

■ **Price (Euro)** **26,60**
52 weeks range 29.00 / 20.20

■ **Key Data**

Country	Germany
Industry	Financial Services
Transparency	Prime Standard
Internet	www.ovb.ag
Symbol	O4B
ISIN	DE0006286560
Securities ID-No.	628656
Reuters	O4BG.DE
Bloomberg	O4B
Reporting Standard	IAS/ IFRS
Fiscal Year	31/12
Market Cap (EUR million)	379,1
Number of shares (million)	14,3
Free Float	3,0%
Free Float MarketCap (Euro million)	11,4
CAGR pre-tax profit '21 -'24e	12,4%

Multiples	2021	2022e	2023e	2024e
P/E-Ratio	24,1	23,9	21,4	17,6
P/S-Ratio	1,9	1,9	2,0	1,9
Dividend Yield	3,4%	3,8%	4,1%	4,5%

Key Data per Share (Euro)	2021	2022e	2023e	2024e
Earnings per Share (EPS)	1,10	1,11	1,24	1,51
Dividends per Share (DPS)	0,90	1,00	1,10	1,20
Book Value per Share (BVpS)	6,41	6,51	6,68	7,02

Financial Data (Euro '000)	2021	2022e	2023e	2024e
Brokerage Income	320.696	329.355	343.188	360.381
Total income	331.655	341.992	355.039	373.100
EBIT	21.766	24.385	26.745	31.255
EBIT-margin	6,8%	7,4%	7,8%	8,7%
Pre-tax profit (EBT)	22.159	22.340	26.104	31.465
Net profit after minorities	15.715	15.858	17.681	21.557
Shareholders' Equity	91.371	92.833	95.200	100.055
RoE after tax	17,3%	17,2%	18,8%	22,1%

■ **Main Shareholders**

Basler Beteiligungsholding GmbH	32,6%
Signal Iduna Lebensversicherung a. G.	31,7%
Signal Iduna Krankenversicherung a. G.	21,3%
Generali CEE Holding B.V.	11,5%

■ **Financial Calendar**

9M 2022 report	9 November 2022
2022 annual report	March 2023

■ **Analyst**

Dipl.-Kfm. Stefan Scharff, CREA

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First six months with 7% growth in top-line but momentum slowing down in 2Q in SWE and Germany - despite higher operating and personnel expenses EBIT slightly above expectations, € 28 TP affirmed

Today, OVB published the report for the first half of the year and invited for an analysts call. Despite an ongoing war in Ukraine and a strong trend for a steeply rising inflation in Euro zone but also in Czech and Poland, the reported numbers unveiled a picture of growth with a 6.6% hike in sales commissions group-wide to almost Euro 170m, a +4% hike in clients base to 4.22 million and a +3% hike in financial advisors to 5,630. The company faced somewhat higher operating expenses with building up the headcount and the new country Slovenia and the Europe-wide rolling out of the MY OVB admin and sales support system. Besides that, the company did some charity for the colleagues in Ukraine, hit by the war. Despite these expenses burdening the P & L, the overall 1H group EBIT only slightly slipped from Euro 12.4m to Euro 11.2m and was above the firm's expectation of Euro 10.7m. Our expectation was similar in a range of Euro 10.5m to Euro 11.5m for the first half of the year.

We feel comfortable with the OVB results of 1H 2022 in these challenging times, the more as CEE region even speeded up the growth momentum of sales from +12% in 1Q to +15% in 2Q 2022. In the conference call the management confirmed the strong performance, in particular for the results from Romania, Czech and Croatia. The number of CEE advisers grew overproportionately +4% to more than 3,300, giving some growth potential for the second half of the year. The 1H EBIT margin remained with 10.3% in the double-digit region after 10.9% in the year before, even if we have to admit that 2Q stand-alone EBIT came down a bit to 9.4%.

The home market Germany suffered most from a challenging overall environment and overall higher expenses for IT, staff and marketing. The 1H sales revenues were slightly down -2% from Euro 31.7m to Euro 31.0m, but keep in mind that 2Q stand-alone came in with an unchanged Euro 15.1m top-line. The 1H EBIT contribution from Germany plunged -23% from Euro 5.0m to Euro 3.9m, but we expect a recovery here in the second half of the year, in particular as we expect the demand for a profound advisory to clearly rise in some important areas like mortgage financing.

The South and Western European countries delivered a small +1.5% hike in 1H revenues, from Euro 51.4m to Euro 52.2m, but 2Q stand-alone was at Euro 24.6m, after Euro 25.5m in 2Q last year. The 1H EBIT was at Euro 4.5m, only a bit below last year (Euro 4.7m). As in Germany and CEE, the 2Q contributions were below the level of the first quarter. The management stated a good performance in Spain and Austria and with a steep 6% hike in clients base to more than 722k in SWE, we expect the growth momentum to accelerate in the second half of the year, that should also help to bring up the contributions to bottom line.

All in all, the numbers came in within managements and our expectations and OVB confirmed the full year range for sales revenues of Euro 315m to Euro 330m and an EBIT between Euro 22m and Euro 25m. We only made smaller adjustments to our P & L forecast that we gave in May after the first quarter results. We maintain our positive Accumulate rating given the great regional diversification and also maintain our Euro 28.00 target price for the OVB share.



OVB Holding AG

Industry: Financial Advisory
Sub-segment: Private households
Country: Germany
Headquarter: Cologne
Foundation: 1970
Employees: 679
 (Holding, IT and services)
IR Contact:
 Brigitte Bonifer (Mail: bbonifer@ovb.de)

Management Board of OVB Holding AG:
 CEO Mario Freis
 CFO Frank Burow
 COO Heinrich Fritzlar
 (from 1 Oct. 2022)

Supervisory Board of OVB Holding AG:
 Michael Johnnigk (Chairman) Markus Jost
 Dr. Thomas A. Lange Wilfried Kempchen
 Julia Wiens Harald Steirer

Cologne-based OVB was founded in 1970 and is therefore one of the first independent financial advisors being active in Germany. Today the company is among the leading European companies distributing the complete range of financial products like for instance property-, health- and accident-insurances as well as mutual funds, provision products and corporate pension products to private households. About two Thirds of all new business is from unit-linked provision products and other old-age provision solutions. The demography of today's society (lots of old retired people and a shrinking number of young families) demands for additional private old-age provision besides the public pension, in particular in aging Western European countries. OVB's major target groups are the middle class households with an average to affluent incomes. OVB has a broad customer base of over 4 million clients across Europe. Over 5,400 independent financial advisers provide a superior independent financial advice. At present, OVB is represented in 15 countries. To simplify reporting, countries are being classified in three regions: France, Italy, Spain, Switzerland, Austria, Greece and Belgium belong to South and Western Europe (SWE). SWE stands for 31% of group's revenues at present. The lion's share of revenues (50%) comes from Central- Eastern Europe (namely Poland, Hungary, Romania, Slovakia, Czech Republic, Croatia and Ukraine). Germany as domestic market stands for its own and has a share on total revenues of about 19%.

OVB Holding AG			
Sales companies Central and Eastern Europe	Sales companies Germany	Sales companies Southern and Western Europe	Service Companies
OVB Czech Republic	OVB Germany	OVB Austria	Nord-Soft EDV-Unternehmensberatung GmbH
OVB Slovakia	Advesto Germany	OVB Switzerland	Nord-Soft Datenservice GmbH
OVB Poland	Eurenta Germany	OVB Group Greece	OVB Informatik*
OVB Hungary		OVB France	
OVB Group Croatia		OVB Italy	
OVB Group Romania		OVB Spain	
OVB Ukraine		Willemot NV / Belgium	

* Indirect interest

Due to an early engagement as outrider in CEE already in early Nineties, OVB has a very sound and in some countries even a leading market position. Therefore, the majority of advisers are active in the CEE-region (almost 3,200 of c. 5,400 advisers) and usually generate the largest contribution to group's operating profit (almost 50%). However, the fifteen national markets of OVB count a population of more than 410 million people. The company generates more than 80% of its total revenues outside Germany and has therefore by far the most significant foreign business compared to other German competitors within the IFA industry. With its diversified revenues from old-age solutions and a growing business in real estate finance OVB is not very dependent on the economic development or a changing regulation of one single country, which helps in an economic downturn (not so much at Corona times, unluckily) and during the continued very low interest environment. Anyhow, the management continuously screens further national markets to expand its reach in Europe (the Baltics might be a topic for later years, also Slovenia, Portugal and Lux for nearer future), but with the COVID-19 pandemic regional expansion might be not at the top of the agenda. Regarding to the Evolution 2022 program the firm wanted to enter at least 1 more new country until 2022 and did this with Belgium in Dec. 2018. With regards to the dividend, OVB is a steady and reliable payer, the FY 2020 dividend remains stable at 75 Cents plus a 25 Cents bonus dividend for the 50 years jubilee. The dividend yield is high at the current share price, at 4%. The RoE after tax was at high 12% in 2019 and 2020. Despite the COVID-19 pandemic OVB delivered a growth in 2021 sales numbers (+19%) and EBIT (+46%), driven by a very strong CEE and SWE growth. The full year 2021 EBIT of almost Euro 22m clearly exceeded the 2019 and 2020 levels between Euro 14m and 15m. For 2022 OVB projects a top-line slightly below or slightly over the 2021 result, given the shaky political and economic situation in Europe. For the EBIT the company is more optimistic and expects to come in higher than in 2021, in a range between Euro 22m and Euro 25m, given the efforts of the last years for a streamlining of organization and the great progress in digitalisation and efficiency.

Source: Company Data, SRC Research

P&L Account for OVH Holding AG

31/12 IFRS ('000 Euro)	2017	2018	2019	2020	2021	2022e	2023e	2024e	CAGR '21 - '24e
Brokerage Income*	221.629	231.337	257.819	270.563	320.696	329.355	343.188	360.381	4,0%
Other operating income	9.680	11.407	11.244	10.158	10.959	12.637	11.851	12.719	
Total income	231.309	242.744	269.063	280.721	331.655	341.992	355.039	373.100	4,0%
Brokerage expenses	-148.040	-155.079	-170.060	-181.460	-215.485	-219.322	-231.051	-241.995	
Gross profit	73.589	76.258	87.759	89.103	105.211	110.033	112.137	118.386	
<i>Gross margin</i>	<i>33,2%</i>	<i>33,0%</i>	<i>34,0%</i>	<i>32,9%</i>	<i>32,8%</i>	<i>33,4%</i>	<i>32,7%</i>	<i>32,9%</i>	
Personnel expenses	-27.966	-29.778	-37.997	-39.278	-42.298	-45.543	-44.845	-46.220	
Other operating expenses	-35.224	-40.461	-40.044	-38.144	-44.372	-44.510	-43.003	-43.405	
EBITDA	20.079	17.426	20.962	21.839	29.500	32.617	36.140	41.480	
<i>EBITDA-margin</i>	<i>9,1%</i>	<i>7,5%</i>	<i>8,1%</i>	<i>8,1%</i>	<i>9,2%</i>	<i>9,9%</i>	<i>10,5%</i>	<i>11,5%</i>	
Depreciation and amortisation	-4.113	-4.263	-6.880	-6.948	-7.734	-8.232	-9.395	-10.225	
Operating profit (EBIT)	15.966	13.163	14.082	14.891	21.766	24.385	26.745	31.255	12,8%
<i>EBIT margin</i>	<i>7,2%</i>	<i>5,7%</i>	<i>5,5%</i>	<i>5,5%</i>	<i>6,8%</i>	<i>7,4%</i>	<i>7,8%</i>	<i>8,7%</i>	
Financial result	418	-323	1.311	-210	393	-2.045	-641	210	
Earnings before taxes (EBT)	16.384	12.840	15.393	14.681	22.159	22.340	26.104	31.465	12,4%
<i>EBT margin</i>	<i>7,4%</i>	<i>5,6%</i>	<i>6,0%</i>	<i>5,4%</i>	<i>6,9%</i>	<i>6,8%</i>	<i>7,6%</i>	<i>8,7%</i>	
Taxes on income	-4.048	-3.115	-4.141	-3.957	-6.463	-6.284	-8.103	-9.498	
<i>Tax rate</i>	<i>24,7%</i>	<i>24,3%</i>	<i>26,9%</i>	<i>27,0%</i>	<i>29,2%</i>	<i>28,1%</i>	<i>31,0%</i>	<i>30,2%</i>	
Consolidated net income for the year	12.336	9.725	11.252	10.724	15.696	16.056	18.001	21.967	
Minority interests	-194	-109	-240	-239	19	-198	-320	-410	
Net profit after minorities	12.142	9.616	11.012	10.485	15.715	15.858	17.681	21.557	11,1%
<i>Return on sales</i>	<i>5,5%</i>	<i>4,2%</i>	<i>4,3%</i>	<i>3,9%</i>	<i>4,9%</i>	<i>4,8%</i>	<i>5,2%</i>	<i>6,0%</i>	
Number of shares ('000)	14.251	14.251	14.251	14.251	14.251	14.251	14.251	14.251	
Earnings per Share (EPS)	0,85	0,67	0,77	0,74	1,10	1,11	1,24	1,51	
Dividends per Share (DPS)	0,75	0,75	0,75	1,00	0,90	1,00	1,10	1,20	
Book Value per Share (BVPS)	6,22	6,35	6,36	6,32	6,41	6,51	6,68	7,02	
Total assets	173.020	186.327	215.991	233.484	257.825	269.221	277.688	291.517	
Shareholders' Equity	88.664	90.444	90.637	90.000	91.371	92.833	95.200	100.055	3,1%

* without secondary contracts

Key data	2019	1Q 2020	2Q 2020	3Q 2020	4Q 2020	2020	1Q 2021	2Q 2021	3Q 2021	4Q 2021	2021	1Q 2022	2Q 2022
Clients	3.760.000	3.870.000	3.900.000	3.930.000	3.960.000	3.960.000	4.010.000	4.050.000	4.090.000	4.130.000	4.130.000	4.180.000	4.220.000
Advisers	5.069	5.041	5.072	5.164	5.248	5.248	5.358	5.465	5.466	5.603	5.603	5.613	5.630
Total sales revenues	257.819.000	66.800.000	63.900.000	64.500.000	75.400.000	270.600.000	78.700.000	80.500.000	75.000.000	86.500.000	320.700.000	84.200.000	85.500.000
EBIT	14.082.000	3.900.000	3.600.000	3.600.000	3.800.000	14.900.000	5.900.000	6.500.000	3.900.000	5.500.000	21.800.000	6.000.000	5.200.000
EBIT Margin	5,5%	5,8%	5,6%	5,6%	5,0%	5,5%	7,5%	8,1%	5,2%	6,4%	6,8%	7,1%	6,1%
Net profit (after minorities)	9.616.000	2.385.000	3.109.000	2.794.000	2.197.000	10.485.000	4.662.000	4.902.000	2.745.000	3.406.000	15.715.000	3.439.000	2.798
Regions													
CEE	2019	1Q 2020	2Q 2020	3Q 2020	4Q 2020	2020	1Q 2021	2Q 2021	3Q 2021	4Q 2021	2021	1Q 2022	2Q 2021
Clients	2.520.000	2.630.000	2.660.000	2.680.000	2.700.000	2.700.000	2.730.000	2.760.000	2.790.000	2.820.000	2.820.000	2.850.000	2.880.000
Advisers	2.919	2.976	2.964	3.051	3.071	3.071	3.141	3.188	3.196	3.276	3.276	3.308	3.312
Total sales revenues	122.900.000	31.400.000	30.800.000	31.800.000	36.400.000	130.400.000	36.300.000	39.800.000	37.400.000	44.400.000	157.900.000	40.700.000	45.800.000
EBIT	11.100.000	2.500.000	3.500.000	3.300.000	4.900.000	14.200.000	3.600.000	4.700.000	4.700.000	7.400.000	20.400.000	4.600.000	4.300.000
EBIT Margin	9,0%	8,0%	11,4%	10,4%	13,5%	10,9%	9,9%	11,8%	12,6%	16,7%	12,9%	11,3%	9,4%
Germany	2019	1Q 2020	2Q 2020	3Q 2020	4Q 2020	2020	1Q 2021	2Q 2021	3Q 2021	4Q 2021	2021	1Q 2022	2Q 2021
Clients	612.982	611.859	611.524	611.437	609.432	609.432	608.502	608.544	614.278	613.386	613.386	614.513	614.407
Advisers	1.295	1.219	1.224	1.234	1.242	1.242	1.205	1.216	1.227	1.240	1.240	1.203	1.211
Total sales revenues	61.600.000	16.100.000	14.300.000	14.200.000	16.700.000	61.300.000	16.600.000	15.100.000	15.500.000	17.300.000	64.500.000	15.900.000	15.100.000
EBIT	7.900.000	2.500.000	2.400.000	1.300.000	1.900.000	8.100.000	2.800.000	2.200.000	1.600.000	1.600.000	8.200.000	2.400.000	1.500.000
EBIT Margin	12,8%	15,5%	16,8%	9,2%	11,4%	13,2%	16,9%	14,6%	10,3%	9,2%	12,7%	15,1%	9,9%
South-Western Europe	2019	1Q 2020	2Q 2020	3Q 2020	4Q 2020	2020	1Q 2021	2Q 2021	3Q 2021	4Q 2021	2021	1Q 2022	2Q 2021
Clients	619.374	628.643	633.691	642.025	652.934	652.934	666.592	680.572	689.749	700.606	700.606	711.801	722.135
Advisers	855	846	884	879	935	935	1.012	1.061	1.043	1.087	1.087	1.102	1.107
Total sales revenues	73.300.000	19.300.000	18.900.000	18.300.000	22.400.000	78.900.000	25.900.000	25.500.000	22.100.000	24.900.000	98.400.000	27.600.000	24.600.000
EBIT	4.800.000	1.000.000	700.000	1.300.000	1.200.000	4.200.000	2.500.000	2.200.000	2.100.000	2.300.000	9.100.000	2.800.000	1.700.000
EBIT Margin	6,5%	5,2%	3,7%	7,1%	5,4%	5,3%	9,7%	8,6%	9,5%	9,2%	9,2%	10,1%	6,9%

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Rating Chronicle	Date	rating	former share price	former target
OVV Holding AG	11-May-22	Accumulate	24,80 €	28,00 €
OVV Holding AG	23-Mar-22	Buy	24,80 €	30,00 €
OVV Holding AG	9-Nov-21	Buy	25,00 €	28,00 €
OVV Holding AG	11-Aug-21	Buy	21,20 €	26,00 €
OVV Holding AG	11-May-21	Buy	20,80 €	24,00 €
OVV Holding AG	23-Mar-21	Buy	18,30 €	22,00 €
OVV Holding AG	10-Nov-20	Buy	18,50 €	21,00 €
OVV Holding AG	12-Aug-20	Buy	17,40 €	21,00 €
OVV Holding AG	8-May-20	Buy	15,80 €	19,00 €
OVV Holding AG	1-Apr-20	Buy	15,10 €	19,00 €

Please note:

The OVV share price mentioned in this report is from closing of 9 August 2022. OVV mandated SRC Research for covering the OVV share.

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