

■ **Price (Euro)** **21,20**  
52 weeks range 27.80 / 17.10

■ **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)	302,1
Number of shares (million)	14,3
Free Float	3,0%
Free Float MarketCap (Euro million)	9,1
CAGR pre-tax profit '20 -'23e	20,5%

Multiples	2020	2021e	2022e	2023e
P/E-Ratio	28,8	19,2	17,7	16,3
P/S-Ratio	1,5	1,6	1,6	1,5
Dividend Yield	4,7%	4,7%	5,2%	5,7%

Key Data per Share (Euro)	2020	2021e	2022e	2023e
Earnings per Share (EPS)	0,74	1,10	1,20	1,30
Dividends per Share (DPS)	1,00	1,00	1,10	1,20
Book Value per Share (BVpS)	6,32	6,42	6,52	6,69

Financial Data (Euro '000)	2020	2021e	2022e	2023e
Brokerage Income	270.563	309.795	320.637	333.463
Total income	280.721	321.215	330.891	344.674
EBIT	14.891	21.495	23.141	25.170
EBIT-margin	5,5%	6,9%	7,2%	7,5%
Pre-tax profit (EBT)	14.681	21.705	23.553	25.684
Net profit after minorities	10.485	15.711	17.095	18.582
Shareholders' Equity	90.000	91.440	92.903	95.272
RoE after tax	11,6%	17,3%	18,5%	19,7%

■ **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 2021 report	9 November 2021
2021 annual report	March 2022

■ **Analyst**

Dipl.-Kfm. Stefan Scharff, CREA

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### Steep growth almost everywhere – Target up to 26 Euros

Today, OVB published the 1H 2021 report and invited for a conference call this morning. Despite an ongoing Covid-19 pandemic, the company delivered excellent numbers for top line growth and also for the operating profit and the bottom line result. Prior to today's publication the company already significantly lifted the revenues and EBIT guidance for the full year results already in the last week, on 2 August.

**Total sales revenues jumped almost 22% to Euro 159m. The second quarter growth of 26% was even clearly above the high 18% growth of the initial quarter, giving a clear statement of a high demand of private households for a profound and holistic financial advisory. With a steady progress in digitalization, the company managed to lift the efficiency and the group's EBIT margin by more than two percentage points, from 5.7% in 1H 2020 to 7.8% in 1H 2021. Therefore, the group's 1H EBIT disproportionately rocketed +66%, from Euro 7.5m to Euro 12.4m.** The steep rise in client's number is a good starting point for a similar decent performance in the second half of the year. After number of clients rising 5.5% in 2020 to 3.96 million, the number exceeded the 4.0 million thresholds with 4.01 million at the end of March and was now at mid-year at a high 4.05 million, a decent Plus of +2.3% in OVB's clients base in only 6 months, offering upside through future cross-selling and gaining more new clients through positive clients recommendations.

**The biggest contribution to EBIT and (besides SWE) the big motor of growth was the Eastern European CEE region, that managed a steep 22% growth of sales revenues to Euro 76m in the first half of the year, with 2Q stand alone even being stronger with a 29% growth in top-line.** The CEE EBIT margin jumped from 9.8% last year to a double digit 10.6% in 1H 2021, again 2Q stand-alone a very high 11.8% for a second quarter.

**South and Western Europe was even stronger this time in terms of growth momentum, +35% to more than Euro 51m sales revenues. OVB stated in the quarterly report the strong growth in Spain, Italy, Austria and Belgium. The EBIT margin doubled from 4.4% last year to 9.2% now.** South and Western Europe has the strongest growth of client's base on a 12 months comparison, +7.4% to almost 681k clients, that shows that many private households in this region seek a profound advice in very shaky and challenging economic times and finally decide for OVB.

**Compared to SWE and CEE, the home market Germany had a quite little 4% growth in sales revenues, from Euro 30.4m to Euro 31.7m. The EBIT margin was at unchanged 16%, the client's base also unchanged at 609k.** With a very steep growth in 2 of 3 markets the recently lifted full year guidance was no surprise for us. We welcome the company to give a target range for the 2021 revenues at Euro 300m to 310m (+10% to +15%) and for the EBIT at Euro 19m to Euro 22m, which would mean a hike of 25% to almost 50% (2020: Euro 14.9m). With Euro 12.4m already in the bag after 6 months, the new EBIT guidance seems a bit too cautious to us, at least OVB should manage to reach more the upper end of the range. We lift our EBIT forecast from Euro 17.0m to Euro 21.5m. **We also lift our dividend forecast from 80 Cents to Euro 1.00. With the excellent results of the 1H report unveiling the picture of a very resilient business, we lift our target price from Euro 24.00 to Euro 26.00. Buy rating confirmed.**



### OVB Holding AG

**Industry:** Financial Advisory  
**Sub-segment:** Private households  
**Country:** Germany  
**Headquarter:** Cologne  
**Foundation:** 1970  
**Employees:** 650  
 (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 Thomas Hücker

**Supervisory Board of OVB Holding AG:**  
 Michael Johnigk (Chairman) Markus Jost  
 Dr. Thomas A. Lange Wilfried Kempchen  
 Maximilian Beck 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 32% of group's revenues at present. The lion's share of revenues (48 %) 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 20%.



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 far more than 75% 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 in 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 almost 5%. The 2018 RoE after tax was at high 10.7% and climbed to 12.2% in 2019, quite similar 11.6% in 2020. Despite the COVID-19 pandemic OVB delivered a growth in 2020 sales numbers (+5%) and EBIT (+6%), driven by a very strong CEE growth and decent numbers from SWE region. The full year 2020 EBIT exceeded the 2019 level which was above the firm's guidance (Euro 14.1m). EBIT came in at Euro 14.9m for 2020, also above our Euro 14.5m forecast. For 2021 OVB projects after excellent half-year results a steep increase in revenues and EBIT to a range of Euro 300m to Euro 310m for revenues and Euro 19m to Euro 22m for the group's EBIT which we regard to be realistic and most probably a bit too cautious.

Source: Company Data, SRC Research

### P&L Account for OVB Holding AG

31/12 IFRS ('000 Euro)	2016	2017	2018	2019	2020	2021e	2022e	2023e	CAGR '20 - '23e
<b>Brokerage Income*</b>	<b>218.693</b>	<b>221.629</b>	<b>231.337</b>	<b>257.819</b>	<b>270.563</b>	<b>309.795</b>	<b>320.637</b>	<b>333.463</b>	<b>7,2%</b>
Other operating income	8.845	9.680	11.407	11.244	10.158	11.420	10.254	11.211	
<b>Total income</b>	<b>227.538</b>	<b>231.309</b>	<b>242.744</b>	<b>269.063</b>	<b>280.721</b>	<b>321.215</b>	<b>330.891</b>	<b>344.674</b>	<b>7,1%</b>
Brokerage expenses	-144.509	-148.040	-155.079	-170.060	-181.460	-211.197	-216.818	-227.009	
<b>Gross profit</b>	<b>74.184</b>	<b>73.589</b>	<b>76.258</b>	<b>87.759</b>	<b>89.103</b>	<b>98.598</b>	<b>103.819</b>	<b>106.454</b>	
<i>Gross margin</i>	<i>33,9%</i>	<i>33,2%</i>	<i>33,0%</i>	<i>34,0%</i>	<i>32,9%</i>	<i>31,8%</i>	<i>32,4%</i>	<i>31,9%</i>	
Personnel expenses	-26.128	-27.966	-29.778	-37.997	-39.278	-41.201	-42.588	-43.120	
Other operating expenses	-36.775	-35.224	-40.461	-40.044	-38.144	-40.134	-40.889	-41.250	
<b>EBITDA</b>	<b>20.126</b>	<b>20.079</b>	<b>17.426</b>	<b>20.962</b>	<b>21.839</b>	<b>28.683</b>	<b>30.596</b>	<b>33.295</b>	
<i>EBITDA-margin</i>	<i>9,2%</i>	<i>9,1%</i>	<i>7,5%</i>	<i>8,1%</i>	<i>8,1%</i>	<i>9,3%</i>	<i>9,5%</i>	<i>10,0%</i>	
Depreciation and amortisation	-3.610	-4.113	-4.263	-6.880	-6.948	-7.188	-7.455	-8.125	
<b>Operating profit (EBIT)</b>	<b>16.516</b>	<b>15.966</b>	<b>13.163</b>	<b>14.082</b>	<b>14.891</b>	<b>21.495</b>	<b>23.141</b>	<b>25.170</b>	<b>19,1%</b>
<i>EBIT margin</i>	<i>7,6%</i>	<i>7,2%</i>	<i>5,7%</i>	<i>5,5%</i>	<i>5,5%</i>	<i>6,9%</i>	<i>7,2%</i>	<i>7,5%</i>	
Financial result	738	418	-323	1.311	-210	210	412	514	
<b>Earnings before taxes (EBT)</b>	<b>17.254</b>	<b>16.384</b>	<b>12.840</b>	<b>15.393</b>	<b>14.681</b>	<b>21.705</b>	<b>23.553</b>	<b>25.684</b>	<b>20,5%</b>
<i>EBT margin</i>	<i>7,9%</i>	<i>7,4%</i>	<i>5,6%</i>	<i>6,0%</i>	<i>5,4%</i>	<i>7,0%</i>	<i>7,3%</i>	<i>7,7%</i>	
Taxes on income	-4.564	-4.048	-3.115	-4.141	-3.957	-5.720	-6.147	-6.704	
<i>Tax rate</i>	<i>26,5%</i>	<i>24,7%</i>	<i>24,3%</i>	<i>26,9%</i>	<i>27,0%</i>	<i>26,4%</i>	<i>26,1%</i>	<i>26,1%</i>	
Consolidated net income for the year	<b>12.690</b>	<b>12.336</b>	<b>9.725</b>	<b>11.252</b>	<b>10.724</b>	<b>15.985</b>	<b>17.406</b>	<b>18.980</b>	
Minority interests	-154	-194	-109	-240	-239	-274	-311	-398	
<b>Net profit after minorities</b>	<b>12.536</b>	<b>12.142</b>	<b>9.616</b>	<b>11.012</b>	<b>10.485</b>	<b>15.711</b>	<b>17.095</b>	<b>18.582</b>	<b>21,0%</b>
<i>Return on sales</i>	<i>5,7%</i>	<i>5,5%</i>	<i>4,2%</i>	<i>4,3%</i>	<i>3,9%</i>	<i>5,1%</i>	<i>5,3%</i>	<i>5,6%</i>	
Number of shares ('000)	14.251	14.251	14.251	14.251	14.251	14.251	14.251	14.251	
<b>Earnings per Share (EPS)</b>	<b>0,88</b>	<b>0,85</b>	<b>0,67</b>	<b>0,77</b>	<b>0,74</b>	<b>1,10</b>	<b>1,20</b>	<b>1,30</b>	
Dividends per Share (DPS)	0,75	0,75	0,75	0,75	1,00	1,00	1,10	1,20	
Book Value per Share (BVPS)	6,16	6,22	6,35	6,36	6,32	6,42	6,52	6,69	
Total assets	167.768	173.020	186.327	215.991	233.484	238.737	249.290	257.130	
<b>Shareholders' Equity</b>	<b>87.746</b>	<b>88.664</b>	<b>90.444</b>	<b>90.637</b>	<b>90.000</b>	<b>91.440</b>	<b>92.903</b>	<b>95.272</b>	<b>1,9%</b>

\* without secondary contracts

Key data	1Q 2019	2Q 2019	3Q 2019	4Q 2019	2019	1Q 2020	2Q 2020	3Q 2020	4Q 2020	2020	1Q 2021	2Q 2021
Clients	3.630.000	3.670.000	3.710.000	3.760.000	3.760.000	3.870.000	3.900.000	3.930.000	3.960.000	3.960.000	4.010.000	4.050.000
Advisers	4.911	4.954	4.960	5.069	5.069	5.041	5.072	5.164	5.248	5.248	5.358	5.465
Total sales revenues	63.100.000	64.000.000	61.800.000	68.919.000	257.819.000	66.800.000	63.900.000	64.500.000	75.400.000	270.600.000	78.700.000	80.500.000
EBIT	2.600.000	3.100.000	2.900.000	5.482.000	14.082.000	3.900.000	3.600.000	3.600.000	3.800.000	14.900.000	5.900.000	6.500.000
EBIT Margin	4,1%	4,8%	4,7%	8,0%	5,5%	5,8%	5,6%	5,6%	5,0%	5,5%	7,5%	8,1%
Net profit (after minorities)	2.436.000	2.225.000	2.426.000	3.925.000	9.616.000	2.385.000	3.109.000	2.794.000	2.197.000	10.485.000	4.662.000	4.902.000
<b>Regions</b>												
<b>CEE</b>	<b>1Q 2019</b>	<b>2Q 2019</b>	<b>3Q 2019</b>	<b>4Q 2019</b>	<b>2019</b>	<b>1Q 2020</b>	<b>2Q 2020</b>	<b>3Q 2020</b>	<b>4Q 2020</b>	<b>2020</b>	<b>1Q 2021</b>	<b>2Q 2021</b>
Clients	2.420.000	2.450.000	2.490.000	2.520.000	2.520.000	2.630.000	2.660.000	2.680.000	2.700.000	2.700.000	2.730.000	2.760.000
Advisers	2.779	2.824	2.854	2.919	2.919	2.976	2.964	3.051	3.071	3.071	3.141	3.188
Total sales revenues	29.000.000	30.000.000	29.700.000	34.200.000	122.900.000	31.400.000	30.800.000	31.800.000	36.400.000	130.400.000	36.300.000	39.800.000
EBIT	1.500.000	2.700.000	2.900.000	4.000.000	11.100.000	2.500.000	3.500.000	3.300.000	4.900.000	14.200.000	3.600.000	4.700.000
EBIT Margin	5,2%	9,0%	9,8%	11,7%	9,0%	8,0%	11,4%	10,4%	13,5%	10,9%	9,9%	11,8%
<b>Germany</b>	<b>1Q 2019</b>	<b>2Q 2019</b>	<b>3Q 2019</b>	<b>4Q 2019</b>	<b>2019</b>	<b>1Q 2020</b>	<b>2Q 2020</b>	<b>3Q 2020</b>	<b>4Q 2020</b>	<b>2020</b>	<b>1Q 2021</b>	<b>2Q 2021</b>
Clients	616.307	614.423	614.044	612.982	612.982	611.859	611.524	611.437	609.432	609.432	608.502	608.544
Advisers	1.299	1.293	1.286	1.295	1.295	1.219	1.224	1.234	1.242	1.242	1.205	1.216
Total sales revenues	14.900.000	15.200.000	15.200.000	16.300.000	61.600.000	16.100.000	14.300.000	14.200.000	16.700.000	61.300.000	16.600.000	15.100.000
EBIT	1.900.000	2.200.000	1.500.000	2.300.000	7.900.000	2.500.000	2.400.000	1.300.000	1.900.000	8.100.000	2.800.000	2.200.000
EBIT Margin	12,8%	14,5%	9,9%	14,1%	12,8%	15,5%	16,8%	9,2%	11,4%	13,2%	16,9%	14,6%
<b>South-Western Europe</b>	<b>1Q 2019</b>	<b>2Q 2019</b>	<b>3Q 2019</b>	<b>4Q 2019</b>	<b>2019</b>	<b>1Q 2020</b>	<b>2Q 2020</b>	<b>3Q 2020</b>	<b>4Q 2020</b>	<b>2020</b>	<b>1Q 2021</b>	<b>2Q 2021</b>
Clients	600.534	606.370	614.643	619.374	619.374	628.643	633.691	642.025	652.934	652.934	666.592	680.572
Advisers	833	837	820	855	855	846	884	879	935	935	1.012	1.061
Total sales revenues	19.200.000	18.800.000	16.900.000	18.400.000	73.300.000	19.300.000	18.900.000	18.300.000	22.400.000	78.900.000	25.900.000	25.500.000
EBIT	1.300.000	1.100.000	1.000.000	1.400.000	4.800.000	1.000.000	700.000	1.300.000	1.200.000	4.200.000	2.500.000	2.200.000
EBIT Margin	6,8%	5,9%	5,9%	7,6%	6,5%	5,2%	3,7%	7,1%	5,4%	5,3%	9,7%	8,6%

## SRC Research

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Rating Chronicle	Date	rating	former share price	former target
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 €
OVV Holding AG	14-Aug-19	Buy	16,80 €	23,00 €

### Please note:

The OVV share price mentioned in this report is from closing of 10 August 2021.

OVV mandated SRC Research for covering the OVV share.

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