

## OnVista

Germany

### Cash is King

- ▶ **Q3 results above expectations, FY guidance lifted up**
- ▶ **Sale of IS.Teledata stake increases net cash to EUR38.8m; special dividend likely**
- ▶ **We increase our notional target price from EUR7.12 to EUR8.05; rating remains Neutral**

#### Q3 results much better than expected, FY guidance lifted up

OnVista reported 9m sales of EUR6.86m (+35% y-o-y; Q3: EUR2.64m (44% y-o-y)) exceeding our expectation of EUR6.68m. The main contributor to sales was the finance portal with 50%; performance marketing and the health portal together accounted also for c50%. 9m EBITDA came in at EUR0.65m (up 92% y-o-y), Q3 EBITDA was EUR0.41m (Q3 2004:-EUR0.056m). EBIT increased tenfold y-o-y to EUR0.31m (vs 9m 2004: EUR0.028m) owing mainly to Q3 (EBIT: EUR0.29m) in spite of the planned increase in production costs to EUR2.71m (+39% y-o-y) and R&D costs to EUR0.84m (+49% y-o-y). Although Performance Marketing was responsible for costs increases, the division achieved profitability in Q3. The extraordinary loss resulting from the sale of its 36% stake in IS.Teledata below book value (EUR0.44m) will offset the expected income from this stake so there should be no investment income on a FY level (already incorporated in the new guidance). OnVista lifted up its FY sales guidance from EUR8m to "significantly higher than EUR9m" following the better than expected performance in Media Division. We have increased our FY 2005 sales estimate from EUR8.9m to EUR9.8m. Management revised the PBT guidance from EUR1.38m to EUR1.5m for FY 2005, in line with our estimate of EUR1.49m, which we leave unchanged.

#### Sale of 36% stake in IS.Teledata positive

On 9 Nov, OnVista announced the sale of its 36% stake in IS.Teledata AG to Interactive Data Corporation (which acquired in total 95% of IS Teledata) for EUR17.1m increasing its net cash to over EUR38.8m. The immediate cash inflow from the transaction is EUR15.3m (EUR1.8m earn out), resulting in a total cash value/share of EUR5.79 (8 Nov closing price of EUR6.21). The book value of the stake amounts to EUR17.56m. We believe that the exit from IS.Teledata will enable OnVista to fully concentrate on its Internet activities and see this development as positive. The cash position increases the likelihood of a special dividend, in our view.

#### Stock data

Current price	Reuters	Bloomberg equity	Bloomberg debt	Valuation range
(EUR) 7.75	ONVG.DE	ONV NF	ONV	EUR7.31-8.78

Source: HSBC

#### Equity

Flash note

#### Disclosures & disclaimer

This report must be read with the disclosures and analyst certifications in the Disclosure appendix, and with the Disclaimer, that form part of it.

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## New developments – Media activities

### Finance Portal ([www.onvista.de](http://www.onvista.de))

In September 2005, onvista.de achieved 7.6m visits and 71.1m (+75% y-o-y) page impressions, according to the IVW Online Statistics, underlining its strong position as the number one (in terms of user statistics) finance portal in Germany. In Q3, OnVista introduced the long-awaited “Futures” Feature to the portal.

### Health Portal ([www.onmeda.de](http://www.onmeda.de))

Individual answers to patients and interested parties are now given in 34 discussion forums hosted by medical professionals. According to the IVW Online Statistics, in September 2005, onmeda.de achieved 0.5m visits and 3.7m page impressions, which is slightly below the Relaunch level. This is due to the retarding placement in search engines following its name change (from medicine worldwide to Onmeda).

### Performance Marketing ([www.ligatus.de](http://www.ligatus.de))

Now under the new brand, Ligatus, OnVista has doubled the number of partners whose websites are used for marketing from 30 in Q1 to 70 in September (Q2: 60). The reach increased to 700m ad impression from 500m within the same period (Q2: 600).

## Valuation

### Notional target price increased to EUR8.05 (from EUR7.12)

We value OnVista using a SOTP valuation. The company's value comes from its cash position (which increased to EUR38.8m following the sale of its IS.Teledata stake) and its media activities. Following the increase in cash and our 2006e sales estimate of EUR12.2m, the new fair value range for OnVista increases (after liquidity discount of 20%) to EUR48.60-58.36m, with a notional mid point of EUR53.48m or EUR8.05 per share (up from EUR7.12 per share previously in a valuation range of EUR5.96-8.28). The valuation of the media activities is based on a peer group of listed German internet companies. The announcement of a special dividend and further good performance in portal business, especially in Performance Marketing, are potential positive catalysts for the stock. Continuing high level of costs and the disappointing development of onmeda could negatively impact the share price.

#### OnVista sum-of-the-parts valuation

	Sales 2006e (EURm)	Multiple range	Asset value range (EUR)	Asset value per share (EUR)	Asset value in %
Net cash (Incl. IS.Teledata)	39.4	1.00	39.4	5.93	59%
Media	12.2	1.75-2.75	21.35-33.55	3.21-5.05	41%
Fair value			60.75-72.95	9.14-10.98	100%
Liquidity discount (20%)			12.15-14.59	1.83-2.20	-20%
<b>Fair value incl. discount</b>				<b>7.31-8.78</b>	<b>80%</b>

Source: HSBC estimates

# Disclosure appendix

## Stock ratings and basis for financial analysis

HSBC believes that institutional investors utilise various disciplines and investment horizons when making investment decisions, which depend largely on individual circumstances such as the investor's existing holdings, risk tolerance and other considerations. Given these differences, HSBC has two principal aims in its equity research: 1) to identify long-term investment opportunities based on particular themes or ideas that may affect the future earnings or cash flows of companies on a 2-year time horizon; and 2) from time to time to identify short-term investment opportunities that are derived from fundamental, quantitative, technical or event-driven techniques on a 0-3 month time horizon and which may differ from our long-term investment rating. HSBC has assigned ratings for its long-term investment opportunities as described below.

This report addresses only the long-term investment opportunities of the companies referred to in the report. As and when HSBC publishes a short-term trading idea the stocks to which these relate are identified on the website. Details of these short-term investment opportunities can be found under the Reports section of this website.

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## Rating definitions for long-term investment opportunities

### *Stock (vs Local universe)*

- ▶ Overweight (Buy)
- ▶ Neutral (Hold)
- ▶ Underweight (Sell)

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For companies covered on a sector basis, we apply a ratings structure which ranks the stocks according to their notional target price vs current market price and then categorises (approximately) the top 40% as Overweight, the next 40% as Neutral and the last 20% as Underweight. The performance horizon is 2 years. The notional target price is defined as the mid-point of the analysts' valuation for a stock.

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From 15 November 2004 to 7 June 2005, HSBC carried no ratings and concentrated on long-term thematic reports which identified themes and trends in industries, but did not make a conclusion as to the investment action that potential investors should take.

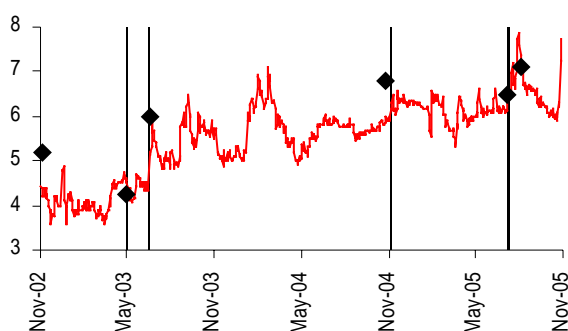
### Rating distribution for long-term investment opportunities

As of 14 November 2005, the distribution of all ratings published is as follows:

<b>Overweight/Buy</b>	42%	(39% of these provided with Investment Banking Services)
<b>Neutral/Hold</b>	41%	(38% of these provided with Investment Banking Services)
<b>Underweight/Sell</b>	17%	(40% of these provided with Investment Banking Services)

### Share price and rating changes for long-term investment opportunities

#### OnVista share price performance EUR vs HSBC rating history



Source: HSBC

#### Rating & price target history

From	To	Date
Add	Reduce	12 May 2003
Reduce	Add	30 June 2003
Add	N/R	15 November 2004
N/R	Neutral	19 July 2005
Target price	Value	Date
Price 1	5.20	18 November 2002
Price 2	4.25	12 May 2003
Price 3	6.00	30 June 2003
Price 4	6.80	08 November 2004
Price 5	N/A	15 November 2004
Price 6	6.50	19 July 2005
Price 7	7.12	18 August 2005

Source: HSBC

### Issuer & Analyst disclosures

#### Disclosure checklist

Company	Ticker	Recent price	Disclosure
OnVista	ONVG.DE	7.75	2, 3, 5, 6
OnVista	ONVG.F	7.75	2, 3, 5, 6

Source: HSBC

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