

20th May 2016

TMT

Wirecard

Price EUR41.07

Key points to take away from yesterday's conf. call

Fair Value EUR52 (+27%)

BUY-Top Picks

Bloomberg	WDI GR
Reuters	WDIG.DE
12-month High / Low (EUR)	47.4 / 31.2
Market Cap (EUR)	5,074
Avg. 6m daily volume (000)	889.2

	1 M	3 M	6 M	31/12/15
Absolute perf.	15.4%	-3.4%	-10.5%	-11.7%
Softw.& Comp.				
SVS	-3.0%	1.9%	-5.2%	-5.1%
DJ Stoxx 600	-4.4%	2.3%	-12.4%	-8.7%

	2015	2016e	2017e	2018e
P/E	31.0x	22.5x	17.7x	14.5x
Div yield (%)	0.3%	0.3%	0.4%	0.4%

ANALYSIS

- According to management, Q1 is a good indicator of the business trend in ecommerce, both in Europe and outside Europe (strong start to the year).
- Q1 is usually the weakest quarter, yet it was a strong quarter in 2016. So, this shows that the FY16 guidance is conservative (EBITDA guidance of EUR290-310m vs. BG at EUR306.3m and consensus at EUR300.1m). And the group is well on track to reach its 2020 targets, it also qualified these targets as "conservative" (EBITDA margin of 30-35% vs. BG @ 31.9%; 29.5% reported in FY15).
- The decline in interchange fees lowered the Q1 top line by EUR6m. If we restate the organic revenue growth from this element, it would have been +24% lfl (vs. +20% lfl reported, in line with our estimate). However, the decline in interchange fees is neutral on the EPS (less revenue but higher gross margin and EBITDA margin). The group expects a negative impact of -EUR30m on the revenue side over FY16. This is exactly what we have in our model (we have a +20.3% lfl revenue growth in FY16).
- Wirecard expects margin improvements in the next few years (from the decline in interchange fees, the scaling effect, the margin improvement coming from the last acquisitions, and it expects to reap the benefits from its investments in mobile payment in recent years).
- The group confirms that the Bafin is investigating "market manipulation". The group does not have any further information, it is concentrated on the operating level: "market manipulation investigation is the job of authorities".

VALUATION

- No surprise in the press release and during the conference call, good figures as expected, confirmation that the FY16 EBITDA guidance is conservative. The 6% fall in the share price yesterday morning was clearly a buying opportunity.
- With our conservative 2016 estimates (yet 7.6% above the consensus on the EPS level), the stock is trading with a P/E of 22.5x vs. a rest. EPS growth of +37.9%. Buy rating – FV of EUR52 (Top Pick).

NEXT CATALYSTS

- AGM: 16th June; H1 financial statements: 11st August (before trading).

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