

7 Mile Advisors



Sectorwatch: Payment Technology

March 2021



Payment Technology

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Overview

7MA provides Investment Banking & Advisory Services to the Business Services and Technology Industries globally.

We advise on M&A and private capital transactions and provide market assessments and benchmarking. As a close-knit team with a long history together and a laser focus on our target markets, we help our clients sell their companies, raise capital, grow through acquisitions, and evaluate new markets.

We publish our sectorwatch, a review of M&A and operational trends in the industries we focus.

DASHBOARD

- Summary metrics on the sector
- Commentary on market momentum by comparing the most recent 12-month performance against the last 3-year averages.

PUBLIC BASKET PERFORMANCE

- Summary valuation and operating metrics for a basket of comparable public companies.

VALUATION COMPARISON

- Graphical, detailed comparison of valuation multiples for the public basket.

RECENT DEALS

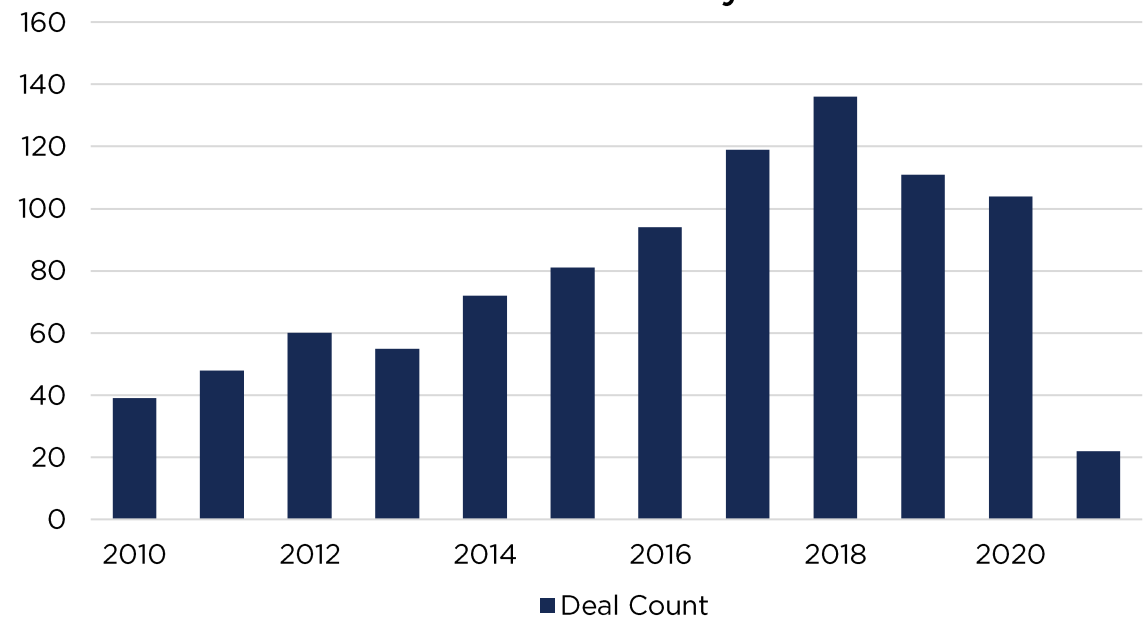
- The most recently announced deals in the sector

Dashboard

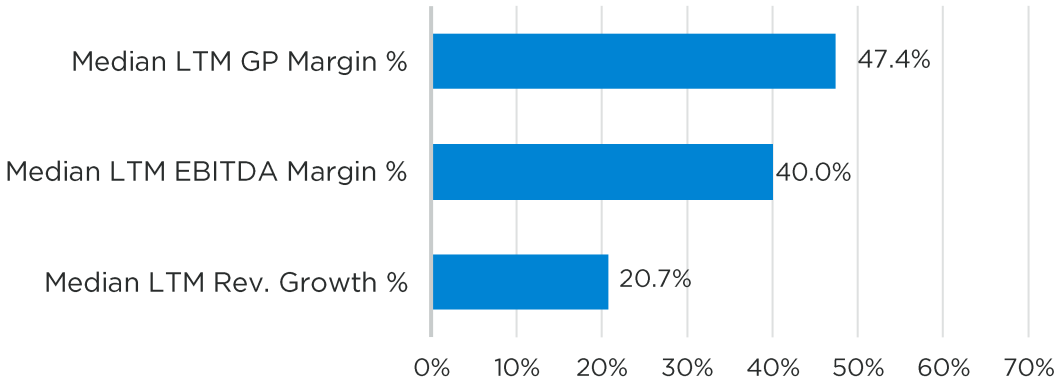
REVENUE GROWTH MOMENTUM ↑ 7.6%

1 - year revenue growth compared to revenue growth average for last 3 years - Current revenue growth rate exceeds the average of the last 3 years by this amount, indicating that market momentum is increasing

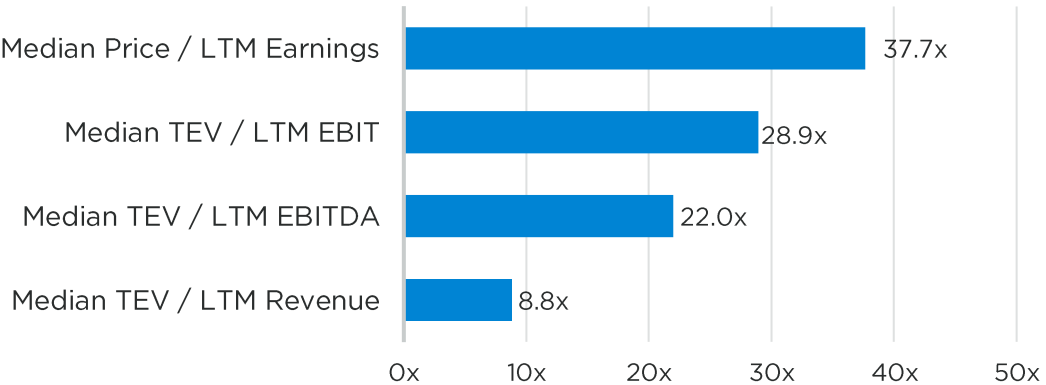
M&A Activity



Operating Metrics



Valuation

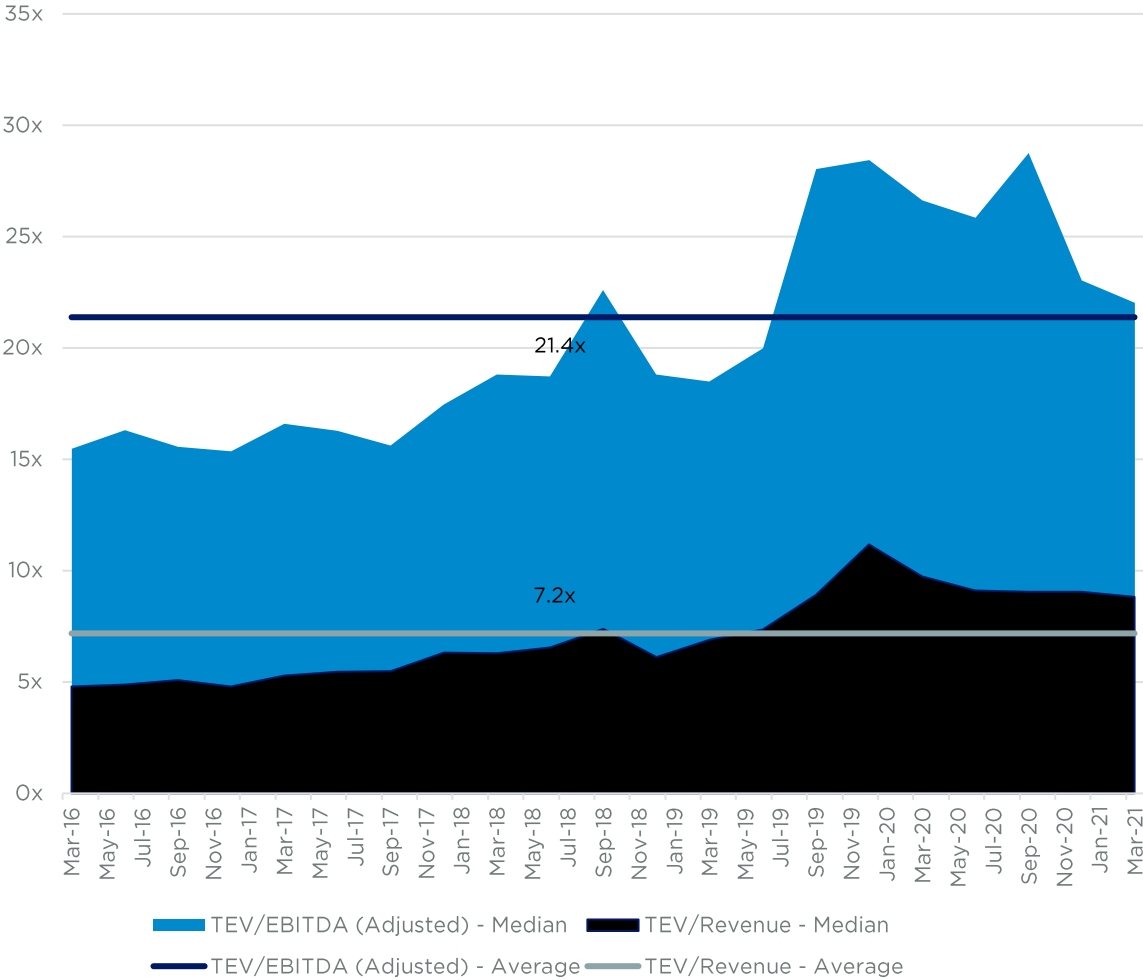


Public Basket

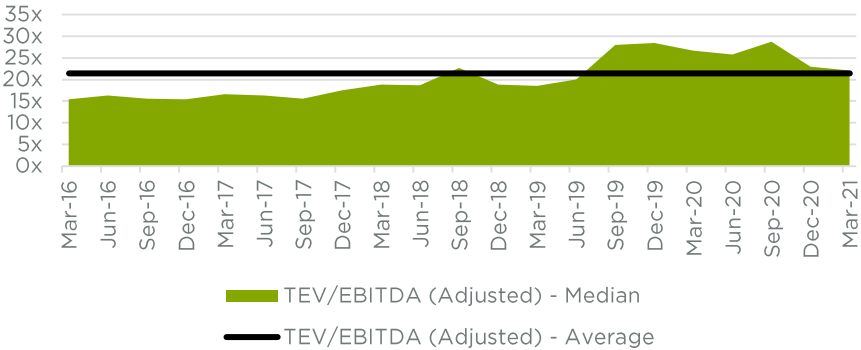
Company	TEV \$m	LTM EBITDA \$m	LTM Rev \$m	Rev Growth YoY	GP %	EBITDA %	TEV / Rev X	TEV / EBITDA X	# FTEs	Rev / FTE \$k
Alliance Data Systems	10,569	1,028	4,521	-19.0%	54.1%	22.7%	2.3x	10.3x	8,000	565
Jack Henry and Associates	11,059	557	1,714	5.1%	39.7%	32.5%	6.5x	19.8x	6,717	255
Global Payments	65,402	2,971	7,424	51.1%	50.8%	40.0%	8.8x	22.0x	24,000	309
Square	96,895	477	9,498	101.5%	28.8%	5.0%	10.2x	203.1x	5,870	1,618
Fiserv	98,133	528,083	14,852	45.8%	47.4%	3555.6%	6.6x	0.2x	44,000	338
Fidelity National Information Services	103,725	5,231	12,552	21.5%	33.5%	41.7%	8.3x	19.8x	62,000	202
PayPal Holdings	275,893	6,110	21,454	20.7%	46.6%	28.5%	12.9x	45.2x	23,200	925
MasterCard	349,382	8,763	15,301	-9.4%	75.2%	57.3%	22.8x	39.9x	18,600	823
Visa	473,023	14,801	21,479	-8.7%	79.0%	68.9%	22.0x	32.0x	20,500	1,048
Average	164,898	63,113	12,088	23.2%	50.6%	428.0%	11.2x	43.6x	23,654	676
Median	98,133	5,231	12,552	20.7%	47.4%	40.0%	8.8x	22.0x	20,500	565

share price as of 04Mar21

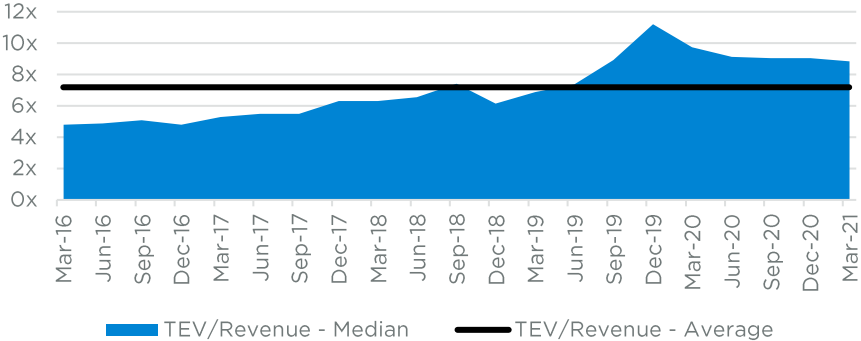
Public Basket



Public EBITDA Multiples over Time

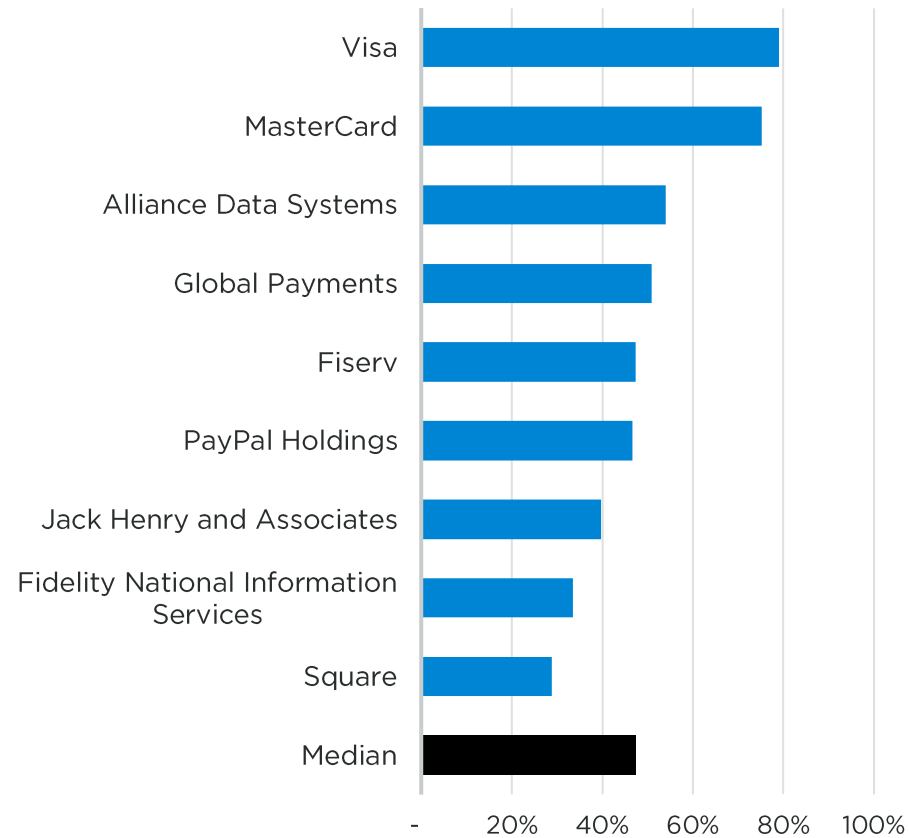


Public Revenue Multiples over Time

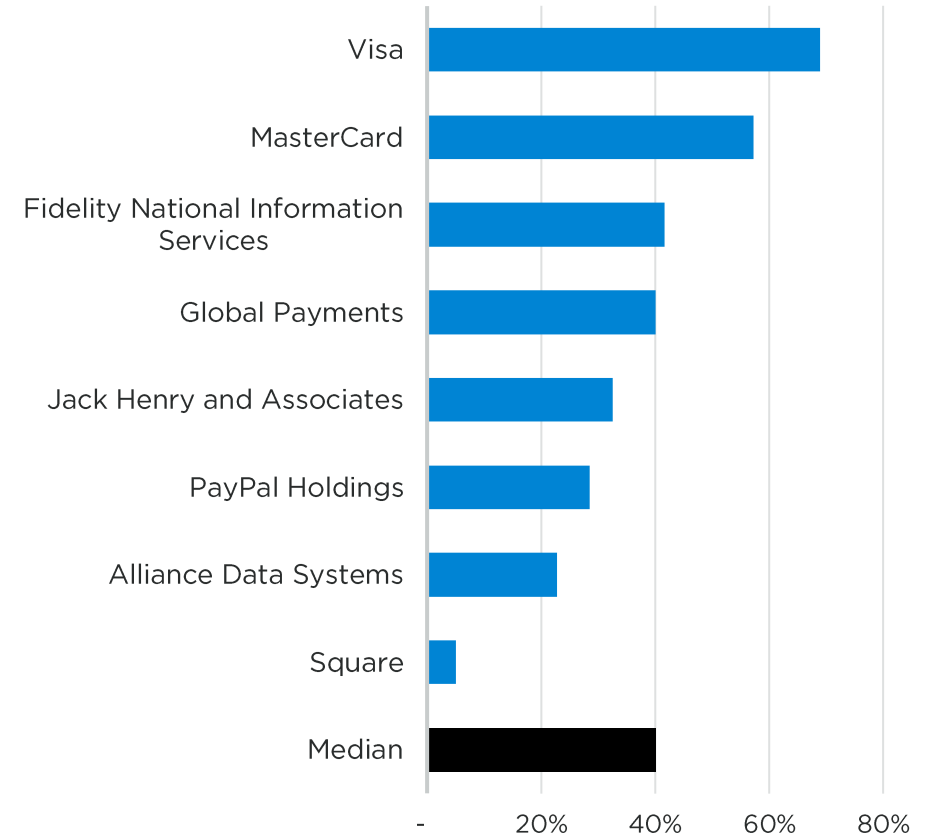


Operational Metrics

LTM Gross Profit Margin %

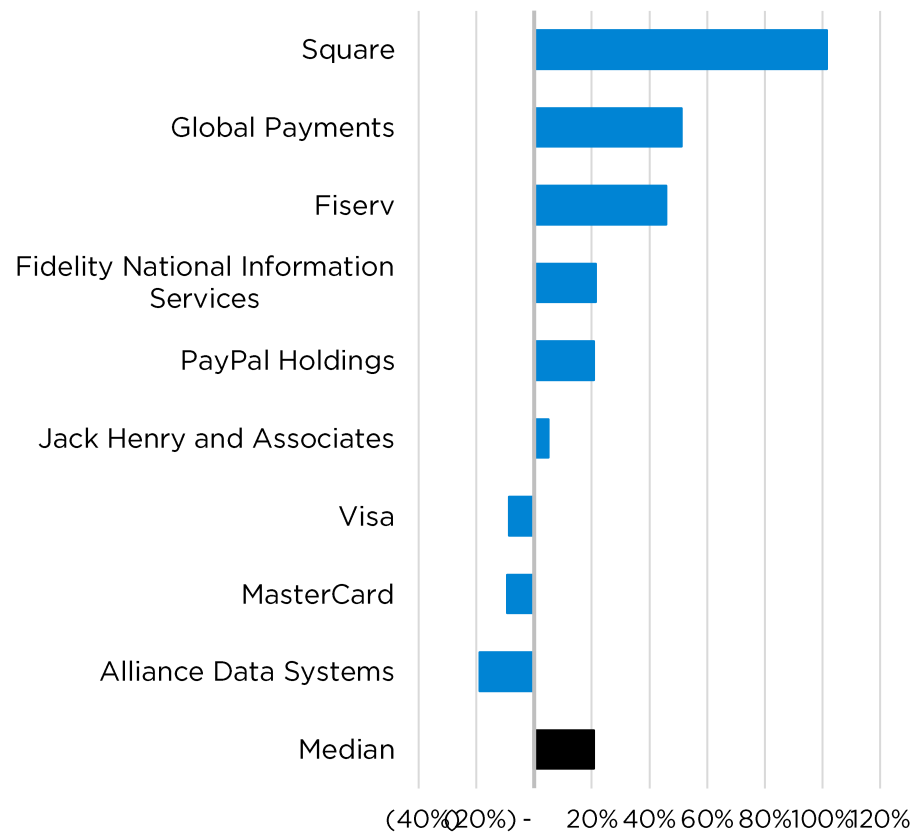


LTM EBITDA %

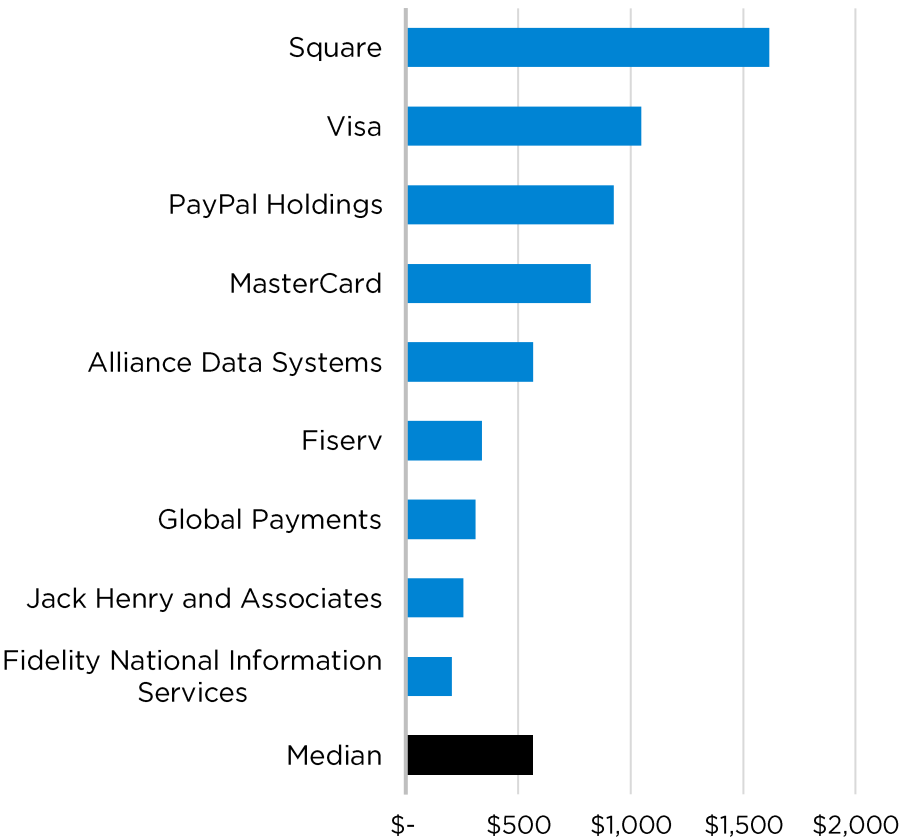


Operational Metrics

LTM Revenue Growth %

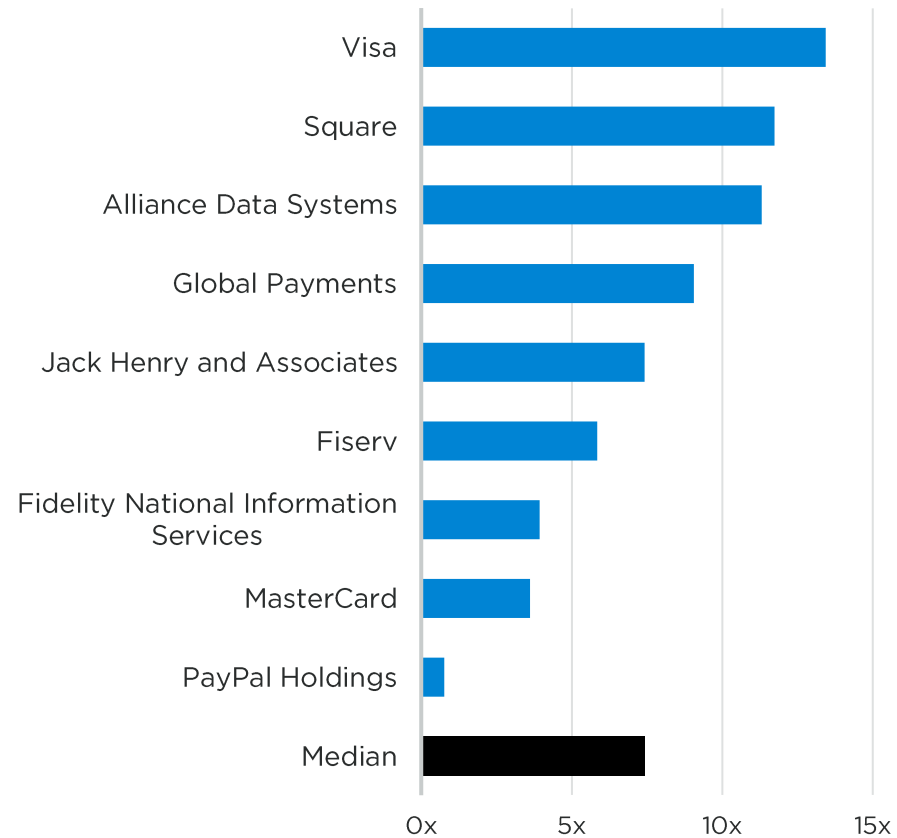


LTM Revenue per Full Time Employee x 000's

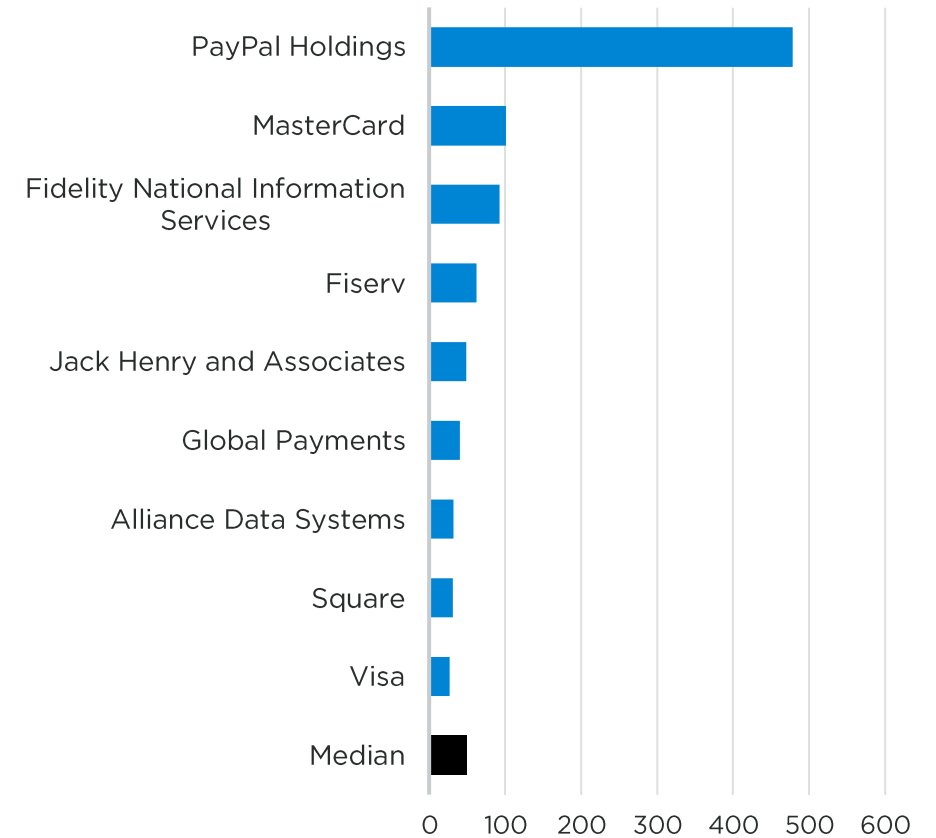


Operational Metrics

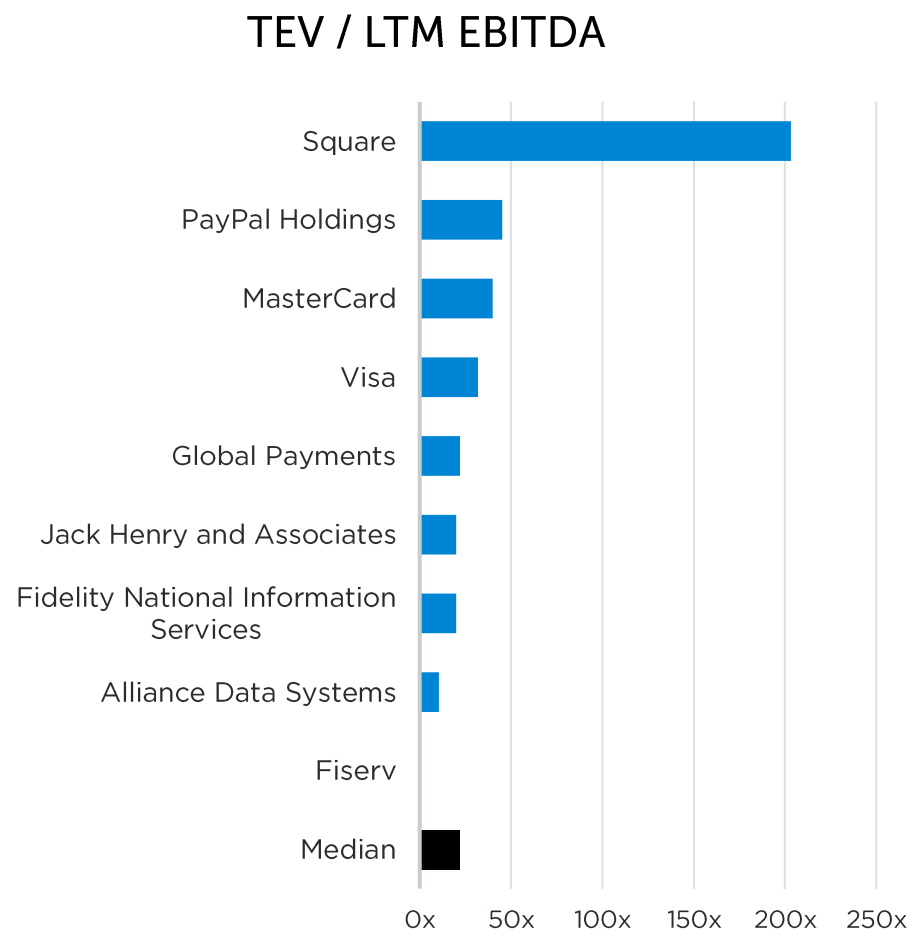
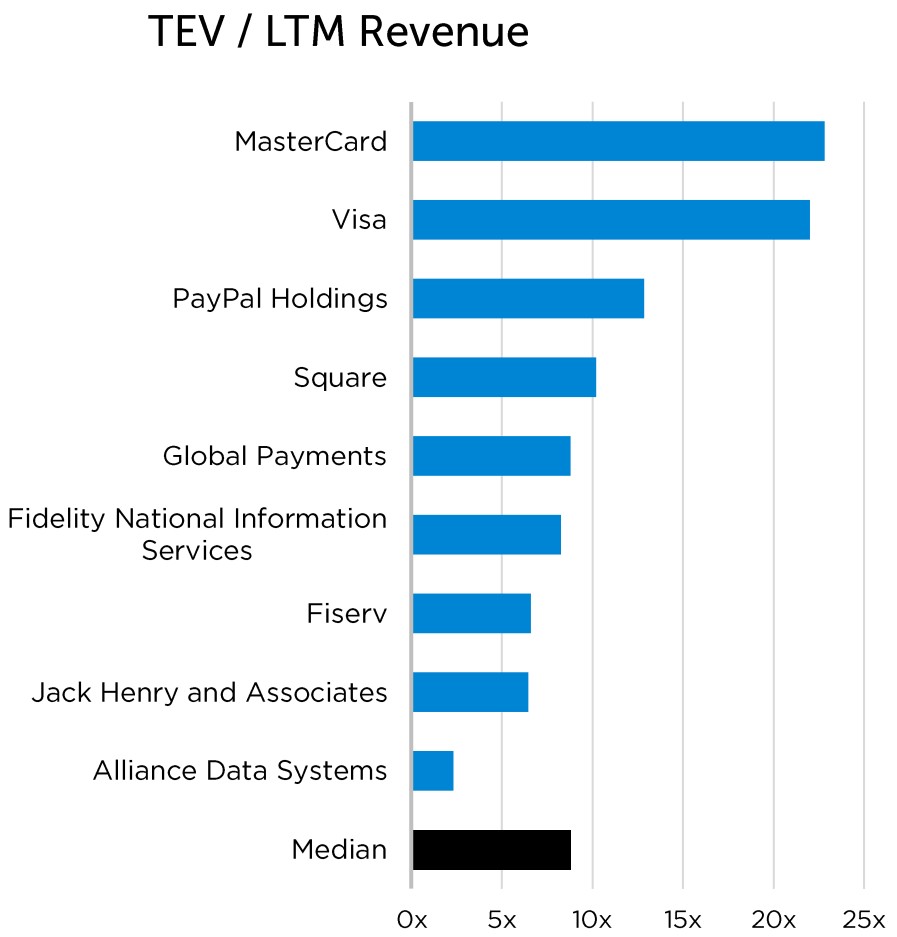
Accounts Receivable Turnover



Average Days Sales Outstanding

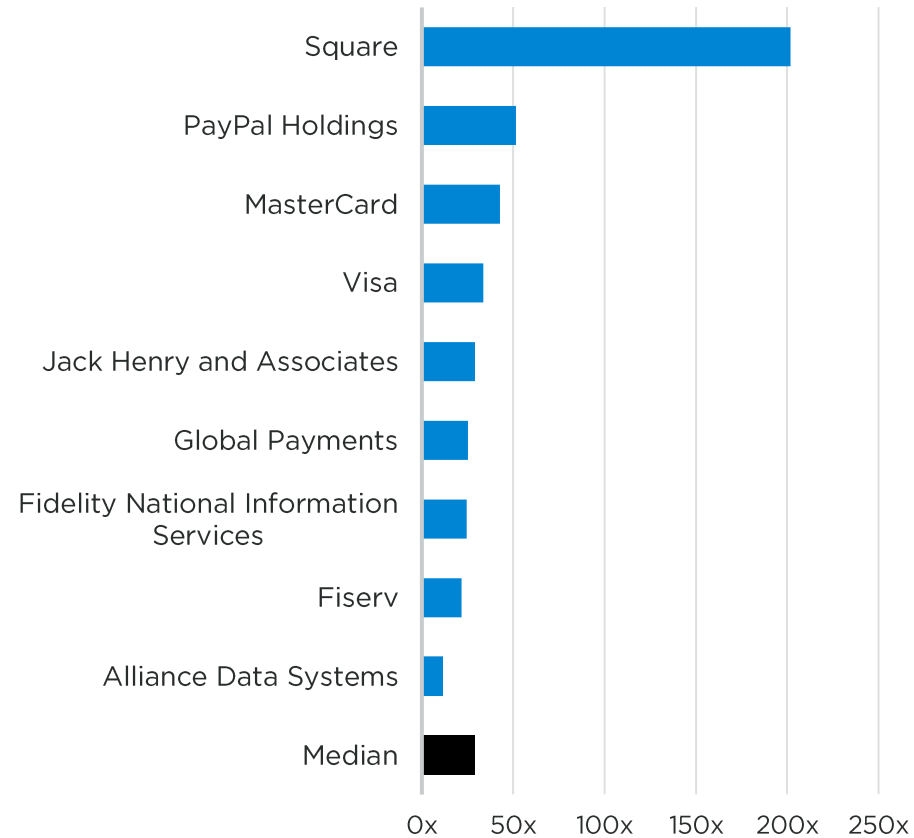


Valuation

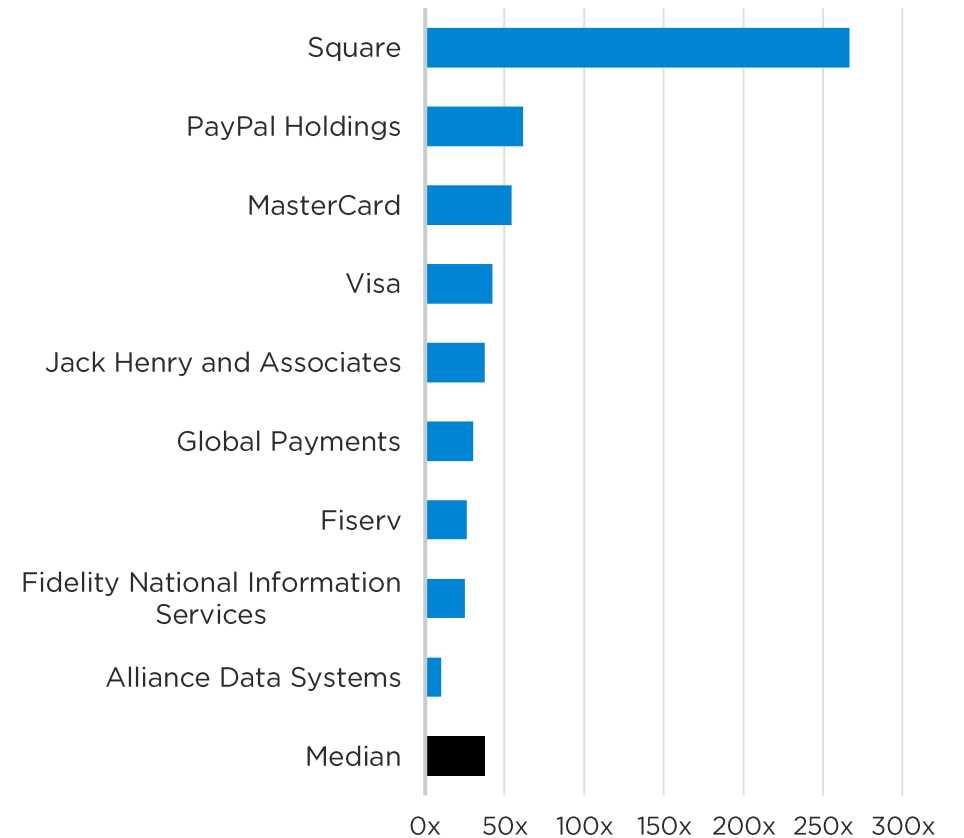


Valuation

TEV / LTM EBIT

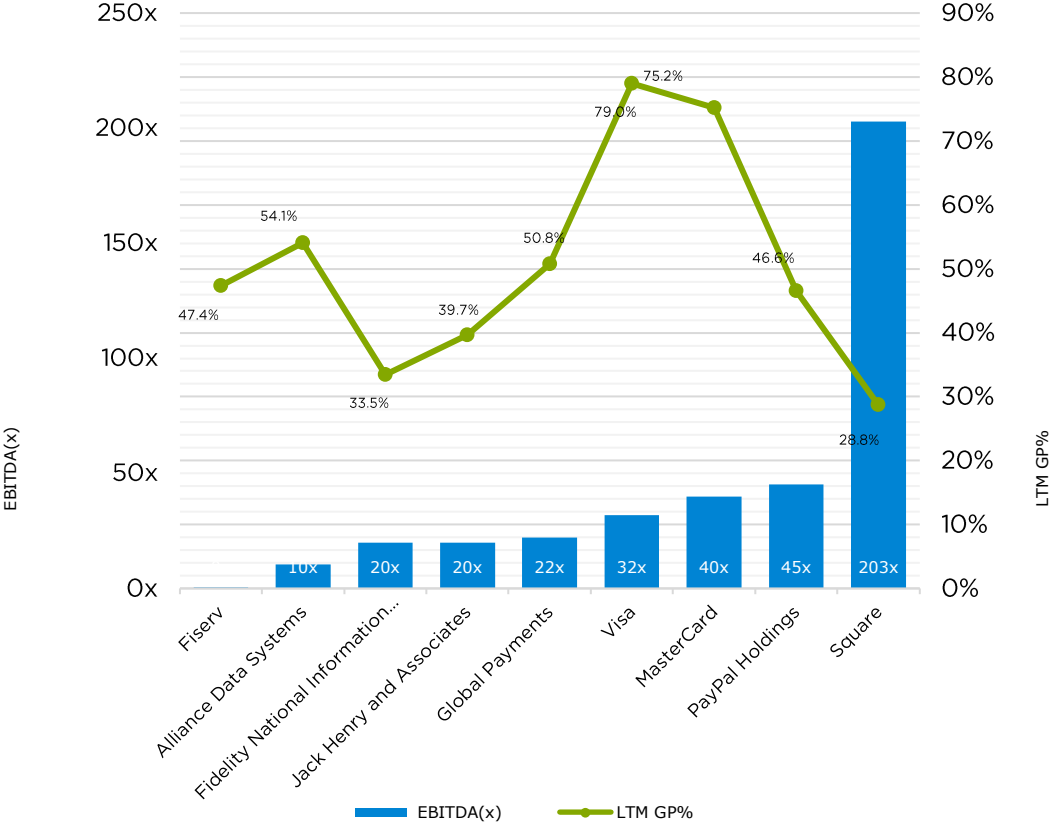


Price / LTM Earnings

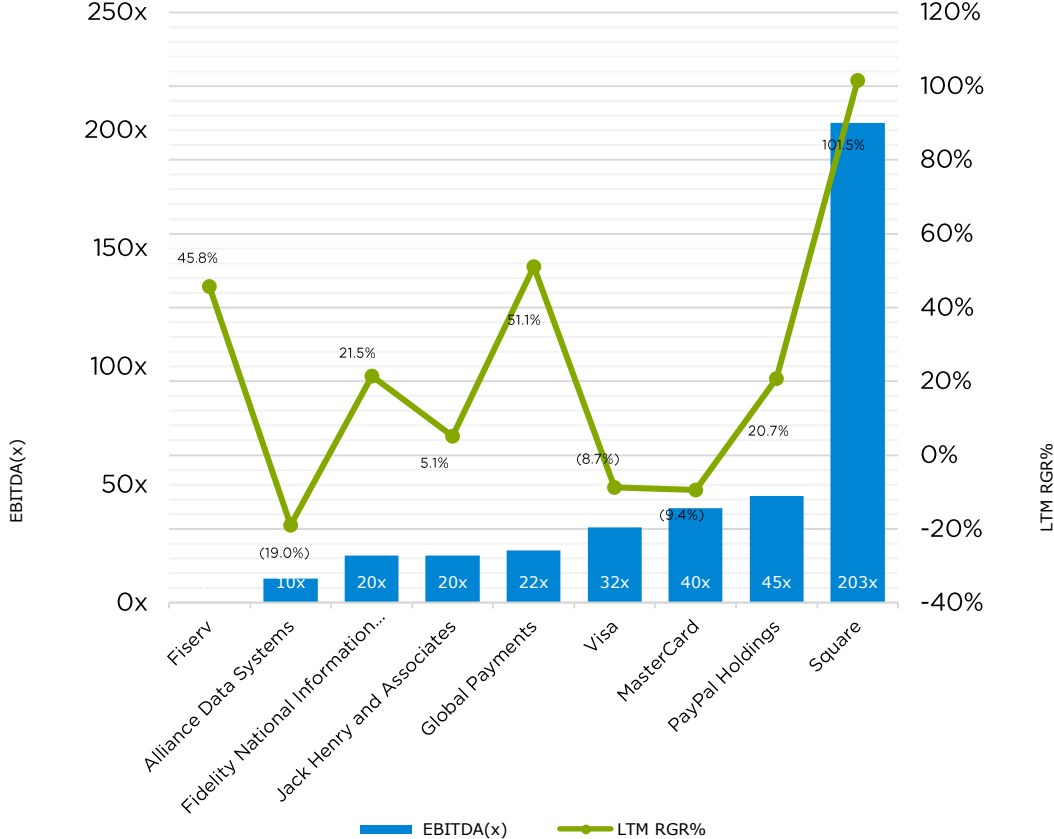


Valuation

Historical Valuation Multiples
versus Gross Profit



Historical Valuation Multiples
versus Revenue Growth Rate



Recent Transactions

Date	Target	Buyer / Investor	Total Transaction Value	Target Revenue	TEV / Revenue	TEV / EBITDA
26-Feb-21	Coprocess	GTreasury	-	-	-	-
22-Feb-21	Green Invoice	Fortissimo Capital	20.00	-	-	-
22-Feb-21	Market Pay (France)	AnaCap Financial Partners	362.93	-	10.61	-
19-Feb-21	OkePay	Readen Holding	13.00	-	-	-
18-Feb-21	Pi Cash Systeme	Givex	-	-	-	-
16-Feb-21	Vendorin	Bregal Sagemount	100.00	-	-	-
09-Feb-21	Poynt	GoDaddy	365.00	-	-	-
02-Feb-21	Birleşik Ödeme Hizmetleri ve Elektronik Para	Fibabanka	-	-	-	-
02-Feb-21	Paysolut	SumUp	-	-	-	-
28-Jan-21	Roger	FleetCor Technologies	-	-	-	-
26-Jan-21	Carta Worldwide	Mogo	18.99	-	-	-
26-Jan-21	Kringle	TraqIQ	-	-	-	-
26-Jan-21	PayFi	OV Loop	-	-	-	-
22-Jan-21	Netgíró	KVIKA Corporate Finance	-	-	-	-
21-Jan-21	Paystone	Canadian Business Growth Fund	54.04	-	-	-
19-Jan-21	PPRO Financial	Eurazeo	180.00	-	-	-
12-Jan-21	Billtrust	South Mountain Merger	250.00	-	-	-
12-Jan-21	Book4Time	Serent Capital	-	-	-	-
07-Jan-21	PayPo	Przelewy24	-	-	-	-
07-Jan-21	Swype at Work	Fortis Payment Systems	-	-	-	-
05-Jan-21	Temenos	Arab Investment Bank	11210.00	914.53	12.26	28.50
04-Jan-21	Base Commerce	Nuvei	-	-	-	-
31-Dec-20	Easypymtz	Worldline	-	-	-	-
21-Dec-20	Pine Labs	Lone Pine Capital	100.00	-	-	-
17-Dec-20	Finabl	Prism Group (Dubai)	51.71	-	-	-
15-Dec-20	Expertus Technologies	International Business Machines	-	-	-	-
09-Dec-20	4Ward (Business/Productivity Software)	Bitz	-	-	-	-
08-Dec-20	Mosaic Software (FinTech)	Aquiline Capital Partners	-	-	-	-
03-Dec-20	F1 Payments	York Capital Management	-	-	-	-

Appendix

*Public Basket
Contact Information*



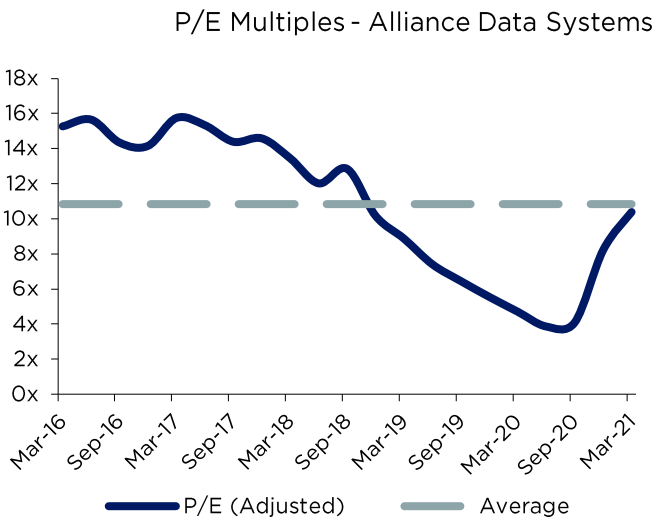
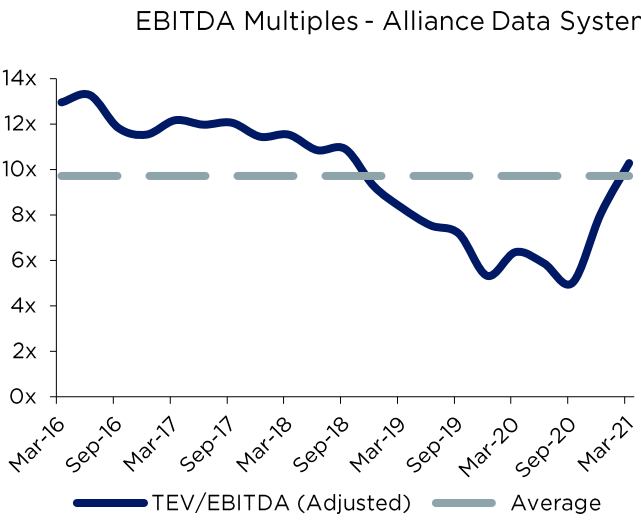
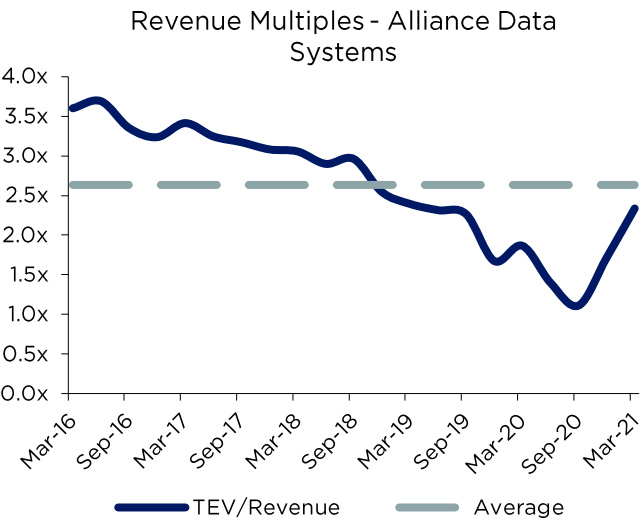
Alliance Data Systems

Formed by a combination of J.C.

Penney's credit card processing unit and The Limited's credit card bank business, Alliance Data Systems is a provider of private label and co-branded credit cards, loyalty programs, and marketing services. The company's most financially significant unit is its credit card business that partners with retailers to jointly market Alliance Data Systems' credit cards to their customers. The company's LoyaltyOne division operates the largest airline miles loyalty program in Canada and offers marketing services to grocery chains in Europe and Asia.

Public Basket

Alliance Data Systems



Company Name	Date	Deal Synopsis
Bread	03-Dec-20	The company was acquired by Alliance Data Systems (NYS: ADS) for \$450 million on December 3, 2020.
Blispay	07-Feb-19	The company was acquired by Alliance Data Systems (NYS: ADS) for \$7.7 million on February 7, 2019.

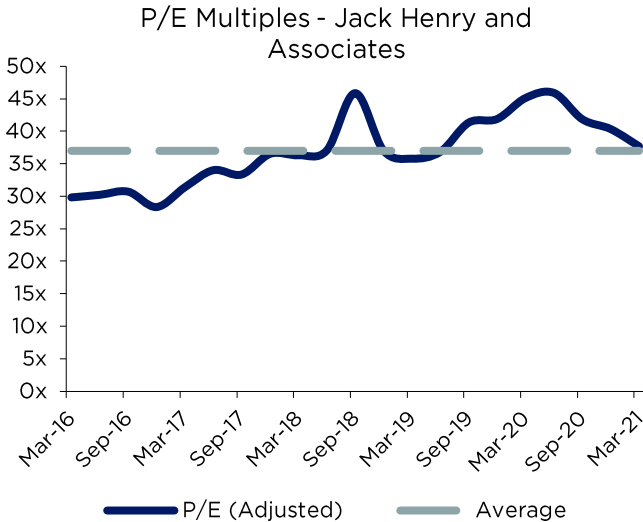
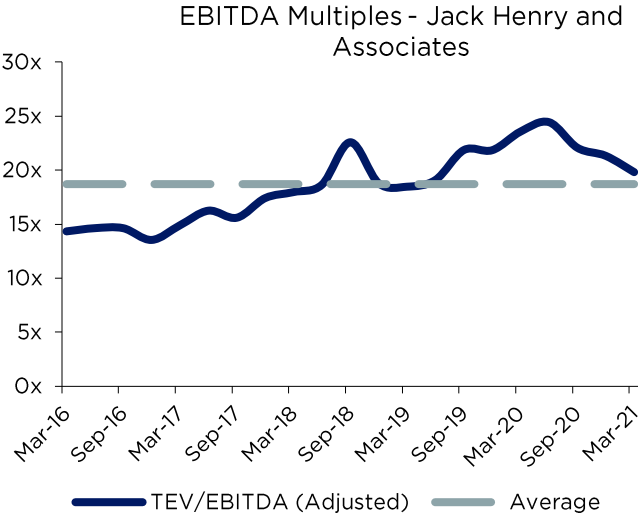
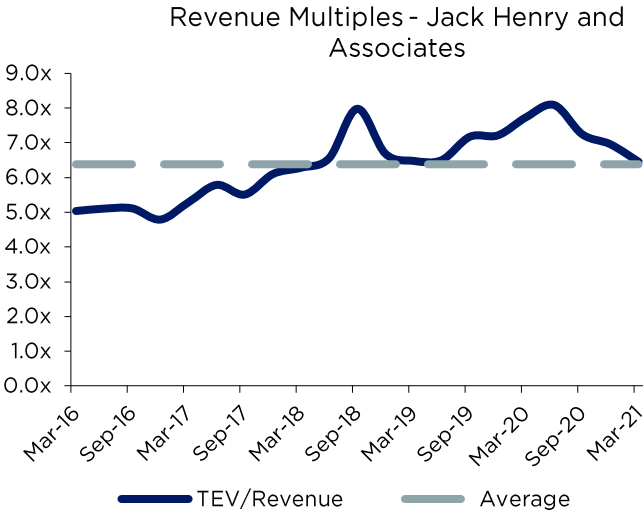
Jack Henry and Associates

Jack Henry is a leading provider of core processing and complementary services, such as electronic funds transfer, payment processing, and loan processing for U.S.

banks and credit unions, with a focus on small and midsize banks. Jack Henry serves about 1,000 banks and 800 credit unions.

Public Basket

Jack Henry and Associates



Company Name	Date	Deal Synopsis
Stackfolio	02-Mar-21	The company was acquired by Jack Henry and Associates (NAS: JKHY) for an undisclosed amount on March 2, 2021.
Geezeo	01-Jul-19	The company was acquired by Jack Henry and Associates (NAS: JKHY) for \$37.77 million amount on July 1, 2019.

Global Payments

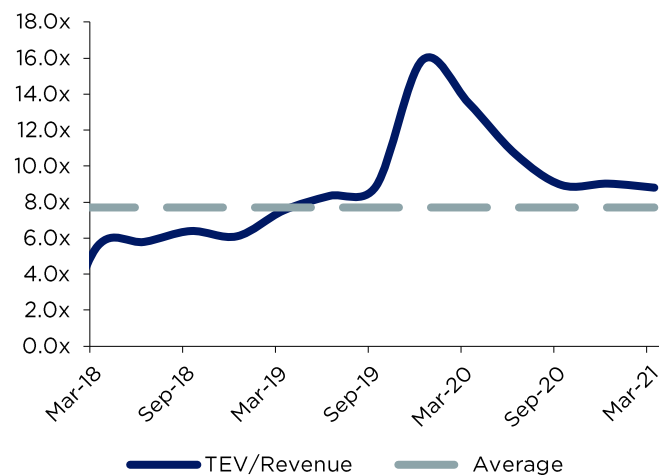
Global Payments is a leading provider of payment processing and software solutions and focuses on serving small and midsize merchants.

The company operates in 30 countries and generates about one fourth of its revenue from outside North America, primarily in Europe and Asia. Global Payments recently announced its intention to merge with Total System Services in an all-stock deal that will give Total System Services shareholders 48% of the combined company's shares.

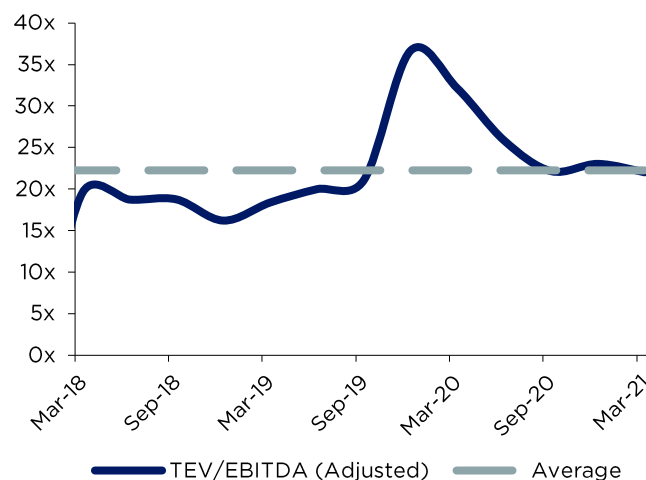
Public Basket

Global Payments

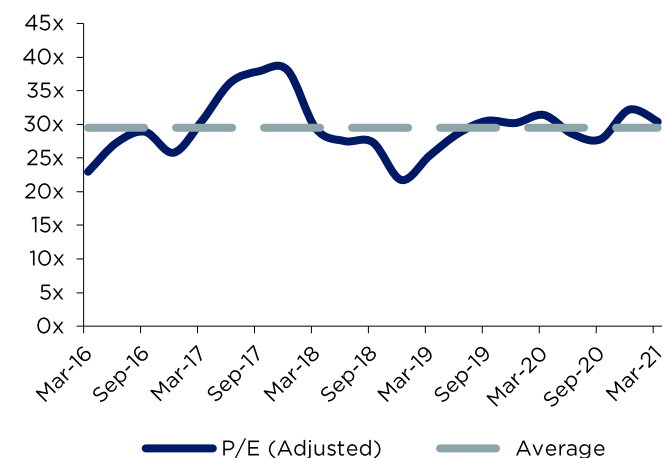
Revenue Multiples - Global Payments



EBITDA Multiples - Global Payments



P/E Multiples - Global Payments



Company Name	Date	Deal Synopsis
Comercia Global Payments	01-Oct-20	CaixaBank sold a 29% stake in the company to Global Payments for EUR 1.7 billion on October 1, 2020.
HSBC (Bermuda Merchant Acquiring Business)	17-Jun-20	The Bermuda Merchant Acquiring Business of HSBC (LON: HSBA) was acquired by Global Payments (NYS: GPN) for an undisclosed amount on June 17, 2020.

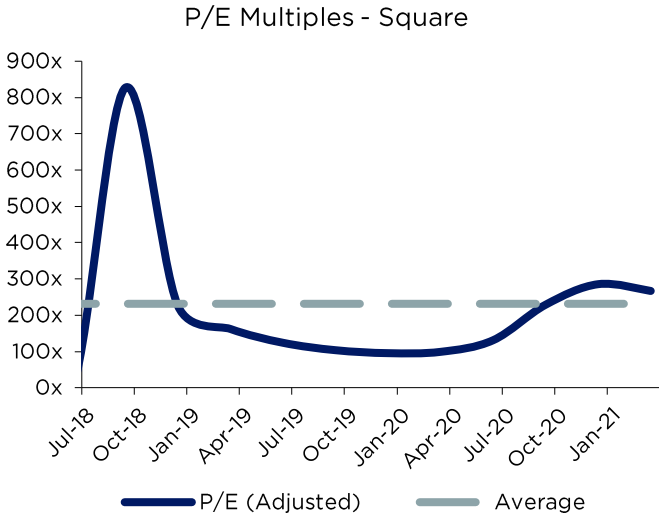
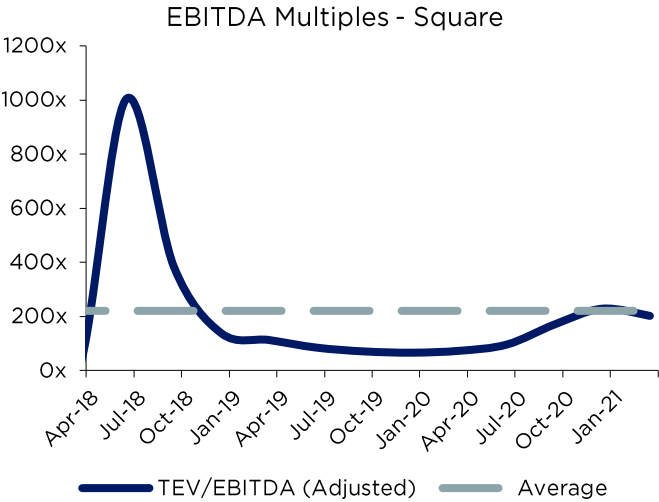
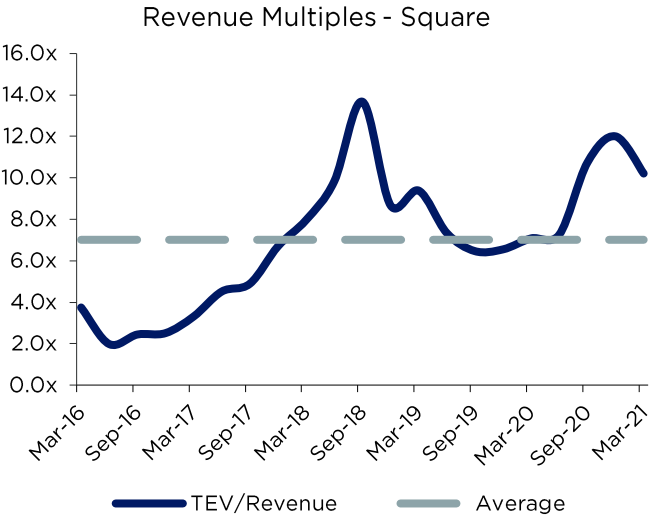
Square

Founded in 2009, Square provides payment acquiring services to merchants, along with related services.

The company also launched Cash App, a person-to-person payment network. Square has operations in Canada, Japan, Australia, and the United Kingdom; about 5% of revenue is generated outside the U.S.

Public Basket

Square



Company Name	Date	Deal Synopsis
TIDAL	04-Mar-21	Square (NYS: SQ) entered into an agreement to acquire Tidal streaming service of Project Panther for \$297 million on March 04, 2021. The acquisition extends Square's purpose of economic empowerment to a new vertical.
Satispay	01-Dec-20	The company raised EUR 98 million of Series C venture funding in a deal co-led by Square, Tencent Holdings, and Tim Ventures on December 01, 2020, putting the company's pre-money valuation at EUR 180 million. Proximity Capital also participated in the round. The funds will be used to consolidate the company's leadership position in Italy while also accelerating its international expansion that already started in Luxembourg and Germany, where it is experiencing strong momentum.

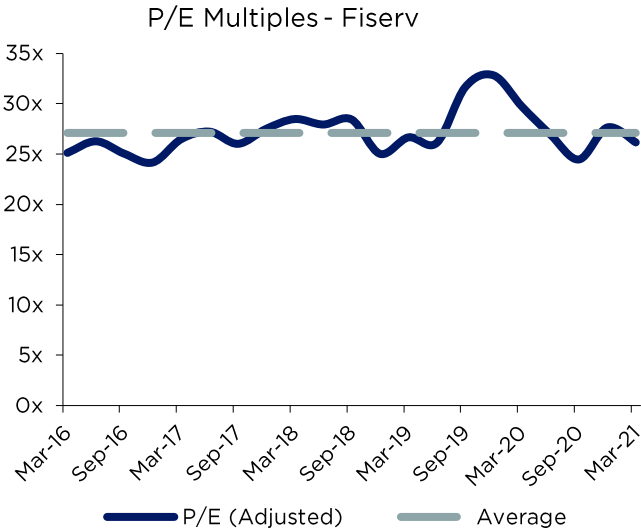
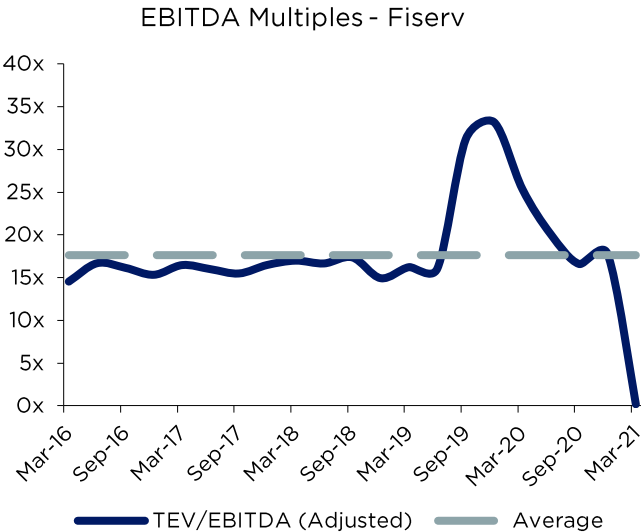
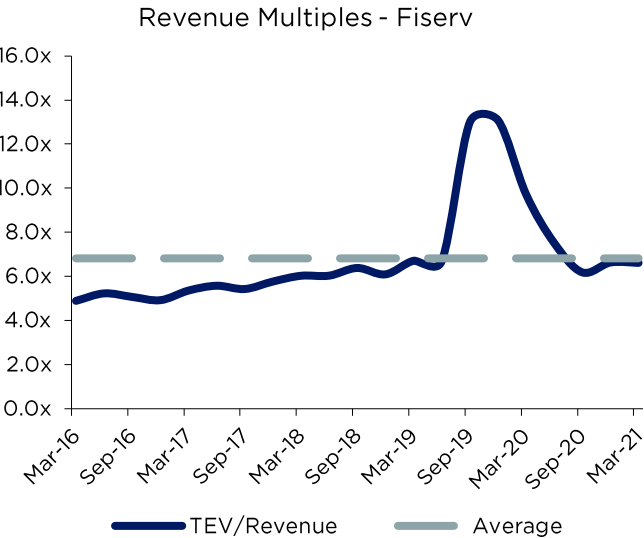
Fiserv

Fiserv is a leading provider of core processing and complementary services, such as electronic funds transfer, payment processing, and loan processing, for U.S.

banks and credit unions, with a focus on small and midsize banks. Through the merger with First Data in 2019, Fiserv now provides payment processing services for merchants. About 10% of the company's revenue is generated internationally.

Public Basket

Fiserv



Company Name	Date	Deal Synopsis
FutureFuel	03-Mar-21	The company raised \$10 million of Series A1 venture funding in a deal led by UBS on March 3, 2021. Salesforce Ventures, Vulcan Capital, Aflac Innovation Partners, Fiserv, Rethink Capital Partners, SixThirty Ventures, Breton Capital Ventures, and Impact Engine also participated in the round. The funds will be used to accelerate product adoption across employers, recordkeepers, and financial services partners as demand continue to surge.
InvestCloud	02-Feb-21	The company was acquired by Motive Partners, Accenture, Citi Ventures, Fiserv, Clearlake Capital Group and other undisclosed investors through an estimated \$800 million LBO on February 2, 2021. As a part of the transaction, the company was recapitalized. The transaction values the company at \$1 billion. As part of the deal, Tegra118 and Finantix are being rolled into the company, thus putting the valuation of the combined business up over \$2 billion.

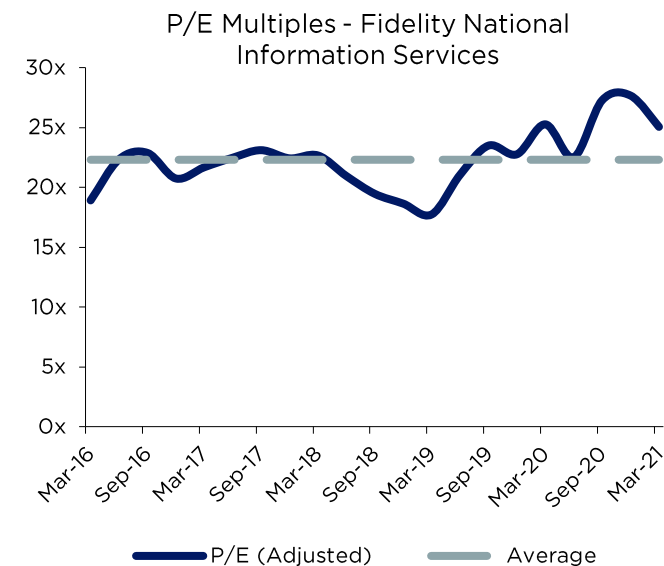
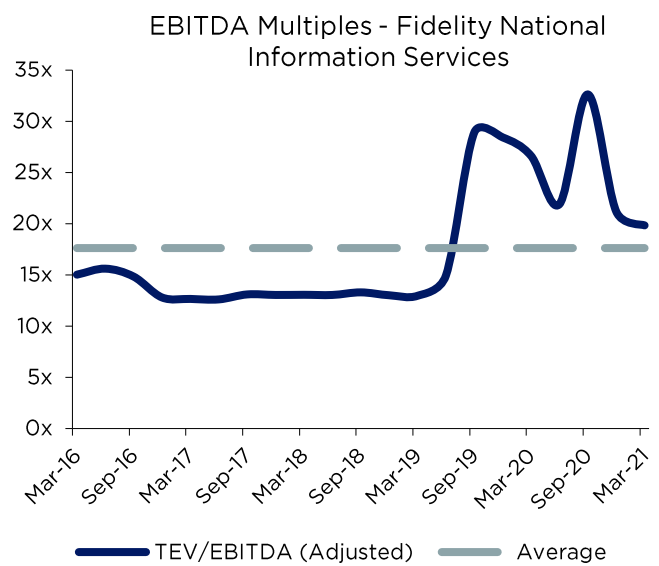
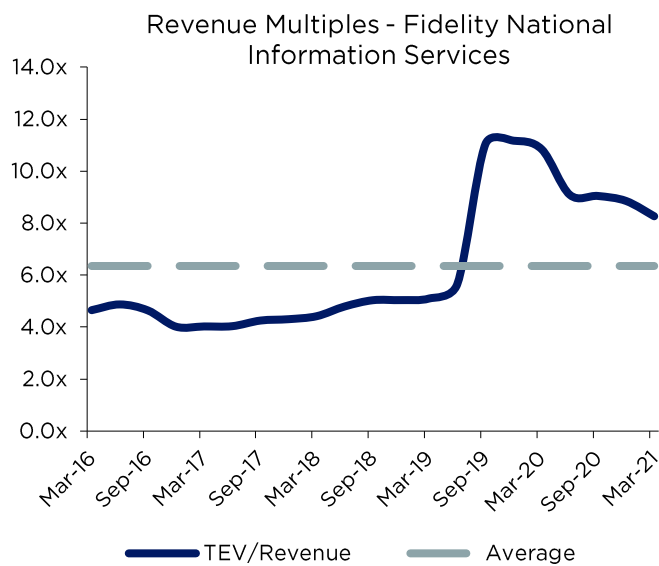
Fidelity National Information Services

Fidelity National Information Services' legacy operations provide core and payment processing services to banks, but its business has expanded over time.

By acquiring Sungard in 2015, the company now provides record-keeping and other services to investment firms. With the acquisition of Worldpay in 2019, FIS now provides payment processing services for merchants and holds leading positions in the United States and United Kingdom. About a fourth of revenue is generated outside North America.

Public Basket

Fidelity National Information Services



Company Name	Date	Deal Synopsis
Cirrus (Financial Software)	30-Jun-20	The company joined The Venture Center as a part of its FIS Fintech Accelerator program on June 30, 2020 and received an undisclosed amount in funding. Fidelity National Information Services also participated in the round.
Dasceq	30-Jun-20	The company joined The Venture Center as part of 2020 FIS Fintech Accelerator program on June 30, 2020 and received an undisclosed amount of funding. Concurrently, Fidelity National Information Services invested in the company.

PayPal Holdings

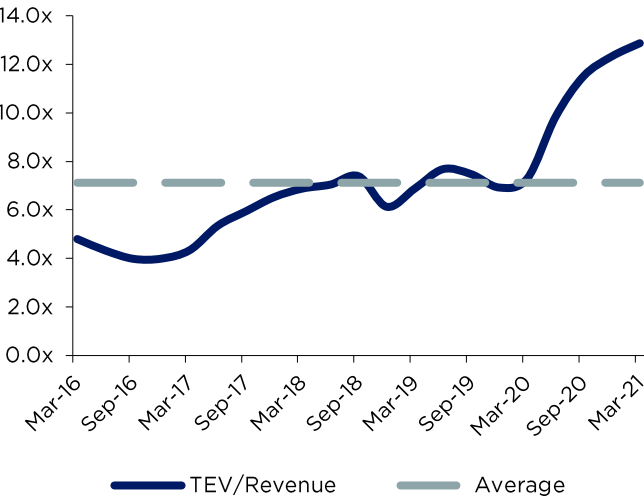
PayPal was spun off from eBay in 2015 and provides electronic payment solutions to merchants and consumers, with a focus on online transactions.

The company had 377 million active accounts at the end of 2020, including 29 million merchant accounts. The company also owns Xoom, an international money transfer business, and Venmo, a person-to-person payment platform.

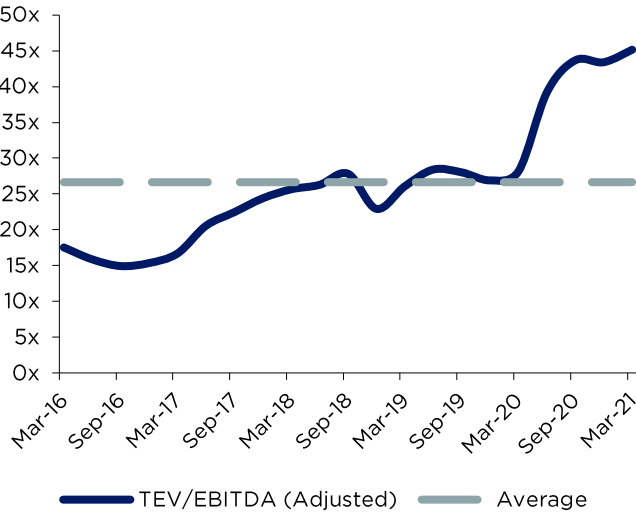
Public Basket

PayPal Holdings

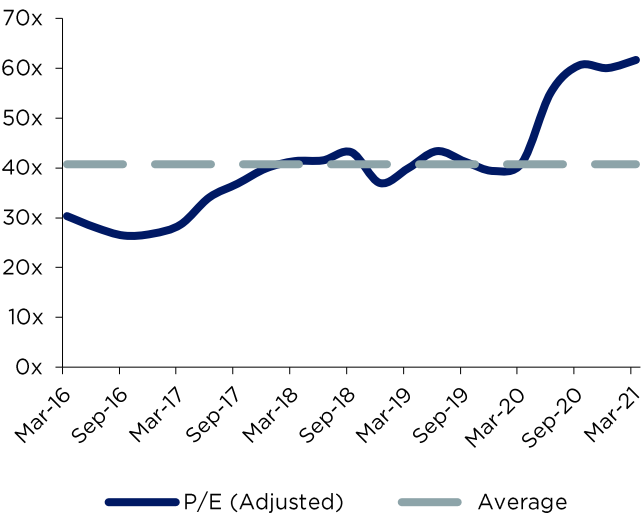
Revenue Multiples - PayPal Holdings



EBITDA Multiples - PayPal Holdings



P/E Multiples - PayPal Holdings



Company Name	Date	Deal Synopsis
Gopay Information Technology	11-Jan-21	China International Engineering Consulting and HNA Group sold a 30% stake in the company to PayPal Holdings for an undisclosed amount on January 11, 2021.
Paxos	16-Dec-20	The company raised \$142 million of Series C venture funding in a deal led by Declaration Partners on December 16, 2020. RRE Ventures, O.G. Tech and 7 other investors also participated in the round. The funds will be used by the company to accelerate growth, including scaling its operations and platform capacity to meet the demands of its expanding customer base.

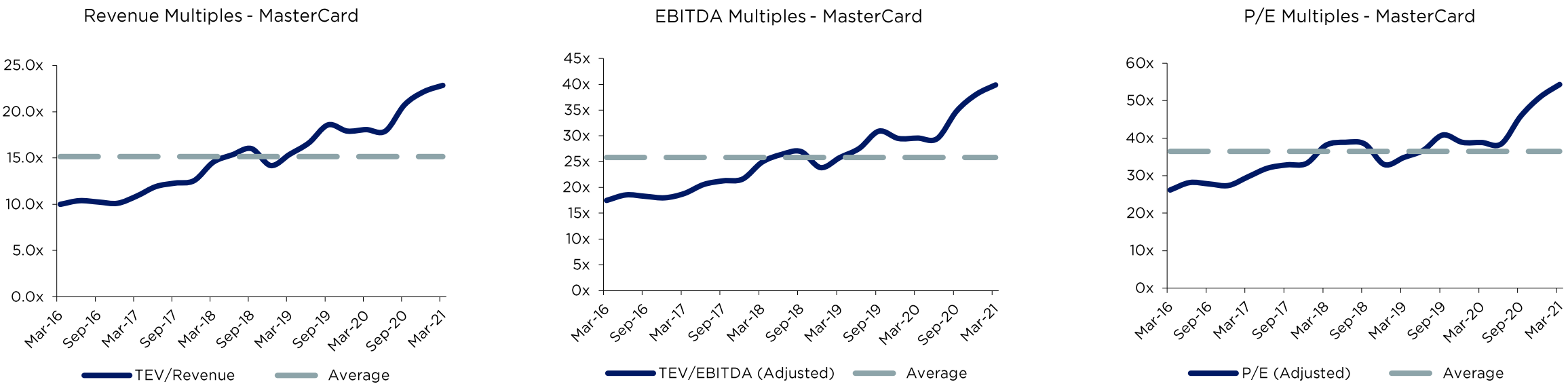
MasterCard

Mastercard is the second- largest payment processor in the world, having processed \$4.8 trillion in purchase transactions during 2020.

Mastercard operates in over 200 countries and processes transactions in over 150 currencies.

Public Basket

MasterCard



Company Name	Date	Deal Synopsis
Episode Six	24-Feb-21	The company raised \$30 million of Series B venture funding from HSBC Strategic Innovation Investments, MasterCard and Anthos Capital on February 24, 2021. SBI Investment also participated in the round. The funds will be used to accelerate its global expansion across all regions and key financial markets, supporting clients across a broad range of verticals.
MoCaFi	24-Feb-21	The company raised \$13.28 million of Series A venture funding in a deal led by Tom Hutton and Wende Hutton on February 24, 2021. MasterCard, Radicle Impact, Portfolia, Partnership for New York City, 1flourish Capital, Commerce Ventures and Citigroup also participated in the round. Of the total funding, \$1.5 million was initially raised in the form of convertible debt and got converted into equity subsequently. The funds will be used to expand into large scale municipal engagements.

Visa

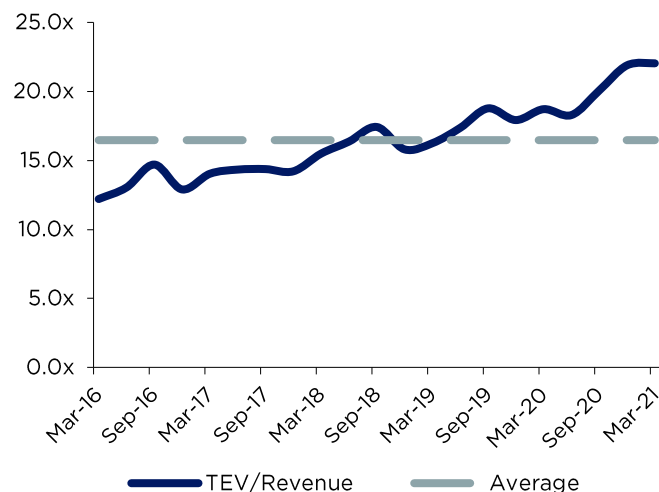
Visa is the largest payment processor in the world.

In fiscal 2020, it processed almost \$9 trillion in purchase transactions. Visa operates in over 200 countries and processes transactions in over 160 currencies. Its systems are capable of processing over 65,000 transactions per second.

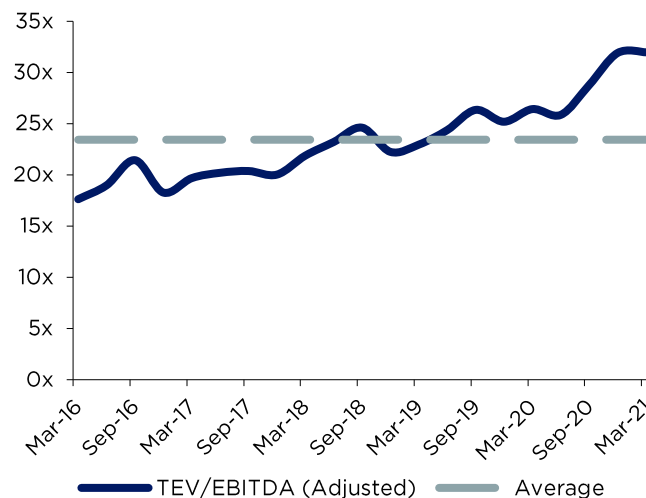
Public Basket

Visa

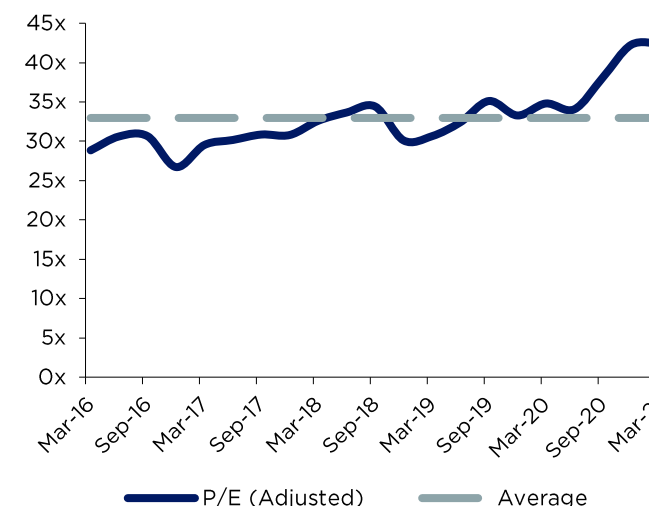
Revenue Multiples - Visa



EBITDA Multiples - Visa



P/E Multiples - Visa



Company Name

Date

Deal Synopsis

YellowPepper

20-Nov-20

The company was acquired by Visa (NYS: V) for an undisclosed amount on November 20, 2020. The acquisition will help to accelerate the global payments and credit card company's "network of networks" strategy.

Global Processing Services

24-Sep-20

The company received an undisclosed amount of financing from Visa on September 24, 2020. The new funding is expected to speed up the company's global expansion and follows its success in launching new FinTechs and digital banks in Europe and South-East Asia.

Contact Info

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As a close-knit team with a long history together and a laser focus on our target markets, we help our clients sell their companies, raise capital, grow through acquisitions, and evaluate new markets. Securities offered through 7M Securities LLC.

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