



Evolve

Capital Partners

Paya

October 2020

Summary of Initial Public Offering through SPAC Acquisition



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

Paya IPO – Executive Summary

Initial Public Offering Overview – Oct 2020



NAS: PAYA



Description









- Paya is a fintech company that provide a solution of integrated payment and frictionless commerce solutions that help customers accept and make payments, expedite receipt of money, and increase operating efficiencies.



SPAC financing

- The Special Purpose Acquisition Company (SPAC) FinTech Acquisition Corp. III raised \$345 million in Nov 2018.
- Paya's existing majority shareholder GTCR is a private equity investor and the company states that GTCR will remain its largest stockholder.
- On October 19, 2020, the SPAC acquired Paya. The company now trades publicly under the ticker PAYA.

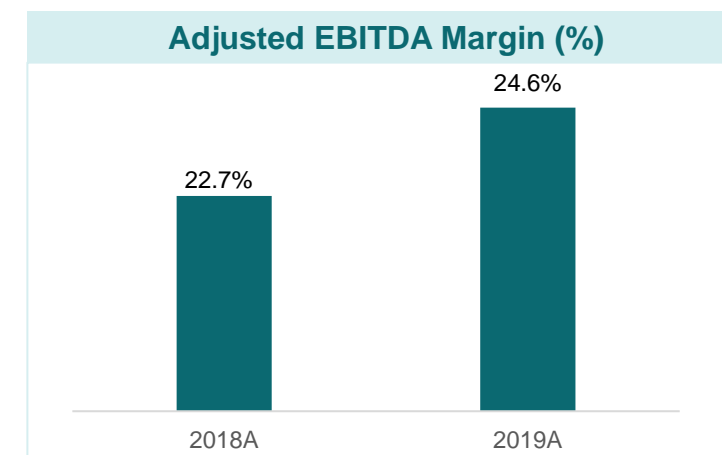
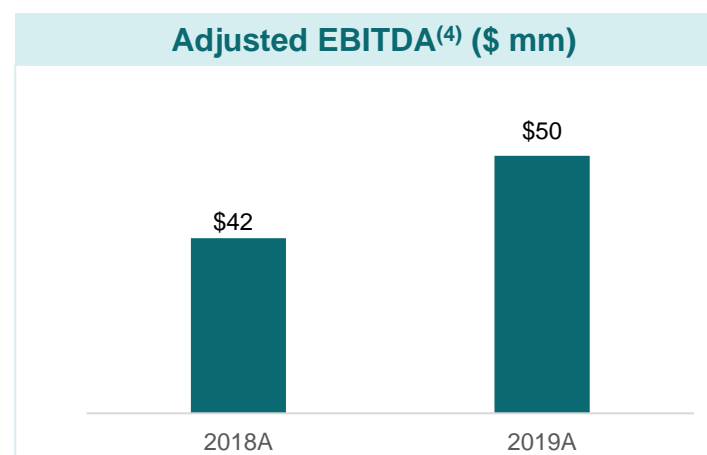
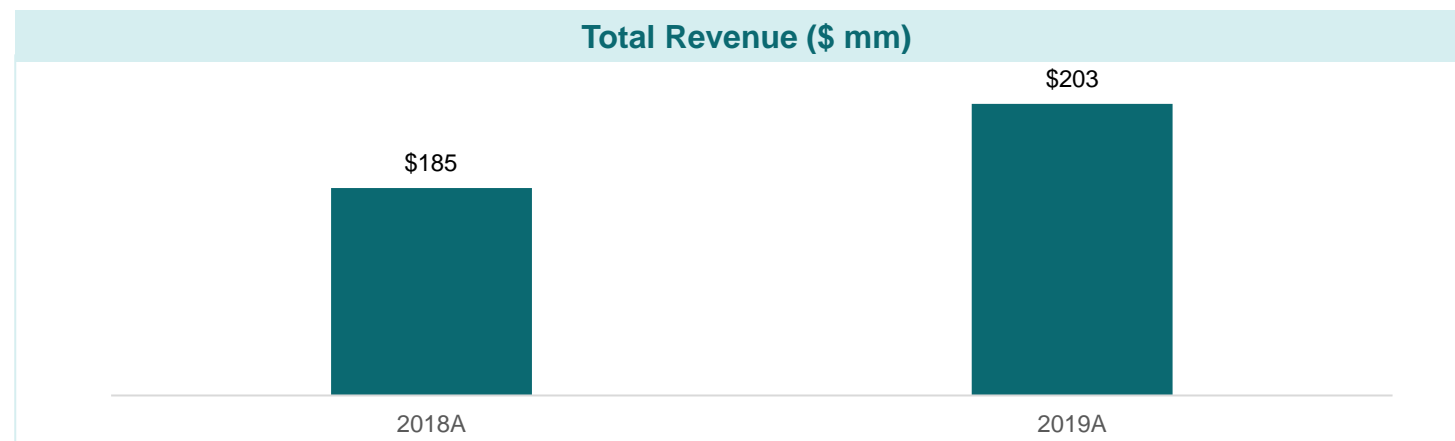
Source(s): Paya 424B3 Filing, Media Reports.

 Headquarters	Washington, DC
 Founded	1989
 Employees	256
 Acquisition Date	10/19/2020
 Lead Underwriters	Cantor Fitzgerald, Northland Securities
 Issue Price	\$10.00
 Shares Offered	11.6 million
 Deal Amount	\$1.3 billion

Paya IPO – Executive Summary

Key Metrics

Issue Price	\$10.00
Total Shares Outstanding after the IPO	116.2 million
Market Value at Listing Price ⁽¹⁾	\$1.3 billion
Enterprise Value at Listing Price ⁽²⁾	\$1.4 billion
EV / Revenue ⁽³⁾	6.7x
Acquisition Date	10/19/2020
Listing Price	\$11.50
Listing Premium	\$1.50



Source(s): Paya 424B3 Filing, Pitchbook, Media Reports.

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

⁽²⁾ Enterprise Value = calculated Market Value at Listing Price + preferred equity + debt - cash as of June 30, 2020 (unaudited).

⁽³⁾ EV / Revenue calculated based on enterprise value of securities on listing date.

⁽⁴⁾ Adjusted EBITDA removes non-recurring, irregular and one-time items that may distort EBITDA.

Paya IPO – Executive Summary






Company Overview

Business Overview

- Paya is an independent integrated payments and commerce platform providing card, ACH, and check payment processing solutions via software to middle-market businesses in the United States.
- The company's solutions integrate with customers' core business software to enable payments acceptance, reconcile invoice detail, and post payment information to their core accounting systems.
- The Paya Connect platform, the company's core technology, intends to combine card, ACH and check acceptance and the company has previously noted strength in the municipal, utility, healthcare, not-for-profit, and education sectors.
- Paya's overall strategy is built with a partner-centric distribution model in mind, including a technology roadmap, customer service capabilities, and sales focus. This results in an attractive integrated experience of software and payments for the customers of Paya's partners.

Source(s): Paya 424B3 Filing.

Key Statistics

	As of June 30, 2020, Paya served close to 100,000 businesses, representing over \$30 billion in card and ACH payment volume for the twelve months ended June 30, 2020.
	With a focus on B2B, and consumer bill payments integrated into the software, 85% of payment card volume is card-not-present (card is not present at the time of transaction).
	An average customer accepts \$450,000 of credit and debit card volume per year.
	The company derived 86% of revenue from fees paid by customers, which principally include a processing fee.
	Paya's net revenue represented year-over-year growth of 9.9% from 2018 to 2019, and the company's adjusted EBITDA represented year-over-year growth of 19.0% from 2018 to 2019.

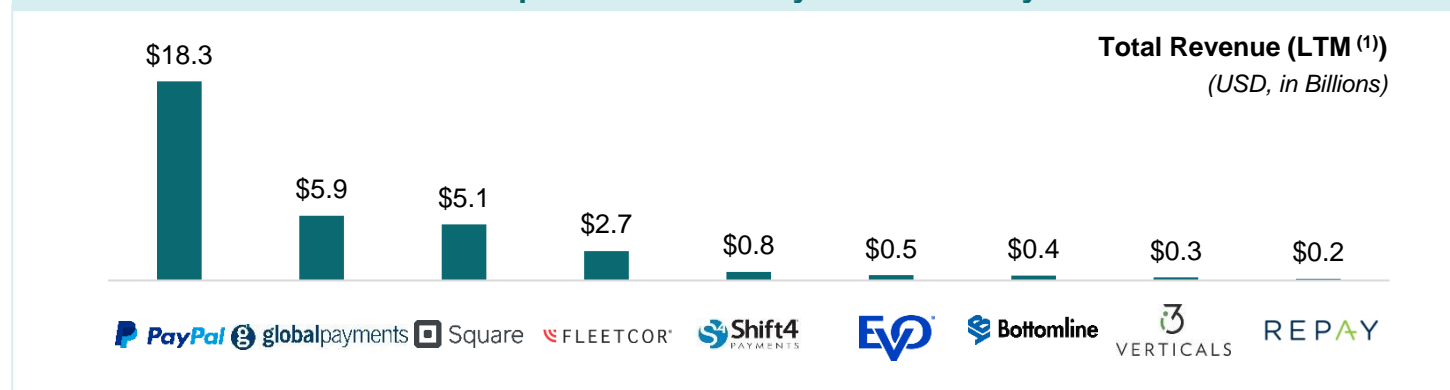
Paya IPO – Industry Landscape

Key Metrics

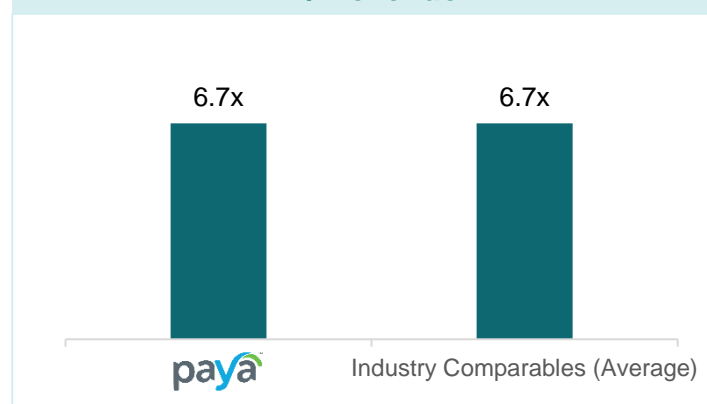
Highlights

- Payments industry is led by big public companies such as PayPal, Global Payments and Square.
- Paya's EV/Revenue is 6.7x at a valuation of \$1.4 billion, comparable to the industry multiple.
- Paya's enterprise value is in line with industry benchmarks, with the potential to increase as revenue grows.
- Paya projected revenue to increase from \$203 million in 2019 to \$238 million in 2021, an increase of 17%.
- Based on 2021 revenue projections and a 6.7 EV/Revenue multiple, Paya is expected to have an enterprise value of \$1.6 billion.
- At current shares outstanding, the price of the stock can be valued at \$13.70, a 37% increase from the issue price.

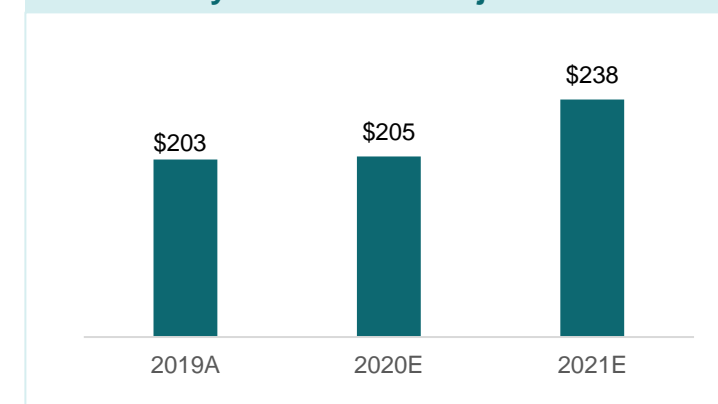
Comparables in the Payments Industry



EV / Revenue⁽²⁾



Paya – Revenue Projections



Source(s): Paya 424B3 Filing.

Note: Industry comparables based on companies highlighted in the Paya 424B3 filing.

⁽¹⁾ LTM is last twelve months, based on latest publicly reported financial results as of July 30, 2020.

⁽²⁾ EV / Revenue for Paya is based on revenue in 2019A (as shown on page 3), while for industry comparables, revenue is LTM.

Paya IPO – Comparison to IPOs

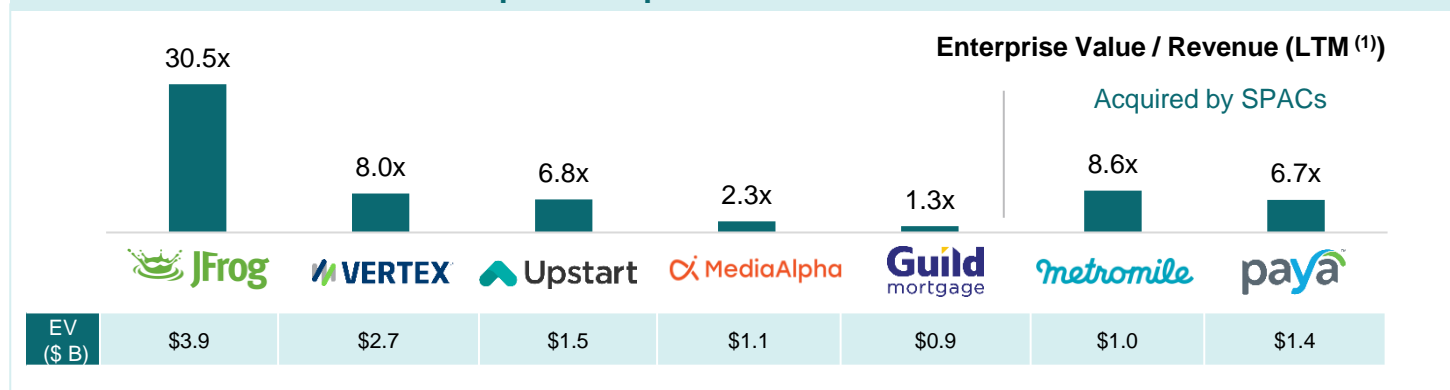
Key Metrics

Highlights

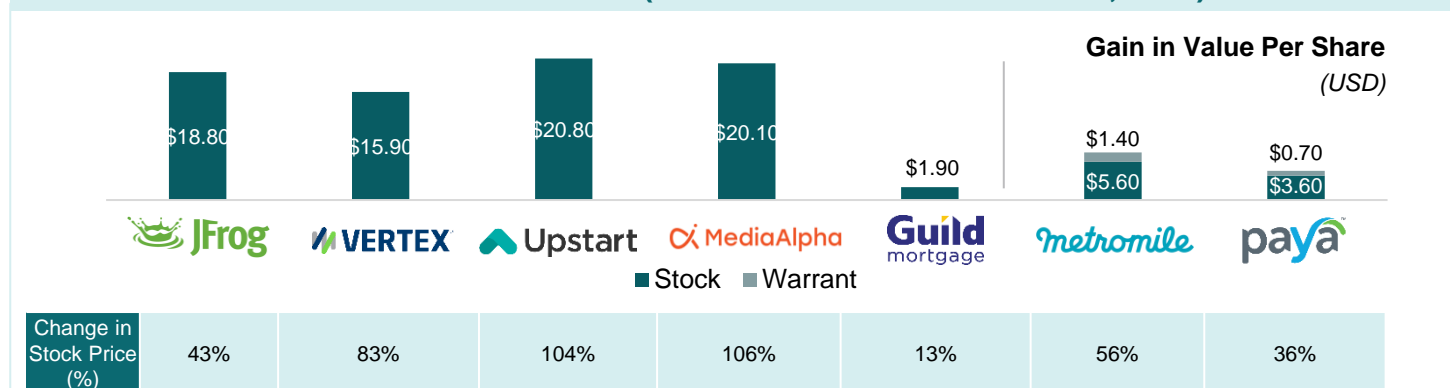
- Metromile and Paya has a multiple of ~7-9x, while similarly valued companies like MediaAlpha and Guild Mortgage has a multiple of ~1-2x.
- By negotiating directly with SPACs, companies may be able to attain multiples comparable to larger companies (such as Vertex and Upstart).
- However, for much larger companies like JFrog, the multiples tend to be in much higher ranges. (JFrog: ~30x, Snowflake: ~170x)
- Compared to other tech IPOs, the stock price of SPACs that acquired Metromile and Paya were relatively suppressed, possibly a result of additional dilution from warrants and promote fees.



EV Multiples Compared to Selected IPOs in 2020



Potential Profits on IPO (Based on Stock Price in Jan 1, 2011)



Source(s): Paya 424B3 Filing, Pitchbook.

Note: Potential profits on IPO is based on the acquiring SPAC for Metromile and Paya. Potential profits on warrant is based on 1/3 warrant allocated to each share at IPO, using it to purchase shares at an exercise price of \$11.50.

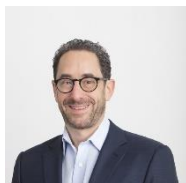
⁽¹⁾ LTM is last twelve months, based on latest publicly reported financial results as of July 30, 2020. EV / Revenue for Paya is based on revenue in 2019A (as shown on page 3).

Paya IPO – Executive Summary

Management Team

Key Executives

Biography



Jeff Hack
Chief Executive Officer

- Jeff Hack has served as Paya’s Chief Executive Officer since November 2018.
- From February 2017 to October 2018, he was an advisor and investor in financial technology and data/analytics companies. From June 2017 to October 2018, he was a Board Member of Boost Payment Solutions, a global provider of B2B payment technologies.
- Jeff received his MBA from Harvard Business School and a Bachelor of Science degree in Economics from The Wharton School at the University of Pennsylvania.



Glenn Renzulli
Chief Financial Officer

- Glenn Renzulli has served as Paya’s Chief Financial Officer since January 2019.
- Prior to joining Paya, he served as CFO of Opus Global, a compliance and risk management SaaS company and GTCR portfolio company, from June 2017 to January 2019. From May 2016 to June 2017, he was Chief Financial Officer for PeopleAdmin, a talent management SaaS provider serving the Education and Government sectors.
- Glenn holds a Bachelor of Science degree in Finance from Fairfield University and is a graduate of GE’s Financial Management Program (FMP).





Mark Engels
Chief Revenue Officer

- Mark Engels has served as Paya’s Chief Revenue Officer since June 2019 and has more than 20 years of experience building world class sales organizations.
- From June 2016 to May 2019, he led vertical diversification and expansion into Europe and Asia Pacific for PayPal’s Hyperwallet, a global payout platform.
- Mark holds both a bachelor’s degree in Managerial Economics from the University of California, Davis and an MBA from the University of Texas at Austin.

Source(s): Paya 424B3 Filing.

Paya IPO – Executive Summary

Transaction History

Date	Transaction Type	Amount (\$mm)	Key Investors
7/31/2017	Buyout	\$260	
1/1/2006	Acquisition	NA	

Source(s): Pitchbook.

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