



# Swissquote

Internet banking/Fintech / Switzerland

## More good news again...

Significant news - 17/06/2020

**Swissquote released this morning a report which confirms management's previous communication regarding the sharp increase in trading at the beginning of the year.**

**Total revenues for H1 20 are indeed 40% higher yoy and pre-tax profit is up by more than 120% yoy. The share price is up about 12%.**

### ■ Analysis

Management had already used quite an optimistic tone in March 2020 (release of FY2019) as it expected revenues and net profit for 2020 to be more than 10% higher yoy.

The higher figures are mainly the result of market volatility which could therefore abate in H2 20. However, the sharp inflow of new clients is more interesting and could make the increase in revenues (and profit) more sustainable.

As we wrote at the end of April 2020, Swissquote opened indeed about 1,000 accounts per week in January and February and even 4,000 in March vs 500 per week in "normal" times (for information, even though not as high as in March, new accounts in April and May have been dynamic).

Following this set of developments, we increased at that time our EPS for 2020 with expectations above management's guidance (sales +15% and profit +18% yoy).

According to the report, management will update its 2020 target when the H1 20 figures are formally released on 11 August 2020. We expect an increase in the previous guidance for 2020 and, more importantly, we are hopeful management will update us regarding the 2022 guidance.

Our current EPS for 2022 is in line with guidance but, given the latest tailwinds, we will adjust these up.

On top of recent developments, the ongoing integration of InternaxX will positively impact Swissquote's revenues. We are confident indeed that Swissquote will manage to leverage InternaxX's current client basis as well as using this subsidiary to develop throughout the European Union.

### ■ Impact

We will revise upwards our numbers (sales and expectations) to factor in the better than expected numbers.



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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

<b>Buy</b>	<b>Upside: 37.0%</b>
Target Price (6 months)	CHF 94.8
Share Price	CHF 69.2
Market Cap. CHFM	1,061
Price Momentum	<b>STRONG</b>
Extremes 12Months	37.0 ▶ 69.2
Bloomberg	SQN SW Equity
Reuters	SQN.S



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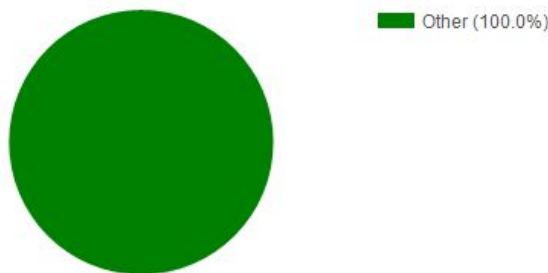


PERF	1w	1m	3m	12m
Swissquote Group Holding	6.79%	6.30%	58.8%	86.9%
Other financials	-1.23%	10.6%	30.4%	7.43%
STOXX 600	-1.68%	10.7%	27.6%	-4.09%

Last updated: 17/06/2020	12/19A	12/20E	12/21E	12/22E
Adjusted P/E (x)	14.5	13.4	14.8	12.0
Dividend yield (%)	2.38	2.24	2.24	2.50
EV/EBITDA(R) (x)	6.72	7.25	7.35	5.93
Adjusted EPS (CHF)	2.89	5.17	4.68	5.77
Growth in EPS (%)	-5.72	78.7	-9.39	23.3
Dividend (CHF)	1.00	1.55	1.55	1.73
Sales (CHFm)	232	295	307	343
Pretax Results margin (%)	21.8	29.9	24.5	27.3
Attributable net profit (CHFm)	43.0	76.9	69.7	85.9
ROE (after tax) (%)	11.8	19.3	16.5	19.2
Gearing (%)	-34.0	-29.4	-36.7	-40.5

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

## Sales by Geography



## Consolidated P&L Accounts

		12/19A	12/20E	12/21E
Sales	CHFM	232	295	307
Change in sales	%	4.12	27.0	3.95
Change in staff costs	%	15.0	12.0	10.0
EBITDA	CHFM	78.3	123	117
<b>EBITDA(R) margin</b>	<b>%</b>	<b>34.1</b>	<b>41.9</b>	<b>38.5</b>
Depreciation	CHFM	-26.0	-29.1	-32.0
Underlying operating profit	CHFM	52.3	93.4	85.0
<b>Operating profit (EBIT)</b>	<b>CHFM</b>	<b>50.6</b>	<b>90.4</b>	<b>82.0</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	-7.59	-13.6	-12.3
Equity associates	CHFM			
Minority interests	CHFM			
<b>Adjusted attributable net profit</b>	<b>CHFM</b>	<b>43.0</b>	<b>76.9</b>	<b>69.7</b>
NOPAT	CHFM	35.4	63.9	57.9

## Cashflow Statement

		12/19A	12/20E	12/21E
EBITDA	CHFM	78.3	123	117
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	-8.00	-13.6	-12.3
Exceptional items	CHFM			
Other operating cash flows	CHFM	9.00	-28.0	-21.7
Total operating cash flows	CHFM	79.3	81.0	83.0
Capital expenditure	CHFM	-26.3	-29.5	-32.4
Total investment flows	CHFM	-57.7	-29.5	-32.4
Net interest expense	CHFM	0.00	0.00	0.00
Dividends (parent company)	CHFM	-14.9	-14.9	-23.1
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	-14.1	-22.4
Change in cash position	CHFM	6.76	37.4	28.2
<b>Free cash flow (pre div.)</b>	<b>CHFM</b>	<b>53.0</b>	<b>51.5</b>	<b>50.6</b>

## Per Share Data

		12/19A	12/20E	12/21E
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>2.89</b>	<b>5.17</b>	<b>4.68</b>
Restated NAV per share	CHF			
<b>Net dividend per share</b>	<b>CHF</b>	<b>1.00</b>	<b>1.55</b>	<b>1.55</b>

## Valuation Summary

Benchmarks	Value	Weight	Largest comparables
DCF	CHF 99.4	35%	Julius Baer
NAV/SOTP per share	CHF 68.5	20%	UBS
EV/Ebitda	CHF 104	20%	VIEL & Cie
P/E	CHF 115	10%	DWS
Dividend Yield	CHF 108	10%	Amundi
P/Book	CHF 62.6	5%	Deutsche Boerse
TARGET PRICE	CHF 94.8	100%	London Stock Exch...
			Euronext NV

### NAV/SOTP Calculation

## Balance Sheet

		12/19A	12/20E	12/21E
Goodwill	CHFM	45.7	46.6	47.5
Total intangible	CHFM	101	103	105
Tangible fixed assets	CHFM	70.5	71.9	73.3
Financial fixed assets	CHFM			
WCR	CHFM	0.00	0.00	0.00
Other assets	CHFM	54.0	55.1	56.2
Total assets (net of short term liab.)	CHFM	6,367	6,494	6,595
<b>Ordinary shareholders' equity</b>	<b>CHFM</b>	<b>375</b>	<b>421</b>	<b>426</b>
Quasi Equity & Preferred	CHFM			
Minority interests	CHFM			
Provisions for pensions	CHFM	5.59	1.00	1.19
Other provisions for risks and liabilities	CHFM			
Total provisions for risks and liabilities	CHFM	5.59	1.00	1.19
Tax liabilities	CHFM	3.83	3.91	3.98
Other liabilities	CHFM	6,089	6,211	6,335
<b>Net debt (cash)</b>	<b>CHFM</b>	<b>-105</b>	<b>-142</b>	<b>-171</b>
Total liab. and shareholders' equity	CHFM	6,368	6,494	6,595

## Capital Employed

		12/19A	12/20E	12/21E
Capital employed after depreciation	CHFM	277	282	259

## Profits & Risks Ratios

		12/19A	12/20E	12/21E
<b>ROE (after tax)</b>	<b>%</b>	<b>11.8</b>	<b>19.3</b>	<b>16.5</b>
ROCE	%	13.1	22.9	22.6
<b>Gearing (at book value)</b>	<b>%</b>	<b>-34.0</b>	<b>-29.4</b>	<b>-36.7</b>
Adj. Net debt/EBITDA(R)	x	-1.23	-1.10	-1.39
Interest cover (x)	x	175	-180	-209

## Valuation Ratios

		12/19A	12/20E	12/21E
<b>Reference P/E (benchmark)</b>	<b>x</b>	<b>14.5</b>	<b>13.4</b>	<b>14.8</b>
Free cash flow yield	%	8.48	5.00	4.91
P/Book	x	1.67	2.45	2.42
<b>Dividend yield</b>	<b>%</b>	<b>2.38</b>	<b>2.24</b>	<b>2.24</b>

## EV Calculation

		12/19A	12/20E	12/21E
Market cap	CHFM	625	1,030	1,030
+ Provisions	CHFM	5.59	1.00	1.19
+ Unrecognised actuarial losses/(gains)	CHFM	0.00	0.00	0.00
+ Net debt at year end	CHFM	-105	-142	-171
+ Leases debt equivalent	CHFM	7.00	7.00	7.00
- Financial fixed assets (fair value)	CHFM			
+ Minority interests (fair value)	CHFM			
= EV	CHFM	533	895	867
<b>EV/EBITDA(R)</b>	<b>x</b>	<b>6.72</b>	<b>7.25</b>	<b>7.35</b>
EV/Sales	x	2.29	3.03	2.83

Analyst : Farhad Moshiri, Changes to Forecasts : 17/06/2020.