

### OVB 1Q top-line slightly below last year, EBIT halved due to higher expenses for staff and training and inflationary effects – target price and P & L forecast unchanged as 1Q is not decisive for the full year

Today, OVB published the 1Q 2023 quarterly report and invited for a conference call. Despite deteriorating economic pictures in all countries and an overall trend for a persisting inflation that reduces the real inflation-adjusted wages for almost all private households in Europe, **OVB made a top-line result for the group close to last year. Sales revenues in the group only declined from Euro 84.2m to Euro 83.4m (-1%). The group's EBIT halved from Euro 6.0m to Euro 3.1m, as it was impaired by a higher cost base as staff expenses were up by a higher headcount by 8% from Euro 11.4m to Euro 12.3m and other operating expenses up +20% from Euro 12.4m to Euro 14.9m as training and marketing expenses jumped after the Corona break and met an inflationary environment.** With regards to the group's clients' base of 4.27 million clients and almost 5,800 advisers there was no significant change compared to year-end 2022.

CEE was the best performing region, which made a double-digit growth of revenues, +11% from approx. Euro 41m to now almost Euro 45m, which was supported by a higher business volume in all CEE countries except for Ukraine. With the higher business the number of CEE advisers also increased by 88 in the first three months to 3,549 (+2.5%). The good picture in CEE top-line did not materialize in the CEE EBIT, as this was down -41%, from Euro 4.6m to Euro 2.7m. In the quarterly report OVB stated declining contributions from Czech Republic and Hungary.

The home market Germany suffered from a reluctance to sign for new contracts and a shrinking business for real estate finance at this high interest rates. Revenues were down -13%, from Euro 15.9m to Euro 13.8m. The German EBIT was even down -42%, from Euro 2.4m to Euro 1.4m. With the slump in top-line and operating profit the number of clients was also slightly down in the first three months, from 616k to approx. 614k. OVB stated in the management call a good recruiting success for new advisers, which should help to deliver improving numbers in the coming quarters. The development in South and Western Europe was quite similar to Germany, with a decline of revenues in the double-digits, -12% from Euro 27.6m to Euro 24.3m, and EBIT more than halved from Euro 2.8m to Euro 1.2m. OVB reported about lower results in Spain and Belgium and outlined in the management call that in Belgium a new dedicated top management was installed to push future results.

**In our view, the numbers of the first three months were good in a very challenging overall economic environment and are not very decisive for the full year operating performance of the company. The management confirmed their guidance, recently given with the 2022 full year results in March, that revenues will be in a similar range like last year (Euro 325m to Euro 350m), but EBIT much lower in a range of Euro 16m to Euro 19m, after Euro 22m in 2022. We keep our P & L forecast unchanged, which means a Euro 19.5m EBIT forecast. We also maintain our Euro 24.00 target price. With the small hike in OVB's share price in recent weeks, we now bring down our rating from Accumulate to Hold.**

Price (Euro) **23,80**  
52 weeks range 29.00 / 19.80

#### 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)	339,2
Number of shares (million)	14,3
Free Float	3,0%
Free Float MarketCap (Euro million)	10,2
CAGR pre-tax profit '22 -'25e	8,1%

Multiples	2022	2023e	2024e	2025e
P/E-Ratio	23,1	26,2	21,1	18,2
P/S-Ratio	1,7	1,7	1,8	1,7
Dividend Yield	3,8%	3,8%	4,2%	4,6%

Key Data per Share (Euro)	2022	2023e	2024e	2025e
Earnings per Share (EPS)	1,03	0,91	1,13	1,31
Dividends per Share (DPS)	0,90	0,90	1,00	1,10
Book Value per Share (BVpS)	6,56	6,73	6,80	6,86

Financial Data (Euro '000)	2022	2023e	2024e	2025e
Brokerage Income	331.947	342.602	356.992	366.631
Total income	346.919	354.453	369.342	379.885
EBIT	22.011	19.535	23.139	26.705
EBIT-margin	6,6%	5,7%	6,5%	7,3%
Pre-tax profit (EBT)	21.410	18.581	23.349	27.055
Net profit after minorities	14.671	12.968	16.039	18.620
Shareholders' Equity	93.514	95.899	96.858	97.729
RoE after tax	15,9%	13,7%	16,6%	19,1%

#### 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	14 June 2023
1H 2023 report	11 August 2023
9M 2023 report	8 November 2023

#### Analyst

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### OVB Holding AG

**Industry:** Financial Advisory  
**Sub-segment:** Private households  
**Country:** Germany  
**Headquarter:** Cologne  
**Foundation:** 1970  
**Employees:** 708  
 (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 Fritzlär

**Supervisory Board of OVB Holding AG:**  
 Michael Johnigk (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 average to affluent incomes. OVB has a broad customer base of much more than 4 million clients across Europe. Over 5,700 independent financial advisers provide a superior independent financial advice. At present, OVB is represented in 16 countries. To simplify reporting, countries are being classified in three regions: France, Italy, Spain, Switzerland, Austria, Greece, Belgium and Slovenia belong to South and Western Europe (SWE). SWE stands for 29% of group's revenues at present. The lion's share of revenues (53%) 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 18%.

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 Informatikal*
OVB Hungary		OVB France	
OVB Group Croatia		OVB Italy	
OVB Group Romania		OVB Spain	
OVB Ukraine		Willemot NV / Belgium	
OVB Slovenia			

\* Indirect investment (no operational business, entity in liquidation)

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 3,500 of c. 5,800 advisers) and usually generate the largest contribution to group's operating profit (over 50%). However, the sixteen national markets of OVB count a population of more than 412 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. Anyhow, the management continuously screens further national markets to expand its reach in Europe (the Baltics might be a topic for later years, also 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 attracted almost 1 million new clients in the years 2017 to 2022 and lifted the number of advisers by about 1,000 to more than 5,700. The company will keep the dividend stable at 90 Cents for FY 2022 as this was the same amount for FY 2021. For the EBIT the company is more careful for 2023 in this inflationary environment, that hampers the growth but drives the overall expenses. The expected 2023 EBIT range for the management is Euro 16m to Euro 19m (after Euro 22m in 2022). In our view, this guidance is a bit too cautious. We set our EBIT forecast a bit above that range.

Source: Company Data, SRC Research

## P&L Account for OVB Holding AG

31/12 IFRS ('000 Euro)	2018	2019	2020	2021	2022	2023e	2024e	2025e	CAGR '22 - '25e
<b>Brokerage Income*</b>	<b>231.337</b>	<b>257.819</b>	<b>270.563</b>	<b>320.696</b>	<b>331.947</b>	<b>342.602</b>	<b>356.992</b>	<b>366.631</b>	<b>3,4%</b>
Other operating income	11.407	11.244	10.158	10.959	14.972	11.851	12.350	13.254	
<b>Total income</b>	<b>242.744</b>	<b>269.063</b>	<b>280.721</b>	<b>331.655</b>	<b>346.919</b>	<b>354.453</b>	<b>369.342</b>	<b>379.885</b>	<b>3,1%</b>
Brokerage expenses	-155.079	-170.060	-181.460	-215.485	-218.259	-227.988	-237.050	-241.366	
<b>Gross profit</b>	<b>76.258</b>	<b>87.759</b>	<b>89.103</b>	<b>105.211</b>	<b>113.688</b>	<b>114.614</b>	<b>119.942</b>	<b>125.265</b>	
<i>Gross margin</i>	<i>33,0%</i>	<i>34,0%</i>	<i>32,9%</i>	<i>32,8%</i>	<i>34,2%</i>	<i>33,5%</i>	<i>33,6%</i>	<i>34,2%</i>	
Personnel expenses	-29.778	-37.997	-39.278	-42.298	-45.575	-47.553	-48.220	-50.120	
Other operating expenses	-40.461	-40.044	-38.144	-44.372	-52.579	-50.148	-51.411	-51.879	
<b>EBITDA</b>	<b>17.426</b>	<b>20.962</b>	<b>21.839</b>	<b>29.500</b>	<b>30.506</b>	<b>28.764</b>	<b>32.661</b>	<b>36.520</b>	
<i>EBITDA-margin</i>	<i>7,5%</i>	<i>8,1%</i>	<i>8,1%</i>	<i>9,2%</i>	<i>9,2%</i>	<i>8,4%</i>	<i>9,1%</i>	<i>10,0%</i>	
Depreciation and amortisation	-4.263	-6.880	-6.948	-7.734	-8.495	-9.229	-9.522	-9.815	
<b>Operating profit (EBIT)</b>	<b>13.163</b>	<b>14.082</b>	<b>14.891</b>	<b>21.766</b>	<b>22.011</b>	<b>19.535</b>	<b>23.139</b>	<b>26.705</b>	<b>6,7%</b>
<i>EBIT margin</i>	<i>5,7%</i>	<i>5,5%</i>	<i>5,5%</i>	<i>6,8%</i>	<i>6,6%</i>	<i>5,7%</i>	<i>6,5%</i>	<i>7,3%</i>	
Financial result	-323	1.311	-210	393	-601	-954	210	350	
<b>Earnings before taxes (EBT)</b>	<b>12.840</b>	<b>15.393</b>	<b>14.681</b>	<b>22.159</b>	<b>21.410</b>	<b>18.581</b>	<b>23.349</b>	<b>27.055</b>	<b>8,1%</b>
<i>EBT margin</i>	<i>5,6%</i>	<i>6,0%</i>	<i>5,4%</i>	<i>6,9%</i>	<i>6,4%</i>	<i>5,4%</i>	<i>6,5%</i>	<i>7,4%</i>	
Taxes on income	-3.115	-4.141	-3.957	-6.463	-6.349	-5.203	-6.875	-7.985	
<i>Tax rate</i>	<i>24,3%</i>	<i>26,9%</i>	<i>27,0%</i>	<i>29,2%</i>	<i>29,7%</i>	<i>28,0%</i>	<i>29,4%</i>	<i>29,5%</i>	
Consolidated net income for the year	<b>9.725</b>	<b>11.252</b>	<b>10.724</b>	<b>15.696</b>	<b>15.061</b>	<b>13.378</b>	<b>16.474</b>	<b>19.070</b>	
Minority interests	-109	-240	-239	19	-390	-410	-435	-450	
<b>Net profit after minorities</b>	<b>9.616</b>	<b>11.012</b>	<b>10.485</b>	<b>15.715</b>	<b>14.671</b>	<b>12.968</b>	<b>16.039</b>	<b>18.620</b>	<b>8,3%</b>
<i>Return on sales</i>	<i>4,2%</i>	<i>4,3%</i>	<i>3,9%</i>	<i>4,9%</i>	<i>4,4%</i>	<i>3,8%</i>	<i>4,5%</i>	<i>5,1%</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>0,67</b>	<b>0,77</b>	<b>0,74</b>	<b>1,10</b>	<b>1,03</b>	<b>0,91</b>	<b>1,13</b>	<b>1,31</b>	
Dividends per Share (DPS)	0,75	0,75	1,00	0,90	0,90	0,90	1,00	1,10	
Book Value per Share (BVPS)	6,35	6,36	6,32	6,41	6,56	6,73	6,80	6,86	
Total assets	186.327	215.991	233.484	257.825	261.113	266.701	274.649	284.140	
<b>Shareholders' Equity</b>	<b>90.444</b>	<b>90.637</b>	<b>90.000</b>	<b>91.371</b>	<b>93.514</b>	<b>95.899</b>	<b>96.858</b>	<b>97.729</b>	<b>1,5%</b>

\* without secondary contracts

Key data	2020	1Q 2021	2Q 2021	3Q 2021	4Q 2021	2021	1Q 2022	2Q 2022	3Q 2022	4Q 2022	2022	1Q 2023
Clients	3.960.000	4.010.000	4.050.000	4.090.000	4.130.000	4.130.000	4.180.000	4.220.000	4.260.000	4.270.000	4.270.000	4.270.000
Advisers	5.248	5.358	5.465	5.466	5.603	5.603	5.613	5.630	5.648	5.772	5.772	5.785
Total sales revenues	270.600.000	78.700.000	80.500.000	75.000.000	86.500.000	320.700.000	84.200.000	85.500.000	77.500.000	84.700.000	331.900.000	83.400.000
EBIT	14.900.000	5.900.000	6.500.000	3.900.000	5.500.000	21.800.000	6.000.000	5.200.000	4.200.000	6.600.000	22.000.000	3.100.000
EBIT Margin	5,5%	7,5%	8,1%	5,2%	6,4%	6,8%	7,1%	6,1%	5,4%	7,8%	6,6%	3,7%
Net profit (after minorities)	10.485.000	4.662.000	4.902.000	2.745.000	3.406.000	15.715.000	3.439.000	2.798.000	2.921.000	5.513.000	14.671.000	2.343.000
<b>Regions</b>												
<b>CEE</b>	<b>2020</b>	<b>1Q 2021</b>	<b>2Q 2021</b>	<b>3Q 2021</b>	<b>4Q 2021</b>	<b>2021</b>	<b>1Q 2022</b>	<b>2Q 2021</b>	<b>3Q 2022</b>	<b>4Q 2022</b>	<b>2022</b>	<b>1Q 2023</b>
Clients	2.700.000	2.730.000	2.760.000	2.790.000	2.820.000	2.820.000	2.850.000	2.880.000	2.920.000	2.920.000	2.920.000	2.910.000
Advisers	3.071	3.141	3.188	3.196	3.276	3.276	3.308	3.312	3.365	3.461	3.461	3.549
Total sales revenues	130.400.000	36.300.000	39.800.000	37.400.000	44.400.000	157.900.000	40.700.000	45.800.000	41.000.000	46.900.000	174.400.000	45.200.000
EBIT	14.200.000	3.600.000	4.700.000	4.700.000	7.400.000	20.400.000	4.600.000	4.300.000	4.200.000	5.700.000	18.800.000	2.700.000
EBIT Margin	10,9%	9,9%	11,8%	12,6%	16,7%	12,9%	11,3%	9,4%	10,2%	12,2%	10,8%	6,0%
<b>Germany</b>	<b>2020</b>	<b>1Q 2021</b>	<b>2Q 2021</b>	<b>3Q 2021</b>	<b>4Q 2021</b>	<b>2021</b>	<b>1Q 2022</b>	<b>2Q 2021</b>	<b>3Q 2022</b>	<b>4Q 2022</b>	<b>2022</b>	<b>1Q 2023</b>
Clients	609.432	608.502	608.544	614.278	613.386	613.386	614.513	614.407	615.967	616.224	616.224	613.588
Advisers	1.242	1.205	1.216	1.227	1.240	1.240	1.203	1.211	1.213	1.219	1.219	1.161
Total sales revenues	61.300.000	16.600.000	15.100.000	15.500.000	17.300.000	64.500.000	15.900.000	15.100.000	14.100.000	16.100.000	61.200.000	13.800.000
EBIT	8.100.000	2.800.000	2.200.000	1.600.000	1.600.000	8.200.000	2.400.000	1.500.000	1.300.000	2.000.000	7.200.000	1.400.000
EBIT Margin	13,2%	16,9%	14,6%	10,3%	9,2%	12,7%	15,1%	9,9%	9,2%	12,4%	11,8%	10,1%
<b>South-Western Europe</b>	<b>2020</b>	<b>1Q 2021</b>	<b>2Q 2021</b>	<b>3Q 2021</b>	<b>4Q 2021</b>	<b>2021</b>	<b>1Q 2022</b>	<b>2Q 2021</b>	<b>3Q 2022</b>	<b>4Q 2022</b>	<b>2022</b>	<b>1Q 2023</b>
Clients	652.934	666.592	680.572	689.749	700.606	700.606	711.801	722.135	729.965	738.712	738.712	747.983
Advisers	935	1.012	1.061	1.043	1.087	1.087	1.102	1.107	1.070	1.092	1.092	1.075
Total sales revenues	78.900.000	25.900.000	25.500.000	22.100.000	24.900.000	98.400.000	27.600.000	24.600.000	22.400.000	21.700.000	96.300.000	24.300.000
EBIT	4.200.000	2.500.000	2.200.000	2.100.000	2.300.000	9.100.000	2.800.000	1.700.000	700.000	0	5.200.000	1.200.000
EBIT Margin	5,3%	9,7%	8,6%	9,5%	9,2%	9,2%	10,1%	6,9%	3,1%	0,0%	5,4%	4,9%

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Rating Chronicle	Date	rating	former share price	former target
OVV Holding AG	29-Mar-23	Accumulate	22,20 €	24,00 €
OVV Holding AG	9-Nov-22	Accumulate	22,40 €	26,00 €
OVV Holding AG	10-Aug-22	Accumulate	26,60 €	28,00 €
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 8 May 2023. OVV mandated SRC Research for covering the OVV share.

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