



Evolve  
Capital Partners

# QUARTERLY DEALS & MARKET ROUNDUP

## Bank Technology Solutions

January 2018



*Credit Scoring / Data*



*Software Solutions / Services*



*Blockchain*



*Mortgage / Real Estate Tech*



*Core Processing*

## Highlights

*This quarter's Bank Technology Solutions roundup discusses the following key developments*



***BANKS WORKING ON DLT INFRASTRUCTURE TO REPLACE CORRESPONDENCE RELATIONSHIPS***



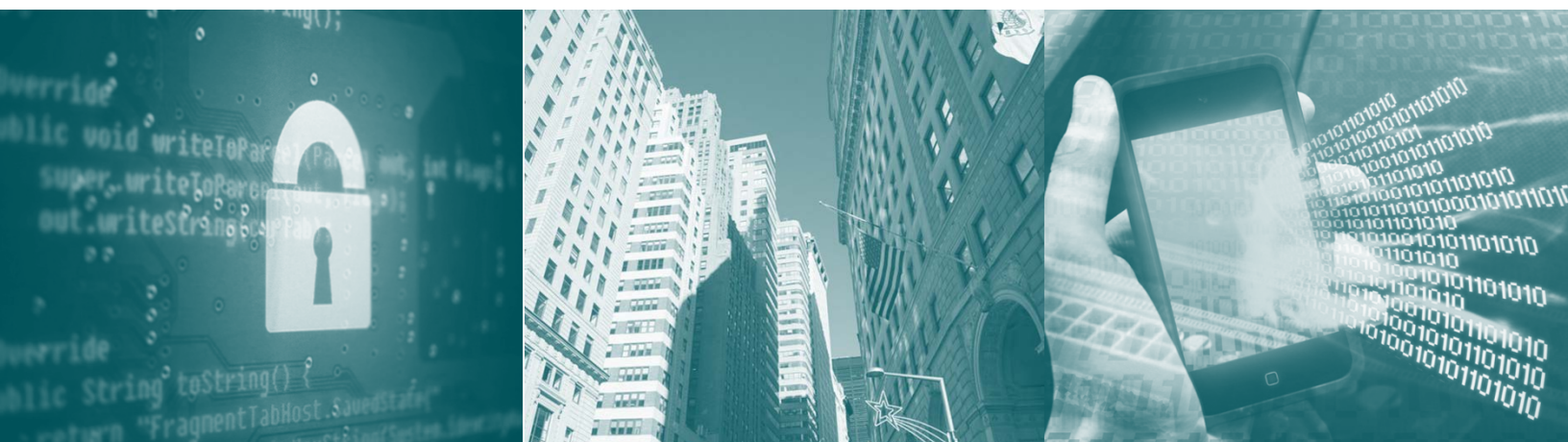
***BANKS USING DIGITAL IDs TO IMPROVE OPERATING EFFICIENCY AND CREATE NEW LINES OF REVENUE***



***BANKS FACE THE HEAT AS DIGITAL MORTGAGE LENDERS SWARM IN AND COSTS INCREASE***



***UPTICK IN DEALS INVOLVING TECHNOLOGY BUSINESSES***



# Overview of Evolve Capital Partners

## ABOUT ECP

- Evolve Capital Partners (ECP) is a specialized investment bank focused on businesses serving industries at the intersection of finance and technology.
- We are dedicated investment bankers focused on evolving industries, and we support sustainable growth through transformational M&A / financing transactions.
- ECP is a dedicated, creative, and fully independent investment bank that advises private and public companies on merger, divestiture and acquisition transactions, and capital raising through private placements.
- We also provide structured financial advisory services — our investment banking practice provides a comprehensive suite of solutions to businesses.
- With over 30 engagements executed by its leaders, Evolve Capital Partners has served as a proud partner, bringing renewed value to companies at the intersection of finance and technology.
- We were founded in 2012 and are based in New York, NY.

## HI-TOUCH INVESTMENT BANKING

*Few investment banks have transaction experience across both corporate and asset finance.*



### Our Clients

- Corporations
- Management Teams
- VC & PE Backed Companies
- Independent Directors / Boards



### Investment Banking Advisory

- M&A
- Strategic Alliances
- Capital Raises and Asset Finance
- Financial Restructurings



### Industry Focus

#### Finance and Technology Firms

**BPO**

**IoT**

**B2B**

**Specialty Finance**

**Enterprise Software**

**Analytics**

**Payments**

**Lending**

**InsuranceTech**

**Securities**

**Financial Services**

**Financial Management**

## We Focus Exclusively on Finance and Technology Related Firms

### Financial Management Solutions



### Payments



### Bank Technology Solutions



### BPO



## Capabilities

### M&A Advisory

*Sales / Recaps*

*Acquisitions*

*Divestiture*

*Strategic Advisory*

## Financing

*Private Placements*

*Debt Capital*

*Restructuring*

### Specialty Finance / Alternative Lending



### Healthcare Tech



### Securities



### Data & Analytics / IoT



### Insurance





# Contents

## 1. Market Summary

- A. Multiples and Margins – All Sectors
- B. Multiples and Margins – Bank Technology Solutions
- C. Stock Comparables – Bank Technology Solutions

## 2. Market Updates

- A. Recent Updates
- B. Key Initiatives by Leading Bank Technology Solutions Companies

## 3. Deal Activity

- A. Overview
- B. M&A Transaction Activity Summary
- C. Key M&A Deal Profiles
- D. Financing Transaction Activity Summary
- E. Key Financing Deal Profiles

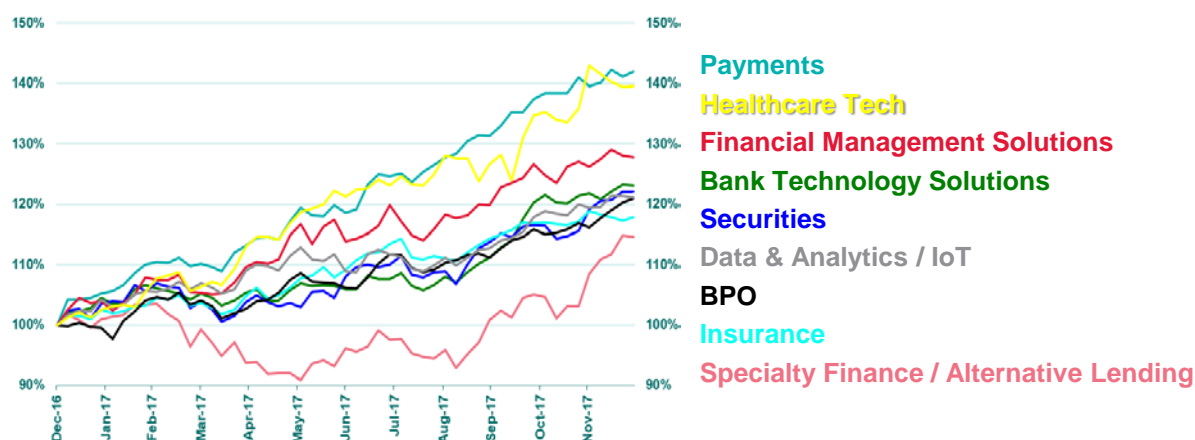
## 4. IPO Activity Summary

## 5. Select Wall Street Research & Commentary

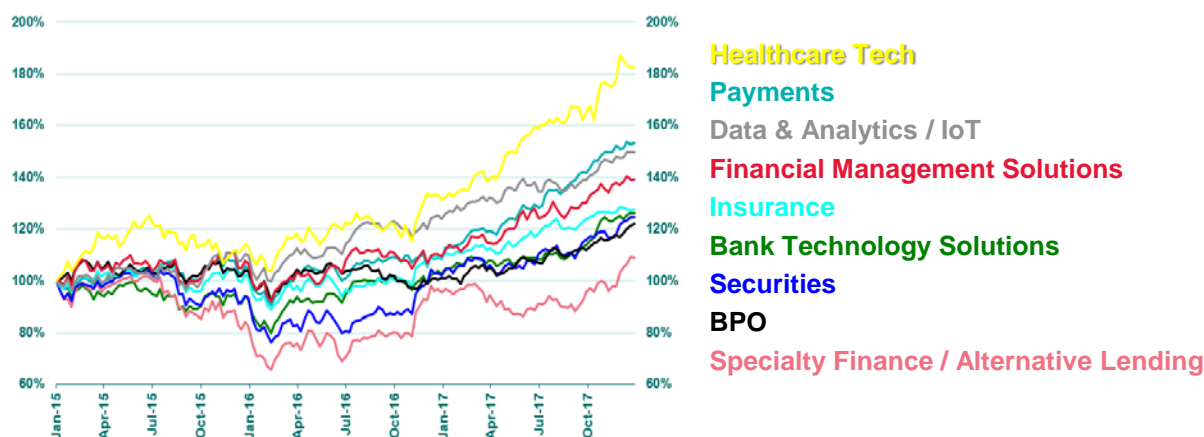
# Market Summary

## Industry Stock Market Performance of ECP Sector Coverage

### Last 12 Months



### Last 3 Years



### Indexed Price Performance

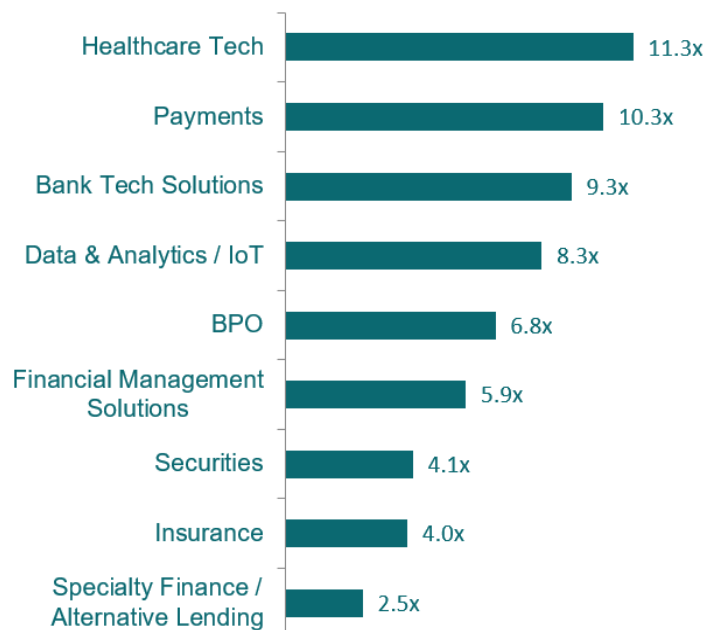
Sector	3 Months	1 Year	3 Years
Payments	10.6%	36.0%	53.5%
Bank Tech Solutions	14.1%	23.0%	26.2%
Specialty Finance / Alternative Lending	20.2%	14.5%	9.1%
Securities	12.2%	22.1%	24.6%
Healthcare Tech	6.2%	17.4%	82.6%
BPO	9.9%	20.7%	22.0%
Financial Management Solutions	8.2%	27.1%	39.0%
Data & Analytics / IoT	8.8%	20.8%	49.6%
Insurance	9.0%	39.2%	27.7%

Source: Capital IQ and market data as of December 29, 2017

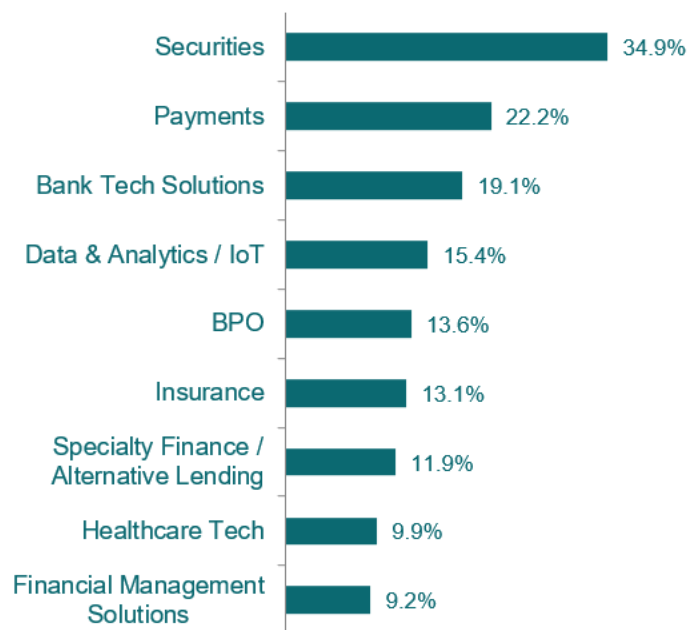
# Multiples & Margins – All Sectors

## Industry-wide Multiples and Margins

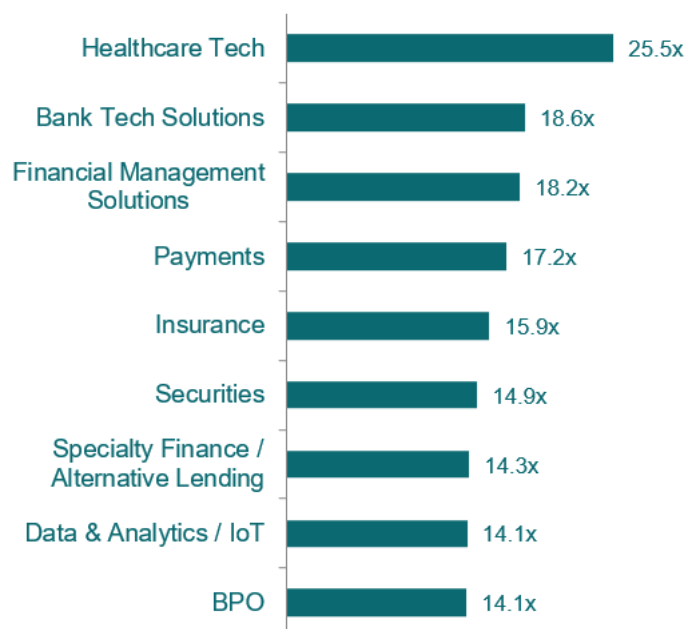
### 2017E EBITDA Multiples



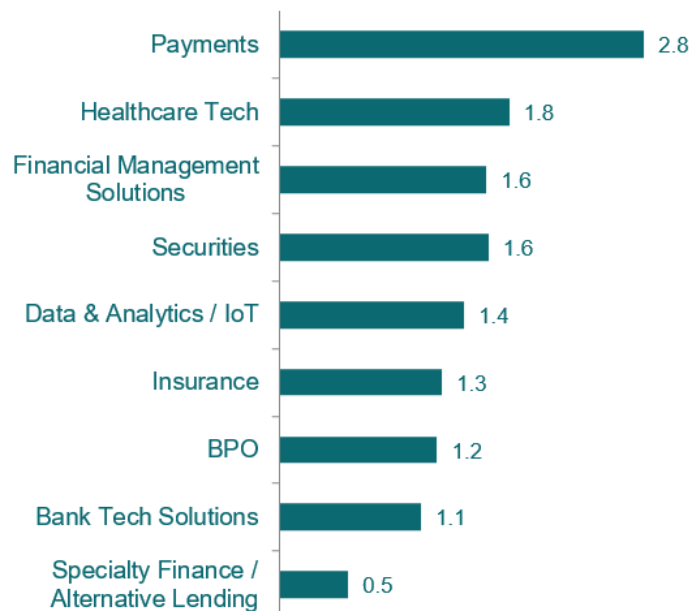
### LTM EBITDA Margins



### 2017E Price / Earnings Multiples



### 2017E PEG Ratio

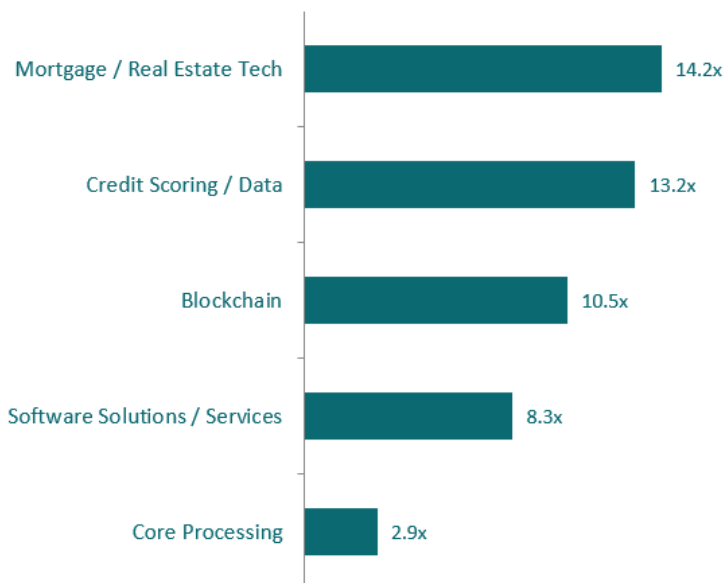


Source: Capital IQ and market data as of December 29, 2017

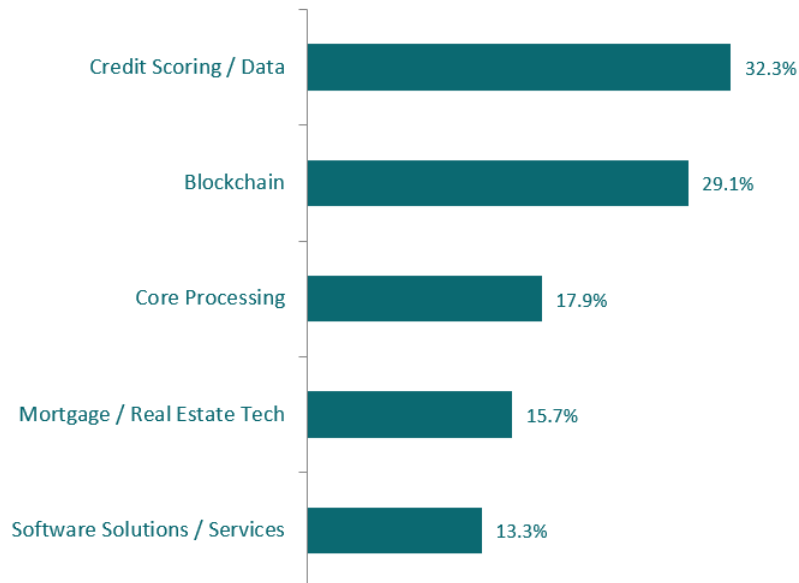
# Multiples & Margins – Bank Technology Solutions

## Sub-sector Multiples and Margins

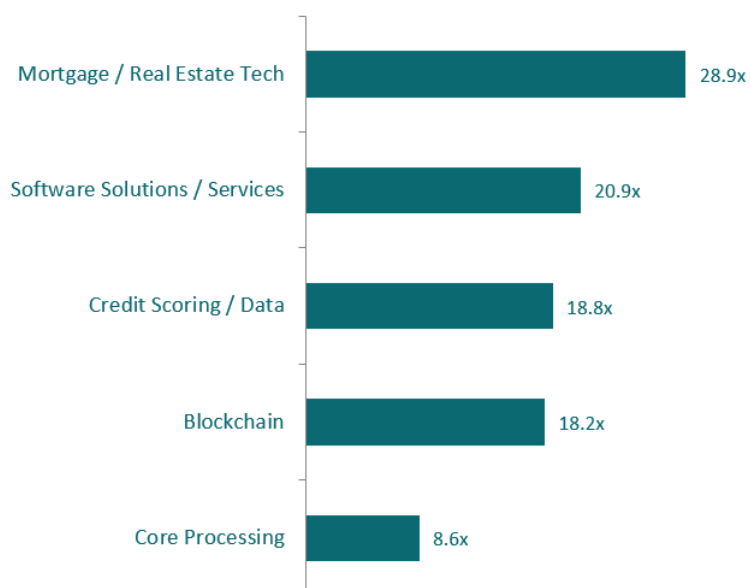
### 2017E EBITDA Multiples



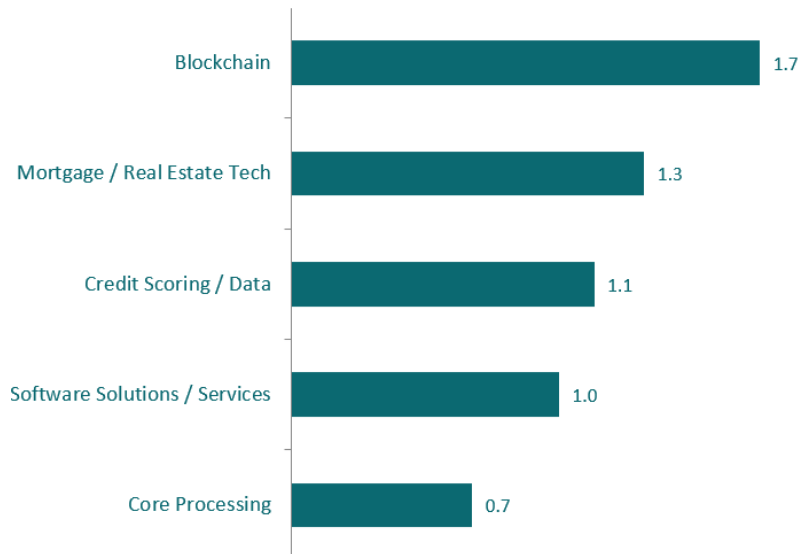
### LTM EBITDA Margins



### 2017E Price / Earnings Multiples



### 2017E PEG Ratio



Source: Capital IQ and market data as of December 29, 2017

## Stock Comparables – Bank Technology Solutions

(All figures in US Dollars. Figures in millions, except per share data, as of December 29, 2017)

Bank Tech Solutions Sub-Sector	Aggregate		Multiples					
	Market Cap	Enterprise Value	Price / Earnings		EV / EBITDA		EV / Sales	
			FY 17E	FY18E	FY 17E	FY 18E	FY 17E	FY 18E
Credit Scoring / Data	\$53,726	\$66,572	18.8x	20.6x	13.2x	14.1x	4.4x	5.1x
Software Solutions / Services	\$28,259	\$32,997	20.9x	18.6x	8.3x	10.3x	2.5x	2.4x
Blockchain	\$548,180	\$520,851	18.2x	16.4x	10.5x	9.4x	2.9x	2.7x
Mortgage / Real Estate Tech	\$53,254	\$56,507	28.9x	33.4x	14.2x	13.1x	4.9x	4.2x
Core Processing	\$89,831	\$102,378	8.6x	27.3x	2.9x	12.4x	2.5x	4.4x
<b>Median</b>			<b>18.8x</b>	<b>20.6x</b>	<b>10.5x</b>	<b>12.4x</b>	<b>2.9x</b>	<b>4.2x</b>
<b>Mean</b>			<b>19.1x</b>	<b>23.3x</b>	<b>9.8x</b>	<b>11.9x</b>	<b>3.4x</b>	<b>3.8x</b>

Bank Tech Solutions Sub-Sector	Number of Companies	Growth Rates			EBITDA Margin		PEG* FY 17E
		Revenue		EPS	FY 17E	FY 18E	
		FY 17E	FY 18E	5 Yr			
Credit Scoring / Data	5	12.7%	7.2%	12.7%	32.3%	36.8%	1.12
Software Solutions / Services	8	3.6%	7.9%	9.0%	13.3%	19.1%	0.99
Blockchain	5	16.9%	8.5%	10.6%	29.1%	30.7%	1.74
Mortgage / Real Estate Tech	13	4.1%	15.4%	9.1%	15.7%	23.4%	1.31
Core Processing	12	5.3%	9.3%	19.3%	17.9%	26.3%	0.67
Median		5.3%	8.5%	10.6%	17.9%	26.3%	1.12
Mean		8.5%	9.7%	12.1%	21.7%	27.2%	1.16

\* Price/Earnings to Growth ratio is a valuation metric for determining the relative trade-off between the price of a stock, the earnings generated per share (EPS), and the company's expected growth. In general, the P/E ratio is higher for a company with a higher growth rate.

## Stock Comparables – Bank Technology Solutions Sub-Sectors

(All figures in US Dollars. Figures in millions, except per share data, as of December 29, 2017)

### Credit Scoring / Data

Company Name	Market Cap	Enterprise Value	LTM Sales	LTM EBITDA Margin	EV / Sales		EV / EBITDA		P / E		PEG FY2017
					FY2017	FY2018	FY2017	FY2018	FY2017	FY2018	
Experian plc	\$20,074	\$23,577	\$4,439	34.9%	NA	4.9x	NA	14.0x	NA	21.8x	NA
Equifax Inc.	\$14,160	\$16,616	\$3,325	35.0%	4.6x	4.4x	12.5x	12.3x	18.3x	17.8x	1.8
TransUnion	\$10,024	\$12,242	\$1,864	35.6%	6.2x	5.7x	15.8x	14.2x	28.2x	24.9x	2.5
Intrum Justitia AB	\$4,874	\$9,043	\$1,007	33.6%	6.1x	5.6x	18.1x	12.4x	18.1x	13.6x	1.3
Fair Isaac Corporation	\$4,595	\$5,094	\$932	22.7%	5.3x	4.9x	19.5x	17.7x	29.2x	25.1x	NA
<b>Median</b>				<b>34.9%</b>	<b>5.7x</b>	<b>4.9x</b>	<b>17.0x</b>	<b>14.0x</b>	<b>23.3x</b>	<b>21.8x</b>	<b>1.8</b>
<b>Mean</b>				<b>32.3%</b>	<b>5.5x</b>	<b>5.1x</b>	<b>16.5x</b>	<b>14.1x</b>	<b>23.5x</b>	<b>20.6x</b>	<b>1.9</b>

### Software Solutions / Services

Company Name	Market Cap	Enterprise Value	LTM Sales	LTM EBITDA Margin	EV / Sales		EV / EBITDA		P / E		PEG FY2017
					FY2017	FY2018	FY2017	FY2018	FY2017	FY2018	
Wolters Kluwer N.V.	\$14,682	\$17,414	\$5,053	26.6%	3.2x	3.1x	11.8x	11.3x	18.6x	17.4x	2.4
Pegasystems, Inc.	\$3,671	\$3,477	\$801	6.9%	5.0x	4.5x	NM	NM	60.1x	49.0x	2.4
The Dun & Bradstreet Corporation	\$4,376	\$5,644	\$1,733	24.5%	3.2x	3.1x	11.4x	10.8x	16.7x	15.9x	1.7
Sopra Steria Group	\$3,758	\$4,569	\$4,296	8.2%	1.0x	1.0x	10.9x	9.9x	16.9x	15.2x	1.5
Asseco Poland S.A.	\$1,049	\$1,149	\$2,103	11.9%	1.0x	2.1x	8.2x	12.7x	10.8x	14.4x	NA
Mitek Systems, Inc.	\$311	\$269	\$45	15.1%	5.8x	4.7x	NM	20.4x	31.4x	25.0x	NA
SQS Software Quality Systems AG	\$357	\$407	\$366	8.1%	0.7x	0.7x	7.4x	6.9x	12.7x	12.0x	NA
NetSol Technologies, Inc.	\$53	\$70	\$61	5.6%	NA	NA	NA	NA	NA	NA	NA
<b>Median</b>				<b>10.0%</b>	<b>3.2x</b>	<b>3.1x</b>	<b>10.9x</b>	<b>11.1x</b>	<b>16.9x</b>	<b>15.9x</b>	<b>2.0</b>
<b>Mean</b>				<b>13.3%</b>	<b>2.8x</b>	<b>2.7x</b>	<b>10.0x</b>	<b>12.0x</b>	<b>23.9x</b>	<b>21.3x</b>	<b>2.0</b>

### Blockchain

Company Name	Market Cap	Enterprise Value	LTM Sales	LTM EBITDA Margin	EV / Sales		EV / EBITDA		P / E		PEG FY2017
					FY2017	FY2018	FY2017	FY2018	FY2017	FY2018	
Intel Corporation	\$216,029	\$230,165	\$62,082	40.5%	3.6x	3.5x	8.6x	8.1x	13.7x	13.6x	1.8
International Business Machines Corporation	\$142,035	\$176,292	\$78,366	21.5%	2.3x	2.3x	9.4x	9.0x	11.2x	11.1x	2.3
American Express Company	\$86,201	NA	\$29,870	NA	NA	NA	NA	NA	16.2x	14.8x	1.7
PayPal Holdings, Inc.	\$88,485	\$77,879	\$12,331	19.0%	5.8x	4.8x	22.3x	18.5x	38.0x	31.4x	1.9
First Data Corporation	\$15,431	\$36,516	\$7,991	35.3%	3.1x	2.9x	12.2x	11.4x	11.7x	11.2x	1.0
<b>Median</b>				<b>28.4%</b>	<b>3.3x</b>	<b>3.2x</b>	<b>10.8x</b>	<b>10.2x</b>	<b>13.7x</b>	<b>13.6x</b>	<b>1.8</b>
<b>Mean</b>				<b>29.1%</b>	<b>3.7x</b>	<b>3.4x</b>	<b>13.1x</b>	<b>11.7x</b>	<b>18.2x</b>	<b>16.4x</b>	<b>1.7</b>

Source: Capital IQ

## Stock Comparables – Bank Technology Solutions Sub-Sectors (Cont'd.)

(All figures in US Dollars. Figures in millions, except per share data, as of December 29, 2017)

### Mortgage / Real Estate Tech

Company Name	Market Cap	Enterprise Value	LTM Sales	LTM EBITDA Margin	EV / Sales		EV / EBITDA		P / E		PEG
					FY2017	FY2018	FY2017	FY2018	FY2017	FY2018	
Fidelity National Financial, Inc.	\$10,719	\$11,388	\$9,863	15.4%	0.8x	0.8x	4.8x	5.4x	15.8x	15.4x	NA
Zillow Group, Inc.	\$7,511	\$7,210	\$1,022	4.4%	6.8x	5.7x	NM	23.4x	NM	50.3x	3.8
CoStar Group, Inc.	\$10,733	\$10,416	\$930	25.3%	10.7x	9.2x	NM	NM	62.8x	48.2x	3.4
Ellie Mae, Inc.	\$3,088	\$2,721	\$400	20.5%	6.4x	5.3x	22.0x	18.9x	56.6x	52.1x	4.4
CoreLogic, Inc.	\$3,806	\$5,455	\$1,872	21.2%	3.0x	2.9x	11.6x	11.1x	20.1x	18.8x	1.8
Black Knight, Inc.	\$6,776	\$8,175	\$1,046	34.8%	8.9x	8.1x	18.6x	16.7x	NA	NA	NA
ZPG Plc	\$1,949	\$2,208	\$328	34.8%	7.2x	6.2x	18.3x	15.5x	24.7x	20.8x	NA
Stewart Information Services Corporation	\$1,005	\$1,009	\$1,962	6.0%	0.5x	0.4x	6.6x	5.2x	16.7x	12.7x	NA
Real Matters Inc.	\$707	\$640	\$303	1.8%	1.9x	1.6x	NM	NM	NM	67.5x	NA
RealPage, Inc.	\$3,672	\$3,960	\$632	14.0%	5.4x	4.5x	22.3x	17.1x	46.3x	35.6x	2.3
Redfin Corporation	\$2,550	\$2,337	\$341	(3.0%)	7.2x	5.5x	NM	NM	NM	NM	NM
Altisource Portfolio Solutions S.A.	\$501	\$768	\$965	13.9%	0.8x	0.9x	8.3x	6.6x	17.2x	23.6x	NA
Reis, Inc.	\$237	\$219	\$47	14.6%	3.9x	3.5x	15.7x	11.4x	NM	55.5x	NA
<b>Median</b>				<b>14.6%</b>	<b>5.4x</b>	<b>4.5x</b>	<b>15.7x</b>	<b>13.5x</b>	<b>22.4x</b>	<b>35.6x</b>	<b>3.4</b>
<b>Mean</b>				<b>15.7%</b>	<b>4.9x</b>	<b>4.2x</b>	<b>14.2x</b>	<b>13.1x</b>	<b>32.5x</b>	<b>36.4x</b>	<b>3.1</b>

### Core Processing

Company Name	Market Cap	Enterprise Value	LTM Sales	LTM EBITDA Margin	EV / Sales		EV / EBITDA		P / E		PEG
					FY2017	FY2018	FY2017	FY2018	FY2017	FY2018	
Fidelity National Information Services, Inc.	\$31,414	\$39,907	\$9,240	27.4%	4.5x	4.4x	13.5x	12.9x	22.4x	19.7x	1.8
Fiserv, Inc.	\$27,327	\$32,113	\$5,611	31.4%	5.5x	5.3x	15.5x	14.5x	25.4x	22.4x	2.2
Jack Henry & Associates, Inc.	\$9,033	\$8,929	\$1,446	31.0%	NA	5.6x	NA	16.1x	NA	33.6x	NA
Temenos Group AG	\$9,016	\$9,292	\$694	27.6%	11.5x	10.3x	NM	NM	46.7x	39.4x	3.4
Oracle Financial Services Software Limited	\$5,458	\$5,076	\$701	41.8%	NA	5.8x	NA	14.7x	NA	21.6x	NA
Glory Ltd.	\$2,354	\$2,149	\$1,995	14.0%	NA	1.0x	NA	7.1x	NA	19.8x	NA
Q2 Holdings, Inc.	\$1,536	\$1,447	\$184	(8.1%)	8.5x	6.8x	NM	NM	NM	NM	NM
Silverlake Axis Ltd	\$1,135	\$932	\$117	26.8%	NA	6.0x	NA	13.3x	NA	19.4x	NA
Bottomline Technologies (de), Inc.	\$1,404	\$1,463	\$358	10.1%	NA	3.7x	NA	16.1x	NA	30.5x	NA
Computer Services, Inc.	\$649	\$611	\$247	0.0%	NA	NA	NA	NA	NA	NA	NA
Intellect Design Arena Limited	\$324	\$288	\$151	3.8%	NA	1.8x	NA	NM	NA	62.4x	NA
CREALOGIX Holding AG	\$181	\$170	\$78	9.1%	NA	1.8x	NA	17.3x	NA	31.0x	NA
<b>Median</b>				<b>26.8%</b>	<b>7.0x</b>	<b>5.3x</b>	<b>14.5x</b>	<b>14.6x</b>	<b>25.4x</b>	<b>26.4x</b>	<b>2.2</b>
<b>Mean</b>				<b>19.5%</b>	<b>7.5x</b>	<b>4.8x</b>	<b>14.5x</b>	<b>14.0x</b>	<b>31.5x</b>	<b>30.0x</b>	<b>2.5</b>

Source: Capital IQ



## Recent Updates



### **BANKS WORKING ON DLT INFRASTRUCTURE TO REPLACE CORRESPONDENCE RELATIONSHIPS**

The cross-border payments mechanism currently used by banks is inefficient and slow because of the absence of a central clearinghouse. With no clearinghouse in place, all international payments are routed through a correspondence bank, which increases processing time and transaction costs. On the insistence of their clients, banks are developing an alternative infrastructure for cross-border payments. The distributed ledger technology (DLT) is central to this new infrastructure.

A DLT-based mechanism can increase the time and cost efficiency of international payments by eliminating the need for

a clearing intermediary, such as a correspondence bank. It also brings efficiency and cost savings by using advanced algorithms. In addition, a DLT solution can reduce banks' credit risks, improve regulatory compliance, and enhance payments experience for users.

Many FinTech businesses have built cross-border payments and settlement infrastructure using the DLT. Banks are increasingly partnering with these companies to use their DLT solutions. They are also collaborating with them to develop their own cross-border payments systems using DLT.



### **BANKS USING DIGITAL IDS TO IMPROVE OPERATING EFFICIENCY AND CREATE NEW LINES OF REVENUE**

With growing digitization, banks are disposed to continuously deploy new identity management technologies. Despite being reluctant to repeatedly verify their identity, people trust banks the most (except for the government) with their digital identity. The combination of advanced biometric capabilities and people's willingness to share their details has put banks in a sweet spot to create and maintain a dynamic identity management system. In addition to enhancing cyber security, banks are using these systems to improve their operating efficiency and create new revenue streams.

Banks can use the digital identities they create to overcome functional siloes. These siloes necessitate repeated verification, which mars the user experience.

Improving user experience through digital identities can ease the toll on banks' human and financial resources.

Banks can similarly use digital identities to improve their customers' dealings with public institutions and other financial institutions. This can create new revenue streams for banks, without taking distribution control away from customers.

Capgemini notes that several major Canadian banks, including Royal Bank of Canada and Scotiabank, are already building digital identity tools that will allow people to self-identify. Similarly, many banks, including BBVA, Capital One, Deutsche Bank, and USAA have started with digital ID projects.



### **BANKS FACE THE HEAT AS DIGITAL MORTGAGE LENDERS SWARM IN AND COSTS INCREASE**

Mortgage lending has lagged the rest of the banking sector in digital disruption. However, new-age lenders are now swarming into this space and challenging the established players. With faster approvals and lower mortgage rates, digital lenders are quickly eating into the share of incumbents.

In 2011, three banks accounted for close to half the newly-made mortgage loans, estimates The Washington Post. In September 2016, their share fell to 21%, and has consistently fallen since. Banks' share of the mortgage market is also being squeezed by the CFPB's rules on capital requirements and

loan qualification, which entail higher costs for banks. In addition, banks no longer have an advantage on loan-guarantee fees, as Fannie Mae and Freddie Mac now charge uniform fees from banks and other entities.

With the traditional mortgage lending model facing multiple challenges and the digital shift gathering momentum, the leadership of the mortgage lending industry could be set to change.



## Key Initiatives by Leading Bank Technology Solutions Companies

### ***First National Bank launching online SMB lending portal***

First National Bank and Trust Company are launching a digital small business lending portal and have chosen a partner to create the solution. The digital platform will be deployed by the financial institution (FI) in partnership with the FinTech firm RCGILTNER Services and is expected to be launched in 2018. The portal will enable SMBs to secure loans without visiting the bank. The digital lending portal is accessible via desktop and mobile devices. It also supports e-signatures and expedites tedious paperwork enabling loan approval within three days.

### ***Mortgages USA deploys Ellie Mae's Encompass digital mortgage solution***

Mortgages USA has deployed Ellie Mae's Encompass® digital mortgage solution across its business. The solution consolidates data into a single system of record and provides a digital mortgage experience for the entire lifecycle of the loan. Richard Frunzi, President at Mortgages USA, says that the ability for loan officers to remotely access Encompass is critical for Mortgages USA as it helps them to cater to customers from off-site locations. "Since one of our core values is speed, we're excited to be able to access Encompass anytime, anywhere, from any device," says Richard Frunzi.

### ***Nordea's Open Banking goes live in Finland***

Nordea, recently connected APIs to its operating system and went live with its Open Banking platform in Finland. Nordea's Open Banking team received input from more than 1,000 external developers before the platform went live. Since launching the platform in Finland, Nordea claims it is the only Nordic bank to offer this service.

Nordea is expected to kickoff a piloting period during which time selected third parties will build applications on the existing APIs. This will be done to ascertain whether all aspects of the Open Banking system work as expected. Pilot data is currently limited to its Finnish customers. However, Nordea plans to expand to other Nordic countries soon.









### ***Standard Chartered unveils chatty banking chatbot***

Standard Chartered has deployed a chatbot on its online and mobile banking platforms. It is expected to utilize Kasisto's conversational artificial intelligence (AI) platform, KAI Banking. Another bank using the KAI platform for its online virtual assistant is POSB, one of Singapore's oldest banks and part of the DBS Banking Group. Standard Chartered's chatbot is designed to monitor users' spending habits and automate recurring payments, thus helping those users to make smarter financial decisions.

The service is expected to launch in Hong Kong next year in a phased manner. Moreover, the chatbot is equipped to converse in English and several other languages. "Looking at how quickly our clients are embracing digital, I expect our chatbot will become a popular way to connect with us anytime, anywhere," says Deniz Güven, Global Head of Design and Client Experience at Standard Chartered.





## Deal Activity

### Highlighted M&A Transactions

Date	Target	Acquirer	Sector	Implied EV (\$mm)
11/29/17	 CALCASA	 Zoopla	Real Estate Tech	\$95
11/14/17	 FACTOR TRUST	 TransUnion	Credit Scoring / Data	NA
11/13/17	 Outbank	 Verivox	Core Processing	NA
11/2/17	 LINDORFF    intrum    justitia	 Lowell	Core Processing	\$851

- Banks and large lenders have showed continued interest in technology businesses in Q4:17.
- Businesses providing data & analytics solutions and consumer credit technologies have been favored M&A targets.
- Real estate tech and credit scoring are also verticals that have seen substantial action.

### Highlighted Financing Transactions

Date	Company	Lead Investor	Type	Amount (\$mm)
12/7/17	 COMPASS	 SoftBank	NA	\$450
11/6/17	 monza	 stripe	NA	\$95

- The desire to deliver new value-added services has fueled many transactions as well.

### Uptick in deals involving technology businesses

Banks and large lenders have showed continued interest in technology businesses in Q4:17. This trend is reflected in the transactions witnessed in the past quarter. Businesses providing data & analytics solutions and consumer credit technologies have been favored M&A targets. Real estate tech and credit scoring are also verticals that have seen substantial action. The desire to deliver new value-added services has fueled many transactions as well. Fidelity's acquisition of Skyslope and TransUnion's purchase of FactorTrust are two transactions of note. Mortgage tech is another area that has witnessed heightened interest from PEs and venture capital funds. Firms such as Finch Capital have homed in on this trend through funding the Dutch fintech,

Ikbenfrits. The acquisition of Black Knight Financial Services by a consortium of investors is another transaction highlighting this trend. The largest transaction of the quarter involved Lowell's acquisition of a Lindorff-Intrum Justitia carve-out for \$850 million. The transaction reflects the appetite of large institutions for credit management technology. In a bid to expand businesses geographically and exploit untapped consumer segments, such as millennials, big firms are willing to spend large sums. The largest financing transaction involved Softbank funding real estate tech business Compass to the tune of \$450 million. The size of this transaction is unprecedented and is expected to elicit greater interest in the segment from other funds.

*Businesses providing data & analytics solutions and consumer credit technologies have been favored M&A targets. Real estate tech and credit scoring are also verticals that have seen substantial action.*

## M&A Transaction Activity Summary

Date	Target	Acquirer(s)	Sector	Implied EV (\$mm)
11/29/17 Transaction Profiled	 CALCASA®	 Zoopla	Real Estate Tech	\$95
11/20/17	 syncordis	 LTI Let's Solve	Core Processing	\$33
11/14/17 Transaction Profiled	 FACTOR TRUST	 TransUnion <sup>tu</sup>	Credit Scoring / Data	NA
11/13/17 Transaction Profiled	 Outbank	 Verivox	Core Processing	NA
11/13/17	 CreditShop	 VÄRDE	Core Processing	NA
11/2/17 Transaction Profiled	 LINDORFF   intrum justitia	 Lowell	Core Processing	\$851
10/9/17	 REAPIT <sup>h</sup>	 AKKR <sup>ACCESS</sup>	Core Processing	NA
10/6/17	 Ernest	 moneyfarm	Software Solutions	NA
10/3/17	 REALas	 ANZ	Real Estate Tech	NA
10/2/17	 SKYSLOPE®	 FIDELITY NATIONAL REALTY GROUP	Real Estate Tech	NA

Source: Capital IQ and Media Reports

## M&A Transaction Activity Summary (Cont'd.)

Date	Target	Acquirer(s)	Sector	Implied EV (\$mm)
9/29/17	 BLACK KNIGHT™ FINANCIAL SERVICES	Undisclosed	Mortgage Tech	NA
9/20/17			Core Processing	NA
9/20/17			Core Processing	NA
9/19/17			Core Processing	NA
9/7/17			Credit Scoring / Data	\$107
8/31/17			Core Processing	NA
8/24/17			Credit Scoring / Data	\$151
8/21/17			Software Solutions/Services	NA
7/27/17			Software Solutions/Services	\$60
7/3/17			Software Solutions / Services	\$1,435

Source: Capital IQ and Media Reports



## Key M&A Deal Profiles

### Calcasa acquired by Zoopla for \$95 million

#### Target Company Overview



Calcasa B.V. provides automated property valuations and statistical market analyses. Calcasa's clients include mortgage lenders, mortgage brokers, surveyors, estate agents, developers, housing associations, pension funds, and real estate funds. The company is based in Delft, the Netherlands.

#### Services Offered

The Calcasa AVM (Automated Valuation Model) uses sales comparisons and hedonic regression techniques to provide an estimate of the current market value of residential properties. Calcasa Portfolio is an off-line service that enables users to access the AVM. Calcasa Portfolio also provides valuations based on the unique characteristics of each property.

#### Acquisition Details



Zoopla acquired Calcasa for \$95 million on November 29, 2017. According to the terms of the deal, Zoopla will pay an initial consideration of \$35 million upon completion of the deal on a cash-free and debt-free basis. Following completion, Calcasa will continue to operate as a standalone business.

#### Transaction Rationale

The acquisition is strategically significant for Zoopla as it further enhances Zoopla's data expertise, product capabilities, and partner relationships in the real estate segment. The combination creates the largest residential property valuation database in Europe. It will help consolidate the market leading position of Zoopla's Hometrack platform meant for real estate analytics.

### TransUnion acquires FactorTrust

#### Target Company Overview



FactorTrust is a provider of alternative credit data, analytics and risk scoring information. The company's customers come from short-term lending, installment lending, and recovery markets, across the world. FactorTrust, Inc. was founded in 2005 and is based in Roswell, GA.

#### Products and Services Offered

FactorTrust offers the following categories of products and services:

- Analytics & Scores
- Risk & Compliance
- Bank Verification & Transactions
- Identity Verification & additional services
- Acquisition
- Account Management
- Collections

#### Acquisition Details



TransUnion acquired FactorTrust, Inc. on November 14, 2017. The terms of the transaction were not disclosed.

#### Transaction Rationale

The acquisition strengthens TransUnion's position as a provider of credit models that capture positive payment behaviour of consumers. The addition of FactorTrust's short-term and small dollar lending data will enable TransUnion to provide its clients with the information they need to offer borrowers a broader range of credit products.

Source: Capital IQ, company websites and press releases

## Key M&A Deal Profiles (Cont'd.)

### Verivox acquires Outbank digital platform

#### Target Company Overview



Outbank is Germany's largest independent digital banking application. It provides users automatic bank updates and allows them to conveniently send money, optimise their fixed costs, organize transactions, and analyse their expenses. The company is based in Dachau, Germany.

#### Features

Outbank enables users to review all their finances at one glance. It also allows them to make payments, tag, take transaction printouts, and check their stocks in real-time. The app gives users access to over 4,000 traditional and online banks, financial services like PayPal, stocks, Bitcoin, and reward cards like Miles & More and Payback. It can be accessed through a mobile phone and PC.

#### Acquisition Details



Verivox GmbH agreed to acquire Outbank on November 13, 2017. The terms of the transaction were not disclosed.

#### Transaction Rationale

The acquisition will allow Verivox to strengthen its FinTech offerings vis-à-vis competitors such as CHECK24. Verivox may also use Outbank as an additional marketing channel to help them expand their customer base by increasing usage of their platform and reducing Verivox's dependence on Google and TV advertising.

### Lowell pays \$851 million for Intrum Justitia

#### Target Company Overview



Intrum Justitia and Lindorff combined to form the industry leading provider of credit management services. Lindorff was founded in 1898 and offers debt collection, debt purchase, payments, and invoicing services. Intrum Justitia was founded in 1923 and offers services to improve clients' cash flow and long-term profitability. The business is headquartered in Stockholm, Sweden.

#### Services Offered

Intrum Justitia's suite of services includes:

- Credit optimization services
- Collection services
- Payment services
- E-commerce services
- Accounts Receivable Management

#### Acquisition Details



On November 2, 2017, Lowell Group Limited entered into a definitive agreement to acquire a business carve-out from Intrum Justitia for \$851 million. The carve-out includes Lindorff's businesses in Denmark, Estonia, Finland and Sweden, and Intrum Justitia's business in Norway. The transaction is expected to close in the first half of 2018.

#### Transaction Rationale

The acquisition is consistent with Lowell's strategy of inorganic expansion across European credit markets. The combined entity will be among the leading pan-European credit management platforms. It will benefit from greater scale, geographical expanse, and business mix diversity.

## Financing Transaction Activity Summary

Date	Target	Sector	Amount (\$mm)	Type	Investor(s)
12/15/17		Software Solutions	\$3	Seed Investment	
12/7/17 <small>Transaction Profiled</small>		Real Estate Tech	\$450	NA	
11/30/17		Software Solutions	\$5	Venture Capital	
11/30/17		Core Processing	\$20	NA	
11/29/17		Mortgage Tech	\$2	NA	
11/28/17		Core Processing	NA	NA	
11/7/17		Software Solutions	NA	Strategic Investment	
11/6/17 <small>Transaction Profiled</small>		Core Processing	\$95	NA	
11/3/17		Core Processing	\$90	NA	
11/1/17		Real Estate Tech	\$100	Series E	

Source: Capital IQ and Media Reports

## Financing Transaction Activity Summary (Cont'd.)

Date	Target	Sector	Amount (\$mm)	Type	Investor(s)
11/1/17		Real Estate Tech	\$9	Series A	
10/6/17		Software Solutions	\$1	Seed Investment	
10/4/17		Real Estate Tech	\$9	Series A	
9/28/17		Software Solutions	\$30	Series C	Microsoft Ventures
9/28/17		Software Solutions	\$2	NA	
9/27/17		Core Processing	\$18	Series B	
9/25/17		Core Processing	\$6	NA	
9/21/17		Core Processing	\$46	Series A	
9/14/17		Real Estate Tech	\$31	Series B	
9/9/17		Software Solutions	\$24	NA	

Source: Capital IQ and Media Reports

## Key Financing Deal Profiles

### Softbank funds Compass with \$450 million

#### Target Company Overview

#### COMPASS

Compass operates a real estate platform. The company was incorporated in 2012 and is based in New York, New York with additional offices in the Hamptons, Miami, Boston, Los Angeles and Washington D.C.

#### Services Offered

Through its real estate platform, Compass provides brokerage services for buying, selling, or renting a home in New York, District of Columbia, Miami, Boston and Cambridge, the Hamptons, Los Angeles, Santa Barbara and Montecito. In addition to its platform, Compass has developed an iOS application to provide its services.

#### Financing Details



Compass received \$450 million in a round of funding from a new investor, SoftBank Vision Fund; a fund managed by SoftBank Investment Advisers on December 7, 2017. The company has raised \$775 million in funding till date. The round was raised at a post-money valuation of \$2.2 billion.

#### Use of Funds

Compass will use the proceeds to fuel an accelerated geographic expansion across the United States. Additionally, it will use the funds for the development of the world's largest real estate technology platform and to execute its "Compass Everywhere" vision, partnering with top agents and their clients in every major city in the USA.

### Monzo Bank raises \$95 million

#### Target Company Overview



Focus FS Ltd., doing business as Monzo, operates as a digital bank. Originally it operated through a mobile app and a prepaid debit card, however, in April 2017 their UK banking license restrictions were lifted. This enabled Monzo to offer a current account as well. Focus FS Ltd. was incorporated in 2015 and is based in London, United Kingdom.

#### Services Offered

The company offers :

- Personal current accounts
- Monzo MasterCard
- Prepaid debit cards that can be topped up and used at cash machines, in-store, online, and at contactless terminals.

#### Financing Details



Focus FS Ltd has received \$95 million in a round of funding led by new investor Goodwater Capital on November 6, 2017. The transaction also included participation from new investor Stripe, Inc. and Michael Moritz. The company has received \$142 million in funding till date. The round was raised at a post money valuation of \$375 million.

#### Transaction Rationale

Focus FS Ltd will use the proceeds to consolidate its position in the sector. This would entail doubling down on its hiring efforts and expediting the rollout of current accounts.

## IPO Activity Summary

Company	IPO Date	Amount Raised (\$mm)	IPO Price	Current Market Price	Total Return
 REDFIN	7/27/17	\$138	\$15.00	\$31.32	109%
 Alfa <sup>^</sup>	5/26/17	\$324	\$5.49	\$7.23	32%
 REAL MATTERS	5/10/17	\$115	\$9.51	\$8.04	(15%)
 blueprism	3/15/16	\$30	\$1.11	\$17.02	1433%
 CYBG	2/3/16	\$502	\$2.62	\$4.59	75%
 Piteco <small>FINANCIAL SOFTWARE &amp; CONSULTING</small>	7/30/15	\$11	\$3.61	\$6.18	71%
 SOPHOS	6/30/15	\$554	\$3.54	\$7.7	118%
 TransUnion	6/24/15	\$665	\$22.50	\$54.96	144%
 BLACK KNIGHT <sup>™</sup> <small>FINANCIAL SERVICES</small>	5/19/15	\$441	\$24.50	\$44.15	80%
 synchrony <small>FINANCIAL</small>	7/30/14	\$2,875	\$23.00	\$38.61	68%
 Cervid	6/24/14	\$582	\$6.93	\$12.73	84%
 Q2 <small>Grow Beyond</small>	3/19/14	\$101	\$13.00	\$36.85	183%
 Springleaf	10/15/13	\$358	\$17.00	\$25.99	53%
 Zillow <sup>®</sup>	7/19/11	\$69	\$20.00	\$40.74	104%

Source: Capital IQ and Pitchbook  
Market data as of December 29, 2017



## Select Wall Street Research Updates and Commentary

### Update from Guggenheim, December 2017



We like Buy-rated FISV on the 'tax trade.' We see three catalysts for FISV from anticipated U.S. tax reform: 1) We estimate FISV's tax rate delta (~13%) is higher than most other fintechs. 2) We expect financial institutions - i.e., **FISV's customers - will spend a portion of their own tax savings on upgrading from legacy technology.** This should create a revenue tailwind for FISV. 3) We think FISV will use some of its tax savings to invest in high-growth international markets - driving incremental acceleration in internal revenue growth.

### Update from SunTrust Robinson Humphrey, October 2017



It is our view that TransUnion has a sustainable competitive advantage, among the three Bureaus, anchored by its flexible next-gen tech platform, superior data, innovative solutions and exposure to fast-growing RoW markets. These advantages appear to be sustaining above-average organic revenue growth, and breach-related benefits could be incremental... Our bullish thesis reflects TransUnion's ability to **deliver new, value-added solutions in a more timely and thoughtful way** than competitors.

### Update from SunTrust Robinson Humphrey, October 2017



We are confident that new products, Insurance & Spatial demand and pricing will drive faster I-t organic revenue and EBITDA growth, despite mortgage volatility. Further, CLGX does not reflect the I-t VSG opportunity, in our opinion, as CoreLogic boosts the segment's value proposition. That said, we lower our ests to reflect soft mortgage vol and VSG customer diversification. CLGX has outperformed YTD (+30% vs S&P +12%), driven by better-than-feared mortgage vol and solid execution. We anticipate this strong performance will continue as **management innovates around core data offerings, expands high-value Insurance & Spatial and boosts the VSG value proposition.**

### Update from Wedbush Securities, November 2017



PEGA's tilt towards CRM is likely to continue. Digital transformation initiatives are driving customer investments in enterprise CRM. Rival Salesforce.com's (CRM, OUTPERFORM) success is a positive indicator of the health of the CRM market, as its ability to grow a \$10B run-rate business at a 20% rate points to ample whitespace and market opportunity for the much smaller PEGA. PEGA's CRM business appears to be growing at a similar rate; our checks and management commentary offer a consistent explanation for how **PEGA's product differentiation wins deals, based on PEGA's advantages in cross-channel customer experience, front and back-office integration, AI/ decisioning, and robotic automation.**

### Update from Guggenheim, November 2017



Last Thursday AXP **introduced a blockchain-enabled cross-border B2B payment solution in partnership with Santander** that will provide real-time payments processing for U.S. and U.K. businesses. This will utilize Ripple's network - a company we've previously highlighted as increasingly relevant in the global Faster Payments initiative - see p. 13. The goal will be to decrease the time to process cross-border payments, and also lower FX costs.

## Appendix – Coverage Universe Components

The coverage universe for various sectors is as follows.

1	Payments:	ADS, FLT, ENXTPA:EDEN, WEX, FIS, FISV, JKHY, ACIW, EPAY, V, MA, AXP, PYPL, SHOP, ENXTAM:GTO, DBD, CATM, MB, EVRI, PMTS, BOVESPA:CIEL3, FDC, GPN, TSS, VNTV, SQ, LSE:WPG, XTRA:WDI, ENXTPA:WLN, DLX, LSE:PAYS, TSE:3769, QIWI, EVTC, LSE:PAY, UEPS, NEWT, JTPY, ENXTPA:ING, NCR, SZSE:002152, PAY, SEHK:327, AIM:SCH, PAR, WU, EEFT, HAWK, GDOT, MGI, ASX:OFX, PLPM
2	Bank Technology Solutions:	FIS, FISV, JKHY, SWX:TEMN, BSE:532466, TSE:6457, QTWO, SGX:5CP, EPAY, OTCPK:CSVI, BSE:538835, SWX:CLXN, AIM:MONI, LSE:EXPN, EFX, TRU, OM:IJ, FICO, FNF, ZG, CSGP, ELLI, CLGX, BKFS, LSE:ZPG, STC, TSX:REAL, ASP, REIS, ENXTAM:WKL, PEGA, DNB, ENXTPA:SOP, WSE:ACP, MITK, AIM:SQS, NTWK, INTC, IBM, AXP, PYPL, FDC
3	Specialty Finance / Alternative Lending:	NAVI, NNI, PRAA, ECPG, PRGX, PFMT, ASFI, CIT, CACC, NEWS, MRLN, TSX:CHW, ASX:ZML, CPSS, COF, SYF, DFS, SLM, LSE:PFG, SC, OMF, FCFS, AAN, LSE:TCS, SGBK, WRDL, LSE:IPF, TBBK, EZPW, RM, OB:MONO-ME, ATLC, URI, AL, TSX:EFN, TGH, RCI, ASX:FXL, CAI, FLY, NSM, CASH, PHH, PFSI, OCN, WAC, LC, TREE, YRD, DB:FRU, ENVA, XRF, ELVT, ONDK, DB:MBC
4	Securities:	BGCP, LSE:NXG, LSE:IGG, IBKR, ENXTAM:FLOW, KCG, VIRT, ITG, ENXTPA:VIL, INTL, SWX:CFT, BMV:FINAMEX O, WFC, BAC, C, LSE:HSBA, ASX:CBA, TSX:RY, TSX:TD, ENXTPA:BNP, USB, AXP, LSE:LLOY, PNC, ASX:NAB, TSX:BMO, LSE:BARC, SEHK:11, LSE:RBS, SGX:D05, TSX:CM, NSEI:ICICIBANK, MTB, BIT:MB, UMBF, LSE:CBG, FII, NSEI:IIFL, XTRA:COM, CME, ICE, SEHK:388, XTRA:DB1, LSE:LSE, BOVESPA:BVMF3, NDAQ, CBOE, ASX:ASX, SGX:S68, ENXTPA:ENX, BME:BME, TSX:X, SPGI, TSX:TRI, MCO, INFO, MSCI, FDS, ENXTPA:FIM, MORN, NSEI:CRISIL, VALU, JPM, GS, MS, SWX:UBSG, DB:DBK, SWX:CSGN, ASX:MQG, TSE:8604, RJF, LAZ, SF, PJC, GHL, COWN, AMEX:LTS, AIM:NUM, JMP, BLK, BK, BEN, NTRS, AMP, TROW, IVZ, LSE:HL, LSE:INVP, JHG, AB, CNS, WDR, APAM, WETF, VRTS, SCHW, AMTD, ETFC, MKTX, TSE:8628, AIM:PLUS, TSE:8698, YIN, LSE:CMCX, SWX:SQN, GCAP, GLBR, STT, BR, SEIC, ASX:CPU, DST, LPLA, LSE:TCAP, FNGN, ENV, LSE:SNN, ASX:BVS, ENXTAM:KA, SSNC, CPSE:SIM, LSE:ALFA, ASX:IRE, LSE:FDSA, AIM:FDP, ENXTPA:LIN, AIM:SOG
5	Insurance:	LSE:REL, VRSK, DNB, ACXM, MMC, AON, WLTW, AJG, BRO, LSE:JLT, MET, PRU, CI, TSX:MFC, AFL, LSE:AV, TSX:GWO, TSX:SLF, LSE:LGEN, PFG, LNC, SWX:SLHN, LSE:SL, ENXTAM:AGN, TMK, PRI, ANAT, LSE:HSD, DB:ALV, ENXTPA:CS, AIG, SWX:ZURN, ALL, AFG, GNW, LSE:MONEY, RATE, EHTH, ASX:ISU, QNST, CB, TRV, PGR, HIG, CINF, LSE:RSA, THG, MCY, SIGI, EIG, STFC, MKL, WRB, AIZ, AWH, PRA, AFSI, RLI, AGII, OB, NAVG, AMSF, GBLI, GWRE, EBIX, SPNS, CRD.B, AMEX:MJCO, TSXV:SY, PN, FNF, ORI, FAF, STC
6	BPO:	ENXTPA:RCF, CVG, TTEC, SYKE, SRT, ESRX, ATHN, HQY, BOVESPA:QUAL3, MDRX, HMSY, QSII, CSLT, CPSI, RCM, ADP, PAYX, ULTI, WAGE, TNET, CSOD, NSP, BNFT, ACN, NSEI:TCS, CTSH, NSEI:INFY, DXC, BSE:507685, NSEI:HCLTECH, ENXTPA:CAP, ENXTPA:ATO, DOX, OTEX, NSEI:TECHM, CACI, EXLS, WNS, CALD, SYNT, BSE:532819, NSEI:HEXAWARE, VRTU, UIS, VDSI, LSE:MCGN, BIT:BET, TSX:GIB.A, LSE:CPI, G, BSE:526299, CSGS, BSE:532809, AIM:IBPO, PRGX
7	Financial Management Solutions:	INTU, LSE:SGE, BL, COUP, ASX:RKN, TYL, PEGA, ASX:TNE, QADA, AMSW.A, LSE:MCGN, NSEI:RAMCOSYS, ADP, PAYX, WDAY, ULTI, HRB, PAYC, WAGE, PCTY, CSOD, NSP, LSE:HRG
8	Analytics / IoT:	ORCL, DB:SAP, CRM, VMW, LSE:EXPN, OTEX, SPLK, DATA, FICO, XTRA:SOW, RP, NEWR, MSTR, CLDR, AYW, HDP, VERI, DWCH, GOOGL, MSFT, AMZN, KOSE:A005930, T, CMCS.A, VZ, QCOM, TMUS, HLSE:NOKIA, S, GRMN, LOGM, SLAB, IDCC, AMBA, GLOB, FIT, CTRL, GE, INTC, CSCO, DB:SIE, HON, TXN, TSE:6501, HPE, SWKS, RHT, ARW, PTC, ZBRA, CY, IRDM, TSX:SW, ORBC, CAMP, SSNI, IBM, LSE:REL, EFX, NLSN, VRSK, IT, TRU, DNB, TDC, CLGX, VRNT, ACXM, FORR, TSX:AIM, MATR
9	Healthcare Tech:	INOV, OMCL, VCRA, TRHC, STRM, CERN, DB:COP, MDRX, EVH, QSII, HSTM, AIM:EMIS, CPSI, COTV, HMSY, ATHN, AIM:CRW, RCM, SREV, UNH, AET, ANTM, HUM, CNC, WCG, NUAN, MMS, MOH, MGLN, GTS, HIIQ



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Mr. Koles has over 14 years of financial advisory experience including advising middle-market and multinational firms on merger and acquisition strategies and execution, restructurings and capital raises. Prior to founding Evolve Capital Partners, he worked at a number of leading investment banks in leadership roles focused on restructuring transactions. He started his career at Merrill Lynch as an investment banker in the corporate finance group.

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