

Paysafe

Q1 IMS

FY17 guidance maintained

Software & comp services

Paysafe traded as expected during Q117 and management maintains its guidance for FY17 revenue growth and EBITDA margins. Cash conversion remains strong with net debt reducing as expected. The stock continues to trade at a c 30% discount to its peer group on EV/EBITDA and P/E multiples, which in our view is excessive. Continued steady progress in growth and cash generation as well as a reduction in the relative contribution from the company's largest merchant should help to reduce this discount.

Year end	Revenue (\$m)	EBITDA* (\$m)	EPS* (p)	DPS (p)	P/E (x)	EV/EBITDA (x)
12/16	1,000.3	300.8	42.1	0.0	14.2	10.5
12/17e	1,103.9	332.5	44.6	0.0	13.4	9.5
12/18e	1,203.0	364.8	48.6	0.0	12.3	8.7
12/19e	1,298.1	398.9	52.7	0.0	11.4	7.9

Note: *EBITDA and EPS are normalised, excluding amortisation of acquired intangibles, exceptional items and share-based payments.

Paysafe has provided a trading update prior to today's AGM. Trading for the first quarter has been in line with management expectations and management reiterates its guidance for FY17: low double-digit organic revenue growth (our reported revenue growth forecast 10.4%, consensus 10.8%), with adjusted EBITDA margins of at least 30.1% (our forecast 30.1%, consensus 30.2%). Adjusted cash conversion remains strong; as a reminder adjusted cash conversion before payments working capital was 101% in FY16, and including payments working capital was 86%. The company spent £22.4m to buy back 5.8m shares during Q117; despite this net debt continues to reduce. We forecast that net debt (including deferred financing fees) will reduce from \$279.8m at the end of FY16 to \$91.8m by the end of FY17 before moving to a net cash position in FY18, with net debt/adjusted EBITDA falling from 0.9x to 0.3x over the course of 2017. This leaves substantial headroom to fund acquisitions.

9 May 2017

Price 462.4p
Market cap £2,239m

Net debt (\$m) at end FY16* 279.8
*Includes deferred financing fees

Shares in issue 484.3m

Free float 98.7%

Code PAYS

Primary exchange LSE

Secondary exchange N/A

Share price performance



Business description

Paysafe Group is a global payment solutions specialist operating in three areas: payment processing, digital wallets and prepaid services.

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