

22/01/2016 - GBC Research Comment – FinTech Group AG

Company: FinTech Group AG^{*5a,11}

ISIN: DE0005249601

Analyst: Felix Gode

Current price: 17.25 € (XETRA 21/01/2016; 17:36)

Target price: 26.85 €

Rating: Buy

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* List of possible conflicts of interest on page 3

flatex establishes cooperation with ZINSPILLOT and optimises liabilities side of balance sheet by better usage of customer deposits – estimates confirmed – Rating BUY

The FinTech Group AG has established a cooperation between the 100% subsidiary online bank flatex and ZINSPILLOT. In the course of the cooperation the about 150,000 customers of flatex are now able to access overnight and fixed term deposits of a wide range of banks all across Europe out of their existing portfolio at flatex. The advantage for customers is that the overnight and fixed term deposits can be bought as easy as e.g. stocks, without having to open a further account at the savings bank. With the new offer flatex not only widens its value chain and increases usability for customers, but also flatex now claims a unique feature on the European banking market.

The advantage for the FinTech Group AG is that the liabilities side of the balance sheet will be optimised. If customers decide for an overnight or fixed term deposit of another savings bank they are able to buy those products out of their existing portfolio, however the deposits are transferred to the third party bank. Therewith at FinTech Group AG currently not usable liquidity can be used adding value. For that reason FinTech Group AG has made an important further step to use the high volume of customer deposits at the fully-licenced bank and subsidiary biw Bank AG in an efficient way and to increase income potentials.

Furthermore, already in December 2015 FinTech Group AG undertook another important step to make customer deposits usable more efficiently by conducting a capital increase with the result of m10 € of new equity capital. With the proceeds the equity basis of the biw bank AG was strengthened to make an expansion of the credit business possible. The focus of this shall be on technology-based consumer credits.

The FinTech Group AG started out to the year 2016 with a positive news-flow. This first of all makes clear that the company undertakes promised measures to use the high customer deposits at biw Bank AG more effectively in order to generate increasing earnings. Therewith we confirm our estimates of the Initial Coverage-Report as of 07/12/2015 and leave the target price of €26.85 unchanged. Hence, the shares of FinTech Group AG offer an upside potential of roughly 60 %. Accordingly the BUY-rating also remains unchanged.

P&L (in million €)	FY 2014	FY 2015e	FY 2016e	FY 2017e
Net sales	24.64	84.23	90.00	101.15
EBITDA (margin)	-8.30 (neg.)	20.13 (17.5%)	31.00 (25.0%)	38.15 (27.5%)
Net profit or loss	-7.59	3.91	14.84	20.54

Source: GBC; Note: Net sales include interest income and commission income, netted against interest expenses and commission expenses, plus any other sales revenue (e.g. trading profit).

ANNEX

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