



# Swissquote

Internet banking/Fintech / Switzerland

## Buy the dip

Earnings/sales releases - 13/01/2022

**Swissquote this morning released some numbers regarding FY2021. Both revenues and pre-tax profit were above guidance and our own expectations which had been in line with guidance. This makes FY2021 another incredible year for Swissquote vs 2020. The share price is down about 5% as investors might have (wrongly) bet on H221's numbers coming in close to their H121 level. We remain positive on Swissquote as all growth engines will stay active going into 2022.**

### Fact

Swissquote's FY2021 revenues at CHF472m were above the guidance of CHF465m and the pre-tax profit at CHF223m was also above the guidance of CHF210m. PBT was more than twice its 2020 level (which had also been an exceptional year for Swissquote).

The company will publish full results for FY2021 on the 17th March. There may be new guidance for 2022 and later at that time. The previous guidance for the coming years has been out of date for some time now (NB at the beginning of 2021, management was expecting CHF500m revenues and CHF200m PBT for 2024).

### Analysis

Both revenues and PBT were slightly ahead of guidance (and our expectations). The share price is however down 5% as investors had been hoping for the second semester's revenues to be close to their H121 level or at least not so far off; they were effectively well below at CHF88m (CHF135m in H121). This still remains a strong semester. And management's most recent guidance (at the time of the H121 release) is ambitious as it currently expects revenues to go on growing in 2022.

While volatility in 2020 and 2021 has helped Swissquote onboard new (active) clients, the key to Swissquote's strong growth will remain the institutionalization of the crypto-market. We are confident Swissquote is well ahead of the competition in Switzerland and its development in Europe should strengthen that expertise.

The announced acquisition of Keytrade Bank Luxembourg, a small online and trading bank in Luxembourg, is another brick in the fintech's development. Keytrade has about 8000 clients and €1.7bn of assets under custody. This is slightly lower than InternaxX which was acquired by Swissquote in 2018.

Considering a margin of 90bps on assets, the contribution to revenues should be in the area of €15m. And as importantly, it should help Swissquote's expansion in Europe.

### Impact

Following these results, we will adjust our numbers for 2021. We remain comfortable with our opinion on the company.



**Farhad MOSHIRI**

[otherfinancials@alphavalue.eu](mailto:otherfinancials@alphavalue.eu)

+33 (0) 1 70 61 10 50

[cs.alphavalue.com](http://cs.alphavalue.com)

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: 13.3%

Target Price (6 months)	CHF 210
Share Price	CHF 185
Market Cap. CHFM	2,842
Price Momentum	<b>GOOD</b>
Extremes 12Months	94.7 ▶ 206
Sustainability score	4.9 /10
Credit Risk	AA →
Bloomberg	SQN SW Equity
Reuters	SQN.S



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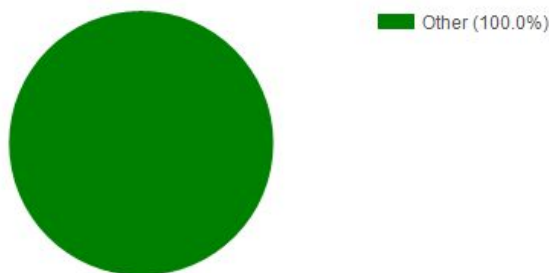


PERF	1w	1m	3m	12m
Swissquote Group Holding	-10.0%	-2.52%	9.45%	82.0%
Other financials	-2.96%	1.22%	-2.68%	12.7%
STOXX 600	-1.65%	2.68%	6.34%	19.0%

Last updated: 09/08/2021	12/20A	12/21E	12/22E	12/23E
Adjusted P/E (x)	11.6	12.4	14.7	13.9
Dividend yield (%)	2.12	2.42	2.04	2.15
EV/EBITDA(R) (x)	7.02	8.46	9.81	8.93
Adjusted EPS (CHF)	6.13	12.0	12.6	13.3
Growth in EPS (%)	112	95.4	5.28	5.57
Dividend (CHF)	1.50	3.59	3.78	3.99
Sales (CHFm)	317	465	489	514
Pretax Results margin (%)	33.4	28.2	30.7	33.4
Attributable net profit (CHFm)	91.2	178	188	198
ROE (after tax) (%)	22.4	39.5	36.5	32.1
Gearing (%)	-25.1	-30.8	-38.3	-46.8

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

## Sales by Geography



## Consolidated P&L Accounts

		12/20A	12/21E	12/22E
Sales	CHFM	317	465	489
Change in sales	%	36.6	46.5	5.13
Change in staff costs	%	24.7	27.2	5.00
EBITDA	CHFM	135	242	254
<b>EBITDA(R) margin</b>	<b>%</b>	<b>42.8</b>	<b>52.2</b>	<b>52.2</b>
Depreciation	CHFM	-29.0	-32.0	-33.6
Underlying operating profit	CHFM	106	210	221
<b>Operating profit (EBIT)</b>	<b>CHFM</b>	<b>106</b>	<b>210</b>	<b>221</b>
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	-31.5	-33.1
Equity associates	CHFM			
Minority interests	CHFM			
<b>Adjusted attributable net profit</b>	<b>CHFM</b>	<b>91.2</b>	<b>178</b>	<b>188</b>
NOPAT	CHFM	74.1	147	155

## Cashflow Statement

		12/20A	12/21E	12/22E
EBITDA	CHFM	135	242	254
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	-31.5	-33.1
Exceptional items	CHFM			
Other operating cash flows	CHFM	41.0	-97.9	-32.5
Total operating cash flows	CHFM	161	112	189
Capital expenditure	CHFM	-30.7	-39.0	-41.0
Total investment flows	CHFM	-30.7	-39.0	-41.0
Net interest expense	CHFM	0.00	0.00	0.00
Dividends (parent company)	CHFM	-14.9	-22.3	-53.5
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	-52.8
Change in cash position	CHFM	116	51.8	95.0
<b>Free cash flow (pre div.)</b>	<b>CHFM</b>	<b>131</b>	<b>73.3</b>	<b>148</b>

## 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
<b>Benchmark EPS</b>	<b>CHF</b>	<b>6.13</b>	<b>12.0</b>	<b>12.6</b>
Restated NAV per share	CHF			
<b>Net dividend per share</b>	<b>CHF</b>	<b>1.50</b>	<b>3.59</b>	<b>3.78</b>

## Valuation Summary

Benchmarks	Value	Weight	Largest comparables
DCF	CHF 225	35%	● DWS
NAV/SOTP per share	CHF 184	20%	● Deutsche Boerse
EV/Ebitda	CHF 219	20%	● Julius Baer
P/E	CHF 272	10%	● London Stock Exch...
Dividend Yield	CHF 183	10%	● Amundi
P/Book	CHF 105	5%	● Euronext NV
TARGET PRICE	CHF 210	100%	

### 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
<b>Ordinary shareholders' equity</b>	<b>CHFM</b>	<b>440</b>	<b>463</b>	<b>564</b>
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
<b>Net debt (cash)</b>	<b>CHFM</b>	<b>-117</b>	<b>-168</b>	<b>-263</b>
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
<b>ROE (after tax)</b>	<b>%</b>	<b>22.4</b>	<b>39.5</b>	<b>36.5</b>
ROCE	%	24.4	54.9	56.7
<b>Gearing (at book value)</b>	<b>%</b>	<b>-25.1</b>	<b>-30.8</b>	<b>-38.3</b>
Adj. Net debt/EBITDA(R)	x	-0.81	-0.66	-1.00
Interest cover (x)	x	354	-404	-542

## Valuation Ratios

		12/20A	12/21E	12/22E
<b>Reference P/E (benchmark)</b>	<b>x</b>	<b>11.6</b>	<b>12.4</b>	<b>14.7</b>
Free cash flow yield	%	12.4	3.31	5.35
P/Book	x	2.40	4.78	4.89
<b>Dividend yield</b>	<b>%</b>	<b>2.12</b>	<b>2.42</b>	<b>2.04</b>

## EV Calculation

		12/20A	12/21E	12/22E
Market cap	CHFM	1,055	2,213	2,759
+ 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	-168	-263
+ Leases debt equivalent	CHFM	7.00	7.00	7.00
- Financial fixed assets (fair value)	CHFM			
+ Minority interests (fair value)	CHFM			
= EV	CHFM	953	2,052	2,504
<b>EV/EBITDA(R)</b>	<b>x</b>	<b>7.02</b>	<b>8.46</b>	<b>9.81</b>
EV/Sales	x	3.00	4.41	5.12

Analyst : Farhad Moshiri, Changes to Forecasts : 09/08/2021.