



Swissquote

Internet banking/Fintech / Switzerland

An enabling environment

Update - 17/01/2020

Change in Opinion

Buy vs Reduce

Change in EPS

2019 : CHF 2.91 vs 2.72 +6.96%
2020 : CHF 3.72 vs 3.05 +21.9%

Following Swissquote's press release on 15 January regarding its revenues and pre-tax profit, we adjust our numbers for 2019 and going into 2020 and 2021. Revenues were indeed higher than our expectations and management confirmed its ambitious guidance for 2022 at the same time. As financial markets are enjoying a strong momentum, we find it ever more appropriate to increase our expectations and get closer to management's guidance (CHF320m revenues, CHF100m pre-tax profit and CHF36bn assets under custody expected in 2022). More details are available in a Latest we published on 16 January.

Change in NAV

CHF 59.4 vs 52.8 +12.4%

Our NAV is based on operating profit per division (securities trading and leveraged FX). As we are increasing our numbers going into 2021 and 2022, our NAV mechanically increases.

Change in DCF

CHF 73.2 vs 60.9 +20.2%

As we have increased our EPS expectations for the next years, the DCF (which is earnings-dependent) is mechanically increased (all else being equal).



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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 : 20.7%
Target Price (6 months)	CHF 68.7
Share Price	CHF 57.0
Market Cap. CHFM	873
Price Momentum	STRONG
Extremes 12Months	34.4 ▶ 57.0
Bloomberg	SQN SW Equity
Reuters	SQN.S



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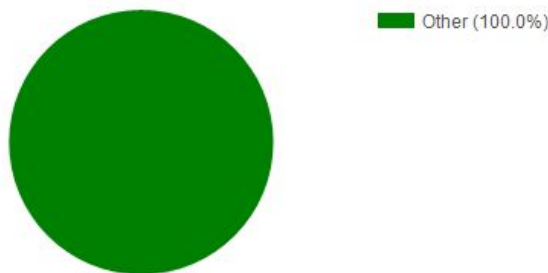


PERF	1w	1m	3m	12m
Swissquote Group Holding	11.7%	19.0%	28.8%	14.3%
Other financials	0.37%	1.94%	6.76%	33.7%
SXXR Index	0.23%	1.42%	7.20%	23.5%

Last updated: 17/01/2020	12/18A	12/19E	12/20E	12/21E
Adjusted P/E (x)	18.6	14.4	15.3	13.6
Dividend yield (%)	1.76	2.38	1.96	2.21
EV/EBITDA(R) (x)	8.40	6.23	7.37	6.47
Adjusted EPS (CHF)	3.07	2.91	3.72	4.20
Growth in EPS (%)	-14.5	-4.97	27.6	12.9
Dividend (CHF)	1.00	1.00	1.12	1.26
Sales (CHFM)	223	230	265	296
Pretax Results margin (%)	24.1	21.2	23.3	23.3
Attributable net profit (CHFM)	44.7	43.4	55.3	62.5
ROE (after tax) (%)	13.8	12.7	16.5	17.9
Gearing (%)	-36.5	-41.5	-37.5	-38.3

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

Sales by Geography



Consolidated P&L Accounts

		12/18A	12/19E	12/20E
Sales	CHFM	223	230	265
Change in sales	%	18.9	3.16	15.0
Change in staff costs	%	13.3	9.40	12.0
EBITDA	CHFM	83.4	81.1	97.8
EBITDA(R) margin	%	37.8	35.7	37.3
Depreciation	CHFM	-21.0	-24.7	-27.7
Underlying operating profit	CHFM	62.4	56.4	70.1
Operating profit (EBIT)	CHFM	53.9	51.0	65.1
Net financial expense	CHFM	0.00	0.00	0.00
of which related to pensions	CHFM		-0.86	-0.75
Exceptional items & other	CHFM			
Corporate tax	CHFM	-9.20	-7.65	-9.77
Equity associates	CHFM			
Minority interests	CHFM			
Adjusted attributable net profit	CHFM	44.7	43.4	55.3
NOPAT	CHFM	37.7	36.3	46.1

Cashflow Statement

		12/18A	12/19E	12/20E
EBITDA	CHFM	83.4	81.1	97.8
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	-10.3	-7.65	-9.77
Exceptional items	CHFM			
Other operating cash flows	CHFM	19.0	-25.0	-36.3
Total operating cash flows	CHFM	92.1	48.5	51.7
Capital expenditure	CHFM	-26.0	-28.4	-31.9
Total investment flows	CHFM	-26.0	-59.8	-31.9
Net interest expense	CHFM	0.00	0.00	0.00
Dividends (parent company)	CHFM	-13.0	-14.6	-14.9
Dividends to minorities interests	CHFM	0.00	0.00	0.00
New shareholders' equity	CHFM	28.7	0.00	0.00
Total financial flows	CHFM	15.7	-13.7	-14.1
Change in cash position	CHFM	81.8	-25.1	5.73
Free cash flow (pre div.)	CHFM	66.1	20.0	19.9

Per Share Data

		12/18A	12/19E	12/20E
No. of shares net of treas. stock (year...	Mio	14.9	14.9	14.9
Number of diluted shares (average)	Mio	14.6	14.9	14.9
Benchmark EPS	CHF	3.07	2.91	3.72
Restated NAV per share	CHF			
Net dividend per share	CHF	1.00	1.00	1.12

Valuation Summary

Benchmarks	Value	Weight	Largest comparables
DCF	CHF 73.2	35%	■ Euronext NV
NAV/SOTP per share	CHF 59.4	20%	■ London Stock Exch...
EV/Ebitda	CHF 77.2	20%	■ Deutsche Boerse
P/E	CHF 68.7	10%	■ Amundi
Dividend Yield	CHF 62.8	10%	■ DWS
P/Book	CHF 52.7	5%	■ VIEL & Cie
TARGET PRICE	CHF 68.7	100%	■ UBS
			■ Julius Baer

NAV/SOTP Calculation

Balance Sheet

		12/18A	12/19E	12/20E
Goodwill	CHFM	40.1	40.9	41.7
Total intangible	CHFM	91.5	93.3	95.2
Tangible fixed assets	CHFM	59.0	60.2	61.4
Financial fixed assets	CHFM			
WCR	CHFM	0.00	0.00	0.00
Other assets	CHFM	33.6	34.3	35.0
Total assets (net of short term liab.)	CHFM	5,298	5,404	5,512
Ordinary shareholders' equity	CHFM	352	330	340
Quasi Equity & Preferred	CHFM			
Minority interests	CHFM			
Provisions for pensions	CHFM	4.60	4.03	4.07
Other provisions for risks and liabilities	CHFM			
Total provisions for risks and liabilities	CHFM	4.60	4.03	4.07
Tax liabilities	CHFM	5.74	5.85	5.97
Other liabilities	CHFM	5,087	5,189	5,293
Net debt (cash)	CHFM	-150	-125	-130
Total liab. and shareholders' equity	CHFM	5,300	5,404	5,512

Capital Employed

		12/18A	12/19E	12/20E
Capital employed after depreciation	CHFM	215	219	223

Profits & Risks Ratios

		12/18A	12/19E	12/20E
ROE (after tax)	%	13.8	12.7	16.5
ROCE	%	17.9	16.9	20.9
Gearing (at book value)	%	-36.5	-41.5	-37.5
Adj. Net debt/EBITDA(R)	x	-1.69	-1.43	-1.25
Interest cover (x)	x	209	-101	-156

Valuation Ratios

		12/18A	12/19E	12/20E
Reference P/E (benchmark)	x	18.6	14.4	15.3
Free cash flow yield	%	7.80	3.20	2.34
P/Book	x	2.41	1.89	2.49
Dividend yield	%	1.76	2.38	1.96

EV Calculation

		12/18A	12/19E	12/20E
Market cap	CHFM	847	625	847
+ Provisions	CHFM	4.60	4.03	4.07
+ Unrecognised actuarial losses/(gains)	CHFM	0.00	0.00	0.00
+ Net debt at year end	CHFM	-150	-125	-130
+ Leases debt equivalent	CHFM	7.00	7.00	7.00
- Financial fixed assets (fair value)	CHFM			
+ Minority interests (fair value)	CHFM			
= EV	CHFM	709	512	728
EV/EBITDA(R)	x	8.40	6.23	7.37
EV/Sales	x	3.18	2.22	2.75

Analyst : Farhad Moshiri, Changes to Forecasts : 17/01/2020.