

flatexDEGIRO

3 February 2021

Guidance raise after a strong January; TP up to €100

Management raised its 2021 guidance after a strong start to the year with 130k new clients and 11.4m trades in January: Management now expects 1.8m-2.0m new clients (1.6m previously; CB: 1.7m) with 75-90m transactions (was 65-75m). Main drivers for the strong underlying growth rates were in our view: a) high degree of popularity for shares - the most popular way of adult entertainment currently; b) the current US retail investor hype as well as c) efficient social media marketing - see the picture in the report. We increase our EPS estimates for 2021/2022 by 28%/11% and raise our target price to €100.

What is driving the guidance increase?

Management raised its 2021 guidance after a strong start to the year with 130k new clients and 11.4m trades in January: Management now expects 1.8m-2.0m new clients (1.6m previously; CBK: 1.7m) with 75-90m transactions (was 65-75m). We see three main drivers for the strong guidance increase: 1) As we have highlighted in our note "[Investing now a leading pastime: TP up to €90](#)", shares have reached a peak in popularity in Germany according to Google trends - the German retail investor is highly committed to the stock market, and we expect this trend to continue; 2) U.S. retail investor hype: Our proprietary retail volume database shows an increase trading volumes in international shares from German retail clients by ~190% y/y in January vs. 111% for total trading volumes; 3) Highly efficient social media advertising - well done to flatexDEGIRO's marketing department! - see chart 1

What is the impact on our earnings estimates?

On the back of a strong January with 11.4m trades, we increase the number of trades for 2021 to 81.5m vs. management guidance of 75-90m. 81.5m trades in 2021 represent 53.4x trades on average per customer, 11% below peak trading activity in 2020. As a rule of thumb: 10m additional trades results in ~€1 EPS. Given strong client acquisition in 2021, we raise our forecast for the number of clients to 1.8m at year-end 2021, which marks the lower end of management guidance of 1.8m-2m leaving room for further upgrades if more and more retail clients discover their interest in equity market investments.

Buy
TP €100.00 (from €90.00)
CP €80.40[^]
 (Closing 2 February 2021)

Key information

Expected performance	24.4%
1M / 3M performance:	26.6% / 73.1%
Market Cap (m)	€2,193
Bloomberg:	FTK GY
Shares outstanding (m)	27
Equity Free Float	61.8%
Consensus rec (5=Buy)	5.0

Source: Commerzbank Research, Bloomberg

Relative and absolute performance (12M)



Source: Bloomberg

Changes in estimates

€(m)	2021n	2021o	2022n	2022o
Revenues	399	345	410	375
PBT	167	126	196	169
EPS	4.40	3.30	5.20	4.50

Source: Commerzbank Research,

Bloomberg, Company Information

Key Financials

Year End Dec (€ m)	2018A	2019A	2020E	2021E	2022E	2023E
Net revenues	125	132	240	399	410	441
Adj. EBITDA	42	38	84	193	226	253
Adj. EBITDA margin	33.9	28.5	35.2	48.4	55.2	57.3
Adj. EBIT	34	25	70	171	200	221
Net income adjusted	17	15	45	119	141	157
EPS adjusted	0.98	0.77	2.02	4.40	5.20	5.80
DPS	0.00	0.00	0.00	0.00	0.00	0.00
Price/Book	8.9	8.6	4.2	4.0	3.2	2.6
Dividend yield (%)	0.0	0.0	0.0	0.0	0.0	0.0
(P/E)	82.3	104.1	39.7	18.3	15.5	13.9

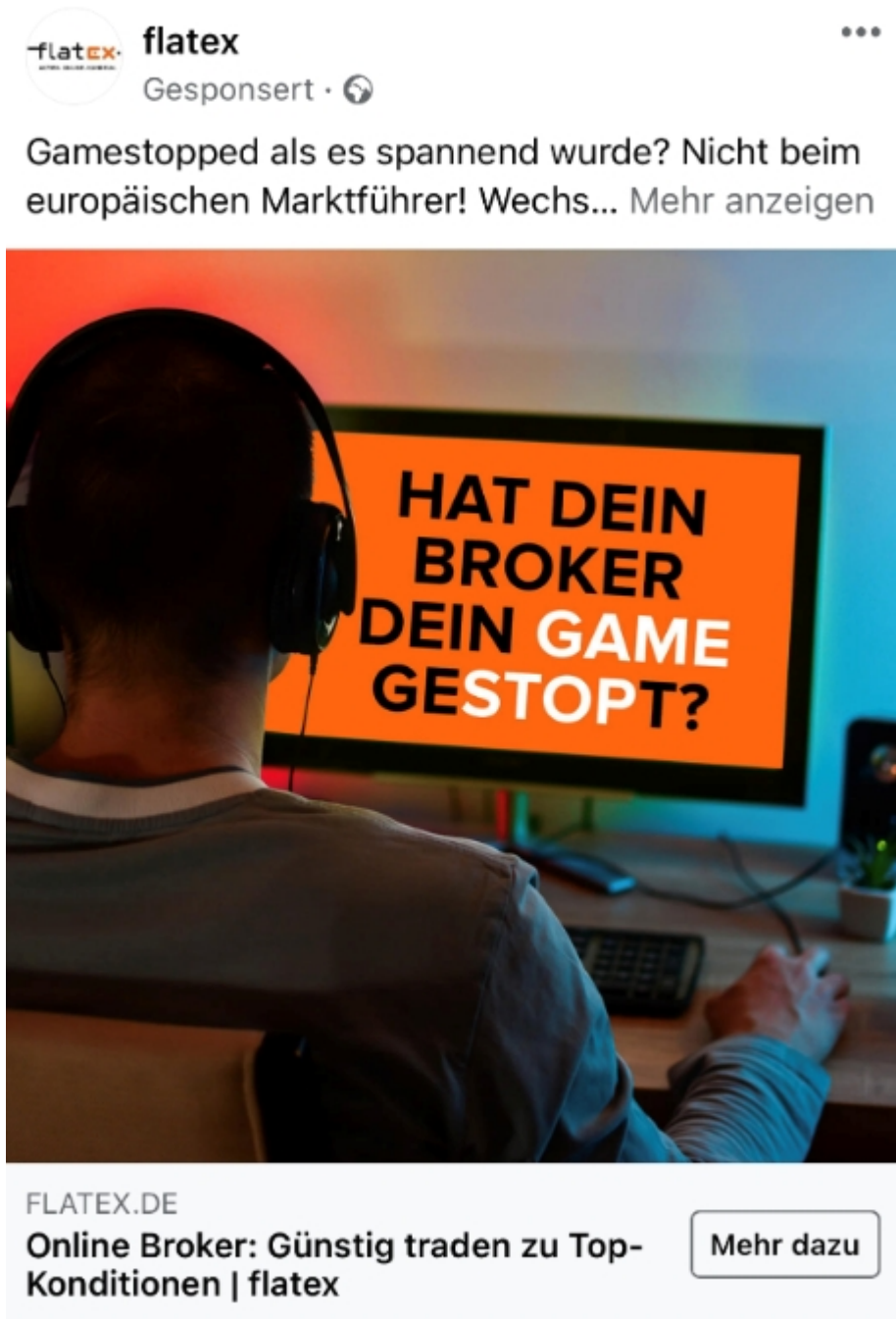
Source: Commerzbank Research, Bloomberg, Company Information



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Chart 1 - flatexDEGIRO: Social media advertising





 **flatex** ...
Gesponsert · 

Gamestopped als es spannend wurde? Nicht beim europäischen Marktführer! Wechs... Mehr anzeigen

HAT DEIN BROKER DEIN GAME GESTOPT?

FLATEX.DE
Online Broker: Günstig traden zu Top-Konditionen | flatex [Mehr dazu](#)

  751 166 Kommentare 14 Mal geteilt

Source: Facebook

Profit and Loss

Year End Dec (€ m)	2018A	2019A	2020E	2021E	2022E	2023E
Net revenues	125	132	240	399	410	441
Net revenue growth (%)	16.9	5.5	81.4	66.5	2.8	7.7
Operating expenses	(83)	(94)	(155)	(206)	(184)	(188)
Opex in % of sales	(5.3)	15.9	118.6	26.0	(10.0)	2.0
Adj. operating expenses	(83)	(94)	(155)	(206)	(184)	(188)
Adj. opex in % of sales	66.1	71.5	64.8	51.6	44.8	42.7
EBIT as reported	34	25	70	171	200	221
EBIT margin (%)	27.3	18.8	29.2	42.9	48.7	50.1
Adj. EBIT	34	25	70	171	200	221
Adj. EBIT margin (%)	27.3	18.8	29.2	42.9	48.7	50.1
D&A	(8)	(13)	(14)	(22)	(26)	(32)
EBITDA as reported	42	38	84	193	226	253
EBITDA margin (%)	33.9	28.5	35.2	48.4	55.2	57.3
Adj. EBITDA	42	38	84	193	226	253
Adj. EBITDA margin (%)	33.9	28.5	35.2	48.4	55.2	57.3
Pre-tax profit EBT reported	28	22	67	167	196	217
Adj. pre-tax profit	28	22	67	167	196	217
Tax	(11)	(7)	(22)	(48)	(55)	(60)
Tax rate (%)	38.6	31.0	32.7	28.9	28.1	27.7
Minorities	0	0	0	0	0	0
Net income attributable to all shareholders adjusted	17	15	45	119	141	157
Net income attributable to all shareholders reported	17	15	45	119	141	157
EPS reported	0.98	0.77	2.02	4.40	5.20	5.80
Adj. EPS	0.98	0.77	2.02	4.40	5.20	5.80
Adj. EPS growth (%)	(2)	(21)	162	117	18	11

Source: Commerzbank Research, Bloomberg, Company Information

Balance Sheet

Year End Dec (€ m)	2018A	2019A	2020E	2021E	2022E	2023E
Total assets	1,224	1,266	1,968	2,077	2,246	2,432
Trade account payables	2.8	5.6	4.9	4.9	5.0	5.0
Other liabilities	1,041.9	1,061.0	1,530.4	1,530.4	1,558.5	1,587.2
Total liabilities	1,061	1,084	1,546	1,535	1,563	1,592
Total equity and liabilities	1,224	1,266	1,968	2,077	2,246	2,432

Source: Commerzbank Research, Bloomberg, Company Information

Cash Flow

Year End Dec (€ m)	2018A	2019A	2020E	2021E	2022E	2023E
Operating cash Flow	250	(157)	580	(132)	145	187
Net financial investments	(12)	(0)	0	(0)	(0)	(0)
Investing Cash Flow	(28)	(33)	(10)	(10)	(10)	(10)
Free Cash Flow	222	(190)	569	(142)	135	177
Free Cash Flow (after dividend)	222	(190)	569	(142)	135	177
Increase / (decrease) in debt	(2)	1	(6)	(10)	0	0
Increase / (decrease) in equity	39	3	(4)	0	0	0
Other financing cash flows	(0)	0	0	0	0	0
Cash flow from financing activities	37	4	(11)	(10)	0	0
Net change in cash	260	(186)	559	(152)	135	177
Beginning cash	397	657	469	1,027	875	1,010
Ending cash	657	470	1,027	875	1,010	1,187

Source: Commerzbank Research, Bloomberg, Company Information

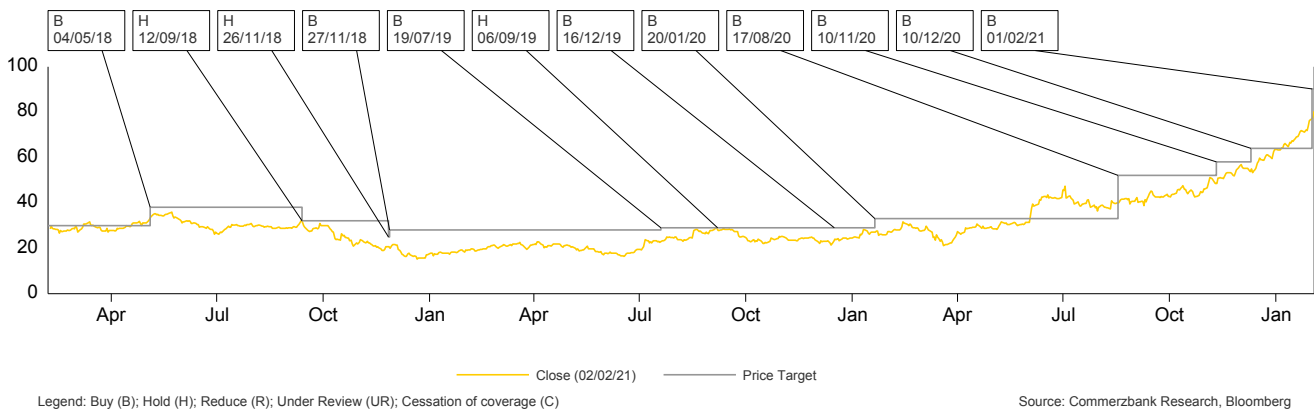
KPI

Year End Dec (€ m)	2018A	2019A	2020E	2021E	2022E	2023E
EBITDA growth (%)	32.2	(11.1)	124.0	128.8	17.2	11.9
EBIT growth (%)	2.8	(14.2)	198.7	166.0	18.3	11.5
No. of shares (class A) basic	18	19	22	27	27	27
No. of shares (class A) diluted	18.1	19.6	22.1	27.1	27.1	27.1
Dividends	0.0	0.0	0.0	0.0	0.0	0.0
DPS	0.00	0.00	0.00	0.00	0.00	0.00
Pay-out ratio	0.0	0.0	0.0	0.0	0.0	0.0
BVPS	9.03	9.31	19.10	20.00	25.20	30.99
P/E (x)	82.3	104.1	39.7	18.3	15.5	13.9
P/B (x)	8.9	8.6	4.2	4.0	3.2	2.6
Dividend yield	0.0	0.0	0.0	0.0	0.0	0.0
ROE	10.7	8.2	10.6	22.0	20.6	18.7
ROCE	10.5	8.0	10.5	21.8	20.5	18.6
ROA	1.4	1.2	2.3	5.7	6.3	6.5

Source: Commerzbank Research, Bloomberg, Company Information

In accordance with ESMA MAR requirements this report was completed 3/2/2021 07:39 CET and disseminated 3/2/2021 07:39 CET.

flatexDEGIRO AG (FTK GY)



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Source: Commerzbank Research

[^] Prior trading day's closing price unless otherwise noted. Company name: flatexDEGIRO AG; Exchange: XETRA

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