

26th October 2016

TMT

## Wirecard

Price EUR43.62

**Strong preliminary Q3 results; positive momentum and FY guidance maintained**

**Fair Value EUR58 (+33%)**

**BUY-Top Picks**

Bloomberg	WDI GR
Reuters	WDIG.DE
12-month High / Low (EUR)	47.4 / 31.2
Market Cap (EURm)	5,390
Avg. 6m daily volume (000)	510.0

### ANALYSIS

- **Preliminary figures:** Q3 revenues of EUR268.0m, up 33.4% Y/Y i.e. organic growth over 20%e (BG est.: EUR263.1m i.e. +31%), and EBITDA of EUR81.4m i.e. margin up 50bp to 30.4% (BG est.: 79.7m, margin of 30.3%). This implies 9-month revenues at EUR719.8m +33.0% Y/Y and EBITDA at EUR213.8m i.e. margin up 40bp to 29.7%.
- **FY16 guidance:** Management expects a positive business development in Q4 2016 and confirmed its most recent FY 2016 guidance, namely for EBITDA of between EUR298m and EUR312m (the midpoint of EUR305m compares with BG previous est. of EUR306.3m and Thomson Reuters consensus of EUR303.5m).
- **We are slightly upgrading our estimates, which were already at the high-end of the guidance range and above consensus:** we have FY16e revenue of EUR1,025.2m i.e. +32.9% Y/Y and +20.9% lfl (vs. EUR1.015.9bn before), EBITDA of EUR306.8m i.e. margin of 29.9% +40bp (vs. EUR306.3m before; cons.: EUR303.5m) and restated net income of EUR226.1m i.e. margin of 22.1%, +90bp (vs. EUR225.9m before). 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)

	1 M	3 M	6 M	31/12/15
Absolute perf.	-6.7%	4.3%	23.1%	-6.2%
Softw.& Comp.				
SVS	-2.4%	4.0%	9.9%	6.3%
DJ Stoxx 600	-0.7%	0.6%	-1.0%	-6.2%

  

	2015	2016e	2017e	2018e
P/E	32.9x	23.8x	18.2x	14.9x
Div yield (%)	0.3%	0.3%	0.3%	0.4%

### VALUATION

- We maintain our **Buy recommendation** and **FV of EUR58**. The stock is on our **Q4 Top Pick list**.
- Wirecard's PEG is very appealing, with a **P/E of 19.6x compared with restated EPS growth of +31% over 12 rolling months**.

### NEXT CATALYSTS

- **Audited Q3 financial statements:** on 16th November 2016 (before trading).

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## Distribution of stock ratings

BUY ratings 57.3%

NEUTRAL ratings 31.2%

SELL ratings 11.5%

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