

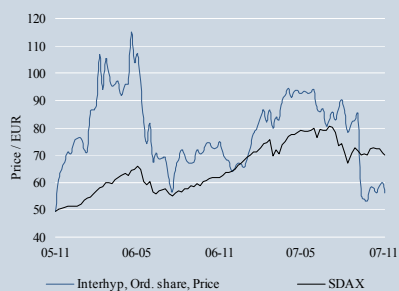
Interhyp

Diversified Financials

2007-11-08

Applied disclosures can be found in the appendix

Price and rel. Performance



Market Data

Reuters	IYPGn.DE
Bloomberg	IYP GR
Market cap €bn	0.4
Free float %	67.7

Key Data

Yr.end 12/31	2006	2007e	2008e
Revenues m	60.08	74.01	92.53
Net profit m	13.69	16.87	23.56
Adj. EPS	2.11	2.60	3.63
PER	37.3	21.7	15.5
EV/EBIT	20.6	11.9	9.4
EBIT mgn. %	37.3	36.0	37.0

EPS CAGR 06-09e: 27 %

Next Events

Quarterly results	2007-11-08
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Buy

Fair Value EUR75.00

Price EUR56.25 (Closing price as of 2007-11-06)

Q4 2007E UPSIDE POSITIVE DRIVER

INVESTMENT CASE AND PERFORMANCE TRIGGER

Considering 9M 2007e results and the confirmed FY 2007 guidance, Q4 2007e should show strong growth momentum, which should be a positive share price trigger. However, the market currently might doubt management FY 2007 guidance on the back of a continuing weak market environment for residential mortgages and corresponding weak application flow. Thus, management wording on Q4 2007 outlook and beyond will be in the focus.

FACTS

___ Q3 2007 results summary: While mortgage volume and revenue margin surprised positively, EBIT margin surprised negatively, as shown in the table below:

Interhyp (EURm)	Q307 rep.	% q-o-q	% y-o-y	Q307e
Mortgage volume (bn)	1.31	-14%	24%	1.28
Net revenues (m)	18.1	-10%	17%	17.2
Net revenue margin (%)	1.38%	7%	-4%	1.32%
EBIT (m)	5.4	-31%	-7%	5.5
EBIT margin (%)	30.0%	-23%	-20%	32.0%
Net profit (adjusted; m)	3.3	-32%	-5%	3.5

___ Management confirms FY 2007 guidance, which indicates towards a strong sequential momentum in Q4.

___ Application flow remains weak with 39,946 in Q3 2007, which is only flat compared to Q2 2007.

ASSESSMENT

___ Considering 9M 2007e results and the confirmed FY 2007 guidance, Q4 2007e should show strong growth momentum (e.g. EBIT Plus 41% q-o-q), which we regard as a positive share price trigger. The only limiting factor could be that market does not believe in management FY 2007 guidance on the back of a continuing weak market environment for residential mortgages and a corresponding weak application flow for Interhyp.

Q407 Outlook (EUR)	FY07 implied		% q-o-q
	9M07	Q407	
Mortgage volume (bn)	4.2	5.7	16%
Net revenues (m)	54.5	75.0	13%
EBIT (m)	19.4	27.0	41%

VALUATION

___ The stock trades at 13.1x PER 2008e (cash adjusted), which we regard as attractive, given a 27% EPS CAGR 2006-09e.

Interhyp - P&L (Cost of Sales)

EURm (Yr. end: 12/31)	2005	2006	2007e	2008e	2009e
Sales	39.4	60.1	74.0	92.5	115.2
Gross profit	39.4	60.1	74.0	92.5	115.2
Selling costs	-16.4	-25.3	-32.6	-39.8	-49.6
Administrative costs	-4.3	-6.2	-7.1	-9.1	-11.5
Other operating income/expenses (net)	-4.8	-5.0	-6.3	-7.9	-9.8
EBITDA	13.9	23.6	28.0	35.8	44.4
EBIT	12.9	22.4	26.6	34.2	42.6
Interest result	0.1	1.0	1.9	2.1	2.3
Financial result	0.1	1.0	1.9	2.1	2.3
Profit or loss on ordinary activities	13.0	23.5	28.6	36.4	45.0
EBT	13.0	23.5	28.6	36.4	45.0
Taxes	-0.0	-9.8	-11.7	-12.0	-14.8
Profit / loss for the year (cont. operations)	13.0	13.7	16.9	24.4	30.1
Minority	0.0	0.0	0.0	-0.8	-1.9
Net profit	13.0	13.7	16.9	23.6	28.2
+/- Net profit adjustments	-2.1	0.0	0.0	0.0	0.0
Adjusted net profit	10.9	13.7	16.9	23.6	28.2

Key ratios and figures

EURm (Yr. end: 12/31)	2005	2006	2007e	2008e	2009e
Valuation					
PER	36.7	37.3	21.7	15.5	13.0
P/BV	9.9	9.4	6.0	5.0	4.3
Dividend yield %	0.0	0.0	2.8	3.2	4.4
EV/Sales	9.2	7.7	4.3	3.5	2.8
EV/EBITDA	26.2	19.5	11.3	9.0	7.3
Sustainable FCF yield %	3.8	6.6	9.2	11.9	14.8
Data per share					
EPS (reported)	2.00	2.11	2.60	3.63	4.34
adj. EPS	1.67	2.11	2.60	3.63	4.34
Dividend	0.00	1.60	1.80	2.50	3.00
Book value per share	6.20	8.38	9.37	11.20	13.04
Growth rates %					
Sales	137.4	52.7	23.2	25.0	24.5
EBITDA	381.5	70.0	18.6	27.7	24.0
EBIT	580.9	73.1	18.9	28.5	24.5
Net profit	2,600.2	5.6	23.2	39.7	19.8
adj. EPS	2,161.7	26.0	23.2	39.7	19.8
Margins %					
Gross	100.0	100.0	100.0	100.0	100.0
EBITDA	35.3	39.3	37.9	38.7	38.5
EBIT	32.9	37.3	36.0	37.0	37.0
Net profit	33.0	22.8	22.8	25.5	24.5
Expense ratios %					
Tax rate	0.4	41.6	41.0	33.0	33.0
Other ratios					
Interest cover	nm	nm	nm	nm	nm

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No rating	24	6.3	2	3.5

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