

Price (Euro) **24,80**
52 weeks range 27.40 / 20.00

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) 353,4
Number of shares (million) 14,3
Free Float 3,0%
Free Float MarketCap (Euro million) 10,6
CAGR pre-tax profit '21 -'24e 12,4%

Multiples	2021	2022e	2023e	2024e
P/E-Ratio	22,5	22,0	20,0	16,4
P/S-Ratio	1,8	1,8	1,9	1,8
Dividend Yield	3,6%	4,0%	4,4%	4,8%

Key Data per Share (Euro)	2021	2022e	2023e	2024e
Earnings per Share (EPS)	1,10	1,13	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	24.405	26.745	31.255
EBIT-margin	6,8%	7,4%	7,8%	8,7%
Pre-tax profit (EBT)	22.159	23.031	26.104	31.465
Net profit after minorities	15.715	16.089	17.681	21.557
Shareholders' Equity	91.371	92.833	95.200	100.055
RoE after tax	17,3%	17,5%	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

AGM 15 June 2022
1H 2022 report 10 August 2022
9M 2022 report 9 November 2022

Analyst

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First quarter with 7% growth in top-line but higher operating expenses and write-offs on the asset side deteriorated the bottom line result – new target price is 28 Euros, rating down to Accumulate

Today, OVB published the first quarter report and invited for an analysts call to give more insights. Despite an ongoing pandemic challenge and the horrible war in Ukraine, the numbers unveiled a picture of growth, at least for the top-line results as well as for advisers and client's base.

The total group's sales commissions steeply increased by 7%, from Euro 79m to more than Euro 84m. The motor of growth was Eastern Europe with all countries of CEE managing an increasing top-line. The CEE sales revenues were up 12%, from Euro 36m to almost Euro 41m. South and Western Europe was also fine with +7%, from Euro 26m to almost Euro 28m and management stated in the call a very good performance in Spain and Austria. The home market Germany faced a new "OVB Easy" sales management system, that needed some more attention of the German advisory team. The German sales revenues slightly came down from Euro 16.6m to Euro 15.9m by 4%, but the new sales management system and an increase in Germany's client's base by 1% to 614.5k make us optimistic for the following quarters.

With regards to group's operating profit in terms of EBIT, the company only managed a little increase from Euro 5.9m to Euro 6.0m, as OVB had to handle higher other operating expenses, being up from Euro 10.0m to Euro 12.4m, a mix of higher IT and sales training expenses as well as some costs to prepare market entry in Slovenia as well as some F/X effects and some supporting funds to help the members of the Ukrainian sales force. With regards to pre-tax profit, it was impaired by a negative financial result, slipping from zero last year to almost Euro -0.8m, as OVB has done some significant Euro 0.9m write-offs concerning the asset base of Euro 53m in financial assets, thereof about Euro 26m fixed income and mixed funds, which are actively managed and might be impacted by a general hike in the European interest rate level. With regards to the negative financial result, the pre-tax profit slightly declined from Euro 5.9m to Euro 5.3m. Together with a higher taxation (Euro 1.8m after Euro 1.2m), the net profit after minorities came back from Euro 4.7m to Euro 3.4m.

For 2022 the management confirmed the guidance to deliver a more or less stable or slightly rising top-line of Euro 315m to Euro 330m and an EBIT improvement from Euro 21.8m to a range of Euro 22m to Euro 25m. We feel confident with that after the good growth in CEE and SWE in the initial quarter, the more as we judge the high magnitude of other operating expenses not to repeat in the following quarters. We leave our sales forecast of +3% to Euro 329m and EBIT forecast of +12% to Euro 24.4m unchanged after 1Q picture, being confident OVB will manage to continue the intrinsic growth story growth with a widely spread diversification and a strong momentum in CEE and SWE, bringing up the number of clients +4% (CEE) and +7% (SWE) in these regions in only one year. For the bottom line result we take higher financial expenses due to write offs in the asset base into consideration and bring down our 2022e net profit forecast from Euro 17.4m to Euro 16.1m, after Euro 15.7m in 2021. **With the higher level of uncertainty regarding the financial result, we slightly cut our target price from Euro 30.00 to Euro 28.00 and our rating to Accumulate.**



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 Thomas Hücker

Supervisory Board of OVB Holding AG:
 Michael Johnnigk (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 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%.



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 OVB 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	-221.820	-231.051	-241.995	
Gross profit	73.589	76.258	87.759	89.103	105.211	107.535	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>32,7%</i>	<i>32,7%</i>	<i>32,9%</i>	
Personnel expenses	-27.966	-29.778	-37.997	-39.278	-42.298	-43.225	-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	32.437	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>9,8%</i>	<i>10,5%</i>	<i>11,5%</i>	
Depreciation and amortisation	-4.113	-4.263	-6.880	-6.948	-7.734	-8.032	-9.395	-10.225	
Operating profit (EBIT)	15.966	13.163	14.082	14.891	21.766	24.405	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	-1.374	-641	210	
Earnings before taxes (EBT)	16.384	12.840	15.393	14.681	22.159	23.031	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>7,0%</i>	<i>7,6%</i>	<i>8,7%</i>	
Taxes on income	-4.048	-3.115	-4.141	-3.957	-6.463	-6.744	-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>29,3%</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	16.287	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	16.089	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>4,9%</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	1,13	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
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
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
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
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
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%
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
Regions												
CEE	2019	1Q 2020	2Q 2020	3Q 2020	4Q 2020	2020	1Q 2021	2Q 2021	3Q 2021	4Q 2021	2021	1Q 2022
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
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
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
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
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%
Germany	2019	1Q 2020	2Q 2020	3Q 2020	4Q 2020	2020	1Q 2021	2Q 2021	3Q 2021	4Q 2021	2021	1Q 2022
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
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
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
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
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%
South-Western Europe	2019	1Q 2020	2Q 2020	3Q 2020	4Q 2020	2020	1Q 2021	2Q 2021	3Q 2021	4Q 2021	2021	1Q 2022
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
Advisers	855	846	884	879	935	935	1.012	1.061	1.043	1.087	1.087	1.102
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
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
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%

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Rating Chronicle	Date	rating	former share price	former target
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 10 May 2022. OVV mandated SRC Research for covering the OVV share.

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