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Wise (LON:WISE)

Research & Presentation Materials – Investment Committee

The Complutense Finance Society Investment Fund

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Executive summary



Current price: 8,21 GBP (-3% YTD)

Price Target: 10,87 GBP (32,3 %)

Recommendation: **Buy**



- Regulation
- Industry growth
- Strategic role of payments & partnerships

A massive problem for people and businesses



Large addressable market

Products customers love



Evangelical customers drive growth

The network for the world's money



Technology first solutions

Wise is growing fast and profitable



Creating a valuable company

Business model

Products



Revenue Breakdown



Share Price Evolution

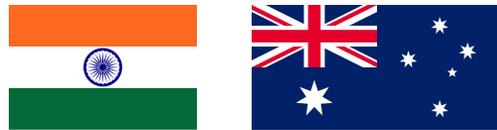


Business model

Personal (Wise account)

Holdings in different currencies.
Now providing interest income on balances.

5% payments market share



Business (SMBs)

Since 1 month old.
Easy cross currencies payments and invoicing.

< 1% SMBs market share



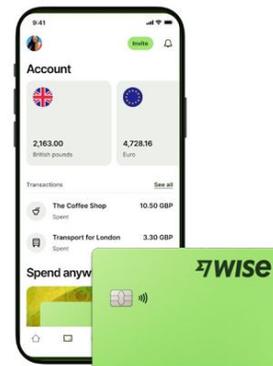
Partners (FX. Platform)

Payments infrastructure with focus on international transactions.
90 current players (32 new in 2023).
Access to 40 currencies.

InteractiveBrokers



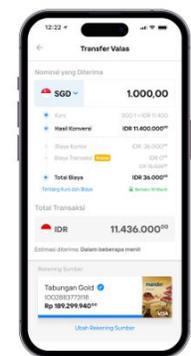
Wise Account



Wise Business

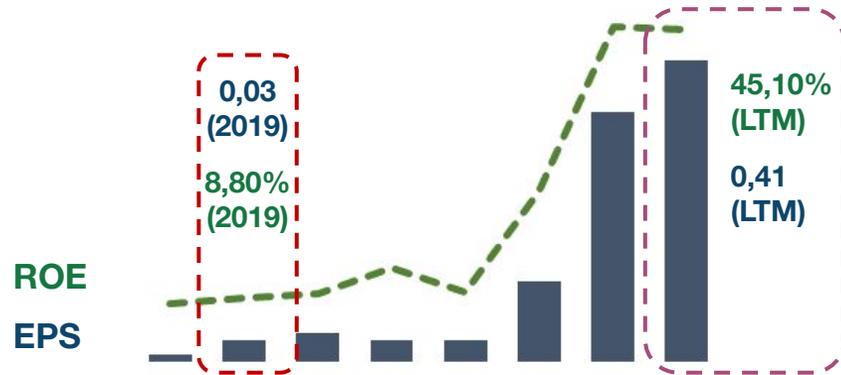


Wise Platform

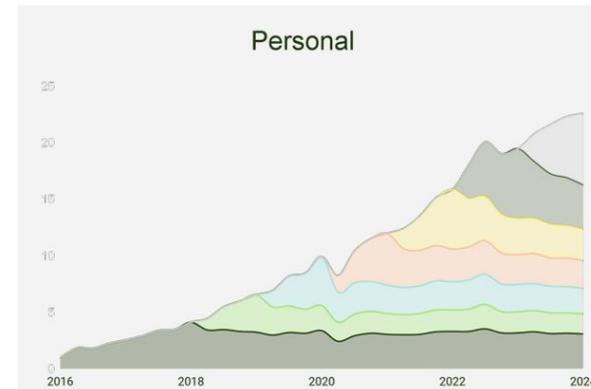


Key financial metrics

Earnings



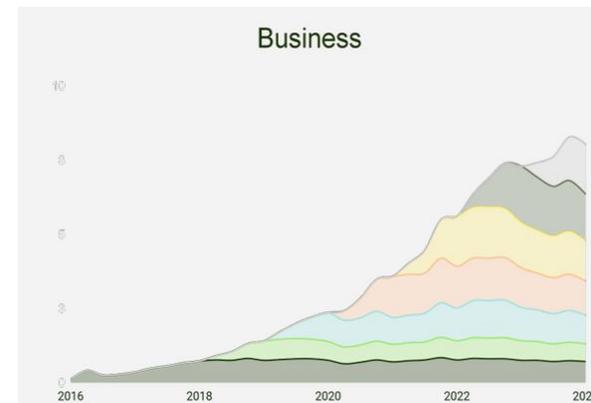
Customer retention



48% adoption (Personal, Q4 FY 2024)

36% adoption (Personal, Q4 FY 2023)

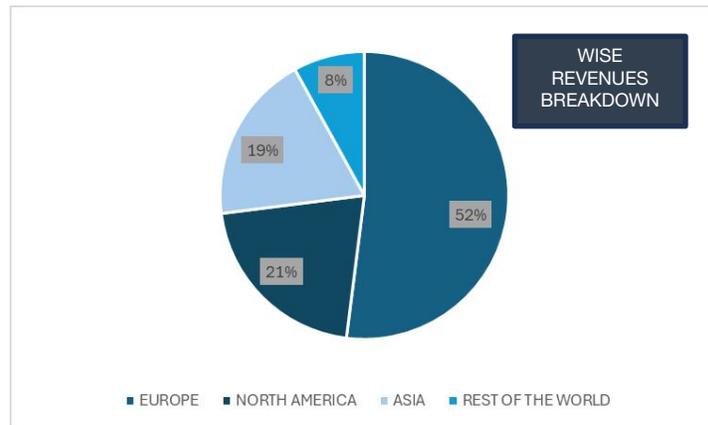
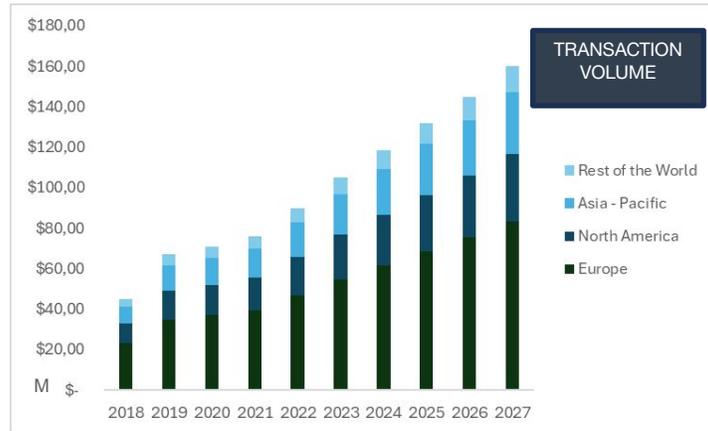
New Customers



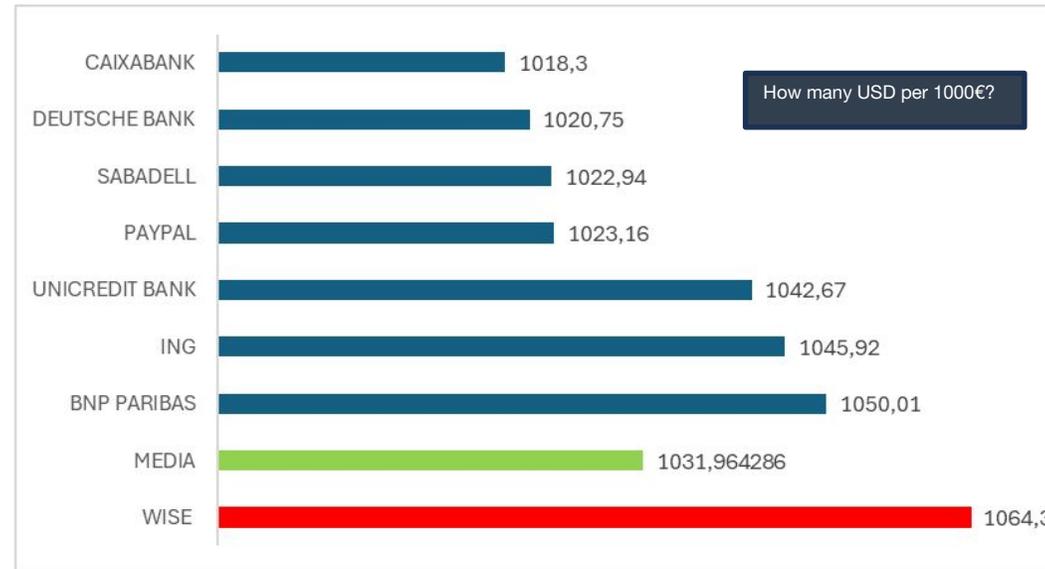
60% adoption (Business, Q4 FY 2024)

55% adoption (Business, Q4 FY 2023)

Industry Estimates



EUR - USD Exchange Rate



The exchange rate offered by traditional banks cannot currently compete with Wise, which allows the customer much more profitable margins.

Risks

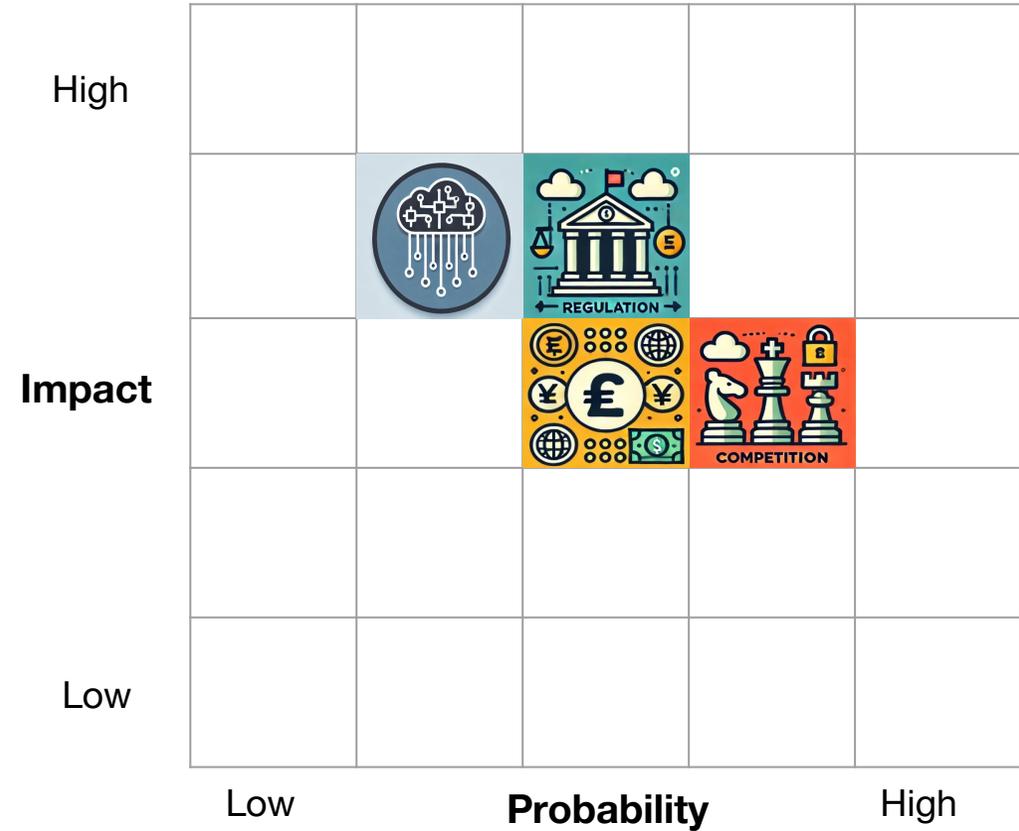


Financial Regulation

Increased Competition

Dependence On Technology

Exchange Rate Risks



DCF & Exit multiple

DCF										
Income Statement	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
EBIAT	17	49	59	126	355	487	592	665	706	728
D&A	0	0	23	18	17	38	47	54	59	63
% of sales	0,0%	0,0%	4,1%	1,9%	1,2%	2,0%	2,0%	2,0%	2,0%	2,0%
CapEx	-3	-2	-5	-4	-11	-28	-33	-35	-35	-38
% of sales	-1,0%	-0,5%	-0,8%	-0,4%	-0,8%	-1,5%	-1,4%	-1,3%	-1,2%	-1,2%
Change in NWC	45	33	(17)	(5)	(15)	68	84	96	106	114
% of sales	14,9%	7,9%	(3,1%)	(0,5%)	(1,0%)	3,6%	3,6%	3,6%	3,6%	3,6%
Period	1,0	1,0	1,0	1,0	1,0	1,0	2,0	3,0	4,0	5,0
Discount Factor	0,91	0,91	0,91	0,91	0,91	0,91	0,83	0,75	0,68	0,62
Unlevered FCF	-25	19	104	153	398	565	690	780	836	867
Present Value of FCF	-	22,53	16,81	94,48	138,82	361,58	513	569	585	536

WACC	
Debt	224,2
% Debt	18,60%
Cost of Debt	8,80%
Tax Rate	25,00%
Equity Value	979,9
% Equity	81%
Cost of Equity	10,87%
Risk Free Rate	4,43%
Beta	1,2
Expected MR	9,80%
Debt + Equity	1.204
WACC	10,07%

EXIT MULTIPLE APPROACH

EXIT MULTIPLE	WACC			
	9%	10%	11%	12%
12,00	31,40%	25,40%	21,30%	17,80%
13,00	35,10%	29,00%	25,00%	21,50%
14,00	38,70%	32,30%	28,70%	25,20%
15,00	42,40%	36,40%	32,40%	28,90%

PERPETUITY APPROACH

GROWTH RATE	WACC			
	9%	10%	11%	12%
1%	32,30%	23,30%	17,20%	11,70%
1,50%	37,70%	27,60%	20,70%	14,60%
2%	43,90%	32,30%	24,50%	17,80%
2,50%	51,10%	37,70%	28,90%	21,30%

Trading comps

