

## X-Trade Brokers

### Climbing up

We maintain our Buy rating for XTB and lift our 12M TP to PLN 56.0/share from PLN 42.0 previously. Strong 4Q23 results coupled with presented product expansion prompted us to lift our 2024/25e EPS estimates by 17/27%. With its growing scale and competitive product offer XTB is well positioned to become a successful global one-stop-shop for investors, we believe. The company offers not only business growth, but also sustainable and high dividends (we expect DY 11% from 2023e earnings) and attractive valuation at 8.0/7.6x P/E.

**Encouraging 4Q23 results** – XTB's 4Q23 net profit reached PLN 249m and was 23/13% above consensus/our estimates. The numbers surprised positively with better than expected CFD trading volumes and higher number of new clients. Management raised also customer acquisition target to 65-90k new clients quarterly (from 40-60k before).

**Product expansion a driver for further growth** – With its 4Q23 results XTB presented road map of new products incl. bonds, social trading, IKE/IKZE, virtual wallet and multicurrency card. Competitive product offer makes XTB very likely to become a successful global one-stop-shop, as given wide investment opportunities for clients, the company is well positioned to benefit from changing investment environment.

**2024/25e EPS estimates up 17/27%** - Strong 4Q23 results coupled with optimistic 2024/25e outlook prompted us to lift our 2024/25e EPS estimates by 17/21% in 2024/25e and maintain assumptions of profitability per lot broadly unchanged. We lift also our 2024/25e opex estimates by 7/10% and arrive at 2024/25e net profit at PLN 665/700m.

**Trading multiples still attractive** – At our 2024/25e estimates XTB is trading at 8.0/7.6x P/E with c. 30% discount to peers. As prediction of market trends and XTB's earnings is difficult, we would rather point at PLN 600-1,000m net profit range, that implies P/E at 8.8-5.3x.

**Regulations a key risk for the company** – Advertising ban in Spain is largely harmless, but introduction of Spain-like regulations in other markets may affect XTB's more materially. Thus, we believe, these are regulations, that remain a key risk factor for XTB nowadays.

### XTB - Key figures, 2021-2026e

PLNm unless otherwise stated

	2021	2022	2023p	2024e	2025e	2026e
Net profit	238	766	791	665	700	717
- y/y change	-41%	222%	3%	-16%	5%	3%
EBITDA	286	898	911	825	875	903
- y/y change	-45%	214%	1%	-9%	6%	3%
DPS	1.79	1.50	4.86	5.05	4.24	4.46
Dividend yield	4.0%	3.3%	10.8%	11.2%	9.4%	9.9%
P/E	22.3	6.9	6.7	8.0	7.6	7.4
EV/EBITDA	15.3	4.2	3.9	4.2	3.8	3.4

Source Company, Pekao Equity Research; p-preliminary

## BUY (maintained)

**Target price** **PLN 56.0**

**Upside to TP** **+24%**  
 Price on 1 February 2024 **PLN 45.1**

**ESG rating** **B**  
**Final ESG Score** **1.11**

#### Relative share price performance vs. WIG



#### UPCOMING EVENTS

Full 2023 results	28 March
BM Pekao conference	5 April

#### STOCK DATA

Reuters/Bloomberg	XTB.WA/XTB.PW
Free float (%)	39.0
MCAP (PLNm)	5,296
No. of shares in issue (m)	117.6

Shareholders	XXZW Investment Group 60.9%	Other 39.1%
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Niniejszy raport stanowi skrót raportu przekazanego wcześniej klientom usługi sporządzania analiz inwestycyjnych BM Pekao w języku angielskim.

Data pierwszej publikacji materiału:  
 02.02.2024 g. 07:30

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## Financials

### XTB – P&L, 2021-2026e

PLNm unless otherwise stated

P&L (PLNm)	2021	2022	2023p	2024e	2025e	2026e
<b>Revenues</b>	<b>626</b>	<b>1 444</b>	<b>1 588</b>	<b>1 666</b>	<b>1 854</b>	<b>2 025</b>
Operating expenses	-349	-559	-694	-862	-1 002	-1 146
EBIT	277	886	895	803	852	879
<b>EBITDA</b>	<b>286</b>	<b>898</b>	<b>911</b>	<b>825</b>	<b>875</b>	<b>903</b>
Net financial income	14	50	66	17	12	7
Pre-tax profit	290	935	961	820	864	886
<b>Net profit</b>	<b>238</b>	<b>766</b>	<b>791</b>	<b>665</b>	<b>700</b>	<b>717</b>

Source: Company, Pekao Equity Research estimates

### XTB – Balance sheet, 2021-2026e

PLNm unless otherwise stated

Balance sheet (PLNm)	2021	2022	2023p	2024e	2025e	2026e
Client's cash and equivalents	1 787	1 939	2 389	2 548	2 768	3 008
Cash	589	1 222	1 410	1 431	1 597	1 751
Financial assets at FVPL	704	843	769	838	902	970
Property, plant and equipment	16	45	48	46	44	41
Other	52	66	69	73	77	82
<b>Total assets</b>	<b>3 148</b>	<b>4 114</b>	<b>4 685</b>	<b>4 937</b>	<b>5 388</b>	<b>5 852</b>
Amounts due to clients	2 010	2 328	2 676	2 854	3 101	3 369
Financial liabilities held for trading	128	106	107	108	109	110
Leasing	7	30	30	30	30	30
Other	87	145	146	148	150	151
<b>Total liabilities</b>	<b>2 232</b>	<b>2 608</b>	<b>2 959</b>	<b>3 140</b>	<b>3 390</b>	<b>3 661</b>
Share capital	77	77	77	77	77	77
Other reserves	599	658	658	658	658	658
Retained earnings	240	771	991	1 062	1 263	1 456
<b>Total equity</b>	<b>916</b>	<b>1 506</b>	<b>1 726</b>	<b>1 797</b>	<b>1 998</b>	<b>2 191</b>
<b>Total equity and liabilities</b>	<b>3 148</b>	<b>4 114</b>	<b>4 685</b>	<b>4 937</b>	<b>5 388</b>	<b>5 852</b>

Source: Company, Pekao Equity Research estimates

### XTB – Cash flow, 2021-2026e

PLNm unless otherwise stated

Cash Flow (PLNm)	2021	2022	2023p	2024e	2025e	2026e
Net profit	238	766	791	665	700	717
D&A	9	12	16	22	23	24
Financial costs	4	1	0	0	0	0
Working capital	-48	44	4	-25	-11	-12
<b>Operating cash flow</b>	<b>199</b>	<b>1 149</b>	<b>811</b>	<b>661</b>	<b>712</b>	<b>730</b>
Capex	-8	-14	-19	-20	-21	-22
Net proceeds from sale of bonds	67	-30	-34	-26	-28	-29
<b>Investing cash flow</b>	<b>55</b>	<b>-329</b>	<b>-53</b>	<b>-46</b>	<b>-48</b>	<b>-51</b>
Dividend paid	-210	-176	-572	-594	-498	-525
<b>Financial cash flow</b>	<b>-216</b>	<b>-182</b>	<b>-572</b>	<b>-594</b>	<b>-498</b>	<b>-525</b>
<b>Change in cash</b>	<b>38</b>	<b>638</b>	<b>187</b>	<b>22</b>	<b>165</b>	<b>154</b>
<b>Cash at the end of period</b>	<b>589</b>	<b>1 222</b>	<b>1 410</b>	<b>1 431</b>	<b>1 597</b>	<b>1 751</b>

Source: Company, Pekao Equity Research estimates

THIS REPORT WAS COMPLETED ON 1 FEBRUARY AT 22:00 CET.

THIS REPORT WAS FIRST DISTRIBUTED ON 2 FEBRUARY 2024 AT 07:30 CET.

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Analyst	Position	Financial instrument	Number of instruments	Exposure (long/short)	Average transactions price	Transactions dates
Michał Fidelus	Expert, Analyst	XTB	0	None	Not applicable	Not applicable

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