



Swissquote

Internet banking/Fintech / Switzerland

Markets don't help but client growth is a sustainability guarantor

Licensed to conquer Europe - 28/09/2022

Change in Target Price

CHF 186 vs 211 **-11.8%**

We reduce our TP integrating the last financials.

The cut is mainly driven by reduced revenue expectations from crypto assets. Tumbling equity markets also have a negative impact on clients' assets.

On the other hand, we continue to expect strong client asset inflows on the back of client account openings. Coupled with higher interest rates, this should partly offset the drop from transaction-based revenues.

Overall, our estimates for FY 22 land at the bottom of the firm's guidance (CHF400m net revenues vs. CHF400m-420m) and below that of 2025. Despite that, fundamentals still imply a strong upside to the current share price, the latter pricing a worst-case scenario.

Our thesis does not change in that we strongly believe that the continued growing customer base is pure dry powder for better financial markets' times.

Change in EPS

2022 : CHF 10.7 vs 12.3 **-13.7%**
2023 : CHF 13.1 vs 14.0 **-6.04%**

Our EPS is reduced as we decreased our top-line expectations (from CHF463m to CHF 400m in 2022 and CHF 512m to CHF 476m in 2023). Our PBT margins are even slightly increased (46.5% in 2022 vs. 45.7% previously) as Swissquote has a mighty control over its costs (a material part of these being employees' bonuses linked to the firm's performance).

Change in NAV

CHF 152 vs 194 **-21.3%**

The NAV target is slightly cut as we have kept the same P/E multiple (10.5x) but decreased the average earnings over (23-24) to CHF 216m.

Change in DCF

CHF 220 vs 257 **-14.4%**

We cut our DCF valuation on the back of reduced revenue expectations for the next 3 years.

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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 : 76.1%
Target Price (6 months)	CHF 186
Share Price	CHF 106
Market Cap. CHFM	1,620
Price Momentum	NEGATIVE
Extremes 12Months	94.4 ▶ 202
Bloomberg	SQN SW Equity
Reuters	SQN.S

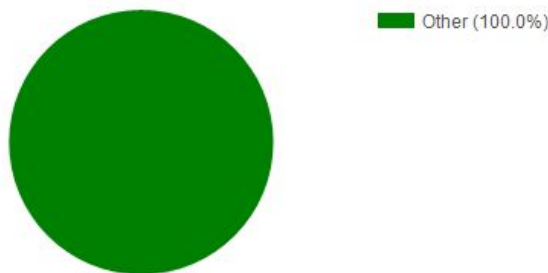
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PERF	1w	1m	3m	12m
Swissquote Group Holding	0.28%	-4.43%	4.04%	-37.8%
Other Financials	-3.02%	-9.30%	-5.83%	-24.9%
SXXR Index	-3.74%	-8.82%	-6.07%	-13.8%

Last updated: 28/09/2022	12/21A	12/22E	12/23E	12/24E
Adjusted P/E (x)	11.5	9.92	8.06	6.65
Dividend yield (%)	1.48	2.08	2.41	2.92
EV/EBITDA(R) (x)	7.85	5.70	4.28	3.12
Adjusted EPS (CHF)	13.0	10.7	13.1	15.9
Growth in EPS (%)	112	-17.9	23.0	21.2
Dividend (CHF)	2.20	2.20	2.55	3.09
Sales (CHFM)	472	400	476	556
Pretax Results margin (%)	47.3	46.5	48.1	49.9
Attributable net profit (CHFM)	193	159	195	237
ROE (after tax) (%)	36.6	23.7	25.2	24.8
Gearing (%)	-25.1	-39.3	-49.1	-48.9

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

Sales by Geography



Consolidated P&L Accounts

		12/21A	12/22E	12/23E
Sales	CHFM	472	400	476
Change in sales	%	48.9	-15.3	19.1
Change in staff costs	%	18.8	-17.6	9.25
EBITDA	CHFM	255	219	267
EBITDA(R) margin	%	54.1	54.9	56.2
Depreciation	CHFM	-31.3	-27.3	-32.5
Underlying operating profit	CHFM	223	191	234
Operating profit (EBIT)	CHFM	223	186	229
Net financial expense	CHFM	0.00	0.00	0.00
of which related to pensions	CHFM		-1.26	-1.16
Exceptional items & other	CHFM			
Corporate tax	CHFM	-30.2	-27.7	-33.9
Equity associates	CHFM			
Minority interests	CHFM			
Adjusted attributable net profit	CHFM	193	159	195
NOPAT	CHFM	156	131	161

Cashflow Statement

		12/21A	12/22E	12/23E
EBITDA	CHFM	255	219	267
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	-19.1	-27.7	-33.9
Exceptional items	CHFM			
Other operating cash flows	CHFM	46.8	23.8	-44.9
Total operating cash flows	CHFM	282	215	188
Capital expenditure	CHFM	-28.0	-40.0	-47.6
Total investment flows	CHFM	-28.0	-40.0	-47.6
Net interest expense	CHFM	0.00	0.00	0.00
Dividends (parent company)	CHFM	-22.3	-32.7	-32.7
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	-25.0	-34.2	-34.4
Change in cash position	CHFM	229	140	106
Free cash flow (pre div.)	CHFM	254	175	140

Per Share Data

		12/21A	12/22E	12/23E
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	13.0	10.7	13.1
Restated NAV per share	CHF			
Net dividend per share	CHF	2.20	2.20	2.55

Valuation Summary

Benchmarks	Value	Weight	Largest comparables
DCF	CHF 220	35%	● Euronext NV
NAV/SOTP per share	CHF 152	20%	● London Stock Exch...
EV/Ebitda	CHF 207	20%	● Deutsche Boerse
P/E	CHF 204	10%	● Amundi
Dividend Yield	CHF 104	10%	● DWS
P/Book	CHF 129	5%	● Julius Baer
TARGET PRICE	CHF 186	100%	

NAV/SOTP Calculation

Balance Sheet

		12/21A	12/22E	12/23E
Goodwill	CHFM	44.5	56.5	56.5
Total intangible	CHFM	101	122	122
Tangible fixed assets	CHFM	70.0	69.4	77.1
Financial fixed assets	CHFM	11.2	8.34	8.34
WCR	CHFM	0.00	0.00	0.00
Other assets	CHFM	54.5	84.4	82.4
Total assets (net of short term liab.)	CHFM	8,826	10,144	11,124
Ordinary shareholders' equity	CHFM	615	720	827
Quasi Equity & Preferred	CHFM			
Minority interests	CHFM			
Provisions for pensions	CHFM	11.0	32.3	31.0
Other provisions for risks and liabilities	CHFM			
Total provisions for risks and liabilities	CHFM	11.0	32.3	31.0
Tax liabilities	CHFM	1.67	1.36	1.50
Other liabilities	CHFM	8,410	9,744	10,723
Net debt (cash)	CHFM	-213	-353	-459
Total liab. and shareholders' equity	CHFM	8,826	10,144	11,124

Capital Employed

		12/21A	12/22E	12/23E
Capital employed after depreciation	CHFM	282	344	366

Profits & Risks Ratios

		12/21A	12/22E	12/23E
ROE (after tax)	%	36.6	23.7	25.2
ROCE	%	55.7	38.3	44.2
Gearing (at book value)	%	-25.1	-39.3	-49.1
Adj. Net debt/EBITDA(R)	x	-0.80	-1.58	-1.69
Interest cover (x)	x	745	-200	-274

Valuation Ratios

		12/21A	12/22E	12/23E
Reference P/E (benchmark)	x	11.5	9.92	8.06
Free cash flow yield	%	11.5	11.1	8.91
P/Book	x	3.60	2.18	1.90
Dividend yield	%	1.48	2.08	2.41

EV Calculation

		12/21A	12/22E	12/23E
Market cap	CHFM	2,213	1,573	1,573
+ Provisions	CHFM	11.0	32.3	31.0
+ Unrecognised actuarial losses/(gains)	CHFM	0.00	0.00	0.00
+ Net debt at year end	CHFM	-213	-353	-459
+ Leases debt equivalent	CHFM	7.00	7.00	7.00
- Financial fixed assets (fair value)	CHFM	11.2	8.34	8.34
+ Minority interests (fair value)	CHFM			
= EV	CHFM	2,007	1,251	1,144
EV/EBITDA(R)	x	7.85	5.70	4.28
EV/Sales	x	4.25	3.13	2.40

Analyst : Grégoire Hermann, Changes to Forecasts : 28/09/2022.