Hypoport AG

Results for the first half of 2019
Our mission

Digitalisation of the credit, real estate and insurance industries

Credit industry
Real Estate industry
Insurance industry
Hypoport – a network of technology companies
The four segments of Hypoport

- Private clients
- Insurance industry
- Credit industry
- Real Estate industry
Hypoport – a network of technology companies
Investment highlights in H1 2019 and forecast for 2019

Key figures for H1 2019 (yoy change)
• Revenue: €157.1 million (+29%)
• Gross profit: €82.2 million (+26%)
• EBIT: €15.8 million (+7%)
• EPS: €1.92 (+2%)

Hypoport growing faster than the various overall markets (yoy change)
• Revenue growth in Credit Platform segment: +23%
• Revenue growth in Private Clients segment: +14%
• Revenue growth in Real Estate Platform segment: +44%
• Revenue growth in Insurance Platform segment: +94%

Forecast for 2019
• Hypoport expects the Group's growth to be in double figures, with revenue of €310 million to €340 million and EBIT of €32 million to €40 million.

* Source: Deutsche Bundesbank, provisional data. ** Source: Own estimation *** Source: German Insurance Association (GDV). Figure for the 2018 calendar year, as quarterly data is not collected.
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Huge excess demand in the housing market
Factors influencing the German housing market

- Net inward migration
- Life expectancy
- One-person households
- Regulations of house-building

Excess demand (1.1–1.9 million homes)

Property prices

Volume of new mortgages

New builds

Rents

Number of property transactions
# 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 and from the rental market</td>
</tr>
<tr>
<td>• High ancillary purchasing costs</td>
<td>• Buying often cheaper than renting</td>
</tr>
<tr>
<td>• Legislators keep the market busy with a steady stream of new regulatory ideas</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>• Over-regulated rental market</td>
<td>• Low proportion of home ownership (under 50%)*</td>
</tr>
<tr>
<td>• In metropolitan areas such as Berlin, political favouritism stands in the way of necessary new construction</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Finance for OWNER- OCCUPIED PROPERTIES</th>
<th>Finance for RENTAL PROPERTIES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Credit Platform Private Clients</td>
<td>Real Estate Platform</td>
</tr>
</tbody>
</table>

* Source: Federal Statistical Office.

Marked increase in planned projects owing to pent-up demand for affordable housing, which has become a political issue.
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Credit Platform

Business model and segment results

Credit industry
Credit Platform
Business model

End customer

Distributors
- Online comparison sites
- Other advisors
- Dr. Klein

Poolers
- QUALITY-POOL
- STAR-POOL
- BAUFI-POOL
- Other poolers

B2B lending marketplace

Product suppliers
- Private commercial banks
- Insurance companies
- Savings banks
- Cooperative banks

End customer

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B2B lending marketplace

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

• The average transaction volume per sales day* rose to a record high of €260 million in H1 2019 (+15% yoy). The figure for Q2 2019 was even higher at €275 million.

• The volume of transactions on EUROPACE in the most important product group, mortgage finance, increased by 16% compared with H1 2018 (overall market: +5%).

• The growth of the building finance product group (+14%) was at a similar level due to linked sales activities.

• The slight contraction (-7%) in the smallest product group, personal loans, was attributable to its exceptionally strong performance in H1 2018.

** Numbers before cancellations.

* The number of sales days equals the number of bank working days less half of the number of ‘bridging days’ (days falling between public holidays and weekends).
Continued strong growth at regional banks
GENOPACE and FINMAS sales transaction volume and number of contractual partners

- The use of EUROPACE in sales departments at savings banks and cooperative banks continues to increase at a much faster rate than is the case for the overall marketplace.
- There has been particularly marked growth in the use of GENOPACE by cooperative institutions since summer 2018. Business is also being boosted by the IT connection to the system used by the banks in the cooperative financial network.
- The year-on-year growth rate for the volume of transactions on GENOPACE has been accelerating rapidly since the start of 2018, from 18% in Q1 2018 to 82% in Q1 2019 and 154% in Q2 2019.
- The transaction volume on FINMAS generated by the savings bank distributors also continued to surge (+57%).
- The increases in the number of contractual partners (26% and 21% respectively) create additional potential for GENOPACE and FINMAS.
Substantial growth secures market leadership
Credit Platform: revenue, gross profit and earnings

- Revenue in the Credit Platform segment rose by 23% to more than €65 million in H1 2019.

- Growth was driven by all four sales segments (financial product distributors, private commercial banks, cooperative institutions, savings banks).

- EBIT rose sharply, despite high levels of capital expenditure on the next generation of EUROPACE and on expansion of key account resources for regional banks.

- Links between the Credit Platform segment and the Real Estate Platform segment – to which the new companies FIO and Value AG belong – are creating further potential for revenue.
Acquisition of REM CAPITAL
Overview of REM CAPITAL and its integration into the Hypoport network

REM CAPITAL AG
• Management consultancy specialising in funding based on public-sector development loans and subsidies
• Approx. 50 employees at six sites in Germany
• More than 1,000 funding projects realised
• Revenue of over €7 million in 2018

Benefits for Hypoport
• REM CAPITAL's development lending expertise will strengthen Dr. KLEIN Firmenkunden AG's corporate finance team, which was established in 2017
• Preparation of the planned launch of a dedicated platform for handling corporate finance (over €5 million) in 2020

Other details
• New company will be assigned to the Credit Platform segment
**REM CAPITAL and the platform for corporate loans**

**Planned business model**

- **Company**
  - Corp. finance advisors
  - Other advisors

- **Advisors**
  - REM CAPITAL

- **B2B platform**
  - Platform for corporate finance

- **Product partners**
  - Development banks
  - Private commercial banks
  - Insurance companies
  - Savings banks
  - Cooperative banks
  - Other advisors
  - Banks
  - Corp. finance advisors
Private Clients
Business model and segment results
Private Clients

Business model

End customer

Lead generation via...

Google

Vergleich.de

DrKlein.de website

Advice

Product access via...

EUROPACE

FINMAS

GENOPACE

Product suppliers

Private commercial banks

Insurance companies

Savings banks

Cooperative banks
Significant gain in market share for Dr. Klein
Private Clients: volume of loans brokered and number of advisors

- Dr. Klein private clients again expanded its market share in a mortgage finance market that is only experiencing slight overall growth (+5%).
- The customer base is expanding thanks to continued growth of interest in neutral loan brokerage advice among consumers.
- The number of loan brokerage advisors rose once again and, as at 30 June 2019, was around 9% higher than a year earlier.
- The combination of a rising number of advisors and increasing demand provides Dr. Klein with strong foundations for capturing further market share.

**Volume of new loans brokered (€ billion)**

- 2014: 2.8
- 2015: 3.8
- 2016: 4.4
- 2017: 5.0
- 2018: 6.5
- H1 2018: 3.2
- H1 2019: 3.5

CAGR: +23%

*Numbers before cancellations and adjusted to reflect new segment reporting.*

**Loan brokerage advisors in branch-based sales**

- H1 2018: 575
- H1 2019: 626

+9%
Record revenue for Dr. Klein
Private Clients: revenue, gross profit and earnings

- The increase in the volume of new loans brokered resulted in a rise in revenue compared with H1 2018.
- The integration of numerous new regional partners temporarily squeezed the average margin.
- The decrease in EBIT was due to the costs resulting from the contractual integration of new product partners, capital expenditure on process digitalisation and the building up of personnel capacity.
- Furthermore, following the segment reallocation of white-label personal loans in 2018, all overhead costs now remain in the Private Clients segment, which will have to bear these costs alone in future.
Real Estate Platform
Business model and segment results
Digitalisation of the German housing industry
Real Estate Platform – business model

Property industry
- Property financing platform
- Property management platform (ERP)

Credit industry
- Property valuation platform
- Property sales platform

DR. KLEIN

FIO + PROMMISE

Hypoport AG, H1 2019
**Political discourse is fuelling uncertainty**

Real Estate Platform: property financing platform

- Business activity in this segment comprises the brokerage of loans for the German housing sector and related advice.
- The lack of stimulus from interest rates, including a slight fall since summer 2018, led to unfavourable conditions.
- Moreover, politically motivated debate about intervention in the rental market is resulting in a reluctance to invest.
- The modest fall in revenue was attributable to slightly reduced commission on one-off transactions.
- The corporate finance team will be assigned to the Credit Platform segment in future.

### Volume of new loans brokered for DR. KLEIN corporate clients (€ billion)

- H1 2018: 0.9
- H1 2019: 1.0
+7%

### Revenue from the property financing platform (€ million)

- H1 2018: 7.7
- H1 2019: 7.4
-4%
FIO’s huge market potential becoming apparent
Real Estate Platform: property management platform and property sales platform

- The business model of this segment involves the development of software solutions for property management and sales in the housing and credit industries.
- The credit industry occupies a leading position in Germany when it comes to property sales. Six of Germany’s top ten estate agents use FIO.
- FIO was successfully presented as a new service provider in the Hypoport network at the FINMAS, EUROPACE and GENOPACE conferences. It has a high level of buy-in.
- The technical integration of the platforms of EUROPACE and FIO Vermarktung began in 2018 and will continue in 2019 and beyond.

### Revenue from the property management and property sales platforms (€ million)*

<table>
<thead>
<tr>
<th></th>
<th>H1 2018</th>
<th>H1 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.9</td>
<td>7.5</td>
<td></td>
</tr>
</tbody>
</table>

* Revenue of FIO SYSTEMS AG and Hypoport B.V. (PRoMMiSe)
Integration of further partners going well

Real Estate Platform: property valuation platform

- The business model of this segment involves integrated property valuations for the lending banks, i.e. for the EUROPACE product partners.
- Revenue doubled in H1 2019 as a result of growth by acquisition and organic growth.
- The number of banking partners using the services of VALUE AG is rising, indicating potential for recurring revenue.
- The technical integration of the EUROPACE and VALUE AG platforms will continue in 2019 and beyond.
- A high level of capital expenditure on a proprietary property valuation platform with a high degree of automation is laying the foundations for the future of the valuation business, which is still predominantly manual.

### Potential synergies of EUROPACE partners for VALUE AG

<table>
<thead>
<tr>
<th>EUROPACE contractual partners (direct sales potential)</th>
<th>H1 2018</th>
<th>H1 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>~120</td>
<td>565</td>
<td>674</td>
</tr>
<tr>
<td>~220</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Revenue from the property valuation platform (€ million)

<table>
<thead>
<tr>
<th>H1 2018</th>
<th>H1 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.9</td>
<td>5.9</td>
</tr>
</tbody>
</table>

+111%
Strong revenue growth and further capital expenditure
Real Estate Platform: revenue, gross profit and earnings

- The segment's revenue growth was thanks to the healthy operating performance of the property management platform, property sales platform and property valuation platform.
- The property financing platform was the only platform to register a small decrease in revenue.
- An increasing proportion of recurring services, such as SaaS and property valuation, is leading to steady contributions to revenue that are not affected by interest rates.
- EBIT went down owing to the German housing sector's reticence regarding loan brokerage and due to initial capital expenditure on the property valuation platform.
- There was also further capital expenditure to utilise synergies between the real estate platform (property management platform, property sales platform and property valuation platform) and the credit platform (EUROPACE).
Insurance Platform
Business model and segment results

Insurance industry

Insurance Platform
Credit Platform
Private Clients
Real Estate Platform

SMART INSURTECH
QUALITY-POOL
Insurance Platform

Business model

End customer

Distributors

Poolers

B2B platform

Product suppliers

- B2C insurtechs
- Dr. Klein
- Other distributors
- QUALITY-POOL
- Other poolers
- Banks
- Insurers

End customer

Dr. Klein

B2B platform

SMART INSUR

Hypoport AG, H1 2019
Insurance technologies grouped together in this segment

Insurance Platform: revenue, gross profit and earnings

- The technical and cultural integration of the acquired companies is progressing well and unlocking the anticipated synergies.
- The focus is on gaining market share by offering integrated end-to-end solutions and attractive pricing structures.
- SMART INSUR has already established itself as a standard for B2C insurtechs (e.g. app that serves as a digital insurance folder).
- Distribution is focused on large broker organisations and broker pools. Banks are also showing interest in using SMART INSUR in order to expand the sales channel for multi-insurer products and services.
- A significant improvement in EBIT is anticipated for 2019 following a strong start to the year.
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Hypoport Group generates strong growth
Overview of Hypoport's key performance indicators

**Growth (€ million)**

- **H1 2018**: 65.3
- **H1 2019**: 157.1

- Revenue +29%
- Gross profit +26%

**Earnings (€ million)**

- **H1 2018**: 11.4
- **H1 2019**: 24.7

- EBITDA +30%
- EBIT +7%
- EAT +5%

**Employees (number)**

- **30.06.2018**: 1,384
- **30.06.2019**: 1,632

- Employees +18%
History of Hypoport Group
Long-term changes in revenue and EBIT

- **7Y** Start-up
- **7Y** Established despite fin. crisis
- **5Y+** Upscaling and expansion

### Revenue (€ million)
- 1999: 4
- 2006: 26
- 2013: 98
- 2018: 266
- H1 2019: 157

### EBIT (€ million)
- 1999: 2
- 2006: 6
- 2013: 4
- 2018: 29
- H1 2019: 16
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**Market capitalisation of around €1.5 billion**

Shareholder structure and share information

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<thead>
<tr>
<th>KPI</th>
<th>DETAILS</th>
<th>VALUE</th>
</tr>
</thead>
<tbody>
<tr>
<td>EPS</td>
<td>Earnings per share in H1 2019</td>
<td>€1.92</td>
</tr>
<tr>
<td>Number of shares</td>
<td>Total number of shares</td>
<td>6,493,376</td>
</tr>
<tr>
<td>Market cap</td>
<td>Market capitalisation as at June 30 2019</td>
<td>approx. €1.6 billion</td>
</tr>
<tr>
<td>Trading volume</td>
<td>Average trading volume per day in H1 2019</td>
<td>approx. €1.7 million</td>
</tr>
<tr>
<td>High</td>
<td>Highest closing price in H1 2019</td>
<td>€243.00</td>
</tr>
<tr>
<td>Low</td>
<td>Lowest closing price in H1 2019</td>
<td>€147.00</td>
</tr>
<tr>
<td>Indices</td>
<td>SDAX, Prime All Share, CDAX, DAXplus Family, GEX</td>
<td></td>
</tr>
</tbody>
</table>

**Breakdown of shareholders** as at 30 June 2019

- Ronald Slabke (CEO)
- Treasury shares
- Free float
  
  (of which more than 5% held by Union Investment, more than 3% by Nicolas Schulmann and more than 3% by Wasatch)
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Investment highlights

+22% REVENUE GROWTH
CAGR 5 years

+50% EBIT INCREASE
CAGR 5 years

10 ACQUISITIONS
in 5 years

1.8 MODERATE DEBT
Net debt / EBITDA

+20 YEARS
of experience with platform-based business models

83% OUR EMPLOYEES
are satisfied or even very satisfied with Hypoport as an employer
Forecast for 2019

Hypoport expects its **growth to be in double figures** in 2019, with revenue of €310 million to €340 million and EBIT of €32 million to €40 million.
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Share price rises sharply
Share price: from the date of joining the SDAX to May 2019 (daily closing price, Xetra, €)
## Hypoport’s investor relations activity

Investor events, professional analysts’ assessments, awards

<table>
<thead>
<tr>
<th>ANALYST</th>
<th>RECOMMENDATION</th>
<th>TARGET PRICE</th>
<th>DATE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bankhaus Metzler</td>
<td>Sell</td>
<td>€214.00</td>
<td>31 Jul 2019</td>
</tr>
<tr>
<td>Berenberg</td>
<td>Buy</td>
<td>€210.00</td>
<td>14 May 2019</td>
</tr>
<tr>
<td>Commerzbank</td>
<td>Hold</td>
<td>€229.00</td>
<td>26 Jul 2019</td>
</tr>
<tr>
<td>KBW (Stifel)</td>
<td>Buy</td>
<td>€255.00</td>
<td>8 Jul 2019</td>
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<tr>
<td>Pareto Securities</td>
<td>Hold</td>
<td>€200.00</td>
<td>26 Jul 2019</td>
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<tr>
<td>Warburg</td>
<td>Buy</td>
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<td>2 Jul 2019</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>RECENT INVESTOR EVENTS</th>
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<tbody>
<tr>
<td>Conference</td>
<td>Hamburg</td>
<td>Jun 2019</td>
</tr>
<tr>
<td>Conference</td>
<td>Berlin</td>
<td>Jun 2019</td>
</tr>
<tr>
<td>Conference, roadshow</td>
<td>New York, Chicago</td>
<td>May 2019</td>
</tr>
<tr>
<td>Conference</td>
<td>Warsaw</td>
<td>Apr 2019</td>
</tr>
<tr>
<td>Roadshow</td>
<td>Copenhagen, Helsinki</td>
<td>Apr 2019</td>
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<tr>
<td>Conference</td>
<td>Paris</td>
<td>Apr 2019</td>
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<tr>
<td>Roadshow</td>
<td>Brussels</td>
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<td>Roadshow</td>
<td>London</td>
<td>Mar 2019</td>
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<tr>
<td>Conference</td>
<td>Frankfurt</td>
<td>Feb 2019</td>
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<tr>
<td>Conference</td>
<td>Lyon</td>
<td>Jan 2019</td>
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<td>Dec 2018</td>
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<tr>
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<td>Sep 2018</td>
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<td>London</td>
<td>Sep 2018</td>
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<tr>
<td>Roadshow</td>
<td>Vienna</td>
<td>Sep 2018</td>
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<td>Conference</td>
<td>Copenhagen</td>
<td>Aug 2018</td>
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<tr>
<td>Roadshow</td>
<td>Oslo, Helsinki</td>
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</tr>
<tr>
<td>Roadshow</td>
<td>Edinburgh</td>
<td>Aug 2018</td>
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### Index and awards

- SDAX
- Warburg ‘Best Ideas 2019’
- Berenberg ‘DACH Mid Caps Top Picks 2019’
- Pareto Securities ‘German Best Ideas Portfolio 01/19’
- Sdk ‘company of the year 2017’

### Recent publication dates in 2019

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<th>Publication dates in 2019</th>
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<tr>
<td>October 2019</td>
<td>Europace transaction volume in Q3</td>
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<td>4 November 2019</td>
<td>Q3 results</td>
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