

We invest in winners. That means we invest in strong companies that create value for their shareholders with sustainable business models, solid balance sheets and high margins. We keep the risks low and invest when our position is fuelled by a positive event. We refer to that as the combination of value and event.

Wix.com

Wix is a leading cloud-based website platform. The company was founded in Israel in 2006 by Avishai Abrahami, Nadav Abrahami and Giora Kaplan. The idea behind Wix is that everyone should be able to develop, create and contribute to the internet without any design or programming knowledge. The company held an IPO in the US in 2013. Today, 165 million companies, organisations and individuals in 190 countries use Wix in 19 different languages. They can put their businesses, brands and workflows online and use a range of tools to build an integrated, dynamic digital presence. About half of Wix's 2,700 employees are working on new functions to continuously add value to the ecosystem. The products range from editors for websites, logos, shops, blogs and videos, to industry-specific or artificial intelligence-based tools, to complete business solutions (Ascend by Wix) and applications on a serverless open developer platform (Corvid by Wix). With the expansion of Corvid from the do-it-yourself market into the much larger do-it-for-me-market as well as the introduction of their own payment provider called Wix Payments, additional growth and revenue areas have been opened up in the last two years. The service is monetised via a freemium model, in which basic services are offered free of charge and full and extended services for premium subscribers are fee-based. Wix receives about 60% of these fees from the con-

version of already registered users and 40% from current contracts. This means that the user cohorts of past years form a large and statistically predictable basis for future earnings. At the same time, the average revenue per customer is growing due to the expansion of offers and the more extensive use of services (ARPU, table).

	2019	2018	2017	2016	2015
million registered users	165	142	119	97	77
million premium subscribers	4.5	4.0	3.2	2.5	1.8
ARPU in USD	179	168	150	137	136
FCF margin	17%	17%	17%	12%	7%

Free cash flow, i.e. operating cash flow less capital expenditure, is also growing steadily. The high degree of scalability of the business model should increase the margin from 17% to 30% in the long term. We consider this figure to be plausible, as general and administrative expenses account for only 10% of revenues, while research and development accounts for 33% and marketing for 40%. The marketing expenses, on the other hand, are amortised within one year if they are put in relation to the income of new premium subscribers from previous user cohorts. We took advantage of the coronavirus crisis and acquired the share as a debt-free equity bond with a 3% earnings yield. This is likely to increase sustainably at a rate of at least 15% p.a.

Sincerely yours



J. Henrik Muhle



Dr. Uwe Rathausky

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