

31/03/2017 - GBC Research Comment – FinTech Group AG

Company: FinTech Group AG^{*5a,5b,6a,11}
 ISIN: DE0005249601
 Analyst: Felix Gode, CFA
 Current price: €15.635 (XETRA 31/03/2017; 14:54)
 Target price: €27.00
 Rating: Buy
 Date of completion/first publication: 31/03/2017
 * List of possible conflicts of interest on page 3

Figures for 2016 in line with guidance – Expectations for 2017 raised after positive Q1 17 – Target price of €27 and BUY rating confirmed

Today FinTech Group AG presented its figures for the 2016 financial year just ended, with all key figures posting an increase on the previous financial year. Revenues rose by 26.7% to €95.02 million and the EBITDA was even up 55.2% on the previous year at €30.62 million. It should however be noted that XCOM AG was only consolidated for nine months in the 2015 financial year but last year also included a significant one-time income amount from out-licensing its CFD business. Therefore, significant organic increases were also recorded for revenues and income in 2016. B2C and B2B business both contributed to the positive development. Whereas the B2C business was particularly impressive, with a significant increase in customer numbers of around 20% to 212,040, important new customers were also acquired during 2016 in B2B business. This was also reflected in the fact that customer assets under management almost doubled to €10.9 billion.

With EBITDA of €30.62 million achieved, FinTech Group AG was able to meet the guidance set at €30–35 million at the start of the year and therefore to achieve the published forecasts for the second year in succession. The positive development was even clearer in the profit for the year assigned to the shareholders. At €8.42 million, this was clearly in positive territory after recording a loss of €1.75 million in the previous year. It should be noted that 2016 saw further significant charges related to the discontinued Aktionärsbank division, totalling around €8 million. Adjusted for this effect, which is not expected again in 2017, the profit for the year to be assigned to shareholders was €16.39 million, up 24.3% on the previous year. Moreover, the management increased the EPS forecast for the 2017 financial year from €0.90 to €1.00. This comes against the backdrop of an extraordinarily good start to the year for the flatex subsidiary, which gained 12,000 new customers in Q1 2017 alone. This represents around one third of the total number of customers gained in 2016. Streamlining the group structure will also lead to further cost reductions and efficiency improvements, which are expected to significantly impact profits as early as the second half of 2017. But above all, this should positively influence profits once more in 2018.

The raised EPS forecast confirms our positive expectations for the development of FinTech Group AG in 2017 and beyond. After the successful realignment of the business, the company has returned to significant profits and should also be able to further increase profitability. The figures already published for 2016 were in line with the guidance issued by the company and also do not differ significantly from our expectations. Our positive outlook for 2017 has also been confirmed. On presentation of the final 2016 annual report in April, we will completely revise our assessment of FinTech Group AG. Until then, we confirm our target price of €27.00 and the BUY rating based on the preliminary results for 2016.

| P&L (in m€) | FY 2016e GBC | FY 2016a | FY 2017e | FY 2018e |
|-----------------|---------------|---------------|---------------|---------------|
| Sales | 100.00 | 95.02 | 108.00 | 115.00 |
| EBITDA (margin) | 33.00 (33.0%) | 30.62 (32.2%) | 35.00 (32.4%) | 40.00 (34.8%) |
| Net profit* | 9.55 | 8.42 | 16.82 | 19.80 |
| EPS* | 0.57 | 0.50 | 1.00 | 1.18 |

Quelle: GBC; *attributable to shareholders of FinTech Group AG, including discontinued operations

ANNEX

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| | |
|------|---|
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The analysts responsible for this analysis are:

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