

# Hypoport AG

*Results for the  
first half of 2019*

## Our mission

# Digitalisation of the credit, real estate and insurance industries



Credit industry



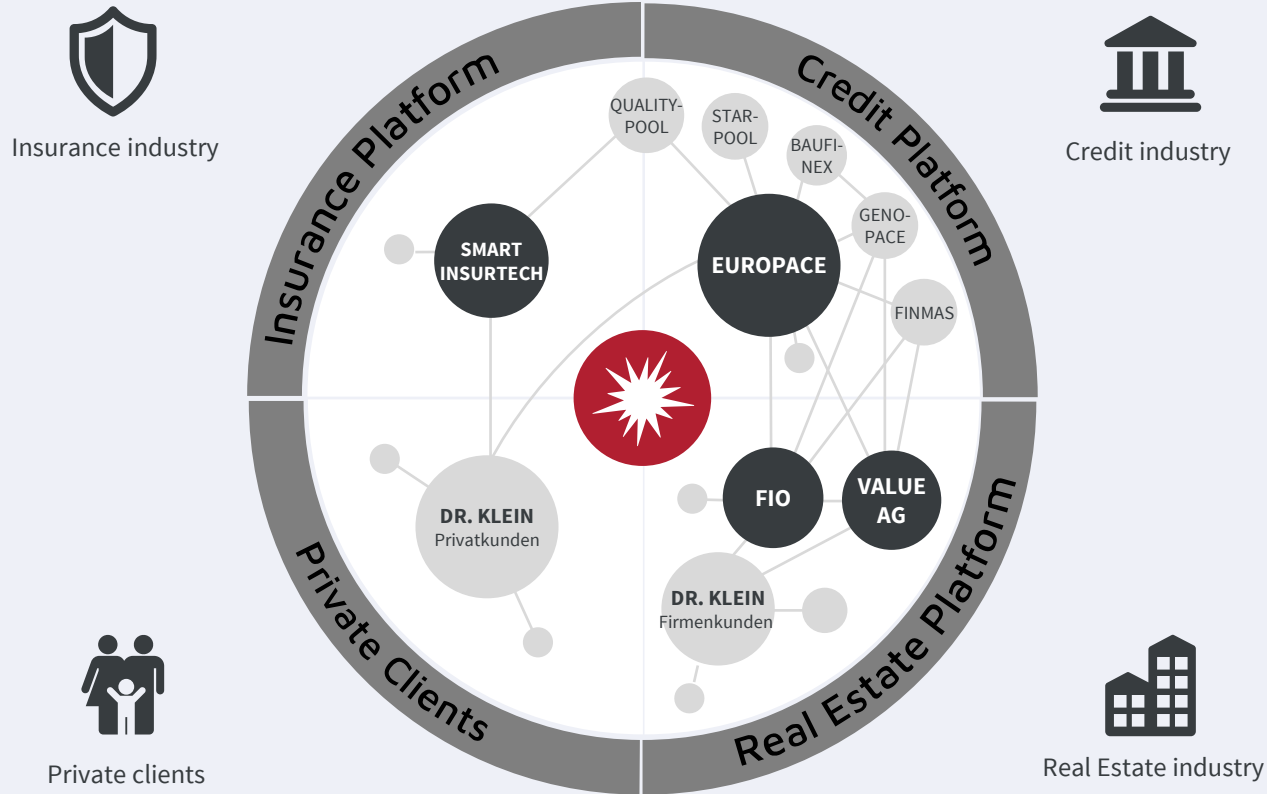
Real Estate industry



Insurance industry

# Hypoport – a network of technology companies

The four segments of Hypoport



# 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%
- Mortgage finance market: +5%\*
- Property sales: +7%\*\*
- Insurance market: +2%\*\*\*

## 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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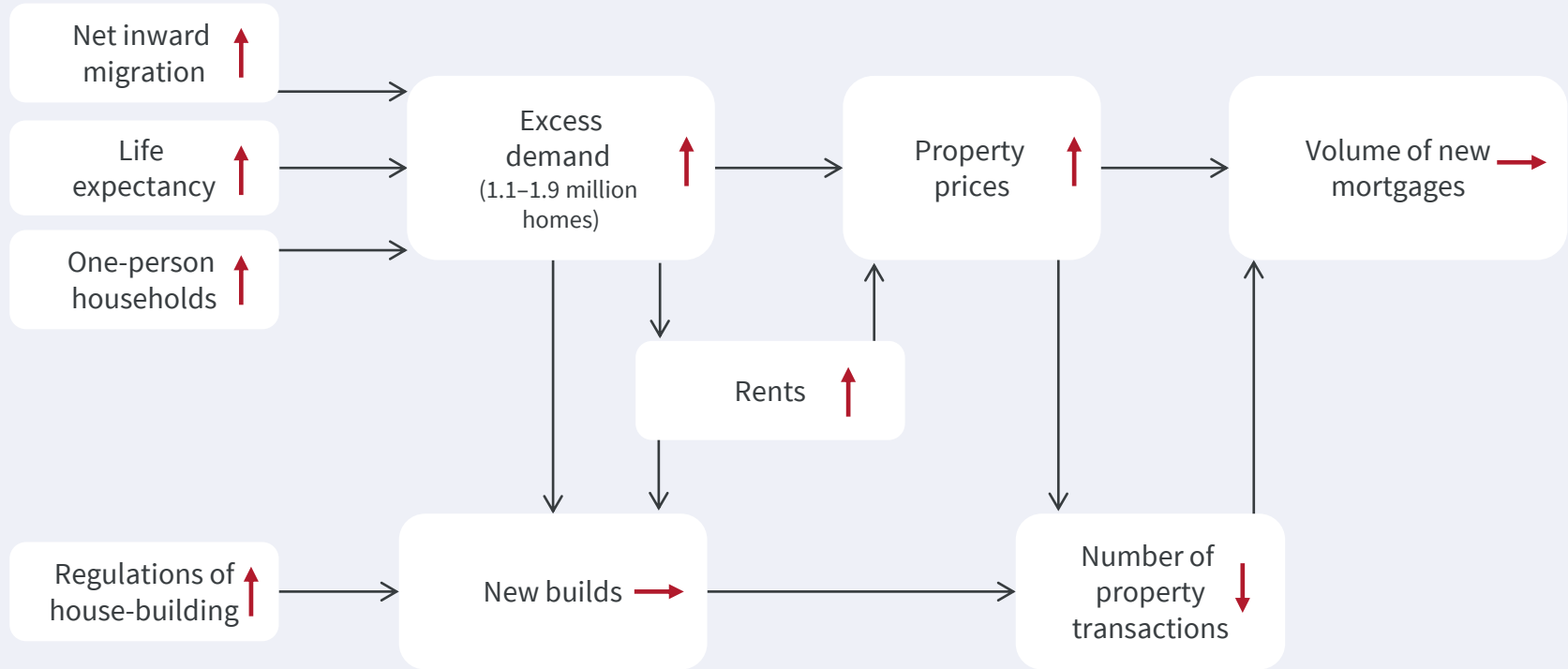
## **1. Market environment**

2. Key performance indicators for the segments
3. Overview of key performance indicators
4. Shareholder structure and share information
5. Investment highlights and outlook

Annex

# Huge excess demand in the housing market

Factors influencing the German housing market



# Mortgage finance – market has strong potential

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

	Negative factors	Positive factors
Finance for <b>OWNER- OCCUPIED PROPERTIES</b>  Credit Platform Private Clients	<ul style="list-style-type: none"><li>• Lack of available properties</li><li>• High ancillary purchasing costs</li><li>• Legislators keep the market busy with a steady stream of new regulatory ideas</li><li>• Commercial and residential projects competing for construction resources</li></ul>	<ul style="list-style-type: none"><li>• Strong pent-up demand in and from the rental market</li><li>• Buying often cheaper than renting</li><li>• Slight growth in construction activity</li><li>• Market share of neutral loan brokerage advisors is growing</li><li>• Low proportion of home ownership (under 50%)*</li></ul>
Finance for <b>RENTAL PROPERTIES</b>  Real Estate Platform	<ul style="list-style-type: none"><li>• Over-regulated rental market</li><li>• In metropolitan areas such as Berlin, political favouritism stands in the way of necessary new construction</li></ul>	<ul style="list-style-type: none"><li>• Marked increase in planned projects owing to pent-up demand for affordable housing, which has become a political issue</li></ul>

\* Source: Federal Statistical Office.

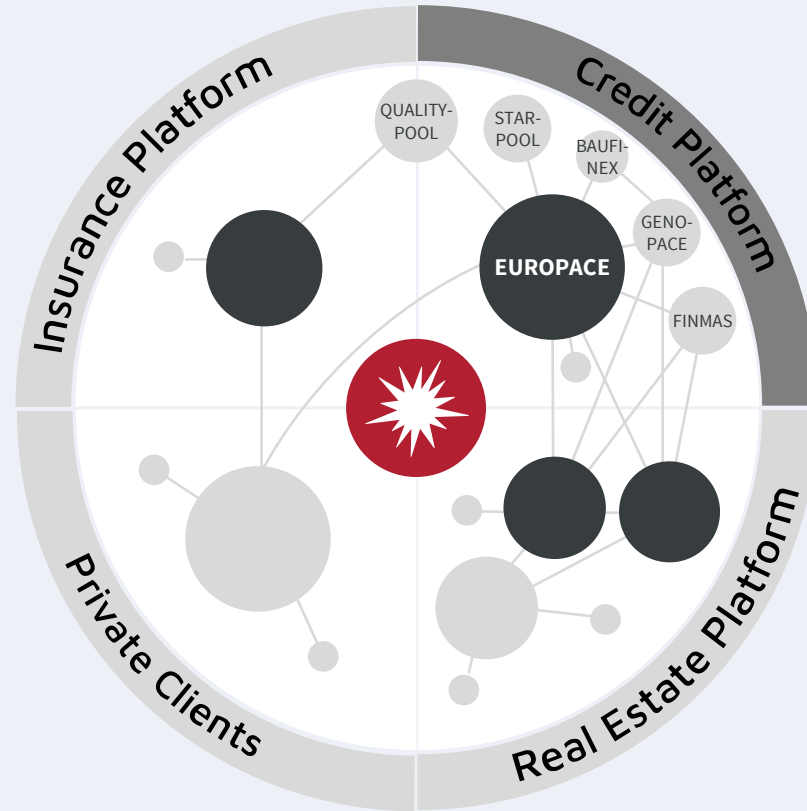
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# Credit Platform

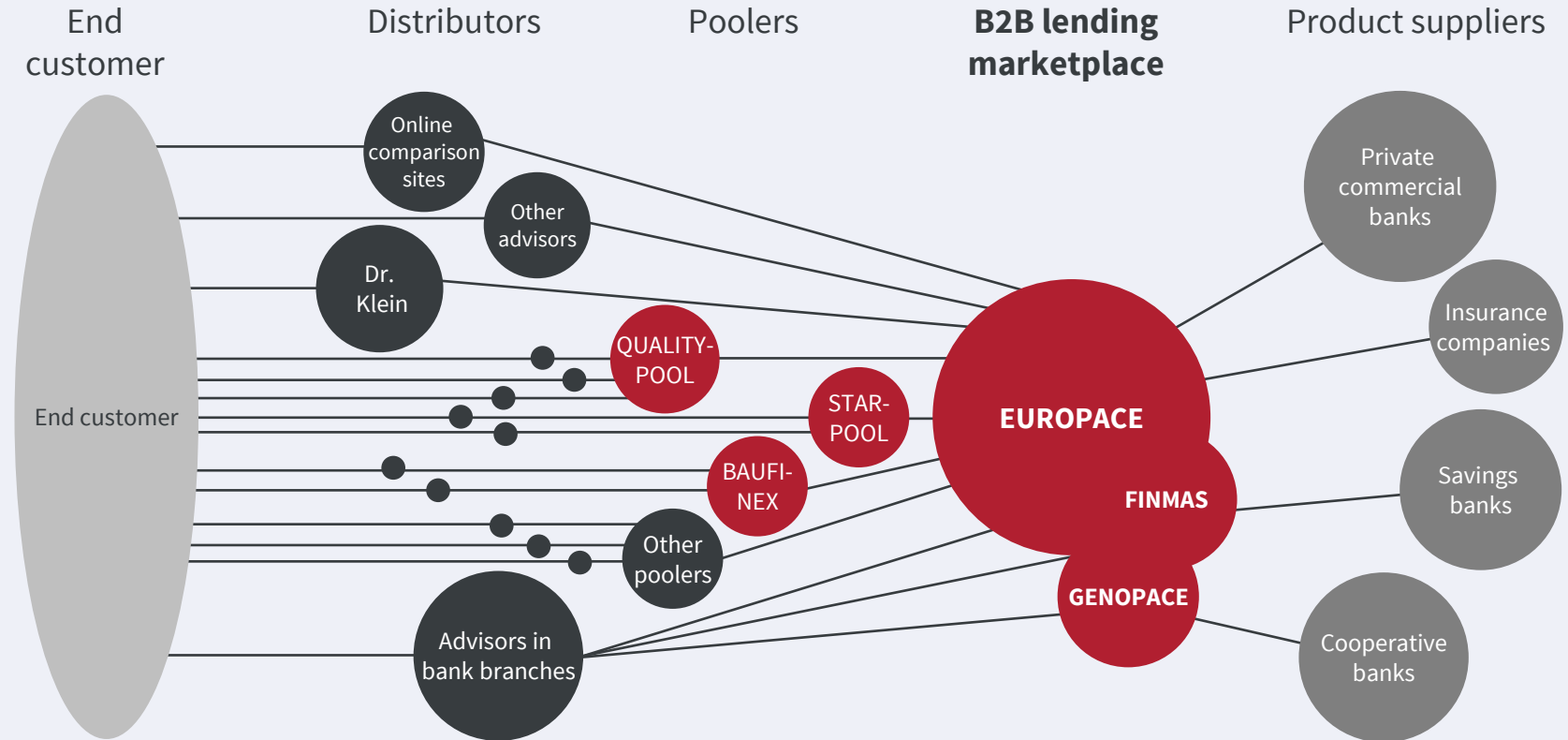
Business model and segment results



Credit industry

# Credit Platform

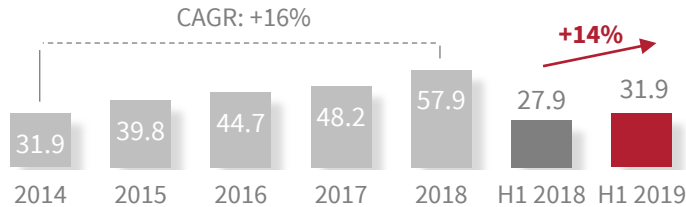
## Business model



# EUROPACE again outperforms the market by a long way

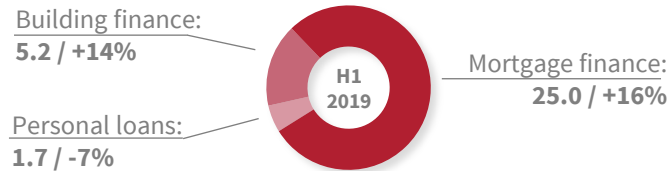
Credit Platform: volume of transactions and number of partners

Volume of transactions (€ billion)\*\*



\*\* Numbers before cancellations.

Transaction volume by product group (€ billion)



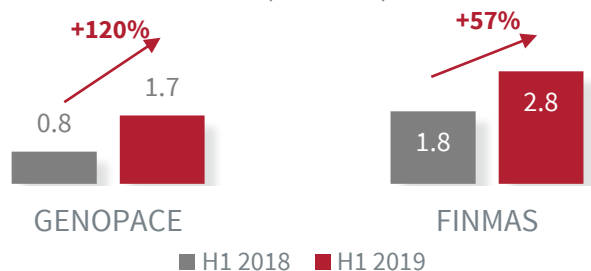
- The average transaction volume per sales day\* rose to a record high of €260 million in H1 2019 (+15% yoy). The figure for Q2 2019 was even higher at €275 million.
- The volume of transactions on EUROPACE in the most important product group, mortgage finance, increased by 16% compared with H1 2018 (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.

\* 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

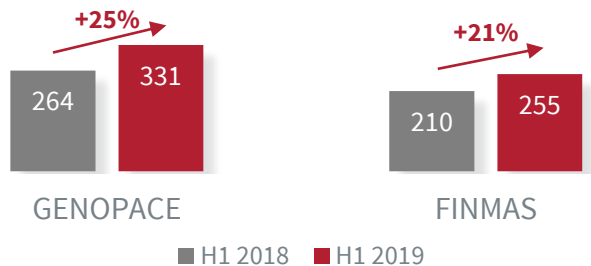
GENOPACE and FINMAS sales transaction volume and number of contractual partners

Volume of transactions (€ billion)\*



\* Numbers before cancellations.

Contractual partners (number)



- 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

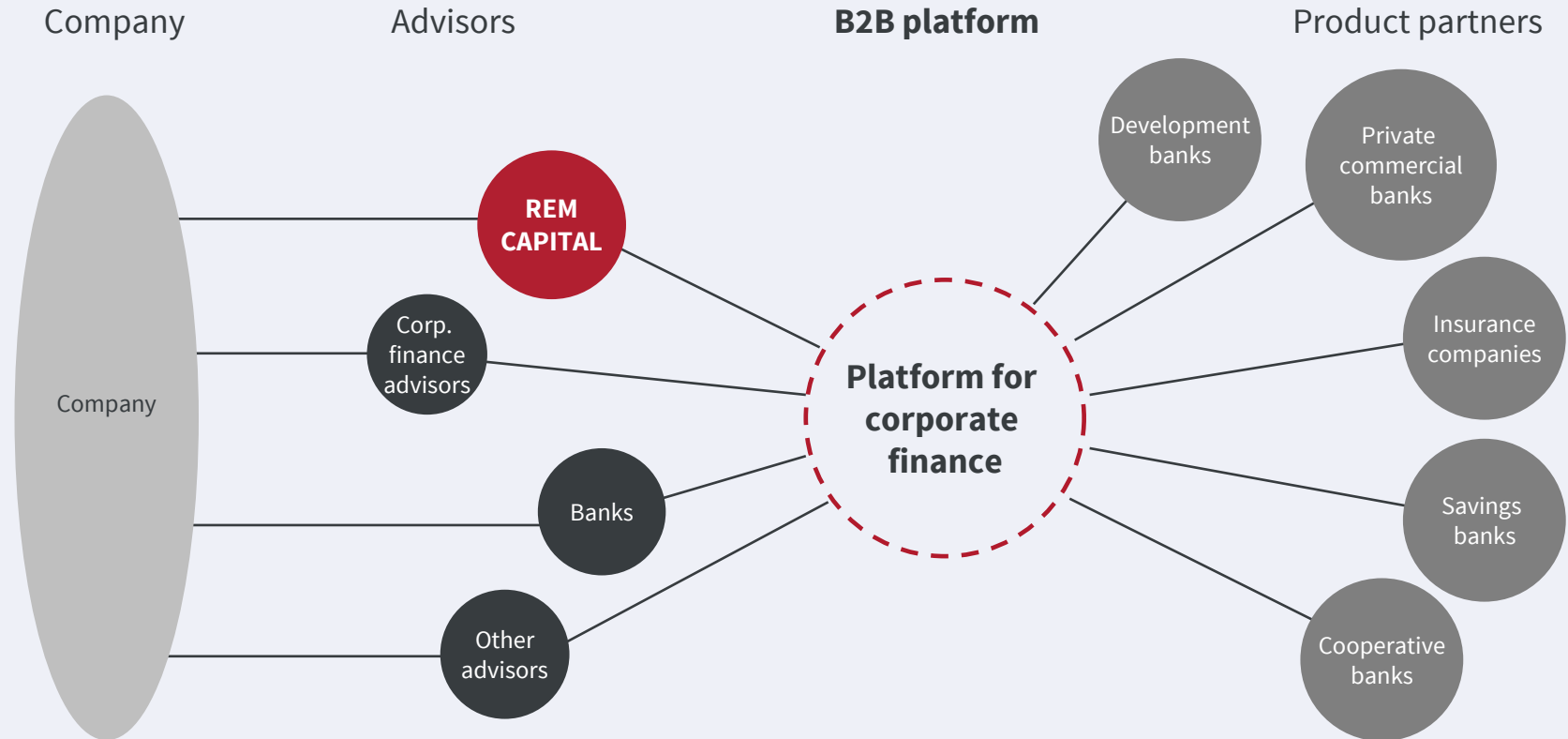
- REM CAPITAL's development lending expertise will strengthen Dr. KLEIN Firmenkunden AG's corporate finance team, which was established in 2017
- Preparation of the planned launch of a dedicated platform for handling corporate finance (over €5 million) in 2020

## Other details

- New company will be assigned to the Credit Platform segment

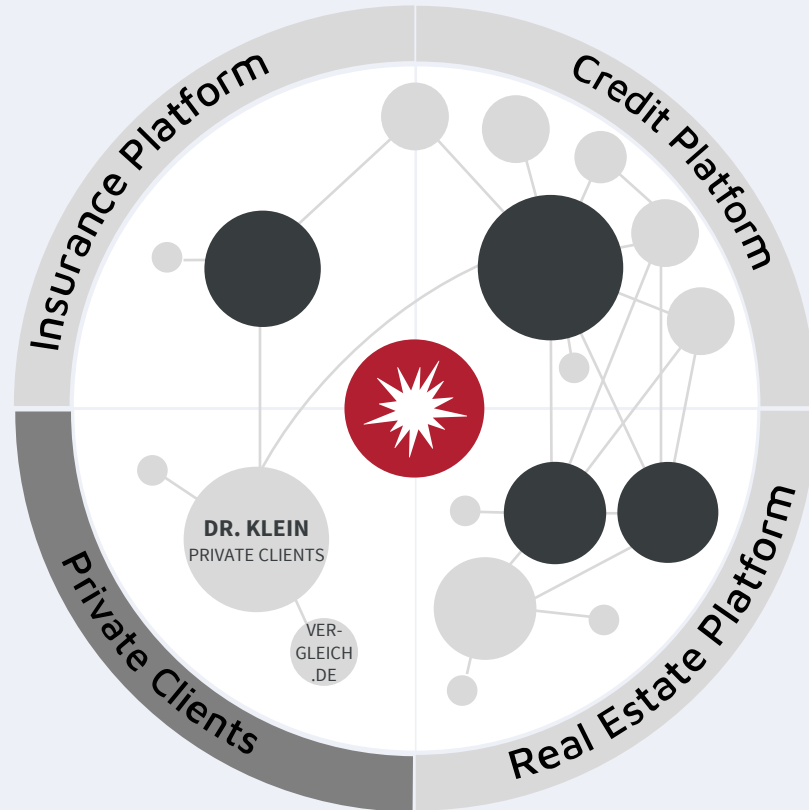
# REM CAPITAL and the platform for corporate loans

Planned business model



# Private Clients

Business model and segment results

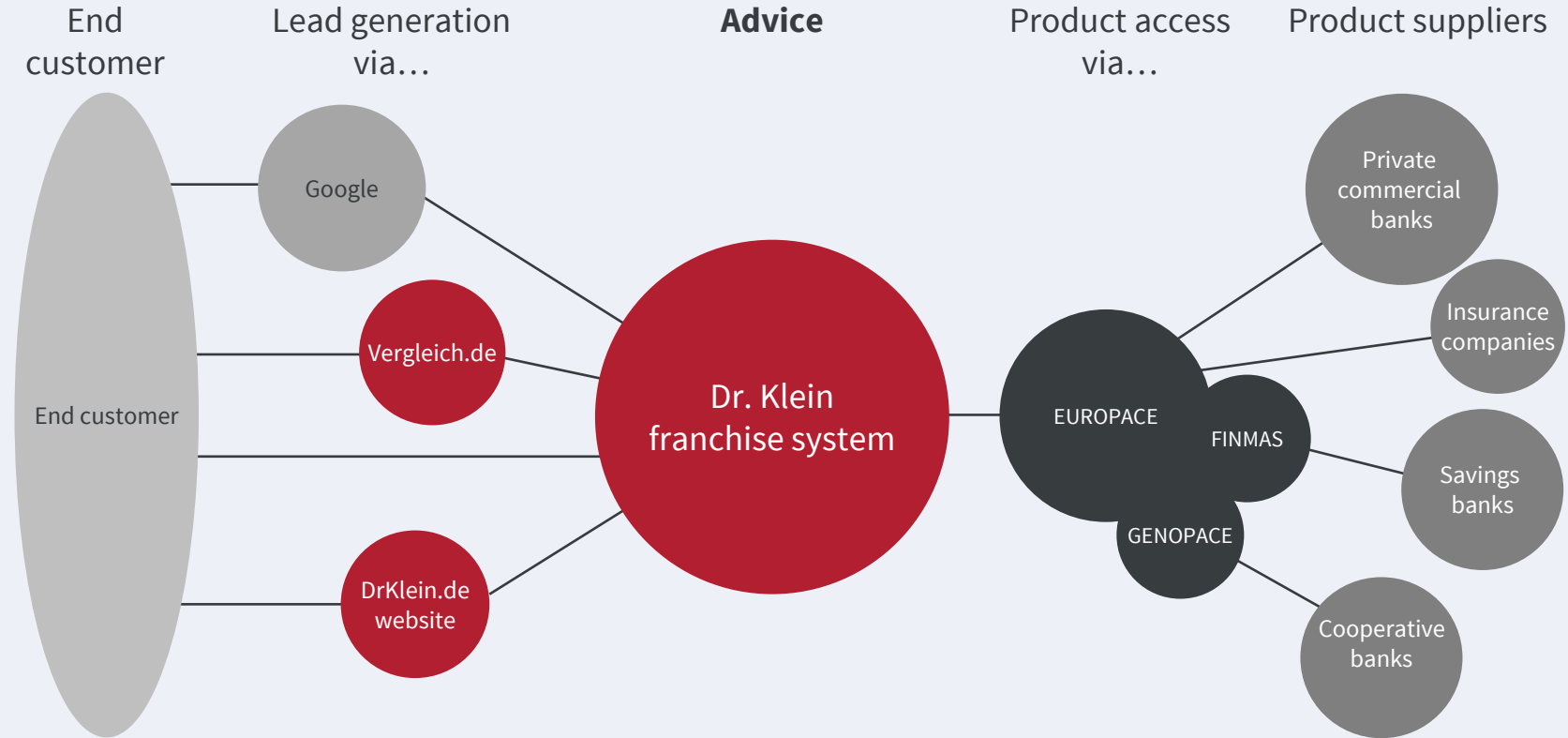


Private clients



# Private Clients

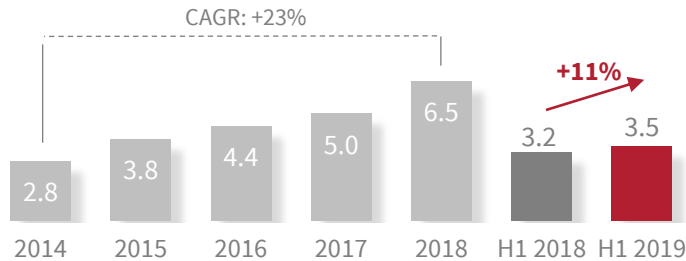
## Business model



# Significant gain in market share for Dr. Klein

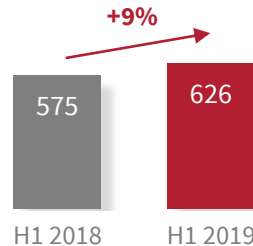
Private Clients: volume of loans brokered and number of advisors

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



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

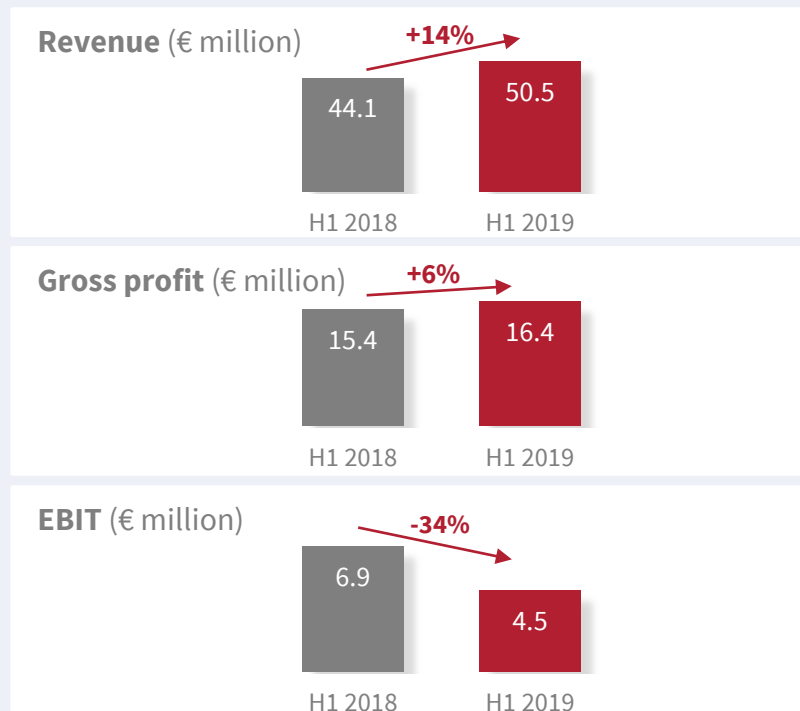
## Loan brokerage advisors in branch-based sales (number)



- 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.

# Record revenue for Dr. Klein

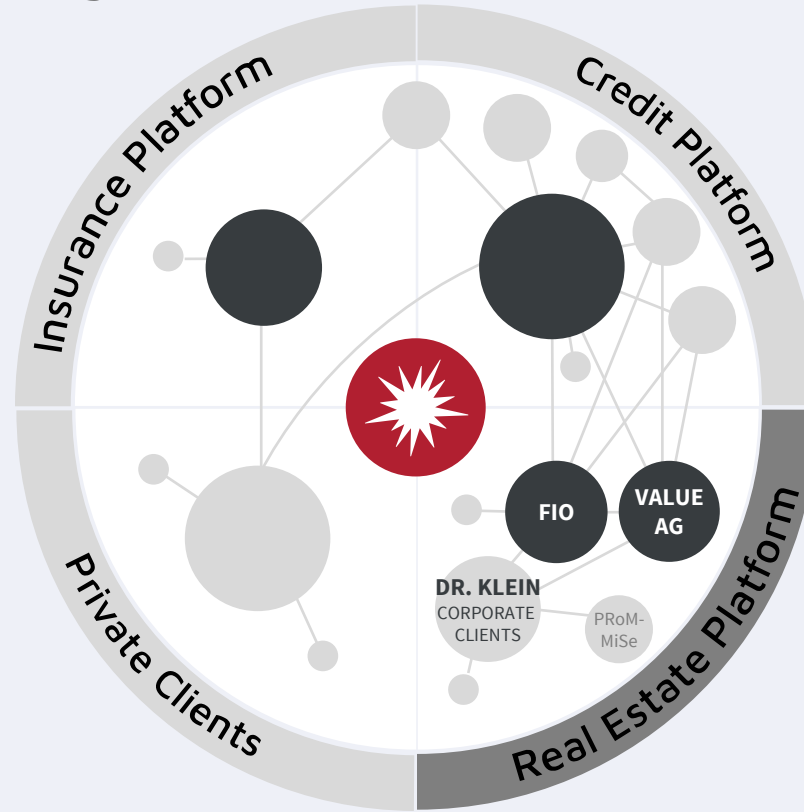
Private Clients: revenue, gross profit and earnings



- 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



Property industry

# Digitalisation of the German housing industry

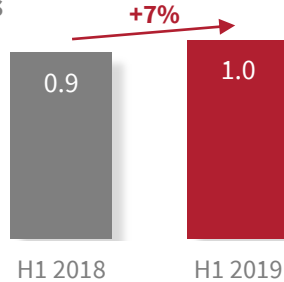
Real Estate Platform – business model



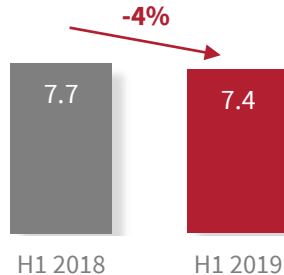
# Political discourse is fuelling uncertainty

Real Estate Platform: property financing platform

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



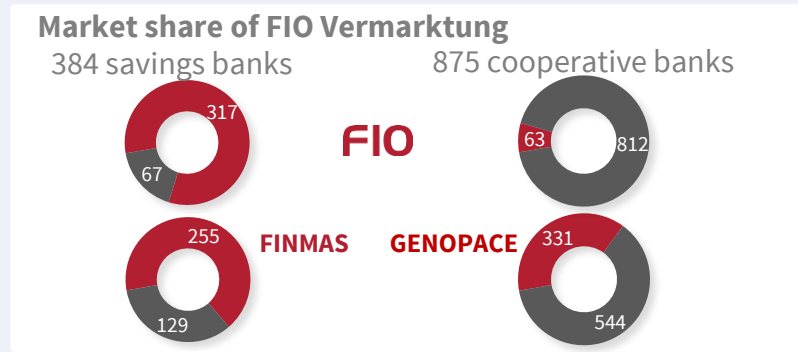
**Revenue from the property financing platform**  
(€ million)



- 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.

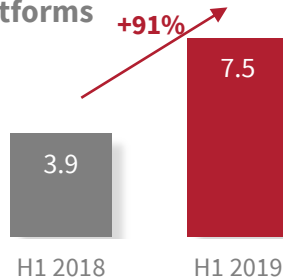
# FIO's huge market potential becoming apparent

Real Estate Platform: property management platform and property sales platform



## Revenue from the property management and property sales platforms

(€ million)\*



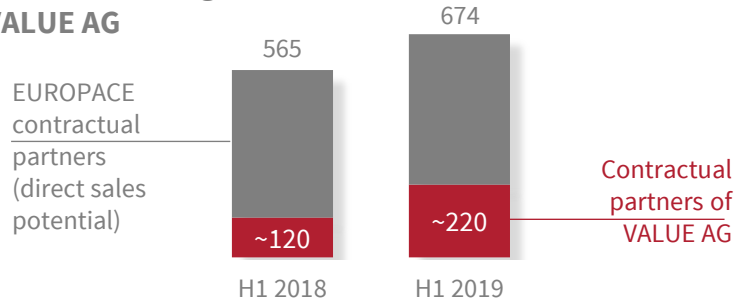
\* Revenue of FIO SYSTEMS AG and Hypoport B.V. (PROMMISE)

- 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.

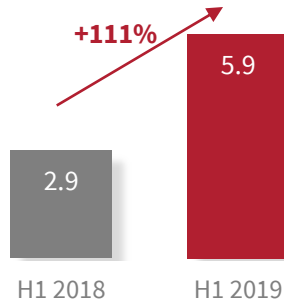
# Integration of further partners going well

Real Estate Platform: property valuation platform

## Potential synergies of EUROPACE partners for VALUE AG



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



- 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.



# Strong revenue growth and further capital expenditure

## Real Estate Platform: revenue, gross profit and earnings



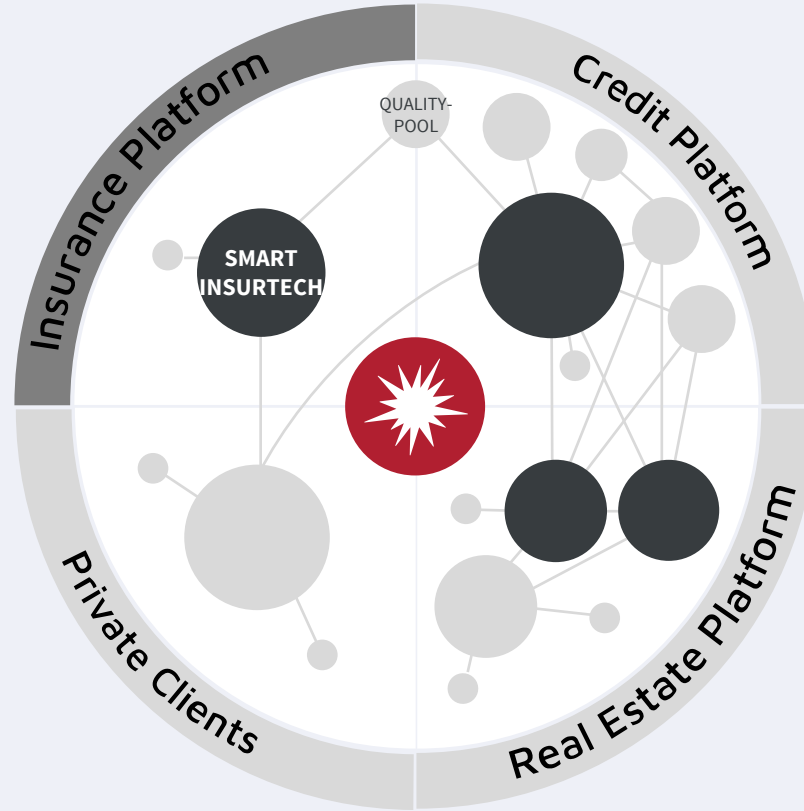
- The segment's revenue growth was thanks to the healthy operating performance of the property management platform, property sales platform and property valuation platform.
- The property financing platform was the only platform to register a small decrease in revenue.
- An increasing proportion of recurring 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

## Business model

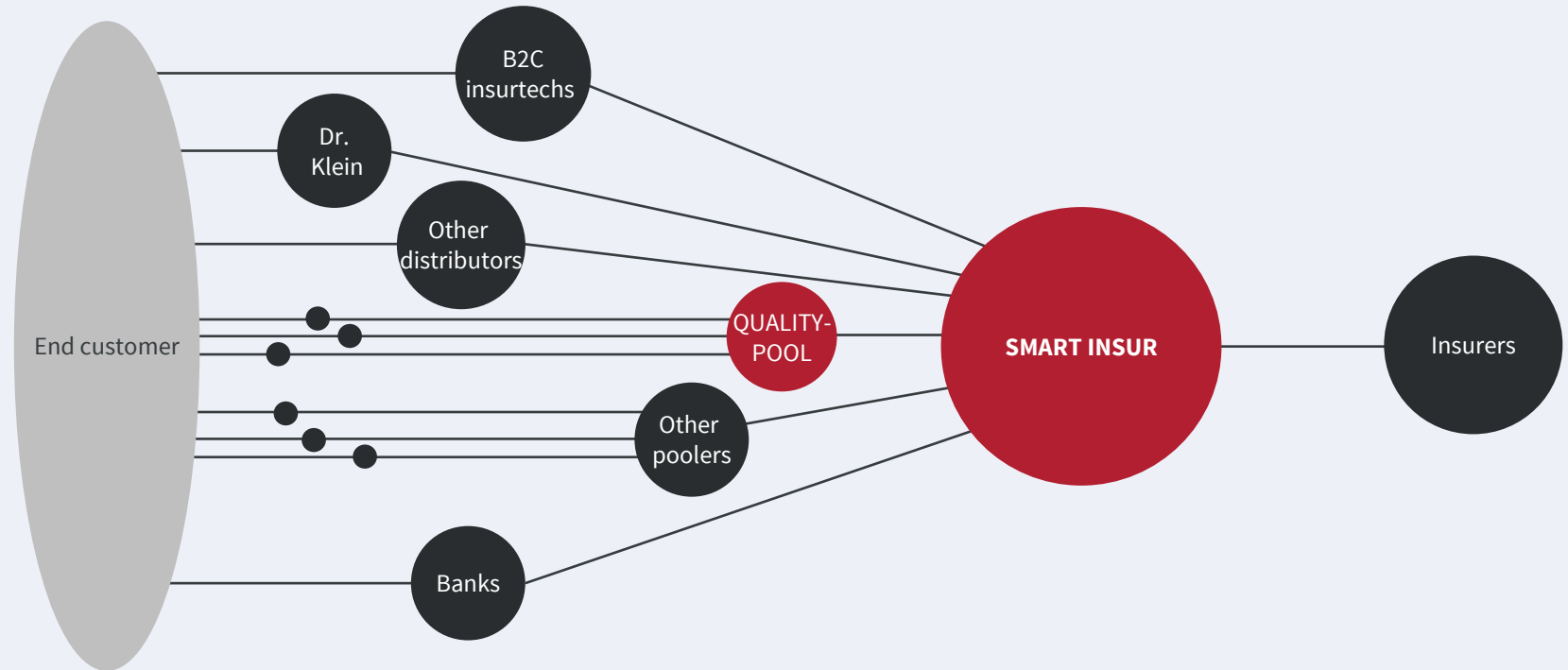
End customer

Distributors

Poolers

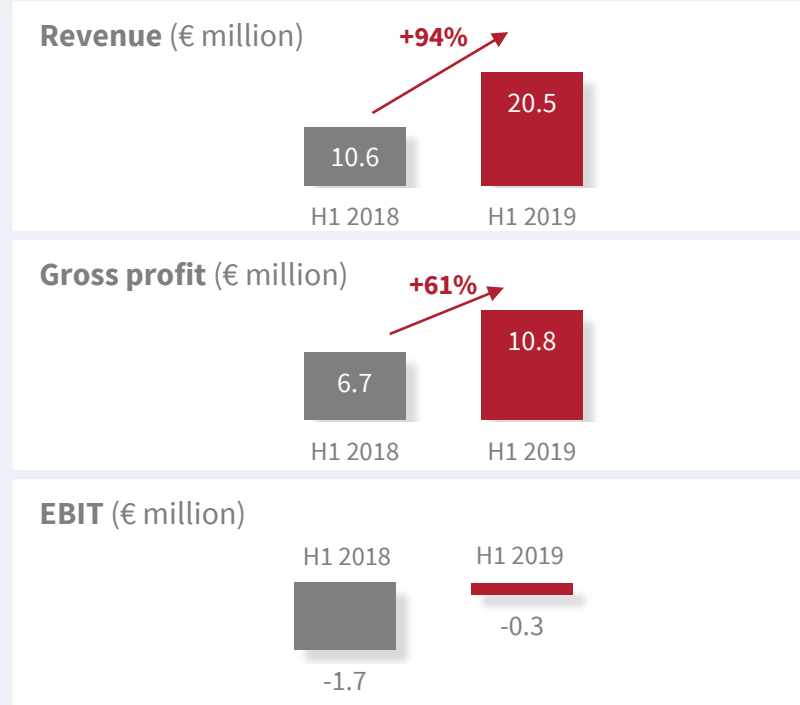
**B2B platform**

Product suppliers



# 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.

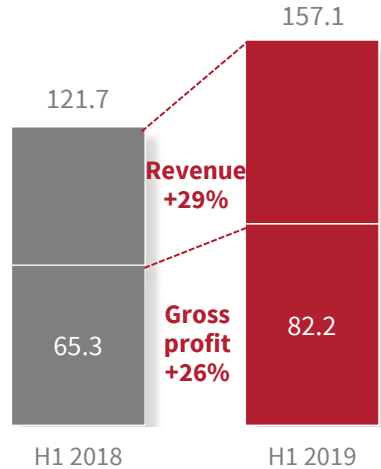
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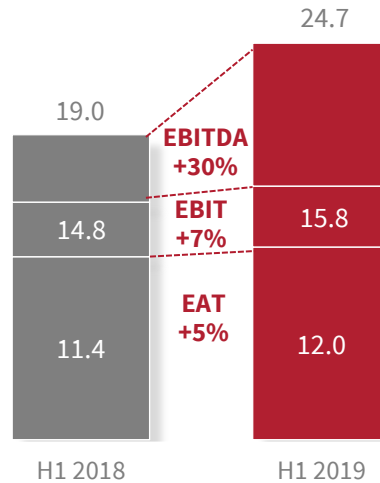
# Hypoport Group generates strong growth

Overview of Hypoport's key performance indicators

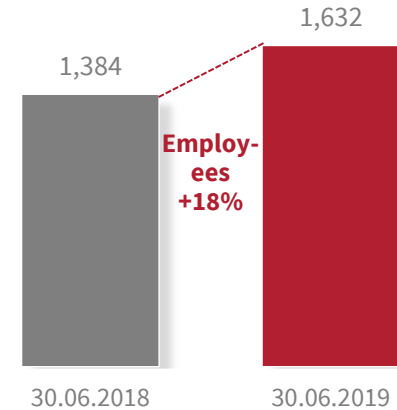
**Growth** (€ million)



**Earnings** (€ million)



**Employees** (number)

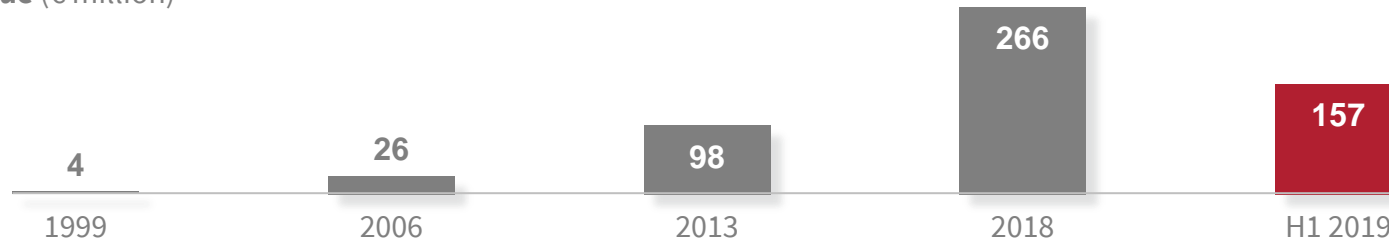


# History of Hypoport Group

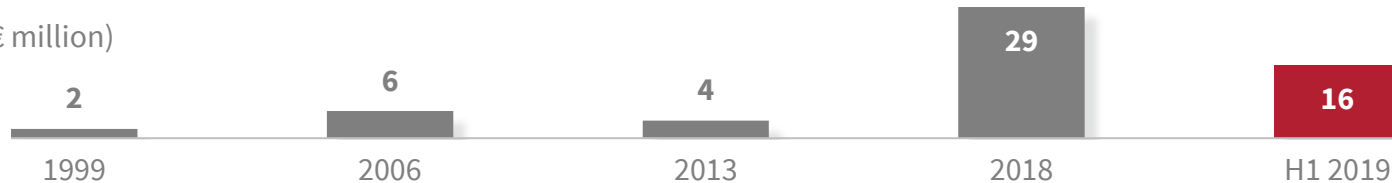
Long-term changes in revenue and EBIT



Revenue (€ million)



EBIT (€ million)



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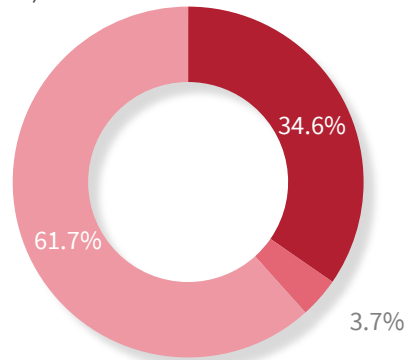
# Market capitalisation of around €1.5 billion

## Shareholder structure and share information

### 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)



### KPIs and indices

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

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# Investment highlights

**+22%** REVENUE GROWTH  
**CAGR 5 years**

**1.8** MODERATE DEBT  
Net debt / EBITDA

**+50%** EBIT INCREASE  
**CAGR 5 years**

**+20** YEARS  
of experience with platform-based business models

**10** ACQUISITIONS  
in 5 years

**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.

# Contacts

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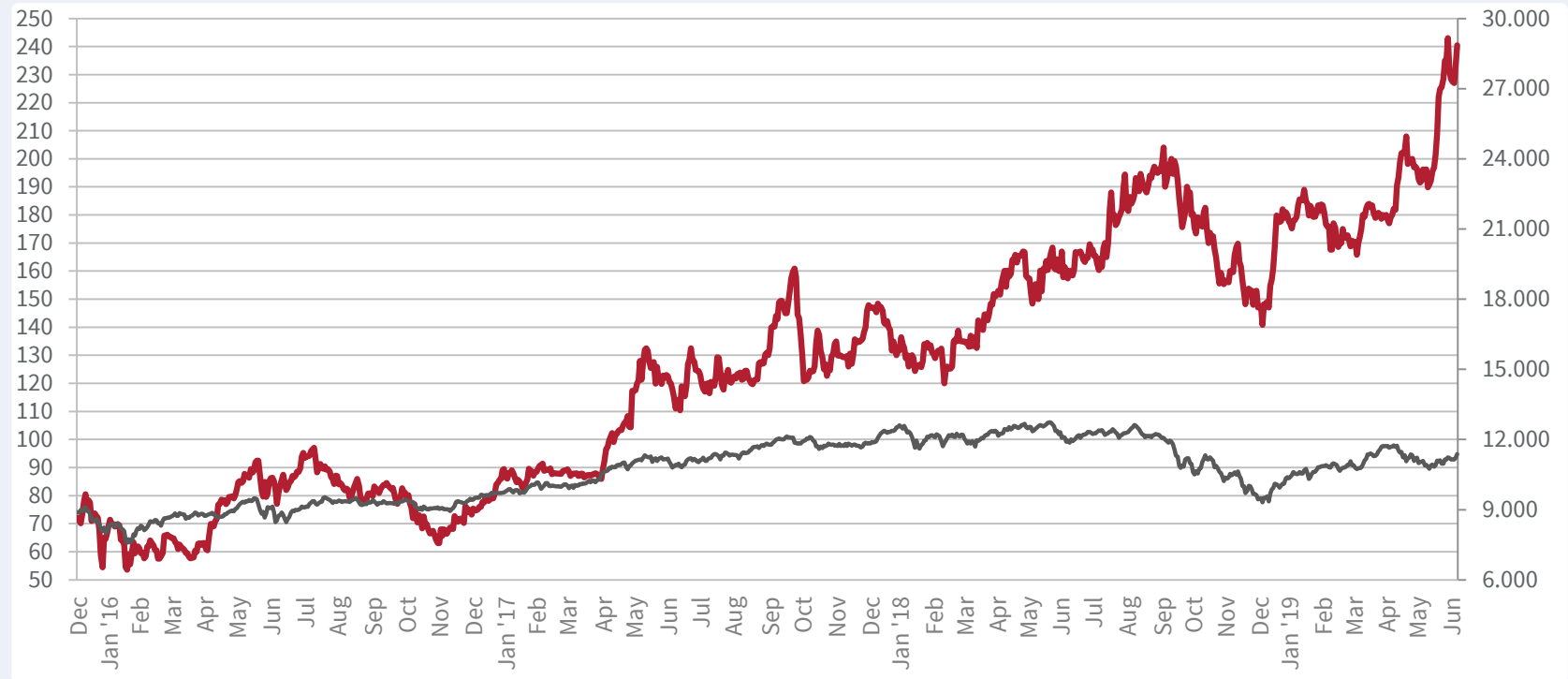
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# Annex

# 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

ANALYST	RECOMMEN- DATION	TARGET PRICE	DATE
Bankhaus Metzler	Sell	€214.00	31 Jul 2019
Berenberg	Buy	€210.00	14 May 2019
Commerzbank	Hold	€229.00	26 Jul 2019
KBW (Stifel)	Buy	€255.00	8 Jul 2019
Pareto Securities	Hold	€200.00	26 Jul 2019
Warburg	Buy	€250.00	2 Jul 2019

## 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'

Date	Publication dates in 2019
October 2019	Europace transaction volume in Q3
4 November 2019	Q3 results

## RECENT INVESTOR EVENTS

Conference	Hamburg	Jun 2019
Conference	Berlin	Jun 2019
Conference, roadshow	New York, Chicago	May 2019
Conference	Warsaw	Apr 2019
Roadshow	Copenhagen, Helsinki	Apr 2019
Conference	Paris	Apr 2019
Roadshow	Brussels	Apr 2019
Roadshow	London	Mar 2019
Conference	Frankfurt	Feb 2019
Conference	Lyon	Jan 2019
Conference	London	Dec 2018
Conference	Berlin	Nov 2018
Conference	Frankfurt	Nov 2018
Roadshow	Paris	Nov 2018
Conference	Munich	Sep 2018
Roadshow	London	Sep 2018
Roadshow	Vienna	Sep 2018
Conference	Copenhagen	Aug 2018
Roadshow	Oslo, Helsinki	Aug 2018
Roadshow	Edinburgh	Aug 2018