

Strong 1H numbers that lead to an uplift of topline and EBIT forecast – a +16% revenues growth, more than 6,000 financial advisers for the first time, a record high of 4.6 million clients – target up to € 27.00

Today, OVB presented the 1H 2024 report and invited for a conference call. The company delivered a strong set of numbers with remarkable growth in all three regions. The group's number of clients rose by 100k in the first six months and is now at 4.6 million, after 4.5 million at year-end 2023. Furthermore, OVB attracted more 100 new advisers in the same time. After approx. 5,900 at year-end 2023, the firm has now more than 6,000 advisers for the first time in their company history, namely 6,005. The group's sales revenues jumped +16.5%, from Euro 170.6m in 1H 2023 to now 198.6m in 1H 2024. The 2Q stand-alone revenues were at Euro 101.8m, for the first time breaking the Euro 100m threshold on a quarterly basis. The group's EBIT margin is not back to old levels, but at least clearly improved from 4.0% to 4.7%, with a group's EBIT of Euro 9.3m, after Euro 6.8m the year before (+36%).

The by far most important region remains Central and Eastern Europe (CEE), that stand for about 56% of total revenues. CEE sales revenues in 1H surged 16.5%, from Euro 95m to almost Euro 111m. There was also a margin improvement, as EBIT margin increased from 8.7% to 9.5%. The 2Q EBIT margin stand-alone was already double digit, at 10.1%. With 81 new advisers joining OVB CEE in the first 6 months (from 3,695 to 3,776, +2.2%), we are optimistic for the growth story to continue in the second half of the year.

The picture was also good in Germany. After a +6.8% hike in revenues in 1Q 2024, the growth gained momentum and OVB Germany delivered a +8.2% growth in 1H 2024, from approx. Euro 28m to now Euro 30m. The EBIT Margin for Germany was impaired by investments in IT and digitalization and came down from 8.6% to 6.1%, but 2Q with Euro 1.0m was a bit higher than 1Q at Euro 0.8m and we expect this positive trend of recovery to continue in the second half of the year and 2025.

This time, South and Western Europe was the strongest region in terms of growth and even above CEE. The sales revenues rocketed by more than 21%, from Euro 48m to almost Euro 58m. We also have to state an EBIT margin improvement, from 3.4% last year to now 4.6% in 1H 2024. With the number of advisers going up almost 6% in the first six months, from 1,077 at year-end 2023 to now 1,137, we are optimistic for a rising contribution of SWE region for the full year numbers of the group.

Already on 30 July, OVB made an uplift to the old full year guidance, as the old revenues range of Euro 360m to Euro 385m was lifted to Euro 380m to Euro 395m and the forecast for the EBIT range was also lifted from Euro 17m to Euro 20m to now Euro 18m to Euro 21m. We already stated after the sound picture of the initial quarter with our update from 8 May, that the given guidance might be too cautious. We feel confirmed now and lift our forecast for the topline from Euro 377m to Euro 389m. Our old SRC Research EBIT forecast was at Euro 20.3m, which we lift now to Euro 20.8m at the upper end of OVB's new guidance.

OVB shows a great resilience in a challenging overall economic framework in Europe with low growth (below 1% forecast for Eurozone). With the higher guidance we lift our target price to Euro 27.00. Still Buy rating.

Price (Euro)	18,90			
52 weeks range	22.40 / 17.00			
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)	269,3			
Number of shares (million)	14,3			
Free Float	3,0%			
Free Float MarketCap (Euro million)	8,1			
CAGR pre-tax profit '23 -'26e	10,4%			
Multiples	2023	2024e	2025e	2026e
P/E-Ratio	18,8	16,5	15,3	13,9
P/S-Ratio	1,4	1,4	1,4	1,4
Dividend Yield	4,8%	5,3%	5,8%	6,3%
Key Data per Share (Euro)	2023	2024e	2025e	2026e
Earnings per Share (EPS)	1,00	1,15	1,24	1,36
Dividends per Share (DPS)	0,90	1,00	1,10	1,20
Book Value per Share (BVpS)	6,72	6,84	6,95	7,07
Financial Data (Euro '000)	2023	2024e	2025e	2026e
Brokerage Income	354.348	389.074	406.582	422.846
Total income	367.663	402.581	420.936	438.300
EBIT	17.830	20.805	23.777	26.523
EBIT-margin	5,0%	5,3%	5,8%	6,3%
Pre-tax profit (EBT)	20.945	23.183	25.492	28.147
Net profit after minorities	14.315	16.373	17.635	19.344
Shareholders' Equity	95.698	97.516	98.979	100.761
RoE after tax	15,1%	16,9%	17,9%	19,4%
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				
9M 2024		7 November 2024		
2024 annual report		March 2025		
Analyst	Dipl.-Kfm. Stefan Scharff, CREA			
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OVV Holding AG

Industry:	Financial Advisory	Management Board of OVV Holding AG:	
Sub-segment:	Private households	CEO Mario Freis	
Country:	Germany	CFO Frank Burow	COO Heinrich Fritzlär
Headquarter:	Cologne	Supervisory Board of OVV Holding AG:	
Foundation:	1970	Michael Johnigk (Chairman)	
Employees:	751	Dr. Thomas A. Lange (Deputy Chairman)	
(Holding, IT and services)		Sascha Bassir	Roman Juráš
IR Contact:		Markus Jost	Torsten Uhlig
Brigitte Bonifer (Mail: bbonifer@ovv.de)			

Cologne-based OVV 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. OVV's major target groups are the middle class households with average to affluent incomes. OVV has a broad customer base of almost 4.5 million clients across Europe. About 5,900 independent financial advisers provide a superior independent financial advice. At present, OVV 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 27% of group's revenues at present. The lion's share of revenues (56%) 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 17%.

OVV Holding AG

Sales companies Central and Eastern Europe	Sales companies Germany	Sales companies Southern and Western Europe	Service companies
OVV Czech Republic	OVV Germany	OVV Austria	Nord-Soft EDV-Unternehmensberatung GmbH
OVV Slovakia	Advesto Germany	OVV Switzerland	Nord-Soft Datenservice GmbH
OVV Poland	Eurenta Germany	OVV Group Greece	OVV Informatikai*
OVV Hungary		OVV France	
OVV Group Croatia		OVV Italy	
OVV Group Romania		OVV Spain	
OVV Ukraine		Willemot NV / Belgium	
OVV Slovenia			

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

Due to an early engagement as outsider in CEE already in early Nineties, OVV 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 3,700 of c. 5,900 advisers) and usually generate the largest contribution to group's operating profit (about 70%). However, the sixteen national markets of OVV count a population of more than 412 million people. The company generates far 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 OVV 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, until end of 2022. Now, it climbed to c. 5,900 until year-end 2023. The company will keep the dividend stable at 90 Cents for FY 2023 as this was the same amount for FY 2022 and FY 2021. For the EBIT the company is still quite careful for 2024 in this inflationary environment, that hampers the growth but drives the overall expenses. With good results from the first half of 2024 the management decided to lift the guidance for revenues and EBIT. The new targeted EBIT range is Euro 18m to Euro 21m. After "Evolution 2022" the company invests in its Excellence 2027 strategic program. In our view, with former and new strategic measures and the higher headcount in financial advisers and the higher clients base, we might expect the EBIT to come in at the upper end of the range or even slightly above.

Source: Company Data, SRC Research

P&L Account for OVH Holding AG

31/12 IFRS ('000 Euro)	2019	2020	2021	2022	2023	2024e	2025e	2026e	CAGR '23 - '26e
Brokerage Income*	257.819	270.563	320.696	331.947	354.348	389.074	406.582	422.846	6,1%
Other operating income	11.244	10.158	10.959	14.972	13.315	13.507	14.354	15.454	
Total income	269.063	280.721	331.655	346.919	367.663	402.581	420.936	438.300	6,0%
Brokerage expenses	-170.060	-181.460	-215.485	-218.259	-235.831	-266.840	-279.241	-290.118	
Gross profit	87.759	89.103	105.211	113.688	118.517	122.234	127.341	132.728	
<i>Gross margin</i>	<i>34,0%</i>	<i>32,9%</i>	<i>32,8%</i>	<i>34,2%</i>	<i>33,4%</i>	<i>31,4%</i>	<i>31,3%</i>	<i>31,4%</i>	
Personnel expenses	-37.997	-39.278	-42.298	-45.575	-50.124	-53.668	-55.656	-57.574	
Other operating expenses	-40.044	-38.144	-44.372	-52.579	-55.633	-52.021	-52.612	-53.875	
EBITDA	20.962	21.839	29.500	30.506	26.075	30.052	33.427	36.733	
<i>EBITDA-margin</i>	<i>8,1%</i>	<i>8,1%</i>	<i>9,2%</i>	<i>9,2%</i>	<i>7,4%</i>	<i>7,7%</i>	<i>8,2%</i>	<i>8,7%</i>	
Depreciation and amortisation	-6.880	-6.948	-7.734	-8.495	-8.245	-9.247	-9.650	-10.210	
Operating profit (EBIT)	14.082	14.891	21.766	22.011	17.830	20.805	23.777	26.523	14,2%
<i>EBIT margin</i>	<i>5,5%</i>	<i>5,5%</i>	<i>6,8%</i>	<i>6,6%</i>	<i>5,0%</i>	<i>5,3%</i>	<i>5,8%</i>	<i>6,3%</i>	
Financial result	1.311	-210	393	-601	3.115	2.378	1.715	1.624	
Earnings before taxes (EBT)	15.393	14.681	22.159	21.410	20.945	23.183	25.492	28.147	10,4%
<i>EBT margin</i>	<i>6,0%</i>	<i>5,4%</i>	<i>6,9%</i>	<i>6,4%</i>	<i>5,9%</i>	<i>6,0%</i>	<i>6,3%</i>	<i>6,7%</i>	
Taxes on income	-4.141	-3.957	-6.463	-6.349	-6.181	-6.375	-7.395	-8.282	
<i>Tax rate</i>	<i>26,9%</i>	<i>27,0%</i>	<i>29,2%</i>	<i>29,7%</i>	<i>29,5%</i>	<i>27,5%</i>	<i>29,0%</i>	<i>29,4%</i>	
Consolidated net income for the year	11.252	10.724	15.696	15.061	14.764	16.808	18.097	19.865	
Minority interests	-240	-239	19	-390	-449	-435	-462	-521	
Net profit after minorities	11.012	10.485	15.715	14.671	14.315	16.373	17.635	19.344	10,6%
<i>Return on sales</i>	<i>4,3%</i>	<i>3,9%</i>	<i>4,9%</i>	<i>4,4%</i>	<i>4,0%</i>	<i>4,2%</i>	<i>4,3%</i>	<i>4,6%</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)	0,77	0,74	1,10	1,03	1,00	1,15	1,24	1,36	
Dividends per Share (DPS)	0,75	1,00	0,90	0,90	0,90	1,00	1,10	1,20	
Book Value per Share (BVPS)	6,36	6,32	6,41	6,56	6,72	6,84	6,95	7,07	
Total assets	215.991	233.484	257.825	261.113	272.963	281.097	291.891	291.890	
Shareholders' Equity	90.637	90.000	91.371	93.514	95.698	97.516	98.979	100.761	1,7%

* without secondary contracts

Key data	2Q 2022	3Q 2022	4Q 2022	2022	1Q 2023	2Q 2023	3Q 2023	4Q 2023	2023	1Q 2024	2Q 2024
Clients	4.220.000	4.260.000	4.270.000	4.270.000	4.270.000	4.410.000	4.460.000	4.500.000	4.500.000	4.550.000	4.600.000
Advisers	5.630	5.648	5.772	5.772	5.785	5.806	5.896	5.892	5.892	5.939	6.005
Total sales revenues	85.500.000	77.500.000	84.700.000	331.900.000	83.400.000	87.200.000	89.700.000	94.000.000	354.300.000	96.800.000	101.800.000
EBIT	5.200.000	4.200.000	6.600.000	22.000.000	3.100.000	3.800.000	4.500.000	6.400.000	17.800.000	4.300.000	5.000.000
EBIT Margin	6,1%	5,4%	7,8%	6,6%	3,7%	4,4%	5,0%	6,8%	5,0%	4,4%	4,9%
Net profit (after minorities)	2.798.000	2.921.000	5.513.000	14.671.000	2.343.000	2.968.000	3.825.000	5.179.000	14.315.000	4.387.000	4.841.000
Regions											
CEE	2Q 2022	3Q 2022	4Q 2022	2022	1Q 2023	2Q 2023	3Q 2023	4Q 2023	2023	1Q 2024	2Q 2024
Clients	2.880.000	2.920.000	2.920.000	2.920.000	2.910.000	3.040.000	3.080.000	3.110.000	3.110.000	3.150.000	3.190.000
Advisers	3.312	3.365	3.461	3.461	3.549	3.581	3.658	3.695	3.695	3.700	3.776
Total sales revenues	45.800.000	41.000.000	46.900.000	174.400.000	45.200.000	49.900.000	51.000.000	52.400.000	198.500.000	52.700.000	58.200.000
EBIT	4.300.000	4.200.000	5.700.000	18.800.000	2.700.000	5.600.000	4.800.000	6.500.000	19.600.000	4.600.000	5.900.000
EBIT Margin	9,4%	10,2%	12,2%	10,8%	6,0%	11,2%	9,4%	12,4%	9,9%	8,7%	10,1%
Germany	2Q 2022	3Q 2022	4Q 2022	2022	1Q 2023	2Q 2023	3Q 2023	4Q 2023	2023	1Q 2024	2Q 2024
Clients	614.407	615.967	616.224	616.224	613.588	613.813	613.767	613.037	613.037	610.757	600.064
Advisers	1.211	1.213	1.219	1.219	1.161	1.165	1.172	1.120	1.120	1.089	1.092
Total sales revenues	15.100.000	14.100.000	16.100.000	61.200.000	13.800.000	13.900.000	15.000.000	16.000.000	58.700.000	14.800.000	15.200.000
EBIT	1.500.000	1.300.000	2.000.000	7.200.000	1.400.000	1.000.000	800.000	1.600.000	4.800.000	800.000	1.000.000
EBIT Margin	9,9%	9,2%	12,4%	11,8%	10,1%	7,2%	5,3%	10,0%	8,2%	5,4%	6,6%
South-Western Europe	2Q 2022	3Q 2022	4Q 2022	2022	1Q 2023	2Q 2023	3Q 2023	4Q 2023	2023	1Q 2024	2Q 2024
Clients	722.135	729.965	738.712	738.712	747.983	757.584	767.136	779.678	779.678	792.122	807.136
Advisers	1.107	1.070	1.092	1.092	1.075	1.060	1.066	1.077	1.077	1.150	1.137
Total sales revenues	24.600.000	22.400.000	21.700.000	96.300.000	24.300.000	23.400.000	23.700.000	25.800.000	97.200.000	29.300.000	28.500.000
EBIT	1.700.000	700.000	0	5.200.000	1.200.000	400.000	700.000	900.000	3.200.000	1.700.000	900.000
EBIT Margin	6,9%	3,1%	0,0%	5,4%	4,9%	1,7%	3,0%	3,5%	3,3%	5,8%	3,2%

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Rating Chronicle	Date	rating	former share price	former target
OVB Holding AG	8-May-24	Buy	19,80 €	25,00 €
OVB Holding AG	21-Mar-24	Buy	19,80 €	25,00 €
OVB Holding AG	8-Nov-23	Buy	20,20 €	25,00 €
OVB Holding AG	11-Aug-23	Accumulate	22,00 €	24,00 €
OVB Holding AG	9-May-23	Hold	23,80 €	24,00 €
OVB Holding AG	29-Mar-23	Accumulate	22,20 €	24,00 €
OVB Holding AG	9-Nov-22	Accumulate	22,40 €	26,00 €
OVB Holding AG	10-Aug-22	Accumulate	26,60 €	28,00 €
OVB Holding AG	11-May-22	Accumulate	24,80 €	28,00 €

Please note:

The OVB share price mentioned in this report is from closing of 12 August 2024.

OVB mandated SRC Research for covering the OVB share.

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