

27th September 2016

TMT

Wirecard

Price EUR46.12

2016 EBITDA is likely to be in the EUR300-310m range, in line with our estimate

Fair Value EUR58 (+26%)

BUY-Top Picks

Bloomberg	WDI GR
Reuters	WDIG.DE
12-month High / Low (EUR)	47.4 / 31.2
Market Cap (EURm)	5,699
Avg. 6m daily volume (000)	579.6

	1 M	3 M	6 M	31/12/15
Absolute perf.	7.2%	17.6%	41.7%	-0.8%
Softw.& Comp.				
SVS	2.7%	16.6%	11.6%	7.9%
DJ Stoxx 600	-1.1%	5.6%	1.5%	-7.1%

	2015	2016e	2017e	2018e
P/E	34.8x	25.2x	19.4x	15.9x
Div yield (%)	0.3%	0.3%	0.3%	0.3%

ANALYSIS

- We were in Munich yesterday for **Wirecard's analyst day** at its head offices. The meeting had a **mainly technical and business model focus**. However, during the introduction, **Markus Braun (CEO) said that after a strong H1, the group's EBITDA could reach the higher half of its guidance range of EUR290-310m (i.e. EUR300-310m vs. BG est. EUR306.3m and consensus of EUR302.9m).**
- **Note also that short interest on the stock is now close to 15% of the share capital (vs. ~25% earlier this year after the Zatarra affair).** As we wrote in our research report in early September, US investors (a category accounting for a significant proportion of short positions) are revisiting the investment case. **The announcement of the acquisition of one of the Citi subsidiaries appears to be the proof that they had been missing to be convinced of the group's quality.**
- **We are maintaining our estimates, which are at the high-end of the guidance range and above consensus:** we have FY16e revenue of EUR1.015.9bn i.e. +31.7% and +20.3% lfl, EBITDA of EUR306.3m i.e. margin of 30.1% +60bp (cons.: EUR302.9m) and restated net income of EUR225.9m i.e. margin of 22.2%, +100bp. **Since the recent acquisition of Citi Prepaid Card Services in the US, Wirecard is now formally a global issuing and acquiring payment services provider.** A number of US investors are rumoured to be looking at the stock simply because it recently acquired this business from Citi (add weight to the quality of Wirecard). **By increasing its size, Wirecard should mechanically improve its margins (fixed cost structure business).**

VALUATION

- We maintain our **Buy recommendation and FV of EUR58**. The stock is on our **Q3 Top Pick list**.

NEXT CATALYSTS

- **Q3 release:** 16th November, 2016.

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Distribution of stock ratings

BUY ratings 72%

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SELL ratings 28%

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