

FINANCIAL TECHNOLOGY AND INFORMATION INDUSTRY

1ST HALF 2020 :: Mergers and Acquisitions Trend Report

1ST HALF 2020 KEY HIGHLIGHTS

- The highest value deal in 1st Half 2020 was Morgan Stanley's announced acquisition of E-Trade, an online brokerage company, for \$13.13 billion.
- Payments rivals Visa and Mastercard each completed acquisitions that reached the top ten list of largest deals in 1st Half 2020. Visa announced its acquisition of Plaid Technologies, which develops and creates API's for banking data, for \$5.3 billion; and Mastercard announced its acquisition of Finicity, a provider of real-time access to financial data and insights, for \$825 million.
- Nine of the top ten largest transactions year-to-date were completed by strategic acquirers.

1ST HALF 2020 KEY TRENDS

- Total transaction volume in 1st Half 2020 decreased by ten percent over 2nd Half 2019, from 274 to 246. However, private equity volume remained nearly constant during this timeframe.
- Total transaction value in 1st Half 2020 fell by 43 percent over 2nd Half 2019, from \$68.93 billion to \$39.05 billion. Of note, there were no deals that reached the \$20 billion threshold in 1st Half 2020, compared to two in 2nd Half 2019 and three in 1st Half 2019.
- The median revenue multiple improved from 2.4x in 2nd Half 2019 to 3.3x in 1st Half 2020.

M&A MARKET OVERVIEW

Berkery Noyes tracked 1,320 Financial Technology and Information transactions between 2018 and 1st Half 2020, of which 276 disclosed financial terms, and calculated the aggregate transaction value to be \$249.01 billion. Based on known transaction values, we project values of 1,044 undisclosed transactions to be \$18.73 billion, totaling \$267.74 billion worth of transactions tracked over the past two and a half years.

Transactions from 1st Half 2018 to 1st Half 2020 with enterprise values above \$160 million received a median revenue multiple of 4.8x, whereas those in the \$20-\$160 million range garnered a median revenue multiple of 2.9x and those in the \$10-\$20 million range had a median revenue multiple of 1.7x.

M&A Market Dynamics By Half Year

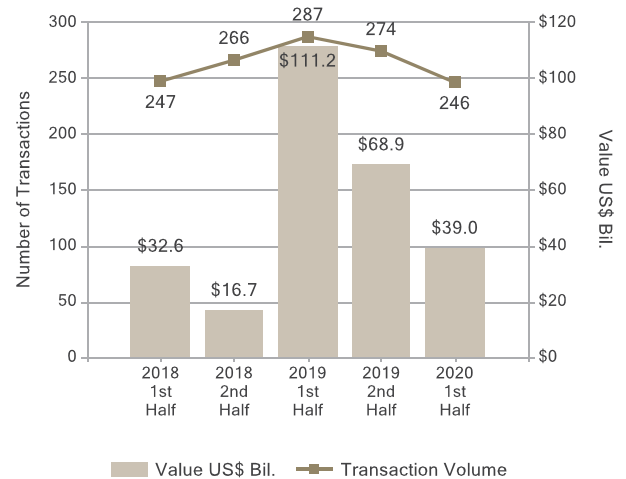


Figure 1. 2018-2020 value and volume comparison.

Median Enterprise Value Multiples By Half Year

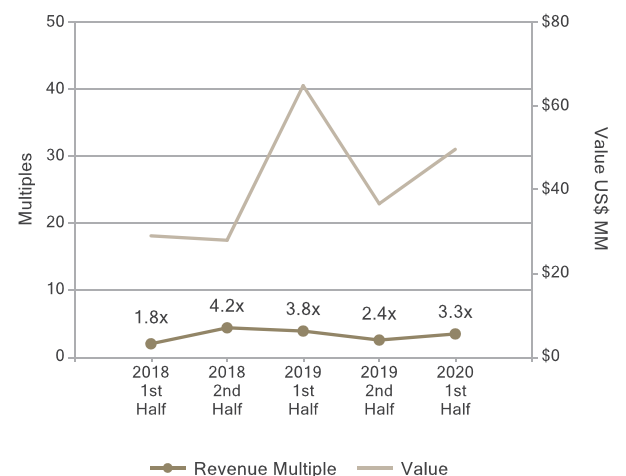


Figure 2. 2018-2020 median: value and revenue comparison.

Transaction Analysis :: January 1, 2020 – June 30, 2020

Bell Curve - Histogram - 1st Half

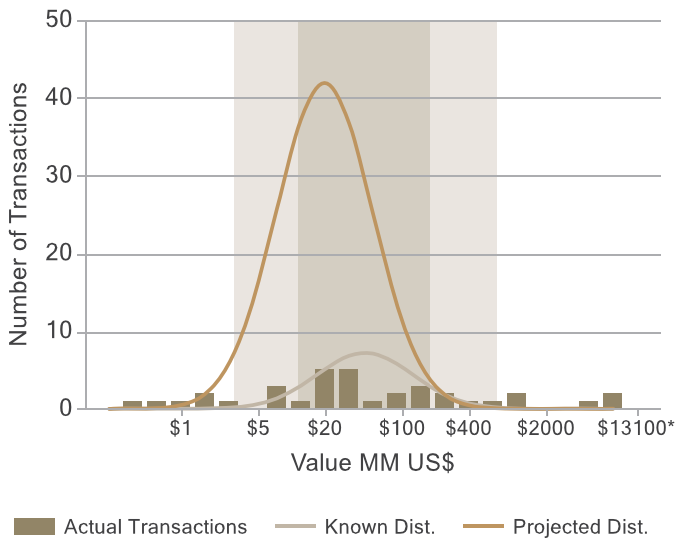


Figure 3. Shows distribution of transactions among the Financial Technology & Information Industry transactions based on publicly available information and Berkery Noyes estimates. Using a logarithmic scale, we determined that nearly one-third of companies purchased had transaction values of \$20.1 million to \$148.4 million. Based on this data, we estimate the total transaction value of deals done in 1st Half 2020 at \$39 billion.

* Indicates largest transaction in the industry from Jan. 1, 2020 to June 30, 2020.

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	3 %	3 %
\$0.6	1	0	1	3 %	6 %
\$1.0	1	0	1	3 %	8 %
\$1.6	2	2	3	6 %	14 %
\$2.7	1	6	6	3 %	17 %
\$4.5	0	14	13	0 %	17 %
\$7.4	3	26	28	8 %	25 %
\$12.2	1	37	38	3 %	28 %
\$20.1	5	42	46	14 %	42 %
\$33.1	5	37	41	14 %	56 %
\$54.6	1	25	26	3 %	58 %
\$90.0	2	13	15	6 %	64 %
\$148.4	3	6	8	8 %	72 %
\$244.7	2	2	3	6 %	78 %
\$403.4	1	0	1	3 %	81 %
\$665.1	1	0	1	3 %	83 %
\$1,096.6	2	0	2	6 %	89 %
\$1,808.0	0	0	0	0 %	89 %
\$2,981.0	0	0	0	0 %	89 %
\$4,914.8	1	0	1	3 %	92 %
\$8,103.1	2	0	2	6 %	97 %
Total #	36	210	246		
Total \$ Value	\$34,881	\$4,166	\$39,047		
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

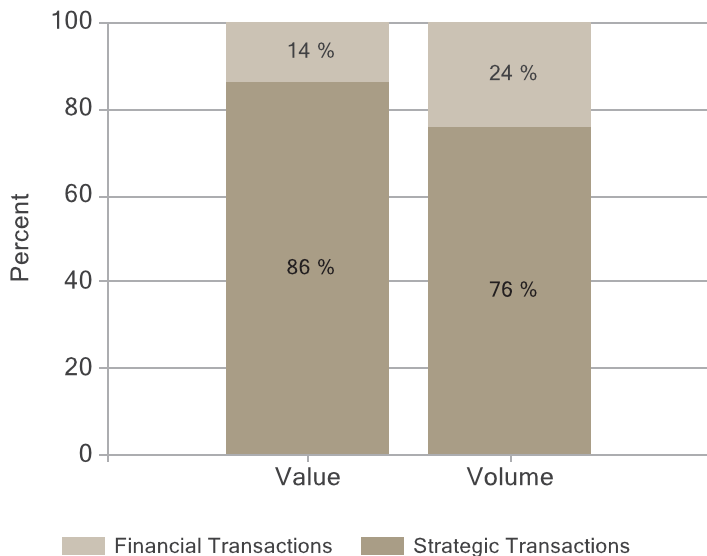


Figure 5. 2018-2020 value and volume comparison by acquirer type.

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

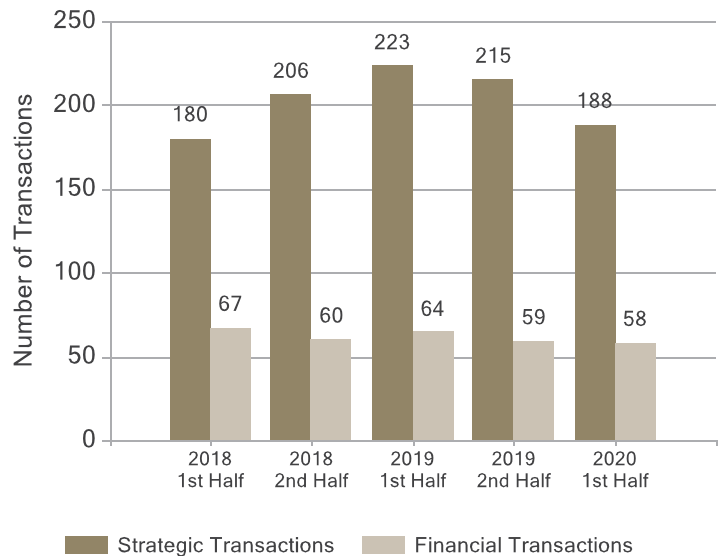


Figure 6. 2018-2020 acquirer type comparison by year.

Purchaser Analysis

Top Ten Notable Transactions - 1st Half 2020

Deal Date	Target Name	Buyer	Value MM US\$
02/20/20	E-Trade Financial Corp.	Morgan Stanley	\$13,132
02/04/20	Ingenico Group	Worldline	\$10,874
01/13/20	Plaid Technologies, Inc.	Visa, Inc.	\$5,300
01/08/20	Open Lending, Inc.	True Wind Capital	\$1,300
04/08/20	Galileo Financial Technologies	SoFi	\$1,200
06/23/20	Finicity	MasterCard Incorporated	\$825
03/11/20	Polskie ePłatności	Nets Holding A/S	\$458
02/13/20	DocuTech Corporation	First American Financial Corporation	\$350
06/02/20	QuadPay	zipMoney Limited	\$269
05/14/20	Ten-X	CoStar Group	\$190
2020 Aggregate Transaction Value			\$39,047
Top 10 Aggregate Transaction Value			\$33,898
Top 10 Aggregate Value as a Percentage of All Transactions			87 %

Figure 7. Lists the top ten transactions for 1st Half 2020 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

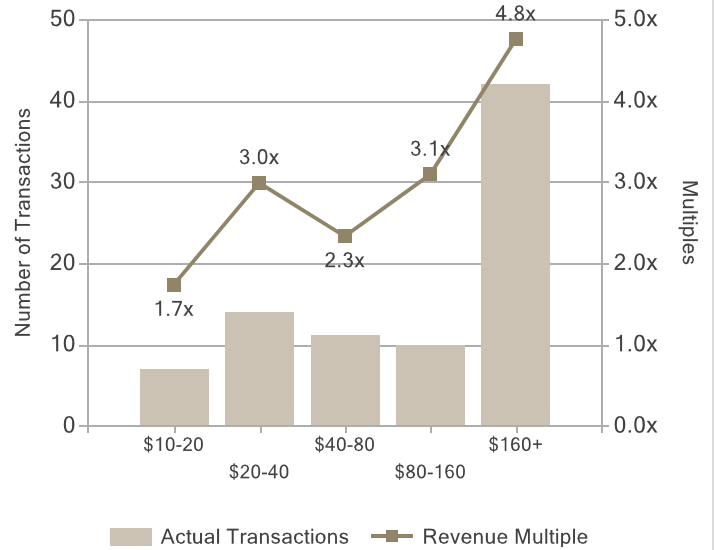


Figure 8. Presents the median enterprise value/revenue multiples paid for companies in the Financial Technology & Information Industry from January 1, 2018 to June 30, 2020 based on publicly available sales price and revenue data.

Transaction Volume by Segment :: January 1, 2018 – June 30, 2020

Transactions By Market Segment By Half Year

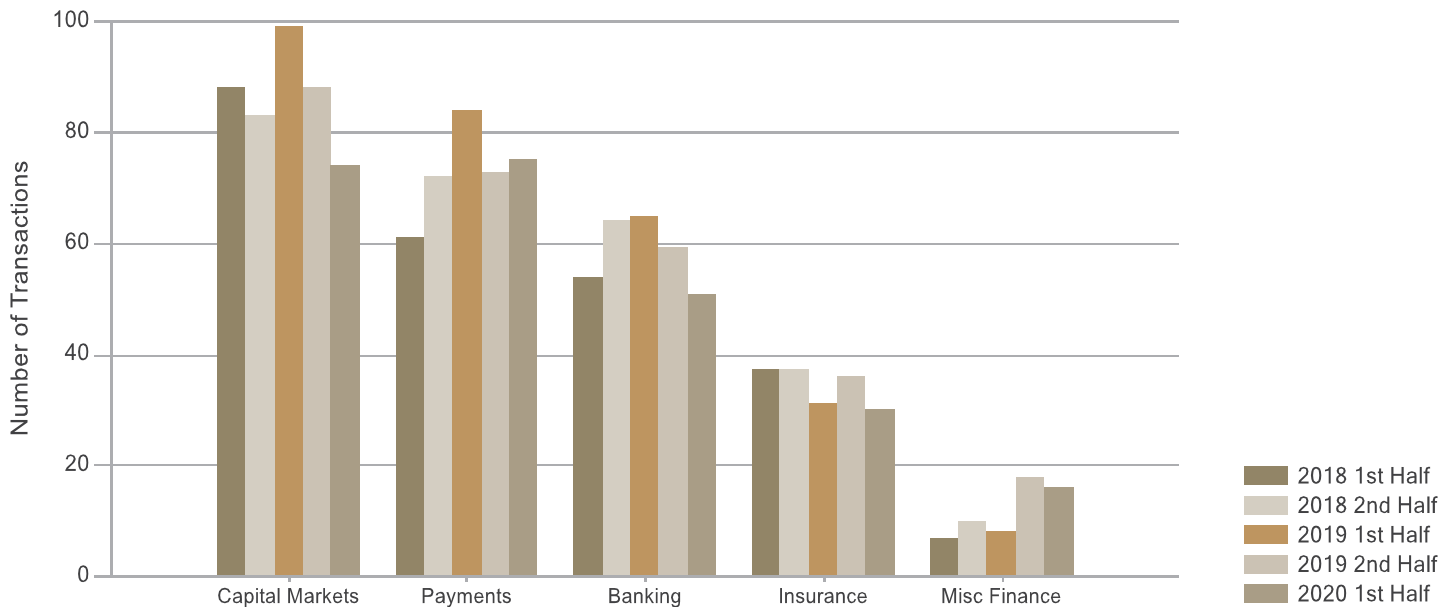


Figure 9. Presents the transaction volume by market segment within the Financial Technology & Information Industry from January 1, 2018 through June 30, 2020.

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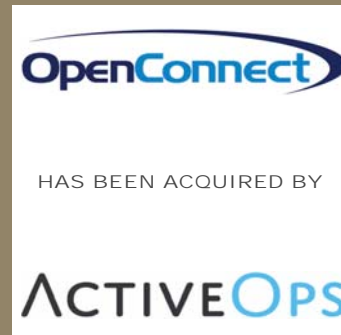
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All charts in this report are based on data gathered by Berkery Noyes' research department. All time period statistics are based on the transaction announcement date. The information contained herein is of a general nature and is not intended to address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

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