



# Swissquote

Internet banking/Fintech / Switzerland

## Swissquote is a must-have

A must have, now licensed to conquer Europe - 07/03/2023

### Change in Target Price

CHF 230 vs 199 **+15.6%**

Our Target Price increases materially on the back of our NAV adjustment (see explanation below) and the reshuffling of our panel of peers.

Initially using peers such as LSE, Deutsche Boerse and Julius Baer to capture the firm's exposure to financial markets, we now use much more similar peers as the sector matures. The panel of peers is now composed of Avanza, Nordnet, flatexDEGIRO, Smartbroker Holding AG and sino AG. We have applied modest discounts to the high multiples of this new universe.

### Change in NAV

CHF 230 vs 152 **+50.7%**

Our Net asset value has been significantly increased on the back of a change in valuation methodology. As depicted in our paper "Swissquote's hidden value", we have valued the firm stripping out the crypto business.

We estimate an EBITDA of c.277.7m in 2023, excluding crypto, to which we apply an 11x multiple and an EBITDA of c.3m for FY 23-25 on the crypto business to which we apply a 3x multiple (given the high unpredictability of the asset class and the questions concerning its underlying sustainability).

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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

Add	Upside : 27.4%
Target Price (6 months)	CHF 230
Share Price	CHF 181
Market Cap. CHFM	2,767
Price Momentum	<b>STRONG</b>
Extremes 12Months	94.4 ▶ 182
Bloomberg	SQN SW Equity
Reuters	SQN.S

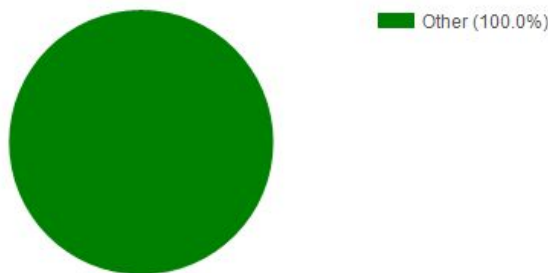
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PERF	1w	1m	3m	12m
Swissquote Group Holding	3.14%	2.79%	40.6%	31.5%
Other Financials	2.16%	-2.94%	4.35%	11.7%
SXXR Index	0.41%	0.93%	6.07%	13.0%

Last updated: 07/03/2023	12/21A	12/22E	12/23E	12/24E
Adjusted P/E (x)	11.5	12.4	13.3	11.4
Dividend yield (%)	1.48	1.67	1.45	1.71
EV/EBITDA(R) (x)	7.85	7.55	8.23	6.61
Adjusted EPS (CHF)	13.0	10.7	13.5	15.9
Growth in EPS (%)	112	-17.9	26.9	17.6
Dividend (CHF)	2.20	2.20	2.63	3.09
Sales (CHFM)	472	400	486	557
Pretax Results margin (%)	47.3	46.5	48.6	49.9
Attributable net profit (CHFM)	193	159	201	237
ROE (after tax) (%)	36.6	24.0	26.5	25.1
Gearing (%)	-25.1	-40.2	-50.2	-50.1

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

## Sales by Geography



## Consolidated P&L Accounts

		12/21A	12/22E	12/23E
Sales	CHFM	472	400	486
Change in sales	%	48.9	-15.3	21.5
Change in staff costs	%	18.8	-17.6	9.25
EBITDA	CHFM	255	219	274
<b>EBITDA(R) margin</b>	<b>%</b>	<b>54.1</b>	<b>54.9</b>	<b>56.6</b>
Depreciation	CHFM	-31.3	-27.3	-33.2
Underlying operating profit	CHFM	223	191	241
<b>Operating profit (EBIT)</b>	<b>CHFM</b>	<b>223</b>	<b>186</b>	<b>236</b>
Net financial expense	CHFM	0.00	0.00	0.00
of which related to pensions	CHFM		-2.02	-2.60
Exceptional items & other	CHFM			
Corporate tax	CHFM	-30.2	-27.7	-35.0
Equity associates	CHFM			
Minority interests	CHFM			
<b>Adjusted attributable net profit</b>	<b>CHFM</b>	<b>193</b>	<b>159</b>	<b>201</b>
NOPAT	CHFM	168	141	179

## Cashflow Statement

		12/21A	12/22E	12/23E
EBITDA	CHFM	255	219	274
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	-35.0
Exceptional items	CHFM			
Other operating cash flows	CHFM	46.8	23.8	-47.2
Total operating cash flows	CHFM	282	215	192
Capital expenditure	CHFM	-28.0	-40.0	-48.6
Total investment flows	CHFM	-28.0	-40.0	-48.6
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	-33.4	-32.9
Change in cash position	CHFM	229	141	111
<b>Free cash flow (pre div.)</b>	<b>CHFM</b>	<b>254</b>	<b>175</b>	<b>144</b>

## 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
<b>Benchmark EPS</b>	<b>CHF</b>	<b>13.0</b>	<b>10.7</b>	<b>13.5</b>
Restated NAV per share	CHF			
<b>Net dividend per share</b>	<b>CHF</b>	<b>2.20</b>	<b>2.20</b>	<b>2.63</b>

## Valuation Summary

Benchmarks	Value	Weight	Largest comparables
DCF	CHF 222	35%	● sino AG
NAV/SOTP per share	CHF 230	20%	
EV/Ebitda	CHF 299	20%	
P/E	CHF 231	10%	
Dividend Yield	CHF 95.9	10%	
P/Book	CHF 275	5%	
TARGET PRICE	CHF 230	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	11,122
<b>Ordinary shareholders' equity</b>	<b>CHFM</b>	<b>615</b>	<b>704</b>	<b>814</b>
Quasi Equity & Preferred	CHFM			
Minority interests	CHFM			
Provisions for pensions	CHFM	11.0	48.7	47.4
Other provisions for risks and liabilities	CHFM			
Total provisions for risks and liabilities	CHFM	11.0	48.7	47.4
Tax liabilities	CHFM	1.67	1.36	1.50
Other liabilities	CHFM	8,410	9,744	10,723
<b>Net debt (cash)</b>	<b>CHFM</b>	<b>-213</b>	<b>-354</b>	<b>-464</b>
Total liab. and shareholders' equity	CHFM	8,826	10,144	11,122

## 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
<b>ROE (after tax)</b>	<b>%</b>	<b>36.6</b>	<b>24.0</b>	<b>26.5</b>
ROCE	%	59.6	41.2	49.2
<b>Gearing (at book value)</b>	<b>%</b>	<b>-25.1</b>	<b>-40.2</b>	<b>-50.2</b>
Adj. Net debt/EBITDA(R)	x	-0.80	-1.58	-1.66
Interest cover (x)	x	745	-112	-105

## Valuation Ratios

		12/21A	12/22E	12/23E
<b>Reference P/E (benchmark)</b>	<b>x</b>	<b>11.5</b>	<b>12.4</b>	<b>13.3</b>
Free cash flow yield	%	11.5	8.89	5.35
P/Book	x	3.60	2.79	3.30
<b>Dividend yield</b>	<b>%</b>	<b>1.48</b>	<b>1.67</b>	<b>1.45</b>

## EV Calculation

		12/21A	12/22E	12/23E
Market cap	CHFM	2,213	1,964	2,686
+ Provisions	CHFM	11.0	48.7	47.4
+ Unrecognised actuarial losses/(gains)	CHFM	0.00	0.00	0.00
+ Net debt at year end	CHFM	-213	-354	-464
+ 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	1,658	2,267
<b>EV/EBITDA(R)</b>	<b>x</b>	<b>7.85</b>	<b>7.55</b>	<b>8.23</b>
EV/Sales	x	4.25	4.14	4.66

Analyst : Grégoire Hermann, Changes to Forecasts : 07/03/2023.