



# Swissquote

Internet banking/Fintech / Switzerland

## Exporting high quality financial technology...

12/08/2020

### Change in EPS

2020 : CHF 6.00 vs 5.17	+16.1%
2021 : CHF 6.05 vs 4.68	+29.2%

Following the H1 20 earnings release, we have raised our expectations going into H2 20 and 2021. For H2 20, we expect revenues slightly above management's guidance (at CHF300m) as the H1 20 trend seems to be continuing into H2 20 (based on July and the first days of August). The sharp increase in new accounts also looks sustainable (they have contributed 10% of total revenues in H1 20) and we find it therefore appropriate to increase revenues in 2021.

We have also revised downwards total expenses expectations for 2021 due to the good cost controls showed during FY2020.



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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 : 23.5%

Target Price (6 months)	CHF 106
Share Price	CHF 86.0
Market Cap. CHFM	1,318
Price Momentum	<b>STRONG</b>
Extremes 12Months	38.5 ▶ 90.8
Bloomberg	SQN SW Equity
Reuters	SQN.S

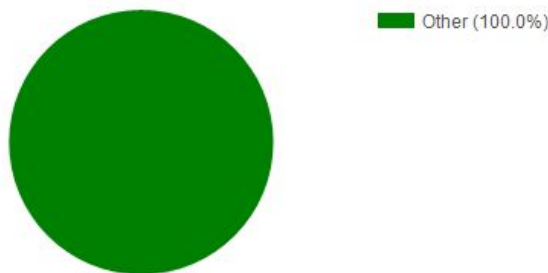

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PERF	1w	1m	3m	12m
Swissquote Group Holding	2.02%	5.39%	31.9%	101%
Other financials	1.99%	1.43%	11.8%	7.93%
SXXR Index	2.08%	1.18%	9.81%	1.98%

Last updated: 12/08/2020	12/19A	12/20E	12/21E	12/22E
Adjusted P/E (x)	14.5	14.3	14.2	13.8
Dividend yield (%)	2.38	2.09	2.11	2.17
EV/EBITDA(R) (x)	6.72	8.45	8.04	7.50
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 103	35%	■ Euronext NV
NAV/SOTP per share	CHF 77.0	20%	■ London Stock Exch...
EV/Ebitda	CHF 118	20%	■ Deutsche Boerse
P/E	CHF 147	10%	■ Amundi
Dividend Yield	CHF 130	10%	■ DWS
P/Book	CHF 67.4	5%	■ VIEL & Cie
TARGET PRICE	CHF 106	100%	■ UBS
			■ 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>14.5</b>	<b>14.3</b>	<b>14.2</b>
Free cash flow yield	%	8.48	4.22	5.28
P/Book	x	1.67	3.02	2.90
<b>Dividend yield</b>	<b>%</b>	<b>2.38</b>	<b>2.09</b>	<b>2.11</b>

## EV Calculation

		12/19A	12/20E	12/21E
Market cap	CHFM	625	1,280	1,280
+ 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	533	1,143	1,102
<b>EV/EBITDA(R)</b>	<b>x</b>	<b>6.72</b>	<b>8.45</b>	<b>8.04</b>
EV/Sales	x	2.29	3.66	3.45

Analyst : Farhad Moshiri, Changes to Forecasts : 12/08/2020.