



NCR Voyix (NYSE:VYX) LBO Pitch

October 31, 2023

By: Ryan Doray, Ihsan Sherzad, David DiSanto, Selin Cheriyan, Nicholas Byj, Tian Li, & Jerry He

Agenda

Company Overview

Industry Overview

Investment Merits

Value Creation

Valuation

Risks and Mitigants

An Industry Leader in Digital Commerce Technology Solutions



NCR Voyix offers mission critical platform driven technology and solutions from small to large multinational organizations in the retail, restaurant, and digital banking industries

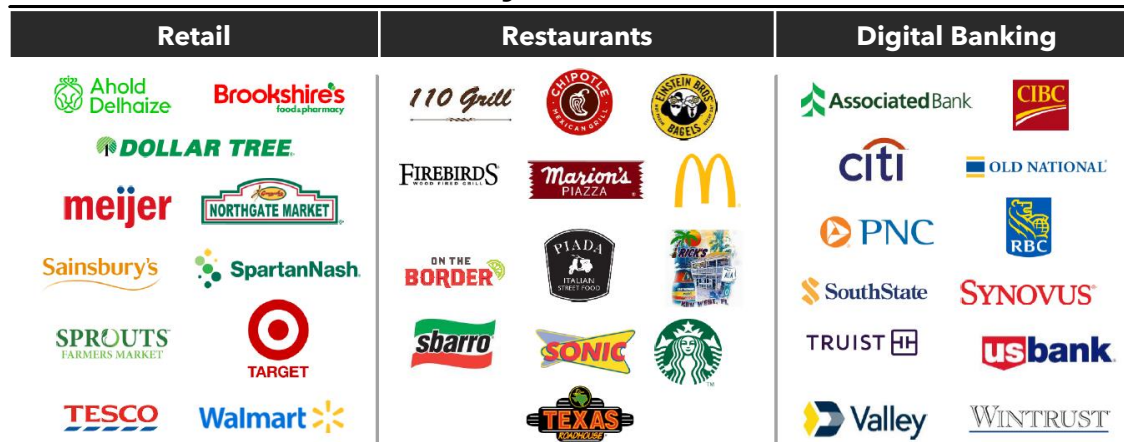
Overview

Based in Atlanta, NCR Voyix (NYSE: VYX) is a leader in providing mission critical technology solutions across three verticals:

- **Retail:** Covers ~213K retail sites and covers 67% of top global retailers
- **Restaurants:** Covers ~153K sites and covers 8 of the 10 global restaurant chains
- **Digital Banking:** Covers 800+ clients, converting to ~20M active users



Key Clientele

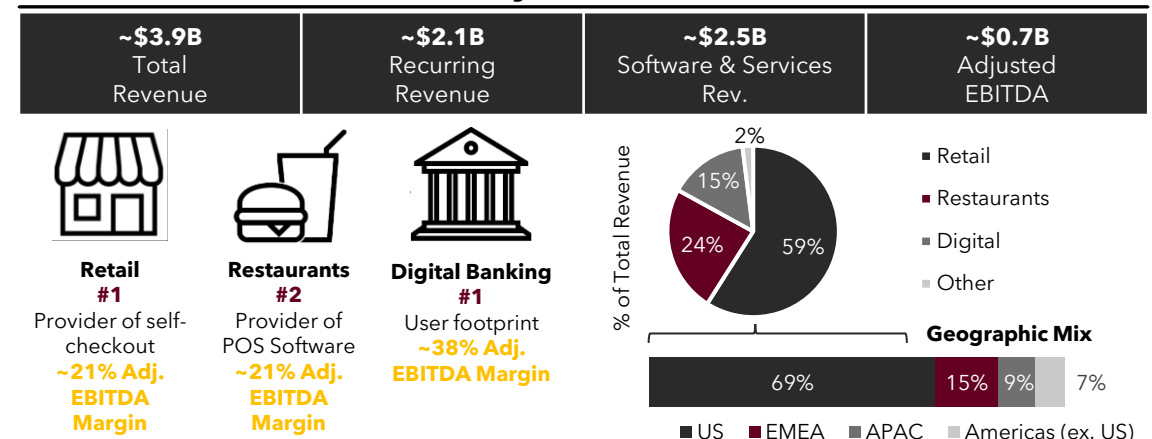


Management Team



	David Wilkinson	Brian Webb-Walsh	Ismail Amla
Role	CEO	EVP, CFO	EVP, Strategy
Years of Exp.	~30	~26	~20
2027 Targets	Rev. CAGR	Adj. EBITDA CAGR	FCF Conversion
	4 - 6%	10 - 12%	40 - 45%

NCR Voyix at a Glance¹



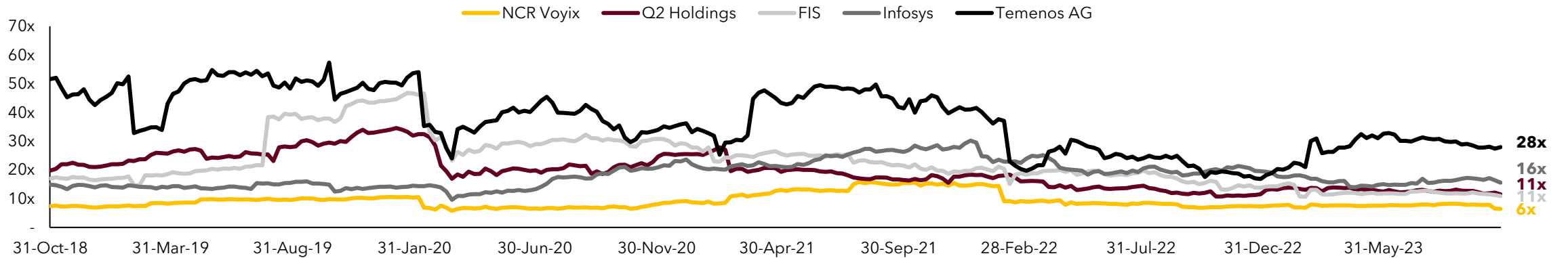
Source(s): Company Filings & Website, Investor Day Presentation

1. As of CY2023

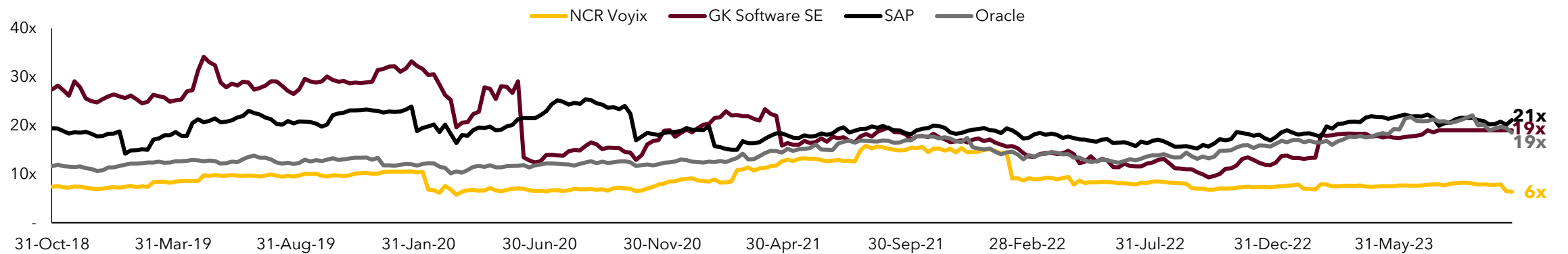
A Historically Undervalued Company

On a 5-year basis, NCR has historically traded 9.2x on EV / EBITDA, while trailing behind its closest competitors across its respective end markets

Digital Banking & Payments LTM EV / EBITDA - 5yr



Retail & Hospitality EV / EBITDA - 5yr



Thriving in the Technology Solutions Industry

With increasing competition and a greater need to optimize customer acquisition through digital convenience, businesses in retail, hospitality, and banking are outsourcing software and accompanying hardware needs to technology solutions providers and updating legacy I.T. infrastructure

Staying Competitive in the Industry: Ingredients for Success

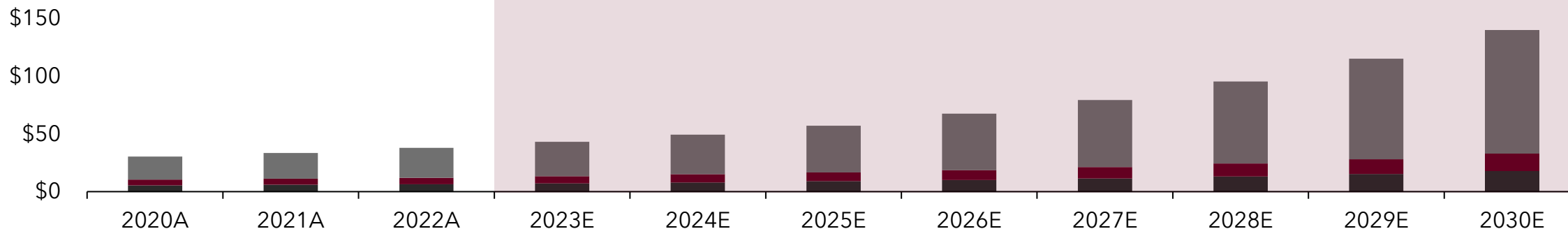
- 1 **Product Ecosystem** - technical nature of industry calls for end-to-end solutions, creating entrenched product offerings
- 2 **Product Integration** - hardware and software solutions must be seamlessly integrated to existing legacy infrastructure
- 3 **Product Flexibility** - adaptive solutions for various business sizes and concepts with flexible subscription plans and technical support
- 4 **Data Monetization** - offer personalized end-user recommendation and business analytics to generate actionable insights

Competitive Landscape vis-à-vis Specializations

Retail	Hospitality	Banking	Healthcare	Public Sector
NCR VOYIX	NCR VOYIX	NCR VOYIX	Epic	NCR VOYIX
shopify	shopify	FIS	Cerner	IBM
fiserv. DN	clover	SAP	MCKESSON	ORACLE
ORACLE	SAP DN	IBM	IBM	SAP
clover	ORACLE	IBM		
SAP	IBM	temenos		

Combined U.S. Market Size of 3 Segments from 2020-2030 (\$B)

2020-2030 Retail Solutions CAGR: 13.6%
 2020-2030 Hospitality Solutions CAGR: 16.3%
 2020-2030 Digital Banking Platforms CAGR: 20.5%



Sources: Mergent Online, NCR Voyix Website, Statista

Key Industry Trends Creates Favorable Outlook for Growth



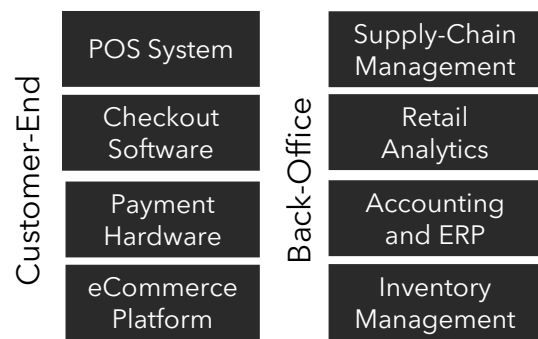
As a one-stop toolkit catering to institutions of all sizes, NCR Voyix is well-positioned to generate further value via cross-selling and capturing market share in the community banking industry, as well as innovate product offerings as AI and ML adoption normalize

AI Revolution to Further Drive Self-Service Adoption in Retail Segment

- 1** • Complement or replace barcode system with computer-vision-based **Item Recognition**
 - Increase transactions per hour by 40% and reduce intervention by 45%
 - "Just Walk Out" technology gains traction with firms like Amazon and NCR
- 2** • AI integration improves customer retention and engagement through enhanced personalization, high-volume handling, and efficient query resolution in **Customer Support**
 - Boasts 17% increase in customer satisfaction and 20% cost-savings
- 3** • Machine learning and camera technologies facilitate **Age Verification**
 - 22% of all retail transactions involve age verification
 - Automating age verification reduce human intervention by 80% and time taken from average 2 minutes to <10 seconds
- 4** • Analyze transaction data in real time in conjunction with camera-based technologies for **Fraud Prevention**
 - AI-powered fraud detection leads to \$1.3 billion annual retail cost-savings, thus providing financial risk mitigation for customers

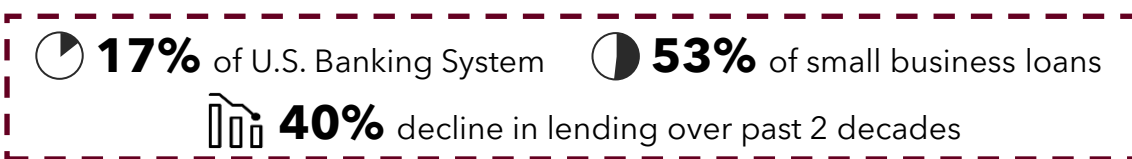
Preference for End-to-End Solutions Enables Cross-Selling

- Low complexity, improved efficiency, and future-proof nature of E2E solutions gives dominant industry players competitive advantage
- Rather than capturing new share, technology solutions provider capitalize on existing customer-base for revenue creation



NCR Voyix can leverage its leading ~25% and ~60% market share in POS systems and SCO systems to cross-sell related software and hardware

White Space in Community Banking amid Convenience Gap



- Community banks are slow to digitalize due to lack of leadership buy-in, cost barriers, and reliance on legacy software
- Improved local presence of larger banks via rewards program, better service, digital banking, and branch banking
- Key players like NCR Voyix, FIS, and Fiserv are taking advantage of this "digital gap" to offer community-bank-specific solutions

Sources: Harvard Kennedy School Journal, Diebold Nixdorf Website, FIS Website, MANTL Website, NCR Voyix Website

Diversifying Service Offerings Provides Stability

In its retail and restaurant segments, NCR Voyix can benefit from its dominance in legacy POS service to attract and retain customers, and cross-sell them on additional services, creating both revenue diversification and stability

NCR Voyix's Competitive Cross-Selling Process and Service Mix

Attracting Customers



NCR's Legacy POS System is initially sold to customers. NCR is a market leader and the #1 provider of POS software in retail and restaurants (~31% of market share)

Cross-Selling Platform and Add-on Services



NCR helps clients identify additional problems and solve them through cross-selling additional services such as digital orders/payments, data analytics, marketing and promotions, kiosk/self-checkouts, enterprise solutions, and more

Retaining Customers



NCR's POS software primarily targets larger customers, and as an incumbent (founded 1881), NCR has established long-term relationships with existing retailers and restaurants. NCR has a very high retention rate of 95%+.

Diversifying and Strengthening Revenues



As customers purchase multiple NCR solutions, not only are revenues diversified, but they also become more "sticky" because it becomes even more difficult to find alternative software solutions.

Digital Banking:

NCR also helps small/regional banks and credit unions implement digital banking platforms, further diversifying revenue

Total Revenue Composition:

Retail:	59%
Restaurant:	24%
E-Banking	15%
Other:	2%

US:	69%
EMEA:	15%
APAC:	9%
Americas ex-US:	7%

Shift to SaaS Promotes Growth and Leverage Capabilities



A shift towards SaaS through NCR's spinoff provides many advantages to the company, such as more revenue stability, faster growth, and improved margins, moreover, NCR's current financial position, along with more stability through SaaS, allows for more the company to take on more leverage.

SaaS Expansion Spaces

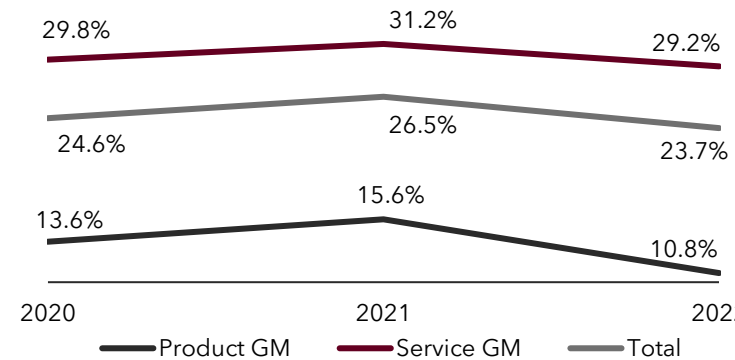
SaaS Services Mix

- Store Operations
- Payments
- Consumer Engagement
- Back Office & Data
- 3rd Party API Integration
- End Points

SaaS Model Transition Benefits:

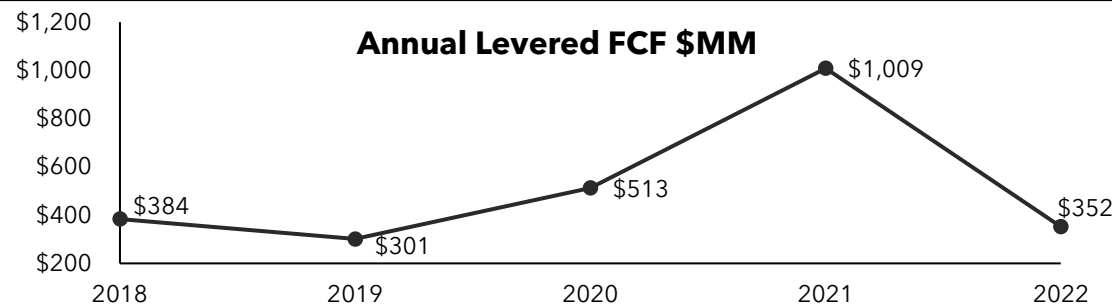
- Significant Growth in recurring revenue through transition to SaaS model
- Lowers the costs from physical ATMs and incurring less incremental costs at scale
- Improved integration features from other software services
- Shifting away from the declining ATM and cash business

Margin Growth Following Spin-Off



By spinning off the low margin segment (ATM products), the company can improve its gross margins to match the service segment margins.

Strong Cash Flow Profile



Stable strength in levered FCFs show NCR's ability to take on more leverage - in 2021 NCR made a large cash-acquisition, offset by debt financing

Stable Leverage Profile

Initial Expected Capital Structure	\$MM
Total Debt	\$2,500
Cash Balance	\$150
Revolver	\$0
Net Debt	\$2,350
Net Leverage Ratio (EBITDA)	3.5x

Current Weighted Average Cost of Debt:

Pretax: 5.456%

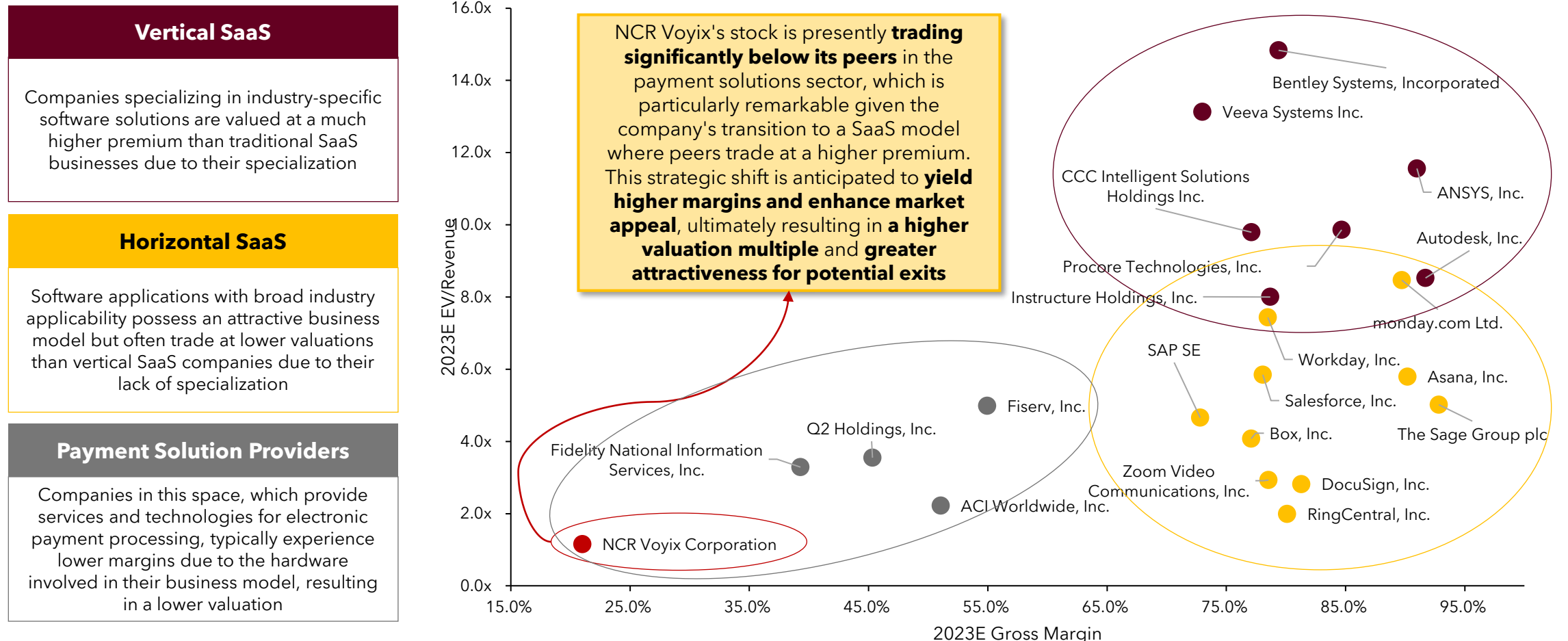
Locked in rates issued around 2020, but will be higher when refinanced

NCR's strong balance sheet position, reasonable leverage ratio, along strong and consistent cash flows allow for increased leverage

NCR Voyix Exhibits Compelling Value Proposition Against Peers

NCR Voyix's business model pivot, transitioning from a payment solutions provider to a vertical SaaS company with hardware components, is expected to **reshape its peer valuation, enhancing attractiveness for potential exits** and ultimately boosting returns in an LBO scenario.

NCR Trades Relatively Low to Comparable Universe

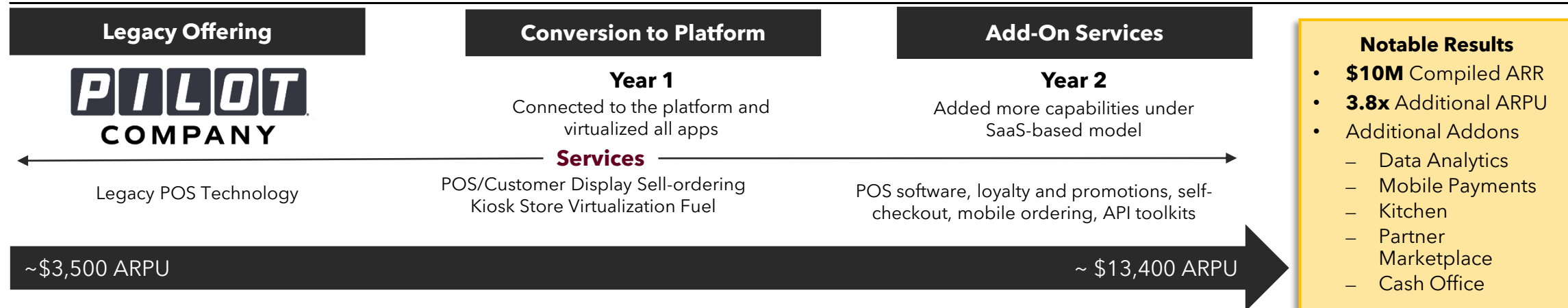


Sources: Capital IQ, Company Filings

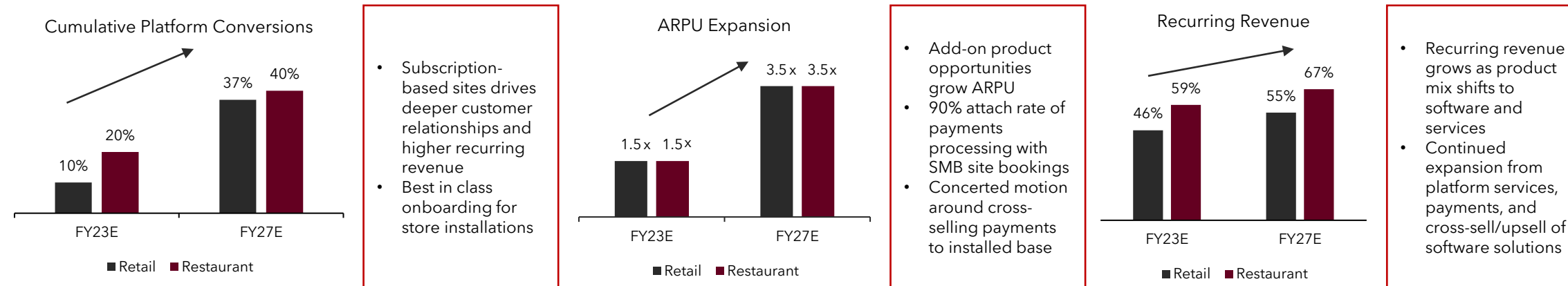
Value Creation in Retail and Restaurant

Growth in NCR's Commerce segment (Retail and Restaurants) is driven by upgrading legacy and new clients to its respective SaaS platforms, services capabilities, and payments integration vs. its historical hardware license model

Upgrading Store POS to Platform Infrastructure



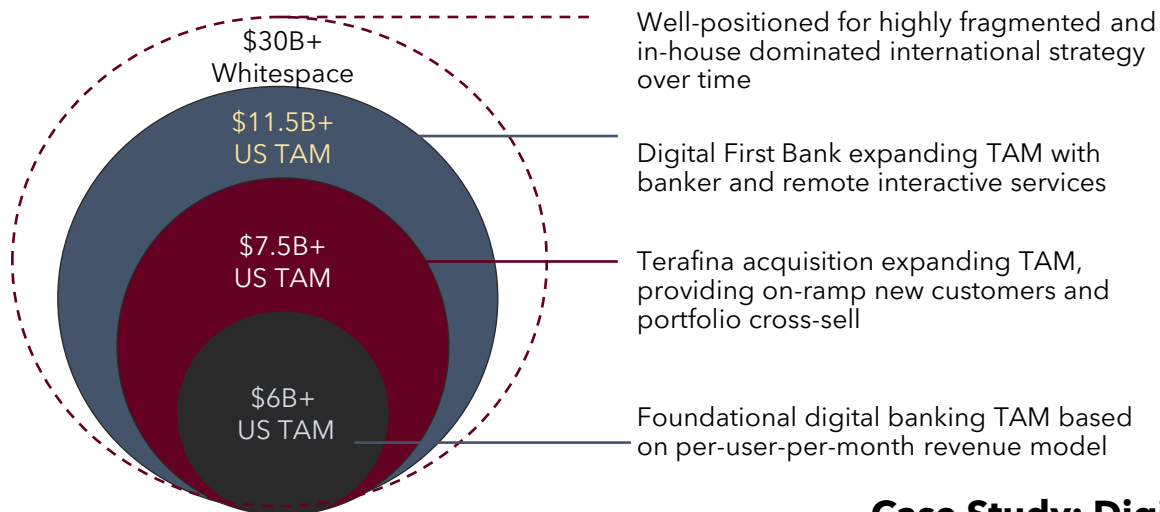
KPI Metric Targets



Value Creation in Digital Banking

While only accounting for ~15% of revenues and somewhat of an outlier relative to the Retail and Restaurant segments, Digital Banking, shares a similar SaaS business model, investment model and corporate strategy to increase TAM and ARPU

Digital Banking Market



KPI Targets FY23-27

Total Users	28M → 43M
Active Users	20M → 32M
ARPU	\$28M → \$30M
ARR	\$520M → ~\$950M

- Management intends to drive ARR through continued adoption of **add-on products** and creating **active users** through both innovative **products and partnerships**
- If successful in **reaccelerating revenue growth**, digital banking becomes an **attractive asset** for a strategic expansion

Case Study: Digital-First Approach

Problem	Unique Platform Solution	Unique Platform Solution
<ul style="list-style-type: none"> 15 branded community bank subsidiaries with 180+ locations Need to maintain individualized look while having a consistent technology experience across all Wintrust subsidiaries 	<p>Digital-First Strategy</p> <ul style="list-style-type: none"> Unified digital banking Expanded to onboarding for all deposit products Switch from sale-to-service to services-to-sales <p>2 years after engagement, upgraded to CSP in-branch experience modernization</p>	<p>\$25M Total Contract Value</p> <p>~\$5M ARR</p> <p>" We have chosen NCR to partner with to maintain our commitment to our customers to deliver the latest digital capabilities in the marketplace."</p> <p>– EVP Digital Channels & Transaction Banking</p>

Sources: Capital IQ, Company Filings, RBC Capital Markets

Operating Model: Revenue Build and EBITDA Assumptions

NCR Voyix's strategic changes are likely to result in a more predictable and profitable business; we believe their transition to SaaS will result in revenue growth and EBITDA Margin expansion

Operating Model Summary

	Historical			Forecast Period						
	2020A	2021A	2022A	2023E	2024E	2025E	2026E	2027E	2028E	2029E
<i>All figures in \$MM USD</i>										
1 Retail	2,030.0	2,231.0	2,258.0	2,335.2	2,489.4	2,596.0	2,651.3	2,710.5	2,756.1	2,803.9
(%) YoY Growth		10%	1%	3%	7%	4%	2%	2%	2%	2%
Hospitality	686.0	849.0	926.0	987.3	1,023.8	1,085.5	1,102.0	1,125.6	1,144.4	1,170.7
(%) YoY Growth		24%	9%	7%	4%	6%	2%	2%	2%	2%
Digital Banking	472.0	513.0	543.0	587.3	629.1	660.9	694.3	729.5	758.9	781.8
(%) YoY Growth		9%	6%	8%	7%	5%	5%	5%	4%	3%
Total Revenues	3,188.0	3,593.0	3,727.0	3,909.7	4,142.3	4,342.4	4,447.6	4,565.6	4,659.4	4,756.4
(%) Growth		13%	4%	5%	6%	5%	2%	3%	2%	2%
2 Total Recurring Revenue			2,128.0	2,383.1	2,673.0	2,917.3	3,065.2	3,224.7	3,358.6	3,494.7
(%) Total			57.1%	61.0%	64.5%	67.2%	68.9%	70.6%	72.1%	73.5%

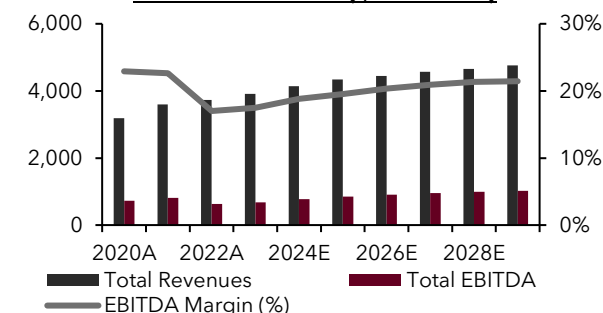
1 Revenue growth largely driven by transition to SaaS model and cross-selling opportunities as VYX converts non-contract customers to higher value SaaS contracts

2 Recurring revenue CAGR expected to be in the range of 6-9% as reflected from transition to SaaS model; Management goal is to reach 70% recurring revenue by 2027

3 NCR hardware sales generate gross margins of ~10%; SaaS model allows VYX to generate higher margin sales off long-term contracts with limited hardware additions - higher margins sales will be realized later into the forecast period

	Historical			Forecast Period						
	2020A	2021A	2022A	2023E	2024E	2025E	2026E	2027E	2028E	2029E
<i>All figures in \$MM USD</i>										
3 Total EBITDA	731.0	813.0	634.0	684.1	778.6	848.3	904.6	955.3	994.6	1,019.7
EBITDA Margin (%)	22.9%	22.6%	17.0%	17.5%	18.8%	19.5%	20.3%	20.9%	21.3%	21.4%
Retail EBITDA	390.0	442.0	415.0	429.2	494.9	542.0	580.1	613.4	637.5	648.5
EBITDA Margin (%)	19.2%	19.8%	18.4%	18.4%	19.9%	20.9%	21.9%	22.6%	23.1%	23.1%
(%) Total	53.4%	54.4%	65.5%	62.7%	63.6%	63.9%	64.1%	64.2%	64.1%	63.6%
Hospitality EBITDA	115.0	158.0	192.0	207.2	230.2	249.5	258.8	267.2	274.5	283.7
EBITDA Margin (%)	16.8%	18.6%	20.7%	21.0%	22.5%	23.0%	23.5%	23.7%	24.0%	24.2%
(%) Total	15.7%	19.4%	30.3%	30.3%	29.6%	29.4%	28.6%	28.0%	27.6%	27.8%
Digital Banking EBITDA	226.0	213.0	226.0	256.5	274.7	288.6	303.2	318.6	331.4	341.4
EBITDA Margin (%)	47.9%	41.5%	41.6%	43.7%	43.7%	43.7%	43.7%	43.7%	43.7%	43.7%
(%) Total	30.9%	26.2%	35.6%	37.5%	35.3%	34.0%	33.5%	33.3%	33.3%	33.5%
Cotprporate & Eliminations			(199.0)	(208.8)	(221.2)	(231.9)	(237.5)	(243.8)	(248.8)	(254.0)
(%) Sales			(5.3%)	(5.3%)	(5.3%)	(5.3%)	(5.3%)	(5.3%)	(5.3%)	(5.3%)

Financial Profile (\$MM USD)



NCR Voyix: Burdened by Investor Misperceptions

NCR Voyix is an undervalued player in an attractive industry undergoing an attractive shift in its business model; if executed successfully, we believe a financial sponsor could generate attractive returns and command a higher multiple at exit

Returns Analysis & Sensitivities

Returns Analysis

(\$ in mm) FYE 12/31	At-Close	Illustrative Forecast						
	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
	2022	2023	2024	2025	2026	2027	2028	2029
	2022-12-31	2023-12-31	2024-12-31	2025-12-31	2026-12-31	2027-12-31	2028-12-31	2029-12-31
LTM Adj. EBITDA	\$634	\$684	\$779	\$848	\$905	\$955	\$995	\$1,020
Multiple	8.0x	8.3x	8.5x	8.8x	9.0x	9.3x	9.5x	9.8x
Multiple Increase	-	0.25x	0.25x	0.25x	0.25x	0.25x	0.25x	0.25x
Total Debt	\$2,536	\$2,452	\$2,278	\$2,025	\$1,702	\$1,309	\$853	\$341
(-) Cash	(\$300)	(\$300)	(\$300)	(\$300)	(\$300)	(\$300)	(\$300)	(\$300)
Net Debt	\$2,236	\$2,152	\$1,978	\$1,725	\$1,402	\$1,009	\$553	\$41
Enterprise Value	\$5,072	\$5,644	\$6,618	\$7,423	\$8,142	\$8,837	\$9,449	\$9,942
Equity Value	\$2,988	\$3,492	\$4,641	\$5,698	\$6,740	\$7,828	\$8,896	\$9,901
QPCG Ownership	98.4%	98.4%	98.4%	98.4%	98.4%	98.4%	98.4%	98.4%
MOIC		1.2x	1.6x	1.9x	2.3x	2.6x	3.0x	3.3x
IRR		16.9%	24.6%	24.0%	22.5%	21.2%	19.9%	18.6%

Sensitivity Analysis

Entry Multiple	Debt/EBITDA Multiple					
	3.0x	3.5x	4.0x	4.5x	5.0x	
6.0x	24.9%	26.6%	28.7%	31.2%	34.6%	
7.0x	20.6%	21.7%	22.9%	24.2%	25.9%	
8.0x	17.3%	17.9%	18.6%	19.4%	20.3%	
9.0x	14.5%	15.0%	15.4%	15.8%	16.2%	
10.0x	12.2%	12.5%	12.7%	12.9%	13.0%	

Exit Multiple	Debt/EBITDA Multiple					
	3.0x	3.5x	4.0x	4.5x	5.0x	
7.8x	13.9%	14.3%	14.8%	15.3%	15.7%	
8.8x	15.6%	16.2%	16.8%	17.5%	18.1%	
9.8x	17.3%	17.9%	18.6%	19.4%	20.3%	
10.8x	18.8%	19.5%	20.3%	21.2%	22.2%	
11.8x	20.1%	21.0%	21.9%	22.9%	24.0%	

Sources & Uses

Sources				Uses					
	Rate	x EBITDA	\$	% Total		Rate	x EBITDA	\$	% Total
1L Debt	S + 650	4.0x	\$2,536	46%	Equity Purchase		4.3x	\$2,698	49%
Total Debt	4.0x		\$2,536	46%	Refinancing Net Debt		3.7x	\$2,374	43%
Sponsor Equity			\$2,939	53%	Enterprise Value		8.0x	\$5,072	92%
Roll Equity			\$49	1%	Tx Fees	2%	0.2x	\$101	2%
Total Equity			\$2,988	54%	Financing Fees	2%	0.1x	\$51	1%
					Cash to B/S		0.5x	\$300	5%
Total Sources			\$5,524	100%	Total Uses		8.7x	\$5,524	100%

Key Model Drivers

- EBITDA Margin Expansion**
Forecasting EBITDA Margin expansion from 17% in FY22' to 21.4% in FY29'
- Multiple Expansion**
Expecting EBITDA Multiple to expand from 8.0x at entry to 9.0x-9.8x at exit
- Debt Paydown**
Shift to SaaS model and lower Capex requirement expected, allowing for higher FCF conversion and higher debt paydown

NCR Voyix Enables Strong Returns With Mitigated Risks

NCR Voyix possesses a strong risk/return profile which enables it to act as a leader in a market fraught with change and increased competition. The company's existing positioning and spin-off plans enable it to capture market growth while mitigating potential risks

Risks	Mitigating Factors	Realization/Impact
<p>Failure to achieve Spin-off targets</p> <p>Targets may not be realized if business model pivot is not successfully implemented</p>	<p>Diversified Product Offerings & Shift to vertical SaaS</p> <ul style="list-style-type: none"> ARR expected to be driven by continued adoption of add-on products and innovative products and partnerships ARR is forecasted to increase by ~\$450M 	
<p>Rising Competition</p> <p>Shift to vertical SaaS brings upon a new market of competition</p>	<p>Growth Underpinned by Conversion from Legacy Offering to Platform Infrastructure</p> <ul style="list-style-type: none"> Clearly laid out path to convert legacy clients to the platform and follow-on services under the SaaS business model 	
<p>Highly Innovative Industry</p> <p>Vertical SaaS is highly innovative and requires constant investment in new offerings</p>	<p>Successful Track Record of Creating and Implementing Add-ons</p> <ul style="list-style-type: none"> NCR Voyix has a wide-range of add-ons (data analytics, mobile payments, kitchen, partner marketplace, etc.), and helps clients identify additional problems and solve them through cross-selling 	
<p>Data Protection & Cyber Security</p> <p>Cloud/hosted solutions and payment/networking solutions are a target of cyber-criminals</p>	<p>Established History of Data Protection Success</p> <ul style="list-style-type: none"> Relationships with cybersecurity firms and internal experts mitigates risk (cybersecurity efforts represent approx. 10% of total IT spend) Prevented by firewalls, anti-virus/malware, endpoint encryption, etc. 	

Source(s): Company Filings, IBIS World, Equity Research