

Hypoport AG

Neutral → | Target 191.00 €

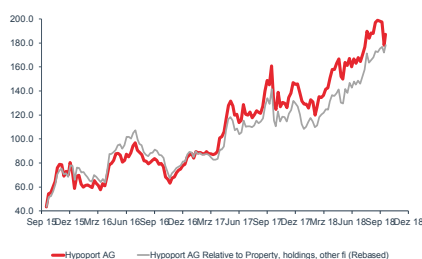
Price (17/10/2018) : 187.00 € | Upside : 2%

Revision	2018e	2019e
EPS	-	-

Strong yoy transaction volume growth continued in Q3 2018, matching our expectations

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Sources : ODDO BHF Securities, Fininfo

Capital

HYQ GY HYQGn.DE	
Market Cap (€m)	1,168
Enterprise value (€m)	1,223
Extrema 12 months (€)	120.0 - 204.0
Free Float (%)	61.6

Performance (%)	1m	3m	12m
Absolute	-4.5	13.5	29.4
Perf. rel. Country Index	-0.6	20.2	39.0
Perf. rel. Property, holding	3.9	22.2	38.7

P&L

	12/18e	12/19e	12/20e
Sales (€m)	258	304	343
EBITDA (€m)	42.6	52.5	62.6
Current EBIT (€m)	33.1	40.8	49.4
Attr. net profit (€m)	25.1	30.2	36.4
Adjusted EPS (€)	4.09	4.83	5.82
Dividend (€)	0.00	0.00	0.00
P/E (x)	45.8	38.7	32.1
P/B (x)	7.4	6.3	5.3
Dividend Yield (%)	0.0	0.0	0.0
FCF yield (%)	0.9	1.3	1.8
EV/Sales (x)	4.72	4.02	3.50
EV/EBITDA (x)	28.6	23.3	19.2
EV/Current EBIT (x)	36.8	30.0	24.4
Gearing (%)	36	22	9
Net Debt/EBITDA (x)	1.3	0.8	0.3

Next Events

Date	Event
05.11.2018	Q3 Results

Reported 9M 2018 transaction volume +18%

In 9M 2018, Europace's transaction volume (including FINMAS and GENOPACE) increased c.18% yoy to € 42.8bn (our estimate: € 42.6bn; 9M 2017: € 36.4bn). Transaction volume per sales day was up 19% to € 228m (2016: € 192m).

Mortgage finance, the largest product group, had a volume increase on Europace of more than 15% yoy while the total market for mortgage finance in the period January to August 2018 showed an increase of just under 4%, according to the Bundesbank.

Derived Q3 figures: Strong growth in all product groups

In Q3 2018, transaction volume on Europace grew between +22% and +23% yoy, according to our calculations based on the reported 9M figures.

This growth was driven by all four user groups: independent loan brokerage advisors, private banks, savings banks and cooperative banks. Our approximate Q3 figures derived from the reported 9M figures are as follows:

Mortgage finance (Q3 2018: € 11.5bn; Q3 2017: € 9.7bn; c.19% yoy growth).

Building finance (Q3 2018: € 2.5bn; Q3 2017: € 1.9bn; c.32% yoy growth).

Personal loans (Q3 2018: € 1.0bn; Q3 2017: € 0.7bn; c.43% yoy growth).

Recovery of German market for mortgage finance helpful, but does not play a decisive role for Hypoport

The volume figures were close to our estimates. Thus, the strong yoy increases seen in Q2 2018 have continued, as we had anticipated. Please note, however, that this strong growth is partly due to a relatively weak comparison base, since Europace's growth in Q2 and Q3 2017 was slowed by restrained growth in the overall German market for mortgage financing in 2017. After trending negatively in 2016 and 2017, it is positive that the total market for mortgage finance is expanding again, especially since Hypoport had originally expected the market to be flat yoy in 2018. We emphasise, however, that Europace's growth is mainly attributable to market share gains. Thus, a market slowdown in H2 2018 would be a drag, but not the crucial factor for Hypoport.

Hypoport is on track – Neutral maintained

We assume that Hypoport is on track to achieve our full year estimates. Awaiting the complete Q3 report (5 November 2018), we maintain our Neutral rating.

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HYQGN.DE | HYQ GY
Financial Services | Germany

Neutral
Upside 2.14%

Price 187.00EUR

TP 191.00EUR

	12/13	12/14	12/15	12/16	12/17	12/18e	12/19e	12/20e
PER SHARE DATA (€)								
Adjusted EPS	0.51	0.96	2.63	3.00	3.10	4.09	4.83	5.82
Reported EPS	0.51	0.96	2.63	3.00	3.10	4.09	4.83	5.82
Growth in adjusted EPS	ns	88.0%	ns	14.2%	3.3%	31.8%	18.3%	20.4%
Net dividend per share	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
FCF to equity per share	0.67	0.37	3.24	1.50	-0.40	1.64	2.39	3.36
Book value per share	5.34	6.29	8.68	10.62	13.90	25.28	29.66	35.48
Number of shares market cap (m)	6.14	6.14	6.04	6.01	5.94	6.13	6.24	6.24
Number of diluted shares (m)	6.14	6.14	6.04	6.01	5.94	6.13	6.24	6.24
VALUATION (€m)								
12m highest price (€)	10.46	13.78	80.50	97.00	161	204		
12m lowest price (€)	7.03	8.67	12.16	53.59	77.48	120		
(*) Reference price (€)	8.27	11.01	33.28	75.07	114	187	187	187
Capitalization	50.7	67.6	201	451	676	1,147	1,168	1,168
Restated Net debt	5.9	3.9	-13.5	-11.7	2.0	55.3	40.3	19.4
Minorities (fair value)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financial fixed assets (fair value)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Provisions	0.5	1.0	2.1	10.9	7.1	15.1	15.1	15.1
Enterprise Value	57.1	72.5	190	451	685	1,217	1,223	1,202
P/E (x)	16.1	11.4	12.7	25.0	36.7	45.8	38.7	32.1
P/CF (x)	5.2	4.4	5.7	16.0	27.3	33.5	28.1	23.8
Net Yield	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
FCF yield	8.1%	3.3%	9.7%	2.0%	ns	0.9%	1.3%	1.8%
P/B incl. GW (x)	1.55	1.75	3.84	7.07	8.18	7.40	6.30	5.27
P/B excl. GW (x)	1.55	1.75	3.84	7.07	8.18	7.40	6.30	5.27
EV/Sales (x)	0.58	0.65	1.36	2.88	3.52	4.72	4.02	3.50
EV/EBITDA (x)	7.0	5.7	7.6	15.9	22.7	28.6	23.3	19.2
EV/Current EBIT (x)	14.5	9.1	9.8	19.4	29.4	36.8	30.0	24.4
(*) historical average price								
PROFIT AND LOSS (€m)								
Sales	98	112	139	157	195	258	304	343
EBITDA	8.1	12.7	25.1	28.3	30.1	42.6	52	63
Depreciations	-4.2	-4.8	-5.8	-5.1	-6.8	-9.5	-11.7	-13.2
Current EBIT	3.9	7.9	19.3	23.2	23.3	33.1	40.8	49.4
Published EBIT	3.9	7.9	19.3	23.2	23.3	33.1	40.8	49.4
Net financial income	-0.9	-0.7	-0.1	-0.4	-0.3	-1.2	-2.0	-1.5
Corporate Tax	0.1	-1.3	-3.2	-4.8	-4.6	-6.8	-8.6	-11.5
Net income of equity-accounted companies	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Profit/loss of discontinued activities (after tax)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Minority interests	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Attributable net profit	3.1	5.9	15.9	18.0	18.4	25.1	30.2	36.4
Adjusted attributable net profit	3.1	5.9	15.9	18.0	18.4	25.1	30.2	36.4
BALANCE SHEET (€m)								
Goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other intangible assets	29.6	31.0	31.9	41.7	56.0	186	191	198
Tangible fixed assets	2.2	2.2	2.6	2.6	4.4	11.0	14.0	16.8
WCR	6.9	9.0	4.9	10.8	27.3	24.5	30.7	36.4
Financial assets	0.8	1.6	1.9	2.3	4.2	4.5	4.9	5.3
Ordinary shareholders equity	32.8	38.6	52.4	63.8	82.6	155	185	222
Minority interests	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Shareholders equity	33.1	38.9	52.7	64.1	82.9	155	186	222
Non-current provisions	0.5	1.0	2.1	4.9	7.1	15.1	15.1	15.1
Net debt	5.9	3.9	-13.5	-11.7	2.0	55.3	40.3	19.4
CASH FLOW STATEMENT (€m)								
EBITDA	8.1	12.7	25.1	28.3	30.1	42.6	52.5	62.6
Change in WCR	3.7	-3.0	2.9	-7.5	-16.1	-7.0	-6.2	-5.7
Interests & taxes	-1.5	-1.3	-2.9	-3.4	-4.8	-8.0	-10.6	-13.0
Others	-0.5	0.0	1.6	-0.7	-0.6	-0.3	-0.3	-0.4
Operating Cash flow	9.9	8.4	26.7	16.7	8.7	27.2	35.3	43.5
CAPEX	-5.7	-6.2	-7.1	-7.7	-11.1	-17.2	-20.4	-22.5
Free cash-flow	4.1	2.2	19.6	9.0	-2.4	10.0	14.9	21.0
Acquisitions / disposals	0.0	0.0	0.0	0.0	-0.5	0.0	0.0	0.0
Dividends	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net capital increase	0.0	0.0	-2.3	-6.9	0.0	0.0	0.0	0.0
Others	-1.4	-1.2	-4.6	3.5	14.9	68.2	-15.5	-15.0
Change in net debt	4.2	1.9	17.3	-3.4	-12.5	-53.3	14.9	21.0
GROWTH MARGINS PRODUCTIVITY								
Sales growth	11.8%	14.5%	23.7%	12.7%	24.4%	32.3%	17.9%	12.9%
Lfi sales growth	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Current EBIT growth	23.5%	ns	ns	20.6%	0.3%	41.9%	23.2%	21.1%
Growth in adjusted EPS	ns	88.0%	ns	14.2%	3.3%	31.8%	18.3%	20.4%
Net margin	3.2%	5.3%	11.4%	11.5%	9.5%	9.7%	9.9%	10.6%
EBITDA margin	8.3%	11.3%	18.0%	18.1%	15.5%	16.5%	17.3%	18.2%
Current EBIT margin	4.0%	7.1%	13.9%	14.8%	12.0%	12.8%	13.4%	14.4%
CAPEX / Sales	-5.8%	-5.5%	-5.1%	-4.9%	-5.7%	-6.7%	-6.7%	-6.6%
WCR / Sales	7.0%	8.0%	3.5%	6.9%	14.0%	9.5%	10.1%	10.6%
Tax Rate	-3.3%	18.2%	16.9%	20.8%	19.9%	21.4%	22.2%	24.0%
Normative tax rate	-31.1%	-20.1%	-28.3%	-30.3%	-25.8%	22.2%	ns	79.6%
Asset Turnover	2.5	2.8	3.4	3.3	2.7	1.7	1.3	1.4
ROCE post-tax (normative tax rate)	13.0%	23.6%	60.6%	64.1%	41.1%	16.7%	ns	4.1%
ROCE post-tax hors GW (normative tax rate)	13.0%	23.6%	60.6%	64.1%	41.1%	16.7%	ns	4.1%
ROE	10.1%	16.6%	34.9%	31.0%	25.2%	21.1%	17.7%	17.9%
DEBT RATIOS								
Gearing	18%	10%	-26%	-18%	2%	36%	22%	9%
Net Debt / Market Cap	0.12	0.06	-0.07	-0.03	0.00	0.05	0.03	0.02
Net debt / EBITDA	0.72	0.31	ns	ns	0.07	1.30	0.77	0.31
EBITDA / net financial charges	ns	ns	ns	ns	ns	ns	ns	ns

Source: ODDO BHF Securities, Fininfo



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Our target prices are established on a 12-month timeframe and we use three valuation methods to determine them. First, the discounting of available cash flows using the discounting parameters set by the Group and indicated on Oddo BHF website. Second, the sum-of-the-parts method based on the most pertinent financial aggregate depending on the sector of activity. Third, we also use the peer comparison method which facilitates an evaluation of the company relative to similar businesses, either because they operate in identical sectors (and are therefore in competition with one another) or because they benefit from comparable financial dynamics. A mixture of these valuation methods may be used in specific instances to more accurately reflect the specific characteristics of each company covered, thereby fine-tuning its evaluation.

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Date	Reco	Price Target (EUR)	Price (EUR)	Analyst
08.08.18	Neutral	191.00	178.80	Martin Decot
20.06.18	Neutral	174.00	160.00	Martin Decot
26.04.18	Buy	167.00	155.80	Martin Decot
10.04.18	Buy	163.00	139.00	Martin Decot
15.01.18	Neutral	139.00	131.60	Martin Decot
30.10.17	Buy	139.00	124.25	Martin Decot
23.10.17	Neutral	139.00	120.75	Martin Decot

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Recommendation split		Buy	Neutral	Reduce
Our whole coverage	(474)	52%	41%	8%
Liquidity providers coverage	(98)	51%	45%	4%
Research service coverage	(27)	63%	30%	7%
Investment banking services	(43)	70%	26%	5%

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