

<b>Buy</b> <b>EUR 115.00</b>  Price <b>EUR 89.70</b> Upside <b>28.2 %</b>	<b>Value Indicators:</b> EUR DCF: 114.77	<b>Share data:</b> Bloomberg: HYQ GR Reuters: HYQGn.DE ISIN: DE0005493365	<b>Description:</b> Technology-based financial services provider
	<b>Market Snapshot:</b> EUR m Market cap: 555.7 No. of shares (m): 6.2 EV: 502.8 Freefloat MC: 350.6	<b>Shareholders:</b> Freefloat 63.1 % Revenia (Slabke) 36.9 %	<b>Risk Profile (WRe):</b> 2016e Beta: 1.2 Price / Book: 7.8 x Equity Ratio: 63 %

## Headline figures 2016 out; A buying opportunity

### Q4 16p

in Mb. EUR	Q416p	Q416e	Q4/15	Cons.	yoy	2016p	2016e	2015	Cons.	yoy
Sales	41	42.5	35.9	42.8	15.6%	155	156.0	139.0	156.3	11.5%
EBIT	6	6.9	4.6	6.8	32.1%	23	23.9	19.3	23.8	19.4%
Margin	14.5%	16.2%	12.7%	15.9%		14.8%	15.3%	13.9%	15.2%	

- In an ad-hoc announcement published yesterday (Thursday) evening, the company released headline figures for FY 2016, subject to final accountant review. The official date for the release of preliminary 2016 figures is still March 13, with final numbers and the full annual report due March 27.
- FY 2016 revenues amounted to EUR 155m, up 11.5% yoy vs. WRe EUR 156.0m (Bloomberg consensus EUR 156.3m). EBIT growth was proportionately higher, up by 19.4% yoy at EUR 23m (WRe EUR 23.9m, cons. EUR 23.8m), with the margin reaching 14.8% (13.9%) vs. WRe 15.3% (cons. 15.2%)
- Q4 revenue of EUR 41m was 3.5% behind expectations, nevertheless up 15.6% yoy. Q4 EBIT of EUR 6m was 13% behind expectations and up 32% yoy.
- While the company has met its guidance of slight double-digit percentage growth in revenues and earnings, our and market expectations were clearly a tad too optimistic for Q4. The shortfall seems to essentially stem from the smaller but most profitable unit in the company, the institutional clients business (11% of group sales, 23% of group EBIT before eliminations), with the margin in the 31-33% range historically vs. a 15% group-wide margin. The business is lumpy and deal-oriented and we understand that while clients started to react to rising rates in Q4, some of the activity may have slipped into Q1 17.
- More importantly Europace and the Private Clients business over-delivered compared to company budget. No details were provided and the segmental breakdown will only be made available on March 13. Considering that the Europace B2B platform is really where the "digital substitution" story is, this is actually good news.
- The 2017 guidance will be provided on March 13 and we would expect language similar to the 2016 wording. We understand that Q1 is going very well so far, with the impetus from rising rates still supporting activity.
- While markets might be disappointed by the miss of market expectations, again due to a lumpy institutional business, we see this as a clear buying opportunity. **Buy. PT EUR 115.0 based on DCF.** A full model update will be provided after March 27.



### Rel. Performance vs SDAX:

1 month:	3.7 %
6 months:	2.6 %
Year to date:	9.1 %
Trailing 12 months:	26.8 %

### Company events:

13.03.17	Prel. FY 2016
27.03.17	FY 2016
04.05.17	Q1
05.05.17	AGM

FY End: 31.12. in EUR m	CAGR (15-18e)	2012	2013	2014	2015	2016e	2017e	2018e	
Sales	11.4 %	87.8	98.1	112.3	139.0	156.0	173.6	192.3	
Change Sales yoy		n.a.	11.8 %	14.5 %	23.7 %	12.2 %	11.3 %	10.8 %	
Gross profit margin		55.7 %	54.3 %	53.9 %	54.9 %	54.2 %	55.0 %	55.4 %	
EBITDA	16.0 %	8.1	8.1	12.7	25.1	29.6	34.7	39.1	
Margin		9.3 %	8.3 %	11.3 %	18.0 %	19.0 %	20.0 %	20.4 %	
EBIT	18.8 %	3.2	3.9	7.9	19.3	23.9	28.4	32.3	
Margin		3.6 %	4.0 %	7.1 %	13.9 %	15.3 %	16.4 %	16.8 %	
Net income	18.4 %	1.9	3.2	5.9	15.9	18.9	23.0	26.3	
EPS	18.4 %	0.32	0.52	0.97	2.56	3.05	3.71	4.25	
EPS adj.	18.4 %	0.32	0.52	0.97	2.56	3.05	3.71	4.25	
DPS	-	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Dividend Yield		n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	
FCFPS		0.20	0.61	0.37	3.16	2.89	3.49	4.03	
FCF / Market cap		2.3 %	7.4 %	3.3 %	10.2 %	3.2 %	3.9 %	4.5 %	
EV / Sales		0.7 x	0.6 x	0.6 x	1.4 x	3.4 x	2.9 x	2.5 x	
EV / EBITDA		8.0 x	7.0 x	5.6 x	7.8 x	17.7 x	14.5 x	12.2 x	
EV / EBIT		20.3 x	14.4 x	9.0 x	10.2 x	22.0 x	17.7 x	14.8 x	
P / E		27.9 x	15.9 x	11.3 x	13.2 x	29.4 x	24.2 x	21.1 x	
P / E adj.		27.9 x	15.9 x	11.3 x	13.2 x	29.4 x	24.2 x	21.1 x	
FCF Yield Potential		11.9 %	14.5 %	15.9 %	11.2 %	4.9 %	6.0 %	7.1 %	
Net Debt		10.1	6.0	4.1	-13.3	-31.2	-52.9	-77.9	
ROCE (NOPAT)		13.3 %	10.3 %	15.8 %	38.9 %	49.0 %	57.4 %	63.5 %	
Guidance:		2016: slight double digit percentage growth in revenue and earnings							

Analyst

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COMMENT

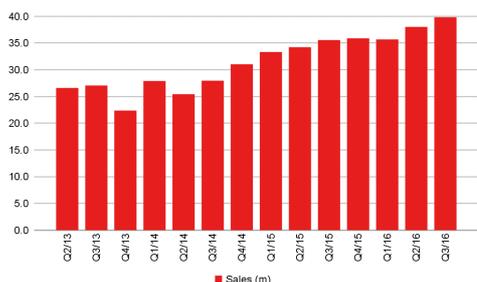
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Analyst

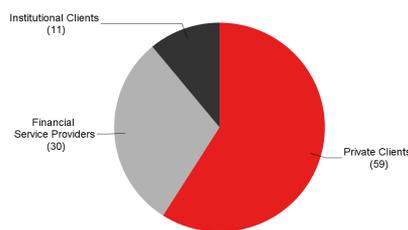
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**Sales development**  
in EUR m



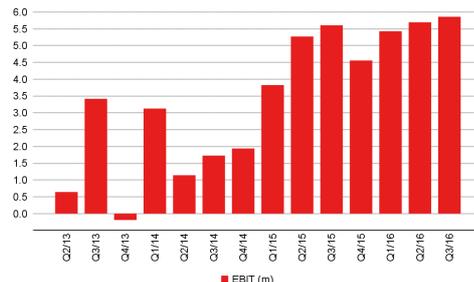
Source: Warburg Research

**Sales by Segments**  
2016e; in %



Source: Warburg Research

**EBIT development**  
in EUR m



Source: Warburg Research

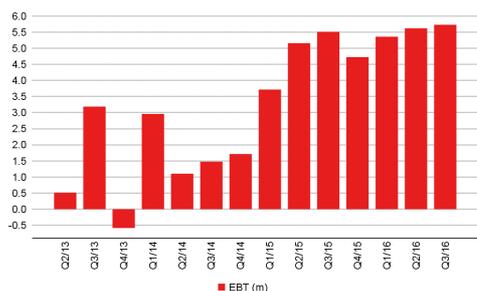
**Company Background**

- The company, founded in 1999, is specialised as a property financing intermediary
- With Europace, Hypoport operates the largest German internet platform for property financing and similar products
- Under the Dr. Klein brand, Hypoport operates a franchise system of stationary advisors
- Hypoport is also in a leading position in the area of institutional property financing (also under the Dr. Klein brand)
- An advanced level of technology is shown in all segments (fintech)

**Competitive Quality**

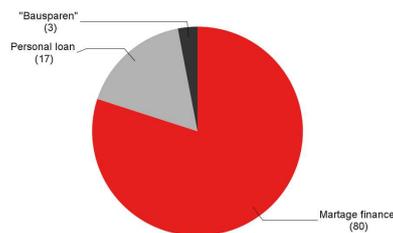
- The online marketplace for property financing operated by Hypoport (Europace) is the largest of its kind in Germany
- As the number of affiliated suppliers is decisive for marketplaces of this type, this forms a central competitive advantage and a considerable market entry barrier for third parties.
- The Dr. Klein business segments (private clients) benefits from market access over Europace but also from the many years of experience in the area of property financing
- Dr. Klein has regional presence (200 branches) and, in this way, achieves customer proximity.
- Most importantly however Dr. Klein is strongly focused (mainly property financing) and neutral (with offers from every provider). Other financial sales teams or retail banks normally cannot afford both.

**EBT development**  
in EUR m



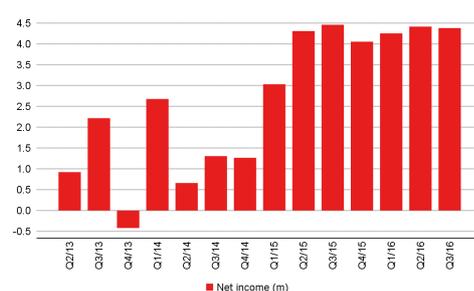
Source: Warburg Research

**Europace by product segments**  
2016e; in %



Source: Warburg Research

**Net income development**  
in EUR m



Source: Warburg Research

**DCF model**

Figures in EUR m	Detailed forecast period			Transitional period										Term. Value
	2016e	2017e	2018e	2019e	2020e	2021e	2022e	2023e	2024e	2025e	2026e	2027e	2028e	
Sales	156.0	173.6	192.3	201.9	212.0	222.6	233.7	245.4	257.7	265.4	273.4	281.6	288.6	
Sales change	12.2 %	11.3 %	10.8 %	5.0 %	5.0 %	5.0 %	5.0 %	5.0 %	5.0 %	3.0 %	3.0 %	3.0 %	2.5 %	2.5 %
EBIT	23.9	28.3	32.3	34.3	42.4	46.7	50.2	54.0	58.0	59.7	61.5	63.4	64.9	
EBIT-margin	15.4 %	16.3 %	16.8 %	17.0 %	20.0 %	21.0 %	21.5 %	22.0 %	22.5 %	22.5 %	22.5 %	22.5 %	22.5 %	
Tax rate (EBT)	18.0 %	17.0 %	16.5 %	15.0 %	15.0 %	15.0 %	15.0 %	15.0 %	15.0 %	15.0 %	15.0 %	15.0 %	15.0 %	
NOPAT	19.6	23.5	27.0	29.2	36.0	39.7	42.7	45.9	49.3	50.8	52.3	53.8	55.2	
Depreciation	5.8	6.3	6.9	6.1	6.4	6.7	7.0	7.4	7.7	8.0	8.2	8.4	8.7	
in % of Sales	3.7 %	3.6 %	3.6 %	3.0 %	3.0 %	3.0 %	3.0 %	3.0 %	3.0 %	3.0 %	3.0 %	3.0 %	3.0 %	
Changes in provisions	0.0	0.0	0.0	-0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Change in Liquidity from														
- Working Capital	1.3	1.6	1.7	3.1	1.0	1.1	1.1	1.2	1.2	0.8	0.8	0.8	0.7	
- Capex	5.5	6.0	6.6	6.1	6.4	6.7	7.0	7.4	7.7	8.0	8.2	8.4	8.7	
Capex in % of Sales	3.5 %	3.5 %	3.4 %	3.0 %	3.0 %	3.0 %	3.0 %	3.0 %	3.0 %	3.0 %	3.0 %	3.0 %	3.0 %	
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Free Cash Flow (WACC Model)	18.6	22.2	25.6	25.9	35.0	38.7	41.6	44.7	48.1	50.0	51.5	53.0	54.5	55
PV of FCF	18.4	20.3	21.7	20.3	25.4	26.0	25.9	25.8	25.6	24.7	23.6	22.5	21.4	396
share of PVs	8.64 %			34.55 %										56.80 %

**Model parameter**

Derivation of WACC:		Derivation of Beta:	
Debt ratio	0.00 %	Financial Strength	1.00
Cost of debt (after tax)	2.7 %	Liquidity (share)	1.00
Market return	7.00 %	Cyclicality	1.30
Risk free rate	1.50 %	Transparency	1.30
		Others	1.30
<b>WACC</b>	<b>7.99 %</b>	<b>Beta</b>	<b>1.18</b>

**Valuation (m)**

Present values 2028e	301		
Terminal Value	396		
Financial liabilities	11		
Pension liabilities	0		
Hybrid capital	0		
Minority interest	0		
Market val. of investments	0		
Liquidity	25	No. of shares (m)	6.2
<b>Equity Value</b>	<b>711</b>	<b>Value per share (EUR)</b>	<b>114.77</b>

**Sensitivity Value per Share (EUR)**

Beta	WACC	Terminal Growth							Beta	WACC	Delta EBIT-margin						
		1.75 %	2.00 %	2.25 %	2.50 %	2.75 %	3.00 %	3.25 %			-1.5 pp	-1.0 pp	-0.5 pp	+0.0 pp	+0.5 pp	+1.0 pp	+1.5 pp
1.36	9.0 %	91.42	92.97	94.64	96.43	98.37	100.47	102.75	1.36	9.0 %	89.60	91.88	94.15	96.43	98.71	100.99	103.26
1.27	8.5 %	98.66	100.55	102.60	104.83	107.24	109.88	112.76	1.27	8.5 %	97.43	99.89	102.36	104.83	107.29	109.76	112.23
1.23	8.2 %	102.70	104.81	107.10	109.58	112.29	115.26	118.52	1.23	8.2 %	101.86	104.43	107.01	109.58	112.15	114.73	117.30
1.18	8.0 %	107.08	109.43	111.98	114.77	117.82	121.18	124.90	1.18	8.0 %	106.70	109.39	112.08	114.77	117.46	120.15	122.84
1.13	7.7 %	111.83	114.46	117.32	120.46	123.92	127.74	131.98	1.13	7.7 %	112.01	114.82	117.64	120.46	123.28	126.10	128.92
1.09	7.5 %	117.00	119.95	123.18	126.73	130.66	135.03	139.91	1.09	7.5 %	117.85	120.81	123.77	126.73	129.69	132.65	135.61
1.00	7.0 %	128.84	132.60	136.76	141.39	146.55	152.37	158.96	1.00	7.0 %	131.52	134.81	138.10	141.39	144.68	147.97	151.26

- The growth anticipated for Hypoport is based on robust business development in all segments
- Financial Services (Europace) in particular offers systematic potential for economies of scale and margin growth
- On this basis the group assumes a positive long-term margin trend
- Based on a sophisticated regional dispersion of tax obligations a low tax rate is assumed long term.

<b>Valuation</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016e</b>	<b>2017e</b>	<b>2018e</b>
Price / Book	1.9 x	1.5 x	1.7 x	4.0 x	7.8 x	5.9 x	4.6 x
Book value per share ex intangibles	0.31	0.53	1.25	3.31	6.37	10.08	14.34
EV / Sales	0.7 x	0.6 x	0.6 x	1.4 x	3.4 x	2.9 x	2.5 x
EV / EBITDA	8.0 x	7.0 x	5.6 x	7.8 x	17.7 x	14.5 x	12.2 x
EV / EBIT	20.3 x	14.4 x	9.0 x	10.2 x	22.0 x	17.7 x	14.8 x
EV / EBIT adj.*	20.3 x	14.4 x	9.0 x	10.2 x	22.0 x	17.7 x	14.8 x
P / FCF	44.4 x	13.5 x	29.9 x	9.8 x	31.0 x	25.7 x	22.2 x
P / E	27.9 x	15.9 x	11.3 x	13.2 x	29.4 x	24.2 x	21.1 x
P / E adj.*	27.9 x	15.9 x	11.3 x	13.2 x	29.4 x	24.2 x	21.1 x
Dividend Yield	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Free Cash Flow Yield Potential	11.9 %	14.5 %	15.9 %	11.2 %	4.9 %	6.0 %	7.1 %
*Adjustments made for: -							

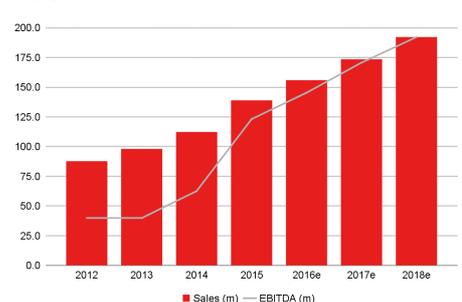
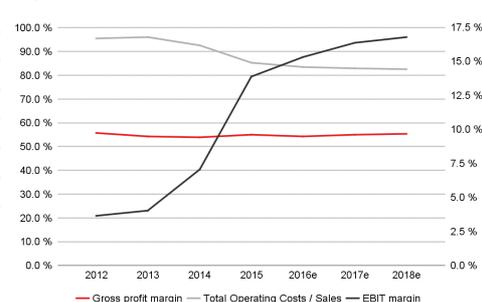
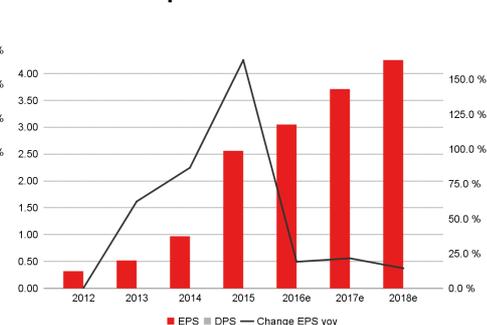
**Consolidated profit & loss**

In EUR m	2012	2013	2014	2015	2016e	2017e	2018e
<b>Sales</b>	<b>87.8</b>	<b>98.1</b>	<b>112.3</b>	<b>139.0</b>	<b>156.0</b>	<b>173.6</b>	<b>192.3</b>
Change Sales yoy	n.a.	11.8 %	14.5 %	23.7 %	12.2 %	11.3 %	10.8 %
Increase / decrease in inventory	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Own work capitalised	4.2	4.2	4.2	4.7	3.9	5.2	5.6
<b>Total Sales</b>	<b>91.9</b>	<b>102.3</b>	<b>116.5</b>	<b>143.6</b>	<b>159.9</b>	<b>178.8</b>	<b>197.9</b>
Material expenses	43.0	49.1	55.9	67.3	75.3	83.3	91.3
<b>Gross profit</b>	<b>48.9</b>	<b>53.2</b>	<b>60.6</b>	<b>76.3</b>	<b>84.5</b>	<b>95.5</b>	<b>106.5</b>
<i>Gross profit margin</i>	<i>55.7 %</i>	<i>54.3 %</i>	<i>53.9 %</i>	<i>54.9 %</i>	<i>54.2 %</i>	<i>55.0 %</i>	<i>55.4 %</i>
Personnel expenses	29.9	32.7	35.3	38.2	42.1	45.1	50.1
Other operating income	2.4	2.8	1.8	2.2	2.8	1.7	1.9
Other operating expenses	13.2	15.2	14.5	15.2	15.6	17.4	19.2
Unfrequent items	0.0	0.0	0.1	0.0	0.0	0.0	0.0
<b>EBITDA</b>	<b>8.1</b>	<b>8.1</b>	<b>12.7</b>	<b>25.1</b>	<b>29.6</b>	<b>34.7</b>	<b>39.1</b>
<i>Margin</i>	<i>9.3 %</i>	<i>8.3 %</i>	<i>11.3 %</i>	<i>18.0 %</i>	<i>19.0 %</i>	<i>20.0 %</i>	<i>20.4 %</i>
Depreciation of fixed assets	0.9	1.1	1.0	1.1	1.1	1.1	1.1
<b>EBITA</b>	<b>7.2</b>	<b>7.1</b>	<b>11.7</b>	<b>24.0</b>	<b>28.5</b>	<b>33.6</b>	<b>38.0</b>
Amortisation of intangible assets	4.0	3.1	3.8	4.7	4.7	5.2	5.8
Goodwill amortisation	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>EBIT</b>	<b>3.2</b>	<b>3.9</b>	<b>7.9</b>	<b>19.3</b>	<b>23.9</b>	<b>28.4</b>	<b>32.3</b>
<i>Margin</i>	<i>3.6 %</i>	<i>4.0 %</i>	<i>7.1 %</i>	<i>13.9 %</i>	<i>15.3 %</i>	<i>16.4 %</i>	<i>16.8 %</i>
<b>EBIT adj.</b>	<b>3.2</b>	<b>3.9</b>	<b>7.9</b>	<b>19.3</b>	<b>23.9</b>	<b>28.4</b>	<b>32.3</b>
Interest income	0.2	0.1	0.1	0.4	0.1	0.1	0.1
Interest expenses	1.0	1.0	0.8	0.5	0.9	0.8	0.8
Other financial income (loss)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>EBT</b>	<b>2.3</b>	<b>3.1</b>	<b>7.3</b>	<b>19.1</b>	<b>23.1</b>	<b>27.7</b>	<b>31.6</b>
<i>Margin</i>	<i>2.7 %</i>	<i>3.1 %</i>	<i>6.5 %</i>	<i>13.7 %</i>	<i>14.8 %</i>	<i>16.0 %</i>	<i>16.4 %</i>
Total taxes	0.4	-0.1	1.3	3.2	4.2	4.7	5.2
<b>Net income from continuing operations</b>	<b>1.9</b>	<b>3.2</b>	<b>5.9</b>	<b>15.9</b>	<b>18.9</b>	<b>23.0</b>	<b>26.3</b>
Income from discontinued operations (net of tax)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Net income before minorities</b>	<b>1.9</b>	<b>3.2</b>	<b>5.9</b>	<b>15.9</b>	<b>18.9</b>	<b>23.0</b>	<b>26.3</b>
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Net income</b>	<b>1.9</b>	<b>3.2</b>	<b>5.9</b>	<b>15.9</b>	<b>18.9</b>	<b>23.0</b>	<b>26.3</b>
<i>Margin</i>	<i>2.2 %</i>	<i>3.2 %</i>	<i>5.3 %</i>	<i>11.4 %</i>	<i>12.1 %</i>	<i>13.3 %</i>	<i>13.7 %</i>
Number of shares, average	6.1	6.1	6.1	6.2	6.2	6.2	6.2
<b>EPS</b>	<b>0.32</b>	<b>0.52</b>	<b>0.97</b>	<b>2.56</b>	<b>3.05</b>	<b>3.71</b>	<b>4.25</b>
EPS adj.	0.32	0.52	0.97	2.56	3.05	3.71	4.25

\*Adjustments made for:

**Guidance: 2016: slight double digit percentage growth in revenue and earnings**
**Financial Ratios**

	2012	2013	2014	2015	2016e	2017e	2018e
Total Operating Costs / Sales	95.5 %	96.1 %	92.5 %	85.3 %	83.5 %	83.0 %	82.6 %
Operating Leverage	n.a.	2.0 x	7.0 x	6.0 x	2.0 x	1.7 x	1.3 x
EBITDA / Interest expenses	7.8 x	8.2 x	15.4 x	48.0 x	32.9 x	43.4 x	48.9 x
Tax rate (EBT)	16.9 %	-3.3 %	18.2 %	16.9 %	18.1 %	17.0 %	16.5 %
Dividend Payout Ratio	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Sales per Employee	n.a.						

**Sales, EBITDA**  
in EUR m

**Operating Performance**  
in %

**Performance per Share**


Source: Warburg Research

Source: Warburg Research

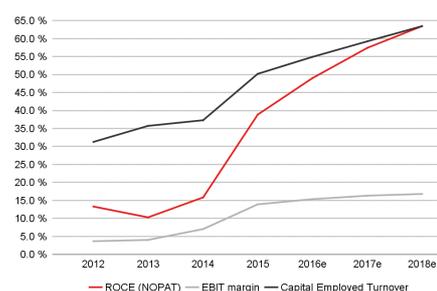
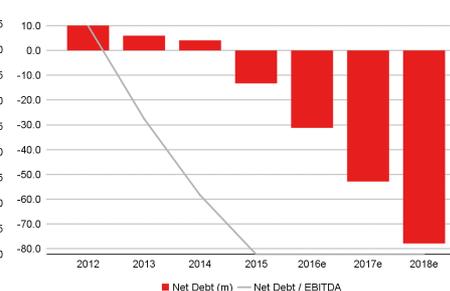
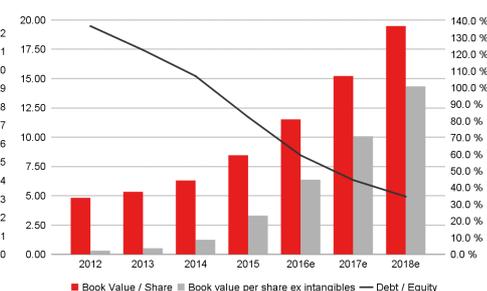
Source: Warburg Research

**Consolidated balance sheet**

In EUR m	2012	2013	2014	2015	2016e	2017e	2018e
<b>Assets</b>							
Goodwill and other intangible assets	27.7	29.6	31.0	31.9	31.9	31.9	31.9
thereof other intangible assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0
thereof Goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Property, plant and equipment	2.6	2.5	2.7	3.0	2.7	2.4	2.1
Financial assets	0.1	0.1	0.1	0.0	0.0	0.0	0.0
Other long-term assets	0.0	0.7	1.1	1.4	1.4	1.4	1.4
<b>Fixed assets</b>	<b>30.4</b>	<b>32.8</b>	<b>34.8</b>	<b>36.4</b>	<b>36.1</b>	<b>35.8</b>	<b>35.5</b>
Inventories	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Accounts receivable	25.7	24.4	29.6	32.8	36.7	40.9	45.3
Liquid assets	8.6	11.0	12.0	24.8	39.4	58.1	80.1
Other short-term assets	6.0	5.4	3.9	2.1	2.1	2.1	2.1
<b>Current assets</b>	<b>40.3</b>	<b>40.8</b>	<b>45.6</b>	<b>59.7</b>	<b>78.2</b>	<b>101.1</b>	<b>127.5</b>
<b>Total Assets</b>	<b>70.7</b>	<b>73.6</b>	<b>80.4</b>	<b>96.1</b>	<b>114.3</b>	<b>136.8</b>	<b>162.9</b>
<b>Liabilities and shareholders' equity</b>							
Subscribed capital	6.2	6.2	6.2	6.2	6.2	6.2	6.2
Capital reserve	2.1	2.1	2.2	2.3	2.3	2.3	2.3
Retained earnings	21.4	24.6	30.3	44.0	63.0	85.9	112.3
Other equity components	-0.1	-0.1	-0.1	-0.2	-0.2	-0.2	-0.2
Shareholders' equity	29.6	32.8	38.6	52.4	71.4	94.3	120.7
Minority interest	0.2	0.3	0.3	0.3	0.3	0.3	0.3
<b>Total equity</b>	<b>29.8</b>	<b>33.1</b>	<b>38.9</b>	<b>52.7</b>	<b>71.6</b>	<b>94.6</b>	<b>121.0</b>
Provisions	0.3	0.1	0.2	0.2	0.2	0.2	0.2
thereof provisions for pensions and similar obligations	0.3	0.1	0.2	0.2	0.2	0.2	0.2
Financial liabilities (total)	18.3	16.8	15.9	11.3	8.0	5.0	2.0
thereof short-term financial liabilities	5.4	4.8	4.6	4.3	4.0	3.0	2.0
Accounts payable	14.1	15.2	16.5	20.4	22.9	25.5	28.2
Other liabilities	8.2	8.4	9.0	11.5	11.5	11.5	11.5
<b>Liabilities</b>	<b>40.9</b>	<b>40.5</b>	<b>41.6</b>	<b>43.4</b>	<b>42.7</b>	<b>42.3</b>	<b>42.0</b>
<b>Total liabilities and shareholders' equity</b>	<b>70.7</b>	<b>73.6</b>	<b>80.4</b>	<b>96.1</b>	<b>114.3</b>	<b>136.8</b>	<b>162.9</b>

**Financial Ratios**

	2012	2013	2014	2015	2016e	2017e	2018e
<b>Efficiency of Capital Employment</b>							
Operating Assets Turnover	6.1 x	8.4 x	7.1 x	9.0 x	9.4 x	9.7 x	10.0 x
Capital Employed Turnover	2.2 x	2.5 x	2.6 x	3.5 x	3.9 x	4.2 x	4.5 x
ROA	6.4 %	9.7 %	17.0 %	43.6 %	52.4 %	64.3 %	74.3 %
<b>Return on Capital</b>							
ROCE (NOPAT)	13.3 %	10.3 %	15.8 %	38.9 %	49.0 %	57.4 %	63.5 %
ROE	13.1 %	10.2 %	16.6 %	34.9 %	30.5 %	27.8 %	24.5 %
Adj. ROE	13.1 %	10.2 %	16.6 %	34.9 %	30.5 %	27.8 %	24.5 %
<b>Balance sheet quality</b>							
Net Debt	10.1	6.0	4.1	-13.3	-31.2	-52.9	-77.9
Net Financial Debt	9.7	5.9	3.9	-13.5	-31.4	-53.1	-78.1
Net Gearing	33.7 %	18.1 %	10.5 %	-25.2 %	-43.6 %	-55.9 %	-64.4 %
Net Fin. Debt / EBITDA	119.8 %	72.2 %	30.5 %	n.a.	n.a.	n.a.	n.a.
Book Value / Share	4.8	5.3	6.3	8.5	11.5	15.2	19.5
Book value per share ex intangibles	0.3	0.5	1.2	3.3	6.4	10.1	14.3

**ROCE Development**

**Net debt in EUR m**

**Book Value per Share in EUR**


Source: Warburg Research

Source: Warburg Research

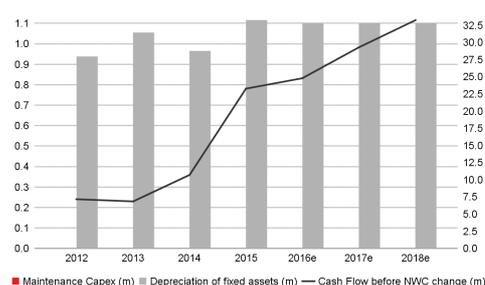
Source: Warburg Research

**Consolidated cash flow statement**

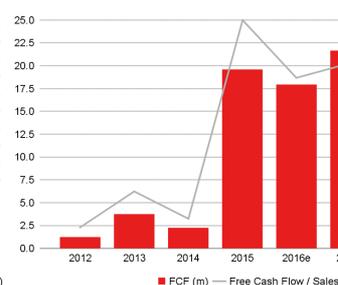
In EUR m	2012	2013	2014	2015	2016e	2017e	2018e
Net income	1.9	3.2	5.9	15.9	19.0	22.9	26.4
Depreciation of fixed assets	0.9	1.1	1.0	1.1	1.1	1.1	1.1
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	4.0	3.1	3.8	4.7	4.7	5.2	5.8
Increase/decrease in long-term provisions	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other non-cash income and expenses	0.3	-0.5	0.0	1.6	0.0	0.0	0.0
<b>Cash Flow before NWC change</b>	<b>7.1</b>	<b>6.8</b>	<b>10.7</b>	<b>23.3</b>	<b>24.8</b>	<b>29.3</b>	<b>33.3</b>
Increase / decrease in inventory	1.6	1.0	-4.1	-1.7	0.0	0.0	0.0
Increase / decrease in accounts receivable	0.0	0.0	0.0	0.0	-3.9	-4.2	-4.4
Increase / decrease in accounts payable	-0.1	2.8	1.8	4.6	2.5	2.6	2.7
Increase / decrease in other working capital positions	-0.8	-1.0	0.1	0.5	0.0	0.0	0.0
Increase / decrease in working capital (total)	0.6	2.7	-2.3	3.4	-1.3	-1.6	-1.7
<b>Net cash provided by operating activities [1]</b>	<b>7.8</b>	<b>9.5</b>	<b>8.4</b>	<b>26.7</b>	<b>23.4</b>	<b>27.7</b>	<b>31.6</b>
Investments in intangible assets	-5.9	-5.2	-5.5	-4.7	-4.7	-5.2	-5.8
Investments in property, plant and equipment	-0.7	-0.6	-0.6	-0.6	-0.8	-0.8	-0.8
Payments for acquisitions	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financial investments	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Income from asset disposals	0.1	0.0	0.0	0.1	0.0	0.0	0.0
<b>Net cash provided by investing activities [2]</b>	<b>-6.5</b>	<b>-5.7</b>	<b>-6.2</b>	<b>-7.1</b>	<b>-5.5</b>	<b>-6.0</b>	<b>-6.6</b>
Change in financial liabilities	0.4	-1.4	-0.9	-4.6	-3.3	-3.0	-3.0
Dividends paid	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Purchase of own shares	-0.6	0.0	-0.3	-2.3	0.0	0.0	0.0
Capital measures	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Net cash provided by financing activities [3]</b>	<b>-0.3</b>	<b>-1.4</b>	<b>-1.2</b>	<b>-6.9</b>	<b>-3.3</b>	<b>-3.0</b>	<b>-3.0</b>
<b>Change in liquid funds [1]+[2]+[3]</b>	<b>1.0</b>	<b>2.4</b>	<b>1.1</b>	<b>12.7</b>	<b>14.7</b>	<b>18.6</b>	<b>22.0</b>
Effects of exchange-rate changes on cash	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Cash and cash equivalent at end of period</b>	<b>8.6</b>	<b>11.0</b>	<b>12.0</b>	<b>24.8</b>	<b>39.4</b>	<b>58.1</b>	<b>80.1</b>

**Financial Ratios**

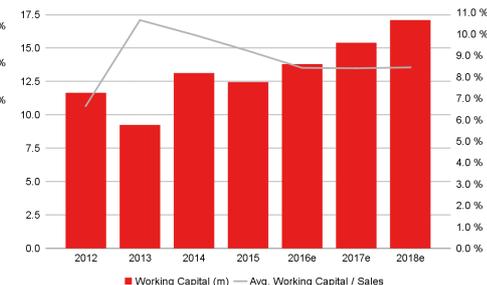
	2012	2013	2014	2015	2016e	2017e	2018e
<b>Cash Flow</b>							
FCF	1.2	3.8	2.2	19.6	17.9	21.6	25.0
Free Cash Flow / Sales	1.4 %	3.8 %	2.0 %	15.4 %	11.5 %	12.5 %	13.0 %
Free Cash Flow Potential	7.7	8.2	11.4	21.8	25.6	30.0	34.0
Free Cash Flow / Net Profit	63.5 %	118.2 %	38.0 %	134.7 %	94.9 %	94.1 %	94.9 %
Interest Received / Avg. Cash	4.2 %	1.1 %	1.2 %	2.0 %	0.3 %	0.2 %	0.1 %
Interest Paid / Avg. Debt	11.3 %	5.6 %	5.0 %	3.8 %	9.3 %	12.3 %	22.9 %
<b>Management of Funds</b>							
Investment ratio	7.4 %	5.8 %	5.5 %	3.8 %	3.5 %	3.5 %	3.4 %
Maint. Capex / Sales	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Capex / Dep	132.1 %	137.4 %	129.5 %	91.4 %	94.8 %	95.2 %	95.6 %
Avg. Working Capital / Sales	6.6 %	10.7 %	10.0 %	9.2 %	8.4 %	8.4 %	8.5 %
Trade Debtors / Trade Creditors	182.8 %	160.8 %	179.6 %	161.1 %	160.3 %	160.4 %	160.6 %
Inventory Turnover	n.a.						
Receivables collection period (days)	107	91	96	86	86	86	86
Payables payment period (days)	119	113	108	111	111	112	113
Cash conversion cycle (Days)	n.a.						

**CAPEX and Cash Flow**  
in EUR m


Source: Warburg Research

**Free Cash Flow Generation**


Source: Warburg Research

**Working Capital**


Source: Warburg Research

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Company	Disclosure	Link to the historical price targets and rating changes (last 12 months)
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-B-	<b>Buy:</b>	The price of the analysed financial instrument is expected to rise over the next 12 months.
-H-	<b>Hold:</b>	The price of the analysed financial instrument is expected to remain mostly flat over the next 12 months.
-S-	<b>Sell:</b>	The price of the analysed financial instrument is expected to fall over the next 12 months.
“-“	<b>Rating suspended:</b>	The available information currently does not permit an evaluation of the company.

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Rating	Number of stocks	% of Universe
Buy	120	62
Hold	63	32
Sell	10	5
Rating suspended	1	1
<b>Total</b>	<b>194</b>	<b>100</b>

**WARBURG RESEARCH GMBH – ANALYSED RESEARCH UNIVERSE BY RATING ...**

... taking into account only those companies which were provided with major investment services in the last twelve months.

Rating	Number of stocks	% of Universe
Buy	27	73
Hold	7	19
Sell	2	5
Rating suspended	1	3
<b>Total</b>	<b>37</b>	<b>100</b>

**PRICE AND RATING HISTORY HYPOPORT AS OF 03.03.2017**


Markings in the chart show rating changes by Warburg Research GmbH in the last 12 months. Every marking details the date and closing price on the day of the rating change.

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**Our research can be found under:**

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