

# What's the going rate for a Merchant Portfolio?

A general example of determining portfolio multiples is displayed, with main indicators including:

1. Attrition Rate
2. Sales Model
3. Size of Sales Engine



Ratios & Value Drivers		HIGH MULTIPLE EXAMPLE	AVERAGE MULTIPLE EXAMPLE	LOW MULTIPLE EXAMPLE
	Sales Volume per Account (000)	98	40	129
1. Attrition Rate	Attrition (Net)	17%	20%	35%
	Net Revenue - % of SV	0.8680%	2.6289%	0.2780%
2. Operating Expense Levels	Op Expense - % per SV	0.1377%	0.5513%	0.0%
	Base EBITDA - % SV	0.7303%	2.0776%	0.2780%
	Base Value X Net Revenue	1.6	1.4	0.9
	Base Value X EBIT	1.9	1.7	0.9
3. Size of Sales Engine	Sales and N A Expense - % of SV	0.7303%	2.0776%	0.2780%
	Y1 SV Growth	42%	28%	-35%
<b>Annualized Multiple</b>	<b>Total Value X Net Revenue</b>	<b>6.2</b>	<b>3.4</b>	<b>0.9</b>
	Total Value X Total EBITDA	NM	11.3	0.9

### HIGH MULTIPLE EXAMPLE (6.2)

Average to low attrition and low operating expense, with a robust sales engine gives a high multiple

### AVERAGE MULTIPLE EXAMPLE (3.4)

Average attrition and high operating expense levels are offset by a large sales engine resulting in an average multiple

### LOW MULTIPLE EXAMPLE (0.9)

High attrition without any growth from the sales engine shows a low multiple