

Q1 2020 Trading Update

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Plus500 Limited
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Plus500 Ltd.
("Plus500", "the Company" or together with its subsidiaries, "the Group")

Q1 2020 Trading Update

Plus500, a leading online service provider for trading Contracts for Difference ("CFDs") internationally, today issues the following trading update for the three months ended 31 March 2020.

Highlights

- Exceptional Q1 revenues and earnings reflect significantly increased levels of customer trading activity, with strong performance across all key financial and operational KPIs
- Q1 2020 revenues up 487% to \$316.6m compared to the same period last year, equivalent to 89% of FY 2019 revenues, resulting in EBITDA* of c. \$231.6m for the quarter
- Significant New Customer¹ acquisition of 82,951, reflecting the strength and scalability of the Group's technological and marketing capabilities, as well as its ability to respond rapidly to news flow and market demand
- AUAC² decreased by 48% compared to Q1 2019 due to continued efficiency of Plus500's marketing algorithms and improved conversion ratio
- Cash balances as at 31 March 2020 were c.\$515.6m* (31 December 2019: \$292.9m)
- Operational leverage led to very strong Q1 Group EBITDA³ margin and cash conversion with revenue and profitability for the full year expected to be substantially ahead of current consensus expectations

Key customer and revenue metrics for the period ended 31 March 2020 were as follows:

	Q1 2020*	Q1 2019*	% Change	Q4 2019*	% Change Q1 20 Vs. Q4 19
Revenue	\$316.6m	\$53.9m	487%	\$95.9m	230%
Number of New Customers ¹	82,951	21,306	289%	19,489	326%
Number of Active Customers ⁴	194,024	97,921	98%	99,247	95%
ARPU ⁵	\$1,632	\$550	197%	\$966	69%
AUAC ²	\$641	\$1,230	(48)%	\$1,124	(43)%

*Unaudited

[1] Customers depositing for the first time ever

[2] AUAC - Average User Acquisition Cost

[3] EBITDA - Earnings before Interest, Taxes, Depreciation and Amortization

[4] Customers who made at least one real money trade during the period

[5] ARPU - Average Revenue Per Active User

COVID-19 operational update

The safety and wellbeing of our employees remains the Group's utmost priority. In accordance with our business continuity plans and in light of local regulation following the outbreak of COVID-19, our staff globally are now operating remotely. Benefitting from our operations being entirely online, there has been no operational impact from the COVID-19 pandemic to date. The business has been functioning successfully, maintaining the same high quality of service while handling significantly increased workloads in respect of customer enquiries and market activity; this demonstrates the robustness of the Group's trading platform, systems and infrastructure and the quality of its technology and people.

The Board will continue to ensure the welfare of our staff whilst monitoring the impact of COVID-19, taking necessary actions as appropriate.

Overview of trading

In the three months ended 31 March 2020, the Group's revenue was \$316.6m, an increase of 487% compared to the same period last year (Q1 2019: \$53.9m). This has been achieved as a result of significantly increased volatility across global financial markets, which has in turn driven higher levels of customer trading activity coupled with an increased rate of New Customer acquisition. Customer Income^[1] represented approximately 74% of Q1 revenue (Q1 2019: 152%).

Active Customers increased to 194,024 during the period, a rise of 98% versus Q1 2019. New Customer acquisition improved 289% compared to Q1 2019 as the Group's market leading customer proposition, paired with its efficient marketing algorithms and the volatility of financial markets, attracted new sign ups. Encouragingly, the majority of New Customers came from higher value jurisdictions, which the Group believes will deliver attractive customer lifetime value. ARPU showed a 197% improvement against Q1 2019 and a 69% improvement against Q4 2019, primarily thanks to record levels of Customer Income due to greater levels of engagement on our trading platform. The revenues derived from Customer Trading Performance^[2] in the first quarter are expected to revert to their medium-term historic level of near zero over time.

Plus500's efficient marketing algorithms and improved conversion ratio have contributed to a sharp decrease of 48% in AUAC to \$641 compared to the same period last year and a 43% fall compared to the prior quarter, boosting EBITDA margins.

Average deposit per Active Customer in the quarter was \$3,595 (Q1 2019: \$2,153) showing an increased confidence in, and intention to trade on, our trading platform. The increase in deposits led to increased payment processing costs, which together with an increase in variable pay, has resulted in an increase in non-marketing overheads in the quarter.

EBITDA* in Q1 2020 was c. \$231.6m, a 1,863% increase on Q1 2019, with EBITDA margins expanding to c. 73% in Q1 2020 compared to 22% in Q1 2019, benefiting from the operational leverage of Plus500's financial business model.

While the first days of Q2 2020 have seen continued heightened levels of volatility, it is difficult to forecast whether this will persist.

As a result of the exceptional Q1 performance, revenue and profitability for the full year are expected to be substantially ahead of current consensus expectations.

Financial Position; Shareholder Returns' policy reiterated

Plus500 is a high cash conversion business, with no debt, low capital intensity and limited capital expenditure needs. The Group maintains a suitable level of cash to support current and future levels of activity on its balance sheet. Cash balances as at 31 March 2020 were approximately \$515.6m* (31 December 2019: \$292.9m), reflecting very strong cash conversion during the quarter.

The Board reiterates Plus500's shareholder returns' policy to return at least 60% of net profits to shareholders (distributed through a combination of dividends and share buybacks, with at least 50% being made by way of dividends). This policy applies to net profits on a half-yearly basis. The Board will continue to assess the availability of any excess capital and prioritise its use, as it has always done, and carefully evaluate any identified opportunities against the long-term benefit of organic investment or additional returns to shareholders.

In Q1 the Company repurchased an aggregate of 1,955,237 Ordinary Shares for a total consideration of \$22.2m, at an average share price of £8.90; this comprised 749,854 Ordinary Shares repurchased for a total consideration of \$8.8m, at an average share price of £9.06, as part of its \$50m share buyback programme that ended on 3 February 2020 and 1,205,383 Ordinary Shares repurchased for a total consideration of \$13.4m, at an average share price of £8.79, as part of its \$30m share buyback programme that commenced on 12 February 2020.

The final dividend for the year ended 31 December 2019 of \$40.8m, representing \$0.3767 per share, which went ex-dividend on 27 February 2020, is payable on 13 July 2020.

Asaf Elimelech, Chief Executive Officer of Plus500, commented:

"Plus500 has achieved exceptional first quarter results, thanks to our dedicated people working efficiently during these

challenging times."

"Our history to date has proven how we can cope with exceptional market conditions such as those at present. This strong performance emphasises the technological edge that the Company retains, demonstrated not only by our ability to handle exceptional customer activity while maintaining the same high quality of service, but also in our flexible marketing capabilities and outstanding customer experience that has attracted significant numbers of new customers at an attractive cost."

"As a result of the exceptional Q1 performance, revenue and profitability for the full year are expected to be substantially ahead of current consensus expectations. However, as we remain at an early stage in the financial year, and there are global markets uncertainties as well as ongoing regulatory changes, it remains difficult to predict the outcome for the full year."

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Market Abuse Regulation

The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulation ("MAR"). Upon the publication of this announcement via Regulatory Information Service ("RIS"), this inside information is now considered to be in the public domain.

Forward looking statements

This announcement contains statements that are or may be forward-looking statements. All statements other than statements of historical facts included in this announcement may be forward-looking statements, including statements that relate to the Company's future prospects, developments and strategies.

The Company does not accept any responsibility for the accuracy or completeness of any information reported by the press or other media, nor the fairness or appropriateness of any forecasts, views or opinions expressed by the press or other media regarding the Company. The Company makes no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication.

Forward-looking statements are identified by their use of terms and phrases such as "believe", "targets", "expects", "aim", "anticipate", "projects", "would", "could", "envisage", "estimate", "intend", "may", "plan", "will" or the negative of those, variations or comparable expressions, including references to assumptions. The forward looking statements in this announcement are based on current expectations and are subject to known and unknown risks and uncertainties that could cause actual results, performance and achievements to differ materially from any results, performance or achievements expressed or implied by such forward-looking statements. Factors that may cause actual results to differ materially from those expressed or implied by such forward looking statements include, but are not limited to, those described in the risk factors. These forward-looking statements are based on numerous assumptions regarding the present and future business strategies of such entity and the environment in which each will operate in the future. All subsequent oral or written forward-looking statements attributed to the Company or any persons acting on its behalf are expressly qualified in their entirety by the cautionary statement above.

Each forward-looking statement speaks only as at the date of this announcement. Except as required by law, regulatory requirement, the Listing Rules and the Disclosure Guidance and Transparency Rules, neither the Company nor any other party intends to update or revise these forward-looking statements, whether as a result of new information, future events or otherwise.

About Plus500

Plus500 operates an online trading platform for individual customers to trade CFDs internationally. The Group offers more than 2,800 different underlying global financial instruments, comprising equities, indices, commodities, options, ETFs, foreign exchange and cryptocurrencies. Customers of Plus500 can trade CFDs in more than 50 countries and in 32 languages. The trading platform is accessible from multiple operating systems (Windows, iOS, Android and Surface) and web browsers. Plus500 retains operating licences and is regulated in the United Kingdom, Australia, Cyprus, Israel, New Zealand, South Africa, Singapore and the Seychelles. Customer care is and always been integral to Plus500, as such, customers cannot be subject to negative balances. A free demo account is available on an unlimited basis for platform users and sophisticated risk management tools are provided free of charge to manage leveraged exposure, and stop losses to help customers protect profits, while limiting capital losses. Plus500 does not utilise cold calling techniques and does not offer binary options. Plus500 shares have a premium listing on the Main Market of the London Stock Exchange (symbol: PLUS) and are a constituent of the FTSE 250 index. www.plus500.com

[1] Customer Income - Revenue from customer spreads and overnight charges

[2] Customer Trading Performance - Gains/losses on customers' trading positions

* Unaudited

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