Swissquote

Internet banking/Fintech / Switzerland

Positive momentum ahead despite an unstable global environment

Update - 25/03/2022

Change in Opinion

Buy vs Add

We raise our recommendation to Buy following the FY 21 release and the integration of the firm's ambitions. In fact, while 2021 has been an impressive year top-line and profitability wise for Swissquote, 2022 is expected to deliver the same absolute performance.

In fact, while one could expect 2022 to be rather grey given the current global environment and the fears of recession, we believe Swissquote to be well armed to face this challenging environment.

We expect the firm to increase its customer base consistently, offsetting the potential decrease in trading activity per customer, while we also consider that Swissquote's customer profile (average trade of c.€20,000) should not be the most impacted by a global/ European recession.

Moreover, Swissquote is diversifying its product offering further with additional assets available to trade such as cryptos and crypto staking. The latter being a potential strong hedge against the financial markets' turmoil and increasing reliance on asset-based revenues.

Propelled by an improving rates environment and a strong balance sheet, Swissquote also has the levers to go through these uncertain times swiftly and deliver all its potential as the global situation recovers.

Change in Target Price

CHF 231 vs 213 +8.60%

Our target price increases as we update our model with the FY 21 figures and integrate management's updated ambitions. The increase is mainly driven by a DCF improvement, the NAV restatement and the P/Book valuation improvement, on the back of shareholders' equity materially growing.

Change in EPS

2022 : CHF 13.1 vs 12.9	+1.49%
2023 : CHF 16.0 vs 13.7	+16.8%

EPS grow materially as we integrate the firm's ambitions in our forecasts. While EPS 2022 is expected flattish vs. 2021, we believe in a material improvement in 2023 driven by a strong top-line growth propelled by customer onboardings, strong net new money flows, increased trading of crypto assets and an improving rates environment wrapped into an easing of the current global tensions.

Change in DCF

CHF 288 vs 228 +26.4%

In accordance with the EPS, our DCF valuation increases materially as we consider the firm's ambitions for its top-line growth and pre-tax margin. We believe these to be achievable thanks to a more favourable environment and a structurally well diversified company. We expect pre-tax profit margins to be stable at around 47% over 2023 and 2024.



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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

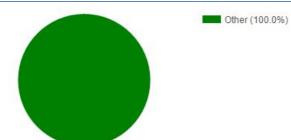
Buy	Upside : 40.9%
Target Price (6 months)	CHF 231
Share Price	CHF 164
Market Cap. CHFM	2,511
Price Momentum	UNFAVORABLE
Extremes 12Months	117 🕨 206
Bloomberg	SQN SW Equity
Reuters	SQN.S
Download Full Analysis	Company Page



FLN	1 44		3111	12111
Swissquote Group Holding	-4.66%	6.09%	-16.2%	31.8%
Other Financials	-0.26%	1.14%	-7.11%	2.13%
SXXR Index	0.63%	-0.08%	-5.65%	9.43%

Last updated: 25/03/2022	12/21A	12/22E	12/23E	12/24E
Adjusted P/E (x)	11.5	12.5	10.3	8.76
Dividend yield (%)	1.48	1.56	1.89	2.22
EV/EBITDA(R) (x)	7.85	8.25	6.40	5.05
Adjusted EPS (CHF)	13.0	13.1	16.0	18.7
Growth in EPS (%)	112	1.18	21.6	17.1
Dividend (CHF)	2.20	2.55	3.10	3.63
Sales (CHFM)	472	485	581	678
Pretax Results margin (%)	47.3	46.6	47.3	47.4
Attributable net profit (CHFM)	193	195	238	278
ROE (after tax) (%)	36.6	26.7	25.8	27.0
Gearing (%)	-25.1	-31.9	-39.3	-49.3
Company Valuation - Company Financials				





EBITDACHFM255258313Change in WCRCHFM0.000.000.00Actual div. received from equity holdiCHFM0.000.000.00Paid taxesCHFM-19.1-30.6-37.2Exceptional itemsCHFM-19.1-30.6-37.2Other operating cash flowsCHFM46.8-29.8-53.8Total operating cash flowsCHFM282198222Capital expenditureCHFM-28.0-48.5-58.1Total investment flowsCHFM-28.0-48.5-58.1Net interest expenseCHFM0.000.000.00Dividends (parent company)CHFM-22.3-32.7-37.9Dividends to minorities interestsCHFM0.000.000.00New shareholders' equityCHFM0.000.000.00Total financial flowsCHFM-25.0-34.2-39.6Change in cash positionCHFM229115125Free cash flow (pre div.)CHFM254149164	Consolidated P&L Accounts		12/21A	12/22E	12/23E
Change in staff costs % 18.8 5.53 12.2 EBITDA CHFM 255 258 313 EBITDA(R) margin % 54.1 53.4 54.1 Depreciation CHFM -31.3 -32.2 -38.5 Underlying operating profit CHFM 223 226 275 Operating profit (EBIT) CHFM 223 226 275 Net financial expense CHFM 0.00 0.00 0.00 of which related to pensions CHFM -1.26 -1.16 Exceptional items & other CHFM -30.2 -30.6 -37.2 Equity associates CHFM -30.2 -30.6 -37.2 Equity associates CHFM 193 195 238 NOPAT CHFM 193 195 238 NOPAT CHFM 16 159 193 Charge in WCR CHFM 0.00 0.00 0.00 Actual div. received from equity holdi CHFM	Sales	CHFM	472	485	581
BITDA CHFM 255 258 313 EBITDA(R) margin % 54.1 53.4 54.1 Depreciation CHFM -31.3 -32.2 -38.5 Underlying operating profit CHFM 223 226 275 Operating profit (EBIT) CHFM 223 226 275 Net financial expense CHFM 0.00 0.00 0.00 of which related to pensions CHFM -1.26 -1.16 Exceptional items & other CHFM -30.2 -30.6 -37.2 Equity associates CHFM -30.2 -30.6 -37.2 Equity associates CHFM 193 195 238 NOPAT CHFM 193 195 238 NOPAT CHFM 156 159 193 Cashflow Statement CHFM 160 0.00 0.00 Reciptional items CHFM 261 258 353.8 Change in WCR CHFM 16.8	Change in sales	%	48.9	2.74	19.7
EBITDA(R) margin % 54.1 53.4 54.1 Depreciation CHFM -31.3 -32.2 -38.5 Underlying operating profit CHFM 223 226 275 Operating profit (EBIT) CHFM 223 226 275 Net financial expense CHFM 0.00 0.00 0.00 of which related to pensions CHFM -1.26 -1.16 Exceptional items & other CHFM -30.2 -30.6 -37.2 Equity associates CHFM -30.2 -30.6 -37.2 Equity associates CHFM 193 195 238 NOPAT CHFM 193 195 238 Cashflow Statement CHFM 156 159 193 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 283 -53.8 73.2 Castafilow 14.5 <t< td=""><td>Change in staff costs</td><td>%</td><td>18.8</td><td>5.53</td><td>12.2</td></t<>	Change in staff costs	%	18.8	5.53	12.2
CHFM -31.3 -32.2 -38.5 Underlying operating profit CHFM 223 226 275 Operating profit (EBIT) CHFM 223 226 275 Net financial expense CHFM 0.00 0.00 0.00 of which related to pensions CHFM -1.26 -1.16 Exceptional items & other CHFM -30.2 -30.6 -37.2 Equity associates CHFM -30.2 -30.6 -37.2 Equity associates CHFM -30.2 -30.6 -37.2 Adjusted attributable net profit CHFM 193 195 238 NOPAT CHFM 156 159 193 Cashflow Statement CHFM 0.00 0.00 0.00 Actual div. received from equity holdi CHFM 0.00 0.00 0.00 Actual div. received from equity holdi CHFM 282 198 222 Capital expenditure CHFM -28.0 -48.5 -58.1 <	EBITDA	CHFM	255	258	313
Underlying operating profit CHFM 223 226 275 Operating profit (EBIT) CHFM 223 226 275 Net financial expense CHFM 0.00 0.00 0.00 of which related to pensions CHFM -1.26 -1.16 Exceptional items & other CHFM -30.2 -30.6 -37.2 Equity associates CHFM -30.2 -30.6 -37.2 Equity associates CHFM	EBITDA(R) margin	%	54.1	53.4	54.1
Operating profit (EBIT) CHFM 223 226 275 Net financial expense CHFM 0.00 0.00 0.00 of which related to pensions CHFM -1.26 -1.16 Exceptional items & other CHFM -30.2 -30.6 -37.2 Equity associates CHFM	Depreciation	CHFM	-31.3	-32.2	-38.5
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of which related to pensions CHFM -1.26 -1.16 Exceptional items & other CHFM -30.2 -30.6 -37.2 Equity associates CHFM -30.2 -30.6 -37.2 Equity associates CHFM 193 195 238 Minority interests CHFM 193 195 238 NOPAT CHFM 156 159 193 Cashflow Statement EBITDA CHFM 255 258 313 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 -1.26 -1.86 -29.8 -53.8 Total operating cash flows CHFM 282 198 222 Capital expenditure CHFM -28.0 -48.5 -58.1 Total investment flows CHFM -28.0 -48.5 -58.1 Net interest expense CHFM 0.00 0.00 0.00 Dividends (parent company) CHFM -22.3 -32.7 <	Operating profit (EBIT)	CHFM	223	226	275
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Equity associates CHFM Minority interests CHFM Adjusted attributable net profit CHFM 193 195 238 NOPAT CHFM 156 159 193 Cashflow Statement CHFM 255 258 313 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 -19.1 -30.6 -37.2 Exceptional items CHFM 282 198 222 Capital expenditure CHFM 282 198 222 Capital expenditure CHFM -28.0 -48.5 -58.1 Net interest expense CHFM 0.00 0.00 0.00	Exceptional items & other	CHFM			
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EBITDA CHFM 255 258 313 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 -19.1 -30.6 -37.2 Exceptional items CHFM 46.8 -29.8 -53.8 Total operating cash flows CHFM 282 198 222 Capital expenditure CHFM -28.0 -48.5 -58.1 Total investment flows CHFM -28.0 -48.5 -58.1 Net interest expense CHFM 0.00 0.00 0.00	NOPAT	CHFM	156	159	193
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 -19.1 -30.6 -37.2 Exceptional items CHFM 46.8 -29.8 -53.8 Total operating cash flows CHFM 282 198 222 Capital expenditure CHFM -28.0 -48.5 -58.1 Total investment flows CHFM -28.0 -48.5 -58.1 Net interest expense CHFM 0.00 0.00 0.00 Dividends (parent company) CHFM -22.3 -32.7 -37.9	Cashflow Statement				
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Paid taxes CHFM -19.1 -30.6 -37.2 Exceptional items CHFM -19.1 -30.6 -37.2 Other operating cash flows CHFM 46.8 -29.8 -53.8 Total operating cash flows CHFM 282 198 222 Capital expenditure CHFM -28.0 -48.5 -58.1 Total investment flows CHFM -28.0 -48.5 -58.1 Net interest expense CHFM -20.0 0.00 0.00 Dividends (parent company) CHFM -22.3 -32.7 -37.9 Dividends to minorities interests CHFM 0.00 0.00 0.00 New shareholders' equity CHFM -25.0 -34.2 -39.6 Change in cash position CHFM 229 115 125 Free cash flow (pre div.) CHFM 254	Change in WCR	CHFM	0.00	0.00	0.00
Exceptional itemsCHFMHermitianOther operating cash flowsCHFM46.8-29.8-53.8Total operating cash flowsCHFM282198222Capital expenditureCHFM-28.0-48.5-58.1Total investment flowsCHFM-28.0-48.5-58.1Net interest expenseCHFM0.000.000.00Dividends (parent company)CHFM-22.3-32.7-37.9Dividends to minorities interestsCHFM0.000.000.00New shareholders' equityCHFM0.000.000.00Total financial flowsCHFM-25.0-34.2-39.6Change in cash positionCHFM229115125Free cash flow (pre div.)CHFM254149164Per Share DataNio14.914.914.9Number of diluted shares (average)Mio14.914.9Restated NAV per shareCHF13.013.116.0	Actual div. received from equity holdi	CHFM	0.00	0.00	0.00
Other operating cash flows CHFM 46.8 -29.8 -53.8 Total operating cash flows CHFM 282 198 222 Capital expenditure CHFM -28.0 -48.5 -58.1 Total investment flows CHFM -28.0 -48.5 -58.1 Net interest expense CHFM -28.0 0.00 0.00 Dividends (parent company) CHFM -22.3 -32.7 -37.9 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 -25.0 -34.2 -39.6 Change in cash position CHFM 254	Paid taxes	CHFM	-19.1	-30.6	-37.2
Total operating cash flows CHFM 282 198 222 Capital expenditure CHFM -28.0 -48.5 -58.1 Total investment flows CHFM -28.0 -48.5 -58.1 Net interest expense CHFM -28.0 -48.5 -58.1 Net interest expense CHFM -28.0 -48.5 -58.1 Net interest expense CHFM 0.00 0.00 0.00 Dividends (parent company) CHFM -22.3 -32.7 -37.9 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 -25.0 -34.2 -39.6 Change in cash position CHFM 229 115 125 Free cash flow (pre div.) CHFM 254 149 164 Per Share Data Mio 14.9 14.9 14.9 Number of diluted shares (average) Mio 14.9 14	Exceptional items	CHFM			
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Total investment flows CHFM -28.0 -48.5 -58.1 Net interest expense CHFM 0.00 0.00 0.00 Dividends (parent company) CHFM -22.3 -32.7 -37.9 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 -25.0 -34.2 -39.6 Change in cash position CHFM 229 115 125 Free cash flow (pre div.) CHFM 254 149 164 Per Share Data No. of shares net of treas. stock (year Mio 14.9 14.9 Number of diluted shares (average) Mio 14.9 14.9 14.9 Benchmark EPS CHF 13.0 13.1 16.0 Restated NAV per share CHF 20.0 13.1 16.0	Total operating cash flows	CHFM	282	198	222
Net interest expense CHFM 0.00 0.00 0.00 Dividends (parent company) CHFM -22.3 -32.7 -37.9 Dividends to minorities interests CHFM 0.00 0.00 0.00 New shareholders' equity CHFM 0.00 0.00 0.00 New shareholders' equity CHFM 0.00 0.00 0.00 Total financial flows CHFM -25.0 -34.2 -39.6 Change in cash position CHFM 229 115 125 Free cash flow (pre div.) CHFM 254 149 164 Per Share Data No. of shares net of treas. stock (year Mio 14.9 14.9 Number of diluted shares (average) Mio 14.9 14.9 14.9 Benchmark EPS CHF 13.0 13.1 16.0 Restated NAV per share CHF CHF 14.9 14.9	Capital expenditure	CHFM	-28.0	-48.5	-58.1
Dividends (parent company) CHFM -22.3 -32.7 -37.9 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 -25.0 -34.2 -39.6 Change in cash position CHFM 229 115 125 Free cash flow (pre div.) CHFM 254 149 164 Per Share Data No. of shares net of treas. stock (year Mio 14.9 14.9 Number of diluted shares (average) Mio 14.9 14.9 14.9 Benchmark EPS CHF 13.0 13.1 16.0 Restated NAV per share CHF 14.9 14.9	Total investment flows	CHFM	-28.0	-48.5	-58.1
Dividends to minorities interestsCHFM0.000.000.00New shareholders' equityCHFM0.000.000.00Total financial flowsCHFM-25.0-34.2-39.6Change in cash positionCHFM229115125Free cash flow (pre div.)CHFM254149164Per Share DataNo. of shares net of treas. stock (yearMio14.914.9Number of diluted shares (average)Mio14.914.9Benchmark EPSCHF13.013.116.0Restated NAV per shareCHF14.914.9	Net interest expense	CHFM	0.00	0.00	0.00
New shareholders' equityCHFM0.000.000.00Total financial flowsCHFM-25.0-34.2-39.6Change in cash positionCHFM229115125Free cash flow (pre div.)CHFM254149164Per Share DataNo. of shares net of treas. stock (yearMio14.914.9Number of diluted shares (average)Mio14.914.9Benchmark EPSCHF13.013.116.0Restated NAV per shareCHF	Dividends (parent company)	CHFM	-22.3	-32.7	-37.9
Total financial flowsCHFM-25.0-34.2-39.6Change in cash positionCHFM229115125Free cash flow (pre div.)CHFM254149164Per Share DataNo. of shares net of treas. stock (yearMio14.914.914.9Number of diluted shares (average)Mio14.914.914.9Benchmark EPSCHF13.013.116.0Restated NAV per shareCHF14.914.9	Dividends to minorities interests	CHFM	0.00	0.00	0.00
Change in cash positionCHFM229115125Free cash flow (pre div.)CHFM254149164Per Share DataNo. of shares net of treas. stock (yearMio14.914.914.9Number of diluted shares (average)Mio14.914.914.914.9Benchmark EPSCHF13.013.116.0Restated NAV per shareCHF14.914.9	New shareholders' equity	CHFM	0.00	0.00	0.00
Free cash flow (pre div.)CHFM254149164Per Share DataNo. of shares net of treas. stock (yearMio14.914.914.9Number of diluted shares (average)Mio14.914.914.9Benchmark EPSCHF13.013.116.0Restated NAV per shareCHFCHFCHF	Total financial flows	CHFM	-25.0	-34.2	-39.6
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 Benchmark EPS CHF 13.0 13.1 16.0 Restated NAV per share CHF CHF CHF CHF	Change in cash position	CHFM	229	115	125
No. of shares net of treas. stock (yearMio14.914.914.9Number of diluted shares (average)Mio14.914.914.9Benchmark EPSCHF13.013.116.0Restated NAV per shareCHFCHFCHFCHF	Free cash flow (pre div.)	CHFM	254	149	164
Number of diluted shares (average)Mio14.914.9Benchmark EPSCHF13.013.116.0Restated NAV per shareCHF	Per Share Data				
Benchmark EPS CHF 13.0 13.1 16.0 Restated NAV per share CHF CHF <t< td=""><td>No. of shares net of treas. stock (year</td><td>Mio</td><td>14.9</td><td>14.9</td><td>14.9</td></t<>	No. of shares net of treas. stock (year	Mio	14.9	14.9	14.9
Restated NAV per share CHF	Number of diluted shares (average)	Mio	14.9	14.9	14.9
· · · · · · · · · · · · · · · · · · ·	Benchmark EPS	CHF	13.0	13.1	16.0
Net dividend per share CHF 2.20 2.55 3.10	Restated NAV per share	CHF			
	Net dividend per share	CHF	2.20	2.55	3.10

Valuation Summary

Benchmarks	Value	Weight
DCF	CHF 288	35%
NAV/SOTP per share	CHF 194	20%
EV/Ebitda	CHF 229	20%
P/E	CHF 252	10%
Dividend Yield	CHF 123	10%
P/Book	CHF 162	5%
TARGET PRICE	CHF 231	100%

Largest comparables

DWS

- Deutsche Boerse Julius Baer
- London Stock Exch...
- Amundi
- Euronext NV

NAV/SOTP	Calculation

Balance Sheet		12/21A	12/22E	12/23E
Goodwill	CHFM	44.5	44.5	44.5
Total intangible	CHFM	101	101	101
Tangible fixed assets	CHFM	70.0	73.5	77.1
Financial fixed assets	CHFM	11.2	11.2	11.2
WCR	CHFM	0.00	0.00	0.00
Other assets	CHFM	54.5	56.9	59.7
Total assets (net of short term liab.)	CHFM	8,826	9,678	10,805
Ordinary shareholders' equity	CHFM	615	848	991
Quasi Equity & Preferred	CHFM			
Minority interests	CHFM			
Provisions for pensions	CHFM	11.0	32.3	31.0
Other provisions for risks and liabilities	CHFM			
Total provisions for risks and liabilities	CHFM	11.0	32.3	31.0
Tax liabilities	CHFM	1.67	1.92	2.21
Other liabilities	CHFM	8,410	9,123	10,233
Net debt (cash)	CHFM	-213	-328	-452
Total liab. and shareholders' equity	CHFM	8,826	9,678	10,805
Capital Employed				
Capital employed after depreciation	CHFM	282	300	319
Profits & Risks Ratios				
ROE (after tax)	%	36.6	26.7	25.8
ROCE	%	55.7	53.3	60.7
Gearing (at book value)	%	-25.1	-31.9	-39.3
Adj. Net debt/EBITDA(R)	х	-0.80	-1.24	-1.42
Interest cover (x)	х	745	-236	-322
Valuation Ratios				
Reference P/E (benchmark)	x	11.5	12.5	10.3
Free cash flow yield	%	11.5	6.12	6.74
P/Book	х	3.60	2.88	2.46
Dividend yield	%	1.48	1.56	1.89
EV Calculation				
Market cap	CHFM	2,213	2,437	2,437
+ Provisions	CHFM	11.0	32.3	31.0
+ Unrecognised acturial losses/(gains)	CHFM	0.00	0.00	0.00
+ Net debt at year end	CHFM	-213	-328	-452
+ Leases debt equivalent	CHFM	7.00	7.00	7.00
- Financial fixed assets (fair value)	CHFM	11.2	11.2	11.2
+ Minority interests (fair value)	CHFM			
= EV	CHFM	2,007	2,138	2,012
EV/EBITDA(R)	x	7.85	8.25	6.40
EV/Sales	х	4.25	4.40	3.46

Analyst : Grégoire Hermann, Changes to Forecasts : 25/03/2022.

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