<th>Location</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Roadshow</td>
<td>London</td>
<td>Mar 2018</td>
</tr>
<tr>
<td>Investor Conference</td>
<td>Frankfurt</td>
<td>Feb 2018</td>
</tr>
<tr>
<td>Investor Conference</td>
<td>Lyon</td>
<td>Jan 2018</td>
</tr>
<tr>
<td>Investor Conference</td>
<td>London</td>
<td>Dec 2017</td>
</tr>
<tr>
<td>Equity Forum</td>
<td>Frankfurt</td>
<td>Nov 2017</td>
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<td>Investor Conference</td>
<td>Berlin</td>
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<td>Roadshow</td>
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<td>Roadshow</td>
<td>USA</td>
<td>Sep 2017</td>
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<tr>
<td>Investor Conference</td>
<td>Munich</td>
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<td>Roadshow</td>
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<td>Copenhagen</td>
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<tr>
<td>Roadshow</td>
<td>Amsterdam</td>
<td>Jul 2017</td>
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<td>Investor Conference</td>
<td>Hamburg</td>
<td>May 2017</td>
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<td>Investor Day</td>
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