

11/05/2019

Wirecard AG announces market entry into China

Wirecard AG / Key word(s): Takeover/Strategic Company Decision
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05-Nov-2019 / 11:19 CET/CEST

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Wirecard AG is investing in a comprehensive license portfolio for digital payments in China with the acquisition of a payment service provider.

Wirecard will gradually acquire all shares in Beijing-based AllScore Payment Services. AllScore Payment Services is currently controlled in its majority by its founder and CEO Mr. Yao Lin and Shanghai Aiwu Investment Management Co. Ltd., led by its Chairman Mr. Shit Yonglei, owner of the Shanghai-listed supermarket-chain Lei Yifen. The framework agreement was signed in Beijing today. After the closing, which is subject to customary and regulatory closing conditions, Wirecard will hold 80 percent of all shares in AllScore. A call option enables Wirecard to acquire the remaining 20 percent of shares after two years.

The license portfolio will enable Wirecard to offer internationally oriented Chinese merchants local acquiring services, cross-border acquiring including settlement in their local currency and innovative digital value added services. Wirecard's international merchants gain access to Chinese consumers and are enabled to accept widely-used digital mobile payment methods and receive settlements in their respective local currency. The license portfolio also provides the capability to issue payment cards to consumers and companies in China.

The consideration in connection with this transaction comprises cash payments, including a capital increase in AllScore Payment Solutions, of up to EUR 72.4 million until closing. Subject to customary closing date account adjustments the minimum payment will amount to EUR 38.6 million. Furthermore, an earn-out payment of up to EUR 16.7 million has been agreed to, subject to EBITDA targets in the fiscal year 2020. Wirecard holds a call option to acquire the remaining 20 percent of shares after two years for up to EUR 20.2 million, subject to post-closing EBITDA targets.

For fiscal 2020, Wirecard projects a low single-digit EUR million EBITDA contribution after integration costs. The integrated company will generate more than EUR 35 million of EBITDA in 2021 and an EBITDA in excess of EUR 50 million in 2022.

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ISIN DE0007472060
Reuters: WDI.GDE
Bloomberg: WDI GY

05-Nov-2019 CET/CEST The DGAP Distribution Services include Regulatory Announcements, Financial/Corporate News and Press Releases.
Archive at www.dgap.de

Language: English
Company: Wirecard AG
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E-mail: ir@wirecard.com
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ISIN: DE0007472060
WKN: 747206
Indices: DAX, TecDAX, Prime All Share, Technology All Share
Listed: Regulated Market in Frankfurt (Prime Standard); Regulated Unofficial Market in Berlin,
Dusseldorf, Hamburg, Munich, Stuttgart, Tradegate Exchange
EQS News ID:904577

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