

# Hypoport AG

*Preliminary results for  
2019*

## Our mission

# Digitalising the credit, real estate and insurance industries



Credit Industry



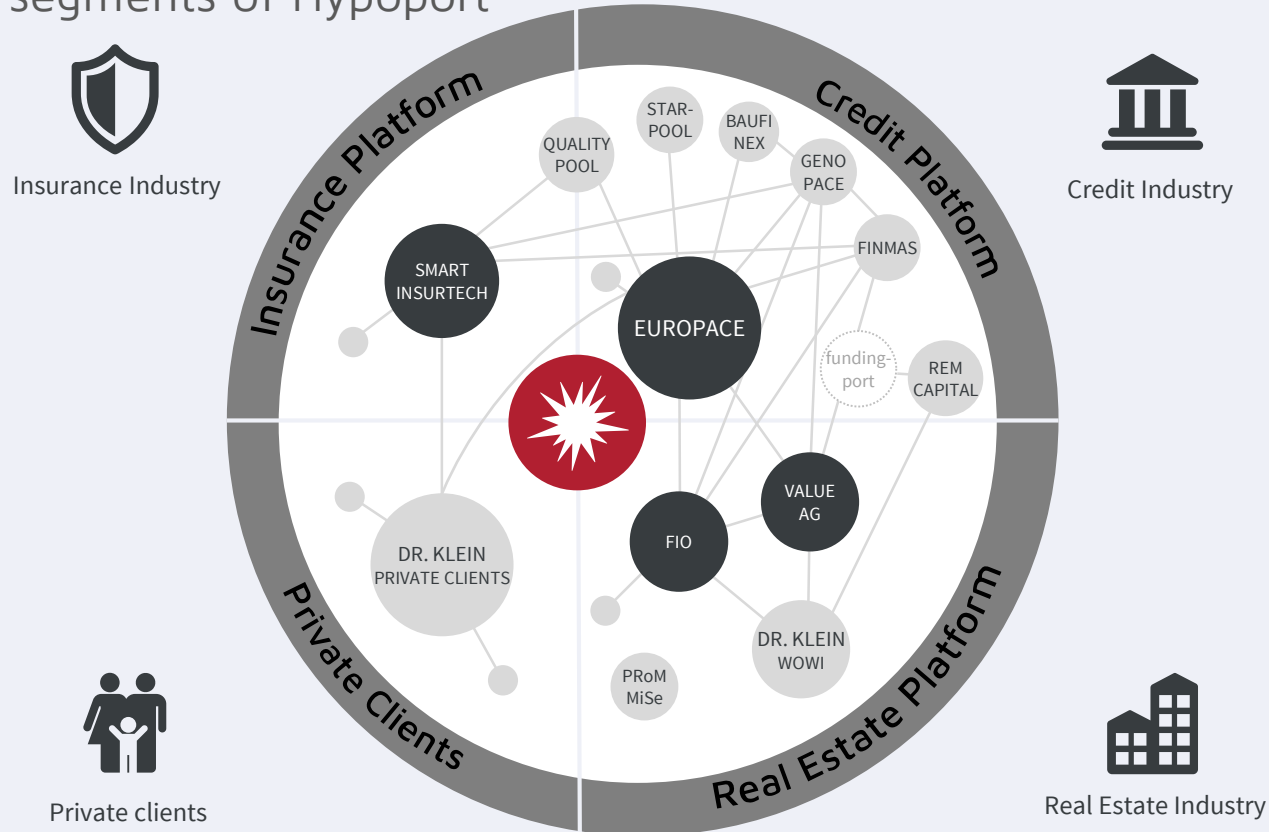
Real Estate Industry



Insurance Industry

# Hypoport – a network of technology companies

The four segments of Hypoport



# Hypoport – clearly ahead of the market

Preliminary results for 2019 & forecast for 2020

## Key figures for 2019 (yoy change)

- Revenue: €337.2 million (+27%)
- Gross profit: €181.9 million (+30%)
- EBIT: €33.0 million (+13%)
- EPS: €3.90 (+7%)

## Hypoport & markets overall (yoy change)

- |                                      |   |                                   |
|--------------------------------------|---|-----------------------------------|
| • Credit Platform revenue: +22%      | } | Mortgage finance                  |
| • Private Clients revenue: +21%      |   | market: +9%*                      |
| • Real Estate Platform revenue: +47% | → | Housing transaction market: +5%** |
| • Insurance Platform revenue: +38%   | → | Insurance market: +7%***          |

## Forecast for 2020

- Hypoport anticipates revenue of between €400 million and €440 million and EBIT of €35 million to €40 million at Group level

\*Source: Deutsche Bundesbank \*\*Source: own estimates and Gewos \*\*\*Source: GDV.

# Hypoport – strong basis for further growth

Areas of capital expenditure with an impact on earnings in 2019

## Credit Platform (level of investment: €€€)

- Substantial increase in **key account resources** for regional banks (FINMAS / GENOPACE)
- Marked increase in **development resources** for EUROPACE
- **Links** to the Real Estate Platform (VALUE AG, FIO)
- Expansion of the **corporate finance platform** 'fundingport'

## Real Estate Platform (level of investment: €€)

- **Adjustment of the pace of growth** of acquired businesses to that of Hypoport
- Expansion of the **IT platforms** for property marketing, valuation and management
- Substantial **headcount** expansion in property valuation

## Private Clients (level of investment: €)

- Investment in the **digitalisation** of advisory processes to improve lead generation and customer retention
- Expansion of **product management** at regional banks

€35  
million

## Insurance Platform (level of investment: €€)

- Expansion of sales capacities
- Cultural and technical **integration** of acquired businesses
- Making the acquired businesses scalable

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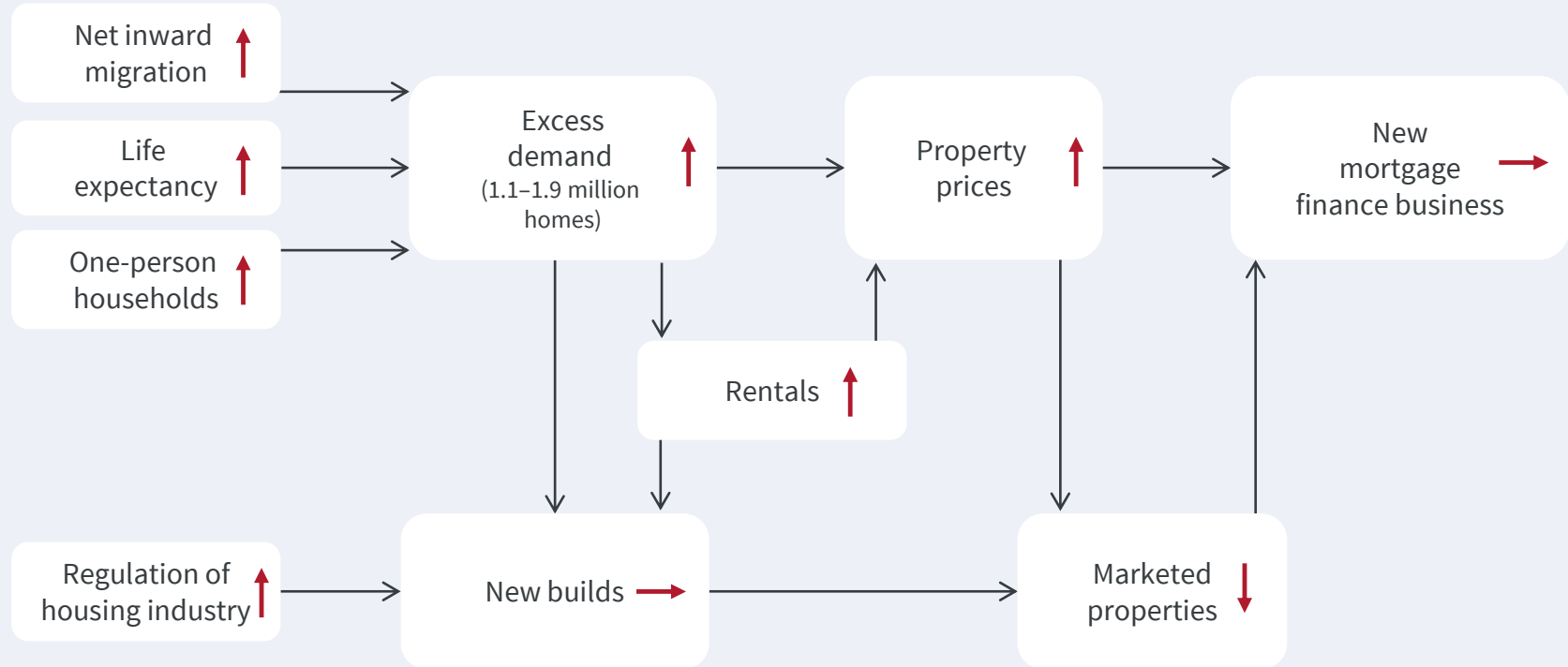
## **1. Market environment**

- 2. Key performance indicators for the segments
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# Huge excess demand in the housing market

Factors influencing the German housing market



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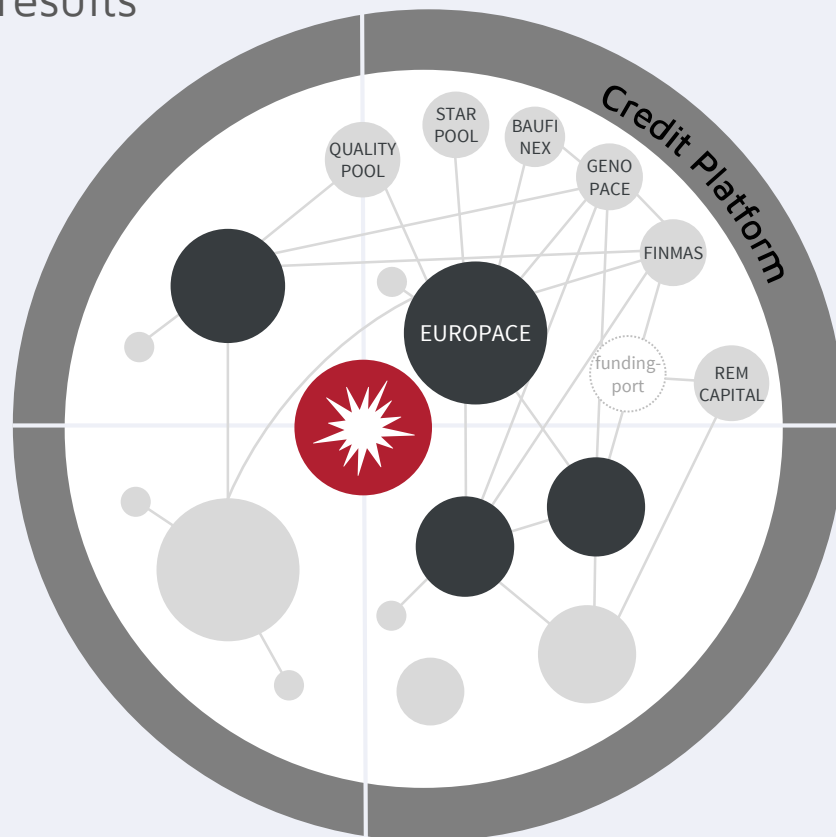
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# Credit Platform

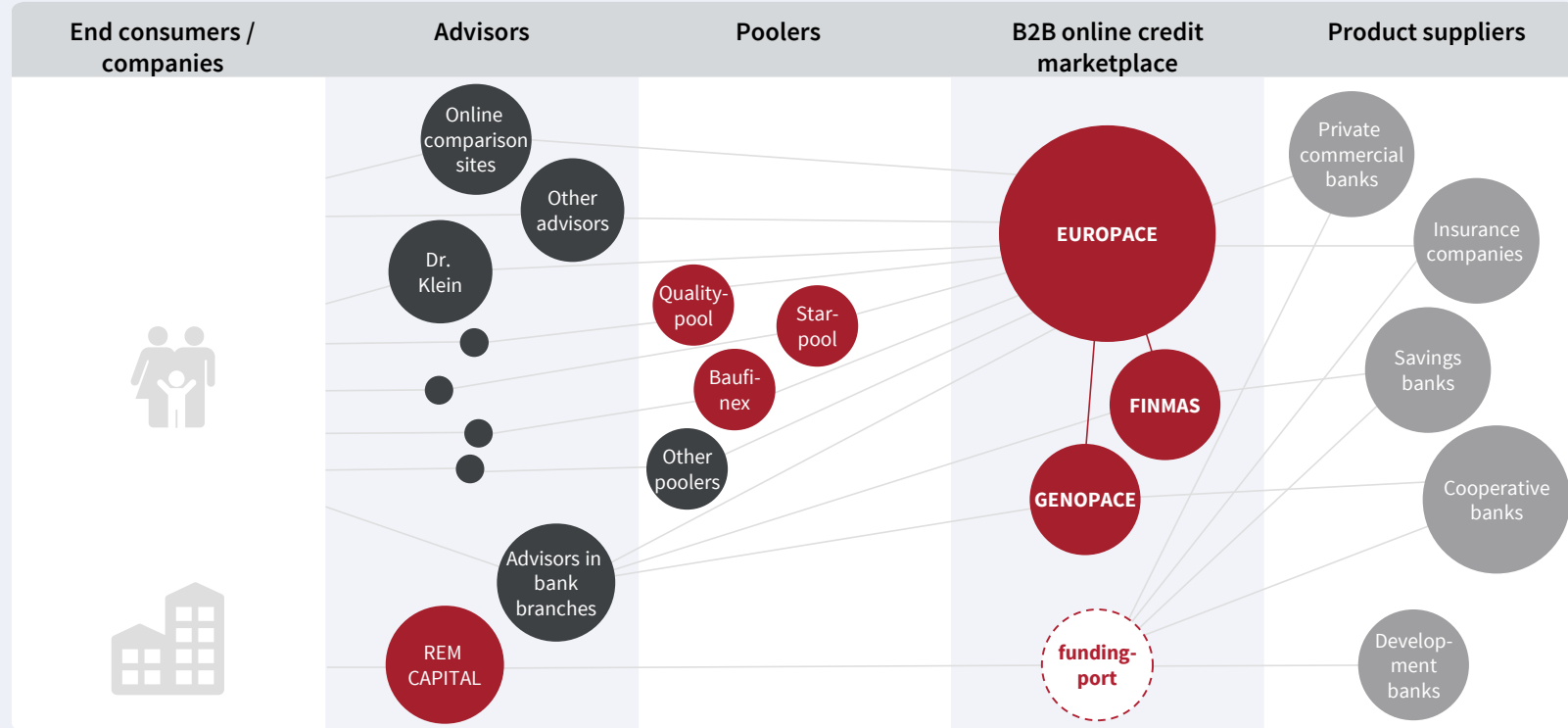
Business model & results



Credit industry

# Credit Platform

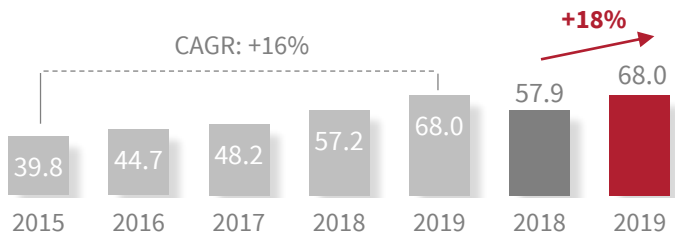
## Business model



# EUROPACE clearly outperforms the market once again

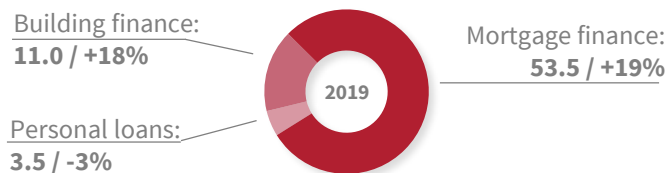
## Credit Platform: EUROPACE transaction volume

### Volume of transactions (€ billion)\*\*



\*\* Numbers before cancellations.

### Transaction volume by product group (€ billion)



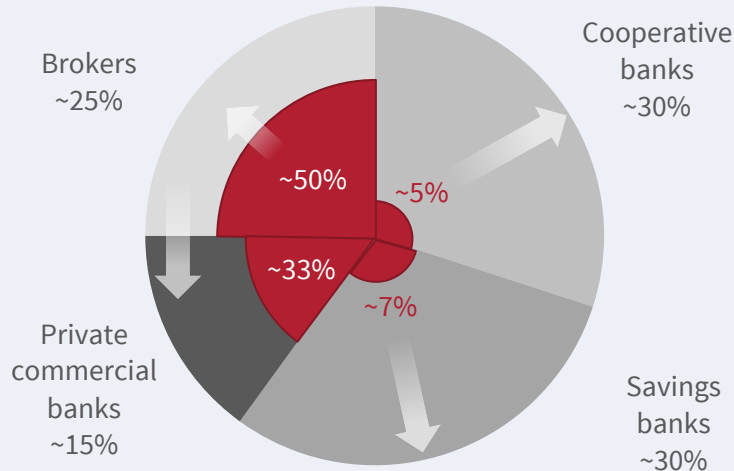
- Transaction volume per sales day\* reached a record level of €272 million (+18% yoy) in 2019. The Q4 figure was even higher at €287 million (+18% yoy).
- The biggest product group, mortgage finance, grew by 19% in 2019 (market as a whole: +9%) to well over €50 billion.
- Growth in the building finance product group was at a comparable level (+18%) due to sales activities being linked to mortgage finance.
- There was a slight contraction in the smallest product group, personal loans, compared with the strong prior-year figure. The segment recorded negative growth at a rate of minus 3% for the year as a whole, but the Q4 growth figure was already back in positive territory.

\* 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).

# EUROPACE has huge potential for growth

Mortgage finance in Germany and EUROPACE's share

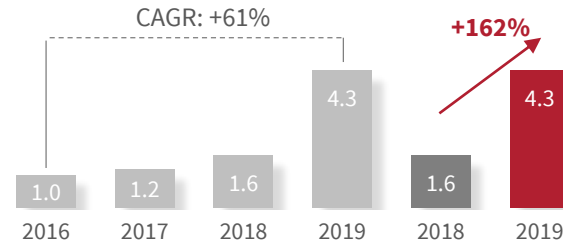
## Distribution channels and EUROPACE's share\*



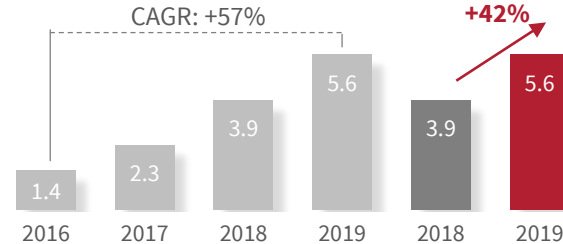
○ Mortgage finance Germany 2019: €263 billion  
■ Mortgage finance EUROPACE\* 2019: €54 billion

\* Numbers before cancellations. Sources: Bundesbank, EUROPACE, own estimates.

## GENOPACE (for cooperative banks)\*



## FINMAS (for savings banks)\*



# Substantial growth secures market leadership

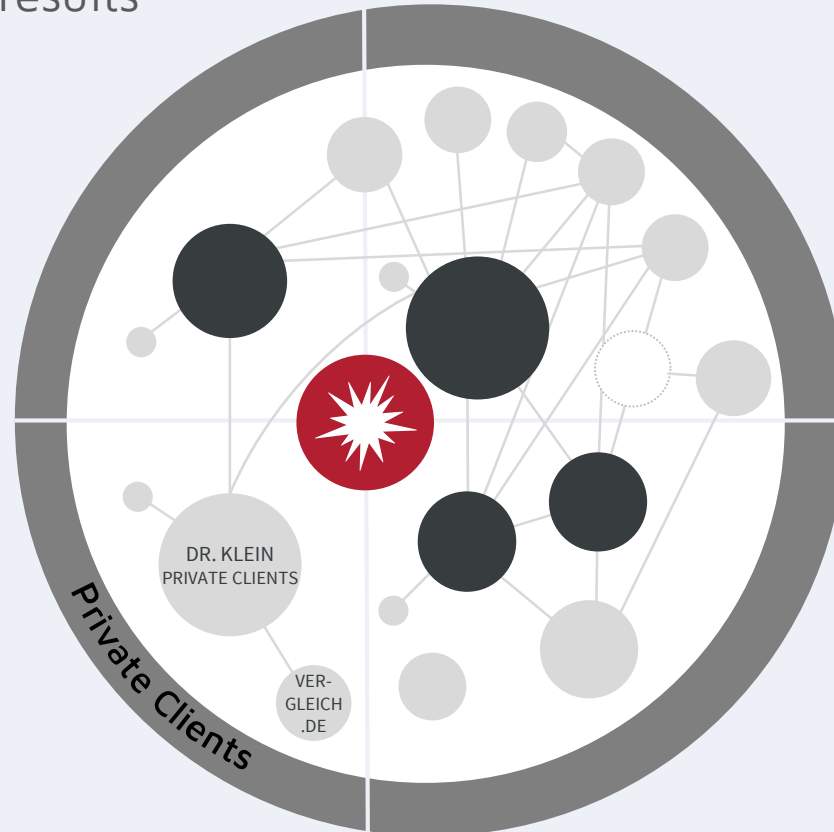
Credit Platform: revenue, gross profit and earnings



- There was growth in all four distribution channels (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 further expansion of key accounts for regional banks.
- There has also been further investment in strengthening the links between the Credit Platform and Real Estate Platform segments.
- The integration of the recently acquired REM CAPITAL in the second half of 2019 went well. The company is starting to make positive contributions to revenue and earnings.
- Pilot run of the corporate finance platform 'fundingport' will be launched in 2020.

# Private Clients

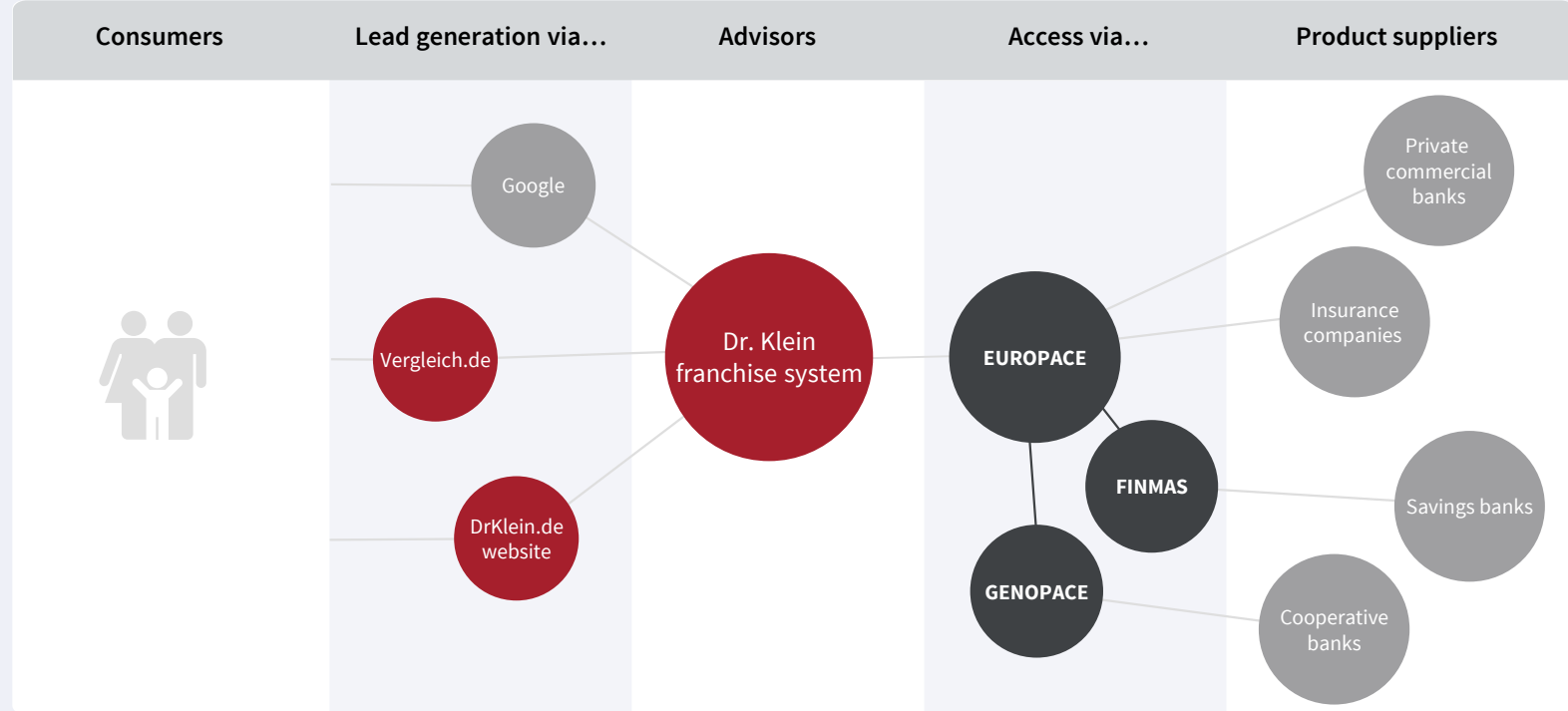
## Business model & results



Private Clients

# Private Clients

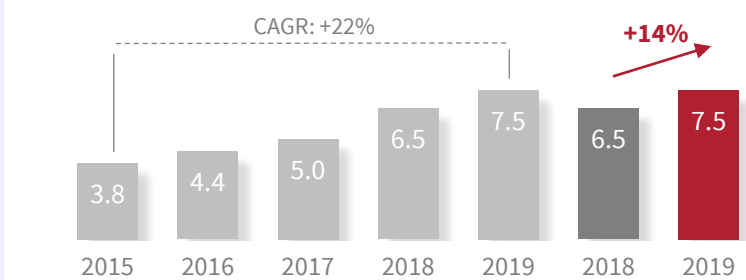
## Business model



# Gain in market share for Dr. Klein private clients

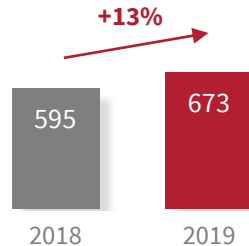
Private Clients: volume of loans brokered and number of advisors

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



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

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

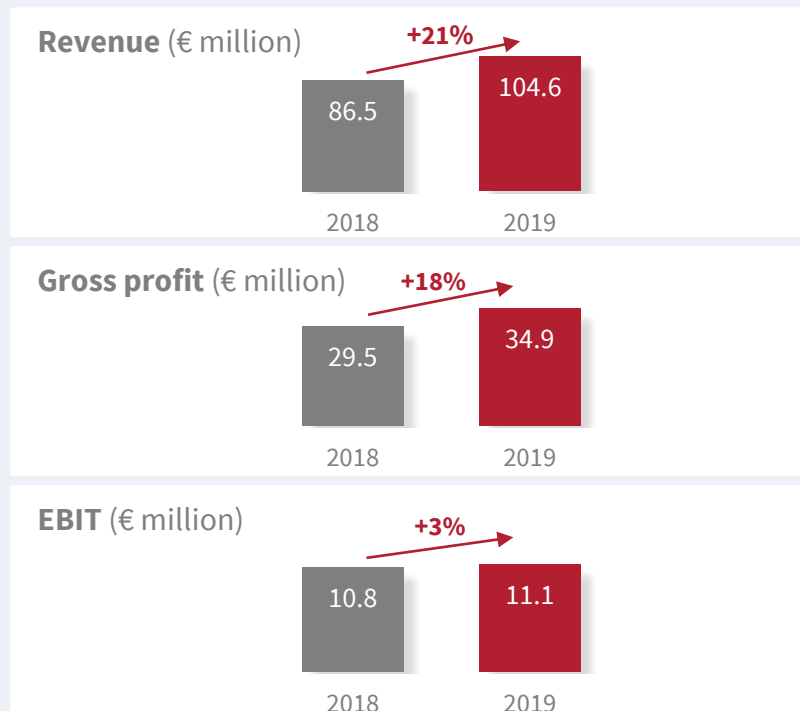


- Market share increased again thanks to a sharp rise in the volume of new loans brokered (+14%)
- The customer base is expanding steadily thanks to continued growth in demand from consumers for neutral loan brokerage advice
- The number of loan brokerage advisors went up again in 2019
- The rising number of advisors and increasing demand are laying the foundations for Dr. Klein's future growth
- Further investment in tools designed to generate leads, advisors improve process efficiency
- Expansion of product management staff resources for regional banks completed



# Record revenue in the Private Clients segment

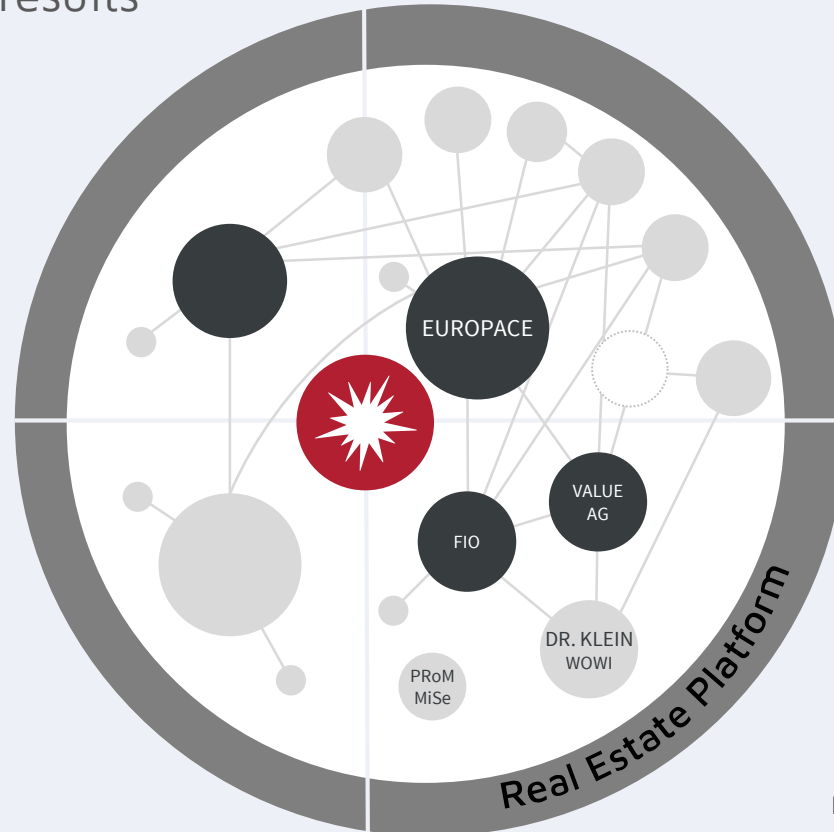
Private Clients: revenue, gross profit and earnings



- Revenue rose sharply compared with 2018, thanks to an increased volume of new loans brokered, and exceeded the €100 million mark for the very first time.
- After a slightly muted start to the year, momentum picked up in the second half of 2019, resulting in a solid earnings performance for the year as a whole.
- The disproportionately weak rise in EBIT was caused in part by costs resulting from the integration of new product partners, capital expenditure on process digitalisation and the building up of the workforce.
- EBIT for the second half of 2019 was up by approx. 70% compared with the prior-year period.

# Real Estate Platform

Business model & results



Real-estate industry

# Creation of a 'platform for housing'

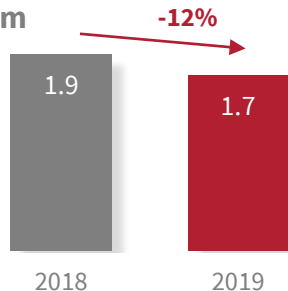
Real Estate Platform – business model



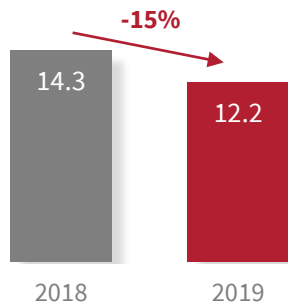
# Reticence due to political discourse

Real Estate Platform: property financing platform

**New business volume brokered through the property financing platform**  
(€ billion)



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

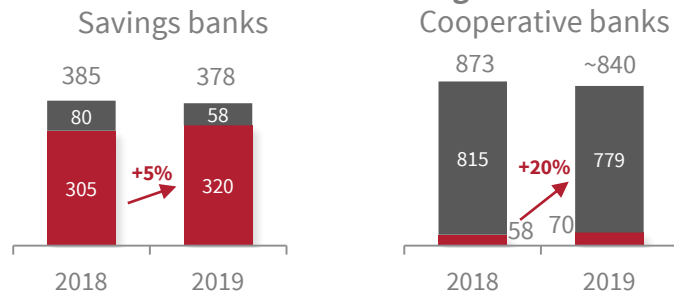


- The business model consists of loan brokerage for the German housing industry
- Market environment is challenging due to a lack of stimulus from interest rates since the summer of 2018
- Moreover, political debate at federal and state level about intervention in the German rental market is resulting in a reluctance to invest in the housing sector
- The impact on the volume of new loans brokered has been limited, despite the unfavourable conditions
- Revenue decreased year on year, partly due to the absence of lucrative one-off transactions which had boosted revenue in 2018

# A successful year for FIO

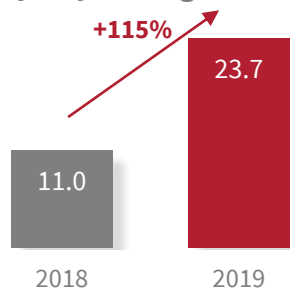
Real Estate Platform: property management platform and property sales platform

## Market share of FIO Vermarktung



## Revenue from property management and property sales platforms

(€ million)\*



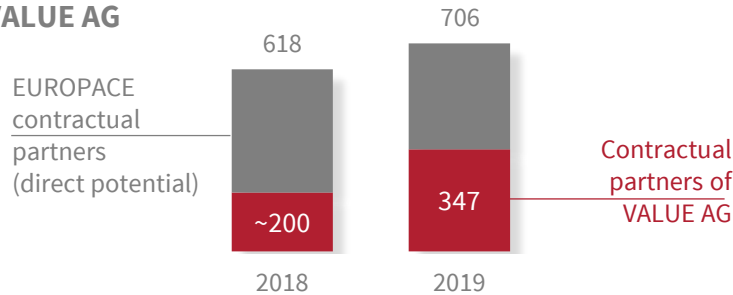
\* Revenue of FIO SYSTEMS AG, Maklaro GmbH and Hypoport B.V. (PRoMMiSe).

- The business model consists of the development of software solutions for the sale and management of properties 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 already use the solution provided by FIO
- Revenue was very high in the second half of 2019 due to the exceptionally large volume of project business
- FIO represents a new service offering within the Hypoport network for partners of FINMAS, EUROPACE and GENOPACE and has been very well received
- The business model's shift from SaaS to a platform model was initiated in 2019

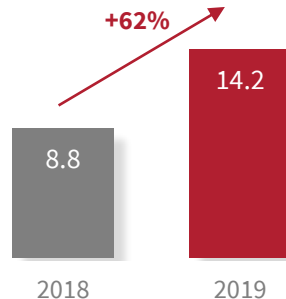
# Systematic integration of partners through cross-selling

Real Estate Platform: property valuation platform

## Potential synergies of EUROPACE partners for VALUE AG



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



- The business model consists of integrated property valuations for the lending banks, i.e. for EUROPACE product partners
- Revenue increased substantially in 2019, mainly due to organic growth
- The growing number of EUROPACE bank partners who have started to use the services of VALUE AG prove that cross-selling is successful, although there is still huge untapped potential
- Massive workforce expansion in 2019 in order to gain further market share
- Capital expenditure on a proprietary property valuation platform with a high degree of automation is laying the foundations for greater efficiency in the valuation business, which is still predominantly manual
- The technical integration of the EUROPACE and VALUE AG platforms has continued

# Strong revenue growth and further capital expenditure

Real Estate Platform: revenue, gross profit and earnings



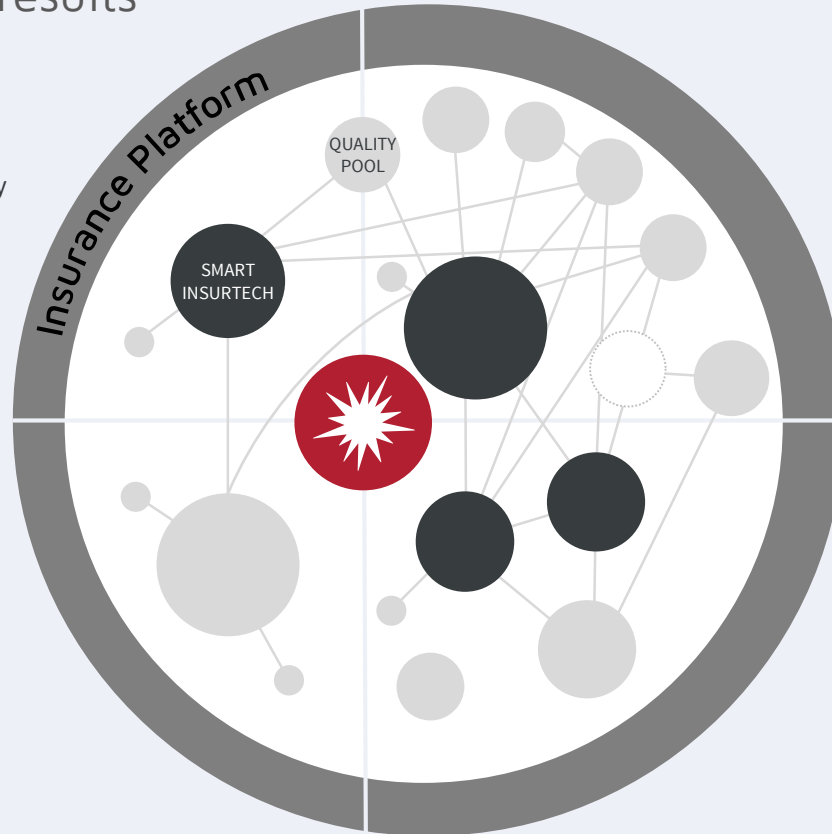
- Segment revenue grew thanks to the overall healthy (in some respects excellent) operating performance of the platforms for the management, marketing and valuation of properties; the property financing platform was the only subsegment that reported a slight fall in revenue.
- Based on good contacts of the property financing platform (Dr. Klein Wowi) and the Credit Platform (EUROPACE, FINMAS, GENOPACE), capital expenditure by the Hypoport Group in 2020 will be focused on the 'housing platform'.
- The transformation from a software/service provider to a platform solution offers significant potential for revenue and profit growth.
- EBIT went down because of the housing sector's reticence regarding loan brokerage and despite initial capital expenditure on the property valuation platform.

# Insurance Platform

Business model & results



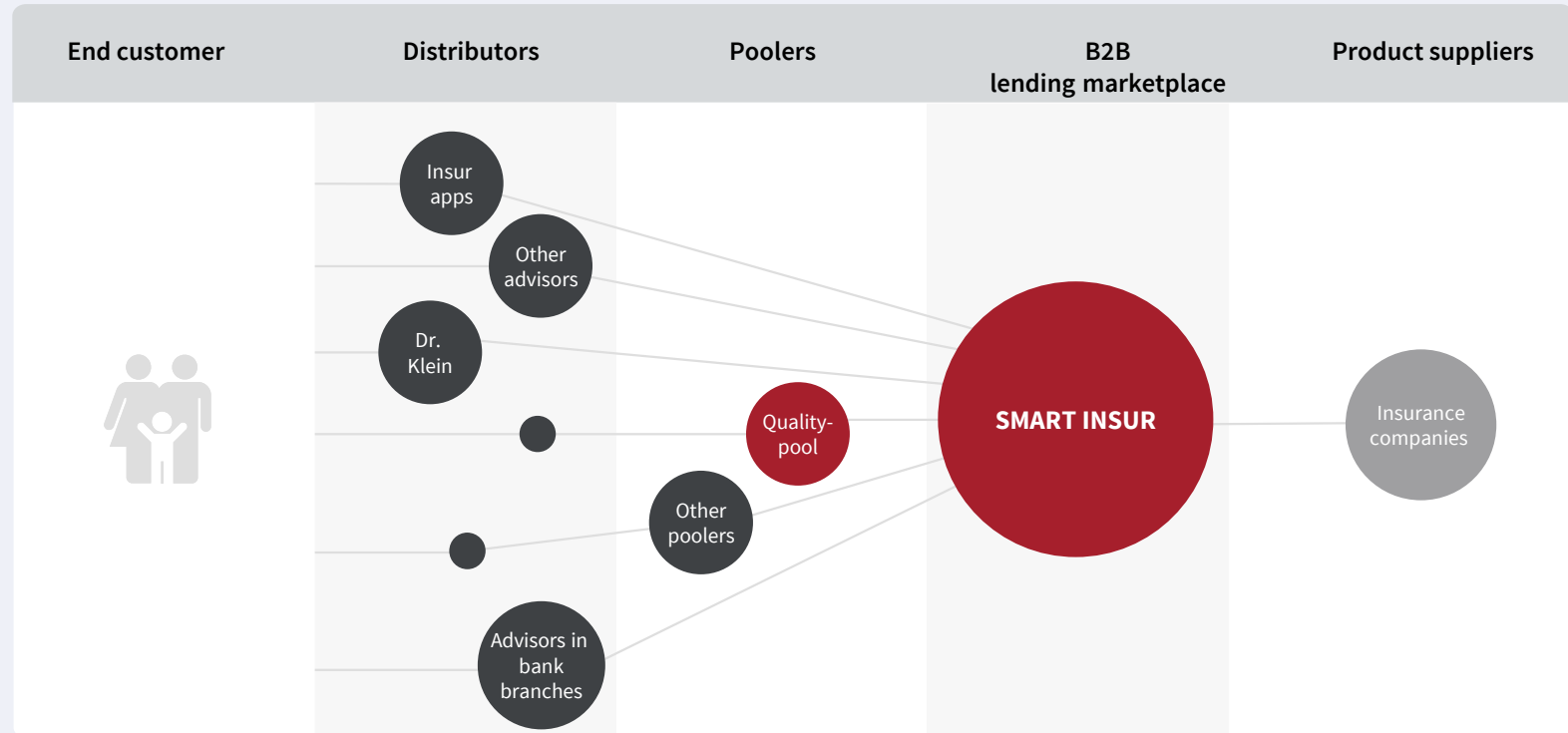
Insurance industry





# Insurance Platform

## Business model



# Value creation through integration within the sector

## Insurance Platform: revenue, gross profit and earnings



- The transition to growth is resource-intensive but progressing well and unlocking the anticipated synergies.
- Large broker organisations and broker pools are the primary target groups. InsurTechs and banks are also relevant targets.
- In 2019, we were able to attract additional medium-sized companies as pilot customers for the platform, which shows that it is resonating well with its target group.
- Like EUROPACE, SmIT is building a network through its own industry conferences so that it can collaborate with partners on developing and refining the platform.
- In 2019, capital expenditure levels remained high, but start-up losses were nevertheless reduced significantly.

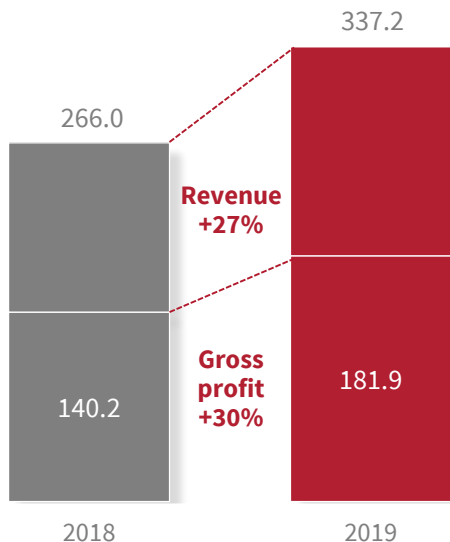
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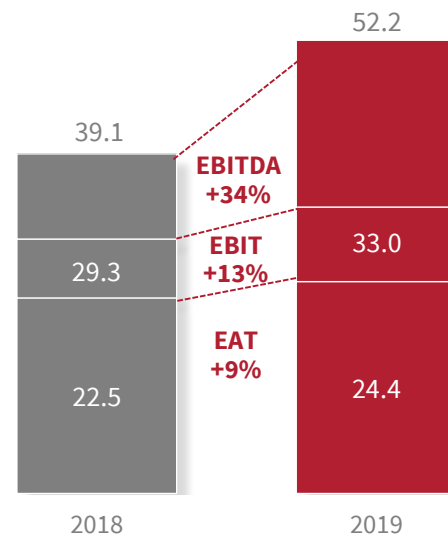
# Hypoport Group generates strong growth

Overview of Hypoport's key performance indicators

**Growth** (€ million)



**Earnings** (€ million)



# 20 years as a growth company

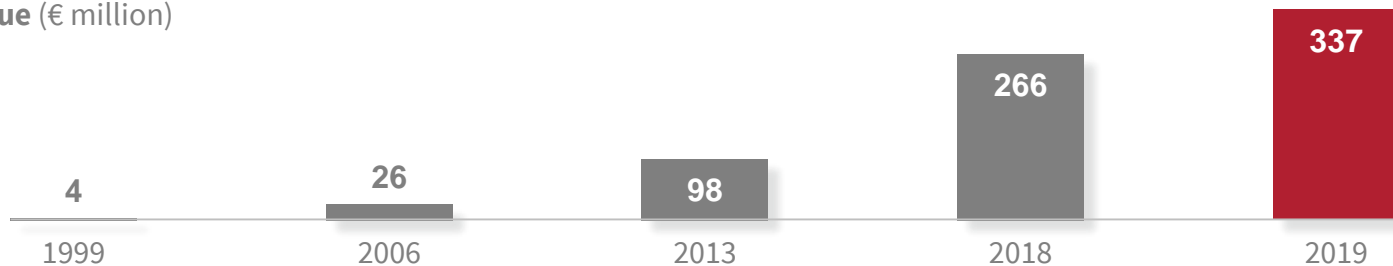
Long-term changes in revenue and EBIT

Start-up

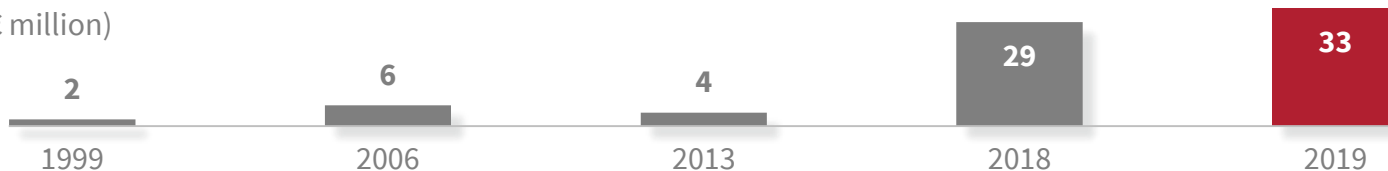
Established  
despite fin. crisis

Upscaling and expansion

Revenue (€ million)



EBIT (€ million)



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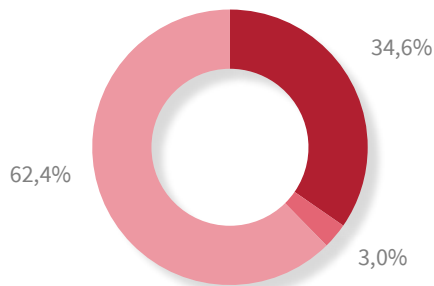
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# Market capitalisation of around €2 billion

## Shareholder structure and share information

### Breakdown of shareholders as at 29 February 2020

- Ronald Slabke (CEO)
- Treasury shares
- Free float  
of which > 5% held by Union Investment, > 3% held by Nicolas Schulmann)



### KPIs and indices

KPI	DETAILS	VALUE
EPS	Earnings per share in 2019	€3.90
Number of shares	Total number of shares	6,493,376
Market cap	Market capitalisation as at 31 Dec 2019	approx. €2.0 bn
Trading volume	Average trading volume per day in 2019	approx. €1.8 mn
High	Highest closing price in 2019	€317.00
Low	Lowest closing price in 2019	€147.00
Indices	SDAX, Prime All Share, CDAX, DAXplus Family, GEX	

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## Investment highlights

**+25%** **REVENUE GROWTH**  
**CAGR 5 years**

**2.2** **MODERATE DEBT LEVEL**  
gross debt /  
12M EBITDA

**+33%** **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 2020

For 2020, Hypoport anticipates revenue of between €400 million and €440 million and EBIT of €35 million to €40 million.

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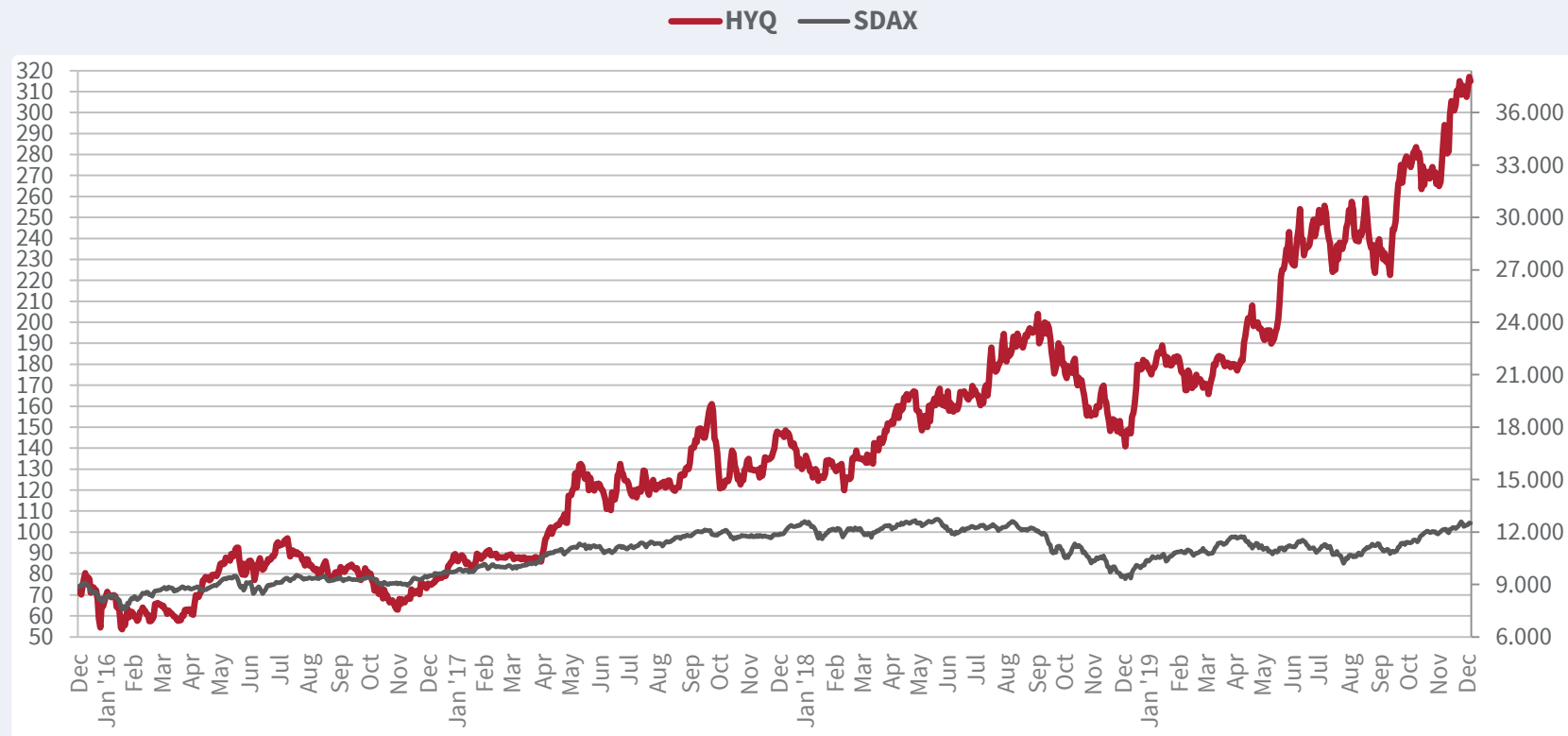
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# Annex

# Share price rises sharply

Share price since the date of joining the SDAX (daily closing price, Xetra, €)



# Hypoport's investor relations activity

Investor events, professional analysts' assessments, awards

ANALYST	Recommendation	Target price	Date
Bankhaus Metzler	Hold	€360.00	5 Mar 2020
Berenberg	Buy	€380.00	14 Jan 2020
Commerzbank	Hold	€357.00	5 Mar 2020
KBW (Stifel)	Market Perform	€280.00	4 Nov 2019
Pareto Securities	Hold	€320.00	5 Mar 2020
Warburg	Buy	€400.00	28 Feb 2020

## 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 2020
23 March 2020	2019 annual report
11 May 2020	Results for the first quarter of 2020

## Recent IR events

Conference	Lyon	Jan 2020
Conference	London	Dec 2019
Conference	Berlin	Nov 2019
Conference	Frankfurt	Nov 2019
Roadshow	Edinburgh	Nov 2019
Conference	Munich	Sep 2019
Roadshow	Paris	Sep 2019
Conference	Frankfurt	Aug 2019
Roadshow	Zurich	Aug 2019
Roadshow	London	Aug 2019
Conference	Hamburg	Jun 2019
Conference	Berlin	Jun 2019
Conference	New York	May 2019
Roadshow	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

# Mortgage finance – a high-potential market

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 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>• Increasingly unrealistic, uneconomic ideas about rent regulation in an already 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.