

December 20, 2015

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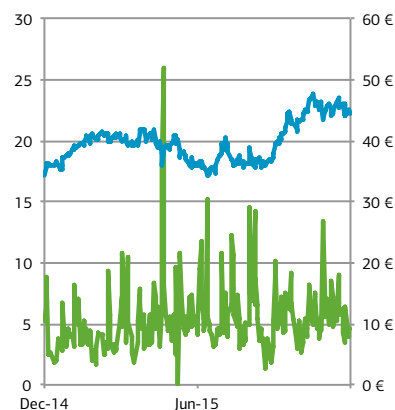
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## Wirecard (WDI GR)

Price	EUR 45.29
<b>Rating</b>	<b>SELL</b>
<b>Price Target</b>	<b>EUR 17.1</b>
Difference	62%
Market Cap	EUR 5.48 bln
P/E	42x
Float	87.70%

Wirecard (WDI GR) last share price in EUR (blue) and volume (green, in 100,000 shares)



Source: Bloomberg

## Wirecard (WDI GR) More Missing Acquisitions

- ▶ In ongoing work to identify and size Wirecard's acquisitions, we have not yet found a company that we believe justifies its acquisition price. We believe that the European acquisitions have been as troubled as those in Asia.
- ▶ Our recent checks on acquisitions in India indicate that the companies there are very marginal and not remotely worth the price paid. In one acquisition, we find evidence that Wirecard may have paid through a holding company set up for the purpose and therefore disguised the real price paid.
- ▶ We maintain our price target of EUR 17.2, 62% lower than Wirecard's current share price.

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Players in Indian payments say the market available to a newcomer would be tiny, maybe USD 1 mln a year.

**Anne Stevenson-Yang and Susannah Kroeber**

In further inquiries and visits, we have continued to find that the companies Wirecard is acquiring seem to be worth much less than Wirecard reported paying.

We visited India in November and tried to find evidence that major subsidiary there, Great India Retail, might be worth the EUR 330 mln paid for it. Instead, we found that Great India Retail has virtually no presence in the market.

On October 27, Wirecard announced that it would pay up to EUR 330 mln to acquire Great India Retail, which includes the Smart Shop and iCashcard pre-paid card brands, and 60% of GI Technology, a subsidiary operating prepaid payment cards. FT Alphaville [wrote critically](#) about the acquisition, pointing out that two years ago, GI Retail was barely involved in payments, according to Indian corporate filings. Sales and profits claimed by Wirecard for the businesses implied a dramatic transformation in GI Retail's financial performance since a qualified audit opinion was issued on the company 18 months earlier.

Wirecard's purchase is of the fast-growing payments business of GI Retail, projected to have revenues of EUR 45 mln in 2015 and EUR 75 mln in 2016. Wirecard will pay EUR 230 mln initially and up to another EUR 100 mln in earnouts.

The principal legal entities acquired are Hermes and GI Technology, and those companies' businesses are iCashcard and Smart Shop, essentially kiosks where Indians can have someone interact with the Internet on their behalf. Wirecard says that remittances are also a big part of the business. To generate the EUR 45 mln in sales expected this year will require about EUR 2.8 bln in transactions.

## India's Payments Business

This level of payments appears to be impossible for a newcomer like Wirecard. Players in online payments in India do not know Wirecard and claim that, even if Wirecard is involved in the payments business there, the available market for an independent is far too small to justify the valuation that Wirecard attached to GI Retail.

We spoke with representatives at competing e-wallets and e-commerce sites, which are the biggest segment of e-payments processing in India. In e-payments, PayU is the largest player, with a dominant 50%+ of the market, followed by Mobikwik and PayTM. These three brands arguably

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The biggest opportunity is in mobile payments, but PayU, MobikWik, and PayTM have that market sewed up.

account for over 85% of online e-wallet payments, with Naspers backing PayU, American Express and Cisco backing Mobikwik, and PayTM's parent, One97, almost entirely backed by MY Bank (Ant Financial), the investment firm behind China's Alipay.

This leaves a tiny fraction of the small Indian e-wallet market (USD 5 bln in 2015) available for other players like Wirecard's newly acquired iCashCard. Most people we spoke to believed that Amazon Payments had the lion's share of that remaining 15% of the market.

Regulation and licensing are key in the area of e-payments, where non-licensed companies are blocked from competing. Earlier this year, Snapdeal, a large e-commerce site, acquired Freecharge, another minor e-payments mechanism, but has largely been unable to capitalize on this acquisition since it does not have the license to engage in the payments market.

The biggest loophole in the system is for mobile prepaid cards, but iCashCard is not in mobile. People we spoke with in the payments industry said that outside the major online payment processors of PayU, Mobikwik, PayTM and Amazon Payments, all major growth and activity is in the cellular payments system, where iCashCard does not operate. Airtel, the cellular service provider, is one of the largest mobile payments processors in India—customers can use funds charged on their mobile accounts to make transactions. This segment is not limited to smartphone users, which account for less than 10% of the 900 million mobile phone users in India (compared to 95% smartphone penetration in China).

When we checked on the five major e-commerce sites, we could find iCashCard offered only on one site. We were unable to complete a purchase using the iCashCard mechanism even there. We were easily able to complete purchases with an Airtel balance and with cash on delivery; COD still accounts for more than 60% of all transactions processed online in India, with direct bank money transfers being the second most popular, followed by conventional credit/debit cards.

A vendor-acquisition manager for one e-commerce site told us that e-wallets have created a headache for them, since e-wallets require the sites to provide multiple payment portals. The wallets are often unreliable, and vendors complain that users who tried to check out using e-wallets were twice as likely to abandon their purchases as those using a different method. This manager has dealt with several e-wallet payment platforms but had not heard of iCashCard.

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An engineer at a different Top Five e-commerce site who had previously worked at PayTM told us that the main limitation of e-wallets is that they are all in the customer acquisition phase, with most offering 1-5% back on purchases. This is why VC backing is so important, and without strong cash backing, an e-wallet company would be unable to compete in the market. With only USD 100 mln made in e-wallet payments last year, any minor player would have had less than USD 1 mln in payments processed. For that volume, almost no major e-commerce site is going to provide technical support. iCashCard falls into this bracket of minor players.

### The GI Retail Transaction

Given these limitations, EUR 330 mln is a lot to pay for [GI Retail](#)

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The Philippine travel agent Wirecard acquired claims to have tripled its distributors in two months.

Triangular transactions like this one can be ways to cover a gap between an amount really paid and an amount reported. In many Chinese companies we have covered, over-reported profits are hidden by getting rid of fake cash through such mechanisms.

## Philippines

As part of its acquisition of GI Retail, Wirecard acquired a travel agent in the Philippines called Biyahe Ko. Hermes, the parent company, claims that Biyahe Ko had 9,832 distributors in the Philippines as of August 2015.

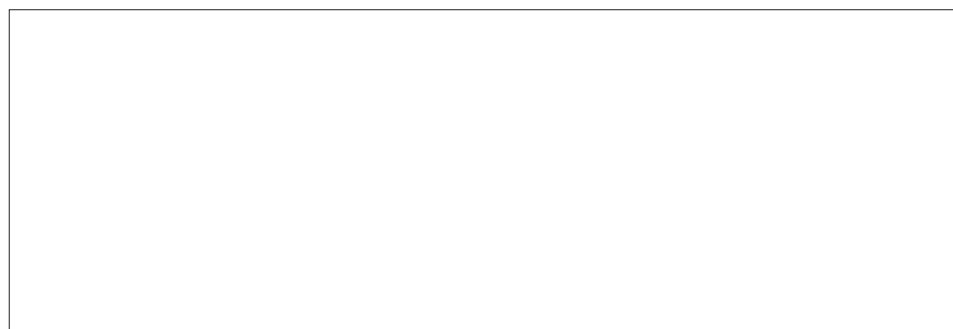


Screenshot from the Hermes website February 23, 2015

In December 2014, [the Hermes website<sup>2</sup>](#) reported that Biyahe Ko had 9,212 distributors. Just two months earlier, in October 2014, the total claimed was only 3,949.

When the Hermes website showed a 133% gain in agents in two months, the website also showed signs of manipulation. The subtotal of distributors in each city and region was unchanged and totaled fewer than 3,000 even though the top-line number was three times as high. The graphic also contained simple spelling errors that suggested that whoever updated the website was unfamiliar with the Philippines. That would seem to be a bad mistake for a tour operator.

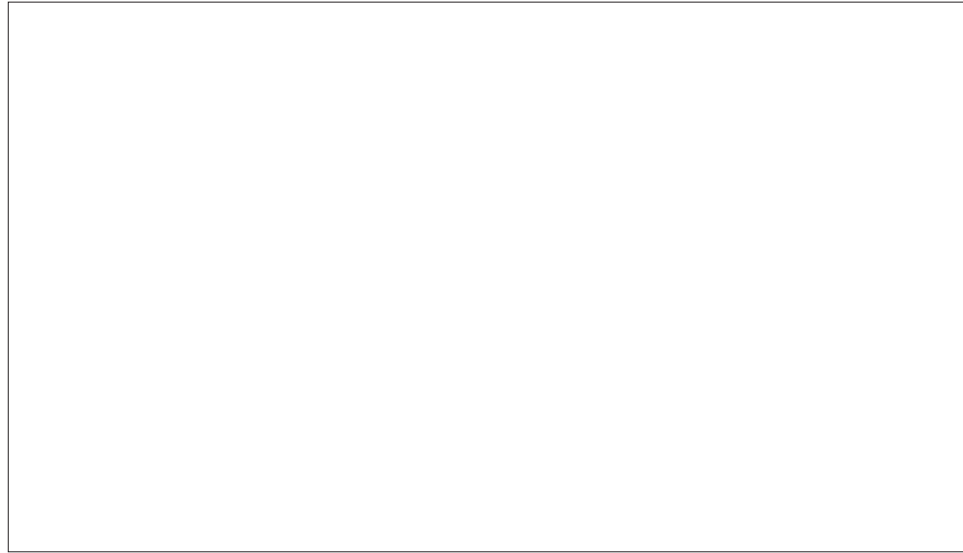
The Indian sister brand Get My Trip [now claims](#) only 3,500 distributors for Biyahe Ko.



Screenshot from Hermes website December 17.

<sup>2</sup> The website has moved to <http://www.hermesnetwork.in/DOC.html>.

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Screenshot from the home page of the Biyahe Ko site on December 17.

Screenshot from the home page of the Biyahe Ko site on December 17.  
Links on the current Biyahe Ko website do not work apart from the Contact Us at the bottom.

### A US MLM?

In 2011, the domain biyaheko.com was parked at Palani Online. Prior to that, the site redirected to YTB Travel.

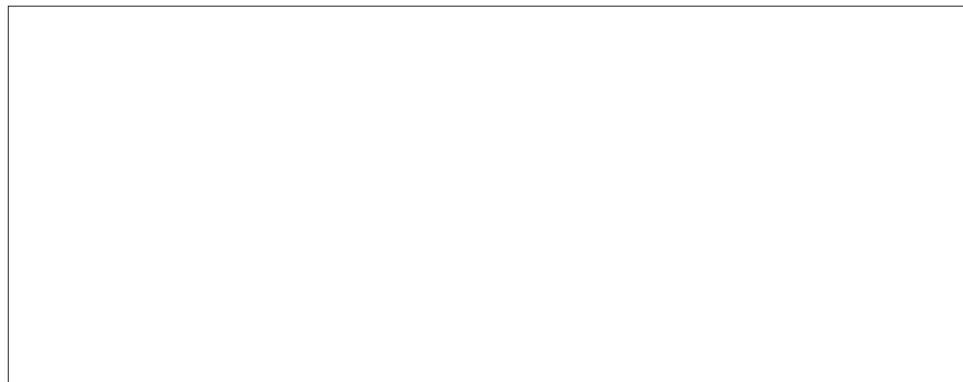
Loading...

<http://www.biyaheko.com:80/> | 4:57:54 Aug 3, 2008

Got an HTTP 302 response at crawl time

Redirecting to...

<http://www.ytbtravel.com/mbarias>

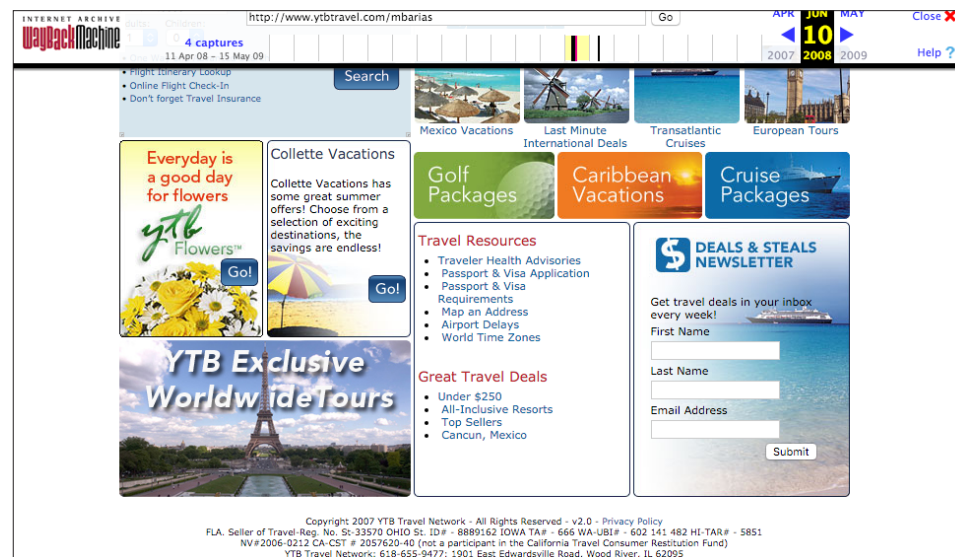


Screenshot from the Internet Archive, captured May 15, 2009.

The Philippine  
company's  
site used to  
redirect to a  
US MLM.

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Here is a picture of the YTB website, accessed from Biyaheko.com on June 10, 2008:



Source: Internet Archive

YTB Travel was a U.S.-based multi-level marketing company that filed for Chapter 11 bankruptcy protection in 2013. The company had previously settled out of court lawsuit in California, Illinois, and Rhode Island alleging it was a pyramid scheme that used deceptive marketing, paying millions of dollars in fines. A new class-action lawsuit was filed in 2015.

## Turkey

In Turkey, Wirecard acquired 3pay for up to EUR 26 mln, including earn-outs, in 2014. 3pay was billed as one of Turkey's leading mobile payment companies.

3pay does not have an online payment card or payment mechanism that we could identify. The company sells pre-paid cards at retail locations, including, according to the company website, the bookstore/music chain D&R, a furniture store, and a mattress retailer. A company called Kolay is also listed as a retail location. At these retail locations, consumers may buy game cards for Zynga, Stardoll, Mini Para, and Vitamin, a Turkish university exam prep course.

Once the pre-paid card has been activated, 3pay says that consumer can refill the card by linking their credit cards.

In Turkey,  
the visible  
payments  
business is  
all in online  
sports betting.



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### Where is the South African business?

We found one site we could find in Turkey where 3pay was the principal means of payment: [Mackolik](#), a site for betting on professional sports. A Turkish friend told us that this is a popular betting site. 3pay also [claims to be](#) a direct-payments provider to Turkey's three telecom carriers.

## South Africa

The Amara business in South Africa, acquired for EUR 35 mln (<http://www.amaratech.co.za/>) is located, according to the website, at Suite 13, The Estuaries, Oxbow Crescent, Century City, 7441, CapeTown, South Africa. But this is the address of an insurance vendor called [Envestpro](#). Envestpro has not heard of Wirecard. The Estuaries building does list Amara as a tenant, but we called the phone number on the Amara website and did not get an answer. Amara's website lists Wirecard as a "strategic partner."

## The European Business

We believe that Wirecard does have an acquiring business in Europe, but a small one and with little presence outside Germany. We are skeptical that this is a profitable business, and we suspect that the volumes are overstated.

Wirecard reported that EUR 24.1 bln in payments came from Europe in the first nine months of the year. On an annualized basis, that is about EUR 30 bln in transactions. Based on disclosures around the sale of Visa Europe to Visa Inc. this year, we know that Wirecard's share of Visa Europe transactions is roughly 0.6%. The evidence for the share in Visa payments comes from Wirecard's Q3 presentation, in which the company announced that it would receive up to EUR 100 mln over four years from the sale of Visa Europe to Visa Inc., based on achievement of targets. Visa Inc. is acquiring Visa Europe from member banks, of which Wirecard AG is one. The upfront consideration will be equivalent to EUR 78 mln, Wirecard estimates. Under the rules of Visa Europe, each shareholder owns a single share in the company, but the economic value of that share is determined by the volume of business that the shareholder conducts through its network.

Visa Europe in 2014 generated roughly EUR 2 trn in payments via credit cards, debit cards, POS terminals, mobile payments, mobile wallets, and cloud-based payments. EUR 30 bln in turnover would amount to about 1.5%

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Wirecard has an acquiring business in Europe but it seems to be smaller than claimed.

of Visa's payments volume. That means that Wirecard would need to have EUR 18 bln or 60% of its payments outside the Visa network to reach the stated number. Visa has a roughly 60% share of payments in Europe, but Wirecard may have a disproportionate share of payments outside the Visa network.

By comparison, Worldpay conducts roughly 6% of Visa Europe's payments. The economic value of that 6% is calculated as roughly EUR 833 mln. Wirecard's estimated payment from Visa amounts to 10.7% of Worldpay's.

This fits with disclosures of payment volumes, Wirecard is about 6.7% the size of Worldpay. Worldpay discloses BP 370 bln (EUR 507 bln) in annual transactions. In 2014, Wirecard reported EUR 34.3 bln in transactions.

However, Wirecard says that its merchants spend far more on its network than is typical for an acquirer. The company claims an average transaction value of EUR 1.8 mln per year per merchant. Meanwhile, Worldpay has about 400,000 merchants in its network and EUR 508 bln (GBP 370 bln) in transaction value, has an average value per merchant 50% lower. Wirecard does not disclose average value per transaction and so is hard to compare with competitors, which all report that metric.

## High margins

The acquiring business in Europe has real transactions but could be overstated in volume. Outside of Europe, Wirecard's principal business is processing transactions, a business with far lower margins than the acquiring business. With now 25% of the business outside of Europe and that proportion growing every quarter, Wirecard's margins should be compressing, and yet they are expanding.

Despite being so much smaller than Worldpay, Wirecard's trade receivables are proportionately much higher. In 2014, Wirecard showed EUR 354 mln in trade receivables, while Worldpay showed EUR 506.7 mln (BP 369.5 mln) for a business nearly 10x the size. Visa's accounts receivable in 2014 were USD 822 mln (EUR 749 mln).

This fits with our view that Wirecard's balance sheet has likely been bloated to make up for profits the company does not really have.

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## Trustpay

On October 11, 2007 Wirecard announced the acquisition of Trustpay International for EUR 48 mln. Wirecard said that the acquisition would include "... several payment service providers (PSP) operating in different European countries, including a customer base of approx. 1,000 agreements." The Q3 2007 report published on November 22 of that year confirmed that the "total purchase price amounts to EUR 48 million."

But the acquisition, which had already completed in October, was for EUR 42.785 mln according to Wirecard's 2007 annual report (page 61).

## Gateway

Trustpay was a shell company established in Grasbrunn, Germany. After its acquisition by Wirecard, Trustpay acquired Gateway Payment Solutions Holdings, an Irish entity that had been incorporated in October 2005 and that applied to establish a branch in Ireland only in August 2006. The last available accounts for Gateway are as at the end of 2006. At that time substantially all of the fixed assets of the business (mostly goodwill) were derived from another acquisition of "trade and net assets from a third party on 1st February 2006." The total cost of this acquisition appears to have been roughly USD 20 mln. For the 14 months to the end of 2006 Gateway reported revenue of USD 45.2 mln, operating profit of USD 2.8 mln and net profit of USD 1.4 mln. (The Gateway accounts are in USD.) In October 2007, the Gateway auditors, Grant Thornton, resigned.

The Wirecard announcement of the Trustpay acquisition states that it is expected to increase Wirecard's "EBIT per year, beginning in 2008, by at least 5 million EUR, taking into account synergies." For the last two months of 2007 Trustpay in fact reported a net profit contribution of EUR 7 mln from Gateway, and yet Gateway's net profit for 2006 had been USD 1.4 mln.

The 2006 Gateway annual report lists a number of related party transactions with entities controlled by them. These include:

- ▶ Sales of USD 3.2 mln to Gateway Financial Services Limited (GFSL), of which USD 2.97 mln remained due at yearend. GFSL was a Turks & Caicos entity but had changed its name to Allied Financial Services on July 21, 2006. It was wound up in 2009.
- ▶ Sales of USD 1.7 mln to Gateway Internet Solutions Inc.

Total related-party transactions that year were USD 6.37 mln, or 13% of turnover.

The contribution claimed from the Irish acquisition does not make sense against the company's accounts.

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## Gateway tried and failed to list on AIM.

Gateway's 2006 results show an exceptional item: the company "incurred material costs in exploring the possibility of listing the company on AIM," the London Stock Exchange's junior equity market. That is, its owners had been unable or had chosen not to IPO the company in 2006.

### Fishy people

Gateway had a heritage in online gaming, and so did its promoters. Gateway's sister company BingoWorkz was a Cyprus-based online gaming company described in Rolling Good Times Online in 2001 thus:

The staid old world of bingo has just been stood on its head. Brand new online start up, BingoWorkz Ltd, has innovative plans to bring bingo to the masses in a way never before possible. Their wholly owned operating site, BingoTropic ([www.bingotropic.com](http://www.bingotropic.com)) is the first of what are expected to be hundreds of bingo partner sites, delivering this exciting and popular game to millions of players world wide in the form of a world bingo network. BingoWorkz, in conjunction with their technology partner, has developed the unique ability to allow tens of thousands of players at any given time to play the same bingo game. Prize money will consequently be enormous, thus generating a self perpetuating business cycle of big prizes, more players, bigger prizes, even more players, repeatedly.

Gateway processed payments for BingoWorkz.

The vendors of Gateway were principally John Carbone and Dietmar Knoechelmann. Knoechelmann subsequently served as a director of the Wirecard subsidiaries from acquisition until March 25, 2009.

Gateway Financial Services Limited (GFSL) appears to have been acquired by Trustpay/Wirecard. GFSL was accused of managing "illegal gaming transactions" by its clearinghouse in a 2005 lawsuit.

Failing to make it to AIM, the Irish company got into a nasty internecine battle when Carbone and Knoechelmann allegedly forced out their joint venture partners, apparently preparatory to bundling up the company to sell to Wirecard.

Litigation brought in Ontario (Morran vs. Carbone) in 2005 alleges that Carbone and Knoechelmann used threats and economic pressure to defraud their joint venture partners, pushing them out of the company and forcing a merger between two subsidiaries--Bingoworkz and Gamewave Solutions, a Turks & Caicos-registered software development company—to form TGG

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Investments.

The judge in the complaint comments as follows:

Allow me to commence by observing that the facts as alleged, geographic diversity and documentation are complex. However, perhaps even more significantly the documentation and the alleged relationships and facts are incredibly convoluted, perhaps unintentionally so – or perhaps intentionally so – or a combination of both.

In the complaint, Derek Morran and Adi Tarkay, former shareholders and employees, claim that Carbone and Knoechelmann forced them out of corporate control in the merger of two subsidiaries and promised new payments contracts that never materialized. The defendants' attorney stipulates:

Based on our review of documents and interviews with knowledgeable parties, it appears that you caused the merger of BingoWorkz, Ltd. and Gamewave Solutions, Inc. ("Gamewave") as a means of defrauding our clients and others. Further, you utilized unauthorized corporate powers to usurp the authority of the board of directors of TGG, to appoint John Carbone as CEO, to relocate the operations of TGG to Toronto, to denude TGG and strip it of its cash flow, solely for your own personal benefits and to the detriment and monetary injury of Messers. Tarkay and Morran. Additionally, you breached your fiduciary duties, usurped corporate authority, and engaged in acts of corporate waste, self-dealing and other activities all of which are violative of applicable law. You have breached shareholders agreements, breached the employment contracts of Messers. Tarkay and Morran, and breached contracts with their corporate entities.

The complaint was apparently settled by arbitration.

Bingoworkz and Gamewave appear to have stopped doing business after the passage of the Unlawful Internet Gambling Enforcement Act (UIGEA) in 2006. Gamewave Solutions was liquidated in 2007. Perhaps looking for a new region to do business in, Gateway sold a 33% stake in 2006 to an AIM-listed supplier of online gaming software called IQ-Ludorum. IQ-Ludorum was delisted in March 2007 after the passage of UIGEA.

After the sale to Trustpay, Carbone and Knoechelmann set up a number of (mostly Irish) entities. Narect Limited, incorporated February 18, 2008, is controlled by Carbone Mangement Corporation and has two subsidiaries,

Gateway seems to have been searching for a business after US online gambling regulation tightened in 2006.

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The online gambling payments market is very competitive and not so easy to operate in at scale.

FX Currency Services Limited and Forex Trading Platform Limited. Ruediger Trautmann, COO of Wirecard from November 2005 to January 31, 2010, became a director of both subsidiary entities in March 2010.

## Online Gambling and Wirecard Margins

Many buyers of Wirecard point out that the company may receive higher margins from gray-market payments activities associated with gaming. We have not found much evidence of Wirecard as a payment mechanism in the major online gambling sites, but we took a look at the size of the market overall.

Global land-based gaming is estimated to be around USD 360 bln in revenue in 2015, and online gambling at USD 28-41 bln, with the higher estimates including gray-market operators, according to the European Commission on Gambling. The Commission estimated that European online gaming revenues would reach EUR 13 bln in 2015.

In 2010, tightened regulations caused PayPal and credit card companies to significantly curtail their activities in gaming. The major payments systems still provide services for online gaming, but very cautiously and with significant restrictions. Banks typically reject payments for online gaming with much higher frequency than are other types of payments because of the difficulty associated with determining which jurisdictions are legal for gaming. Most major credit cards have now adopted specific merchant codes for gambling to facilitate bank acceptance, and Visa, Mastercard, and PayPal have also agreed to reject transactions between British citizens and gaming sites that are not licensed by the United Kingdom Gambling Commission. There are some companies are rumored intentionally to miscode the transactions, for which they may receive higher commissions. But this sort of risky processing activity cannot sustain high volumes. Worldpay derived only 3.3% of revenue from online gambling in 2014.

Specialists in online gaming payments include the Paysafe Group, formerly Optimal Group, which owns NETeller, Moneybookers, and Skrill. Paysafe reports that 22% of its revenue comes from gaming and entertainment and that its top merchant, responsible for 14% of turnover, is an online gambling company. Paysafe reports about half the volume of transactions of Wirecard, with a projected USD 14-15 bln in transactions this year, mean-



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The company is very promotional but most of the deals announced seem trivial.

ing that it processes about USD 2.8 bln in gambling transactions, mostly in Europe. The UC Group, whose web processing division is called Secure Trading, is present in gaming, as are some smaller players. Specializing in gaming involves regulatory risk: both Firepay, which closed down in 2007, and NETeller were indicted in the U.S.

A portion of the online gambling payments business can be very lucrative, but that portion essentially involves extending short-term loans to gamblers by funding pre-paid cards.

In other words, the high-return, high-risk portions of the online gambling market are simply not large enough to sustain outsized returns when a company grows beyond about EUR 5-10 bln in transaction volume. If Wirecard has a significant portion of the “invisible” share of online gambling payments and funding, we believe that the share could not be as large as that for Paysafe Group. The company’s disclosures suggest a run-of-the-mill business in low-margin areas similar to Worldpay’s, and if the business indeed exists, there is no reason margins should be significantly higher than Worldpay’s. So even if Wirecard processed as much as USD 2 bln in high-margin, gray market gambling payments and received 5%, the extra margin could not bring transaction levels of EUR 30 bln to 18% net margins and rising.

## High Quotient of Noise to Meaning

We continue to have trouble verifying Wirecard’s presence in significant online payments. In the last investor presentation, Wirecard gave 28 examples of “strong partnerships” in key sectors. We checked online information on many of them and found very little.

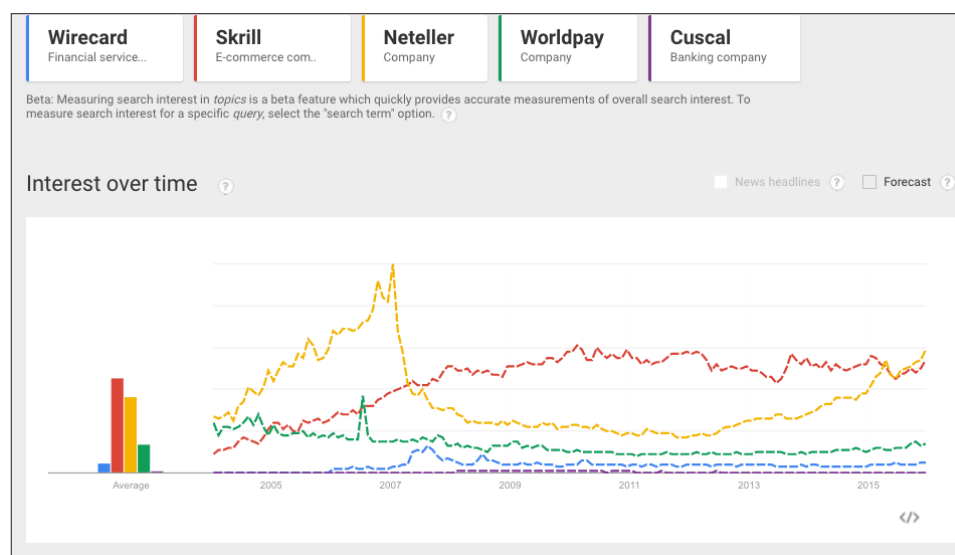
- ▶ LSG Skycheffs: no mention of a partnership with Wirecard.
- ▶ Spectrum Brands: given that this company does not disclose any direct sales but sells only to wholesalers and retailers, it is hard to know what a partnership with Wirecard might entail.
- ▶ Heise Gruppe: Wirecard is not in evidence as a payment method when attempting to purchase an online subscription.
- ▶ Cuscal is an Australian bank and payments solutions provider with which Wirecard announced a partnership in May. Cuscal has published Wirecard’s press release, which says that Wirecard’s New Zealand subsidiary, GFG Group, will work with Cuscal to launch new solutions. There is no mention from either side of an active payments business.
- ▶ Triumph International does say that Wirecard is a partner. When purchasing items from Triumph online, however, the available

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payment mechanisms are Visa, Mastercard, American Express, and Paypal. The site likely accepts the Wirecard Mastercard, but it is surprising that would merit a separate press release.

- ▶ Vineshop24 offers those four payment methods plus Sofort Banking, a German online payments service; wire transfer and COD.
- ▶ MyOrder accepts Wirecard Mastercards. As we have reported, these cards are extremely difficult to fund and appear to be a very small part of the business.

Overall, we find very little evidence of Wirecard in the payments world. A comparison of small, alternative payments mechanisms via Google Trends shows Wirecard almost at the bottom:



Screenshot from Google Trends, December 17, 2015

Wirecard does not even appear on a report from the tech services provider Builtwith.com on transaction levels over the last 12 months via major payments mechanisms.



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## Number of Sites Using a Given Payment Method Over Last 12 Months

Name	.com	.net	.org	.au	.uk	.nz	.de	.fr	.es	.se	.jp	.tw	.kr
<a href="#">PayPal Form Payments Processor</a>	267,009	23,604	87,285	3,241	15,278	654	7,251	3,977	2,977	569	307	119	75
<a href="#">Japanese Yen Payment Currency</a>	208,010	19,007	7,798	275	602	62	327	156	111	334	5,191	328	3,039
<a href="#">PayPal Button Checkout Buttons</a>	177,822	14,813	53,518	3,022	11,263	587	9,357	2,949	2,653	431	207	108	55
<a href="#">PayPal Payment Acceptance</a>	166,752	13,762	10,575	7,384	17,944	844	11,993	4,541	2,864	752	315	118	30
<a href="#">American Express Payment Acceptance</a>	156,323	14,794	6,730	6,208	6,397	582	2,582	1,101	603	264	667	89	9
<a href="#">PayPal Donate Button Checkout Buttons</a>	84,559	10,042	60,570	774	4,915	174	4,097	1,321	617	279	121	49	49
<a href="#">Euro Payment Currency</a>	40,852	3,542	2,008	178	2,156	26	19,288	8,244	3,816	258	72	26	14
<a href="#">PayPal BuyNow Button Checkout Buttons</a>	59,945	4,025	4,555	687	2,931	108	613	295	219	74	47	19	7
<a href="#">Pound Sterling Payment Currency</a>	30,406	2,254	1,209	199	28,602	48	319	255	159	82	372	30	34
<a href="#">Maestro Payment Acceptance</a>	16,829	870	313	271	9,178	90	1,097	413	438	181	10	9	3
<a href="#">Visa Payment Acceptance</a>	23,204	1,103	451	981	2,603	122	1,534	545	338	293	150	27	3
<a href="#">PayPal Cart Button Checkout Buttons</a>	28,278	1,775	2,178	353	1,451	73	93	152	43	31	20	3	-

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Name	.com	.net	.org	.au	.uk	.nz	.de	.fr	.es	.se	.jp	.tw	.kr
<a href="#">MasterCard</a> Payment Acceptance	21,015	1,028	379	899	2,426	114	1,503	525	309	269	101	20	2
<a href="#">Stripe</a> Payments Processor and Checkout Buttons	15,720	822	1,913	624	672	14	117	115	78	70	11	-	5
<a href="#">CCBill</a> Checkout Buttons and Payments Processor	13,844	1,853	570	9	344	3	39	13	5	3	8	3	-
<a href="#">Google</a> Checkout	12,445	676	652	110	801	13	46	13	28	4	7	6	-
<a href="#">PayPal</a> Subscribe Button Checkout Buttons	5,471	528	1,357	66	270	11	7	32	20	6	18	2	4
<a href="#">Stripe</a> Checkout Checkout Buttons	5,424	278	561	144	240	3	51	44	26	23	6	-	3
<a href="#">Flattr</a>	2,311	645	742	4	119	6	2,461	100	33	192	11	3	4
<a href="#">Israeli New Shekel</a> Payment Currency	4,465	321	151	40	152	6	54	26	15	8	3	2	2
<a href="#">South Korean Won</a> Payment Currency	5,262	159	19	11	17	5	7	7	2	2	6	-	1,309
<a href="#">Braintree</a> Payments Processor	4,581	131	60	47	45	8	9	8	3	11	-	11	-
<a href="#">PayPal</a> Adaptive Payments Checkout Buttons	2,708	132	458	72	95	9	37	24	21	7	3	-	-
<a href="#">PayPal Gift Certificate</a> Buttons Checkout Buttons	1,749	105	53	39	94	3	19	17	4	-	3	-	-

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Name	.com	.net	.org	.au	.uk	.nz	.de	.fr	.es	.se	.jp	.tw	.kr
<a href="#">Braintree v.zero</a>	1,852	53	24	12	11	5	9	4	2	2	-	-	-
<a href="#">Gumroad</a>	1,569	87	52	11	40	-	21	10	12	2	6	-	-
<a href="#">Login and Pay with Amazon Checkout Buttons</a>	1,294	53	30	-	12	-	212	3	-	-	-	-	-
<a href="#">Bill Me Later Alternative Checkout and Checkout Buttons</a>	1,494	64	17	2	2	-	-	-	-	-	-	-	-
<a href="#">BillSafe</a>	239	33	9	-	-	-	1,049	-	-	-	-	-	-
<a href="#">Coinbase Bitcoin</a>	894	98	115	-	15	3	7	-	3	2	-	-	-
<a href="#">PayPal Express Checkout Checkout Buttons</a>	646	35	5	31	40	-	51	78	29	8	-	-	-
<a href="#">Zombaio</a>	892	37	9	3	13	-	-	2	-	4	-	-	-
<a href="#">Klarna Checkout Buttons and Payments Processor</a>	119	17	5	-	5	-	215	3	2	358	-	-	-
<a href="#">Celery Checkout Buttons and Payments Processor</a>	662	26	22	6	12	-	4	5	3	-	-	-	-
<a href="#">WebMoney</a>	115	35	16	-	-	-	-	-	-	-	-	-	-
<a href="#">UnionPay Payment Acceptance</a>	385	33	9	24	9	5	12	3	3	-	7	3	2
<a href="#">Ogone Payments Processor</a>	148	11	9	-	18	-	15	32	4	-	-	-	-
<a href="#">PaySimple</a>	398	22	84	-	-	-	-	-	-	-	-	-	-
<a href="#">Adyen</a>	223	11	3	2	22	-	18	46	20	3	-	-	-
<a href="#">CoinDesk Bitcoin</a>	310	30	24	-	9	-	3	-	-	-	-	-	-

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## Valuation

Our valuation of the company relies on an independent estimate that true margins may be around 15%. On that basis, a DCF valuation puts Wirecard's current share value at EUR 17.2, 62% lower than the current share price.

## Risks

- ▶ We may not have identified many of the high-yield payments businesses that Wirecard has successfully penetrated.
- ▶ Wirecard may have been successful in establishing bilateral relationships among banks that are excluded from the more common payment networks. Those relationships would not be visible externally.
- ▶ We could misunderstand the business.
- ▶ With a coming IPO of Alipay, the online payments space could get bid up to high valuations. Wirecard could be acquired.

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