

MyBucks S.A. ^{*5a;11}

BUY

Target Price: 23.25

Current Price: 9.90
12/02/2018 / XETRA / 9:08 am
currency: EUR

Key Data:

ISIN: LU1404975507
WKN: A2AJLT
Ticker symbol: MBC
Number of shares³: 12.97
Marketcap³: 128.36
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:

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* catalogue of potential conflicts of interests on page 7

Completion/Publication:
12/02/2018 / 12/02/2018

Company Profile

Sector: FinTech

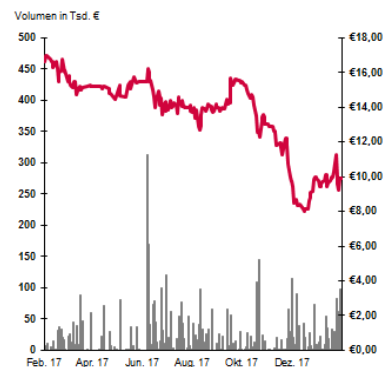
Focus: consumer credits, bank solutions, insurance products through the use of new technologies

Employees: 850 (30/06/2016)

Founded in: 2011

Headquarter: Luxemburg

Executive Board: Dave von Niekerc (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	30/06/2017	30/06/2018e	30/06/2019e	30/06/2020e
Revenue	53.77	65.60	98.40	127.92
EBIT	10.93	21.73	33.01	58.09
EBIT-margin	20.3%	33.1%	33.5%	45.4%
Net profit after minorities	-11.33	0.28	7.12	22.39

Per Share Figures in EUR

EPS	-0.97	0.02*	0.55*	1.73*
Dividend per share	0.00	0.00	0.00	0.00

* based on 12.97m shares (post capital increase)

Key financials

EV/Sales	20.23	32.21	39.34	61.72
EV/EBITDA	neg.	0.9%	18.1%	36.3%
EV/EBIT	2.39	1.96	1.30	1.00
P/E	neg.	neg.	18.02	5.73
P/B	6.34	3.99	3.26	2.08

Financial Dates:

20/02/2018: AGM

12/03/2018: Half Year Report 2017/2018

31/10/2018: Annual Report 2017/2018

**last research published by GBC:

Date: publication / price target in € / rating

11/08/2017: RS / 27.60 / BUY

10/07/2017: RS / 27.60 / BUY

19/06/2017: RS / 27.60 / BUY

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FY 2016/2017 dominated by acquisition effects; dynamic revenue growth and significant improvement in earnings expected; unchanged BUY rating

P&L (in €m)	FY 13/14	FY 14/15	FY 15/16	FY 16/17
Revenue	12.98	31.29	36.25	53.77
EBIT	4.56	11.51	11.08	10.94
EBIT-margin	35.1%	36.8%	30.6%	20.3%
Financial result	-1.28	-5.83	-10.19	-18.63
Net profit	1.55	1.45	-0.61	-11.32

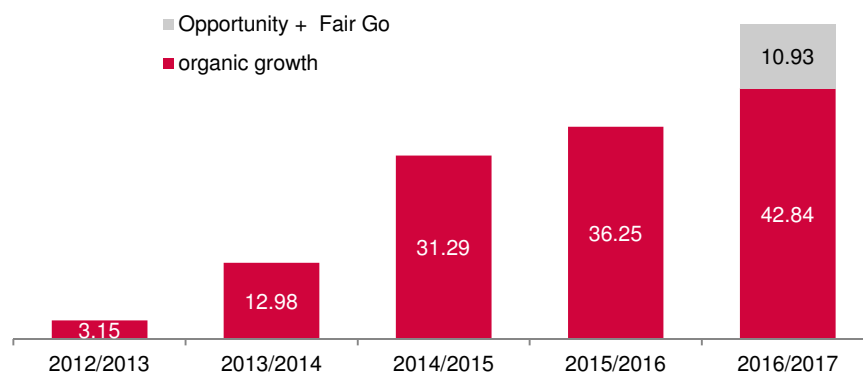
Source: MyBucks S.A.; GBC AG

Revenue and earnings development FY 2016/2017

For MyBucks S.A. (short: MyBucks), the past financial year was dominated by the acquisition of the Opportunity companies (Kenya, Tanzania, Mozambique, Uganda) as well as the acquisition of the Australian digital microcredit provider Fair Go Finance. As expected, MyBucks not only implemented this regional expansion of their business activities, but also, in particular by acquiring Opportunity credit institutions, expanded its product range to include banking services.

The contribution to revenue from the newly acquired companies amounted to a total of €10.93 million and made up a large portion of the 48.3% growth in revenue, which reached €53.77 million (previous year: €36.25 million). MyBucks also posted purely organic, dynamic revenue growth amounting to 18.2% to reach €42.84 million.

Revenue development (in €m)



Source: MyBucks S.A.; GBC AG

The majority of revenue came from interest income combined with the granting of credit under the brand name GetBucks. While interest income made up 78.7% of revenue, the Company, to a lesser extent, recorded revenue from fees from the granting of credit (14.8%), and fee and commission income (6.4%) from insurance brokerage. The main driver and the basis for the Company's development of revenue is the expansion of the loan book. The loan book, i.e. the volume of outstanding loans, amounted to €68.53 million at the balance sheet date 30/06/2017, representing a significant increase on the previous year's value of €38.80 million (30/06/2016).

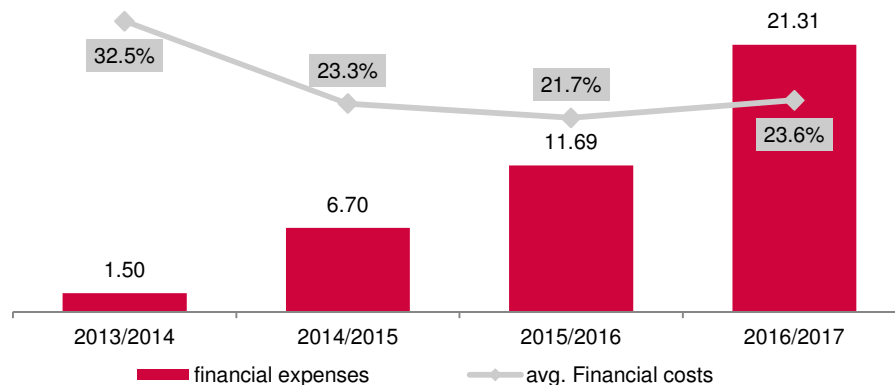
Despite a significant increase in revenue, the EBIT was slightly down at €10.94 million (previous year: €11.08 million). The total operational expenses significantly increased, which was the result of several different factors. The Company posted a significant increase in **credit write-downs** as a result of using more conservative accounting regula-

tions, with a total of €12.04 million (previous year: EUR 6.75 million). However, according to information from the Company, this should be considered as a one-off effect and will be significantly lower in the coming financial years. With regard to the loan book at the balance sheet date, however, the write-down rate of 17.6% (previous year: 17.4%) was constant.

In addition, MyBucks experienced a significant increase in operational costs in connection with the **acquisition** and **integration** of the **new companies**. One-off expenses, such as acquisition costs and restructuring costs for the largely unprofitable Opportunity companies, had an impact, as did a general increase in cost levels from the new companies. In the future, the cost situation should only increase at a proportionally lower rate, in particular as one-off expenses are discontinued. A one-time “bargain purchase” from the acquisition of the four companies offset the increase in costs, whereby other operating income was unusually high at €6.19 million (previous year: €0.63 million). However, these gains were wiped out completely by the outlined cost increase.

Overall, MyBucks recorded a negative net result of -€11.32 million (previous year: -€0.61 million). Based on the almost constant EBIT, this is due to significantly higher financial expenses compared with the previous year, amounting to €21.31 million (previous year: €11.69 million). Different instruments are used to finance the loan book, with unsecured loans as the primary source. In line with the expanded loan book, financial liabilities rose to €121.02 million (30/06/2016: €59.23 million) and as a result, financial expenses increased significantly. According to our calculations, financial expenses relating to the average outstanding interest-bearing debt capital, came out at 23.6% (previous year: 21.7%). According to information from the company, this value is an important fine-tuning instrument for future operational development and there are already measures in place to reduce financing costs (see forecasts and model assumptions).

Financial expenses and financial costs



Source: MyBucks S.A.; GBC AG

With regard to revenue, the past financial year slightly undershot our expectations, but in terms of earnings it significantly underperformed our forecasts (see research study from 19/06/17). We had underestimated in particular the total operational expenses, which were dominated among other things by the integration and restructuring of the newly acquired companies. In addition, we had assumed that financing costs would continue to fall, which has not yet materialised.

Forecasts and valuation

P&L (in €m)	FY 16/17	FY 17/18e	FY 18/19e	FY 19/20e
Revenues	53.77	65.60	98.40	127.92
EBIT	10.94	21.73	33.01	58.09
EBIT-margin	20.3%	33.1%	33.5%	45.4%
Financial result	18.63	20.65	21.04	24.21
Net profit	-11.33	0.28	7.12	22.39

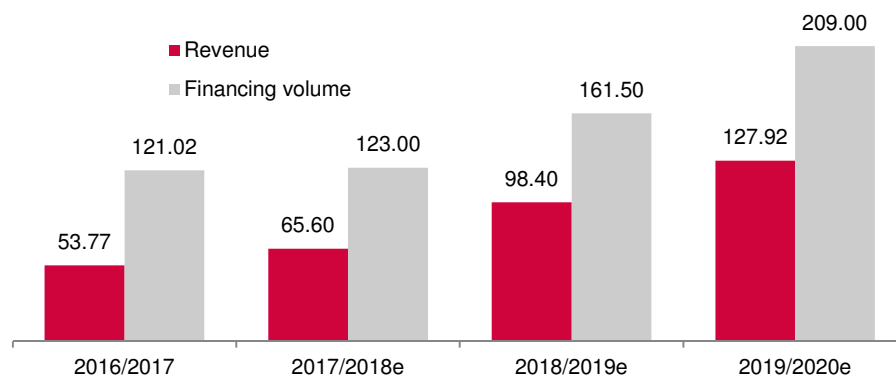
Source: GBC AG

We have identified two factors, or challenges, at MyBucks that are key to future business development.

In order to be able to use economies of scale and therefore scale effects, it is essential that we **continue** on the **dynamic course of growth** taken thus far. An important step was taken in this regard in the past financial year with the acquisition of the Opportunity companies. On this inorganic basis, the planned implementation of regional expansion of business activities has already been laid down. Furthermore, a roll-out in other countries can be implemented comparatively quickly and cost-effectively on the basis of already developed MyBucks technology. Currently, the Company operates in a total of 14 countries (12 in the Sub-Saharan region). Another aspect for the planned increase in market shares in operating regions is the expansion of the product range and therefore the leveraging of cross-selling potential.

The second important factor in future business development is the **expansion of low-interest financial resources**, as a basis for expanding the revenue-generating loan book. Despite the increase in average financing costs over the past financial year, based on our calculations, a trend reversal is likely to start here. According to information from the company, comparatively expensive loans are set to be repaid and replaced by new forms of financing. Furthermore, customer deposits are to be gradually increased, which may be easier to implement given the acquisition of the Opportunity credit institutions. Customer deposits most recently rose to €11.31 million (30/06/2016: €0.39 million) and make up 9.3% of the total financial liabilities. The recent successful **capital increase** of €11.7 million (issue of €1.3 million shares) will be used to reduce comparatively high-interest mezzanine capital and therefore to further reduce financing costs.

Forecast of revenue and financing volume (in €m)



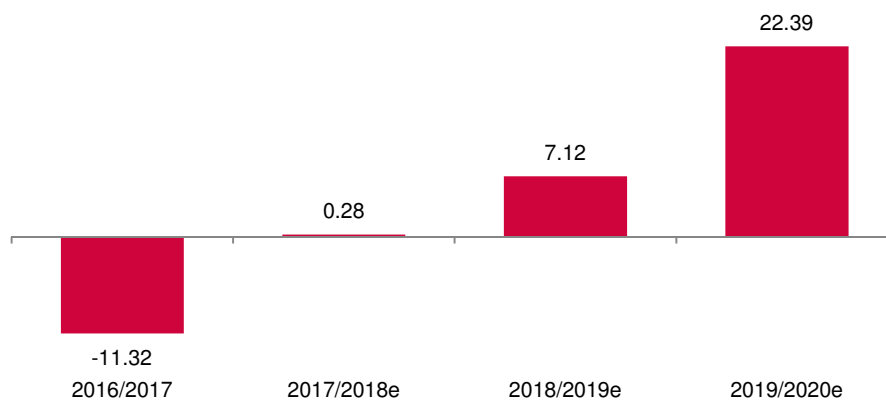
Source: GBC AG

On this basis, we have formulated our revenue and earnings forecasts. In doing so, we assume there will be a continued high demand for short-term lending solutions in the markets in which the Company operates and we expect an increase in the revenue-

generating loan book, based on an expansion of financial resources. Solely as a result of the year-round inclusion of the newly added companies and New Finance Bank Ltd in Malawi, which was acquired in 2017, the current financial year is expected to remain dominated by inorganic effects.

The development of earnings is expected to benefit from effects of scale in operational costs as well as from the discontinuation of acquisition-related one-off expenses. Furthermore, we expect a general improvement in financing costs and accordingly only a disproportionately small increase in financial expenses in comparison. We should break even after tax the current financial year, and we expect an above-average increase in the coming financial years.

Forecast net profit (in €m)



Source: GBC AG

Under the updated residual income model, we have calculated a target price of €23.25 (previously: €27.60). The reduction in target price is based both on the dilutive effect resulting from the capital increase (issued shares priced at €9.00) and our forecast reduction for the coming financial year. This was made on the basis of the worse-than-expected figures for the 2016/2017 financial year. Based on the current share price of €9.90, we are maintaining our BUY rating.

ANNEX

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Jörg Grunwald, Member of board

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