



Swissquote

Internet banking/Fintech / Switzerland

Impressive again

Exporting high quality financial technology... - 17/06/2021

Change in Opinion

Buy vs Reduce

Change in EPS

2021 : CHF 11.2 vs 7.46	+50.6%
2022 : CHF 11.0 vs 8.56	+28.3%

Following Swissquote's H1 21 trading update, we are sharply revising upwards our expectations for FYs 2021, 2022 and 2023. With an impressive H1 21, Swissquote will indeed reach its pre-operating profit 2024 target at the end of 2021.

Our previous forecasts were factoring in the company's March 2021 guidance which will therefore be sharply revised upwards on 6 August (H1 21 earnings release). We increase our revenue expectations for 2021, 2022 and 2023, but for 2024, which is not visible in our models yet, we expect the same of level of revenues as our previous expectations (as growth should wane following 2021's impressive numbers).

However, we expect a CHF230m pre-tax profit vs CHF200m previously (as mentioned in our Latest, the sharp rise in revenues is probably mainly driven by the current buoyant trading in cryptocurrencies which offer high margins at the same time).

Change in NAV

CHF 175 vs 144 +21.7%

Our NAV is based on our pre-tax profit. Hence, as we increase the pre-tax profit following the bullish trading update, the NAV is mechanically revised upwards.

Change in DCF

CHF 218 vs 180 +20.8%

The DCF is based on EBITDA expectations. With the bullish trading update, we revise (sharply) upwards EBITDA expectations and increase mechanically our DCF valuation.



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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

Buy

Upside : 24.8%

Target Price (6 months)	CHF 202
Share Price	CHF 162
Market Cap. CHFM	2,483
Price Momentum	STRONG
Extremes 12Months	68.5 ▶ 162
Bloomberg	SQN SW Equity
Reuters	SQN.S

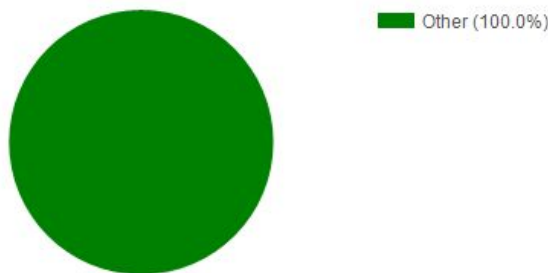
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PERF	1w	1m	3m	12m
Swissquote Group Holding	15.7%	24.2%	51.4%	137%
Other financials	1.22%	6.24%	7.66%	30.2%
SXXR Index	1.21%	4.22%	8.90%	29.4%

Last updated: 17/06/2021	12/20A	12/21E	12/22E	12/23E
Adjusted P/E (x)	11.6	14.4	14.8	14.0
Dividend yield (%)	2.12	2.08	2.08	2.15
EV/EBITDA(R) (x)	7.02	9.56	9.39	8.53
Adjusted EPS (CHF)	6.13	11.2	11.0	11.6
Growth in EPS (%)	112	83.3	-2.33	5.82
Dividend (CHF)	1.50	3.37	3.37	3.48
Sales (CHFM)	317	447	439	463
Pretax Results margin (%)	33.4	29.3	34.1	37.2
Attributable net profit (CHFM)	91.2	167	163	173
ROE (after tax) (%)	22.4	35.7	30.2	27.2
Gearing (%)	-25.1	-32.0	-41.5	-48.5

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

Sales by Geography



Consolidated P&L Accounts

		12/20A	12/21E	12/22E
Sales	CHFM	317	447	439
Change in sales	%	36.6	40.8	-1.65
Change in staff costs	%	24.7	18.1	-1.07
EBITDA	CHFM	135	231	226
EBITDA(R) margin	%	42.8	51.9	51.7
Depreciation	CHFM	-29.0	-34.3	-33.9
Underlying operating profit	CHFM	106	197	192
Operating profit (EBIT)	CHFM	106	197	192
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	-29.5	-28.8
Equity associates	CHFM			
Minority interests	CHFM			
Adjusted attributable net profit	CHFM	91.2	167	163
NOPAT	CHFM	74.1	138	135

Cashflow Statement

		12/20A	12/21E	12/22E
EBITDA	CHFM	135	231	226
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	-29.5	-28.8
Exceptional items	CHFM			
Other operating cash flows	CHFM	41.0	-59.9	-26.0
Total operating cash flows	CHFM	161	142	171
Capital expenditure	CHFM	-30.7	-36.3	-35.9
Total investment flows	CHFM	-30.7	-36.3	-35.9
Net interest expense	CHFM	0.00	0.00	0.00
Dividends (parent company)	CHFM	-14.9	-22.3	-50.2
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	-49.4
Change in cash position	CHFM	116	83.9	85.9
Free cash flow (pre div.)	CHFM	131	105	135

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	11.2	11.0
Restated NAV per share	CHF			
Net dividend per share	CHF	1.50	3.37	3.37

Valuation Summary

Benchmarks	Value	Weight	Largest comparables
DCF	CHF 218	35%	● Euronext NV
NAV/SOTP per share	CHF 175	20%	■ London Stock Exch...
EV/Ebitda	CHF 213	20%	● Deutsche Boerse
P/E	CHF 253	10%	■ Amundi
Dividend Yield	CHF 178	10%	■ DWS
P/Book	CHF 105	5%	■ Julius Baer
TARGET PRICE	CHF 202	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
Ordinary shareholders' equity	CHFM	440	495	587
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	-200	-286
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	35.7	30.2
ROCE	%	24.4	51.6	49.4
Gearing (at book value)	%	-25.1	-32.0	-41.5
Adj. Net debt/EBITDA(R)	x	-0.81	-0.83	-1.23
Interest cover (x)	x	354	-379	-472

Valuation Ratios

		12/20A	12/21E	12/22E
Reference P/E (benchmark)	x	11.6	14.4	14.8
Free cash flow yield	%	12.4	4.37	5.61
P/Book	x	2.40	4.87	4.11
Dividend yield	%	2.12	2.08	2.08

EV Calculation

		12/20A	12/21E	12/22E
Market cap	CHFM	1,055	2,411	2,411
+ 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	-200	-286
+ Leases debt equivalent	CHFM	7.00	7.00	7.00
- Financial fixed assets (fair value)	CHFM			
+ Minority interests (fair value)	CHFM			
= EV	CHFM	953	2,218	2,132
EV/EBITDA(R)	x	7.02	9.56	9.39
EV/Sales	x	3.00	4.96	4.85

Analyst : Farhad Moshiri, Changes to Forecasts : 17/06/2021.