

# sino AG

Trading platforms / Germany

## Weak operations but juicy extraordinary returns

Earnings/sales releases - 02/12/2022

sino AG released preliminary operating results before tax. As expected the figures were down although the most important news come from the proposed dividend, which points to the company again offering high capital returns.

### Fact

FY 21/22 preliminary results

- Operating profit before taxes of €1,502k vs. €3,300k last year (excluding sino Beteiligungen GmbH distribution to sino AG)
- Operating profit of €1,132k vs. €2,200k last year
- Successful migration of the business to Baader Bank as custody services provider
- sino AG result before tax of €388k vs. €349k expected in our forecasts
- Proposed dividend distribution of up to €9.7m (a full distribution of the allocated budget would imply a c.€4.15 DPS and 15.7% yield). A DPS of €2.5-€3.0 is reasonable (implying a 9.4%-11.4% yield)

### Analysis

Sino's operating result was down yoy however this came as no surprise. Last year had been an outstanding year with volumes propelled by the favourable conditions, unlike this year's environment which has been impeded by inflation, recession fears, higher interest rates and a war.

As such, the number of orders materially decreased (c.31%) to 849,848 from 1,233,903 last year.

Ultimately, this represented a reversion to pre-Covid levels, owing to a reduced number of accounts (average of 312 accounts for FY 21/22 vs. 332 for FY 20/21).

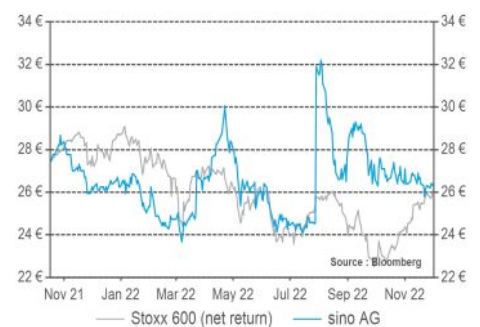
# Baader Europe

<b>Buy</b>	<b>Upside: 86.0%</b>
Target Price (6 months)	€ 48.9
Share Price	€ 26.3
Market Cap. €M	61.5
Price Momentum	<b>NEGATIVE</b>
Extremes 12Months	23.7 ▶ 32.2
Sustainability score	2.7 /10
Credit Risk	CCC 📉
Fundamental Strength	0 /10
Bloomberg	XTP GY Equity
Reuters	XTPG.D



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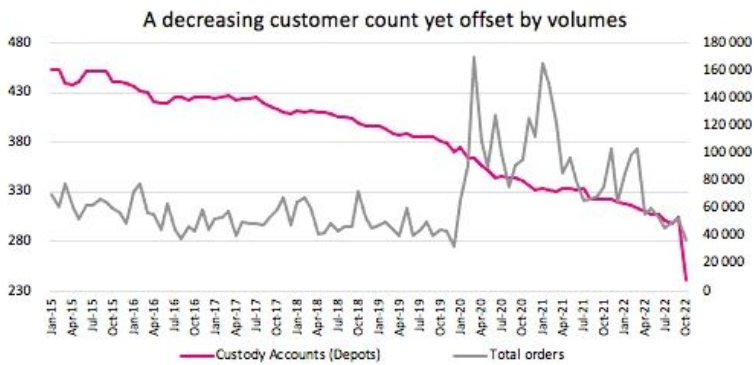


**Analyst :** Grégoire HERMANN

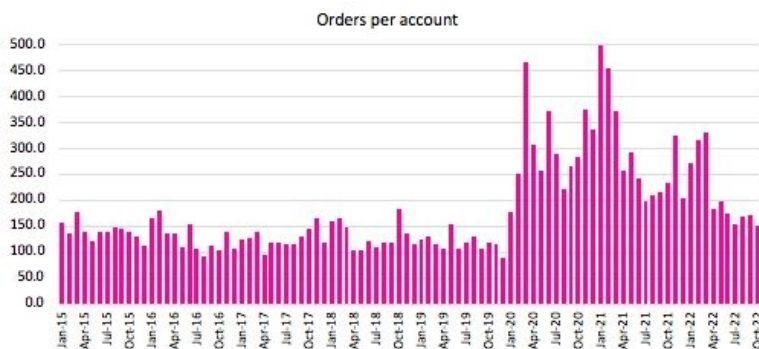
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PERF	1w	1m	3m	12m
sino AG	0.00%	-2.95%	-6.41%	0.19%



The sharp fall in accounts in October 2022 to 242 (not included in the FY 21/22) is also not a good sign especially given that, overall, the number of orders per account is normalising to historical levels, implying that trade volumes for FY 22/23 should be materially lower. The firm confirmed that most of these accounts were inactive.



All this impacted the operating income which, excluding the tick-TS dividend, was down by c.29% to €8.1m versus €11.3m in the previous year.

However, with the migration of the business to Baader Bank now successfully concluded, the management is confident that this new cooperation will establish an optimal framework within which to win new customers and trigger a more positive dynamic.

### Investment case intact to date

This does not change our investment case on sino AG, which is mainly underpinned by the firm's stake in Trade Republic.

The firm reported a cash balance of €12.4m at FY 21/22, which was mainly driven by a partial sale of shares in Trade Republic earlier during H2 21/22, we believe. As such sino's management will propose a dividend of up to €9.7m. In our view it is reasonable to expect a distribution of €5.9m to €7m implying a DPS of €2.55 and €3.0 respectively and yields of 9.4%-11.4%.

The remaining cash balance will thus be low and future distributions will be very much bound to Trade Republic's fate and valuation... which is further expanding as the firm announced the launch of 11 new operating countries last October.

This release and the proposed distribution of so much of the cash balance confirms that sino plans to pay out most of its surplus capital to shareholders, leaving good prospects when thinking about the remaining stake in Trade Republic (c.2.3%) which we value at €4.5bn and which was valued as per the last fund raising at c.€5bn

### Impact

Our model is under review, with a material change expected on the dividend yield.

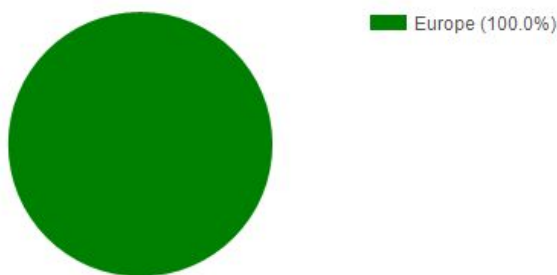
Other Financials	1.81%	10.6%	6.14%	-13.1%
STOXX 600	0.71%	7.08%	8.90%	-5.71%

Sector Opinion	<b>Overweight</b>
Strongest upside	AURELIUS
Worst potential	London Stock Exchange Group
	<a href="#">Complete Sector Analysis</a>

Last updated: 30/08/2022	09/21A	09/22E	09/23E	09/24E
Adjusted P/E (x)	0.46	7.11	165	111
Dividend yield (%)	204	0.13	0.38	0.38
EV/EBITDA(R) (x)	-84.5	ns	ns	ns
Adjusted EPS (€)	59.6	10.6	0.16	0.24
Growth in EPS (%)	904	-82.2	-98.5	48.4
Dividend (€)	56.0	0.10	0.10	0.10
Sales (€M)	11.1	7.87	7.25	8.00
EBIT margin (%)	-20.2	4.57	2.80	5.14
Attributable net profit (€M)	139	24.8	0.37	0.55
ROE (after tax) (%)	169	28.9	1.64	2.27
Gearing (%)	-44.0	-321	-47.9	-44.4

[Company Valuation](#) - [Company Financials](#)

## Sales by Geography



## Consolidated P&amp;L Accounts

		09/21A	09/22E	09/23E
Sales	€M	11.1	7.87	7.25
Change in sales	%	30.3	-28.9	-7.92
Change in staff costs	%	25.2	-1.37	5.00
EBITDA	€M	2.59	0.22	0.13
<b>EBITDA(R) margin</b>	<b>%</b>	<b>23.3</b>	<b>2.78</b>	<b>1.86</b>
Depreciation	€M	-0.07	-0.06	-0.06
Underlying operating profit	€M	2.34	0.00	-0.07
<b>Operating profit (EBIT)</b>	<b>€M</b>	<b>-2.24</b>	<b>0.36</b>	<b>0.20</b>
Net financial expense	€M	0.00	0.01	0.00
of which related to pensions	€M	0.00	0.00	0.00
Exceptional items & other	€M	131	24.0	0.00
Corporate tax	€M	-3.59	-0.25	-0.05
Equity associates	€M	14.3	0.63	0.22
Minority interests	€M	0.00	0.00	0.00
<b>Adjusted attributable net profit</b>	<b>€M</b>	<b>139</b>	<b>24.8</b>	<b>0.37</b>
NOPAT	€M	12.3	0.62	0.16

## Cashflow Statement

EBITDA	€M	2.59	0.22	0.13
Change in WCR	€M	-2.89	0.00	0.00
Actual div. received from equity holdi...	€M	0.00	0.00	0.00
Paid taxes	€M	-34.3	-0.25	-0.05
Exceptional items	€M			
Other operating cash flows	€M	-8.48	11.5	0.24
Total operating cash flows	€M	-43.1	11.5	0.32
Capital expenditure	€M	-0.36	-0.24	-0.13
Total investment flows	€M	149	-0.24	-0.13
Net interest expense	€M	0.00	0.01	0.00
Dividends (parent company)	€M	-6.83	-131	-0.23
Dividends to minorities interests	€M	0.00	0.00	0.00
New shareholders' equity	€M	0.00	0.00	0.00
Total financial flows	€M	-6.83	-131	-0.23
Change in cash position	€M	98.9	-120	-0.04
<b>Free cash flow (pre div.)</b>	<b>€M</b>	<b>-43.4</b>	<b>11.3</b>	<b>0.19</b>

## Per Share Data

No. of shares net of treas. stock (year...	Mio	2.34	2.34	2.34
Number of diluted shares (average)	Mio	2.34	2.34	2.34
<b>Benchmark EPS</b>	<b>€</b>	<b>59.6</b>	<b>10.6</b>	<b>0.16</b>
Restated NAV per share	€			
<b>Net dividend per share</b>	<b>€</b>	<b>56.0</b>	<b>0.10</b>	<b>0.10</b>

## Valuation Summary

Benchmarks	Value	Weight	Largest comparables
DCF	€ 53.9	40%	● Swissquote Group ...
NAV/SOTP per share	€ 55.6	40%	
P/E	€ 13.2	5%	
EV/Ebitda	€ 52.6	5%	
P/Book	€ 26.8	5%	
Dividend Yield	€ 9.66	5%	
TARGET PRICE	€ 48.9	100%	

## NAV/SOTP Calculation

## Balance Sheet

		09/21A	09/22E	09/23E
Goodwill	€M			
Total intangible	€M	0.28	0.27	0.27
Tangible fixed assets	€M	0.36	0.34	0.34
Financial fixed assets	€M	0.00	0.00	0.00
WCR	€M	3.71	3.71	3.71
Other assets	€M	12.2	5.06	6.42
Total assets (net of short term liab.)	€M	22.2	15.0	16.3
<b>Ordinary shareholders' equity</b>	<b>€M</b>	<b>149</b>	<b>22.1</b>	<b>23.4</b>
Quasi Equity & Preferred	€M			
Minority interests	€M			
Provisions for pensions	€M		0.00	0.00
Other provisions for risks and liabilities	€M	4.25	4.04	4.08
Total provisions for risks and liabilities	€M	4.25	4.04	4.08
Tax liabilities	€M			
Other liabilities	€M	0.03	0.03	0.03
<b>Net debt (cash)</b>	<b>€M</b>	<b>-131</b>	<b>-11.2</b>	<b>-11.2</b>
Total liab. and shareholders' equity	€M	22.2	15.0	16.3

## Capital Employed

Capital employed after depreciation	€M	4.35	4.32	4.32
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## Profits &amp; Risks Ratios

<b>ROE (after tax)</b>	<b>%</b>	<b>169</b>	<b>28.9</b>	<b>1.64</b>
ROCE	%	284	14.3	3.66
<b>Gearing (at book value)</b>	<b>%</b>	<b>-44.0</b>	<b>-321</b>	<b>-47.9</b>
Adj. Net debt/EBITDA(R)	x	-50.7	-51.3	-83.2
Interest cover (x)	x	-516	0.17	15.0

## Valuation Ratios

<b>Reference P/E (benchmark)</b>	<b>x</b>	<b>0.46</b>	<b>7.11</b>	<b>165</b>
Free cash flow yield	%	-67.7	6.40	0.31
P/Book	x	0.43	7.96	2.63
<b>Dividend yield</b>	<b>%</b>	<b>204</b>	<b>0.13</b>	<b>0.38</b>

## EV Calculation

Market cap	€M	64.2	176	61.5
+ Provisions	€M	4.25	4.04	4.08
+ Unrecognised actuarial losses/(gains)	€M	0.00	0.00	0.00
+ Net debt at year end	€M	-131	-11.2	-11.2
+ Leases debt equivalent	€M	0.00	0.00	0.00
- Financial fixed assets (fair value)	€M	156	116	116
+ Minority interests (fair value)	€M			
= EV	€M	-219	52.8	-61.7
<b>EV/EBITDA(R)</b>	<b>x</b>	<b>-84.5</b>	<b>ns</b>	<b>ns</b>
EV/Sales	x	-19.7	6.70	-8.52

Analyst : Grégoire Hermann, Changes to Forecasts : 30/08/2022.

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