Research Report (Initial Coverage)

Fintech specialist for the African market; Innovative approach generates high demand; Dynamic revenue and earnings growth expected; High share price potential expected

Target Price: 27.60 €

Rating: BUY

IMPORTANT NOTE:
Please take note of the disclaimer/risk warning, as well as the disclosure of potential conflicts of interest as required by section 34b of the Securities Trading Act (WpHG) from page 31

Completion: 16/06/2017 **First Publication: 19/06/2017**

MyBucks S.A.*5a;11

BUY
Target Price: 27.60

Current price: 15.50
16.06.2017 / ETR / 09:45 am
Currency: EUR

Key data:

ISIN: LU1404975507
WKN: A2AJLT
Ticker symbol: MBC
Number of shares³: 11.66
Marketcap³: 180.73
³ in m / in EUR m
Freefloat: 19,4 %

Transparency level:
Scale

Market Segment:
Open Market

Accounting Standard:
IFRS

Financial year-end: 30/06

Designated Sponsor:
Hauck&Aufhäuser

Analyst:

Cosmin Filker
filker@gbc-ag.de

Marcel Goldmann
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* catalogue of potential conflicts of interests on page 32

Company Profile

Sector: FinTech

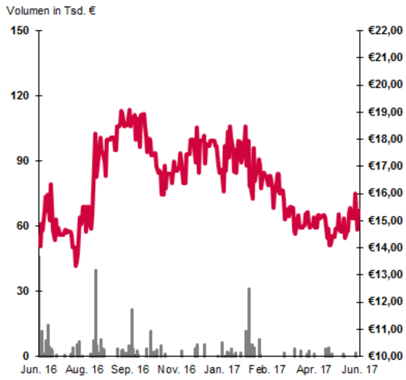
Focus: consumer credits, bank solutions, insurance products through the use of new technologies

Employees:: 850 (30/06/2016)

Founded in: 2011

Headquarter: Luxemburg

Executive Board: Dave von Niekerk (CEO), Tim Nuy



MyBucks S.A. is a FinTech company registered in Luxembourg, delivering seamless financial services through the use of technology. With its trademarks GetBucks, GetSure and Opportunity Bank, the company offers its customers non-hedged consumer credits, bank solutions and insurance products. Since its foundation in 2011, MyBucks has grown exponentially and currently operates in twelve African and two European countries, as well as in Australia. MyBucks is committed to ensuring that, compared with conventional, non-technology-based methods, its product range is simple and trustworthy, and ultimately offers its customers more benefits. The range of products offered by MyBucks allows customers to easily and conveniently manage their financial transactions.

P&L in €m \ FY-End	**30/06/2016**	**30.06.2017e**	**30.06.2018e**	**30.06.2019e**
Revenue	38.91	57.20	85.80	128.70
EBITDA	11.40	18.77	39.16	71.41
EBIT	29.3%	32.8%	45.6%	55.5%
Net profit after minorities	-1.89	-0.91	7.35	23.99
Per Share Figures in EUR				
EPS	-0.17	-0.08	0.66	2.15
Dividend per share	0.00	0.00	0.00	0.00
Key financials				
EV/Sales	19.49	33.92	41.27	65.26
EV/EBITDA	neg.	neg.	17.8%	36.8%
EV/EBIT	4.49	3.05	2.04	1.36
P/E	neg.	neg.	23.76	7.28
P/B	8.96	5.15	4.23	2.68

Financial Dates:

****last research published by GBC:**

Date: publication / price target in € / rating

** the research reports can be found on our website www.gbc-ag.de or can be requested at GBC AG, Halderstr. 27, D86150 Augsburg

EXECUTIVE SUMMARY

- MyBucks S.A. is a Fintech company which makes it possible for Sub-Sahara customers to access financial products and services using modern technology. In this region targeted by the company, around 80% of the population has no physical access to financial products. However, there is a great deal of online availability, meaning that this gap can be filled through technological solutions. In principle, digital applications have proved to be an important part of financial inclusion in the Sub-Saharan region. With its technological solutions, MyBucks has, from an early stage, been playing an important role in this high-growth market environment.

- Under the brand GetBucks, the company offers non-secured loans to customers from the low and medium income sector online. In addition, customers can also make use of different financial services. Furthermore, in selected countries, insurance solutions are offered under the brand name GetSure. With the acquisition of credit institutions in the current financial year 2016/17, MyBucks is also starting to offer banking services.

- The proprietary technology, which allows customers to obtain a credit decision in the space of just a few minutes, constitutes the basis for MyBucks' business operations. A self-developed scoring model is used for this, which helps to calculate the respective individual interest rate or maximum loan amount. MyBucks customers can make use of the company's services in various ways. The focus is on mobile access via the GetBucks app which, according to official data, has been downloaded between 10,000 and 50,000 times.

- In previous financial years, the company has managed to expand its loan book significantly. As of the last balance sheet date (31/12/16), the credit volume had reached €77.19m, compared with a credit volume of €36.20m at 30/06/16. This is reflected in a CAGR of over 130% over the previous financial years. Most recently, the cost situation and thus the earnings potential of MyBucks has been shaped by various special factors (investments aimed at expansion, IPOs, inorganic growth).

- Taking into account the corporate strategy, which provides for further regional expansion, the increase in market share, and especially the expansion of low-interest financial resources for the granting of credits, we expect growth to continue. Given a steady increase in the volume of financing and the loan book, we anticipate an increase in revenues of up to €128.70m (FY 2018/19) and also a rise in the return on sales to a substantial 18.6% (FY 2018/19). This is the basis for our valuation approach, which uses a residual income model.

- As part of the residual income model, we calculate a fair value per MyBucks share of €27.60. Based on the current share price of €15.50, this results in a share price potential of over 78% and therefore we are including MyBucks as a new entry in the research coverage with a Buy rating.

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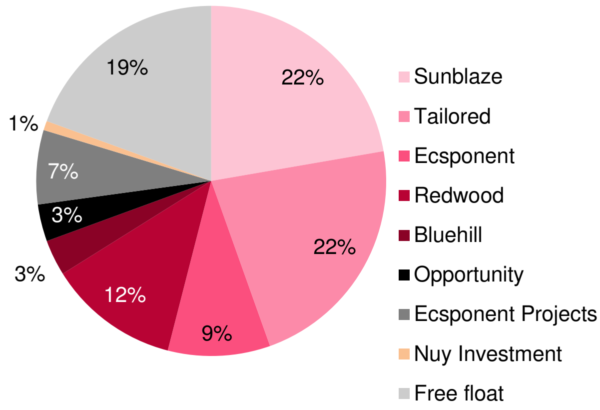
COMPANY

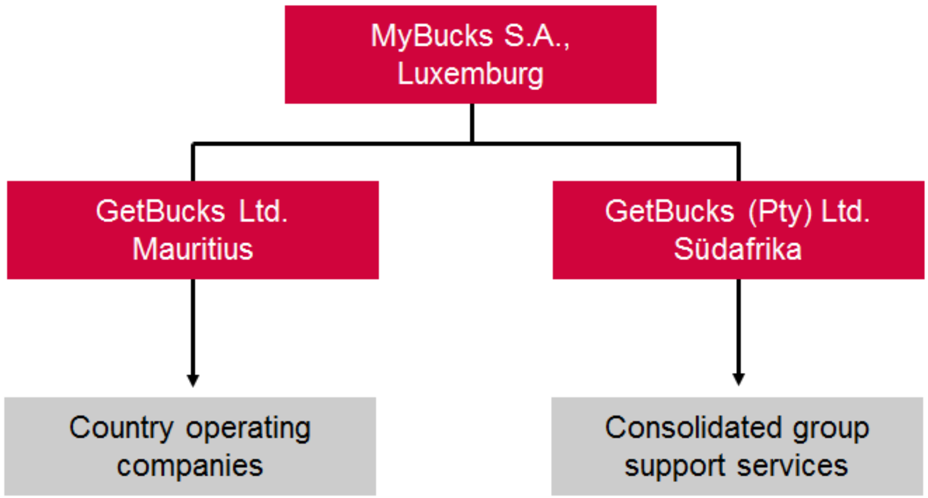
Shareholder structure

Anteilseigner in %	06/06/2017
Sunblaze Investment Holdings Limited	22.3%
Tailored Investments Limited	22.3%
Ecsponent Limited	9.4%
Redwood Capital (Chris Rokos)	12.1%
Bluehill Capital (Chris Rokos)	3.3%
Opportunity	3.4%
Ecsponent Projects (Proprietary) Limited	6.8%
Nuy Investment Holdings B.V.	0.9%
Free Float	19.4%

Source: MyBucks S.A.; GBC AG



Company structure as at 31/12/2016



Source: MyBucks S.A.; GBC AG

MyBucks S.A. (abbreviated to: MyBucks) is a holding company operating under Luxembourg law. The business operations are primarily bundled in the operating subsidiary companies, where GetBucks (Pty) Ltd. South Africa covers the business activities in South Africa and GetBucks Ltd. Mauritius covers business activities in the other African regions. The operational subsidiaries, which (with a few exceptions) are 100% owned by these two intermediaries, are national companies with operations limited to their regions. This is understandable, as MyBucks needs to meet a large number of country-specific regulatory requirements in the course of its business, which need to be met or covered by the respective subsidiary. In addition, the company structure has grown partially inorganically.

Summary of Company history

Year	Event
2011	Company foundation
2011	Licence agreement with GetBucks South Africa and incorporation of GetBucks Mauritius as a holding company of the Group
2011 - 2015	Expansion of the business operations to other countries in the Sub-Saharan region (Botswana, Kenya, Malawi, Swaziland, Zambia, Zimbabwe)
2014 – 2015	Expansion of business operations to Poland and Spain, as a basis for further growth opportunities in Europe
2015	National subsidiary in Zimbabwe obtains a licence from the national bank of Zimbabwe as a microcredit company so it can undertake deposit business
2015	Acquisition agreement with Opportunity International regarding the acquisition of credit institutions in Ghana, Tanzania, Mozambique, thereby resulting in regional expansion. Furthermore, its presence in Malawi, Kenya and Uganda is to be increased.
2015	MyBucks S.A. is established as the holding company of the Group, thus establishing the current company structure
2016	GetBucks Zimbabwe is listed on the stock exchange in Zimbabwe. In addition, business operations start operations in Namibia and Uganda.
2016	Listing of the MyBucks S.A. on the Frankfurt Stock Exchange
2016	As part of the acquisition agreement, three subsidiaries of Opportunity International (Opportunity Tanzania Limited, Opportunity Kenya Limited, Banco Oportunidade de Mozambique) are acquired.
2016	Conclusion of a partnership with FinTech Group AG to expand credit volume.
2016	Introduction of new app (Haraka) by the GetBucks Kenya subsidiary. This app is makes a fast and paperless credit decision in Kenya possible.
2016	Conclusion of the acquisition of 49% of Opportunity Bank Uganda Limited
2016	Conclusion of a licence agreement to use the Opportunity trademark in Africa. In connection with this, Opportunity commits to further financing of up to \$30m for the banks acquired by MyBucks in the amount.
2017	Acquisition of the Australian company Fair Go Finance Pty Ltd., a digital provider of microcredit.
2017	Placement of a corporate bond (€5.1m) on the Vienna Stock Exchange. In addition, the respective national subsidiaries in Botswana placed bonds amounting to €6.3m and initiated a bond program of up to €30.0m in Zimbabwe.

Source: MyBucks S.A.; GBC AG

Business model of MyBucks S.A.

MyBucks acts as a FinTech company making financial products and services accessible to customers from the low and medium income sector through the use of modern technologies. The regional focus of the company is primarily on the Sub-Saharan Africa region. Through its subsidiaries, MyBucks is represented in South Africa, Lesotho, Swaziland, Namibia, Botswana, Zimbabwe, Mozambique, Malawi, Tanzania, Kenya and Uganda. In addition, the company operates to a lesser extent in Spain and Poland and, since 2017, in Australia. Therefore, MyBucks operates in a total of 14 countries, and the additional regional expansion is an important contributor to corporate strategy.

Footprint of MyBucks S.A. in Africa

Source: MyBucks S.A.; GBC AG

It is entirely understandable that MyBucks, being a Fintech company and an online provider of financial products and services, is active in the African market, since around 80% of the African population has no access to financial services (source: own company information). In contrast, however, there is a high online availability in the African countries, meaning that an online offer of financial products can fill this gap. MyBucks offers access via different online channels and therefore customers in remote areas can also be reached and served. In regions with low online coverage, MyBucks operates small regional branches to support its online business.

Products of MyBucks S.A.

Source: MyBucks S.A

The product range of the company consists of a large number of virtual banking products in the areas of lending, insurance and general banking. Online access to MyBucks products is provided via an internally developed technology platform online and via so-called "Internet Services Points".

GetBucks – the lending platform

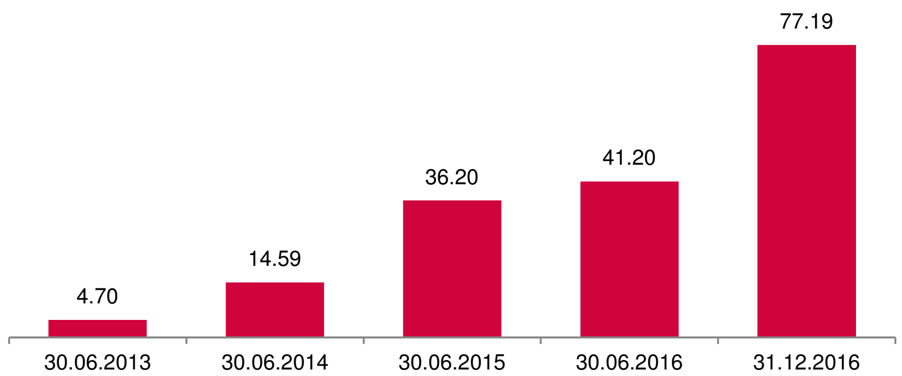
Under the brand GetBucks, unsecured loans are offered to customers from the low and medium income sector online:

Short-term loans: Short-term loans are unsecured loans of between €30 and €500 and a term of between 1 to 6 months. These loans are offered in all countries in which MyBucks operates, although the primary target is employees of large corporations.

Instalment loans: Instalment loans issued by MyBucks are unsecured loans with a volume of between €300 and €500 and a term of 6 to 60 months. Repayment of instalment loans takes place in several tranches and these are also relatively flexible, meaning that the borrower may increase the number of instalments as desired up to the credit limit granted. These loans are intended primarily for government employees with a secured collection procedure.

In recent financial years, MyBucks has achieved a significant expansion of business, which is reflected in a gradual increase in the loan book (loans issued).

Loan book (in €m)



Source: MyBucks S.A.; GBC AG

Loans are disbursed either by electronic bank transfer to the borrower's bank account or via a mobile electronic wallet. In parallel to providing credit, the Company has developed an interactive "ecosystem" giving customers an overview of their savings balances and objectives, available personal borrowing facilities and trust levels, all as part of a configurable display. It also offers a personalized credit report and a budgeting tool.

Credit report: As part of their individually tailored credit report, customers get an overview of their credit profile and current credit score. Customers are given tips on improving their credit score and also help with better financial understanding, based on their spending. The app also shows the conditions under which the customer will be able to take out further loans.

Budgeting tool: This is intended to give an overview of the customers' spending behavior. With the aid of self-imposed spending limits, push notifications can be generated, so that the customer can obtain a better understanding of how to budget their money.

GetSure - the insurance solution

In addition to providing credit, MyBucks offers insurance products in selected countries under the brand name GetSure. In this case, the company is acting as intermediary for external insurance providers and so GetSure obtains revenue through commissions. The insurance products can be accessed via the website getsuregroup.com. This is traditional credit insurance brokerage, legal expenses insurance, as well as funeral and health insurance. GetSure is currently only available in selected countries, but regional expansion is actively being planned. In certain cases, even direct insurance provision is currently under consideration.

GetBanked - Opportunity Bank

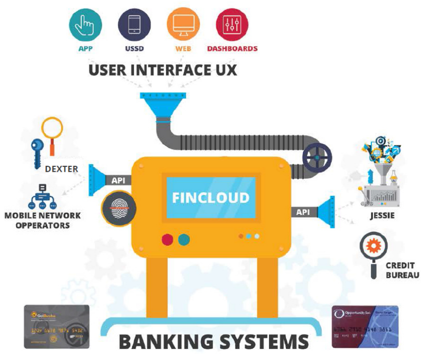
With the acquisition of three credit institutions under an acquisition agreement with Opportunity International, MyBucks has expanded its product range to include banking services. On the basis of its digital banking platform, banking products and services such as savings accounts, mobile transactions, bank cards or transfers are offered through GetBanked and thus customers who otherwise have no access to banking services can be targeted. The deposit business run by the acquired institutions is also important in this context, which in our view represents a comparatively low-interest refinancing option for the credit business.

Technology of MyBucks

MyBucks S.A. has a back-end scoring model developed in-house as a basis for taking credit decisions. Based on artificial intelligence (AI) algorithms, this model, named "**Jessie**", assigns every loan applicant a specific score or an individual credit rating, from which the interest rate and the maximum loan amount are derived. Fundamentally, "Jessie" provides information and forecasts for the relevant creditworthiness and thus helps to maintain an efficient and stringent risk management system. Both data collected in-house and detailed data from third parties is processed within the framework of the appropriate country-specific legislation. According to the company's information, more than 1,500,000 credit ratings have been calculated using this software. The applicant should receive a credit decision within 15 minutes. Another important part of the decision-making process is the prior determination of the fraud risk using the AI software "**Watson**".

As an integrated part of Jessie, the Cloud-based, in-house software "FinCloud" connects the front-end with the back-end and is therefore the interface between the customer and the internal credit management system. Through "FinCloud" the Company is able, for example, to access bank information on the applicant to conduct the most thorough possible risk analysis. Together with "Jessie", "FinCloud" represents the key technology for MyBucks.

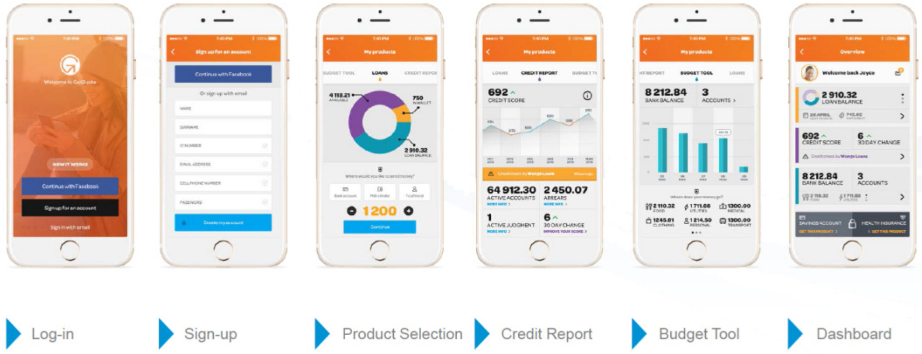
The Fintech platform from MyBucks S.A.



Source: MyBucks S.A

MyBucks customers can make use of the company’s services in various ways (internet, mobile, etc.). The focus is on mobile access via the GetBucks app which, according to official data, has been installed between 10,000 and 50,000 times.

Workflow of the GetBucks-App



Source: MyBucks S.A.

Further technological development has been driven by the “Haraka” app first launched in Kenya in August 2016, leading to a quick way of granting “Nano” loans (€4 to €40) through mobile phones. The loan application is made via smartphone, with an identity check based on social media. If the application is approved, with the credit risk calculated on the basis of big data and AI algorithms, the loan amount is transferred to a mobile account. In principle, this application is intended to reach that proportion of customers otherwise not on the radar of traditional banks or not served by them. The Haraka app has been installed between 50,000 and 100,000 times in total.

Board of Directors

Dave van Niekerk (CEO)
Dave van Niekerk is one of the founders of the company and the current CEO. With more than 16 years of experience in the microfinance industry, he has been a partner and manager at various microfinance companies, including the African Bank, where he began his career. In 2001, van Niekerk founded the Pan-African microfinance company Blue Financial Services, which went public in 2006. Up to the end of July 2010, he was CEO and Chairman of the company. At MyBucks, in addition to his role as CEO, van Niekerk is also responsible for the Technology, Operations, Innovations and Credit business units.

Timothy Nuy (Executive Director)
Tim Nuy is the Executive Director of MyBucks. Before he joined the company, he was Investment Director at ADC African Development Corporation AG ("ADC") in Frankfurt am Main from July 2011 to November 2014, where he was responsible for acquisitions and divestitures and the day-to-day business of the Mauritian Group companies. He was involved in several complex transactions, including in particular on the controlling interest in ABC Holdings Limited, the sale of RSwitch (Rwanda) and the takeover by Atlas Mara. Before joining ADC, Timothy Nuy worked at KPMG in the Transaction & Restructuring Department in Hamburg. He has a Bachelor of Science in International Business Economics from Maastricht University and is a Chartered Financial Analyst (CFA®). In addition to his role as Executive Director, Nuy is responsible for the Risk Management, M&A and Corporate Finance business units, including all debt and equity raising measures, as well as expansion into new markets.

Gerd Alexander Schütz (Non-Executive Chairman)
Alexander Schütz is Managing Partner of the Asset Management company C-Quadrat AG, which he founded in 1991 with his partner Thomas Riess. C-Quadrat AG has regional offices in Frankfurt am Main, London, Geneva, Warsaw and Yerevan and has recently started business operations in Asia. Schütz is responsible for strategic development and acquisitions at C-Quadrat AG. He is shareholder and Chairman of the Board at MyBucks and co-founder and member of the Board of Swiss water technology group Aquarion, which recently took over the German company Hager + Elsässer. His other significant investments include Smartflower.com, a company active in the photovoltaic sector, Aventus GmbH in the area of Business Intelligence and IT security, Filmhouse Germany, HSO Healthcare GmbH and Dairyfem from the area of probiotic nutrition. Schütz is a member of the International Coronelli Society and President of the Austrian Emirates Society.

Dennis Wallestad (Non-Executive Director)
Dennis Wallestad was CFO and Managing Director responsible for Europe, the Middle East and Africa at J.P. Morgan Chase in New York from October 2012 to March 2014. Before that, he was CFO of the Treasury & Securities Services department there. Before joining J.P. Morgan Chase, he was responsible for the entire accounting and reporting at Pershing LLC, a subsidiary of The Bank of New York Mellon Corporation and its worldwide group companies. Wallestad has sound experience as CFO and Vice President of Operations. He has a Bachelor of Science in Accounting from Auburn University and a Master of Accountancy from the University of Oklahoma and is also a certified public accountant (CPA). Wallestad is currently a Director at Opportunity International in Chicago and responsible for the restructuring and reorganization of the company.

George Manyere (Non-Executive Director)
George Manyere was the founder of Brainworks in 2008 and worked as its CEO until February 2017. Brainworks is regarded as one of the leading investment companies and consultancies, with a strong regional focus in Zimbabwe. From its establishment until the departure of George Manyere, Brainworks has grown strongly and now has some 1,200 employees and sales of $48.2m. Before his time at Brainworks, George Manyere was an Investment Manager at the International Finance Corporation (IFC) in Washington. Here, he was responsible for investments of over $600m in Sub-Saharan Africa and also for managing a portfolio of over $400m. Mr Manyere worked as an auditor at KPMG in Zimbabwe and was awarded his degrees at the University of South Africa (Bachelor and Honours in Accounting Science). In addition, he holds a certificate in Theory of Accounting from the Institute of Chartered Accountants Zimbabwe.

Simon Village (Non-Executive Director)
Simon Village is a founding Director of Argentum Limited, Mauritius, a company operating in the area of business development and financing, which provides the services for start-up companies in southern, central and eastern Africa. Village was a member of the committees for a large number of international companies and managed a range successful global initiatives. The most important of these was the development of various commodity-backed funds with his team, which are listed in 13 countries. In addition, Village managed the financing and development of some commodity companies, where he worked as a Director. This includes the raising of capital for the construction of the first gold mine in the Democratic Republic of Congo since their independence. Before that, Village was Managing Director at HSBC in London. There, he was initially a senior financial analyst, then Head of Research for Emerging Markets, before he was named the Managing Director of Securities Transactions in South Africa. Before his career in finance, Village worked for Schlumberger in Italy, the Netherlands and Libya as a field engineer and before that for De Beers in southern Africa. He holds a B.Eng (Hons) degree in Mining Engineering from the Camborne School of Mines, United Kingdom.

Trevor Joslin (Non-Executive Director)
Trevor Joslin began his career in investment banking in 1986. He held senior positions at several banks in Geneva, including Barclays. In 2000, he joined HSBC and founded the unit for banking in Asia, before taking over the management of the East region for the bank. Joslin has a BSc. (University of Surrey, Guildford, United Kingdom), First Class Honours in Chemistry and is also a Doctor of Philosophy (University of Southampton, United Kingdom).

Johan Jonck (Non-Executive Director)
Johan Jonck contributed significantly to the establishment of the first industry-specific organisation with the name Micro Lenders Association (“MLA”) in 1996. MLA was a pioneer for the National Credit Regulator (NCR), South Africa’s current regulatory authority for the industry. Jonck was a Partner at Coopers & Lybrand and founder and CEO of Unity Financial Services, whose shareholders included Boland Bank. Unity Financial Services was purchased by the African Bank Investments Limited in 1999. Jonck was founder and CEO of Jigmining, a company with a patented technology, which prepared coal for BHP Billiton in South Africa and which, in 2004, was listed on the Johannesburg stock exchange as Yomhlaba. In 2005, Jonck founded Nedfin Ltd, a microcredit company in Zambia for which Jonck was CEO. Jonck has been operating successfully as a shareholder and key player on the microfinance market in Africa for more than twenty years.

Market and Market Environment

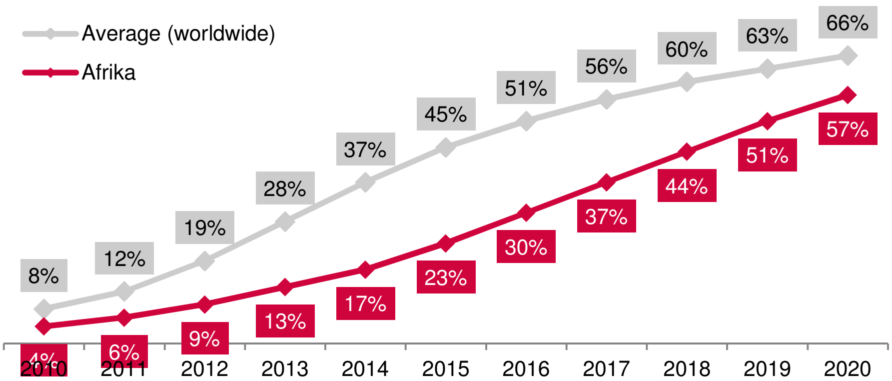
MyBucks acts as a provider of digital financial products and services, and is therefore regarded as a classic Fintech company. The market potential of the company can be seen in particular with regard to the digital orientation of the business model, which makes it possible to access a large number of customers, in contrast to traditional market participants, particularly in Africa. In addition to the analysis of online penetration in Africa, the increased demand for microfinance solutions is also critical to the analysis of the market potential of MyBucks.

Dynamic growth of online-access in Africa

As expected, at 27.7% (number of internet users in relation to the total population), internet availability in Africa is below the global ratio of internet users, which, according to data from Internet World Stats is 49.9%. Of all the continents, Africa currently has the lowest internet availability. At the same time, this means that in particular in the countries within Africa, there is still a very high potential to catch up, which is reflected in the very strong growth momentum in the number of internet users. According to data from the International Telecommunication Union (ITU), the relative number of Internet users in Africa alone rose significantly from 19.0% to 25.1% in the past three years (2014–2016). By 2020, at least approximately 50% the African population should have internet access.

Similar trends can also be seen in the penetration of smartphones, one of the most important access channels to the MyBucks products. In Africa the number of connections of smartphones, compared with the total number of connections, was 23% in 2015 and therefore significantly below the global average, so there is likely to be a considerable catch-up effect in the coming financial years. According to forecasts from the GSM Association, the penetration rate of smartphones in Africa is expected to almost double by 2020 and therefore catch up with the global average.

Share of smart phones on the mobile use



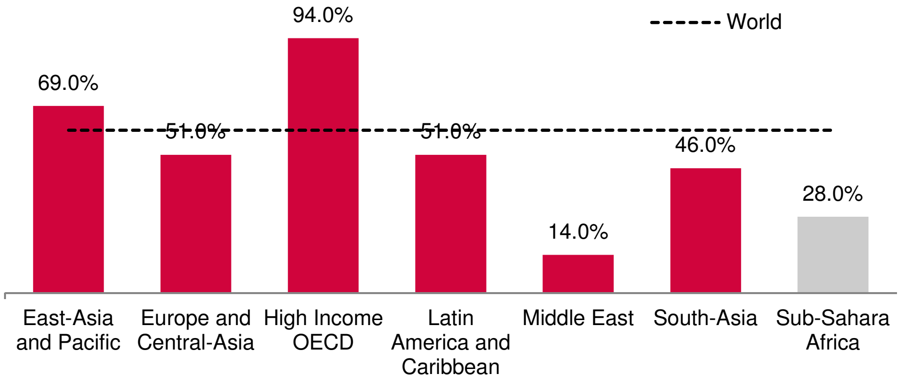
Source: GSME Intelligence; The Mobile Economy- Afrika; GBC AG

The Sub-Saharan region explicitly targeted by MyBucks matches the average statistics for all of Africa presented here. The smartphone adoption rate in this region of 24% (2015) is expected to rise to 57% (2020). Based on these findings, MyBucks will have a constantly increasing customer base for its digital products and services.

Financial inclusion through digital applications

An important factor for the demand for mobile solutions is, in addition to the increasing online availability, the fact that in the Sub-Saharan region, only a relatively small portion of the population has access to the services offered by credit institutions. In this region, according to statistics from the World Bank, only 28% of adults (over 15 years) have an account at a financial institution. This low value is only undercut by the countries of the Middle East. In developed countries (high-income OECD economies), the proportion of account holders is 94%.

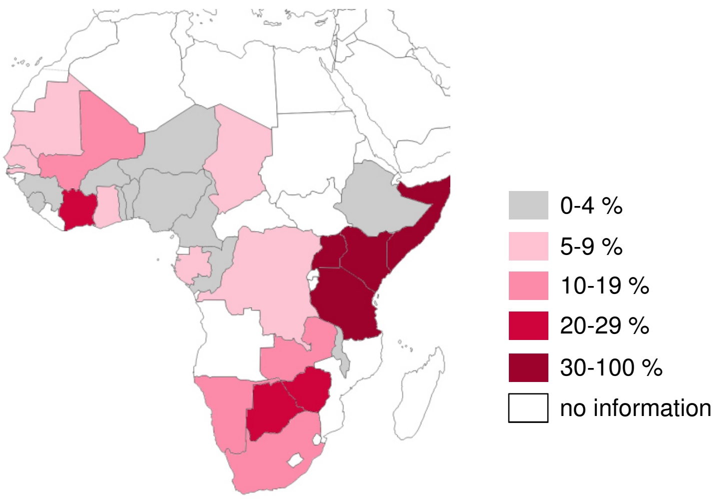
Share of account owner compared to the total population



Source: Global Findex World Bank-Database; GBC AG

The bridge between the strongly underdeveloped access to financial services in the Sub-Saharan region and financial inclusion is increasingly being established via digital channels. Accordingly, the proportion of mobile cash accounts in the region addressed by MyBucks at 12% is significantly higher than in the other regions, where it is only 2%. Mobile cash accounts in previous years were the major factor for an increase in access to financial services in the Sub-Saharan region. As a rule, therefore, there is a high willingness to settle financial transactions digitally in the MyBucks target markets, which is likely to accelerate further with increasing internet access.

Share of mobile accounts in Africa (in %)



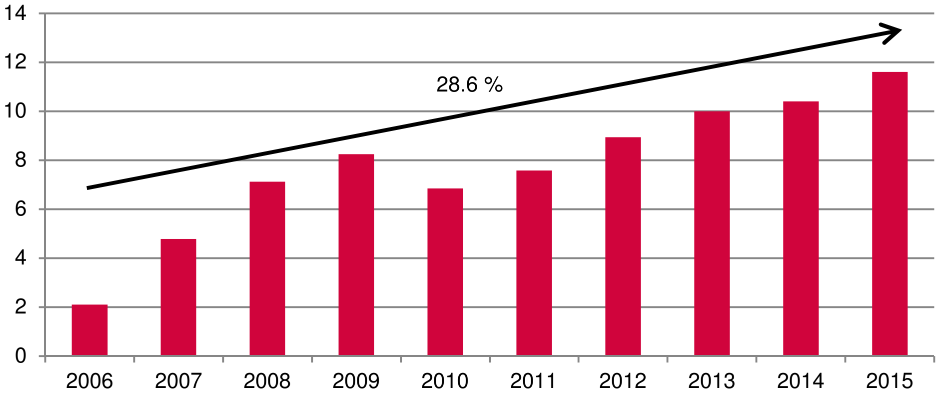
Source: Global Findex World Bank-Database; GBC AG

Micro loans as important financial source

The product focus of MyBucks is currently on the GetBucks credit platform, through which unsecured loans are offered online to low and medium income customers. In our opinion, together with the increasing digitization of the financial sector in the MyBucks target markets, the demand for microcredits is an important factor for future business development. Microcredits are regarded as an important aspect for financial inclusion and thus there is high demand, particularly in the countries in which there is only limited access to traditional financial institutions.

The early days of microfinancing at the start of the 1990s were primarily shaped by non-governmental organizations (NGOs), development institutions, foundations and philanthropists, but in recent years, market professionalism has grown. Currently, the market is characterised by an increasing number of regulated and licensed MFIs (credit institutions). In 2016, the overall market for microfinancing appears to have grown between 10% and 15%, and the current market for commercial microfinance is currently estimated at around $11.6 billion (source: responsAbility). Between 2006 and 2015, the expected size of the global micro-financial market grew by more than 28%, which is evidence of the great momentum in this market.

Estimated size of the market of microfinance investment vehicles (in bn USD)

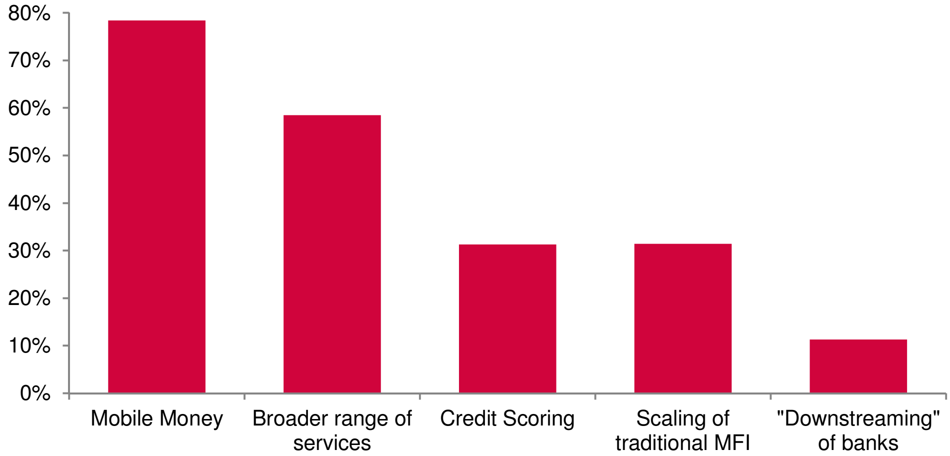


Source: Symbiotics, CGAP, responsAbility Investments AG

With an expected growth rate in microfinancing of between 10%–15%, the Sub-Saharan region is average in terms of the expected global growth. The basic market environment for providers such as MyBucks is, however, significantly more attractive than in other regions. For example, the annual economic growth rate, an important factor in the demand for credit, standing at 4.5%–5.2% since 2013, is significantly higher than in other regions. The rapidly growing middle class, which is accompanied by positive demographic trends, is considered to be the main reason for the high economic growth. (Source: IMF; SSA Outlook)

According to the company, based on the still-low penetration rate, the microfinance markets in the Sub-Saharan region are still to be regarded as underdeveloped and therefore hold great potential. Overall, there is a heterogeneous provider and regulatory structure in the individual countries of this region. In particular, the technological component should be stressed here, which is regarded as a key driver for the further development of the market for microfinancing. According to a survey carried out by responsAbility, new technologies will determine the further development of microfinancing.

What trends will fundamentally change the microfinance market?



Source: Expert interviews, responsAbility Research; GBC AG

Thus, with its product range, MyBucks S.A. is operating in the sweet spot of the financial services sector both in terms of regions and technology.

Business Development

Key financial figures

P&L (in €m)	FY 14/15	FY 15/16	FY 16/17e	FY 17/18e	FY 18/19e
Revenue	31.29	38.91	57.20	85.80	128.70
Loan impairments	-6.81	-9.11	-12.53	-14.59	-18.02
Other income	0.41	0.66	4.98	2.26	3.20
Operating expenses	-13.37	-19.06	-30.89	-34.32	-42.47
EBIT	**11.51**	**11.40**	**18.77**	**39.16**	**71.41**
Financial result	-5.83	-10.45	-18.37	-25.84	-34.90
EBT	**5.69**	**0.95**	**0.40**	**13.32**	**36.51**
Taxes	-2.35	-1.60	-0.11	-3.73	-10.22
Minorities	-1.89	-1.24	-1.20	-2.24	-2.30
Net profit	**1.45**	**-1.89**	**-0.91**	**7.35**	**23.99**

Source: MyBucks S.A.; GBC AG

Historical Revenue Development

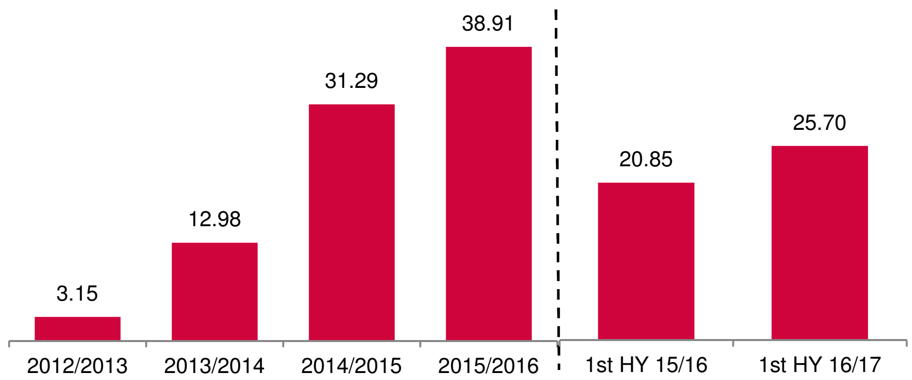
P&L (in €m)	FY 12/13	FY 13/14	FY 14/15	FY 15/16	1.HY 16/17
Revenue	3.15	12.98	31.29	38.91	25.70
EBIT	-0.76	4.56	11.51	11.40	10.18
EBIT-Margin	*neg.*	*35.1%*	*36.8%*	*29.3%*	*39.6%*
Financial result	-0.65	-1.28	-5.83	-10.45	-7.33
Net profit	-1.52	1.55	1.45	-1.89	0.44

Source: MyBucks S.A.; GBC AG

The revenues of MyBucks, as a provider of online loans and other financial services, are primarily bank-connected when it comes to the granting of credit under the brand name GetBucks. Therefore, MyBucks revenues are primarily interest income from the granting of loans with fixed terms. In addition, the company generates fees revenues to a lesser extent in connection with the granting of loans, as well as commissions and provisions from insurance policy brokerage. As a result, the revenue level depends on the loans granted in a reporting period and directly on the issued credit volume.

In previous financial years, MyBucks was able to achieve a significant expansion of sales revenues and, in the last financial year 2015/16, achieved sales volumes of €38.91m. The average revenue growth rate (CAGR) in the financial years available to us was at the high level of 131.2%. This positive revenue development also continued during the first half of the current financial year 2016/17, although starting from a higher base, with lower growth rate of 23.3% to €25.70m (1st HY 15/16: €20.85m).

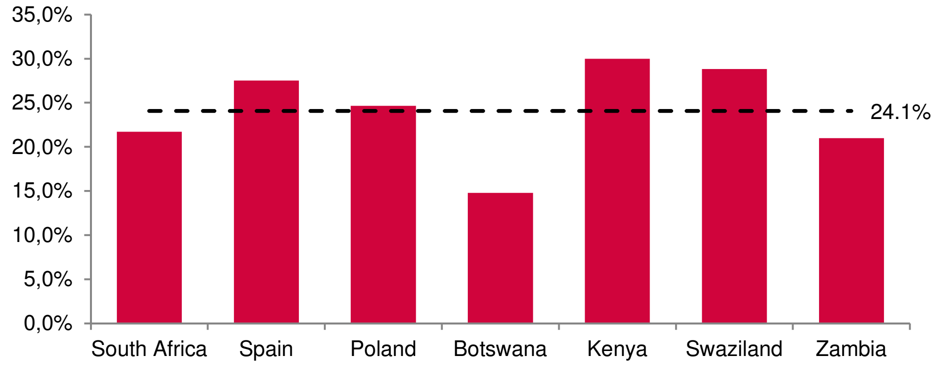
Revenue development (in €m)



Source: MyBucks S.A.; GBC AG

The basis for this development is primarily reflected in an increase in the short-term and long-term loan book (issued loans) to €77.19m (31/12/16). The average growth rate (CAGR) of the loan book between 30/06/13 and 31/12/16 was 101.3% and has a high growth rate comparable to the growth in revenues. However, it should be noted that the credit book values are to be regarded simply as reporting date values. Since MyBucks generally issues short- to medium term loans, turnover of capital must be taken into account. According to our own calculations, and assuming an average effective interest on short-term loans with a 31 day term of 24.1%, (source: GBC research on the respective country website homepage of GetBucks) there is an average capital turnover of around four. That is, each euro would therefore be issued as short-term credit four times a year and generate corresponding interest income.

Effective interest on short-term MyBucks-loans (31 days)

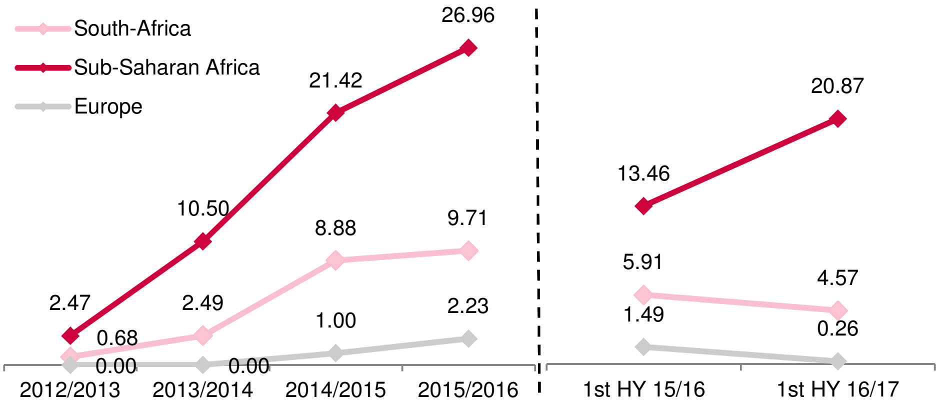


Source: MyBucks S.A.; GBC AG (own analysis)

In general, the strong growth in revenue reflects the steady expansion of the business model against the backdrop of an expansion of the product range and regional expansion of the business model. The regional expansion was achieved both through the founding of subsidiaries, as well as company acquisitions. Accordingly, the number of countries in which MyBucks is active rose to 14 (31/12/16). At the end of the financial year 2013/14, MyBucks was only operating in five countries.

The acquisition of subsidiaries of Opportunity International in Mozambique, Kenya, Tanzania and Uganda completed in the current financial year, i.e. in the first half of 2016/17, is particularly worth mentioning, as a result of which on the one hand an entry into additional regions was achieved and/or strengthened and on the other hand an expansion of the product range to include banking services was further intensified. The regional expansion of the business model is particularly noteworthy for the increase in revenues in the Sub-Saharan region:

Regional Revenue Break-Down (in €m)



Source: MyBucks S.A.; GBC AG

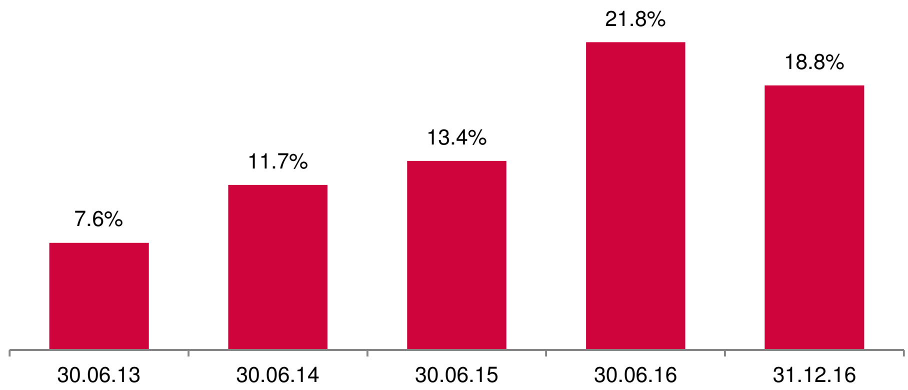
In connection with the acquisition of the four companies, a one-time “bargain purchase” of €4.50m was stated in other operating income as part of a provisional purchase price allocation. Accordingly, in the first six months of 2016/17, the total returns for MyBucks rose considerably more strongly than revenues, rising by 46.6% to €30.68m (1st HY 15/16: €20.92m), but this should be regarded as a one-off, with no effect on liquidity.

Historical Earnings Development

The operating profit of MyBucks depends on three key factors. In addition to the typical credit write-downs, general operating expenses and growth in financial expenditure are crucial for determining earnings at MyBucks.

Credit **write-downs of non-performing loans** are the most important. As soon as a credit default arises, based on internal statistical analyses, an associated probability of default is calculated, leading to a corresponding write-down. As at 31/12/16, a total of 18.8% of the total loan volume was in default – a value that is reasonable for companies granting unsecured short-term loans to borrowers from the low and medium income sector. Compared to 30/06/16, when 21.8% of the loans were in default, this was a significant improvement. The elimination of particularly high write-downs of 71.0% on the outstanding loans in Spain in financial year 2015/16, which had led to a significant increase, must be taken into account here.

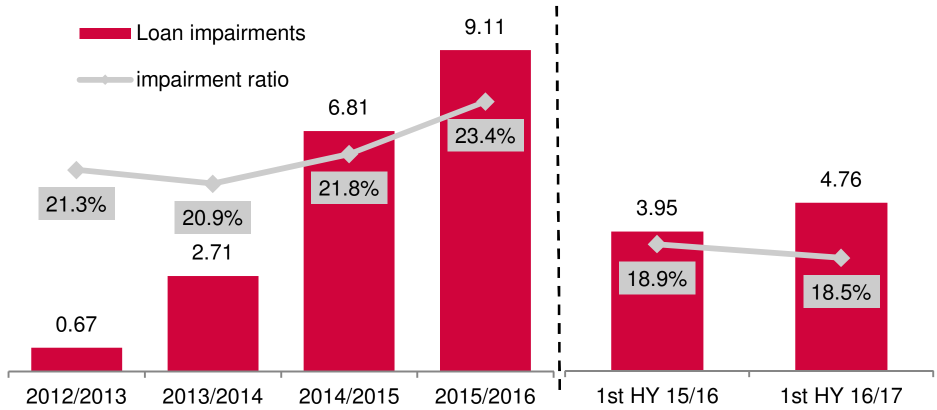
Share of loan impairments in relation to the loan book



Source: MyBucks S.A.; GBC AG

In previous financial years, there was a gradual increase in the write-downs recorded on the balance sheet, as a result of the deterioration of the risk structure on the one hand and the significant increase in the outstanding credit volume on the other. This was also the case in the first half of 2016/17, although the write-down rate recently improved slightly.

Loan impairments (in €m) and impairment ratio (in %)

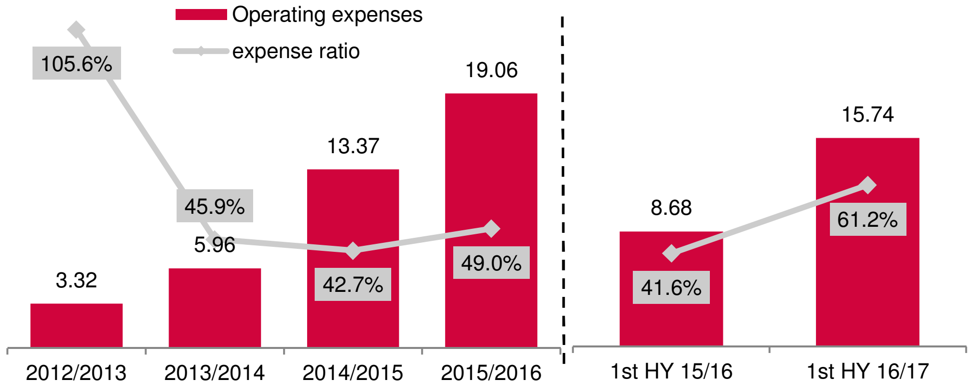


Source: MyBucks S.A.; GBC AG

The largest cost position at the Company is summarised under the heading "**Operating Expenses**". This is primarily personnel expenses, but also general management and marketing costs, as well as write-downs and other operating expenses. In previous financial years, the ratio of operating expenses to revenue remained relatively stable, but in the first half of 2016/17 operating expenses rose disproportionately. At 61.2%, the corresponding ratio of expenses to revenue was at an unusually high level, when compared to an average ratio for previous financial years of just under 45%.

Primarily, this increase in costs is connected with the Opportunity transaction and thus acquisition-related. In addition to the integration and acquisition expenses, the newly acquired companies in particular have higher personnel costs, resulting in a significant increase in personnel expenses to €6.16m (1st HY 15/16: €3.08m). In addition, the write-downs (including PPA write-downs) and other operating expenses rose significantly. According to information from the company, the operating cost ratio will be reduced to 35% in future after integration and adjustments to the cost structure.

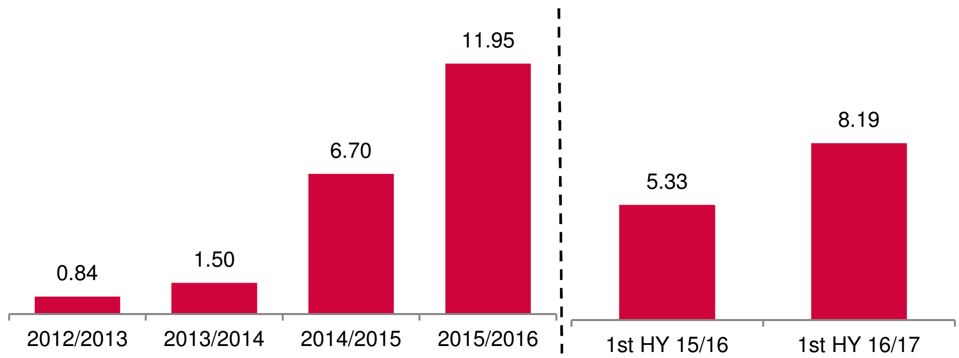
Operating expenses (in €m) and expense ratio (in %)



Source: MyBucks S.A.; GBC AG

Finally, **financial expenses**, i.e. the expenses in connection with the liquidity raised for the issue of loans, are the third important cost factor at MyBucks. Naturally, financial expenses are connected to the volume of loans and the associated conditions. The company uses different channels for refinancing the asset side. Short and long-term loans from affiliated companies and shareholders, other credits (bank loans/bonds) and, since the acquisition of the Opportunity companies, customer deposits are worth mentioning here. Like the loan book, loans utilised (short and long term) rose significantly as a result of the business expansion of previous financial years to €99.59m (31/12/16). At the end of the financial year 2014/15, this figure was just €48.62m. Most recently, loans utilised also rose significantly due to the acquisition of the Opportunity companies. However, due to the deposit business of the acquired subsidiaries, comparatively favourable terms are to be expected.

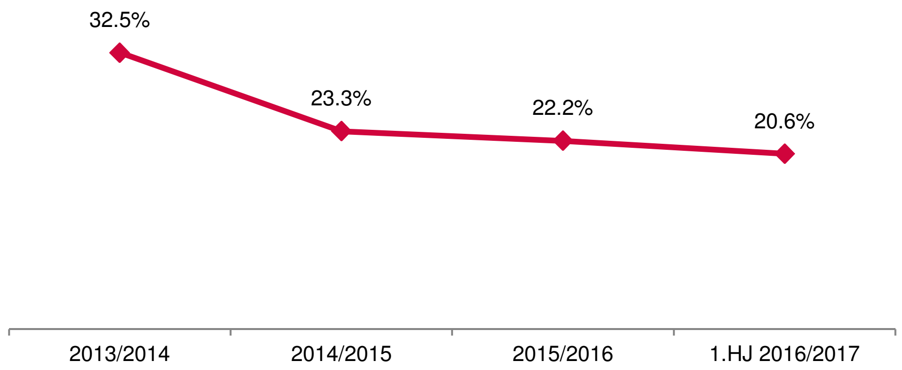
Financial expenses (in €m)



Source: MyBucks S.A.; GBC AG

In parallel with the expansion of the debt capital, financial expenses have multiplied over recent financial years. We have, based on the average portfolio of financial liabilities, calculated an average interest rate of 22.2% for the financial year 2015/16. At first glance, this average interest rate appears somewhat high. However, in view of the high capital turnover in lending, it is at a profitable level for the Company. According to our calculations, the average interest rate on the asset side, is 94.7% (average loan rate of 24.1% x capital turnover of 3.9) and therefore MyBucks has a very high interest rate spread of 70.6%. In addition, in previous financial years, there has been a trend towards an improvement in average interest rate, which recently fell to 20.6% due to the absorption of the deposit business (Opportunity transaction).

Average interest rate on outstanding debt (in %)



Source: MyBucks S.A.; GBC AG

On balance, the Company has delivered a positive result in each of the previous financial years, with one exception, and thus provides evidence (proof of concept) of the operational profitability of the business model. The negative bottom line post-tax profit of €-1.89m in the financial year 2015/16 is to be seen mainly in the light of the increase in operating expenses, especially given the background of the IPO in Frankfurt. In addition, the resulting growth investments have not been completely reflected in an increase in revenues at MyBucks.

Historical Development of the financial situation

in Mio. €	30/06/13	30/06/14	30/06/15	30/06/16	31.12.16
Equity	6.43	8.05	12.48	19.49	35.28
Equity Ratio	*88.6%*	*34.7%*	*19.1%*	*22.0%*	*22.9%*
Loan Book	**4.70**	**14.59**	**36.20**	**41.20**	**77.19**
Loans from related parties	0.00	0.24	1.07	21.41	29.66
Loans from shareholders	0.19	1.93	18.28	5.54	4.01
Bank overdraft	0.01	0.00	3.00	5.13	7.16
Deposits from customers	0.00	0.00	0.00	0.39	12.88
Total Liabilites	**0.28**	**8.94**	**48.62**	**59.23**	**99.59**
Liquid assets	1.01	2.61	7.97	18.91	21.70
Net Debt	**-0.73**	**6.32**	**40.65**	**40.32**	**77.89**
Cashflow – operating activities	-5.20	-7.46	-13.91	-6.56	-18.13
Cashflow – investing activities	-1.13	-3.57	-11.64	-4.23	-4.16
Cashflow – financing activities	7.21	12.92	27.56	19.40	22.40

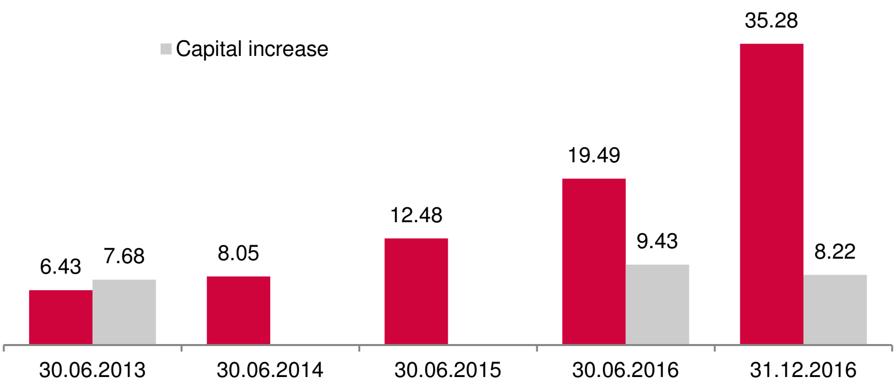
Source: MyBucks S.A.; GBC AG

Balance sheet figures

MyBucks relies both on equity and on borrowed capital to finance the asset side, i.e. the loans issued to the customers. In terms of equity, the company has established an equity ratio of between 20%–25%. This constant development is attributable both to the reinvested period-end results of previous financial years and primarily to successfully implemented capital increases.

In the course of the IPO on the Frankfurt Stock Exchange that took place in financial year 2015/16, equity capital was increased through the issue of 1.00m shares to a total of €9.43m. In addition to this, in the first half of the current financial year 2016/17, in the course of property and the capital increases for business acquisitions (Opportunity companies and Australian Fair Go Finance (Pty) Limited), MyBucks increased equity capital by an additional €8.22m:

Equity-Development and capital increases (in €m)

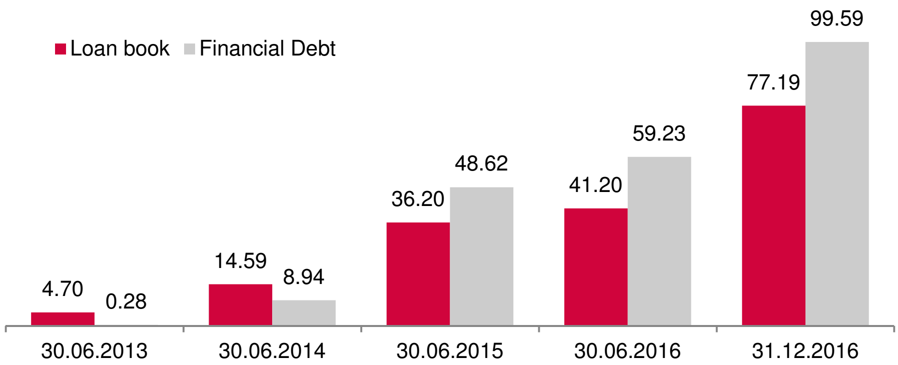


Source: MyBucks S.A.; GBC AG

The interest-bearing liabilities, as a second financing component of the loan book, also rose significantly to €99.59m (31/12/16). The inclusion for the first time of customer deposits from the newly added companies of the Opportunity purchase should be mentioned here. These rose to €12.88m and have already become a very important financing component for debt capital. This is significant, since customer deposits have comparatively low interest and therefore result in a reduction in the average financing costs. According to information from the company, this component is expected to become increasingly important in the future. Loans in relation to affiliated persons totalling €29.66m (31/12/16) are primarily loans from the financial institutions RBC CEES Trustee Ltd. (€14.26m) and Ecsponent Credit Services (€11.58m), which have interest rates of more than 20% (RBC) and more than 11% (Ecsponent) respectively.

By contrast, on the asset side, there has been a rise in the volume of loans granted to customers. The loan book has gradually risen to a value of €77.19m (31/12/16) in past financial years. In the last half of 2016/17, MyBucks saw an inorganic expansion of the loan book of €26.10m through the Opportunity acquisition, meaning that the loan book has risen organically by €9.89m.

Loan book vs. Financial debt



Source: MyBucks S.A.; GBC AG

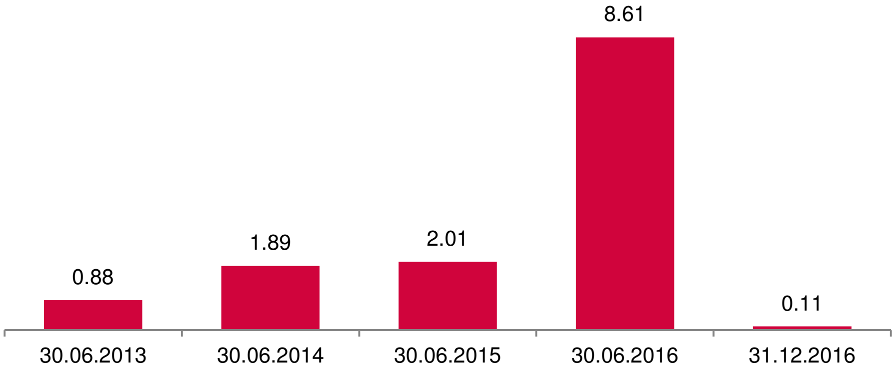
In our estimation, the comparison of the loan book/financial liabilities results in a healthy ratio of just under 77.5%. This means that on the balance sheet date, less than 80% of the available liquidity was given to borrowers and therefore MyBucks has liquid funds totalling €21.70m. With this liquidity level, the company can act flexibly and is able to balance out any reclaims or credit defaults. Fundamentally, however, these are reporting date values, meaning that this ratio could rise in coming financial years.

Cashflow-Development

The operating cash flow reflects the development of the loan book, which is why the operating cash flow at MyBucks is characterized by high volatility. For example, the expansion of the loan book in the first six months of 2016/17 was mainly responsible for negative operating cash flow of -€18.13m. Against the backdrop of the planned expansion of business volume, negative operating cash flow must also be expected in future.

At MyBucks, an analysis of the cash flows as a whole (including cash flow from the areas of investment and financing) gives significantly more information. Within the investment cash flows, for example, the liquidity outflow is related to the company acquisition. In addition, this includes the loans granted by MyBucks to shareholders and affiliated companies. In previous financial years, the level of investment cash flow was always negative. Only in the financing cash flow can the expansion of the financial liabilities and the recapitalisation carried out as a basis for the expansion of the loan book be found. Total cash flow developed in the previous periods as follows:

Total Cashflow (in €m)



Source: MyBucks S.A.; GBC AG

Forecast and Valuation

P&L (in €m)	FY 15/16	FY 16/17e	FY 17/18e	FY 18/19e
Revenue	38.91	57.20	85.80	128.70
EBIT	11.40	18.77	39.16	71.41
EBIT-Margin	*29.3%*	*32.8%*	*45.6%*	*55.5%*
Financial result	-10.45	-18.37	-25.84	-34.90
Net profit	-1.89	-0.91	7.35	23.99

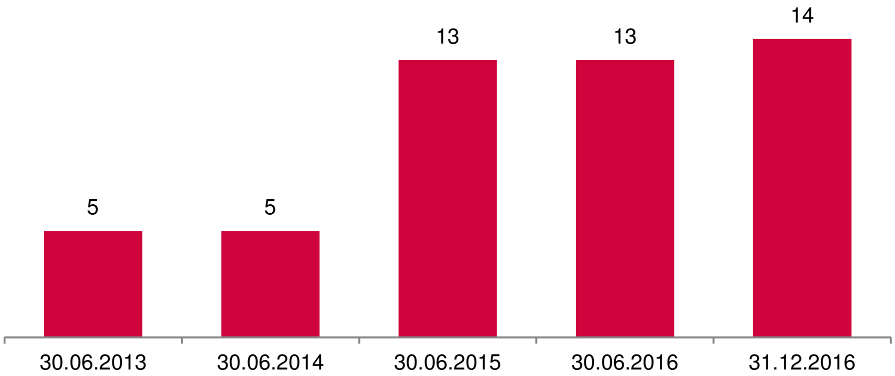
Source: GBC AG

Company strategy

MyBucks is clearly on a dynamic growth path with the objective of establishing itself as a leading virtual bank. The continuation of the company's growth should, as in previous financial years, be primarily based on regional expansion of business operations.

Currently, the company operates in a total of 14 countries, including 11 countries in the Sub-Saharan region of Africa. The **regional expansion** of past financial years was brought about both through the founding of subsidiaries, as well as through acquisitions (see acquisition agreement with Opportunity International). We believe that a roll-out in other countries can be implemented comparatively quickly and cost-effectively on the basis of already developed technology and against the background of a digitally oriented business model. Entry into a new country is normally achieved through a specific national subsidiary, as the owner of the licences required there. In contrast to the cost-intensive branch structure of traditional banks, MyBucks national companies only have small labour intensity. This results in high scaling potential.

Number of countries where MyBucks operates



Source: MyBucks S.A; GBC AG

Another important strategic element to promoting corporate growth is **increasing market share** in the regions where MyBucks is already operating. A higher customer share can be gained through marketing campaigns focusing on specific regions.

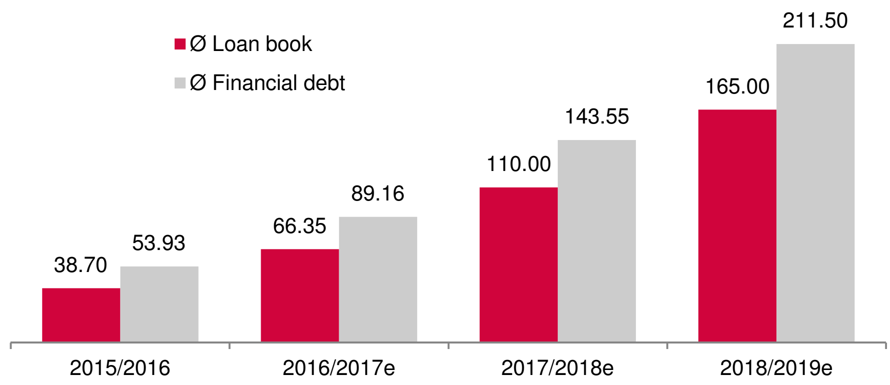
In parallel to this, all regions have **access** to the entire MyBucks **digital product range**, thereby facilitating cross-selling. A particular factor here is expected to be an increase in the banking products area (GetBanked – Opportunity Bank) made possible by the acquisition of the Opportunity companies. Customer deposits should increase significantly thanks to the deposits license of GetBucks Zimbabwe and the Global Opportunities banks, thereby facilitating an expansion of the lending business. At the same time, the interest rate spread will increase as a result of the associated low-interest refinancing.

Fundamentally, we consider the liabilities side, i.e. the financing side for the granting of credit, to be the most important and thus the limiting factor for further growth in revenues at this time. Accordingly, the **expansion of available funds** must be a particular focus for corporate strategy. According to information from the management, various instruments may be used here. For example, a new Eurobond worth €6.1m was successfully placed on the Vienna Stock Exchange in April 2017 at a six-monthly interest rate of 8.5%. The possibility of a further high-volume bond issues is in our opinion a thoroughly realistic scenario, and this is also planned by MyBucks.

Further financing could be obtained from the agreed partnership with the Opportunity Group. As part of this agreement, the Opportunity Group, has committed to raise funding of at least €30.0m and to make this available to MyBucks. According to the information available to us, this will be a very low-interest form of refinancing with an interest rate of <5.0%.

As the basis for the expansion of the loan book and thus the business operations, we have assumed a steady expansion of the financing side for forthcoming financial years. The average interest-bearing debt capital will increase gradually to over €200.00m and in the same way the average loan book will increase to over €150.00m. The proportion of the average loan book at average interest-bearing debt capital should level off at around 80% in the coming years, according to our expectations.

Ø Financing volume vs. Ø Loan book (in €m)



Source: GBC AG

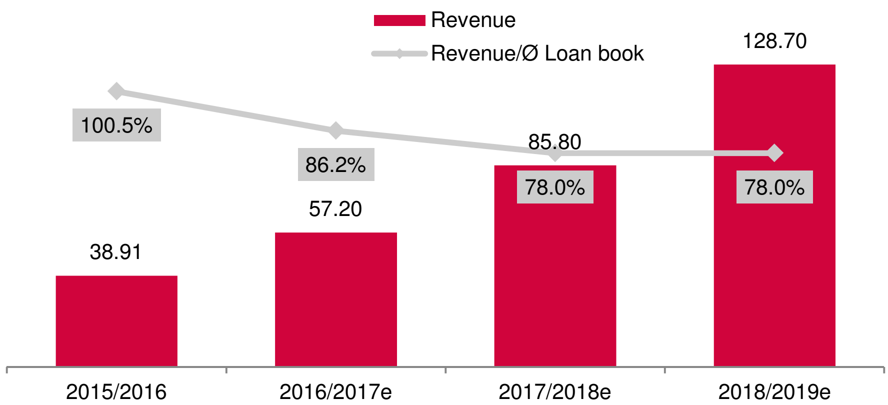
Our predictions regarding the loan book expansion and the increase in the financing volume form the basis for our following revenue and earnings outlook, outlined below.

Revenue forecasts FY 2016/2017 - 2018/2019

Because the majority of the MyBucks revenue is primarily linked to the granting of credit and therefore is composed predominantly of interest income, there is a direct connection to the average loan book here. In previous financial years, the level of revenue was always above the average credit volume issued, which is attributable to the comparatively high turnover rate. For the first half of 2016/17, we have calculated a turnover rate of 3.3, which means that the volume-weighted average of credit issued by MyBucks has a medium term of 3.6 months.

We have made a conservative assumption of a decline in turnover rate for our revenue forecast, and thus revenues should increase slightly less than the average loan book. In addition, with this assumption, we have also taken into account that the Company may experience a reduction in credit interest rates or a possible higher proportion of loans with a longer term, as a result of which the turnover rate would be lower.

Revenue (in €m) and ratio on the loan book (in %)



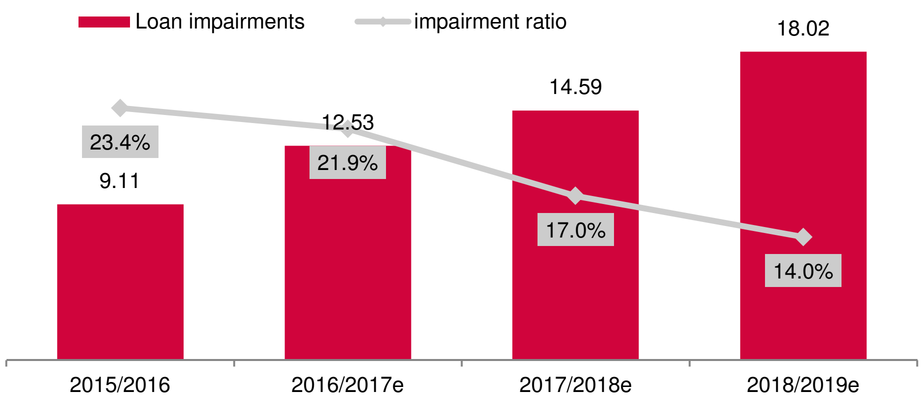
Source: GBC AG

The Company should, therefore, in view of the expected increase in the financing side, experience continued growth in future financial years. For the current financial year, we expect growth in revenue of 47.0%, which is partly of inorganic origin, through the acquisition of the Opportunity companies. In future financial years, the high pace of growth should be maintained at 50.0% per year.

Earnings forecasts FY 2016/2017 – 2018/2019

In parallel to the expansion of revenue, we expect a gradual improvement in operating profit margins. First, we assume a steady improvement in the risk structure for the granting of new loans and a reduction in the associated write-down rate on defaulting loans. A reduction in write-downs related to the revenues to 18.5% was already visible in the first half of 2016/17. On a full annual basis for 2015/16, this ratio was significantly higher at 23.4%. However, particularly high write-downs of 71.0% of the outstanding loans in Spain must be taken into account here, which resulted in a distortion of the figure for the financial year 2016/17. In addition, MyBucks should be able to adjust the somewhat worse risk structure of the loans of the newly acquired Opportunity companies to the level of the MyBucks companies, which alone should result in an improvement in the write-down rate.

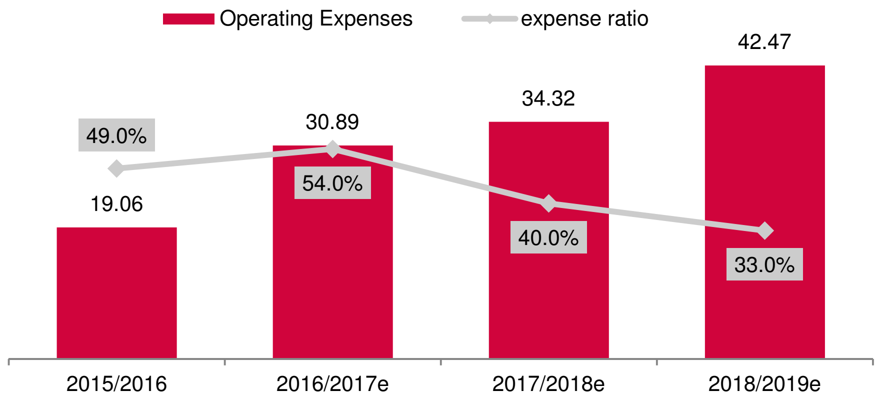
Loan impairments (in €m) and impairment ratio (in %)



Source: GBC AG

In addition to a relatively small increase in write-downs, the company should also achieve a comparatively small increase in operating expenses. It is a stated objective to reduce the expense ratio, which was 61.2% for the first half of 2016/17, to below 35.0%. However, the value in the first half of 2016/17 was negatively impacted by special expenses in connection with the acquisition of the Opportunity companies, meaning that the cost ratio can be improved relatively quickly through the omission of these expenses. In addition, it is planned to slightly reduce the high personnel intensity of the newly added companies in particular so that further cost savings can be realised quickly. In the coming financial years, therefore, we expect an improvement in the cost ratio to up to 33.0% in financial year 2018/19.

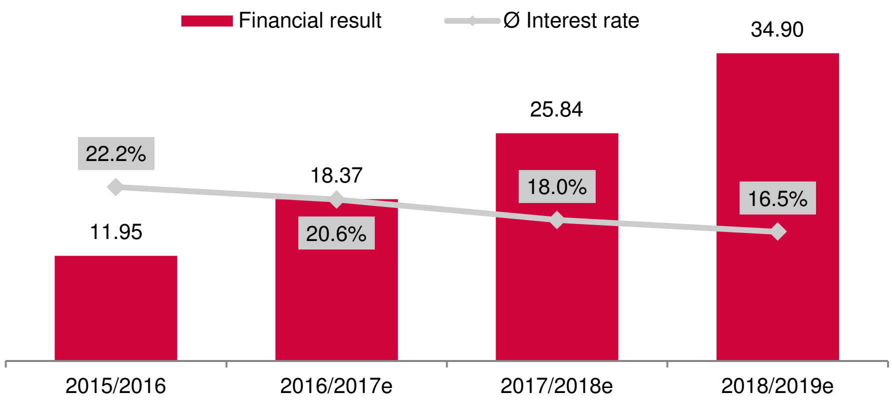
Operating expenses (in €m) and expense ratio (in %)



Source: GBC AG

Ultimately, MyBucks is likely to achieve significant savings in its financial expenses. Based on our forecast increase in interest-bearing debt capital, which is expected to primarily involve significantly more favourable interest conditions, we have identified the largest potential savings here. We consider a reduction in the average interest rate of up to 16.5% in financial year 2018/19 to be a thoroughly realistic scenario, which results in the following financial result:

Financial result (in €m) and average interest rate



Source: GBC AG

On this basis, the post-tax result, which we have taken as the basis for our residual income model below, should establish a sustainable break-even level and even increase to an excellent return on revenue of 18.6% (FY 2018/19). In the long term, we consider significantly higher returns to be possible, due to the high scalability of the MyBucks business model.

Valuation

Model selection

We used a residual income model to value MyBucks S.A., which uses the difference between return on equity and cost of equity to determine the rate of return for the valuation period. Here we have formulated specific expectations for annual net profit or loss for the three financial years from 2016/17 – 2018/19 and the resulting changes to equity capital. The generated rate of return can be derived from this. The return generated for a period can be calculated from the residual income for the financial year and the equity capital. The expected residual income is then discounted with the cost of equity to the valuation date. In order to determine the final value, we place a premium on the current book value.

$$Fair\ value\ of\ company = EK_0 + \sum_{t=1}^{T} \frac{(ROE_t - r)EK_{t-1}}{(1+r)^t} + \frac{P_T - EK_T}{(1+r)^T}$$

EK =	Equity	ROE =	Return on equity
P =	Premium on the book value	r =	Cost of equity
t=	Valuation period	T=	final valuation period

Determining the cost of capital

The relevant discount rate to be used in the residual income model is the cost of equity. In order to determine the cost of equity, the market risk premium, the company-specific beta and the risk-free interest rate must be determined.

The risk-free interest rate is derived from the current structured interest rate curves for risk-free bonds in accordance with the recommendations from the Fachausschuss für Unternehmensbewertung und Betriebswirtschaft (FAUB, Special Committee for Business Valuation and Business Management) of the Institut der Wirtschaftsprüfer in Deutschland e.V. (Institute of Public Auditors in Germany). This is based on the zero bond interest rate calculated using the Svensson Method published by the German Bundesbank. In order to compensate for short-term market fluctuations, the average returns for the previous three months are used and the result is rounded up to the nearest 0.25 basis points. The value currently used for the risk-free interest rate is 1.25%.

We set a reasonable expectation for a market risk premium using the historical market risk premium of 5.50%. This is supported by historical analyses of equity market returns. The market premium reflects, as a percentage, the improved return expected from equity markets relative to low-risk government bonds.

Due to the lack of a historical price database, we have used a fundamental approach according to Steward for the calculation of the beta. Using the GBC method of estimation, the current value for the beta is 1.07.

The cost of equity of 7.14% (beta multiplied by the risk premium plus risk-free interest rate) was calculated using the assumptions made. In order to determine the final value we also used a cost of equity of 7.14%.

Valuation model an valuation result

	30/06/2016	30/06/2017	30/06/2018	30/06/2019	Final value
Equity	19.49	33.92	41.27	65.26	
Profit or loss for the period		-0.91	7.35	23.99	
Return on equity		-2.7%	17.8%	36.8%	36,8%
Cost of equity		7.1%	7.1%	7.1%	7,1%
Rate of return		-9,8%	10.7%	29.6%	29.6%
Book value factor		-0,4	2.5	5.1	5.1
Residual income		-1,92	3.62	12.22	294.59
Present value of residual income		-1,84	3.48	11.74	282.96

In view of the solid development opportunities for the next few years, MyBucks S.A. should be able to generate a sustained return on equity of 36.8%. Assuming a cost of equity of 7.1%, this final value represents a sustainable multiple of 5.1 times the cost of equity. With a final value that assumes 0% converted growth, this corresponds to a valuation of 5.1 times book value. In order to calculate the final value we have thus set a premium of 5.1 over the book value.

Equity (30/06/16) plus present value of residual income 2016/2017 – 2018/2019	32.87 Mio. €
Present value of residual income final value in € millions	282.96 Mio. €
Total present value in € millions	**315.83 Mio. €**
Minority shareholdings	8.14 Mio. €
Value of Equity in € millions	**307.69 Mio. €**
Share outstanding in millions	11.15 Mio. €
Fair value per share in €	**27.60 €**

The total discounted residual income is €307.69m. Given the 11.15m shares outstanding, the fair value per share is therefore €27.60.

ANNEX

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