

# Multitude SE

Financial Services - Finland



**Buy** (old: Buy)

17.05.2024

**EUR 12.00** (old: EUR 12.00)

## Solid Q1 figures // FY24 guidance approved; chg

Yesterday, Multitude reported Q1'24 figures above expectations, but still with room for sequential improvements until YE. In detail:

- **Sales of € 64.2m** (10% yoy, 1% qoq), was above the anticipated € 59.0m, mainly driven by the stronger growth of the net loan book (NAR) to € 658m (including c. € 589 loan to customer and c. € 68m attributable to warehouse lending; vs. € 638m in Q4'23). With € 54.1m ferratum contributed most (84% of sales, 13% yoy, 1% qoq), followed by CapitalBox (12% of sales, 17% yoy, 17% qoq) and Wholesale banking with 4% of total sales (€ 2.3m; 190% yoy, 21% qoq).
- **EBIT came in at € 11.6m** (32% yoy, -15% qoq), beating our expectation by 13% (eNuW: € 10.3m), thanks to the stronger topline and lower S&M and personnel as well as other operating expenses, all compensating for impairments on loans that were up significantly (€ 28.3m, 35% yoy, 6% qoq) vs eNuW: € 23.6m). Reasons for the lifted impairments were the ramped-up loan book on the one hand, but also credit losses in certain CapitalBox markets. As interested expenses also expanded by 48% to € 8.7m (vs eNuW: € 7.7m), **EBT of mere € 2.8m** (-3% yoy, -30% qoq), left room for improvements.

Overall, Multitude reported a solid set of Q1 figures. While the sales growth trajectory is fully intact marking a new record level, the development of impairment is weighing on profitability. As management is working on this issue with the highest priority, we see good chances for improvements within the next quarters. That, paired with further topline growth following the growth of the loan book in Q1, as well as the ongoing tight cost control resulting in stable other OPEX should unlock significant scale effects from Q2 onwards, allowing meaningful EBIT growth. Still, for now, we conservatively expect € 61.4m EBIT in FY24, which is below the approved **management guidance of € 67.5m**

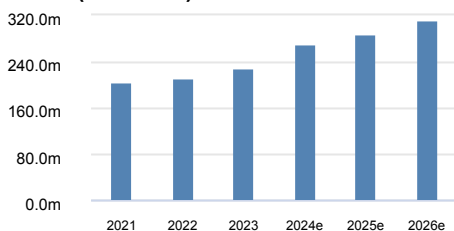
As the stock is **trading at a 4.3x PE'25**, the **growing, highly profitable, resilient and dividend paying company** looks undebatable cheap.

**BUY** with an unchanged PT of **€ 12 PT**, based on our residual income model. Mind you that Multitude is one of our NuWays Alpha picks for FY24.

Y/E 31.12 (EUR m)	2021	2022	2023	2024e	2025e	2026e
Sales	204.2	212.5	230.5	270.1	288.6	312.0
Sales growth	-11.4%	4.1%	8.5%	17.2%	6.8%	46.8%
EBITDA	42.5	48.9	60.5	76.3	84.8	96.1
Net debt (if net cash=0)	-111.6	-104.6	-69.2	-80.8	-97.1	-119.5
FCF	60.2	-45.2	147.0	-1.2	5.0	14.8
Net Debt/EBITDA	0.0	0.0	0.0	0.0	0.0	0.0
EPS pro forma	0.11	0.54	0.76	0.98	1.21	1.53
EBITDA margin	20.8%	23.0%	26.2%	28.3%	29.4%	30.8%
ROCE	3.7%	4.0%	5.3%	6.0%	6.3%	6.9%
EV/sales	0.0	0.0	0.0	0.1	0.0	-0.3
EV/EBITDA	0.0	0.1	0.1	0.3	0.1	-0.9
PER	47.9	9.6	6.9	5.3	4.3	3.4
Adjusted FCF yield	-412.8%	-234.6%	-206.1%	-171.2%	-125.4%	-96.9%

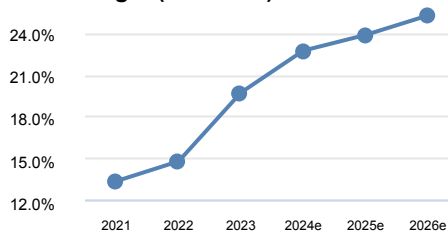
Source: Company data, NuWays, Close price as of 15.05.2024

### Sales (2021-26e)



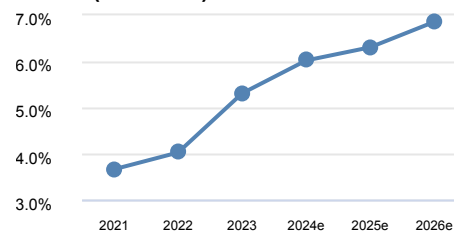
Source: NuWays Research

### EBIT margin (2021-26e)



Source: NuWays Research

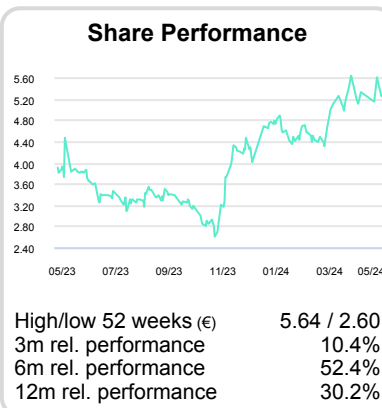
### ROCE (2021-26e)



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.



### Market data

Share price (in €)	5.24
Market cap (in € m)	113.1
Number of shares (in m pcs)	21.8
Enterprise value (in € m)	22.0
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

	2024e	2025e	2026e
Sales	4%	1%	1%
EBIT	7%	3%	5%
EPS	-2%	-6%	0%

### Comment on changes

- Minor adjustments for FY24 and beyond in order to reflect higher topline, impairments on loans and interest expenses in Q1

### Guidance

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

## Financials

Profit and loss (EUR m)	2021	2022	2023	2024e	2025e	2026e
<b>Sales</b>	<b>204.2</b>	<b>212.5</b>	<b>230.5</b>	<b>270.1</b>	<b>288.6</b>	<b>312.0</b>
Sales growth	-11.4%	4.1%	8.5%	17.2%	6.8%	46.8%
Cost of sales	71.9	84.6	89.3	107.1	112.5	118.1
<b>Gross profit</b>	<b>132.3</b>	<b>127.8</b>	<b>141.2</b>	<b>163.0</b>	<b>176.2</b>	<b>193.9</b>
Sales and marketing	15.6	12.4	14.2	14.3	15.2	16.4
General and administration	33.0	34.0	34.1	38.4	40.4	43.2
Research and development	0.0	0.0	0.0	0.0	0.0	0.0
Other operating income	-0.6	0.0	0.0	0.0	0.3	0.3
Other operating expenses	40.4	32.6	32.5	34.0	36.0	38.5
<b>Total operating expenses</b>	<b>89.7</b>	<b>78.9</b>	<b>80.7</b>	<b>86.7</b>	<b>91.3</b>	<b>97.8</b>
Unusual or infrequent items	0.0	0.0	0.0	0.0	0.0	0.0
<b>EBITDA</b>	<b>42.5</b>	<b>48.9</b>	<b>60.5</b>	<b>76.3</b>	<b>84.8</b>	<b>96.1</b>
Depreciation	2.9	2.6	2.5	2.7	2.9	3.1
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	12.4	14.9	12.6	12.2	13.0	14.0
Impairment charges	0.0	0.0	0.0	0.0	0.0	0.0
<b>EBIT (inc revaluation net)</b>	<b>27.2</b>	<b>31.4</b>	<b>45.5</b>	<b>61.5</b>	<b>68.9</b>	<b>78.9</b>
Interest income	3.6	0.1	0.1	0.1	0.1	0.1
Interest expenses	26.1	17.9	26.6	37.0	38.6	40.6
Investment income	0.0	0.0	0.0	0.0	0.0	0.0
Financial result	-22.5	-17.8	-26.5	-36.9	-38.5	-40.5
<b>Recurring pretax income from continuing operations</b>	<b>4.7</b>	<b>13.6</b>	<b>19.0</b>	<b>24.5</b>	<b>30.5</b>	<b>38.4</b>
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0
<b>Earnings before taxes</b>	<b>4.7</b>	<b>13.6</b>	<b>19.0</b>	<b>24.5</b>	<b>30.5</b>	<b>38.4</b>
Income tax expense	2.4	1.8	2.6	3.3	4.1	5.1
<b>Net income (pro forma)</b>	<b>2.3</b>	<b>11.8</b>	<b>16.4</b>	<b>21.3</b>	<b>26.4</b>	<b>33.3</b>
Income from discontinued operations (net of tax)	5.8	0.0	0.0	0.0	0.0	0.0
Extraordinary items (net of tax)	3.3	3.7	5.4	6.0	6.0	6.0
<b>Net profit (reported)</b>	<b>-6.8</b>	<b>8.1</b>	<b>11.1</b>	<b>15.3</b>	<b>20.4</b>	<b>27.3</b>
Average number of shares	21.6	21.7	21.8	21.8	21.8	21.8
<b>EPS reported</b>	<b>-0.32</b>	<b>0.37</b>	<b>0.51</b>	<b>0.70</b>	<b>0.94</b>	<b>1.25</b>

Profit and loss (common size)	2021	2022	2023	2024e	2025e	2026e
<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	35.2%	39.8%	38.7%	39.6%	39.0%	37.9%
<b>Gross profit</b>	<b>64.8%</b>	<b>60.2%</b>	<b>61.3%</b>	<b>60.4%</b>	<b>61.0%</b>	<b>62.1%</b>
Sales and marketing	7.7%	5.8%	6.2%	5.3%	5.3%	5.2%
General and administration	16.2%	16.0%	14.8%	14.2%	14.0%	13.9%
Research and development	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other operating income	-0.3%	0.0%	0.0%	0.0%	0.1%	0.1%
Other operating expenses	19.8%	15.3%	14.1%	12.6%	12.5%	12.3%
<b>Total operating expenses</b>	<b>43.9%</b>	<b>37.2%</b>	<b>35.0%</b>	<b>32.1%</b>	<b>31.6%</b>	<b>31.4%</b>
Unusual or infrequent items	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>EBITDA</b>	<b>20.8%</b>	<b>23.0%</b>	<b>26.2%</b>	<b>28.3%</b>	<b>29.4%</b>	<b>30.8%</b>
Depreciation	1.4%	1.2%	1.1%	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	6.1%	7.0%	5.5%	4.5%	4.5%	4.5%
Impairment charges	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>EBIT (inc revaluation net)</b>	<b>13.3%</b>	<b>14.8%</b>	<b>19.7%</b>	<b>22.8%</b>	<b>23.9%</b>	<b>25.3%</b>
Interest income	1.8%	0.0%	0.0%	0.0%	0.0%	0.0%
Interest expenses	12.8%	8.4%	11.5%	13.7%	13.4%	13.0%
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>2.3%</b>	<b>6.4%</b>	<b>8.2%</b>	<b>9.1%</b>	<b>10.6%</b>	<b>12.3%</b>
Extraordinary income/loss	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Earnings before taxes</b>	<b>2.3%</b>	<b>6.4%</b>	<b>8.2%</b>	<b>9.1%</b>	<b>10.6%</b>	<b>12.3%</b>
Tax rate	50.2%	13.4%	13.4%	13.3%	13.3%	13.3%
<b>Net income (pro forma)</b>	<b>1.1%</b>	<b>5.5%</b>	<b>7.1%</b>	<b>7.9%</b>	<b>9.2%</b>	<b>10.7%</b>
Income from discontinued operations (net of tax)	2.8%	0.0%	0.0%	0.0%	0.0%	0.0%
Extraordinary items (net of tax)	1.6%	1.7%	2.3%	2.2%	2.1%	1.9%
<b>Net profit (reported)</b>	<b>-3.3%</b>	<b>3.8%</b>	<b>4.8%</b>	<b>5.6%</b>	<b>7.1%</b>	<b>8.7%</b>

Source: Company data, NuWays

Balance sheet (EUR m)	2021	2022	2023	2024e	2025e	2026e
Intangible assets	35.8	31.4	29.5	29.5	28.5	27.5
Property, plant and equipment	5.0	7.7	7.7	7.2	6.7	6.2
Financial assets	6.2	21.1	62.1	62.1	62.1	62.1
<b>FIXED ASSETS</b>	<b>47.1</b>	<b>60.2</b>	<b>99.3</b>	<b>98.8</b>	<b>97.3</b>	<b>95.8</b>
Inventories	0.0	0.0	0.0	0.0	0.0	0.0
Accounts receivable	451.7	507.1	575.9	633.2	692.0	749.0
Other assets and short-term financial assets	15.9	24.8	22.6	22.6	22.6	22.6
Liquid assets	301.6	153.3	283.7	315.1	314.8	318.0
Deferred taxes	7.0	7.6	6.5	6.5	6.5	7.6
Deferred charges and prepaid expenses	1.3	0.2	2.8	2.8	2.8	0.2
<b>CURRENT ASSETS</b>	<b>777.5</b>	<b>693.0</b>	<b>891.6</b>	<b>980.2</b>	<b>1,038.7</b>	<b>1,097.4</b>
<b>TOTAL ASSETS</b>	<b>824.5</b>	<b>753.2</b>	<b>990.9</b>	<b>1,079.0</b>	<b>1,136.0</b>	<b>1,193.2</b>
<b>SHAREHOLDERS EQUITY</b>	<b>174.8</b>	<b>180.0</b>	<b>183.6</b>	<b>194.8</b>	<b>209.5</b>	<b>229.1</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	1.4	15.6	13.4	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)	499.9	503.4	732.4	763.6	796.4	829.2
Deferred taxes	0.2	1.0	1.2	1.2	1.2	1.0
Deferred income	0.0	0.0	0.0	0.0	0.0	0.0
<b>CURRENT LIABILITIES</b>	<b>501.4</b>	<b>519.0</b>	<b>745.7</b>	<b>777.0</b>	<b>809.8</b>	<b>842.6</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>	<b>824.6</b>	<b>753.2</b>	<b>990.9</b>	<b>1,079.0</b>	<b>1,136.0</b>	<b>1,193.2</b>
<b>Balance sheet (common size)</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024e</b>	<b>2025e</b>	<b>2026e</b>
Intangible assets	4.3%	4.2%	3.0%	2.7%	2.5%	2.3%
Property, plant and equipment	0.6%	1.0%	0.8%	0.7%	0.6%	0.5%
Financial assets	0.8%	2.8%	6.3%	5.8%	5.5%	5.2%
<b>FIXED ASSETS</b>	<b>5.7%</b>	<b>8.0%</b>	<b>10.0%</b>	<b>9.2%</b>	<b>8.6%</b>	<b>8.0%</b>
Inventories	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Accounts receivable	54.8%	67.3%	58.1%	58.7%	60.9%	62.8%
Other assets and short-term financial assets	1.9%	3.3%	2.3%	2.1%	2.0%	1.9%
Liquid assets	36.6%	20.4%	28.6%	29.2%	27.7%	26.7%
Deferred taxes	0.8%	1.0%	0.7%	0.6%	0.6%	0.6%
Deferred charges and prepaid expenses	0.2%	0.0%	0.3%	0.3%	0.3%	0.0%
<b>CURRENT ASSETS</b>	<b>94.3%</b>	<b>92.0%</b>	<b>90.0%</b>	<b>90.8%</b>	<b>91.4%</b>	<b>92.0%</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>21.2%</b>	<b>23.9%</b>	<b>18.5%</b>	<b>18.1%</b>	<b>18.4%</b>	<b>19.2%</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	0.2%	2.1%	1.3%	1.2%	1.2%	1.1%
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)	60.6%	66.8%	73.9%	70.8%	70.1%	69.5%
Deferred taxes	0.0%	0.1%	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>60.8%</b>	<b>68.9%</b>	<b>75.3%</b>	<b>72.0%</b>	<b>71.3%</b>	<b>70.6%</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)	2021	2022	2023	2024e	2025e	2026e
Net profit/loss	-3.5	11.8	16.4	15.3	20.4	27.3
Depreciation of fixed assets (incl. leases)	3.7	2.6	2.5	2.7	2.9	3.1
Amortisation of goodwill & intangible assets	13.5	14.9	12.6	12.2	13.0	14.0
Other costs affecting income / expenses	78.0	-107.5	-111.1	-126.0	-137.6	-151.9
Cash flow from operating activities	54.5	-51.9	142.8	-2.7	3.5	13.3
Increase/decrease in inventory	0.0	0.0	0.0	0.0	0.0	0.0
Increase/decrease in accounts receivable	-152.9	-167.4	-211.5	-164.3	-171.3	-175.1
Increase/decrease in accounts payable	-12.6	17.4	227.2	31.2	32.9	32.8
Increase/decrease in other working capital positions	145.4	193.9	221.7	241.1	259.1	280.3
Increase/decrease in working capital	-20.0	43.8	237.4	108.0	120.7	138.0
<b>Cash flow from operating activities</b>	<b>71.7</b>	<b>-34.3</b>	<b>157.8</b>	<b>12.2</b>	<b>19.3</b>	<b>30.5</b>
CAPEX	11.5	10.9	10.8	13.4	14.4	15.7
Payments for acquisitions	0.0	0.0	0.0	1.0	0.0	0.0
Financial investments	0.7	0.0	1.0	0.0	0.0	0.0
Income from asset disposals	-1.4	0.0	0.0	0.0	0.0	0.0
<b>Cash flow from investing activities</b>	<b>-13.7</b>	<b>-10.9</b>	<b>-11.8</b>	<b>-14.4</b>	<b>-14.4</b>	<b>-15.7</b>
Cash flow before financing	58.0	-45.2	143.3	-6.3	-0.7	7.2
Increase/decrease in debt position	-39.6	-184.1	-6.8	45.8	9.4	5.0
Purchase of own shares	0.0	0.0	0.0	0.0	0.0	0.0
Capital measures	50.0	87.1	0.0	0.0	0.0	0.0
Dividends paid	0.0	0.0	2.6	4.1	5.7	7.6
Others	-3.3	-3.7	-6.0	-8.0	-9.0	-9.0
Effects of exchange rate changes on cash	-0.1	-2.3	-0.2	0.0	0.0	0.0
<b>Cash flow from financing activities</b>	<b>7.1</b>	<b>-100.7</b>	<b>-15.4</b>	<b>33.7</b>	<b>-5.3</b>	<b>-11.6</b>
Increase/decrease in liquid assets	65.0	-148.3	130.4	31.5	-0.4	3.2
<b>Liquid assets at end of period</b>	<b>301.6</b>	<b>153.3</b>	<b>283.7</b>	<b>315.1</b>	<b>314.8</b>	<b>318.0</b>

Key ratios (EUR m)	2021	2022	2023	2024e	2025e	2026e
<b>P&amp;L growth analysis</b>						
Sales growth	-11.4%	4.1%	8.5%	17.2%	6.8%	46.8%
EBITDA growth	-24.5%	16.7%	42.2%	56.1%	40.3%	129.3%
EBIT growth	-40.2%	9.9%	67.0%	95.9%	51.7%	176.6%
EPS growth	-129.0%	1660.6%	-261.2%	87.7%	84.7%	5803.3%
<b>Efficiency</b>						
Sales per employee	286.4	278.5	283.5	313.0	316.1	395.9
EBITDA per employee	59.7	64.1	74.4	88.4	92.9	121.9
No. employees (average)	713	763	813	863	913	788
<b>Balance sheet analysis</b>						
Avg. working capital / sales	203.5%	198.3%	219.7%	205.7%	215.0%	174.2%
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	7.2	67.2	54.7	45.6	43.4	41.3
<b>Cash flow analysis</b>						
Free cash flow	60.2	-45.2	147.0	-1.2	5.0	14.8
Free cash flow/sales	29.5%	-21.3%	63.8%	-0.4%	1.7%	4.8%
FCF / net profit	neg.	neg.	894.0%	neg.	24.4%	54.5%
Capex / sales	6.0%	5.1%	5.1%	4.9%	5.0%	5.0%
<b>Solvency</b>						
Net debt	-111.6	-104.6	-69.2	-80.8	-97.1	-119.5
Net Debt/EBITDA	0.0	0.0	0.0	0.0	0.0	0.0
Dividend payout ratio	0.0%	32.2%	37.4%	37.4%	37.4%	37.4%
Interest paid / avg. debt	16.2%	15.1%	26.2%	47.3%	45.0%	26.8%
<b>Returns</b>						
ROCE	3.7%	4.0%	5.3%	6.0%	6.3%	6.9%
ROE	-3.9%	4.5%	6.0%	7.8%	9.7%	11.9%
Adjusted FCF yield	-412.8%	-234.6%	-206.1%	-171.2%	-125.4%	-96.9%
Dividend yield	0.0%	2.3%	3.7%	5.0%	6.7%	9.0%
DPS	0.0	0.1	0.2	0.3	0.4	0.5
EPS reported	-0.32	0.37	0.51	0.70	0.94	1.25
Average number of shares	21.6	21.7	21.8	21.8	21.8	21.8
<b>Valuation ratios</b>						
P/BV	0.6	0.6	0.6	0.6	0.5	0.5
EV/sales	0.0	0.0	0.0	0.1	0.0	-0.3
EV/EBITDA	0.0	0.1	0.1	0.3	0.1	-0.9
EV/EBIT	0.0	0.1	0.1	0.4	0.1	-1.1

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	10.04.2024	Jarchow, Frederik	Buy	EUR 12.00	EUR 5.44
	21.11.2023	Jarchow, Frederik	Buy	EUR 10.00	EUR 3.16

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