

# Hypoport AG

Buy ↗ | Target 189.00 € vs 191.00 € ↘

Price (22/11/2018) : 155.20 € | Upside : 22%

| Revision | 2018e | 2019e |
|----------|-------|-------|
| EPS      | -8.5% | 1.5%  |

## Stable growth story now trading at attractive level again

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Sources: Oddo BHF Securities, SIX

Capital

| HYQ GY   HYQGn.DE     |               |
|-----------------------|---------------|
| Market Cap (€m)       | 969           |
| Enterprise value (€m) | 1,017         |
| Extrema 12 months (€) | 120.0 - 204.0 |
| Free Float (%)        | 61.6          |

| Performance (%)              | 1m    | 3m    | 12m  |
|------------------------------|-------|-------|------|
| Absolute                     | -14.0 | -14.4 | 19.5 |
| Perf. rel. Country Index     | -12.2 | -6.8  | 31.2 |
| Perf. rel. Property, holding | -11.5 | -4.9  | 30.6 |

| P&L                   | 12/18e | 12/19e | 12/20e |
|-----------------------|--------|--------|--------|
| Sales (€m)            | 260    | 312    | 347    |
| EBITDA (€m)           | 40.1   | 52.5   | 62.3   |
| Current EBIT (€m)     | 30.2   | 40.8   | 49.7   |
| Attr. net profit (€m) | 22.9   | 30.6   | 37.3   |
| Adjusted EPS (€)      | 3.74   | 4.90   | 5.97   |
| Dividend (€)          | 0.00   | 0.00   | 0.00   |
| P/E (x)               | 41.5   | 31.7   | 26.0   |
| P/B (x)               | 6.2    | 5.3    | 4.4    |
| Dividend Yield (%)    | 0.0    | 0.0    | 0.0    |
| FCF yield (%)         | 1.7    | 1.8    | 2.5    |
| EV/Sales (x)          | 3.91   | 3.26   | 2.86   |
| EV/EBITDA (x)         | 25.4   | 19.4   | 15.9   |
| EV/Current EBIT (x)   | 33.6   | 24.9   | 20.0   |
| Gearing (%)           | 33     | 18     | 4      |
| Net Debt/EBITDA (x)   | 1.3    | 0.6    | 0.1    |

### Next Events

|            |                           |
|------------|---------------------------|
| 11.03.2019 | Sales and Earning Release |
| 25.03.2019 | FY Results                |
| 13.05.2019 | Q1 Results                |
| 05.08.2019 | H1 Results                |

## Revised estimates: EPS 2018e lowered, EPS 2019e and 2010e raised

Since our last estimate changes and revaluation of Hypoport (see our update from 08 August 2018), the Q3 2018 release provided us with a better understanding of the sales dynamics and margin structure of Hypoport's business segments, which were reshaped once more with effect from 30 June, including the impact of the new consolidation of FIO and Value AG (both from May 2018) and ASC (from July 2018).

Having now revised our segment estimates, we derive higher group sales estimates for 2018-20e. We lower our earnings estimates for the full year 2018e since EBIT in the segments Real Estate Platform and Private Clients came in below our expectations in Q3 2018. We note that the difficult-to-predict performance of Dr. KLEIN Firmenkunden AG's year-end business in the Real Estate Platform segment could still provide some (positive or negative) surprise here.

For 2019e and 2020e, we raise our EPS estimates since we now assume a slower increase in the group's tax rate than before (smaller than previously anticipated incremental impact from acquisitions on the group's tax rate).

## SOTP valuation yields new TP of € 189

Based on our revised estimates, we have updated our DCF valuation models for the business segments (see p. 2 and following). Our sum-of-the-parts valuation yields a fair value per share of € 189.43 (previously: € 191.25) We consequently lower our target price from € 191.00 to € 189.00.

## Hypoport is a relatively defensive growth stock

From its all-time high of c.€ 200 two months ago, the Hypoport share has dropped more than 20% and thus significantly more than the overall market. Here we should point out that Hypoport's business will not be directly affected by Brexit or looming trade wars. We regard Hypoport as a relatively defensive growth stock, as the company's growth is largely decoupled from cyclical market movements. In particular, the Credit Platform's growth is mainly attributable to market share gains. Thus, even if the German market for private property financing (9M 2018: +3.6% yoy) should contract again in the coming years, this would not be the crucial factor for Hypoport.

Regarding the relatively new and promising Insurance Platform segment, we see Hypoport in the pole position in the German market due to its strong capital resources, its excellent technology, and the full-range offering of its platform. Management said it is making good progress on expanding business relationships with existing clients to encompass all modules (Smart Admin, Smart Consult, Smart Compare) of its SMART INSUR platform. On 6 November 2018 Hypoport announced another smaller add-on acquisition in this segment. The takeover of 100% in 1blick GmbH, Heidelberg, provides a further complement to the platform's existing tools.

## Upgrade to Buy

We regard the deteriorated share price level as a Buying opportunity. Our slightly reduced target price of € 189 suggests upside of 22%. Upgrade to Buy.

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## Valuation: TP lowered to € 189

Based on our changed estimates, we have revised our DCF valuation models for the business segments. Instead of allocating the costs and capex of the holding to the operating segments in a very rough manner (as we did before), we now valued the holding separately with a DCF model. Our sum-of-the-parts valuation yields a fair value per share of € 189.43 (previously: € 191.25). We lower our target price from € 191.00 to € 189.00.

### Sum-of-the-parts valuation: overview

|   | EUR | New fair value<br>per share |
|---|-----|-----------------------------|
| DCF Credit Platform                             |     | 107.63                      |
| DCF Private Clients                             |     | 48.91                       |
| DCF Real Estate Platform                        |     | 21.83                       |
| DCF Insurance Platform                          |     | 49.16                       |
| DCF Holding / reconciliation                    |     | -26.74                      |
| Net debt (end of 2017)                          |     | -0.33                       |
| Financial assets (end of 2017)                  |     | 0.84                        |
| Cash paid for acquisitions + debtor warrant ASC |     | -11.87                      |
| <b>Total fair value per share (EUR)</b>         |     | <b>189.43</b>               |

Chart 1 – Source: Oddo BHF Securities



**DCF: Credit Platform**

| EURm                               | PHASE 1      |             |             | 2021e       | 2022e       | PHASE 2     |             |             |             | PHASE 3     |              |
|------------------------------------|--------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|--------------|
|                                    | 2018e        | 2019e       | 2020e       |             |             | 2023e       | 2024e       | 2025e       | 2026e       | 2027e       | ∞            |
| Sales                              | 109.0        | 122.8       | 136.9       | 148.2       | 158.6       | 168.0       | 176.7       | 184.9       | 192.6       | 197.4       |              |
| <i>yoy growth</i>                  |              | 12.7%       | 11.5%       | 8.3%        | 7.0%        | 5.9%        | 5.2%        | 4.7%        | 4.2%        | 2.5%        |              |
| EBIT                               | 26.0         | 30.4        | 35.5        | 39.3        | 42.7        | 45.7        | 48.2        | 50.5        | 52.6        | 54.1        |              |
| <i>Margin as % of sales</i>        | 23.9%        | 24.8%       | 25.9%       | 26.5%       | 26.9%       | 27.2%       | 27.3%       | 27.3%       | 27.3%       | 27.4%       |              |
| <i>Margin as % of gross profit</i> | 42.0%        | 42.4%       | 42.4%       | 42.4%       | 42.4%       | 42.4%       | 42.4%       | 42.4%       | 42.4%       | 42.4%       |              |
| Income tax on EBIT                 | -5.2         | -6.1        | -7.1        | -7.9        | -8.5        | -9.1        | -9.6        | -10.1       | -10.5       | -10.8       |              |
| Depreciation and amortisation      | 3.7          | 4.0         | 4.4         | 4.7         | 5.0         | 5.2         | 5.4         | 5.5         | 5.7         | 5.7         |              |
| Change in net working capital      | -0.1         | -1.8        | -1.2        | -1.7        | -1.7        | -1.8        | -1.7        | -1.6        | -1.4        | -0.6        |              |
| Net capital expenditure            | -8.5         | -9.3        | -9.9        | -9.7        | -9.8        | -9.4        | -8.9        | -8.4        | -7.8        | -5.7        |              |
| <b>Free cash flow</b>              | <b>15.9</b>  | <b>17.3</b> | <b>21.7</b> | <b>24.8</b> | <b>27.5</b> | <b>30.5</b> | <b>33.3</b> | <b>36.0</b> | <b>38.5</b> | <b>42.6</b> |              |
| <b>Present values</b>              | <b>15.4</b>  | <b>15.6</b> | <b>18.2</b> | <b>19.4</b> | <b>20.1</b> | <b>20.8</b> | <b>21.1</b> | <b>21.2</b> | <b>21.1</b> | <b>21.7</b> | <b>477.4</b> |
| Present value Phase 1              | 49.3         |             |             |             |             |             |             |             |             |             |              |
| Present value Phase 2              | 145.4        |             |             |             |             |             |             |             |             |             |              |
| Present value Phase 3              | 477.4        |             |             |             |             |             |             |             |             |             |              |
| <b>Total present value</b>         | <b>672.1</b> |             |             |             |             |             |             |             |             |             |              |

  

|                     |       |                        |              |
|---------------------|-------|------------------------|--------------|
| Risk free rate      | 0.78% | Target equity ratio    | 80.0%        |
| Equity risk premium | 7.23% | Beta (fundamental)     | 1.0          |
| Debt risk premium   | 2.50% | <b>WACC</b>            | <b>7.16%</b> |
| Tax shield          | 20.0% | <b>Terminal growth</b> | <b>2.50%</b> |

  

| <b>Sensitivity analysis</b>           |             |             |             |               |             |        |
|---------------------------------------|-------------|-------------|-------------|---------------|-------------|--------|
| <b>Terminal growth rate (Phase 3)</b> |             |             |             |               |             |        |
|                                       | <b>1.5%</b> | <b>2.0%</b> | <b>2.5%</b> | <b>3.0%</b>   | <b>3.5%</b> |        |
| <b>WACC</b>                           | <b>6.2%</b> | 116.02      | 126.46      | 139.76        | 157.26      | 181.32 |
|                                       | <b>6.7%</b> | 103.67      | 111.74      | 121.75        | 134.50      | 151.27 |
|                                       | <b>7.2%</b> | 93.52       | 99.89       | <b>107.63</b> | 117.23      | 129.45 |
|                                       | <b>7.7%</b> | 85.04       | 90.15       | 96.26         | 103.68      | 112.88 |
|                                       | <b>8.2%</b> | 77.84       | 82.01       | 86.92         | 92.78       | 99.89  |

  

|                                       |               |
|---------------------------------------|---------------|
| <b>Fair value of business segment</b> | <b>672.1</b>  |
| Number of shares outstanding (m)      | 6.2           |
| <b>Fair value per share (EUR)</b>     | <b>107.63</b> |

Chart 2 – Source: Oddo BHF Securities



### DCF: Private Clients

| EURm                          | PHASE 1      |            |            | PHASE 2    |             |             |             |             |             |             | PHASE 3      |
|-------------------------------|--------------|------------|------------|------------|-------------|-------------|-------------|-------------|-------------|-------------|--------------|
|                               | 2018e        | 2019e      | 2020e      | 2021e      | 2022e       | 2023e       | 2024e       | 2025e       | 2026e       | 2027e       | ∞            |
| Sales                         | 86.4         | 96.7       | 104.5      | 110.7      | 116.3       | 122.1       | 127.0       | 130.8       | 134.7       | 138.1       |              |
| yoy growth                    |              | 12.0%      | 8.0%       | 6.0%       | 5.0%        | 5.0%        | 4.0%        | 3.0%        | 3.0%        | 2.5%        |              |
| EBIT                          | 10.9         | 14.0       | 15.6       | 16.6       | 17.5        | 18.4        | 19.1        | 19.7        | 20.3        | 20.8        |              |
| Margin as % of sales          | 12.7%        | 14.5%      | 14.9%      | 15.0%      | 15.0%       | 15.1%       | 15.1%       | 15.1%       | 15.1%       | 15.1%       |              |
| Margin as % of gross profit   | 36.7%        | 41.5%      | 42.5%      | 42.6%      | 42.6%       | 42.6%       | 42.5%       | 42.5%       | 42.4%       | 42.3%       |              |
| Income tax on EBIT            | -3.3         | -4.2       | -4.7       | -5.0       | -5.2        | -5.5        | -5.7        | -5.9        | -6.1        | -6.2        |              |
| Depreciation and amortisation | 0.5          | 0.6        | 0.6        | 0.6        | 0.6         | 0.7         | 0.7         | 0.7         | 0.7         | 0.7         |              |
| Change in net working capital | -0.1         | -1.4       | -0.9       | -1.3       | -1.3        | -1.3        | -1.2        | -1.1        | -1.0        | -0.5        |              |
| Net capital expenditure       | -0.7         | -0.9       | -1.0       | -1.0       | -1.1        | -1.1        | -1.2        | -1.2        | -1.3        | -0.7        |              |
| <b>Free cash flow</b>         | <b>7.4</b>   | <b>8.1</b> | <b>9.6</b> | <b>9.9</b> | <b>10.5</b> | <b>11.1</b> | <b>11.7</b> | <b>12.2</b> | <b>12.7</b> | <b>14.1</b> |              |
| <b>Present values</b>         | <b>7.2</b>   | <b>7.4</b> | <b>8.3</b> | <b>8.1</b> | <b>8.0</b>  | <b>8.0</b>  | <b>7.9</b>  | <b>7.8</b>  | <b>7.6</b>  | <b>8.0</b>  | <b>227.2</b> |
| Present value Phase 1         | 22.9         |            |            |            |             |             |             |             |             |             |              |
| Present value Phase 2         | 55.3         |            |            |            |             |             |             |             |             |             |              |
| Present value Phase 3         | 227.2        |            |            |            |             |             |             |             |             |             |              |
| <b>Total present value</b>    | <b>305.4</b> |            |            |            |             |             |             |             |             |             |              |

  

|                      |       |                        |              |
|----------------------|-------|------------------------|--------------|
| Risk free rate       | 0.78% | Target equity ratio    | 80.0%        |
| Equity risk premium  | 7.23% | Beta (fundamental)     | 0.9          |
| Debt risk premium    | 1.50% | <b>WACC</b>            | <b>6.09%</b> |
| Tax shield (Phase 3) | 30.0% | <b>Terminal growth</b> | <b>2.50%</b> |

  

| Sensitivity analysis           |       |       |              |       |        |  |
|--------------------------------|-------|-------|--------------|-------|--------|--|
| Terminal growth rate (Phase 3) |       |       |              |       |        |  |
|                                | 1.5%  | 2.0%  | 2.5%         | 3.0%  | 3.5%   |  |
| <b>5.09%</b>                   | 52.74 | 59.37 | 68.56        | 82.14 | 104.26 |  |
| <b>5.59%</b>                   | 45.98 | 50.79 | 57.14        | 65.95 | 78.97  |  |
| <b>WACC 6.09%</b>              | 40.71 | 44.31 | <b>48.91</b> | 55.00 | 63.44  |  |
| <b>6.59%</b>                   | 36.47 | 39.24 | 42.69        | 47.10 | 52.94  |  |
| <b>7.09%</b>                   | 32.99 | 35.17 | 37.83        | 41.14 | 45.37  |  |

  

|                                       |              |
|---------------------------------------|--------------|
| <b>Fair value of business segment</b> | <b>305.4</b> |
| Number of shares outstanding (m)      | 6.2          |
| <b>Fair value per share (EUR)</b>     | <b>48.91</b> |

Chart 3 – Source: Oddo BHF Securities



**DCF: Real Estate Platform**

| EURm                          | PHASE 1      |            |            | PHASE 2    |            |            |            |            |            |            | PHASE 3     |
|-------------------------------|--------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|-------------|
|                               | 2018e        | 2019e      | 2020e      | 2021e      | 2022e      | 2023e      | 2024e      | 2025e      | 2026e      | 2027e      | ∞           |
| Sales                         | 32.3         | 41.0       | 44.1       | 46.9       | 49.9       | 52.8       | 56.0       | 59.1       | 61.6       | 62.9       |             |
| yoy growth                    |              | 27.0%      | 7.4%       | 6.5%       | 6.2%       | 5.9%       | 6.0%       | 5.7%       | 4.2%       | 2.0%       |             |
| EBIT                          | 5.5          | 7.7        | 8.5        | 9.4        | 10.4       | 11.3       | 12.0       | 12.6       | 13.2       | 13.4       |             |
| Margin as % of sales          | 16.9%        | 18.7%      | 19.4%      | 20.1%      | 21.0%      | 21.5%      | 21.4%      | 21.4%      | 21.4%      | 21.4%      |             |
| Margin as % of gross profit   | 17.5%        | 19.2%      | 20.0%      | 20.7%      | 21.6%      | 22.1%      | 22.1%      | 22.0%      | 22.0%      | 22.0%      |             |
| Income tax on EBIT            | -1.2         | -1.8       | -2.1       | -2.3       | -2.6       | -2.8       | -3.1       | -3.8       | -4.0       | -4.0       |             |
| Depreciation and amortisation | 2.0          | 2.5        | 2.7        | 2.9        | 3.1        | 3.2        | 3.4        | 3.6        | 3.7        | 3.8        |             |
| Change in net working capital | 0.0          | -0.6       | -0.4       | -0.5       | -0.5       | -0.6       | -0.5       | -0.5       | -0.4       | -0.2       |             |
| Net capital expenditure       | -1.6         | -2.7       | -2.9       | -3.1       | -3.4       | -3.7       | -3.9       | -3.9       | -4.0       | -3.8       |             |
| <b>Free cash flow</b>         | <b>4.6</b>   | <b>5.1</b> | <b>5.9</b> | <b>6.3</b> | <b>7.0</b> | <b>7.5</b> | <b>7.9</b> | <b>8.0</b> | <b>8.5</b> | <b>9.2</b> |             |
| <b>Present values</b>         | <b>4.5</b>   | <b>4.6</b> | <b>4.9</b> | <b>4.9</b> | <b>5.1</b> | <b>5.1</b> | <b>4.9</b> | <b>4.7</b> | <b>4.6</b> | <b>4.6</b> | <b>88.5</b> |
| Present value Phase 1         | 14.0         |            |            |            |            |            |            |            |            |            |             |
| Present value Phase 2         | 33.9         |            |            |            |            |            |            |            |            |            |             |
| Present value Phase 3         | 88.5         |            |            |            |            |            |            |            |            |            |             |
| <b>Total present value</b>    | <b>136.3</b> |            |            |            |            |            |            |            |            |            |             |

  

|                      |       |                        |              |
|----------------------|-------|------------------------|--------------|
| Risk free rate       | 0.78% | Target equity ratio    | 80.0%        |
| Equity risk premium  | 7.23% | Beta (fundamental)     | 1.1          |
| Debt risk premium    | 2.50% | <b>WACC</b>            | <b>7.33%</b> |
| Tax shield (Phase 3) | 30.0% | <b>Terminal growth</b> | <b>2.00%</b> |

  

| <b>Sensitivity analysis</b>           |             |             |              |             |             |
|---------------------------------------|-------------|-------------|--------------|-------------|-------------|
| <b>Terminal growth rate (Phase 3)</b> |             |             |              |             |             |
|                                       | <b>1.0%</b> | <b>1.5%</b> | <b>2.0%</b>  | <b>2.5%</b> | <b>3.0%</b> |
| <b>6.33%</b>                          | 23.46       | 25.14       | 27.21        | 29.81       | 33.20       |
| <b>6.83%</b>                          | 21.29       | 22.63       | 24.24        | 26.22       | 28.72       |
| <b>WACC 7.33%</b>                     | 19.47       | 20.55       | <b>21.83</b> | 23.37       | 25.27       |
| <b>7.83%</b>                          | 17.92       | 18.80       | 19.83        | 21.06       | 22.54       |
| <b>8.33%</b>                          | 16.58       | 17.31       | 18.16        | 19.15       | 20.32       |

  

|                                       |              |
|---------------------------------------|--------------|
| <b>Fair value of business segment</b> | <b>136.3</b> |
| Number of shares outstanding (m)      | 6.2          |
| <b>Fair value per share (EUR)</b>     | <b>21.83</b> |

Chart 4 – Source: Oddo BHF Securities







**HYQ GY | HYQGn.DE**  
**Financial Services | Germany**

|  | <b>Buy</b>    |               |              |              |              | <b>Price 155.20EUR</b> |               |               |
|--|---------------|---------------|--------------|--------------|--------------|------------------------|---------------|---------------|
|  | <b>Upside</b> | <b>21.78%</b> |              |              |              | <b>TP 189.00EUR</b>    |               |               |
| <b>PER SHARE DATA (€)</b>                          | <b>12/13</b>  | <b>12/14</b>  | <b>12/15</b> | <b>12/16</b> | <b>12/17</b> | <b>12/18e</b>          | <b>12/19e</b> | <b>12/20e</b> |
| Adjusted EPS                                       | 0.51          | 0.96          | 2.63         | 3.00         | 3.10         | 3.74                   | 4.90          | 5.97          |
| <b>Reported EPS</b>                                | <b>0.51</b>   | <b>0.96</b>   | <b>2.63</b>  | <b>3.00</b>  | <b>3.10</b>  | <b>3.74</b>            | <b>4.90</b>   | <b>5.97</b>   |
| Growth in adjusted EPS                             | ns            | 88.0%         | ns           | 14.2%        | 3.3%         | 20.6%                  | 31.2%         | 21.7%         |
| 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        | 2.58                   | 2.76          | 3.89          |
| Book value per share                               | 5.34          | 6.29          | 8.68         | 10.62        | 13.90        | 24.93                  | 29.39         | 35.36         |
| 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          |
| <b>VALUATION (€m)</b>                              | <b>12/13</b>  | <b>12/14</b>  | <b>12/15</b> | <b>12/16</b> | <b>12/17</b> | <b>12/18e</b>          | <b>12/19e</b> | <b>12/20e</b> |
| 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          | 155                    | 155           | 155           |
| Capitalization                                     | 50.7          | 67.6          | 201          | 451          | 676          | 952                    | 969           | 969           |
| Restated Net debt                                  | 5.9           | 3.9           | -13.5        | -11.7        | 2.0          | 50.3                   | 33.0          | 8.8           |
| 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          |
| <b>Enterprise Value</b>                            | <b>57.1</b>   | <b>72.5</b>   | <b>190</b>   | <b>451</b>   | <b>685</b>   | <b>1,017</b>           | <b>1,017</b>  | <b>993</b>    |
| P/E (x)  | 16.1          | 11.4          | 12.7         | 25.0         | 36.1         | 41.5                   | 31.7          | 26.0          |
| P/CF (x)   | 5.2           | 4.4           | 5.7          | 16.0         | 27.3         | 29.3                   | 23.1          | 19.6          |
| 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           | 1.7%                   | 1.8%          | 2.5%          |
| P/B incl. GW (x)                                   | 1.55          | 1.75          | 3.84         | 7.07         | 8.18         | 6.23                   | 5.28          | 4.39          |
| P/B excl. GW (x)                                   | 1.55          | 1.75          | 3.84         | 7.07         | 8.18         | 6.23                   | 5.28          | 4.39          |
| EV/Sales (x)                                       | 0.58          | 0.65          | 1.36         | 2.88         | 3.52         | 3.91                   | 3.26          | 2.86          |
| EV/EBITDA (x)                                      | 7.0           | 5.7           | 7.6          | 15.9         | 22.7         | 25.4                   | 19.4          | 15.9          |
| EV/Current EBIT (x)                                | 14.5          | 9.1           | 9.8          | 19.4         | 29.4         | 33.6                   | 24.9          | 20.0          |
| (*) historical average price                       |               |               |              |              |              |                        |               |               |
| <b>PROFIT AND LOSS (€m)</b>                        | <b>12/13</b>  | <b>12/14</b>  | <b>12/15</b> | <b>12/16</b> | <b>12/17</b> | <b>12/18e</b>          | <b>12/19e</b> | <b>12/20e</b> |
| Sales  | 98            | 112           | 139          | 157          | 195          | 260                    | 312           | 347           |
| EBITDA   | 8.1           | 12.7          | 25.1         | 28.3         | 30.1         | 40.1                   | 53            | 62            |
| Depreciations                                      | -4.2          | -4.8          | -5.8         | -5.1         | -6.8         | -9.8                   | -11.7         | -12.6         |
| <b>Current EBIT</b>                                | <b>3.9</b>    | <b>7.9</b>    | <b>19.3</b>  | <b>23.2</b>  | <b>23.3</b>  | <b>30.2</b>            | <b>40.8</b>   | <b>49.7</b>   |
| Published EBIT                                     | 3.9           | 7.9           | 19.3         | 23.2         | 23.3         | 30.2                   | 40.8          | 49.7          |
| Net financial income                               | -0.9          | -0.7          | -0.1         | -0.4         | -0.3         | -1.3                   | -1.8          | -1.7          |
| Corporate Tax                                      | 0.1           | -1.3          | -3.2         | -4.8         | -4.6         | -6.0                   | -8.4          | -10.7         |
| 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         | 22.9                   | 30.6          | 37.3          |
| <b>Adjusted attributable net profit</b>            | <b>3.1</b>    | <b>5.9</b>    | <b>15.9</b>  | <b>18.0</b>  | <b>18.4</b>  | <b>22.9</b>            | <b>30.6</b>   | <b>37.3</b>   |
| <b>BALANCE SHEET (€m)</b>                          | <b>12/13</b>  | <b>12/14</b>  | <b>12/15</b> | <b>12/16</b> | <b>12/17</b> | <b>12/18e</b>          | <b>12/19e</b> | <b>12/20e</b> |
| 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          | 10.5                   | 13.5          | 16.5          |
| WCR  | 6.9           | 9.0           | 4.9          | 10.8         | 27.3         | 17.7                   | 22.3          | 25.3          |
| 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         | 153                    | 184           | 221           |
| 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         | 153                    | 184           | 221           |
| Non-current provisions                             | 0.5           | 1.0           | 2.1          | 4.9          | 7.1          | 15.1                   | 15.1          | 15.1          |
| <b>Net debt</b>                                    | <b>5.9</b>    | <b>3.9</b>    | <b>-13.5</b> | <b>-11.7</b> | <b>2.0</b>   | <b>50.3</b>            | <b>33.0</b>   | <b>8.8</b>    |
| <b>CASH FLOW STATEMENT (€m)</b>                    | <b>12/13</b>  | <b>12/14</b>  | <b>12/15</b> | <b>12/16</b> | <b>12/17</b> | <b>12/18e</b>          | <b>12/19e</b> | <b>12/20e</b> |
| <b>EBITDA</b>                                      | <b>8.1</b>    | <b>12.7</b>   | <b>25.1</b>  | <b>28.3</b>  | <b>30.1</b>  | <b>40.1</b>            | <b>52.5</b>   | <b>62.3</b>   |
| Change in WCR                                      | 3.7           | -3.0          | 2.9          | -7.5         | -16.1        | -0.3                   | -4.5          | -3.1          |
| Interests & taxes                                  | -1.5          | -1.3          | -2.9         | -3.4         | -4.8         | -7.3                   | -10.2         | -12.4         |
| 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          | 32.1                   | 37.4          | 46.5          |
| CAPEX  | -5.7          | -6.2          | -7.1         | -7.7         | -11.1        | -16.3                  | -20.2         | -22.2         |
| <b>Free cash-flow</b>                              | <b>4.1</b>    | <b>2.2</b>    | <b>19.6</b>  | <b>9.0</b>   | <b>-2.4</b>  | <b>15.8</b>            | <b>17.2</b>   | <b>24.3</b>   |
| 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 cash                                 | 4.2           | 1.9           | 17.3         | -3.4         | -12.5        | -48.3                  | 17.2          | 24.3          |
| <b>GROWTH MARGINS PRODUCTIVITY</b>                 | <b>12/13</b>  | <b>12/14</b>  | <b>12/15</b> | <b>12/16</b> | <b>12/17</b> | <b>12/18e</b>          | <b>12/19e</b> | <b>12/20e</b> |
| Sales growth                                       | 11.8%         | 14.5%         | 23.7%        | 12.7%        | 24.4%        | 33.6%                  | 19.8%         | 11.1%         |
| <b>Lfi sales growth</b>                            | <b>0.0%</b>   | <b>0.0%</b>   | <b>0.0%</b>  | <b>0.0%</b>  | <b>0.0%</b>  | <b>0.0%</b>            | <b>0.0%</b>   | <b>0.0%</b>   |
| Current EBIT growth                                | 23.5%         | ns            | ns           | 20.6%        | 0.3%         | 29.7%                  | 35.0%         | 21.8%         |
| Growth in adjusted EPS                             | ns            | 88.0%         | ns           | 14.2%        | 3.3%         | 20.6%                  | 31.2%         | 21.7%         |
| Net margin   | 3.2%          | 5.3%          | 11.4%        | 11.5%        | 9.5%         | 8.8%                   | 9.8%          | 10.8%         |
| <b>EBITDA margin</b>                               | <b>8.3%</b>   | <b>11.3%</b>  | <b>18.0%</b> | <b>18.1%</b> | <b>15.5%</b> | <b>15.4%</b>           | <b>16.8%</b>  | <b>18.0%</b>  |
| <b>Current EBIT margin</b>                         | <b>4.0%</b>   | <b>7.1%</b>   | <b>13.9%</b> | <b>14.8%</b> | <b>12.0%</b> | <b>11.6%</b>           | <b>13.1%</b>  | <b>14.3%</b>  |
| CAPEX / Sales                                      | -5.8%         | -5.5%         | -5.1%        | -4.9%        | -5.7%        | -6.3%                  | -6.5%         | -6.4%         |
| WCR / Sales  | 7.0%          | 8.0%          | 3.5%         | 6.9%         | 14.0%        | 6.8%                   | 7.1%          | 7.3%          |
| Tax Rate   | -3.3%         | 18.2%         | 16.9%        | 20.8%        | 19.9%        | 20.9%                  | 21.4%         | 22.3%         |
| 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                    | 1.4           | 1.5           |
| <b>ROCE post-tax (normative tax rate)</b>          | <b>13.0%</b>  | <b>23.6%</b>  | <b>60.6%</b> | <b>64.1%</b> | <b>41.1%</b> | <b>15.6%</b>           | <b>ns</b>     | <b>4.4%</b>   |
| ROCE post-tax hors GW (normative tax rate)         | 13.0%         | 23.6%         | 60.6%        | 64.1%        | 41.1%        | 15.6%                  | ns            | 4.4%          |
| ROE  | 10.1%         | 16.6%         | 34.9%        | 31.0%        | 25.2%        | 19.5%                  | 18.2%         | 18.4%         |
| <b>DEBT RATIOS</b>                                 | <b>12/13</b>  | <b>12/14</b>  | <b>12/15</b> | <b>12/16</b> | <b>12/17</b> | <b>12/18e</b>          | <b>12/19e</b> | <b>12/20e</b> |
| Gearing  | 18%           | 10%           | -26%         | -18%         | 2%           | 33%                    | 18%           | 4%            |
| Net Debt / Market Cap                              | 0.12          | 0.06          | -0.07        | -0.03        | 0.00         | 0.05                   | 0.03          | 0.01          |
| <b>Net debt / EBITDA</b>                           | <b>0.72</b>   | <b>0.31</b>   | <b>ns</b>    | <b>ns</b>    | <b>0.07</b>  | <b>1.26</b>            | <b>0.63</b>   | <b>0.14</b>   |
| EBITDA / net financial charges                     | ns            | ns            | ns           | ns           | ns           | ns                     | ns            | ns            |

Source: ODDO BHF Securities, SIX





• **Valuation method**

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.

• **Sensitivity of the result of the analysis/ risk classification:**

The opinions expressed in the financial analysis are opinions as per a particular date, i.e. the date indicated in the financial analysis. The recommendation (cf. explanation of the recommendation systematic) can change owing to unforeseeable events which may, for instance, have repercussions on both the company and on the whole industry.

• **Our stock market recommendations**

Our stock market recommendations reflect the RELATIVE performance expected for each stock on a 12-month timeframe.

Buy: performance expected to exceed that of the benchmark index, sectoral (large caps) or other (small and mid caps).

Neutral: performance expected to be comparable to that of the benchmark index, sectoral (large caps) or other (small and mid caps).

Reduce: performance expected to fall short of that of the benchmark index, sectoral (large caps) or other (small and mid caps).

• **The prices of the financial instruments used and mentioned in this document are the closing prices.**

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**Recommendation and target price changes history over the last 12 months for the company analysed in this report**

| 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 |

In accordance with Article 20 of European Regulation No. 596/2014 (Market Abuse Regulation), a list of all recommendations on any financial instrument or issuer that have been disseminated over the past twelve months is available by clicking on the following link [www.securities.oddo-bhf.com](http://www.securities.oddo-bhf.com)

| Recommendation split         |       | Buy | Neutral | Reduce |
|------------------------------|-------|-----|---------|--------|
| Our whole coverage           | (473) | 52% | 40%     | 8%     |
| Liquidity providers coverage | (98)  | 56% | 40%     | 4%     |
| Research service coverage    | (60)  | 58% | 37%     | 5%     |
| Investment banking services  | (26)  | 81% | 19%     | 5%     |

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