

Price (Euro)	18,50			
52 weeks range	18.60 / 14.70			
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)	263,6			
Number of shares (million)	14,3			
Free Float	3,0%			
Free Float MarketCap (Euro million)	7,9			
CAGR pre-tax profit '19 -'22e	6,5%			
Multiples				
	2019	2020e	2021e	2022e
P/E-Ratio	23,9	23,6	20,8	18,2
P/S-Ratio	1,3	1,4	1,4	1,3
Dividend Yield	4,1%	4,1%	4,3%	4,9%
Key Data per Share (Euro)				
	2019	2020e	2021e	2022e
Earnings per Share (EPS)	0,77	0,78	0,89	1,01
Dividends per Share (DPS)	0,75	0,75	0,80	0,90
Book Value per Share (BVpS)	6,36	6,38	6,48	6,58
Financial Data (Euro '000)				
	2019	2020e	2021e	2022e
Brokerage Income	257.819	263.233	268.761	279.780
Total income	269.063	272.487	279.615	292.191
EBIT	14.082	14.528	15.778	17.765
<i>EBIT-margin</i>	5,5%	5,5%	5,9%	6,3%
Pre-tax profit (EBT)	15.393	14.318	16.228	18.606
Net profit after minorities	11.012	11.168	12.658	14.448
Shareholders' Equity	90.637	90.909	92.363	93.841
RoE after tax	12,2%	12,3%	13,8%	15,5%
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				
2020 annual report		23 March 2021		
1Q 2021 report		11 May 2021		
AGM		9 June 2021		
1H 2021 report		11 August 2021		
Analyst				
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Decent numbers for the first nine months unveil a 3% growth in sales and +29% in EBIT, the strong performance leads to a higher full year forecast – Buy rating and Euro 21.00 target price confirmed

Today, OVB published the 9M report and invited for a conference call. The numbers unveiled a good operating performance despite the Covid-19 global pandemic for the first 9 months with a decent growth in Central and Eastern Europe (+6%) and South and Western Europe (+3%) and only a minor -1.5% decline in the home market Germany. Total sales revenues for the group significantly increased +3.3%, from Euro 189m to more than Euro 195m. The surge in total group's EBIT was even more, from Euro 8.6m last year to now Euro 11.1m (+29%). Based on that, the management already lifted the full year 2020 forecast one week ago, on 2 November, expecting slightly higher sales (instead of a tiny decline) and an unchanged EBIT compared to the Euro 14.1m last year. The old forecast was a range between Euro 12.5m and Euro 13.0m, but after the good half year growth we already lifted our EBIT forecast on 12 August to Euro 13.7m, quite close to the 2019 level. With the high diversification of OVB, which helps for maintaining the growth in top line and in profits, we might even expect an EBIT slightly higher than last year, despite Covid-19.

The strongest surge came again as in half-year numbers from CEE. OVB mentioned in the call the positive performance of Poland, Romania, Slovakia and Ukraine as well as the Czech Republic, which was not mentioned in the half year report. OVB gained about 160k new clients in CEE in the first 9 months, +6% to now almost 2.7m clients there, and the number of CEE advisers was also up almost 5% in the same time period, from 2,919 to 3,051 advisers. These numbers are encouraging for 4Q and the following year 2021 to believe in a continuation of this success story. The region South and Western Europe was the second growth driver, and OVB mentioned the rising numbers in Switzerland and Austria, while Belgium and Spain remained more or less on the 2019 level despite both countries being hit severely by the Corona pandemic. The management stated in the call to be very satisfied with the development and a rising number of clients in Belgium, as financial advisor Willemot was taken over two years ago, in December 2018. With 23k new clients in SWE in the first nine months, +4% to a total 642k clients, and advisers up +3% to 879, it is a good starting point for the following quarters.

The home market Germany was a bit behind in terms of sales growth, but a tiny -1.5% in sales, from Euro 45.3m to 44.6m is still a success in this challenging year. In terms of EBIT, the German market even delivered a hike of 10%, from Euro 5.6m to Euro 6.2m, due to cost cutting measures and lower marketing expenses.

All in all, the 9M numbers are much better than everyone could expect in March with the outbreak of Corona. We already strongly lifted our 2020 EBIT forecast after the good 1H picture on 12 August to Euro 13.7m and now lift it again to Euro 14.5m, a bit above the OVB guidance. After we already lifted our target price in August from Euro 19.00 to Euro 21.00, we now leave it unchanged. We also confirm our Buy rating.



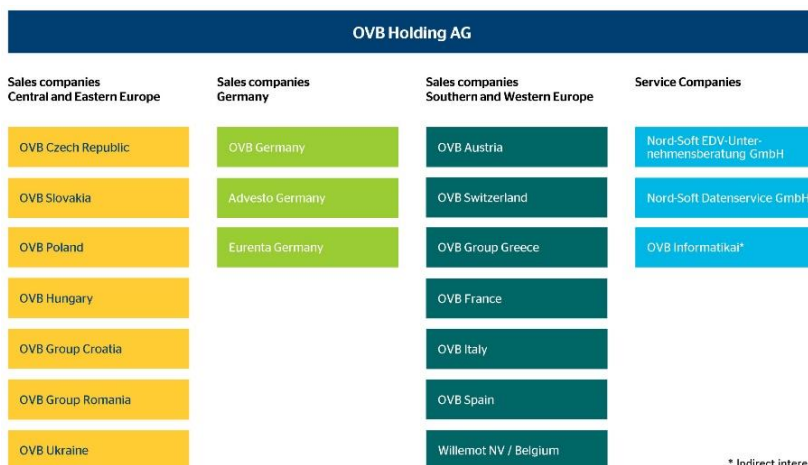
OVB Holding AG

Industry: Financial Advisory
Sub-segment: Private households
Country: Germany
Headquarter: Cologne
Foundation: 1970
Employees: 620
 (Holding, IT and services)
IR Contact:
 Brigitte Bonifer (Mail: bbonifer@ovb.de)

Management Board of OVB Holding AG:
 CEO Mario Freis
 CFO Oskar Heitz
 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 more than 3.7m clients across Europe. More than 5,100 independent financial advisers provide a superior independent financial advice. At present, after the market entry in Belgium in December 2018, 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 28% 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 24%.



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 (about 3,100 of c. 5,100 advisers) and usually generate the largest contribution to group's operating profit (about 47%). However, the fifteen national markets of OVB count a population of more than 410 million people. The company generates 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 Serbia, Bosnia and Lux), but with the COVID-19 pandemic regional expansion is not at the top of the agenda, for sure. 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 2019 dividend remains stable at 75 Cents (the same since FY 2016). The dividend yield is high at the current share price, at above 4%. The 2018 RoE after tax was at high 10.7% and climbed to 12.2% in 2019. Despite the COVID-19 pandemic the company delivered a growth in 9M sales numbers (+3%) and EBIT (+29%), driven by a very strong CEE growth and decent numbers from SWE region. The full year EBIT should be on the 2019 level or even slightly above. The firm's EBIT guidance was uplifted on 2 November from the range of Euro 12.5m to Euro 13.0m to deliver the same level as in 2019 (Euro 14.1m).

Source: Company Data, SRC Research

P&L Account for OVB Holding AG

31/12 IFRS ('000 Euro)	2014	2015	2016	2017	2018	2019	2020e	2021e	2022e	CAGR '19 - '22e
Brokerage Income*	197.398	210.108	218.693	221.629	231.337	257.819	263.233	268.761	279.780	2,8%
Other operating income	7.520	9.379	8.845	9.680	11.407	11.244	9.254	10.854	12.411	
Total income	204.918	219.487	227.538	231.309	242.744	269.063	272.487	279.615	292.191	2,8%
Brokerage expenses	-128.503	-139.739	-144.509	-148.040	-155.079	-170.060	-174.755	-179.154	-187.017	
Gross profit	68.895	70.369	74.184	73.589	76.258	87.759	88.478	89.607	92.763	
<i>Gross margin</i>	<i>34,9%</i>	<i>33,5%</i>	<i>33,9%</i>	<i>33,2%</i>	<i>33,0%</i>	<i>34,0%</i>	<i>33,6%</i>	<i>33,3%</i>	<i>33,2%</i>	
Personnel expenses	-26.830	-26.678	-26.128	-27.966	-29.778	-37.997	-39.599	-38.227	-39.120	
Other operating expenses	-34.197	-35.352	-36.775	-35.224	-40.461	-40.044	-37.061	-39.559	-41.054	
EBITDA	15.388	17.718	20.126	20.079	17.426	20.962	21.072	22.675	25.000	
<i>EBITDA-margin</i>	<i>7,8%</i>	<i>8,4%</i>	<i>9,2%</i>	<i>9,1%</i>	<i>7,5%</i>	<i>8,1%</i>	<i>8,0%</i>	<i>8,4%</i>	<i>8,9%</i>	
Depreciation and amortisation	-3.133	-3.683	-3.610	-4.113	-4.263	-6.880	-6.544	-6.897	-7.235	
Operating profit (EBIT)	12.255	14.035	16.516	15.966	13.163	14.082	14.528	15.778	17.765	8,1%
<i>EBIT margin</i>	<i>6,2%</i>	<i>6,7%</i>	<i>7,6%</i>	<i>7,2%</i>	<i>5,7%</i>	<i>5,5%</i>	<i>5,5%</i>	<i>5,9%</i>	<i>6,3%</i>	
Financial result	636	339	738	418	-323	1.311	-210	450	841	
Earnings before taxes (EBT)	12.891	14.374	17.254	16.384	12.840	15.393	14.318	16.228	18.606	6,5%
<i>EBT margin</i>	<i>6,5%</i>	<i>6,8%</i>	<i>7,9%</i>	<i>7,4%</i>	<i>5,6%</i>	<i>6,0%</i>	<i>5,4%</i>	<i>6,0%</i>	<i>6,7%</i>	
Taxes on income	-4.169	-4.779	-4.564	-4.048	-3.115	-4.141	-2.895	-3.310	-3.847	
<i>Tax rate</i>	<i>32,3%</i>	<i>33,2%</i>	<i>26,5%</i>	<i>24,7%</i>	<i>24,3%</i>	<i>26,9%</i>	<i>20,2%</i>	<i>20,4%</i>	<i>20,7%</i>	
Consolidated net income for the year	8.722	9.595	12.690	12.336	9.725	11.252	11.423	12.918	14.759	
Minority interests	-1	-217	-154	-194	-109	-240	-255	-260	-311	
Net profit after minorities	8.721	9.378	12.536	12.142	9.616	11.012	11.168	12.658	14.448	9,5%
<i>Return on sales</i>	<i>4,4%</i>	<i>4,5%</i>	<i>5,7%</i>	<i>5,5%</i>	<i>4,2%</i>	<i>4,3%</i>	<i>4,2%</i>	<i>4,7%</i>	<i>5,2%</i>	
Number of shares ('000)	14.251	14.251	14.251	14.251	14.251	14.251	14.251	14.251	14.251	
Earnings per Share (EPS)	0,61	0,66	0,88	0,85	0,67	0,77	0,78	0,89	1,01	
Dividends per Share (DPS)	0,60	0,65	0,75	0,75	0,75	0,75	0,75	0,80	0,90	
Book Value per Share (BVPS)	5,86	5,94	6,16	6,22	6,35	6,36	6,38	6,48	6,58	
Total assets	151.887	159.260	167.768	173.020	186.327	215.991	211.445	216.203	225.759	
Shareholders' Equity	83.460	84.632	87.746	88.664	90.444	90.637	90.909	92.363	93.841	1,2%

* without secondary contracts

Key data	3Q 2018	4Q 2018	2018	1Q 2019	2Q 2019	3Q 2019	4Q 2019	2019	1Q 2020	2Q 2020	3Q 2020
Clients	3.440.000	3.480.000	3.480.000	3.630.000	3.670.000	3.710.000	3.760.000	3.760.000	3.870.000	3.900.000	3.930.000
Advisers	4.747	4.715	4.715	4.911	4.954	4.960	5.069	5.069	5.041	5.072	5.164
Total sales revenues	53.800.000	62.200.000	231.300.000	63.100.000	64.000.000	61.800.000	68.919.000	257.819.000	66.800.000	63.900.000	64.500.000
EBIT	2.700.000	4.900.000	13.200.000	2.600.000	3.100.000	2.900.000	5.482.000	14.082.000	3.900.000	3.600.000	3.600.000
EBIT Margin	5,0%	7,9%	5,7%	4,1%	4,8%	4,7%	8,0%	5,5%	5,8%	5,6%	5,6%
Net profit (after minorities)	1.800.000	4.016.000	9.616.000	2.436.000	2.225.000	2.426.000	3.925.000	9.616.000	2.385.000	3.109.000	2.794.000
Regions											
CEE											
Clients	2.340.000	2.390.000	2.390.000	2.420.000	2.450.000	2.490.000	2.520.000	2.520.000	2.630.000	2.660.000	2.680.000
Advisers	2.786	2.752	2.752	2.779	2.824	2.854	2.919	2.919	2.976	2.964	3.051
Total sales revenues	26.300.000	32.700.000	116.300.000	29.000.000	30.000.000	29.700.000	34.200.000	122.900.000	31.400.000	30.800.000	31.800.000
EBIT	2.600.000	3.600.000	9.900.000	1.500.000	2.700.000	2.900.000	4.000.000	11.100.000	2.500.000	3.500.000	3.300.000
EBIT Margin	9,9%	11,0%	8,5%	5,2%	9,0%	9,8%	11,7%	9,0%	8,0%	11,4%	10,4%
Germany											
Clients	619.431	616.775	616.775	616.307	614.423	614.044	612.982	612.982	611.859	611.524	611.437
Advisers	1.319	1.333	1.333	1.299	1.293	1.286	1.295	1.295	1.219	1.224	1.234
Total sales revenues	14.100.000	16.300.000	59.400.000	14.900.000	15.200.000	15.200.000	16.300.000	61.600.000	16.100.000	14.300.000	14.200.000
EBIT	1.100.000	2.200.000	7.100.000	1.900.000	2.200.000	1.500.000	2.300.000	7.900.000	2.500.000	2.400.000	1.300.000
EBIT Margin	7,8%	13,5%	12,0%	12,8%	14,5%	9,9%	14,1%	12,8%	15,5%	16,8%	9,2%
South-Western Europe											
Clients	474.313	481.283	481.283	600.534	606.370	614.643	619.374	619.374	628.643	633.691	642.025
Advisers	642	630	630	833	837	820	855	855	846	884	879
Total sales revenues	13.300.000	13.300.000	55.600.000	19.200.000	18.800.000	16.900.000	18.400.000	73.300.000	19.300.000	18.900.000	18.300.000
EBIT	1.600.000	1.700.000	6.200.000	1.300.000	1.100.000	1.000.000	1.400.000	4.800.000	1.000.000	700.000	1.300.000
EBIT Margin	12,0%	12,8%	11,2%	6,8%	5,9%	5,9%	7,6%	6,5%	5,2%	3,7%	7,1%

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Rating Chronicle	Date	rating	former share price	former target
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 €
OVB Holding AG	9-Nov-18	Buy	16,20 €	22,00 €
OVB Holding AG	8-Aug-18	Hold	19,10 €	21,00 €
OVB Holding AG	8-May-18	Hold	18,30 €	20,00 €

Please note:

The OVB share price mentioned in this report is from closing of 9 November 2020.

OVB mandated SRC Research for covering the OVB share.

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