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# Transaction Processing and Bank Technology Sector

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## Coverage Overview – Large Cap

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### **Global Payments, Inc. (GPN-\$119.74, \$33.7B Mkt Cap): Overweight/Vol. rating and \$155 Price Target**

- One Liner: Tech-enabled strategy (eCommerce, owned-software) + exposure to high-growth channels (hospitality, B2B) drive share-gains, and outperformance relative to network credit volume growth further solidifying outlook.

### **Fidelity National Information Services, Inc. (FIS-\$96.71, \$59.1B Mkt Cap): Overweight/Vol. rating and \$120 Price Target**

- One Liner: Defensive play within acquirer group via recurring revenue concentrations in Banking and Capital Markets (~65% of revenue), as well as non-discretionary, enterprise retailers within merchant solutions. Dividend yield of 2% is highest in the group.

### **Block, Inc. Class A (SQ-\$82.86, \$48.1B Mkt Cap): Overweight/Vol. rating and \$130 Price Target**

- One Liner: Execution against a substantial market opportunity across Cash App, Seller and Afterpay businesses, serves as a catalyst for multiple expansion off of discounted levels. SQ's two-sided network is a differentiator in highly competitive FinTech and SMB space, and Afterpay is a driver of synergies and connector between the two eco-systems.

### **PayPal Holdings, Inc. (PYPL-\$77.16, \$89.3B Mkt Cap): Equal-Weight rating and \$95 Price Target**

- One Liner: We view eCommerce and digital wallet adoption as secular tailwinds and believe the solution-set is in place to drive ARPU engagement, but await further evidence of execution before taking a constructive view of shares.

### **Fiserv, Inc. (FISV-\$94.33, \$60.9B Mkt Cap): Equal-Weight rating and \$110 Price Target**

- One Liner: While we are constructive on outlook for payments driven by Clover, international expansion and growth in e-Commerce, we believe the recent outperformance in shares and premium valuation versus peers (despite a discount vs. historic levels) reduce the likelihood of outperformance.

## Coverage Overview – SMID

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### **NCR Corporation (NCR- \$32.79, \$4.5B Mkt Cap): Overweight/Vol rating and \$45 Price Target**

- One Liner: Estimating valuation of \$50/share based on LBO analysis, with view that entire company LBO represents the “cleanest” and most likely outcome to strategic review.

### **nCino, Inc. (NCNO-\$29.09, \$3.2B Mkt Cap): Overweight/Vol rating and \$55 Price Target**

- One Liner: Differentiated bank-tech player, uniquely positioned for growth in growing digital lending market. Strong runway for growth with potential for upside revenue surprise is a catalyst for multiple expansion of premium levels

### **Jack Henry & Associates, Inc. (JKHY, \$176.82, \$12.9B Mkt Cap): Equal Weight rating and \$190 Price Target**

- One Liner: Premium valuation appropriately reflects track-record of consistency over several decades, strong balance sheet and favorable outlook/market position.

### **Q2 Holdings, Inc. (QTWO-\$49.86, \$2.8B Mkt Cap): Equal Weight/Vol rating and \$50 Price Target**

- One Liner: We see a takeover as a likely scenario given a narrow path to share appreciation as an independent company and potential interest from private equity.

## Transaction Processing – Performance and Valuation

\$ in M

Transaction Processing & Networks					Price		P/E		EV/Sales		EV/EBITDA		EBITDA Margin		Rev Growth (%)		Performance (%)			
Company	Ticker	5/18/2022	Mkt Cap	EV	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	QTD	YTD	1 Year	3 Year
ACI Worldwide, Inc.	ACIW	\$25.11	\$2,882	\$3,918	18.88	16.04	2.74	2.62	9.65	8.91	28.4%	29.4%	4.3%	4.7%	-18.5%	-26.1%	-35.6%	-18.3%		
Euronet Worldwide, Inc.	EEFT	113.28	5,726	6,018	16.01	12.02	1.74	1.51	9.62	7.48	18.1%	20.1%	15.3%	15.6%	-10.6%	-2.3%	-19.4%	-24.1%		
EVO Payments, Inc. Class A	EVOP	22.29	1,066	2,231	19.72	17.05	3.99	3.56	10.91	9.50	36.6%	37.4%	12.6%	12.2%	0.0%	-9.8%	-17.6%	-18.2%		
EVERTEC, Inc.	EVTC	37.58	2,689	2,872	14.63	13.78	4.79	4.55	10.48	10.30	45.7%	44.2%	1.7%	5.2%	-6.0%	-23.0%	-11.6%	36.9%		
Fidelity National Information Services, Inc.	FIS	96.73	59,080	76,937	13.22	11.55	5.18	4.82	11.58	10.61	44.7%	45.4%	7.0%	7.5%	-2.1%	-9.9%	-34.0%	-17.2%		
Fiserv, Inc.	FISV	94.17	60,871	81,948	14.56	12.70	4.96	4.61	11.55	10.57	42.9%	43.6%	7.4%	7.6%	-3.6%	-5.9%	-13.4%	11.9%		
FLEETCOR Technologies, Inc.	FLT	221.52	17,133	21,386	14.13	12.46	6.36	5.82	12.14	10.80	52.4%	53.9%	18.6%	9.4%	-7.9%	2.4%	-15.7%	-14.9%		
Global Payments Inc.	GPN	119.67	33,692	44,089	12.56	10.76	5.23	4.80	11.04	9.96	47.4%	48.2%	8.9%	9.1%	-9.4%	-8.3%	-37.0%	-17.2%		
i3 Verticals, Inc. Class A	IIIV	23.28	518	903	16.04	14.26	2.93	2.66	11.57	10.13	25.3%	26.2%	37.3%	10.2%	-13.2%	6.1%	-20.3%	-0.5%		
Jack Henry & Associates, Inc.	JKHY	176.47	12,858	13,097	36.46	33.51	6.75	6.28	21.78	19.81	31.0%	31.7%	10.4%	7.4%	-8.8%	7.7%	14.9%	32.4%		
Mastercard Incorporated Class A	MA	335.90	326,804	333,633	31.91	26.47	15.08	12.86	24.89	20.70	60.6%	62.2%	17.2%	17.2%	-5.2%	-5.7%	-6.7%	34.2%		
NCR Corporation	NCR	32.88	4,491	10,056	11.70	9.00	1.26	1.19	7.16	6.37	17.6%	18.8%	11.8%	5.3%	-12.0%	-12.0%	-28.4%	15.7%		
Nuvei Corporation	NVEI	45.07	6,446	6,231	21.49	16.53	6.49	5.03	15.03	11.28	43.2%	44.5%	32.4%	29.2%	-37.1%	-27.0%	-30.2%	NA		
Paya Holdings Inc Class A	PAYA	5.52	729	746	14.26	12.73	2.67	2.37	10.26	8.74	26.0%	27.1%	12.3%	12.6%	-2.7%	-10.1%	-39.5%	-41.7%		
PayPal Holdings, Inc.	PYPL	77.18	89,378	90,441	19.69	15.88	3.19	2.74	13.50	11.25	23.6%	24.4%	11.6%	16.5%	-31.0%	-57.7%	-67.4%	-29.3%		
Repay Holdings Corp. Class A	RPAY	11.37	1,038	1,472	12.25	10.88	4.88	4.12	11.22	9.37	43.5%	44.0%	37.5%	18.5%	-26.2%	-40.3%	-51.7%	5.6%		
Visa Inc. Class A	V	199.99	416,410	424,987	27.86	23.83	14.80	13.12	21.06	18.52	70.3%	70.8%	19.1%	12.8%	-8.0%	-5.9%	-9.9%	24.3%		
WEX Inc.	WEX	156.37	7,035	7,739	12.38	11.34	3.54	3.29	8.36	7.25	42.3%	45.4%	18.3%	7.4%	-10.5%	13.8%	-14.9%	-20.9%		
Median					15.32	13.26	4.84	4.34	11.38	10.21	42.6%	43.8%	12.4%	9.8%	-9.1%	-9.1%	-19.9%	-14.9%		
Average					18.21	15.60	5.37	4.77	12.88	11.20	38.9%	39.8%	15.8%	11.6%	-11.8%	-11.9%	-24.4%	-2.4%		

Note: Consensus estimates are used in the analysis above

Sources: FactSet Research Systems

## High Growth FinTech – Performance and Valuation

\$ in M

High Growth FinTech		Price		EV/Sales		Rev Growth (%)		EV/Sales/Growth		Performance					
Company	Ticker	5/18/2022	Mkt Cap	EV	2022	2023	2022	2023	2022	2023	1 Month	QTD	YTD	1 Year	3 Year
Adyen NV	ADYEN-NL	\$1,414.20	\$43,798	\$42,933	30.9	22.9	38.8%	35.3%	0.80	0.65	-19%	-24%	-41%	-18%	109%
Affirm Holdings, Inc. Class A	AFRM	\$24.45	\$6,942	\$8,389	5.3	3.7	41.0%	44.9%	0.13	0.08	-52%	-61%	-82%	NA	NA
Alkami Technology Inc	ALKT	10.48	948.1	673.2	3.4	2.7	31.1%	26.4%	0.11	0.10	-17%	-29%	-50%	NA	NA
Avalara Inc	AVLR	75.52	6635.2	6133.2	7.1	5.8	24.3%	21.9%	0.29	0.26	-21%	-25%	-43%	NA	3%
BigCommerce Holdings Inc	BIGC	17.37	1262.3	1236.0	4.4	3.6	28.9%	21.6%	0.15	0.17	-28%	-32%	-58%	-65%	NA
Bill.com Holdings, Inc.	BILL	101.63	10,596.8	9,645.3	12.8	9.3	82.9%	38.5%	0.15	0.24	-50%	-56%	-60%	-28%	NA
BTRS Holdings Inc.	BTRS	4.79	782.7	667.1	4.0	3.3	26.7%	20.0%	0.15	0.17	-42%	-43%	-46%	NA	NA
Coupa Software, Inc.	COUP	65.08	4,885.4	5,827.8	6.9	5.8	15.8%	20.3%	0.44	0.28	-36%	-35%	-58%	-72%	-37%
Flywire Corp.	FLYW	18.53	1,984.6	1,646.2	6.5	5.0	40.4%	30.4%	0.16	0.16	-38%	-41%	-53%	NA	NA
Lightspeed Commerce Inc	LSPD	20.19	2,996.5	2,089.1	3.1	2.3	40.2%	35.8%	0.08	0.06	-34%	-47%	-60%	NA	NA
Open Lending Corporation Class A	LPRO	12.79	1,614.3	1,614.0	7.2	5.8	4.4%	22.8%	1.64	0.26	-27%	-38%	-48%	-66%	17%
Marqeta, Inc. Class A	MQ	9.10	4,949.2	3,311.9	4.6	3.5	39.0%	30.9%	0.12	0.11	-28%	-29%	-54%	NA	NA
nCino Inc	NCNO	29.22	3,213.2	3,176.9	8.0	6.3	45.6%	26.7%	0.17	0.24	-35%	-34%	-50%	-47%	NA
Nuvei Corporation	NVEI	45.07	22,262.0	23,094.0	24.2	18.8	31.6%	29.3%	0.77	0.64	-34%	-43%	-33%	-37%	NA
Paymentus Holdings, Inc Class A	PAY	14.81	1,797.6	1,607.6	3.3	2.6	25.1%	26.7%	0.13	0.10	-32%	-39%	-63%	NA	NA
Q2 Holdings, Inc.	QTWO	49.49	2,830.8	3,149.0	5.4	4.6	15.7%	18.8%	0.35	0.24	-29%	-34%	-49%	-55%	-44%
Shopify, Inc. Class A	SHOP	360.62	45,490.5	39,439.2	6.8	5.2	25.4%	30.8%	0.27	0.17	-40%	-48%	-74%	-67%	37%
Block Inc Class A	SQ	82.06	47,636.1	47,803.4	8.0	6.3	35.1%	27.6%	0.23	0.23	-30%	-37%	-48%	-58%	30%
Toast, Inc. Class A	TOST	13.21	6,742.7	5,627.7	2.2	1.7	48.6%	29.7%	0.05	0.06	-24%	-34%	-59%	NA	NA
Upstart Holdings, Inc.	UPST	48.34	4,098.0	3,954.5	3.1	2.5	48.5%	24.3%	0.06	0.10	-61%	-70%	-78%	-64%	NA
Median					6.0	4.8	33.4%	27.2%	0.16	0.17	-32.9%	-37.7%	-53.5%	-58.2%	16.8%
Average					7.9	6.1	34.5%	28.1%	0.31	0.22	-33.8%	-40.0%	-55.3%	-52.6%	16.4%

Note: Consensus estimates are used in the analysis above

Sources: FactSet Research Systems

## Companies Mentioned

<u>Public Co's Mentioned</u>		
<u>Company</u>	<u>Ticker</u>	<u>Price</u>
ACI Worldwide, Inc.	ACIW	25.13
Adyen NV	ADYEN-NL	1414.20
Affirm Holdings, Inc. Class A	AFRM	24.30
Alkami Technology Inc	ALKT	10.45
Avalara Inc	AVLR	75.25
BigCommerce Holdings Inc	BIGC	17.32
Bill.com Holdings, Inc.	BILL	100.97
<b>Block Inc Class A</b>	<b>SQ</b>	82.01
BTRS Holdings Inc.	BTRS	4.74
Coupa Software, Inc.	COUP	65.10
Euronet Worldwide, Inc.	EEFT	113.22
EVERTEC, Inc.	EVTC	37.53
EVO Payments, Inc. Class A	EVOP	22.16
<b>Fidelity National Information Services, Inc.</b>	<b>FIS</b>	96.71
<b>Fiserv, Inc.</b>	<b>FISV</b>	94.33
FLEETCOR Technologies, Inc.	FLT	221.41
Flywire Corp.	FLYW	18.50
<b>Global Payments Inc.</b>	<b>GPN</b>	119.74
i3 Verticals, Inc. Class A	IIIV	23.31
<b>Jack Henry &amp; Associates, Inc.</b>	<b>JKHY</b>	176.82
Lightspeed Commerce Inc	LSPD	19.98

<u>Public Co's Mentioned</u>		
<u>Company</u>	<u>Ticker</u>	<u>Price</u>
Marqeta, Inc. Class A	MQ	9.08
Mastercard Incorporated Class A	MA	335.56
<b>nCino Inc</b>	<b>NCNO</b>	29.19
<b>NCR Corporation</b>	<b>NCR</b>	<b>32.79</b>
Nuvei Corporation	NVEI	45.26
Open Lending Corporation Class A	LPRO	12.71
Paya Holdings Inc Class A	PAYA	5.51
Paymentus Holdings, Inc Class A	PAY	14.72
<b>PayPal Holdings, Inc.</b>	<b>PYPL</b>	77.16
<b>Q2 Holdings, Inc.</b>	<b>QTWO</b>	49.49
Repay Holdings Corp. Class A	RPAY	11.27
Shopify, Inc. Class A	SHOP	357.73
Toast, Inc. Class A	TOST	13.16
Upstart Holdings, Inc.	UPST	48.91
Visa Inc. Class A	V	199.55
WEX Inc.	WEX	157.05

Note: Price as of 05/18/2022

Source: Company filings and FactSet Research Systems

## Disclosures

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<u>Rating</u>	<u>% Investment Banking Clients</u>	
	<u>%</u>	<u>(Past 12 Months)</u>
BUY	65.0	25.0
HOLD	39.0	20.5
SELL	0	0

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## Disclosures

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