

OnVista

Encouraging Q1

- ▶ **Q1 results indicate encouraging development of IS.Teledata**
- ▶ **Media revenues strong**
- ▶ **Further synergies at IS.T and positive development of portal revenues should drive the stock**

Encouraging Q1 – first full quarter of new OnVista looks good

OnVista reported results for the first full quarter of its new corporate set-up. This means that group revenues only consist of the media segment (comprising OnVista's two portals). OnVista's technology unit has been deconsolidated and replaced by a 33.5% stake in IS.Teledata, contributing net of tax to OnVista's financial results.

As a result, revenues fell by c45% y-o-y to EUR1.56m. Stripping out the deconsolidation of the technology segments, revenues increased by 67% y-o-y, indicating a very strong quarter for the media segment. The segment was obviously able to convert the positive sentiment of retail investors in the first quarter into additional revenues. Although the trend of strongly rising revenues had started in Q4 2003, we were surprised by the extent of the rise, and take this as an encouraging sign. The segment should continue to benefit from an improved equity market on the retail side throughout 2004. Another positive trigger for the segment would be a reviving IPO market in Germany and according internet marketing campaigns, which we would consider likely at present.

The positive impact of the new corporate structure is best illustrated at the operating profit level. EBIT was slightly positive in Q1 2004 compared with a massive loss in Q1 2003. IS.Teledata contributed EUR0.04m to group net income at revenues of cEUR8.8m. Thus, cost savings seem to be on track at this early stage of the merger.

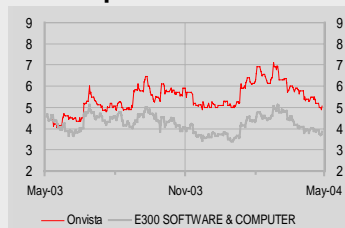
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| | |
|----------------------|---------------------|
| Stock rel to sector | Changed from |
| Add | No change |
| Sector rel to market | Stock rel to market |
| Overweight | Buy |

Relative price



Source: HSBC

Company note

| | |
|----------------|------------------------------|
| Country | Germany |
| Sector | Software & Computer Services |
| Bloomberg | ONV.NF |
| Reuters | ONVG.DE |
| Mkt cap (EURm) | 32.8 |
| Mkt cap (USDm) | 39.0 |
| Free float (%) | 29 |

Price

| | | | |
|--------------|-------|-------|-------|
| | 1M | 3M | 12M |
| Absolute | 5.77 | 6.30 | 4.71 |
| Absolute (%) | -15.3 | -22.4 | 3.8 |
| Relative (%) | -8.3 | -14.6 | -19.5 |

| | |
|-------------|--------------------------|
| Relative to | E300 Software & Computer |
| Index level | 412.62 |

| | |
|---------------|--------------|
| Current (EUR) | Target (EUR) |
| 4.89 | 6.00 |

Disclaimer & disclosures

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Q1 driven by initial success of corporate restructuring

| EURm | Q1 2003a | Q4 2003a | Q1 2004e | Q1 2004a | a/e | q-o-q | y-o-y |
|-------------------|---------------|-----------------|--------------|-------------|-------------|-----------|-----------|
| Total revenues | 2,836.0 | 2,612.1 | 1,318.8 | 1,560.0 | 18% | -40% | -45% |
| EBITDA | 61.0 | 68.3 | 120.0 | 160 | 33% | 134% | 162% |
| EBITDA margin | 2% | 3% | 9% | 10% | 1% | 8% | 8% |
| EBIT | -575.0 | -1,975.3 | 104.0 | 60.0 | -42% | nm | nm |
| EBIT margin | -20% | -76% | 8% | 4% | -4% | 79% | 24% |
| PBT | -228.0 | 9,760.9 | 300.0 | 329.0 | 10% | nm | nm |
| PBT margin | -8% | 374% | 23% | 21% | -2% | nm | nm |
| Net income | 6.0 | 7,050.9 | 180.0 | 200.0 | 11% | nm | nm |
| Net income margin | 0% | 270% | 14% | 13% | -1% | nm | 13% |
| No. of shares | 6,700.0 | 6,700.0 | 6,700.0 | 6,700.0 | 0% | 0% | 0% |
| EPS | 0.00 | 1.05 | 0.03 | 0.03 | 11% | nm | nm |

Source: Company data, HSBC Trinkaus & Burkhardt

Further synergies at IS.T and positive development of media revenues should act as triggers for the stock

We take this set of figures as an encouraging sign that corporate restructuring at OnVista is on track and already starting to deliver positive results.

We think that the stock should be triggered by continuing positive development of the media segment due to reasons stated above and the delivery of further cost synergies at IS.T. Thus, we reiterate our Add recommendation on the stock with a target price of EUR6.0.

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| Recommendation structure | | Sector (vs market) | | HSBC Trinkaus & Burkhardt KGaA |
|---------------------------------|------------|---------------------------|-------------|---|
| Stock (vs sector) | Overweight | Neutral | Underweight | Königsallee 21/23 |
| Buy (outperform >15%) | Key Buy | Buy | Add | D-40212 Düsseldorf |
| Add (outperform <15%) | Buy | Add | Hold | Germany |
| Hold (Sector neutral) | Add | Hold | Reduce | Telephone: +49 211 910-0 |
| Reduce (underperform <15%) | Hold | Reduce | Sell | Fax: +49 211 910 33 20 |
| Sell (underperform >15%) | Reduce | Sell | Key Sell | |

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