

FINANCIAL TECHNOLOGY AND INFORMATION INDUSTRY

FULL YEAR 2017 :: Mergers and Acquisitions Trend Report

2017 KEY HIGHLIGHTS

- Five of the top ten highest value deals during the year occurred in the Payments segment. Two of these acquisitions were completed by First Data Corporation: BluePay, a provider of technology-enabled payment processing for merchants, for \$760 million; and CardConnect, which offers payment processing and technology solutions to SMBs and enterprises, for \$750 million.
- There were 105 financially sponsored transactions with an aggregate value of \$13.23 billion, representing 24 percent of the total volume and 31 percent of the total value, respectively.

2017 KEY TRENDS

- Total transaction volume in 2017 remained almost constant over 2016, at 442.
- Total transaction value in 2017 rose by 26 percent over 2016, from \$34.01 billion to \$42.69 billion.
- The median revenue multiple increased from 1.8x in 2016 to 2.8x in 2017. The median EBITDA multiple improved from 11.4x in 2016 to 15.8x in 2017.
- The segment with the largest rise in volume in 2017 over 2016 was Banking with a 27 percent increase, from 81 to 103 transactions.

M&A MARKET OVERVIEW

Berkery Noyes tracked 1,316 Financial Technology and Information transactions between 2015 and 2017, of which 310 disclosed financial terms, and calculated the aggregate value to be \$120.02 billion. Based on known transaction values, we project values of 1,005 undisclosed transactions to be \$21.94 billion, totaling \$141.96 billion worth of transactions tracked over the past three years.

Disclosed median enterprise value multiples for all segments combined in this report during the last 36 months were 2.4x revenue and 14.2x EBITDA.

The largest Financial Technology deal tracked by Berkery Noyes between 2015 and 2017 was Vantiv's announced merger with Worldpay Group for \$11.58 billion in 2017.

M&A Market Dynamics

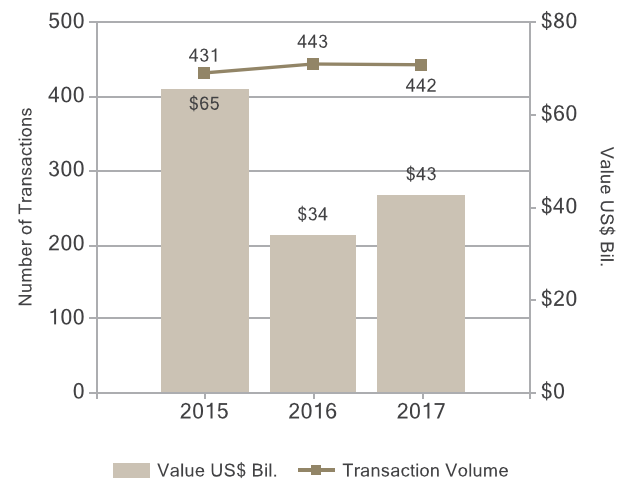


Figure 1. 2015-2017 value and volume comparison.

Median Enterprise Value Multiples

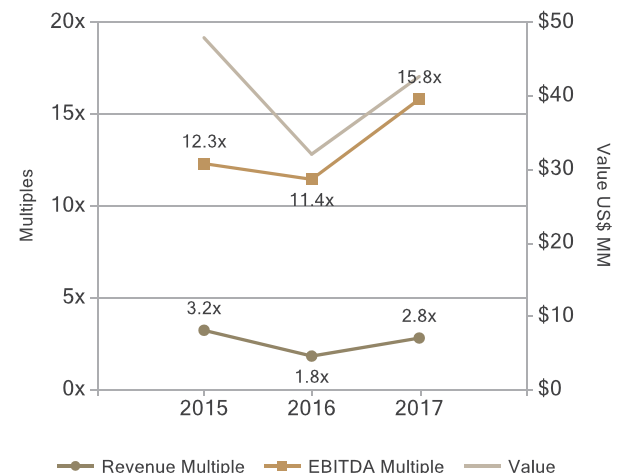


Figure 2. 2015-2017 median value, revenue, EBITDA comparison.

Transaction Analysis :: January 1, 2017 – December 31, 2017

Bell Curve - Histogram

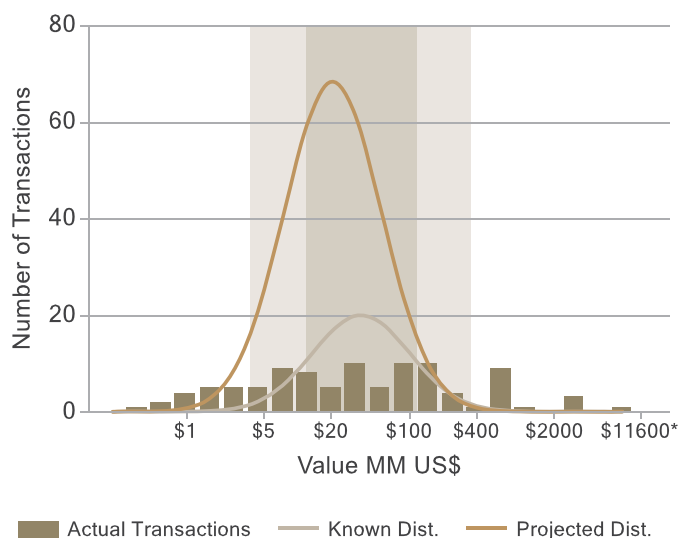


Figure 3. Shows distribution of transactions among the Financial Technology & Information Industry transactions based on publicly available information and Berkery Noyes estimates. Using a logarithmic scale, we determined that nearly one-third of companies purchased had transaction values of \$12.2 million to \$90.0 million. Based on this data, we estimate the total transaction value of deals done in 2017 at \$42.7 billion.

* Indicates largest transaction in the industry from Jan. 1, 2017 to Dec. 31, 2017.

Distribution Table

Value in MM US\$	Known Number	Projected Number	Total Number	%	Cumulative %
\$0.2	0	0	0	0 %	0 %
\$0.4	1	0	1	1 %	1 %
\$0.6	2	0	2	2 %	3 %
\$1.0	4	1	4	4 %	7 %
\$1.6	5	3	7	5 %	12 %
\$2.7	5	9	13	5 %	17 %
\$4.5	5	21	25	5 %	22 %
\$7.4	9	40	48	9 %	31 %
\$12.2	8	59	67	8 %	39 %
\$20.1	5	68	73	5 %	44 %
\$33.1	10	61	71	10 %	54 %
\$54.6	5	43	47	5 %	59 %
\$90.0	10	23	33	10 %	69 %
\$148.4	10	10	19	10 %	79 %
\$244.7	4	3	7	4 %	83 %
\$403.4	1	1	1	1 %	84 %
\$665.1	9	0	9	9 %	93 %
\$1,096.6	1	0	1	1 %	94 %
\$1,808.0	0	0	0	0 %	94 %
\$2,981.0	3	0	3	3 %	97 %
\$4,914.8	0	0	0	0 %	97 %
\$8,103.1	1	0	1	1 %	98 %
Total #	100	342	442		
Total \$ Value	\$35,563	\$7,125	\$42,689		
Middle 3rd of Industry		Middle 2/3rds of Industry			

Figure 4. Presents the data depicted in the bell curve histogram.

Strategic vs. Financial Comparison

M&A Dynamics By Transaction Type

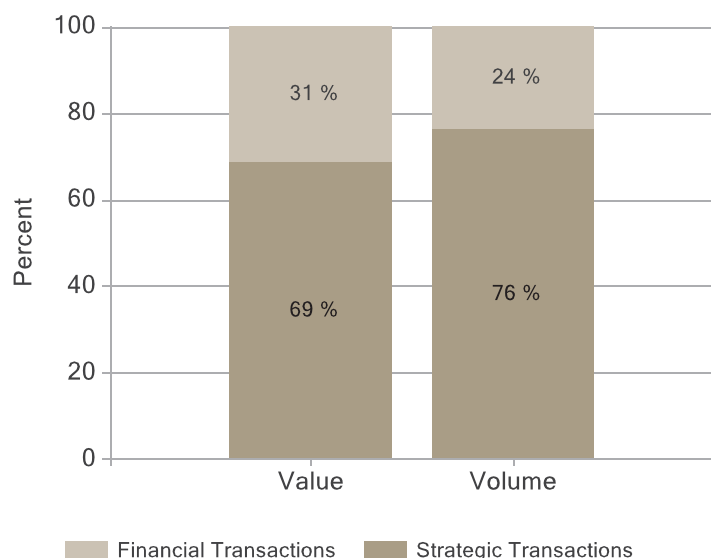


Figure 5. 2017 value and volume comparison by acquirer type.

Note: Financial transactions are those financed by private equity, venture capital, and other investment firms. This includes acquisitions by portfolio companies of the investment firms.

Transaction Type

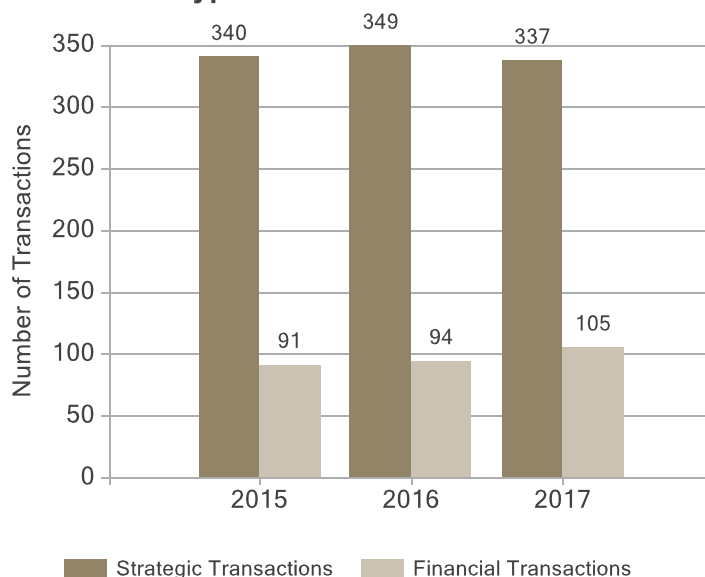


Figure 6. 2015-2017 acquirer type comparison by year.

Purchaser Analysis

Top Ten Notable Transactions 2017

Deal Date	Target Name	Buyer	Value MM US\$
08/09/17	Worldpay Group	Vantiv	\$11,579
03/15/17	DH Corporation	Misys plc	\$3,491
05/15/17	Bureau van Dijk Electronic Publishing	Moody's Analytics, Inc.	\$3,270
02/27/17	CCC Information Services Inc.	Advent International	\$3,000
07/05/17	Bankrate, Inc.	Red Ventures, LLC	\$1,435
12/18/17	Cayan	TSYS	\$1,050
10/17/17	Intralinks Holdings, Inc.	Siris Capital Group	\$996
10/20/17	BluePay, Inc.	First Data Corporation	\$760
05/29/17	CardConnect	First Data Corporation	\$750
10/27/17	Trayport Ltd.	TMX Group Inc.	\$725
2017 Aggregate Transaction Value			\$42,689
Top 10 Aggregate Transaction Value			\$27,055
Top 10 Aggregate Value as a Percentage of All Transactions			63 %

Figure 7. Lists the top ten transactions for 2017 and calculates their aggregate transaction value as a percentage of the total aggregate transaction value as shown on Figure 1 & 4.

Note: Transaction data based on **announced date**. Deal value represents total consideration paid by the acquirer.

Median EV/Revenue Multiples By Size

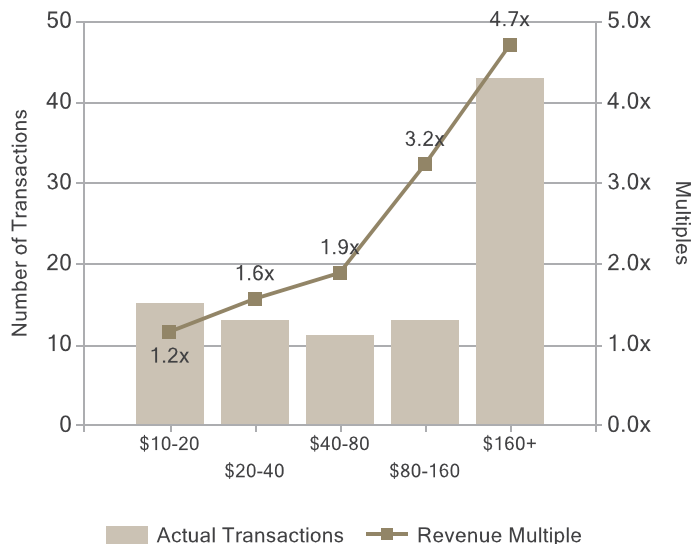


Figure 8. Presents the median enterprise value/revenue multiples paid for companies in the Financial Technology & Information Industry from Jan. 1, 2015 to Dec. 31, 2017 based on publicly available sales price and revenue data.

Transaction Volume by Segment :: January 1, 2015 – December 31, 2017

Transactions By Market Segment

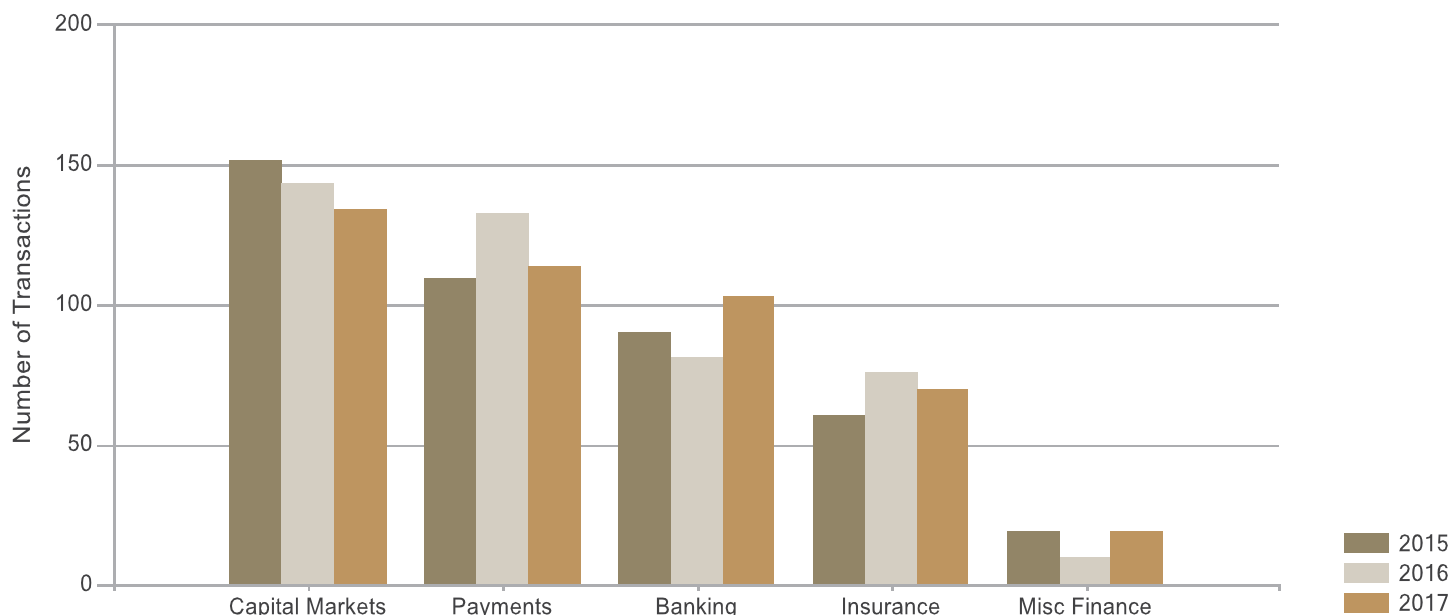


Figure 9. Presents the transaction volume by market segment within the Financial Technology & Information Industry from Jan. 1, 2015 through Dec. 31, 2017.

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Founded in 1980, Berkery Noyes is a leading independent investment bank serving the information, software, marketing, and technology industries. The firm has initiated, managed, and closed more than 500 merger and acquisition transactions for privately held and publicly traded companies in the healthcare, financial services, education, and entertainment markets.

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All charts in this report are based on data gathered by Berkery Noyes' research department. All time period statistics are based on the transaction announcement date. The information contained herein is of a general nature and is not intended to address the circumstances of any particular company, individual, or entity. There can be no guarantee that such information is accurate.

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