

Concord EFS, Inc. NYSE: CE
Diversified Financial Industry
Fact Sheet
by Carole Ripplinger

Business Summary: Concord, a leading electronic transaction processor, provides the technology and network systems that make payments and other financial transactions faster, more efficient, and more secure than paper-based alternatives. Primary activities include Network Services, providing ATM driving, gateway services, and debit card processing to the financial services industry, plus coast-to-coast network access under the STARsm brand; Payment Services, providing credit, debit, check authorization, and EBT processing services to supermarkets, gas stations, restaurants, and other selected retail segments; and Risk Management Services, providing software, information, and analysis to financial institutions, retailers, government service providers, and other businesses to assist in fraud prevention and reduction.

Recent Acquisitions: Solspak Inc. stored value payment solutions provider. CoreData, electronic transaction processor, The Logix Co, LLC, electronic transaction processor.

Executives: Dan Palmer, Chairman & CEO, Edward A Labry, III, President

Headquarters: Memphis, TN **Employees:** 2,640

Network Services: Wilmington, DE - Maitland, FL - Amarillo & Carrollton, TX

Payment Services: Marietta, GA - Memphis, TN

Business Outlook, News:

April 29, 2003 **Concord EFS** Q1 earns rise, rev. misses expectations (CE) By Tomi Kilgore Concord EFS ([CE](#)) reported first quarter net income, including merger-related expenses, of \$77.7 million, or 16 cents a share, up from 10 cents a share in the year-earlier period. Revenue increased 23 percent to \$519.9 million, missing the average analyst estimate compiled by Reuters Research of \$563.5 million. Looking ahead, the provider of payment services said full-year earnings would be at the “low end” of previous expectations of 75 to 79 cents a share, as merger discussions “made it impossible” to buy back stock as aggressively as had been planned. The stock closed Monday up 66 cents at \$13.49.

April 2, 2003 - **First Data Corp.** is acquiring **Concord EFS Inc.** a company specializing in transaction processing, for close to \$7 billion in stock. The combined entity, the companies said, will provide electronic payment services to banks, merchants and consumers.

First Data already owns Western Union and has a majority interest in the NYCE automated teller machine network. The purchase of Concord will enable First Data to consolidate its ATM interests, as Concord owns the STAR, MAC and Cash Station ATM networks. First Data is already the country’s leading processor of credit card transactions.

Negatives: Dec 03, 2002 a Class Action Suit against Concord issuing that top officers issued false and misleading statements and concealed the truth about the Company’s results and business in order to allow Concord stock to trade at artificially inflated levels. The class period is Oct 30th 2001 to Sept 4, 2002.

Revenue Growth: Revenues grew at a compounded rate of 33.0% over the past 10 years, 40.5% over the past 5 years, and are expected to grow at 20.5 over the next 5 years.

| Growth Rates (%) | Concord | Industry | Sector | S&P 500 |
|-----------------------------|----------------|-----------------|---------------|--------------------|
| Sales (MRQ) vs Qtr 1 yr ago | 23.28 | 9.44 | 3.47 | 11.29 |
| Sales (TTM) vs TTM 1 yr ago | 17.73 | 6.43 | -1.60 | 7.26 |
| Sales - 5 yr Growth Rate | 32.04 | 14.02 | 8.21 | 9.98 |
| EPS (MRQ) vs Qtr 1 yr ago | 53.92 | 33.56 | 16.88 | 15.28 |
| EPS (TTM) vs TTM 1 yr ago | 11.99 | 32.72 | 23.63 | 24.54 |

Pre-Tax Profit Margin: Concord's pre-tax margin is 26.1% which is slightly up. Over the last five years the low has been 24.5% and the high 27.7%.

Net Profit Margin: Is slightly down this year this year to 16.4%. And expected to be again down in to 15% in 2003. Over the last five years the net profit range has been as low as 14% and high as 17.7%.

Return on Equity: The SSG shows this as a down trend. A few years back, during the .com boom, return was 18.5% for 1999 and 19.6% for 2000. Management indicates that contract renewals on the network side of the business have resulted in some price compression. Although, this is bad news they long felt the combination of the weak economic climate and intense competitive landscape would create such a situation.

Delinquency Rate: I can't find this anywhere.

Loan Loss Provision: in thousands 2002-187 2001-1964 2000-5039 trending down

Judgement: I changed the EFSG and EFEPG to a conservative 17%.

The % Pre-tax Profit is trending UP - The % Earned on Equity is trending DOWN

The Upside Downside is 11.5 to 1 Relative Value: 55.4%, Proj. Relative Value: 47.4%

Current price is \$15.12, which is in the BUY range. But, with First Data acquiring Concord, which still needs to be approved. I would not recommend any action on this company.