

APRIL 2020 DEAL OF THE MONTH &
PERSPECTIVES ON FINTECH

CLAIRFIELD
INTERNATIONAL

CLAIRFIELD ADVISES NETS GROUP ON THE ACQUISITION OF POLSKIE PŁATNOŚCI (PEP)

DENMARK/POLAND

nets

acquired



ELECTRONIC PAYMENTS



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Worldwide megatrends



by Piotr Kołodziejczyk
CLAIRFIELD HEAD OF FINTECH

Full-service coverage

Companies in the fintech industry are increasingly active in the M&A space and open to collaborating with each other to broaden their reach. The search for synergies encompasses all aspects of their customer proposition, ranging from geographical coverage through presence in both e-commerce and brick-and-mortar space to access to new payment methods.

Security

Although less visible, security is a key element in the industry. With ever more complicated infrastructures, increasing number of integration and connectivity to provide many payment methods with electronic money becoming mainstream, the consumer must feel the same level of safety making electronic payment as with traditional cash. No errors are allowed in the area of security as 89% of customers stop doing business with a brand after a bad experience. The vital importance of security results in quick adoption of solutions providing Strong Customer Authentication and technologies that improve safety such as AI and Machine Learning (to pinpoint suspicious consumer behavior) or biometrics (to verify identity).

Convenience is king

A quick and easy payment process is at the center of a positive consumer experience. Consumers remain reluctant to spend at a store that does not offer the payment method they currently use. At the same time, availability of new payment options becomes an important factor in returning to the retailer. Access to consumer finance solutions increases basket conversion ratios and spending.

The seamless payment process becomes a critical part of industries based on micro-payments (for example, online and mobile gaming). One-click solutions are essential for businesses that involve many small and very often impulsive purchases where the effort of going through a complex check-out often discourages a transaction.

Moreover, consumer habits have started flowing between e-commerce and in-store spaces. Shoppers in brick-and-mortar stores will expect to walk out and be charged at the door for what they purchased. The increasing popularity of smart POS solutions or deferred payments without a credit card is leading to the emergence of pay-later solutions. At the same time online shoppers expect to see how the merchandise looks or performs in action which brings the human factor back to e-commerce in the form of Live-Stream Shopping.

The quest for convenience also impacts the consumer finance industry. The new regulation that allows Third Party Processors in banking created a new segment of account aggregators. These businesses offer a brand new one-stop-shop proposition – a command center for all finance products regardless of which bank provides them. Additionally, thanks to seeing the full financial profile of the customer, such companies are even better at tailoring new services for the users and reduce “SPAM selling”.

Transaction summary

Nets Group acquired a 100% stake in PeP, a leading merchant acquirer in Poland with an installed base of more than 125,000 point-of-sales terminals, offering a broad set of payment solutions focused on the attractive SME segment. The transaction values PeP's enterprise value at EUR 405 million.



Profile of the companies



Nets Group is a market leader in the European payments industry. The Group offers card payment, invoice handling, credit transfer transactions and merchant services.



The Polish ePłatności company specializes in processing non-cash payments and providing innovative services for business, providing support for payment transactions made with payment cards and other services using POS terminals.

The wide range of services offered by Polish ePayments includes, settlement of card transactions, cashback, DCC - payment in the currency of the card, prepaid mobile phone top-ups, and support for advanced loyalty programs.

Transaction rationale

With the acquisition of PeP, Nets further strengthens its position in Poland – one of the most attractive geographies in Europe given the low card penetration and double-digit growth in card usage, driven by conversion from cash to card payments. This development is further supported by state initiatives promoting in-store electronic payment solutions.

Clairfield role

Clairfield International, together with UBS, acted as financial advisors to Nets Group. This transaction is the fifth fintech/e-payments deal closed by Clairfield in Poland.

This is Nets' third successful transaction in Poland advised by Clairfield over the last two years. Clairfield's industry expertise was instrumental in assessing the target's business plan and finding possible synergies. The understanding of sector dynamics and the local M&A market also contributed to the determination of the seller's priorities and identification of genuine competitors in the process.

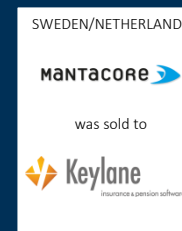
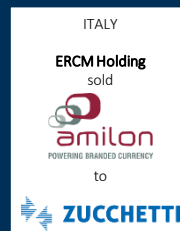
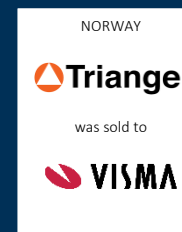
"This acquisition follows our recent acquisition of Dotpay/eCard and the strategic alliance with Przelewy24, who both are particularly strong within e-commerce. With PeP being strong in the SME segment on card acceptance and point-of-sales terminals, this deal has a convincing strategic fit, completing our offering to merchants in Poland." — Bo Nilsson, CEO of Nets Group

Deal team: Piotr Kołodziejczyk, Adam Siwiński, Michał Stosio

REFINITIV

Company	Rank
Clairfield International	1
BDO	2
BNP Paribas SA	2
AP Management	4
Nomura	4
Rothschild & Co	4
UBS	4
Benchmark International	8
Bofa Securities Inc	8
Canaccord Genuity Grp Inc	8
Cardinal Partners SAS	8
Carnegie	8
Centuros GmbH	8
CFI	8
Citi	8
Cooperatieve Rabobank UA	8
Deloitte	8
Ernst & Young LLP	8

Selected Clairfield fintech transactions



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