



Research Note

JDC Group AG



The largest collaboration in the company's history to be agreed shortly with Lufthansa subsidiary Albatros Versicherungsdienste GmbH, further collaborations for outsourcing business are possible, forecasts and target price are adjusted upwards

Target price: 11.50 €

Rating: BUY

IMPORTANT NOTE:

Please take note of the disclaimer/risk warning, as well as the disclosure of potential conflicts of interest as required by section 34b of the Securities Trading Act (WpHG) from page 3

JDC Group AG ^{*5a,11}

BUY

Target Price: 11.50 €
(previously: 10.25 €)

Current price: 7.99
04/09/17 / XETRA 2:25 pm
Currency: EUR

Key data:

ISIN: DE000A0B9N37
WKN: A0B9N3
Ticker symbol: A8A
Number of shares³: 11,93
Marketcap³: 95.36
EnterpriseValue³: 109.25
³ in m / in EUR m
Freefloat: 39 %

Transparency Level:
Freiverkehr
Market Segment:
Scale
Accounting Standard:
IFRS

Financial year-end: 31/12

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* catalogue of potential conflicts of interests on page 4

Company Profile

Sector: Financial

Focus: Advisory, Advisortech

Employees: 231 (30/06/2017)

Founded in: 2004

Headquarter: Wiesbaden

Executive Board: Dr. Sebastian Grabmaier, Ralph Konrad,
Stefan Bachmann



JDC Group AG (formerly Aragon AG) is a German financial technology business specialising in financial product consultancy and brokerage through its operational subsidiaries, coupled with new advisory technologies in the time of the digital native. Following the company's restructuring work and the associated breakup of unprofitable subsidiaries in recent financial years, JDC Group AG has achieved its target structure. In the Advisortech field, the Group operates one of the largest independent broker pools (B2B) in Germany through its subsidiary Jung, DMS & Cie. AG, with a total of 16,000 independent financial advisers and 850,000 customers. Modern advisory and management technologies are being developed within this business area, thus combining traditional financial services with the rapidly growing FinTech area. In parallel, financial services are provided within the Advisory segment to approximately 80,000 wealthy clients (B2C) through the FINUM. brand.

| GuV in Mio. EUR \ GJ.-Ende | 31/12/2016 | 31/12/2017e | 31/12/2018e | 31/12/2019e |
|----------------------------|------------|-------------|-------------|-------------|
| Revenue | 78.05 | 92.56 | 119.52 | 139.35 |
| EBITDA | 2.72 | 5.66 | 10.21 | 14.11 |
| EBIT | 0.23 | 2.96 | 6.71 | 10.41 |
| Net profit | -1.21 | 1.73 | 5.08 | 8.33 |

Per Share Figures in EUR

| | | | | |
|--------------------|-------|------|------|------|
| EPS | -0.10 | 0.14 | 0.43 | 0.70 |
| Dividend per share | 0.00 | 0.00 | 0.00 | 0.00 |

Key financials

| | | | | |
|-----------|--------|-------|-------|-------|
| EV/Sales | 1.40 | 1.18 | 0.91 | 0.78 |
| EV/EBITDA | 40.17 | 19.31 | 10.70 | 7.75 |
| EV/EBIT | 475.01 | 36.93 | 16.28 | 10.50 |
| P/E | neg. | 55.25 | 18.78 | 11.45 |
| P/B | 3.21 | | | |

Financial Dates:

23/11/2017: Q3 2017

**last research published by GBC:

Date: publication / price target in € / rating

29/08/2017: RS / 10.25 / BUY

24/05/2017: RS / 10.25 / BUY

08/05/2017: RS / 10,25 / BUY

07/03/2017: RG / 8,40 / BUY

06/12/2016: RS / 8,40 / BUY

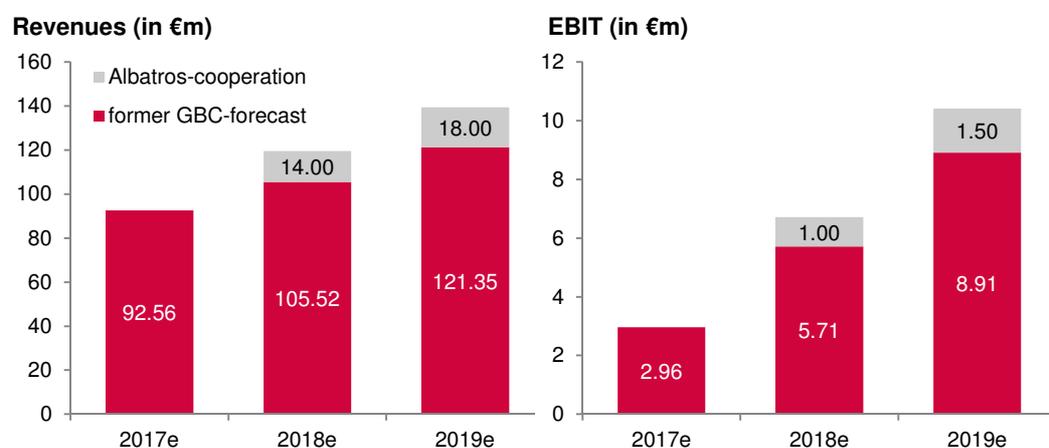
** the research reports can be found on our website www.gbc-ag.de or can be requested at GBC AG, Halderstr. 27, D86150 Augsburg

| in €m) | FY 2017e | FY 18e (old) | FY 18e (new) | FY 19e (old) | FY 19e (new) |
|---------|----------|--------------|--------------|--------------|--------------|
| Revenue | 92.56 | 105.52 | 119.52 | 121.35 | 139.35 |
| EBIT | 2.96 | 5.71 | 6.71 | 8.91 | 10.41 |
| JÜ | 1.73 | 4.20 | 5.08 | 7.01 | 8.33 |

Source: JDC Group AG; GBC AG

On 31/08/2017, JDC Group AG announced that a letter of intent (LOI) has been signed with the insurance broker specialising in staff services, *Albatros Versicherungsdienste GmbH*, belonging to the Lufthansa Group. As part of this new collaboration, the insurance contracts for approximately 150,000 *Albatros* customers are set to be transferred in full to JDC Group AG’s platform and future *Albatros* business will be processed using JDC’s infrastructure. Through outsourcing its customer contracts, *Albatros* primarily benefits from the use of the established JDC IT and, by doing so, is able to promptly make significant savings. Concentrating on sales, by taking advantage of JDC technologies, including the use of the “allesmeins” app for retail customers, is expected to result in an increase in business volume for *Albatros*. In addition, the new collaboration partner can benefit from JDC Group AG’s purchasing power and therefore make use of very attractive conditions for product suppliers.

The annual commission revenues transferred to JDC Group AG from *Albatros* amount to as much as EUR 20 million, which is expected to lead to a huge jump in sales from the upcoming financial year onwards. This is JDC Group AG’s largest business collaboration to date. We conservatively assume that the newly added revenues will have no year-round impact and therefore expect additional income of EUR 14 million for the upcoming financial year 2018. In the subsequent financial year 2019, the additional revenues should amount to around EUR 18 million, and we are therefore adjusting our previous forecasts (see research study dated 29/08/17) upwards:



Source: GBC AG

We are forecasting an additional EBIT contribution for 2018 of around EUR 1.0 million, and for 2019 of around EUR 1.5 million. Accordingly, we are also raising our previous earnings outlook.

The outstanding final collaboration agreement with Lufthansa’s subsidiary is, in our opinion, a good basis for further growth in the outsourcing sector. We assume a sufficiently high probability of closure, which is why, based on our higher forecasts, we have already revalued JDC Group AG. On the basis of the new upwards adjusted price target of EUR 11.50 (previously: EUR 10.25), we continue to assign it the BUY rating.

ANNEX

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| | |
|------|---|
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| SELL | The expected return, based on the calculated target price, incl. dividend payments within the <= - 10%. |

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