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Swissquote Group Holding

Licensed to conquer Europe

Opinion	Buy
Upside (%)	48.1
Price (CHF)	134.7
Target Price (CHF)	199
Bloomberg Code	SQN SW
Market Cap (CHFM)	2,065
Enterprise Value (CHFM)	1,682
Momentum	STRONG
Sustainability	7/10
Credit Risk	AA→

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PROS

- Swissquote is well positioned to leverage its high quality multi asset class trading platform at an international level and remain a market leader in its domestic market
- Swissquote is progressively diversifying its revenue source not only through product offering (cryptos, staking, white-label partnerships) but also structurally (asset-based) which will benefit from the increasing rates environment
- Swissquote's strong balance sheet (a high CET1 ratio and no debt) gives it appreciated flexibility in terms of acquisition or organic growth (R&D remains key to the company's DNA)

CONS

- Swissquote's top-line remains strongly correlated to the health of the financial markets (low level of recurring revenues)
- Competition has pressured trading fees in recent years at a time when central banks' low/negative rates have put pressure on net interest income

KEY DATA	12/20A	12/21A	12/22E	12/23E	12/24E
Adjusted P/E (x)	11.6	11.5	12.6	10.3	8.47
Dividend yield (%)	2.12	1.48	1.63	1.89	2.29
EV/EBITDA(R) (x)	7.17	7.85	7.66	5.89	4.46
Adjusted EPS (CHF)	6.12	13.0	10.7	13.1	15.9
Growth in EPS (%)	119	112	-17.9	23.0	21.2
Dividend (CHF)	1.50	2.20	2.20	2.55	3.09
Sales (CHFM)	317	472	400	476	556
Pretax Results margin (%)	33.4	47.3	46.5	48.1	49.9
Attributable net profit (CHFM)	91.0	193	159	195	237
ROE (after tax) (%)	22.3	36.6	23.7	25.2	24.8
Gearing (%)	-22.9	-25.1	-39.3	-49.1	-48.9

Conflicts of interest

Corporate broking	No
Trading in corporate shares	No
Analyst ownership	No
Advice to corporate	No
Research paid for by corporate	Yes
Corporate access	No
Brokerage activity at AlphaValue	No
Client of AlphaValue Research	No

Detailed financials at the end of this report

Key Ratios

		12/21A	12/22E	12/23E	12/24E
Adjusted P/E	x	11.5	12.6	10.3	8.47
EV/EBITDA	x	7.85	7.66	5.89	4.46
P/Book	x	3.60	2.78	2.42	1.85
Dividend yield	%	1.48	1.63	1.89	2.29
Free Cash Flow Yield	%	11.5	8.71	6.99	8.92
ROE (after tax)	%	36.6	23.7	25.2	24.8
ROCE	%	55.7	38.3	44.2	49.9
Net debt/EBITDA	x	-0.80	-1.58	-1.69	-1.84

Consolidated P&L

		12/21A	12/22E	12/23E	12/24E
Sales	CHFM	472	400	476	556
EBITDA	CHFM	255	219	267	320
Underlying operating profit	CHFM	223	191	234	283
Operating profit (EBIT)	CHFM	223	186	229	278
Net financial expenses	CHFM	0.00	0.00	0.00	0.00
Pre-tax profit before exceptional items	CHFM	223	186	229	278
Corporate tax	CHFM	-30.2	-27.7	-33.9	-40.9
Attributable net profit	CHFM	193	159	195	237
Adjusted attributable net profit	CHFM	193	159	195	237

Cashflow Statement

		12/21A	12/22E	12/23E	12/24E
Total operating cash flows	CHFM	282	215	188	234
Capital expenditure	CHFM	-28.0	-40.0	-47.6	-55.6
Total investment flows	CHFM	-28.0	-40.0	-47.6	-55.6
Dividends (parent company)	CHFM	-22.3	-32.7	-32.7	-37.9
New shareholders' equity	CHFM	0.00	0.00	0.00	0.00
Total financial flows	CHFM	-25.0	-34.2	-34.4	-39.6
Change in net debt position	CHFM	229	140	106	139
Free cash flow (pre div.)	CHFM	254	175	140	179

Balance Sheet

		12/21A	12/22E	12/23E	12/24E
Goodwill	CHFM	44.5	56.5	56.5	56.5
Total intangible	CHFM	101	122	122	122
Tangible fixed assets	CHFM	70.0	69.4	77.1	81.0
WCR	CHFM	0.00	0.00	0.00	0.00
Total assets (net of short term liabilities)	CHFM	8,826	10,144	11,124	12,288
Ordinary shareholders' equity (group share)	CHFM	615	720	827	1,081
Provisions for pensions	CHFM	11.0	32.3	31.0	29.7
Net debt / (cash)	CHFM	-213	-353	-459	-598
Total liabilities and shareholders' equity	CHFM	8,826	10,144	11,124	12,288

Per Share Data

		12/21A	12/22E	12/23E	12/24E
Adjusted EPS (bfr goodwill amort. & dil.)	CHF	13.0	10.7	13.1	15.9
Net dividend per share	CHF	2.20	2.20	2.55	3.09
Free cash flow per share	CHF	17.1	11.7	9.42	12.0
Book value per share	CHF	41.4	48.4	55.6	72.6
Number of diluted shares (average)	Mio	14.9	14.9	14.9	14.9

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Businesses & Trends

A fintech with a banking licence

Swissquote Group Holding (Swissquote) is Switzerland's leading online bank and one of the most renowned investment platforms. It mainly covers private clients but it also has a non-negligible B2B business. Institutional clients (such as asset managers) are indeed also using its trading platform and the bank has been able to leverage this high-quality trading platform to develop at an international level (through either partnerships or white labels).

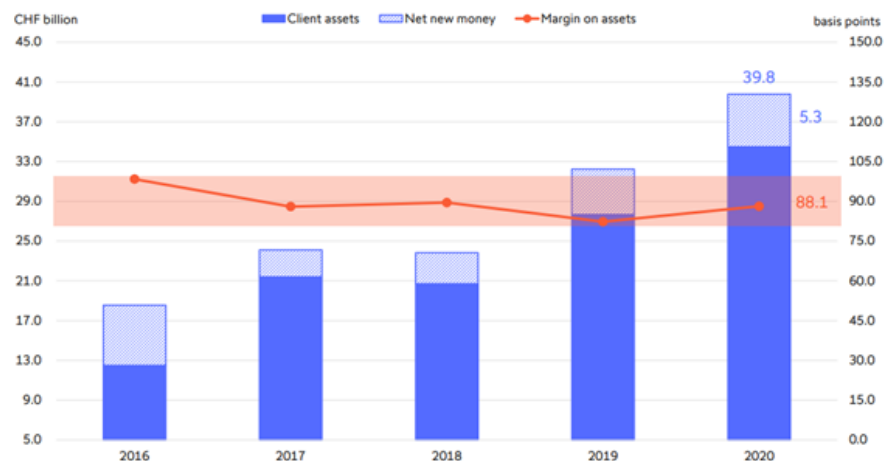
As mentioned on Swissquote's website (section "About us"), "Swissquote is not a typical Swiss bank". According to our understanding, it is indeed more about financial innovation than traditional banking. This is the reason why we have classified the bank as a Fintech (Internet Banking/Fintech).

A solid B2C business with B2B as the new growth engine

The B2C side makes up the bulk of Swissquote's net banking income as it contributes about 90% to it.

However, the company has also managed to develop over time a B2B side which is composed of partnerships and white-labelling. In 2016, for instance, Swissquote and PostFinance signed a white-label agreement whereby the Swiss Fintech acts as the trading platform for PostFinance.

Swissquote's B2B market is also about onboarding asset managers. While less important in Europe and Switzerland, these represent a high proportion of clients in the Middle-East (Dubai) and 100% of the customers in Swissquote-recently opened a subsidiary (2020) in Singapore.



A strong CET1 ratio offering flexibility

Having a banking licence, the company is regulated as a bank with all the constraints that come with it. Indeed, it has to maintain a certain level of capital (namely common equity tier 1). The Swiss regulator imposes an 11.2% minimum CET1 ratio. As management is targeting a 15% CET1 ratio, we use this number for calculating the company's excess capital (or net cash in the balance sheet).

Swissquote's CET1 ratio stands at about 23% (Q420), well ahead of the regulatory requirements offering flexibility especially in terms of external growth or capital distribution. For the years to come, we use a growth in RWA in line with that of the revenues and a 30% payout ratio (with a minimum of CHF1) which would lead to a CET1 ratio in the area of 30% in 2024. This highlights the different investment case compared with traditional banks, because Swissquote, as an innovative financial institution, is more geared towards investments and technology and much less (if not all) towards an extensive use of its balance sheet.

Guidance 2021 – 2024

Management reached its 2022 guidance two years ahead in 2020. The COVID-19 pandemic, leading to a high degree of volatility together with stay-at-home orders, led to a sharp rise in the opening of new accounts and retail trading. The institutionalisation of crypto-currencies trading at the end of 2020 also helped Swissquote which had already developed a strong franchise in that asset class.

2020 was therefore both an exceptional year for the Swiss Fintech as well as a game-changer going into 2021 and the future.

Hence, management is targeting another year of strong growth in 2021 with revenues expected to be up +15%. Pre-tax profit should rise +23% at the same time.

Adjusted for credit losses in trading income in 2020, it would reach 8% growth in revenues. This will be possible through the democratisation of the trading of crypto-currencies. At the same time, the opening of new accounts will remain buoyant and management expects net new money of CHF5bn.

The long-term target (2024) is bullish as well and well detailed by management, which makes it highly achievable.

Management expects revenues at CHF500m in 2024, which represents a 12% CAGR and a CHF200m pre tax profit (twice the 2020 level and four times the 2019 level).

Reaching this level of revenues would be equal to attracting about CHF5bn net new money per year together with a 90bp margin on assets. This is achievable given the recent momentum.

The integration of Swissquote Europe bank (former InternaxX), the ongoing developments in the Middle Eastern and Asian (Singapore) markets should help reach the assets under custody target.

Swissquote indeed expects balanced net money inflows with half coming from Switzerland and the other half from "the rest of the world".

All these numbers only refer to organic growth. With a comfortable level of capital and cash generation each year, the Swiss Fintech will be in position to grow externally as well (cf the Money Making section).

Competition

Swissquote has to face the competition of other brokers, like SaxoBank (CornerBank) or IG Group and other low-cost brokers.

Traditional banks such as UBS and Credit Suisse are also obvious competitors for Swissquote in Switzerland. However, trading costs on their platforms turn out to be more expensive.

Through R&D, the Swiss Fintech has positioned itself at the junction of these offerings. It indeed offers the combination of the reliable “Swiss quality” with a friendly interface at an affordable price. Swissquote’s trading platform indeed proposes a wide range of asset classes (equities, bonds, OTC products, crypto-currencies) on a global scale (US, European and Asian assets).

Positioning itself as a quality broker enables Swissquote to be less dependent on pricing and more on the depth of its investment solutions offering (in both asset classes and geographic terms). The average client balance (CHF100,000) is indeed higher at Swissquote than at other online brokers. Hence, the Swiss Fintech has managed not to be hurt by these competitors (which are also not so profitable).

The chaos in the markets at the beginning of 2021, with the corner around Gamestop in the forefront, has questioned the reality behind the free fees/commission offered by some platforms like Robinhood. This commission-free trading has indeed a liquidity price in the end and should, from now on, ring a bell for retail investors.

Robinhood’s and other commission-free brokers would find it hard besides to impose their business model in Europe. On top, the level of interest rates (negative) and the regulatory framework with MIFID2 at the forefront require the concept of best execution, disclosures of any inducements, etc.

Divisional Breakdown Of Revenues

Sector	12/21A	12/22E	12/23E	12/24E	Change 22E/21		Change 23E/22E	
					CHFm	of % total	CHFm	of % total
Total sales	472	400	476	556	-72 ↓	100%	76 ↑	100%
Net interest income Internet banking/Fintech	23.2	41.5	63.3	71.2	18	-25%	22	29%
Net fee and commission income Internet banking/Fintech	263	193	226	274	-70	97%	33	43%
Net trading income Internet banking/Fintech	193	175	200	226	-18	25%	25	33%
Other	-7.13	-9.62	-13.6	-15.3	-2	3%	-4	-5%

Key Exposures

	Revenues	Costs	Equity
Dollar	10.0%	0.0%	2.0%
Emerging currencies	0.0%	0.0%	0.0%
Euro	10.0%	0.0%	2.0%
Long-term global warming	0.0%	0.0%	0.0%

Sales By Geography

Other	100.0%
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We address exposures (eg. how much of the turnover is exposed to the \$) rather than sensitivities (say, how much a 5% move in the \$ affects the bottom line). This is to make comparisons easier and provides useful tools when extracting relevant data.

Actually, the subject is rather complex on the ground. The default position is one of an investor managing in €. An investor in £ will obviously not react to a £ based stock trading partly in € as would a € based investor. In addition, certain circumstances can prove difficult to unravel such as for eg. a € based investor confronted to a Swiss company reporting in \$ but with a quote in CHF... Sales exposure is probably straightforward but one has to be careful with deep cyclical. Costs exposure is a bit less easy to determine (we do not allow for hedges as they can only be postponing the day of reckoning). How much of the equity is exposed to a given subject is rarely straightforward but can be quite telling

In addition, subjects are frequently intertwined. A \$ exposure may encompass all revenues in \$ pegged currencies and an emerging currency exposure is likely to include \$ pegged

Swissquote (Buy)

currencies as well.

Exposure to global warming issues is frequently indirect and may require to stretch a bit imagination.

Money Making

Like any other bank, Swissquote makes a profit via net interest income (NII), fees/commissions and trading income.

Contrary to traditional banks, which make the bulk of their revenues through only net interest income, Swissquote's net banking income is mainly supported by fees/commissions (through the securities brokerage) and trading income (the FX activity).



Traditional banks' main activities are more particularly focused on loans and mortgages. Swissquote offers mortgages but acts only as an intermediary and will earn a retrocession on NII from the mortgages issued. It indeed delegates the issuing of the loan to a partner (the Basellandschaftliche Kantonalbank) which will use its own balance sheet. Swissquote's NII relies mainly on its retail deposits which are then invested (cash and balances with the central bank, treasury bills and due mainly from banks).

In a normal configuration, the level of NII is positively correlated to the level of retail deposits (it mechanically increases as the retail deposits base increases). However, the current abnormal level of interest rates (negative or very low at best) questions this.

Negative rates as a drag on NBI

The impact of negative rates was particularly penalising for Swissquote some years ago when it made between 25% and 35% of the group's total revenues (25% in 2007). Remuneration on risk-free assets has been negative in Switzerland and Europe for some years now. It gets positive remuneration only in the US where rates have only been under pressure again since the beginning of 2020 (long-term rates have been sharply decreasing after the pandemic rattled the economy in March 2020). Fortunately, the company has managed to diversify its activities geographically by business division with the consequence of reducing its dependency on Swiss interest rates.

According to the company's financial reports (2020 annual report), a 100bp increase in CHF, EUR and USD would add about CHF22m to the group's operating profit (a 22% increase to Swissquote's 2020 operating profit).

Swiss banks have been amongst the first to impose a negative remuneration on private deposits to curb the impact of negative rates on the assets side. This makes sense, as loans and their remuneration (NII) are core to their business...

Swissquote has been charging negative rates for clients with deposits over

CHF500,000 (CHF250,000 or CHF100,000 for some Swiss banks). Indeed, it does not want to be misused to park money (so clients avoid negative charges at other banks). Clients are offered free trades (Swissquote's core business) as compensation.

Net interest income makes now (in 2020) only 7% of the company's total revenues and management's (bullish) guidance for 2024 did not factor any increase in rates.

Swissquote's biggest contributors to its revenues are indeed fees/commissions when investors trade on its investment platform and trading income that is mainly gained from online foreign exchange transactions (and from foreign currency translation of monetary assets and liabilities denominated in other currencies than CHF).

A risk in Swissquote's business model is therefore its dependency on financial markets' activities. Contrary to traditional banks, whose loans business guarantee them recurring revenues on a long-term horizon (roughly equivalent to the loans' duration), the Swiss Fintech has to face the upheaval in financial markets (leading to some revenue volatility). Hence, the need for assets and geographical diversification. And here Swissquote has some history of external growth (which adds to organic initiatives).

Growing to diversify

As we mentioned in the previous section, Swissquote's main growth engine is its B2B solution. It indeed enables the company to leverage its tech-oriented trading platform at a very low cost. On the other side, it has been investing to increase geographic coverage (add exchanges) and add new asset classes (such as Swiss DOTS and cryptocurrencies as the Swiss Fintech was the first bank to allow its customers to trade cryptos in Switzerland).

Its main achievements were indeed the launch of the FX platform (eforex) in 2008, which makes, as of today, 30% of total revenues, and the launch of Swiss DOTS, an OTC platform that enables investors to trade OTC-leveraged products offered by the big global banks. These benefit from softer constraints compared with the highly regulated SIX Structured Products exchange.

The last lucrative development is the infrastructure set up around cryptocurrencies trading and which has enabled Swissquote to be well ahead of its competitors (traditional or low-cost brokers). The institutionalisation of cryptocurrencies trading could therefore be Swissquote's next engine.

Swissquote has indeed been offering crypto-currency trading services since 2017 (supporting five currencies, amongst which Bitcoin and Ether). In October 2018, the bank expanded its service to enable its clients to participate in initial coin offerings (ICOs). Since March 2019, the Swiss Fintech has also offered its clients the opportunity to centralise their holdings of crypto-currencies, as it is possible to transfer crypto-currencies from external wallets to a Swissquote account (and vice versa).

At the end of 2020 and beginning of 2021, crypto-currencies trading has been institutionalised and the impact on Swissquote's revenues should be more sustainable than what it was in 2018.

Some volatility should obviously remain around this alternative asset class but offering this opportunity to investors positions Swissquote ahead of its competitors.

Swissquote has also expanded through external growth. The Fintech's first big acquisition was in 2002 when it bought Consors' Swiss business. This business focused on B2B business (asset managers). Since 2002, Swissquote has therefore obtained experience in serving asset managers through a dedicated trading platform (Swissquote Professionals). MIG Bank in 2013 (FX) was another notable acquisition.

And Swissquote is active again as it finalised in H1 19 the acquisition of InternaxX. Through this acquisition, Swissquote has unrestricted access to the European market, meaning it will drastically increase the range of investment solutions it can offer its European investors (it will also expand InternaxX's service offering with a greater range of products).

Swissquote Europe bank (former InternaxX) had €2.6bn AuMs in 2020 in Europe. The Swiss bank plans to attract about CHF2.5bn net new money per year until 2024 outside Switzerland with the bulk in Luxembourg. Assets in Luxembourg should therefore be about CHF8bn in 2024.

Swissquote targets customers there who have about €100m in assets, like in Switzerland. It is therefore competing rather with the big banks and private banks by offering the "Swiss" quality and safety in Luxembourg (it does not compete with Flatex in Germany for instance).

As part of its international development, Swissquote has also opened a subsidiary in Singapore where it intends to develop business for asset managers (offering also nine new online stock exchanges to its investors).

With a solid current CET1 ratio (about 800bp or about CHF140m excess capital), we expect the company to continue with acquisitions to leverage its trading platform internationally.

More projects in the pipeline

The accelerated development of the crypto-currencies eco-system is not Swissquote's sole project in 2021. The Swiss Fintech has indeed set-up a joint-venture with the Swiss bank, Postfinance, to compete with the most notable Fintechs such as Revolut or N26.

The idea behind the JV is to use Swissquote's expertise in digital banking/financial services and also leverage Postfinance's big network. Guidance for 2024 does not factor in this project but it should probably add to the company's bottom line in the end.

As a savvy Fintech, Swissquote has also recently developed a new online leasing offering for customers willing to own a Tesla with a target volume of CHF100m in 2021.

Swissquote has also been promoting its own multi-currency credit card. It represents in Switzerland a better alternative to credit cards proposed by traditional banks as fees charged for transactions abroad are close to 300bp in

this case. On the contrary, like Revolut or N26, Swissquote offers a much cheaper alternative for these kinds of transactions (0% fees and a real-time rate). These types of solutions mostly appeal to millennials who are comfortable with 100% digital solutions.

Swissquote's number of engineers (250) make up about 30% of the headcount which underlines the importance of innovation for the company.

Divisional PRETAX RESULTS

	12/21A	12/22E	12/23E	12/24E	Change 22E/21		Change 23E/22E	
					CHFM	of % total	CHFM	of % total
Total	223	186	229	278	-37 ↓	100%	43 ↑	100%
Other/cancellations	223	186	229	278	-37 ↓	100%	43 ↑	100%

Divisional PRETAX RESULTS margin

	12/21A	12/22E	12/23E	12/24E
Total	47.3%	46.5%	48.1%	49.9%

Valuation

Peers

Concerning its peers, we consider Viel & CIE (Tradition's main shareholder) as Swissquote's closest peer (in our coverage). Euronext, Deutsche Boerse and the LSEG are also reasonable proxies of the Swiss Fintech as they are more and more tech-focused and remain dependent on trading volumes. Asset managers Amundi and DWS are dependent as well on the financial markets. As Swissquote is in theory a bank, we find it right to compare it to Swiss banks UBS and Julius Baer which are also mainly dependent on fees (wealth management).

We apply a 50% discount on the yield-based valuation as, contrary to all its peers apart from the market venues, Swissquote prefers investing rather than paying out dividends (in line with its DNA as a fintech company).

DCF

The DCF is based on a computed 10-year revenue and EBITDA growth of 3% to factor in the higher growth of fintech banks compared to traditional ones.

Valuation Summary

Benchmarks		Values (CHF)	Upside	Weight
DCF		227	68%	35%
NAV/SOTP per share		152	13%	20%
EV/Ebitda	Peers	233	73%	20%
P/E	Peers	233	73%	10%
Dividend Yield	Peers	126	-6%	10%
P/Book	Peers	144	7%	5%
Target Price		199	48%	

Comparison based valuation

Computed on 18 month forecasts	P/E (x)	Ev/Ebitda (x)	P/Book (x)	Yield(%)
Peers ratios	18.1	11.6	1.72	2.67
Swissquote Group Holding's ratios	10.5	6.02	2.41	1.88
Premium	0.00%	0.00%	50.0%	25.0%
Default comparison based valuation (CHF)	233	233	144	126
London Stock Exchange Group	26.7	13.9	1.70	1.22
Deutsche Boerse	21.1	14.2	3.65	2.27
Julius Baer	12.0	9.29	1.62	4.81
Amundi	10.9	8.27	0.98	5.98
Euronext NV	16.0	10.8	1.66	3.09
DWS	8.24	3.61	0.80	6.57

DCF Valuation Per Share

WACC	%	8.26	Avg net debt (cash) at book value	CHFM	-406
PV of cashflow FY1-FY11	CHFM	1,265	Provisions	CHFM	32.3
FY11CF	CHFM	231	Unrecognised actuarial losses (gains)	CHFM	0.00
Normalised long-term growth "g"	%	2.00	Financial assets at market price	CHFM	8.34
Sustainability "g"	%	2.20	Minorities interests (fair value)	CHFM	0.00
Terminal value	CHFM	3,815	Equity value	CHFM	3,371
PV terminal value	CHFM	1,724	Number of shares	Mio	14.9
PV terminal value in % of total value	%	57.7	Implied equity value per share	CHF	227
Total PV	CHFM	2,989	Sustainability impact on DCF	%	1.66

Assessing The Cost Of Capital

Synthetic default risk free rate	%	3.50	Company debt spread	bp	10.0
Target equity risk premium	%	5.00	Marginal Company cost of debt	%	3.60
Tax advantage of debt finance (normalised)	%	30.0	Company beta (leveraged)	x	0.84
Average debt maturity	Year	5	Company gearing at market value	%	-17.6
Sector asset beta	x	0.95 ⁽¹⁾	Company market gearing	%	-21.4
Debt beta	x	0.02	Required return on geared equity	%	7.68
Market capitalisation	CHFM	2,004	Cost of debt	%	2.52
Net debt (cash) at book value	CHFM	-353	Cost of ungeared equity	%	8.26
Net debt (cash) at market value	CHFM	-353	WACC	%	8.26

1. We apply a Beta of one as Swissquote's business model is strongly correlated to the financial markets' volatility

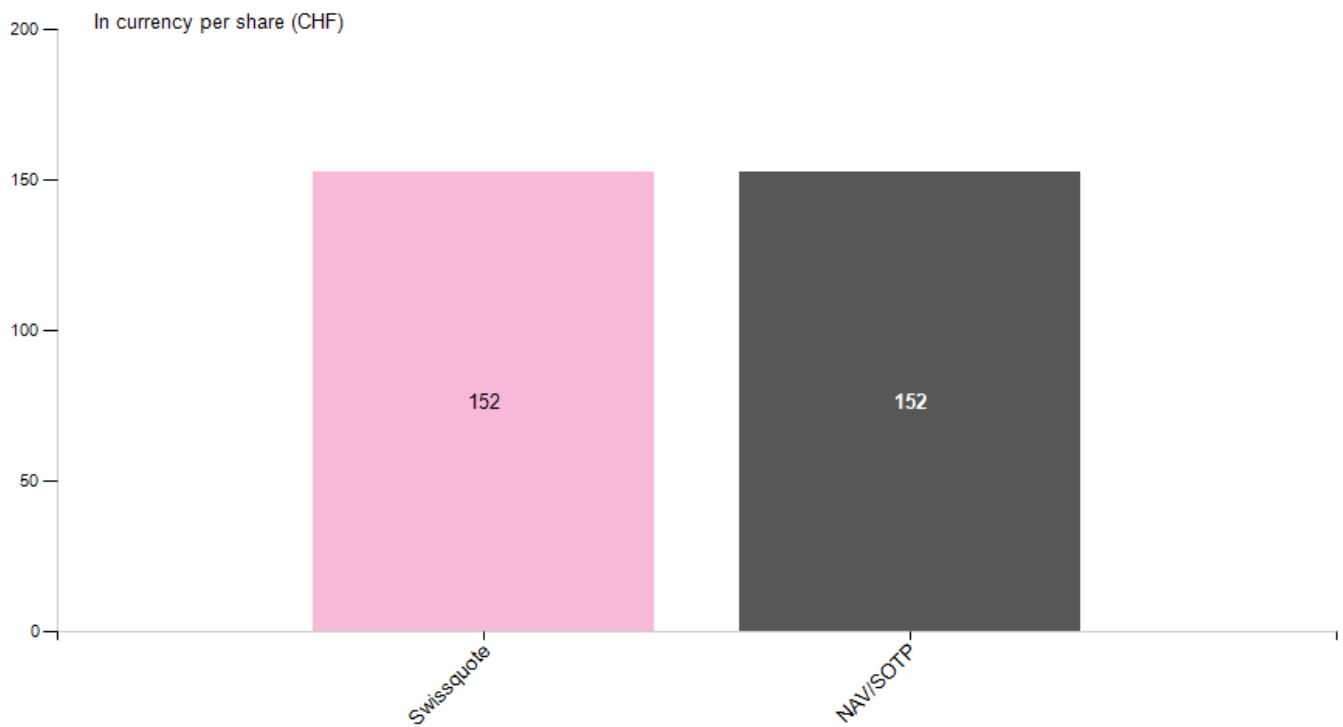
DCF Calculation

		12/21A	12/22E	12/23E	12/24E	Growth	12/25E	12/32E
Sales	CHFM	472	400	476	556	3.00%	573	705
EBITDA	CHFM	255	219	267	320	3.00%	330	406
EBITDA Margin	%	53.9	54.6	55.9	57.6		57.6	57.6
Change in WCR	CHFM	0.00	0.00	0.00	0.00	3.00%	0.00	0.00
Total operating cash flows (pre tax)	CHFM	313	242	222	275		330	406
Corporate tax	CHFM	-30.2	-27.7	-33.9	-40.9	3.00%	-42.2	-51.9
Net tax shield	CHFM	0.00	0.00	0.00	0.00	3.00%	0.00	0.00
Capital expenditure	CHFM	-28.0	-40.0	-47.6	-55.6	3.00%	-57.3	-70.5
Capex/Sales	%	-5.93	-10.0	-10.0	-10.0		-10.0	-10.0
Pre financing costs FCF (for DCF purposes)	CHFM	254	175	140	179		231	284
Various add backs (incl. R&D, etc.) for DCF purposes	CHFM						-46.2	-56.8
Free cash flow adjusted	CHFM	254	175	140	179		184	227
Discounted free cash flows	CHFM	254	175	129	152		145	103
Invested capital	CHF	282	344	366	392		358	42.5

NAV/SOTP Calculation

	% owned	Valuation technique	Multiple used	Valuation at 100% (CHFm)	Stake valuation (CHFm)	In currency per share (CHF)	% of gross assets
Swissquote	100%	PE	10.5	2,268	2,268	152	100%
Other							
Total gross assets					2,268	152	100%
Net cash/(debt) by year end					(1)		
Commitments to pay							
Commitments received							
NAV/SOTP					2,268	152	100%
Number of shares net of treasury shares - year end (Mio)					14.9		
NAV/SOTP per share (CHF)					152		
Current discount to NAV/SOTP (%)						11.6	

1. Excess cash (roughly equivalent to excess capital for a bank).



Debt

Swissquote's financial statements are those of a bank. Hence, we would qualify only Tier 1 and Tier 2 capital as debt (deposits, for instance, are considered as operational debt). The total amount of Tier 2 in 2020 was negligible compared to the total common equity tier 1. Hence, Swissquote's leverage is zero or close to zero.

Its CET1 ratio stands at 23% (Q4 20), well above the 11.2% capital requirements and still above management's target of 15%. Hence, we consider Swissquote has a positive net cash position (excess capital above management's target) of CHF140m at the end of 2020.

Detailed financials at the end of this report

Funding - Liquidity

		12/21A	12/22E	12/23E	12/24E
EBITDA	CHFM	255	219	267	320
Funds from operations (FFO)	CHFM	282	216	189	236
Ordinary shareholders' equity	CHFM	615	720	827	1,081
Gross debt	CHFM	0.00	0.00	0.00	0.00
+ Gross Cash	CHFM	213	353	459	598
= Net debt / (cash)	CHFM	-213	-353	-459	-598
Gearing (at book value)	%	-25.1	-39.3	-49.1	-48.9
Equity/Total asset (%)	%	6.97	7.10	7.44	8.80
Adj. Net debt/EBITDA(R)	x	-0.80	-1.58	-1.69	-1.84
Adjusted Gross Debt/EBITDA(R)	x	0.04	0.15	0.12	0.09
Adj. gross debt/(Adj. gross debt+Equity)	%	1.76	4.30	3.61	2.68
Ebit cover	x	745	-200	-274	-331
FFO/Gross Debt	%	2,565	667	609	792
FFO/Net debt	%	-133	-61.2	-41.2	-39.4
FCF/Adj. gross debt (%)	%	2,310	540	452	601

Worth Knowing

Some history

Its current CEO Marc Bürki and Michael Ploog founded Swissquote in 1999. It was then listed on the SIX Exchange in 2000. As we mentioned in other sections (mainly Business & Trends and Money Making), it has grown and diversified by both business and geographically.

As evidenced by the level of D&A and recent acquisitions, the company is committed to remaining a fintech with services of high quality (diversification of assets traded for clients – on a highly ergonomic platform – via new partnerships or acquisitions).

About Swissquote's financial reports

Swissquote is officially a bank but as we explained in the Business and Trends and Money Making sections, it resembles more a tech-company (a fintech). For the traditional banks we cover at AlphaValue, we use a specific model which we believe is more adapted to these banks. These banks make indeed most of their revenues via the issuance of loans (for corporates and households) as well as trading income with the issuance of derivatives. In both cases, traditional banks make intensive use of their balance sheet, which justifies the use of a specific model for financial reporting and valuation.

Swissquote's business, while innovative, remains simple and the main items on its balance sheet are (roughly) deposits and equities as liabilities and risk-free investments on the asset side. This is the reason why we are more comfortable with using the model that we use for "industrial companies". Our reporting is therefore different from that of the company's financial reports. We have indeed simplified the P&L and the balance sheet (even if all fundamental data are available to the readers). We also show a comprehensive cash flow statement as we do not find it relevant to report Swissquote's cash flow statement from its annual reports. Indeed, a bank's cash flow statement mixes the economic facets of the company (real cash flow generation) as well as the net change in its operating assets and liabilities (liquidity management as a whole). We find it therefore more relevant to reveal only real cash flow generation.

Shareholders

Name	% owned	Of which % voting rights	Of which % free to float
Marc Bürki	12.5%	12.5%	0.00%
Paolo Buzzi	12.4%	12.4%	0.00%
PostFinance	5.00%	5.00%	0.00%
Mario Fontana	4.41%	4.41%	0.00%
Apparent free float			65.8%

Sustainability

What the numbers say

Swissquote's sustainability score is very slightly below the sector's average. Social and Governance pull the firm towards a great performance while the Environmental score is a drag mainly due to lack of reported data.

Our analysis

Beyond the very satisfying performance on Social and Governance, which are very much under management's control, the hiccup might come from the Environmental side.

In fact, Swissquote is structurally dependent on its customers' behaviour and their willingness to invest responsibly and invest the right products (cryptos, which are highly energy-consuming). While the firm, in the future, will launch further trading products/assets and attract more customers, this will be at the expense of customers potentially looking for profits instead of a "sustainable" and "responsible" behaviour.

Sustainability score

Sustainability is made of analytical items contributing to the E, the S and the G, that can be highlighted as sustainability precursors and can be combined in an intellectually acceptable way. This is the only scale made available

	Score	Weight
Governance		
Independent directors rate	5/10	25%
Board geographic diversity	4/10	20%
Chairman vs. Executive split	✓	5%
Environment		
CO ² Emission	10/10	25%
Water withdrawal	1/10	10%
Social		
Wage dispersion trend	9/10	5%
Job satisfaction	10/10	5%
Internal communication	10/10	5%
<hr/>		
Sustainability score	6.6/10	100%

Governance & Management

Co-founders Marc Bürki and Paolo Buzzi are Swissquote's CEO and CTO. The Board of Directors' size is rather limited with only six people. We consider three of them as being independent (and two are considered non-independent, as they have been on the board for more than seven years). In Switzerland, all Directors on a Board have to be non-executive.

Governance score

Company (Sector)




7.1 (7.1)

Independent board













Yes

Parameters	Company	Sector	Score	Weight
Number of board members	6	10	9/10	5.0%
Board feminization (%)	16	33	3/10	5.0%
Board domestic density (%)	83	64	4/10	10.0%
Average age of board's members	63	58	4/10	5.0%
Type of company : Small cap, controlled			4/10	10.0%
Independent directors rate	50	42	5/10	20.0%
One share, one vote			✓	10.0%
Chairman vs. Executive split			✓	0.0%
Chairman not ex executive			✓	5.0%
Full disclosure on mgt pay			✓	5.0%
Disclosure of performance anchor for bonus trigger			✓	5.0%
Compensation committee reporting to board of directors			✓	5.0%
Straightforward, clean by-laws			✓	15.0%
Governance score			7.1/10	100.0%

Management

Name		Function	Birth date	Date in	Date out	Compensation, in kCHF (year)	
						Cash	Equity linked
Marc BÜRKI	M	 CEO	1961	2002		1,107 (2021)	(2021)
Paolo BUZZI	M	 Deputy CEO	1961	2000		(2021)	(2021)
Yvan CARDENAS	M	 CFO	1980	2010		(2021)	(2021)

Board of Directors

Name		Indep.	Function	Completion of current mandate	Birth date	Date in	Date out	Fees / indemnity, in kCHF (year)		Value of holding, in kCHF (year)	
Markus DENNLER	M	 	President/Chairman of th...		1956	2005		231 (2021)		6,446 (2021)	
Monica DELL'ANNA	F	 	Member		1955	2016		141 (2021)		401 (2021)	
Martin NAVILLE	M	 	Member		1959	2007		141 (2021)		2,347 (2021)	
Beat OBERLIN	M	 	Member		1955	2016		146 (2021)		759 (2021)	
Jean-Christophe PERNOLLET	M	 	Member		1966	2014		157 (2021)		871 (2021)	
Michael PLOOG	M	 	Member		1960	2021		109 (2021)		9,076 (2021)	

Environment

What the numbers say

Swissquote's Environmental score is very low and below the sector's. This is fully due to the lack of available data.

Our analysis

We believe that Swissquote's Environmental score can only improve as the firm discloses further information on its environmental footprint.

Beyond that, we believe that its business is very sensitive. In fact, its score would be very much tied to its customers' investment philosophies and willingness to invest responsibly.

Environmental score

Data sets evaluated as trends on rolling calendar, made sector relative

Parameters	Score	Sector	Weight
CO ² Emission	10/10	5/10	30%
Water withdrawal	1/10	3/10	30%
Energy	10/10	4/10	25%
Waste	1/10	3/10	15%
Environmental score	6.0		100%






















Company (Sector)

6.0 (3.8)















Environmental metrics

	2019	Company 2020	2021	Sector 2021
Energy (GJ) per €m in capital employed			40	29
CO ² tons per €m in capital employed	1	1	1	1

Sector figures

Company	Country	Environment score	Energy (total, in GJ)	CO2 Emissions (in tons)	Water Withdrawal (in m3)	Waste (total, (in tons)
En+		2/10	326,400,000	52,100,000	872,100,000	213,300,000
DWS		4/10		4,329		
AURELIUS		4/10		507		
Adyen		5/10	49,969	2,443		
Nexi		5/10	95,571	6,471	974,300	751
HBM Healthcare Investments		1/10				
Wise		5/10	7,486	807		
Prosus		3/10	81,408	23,561	n/a	n/a
EdenRed		4/10	53,334	7,427	32,312	467
Vivendi		7/10	536,722	38,194		20,237
Deutsche Boerse		10/10	275,915	3,989	74,633	22
Porsche SE		1/10				
Bouygues		2/10	30,772,800	2,250,000	1,000,000	
GBL		4/10		140		
Investor		6/10	4,165	77		
Hal Trust		1/10				
Heineken Holding		7/10	20,900,000	1,303,000	90,200,000	4,253,600
London Stock Exchange Group		10/10	240,876	4,138	1,166	185
Eurazeo		6/10	10,062,709	790,076	37,181,108	41,600
Industrivärden		4/10		24		
Corporacion Financiera Alba		10/10	28,055	4,957	34,990	40,890

Swissquote (Buy)

Kinnevik Investment		4/10		11		
Sonae		8/10	2,733,179	190,357	1,906,820	97,190
Ackermans & van Haaren		1/10		629	811	
Partners Group		4/10		578,076	2,374,472	
Exor		4/10		72		
Bolloré		10/10	1,002,974	377,805	1,641,115	35,823
Wendel		4/10		128		
MPC Capital		1/10				
Swissquote Group Holding		6/10	11,279	362		
Deutsche Beteiligungs AG		4/10		210		
VIEL & Cie		1/10				
Picanol		1/10				
Amundi		10/10	69,739	2,932	19,753	161
Euronext NV		6/10	23,522	4,660	253,892	
Worldline		10/10	336,781	8,993	16,826	1,501

Social

What the numbers say

Swissquote's Social score is well above the sector's. This is mainly driven by qualitative metrics as well as the average wage trend (meaning a positive wage evolution) and share of added value taken up by taxes (meaning a fair tax contribution).

Our analysis

Swissquote's workforce profile is qualified and much demanded. In order to feed its growth, the firm will have to compete with the broader FinTech/Neo bank peers, implying an attractive packages. We believe that Swissquote has the resources to attract people with these profiles and, consequently, should maintain a high Social score.

Social score

Company (Sector)

7.8 (5.7)

Quantitative metrics (67%)

Set of staff related numerical metrics available in AlphaValue proprietary modelling aimed at ranking on social/HR matters

Parameters	Score	Weight
Staffing Trend	6/10	15%
Average wage trend	8/10	30%
Share of added value taken up by staff cost	4/10	20%
Share of added value taken up by taxes	9/10	15%
Wage dispersion trend	9/10	20%
Pension bonus (0 or 1)	0	
Quantitative score	7.3/10	100%

Qualitative metrics (33%)

Set of listed qualitative criterias and for the analyst to tick

Parameters	Score	Weight
Accidents at work	10/10	25%
Human resources development	7/10	35%
Pay	10/10	20%
Job satisfaction	10/10	10%
Internal communication	10/10	10%
Qualitative score	9.0/10	100%

AlphaValue analysts tick boxes on essential components of the social/HR corporate life. Decision about ticking Yes or No is very much an assessment that combines the corporate's communication on relevant issue and the analyst's better judgment from experience.

Qualitative score

Parameters	Yes  / No 	Weight
Accidents at work		25%
Set targets for work safety on all group sites?		10.0%
Are accidents at work declining?		15.0%
Human resources development		35%
Are competences required to meet medium term targets identified?		3.5%
Is there a medium term (2 to 5 years) recruitment plan?		3.5%
Is there a training strategy tuned to the company objectives?		3.5%
Are employees trained for tomorrow's objectives?		3.5%
Can all employees have access to training?		3.5%
Has the corporate avoided large restructuring lay-offs over the last year to date?		3.5%
Have key competences stayed?		3.5%
Are managers given managerial objectives?		3.5%
If yes, are managerial results a deciding factor when assessing compensation level?		3.5%
Is mobility encouraged between operating units of the group?		3.5%
Pay		20%
Is there a compensation committee?		6.0%
Is employees' performance combining group AND individual performance?		14.0%
Job satisfaction		10%
Is there a measure of job satisfaction?		3.3%
Can anyone participate ?		3.4%
Are there action plans to prop up employees' morale?		3.3%
Internal communication		10%
Are strategy and objectives made available to every employee?		10.0%
Qualitative score	9.0/10	100.0%

Staff & Pension matters

At the end of 2018, Swissquote has 649 employees. It has been regularly increasing its headcount in recent years (420 employees in 2013) to manage the Fintech's growth. Interestingly, Swissquote's total sales/employee ratio is the highest number within the European banking sector (CHF541m vs CHF292m on average). And, interestingly, engineers make up 35% of the total headcount. These two elements confirm the company's push into technology.

Detailed financials at the end of this report

Summary Of Pension Risks

		12/21A	12/22E	12/23E	12/24E
Pension ratio	%	7.57	4.30	3.61	2.68
Ordinary shareholders' equity	CHFm	615	720	827	1,081
Total benefits provisions	CHFm	50.4	32.3	31.0	29.7
<i>of which funded pensions</i>	<i>CHFm</i>	<i>50.4</i>	<i>32.3</i>	<i>31.0</i>	<i>29.7</i>
<i>of which unfunded pensions</i>	<i>CHFm</i>	<i>0.00</i>	<i>0.00</i>	<i>0.00</i>	<i>0.00</i>
<i>of which benefits / health care</i>	<i>CHFm</i>		<i>0.00</i>	<i>0.00</i>	<i>0.00</i>
Unrecognised actuarial (gains)/losses	CHFm	0.00	0.00	0.00	0.00

Geographic Breakdown Of Pension Liabilities

		12/21A	12/22E	12/23E	12/24E
US exposure	%				
UK exposure	%				
Euro exposure	%				
Nordic countries	%				
Switzerland	%				
Other	%	100	100	100	100
Total	%	100	100	100	100

Recent updates

05/10/2022

Swissquote's own crypto trading exchange magnifies its potential

Significant news

Swissquote has announced the launch of its own crypto trading exchange, a material innovation to improve its service to customers but also enhance the profitability of these assets. Any recovery from the crypto asset class will be incredibly lucrative for Swissquote.

Fact

Swissquote has hitherto been using the Bitstamp and Coinbase exchanges as liquidity providers for crypto trading as well as custodian services. This means that for any order sent by a Swissquote user to buy BTC or ETH (among others) on the platform, the order would be re-directed to the Bitstamp or Coinbase exchanges. This has meant potential friction, reliance on external providers (potentially decreasing stability) for execution, liquidity and dependent upon their regular maintenance. This has also meant commission for trades (0.5% to 1%).

With its own exchange, which at first will be rolled-out to Bancor (BTN) and progressively to all 36 tokens available on the Swissquote platform, the product should considerably improve.

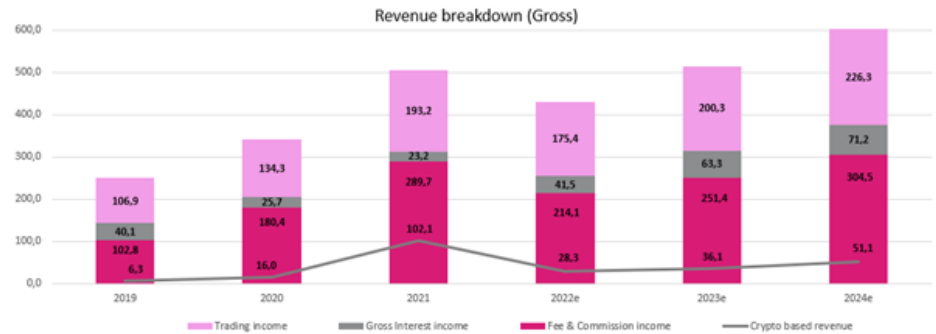
Analysis

Despite the crypto crash, we are convinced that Swissquote's efforts to make its exposure even more profitable is worthwhile. This bodes well for the whole investment case on the firm. In times of market turmoil, the performance is obviously impacted, although margins are expected to be maintained given that a material part of Opex is variable compensation for employees indexed on the firm's performance and that the fact that Swissquote is progressively hedging this exposure with asset-based revenues (driven, in part, by higher interest rates).

However, the continued growth in client accounts and assets is pure dry powder for when markets rebound and further highlights the very attractive and convenient product.



As such, looking at revenues, we see its as only a matter of time before Swissquote fully gains advantage of its growing customer base, even further enhanced by higher profitability on crypto products thanks to the new exchange.



28/09/2022

Markets don't help but client growth is a sustainability guarantor

Change in Target Price

CHF 186 vs 211

-11.8%

We reduce our TP integrating the last financials.

The cut is mainly driven by reduced revenue expectations from crypto assets. Tumbling equity markets also have a negative impact on clients' assets.

On the other hand, we continue to expect strong client asset inflows on the back of client account openings. Coupled with higher interest rates, this should partly offset the drop from transaction-based revenues.

Overall, our estimates for FY 22 land at the bottom of the firm's guidance (CHF400m net revenues vs. CHF400m-420m) and below that of 2025. Despite that, fundamentals still imply a strong upside to the current share price, the latter pricing a worst-case scenario.

Our thesis does not change in that we strongly believe that the continued growing customer base is pure dry powder for better financial markets' times.

Change in EPS

2022 : CHF 10.7 vs 12.3

-13.7%

2023 : CHF 13.1 vs 14.0

-6.04%

Our EPS is reduced as we decreased our top-line expectations (from CHF463m to CHF 400m in 2022 and CHF 512m to CHF 476m in 2023). Our PBT margins are even slightly increased (46.5% in 2022 vs. 45.7% previously) as Swissquote has a mighty control over its costs (a material part of these being employees' bonuses linked to the firm's performance).

Change in NAV

CHF 152 vs 194

-21.3%

The NAV target is slightly cut as we have kept the same P/E multiple (10.5x) but decreased the average earnings over (23-24) to CHF 216m.

Change in DCF

CHF 220 vs 257

-14.4%

We cut our DCF valuation on the back of reduced revenue expectations for the next 3 years.

10/08/2022

Revenue decreased but client growth is pure dry power

Earnings/sales releases

As expected Swissquote took a hit from the financial market turmoil. Clients' assets decreased from CHF 55.9bn at FY 21 to CHF 51.8bn with a material impact from the crypto asset class. However, the continued and sustainable client growth is a tremendous asset as it sustainably fuels the pool of cash deposits, diversifying the stream of revenues (from interest rates), while adding up to revenue potential as soon as markets recover.

Fact

H1 22 Results:

- Net Revenues of CHF 200m (down 24.4% yoy and down 3.9% sequentially), slightly below our expectations (c.CHF 210m)
- Pre-tax profit of CHF 90.7m, down 32.7% yoy and up 2.2% sequentially, implying a margin of 45.3% (vs. 50.9% at FY 21 and 42.6% at H2 21)
- +34k accounts added in the period yielding CHF 5bn of net new money (of which CHF 1.7bn of non-organic inflows from KeyTrade portfolio)
- Launch of a new crypto exchange, improving Swissquote's crypto service and enhancing revenues from the asset class
- FY 22 guidance revised downwards to CHF 400-420m in Net revenues and CHF 190m in Pre-tax profit on the back of prudent assumptions
- Guidance 2025 maintained

Analysis

As expected, Swissquote's H1 22 results were impacted by the current environment. In fact, with markets tumbling, clients have been less inclined to trade (c.3.2m trades on securities vs. 3.6m and 3.5m the last two periods) and their overall assets have taken a hit (especially cryptos, with assets under custody decreasing from CHF 2.8bn to CHF 1.1bn).

This translated into a 6.7% yoy decrease in Net fee & commission income to CHF 81.3m (an absolute negative variation of CHF 5.8m) while Net crypto asset income decreased by 69.2% yoy to CHF 19.45m (or an absolute negative variation of CHF 43.8m while the group's revenues decreased by CHF 61.6m).

In fact, excluding the crypto shock we have seen over the past half year, the tumbling markets would have been fairly addressed by Swissquote, on the back of higher interest rates and very strong customer growth which have a lot to deliver in the coming months.

The firm recorded 34k new accounts (of which 8k from KeyTrade Bank) which represented 8% of HY 22 net revenues. On top of this, we believe that some of these new accounts (those from Key Trade) could actually yield further revenues as the full integration of the clients occurred at the end of May,

requiring adaptation to a new platform. We believe that this steady growth in clients has the potential to offset much of the impact of unstable financial markets, while it is reasonable not to expect a crypto shock of a similar magnitude to the one we have seen in recent months.

On top of this, the increase in client deposits coupled with higher interest rates adds-up to Swissquote's potential to derive asset-based revenue, hedging away from the negative impact on transaction revenue from financial market instability.

In fact, 18% of client assets are deposited (c.CHF 9.3bn) of which CHF 6.5bn will benefit from higher rates (deposits are split 20% / 60% / 20% among USD, CHF, and EUR respectively).

As specified by the management, we can expect a positive contribution of net interest income of c.CHF42m (conservative assumption).

Despite that, Swissquote managed to tightly control its expenses with a pre-tax margin of 45.3%, which is above the level of the previous 6 months (42.6%).

We are thus confident that the growth in accounts, as well as the identified behaviour on the platform (no panic selling or outflow of assets) demonstrates the sustainability of the customer base and should be a strong lever under better market conditions.

Impact

Swissquote revised downwards its FY 22 guidance but kept the FY 25 objectives intact. We will adjust our model based on the published figures but do not expect any change in recommendation. We strongly reiterate our opinion on the stock.

20/06/2022

Keep calm and hold on to your Swissquote's shares

Change in EPS

2022 : CHF 12.3 vs 13.1	-6.00%
2023 : CHF 14.0 vs 16.0	-12.6%

Our EPS forecast is slightly cut following the reduction of revenues from crypto assets. However, we believe that Swissquote has the discipline to control its cost base and maintain strong margins (46.7% in 2022 and 47.8% in 2023). As such, the impact on the EPS is not so material while we keep on seeing it growing in 2023 and 2024.

Change in Target Price

CHF 206 vs 219	-5.66%
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Our target price is slightly reduced (with no impact on our recommendation) as we have updated Swissquote's model following the financial markets' turmoil (both stock and crypto markets). Our main adjustment comes from the reduction of revenues from crypto assets, which is partly offset by increasing customers, stabilising volumes of trading but also higher interest rates increasing asset-based revenues.

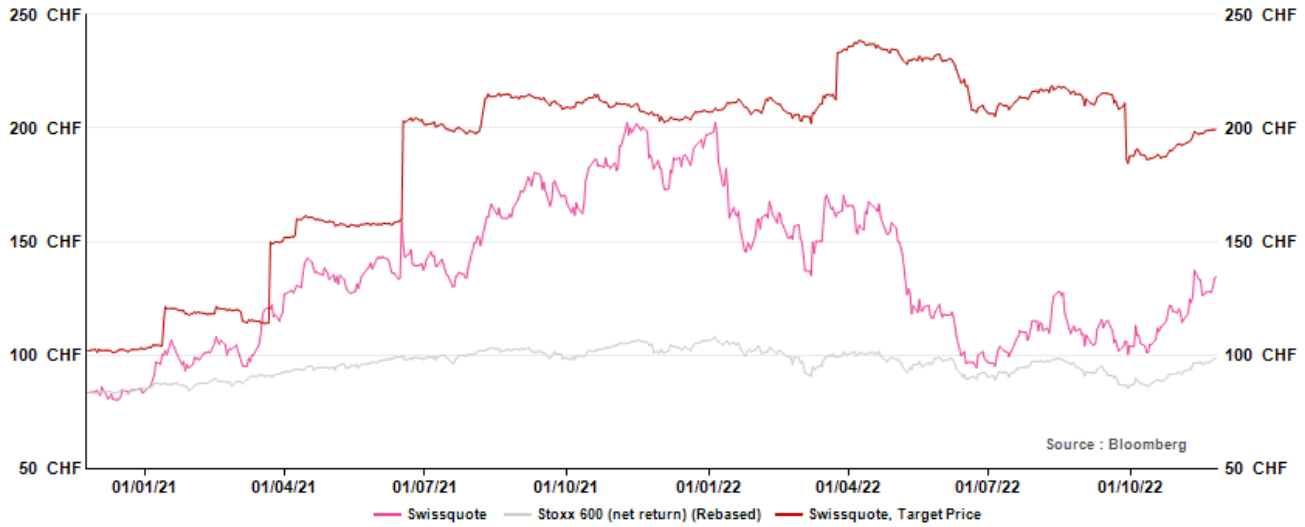
Change in DCF

CHF 262 vs 295

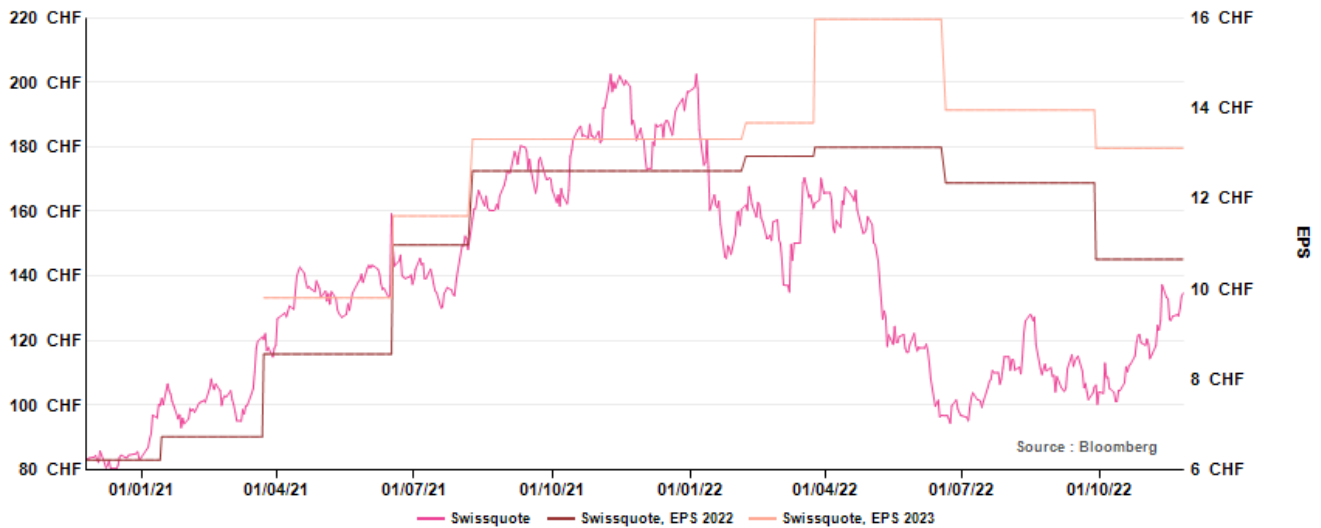
-11.0%

Our DCF valuation is reduced as a consequence of the EPS cut. Our forward-looking assumptions have not changed and remain conservative. Despite that, we still have a strong upside.

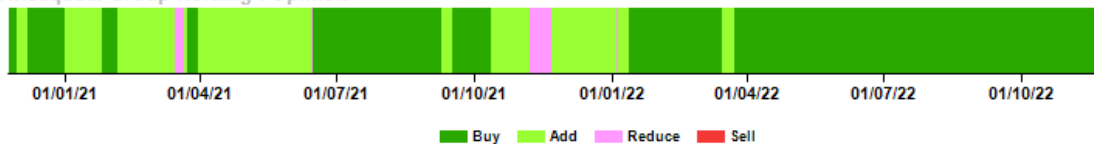
Stock Price and Target Price



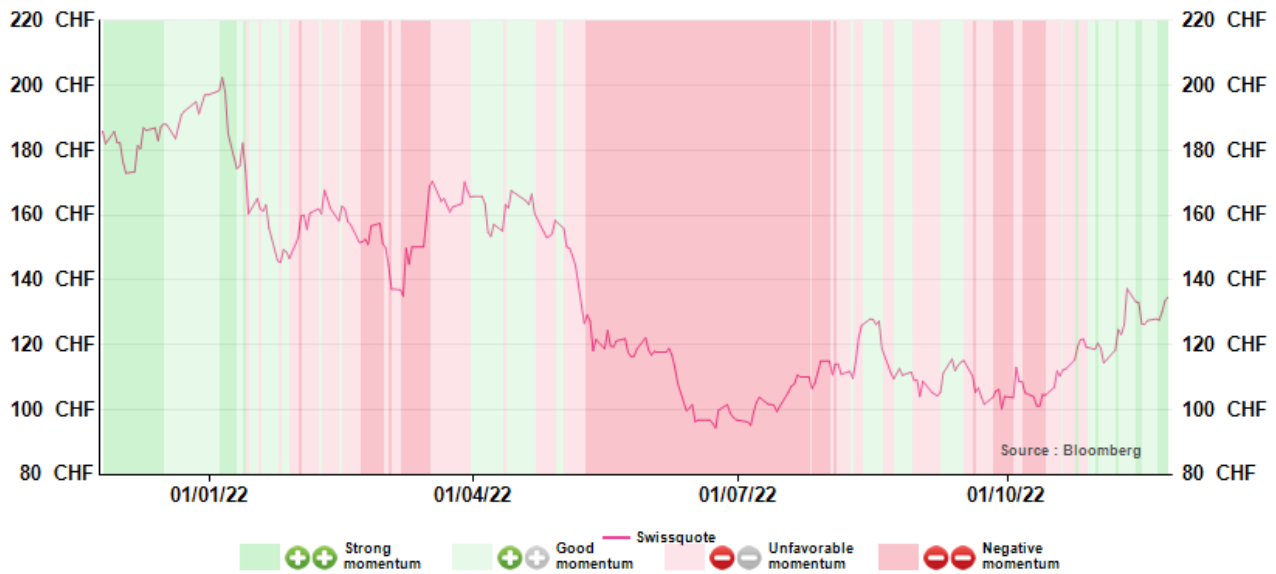
Earnings Per Share & Opinion



Swissquote Group Holding : Opinion



Momentum





Momentum analysis consists in evaluating the stock market trend of a given financial instrument, based on the analysis of its trading flows.


The main indicators used in our momentum tool are simple moving averages over three time frames: short term (20 trading days), medium term (50 days) and long term (150 days). The positioning of these moving averages relative to each other gives us the direction of the flows over these time frames.


For example, if the short and medium-term moving averages are above the long-term moving average, this suggests an uptrend which will need to be confirmed. Attention is also paid to the latest stock price relative to the three moving averages (advance indicator) as well as to the trend in these three moving averages - downtrend, neutral, uptrend - which is more of a lagging indicator.

The trend indications derived from the flows through moving averages and stock prices must be confirmed against trading volumes in order to confirm the signal. This is provided by a calculation based on the average increase in volumes over ten weeks together with a buy/sell volume ratio.

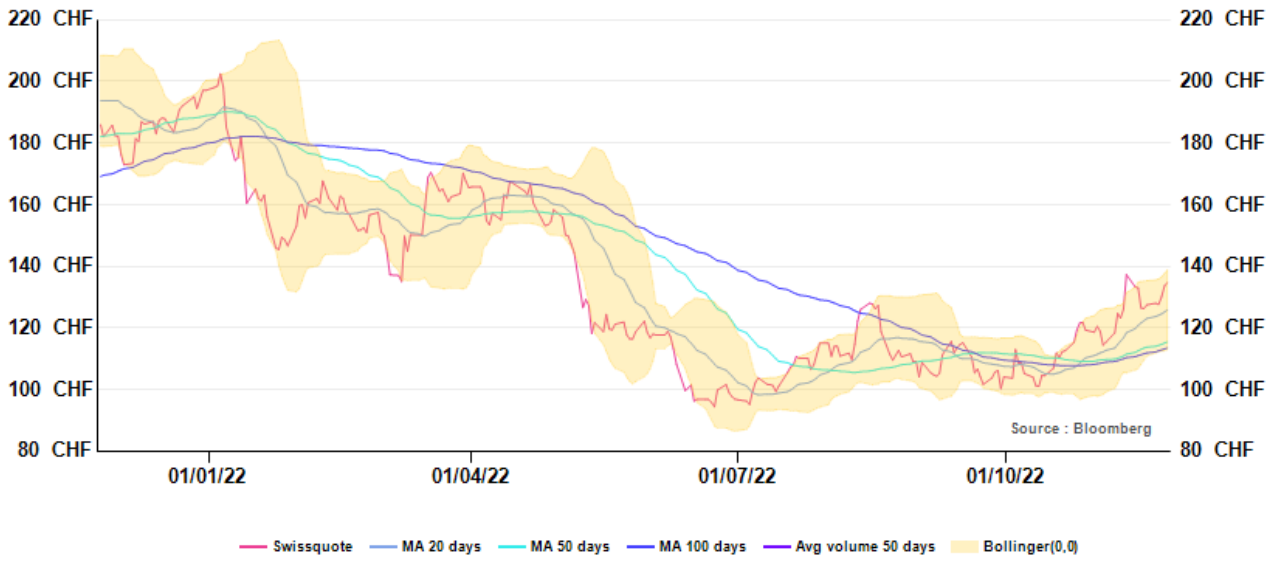
 : Strong momentum corresponding to a continuous and overall positive moving average trend confirmed by volumes

 : Relatively good momentum corresponding to a positively-oriented moving average, but offset by an overbought pattern or lack of confirmation from volumes

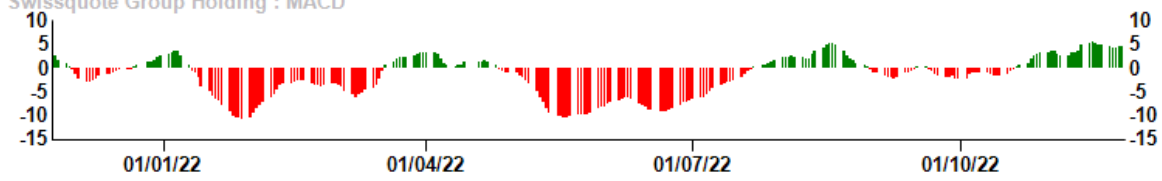
 : Relatively unfavorable momentum with a neutral or negative moving average trend, but offset by an oversold pattern or lack of confirmation from volumes

 : Strongly negative momentum corresponding to a continuous and overall negative moving average trend confirmed by volumes

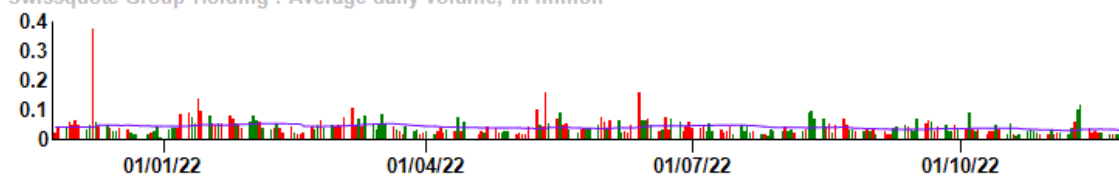
Moving Average MACD & Volume



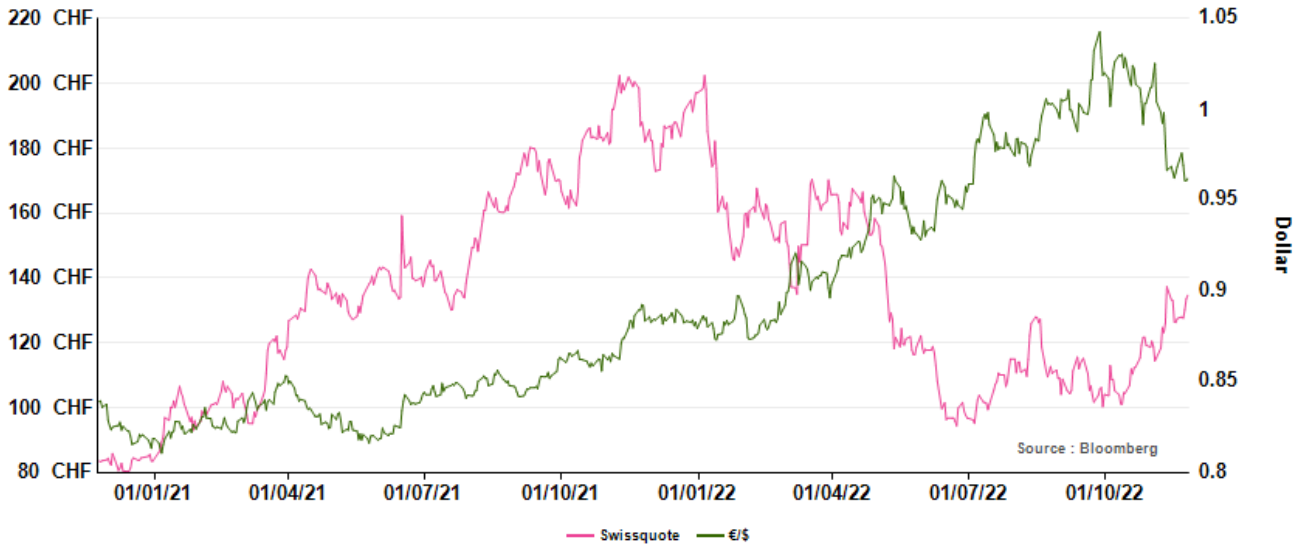
Swissquote Group Holding : MACD



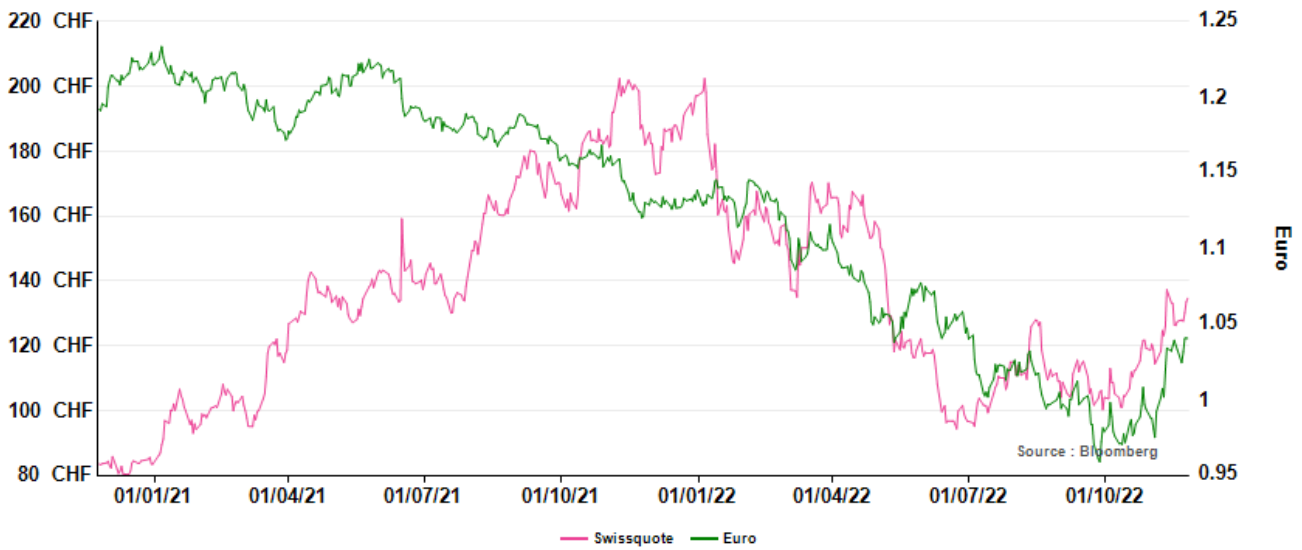
Swissquote Group Holding : Average daily volume, in million



€/\$ sensitivity



Euro sensitivity



Sector Other Financials



Detailed Financials

Valuation Key Data		12/21A	12/22E	12/23E	12/24E
Adjusted P/E	x	11.5	12.6	10.3	8.47
Reported P/E	x	11.5	12.6	10.3	8.47
EV/EBITDA(R)	x	7.85	7.66	5.89	4.46
EV/EBIT	x	8.99	8.80	6.73	5.08
EV/Sales	x	4.25	4.20	3.31	2.58
P/Book	x	3.60	2.78	2.42	1.85
Dividend yield	%	1.48	1.63	1.89	2.29
<i>Preferred dividend yield</i>	%	0.00	0.00	0.00	
<i>Free cash flow yield</i>	%	11.5	8.71	6.99	8.92
Average stock price	CHF	149	135	135	135
Average preferred stock price	CHF	0.00	0.00	0.00	0.00

Consolidated P&L		12/21A	12/22E	12/23E	12/24E
Sales	CHFM	472	400	476	556
<i>Sales growth</i>	%	48.9	-15.3	19.1	16.8
<i>Sales per employee</i>	CHFth	675	564	662	511
Purchases and external costs (incl. IT)	CHFM	-93.2	-79.0	-97.8	-119
Staff costs	CHFM	-125	-103	-112	-117
Operating lease payments	CHFM	-1.00	-1.00	-1.00	-1.00
Cost of sales/COGS (indicative)	CHFM				
EBITDA	CHFM	255	219	267	320
EBITDA(R)	CHFM	256	220	268	321
<i>EBITDA(R) margin</i>	%	54.1	54.9	56.2	57.8
<i>EBITDA(R) per employee</i>	CHFth	365	309	372	295
Depreciation	CHFM	-31.3	-27.3	-32.5	-38.0
<i>Depreciations/Sales</i>	%	6.62	6.82	6.82	6.82
Amortisation	CHFM				
Underlying operating profit	CHFM	223	191	234	283
<i>Underlying operating margin</i>	%	47.3	47.8	49.1	50.8
Other income/expense (cash)	CHFM				
Earnings from joint venture(s)	CHFM		-5.00	-5.00	-5.00
Impairment charges/goodwill amortisation	CHFM				
Operating profit (EBIT)	CHFM	223	186	229	278
Interest expenses	CHFM				
<i>of which effectively paid cash interest expenses</i>	CHFM	0.00			
Financial income	CHFM				
Other financial income (expense)	CHFM				
Net financial expenses	CHFM	0.00	0.00	0.00	0.00
<i>of which related to pensions</i>	CHFM		-1.26	-1.16	-1.15
Pre-tax profit before exceptional items	CHFM	223	186	229	278
Exceptional items and other (before taxes)	CHFM				
Current tax	CHFM	-30.2	-27.7	-33.9	-40.9
Deferred tax	CHFM				
Corporate tax	CHFM	-30.2	-27.7	-33.9	-40.9
<i>Tax rate</i>	%	13.5	14.9	14.8	14.8
<i>Net margin</i>	%	40.9	39.6	41.0	42.5
Equity associates	CHFM				
<i>Actual dividends received from equity holdings</i>	CHFM				
Minority interests	CHFM				
Income from discontinued operations	CHFM				
Attributable net profit	CHFM	193	159	195	237
Impairment charges/goodwill amortisation	CHFM	0.00	0.00	0.00	0.00
Other adjustments	CHFM				
Adjusted attributable net profit	CHFM	193	159	195	237
Fully diluted adjusted attr. net profit	CHFM	193	159	195	237
NOPAT	CHFM	156	131	161	195

Cashflow Statement

		12/21A	12/22E	12/23E	12/24E
EBITDA	CHFM	255	219	267	320
Change in WCR	CHFM	0.00	0.00	0.00	0.00
<i>of which (increases)/decr. in receivables</i>	CHFM		0.00	0.00	0.00
<i>of which (increases)/decr. in inventories</i>	CHFM		0.00	0.00	0.00
<i>of which increases/(decr.) in payables</i>	CHFM		0.00	0.00	0.00
<i>of which increases/(decr.) in other curr. liab.</i>	CHFM		0.00	0.00	0.00
Actual dividends received from equity holdings	CHFM	0.00	0.00	0.00	0.00
Paid taxes	CHFM	-19.1	-27.7	-33.9	-40.9
Exceptional items	CHFM				
Other operating cash flows	CHFM	46.8 ⁽²⁾	23.8	-44.9	-45.2
Total operating cash flows	CHFM	282 ⁽³⁾	215	188	234
Capital expenditure	CHFM	-28.0	-40.0	-47.6	-55.6
<i>Capex as a % of depreciation & amort.</i>	%	89.5	147	147	147
Net investments in shares	CHFM				
Other investment flows	CHFM				
Total investment flows	CHFM	-28.0 ⁽³⁾	-40.0	-47.6	-55.6
Net interest expense	CHFM	0.00	0.00	0.00	0.00
<i>of which cash interest expense</i>	CHFM	0.00	1.26	1.16	1.15
Dividends (parent company)	CHFM	-22.3	-32.7	-32.7	-37.9
Dividends to minorities interests	CHFM	0.00	0.00	0.00	0.00
New shareholders' equity	CHFM	0.00	0.00	0.00	0.00
<i>of which (acquisition) release of treasury shares</i>	CHFM	0.00	0.00	0.00	0.00
(Increase)/decrease in net debt position	CHFM		0.00	0.00	0.00
Other financial flows	CHFM	-2.64	-2.72	-2.80	-2.88
Total financial flows	CHFM	-25.0 ⁽³⁾	-34.2	-34.4	-39.6
Change in cash position	CHFM	229 ⁽³⁾	140	106	139
Change in net debt position	CHFM	229	140	106	139
Free cash flow (pre div.)	CHFM	254	175	140	179
Operating cash flow (clean)	CHFM	282	215	188	234
<i>Reinvestment rate (capex/tangible fixed assets)</i>	%	27.5	57.7	61.8	68.7

2. That is an estimation of required capital for growth based on a 15% CET1 ratio and growth in risk-weighted assets in line with that of the top-line

3. For understanding the cash flow statement (versus the one disclosed in Swissquote's financial statements), please refer to the Worth Knowing section.

Balance Sheet

		12/21A	12/22E	12/23E	12/24E
Goodwill	CHFM	44.5	56.5	56.5	56.5
Other intangible assets	CHFM	56.8	65.0	65.0	65.0
Total intangible	CHFM	101	122	122	122
Tangible fixed assets	CHFM	70.0	69.4	77.1	81.0
Financial fixed assets (part of group strategy)	CHFM	11.2	8.34	8.34	8.34
Financial hedges (LT derivatives)	CHFM	92.7	138	152	175
Other financial assets (investment purpose mainly)	CHFM	8,496 ⁽⁴⁾	9,723	10,683	11,821
WCR	CHFM	0.00	0.00	0.00	0.00
<i>of which trade & receivables (+)</i>	<i>CHFM</i>				
<i>of which inventories (+)</i>	<i>CHFM</i>				
<i>of which payables (+)</i>	<i>CHFM</i>				
<i>of which other current liabilities (+)</i>	<i>CHFM</i>				
Other current assets	CHFM	54.5	84.4	82.4	82.0
<i>of which tax assets (+)</i>	<i>CHFM</i>	<i>3.84</i>	<i>2.25</i>	<i>1.32</i>	<i>0.77</i>
Total assets (net of short term liabilities)	CHFM	8,826	10,144	11,124	12,288
Ordinary shareholders' equity (group share)	CHFM	615	720	827	1,081
Minority interests	CHFM				
Provisions for pensions	CHFM	11.0	32.3	31.0	29.7
Other provisions for risks and liabilities	CHFM				
Deferred tax liabilities	CHFM	1.67	1.36	1.50	1.72
Other liabilities	CHFM	8,410 ⁽⁵⁾	9,744	10,723	11,773
Net debt / (cash)	CHFM	-213	-353	-459	-598
Total liabilities and shareholders' equity	CHFM	8,826	10,144	11,124	12,288
Average net debt / (cash)	CHFM	-155	-283	-406	-528

4. Mainly risk-free assets and cash held at central banks (from the investment of clients' deposits).

5. Mostly clients' deposits

EV Calculations

		12/21A	12/22E	12/23E	12/24E
EV/EBITDA(R)	x	7.85	7.66	5.89	4.46
EV/EBIT	x	8.99	8.80	6.73	5.08
EV/Sales	x	4.25	4.20	3.31	2.58
EV/Invested capital	x	7.11	4.89	4.31	3.66
Market cap	CHFM	2,213	2,004	2,004	2,004
+ Provisions (including pensions)	CHFM	11.0	32.3	31.0	29.7
+ Unrecognised actuarial losses/(gains)	CHFM	0.00	0.00	0.00	0.00
+ Net debt at year end (ex Right-of-use from 2019)	CHFM	-213	-353	-459	-598
+ Right-of-use (from 2019)/Leases debt equivalent	CHFM	7.00	7.00	7.00	7.00
- Financial fixed assets (fair value) & Others	CHFM	11.2	8.34	8.34	8.34
+ Minority interests (fair value)	CHFM				
= Enterprise Value	CHFM	2,007	1,682	1,575	1,435

Per Share Data

		12/21A	12/22E	12/23E	12/24E
Adjusted EPS (bfr goodwill amort. & dil.)	CHF	13.0	10.7	13.1	15.9
<i>Growth in EPS</i>	%	112	-17.9	23.0	21.2
Reported EPS	CHF	13.0	10.7	13.1	15.9
Net dividend per share	CHF	2.20	2.20	2.55	3.09
Free cash flow per share	CHF	17.1	11.7	9.42	12.0
Operating cash flow per share	CHF	19.0	14.4	12.6	15.7
Book value per share	CHF	41.4	48.4	55.6	72.6
Number of ordinary shares	Mio	15.3	15.3	15.3	15.3
Number of equivalent ordinary shares (year end)	Mio	15.3	15.3	15.3	15.3
Number of shares market cap.	Mio	15.3	15.3	15.3	15.3
Treasury stock (year end)	Mio	0.45	0.45	0.45	0.45
Number of shares net of treasury stock (year end)	Mio	14.9	14.9	14.9	14.9
Number of common shares (average)	Mio	14.9	14.9	14.9	14.9
Conversion of debt instruments into equity	Mio				
Settlement of cashable stock options	Mio				
Probable settlement of non mature stock options	Mio				
Other commitments to issue new shares	Mio				
Increase in shares outstanding (average)	Mio	0.00	0.00	0.00	0.00
Number of diluted shares (average)	Mio	14.9	14.9	14.9	14.9
Goodwill per share (diluted)	CHF	0.00	0.00	0.00	0.00
EPS after goodwill amortisation (diluted)	CHF	13.0	10.7	13.1	15.9
EPS before goodwill amortisation (non-diluted)	CHF	13.0	10.7	13.1	15.9
Payout ratio	%	17.0	20.6	19.4	19.4
Capital payout ratio (div +share buy back/net income)	%	17.0	20.6	19.4	

Funding - Liquidity

		12/21A	12/22E	12/23E	12/24E
EBITDA	CHFM	255	219	267	320
Funds from operations (FFO)	CHFM	282	216	189	236
Ordinary shareholders' equity	CHFM	615	720	827	1,081
Gross debt	CHFM	0.00	0.00	0.00	0.00
+ Gross Cash	CHFM	213	353	459	598
= Net debt / (cash)	CHFM	-213	-353	-459	-598
Other financing	CHFM	0.00	0.00	0.00	0.00
Gearing (at book value)	%	-25.1	-39.3	-49.1	-48.9
Equity/Total asset (%)	%	6.97	7.10	7.44	8.80
<i>Adj. Net debt/EBITDA(R)</i>	x	-0.80	-1.58	-1.69	-1.84
<i>Adjusted Gross Debt/EBITDA(R)</i>	x	0.04	0.15	0.12	0.09
<i>Adj. gross debt/(Adj. gross debt+Equity)</i>	%	1.76	4.30	3.61	2.68
<i>Ebit cover</i>	x	745	-200	-274	-331
<i>FFO/Gross Debt</i>	%	2,565	667	609	792
<i>FFO/Net debt</i>	%	-133	-61.2	-41.2	-39.4
<i>FCF/Adj. gross debt (%)</i>	%	2,310	540	452	601

ROE Analysis (Dupont's Breakdown)

		12/21A	12/22E	12/23E	12/24E
Tax burden (Net income/pretax pre expc income)	x	0.86	0.85	0.85	0.85
EBIT margin (EBIT/sales)	%	47.3	46.5	48.1	49.9
Assets rotation (Sales/Avg assets)	%	5.85	4.22	4.48	4.75
Financial leverage (Avg assets /Avg equity)	x	15.3	14.2	13.7	12.3
ROE	%	36.6	23.7	25.2	24.8
ROA	%	130	97.6	115	137

Shareholder's Equity Review (Group Share)

		12/21A	12/22E	12/23E	12/24E
Y-1 shareholders' equity	CHFM	463	634	720	827
+ Net profit of year	CHFM	193	159	195	237
- Dividends (parent cy)	CHFM	-22.3	-32.7	-32.7	-37.9
+ Additions to equity	CHFM	0.00	0.00	0.00	0.00
<i>o/w reduction (addition) to treasury shares</i>	<i>CHFM</i>	<i>0.00</i>	<i>0.00</i>	<i>0.00</i>	<i>0.00</i>
- Unrecognised actuarial gains/(losses)	CHFM	0.00	0.00	0.00	0.00
+ Comprehensive income recognition	CHFM		-39.4	-55.3	55.2
= Year end shareholders' equity	CHFM	634	720	827	1,081

Staffing Analytics

		12/21A	12/22E	12/23E	12/24E
Sales per staff	CHFth	675	564	662	511
Staff costs per employee	CHFth	-178	-145	-156	-108
<i>Change in staff costs</i>	<i>%</i>	<i>18.8</i>	<i>-17.6</i>	<i>9.25</i>	<i>4.53</i>
<i>Change in unit cost of staff</i>	<i>%</i>	<i>17.1</i>	<i>-18.8</i>	<i>7.73</i>	<i>-30.9</i>
<i>Staff costs/(EBITDA+Staff costs)</i>	<i>%</i>	<i>32.9</i>	<i>31.9</i>	<i>29.6</i>	<i>26.8</i>

Average workforce	unit	700	710	720	1,090
Europe	unit	952	1,047	1,068	1,090
North America	unit	0.00	0.00	0.00	0.00
South Americas	unit	0.00	0.00	0.00	0.00
Asia	unit	0.00	0.00	0.00	0.00
Other key countries	unit	0.00	0.00	0.00	0.00
Total staff costs	CHFM	-125	-103	-112	-117
Wages and salaries	CHFM	-125	-103	-112	-117
Pension related costs	CHFM		0.00	0.00	0.00

Divisional Breakdown Of Revenues

		12/21A	12/22E	12/23E	12/24E
Total sales	CHFM	472	400	476	556
Net interest income	CHFM	23.2	41.5	63.3	71.2
Net fee and commission income	CHFM	263	193	226	274
Net trading income	CHFM	193	175	200	226
Other	CHFM	-7.13	-9.62	-13.6	-15.3

Divisional Breakdown Of Earnings

		12/21A	12/22E	12/23E	12/24E
PRETAX RESULTS Analysis					
Other/cancellations	CHFM	223	186	229	278
Total	CHFM	223	186	229	278
PRETAX RESULTS margin	%	47.3	46.5	48.1	49.9

Revenue Breakdown By Country

		12/21A	12/22E	12/23E	12/24E
Other	%	100	100		

ROCE		12/21A	12/22E	12/23E	12/24E
ROCE (NOPAT+lease exp. *(1-tax))/(net) cap employed adjusted	%	55.7	38.3	44.2	49.9
CFROIC	%	90.2	50.7	38.3	45.5
Goodwill	CHFM	44.5	56.5	56.5	56.5
Accumulated goodwill amortisation	CHFM	0.00	0.00	0.00	0.00
All intangible assets	CHFM	56.8	65.0	65.0	65.0
Accumulated intangible amortisation	CHFM	54.8	0.00	0.00	0.00
Financial hedges (LT derivatives)	CHFM	92.7	138	152	175
Capitalised R&D	CHFM	0.00	0.00	0.00	0.00
Rights of use/ Capitalised leases	CHFM	7.00	7.00	7.00	7.00
Other fixed assets	CHFM	70.0	69.4	77.1	81.0
Accumulated depreciation	CHFM	31.8	0.00	0.00	0.00
WCR	CHFM	0.00	0.00	0.00	0.00
Other assets	CHFM	11.2	8.34	8.34	8.34
Unrecognised actuarial losses/(gains)	CHFM	0.00	0.00	0.00	0.00
Capital employed after deprec. (Invested capital)	CHFM	282	344	366	392
Capital employed before depreciation	CHFM	276	206	214	218

Divisional Breakdown Of Capital Employed		12/21A	12/22E	12/23E	12/24E
Other	CHFM	282	344	366	392
Total capital employed	CHFM	282	344	366	392

Essential Balance Sheet Data		12/21A	12/22E	12/23E	12/24E
Clients assets	CHFM	55,890	55,020	63,048	70,896
Clients deposits	CHFM	7,955	7,518	8,615	9,688
Total Risk Weighted Assets	CHFM	2,026	1,868	2,167	2,468
Of which counterparty RWA	CHFM	1,150	1,060	1,230	1,401
Of which operating RWA	CHFM	655	604	701	798
Of which market related RWA	CHFM	94.0	86.6	100	114
Common equity tier 1 capital	CHFM	532	646	786	955
CET1 ratio	%	26.2	34.6	36.3	38.7

Pension Risks

Summary Of Pension Risks		12/21A	12/22E	12/23E	12/24E
Pension ratio	%	7.57	4.30	3.61	2.68
Ordinary shareholders' equity	CHFM	615	720	827	1,081
Total benefits provisions	CHFM	50.4	32.3	31.0	29.7
<i>of which funded pensions</i>	<i>CHFM</i>	<i>50.4</i>	<i>32.3</i>	<i>31.0</i>	<i>29.7</i>
<i>of which unfunded pensions</i>	<i>CHFM</i>	<i>0.00</i>	<i>0.00</i>	<i>0.00</i>	<i>0.00</i>
<i>of which benefits / health care</i>	<i>CHFM</i>		<i>0.00</i>	<i>0.00</i>	<i>0.00</i>
Unrecognised actuarial (gains)/losses	CHFM	0.00	0.00	0.00	0.00
<i>Company discount rate</i>	%	<i>1.00</i>	<i>1.00</i>	<i>1.00</i>	<i>1.00</i>
Normalised recomputed discount rate	%		2.50		
<i>Company future salary increase</i>	%	<i>1.30</i>	<i>1.30</i>	<i>1.30</i>	<i>1.30</i>
Normalised recomputed future salary increase	%		2.00		
<i>Company expected rate of return on plan assets</i>	%	<i>1.00</i>	<i>1.00</i>	<i>1.00</i>	<i>1.00</i>
Normalised recomputed expd rate of return on plan assets	%		1.78		
Funded : Impact of actuarial assumptions	CHFM		-5.43		
Unfunded : Impact of actuarial assumptions	CHFM		0.00		

Geographic Breakdown Of Pension Liabilities		12/21A	12/22E	12/23E	12/24E
US exposure	%				
UK exposure	%				
Euro exposure	%				
Nordic countries	%				
Switzerland	%				
Other	%	100	100	100	100
Total	%	100	100	100	100

Balance Sheet Implications		12/21A	12/22E	12/23E	12/24E
Funded status surplus / (deficit)	CHFM	-50.4	-46.2	-44.3	-42.5
Unfunded status surplus / (deficit)	CHFM	0.00	0.00	0.00	0.00
Total surplus / (deficit)	CHFM	-50.4	-46.2	-44.3	-42.5
Total unrecognised actuarial (gains)/losses	CHFM	0.00	0.00	0.00	0.00
Provision (B/S) on funded pension	CHFM	50.4	32.3	31.0	29.7
Provision (B/S) on unfunded pension	CHFM	0.00	0.00	0.00	0.00
Other benefits (health care) provision	CHFM		0.00	0.00	0.00
Total benefit provisions	CHFM	50.4	32.3	31.0	29.7

P&L Implications		12/21A	12/22E	12/23E	12/24E
Funded obligations periodic costs	CHFM	0.00	-1.26	-1.16	-1.15
Unfunded obligations periodic costs	CHFM	0.00	0.00	0.00	0.00
Total periodic costs	CHFM	0.00	-1.26	-1.16	-1.15
<i>of which incl. in labour costs</i>	<i>CHFM</i>	<i>0.00</i>	<i>0.00</i>	<i>0.00</i>	<i>0.00</i>
<i>of which incl. in interest expenses</i>	<i>CHFM</i>	<i>0.00</i>	<i>-1.26</i>	<i>-1.16</i>	<i>-1.15</i>

Funded Obligations		12/21A	12/22E	12/23E	12/24E
Balance beginning of period	CHFM	50.4	50.4	46.2	47.4
Current service cost	CHFM		0.00	0.00	0.00
Interest expense	CHFM		1.26	1.16	1.18
Employees' contributions	CHFM				
Impact of change in actuarial assumptions	CHFM		-5.43	0.00	0.00
<i>of which impact of change in discount rate</i>	<i>CHFM</i>		<i>-12.9</i>		
<i>of which impact of change in salary increase</i>	<i>CHFM</i>		<i>7.44</i>		
Changes to scope of consolidation	CHFM				
Currency translation effects	CHFM				
Pension payments	CHFM				
Other	CHFM				
Year end obligation	CHFM	50.4	46.2	47.4	48.6

Plan Assets		12/21A	12/22E	12/23E	12/24E
Value at beginning	CHFM		0.00	0.00	3.08
Company expected return on plan assets	CHFM		0.00	0.00	0.03
Actuarial gain /(loss)	CHFM		0.00	0.00	0.02
Employer's contribution	CHFM	0.00	0.00	3.08	2.95
Employees' contributions	CHFM	0.00	0.00	0.00	0.00
Changes to scope of consolidation	CHFM				
Currency translation effects	CHFM				
Pension payments	CHFM	0.00	0.00	0.00	0.00
Other	CHFM				
Value end of period	CHFM	0.00	0.00	3.08	6.09
Actual and normalised future return on plan assets	CHFM	0.00	0.00	0.00	0.05

Unfunded Obligations		12/21A	12/22E	12/23E	12/24E
Balance beginning of period	CHFM	0.00	0.00	0.00	0.00
Current service cost	CHFM		0.00	0.00	0.00
Interest expense	CHFM		0.00	0.00	0.00
Employees' contributions	CHFM				
Impact of change in actuarial assumptions	CHFM		0.00	0.00	0.00
<i>of which Impact of change in discount rate</i>	<i>CHFM</i>		<i>0.00</i>		
<i>of which Impact of change in salary increase</i>	<i>CHFM</i>		<i>0.00</i>		
Changes to scope of consolidation	CHFM				
Currency translation effects	CHFM				
Pension payments	CHFM				
Other	CHFM				
Year end obligation	CHFM	0.00	0.00	0.00	0.00

Fundamental Opinion

It is implicit that recommendations are made in good faith but should not be regarded as the sole source of advice.

Recommendations are geared to a “value” approach.

Valuations are computed from the point of view of a **secondary market minority holder** looking at a medium term (say 6 months) performance.

Valuation tools are built around the concepts of **transparency**, all underlying figures are accessible, and **consistency**, same methodology whichever the stock, allowing for differences in nature between financial and non financial stocks. A stock with a target price below its current price should not and will not be regarded as an Add or a Buy.

Recommendations are based on target prices with no allowance for dividend returns. The thresholds for the four recommendation levels may change from time to time depending on market conditions. Thresholds are defined as follows, ASSUMING long risk free rates remain in the 2-5% region.

Recommendation	Low Volatility 10 < VIX index < 30	Normal Volatility 15 < VIX index < 35	High Volatility 35 < VIX index
Buy ●	More than 15% upside	More than 20% upside	More than 30% upside
Add ●	From 5% to 15%	From 5% to 20%	From 10% to 30%
Reduce ●	From -10% to 5%	From -10% to 5%	From -10% to 10%
Sell ●	Below -10%	Below -10%	Below -10%

There is deliberately no “neutral” recommendation. The principle is that there is no point investing in equities if the return is not at least the risk free rate (and the dividend yield which again is not allowed for).

Although recommendations are automated (a function of the target price whenever a new equity research report is released), the management of AlphaValue intends to maintain global consistency within its universe coverage and may, from time to time, decide to change global parameters which may affect the level of recommendation definitions and /or the distribution of recommendations within the four levels above. For instance, lowering the risk premium in a gloomy context may increase the proportion of positive recommendations.

Valuation

Valuation processes have been organized around transparency and consistency as primary objectives.

Stocks belong to different categories that recognise their main operating features : Banks, Insurers and Non Financials.

Within those three universes, the valuation techniques are the same and in relation to the financial data available.

The weighting given to individual valuation techniques is managed centrally and may be changed from time to time. As a rule, all stocks of a similar profile are valued using equivalent weighting of the various valuation techniques. This is for obvious consistency reasons.

Within the very large universe of Non Financials, there are in effect 4 sub-categories of weightings to cater for subsets: 1) 'Mainstream' stocks; 2) 'Holding companies' where the stress is on NAV measures; 3) 'Growth' companies where the stress is on peer based valuations; 4) 'Loss making sectors' where peers review is essentially pointing nowhere (ex: Bio techs). The bulk of the valuation is then built on DCF and NAV, in effect pushing back the time horizon.

Valuation Issue	Normal industrials	Growth industrials	Holding company	Loss runners	Bank	Insurers
DCF	35%	35%	10%	40%	0%	0%
NAV	20%	20%	55%	40%	50%	15%
PE	10%	10%	10%	5%	10%	20%
EV/EBITDA	20%	20%	0%	5%	0%	0%
Yield	10%	10%	20%	5%	10%	15%
Book	5%	5%	5%	5%	10%	10%
Banks' intrinsic method	0%	0%	0%	0%	10%	0%
Embedded Value	0%	0%	0%	0%	0%	40%
Mkt Cap/Gross Operating Profit	0%	0%	0%	0%	10%	0%