

# EVO Payments, Inc. (EVOP, Buy, \$32.00 PT)

Upgrading to Buy with \$32 PT: Pullback in Share Price Creates Opportunity as Growth and Margin Expansion Prospects Remain Intact

**WHAT YOU SHOULD KNOW:** We are upgrading our recommendation on EVO Payments to Buy (from Neutral) with a price target of \$32 based on 16x our FY21E adjusted EBITDA of \$196.3mm. Shares of EVOP have declined by more than 16% since we downgraded the stock to Neutral on June 30 based solely on valuation, and we believe it has traded down to a level at which it is once again attractive considering the company's solid growth profile, potential for margin expansion and its scarcity value as a relatively small merchant acquirer in a consolidating payments market.

- We attribute EVOP's pullback in part to some of the revenue headwinds the company faced during 2H19 including reduced referrals and increased attrition in Spain given Banco Santander's (SAN SM, Not Rated) faster-than-expected consolidation of partner assets. With that said, we view those headwinds as transitory and well understood by the market. We are bullish on EVOP's prospects in 2020 and beyond for several reasons including its growth opportunity in the high-growth B2B payments space in which it is differentiated based on its focus on the less competitive accounts receivable payment area (versus the more competitive accounts payable area) and its software integrations with several major enterprise resource planning (ERP) providers.
- EVOP's efforts in the B2B space should be bolstered by its acquisition on September 10 of Delego Software, a provider of integrated payment solutions for merchants leveraging SAP's (SAP GR, Not Rated) ERP solutions, which added to its integrations with Microsoft (MSFT, Not Rated) and Oracle (ORCL, Not Rated) platforms. B2B payments only represented about 2% of EVOP's revenues in 3Q19, but with a growth rate north of 20% it is poised to provide a new source of support for the stock's valuation.
- Our constructive stance on EVOP is also supported by our view that its opportunity within the independent software vendor (ISV) distribution channel has plenty of runway, especially in the fragmented European market. Management has sought to partner with developers of integrated software rather than developing it internally, especially since such software is typically tailored to particular business applications. ISV distribution accounted for only about 7% of the company's 3Q19 revenues, but it grew by more than 20%.
- EVOP's growth strategy up to this point has been focused in large part on entering new international markets in which the secular shift in payments from cash to plastic was still at a relatively early stage through bank partnerships and joint ventures, while enhancing the company's speed to market in integrated payments via acquisitions. We believe the track record of CEO Jim Kelly and his team on the M&A and JV fronts has been very solid, especially in Poland and Mexico, such that it is reasonable to believe it can be extended to other geographies, including other countries in Europe, South and Central America and Southeast Asia.
- **Valuation:** Our price target of \$32 for EVOP is based on 16x the company's FY21E adjusted EBITDA of \$196.3mm. The multiple we employ was derived from comparable company analysis



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COMPANY DATA	
Closing Price:	\$26.46
Price Target:	\$32.00
Market Cap (\$M):	2,280.85
Shares Out (M):	86.2
Avg Daily Vol - 3 Months (M):	0.30
Dividend/Yield:	\$0.00/0.0%

REVISIONS		
	Previous	Current
Rating	Neutral	Buy
Price Target	-	\$32.00
FY19E EPS	\$0.61	\$0.62
FY20E EPS	\$0.68	\$0.69
FY19E Rev. (M)	\$595.42	\$597.39

Diluted EPS (Adjusted)			
FY Dec	2018A	2019E	2020E
Q1	0.04	0.08	0.13
Q2	0.13	0.16	0.17
Q3	0.17	0.19	0.19
Q4	0.18	0.19	0.20
<b>Calendar EPS</b>	<b>0.52</b>	<b>0.62</b>	<b>0.69</b>
Calendar P/E	50.5x	42.9x	38.3x

REVENUE (\$M)			
FY Dec	2018A	2019E	2020E
Q1	128.28	135.42	149.16
Q2	140.89	149.99	161.83
Q3	144.76	152.60	161.98
Q4	150.82	159.39	175.08
<b>FY</b>	<b>564.75</b>	<b>597.39</b>	<b>648.04</b>

Source: IDC, BTIG Estimates and Company Documents  
(\$ in millions, except per share amount)

## Investment Thesis

Shares of EVOP have declined by more than 16% since we downgraded the stock to Neutral on June 30 based solely on valuation, and we believe it has traded down to a level at which it is once again attractive considering the company's solid growth profile, potential for margin expansion and its scarcity value as a relatively small merchant acquirer in a consolidating payments market.

## Upcoming Catalysts

- New bank partnership signings, particularly in Eastern European and Latin American markets where the secular shift in the payments space from cash to plastic is in the early stages.
- Announcements of new acquisitions, particularly those that enhance EVOP's tech-enabled distribution and growth in the B2B payment space.

## Base Case Assumptions

- Adjusted revenue grows in the high-single-digit context while adjusted EBITDA grows in the low-teens.
- We anticipate that the company's adjusted EBITDA margin will expand more than 50bps per year aided by operating growth, operating efficiencies and acquisition integrations.

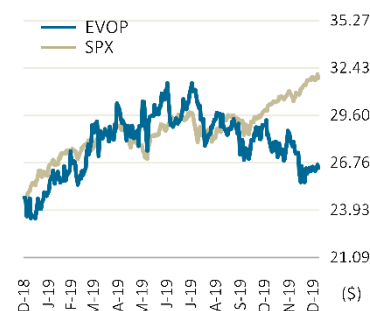
## Upside Scenario

- EVOP's revenue growth accelerates thanks to new bank partnerships in Eastern Europe and Latin America as well as acquisitions that boost its tech-enabled distribution.
- The increased transactions stemming from the new deals help to increase the company's adjusted EBITDA margins above the upper end of management's targeted annual expansion in a range of 50bps to 75bps. The stock trades up to \$36.

## Downside Scenario

- EVOP's revenue growth stalls as it is unable to establish new bank partnerships or to make new acquisitions.
- Meanwhile, an economic slowdown in Eastern Europe and the company's other key markets causes transaction volume and adjusted EBITDA expansion to slow. The stock trades down to \$23.

## Price Performance



Source: IDC

## Company Description

EVO Payments (Nasdaq: EVOP) is a fully integrated merchant acquirer and payment processor operating in Europe and North America. EVOP offers payment solutions to merchants ranging from small and mid-size businesses to multinational corporations and institutions. The company generates approximately two-thirds of its revenue in international markets with a focus on developing countries that are in the early stages of the secular shift from cash to card-based payments.

- As Kelly noted to us, EVOP's operating performance has moved in stairstep fashion in the past as the company has entered new regions and integrated new acquisitions. He noted that EVOP had bought companies almost every quarter since he became its CEO in November 2012, and that it would be safe to assume it would continue to do so going forward.
- While EVOP during 3Q19 posted an adjusted EBITDA margin of 27.7% that is below those of most of its peers (mid-30s to mid-40s), we believe that as the company scales, consolidates platforms and integrates acquired businesses its incremental margins should be in the 40% context. As such, EVOP's adjusted EBITDA margins should move closer to peer levels over time. We note that the company's adjusted EBITDA margin expanded during 3Q19 by 129bps versus the prior year period.
- We note that EVOP on December 9 completed an offering of 4.5mm shares of its Class A common stock at a price of \$27.60. The lockup for executives and directors of the company associated with that offering expired yesterday with the shares trading 4.1% below the level at which the deal was executed.

Company Name	Ticker	Market Cap. (mm)	Last Price	FY20 EV/EBITDA	FY21 EV/EBITDA
EVO Payments	EVOP	2,215	\$26.46	11.1x	10.0x
Global Payments	GPN	56,023	\$184.40	12.0x	10.6x
Fiserv	FISV	81,414	\$116.37	15.1x	14.0x

Source: FactSet Data

## Income Statement

EVOP Operating Model	Dec-16	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Dec-21
\$ millions	2016A	2017A	1Q18A	2Q18A	3Q18A	4Q18A	2018A	1Q19A	2Q19A	3Q19A	4Q19E	2019E	1Q20E	2Q20E	3Q20E	4Q20E	2020E	1Q21E	2Q21E	3Q21E	4Q21E	2021E
Revenue	419.22	504.75	128.28	140.89	144.76	150.82	564.75	111.52	122.52	122.36	131.72	488.12	123.27	133.74	133.87	144.69	535.57	132.59	145.00	145.45	156.86	579.90
Cost of services and products, exclusive of D&A	140.66	164.48	44.51	50.36	46.95	47.55	189.38	24.08	24.75	24.07	26.08	98.98	25.70	26.02	23.65	25.76	101.12	27.77	28.35	25.84	28.08	110.04
Selling, general and administrative	174.20	220.97	59.61	115.57	67.80	68.37	311.35	66.42	66.31	63.86	67.18	263.77	61.02	66.20	66.26	71.62	265.11	65.63	72.50	71.63	77.25	287.02
Depreciation and amortization	64.01	74.14	19.89	20.93	20.49	25.88	87.18	22.75	22.86	22.80	24.37	92.78	23.29	23.75	23.74	25.47	96.26	21.08	21.40	21.43	22.90	86.82
Impairment of intangible assets	0.00	0.00	0.00	0.00	0.00	14.63	14.63	6.63	0.00	3.87	0.00	10.50	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Total operating expenses</b>	<b>378.87</b>	<b>459.59</b>	<b>124.01</b>	<b>186.86</b>	<b>135.24</b>	<b>156.42</b>	<b>602.54</b>	<b>119.88</b>	<b>113.92</b>	<b>114.61</b>	<b>117.63</b>	<b>466.04</b>	<b>110.01</b>	<b>115.97</b>	<b>113.66</b>	<b>122.84</b>	<b>462.48</b>	<b>114.48</b>	<b>122.25</b>	<b>118.91</b>	<b>128.23</b>	<b>483.88</b>
<b>Operating income (loss)</b>	<b>40.35</b>	<b>45.16</b>	<b>4.27</b>	<b>-45.97</b>	<b>9.52</b>	<b>-5.60</b>	<b>-37.79</b>	<b>-8.36</b>	<b>8.60</b>	<b>7.76</b>	<b>14.09</b>	<b>22.08</b>	<b>13.26</b>	<b>17.77</b>	<b>20.21</b>	<b>21.85</b>	<b>73.09</b>	<b>18.11</b>	<b>22.74</b>	<b>26.54</b>	<b>28.63</b>	<b>96.02</b>
Interest income	1.10	1.49	0.48	0.63	0.51	0.60	2.22	0.68	0.74	0.86	0.87	3.13	0.88	0.88	0.89	0.90	3.55	0.91	0.92	0.93	0.94	3.70
Interest expense	-40.66	-62.88	-15.31	-21.56	-10.58	-12.31	-59.76	-11.65	-11.27	-11.09	-10.77	-44.77	-10.54	-10.32	-10.09	-9.87	-40.82	-9.64	-9.42	-9.19	-8.97	-37.22
Income (loss) from investment in unconsolidated investees	1.55	0.94	0.52	0.25	-0.04	0.79	1.51	0.22	0.05	0.17	0.00	0.44	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Gain on acquisition of unconsolidated investee	0.00	0.00	0.00	0.00	8.66	-0.26	8.40	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other income (expense)	72.15	-0.48	-0.55	-2.62	0.21	-0.04	-3.00	1.09	0.52	0.89	0.00	2.50	-0.25	-0.25	-0.25	-0.25	-1.00	-0.25	-0.25	-0.25	-0.25	-1.00
<b>Total other expenses</b>	<b>34.13</b>	<b>-60.92</b>	<b>-14.87</b>	<b>-23.30</b>	<b>-1.24</b>	<b>-11.21</b>	<b>-50.62</b>	<b>-9.67</b>	<b>-9.97</b>	<b>-9.17</b>	<b>-9.90</b>	<b>-38.70</b>	<b>-9.92</b>	<b>-9.68</b>	<b>-9.45</b>	<b>-9.21</b>	<b>-38.26</b>	<b>-8.98</b>	<b>-8.75</b>	<b>-8.51</b>	<b>-8.28</b>	<b>-34.52</b>
<b>Income (loss) before income taxes</b>	<b>74.48</b>	<b>-15.76</b>	<b>-10.60</b>	<b>-69.28</b>	<b>8.28</b>	<b>-16.81</b>	<b>-88.41</b>	<b>-18.03</b>	<b>-1.37</b>	<b>-1.41</b>	<b>4.19</b>	<b>-16.62</b>	<b>3.35</b>	<b>8.09</b>	<b>10.76</b>	<b>12.63</b>	<b>34.83</b>	<b>9.13</b>	<b>14.00</b>	<b>18.03</b>	<b>20.35</b>	<b>61.50</b>
Income tax expense	-17.03	-16.59	-4.43	28.61	-32.16	-2.47	-10.44	-0.99	5.20	-3.59	-1.09	-0.47	-0.77	-1.87	-2.49	-2.92	-8.04	-2.11	-3.23	-4.16	-4.70	-14.21
<b>Net income (loss)</b>	<b>57.45</b>	<b>-32.35</b>	<b>-15.03</b>	<b>-40.67</b>	<b>-23.88</b>	<b>-19.28</b>	<b>-98.85</b>	<b>-19.02</b>	<b>3.83</b>	<b>-5.00</b>	<b>3.10</b>	<b>-17.09</b>	<b>2.57</b>	<b>6.22</b>	<b>8.28</b>	<b>9.72</b>	<b>26.78</b>	<b>7.02</b>	<b>10.76</b>	<b>13.86</b>	<b>15.65</b>	<b>47.30</b>
Less: net income attributable to non-controlling interests in consolidated entities	-9.75	-7.89	15.03	-17.03	-2.43	-2.26	-6.70	-0.58	-1.996	-2.220	-1.50	-6.30	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Net income (loss) attributable to EVO Investco, LLC</b>	<b>47.71</b>	<b>-40.24</b>	<b>0.00</b>	<b>-57.69</b>	<b>-26.31</b>	<b>-21.54</b>	<b>-105.55</b>	<b>-19.60</b>	<b>1.83</b>	<b>-7.22</b>	<b>1.60</b>	<b>-23.39</b>	<b>2.57</b>	<b>6.22</b>	<b>8.28</b>	<b>9.72</b>	<b>26.78</b>	<b>7.02</b>	<b>10.76</b>	<b>13.86</b>	<b>15.65</b>	<b>47.30</b>
Less: net income attributable to non-controlling interests in EVO Investco, LLC	0.00	0.00	0.00	74.41	-1.08	17.51	90.83	14.31	-1.37	5.38	0.00	18.32	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Net income (loss) attributable to EVO Payments, Inc.</b>	<b>47.71</b>	<b>-40.24</b>	<b>0.00</b>	<b>16.71</b>	<b>-27.39</b>	<b>-4.04</b>	<b>-14.71</b>	<b>-5.29</b>	<b>0.46</b>	<b>-1.84</b>	<b>1.60</b>	<b>-5.07</b>	<b>2.57</b>	<b>6.22</b>	<b>8.28</b>	<b>9.72</b>	<b>26.78</b>	<b>7.02</b>	<b>10.76</b>	<b>13.86</b>	<b>15.65</b>	<b>47.30</b>
<b>Adjusted EPS - Pro Forma</b>			<b>\$0.04</b>	<b>\$0.13</b>	<b>\$0.17</b>	<b>\$0.18</b>	<b>\$0.52</b>	<b>\$0.08</b>	<b>\$0.16</b>	<b>\$0.19</b>	<b>\$0.19</b>	<b>\$0.62</b>	<b>\$0.13</b>	<b>\$0.17</b>	<b>\$0.19</b>	<b>\$0.20</b>	<b>\$0.69</b>	<b>\$0.17</b>	<b>\$0.21</b>	<b>\$0.24</b>	<b>\$0.26</b>	<b>\$0.87</b>
Pro forma diluted shares	81.00	81.00	80.90	80.93	82.40	80.80	81.26	81.20	85.70	86.20	87.06	85.04	87.50	87.72	87.94	88.16	87.83	88.60	89.04	89.48	89.93	89.26
<b>Revenue</b>	<b>419.22</b>	<b>504.75</b>	<b>128.28</b>	<b>140.89</b>	<b>144.76</b>	<b>150.82</b>	<b>564.75</b>	<b>111.52</b>	<b>122.52</b>	<b>122.36</b>	<b>131.72</b>	<b>488.12</b>	<b>123.27</b>	<b>133.74</b>	<b>133.87</b>	<b>144.69</b>	<b>535.57</b>	<b>132.59</b>	<b>145.00</b>	<b>145.45</b>	<b>156.86</b>	<b>579.90</b>
Network fees	0.00	0.00	0.00	0.00	0.00	0.00	0.00	23.90	27.47	30.23	27.66	109.27	25.89	28.09	28.11	30.39	112.47	27.84	30.45	30.54	32.94	121.78
<b>Adjusted revenue</b>	<b>419.22</b>	<b>504.75</b>	<b>128.28</b>	<b>140.89</b>	<b>144.76</b>	<b>150.82</b>	<b>564.75</b>	<b>135.42</b>	<b>149.99</b>	<b>152.60</b>	<b>159.39</b>	<b>597.39</b>	<b>149.16</b>	<b>161.83</b>	<b>161.98</b>	<b>175.08</b>	<b>648.04</b>	<b>160.44</b>	<b>175.45</b>	<b>175.99</b>	<b>189.80</b>	<b>701.68</b>
<b>Net income (loss)</b>	<b>57.45</b>	<b>-32.35</b>	<b>-15.03</b>	<b>-40.67</b>	<b>-23.88</b>	<b>-19.28</b>	<b>-98.85</b>	<b>-19.02</b>	<b>3.827</b>	<b>-5.004</b>	<b>3.10</b>	<b>-17.09</b>	<b>2.57</b>	<b>6.22</b>	<b>8.28</b>	<b>9.72</b>	<b>26.78</b>	<b>7.02</b>	<b>10.76</b>	<b>13.86</b>	<b>15.65</b>	<b>47.30</b>
Net loss attributable to non-controlling interests in consolidated entities	-9.75	-7.89	15.03	-17.03	-2.43	-2.26	-6.70	-0.58	-1.996	-2.220	-1.50	-6.30	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Income tax expense (benefit)	17.03	16.59	4.43	-28.61	32.16	2.47	10.44	0.99	-5.196	3.590	1.09	0.47	0.77	1.87	2.49	2.92	8.04	2.11	3.23	4.16	4.70	14.21
Interest expense	39.56	61.39	14.83	20.93	10.08	11.71	57.54	10.98	10.534	10.227	9.90	41.64	9.67	9.43	9.20	8.96	37.26	8.73	8.50	8.26	8.03	33.52
Depreciation and amortization	64.01	74.14	19.89	20.93	20.49	25.88	87.18	22.75	22.863	22.804	24.37	92.78	23.29	23.75	23.74	25.47	96.26	21.08	21.40	21.43	22.90	86.82
Share-based compensation	0.00	0.00	0.00	51.26	2.02	1.60	54.88	1.85	2.977	3.019	3.29	11.13	3.08	3.34	3.35	3.62	13.39	3.31	3.62	3.64	3.92	14.50
Transaction and integration costs	-59.82	16.20	-10.51	30.18	-0.01	24.24	43.90	13.68	6.306	9.821	6.56	36.36	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Adjusted EBITDA</b>	<b>108.50</b>	<b>128.07</b>	<b>28.63</b>	<b>37.00</b>	<b>38.42</b>	<b>44.34</b>	<b>148.40</b>	<b>30.63</b>	<b>39.315</b>	<b>42.237</b>	<b>46.82</b>	<b>159.00</b>	<b>39.39</b>	<b>44.62</b>	<b>47.05</b>	<b>50.68</b>	<b>181.73</b>	<b>42.25</b>	<b>47.52</b>	<b>51.36</b>	<b>55.20</b>	<b>196.33</b>
Adjusted EBITDA Margin	25.9%	25.4%	22.3%	26.3%	26.5%	29.4%	25.9%	27.5%	32.1%	34.5%	35.5%	32.6%	32.0%	33.4%	35.1%	35.0%	33.9%	31.9%	32.8%	35.3%	35.2%	33.9%
<b>Net income (loss)</b>			<b>-15.03</b>	<b>-40.67</b>	<b>-23.88</b>	<b>-19.28</b>	<b>-98.85</b>	<b>-19.02</b>	<b>3.83</b>	<b>-5.00</b>	<b>3.10</b>	<b>-17.09</b>	<b>2.57</b>	<b>6.22</b>	<b>8.28</b>	<b>9.72</b>	<b>26.78</b>	<b>7.02</b>	<b>10.76</b>	<b>13.86</b>	<b>15.65</b>	<b>47.30</b>
Net loss attributable to non-controlling interests in consolidated entities			15.03	-17.03	-2.43	-2.26	-6.70	-0.58	-2.00	-2.22	-1.50	-6.30	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Income tax expense (benefit)			4.43	-28.61	32.16	2.47	10.44	0.99	-5.20	3.59	1.09	0.47	0.77	1.87	2.49	2.92	8.04	2.11	3.23	4.16	4.70	14.21
Share based compensation			0.00	51.26	2.02	1.60	54.88	1.85	2.98	3.02	3.29	11.13	3.08	3.34	3.35	3.62	13.39	3.31	3.62	3.64	3.92	14.50
Transaction and integration costs			-10.51	37.43	-0.01	24.24	51.15	13.68	6.31	9.82	6.56	36.36	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Acquisition intangible amortization			10.50	11.09	10.62	12.36	44.57	11.49	11.48	12.13	8.49	43.57	8.06	7.90	7.74	6.97	30.68	6.62	6.29	5.98	5.68	24.56
<b>Non-GAAP adjusted pre-tax income</b>			<b>4.42</b>	<b>13.48</b>	<b>18.48</b>	<b>19.12</b>	<b>55.50</b>	<b>8.39</b>	<b>17.393</b>	<b>21.332</b>	<b>21.04</b>	<b>68.15</b>	<b>14.49</b>	<b>19.33</b>	<b>21.85</b>	<b>23.22</b>	<b>78.90</b>	<b>19.07</b>	<b>23.91</b>	<b>27.64</b>	<b>29.95</b>	<b>100.57</b>
Pro forma income taxes			-1.03	-3.15	-4.31	-4.46	-12.95	-1.94	-4.02	-4.93	-4.86	-15.74	-3.33	-4.45	-5.03	-5.34	-18.15	-4.39	-5.50	-6.36	-6.89	-23.13
<b>Pro forma adjusted net income</b>			<b>3.39</b>	<b>10.34</b>	<b>14.17</b>	<b>14.66</b>	<b>42.55</b>	<b>6.45</b>	<b>13.375</b>	<b>16.404</b>	<b>16.18</b>	<b>52.41</b>	<b>11.16</b>	<b>14.89</b>	<b>16.83</b>	<b>17.88</b>	<b>60.75</b>	<b>14.68</b>	<b>18.41</b>	<b>21.28</b>	<b>23.06</b>	<b>77.44</b>
Pro forma income tax rate			23.3%	23.3%	23.3%	23.3%	23.3%	23.1%	23.1%	23.1%	23.1%	23.1%	23.0%	23.0%	23.0%	23.0%	23.0%	23.0%	23.0%	23.0%	23.0%	23.0%
Adjusted Revenue growth		20.4%	17.0%	13.7%	9.1%	8.8%	11.9%	5.6%	6.5%	5.4%	5.7%	5.8%	10.1%	7.9%	6.1%	9.8%	8.5%	7.6%	8.4%	8.7%	8.4%	8.3%
Adjusted EBITDA growth		18.0%	3.9%	7.7%	13.0%	21.1%	14.2%	12.5%	8.5%	9.9%	5.6%	8.7%	28.6%	13.5%	11.4%	8.3%	14.3%	7.3%	6.5%	9.2%	8.9%	8.0%

Source: BTIG Estimates and Company Documents



## BTIG Covered Companies Mentioned in this Report

EVO PAYMENTS, INC. (EVOP, Buy, \$32.00 PT; Current Price: \$26.46; Analyst: Mark.Palmer)

## Appendix: Analyst Certification and Other Important Disclosures

### Analyst Certification

I, Mark Palmer, hereby certify that the views about the companies and securities discussed in this report are accurately expressed and that I have not received and will not receive direct or indirect compensation in exchange for expressing specific recommendations or views in this report.

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#### EVO Payments, Inc. (EVOP, Buy, \$32.00 PT)

**Valuation:** Our price target of \$32 for EVOP is based on 16.0x the company's FY21E adjusted EBITDA of \$196.3mm. The multiple we employ was derived from comparable company analysis

**Risks:** The primary risks to our rating include: Emerging markets risk, risks stemming from lack of scale in the U.S., International distribution model, M&A risk, key man risk and economic risks.

## EVO Payments, Inc. (EVOP)



*Note: Closing Price and Target Price have been adjusted for corporate actions.*

Date	Closing Price (\$)	Target Price (\$)	Analyst	Rating
27-Nov-18	25.11	31	Mark Palmer	Buy
30-Jun-19	31.53	N/A	Mark Palmer	Neutral

## Other Disclosures

Additional Information Available Upon Request

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