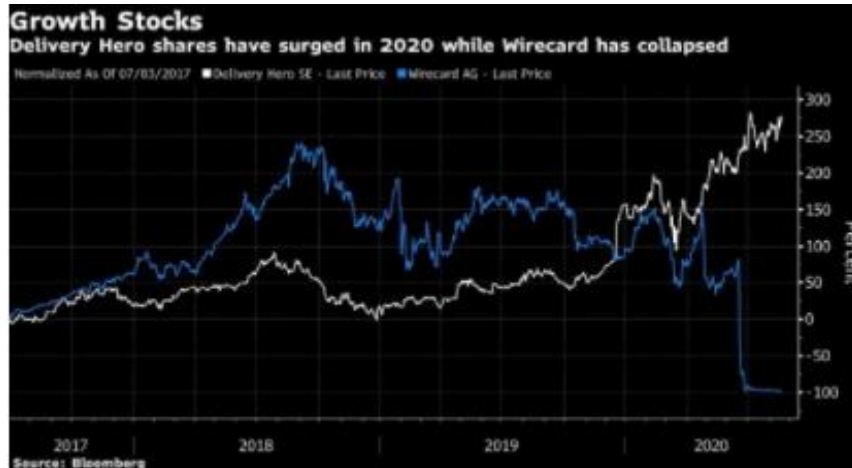


Delivery Hero to Replace Wirecard in Germany's DAX Index

Jan-Patrick Barnert, Bloomberg News



A Foodora delivery worker, the food courier service operated by Delivery Hero AG, wheels a bicycle as food-delivery service workers march in Berlin, Germany, on Thursday, Aug. 22, 2019. Amazon.com Inc.-backed food-delivery service Deliveroo announced an abrupt retreat from Germany after more than four years, a casualty of increasingly cut-throat competition tearing through the industry. Bloomberg

(Bloomberg) -- Delivery Hero SE will replace defunct payments company Wirecard AG in Germany's prestigious DAX benchmark on Monday, the index's owner has announced.

Following an index-rule change in response to Wirecard's scandalous collapse in June, the food-delivery company will take its place in the 30-member gauge ahead of the next quarterly review due Sept. 3. The change, implemented by DAX owner Deutsche Boerse AG, allows for insolvent companies to be removed from its indexes with two trading days notice.

Berlin-based Delivery Hero only went public about three years ago. Its stock has gained almost 50% since January, as virus-induced lockdowns boosted demand for food delivery in its key markets. Joining the DAX could further propel the stock as tracker funds increase their weightings.

"Entering the DAX is an acknowledgment that the capital market believes in our platform," Delivery Hero Chief Executive Officer Niklas Oestberg said by email. "Being part of the DAX, we will continue to expand our service, enhance customer experience, and work towards delivering anything -- locally."

Delivery Hero's addition may spark some controversy as the company is yet to achieve a single profitable year, raising questions about the prudence of including it alongside established heavyweights such as Siemens AG and SAP SE.

Deutsche Boerse selects DAX members based on valuation and volume of shares traded rather than company fundamentals, so Delivery Hero's losses won't prevent it from acceding. In contrast, S&P Dow Jones Indices, the operator of the U.S. S&P 500

benchmark, requires new entrants to have been profitable in their most recent quarter and over the past year.

Shudder

“Delivery Hero is a successor that has never reported a profit, which makes one shudder at first,” says **Oberbanscheidt & Cie portfolio manager Andre Koppers**. On the other hand, it is not the job of an index provider to make assumptions about a member’s future profits, he adds, as “such quality monitoring is not practicable, whether for new entries or existing index members.”

With the new insolvency rule in place, Deutsche Boerse announced last week that it will further review DAX rules, launching a market consultation. The results of that are due by year-end.

(Updates with CEO comment in fourth paragraph)
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