

# flatex

## H1 first take: earnings in line; targets for 2020 raised

flatex released H1 results - what is our take? 1) Revenues of €99.8m and EBITDA of €42.7m in line with preliminaries; 2) management guiding for 70m trades (previously: >50m) and >1.2m clients (previously: 1.2m) in 2020; 3) Management confirms synergy target related to DeGiro transaction of >€30m in 2021 – in line with expectations. View: Earnings growth is well on track; all eyes are on DeGiro integration: we see more upside potential for the shares given a) more revenue synergy potential to be realised from the DeGiro acquisition in particular driven by flatex's ETP partnership program which we expect to attract DeGiro clients as well: up to €50m of additional revenues are in the cards; b) more consolidation potential in the fragmented European online brokerage market and c) flatex's significant potential to gain further market share. flatex currently operates in the ideal environment with elevated volatility and retail clients being involved in equity markets. We model normalised trading activity for 2021. Hence, continuous elevated volatility would provide upside to our estimates, we confirm Buy.

9 September 2020

**Buy**  
**TP €52.00**  
**CP €38.75^**

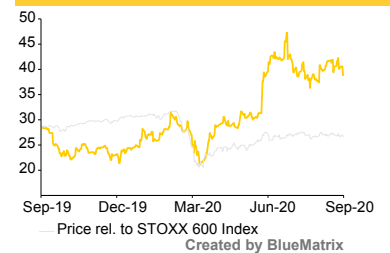
(Closing 8 September 2020)

### Key information

Expected performance	34.2%
1M / 3M performance:	2.5% / (1.1)%
Market Cap (m)	€1,055
Bloomberg:	FTK GY
Shares outstanding (m)	27
Equity Free Float	88.0%
Consensus rec (5=Buy)	5.0

Source: Commerzbank Research, Bloomberg

### Relative and absolute performance (12M)



Source: Bloomberg

### Key Financials

Year End Dec (€ m)	2017A	2018A	2019A	2020E	2021E	2022E
<b>Net revenues</b>	<b>107</b>	<b>125</b>	<b>132</b>	<b>202</b>	<b>268</b>	<b>290</b>
Adj. EBITDA	32	42	38	82	120	150
Adj. EBITDA margin	30.0	33.9	28.5	40.7	44.6	51.8
Adj. EBIT	26	34	25	64	95	123
Net income adjusted	17	17	15	39	62	81
<b>EPS adjusted</b>	<b>1.00</b>	<b>0.98</b>	<b>0.77</b>	<b>2.00</b>	<b>2.27</b>	<b>3.00</b>
DPS	0.00	0.00	0.00	0.00	0.00	0.00
Price/Book	5.8	4.3	4.2	3.4	3.7	2.9
Dividend yield (%)	0.0	0.0	0.0	0.0	0.0	0.0
(P/E)	38.8	39.7	50.2	19.4	17.1	12.9
EBIT margin	24.7	27.3	18.8	31.8	35.3	42.5

Source: Commerzbank Research, Bloomberg, Company Information

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**Profit and Loss**

Year End Dec (€ m)	2017A	2018A	2019A	2020E	2021E	2022E
<b>Net revenues</b>	<b>107</b>	<b>125</b>	<b>132</b>	<b>202</b>	<b>268</b>	<b>290</b>
Net revenue growth (%)	12.6	16.9	5.5	53.3	32.3	8.4
<b>Operating expenses</b>	<b>(75)</b>	<b>(83)</b>	<b>(94)</b>	<b>(120)</b>	<b>(148)</b>	<b>(140)</b>
Opex in % of sales	18.7	(5.3)	15.9	15.3	55.3	(11.2)
<b>Adj. operating expenses</b>	<b>(75)</b>	<b>(83)</b>	<b>(94)</b>	<b>(120)</b>	<b>(148)</b>	<b>(140)</b>
Adj. opex in % of sales	70.0	66.1	71.5	59.3	55.4	48.2
<b>EBIT as reported</b>	<b>26</b>	<b>34</b>	<b>25</b>	<b>64</b>	<b>95</b>	<b>123</b>
<b>EBIT margin (%)</b>	<b>24.7</b>	<b>27.3</b>	<b>18.8</b>	<b>31.8</b>	<b>35.3</b>	<b>42.5</b>
<b>Adj. EBIT</b>	<b>26</b>	<b>34</b>	<b>25</b>	<b>64</b>	<b>95</b>	<b>123</b>
<b>Adj. EBIT margin (%)</b>	<b>24.7</b>	<b>27.3</b>	<b>18.8</b>	<b>31.8</b>	<b>35.3</b>	<b>42.5</b>
<b>D&amp;A</b>	<b>(6)</b>	<b>(8)</b>	<b>(13)</b>	<b>(18)</b>	<b>(25)</b>	<b>(27)</b>
<b>EBITDA as reported</b>	<b>32</b>	<b>42</b>	<b>38</b>	<b>82</b>	<b>120</b>	<b>150</b>
<b>EBITDA margin (%)</b>	<b>30.0</b>	<b>33.9</b>	<b>28.5</b>	<b>40.7</b>	<b>44.6</b>	<b>51.8</b>
<b>Adj. EBITDA</b>	<b>32</b>	<b>42</b>	<b>38</b>	<b>82</b>	<b>120</b>	<b>150</b>
<b>Adj. EBITDA margin (%)</b>	<b>30.0</b>	<b>33.9</b>	<b>28.5</b>	<b>40.7</b>	<b>44.6</b>	<b>51.8</b>
<b>Pre-tax profit EBT reported</b>	<b>25</b>	<b>28</b>	<b>22</b>	<b>58</b>	<b>88</b>	<b>117</b>
<b>Adj. pre-tax profit</b>	<b>25</b>	<b>28</b>	<b>22</b>	<b>58</b>	<b>88</b>	<b>117</b>
<b>Tax</b>	<b>(8)</b>	<b>(11)</b>	<b>(7)</b>	<b>(19)</b>	<b>(26)</b>	<b>(36)</b>
Tax rate (%)	32.5	38.6	31.0	32.5	30.1	30.5
Minorities	0	0	0	0	0	0
<b>Net income attributable to all shareholders adjusted</b>	<b>17</b>	<b>17</b>	<b>15</b>	<b>39</b>	<b>62</b>	<b>81</b>
Net income attributable to all shareholders reported	17	17	15	39	62	81
EPS reported	1.00	0.98	0.77	2.00	2.27	3.00
Adj. EPS	1.00	0.98	0.77	2.00	2.27	3.00
Adj. EPS growth (%)	66	(2)	(21)	159	13	32

Source: Commerzbank Research, Bloomberg, Company Information

**Balance Sheet**

Year End Dec (€ m)	2017A	2018A	2019A	2020E	2021E	2022E
<b>Total assets</b>	<b>1,107</b>	<b>1,224</b>	<b>1,266</b>	<b>1,562</b>	<b>1,652</b>	<b>1,758</b>
Trade account payables	1.0	2.8	5.6	5.6	5.7	5.8
Other liabilities	974.4	1,041.9	1,061.0	1,325.0	1,361.5	1,386.5
<b>Total liabilities</b>	<b>994.7</b>	<b>1,060.5</b>	<b>1,083.8</b>	<b>1,339.3</b>	<b>1,367.2</b>	<b>1,392.2</b>
<b>Total equity and liabilities</b>	<b>1,107</b>	<b>1,224</b>	<b>1,266</b>	<b>1,561</b>	<b>1,650</b>	<b>1,756</b>

Source: Commerzbank Research, Bloomberg, Company Information

**Cash Flow**

Year End Dec (€ m)	2017A	2018A	2019A	2020E	2021E	2022E
<b>Operating cash Flow</b>	<b>0</b>	<b>250</b>	<b>(157)</b>	<b>421</b>	<b>(151)</b>	<b>83</b>
Net financial investments	0	(12)	(0)	0	(0)	(0)
<b>Investing Cash Flow</b>	<b>(13)</b>	<b>(28)</b>	<b>(33)</b>	<b>(10)</b>	<b>(10)</b>	<b>(10)</b>
<b>Free Cash Flow</b>	<b>(12)</b>	<b>222</b>	<b>(190)</b>	<b>411</b>	<b>(161)</b>	<b>73</b>
Free Cash Flow (after dividend)	(12)	222	(190)	411	(161)	73
Increase / (decrease) in debt	15	(2)	1	(9)	(9)	0
Increase / (decrease) in equity	5	39	3	0	0	0
Other financing cash flows	0	(0)	0	0	0	0
Cash flow from financing activities	20	37	4	(9)	(9)	0
<b>Net change in cash</b>	<b>8</b>	<b>260</b>	<b>(186)</b>	<b>403</b>	<b>(170)</b>	<b>73</b>
Beginning cash	389	397	657	470	873	703
Ending cash	397	657	470	873	703	776

Source: Commerzbank Research, Bloomberg, Company Information

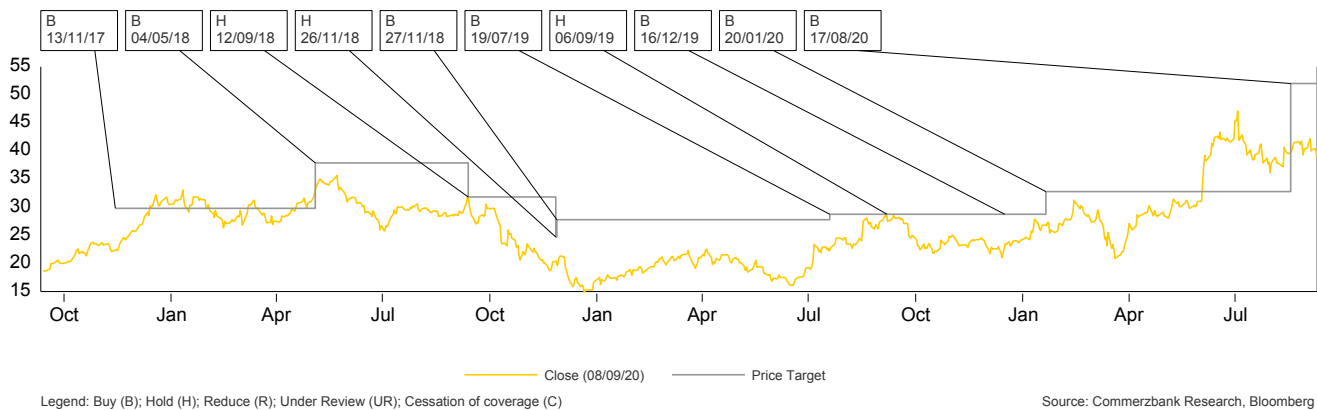
**KPI**

Year End Dec (€ m)	2017A	2018A	2019A	2020E	2021E	2022E
EBITDA growth (%)	22.7	32.2	(11.1)	118.9	45.0	25.8
EBIT growth (%)	(16.2)	2.8	(14.2)	161.6	56.9	32.0
No. of shares (class A) basic	16.8	17.9	19.4	19.6	27.1	27.1
No. of shares (class A) diluted	16.8	18.1	19.6	19.6	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	6.70	9.03	9.31	11.30	10.44	13.44
<b>P/E (x)</b>	<b>38.8</b>	<b>39.7</b>	<b>50.2</b>	<b>19.4</b>	<b>17.1</b>	<b>12.9</b>
P/B (x)	5.8	4.3	4.2	3.4	3.7	2.9
Dividend yield	0.0	0.0	0.0	0.0	0.0	0.0
ROE	14.9	10.7	8.2	17.7	21.7	22.3
ROCE	14.8	10.5	8.0	17.3	21.3	22.0
ROA	1.5	1.4	1.2	2.5	3.7	4.6

Source: Commerzbank Research, Bloomberg, Company Information

In accordance with ESMA MAR requirements this report was completed 9/9/2020 08:38 CEST and disseminated 9/9/2020 08:38 CEST.

## flatex AG (FTK GY)



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Source: Commerzbank Research

<sup>^</sup> Prior trading day's closing price unless otherwise noted. Company name: flatex AG; Exchange: XETRA

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Hold: 0-20%

Reduce: <0%

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