



Subject Company	Market Cap	Current Share Price	Expected Share Price	Additional
Euronet Worldwide (EEFT)	\$5.0 bn	\$93.87	\$35-45 (down ≈50-60%)	Low short interest ≈5%. Volume ≈\$30m / day.

#### Summary

- As much as 30-40% of Euronet's profits and EBITDA are generated solely by DCC revenues with ultra high margins. The sell side has largely missed this entirely.
- During 2017, scathing public criticism erupted from a wide array of journalists, travel advisers and celebrity TV hosts, directly alleging Euronet "fraud", "rips offs" and "scams" with DCC. Evidence posted in photos, screenshots and videos.
- Multiple independent investigations then concluded specifically that "DCC should be banned"
- Following the public scrutiny, a wide range of Euronet insiders began aggressively dumping their shares (and just ahead of a key vote in November 2017 by the EU Parliament)
- Since then, EU legislation covering DCC has passed multiple key milestones.
- Final regulations are set to be passed by June 2018
- Euronet trades on a steep premium to peers because of perceived growth prospects. Any reassessment will see disproportionate downside to the share price

## Euronet (EEFT) To Drop 50-60% On Latest DCC Developments

*This report is the opinion of the author. It is not a recommendation for anyone anywhere to do anything at any time. Do your own research, form your own opinions. The author is not an investment advisor. The author is short EEFT. The author may conduct transactions on various securities mentioned in this report (or on securities of competitors of other comparable companies, securities etc.) within the next 72 hours.*

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## SECTION I

### **Euronet is Overwhelmingly Dependent Upon DCC for Revenues, Profits and Growth**

- Euronet's share price has quintupled over the past five years due to strong growth in revenues, profits and cash flow.
- By far the largest contributor to profits and growth has been "Dynamic Currency Conversion" by which Euronet can extract fees of as much as 10-15% from unwitting ATM customers when they travel abroad.
- Euronet refuses to disclose the contribution of DCC to its profits, but it is possible to calculate that DCC alone is responsible for 30-40% of all profits at Euronet.
- Sell side analysts under-estimate this huge reliance on DCC. Despite visible evidence in Europe, US sell side analysts model DCC fees (via currency spread) at just 4-6% rather than the widely observed 10-15%.
- Sell side analysts also fully dismiss the likelihood of a disruption in these DCC revenues, describing Euronet as a very "transparent" ATM operator
- In mid 2017, following scathing public criticism and independent investigations, a wide range of Euronet insiders began aggressively dumping shares

## Euronet Worldwide: Company Overview

Equity Statistics		Company Fundamentals	
Name	Euronet (EFTT)	LTM Revenues	\$2.2 billion
Market cap	\$5.0 billion	LTM Net Income	\$209 million
Share price	\$93.87	LTM EBITDA	\$374.1 million
Avg. volume	335,000 (\$32 million)		
52w Lo/Hi	\$70.51 / \$101.07		
Short interest	5.4% (very low)		

### Business Overview

Euronet provides payment and transaction processing and distribution solutions to companies and individuals. NASDAQ listed Euronet was founded in Hungary and is now headquartered in Leawood, Kansas. As of the [most recent fiscal year](#), 72% of revenues came from outside of the US.

Euronet operates in three business segments: The Electronic Funds Transfer ("**EFT Processing**") segment focuses on ATM and POS operations, including cash withdrawals and POS purchases at over 33,000 ATMs and 163,000 POS terminals across Europe, the Middle East and Asia Pacific. The EFT processing segment is also responsible for ATM and POS "**Dynamic Currency Conversion**" or "DCC", which is a key focus of this report.

Euronet's **epay segment** focuses on prepaid mobile airtime "top up" and other electronic payment products and collection services for various payment products, cards and services, vouchers etc.

Euronet's **Money Transfer segment** focuses on global consumer-to-consumer and account-to-account money transfer services including via company owned counter stores, partners and via company owned websites.

## Euronet Worldwide: Financial Results and Performance

Over the past five years, Euronet has seen strong growth in revenues, EBITDA, profits and cash flow. Margins have expanded steadily across the board. As we will see below, the vast majority of this profitability and growth is being driven by the EFT Processing Segment. Furthermore, within that segment, the bulk of these profits, margins and growth are being driven specifically by DCC, which provides Euronet with incremental gross margins approaching 100%.

Financial Analysis						
Euronet Worldwide Inc						
Periods 10 Annuals Currency USD						
1) Key Stats 2) I/S 3) B/S 4) C/F 5) Ratios 6) Segments 7) Addl 8) ESG 9) Custom						
1) Create Custom						
3) Fields						
In Millions of USD except Per Share	2012 Y	2013 Y	2014 Y	2015 Y	2016 Y	Current/LTM
12 Months Ending	12/31/2012	12/31/2013	12/31/2014	12/31/2015	12/31/2016	09/30/2017
Revenue	1,267.6	1,413.2	1,664.2	1,772.3	1,958.6	2,167.6
EBITDA	122.2	183.5	230.2	274.9	330.3	374.1
Net Income/Net Profit (Losses)	20.5	88.0	101.6	98.8	174.4	208.7
Cash From Operations	184.7	169.3	235.0	215.1	368.2	381.2
Gross Margin	35.94	36.81	37.90	38.96	40.03	40.04
Operating Margin	4.58	8.38	9.54	11.56	12.75	13.06



As shown herein, Euronet's profits, cash flow and growth are all being overwhelmingly driven by DCC and its ultra-high margins. This is why the stock has quintupled.

## Following Scathing Publicity and Investigations, Insiders Aggressively Dump Shares

In the sections below we will see how vocal public criticism of Euronet's DCC practices erupted in early 2017. Consumer advocacy groups then began a series of independent investigations just ahead of a key European Union vote on the future of DCC. At just that time, insiders began aggressively dumping shares.



Insider	Role	\$ Amount sold
Rick Weller	CFO	\$ 11,288,318.37
Nikos Fountas	CEO EMT EMEA Division	\$ 2,037,944.08
Michael Brown	CEO and Pres. Of EWI Inc.	\$ 12,146,868.28
Kevin Caponecchi	CEO, epay and APAC Div.	\$ 4,809,021.25
Andrej Olechowski	Director	\$ 999,867.36
Jeffrey Newman	Exec VP and General Counsel	\$ 2,573,301.35
Juan Bianchi	CEO, Money Transfer Division	\$ 5,354,751.21

EEFT US Equity   Euronet Worldwide Inc.   Security Ownership   CUSIP: 29873610						
Transaction Type: All Open Market Buy/Sell   Range: 03/30/17 - 01/30/18   Chart   Table						
Trade Date	No. Part	Participants	Net Sell (Shares)	Net Buy (Shares)	Close Price	Volume
12/15/2017	1	WELLER RICK L	-15,601		91.9000	495,335
12/14/2017	2	WELLER RICK L, FOUNTA	-13,841		91.2800	706,940
12/13/2017	1	WELLER RICK L	-12,400		91.5700	451,577
10/23/2017	1	BROWN MICHAEL J	-61,138		99.9800	477,061
10/20/2017	1	BROWN MICHAEL J	-2,400		98.7100	398,294
09/12/2017	1	CAPONECCHI KEVIN J	-23,957		98.1400	256,328
09/11/2017	1	CAPONECCHI KEVIN J	-25,281		97.4300	267,259
09/08/2017	1	OLECHOWSKI ANDRZEJ	-6,310		97.0900	193,416
09/07/2017	1	OLECHOWSKI ANDRZEJ	-3,966		97.3800	185,260
08/31/2017	1	WELLER RICK L	-14,823		98.2700	174,776
08/30/2017	1	WELLER RICK L	-61,740		97.4300	287,501
08/07/2017	1	FOUNTAS NIKOS	-20,789		96.8300	201,080
08/01/2017	1	BROWN MICHAEL J	-60,000		97.0600	362,925
07/24/2017	1	NEWMAN JEFFREY B	-24,535		92.2800	358,573
07/19/2017	1	NEWMAN JEFFREY B	-3,433		91.0700	306,231
06/14/2017	1	BIANCHI JUAN C	-1,526		87.9800	125,817
06/13/2017	1	BIANCHI JUAN C	-16,600		87.8500	173,076
06/08/2017	1	BIANCHI JUAN C	-42,707		87.8900	220,764

As public scrutiny intensified in 2017, a wide range of insiders began aggressively dumping shares ahead of a key vote by the EU Parliament.



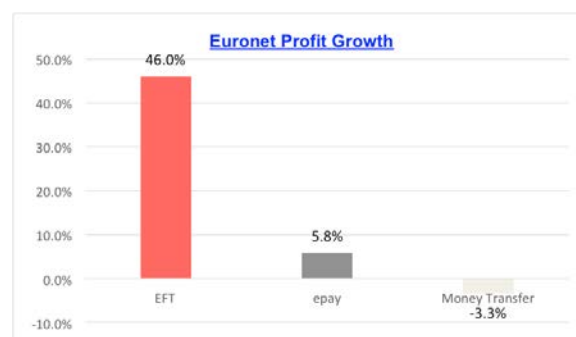
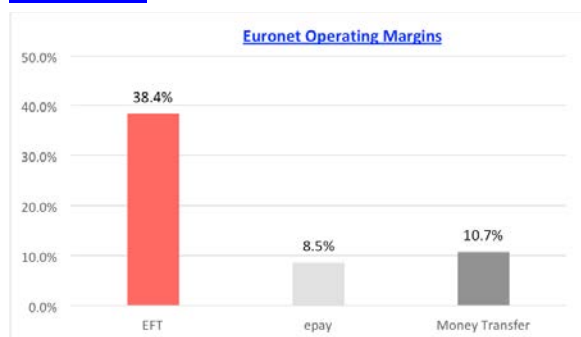
## Euronet Dependence on EFT Segment (Including DCC)

By far and above, the biggest driver of Euronet's strong financial results has been its EFT Processing segment which largely focuses on ATM/POS transactions across Europe, the Middle East and Asia. **EFT Processing is responsible for 74% of operating profits and more than 100% of recent profit growth**, largely due to the ultra high profitability of DCC.

It is quite noticeable that **Euronet specifically refrains from disclosing the contribution it gets from DCC**. Several analysts have acknowledged this absence and made their own estimates, which have then varied quite widely. At a minimum, common sense tells us that the incremental gross margin from DCC approaches 100%. Euronet simply charges a higher price via Dynamic Currency Conversion in exchange for delivering the same amount of foreign currency. The extra markup is therefore ≈100% profit margin that flows straight to operating profits and EBITDA. From Euronet's [most recent 10Q](#) for September 2017, we can see the following. Euronet is estimated to keep 65% of the pure profit, sharing some with local partner merchants.

For the Three Months Ended September 30, 2017						For the Three Months Ended September 30, 2016					
(in thousands)	EFT Processing	epay	Money Transfer	Corporate Services, Eliminations and Other	Consolidated	(in thousands)	EFT Processing	epay	Money Transfer	Corporate Services, Eliminations and Other	Consolidated
Total revenues	\$ 226,321	\$184,234	\$228,105	\$ (826)	\$ 637,834	Total revenues	\$ 152,586	\$167,226	\$204,611	\$ (398)	\$ 524,025
Operating expenses:						Operating expenses:					
Direct operating costs	99,024	143,023	123,588	(820)	364,815	Direct operating costs	62,401	128,212	109,944	(398)	300,159
Salaries and benefits	16,817	13,955	44,110	7,252	82,134	Salaries and benefits	12,954	13,352	38,365	7,228	71,899
Selling, general and administrative	8,878	9,145	28,648	2,608	49,279	Selling, general and administrative	7,642	8,133	23,924	1,680	41,379
Depreciation and amortization	14,805	2,461	7,403	36	24,705	Depreciation and amortization	10,151	2,734	7,195	40	20,120
Total operating expenses	139,524	168,584	203,749	9,076	520,933	Total operating expenses	93,148	152,431	179,428	8,550	433,557
Operating income (expense)	\$ 86,797	\$ 15,650	\$ 24,356	\$ (9,902)	\$ 116,901	Operating income (expense)	\$ 59,438	\$ 14,795	\$ 25,183	\$ (8,948)	\$ 90,468

### Key Points



For Euronet, the EFT Segment is responsible for 74% of operating profits and more than 100% of recent profit growth. This is because of the ultra high margins brought in as a result of DCC transactions.

## EFT Processing Segment - EBITDA Contribution

For EBITDA, the contribution of EFT Processing largely parallels operating profit above, except that there is a moderate impact of depreciation compared to epay and Money Transfer. As we saw above, with margins approaching 100%, any revenues from DCC flow straight through to EBITDA for Euronet, with Euronet keeping an estimated 65% of it.

As part of its quarterly earnings announcement, Euronet discloses its adjusted EBITDA metric for each segment. Comparing the [3Q 2017 press release](#) vs. the [3Q 2016 press release](#) we can see the following changes in adjusted EBITDA by segment.

EBITDA \$m	3Q 2017	% of total	3Q 2016	% of total	Growth \$	Growth %
EFT	\$ 101.6	67.1%	\$ 69.6	58.2%	\$ 32.0	46%
epay	\$ 18.2	12.0%	\$ 17.5	14.6%	\$ 0.7	4%
Money Transfer	\$ 31.7	20.9%	\$ 32.4	27.1%	\$ (0.7)	-2%
	\$ 151.5	100.0%	\$ 119.5	100.0%	\$ 32.0	

The key takeaways are largely in line with what we saw on earnings above.

- The EFT Segment represented **67.1% of total EBITDA** in 3Q 2017
- Total EBITDA grew by \$32 million vs. 2016 – **all of which** was attributable to the EFT Segment
- Both epay and Money Transfer comprise much smaller contributions to EBITDA
- Despite occasional growth in top line revenues, neither epay nor Money Transfer are making any meaningful contribution to bottom line EBITDA growth

EFT Processing (including DCC) is responsible for 67.1% of EBITDA and 46% of EBITDA growth.



## DCC Specifically Drives As Much As 30-40% Of Overall Profits For All Of Euronet

So far, Euronet has not been willing to disclose what percentage of its ATM fees are derived from DCC. On December 11<sup>th</sup>, Piper Jaffrey put out a research note estimating that DCC revenues amount to “**at least**” 10% of total EFT segment revenue. Piper also stated that DCC “**generates an operating margin materially above the current ~25% segment margin.**” Piper currently has the highest share price on the street of \$126. But actually it easy to see that Piper is quite visibly wrong.

**Revenues from DCC are closer to 100% pure margin. This is just common sense. It becomes clear that sell side analysts (Piper and others) largely have zero understanding of just how important DCC is for Euronet’s bottom line.**

So far the only analyst I have seen to attempt a quant approach (rather than gut estimate) on the real size of DCC contribution has been Northland Securities’ Mike Grondahl. On October 11<sup>th</sup>, he mapped out his estimate of DCC contribution, as shown in Figure 1 on the right.

In deriving his number, the analyst himself notes that he: correctly excludes low margin ATMs in other countries, and he deliberately underestimates the number of actual ATM transactions in 2017. The numbers he uses on revenue per transaction are consistent with the rest of the sell side, which assume that Euronet is only charging around 4-6% on DCC transaction. The result of his deliberately conservative approach is that DCC alone accounts for fully 36.9% of Euronet’s EBITDA. (\$156m EBITDA from DCC ÷ Estimate of \$423 million total EBITDA).

The most important error here is that the single digit percentage revenue capture from DCC is just plain wrong. As we will see in section two, the reason for the outpouring of consumer ire is the fact that consumers, journalists, advocate groups and even the regulators all cite fees and costs of DCC which run well into double digits of up to 12-15%. In other words, the real fee income from DCC is double (or more) compared to what Northland has identified. But more importantly, Northland dismisses any chance of this gargantuan revenue source being disrupted by the impending European regulatory changes which will be finalized in the next few 2-5 months. Northland attributes the problems in DCC to isolated incidents and a few small, no-name bad actors.

**According to Northland:** “We believe this [EU] consultation has come out of the POS world where smaller merchants sometimes opt in for customers without their blessing and on the POS side disclosure and transparency might be lacking. We believe EEFT [Euronet] on the ATM side is very transparent with various disclosures including options, fees and choice (opt in) for consumers.”

**PLEASE !! PLEASE !! PLEASE !!**

**After you read Section II, come back and re-read the comments above describing Euronet’s assumed “transparency” and good practices. You will then appreciate the disconnect.**

Note for EEFT DCC is meaningful, management has noted in the past its 3% to 5% of ATM transactions and \$3-\$5 per transaction. While EEFT’s ATM business in 2017 is expected to generate 2.2B ATM transactions, this includes many low-margin India ATMs and U.K. YourCash acquisition of free to use ATMs. In 2015 EEFT’s ATM transactions were 1.3B, so we will use 1.5B for 2017 which may be to low. Note we model \$423M of adj. EBITDA in 2017 for EEFT. While we do not have data on money transfers with the European Union member states, during 2016 Europe & CIS originated sends represented 26% of consumer-to-consumer revenue for WU and Non-U.S. originated sends represented 43% of money transfer transactions for MGI. We believe the actual money transfer transactions sent within Europe are much smaller. For PLPM, EMEA represented 22.6% of multi-currency revenue. In addition, PLPM does DCC at POS and ATM.

Figure 1

1.5B ATM transactions for EEFT
x 4% of transactions - midpoint of 3% - 5%
60 million transactions
x \$4 per transaction
\$240M of DCC revenue
x 65% retained by EEFT
\$156M of EEFT revenue at high margin

Source: NCM Estimates

\$156m DCC revenue ÷ \$423m EBITDA = 36.9% EBITDA margin

## SECTION II

### Journalists, Consumer Groups, and Independent Investigations Weigh in on Euronet's DCC

- In early 2017, scathing public criticism against Euronet intensified, with journalists, travel guides and TV hosts specifically describing Euronet's DCC practices as a "fraud", "scam" or "rip off".
- Following this public scrutiny, multiple Public Consumer Advocacy Groups launched independent investigations and conducted "secret shopper" trials.
- After analyzing thousands of transactions across 11 countries. These independent organizations each came to the same conclusion: that DCC offered no value to consumers and was being used to deliberately mislead customers into deeply detrimental transactions at a cost of hundreds of millions of Euros per year.
- In October, each of these separate organizations recommended to the EU Parliament that DCC offerings by independent operators (including Euronet) should be banned outright
- In November (following their submission) Parliament voted to grant authority over DCC to the European Commission.
- On January 13th, 2018, the new European Payment Services Directive became law, which will be implemented by the European Commission
- By no later than June 2018, final remedies over DCC will be formalized and published

## Latest Developments With DCC (What the Sell Side is Missing)

As we saw above analysts have grossly underestimated the true contribution from DCC to Euronet's bottom line by a very wide margin. They are not even close and we can see this in their reports and models.

More importantly, these same analysts then repeatedly dismiss out of hand the prospects for these DCC revenues to be disrupted by a quick shift in policy. This upcoming policy implementation has just passed multiple key milestones and now only awaits final publication of determined remedies.

The purpose of this section is to provide greater visibility on the impact of widening public coverage of DCC issues. You can then go back and determine for yourself if the sell side analysts are properly handicapping the likelihood of a disruption to DCC revenues. Over the past year, much of the building coverage of DCC abuses is quite specifically focused on Euronet, alleging that it is a deliberate "fraud" "scam" or "rip off" against consumers.

The accusations have repeatedly come from high profile public sources with large followings. This includes professional journalists, travel TV hosts, holiday rental companies, and personal travel guides, among others. These public personas have taken it upon themselves to aggressively warn their followers in very strict and simple terms: **First, never, ever elect for DCC. Second, avoid Euronet altogether. To emphasize their points, these personas have published their evidence using screenshots, photos of receipts or step-by-step videos mapping out the described "fraud" against consumers.**

As much of that public attention unfolded in 2017, two major European consumer advocate groups (the **BEUC** and **Finance Watch**) then began conducting independent investigations of their own into DCC practices, including specifically Euronet. Following their independent investigations into thousands of transactions across at least 10 countries, each of these organizations **both** concluded that DCC was so abusive and without value to the consumers that the only suitable solution was an outright ban.

***I have made it a point to include the links to these findings from these investigations along with various examples of the evidence gathered in the form of screenshots, photos of receipts, videos etc.***

The findings from these investigations were all submitted to the EU parliament in November 2017. Two weeks later, Parliament voted to give authority over DCC to the European Commission to determine new measures on DCC as part of its Payment Services Directive 2. On January 13<sup>th</sup>, 2018, the new Payment Services Directive 2 was passed into law. Its final recommendations will be made public during the 1<sup>st</sup> half of 2018 (in the next 2-5 months).

***After reading the next few pages, what you will realize is this:***

Even just a required increase in transparency will have a similar effect to an outright ban because no informed consumer would ever make the choice for DCC if the numbers were actually laid out for them in any coherent way. And in the meantime, very vocal public figures continue to increase their efforts to spread a very concise and categorical message: **never** select DCC and **always** avoid Euronet.

***Link: [European Parliament resolution of 14 November 2017 on the Action Plan on Retail Financial Services](#)***

***Link: [PSD2 are you compliant for the 13th January 2018?](#)***



## Finance-Watch.Org – “DCC providers should be banned”

(Report dated: October 30, 2017)

Finance Watch was created through a petition by members of European Parliament in the wake of the financial crisis. Nearly 200 national politicians and members of EU Parliament signed the petition. Finance Watch is set up as an independent non-profit, focused on addressing issues public interest between lawmakers and citizens, specifically in the area of financial services.

On October 30<sup>th</sup>, Finance Watch submitted and published its: [Consultation Response](#) to the EU, for inclusion in the November 14<sup>th</sup> vote by the EU on its “[Action Plan on Financial Services](#)”.

*To quote Finance Watch verbatim:*

*“DCC services are currently often presented to consumers to seem like the best options, or attract consumers to them. This clearly justifies serious concerns over DCC services making concerted attempts to mislead consumers.”*

*“Based on public scandals involving available DCC services listed online there do not appear to be any that would allow consumers to benefit from better currency conversion rates.”*

*“There rather seem to be many situations where DCC services are deliberately aiming to mislead consumers.”*

*“On the basis of the current evidence that can be seen online and elsewhere, DCC service providers seem to deliberately mislead consumers. On this basis these DCC providers should be banned, because there does not appear to be any other clear way to ensure that they can benefit consumers”.*

Q15 (a): Dynamic currency conversion (DCC / option to pay or withdraw cash using a service converting the amounts into their home local currency – see explanation in opening paragraph) could, in principle, provide more choice for consumers and bring more competition into the market for currency conversion. How justified are concerns about DCC services misleading consumers towards more costly currency conversion options?

Finance Watch – AISBL | Rue d'Arlon 92, B-1040 Brussels | www.finance-watch.org  
Tel: +32 (0)2 880 04 30 | Fax: +32 (0)2 888 63 80 | office.manager@finance-watch.org

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DCC services are currently often presented to consumers to seem like the best option, or attract consumers to them. This is clearly justifies serious concerns over DCC services making concerted attempts to mislead consumers.

Q15 (c): Please provide examples of good practices.

Based on public scandals involving available DCC services listed online there do not appear to be any that would allow consumers to benefit from better currency conversion rates. There rather seem to be many situations where DCC services are deliberately aiming to mislead consumers. Examples of these scandals have been widely reported on<sup>4</sup>. The examples provided by the FSUG in its response to the consultation for the Green Paper on Retail Financial Services, referred to in the response to question 1(a) are also relevant here.

Q15 (d): If this is not the case, should DCC services be banned or are there ways in which it could be ensured that they benefit consumers?

On the basis of the current evidence that can be seen online and elsewhere, DCC service providers seem to deliberately mislead consumers. On this basis these DCC providers should be banned, because there does not appear to any other clear way to ensure that they can benefit consumers.

### Finance-Watch Quote:

*“DCC providers should be banned, because there does not appear to be any other clear way to ensure that they can benefit consumers”.*



## Journalist Chris Lettner: Euronet Charging “Extortionate” Rates to Foreigners

(Report dated: May 2017)

Chris Lettner is a [professional journalist and photographer](#) originally from Austria who travels to far-flung locales to report on under-covered topics. Lettner completed his [degree in journalism](#) from Anglo American University in Prague. In the past, his projects have included such locations as Iran, Cuba and Myanmar (Burma). His work has been featured on **CNN, the BBC and Vice** among other places. In 2017, Lettner put together a very methodical video presentation to show step by step the tactics used [specifically by Euronet](#) to steer and confuse consumers in Europe into a one sided transaction where they pay fees of as much as 10x their normal rates while receiving effectively nothing of value in return.

*Here is a summary Lettner’s findings on Euronet, as conducted in the Czech Republic:*

**Scenario #1** – A consumer inserts a **domestic (Czech) ATM card** into a Euronet ATM. There is no opportunity for DCC revenues for Euronet, so the company only gives options of very small withdrawals (up to €74) and charges a flat fee.

**Scenario #2** – A consumer inserts a **foreign (non Czech) card** into a Euronet ATM, and then suddenly everything changes. Euronet now has the potential to capture huge fee event with a massive spread. As a result, Euronet now offers the consumer to take out amounts which are 1,000% higher than in Scenario #1. It also scrambles the order of the amounts shown, rather than showing the usual presentation of amounts from lowest to highest. Since they are using a foreign card, Euronet knows that they are less familiar with the local currency. Scrambling the amounts in this way therefore influences them to take out much larger amounts than they would do otherwise. This amount, now at least 10x what had been offered in local currency, is now subject to fees and currency spreads amount to up to more than 12% according to Lettner. If the consumer rejects the DCC option and tries to have his own bank perform the conversion, Euronet issues a warning text and it then makes the customer reconfirm the decision. The option of rejecting Euronet’s DCC option is on the left and in red, which is identical to “cancel” buttons on most ATM’s around the world. If the consumer initially selected DCC, no reconfirmation would be required and the transaction is processed immediately.



Chris Lettner [Follow](#)  
Prague, Czech Republic  
Jun 1, 2017 · 4 min read

### With or Without Conversion: How ATMs Get Foreigners to Take Out too Much, then Apply Extortionate Exchange Rates

*“It might not be a coincidence then that **Euronet ATMs** tend to congregate in the centers of cities where there are lots of tourists and visitors carrying foreign credit cards. They are **rarely seen in the suburbs or smaller towns**. Euronet is also **oddly persistent** in getting customers to choose their exchange rates and in nudging them towards taking out as much money as possible.”*

**Link:** <https://chrislettner.com/with-or-without-conversion-how-to-avoid-hidden-fees-when-withdrawing-money-abroad/>

*“Only when choosing ‘without conversion’ are you asked to confirm this choice. The warning reads “No Guarantee of Exchange Rate” making the option on the left sound dangerous. The button they don’t want you to press looks red making it look like ‘cancel.’ “*



# Frame by Frame - Mapping Out the Steering Tactics Used by Euronet

Local card: amounts offered to withdraw are very small. Foreign card: amounts offered up to 10x the normal size. Euronet then scrambles order of the amounts to confuse foreigners for whom local denominations are less intuitive.

Suggested amounts using a local (Czech Crowns) card



Amounts range from 200 CZK to 2000 CZK (roughly 7 EUR to 74 EUR). If you select "other amount" you are asked to type in an amount. The amounts are sorted from lowest to highest.

Suggested amounts using a foreign (Euro) card



In the place of what would otherwise be 200 CZK (7 EUR) you now get 20,000 CZK (740 EUR). The amounts now range from 10,000 to 40,000 CZK (370 EUR – 1480 EUR). The amounts are not in order.

Euronet steers customers towards their DCC which costs the customers as much as 12-15% more. Presentation make Euronet's DCC appear to be the "safe" choice. If consumer wisely declines DCC, then a warning screen pops up and requires reconfirmation. The reject DCC option appears on the left and in red, making it look like a "cancel" button. If the customer selects DCC first, no warning or reconfirmation is issued and the transaction is processed immediately.

With or Without Conversion



On the left: Your home bank or credit card company does the conversion. Euronet can't display the rate. On the right: Euronet does the conversion. Euronet states their exchange rate ("plus markup" but "without commission"). There is little information about the option on the left which makes the option on the right appear safer.

The 'with conversion' cautionary screen



Only when choosing 'without conversion' are you asked to confirm this choice. The warning reads "No Guarantee of Exchange Rate" making the option on the left sound dangerous. The button they don't want you to press looks red making it look like 'cancel.'

## European Tour Leader Site: “Eastern European countries are especially badly hit by Euronet scams”

(Report dated: April 2017)

The blog post shown below is dated April 30th, 2017. It can be found at the following link:

<https://travellingclaus.com/not-use-euronet-atms-travel/>

### Do NOT use Euronet ATM's when you travel.

30. April 2017 · 11 comments · Categories: My opinion on travel related things., Travel warnings



Fuck Euronet.

Euronet ATM's are popping up all over the world. But they are a serious ripoff and you should stay away from them.

*“The company is not actually European as you might think. Euronet is from the small town Leawood in Kansas. The CEO is a guy called Michael J. Brown. He has roughly 5600 employees scamming holiday makers for a living. What a nice piece of shit he is.”*

*“So if you are on holiday and need to draw money from your debit or credit card, then use the ATM's that are inside regular banks. They are generally a lot more honest in dealing with this. There is no need to get ripped off by companies like this.”*

### ***In the author's own words:***

*“Euronet ATM's do in many ways look like regular ATM's, but there is a problem. The fees that are charged by Euronet and the exchange rates that are give are really really bad. It varies from country t country how they work. It all comes down to how much they can get away with in each country. If a country has a weak consumer protection law, then they will often make you lose about 15% of your money in fees and bad exchange rates if you use them. “*

*“I have done some research and some of the eastern European countries are especially badly hit by Euronet scams. I am writing these lines in Hungary, where they are everywhere. Not just at the ATM's at the airport. Visiting Poland last month and did also notice them in many places there and noticed that the rates and fees there are terrible too.”*

### **Quote:**

***“Do Not Use Euronet ATM's When You Travel”***

## Family Without Borders on Euronet: “In My Opinion This Is A Fraud And It Should Be Forbidden!”



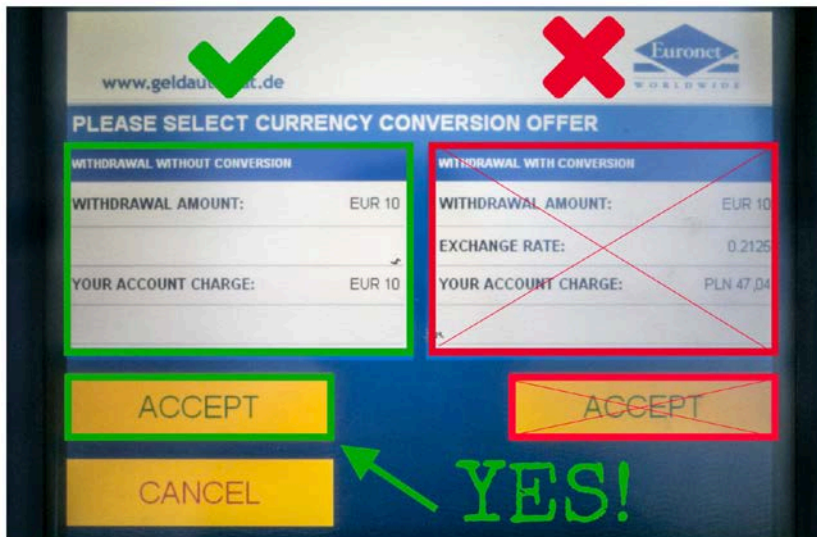
### Paying Abroad: How ATMs and Shops Trick You?!

travel tips  
April 22, 2016  
Likes

Family without borders was not shy about calling Euronet’s ATM practices an outright “fraud” which “should be banned”.

He also explicitly describes fees including conversion) of around 10% (again direct contrast to the single digit assumptions of the sell side).

As part of their article, FWB took screen shots specifically of **Euronet’s** ATM process and called it out as a “fraud”. Notice the **Euronet** logo in the upper right hand corner.



Always use the “Without Conversion” option on the left

I noticed that EuroNet ATMs are usually really expensive. If you use the *without conversion* some ATMs even show sometimes Warning – Do you really want to do that? In my opinion this is a fraud and it should be forbidden! However – you know what to do!

As with the previous authors above, FWB makes it clear that the only sensible decision is to select “without conversion”. He warns all of his readers to never select the “with conversion” option (i.e. they should never select the DCC option).

And he goes further, making sure to warn his readers that once they make the sensible and intelligent decision that **Euronet** will actually warn them, saying “Do you really want to do that ?”

If instead they had selected DCC, the transaction (and its hefty fee) is processed immediately with no need for a subsequent confirmation.

<http://thefamilywithoutborders.com/abroad-travel-credit-card-payment-exchange-2016-04-22/>

*Just like the other numerous independent sources across Europe, FWB singles out Euronet very specifically and observes DCC fees of around 10% (vs. sell side estimates of 4-6%)*



## Celebrity Travel TV Host: “confuse customers by presenting DCC in misleading terms”



*“Guidebook author and travel TV host Rick Steves is America's most respected authority on European travel. In 1976, he started his business, **Rick Steves' Europe**, which has grown from a one-man operation to a company with a staff of 100 full-time, well-travelled employees at his headquarters in Washington State. There he produces more than 50 guidebooks on European travel, America's most popular travel series on public television, a weekly hour-long national public radio show, a weekly syndicated column, and free travel information available through his travel center and ricksteves.com.”*

<https://www.ricksteves.com/travel-tips/money/cash-machine-atm-tips>

**Avoid dynamic currency conversion (DCC).** Some European merchants — capitalizing on the fact that many Americans are intimidated by unusual currencies — cheerfully charge you for converting their prices to dollars before running your credit card. Dynamic currency conversion may seem like a nice perk, but you'll actually end up paying more. The dollar price is usually based on a lousy exchange rate set by the merchant — and to make matters worse, even though you're paying in “dollars,” your credit-card issuer may still levy its standard foreign-transaction fee. The result: the “convenience” of seeing your charge in dollars comes at a premium.

Some merchants may disagree, but according to DCC provider Planet Payment, you have the right to decline this service at the store and have your credit-card transaction go through in the local currency. If you're handed a receipt with two totals — one in the local currency and the other in US dollars — circle or check the amount in the local currency before you sign. If your receipt shows the total in dollars only, ask that it be rung up again in the local currency.

Independent ATMs may also try to confuse customers by presenting DCC in misleading terms. If an ATM offers to “lock in” or “guarantee” your conversion rate, choose “proceed without conversion.” Other prompts might say “You can be charged in dollars: Press YES for dollars, NO for euros.” Always choose the local currency in these situations.

Here are the explicit instructions the Mr. Steves gives to his readers:

**“Avoid “independent” ATMs, such as Travelex, Euronet, Moneybox, Cardpoint, and Cashzone. These have high fees and may try to trick users with “dynamic currency conversion.” Note that these “independent” ATMs are often found next to bank ATMs in the hope that travelers will be too confused to notice the difference.”**

As with each of the authors above, Rick Steves categorically instructs his readers that when at the ATM to **“Avoid Dynamic Currency Conversion”** in each and every case.

Mr. Steves provides specific examples of independent ATM's trying to confuse and mislead customers. In proving his point, the language he cites comes straight from the Euronet ATM's - same as the examples from previous authors above. *“If an ATM offers to “lock in” or “guarantee” your conversion rate, choose “proceed without conversion.” Other prompts might say “You can be charged in dollars: Press YES for dollars, NO for euros.” Always choose the local currency in these situations.”*

***Even the most novice travelers have long known: “never change money in the airport”.***

***Likewise, starting in 2017, the advice of “never use Dynamic Currency Conversion” is now going viral in mainstream travel sites across the US, Europe and Asia.***

# Even Before Regulation Common Sense is Quickly Spreading by Angry Word of Mouth

**Lifehacker.com:** [“Avoid “Independent” ATMs When Withdrawing Cash Abroad”](#)

**Transferwise:** <https://transferwise.com/gb/blog/atms-in-germany>

## 1. Exchange rate fees

An ATM withdrawal often gives you the best deal on the exchange rate, because the conversion is made using the **mid-market rate**. This is the fairest exchange rate possible.

However, it's best to stay alert. Some ATMs will ask if you'd like to be charged in your home currency. This is an **exchange rate rip-off**. Transactions in your home currency are done using something called **Dynamic Currency Conversion**, which essentially means the ATM will make up an exchange rate for you which is not favourable. **Avoid this scam by always choosing to perform the transaction in Euros.**

## 2. Local charges

Germany's major banks don't charge ATM fees to foreigners. Privately operated ATMs, however, may charge high fees.

You can distinguish private machines from bank ATMs because they don't have a bank's name and branding. Instead, they'll have names such as Cashpoint, Cashzone, **Euronet** or Travelex. The good news is that the machine should warn you that you'll be charged a fee (and the amount) before you complete the transaction.



BlodwenLancz  
Leyburn, United...

Level 6 Contributor

### 2. Re: euro rate

Aug 19, 2017, 8:44 AM

Save Reply

Always buy in U.K., the days of better rates in resorts have long gone. Depending on what bank you are with you may find a better rate using a Debit Card at an ATM (don't use Euronet machines) you will get almost interbank rates if you have a good MasterCard.



pyrrman  
Kilmarnock, United...

Level 6 Contributor

6,115 posts

18 reviews

### 7. Re: Cash or Credit Card

Dec 11, 2017, 4:41 AM

Save Reply

Taking cash from a machine, use Multibanco (banks and supermarkets) ... not Euronet, who take hefty fees.

Depending on your home bank fee ... and without the machine's 'exchange' offer ... it is a reasonable rate, though not as much as you'd get in England. Don't even think of changing in an airport ... You might consider taking a 'euro' card with you ... usually a better rate still.

Reply

Report inappropriate content



Marilyn B

1 post  
2 reviews

### Euronet ATM

Apr 29, 2014, 12:55 PM

Save Topic

Do not use these ATM. They say no charge and then give you 10% less money on the exchange. they are taking 10% of your money that you withdraw. I'll make sure I never use one again.

They are taking advantage of the fact that you do not know the currency exchange when you arrive in a country. Very deceitful, be warned!



sg2008  
Reading, United...

Level 6 Contributor  
73 posts  
112 reviews

### Avoid Euronet ATMs

Aug 27, 2017, 5:58 PM

Save Topic

You will find these ATMs all over the touristy places but the exchange rate is s-h-l. Today got 297 for a pound sterling. Use an ATM run by a proper bank but avoid Euronet. Bloody scammers!

Reply

Report inappropriate content



Nicholas E

1 post

### 23. Re: Avoid Euronet ATMs

Sep 1, 2017, 3:29 PM

Save Reply

Hi I had the same experience. I have an Australian Travel card and they converted the Euros on the card from Euros to Aus\$ back to Euros. Bank told me Euronet ATMs in high tourist areas do strange things.

PS Euronet ATMs is on the "try another ATM list in Australia" use them only as a last resort.

Reply

Report inappropriate content



2bristolians  
Bristol, United...

Destination Expert  
for Messenia Region,  
Laconia Region,  
Magnesia Region

Level 6 Contributor

### 73. Re: ATM warning, proceed with care

Oct 3, 2016, 9:33 AM

Save Reply

I don't know the answer to that one! Maybe someone can enlighten us. Like you I never use Euronet which is a commercially operated ATM as they will make a charge for using their ATMs, which Greek banks don't.

Reply

Report inappropriate content

**Even before regulatory bans or forced disclosure “Refuse DCC and avoid Euronet” are already becoming widely recognized common sense since mid 2017**

## Holiday Leasing Company Article: “I cannot excuse Euronet for taking advantage of unsuspecting travelers.” (May 2017)

The following comes from the website of Cinque Terre Insider, who is also the owner of owner of Riomaggiore Reservations (a holiday lettings agency in the Cinque Terre region of Italy).



Through my network of friends, a case in point was recently brought to my attention. A visitor used a Euronet ATM (pictured above) to withdraw €600 and later discovered €669.97 deducted from his account. That's nearly €70 in ATM fees! \*gulp\*

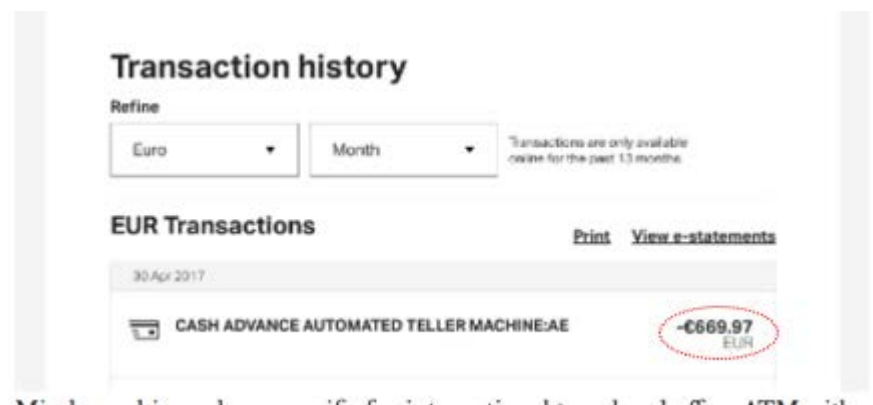
Her posting has several features in common with the postings from the various other authors across different countries.

First, she focuses very specifically on **Euronet** ATM's (see photo).

Second, she notes **a fee of nearly 12%** (in sharp contrast to the assumptions of American sell side analysts).

<https://cinqueterreinsider.com/2017/05/07/beware-not-all-atms-are-created-equal/>

**In her own words:** “Apparently Euronet pays a good chunk of change to business owners who simply place the ATM at their storefront: reportedly €400 per month plus a percentage of sales if a minimum threshold is reached. It's easy, hassle-free income (the machines are serviced and maintained by Euronet) and helps offset expensive rents and whatnot. I can understand why a business owner might be swayed to host one of these ATMs but I cannot excuse Euronet for taking advantage of unsuspecting travelers.”



**Quote - “I plan to update this post with photos and locations of bank ATMs in the other villages as well (each village, even teeny-tiny Corniglia, has its own bank ATM), but I thought the most important thing was to get this information out there ASAP.”**



## SECTION III

### How Did Wall Street Miss This ?

- Sell side coverage is dominated by individuals with little or no background in the space and no focus on European financial issues
- Their assumptions are often either overly vague or are (easily) provably downright wrong.
- Vague speculation about a MoneyGram deal certainly does not justify the sharp price jump from \$85
- But the MoneyGram hype has fully distracted investors and analysts from the impending DCC developments
- Case Study: With Trip Advisor, Wall Street analysts entirely missed the growing consumer backlash that was easily visible in non financial media circles
- When consumer backlash spilled into the mainstream media, Trip Advisor quickly fell by 25% - losing over \$1 billion in market cap – even though there was no direct financial impact
- By contrast, the consumer backlash against Euronet will have a financial impact that is both very direct and very significant

## First - Meet the Sell Side

Sell side analysts have totally failed to see just how dependent Euronet is upon DCC. They have also totally missed the swelling consumer rebellion against DCC (and specifically against Euronet). Likewise, despite multiple recent regulatory milestones and clear indications from EU sanctioned advocacy groups, the sell side has entirely dismissed the likelihood of a disruption in DCC revenues.

What we can see below is that the analysts here have made minimal effort to figure out what is really going on. Their targets are all clustered very closely to one another. And each time the stock rises, the analysts raise their targets according to the Wall Street pricing model of “slightly above the prevailing share price”. This is a strategy of “safety in numbers” because when they all put out identical targets then none of them looks risks looking like a foolish outlier regardless of where the stock goes.



Goldman Sachs analyst Lara Fourman ([LinkedIn](#)) graduated from Yale in 2013 and focused on Gaming, Lodging and Leisure stocks for her first three years after graduation. In December of 2017 (six weeks ago), she [initiated coverage](#) on Euronet and Western Union. These are the only two stocks she covers.

We already saw that Piper simply describes DCC revenues as having margins “above 25%” when in actuality they are close to 100%. Again, this is a “playing it safe” strategy which adds precisely zero value to investors. Piper also failed to notice the scathing articles and independent investigations unanimously condemning Euronet for its DCC practices.

Northland actually did some actual work trying to calculate DCC contribution profitability. But despite the very obvious issues raised in Section II, Northland views Euronet as a transparent operator with little or no risk of losing DCC revenues.

The only analyst to hedge his bet on Euronet was William Blair. And yet despite his tacit acknowledgment of impending regulatory risk, he only downgraded the stock to a polite “market perform”. Keep in mind that regardless of whether we see an outright ban or just forced transparency and disclosure on ATMs, either outcome results in a plunge in these high margins DCC revenues that amount to 30-40% of overall profits.

## Enthusiasm Over MoneyGram Has Distracted Investors From DCC Developments

On January 3<sup>rd</sup>, Euronet began a quick rise of 10 points from \$85 to \$95 when China's Ant Financial was [denied permission](#) by the US to complete its acquisition of MoneyGram (MGI).



Based on the continued strength in the stock, we can see that investors are now taking the following views on a potential deal between Euronet and MoneyGram. They are saying:

- Certainty is high
- Timing is fairly soon
- Benefits are still substantial

Yet even [Euronet itself has warned](#) that any potential deal with MoneyGram is speculative at best, both in certainty and timing. Any terms and benefits would be affected by the “significant developments disclosed by MoneyGram” in

### Euronet Worldwide Statement Regarding the Termination of the MoneyGram and Ant Financial Merger Agreement

**LEAWOOD, KANSAS, USA — January 2, 2018** — Euronet Worldwide, Inc. (“Euronet” or the “Company”) (NASDAQ: EEFT) today issued the following statement in response to numerous inquiries regarding Euronet’s intentions following the announcement by MoneyGram and Ant Financial of the termination of their Merger Agreement.

Euronet continues to believe there is compelling commercial logic to a combination between Euronet and MoneyGram. However, significant developments have been disclosed by MoneyGram since Euronet’s offer and Euronet has not conducted any evaluation of the business in that time. While we continue to view a transaction with MoneyGram as logical, there is no guarantee any offer will be made or any transaction will ultimately occur.

2017.

Developments include a new [money laundering case](#) which came to light in 2017 as well as the unexpected continuation by the DOJ of MoneyGram’s five year [deferred prosecution](#) agreement over its earlier 2012 fraud case. That condition is now being dragged out by the DOJ into a sixth year. Euronet has now been making on and off [overtures toward MoneyGram](#) for 10 years without completion.

If a deal does ever happen, the benefits are certain to be far less than had been originally hoped. In March of 2017, Euronet had bid \$15.20 for MoneyGram. Even before the Ant deal fell apart, [media sources](#) had begun stating that, “Euronet is still interested in buying MoneyGram, but might now find it challenging to pay even \$10 a share if the Ant sale falls through because of MoneyGram’s deteriorating financial health”.

**The “MoneyGram bounce” sent Euronet shares up from \$85 but appears to be premature at best. The much larger issue is that this recent hype has fully distracted Euronet shareholders from the impending DCC issues which are quickly approaching their conclusion.**

## Case Study: Why Trip Advisor Lost \$1 Billion in Market Cap in November 2017

In November 2017, shares of Trip Advisor fell by as much as 25%, shaving more than \$1 billion off of its \$6 billion market cap. The issue was a series of online postings by angry consumers which ended up finding their way into mainstream media. One woman stated that she had placed postings on TripAdvisor.com to warn others about a hotel in Mexico where she had been sexually assaulted. Trip Advisor reportedly deleted her postings stating that the language she had used violated the “family friendly” policies of the site. Other individuals later came forward with similar stories about their deleted posts. These complaints were then picked up by national news media. Since that time, TripAdvisor stated that it has changed its policies, it has apologized to those users and it has restored those posts. The company also implemented an online badge system by which it can identify hotels which have received serious safety complaints.



Shares of Trip Advisor have begun to climb back, but have still not recovered all of their losses from nearly three months ago. The loss of over \$1 billion in market cap for Trip Advisor was all the more notable given the following facts:

- Aside from the highly visible bad PR, there was not a direct or immediate financial impact on Trip Advisor
- The underlying events happened as far back as 2010, so they were not in any way recent
- The complaints from consumers had been circulating online for considerable time before they finally erupted into the public eye in November 2017, yet investors in TRIP were caught totally by surprise.

Consumer complaints about Euronet are being widely circulated in non stock market channels but have not yet been picked up by Wall Street. Events described are recent and ongoing. In contrast to TripAdvisor, the developments now affecting Euronet have a very visible near term financial impact which is both direct and very significant.

## SECTION IV

### **Euronet's Share Price Will See Disproportionate Downside on Any Disruption in DCC Revenues**

- In terms of both EPS and EBITDA multiples, Euronet trades at a steep premium to peers due to continued expectations of strong growth
- As a result, any disappointment will see disproportionate downside to the share price
- There is a noticeable absence of "smart money" among Euronet's shareholder base
- With the share price trading near all time highs, even recent earnings "beats" did not result in short term share price pops



## Valuation: Euronet Trades at Steep Premium to Peers

### Forward P/E Multiple



### Forward EV/EBITDA Multiple



**Euronet trades at a noticeable premium to its entire peer group based on continued expectations of strong revenue and profit growth. As a result, any disappointment will see disproportionate downside from current levels. Stock currently trading near all time highs.**



## Top Shareholders – A Notable Absence of “Smart Money”

EEFT US Equity

25) Export

Settings

Security Ownership

EURONET WORLDWIDE INC

CUSIP 29873610

1) Current

2) Historical

3) Matrix

4) Ownership Summary

5) Insider Transactions

6) Options

7) Debt

Search Name All Holders, Sorted by Size

21) Save Search

22) Delete Search

23) Refine Search

Text Search

Holder Group All Holders

Investment Manager View

24) Color Legend

Shrs Out 52.7M

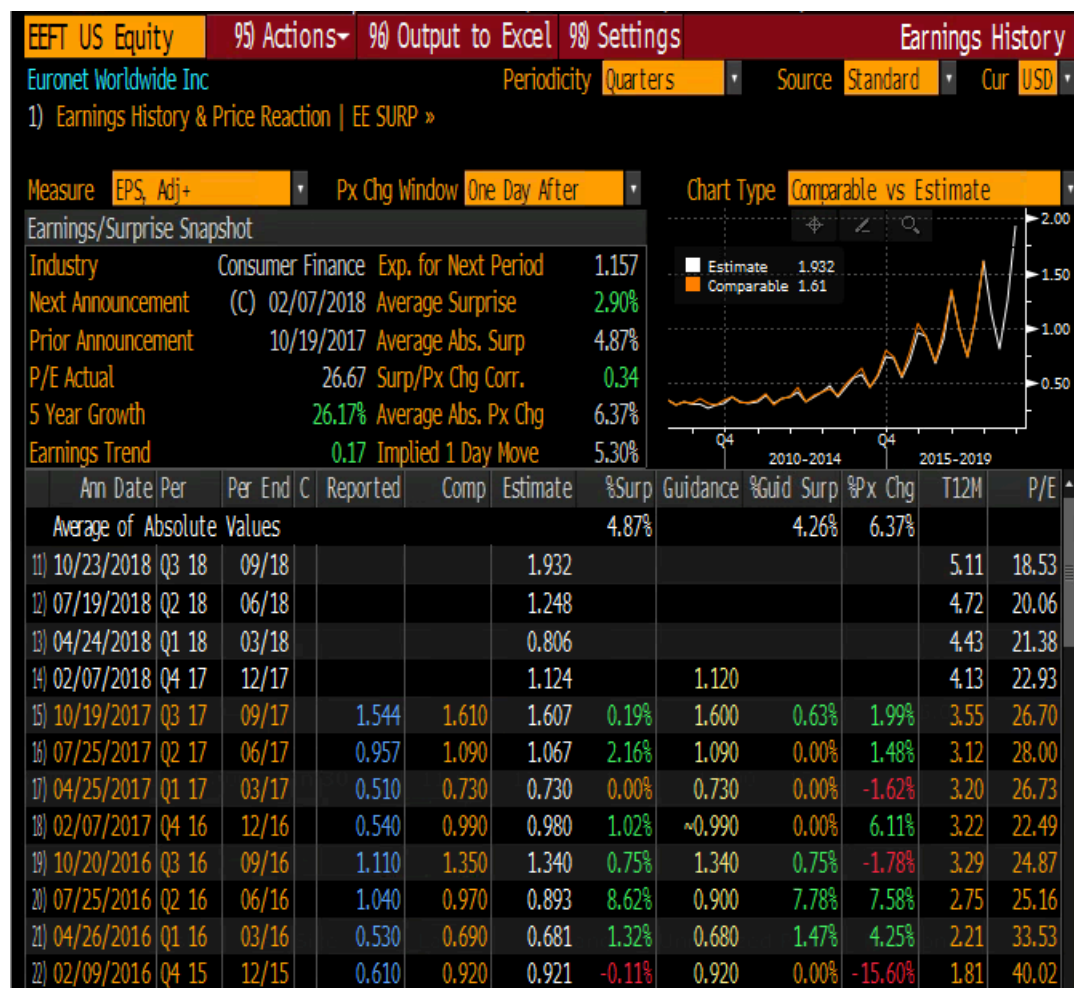
% Out 105.46

Float/Shrs Out 95.73

SI % Out 6.78

	Holder Name	Portfolio Name	Source	Opt	Position↓	% Out	Latest Chg	File Dt	
1	VANGUARD GROUP		ULT-AGG	All	4,036,006	7.66	77,398	09/30/17	
2	WADDELL & REED FINANCIAL INC		ULT-AGG		3,826,013	7.26	0	09/30/17	
1	JANUS HENDERSON GROUP PLC	JANUS HENDERSON GROUP	13F		3,359,823	6.38	-413,148	09/30/17	
4	FMR LLC		ULT-AGG		3,274,709	6.22	-262,239	09/30/17	
5	VICTORY CAPITAL MANAGEMENT	VICTORY CAPITAL MANAG	13F		2,420,207	4.59	-263,056	09/30/17	
6	BLACKROCK		ULT-AGG		2,395,480	4.55	221,925	09/30/17	
1	WELLS FARGO & COMPANY		ULT-AGG		2,371,494	4.50	-61,155	09/30/17	
8	BROWN MICHAEL J		Form 4		1,839,658	3.49	-63,538	10/23/17	
9	FRONTIER CAPITAL MANAGEMEN	FRONTIER CAPITAL MANA	13F		1,312,434	2.49	-835,840	12/31/17	
1	INVESCO LTD		ULT-AGG		1,240,440	2.35	3,884	09/30/17	
11	AMERIPRISE FIN GRP		ULT-AGG		1,056,478	2.01	138,719	12/31/17	
2	WILLIAM BLAIR		ULT-AGG		988,264	1.88	27,908	12/29/17	
11	WASATCH ADVISORS INC	WASATCH ADVISORS INC	13F		874,298	1.66	111,033	12/31/17	
11	ST DENIS J VILLERE & COMPANY	ST DENIS J VILLERE & COM	13F		871,933	1.66	-17,850	12/31/17	
5	VAN BERKOM & ASSOCIATES	VAN BERKOM & ASSOCIATE	13F		766,975	1.46	-21,287	09/30/17	
11	RENAISSANCE TECHNOLOGIES LL	RENAISSANCE TECHNOLOGI	13F		693,945	1.32	-38,600	09/30/17	
1	LOOMIS SAYLES & COMPANY LP	LOOMIS SAYLES & CO LP	13F		662,363	1.26	-32,350	09/30/17	
8	STEPHENS INV MGMT GROUP	STEPHENS INV MGMT GROU	13F		656,703	1.25	-113,794	09/30/17	
10	STATE STREET CORP		ULT-AGG		645,173	1.22	-13,460	09/30/17	

## Historical Behavior Around Earnings Announcements



*Euronet consistently set low expectations for earnings and then delivers a slight beat. At lower share price levels, this resulted in moderate share price jumps of 4-7%. But at the current lofty share price levels, even recent earnings beats resulted in minimal price jumps.*

## Appendix

### What is Dynamic Currency Conversion (“DCC”) ?

## What is Dynamic Currency Conversion (“DCC”) ?

When a consumer withdraws money or makes a purchase in a foreign country and when that transaction is not denominated in the consumer's home currency, then someone must perform the currency conversion. Currently, conversion can either be done by the consumer's home bank in their home country, or it can be by the on site ATM/POS operator (such as Euronet).

When conversion is performed by the ATM/POS operator (i.e. Euronet), it is called Dynamic Currency Conversion (“DCC”). Under DCC, the ATM/POS operator locks in a rate of exchange at the time of the transaction, and then charges the consumer's bank account in their original home currency. As far as their home bank sees, this is just an ordinary charge in their usual home currency. Note that under DCC, any exchange rate differential is separate and in addition to any flat transaction fee that might be charged by either the home bank or the ATM/POS operator. So even if a consumer has a “no international fee” arrangement with their home bank, they will still end up paying whatever spread that the ATM/POS operator wishes to charge. In addition, the consumer may not even see what that real cost was (expressed in their home currency) until weeks later when they receive their monthly statement from their home bank.

On the other hand, if the consumer foregoes DCC (opting for their home bank to perform the conversion) then the consumer may not know the precise exchange rate until the transaction is processed by their home bank, which may occur perhaps hours or days later. The only argument for DCC is that it protects consumers from currency moves during those few hours or days. In exchange for that “protection” consumers unwittingly end up paying as much as 12-15% to operators such as Euronet.

Independent ATM/POS operators (*in particular Euronet*, specifically) have begun to draw significant negative attention over the past year for what are deemed to be highly abusive (even “fraudulent”) tactics by which they aggressively and persistently steer unwitting customers into DCC. The operators then use additional tactics to encourage much larger withdrawals, which are then subject to the sky high fees (via the exchange differential charged). Only later do these consumers find out that they have been charged fees of up to 12-15%, often in excess of €100. It is often the case that their home bank would have charged them little (or even nothing) for the same transaction, had they not been steered into selecting DCC.

What we will see below is that consumers are now widely accusing ATM/POS operators of outright fraud. The biggest brunt of this public criticism appears to be directed squarely at Euronet, quite specifically.

Multiple consumer advocate groups based in Brussels and elsewhere have now conducted independent investigations, finding that DCC is entirely predatory and without any value for consumers. Multiple organizations are now very vocally and specifically calling for an outright ban against operators such as Euronet even offering DCC.