



Evolve
Capital Partners

QUARTERLY DEALS & MARKET UPDATE

Payments

September 2020



Closed Payment Network



eCommerce / Internet Payments



Networks



Payment Infrastructure



Payment Processing



Payments Core Banking



POS Products



Prepaid / Money Transfer

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



Healthcare Tech



Financing

Private Placements

Debt Capital

Restructuring

Financial Management Solutions



Market Summary and Key Multiples

Industry Stock Market Performance of Evolve Sector Coverage

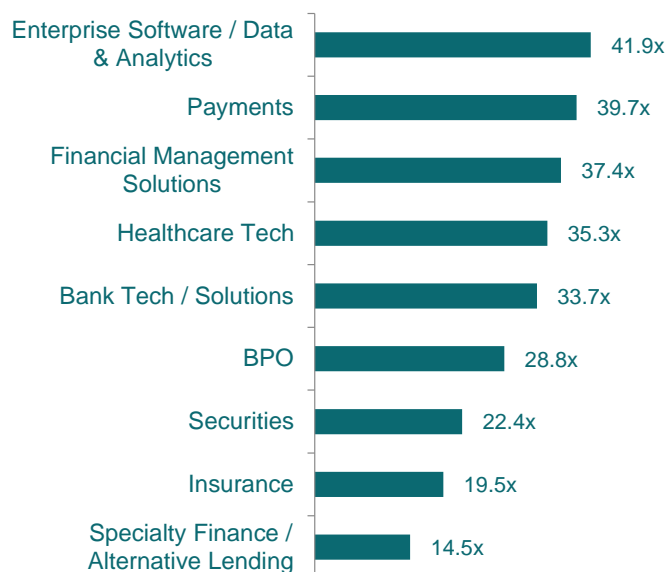
Indexed Price Performance *

Sector	3 Months	1 Year	3 Years
Bank Tech / Solutions	19.4%	25.5%	63.3%
BPO	22.2%	3.2%	40.9%
Enterprise Software / Data & Analytics	16.3%	31.1%	77.5%
Financial Management Solutions	23.9%	40.5%	115.0%
Healthcare Tech	15.1%	36.4%	41.7%
Insurance	13.4%	(0.2%)	18.6%
Payments	19.9%	15.2%	86.0%
Securities	11.1%	9.8%	16.6%
Specialty Finance / Alternative Lending	23.3%	(10.1%)	19.0%

* Equal weighting method.

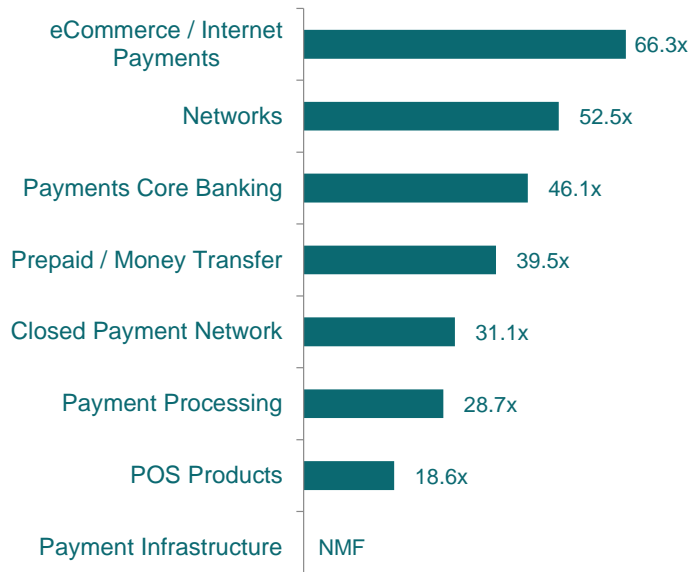
Industry-wide Multiples and Subsector Multiples

Sector 2021E Price / Earnings Multiples



Payments

2021E Price / Earnings Multiples



Data as of September 1, 2020
Source: Pitchbook

Stock Comparables – Payments Sub-Sectors (1/2)

(All figures in millions of USD, except per share data. Data as of September 1, 2020)

Closed Payment Network

	Stock Price	% of 52-Wk. High	Market Value	Enterprise Value	LTM		Growth Rates:			LTM Margins:		EV / Revenue			EV / EBITDA		
							Revenue:		Earnings			LTM		CY 2020		CY 2021	
					Revenue	EBITDA	CY 2020	CY 2021	LT	Gross	EBITDA	LTM	CY 2020	CY 2021	LTM	CY 2020	CY 2021
FleetCor Technologies	\$249.99	75.8%	\$21,012	\$24,694	\$2,566	\$1,377	9%	(10%)	19%	75%	54%	9.6x	9.3x	10.3x	17.9x	15.7x	18.4x
Edenred	\$25.61	92.9%	\$12,619	\$14,524	\$1,708	\$610	NA	NA	4%	90%	36%	8.5x	NA	NA	23.8x	NA	NA
WEX	\$163.46	69.1%	\$7,208	\$8,820	\$1,679	\$511	17%	(9%)	57%	59%	30%	5.3x	5.1x	5.5x	17.3x	11.9x	14.2x
Alliance Data Systems	\$45.19	32.9%	\$2,156	\$5,706	\$5,260	\$1,120	(1%)	(19%)	(9%)	55%	21%	1.1x	1.0x	1.3x	5.1x	4.5x	10.6x
MEAN							8%	(12%)	18%	70%	35%	6.1x	5.1x	5.7x	16.0x	10.7x	14.4x
MEDIAN							9%	(10%)	12%	67%	33%	6.9x	5.1x	5.5x	17.6x	11.9x	14.2x

eCommerce / Internet Payments

	Stock Price	% of 52-Wk. High	Market Value	Enterprise Value	LTM		Growth Rates:			LTM Margins:		EV / Revenue			EV / EBITDA		
							Revenue:		Earnings			LTM		CY 2020		CY 2021	
					Revenue	EBITDA	CY 2020	CY 2021	LT	Gross	EBITDA	LTM	CY 2020	CY 2021	LTM	CY 2020	CY 2021
PayPal Holdings	\$208.93	99.5%	\$245,138	\$241,068	\$19,218	\$4,447	15%	20%	21%	45%	23%	12.5x	13.6x	11.3x	54.2x	56.6x	39.6x
Shopify	\$1,134.32	98.9%	\$136,610	\$132,762	\$2,080	(\$83)	43%	70%	NA	53%	(4%)	63.8x	86.8x	51.2x	NMF	NMF	NMF
Square	\$166.66	97.8%	\$73,919	\$72,153	\$5,885	\$420	(31%)	28%	NA	37%	7%	12.3x	31.6x	24.8x	NMF	NMF	NMF
Adyen	\$1,712.36	96.3%	\$51,171	\$48,966	\$3,397	\$300	52%	NMF	NA	18%	9%	14.4x	16.5x	NMF	NMF	NMF	NMF
Stone Pagamentos	\$52.81	96.0%	\$16,303	\$16,110	\$596	\$334	51%	(12%)	NA	78%	56%	27.0x	25.5x	28.9x	48.3x	42.7x	39.3x
PagSeguro	\$43.80	82.1%	\$14,364	\$13,812	\$834	\$23	100%	(14%)	NA	19%	3%	16.6x	9.5x	11.1x	NMF	26.6x	37.9x
Eventbrite	\$11.07	48.3%	\$1,006	\$676	\$222	(\$213)	8%	NMF	NA	52%	(96%)	3.0x	2.1x	5.7x	NMF	NMF	NMF
Boku	\$1.24	83.5%	\$349	\$320	\$50	\$4	42%	10%	NA	89%	7%	6.4x	6.4x	5.8x	NMF	43.2x	26.1x
MEAN							35%	17%	21%	49%	1%	19.5x	24.0x	19.8x	51.2x	42.3x	35.7x
MEDIAN							42%	15%	21%	49%	7%	13.5x	15.0x	11.3x	51.2x	43.0x	38.6x

Networks

	Stock Price	% of 52-Wk. High	Market Value	Enterprise Value	LTM		Growth Rates:			LTM Margins:		EV / Revenue			EV / EBITDA		
							Revenue:		Earnings			LTM		CY 2020		CY 2021	
					Revenue	EBITDA	CY 2020	CY 2021	LT	Gross	EBITDA	LTM	CY 2020	CY 2021	LTM	CY 2020	CY 2021
Visa	\$213.35	98.7%	\$468,397	\$477,937	\$22,882	\$15,680	10%	(8%)	25%	80%	69%	20.9x	20.4x	22.3x	30.5x	29.2x	32.3x
MasterCard	\$356.90	97.2%	\$357,279	\$358,328	\$16,225	\$9,555	13%	(7%)	21%	NA	59%	22.1x	21.2x	22.9x	37.5x	35.2x	40.2x
PayPal Holdings	\$208.93	99.5%	\$245,138	\$241,068	\$19,218	\$4,447	15%	20%	21%	45%	23%	12.5x	13.6x	11.3x	54.2x	49.9x	39.6x
American Express	\$102.47	74.2%	\$82,505	NA	\$29,489	NA	51%	(17%)	(0%)	NA	NA	NA	NA	NA	NA	NA	NA
MEAN							22%	(3%)	17%	63%	50%	18.5x	18.4x	18.8x	40.7x	38.1x	37.4x
MEDIAN							14%	(8%)	21%	63%	59%	20.9x	20.4x	22.3x	37.5x	35.2x	39.6x

Payment Infrastructure

	Stock Price	% of 52-Wk. High	Market Value	Enterprise Value	LTM		Growth Rates:			LTM Margins:		EV / Revenue			EV / EBITDA		
							Revenue:		Earnings			LTM		CY 2020		CY 2021	
					Revenue	EBITDA	CY 2020	CY 2021	LT	Gross	EBITDA	LTM	CY 2020	CY 2021	LTM	CY 2020	CY 2021
Cardtronics	\$21.71	45.8%	\$966	\$1,723	\$1,230	\$231	0%	(18%)	(17%)	34%	19%	1.4x	1.3x	1.6x	7.4x	5.6x	7.7x
Everi Holdings	\$7.88	53.0%	\$673	\$1,585	\$432	\$140	11%	(33%)	NA	79%	32%	3.7x	3.0x	4.5x	11.3x	6.3x	11.2x
Diebold Nixdorf	\$8.08	57.8%	\$628	\$2,651	\$4,032	\$196	(4%)	(12%)	NA	25%	5%	0.7x	0.6x	0.7x	13.5x	6.6x	6.1x
CPI Card Group	\$2.06	52.2%	\$23	\$308	\$290	\$39	7%	4%	NA	33%	13%	1.1x	1.1x	1.1x	8.0x	8.2x	7.5x
MEAN							4%	(15%)	(17%)	43%	17%	1.7x	1.5x	2.0x	10.1x	6.7x	8.1x
MEDIAN							4%	(15%)	(17%)	34%	16%	1.2x	1.2x	1.3x	9.6x	6.4x	7.6x

Payment Processing

	Stock Price	% of 52-Wk. High	Market Value	Enterprise Value	LTM		Growth Rates:			LTM Margins:		EV / Revenue			EV / EBITDA		
							Revenue:		Earnings			LTM		CY 2020		CY 2021	
					Revenue	EBITDA	CY 2020	CY 2021	LT	Gross	EBITDA	LTM	CY 2020	CY 2021	LTM	CY 2020	CY 2021
Square	\$166.66	97.8%	\$73,919	\$72,153	\$5,885	\$420	(31%)	28%	NA	37%	7%	12.3x	31.6x	24.8x	NMF	NMF	NMF
Global Payments	\$179.67	85.7%	\$53,765	\$61,860	\$6,669	\$2,107	33%	52%	NA	51%	32%	9.3x	13.8x	9.1x	29.4x	38.2x	20.2x
Worldline	\$94.40	99.3%	\$17,279	\$18,040	\$2,564	\$396	31%	3%	16%	65%	15%	7.0x	6.8x	6.5x	45.5x	26.8x	26.3x
GMO Payment Gateway	\$106.50	91.5%	\$7,834	\$7,325	\$334	\$103	28%	7%	29%	65%	31%	21.9x	22.2x	20.8x	71.5x	NA	NA
Evertec	\$34.84	95.8%	\$2,504	\$2,905	\$486	\$205	6%	2%	4%	54%	42%	6.0x	6.1x	5.9x	14.2x	13.1x	13.6x
Cielo (Brazil)	\$0.83	37.2%	\$2,244	\$3,635	\$2,473	\$503	(3%)	(32%)	(44%)	23%	20%	1.5x	1.2x	1.7x	7.2x	3.6x	7.9x
EVO Payments International	\$29.48	98.3%	\$1,223	\$2,286	\$457	\$100	7%	(24%)	NA	80%	22%	5.0x	3.8x	5.0x	22.7x	14.2x	15.7x
Deluxe	\$27.94	51.6%	\$1,170	\$1,986	\$1,912	(\$246)	1%	(13%)	NA	59%	(13%)	1.0x	1.0x	1.1x	NMF	4.3x	5.9x
QIWI	\$17.48	69.2%	\$1,096	\$680	\$611	\$151	(29%)	(1%)	34%	63%	25%	1.1x	2.0x	2.0x	4.5x	5.1x	4.3x
i3 Verticals	\$28.28	74.7%	\$777	\$963	\$220	\$26	(59%)	10%	NA	47%	12%	4.4x	7.1x	6.4x	37.1x	24.1x	26.8x
PayPoint	\$8.49	59.3%	\$581	\$597	\$271	\$85	NA	16%	(9%)	49%	31%	2.2x	4.0x	3.4x	7.1x	7.5x	8.5x
Newtek Business Services	\$19.18	79.9%	\$406	\$787	\$109	\$NA	(38%)	55%	3%	NA	NA	7.2x	13.4x	8.6x	NA	NA	NA
Net 1 UEPS Technologies	\$3.24	72.8%	\$185	\$37	\$337	(\$172)	(31%)	(56%)	NA	41%	(51%)	0.1x	0.1x	0.2x	NMF	2.3x	NMF
Wirecard	\$0.86	0.5%	\$106	(\$2,066)	\$2,862	\$819	NA	33%	23%	48%	29%	NMF	NMF	NMF	NMF	NMF	NMF
MEAN							(7%)	6%	7%	52%	16%	6.1x	8.7x	7.4x	26.6x	13.9x	14.4x
MEDIAN							(1%)	5%	10%	51%	22%	5.0x	6.1x	5.9x	22.7x	10.3x	13.6x

Source: Pitchbook

Stock Comparables – Payments Sub-Sectors (2/2)

(All figures in millions of USD, except per share data. Data as of September 1, 2020)

Payments Core Banking

	Stock Price	% of 52-Wk. High	Market Value	Enterprise Value	LTM		Growth Rates:			LTM Margins:		EV / Revenue			EV / EBITDA		
							Revenue:		Earnings								
					Revenue	EBITDA	CY 2020	CY 2021	LT	Gross	EBITDA	LTM	CY 2020	CY 2021	LTM	CY 2020	CY 2021
Fidelity National Information Sen	\$152.35	96.3%	\$94,397	\$113,096	\$12,203	\$2,234	22%	22%	NA	35%	18%	9.3x	11.0x	9.0x	50.6x	34.3x	21.3x
Fiserv	\$99.37	79.5%	\$66,543	\$89,251	\$14,407	\$4,716	NMF	NMF	(16%)	46%	33%	6.2x	14.5x	6.4x	18.9x	37.8x	16.3x
Jack Henry and Associates	\$164.36	81.8%	\$12,597	\$12,384	\$1,697	\$552	6%	6%	10%	41%	33%	7.3x	7.6x	7.2x	22.4x	22.6x	22.3x
ACI Worldwide	\$29.99	76.2%	\$3,491	\$4,738	\$1,346	\$324	31%	3%	46%	51%	24%	3.5x	3.6x	3.5x	14.6x	13.0x	12.8x
Bottomline Technologies	\$48.99	85.6%	\$2,189	\$2,191	\$442	\$43	5%	3%	NA	57%	10%	5.0x	5.0x	4.9x	50.5x	21.5x	23.4x
MEAN							16%	9%	13%	46%	23%	6.2x	8.3x	6.2x	31.4x	25.8x	19.2x
MEDIAN							14%	5%	10%	46%	24%	6.2x	7.6x	6.4x	22.4x	22.6x	21.3x

POS Products













	Stock Price	% of 52-Wk. High	Market Value	Enterprise Value	LTM		Growth Rates:			LTM Margins:		EV / Revenue			EV / EBITDA		
							Revenue:		Earnings								
					Revenue	EBITDA	CY 2020	CY 2021	LT	Gross	EBITDA	LTM	CY 2020	CY 2021	LTM	CY 2020	CY 2021
GRG Banking	\$2.02	86.2%	\$4,878	\$4,400	\$900	\$158	11%	23%	(12%)	39%	18%	4.9x	4.8x	3.9x	27.8x	NA	NA
Lightspeed POS	\$36.51	98.6%	\$3,394	\$3,237	\$133	(\$52)	42%	52%	NA	63%	(39%)	24.4x	31.8x	20.8x	NMF	NMF	NMF
NCR	\$20.04	55.9%	\$2,573	\$6,321	\$6,656	\$802	6%	(7%)	28%	27%	12%	0.9x	0.9x	1.0x	7.9x	6.0x	7.1x
Par Technology	\$40.69	99.7%	\$743	\$791	\$199	(\$24)	(7%)	15%	NA	20%	(12%)	4.0x	4.2x	3.7x	NMF	NA	NA
PAX Global Technology	\$0.61	85.6%	\$658	\$268	\$654	\$104	0%	15%	8%	41%	16%	0.4x	0.5x	0.4x	2.6x	3.0x	2.4x
PT M Cash Integrasi	\$0.12	8.4%	\$105	\$149	\$894	\$14	NA	NA	NA	2%	2%	0.2x	NA	NA	10.3x	NA	NA
MEAN							10%	20%	8%	32%	(1%)	5.8x	8.4x	6.0x	12.1x	4.5x	4.8x
MEDIAN							6%	15%	8%	33%	7%	2.5x	4.2x	3.7x	9.1x	4.5x	4.8x

Prepaid / Money Transfer

	Stock Price	% of 52-Wk. High	Market Value	Enterprise Value	LTM		Growth Rates:			LTM Margins:		EV / Revenue			EV / EBITDA		
							Revenue:		Earnings								
					Revenue	EBITDA	CY 2020	CY 2021	LT	Gross	EBITDA	LTM	CY 2020	CY 2021	LTM	CY 2020	CY 2021
Western Union	\$23.60	83.0%	\$9,700	\$9,315	\$4,919	\$1,129	(5%)	(9%)	53%	42%	23%	1.9x	1.8x	1.9x	8.3x	7.1x	7.6x
Euronet Worldwide	\$102.13	60.9%	\$5,340	\$5,327	\$2,592	\$334	9%	(14%)	(11%)	41%	13%	2.1x	1.9x	2.2x	15.9x	8.8x	21.3x
Green Dot	\$55.02	96.7%	\$2,937	\$1,034	\$1,168	\$140	(1%)	7%	(6%)	62%	12%	0.9x	1.0x	0.9x	7.4x	4.3x	5.6x
OFX	\$0.82	74.5%	\$204	\$51	\$94	\$24	NA	10%	0%	NA	26%	0.5x	0.6x	0.6x	2.1x	2.1x	NA
Moneygram International	\$3.04	45.4%	\$193	(\$1,657)	\$1,217	\$129	(11%)	(8%)	NA	29%	11%	(1.4x)	(1.3x)	(1.4x)	NMF	NMF	NMF
MEAN							(2%)	(3%)	9%	44%	17%	0.8x	0.8x	0.9x	8.4x	5.6x	11.5x
MEDIAN							(3%)	(8%)	(3%)	42%	13%	0.9x	1.0x	0.9x	7.8x	5.7x	7.6x

Source: Pitchbook

Key M&A Transaction Activity Summary














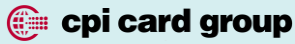



Date	Target	Acquirer(s)	Sector	Value (\$mm)	Transaction Comments
8/3/2020		 FinTech Acquisition Corp. III	Payment Processing	\$1,300	<ul style="list-style-type: none"> ■ Paya is an integrated payment provider, enabling businesses to accept payments more efficiently. ■ According to FinTech III (SPAC), Paya is perfectly positioned as the partner of choice for sophisticated software providers and middle market business clients across multiple attractive verticals.
7/31/2020			POS Products	\$100	<ul style="list-style-type: none"> ■ Montreal-based Mobeewave lets users accept contactless payments with just their phones, without the need for any external hardware. ■ Bloomberg reports that Apple typically buys startups to turn their technology into features of its products.
7/30/2020		 zenbusiness	Payments Core Banking	NA	<ul style="list-style-type: none"> ■ Joust is a banking platform that directly provides merchant services and business banking for the self-employed. ■ The acquisition will further the mission of ZenBusiness to provide the micro businesses in the US with exceptional and friendly tools that simplify the process of forming and running their business.
7/28/2020	 DIRECT PAY ONLINE The home of online payments	 Network International Payment Solutions	Payment Processing	\$288	<ul style="list-style-type: none"> ■ Direct Pay Online Group is a payment service provider in Africa. ■ Dubai-based Network International provides payment technology solutions for acquiring and issuing banks across Africa. The acquisition will enable both companies to join force to accelerate future growth.
6/24/2020	 wave money	 YOMA STRATEGIC HOLDINGS LTD.	Payment Infrastructure	\$77	<ul style="list-style-type: none"> ■ Wave Money is a mobile financial services institution in Myanmar. ■ By acquiring this 51% stake, Yoma will have complete ownership of Wave. Following this, Ant Financial will take 33% ownership of Wave, providing its Alipay mobile payment technologies and business expertise to the business.
6/16/2020		 Square	Prepaid / Money Transfer	NA	<ul style="list-style-type: none"> ■ Verse is a Spanish peer-to-peer payment app that works across Europe. ■ Verse will join the Cash App organization at Square. Square will provide Verse with additional support through Cash App technology and resources.

Key Financing Transaction Activity Summary

Date	Target	Sector	Amount (\$mm)	Type	Key Investor(s)
7/29/2020	 Remitly	Prepaid / Money Transfer	\$85	Series F	  stripes  DN Capital®
7/16/2020	 Bolt	eCommerce / Internet Payments	\$50	Series C	 WESTCAP TRIBE CAPITAL
7/5/2020	 PAYFAZZ	Payment Infrastructure	\$53	Series B	 B Capital Group  INSIGNIA VENTURES PARTNERS  Y Combinator TIGERGLOBAL
6/25/2020	 Swile	Payments Processing	\$79	Series C	 Index Ventures  idinvest PARTNERS bpi france
6/22/2020	 checkout.com	eCommerce / Internet Payments	\$150	Series B	 coatue  INSIGHT PARTNERS  GIC  DST
6/22/2020	 SYNQA	Payment Processing	\$80	Series C	 SPARK  SCB ไทยพาณิชย์  TOYOTA FINANCIAL SERVICES  SMBC

Source: Pitchbook and Media Reports

IPO Activity Summary

Company	IPO Date	Amount Raised (\$mm)	IPO Price	Current Market Price	Total Return
 Shift4 PAYMENTS	5/15/2020	\$345	\$23.00	\$51.02	122%
 prosus	8/29/2019	\$600	\$64.91	\$103.92	60%
 sezzle	4/10/2019	\$55	\$0.83	\$6.46	679%
 Network	4/1/2019	\$1,430	\$5.66	\$5.02	(11%)
 lightspeed	3/8/2019	\$181	\$12.06	\$36.51	203%
 stone	10/25/2018	\$1,210	\$24.00	\$52.81	120%
 eventbrite	8/23/2018	\$230	\$23.00	\$11.07	(52%)
 i3 Verticals	6/21/2018	\$86	\$13.00	\$28.28	118%
 adyen	6/13/2018	\$1,006	\$284.44	\$1,712.36	502%
 EVO PAYMENTS INTERNATIONAL	5/22/2018	\$224	\$16.00	\$29.48	84%
 PagSeguro	1/23/2018	\$2,265	\$21.50	\$43.80	104%
 boku	11/14/2017	\$59	\$0.70	\$1.24	77%
 MCASH	10/31/2017	\$22	\$0.10	\$0.12	20%
 shopify	5/18/2017	\$501	\$91.00	\$1,134.32	1,147%
	11/18/2015	\$243	\$9.00	\$166.66	1,752%
 cpi card group	10/8/2015	\$150	\$10.00	\$2.06	(79%)
 PayPal	7/6/2015	\$3,971	\$34.50	\$208.93	506%
 QIWI	3/6/2014	\$168	\$16.00	\$17.48	9%
 Quotient	11/10/2013	\$416	\$1.89	\$9.07	380%
 OFX	5/2/2013	\$213	\$17.00	\$0.82	(95%)

Price as of September 1, 2020
Source: Pitchbook

Select Wall Street Research Updates and Commentary



Update from Citi, August 2020

We rate Visa a Buy (1). **Positives include (i) a strong market position with high barriers to entry, (ii) pricing power, (iii) solid operating leverage potential; and (iv) strong secular growth tailwinds (e.g. global shift to electronic payments, digital commerce, emerging payments channels).** In the near term, earnings are likely to be impacted by a reduction in consumer and corporate spend related to COVID-19. However, Visa's aforementioned positives remain intact, which underpin its ability to achieve upper-single-digit to double-digit top-line growth and a mid-to-upper-teens or better total return CAGR over the longer-term. That is why we apply an upper-20's to upper 30's P/E multiple range to our CY21 EPS estimate of \$6.17 to reach our \$223 (rounded) P/E valuation for V.



Update from BMO, August 2020

We raise our target price to \$153 from \$116 due to SQ's 2Q20 big top-line beat. **SQ's 2Q20 core EPS of \$0.18 beat our -\$0.05 estimate (we were in line with consensus); higher-than-expected revenues more than offset higher operating expenses, coming from faster growth in both seller and Cash App businesses.** We raise our SQ core EPS estimates by 135% in 2020E (to \$0.54 from \$0.23), 28% in 2021E (to \$1.24 from \$0.97), and 25% in 2022E (to \$1.63 from \$1.31). However, we believe its valuation is stretched. Our 110x target rolling two-year-forward P/E multiple implies only 4% return.



Update from Citi, July 2020

Q2 GMV of \$30.1B (+118% y/y) was ~50% higher vs both Citi/Street's +43%/+44% y/y estimates. **Strong GMV performance was driven by Largest number of merchant additions to the platform across both Pro and Basic, with International becoming an increasing percentage of total.** The company announced a fully remote workforce posture through FY20 and beyond, with some costs savings over 1-2 years though much of this will be reinvested back into growth initiatives. We are confident that revenue acceleration will continue well through FY'20, moving our PT to \$1,200. This is derived from our updated regression and out-year growth/margin estimates, implying an EV of 28.5x our FY25 revenue forecast, which we discount to one year from today.



Update from Morgan Stanley, August 2020

Revenues of \$1,521M beat MS/Cons of \$1,412M/\$1,462M, driven by stronger revenue from Merchant Solutions and Consumer/Biz solutions. GPN also announced a multi-year go-to-market collaboration with Amazon Web Services to provide cloud-based issuer processing platform for customers to expand its geographic footprint and cater to new clients. We were pleased to see the company return to M&A activity this quarter with new CaixaBank investment. We raise CY20 net revenues to \$6,830M from \$6,454M as we look for better recovery primarily in Merchant Solutions. Top-line strength raises our Adj. EPS to \$6.48 (from \$6.23). We raise our PT to \$172 (from \$161), derived from a 15x multiple on our new CY22 Adj. EBITDA forecast of \$3,901M.



Update from Oppenheimer, August 2020

Digital banking (~\$400M of annual revenues) continues to gain traction, with users up ~12% organically to +23M in 2Q20. **The continued momentum in digital banking will help accelerate the shift to recurring revenues, with more than 150 banks signing to a recurring revenue model in 2Q20.** NCR remains highly focused on a greater recurring revenue mix with an ultimate target of 60%, vs. 45% at YE19. Recurring revenues increased ~7% YoY in 2Q20 and management expects growth to accelerate, as it signs additional agreements. Maintain 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:EVTC, 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:QWTO, 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:FNH, 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:PFG, 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:DHCPQ, 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:FI, 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:RELX, 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:RFJ, 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:MCY, 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:MJCO, NAS:EBIX, NYS:CRD.B, NYS:GWRE, NYS:FNH, NYS:FAF, NYS:ORI, NYS:STC, PINX:AEGOF, NAS:ANAT, NAS:PFG, 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:TLFPY, 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, MIL: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:HIIQ, 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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