

# Quarterly Industry Update

As of December 31, 2016

Industry: Electronic Payments

## Industry Summary

Cogent Valuation identified Electronic Payments publicly traded companies, IPOs, and recent M&A transactions within the Electronic Payments 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. Over the last year since December 31, 2015, the median 52-week share price return of the Electronic Payments industry was 6.0%. Between December 31, 2014 and December 31, 2016, the median EV/EBITDA multiple increased from 13.4 to 18.6. Furthermore, the median price-to-earnings multiple increased from 21.3 to 27.8 over the same period.

## Comparable Public Company Key Statistics

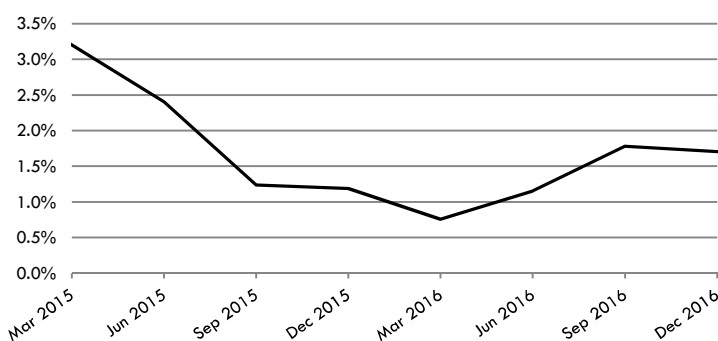
|                           |      |                            |       |                                |       |
|---------------------------|------|----------------------------|-------|--------------------------------|-------|
| Median 52-Week Return     | 6.0% | Median EV/Revenue Multiple | 2.9x  | Median Price/Earnings Multiple | 27.8x |
| Median 3-Year CAGR Return | 7.3% | Median EV/EBITDA Multiple  | 18.6x | Median EV/Gross CF Multiple    | 26.3x |

## Comparable Public Company Market Price Returns As of December 31, 2016

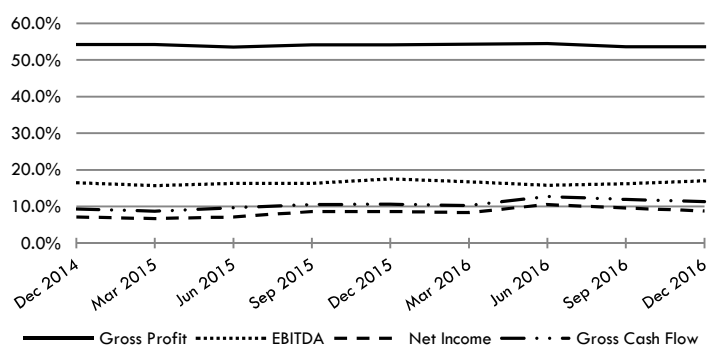
|  | YTD         | 3 Month     | 1 Year      | 2 Year      | 3 Year      | 5 Year       | 2015         | 2014         | 2013         | 2012         | 2011        |
|--|-------------|-------------|-------------|-------------|-------------|--------------|--------------|--------------|--------------|--------------|-------------|
| ACI Worldwide, Inc.                        | -15.2%      | -6.3%       | -15.2%      | -5.1%       | -5.7%       | 13.7%        | 6.1%         | -6.9%        | 48.8%        | 52.5%        | 6.6%        |
| Bottomline Technologies (de), Inc.         | -15.8%      | 7.3%        | -15.8%      | -0.5%       | -11.6%      | 1.5%         | 17.6%        | -30.1%       | 37.0%        | 13.9%        | 6.7%        |
| CSG Systems International Inc.             | 34.5%       | 17.1%       | 34.5%       | 38.9%       | 18.1%       | 26.9%        | 43.5%        | -14.7%       | 61.7%        | 23.6%        | -22.3%      |
| Euronet Worldwide, Inc.                    | 0.0%        | -11.5%      | 0.0%        | 14.9%       | 14.8%       | 31.4%        | 31.9%        | 14.7%        | 102.8%       | 27.7%        | 6.0%        |
| Global Payments Inc.                       | 7.6%        | -9.6%       | 7.6%        | 31.1%       | 28.8%       | 24.0%        | 59.8%        | 24.2%        | 43.5%        | -4.4%        | 2.5%        |
| MasterCard Incorporated                    | 6.0%        | 1.5%        | 6.0%        | 9.5%        | 7.3%        | 22.6%        | 13.0%        | 3.1%         | 70.1%        | 31.8%        | 66.4%       |
| Moneygram International Inc.               | 88.4%       | 66.3%       | 88.4%       | 14.0%       | -17.2%      | -7.8%        | -31.0%       | -56.3%       | 56.4%        | -25.1%       | -18.1%      |
| Newtek Business Services Corp.             | 11.0%       | 11.5%       | 11.0%       | 3.8%        | 0.4%        | 22.6%        | -3.0%        | -6.0%        | 68.8%        | 61.7%        | -33.1%      |
| Total System Services, Inc.                | -1.5%       | 4.0%        | -1.5%       | 20.2%       | 13.8%       | 20.2%        | 46.6%        | 2.0%         | 55.4%        | 9.5%         | 27.2%       |
| USA Technologies Inc.                      | 39.6%       | -23.3%      | 39.6%       | 63.4%       | 33.4%       | 30.9%        | 91.3%        | -11.0%       | 4.0%         | 55.4%        | 8.7%        |
| VeriFone Systems, Inc.                     | -36.7%      | 12.6%       | -36.7%      | -31.0%      | -12.9%      | -13.0%       | -24.7%       | 38.7%        | -9.6%        | -16.4%       | -7.9%       |
| Visa Inc.                                  | 0.6%        | -5.7%       | 0.6%        | 9.1%        | 11.9%       | 25.2%        | 18.3%        | 17.7%        | 46.9%        | 49.3%        | 44.3%       |
| WEX Inc.                                   | 26.2%       | 3.2%        | 26.2%       | 6.2%        | 4.1%        | 15.5%        | -10.6%       | -0.1%        | 31.4%        | 38.9%        | 18.0%       |
| <b>Median of Industry Public Companies</b> | <b>6.0%</b> | <b>3.2%</b> | <b>6.0%</b> | <b>9.5%</b> | <b>7.3%</b> | <b>22.6%</b> | <b>17.6%</b> | <b>-0.1%</b> | <b>48.8%</b> | <b>27.7%</b> | <b>6.6%</b> |

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

## Median Quarterly Revenue Growth of All Electronic Payments Companies



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



## Median Public Company Multiples of the Electronic Payments Industry

| Date:                        | 12/31/2014 | 3/31/2015 | 6/30/2015 | 9/30/2015 | 12/31/2015 | 3/31/2016 | 6/30/2016 | 9/30/2016 | 12/31/2016 |
|------------------------------|------------|-----------|-----------|-----------|------------|-----------|-----------|-----------|------------|
| EV/Revenues Multiple         | 2.6x       | 2.8x      | 3.0x      | 3.2x      | 3.5x       | 3.5x      | 2.8x      | 3.0x      | 2.9x       |
| EV/EBITDA Multiple           | 13.4x      | 15.5x     | 16.6x     | 15.0x     | 15.8x      | 15.5x     | 16.0x     | 18.6x     | 18.6x      |
| Price/Earnings Multiple      | 21.3x      | 26.0x     | 26.3x     | 27.1x     | 28.9x      | 28.2x     | 25.9x     | 29.3x     | 27.8x      |
| EV/Gross Cash Flows Multiple | 22.0x      | 24.0x     | 25.3x     | 25.4x     | 27.4x      | 26.0x     | 21.9x     | 25.2x     | 26.3x      |

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# Quarterly Industry Update

As of December 31, 2016

Industry: Electronic Payments

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

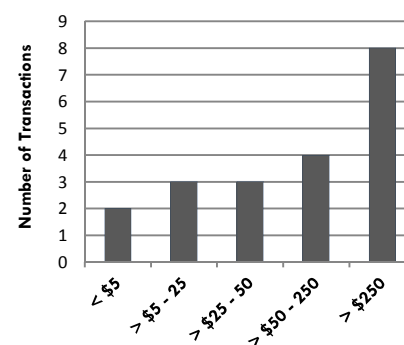
| Offer Date                | Company Name              | Offer Price | Shares Offered | Amount Raised  | Total Assets     | Debt           | LTM Revenues   | LTM EBITDA     | LTM Net Income | LTM Cash Flows |
|---------------------------|---------------------------|-------------|----------------|----------------|------------------|----------------|----------------|----------------|----------------|----------------|
| 5/2/2013                  | QIWI plc                  | \$17.00     | 12.5           | \$212.5        | \$612.6          | \$3.2          | \$291.8        | \$54.8         | \$29.8         | \$57.3         |
| 4/11/2013                 | EVERTEC, Inc.             | \$20.00     | 25.3           | \$505.3        | \$977.7          | \$763.8        | \$341.7        | \$152.6        | \$77.4         | \$169.0        |
| 3/21/2012                 | Vantiv, Inc.              | \$17.00     | 29.4           | \$500.0        | \$3,489.7        | \$1,801.7      | \$1,622.4      | \$435.9        | \$36.2         | \$467.6        |
| 6/16/2010                 | Higher One Holdings, Inc. | \$12.00     | 9.0            | \$108.0        | \$66.7           | \$18.5         | \$95.9         | \$34.7         | \$18.4         | \$35.7         |
| 3/18/2008                 | Visa Inc.                 | \$44.00     | 406.0          | \$17,864.0     | \$27,742.0       | \$115.0        | \$5,836.1      | \$2,570.7      | (\$672.5)      | \$2,655.7      |
| 5/24/2006                 | MasterCard Incorporated   | \$39.00     | 61.5           | \$2,399.3      | \$3,711.0        | \$229.6        | \$3,017.8      | \$608.2        | \$300.2        | \$653.0        |
| <b>Median of All IPOs</b> |                           | <b>nm</b>   | <b>nm</b>      | <b>\$502.6</b> | <b>\$2,233.7</b> | <b>\$172.3</b> | <b>\$982.1</b> | <b>\$294.2</b> | <b>\$33.0</b>  | <b>\$318.3</b> |

nm: not meaningful, N/A: not applicable

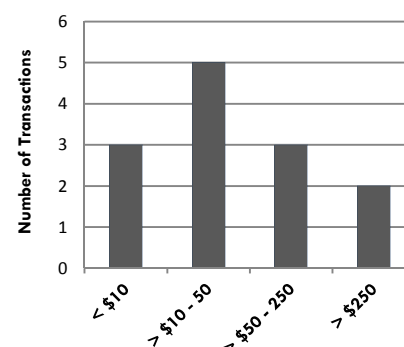
## Recent Merger and Acquisition Transactions for a Majority Stake (dollars in millions)

| Transaction Date                                    | Target                     | Acquirer                    | Transaction Size | % Bought    | LTM Revenues  | EV/Revenues |
|---|----------------------------|-----------------------------|------------------|-------------|---------------|-------------|
| 12/23/2016  | PayByPhone Technologies    | Volkswagen Financial        | \$32.5           | 100%        | N/A           | N/A         |
| 12/23/2016  | International Payment      | H and R Group Limited       | \$20.4           | 51%         | \$28.2        | 1.2x        |
| 12/21/2016  | Moneris Solutions, Inc.    | NPC Group, Inc.             | \$425.0          | 100%        | N/A           | N/A         |
| 12/16/2016  | Setefi S.p.A.              | Mercury UK Holdco           | \$1,191.5        | 100%        | N/A           | N/A         |
| 9/29/2016   | Payment Software Company   | NCC Group plc               | \$18.8           | 100%        | \$9.5         | 2.0x        |
| 4/22/2016   | Heartland Payment Systems, | Global Payments Inc.        | \$4,457.4        | 100%        | \$2,588.4     | 1.7x        |
| 10/30/2015  | Track Concepts B.V.        | Crowd Mobile Limited        | \$30.7           | 100%        | \$17.6        | 1.8x        |
| 8/10/2015   | Skrill Holdings Limited    | Netinvest Limited           | \$1,760.3        | 100%        | N/A           | N/A         |
| 7/11/2014   | PNI Digital Media          | Staples, Inc.               | \$68.5           | 100%        | \$21.6        | 2.9x        |
| 6/13/2014   | Mercury Payment Systems    | NPC Group, Inc.             | \$1,650.0        | 100%        | \$237.0       | 7.0x        |
| 7/26/2013   | PayDivvy, Inc.             | Higher One Holdings, Inc.   | \$0.1            | 100%        | N/A           | N/A         |
| 3/26/2013   | Ingenico e-Commerce        | Ingenico Group              | \$534.8          | 100%        | \$56.6        | 9.5x        |
| 3/10/2013   | Direção Processamento      | Linx Sistemas E Consultoria | \$13.5           | 100%        | \$8.5         | 1.6x        |
| 2/8/2013  | paysafecard.com            | Skrill Holdings Limited     | \$174.1          | 100%        | N/A           | N/A         |
| 1/10/2013   | LML Payment Systems Inc.   | Digital River Inc.          | \$102.4          | 100%        | \$34.6        | 2.1x        |
| 12/31/2012  | Parallel Solutions Inc.    | Spindle, Inc.               | \$2.0            | 100%        | \$1.0         | 2.0x        |
| 11/30/2012  | Litle & Co. LLC            | NPC Group, Inc.             | \$361.0          | 100%        | \$285.0       | 1.3x        |
| 10/2/2012   | FCTI, Inc.                 | Seven Bank Ltd.             | \$131.1          | 100%        | \$42.0        | 3.1x        |
| 9/11/2012   | Albany Software Limited    | Bottomline Technologies     | \$31.4           | 100%        | N/A           | N/A         |
| 8/31/2012   | Merchant e-Solutions, Inc. | Cielo USA Inc.              | \$670.0          | 100%        | \$124.0       | 5.4x        |
| <b>Median of the 20 M&amp;A Transaction Targets</b> |                            |                             | <b>\$116.7</b>   | <b>100%</b> | <b>\$34.6</b> | <b>2.0x</b> |

Size of M&A Transactions



LTM Revenues Reported



### Definitions of Financial Terms Used in this Quarterly Industry Update:

Enterprise Value (EV): Market Value of Equity + Market Value of Debt - Cash

Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA): Profitability metric sometimes also referred to as operating profit or operating earnings.

Gross Cash Flows: Net Income + Depreciation and Amortization Expense

Latest Twelve Months (LTM): Financial information is as of the latest twelve months through the date of this Quarterly Industry Update.

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