

11/08/2017 - GBC Research Comment – MyBucks S.A.

Company: MyBucks S.A.^{5a,11}

ISIN: LU1404975507

Analyst: Cosmin Filker

Latest stock quote: 14.00 € (XETRA 10/08/2017; 4:30 pm)

Target price / Rating: € 27.60 € / BUY

Date of completion / publication: 11/08/2017

** Potential conflicts of interest on page 3*

Additional measures to reduce financing costs implemented; target price and rating confirmed

According to announcements by the company on 24 July 2017, MyBucks S.A. has acquired a 50% share in Malawi-domiciled New Finance Bank Limited (NFB). NFB was established in 2015 and, as of 31 March 2017, has an asset portfolio in the amount of €14.4 million, of which the lending book has a volume of €4.3 million. On the liabilities side, customer deposits amount to €8.2 million and equity is at €5.7 million.

In our view, this acquisition is to be seen in particular against the background of the commenced optimisation of financing costs. It can be assumed that NFB's customer deposits, as a basis for the granting of loans, should bear significantly lower interest rates than the group-wide borrowed capital of MyBucks S.A. As of 31 December 2016, the MyBucks group had interest-bearing borrowed capital of approx. €100 million that, according to our calculations, attracted an average interest rate of 20.6%. According to our research, NFB's customer deposits bear interests ranging between 11.0% and 13.5% (deposit account) and are therefore significantly below the level of the MyBucks group.

We have identified a reduction in the average interest rate as an important driver of earnings in our previous research report (see research report dated 19 June 2017). By the end of financial year 2017/2018 (FY end: 30/06/18), we expect to see a reduction to 18.0% and, in the following financial year, to 16.5%.

In addition, MyBucks S.A. announced its collaboration with the Dutch crowd funding platform "Lendahand" according to which €1.5 million are to be raised for the MyBucks subsidiary in Uganda. The amount raised should, in the first instance, be used to finance SEMs (Small, Medium, Micro Enterprises) by means of the MyBucks technology. Similar to MyBucks' strategy, regions that do not have any access to financial services are to be tapped here thereby driving financial inclusion forward. In the context of this partnership, MyBucks S.A. should be in the position of further improving financing terms and increasing its market share in the relevant regions.

We confirm our fair value per MyBucks share of €27.60, determined by means of a residual income model. Based on a share price of €14.00 (10/08/2017; XETRA: 4:30 pm) we are maintaining our BUY rating.

ANNEX

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