

wirecard

# Investor Presentation

Q3/9M 2019 results, 6 November 2019



# Highlights



**€ 124.2 bn**

Transaction volume 9M 2019



**313 k**

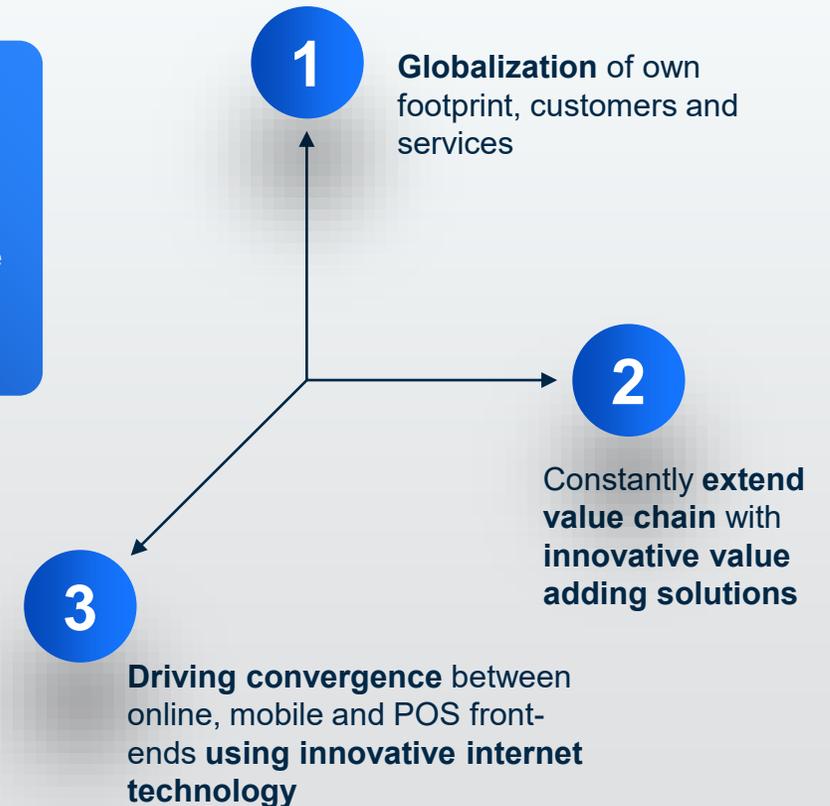
Merchants

Wirecard is one of the fastest growing financial commerce platforms that offers merchants and consumers a continuously expanding payment ecosystem over an integrated B2B2C approach.

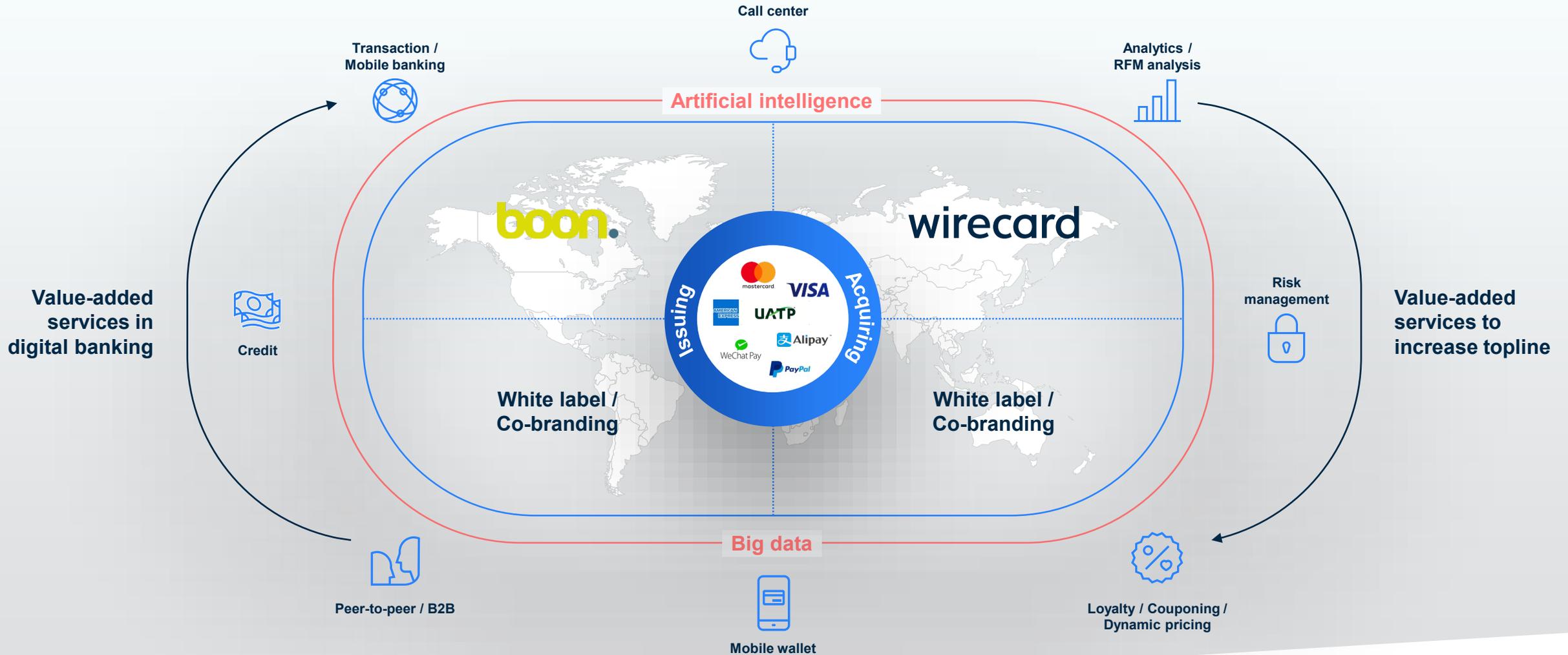
# Global Megatrends Driving Wirecard's Strategy

## 7 Global payment megatrends...

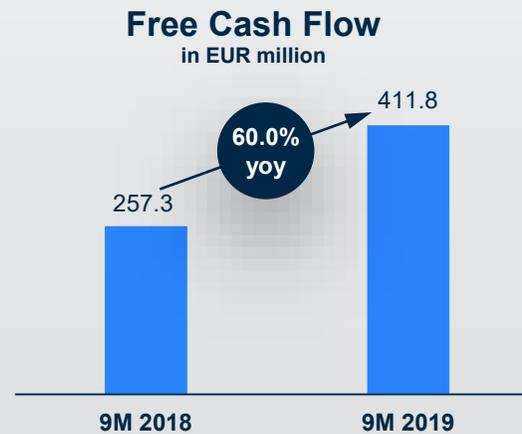
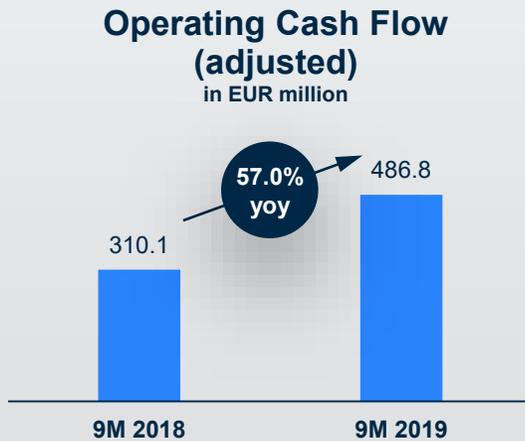
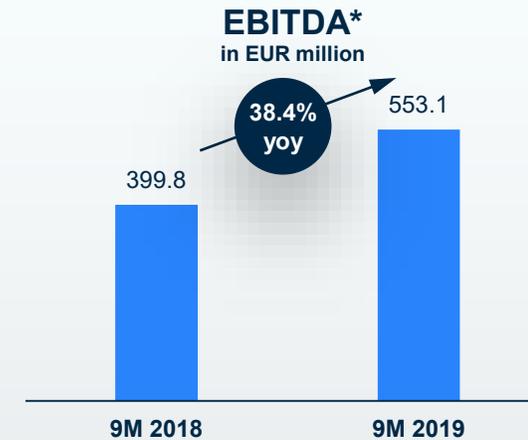
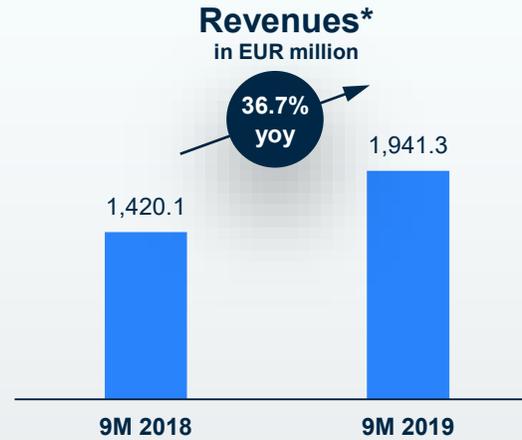
## ...driving our strategy



# Financial Platform



# Key Figures



**EBITDA guidance of EUR 765 – 815 million for FY 2019**

\* Some of the amounts disclosed for 2018 differ from the figures in the quarterly statement as of 30 September 2018 due to adjustments made in accordance with IAS 8.

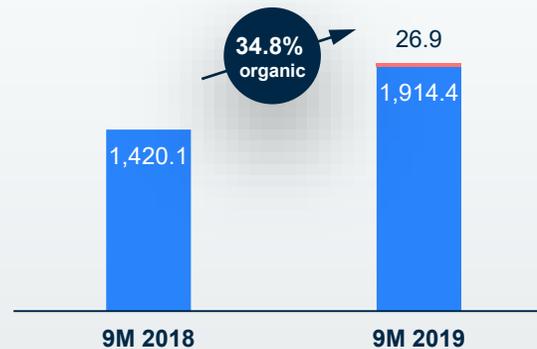
# Organic and M&A Related Growth

**Transaction Volume**  
in EUR billion



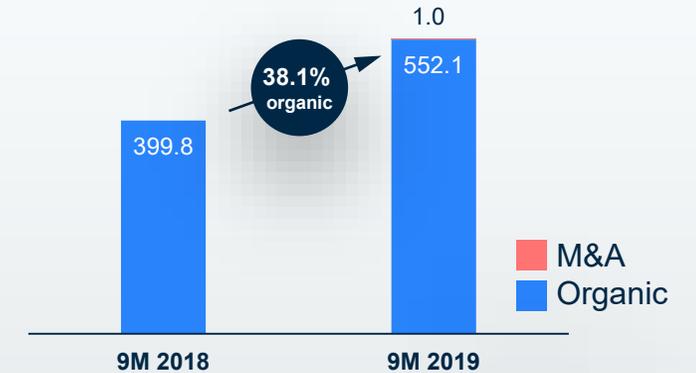
- Total transaction volume is up **EUR 34.0 bn**, representing **37.7%** of growth yoy
- Strong organic growth of **33.2%** yoy, up **EUR 29.9 bn**
- Total M&A added **EUR 4.1 bn** – merchant acquiring services of Citigroup in APAC added EUR 4.1 bn (India, Australia & New Zealand)

**Revenue\***  
in EUR million



- Total revenue is up **EUR 521.2m**, representing **36.7%** of growth yoy
- Strong organic growth of **34.8%** yoy, up **EUR 494.3 m**
- Total M&A added **EUR 26.9 m** – merchant acquiring services of Citigroup in APAC added EUR 26.9 m (India, Australia & New Zealand)

**EBITDA\***  
in EUR million



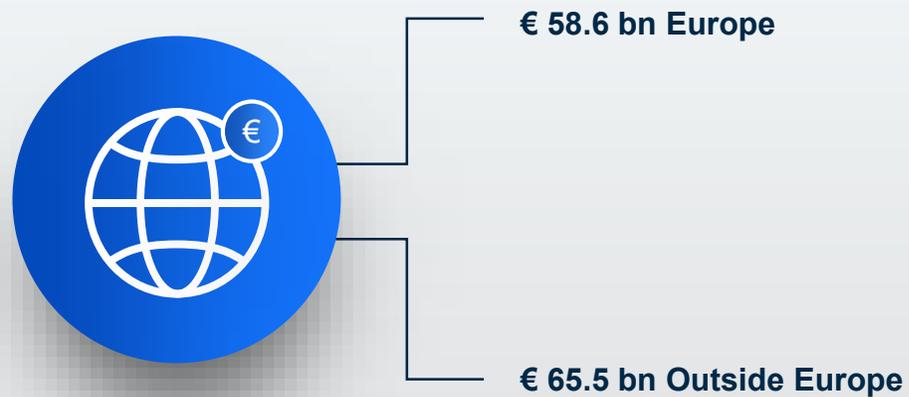
- Total EBITDA is up **EUR 153.3 m**, representing **38.4%** of growth yoy
- Strong organic growth of **38.1%** yoy, up **EUR 152.3 m**
- Total M&A added **EUR 1.0 m** – merchant acquiring services of Citigroup in APAC added EUR 1.0 m (India, Australia & New Zealand)

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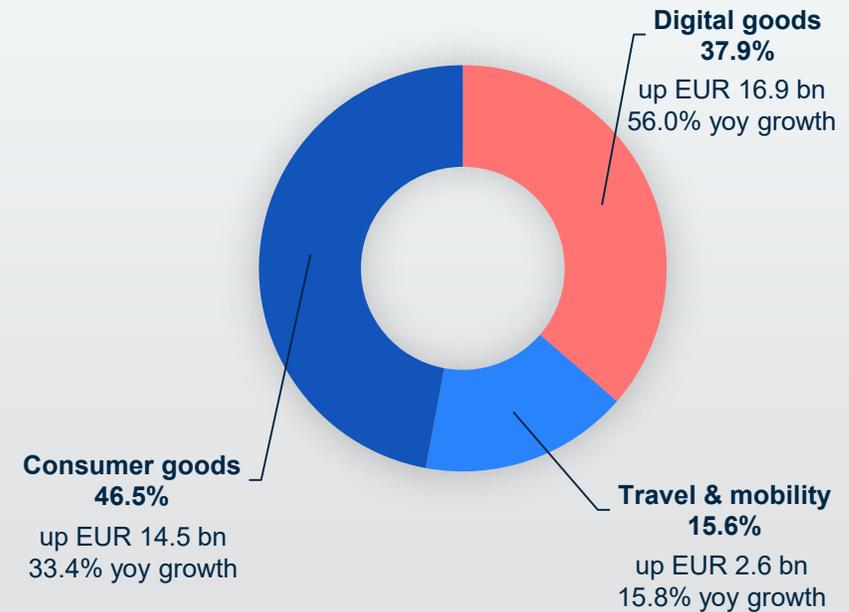
# Merchant View

## Transaction volume\* by geographies\*\* and industry 9M 2019

Transaction volume by geographies



Transaction volume industry allocation



\* Transaction volume: mainly acceptance and issuing means of payment along with associated value-added services

\*\* Geographic view: based on merchant location

# Customer Gains and Partnerships

Examples of customer gains, business extensions and new partners in the first nine months of 2019



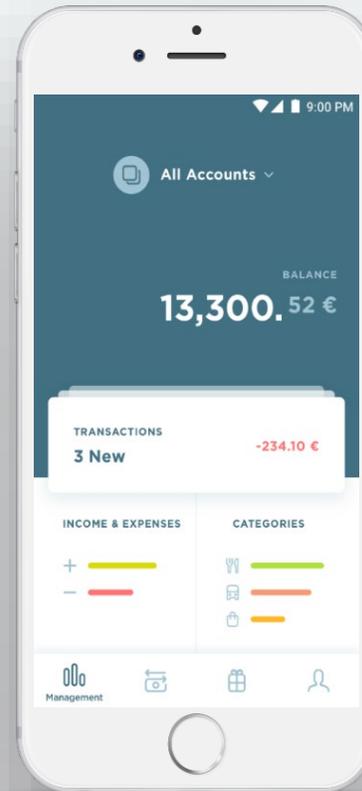
# boon.PLANET Evolution

First payment app with fully digital neo-banking services launched in Europe

## Functionality today:

Digital Bank Account

- Free virtual & physical debit Mastercard
- Personal finance management
- A fully comprehensive digital bank account
- Peer-to-peer money transfer
- White label or co-branded solution for existing and future corporate partners



## Functionality tomorrow:

Global Financial Service Platform

- Credit / overdraft allowance
- Loyalty
- Mobility & leisure services
- Insurance / mobile insurance
- Saving plans

boon.

# Market Entry China



Acquisition of a controlling stake of 80% in Beijing-based **AllScore Payment Services**;  
Call Option to acquire remaining 20% stake after two years



Unique **license portfolio** for a foreign investor in China, including a cross-border license



**Strong growth potential** by supporting Chinese and international merchants in their business inside and outside of China and offering cost-efficient fund-repatriation



**125 payment experts** led by a seasoned, fully committed and well connected management team



Maximum consideration of up to **EUR 109.3 million**:

- Capital Increase in AllScore of **EUR 10.4 million**
- Closing cash payments of up to **EUR 62.0 million**
- Earn-out payment of up to **EUR 16.7 million** (subject to EBITDA targets in FY 2020)
- Call option amount of up to **EUR 20.2 million** (subject to post-closing EBITDA targets)



After an integration phase in FY 2020, Wirecard projects to generate **EBITDA contributions** of more than EUR 35 million in FY 2021 and more than EUR 50 million in FY 2022

# Market Entry China

## Wirecard's Business Development Initiatives

### Local Acquiring & Repatriation

- **Local Acquiring** to Wirecard's international merchant base, which gains access to Chinese consumers
- **Acceptance** of widely-used digital mobile payments
- **Repatriation** of acquired funds to home country of merchant

### International Acquiring & Repatriation

- **International Acquiring** for AllScore's local merchant base and Chinese merchants recently and prospectively signed by Wirecard
- **Repatriation** of acquired funds to China

### Issuing Solutions

- Wirecard's **live prepaid merchant base in China** will be serviced more cost-efficiently, helped by AllScore's Issuing license
- Develop business and travel **Dual-Brand Prepaid Card** with local and international schemes

EBITDA FY 2022  
> EUR 50 million

# Wirecard's Operating Hubs

One platform hosted globally and operated in various hubs



## Financial Services

- Merchant settlement & payout processing
- Merchant billing & invoice generation
- Financial reconciliation

\* Core global hubs

\*\* Regional hubs

# Wirecard's unique global License Framework

... enabling strong conversion rates and global coverage

	Overview	Coverage	Key benefits for merchants
 <p><b>Own licenses</b></p>	<ul style="list-style-type: none"> <li>▪ Full banking license</li> <li>▪ Multiple e-money acquiring &amp; issuing licenses</li> <li>▪ Scheme licenses</li> </ul>	<ul style="list-style-type: none"> <li>▪ 33 countries</li> </ul>	<ul style="list-style-type: none"> <li>▪ Best in class risk management on global platform</li> <li>▪ Broad payment- and financial value-added service offering</li> </ul>
 <p><b>3<sup>rd</sup> party licenses</b></p>	<ul style="list-style-type: none"> <li>▪ ~ 60 acquirers directly integrated (40 countries)</li> <li>▪ ~ 100 acquirers via routing partners (60 countries)</li> <li>▪ 102 alternative payment solutions</li> </ul>	<ul style="list-style-type: none"> <li>▪ 100 countries</li> </ul>	<ul style="list-style-type: none"> <li>▪ Simpler integration for merchants</li> <li>▪ Extension of regional coverage for merchants</li> <li>▪ Extended value chain offering for customers</li> </ul>

- Platform service offering in >100 countries
- By combining global algorithmic / risk management services and global license and payment solution framework Wirecard can deliver on average 5-10% improved conversion rates

# Overview: Value Added Services Digital Lending

## Different Lending Products

Description

### Fintech Loan

- Support Fintechs with liquidity for their own products
- Offered as service in addition to WD platform, banking license, etc.

### Digital Credit

- Access to liquidity and working capital for merchants
- Customized credit based on historical and future expected transactions, as well as other scoring models

### Merchant Cash Advance

- Early settlement to the merchant to improve liquidity
- Scoring based on historic transactions and other scoring models

Volumes

as of  
31/3/2019

EUR 330m

~EUR 400m

as of  
30/6/2019

EUR 335m

~EUR 370m

as of  
30/9/2019

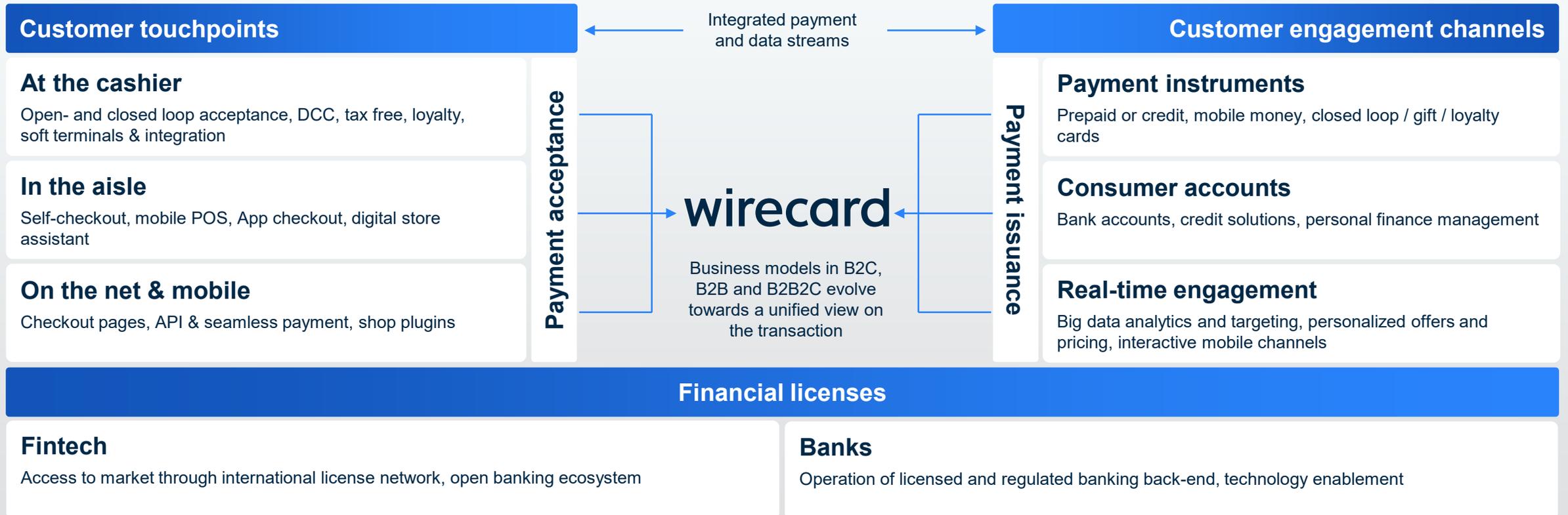
EUR 360m

~EUR 320m

# Outlook

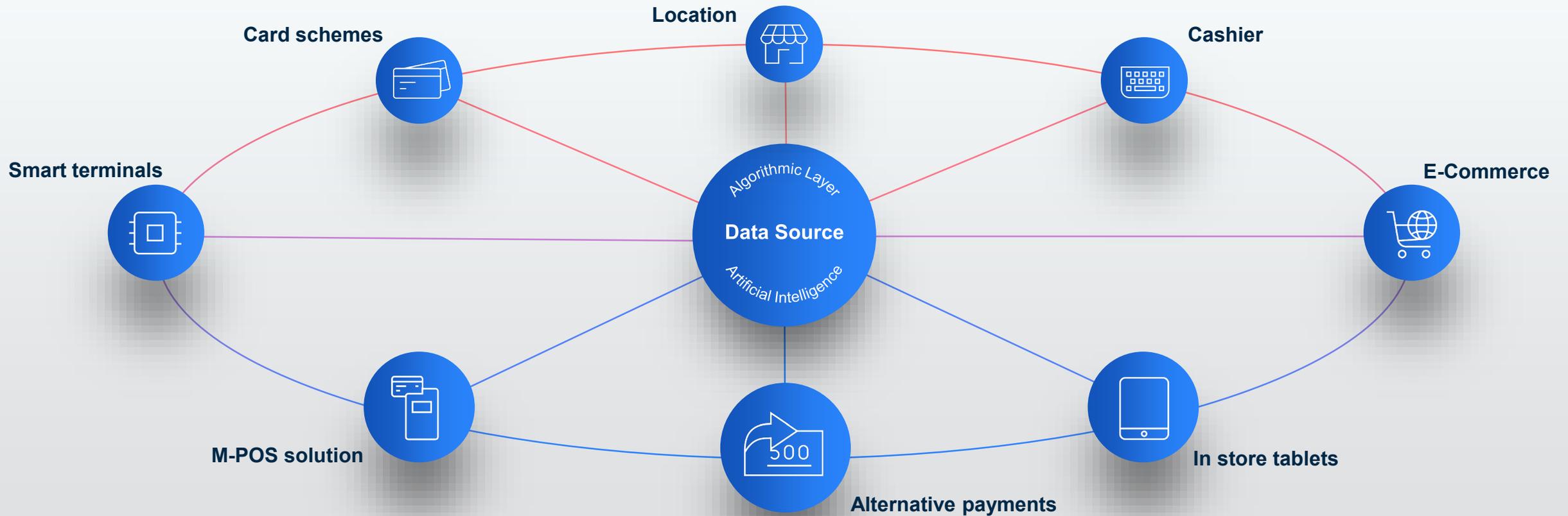
# Generating New Business Models...

... by combining digital acquiring, issuing and financial services



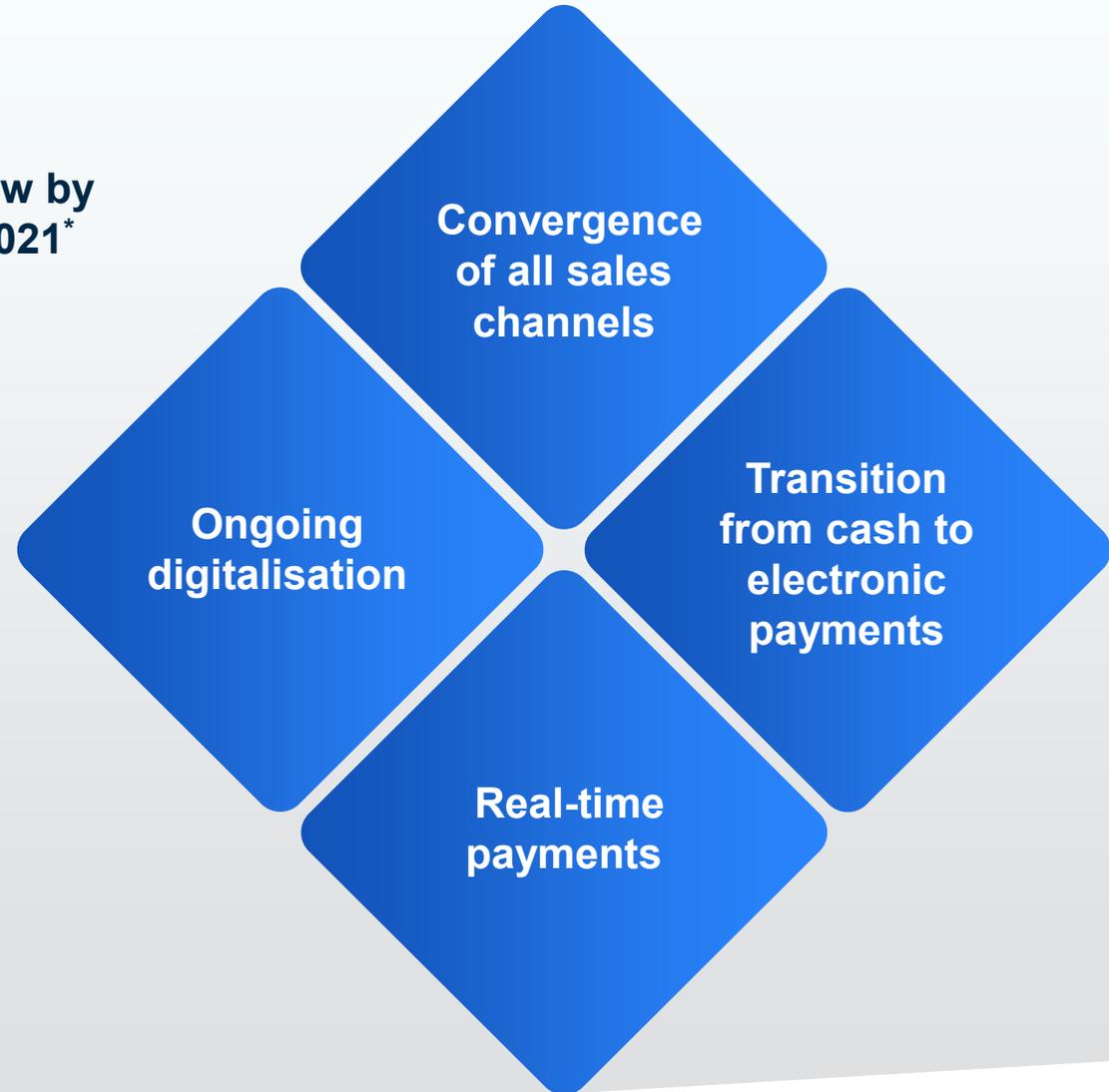
# Data Driven Services

Wirecard's omnichannel offering to further increase conversion rates



# Market Environment

Cashless payments expected to grow by around 14 percent per year up to 2021\*



# Company Guidance FY 2020

## Guidance is based on

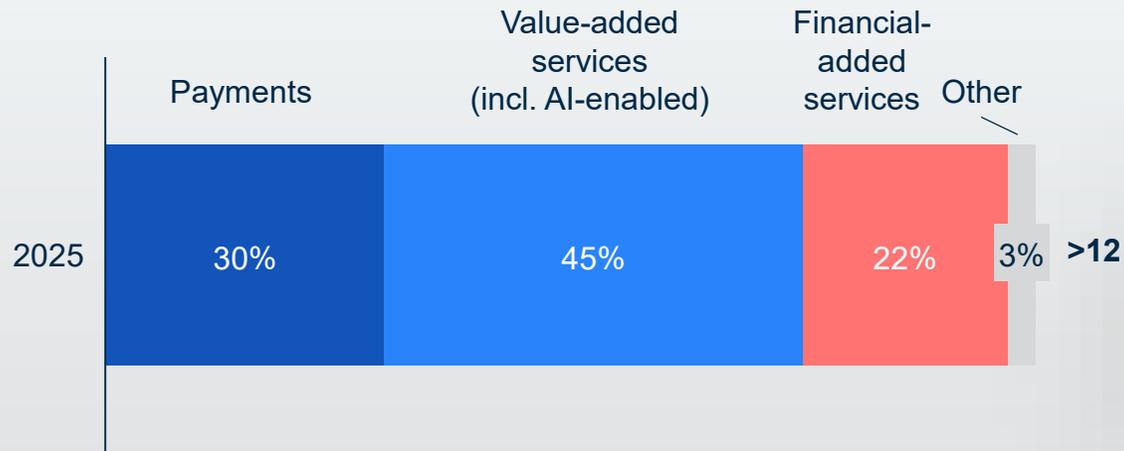
- Increase in cashless payments globally
- Growth of the global e-commerce market and continuing trend towards digitalisation
- Increase of processed transaction volume with existing and new clients
- Economies of scale
- Contribution from recent acquisitions

**EBITDA guidance of  
EUR 1.00 - 1.12 billion for  
FY 2020**

# Our Visionary Playing Field

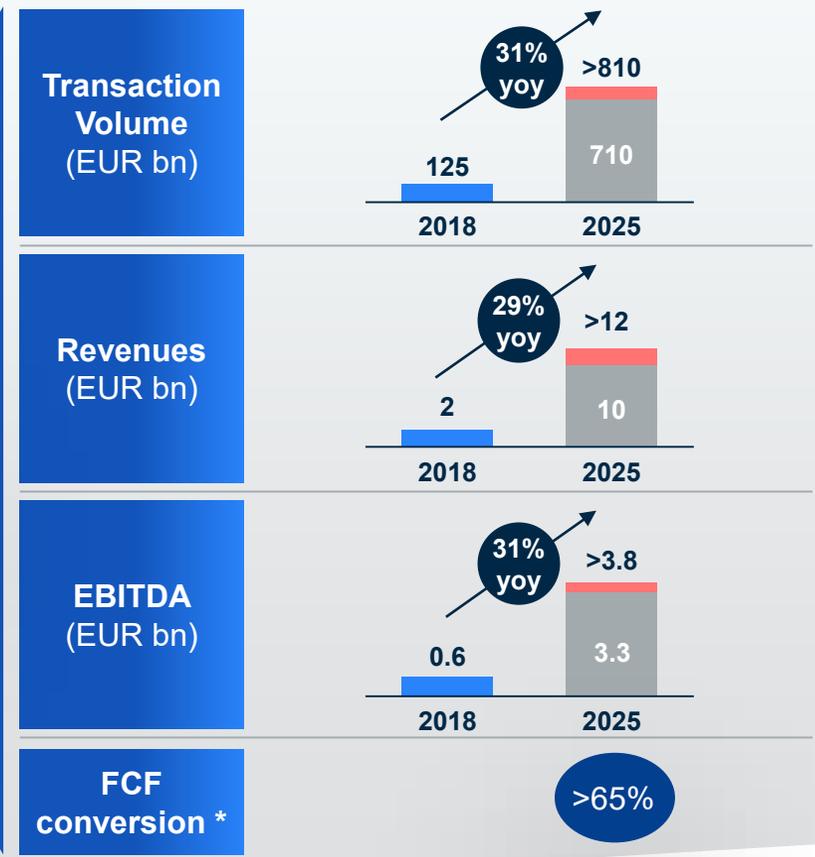
Shift towards AI-enabled value-added and financial-added services ...

Revenues, in EUR bn



... raises our long-term financial aspirations

**Vision 2025**





# Financials

# Financial Highlights

in EUR million	9M 2019	9M 2018**	Change
Revenues	1,941.3	1,420.1	36.7%
EBITDA	553.1	399.8	38.4%
EBIT adjusted*	476.9	350.3	36.1%
EBIT	450.9	321.4	40.3%
Income tax expenses	49.4	53.0	-6.8%
Earnings after taxes	386.7	252.4	53.2%
Earnings per share (basic and diluted) in EUR	3.13	2.04	53.4%
Cash flow from operating activities (adjusted)	486.8	310.1	57.0%
Total equity	2,314.8	*** 1,922.7	20.4%
Total equity and liabilities	7,001.5	*** 5,854.9	19.6%
Employees as of 30 Sept 2019 and 30 Sept 2018	5,809	5,269	10.2%
thereof full-time employees	5,450	4,933	10.5%
thereof part-time employees	359	336	6.8%

\* Adjusted for amortisation (M&A related)

\*\* Some of the amounts disclosed for 2018 differ from the figures in the quarterly statement as of 30 September 2018 due to adjustments made in accordance with IAS 8.

\*\*\* As of 31 December 2018

# Consolidated statement of profit or loss

in EUR million	9M 2019	in % of revenues	9M 2018*	in % of revenues*
<b>Revenues</b>	<b>1,941.3</b>		<b>1,420.1</b>	
Own work capitalised	32.4		31.1	
Cost of materials	1,039.8	53.6%	767.0	54.0%
<b>Gross profit</b>	<b>933.9</b>	<b>48.1%</b>	<b>684.2</b>	<b>48.2%</b>
Personnel expenses	213.4	11.0%	172.0	12.1%
Other operating expenses	156.5	8.1%	105.6	7.4%
Impairment losses of financial assets	18.8	1.0%	13.4	0.9%
Other operating income	8.0	0.4%	7.0	0.5%
Share of profit or loss from associates (at equity)	-0.1	0.0%	-0.4	0.0%
<b>EBITDA</b>	<b>553.1</b>	<b>28.5%</b>	<b>399.8</b>	<b>28.1%</b>
Amortisation and depreciation	102.2	5.3%	78.4	5.5%
<b>EBIT</b>	<b>450.9</b>	<b>23.2%</b>	<b>321.4</b>	<b>22.6%</b>
Financial result	-14.8		-16.0	
<b>Earnings before tax</b>	<b>436.1</b>		<b>305.4</b>	
Income tax expenses	49.4	11.3%	53.0	17.4%
<b>Earnings after tax</b>	<b>386.7</b>	<b>19.9%</b>	<b>252.4</b>	<b>17.8%</b>
<b>EBITDA</b>	<b>553.1</b>	<b>28.5%</b>	<b>399.8</b>	<b>28.1%</b>
Amortisation and depreciation (M&A adjusted)	76.3	3.9%	49.4	3.5%
<b>EBIT adjusted</b>	<b>476.9</b>	<b>24.6%</b>	<b>350.3</b>	<b>24.7%</b>
Amortisation and depreciation (M&A related)	25.9	1.3%	28.9	2.0%
<b>EBIT</b>	<b>450.9</b>	<b>23.2%</b>	<b>321.4</b>	<b>22.6%</b>

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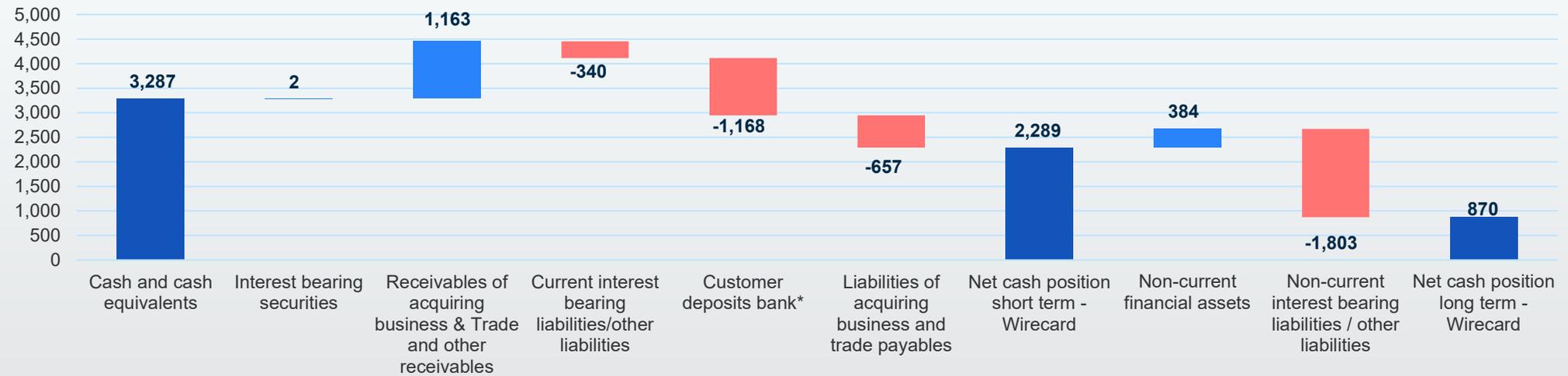
# Consolidated statement of financial position

Assets in EUR million	30 Sept 2019	31 Dec 2018
Goodwill	725.9	705.9
Customer relationships	445.2	452.1
Internally-generated assets	150.7	138.2
Other intangible assets	118.8	113.3
Property, plant and equipment	105.1	81.5
Investments (equity method)	13.9	14.0
Fin. and other assets	386.2	413.6
Deferred tax assets	11.9	10.8
<b>Total non-current assets</b>	<b>1,957.7</b>	<b>1,929.4</b>
Inventories and work in progress	7.1	10.6
Receivables of acquiring business	732.8	684.9
Trade and other receivables	430.5	357.4
Tax credits	34.3	13.1
Interest bearing securities	551.6	139.6
Cash and cash equivalents	3,287.4	2,719.8
<b>Total current assets</b>	<b>5,043.8</b>	<b>3,925.5</b>
<b>Total assets</b>	<b>7,001.5</b>	<b>5,854.9</b>

Equity and liabilities in EUR million	30 Sept 2019	31 Dec 2018
<b>Total equity</b>	<b>2,314.8</b>	<b>1,922.7</b>
Non-current interest-bearing liabilities	1,657.7	1,348.7
Other non-current liabilities	145.0	163.8
Deferred tax liabilities	78.7	80.1
<b>Total non-current liabilities</b>	<b>1,881.3</b>	<b>1,592.6</b>
Liabilities of the acquiring business	578.6	651.9
Trade payables	78.8	63.4
Interest bearing liabilities	127.7	117.4
Other provisions	31.3	18.5
Other liabilities	211.9	186.6
Customer deposits bank	1,719.2	1,263.0
Tax provisions	58.0	38.9
<b>Total current liabilities</b>	<b>2,805.4</b>	<b>2,339.6</b>
<b>Total liabilities</b>	<b>4,686.7</b>	<b>3,932.2</b>
<b>Total equity and liabilities</b>	<b>7,001.5</b>	<b>5,854.9</b>

# Net cash bridge 9M 2019

in EUR million



* Customer deposits bank break down in EUR million	30 September 2019
Customer deposits - balance sheet amount	1,719
thereof in long-term interest bearing securities	0
thereof in interest bearing securities and fixed-term deposits	-552
<b>Customer deposits relevant for net cash calculation</b>	<b>1,168</b>

# Cash flow and income tax analysis

in EUR million	9M 2019	9M 2018 *	Change
Cash flow from operating activities (adjusted)	486.8	310.1	57.0%
Operative capex	-75.0	-52.8	42.0%
<b>Free cash flow</b>	<b>411.8</b>	<b>257.3</b>	<b>60.0%</b>
Earnings after taxes	386.7	252.4	53.2%
<b>Cash conversion in %</b>	<b>106.5</b>	<b>102.0</b>	

in EUR million	9M 2019	in % of EBT	9M 2018 *	in % of EBT
<b>Earnings before tax</b>	<b>436.1</b>		<b>305.4</b>	
<b>Income tax expenses</b>	<b>-49.4</b>	<b>11.3%</b>	<b>-53.0</b>	<b>17.4%</b>
thereof deferred tax expenses/income	0.1	0.0%	-21.0	6.9%
thereof effective tax expenses	-49.5	11.3%	-32.0	10.5%
<b>Net cash outflow arising from income tax</b>	<b>-46.1</b>		<b>-44.0</b>	
thereof income tax	-46.1		-44.0	

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# Wirecard AG board commissioned independent review conducted by KPMG



## Review scope

- Accusations raised by the British newspaper "Financial Times"
- Allegations regarding 3rd party acquiring business particularly Al Alam
- Allegations regarding certain aspects of Merchant Cash Advance business

## Release

- The report will be published as soon as the independent review has been completed
- The report will be made available on the company website (subject to data protection regulations)

## Timeline

- KPMG review has started
- Approximately end of Q1 2020



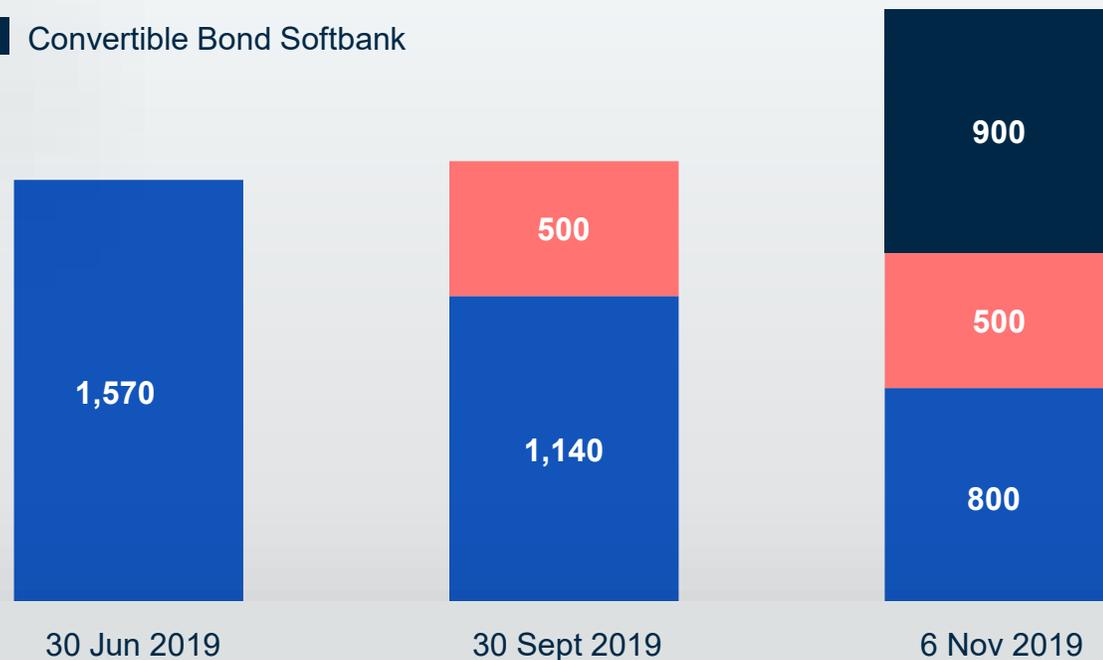
**Independent KPMG reporting to Wirecard AG Supervisory Board**

# Financing structure

## Main Funding Sources of Wirecard Group

In EUR million

- RCF\*
- Public Bond
- Convertible Bond Softbank



The proceeds of the EUR 900 million convertible bond have been partially used

- Repayment of RCF utilizations (EUR 340 million)
- Share Buyback program: up to EUR 200 million
- The remainder will be invested in innovative payment and financial services

\* Respective utilizations of the Revolving Credit Facility in the total amount of EUR 1.75bn

# Wirecard Share Buyback Program

- Authorization was resolved by the annual general meeting on 20 June 2017 for 12,356,558 shares
- Start date: 5 November 2019
- The shares will be bought back within a twelve-month period (end date 5 November 2020) under the following conditions:
  - Total number of shares: up to 2,500,000
  - Maximum amount: EUR 200 million (excluding acquisition expenses)
- The share buyback will be carried out in accordance with the Safe Harbor Rules

# Compliance update and embedded strategy



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