



# Swissquote

Internet banking/Fintech / Switzerland

## More rates, more money

A must have, now licensed to conquer Europe - 16/06/2023

### Change in Target Price

CHF 234 vs 213 **+10.2%**

Our target price increase is mainly driven by our DCF update (see more details below). We have upgraded most of the financials, also positively impacting the Peer-based valuation.

Overall, we confirm our very positive opinion on Swissquote, massively benefiting from the higher rates environment and believe in several catalysts ahead (M&A, innovation, some inflows from Credit Suisse notably).

### Change in EPS

2023 : CHF 15.1 vs 13.5 **+11.3%**  
2024 : CHF 17.8 vs 15.9 **+11.8%**

Our EPS forecast is massively increased as we have upgraded our net interest income expectations (from CHF144m and CHF184m for FY 23 and FY 24 to CHF198m and CHF233m for FY 23 and FY 24, respectively). This is mainly driven by continued interest rate hikes across Switzerland, the EU and the US.

This incremental net interest income flows through the P&L with very few underlying costs. As a result, although we have slightly increased the cost base given Swissquote's tendency to leverage on highly profitable years to expand further, our pre-tax profit margin forecast increases from 48.5% and 49.9% for FY 23 and FY 24 to 49.7% and 51.1% for FY 23 and FY 24, respectively.

### Change in DCF

CHF 250 vs 205 **+22.1%**

As described in our EPS section, the DCF upgrade is driven by, overall a much stronger top line (from CHF486m and CHF557m for FY 23 and FY 24 to CHF541.5m and CHF618.8m for FY 22 and FY 24, respectively) while keeping a very stable cost base.



**Grégoire HERMANN**

[otherfinancials@alphavalue.eu](mailto:otherfinancials@alphavalue.eu)

+33 (0) 1 70 61 10 50

[corporate.alphavalue.com](mailto:corporate.alphavalue.com)

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 : 27.9%
Target Price (6 months)	CHF 234
Share Price	CHF 183
Market Cap. CHFM	2,805
Price Momentum	<b>GOOD</b>
Extremes 12Months	93.3 ▶ 193
Bloomberg	SQN SW Equity
Reuters	SQN.S



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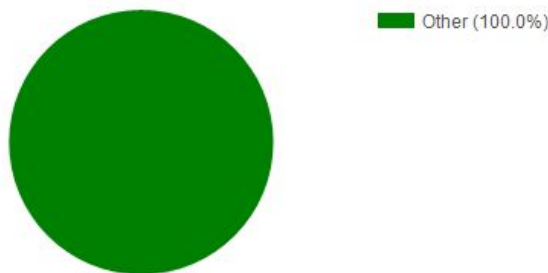
— Stoxx 600 (net return) — Swissquote Group Holding

PERF	1w	1m	3m	12m
Swissquote Group Holding	3.62%	-0.81%	17.6%	82.4%
Other Financials	1.39%	1.59%	9.79%	18.5%
SXXR Index	0.82%	0.30%	8.06%	15.4%

Last updated: 16/06/2023	12/22A	12/23E	12/24E	12/25E
Adjusted P/E (x)	12.5	12.2	10.3	9.15
Dividend yield (%)	1.67	1.23	1.28	1.34
EV/EBITDA(R) (x)	7.62	7.86	6.34	5.23
Adjusted EPS (CHF)	10.6	15.1	17.8	20.0
Growth in EPS (%)	-18.5	42.3	18.0	12.6
Dividend (CHF)	2.20	2.25	2.35	2.45
Sales (CHFM)	408	533	610	683
Pretax Results margin (%)	45.7	49.3	50.8	51.1
Attributable net profit (CHFM)	157	224	264	298
ROE (after tax) (%)	23.2	26.7	26.0	23.2
Gearing (%)	-30.7	-31.6	-37.7	-39.0

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

## Sales by Geography



## Consolidated P&L Accounts

		12/22A	12/23E	12/24E
Sales	CHFM	408	533	610
Change in sales	%	-13.6	30.6	14.5
Change in staff costs	%	-17.2	16.0	4.43
EBITDA	CHFM	226	308	360
<b>EBITDA(R) margin</b>	<b>%</b>	<b>55.6</b>	<b>58.0</b>	<b>59.1</b>
Depreciation	CHFM	-32.8	-40.0	-45.8
Underlying operating profit	CHFM	193	268	314
<b>Operating profit (EBIT)</b>	<b>CHFM</b>	<b>186</b>	<b>263</b>	<b>310</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	-29.0	-38.8	-45.5
Equity associates	CHFM			
Minority interests	CHFM			
<b>Adjusted attributable net profit</b>	<b>CHFM</b>	<b>157</b>	<b>224</b>	<b>264</b>
NOPAT	CHFM	140	199	234

## Cashflow Statement

		12/22A	12/23E	12/24E
EBITDA	CHFM	226	308	360
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	-23.8	-38.8	-45.5
Exceptional items	CHFM			
Other operating cash flows	CHFM	-78.1	-65.9	-67.9
Total operating cash flows	CHFM	124	203	246
Capital expenditure	CHFM	-51.7	-53.3	-61.0
Total investment flows	CHFM	-51.7	-53.3	-61.0
Net interest expense	CHFM	0.00	0.00	0.00
Dividends (parent company)	CHFM	-33.0	-32.7	-33.5
Dividends to minorities interests	CHFM	0.00	0.00	0.00
New shareholders' equity	CHFM	-11.9	-11.9	-11.9
Total financial flows	CHFM	-48.6	-46.4	-46.7
Change in cash position	CHFM	23.6	103	139
<b>Free cash flow (pre div.)</b>	<b>CHFM</b>	<b>72.2</b>	<b>150</b>	<b>185</b>

## Per Share Data

		12/22A	12/23E	12/24E
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>10.6</b>	<b>15.1</b>	<b>17.8</b>
Restated NAV per share	CHF			
<b>Net dividend per share</b>	<b>CHF</b>	<b>2.20</b>	<b>2.25</b>	<b>2.35</b>

## Valuation Summary

Benchmarks	Value	Weight	Largest comparables
DCF	CHF 250	35%	● sino AG
NAV/SOTP per share	CHF 229	20%	
EV/Ebitda	CHF 296	20%	
P/E	CHF 219	10%	
Dividend Yield	CHF 66.6	10%	
P/Book	CHF 257	5%	
TARGET PRICE	CHF 234	100%	

### NAV/SOTP Calculation

## Balance Sheet

		12/22A	12/23E	12/24E
Goodwill	CHFM	55.8	55.8	55.8
Total intangible	CHFM	131	135	139
Tangible fixed assets	CHFM	72.5	76.1	79.9
Financial fixed assets	CHFM	4.46	4.46	4.46
WCR	CHFM	0.00	0.00	0.00
Other assets	CHFM	78.6	77.1	76.8
Total assets (net of short term liab.)	CHFM	9,962	10,927	12,328
<b>Ordinary shareholders' equity</b>	<b>CHFM</b>	<b>741</b>	<b>934</b>	<b>1,102</b>
Quasi Equity & Preferred	CHFM			
Minority interests	CHFM			
Provisions for pensions	CHFM	6.48	48.7	47.4
Other provisions for risks and liabilities	CHFM			
Total provisions for risks and liabilities	CHFM	6.48	48.7	47.4
Tax liabilities	CHFM	1.58	1.74	2.00
Other liabilities	CHFM	9,456	10,289	11,662
<b>Net debt (cash)</b>	<b>CHFM</b>	<b>-243</b>	<b>-347</b>	<b>-485</b>
Total liab. and shareholders' equity	CHFM	9,962	10,927	12,328

## Capital Employed

		12/22A	12/23E	12/24E
Capital employed after depreciation	CHFM	324	343	368

## Profits & Risks Ratios

		12/22A	12/23E	12/24E
<b>ROE (after tax)</b>	<b>%</b>	<b>23.2</b>	<b>26.7</b>	<b>26.0</b>
ROCE	%	43.3	58.2	63.8
<b>Gearing (at book value)</b>	<b>%</b>	<b>-30.7</b>	<b>-31.6</b>	<b>-37.7</b>
Adj. Net debt/EBITDA(R)	x	-1.04	-1.10	-1.33
Interest cover (x)	x	645	-156	-137

## Valuation Ratios

		12/22A	12/23E	12/24E
<b>Reference P/E (benchmark)</b>	<b>x</b>	<b>12.5</b>	<b>12.2</b>	<b>10.3</b>
Free cash flow yield	%	3.68	5.50	6.80
P/Book	x	2.65	2.91	2.47
<b>Dividend yield</b>	<b>%</b>	<b>1.67</b>	<b>1.23</b>	<b>1.28</b>

## EV Calculation

		12/22A	12/23E	12/24E
Market cap	CHFM	1,964	2,723	2,723
+ Provisions	CHFM	6.48	48.7	47.4
+ Unrecognised actuarial losses/(gains)	CHFM	0.00	0.00	0.00
+ Net debt at year end	CHFM	-243	-347	-485
+ Leases debt equivalent	CHFM	7.00	7.00	7.00
- Financial fixed assets (fair value)	CHFM	4.46	4.46	4.46
+ Minority interests (fair value)	CHFM			
= EV	CHFM	1,730	2,428	2,288
<b>EV/EBITDA(R)</b>	<b>x</b>	<b>7.62</b>	<b>7.86</b>	<b>6.34</b>
EV/Sales	x	4.24	4.56	3.75

Analyst : Grégoire Hermann, Changes to Forecasts : 16/06/2023.