



# Planet Payment

Support Services  
PPT (FTSE AIM ALL SHARE)

## Industry consolidation looks set to continue

- The announcement on August 19 that Mastercard is to buy Datacash continues a trend of consolidation within the payments processing sector. Year to date Visa has acquired Cybersource and also set up a joint venture with the Reserve Bank of India, Welsh, Carson, Anderson & Stowe acquired GlobalCollect and Advent International has just agreed to buy WorldPay from RBS. We expect this trend to continue, especially as Visa and Mastercard continue to develop their global footprint and product spread. Planet Payment is a leading independent payments processor with a fast-growing, high margin multi-currency business which is the key growth driver. This gives it some scarcity value.
- Forecasts: We have updated our forecasts to reflect the Q2 trends. We now look for EBITDA for '10 of \$4.0m (was \$4.7m) and for '11 of \$9.3m (was \$10.3m), giving PBT of \$2.5m for '10 and \$8.0m for '11 (was \$3.2m and \$9.0m respectively). The downgrades reflect principally a slightly more cautious view of H2 volumes and the gross profit margin for the year. We would also draw attention to the group's need to refinance a \$4m loan note which falls due in November. We expect this to be resolved successfully but, if not, then a capital raising may be necessary.
- Valuation: Mastercard has agreed to pay £333m for Datacash, a 2011 est EV/EBITDA of 13x and a p/e of 21x representing a 54% premium to the previous close. This makes Planet Payment look cheap relative to peers on a p/e of 6x for 2011. However, we have reduced our Target Price to 120p from 169p to reflect the lowered forecasts.

## Breaking News

Upside  
**Buy** 128.6%

### What's Changed

2010E EPS	4.1c (was 5.3c)
2011E EPS	12.3c (was 13.9c)
Rating	Buy (unchanged)
Price Target	120p (was 169p)

Price **53p**  
Target Price **120p**



Source: Proquote

Shares in issue	38.1m
Net Debt/(Cash)	£2.0m
Market Cap	£20.0m
Enterp. Value	£21.9m
NAV/Share	1.9p
Next Event	Q3 November '10

Net Debt is current year estimated

### Forecasts (\$m)

	12/08A	12/09A	12/10E	12/11E
Turnover	36.2	47.3	67.2	90.9
EBITDA	(6.3)	0.5	4.0	9.3
PBT	(7.5)	(1.1)	2.5	8.0
Tax (%)	(0)	(0)	0	0
EPS (p)	(15.6)	(1.9)	4.1	12.3
DPS (p)	0.0	0.0	0.0	0.0

### Ratios (x)

	12/08A	12/09A	12/10E	12/11E
P/E	n/a	n/a	19.4	6.5
EV/EBITDA	n/a	83.6	9.3	3.1
Yield (%)	n/a	n/a	n/a	n/a
Price/NAV	(3.2)	(90.9)	27.3	10.6

Data is adjusted

### Company Description

Multi-currency payment processing solutions.  
[www.planetpayment.com](http://www.planetpayment.com)

## Disclosure Checklist

Company	Code	Disclosure
Planet Payment	PPT	3,6,9,10,11

Source: Daniel Stewart

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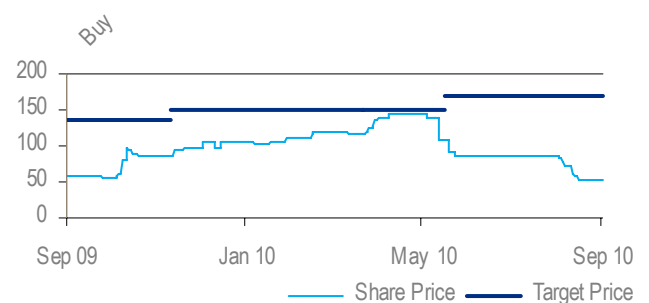
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### Recommendation History



Source: Daniel Stewart