

MyBucks

Financials

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Emerging market fintech

Founded in 2011, MyBucks (MBC) has been profitable at the operational level since its second year of operations, providing microloans, insurance and banking via the internet, cellphones and applications, primarily to low- and middle-income customers in sub-Saharan Africa. The lending products range has been expanded to include agricultural, educational and SME products.

Strong first half

The completed acquisition of four banks from Opportunity International in H117 has marked a step change in the business, enlarging the loan book (H117 €77.2m from €41.2m at 30 June), increasing access to funding through customer deposits (13% of funding at 31 December vs 1% at 30 June 2016) and giving MBC a presence in three new territories. The core GetBucks lending products will still account for the majority of revenues (95% in FY16), but the opportunity to cross-sell insurance and banking products has grown markedly with the acquisition.

Long-term drivers of the business

MBC's core markets are 11 sub-Saharan African countries, which accounted for 84% of assets, 94% of revenues and all profits after tax in H117. These have a combined population of c 300m that is young, becoming better off, and still lacking broad and simple access to financial services. These drivers are likely to persist for the foreseeable future, offering a significant opportunity for providers.

Differentiated by proprietary AI tools

Although there are many microlending operations, charitable and for-profit, operating in the region, MBC is differentiated by its proprietary artificial intelligence (AI)-driven credit scoring platform, its banking experience across different markets and the ability these bring to offer a service quickly, efficiently and with appropriate risk management where others cannot.

Valuation: Early days

While there are no earnings forecasts currently available, MBC's early stage of development would make these less reliable than for a mature company, and book value may be a better guide. MBC currently trades at a similar multiple of book value (c 5x) to German-listed fintech peers, implying strong growth expectations.

Price €13.0
Market cap €152m

Share price graph



Share details

Code	MBC
Listing	Scale
Shares in issue	11.7m
Last equity as % of total assets per 31 December 2016	23%

Business description

MyBucks is a Luxembourg fintech company listed in Frankfurt. It provides unsecured loans, banking solutions and insurance to consumers and SMEs in 11 African and two European countries and Australia. It uses AI technology to assess creditworthiness and is fully integrated with local banking systems.

Bull

- Large target market with mobile and internet penetration well ahead of traditional banking.
- Well-capitalised and with new and pending banking licences.
- Proprietary AI and integration with local government and banking systems.

Bear

- Sub-Saharan Africa is arguably at higher risk from financial and political shocks than more developed markets.
- Competition from major incumbents, charities and other fintech companies.
- Limited free float of 19.3%.

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Historical financials

Year end	Revenue (€m)	PBT (€m)	EPS (c)	DPS (€)	P/E (x)	Yield (%)
06/13	3.1	(1.4)	N/A	0.0	N/A	N/A
06/14	13.0	3.3	N/A	0.0	N/A	N/A
06/15	31.3	5.7	33.42	0.0	42.0	N/A
06/16	38.9	0.9	(6.44)	0.0	N/A	N/A

Source: MBC data. Note: MBC listed in June 2016.

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