

# ayondo Ltd

The alternative asset management platform



30 August 2018

## SINGAPORE | TECHNOLOGY | INITIATION

- Net revenue and active clients rose 26% and 24% YoY respectively in 1H18
- A platform business with superior economics through the network effect.
- Social trading is an emerging portfolio advisor and manager with higher transparency, better customer experience and accessibility to the masses.
- Initiate with a BUY and target px of S\$0.22. This is based on 6x price/sales of FY18e.

### Company Background

Founded in 2009, ayondo is both a platform for social trading and technology solutions provider to other brokers. It has two groups of customers: a) B2C customers that wish to trade in a self-directed manner or replicate the portfolios of other top traders (called social trading). Products available include stock indices, commodities, forex and cryptocurrencies; b) B2B customers are traditional online or mobile brokers wishing to gain access to ayondo platform, products and technology (referred to as white labelling). All ayondo products are contracts for difference (CFD). ayondo customers come from 60 countries. Its largest are from Germany, UK and Spain. It was listed on SGX in Mar2018 at S\$0.26.

### Investment Merits

ayondo has a platform business that is enjoying fast growth as the concept of social trading as an alternative investment class takes off. It has an opportunity to be a fintech disruptor of traditional online brokerage and wealth management.

- Superior economics of their platform business.** Platforms offer an attractive and superior business model. They erect huge barriers to entry through the network effect. As the number of social trading followers increase on ayondo's platform, it will attract even more top traders and vice versa. This interaction sets up a virtuous cycle of value creation and linkages on both sides of the network. This can differentiate and protect a business.
- Fast growth underway.** In 1H18, revenue rose 26% YoY. Since 2014, revenue has been up five-fold. We expect future growth to come from new geographical markets, greater awareness of social trading, new products and more white-label B2B contracts.
- Emerging alternative asset manager.** Benefits of social trading over traditional asset-management solutions are several: i) fees are transparent and better linked to returns; ii) client engagement and experience are higher as all investment details are provided real-time; iii) bespoke solutions give investors access to diverse strategies at their preferred risk tolerance; iv) accessibility to an underserved mass market given a reduced minimum investment threshold.

We initiate coverage on ayondo with a BUY and a target price of S\$0.22. We value ayondo using price to sales with a discounted benchmark against the listed fintech universe. Of greater significance to us is the potential exponential growth in the value of the network, which can be measured by the number of active users. Revenue can lag the network value. Risk factors include negative operating cash-flows, reliance of customer BUX BV, Brexit, potential trading book losses and competition (page 8).

*The report is produced by Phillip Securities Research under the 'SGX StockFacts Research Programme' (administered by SGX) and has received monetary compensation for the production of the report from the entity.*

### BUY (Initiation)

LAST CLOSE PRICE	SGD 0.088
FORECAST DIV	SGD 0.00
TARGET PRICE	SGD 0.22
TOTAL RETURN	150%

### COMPANY DATA

O/S SHARES (MN):	503
MARKET CAP (USD mn / SGD mn):	33 / 45
52 - WK HI/LO (SGD):	0.275 / 0.072
3M Average Daily T/O (mn):	0.10

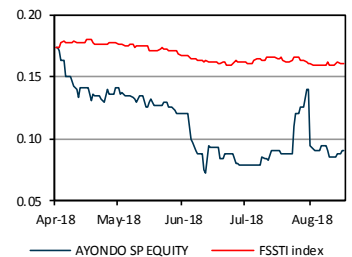
### MAJOR SHAREHOLDERS (%)

Luminor Capital Pte Ltd	20.13%
Pheim Asset Management Sdn Bhd	4.95%
West Broadway GMBH	3.77%

### PRICE PERFORMANCE (%)

	1MTH	3MTH	1YR
COMPANY	-	(30.77)	n.a.
STI RETURN	(1.40)	(4.96)	2.37

### PRICE VS. STI



Source: Bloomberg, PSR

### KEY FINANCIALS

Y/E Dec	FY16	FY17	FY18e	FY19e
Rev (CHF'000)	9,880	9,935	12,972	19,691
EBIT (CHF'000)	(10,766)	(10,417)	(15,360)	(6,922)
NPAT (CHF'000)	(10,223)	(9,750)	(14,577)	(6,569)
EPS (CHF)	(16.5)	(15.8)	(0.03)	(0.01)
PER, (X)	(0.01)	(0.01)	(3.0)	(6.7)
P/BV, (X)	0.003	0.006	0.0	0.0
DPS (CHF)	-	-	-	-
ROE, %	-48.3%	-68.4%	-79.4%	-26.8%

Source: Company Data, Bloomberg, PSR est.

Phillip Research Team (+65 6212 1851)  
[research@phillip.com.sg](mailto:research@phillip.com.sg)

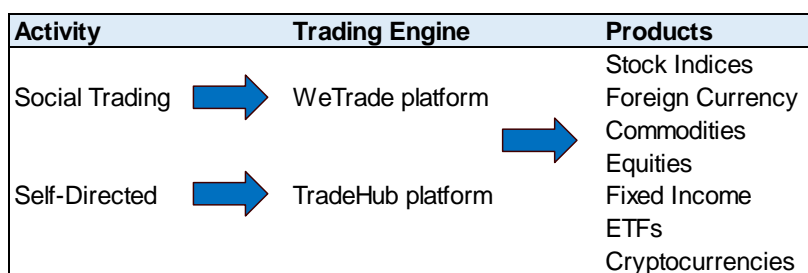
## Background

The origins of ayondo can be traced back to 2009. Thomas Winkler and Robert Lempka founded the company. In the early years, ayondo was an investment company targeting early-stage fintechs. It was from 2013 onwards that they developed and focused more on white labelling their trading technology and social trading platform.

ayondo provides a platform for users to conduct trades by following top traders (i.e. social trading) under their WeTrade platform. Users that transact independently can use the self-directed trading called TradeHub. All the products traded on both platforms are CFDs. ayondo offers a wide range of instruments that can be traded with CFDs, including stock indices, foreign currency, commodities, equities, fixed income, ETFs and cryptocurrencies. Stock indexes and commodities are the most popular products.

ayondo has licenses in two jurisdictions namely UK (FCA\*) and Germany (BaFin\*\*). It also has offices in Singapore, Spain and Switzerland. The BaFin license allows ayondo to provide financial services in Germany including portfolio management license.

**Figure 2: The 2-main platforms are WeTrade and TradeHub**



Source: PSR

ayondo has 2 types of customers, business to consumer (B2C) and technology partner to business-to-business (B2B). The largest market for its B2C offerings are in Germany and UK. Spain is expected to be the next driver of growth. B2B clients are primarily brokerages and banks, in Europe and Asia. For the B2B business, ayondo is the technology provider for CFD products (called white labelling). When an end-client of a B2B broker executes a trade, this trade will flow into and be processed by the ayondo trading engine.

ayondo was listed on the SGX on 26Mar18. The IPO price was 26 cents.

\*Financial Conduct Authority 730 K license to provide CFD brokerage services and carry out trade execution for trades generated by clients.

\*\*Bundesanstalt fuer Finanzdienstleistungsaufsicht (Federal Financial Supervisory Authority).

## How ayondo makes money? (Details in Appendix 1)

ayondo earns revenue from CFD spreads. Whenever a customer makes a transaction, ayondo will immediately be on the opposite side of the trade. ayondo then has 3 options:

- (i) hedge out the position and pass the trade to another liquidity provider, such as, banks and thus, earn a smaller spread;
- (ii) keep or warehouse the position in their internal trading book;
- (iii) offset or squaring off the position with a trade on the opposing side.

ayondo will also earn financing income because CFD products are usually purchased on margin. ayondo can charge interest for the overnight positions.

**Figure 1: Timeline of ayondo**

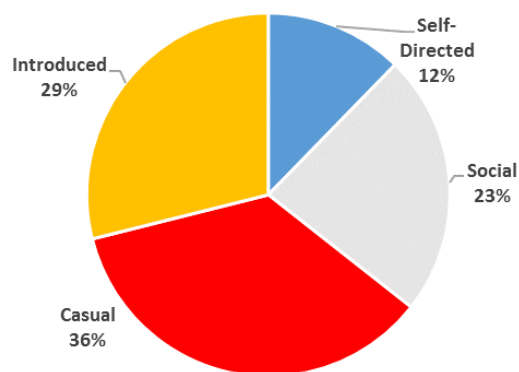


- Jan-09: Founded under name Next Generation Finance (Next GFI)
- Apr-09: Invest in Oanda Corp.
- Jun-09: Invest in Brady plc
- Nov-09: Invest in Sycap UK
- Mar-10: Next GFI listed on Berne Stock Exchange
- Apr-10: Invest into 2iQ Research GmbH
- Jan-11: Sale of Brady plc
- Mar-11: Increased stake in Sycap UK
- Sep-11: Invest in Yavalu GmbH
- Nov-11: White label with Delta Index
- Feb-12: Investment in Stockpulse GmbH
- Feb-13: Launch ayondo 3.0. First platform to integrate the social media platform and the self-directed trading platform
- Jan-14: Restructure NextGFI into an operating company. Luminor Capital invested CHF5mn in Next GFI.
- Mar-14: Next GFI change name to ayondo AG
- Apr-14: ayondo AG delisted voluntarily from Berne Stock Exchange. Increased stake in Sycap
- Aug-14: Luminor Capital invest another S\$4.2mn
- Sep-14: B2B agreement with BUX BV
- Jan-15: Expand into Spanish and Portuguese markets through white label agreement
- Apr-15: Luminor Capital invest further S\$5mn
- Jul-15: Introduce customer insurance protection GBP500,000 per client
- Nov-15: White label agreement with KGI Fraser Securities
- Dec-15: Exclusive license in perpetuity for TradeHero.
- Feb-16: Acquire stake in MyHero
- May-16: Set up branch in Spain.
- Jun-16: Starland Holdings acquire stake in ayondo AG
- Nov-16: BaFin grant portfolio management license to aPM GmbH
- May-17: Launch TradeHero in PRC
- Jun-17: Launch bitcoin trading

## Types of revenue

We can separate ayondo revenues into 4 segments:

**Figure 3 : ayondo enjoys 4-types of revenue streams (as at 9M17)**



Source: Prospectus

1. *Self-directed (12% of revenue)*: Clients come into the platform (called TradeHub) and conduct trades based on their own investment decisions. Similar to any retail clients that undertake their own DIY execution. TradeHub is a mobile-only platform. Only available in UK and Ireland. It accounted for 50% of ayondo’s revenue in 2014, before the introduction of social trading and B2B partners. Self-directed was 12% of sales (9MSep17).

2. *Casual (36% of revenue)*: This is the largest white-label collaboration with key partner BUX BV. All revenues from casual comes from BUX BV, which specialises in trading applications through mobile. Transactions from BUX BV are processed through the TradeHub platform. ayondo charges BUX BV commission\* for trades handled. BUX BV became a partner in September 2014. ayondo on-board all the clients, performs anti-money laundering checks, client verification/suitability and trade execution. BUX serves 1mn users with a presence in UK, Germany, Netherlands and Italy. As at Sep17, it was 2/3 of ayondo active clients (or 28k). BUX BV clients do not have access to the social trading platform yet. Casual was 36% of sales (9MSep17).

**Figure 4: Lowest revenue per active client comes from casual**

CHF	Self-directed	Casual	Social	Introduced
Average revenue per active client	1,293 to 1,778	109 to 230	553 to 1,139	678 to 1,431

Source: Prospectus

\*commission rates depend on products traded: cryptocurrencies 22bps, commodities 9bps, stock indices 6.5bps, currencies 1.8bps

Jul-17: Increase customer insurance to GBP1mn per client

Sep-17: Commence social trading licenced under BaFin portfolio management license. Followers can match Top Trader risk parameters. Introduce performance-based remuneration for Top Traders.

White label partners with Continental Markets Trading for Saudi Arabia

23Mar18: Listed on Catalist, SGX.

Source: Prospectus, PSR

3. *Introduced (29% of revenue)*: ayondo will white label their TradeHub platform to B2B partners. For instance, if Broker A wants a CFD platform and rather than build one on its own, it can tap into TradeHub trading system through a white label agreement. Clients of Broker A, when trading CFDs, will not know this is actually a TradeHub system. ayondo has 25 active B2B partners. Unlike the BUX BV arrangement, a B2B client like KGI contracts directly with end users and undertakes the credit risk. Introduced was 29% of sales (9MSep17).

**Figure 5: ayondo B2B customers**

Social Trading	Self-Directed Trading
CFDs.com	Activotrade Valores,
Continental Markets Trading	Agencia de Valores
Ajram Capital	BUX BV
	KGI
	Spread Market
	CFDs.com

Source: Prospectus

4. *Social Trading (23% of revenue)*. Allows clients (or called followers) to follow the trading strategies of other traders and copy it automatically. Social trading is conducted through the WeTrade platform. Followers can track the track record, past trades, risk metrics, number of followers, investment strategies and numerous other data regarding the past performance of the trader (Appendix 4). Followers do not transfer capital to traders they follow. Trader turn into a quasi-portfolio manager. Anyone can become a Top Trader with their own profile and details of past performance. Top traders can be remunerated on a volume or performance metric, depending on their respective grade. There are more than 6,000 active clients on WeTrade from more than 50 countries. Social trading was 23% of sales (9MSep17).

**Figure 6: Top Traders compensated like fund managers<sup>#</sup>**

	Volume based	Management Fee (share of 1% p.a.)	Performance Fee (share of 25%)
Street Trader	2%	30%	25%
Advanced	4%	35%	30%
Professional	6%	40%	35%
Risk-adjusted	9%	45%	45%
Institutional	12%	50%	55%

Source: Prospectus

<sup>#</sup> Top Traders can elect compensation between volume (% share of spread income generated by the follower) or management fee (1% p.a.) and performance-based remuneration (25% performance fee on high watermark).

## Cost Structure

**Rebates:** The largest cost item relates to rebates. These are incentives paid to partners, top traders and clients for introducing business. It can range from 40% to 47% of trading and spread revenue. It is to incentivise B2B partners to stimulate client activity. Meanwhile, rebates for top traders as a percentage of gross commission earned on a follower's trade range from 2% to 12%.

**Staff cost:** Staff cost is around 28% of sales and is expected to remain stable after FY18. Current headcount is 71. As trading revenue ramps up, ayondo can enjoy operating leverage through a stable and relatively fixed staff cost.

**Marketing expenses:** It hovers around 11% of sales. It comprises mainly of advertising expenses and event costs to attract new clients, create brand visibility and retain existing customer base. Some of the major marketing initiatives include TV campaigns, Fintech events and digital marketing (AdWords and YouTube). B2B help to alleviate some of the marketing cost by introducing and acquiring new customers. B2B partners undertake their own marketing efforts.

## Industry

In the self-directed business, there will be the traditional competitors such as FXCM, CMC Markets, IG and Saxo Bank.

In social trading, there are many other platforms in the marketplace. The two most prominent competitor to ayondo will be eToro and ZuluTrade. eToro started in 2007 and is reportedly planning for an IPO. It has raised a total of \$162mn and now valued at \$800mn. In a series E funding in Mar18, eToro raised US\$100mn from China Minsheng Financial, SBI Group and Korea Investment Partners. ZuluTrade was similarly started in 2007 and focuses on U.S. customers. In 2017, ZuluTrade was acquired by China-based Formax Group who also purchased Dayo, the company holding the patents used by ZuluTrade.

**Figure 7 : Many competing platforms**

Platform	Comments
eToro	Investment social network platform offering social trading solutions. eToro boast more than 9mn users.
Sprinklebit	Online social community and financial portal
Zulu Trade	Founded in 2007. Marketplace for signal providers on foreign exchange and binary options. Claims to have around 1m users.
StockTwits	A financial communications platform for the financial and investing community
Estimize	An open financial estimates platform that aggregates fundamental estimates from independent, buy-side and sell-side analysts;
Covestor	Offers a real-trade sharing service for self-investors, designed to share real investment decisions
Collective2	Allows traders to copy other traders' strategies into one brokerage account and follow them automatically
Quantopian	Investors can follow trading algorithms from others.
Wikifolio	Founded in 2012. It publishes trading strategies in the form of so-called wikifolios. In order to achieve an investable portfolio, it is necessary to attract at least 10 investors with a combined capital of more than EUR 2,500. After fulfilling this condition, an index certificate, followers are able to participate in a particular Wikifolio with real money through buying the certificate directly from the issuing institution or on a securities exchange on which it is listed.

Source: Prospectus, PSR

There is very little data on the size of social trading. A study conducted on behalf of the Federal Ministry of Finance\* suggests that EUR190m was transacted on social trading platforms in Germany in 2015. A 63% rise from 2014. There are at least 14 social trading platforms in Germany alone. The three market leaders in Germany are Wikifolio, eToro and ayondo. Market penetration of assets under management by social trading, robo-advice providers and others was approximately EUR1.36bn in 2015 (or 0.1% penetration combined). It is expected to grow to EUR40bn in 2020 (CAGR 96%) and EUR68bn in 2025 (CAGR 48%).

"The Fintech Market in Germany – Final Report 17 October 2016" by Professor Dr. Gregor Dorfleitner, Jun. and Professor Dr. Lars Hornuf

[http://www.bundesfinanzministerium.de/Content/EN/Standardartikel/Topics/International\\_affairs/Articles/2016-12-13-study-fintech-market-in-germany.pdf?\\_\\_blob=publicationFile&v=2](http://www.bundesfinanzministerium.de/Content/EN/Standardartikel/Topics/International_affairs/Articles/2016-12-13-study-fintech-market-in-germany.pdf?__blob=publicationFile&v=2)

### Gauging the potential addressable market

Based on BCG Global Wealth report 2018, the size of the global private investable assets\* for the affluent segment (between US\$250,000 and US\$1mn) is around US\$17.3t. As ayondo's key market for social trading will be Western Europe, the focus should be on this region. Furthermore, we used affluent category as this is the most likely target market in view of the smaller sums deployed per person and possibility of servicing via online solutions.

In geographic terms, Western Europe affluent investable wealth is around US\$3t in 2017 and expected to grow 6.5% CAGR until 2022. Firstly, we assume 30% of investable wealth is allocated to equities (listed/unlisted). We then assume 10% of such equities will be for alternative investments\*\*. Within this alternative investment universe, we earmark 5% for social trading assets. We derive a total addressable size of US\$15bn in Western Europe.

Step 1: Assume 30% of affluent assets are for equities (listed and unlisted).

Step 2: Assume 10% of equities by affluent are allocated to alternative investments.

Step 3: Assume 5% allocation of alternative investments into social trading.

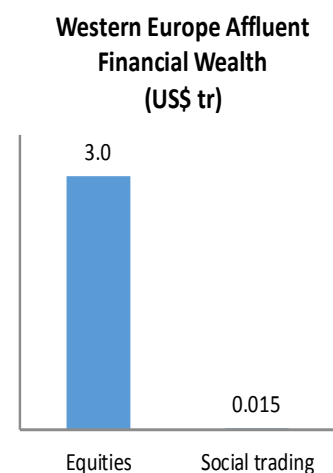
We believe the opportunity for ayondo is to work closely with commercial or private banks to offer social trading as a credible and compelling offering to affluent investors.

\*investable assets – equities, investment funds, currency and deposits and bonds.

\*\*alternative investments include structured products, commodities, derivatives, hedge funds and private equity.

*Assets under management for social trading, robo-advice and investment and banking in Germany expect to grow 48% CAGR from 2015 to 2025 in Germany*

**Figure 8: Possible US\$15bn opportunity in Western Europe growing at 6.5% CAGR**



Source: BCG Global Wealth report 2017, PSR

## Investment Merits

ayondo has an attractive platform business that is enjoying fast growth as the concept of social trading as an alternative investment class takes off.

**Superior economics of their platform business.** Platforms offer an attractive and superior business model. They erect huge barriers to entry through the network effect. As the number of social trading followers increase on ayondo's platform, it will attract even more top traders and vice versa. This interaction sets up a virtuous cycle of value creation and linkages on both sides of the network. This can differentiate and protect a business. In such a two-sided market, the users on one side of the network affect demand for users on the other side.

An additional benefit to ayondo will be to its market-making spread business. As the number of orders accumulate, the risk to its trading book tapers down as these transactions have a higher opportunity of offsetting each other.

**Fast growth underway.** In 1H18, revenue rose 26% YoY. Since 2014, revenue has been up five-fold. The IPO capital raising exercise has been a noticeable distraction in the near-term. We expect future growth to come from new geographical markets, greater awareness of social trading, new products and more white-label B2B contracts.

- *Growth driver 1: New Geographies.* We expect ayondo to expand into more countries, such as Spain, Benelux countries and Scandinavia region. This will require more marketing effort and spending. Europe will be predominantly B2C market while Asia will be an opportunity to market their B2B trading solutions.
- *Growth Driver 2: New Products.* We expect continuous enhancements to their product line. Some of these will include creating a simple one-touch portfolio of all the top traders, rather than followers having to spend time and effort to study further which are the top traders that suit them. Another initiative is to involve small (or sub-scale) fund managers looking to build a track record through WeTrade platform. As cryptocurrency is already traded on the platform, we expect ayondo to also include crypto as part of the "currencies" for settlement or funding of trades.
- *Growth Driver 3: More Partners.* To fast track the scale or network effect of the platform, we expect ayondo to sign up more partners. Any partnership with banks will be a major catalyst. As banks try to widen their revenue sources and attract the millennials, social trading will be a useful asset management solution. Banks can provide a huge swath of customers into ayondo's platform. For the broking partners, it will be to support brokers that already offer CFDs with a more complete suite of products (such as cryptocurrency) or brokers that have only starting to introduce CFDs (e.g. Malaysia).

Figure 9 : ayondo growth drivers

1) New Geographies	2) New Products	3) More Partners
<ul style="list-style-type: none"> <li>• B2C: Spain, Benelux, Scandinavia</li> <li>• B2B: Asia</li> </ul>	<ul style="list-style-type: none"> <li>• Simplified product of portfolios of top traders</li> <li>• Allow small portfolio managers to build track record</li> <li>• Acceptance of crypto as payments</li> </ul>	<ul style="list-style-type: none"> <li>• Commercial and Digital Banks</li> <li>• CFD brokers to extend product line</li> <li>• Introduce CFDs to new broker</li> </ul>

Source: PSR

**Emerging alternative asset manager.** Benefits of social trading over traditional asset-management solutions are several: i) fees are transparent and better linked to returns; ii) client engagement and experience are higher as all investment details are provided real-time; iii) bespoke solutions give investors access to diverse strategies at their preferred risk tolerance; iv) accessibility to an underserved mass market given a reduced minimum investment threshold.

## Risk factors

1. **Reliance on BUX BV.** As at Sep17, BUX accounted for 2/3 of ayondo active clients. BUX BV has been successful in offering casual trading through mobile. There are not many complex products or features for BUX, but just a simple single price to purchase financial products. Since ayondo onboard BUX customers, they technically belong to ayondo.
2. **Trading book risk.** Because ayondo is a counterparty to customer CFD trades, it will carry the risk of the trade onto its books. It relies on its internal value-at-risk (VAR) model called global risk model to manage the number of positions that need to be hedged out. ayondo VAR model has ridden out some volatile trading days the past few years, such as UK's exit from European Union, the United States presidential election 2016, the Swiss National Bank's removal of currency peg in 2011, and the Greek debt crisis between 2009 and 2016. On average, there could still be down days in a month.
3. **Customer due diligence.** ayondo is responsible for customer due diligence including the end clients of their B2B partners. The only exception are end clients of B2B partners that have omnibus arrangements with ayondo. ayondo contracts only with the omnibus partner. The omnibus white label partners are responsible for complying with the customer due diligence requirements in the relevant local jurisdictions.
4. **High competition.** In the platform business, there is an ability to build large barriers of entry through scale and network effect. To gain traction in social trading market, ayondo has to be a leader to secure the best traders
5. **Brexit.** Because ayondo has a FCA CFD broking license in U.K. A so-called "hard" Brexit will imply this license is no longer valid or applicable in European Union (i.e. cessation of passporting rights). Some solutions for ayondo include upgrading German license to broking license. Alternatively, Spain is also fast-tracking broking license.
6. **Cash burn-rate.** In 1H18, ayondo had a negative operating cash flow of almost CHF5mn. And cash on hand is only CHF3.2mn.



## Valuation

We initiate coverage on ayondo with a BUY recommendation and a target price of S\$0.22. There are no comparables for ayondo. We instead peg ayondo valuations to the listed fintech universe globally and attach at least a 50% discount to the price to sales valuations.

Fintechs are trading around 14.5x price to sales. Based on 6x price to (net) sales Fy18e, we derive a S\$0.22 valuation for ayondo.

We used net sales (after rebates), as it better reflects revenues sourced from the B2C or social trading segment.

Figure 10: Sector valuation of listed fintech globally

Company	1 Mth Perf.	3 Mth Perf.	YTD Perf.	Share Px Local Crcy	Mkt. Cap. (US\$ m)	Yr 0	PE Yr + 1	PE Yr + 2	P/BV Yr 0	ROE Yr 0	P/Sales Yr 0	P/Sales Yr 1
<b>Payment</b>												
PayPal Holding	6.0%	11.9%	23.1%	90.6	107,253	59.8	38.1	32.3	6.8	13.6%	8.2	6.9
Square	15.7%	44.9%	133.1%	80.8	33,163	-528.0	154.2	85.8	28.8	-6.9%	15.0	21.5
Adyen N.V.	5.3%	157.1%	157.1%	617.0	21,260	254.8	162.6	109.4	35.4	n.m	17.9	55.0
Shopify	-9.5%	0.9%	43.6%	145.0	15,422	-385.6	733.2	246.6	9.5	-4.0%	22.9	15.0
PagSeguro Digital	-8.7%	-25.7%	22.3%	26.3	8,592	73.7	34.2	23.1	1.6	64.1%	14.0	9.4
Chong Sing Holdings	-7.9%	-42.0%	-43.7%	0.6	1,710	14.5	21.9	16.3	1.4	9.9%	2.4	3.4
EML Payments	22.7%	41.5%	-6.1%	1.8	318	197.4	26.9	20.3	3.0	0.5%	6.3	5.4
Huifu Payment	-27.9%	-51.3%	-51.3%	3.7	582	28.8	15.2	10.0	1.9	22.3%	2.3	1.2
	5.5%	30.9%	58.3%		188,298	92.7	52.9	41.7	13.8	9.3%	11.9	15.6
Excl. PayPal	5.0%	56.8%	105.9%		81,046	342.5	108.6	67.9	23.1	3.4%	16.7	27.1
<b>Financing</b>												
Green Dot	5.7%	18.2%	41.1%	85.0	4,470	52.0	27.7	24.3	4.8	15.8%	5.0	4.3
GreenSky	8.3%	-22.2%	-16.2%	19.3	3,598	25.9	28.7	20.8	n.m	n.m	11.0	8.2
Aftertouch Pay	38.6%	159.1%	234.2%	20.0	3,198	-489.0	187.1	64.9	14.8	-5.2%	38.5	17.7
Lending Tree	2.4%	-6.0%	-28.3%	244.3	3,131	201.0	34.2	29.2	8.3	23.5%	5.1	4.1
Yirendai	-5.7%	-33.7%	-58.6%	18.2	1,106	5.5	6.6	5.1	0.2	33.7%	1.4	1.2
OnDeck	22.0%	43.4%	46.9%	8.4	629	-54.6	19.1	15.8	2.2	-4.4%	1.8	1.7
Money3 Corp	-0.5%	6.8%	24.4%	2.0	263	11.2	10.2	9.1	1.6	17.2%	3.0	2.9
Zip Co	21.1%	46.9%	67.9%	1.2	253	-15.4	-125.9	62.9	13.2	-91.8%	8.8	4.7
	10.8%	29.8%	46.5%		16,648	38.7	26.8	20.7	6.0	8.6%	12.4	7.4
<b>Others</b>												
Black Knight	-0.1%	6.8%	20.7%	53.3	7,963	43.7	29.6	26.1	4.5	14.9%	7.6	7.1
ZhongAn Online	-10.3%	-31.5%	-49.2%	35.2	6,592	-45.1	-84.6	286.6	2.7	-8.3%	8.1	4.4
Ellie Mae	-1.0%	-1.1%	16.6%	104.2	3,609	68.3	50.0	37.9	4.6	4.8%	8.7	7.2
Envestnet	5.4%	14.2%	25.5%	62.6	2,839	-865.5	32.1	26.5	5.2	4.2%	4.2	3.5
EML Payments	22.7%	41.5%	-6.1%	1.8	318	197.4	26.9	20.3	3.0	0.5%	6.3	5.4
	-3.4%	-4.8%	-1.4%		21,321	243.7	58.7	39.0	4.0	4.4%	7.4	5.8
<b>Average (excl PayPal)</b>	<b>4.3%</b>	<b>42.0%</b>	<b>78.4%</b>		<b>119,015</b>	<b>282.3</b>	<b>88.2</b>	<b>56.1</b>	<b>17.3</b>	<b>4.3%</b>	<b>14.5</b>	<b>20.5</b>
<b>ayondo</b>	<b>-2.2%</b>	<b>-30.2%</b>	<b>-66.2%</b>	<b>0.088</b>	<b>32.4</b>	<b>n.a.</b>	<b>n.a.</b>	<b>n.a.</b>	<b>1.1</b>	<b>-68.3%</b>	<b>3.2</b>	<b>2.4</b>

Source: Bloomberg, PSR

## APPENDIX 1 – How ayondo earns a spread?

### How ayondo makes a spread:

A spread is the difference between the buy and sell price quoted by ayondo on any given market. ayondo recognizes revenue from spread only upon completion of a trading transaction.

For example, CFDs on Barclays Plc is quoted at 151.35-151.75, but the actual market price is 151.55. If the follower buys a position worth 151.55 at 151.75, he will only make a profit if the price rises above 151.75. The remaining 0.2 point goes directly to ayondo.



[Spread generated = Spread in points x no. of contracts]

### Detailed Example:

The following example shows how the spread is calculated. ayondo will earn a spread regardless of a profit or loss incurred on the follower's part.

Based on 1000 trade size for Barclays Plc.

#### **Opening position:**

Sell/ Buy = 151.35/151.75

Market price = 151.55

- The client decides to buy at 151.75\*.
- ayondo earns a spread of 0.2 from the difference between market price and the quoted marked up buy price.

#### **Closing position:**

Sell/Buy = 152.35/152.75

Market price = 152.55

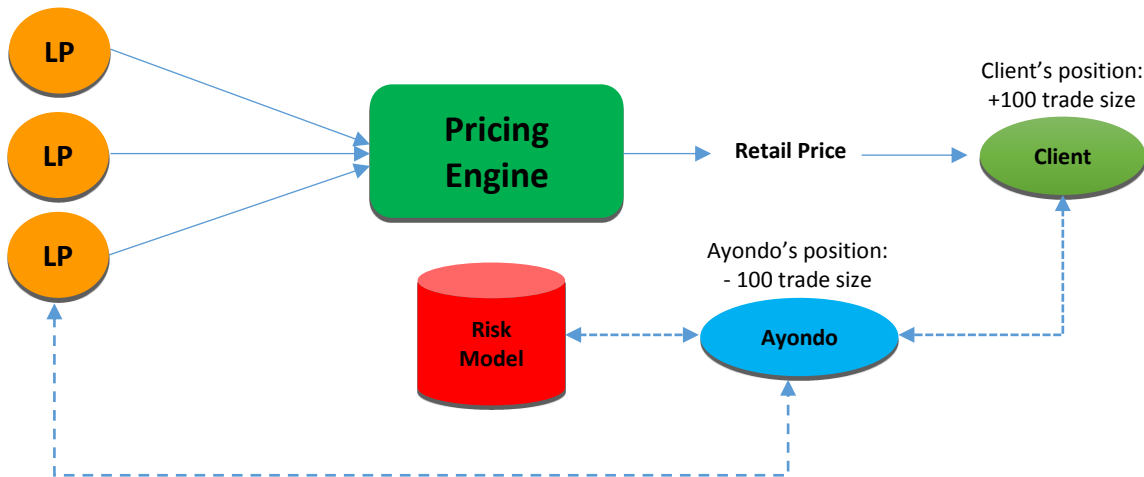
- The client decides to sell at 152.35\*. [Client's profit = (152.35-151.75) x 1000 = 600 dollars]
- ayondo earns a spread of 0.2 from the difference between market price and the quoted marked down sell price.

\* Followers cannot decide what trades to open/close as trades are automatically replicated through the Top Traders the Follower chose to follow.

### Hedging

ayondo assumes the opposing position its clients and is able to reduce its exposure to market risk through natural hedging because of the aggregation of clients' trade flow as long and short positions offset each other. Net exposure across the entire asset classes are monitored through ayondo's Global Risk Model on a real-time basis. When the net exposure position is above the maximum risk limit approved by the Directors and risk committee, ayondo will manage its market exposure by hedging its position to bring it below the maximum risk limit. Around 20% of the total volume are hedged.

If a **client** wants to buy +100 trade size for Index A, ayondo will have to approach the **liquidity providers (LP)** for institutional pricing. To obtain this pricing, information of thousands of products and prices that are being transacted every second, will be run through the “Pricing Engine” to derive the final “Retail Price”. ayondo then quotes the client the **retail price**.



ayondo always takes the opposite position of the client, and for the split second of the trade being executed, ayondo has the opposite position of the client. ayondo then manage the opposite positions through the following methods:

#### 1. Hedge directly with the LP.

If ayondo hedges with the liquidity providers (LP) directly, 40% of the spread will be given to the LP and ayondo will keep 60% of the bid-offer spread.

#### 2. Net-off directly with another customer with an opposite position.

(This is a perfect scenario if someone is selling.) This method involves zero hedging.

#### 3. Hedging through the “Risk Model”.

Hedging through the Risk Model maximises return on flow to give ayondo 90% of the bid-offer spread. The categories of hedging in the Risk Model includes:

- Single underlying
- Sector
- Country
- Asset class
- Overall VAR

ayondo does not do netting off of risks for the Risk Model; risks are additive and translates into an overall risk. Around 20% of total volume are hedged using this method.

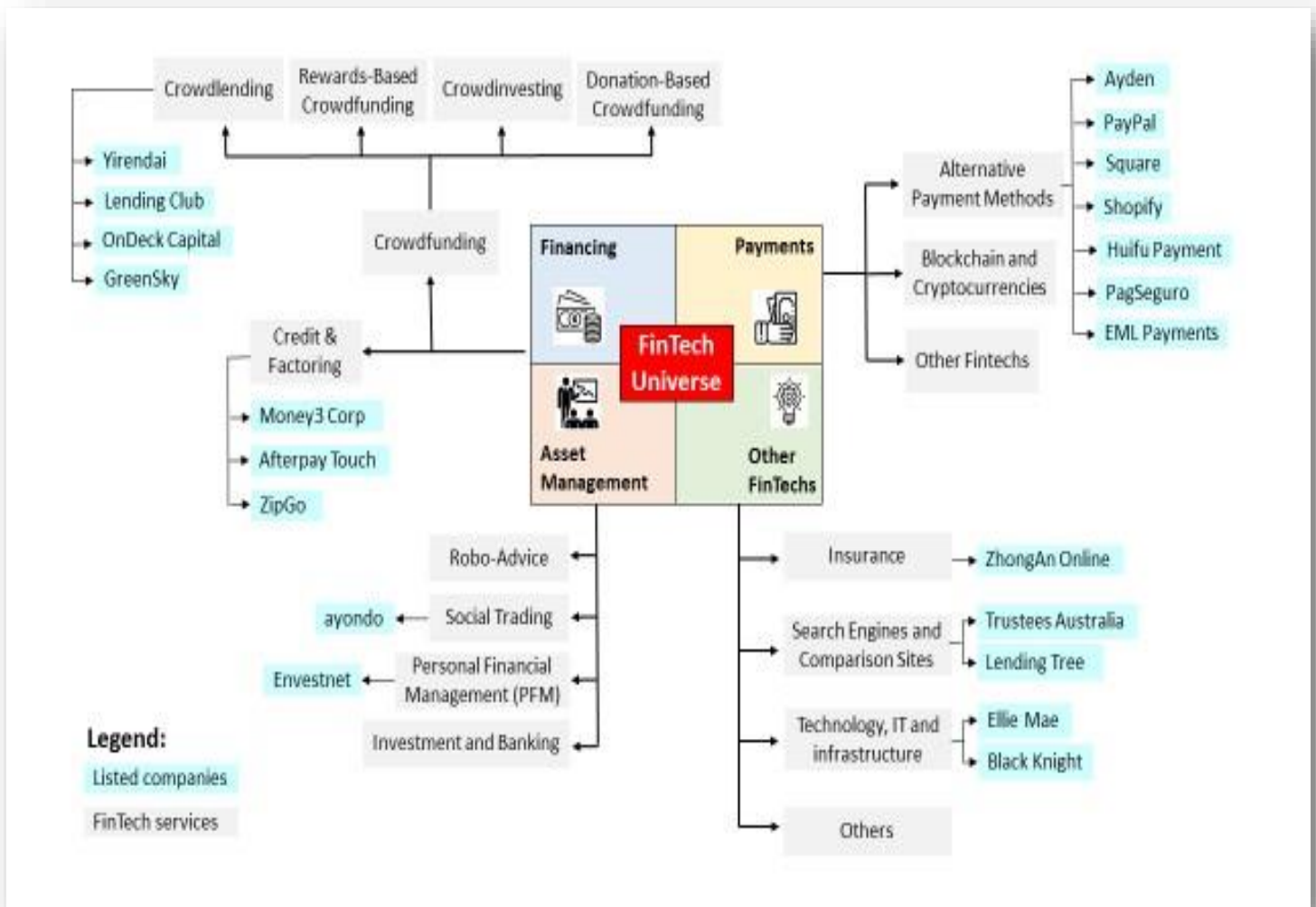
#### 4. Zero risk tolerance in times of event risks.

In the event of a cataclysmic event triggering huge volatility for any product, ayondo reserves the right to change any rule or stop any product to protect the company. ayondo will offload all positions and notify customers that they are taking zero risks in that particular product.

## APPENDIX 2 - FINTECH UNIVERSE

Fintech has a wide definition and encroaches multiple finance activities. We used the segments elaborated in the Fintech Market in Germany Report. There are largely four types of fintechs: Financing, Payments, Asset management and Others.

Figure 11: Some of the major listed fintechs globally



Source: PSR, The FinTech Market in Germany (Oct16)

Figure 12: Details of fintech universe

CATEGORY	COMMENT	COMPANIES
<b>1. FINANCING</b>  <i>Fintechs that provide financing to individuals and corporates.</i>	<p>Crowdfunding is the concept of a project sponsor using the internet to raise fund. There are 4-types of crowdfunding:</p> <ol style="list-style-type: none"> <li><b>Donation-Based:</b> Crowdfunding for charitable causes that can be pro-social or pro-environment.</li> <li><b>Rewards-Based:</b> Individual or company can presell a product or service. This is a non-equity crowdfunding.</li> <li><b>Crowdfunding:</b> Equity or subordinated loans will be offered through the internet.</li> <li><b>Crowdlending:</b> P2P lending provides a direct matching of individual savers (or banks) and borrowers. E.g.</li> </ol> <p>Credit and factoring. Fintech that provide financing in partnership with other banks or using their own balance sheet. We will include online only or virtual banks of fintech that use their balance sheet to lend money. Hong Kong will be issuing virtual bank licenses.</p>	<p><i>iStarnext, mySherpas, Kickstarter, Indiegogo, Ulule</i></p> <p><i>Seedmatch, Innovestment, Crowdcube, Wised, Zhongchoutiandi, Renrenchou</i></p> <p><i>Zopa, CreditEase, Yirendai, Funding Circle, LendingClub, DirectMoney, OnDeck (lending to small businesses), GreenSky (consumer lending)</i></p> <p><i>Fidor Bank, digibank, N26, monese, HelloBank, Simple, Revolut, ally</i></p> <p><i>The three listed entities in Australia are Aftertouch Pay, Money3 Corp and ZipMoney.</i></p>
<b>2. ASSET MANAGEMENT</b>  <i>Fintechs that offer advice, disposal and management of assets and aggregate indicators of personal wealth.</i>	<p><b>Robo-Advice:</b> automated financial advice based on the individual's needs.</p> <p><b>Social Trading:</b> Individuals build investment portfolio by following others.</p> <p><b>Personal Financial Management:</b> Bank independent for visualization and analysis of personal finances. Or support the asset management function with new tools.</p> <p><b>Investment and Banking:</b> Funds are sourced from lead investors that can earn private equity-like fees or funding can be customized by different risk such as part equity part loan or other rewards.</p>	<p><i>Betterment, Wealthfront, Motifinvesting, WealthNavi and MoneyFarm</i></p> <p><i>ayondo, eToro, ZuluTrade</i></p> <p><i>Just Spent, Finanzblick, Treefin Novus (analyse fund performance), Investnet (tool for financial planning).</i></p> <p><i>Angellist (private equity)</i></p> <p><i>abundance, crowdcube (structured financing)</i></p>
<b>3. PAYMENTS</b>  <i>Fintechs that are involved in domestic and/or international</i>	<p><b>Alternative Payment Methods:</b> As we enter into a cashless world the alternative means of payments are mobileweb/app, web payments and eWallets to make payment. Most payment innovations just modify the front-end process rather than disrupt the existing payment process.</p>	<p><i>PayPal, WeChat Pay, Alipay, Square, PageSeguro Digital, adyen, Paytm (India), Klarna (Sweden)</i></p>

<p><i>payment transactions. Includes in this segment are virtual currencies.</i></p>	<p><b>Blockchain and cryptocurrency:</b> decentralised payment system using a distributed ledger and payments in cryptocurrency and instantaneous.</p> <p><b>Others:</b> Peer-to-peer transfer of payment via mobile device. Useful for developing countries with low bank penetration and for cheaper cross-border transfers. A trusted non-financial third party that can include telcos, convenience stores and agents handles transfer.</p>	<p>bitcoin, ripple, litecoin</p> <p><i>PayPal Venmo, Zelle, TransferWise, Wave Money, M-Pesa, WeChat Pay (Telenor/Yoma), ascend money (True/alibaba).</i></p>
<p><b>4. OTHER FINTECHS</b></p> <p><i>Fintech that cannot be classified under the three traditional bank functions.</i></p>	<p><b>Insurance (or Insurtechs):</b> Online insurance marketplaces or aggregators for comparison shopping and benchmarking. Another development is the use of telematics to better price the risk of the insurance.</p> <p><b>Search Engines and Comparison Sites:</b> Enable the Internet-based search and comparison of financial products or services. LendingTree is an online marketplace for home loans, credit cards, home equity loans and personal loans.</p> <p><b>Technology, IT and infrastructure:</b> Technology for firms to externalise or outsource their processes.</p> <p><b>Others:</b> Miscellaneous fintechs.</p>	<p><i>Zhong An Insurance, bizinsure, gocompare.</i></p> <p><i>Marmalade insurance, Insure the box (telematics use).</i></p> <p><i>Lending Tree</i> <i>Trustees Australia (Cashwerkz)</i></p> <p><i>OpenGamma (risk management analytics), Neuro Dimension (technical analysis with AI), Ellie Mae and Black Knight Financial Services (mortgage loan-processing software).</i></p>

Source: PSR, The FinTech Market in Germany (Oct16)

## APPENDIX 3 – How ayondo compares to the rest?

	ayondo <sup>1</sup> (WeTrade)	eToro	ZuluTrade	NAGA Trader <sup>2</sup>	Comments
<b>Products</b>	Indices, FX, Stocks, Crypto, Commodities, Fixed Income, ETFs	Commodities, Crypto, FX, ETFs, Indices, Stocks	Mainly FX/Crypto	FX, Crypto, Stocks – (Limited)	ayondo allow users to trade Fixed Income futures
<b>Copy Limitation</b>	Up to 5 traders	Up to 100 traders	Unlimited	-	Only ayondo & eToro limit the number of Top Traders that can be followed.
<b>Offices</b>	5 offices (Singapore and Europe)	2 offices (Cyprus and London)	5 offices (US, UK, Greece, Japan)	1 office (Cyprus)	-
<b>Education Material</b>	✓	✓	Limited	Limited	Generally, education materials are commonly found
<b>Customer Support</b>	Phone/Email	Live Chat support	Live Chat support	Live Chat support	All the Live Chat support function responds efficiently
<b>Social Feature</b>	X	✓	✓	✓	ayondo do not allow users to have a communication with their Top Traders.
<b>Top Traders transaction history</b>	✓	X	✓	X	Only ZuluTrade allows users to export the Trader's transaction history into excel for their own analysis
<b>Minimum deposit</b>	2K EUR (WeTrade)	200 USD	~300 USD (Dependent on Broker)	1EUR	ayondo requires a 2K EU min. deposit, which is the highest amongst all the other platforms
<b>Maximum Leverage</b>	Up to x3	Stocks (x5 – x10), FX (x50 – x400), ETFs (x5) Com./Indices (x10 – x100), Crypto (0)	Dependent on broker	Up to X5 (Depends on country)	-

Source: PSR, company, socialtradingguru.com

**Comment:** ayondo separated its social trading with its self-directed trading into two different platforms - WeTrade and TradeHub respectively. This can better help users to clearly differentiate their trade profiles under two different trading engines. On the flip side, ayondo require a much larger deposit for their WeTrade accounts than competing platforms.

It is important to note that having physical offices and being listed are advantageous. Prospective users may be sceptical to trade with a fintech platform for fear of scams. ayondo does not provide online support unlike most of her competitors.

ayondo's user interface is on par with two other peers eToro and ZuluTrade.

On a lesser known platform like NAGA Trader, their platform are not as informative and user-friendly. Very limited information is revealed about the Top Traders and this is unlikely to convince the users to trust and copy the Top Traders. The functions that they provide are relatively very limited too. However, it should be noted that NAGA Trader was previously known as SwipeStox, and it is a trading version of "Tinder".

<sup>1</sup> Listed on SGX Stock Exchange

<sup>2</sup> Part of Naga Group AG, listed Frankfurt Stock Exchange

## APPENDIX 4 – ayondo in pictures

Figure 13: User profile

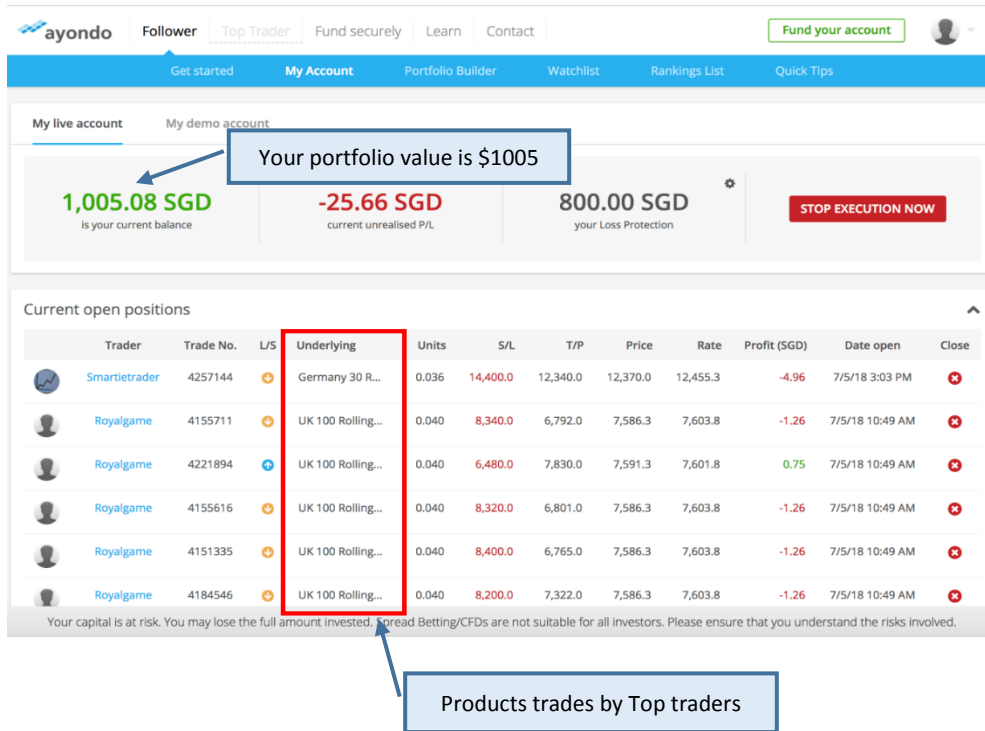


Figure 14: Search for Top traders

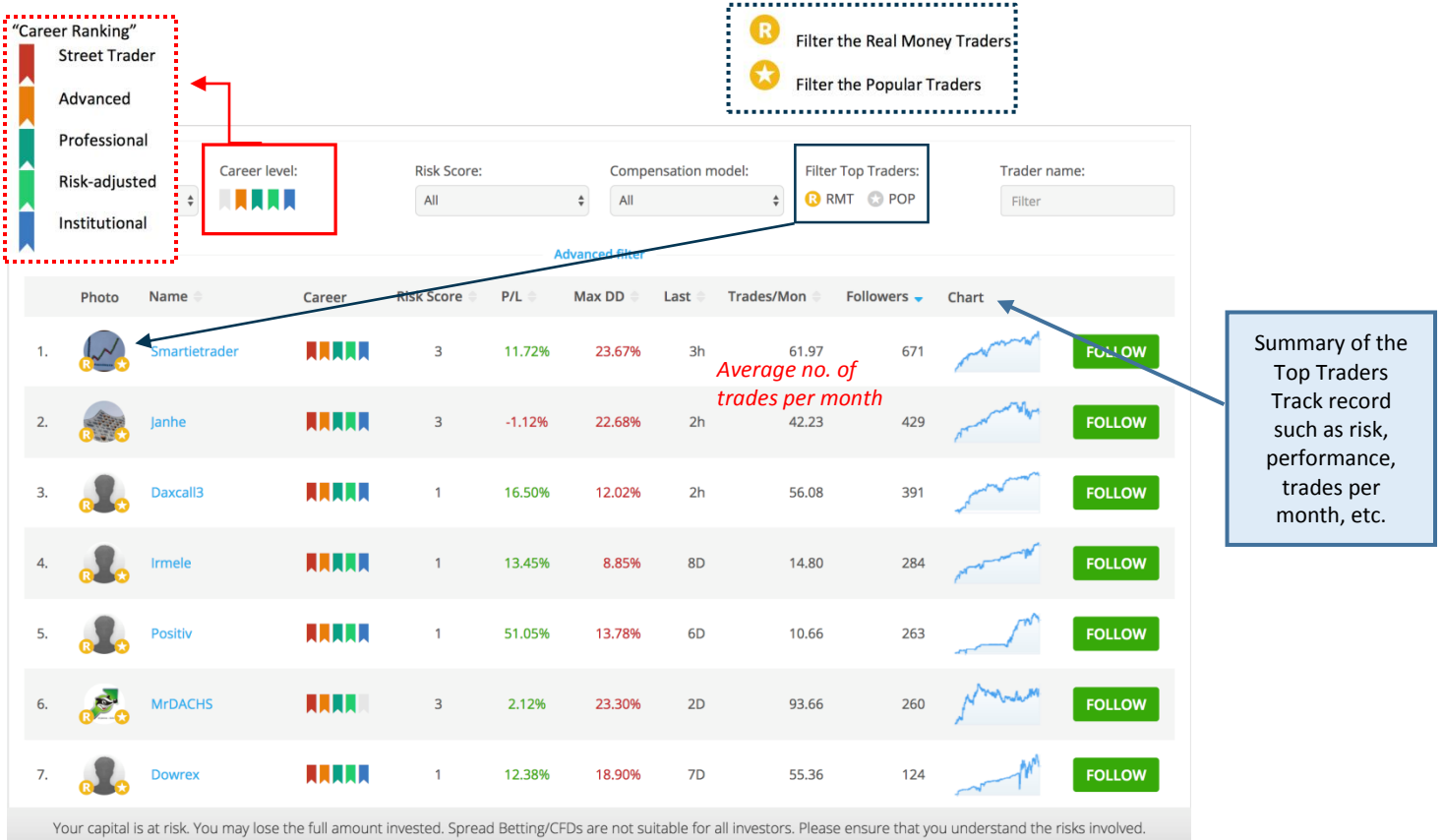




Figure 15: Details of the Top trader called Smartitrader

Trader's credentials overview

**Smartitrader**

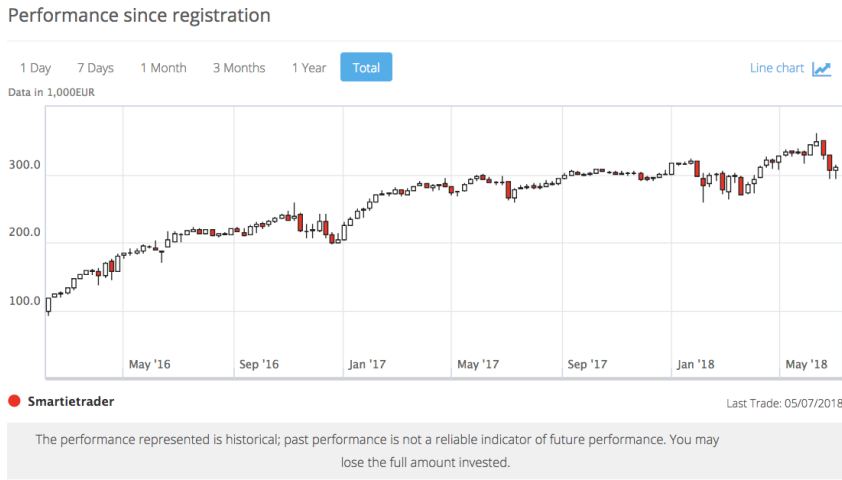
Member Since 08/02/2016

COMPENSATION MODEL  
Volume Based

RISK SCORE: **3**      FOLLOWERS: **671**

EXPERIENCE: **>10 Years**      PERF. SINCE START<sup>1</sup>: **211.95%**

FOLLOW



The statistics

<b>VOLATILITY</b> 9.34%	NUMBER OF TRADES 1,859	WINNING TRADES 91.66%	WINNING MONTHS 66.67%	LAST ACTIVITY 05/07/2018	REAL MONEY TRADER SINCE 06/2017	MAXIMUM DRAWDOWN 23.67%
----------------------------	---------------------------	--------------------------	--------------------------	-----------------------------	------------------------------------	----------------------------

Risk measure, describes the fluctuations of the trader's returns. The greater the volatility the stronger the returns fluctuate.

The strategy<sup>2</sup>

Please note: This is a translation from the original strategy description. The trading strategy is basically anti-cyclical and discretionary. The investment period ranges from short-term trading to a longer-term investment. Conservative traders now have the opportunity to invest in the newly launched Smartitraderdefensiv portfolio based on the new performance-based model.

Compares the trader's relative performance over various periods with the corresponding product of Germany Dax 30 and the S&P500.

Multiple indicators to measure the risk metrics of trader compared to the underlying product or traded. Able to mouse over to see breakdown.

P/L metrics in %

	Trader	Germany 30	US 500
Since registration	211.95	36.40	46.08
Last 3 months	6.19	0.07	4.38
Last 12 months	11.72	-1.66	11.71
This month	1.84	0.00	0.00
Since start of the year	3.68	-5.06	2.23

Risk metrics

	Trader	Germany 30	US 500
Max. drawdown (in %)	23.67	13.19	9.76
Monthly Volatility (in %)	9.34	3.35	2.25
Sharpe ratio	1.43	1.07	1.85
MAR ratio	2.56	1.05	1.75
Value-at-Risk (95%, 1m)	5.70	2.91	1.91

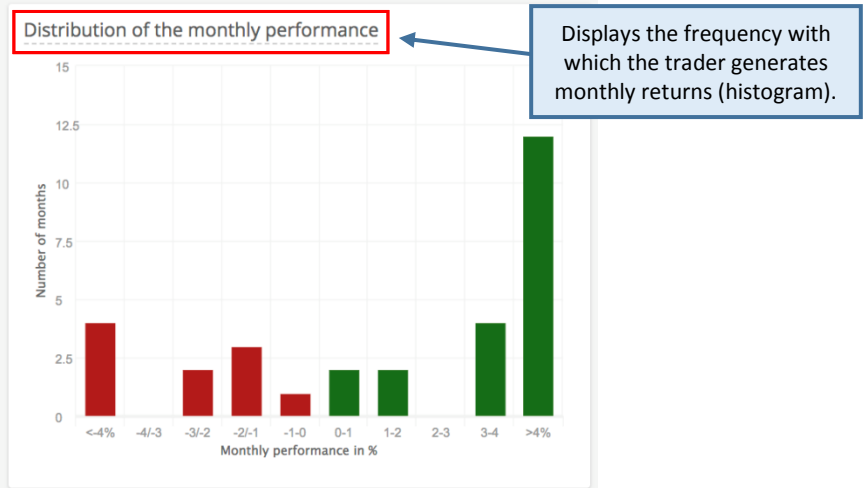
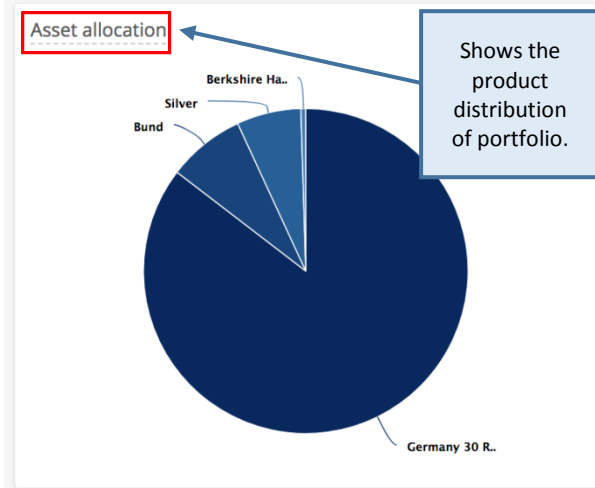
Open positions

Trade No.	L/S	Underlying	Units	Limit	SL	TP	Price	Rate	Profit (EUR)	Date open	RpT (%)
4257144 <i>Short</i>	↓	Germany 30 Rolling (24h)	2.30	-	14,400.0	12,340.0	12,370.0	12,453.3	-191.71	7/5/18 3:03 PM	1.51
4247400	↑	Silver	630.59	-	11.100	16.570	16.220	15.943	-149.45	6/26/18 7:47 PM	0.90
4247398	↑	Silver	630.59	-	11.100	16.420	16.220	15.943	-149.45	6/26/18 7:47 PM	0.90
4247399 <i>Long</i>	↑	Silver	630.59	-	11.100	16.520	16.220	15.943	-149.45	6/26/18 7:47 PM	0.90
4247397	↓	Silver	630.59	-	11.100	16.470	16.220	15.943	-149.45	6/26/18 7:47 PM	0.90
4246627	↑	Berkshire Hathaway Inc	126.12	-	130.000	190.000	186.320	185.550	-83.09	6/26/18 12:17 AM	1.96
4246387	↑	Germany MidCap Fut	0.58	-	19,000.0	26,400.0	25,880.0	25,754.0	-73.10	6/25/18 11:17 PM	1.27

*Risk per trade*

Performance ← Monthly performance is available.

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD
2016	0.00	26.72	27.02	12.20	6.99	11.28	-0.61	0.33	6.02	6.46	-11.01	-5.29	103.95
2017	27.15	5.19	5.30	-1.56	3.98	-1.58	-2.69	3.31	3.01	0.40	-1.66	1.46	47.52
2018	5.48	-7.55	-2.22	9.62	3.53	-5.70	1.84	-	-	-	-	-	3.68



ayondo does provide many details on its Top Traders as compared to its peers. ayondo shows the breakdown of their risk metrics and the breakdown of PnL for each individual product over different timeframes. The entire transaction history of the Top Trader is also shown. However, ayondo does not have a “social” tab where the users can interact with the Top Traders, unlike its peers.

## APPENDIX 5 – ZuluTrade in pictures

Figure 16: Search for Top Traders

The screenshot shows the ZuluTrade interface with a search for top traders. The 'Forex' market is selected, and the 'LIVE TRADERS' filter is active. Three traders are listed:

Trader Name	Amount Following	Followers	ROI	Rating
KW Wealth Mana...	\$59,729	159	349%	5 stars
ThePipsMasterUK	\$660,789	767	397%	5 stars
SharPlaninac	\$31,597	14	N/A	4 stars

Annotations in the image include: 'Filter out real money traders' pointing to the 'LIVE TRADERS' filter; 'Description of the Traders' pointing to the bio of KW Wealth Manager; and 'Platform to interact with the Traders' pointing to the 'Follow' button.

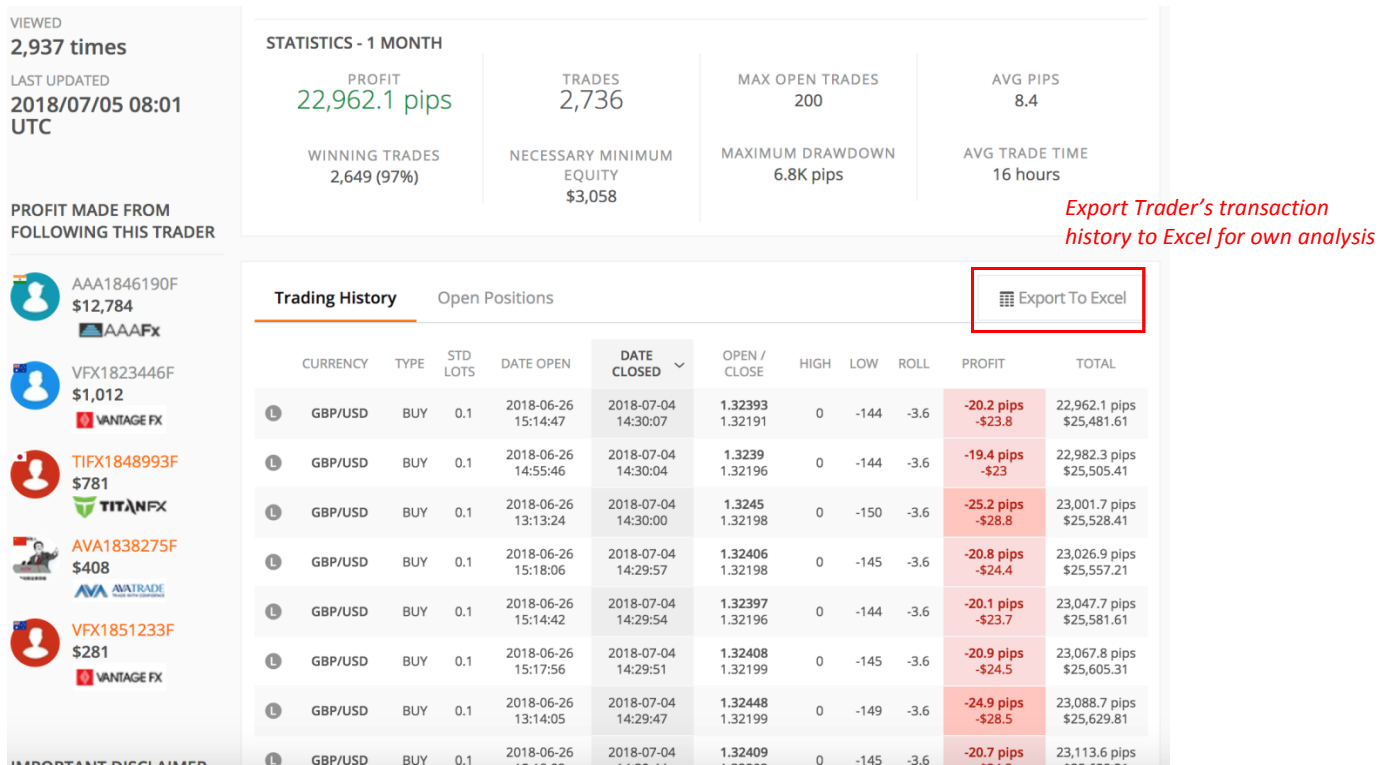
Figure 17: Details about Top Trader

The screenshot shows the profile of a trader with a ZuluRank of #522. Key details include:

- Strategy Description:** The trader is a graduate from the University of Texas with an Accounting degree. The strategy is described as 'most consistently profitable over long term' and involves 'Pivot point strategy combined with Trend Following'.
- Overview Statistics:**
  - Amount Following: \$59,729
  - Total Profit: 76,390.7 pips
  - Open Positions: 0 pips
  - Weeks: 23
  - ROI Annualized: 349%
  - Maximum Drawdown: 27,732.8 pips
  - Best Trade: 15.1 pips
- Trading Performance:** A pie chart shows the trader's performance across currency pairs: EUR/GBP (green), GBP/USD (orange), and another pair (blue).

Annotations include: 'Description of the Trader's strategy' pointing to the strategy text; 'Platform to interact with the Traders' pointing to the 'Follow' button; and 'Various tools to track Trader's performance' pointing to the 'Trading' tab in the performance section.

Figure 17: Details about Top Trader 2



Using a demo account, users seems to be unable to copy trades using the demo accounts. Unlike other platforms, ZuluTrade allows their users to export the entire transaction history of the Top Trader into Excel. This is extremely useful should the users want to do their own risk analysis.

## APPENDIX 6 – eToro in pictures

Figure 18: User's current portfolio

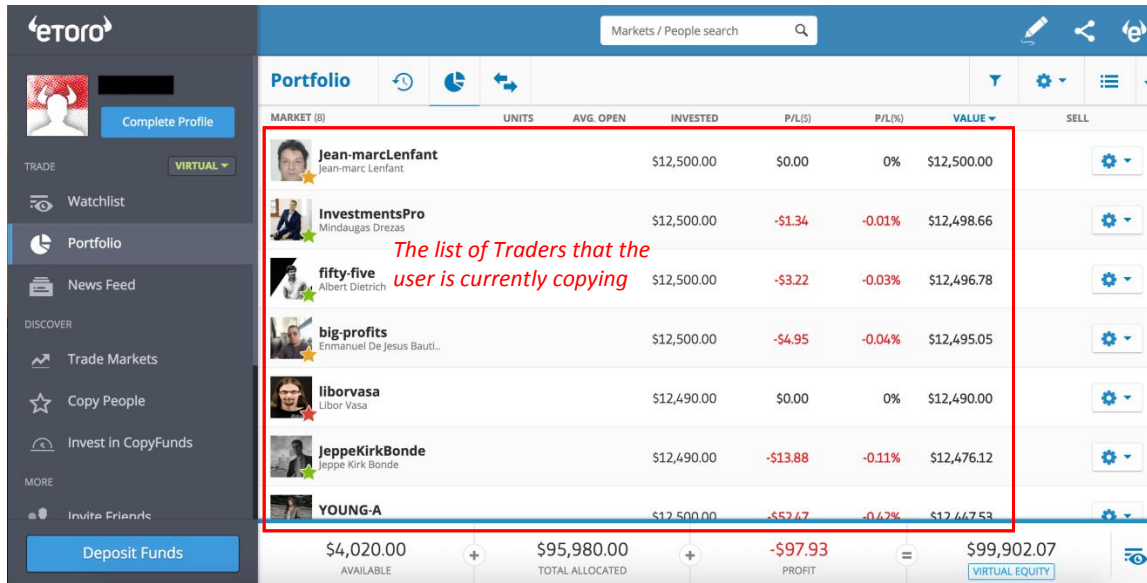


Figure 19: Search for Top Traders

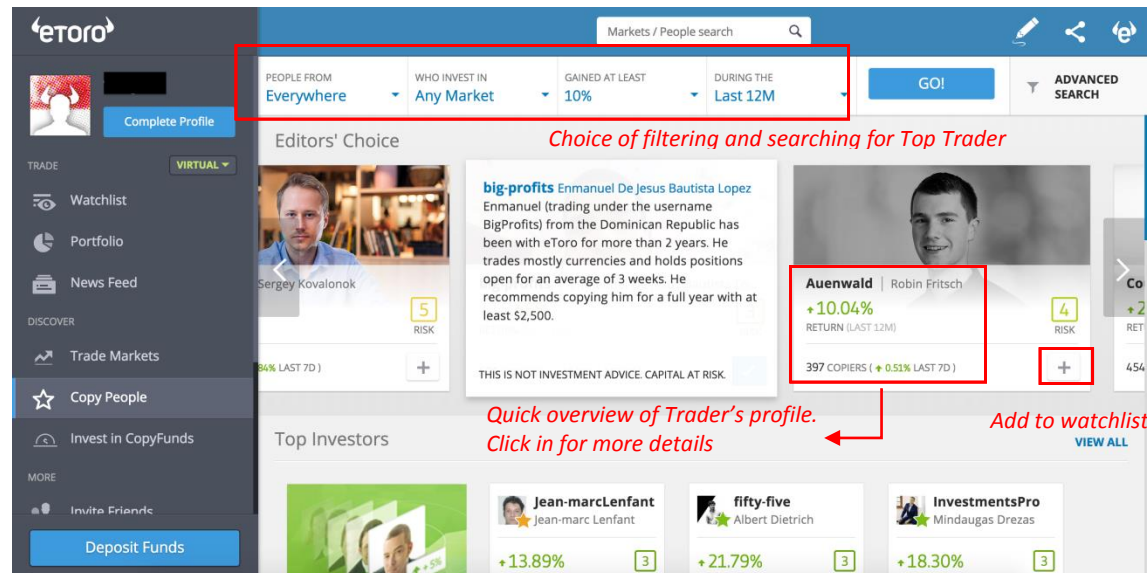
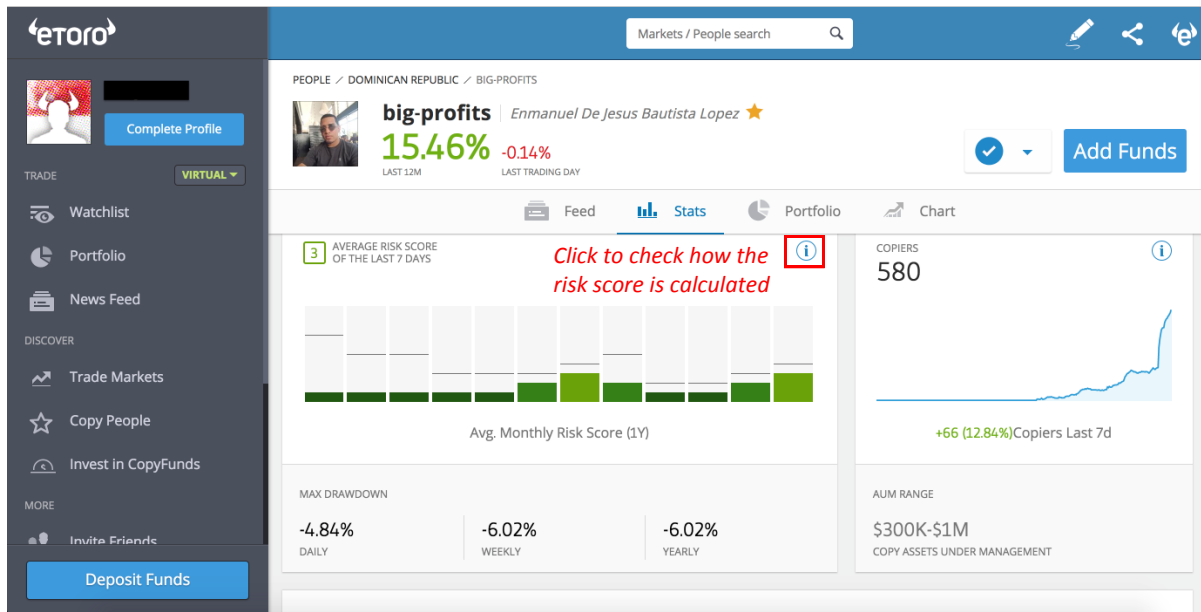


Figure 20: Details about Top Trader



Using eToro, users cannot view the transaction history of the Top Trader’s trades. However, eToro shows the AUM range of the Top Trader, although the range is rather wide.

APPENDIX 7 – NAGA Trader in pictures

Figure 21: Search for Top Traders

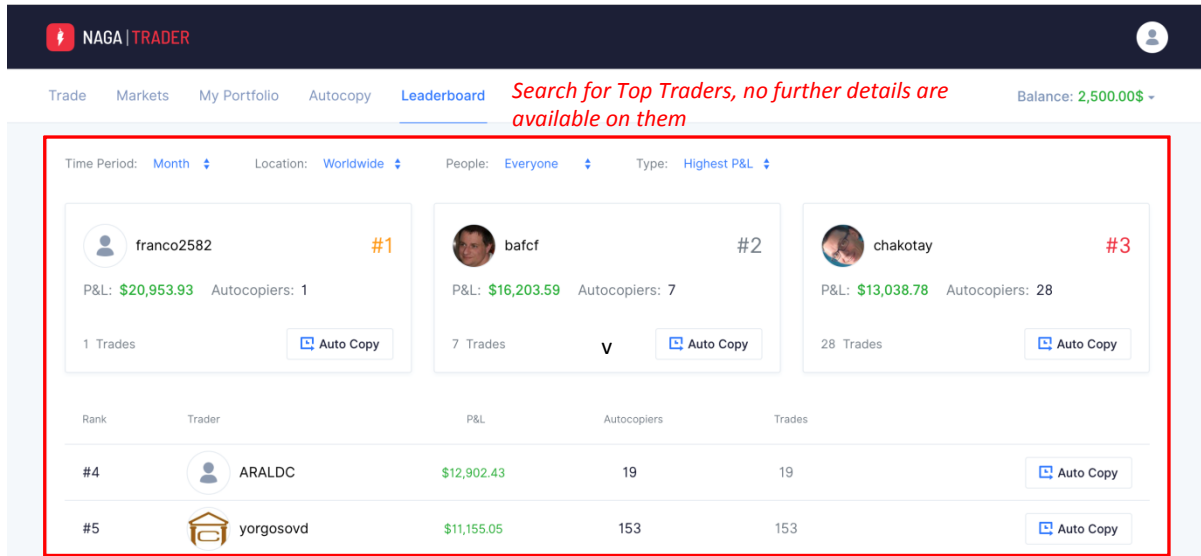
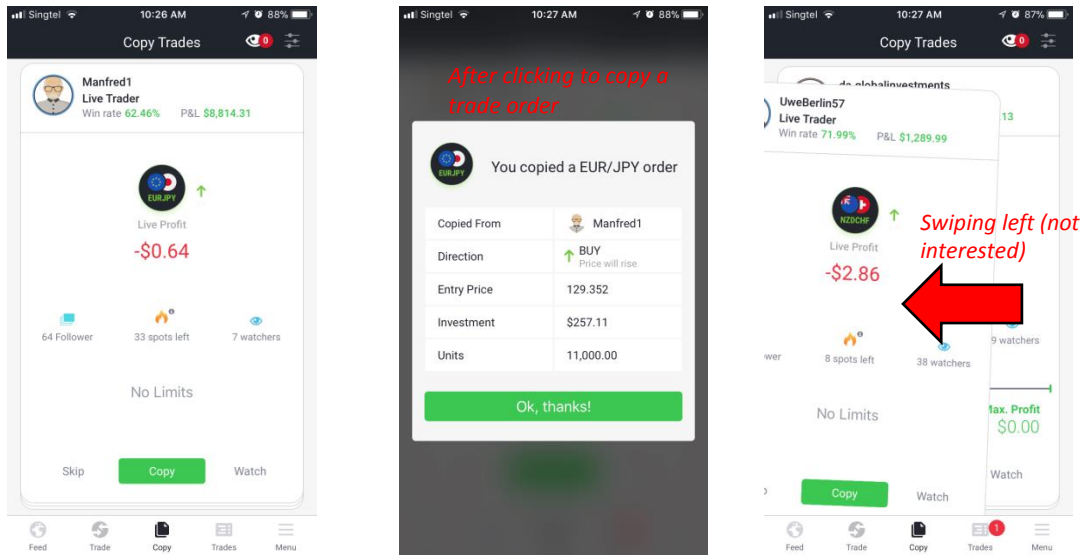
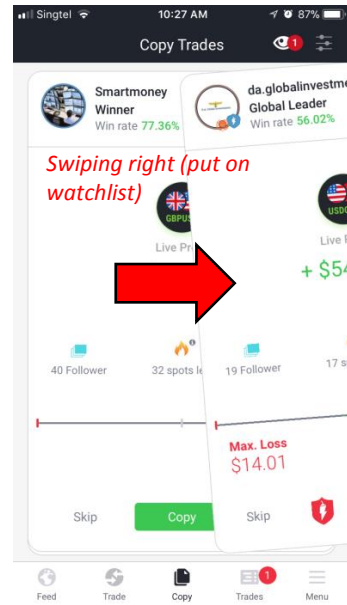
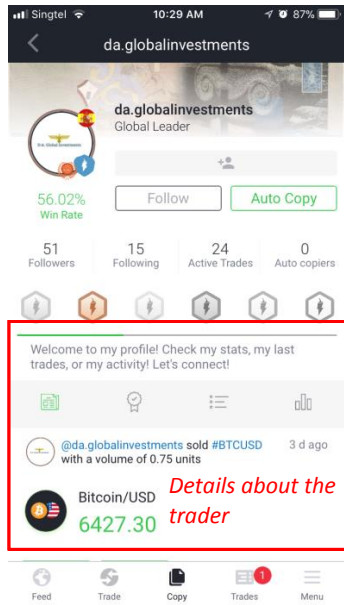


Figure 22: NAGA Trader's mobile platform (Swiping)





Need to upgrade to live account in order to use Auto Copy for web platform and users cannot access more information about Top Traders except those seen on the above image. However, NAGA Trader’s social trading platform is more mobile user-friendly and users can indicate interest in copying the trade by swiping right.



## Financials

### Income Statement

Y/E Dec, CHF '000	FY15	FY16	FY17	FY18e	FY19e
Trading revenue	11,063	18,886	20,755	25,944	35,802
Fees and rebates	(5,120)	(9,006)	(10,820)	(12,972)	(16,111)
<b>Net operating income</b>	<b>5,943</b>	<b>9,880</b>	<b>9,935</b>	<b>12,972</b>	<b>19,691</b>
Other income	34	327	165	136	166
<b>Total income</b>	<b>5,977</b>	<b>10,207</b>	<b>10,100</b>	<b>13,108</b>	<b>19,857</b>
Operating expenses	(16,965)	(19,170)	(15,237)	(23,625)	(26,779)
IPO costs	-	-	(2,472)	(1,882)	-
<b>Operating loss</b>	<b>(10,988)</b>	<b>(8,963)</b>	<b>(7,609)</b>	<b>(12,399)</b>	<b>(6,922)</b>
Finance income	-	1	1	-	-
Finance costs	(1,333)	(1,804)	(2,809)	(2,961)	-
Results of Associates	(17)	-	-	-	-
<b>Loss before tax</b>	<b>(12,338)</b>	<b>(10,766)</b>	<b>(10,417)</b>	<b>(15,360)</b>	<b>(6,922)</b>
Income tax credit	358	332	657	768	346
<b>Loss after tax</b>	<b>(11,980)</b>	<b>(10,434)</b>	<b>(9,760)</b>	<b>(14,592)</b>	<b>(6,576)</b>
Non-controlling interest	(497)	(211)	(10)	(15)	(7)
<b>Net loss, reported</b>	<b>(11,483)</b>	<b>(10,223)</b>	<b>(9,750)</b>	<b>(14,577)</b>	<b>(6,569)</b>

### Per share data (CHF Cents)

Y/E Dec	FY15	FY16	FY17	FY18e	FY19e
EPS, reported	(21.26)	(16.54)	(15.78)	(0.029)	(0.013)
DPS	-	-	-	-	-
BVPS	43.51	31.82	14.40	0.06	0.04

### Cash Flow

Y/E Dec, CHF '000	FY15	FY16	FY17	FY18e	FY19e
<b>CF from operating activities</b>					
<b>Loss before tax</b>	<b>(12,338)</b>	<b>(10,766)</b>	<b>(10,417)</b>	<b>(15,360)</b>	<b>(6,922)</b>
Adjustments	7,425	4,553	3,374	3,635	870
Changes in working capital	2,915	367	2,265	265	2,884
<b>Cash used in operations</b>	<b>(1,998)</b>	<b>(5,846)</b>	<b>(4,778)</b>	<b>(11,460)</b>	<b>(3,167)</b>
Net interest paid & received	(29)	1	(6)	(2)	-
Income tax refund	225	335	422	768	346
<b>Cashflow from ops</b>	<b>(1,802)</b>	<b>(5,510)</b>	<b>(4,362)</b>	<b>(10,694)</b>	<b>(2,821)</b>
<b>CF from investing activities</b>					
Purchase of PPE	(23)	(170)	(39)	(43)	(47)
Capitalisation of IA	-	-	(1,929)	(965)	(965)
Capitalisation of IT costs	(1,006)	(1,609)	-	-	-
Others	-	714	-	(965)	(965)
<b>Cashflow from investments</b>	<b>(1,029)</b>	<b>(1,065)</b>	<b>(1,968)</b>	<b>(1,972)</b>	<b>(1,976)</b>
<b>CF from financing activities</b>					
Share issuance expense	(204)	(68)	-	-	-
Short-term loans	(119)	2,462	3,505	-	-
Long-Term Borrowings	4,890	-	-	-	-
Warrants issued	-	4,753	-	-	-
Issue of new shares	1,300	-	-	15,179	-
Others	14	91	(117)	(7,028)	-
<b>Cashflow from financing</b>	<b>5,881</b>	<b>7,238</b>	<b>3,388</b>	<b>8,151</b>	<b>-</b>
CCE at the beginning	261	3,319	3,789	882	(2,674)
Net change in cash	3,050	663	(2,942)	(3,551)	(3,833)
Effects of exchange rates	8	(193)	35	(5)	-
<b>CCE, end</b>	<b>3,319</b>	<b>3,789</b>	<b>882</b>	<b>(2,674)</b>	<b>(6,506)</b>

Source: Company, Phillip Securities Research (Singapore) Estimates

### Balance Sheet

Y/E Dec, CHF '000	FY15	FY16	FY17	FY18e	FY19e
<b>Assets</b>					
PPE	51	160	119	79	66
Intangible Assets	34,417	35,218	36,477	36,604	36,730
Investment in associate	318	-	-	-	-
<b>Total non-current assets</b>	<b>34,786</b>	<b>35,378</b>	<b>36,596</b>	<b>36,683</b>	<b>36,796</b>
Trade and other receivables	20,641	33,881	51,569	62,151	76,438
Derivatives	18	67	170	66	66
Cash and bank balances	3,405	3,808	929	(2,646)	(6,478)
Investment securities	1,020	932	932	628	628
<b>Total current assets</b>	<b>25,084</b>	<b>38,688</b>	<b>53,600</b>	<b>60,199</b>	<b>70,654</b>
<b>Total assets</b>	<b>59,870</b>	<b>74,066</b>	<b>90,196</b>	<b>96,882</b>	<b>107,450</b>
<b>Liabilities</b>					
Convertible bonds	-	499	13,593	-	-
Trade and other payables	23,612	37,304	55,895	66,742	83,914
Loans from related parties	658	3,058	1,933	288	288
Derivatives	172	54	9,055	1,159	1,159
Bank overdraft	86	19	47	28	-
<b>Total current liabilities</b>	<b>24,528</b>	<b>40,934</b>	<b>80,523</b>	<b>68,217</b>	<b>85,361</b>
Convertible bonds	7,239	8,058	-	-	-
Employee benefit liabilities	524	747	797	822	822
Derivatives	4,916	4,674	-	-	-
<b>Total non-current liabilities</b>	<b>12,679</b>	<b>13,479</b>	<b>797</b>	<b>822</b>	<b>822</b>
<b>Total liabilities</b>	<b>37,207</b>	<b>54,413</b>	<b>81,320</b>	<b>69,039</b>	<b>86,183</b>
<b>Equity</b>					
Share capital	37,164	45,251	50,006	32,450	32,450
Treasury shares	1	-	-	-	-
Other reserves	6,279	4,752	(1,028)	(449)	(449)
Accumulated losses	(19,951)	(30,338)	(40,079)	(54,656)	(61,225)
Non-controlling interests	(830)	(12)	(23)	(38)	(44)
<b>Total Equity</b>	<b>22,663</b>	<b>19,653</b>	<b>8,876</b>	<b>27,843</b>	<b>21,267</b>

### Valuation Ratios

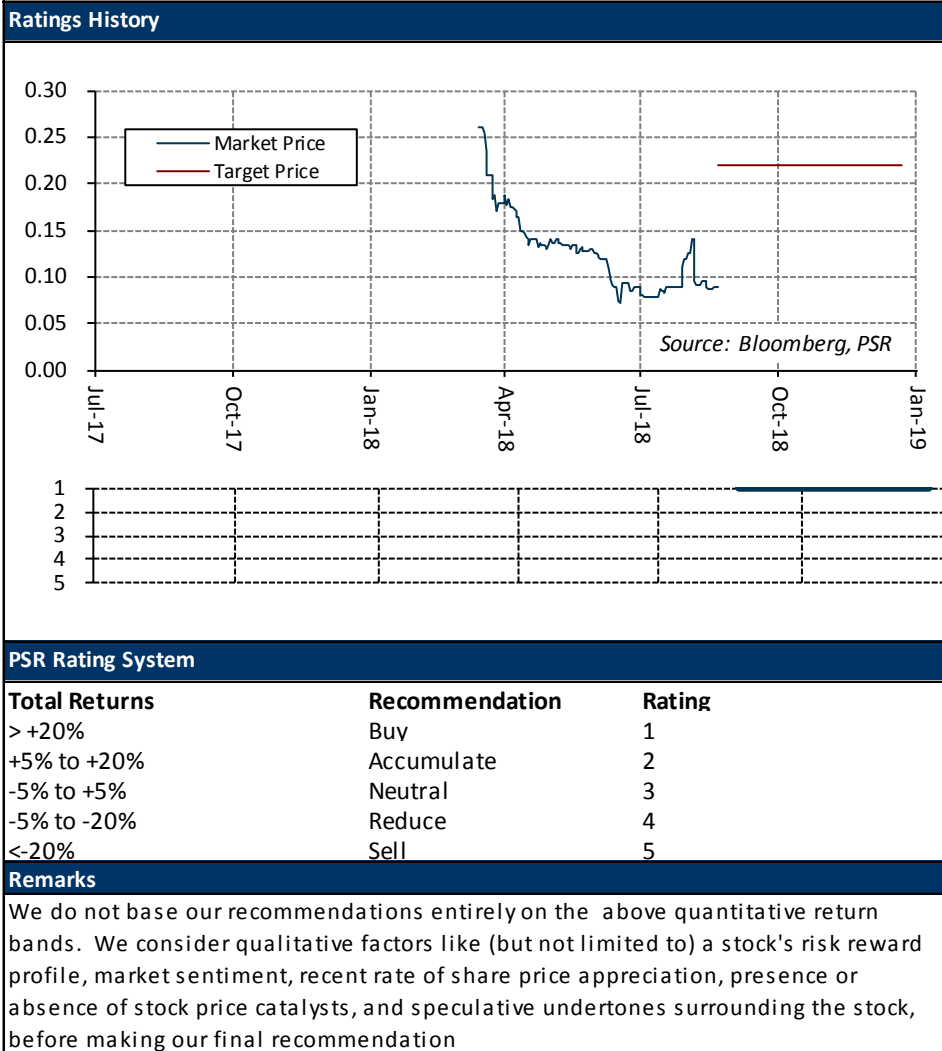
Y/E Dec, CHF '000	FY15	FY16	FY17	FY18e	FY19e
P/E (X)	(0.004)	(0.005)	(0.006)	(3.0)	(6.7)
P/B (X)	0.002	0.003	0.006	1.587	2.076
Dividend Yield	0%	0%	0%	0%	0%

### Growth & Margins

	FY15	FY16	FY17	FY18e	FY19e
<b>Growth</b>					
Net operating income	164.3%	66.2%	0.6%	30.6%	51.8%
Total income	163.5%	70.8%	-1.0%	29.8%	51.5%
EBIT	650.5%	-12.7%	-3.2%	47.5%	-54.9%
Net loss, reported	914.4%	-11.0%	-4.6%	49.5%	-54.9%
<b>Margins</b>					
EBIT margin	-206.4%	-105.5%	-103.1%	-117.2%	-34.9%
Net profit margin	-192.1%	-100.2%	-96.5%	-111.2%	-33.1%

### Key Ratios

	FY15	FY16	FY17	FY18e	FY19e
ROE (%)	-49.5%	-48.3%	-68.4%	-79.4%	-26.8%
ROA (%)	-21.2%	-15.3%	-11.9%	-15.6%	-6.4%



## Contact Information (Singapore Research Team)

## Head of Research

Paul Chew – [paulchewkl@phillip.com.sg](mailto:paulchewkl@phillip.com.sg)

## Marketing &amp; Operations

Mohamed Amiruddin - [amiruddin@phillip.com.sg](mailto:amiruddin@phillip.com.sg)

## Banking and Finance

Tin Min Ying – [tinmy@phillip.com.sg](mailto:tinmy@phillip.com.sg)

## Oil &amp; Gas | Energy

Chen Guangzhi - [chengz@phillip.com.sg](mailto:chengz@phillip.com.sg)

## Telco | Technology

Alvin Chia - [alvinchiawy@phillip.com.sg](mailto:alvinchiawy@phillip.com.sg)

## Transport | REITs (Industrial)

Richard Leow - [richardleowwt@phillip.com.sg](mailto:richardleowwt@phillip.com.sg)

## REITs (Commercial, Retail, Healthcare) | Property

Dehong Tan - [tandh@phillip.com.sg](mailto:tandh@phillip.com.sg)

## Technical Analysis

Jeremy Ng - [jeremyngch@phillip.com.sg](mailto:jeremyngch@phillip.com.sg)

## REITs (Commercial, Retail, Healthcare) | Property

Tara Wong - [tarawongsj@phillip.com.sg](mailto:tarawongsj@phillip.com.sg)

## China/HK Equity

Zheng Jieyuan – [zhengjy@phillip.com.sg](mailto:zhengjy@phillip.com.sg)

## Contact Information (Regional Member Companies)

## SINGAPORE

## Phillip Securities Pte Ltd

Raffles City Tower  
250, North Bridge Road #06-00  
Singapore 179101  
Tel +65 6533 6001  
Fax +65 6535 6631  
Website: [www.poems.com.sg](http://www.poems.com.sg)

## MALAYSIA

## Phillip Capital Management Sdn Bhd

B-3-6 Block B Level 3 Megan Avenue II,  
No. 12, Jalan Yap Kwan Seng, 50450  
Kuala Lumpur  
Tel +603 2162 8841  
Fax +603 2166 5099  
Website: [www.poems.com.my](http://www.poems.com.my)

## HONG KONG

## Phillip Securities (HK) Ltd

11/F United Centre 95 Queensway  
Hong Kong  
Tel +852 2277 6600  
Fax +852 2868 5307  
Websites: [www.phillip.com.hk](http://www.phillip.com.hk)

## JAPAN

## Phillip Securities Japan, Ltd.

4-2 Nihonbashi Kabuto-cho Chuo-ku,  
Tokyo 103-0026  
Tel +81-3 3666 2101  
Fax +81-3 3666 6090  
Website: [www.phillip.co.jp](http://www.phillip.co.jp)

## INDONESIA

## PT Phillip Securities Indonesia

ANZ Tower Level 23B,  
Jl Jend Sudirman Kav 33A  
Jakarta 10220 – Indonesia  
Tel +62-21 5790 0800  
Fax +62-21 5790 0809  
Website: [www.phillip.co.id](http://www.phillip.co.id)

## CHINA

## Phillip Financial Advisory (Shanghai) Co Ltd

No 550 Yan An East Road,  
Ocean Tower Unit 2318,  
Postal code 200001  
Tel +86-21 5169 9200  
Fax +86-21 6351 2940  
Website: [www.phillip.com.cn](http://www.phillip.com.cn)

## THAILAND

## Phillip Securities (Thailand) Public Co. Ltd

15th Floor, Vorawat Building,  
849 Silom Road, Silom, Bangrak,  
Bangkok 10500 Thailand  
Tel +66-2 6351700 / 22680999  
Fax +66-2 22680921  
Website [www.phillip.co.th](http://www.phillip.co.th)

## FRANCE

## King &amp; Shaxson Capital Limited

3rd Floor, 35 Rue de la Bienfaisance 75008  
Paris France  
Tel +33-1 45633100  
Fax +33-1 45636017  
Website: [www.kingandshaxson.com](http://www.kingandshaxson.com)

## UNITED KINGDOM

## King &amp; Shaxson Capital Limited

6th Floor, Candlewick House,  
120 Cannon Street,  
London, EC4N 6AS  
Tel +44-20 7426 5950  
Fax +44-20 7626 1757  
Website: [www.kingandshaxson.com](http://www.kingandshaxson.com)

## UNITED STATES

## Phillip Capital Inc

141 W Jackson Blvd Ste 3050  
The Chicago Board of Trade Building  
Chicago, IL 60604 USA  
Tel +1-312 356 9000  
Fax +1-312 356 9005  
Website: [www.phillipusa.com](http://www.phillipusa.com)

## AUSTRALIA

## Phillip Capital Limited

Level 10, 330 Collins Street  
Melbourne, Victoria 3000, Australia  
Tel +61-03 8633 9803  
Fax +61-03 8633 9899  
Website: [www.phillipcapital.com.au](http://www.phillipcapital.com.au)

## SRI LANKA

## Asha Phillip Securities Limited

2<sup>nd</sup> Floor, Lakshmans Building,  
No. 321, Galle Road,  
Colombo 03, Sri Lanka  
Tel: (94) 11 2429 100  
Fax: (94) 11 2429 199  
Website: [www.ashaphillip.net](http://www.ashaphillip.net)

## INDIA

## PhillipCapital (India) Private Limited

No.1, 18th Floor, Urmi Estate  
95, Ganpatrao Kadam Marg  
Lower Parel West, Mumbai 400-013  
Maharashtra, India  
Tel: +91-22-2300 2999 / Fax: +91-22-2300 2969  
Website: [www.phillipcapital.in](http://www.phillipcapital.in)

## TURKEY

## PhillipCapital Menkul Degerler

Dr. Cemil Bengü Cad. Hak Is Merkezi  
No. 2 Kat. 6A Caglayan  
34403 Istanbul, Turkey  
Tel: 0212 296 84 84  
Fax: 0212 233 69 29  
Website: [www.phillipcapital.com.tr](http://www.phillipcapital.com.tr)

## DUBAI

## Phillip Futures DMCC

Member of the Dubai Gold and  
Commodities Exchange (DGEX)  
Unit No 601, Plot No 58, White Crown Bldg,  
Sheikh Zayed Road, P.O.Box 212291  
Dubai-UAE  
Tel: +971-4-3325052 / Fax: + 971-4-3328895

## CAMBODIA

## Phillip Bank Plc

Ground Floor of B-Office Centre, #61-64,  
Norodom Blvd Corner Street 306, Sangkat  
Boeung Keng Kang 1, Khan Chamkamorn,  
Phnom Penh, Cambodia  
Tel: 855 (0) 7796 6151/855 (0) 1620 0769  
Website: [www.phillipbank.com.kh](http://www.phillipbank.com.kh)

### Important Information

The report is prepared and/or distributed by Phillip Securities Research Pte Ltd (“Phillip Securities Research”), which is a holder of a financial adviser’s licence under the Financial Advisers Act, Chapter 110 in Singapore. The report is produced by Phillip Securities Research under the ‘SGX StockFacts Research Programme’ (administered by SGX) and has received monetary compensation for the production of the report from the entity mentioned in the report.

By receiving or reading this report, you agree to be bound by the terms and limitations set out below. Any failure to comply with these terms and limitations may constitute a violation of law. This report has been provided to you for personal use only and shall not be reproduced, distributed or published by you in whole or in part, for any purpose. If you have received this report by mistake, please delete or destroy it, and notify the sender immediately.

The information and any analysis, forecasts, projections, expectations and opinions (collectively, the “Research”) contained in this report has been obtained from public sources which Phillip Securities Research believes to be reliable. However, Phillip Securities Research does not make any representation or warranty, express or implied that such information or Research is accurate, complete or appropriate or should be relied upon as such. Any such information or Research contained in this report is subject to change, and Phillip Securities Research shall not have any responsibility to maintain or update the information or Research made available or to supply any corrections, updates or releases in connection therewith.

Any opinions, forecasts, assumptions, estimates, valuations and prices contained in this report are as of the date indicated and are subject to change at any time without prior notice. Past performance of any product referred to in this report is not indicative of future results.

This report does not constitute, and should not be used as a substitute for, tax, legal or investment advice. This report should not be relied upon exclusively or as authoritative, without further being subject to the recipient’s own independent verification and exercise of judgment. The fact that this report has been made available constitutes neither a recommendation to enter into a particular transaction, nor a representation that any product described in this report is suitable or appropriate for the recipient. Recipients should be aware that many of the products, which may be described in this report involve significant risks and may not be suitable for all investors, and that any decision to enter into transactions involving such products should not be made, unless all such risks are understood and an independent determination has been made that such transactions would be appropriate. Any discussion of the risks contained herein with respect to any product should not be considered to be a disclosure of all risks or a complete discussion of such risks.

Nothing in this report shall be construed to be an offer or solicitation for the purchase or sale of any product. Any decision to purchase any product mentioned in this report should take into account existing public information, including any registered prospectus in respect of such product.

Phillip Securities Research, or persons associated with or connected to Phillip Securities Research, including but not limited to its officers, directors, employees or persons involved in the issuance of this report, may provide an array of financial services to a large number of corporations in Singapore and worldwide, including but not limited to commercial / investment banking activities (including sponsorship, financial advisory or underwriting activities), brokerage or securities trading activities. Phillip Securities Research, or persons associated with or connected to Phillip Securities Research, including but not limited to its officers, directors, employees or persons involved in the issuance of this report, may have participated in or invested in transactions with the issuer(s) of the securities mentioned in this report, and may have performed services for or solicited business from such issuers. Additionally, Phillip Securities Research, or persons associated with or connected to Phillip Securities Research, including but not limited to its officers, directors, employees or persons involved in the issuance of this report, may have provided advice or investment services to such companies and investments or related investments, as may be mentioned in this report.

Phillip Securities Research or persons associated with or connected to Phillip Securities Research, including but not limited to its officers, directors, employees or persons involved in the issuance of this report may, from time to time maintain a long or short position in securities referred to herein, or in related futures or options, purchase or sell, make a market in, or engage in any other transaction involving such securities, and earn brokerage or other compensation in respect of the foregoing. Investments will be denominated in various currencies including US dollars and Euro and thus will be subject to any fluctuation in exchange rates between US dollars and Euro or foreign currencies and the currency of your own jurisdiction. Such fluctuations may have an adverse effect on the value, price or income return of the investment.

To the extent permitted by law, Phillip Securities Research, or persons associated with or connected to Phillip Securities Research, including but not limited to its officers, directors, employees or persons involved in the issuance of this report, may at any time engage in any of the above activities as set out above or otherwise hold an interest, whether material or not, in respect of companies and investments or related investments, which may be mentioned in this report. Accordingly, information may be available to Phillip Securities Research, or persons associated with or connected to Phillip Securities Research, including but not limited to its officers, directors, employees or persons involved in the issuance of this report, which is not reflected in this report, and Phillip Securities Research, or persons associated with or connected to Phillip Securities Research, including but not limited to its officers, directors, employees or persons involved in the issuance of this report, may, to the extent permitted by law, have acted upon or used the information prior to or immediately following its publication. Phillip Securities Research, or persons associated with or connected to Phillip Securities Research, including but not limited its officers, directors, employees or persons involved in the issuance of this report, may have issued other material that is inconsistent with, or reach different conclusions from, the contents of this report.

The information, tools and material presented herein are not directed, intended for distribution to or use by, any person or entity in any jurisdiction or country where such distribution, publication, availability or use would be contrary to the applicable law or regulation or which would subject Phillip Securities Research to any registration or licensing or other requirement, or penalty for contravention of such requirements within such jurisdiction.

This report is intended for general circulation only and does not take into account the specific investment objectives, financial situation or particular needs of any particular person. The products mentioned in this report may not be suitable for all investors and a person receiving or reading this report should seek advice from a professional and financial adviser regarding the legal, business, financial, tax and other aspects including the suitability of such products, taking into account the specific investment objectives, financial situation or particular needs of that person, before making a commitment to invest in any of such products.

This report is not intended for distribution, publication to or use by any person in any jurisdiction outside of Singapore or any other jurisdiction as Phillip Securities Research may determine in its absolute discretion.

### IMPORTANT DISCLOSURES FOR INCLUDED RESEARCH ANALYSES OR REPORTS OF FOREIGN RESEARCH HOUSES

Where the report contains research analyses or reports from a foreign research house, please note:

- (i) recipients of the analyses or reports are to contact Phillip Securities Research (and not the relevant foreign research house) in Singapore at 250 North Bridge Road, #06-00 Raffles City Tower, Singapore 179101, telephone number +65 6533 6001, in respect of any matters arising from, or in connection with, the analyses or reports; and
- (ii) to the extent that the analyses or reports are delivered to and intended to be received by any person in Singapore who is not an accredited investor, expert investor or institutional investor, Phillip Securities Research accepts legal responsibility for the contents of the analyses or reports.