

FINANCIAL TECHNOLOGY AND INFORMATION INDUSTRY

1ST HALF 2018 :: Mergers and Acquisitions Trend Report

1ST HALF 2018 KEY HIGHLIGHTS

- The largest deal in 1st Half 2018 was a Blackstone Group led consortium's announced acquisition of a 55 percent stake in Thomson Reuters Financial & Risk division for \$11 billion.
- Online payments giant PayPal completed two of the industry's top ten highest value transactions year-to-date. Along these lines PayPal announced its acquisition of iZettle, a mobile payments company that offers small businesses with portable point-of-sale solutions, for \$2.43 billion; and Hyperwallet, a digital payout provider aimed at the sharing and gig economies, for \$400 million.

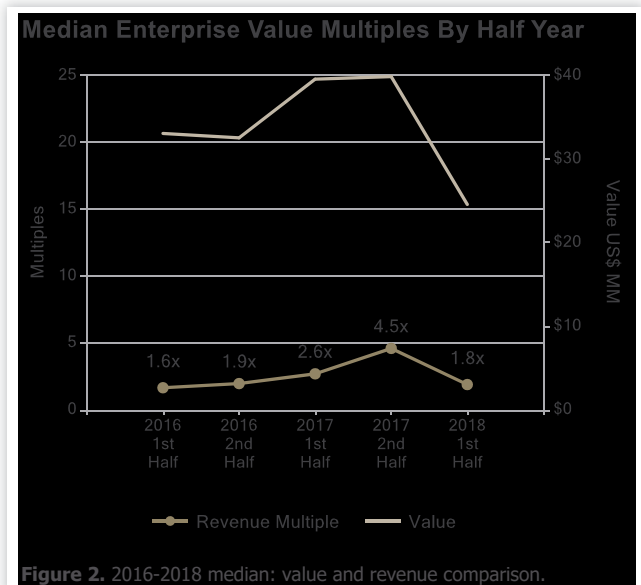
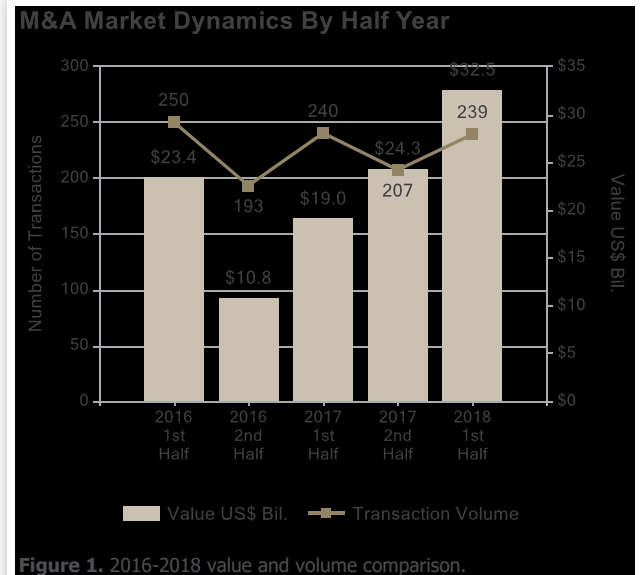
1ST HALF 2018 KEY TRENDS

- Total transaction volume in 1st Half 2018 increased by 15 percent over 2nd Half 2017, from 207 to 239.
- Total transaction value in 1st Half 2018 rose by 34 percent over 2nd Half 2017, from \$24.27 billion to \$32.53 billion.
- The median revenue multiple, after rising from 2.6x in 1st Half 2017 to 4.5x in 2nd Half 2017, declined to 1.8x in 1st Half 2018. During the last 30 months the median revenue multiple was 2.3x.
- The segment with the largest rise in volume in 1st Half 2018 over 2nd Half 2017 was Capital Markets with a 40 percent gain, from 63 to 88 transactions.

M&A MARKET OVERVIEW

Berkery Noyes tracked 1,129 Financial Technology and Information transactions between 2016 and 1st Half 2018, of which 258 disclosed financial terms, and calculated the aggregate transaction value to be \$93.74 billion. Based on known transaction values, we project values of 871 undisclosed transactions to be \$15.98 billion, totaling \$109.73 billion worth of transactions tracked over the past two and a half years.

Disclosed median enterprise value multiples for all segments combined in this report during the last 30 months were 2.4x revenue and 13.6x EBITDA.



Transaction Analysis :: January 1, 2018 – June 30, 2018

Bell Curve - Histogram - 1st Half

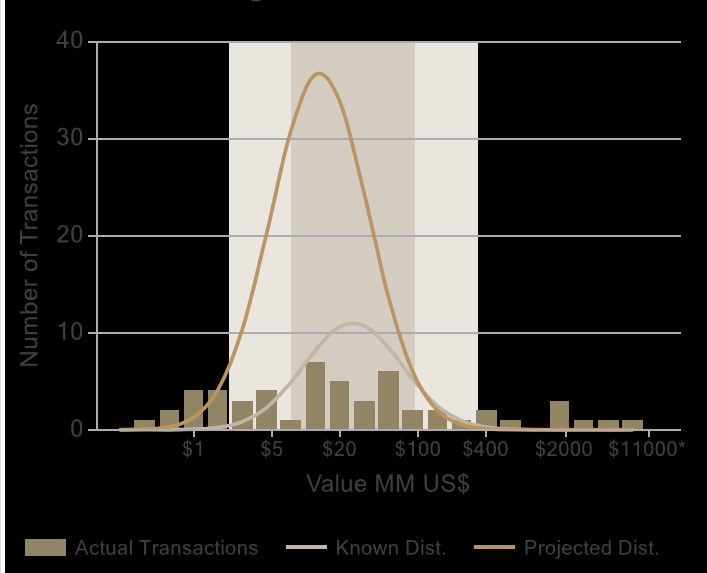


Figure 3. Shows distribution of transactions among the Financial Technology & Information Industry transactions based on publicly available information and Berkery Noyes estimates. Using a logarithmic scale, we determined that nearly one-third of companies purchased had transaction values of \$7.4 million to \$54.6 million. Based on this data, we estimate the total transaction value of deals done in 1st Half 2018 at \$32.5 billion.

* Indicates largest transaction in the industry from Jan. 1, 2018 to June 30, 2018.

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	2 %	2 %
\$0.6	2	0	2	4 %	5 %
\$1.0	4	1	5	7 %	13 %
\$1.6	4	4	8	7 %	20 %
\$2.7	3	10	13	5 %	25 %
\$4.5	4	20	24	7 %	33 %
\$7.4	1	31	31	2 %	35 %
\$12.2	7	37	43	13 %	47 %
\$20.1	5	34	38	9 %	56 %
\$33.1	3	24	27	5 %	62 %
\$54.6	6	14	19	11 %	73 %
\$90.0	2	6	7	4 %	76 %
\$148.4	2	2	4	4 %	80 %
\$244.7	1	1	1	2 %	82 %
\$403.4	2	0	2	4 %	85 %
\$665.1	1	0	1	2 %	87 %
\$1,096.6	0	0	0	0 %	87 %
\$1,808.0	3	0	3	5 %	93 %
\$2,981.0	1	0	1	2 %	95 %
\$4,914.8	1	0	1	2 %	96 %
\$8,103.1	1	0	1	2 %	98 %
Total #	55	184	239		
Total \$ Value	\$30,067	\$2,462	\$32,529		
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 - 1st Half

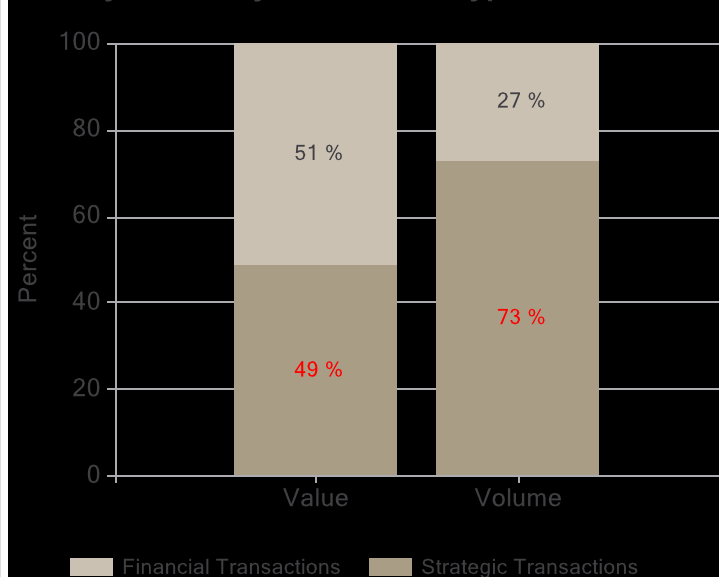


Figure 5. 2016-2018 value and volume comparison by acquirer type.

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 By Half Year

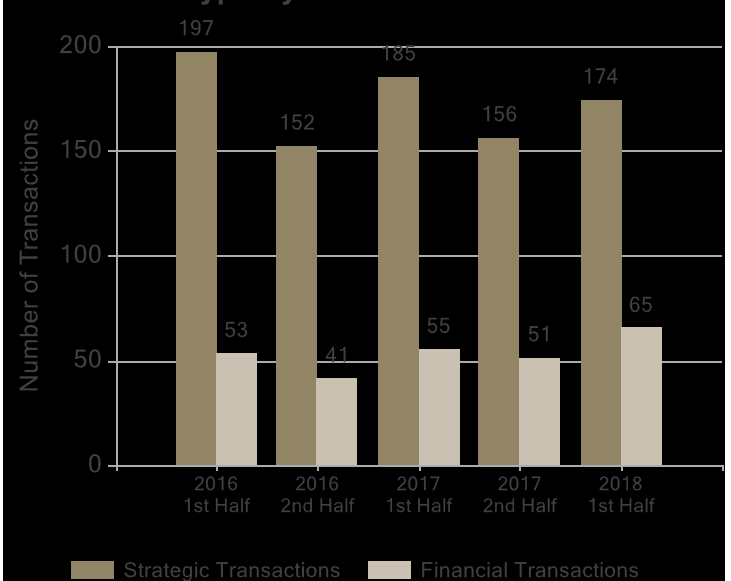


Figure 6. 2016-2018 acquirer type comparison by year.

Purchaser Analysis

Top Ten Notable Transactions - 1st Half 2018

Deal Date	Target Name	Buyer	Value MM US\$
01/31/18	Thomson Reuters Financial & Risk	Blackstone Group LP	\$11,000
01/11/18	DST Systems, Inc.	SS&C Technologies, Inc.	\$5,637
01/17/18	Blackhawk Network, Inc.	SilverLake, P2 Capital Partners	\$3,624
05/18/18	iZettle	PayPal, Inc.	\$2,426
04/20/18	Fidessa group plc	Ion Group	\$2,020
05/21/18	Ipreo Holdings LLC	IHS Markit Ltd.	\$1,855
05/30/18	TMC Bonds	Intercontinental Exchange	\$685
03/07/18	Kensho	S&P Global	\$550
02/07/18	Fiserv Lending Solutions	Warburg Pincus	\$419
06/20/18	Hyperwallet	PayPal, Inc.	\$400
2018 Aggregate Transaction Value			\$32,529
Top 10 Aggregate Transaction Value			\$28,616
Top 10 Aggregate Value as a Percentage of All Transactions			88 %

Figure 7. Lists the top ten transactions for 1st Half 2018 and calculates their aggregate transaction value as a percentage of the total aggregate transaction value as shown in Figure 1 & 4.

Note: Transaction data based on **announced date**.

Median EV/Revenue Multiples By Size

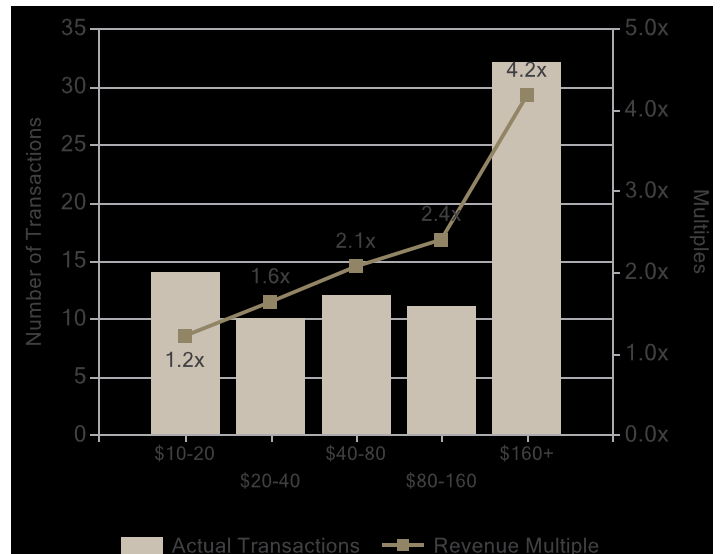


Figure 8. Presents the median enterprise value/revenue multiples paid for companies in the Financial Technology & Information Industry from January 1, 2016 to June 30, 2018 based on publicly available sales price and revenue data.

Transaction Volume by Segment :: January 1, 2016 – June 30, 2018

Transactions By Market Segment By Half Year

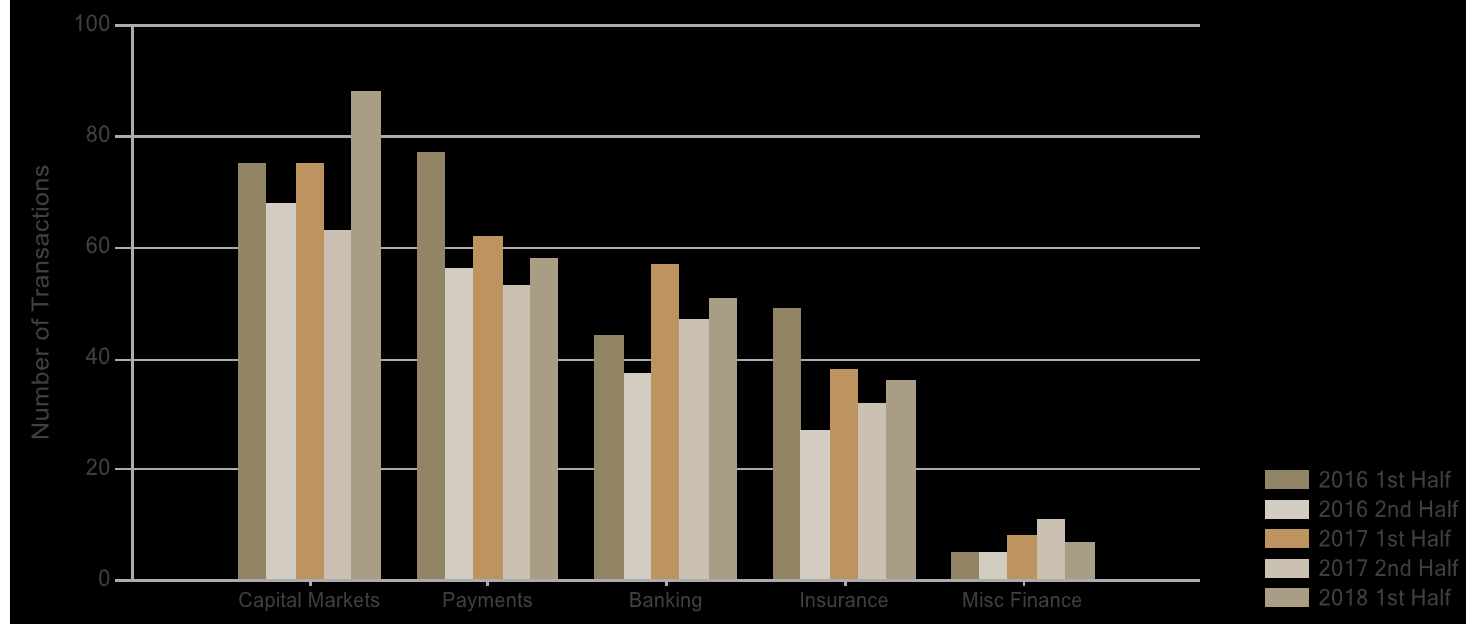


Figure 9. Presents the transaction volume by market segment within the Financial Technology & Information Industry from January 1, 2016 through June 30, 2018.

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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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RECENT FINANCIAL TECHNOLOGY TRANSACTIONS

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HAS ACQUIRED



HAS BEEN ACQUIRED BY



HAS BEEN ACQUIRED BY



HAS BEEN ACQUIRED BY



A PORTFOLIO COMPANY OF



HAS BEEN ACQUIRED BY



A PORTFOLIO COMPANY OF



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