



# Swissquote

Internet banking/Fintech / Switzerland

## Update

13/01/2021

### Change in Opinion

Add vs Reduce

We are changing our recommendation on Swissquote as, despite a stellar performance ytd led by a sharp increase in trading activity, we believe there is still room for some upside.

Trading should remain buoyant in the short term, adding to the short-term earnings momentum and, more importantly, the (sharp) increase in the number of accounts opened in 2020 should prove sustainable in the future and drive management's guidance for 2022 to a higher level (unchanged since 2019 despite targets being already reached in 2020).

### Change in DCF

CHF 110 vs 99.8 +9.88%

We have long used a beta of 1 for Swissquote for the DCF calculation. As revenues and, more importantly, the opening of new accounts are gathering momentum, earnings should prove more stable in the future.

Hence, we now use the beta given by our model (at 0.87 currently).



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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>Add</b>	<b>Upside : 10.1%</b>
Target Price (6 months)	CHF 113
Share Price	CHF 103
Market Cap. CHFM	1,579
Price Momentum	<b>STRONG</b>
Extremes 12Months	43.6 ▶ 103
Bloomberg	SQN SW Equity
Reuters	SQN.S



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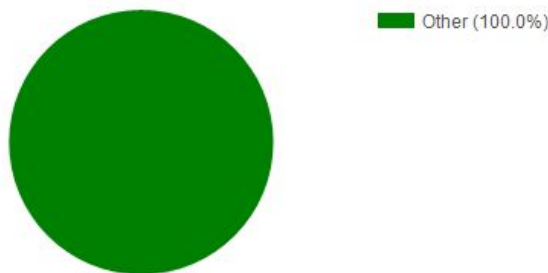


PERF	1w	1m	3m	12m
Swissquote Group Holding	15.2%	24.4%	18.5%	109%
Other financials	-0.63%	1.98%	6.28%	12.2%
SXXR Index	1.93%	4.82%	9.84%	-0.43%

Last updated: 13/01/2021	12/19A	12/20E	12/21E	12/22E
Adjusted P/E (x)	15.1	11.8	17.0	16.6
Dividend yield (%)	2.29	2.54	1.76	1.81
EV/EBITDA(R) (x)	7.02	6.79	9.89	9.30
Adjusted EPS (CHF)	2.89	6.00	6.05	6.22
Growth in EPS (%)	-5.72	107	0.84	2.79
Dividend (CHF)	1.00	1.80	1.81	1.87
Sales (CHFM)	232	312	319	328
Pretax Results margin (%)	21.8	33.1	33.0	32.7
Attributable net profit (CHFM)	43.0	89.3	90.0	92.5
ROE (after tax) (%)	11.8	22.4	20.8	19.8
Gearing (%)	-34.0	-29.5	-37.5	-42.5

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## Sales by Geography



## Consolidated P&L Accounts

		12/19A	12/20E	12/21E
Sales	CHFM	232	312	319
Change in sales	%	4.12	34.3	2.27
Change in staff costs	%	15.0	17.8	3.00
EBITDA	CHFM	78.3	134	136
<b>EBITDA(R) margin</b>	<b>%</b>	<b>34.1</b>	<b>43.3</b>	<b>42.9</b>
Depreciation	CHFM	-26.0	-29.2	-30.1
Underlying operating profit	CHFM	52.3	105	106
<b>Operating profit (EBIT)</b>	<b>CHFM</b>	<b>50.6</b>	<b>105</b>	<b>106</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	-15.8	-15.9
Equity associates	CHFM			
Minority interests	CHFM			
<b>Adjusted attributable net profit</b>	<b>CHFM</b>	<b>43.0</b>	<b>89.3</b>	<b>90.0</b>
NOPAT	CHFM	35.4	74.1	74.6

## Cashflow Statement

		12/19A	12/20E	12/21E
EBITDA	CHFM	78.3	134	136
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	-15.8	-15.9
Exceptional items	CHFM			
Other operating cash flows	CHFM	9.00	-33.5	-20.7
Total operating cash flows	CHFM	79.3	85.0	99.4
Capital expenditure	CHFM	-26.3	-31.0	-31.9
Total investment flows	CHFM	-57.7	-31.0	-31.9
Net interest expense	CHFM	0.00	0.00	0.00
Dividends (parent company)	CHFM	-14.9	-14.9	-26.8
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	-26.1
Change in cash position	CHFM	6.76	39.9	41.5
<b>Free cash flow (pre div.)</b>	<b>CHFM</b>	<b>53.0</b>	<b>54.0</b>	<b>67.5</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>6.00</b>	<b>6.05</b>
Restated NAV per share	CHF			
<b>Net dividend per share</b>	<b>CHF</b>	<b>1.00</b>	<b>1.80</b>	<b>1.81</b>

## Valuation Summary

Benchmarks	Value	Weight	Largest comparables
DCF	CHF 110	35%	● Euronext NV
NAV/SOTP per share	CHF 86.4	20%	■ London Stock Exch...
EV/Ebitda	CHF 138	20%	● Deutsche Boerse
P/E	CHF 150	10%	● Amundi
Dividend Yield	CHF 108	10%	■ DWS
P/Book	CHF 84.6	5%	■ VIEL & Cie
TARGET PRICE	CHF 113	100%	■ Julius Baer

### 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>423</b>	<b>442</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>-145</b>	<b>-186</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>22.4</b>	<b>20.8</b>
ROCE	%	13.1	26.5	29.1
<b>Gearing (at book value)</b>	<b>%</b>	<b>-34.0</b>	<b>-29.5</b>	<b>-37.5</b>
Adj. Net debt/EBITDA(R)	x	-1.23	-1.02	-1.31
Interest cover (x)	x	175	-203	-261

## Valuation Ratios

		12/19A	12/20E	12/21E
<b>Reference P/E (benchmark)</b>	<b>x</b>	<b>15.1</b>	<b>11.8</b>	<b>17.0</b>
Free cash flow yield	%	8.17	5.12	4.41
P/Book	x	1.73	2.49	3.47
<b>Dividend yield</b>	<b>%</b>	<b>2.29</b>	<b>2.54</b>	<b>1.76</b>

## EV Calculation

		12/19A	12/20E	12/21E
Market cap	CHFM	649	1,055	1,533
+ 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	-145	-186
+ Leases debt equivalent	CHFM	7.00	7.00	7.00
- Financial fixed assets (fair value)	CHFM			
+ Minority interests (fair value)	CHFM			
= EV	CHFM	557	918	1,355
<b>EV/EBITDA(R)</b>	<b>x</b>	<b>7.02</b>	<b>6.79</b>	<b>9.89</b>
EV/Sales	x	2.40	2.94	4.24

Analyst : Farhad Moshiri, Changes to Forecasts : 13/01/2021.