

Steep +15% hike in group's revenues, slight margin improvement, unchanged full year guidance for the top-line and EBIT, we maintain our Buy recommendation and also the Euro 27.00 target price

Today, OVB presented the 9M 2024 report with a steep increase of group's revenues of almost 15%, from Euro 260m to now Euro 298m. The growth in revenues came along with a growth of clients and financial advisers, with both numbers up more than 4%. The client's base was up from 4.46 million to 4.65 million in one year. The financial advisers base was up from 5,900 to more than 6,100. Another point was the slight margin improvement on group's level, from 4.4% to 4.7%. The EBIT result was up 22%, from Euro 11.4m to Euro 13.9m, setting a good base for the guided full year range, which was left unchanged at Euro 18m to Euro 21m.

The by far most important region remains Central and Eastern Europe (CEE), that stand for about 56% of total revenues. CEE sales revenues in the first nine months increased more than 14%, from Euro 146m to almost Euro 167m. There was also a significant margin improvement, as EBIT margin increased from 8.9% to a double-digit 10.1%. This was even above the 9.5% level from the 1H 2024 report. The 3Q EBIT margin stand-alone was even at 11.3%. With 169 new advisers joining OVB CEE in the first nine months (from 3,695 to 3,864, +4.6%), we are very optimistic for this impressive growth story to continue in 4Q and also in 2025.

With regards to the home market Germany, the growth momentum slowed down in a still challenging economic framework with no growth. After a +8% sales revenues in the first half of the year, the third quarter only delivered a zero growth with an unchanged quarterly top-line of Euro 15.0m. That resulted in a 4% overall 9M growth for the top-line, from approx. Euro 43m to Euro 45m. The massive internal IT infrastructure modernization expenses took their toll with a decline of 9M EBIT, from Euro 3.2m in 9M 2023 to now only 2.3m in 9M 2024. The good news is that the bulk of IT and training investments is done now and we expect the margin to recover soon.

With regards to the South and Western Europe region, the 9M growth was impressive with 21%, even above the CEE level. The top-line surged from Euro 71m to more than Euro 86m. The profitability of SWE region is lagging clearly behind CEE offering only a 3.3% EBIT margin, unchanged to the last year. While the 3Q SWE revenues remained at Euro 28.5m on the same high level like in the second quarter, the EBIT was only at very tiny Euro 0.2m, after Euro 0.9m in 2Q 2024 and even 1.7m in 1Q 2024.

The majority of incoming 9M and 3Q numbers was good or even impressive and with no change in the firm's full year guidance we also maintain our P & L forecast unchanged. As we regard the numbers to be a success in a sluggish overall European economic framework, we stick to our Buy recommendation for the OVB share and also confirm our Euro 27.00 target price.

Price (Euro)	19,10			
52 weeks range	20.60 / 16.70			
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)	272,2			
Number of shares (million)	14,3			
Free Float	3,0%			
Free Float MarketCap (Euro million)	8,2			
CAGR pre-tax profit '23 -'26e	10,4%			
Multiples				
	2023	2024e	2025e	2026e
P/E-Ratio	19,0	16,6	15,4	14,1
P/S-Ratio	1,4	1,4	1,5	1,4
Dividend Yield	4,7%	5,2%	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				
2024 annual report		28 March 2025		
1Q 2025		8 May 2025		
AGM		18 June 2025		
2Q 2025		8 August 2025		
3Q 2025		30 October 2025		
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OVB Holding AG

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

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 almost 4.5 million clients across Europe. About 5,900 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 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%.

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 Informatikai*
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 outsider 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 3,700 of c. 5,900 advisers) and usually generate the largest contribution to group's operating profit (about 70%). However, the sixteen national markets of OVB 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 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, 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 OVB 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	3Q 2022	4Q 2022	2022	1Q 2023	2Q 2023	3Q 2023	4Q 2023	2023	1Q 2024	2Q 2024	3Q 2024
Clients	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	4.650.000
Advisers	5.648	5.772	5.772	5.785	5.806	5.896	5.892	5.892	5.939	6.005	6.143
Total sales revenues	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	99.500.000
EBIT	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	4.600.000
EBIT Margin	5,4%	7,8%	6,6%	3,7%	4,4%	5,0%	6,8%	5,0%	4,4%	4,9%	4,6%
Net profit (after minorities)	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	4.092.000
Regions											
CEE	3Q 2022	4Q 2022	2022	1Q 2023	2Q 2023	3Q 2023	4Q 2023	2023	1Q 2024	2Q 2024	3Q 2024
Clients	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	3.240.000
Advisers	3.365	3.461	3.461	3.549	3.581	3.658	3.695	3.695	3.700	3.776	3.864
Total sales revenues	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	55.900.000
EBIT	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	6.300.000
EBIT Margin	10,2%	12,2%	10,8%	6,0%	11,2%	9,4%	12,4%	9,9%	8,7%	10,1%	11,3%
Germany	3Q 2022	4Q 2022	2022	1Q 2023	2Q 2023	3Q 2023	4Q 2023	2023	1Q 2024	2Q 2024	3Q 2024
Clients	615.967	616.224	616.224	613.588	613.813	613.767	613.037	613.037	610.757	600.064	598.843
Advisers	1.213	1.219	1.219	1.161	1.165	1.172	1.120	1.120	1.089	1.092	1.105
Total sales revenues	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	15.000.000
EBIT	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	500.000
EBIT Margin	9,2%	12,4%	11,8%	10,1%	7,2%	5,3%	10,0%	8,2%	5,4%	6,6%	3,3%
South-Western Europe	3Q 2022	4Q 2022	2022	1Q 2023	2Q 2023	3Q 2023	4Q 2023	2023	1Q 2024	2Q 2024	3Q 2024
Clients	729.965	738.712	738.712	747.983	757.584	767.136	779.678	779.678	792.122	807.136	819.235
Advisers	1.070	1.092	1.092	1.075	1.060	1.066	1.077	1.077	1.150	1.137	1.174
Total sales revenues	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	28.500.000
EBIT	700.000	0	5.200.000	1.200.000	400.000	700.000	900.000	3.200.000	1.700.000	900.000	200.000
EBIT Margin	3,1%	0,0%	5,4%	4,9%	1,7%	3,0%	3,5%	3,3%	5,8%	3,2%	0,7%

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Rating Chronicle	Date	rating	former share price	former target
OVV Holding AG	13-Aug-24	Buy	18,90 €	27,00 €
OVV Holding AG	8-May-24	Buy	19,80 €	25,00 €
OVV Holding AG	21-Mar-24	Buy	19,80 €	25,00 €
OVV Holding AG	8-Nov-23	Buy	20,20 €	25,00 €
OVV Holding AG	11-Aug-23	Accumulate	22,00 €	24,00 €
OVV Holding AG	9-May-23	Hold	23,80 €	24,00 €
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 €

Please note:

The OVV share price mentioned in this report is from closing of 6 November 2024.

OVV mandated SRC Research for covering the OVV share.

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