



Evolve  
Capital Partners

# QUARTERLY DEALS & MARKET UPDATE

## Specialty Finance / Alternative Lending

September 2019



*Collections / Servicing*



*Commercial Lending*



*Consumer Lending*



*Leasing*



*Mortgage Related*



*Online Lending*

Specialized investment bankers at the intersection of finance and technology

# Overview of Evolve Capital Partners

## ABOUT EVOLVE CAPITAL PARTNERS

- Evolve Capital Partners (Evolve) 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.
- Evolve 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 has served as a proud partner, bringing renewed value to companies at the intersection of finance and technology.
- Founded in 2012 and based in New York, NY.

## HIGH-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 Restructuring



### Industry Focus

*Finance and Technology Firms*

**Securities**

**Financial Services**

**Financial Management**

**Specialty Finance**

**Enterprise Software**

**Analytics**

**Payments**

**Lending**

**Insurance**

**BPO**

**IoT**

**B2B**

# We Focus Exclusively on Finance and Technology-Related Firms

## Securities



## Payments



## Insurance



## BPO



## Capabilities

### M&A Advisory

*Sales / Recaps*

*Acquisitions*

*Divestiture*

*Strategic Advisory*

## Specialty Finance / Alternative Lending



## Enterprise Software / Data & Analytics



## Bank Technology / Solutions



## Financing

*Private Placements*

*Debt Capital*

*Restructuring*

## Healthcare Tech



## Financial Management Solutions



# Market Summary and Key Multiples

## Industry Stock Market Performance of Evolve Sector Coverage

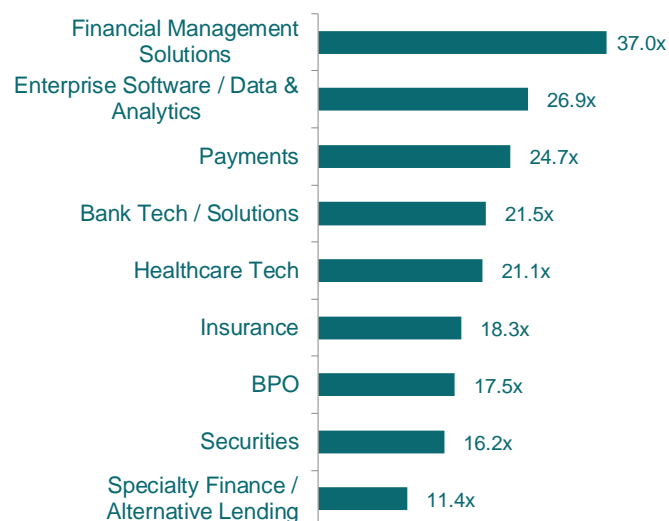
### Indexed Price Performance \*

Sector	3 Months	1 Year	3 Years
Bank Tech / Solutions	6.8%	5.8%	61.0%
BPO	(0.5%)	3.6%	57.4%
Enterprise Software / Data & Analytics	2.0%	2.5%	45.7%
Financial Management Solutions	4.9%	12.4%	87.0%
Healthcare Tech	(6.5%)	(13.9%)	47.6%
Insurance	2.0%	3.8%	48.0%
Payments	11.0%	10.0%	102.9%
Securities	(1.3%)	(10.5%)	24.0%
Specialty Finance / Alternative Lending	0.8%	(8.6%)	38.5%

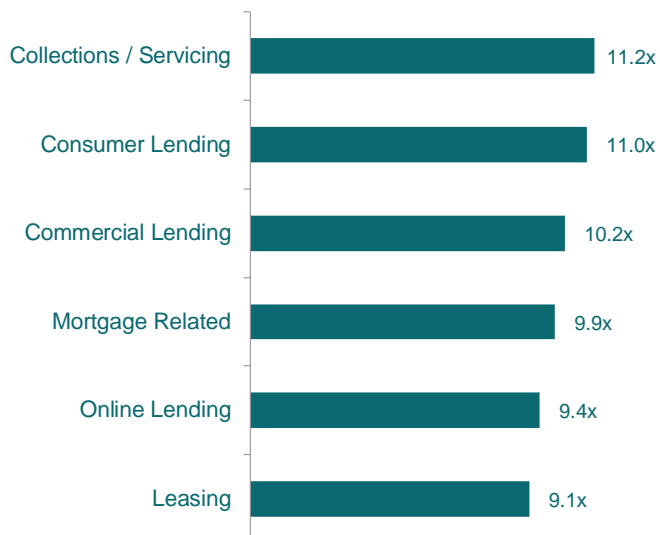
\* Equal weighting method.

## Industry-wide Multiples and Subsector Multiples

### Sector 2020E Price / Earnings Multiples



### Specialty Finance / Alternative Lending 2020E Price / Earnings Multiples



Data as of September 1, 2019  
Source: Pitchbook

## Stock Comparables – Specialty Finance / Alternative Lending Sub-Sectors (1/2)

(All figures in millions of USD, except per share data. Data as of September 1, 2019)

### Collections / Servicing

	Stock Price	% of 52-Wk. High	Market Value	LTM		Growth Rates:			LTM Net Income %	Market Value / Rev.		Price / Earnings		Price Book	ROE %
						Revenue	Net Income	Revenue		Earnings	CY 2019	CY 2020	CY 2019		
				CY 2019	CY 2020			LT							
Navient	\$12.74	86.6%	\$2,936	\$1,988	\$467	(8%)	(1%)	(4%)	23%	1.5x	1.5x	8.6x	5.5x	0.9x	15%
Nelnet	\$67.05	82.3%	\$2,661	\$1,014	\$131	41%	7%	(12%)	13%	2.5x	2.3x	12.0x	12.0x	1.1x	7%
PRA Group	\$34.14	53.8%	\$1,550	\$924	\$59	10%	13%	(18%)	6%	1.7x	1.5x	23.5x	20.4x	1.4x	4%
Encore Capital Group	\$36.90	97.9%	\$1,146	\$1,379	\$154	16%	3%	8%	11%	0.8x	0.8x	9.1x	6.9x	1.3x	21%
PRGX Global	\$5.39	37.0%	\$127	\$174	\$1	10%	(1%)	NA	1%	0.7x	0.7x	27.0x	NMF	2.1x	(1%)
Performant Financial	\$1.06	94.2%	\$57	\$138	(\$28)	16%	6%	NA	(20%)	0.4x	0.4x	NMF	NMF	0.8x	(19%)
Asta Funding	\$7.17	81.3%	\$47	\$19	\$9	NA	NA	21%	47%	NA	NA	NA	NA	0.5x	6%
<b>MEAN</b>						<b>14%</b>	<b>4%</b>	<b>(1%)</b>	<b>12%</b>	<b>1.3x</b>	<b>1.2x</b>	<b>16.0x</b>	<b>11.2x</b>	<b>1.2x</b>	<b>5%</b>
<b>MEDIAN</b>						<b>13%</b>	<b>4%</b>	<b>(4%)</b>	<b>11%</b>	<b>1.2x</b>	<b>1.2x</b>	<b>12.0x</b>	<b>9.4x</b>	<b>1.1x</b>	<b>6%</b>

### Commercial Lending

	Stock Price	% of 52-Wk. High	Market Value	LTM		Growth Rates:			LTM Net Income %	Market Value / Rev.		Price / Earnings		Price Book	ROE %
						Revenue	Net Income	Revenue		Earnings	CY 2019	CY 2020	CY 2019		
				CY 2019	CY 2020			LT							
Credit Acceptance	\$452.65	77.7%	\$8,508	\$1,399	\$632	15%	17%	25%	45%	6.6x	5.7x	15.4x	13.0x	4.2x	31%
CIT Group	\$42.59	70.3%	\$4,033	\$2,351	\$461	4%	(6%)	7%	20%	2.0x	2.2x	11.8x	8.7x	0.7x	5%
zipMoney	\$2.30	76.3%	\$809	NA	NA	102%	89%	NA	NA	19.4x	10.2x	NMF	NMF	46.8x	NA
Funding Circle	\$1.36	83.8%	\$475	\$207	(\$69)	NA	10%	NA	(33%)	2.5x	2.3x	NMF	NMF	0.9x	(13%)
Marlin Business Services	\$21.63	23.8%	\$265	\$127	\$23	(1%)	22%	7%	18%	2.5x	2.1x	10.8x	9.3x	1.3x	13%
Chesswood Group	\$6.66	73.3%	\$108	\$66	\$13	8%	15%	(0%)	19%	1.3x	1.1x	6.9x	10.1x	1.0x	13%
Consumer Portfolio Services	\$3.55	88.8%	\$80	\$253	\$12	(11%)	(13%)	(10%)	5%	0.2x	0.2x	6.0x	10.1x	0.4x	6%
<b>MEAN</b>						<b>20%</b>	<b>19%</b>	<b>6%</b>	<b>12%</b>	<b>4.9x</b>	<b>3.4x</b>	<b>10.2x</b>	<b>10.2x</b>	<b>7.9x</b>	<b>9%</b>
<b>MEDIAN</b>						<b>6%</b>	<b>15%</b>	<b>7%</b>	<b>19%</b>	<b>2.5x</b>	<b>2.2x</b>	<b>10.8x</b>	<b>10.1x</b>	<b>1.0x</b>	<b>9%</b>

### Consumer Lending

	Stock Price	% of 52-Wk. High	Market Value	LTM		Growth Rates:			LTM Net Income %	Market Value / Rev.		Price / Earnings		Price Book	ROE %
						Revenue	Net Income	Revenue		Earnings	CY 2019	CY 2020	CY 2019		
				CY 2019	CY 2020			LT							
Capital One Financial	\$86.62	31.3%	\$40,740	\$27,361	\$5,494	3%	2%	10%	20%	1.4x	1.4x	7.3x	7.7x	0.8x	12%
Discover	\$79.97	75.6%	\$25,450	\$11,146	\$2,832	8%	7%	11%	25%	2.4x	2.2x	10.2x	8.9x	2.4x	28%
Synchrony Financial	\$32.05	34.0%	\$21,263	\$17,229	\$3,414	7%	3%	15%	20%	1.6x	1.6x	8.6x	6.0x	1.4x	24%
Santander Consumer USA	\$26.11	75.5%	\$9,034	\$6,370	\$952	9%	11%	8%	15%	1.3x	1.1x	10.3x	9.2x	1.3x	13%
OneMain Holdings	\$35.85	42.3%	\$4,879	\$3,552	\$662	9%	9%	58%	19%	1.4x	1.3x	10.9x	6.7x	1.2x	18%
Aaron's	\$64.11	86.9%	\$4,330	\$3,926	\$204	13%	4%	19%	5%	1.1x	1.1x	23.1x	19.8x	2.4x	26%
Aaron's	\$64.11	54.6%	\$4,330	\$3,926	\$204	13%	4%	19%	5%	1.1x	1.1x	23.1x	19.8x	2.4x	26%
First Cash Financial Services	\$98.73	94.1%	\$4,242	\$1,825	\$157	2%	5%	4%	9%	2.4x	2.3x	29.0x	25.7x	3.2x	12%
Sallie Mae	\$8.44	82.8%	\$3,600	\$1,501	\$543	22%	19%	22%	36%	2.6x	2.2x	7.9x	6.7x	1.4x	21%
TCS Group Holding	\$18.60	66.3%	\$3,397	\$1,578	\$468	21%	37%	25%	30%	2.8x	2.0x	7.8x	6.8x	5.8x	55%
Provident Financial	\$4.91	84.0%	\$1,245	\$1,297	\$76	(10%)	(10%)	(26%)	6%	0.8x	0.9x	15.0x	9.3x	1.4x	8%
GreenSky	\$6.80	87.5%	\$1,204	\$466	\$34	NA	29%	NA	7%	2.9x	2.3x	10.5x	10.0x	88.7x	388%
World Acceptance	\$132.90	93.7%	\$1,202	\$542	\$67	3%	10%	(6%)	12%	2.2x	2.0x	15.0x	19.3x	2.2x	12%
ECN Capital	\$3.50	92.4%	\$841	\$219	(\$185)	85%	3%	NA	(85%)	3.4x	3.3x	NMF	NMF	1.1x	8%
Curo Financial Technologies	\$13.62	69.8%	\$617	\$997	(\$7)	14%	6%	NA	(1%)	0.6x	0.5x	NMF	5.8x	16.0x	357%
The Bancorp	\$9.13	93.7%	\$518	\$291	\$98	8%	11%	40%	34%	2.4x	2.2x	5.9x	9.5x	1.2x	24%
Ezcorp	\$7.87	86.0%	\$436	\$840	\$4	11%	6%	NA	0%	0.5x	0.5x	12.6x	15.1x	0.6x	4%
Regional Management	\$25.75	70.0%	\$296	\$290	\$35	12%	14%	8%	12%	1.0x	0.9x	8.8x	7.7x	1.0x	13%
International Personal Finance	\$1.08	89.9%	\$241	\$1,077	\$92	(1%)	(1%)	(3%)	9%	0.2x	0.2x	2.5x	3.1x	0.5x	18%
Atlantisc Holdings	\$6.36	85.9%	\$102	\$238	\$18	NA	NA	NA	8%	NA	NA	NA	NA	NA	NA
<b>MEAN</b>						<b>13%</b>	<b>9%</b>	<b>14%</b>	<b>9%</b>	<b>1.7x</b>	<b>1.5x</b>	<b>12.3x</b>	<b>11.0x</b>	<b>7.1x</b>	<b>56%</b>
<b>MEDIAN</b>						<b>9%</b>	<b>6%</b>	<b>11%</b>	<b>10%</b>	<b>1.4x</b>	<b>1.4x</b>	<b>10.3x</b>	<b>9.1x</b>	<b>1.4x</b>	<b>18%</b>

Source: Pitchbook

## Stock Comparables – Specialty Finance / Alternative Lending Sub-Sectors (2/2)

(All figures in millions of USD, except per share data. Data as of September 1, 2019)











	Stock Price	% of 52-Wk. High	Market Value	LTM		Growth Rates:			LTM Net Income %	Market Value / Rev.		Price / Earnings		Price Book	ROE %		
				Revenue	Net Income	Revenue		Earnings LT		CY 2019	CY 2020	CY 2019	CY 2020			CY 2019	CY 2020
						CY 2019	CY 2020										
United Rentals	\$112.56	77.2%	\$8,685	\$8,829	\$1,088	21%	17%	27%	12%	1.1x	0.9x	8.6x	7.3x	2.6x	28%		
Air Lease	\$41.54	89.1%	\$4,639	\$1,838	\$547	13%	20%	18%	30%	2.8x	2.3x	9.0x	8.1x	0.9x	11%		
Element Fleet Management	\$8.02	90.4%	\$3,486	\$1,019	(\$151)	(13%)	13%	NA	(15%)	5.4x	4.8x	NMF	17.7x	1.4x	(3%)		
Rent-A-Center	\$25.53	65.1%	\$1,386	\$2,659	\$116	(2%)	(1%)	6%	4%	0.5x	0.5x	NMF	9.0x	4.7x	44%		
Fly Leasing	\$20.68	75.8%	\$642	\$448	\$151	16%	30%	163%	34%	1.6x	1.2x	7.2x	3.7x	0.9x	15%		
FlexiGroup	\$1.25	97.4%	\$554	\$227	\$53	2%	(4%)	(9%)	23%	1.6x	1.7x	29.2x	10.6x	1.4x	15%		
Textainer Group Holdings	\$7.97	52.6%	\$458	\$711	\$32	17%	16%	(30%)	4%	0.8x	0.7x	9.1x	8.6x	0.4x	3%		
CAI International	\$21.18	96.7%	\$369	\$440	\$61	25%	(1%)	5%	14%	0.8x	0.9x	5.7x	7.6x	0.6x	10%		
<b>MEAN</b>						<b>10%</b>	<b>11%</b>	<b>26%</b>	<b>13%</b>	<b>1.8x</b>	<b>1.6x</b>	<b>11.5x</b>	<b>9.1x</b>	<b>1.6x</b>	<b>16%</b>		
<b>MEDIAN</b>						<b>14%</b>	<b>14%</b>	<b>6%</b>	<b>13%</b>	<b>1.3x</b>	<b>1.1x</b>	<b>8.8x</b>	<b>8.3x</b>	<b>1.1x</b>	<b>13%</b>		

	Stock Price	% of 52-Wk. High	Market Value	LTM		Growth Rates:			LTM Net Income %	Market Value / Rev.		Price / Earnings		Price Book	ROE %		
				Revenue	Net Income	Revenue		Earnings LT		CY 2019	CY 2020	CY 2019	CY 2020			CY 2019	CY 2020
						CY 2019	CY 2020										
PennyMac Financial Services	\$29.59	0.6%	\$2,326	\$1,304	\$172	7%	28%	14%	13%	2.4x	1.9x	11.4x	8.1x	1.4x	8%		
MetaBank	\$30.91	98.6%	\$1,171	\$423	\$86	31%	28%	16%	20%	3.1x	2.4x	15.6x	11.7x	1.4x	13%		
Ocwen Financial	\$1.79	41.9%	\$241	\$1,121	(\$178)	(12%)	7%	NA	(16%)	0.2x	0.2x	NMF	NMF	0.5x	(46%)		
Ditech Holding	\$0.03	97.7%	\$0	NA	NA	10%	NA	NA	NA	0.0x	NA	NMF	NMF	NA	NA		
<b>MEAN</b>						<b>9%</b>	<b>21%</b>	<b>15%</b>	<b>6%</b>	<b>1.4x</b>	<b>1.5x</b>	<b>13.5x</b>	<b>9.9x</b>	<b>1.1x</b>	<b>(8%)</b>		
<b>MEDIAN</b>						<b>8%</b>	<b>28%</b>	<b>15%</b>	<b>13%</b>	<b>1.3x</b>	<b>1.9x</b>	<b>13.5x</b>	<b>9.9x</b>	<b>1.4x</b>	<b>8%</b>		

	Stock Price	% of 52-Wk. High	Market Value	LTM		Growth Rates:			LTM Net Income %	Market Value / Rev.		Price / Earnings		Price Book	ROE %		
				Revenue	Net Income	Revenue		Earnings LT		CY 2019	CY 2020	CY 2019	CY 2020			CY 2019	CY 2020
						CY 2019	CY 2020										
LendingTree	\$310.09	71.3%	\$4,028	\$941	\$34	27%	42%	NA	4%	5.2x	3.7x	45.3x	NMF	11.4x	18%		
LendingClub	\$13.09	45.6%	\$1,141	\$627	(\$67)	21%	12%	NA	(11%)	1.6x	1.5x	NMF	NMF	1.3x	(5%)		
Enova International	\$23.90	59.3%	\$813	\$1,185	\$84	33%	16%	(6%)	7%	0.7x	0.6x	12.0x	7.4x	2.1x	9%		
Yirendai	\$9.51	6.2%	\$585	\$1,700	\$239	(2%)	19%	NA	14%	0.7x	0.6x	4.2x	4.5x	1.3x	18%		
OnDeck	\$3.25	23.2%	\$248	\$387	\$34	13%	12%	NA	9%	0.6x	0.6x	9.3x	14.8x	0.8x	15%		
Ferratum Group	\$11.17	65.0%	\$241	\$323	\$26	8%	10%	NA	8%	0.8x	0.7x	11.1x	8.5x	1.9x	49%		
Elevate Credit	\$4.31	36.2%	\$190	\$776	\$19	17%	(3%)	NA	2%	0.2x	0.2x	15.4x	7.2x	1.4x	16%		
China Rapid Finance	\$0.71	45.4%	\$46	\$97	(\$56)	2%	55%	NA	(57%)	0.5x	0.3x	NMF	14.1x	1.9x	(142%)		
MyBucks	\$0.67	70.2%	\$9	\$53	(\$16)	NA	NA	NA	(31%)	NA	NA	NA	NA	1.1x	(127%)		
<b>MEAN</b>						<b>15%</b>	<b>20%</b>	<b>(6%)</b>	<b>(6%)</b>	<b>1.3x</b>	<b>1.0x</b>	<b>16.2x</b>	<b>9.4x</b>	<b>2.6x</b>	<b>(17%)</b>		
<b>MEDIAN</b>						<b>15%</b>	<b>14%</b>	<b>(6%)</b>	<b>4%</b>	<b>0.7x</b>	<b>0.6x</b>	<b>11.6x</b>	<b>7.9x</b>	<b>1.4x</b>	<b>15%</b>		

Source: Pitchbook

## Key M&A Transaction Activity Summary

Date	Target	Acquirer(s)	Sector	Value (\$mm)	Transaction Comments
7/18/2019	 HCS HEALTH CREDIT SERVICES		Consumer Lending	\$190	<ul style="list-style-type: none"> <li>Health Credit Services is a North Carolina-based provider of healthcare unsecured loans</li> <li>The acquisition serves as Ally's entrance into unsecured loan business</li> </ul>
7/16/2019	 FIRST ASSOCIATES EQAN SERVICING	 	Collection / Servicing	NA	<ul style="list-style-type: none"> <li>First Associates is a California-based personal loan servicing company</li> <li>The merger of the two companies is in line with Stone Point Capital's investment in First Associates</li> </ul>
7/9/2019			Mortgage Related	\$21	<ul style="list-style-type: none"> <li>Eave is a California-based mortgage loan origination company</li> <li>The acquisition enables HomeLight to commence its online mortgage business</li> </ul>
7/1/2019	 cashgate. credit & leasing		Consumer Lending	\$282	<ul style="list-style-type: none"> <li>Cashgate is a Switzerland-based provider of private credit and leasing services</li> <li>The acquisition will increase Cembra's consumer financing portfolio by \$1.4B</li> </ul>
6/27/2019	 Lendmark Financial Services	 LIGHTYEAR CAPITAL	Consumer Lending	\$600	<ul style="list-style-type: none"> <li>Lendmark is a Georgia-based provider of personal loan for seasonal purposes</li> <li>The acquisitions fulfills Lendmark's plan of customer base extension</li> </ul>
6/21/2019			Collection / Servicing	NA	<ul style="list-style-type: none"> <li>BlueTarp Financial is a Maine-based provider of business credit risk management services</li> <li>The transaction enables Capital One to integrate BlueTarp's technology into Capital One's card partnerships business</li> </ul>

Source: Pitchbook and Media Reports

## Key Financing Transaction Activity Summary

Date	Target	Sector	Amount (\$mm)	Type	Key Investor(s)
8/21/2019	 FUNDTHATFLIP	Consumer Lending	\$11	Series A	 edisonpartners
7/23/2019	 MoneyLion	Consumer Lending	\$100	Series C	    
7/15/2019	 lendbuzz	Consumer Lending	\$150	Debt & Equity Raising	
6/24/2019	 sezzle	Consumer Lending	\$30	IPO	NA
6/19/2019	 REALTYMOGUL.com	Commercial Lending	\$5	Series B1	Private
6/11/2019	 BREX	Commercial Lending	\$100	Series C2	     Ribbit Capital

Source: Pitchbook and Media Reports



## IPO Activity Summary

Company	IPO Date	Amount Raised (\$mm)	IPO Price	Current Market Price	Total Return
 微贷网 weidai.com.cn	11/15/2018	\$45	\$10.00	\$6.70	(33%)
 Funding Circle	9/28/2018	\$392	\$5.87	\$1.36	(77%)
 GreenSky	5/24/2018	\$874	\$23.00	\$6.80	(70%)
 LEXIN 乐信	12/21/2017	\$108	\$9.00	\$10.25	14%
 CURO	12/11/2017	\$93	\$14.00	\$13.62	(3%)
 拍拍贷 ppdai.com	11/9/2017	\$221	\$12.09	\$3.74	(69%)
 趣店 Qudian.com	10/18/2017	\$900	\$22.62	\$7.99	(65%)
 信而富® China Rapid Finance	4/28/2017	\$60	\$6.00	\$0.71	(88%)
 Elevate	4/6/2017	\$81	\$6.50	\$4.31	(34%)
 TransUnion <sup>tu</sup>	6/25/2015	\$627	\$22.50	\$83.65	272%
 BLACK KNIGHT <sup>®</sup> FINANCIAL SERVICES	5/19/2015	\$441	\$24.50	\$62.25	154%
 ondeck	12/17/2014	\$200	\$20.00	\$3.25	(84%)
 LendingClub	12/11/2014	\$870	\$15.00	\$13.09	(13%)
 OneMain Financial	10/16/2013	\$358	\$17.00	\$35.85	111%
 PennyMac	5/10/2013	\$200	\$18.00	\$29.59	64%

Source: Pitchbook

## Select Wall Street Research Updates and Commentary



### Update from Credit Suisse, August 2019

EOP Domestic Card loans grew 3% y/y to \$103.7 Bn. This is an acceleration of 58 bps from June's y/y growth. **We note that excluding the impact of the portfolio sale in 2Q, COF is getting closer to 4% organic growth, which is a positive as the company now appears to be willing to increase credit line to grow faster.** Key will be continuing this acceleration trend through 3Q and the rest of the year.



### Update from Oppenheimer, July 2019

CACC continues to deliver solid EPS growth and strong NCOs. Dealer penetration did contract again this quarter and given some weakness in unit volume, we expect the P/E multiple to remain slightly pressured. **However, we do see continued upside vs. our previous 2020FYE on better-than-expected NIM as yields are holding up better than expected and there is reason to believe that incremental interest expense in 2020FY as a % of average loans is less than in 2019FY given the forward yield curve outlook.** The competing forces of P/E pressure but better EPS have us believing near term the stock is likely fairly range-bound. We do see a \$500+ stock but not enough upside from here to recommend purchase at this time.



### Update from Credit Suisse, July 2018

We reiterate our NEUTRAL rating as valuation is high and we believe that management's capital return history leaves us somewhat uncertain. **We don't view ALLO and Hudl favorably; however the Great Lakes acquisition has worked well.** Additionally, with flat earnings, we believe that NNI's PE multiple can only rise so much.



### Update from Oppenheimer, August 2019

We are most encouraged by Originations (+11% y/y) vs. flat marketing growth; **LC is outpacing some larger financial institutions on more scale, comparable cost of capital, higher conversions, and better paid marketing competencies.** Mgmt. reiterated its medium term margin target of 25% on higher cost-initiative benefits, implying a 2020 margin target of 20%. We carry an upside bias to '19 profitability estimates on expense initiatives (BPO/Salt Lake) accelerating margin expansion. Obtaining a bank charter to better serve members will be challenging, but new programs, i.e., Select and Levered Certificates, are encouraging incremental growth opportunities. Maintain Outperform.



### Update from Oppenheimer, July 2019

We are decreasing our TREE PT to \$415 (from \$465) following another 2Q with solid revenue trends but saw management reducing EBITDA guidance by 7% on shifting advertising strategies and lower Personal Loan (PL) margins. TREE has driven its 5-year share price appreciation by being immediately profitable on clicks; therefore we are expecting near-term skepticism on the new strategy of marketing into higher LTV products with longer payback periods. However, **revenue is strong (more important, in our view), and we see MyLendingTree (MLT) product diversification creating a unique consumer offering worthy of marketing investment.** Additionally, TREE sees benefit in 2H:19 on mortgage lenders' increasing capacity. We believe TREE is best positioned for outsized share gains in financial services advertising. Maintain our Outperform.

# Appendix – Coverage Universe Components

The coverage universe for various sectors is as follows:

- 1 **Payments:**

PINX:EDNMY, NYS:ADS, NYS:FLT, NYS:WEX, NYS:SHOP, NAS:PYPL, NYS:SQ, PINX:ADYYF, LON:BOKU, NYS:PAGS, NAS:STNE, NYS:EB, NAS:PYPL, NYS:AXP, NYS:MA, NYS:V, NAS:PMTS, NAS:CATM, NYS:DBD, NYS:EVRI, BSP:CIEL3, PAR:WLN, NAS:NEWT, NAS:QIWI, NAS:UEPS, ETR:WDI, NYS:DLX, NYS:EUTC, NYS:GPN, TKS:3769, LON:PAY, NYS:SQ, NYS:TSS, NAS:IIIV, NAS:EVOP, NAS:ACIW, NAS:EPAY, NAS:FISV, NAS:JKHY, NYS:FIS, GREY:INGIF, HKG:327, SHE:2152, NYS:NCR, NYS:PAR, TSE:LSPD, IDX:MCAS, NAS:EEFT, NAS:MGI, NYS:GDOT, ASX:OFX, NYS:WU
- 2 **Bank Technology Solutions:**

NAS:INTC, NAS:PYPL, NYS:AXP, NYS:IBM, BOM:532466, BOM:538835, NAS:EPAY, NAS:FISV, NAS:JKHY, PINX:CSVI, SWX:CLXN, NYS:FIS, TKS:6457, NYS:QTWO, SES:5CP, SWX:TEMN, STO:INTRUM, NYS:EFX, LON:EXPN, NYS:FICO, NYS:TRU, NAS:ASPS, NAS:CSGP, NAS:RDFN, NAS:RP, NAS:ZG, NYS:BKI, NYS:CLGX, NYS:FNF, TSE:REAL, NYS:STC, AMS:WKL, PAR:SOP, NAS:MITK, NAS:NTWK, NAS:PEGA, PINX:ASOZY
- 3 **Specialty Finance / Alternative Lending:**

NAS:ASFI, NAS:ECPG, NAS:NAVI, NAS:PFMT, NAS:PRAA, NAS:PRGX, NYS:NNI, NAS:CPSS, NAS:CACC, LON:FCH, NAS:MRLN, TSE:CHW, NYS:CIT, ASX:Z1P, NAS:ATLC, NAS:EZPW, NYS:AAN, NAS:FCFS, NAS:SLM, NAS:TBBK, NAS:WRLD, TSE:ECN, NYS:CURO, NAS:GSKY, NYS:AAN, NYS:COF, NYS:DFS, LON:IPF, NYS:OMF, LON:PGF, NYS:RM, NYS:SC, NYS:SYF, LON:TCS, NAS:RCII, NYS:AL, NYS:CAI, TSE:EFN, ASX:FXL, NYS:FLY, NYS:TGH, NYS:URI, NAS:CASH, PINX:DHCPO, NYS:OCN, NYS:PFSI, NAS:TREE, ETR:FRU, STU:MBC, NYS:XRF, NYS:ELVT, NYS:ENVA, NYS:LC, NYS:ONDK, NYS:YRD
- 4 **Securities:**

AMS:FLOW, PAR:VIL, IEXG:IBKR, NAS:BGCP, NAS:TW, NAS:VIRT, LON:IGG, NYS:LM, NYS:IVZ, NAS:WETF, NYS:BLK, NYS:BEN, NYS:AB, MEX:FINAMEXO, NAS:INTL, SWX:CFT, MIL:MB, PAR:BNP, NSE:ICIBANK, NSE:IIFL, PINX:HSNGY, ETR:COM, NYS:AXP, NYS:BAC, LON:BARC, TSE:BMO, TSE:CM, NYS:C, LON:CBG, ASX:CBA, SES:D05, NYS:FII, LON:HSBA, NYS:JPM, NYS:BAC, NYS:HSBC, LON:LLOY, NYS:MTB, ASX:NAB, NYS:PNC, TSE:RY, LON:RBS, TSE:TD, NYS:USB, NYS:WFC, LON:BME, BSP:B3SA3, PAR:ENX, NAS:CME, NAS:NDAQ, PINX:HKXCY, ETR:DB1, ASX:ASX, BATS:CBOE, NYS:ICE, LON:LSE, SES:S68, TSE:X, NAS:VALU, NAS:MORN, NSE:CRISIL, NYS:FDS, NYS:INFO, NYS:MCO, NYS:MSCI, NYS:IT, NAS:FORR, NYS:REIX, NYS:SPGI, TSE:TRI, LON:NUM, NAS:COWN, ETR:DBK, SWX:CSGN, NYS:GHL, NYS:JPM, NYS:JMP, ASE:LTS, NYS:LAZ, ASX:MQG, NYS:MS, TKS:8604, NYS:PJC, NYS:RJF, NYS:SF, NYS:GS, SWX:UBSG, NYS:AB, NYS:AMP, NYS:APAM, NYS:BLK, NYS:BK, NYS:CNS, NYS:BEN, LON:HL, NYS:IVZ, NYS:JHG, NAS:NTRS, NAS:SEIC, NAS:UMBF, NYS:MTB, NAS:TROW, NAS:VRTS, NYS:WDR, NAS:WETF, NYS:SCHW, LON:CMCX, NAS:ETFC, NYS:GCAP, NAS:MKTX, TKS:8628, NAS:VIRT, IEXG:IBKR, NAS:TIGR, NAS:FHL, TKS:8698, LON:PLUS, SWX:SQN, NAS:AMTD, NAS:YIN, AMS:KA, NAS:LPLA, NYS:AMK, NAS:SEIC, ASX:BVS, NYS:BR, ASX:CPU, NYS:ENV, LON:SNN, NYS:STT, LON:TCAP, PINX:FDRVF, LON:SOG, CSE:SIM, PAR:LIN, NAS:SSNC, LON:ALFA, ASX:IRE, SWX:TEMN
- 5 **Insurance:**

NAS:BNFT, NAS:HQY, NAS:PAYX, NAS:WDAY, NYS:NSP, NYS:TNET, NAS:VRSK, NYS:RAMP, LON:REL, NYS:CLGX, NYS:FICO, NAS:WLTW, NYS:AON, NYS:AJG, NYS:BRO, NYS:MMC, NAS:GSHD, PINX:AZSEY, PINX:AXAHY, NYS:ALL, NYS:AFG, NYS:AIG, SWX:ZURN, NAS:EVER, NAS:ETHH, NAS:QNST, LON:GOCO, ASX:ISU, LON:MONY, NAS:CINF, NAS:SIGI, NAS:STFC, NYS:CB, NYS:EIG, NYS:MCI, NYS:PGR, LON:RSA, NYS:THG, NYS:HIG, NYS:TRV, HKG:6060, NAS:AMSF, NAS:GBLI, NYS:ARGO, NYS:AIZ, NYS:MKL, NYS:PRA, NYS:RLI, NYS:WRB, NAS:SPNS, NAS:IMCO, NAS:EBIX, NYS:CRD.B, NYS:GWRE, NYS:FNF, NYS:FAF, NYS:ORI, NYS:STC, PINX:AEQOF, NAS:ANAT, NAS:WFG, NYS:AFL, LON:AV., NYS:CI, TSE:GWO, LON:HSD, LON:LGEN, NYS:LNC, TSE:MFC, NYS:MET, NYS:PRI, NYS:PRU, LON:SLA, TSE:SLF, SWX:SLHN, NYS:GL
- 6 **BPO:**

PINX:TLPFY, NAS:SYKE, NAS:TTEC, BSP:QUAL3, NAS:CPSI, NAS:HMSY, NAS:HQY, NAS:MDRX, NAS:NXGN, NAS:RCM, NYS:CSLT, NAS:BNFT, NAS:ADP, NAS:CSOD, NAS:PAYX, NYS:NSP, NYS:TNET, ML:BET, BOM:507685, NYS:ATO, PINX:CGEMY, NAS:OSPN, NAS:CTSH, NAS:DOX, NAS:EXLS, TSE:OTEX, NAS:VRTU, NSE:HCLTECH, NSE:HEXAWARE, NSE:INFY, NSE:MINDTREE, NSE:TCS, NSE:TECHM, NYS:ACN, LON:APTD, NYS:CACI, NYS:DXC, NYS:UIS, NYS:WNS, LON:IBPO, BOM:526299, BOM:532809, NAS:PRGX, LON:CPI, TSE:GIB.A, NYS:G
- 7 **Financial Management Solutions:**

NAS:BL, NAS:COUP, NAS:INTU, ASX:RKN, NAS:DOCU, LON:SGE, NYS:AVLR, ASX:XRO, NAS:MSTR, NAS:SPLK, NYS:TDC, NAS:AMSWA, NAS:APPN, NAS:EPAY, NYS:PLAN, PINX:BPRMF, LON:APTD, NAS:PEGA, NAS:QADA, NSE:RAMCOSYS, ASX:TNE, BSP:TOTS3, NYS:TYL, NAS:ADP, NAS:CSOD, NYS:CDAY, NAS:PAYX, NAS:PCTY, NAS:WDAY, NYS:HRB, NYS:NSP, NYS:PAYC
- 8 **Enterprise Software / Data & Analytics:**

ETR:SAP, NAS:VERI, NAS:MSTR, TSE:OTEX, NAS:SPLK, PINX:STWRY, NYS:AYX, NAS:WDAY, NYS:MDLA, NAS:CDLX, NYS:CLDR, LON:EXPN, NYS:FICO, NYS:NEWR, NYS:ORCL, NYS:CRM, NYS:VMW, HEL:NOKIA, GREY:SSNLF, NAS:AMBA, NAS:AMZN, NAS:CMCSA, NAS:GOOGL, NAS:GRMN, NAS:IDCC, NAS:LOGM, NAS:MSFT, NAS:QCOM, NAS:SLAB, NAS:TMUS, NYS:T, NYS:FIT, NYS:GLOB, NYS:S, NYS:VZ, ETR:SAP, NYS:ZUO, NYS:ORCL, NYS:IBM, NYS:CRM, NAS:ADBE, NAS:MSFT, NYS:VMW, NAS:SYMC, NAS:PEGA, NAS:FORR, NAS:VRNT, NAS:VRSK, TSE:AIM, NYS:CLGX, NYS:EFX, NYS:IT, NYS:IBM, NYS:RAMP, LON:REL, NYS:TDC, NYS:NLSN, NYS:TRU
- 9 **Healthcare Tech:**

LON:EMIS, NAS:CERN, NAS:CPSI, NAS:HSTM, NAS:MDRX, NAS:NXGN, ETR:COP, NAS:NH, NYS:EVH, NAS:HIQ, NAS:MGLN, NAS:NUAN, NYS:ANTM, NYS:CNC, NYS:HUM, NYS:MMS, NYS:MOH, NYS:GTS, NYS:UNH, NYS:WCG, NAS:STRM, NAS:TRHC, NAS:HCAT, NAS:INOV, NAS:OMCL, NYS:VCRA, LON:CRW, NAS:STRM, NYS:PHR, NAS:HMSY, NAS:CHNG, NAS:RCM, NAS:SREV



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