

wallstreet:online (WS01 GY) | Media

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Ban on PFOF - far from decided

We confirm our Buy recommendation: According to information from Finanz-Szene, Germany wants to oppose the EU Commission's planned ban on payment for order flows (PFOF) - clearly good news for German neobrokers (including w:o's Smartbroker) in our view. The confidential position paper of the German government states: *"Germany strongly opposes the inclusion of the general ban on payment for forwarding client orders for execution."* It is also described that these reimbursement of the market makers to the brokers basically represent a conflict of interest. However, the existing regulatory framework is sufficient to prevent clients from being disadvantaged. Finally, it is also emphasised that a ban on PFOF could represent a setback for private investors, as the recent significant improvement in the equity culture (German stockholders 2021: 12.1m vs. 2019: 9.7m) is also the result of the numerous new (neo)brokers. The German position paper was drafted by the Federal Ministry of Finance and is addressed to the Council of the European Union. However, the Federal Ministry of Finance has not (yet) further commented on the paper. We point out that a ban clearly remains a major risk factor. Nevertheless, these statements confirm our view that a ban is far from being decided. Recently, there have also been critical voices from the EU Parliament. Overall, we still see significant room for a further multiple expansion as long as the Smartbroker delivers on its targets.

Changes in estimates: We keep our estimates unchanged.

Valuation: Our (unchanged) PT of EUR 35 is derived from our DCF valuation.

Fundamentals (in EUR m) ¹	2018	2019	2020	2021e	2022e	2023e
Sales	8	9	28	51	66	86
EBITDA	3	4	5	4	12	30
EBIT	3	4	2	4	11	29
EPS adj. (EUR)	1.94	1.06	0.25	0.17	0.50	1.30
EBITDA adj.	3.5	3.7	7.5	4.4	11.9	29.5
DPS (EUR)	0.00	0.00	0.00	0.00	0.00	0.00
BVPS (EUR)	11.56	15.08	2.10	3.38	3.88	5.19
Net Debt incl. Provisions	-9	-4	-7	-20	-19	-36
Ratios ¹	2018	2019	2020	2021e	2022e	2023e
EV/EBITDA	-1.2	1.9	46.3	69.5	20.5	7.7
EV/EBIT	-1.2	1.9	103.1	80.8	21.7	7.9
P/E adj.	1.6	6.0	60.7	130.6	34.8	13.3
Dividend yield (%)	0.0	0.0	0.0	0.0	0.0	0.0
EBITDA margin (%)	44.7	43.3	16.0	8.6	18.1	34.3
EBIT margin (%)	43.8	43.1	7.2	7.4	17.1	33.3
Net debt/EBITDA	-2.7	-1.2	-1.5	-4.5	-1.6	-1.2
PBV	0.3	0.4	7.1	6.4	4.5	3.4

¹Sources: Bloomberg, Metzler Research

Buy



unchanged

Price*

EUR 17.40

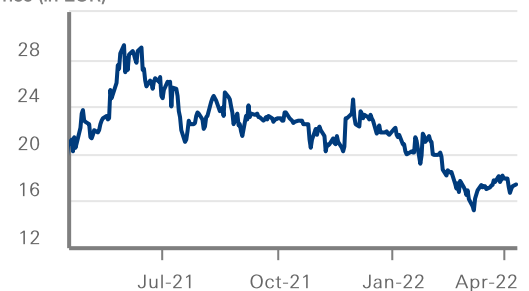
Price target

EUR 35.00 (unchanged)

* XETRA trading price at the close of the previous day unless stated otherwise in the Disclosures

Market Cap (EUR m) ¹	263
Enterprise Value (EUR m) ¹	244
Free Float (%) ¹	37.0

Price (in EUR)¹



Performance (in %) ¹	1m	3m	12m
Share	3.0	-13.9	-2.0
Rel. to SDAX	0.7	-2.6	7.7

Changes in estimates (in %) ¹	2021e	2022e	2023e
Sales	0.0	0.0	0.0
EBIT	0.0	0.0	0.0
EPS	0.0	0.0	0.0

Sponsored Research



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company note

Key Data

Company profile

CEO: Matthias Hach CFO: Roland Nicklaus Berlin, Germany
 wallstreet.online was founded in 1998 and is headquartered in Berlin. Through its "Social & Media" division, the Company operates wallstreet-online.de, Germany's largest finance community, which, together with three further finance portals, generates approx. 320m page impressions per month (April 2021). wallstreet.online AG is also the operator of the Smartbroker. Smartbroker was launched in December 2019, and has established itself as Germany's #1 neobroker by assets under management and #2 by number of clients. In addition, the company operates an independent online financial intermediary business through its Classic Transaction division.

Major shareholders

Andre Kolbinger / AKD Private Equity (56.5%), Management & Supervisory Board (7.5%)

Key figures

P&L (in EUR m)	2018	%	2019	%	2020	%	2021e	%	2022e	%	2023e	%
Sales	8	49.9	9	10.0	28	229.9	51	82.3	66	27.5	86	31.1
EBITDA	3	71.4	4	6.6	5	22.1	4	-2.5	12	169.6	30	148.4
EBITDA margin (%)	44.7	14.3	43.3	-3.1	16.0	-63.0	8.6	-46.5	18.1	111.4	34.3	89.4
EBIT	3	80.4	4	8.3	2	-45.0	4	86.9	11	196.2	29	155.2
EBIT margin (%)	43.8	20.3	43.1	-1.5	7.2	-83.3	7.4	2.5	17.1	132.3	33.3	94.7
Financial result	0	n.m.	-1	-362.5	3	480.5	-0	-118.3	-0	0.8	-1	-12.4
EBT	4	92.4	3	-17.4	5	50.9	3	-27.0	11	223.6	28	161.3
Taxes	-0	-237.0	-1	-164.5	-1	10.4	-1	17.3	-3	-288.3	-8	-161.3
Tax rate (%)	-11.6	n.a.	-37.2	n.a.	-22.1	n.a.	-25.0	n.a.	-30.0	n.a.	-30.0	n.a.
Net income	3	82.1	2	-41.3	4	87.1	2	-29.7	8	202.0	20	161.3
Minority interests	0	n.a.	0	n.a.	0	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Net Income after minorities	3	82.1	2	-41.3	4	87.1	2	-29.7	8	202.0	20	161.3
Number of shares outstanding (m)	2	63.4	2	7.8	14	699.0	15	5.0	15	0.0	15	0.0
EPS adj. (EUR)	1.94	11.5	1.06	-45.5	0.25	-76.6	0.17	-33.1	0.50	202.0	1.30	161.3
DPS (EUR)	0.00	n.a.	0.00	n.a.	0.00	n.a.	0.00	n.a.	0.00	n.a.	0.00	n.a.
Dividend yield (%)	0.0	n.a.	0.0	n.a.	0.0	n.a.	0.0	n.a.	0.0	n.a.	0.0	n.a.
Cash Flow (in EUR m)	2018	%	2019	%	2020	%	2021e	%	2022e	%	2023e	%
Gross Cash Flow	3	60.4	3	-15.4	4	36.3	4	1.7	9	142.0	21	143.5
Increase in working capital	-0	n.a.	2	n.a.	4	n.a.	-8	n.a.	1	n.a.	2	n.a.
Capital expenditures	0	n.a.	0	100.0	0	19.0	8	n.m.	8	2.0	2	-78.1
D+A/Capex (%)	35.5	n.a.	4.0	n.a.	523.5	n.a.	8.0	n.a.	8.3	n.a.	50.0	n.a.
Free cash flow (Metzler definition)	3	401.9	0	-93.3	-1	-399.0	3	653.6	-1	-119.6	17	n.m.
Free cash flow yield (%)	60.0	n.a.	1.8	n.a.	-0.3	n.a.	1.0	n.a.	-0.3	n.a.	6.6	n.a.
Dividend paid	0	n.a.	0	n.a.	0	n.a.	0	n.a.	0	n.a.	0	n.a.
Free cash flow (post dividend)	3	401.9	0	-93.3	-1	-399.0	3	653.6	-1	-119.6	17	n.m.
Balance sheet (in EUR m)	2018	%	2019	%	2020	%	2021e	%	2022e	%	2023e	%
Assets	21	326.7	36	73.3	51	42.0	77	50.6	84	9.1	104	24.0
Goodwill	0	225.8	0	0.0	20	n.m.	39	89.0	39	0.0	39	0.0
Shareholders' equity	19	840.1	27	40.6	30	11.3	51	69.0	59	14.8	78	33.6
Equity/total assets (%)	92.9	n.a.	75.4	n.a.	59.1	n.a.	66.3	n.a.	69.8	n.a.	75.2	n.a.
Net Debt incl. Provisions	-9	-178.0	-4	51.4	-7	-46.0	-20	-201.5	-19	5.7	-36	-90.6
thereof pension provisions	0	n.a.	0	n.a.	0	n.a.	0	n.a.	0	n.a.	0	n.a.
Gearing (%)	-48.0	n.a.	-16.6	n.a.	-21.7	n.a.	-38.8	n.a.	-31.9	n.a.	-45.5	n.a.
Net debt/EBITDA	-2.7	n.a.	-1.2	n.a.	-1.5	n.a.	-4.5	n.a.	-1.6	n.a.	-1.2	n.a.

Sources: Bloomberg, Metzler Research

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Date of dissemination	Metzler recommendation *		Current price **	Price target *	Author ***
	Previous	Current			
Issuer/Financial Instrument (ISIN): wallstreet:online (DE000A2GS609)					
10.03.2022	Buy	Buy	16.20 EUR	35.00 EUR	Diedrich, Tom
20.01.2022	Buy	Buy	20.10 EUR	35.00 EUR	Diedrich, Tom
03.12.2021	Buy	Buy	23.10 EUR	35.00 EUR	Diedrich, Tom
24.08.2021	Buy	Buy	24.80 EUR	35.00 EUR	Diedrich, Tom
22.07.2021	Buy	Buy	21.90 EUR	35.00 EUR	Diedrich, Tom
25.05.2021	n.a.	Buy	24.70 EUR	35.00 EUR	Diedrich, Tom

* Effective until the price target and/or investment recommendation is updated (FI/FX recommendations are valid solely at the time of publication)

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*** All authors are financial analysts

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