

### Excellent first quarter results and a higher guidance for the full year – we maintain the Buy rating and the lift target price to Euro 24.00

Today, OVB published the 1Q 2021 report and invited for a conference call. Despite an ongoing Covid-19 pandemic, the company delivered a steep growth of revenues and EBIT, which was driven by all three regions. After number of clients rising 5.5% in last year to 3.96 million, the number exceeded the 4.0 million threshold with now 4.01 million (+3.6% y-o-y). The total sales revenues rocketed +18%, from Euro 66.8m in 1Q 2020 to Euro 78.7m. Thus, the first quarter was even 4% higher than the fourth quarter 2020 level of Euro 75.4m, which is a quite extraordinary result. The group's EBIT was even up more than 50%, from Euro 3.9m in 1Q 2020 to Euro 5.9m in 1Q 2021. It is worth to mention, that group's number of advisers was up by a net of 110 new advisers to a total of almost 5,400 advisers in the first three months of the year (+2%), making us optimistic for a similar prosperous growth picture in the following quarters.

**The biggest growth in advisers came from South and Western Europe (+8% in the first three months to now more than 1,000), which was also the biggest motor of growth in the first quarter with a +34% jump in revenues from Euro 19m to almost Euro 26m. All countries here delivered a pleasing performance, in particular Spain, Italy (despite the severe Covid economic shortfalls), Belgium, Austria and France.** The SWE EBIT was up 150% from Euro 1.0m to Euro 2.5m. The EBIT margin almost doubled from 5.2% to 9.7%, quite close to a double-digit region. The 6% growth in SWE clients to almost 629k is a very good start into the year.

**The Central and Eastern Europe region was another success story, also with a tremendous growth in sales (+16% to Euro 36m) and EBIT (+44% to Euro 3.6m), still contributing the most to OVB's bottom line. With a hike in clients of almost 4% to 2.73 million, the company has a broad basis for more commission inflow in the next quarters.** Furthermore 70 new advisers joined OVB CEE in the first 3 months (+2%), which is also helpful. In the call the OVB management underlined the strong business performance in Romania, Poland, Czech, Slovakia, Hungary and Croatia. **Germany, mostly more or less flattish in the last two years, was also positive with a 3% growth in sales revenues and a 12% jump in EBIT. The number of clients remained unchanged at 609k compared to 2020.**

The company already lifted the full year guidance some weeks ago, on 19 April. The old guidance with the release of the 2020 annual report in March was a small increase in sales revenues and a stable EBIT result. The new guidance is an explicit hike in sales revenues and in the EBIT. We already gave a Euro 15.8m EBIT forecast for current year 2021 with our last update from 23 March, which was clearly above the 2020 level of Euro 14.9m, as the old guidance seemed very conservative to us.

**With the steep growth in all three markets in the initial quarter and almost Euro 6m EBIT already in the bag, we now lift our full year EBIT forecast to Euro 17.0m. We maintain our Buy recommendation as OVB proved the resilience of the business model and quickly increased the level of digitalization in a longer phase of very exceptional circumstances. In addition to that, OVB also offers a very attractive dividend yield of almost 5% with regards to the dividend proposal for 2020 (Euro 1.00) paid after next AGM on 9 June.**

<b>Price (Euro)</b>	<b>20,80</b>			
52 weeks range	22.00 / 15.70			
<b>Key Data</b>				
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)	296,4			
Number of shares (million)	14,3			
Free Float	3,0%			
Free Float MarketCap (Euro million)	8,9			
CAGR pre-tax profit '20 -'23e	12,8%			
<b>Multiples</b>				
	<b>2020</b>	<b>2021e</b>	<b>2022e</b>	<b>2023e</b>
P/E-Ratio	28,3	23,9	21,4	19,5
P/S-Ratio	1,5	1,5	1,6	1,5
Dividend Yield	4,8%	3,8%	4,6%	4,8%
<b>Key Data per Share (Euro)</b>				
	<b>2020</b>	<b>2021e</b>	<b>2022e</b>	<b>2023e</b>
Earnings per Share (EPS)	0,74	0,87	0,97	1,07
Dividends per Share (DPS)	1,00	0,80	0,95	1,00
Book Value per Share (BVpS)	6,32	6,42	6,52	6,69
<b>Financial Data (Euro '000)</b>				
	<b>2020</b>	<b>2021e</b>	<b>2022e</b>	<b>2023e</b>
Brokerage Income	270.563	288.150	301.116	313.161
Total income	280.721	296.762	310.440	323.405
EBIT	14.891	17.031	18.817	20.534
EBIT-margin	5,5%	5,9%	6,2%	6,6%
Pre-tax profit (EBT)	14.681	17.241	19.229	21.048
Net profit after minorities	10.485	12.397	13.861	15.178
Shareholders' Equity	90.000	91.440	92.903	95.272
RoE after tax	11,6%	13,7%	15,0%	16,1%
<b>Main Shareholders</b>				
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%		
<b>Financial Calendar</b>				
AGM		9 June 2021		
1H 2021 report		11 August 2021		
9M 2021 report		9 November 2021		
<b>Analyst</b>				
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### 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 almost 4 million 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 29% 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 23%.



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 3,100 of c. 5,200 advisers) and usually generate the largest contribution to group's operating profit (over 50%). 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 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 above 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 the company 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 projected a slight increase in revenues and an unchanged EBIT until 19 April, which we considered to be too cautious. With the high 1Q 2021 EBIT of almost Euro 6m (+51% y-o-y), the company now expects an explicit increase in top-line and EBIT.

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>288.150</b>	<b>301.116</b>	<b>313.161</b>	<b>5,0%</b>
Other operating income	8.845	9.680	11.407	11.244	10.158	8.612	9.324	10.244	
<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>296.762</b>	<b>310.440</b>	<b>323.405</b>	<b>4,8%</b>
Brokerage expenses	-144.509	-148.040	-155.079	-170.060	-181.460	-193.987	-201.401	-212.505	
<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>94.163</b>	<b>99.715</b>	<b>100.656</b>	
<i>Gross margin</i>	33,9%	33,2%	33,0%	34,0%	32,9%	32,7%	33,1%	32,1%	
Personnel expenses	-26.128	-27.966	-29.778	-37.997	-39.278	-41.252	-42.588	-39.279	
Other operating expenses	-36.775	-35.224	-40.461	-40.044	-38.144	-37.560	-40.510	-43.475	
<b>EBITDA</b>	<b>20.126</b>	<b>20.079</b>	<b>17.426</b>	<b>20.962</b>	<b>21.839</b>	<b>23.963</b>	<b>25.941</b>	<b>28.146</b>	
<i>EBITDA-margin</i>	9,2%	9,1%	7,5%	8,1%	8,1%	8,3%	8,6%	9,0%	
Depreciation and amortisation	-3.610	-4.113	-4.263	-6.880	-6.948	-6.932	-7.124	-7.612	
<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>17.031</b>	<b>18.817</b>	<b>20.534</b>	<b>11,3%</b>
<i>EBIT margin</i>	7,6%	7,2%	5,7%	5,5%	5,5%	5,9%	6,2%	6,6%	
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>17.241</b>	<b>19.229</b>	<b>21.048</b>	<b>12,8%</b>
<i>EBT margin</i>	7,9%	7,4%	5,6%	6,0%	5,4%	6,0%	6,4%	6,7%	
Taxes on income	-4.564	-4.048	-3.115	-4.141	-3.957	-4.570	-5.057	-5.545	
<i>Tax rate</i>	26,5%	24,7%	24,3%	26,9%	27,0%	26,5%	26,3%	26,3%	
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>12.671</b>	<b>14.172</b>	<b>15.503</b>	
Minority interests	-154	-194	-109	-240	-239	-274	-311	-325	
<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>12.397</b>	<b>13.861</b>	<b>15.178</b>	<b>13,1%</b>
<i>Return on sales</i>	5,7%	5,5%	4,2%	4,3%	3,9%	4,3%	4,6%	4,8%	
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>0,87</b>	<b>0,97</b>	<b>1,07</b>	
Dividends per Share (DPS)	0,75	0,75	0,75	0,75	1,00	0,80	0,95	1,00	
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
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
Advisers	4.911	4.954	4.960	5.069	5.069	5.041	5.072	5.164	5.248	5.248	5.358
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
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
EBIT Margin	4,1%	4,8%	4,7%	8,0%	5,5%	5,8%	5,6%	5,6%	5,0%	5,5%	7,5%
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	4.700.000
<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>
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
Advisers	2.779	2.824	2.854	2.919	2.919	2.976	2.964	3.051	3.071	3.071	3.141
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
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
EBIT Margin	5,2%	9,0%	9,8%	11,7%	9,0%	8,0%	11,4%	10,4%	13,5%	10,9%	9,9%
<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>
Clients	616.307	614.423	614.044	612.982	612.982	611.859	611.524	611.437	609.432	609.432	608.502
Advisers	1.299	1.293	1.286	1.295	1.295	1.219	1.224	1.234	1.242	1.242	1.205
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
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
EBIT Margin	12,8%	14,5%	9,9%	14,1%	12,8%	15,5%	16,8%	9,2%	11,4%	13,2%	16,9%
<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>
Clients	600.534	606.370	614.643	619.374	619.374	628.643	633.691	642.025	652.934	652.934	666.592
Advisers	833	837	820	855	855	846	884	879	935	935	1012
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
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
EBIT Margin	6,8%	5,9%	5,9%	7,6%	6,5%	5,2%	3,7%	7,1%	5,4%	5,3%	9,7%

## SRC Research

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Rating Chronicle	Date	rating	former share price	former target
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 €
OVV Holding AG	8-May-19	Buy	17,00 €	22,00 €
OVV Holding AG	22-Mar-19	Buy	17,00 €	22,00 €

#### Please note:

The OVV share price mentioned in this report is from closing of 10 May 2021. OVV mandated SRC Research for covering the OVV share.

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