

■ **Price (Euro)** **25,00**  
52 weeks range 27.80 / 17.60

■ **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)	356,3
Number of shares (million)	14,3
Free Float	3,0%
Free Float MarketCap (Euro million)	10,7
CAGR pre-tax profit '20 -'23e	20,5%

■ <b>Multiples</b>	2020	2021e	2022e	2023e
<b>P/E-Ratio</b>	<b>34,0</b>	<b>22,7</b>	<b>20,8</b>	<b>19,2</b>
<b>P/S-Ratio</b>	<b>1,8</b>	<b>1,8</b>	<b>1,9</b>	<b>1,8</b>
Dividend Yield	4,0%	4,0%	4,4%	4,8%

■ <b>Key Data per Share (Euro)</b>	2020	2021e	2022e	2023e
<b>Earnings per Share (EPS)</b>	<b>0,74</b>	<b>1,10</b>	<b>1,20</b>	<b>1,30</b>
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

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

■ **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**

2021 annual report	23 March 2022
1Q 2022 report	11 May 2022
AGM	15 June 2022
1H 2022 report	11 August 2022

■ **Analyst**

Dipl.-Kfm. Stefan Scharff, CREA

☎ 49 (0)69 400 313-80  
✉ scharff@src-research.de

**Internet**

www.src-research.de  
www.aktienmarkt-deutschland.de  
www.aktienmarkt-international.de  
www.aktienmarkt-international.at

### Steep 20% growth and a rising EBIT margin – full year guidance confirmed and not too ambitious – target up to 28 Euros – rating down to Accumulate after share already jumped +15% in the last 6 weeks

Today, OVB published the 9M 2021 report. Despite an ongoing Covid-19 pandemic with third and fourth waves to reach most European countries, the company delivered excellent numbers for the top line growth with a steep +20% rise from Euro 195m to Euro 234m. The 9M EBIT was even up +47%, from Euro 11.1m to Euro 16.3m, bringing the group's EBIT margin from 5.7% a year ago to now 7.0%. The 3Q EBIT margin on a stand-alone basis was a bit down from 5.6% in 3Q 2020 to 5.2% in 3Q 2021, due to some extensive IT and modernization measures, bringing up third quarter operating expenses and depreciation above the level of the first two quarters, to become more effective in a holistic and superior financial advice for the coming years, in particular in the German home market.

**The biggest motor of growth and responsible for almost 50% of sales commissions is the Eastern European CEE region, which delivered a +21% hike in turnover, from Euro 94.0m to Euro 113.5m. The CEE EBIT increased clearly over proportionately by 41%, from Euro 9.3m to Euro 13.0m. We welcome the EBIT margin in CEE to climb to a double-digit area, from 9.8% last year to now 11.5%.** The rising client's number in CEE, +4% to almost 2.8 million people, makes us optimistic to expect a continuation of this growth story even under an adverse economic framework.

**The home market Germany delivered a friendly picture, not only in terms of sales commissions and EBIT, but also in terms of a rising client's base, after the client's base was more or less quite unchanged or slightly down in the previous years.** Number of clients was up almost +6,000 clients in the third quarter, to over 614,000 at the end of September (+1%). With the higher client's base, OVB managed to lift revenues in 9M from 44.6m to Euro 47.2m by almost 6%, the dynamics of growth was even stronger on a 3Q stand-alone with a hike of more than 9%, from Euro 14.2m to Euro 15.5m. The German 9M EBIT margin is also in a double-digit territory, at 14%, more or less unchanged to last year.

**The SWE region delivered the strongest 9M growth in terms of clients, revenues and EBIT. The management stated in the quarterly report the strong performance in particular in Spain, Austria, Italy and Belgium, despite the fact that these countries were all hit severely by the Covid 19 pandemic. The number of clients was up more than 7% to almost 690k.** The sales commissions rocketed +30%, from Euro 56.5m to Euro 73.5m. The 9M EBIT more than doubled from Euro 3m to almost Euro 7m, bringing the EBIT margin from 5.2% to an almost double-digit 9.2%.

**With a very robust business performance despite the pandemic, the flood disaster in Germany and a steep rise in group's 9M bottom line result of almost 50%, from Euro 8.3m to Euro 12.3m, OVB is set to deliver very decent full year results.** The full year guidance for revenues (Euro 300m to Euro 310m) and EBIT (Euro 19m to Euro 22m) was confirmed and we expect OVB to reach the upper end or even over deliver it. For the moment we leave our P & L projections unchanged and expect our 2022 and 2023 projections to be not too demanding. **The share price was already up 15% in the last six weeks. We lift the target price to € 28.00 but reduce the rating to Accumulate after the strong surge in share price.**



### 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>	
Gross margin	33,9%	33,2%	33,0%	34,0%	32,9%	31,8%	32,4%	31,9%	
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>	
EBITDA-margin	9,2%	9,1%	7,5%	8,1%	8,1%	9,3%	9,5%	10,0%	
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>
EBIT margin	7,6%	7,2%	5,7%	5,5%	5,5%	6,9%	7,2%	7,5%	
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>
EBT margin	7,9%	7,4%	5,6%	6,0%	5,4%	7,0%	7,3%	7,7%	
Taxes on income	-4.564	-4.048	-3.115	-4.141	-3.957	-5.720	-6.147	-6.704	
Tax rate	26,5%	24,7%	24,3%	26,9%	27,0%	26,4%	26,1%	26,1%	
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>
Return on sales	5,7%	5,5%	4,2%	4,3%	3,9%	5,1%	5,3%	5,6%	
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	3Q 2019	4Q 2019	2019	1Q 2020	2Q 2020	3Q 2020	4Q 2020	2020	1Q 2021	2Q 2021	3Q 2021
Clients	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	4.090.000
Advisers	4.960	5.069	5.069	5.041	5.072	5.164	5.248	5.248	5.358	5.465	5.466
Total sales revenues	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	75.000.000
EBIT	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	3.900.000
EBIT Margin	4,7%	8,0%	5,5%	5,8%	5,6%	5,6%	5,0%	5,5%	7,5%	8,1%	5,2%
Net profit (after minorities)	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	2.745.000
<b>Regions</b>											
<b>CEE</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>	<b>3Q 2021</b>
Clients	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	2.790.000
Advisers	2.854	2.919	2.919	2.976	2.964	3.051	3.071	3.071	3.141	3.188	3.196
Total sales revenues	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	37.400.000
EBIT	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	4.700.000
EBIT Margin	9,8%	11,7%	9,0%	8,0%	11,4%	10,4%	13,5%	10,9%	9,9%	11,8%	12,6%
<b>Germany</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>	<b>3Q 2021</b>
Clients	614.044	612.982	612.982	611.859	611.524	611.437	609.432	609.432	608.502	608.544	614.278
Advisers	1.286	1.295	1.295	1.219	1.224	1.234	1.242	1.242	1.205	1.216	1.227
Total sales revenues	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	15.500.000
EBIT	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	1.600.000
EBIT Margin	9,9%	14,1%	12,8%	15,5%	16,8%	9,2%	11,4%	13,2%	16,9%	14,6%	10,3%
<b>South-Western Europe</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>	<b>3Q 2021</b>
Clients	614.643	619.374	619.374	628.643	633.691	642.025	652.934	652.934	666.592	680.572	689.749
Advisers	820	855	855	846	884	879	935	935	1.012	1.061	1.043
Total sales revenues	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	22.100.000
EBIT	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	2.100.000
EBIT Margin	5,9%	7,6%	6,5%	5,2%	3,7%	7,1%	5,4%	5,3%	9,7%	8,6%	9,5%

## SRC Research

– The Specialist for Financial and Real Estate Stocks –

SRC-Scharff Research und Consulting GmbH

Klingerstrasse 23

D-60313 Frankfurt

Germany

Fon: +49 (0) 69 / 400 313 - 80

E-Mail: scharff@src-research.de

Internet: www.src-research.de

Rating Chronicle	Date	rating	former share price	former target
OVB Holding AG	11-Aug-21	Buy	21,20 €	26,00 €
OVB Holding AG	11-May-21	Buy	20,80 €	24,00 €
OVB Holding AG	23-Mar-21	Buy	18,30 €	22,00 €
OVB Holding AG	10-Nov-20	Buy	18,50 €	21,00 €
OVB Holding AG	12-Aug-20	Buy	17,40 €	21,00 €
OVB Holding AG	8-May-20	Buy	15,80 €	19,00 €
OVB Holding AG	1-Apr-20	Buy	15,10 €	19,00 €
OVB Holding AG	14-Aug-19	Buy	16,80 €	23,00 €
OVB Holding AG	8-May-19	Buy	17,00 €	22,00 €
OVB Holding AG	22-Mar-19	Buy	17,00 €	22,00 €

### Please note:

The OVB share price mentioned in this report is from closing of 8 November 2021.

OVB mandated SRC Research for covering the OVB share.

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