

BUY

Acquisition & restructuring heralds major transition

Bloomberg	FLA GR
Price (€)	15.39
Target price (€)	24.80
Upside (%)	61%
Shares out (mill)	16.21
Market Cap (€m)	249.5
Net Asset Value (€m)	57.8

FYE Dec	Revs (€M)	EBITDA (€M)	PTP (€M)	EPS (€)	NAV (€m)	Price/Sales (x)	Price/Earnings (x)	Price/NAV (x)
2013A	14.3	(0.4)	(1.0)	(0.09)	30.5	17.5	nm	8.2
2014A	24.7	(8.8)	(9.6)	(0.55)	44.7	10.1	nm	5.6
2015E	83.9	12.6	13.5	0.65	58.0	3.0	23.8	4.3
2016E	85.3	28.4	34.7	1.24	72.2	2.9	12.4	3.5

Source: Mirabaud estimates; Earnings figures adjusted for exceptional items



What's new?

We are initiating coverage of **FinTech Group**, a Frankfurt-listed financial technology group with a leading market position in German online broking (over 140,000 retail customers and €5.6 billion under administration) and a technology platform which boasts over 250 external B2B clients and a track record of innovation. Following the acquisition of **XCOM Group** in March 2015, management has begun restructuring the group to target substantial cost savings from the vertical integration of the online broking platform and the disposal and/or reorganisation of non-core assets. Early evidence of the success of this strategy is reflected in the 2015 interims, in which the enlarged group posted underlying EBITDA of €12.2 million, boosted by both a first-time contribution from **XCOM** and a long-term CFD agreement with **Commerzbank**.

The Mirabaud view

Under strong leadership and with a clear strategic focus, we believe that **FinTech Group** is well positioned to make a growing impact on the emerging European fintech landscape, having successfully built on its legacy of a successful B2C online broking platform. The **XCOM** acquisition, in particular, offers the group substantial revenue & earnings upside, not just from vertical integration & cost savings, but also from its growing B2B business, its pipeline of new technology ventures, and, most importantly, the opportunity to exploit its banking licence (held by the XCOM subsidiary **biw**) by a careful expansion of its consumer loan portfolio with technology based lending models, thereby seeking to substantially improve the monetization of €1.3 billion of current client cash deposits.

Valuation

In our view, the quantity & quality of group earnings is likely to come into sharp focus in 2016, when FinTech accounts show a full contribution from the XCOM acquisition, and the numbers are reported using IFRS accounting standards. We forecast 2016 EBITDA of €28.4 million and underlying attributable earnings of €20.0 million, implying an earnings per share of €1.24. We set our 12-month target price at €24.80, 61% ahead of current levels, based on a forward PER of 20x, which is at a discount to the sector average PER of 24.1x. Whilst we recognise that visibility will improve significantly from here, we believe this an excellent time to build a position in the stock. We initiate coverage with a **BUY** recommendation.

Technology Research

Alan M Howard, CFA
 +44 (0) 20 7878 3375
 alan.howard@mirabaud.co.uk

Specialist Sales

Jason Woollard
 +44 (0) 20 7866 0246
 jason.woollard@mirabaud.co.uk

Guy Wheatley
 +44 (0) 20 7878 3365
 guy.wheatley@mirabaud.co.uk

Emmanuel Valavanis
 +44 (0) 20 7866 0238
 emmanuel.valavanisy@mirabaud.co.uk

Ralf Schmidgall
 +44 (0) 20 7878 3364
 Ralf.schmidgall@mirabaud.co.uk

INVESTMENT SUMMARY

Following recent acquisitions & restructuring, **FinTech Group** today is a financial services technology group providing both B2C and B2B services to consumers and financial services clients and generating consistent & highly visible revenues.

The four key business units within the group are as follows:

- **Flatex** (100% subsidiary). Germany's third largest online broker by customers numbers and second largest online broker by number of executed trades, with a fixed fee trading model and over 140,000 retail customers in Germany & Austria.
- **XCOM AG** (52% subsidiary). Leading provider of software and technology solutions for banks and financial services companies, with over 250 clients.
- **biw** (100% subsidiary of XCOM). Fully licensed German bank with full range of white label banking services.
- **ViTrade** (100% subsidiary of XCOM). Online broking platform for highly active "professional" investors.

History & Background

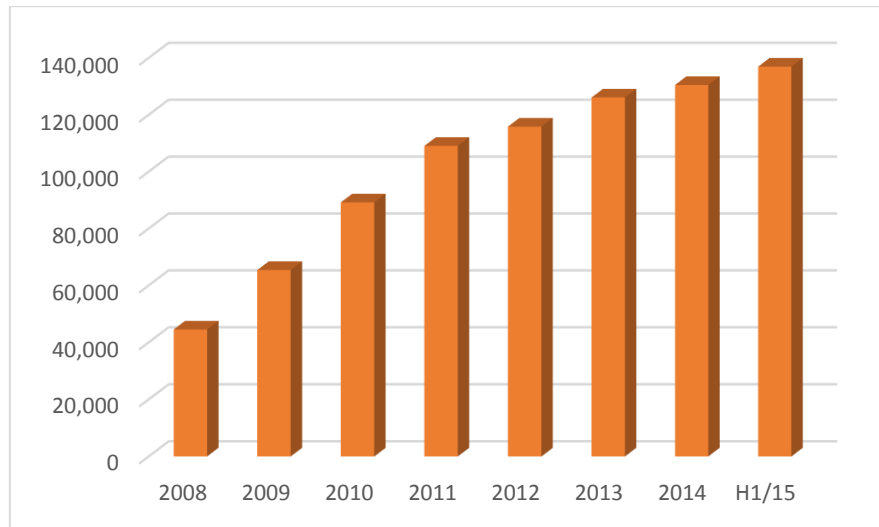
FinTech's **Flatex** business unit represents the original core of **FinTech Group** on top of which today's group has been built. In fact, the group was first listed under its original name **Flatex AG** on the Entry Standard of the Frankfurt Stock Exchange in a €3.1 million IPO in June 2009.

Flatex has been active in the online broking market since 2006. The company was the first online broker in Germany to offer a fixed flat transaction fee of €5.90 to its customers, a level that has not changed since the launch of its business.

Flatex customers are typically highly active investors attracted by its pricing model, which can work out significantly cheaper than rival offerings for those customers executing trades more than once a week. In its consumer market report in 2013, *Stiftung Warentest* concluded that "flatex is the first choice for all who trade regularly"

Since 2008, Flatex customer numbers have grown by an average 20% per annum, to reach 130,490 by the end of 2014. This figure grew a further 5% in H1/15 to reach 136,937. Most of these customers are in Germany, although a small but growing proportion are in Austria (now 5% of the total).

Fig. 1 Flatex Customer Numbers since 2008



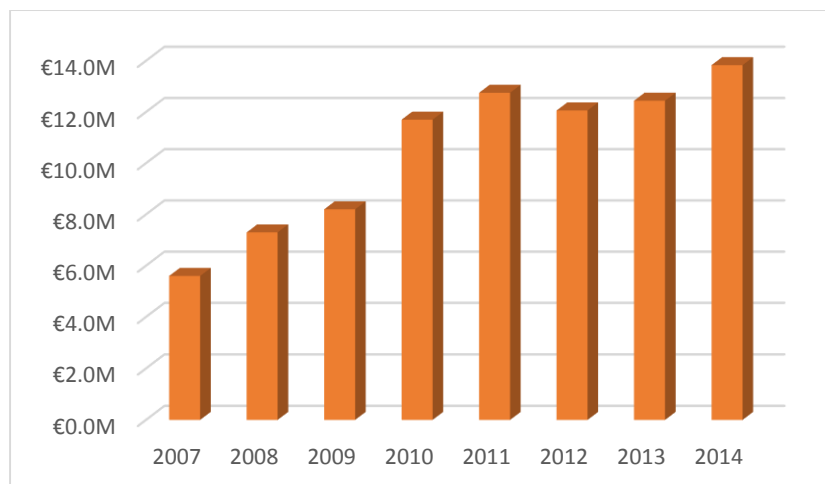
Source: FinTech Group Accounts

Historically, the Flatex business model has been solely driven by front-end marketing. The company has specialised in optimising its marketing effort (currently running at €2-3 million annually, principally online) so as to maximise the return on customer recruitment, whilst outsourcing the technology platform and execution & custody services to XCOM & biw, which in turn have received around 40% of the customer transaction fees.

In this respect, the business has been very successful at delivering top-line growth at a decent level of profitability. With an average number of annual trades of 51, new customers typically pay back their cost of acquisition by the end of their first year with the company.

The evolution of the company's net commission revenues has tracked its customer numbers quite closely, growing 14% per annum since 2007, and continuing to grow in the first half of 2015.

Fig. 2 Flatex Net Commission Revenues since 2007



Source: FinTech Group Accounts

However, both charts above signal a decisive slowdown of growth post-2011 which requires explanation. During this period, there was a deterioration of the relationship between **flatex** and **biw**, its principal business partner, responsible for providing all the relevant financial services to the business.

Ongoing disputes over revenue allocation between the businesses led **Flatex** to take a strategic decision to build a separate online broking unit, supported by its own banking unit, **Aktionaersbank**, which obtained a German banking licence in 2013, and to significantly scale back active customer recruitment for the flatex brand.

Aktionaersbank, however, struggled to operate profitably, with the marketing effort for a new consumer brand proving extremely challenging, delivering very customer acquisition costs, and the unit encountering high minimum guarantees (>€6 million) to external providers of technology & financial services, as well as substantial initial set-up costs.

By the end of 2014, the Aktionaersbank unit had recruited just 5,513 customers.

As a consequence, a further strategic decision was taken - to abort the go-it-alone strategy and to pursue vertical integration with its key suppliers of technology & financial services through the acquisition of XCOM, a process that began in 2015.

The XCOM Acquisition

FinTech Group secured an option to acquire a majority stake in XCOM Group in November 2014, and acquired a 52% stake in XCOM Group for an undisclosed cash sum in March 2015. Financing for this acquisition has been partly provided by two equity raises in the last 12 months - €13.1 million at €9.35/share in December 2014 and €10.0 million at €12.45/share in June 2015.

In the year to December 2013, XCOM Group generated revenues of €58 million, of which only around 40% was related to services provided to Flatex. Not least due to ongoing disputes with flatex, the previous management at XCOM pursued an aggressive diversification strategy in recent years.

By the end of 2014, XCOM Group had over 250 corporate customers and provided a range of services including consultancy and implementation of specific technology projects as well as transaction-dependent revenues from white-labelling its technology to third-party broking and banking platforms. A good example of this work would be the platform "**LOX**", which XCOM built for both **Deutsche Bank** and **Commerzbank**; and the white label banking services biw is providing to **IKB**.

In addition to its core B2B technology business, the XCOM Group also provides FinTech with a fully licensed German bank, **biw**. As well as being the main historical provider of execution and custodian services to flatex, in recent years biw also runs its own online broking brand **ViTrade** (with 2,436 heavy-trading customers as of 31/12/14), as well as providing a range of white label banking services to other financial services customers, such as **MWB Fairtrade**, **PBB**, and **IKB**.

We have yet to see the full impact of the XCOM Group acquisition reflected in FinTech’s financial reports. The 2015 interim results show the impact of just over three months of contribution to the income statement as well as a full balance sheet consolidation. In these, we can see how substantially the group has been transformed by the deal.

Fig. 3 FinTech Group KPIs – Impact of XCOM Acquisition

	H1/2015	H1/2014	Impact of XCOM Group
No. of customers	163,668	134,403	21,218
No. of transactions	4,822,517	3,110,018	940,316
Customer assets under management	€5,679,000	€4,043,000	€784,000
Reported commission income	€33,820,000	€7,693,000	€14,240,000
Cash	€773,855,000	€5,299,000	€765,000,000
Receivables owed by customers	€440,097,000	€434,000	€439,000,000
Liabilities to customers	€1,331,329,000	€28,814,000	€1,275,000,000

Source: FinTech Group Accounts; Mirabaud estimates

The initial impact of the transaction, reflected in the interim results, can be summarised in three distinct parts:

- **Overall expansion of broking business.** The consolidation of XCOM’s external transaction-based revenues, whether from white-labelling third party broking platforms or from its own **ViTrade** unit, creates a significant uplift in the group operating metrics, whether in terms of customer numbers, transactions executed, or customer assets under management.
- **Higher reported revenues from vertical integration.** The vertical integration of XCOM’s Flatex-based revenues provides an immediate uplift to commission revenues, with the “grossing up” adding 150% to the pre-existing Flatex net commission figure.
- **Customer deposits now on balance sheet.** The accounting treatment of XCOM’s biw banking unit leads to the full consolidation of customer accounts within the FinTech Group figures, with around €1.3 billion of customer deposits added to the balance sheet.

Understanding the Enlarged FinTech Group

Beyond the initial accounting impact of the **XCOM** transaction, there are a number of significant positive current developments within the group which will have a profound financial impact on future financial performance, and hence are critical to understanding our forecasts for the enlarged FinTech Group.

➤ The winding-down of Aktionaersbank

The acquisition of **XCOM Group** (with its own bank, **biw**) allows **FinTech** to move ahead with winding-down its own fully integrated broker/bank, **Aktionaersbank**, whose disappointing performance had been one of the original catalysts for the acquisition.

We estimate that the **Aktionaersbank** unit was running at an operating loss of over €10 million in 2014, burdened by costly guaranteed payments to providers of technology and financial services such as **HSBC** and **Elaxy**.

Within the current year, the unit's operating loss is unlikely to be materially better. **FinTech's** current strategy is to strip **Aktionaersbank** of its customers (by transferring them to **Flatex** where possible), and to dispose of the business whose remaining value comprises of its cash (€13 million) & the strategic value of its banking licence.

We would expect the unit to attract offers from prospective buyers with an overall valuation close to its current net asset value of €15 million. Such a transaction could occur before the end of the current financial year, and would provide a significant uplift to the profitability of the FinTech Group (of around an annualised €10 million at the operating profit level) . We would also expect, under IFRS, for this to be treated as "discontinued business" in the re-stated 2015 results, although the 2015 forecasts published in this note are based on HGB.

➤ The outsourcing of CeFDex

CeFDex is a CFD (contracts for difference) business providing cost-effective access to the CFD and Forex market to a number of banks & other financial institutions. The unit was acquired by **FinTech** for €9 million in 2013. In 2014, the unit generated €1.66 million in "commission revenues" whilst the group's reported "net income from trading portfolio" of €8.87 million was largely related to the **CeFDex** unit.

In June 2015, following another successful period of trading at **CeFDex** (net trading profits were €7.47 million in H1/15), **FinTech Group** decided to capitalise on the unit's success whilst reducing its exposure to future volatility. A long-term agreement was struck with **Commerzbank**, under which all of **CeFDex's** future CFD business will be fully outsourced to **Commerzbank** in exchange for a multi-year stream of both fixed and transaction-related revenues.

The first fruits of this agreement were reflected in the 2015 interim results, in which the first payment from Commerzbank of a “double-digit million Euro figure” was recognised as commission income. Going forward, we expect FinTech Group to receive between 40-50% of CeFDex’s commission revenues from Commerzbank under the agreement, but we understand the agreement provides for a higher minimum guarantee level within the first three years of the agreement. Our forecasts allow for payments of over €2 million per annum in 2016 and 2017.

FinTech decided to pursue this deal for a number of reasons. There is increasing competition in the B2B CFD market-making space, not least from Commerzbank itself. The infrastructure would have required a significant amount of near-term investment (perhaps as much as €3-4 million over the coming years). The effect of the transaction is also to strengthen the **biw** banking unit’s equity, enabling further expansion through technology-based consumer lending (see below).

Historically, the **CeFDex** business contributed around 10% of the group’s net commissions (prior to the **XCOM** acquisition) in combination with the more volatile trading profits, which contributed over €16 million in the last eighteen months. In our view, the new arrangement with Commerzbank is an attractive deal for the **FinTech Group**, given the visibility of its medium-term revenues and the significant reduction in financial and business risk that the deal achieves.

➤ **Ongoing cost saving initiatives**

Over and above the substantial cost reductions that are likely from the planned disposal of **Aktionaersbank**, there remain significant cost saving opportunities from the broader integration of **XCOM Group** within **FinTech Group**, which we have factored into our financial forecasts for 2016 and beyond.

We expect the new management to focus on a number of key areas, such as:

- Renegotiating a number of expensive contracts with suppliers
- Rationalising the number of **XCOM** branches and subsidiaries within Germany
- Closing a loss-making **XCOM** subsidiary in Africa

Altogether, there exists in our view considerable “low-hanging fruit” in the integration process, which should deliver a significant boost to FinTech Group’s future earnings. Our forecasts allow for an improvement in annualised group EBITDA of at least €4 million from these initiatives.

➤ **Monetising customer deposits through biw**

The most significant medium-term opportunity from the acquisition of XCOM Group lies in the untapped potential for improving the monetisation of customer deposits which currently amount to over €1.3 billion.

The 2015 interim FinTech Group balance sheet, which consolidates for the first time the banking business, **biw** allows us to analyse the scale of this opportunity, by looking carefully at the group's current management of these deposits:

Fig. 5 FinTech Group Selected Balance Sheet Items June 2015

ASSETS	(€M)	LIABILITIES	(€M)
Due from customers	440.1	Customer deposits	1,331.3
Cash on hand	35.7	Overnight loans from credit institutions	55.4
Balance held with ECB Frankfurt	773.9	Term loans from credit institutions	43.5
Overnight deposits with credit institutions	60.0	Shareholders' Equity	57.9

Source: FinTech Group Accounts

Firstly, we note that over 30% of customer deposits are effectively working capital - €440 million were "due from customers" as of 30 June 2015.

Secondly, we see that as of 30 June 2015 the bank has over €773 million lodged with the **European Central Bank** in Frankfurt, as part of its obligations under the German bank auditing association (*Prüfungsverbandes deutscher Banken e.V.*), implying that all financial assets over and above €650 million must be lodged with the appropriate central bank. ECB deposits currently incur a 20bp penalty interest rate, which generated a negative impact on biw's 2014 income statement of over €1 million. Management is working hard together with its regulators to remove the restrictions placed on its capital allocation.

The group's "regulatory capital" is defined in relationship to the level of equity within the business, adjusted for various other balance sheet items which require special treatment. As FinTech Group continues to restructure its operations post the XCOM Group acquisition, we expect the group's shareholder equity, and hence "regulatory capital" to continue to expand. This, in turn, will allow it to reduce its ECB deposits in relation to its other financial assets.

As of 30.06.15, FinTech Group had no material "loan book" on the asset side of its balance sheet. It held the overwhelming majority of its "free" funds in the form of

overnight deposits with other lenders, which in turn generate no more than €1.5 million per annum, thereby creating no significant net interest income for the enlarged group, despite being a fully licensed German bank with a growing abundance of customer deposits.

Going forward, FinTech Group's determined strategy is to carefully grow and manage its own book of technology-based consumer loans, and significantly increase the group's net interest income. To lead this drive, the group recently hired **Bernd Wuerfel**, who has been active in retail banking for 44 years, including spells at **Credit Suisse** and **Sparkasse**.

The strategy has the following key components:

- Work exclusively with cash generated from FinTech Group's core business of online broking at zero interest rate (even in times of higher interest rates, flatex never offered interest to its customers on their cash deposits)
- Grow the consumer credit book through partnerships with alternative technology-based (European) lenders of the likes of **LendingClub** in the USA.
- Target a rate of return on consumer loans of approximately 10% per annum
- Build a loan book of over €100 million, representing 10% of overall financial assets, and diversified in terms of duration, securitization and geography

The group has already begun to make progress on delivering these goal, by developing partnerships with alternative lenders. High street banks are highly unlikely to co-invest with P2P/alternative lenders, given the competitive tension between the parties. By contrast, FinTech Group provides a ready-made source of cash supply without presenting itself as a competitor to the alternative lenders. Loan demand, by comparison, is growing strongly. One of FinTech Group's partner lenders, for example, generated €50 million of loan demand in the last six weeks. FinTech Group has an exclusive option to invest in this partner's loan book, dependent on loan quality.

FinTech Group will build its consumer loan book gradually, "one consumer at a time", and we note that within the Eurozone, the demand for micro-credits is likely to be more significant outside Germany. Nevertheless, there is a clear opportunity to deliver over €10 million of EBITDA for the enlarged FinTech Group, simply from pursuing a better balance sheet strategy which remains consistent with highly conservative banking and financial management practices.

➤ New venture pipeline

FinTech Group's management has set a medium-term goal to become the leading financial technology company in Europe. To this end, the group benefits from a strong track record of innovation in the financial technology space. To this end, the recent growth at XCOM Group, under which the business began to focus on expanding its B2B operations, found its origins developing a fintech lab, "*XLAB*", working with online start-ups in Berlin. Over recent years, the enlarged group has developed a number of new product lines which offer substantial potential future earnings growth, as the group further diversifies its activities.

By participating in the June 2015 capital increase, quoted payment service provider **SafeCharge International Group Ltd.** (SCH LN) took a 5% strategic stake in **FinTech Group** as part of a broader strategic partnership agreement, under which **SafeCharge** is expected to shift a substantial part of its merchant business to **biw**. SafeCharge customers currently transact with millions of individual clients and conduct around 200 million transactions annually.

The group has also developed its own mobile payment technology, *kesh*, which, in its trial "friends & family" phase, has already attracted over 10,000 customers to use its mobile app. On 11 November, the group reported that users are transferring on average €10 per transaction, mostly to friends, and that the platform has already transacted over €1 million of business. We expect FinTech Group to pursue agreements to white-label the technology with larger banks and retail store chains, which will likely accelerate the growth of the platform.

Valuation

Peer group trading statistics show that the alternative lender / online broker / fintech space continues to attract high earnings multiples on stock markets, with the median 2016 P/E currently standing at 24.1x. We expect FinTech Group to approach this level as the visibility of its 2016 profitability improves. Nevertheless, **we regard 20 times forward earnings to be a fair value for a company in this space, and thus we have set our 12-month target price at €24.80 per share, or 61% ahead of current levels.**

We initiate coverage with a BUY recommendation.

Fig. 6: Comparable Companies Trading Statistics

Stock	Price (LCL)	Mkt Cap (US\$M)	EV / EBITDA		PER		EBITDA Margin	Sales Growth
			2015E	2016E	2015E	2016E		
PayPal Holdings	36.19	44,106	4.7	4.0	17.3	14.9	28.6	24.1
Charles Schwab	33.04	43,468	3.7	3.2	9.3	7.1	33.4	24.7
E*TRADE Financial	30.11	8,745	7.1	6.3	n/a	n/a	25.9	19.2
Wirecard AG	45.88	6,083	6.6	5.3	22.0	17.4	36.6	28.6
LendingClub	12.84	4,818	9.2	5.6	58.8	30.3	97.8	51.4
comdirect bank	11.02	1,670	4.2	4.1	n/a	n/a	23.2	22.5
Ferratum	23.75	554	5.0	3.2	33.7	20.0	47.4	23.3
FinTech Group	15.39	268	19.8	8.8	23.8	12.4	33%	n/a
MEDIAN			22.0	17.4	33.4	24.1	27%	16%

Fig. 7a: FinTech Group Summary Financial Forecasts (€)

REVENUE ANALYSIS								
Y/end Dec (€m)	F2012	F2013	F2014	H1/15	H2/15E	F2015E	F2016E	F2017E
Commission income								
Flatex (net)	12.06	12.44	13.83	7.94	7.94	15.88	17.07	18.35
ViTrade	3.51							
CeFDex/Commerzbank	0.00	1.15	1.66	11.08	0.48	11.56	2.00	2.50
Aktionaersbank	0.00	0.45	0.49	0.56	0.14	0.70	0.00	0.00
XCOM/biw	0.00	0.00	0.00	14.24	32.04	46.28	65.68	70.61
Commission revenues	15.57	14.03	15.98	33.82	40.60	74.42	84.75	91.46
Net trading income	0.00	0.28	8.87	7.47	2.00	9.47	0.50	0.50
Total revenues	15.57	14.31	24.85	41.29	42.60	83.89	85.25	91.96
INCOME STATEMENT								
Y/end Dec (€m)	F2012	F2013	F2014	H1/15	H2/15E	F2015E	F2016E	F2017E
Net commission income	15.6	14.0	15.8	33.8	40.6	74.4	84.8	91.5
<i>% growth</i>			13%	341%			14%	8%
Net trading income	0.0	0.3	8.9	7.5	9.5	16.9	0.5	0.5
Group revenues	15.6	14.3	24.7	41.3	42.6	83.9	85.3	92.0
<i>% growth</i>	-34%	-8%	73%	267%	217%	240%	2%	8%
Other operating income	0.3	0.4	0.4	1.4	1.4	2.8	2.9	3.1
Personnel expenses	(4.5)	(5.5)	(11.7)	(11.6)	(17.4)	(28.9)	(23.1)	(23.7)
Other general & admin	(9.9)	(9.4)	(21.1)	(17.9)	(25.1)	(43.1)	(34.4)	(35.3)
Other operating expenses	(0.1)	(0.1)	(1.0)	(1.0)	(1.1)	(2.1)	(2.2)	(2.3)
EBITDA	1.4	(0.4)	(8.8)	12.2	0.4	12.6	28.4	33.7
Depreciation	(1.2)	(0.7)	(0.8)	(0.7)	(0.7)	(1.4)	(1.5)	(1.6)
Operating Profit	0.2	(1.0)	(9.5)	11.5	(0.3)	11.2	26.9	32.1
<i>% margin</i>	1%	-7%	-39%	28%	-1%	13%	32%	35%
Interest income	0.3	0.0	0.0	1.4	3.1	4.5	10.0	11.0
Interest expenses	(0.0)	(0.0)	(0.1)	(1.1)	(1.1)	(2.1)	(2.2)	(2.4)
Dividends	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Pre-tax profit	0.5	(1.0)	(9.6)	11.8	1.7	13.5	34.7	40.8
Taxation	(0.2)	0.1	1.9	(2.4)	(0.3)	(2.7)	(10.4)	(12.2)
Headline group NI	0.3	(0.9)	(7.6)	9.4	1.5	10.8	24.3	28.6
Minorities	0.4	0.0	0.0	(0.2)	(0.1)	(0.3)	(4.3)	(5.0)
Headline earnings	0.7	(0.9)	(7.6)	9.2	1.3	10.5	20.0	23.6
Exceptionals	(0.3)	(0.1)	0.8	(1.5)	0.0	(1.5)	0.0	0.0
Goodwill amortisation		(0.1)	(0.7)	(4.7)	(1.2)	(5.8)	(5.8)	(5.8)
Attributable earnings	0.5	(1.1)	(7.6)	3.0	0.1	3.2	14.2	17.8
Weighted average shares (m)	8.75	10.42	13.93	15.80	16.21	16.00	16.21	16.21
EPS (€) - reported	0.06	(0.11)	(0.55)	0.19	0.01	0.20	0.88	1.10
EPS (€) - headline	0.08	(0.09)	(0.55)	0.58	0.08	0.65	1.24	1.45

Fig. 7b: FinTech Group Summary Financial Forecasts (€)

BALANCE SHEET	F2012	F2013	F2014	H1/15	H2/15E	F2015E	F2016E	F2017E
Property, Plant & Equipment	1.26	1.30	1.04	5.9	5.9	5.9	5.2	4.4
Other intangibles	0.59	0.77	1.42	2.1	2.1	2.1	1.7	1.3
Goodwill	0.00	3.60	2.87	31.2	30.1	30.1	24.3	18.4
Trading portfolio	0.00	7.53	10.1	11.4	0.5	0.5	0.5	0.5
Cash reserves	0.00	0.10	5.30	809.6	864.5	864.5	1,010.9	1,172.0
Due from credit institutions	5.56	19.0	41.3	60.0	102.9	102.9	1.5	(22.0)
Due from credit institutions	1.73	1.70	14.9	55.6	77.8	77.8	171.2	188.3
Due from customers (other)	0.03	0.28	0.43	440.1	484.1	484.1	532.5	585.8
Securities & investments	1.35	0.23	0.33	103.2	113.5	113.5	124.8	137.3
Payable to credit institutions	(0.23)	(0.32)	(0.62)	(55.4)	(60.9)	(60.9)	(67.0)	(73.7)
Payable to customers	(0.36)	(0.14)	(28.8)	(1,331)	(1,464)	(1,464.5)	(1,610.9)	(1,772.0)
Payable to credit institutions	0.00	0.00	0.00	(43.5)	(47.9)	(47.9)	(52.7)	(57.9)
Minority interest	(0.83)	0.00	0.00	(11.3)	(11.4)	(11.4)	(15.7)	(20.7)
Other	4.52	(3.58)	(3.52)	(19.7)	(38.7)	(38.7)	(54.2)	(71.8)
Shareholders' Equity	13.6	30.5	44.7	57.8	58.0	58.0	72.2	90.0
CASH FLOW STATEMENT								
Y/end Dec (€m)	F2012	F2013	F2014	H1/15	H2/15E	F2015E	F2016E	F2017E
Attributable earnings	0.5	(1.1)	(7.6)	3.0	9.6	12.6	28.4	33.7
Depreciation & amortisation	1.2	0.8	1.5	0.7	0.7	1.4	1.5	1.6
Change in receivables	0.3	(0.2)	(13.4)	(480.3)	(66.2)	(546.6)	(141.8)	(70.4)
Change in trading portfolio	0.0	(7.5)	(2.6)	(1.3)	10.9	9.6	0.0	0.0
Change in payables	(0.5)	(0.2)	28.7	1,346.0	137.5	1,483.5	151.2	166.4
Other	(2.5)	9.7	(0.7)	(538.7)	0.0	(538.7)	(7.1)	(7.5)
Operating cash flow	(1.0)	1.4	6.0	329.5	92.4	421.9	39.3	131.3
Net acquisition of PP&E	(1.6)	(0.3)	(0.1)	(0.2)	(0.2)	(0.4)	(0.4)	(0.4)
Net acquisition of Intangibles	(3.2)	0.8	(0.2)	(29.5)	0.0	(29.5)	0.0	0.0
Net acquisition of financial	1.0	1.0	(0.0)	0.0	0.0	0.0	0.0	0.0
Corporate M&A	0.0	(0.3)		(47.7)	0.0	(47.7)	0.0	0.0
Free cash flow	(4.7)	2.5	5.6	252.1	92.2	344.3	39.0	130.8
Dividends	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Share issues	(6.2)	9.5	21.8	10.1	0.0	10.1	0.0	0.0
Other	(0.2)	1.5	(0.3)	506.1	0.0	506.1	0.0	0.0
Net cash flow	(11.1)	13.5	27.2	768.2	92.2	860.5	39.0	130.8

RECOMMENDATIONS HISTORY

Market index	AIM all-share index				
Date	Market Index level	Stock Price (€)	Target Price (p)	Opinion	
20/11/2015	730.78	15.39	24.80	BUY	

RATINGS, CERTIFICATION AND DISCLOSURE

RATINGS SYSTEM

BUY:	The stock is expected to generate absolute positive price performance of over 20% during the next 12 months.
ACCUMULATE/OVERWEIGHT:	The stock is expected to generate absolute positive price performance of 10-20% during the next 12 months
NEUTRAL:	The stock is expected to generate absolute price performance of between 10% positive and 10% negative during the next 12 months.
REDUCE/UNDERWEIGHT:	The stock is expected to generate absolute negative price performance of 10-20% during the next 12 months
SELL:	The stock is expected to generate absolute negative price performance of over 20% during the next 12 months.
RISK Qualifier:	Speculative

Stocks bear significantly higher risk that typically cannot be valued by normal fundamental criteria. Investments in the stock may result in material loss.

INVESTMENT ANALYST CERTIFICATION

All research is issued under the regulatory oversight of Mirabaud Securities LLP

Each Investment Analyst of Mirabaud Securities LLP whose name appears as the Author of this Investment Research hereby certifies that the recommendations and opinions expressed in the Investment Research accurately reflect the Investment Analyst's personal, independent and objective views about any and all of the Designated Investments or Relevant Issuers discussed herein that are within such Investment Analyst's coverage universe.

INVESTMENT RESEARCH DISCLOSURES

The following disclosures relate to this document: NONE

1. This is a commissioned or a non-independent research note/comment.
2. In the past 12 months Mirabaud Securities or its affiliates have had corporate Finance mandates or managed or co-managed a public offering of the relevant Issuer's securities or received compensation for Corporate Finance services from the Relevant Issuer, excluding acting as a corporate broker, on a retained basis, for the Relevant Issuer.
3. Mirabaud Securities expect to receive or intend to seek compensation for Corporate Finance services from this company in the next 6 months, excluding acting as a corporate broker, on a retained basis, for the Relevant Issuer.
4. The Investment Analyst or a member of the Investment Analyst's household has a long position in the shares or derivatives of the Relevant Issuer.
5. The Investment Analyst or a member of the Investment Analyst's household has a short position in the shares or derivatives of the Relevant Issuer.
6. As of the month end immediately preceding the date of publication of this report, or the prior month end if publication is within 10 days following a month end, Mirabaud Securities and/or its affiliates beneficially owned 5% or more of any class of common equity securities of the Relevant Issuer.
7. A senior executive or director of Mirabaud Securities, or a member of his / her household, is an officer, director, advisor, or board member of the Relevant Issuer and/or one of its subsidiaries.
8. Mirabaud Securities acts as corporate broker, on a retained basis, for the Relevant Issuer.

The Investment Analysts who are responsible for the preparation of this Investment Research are employed by Mirabaud Securities LLP a securities broker-dealer. The Investment Analysts who are responsible for the preparation of this Investment Research have received (or will receive) compensation linked to the general profits of Mirabaud Securities LLP.

Copies of the Mirabaud Securities Policy on the Management of Material Interests and Conflicts of Interest in Investment Research can be obtained from the Mirabaud Securities Compliance Department by emailing compliance@mirabaud.co.uk

DISCLAIMER

ISSUED BY MIRABAUD SECURITIES LLP, A LIMITED LIABILITY PARTNERSHIP AUTHORISED AND REGULATED BY THE FINANCIAL SERVICES AUTHORITY. A MEMBER OF THE LONDON STOCK EXCHANGE

© Mirabaud Securities LLP. All rights reserved. Any unauthorised use or distribution is strictly prohibited. This document has been prepared and issued by Mirabaud Securities LLP or its associated companies and has been approved for publication in the United Kingdom by Mirabaud Securities LLP, a limited liability partnership authorised and regulated by the Financial Services Authority. This document is distributed in Hong Kong by Mirabaud Securities (Asia) Limited, which is authorised as a licenced dealer in securities and regulated by the Hong Kong Securities and Futures Commission. Neither the information nor the opinions expressed in this document constitute or intend to be an offer, or a solicitation of an offer, to buy or sell relevant securities (i.e. securities mentioned herein and options, warrants, or rights to or interests in any such securities). The information and opinions contained in this document have been compiled from and based upon generally available information which Mirabaud Securities LLP believes to be reliable but the accuracy or completeness of which cannot be guaranteed. All comments and estimates given are statements of Mirabaud Securities LLP's or an associated company's opinion only and no express or implied representation or warranty is given or to be implied therefrom. All opinions expressed herein are subject to change without notice. This document does not take into account the specific investment objectives, financial status, attitude to risk or any other specific matters relevant to any person who receives this document and should therefore not be used in substitution for the exercise of judgment by such person. Neither Mirabaud Securities LLP nor any associated company accepts any liability whatsoever for any direct or consequential loss arising from the use of its advice or research publications save where such loss arises as a direct result of Mirabaud Securities LLP's or an associated company's negligence. Research publications are issued by Mirabaud Securities LLP or an associated company for private circulation to eligible counterparties, professional clients and professional advisers, ("its clients"), and specifically not to private or retail clients. They may not be reproduced, distributed or published by you for any purpose except with Mirabaud Securities LLP's express written permission. Mirabaud Securities LLP, an associated company, or their employees and officers may have a holding (long or short) in an investment which it knows will be the subject of a published research recommendation to clients. It may also have a consulting relationship with a company being reported on. Mirabaud Securities LLP or an associated company may also act as agent of its clients and may have or have undertaken transactions in investments covered by this document prior to your receipt of it. Additional information on the contents of this report is available on request. Not for release, publication or distribution, directly or indirectly, in or into the United States of America.