



# Swissquote

Internet banking/Fintech / Switzerland

## A record year punctuated by diversification to face upcoming challenges

Earnings/sales releases - 17/03/2022

Swissquote's FY 21 release yielded a lot of optimism regarding the firm's growth prospects despite the current unsafe environment. While 2021 has been a record year, management has guided for similar revenue generation and profitability in 2022, on the back of product initiations and revenue diversification.

### Fact

#### Swissquote FY 21 release

- Net revenue of CHF472m (+49% yoy) and pre-tax profit of CHF223m (+111.4% yoy), already disclosed at the beginning of January
- Record high net new money inflow of CHF9.6bn (total client assets at CHF55.9bn) and an increase in customer accounts by 18.9% yoy
- Net fee and commission income up 10.4% yoy, while net crypto assets income grew to CHF102m from CHF16m in 2020
- Net profit of CHF193.1m (CHF91m in 2020) ahead of firm's, consensus, and our expectations
- Basel III capital ratio of 26.2% with a proposed dividend of CHF2.2 per share (vs. CHF1.5 in 2020)
- Revenue and pre-tax profit guidance of CHF475m and CHF225m respectively for 2022 and CHF750m and CHF350m respectively for 2025

### Analysis

Although not a surprise given the pre-announcement at the beginning of January, Swissquote's results for 2021 were outstanding with revenues growing 49% yoy. Such a growth has been driven by outstanding customer acquisition with a record high net new money inflow of CHF9.6bn, on an organic basis (77,599 accounts have been opened in 2021). Also, this increase in accounts seems qualitative as the average deposit per account has increased to CHF114.6k from a bit less than CHF100k last year. This growth, coupled with exceptional market conditions over 2021 (which have been subject to high volatility and recovered from COVID-19 turmoil), as well as the launch of crypto trading are fuelling a well diversified, net revenue generation which we believe to be crucial to face the potential global economic turmoil stemming from the Russia/Ukraine conflict or customers' varying appetites for asset classes.

In fact, net revenue is almost perfectly split among multi-currencies cash, stocks, eFX and crypto assets. Going forward, we expect crypto assets' income to increase at an even faster pace considering the new assets added to the tradable pool (Tezos & Polkadot) as well as the enabling of crypto staking.

Similarly, we welcome the firm's ability to generate 20% of its net revenues from its asset base (80% transaction based), which should progressively improve, at least on an absolute basis, on the back of increasing account openings and rising interest rates. A great point for the firm's sustainability.

Overall, the firm's performance has yielded a strong Basel III capital ratio of 26%, leaving room for further acquisitions (and potentially bigger than Keytrade Bank



Grégoire HERMANN

otherfinancials@alphavalue.eu

+33 (0) 1 70 61 10 50

cs.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

### Buy Upside: 32.3%

Target Price (6 months)	CHF 214
Share Price	CHF 162
Market Cap. CHFM	2,483
Price Momentum	UNFAVORABLE
Extremes 12Months	107 ► 206
Sustainability score	4.9 /10
Credit Risk	AA ➡
Bloomberg	SQN SW Equity
Reuters	SQN.S



[Download Full Analysis](#)

[Company Page](#)



PERF	1w	1m	3m	12m
Swissquote Group Holding	6.30%	0.62%	-15.4%	51.4%
Other Financials	6.88%	-0.45%	-5.46%	0.67%
STOXX 600	3.22%	-2.71%	-5.90%	5.07%

Last updated: 07/02/2022	12/20A	12/21E	12/22E	12/23E
Adjusted P/E (x)	11.6	11.7	12.5	11.8
Dividend yield (%)	2.12	2.56	2.40	2.53
EV/EBITDA(R) (x)	7.02	7.79	7.97	7.15
Adjusted EPS (CHF)	6.13	12.7	12.9	13.7
Growth in EPS (%)	112	107	1.95	5.69
Dividend (CHF)	1.50	3.81	3.88	4.10
Sales (CHFM)	317	472	489	515
Pretax Results margin (%)	33.4	27.7	30.7	33.4
Attributable net profit (CHFM)	91.2	189	193	203
ROE (after tax) (%)	22.4	39.7	34.1	30.1
Gearing (%)	-25.1	-32.5	-43.1	-50.8

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

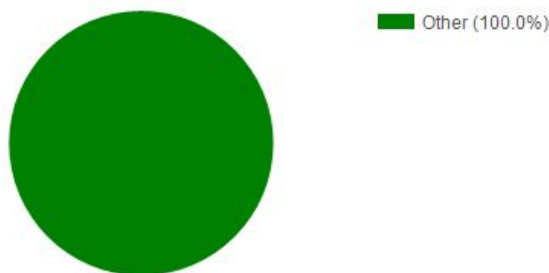
Luxembourg). Coupled with the so far successful Yuh application (50% JV with Post Finance), Swissquote seems to have the relevant levers to fuel its high growth profile.

And lastly, the firm has proposed a CHF2.2 dividend per share, up c.47% from 2020. While Bloomberg consensus had expected a dividend of CHF3.0, we consider this dividend as satisfying, granting stability, while we should keep in mind that Swissquote has a growth profile and could use excess cash for fuelling its exponential growth.

#### ■ Impact

Our model is under review.

## Sales by Geography



## Consolidated P&L Accounts

		12/20A	12/21E	12/22E
Sales	CHFM	317	472	489
Change in sales	%	36.6	48.8	3.60
Change in staff costs	%	24.7	18.1	5.05
EBITDA	CHFM	135	256	263
<b>EBITDA(R) margin</b>	<b>%</b>	<b>42.8</b>	<b>54.5</b>	<b>53.9</b>
Depreciation	CHFM	-29.0	-34.3	-36.1
Underlying operating profit	CHFM	106	222	226
<b>Operating profit (EBIT)</b>	<b>CHFM</b>	<b>106</b>	<b>222</b>	<b>226</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	-14.6	-33.3	-34.0
Equity associates	CHFM			
Minority interests	CHFM			
<b>Adjusted attributable net profit</b>	<b>CHFM</b>	<b>91.2</b>	<b>189</b>	<b>193</b>
NOPAT	CHFM	74.1	156	159

## Cashflow Statement

EBITDA	CHFM	135	256	263
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	-14.6	-33.3	-34.0
Exceptional items	CHFM			
Other operating cash flows	CHFM	41.0	-66.6	-31.9
Total operating cash flows	CHFM	161	157	197
Capital expenditure	CHFM	-30.7	-36.3	-38.1
Total investment flows	CHFM	-30.7	-36.3	-38.1
Net interest expense	CHFM	0.00	0.00	0.00
Dividends (parent company)	CHFM	-14.9	-22.3	-56.7
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	-14.9	-21.5	-55.9
Change in cash position	CHFM	116	98.8	103
<b>Free cash flow (pre div.)</b>	<b>CHFM</b>	<b>131</b>	<b>120</b>	<b>159</b>

## Per Share Data

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>6.13</b>	<b>12.7</b>	<b>12.9</b>
Restated NAV per share	CHF			
<b>Net dividend per share</b>	<b>CHF</b>	<b>1.50</b>	<b>3.81</b>	<b>3.88</b>

## Valuation Summary

Benchmarks	Value	Weight	Largest comparables
DCF	CHF 229	35%	● Euronext NV
NAV/SOTP per share	CHF 187	20%	● London Stock Exch...
EV/Ebitda	CHF 226	20%	● Deutsche Boerse
P/E	CHF 276	10%	● Amundi
Dividend Yield	CHF 181	10%	● DWS
P/Book	CHF 121	5%	● Julius Baer
TARGET PRICE	CHF 214	100%	

### NAV/SOTP Calculation

## Balance Sheet

		12/20A	12/21E	12/22E
Goodwill	CHFM	45.5	46.4	47.3
Total intangible	CHFM	115	118	120
Tangible fixed assets	CHFM	71.0	72.4	73.9
Financial fixed assets	CHFM			
WCR	CHFM	0.00	0.00	0.00
Other assets	CHFM	47.6	48.6	49.5
Total assets (net of short term liab.)	CHFM	7,314	7,417	7,566
<b>Ordinary shareholders' equity</b>	<b>CHFM</b>	<b>440</b>	<b>510</b>	<b>619</b>
Quasi Equity & Preferred	CHFM			
Minority interests	CHFM			
Provisions for pensions	CHFM	8.00	1.00	1.19
Other provisions for risks and liabilities	CHFM			
Total provisions for risks and liabilities	CHFM	8.00	1.00	1.19
Tax liabilities	CHFM	8.40	8.57	8.74
Other liabilities	CHFM	6,974	7,113	7,255
<b>Net debt (cash)</b>	<b>CHFM</b>	<b>-117</b>	<b>-215</b>	<b>-318</b>
Total liab. and shareholders' equity	CHFM	7,314	7,417	7,566

## Capital Employed

Capital employed after depreciation	CHFM	307	269	275
-------------------------------------	------	-----	-----	-----

## Profits & Risks Ratios

<b>ROE (after tax)</b>	<b>%</b>	<b>22.4</b>	<b>39.7</b>	<b>34.1</b>
ROCE	%	24.4	58.2	58.2
<b>Gearing (at book value)</b>	<b>%</b>	<b>-25.1</b>	<b>-32.5</b>	<b>-43.1</b>
Adj. Net debt/EBITDA(R)	x	-0.81	-0.81	-1.18
Interest cover (x)	x	354	-428	-557

## Valuation Ratios

<b>Reference P/E (benchmark)</b>	<b>x</b>	<b>11.6</b>	<b>11.7</b>	<b>12.5</b>
Free cash flow yield	%	12.4	5.44	6.58
P/Book	x	2.40	4.34	3.90
<b>Dividend yield</b>	<b>%</b>	<b>2.12</b>	<b>2.56</b>	<b>2.40</b>

## EV Calculation

Market cap	CHFM	1,055	2,213	2,411
+ Provisions	CHFM	8.00	1.00	1.19
+ Unrecognised actuarial losses/(gains)	CHFM	0.00	0.00	0.00
+ Net debt at year end	CHFM	-117	-215	-318
+ Leases debt equivalent	CHFM	7.00	7.00	7.00
- Financial fixed assets (fair value)	CHFM			
+ Minority interests (fair value)	CHFM			
= EV	CHFM	953	2,005	2,101
<b>EV/EBITDA(R)</b>	<b>x</b>	<b>7.02</b>	<b>7.79</b>	<b>7.97</b>
EV/Sales	x	3.00	4.25	4.29

Analyst : Grégoire Hermann, Changes to Forecasts : 07/02/2022.