

FINANCIAL TECHNOLOGY AND INFORMATION INDUSTRY

Q3 2020 :: Mergers and Acquisitions Trend Report

Q3 2020 KEY HIGHLIGHTS

- Two of the top three highest value deals in Q3 2020 involved SaaS-based companies that serve the mortgage sector: Intercontinental Exchange's announced acquisition of Ellie Mae for \$11 billion; and Black Knight's announced acquisition of Optimal Blue for \$1.8 billion, which it plans to merge with its Compass Analytics business in a newly formed entity.
- Also of note regarding these two deals, Thoma Bravo acquired Ellie Mae in 2019 for \$3.3 billion and GTCR acquired Optimal Blue in 2016 for \$350 million.

Q3 2020 KEY TRENDS

- Total transaction volume in Q3 2020 remained about constant over Q2 2020, from 117 to 119.
- Total transaction value in Q3 2020 more than quadrupled over Q2 2020, from \$5.6 billion to \$24 billion.
- Both the Insurance and Payments segments experienced notable increases in volume on a quarterly basis. Insurance volume improved 73 percent, from 11 to 19 deals. Payments volume gained 17 percent, from 41 to 48 deals.

MULTIPLES & VALUE TRENDS

- The median revenue multiple from 2017 through the 1st 3 Quarters of 2020 shifted slightly, from 2.8x to 3.0x.

Top Ten Notable Transactions - 1st 3 Quarters 2020

Deal Date	Target Name	Buyer	Value MM US\$
02/20/20	E-Trade Financial Corp.	Morgan Stanley	\$13,132
08/06/20	Ellie Mae, Inc.	Intercontinental Exchange	\$11,000
02/04/20	Ingenico Group	Worldline	\$10,874
08/13/20	Vertafore, Inc.	Roper Technologies, Inc.	\$5,350
01/13/20	Plaid Technologies, Inc.	Visa, Inc.	\$5,300
07/28/20	Optimal Blue	Compass Analytics, LLC	\$1,800
01/08/20	Open Lending, Inc.	True Wind Capital	\$1,300
08/05/20	Paya, Inc.	FinTech Acquisition Corp. III	\$1,300
04/08/20	Galileo Financial Technologies	SoFi	\$1,200
06/23/20	Finicity	MasterCard Incorporated	\$825
2020 Aggregate Transaction Value			\$62,980
Top 10 Aggregate Transaction Value			\$52,081
Top 10 Aggregate Value as a Percentage of All Transactions			83 %

Figure 3. Lists the top ten transactions for the 1st 3 Quarters of 2020 and calculates their aggregate transaction value as a percentage of the total aggregate transaction value.

Note: Transaction data based on announced date.

M&A Market Dynamics By Quarter

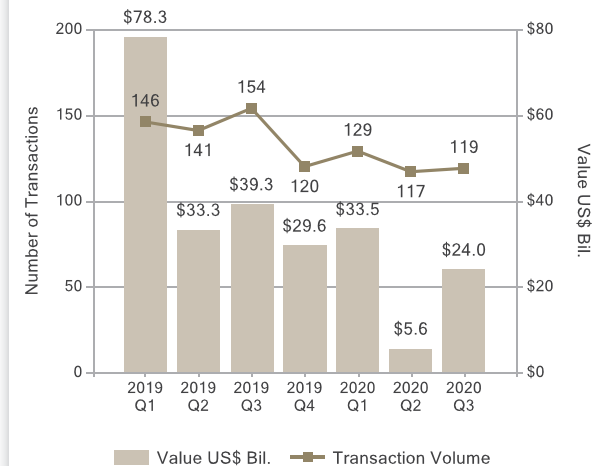


Figure 1. 2019-2020 value and volume comparison.

Median Enterprise Value Multiples

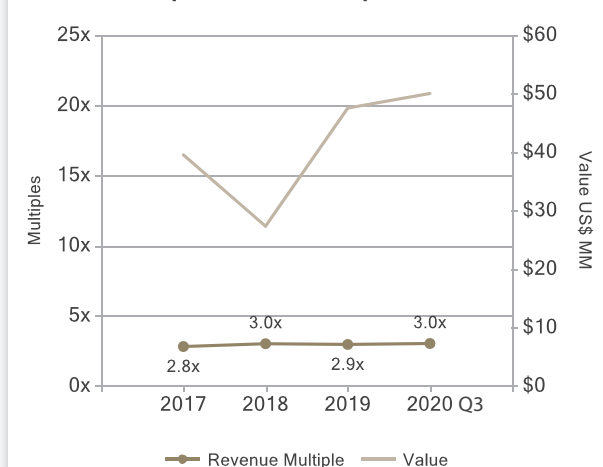


Figure 2. 2017-2020 median revenue and value comparison through Q3 2020.

TOP TEN DEALS THROUGH Q3 2020

The top ten deals by value have seen four new additions since our half year report, all of which were completed by strategic acquirers. In addition, nine of the top ten largest deals year-to-date were completed by strategics.

These four transactions, with an aggregate value of \$19.5 billion, represented 31 percent of transaction value in the 1st 3 Quarters of 2020 and 81 percent of Q3 2020 transaction value.

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RECENT FINANCIAL TECHNOLOGY TRANSACTIONS



HAS BEEN ACQUIRED BY



A PORTFOLIO COMPANY OF

STONE POINT CAPITAL



HAS BEEN ACQUIRED BY



HAS BEEN ACQUIRED BY



A PORTFOLIO COMPANY OF

Corridor Capital



HAS BEEN ACQUIRED BY

ACTIVEOPS



HAS RECEIVED AN INVESTMENT FROM



HAS BEEN ACQUIRED BY



A PORTFOLIO COMPANY OF

Corridor Capital



HAS BEEN ACQUIRED BY

Corridor Capital



A PORTFOLIO COMPANY OF

NARROW GAUGE CAPITAL

HAS ACQUIRED



HAS BEEN ACQUIRED BY

RADIAN

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