

Buy EUR 159.00 (EUR 170.00) Price EUR 120.75 Upside 31.7 %	Value Indicators: EUR SotP: 158.51	Share data: Bloomberg: HYQ GR Reuters: HYQGn.DE ISIN: DE0005493365	Description: Technology-based financial services provider
	Market Snapshot: EUR m Market cap: 717.48 No. of shares (m): 5.94 EV: 696.04 Freefloat MC: 427.62 Ø Trad. Vol. (30d): 5.44 m	Shareholders: Freefloat: 59.6 % Revenia (Ronald Slabke): 36.3 % Treasury shares: 4.1 %	Risk Profile (WRe): 2017e Beta: 1.2 Price / Book: 8.8 x Equity Ratio: 61 %

Preliminary Q3: Volatility in institutional business; Estimates & PT down

	Q3 17p*	Q3 17e	Q3 16**	yoy	9M 17p*	9M 17e	9M 16e**	yoy
Revenues	48.2	47.9	39.8	21.2%	143.5	143.2	113.5	26.4%
Credit Platform	19.2	19.0	17.1	12.1%	57.0	56.8	48.9	16.6%
Private Clients	21.1	20.0	17.3	22.1%	61.0	59.9	50.5	20.8%
Institutional Clients	4.0	5.5	4.0	0.4%	14.8	16.3	11.9	24.4%
Insurance Platform	3.8	3.5	1.7	123.1%	11.0	10.7	2.9	279.3%
EBIT	5.6	7.2	5.9	-4.0%	19.0	20.6	17.0	11.8%
Margin	11.7%	15.0%	14.8%	-307 bps	13.2%	14.4%	15.0%	-174 bps
Credit Platform	4.2	4.5	3.7	14.3%	12.0	12.3	10.6	13.2%
Margin	21.9%	23.7%	21.4%	41 bps	21.1%	21.7%	21.7%	-62 bps
Private Clients	3.0	3.2	2.5	21.9%	9.0	9.2	7.2	25.0%
Margin	14.2%	16.0%	14.2%	-3 bps	14.8%	15.4%	14.3%	50 bps
Institutional Clients	0.5	1.5	1.4	-65.5%	4.0	5.0	3.6	11.1%
Margin	12.0%	27.3%	35.0%	n.m.	27.0%	30.8%	30.3%	-323 bps
Insurance Platform	-0.7	0.0	0.1	n.m.	-1.0	-0.3	0.1	n.m.
Margin	-18.5%	0.0%	3.3%	n.m.	-9.1%	-2.8%	3.4%	n.m.

Comment on Figures:

- Revenues seem to be coming in as expected, apart from a major shortfall in the volatile Institutional Clients unit. **All other divisions are in line or better, reflecting strong execution.**
- EBIT shortfall vs. expectations essentially due to Institutional Clients** segment owing to ongoing investment in the sales network and digitization. A high level of investment in the high growth and acquisitive Insurance Platform business explain a further EUR 0.7m shortfall to expectations.

The company reported preliminary figures, which show a **strong profitability shortfall in the Institutional Clients business at EBIT level**, but all other business units are on track. As of 9M, we are close to the bottom end of the guidance of slight double-digit growth in EBIT for 2017 (defined as "10% to 39%"). **The fundamentals in Institutional Clients remain unchanged.** The company is growing and optimizing structures to best avail of that potential. A substantial chunk of the 1m home shortage in Germany is to be addressed with social housing. The company acts as an advisor and mortgage broker to public housing associations. The Insurance Platform division is at very early stages in terms of revenue growth and is poised to generate some quarter-on-quarter volatility around the EBIT breakeven point. In light of strong signals from the company that it is still in investment mode, we now cautiously model "a repeat" of Q3 2017 in Q4 2017, which we would view as a worst case. The company has kept guidance unchanged for now. Current trading levels essentially assign close to no value to the Insurance Platform. We fail to see the logic of this, given that the disappointment arose in the Institutional Clients business. We better reflect the volatility in Institutional Clients in a higher beta for the legacy business DCF (1.22 vs. 1.20), and cautiously slow down the ramp-up in margins going forward; faster revenue ramp-up in Insurance now assumed: **new PT of EUR 159.00 (EUR 170.00). Buy opportunity.**

Changes in Estimates:				Comment on Changes:			
FY End: 31.12. in EUR m	2017e (old)	+ / -	2018e (old)	+ / -	2019e (old)	+ / -	
Sales	191.78	1.1 %	216.60	1.3 %	243.06	2.2 %	<ul style="list-style-type: none"> New EBIT of EUR 24.6m for FY 2017 implies a "repeat of Q3" in Q4 2017, explaining the downgrade to figures Going forward, the revised 2017 figures impact the EBIT margin progression in 2018e and 2019e
EBIT	27.93	-11.8 %	32.26	-9.7 %	37.73	-9.7 %	
EPS	3.63	-12.1 %	4.20	-9.8 %	4.93	-9.9 %	

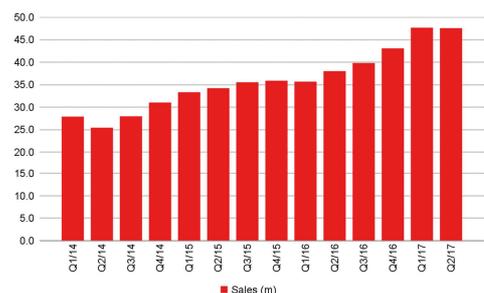


Rel. Performance vs SDAX:	
1 month:	-13.7 %
6 months:	20.5 %
Year to date:	33.3 %
Trailing 12 months:	27.5 %

Company events:
30.10.17 Q3

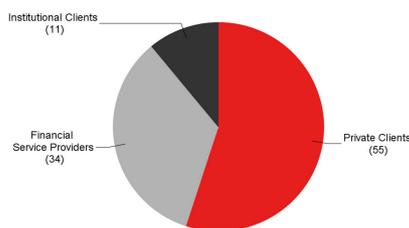
FY End: 31.12. in EUR m	CAGR (16-19e)	2013	2014	2015	2016	2017e	2018e	2019e
Sales	16.6 %	98.09	112.33	138.98	156.60	193.98	219.40	248.37
Change Sales yoy		11.8 %	14.5 %	23.7 %	12.7 %	23.9 %	13.1 %	13.2 %
Gross profit margin		54.3 %	53.9 %	54.9 %	58.0 %	57.9 %	57.9 %	57.9 %
EBITDA	12.8 %	8.12	12.70	25.08	28.20	30.29	35.16	40.48
Margin		8.3 %	11.3 %	18.0 %	18.0 %	15.6 %	16.0 %	16.3 %
EBIT	13.8 %	3.95	7.94	19.26	23.12	24.63	29.13	34.07
Margin		4.0 %	7.1 %	13.9 %	14.8 %	12.7 %	13.3 %	13.7 %
Net income	13.7 %	3.18	5.92	15.87	17.97	18.94	22.50	26.40
EPS	14.0 %	0.52	0.97	2.56	3.00	3.19	3.79	4.44
EPS adj.	14.0 %	0.52	0.97	2.56	3.00	3.19	3.79	4.44
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		0.61	0.37	3.16	1.90	1.68	2.92	3.59
FCF / Market cap		7.4 %	3.3 %	10.2 %	2.4 %	1.4 %	2.4 %	2.9 %
EV / Sales		0.6 x	0.6 x	1.4 x	2.8 x	3.6 x	3.1 x	2.7 x
EV / EBITDA		7.0 x	5.6 x	7.8 x	15.6 x	23.4 x	19.6 x	16.5 x
EV / EBIT		14.4 x	9.0 x	10.2 x	19.0 x	28.7 x	23.7 x	19.6 x
P / E		15.9 x	11.3 x	13.2 x	25.0 x	37.9 x	31.9 x	27.2 x
P / E adj.		15.9 x	11.3 x	13.2 x	25.0 x	37.9 x	31.9 x	27.2 x
FCF Potential Yield		14.5 %	15.9 %	11.2 %	5.3 %	3.6 %	4.2 %	5.0 %
Net Debt		5.97	4.08	-13.29	-11.46	-21.44	-38.76	-60.08
ROCE (NOPAT)		10.3 %	15.8 %	38.9 %	39.6 %	34.0 %	35.8 %	38.8 %
Guidance:		2017: revenues and earnings growth just into double digit figures						

Sales development in EUR m



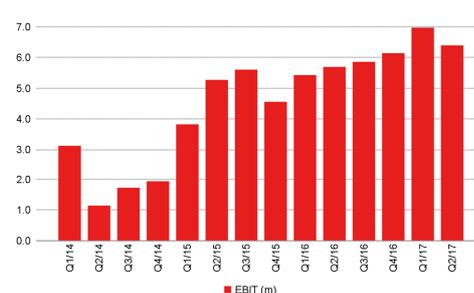
Source: Warburg Research

Sales by Segments 2016; in %



Source: Warburg Research

EBIT development in EUR m



Source: Warburg Research

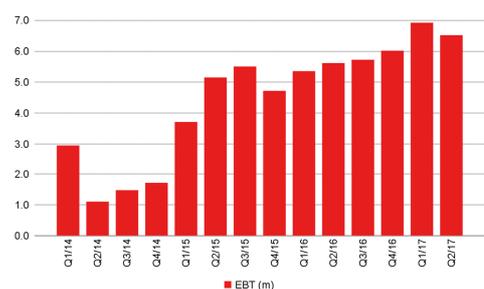
Company Background

- 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

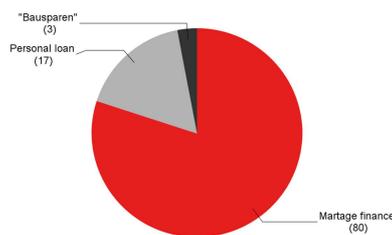
- The online marketplace for property financing operated by Hypoport (Europace) is the largest of its kind in Germany
- As the number of affiliated suppliers is decisive for marketplaces of this type, this forms a central competitive advantage and a considerable market entry barrier for third parties.
- 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



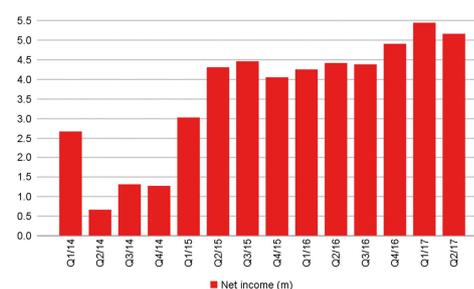
Source: Warburg Research

Europace by product segments 2016; 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
	2017e	2018e	2019e	2020e	2021e	2022e	2023e	2024e	2025e	2026e	2027e	2028e	2029e	
Sales	178.98	200.35	224.18	251.08	281.21	309.33	340.26	364.08	389.57	416.84	437.68	459.56	471.05	
Sales change	23.9 %	13.1 %	13.2 %	12.0 %	12.0 %	10.0 %	10.0 %	7.0 %	7.0 %	7.0 %	5.0 %	5.0 %	2.5 %	2.5 %
EBIT	25.93	29.63	34.07	40.17	46.40	52.59	61.25	65.53	70.12	75.03	78.78	82.72	84.79	
EBIT-margin	14.5 %	14.8 %	15.2 %	16.0 %	16.5 %	17.0 %	18.0 %	18.0 %	18.0 %	18.0 %	18.0 %	18.0 %	18.0 %	
Tax rate (EBT)	20.9 %	20.9 %	20.9 %	20.9 %	20.9 %	20.9 %	20.9 %	20.9 %	20.9 %	20.9 %	20.9 %	20.9 %	20.9 %	
NOPAT	20.52	23.45	26.95	31.79	36.71	41.61	48.46	51.85	55.48	59.37	62.34	65.45	67.09	
Depreciation	4.36	5.53	6.42	10.04	11.25	12.37	13.61	14.56	15.58	16.67	17.51	18.38	18.84	
in % of Sales	2.4 %	2.8 %	2.9 %	4.0 %	4.0 %	4.0 %	4.0 %	4.0 %	4.0 %	4.0 %	4.0 %	4.0 %	4.0 %	
Changes in provisions	0.00	0.00	0.00	0.01	0.03	0.03	0.03	0.02	0.03	0.03	0.02	0.02	0.01	
Change in Liquidity from														
- Working Capital	4.62	3.20	3.50	3.68	4.13	3.85	4.24	3.26	3.49	3.73	2.85	3.00	1.57	
- Capex	10.00	8.00	8.00	12.55	14.06	15.47	17.01	18.20	19.48	20.84	21.88	22.98	23.55	
Capex in % of Sales	5.6 %	4.0 %	3.6 %	5.0 %	5.0 %	5.0 %	5.0 %	5.0 %	5.0 %	5.0 %	5.0 %	5.0 %	5.0 %	
Other	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Free Cash Flow (WACC Model)	10.26	17.77	21.87	25.60	29.81	34.69	40.85	44.98	48.12	51.49	55.13	57.88	60.82	62
PV of FCF	9.74	15.58	17.72	19.17	20.62	22.18	24.14	24.56	24.29	24.02	23.76	23.05	22.39	402
share of PVs	6.39 %			33.90 %										59.70 %

Model parameter

Derivation of WACC:		Derivation of Beta:	
Debt ratio	0.00 %	Financial Strength	1.00
Cost of debt (after tax)	2.4 %	Liquidity (share)	1.00
Market return	7.00 %	Cyclicality	1.50
Risk free rate	1.50 %	Transparency	1.30
		Others	1.30
WACC	8.21 %	Beta	1.22

Valuation (m)

Present values 2029e	271		
Terminal Value	402		
Financial liabilities	11		
Pension liabilities	0		
Hybrid capital	0		
Minority interest	0		
Market val. of investments	0		
Liquidity	22	No. of shares (m)	5.9
Equity Value	684	Value per share (EUR)	115.16

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
1.40	9.2 %	90.67	92.27	93.98	95.82	97.80	99.95	102.27	1.40	9.2 %	86.52	89.62	92.72	95.82	98.92	102.02	105.12
1.31	8.7 %	98.37	100.32	102.42	104.69	107.15	109.83	112.75	1.31	8.7 %	94.56	97.94	101.31	104.69	108.06	111.44	114.81
1.27	8.5 %	102.67	104.83	107.17	109.70	112.45	115.46	118.76	1.27	8.5 %	99.11	102.64	106.17	109.70	113.23	116.76	120.29
1.22	8.2 %	107.31	109.71	112.32	115.16	118.26	121.65	125.39	1.22	8.2 %	104.06	107.76	111.46	115.16	118.86	122.56	126.26
1.17	8.0 %	112.34	115.02	117.94	121.13	124.63	128.48	132.73	1.17	8.0 %	109.48	113.37	117.25	121.13	125.02	128.90	132.79
1.13	7.7 %	117.80	120.81	124.10	127.70	131.66	136.04	140.91	1.13	7.7 %	115.43	119.52	123.61	127.70	131.78	135.87	139.96
1.04	7.2 %	130.29	134.11	138.31	142.96	148.13	153.91	160.43	1.04	7.2 %	129.28	133.84	138.40	142.96	147.52	152.08	156.63

- 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.

Sum of the parts

	Method	Value per Share	Parameters
Existing business lines	DCF	115.16	Beta: 1.22, WACC 8.21%, terminal growth rate: 2.5%, EBIT margin: 18%
Insurance platform	DCF	43.35	Beta: 1.64, WACC 10.52%, terminal growth rate: 2.5%, EBIT margin: 30%
Total estimated fair value per share		EUR 158.51	

Valuation	2013	2014	2015	2016	2017e	2018e	2019e
Price / Book	1.5 x	1.7 x	4.0 x	7.0 x	8.8 x	6.9 x	5.5 x
Book value per share ex intangibles	0.53	1.25	3.40	3.72	6.26	9.79	14.03
EV / Sales	0.6 x	0.6 x	1.4 x	2.8 x	3.6 x	3.1 x	2.7 x
EV / EBITDA	7.0 x	5.6 x	7.8 x	15.6 x	23.4 x	19.6 x	16.5 x
EV / EBIT	14.4 x	9.0 x	10.2 x	19.0 x	28.7 x	23.7 x	19.6 x
EV / EBIT adj.*	14.4 x	9.0 x	10.2 x	19.0 x	28.7 x	23.7 x	19.6 x
P / FCF	13.5 x	29.9 x	9.8 x	42.4 x	71.9 x	41.4 x	33.7 x
P / E	15.9 x	11.3 x	13.2 x	25.0 x	37.9 x	31.9 x	27.2 x
P / E adj.*	15.9 x	11.3 x	13.2 x	25.0 x	37.9 x	31.9 x	27.2 x
Dividend Yield	n.a.						
FCF Potential Yield (on market EV)	14.5 %	15.9 %	11.2 %	5.3 %	3.6 %	4.2 %	5.0 %

*Adjustments made for: -

Consolidated profit & loss

In EUR m	2013	2014	2015	2016	2017e	2018e	2019e
Sales	98.09	112.33	138.98	156.60	193.98	219.40	248.37
Change Sales yoy	11.8 %	14.5 %	23.7 %	12.7 %	23.9 %	13.1 %	13.2 %
Increase / decrease in inventory	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Own work capitalised	4.25	4.18	4.66	5.66	6.79	7.68	8.69
Total Sales	102.34	116.50	143.65	162.26	200.77	227.08	257.06
Material expenses	49.11	55.95	67.31	71.44	88.46	100.05	113.26
Gross profit	53.23	60.55	76.34	90.82	112.32	127.03	143.81
<i>Gross profit margin</i>	<i>54.3 %</i>	<i>53.9 %</i>	<i>54.9 %</i>	<i>58.0 %</i>	<i>57.9 %</i>	<i>57.9 %</i>	<i>57.9 %</i>
Personnel expenses	32.68	35.33	38.22	46.36	56.84	63.84	72.03
Other operating income	2.77	1.83	2.18	3.07	4.27	5.05	5.96
Other operating expenses	15.23	14.50	15.25	19.33	29.45	33.07	37.26
Unfrequent items	0.04	0.15	0.03	0.00	0.00	0.00	0.00
EBITDA	8.12	12.70	25.08	28.20	30.29	35.16	40.48
<i>Margin</i>	<i>8.3 %</i>	<i>11.3 %</i>	<i>18.0 %</i>	<i>18.0 %</i>	<i>15.6 %</i>	<i>16.0 %</i>	<i>16.3 %</i>
Depreciation of fixed assets	1.06	0.97	1.12	1.24	1.20	1.20	1.20
EBITA	7.07	11.73	23.96	26.96	29.09	33.96	39.28
Amortisation of intangible assets	3.12	3.80	4.70	3.84	4.46	4.83	5.22
Goodwill amortisation	0.00	0.00	0.00	0.00	0.00	0.00	0.00
EBIT	3.95	7.94	19.26	23.12	24.63	29.13	34.07
<i>Margin</i>	<i>4.0 %</i>	<i>7.1 %</i>	<i>13.9 %</i>	<i>14.8 %</i>	<i>12.7 %</i>	<i>13.3 %</i>	<i>13.7 %</i>
EBIT adj.	3.95	7.94	19.26	23.12	24.63	29.13	34.07
Interest income	0.11	0.14	0.37	0.23	0.10	0.10	0.10
Interest expenses	0.99	0.82	0.52	0.63	0.80	0.80	0.80
Other financial income (loss)	0.00	0.00	0.00	0.01	0.00	0.00	0.00
EBT	3.07	7.25	19.10	22.73	23.93	28.43	33.37
<i>Margin</i>	<i>3.1 %</i>	<i>6.5 %</i>	<i>13.7 %</i>	<i>14.5 %</i>	<i>12.3 %</i>	<i>13.0 %</i>	<i>13.4 %</i>
Total taxes	-0.10	1.32	3.24	4.76	5.00	5.94	6.97
Net income from continuing operations	3.18	5.93	15.87	17.97	18.94	22.50	26.40
Income from discontinued operations (net of tax)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net income before minorities	3.18	5.93	15.87	17.97	18.94	22.50	26.40
Minority interest	0.00	0.01	0.00	0.00	0.00	0.00	0.00
Net income	3.18	5.92	15.87	17.97	18.94	22.50	26.40
<i>Margin</i>	<i>3.2 %</i>	<i>5.3 %</i>	<i>11.4 %</i>	<i>11.5 %</i>	<i>9.8 %</i>	<i>10.3 %</i>	<i>10.6 %</i>
Number of shares, average	6.14	6.12	6.19	6.01	5.94	5.94	5.94
EPS	0.52	0.97	2.56	3.00	3.19	3.79	4.44
EPS adj.	0.52	0.97	2.56	3.00	3.19	3.79	4.44

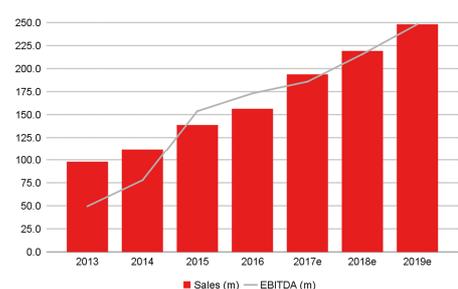
*Adjustments made for:

Guidance: 2017: revenues and earnings growth just into double digit figures
Financial Ratios

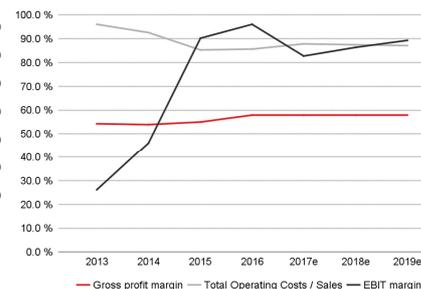
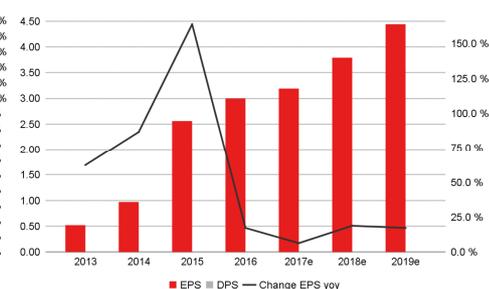
	2013	2014	2015	2016	2017e	2018e	2019e
Total Operating Costs / Sales	96.1 %	92.5 %	85.3 %	85.6 %	87.9 %	87.5 %	87.2 %
Operating Leverage	2.0 x	7.0 x	6.0 x	1.6 x	0.3 x	1.4 x	1.3 x
EBITDA / Interest expenses	8.2 x	15.4 x	48.0 x	44.9 x	37.9 x	43.9 x	50.6 x
Tax rate (EBT)	-3.3 %	18.2 %	16.9 %	20.9 %	20.9 %	20.9 %	20.9 %
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

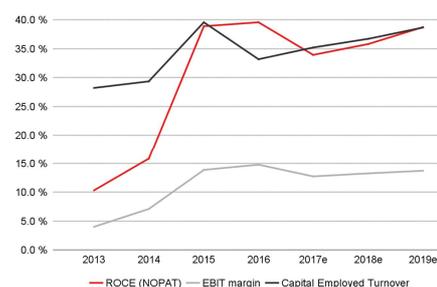
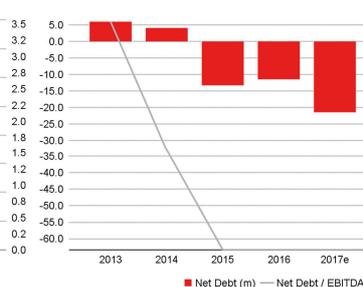
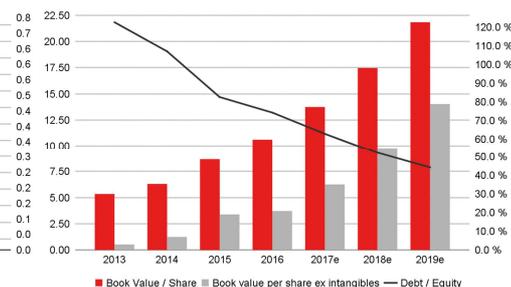
Source: Warburg Research

Consolidated balance sheet

In EUR m	2013	2014	2015	2016	2017e	2018e	2019e
Assets							
Goodwill and other intangible assets	29.57	30.95	31.89	41.66	45.20	46.37	47.16
thereof other intangible assets	0.00	0.00	0.00	3.06	6.59	7.77	8.55
thereof Goodwill	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Property, plant and equipment	2.50	2.66	3.04	2.63	3.43	4.23	5.03
Financial assets	0.07	0.08	0.03	1.09	1.09	1.09	1.09
Other long-term assets	0.71	1.12	1.42	3.01	3.01	3.01	3.01
Fixed assets	32.85	34.82	36.38	48.39	52.73	54.70	56.29
Inventories	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Accounts receivable	24.45	29.62	32.85	38.09	47.20	53.40	60.40
Liquid assets	10.95	12.02	24.76	22.41	32.39	49.71	71.03
Other short-term assets	5.40	3.94	2.09	3.21	3.21	3.21	3.21
Current assets	40.80	45.59	59.70	63.71	82.80	106.32	134.64
Total Assets	73.60	80.40	96.10	112.10	135.50	161.00	190.90
Liabilities and shareholders' equity							
Subscribed capital	6.20	6.20	6.20	6.20	6.20	6.20	6.20
Capital reserve	2.06	2.21	2.35	2.35	2.35	2.35	2.35
Retained earnings	24.60	30.26	44.01	55.54	74.48	96.98	123.38
Other equity components	-0.06	-0.08	-0.16	0.05	-0.05	-0.05	-0.05
Shareholders' equity	32.80	38.59	52.39	64.13	82.97	105.47	131.87
Minority interest	0.26	0.26	0.27	0.27	0.27	0.27	0.27
Total equity	33.05	38.85	52.66	64.40	83.24	105.74	132.14
Provisions	0.11	0.20	0.21	0.25	0.25	0.25	0.25
thereof provisions for pensions and similar obligations	0.11	0.20	0.21	0.24	0.24	0.24	0.24
Financial liabilities (total)	16.82	15.90	11.26	10.71	10.71	10.71	10.71
thereof short-term financial liabilities	4.76	4.64	4.34	6.27	6.27	6.27	6.27
Accounts payable	15.20	16.49	20.39	18.71	23.20	26.20	29.70
Other liabilities	8.41	8.96	11.55	18.07	18.07	18.07	18.07
Liabilities	40.54	41.56	43.42	47.74	52.23	55.23	58.73
Total liabilities and shareholders' equity	73.60	80.40	96.10	112.10	135.50	161.00	190.90

Financial Ratios

	2013	2014	2015	2016	2017e	2018e	2019e
Efficiency of Capital Employment							
Operating Assets Turnover	8.4 x	7.1 x	9.0 x	7.1 x	7.1 x	7.0 x	7.0 x
Capital Employed Turnover	2.5 x	2.6 x	3.5 x	3.0 x	3.1 x	3.3 x	3.4 x
ROA	9.7 %	17.0 %	43.6 %	37.1 %	35.9 %	41.1 %	46.9 %
Return on Capital							
ROCE (NOPAT)	10.3 %	15.8 %	38.9 %	39.6 %	34.0 %	35.8 %	38.8 %
ROE	10.2 %	16.6 %	34.9 %	30.8 %	25.7 %	23.9 %	22.2 %
Adj. ROE	10.2 %	16.6 %	34.9 %	30.8 %	25.7 %	23.9 %	22.2 %
Balance sheet quality							
Net Debt	5.97	4.08	-13.29	-11.46	-21.44	-38.76	-60.08
Net Financial Debt	5.87	3.88	-13.50	-11.70	-21.68	-39.00	-60.32
Net Gearing	18.1 %	10.5 %	-25.2 %	-17.8 %	-25.8 %	-36.7 %	-45.5 %
Net Fin. Debt / EBITDA	72.2 %	30.5 %	n.a.	n.a.	n.a.	n.a.	n.a.
Book Value / Share	5.3	6.3	8.7	10.6	13.7	17.5	21.8
Book value per share ex intangibles	0.5	1.2	3.4	3.7	6.3	9.8	14.0

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

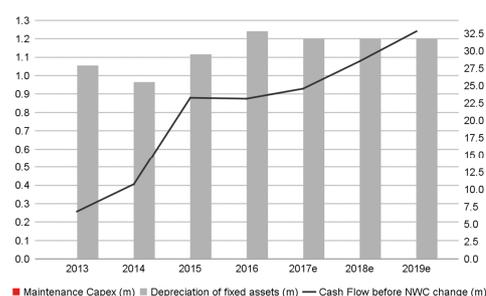
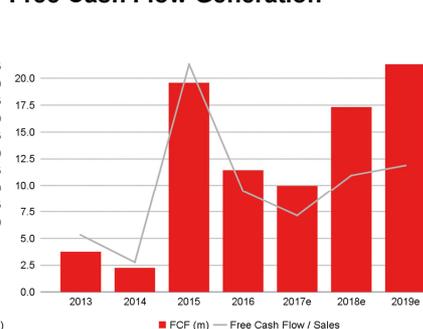
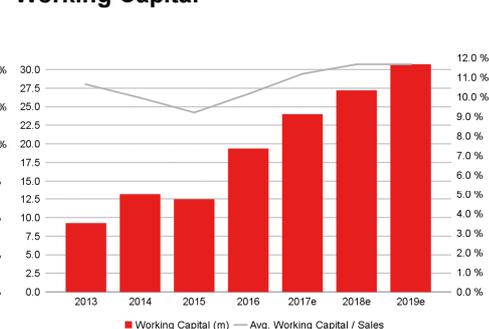
In EUR m	2013	2014	2015	2016	2017e	2018e	2019e
Net income	3.18	5.93	15.87	18.05	18.94	22.50	26.40
Depreciation of fixed assets	1.06	0.97	1.12	1.24	1.20	1.20	1.20
Amortisation of goodwill	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Amortisation of intangible assets	3.12	3.80	4.70	3.84	4.46	4.83	5.22
Increase/decrease in long-term provisions	0.00	0.00	0.00	0.03	0.00	0.00	0.00
Other non-cash income and expenses	-0.54	0.03	1.60	0.00	0.00	0.00	0.00
Cash Flow before NWC change	6.81	10.72	23.28	23.16	24.60	28.52	32.82
Increase / decrease in inventory	0.96	-4.13	-1.66	0.00	0.00	0.00	0.00
Increase / decrease in accounts receivable	0.00	0.00	0.00	-5.24	-9.11	-6.20	-7.00
Increase / decrease in accounts payable	2.77	1.77	4.60	-1.69	4.49	3.00	3.50
Increase / decrease in other working capital positions	-1.05	0.05	0.47	2.10	0.00	0.00	0.00
Increase / decrease in working capital (total)	2.68	-2.31	3.41	-4.83	-4.62	-3.20	-3.50
Net cash provided by operating activities [1]	9.49	8.42	26.69	18.34	19.98	25.32	29.32
Investments in intangible assets	-5.16	-5.55	-4.70	-6.90	-8.00	-6.00	-6.00
Investments in property, plant and equipment	-0.57	-0.62	-0.62	-0.80	-2.00	-2.00	-2.00
Payments for acquisitions	0.00	0.00	0.00	-3.40	0.00	0.00	0.00
Financial investments	0.00	0.02	0.01	3.00	0.00	0.00	0.00
Income from asset disposals	0.04	0.00	0.05	0.00	0.00	0.00	0.00
Net cash provided by investing activities [2]	-5.70	-6.18	-7.06	-13.30	-10.00	-8.00	-8.00
Change in financial liabilities	-1.39	-0.85	-4.60	-0.55	0.00	0.00	0.00
Dividends paid	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Purchase of own shares	0.00	-0.31	-2.30	-6.91	0.00	0.00	0.00
Capital measures	0.00	0.00	0.00	0.50	0.00	0.00	0.00
Other	0.00	0.00	0.00	-0.50	0.00	0.00	0.00
Net cash provided by financing activities [3]	-1.39	-1.16	-6.90	-7.46	0.00	0.00	0.00
Change in liquid funds [1]+[2]+[3]	2.40	1.07	12.73	-2.42	9.98	17.32	21.32
Effects of exchange-rate changes on cash	0.00	0.00	0.00	0.10	0.00	0.00	0.00
Cash and cash equivalent at end of period	10.95	12.02	24.76	22.43	32.39	49.71	71.03

Financial Ratios

	2013	2014	2015	2016	2017e	2018e	2019e
Cash Flow							
FCF	3.75	2.25	19.59	11.44	9.98	17.32	21.32
Free Cash Flow / Sales	3.8 %	2.0 %	15.4 %	6.8 %	5.1 %	7.9 %	8.6 %
Free Cash Flow Potential	8.23	11.38	21.84	23.52	25.30	29.22	33.52
Free Cash Flow / Net Profit	118.2 %	38.0 %	134.7 %	59.2 %	52.7 %	77.0 %	80.7 %
Interest Received / Avg. Cash	1.1 %	1.2 %	2.0 %	1.0 %	0.4 %	0.2 %	0.2 %
Interest Paid / Avg. Debt	5.6 %	5.0 %	3.8 %	5.7 %	7.5 %	7.5 %	7.5 %
Management of Funds							
Investment ratio	5.8 %	5.5 %	3.8 %	4.9 %	5.2 %	3.6 %	3.2 %
Maint. Capex / Sales	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Capex / Dep	137.4 %	129.5 %	91.4 %	151.4 %	176.6 %	132.7 %	124.7 %
Avg. Working Capital / Sales	10.7 %	10.0 %	9.2 %	10.2 %	11.2 %	11.7 %	11.7 %
Trade Debtors / Trade Creditors	160.8 %	179.6 %	161.1 %	203.6 %	203.4 %	203.8 %	203.4 %
Inventory Turnover	n.a.						
Receivables collection period (days)	91	96	86	89	89	89	89
Payables payment period (days)	113	108	111	96	96	96	96
Cash conversion cycle (Days)	n.a.						

CAPEX and Cash Flow

in EUR m


Free Cash Flow Generation

Working Capital


Source: Warburg Research

Source: Warburg Research

Source: Warburg Research

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HYPOPORT	5	http://www.mmwarburg.com/disclaimer/disclaimer_en/DE0005493365.htm

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-B-	Buy:	The price of the analysed financial instrument is expected to rise over the next 12 months.
-H-	Hold:	The price of the analysed financial instrument is expected to remain mostly flat over the next 12 months.
-S-	Sell:	The price of the analysed financial instrument is expected to fall over the next 12 months.
“-“	Rating suspended:	The available information currently does not permit an evaluation of the company.

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Rating	Number of stocks	% of Universe
Buy	106	52
Hold	89	44
Sell	8	4
Rating suspended	1	0
Total	204	100

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	29	73
Hold	9	23
Sell	1	3
Rating suspended	1	3
Total	40	100

PRICE AND RATING HISTORY HYPOPORT AS OF 24.10.2017


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.

EQUITIES

Roland Rapelius +49 40 3282-2673
Head of Equities rrapelius@mmwarburg.com

RESEARCH

Michael Heider +49 40 309537-280
Head of Research mheider@warburg-research.com

Henner Rüschemeyer +49 40 309537-270
Head of Research hrueschmeier@warburg-research.com

Lucas Boventer +49 40 309537-290
Renewables, Internet, Media lboventer@warburg-research.com

Christian Cohrs +49 40 309537-175
Engineering, Logistics ccohrs@warburg-research.com

Felix Ellmann +49 40 309537-120
Software, IT fellmann@warburg-research.com

Jörg Philipp Frey +49 40 309537-258
Retail, Consumer Goods jfrey@warburg-research.com

Marie-Thérèse Grübner +49 40 309537-240
Small Cap Research mgruebner@warburg-research.com

Ulrich Huwald +49 40 309537-255
Health Care, Pharma uhuwald@warburg-research.com

Thilo Kleibauer +49 40 309537-257
Retail, Consumer Goods tkleibauer@warburg-research.com

Eggert Kuls +49 40 309537-256
Engineering ekuls@warburg-research.com

Andreas Pläsier +49 40 309537-246
Banks, Financial Services aplaesier@warburg-research.com

Jochen Reichert +49 40 309537-130
Telco, Internet, Media jreichert@warburg-research.com

J. Moritz Rieser +49 40 309537-260
Real Estate mrieser@warburg-research.com

Arash Roshan Zamir +49 40 309537-155
Cap. Goods, Renewables aroshanzamir@warburg-research.com

Malte Schaumann +49 40 309537-170
Technology mschaumann@warburg-research.com

Patrick Schmidt +49 40 309537-125
Small Cap Research pschmidt@warburg-research.com

Oliver Schwarz +49 40 309537-250
Chemicals, Agriculture oschwarz@warburg-research.com

Marc-René Tonn +49 40 309537-259
Automobiles, Car Suppliers mtonn@warburg-research.com

Björn Voss +49 40 309537-254
Steel, Car Suppliers bvoss@warburg-research.com

Alexander Wahl +49 40 309537-230
Car Suppliers, Construction awahl@warburg-research.com

Andreas Wolf +49 40 309537-140
Software, IT awolf@warburg-research.com

INSTITUTIONAL EQUITY SALES

Holger Nass +49 40 3282-2669
Head of Equity Sales, USA hnass@mmwarburg.com

Klaus Schilling +49 40 3282-2664
Dep. Head of Equity Sales, GER kschilling@mmwarburg.com

Tim Beckmann +49 40 3282-2665
United Kingdom tbeckmann@mmwarburg.com

Lyubka Bogdanova +49 69 5050-7411
United Kingdom, Australia lbogdanova@mmwarburg.com

Jens Buchmüller +49 69 5050-7415
Scandinavia, Austria jbuchmueller@mmwarburg.com

Paul Dontenwill +49 40 3282-2666
USA, Poland, The Netherlands pdontenwill@mmwarburg.com

Matthias Fritsch +49 40 3282-2696
United Kingdom mfritsch@mmwarburg.com

Michael Kriszun +49 40 3282-2695
United Kingdom mkriszun@mmwarburg.com

Marc Niemann +49 40 3282-2660
Germany mniemann@mmwarburg.com

Sanjay Oberoi +49 69 5050-7410
United Kingdom soberoi@mmwarburg.com

Simon Pallhuber +49 69 5050-7414
Switzerland, France spallhuber@mmwarburg.com

Angelika Flegler +49 69 5050-7417
Roadshow/Marketing aflegler@mmwarburg.com

Juliane Willenbruch +49 40 3282-2694
Roadshow/Marketing jwillenbruch@mmwarburg.com

SALES TRADING

Oliver Merkel +49 40 3282-2634
Head of Sales Trading omerckel@mmwarburg.com

Elyaz Dust +49 40 3282-2702
Sales Trading edust@mmwarburg.com

Michael Ilgenstein +49 40 3282-2700
Sales Trading milgenstein@mmwarburg.com

Bastian Quast +49 40 3282-2701
Sales Trading bquast@mmwarburg.com

Jörg Treptow +49 40 3282-2658
Sales Trading jtreptow@mmwarburg.com

Jan Walter +49 40 3282-2662
Sales Trading jwalter@mmwarburg.com

MACRO RESEARCH

Carsten Klude +49 40 3282-2572
Macro Research cklude@mmwarburg.com

Dr. Christian Jasperneite +49 40 3282-2439
Investment Strategy cjasperneite@mmwarburg.com

Our research can be found under:

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Capital IQ www.capitaliq.com

For access please contact:

Andrea Schaper +49 40 3282-2632
Sales Assistance aschaper@mmwarburg.com

Kerstin Muthig +49 40 3282-2703
Sales Assistance kmuthig@mmwarburg.com