

# sino AG

Trading platforms / Germany

## Baader migration almost complete and upward revision of Trade Republic valuation

Earnings/sales releases - 24/07/2023

sino AG's HY 22/23 delivered no surprises. The firm has almost completed the transition with Baader bank, which is expected to unlock potential for customer growth.

Trade Republic remains the valuation driver, for which we have raised our estimates. The arbitrage opportunity is becoming more interesting.

### Fact

HY 22/23 results

- Profit after tax of €-759k
- Performance in line with the guidance of Group earnings forecast from €-0.2m and €-1.2m for FY 22/23
- Guidance confirmed by the management
- Customers' transfer to Baader almost fully completed

### Analysis

As expected, sino's trading volumes were impacted by both the current difficult environment on the financial markets as well as the transfer of its customers to Baader.

The number of clients remained broadly stable while a few (inactive) clients have had their accounts terminated.

We believe that the firm is close to having reached a bottom in terms of the number of clients as the enrolment process handled by Baader bank will be much more efficient and the service significantly improved. As a result, sino will start a commercial effort to gain new customers.

On the other hand, looking at the panel of peers of Trade Republic, their valuation has improved over the past weeks. Most of these widely benefit from the higher interest rate environment, enabling firms to generate interest income. We also believe that, in Germany especially, the interest rate offering from Trade Republic to customers will improve customer growth.

As a result, we are revising upward our FY 25 forecast for Trade Republic customers from 3.8m to 4.25m and reach a valuation of €3.9bn vs. c. €3.6bn previously.

### Impact

Our target price will slightly increase on the back of Trade Republic's valuation review. We believe that there is still a very appealing arbitrage opportunity by buying sino AG's shares.

## Baader Europe

<b>Buy</b>	<b>Upside: 44.9%</b>
Target Price (6 months)	€ 40.7
Share Price	€ 28.1
Market Cap. €M	65.7
Price Momentum	<b>UNFAVORABLE</b>
Extremes 12Months	22.4 ▶ 31.8
Sustainability score	2.7 /10
Credit Risk	C →
Fundamental Strength	0 /10
Bloomberg	XTP GY Equity
Reuters	XTPG.D



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Analyst : Alexandre DESPREZ

**Equity Sales** [EquitySales@baaderbank.de](mailto:EquitySales@baaderbank.de)

Frankfurt	+49 69 1388 1355
London	+44 20 7054 7100
Munich	+49 89 5150 1850
Zurich	+41 43 388 9200
New York	+1 212 935 5150

PERF	1w	1m	3m	12m
sino AG	-0.71%	-0.35%	-4.42%	24.0%
Other Financials	-0.08%	2.76%	0.29%	3.07%
STOXX 600	0.99%	1.84%	-0.77%	9.66%

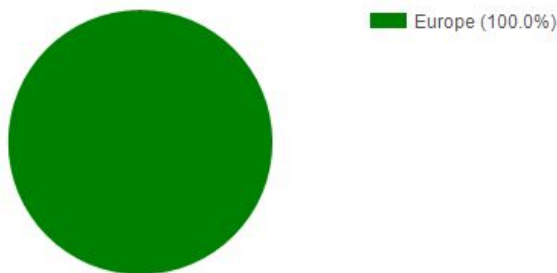
Sector Opinion	<b>Underweight</b>
Strongest upside	Wendel
Worst potential	EdenRed

[Complete Sector Analysis](#)

Last updated: 24/07/2023	09/22A	09/23E	09/24E	09/25E
Adjusted P/E (x)	185	ns	ns	124
Dividend yield (%)	3.72	1.78	0.36	0.36
EV/EBITDA(R) (x)	ns	25.3	55.9	ns
Adjusted EPS (€)	0.41	-0.34	0.09	0.23
Growth in EPS (%)	-99.3	n/a	n/a	160
Dividend (€)	2.80	0.50	0.10	0.10
Sales (€M)	7.62	4.38	5.10	5.69
EBIT margin (%)	0.48	-31.2	-6.59	1.56
Attributable net profit (€M)	0.95	-0.79	0.20	0.53
ROE (after tax) (%)	1.13	-5.51	2.21	6.05
Gearing (%)	-380	-55.9	-15.1	-9.96

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

## Sales by Geography



## Consolidated P&amp;L Accounts

		09/22A	09/23E	09/24E
Sales	€M	7.62	4.38	5.10
Change in sales	%	-31.2	-42.4	16.3
Change in staff costs	%	-17.3	-13.9	1.38
EBITDA	€M	-0.17	-1.48	-0.65
<b>EBITDA(R) margin</b>	<b>%</b>	<b>-2.18</b>	<b>-33.8</b>	<b>-12.7</b>
Depreciation	€M	-0.28	-0.15	-0.04
Underlying operating profit	€M	-0.44	-1.63	-0.69
<b>Operating profit (EBIT)</b>	<b>€M</b>	<b>0.04</b>	<b>-1.37</b>	<b>-0.34</b>
Net financial expense	€M	-0.54	0.04	0.04
of which related to pensions	€M	0.00	0.00	0.00
Exceptional items & other	€M	0.00	0.00	0.00
Corporate tax	€M	0.00	0.21	0.14
Equity associates	€M	1.45	0.33	0.36
Minority interests	€M	0.00	0.00	0.00
<b>Adjusted attributable net profit</b>	<b>€M</b>	<b>0.95</b>	<b>-0.79</b>	<b>0.20</b>
NOPAT	€M	1.12	-0.91	-0.17

## Cashflow Statement

EBITDA	€M	-0.17	-1.48	-0.65
Change in WCR	€M	-4.57	0.00	0.00
Actual div. received from equity holdi...	€M	0.00	0.00	0.00
Paid taxes	€M	34.4	0.21	0.14
Exceptional items	€M			
Other operating cash flows	€M	0.38	0.69	0.85
Total operating cash flows	€M	30.1	-0.58	0.34
Capital expenditure	€M	-0.65	-0.18	-0.20
Total investment flows	€M	-1.08	-0.18	-0.20
Net interest expense	€M	-0.54	0.04	0.04
Dividends (parent company)	€M	-131	-6.55	-1.17
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	-131	-6.50	-1.13
Change in cash position	€M	-102	-7.26	-0.99
<b>Free cash flow (pre div.)</b>	<b>€M</b>	<b>28.9</b>	<b>-0.71</b>	<b>0.18</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>0.41</b>	<b>-0.34</b>	<b>0.09</b>
Restated NAV per share	€			
<b>Net dividend per share</b>	<b>€</b>	<b>2.80</b>	<b>0.50</b>	<b>0.10</b>

## Valuation Summary

Benchmarks	Value	Weight	Largest comparables
DCF	€ 40.9	40%	● Swissquote Group ...
NAV/SOTP per share	€ 48.8	40%	
P/E	€ 14.1	5%	
EV/Ebitda	€ 41.3	5%	
P/Book	€ 14.1	5%	
Dividend Yield	€ 27.5	5%	
TARGET PRICE	€ 40.7	100%	

## NAV/SOTP Calculation

## Balance Sheet

		09/22A	09/23E	09/24E
Goodwill	€M			
Total intangible	€M	0.64	0.65	0.68
Tangible fixed assets	€M	0.37	0.38	0.39
Financial fixed assets	€M	0.49	0.50	0.52
WCR	€M	-0.79	-0.79	-0.79
Other assets	€M	4.33	4.38	4.44
Total assets (net of short term liab.)	€M	11.7	9.79	9.93
<b>Ordinary shareholders' equity</b>	<b>€M</b>	<b>18.9</b>	<b>9.71</b>	<b>8.72</b>
Quasi Equity & Preferred	€M			
Minority interests	€M			
Provisions for pensions	€M		0.00	0.00
Other provisions for risks and liabilities	€M	1.85	1.87	2.02
Total provisions for risks and liabilities	€M	1.85	1.87	2.02
Tax liabilities	€M			
Other liabilities	€M	0.01	0.01	0.01
<b>Net debt (cash)</b>	<b>€M</b>	<b>-9.06</b>	<b>-1.81</b>	<b>-0.82</b>
Total liab. and shareholders' equity	€M	11.7	9.79	9.93

## Capital Employed

Capital employed after depreciation	€M	0.72	0.73	0.81
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## Profits &amp; Risks Ratios

<b>ROE (after tax)</b>	%	<b>1.13</b>	<b>-5.51</b>	<b>2.21</b>
ROCE	%	156	-124	-21.1
<b>Gearing (at book value)</b>	<b>%</b>	<b>-380</b>	<b>-55.9</b>	<b>-15.1</b>
Adj. Net debt/EBITDA(R)	x	54.7	1.22	1.26
Interest cover (x)	x	-0.81	37.5	15.9

## Valuation Ratios

<b>Reference P/E (benchmark)</b>	<b>x</b>	<b>185</b>	<b>ns</b>	<b>ns</b>
Free cash flow yield	%	16.4	-1.08	0.28
P/Book	x	9.30	6.76	7.53
<b>Dividend yield</b>	<b>%</b>	<b>3.72</b>	<b>1.78</b>	<b>0.36</b>

## EV Calculation

Market cap	€M	176	65.7	65.7
+ Provisions	€M	1.85	1.87	2.02
+ Unrecognised actuarial losses/(gains)	€M	0.00	0.00	0.00
+ Net debt at year end	€M	-9.06	-1.81	-0.82
+ Leases debt equivalent	€M	0.00	0.00	0.00
- Financial fixed assets (fair value)	€M	96.6	103	103
+ Minority interests (fair value)	€M			
= EV	€M	72.3	-37.5	-36.3
<b>EV/EBITDA(R)</b>	<b>x</b>	<b>ns</b>	<b>25.3</b>	<b>55.9</b>
EV/Sales	x	9.49	-8.55	-7.12

Analyst : Alexandre DESPREZ, Changes to Forecasts : 24/07/2023.

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