

# Quarterly Industry Update

As of September 30, 2013

Industry: Electronic Payment



## Industry Summary

Cogent Valuation identified publicly traded companies, IPOs, and recent M&A transactions within the Electronic Payment industry, which provides a basis for market and transaction pricing that can be used by your firm in estimating market sentiment and its impact on your firm's value. Since September 30, 2012, the median 52-week share price return of the Electronic Payment industry has increased by 31.1%. In the last quarter, the median price-to-earnings multiple increased from 24.2x to 25.3x.

## Comparable Public Company Key Statistics

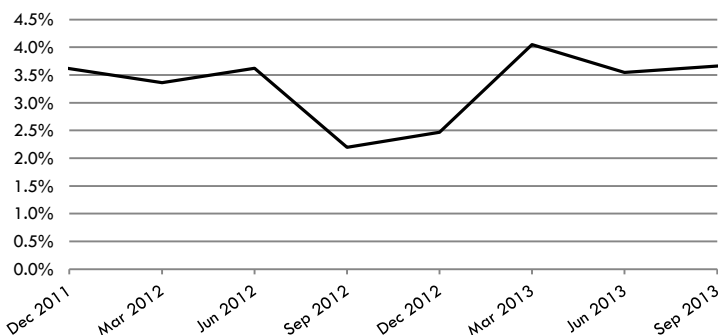
Median 52-Week Return	31.1%	Median EV/Revenue Multiple	2.2x	Median Price/Earnings Multiple	25.3x
Median 3-Year CAGR Return	30.4%	Median EV/EBITDA Multiple	12.9x	Median EV/Gross CF Multiple	23.3x

## Comparable Public Company Market Price Returns (As of September 30, 2013)

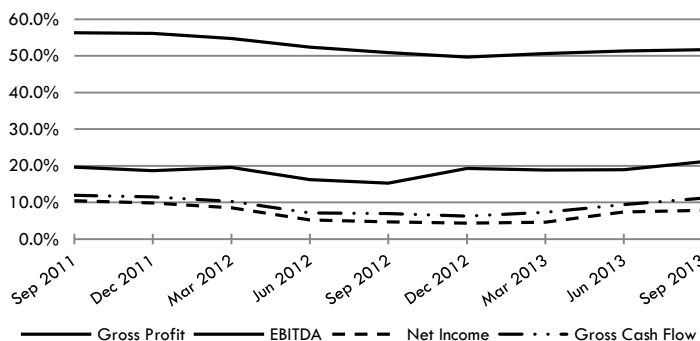
	YTD	3 Month	1 Year	2 Year	3 Year	5 Year	2012	2011	2010	2009	2008
Total System Services, Inc.	37.3%	20.2%	24.1%	31.8%	24.5%	12.4%	9.5%	27.2%	-10.9%	23.4%	-50.0%
Newtek Business Services Corp.	59.1%	40.3%	61.7%	47.5%	29.0%	42.7%	61.7%	-33.1%	75.5%	345.5%	-82.3%
VeriFone Systems, Inc.	-23.0%	36.0%	-17.9%	-19.2%	-9.7%	6.7%	-16.4%	-7.9%	135.4%	234.3%	-78.9%
Euronet Worldwide, Inc.	69.0%	25.2%	112.2%	59.2%	30.4%	19.0%	27.7%	6.0%	-20.5%	89.1%	-61.3%
Optimal Payments Plc	146.8%	70.4%	220.8%	150.5%	71.5%	34.9%	106.5%	-1.4%	6.4%	10.3%	-28.1%
USA Technologies Inc.	-7.5%	-7.5%	27.8%	15.8%	10.0%	-17.2%	55.4%	8.7%	-36.4%	-23.2%	-57.4%
ACI Worldwide, Inc.	23.7%	16.3%	27.9%	40.1%	34.2%	25.3%	52.5%	6.6%	56.7%	7.9%	-16.5%
Moneygram International Inc.	47.3%	-13.6%	31.1%	2.5%	0.1%	11.5%	-25.1%	-18.1%	-5.9%	182.4%	-93.4%
WEX Inc.	16.4%	14.4%	25.9%	51.9%	34.9%	24.1%	38.9%	18.0%	44.4%	152.9%	-64.5%
MasterCard Incorporated	36.9%	17.1%	49.0%	45.6%	44.3%	30.6%	31.8%	66.4%	-12.5%	79.1%	-33.6%
Visa Inc.	26.1%	4.6%	42.3%	49.3%	37.0%	25.5%	49.3%	44.3%	-19.5%	66.7%	N/A
<b>Median of Industry Public Companies</b>	<b>36.9%</b>	<b>17.1%</b>	<b>31.1%</b>	<b>45.6%</b>	<b>30.4%</b>	<b>24.1%</b>	<b>38.9%</b>	<b>6.6%</b>	<b>-5.9%</b>	<b>79.1%</b>	<b>-59.3%</b>

(Multiple year periods are calculated as the average annual return.)

## Median Quarterly Revenue Growth of All Electronic Payment Companies



## Median Gross Profit, EBITDA, Net Income and Gross Cash Flow Margins



## Median Public Company Multiples of the Electronic Payment Industry

Date:	9/30/2011	12/31/2011	3/31/2012	6/30/2012	9/30/2012	12/31/2012	3/31/2013	6/30/2013	9/30/2013
EV/Revenues Multiple	1.8x	1.8x	2.3x	2.4x	2.2x	2.2x	2.5x	1.7x	2.2x
EV/EBITDA Multiple	8.9x	9.6x	11.6x	11.4x	12.9x	12.3x	12.4x	10.5x	12.9x
Price/Earnings Multiple	16.6x	17.3x	19.2x	22.1x	23.7x	32.8x	29.8x	24.2x	25.3x
EV/Gross Cash Flows Multiple	14.8x	16.6x	18.6x	18.6x	19.4x	32.6x	23.8x	20.6x	23.3x

This industry research is provided at no charge to Cogent Valuation's clients. Research or detailed information not covered in this report can be obtained for a fee. Contact Steven Kam at 415-392-0888 for additional information or questions in connection with this research report.

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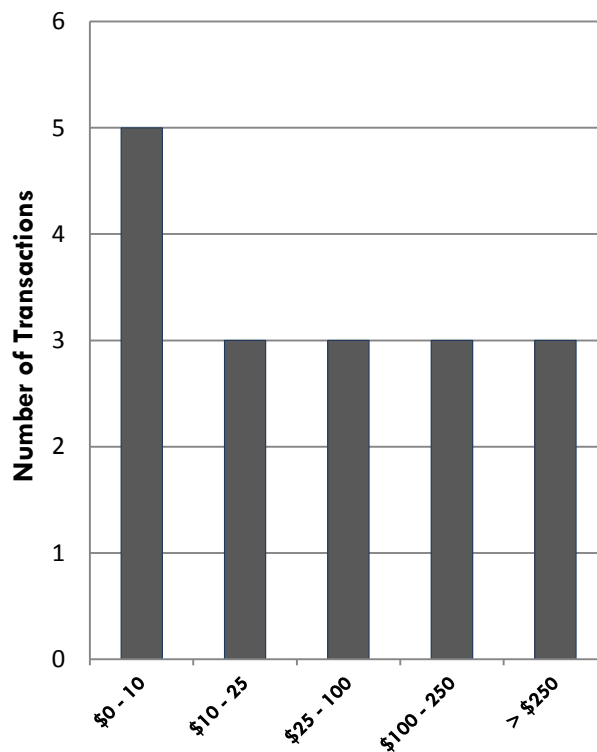
## Industry Initial Public Offerings (dollars in millions, except share prices)

Offer Date	Company Name	Offer Price	Shares Offered	Amount Raised	Total Assets	Debt	LTM Revenues	LTM EBITDA	LTM Net Income	LTM Cash Flows
5/2/2013	Qiwi	\$17.00	12.5	\$212.5	\$417.6	\$2.5	\$307.0	\$62.2	\$38.5	\$64.0
3/21/2012	Vantiv	\$17.00	29.4	\$500.0	\$3,489.7	\$1,801.7	\$1,622.4	\$398.5	\$36.2	\$430.2
6/16/2010	Higher One Holdings	\$12.00	9.0	\$108.0	\$66.7	\$18.5	\$99.2	\$35.9	\$18.4	\$37.7
3/18/2008	Visa	\$44.00	406.0	\$17,864.0	\$27,742.0	\$115.0	\$4,233.0	\$1,833.0	(\$857.0)	\$1,951.0
5/24/2006	MasterCard	\$39.00	61.5	\$2,399.3	\$3,711.0	\$229.6	\$3,017.8	\$608.2	\$300.2	\$653.0
8/10/2005	Heartland Payment Systems	\$18.00	6.8	\$121.5	\$154.8	\$11.9	\$711.8	\$27.3	\$11.9	\$32.2
4/29/2005	VeriFone Systems	\$10.00	15.4	\$154.0	\$260.3	\$261.6	\$413.4	\$60.1	\$8.7	\$62.8
2/15/2005	WEX	\$18.00	40.0	\$720.0	\$950.5	\$29.2	\$189.1	\$91.5	\$51.2	\$98.9
12/17/1997	Official Payments Holdings	\$8.50	3.4	\$28.9	\$10.5	\$2.8	\$26.9	\$1.6	\$0.4	N/A
3/6/1997	Euronet Worldwide	\$13.50	5.3	\$71.6	\$11.9	\$4.9	\$1.3	(\$7.2)	(\$7.6)	(\$6.7)
<b>Median of All IPOs</b>		<b>nm</b>	<b>nm</b>	<b>\$183.3</b>	<b>\$339.0</b>	<b>\$23.8</b>	<b>\$360.2</b>	<b>\$61.2</b>	<b>\$15.2</b>	<b>\$64.0</b>

## Recent Merger and Acquisition Transactions for a Majority Stake (dollars in millions)

Transaction Date	Target	Acquirer	Transaction Size	% Bought
7/26/2013	PayDivvy	Higher One Holdings	\$0.1	100%
4/16/2013	Unified Payments	Net Element	\$0.0	100%
3/26/2013	Ogone BVBA/SPRL	Ingenico SA	\$534.8	100%
3/10/2013	Direção Processamento	Linx Sistemas	\$13.5	100%
2/8/2013	paysafecard.com Wertkarten	Skrill Holdings	\$174.1	100%
1/10/2013	LML Payment Systems	Digital River	\$102.4	100%
9/11/2012	Albany Software	Bottomline Technologies	\$31.4	100%
6/11/2012	Quality Equipment B.V.	Atos Worldline	\$12.7	100%
3/31/2012	NetMind	Telpac Industries	\$0.7	100%
3/31/2012	SBI Veritrans	Wheel	\$166.1	100%
2/22/2012	KGTG	Mobilians	\$2.5	100%
2/7/2012	Integral Computers	Sage Pay Europe	\$26.5	100%
2/3/2012	Escape Premium Collection	Glenrand M.I.B	\$4.0	100%
1/30/2012	Buckaroo B.V.	Intrum Justitia	\$50.7	100%
12/30/2011	Point International AB	VeriFone Systems	\$1,049.7	100%
12/17/2011	Newcastle Building Society	Wirecard Card Solutions	\$15.5	100%
12/12/2011	Shanghai Harvest Network	N/A	\$5.6	100%
8/4/2011	Hypercom	VeriFone Systems	\$480.6	100%
<b>Median of All Transaction Targets</b>			<b>\$21.0</b>	<b>100%</b>

## Size of Merger and Acquisition Transactions (dollars in millions)



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