



Swissquote

Internet banking/Fintech / Switzerland

An all-weather model supported by crypto tailwinds

Suited for all market seasons - 02/04/2024

Change in Target Price

CHF 286 vs 277 **+3.29%**

The slight upward change in our target price on Swissquote mostly reflects the increase in Swissquote's projected dividend yield and our NAV upgrade.

The former is based on the management's decision to upgrade its dividend policy to a 30% fixed dividend pay-out ratio target instead of a dividend growth policy from 2023. This decision has resulted in a considerable increase to our dividend projections: CHF5.84 dividend per share vs CHF3.67 for 2024 and CHF5.57 dividend per share vs CHF3.92 for 2025.

Our 2024 EPS upgrade has also had a stronger positive impact on the TP than our 2025 EPS downgrade, reflecting positively on the group's multiples.

We remain confident in Swissquote's ability to thrive in all market weathers. We will however remain watchful of any positive or negative developments regarding the current crypto cycle (and whether the crypto summer will last), the return of market volatility (with its impact on Swissquote's client assets and activity) and policy rates developments across geographies, which may impact positively or negatively Swissquote's top line in the coming quarters.

Change in EPS

2024 : CHF 20.1 vs 18.9 **+6.26%**
2025 : CHF 19.1 vs 20.2 **-5.14%**

The 2023 EPS came slightly below our previous estimates (-4%) due to lower revenue (-3%) on the back of weaker fee income and lower eforex income than anticipated, offset in part by lower opex (-2%).

Building on anticipated increased activity and market volatility, we have upgraded our 2024 EPS estimates as we now expect net revenue to be 4% higher than previously anticipated on the back of considerably higher estimated crypto assets income (CHF70m vs CHF26m) on the back of a continued acceleration in crypto rally with a \$125k end-of-year bitcoin target price as a benchmark. This will be offset in part by lower fee income reflecting increased fee expenses, slightly lower transactions per account, slightly lower than expected trading client assets and lower fee margins compared to our initial projections and a lower eforex income, as a result of lower accounts and volume per account than previously estimated. Combined with an upward opex revision, reflecting the stronger wage increases observed in 2023 compared to our expectation, we now expect the pretax result to be 7% higher than our initial projections, at CHF352m (51.7% pretax profit margin).

As our market scenario implies declining activity and volatility in 2025, we have revised our revenue projections downward (-6%) due to a combination of lower net interest income (linked to lower rates), lower fee income and lower eforex income, all partly offset by lower opex, resulting in a 5% downward revision of the pretax result to CHF335m (51.4% pretax profit margin).



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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 : 13.0%
Target Price (6 months)	CHF 286
Share Price	CHF 253
Market Cap. CHFM	3,882
Price Momentum	STRONG
Extremes 12Months	160 ▶ 258
Bloomberg	SQN SW Equity
Reuters	SQN.S

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PERF	1w	1m	3m	12m
Swissquote Group Holding	-1.33%	7.29%	23.9%	54.3%
Other Financials	1.32%	3.36%	8.28%	13.7%
SXXR Index	0.69%	3.69%	7.86%	18.5%

Last updated: 02/04/2024	12/23A	12/24E	12/25E	12/26E
Adjusted P/E (x)	12.3	12.6	13.2	12.8
Dividend yield (%)	2.39	2.31	2.20	2.27
EV/EBITDA(R) (x)	7.96	8.37	8.52	8.01
Adjusted EPS (CHF)	14.6	20.1	19.1	19.8
Growth in EPS (%)	38.4	37.3	-4.73	3.19
Dividend (CHF)	4.30	5.84	5.57	5.75
Sales (CHFm)	531	680	652	685
Pretax Results margin (%)	48.1	51.7	51.4	50.5
Attributable net profit (CHFm)	218	299	284	294
ROE (after tax) (%)	26.5	32.6	22.2	17.8
Gearing (%)	-30.1	-37.0	-28.0	-34.7

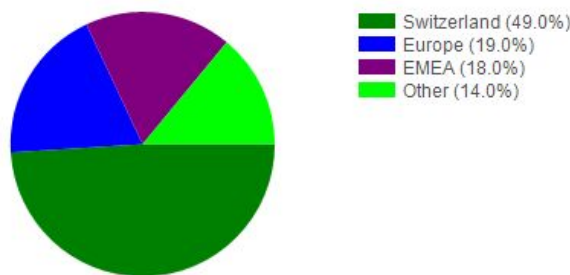
[Company Valuation](#) - [Company Financials](#)

■ Change in NAV

CHF 308 vs 270 +14.1%

Our NAV upgrade reflects for the most part the roll-forward of the long-term fair EV/EBITDA multiple (10x) on the 3-year average EBITDA as we now integrate the 2026 EBITDA in our calculation and have excluded the 2023 EBITDA, the former being higher than the latter. We have also rolled-forward the integration of the group's net cash position in 2026 into the NAV calculation, which is a higher than previously projected cash position, thus having a positive impact on the NAV.

Sales by Geography



Consolidated P&L Accounts

		12/23A	12/24E	12/25E
Sales	CHFM	531	680	652
Change in sales	%	30.2	27.9	-4.08
Change in staff costs	%	32.5	8.49	-1.50
EBITDA	CHFM	298	405	383
EBITDA(R) margin	%	56.3	59.7	58.9
Depreciation	CHFM	-38.0	-51.0	-48.9
Underlying operating profit	CHFM	260	354	334
Operating profit (EBIT)	CHFM	255	352	335
Net financial expense	CHFM	0.00	0.00	0.00
of which related to pensions	CHFM	0.91	-2.56	-3.57
Exceptional items & other	CHFM			
Corporate tax	CHFM	-37.8	-53.0	-50.6
Equity associates	CHFM			
Minority interests	CHFM			
Adjusted attributable net profit	CHFM	218	299	284
NOPAT	CHFM	191	266	254

Cashflow Statement

		12/23A	12/24E	12/25E
EBITDA	CHFM	298	405	383
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	-27.0	-53.0	-50.6
Exceptional items	CHFM			
Other operating cash flows	CHFM	-10.8	-96.1	-19.9
Total operating cash flows	CHFM	261	255	312
Capital expenditure	CHFM	-53.1	-68.0	-65.2
Total investment flows	CHFM	-62.6	-68.0	-65.2
Net interest expense	CHFM	0.00	0.00	0.00
Dividends (parent company)	CHFM	-32.7	-63.9	-86.8
Dividends to minorities interests	CHFM	0.00	0.00	0.00
New shareholders' equity	CHFM	-28.2	-28.2	-28.2
Total financial flows	CHFM	-64.3	-93.0	-115
Change in cash position	CHFM	134	94.4	132
Free cash flow (pre div.)	CHFM	208	187	247

Per Share Data

		12/23A	12/24E	12/25E
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
Benchmark EPS	CHF	14.6	20.1	19.1
Restated NAV per share	CHF			
Net dividend per share	CHF	4.30	5.84	5.57

Valuation Summary

Benchmarks	Value	Weight	Largest comparables
DCF	CHF 257	35%	● sino AG
NAV/SOTP per share	CHF 308	20%	
EV/Ebitda	CHF 356	20%	
P/E	CHF 286	10%	
Dividend Yield	CHF 181	10%	
P/Book	CHF 331	5%	
TARGET PRICE	CHF 286	100%	

NAV/SOTP Calculation

Balance Sheet

		12/23A	12/24E	12/25E
Goodwill	CHFM	54.7	54.7	54.7
Total intangible	CHFM	147	152	157
Tangible fixed assets	CHFM	73.8	77.4	81.3
Financial fixed assets	CHFM	8.98	8.98	8.98
WCR	CHFM	0.00	0.00	0.00
Other assets	CHFM	151	152	153
Total assets (net of short term liab.)	CHFM	9,649	10,964	11,951
Ordinary shareholders' equity	CHFM	899	932	1,633
Quasi Equity & Preferred	CHFM			
Minority interests	CHFM			
Provisions for pensions	CHFM	6.89	27.7	35.0
Other provisions for risks and liabilities	CHFM			
Total provisions for risks and liabilities	CHFM	6.89	27.7	35.0
Tax liabilities	CHFM	2.35	2.70	3.10
Other liabilities	CHFM	9,039	10,394	10,805
Net debt (cash)	CHFM	-297	-392	-524
Total liab. and shareholders' equity	CHFM	9,649	10,964	11,951

Capital Employed

		12/23A	12/24E	12/25E
Capital employed after depreciation	CHFM	385	415	450

Profits & Risks Ratios

		12/23A	12/24E	12/25E
ROE (after tax)	%	26.5	32.6	22.2
ROCE	%	49.8	64.1	56.7
Gearing (at book value)	%	-30.1	-37.0	-28.0
Adj. Net debt/EBITDA(R)	x	-0.97	-0.95	-1.35
Interest cover (x)	x	216	-156	-102

Valuation Ratios

		12/23A	12/24E	12/25E
Reference P/E (benchmark)	x	12.3	12.6	13.2
Free cash flow yield	%	7.76	4.98	6.57
P/Book	x	2.98	4.04	2.30
Dividend yield	%	2.39	2.31	2.20

EV Calculation

		12/23A	12/24E	12/25E
Market cap	CHFM	2,676	3,762	3,762
+ Provisions	CHFM	6.89	27.7	35.0
+ Unrecognised actuarial losses/(gains)	CHFM	0.00	0.00	0.00
+ Net debt at year end	CHFM	-297	-392	-524
+ Leases debt equivalent	CHFM	7.00	7.00	7.00
- Financial fixed assets (fair value)	CHFM	8.98	8.98	8.98
+ Minority interests (fair value)	CHFM			
= EV	CHFM	2,383	3,396	3,271
EV/EBITDA(R)	x	7.96	8.37	8.52
EV/Sales	x	4.49	5.00	5.02

Analyst : Sylvain Perret, Changes to Forecasts : 02/04/2024.