

Wirecard

Price EUR45.51

Confirmation of our bullish scenario

Fair Value EUR52 (+14%)

BUY-Top Picks

Bloomberg	WDI GR
Reuters	WDIG.DE
12-month High / Low (EUR)	47.4 / 34.4
Market Cap (EURm)	5,620
Ev (BG Estimates) (EURm)	5,214
Avg. 6m daily volume (000)	548.9
3y EPS CAGR	31.7%

Yesterday, Reuters quoted Wirecard's CEO as saying that "2016 EBITDA outlook is conservative", "(he) fully stands by 2015 EBITDA guidance of EUR223-232m" and "Q4 went very well". No real news for us here but more a confirmation of our bullish scenario. We maintain our Buy rating and FV of EUR52 (including a DCF at EUR56) – the stock is in our Q1 Top Pick list.

ANALYSIS

We reiterate our investment case:

- **1/ We maintain our 2015 forecast** for EUR231.1m in EBITDA (Thomson Reuters cons. of EUR226.7) vs. guidance of EUR223-232m. Our figures include the acquisition of the payments business of Great Indian Retail Group (on 28th October, we raised our FY15 EBITDA forecast from EUR229.9m to EUR231.1m, i.e. a 30% EBITDA margin).
- **2/ Regarding 2016, as usual at this stage, management is timid.** In the end, we believe Wirecard should post 2016 EBITDA above its EUR280-300m guidance range (Thomson Reuters cons. of EUR293m and BG est. of EUR304.3m). Bear in mind that these figures do not include any potential additional income from the Visa Europe acquisition by Visa Inc. We are very confident in our forecast given the traditional communication by management, its excellent track-record, and very strong growth in the volume of e-commerce transactions processed which is accelerating quarter after quarter.
- **3/ Some elements of track record:** In recent years, the group has regularly raised its EBITDA guidance (several times during the year). On average, it has reported a figure 1% higher than the middle of its initial range (3% higher in 2014). Note also that every year, it moves slightly closer to the top-end of its initial range (difference of 5.5% in 2011 and just 1.2% in 2014), and in 2015e and 2016e it should be above.

Management track-record: reported EBITDA vs. initial guidance

Year	2010		2011		2012		2013		2014	
	Initial guidance	Reported figure	Initial guidance	Reported figure	Initial guidance	Reported figure	Initial guidance	Reported figure	Initial guidance	Reported figure
EURm										
EBITDA	70-75	73.3	81-89	84.4	103-115	109.2	120-130	126.0	160-175	172.9
Mid-point	72.5	73.3	85	84.4	109	109.2	125	126.0	167.5	172.9
Reported vs. mid-point		+1.1%		-0.7%		+0.2%		+0.8%		+3.2%
Upper range vs. reported		+3.5%		+5.5%		+5.3%		+3.2%		+1.2%

Source: Bryan, Garnier & Co

- **4/ We are maintaining Wirecard on our Q1 Top Pick list** to benefit from the rising momentum of eCommerce (notably during the Christmas period) and good visibility (first 2016 guidance already given). The group is a growth story (strong double digit organic top line growth) and one of margin improvement (thanks to its fixed-cost structure).

VALUATION

- **The share is attractive relative to its EPS growth:** 2016e: P/E of 25x vs. +38% attrib. net profit
- **We maintain our Buy rating and FV of EUR52** (including a DCF of EUR56 and a 12m rolling fwd EV/TVP ratio based on PayPal after a 15% discount of EUR47). **The stock is on our Q1 Top Pick list.**

NEXT CATALYSTS

- **FY 2015 earnings** at the beginning of April.

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Distribution of stock ratings

BUY ratings 72%

NEUTRAL ratings 0%

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