

JDC Group

On track for a strong FY23

Q123 results

Insurance

15 May 2023

Price €16.05
Market cap €219m

Net debt (€m) at 31 March 2023 0.3
Shares in issue 13.7m
Free float 52%
Code JDC
Primary exchange Deutsche Börse Scale
Secondary exchange N/A

Share price performance



Business description

JDC Group is a leading German insurance platform, providing advice and financial services to professional intermediaries and banks but also directly to end-customers. JDC also provides its digital platform for end-clients and for the administration and processing of insurance products as a white-label product.

Analyst

Edwin De Jong +44 (0)20 3077 5700

financials@edisongroup.com

[Edison profile page](#)

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JDC Group (JDC) reported Q123 results in line with management's expectations. Despite the relatively low year-on-year revenue growth of 1.4% in Q1, JDC reiterated its FY23 guidance for revenue of €175–190m based on cooperation agreements that have been signed. This translates to 17% top-line growth at the midpoint of guidance. EBITDA is still expected to be in the range of €11.5–13.0m. We have made no changes to our estimates, which are more or less at the midpoint of guidance. JDC trades at an FY24e EV/EBITDA multiple of 12.0x on our estimates, which we believe is undemanding for what is essentially a fast-scaling platform business.

Year end	Revenue (€m)	EBITDA (€m)	PBT* (€)	EPS* (€)	EV/EBITDA (x)	P/E (x)
12/21	146.8	8.3	1.4	0.07	40.8	262.9
12/22	156.1	9.0	1.1	0.07	28.4	267.8
12/23e	182.7	12.3	3.9	0.23	17.6	70.8
12/24e	212.2	17.4	8.6	0.50	12.0	31.9

Note: *PBT and EPS are normalised, excluding amortisation of acquired intangibles, exceptional items and share-based payments.

JDC's revenues increased 8.9% q-o-q to €43.8m in Q123. This is unusual, as revenues in Q1 are normally somewhat lower than Q4, which is typically the high point in the year. Compared to the very strong first quarter last year, revenues grew 1.4%. Revenues in Advisory (17% of sales) fell 10.3% to €8.2m, driven by continued weakness in investment, real estate and construction financing, while Advisortech revenues (83% of sales) rose 6.5% to €39.4m. EBITDA fell 14.7% to €3.2m, mainly due to a higher cost base anticipating higher growth in the coming quarters, and EBIT decreased 23.8% to €1.5m. Net profit amounted to €1.4m (-22.4%).

Advisortech had a very strong Q1 largely driven by the key clients, which showed an increase in revenues of 36% to €9.7m, or 24.7% of the total Advisortech turnover (compared to 16.5% in Q122). This growth was broadly spread across the ~10 key client accounts. Almost 100k insurance contracts (up nearly 60%) were transferred to JDC's insurtech platform and orders (new contracts that lead to revenues for JDC after the first premium income) grew 25% to an all-time high. New applications in real estate (+60%) and motor vehicle insurance (+30%) had a very positive impact. In the quarter, JDC also closed a five-year contract with cooperative bank R+V Versicherung, for which it was running a trial. JDC's platform will be rolled out across R+V's ~800 branches.

JDC announced that board member Stefan Bachmann will step down at the end of this year and a new board member, Marcus Rex, will be appointed. Mr Rex arrives from Hypoport, where he was CSO/CMO for the insurance arm, which is a major competitor for JDC. He will take over marketing and sales and the key account business from Mr Bachmann. This is a very good addition, in our view.

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