

**ADDICUS**



CAPITAL ADVISORS

# Payment Processing Market Update

THIRD QUARTER 2023

# Payment Processing Solutions Industry Overview



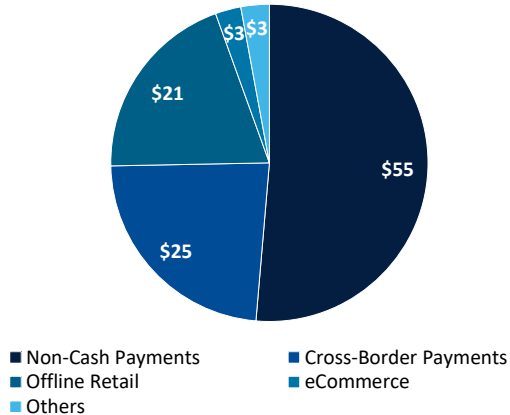
Cashless transactions have reduced reliance on physical currency, enabling growth in the payment processing industry

## Overview

- The payment processing solutions industry witnessed meaningful growth during COVID-19, due to consumers' rising preference for digital payments through online shopping
- eWallets have fueled demand for online payments globally, driving industry growth
- Growth in e-commerce across industries, coupled with the growing traction of digital / mobile payments, is expected to increase the demand for payment processing solutions across numerous end markets.

A sizeable TAM opportunity of \$110TN...

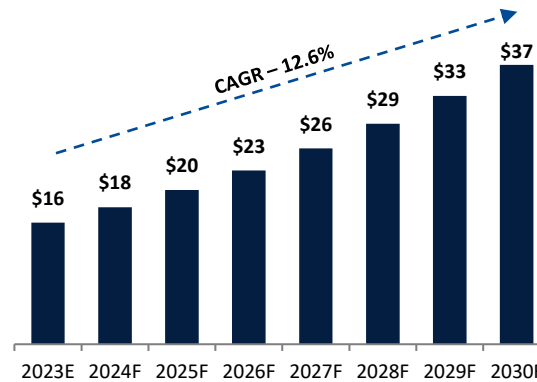
Global TAM Opportunity (\$TN)



Despite its significant growth, the industry has just scratched the surface of its TAM of \$110TN across numerous channels including online and offline retail payments, bill payments, P2P and remittances.

...has resulted in significant Market Growth...

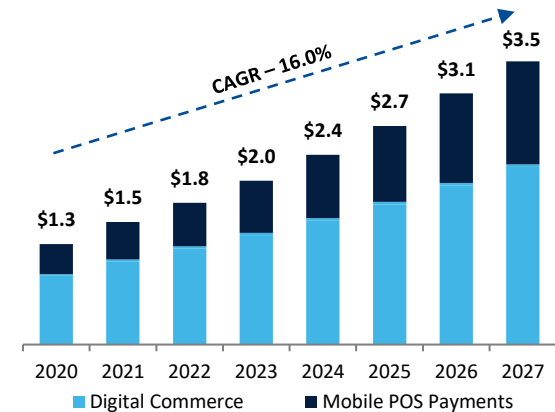
U.S. Market Size (\$BN)



Increasing partnerships among payment service providers, implementing advanced technologies such as blockchain and AI are expected to drive market growth in the coming years.

...as Transaction Values rise

Global Transaction Value (\$TN)


















The industry's largest market is Digital Commerce with a projected total transaction value of \$1.4TN in 2023.

In the Mobile POS Payments market, the number of users is expected to reach 1.9BN by 2027 as ATV crosses \$2,000 in 2023.







# Payment Processing M&A Deals



Date	Target	Buyer	EV / Revenue	EV / EBITDA	Target Description
Jan-23	 paya	 nuvei	4.6x	21.8x	Operates as an independent integrated payments platform, through Integrated Solutions and Payment Services verticals.
Sep-22	 billtrust	 IEQT	9.0x	NM	Provides cloud-based software and integrated payment processing solutions that automate B2B commerce worldwide.
Aug-22	 Evo	 globalpayments	7.4x	25.8x	Provider of card-based payment processing services to small and middle market merchants, MNC's, government, and others
Sep-21	 GreenSky	 Goldman Sachs	4.3x	13.1x	A technology company, that enables promotional financing at the POS for merchants, consumers, and bank partners.
Jan-21	 CHARGE SAVVY	 GREENBOX	NM	NM	Develops payment processing and POS software. The company was founded in 2013 and is based in Chicago Heights, Illinois.
Nov-20	 SHOPKEEP	 lightspeed	11.1x	NM	Provides POS hardware, cloud-based software, and analytics and payment processing for small and medium-sized businesses.
Apr-20	 GALILEO	 SoFi	12.0x	NM	Developer of a payment processing platform intended to redefine the possibilities in payment services.
Jun-19	 pace	 VERTICALS	NM	NM	Pace Payment Systems, Inc. provides payment and transaction solutions for businesses in the United States.
May-19	 TSYS	 globalpayments	6.0x	18.8x	Total System Services Inc based in Columbus, Georgia, provides payment-processing services in the U.S. and abroad.
Jan-19	 First Data	 fiserv.	4.9x	15.1x	First Data Corp is a provider of e-commerce solutions including payment and transactions services as well as credit solutions.

# Payment Processing M&A Deals (cont.)



Date	Target	Buyer	EV / Revenue	EV / EBITDA	Target Description												
May-19			5.7x	NM	Provider of an electronic billing and payment processing platform to provide customers with secure, white-label SaaS services.												
Dec-18			NM	NM	Designs , develops, and operates a cloud-based business management software and payments platform.												
Oct-18			3.7x	NM	Provider of payment solutions intended to help merchants and partners to perform multiple tasks.												
		<table border="1"> <tbody> <tr> <td>25th Percentile</td> <td><b>4.7x</b></td> <td><b>15.1x</b></td> </tr> <tr> <td>Mean</td> <td><b>6.9x</b></td> <td><b>18.9x</b></td> </tr> <tr> <td>Median</td> <td><b>5.9x</b></td> <td><b>18.8x</b></td> </tr> <tr> <td>75th Percentile</td> <td><b>8.6x</b></td> <td><b>13.1x</b></td> </tr> </tbody> </table>			25th Percentile	<b>4.7x</b>	<b>15.1x</b>	Mean	<b>6.9x</b>	<b>18.9x</b>	Median	<b>5.9x</b>	<b>18.8x</b>	75th Percentile	<b>8.6x</b>	<b>13.1x</b>	
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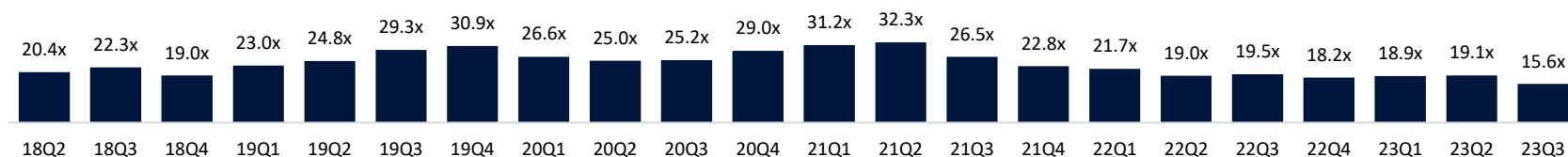
# Comparable Payment Processing Public Companies



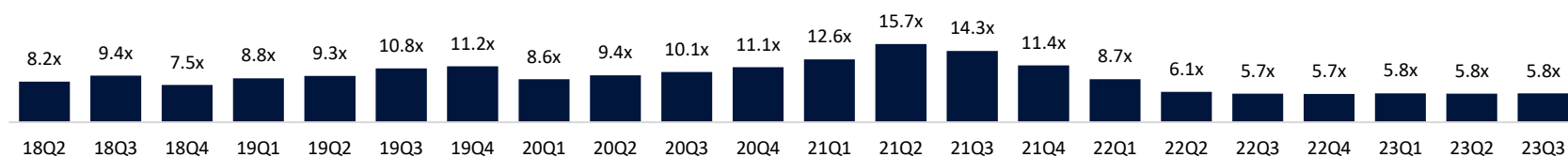
(\$ in millions, except for per share amounts)

Company Name	Market Capitalization	LTM Results		LTM Margin		TEV / LTM		TEV / 1 Yr Fwd	
		Revenue	EBITDA	Gross	EBITDA	Revenue	EBITDA	Revenue	EBITDA
<b>Payment Processing Comparables</b>									
Visa	\$506,938	\$31,831	\$21,811	74.1%	68.5%	15.5x	22.6x	12.4x	18.1x
MasterCard	362,501	24,367	14,739	68.4%	60.5%	14.9x	24.6x	12.9x	21.4x
Fiserv	71,963	18,807	7,780	48.6%	41.4%	4.9x	11.9x	4.8x	11.5x
PayPal Holdings	60,588	29,128	5,780	47.1%	19.8%	1.9x	9.5x	1.7x	8.6x
Fidelity National Information Services	30,760	14,574	6,094	38.5%	41.8%	3.2x	7.7x	3.1x	7.4x
Block	29,640	19,692	69	34.6%	0.3%	1.1x	n/m	0.9x	n/m
Global Payments	29,573	9,283	3,129	54.9%	33.7%	4.8x	14.3x	4.8x	14.3x
Jack Henry & Associates	10,559	2,078	671	40.1%	32.3%	5.0x	15.6x	4.8x	14.9x
Affirm	6,658	1,588	(672)	48.4%	(42.3)%	5.5x	n/m	3.7x	n/m
Euronet Worldwide	4,015	3,523	547	37.2%	15.5%	1.1x	7.2x	1.0x	6.4x
Flywire	3,183	348	(13)	49.0%	(3.6)%	8.5x	n/m	6.0x	n/m
Marqeta	2,837	844	(207)	36.6%	(24.5)%	1.6x	n/m	2.8x	n/m
Shift4 Payments	2,819	2,269	335	18.1%	14.8%	1.7x	11.6x	3.1x	21.1x
Evertec	2,183	662	209	49.7%	31.5%	3.5x	11.2x	3.4x	10.7x
Payoneer	2,050	741	65	64.1%	8.8%	2.0x	23.2x	1.6x	17.9x
AvidXchange	1,536	347	(49)	53.1%	(14.2)%	4.2x	n/m	3.3x	n/m
<b>25th Percentile</b>				<b>38.2%</b>	<b>(0.6)%</b>	<b>1.8x</b>	<b>10.3x</b>	<b>2.5x</b>	<b>9.6x</b>
<b>Median</b>				<b>48.5%</b>	<b>17.7%</b>	<b>3.8x</b>	<b>11.9x</b>	<b>3.3x</b>	<b>14.3x</b>
<b>Mean</b>				<b>47.6%</b>	<b>17.8%</b>	<b>5.0x</b>	<b>14.5x</b>	<b>4.4x</b>	<b>13.8x</b>
<b>75th Percentile</b>				<b>53.6%</b>	<b>35.6%</b>	<b>5.2x</b>	<b>19.1x</b>	<b>4.8x</b>	<b>18.0x</b>

## Quarterly EV / EBITDA Trend



## Quarterly EV / Revenue Trend



Sources: Fuld & Company, S&P Capital IQ, Pitchbook

Note: Market data as of 11/3/2023; NA – not available; NM – not meaningful; LTM as of the most recent reported fiscal quarter

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