



Financial Analysis Case Study 2019

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Executive Summary

Task



Which country should X focus on acquiring from based on the payback period?

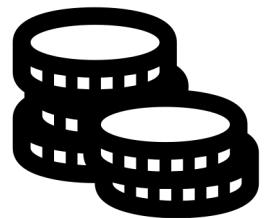
- 1) Average acquisition cost per user per country and year?
- 2) Number/ percentage of active users per country, year and June 2019 cohort ?
- 3) Card transaction volume per active users per country, year and June 2019 cohort?
- 4) Average Balance (AUM) per active users per country, year and June 2019 cohort?
- 5) Payback period per country for the June 2019 cohort?

Recommendation



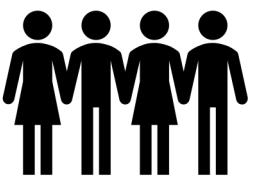
	Total AC Cost (m)	Annual Revenue (m)	Annual Costs (m)	Payback Period
Austria	0.953	0.122	0	7.81
Germany	9.683	1.251	0	7.74
Spain	5.465	0.298	0	-
France	13.011	1.206	0	10.79
Great Britain	9.800	0.291	0.09	48.70
Italy	7.089	0.416	0	17.06

Agenda



1

ACQUISITION
COSTS



2

USERS



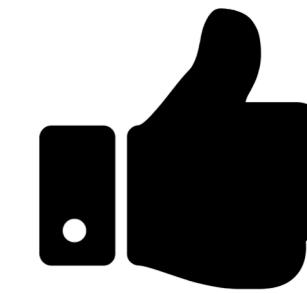
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TRANS-
ACTION
VOLUME



4

ASSET UNDER
MANAGE-
MENT
(AUM)

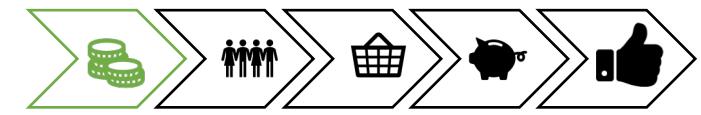


5

RECOMMEN-
DATION

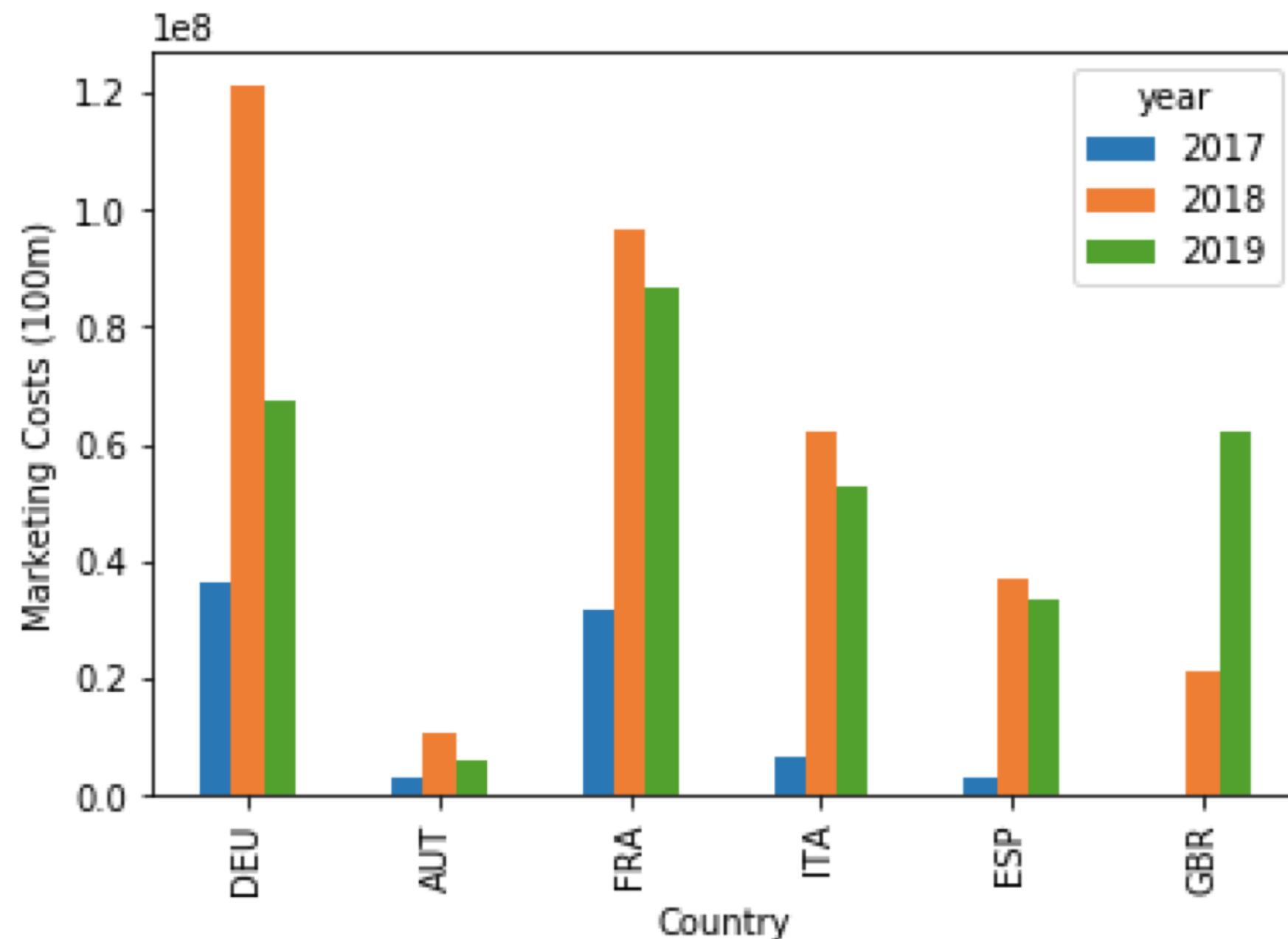


Marketing and New Signups

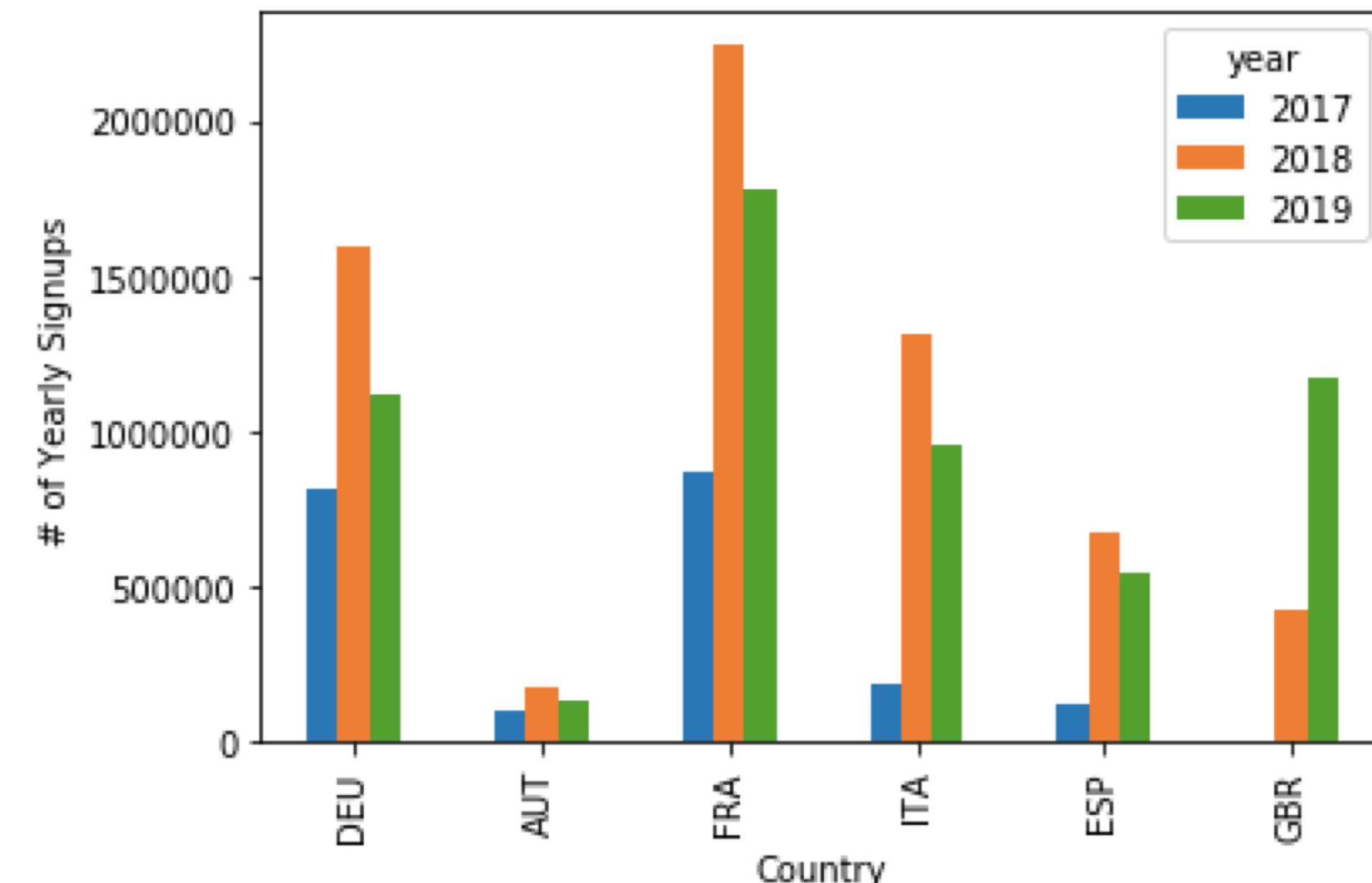


Generally strong correlation between marketing efforts and number of new annual signups

Marketing Costs



Number of Annual New Signups



Finding:

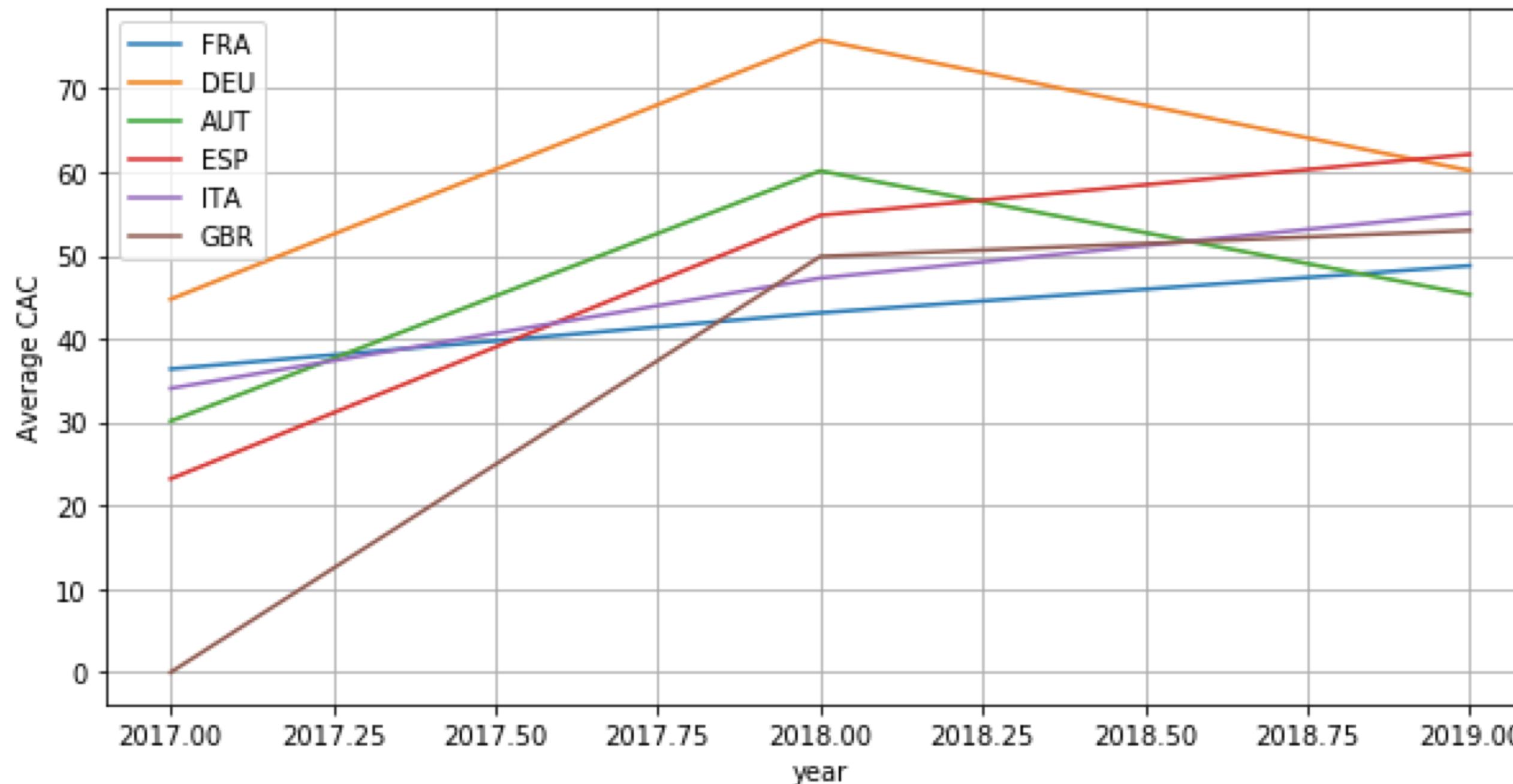
However, there are **differences in the strength of the effect between countries**. For example in **2018**, France seems to have **disproportionally high signup numbers** with respect to the paid marketing efforts while **Germany** seems to have **disproportionally low signup numbers**

Average Customer Acquisition Costs



Currently Germany and Spain have the highest ACA and lowest in Austria and France

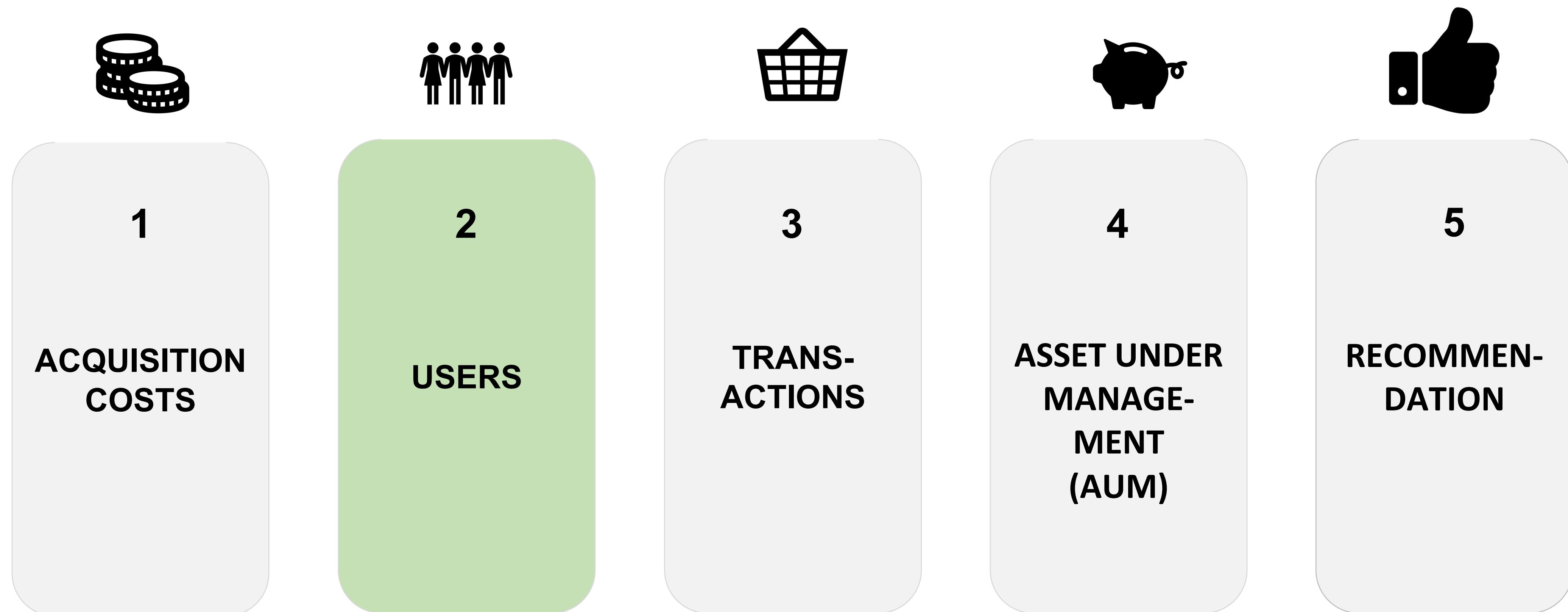
Average Customer Acquisition Costs (ACA) – 2017-2019



Findings:

- The difference in ACA between countries decreases over time
- The ACA for Germany and Austria decreases in 2019 which potentially indicates some maturity status in the market while in France, Spain, Italy and Great Britain the ACA increases from 2017 to 2019
- Currently ACA are the highest in Germany and Spain and lowest in Austria and France

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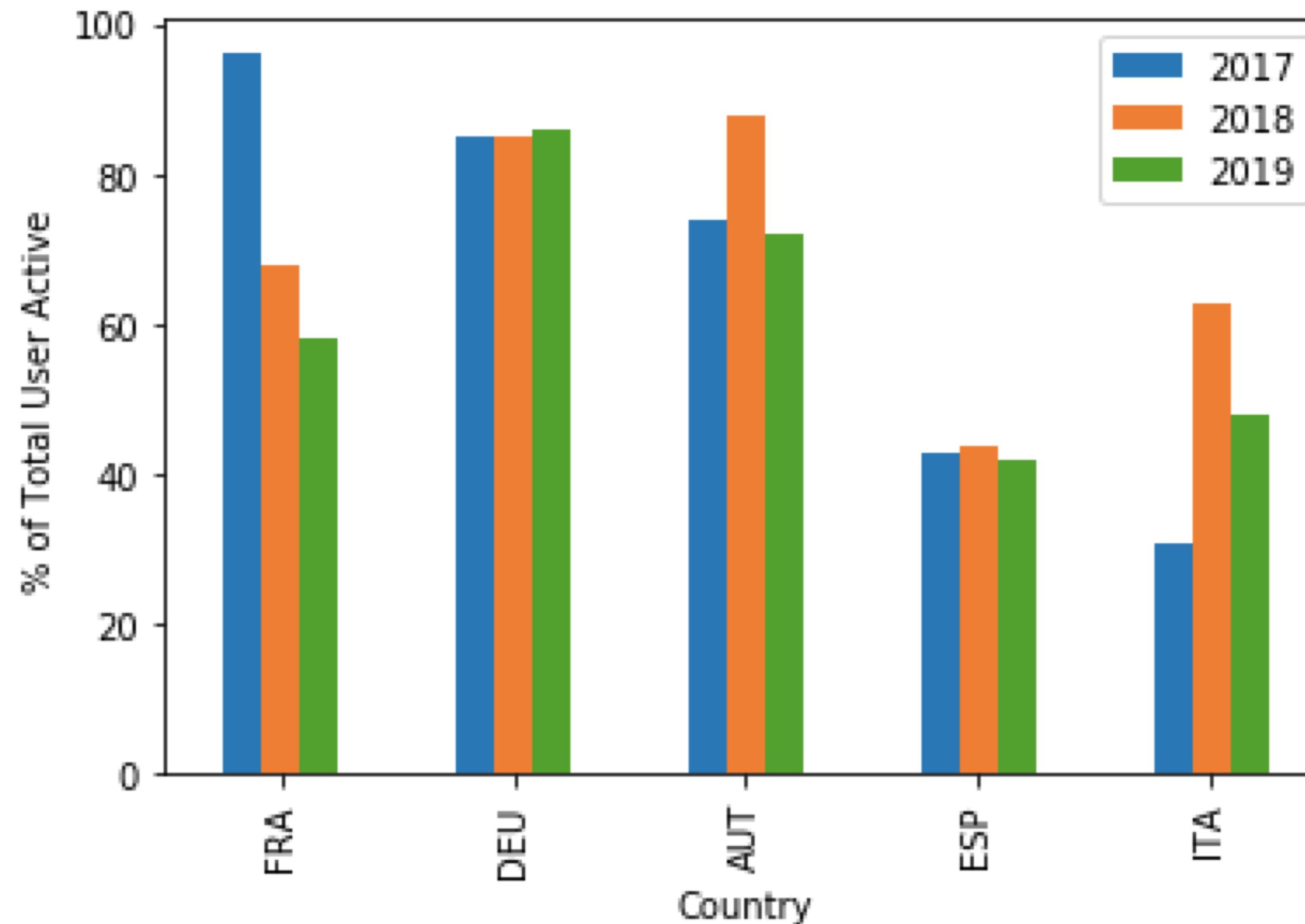


User Development



Germany and Austria currently have the highest activity rates (70-85%) while Italy and Spain have the lowest activity rates (30-40%), France's activity rate dropped significantly over time

Average Activity Rates out of Total Users by Country



User Numbers for the 2019-06 Cohort



France and Germany have the largest number of active users in their 2019-06 cohort

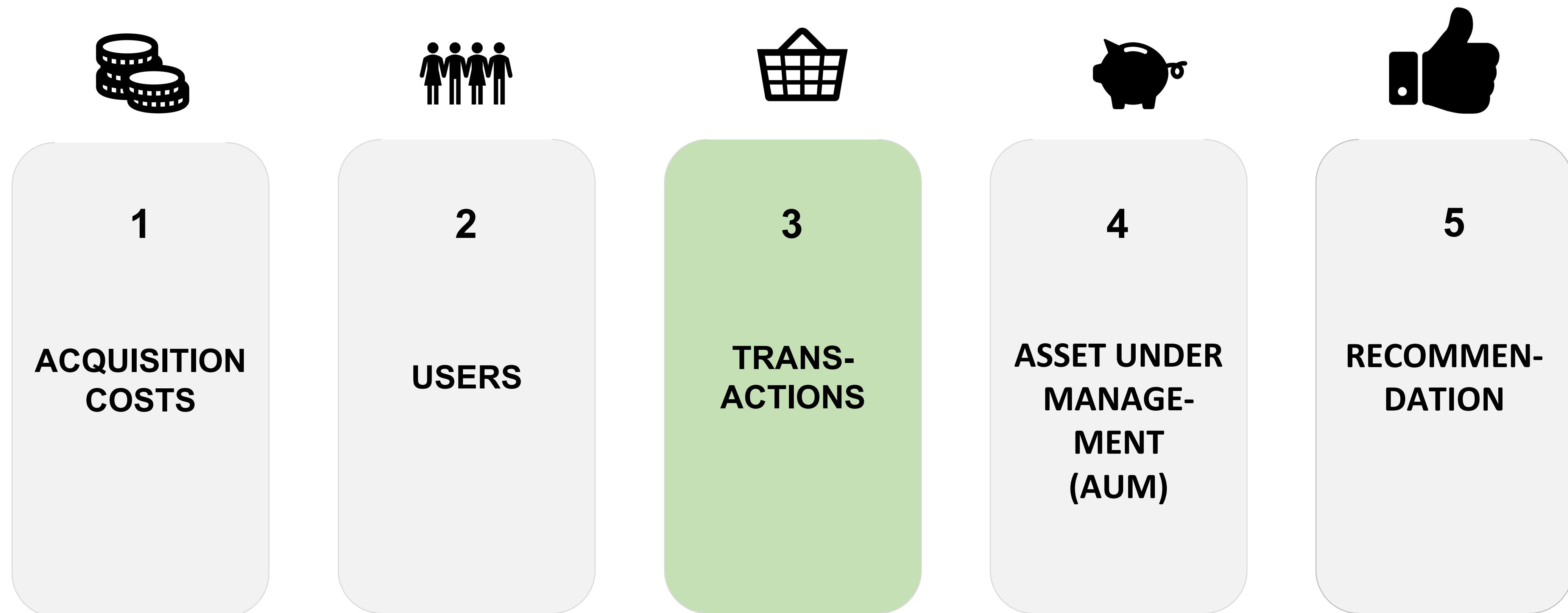
2019-06 Cohort

	Active (#)	Active (%)
Austria	11'040.	52
Germany	73'479	46
Spain	25'786	29
France	88'767	33
Great Britain	42'671	23
Italy	36'923	29

Findings:

- **Germany and Austria** have the highest **activity rates** of around 50%
- **Spain, France and Italy** have activity rates of around 30%
- **Great Britain** has the **lowest activity rate** which can potentially be explained by the very recent market entry

Agenda

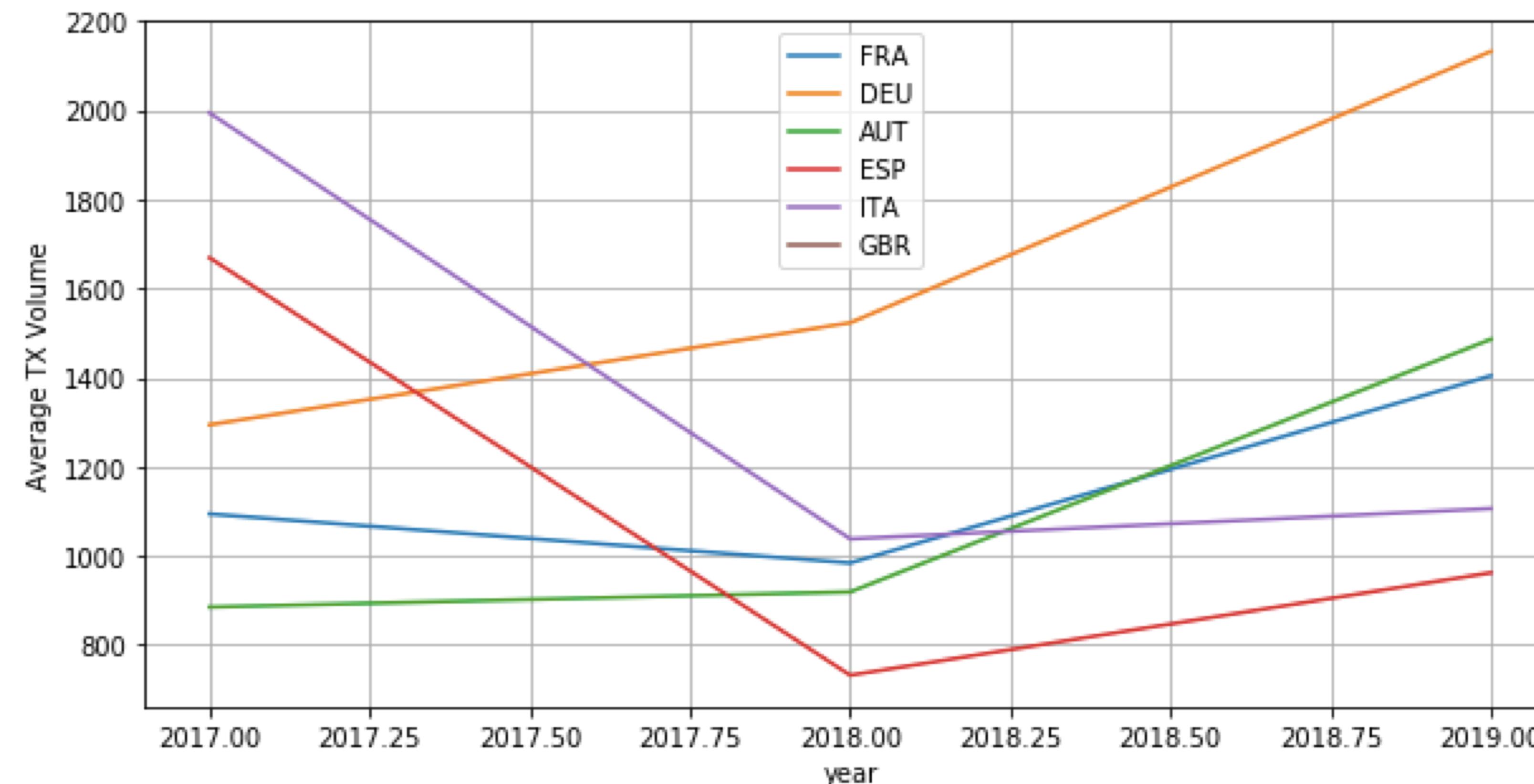


Average Transaction (TX) Volume



The average transaction volume dipped in 2018 for Spain, Italy and France. In 2019, the average TX volume is growing across all countries

Average Transaction Volume by 2017-2019¹



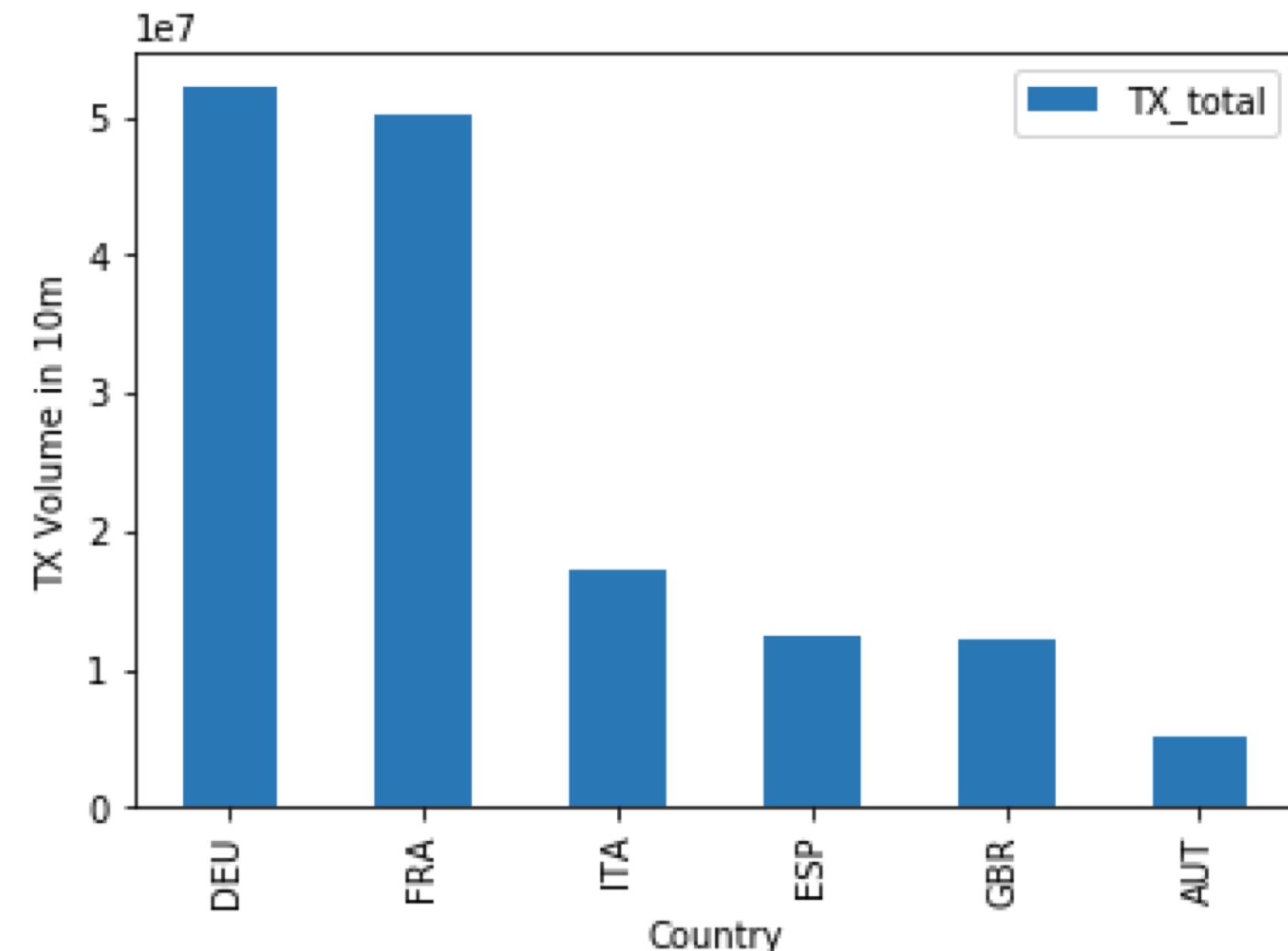
¹The annual numbers for 2019 are forecasted on basis of the first half's numbers

Total Transaction (TX) Volume Cohort 2019-06



Germany and France have the largest total transaction volume

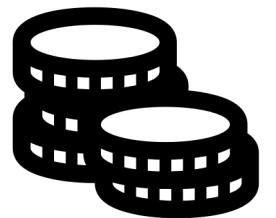
Total TX Volume 2019-06 Cohort for June 2019



Findings:

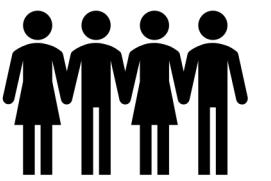
- Germany and France have the highest **total transaction volume** with around **50 m**
- Spain, France and Great Britain have **total transaction volumes** of around **15 m**
- Austria's **2019-06 cohort** has the **lowest total transaction volume** with approximately **5 m** which can potentially be explained by the maturity of the market as well as Austria's smaller market size

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COSTS



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3

TRANS-
ACTIONS



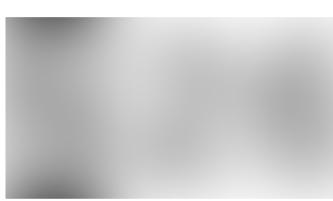
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ASSET UNDER
MANAGE-
MENT
(AUM)



5

RECOMMEN-
DATION

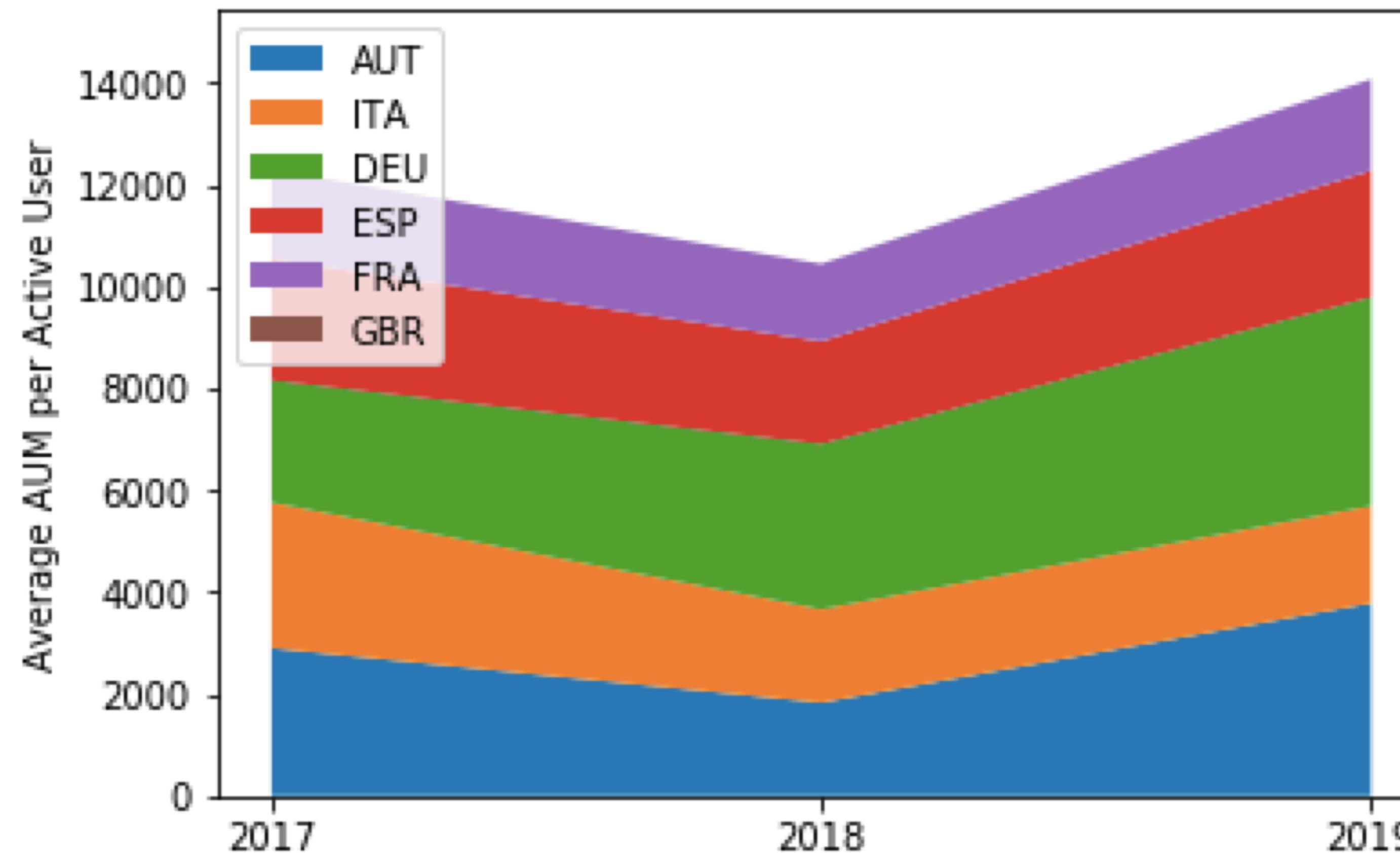


Asset under Management Development



The average AUM per active customer rose from 2017 to 2019, Germany and Austria saw the biggest increase while the average AUM per active customer remained constant or dropped for the other countries

Average AUM per Active User 2017-2019¹



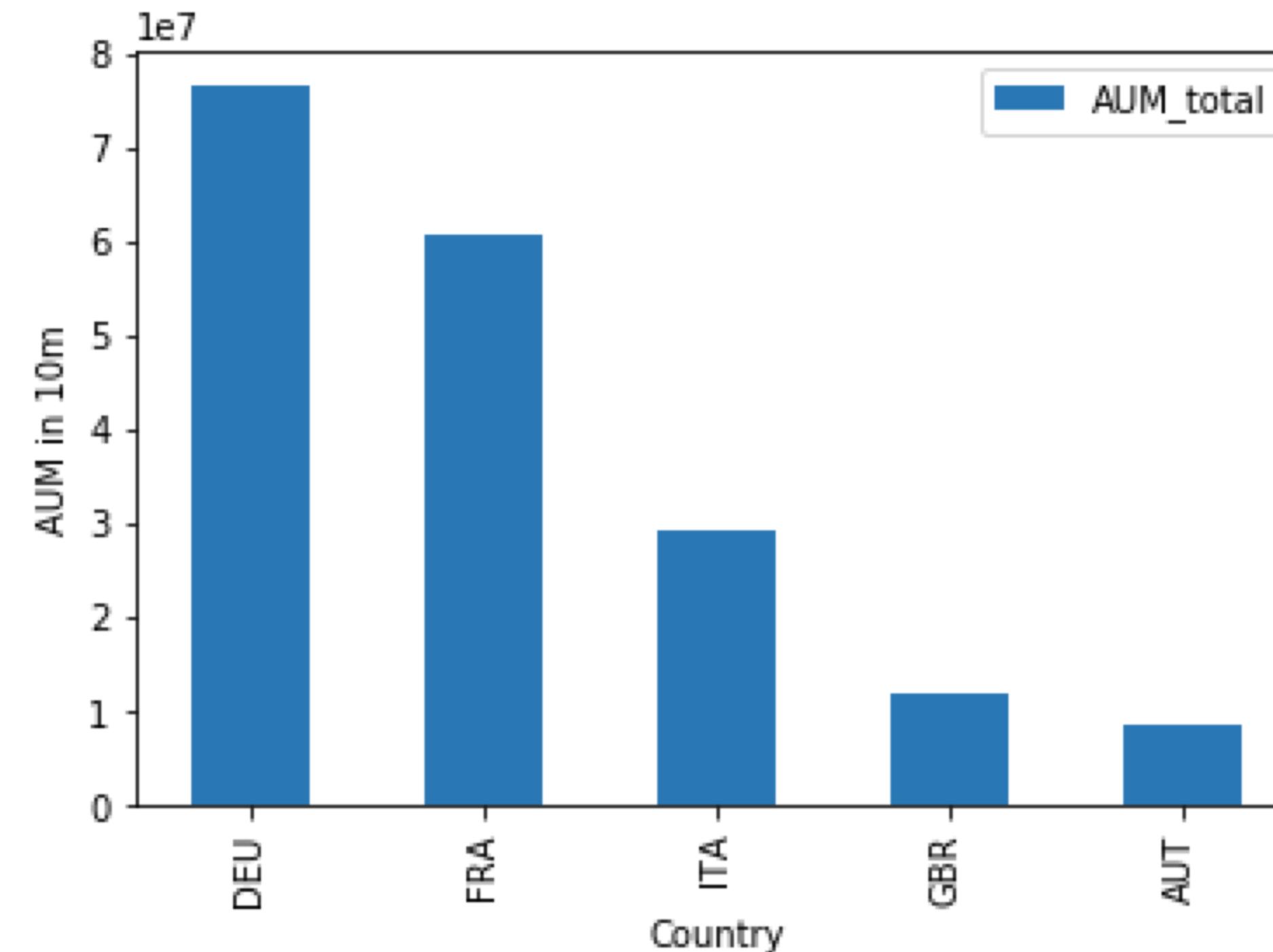
¹The annual numbers for 2019 are forecasted on basis of the first half's numbers

Asset under Management Cohort 2019-06



Germany and France have the largest total AUM volume for the cohort 2019-06

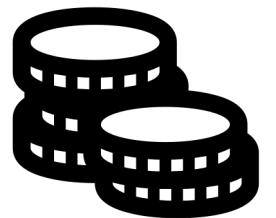
Total AUM Volume 2019-06 Cohort for June 2019



Findings:

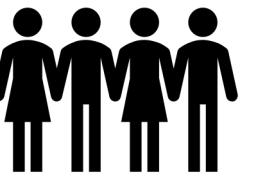
- Germany and France have the highest **total AUM volume** with having over **75 m** and **60 m** AUM respectively
- Austria and Great Britain each have a **total AUM volume** of around **10 m** which again can potentially be explained by their maturity and immaturity respectively
- Data for **Spain** is **missing**

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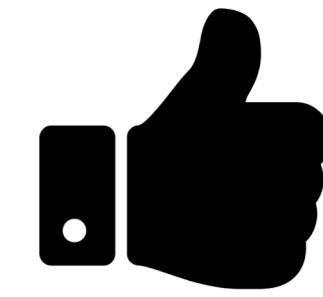
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TRANS-
ACTIONS



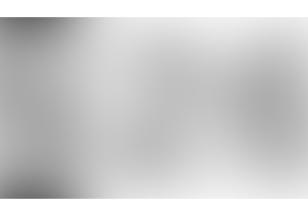
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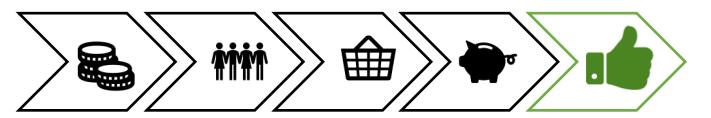


5

RECOMMEN-
DATION



Recommendation



Customer acquisition focus recommendation based on the payback period: Germany!

Evaluation

Total Customer Acquisition (CA) Costs
Sign-ups per 2019-06 * Ø Acquisition Cost 2019
↓
Annual Revenue
Total TX Volume* Interchange (=0.2%)*12
↓
Annual Costs
Total AUM * Local Interest Rates
↓
Payback Period
Total CA Costs/(Annual Revenue-Annual Cost)

Recommendation

	Total CA Cost (m)	Annual Revenue (m)	Annual Costs (m)	Pay Back Period
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Potential Limitations



Looking at only one metric to base the final decision on can be dangerous, further research is advisable!

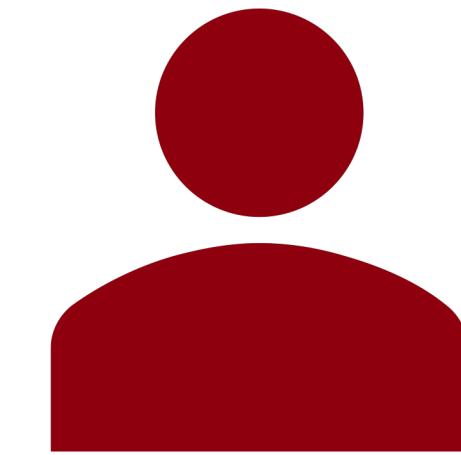
1

There is the **possibility** that the **German market** will be **saturated** and therefore similar growth numbers will be hard to realise in the future, **further research advisable**

???

2

The calculations of the study **underlie** certain **assumptions** about costs, revenue as well as about future cash flows, these assumptions have to be **doublechecked with other team members**



3

The reason for the **missing data for Spain** in terms of AUM for the 2019-06 cohort needs to be **investigated further**

