

WISCONSIN VALUE FUND LENS — Maximize return by buying improving companies at reasonable valuations.

Performance level — ROIC (FY2026E) vs. ke	131.1% vs 9.0% → Above ke
Change in performance — ΔROIC	+19.0 pts, FY2026E vs FY2025A → Improving
Lifecycle phase	Phase III — highest expectations
Valuation gap — target vs. price	+76.3% → Price below our value



BUSINESS DESCRIPTION

WEX, Inc. engages in the provision of payment processing and information management solutions. It offers fuel cards and fleets, employee benefits, and business payments products. It operates through the following segments: Mobility, Corporate Payments, and Benefits. The Mobility segment offers fleet vehicle payment solutions, transaction processing, and information management services. The Corporate Payments segment focuses on the complex payment environment of global business to business payments. The Benefits Segment provides SaaS software with embedded payment solutions and plan administration services for consumer directed health benefits. The company was founded by Parker Poole III and William Richardson in 1983 and is headquartered in Portland, ME.

INVESTMENT THESIS

WEX is a cash-generative payments platform whose 5-10% organic growth, AI-driven margin expansion, and buybacks offset the fuel-price tailwinds and show a 76% upside and improving ROIC.

MARKET SNAPSHOT

Current Price	\$185.43	Market Cap (\$B)	\$6.3	Beta	1.11
52-Week Range	\$127 — \$203	Inst. Ownership	117.4%	Insider Own.	1.7%
Shares Out. (mm)	35.5	Short Interest (% float)	7.4%	Dividend Yield	0.0%
Consensus L-T Growth	11.3%	Payout Ratio	0.0%	Cost of Equity	9.0%
Price Target	\$327.00	Upside to Target	76.3%	Value Range	\$293 — \$343

VALUATION SUMMARY — equity DCF, FCFE discounted at ke

Method	Value / Share	Upside	Terminal Assumption
Equity DCF — terminal P/E	\$341.52	84.2%	15.0x P/E
Equity DCF — terminal P/S	\$343.26	85.1%	2.3x P/S
Equity DCF — terminal P/B	\$293.10	58.1%	6.0x P/B
Equity DCF — constant growth	\$330.05	78.0%	2.0% g, 9.0% ke
Average of methods	\$326.98	76.3%	Equal-weighted
Analyst price target	\$327.00	76.3%	Blue = analyst override

PHILOSOPHY FIT — Five pillars · Score: 5 / 5

		Fit?
1. Fundamental improvement & valuation discipline	ΔROIC +19.0 pts; price is 0.57x our average value	Yes
2. Investing through company cycles	Phase III; EBIT margin 25.5% → 27.0%	Yes
3. Initial position sizing & risk limits	Initial position sized within fund limits; risk limits set at entry	yes
4. Capital allocation discipline	Net debt/invested capital -51.5%; net debt/EBIT -1.6x	Yes
5. Identifiable catalysts & conservative underwriting	Three drivers, each with a monitor; equal-weighted FCFE valuation	Yes

VALUE CRITERIA — 10-Point Checklist · Score: 9 / 10

	Pass?
1. Catalyst / Investment Drivers	Yes
Driver 1 — Fuel Prices	WEX earns a share of each fuel purchase on its fleet cards, so revenue and margins move up with pump prices. This explains guidance raises for 2026. Excluding fuel, Q2 revenue grew 4.2% which is in line with the core growth rate the long term assumption rests on.
Driver 2 — Payment Volume in 3 Segments	WEX operates in mobility, benefits, and corporate payments with mobility being the largest source of revenue. Growth in fleet customers, HSA accounts and corporate payment volume drives the underlying sales growth.
Driver 3 — Interest Rates and Capital Allocation	WEX earns interest on the customer deposits in its benefits business and pays interest on its debt, so rate changes affect both sides of its earnings. Additionally, the board approved a new \$1 billion share repurchase program in May of 2026.
What does management say?	Management expects more than 100 BPS of margin expansion by the end of 2026. Smith highlights operational efficiency increasing as the company implements more use of AI. They are also using prices and buybacks to target growth.

2. Low P/E Ratio							Yes
	FY2023A	FY2024A	FY2025A	FY2026E	FY2027E	FY2028E	
EPS (model)	\$6.23	\$7.59	\$8.57	\$10.24	\$11.42	\$13.79	
P/E at current price	29.8x	24.4x	21.6x	18.1x	16.2x	13.4x	
Peer median P/E (FactSet, subject excl.)	61.4x	FY2026E P/E vs. peer median		(71%)			
3. Low Price / Cash Flow							Yes
FCFE / share	\$30.25	\$9.17	\$27.21	\$10.88	\$13.60	\$16.12	
Price / FCFE	6.1x	20.2x	6.8x	17.0x	13.6x	11.5x	
Peer median P/CF (FactSet, subject excl.)	13.5x	Price / FCFE (today) vs. peer median		(50%)			
4. Low Price / Book Value							No
	FY2023A	FY2024A	FY2025A	FY2026E	FY2027E	FY2028E	
Book value / share	\$42.54	\$36.49	\$34.77	\$36.60	\$38.34	\$40.49	
Price / Book	4.4x	5.1x	5.3x	5.1x	4.8x	4.6x	
ROE (EOY book)	14.6%	20.8%	24.6%	28.0%	29.8%	33.6%	
Peer median P/B (FactSet, subject excl.)	3.7x	Price / book (today) vs. peer median		+43%			

WEX Inc. (WEX) — Value Criteria, continued

5. Financial Soundness							Yes
	FY2023A	FY2024A	FY2025A	FY2026E	FY2027E	FY2028E	
Total debt (\$mm)	3,947	4,446	4,922	4,922	4,922	4,922	
Net debt (\$mm)	-1,306	-753	-1,090	-1,111	-1,165	-1,223	
Total debt / equity (gross)	216.8%	298.6%	398.7%	400.8%	407.5%	413.0%	
Total debt / assets (gross)	28.4%	33.4%	34.2%	33.3%	32.8%	32.1%	
Net debt / invested capital	-38.5%	-29.7%	-51.5%	-52.6%	-55.8%	-59.0%	
Net debt / EBIT	-2.0x	-1.1x	-1.6x	-1.5x	-1.6x	-1.5x	
Tax rate	27.6%	Book equity (\$mm)	1,235				
6. Positive Earnings Dynamics							Yes
	FY2023A	FY2024A	FY2025A	FY2026E	FY2027E	FY2028E	
Sales growth	8.4%	3.1%	1.2%	5.0%	3.0%	4.0%	
EBIT margin	25.7%	26.3%	25.5%	26.0%	26.0%	27.0%	
EPS growth	37.3%	21.8%	12.9%	19.5%	11.5%	20.8%	
7. Business Strategy & Segment Mix							Yes
Strategy	Payments platform in three segments: Fleet Fuel Cards (mobility), HAS/benefits, and virtual-card B2B payments.						
Segment / geography mix	United States, Europe, Asia-Pacific						
8. Capable Management & Insider Ownership							Yes
Insider ownership	1.7%	Inst. ownership	97.5%	Buybacks, % of NOPAT (FY1E)		65.1%	
Insider activity / governance	No recent insider purchashe, activist pushing on capital structure and executive pay.						
9. Valuation — Value Creation (ROIC vs. ke)							Yes
ROIC (FY1E)	131.1%	Cost of equity (ke)	9.0%	EVA spread (ROIC – ke)		122.1%	
Price target / upside	\$327.00	76.3%		Value / share range (low–high)		\$293 – \$343	
10. Uses of Capital — allocation discipline							Yes
Reinvestment -5% of NOPAT, dividends + buybacks 65% in FY2026E; no dividend and no large M&A — full detail in the Uses of Capital table below.							
VALUE FIT SCORE — criteria met		9 / 10					

FINANCIAL SUMMARY (\$mm except per share)							
	FY2023A	FY2024A	FY2025A	FY2026E	FY2027E	FY2028E	CAGR 2023–2028
Sales	2,548	2,628	2,661	2,794	2,878	2,993	3.3%
Gross margin	58.6%	56.0%	55.2%	55.0%	55.0%	55.0%	
EBIT	654	692	677	726	748	808	4.3%
Net income	267	310	304	344	360	404	8.7%
EPS (basic)	\$6.23	\$7.59	\$8.57	\$10.24	\$11.42	\$13.79	17.2%
Dividend / share	—	—	—	—	—	—	
FCFE / share	\$30.25	\$9.17	\$27.21	\$10.88	\$13.60	\$16.12	(11.8%)
Invested capital	3,394	2,533	2,116	2,110	2,089	2,073	(9.4%)
ROIC	40.6%	46.7%	112.0%	131.1%	165.1%	228.9%	
NOPAT margin	18.5%	19.5%	18.4%	19.2%	19.2%	20.0%	
Sales / NWC	-0.67x	-0.70x	-0.62x	-0.62x	-0.62x	-0.62x	
Sales / NFA	0.51x	0.54x	0.56x	0.57x	0.58x	0.59x	
Sales / invested capital (ex cash)	2.19x	2.39x	6.08x	6.81x	8.58x	11.46x	

USES OF CAPITAL — full range, as % of cash generated (NOPAT)							
	FY2023A	FY2024A	FY2025A	FY2026E	FY2027E	FY2028E	Avg 2023–2028
NOPAT before reinvestment (\$mm)	473	513	490	538	554	598	
Uses, as % of NOPAT							
CapEx, R&D & content (Δ NFA)	54.7%	(26.3%)	(24.7%)	34.7%	10.8%	18.6%	11.3%
Working capital (Δ NWC)	(272.3%)	13.7%	(110.3%)	(39.8%)	(24.3%)	(30.9%)	(77.3%)
Dividends	—	—	—	—	—	—	—
Share buybacks	20.2%	125.1%	113.9%	65.1%	68.6%	70.2%	77.2%
Debt repaid (neg. = borrowing)	(241.1%)	(97.4%)	(97.1%)	—	—	—	(72.6%)
Cash & securities build	422.1%	(10.5%)	165.9%	3.9%	9.8%	9.7%	100.2%
Interest & other (residual)	116.4%	95.4%	52.3%	36.1%	35.0%	32.4%	61.3%
Total uses of capital	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Discipline — reinvestment, % of NOPAT	(217.6%)	(12.6%)	(135.0%)	(5.1%)	(13.5%)	(12.4%)	(66.0%)
Dividends + buybacks, % of NOPAT	20.2%	125.1%	113.9%	65.1%	68.6%	70.2%	77.2%

Framework: the full range of capital allocation — CapEx/R&D/brand, dividends, buybacks, cash and debt. Cautious at the top of the cycle; invest for the future at the bottom, without over-levering. Total ties to 100% by construction, with interest and unallocated items in the residual.

COMPS OVERVIEW (current multiples, FactSet)						
Ticker	Company	P/E	P/S	P/B	P/CF	EV/EBIT
PAY	Paymentus Holdings, Inc Class A	47.0x	2.9x	6.4x	25.0x	49.7x
FOUR	Shift4 Payments, Inc. Class A	61.4x	0.6x	4.9x	5.1x	24.5x
CHYM	Chime Financial, Inc. Class A		4.8x	7.3x	31.0x	
FLYW	Flywire Corp.	64.8x	2.9x	2.5x	13.1x	66.1x
MQ	Marqeta, Inc. Class A	167.6x	2.6x	2.4x	8.8x	
GPN	Global Payments Inc.	26.8x	2.3x	1.0x	13.9x	14.8x
Median	Peer median (subject excluded)	61.4x	2.8x	3.7x	13.5x	37.1x
WEX	Subject, at current price	21.6x	2.5x	5.3x	6.8x	8.1x
Premium / (discount) to peer median		(65%)	(10%)	+43%	(50%)	(78%)

Peer set from AutoTearSheet-5Page!D14:D19. Median is of peers only and excludes blanks.

KEY RISKS	
1. Fuel Prices Reverse- A large portion of the 2026 beat comes from high fuel prices. If fuel prices fall back, sales growth for 2027 could fall. However, they would only be falling back to normal levels.	
2. Trucking Weaknesses and Credit Losses in Mobility- Management stated that fuel miles driven are not yet growing. A freight recession would cause volume and credit losses, which is concerning as Mobility is WEX's largest segment.	
3. Rate Cuts- Rate cuts compress income from interest earned on HSA custodial cash. If this happened, WEX would potentially have to slow buybacks, which decreases EPS growth.	
Exit Discipline: Exit if growth excluding fuel stays below 4% for two consecutive quarters. Also exit if buybacks are suspended or if Mobility credit losses exceed the top of the guided range for two quarters.	

