

Hypoport AG

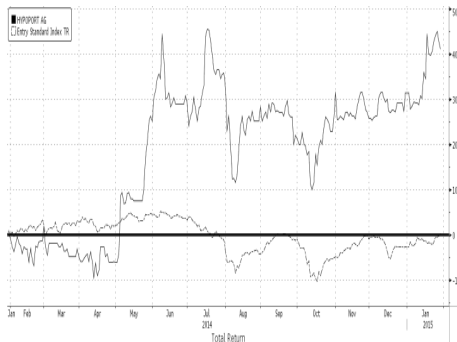
BUY (BUY) | Target 17.00 EUR (17.00 EUR)

 Price (last closing price) : **13.50 EUR** | Upside : 26%

E.st. change	2015e	2016e
EPS	0%	0%

Overall convincing growth in transaction volumes

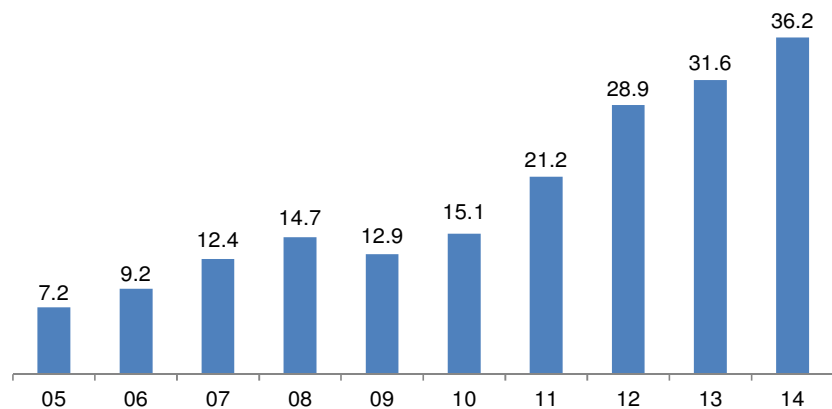
Friday, 30 January 2015



EUROPACE continued on positive momentum throughout 2014

EUROPACE recently reported strong transaction volumes for 2014. Total transaction volume grew by 14.6% yoy to EUR 36.2bn.

Transaction volume EUROPACE in EUR bn



In terms of products, mortgage finance grew by 14% yoy to EUR 27.8bn, building finance increased by 19% yoy to EUR 5.8bn and personal loans went up by 11% yoy to EUR 1.6bn. Mortgage finance transaction volume growth was mainly linked to an increasing number of private banks and savings and loan banks using the financing platform of EUROPACE. Total active partners using EUROPACE increased by c. 20% in 2014 to c. 300.

Private Clients new loans volume increased markedly

The volume of new loans brokered in Hypoport's Private Clients business (main brand Dr. Klein) increased by 16% yoy to EUR 6.3bn. New insurance business volumes declined by 8% yoy in 2014 to EUR 19.9m on the back of a difficult market environment (e.g. low interest rates and discussion about the introduction of all citizens' health insurance). Total managed insurance volume grew by 18% yoy to EUR 118.9m at Dr. Klein.

Transaction volumes support our 2014 profit estimates

We see Hypoport on track to deliver on our unchanged 2014 results estimates which stand at EUR 7.4m EBIT and EPS of EUR 0.88.

We reiterate BUY recommendation and PT of EUR 17.00

We reiterate our BUY recommendation on the shares with an unchanged PT of EUR 17.00 reflecting a target PE of 20.0x 2015e and 18.5x 2016e. We have left our 2015e and 2016e estimates unchanged on an improved comfort level.

Capital

HYQGY HYQGn.DE	
Market Cap (EURm)	84
Enterprise value (EURm)	89
Extrema 12 months	14.1 - 8.6
Free Float (%)	34.7%

Performance (%)

	1m	3m	12m
Absolute	11.1	14.4	44.4
Perf. rel. "sector"	-1.9	-10.9	0.9
Perf. rel. CDAX	1.5	-3.0	26.0

P & L

	12/14e	12/15e	12/16e
Revenues (EURm)	112	118	125
EBIT (EURm)	7.4	8.0	8.8
Net attr. profit (EURm)	5.4	5.2	5.6
EPS (EUR)	0.88	0.85	0.92
DPS (EUR)	0.00	0.00	0.00

P/E (x)	15.4	15.9	14.7
P/B (x)	1.1	1.0	0.9
ROE (%)	14.7	12.7	12.2
Net Yield (%)	0.0	0.0	0.0
EBIT margin (%)	6.6	6.7	7.0
EV/EBITDA (x)	7.7	6.9	6.3

Next Events

FY 2014 prelims	19.03.2015
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Hypoport AG

Profit and loss account

	IFRS	EURm	2011	2012	2013	2014E	2015E	2016E
Revenues			84.4	87.8	101.1	112.0	118.3	124.7
YoY growth			26.1%	4.0%	15.2%	10.8%	5.6%	5.5%
Selling expenses			-39.9	-43.0	-51.5	-56.1	-58.7	-61.3
% of total revenue			-47.3%	-40.0%	-50.9%	-50.1%	-49.6%	-49.1%
Gross Profit			44.5	44.7	49.6	55.8	59.5	63.4
Gross Profit margin in %			52.7%	51.0%	49.1%	49.9%	50.4%	50.9%
Own work capitalised			3.6	4.2	4.2	4.7	4.9	5.2
% of total revenue			6.4%	4.8%	4.2%	4.2%	4.2%	4.2%
Other operating income			1.8	2.4	2.8	1.8	1.9	2.0
% of total revenue			2.2%	2.7%	2.7%	1.6%	1.6%	1.6%
Personnel expenses			-26.5	-29.9	-32.8	-35.2	-37.1	-39.2
% of total revenue			-31.4%	-34.1%	-32.5%	-31.4%	-31.4%	-31.4%
Other operating expenses			-11.9	-13.2	-15.6	-15.5	-16.4	-17.3
% of total revenue			-14.1%	-15.1%	-15.5%	-13.9%	-13.9%	-13.9%
Income from investments valued at equity			0.0	0.0	0.0	0.0	0.0	0.0
% of total revenue			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
EBITDA			11.5	8.1	8.2	11.6	12.8	14.1
EBITDA margin in %			13.6%	9.3%	8.1%	10.3%	10.8%	11.3%
Depreciation, amortisation exp. & impairment loss			-4.7	-4.9	-4.2	-4.1	-4.8	-5.3
EBIT			6.8	3.2	4.0	7.4	8.0	8.8
EBIT margin in %			8.0%	3.6%	3.9%	6.6%	6.7%	7.0%
Financial result			-0.7	-0.9	-0.9	-0.9	-1.0	-1.1
EBT			6.0	2.3	3.1	6.5	6.9	7.7
EBT margin in %			7.1%	2.7%	3.1%	5.8%	5.9%	6.2%
Taxes on income & def.			-1.6	-0.4	0.1	-1.2	-1.7	-2.0
% of EBT			-25.8%	-16.9%	2.8%	-17.9%	-25.0%	-26.6%
Profit/loss from continuing operations, net of tax			4.5	1.9	3.2	5.4	5.2	5.6
as % of total revenue			5.3%	2.2%	3.1%	4.8%	4.4%	4.5%
Profit/loss from discontinued operations			-0.7	-2.8	0.0	0.0	0.0	0.0
Net profit/loss for the year			3.7	-0.8	3.2	5.4	5.2	5.6
Net profit margin in %			4.4%	-0.9%	3.1%	4.8%	4.4%	4.5%
Attributable to non-controlling/minority interest			0.0	0.0	0.0	0.0	0.0	0.0
Attributable to Hypoport AG shareholders			3.8	-0.8	3.2	5.4	5.2	5.6
Weighted number of shares , basic in million shares			6.19	6.16	6.14	6.14	6.14	6.14
Weighted number of shares , diluted in million shares			6.19	6.16	6.14	6.14	6.14	6.14
EPS Basic			0.60	-0.13	0.52	0.88	0.85	0.92
EPS Diluted			0.60	-0.13	0.52	0.88	0.85	0.92

Source: Company data, Oddo Seydler Bank AG

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BUY: The expected performance of the share price is above +10%.

HOLD: The expected performance of the share price is between 0% and +10%.

SELL: The expected performance of the share price is below 0%.

This rating system is only a guideline. Therefore, deviations from this system may apply.

Recommendation history over the last 12 months for the company analysed in this report:

Date	Recommendation	Price at change date	Price target
30. January 2015	BUY (Update)	EUR 13.50	EUR 17.00
03 November 2014	BUY (Update)	EUR 12.50	EUR 17.00
04 August 2014	BUY (Update)	EUR 11.50	EUR 17.00
05 May 2014	BUY (Update)	EUR 9.00	EUR 17.00
10 March 2014	BUY (Update)	EUR 9.25	EUR 12.50

17 February 2014	BUY (Update)	EUR 8.90	EUR 12.50
04 November 2013	BUY (Update)	EUR 9.02	EUR 13.00

The following valuation methods are used when valuing companies: Multiplier models (price/earnings, price/cash flow, price/book value, EV/Sales, EV/EBIT, EV/EBITA, EV/EBITDA), peer group comparisons, historical valuation approaches, discounting models (DCF, DDM), break-up value approaches or asset valuation approaches. The valuation models are dependent upon macroeconomic measures such as interest, currencies, raw materials and assumptions concerning the economy. In addition, market moods influence the valuation of companies.

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