

29/03/2016 - GBC Research Comment – FinTech Group AG

Company: FinTech Group AG^{*5a, 6a, 11}
 ISIN: DE0005249601
 Analyst: Felix Gode, CFA
 Current price: € 16.00 (XETRA 29/03/2016; 14:19)
 Target price: € 26.85
 Rating: Buy
 Date of completion/first publication: 29/03/2016
 * List of possible conflicts of interest on page 3

flatex now offers an innovative and flexible immediate loan that capitalises parts of the account deposits of biw Bank – estimates for 2016 confirmed – target price of € 26.85 confirmed – BUY rating reiterated

FinTech Group AG published the introduction of a flexible immediate loan “flatex flex-Kredit” for the wholly-owned subsidiary flatex. The new credit line of € 25.000 is now available for most customers at an interest rate of 3.9 % p.a. In contrast to other overdraft facilities, this offer has significantly lower interest rates and therefore is expected to penetrate the market quickly.

The flexible utilisation and loan period in combination with the free of charge provision of the credit, can make this offer a better alternative than existing solutions. To offer the immediate loan FinTech Group AG capitalises parts of the € 1bn account deposits of biw Bank AG. Since flatex has more than 150,000 potential customers for the new immediate loan, this could capitalise a very significant part of all the account deposits of biw Bank AG.

FinTech Group AG reached another important milestone towards a technology-based consumer credits company with the introduction of the new loan product. Furthermore, FinTech opened up another way to capitalise on the account deposits of biw Bank AG. The continuous progress is also apparent in the light of the partnership with Morgan Stanley earlier this year and the offering of structured products extensively for flatex customers. In addition to that, flatex formed a partnership with ZINSPILLOT at the beginning of the year to offer customers access to overnight and fixed term deposits of a wide range of banks all across Europe out of their existing portfolios.

FinTech Group AG has made significant progress towards utilising the account deposits of biw Bank AG. We are confident that FinTech Group will reach its ambitious target profit, due to the new product. The company reached another important milestone, which confirms our estimations from our initial coverage from the 07/12/2015. The target price remains at € 26.85. Based on the current share price, there is an upside potential of more than 60%. We reiterate our BUY rating.

| P&L (in million €) | FY 2014 | FY 2015e | FY 2016e | FY 2017e |
|--------------------|--------------|---------------|---------------|---------------|
| Net sales | 24.64 | 84.23 | 90.00 | 101.15 |
| EBITDA (margin) | -8.30 (neg.) | 20.13 (17.5%) | 31.00 (25.0%) | 38.15 (27.5%) |
| Net profit or loss | -7.59 | 3.91 | 14.84 | 20.54 |

Source: GBC; Note: Net sales include interest income and commission income, netted against interest expenses and commission expenses, plus any other sales revenue (e.g. trading profit).

ANNEX

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| | |
|------|---|
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| HOLD | The expected return. based on the derived target price. incl. dividend payments within the relevant time horizon is $> - 10\%$ and $< + 10\%$. |
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