

Wirecard

Price EUR46.25

2016 EBITDA guidance increased from EUR290-310m to EUR298-312m**Fair Value EUR58 (+25%)****BUY-Top Picks**

Bloomberg	WDI GR
Reuters	WDIG.DE
12-month High / Low (EUR)	47.4 / 31.2
Market Cap (EURm)	5,715
Avg. 6m daily volume (000)	562.3

	1 M	3 M	6 M	31/12/15
Absolute perf.	0.9%	16.3%	33.2%	-0.5%
Softw.& Comp.				
SVS	1.1%	17.3%	12.3%	8.8%
DJ Stoxx 600	-2.1%	3.3%	3.0%	-6.2%

	2015	2016e	2017e	2018e
P/E	34.9x	25.3x	19.5x	15.9x
Div yield (%)	0.3%	0.3%	0.3%	0.3%

ANALYSIS

- **Wirecard has just increased its EBITDA guidance of EUR290-310m to a bandwidth of between EUR298m and EUR312m** in view of the positive business development. **This new midpoint of EUR305m (vs. EUR300m previously) compares with BG est. of EUR306.3m and Thomson Reuters consensus of EUR303.4m.** This confirms and pinpoints what Markus Braun said on 26th September during the opening of Wirecard's analyst day in Munich. The meeting had a mainly technical and business model focus. However, during the introduction, the CEO said that after a strong H1, the group's EBITDA could reach the higher half of its guidance range of EUR290-310m.
- **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 were lacking conviction over 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.: EUR303.4m) 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 **Q4 Top Pick list.**
- **Wirecard's PEG is still very appealing, with a P/E of 25x vs. EPS growth of 38% in 2016e.**

NEXT CATALYSTS

- **Q3 release:** 16th November 2016. [Click here to download document](#)

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