

Recommendation: Buy

Price target: 14.00 Euro

Upside potential: +86 percent

Share data

Share price	7.52 Euro (XETRA)
Number of shares (in m)	15.68
Market cap. (in EUR m)	117.9
Enterprise Value (in EUR m)	106.8
Code	SB1
ISIN	DE000A2GS609

Performance

52 week high (in EUR)	20.20
52 week low (in EUR)	5.39
3 m relative to CDAX	-8.6%
6 m relative to CDAX	-64.5%



Source: Capital IQ

Shareholder

Free float	32.3%
André Kolbinger	59.8%
Other Executive and Supervisory Board	7.9%

Calendar

Hamburger Investorentage	8 February 2023
Preliminary figures 2022	March 2023

Changes in estimates

	2022e	2023e	2024e
Sales (old)	52.0	54.1	70.9
Δ in %	-	-	-
EBIT (old)	-0.9	-1.9	5.7
Δ in %	-	-	-
EPS (old)	-0.15	-0.22	0.23
Δ in %	-	-	-

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Publication

Initial report	7 February 2023
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A leading digital broker at zero cost

Smartbroker Holding AG is a financial services provider specialised in commercialising digital financial media assets including web portals, forums and apps, as well as providing digital retail brokerage services. The company regularly reaches through its financial portals and digital media properties some 40% of all execution-only private investors in the German-speaking countries as the second largest financial portal operator. Its **media segment** has an excellent monetarisation strategy which is reflected in a stable segment-specific **EBITDA margin of c. 40%**. Over the last few years, the company has systematically strengthened its media segment through acquisitions, which increased **segment revenues by more than 60% p.a. between 2016 and 2021**.

Since the end of 2019, Smartbroker Holding AG has **developed the synergetic retail brokerage segment** in order to **tap additional growth potential** and **diversify its business model**. The company benefits from the extensive reach of its own media portals, particularly in terms of customer acquisition, by making available high-quality advertising free of cost. Additionally, growth of the Smartbroker securities accounts (2021: +110 % yoy or +129,000 yoy to 246,000) is driven by the high cash flow conversion of the media business through reinvesting cash inflows. The much lower growth rates at present (2022: >30,000 securities accounts yoy) are attributable to the challenging market environment as well as a planned reduction of marketing spending in the context of the **relaunch of the next generation broker in mid-2023 ("Smartbroker 2.0")**. Smartbroker 2.0 is seen to **reduce the company's risk profile** and **increase the long-term profitability** thanks to an expansion of its revenue sources. Operating break-even of this segment is expected in fiscal year 2024.

Based on our DCF valuation, the shares are **significantly undervalued** which is reflected in a **free cash flow yield 2024e of 9.4%**. Applying the EV/EBITDA (LTM) of European companies from the "Interactive media and services" sector (median: 12.7x) to the media segment of Smartbroker Holding AG we derive a fair enterprise value of EUR 190.5m or EUR 12.15 per share for the media segment alone. In view of this, we consider the high upside potential from the DCF model to plausible, whereas the **potential of the Smartbroker 2.0 appears to be totally disregarded at the current valuation level**.

The capital market had already anticipated the recent revision of the 2022 guidance. We believe that the renewed confirmation of this year's launch, the publication of first product details of the Smartbroker 2.0 and the introduction of a dedicated segment reporting offer **potential for a sustainable improvement of the company's sentiment**.

Conclusion: The capital market currently misjudges both the high earnings power of the media business and the material long-term potential of Smartbroker 2.0. We take up coverage of Smartbroker Holding AG with a buy recommendation and a price target of EUR 14.00.

FYend: 31.12.	2020	2021	2022e	2023e	2024e
Sales	28.2	48.2	52.0	54.1	70.9
Growth yoy	229.9%	70.9%	7.9%	4.0%	31.1%
EBITDA	4.5	3.6	9.0	4.1	15.1
EBIT	2.0	0.3	-0.9	-1.9	5.7
Net income	3.5	-0.5	-2.3	-3.4	3.6
Gross profit margin	52.3%	48.2%	70.2%	70.5%	70.4%
EBITDA margin	16.0%	7.4%	17.4%	7.5%	21.3%
EBIT margin	7.2%	0.7%	-1.7%	-3.4%	8.0%
Net Debt	-6.6	-19.8	-14.1	-6.2	-16.2
Net Debt/EBITDA	-1.5	-5.6	-1.6	-1.5	-1.1
ROCE	8.4%	1.3%	-2.5%	-4.1%	12.9%
EPS	0.24	-0.03	-0.15	-0.22	0.23
FCF per share	0.05	0.10	-0.89	-0.51	0.64
Dividend	0.00	0.00	0.00	0.00	0.00
Dividend yield	0.0%	0.0%	0.0%	0.0%	0.0%
EV/Sales	3.8	2.2	2.1	2.0	1.5
EV/EBITDA	23.6	30.0	11.8	26.3	7.1
EV/EBIT	52.6	309.2	n.m.	n.m.	18.8
PER	31.3	n.m.	n.m.	n.m.	32.7
P/B	3.9	2.4	2.1	2.2	2.1

Source: Company data, Montega, CapitalIQ

Figures in EUR m, EPS in EUR, Price: 7.52

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INVESTMENT CASE

Smartbroker Holding AG is an established financial services provider specialised in commercialising financial websites, mobile apps and related digital media properties as well as and providing retail brokerage services. As the largest publisher-independent financial portal operator in the German-speaking countries, Smartbroker Holding has 970,000 registered users on four digital platforms. These users represent the country's largest financial community. In December 2019, the company launched its own digital broker which is one of the largest next generation brokers in Germany with over 270,000 customers and assets under custody of over EUR 9.2bn (as of: December 2022). In accordance with this strategic focus, the company has divided its operating business into two segments:

1) Transaction business segment (Pro forma revenue share 2021: 31%)



The transaction segment includes all brokerage services of the company and generated 31% of the group's revenues in 2021. Smartbroker accounts for the majority of segment revenues. This platform provides private investors with a comprehensive product offering combined with zero or very low costs (next generation broker). Services of the digital broker include securities trading at all German and 23 international stock exchanges. In addition to the basic account, which is denominated in euro, customers have access to a total of four optional currency accounts (USD, CHF, JPY, GBP) that are free of charge. Furthermore, over 1.5m derivatives, more than 18,000 funds without issue premium, and 2,000 ETFs are available for trading.

Revenues of this segments include (in the future) the following components:

- **Retail commissions:** Retail commissions fees are classical order fees that are incurred in connection with the purchase or sale of securities. This is where Smartbroker generates by the retail customer the majority of segment revenues.
- **Rebates:** A smaller portion of the Smartbroker's segment revenues are attributable to rebates paid by stock exchange operators, providers of derivatives and asset management companies whenever clients trade particular financial products or process securities transactions through specific stock exchanges. Compensation paid by product partners accounts from exchanges for the great majority, so that revenues generated by payment for order flow are of subordinate economic significance.
- **Interest-like income:** Smartbroker Holding currently does not participate in any interest income, which is generated by investing excess liquidity of its customers, within the DAB cooperation that has been terminated and will be replaced by a new, commercially more attractive cooperation with Munich-based specialist Baader Bank later this year. Conversely, we assume that the cooperation with Baader Bank, which is about to start in mid-2023, provides for a split between the two contract parties. Consequently, Smartbroker Holding should generate additional high-margin revenues **from 2024 onwards**, in our view. That said, the move of competitors such as Trade Republic and Scalable Capital to pass on interest income to its clients in the form of interest on credit balances is likely to limit the potential of these revenues.
- **Commercialisation of the front-end of Smartbroker 2.0:** Starting with the launch of Smartbroker 2.0 in mid-2023, the company will have access to all the user interfaces, enabling the commercialisation of ad space and a targeted involvement of product partners.

Alongside Smartbroker, the company operates Fondsdiscout, a digital brokerage platform, as well as investment broker wallstreet:online capital, which primarily caters to the client base that has been acquired from Volkswagen Bank (some 23,000 securities accounts from VW employees). The economic significance of the two services above is comparatively low for the company and will decrease further as the strategic focus shifts towards Smartbroker. We estimate the revenue contribution of these two services to amount to some EUR 4.5m.

2) Media business segment (Pro forma revenue share 2021: 69%)



The media segment addresses retail investors and those with an interest in finance and capital markets through its four financial portals, ariva, finanznachrichten, boersennews, and wallstreet:online as well as financial magazine Smart Investor. These provides comprehensive reporting on current economic and stock market news and investment trends, and promotes active discussion among investors on its members' forums. In addition to the relevant websites, each portal has its own mobile app. Advertising is extremely attractive for issuers because of the homogeneous group of users, allowing Smartbroker Holding to charge continuing high contact prices. In geographic terms, the group's media offering is focused on the DACH region.

The financial portals are monetarised as follows:

- **Investor relations marketing (segment share ~40%):** Smartbroker Holding collaborates with leading international partner agencies. Advertising is mainly commissioned by foreign small and midcaps, which commercialise their equity story across the digital media assets of the company.
- **Advertising contracts with key accounts (~40%):** Advertising is also very attractive for banks and other financial services providers, which are interested in promoting ETFs or derivative financial products across the company's media properties. To attend to the respective clients, the company has its own sales team and key account management. Smartbroker Holding usually signs individual advertising agreements with the relevant clients, which guarantee a certain number of advertising impressions and a corresponding remuneration for this reach.
- **Real-time bidding (~5%):** Real-time bidding (RTB), the programmatic auction of advertising space, makes up a third source of revenue. Advertising space that has not been booked by key accounts or IR agencies is sold to the highest bidder in real time with the help of a service provider. Although revenues per advertisement placed are significantly higher in the key account or IR business, the use of RTB is a fixed component of the monetarisation strategy ensuring that any sales potential of the advertising budget is fully exploited.
- **Paid content offering (~0%):** Smartbroker Holding currently establishes internal structures for the production and regular publication of paid content such as exclusive market letters. The aim is to expand the value chain and to share actionable investment ideas with the active investor community. The company has started commercialisation of the products in the autumn of 2022.

In addition to its retail customer-centric websites, apps and related proerpties, the media segment bundles activities in the B2B software area. This is where Smartbroker Holding offers individual web services and data solutions to clients from the financial industry. This includes the creation of financial websites, the integration of real-time stock exchange data or the provision of regulatory documents such as PRIIPs. Smartbroker Holding most recently generated EUR 5.3m in revenue in this segment which corresponds to some 15% of segment revenues.

Smartbroker Holding AG prior to completion of transformation period

Initially, Smartbroker Holding was focused on a single-site business model that involved the commercialisation of the portal wallstreet:online.de, but has fundamentally changed its strategy in 2016 and acquired several financial portal operators in the subsequent years. This resulted in economies of scale in the media segment, particularly due to a fixed cost depression (EBITDA margin 2021 +4pp vs. 2017). At the end of 2019, the company entered the brokerage business by launching its Smartbroker retail brokerage offering to further diversify the revenue structure and tap additional growth opportunities.

Development stages of Smartbroker Holding AG

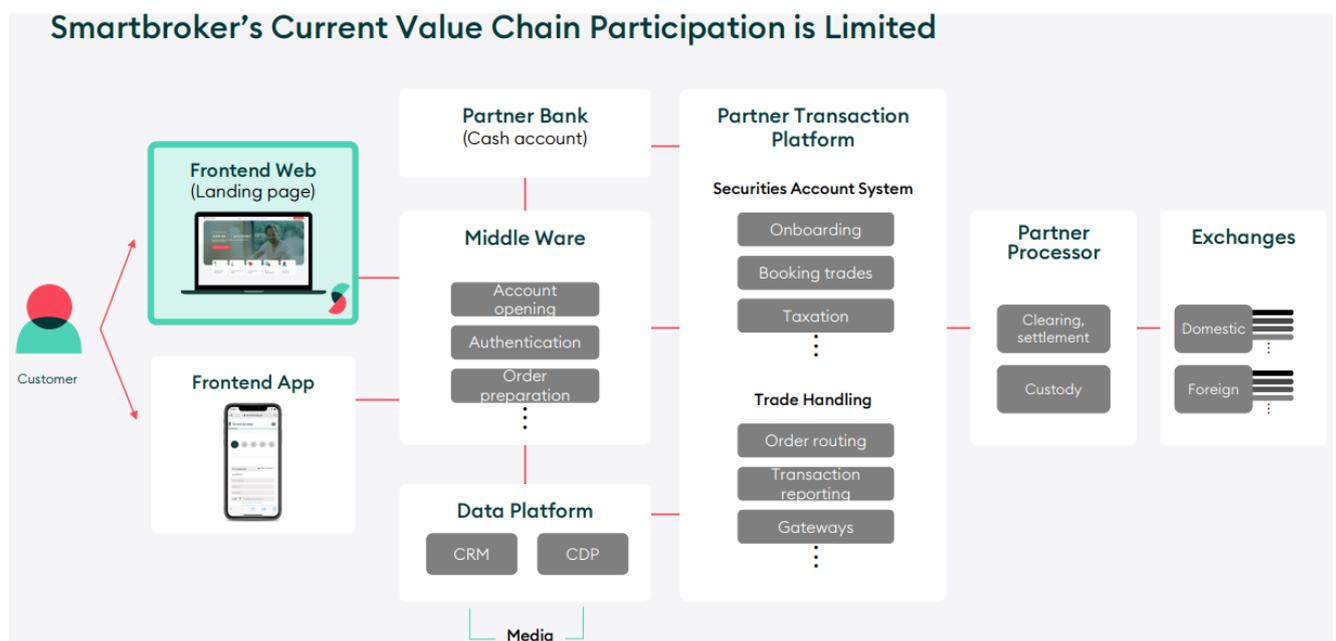


Source: Company

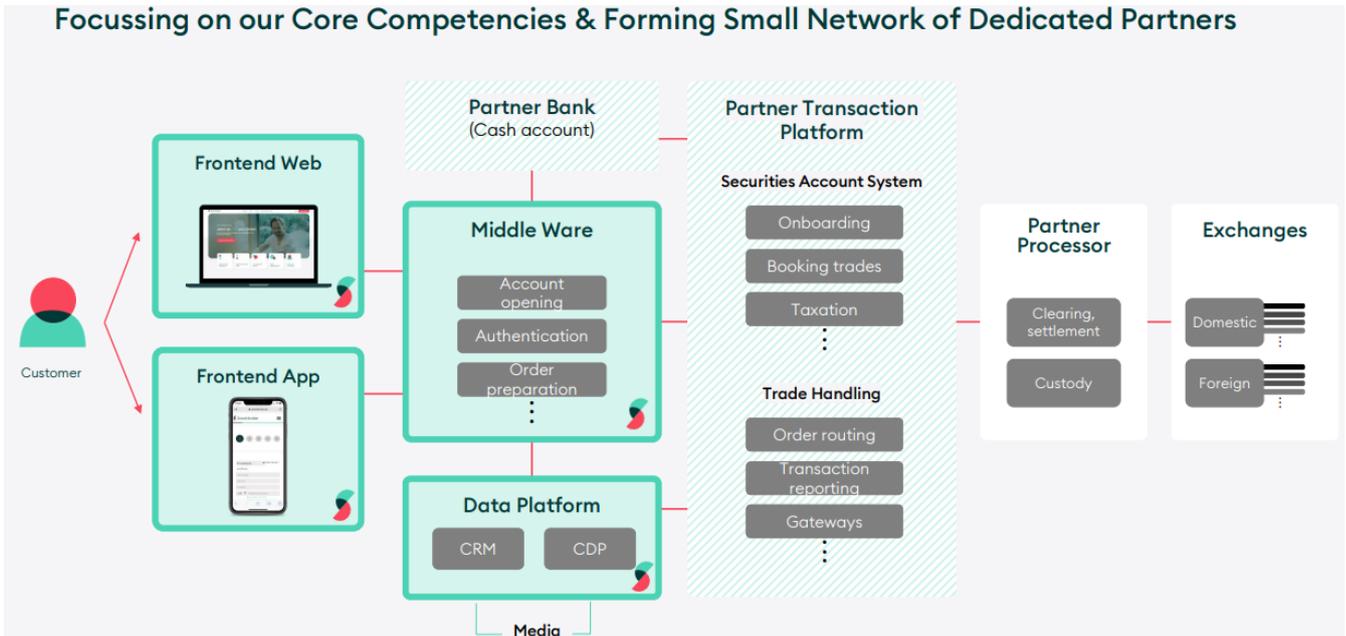
The acquisition of wallstreet:online capital AG (today Smartbroker AG), contributed the required banking license (BaFin) as well as relevant know-how. Since this license only covered financial intermediary activities, Smartbroker AG signed a cooperation with DAB, a subsidiary of BNP Paribas. At present, DAB provides the securities account system and all capital market trade execution and banking infrastructure, while Smartbroker is fully focused on commercialisation, customer acquisition and support. However, BNP Paribas also operates Consorsbank, one of the largest first-generation online retail brokers in Germany, which leads in our view to an ongoing conflict of interests. Smartbroker Holding decided to apply for an extended BaFin license and to start internalising major parts of the brokerage value chain in 2021. The go-live of the product with the project name Smartbroker 2.0, which has also been improved optically and functionally, had originally been envisaged for mid-2022, but the company postponed the launch to mid-2023. At the same time, Smartbroker partially moved away from the internalisation strategy and announced a cooperation with Baader Bank in December 2022. The bank will be responsible for account management and handle all back-end processes after the start of Smartbroker 2.0. This strategic move will significantly reduce the operating risk in our view. The current BaFin license is also sufficient for all process steps carried out by Smartbroker. Consequently, the importance of whether or not the company will obtain an extension of the license can be regarded as low.

The charts below show the processes (highlighted in green) for which Smartbroker is and will be responsible in the context of the current DAB and the future Baader cooperation. It becomes clear that the vertical integration is significantly increased. In the future, the company will also enjoy a more direct influence on the green hatched areas in the bottom chart and will gain flexibility and scope in decision-making regarding the ongoing design and development of products.

Area of responsibility of Smartbroker in the DAB and Baader cooperation



Source: Company

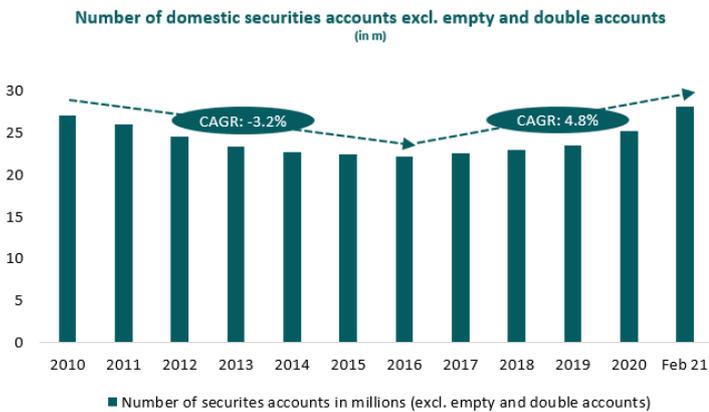


Source: Company

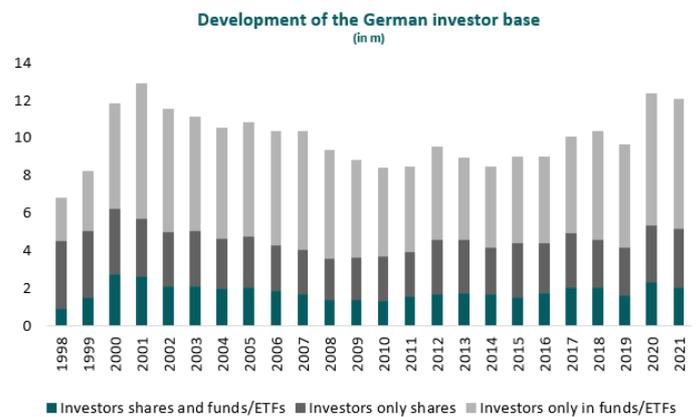
Positioning in attractive market niches with structural growth drivers

Smartbroker Holding’s **transaction segment** is focused on the German digital brokerage market and the support of domestic private investors. In the past, the number of German holders of securities has been influenced by various trends and ranged between 8.4-12.9m investors since the turn of the century. As a result of the stock exchange boom in 2020, securities investment went through a renaissance with several million of people starting to invest in securities. Postponed vacations, closed restaurants and lower purchasing activities caused by the lockdowns have led to people saving more money and more time to dive into the topic of securities investment.

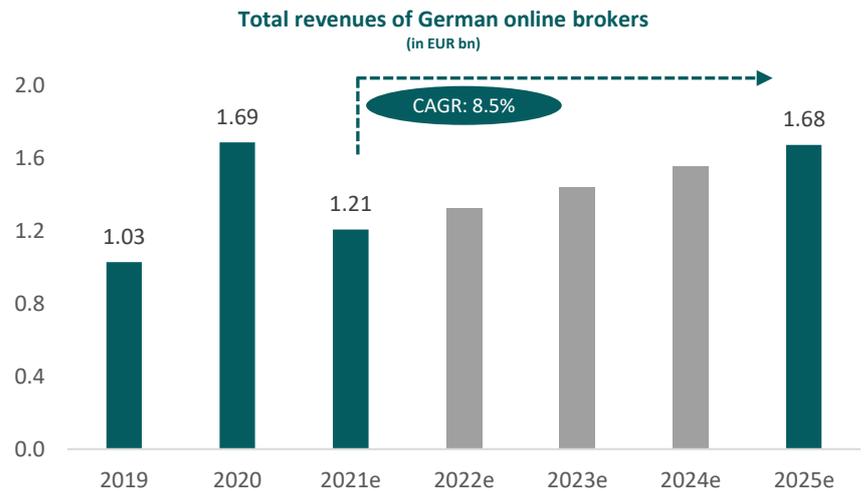
One of the particularities of the market is that the number of securities accounts is much higher than the number of investors. On average, a German investor has more than two securities accounts which significantly increases the addressable market volume. Consequently, brokers are given the opportunity to create awareness among customers which have their transactions settled by competitors and to gradually take over more business helped by a convincing service quality. Investors which do not only trade funds and ETFs but also shares, are the most attractive investors from a broker’s point of view, as this asset class has a higher sales and profit potential. The charts below show the historic development of the investor and securities accounts.



Source: Oliver Wyman, Deutsches Aktieninstitut, Deutsche Bundesbank

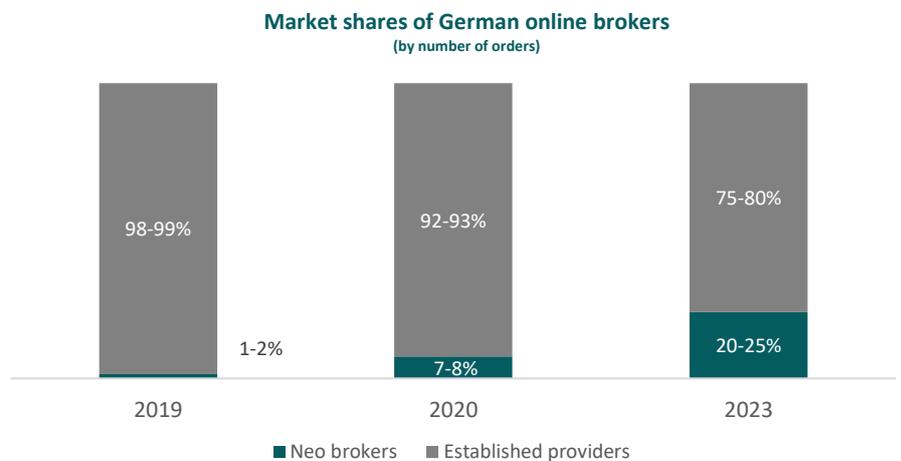


In addition to the number of investors, the total sales volume of the German digital brokers is characterised by significant volatility which is also due to the high proportion of transaction-based sales. According to a study of management consulting firm Oliver Wyman, sales have grown by an estimated 64.1% yoy to EUR 1.69bn across the industry in 2020, while sales are seen to decline by 28.4% yoy to EUR 1.21bn in 2021. By 2025, the total market is expected to return to the sales level of record year 2020 and reach a volume of EUR 1.68bn.



Source: Oliver Wyman

Analog to the successful niche positioning in the media segment, the company’s transaction segment, with its Smartbroker as "next generation broker ", is positioned in a sub-market that is also growing at disproportionate rates. Next generation embodies the combination of a comprehensive range of brokerage services with extremely keen pricing, including selected important retail commissions set to zero euros. A shift of market shares from established providers towards cheaper neo and next generation brokers in Germany can be observed since the first new brokers started their business in 2019. They made a major contribution to market growth and the increase of shareholders, and raised their market share (measured by the number of transactions) from 1-2% in 2019 to 7-8% in just a year. The number is expected to grow to 20-25% of transactions by 2023.

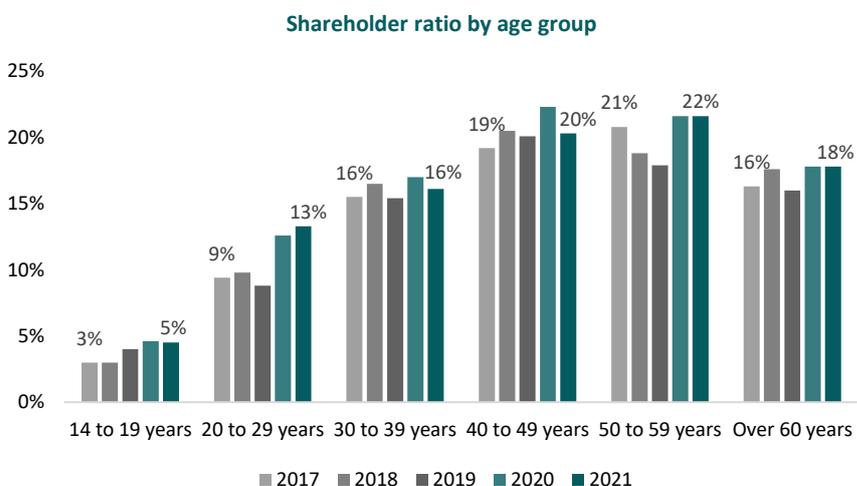


Source: Oliver Wyman

Alongside the growth opportunities arising from the shift of market share, a growing number of shareholders also offers great potential for the Smartbroker. There is significant catch-up potential in securities saving in Germany in an international comparison. The pension gap

which is becoming more obvious and the associated need for private pension provision can be seen as catalysts for a sustainable change of consciousness. Additionally, there have been initiatives by policymakers as of late aimed at increasing the attractiveness of securities investment. For instance, planning has begun for a Future Financing Act (Zukunftsfinanzierungsgesetz) which provides for tax incentives in the context of equity saving. Additionally, neo and next generation brokers simplify and accelerate the purchase of securities.

Finally, we also regard the demographic development as a significant and sustainable factor of growth. On the one hand, roughly 750,000 young people reach the age of 18 every year, when they can start investing in equities on their own. On the other hand, the shareholder rate grows significantly with increasing age, with the highest dynamics being seen in the age groups of up to 40 years.

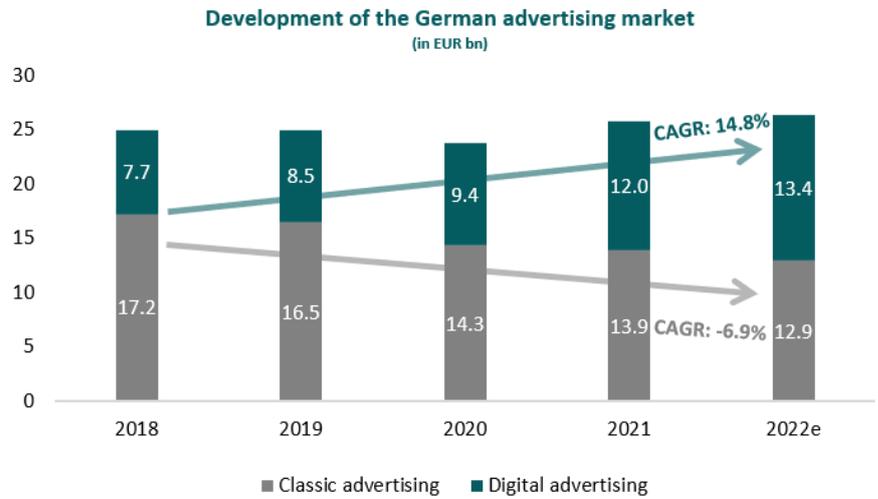


Source: Deutsches Aktieninstitut

Lastly, digitisation makes access to high-quality, relevant information even easier and allows for targeted addressing and segmentation of clients to offer them customised, individual product solutions.

Smartbroker Holding’s **media segment** primarily benefits from the fundamental shift of the advertising budgets from analogue to digital media. This development is initially due to the growing use and popularity of digital media services on the part of the target audience. Furthermore, the display of online ads leads to higher ROIs for advertisers given that digital media can analyse their users on a continuous basis so that customer groups can be addressed more precisely. The superior monitoring of advertising effects, such as a transparent presentation of the conversion rates of the respective advertising campaigns, is another valuable aspect from an advertiser’s point of view.

Whilst the total advertising market has hardly grown in the last few years and traditionally has a very cyclical nature (net advertising income in 2020: -4.9% yoy vs. nominal GDP decline of -3.0% yoy), Covid-19 led to an additional acceleration of the growth momentum in the digital advertising market. This area has grown by 14.8% p.a. on average from 2018–2022, which is well above the overall market trend of 1.4% p.a. and which more than compensated for the declining advertising budgets of the classical media.



Source: PwC, ZAW

Based on a study published by PwC, this trend is expected to continue albeit in weakened form. Accordingly, the digital advertising market is seen to grow by 5.5% p.a. to EUR 15.8bn between 2022 (EUR 13.4bn) and 2025.

Given that Smartbroker’s clients in the media segment are mainly financial services providers, it is not only the overall development of the digital advertising budgets that is relevant but also that of the financial industry. Based on a study by eMarketer, the relevant advertising budgets have grown clearly disproportionately in 2020 and 2021 at a rate of 18.0% and 27.6% yoy respectively. The market researcher expects the growth rates to remain double-digit in 2023 (+13.5% yoy) and 2024 (+10.6%) which suggests that there will be attractive opportunities for Smartbroker in the future as well.

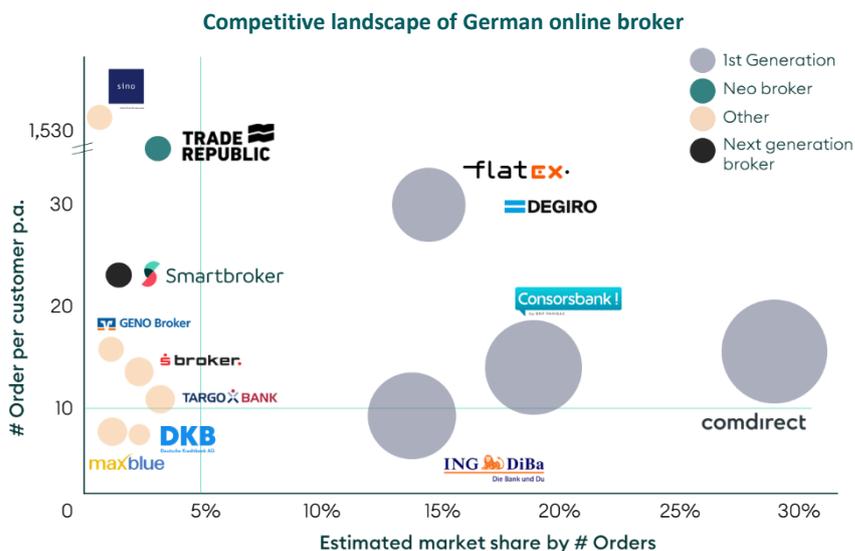


Source: PwC, eMarketer

To conclude, we believe there are diverse growth factors in the two target markets addressed by the company which should continue to drive Smartbroker’s growth over the next years.

Promising competitive positioning in both core markets

In the **transaction segment**, Smartbroker is focused on German private investors and competes with roughly two dozen other brokers. Smartbroker has a market share of 1% as measured by the total number of securities accounts in Germany. The chart below shows the majority of the relevant competitors.



Source: Company, Oliver Wyman

It can be seen that the four largest providers, comdirect (owner: Commerzbank), Consorsbank (owner: BNP Paribas), ING DiBa and flatexDEGIRO, have a cumulated market share of roughly 70% as measured by the number of transactions. All competitors can be divided in three categories, in our view:

- Neo and next generation brokers (e.g. Trade Republic, Smartbroker)
- Independent online brokers of the first generation (e.g. flatex)
- Online brokers of the leading commercial and full-service banks (e.g. ING DiBa)

Since the core service in the brokerage market is largely homogeneous, namely processing securities transactions, competitors must differentiate in other ways in order to gain competitive advantages. We therefore initially present what we believe are the most important factors for choosing or changing an online broker from a client's point of view before we evaluate the possible competitive advantages. Based on an investor survey by Oliver Wyman, the following aspects make up the five most important selection criteria:

- Level of fees
- Broker is also a customer's principal bank
- Brand, reputation, and reliance
- Overall usability and quality of the mobile app
- Range of product assortment

We have compared Smartbroker with different competitors on the basis of the criteria above. For the sake of clarity and comparability of the providers' price-performance profiles in each category we have chosen only one competitor in each case. To guarantee an assessment as objective as possible we have excluded the aspect "brand, reputation and reliance" and the usability evaluation. However, the current Smartbroker version would probably still poll relatively poorly in this latter category.

Competitive comparison of selected online brokers

Service/Provider	Smartbroker	TRADE REPUBLIC	flatex	comdirect
 Width of the product range	Trading venues: 35 Funds: ✓ Derivatives: 16 Issuers CFDs: ✗ Futures trading: ✗ Margin loans: Restricted	Trading venues: 1 Funds: ✗ Derivatives: 3 Issuers CFDs: ✗ Futures trading: ✗ Margin loans: ✗	Trading venues: 21 Funds: ✓ Derivatives: 17 Issuers CFDs: ✓ Futures trading: ✓ Margin loans: ✓	Trading venues: 29 Funds: ✓ Derivatives: >23 Issuers CFDs: ✓ Futures trading: ✓ Margin loans: ✓
 Amount of fees	Custody account management: Free of charge Costs domestic trade: Standard: 4.00 € gettex: 0.00 €; L&S: 1.00 € Costs foreign trade: 9.00 € plus trading venue fee Savings plan costs: Funds: Free of charge Shares, ETFs: 0.2%, min. 0.80 €	Custody account management: Free of charge Costs domestic trade: 1.00 € Costs foreign trade: Not available Savings plan costs: Free of charge (but only ETFs from 5 issuers)	Custody account management: 0.1% of the deposit volume Costs domestic trade: 5.90 € Costs foreign trade: 5.90 € Savings plan costs: Free of charge	Custody account management: Free of charge for 3 years Costs domestic trade: 9.99 – 59.99 € Costs foreign trade: 12.90 – 62.90 € Savings plan costs: ETFs, Shares: 1.5%
 Classic banking services	✗	✗	✗	✓
 Mobile app	✗	✓	✓	✓

Source: Smartbroker, Trade Republic, flatexDEGIRO, comdirect

When comparing the scope of services, Smartbroker scores highest in the asset class “shares” based on the large number of connected stock exchanges uniquely combined with its low-cost price models. Unlike flatex and comdirect, however, Smartbroker neither offers trades with CFDs nor with options or futures. We believe this is only a small disadvantage, as they do not have any relevance for the majority of the German private investors and trades in these instruments have lost some attraction recently due to increasing regulatory measures. One of the biggest weaknesses in the product portfolio of Smartbroker should be the restricted availability of margin loans as well as the still missing mobile app, whose launch has been announced for mid-2023.

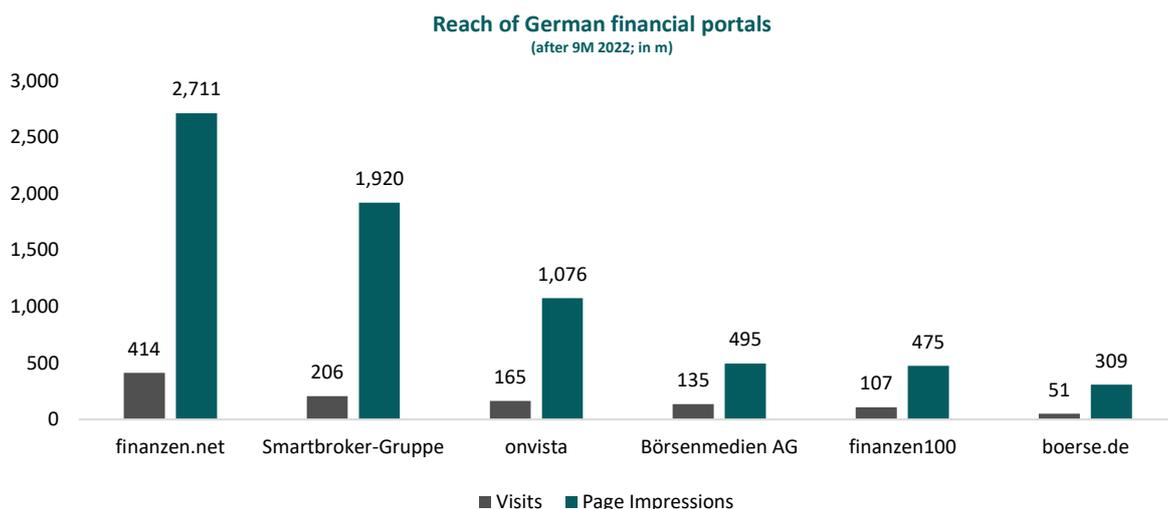
We believe that Smartbroker is in a promising competitive position for the following reasons:

- **Price leadership and broad product range:** Smartbroker is a symbiosis between a low-cost neo broker and a high-performance first-generation broker, as its customers can trade at EUR 0 on the one hand, and the platform offers a full and comprehensive range of stock exchanges and financial products on the other hand. We are currently not aware of any other provider with a similarly attractive price-performance proposition in the context of domestic equities trading nor do we identify ambitions on the part of relevant competitors to pursue a similar model. Given that active investors with a high trading frequency are the main beneficiaries of the attractive fee structure of the Smartbroker, they are expected to gradually migrate to lower cost but, at the same time, efficient brokers over the next few years.
- **Own media coverage enables low-cost and efficient customer acquisition:** The proprietary financial portals of Smartbroker Holding provide the company with a structural competitive advantage given that Smartbroker has the second largest reach of all German operators and can provide exclusive advertising on the media assets. As these reach more than 3 million people per month and given that Smartbroker has almost 300,000 securities accounts, there is still significant potential for new clients even if the penetration of the user group is low.
- **Low dependence on rebates:** Thanks to a decision taken by the EU member states in December 2022, the imminent threat of a EU-wide ban on payment for order flow has been warded off for the time being. However, since the decision-making power and enforcement of the relevant ban was delegated to the individual member states, a final decision is still awaited. In view of the numerous prohibitions in Western countries, a nationwide ban or a major restriction cannot be ruled out in Germany in our view. Having in mind that the proportion of rebates in the company’s revenue is relatively low, Smartbroker has a much more resilient business model than neo brokers or pure

zero commission brokers. According to management, the payment for order flow may be compensated for by an increase in retail commissions if such a ban were implemented. This would not have any major impact on the competitive position of the Smartbroker, as all digital brokers would have to adjust their price structures.

Finally, we would like to point out that the competitive position has already visibly improved today, which is due to the next product version "Smartbroker 2.0". The key weaknesses of the current product version will likely have been fixed in the new version. We assume that both the mobile app and the completely redesigned graphic user interface will lift the overall usability and optics at least to the level of the competitors. This should make the Smartbroker one of the most attractive digital brokers in Germany which, from a technical point of view, is at least on a par with the competitors when it comes to the key customer requirements.

Smartbroker Holding has a strong and distinct competitive position in the **media segment** with its four related financial media brands. It is number 2 among the German financial portal operators after market leader finanzen.net, which belongs to Axel Springer, both measured by the visits and the page impressions. The figure below shows the respective reach of the largest domestic competitors. This reveals the oligopolistic market structure, which has been exacerbated by a consolidation wave. The three largest companies already account for the major part of the reach.



Source: IVW

Alongside finanzen.net, direct competitor products include the onvista portal (owner: Commerzbank), the websites of Börsenmedien AG (Der Aktionär, boerse-online, finanztreff) as well as finanzen100 (owner: Hubert Burda Media Group) and the independent portal boerse.de. Based on the reasons below, we see Smartbroker Holding in a promising competitive position in the media segment:

- **Second largest reach in the industry:** Because of the comparatively low number of relevant competitors and the large reach of the financial portals operated by Smartbroker, there is next to no alternative to the services of Smartbroker Holding on the German market. According to management, the company's digital media properties reach more than 40% of all execution-only investors in Germany. This robust market position therefore has led to a very high barrier to entry for new potential competitors.
- **Largest financial community in the German-speaking world:** The registered user base and the intense use of the member's forums are other major competitive advantages. Whilst a financial website can be easily programmed, no competitor has succeeded in building up a similar large community so far.

- **Advertising space is highly attractive:** Smartbroker's advertising inventory is extremely attractive for advertisers because of the homogeneous target group, the strong customer loyalty and the high purchasing power and trading activity. This is underlined by an independent study by market researcher Investment Trends, which carries out an annual survey among the users of the Smartbroker portals. Not only do the users have above-average net income (>50% more than EUR 3k p.m.) and securities accounts (EUR 150k vs. ∅ EUR 50k nationwide), their trading activities are also very high (c. 15 transaction p.m.).
- **Service offering and target clients:** Whilst all of the companies above compete for the advertising budgets of the financial industry, only a minor number of competitors addresses the market for investor relations marketing, which provides Smartbroker with an even more attractive market position. Based on the lower number of advertising spaces on websites with a comparable target group and market coverage Smartbroker has a certain degree of pricing power.
- **Forum users generate unique content:** The user contributions across the company's online forums have been developed over 20+ years and represent a unique asset. They often rank among the Top 10 of relevant search results because of the long-time existence of the communities - for example, the portal and related forum of "wallstreet-online.de" this year has celebrated its 25th anniversary.

Smartbroker 2.0 enables dynamic top line growth

In the recent past, Smartbroker Holding increased revenues at high double-digit growth rates (5-year-CAGR 2016-2021: 76.3%) which is due to acquisitions in the media segment, followed by an optimisation of the monetarisation strategy of the acquired platforms (media segment CAGR 2016-2021: 60.9%). On the other hand, the transaction segment has provided additional growth momentum since the end of 2019. Initial revenues amounted to EUR 1.3m in 2020, which were increased to EUR 12.3m within one year and thus increased almost tenfold.

We expect the transaction segment to generate revenues of EUR 18.1m in 2022 and also anticipate dynamic growth in the future because of the reasons below:

- **Improved product facilitates customer acquisition:** The most important factor for future revenue growth is the acquisition of new customers, in our view, which ideally have a quality (assets under custody, trading activity) comparable to the existing customer base. Smartbroker should continue to gain market share and convince many active investors of its range of services thanks to extensive product improvements which are mainly related to usability and optics. A low churn rate, which we believe will remain on this low level thanks to product improvements, is just as important as a successful acquisition of new customers. In view of the high level of competition, we anticipate a churn rate of 5.0% in the future.
- **Revenue from the commercialisation of the front-end of the Smartbroker 2.0:** Once Smartbroker 2.0 goes live, the company will have full access to all user surfaces from 2024 onwards. This enables additional commercialisation of advertising space of the next generation broker and should lead to additional sales potential.
- **Increase in trading activity driven by availability of a mobile app:** The launch of the Smartbroker app will facilitate the access to the trading system and also reduce the time and effort to conduct transactions. This should have a positive impact on the trading activity.
- **Participation in interest income:** As part of the recently announced cooperation with Baader Bank, Smartbroker Holding will obtain interest-related income which is generated by the short-term investment of excess liquidity of customers. In this respect, the company will benefit from the high assets under custody (AuC: EUR 9.2bn) which correspond to c. EUR 33,000 per customer. Smartbroker's customers usually maintain a cash level of c. 10% for the purchase of additional securities. This forms the basis for interest income. We assume that Smartbroker will have agreed on a revenue split with its contract partner, which would mean additional initial sales potential of EUR 4.5m in 2024 when assuming an interest margin of 1.0%.

- **Reintroduction of margin loans:** Based on the missing approval of new credit lines on the part of its existing partner bank, Smartbrokers customers currently cannot raise new security loans. However, since Smartbroker had offered this service in 2021 and it has a quite attractive interest margin of 1–3pp, we assume that margin loans will again be available and contribute to further sales growth following the migration of the existing customers to the Baader Bank cooperation (MONE: early in 2024). We do not take this source of revenue into account yet for reasons of prudence.
- **Increase in trading activity driven by integration of Smartbroker on the digital portals:** In the medium term, we expect Smartbroker to pursue direct more vertical integration between the transaction segment and the media platforms. A login section of the securities account should enable customers to trade securities on ariva, wallstreet:online, boersennews or finanznachrichten with just a few clicks.

Based on the factors above, we will now examine the price-volume structure of our top line planning which is based on three variables: number of clients, trading activity and average transaction fees.

- **Number of clients:** Smartbroker had more than 269,000 securities accounts as per 30 June 2022 (+23,000 in H1/22). We expect only 14,850 new securities accounts in 2023 due to the strategic reduction of the advertising budget and expect a loss of some 15% of the customers during the migration phase (MONE: from Q4/23) of existing customers. However, since the migration process can be implemented with just a few clicks, we assume that there will also be empty securities accounts and inactive customers among the customers lost, so that sales and AuC losses are seen to be disproportionately low. As the go-live of the Smartbroker 2.0 also means that the advertising budget will be increased again, we anticipate a net number of 75,000 new customers p.a. and a churn rate of 5.0% from 2024.
- **Trading activity:** In the still young history, the customers of Smartbroker executed 29 trades per year on average. We assume that the customer structure of Smartbroker can best be compared with that of flatexDEGIRO, which constantly had a c. 50% higher transaction activity over the last few years. After the trading volume reached the lowest level for years in 2022, it is expected to stabilise in the medium term. We anticipate an average of 22 transactions per customer in 2023 and 25 transactions from 2024.
- **Average transaction fees:** Smartbroker only obtains part of the overall transaction sales in the current model (MONE: 66%), whereas the new cooperation should include the full amount and come with a disproportionately low increase of the cost basis. We expect the fee structure of the end customers as well as the sales mix to remain unchanged, which would result in sales per trade of EUR 3.50 and rebates and other transaction-based revenues of up to EUR 1.15.

Additionally, we have integrated the interest income above into our planning from 2024 onwards, which we estimate at EUR 4.5m on the basis of the projected AuC, an average cash rate of 10% and an interest margin of 1.0%.

We also expect to see the first advertising revenues of the Smartbroker front-end of EUR 2.5m in the second half of 2024. In the years thereafter, we anticipate additional revenues of EUR 5.0m p.a.

Revenue arithmetic of the transaction segment

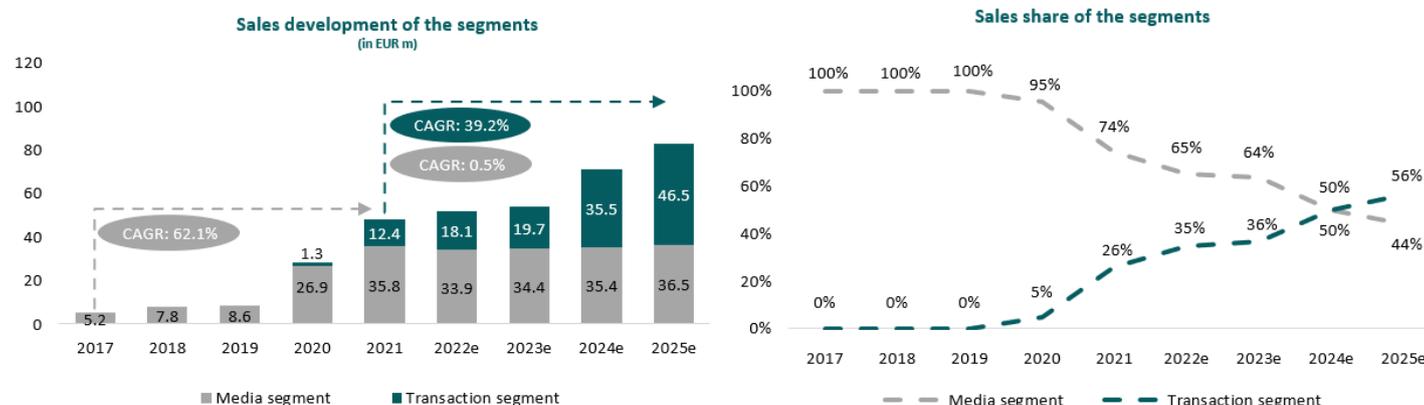
	2022e	2023e	2024e	2025e	2026e	2027e	2028e
Change in the securities accounts managed by Smartbroker							
Securities accounts at the beginning of the year	246,000	274,000	247,750	322,750	397,750	472,750	547,750
Securities account closures in %	5.0%	15.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Number of closed accounts	12,300	41,100	12,388	16,138	19,888	23,638	27,388
Number of newly opened securities accounts	40,300	14,850	87,388	91,138	94,888	98,638	102,388
Net new openings (securities accounts)	28,000	-26,250	75,000	75,000	75,000	75,000	75,000
Securities accounts at the end of the year	274,000	247,750	322,750	397,750	472,750	547,750	622,750
Transaction KPIs from Smartbroker							
Number of annual transactions per customer	20	22	25	25	25	25	25
Total number of transactions	5,200,000	5,739,250	7,131,250	9,006,250	10,881,250	12,756,250	14,631,250
Average order fee per transaction	2.33 €	2.33 €	3.50 €	3.50 €	3.50 €	3.50 €	3.50 €
Other revenue per transaction ¹	1.15 €	1.10 €	0.50 €	0.55 €	0.60 €	0.65 €	0.75 €
Transaction-based sales (in EUR m)	18.1	19.7	28.5	36.5	44.6	52.9	62.2
Assets under custody and interest-based revenues							
Average assets under custody per new customer			15,000	15,000	15,000	15,000	15,000
Assets under custody (in EUR bn)			9.5	10.6	11.7	12.8	14.0
Cash share			10.0%	10.0%	10.0%	10.0%	10.0%
Cash (in EUR bn)			0.9	1.0	1.1	1.2	1.3
Interest margin			1.0%	1.0%	1.0%	1.0%	1.0%
Revenues interest income			4.5	5.0	5.6	6.1	6.7
Advertising revenues of the Smartbroker							
Sales front-end Smartbroker			2.5	5.0	5.0	5.0	5.0
Total sales segment transaction	18.1	19.7	35.5	46.5	55.2	64.1	73.9

Source: Montega; ¹including sales from savings plans, portfolio commissions (funds), rebates

It should be noted with regard to the reported total number of transactions, that an average membership of only six months is assumed for the closed and newly opened securities accounts in the respective fiscal year.

Following a decline in the **media segment** in 2022 driven by the lower number of views (financial portals: -35% yoy; sales media: -4% yoy in H1 2022), we expect a growth rate in the low one-digit percentage range going forward because of the high market share. The company is not expected to return to the extremely strong level of 2021 before 2025.

Sales development at segment level of Smartbroker Holding AG



Source: Company, Montega

Our estimates are positioned significantly below the medium-term guidance for 2026 that was issued in the summer of 2022, but that had subsequently been withdrawn on the back of the change in strategy communicated in December and the delay of the Smartbroker 2.0. In a base-case scenario, the company initially targeted a customer base of 600,000 and AuC of EUR 14.5bn, which were expected to generate consolidated revenues of EUR 163m (MONE: EUR 92.8m) under the assumption of 30 transactions p.a. on average. Based on the restrained capital market situation, the company’s revenue growth has slowed down in the last year, leading to a growth rate of only 7.9% yoy in 2022 on the basis of preliminary figures. We assume that the low transaction activities per customer (11 transactions in H1/22; MONE: 9 in H2/22) have continued to decline. At the same time, the weak stock market environment should have led to restrained advertising spending.

Guidance for sales expectation in 2022

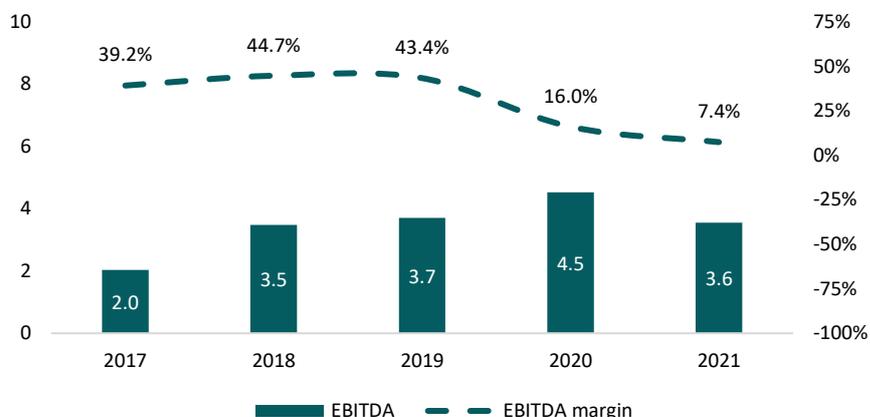
Revenue 2021	Guidance 03/22 (old)	Guidance 08/22 (old)	Guidance 01/23 (new)	Revenue H1 2022	Implied H2-revenue
48.2	62.0 - 67.0	54.0 - 57.0	52.0	27.7	24.3

Source: Company

Margin expansion visible through scaling in the brokerage segment

In the more recent past, the profitability of Smartbroker Holding AG was mainly characterised by high start-up costs for the brokerage business, which has overshadowed the successful development in the media segment from December 2019. From January 2020 until July 2022, the company invested more than EUR 23.5m in customer acquisition and increased headcount materially, which reduced the EBITDA margin from over 43.4% in 2019 to 7.4% in 2021.

Historical EBITDA development of the Group
(in EUR m)



Source: Company

Whilst we expect the result in the transaction segment to still be burdened by high one-offs in 2023 in the context of the launch of the Smartbroker 2.0, we anticipate a gradual increase in the group’s EBITDA margin afterwards. This is due to the solid profitability in the media business on the one hand, and on gradually materialising economies of scale in the transaction business on the other hand.

The cost structure of Smartbroker (transaction segment) is dominated by three factors:

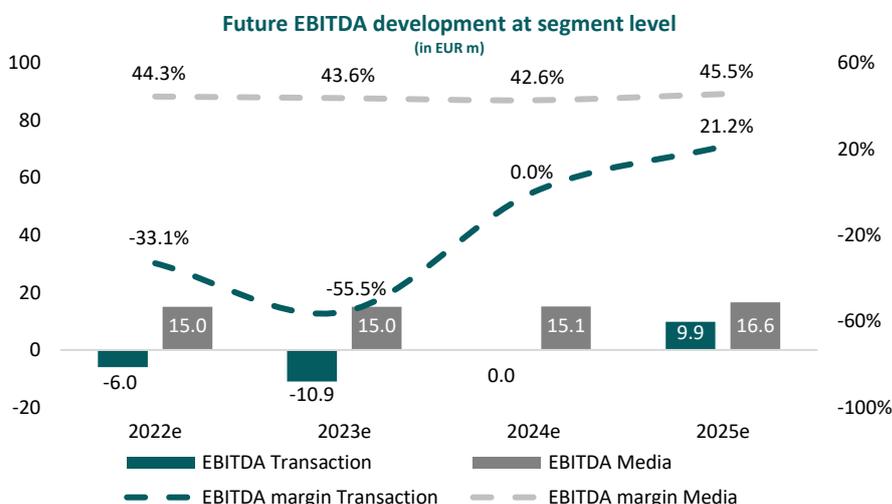
- Variable costs for processing trades
- Customer acquisition costs (CAC)
- Fixed personnel expenses

We assume rather high direct transaction costs in the current DAB cooperation model, which are seen to decline substantially with the change of the partner bank. The Baader model is based on higher fixed costs, but in total should lead to higher profitability per order execution in our view.

Given a current headcount of 122 in the brokerage business (as of June 2022), personnel expenses are another major cost component of the segment with an expected level of some EUR 10.5m in 2022. Although Smartbroker is still looking for additional staff, management indicated that it is approaching the target level, so that we plan with personnel expenses of EUR 12.0m in the transaction segment in 2023. Since the company pursues an outsourcing strategy to some extent, we assume that our projected top line growth can be realised over time with a disproportionately low increase in headcount.

Customer acquisition costs can be fully controlled by Smartbroker as desired. The management aimed for annual growth of 75,000 customers in its initial medium-term planning. Given the low market share and the dynamic development of the client numbers to date, we believe this is realistic and assume future costs per new securities account to amount to EUR 100–110. Based on the management’s strategic decision to almost stop the marketing activities until the launch of the Smartbroker 2.0, we start planning with substantial customer acquisition costs from 2024. From 2024 onwards, the high-margin interest income and marketing proceeds of the Smartbroker front-end should also have a positive impact on the EBITDA margin.

Analogous to the stable revenue development of the media segment described above, we also expect a highly consistent bottom line. The EBITDA margin is seen to increase slightly over the next few years and arrive at a level of 45.5% in 2025. As a result, the group-wide EBITDA margin is expected to gradually increase over the next few years and reach a level of 31.9% already in 2025.



Source: Company, Montega

As such, our bottom-line estimates are also well below the former medium-term guidance of the company, which provided for EBITDA after CAC of EUR 61m (MONE: EUR 32.2m) for FY 2026 in a base-case scenario. However, this is mainly due to a significantly lower revenue basis in 2026, as we plan with a comparable EBITDA margin of 34.7%, whilst the Smartbroker management had initially guided for a profitability of 37.0%. The company has revised its 2022 bottom-line guidance downwards twice, which was primarily attributable to the weaker revenue development.

Guidance for earnings expectations in 2022

	Result 2021	Guidance 03/22 (old)	Guidance 08/22 (old)	Guidance 01/23 (new)	Result H1 2022	Implied H2 result
EBITDA after CAC	4.4	10.0 - 12.0	10.0 - 12.0	9.0	4.7	4.3
<i>EBITDA margin after CAC</i>	8.6%	16.1 - 17.9%	18.5 - 21.1%	17.3%	17.0%	17.7%
EBITDA before CAC	17.5	16.0 - 18.0	14.0 - 16.0	-	7.9	-
CAC	13.1	6.0	4.0	-	3.2	-
<i>EBITDA margin before CAC</i>	34.0%	25.8 - 26.9%	25.9 - 28.1%	-	28.5%	-

Source: Company

Solid balance sheet with net cash is the basis of future growth

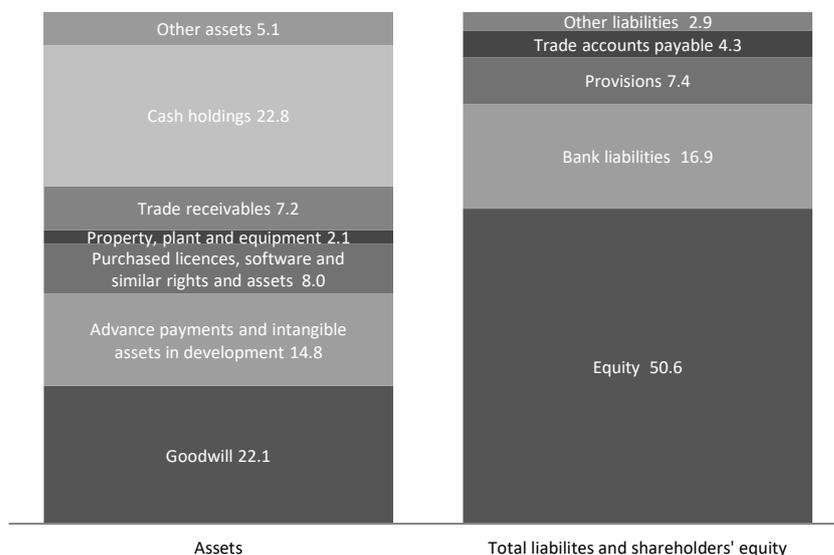
The digital business model of Smartbroker Holding AG is also reflected in the company’s lean balance sheet. The **assets side** is mainly characterised by the high cash holdings of EUR 22.8m (27.7%) and by purchased licences, software and similar rights and assets (EUR 8.0m; 9.7%). At EUR 22.1m or 26.9%, goodwill is the second largest item on the assets side of the balance sheet, which is attributable to the past acquisitions of the financial portals and wallstreet:online capital AG. Please note that the company’s reports are based on HGB accounting (German Commercial Code) according to which Smartbroker Holding amortises its goodwill. The balance sheet quality will be continuously improved in this respect. The development of the Smartbroker 2.0 accounts for as much as EUR 14.8m as per 30 June 2022 (18.1%) in the form of the item “advance payments and intangible assets in development” and is the last major balance sheet item alongside trade and other receivables (EUR 7.2m; 8.7%).

The **liabilities side** is mainly characterised by the high equity rate of 61.6%. Furthermore, financial liabilities of EUR 16.9m (20.5%) are a major item, with the majority of these liabilities (EUR 12.6m) having a medium term of between one and five years. Reserves of EUR 7.4m or 9.1% of the balance sheet total are another major item, which was set up for tax payments, invoices outstanding and various obligations to employees.

Despite the fundamental transformation of Smartbroker Holding AG, we do not expect any substantial changes of the balance sheet structure going forward given that the company pursues an asset-light model within the brokerage business and therefore does not need to significantly build up working capital despite the high growth rate.

Balance sheet structure

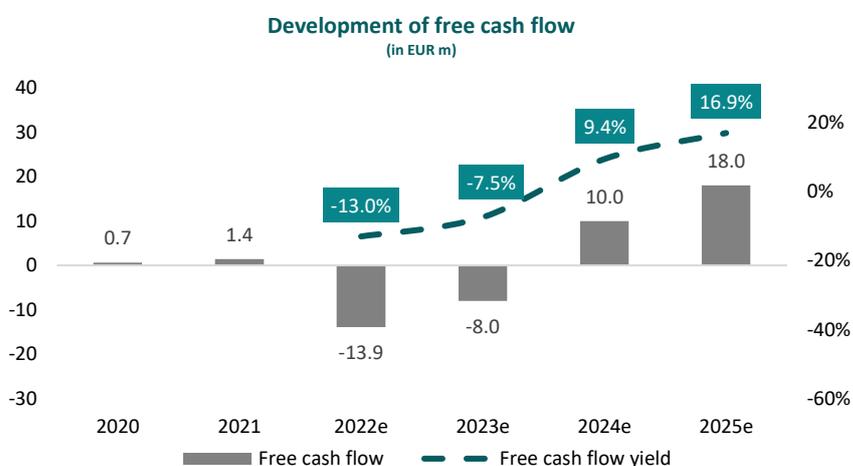
(as at 30.06.2022; in EUR m)



Source: Company

Free cash flows grow gradually as investments needs fall

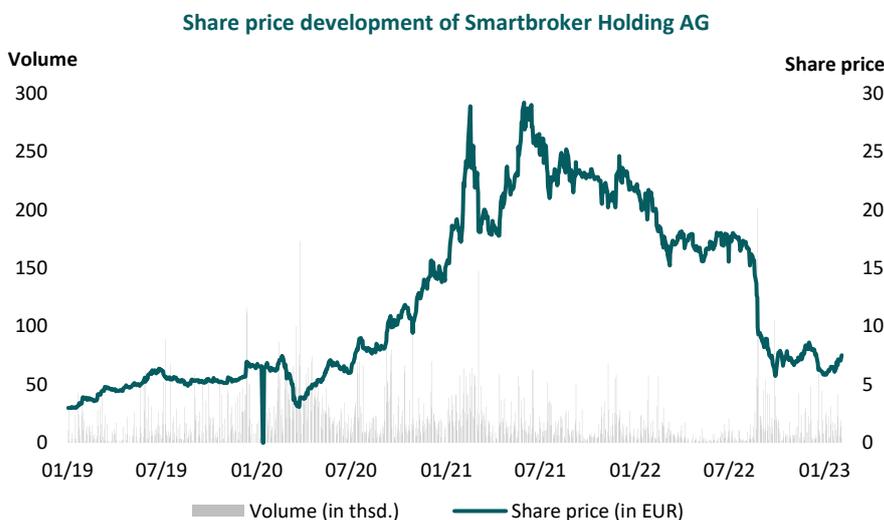
Whilst the positive operating development of the media business with its strong growth and continuing profitability (MONE 2022: EBITDA c. EUR 15m, FCF c. EUR 10m) had been largely overshadowed by the high development costs for the Smartbroker in 2021 and 2022e, which should even have led to a double-digit negative free cash flow in 2022 (MONE: EUR -13.9m) we expect this KPI to be substantially improving in 2023. This is primarily due to the lower degree of investment needs in relation to the Smartbroker 2.0, whose completion necessitated incremental capital expenditure amounting to of EUR 5.0m in the current fiscal year. The cash flow from investing activities for the front-end and back-end of the “Smartbroker 2.0” project had been significantly higher most recently (2021: EUR 6.4m; H1/22: EUR 14.3m). We have accounted for another EUR 3.5m in the second half of 2022. We expect a stable CAPEX level of EUR 2.0m p.a. from 2024 onwards. This will lead to an attractive free cash flow yield for investors in the medium term, which is expected to amount to 9.4% in 2024 based on a current EV of EUR 106.8m.



Source: Company, Montega

News flow should be driven by development progress of the Smartbroker 2.0

The shares of Smartbroker Holding AG have seen a very volatile development since the completion of the M&A phase and the entry into the brokerage business in 2019. The shares rose from roughly EUR 5.00 in 2019 to an all-time-high of EUR 29.20. After their high in Q2 2021 they suffered from an increasingly negative capital market sentiment as well as from two profit warnings and the postponement of Smartbroker 2.0 so that most gains were lost again.



Source: CapitalIQ

The full set of preliminary figures of FY 2022 is expected to be published in March 2023, but these should already be reflected in the share price following the reduction in guidance at the end of January. The outlook for 2023 (MONE sales +4.0% yoy; EBITDA margin -9.9pp yoy) is unlikely to provide momentum for the shares either, in our view.

Conversely, the confirmation of this year's market launch of the Smartbroker 2.0 and the publication of the first product details would be true triggers for the shares. We also assume that the reduction of the high development costs will become more tangible to the market and that investors will start to anticipate the implications on the earnings power of the company.

Additionally, we expect to see the introduction of a dedicated segment reporting during the year and possibly the announcement that reporting will be changed from half-yearly to quarterly publications.

Normalisation of cost basis and future growth potential not sufficiently reflected in valuation

We have valued the shares of Smartbroker Holding AG on the basis of a DCF model and put this result into perspective with the help of a peer group and a similar transactions analysis. All valuation methods suggest that the shares are significantly undervalued.

DCF scenario: In view of the structural growth in demand of the addressed market segments, we expect the top line development to remain dynamic in the medium term (organic revenue CAGR 2022e-2025e: 16.9%). In combination with economies of scale, this is expected to result in positive free cash flows. The assumption of a beta of 1.4 and a WACC of 9.0% leads to a fair value per share of EUR 14.00. This implies an attractive upside of 86% on the basis of the latest closing price.

Peer group comparison and similar transactions analysis: Our plausibility check with two methodologies underlines the outcome of the DCF model. Even a discount of 33% on the sum-of-the-parts values derived for the media (EUR 12 per share) and transaction segments (EUR 9 per share) justifies our DCF-based price target.

Conclusion

Smartbroker Holding AG has been punished by the capital market in the more recent past. The company has been extremely successful in its traditional core business and boosted its revenue and profits significantly also through several acquisitions. In view of the longstanding industry know-how in digital financial media and the stable and promising market position we expect the media segment to remain the company's solid basis also in the future. In its transaction segment, Smartbroker has benefited from extremely good market conditions over the last few years and has built up a large client base attracted to the company's unique customer value proposition. We believe that the company will have tackled some key weaknesses when launching the next Smartbroker 2.0 product version (e.g. availability of a mobile app, new user surface) and improve its competitive position appreciably. The change in strategy communicated in December 2022 and the new cooperation agreement are seen to reduce the operating risk considerably. We believe that the highly scalable and high-margin brokerage business has been virtually ignored in the current share price which offers an attractive opportunity for investors to buy shares of an ambitious digital broker at zero cost.

SWOT

Smartbroker Holding AG has achieved a leading position in the area of digital financial portals over its 25 years in the industry and has an excellent monetisation strategy. Another strength is the company's vast reach and awareness level of its digital media properties, whose cash flows have been used for the general build-out and in particular to acquire customers for Smartbroker since the end of 2019.

We believe that a continuing stock market weakness is one of the major risks as it may lead to a sustainable withdrawal of German private investors and may make the acquisition of new customers more difficult. Furthermore, a renewed delay of the Smartbroker 2.0 or possible product weaknesses or issues in relation to the planned migration of customers are potential risk factors.

Strengths

- Smartbroker has established digital portals in the media segment with a loyal user base and longstanding customer relations.
- The advertising business in the investor relations segment (segment share c. 40%) is addressed by only few competitors so that Smartbroker Holding has high pricing power in this field. Additionally, the market in this niche is less volatile in comparison to others.
- Its far-reaching financial media assets represent exclusive and free advertising spaces for the company's digital broker.
- Earnings from the highly profitable, cash-flow generative media business can be used to finance the customer acquisition and general build-out of Smartbroker.
- As a next generation broker, Smartbroker has one of the industry's most attractive value propositions for retail investors in Germany.

Weaknesses

- The financial portals and apps of Smartbroker Holding AG have an inferior user interface compared to many competitive products.
- Smartbroker Holding has a lower capitalisation than some of the competitors, which would suggest that the company has fewer resources for customer acquisition.
- The increasing importance of the brokerage segment leads to a growing sales and earnings volatility.

Opportunities

- The existing user base of the four financial portals in the media segment is many times higher than the current number of securities accounts and may be successfully used to expand the customer base of the Smartbroker 2.0.
- The launch of the Smartbroker 2.0 has the potential to reduce the churn rate as major reasons for a change of the broker no longer apply with the availability of a mobile app and a modern user interface.
- The acquisition of new customers is also supported by political and social developments. For instance, the so-called Future Financing Act (Zukunftsfinanzierungsgesetz) aims at increasing the attractiveness of private financial investment in the long term helped by tax incentives.
- Following the market launch of the Smartbroker 2.0, the company has the possibility to monetise the user surface of its digital broker and to collect additional advertising revenue, e.g. from product partners.
- The launch of Smartbroker 2.0 and the related mobile app are expected to lead to a sustainable increase in transaction figures. The implementation of 3-click-trading through financial portals may have a similar impact on the trading activity.

Threats

- The sustained loss of users or reduction of reach in the media segment may lead to significant sales losses.
- It may become more difficult to acquire new customers if other digital brokers reduce their fee structure or if the number of investors declines on the back of a sustained withdrawal from the capital market.
- The expected loss of customers (MONE: 15%) in connection with the planned migration of the securities accounts of existing customers from DAB to Baader Bank may be higher than expected.
- Additional delays and product weaknesses of Smartbroker 2.0 would be another burden to the consumer confidence and may increase the churn rate.
- A return to the zero-rate policy would prevent interest income which is based on a threshold of 100% (MONE: EUR 4.5m in 2024).

VALUATION

We have valued Smartbroker Holding with the help of a DCF model and have also conducted a peer group and a similar transactions analysis to verify the plausibility. The assumptions of the DCF model are shown below.

DCF model

The DCF model reflects the mid- to long-term growth prospects which are driven by a strong positioning in promising market segments. Smartbroker is expected to grow group revenue at an average rate of 16.9% p.a. in the medium-term forecast horizon (2022e to 2025e). We believe revenues in the transaction segment, which will be the most important business unit going forward, are mainly driven by a steadily growing client base, the normalisation of the trading activity and additional interest income and advertising revenues from the commercialisation of the Smartbroker front-end. In the long term, we assume a gradual decline of the growth rates to factor in the intensive competition in the brokerage market amongst others. To determine the terminal value, we have used a long-term growth rate of 2.0%.

On the bottom line, we assume that significant economies of scale can be realised after completion of the investment phase that begun in 2021. This should lead to a gradual increase of the EBITDA margin from 7.4% (2021) to 31.9% (2025e) in the medium term and thus towards the historical level (Ø 2017 to 2019: 41.1%). We apply a significant discount to the profitability level expected in the medium term (EBIT margin 2028e: 32.2%) for the calculation of the terminal value (EBIT margin terminal value: 25.0%; -7.2pp).

The beta of 1.4 reflects the stable media business and the company's strong balance sheet structure, but also reflects the increased volatility of the brokerage business and the intensive competitive landscape.

We assume a risk-free yield of 2.5% on the basis of long-term fixed-rate securities. We apply a market yield of 9.0%, which results in a risk premium of 6.5%. The assumption of a long-term debt ratio of 30% leads to WACC of 8.96%.

The DCF model results in a **fair value per share of EUR 14.00** for Smartbroker Holding AG.

DCF Model

Figures in m	2022e	2023e	2024e	2025e	2026e	2027e	2028e	Terminal Value
Sales	52.0	54.1	70.9	83.0	92.8	102.8	113.8	116.0
<i>Change yoy</i>	7.9%	4.0%	31.1%	17.0%	11.8%	10.8%	10.7%	2.0%
EBIT	-0.9	-1.9	5.7	18.0	24.4	30.5	36.7	29.0
<i>EBIT margin</i>	-1.7%	-3.4%	8.0%	21.7%	26.3%	29.7%	32.2%	25.0%
NOPAT	-1.6	-2.6	4.0	12.6	17.1	21.3	25.7	20.3
Depreciation	9.9	5.9	9.4	8.5	7.7	7.1	6.5	2.0
<i>in % of Sales</i>	19.1%	10.9%	13.3%	10.2%	8.3%	6.9%	5.8%	1.7%
Change in Liquidity from								
- Working Capital	-0.3	-3.5	-1.0	-0.6	-0.3	-0.4	-0.4	-0.1
- Capex	-21.3	-7.0	-2.0	-2.0	-2.0	-2.0	-2.0	-2.0
<i>Capex in % of Sales</i>	40.9%	12.8%	2.8%	2.4%	2.2%	1.9%	1.8%	1.7%
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Free Cash Flow (WACC-Model)	-13.2	-7.2	10.4	18.5	22.5	26.0	29.8	20.2
WACC	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%
Present Value	-13.3	-6.6	8.8	14.4	16.1	17.1	17.9	160.5
Total present value	-13.3	-19.9	-11.1	3.3	19.4	36.4	54.4	214.8

Valuation

Total present value (Tpv)	214.8
Terminal Value	160.5
Share of TV on Tpv	75%
Liabilities	16.9
Liquidity	28.0
Equity Value	225.9

Growth: sales and margin

Short term: Sales growth	2022-2025	16.8%
Mid term: Sales growth	2022-2028	13.9%
Long term: Sales growth	from 2029	2.0%
EBIT margin	2022-2025	6.1%
EBIT margin	2022-2028	16.1%
Long term EBIT margin	from 2029	25.0%

Number of shares (mln)	15.68
Value per share (EUR)	14.41
+Upside / -Downside	92%
Share price	7.52

Sensitivity Value per Share (EUR)

Terminal Growth

WACC	1.25%	1.75%	2.00%	2.25%	2.75%
9.46%	12.49	13.04	13.34	13.66	14.37
9.21%	12.94	13.53	13.85	14.20	14.98
8.96%	13.41	14.05	14.41	14.79	15.64
8.71%	13.92	14.62	15.00	15.42	16.36
8.46%	14.46	15.22	15.65	16.11	17.14

Modellparameter

Debt ratio	30.0%
Costs of Debt	4.0%
Market return	9.0%
Risk free rate	2.50%

Sensitivity Value per Share (EUR)

EBIT margin from 2029e

WACC	20.00%	22.50%	25.00%	27.50%	30.00%
9.46%	11.48	12.41	13.34	14.27	15.19
9.21%	11.90	12.88	13.85	14.83	15.81
8.96%	12.35	13.38	14.41	15.44	16.46
8.71%	12.84	13.92	15.00	16.09	17.17
8.46%	13.36	14.50	15.65	16.79	17.93

Source: Montega

Peer group comparison and similar transactions analysis

An assessment of the industry proves difficult due to several aspects. Comparable companies or direct competitors in the media segment are either not listed nor are there any listed companies with a two-tier business model comparable to the model of Smartbroker Holding AG. Based on the growing and, in the future, superior importance of the transaction segment, we believe that a comparison with listed retail brokerage companies should be adequate. This includes the European companies flatexDEGIRO (DE), Avanza (SE) and Nordnet (SE). Interactive Brokers in the US-American market has a similar business model. It is a problem, however, that all the peers are fully licensed banks, which makes it impossible to compare the companies on the basis of the enterprise value. Since Smartbroker will not generate a positive earnings contribution in the brokerage business until 2025, in our view, a usual peer group analysis does not seem to be applicable.

A screening of European companies from the “Interactive media and services” sector that is relevant for Smartbroker Holding and which we conduct with the help of Capital IQ shows that the companies are valued with a median EV/EBITDA (LTM) of 12.7x. Since we anticipate EBITDA of EUR 15.0m in the **media segment** in 2022 and a comparable multiple would therefore justify an EV of **EUR 190.5m** (EUR 12.15 per share) for the media segment alone, we believe that the capital market has completely disregarded the potential of the Smartbroker 2.0 at the current valuation level.

Similar transactions include the acquisition of Dutch competitor DEGIRO by flatex in 2019. The purchase price was EUR 250m on a debt-free basis which implies a valuation of 25x the profit in 2019 or a EV/EBITDA ratio of 18x. When putting the customer basis of 470,000 investors in relation to the purchase price, flatex paid almost EUR 532 per DEGIRO customer. When applying an identical multiple to the transaction segment of Smartbroker Holding AG, the value of this segment alone amounts to **EUR 143.6m** (EUR 9.16 per share) on the basis of some 270,000 securities accounts.

This figure justifies our DCF-based price target of EUR 14.00 per share even if we apply a discount of 35% on the figures derived for the two segments.

COMPANY BACKGROUND

Smartbroker Holding AG is a financial services provider specialised in commercialising digital financial media assets including web portals, online forums and apps as well as providing digital retail brokerage services. As the largest publisher-independent financial portal operator in the German-speaking countries, the company has four online platforms generating 3.9bn page impressions in 2021 and over 970,000 registered users, which represent the largest financial community in Germany. Whilst the media segment is the company's traditional core business, the focus will increasingly shift towards the brokerage business which was launched at the end of 2019. The management systematically re-invests the cash flows generated in the media segment into the customer growth of the Smartbroker and will continue to pursue this strategy after the launch of the new, improved product version, Smartbroker 2.0, which is envisaged for mid-2023. In December 2022, Smartbroker supported over 270,000 securities accounts and assets under custody of over EUR 9.2bn.

Key Facts

Ticker	SB1	Revenue	EUR 48.2m
Sector	Financial Technology	EBIT	EUR 0.3m
Employees	244	EBIT margin	0.7%
Core competence	Operation and commercialisation of digital financial media, provision of digital brokerage services		
Locations	Berlin (headquarters), Kiel, Leipzig, Munich, Zurich		
Customer structure	<ul style="list-style-type: none"> • Media segment: Companies from a wide range of industries, with a focus on financial institutions and listed small and mid caps • Transaction segment: Private investors 		

Source: Company

As of FY 2021

Major events in the company's history

- 1998** Foundation of GIS Wirtschaftsdaten GmbH | Launch of online portal and forum wallstreet-online.de
- 1999** Implementation of a first capital increase (net.IPO as investor)
- 2000** Change of name to wallstreet:online GmbH and change of form to Aktiengesellschaft (joint-stock company)
Implementation of two capital increases (including 3i and T Venture as investors)
- 2003** Acquisition of all shares of the external investors by the Kolbinger family
- 2006** Listing of wallstreet:online AG (Open Market Frankfurt stock exchange)
- 2007** Acquisition of 50.10% by Axel Springer SE
- 2009** Stake increased to 75.01% by Axel Springer SE
- 2010** André Kolbinger reacquires 75.01% of the shares from Axel Springer SE
- 2018** Acquisition of Markets Inside Media GmbH, a German financial portal operator (boersennews.de)
Implementation of a capital increase (issuing volume EUR 5.9m)
- 2019** Acquisition of the operating companies of the ariva.de and finanznachrichten.de financial portals and of the Smart Investor magazine

Acquisition of 30% of the shares in Smartbroker AG (previously wallstreet:online capital AG) and call option secured to increase stake to a majority share

Implementation of a capital increase (issuing volume EUR 5.9m)

Launch of the Smartbroker in December (as a white label product in cooperation with a partner bank)

2020 Smartbroker reaches 80,000 securities accounts

2021 Stake in Smartbroker AG increased to over 95%

Implementation of a capital increase (issuing volume EUR 19.1m)

Start of development work on Smartbroker 2.0 (deepening of the value chain, independence from the previous partner bank)

Smartbroker reaches over 200,000 securities accounts

2022 Implementation of a capital increase (issuing volume: EUR 10.0m).

Acquisition of the remaining shares of Smartbroker AG by way of a squeeze-out

Change of name to Smartbroker Holding AG

Continuation of development work on Smartbroker 2.0

Cooperation agreement with Baader for the implementation of Smartbroker 2.0

Development stages of Smartbroker Holding AG

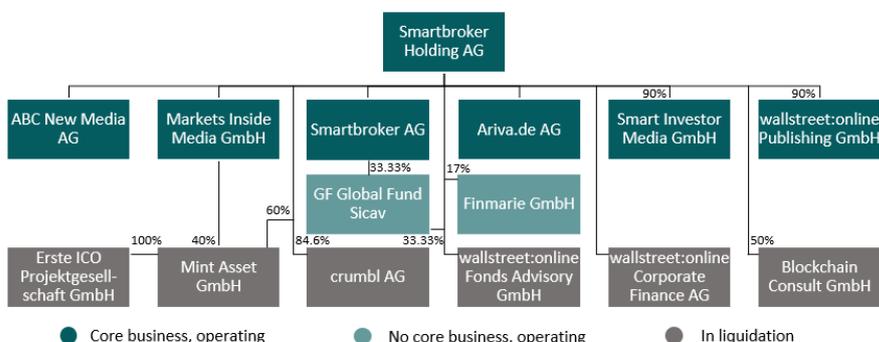


Source: Company

Scope of Consolidation

Smartbroker Holding AG is the holding company in the group’s organisation structure. The operating business activities of the transaction segment are controlled by the Smartbroker AG, whilst there are five separate subsidiaries in the media segment which bundle the respective activities of the individual financial portals and are responsible for the editorial work of the group. Smartbroker Holding AG currently works on simplifying its organisational structure, which is why six subsidiaries are being liquidated. Furthermore, two shareholdings are of negligible commercial significance.

Organizational structure of Smartbroker Holding AG



Source: Company

Business model and individual segments

Smartbroker Holding AG divides its business activities into two segments:

The **transaction segment (pro forma revenue share in 2021: 31%)** comprises all digital brokerage services of the company. This includes mainly Smartbroker, which combines the advantages of a low-cost neo broker with the broad product and services portfolio of a classic first-generation online broker. On the one hand, Smartbroker offers trading via gettex and Lang & Schwarz at either zero cost or at one euro but is also connected to all other German trading platforms and exchanges, where clients can trade at fees of four and five euros. Smartbroker also stands out for its fee-free securities accounts, four further optional fee-free currency accounts and a wide variety of international trading venues. In addition to shares, the clients can trade in over 1.5 million derivatives issued by 16 providers, numerous funds and ETFs as well as savings plans. The online broker primarily generates revenues through **retail commissions** and, to a smaller extent, with **rebates** and other fees which are paid by derivative providers and stock exchange operators.

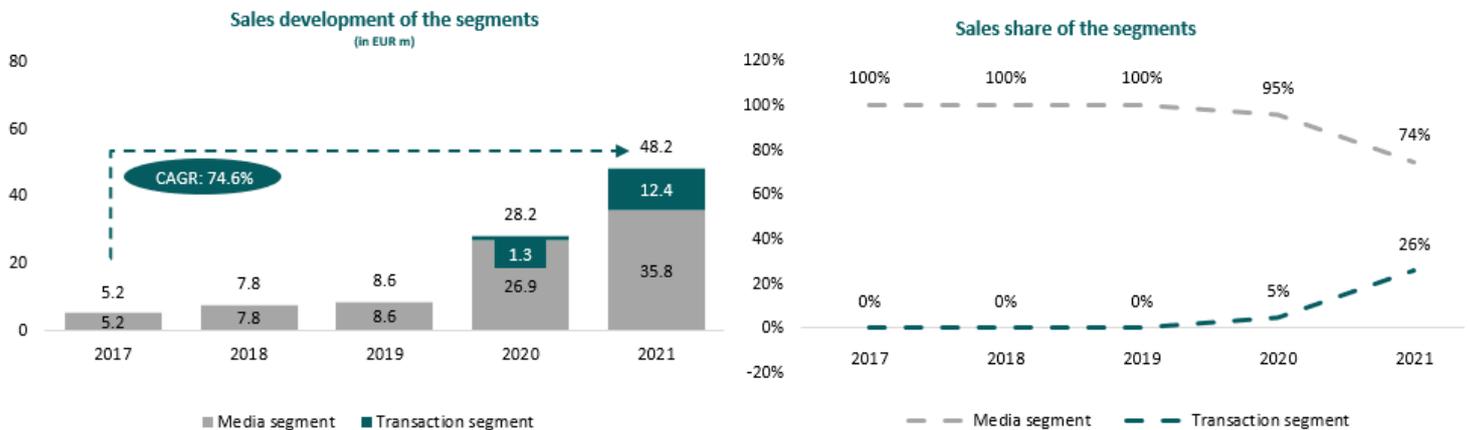
Smartbroker Holding also operates Fondsdiscout, a digital brokerage platform, and investment broker wallstreet:online capital. The former enables private investors to buy over 24,000 funds without issue premia. The latter exclusively caters to the client base (some 23,000 securities accounts of VW employees) acquired from Volkswagen Bank. The two products are of subordinate commercial relevance, which is expected to continue to decline going forward since the growth strategy is focused on the further build-out of Smartbroker.

The **media segment (pro forma revenue share in 2021: 69%)** combines the four digital financial media assets wallstreet:online, börsennews, ariva, finanznachrichten as well as the Smart Investor magazine. In addition to financial data and comprehensive reporting on current economic and stock market news, the media assets also include a variety of thematic member's forums, where users can discuss with other users. In addition to the individual web presence, every financial portal has an own mobile app. The group monetarises the reach of the online platform in a B2B model with the four levels below.

- Some **40%** of segment revenues are generated by advertising contracts which are signed with longstanding **key accounts** (mostly banks or other financial services providers). Smartbroker Holding has its own sales team, which usually signs agreements with the relevant clients, which guarantee a certain number of advertising impressions. Based on the homogeneous users of the financial portals, which are mainly German-speaking private investors, the advertising inventory is very attractive, e.g. for issuers of financial products such as derivatives, funds and ETFs.
- Investor Relations marketing accounts for another **40%** of segment revenues. It is often booked by foreign small and midcaps through specialised agencies to exclusively sell their own equity story on financial portals. This offer is very interesting from an advertiser's point of view, not only because of the nature of the users but also because of the vast reach of the media assets. Smartbroker Holding regularly reaches at least 40% of German private investors so that the clients can cover a majority of the relevant German market with only one advertising partner.
- Some **5%** of segment revenues result from programmatic advertising (**real-time bidding**), where the remaining advertising space is auctioned in real time to advertisers of various industries with the help of a partner.
- **Paid content offers** (e.g. market letters), which were launched in the autumn of 2022, make up a fourth pillar of the monetarisation strategy. Smartbroker Holding started to actively sell this product in January 2023. Therefore, the historic revenue contribution is still **0%**.

To complement this, the group also has a B2B business which develops individual **software and financial data solutions** for clients from the financial industry. It accounts for **15%** of segment revenues.

Segment Reporting of Smartbroker Holding AG



Source: Company

Acquisition history

Smartbroker Holding AG acquired various companies in the past few years, primarily with the aim to strengthen the media business.

Acquisition	Date	Purchase price	Stake
Markets Inside Media GmbH	31.01.2018	520,000 shares	100.00%
Markets Inside Media GmbH operates the boersennews.de financial portal and the app of the same name. The company was transferred by way of a contribution in kind in exchange for new shares.			
Trade Republic UG	05.07.2018	EUR 0.885m	c. 2.00%
Trade Republic UG is a German neo broker which pursues a mobile-only strategy. The shareholding was sold in April 2020 for an amount in the low to medium single-digit million area.			
wallstreet:online capital AG	17.10.2018	MONe: EUR 3.00m	30.00%
wallstreet:online capital AG acts as distributor of financial products and was authorised by the Federal Financial Supervisory Authority (BaFin) as financial intermediary in 2006. As part of the entry into the company, the parties agreed a call option providing for an increase to >50%. The company was fully taken over in April 2022 and changed its name to Smartbroker AG.			
ABC New Media AG	27.02.2019	MONe: EUR 2.800m	100.00%
The acquired company operates the finanznachrichten.de financial portal.			
Ariva AG	24.06.2019	MONe: 7,500 Mio. Euro	100,00%
The company operates the financial portal ariva.de.			
Smart Investor Media GmbH	21.08.2019	n.a.	90.00%
The company operates the Smart Investor print and digital magazine.			
FinMarie GmbH	2021	EUR 0.533m	17.00%
According to own statements, FinMarie is the first European financial platform from women for women.			

Source: Company

Management

Smartbroker Holding AG is managed by five Board members.



André Kolbinger (CEO) is the founder of the company group and its Chief Executive Officer, last since August 2022. In the past, he acted either as chief executive or chairman of the supervisory board. He developed the company into one of the leading financial media and brokerage companies in Germany. Mr. Kolbinger is also majority shareholder of Smartbroker Holding AG.



Roland Nicklaus (CFO) was appointed to the Board of Smartbroker Holding AG in April 2021, after he had been a member of the company's Supervisory Board for almost 13 years. Mr. Nicklaus had been working in various senior management positions of investment banks Salomon Brothers, Rothschild and HSBC in London for 23 years and thus has an excellent network and extensive experience in the financial services industry.



Oliver Haugk (CTO) has been a member of the Management Board of Smartbroker Holding AG since November 2017. A graduate in business administration, he headed the portal boersennews.de at the time of its acquisition by Smartbroker Holding from Unister Group. Oliver's main areas of expertise are the fields of digital marketing technology, as well as online financial media.



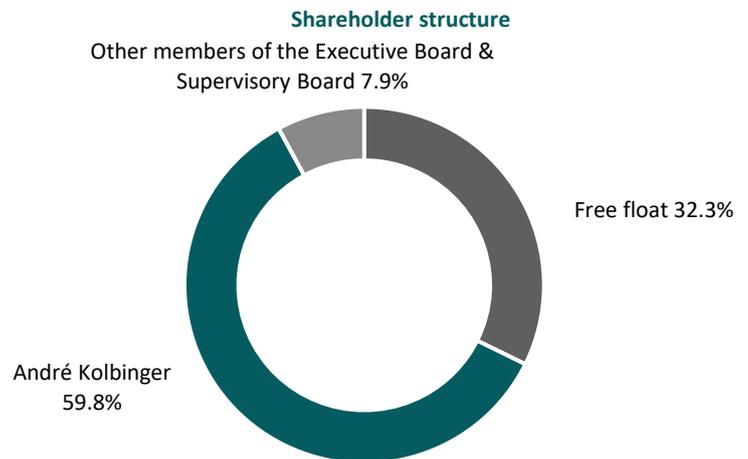
Michael Bulgrin (Chief Content Officer) is responsible for media content production and commercialisation. Following his studies in business administration, Mr. Bulgrin worked as public and investor relations consultant before he joined Smartbroker Holding in August 2015. Following roles in Corporate Communications and subsequently Sales, he joined the Management Board in November 2017.



Stefan Zmojda (Chief Revenue Officer) has been responsible for sales and marketing since April 2021. He joined Smartbroker Holding AG in 2013 and held various positions including the position of CEO between 2019 and 2021. A graduate in business administration, he previously worked as product and project manager in several companies specialised in financial media.

Shareholder structure

Smartbroker Holding AG has 15,681,252 bearer shares in issue. Founder and CEO André Kolbinger holds the majority of the shares with a stake of 59.8%. The remaining members of the Management and Supervisory Boards account for 7.9%. Free float is 32.3%.



Source: Company

APPENDIX

P&L (in Euro m) Smartbroker Holding AG	2020	2021	2022e	2023e	2024e
Sales	28.2	48.2	52.0	54.1	70.9
Increase / decrease in inventory	0.0	0.0	0.0	0.0	0.0
Own work capitalised	0.0	0.9	2.5	3.0	0.0
Total sales	28.2	49.1	54.5	57.1	70.9
Material Expenses	13.5	25.9	18.0	19.0	21.0
Gross profit	14.8	23.2	36.5	38.1	49.9
Personnel expenses	8.0	12.6	20.0	21.6	23.1
Other operating expenses	2.5	7.7	8.0	13.0	12.4
Other operating income	0.3	0.6	0.5	0.5	0.7
EBITDA	4.5	3.6	9.0	4.1	15.1
Depreciation on fixed assets	0.4	0.3	0.5	0.5	0.6
EBITA	4.1	3.2	8.5	3.5	14.5
Amortisation of intangible assets	0.7	1.1	6.8	2.7	6.2
Impairment charges and Amortisation of goodwill	1.3	1.8	2.6	2.6	2.6
EBIT	2.0	0.3	-0.9	-1.9	5.7
Financial result	2.5	-0.3	-0.4	-0.6	-0.6
Result from ordinary operations	4.6	0.0	-1.3	-2.4	5.1
Extraordinary result	0.0	0.0	0.0	0.0	0.0
EBT	4.6	0.0	-1.3	-2.4	5.1
Taxes	1.0	0.6	1.0	1.0	1.5
Net Profit of continued operations	3.6	-0.5	-2.3	-3.4	3.6
Net Profit of discontinued operations	0.0	0.0	0.0	0.0	0.0
Net profit before minorities	3.6	-0.5	-2.3	-3.4	3.6
Minority interests	0.0	0.0	0.0	0.0	0.0
Net profit	3.5	-0.5	-2.3	-3.4	3.6

Source: Company (reported results), Montega (forecast)

P&L (in % of Sales) Smartbroker Holding AG	2020	2021	2022e	2023e	2024e
Sales	100.0%	100.0%	100.0%	100.0%	100.0%
Increase / decrease in inventory	0.0%	0.0%	0.0%	0.0%	0.0%
Own work capitalised	0.0%	1.8%	4.8%	5.5%	0.0%
Total sales	100.0%	101.8%	104.8%	105.5%	100.0%
Material Expenses	47.7%	53.6%	34.6%	35.1%	29.6%
Gross profit	52.3%	48.2%	70.2%	70.5%	70.4%
Personnel expenses	28.3%	26.2%	38.5%	40.0%	32.6%
Other operating expenses	8.9%	15.9%	15.3%	24.0%	17.5%
Other operating income	0.9%	1.3%	1.0%	1.0%	1.0%
EBITDA	16.0%	7.4%	17.4%	7.5%	21.3%
Depreciation on fixed assets	1.6%	0.7%	1.0%	1.0%	0.8%
EBITA	14.5%	6.7%	16.4%	6.5%	20.5%
Amortisation of intangible assets	2.6%	2.3%	13.1%	5.1%	8.8%
Impairment charges and Amortisation of goodwill	4.7%	3.7%	5.1%	4.9%	3.7%
EBIT	7.2%	0.7%	-1.7%	-3.4%	8.0%
Financial result	9.0%	-0.6%	-0.7%	-1.1%	-0.8%
Result from ordinary operations	16.2%	0.1%	-2.5%	-4.5%	7.2%
Extraordinary result	0.0%	0.0%	0.0%	0.0%	0.0%
EBT	16.2%	0.1%	-2.5%	-4.5%	7.2%
Taxes	3.6%	1.2%	1.9%	1.8%	2.2%
Net Profit of continued operations	12.6%	-1.1%	-4.4%	-6.4%	5.0%
Net Profit of discontinued operations	0.0%	0.0%	0.0%	0.0%	0.0%
Net profit before minorities	12.6%	-1.1%	-4.4%	-6.4%	5.0%
Minority interests	0.2%	0.0%	0.0%	0.0%	0.0%
Net profit	12.4%	-1.1%	-4.4%	-6.4%	5.0%

Source: Company (reported results), Montega (forecast)

Balance sheet (in Euro m) Smartbroker Holding AG	2020	2021	2022e	2023e	2024e
ASSETS					
Intangible assets	20.5	37.5	48.5	49.5	42.1
Property, plant & equipment	0.4	0.9	2.4	2.4	2.5
Financial assets	7.9	2.2	2.5	2.5	2.5
Fixed assets	28.8	40.6	53.5	54.5	47.1
Inventories	0.1	0.0	0.0	0.0	0.0
Accounts receivable	2.8	7.0	7.5	7.8	6.8
Liquid assets	14.1	25.5	31.0	23.0	33.0
Other assets	5.5	2.3	2.3	2.3	2.3
Current assets	22.4	34.8	40.8	33.1	42.1
Total assets	51.2	75.4	94.2	87.6	89.2
LIABILITIES AND SHAREHOLDERS' EQUITY					
Shareholders' equity	30.2	49.1	56.5	53.1	56.7
Minority Interest	0.0	0.4	0.4	0.4	0.4
Provisions	2.7	6.1	6.1	6.1	6.1
Financial liabilities	7.5	5.7	16.9	16.9	16.9
Accounts payable	1.6	8.9	9.1	5.9	3.9
Other liabilities	9.1	5.2	5.2	5.2	5.2
Liabilities	20.9	25.9	37.3	34.1	32.1
Total liabilities and shareholders' equity	51.2	75.4	94.2	87.6	89.2

Source: Company (reported results), Montega (forecast)

Balance sheet (in %) Smartbroker Holding AG	2020	2021	2022e	2023e	2024e
ASSETS					
Intangible assets	40.0%	49.7%	51.5%	56.6%	47.2%
Property, plant & equipment	0.8%	1.2%	2.6%	2.8%	2.8%
Financial assets	15.5%	3.0%	2.7%	2.9%	2.8%
Fixed assets	56.2%	53.8%	56.7%	62.2%	52.8%
Inventories	0.1%	0.1%	0.0%	0.0%	0.0%
Accounts receivable	5.5%	9.2%	8.0%	8.9%	7.6%
Liquid assets	27.5%	33.9%	32.9%	26.3%	37.0%
Other assets	10.7%	3.0%	2.4%	2.6%	2.6%
Current assets	43.8%	46.2%	43.3%	37.8%	47.2%
Total assets	100.0%	100.0%	100.0%	100.0%	100.0%
LIABILITIES AND SHAREHOLDERS' EQUITY					
Shareholders' equity	59.0%	65.1%	60.0%	60.6%	63.5%
Minority Interest	0.0%	0.5%	0.4%	0.5%	0.4%
Provisions	5.3%	8.1%	6.5%	7.0%	6.9%
Financial liabilities	14.7%	7.6%	17.9%	19.3%	18.9%
Accounts payable	3.1%	11.8%	9.7%	6.7%	4.4%
Other liabilities	17.8%	6.9%	5.5%	6.0%	5.9%
Liabilities	40.9%	34.4%	39.6%	38.9%	36.0%
Total liabilities and shareholders' equity	100.0%	100.0%	100.0%	100.0%	100.0%

Source: Company (reported results), Montega (forecast)

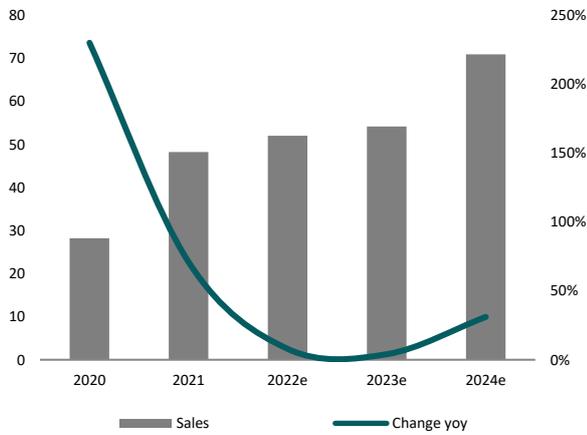
Statement of cash flows (in Euro m) Smartbroker Holding AG	2020	2021	2022e	2023e	2024e
Net income	3.6	-0.5	-2.3	-3.4	3.6
Depreciation of fixed assets	0.4	0.3	0.5	0.5	0.6
Amortisation of intangible assets	2.5	3.5	9.4	5.4	8.9
Increase/decrease in long-term provisions	0.3	3.3	0.0	0.0	0.0
Other non-cash related payments	-4.7	4.2	0.0	0.0	0.0
Cash flow	2.1	10.7	7.6	2.5	13.0
Increase / decrease in working capital	-0.9	3.2	-0.3	-3.5	-1.0
Cash flow from operating activities	1.2	13.9	7.4	-1.0	12.0
CAPEX	-0.5	-12.5	-21.3	-7.0	-2.0
Other	-0.8	-7.3	-1.5	0.0	0.0
Cash flow from investing activities	-1.3	-19.8	-22.8	-7.0	-2.0
Dividends paid	0.0	0.0	0.0	0.0	0.0
Change in financial liabilities	-2.8	-1.8	11.2	0.0	0.0
Other	7.3	19.0	9.7	0.0	0.0
Cash flow from financing activities	4.5	17.2	20.9	0.0	0.0
Effects of exchange rate changes on cash	0.0	0.2	0.0	0.0	0.0
Change in liquid funds	4.4	11.3	5.5	-8.0	10.0
Liquid assets at end of period	14.1	25.5	31.0	23.0	33.0

Source: Company (reported results), Montega (forecast)

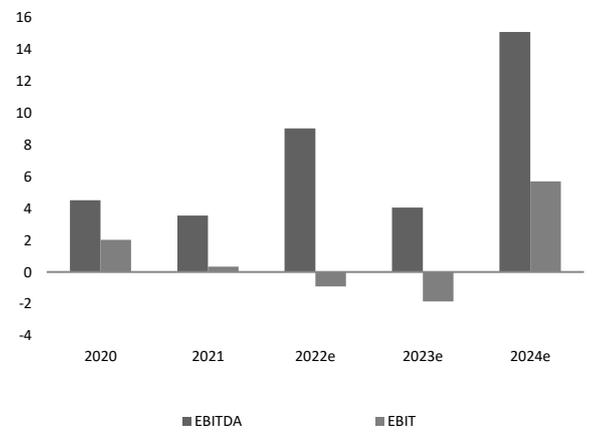
Key figures Smartbroker Holding AG	2020	2021	2022e	2023e	2024e
Earnings margins					
Gross margin (%)	52.3%	48.2%	70.2%	70.5%	70.4%
EBITDA margin (%)	16.0%	7.4%	17.4%	7.5%	21.3%
EBIT margin (%)	7.2%	0.7%	-1.7%	-3.4%	8.0%
EBT margin (%)	16.2%	0.1%	-2.5%	-4.5%	7.2%
Net income margin (%)	12.6%	-1.1%	-4.4%	-6.4%	5.0%
Return on capital					
ROCE (%)	8.4%	1.3%	-2.5%	-4.1%	12.9%
ROE (%)	12.9%	-1.7%	-4.6%	-6.0%	6.7%
ROA (%)	6.9%	-0.7%	-2.4%	-3.9%	4.0%
Solvency					
YE net debt (in EUR)	-6.6	-19.8	-14.1	-6.2	-16.2
Net debt / EBITDA	-1.5	-5.6	-1.6	-1.5	-1.1
Net gearing (Net debt/equity)	-0.2	-0.4	-0.2	-0.1	-0.3
Cash Flow					
Free cash flow (EUR m)	0.7	1.4	-13.9	-8.0	10.0
Capex / sales (%)	14.0%	27.0%	41.5%	12.8%	2.8%
Working capital / sales (%)	7%	1%	-4%	0%	3%
Valuation					
EV/Sales	3.8	2.2	2.1	2.0	1.5
EV/EBITDA	23.6	30.0	11.8	26.3	7.1
EV/EBIT	52.6	309.2	-	-	18.8
EV/FCF	160.8	73.8	-	-	10.7
PE	31.3	-	-	-	32.7
KBV	3.9	2.4	2.1	2.2	2.1
Dividend yield	0.0%	0.0%	0.0%	0.0%	0.0%

Source: Company (reported results), Montega (forecast)

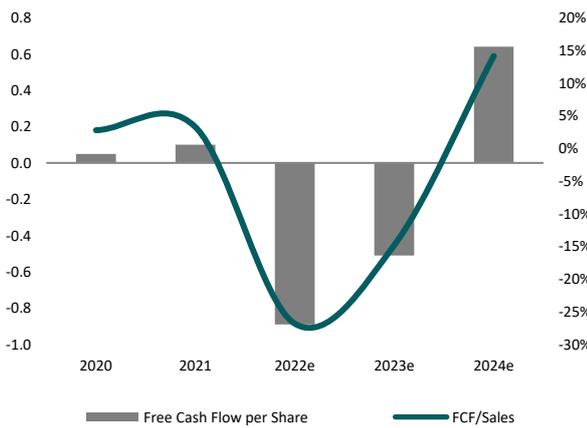
Sales development



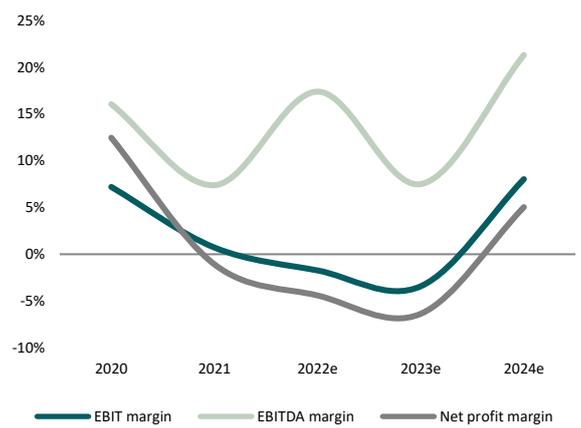
Earnings development



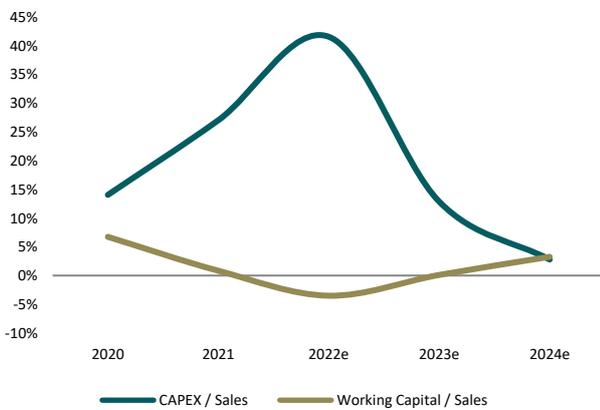
Free-Cash-Flow development



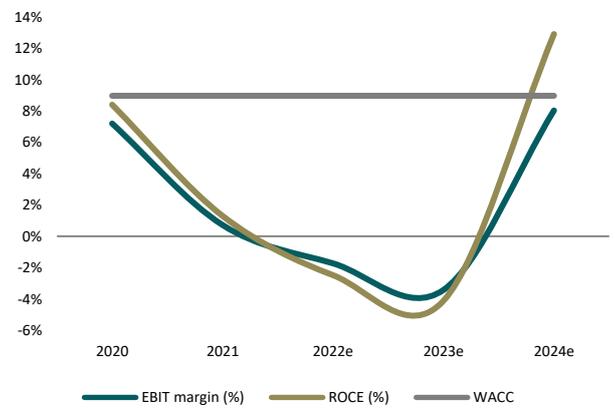
Margin development



Capex / Working Capital



EBIT-Yield / ROCE



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Sources of information: The main sources of information for the preparation of this financial analysis are publications of the issuer as well as publicly available information of national and international media, which Montega regards as reliable. There have also been discussions with members of the management team or the investor relations division of the company concerned when preparing this analysis.

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Our ratings:

Buy: The analysts at Montega AG believe the share price will rise during the next twelve months.

Hold: Upside/downside potential limited. No immediate catalyst visible.

Sell: The analysts at Montega AG believe the share price will fall during the next twelve months.

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Share price and recommendation history

Recommendation	Date	Price (EUR)	Price target (EUR)	Potential
Buy (Initiation)	07.02.2023	7.52	14.00	+86%
