

## XTB

**Hold**

(Previous: Buy; PLN 39,3)

**TP: 39,3 PLN**

**Cur. price: 35,88 PLN**

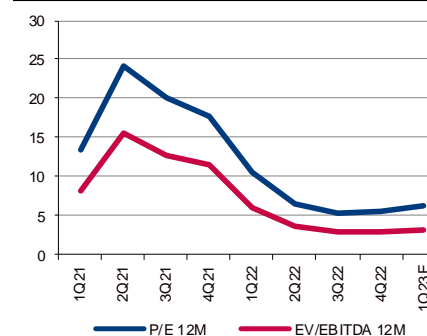
**Upside: 10%**

- With the extension of the 'free share' promotion into February, we assume the acquisition of 80k new customers and a 17% q/q increase in active customers to 188k. Market volatility is still elevated compared to historical levels, but some of the new clients acquired solely through the 'free share' promotion may be less traded. We therefore estimate trading volume in lots at 1687k, 2% lower q/q.
- We assume profitability per lot at the long-term average, both on the recurring revenue side (PLN 185/lot) and the market making side (PLN 29/lot). We see the upside on market making as a result of CFD gas trading, which was in a strong downtrend in Q1'23.
- The 'free share' promotion will, in our view, reduce the average marketing cost of acquiring a new customer, which we estimate at PLN 891 - down 3% y/y. Total marketing costs will then fall 41% higher y/y. Payroll costs also continue their rapid growth, which we estimate at +27% y/y. We assume another quarter with a high contribution from financial income (PLN 24m), allowing net profit to reach PLN 167m.
- Following the rapid price increase since our last report, we are changing our recommendation to 'Hold' and maintaining our target price at PLN 39.3. We do not rule out a further valuation increase in case of a positive Q1'23 earnings surprise, which is very possible given the quite strong performance of Plus500. For the last three quarters, XTB has been adding almost twice as many new clients quarterly as Plus500, so it should be trading at a premium.

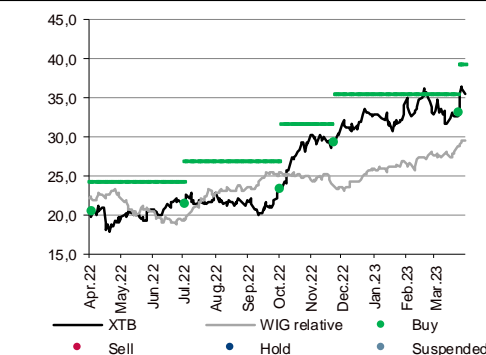
Financial results  
**27.04.2023**

Company data		Recommendation history	Date	Price
Ticker	XTB	Buy	12.12.2022	39,3
Sector	Financials	Buy	12.12.2022	35,6
Price (PLN)	35,9	Buy	21.10.2022	31,8
52w min/max (PLN)	13,7 / 33,88	Buy	20.07.2022	26,8
Shares (m)	117,4	Buy	22.04.2022	24,4
MC (PLNm)	4212	Buy	18.03.2022	24,4
S&P Global ESG Scores	-	Buy	08.12.2021	21,0
Avg. 3M turnover (PLNm)	6,45	Buy	20.10.2021	20,5
Price chng.	1M 4,4%	3M 26,0%	1Y 96,0%	

P/E 12M vs EV/EBITDA 12M



WIG vs. XTB chart



mPLN	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23E	y/y	q/q
Sales	187	55	200	184	440	396	391	217	351	-20%	62%
EBITDA	102	-19	118	85	312	262	262	62	185	-41%	200%
EBIT	100	-21	115	83	309	260	259	59	182	-41%	211%
Net profit	89	-24	104	69	253	227	236	50	167	-34%	231%
P/E12M trailing	13,4	24,3	20,1	17,7	10,5	6,5	5,4	5,5	6,2		
EV/EBITDA 12M trailing	8,1	15,5	12,8	11,5	6,0	3,7	2,9	3,0	3,2		
sales growth y/y	-39%	-74%	43%	31%	136%	617%	96%	18%	-20%		
EBITDA margin	54,5%	-	58,8%	46,4%	70,9%	66,2%	66,9%	28,5%	52,7%		
EBIT margin	53,5%	-	57,6%	45,1%	70,2%	65,5%	66,1%	27,0%	51,7%		
Net margin	47,7%	-	52,1%	37,3%	57,4%	57,2%	60,4%	23,2%	47,5%		

mPLN	2020	2021	2022	2023E	2024E	2025E
Sales	798	626	1 444	1 264	1 294	1 347
EBITDA	523	286	898	590	598	659
EBIT	516	277	886	576	583	644
Net profit	402	238	766	540	531	569
EPS (PLN)	3,43	2,0	6,5	4,6	4,5	4,8
DPS (PLN)	0,2	1,8	1,5	4,9	3,4	3,4
P/E (x)	10,5	17,7	5,5	7,8	7,9	7,4
EV/EBITDA (x)	6,3	11,5	3,0	4,6	4,3	3,6
P/BV (x)	4,7	4,6	2,8	2,9	2,6	2,4
DY (%)	0,7%	5,0%	4,2%	13,6%	9,6%	9,5%

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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  
OCF – cash generated through the operational activities of the company  
FCF – cash generated by the company after taking into account outflows to support operations and retained capital

ROA – rate of return on assets  
ROE – rate of return on equity  
NWC – net working capital  
Cash conversion cycle – period from the moment of expenditure of cash for the purchase of production factors until the moment of receipt of cash revenues from the sale of manufactured goods or services.

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

RFR - risk-free rate  
WACC - weighted average cost of capital

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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%  
SELL – we expect that an investment will make a loss greater than 0%  
Recommendation prepared by: Grzegorz Kujawski, Maciej Marcinowski, David Sharma, Dominik Niszcz, Michał Kozak, Kacper Koproń, Katarzyna Kosiorek, Łukasz Rudnik, Piotr Rychlicki, Piotr Chodyra

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