

EXTENSIVE ANALYSIS – FLOW TRADERS



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1. Management summary

Company profile

Name:	FlowTraders
Ticker:	Flow
Sector:	Fin-Tech
Average volume:	232,841
Market cap:	1.147B
Current price:	24.64
52 Week high:	38.00
52 Week low:	17.07

Company introduction

Flow traders is a technology company which provides liquidity in exchange traded products. Basically it creates a technological marketplace for things that are on an exchange. In europe america and asia they operate in all major exchanges. the company focuses on growth and acquisition of talent as well as giving out a lot of dividends.

Fundamental ratios

	2013-12	2014-12	2015-12	2016-12	2017-12	Required
Stock Price	-	-	45.29	32.79	18.80	-
52 Week high	-	-	47.82	46.67	33.17	-
52 Week low	-	-	35.05	26.80	17.20	-
EPS	1.15	1.46	2.09	1.98	0.85	-
P/E	-	-	21,7	16,6	22,11	5<x<15
P/B	-	-	8,60	5,68	3,46	-
ROE	-	-	0,40	0,34	0,16	-
ROA	-	-	2,12%	1,59%	0,67%	-
Operating margin	-	-	-	-	-	-
Net profit margin	26,76	28,20	24,27	25,94	14.02	>10%
D-E ratio	20,2	22,2	17,6	20,4	22,3	<0.8
Current ratio	4,34	1,94	0,95	0,96	1,069	>1
Quick ratio	4,34	1,94	0,95	0,96	1,069	-

Conclusion

Flow traders seem to accumulate a lot of debt while simultaneously losing growth. their profit margins are dropping. this could be because volatility is low and therefore it could be speculated that this might rise again. the market could also become less volatile and with that the stock would drop to a new low. this does seem unlikely to me. i think it is possible that there will be an event triggering the VIX in the near future which might shoot flow traders above 35 euro per share. historically this has happened when a smaller bubble of 3 billion dollars crashed. a recent study to housing bubbles has indicated that most big world cities have a bubble problem which is a lot larger than this so it could be even higher.



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2. Introduction

This analysis is performed in order of B.S.C. Duitenberg by the investment team. It serves as an advice for the portfolio of the association. The analysis is based on this template for the analyses of stocks. In this template the following elements are treated in order to get a good picture of the stock: General information, Fundamentals, Macro economical and Technical. Every element contains a summary in order to get a succinct and concentrated analysis. The selection of stocks will be obtained by following the strategy of the investment commission. This strategy is based on the outcomes provided by the marketscanner. The last chapter of this template contains the final advice.

3. General Information

3.1 Company profile:

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3.2 Revenue breakdown by product and geographic:

Flow traders main product is liquidity provision which are bought by people with an interest in exchange traded products. so all revenue comes from this trading.

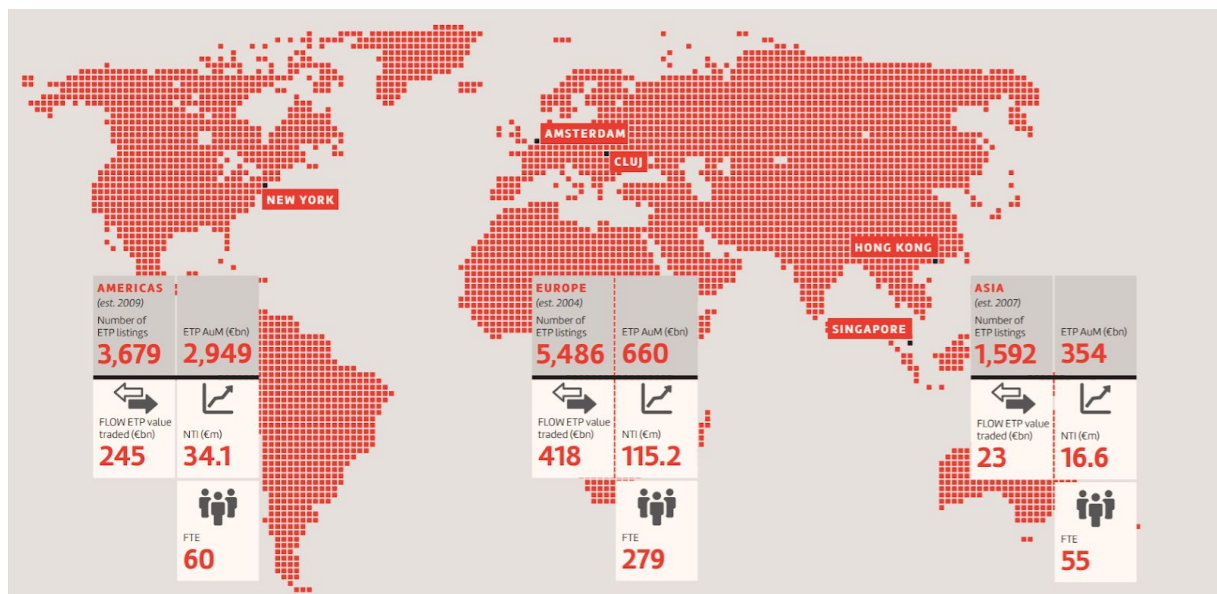


Figure: illustration of revenue by region source - annual report 2017



3.3 Product

Flow traders uses their technology platform to quote ask and bid prices. this product makes it easy for buying and selling parties to exchange ETPs. the main risk in this product is that with heavier competition the margins have to drop and therefore the profit

3.4 Customers/target group

The customers are people who buy and sell ETPs, wealthy individuals or funds.

3.5 Management^[2- 5]

3.5.1 Management Board

Function	Title	Name	Surname
Auditor	Chairman	Olivier	Bisserier
co-CEO		Sjoerd	Rietberg
co-CEO		Dennis	Dijkstra
CFO		Marcel	Jongmans
Chairman (Board of Directors)		Eric	Drok
Investor Relations		Serge	Enneman
Member of Board of Directors	Vice-chairman	Jan	van Kuijk
Member of Board of Directors		Han	Sikkens
Member of the Management Board		-	-
President (Management Board)		-	-

Sjoerd rietberg joined in 2005, dennis dijkstra in 2009, marcel jongemans in 2016.

Marcel has held a lot of high positions before joining

Sjoerd will resign in 2019, this could be a bad thing?

3.5.2 Long term strategy of the board:

The board tries to open as many offices and tries to provide liquidity in the FX market. the focus als remains on increasing the technology and improving the market share by providing the best deal.

3.6 Major shareholders:

3.6.1 Total overview transactive insiders

SHARES HELD BY MEMBERS OF THE MANAGEMENT BOARD		% of outstanding total shares
<i>(31 December 2017)</i>		
Dennis Dijkstra	1,112,875	2.39
Sjoerd Rietberg	860,000	1.85
Marcel Jongmans	10,000	0.02
Total	1,962,875	4.22



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3.6.2 Individual transactions^[6]

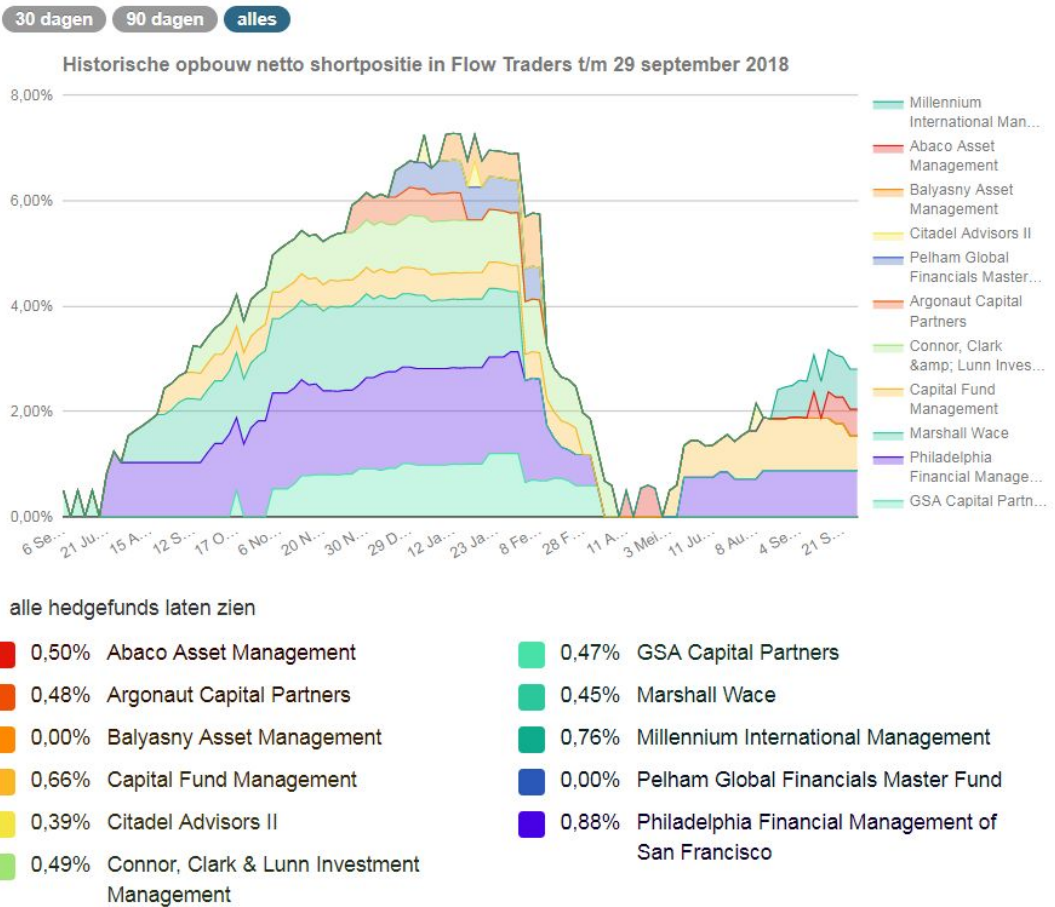
Date	Name	Transaction	Amount	Price	Tot. value
2018-1	Sjoerd Rietberg	buy	10000	25eur	250000 eur
2018-5	Avalon Holding	sell	149740	39,66	5947897
2018-5	Roger H. Hodenius	sell	200000	39,72	7944299

3.6.3 Major shareholder positions

SHAREHOLDINGS ON 31 DECEMBER 2017		Filing date
R. Hodenius (Avalon Holding B.V.)	12.27%	20 February 2017
J.T.A.G. van Kuijk (Javak Investments B.V.)	12.27%	20 February 2017
Oyster Asset Management SA	5.08%	13 December 2017
Templeton Funds	3.09%	14 December 2017
Jupiter Asset Management Ltd.	3.08%	14 December 2017

The shares indirectly held by Roger Hodenius (Avalon Holding B.V.) and Jan van Kuijk (Javak Investments B.V.) are long-term investments.

3.6.4



3.7 Important dates/ Business number agenda

Date	Activity
18 OCT 2018	Release 3Q18 trading update no central Analyst call will be held

3.8 Summary

The information above gives me an idea that the company will go up in the future, lots of shares were sold when the price was high by insiders but at this time no insider is selling anymore. i don't believe the release of the head of trading will be a detriment to the company as the product is automated. so i don't expect a big change

3.9 Sources:

Annual report 2017

<https://simplywall.st/stocks/nl/diversified-financials/ams-flow/flow-traders-shares>

<http://shortsell.nl/short/Flow/all>



4. Fundamental Analysis

4.1 Qualitative analysis

4.1.1 Recent news:

13 sept 2018 ceo sjoerd rietberg announced stepping down

27 july 2018 Release 2Q18 results

29 june 2018 Sale of think etf asset management completed together with binck

8 may 2018 Flow traders hong kong is live

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4.1.2 Banks and other financial facilities

Recente adviezen				
Datum	Guru	Advies	Verw. rend.	Rend.
13 sep	Morgan Stanley	verkopen ↓		0,00% =
22 aug	Morgan Stanley	verkopen ↓		=
16 aug	Bank Degroof	kopen ↑		0,00% =
14 aug	Morgan Stanley	verkopen ↓		=
8 aug	UBS	houden =		0,00% =
31 jul	ING Equity Research	kopen ↑		0,00% =
31 jul	Credit Suisse	houden =		0,00% =
27 jul	ING Equity Research	houden =		=
25 jul	Credit Suisse	houden =		=
26 apr	UBS	houden =		=
24 apr	Bank Degroof	houden =		=
24 apr	ING Equity Research	houden =		=
11 apr	Credit Suisse	houden =		=
26 mrt	Exane BNP Paribas	houden =		=
23 mrt	ING Equity Research	houden =		=
15 feb	UBS	kopen ↑		=
15 feb	Kempen & Co.	houden =		=
14 feb	ABN AMRO	kopen ↑		=
9 feb	ING Equity Research	houden =		=
6 feb	ING Equity Research	houden =		=

Meer Adviezen »

4.1.3 Sector outlooks

The sector will probably have enough customers in the years to come but their margins and employee costs could become the destroyer of this sectors profitability



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4.1.4 Company outlook

The company is heavily investing in growth by hiring talent from a lot of countries. if they find a new fin-tech product which is wanted by the public the company will become very profitable. if it does not and keeps competing in its existing sector i dont see them making good money in the near future

4.1.5 SWOT

Strengths:

product is very cheap to scale up

Weaknesses:

*flow almost finished scaling up their product to the maximum level
a lot of high constant costs (if profits drop this is a disaster)
a lot of debt*

Opportunities:

new fintech products

Threats:

*fiercer competition
lower margins
less trading activity*

4.2 Quantitative Analysis

4.2.1 General Macro-Economic figures

Buying power of the customer base has increased steadily for a very long time



4.2.2 Sector comparison

optiver 

 imc

 jumptrading

*all private companies.
no details?*

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4.2.3 Latest quarterly figures

4.3 Price targets & Stop loss levels

i think 35 euros per share is doable in the case of high volatility but there are risks which could make the value drop.

4.4 Summary

the buy is not crystal clear, because there is also a good rationale for a lower share price in the future



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4.5 Sources:

5. Technical Analysis:

5.1 [Biggest index in country of headquarters]

[Use different technical indicators, like MCDA, RSI, Fibonacci retracement. Also try to recognize patterns in the stock price development.]

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5.2 [Company X]

[Use different technical indicators, like MCDA, RSI, Fibonacci retracement. Also try to recognize patterns in the stock price development.]



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5.3 Price targets & Stop loss levels

[Based on your technical analysis, come up with target price(s) and a stop loss levels.]

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6. Conclusion & Advice:

6.1 Conclusion

Flow traders has a very lucrative technology in hands, and will very likely make significant revenue for the coming 5 years. This revenue however could be lower than the enormous cost of employees. there are companies of the same caliber in the same branche which could almost instantaneously take over the market. The stock price of Flow is strongly related to intensity and duration of volatility, which has been lacking recently. the resignation of the main trader and CEO sjoerd rietberg could change the company for the better or worse but i predict it will not have a big impact. some stocks have been bought by an insider recently and nothing has been sold since the stock drop. the board member marcel jongmans gives me confidence that flow traders will rise as he has significant banking experience and networks.

6.2 Advice

We, the Investment Team, give Student Investment Club Duitenberg a **[positive]** advice to buy **[Flow traders]** based on the previous stated information given.

[[When advice is positive] We suggest buying [] shares for a price of **€[25,30 (current price)]** per stock, which would amount to an investment of **€[x]**.

We suggest placing a stop loss order at **€[15]**.

We suggest a target price of **€[35]**.

This should be evaluated every **[x] weeks/months.**

7.



Appendix
