

1st December 2016

TMT

Wirecard

Price EUR42.10

Any consequences of the cash shortage in India?

Fair Value EUR58 (+38%)

BUY-Top Picks

Bloomberg	WDI GR
Reuters	WDIG.DE
12-month High / Low (EUR)	47.4 / 31.2
Market Cap (EURm)	5,202
Avg. 6m daily volume (000)	479.9

	1 M	3 M	6 M	31/12/15
Absolute perf.	-2.6%	-5.1%	5.3%	-9.5%
Softw.& Comp.				
SVS	-0.9%	-2.6%	2.8%	2.6%
DJ Stoxx 600	0.9%	-0.4%	-1.6%	-6.5%

	2015	2016e	2017e	2018e
P/E	31.7x	23.0x	17.6x	14.4x
Div yield (%)	0.3%	0.3%	0.4%	0.4%

ANALYSIS

- Note that during the first nine month of 2016 the acquired payment business of Great Indian Retail Group, India contributed for EUR53.8m in revenue (7% of group's revenue) and EUR10.9m in EBITDA (5% of group's EBITDA). For FY16, the management expects a revenue contribution of >EUR75m i.e. +67% Y/Y (BG est.: EUR75m) and EBITDA contribution of between EUR15m and EUR18m i.e. between +114% and +157% Y/Y (BG est.: EUR16.5m). Also for FY17, Wirecard expects top- and bottom-line growth of more than 50% (BG est.: +35% and +53% respectively). The Indian business at Wirecard is based on retail assisted e-commerce and remittance services. Note that while historically the retail assisted e-commerce business had a dominant portion of the transaction volume, the growth of the remittance business is outperforming even the strong growth of retail-assisted e-commerce.
- The positive effects from digitalization outweigh by far the effects from cash availability in the market. Therefore, the group fully sticks to its targets for the Indian business. The current developments in India show that the Indian government will eventually promote electronic payments and it also feels that it has the right solutions in place (Icashcard, mPOS-solutions...) to support the Indian society with its move to a cashless society.

VALUATION

- Buy rating and FV of EUR58 maintained (Q4 Top Pick). the stock is only trading at 12.3x its EV/EBITDA over 12 rolling months. And P/E of 18.9x vs. EPS growth of +32.7% over the same period.

NEXT CATALYSTS

- The closing of the Citi Prepaid Card Services deal: expected in December 2016/January 2017.

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Richard-Maxime Beaudoux, rmbeaudoux@bryangarnier.com



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Distribution of stock ratings

BUY ratings 72%

NEUTRAL ratings 0%

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BRYAN, GARNIER & CO

London	Paris	New York	Munich	New Delhi
Beaufort House 15 St. Botolph Street London EC3A 7BB Tel: +44 (0) 207 332 2500 Fax: +44 (0) 207 332 2559 Authorised and regulated by the Financial Conduct Authority (FCA)	26 Avenue des Champs Elysées 75008 Paris Tel: +33 (0) 1 56 68 75 00 Fax: +33 (0) 1 56 68 75 01 Regulated by the Financial Conduct Authority (FCA) and the Autorité de Contrôle prudentiel et de résolution (ACPR)	750 Lexington Avenue New York, NY 10022 Tel: +1 (0) 212 337 7000 Fax: +1 (0) 212 337 7002 FINRA and SIPC member	Widenmayerstrasse 29 80538 Munich Germany +49 89 2422 62 11	The Imperial Hotel Janpath New Delhi 110 001 Tel +91 11 4132 6062 +91 98 1111 5119 Fax +91 11 2621 9062 Geneva rue de Grenus 7 CP 2113 Genève 1, CH 1211 Tel +4122 731 3263 Fax+4122731 3243 Regulated by the FINMA

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