

Buy (old: Buy)

14.01.2025

EUR 78.00 (old: EUR 76.00)

Kickstart into FY25 with new record AuA and AuM; chg

Topic: Netfonds kicked off the year with strong positive newsflow i.e. a new record-AuA level of € 28.3bn and AuM exceeding € 4bn for the first time. Further, Netfonds will take over another fund initiator through its subsidiary GSR GmbH, as already announced at the end of last year. In detail:

With the new AuA record of 28.3bn at the end of FY24, Netfonds significantly exceeded our estimates of € 27.bn while AuM of € 4.05bn came in as expected (eNuW: € 4.0bn). Nevertheless, both figures are quite impressive as we increased our estimates for both figures more than once throughout the year.

Thanks to the strong AuA growth, the given guidance for FY24 of **€ 220-230m in gross sales** and **€ 41.5-43m in net sales** can hence be taken as granted (eNuW new: € 230m gross sales; € 44m net sales). Even better, the record AuA levels end of last year strongly indicating further strong top- and bottom line, as asset inflows materialize with a slight delay. That said, the value-accretive M&A transactions of the undisclosed fund initiator and others (i.e. MFK and Comfort Finance) should further fuel top- and bottom line growth in FY25 and beyond. **For FY25, we expect 51m net sales** (€ 260m gross sales) in line with **management's new guidance of "dynamic double-digit yoy growth"**. As the scale effects of the platform business kicking in, EBITDA should grow exponentially to € 17m (eNuW).

On the back of 1) the strong ongoing operating performance, 2) Netfonds 360° finfire platform being the key mid- to long term growth and scalability driver and 3) further value accretive M&A transactions, **we see Netfonds well on track to reach its mid-term target of € 59m net sales** (vs eNuW: € 62m) and € 23m EBITDA (vs eNuW: € 22m) by FY26.

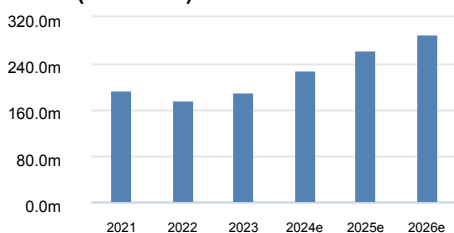
Apart from that and in order to finance the takeover of a fund initiator through its subsidiary GSR (takeover price: mid single-digit million amount), but also further potential acquisitions, Netfonds successfully issued an unsecured bond with a volume € 15m million (coupon: 7.00% p.a.) end of last year. This acquisition is underlining once again that **Netfonds is playing an active role in the market consolidation**. We expect to see further acquisitions in FY25.

BUY with new **PT of € 78.00**, based on DCF.

Y/E 31.12 (EUR m)	2021	2022	2023	2024e	2025e	2026e
Sales	193.2	176.4	192.9	229.7	265.0	292.5
Sales growth	34.9%	-8.7%	9.3%	19.1%	15.4%	10.4%
EBITDA	15.7	6.5	4.9	8.5	16.8	22.2
Net debt (if net cash=0)	2.0	2.7	6.2	5.3	-1.7	-13.2
FCF	-18.8	1.2	-1.1	3.9	7.0	11.4
Net Debt/EBITDA	0.1	0.4	1.3	0.6	0.0	0.0
EPS pro forma	3.82	0.39	-0.26	1.78	4.17	5.70
EBITDA margin	8.1%	3.7%	2.5%	3.7%	6.3%	7.6%
ROCE	34.3%	7.4%	4.0%	14.8%	32.6%	34.5%
EV/sales	0.5	0.5	0.5	0.5	0.4	0.3
EV/EBITDA	6.2	15.0	21.4	12.3	5.8	3.9
PER	11.2	109.6	-161.6	23.9	10.2	7.5
Adjusted FCF yield	13.1%	2.2%	0.7%	4.5%	11.4%	17.9%

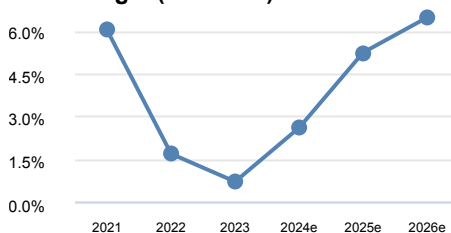
Source: Company data, NuWays, Close price as of 20.12.2024

Sales (2021-26e)



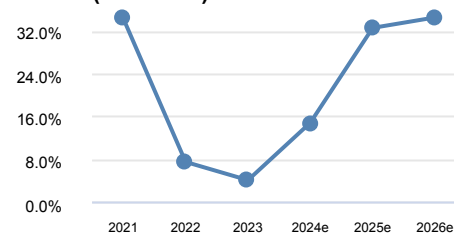
Source: NuWays Research

EBIT margin (2021-26e)



Source: NuWays Research

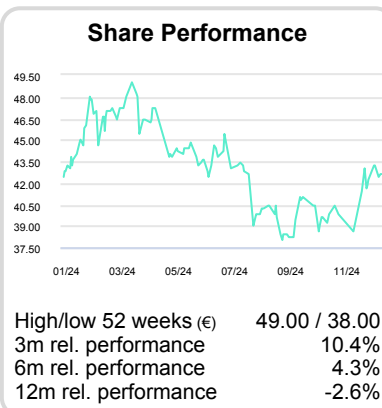
ROCE (2021-26e)



Source: NuWays Research

Company description

Netfonds is the largest bank-independent provider of liability umbrellas in Germany and one of the market leaders among broker pools offering an one-stop shop for advisors, consultants, brokers, banks, asset managers and insurance companies



Market data

Share price (in €)	42.60
Market cap (in € m)	99.2
Number of shares (in m pcs)	2.3
Enterprise value (in € m)	97.5
Ø trading volume (6 months)	342

Identifier

Bloomberg	NF4 GR
Reuters	NF4
WKN	A1MME7
ISIN	DE000A1MME74

Key shareholders

Management, (incl. Supervisory Board and families)	54.0%
Freefloat	46.0%

Estimates changes

	2024e	2025e	2026e
Sales	2%	7%	9%
EBIT	2%	11%	7%
EPS	2%	11%	7%

Comment on changes

- Increased top- and bottom line estimates for FY24 and beyond to reflect higher than anticipated AuA

Guidance

- '24: € 41.5-43m net sales and 20% in EBITDA/net sales
- '26: €59m net sales, €23m EBITDA

Financials

Profit and loss (EUR m)	2021	2022	2023	2024e	2025e	2026e
Net sales	193.2	176.4	192.9	229.7	265.0	292.5
<i>Sales growth</i>	34.9%	-8.7%	9.3%	19.1%	15.4%	10.4%
Increase/decrease in finished goods and work-in-process	0.0	0.0	0.0	0.0	0.0	0.0
Total sales	193.2	176.4	192.9	229.7	265.0	292.5
Other operating income	10.4	2.4	2.7	3.0	3.4	3.7
Material expenses	154.6	142.8	156.2	188.6	213.3	234.0
Personnel expenses	19.5	19.4	20.9	23.7	25.2	26.3
Other operating expenses	13.9	10.1	13.6	11.9	13.1	13.7
Total operating expenses	177.6	170.0	188.0	221.2	248.1	270.3
EBITDA	15.7	6.5	4.9	8.5	16.8	22.2
Depreciation	4.0	3.5	3.6	2.5	2.9	3.2
EBITA	11.7	3.0	1.4	6.0	13.9	19.0
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	0.0	0.0	0.0	0.0	0.0	0.0
Impairment charges	0.0	0.0	0.0	0.0	0.0	0.0
EBIT (inc revaluation net)	11.7	3.0	1.4	6.0	13.9	19.0
Interest income	0.7	0.3	0.6	0.6	0.8	0.9
Interest expenses	2.6	0.5	0.6	0.7	0.8	0.9
Investment income	0.0	0.0	0.0	0.0	0.0	0.0
Financial result	-1.9	-0.1	0.1	-0.0	-0.0	0.0
Recurring pretax income from continuing operations	9.8	2.8	1.4	5.9	13.9	19.0
Extraordinary income/loss	-0.3	-0.8	-0.7	0.0	0.0	0.0
Earnings before taxes	9.5	2.0	0.7	5.9	13.9	19.0
Income tax expense	0.7	1.1	1.0	1.8	4.2	5.7
Net income from continuing operations	8.8	0.9	-0.3	4.1	9.7	13.3
Income from discontinued operations (net of tax)	0.0	0.0	0.0	0.0	0.0	0.0
Net income	8.8	0.9	-0.3	4.1	9.7	13.3
Minority interest	-0.3	-0.0	-0.3	0.0	0.0	0.0
Net profit (reported)	8.5	0.9	-0.6	4.1	9.7	13.3
Average number of shares	2.2	2.2	2.3	2.3	2.3	2.3
EPS reported	3.82	0.39	-0.26	1.78	4.17	5.70

Profit and loss (common size)	2021	2022	2023	2024e	2025e	2026e
Net sales	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<i>Sales growth</i>	34.9%	-8.7%	9.3%	19.1%	15.4%	10.4%
Increase/decrease in finished goods and work-in-process	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total sales	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Other operating income	5.4%	1.3%	1.4%	1.3%	1.3%	1.3%
Material expenses	80.0%	80.9%	81.0%	82.1%	80.5%	80.0%
Personnel expenses	10.1%	11.0%	10.8%	10.3%	9.5%	9.0%
Other operating expenses	7.2%	5.7%	7.0%	5.2%	4.9%	4.7%
Total operating expenses	91.9%	96.3%	97.5%	96.3%	93.7%	92.4%
EBITDA	8.1%	3.7%	2.5%	3.7%	6.3%	7.6%
Depreciation	2.1%	2.0%	1.8%	1.1%	1.1%	1.1%
EBITA	6.0%	1.7%	0.7%	2.6%	5.2%	6.5%
Amortisation of goodwill	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Amortisation of intangible assets	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Impairment charges	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
EBIT (inc revaluation net)	6.0%	1.7%	0.7%	2.6%	5.2%	6.5%
Interest income	0.4%	0.2%	0.3%	0.3%	0.3%	0.3%
Interest expenses	1.3%	0.3%	0.3%	0.3%	0.3%	0.3%
Investment income	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Financial result	neg.	neg.	0.0%	neg.	neg.	0.0%
Recurring pretax income from continuing operations	5.1%	1.6%	0.7%	2.6%	5.2%	6.5%
Extraordinary income/loss	-0.1%	-0.5%	-0.4%	0.0%	0.0%	0.0%
Earnings before taxes	4.9%	1.1%	0.4%	2.6%	5.2%	6.5%
Tax rate	7.8%	55.7%	137.0%	30.0%	30.0%	30.0%
Net income from continuing operations	4.6%	0.5%	-0.1%	1.8%	3.7%	4.5%
Income from discontinued operations (net of tax)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Net income	4.6%	0.5%	-0.1%	1.8%	3.7%	4.5%
Minority interest	-0.2%	-0.0%	-0.2%	0.0%	0.0%	0.0%
Net profit (reported)	4.4%	0.5%	-0.3%	1.8%	3.7%	4.5%

Source: Company data, NuWays

Balance sheet (EUR m)	2021	2022	2023	2024e	2025e	2026e
Intangible assets	14.6	11.9	10.9	13.9	13.9	13.9
Property, plant and equipment	0.5	0.4	0.6	0.6	0.6	0.6
Financial assets	10.6	11.2	12.1	12.1	12.1	12.1
FIXED ASSETS	25.7	23.6	23.5	26.5	26.5	26.5
Inventories	0.0	0.0	0.0	0.0	0.0	0.0
Accounts receivable	35.5	31.3	38.9	40.7	47.0	51.9
Other assets and short-term financial assets	4.6	2.1	5.1	4.9	4.6	4.4
Liquid assets	4.9	6.4	4.2	20.1	27.1	38.6
Deferred taxes	0.0	0.0	0.0	0.0	0.0	0.0
Deferred charges and prepaid expenses	0.2	0.2	0.4	0.4	0.4	0.4
CURRENT ASSETS	45.2	40.0	48.8	66.2	79.2	95.3
TOTAL ASSETS	71.0	63.7	72.3	92.7	105.7	121.8

SHAREHOLDERS EQUITY	21.9	22.1	20.7	20.4	24.5	34.2
MINORITY INTEREST	0.2	0.3	0.8	0.8	0.8	0.8
Long-term liabilities to banks	0.5	3.9	5.8	5.8	5.8	5.8
Bonds (long-term)	6.4	5.2	4.6	19.6	19.6	19.6
other interest-bearing liabilities	0.0	0.0	0.0	0.0	0.0	0.0
Provisions for pensions and similar obligations	0.6	0.0	0.0	0.0	0.0	0.0
Other provisions and accrued liabilities	4.1	1.1	1.2	1.2	1.2	1.2
NON-CURRENT LIABILITIES	11.6	10.2	11.7	26.7	26.7	26.7
Short-term liabilities to banks	0.0	0.0	0.0	0.0	0.0	0.0
Accounts payable	28.5	29.1	36.1	41.8	50.6	57.0
Advance payments received on orders	0.0	0.0	0.0	0.0	0.0	0.0
Accrued taxes	0.4	0.2	0.1	0.1	0.1	0.1
Other liabilities (incl. from lease and rental contracts)	8.1	1.1	1.9	2.0	2.0	2.0
Deferred taxes	0.3	0.6	0.9	0.9	0.9	0.9
Deferred income	0.0	0.0	0.0	0.0	0.0	0.0
CURRENT LIABILITIES	37.2	31.1	39.2	44.8	53.7	60.1
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	71.0	63.7	72.3	92.7	105.7	121.8

Balance sheet (common size)	2021	2022	2023	2024e	2025e	2026e
Intangible assets	20.5%	18.8%	15.0%	14.9%	13.1%	11.4%
Property, plant and equipment	0.7%	0.7%	0.8%	0.6%	0.5%	0.5%
Financial assets	15.0%	17.7%	16.7%	13.0%	11.4%	9.9%
FIXED ASSETS	36.3%	37.1%	32.5%	28.6%	25.1%	21.7%
Inventories	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Accounts receivable	50.1%	49.1%	53.9%	44.0%	44.5%	42.6%
Other assets and short-term financial assets	6.4%	3.3%	7.1%	5.2%	4.4%	3.6%
Liquid assets	6.9%	10.1%	5.9%	21.7%	25.7%	31.7%
Deferred taxes	0.1%	0.1%	0.1%	0.0%	0.0%	0.0%
Deferred charges and prepaid expenses	0.3%	0.3%	0.6%	0.5%	0.4%	0.4%
CURRENT ASSETS	63.7%	62.9%	67.5%	71.4%	74.9%	78.3%
TOTAL ASSETS	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

SHAREHOLDERS EQUITY	30.9%	34.8%	28.6%	22.0%	23.2%	28.1%
MINORITY INTEREST	0.3%	0.5%	1.1%	0.9%	0.7%	0.6%
Long-term liabilities to banks	0.7%	6.1%	8.1%	6.3%	5.5%	4.8%
Bonds (long-term)	9.0%	8.2%	6.3%	21.1%	18.5%	16.1%
other interest-bearing liabilities	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Provisions for pensions and similar obligations	0.8%	0.0%	0.0%	0.0%	0.0%	0.0%
Other provisions and accrued liabilities	5.8%	1.7%	1.7%	1.3%	1.2%	1.0%
NON-CURRENT LIABILITIES	16.3%	16.0%	16.1%	28.8%	25.2%	21.9%
Short-term liabilities to banks	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Accounts payable	40.1%	45.7%	50.0%	45.1%	47.9%	46.8%
Advance payments received on orders	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Accrued taxes	0.5%	0.4%	0.2%	0.2%	0.1%	0.1%
Other liabilities (incl. from lease and rental contracts)	11.4%	1.8%	2.7%	2.2%	1.9%	1.7%
Deferred taxes	0.4%	0.9%	1.3%	1.0%	0.9%	0.8%
Deferred income	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
CURRENT LIABILITIES	52.4%	48.8%	54.2%	48.4%	50.8%	49.3%
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: Company data, NuWays

Cash flow statement (EUR m)	2021	2022	2023	2024e	2025e	2026e
Net profit/loss	8.7	0.9	-0.3	4.1	9.7	13.3
Depreciation of fixed assets (incl. leases)	4.0	3.5	3.6	2.5	2.9	3.2
Amortisation of goodwill & intangible assets	0.0	0.0	0.0	0.0	0.0	0.0
Other costs affecting income / expenses	0.0	0.0	1.0	-2.5	-3.8	-1.8
Cash flow from operating activities	-21.8	-0.4	-2.1	3.9	7.0	11.4
Increase/decrease in inventory	-24.7	1.1	0.1	0.0	0.0	0.0
Increase/decrease in accounts receivable	-1.7	6.8	-11.3	-1.8	-6.3	-4.9
Increase/decrease in accounts payable	-3.7	-4.1	9.9	5.6	8.8	6.4
Increase/decrease in other working capital positions	2.0	-0.0	-0.0	-0.0	-0.0	-0.0
Increase/decrease in working capital	-28.2	3.9	-1.3	3.8	2.5	1.5
Cash flow from operating activities	-17.8	3.1	1.5	6.5	9.9	14.7
CAPEX	1.1	1.9	2.6	2.5	2.9	3.2
Payments for acquisitions	0.0	0.0	0.0	3.0	0.0	0.0
Financial investments	11.4	1.3	1.2	0.0	0.0	0.0
Income from asset disposals	0.2	0.5	0.2	0.0	0.0	0.0
Cash flow from investing activities	-12.2	-2.6	-3.6	-5.5	-2.9	-3.2
Cash flow before financing	-30.4	-0.2	-2.8	0.9	7.0	11.4
Increase/decrease in debt position	24.2	2.2	1.1	15.0	0.0	0.0
Purchase of own shares	0.0	0.0	0.0	0.0	0.0	0.0
Capital measures	0.0	0.0	0.0	0.0	0.0	0.0
Dividends paid	0.4	0.6	0.6	0.0	0.0	0.0
Others	-1.3	-0.5	-0.5	0.1	0.0	0.0
Effects of exchange rate changes on cash	0.0	0.0	0.0	0.0	0.0	0.0
Cash flow from financing activities	22.5	1.1	-0.1	15.1	0.0	0.0
Increase/decrease in liquid assets	-7.5	1.5	-2.2	16.0	7.0	11.4
Liquid assets at end of period	4.8	6.3	4.1	20.1	27.1	38.6

Key ratios (EUR m)	2021	2022	2023	2024e	2025e	2026e
P&L growth analysis						
Sales growth	34.9%	-8.7%	9.3%	19.1%	15.4%	10.4%
EBITDA growth	436.6%	55.3%	-68.6%	31.2%	242.0%	160.9%
EBIT growth	1698.4%	64.1%	-88.4%	101.3%	929.5%	217.4%
EPS growth	-1693.6%	-5628.8%	-106.9%	358.5%	-1681.3%	219.9%
Efficiency						
Sales per employee	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
EBITDA per employee	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
No. employees (average)	0	0	0	0	0	0
Balance sheet analysis						
Avg. working capital / sales	7.3%	6.1%	2.6%	0.3%	-0.2%	-1.0%
Inventory turnover (sales/inventory)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Accounts receivable turnover	67.1	64.7	64.7	64.7	64.7	64.7
Accounts payable turnover	53.8	60.2	63.2	66.4	69.7	71.1
Cash flow analysis						
Free cash flow	-18.8	1.2	-1.1	3.9	7.0	11.4
Free cash flow/sales	-9.7%	0.7%	-0.6%	1.7%	2.6%	3.9%
FCF / net profit	neg.	137.2%	417.2%	95.0%	71.7%	86.2%
Capex / sales	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Solvency						
Net debt	2.0	2.7	6.2	5.3	-1.7	-13.2
Net Debt/EBITDA	0.1	0.4	1.3	0.6	0.0	0.0
Dividend payout ratio	4.2%	64.3%	0.0%	0.0%	0.0%	0.0%
Interest paid / avg. debt	22.4%	2.7%	6.6%	3.9%	4.4%	3.4%
Returns						
ROCE	34.3%	7.4%	4.0%	14.8%	32.6%	34.5%
ROE	38.6%	3.9%	-3.0%	20.3%	39.6%	38.8%
Adjusted FCF yield	13.1%	2.2%	0.7%	4.5%	11.4%	17.9%
Dividend yield	0.4%	0.6%	0.0%	0.0%	0.0%	0.0%
DPS	0.2	0.2	0.0	0.0	0.0	0.0
EPS reported	3.82	0.39	-0.26	1.78	4.17	5.70
Average number of shares	2.2	2.2	2.3	2.3	2.3	2.3
Valuation ratios						
P/BV	4.3	4.3	4.8	4.9	4.0	2.9
EV/sales	0.5	0.5	0.5	0.5	0.4	0.3
EV/EBITDA	6.2	15.0	21.4	12.3	5.8	3.9
EV/EBIT	8.3	32.7	78.1	17.5	7.0	4.5

Source: Company data, NuWays

Disclosures

Disclosures regarding research publications of NuWays AG pursuant to section 85 of the German Securities Trading Act (WpHG)

Indication of conflict of interest

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Company	Disclosures
Netfonds AG	2

Historical target price and rating changes for Netfonds AG

Company	Date	Analyst	Rating	Target Price	Close
Netfonds AG	21.11.2024	Jarchow, Frederik	Buy	EUR 76.00	EUR 38.60
	09.07.2024	Jarchow, Frederik	Buy	EUR 74.00	EUR 45.40
	03.06.2024	Jarchow, Frederik	Buy	EUR 73.00	EUR 44.80
	08.03.2024	Jarchow, Frederik	Buy	EUR 73.00	EUR 47.20
	18.01.2024	Jarchow, Frederik	Buy	EUR 71.00	EUR 42.80

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The adj. FCF method is based on the assumption that investors purchase assets only at a price (enterprise value) at which the operating cash flow return after taxes on this investment exceeds their opportunity costs in the form of a hurdle rate of 7.5%. The operating cash flow is calculated as EBITDA less maintenance capex and taxes.

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According to Article 4(1) No. i of the delegated regulation 2016/958 supplementing regulation 596/2014 of the European Parliament, further information regarding investment recommendations of the last 12 months are published under: www.nuways-ag.com

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