

## OnVista

### Back on track

Year to	Revenue (EURm)	EBITDA (EURm)	Reported PBT (EURm)	HSBC PBT (EURm)	HSBC Net profit (EURm)	HSBC EPS (EUR)	HSBC EPS growth (%)	PE (HSBC) (x)	PE rel (x)	Yield (%)	EV/EBITDA (x)	EV/IC (x)	ROIC (%)	REP (x)
12/2004a	6.9	0.5	0.9	0.9	0.4	0.06		116.7	596.9	0.0	49.6	1.1	0.0	268.4
12/2005e	8.9	0.6	1.5	1.5	0.8	0.13	101.1	58.0	404.8	0.0	50.7	1.2	0.1	93.8
12/2006e	12.3	1.4	2.7	2.7	1.6	0.24	92.1	30.2	236.8	0.0	20.0	1.1	2.2	4.5
12/2007e	15.7	2.0	3.5	3.5	2.1	0.32	30.1	23.2	196.9	0.0	13.0	1.1	3.8	2.5

- ▶ **Performance marketing and health portal businesses maintain strong foothold in the German market**
- ▶ **Significant contribution from Technologies (IS.Teledata)**
- ▶ **Company guidance leaves room for positive surprise – rating remains Neutral, valuation range raised**

OnVista reported H1 sales of EUR4.22m (+30% y-o-y; Q2: EUR2.22m), fully in line with our expectations. The main contributor to sales was the finance portal business (onvista.de), performance marketing and the health portal businesses generated nearly 50% of total sales in H1. EBIT declined 88% y-o-y to EUR0.02m (H1 2004: EUR0.19m) owing to planned investments in the health portal business and costs associated with the further build-up of Performance Marketing. Production costs increased c45% y-o-y to EUR1.74m (H1 2004: EUR1.20m), mainly due to further expansion in Performance Marketing. R&D expenses increased 66% to EUR0.55m, as a consequence of the intensive development work deployed in the new health portal - which went online in June under the new name OnMeda (previously Medicine-Worldwide) - and technical revision of the performance marketing platform. The second business division, Technologies (36% stake in IS.Teledata), showed a strong performance: H1 sales increased to EUR19.4m (+12% y-o-y) and PBT eight-fold to EUR1.87m. IS.Teledata's post-tax profit contribution to OnVista amounted to EUR0.22m, a ten-fold increase from H1 2004.

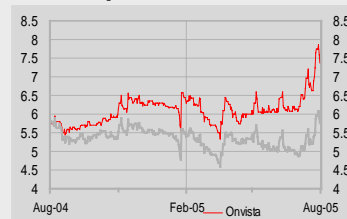
### Outlook

OnVista anticipates a strong H2 and reiterated its FY guidance. It expects sales to grow 15% y-o-y (FY 2004: EUR6.95m) to reach EUR8.0m (HSBCe: EUR8.9m) and further significant improvements on the bottom line. PBT guidance cEUR1.38m (HSBCe: EUR1.49m) represents an increase of c50% y-o-y (vs EUR0.92m in 2004). We think that the company guidance is conservative given the good performance of the performance marketing business and leaves some room for positive surprise.

### Valuation

Given the strong share price increases of its peer group over the past few months, we have adjusted our sum-of-the parts (SOTP) valuation. Our new SOTP gives us a fair value range

### Relative price



Source: HSBC

### Company note

Country	Germany
Sector	Diversified Financial Services
Bloomberg	ONV NF
Reuters	ONVG.DE
Mkt cap (EURm)	49.4
Mkt cap (USDm)	60.8
Free float (%)	43.1

### Price

	1M	3M	12M
Absolute	6.13	6.10	5.75
Absolute (%)	20.2	20.8	28.2
Relative (%)	16.5	5.6	-0.5
Relative to Index level	DAX-100 1752.85		

Current (EUR)	Target (EUR)
<b>7.37</b>	<b>7.12</b>

### Disclaimer & disclosures

**This report must be read with the disclaimer & disclosures from p5 that form part of it.**

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of EUR5.96-8.28 (mid point: EUR7.12) per share (previously EUR5.46-7.54, mid point EUR6.50). We maintain our Neutral rating.

Further good performance in Performance Marketing, continuing strong profitability at IS.Teledata and some progress on the cost side could be the main triggers for the stock. in the medium term.

#### OnVista H1 figures-at a glance

EUR '000	Q2 2005	Q2 2004	y-o-y	H1 2005	H1 2004	y-o-y
<b>Revenues</b>	2,223.0	1,687.8	31.7%	4,223.6	3,243.7	30.2%
Gross profit	1,371.4	1,020.4	34.4%	2,483.8	2,042.4	21.6%
<i>Gross margin</i>	61.7%	60.5%	2.0%	58.8%	63.0%	-6.6%
<b>EBIT</b>	51.5	125.7	-59.0%	21.9	187.7	-88.3%
<i>EBIT margin</i>	2.3%	7.4%	-68.9%	0.5%	5.8%	-91.0%
Financial result	182.5	221.0	-17.4%	388.2	450.6	-13.9%
<b>Contribution IS.Teledata</b>	92.8	-16.9%	n/m	218.0%	20.6%	959.0%
<b>PBT</b>	326.9	329.7	-0.8%	628.0	658.9	-4.7%
<i>PBT margin</i>	14.7%	19.5%	-24.7%	14.9%	20.3%	-26.8%
<b>Net income</b>	226.5	199.2	13.7%	432.6	398.7	8.5%
<i>Net income margin</i>	10.2%	11.8%	-13.7%	10.2%	12.3%	-16.7%
No. of shares	6,640.5	6,697.7	-0.9%	6,638.5	6,689.3	-0.8%
<b>EPS (EUR)</b>	0.03	0.03	NM	0.07	0.06	n/m

Source: company data, HSBC Trinkaus & Burkhardt

## New developments

### Finance Portal

In the month of July, onvista.de achieved 7.0m visits and 67.4m page impressions according to the IVW Online Statistics, underlining its strong position as the number one finance portal in Germany, followed by Finanztreff.de and T-Online with 26.7m and 25.0m page impressions, respectively.

In Q2, OnVista introduced new tools to the portal, including a currency converter with a six-year history and enhanced functionality to enable users to compare their current investments with other investment options - the so called "certificates". By entering a target rate of return the investor can see which certificates offer the same expected return with a lower risk.

### Health Portal

OnMeda.de, relaunched on 10 June, is the most extensive health portal in Germany, providing information on about 700 diseases and an online consultation service. Individual answers to patients and interested parties are given in 30 discussion forums hosted by professionals. OnMeda's database in total contains 220,000 addresses of medical centres and doctors.

### Performance Marketing

OnVista has continuously expanded its Performance Marketing network and has doubled its number of partners whose websites are used for marketing from 30 in Q1 to 60 in June. The reach increased to 600m ad impression from 500m within the same period.

### Technologies (IS.Teledata)

IS.Teledata launched a dividend calendar and included the equities traded on the Warsaw, Budapest, Oslo and Copenhagen bourses to IS.Slider, its finance information system for professionals.

## Valuation

We value OnVista on a SOTP valuation. The company's three main valuation factors are its cash position (2005e: EUR23.6m) and its media activities, as well as its stake in IS.Teledata. The valuation of the media activities is based on a peer group of listed German internet companies, where there has been a strong increase in stock prices over the past few months. Therefore, we have adjusted our multiple range for the valuation of the media business (2005e sales: EUR8.9m) to 1.75-2.75 (old: 1.5-2.5), resulting in a value range of EUR15.6-24.5m. Our new fair value range for OnVista therefore increases to EUR39.6-55.0m, with a mid point of EUR47.3m (or EUR7.12 per share, old: EUR6.50). We maintain our Neutral rating.

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

(EUR '000)	Sales 2005e	Multiple range	Asset value range	Asset value Per share	Asset value in %
Net cash	23,582	1.00	23,582	3.55	38%
Media	8,900	1.75-2.75	15,575-24,475	2.35-3.69	31.5-35.7%
IS.Teledata (IST)	41,000	0.7-1.4	28,700-57,400	4.32-8.65	58.0-83.6%
IST OnVista share (36%)	14,760	0.7-1.4	10,332-20,664	1.56-3.11	20.9-30.0%
Fair value			49,489-68,721	7.45-10.35	100%
Liquidity discount (20%)			9,898-13,744	1.49-2.07	-20%
<b>Fair value incl. discount</b>			<b>39,591-54,977</b>	<b>5.96-8.28</b>	<b>80%</b>

Source: HSBC Trinkaus & Burkhardt estimates

Year to	12/2004a	12/2005e	12/2006e	12/2007e
<b>Per share data (EUR)</b>				
Reported EPS	0.06	0.13	0.24	0.32
HSBC EPS	0.06	0.13	0.24	0.32
CEPS	0.14	0.20	0.32	0.39
DPS	0.00	0.00	0.00	0.00
NAV	6.85	6.92	7.04	7.29
<b>P&amp;L summary (EURm)</b>				
Revenue	6.9	8.9	12.3	15.7
EBITDA	0.5	0.6	1.4	2.0
EBIT	0.0	0.0	0.9	1.5
Net interest	0.9	0.8	0.8	0.9
PBT	0.9	1.5	2.7	3.5
HSBC PBT	0.9	1.5	2.7	3.5
Taxation	-0.5	-0.6	-1.1	-1.4
Reported net profit	0.4	0.8	1.6	2.1
HSBC Net profit	0.4	0.8	1.6	2.1
NOPLAT	0.0	0.0	0.5	0.9
<b>Cash flow summary (EURm)</b>				
Op free cash flow	1.7	-1.8	0.5	0.9
HSBC cash flow	2.3	-0.5	1.9	2.4
Capital expenditure	-0.2	-0.5	-0.3	-0.3
Cash earnings	0.9	1.4	2.1	2.6
Change in net debt	2.4	1.4	-0.6	-1.4
<b>Balance sheet summary (EURm)</b>				
Intangible fixed assets	3.3	3.3	3.3	3.3
Tangible fixed assets	18.9	19.0	19.0	19.0
Cash	22.6	23.6	25.0	26.8
Current assets	24.7	26.0	27.8	29.6
Operating liabilities	0.9	1.0	1.1	1.1
Gross debt	0.0	2.3	3.1	3.5
Net debt	-22.6	-21.3	-21.9	-23.3
Shareholders funds	45.8	46.2	47.1	48.7
Invested capital	23.3	23.8	24.0	24.1

Source: HSBC Trinkaus & Burkhardt estimates

Year to	12/2004a	12/2005e	12/2006e	12/2007e
<b>Ratios (%)</b>				
Revenue/IC (x)	0.3	0.4	0.5	0.7
NOPLAT margin	0.1	0.3	4.2	5.8
ROIC	0.0	0.1	2.2	3.8
ROE	0.9	1.8	3.5	4.4
ROA	0.9	1.7	3.1	3.9
ROCE	0.9	1.8	3.3	4.1
ROIC/Cost of capital	0.0	0.0	0.3	0.4
Cost of capital	8.6	8.6	8.6	8.6
EBITDA margin	7.8	6.2	11.1	12.7
EBIT margin	0.2	0.5	7.0	9.5
PAT margin	6.1	9.5	13.3	13.5
Interest Cover	0.0	-0.1	-1.0	-1.7
Net debt/equity	-49.4	-46.0	-46.5	-47.9
Net debt/EBITDA	-41.9	-38.3	-16.0	-11.6
<b>Growth (%)</b>				
Revenue	-35.9	28.1	38.2	27.6
EBITDA		2.7	147.2	46.0
EBIT		161.8	1834.8	73.2
PBT	-87.9	62.2	80.9	30.1
HSBC Net profit		101.1	92.1	30.1
HSBC NOPLAT		224.6	1955.0	73.3
HSBC EPS		101.1	92.1	30.1
<b>Valuation (x)</b>				
PE (HSBC)	116.7	58.0	30.2	23.2
PNAV	1.1	1.1	1.0	1.0
PCE	52.1	36.2	23.0	18.7
Yield (%)	0.0	0.0	0.0	0.0
EV/Revenue	3.9	3.2	2.2	1.7
EV/EBITDA	49.6	50.7	20.0	13.0
EV/IC	1.1	1.2	1.1	1.1
ROIC/Cost of capital	0.0	0.0	0.3	0.4
HSBC REP	268.4	93.8	4.5	2.5

# Important disclosures

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### ***Stock (vs Global sector universe of companies under coverage by sector team)***

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

HSBC assigns ratings to its stocks in this sector on the following basis:

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.

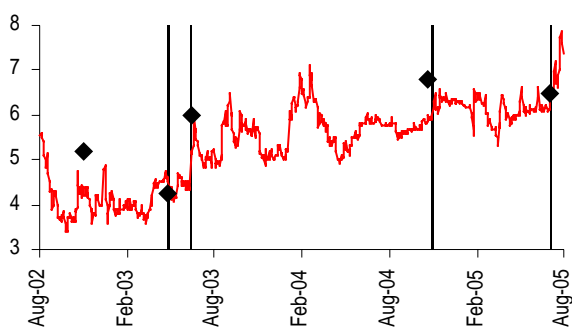
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As of 18 August 2005, the distribution of all ratings published is as follows:

<b>Overweight/Buy</b>	41%	(39% of these provided with Investment Banking Services)
<b>Neutral/Hold</b>	39%	(30% of these provided with Investment Banking Services)
<b>Underweight/Sell</b>	20%	(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

Source: HSBC

### Issuer & Analyst disclosures

#### Disclosure checklist

Company	Ticker	Recent price	Disclosure
Onvista	ONVG.DE	7.37	2, 3, 5, 6

Source: HSBC

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