


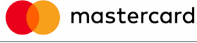








Payment players reported strong quarters in terms of financial growth and operational achievements.

Earnings Summary

Company	Date of Call	Quarterly Revenues \$M	Y/Y %Δ	Quarterly Operating Expenses \$M	Y/Y %Δ	Quarterly Net Income \$M	Y/Y %Δ	Commentary
 globalpayments	09Jan17	\$817	58%	\$837	40%	\$137	37%	Adjusted EPS grew 17% YOY to \$.89, compared to \$.76 in Q2 2016
 TSYS	24Jan17	\$786	22%	\$1,001	67%	\$74	(12%)	FY 2016 net revenue totaled \$3 billion, an increase of 22% YOY
 PayPal	26Jan17	\$2,981	17%	\$2,521	18%	\$390	6%	The number of active customer accounts grew by 5.4 million in Q4 2016
 mastercard	31Jan17	\$2,756	10%	\$1,383	(1%)	\$940	5%	Gross dollar volume grew 9% YOY (on an adjusted basis) to \$1.23 trillion
 vantiv	01Feb17	\$502	11%	\$350	9%	\$63	(11%)	Vantiv holds 19% of US merchant market share in terms of purchase transactions
 VISA	02Feb17	\$4,461	25%	\$1,361	16%	\$2,100	7%	US cross border payments growth reached double digits for the first time since Q1 14
 First Data	13Feb17	\$2,943	(1%)	\$1,513	(21%)	\$192	N/A	FY 2016 net income improved \$1.9 billion YOY totaling \$420 million
 Square	22Feb17	\$452	21%	\$181	15%	(\$15)	N/A	Gross Payment Volume (GPV) increased 34% YOY totaling \$13.7 billion for the quarter
 worldpay	07Mar17	\$1,124	15%	\$518	14%	\$245	77%	Volume increased 12% YOY to £451 billion for FY 2016
 cardconnect	10Mar17	\$42	26%	\$39	21%	\$3	793%	Gateway bankcard processing volume increased 84% YOY to \$1.6 billion

Note: Acquirers' quarterly revenues are net of interchange and assessment pass-throughs. Worldpay reports on a half year basis, their results reflect total FY 2016 earnings.

2017 Guidance

As most acquirers completed calendar year 2016, they began to look forward to 2017, providing shareholders with financial and operational expectations.

Earnings Call Excerpts:

- "In summary, [First Data] set out [in] 2017 to do the following: improve our revenue growth rate, maintain expense discipline, drive strong cash flow, and start to de-lever the balance sheet organically. We are not at all satisfied with our topline growth. ...However, even without anything close to what we consider acceptable revenue growth, we believe First Data now has a uniquely powerful cash generation model that will allow us to pay off debt organically, as evidenced by the \$1.1 billion in net debt reduction we achieved last year." –First Data
- "...All of [TSYS's] segments hit or exceeded their revenue growth goals for the quarter and year and expanded their margins on a constant currency basis. Allowing for our consolidated adjusted EBITDA margin to expand by 84 basis points for the year, our second consecutive year of such expansion. We expect this consolidated adjusted EBITDA margin to again increase by approximately 50 basis points in 2017. Clearly, our margin expansion plans are working." –TSYS
- "[Vantiv] is a leader in Integrated Payments. And in 2017, we will continue to build on our lead. We will leverage our open ecosystem approach to reinforce Vantiv as a partner of choice for dealers and developers. Our ability to continue to ramp new partners and help them deploy payment technologies is why we grow so fast, so quickly." –Vantiv
- "[CardConnect] expects a major theme in 2017 will be a significant reinvestment back into the business, specifically in product development and in strengthening our sales and marketing organization." –CardConnect

API Integration

In order to reach a broader range of new customers, payment players are offering developer friendly API's, therefore providing ease of product integration.

Earnings Call Excerpts:

- "[CardConnect's] go-to-market strategy continues to shift toward software partners that are looking for a unified payments platform inclusive of merchant acquiring, gateway services, and secure device integration. We recently released Bolt, which brings the power of point to point encryption to any software application via a developer friendly API. We believe Bolt positions us to significantly scale our customer base due to the ease of integration it provides our new customers." –CardConnect
- "As part of extending [Visa's] network and enabling easier access, we're pushing toward open access software for our clients and partners. We're providing an open platform for developers to access our APIs to quickly launch new products and experiences." –Visa
- "...With Braintree commerce infrastructure tools, [PayPal] is creating simpler ways for merchants to offer contextual commerce experiences that transform the way consumers shop and pay. Braintree's forward API lets merchants securely share payment data with other sites and apps allowing customers to purchase from multiple merchants in a single convenient and secure experience." –PayPal

Focus on the Digital Channel

Payment players' focus has returned to the digital channel, innovating the way in which merchants can accept payments.

Earnings Call Excerpts:

- "E-commerce enabled by mobile and other form factors is a significant opportunity, and [Visa] is definitely investing behind it. As payments move from the physical to digital world, we're leading the way in developing solutions for our clients, our partners, and consumers. One great example of this is Visa Checkout. We now have over 18 million consumer accounts in 23 countries, and over 1,500 financial institution partners participating around the world. More than 300,000 online merchants have signed on to accept Visa Checkout, representing \$173 billion in addressable volume." –Visa
- "Turning to the highlights on the ePayments, which has returned double-digit growth above 20% in the second half. Combined with the 11% growth figure on a full-year basis, this division has significantly outperformed [Ingenico's] expectations, which was for a return to double-digit growth in H2 2016. ...Our development of best-in-class functionality has continued with the introduction of messaging bots and an upgrade of the front-end successfully delivered." –Ingenico
- "[Square] used the technology behind our recently launched e-commerce API to build and launch Virtual Terminal in the U.S. in just two months. We then quickly followed and launched this product in Australia in February 2017. This development speed demonstrates how quickly we can move by leveraging the breadth and agility of our platform. Virtual Terminal generated more than \$40 million in GPV [gross payment volume] in January 2017." –Square
- "Last quarter, [Mastercard] highlighted our agreement with the Ecobank Group to rollout MasterPass QR as the mobile person-to-merchant service across 33 African countries. This quarter, we are building on that momentum. We have partnered with SnapScan, a mobile QR based payment solution backed by Standard Bank in South Africa, as well as with the government of India and RBL Bank to add a combined 40,000 merchants who will now be able to accept secure digital payments quickly and without the expense of a traditional POS terminal." –Mastercard
- "[Global Payments'] omnichannel solutions business remains a key growth driver of our strategy worldwide. In North America, we have integrated Heartland's ecommerce offering with Realex to create market-leading omnichannel capabilities." –Global Payments

M&A Activity

This quarter multiple payment players used inorganic-growth strategies to expand their global presence and product offerings.

Earnings Call Excerpts:

- "[Vantiv's] rationale for the acquisition was simple. It expands our presence in high-growth channels and enables us to consolidate [Moneris'] processing onto our platform. About [60%] of Moneris' net revenue comes from integrated payments and the merchant bank channel. In integrated payments they are strong in the healthcare vertical, where they have developed strategic relationships in the healthcare provider space which is a key area of focus for us. In addition, the acquisition brought us a strategic merchant bank relationship with BMO Harris Bank. BMO Harris Bank is an important commercial bank with 600 branches that will generate a significant amount of new merchant referrals." –Vantiv
- "One example [of M&A] is the acquisition of Cardinal Commerce, which closed [February 1, 2017]. This acquisition helps [Visa's] clients and merchant partners accelerate digital payments and commerce by improving online payment security. It builds on our strength in the sector, and augments issuer services and our cyber-source capabilities. In this dynamic payments ecosystem, we need to invest to drive future growth, and maintain our market-leading position." –Visa
- "The acquisition of TechProcess will support the strategy of Ingenico Group in India, where it is the leader in the terminal market with c.50% market shares and a player in online payments through EBS, an Ingenico ePayments entity. As a result, Ingenico Group will further expand its footprint in the country, and, ultimately, offer cross-border capabilities." –Ingenico
- "[TSYS] is in discussions to purchase an additional 10% of the Central Payment joint venture next month, bringing our ownership to 85%. CPAY continues to deliver strong double-digit growth to our direct business..." –TSYS

Company	Target	Announced	Reason for Acquisition
 vantiv	 Moneris SOLUTIONS	10Nov16	High Growth Channels
 VISA	 CARDINAL COMMERCE	01Dec16	Digital Payment Security
 TSYS	 CentralPayment	24Jan17	Increase Share of Joint Venture
 ingenico GROUP	 TechProcess Payment Services	30Jan17	Global Expansion (India)

All information included within this document is based on public statements, documents, and disclosures.

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