

August 2022

TSG'S TAKE

Global Payments' Acquisition of EVO Payments

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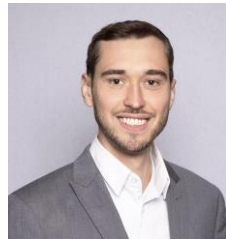
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DEAL FACTS

- Global Payments announced on August 1st that it will acquire EVO Payments
- The deal is valued at \$4 billion
- The combined entity will serve 4.5+ million merchants and 1,500+ financial institutions globally
- The deal gives Global Payments access to new geographies, including Poland, Greece, and Chile
- The deal is expected to drive \$125+ million in EBITDA synergies within 2 years of closing
- Global Payments is also receiving a \$1.5 billion investment from Silver Lake Partners via convertible note

GLOBAL PAYMENTS FACTS

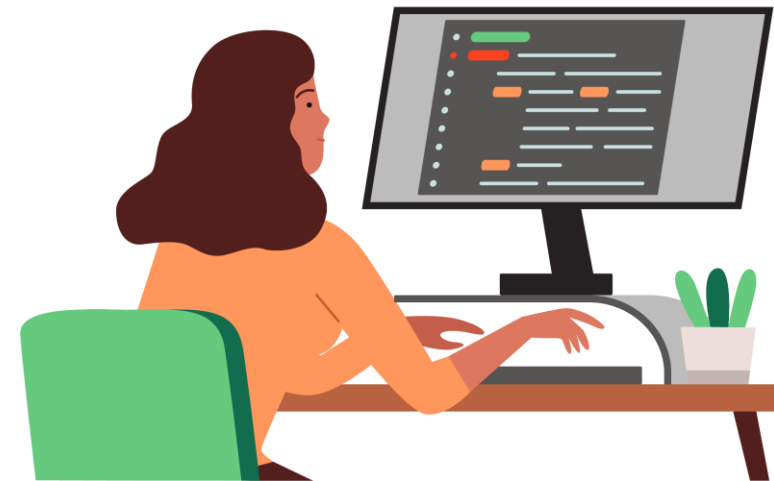
- Including the separately marketed merchant acquirers owned by Global Payments, Heartland and TSYS, TSG's Directory of U.S. Merchant Acquirers ranks the company at #4 in total U.S. payment processing volume
- TSG estimates Global Payments' U.S. volume share to initially increase to 9% with the acquisition of EVO Payments (+1%)
- Present in 170 countries
- Ranked 407 on the Fortune 500
- ~25,000 employees

EVO PAYMENTS FACTS

- TSG's Directory of U.S. Merchant Acquirers ranks the company at #18 in total U.S. payment processing volume
- Total worldwide volume of \$100 billion, 550,000 merchant clients
- Offices in 12 countries, touching 50 markets
- 15 financial institution relationships
- 1,500 integrations/partners with software systems including SAP, Microsoft, Oracle, Acumatica and Sage
- ~2,400 employees

ISV + B2B Inroads

- EVO provides Global Payments with further advancement of one of its core missions; capitalizing on the ISV channel.
 - EVO brings 1,500 technology partners to Global Payments' existing base of 6,000 partners. EVO was not heavily supporting the ISO channel, which aligns with past decisions regarding the ISO channel from Global Payments.
 - TSG's proprietary [AIM analytics platform](#) housing data on 4 million card-accepting merchants shows that merchants boarded via the ISV channel have 8% more volume than the overall market average and stay 41% longer with their merchant acquirer.
- EVO brings B2B functionality, such as accounts receivable automation software and access to ERP systems such as Oracle and Sage, bolstering Global Payments' suite of B2B offerings, a lucrative growth space.



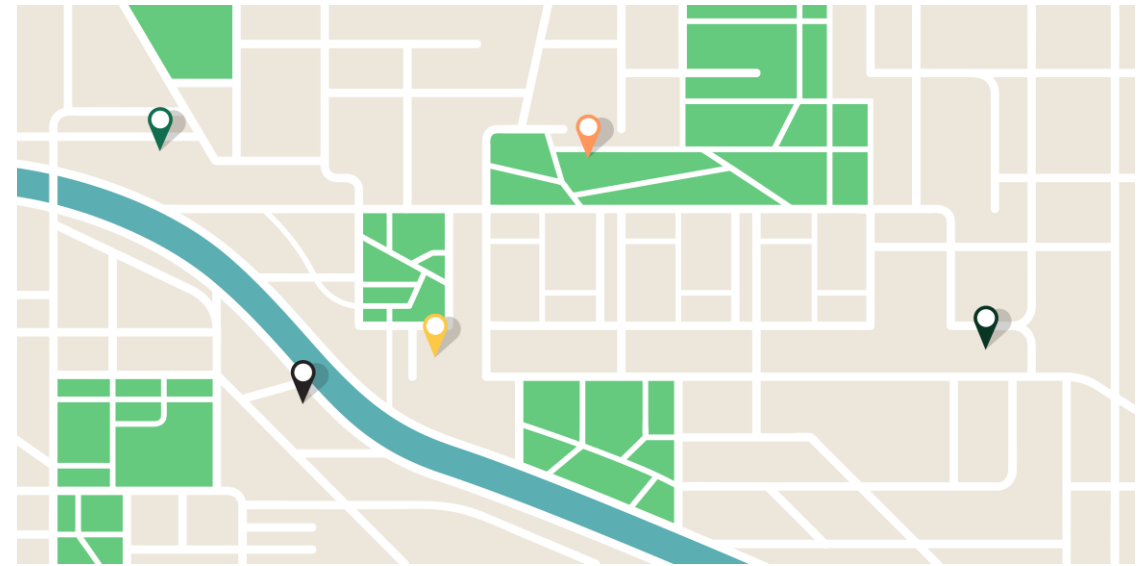
New Geographic Markets

- TSG has heard that Global Payments was looking to expand further internationally for some time.
- Of the 4+ billion transactions processed by EVO in 2021, 3.1 billion were in the EU market.
- EVO is complimentary to Global Payments' strategy and their successes in the Asia Pacific and South America regions.
- The move confirms what TSG's team has been seeing already; the normalization of EU & US payments. The underlying technology is largely there already (XML/JSON, APIs, ISO 20022, crypto & blockchain, etc.). Acquiring partnerships and mergers like these further clear the way for simplified cross-border acceptance. The evolution is similar to when Canadian processing was normalized with the US.



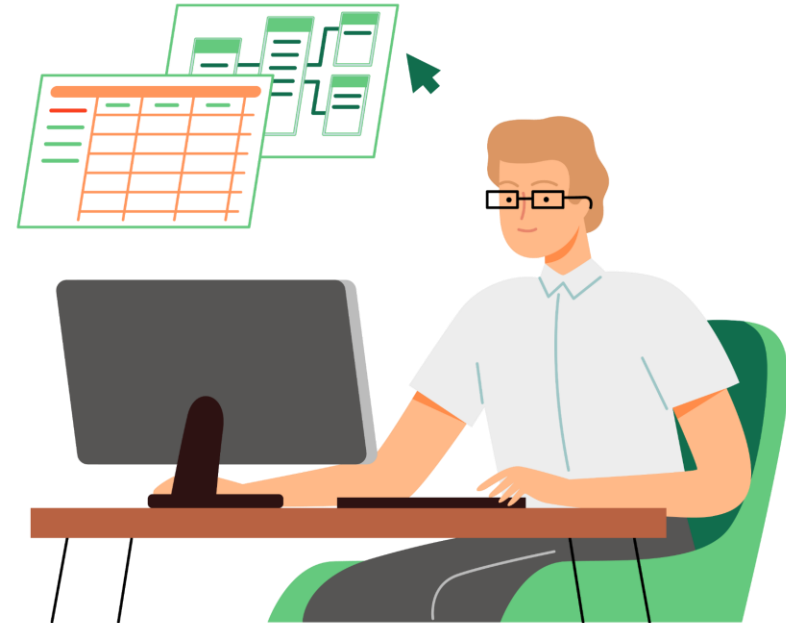
New Geographic Markets (CONT.)

- EVO's global platform was a strong point. Global Payments now receives a solid platform that can expand into Eastern Europe, and into new international markets in general. EVO's EU platform is easier to take into new markets. Global Payments is better positioned to be truly global in the future.
- TSG sees limited impact of the acquisition on the North American market. EVO chose to go overseas a few years back and seems to have concentrated on it since.
- For the overall marketplace, this may be Global Payments' response to FIS and their overseas presence, albeit that is speculation.



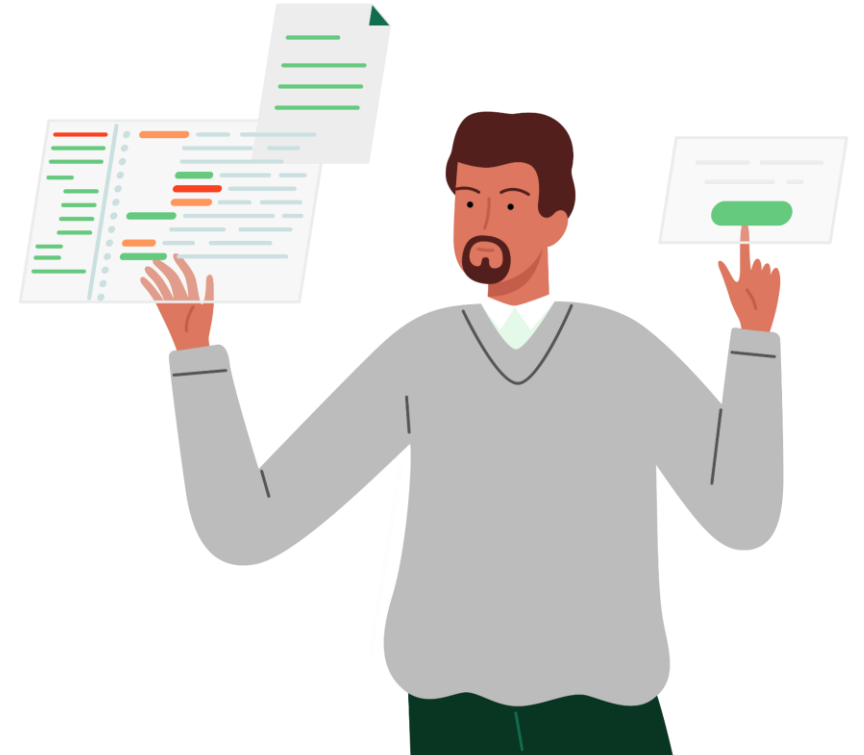
Technology Considerations

- With this acquisition, Global Payments now operates at least five in-house merchant acquiring platforms. The company may need to rationalize these resources going forward to gain synergies they plan on achieving.
- Acquisitions are usually about technology assets or the merchant portfolio; TSG would mark this acquisition as 'checking both boxes'.
- TSG believes Global Payments had strategic interest in EVO's technology, especially the switching access to EU markets. Despite the benefits of obtaining new technology, valuations on technology assets will pale compared to merchant portfolio value, unless one considers the long-term returns on the technology investment.



Cash Availability & Growth Goals

- Global Payments had \$2 billion in available cash on the balance sheet; the EVO acquisition adds \$500 million in revenue and \$80 million in operating income; over 5% in increased revenue and operating income.
- In the 2000s, EVO moved a substantial amount of volume towards Global Payments so the entities would have been familiar with each other.
- The purchase amount is generally supported by synergies that can be gained. Industry year-over-year growth rates have decreased substantially in the last couple of quarters as businesses have now completed the rebound from COVID-19. Acquisitions are a way to achieve growth rates greater than the industry.





The Strawhecker Group (TSG) is a fast-growing analytics and consulting firm. The company serves the entire payments ecosystem, from fintech startups to Fortune 500 companies. The firm provides its clients with advisory services, research and analytics to help them plan and execute their strategic initiatives. Based in Omaha, a recognized payments industry hub, TSG is an established leader in this high-growth, ever-evolving space.

 CONTACT US



20+

YEARS AVERAGE ASSOCIATE EXPERIENCE IN THE PAYMENTS INDUSTRY



1000+
CLIENTS ADVISED,
INCLUDING MANY IN
THE FORTUNE 500

~4M

CARD-ACCEPTING
MERCHANTS IN TSG'S
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PLATFORM, DRIVING
MILLIONS OF DOLLARS
IN ROI FOR ITS USERS



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AS WELL AS ~30
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INCLUDING
9 OF 10



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