

XTB

Buy
Initiation

Searching for equilibrium

We are initiating coverage of XTB with a buy rating and a 12-month target price of PLN 24.1 per share (48% upside potential). After record-breaking results in 2020 and their inevitable y/y decline in 2021, the market is wondering what level of recurring earnings is in the company, trying to draw conclusions based on subsequent quarterly results. The first quarter of 2021 was very good, the second quarter is likely to be noticeably worse, but in the short term results depend on the current volatility and relevance of client investments and are not always a good benchmark for the future. What matters in the longer term is the company's ability to build a customer base that, with their activity and market volatility returning to historical averages, will continue to generate repeatable results for the company. And that ability has looked very solid recently. Management's goal for the year was to acquire 120 thousand customers. We assume that after the first half of the year the target is nearly reached (110 thousand) and the question is what to assume for the future? We believe that the company's current price implies that the market assumes a return of new customer acquisition capacity to around 40tys per year, which is what it was in the second half of 2019, just before the pandemic broke out. Given the surge in e-commerce during the pandemic, the company's improving share in its key markets and planned expansion into new ones, this scenario seems too conservative to us and would mean stabilizing net profit at around PLN 170-180m a year. Our scenario assumes acquiring 100 thousand new customers in 2022, 80 thousand in 2023, and 60 thousand from 2024 onwards, based on this trajectory, we estimate the Company's ability to generate recurring net income starting next year at ca. PLN 225m, and eventually at PLN 250m.

Having estimated the company's ability to generate repeatable results, the question remains as to what valuation multiples it should be listed on. Three of the company's close competitors are listed on the London Stock Exchange but market multiples for them provide different conclusions. For years Plus500 has traded at lower P/E and EV/EBITDA ratios than CMC Markets and IG Group (differences of 40-50%) even though the profile of the companies looks similar. We have come to the conclusion that Plus500 are focusing on a more short term relationship with their customers through increased marketing activity, tempting with the simplicity of their offering (they are the only one without an institutional segment and only offer their own simple but underdeveloped trading platform), whilst the other companies are placing greater emphasis on education and long term customer relationships. This approach by Plus500 results in a greater reliance on quarterly success in acquiring new clients, making results more volatile, which investors do not enjoy. In our view, XTB should be trading at multiples closer to CMC Markets/IG Group (i.e. P/E 12-13x) than to Plus500 (P/E 8-9x) due to its more similar business model. And the opposite is true. On our forecasts, XTB is trading at a similar P/E ratio to Plus500, and EV/EBITDA even lower, remaining significantly below the ratios of CMC Markets or IG Group. We believe this is a misguided approach and may change in the near future. Until recently, XTB's scale of operations was so small that it also resulted in high volatility of results. However, it seems to us that the dynamic growth of the client base has changed recently and if the company shows a few more quarters of repeated, solid results, the perception of the company by investors will also improve and the valuation ratios may come close to those of CMC Markets or IG Group.

PLNm	2018	2019	2020	2021E	2022E	2023E
Sales	288	239	798	635	573	576
EBITDA	120	72	524	314	285	292
EBIT	116	65	516	306	277	283
Net income	101	58	402	257	225	230
EPS (PLN)	0,9	0,5	3,4	2,2	1,9	2,0
DPS (PLN)	0,35	0,17	0,24	1,79	1,64	1,44
P/E (x)	18,9	33,2	4,8	7,5	8,5	8,3
EV/EBITDA (x)	12,1	19,7	1,9	2,9	3,1	2,8
P/BV (x)	4,2	3,9	2,2	2,0	2,0	1,9
DY (%)	2,1%	1,0%	1,5%	11,0%	10,1%	8,8%

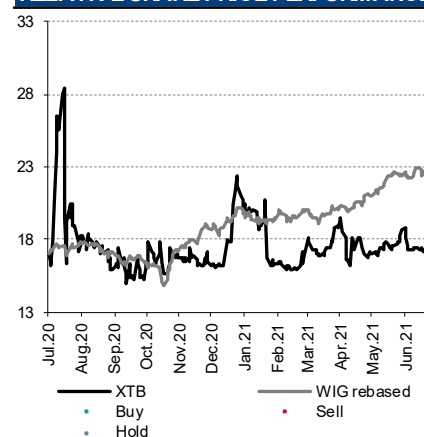
Source: Company data, Trigon DM

Target Price: 24,1 PLN
Upside potential: 48%

FACT SHEET

Ticker	XTB		
Sector	Financials		
Price (PLN)	16,30		
52wk Range (PLN)	14,15 / 29,3		
Number of share (m)	117,4		
Market Cap (mPLN)	1 913		
Free-float	65,0%		
Avg Vol 3M (mPLN)	5,10		
Price performance	1M	3M	1Y
	-5,5%	-12,4%	-8,7%

RELATIVE SHARE PRICE PERFORMANCE



Recommendation history

Date	Price
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Shareholders

Share %
XXZW Investment Group 67,0%

Important dates

Quartely report 2Q'21	20.08.2021
Quartely report 3Q'21	09.11.2021

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XTB

Bloomberg ticker

XTB PW

Recommendation
Target Price (PLN)

Buy
24,1

Current Price (PLN)
Upside

16,3
48%

Previous Recommendation
Previous Upside (PLN)

-
-

Number of shares (m)
Market Cap (mPLN)
EV (m PLN)

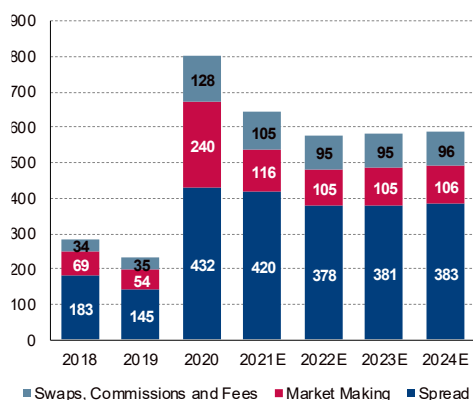
117,4
1 913
981

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MARKET RATIOS	2019	2020E	2021E	2022E	2023E
P/E (x)	33,2	4,8	7,5	8,5	8,3
P/E adj. (x)	33,2	4,8	7,5	8,5	8,3
P/BV (x)	3,9	2,2	2,0	2,0	1,9
EV/EBITDA (x)	19,7	1,9	2,9	3,1	2,8
FCF Yield (%)	3,0%	24,3%	14,4%	11,7%	12,0%
DY (%)	1,0%	1,5%	11,0%	10,1%	8,8%

RATIOS	2019	2020E	2021E	2022E	2023E
EPS (PLN)	0,5	3,4	2,2	1,9	2,0
EPS adj. (PLN)	0,5	3,4	2,2	1,9	2,0
DPS (PLN)	0,2	0,2	1,8	1,6	1,4
Dividend payout ratio (%)		49%	52%	75%	75%
BVPS (PLN)	4,2	7,6	8,0	8,2	8,8
Number of shares (m)	117,4	117,4	117,4	117,4	117,4
Market Cap (mPLN)	1 913	1 913	1 913	1 913	1 913
EV (mPLN)	1 425	981	917	884	823

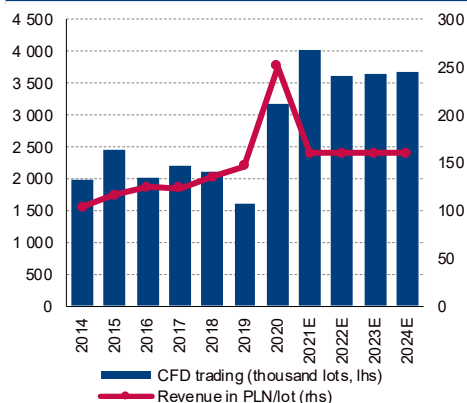
Revenue structure by source [PLNm]



P&L (mPLN)	2019	2020E	2021E	2022E	2023E
Sales	239,3	797,9	635,3	572,8	576,2
Costs	-173,9	-281,7	-329,0	-295,8	-293,1
EBITDA	72,2	524,0	314,3	285,4	291,7
D&A	-6,8	-7,8	-8,0	-8,3	-8,6
EBIT	65,4	516,3	306,3	277,1	283,1
Gross profit	69,4	499,2	314,7	277,4	283,4
Minority interest	0,0	0,0	0,0	0,0	0,0
Net profit	57,7	402,4	256,5	224,7	229,6
Net profit adj.	57,7	402,4	256,5	224,7	229,6

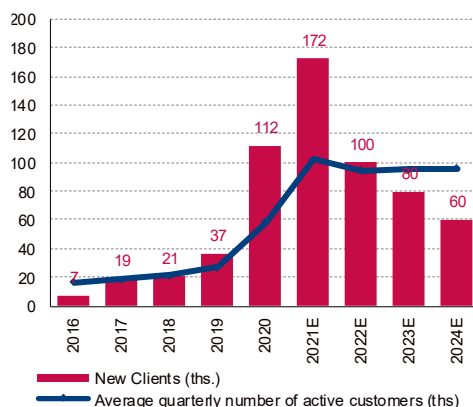
CASH FLOW STATEMENT (mPLN)	2019	2020E	2021E	2022E	2023E
Cash flow from operations	60,6	469,1	283,6	233,0	238,2
Cash flow from investing	-18,1	-384,2	-14,6	-8,3	-8,6
CAPEX	-3,3	-4,7	-7,4	-8,3	-8,6
Cash flow from financing	-24,9	-32,8	-211,3	-192,4	-168,5
Dividend/buy back	-20,0	-28,2	-210,1	-192,4	-168,5
FCF	57,3	464,5	276,1	224,7	229,6
Net cash flow	17,5	52,1	57,7	32,3	61,1

CFD trading volume vs. 1 lot profitability



BALANCE SHEET (mPLN)	2019	2020E	2021E	2022E	2023E
ASSETS	1 138,9	2 283,5	2 755,7	2 717,9	2 804,6
PPE	14,2	13,3	12,5	12,5	12,5
Intangible assets	0,6	0,6	0,8	0,8	0,8
Debt securities	600,9	1 288,9	1 694,4	1 624,2	1 649,9
Trade receivables	14,9	398,6	404,2	404,2	404,2
Cash and equivalents	484,4	542,2	599,9	632,2	693,2
EQUITY AND LIABILITIES	1 138,9	2 283,5	2 755,7	2 717,9	2 804,6
Equity	490,7	888,3	934,7	967,0	1 028,1
Minority shareholders capital	0,0	0,0	0,0	0,0	0,0
Trade liabilities	597,3	1 299,9	1 718,4	1 648,3	1 673,9
Interest-bearing liabilities	0,0	0,0	0,0	0,0	0,0
Net debt	-488,5	-932,2	-996,5	-1 028,8	-1 089,9
Net working capital	3,6	-11,0	-24,0	-24,0	-24,0

Company customer statistics



OPERATING INDICATORS	2019	2020E	2021E	2022E	2023E
Sales growth (%)	-17%	233%	-20%	-10%	1%
Costs growth (%)	1%	62%	17%	-10%	-1%
EPS growth (%)	-43%	597%	-36%	-12%	2%
EBITDA margin (%)	30,2%	65,7%	49,5%	49,8%	50,6%
Operating profit margin (%)	27,3%	64,7%	48,2%	48,4%	49,1%
Net profit margin (%)	24,1%	50,4%	40,4%	39,2%	39,8%
ROE (%)	12,2%	58,4%	28,1%	23,6%	23,0%
ROA (%)	5,5%	23,5%	10,2%	8,2%	8,3%
Cost/Income (%)	73%	35%	52%	52%	51%
Equity/assets (%)	43%	39%	34%	36%	37%
Net debt/Equity	-1,0	-1,0	-1,1	-1,1	-1,1
Net debt/EBITDA (x)	-6,8	-1,8	-3,2	-3,6	-3,7
Own funds	409	529	644	708	764
Total risk exposure	2563	2836	4194	4032	4096
Capital buffers	69	75	108	104	105
Total capital ratio (%)	13%	16%	13%	15%	16%

Source: Company, Trigon DM

Income valuation

We use the discounted dividend model (DDM) as our income valuation method. We believe that for a financial company, operating in a regulated market, this method is the best one, just like for valuing banks. Due to certain capital requirements, such companies cannot fully deploy their cash holdings, so what can go back to shareholders in the form of dividends is key.

Assumptions for valuation:

- Risk-free rate at 1.8%,
- Risk premium of 5.5% (the company is a member of mWIG40 index),
- Unleveraged beta at 1.3x,
- Key KPIs:

	2018	2019	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
New clients [ths].	21	37	112	172	100	80	60	60	60	60	60	60	60
Clients at the end of the period (k)	117	149	256	401	464	498	511	522	532	542	550	558	565
Average quarterly number of active clients [ths]	21	27	58	102	95	95	96	98	100	102	104	105	107
CFD trading volume [ths lots]	2 095	1 597	3 175	4 006	3 612	3 634	3 657	3 744	3 823	3 894	3 958	4 017	4 069
CFD trading profitability [PLN/lot]	135	146	250	160	160	160	160	160	160	160	160	160	160

XTB: DDM valuation

PLNm	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	>2030E
EPS	2,2	1,9	2,0	2,0	2,1	2,1	2,1	2,2	2,2	2,2	0,0
DPS	1,8	1,6	1,4	1,5	1,5	1,6	1,6	1,6	1,6	1,6	2,2
Dividend payout ratio	52%	75%	75%	75%	75%	75%	75%	75%	75%	75%	100%
ROE	28,1%	23,6%	23,0%	22,5%	21,7%	20,8%	20,0%	19,1%	18,3%	17,5%	17,5%
Cost of capital	9,0%	9,0%	9,0%	9,0%	9,0%	9,0%	9,0%	9,0%	9,0%	9,0%	9,0%
Tier 1 ratio	12,8%	15,0%	16,1%	17,7%	18,7%	19,8%	20,9%	21,9%	23,0%	24,1%	
Capital surplus over T1 14% (PLN n)	-51	40	86	151	198	249	300	353	406	460	

DPS growth rate (g)	0,0%
PV of dividend stream 2021-2030P	8,6
Residual value of dividends	24,2
PV of residual value of dividends	9,4
PV of surplus capital in 2030P per s	1,7
Intrinsic value (1.01.2021)	19,7
Month	7
Intrinsic value (current)	20,7
12M target price	22,6

Valuation sensitivity analysis

		Risk Free rate				
		0,8%	1,3%	1,8%	2,3%	2,8%
Terminal Growth Rate (g)	-1,0%	23,9	22,6	21,4	20,3	19,3
	-0,5%	24,7	23,2	21,9	20,8	19,7
	0,0%	25,5	24,0	22,6	21,3	20,2
	0,5%	26,5	24,8	23,3	21,9	20,7
	1,0%	27,6	25,7	24,0	22,6	21,3

Source: Trigon DM

Comparative valuation

Three close competitors of XTB are listed on the London Stock Exchange and we limit our comparative analysis to these companies. We use two sets of ratios for comparative valuation:

- 1) Valuation based on the median P/E ratio for 2021-23P.
- 2) Valuation based on the median EV/EBITDA ratio for 2021-23P.

The final comparative valuation is the average of the two methods above. We assign equal weight of 50% to each of them

Ratios of companies from the comparative group

Company	Capitalization (EURm)	P/E			EV/EBITDA			DY		
		2021E	2022E	2023E	2021E	2022E	2023E	2021E	2022E	2023E
CMC Markets PLC	1 535	12,6	12,1	12,3	8,2	7,9	7,7	6,8%	4,0%	4,1%
Plus500 Ltd	1 598	7,8	9,1	8,7	4,7	4,7	5,0	11,1%	3,6%	3,4%
IG Group Holdings PLC	4 251	12,7	11,2	11,2	8,5	7,6	7,7	5,1%	5,1%	5,7%
XTB	418	7,5	8,5	8,3	3,1	3,4	3,4	11,0%	10,1%	8,8%
Median		12,6	11,2	11,2	8,2	7,6	7,7	6,8%	4,0%	4,1%
<i>Premium/discount</i>		<i>-41%</i>	<i>-24%</i>	<i>-26%</i>	<i>-62%</i>	<i>-55%</i>	<i>-56%</i>	<i>62%</i>	<i>154%</i>	<i>114%</i>

Source: Bloomberg, Trigon DM

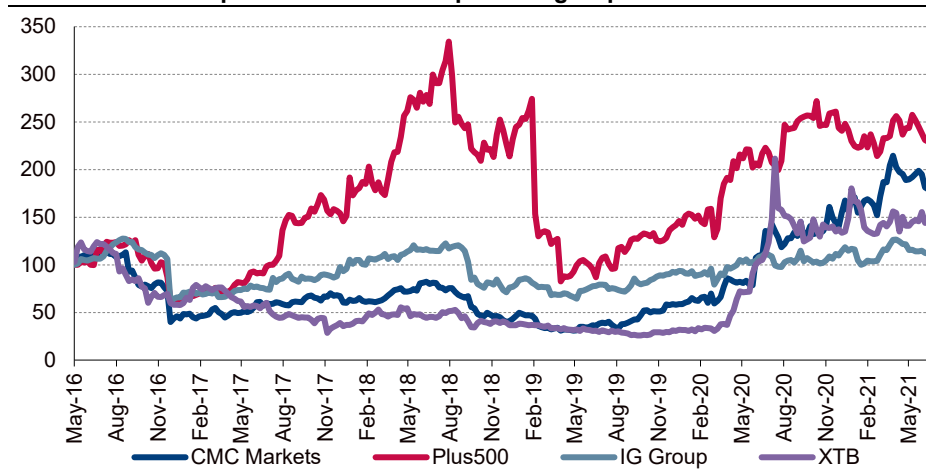
Ratios for XTB are assumed to be in line with our projections. Ratios of all peer group companies represent Bloomberg consensus. We have not adjusted for one-time events.

XTB: Summary of comparative valuation

	2021E	2022E	2023E	Average
P/E	27,5	21,5	21,9	23,6
EV/EBITDA	29,9	26,4	27,0	27,8
Average	28,7	24,0	24,4	25,7

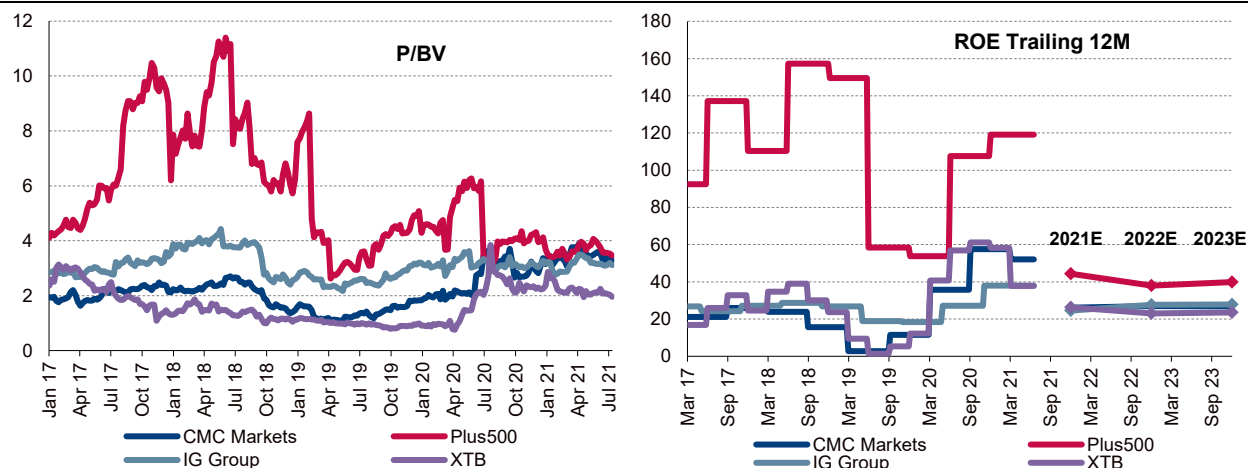
Source: Bloomberg, Trigon DM

Quotations of companies from the comparative group vs. XTB



Source: Bloomberg, Trigon DM

Comparison of P/BV ratios and projected ROE for peer companies



Source: Bloomberg, Trigon DM

Summary of valuations

XTB: Valuation summary

Method	Valuation (PLN)	Weight
DCF	22,6	50%
Peer valuation	25,7	50%
Target price 12M	24,1	
Upside	48%	

Source: Trigon DM

The valuation based on the DDM model implies 38% of the potential to increase the price, while the comparative valuation as much as 58%. We assign equal weights of 50% to both valuation methods.

Our final 12-month price target is PLN 24.1 per share, implying 48% upside potential from the current level.

Comparison of XTB indicators at current price and our target price

P/E			EV/EBITDA			DY		
2021E	2022E	2023E	2021E	2022E	2023E	2021E	2022E	2023E
Ratios based on current price								
7,5	8,5	8,3	2,9	3,1	2,8	11,0%	10,1%	8,8%
Ratios based on target price								
11,0	12,6	12,3	5,8	6,3	6,0	7,4%	6,8%	6,0%

Source: Bloomberg, Trigon DM

Income statement (m PLN)

	2018	2019	2020	2021P	2022E	2023E
Revenues	288,3	239,3	797,9	635,3	572,8	576,2
Operating costs	-172,5	-173,9	-281,7	-329,0	-295,8	-293,1
Remuneration and employee benefits	-78,5	-86,0	-119,1	-122,3	-125,0	-131,4
Marketing	-33,3	-37,7	-87,7	-111,8	-76,4	-65,3
Commission expenses	-7,6	-8,3	-22,5	-41,1	-38,9	-39,2
Other external services	-24,9	-24,6	-29,4	-35,1	-36,2	-37,3
Depreciation and amortisation	-3,9	-6,8	-7,8	-8,0	-8,3	-8,6
Other	-24,2	-10,4	-15,2	-10,7	-11,0	-11,3
EBITDA	119,7	72,2	524,0	314,3	285,4	291,7
EBIT	115,8	65,4	516,3	306,3	277,1	283,1
Results on financial operations, net	8,9	4,0	-17,0	8,4	0,3	0,4
Gross profit	124,7	69,4	499,2	314,7	277,4	283,4
Income tax	-23,2	-11,7	-96,9	-58,2	-52,7	-53,9
Minority interest	0,0	0,0	0,0	0,0	0,0	0,0
Net profit	101,5	57,7	402,4	256,5	224,7	229,6
Net profit adj.	101,5	57,7	402,4	256,5	224,7	229,6

EBITDA margin adj.	41,5%	30,2%	65,7%	49,5%	49,8%	50,6%
EBIT margin	40,2%	27,3%	64,7%	48,2%	48,4%	49,1%
Net margin adj.	35,2%	24,1%	50,4%	40,4%	39,2%	39,8%

YoY change in revenues	5%	-17%	233%	-20%	-10%	1%
YoY change in costs	19%	1%	62%	17%	-10%	-1%
change in EBITDA y/y	-11%	-40%	626%	-40%	-9%	2%
change in EBIT y/y	-10%	-44%	689%	-41%	-10%	2%
change in net profit y/y	9%	-43%	597%	-36%	-12%	2%

	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21E
Revenues	306,7	211,5	139,6	140,1	186,7	149,0
Operating costs	-72,5	-65,7	-60,1	-83,3	-86,9	-87,0
Remuneration and employee benefits	-38,8	-26,9	-25,4	-28,0	-30,9	-29,3
Marketing	-16,7	-22,3	-17,9	-30,8	-33,1	-33,4
Commission expenses	-4,5	-6,0	-5,5	-6,5	-9,7	-10,7
Other external services	-7,8	-5,5	-7,0	-9,2	-8,7	-8,8
Depreciation and amortisation	-1,9	-2,0	-1,8	-2,1	-2,0	-2,0
Other	-2,8	-3,2	-2,5	-6,7	-2,6	-2,8
EBITDA	236,0	147,7	81,3	59,0	101,7	64,0
EBITDA adj.	236,0	147,7	81,3	59,0	101,7	64,0
EBIT	234,1	145,8	79,5	56,9	99,8	62,0
Results on financial operations, net	-11,9	-5,8	-0,1	0,7	8,2	0,1
Gross profit	222,3	139,9	79,4	57,6	108,0	62,1
Income tax	-46,3	-22,5	-11,0	-17,1	-18,9	-11,8
Minority interest	0,0	0,0	0,0	0,0	0,0	0,0
Net profit	176,0	117,5	68,4	40,5	89,1	50,3
Net profit adj.	176,0	117,5	68,4	40,5	89,1	50,3

EBITDA margin	77,0%	69,8%	58,2%	42,1%	54,5%	43,0%
EBIT margin	76,3%	68,9%	56,9%	40,6%	53,5%	41,6%
Net margin	57,4%	55,6%	49,0%	28,9%	47,7%	33,8%

YoY change in revenues	650,0%	341,6%	129,1%	56,5%	-39,1%	-29,5%
YoY change in costs	76,5%	54,7%	39,9%	76,0%	19,8%	32,4%
change in EBITDA y/y	14836,5%	2056,3%	311,4%	34,2%	-56,9%	-56,7%
change in EBIT y/y	-	2599,0%	342,3%	34,6%	-57,4%	-57,5%
change in net profit y/y	22962,8%	2574,5%	341,1%	9,4%	-49,4%	-57,2%

Source: Company, Trigon DM

Balance sheet (m PLN)

	2018	2019	2020	2021P	2022E	2023E
Fixed assets	3,2	14,8	13,9	13,3	13,3	13,3
Tangible assets	2,5	14,2	13,3	12,5	12,5	12,5
Intangible assets	0,7	0,6	0,6	0,8	0,8	0,8
Others	0,0	0,0	0,0	0,0	0,0	0,0
Current assets	966,8	1 124,1	2 269,6	2 742,4	2 704,6	2 791,3
Debt securities	0,0	14,9	398,6	404,2	404,2	404,2
Trade receivables	472,8	600,9	1 288,9	1 694,4	1 624,2	1 649,9
Others	26,1	24,0	39,9	44,0	44,0	44,0
Cash and equivalents	468,0	484,4	542,2	599,9	632,2	693,2
Assets	970,1	1 138,9	2 283,5	2 755,7	2 717,9	2 804,6
Equity	455,2	490,7	888,3	934,7	967,0	1 028,1
Share capital	5,9	5,9	5,9	5,9	5,9	5,9
Others	347,8	427,2	480,1	672,3	736,5	792,6
Net profit (loss)	101,5	57,7	402,4	256,5	224,7	229,6
Minority shareholders	0,0	0,0	0,0	0,0	0,0	0,0
Long-term liabilities	0,0	10,8	8,7	7,5	7,5	7,5
Interest-bearing liabilities	0,0	10,8	8,7	7,5	7,5	7,5
Others	0,0	0,0	0,0	0,0	0,0	0,0
Short-term liabilities	514,9	637,4	1 386,6	1 813,5	1 743,4	1 769,0
Interest-bearing liabilities	0,0	0,0	0,0	0,0	0,0	0,0
Trade liabilities	476,1	597,3	1 299,9	1 718,4	1 648,3	1 673,9
Others	38,9	40,1	86,7	95,1	95,1	95,1
Equity and Liabilities	970,1	1 138,9	2 283,5	2 755,7	2 717,9	2 804,6
Net working capital	-3,3	3,6	-11,0	-24,0	-24,0	-24,0
Net debt	-468,0	-488,5	-932,2	-996,5	-1 028,8	-1 089,9
Net debt adj.	-468,0	-488,5	-932,2	-996,5	-1 028,8	-1 089,9
Net debt/EBITDA (x)	-3,9	-6,8	-1,8	-3,2	-3,6	-3,7
Net debt/equity (x)	-1,0	-1,0	-1,0	-1,1	-1,1	-1,1
ROE (%)	24%	12%	58%	28%	24%	23%
ROA (%)	11%	5%	24%	10%	8%	8%
Own funds	378	409	529	644	708	764
Total risk exposure	1800	2563	2836	4194	4032	4096
Capital buffers	35	69	75	108	104	105
Total capital ratio (%)	0	0	0	0	0	0

Statement of cash flows (m PLN)

	2018	2019	2020	2021P	2022E	2023E
Cash flows from operating activities	139,5	60,6	469,1	283,6	233,0	238,2
Gross profit (loss)	101,5	57,7	402,4	256,5	224,7	229,6
Depreciation and amortisation	3,9	6,8	7,8	8,0	8,3	8,6
Changes in working capital	41,0	19,0	66,7	58,3	-7,9	3,1
Change to trade receivables	14,6	-106,9	-562,8	-309,9	56,6	-20,3
Change to trade liabilities	26,4	126,0	629,5	368,3	-64,5	23,4
Others	-6,9	-22,9	-7,7	-39,3	7,9	-3,1
Cash flows from investment activities	-1,2	-18,1	-384,2	-14,6	-8,3	-8,6
CAPEX	-1,3	-3,3	-4,7	-7,4	-8,3	-8,6
Others	0,1	-14,8	-379,5	-7,2	0,0	0,0
Cash flows from financing activities	-41,2	-24,9	-32,8	-211,3	-192,4	-168,5
Interest-bearing liabilities change	0,0	0,0	-2,1	-1,1	0,0	0,0
Revenues from share issues	0,0	0,0	0,0	0,0	0,0	0,0
Dividend	-41,1	-20,0	-28,2	-210,1	-192,4	-168,5
Others	-0,1	-4,9	-2,6	0,0	0,0	0,0
Net cash flows	97,2	17,5	52,1	57,7	32,3	61,1
Cash opening balance	367,1	468,0	484,4	542,2	599,9	632,2
Closing balance of cash	468,0	484,4	542,2	599,9	632,2	693,2

Source: Company, Trigon DM

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Definitions

capitalisation – market price multiplied by the number of a company's shares

free float (%) – a percentage of a company's shares held by shareholders with less than 5% shareholding reduced by treasury shares held by the company

min/max 52 wks – minimum/maximum share price within the last 52 weeks

average turnover – average volume of share trading within the last month

EBIT – operating profit

EBITDA – operating profit increased by depreciation and amortisation

adjusted profit – net profit adjusted for one-off items

CF – cash flow

capex – sum of investment expenditures on fixed assets

ROA – rate of return on assets

ROE – rate of return on equity

gross profit margin – a ratio of gross profit to net revenue

EBITDA margin – a ratio of sum of operating profit and depreciation/amortisation to net revenue

EBIT margin – a ratio of operating profit to net revenue

net margin – a ratio of net profit to net revenue

EPS – earnings per share

DPS – dividends per share

P/E – a ratio of market price to earnings per share

P/BV – a ratio of market price to book value per share

EV/EBITDA – a company's EV to EBITDA ratio

EV – sum of a company's current capitalisation and net debt

DY – dividend yield, dividend paid to share price ratio

ISSUER – X-Trade Brokers S.A.

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BUY – we expect that the rate of return on an investment will be at least 10%
 NEUTRAL – we expect the price of an investment to be relatively stable, optionally it will increase no greater than 10%
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 Recommendation prepared by: Maciej Marcinowski

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