

# **MyBucks**

# **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 Al 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

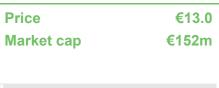
While there are no earnings forecasts currently available, MBC's early stage of development would make these less reliable than for a mature company, and book value may be a better guide. MBC currently trades at a similar multiple of book value (c 5x) to German-listed fintech peers, implying strong growth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

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.

#### **Financials**

**15 November 2017** 





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 Al 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%.

#### **Analyst**

Adrian Phillips +44 (0)20 3077 5700

financials@edisongroup.com

EDISON QUICKVIEWS ARE NORMALLY ONE OFF PUBLICATIONS WITH NO COMMITMENT TO WRITING ANY FOLLOW UP. QUICKVIEW NOTES USE CONSENSUS EARNINGS ESTIMATES.



Edison is an investment research and advisory company, with offices in North America, Europe, the Middle East and AsiaPac. The heart of Edison is our world-renowned equity research platform and deep multi-sector expertise. At Edison Investment Research, our research is widely read by international investors, advisers and stakeholders. Edison Advisors leverages our core research platform to provide differentiated services including investor relations and strategic consulting. Edison is authorised and regulated by the Financial Conduct Authority. Edison Investment Research (NZ) Limited (Edison NZ) is the New Zealand subsidiary of Edison. Edison NZ is registered on the New Zealand Financial Service Providers Register (FSP number 247505) and is registered to provide wholesale and/or generic financial adviser services only. Edison Investment Research Inc. (Edison US) is the US subsidiary of Edison and is regulated by the Securities and Exchange Commission. Edison Investment Research Limited (Edison Aus) [46085869] is the Australian subsidiary of Edison and is not regulated by the Securities and Investment Commission. Edison Germany is a branch entity of Edison Investment Research Limited [4794244]. www.edisongroup.com

#### DISCLAIMER

Copyright 2017 Edison Investment Research Limited. All rights reserved. This report has been prepared and issued by Edison for publication globally. All information used in the publication of this report has been compiled from publicly available sources that are believed to be reliable, however we do not guarantee the accuracy or completeness of this report. Opinions contained in this report represent those of the research department of Edison at the time of publication. The securities described in the Investment Research may not be eligible for sale in all jurisdictions or to certain categories of investors. This research is issued in Australia by Edison Aus and any access to it, is intended only for "wholesale clients" within the meaning of the Australian Corporations Act. The Investment Research is distributed in the United States by Edison US to major US institutional investors only. Edison US is registered as an investment adviser with the Securities and Exchange Commission. Edison US relies upon the "publishers" exclusion" from the definition of investment adviser under Section 202(a)(11) of the Investment Advisers Act of 1940 and corresponding state securities laws. As such, Edison US relies upon the "publishers" exclusion" from the definition of investment adviser under Section 202(a)(11) of the Investment Advisers Act of 1940 and corresponding state securities laws. As such, Edison does not offer or provide personalised advice. We publish information reflects our sincere opinions. The information that we provide or that is derived from our website is not intended to be, and should not be construed in any manner whatsoever as, personalised advice. Also, our website and the information provided by us should not be construed from our website is not intended to be, and should not be construed in this document in this document in information provided by us should not be construed from use undersonable clients. The purpose of the Financial Advisers Act 2008 (FAA) (as described in sections 5(c) (1)(a), (b) an