

wallstreet:online (WS01 GY) | Media

August 24, 2021

## Strong S&M compensates for slightly weaker brokerage momentum

We confirm our Buy recommendation following yesterday's release of prel. H1/21 figures: Sales in H1/21 increased by 57% y-o-y to EUR 24m with all divisions contributing to this. Particularly positive in our view was the development in the Social & Media segment. Based on 376m page impressions per month in H1/2021, sales grew by 40% y-o-y to EUR 17m, exceeding our expectations. Sales in the SB & CT division grew by 127% y-o-y to EUR 7m - however, momentum in the brokerage division has slightly weakened (driven by seasonality and the easing of lockdown measures). E.g. the number SB customers increased to 142k - implying a monthly increase of around 8k customers over the last 4 months. Thus, reaching the 200k customers by the end of the year might become slightly more challenging than initially expected. The profitability (EBITDA margin pre SB CAC: 38%) was strong. Overall, the company remains fully on track to reach its FY 2021 targets in our view. We continue to believe that there is significant room for a further multiple expansion as long as the Smartbroker delivers on its targets.

**Changes in estimates:** Based on the slightly weakening momentum in the brokerage business, we have moderately lowered our sales estimates (still above the FY 2021 guidance). Our margin estimates remain in line with the FY guidance.

**Valuation:** Our PT remains unchanged at EUR 35 (based on DCF).

Fundamentals (in EUR m)	2018	2019	2020	2021e	2022e	2023e
Sales	8	9	28	52	68	83
EBITDA	3	4	5	6	17	28
EBIT	3	4	2	5	17	27
EPS adj. (EUR)	1.94	1.06	0.25	0.24	0.75	1.21
EBITDA adj.	3.5	3.7	7.5	5.9	17.4	27.5
DPS (EUR)	0.00	0.00	0.00	0.00	0.00	0.00
BVPS (EUR)	11.56	15.08	2.10	2.24	3.00	4.21
Net Debt incl. Provisions	-9	-4	-7	-23	-32	-50
Ratios	2018	2019	2020	2021e	2022e	2023e
EV/EBITDA	-1.2	1.9	46.3	59.4	19.6	11.8
EV/EBIT	-1.2	1.9	103.1	66.3	20.4	12.2
P/E adj.	1.6	6.0	60.7	103.4	32.9	20.4
Dividend yield (%)	0.0	0.0	0.0	0.0	0.0	0.0
EBITDA margin (%)	44.7	43.3	16.0	11.5	25.6	33.2
EBIT margin (%)	43.8	43.1	7.2	10.3	24.6	32.2
Net debt/EBITDA	-2.7	-1.2	-1.5	-4.0	-1.9	-1.8
ROE (%)	30.3	8.2	12.4	11.3	28.8	33.7
PBV	0.3	0.4	7.1	11.1	8.3	5.9

Sources: Refinitiv, Metzler Research

**Buy**

 **unchanged**

**Price\***

**EUR 24.80**

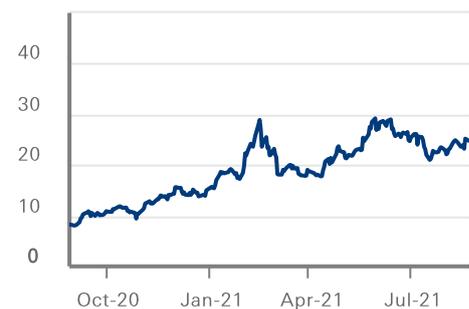
**Price target**

**EUR 35.00 (unchanged)**

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

Market Cap (EUR m)	374
Enterprise Value (EUR m)	351
Free Float (%)	37.0

Price (in EUR)



Performance (in %)	1m	3m	12m
Share	10.2	0.4	209.0
Rel. to SDAX	6.6	-5.2	131.0

Sources: Refinitiv, Metzler Research

Changes in estimates (in %)	2021e	2022e	2023e
Sales	-9.0	-6.8	-7.1
EBIT	-10.8	-8.1	-8.6
EPS	-15.2	-12.5	-12.9

### Sponsored Research



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## Review Preliminary H1/21 Results

Yesterday, w:o released preliminary H1/21 figures. The full set of numbers (incl. analyst conference call) will be published on September 13. Key highlights were the following:

### On track to achieve the FY 2021 targets

EUR m

	Reported		FY 2021 guidance	Metzler FY 2021e
	H1/20	H1/21		
<b>Sales</b>	<b>15</b>	<b>24</b>	45-50	52
Growth y-o-y (in %)	n/a	57	61-79	83
<b>thereof Social &amp; Media</b>	<b>12</b>	<b>17</b>	27-30	31
Growth y-o-y (in %)	n/a	40	-3.5 -7.1	12
<b>thereof SB &amp; CT</b>	<b>3</b>	<b>7</b>	18-20	20
Growth y-o-y (in %)	n/a	127	n/a	n/a
<b>EBITDA pre SB CAC</b>	<b>5</b>	<b>9</b>	16.5-18.5	18
Margin %	30	38	37	35
<b>EBITDA post SB CAC</b>	<b>1</b>	<b>1</b>	4-6	6
Margin %	9	5	9-12	11

Source: Metzler Research, company data

- Sales in H1/21 increased by 57% y-o-y to EUR 24m. This implies an organic growth rate of 54% y-o-y (excluding the acquisition of a portfolio of retail customers of Volkswagen Bank GmbH).
- Particularly strong in our view was the development in the Social & Media division. Here, sales grew by 40% y-o-y to EUR 17m. The reach of w:o's financial portals averaged 376m page impressions per month in the first half of 2021, an increase of 37 % y-o-y. Given the visibility in the S&M division, momentum should remain strong in Q3/21.
- Sales in the Smartbroker & Classic Transaction divisions grew by 127% y-o-y to EUR 7m, with a strong contribution from the Smartbroker. The number Smartbroker customers increased to 142k - implying a monthly increase of around 8k over the last 4 months and thus, a slowdown in growth momentum. This was driven by a) seasonality and b) the easing of lockdown measures and the associated increase of outdoor activities.
- As mentioned, growth momentum in the SB division slightly weakened. However, on the positive side, AUM increased to EUR 6.8bn at the end of H1/21 and hence, more than tripled compared to the same time last year. AUM per

# company note

Smartbroker customer have increased to nearly EUR 30k as of June 30, 2021. This ranks Smartbroker No. 1 among the German neobrokers in terms of AUM. This is a strong base in our view, underlining the high quality of SB customers and should enable the Smartbroker to generate strong revenue streams and margins going forward.

- As expected, profitability was heavily impacted by customer acquisition costs for the Smartbroker (H1/21: EUR 8m vs. FY guidance: EUR 12.5m). As a result, the EBITDA margin declined by approx. 400bps to 5%. Adjusting for the CAC, the margin showed a strong development, rising to 38% in H1/21.
- w:o confirmed its guidance for FY 2021: Sales in the range of between EUR 45m and 50m in combination with an EBITDA (post SB CAC) of between EUR 4m and 6m.
- We believe that w:o is fully on track to reach its FY 2021 targets. The profitability might look rather weak in H1/21, but was as described impacted by higher SB CAC in the first half (driven among others by seasonality). If H1/21 CAC had been half of the guidance (EUR 6m), EBITDA would have amounted to around 3m - thus, at the upper end of the FY guidance (EUR 4-6m).
- Overall, solid figures despite the weakening momentum in the brokerage business. Following flatex' (not rated) release of Q2/21 figures and the more conservative tone of Robinhood (not rated) regarding the current business development, the slightly weaker momentum should however, be no large surprise.

## Unchanged PT of EUR 35

Our target price is derived from our DCF model with a forecasting period until FY 2028. We believe that this is the best approach to reflect the continuous growth over the next years and the margin potential driven by the high scalability of the wallstreet:online business model.

## Our DCF valuation

Company	FY21e	FY22e	FY23e	FY24e	FY25e	FY26e	FY27e	FY 28e	TV-year
<b>Revenue</b>	<b>52</b>	<b>68</b>	<b>83</b>	<b>99</b>	<b>116</b>	<b>130</b>	<b>140</b>	<b>143</b>	
Y-o-y (in %)	82.9	31.6	22.2	19.8	17.1	12.0	7.0	2.5	
<b>EBIT</b>	<b>5</b>	<b>17</b>	<b>27</b>	<b>37</b>	<b>48</b>	<b>55</b>	<b>60</b>	<b>63</b>	
Margin (in %)	10.3	24.6	32.2	37.2	41.0	42.0	43.0	44.0	
<b>Taxes</b>	<b>1</b>	<b>5</b>	<b>8</b>	<b>11</b>	<b>14</b>	<b>16</b>	<b>18</b>	<b>19</b>	
Tax rate (in %)	25.0	30.0	30.0	30.0	30.0	30.0	30.0	30.0	
<b>D&amp;A</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	
in % of sales	1.2	1.0	1.0	1.0	1.0	1.0	1.0	1.0	
<b>Gross cash flow</b>	<b>5</b>	<b>13</b>	<b>20</b>	<b>27</b>	<b>35</b>	<b>40</b>	<b>43</b>	<b>46</b>	
<b>Capex</b>	<b>2</b>	<b>2</b>	<b>1</b>	<b>1</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	
in % of sales	4.0	2.5	1.3	1.3	1.3	1.3	1.3	1.3	
<b>Increase in NWC</b>	<b>0</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	
in % of sales	0.0	1.8	0.8	0.6	0.7	0.4	0.4	0.4	
<b>Free cash flow</b>	<b>3</b>	<b>10</b>	<b>18</b>	<b>25</b>	<b>32</b>	<b>37</b>	<b>41</b>	<b>43</b>	<b>661</b>
<b>Present value FCF</b>	<b>3</b>	<b>9</b>	<b>15</b>	<b>19</b>	<b>22</b>	<b>23</b>	<b>23</b>	<b>23</b>	<b>346</b>

Implied equity value and fair value per share		Model assumptions	
Enterprise value (beg. FY 2021)	482	Beta	1.4
Net debt	-23	Risk-free rate	1.0
Equity value	505	Risk premium	6.5
<b>Fair value per share</b>	<b>35.0</b>	<b>WACC</b>	<b>9.2</b>

Source: Metzler Research

## Sensitivity analysis

In EUR m

EBIT margin (in %)	Terminal sales growth (in %)				
	2.1	2.3	2.5	2.7	2.9
40.0	31	32	33	33	34
42.0	33	33	34	35	35
44.0	34	34	35	36	37
46.0	35	36	36	37	38
48.0	36	37	38	38	39

Sources: Metzler Research

# 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	%
<b>Sales</b>	<b>8</b>	<b>49.9</b>	<b>9</b>	<b>10.0</b>	<b>28</b>	<b>229.9</b>	<b>52</b>	<b>82.9</b>	<b>68</b>	<b>31.6</b>	<b>83</b>	<b>22.2</b>
<b>EBITDA</b>	<b>3</b>	<b>71.4</b>	<b>4</b>	<b>6.6</b>	<b>5</b>	<b>22.1</b>	<b>6</b>	<b>30.8</b>	<b>17</b>	<b>194.5</b>	<b>28</b>	<b>58.0</b>
EBITDA margin (%)	44.7	14.3	43.3	-3.1	16.0	-63.0	11.5	-28.5	25.6	123.7	33.2	29.3
<b>EBIT</b>	<b>3</b>	<b>80.4</b>	<b>4</b>	<b>8.3</b>	<b>2</b>	<b>-45.0</b>	<b>5</b>	<b>160.9</b>	<b>17</b>	<b>216.2</b>	<b>27</b>	<b>59.5</b>
EBIT margin (%)	43.8	20.3	43.1	-1.5	7.2	-83.3	10.3	42.7	24.6	140.2	32.2	30.5
<b>Financial result</b>	<b>0</b>	<b>n.m.</b>	<b>-1</b>	<b>-362.5</b>	<b>3</b>	<b>480.5</b>	<b>-0</b>	<b>-118.4</b>	<b>-0</b>	<b>-2.4</b>	<b>-0</b>	<b>-4.7</b>
<b>EBT</b>	<b>4</b>	<b>92.4</b>	<b>3</b>	<b>-17.4</b>	<b>5</b>	<b>50.9</b>	<b>5</b>	<b>5.9</b>	<b>16</b>	<b>236.7</b>	<b>26</b>	<b>61.1</b>
Taxes	-0	-237.0	-1	-164.5	-1	10.4	-1	-20.0	-5	-304.1	-8	-61.1
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	4	2.0	11	214.3	18	61.1
Minority interests	0	n.a.	0	n.a.	0	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
<b>Net Income after minorities</b>	<b>3</b>	<b>82.1</b>	<b>2</b>	<b>-41.3</b>	<b>4</b>	<b>87.1</b>	<b>4</b>	<b>2.0</b>	<b>11</b>	<b>214.3</b>	<b>18</b>	<b>61.1</b>
Number of shares outstanding (m)	2	63.4	2	7.8	14	699.0	15	5.0	15	0.0	15	0.0
<b>EPS adj. (EUR)</b>	<b>1.94</b>	<b>11.5</b>	<b>1.06</b>	<b>-45.5</b>	<b>0.25</b>	<b>-76.6</b>	<b>0.24</b>	<b>-2.9</b>	<b>0.75</b>	<b>214.3</b>	<b>1.21</b>	<b>61.1</b>
<b>DPS (EUR)</b>	<b>0.00</b>	<b>n.a.</b>	<b>0.00</b>	<b>n.a.</b>	<b>0.00</b>	<b>n.a.</b>	<b>0.00</b>	<b>n.a.</b>	<b>0.00</b>	<b>n.a.</b>	<b>0.00</b>	<b>n.a.</b>
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.
<b>Cash Flow (in EUR m)</b>	<b>2018</b>	<b>%</b>	<b>2019</b>	<b>%</b>	<b>2020</b>	<b>%</b>	<b>2021e</b>	<b>%</b>	<b>2022e</b>	<b>%</b>	<b>2023e</b>	<b>%</b>
<b>Gross Cash Flow</b>	<b>3</b>	<b>60.4</b>	<b>3</b>	<b>-15.4</b>	<b>4</b>	<b>36.3</b>	<b>5</b>	<b>33.8</b>	<b>13</b>	<b>166.4</b>	<b>20</b>	<b>56.8</b>
<b>Increase in working capital</b>	<b>-0</b>	<b>n.a.</b>	<b>2</b>	<b>n.a.</b>	<b>4</b>	<b>n.a.</b>	<b>-0</b>	<b>n.a.</b>	<b>1</b>	<b>n.a.</b>	<b>1</b>	<b>n.a.</b>
<b>Capital expenditures</b>	<b>0</b>	<b>n.a.</b>	<b>0</b>	<b>100.0</b>	<b>0</b>	<b>19.0</b>	<b>2</b>	<b>333.4</b>	<b>2</b>	<b>-17.7</b>	<b>1</b>	<b>-36.5</b>
D+A/Capex (%)	35.5	n.a.	4.0	n.a.	523.5	n.a.	30.0	n.a.	40.0	n.a.	76.9	n.a.
<b>Free cash flow (Metzler definition)</b>	<b>3</b>	<b>401.9</b>	<b>0</b>	<b>-93.3</b>	<b>-1</b>	<b>-399.0</b>	<b>3</b>	<b>535.9</b>	<b>10</b>	<b>261.1</b>	<b>18</b>	<b>86.5</b>
Free cash flow yield (%)	60.0	n.a.	1.8	n.a.	-0.3	n.a.	0.7	n.a.	2.6	n.a.	4.8	n.a.
Dividend paid	0	n.a.	0	n.a.	0	n.a.	0	n.a.	0	n.a.	0	n.a.
<b>Free cash flow (post dividend)</b>	<b>3</b>	<b>401.9</b>	<b>0</b>	<b>-93.3</b>	<b>-1</b>	<b>-399.0</b>	<b>3</b>	<b>535.9</b>	<b>10</b>	<b>261.1</b>	<b>18</b>	<b>86.5</b>
<b>Balance sheet (in EUR m)</b>	<b>2018</b>	<b>%</b>	<b>2019</b>	<b>%</b>	<b>2020</b>	<b>%</b>	<b>2021e</b>	<b>%</b>	<b>2022e</b>	<b>%</b>	<b>2023e</b>	<b>%</b>
<b>Assets</b>	<b>21</b>	<b>326.7</b>	<b>36</b>	<b>73.3</b>	<b>51</b>	<b>42.0</b>	<b>70</b>	<b>37.6</b>	<b>83</b>	<b>17.3</b>	<b>102</b>	<b>23.1</b>
<b>Goodwill</b>	<b>0</b>	<b>225.8</b>	<b>0</b>	<b>0.0</b>	<b>20</b>	<b>n.m.</b>	<b>20</b>	<b>0.0</b>	<b>20</b>	<b>0.0</b>	<b>20</b>	<b>0.0</b>
<b>Shareholders' equity</b>	<b>19</b>	<b>840.1</b>	<b>27</b>	<b>40.6</b>	<b>30</b>	<b>11.3</b>	<b>34</b>	<b>12.0</b>	<b>45</b>	<b>33.6</b>	<b>64</b>	<b>40.5</b>
Equity/total assets (%)	92.9	n.a.	75.4	n.a.	59.1	n.a.	48.1	n.a.	54.8	n.a.	62.5	n.a.
<b>Net Debt incl. Provisions</b>	<b>-9</b>	<b>-178.0</b>	<b>-4</b>	<b>51.4</b>	<b>-7</b>	<b>-46.0</b>	<b>-23</b>	<b>-255.7</b>	<b>-32</b>	<b>-39.1</b>	<b>-50</b>	<b>-53.6</b>
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.	-69.0	n.a.	-71.8	n.a.	-78.5	n.a.
Net debt/EBITDA	-2.7	n.a.	-1.2	n.a.	-1.5	n.a.	-4.0	n.a.	-1.9	n.a.	-1.8	n.a.

Sources: Refinitiv, Metzler Research

# company note

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### Recommendation history

Recommendations for each financial instrument or issuer - mentioned in this document - published by Metzler in the past twelve months

Date of dissemination	Metzler recommendation *		Current price **	Price target *	Author ***
	Previous	Current			
<b>Issuer/Financial Instrument (ISIN): wallstreet:online (DE000A2GS609)</b>					
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)

\*\* XETRA trading price at the close of the previous day unless stated otherwise herein

\*\*\* All authors are financial analysts

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# company note

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# company note

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