



Second Quarter 2018 Earnings Conference Call

July 31, 2018



Forward-looking statements

Certain statements in this presentation constitute “forward-looking statements” within the meaning of, and subject to the protection of, the Private Securities Litigation Reform Act of 1995. Such statements can be identified by the use of forward-looking terminology such as “believes,” “expects,” “may,” “estimates,” “will,” “should,” “plans” or “anticipates” or the negative thereof or other variations thereon or comparable terminology, or by discussions of strategy. Readers are cautioned that any such forward-looking statements are not guarantees of future performance and may involve significant risks and uncertainties, and that actual results may vary materially from those in the forward-looking statements as a result of various factors. revenues pursuant to our master services agreement with them, and our reliance on Banco Popular de Puerto Rico (Banco Popular), Popular's principal banking subsidiary, to grow our merchant acquiring business; as a regulated institution, we most likely will be required to obtain regulatory approval before engaging in certain new activities or businesses, whether organically or by acquisition, and may be unable to obtain such approval on a timely basis or at all, which may make transactions more expensive or impossible to complete, or make us less attractive to potential sellers; our ability to renew our client contracts on terms favorable to us, including our contract with Popular; our dependence on our processing systems, technology infrastructure, security systems and fraudulent payment detection systems, as well as on our personnel and certain third parties with whom we do business, and the risks to our business if our systems are hacked or otherwise compromised; our ability to develop, install and adopt new software, technology and computing systems; a decreased client base due to consolidations and failures in the financial services industry; the credit risk of our merchant clients, for which we may also be liable; the continuing market position of the ATH network; a reduction in consumer confidence, whether as a result of a global economic downturn or otherwise, which leads to a decrease in consumer spending; our dependence on credit card associations, including any adverse changes in credit card association or network rules or fees; changes in the regulatory environment and changes in international, legal, tax, political, administrative or economic conditions; the geographical concentration of our business in Puerto Rico, including our business with the government of Puerto Rico and its instrumentalities, which are facing severe fiscal challenges; additional adverse changes in the general economic conditions in Puerto Rico, whether as a result of the government's debt crisis or otherwise, including the continued migration of Puerto Ricans to the U.S. mainland, which could negatively affect our customer base, general consumer spending, our cost of operations and our ability to hire and retain qualified employees; operating an international business in Latin America and the Caribbean, in jurisdictions with potential political and economic instability; our ability to execute our geographic expansion and acquisition strategies, including challenges in successfully acquiring new businesses and integrating and growing acquired businesses; our ability to protect our intellectual property rights against infringement and to defend ourselves against claims of infringement brought by third parties; our ability to recruit and retain the qualified personnel necessary to operate our business; our ability to comply with U.S. federal, state, local and foreign regulatory requirements; evolving industry standards and adverse changes in global economic, political and other conditions; our high level of indebtedness and restrictions contained in our debt agreements, including the senior secured credit facilities, as well as debt that could be incurred in the future; our ability to prevent a cybersecurity attack or breach in our information security; our ability to generate sufficient cash to service our indebtedness and to generate future profits; our ability to refinance our debt; the possibility that we could lose our preferential tax rate in Puerto Rico; the risk that the counterparty to our interest rate swap agreement fails to satisfy its obligations under the agreement uncertainty of the pending debt restructuring process under Title III of the Puerto Rico Oversight, Management and Economic Stability Act (PROMESA), as well as actions taken by the Puerto Rico government or by the PROMESA Board to address the Puerto Rico fiscal crisis; uncertainty related to Hurricanes Irma and Maria and their aftermaths' impact on the economies of Puerto Rico and the Caribbean; the possibility of future catastrophic hurricanes affecting Puerto Rico and/or the Caribbean, as well as other potential natural disaster; and the nature, timing and amount of any restatement. These forward-looking statements involve a number of risks and uncertainties that could cause actual results to differ materially from those suggested by the forward-looking statements. The Company does not undertake, and specifically disclaims any obligation, to update any of the “forward-looking statements” to reflect occurrences or unanticipated events or circumstances after the date of such statements except as required by the federal securities laws. Investors should refer to the Company's Form 10-K for the year ended December 31, 2017 (the “2017 Form 10-K”) for a discussion of factors that could cause events to differ from those suggested by the forward-looking statements, including factors set forth in the sections entitled “Risk Factors” and “Management's Discussion and Analysis of Financial Condition and Results of Operations.”

Use of Non-GAAP measures

This presentation will reference certain non-GAAP financial information. For a description and reconciliation of non-GAAP measures presented in this document, please see the appendix attached to this presentation or visit the Investor Relations section of the Evertec website at www.evertecinc.com.



Business Summary

Mac Schuessler

President and CEO

Q2 2018 Financial Highlights

Strong PR Merchant recovery

- ✓ Total Revenue **\$113 million - increased 10%**
- ✓ Adjusted EBITDA **\$54 million - increased 7%**
- ✓ Adjusted EPS **\$0.46 - increased 5%**
- ✓ Delivered significant YTD operating cash flow of **\$77 million**

Increased Confidence in 2018

- ✓ Raising 2018 Outlook
 - Strong Q2 results
 - Increased expectations Q3-Q4

*See Non-GAAP reconciliation summary in appendix, p.19.

Recent 2018 Highlights

- **Awarded** for post-hurricane business sector service from Puerto Rico Chamber of Commerce
- **Innovating** and growing ATH brand
 - 1.1 million ATH Movil users
 - 10,000 active business with ATH Movil Business
 - Extended features for non-profit donations from ATH Movil users
- **Collaborating** with new business incubator



- **Re-building Puerto Rico**

- Retail sales projected to be strong for 2018
- Emigration returning to normal patterns
- Disaster relief funds and expanded benefit programs benefiting EVTC

- **Budget still unclear**

- Government and Promesa Board disagree
- Economic impact uncertain



- **Improving volumes in PR**
 - Continued stronger post-hurricane spending
 - Revenue growth in all merchant categories
- **Continued growth in Latin American**
 - Revenue growth of 48%
 - Excluding PayGroup, mid-single digit revenue growth
- **Sales pipeline strong in LatAm**
- **M&A in LatAm continues to be a focus**
- **Quarterly dividend reinstated at \$0.05 per share**



Financial Summary

Peter Smith

Chief Financial Officer



Consolidated Results Q2 2018

(\$'s in millions, except per share)	Q2 2018	Y-O-Y %	YTD	Y-O-Y %
Revenue	\$ 113.3	10%	\$ 223.6	9%
Adjusted EBITDA	\$ 53.8	7%	\$ 107.7	9%
Adjusted EBITDA margin	47.4%	-100 bps	48.2%	-30 bps
Adjusted Net Income	\$ 34.5	7%	\$ 69.1	6%
Adjusted EPS	\$ 0.46	5%	\$ 0.93	4%

- Q2 revenue growth reflected the impact of the acquisition of PayGroup as well as elevated sales volumes in Puerto Rico driven by post-hurricane recovery
- Q2 margin reflects the impact of PayGroup's lower margin contribution, which was partially offset by other revenue mix changes and the benefit of expense management actions

*See Non-GAAP reconciliation summary in appendix, p.20.



Merchant Acquiring

(\$'s in millions)	Q2 2018	Y-O-Y %	YTD	Y-O-Y %
Revenue	\$ 26.0	10%	\$ 49.3	7%
Adjusted EBITDA	\$ 12.6	20%	\$ 23.5	16%
Adjusted EBITDA margin	48.7%	390 bps	47.6%	350 bps

- Q2 revenue reflects higher than anticipated volumes
 - Continued significantly elevated average ticket
- Q2 margins reflect benefit of high average ticket

*See Non-GAAP reconciliation summary in appendix, p.21-22.



Payment Services, PR and Caribbean

(\$'s in millions)	Q2 2018	Y-O-Y %	YTD	Y-O-Y %
Revenue	\$ 28.0	3%	\$ 55.2	3%
Adjusted EBITDA	\$ 18.4	—%	\$ 35.7	1%
Adjusted EBITDA margin	65.5%	<i>-240 bps</i>	64.6%	<i>-110 bps</i>

- Q2 revenue reflects rebounding transaction volumes
- Q2 margin decline is primarily due increased infrastructure expenses and product development initiatives

*See Non-GAAP reconciliation summary in appendix, p.21-22.



Payment Services, Latin America

(\$'s in millions)	Q2 2018	Y-O-Y %	YTD	Y-O-Y %
Revenue	\$ 19.2	48%	\$ 39.6	53%
Adjusted EBITDA	\$ 4.8	17%	\$ 11.8	23%
Adjusted EBITDA margin	24.9%	-670 bps	29.7%	-710 bps

- Q2 revenue reflects benefit of PayGroup acquisition
- Q2 margin reflects lower margin PayGroup contribution as well as client attrition

*See Non-GAAP reconciliation summary in appendix, p.21-22.



Business Solutions

(\$'s in millions)	Q2 2018	Y-O-Y %	YTD	Y-O-Y %
Revenue	\$ 49.2	1%	\$ 97.2	1%
Adjusted EBITDA	\$ 23.2	-1%	\$ 46.3	1%
Adjusted EBITDA margin	47.0%	-110 bps	47.7 %	20 bps

- Q2 revenue growth is impacted by timing of project revenue and deferred revenue; we continue to anticipate low to mid-single digit growth for the year
- Q2 margin reflects increased project and infrastructure expenses

*See Non-GAAP reconciliation summary in appendix, p.21-22.



Corporate and Other

(\$'s in millions)

	Q2 2018	Y-O-Y %	YTD	Y-O-Y %
Adjusted EBITDA	\$ (5.2)	(19)%	\$(9.5)	(18)%
% of Total Revenue	(4.6)%	160 bps	(4.3)%	140 bps

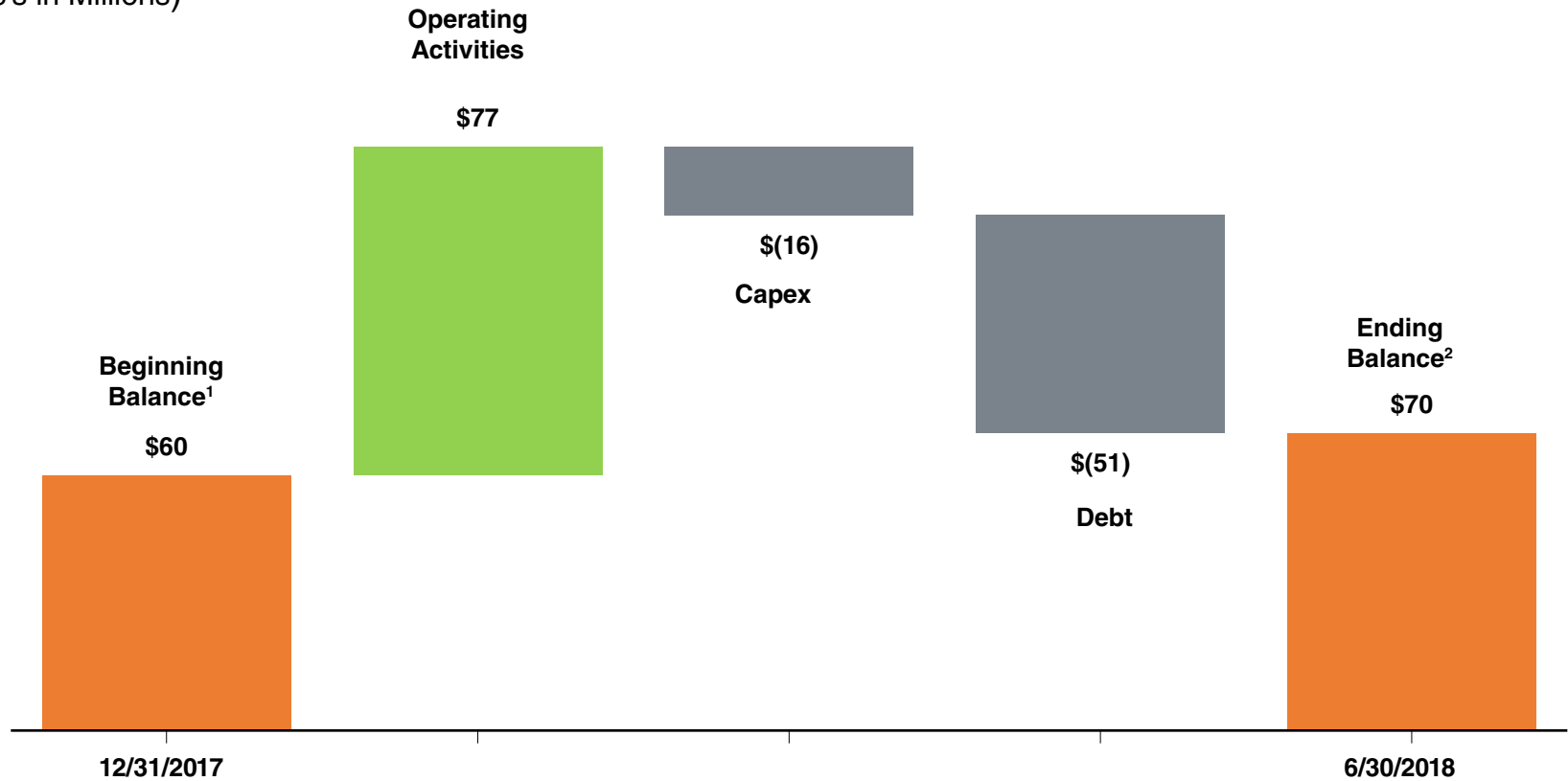
- Q2 corporate expense was lower primarily due to expense management initiatives

*See Non-GAAP reconciliation summary in appendix, p.21-22.



Roll Forward of 2018 Cash Balance

(\$'s in Millions)



¹Includes \$10 million in restricted cash. ²Includes \$11 million in restricted cash.

(\$'s in millions)		06/30/18	12/31/17
Unrestricted Cash		\$ 59.3	\$ 50.4
Total Debt		\$ 575.9	\$ 624.7
Term A Loan (2018 Maturity) ¹	L+225bps	\$ —	\$ 26.9
Term A Loan (2020 Maturity)	L+250bps	\$ 195.5	\$ 202.9
Term B Loan (2020 Maturity)	75+250bps	\$ 380.0	\$ 382.0
Revolver (2020 Maturity, \$65M)	L+250bps	\$ —	\$ 12.0
Other		\$ 0.4	\$ 1.0
Net Debt		\$ 516.5	\$ 574.3
Weight Average Interest Rate		4.54%	3.97%
Net Debt / Adjusted TTM EBITDA²		2.93x	3.34x
Ending Liquidity		\$ 120.1	\$ 134.2

¹ Term Loan A matured and paid on April 18, 2018.

² Non-GAAP reconciliation for adjusted EBITDA in appendix, p.20. Net debt calculation reflects credit agreement limitation of \$25 million cash applied.



2018 Outlook

(\$'s in millions, except per share)

	Low	High
Total Revenue	\$ 435	\$ 445
<i>Growth %</i>	7%	9%
GAAP EPS - Diluted	\$ 1.07	\$ 1.16
Adjusted EPS	\$ 1.68	\$ 1.77
<i>Growth %</i>	14%	20%
Capital Expenditures	\$ 35	\$ 40
Assumptions:		
Adjusted EBITDA Margin	46%	47%
Merger related depreciation and amortization	~	\$ 0.42
Non-cash interest expense	~	\$ 0.07
Share-based comp, non-cash equity earnings and other	~	\$ 0.23
Tax rate	13%	14%
Share Count used to compute Adjusted EPS	~	74.2

*See Non-GAAP reconciliation summary in appendix, p.23.



Q&A



Non-GAAP Financial Information

The non-GAAP measures referenced in this release material are supplemental measures of the Company's performance and are not required by, or presented in accordance with, accounting principles generally accepted in the United States of America ("GAAP"). They are not measurements of the Company's financial performance under GAAP and should not be considered as alternatives to total revenue, net income or any other performance measures derived in accordance with GAAP or as alternatives to cash flows from operating activities, as indicators of operating performance or as measures of the Company's liquidity. In addition to GAAP measures, management uses these non-GAAP measures to focus on the factors the Company believes are pertinent to the daily management of the Company's operations and believes that they are also frequently used by analysts, investors and other interested parties to evaluate companies in the industry. Reconciliations of the non-GAAP measures to the most directly comparable GAAP measure are included in the schedules to this release. These non-GAAP measures include EBITDA, Adjusted EBITDA, Adjusted Net Income and Adjusted Earnings per common share and are defined below.

EBITDA is defined as earnings before interest, taxes, depreciation and amortization.

Adjusted EBITDA is defined as EBITDA further adjusted to exclude unusual items and other adjustments. This measure is reported to the chief operating decision maker for purposes of making decisions about allocating resources to the segments and assessing their performance. For this reason, Adjusted EBITDA, as it relates to our segments, is presented in conformity with Accounting Standards Codification 280, Segment Reporting, and is excluded from the definition of non-GAAP financial measures under the Securities and Exchange Commission's Regulation G and Item 10(e) of Regulation S-K.

Adjusted Net Income is defined as net income adjusted to exclude unusual items and other adjustments

Adjusted Earnings per common share is defined as Adjusted Net Income divided by diluted shares outstanding

In addition, our presentation of Adjusted EBITDA is substantially consistent with the equivalent measurements that are contained in the senior secured credit facilities in testing EVERTEC Group's compliance with covenants therein such as the senior secured leverage ratio. We use Adjusted Net Income to measure our overall profitability because we believe better reflects our comparable operating performance by excluding the impact of the non-cash amortization and depreciation that was created as a result of Apollo Global Management LLC's acquisition of a 51% indirect ownership in EVERTEC Group. In addition, in evaluating EBITDA, Adjusted EBITDA, Adjusted Net Income and Adjusted Earnings per common share, you should be aware that in the future we may incur expenses such as those excluded in calculating them. Further, our presentation of these measures should not be construed as an inference that our future operating results will not be affected by unusual or nonrecurring items.

Reconciliation of GAAP to Non-GAAP Operating Results

(Dollar amounts in thousands, except share data)

	Three months ended June 30,		Six months ended June 30,	
	2018	2017	2018	2017
Net income	\$ 20,133	\$ 20,214	\$ 43,247	\$ 43,352
Income tax expense	3,112	4,068	7,047	6,088
Interest expense, net	7,501	7,190	15,023	14,041
Depreciation and amortization	15,728	15,899	31,595	31,583
EBITDA	46,474	47,371	96,912	95,064
Equity income ⁽¹⁾	258	(115)	59	(258)
Compensation and benefits ⁽²⁾	4,473	2,127	8,302	4,203
Transaction, refinancing and other fees ⁽³⁾	2,563	747	2,463	280
Adjusted EBITDA	53,768	50,130	107,736	99,289
Operating depreciation and amortization ⁽⁴⁾	(7,223)	(7,696)	(14,544)	(15,157)
Cash interest expense, net ⁽⁵⁾	(6,555)	(6,036)	(12,923)	(11,738)
Income tax expense ⁽⁶⁾	(5,367)	(4,072)	(10,934)	(6,969)
Non-controlling interest ⁽⁷⁾	(126)	(170)	(264)	(325)
Adjusted net income	\$ 34,497	\$ 32,156	\$ 69,071	\$ 65,100
Net income per common share (GAAP):				
Diluted	\$ 0.27	\$ 0.27	\$ 0.58	\$ 0.59
Adjusted Earnings per common share (Non-GAAP):				
Diluted	\$ 0.46	\$ 0.44	\$ 0.93	\$ 0.89
Shares used in computing adjusted earnings per common share:				
Diluted	74,389,126	73,074,591	73,905,690	73,087,387

- 1) Represents the elimination of non-cash equity earnings from our 19.99% equity investment in Consorcio de Tarjetas Dominicanas S.A., net of cash dividends received.
- 2) Primarily represents share-based compensation and other compensation expense of \$3.7 million and \$2.2 million for the quarters ended June 30, 2018 and 2017 and severance payments \$0.8 million for the quarter ended June 30, 2018. Primarily represents share-based compensation and other compensation expense of \$7.3 million and \$4.2 million for the six months ended June 30, 2018 and 2017 and severance payments \$1.0 million and \$0.1 million for the same periods, respectively.
- 3) Represents fees and expenses associated with corporate transactions as defined in the Credit Agreement, recorded as part of selling, general and administrative expenses and cost of revenues.
- 4) Represents operating depreciation and amortization expense, which excludes amounts generated as a result of the Merger and other from purchase accounting intangibles generated from acquisitions.
- 5) Represents interest expense, less interest income, as they appear on our consolidated statements of income and comprehensive income, adjusted to exclude non-cash amortization of the debt issue costs, premium and accretion of discount.
- 6) Represents income tax expense calculated on adjusted pre-tax income using the applicable GAAP tax rate.
- 7) Represents the 35% non-controlling equity interest in Processa, net of amortization for intangibles created as part of the purchase.

Reconciliation of Q2 2018 Segment Non-GAAP Results

Three months ended June 30, 2018

(In thousands)

	Payment Services - Puerto Rico & Caribbean	Payment Services - Latin America	Merchant Acquiring, net	Business Solutions	Corporate and Other ⁽¹⁾	Total
Revenues	\$ 28,043	\$ 19,236	\$ 25,964	\$ 49,233	\$ (9,129)	\$ 113,347
Operating costs and expenses	13,130	18,407	14,112	30,351	6,707	82,707
Depreciation and amortization	2,409	2,249	421	3,520	7,129	15,728
Non-operating income (expenses)	551	1,401	4	66	(1,916)	106
EBITDA	17,873	4,479	12,277	22,468	(10,623)	46,474
Compensation and benefits ⁽²⁾	485	317	360	684	2,627	4,473
Transaction, refinancing and other fees ⁽³⁾	—	—	1	—	2,820	2,821
Adjusted EBITDA	\$ 18,358	\$ 4,796	\$ 12,638	\$ 23,152	\$ (5,176)	\$ 53,768

- (1) Corporate and Other consists of corporate overhead, certain leveraged activities, other non-operating expenses and intersegment eliminations. Intersegment eliminations predominantly reflect the \$9.1 million processing fee from Payments Services - Puerto Rico and Caribbean to Merchant Acquiring and cost transfer fees from Corporate and Other to Payment Services Latin America for leveraged services and management fees.
- (2) Primarily represents share-based compensation, other compensation expense and severance payments.
- (3) Primarily represents fees and expenses associated with corporate transactions as defined in the Credit Agreement.

Reconciliation of Q2 2017 Segment Non-GAAP Results

Three months ended June 30, 2017

<i>(In thousands)</i>	Payment Services - Puerto Rico & Caribbean	Payment Services - Latin America	Merchant Acquiring, net	Business Solutions	Corporate and Other ⁽¹⁾	Total
Revenues	\$ 27,144	\$ 12,973	\$ 23,506	\$ 48,672	\$ (8,784)	\$ 103,511
Operating costs and expenses	11,682	13,603	13,688	29,600	4,944	73,517
Depreciation and amortization	2,269	1,848	596	4,082	7,104	15,899
Non-operating income (expenses)	556	2,724	—	3	(1,805)	1,478
EBITDA	<u>18,287</u>	<u>3,942</u>	<u>10,414</u>	<u>23,157</u>	<u>(8,429)</u>	<u>47,371</u>
Compensation and benefits ⁽²⁾	125	156	121	286	1,439	2,127
Transaction, refinancing and other fees ⁽³⁾	—	—	—	—	632	632
Adjusted EBITDA	<u>\$ 18,412</u>	<u>\$ 4,098</u>	<u>\$ 10,535</u>	<u>\$ 23,443</u>	<u>\$ (6,358)</u>	<u>\$ 50,130</u>

- (1) Corporate and Other consists of corporate overhead, certain leveraged activities, other non-operating expenses and intersegment eliminations. Intersegment eliminations predominantly reflect the \$8.8 million processing fee from Payments Services - Puerto Rico and Caribbean to Merchant Acquiring and cost transfer fees from Corporate and Other to Payment Services Latin America for leveraged services and management fees.
- (2) Primarily represents share-based compensation, other compensation expense and severance payments.
- (3) Primarily represents fees and expenses associated with corporate transactions as defined in the Credit Agreement.

Outlook Summary and Reconciliation to Non-GAAP Adjusted Earnings per Share

	2018 Outlook		2017 Actual
<i>(Dollar amounts in millions, except share data)</i>			
Revenues	\$ 435 to	\$ 445	\$ 407
Earnings per Share (EPS) - Diluted (GAAP)	\$ 1.07 to	\$ 1.16	\$ 0.76
Per share adjustment to reconcile GAAP EPS to Non-GAAP Adjusted EPS:			
Share-based comp, non-cash equity earnings and other ⁽¹⁾	\$ 0.23	\$ 0.23	0.33
Merger related depreciation and amortization ⁽²⁾	\$ 0.42	\$ 0.42	0.42
Non-cash interest expense ⁽³⁾	\$ 0.07	\$ 0.07	0.07
Tax effect of non-GAAP adjustments ⁽⁴⁾	\$ (0.10)	\$ (0.10)	(0.10)
Non-controlling interest ⁽⁵⁾	\$ (0.01)	\$ (0.01)	(0.01)
Total adjustments	\$ 0.61	\$ 0.61	0.71
Adjusted Earnings per common share (Non-GAAP)	\$ 1.68 to	\$ 1.77	\$ 1.47
Shares used in computing adjusted earnings per share (in millions)		74.2	72.9

- 1) Represents share based compensation, the elimination of non-cash equity earnings from our 19.99% equity investment in Consorcio de Tarjetas Dominicanas S.A., and other adjustments to reconcile GAAP EPS to Non-GAAP EPS.
- 2) Represents depreciation and amortization expenses amounts generated as a result of the Merger and other M&A transactions.
- 3) Represents non-cash amortization of the debt issue costs, premium and accretion of discount.
- 4) Represents income tax expense on non-GAAP adjustments using the applicable GAAP tax rate ranging between 13% to 14%..
- 5) Represents the 35% non-controlling equity interest in Processa, net of amortization of intangibles created as part of the purchase.