

Hypoport AG

Buy → | Target price : 163.00 EUR

Price (24/04/2018) : 153.00 EUR | Upside : 7 %

Est.chg	2018e	2019e
EPS	-	-

Preliminary Q1 2018 results: Sales significantly above our estimate, EBIT in line with our expectation

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Source : Oddo BHF Securities, Fininfo

Capital

HYQ GY HYQGn.DE	
Market Cap (EURm)	910
Enterprise value (EURm)	894
Extrema 12 months	96.64 - 161.0
Free Float (%)	56.1

Performance (%)	1m	3m	12m
Absolute	13.7	14.2	66.1
Perf. rel. Country Index	8.5	19.4	67.4
Perf. rel. Property, holding	10.0	17.9	56.8

P&L	12/18e	12/19e	12/20e
Sales (EURm)	229	264	300
EBITDA (EURm)	37.5	44.4	52.0
Current EBIT (EURm)	29.2	34.5	40.4
Attr. net profit (EURm)	22.9	27.3	32.1
Adjusted EPS (EUR)	3.86	4.59	5.40
Dividend (EUR)	0.00	0.00	0.00

P/E (x)	39.7	33.4	28.4
P/B (x)	8.6	6.9	5.5
Dividend Yield (%)	0.0	0.0	0.0
FCF yield (%)	1.2	1.6	2.1
EV/Sales (x)	3.96	3.39	2.92
EV/EBITDA (x)	24.2	20.1	16.8
EV/Current EBIT (x)	31.1	25.9	21.6
Gearing (%)	-8	-18	-26
Net Debt/EBITDA(x)	ns	ns	ns

Next Events

03.05.2018	Q1 Results
04.05.2018	Annual General meeting
06.08.2018	H1 Results
05.11.2018	Q3 Results

Preliminary Q1 2018 figures

Q1 sales reached c.€ 60m, significantly above our estimate (€ 57.1m).

EBIT came in at € 7.5m, and in line with our estimate (€ 7.6m). The EBIT margin of roughly 12.5% is close to our full-year estimate (12.7%).

The German market for new mortgage finance increased by 2.2% overall in the period from January to February 2018, according to Deutsche Bundesbank. This growth was driven by the rise in interest rates at the beginning of the year. We assume that not only Hypoport's Credit Platform and its Private Clients segment, but also its Institutional Clients segment, benefitted from this development, especially considering the relative speed of the interest rate increase in Q1.

Hypoport: Preliminary Q1 2018 figures (€ m)

	Actual	ODDO BHF estimates	Δ Actual vs estimates	2016
Sales	c. 60	57.1	+5%	47.7
EBIT	c. 7.5	7.6	-1%	7.0

Source: Oddo BHF Securities, Hypoport AG

Company on track to meet its guidance and our estimates

Even if sales in the remaining quarters of 2018 only stay at the Q1 level (€ 60m) – instead of increasing from quarter to quarter as is usually the case – Hypoport's full-year sales would still achieve the upper end of its guidance range (€ 220-240m). We thus may have to revisit our 2018e sales estimate after we analyse in more detail segment sales performances based on the full Q1 2018 report to be issued on 3 May.

Regarding EBIT, we currently see no reason why the company should miss our full-year estimate (€ 29.2m) or even its guidance (€ 26-31m).

Buy recommendation confirmed

After the announcement of the Q1 preliminaries, we initially saw a very volatile share price reaction – probably due to technical reasons – and then a stabilisation at a level about 3% below yesterday's closing price. In our view, this market reaction is not justified. We confirm our Buy recommendation on the basis of a target price of € 163.

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Buy

Upside 6.54%

Price 153.00EUR

TP 163.00EUR

	12/13	12/14	12/15	12/16	12/17	12/18e	12/19e	12/20e
PER SHARE DATA (EUR)								
Adjusted EPS	0.51	0.96	2.63	3.00	3.10	3.86	4.59	5.40
Reported EPS	0.51	0.96	2.63	3.00	3.10	3.86	4.59	5.40
Growth in EPS(%)	ns	88.0%	ns	14.2%	3.3%	24.5%	18.9%	17.6%
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	1.77	2.49	3.20
Book value per share	5.34	6.29	8.68	10.62	13.90	17.75	22.34	27.73
Number of shares market cap	6.14	6.14	6.04	6.01	5.94	5.95	5.95	5.95
Number of diluted shares	6.14	6.14	6.04	6.01	5.94	5.95	5.95	5.95
VALUATION								
12m highest price	10.46	13.78	80.50	97.00	161	153		
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	153	153	153
Capitalization	50.7	67.6	201	451	676	910	910	910
Restated Net debt	5.9	3.9	-13.5	-11.7	2.0	-8.5	-23.3	-42.4
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	7.1	7.1	7.1
Enterprise Value	57.1	72.5	190	451	685	908	894	875
P/E (x)	16.1	11.4	12.7	25.0	36.7	39.7	33.4	28.4
P/CF (x)	5.2	4.4	5.7	16.0	27.3	29.4	24.7	21.0
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	1.2%	1.6%	2.1%
P/B incl. GW (x)	1.55	1.75	3.84	7.07	8.18	8.62	6.85	5.52
P/B excl. GW (x)	1.55	1.75	3.84	7.07	8.18	8.62	6.85	5.52
EV/Sales (x)	0.58	0.65	1.36	2.88	3.52	3.96	3.39	2.92
EV/EBITDA (x)	7.0	5.7	7.6	15.9	22.7	24.2	20.1	16.8
EV/EBIT (x)	14.5	9.1	9.8	19.4	29.4	31.1	25.9	21.6
(*) historical average price								
PROFIT AND LOSS (EURm)								
Sales	98	112	139	157	195	229	264	300
EBITDA	8.1	12.7	25.1	28.3	30.1	37.5	44.4	52
Depreciations	-4.2	-4.8	-5.8	-5.1	-6.8	-8.3	-9.9	-11.5
Current EBIT	3.9	7.9	19.3	23.2	23.3	29.2	34.5	40.4
Published EBIT	3.9	7.9	19.3	23.2	23.3	29.2	34.5	40.4
Net financial income	-0.9	-0.7	-0.1	-0.4	-0.3	-0.5	-0.4	-0.2
Corporate Tax	0.1	-1.3	-3.2	-4.8	-4.6	-5.8	-6.9	-8.1
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	27.3	32.1
Adjusted attributable net profit	3.1	5.9	15.9	18.0	18.4	22.9	27.3	32.1
BALANCE SHEET (EURm)								
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	67.8	73.0	78.8
Tangible fixed assets	2.2	2.2	2.6	2.6	4.4	8.3	10.4	12.3
WCR	6.9	9.0	4.9	10.8	27.3	23.8	28.6	33.6
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	106	133	165
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	106	133	165
Non-current provisions	0.5	1.0	2.1	4.9	7.1	7.1	7.1	7.1
Net debt	5.9	3.9	-13.5	-11.7	2.0	-8.5	-23.3	-42.4
CASH FLOW STATEMENT (EURm)								
EBITDA	8.1	12.7	25.1	28.3	30.1	37.5	44.4	52.0
Change in WCR	3.7	-3.0	2.9	-7.5	-16.1	-5.0	-4.7	-5.0
Interests & taxes	-1.5	-1.3	-2.9	-3.4	-4.8	-6.3	-7.3	-8.3
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	25.9	32.1	38.3
CAPEX	-5.7	-6.2	-7.1	-7.7	-11.1	-15.4	-17.3	-19.2
Free cash-flow	4.1	2.2	19.6	9.0	-2.4	10.5	14.8	19.1
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	-1.1	-4.3	-4.0
Change in net debt	4.2	1.9	17.3	-3.4	-12.5	10.5	14.8	19.1
GROWTH MARGINS PRODUCTIVITY								
Sales growth	11.8%	14.5%	23.7%	12.7%	24.4%	17.7%	14.9%	13.7%
Lfl sales growth	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Current EBIT growth	23.5%	ns	ns	20.6%	0.3%	25.4%	18.2%	17.0%
Growth in EPS(%)	ns	88.0%	ns	14.2%	3.3%	24.5%	18.9%	17.6%
Net margin	3.2%	5.3%	11.4%	11.5%	9.5%	10.0%	10.3%	10.7%
EBITDA margin	8.3%	11.3%	18.0%	18.1%	15.5%	16.3%	16.9%	17.3%
Current EBIT margin	4.0%	7.1%	13.9%	14.8%	12.0%	12.7%	13.1%	13.5%
CAPEX / Sales	-5.8%	-5.5%	-5.1%	-4.9%	-5.7%	-6.7%	-6.6%	-6.4%
WCR / Sales	7.0%	8.0%	3.5%	6.9%	14.0%	10.4%	10.8%	11.2%
Tax Rate	-3.3%	18.2%	16.9%	20.8%	19.9%	20.2%	20.2%	20.2%
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	2.4	2.5	2.5
ROCE post-tax (normative tax rate)	13.0%	23.6%	60.6%	64.1%	41.1%	24.2%	ns	7.0%
ROCE post-tax hors GW (normative tax rate)	13.0%	23.6%	60.6%	64.1%	41.1%	24.2%	ns	7.0%
ROE	10.1%	16.6%	34.9%	31.0%	25.2%	24.4%	22.9%	21.6%
DEBT RATIOS								
Gearing	18%	10%	-26%	-18%	2%	-8%	-18%	-26%
Net Debt / Market Cap	0.12	0.06	-0.07	-0.03	0.00	-0.01	-0.03	-0.05
Net debt / EBITDA	0.72	0.31	ns	ns	0.07	ns	ns	ns
EBITDA / net financial charges	ns	ns	ns	ns	ns	ns	ns	ns

Source: ODDO BHF Securities, Fininfo



• **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.

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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).

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Date	Reco	Price Target (EUR)	Price (EUR)	Analyst
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 [Web lien](#)

Recommendation split

		Buy	Neutral	Reduce
Our whole coverage	(414)	50%	41%	9%
Liquidity providers coverage	(129)	46%	49%	5%
Research service coverage	(58)	57%	38%	5%
Investment banking services	(44)	75%	20%	5%

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