

# Multitude SE

Financial Services - Finland

**Buy** (old: Buy)

18.03.2024

**EUR 10.00** (old: EUR 10.00)

## Strong Q4 figures // Bullish FY24 guidance confirmed; chg

End of last week, Multitude reported a very strong set of Q4 figures and confirmed its FY24 EBIT guidance of € 67.5m. In detail:

- **Sales came in at € 63.1m**, up 9% qoq and 15% yoy, slightly above our estimates of € 60.4m (eNuW; restated to reflect directly attributable CAC), driven by the strong growth of the net loan book (NAR) to € 636m (21% yoy; including c. € 60m attributable to warehouse lending). Importantly, all segments contributed significantly to yoy NAR growth. In FY23, Multitude reached € 231m sales (9% yoy vs eNuW: 228m).
- **EBIT increased by 16% qoq to € 13.5m** (40% yoy), above our estimates of € 12.2m (eNuW). With 45.5m on the FY base, the **company achieved its FY23 guidance of € 45m**. The solid bottom line is due to stable OPEX thanks to efficiency measures (marketing, personnel) as well as topline growth. Driven by NAR expansion and higher reference rates, financial costs increased to c. € 8.5m (vs eNuW: € 6.6), resulting in an **EBT of approximately € 4.1m** (vs eNuW: € 6.3m).

On the back of this strong set of numbers, **management confirmed the FY24 EBIT guidance of € 67.5m** (vs eNuW old: € 51m) expecting further topline growth and scale effects. In our view, the guidance looks ambitious, but not out of range given 1) the significantly increased loan book that should fully materialize within FY24, 2) the strong growth momentum of CapitalBox as well as the opportunities around the new segment wholesale banking that already gained traction in FY23. That paired with the ongoing stable performance of the "cash-cow" of the Group (ferratum) and tight cost control that the company already showed in FY23 give us additional confidence. Mind you that the company reached its guidance for the 3<sup>rd</sup> consecutive year in FY23.

As the stock looks still **trading at a negative EV** and a **3.4x PE'24**, the **growing, highly profitable, resilient and dividend paying company** continues to look undebatably cheap.

Multitude remains in our NuWays Alpha List and we reiterate **BUY** with an unchanged **€ 10 PT**, based on our residual income model.

### Share Performance



High/low 52 weeks (€)	4.88 / 2.60
3m rel. performance	-7.6%
6m rel. performance	11.6%
12m rel. performance	10.4%

### Market data

Share price (in €)	4.30
Market cap (in € m)	72.9
Number of shares (in m pcs)	21.6
Enterprise value (in € m)	-18.5
Ø trading volume (6 months)	2,259

### Identifier

Bloomberg	FRU GR
Reuters	FRU
WKN	A1W9NS
ISIN	FI4000106299

### Key shareholders

Jorma Jokela	55.2%
Universal	4.9%
Dorval	4.8%
Ferratum Oyj	0.7%

### Estimates changes

	2023e	2024e	2025e
Sales	1%	3%	4%
EBIT	2%	11%	15%
EPS	-7%	-7%	1%

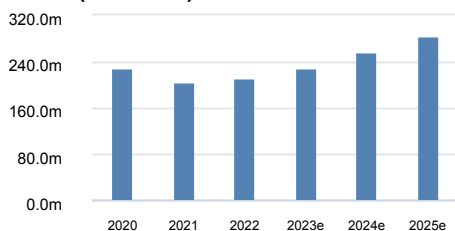
### Comment on changes

- Reflecting FY23 prelims, we slightly increase sales and reduce OPEX for FY23 and beyond
- Further, we increase interest rates to reflect the higher loan book.

Y/E 31.12 (EUR m)	2020	2021	2022	2023e	2024e	2025e
Sales	230.5	204.2	212.5	230.5	258.7	284.1
Sales growth	-21.4%	-11.4%	4.0%	8.5%	12.3%	9.8%
EBITDA	41.9	42.5	48.9	60.6	73.7	84.8
Net debt (if net cash=0)	-61.5	-111.6	-97.7	-69.5	-81.1	-98.4
FCF	127.8	60.2	-19.2	159.5	-8.8	3.4
Net Debt/EBITDA	0.0	0.0	0.0	0.0	0.0	0.0
EPS pro forma	0.23	0.11	0.55	0.76	0.99	1.27
EBITDA margin	18.2%	20.8%	23.0%	26.3%	28.5%	29.8%
ROCE	4.9%	3.7%	4.0%	5.3%	5.6%	6.1%
EV/sales	0.0	-0.2	-0.1	-0.2	-0.1	-0.1
EV/EBITDA	0.0	-0.9	-0.6	-0.6	-0.3	-0.4
PER	14.7	31.2	6.2	4.4	3.4	2.7
Adjusted FCF yield	423.8%	-51.2%	-53.9%	-70.1%	-72.1%	-66.6%

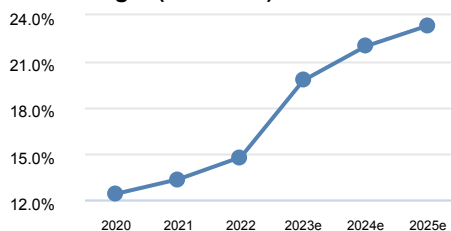
Source: Company data, NuWays, Close price as of 12.03.2024

### Sales (2020-25e)



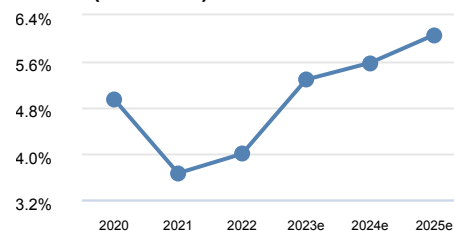
Source: NuWays Research

### EBIT margin (2020-25e)



Source: NuWays Research

### ROCE (2020-25e)



Source: NuWays Research

### Company description

As a pioneer in digital banking solutions, Multitude is a global service provider for developing and operating a global financial platform and offering real-time scoring, lending and banking services to consumers and companies.

### Guidance

- EBIT FY24: € 67.5m
- Net income FY26: € 30m

## Financials

Profit and loss (EUR m)	2020	2021	2022	2023e	2024e	2025e
<b>Sales</b>	<b>230.5</b>	<b>204.2</b>	<b>212.5</b>	<b>230.5</b>	<b>258.7</b>	<b>284.1</b>
Sales growth	-21.4%	-11.4%	4.0%	8.5%	12.3%	9.8%
Cost of sales	91.0	71.9	84.6	89.3	95.6	102.2
<b>Gross profit</b>	<b>139.5</b>	<b>132.3</b>	<b>127.9</b>	<b>141.2</b>	<b>163.2</b>	<b>181.8</b>
Sales and marketing	22.7	15.6	12.4	14.2	15.7	17.2
General and administration	33.1	33.0	34.0	34.1	37.5	40.8
Research and development	0.0	0.0	0.0	0.0	0.0	0.0
Other operating income	0.5	-0.6	0.0	0.0	0.0	0.3
Other operating expenses	42.3	40.4	32.6	32.4	36.2	39.4
<b>Total operating expenses</b>	<b>97.6</b>	<b>89.7</b>	<b>79.0</b>	<b>80.6</b>	<b>89.5</b>	<b>97.0</b>
Unusual or infrequent items	0.0	0.0	0.0	0.0	0.0	0.0
<b>EBITDA</b>	<b>41.9</b>	<b>42.5</b>	<b>48.9</b>	<b>60.6</b>	<b>73.7</b>	<b>84.8</b>
Depreciation	3.2	2.9	2.6	2.3	2.6	2.8
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	10.2	12.4	14.9	12.7	14.2	15.6
Impairment charges	0.0	0.0	0.0	0.0	0.0	0.0
<b>EBIT (inc revaluation net)</b>	<b>28.5</b>	<b>27.2</b>	<b>31.4</b>	<b>45.6</b>	<b>56.9</b>	<b>66.3</b>
Interest income	0.5	3.6	0.5	0.0	0.0	0.0
Interest expenses	22.8	26.1	18.2	26.5	32.3	34.6
Investment income	0.0	0.0	0.0	0.0	0.0	0.0
Financial result	-22.3	-22.5	-17.8	-26.5	-32.3	-34.6
<b>Recurring pretax income from continuing operations</b>	<b>6.2</b>	<b>4.7</b>	<b>13.6</b>	<b>19.1</b>	<b>24.6</b>	<b>31.7</b>
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0
<b>Earnings before taxes</b>	<b>6.2</b>	<b>4.7</b>	<b>13.6</b>	<b>19.1</b>	<b>24.6</b>	<b>31.7</b>
Income tax expense	1.3	2.4	1.8	2.6	3.3	4.2
<b>Net income (pro forma)</b>	<b>5.0</b>	<b>2.3</b>	<b>11.8</b>	<b>16.4</b>	<b>21.3</b>	<b>27.5</b>
Income from discontinued operations (net of tax)	4.5	5.8	0.0	0.0	0.0	0.0
Extraordinary items (net of tax)	0.0	3.3	3.7	5.4	6.0	6.0
<b>Net profit (reported)</b>	<b>0.5</b>	<b>-6.8</b>	<b>8.1</b>	<b>11.0</b>	<b>15.3</b>	<b>21.5</b>
Average number of shares	21.6	21.6	21.6	21.6	21.6	21.6
<b>EPS reported</b>	<b>0.02</b>	<b>-0.32</b>	<b>0.38</b>	<b>0.51</b>	<b>0.71</b>	<b>1.00</b>

Profit and loss (common size)	2020	2021	2022	2023e	2024e	2025e
<b>Sales</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
Cost of sales	39.5%	35.2%	39.8%	38.7%	36.9%	36.0%
<b>Gross profit</b>	<b>60.5%</b>	<b>64.8%</b>	<b>60.2%</b>	<b>61.3%</b>	<b>63.1%</b>	<b>64.0%</b>
Sales and marketing	9.8%	7.7%	5.8%	6.1%	6.1%	6.1%
General and administration	14.4%	16.2%	16.0%	14.8%	14.5%	14.4%
Research and development	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other operating income	0.2%	-0.3%	0.0%	0.0%	0.0%	0.1%
Other operating expenses	18.3%	19.8%	15.3%	14.1%	14.0%	13.9%
<b>Total operating expenses</b>	<b>42.4%</b>	<b>43.9%</b>	<b>37.2%</b>	<b>35.0%</b>	<b>34.6%</b>	<b>34.2%</b>
Unusual or infrequent items	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>EBITDA</b>	<b>18.2%</b>	<b>20.8%</b>	<b>23.0%</b>	<b>26.3%</b>	<b>28.5%</b>	<b>29.8%</b>
Depreciation	1.4%	1.4%	1.2%	1.0%	1.0%	1.0%
Amortisation of goodwill	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Amortisation of intangible assets	4.4%	6.1%	7.0%	5.5%	5.5%	5.5%
Impairment charges	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>EBIT (inc revaluation net)</b>	<b>12.4%</b>	<b>13.3%</b>	<b>14.8%</b>	<b>19.8%</b>	<b>22.0%</b>	<b>23.3%</b>
Interest income	0.2%	1.8%	0.2%	0.0%	0.0%	0.0%
Interest expenses	9.9%	12.8%	8.6%	11.5%	12.5%	12.2%
Investment income	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Financial result	neg.	neg.	neg.	neg.	neg.	neg.
<b>Recurring pretax income from continuing operations</b>	<b>2.7%</b>	<b>2.3%</b>	<b>6.4%</b>	<b>8.3%</b>	<b>9.5%</b>	<b>11.2%</b>
Extraordinary income/loss	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Earnings before taxes</b>	<b>2.7%</b>	<b>2.3%</b>	<b>6.4%</b>	<b>8.3%</b>	<b>9.5%</b>	<b>11.2%</b>
Tax rate	20.7%	50.2%	13.6%	13.9%	13.3%	13.3%
<b>Net income (pro forma)</b>	<b>2.2%</b>	<b>1.1%</b>	<b>5.5%</b>	<b>7.1%</b>	<b>8.2%</b>	<b>9.7%</b>
Income from discontinued operations (net of tax)	2.0%	2.8%	0.0%	0.0%	0.0%	0.0%
Extraordinary items (net of tax)	0.0%	1.6%	1.7%	2.3%	2.3%	2.1%
<b>Net profit (reported)</b>	<b>0.2%</b>	<b>-3.3%</b>	<b>3.8%</b>	<b>4.8%</b>	<b>5.9%</b>	<b>7.6%</b>

Source: Company data, NuWays

Balance sheet (EUR m)	2020	2021	2022	2023e	2024e	2025e
Intangible assets	38.9	35.8	31.4	29.5	29.5	28.5
Property, plant and equipment	8.1	5.0	7.7	7.7	7.2	6.7
Financial assets	5.0	6.2	28.9	62.1	62.1	62.1
<b>FIXED ASSETS</b>	<b>52.0</b>	<b>47.1</b>	<b>68.0</b>	<b>99.3</b>	<b>98.8</b>	<b>97.3</b>
Inventories	0.0	0.0	0.0	0.0	0.0	0.0
Accounts receivable	361.0	451.7	509.5	575.9	633.4	685.9
Other assets and short-term financial assets	17.6	15.9	15.7	22.5	22.5	22.5
Liquid assets	236.6	301.6	153.3	283.7	315.1	322.2
Deferred taxes	7.9	7.0	7.2	6.5	6.5	6.5
Deferred charges and prepaid expenses	0.0	1.3	1.5	2.8	2.8	2.8
<b>CURRENT ASSETS</b>	<b>623.0</b>	<b>777.5</b>	<b>687.3</b>	<b>891.4</b>	<b>980.4</b>	<b>1,039.9</b>
<b>TOTAL ASSETS</b>	<b>675.1</b>	<b>824.5</b>	<b>755.2</b>	<b>990.6</b>	<b>1,079.2</b>	<b>1,137.2</b>

<b>SHAREHOLDERS EQUITY</b>	<b>125.6</b>	<b>174.8</b>	<b>182.0</b>	<b>183.6</b>	<b>194.8</b>	<b>210.6</b>
MINORITY INTEREST	0.0	0.0	0.0	0.0	0.0	0.0
Provisions for pensions and similar obligations	0.0	0.0	0.0	0.0	0.0	0.0
Other provisions and accrued liabilities	0.0	0.0	0.0	0.0	0.0	0.0
Short-term liabilities to banks	0.0	0.0	0.0	0.0	0.0	0.0
Accounts payable	9.9	1.4	6.3	13.4	13.4	13.4
Advance payments received on orders	0.0	0.0	0.0	0.0	0.0	0.0
Other liabilities (incl. from lease and rental contracts)	351.4	499.9	513.3	732.4	763.6	796.4
Deferred taxes	0.3	0.2	1.0	1.2	1.2	1.2
Deferred income	0.0	0.0	0.0	0.0	0.0	0.0
<b>CURRENT LIABILITIES</b>	<b>361.4</b>	<b>501.4</b>	<b>519.6</b>	<b>745.8</b>	<b>777.0</b>	<b>809.8</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>	<b>675.1</b>	<b>824.6</b>	<b>755.2</b>	<b>990.6</b>	<b>1,079.2</b>	<b>1,137.2</b>

Balance sheet (common size)	2020	2021	2022	2023e	2024e	2025e
Intangible assets	5.8%	4.3%	4.2%	3.0%	2.7%	2.5%
Property, plant and equipment	1.2%	0.6%	1.0%	0.8%	0.7%	0.6%
Financial assets	0.7%	0.8%	3.8%	6.3%	5.8%	5.5%
<b>FIXED ASSETS</b>	<b>7.7%</b>	<b>5.7%</b>	<b>9.0%</b>	<b>10.0%</b>	<b>9.2%</b>	<b>8.6%</b>
Inventories	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Accounts receivable	53.5%	54.8%	67.5%	58.1%	58.7%	60.3%
Other assets and short-term financial assets	2.6%	1.9%	2.1%	2.3%	2.1%	2.0%
Liquid assets	35.0%	36.6%	20.3%	28.6%	29.2%	28.3%
Deferred taxes	1.2%	0.8%	1.0%	0.7%	0.6%	0.6%
Deferred charges and prepaid expenses	0.0%	0.2%	0.2%	0.3%	0.3%	0.2%
<b>CURRENT ASSETS</b>	<b>92.3%</b>	<b>94.3%</b>	<b>91.0%</b>	<b>90.0%</b>	<b>90.8%</b>	<b>91.4%</b>
<b>TOTAL ASSETS</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

<b>SHAREHOLDERS EQUITY</b>	<b>18.6%</b>	<b>21.2%</b>	<b>24.1%</b>	<b>18.5%</b>	<b>18.1%</b>	<b>18.5%</b>
MINORITY INTEREST	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Provisions for pensions and similar obligations	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other provisions and accrued liabilities	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Short-term liabilities to banks	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Accounts payable	1.5%	0.2%	0.8%	1.4%	1.2%	1.2%
Advance payments received on orders	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other liabilities (incl. from lease and rental contracts)	52.1%	60.6%	68.0%	73.9%	70.8%	70.0%
Deferred taxes	0.0%	0.0%	0.1%	0.1%	0.1%	0.1%
Deferred income	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>CURRENT LIABILITIES</b>	<b>53.5%</b>	<b>60.8%</b>	<b>68.8%</b>	<b>75.3%</b>	<b>72.0%</b>	<b>71.2%</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

Source: Company data, NuWays

Cash flow statement (EUR m)	2020	2021	2022	2023e	2024e	2025e
Net profit/loss	0.5	-3.5	12.0	11.0	15.3	21.5
Depreciation of fixed assets (incl. leases)	3.2	3.7	3.2	2.3	2.6	2.8
Amortisation of goodwill & intangible assets	10.2	13.5	15.0	12.7	14.2	15.6
Others	-2.3	-3.3	-3.7	0.0	0.0	0.0
Cash flow from operating activities	127.0	54.5	-26.5	158.0	-10.3	1.9
Increase/decrease in inventory	0.0	0.0	0.0	0.0	0.0	0.0
Increase/decrease in accounts receivable	-69.3	-152.9	-137.3	-157.4	-153.1	-154.7
Increase/decrease in accounts payable	-13.2	-12.6	-0.5	-1.0	-1.0	-1.0
Increase/decrease in other working capital positions	97.4	145.4	17.8	219.1	31.2	32.9
Increase/decrease in working capital	14.9	-20.0	-119.9	60.8	-122.9	-122.8
<b>Cash flow from operating activities</b>	<b>140.3</b>	<b>71.7</b>	<b>-8.3</b>	<b>173.0</b>	<b>6.5</b>	<b>20.3</b>
CAPEX	12.5	11.5	10.9	13.5	15.3	17.0
Payments for acquisitions	0.0	0.0	20.8	0.0	1.0	0.0
Financial investments	1.2	0.7	3.6	33.2	0.0	0.0
Income from asset disposals	0.0	-1.4	0.0	0.0	0.0	0.0
<b>Cash flow from investing activities</b>	<b>-13.7</b>	<b>-13.7</b>	<b>-35.3</b>	<b>-46.7</b>	<b>-16.3</b>	<b>-17.0</b>
Cash flow before financing	126.6	58.0	-43.7	123.7	-13.9	-2.3
Increase/decrease in debt position	-41.0	-39.6	-97.0	5.9	46.2	9.4
Purchase of own shares	0.0	0.0	0.0	0.0	0.0	0.0
Capital measures	0.0	50.0	0.0	0.0	0.0	0.0
Dividends paid	0.0	0.0	0.0	2.6	4.1	5.7
Others	-2.3	-3.3	-3.7	0.0	0.0	0.0
Effects of exchange rate changes on cash	-2.3	-0.1	-3.9	0.0	0.0	0.0
<b>Cash flow from financing activities</b>	<b>-43.3</b>	<b>7.1</b>	<b>-100.7</b>	<b>3.3</b>	<b>42.1</b>	<b>3.7</b>
Increase/decrease in liquid assets	81.0	65.0	-148.3	129.6	32.3	7.0
<b>Liquid assets at end of period</b>	<b>236.5</b>	<b>301.6</b>	<b>153.3</b>	<b>282.9</b>	<b>315.1</b>	<b>322.2</b>

Key ratios (EUR m)	2020	2021	2022	2023e	2024e	2025e
<b>P&amp;L growth analysis</b>						
Sales growth	-21.4%	-11.4%	4.0%	8.5%	12.3%	9.8%
EBITDA growth	-2.6%	-24.5%	16.8%	42.4%	50.7%	40.0%
EBIT growth	-24.5%	-40.2%	10.0%	67.4%	81.3%	45.5%
EPS growth	-97.6%	-129.0%	1667.9%	-262.0%	88.9%	94.8%
<b>Efficiency</b>						
Sales per employee	347.7	286.4	278.5	283.5	299.8	311.1
EBITDA per employee	63.2	59.7	64.1	74.5	85.4	92.8
No. employees (average)	663	713	763	813	863	913
<b>Balance sheet analysis</b>						
Avg. working capital / sales	143.4%	203.5%	201.0%	219.7%	217.0%	217.4%
Inventory turnover (sales/inventory)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Accounts receivable turnover	480.9	480.9	480.9	480.9	480.9	480.9
Accounts payable turnover	39.8	7.2	27.2	54.8	51.2	47.8
<b>Cash flow analysis</b>						
Free cash flow	127.8	60.2	-19.2	159.5	-8.8	3.4
Free cash flow/sales	55.5%	29.5%	-9.1%	69.2%	-3.4%	1.2%
FCF / net profit	27910.9%	neg.	neg.	1447.2%	neg.	15.7%
Capex / sales	5.9%	6.0%	6.8%	20.3%	5.9%	6.0%
<b>Solvency</b>						
Net debt	-61.5	-111.6	-97.7	-69.5	-81.1	-98.4
Net Debt/EBITDA	0.0	0.0	0.0	0.0	0.0	0.0
Dividend payout ratio	0.0%	0.0%	32.0%	37.2%	37.2%	37.2%
Interest paid / avg. debt	14.1%	16.2%	15.4%	26.2%	41.5%	40.5%
<b>Returns</b>						
ROCE	4.9%	3.7%	4.0%	5.3%	5.6%	6.1%
ROE	0.4%	-3.9%	4.4%	6.0%	7.9%	10.2%
Adjusted FCF yield	423.8%	-51.2%	-53.9%	-70.1%	-72.1%	-66.6%
Dividend yield	0.0%	0.0%	3.6%	5.6%	7.8%	11.0%
DPS	0.0	0.0	0.1	0.2	0.3	0.4
EPS reported	0.02	-0.32	0.38	0.51	0.71	1.00
Average number of shares	21.6	21.6	21.6	21.6	21.6	21.6
<b>Valuation ratios</b>						
P/BV	0.6	0.4	0.4	0.4	0.4	0.3
EV/sales	0.0	-0.2	-0.1	-0.2	-0.1	-0.1
EV/EBITDA	0.0	-0.9	-0.6	-0.6	-0.3	-0.4
EV/EBIT	0.1	-1.4	-0.9	-0.8	-0.3	-0.5

Source: Company data, NuWays

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Company	Disclosures
Multitude SE	2

### Historical target price and rating changes for Multitude SE

Company	Date	Analyst	Rating	Target Price	Close
Multitude SE	21.11.2023	Jarchow, Frederik	n.a.	EUR 10.00	EUR 3.16
	20.04.2023	Jarchow, Frederik	n.a.	EUR 11.00	EUR 3.96
	18.04.2023	Jarchow, Frederik	n.a.	EUR 11.00	EUR 4.12

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