



Evolve
Capital Partners

EVO Payments, Inc.

May 2018

Summary of Initial Public Offering



**SPECIALIZED INVESTMENT BANKERS AT
THE INTERSECTION OF FINANCE & TECHNOLOGY**

EVO Payments, Inc. IPO – Executive Summary

Initial Public Offering Overview



NASDAQ:EVOP



Description

EVO Payments (EVO) is a leading provider of merchant acquiring and processing solutions for Independent Sales Organizations (ISOs), financial institutions, government organizations, and multinational corporations located throughout North America and Europe. It is among the world's largest fully integrated merchant acquirer and payment processor, servicing 50 markets and more than 130 currencies.



Use of Proceeds

EVO intends to use the IPO proceeds to purchase LLC interests directly from EVO LLC. In turn, EVO LLC will use the proceeds to repay a portion of its outstanding Senior Secured Credit Facilities and to repay in full the deferred purchase price under the Sterling acquisition. It would use any remaining amount for general corporate purposes.

Source(s): Capital IQ, EVO Payments S-1 filing, Pitchbook

 Headquarters	Atlanta, GA
 Founded	1989
 Employees	2,000
 Trading Date	05/23/2018
 Underwriters	         
 Offering Price	\$16.00
 Shares Offered	14 million (including overallotment exercised)
 Gross Proceeds	\$224 million

EVO Payments, Inc. IPO – Executive Summary

Key Metrics – IPO

Shares Offered through the IPO	14 million
Issue Price	\$16.00
Total Shares Outstanding after the IPO	76 million
Market Value ⁽¹⁾	\$1.2 billion
Enterprise Value ⁽²⁾	\$2.1 billion
EV / Revenue ⁽³⁾	3.9x
Trading Date	05/23/2018
Listing Price	\$20.05
Listing Premium	\$4.05

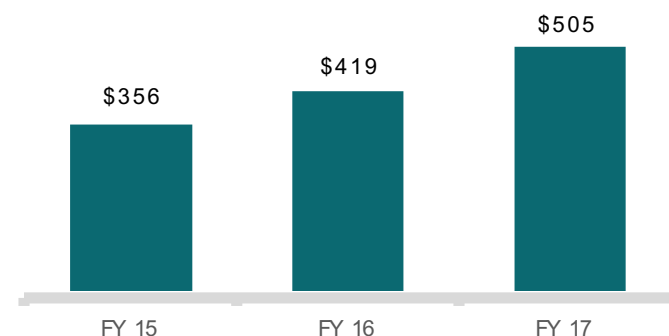
Source(s): Capital IQ, Pitchbook, media reports

⁽¹⁾ Market Value has been calculated as Issue Price x Total Shares Outstanding after the IPO.

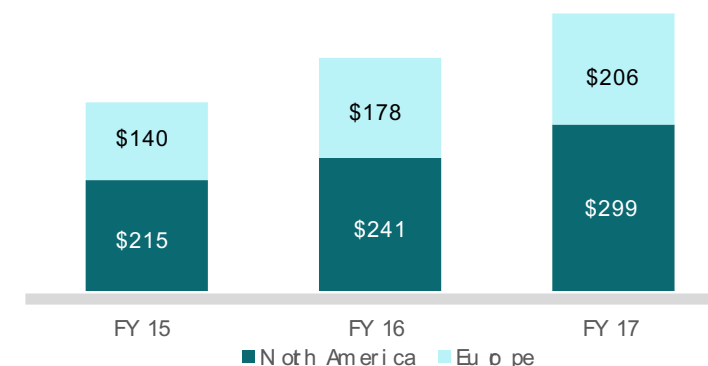
⁽²⁾ Enterprise value is based on the calculated Market Value at Issue Price and preferred equity, debt and cash as of March 31, 2018 taken from Capital IQ.

⁽³⁾ Based on LTM Revenue till March 31, 2018.

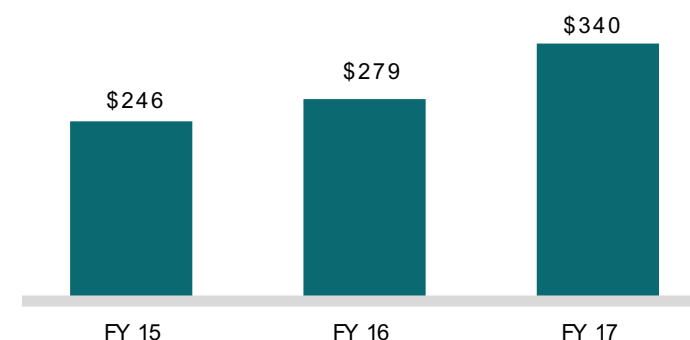
Total Revenue (\$mm)



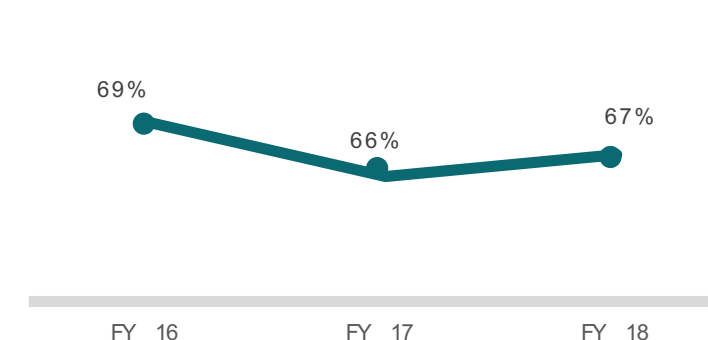
Revenue by Geography (\$mm)



Gross Profit (\$mm)



Gross Margin (%)



EVO Payments, Inc. IPO – Executive Summary

Company Overview

Company Profile



525,000+

Merchant businesses



2 billion+

Transactions processed
annually



1,400+

ISV and VAR integrated
partnerships

- EVO is a global merchant acquirer and payment processor that services approximately 525,000 merchants and processes more than 2 billion transactions annually.
- The company operates at the center of global electronic commerce with local operations in 10 countries. It can serve 50 markets around the world through its three proprietary, in-market processing platforms that are connected by a single point of integration.
- EVO targets the high-growth segments of the North American and European merchant acquiring markets. It also focuses on new markets that are poised to grow even faster as merchants and customers migrate from cash to cards and other electronic payments. The company has entered high-growth markets across Europe and Latin America, both of which are supported by favorable sector trends.
- EVO's business is supported by partnerships with ISVs, IPOS dealers, and eCommerce gateway providers. These partnerships function by way of a technical integration between EVO and the third party where the third party seamlessly passes information to EVO's systems to streamline the merchant boarding process.

Competitive Strengths

Global footprint

EVO has operations in 10 countries with the ability to service merchants in 50 markets around the world. Its global merchant footprint is diversified and includes retail, restaurants, petroleum, government, transit, and telecom. This diversity provides stable and recurring revenue streams across different geographies.

Strategic distribution partnerships

Across Europe and Mexico, EVO's exclusive financial institution distribution relationships represent more than 10,000 bank branches.

Comprehensive suite of solutions

EVO continuously surveys the competitive landscape, merchants, and multiple markets to develop products, propositions, pricing, promotions and partnering plans for each region that best suit the current and future needs of the market.

Best-in-class technology and security

EVO's processing platforms are supported by full back office, security and monitoring infrastructures.

Proven management team

EVO's senior leadership team includes highly experienced payment technology professionals based in the US and Europe. Many of them have worked in the industry together and have extensive experience in developing and managing a global payments company.

Source(s): EVO Payments website, EVO Payments S-1 filing

EVO Payments, Inc. IPO – Executive Summary

Company Offerings Overview



Payment Processing Solutions

- EVO offers a comprehensive portfolio of card-present and card-not-present payment solutions for a variety of industry types and business sizes. EVO's solutions include EMV, chip, and signature-enabled POS terminals, virtual POS terminals for desktops, mobile acceptance, mobile point-of-sale, or mPOS, solutions for mobile devices and tablets, online hosted payments, PSP for card-not-present bankcard, direct debit, and alternative payment scheme processing.
- EVO also offers value-added solutions such as online fraud prevention and management solutions, online hosted payments page capabilities, gateway solutions, security tokenization and encryption solutions at the POS and online, DCC, and loyalty offers. The company also offers industry-specific processing capabilities, such as recurring billing, multi-currency authorization and settlement, and cross-border processing.



Merchant Acquiring Services

- As a merchant acquirer, EVO provides in-house customer service with in-market call centers since customers prefer to be served locally.
- The company has developed a consolidated shared services operational capability for back-office functions including credit underwriting, risk, chargebacks, and terminal deployment and repair. Its capabilities also include a regionally based merchant boarding system, risk management, and ISV technology development centers.

EVO's diverse offerings are supported by two unique underlying global products:



- A customized technology platform that allows merchants to access EVO's products in all markets easily through one single integration, including both core (settlement and authorization) and value-added (ACH, Level 3 processing, DCC) services
- The platform is fully EMV compliant
- It offers a single global certification and common interface in North America & Europe
- There is easy access to the new platform features through a common API for ISVs and developers

Proprietary CRM solutions

The proprietary customer relationship management (CRM) solutions enable all merchants who are recruited through EVO's financial institutions, direct sales or partner channels, to be seamlessly managed from lead to live.

EVO gives all partners and agents access to the tools to ensure effective customer lifecycle management, as well as to allow all relevant customer details, commercial terms, and contracts to be processed entirely digitally.

Source(s): EVO Payments website, EVO Payments S-1 filing

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Strategic Partnerships and Acquisitions

EVO has grown and expanded globally. Partnering with the world's most prominent banks has been integral to this growth. Some of the company's key bank partners are:

Liberbank
Spain

Sabadell
Spain

Bank of Ireland
Ireland

Bank Polski
Poland

Postbank
Germany

Raiffeisen BANK
Romania

Inorganic growth through acquisitions has also been an integral component of EVO's growth strategy. Some of the company's key acquisitions include:

NODUS
May 2018

ZENITH MERCHANT SERVICES
May 2017

STERLING
May 2017

Intelligent Payments
Dec 2016

Popular
Dec 2015

citibanamex
Sep 2015

Encore
Nov 2013

Deutsche Bank
Card Services
Nov 2012

PowerPay
Dec 2012

Source(s): Capital IQ, EVO Payments website, media reports

Recent partnerships

Date	Partner	Partnership Details
04/26/2018	MONETA MONEY BANK	EVO will leverage its existing infrastructure to provide MONETA's merchants a full suite of secure processing services, innovations in digital transactions, and advanced technologies to support the bank's strategic growth objectives in commercial banking.
12/18/2017	Sabadell	Under this 7-year strategic partnership, EVO's payment solutions will be marketed through Sabadell's retail branch network in Mexico and by corporate banking representatives. The partnership enables Banco Sabadell to significantly enhance its merchant offerings by deepening its relationships with business and corporate customers, strengthening its position as a financial solutions provider and increasing its market share across all products.
12/12/2017	Liberbank	Liberbank will transfer its existing merchant acquiring business in Spain to EVO. EVO will provide a full suite of secure payment processing services for both current and prospective Liberbank merchants.
10/12/2017	ORACLE	EVO, a Gold-level member of Oracle PartnerNetwork (OPN), achieved Oracle Validated Integration of the Oracle Adapter with Oracle's eBusiness Suite.

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Market Opportunity

Merchant acquiring is set to soar on the back of strong card payments growth in the US and Europe and increasing card penetration in emerging markets.

- According to The Nilson Report, **purchase volume on credit, debit and prepaid cards in the US could reach \$11.4 trillion by 2025**, representing a compound annual growth rate (CAGR) of close to 10% from 2015 levels.
- The number of **purchase transactions on credit, debit and prepaid cards in the US is expected to grow over 9% per year over the next 10 years**. Overall electronic payments growth is expected to be driven by growth in GDP and the continued shift from cash-to-card conversion.
- In the US, EVO focuses on the SME segment, which has traditionally been the fastest growing and most profitable payments segment. Today, this segment is characterized by an **accelerating shift towards IPOS systems and multi-channel solutions**, displacing traditional stand-alone terminals. As merchants demand more specialized, industry-specific business management solutions, the number of unique ISVs and IPOS system providers will continue to grow.
- In Europe, the UK, France, Spain, and Germany account for half of all credit and debit card purchase volume. Countries with a per capita GDP of greater than \$30,000 per year, represent the most tangible and immediate growth opportunities.
- However, the underpenetrated, **developing markets and emerging markets offer the greatest long-term growth potential** if international card penetration rises closer to the US levels, as banks will likely continue marketing cards in these regions.

EVO plans to capitalize on this market opportunity by executing the following strategies:


Organically growing existing markets	To continue growing its merchant base in existing markets, EVO plans to bring a comprehensive, global set of payment and commerce solutions to its existing markets, leverage its global infrastructure to ensure efficiency and competitiveness, and customize solutions to meet in-market needs.
Expanding global footprint	Since 2012, a key contributor to EVO's growth has been the establishment of 11 exclusive bank partnerships in seven countries. The company plans to continue expanding into select international markets using this strategy.
Broadening distribution network	EVO aims to grow its business and broaden its global reach by generating new distribution relationships that add merchants to its portfolio. Its focus is to build these relationships across all channels, including financial institutions, software vendors, POS dealers, gateway providers, and agents.
Growing and enhancing solutions	EVO plans to continue offering customers state-of-the-art products and services by building products organically, partnering with technology innovators, and selectively pursuing acquisitions.
Capitalizing on operating leverage	Through its in-house processing solutions and proprietary internal systems in North America and Europe, the company has the significant operating leverage to grow overall volumes and transactions.

Source(s): EVO Payments S-1 filing

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Financing History

The company raised a total of \$250 million in equity financing prior to the IPO, with a post-money valuation of \$758 million in its only financing round in 2013. EVO Payments' post-money valuation for this IPO at \$1.2 billion represents a 62% increase from the previous financing round.

Date	Transaction Type	Amount (\$mm)	Post-Money Valuation (\$mm)	Investor	Transaction Notes
01/07/2013	Growth / Expansion	\$250	\$758		EVO Payments received \$250 million as development capital from Madison Dearborn Partners at a post-money valuation of \$758 million on January 7, 2013.

Source(s): Pitchbook

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