

XTB

Buy

(Previous: Buy, PLN 24.1)

Target price: PLN 24.1

Current price: 16.3 PLN

Growth Potential: 48%

- We assume 45ths of new customers acquired, still above management's target of 30ths per quarter, and maintain the number of active customers q/q around 105ths.
- We estimate lot trading volume at 1000ths, 10% lower q/q. We also expect yields per lot to fall by 11% q/q to PLN 150.
- Additionally, the average cost of acquiring a new customer was exceptionally low in the previous quarter (PLN 475), and we expect it to increase to PLN 716.
- We see cryptocurrencies as a potential risk to our earnings forecast. On May 7th, the company stopped opening new positions in most cryptocurrencies, leaving only five of the most popular ones (e.g. Bitcoin, Ethereum). This was due to the fact that the possibility of external hedging of clients' open positions on less popular cryptocurrencies was impossible. The company's decision indicates that clients must have had a large accumulated position one way (probably long) and were making money at the expense of the company, which it was unable to mitigate by hedging positions with external liquidity providers. After all, we all remember the stock price rallies of some cryptocurrencies in April and May. We would take advantage of potentially weaker Q2'21 results to increase our exposure to XTB stock, as some of the negative effects may be one-offs.
- We are reiterating our buy rating for XTB with a price target of PLN 24.1 per share.

Q2'21 Report

20.08.2021

COMPANY DETAILS

Ticker	XTB		
Sector	Finanse inne		
Price (PLN)	16,3		
52-week min/max (PLN)	14,15 / 29,3		
Number of shares (million)	117,4		
Mkt Cap (PLNm)	1913		
Free-float	48,0%		
3M Avg. turnover (PLNm)	5,10		
	1M	3M	1Y
Price change	-6,0%	-9,8%	-8,7%

RECOMMENDATION HISTOF

Date	19.07.2021
Valuation	24,10

P/E 12M vs EV/EBITDA 12M

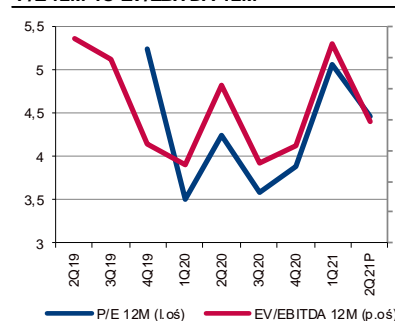
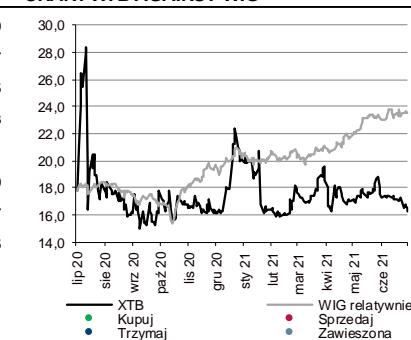


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PLNm	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21E	y/y	q/q
Sales	47,9	61,0	89,6	306,7	211,5	139,6	140,1	186,7	149,0	-30%	-20%
EBITDA	6,9	19,8	44,0	236,0	147,7	81,3	59,0	101,7	64,0	-57%	-37%
EBIT	5,4	18,0	42,2	234,1	145,8	79,5	56,9	99,8	62,0	-57%	-38%
Net profit	4,4	15,5	37,0	176,0	117,5	68,4	40,5	89,1	50,3	-57%	-44%
P/E12M trailing	307,4	77,7	33,2	8,2	5,5	4,8	4,8	6,1	7,7		
EV/EBITDA 12M trailing	138,4	47,7	19,7	3,8	2,5	2,0	1,9	2,2	3,4		
year-on-year change in re	-43%	28%	109%	650%	342%	129%	56%	-39%	-30%		
margin EBITDA	14,3%	32,4%	49,1%	77,0%	69,8%	58,2%	42,1%	54,5%	43,0%		
EBIT margin	11,3%	29,5%	47,2%	76,3%	68,9%	56,9%	40,6%	53,5%	41,6%		
net margin	9,2%	25,4%	41,4%	57,4%	55,6%	49,0%	28,9%	47,7%	33,8%		

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 profit	101	58	402	257	225	230
EPS (PLN)	0,86	0,49	3,43	2,19	1,91	1,96
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%

Changes in forecasts PLN m	2021E			2022E			2023E		
	New	Old	Change	New	Old	Change	New	Old	Change
Sales	635	635	0%	573	573	0%	576	576	0%
EBITDA	314	314	0%	285	285	0%	292	292	0%
EBIT	306	306	0%	277	277	0%	283	283	0%
Net profit	257	257	0%	225	225	0%	230	230	0%
P/E (x)	7,5	7,5		8,5	8,5		8,3	8,3	
EV/EBITDA (x)	4,2	4,2		4,5	4,5		4,2	4,2	
P/BV (x)	2,0			2,0			1,9		
DY (%)	11,0%			10,1%			8,8%		

Market ratios	2019	2020	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
EV/EBITDA adj. (x)	19,7	1,9	2,9	3,1	2,8
EV/Sales (x)	6,0	1,2	1,4	1,5	1,4
FCFF Yield (%)	4,0%	48,3%	31,7%	27,3%	30,0%
DY (%)	1,0%	1,5%	11,0%	10,1%	8,8%

Financial indicators	2019	2020	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
BVPS (PLN)	4,2	7,6	8,0	8,2	8,8

Operational indicators	2019	2020	2021E	2022E	2023E
margin EBITDA adj. (%)	30,2%	65,7%	49,5%	49,8%	50,6%
margin EBIT (%)	27,3%	64,7%	48,2%	48,4%	49,1%
net margin adj. (%)	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%
CAPEX/Sales (%)	1,4%	0,6%	1,2%	1,5%	1,5%
CAPEX/Amortization (x)	0,5	0,6	0,9	1,0	1,0
Net Debt/equity (x)	-1,0	-1,0	-1,1	-1,1	-1,1
Net Debt/EBITDA (x)	-6,8	-1,8	-3,2	-3,6	-3,7
Cash conversion cycle (days)	0	-2	-10	-15	-15
Inventory turnover cycle (days)					
Rotation cycle of trade receivables (days)	819	432	857	1057	1037
Trade payables cycle (days)	819	434	867	1073	1052

Profit and loss account (PLNm)	2018	2019	2020	2021E	2022E	2023E
Revenues	288,3	239,3	797,9	635,3	572,8	576,2
Operating expenses	-172,5	-173,9	-281,7	-329,0	-295,8	-293,1
Salaries 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
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
EBITDA adj.	119,7	72,2	524,0	314,3	285,4	291,7
Amortization	-3,9	-6,8	-7,8	-8,0	-8,3	-8,6
EBIT	115,8	65,4	516,3	306,3	277,1	283,1
Result on financial activity	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 profit	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

Balance sheet (PLNm)	2018	2019	2020	2021E	2022E	2023E
Non-current assets	3,2	14,8	13,9	13,3	13,3	13,3
Current assets	966,8	1 124,1	2 269,6	2 742,4	2 704,6	2 791,3
Debt instruments	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
Cash	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
Minority capitals	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
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 payables	476,1	597,3	1 299,9	1 718,4	1 648,3	1 673,9
Liabilities	970,1	1 138,9	2 283,5	2 755,7	2 717,9	2 804,6

Statement of cash flows (PLNm)	2018	2019	2020	2021E	2022E	2023E
Cash flows from operating activities	139,5	60,6	469,1	283,6	233,0	238,2
Net profit (loss)	101,5	57,7	402,4	256,5	224,7	229,6
Amortization	3,9	6,8	7,8	8,0	8,3	8,6
Cash flows from investing 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
Cash flows from financing activities	-41,2	-24,9	-32,8	-211,3	-192,4	-168,5
Dividend	-41,1	-20,0	-28,2	-210,1	-192,4	-168,5
Net cash flow	97,2	17,5	52,1	57,7	32,3	61,1
Cash at the beginning of period	367,1	468,0	484,4	542,2	599,9	632,2
Cash at end of period	468,0	484,4	542,2	599,9	632,2	693,2