



Swissquote

Internet banking/Fintech / Switzerland

All on the 2024 guidance

Update - 23/03/2021

Change in Opinion

Add vs Reduce

Change in EPS

2021 : CHF 7.46 vs 6.55	+13.8%
2022 : CHF 8.56 vs 6.73	+27.1%

Following FY2020 and the communication of a new guidance for both 2021 and 2024, we have (sharply) adjusted our EPS. 2020 was supposed to be an exceptional year for Swissquote but from our discussions with management, it appears that 2020 is actually a game-changer for Swissquote. Hence, the very bullish guidance communicated by management for the coming years. Management indeed expects a 15% growth in revenues and a 23% increase in pre-tax profit for 2021. It expects CHF500m revenues and CHF200m pre-tax profit for 2024. The development of Swissquote at the international level and the trading of crypto-currencies are among the reasons for this guidance. At the same time, new accounts opening ytd remains buoyant vs 2020. Management therefore expects about CHF5bn/year new net money until 2024 (vs CHF3bn previously). We wrote a Latest on Monday, 22 March, detailing the guidance.

Change in NAV

CHF 134 vs 86.4 +55.2%

Our NAV is based on a three-year average pre-tax profit. As we have (sharply) increased our expectations for the coming years, it therefore positively impacts the NAV as well.

Change in DCF

CHF 166 vs 117 +42.0%

As we have (sharply) increased our pre-tax profit for 2021, 2022 and 2023, the DCF is mechanically increased as well (we have not changed other hypotheses in terms of long-term growth).



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This research has been commissioned and paid for by the company and is deemed to constitute an acceptable minor non-monetary benefit as defined in MiFID II

Add	Upside : 19.6%
Target Price (6 months)	CHF 149
Share Price	CHF 125
Market Cap. CHFM	1,910
Price Momentum	STRONG
Extremes 12Months	46.4 ▶ 125
Bloomberg	SQN SW Equity
Reuters	SQN.S

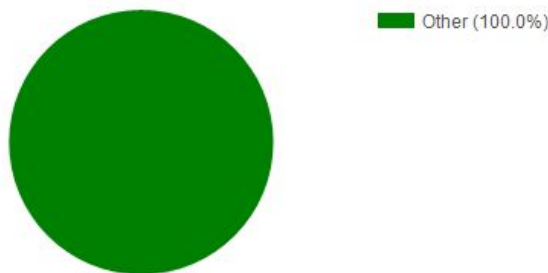
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PERF	1w	1m	3m	12m
Swissquote Group Holding	16.9%	13.7%	44.7%	162%
Other financials	-0.08%	-2.39%	4.03%	59.2%
SXXR Index	0.32%	2.52%	8.85%	47.7%

Last updated: 23/03/2021	12/20A	12/21E	12/22E	12/23E
Adjusted P/E (x)	11.6	16.7	14.6	12.7
Dividend yield (%)	2.12	1.80	2.06	2.36
EV/EBITDA(R) (x)	7.02	10.4	8.84	7.47
Adjusted EPS (CHF)	6.13	7.46	8.56	9.80
Growth in EPS (%)	112	21.7	14.7	14.5
Dividend (CHF)	1.50	2.24	2.57	2.94
Sales (CHFM)	317	363	403	448
Pretax Results margin (%)	33.4	36.1	37.2	38.4
Attributable net profit (CHFM)	91.2	111	127	146
ROE (after tax) (%)	22.4	24.6	25.9	26.0
Gearing (%)	-25.1	-30.7	-37.2	-43.0

[Company Valuation](#) - [Company Financials](#)

Sales by Geography



Consolidated P&L Accounts

		12/20A	12/21E	12/22E
Sales	CHFM	317	363	403
Change in sales	%	36.6	14.5	11.1
Change in staff costs	%	24.7	10.0	9.00
EBITDA	CHFM	135	162	185
EBITDA(R) margin	%	42.8	45.0	46.0
Depreciation	CHFM	-29.0	-31.9	-34.8
Underlying operating profit	CHFM	106	131	150
Operating profit (EBIT)	CHFM	106	131	150
Net financial expense	CHFM	0.00	0.00	0.00
of which related to pensions	CHFM		-0.82	-0.71
Exceptional items & other	CHFM			
Corporate tax	CHFM	-14.6	-19.6	-22.5
Equity associates	CHFM			
Minority interests	CHFM			
Adjusted attributable net profit	CHFM	91.2	111	127
NOPAT	CHFM	74.1	92.0	105

Cashflow Statement

		12/20A	12/21E	12/22E
EBITDA	CHFM	135	162	185
Change in WCR	CHFM	0.00	0.00	0.00
Actual div. received from equity holdi...	CHFM	0.00	0.00	0.00
Paid taxes	CHFM	-14.6	-19.6	-22.5
Exceptional items	CHFM			
Other operating cash flows	CHFM	41.0	-38.0	-36.5
Total operating cash flows	CHFM	161	105	126
Capital expenditure	CHFM	-30.7	-33.8	-36.8
Total investment flows	CHFM	-30.7	-33.8	-36.8
Net interest expense	CHFM	0.00	0.00	0.00
Dividends (parent company)	CHFM	-14.9	-22.3	-33.3
Dividends to minorities interests	CHFM	0.00	0.00	0.00
New shareholders' equity	CHFM	0.00	0.00	0.00
Total financial flows	CHFM	-14.9	-21.5	-32.6
Change in cash position	CHFM	116	49.6	56.2
Free cash flow (pre div.)	CHFM	131	71.1	88.8

Per Share Data

		12/20A	12/21E	12/22E
No. of shares net of treas. stock (year...	Mio	14.9	14.9	14.9
Number of diluted shares (average)	Mio	14.9	14.9	14.9
Benchmark EPS	CHF	6.13	7.46	8.56
Restated NAV per share	CHF			
Net dividend per share	CHF	1.50	2.24	2.57

Valuation Summary

Benchmarks	Value	Weight	Largest comparables
DCF	CHF 166	35%	■ Julius Baer
NAV/SOTP per share	CHF 134	20%	■ VIEL & Cie
EV/Ebitda	CHF 152	20%	■ DWS
P/E	CHF 174	10%	■ Amundi
Dividend Yield	CHF 124	10%	■ Deutsche Boerse
P/Book	CHF 78.5	5%	■ London Stock Exch...
TARGET PRICE	CHF 149	100%	■ Euronext NV

NAV/SOTP Calculation

Balance Sheet

		12/20A	12/21E	12/22E
Goodwill	CHFM	45.5	46.4	47.3
Total intangible	CHFM	115	118	120
Tangible fixed assets	CHFM	71.0	72.4	73.9
Financial fixed assets	CHFM			
WCR	CHFM	0.00	0.00	0.00
Other assets	CHFM	47.6	48.6	49.5
Total assets (net of short term liab.)	CHFM	7,314	7,417	7,566
Ordinary shareholders' equity	CHFM	440	461	523
Quasi Equity & Preferred	CHFM			
Minority interests	CHFM			
Provisions for pensions	CHFM	8.00	1.00	1.19
Other provisions for risks and liabilities	CHFM			
Total provisions for risks and liabilities	CHFM	8.00	1.00	1.19
Tax liabilities	CHFM	8.40	8.57	8.74
Other liabilities	CHFM	6,974	7,113	7,255
Net debt (cash)	CHFM	-117	-166	-222
Total liab. and shareholders' equity	CHFM	7,314	7,417	7,566

Capital Employed

		12/20A	12/21E	12/22E
Capital employed after depreciation	CHFM	307	269	275

Profits & Risks Ratios

		12/20A	12/21E	12/22E
ROE (after tax)	%	22.4	24.6	25.9
ROCE	%	24.4	34.4	38.6
Gearing (at book value)	%	-25.1	-30.7	-37.2
Adj. Net debt/EBITDA(R)	x	-0.81	-0.97	-1.16
Interest cover (x)	x	354	-252	-368

Valuation Ratios

		12/20A	12/21E	12/22E
Reference P/E (benchmark)	x	11.6	16.7	14.6
Free cash flow yield	%	12.4	3.84	4.79
P/Book	x	2.40	4.02	3.55
Dividend yield	%	2.12	1.80	2.06

EV Calculation

		12/20A	12/21E	12/22E
Market cap	CHFM	1,055	1,854	1,854
+ Provisions	CHFM	8.00	1.00	1.19
+ Unrecognised actuarial losses/(gains)	CHFM	0.00	0.00	0.00
+ Net debt at year end	CHFM	-117	-166	-222
+ Leases debt equivalent	CHFM	7.00	7.00	7.00
- Financial fixed assets (fair value)	CHFM			
+ Minority interests (fair value)	CHFM			
= EV	CHFM	953	1,696	1,640
EV/EBITDA(R)	x	7.02	10.4	8.84
EV/Sales	x	3.00	4.67	4.06

Analyst : Farhad Moshiri, Changes to Forecasts : 23/03/2021.