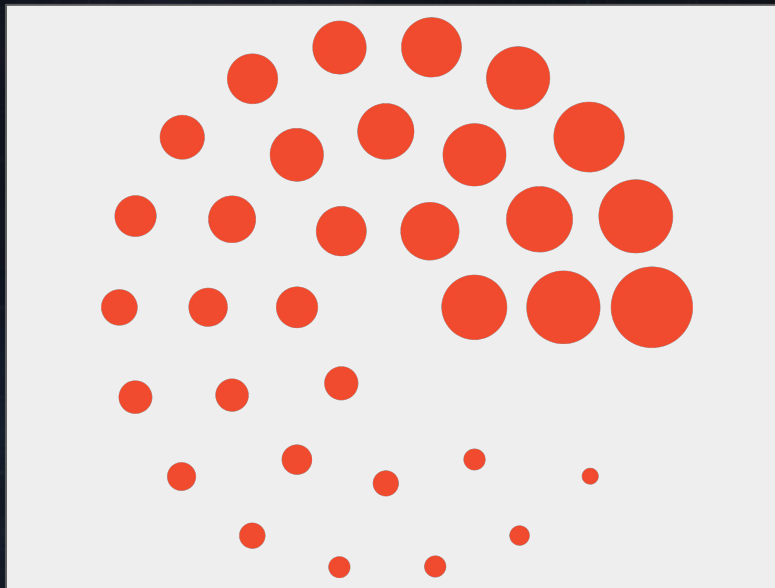


Equity Research Report



EVERTEC (EVTC) Financials | FinTech

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Investment Overview

EVERTEC (EVTC)

Sector: Financials | Industry: Payment processing and FinTech | Price: \$25.72

Thesis:

Evertec is the most important payment infrastructure provider across Latin America and the Caribbean - a region still largely underpenetrated by digital payments. Owning the ATH network (Puerto Rico's dominant PIN-debit network), operating across 26 countries and rapidly expanding into financial SaaS through acquisitions (Sinquia, Tecnobank, Dimensa), Evertec is building an integrated financial technology platform for banks, governments and merchants. Trading at a forward P/E of approximately 8x - a 60% discount to its 10-year average P/E - the market seems focused on short-term risks, while missing two bigger opportunities - future earnings boosts from Evertec's 2026 acquisitions and the long runway of growth as Latin America keeps shifting away from cash.

Key Drivers:

- Latin America's digital payments market remains underpenetrated, with cash still dominant in many markets.
- Dimensa acquisition adds over 15,000 Brazilian financial institution clients and 95% recurring SaaS revenue.
- ATH network monopoly in Puerto Rico leads to a near-impenetrable market position processing over 10 billion annual transactions.
- Forward P/E of 8x - 60% below 10-year historical average P/E of 20x.

Key Risks:

- Client concentration: Banco Popular accounts for about 29% of revenue. That dependence showed up in late 2025, when Banco Popular pushed through a 10% pricing discount.
- Competition from Fiserv, StoneCo, PagBank and Mercado Pago intensifying in Brazil.
- Integration risk: Simultaneous integration of Sinquia, Tecnobank and Dimensa requires operational focus.
- Over 40% of Evertec's revenue comes from Latin America, so swings in currencies can distort reported results.

Haven Rating:

Recommendation: Buy
Time Horizon: 3-5 Years
Risk Level: Medium
Catalyst Driven: Yes

Catalysts (Next 1-6 Months):

- Dimensa deal closing (Q2 2026) - pending final Brazilian antitrust approval.
- Q2 2026 earnings report - first quarter where Dimensa's revenue contribution shows up in results.
- Q3 2026 earnings report - potential raise if integration is tracking well.
- New LatAm contract execution - continued rollout of recently won deals (Banco de Chile, Financiera Oh, Transbank)
- Quarterly dividend payments - continued \$0.05/share payout signaling balance sheet stability through the integration period.
- Continued BRL/currency movements - any further appreciation in Brazilian Real would boost the reported revenue.

Quick Stats:

- Price: \$25.72
- P/E Ratio: Forward P/E 8.08x
- Market Cap: \$1.59B
- Enterprise Value: \$2.51B
- Revenue (TTM): \$931.8M
- Cash: \$314.5M (Q1 2026)
- FCF: \$210.81M (TTM)
- Beta (5Y): 0.89 (lower than market)

Business Overview

Company Snapshot

Business Description:

Evertec is a leading full-service transaction processor and financial technology provider in Latin America, Puerto Rico and the Caribbean. It owns and operates the ATH network - one of the leading PIN-debit networks in Latin America - and manages electronic payment networks, core banking systems and financial SaaS across 26 countries, serving financial institutions, merchants, corporations and government agencies with extremely essential technology.

Revenue Model:

Evertec generates primarily recurring, transaction-based and SaaS revenue. Revenue is a mixture of hardware/processing fees (per-transaction) and long-term software contracts (95% recurring in Dimensa). This mix creates highly predictable cash flows with operating leverage as volumes scale.

Operating Segments

Segment	% of Revenue
Latin America Payments & Solutions	44%
Payment Services - Puerto Rico & Caribbean	27%
Business Solutions	17%
Merchant Acquiring	12%

Total FY 2025 Revenue: \$931.8M (+10.2% YoY)

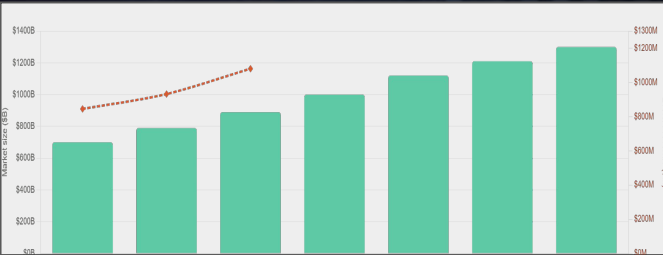
Key Operating Metrics

- Over 10B transactions processed annually.
- Operating across 26 Latin American countries.
- Dimensa handles over 15,000 financial institution clients in Brazil.
- ATH Movil has 1.7M+ active users (Puerto Rico’s most popular P2P app).
- Q1 2026 Adjusted EBITDA margin - approximately 39%.

Industry & Competition

Industry Overview

Latin America is experiencing rapid digital payment adoption as cash usage declines, smartphone penetration rises and governments push financial inclusion. The LatAm digital payments market is expected to grow at a CAGR of 12-15% through 2030, driven by e-commerce boom, real-time payment rails and rising middle class. The Caribbean (especially Puerto Rico) remains Evertec's fortress - near-monopoly ATH network with limited substitution risk.



Trends

Latin America's shift from cash to digital payments remains the core growth driver, with governments actively pushing financial inclusion policies that expand the addressable market. Technologically, Brazil's PIX real-time payment system and rising AI use in fraud detection and credit scoring are setting the new baseline for financial infrastructure. Consumer behavior is shifting in parallel - cash usage is declining as mobile-first payment habits take hold, mirrored by ATH Movil's strong adoption in Puerto Rico. Together, these trends reinforce Evertec's position as the infrastructure layer powering the region's payments shift.

Main Competitors

Competitor	Ticker	Market Cap	Additional Notes
Fiserv	FISV	\$25.52B	Global scale; competes in merchant acquiring and processing in LatAm
StoneCo	STNE	\$2.58B	Brazil-focused; aggressive SME pricing; direct Evertec rival in Brazil
dLocal	DLO	\$3.76B	Cross-border LatAm payments specialist; regulatory expertise
Mercado Pago	MELI	\$93.79B	E-commerce integrated wallet; ecosystem threat to merchant acquiring

Company Positioning

Evertec holds two distinct competitive positions: a near-monopoly incumbent in Puerto Rico through the ATH network, and a rapidly scaling SaaS challenger across Latin America via Sinqia, Tecnobank and Dimensa. This sets it apart from global competitors like Fiserv, which competes on global scale but lacks Evertec's regional entrenchment and low-cost rivals like StoneCo in Brazil, which compete mainly on price. While low-cost Brazilian competitors pressure Evertec’s transaction-processing margins, its growing mix of high value, recurring SaaS revenue increasingly shifts the competition away from pure pricing - positioning it as an embedded financial infrastructure provider rather than a commoditized processor.

Valuation

Current Valuation			
	Prev. Year	Current Year	Next Year (Projected)
EV/Revenue	2.68x	2.69x	2.33x
P/S	1.96x	1.7x	1.47x
Market Cap	\$1.83B	\$1.59B	\$2.21B

Peer Comparison			
	EV/Revenue	P/S	Market Cap
Evertec	2.69x	1.7x	\$1.59B
Fiserv	2.58x	1.23x	\$25.52B
Mercado Pago	3.43x	3.25x	\$93.79B
StoneCo	1.32x	0.93x	\$2.58B

Valuation Scenarios			
Scenario	Assumption	Implied Value	Upside/Downside
Base Case	Steady 8-10% revenue growth, Dimensa synergies begin 2027, LatAm momentum holds	\$28-\$35	+9% to +36%
Bull Case	LatAm surges, full Dimensa synergies, M&A multiple re-rating, activist interest, BRL appreciates	\$45-\$55	+75% to +114%
Bear Case	Banco Popular discount persist, BRL depreciates, integration delays, no synergies	\$18-\$22	-14% to -30%

Fundamental Analysis

Quantitative Analysis (Financial Health)

Evertec's income statement reflects strong, profitable growth - FY2025 revenue rose 10.2% YoY to \$931.8M, with net income climbing even faster at 25.7% to \$141.6M, signaling expanding profit margins and growing operating leverage as the business scales. Q1 2026 extended this trend, with revenue up 8% YoY to \$247.9M, beating consensus by 3.47%, and management has since raised full-year 2026 guidance to \$1.073-\$1.085B in revenue alongside adjusted EPS growth of 6.6-9.9%.

On the balance sheet, Evertec's financial position shows healthy short-term liquidity, with a current ratio of 2.91 indicating assets comfortably cover near-term liabilities, though Debt/Equity has risen to 1.55 as the company leveraged its balance sheet to fund the Sinqia, Tecnobank and Dimensa acquisitions - a tradeoff between growth investment and balance sheet conservatism worth monitoring.

From a cash flow perspective, Evertec generated \$232.16M in trailing operating cash flow against just \$21.35M in CapEx, translating into \$210.81M of free cash flow - a strong conversion rate that funded \$23.1M in shareholder returns (buybacks and dividends) in Q1 2026 alone, even as financing activity from acquisition-related debt has actively shaped the company's capital structure.

Key Ratios

Profitability	Valuation	Liquidity & Solvency	Growth Metrics
Net Profit Margin: 15.2%	Trailing P/E: 13x	Current Ratio: 2.91	Adjusted EPS growth: +3%YoY
Operating Margin: 18-20%	Forward P/E: 8x	Debt-to-Equity: 1.55	FY2026 Adjusted EPS
ROE: 23.64%	P/B ratio: 2.13x		Guidance: +6.6% to +9.9%
ROA: 9.5%	P/S ratio: 1.7x		Revenue growth: +8% YoY

Quantitative Analysis (Business Fundamentals)

- Management Effectiveness: CEO Mac Schuessler focuses on disciplined M&A and regional expansion. Consistent execution against raised guidance shows management credibility.
- Competitive Advantage: ATH network monopoly in Puerto Rico; deep regulatory relationships; 26-country LatAm presence; financial SaaS via Sinqia and Dimensa stack.
- Business Model: Recurring transaction-based fees as well as around 95% recurring SaaS (Dimensa). High operating leverage - incremental revenue grows margins significantly.
- Industry Trends: LatAm digital payment adoption at early innings. Brazil's PIX real-time system accelerating electronic volume. Financial inclusion regulatory push is structural.

Technical Analysis

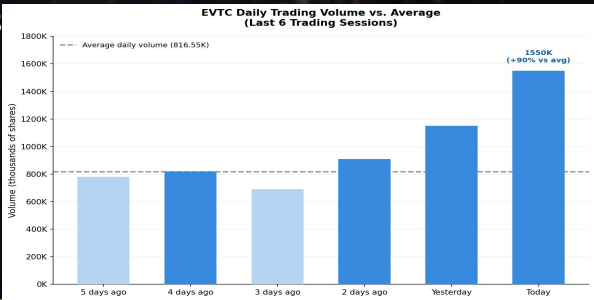
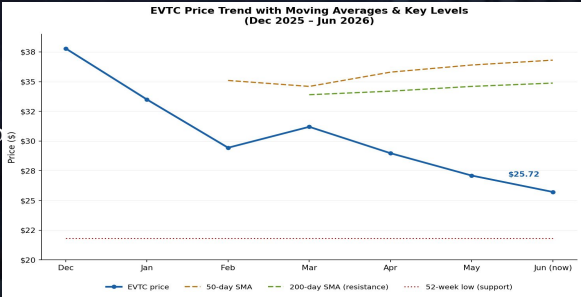
Price Action and Charts

Trend Analysis: Evertec is in a medium-term 52-week high of \$37.79 to \$25.72. Price trades (\$36.81), and 200-day (\$34.88) SMAs - a b timeframes following Q1 2026 sell-off, with price yet to recover any of the three.

Volume Confirmation: Volume of 1.55M is well confirming genuine selling pressure, not low-conviction drift.

Support & Resistance: The 200-day SMA (\$34.88) is the nearest resistance. The 52-week low of \$21.81 is the nearest support, not yet broken.

Trendlines & Channels: Evertec is tracing a higher high, with lower highs each rally. RSI (~33) is in oversold territory, though MACD (-0.290) still confirms sell-side momentum.



Common Technical Indicators

Moving Averages [Sell]:

Evertec is trading below the 5-day (\$35.95), 50-day (\$36.81), and 200-day (\$34.88) SMAs - a bearish alignment across all three time frames following Q1 2026 sell-off, with price yet to recover any of the three.

RSI [Oversold]:

The 14-day RSI is around 33, placing the stock in oversold territory. A bounce above 40 would be an early signal of a potential short-term reversal.

MACD [Bearish]:

The MACD currently sits at -0.29, below its signal line, with a negative histogram. This confirms ongoing downside momentum and no bullish divergence has emerged yet to suggest a reversal is imminent.

Bollinger Bands [Neutral]:

Price is currently trading near the lower Bollinger Band. This band compression suggests the stock may be approaching either a reversal point or a period of stabilization, though the signal remains inconclusive on its own.

Core Assumption

- Market discounts everything: All known fundamentals are already reflected in the stock price (Evertec's current price already reflects all known information, including FY2025 earnings, the Dimensa acquisition and Banco Popular's pricing discount).
- Prices move in trends: Price movements are not random but follow specific, identifiable trends (Evertec's decline is not random and follows an identifiable downtrend, confirmed by price trading below its 5-day, 50-day and 200-day moving averages).
- History tends to repeat itself: Market psychology and patterns repeat over time (Patterns like the current oversold RSI (~33) often precede similar outcomes seen in past cycles).

Conclusion/Recommendation

Investment Recommendation

BUY

Target Price & Potential Returns

Target Price: \$35-\$45 (12-24 month horizon)
Potential Upside: +36% to +75%

Core Thesis Summary

Evertec is the most dominant B2B payment infrastructure and financial SaaS provider across Latin America and the Caribbean, processing over 10B transactions annually with a near-monopoly in Puerto Rico via ATH network. Its consumer-facing P2P app, ATH Movil, reaches over half the island's population, reinforcing a moat that spans both institutional and retail relationships.

At approx. 8x forward P/E and 57% below estimated fair value, Evertec is deeply discounted relative to its free cash flow and the unrecognized earnings power of its M&A stack (Sinquia, Tecnobank, Dimensa), none of which is reflected in current guidance. The market appears focused on near-term risks, including Banco Popular's client concentration and Forex exposure to the Brazilian Real, while overlooking the structural growth still ahead as Latin America's digital payments adoption remains in its early stages.

As Dimensa's cross-selling and cost synergies begin flowing through from 2027, and recurring SaaS revenue increasingly shifts the business away from pure transaction processing, a 36-75% return is achievable over a 12-24 month horizon.

Key Catalysts

- Dimensa deal closing (Q2 2026)
- Q2 2026 earnings report showing Dimensa's revenue contribution
- BRL / LatAm currency tailwinds boost reported revenue
- New contract wins: Transbank (Chile), Financiera Oh (Peru), Banco de Chile
- Latin America's ongoing shift from cash to digital payments - market still underpenetrated

Key Financial Metrics

Revenue: \$931.8M
EBITDA Margin: 39-40%
Cash Balance: \$314.5M
Market Cap: \$1.59B
P/E Ratio: 8x (fwd.); 13x (TTM)
EPS: \$3.55-\$3.60

Key Risks:

- Banco Popular concentration (29% revenue) with existing 10% price discount.
- BRL depreciation could reverse and distort reported revenue.
- Integration risk: 3 major acquisitions being onboarded simultaneously.
- Competition from StoneCo and Mercado Pago intensifying in Brazil.
- Macro risk: LatAm political/economic instability impacting transaction volumes

Company Snapshot

Ticker: EVTC
Current Price: \$25.72

Stock Type

Asset Class: Value/Growth
Size: Small Cap (\$1.59B)
Dividend: Yes (0.75% yield)

Company Filings

- EVERTEC, Inc. Form 10-K (FY2025 Annual Report), SEC EDGAR
- EVERTEC, Inc. Form 8-K - Q1 2026 Earnings Release (May 6, 2026)
- EVERTEC, Inc. Form 8-K - Q4 & Full Year 2025 Earnings Release (February 26, 2026)
- EVERTEC, Inc. Form 8-K - Quarterly Dividend Declaration (April 30, 2026)
- Fiserv, Inc. Form 8-K - Q4/FY2025 & Q1 2026 Earnings Releases, SEC EDGAR
- StoneCo Ltd. Form 6-K - 1Q26, 4Q25, 3Q25, 2Q25, 1Q25 Earnings Releases, SEC EDGAR
- StoneCo Ltd. Form 20-F (Annual Report)
- MercadoLibre, Inc. Form 8-K - Q1 2026 Earnings Release, SEC EDGAR

Financial Data & Market Information

- Yahoo Finance - EVTC, FISV, STNE, MELI historical price, valuation & key statistics
- Google Finance - EVTC, STNE real-time quotes and market cap
- Robinhood - EVTC, FISV market cap, P/E, dividend yield data
- StockAnalysis.com - EVTC, MELI valuation measures and statistics
- Morningstar - EVTC shares outstanding and quote data
- MacroTrends - EVTC stock price history, P/E ratio, MELI market cap/revenue history
- Investing.com - EVTC, FISV, STNE technical analysis (RSI, MACD, moving averages)
- Investor10 - EVTC key financial metrics (P/E, P/B ratio)
- Quartz (via Zacks) - EVTC P/B ratio and industry comparison
- GuruFocus - MELI EV-to-Revenue, P/S ratio
- Public.com - EVTC P/E ratio trends, analyst price targets; Fiserv market cap
- CompaniesMarketCap.com - Fiserv, StoneCo, MercadoLibre market cap and revenue data
- Capital.com - Fiserv market cap
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- CNBC - STNE stock overview
- Nasdaq.com - STNE stock data
- ChartMill.com - STNE technical/fundamental ratings
- Seeking Alpha - EVTC, FISV, STNE company overviews
- 12Stocks.com - EVTC technical trend score
- Barchart.com - EVTC technical analysis summary
- StockInvest.us - EVTC price forecast and pivot levels
- StockIQ.tech - EVTC AI-powered stock analysis

Industry & Competitive Landscape

- Simply Wall St - EVTC, MELI fair value estimates, competitive positioning, catalysts
- MatrixBCG - EVERTEC competitive landscape analysis
- Pestel-analysis.com - EVERTEC competitive analysis
- Motley Fool - EVTC Q1 2026 earnings call transcript and analysis
- StockStory - Payment Processing sector Q4 earnings analysis
- Fintel.io - EVTC analyst ratings

Sources

Macroeconomic Data

- U.S. Bureau of Economic Analysis (BEA)
- Federal Reserve Economic Data (FRED)
- U.S. Bureau of Labor Statistics (BLS)

ESG & Governance

- SEC Proxy Filings (DEF 14A)
- EVERTEC Corporate Governance Documentation