

ACI Worldwide to Acquire ReD

Addition of leading e-commerce and fraud prevention tools will provide an unrivaled merchant retail payments solution

NAPLES, Fla.--(BUSINESS WIRE)-- [ACI Worldwide](#) (NASDAQ: ACIW), a leading global provider of [electronic payment and banking solutions](#), and [Retail Decisions \(ReD\)](#), a leader in fraud prevention solutions, today announced that they have entered into a definitive transaction agreement. Under the terms of the agreement, ACI Worldwide will acquire ReD for an all-cash purchase price of \$205 million and expects the transaction to close in the middle of the third quarter, 2014.

Brookwood, England-based ReD is a leading e-commerce and fraud prevention company serving the payments industry. The company's suite of solutions - ReD Shield®, ReD Fraud Xchange, ReD PRISM®, ReD Alerts, ReDi, ReD1 Gateway and LiveProcessor - helps customers drive up revenues while reducing fraud losses and increasing the efficiency of their fraud management teams. ReD serves retailers, issuers, acquirers, processors and switch networks globally.

ReD has a compelling SaaS and transaction-based financial model, with over 80 percent recurring revenue. The company, with its multi-dimensional detection engine and proprietary global fraud database, generates high customer retention rates and strong revenue growth.

As payments increasingly move online, the focus on card-not-present fraud prevention will also increase. According to market research from eMarketer in a February 2014 report, the global e-commerce market is projected to grow over 17 percent each year, representing a total value of nearly \$2.4 trillion by 2017. Further, as the U.S. moves toward adoption of EMV standards, fraud attempts are expected to shift toward the card-not-present online segment. According to Julie Conroy, Research Director, Aite Group, "Merchants around the world, and banks for that matter, should prepare for a very sharp increase in card-not-present fraud. Without significant preventative efforts by issuers and merchants alike, we're going to see pretty dramatic increases."

ReD's technology and software solutions bring ACI a proven, global SaaS-based e-commerce offering with integrated fraud detection/management. With ReD, ACI will become the market leader in the rapidly growing payments risk management market across multiple segments globally.

"Retailers are currently operating disparate systems for their online, mobile and point-of-sale operations," said Philip Heasley, President and CEO, ACI Worldwide. "ACI and ReD together have an unrivaled merchant retail solution - global, omni-channel with integrated fraud management built on Universal Payments technology. This solution will not only guarantee a consistent, unified customer experience in any retailer modality, but also will be a key part of our real-time commerce, any-to-any transaction strategy. Additionally, ReD's consortium models, business intelligence offerings, modeling and risk analyst expertise will both complement and enhance our issuer risk management solutions."

"We are extremely excited to integrate our leading technology into ACI's revolutionary Universal Payments," said Paul Stanley, CEO, ReD. "Together, we will deliver a much more powerful offering that will materially expand the adoption of integrated fraud prevention solutions."

In related news, ACI separately [announced](#) today that it has bolstered its Universal Payments (UP) strategy, delivering an unrivaled merchant retail solution to combat fraud.

Terms of the Transaction

ACI Worldwide and ReD have entered into a definitive transaction agreement under which ACI Worldwide will acquire ReD for \$205 million in cash. ACI plans to use the existing credit facility and an incremental term loan. The transaction is subject to customary closing conditions. BofA Merrill Lynch is acting as financial advisor to ACI Worldwide in connection with the transaction and is also lead arranger providing a commitment for 100 percent of the financing. William Blair is acting as financial advisor to ReD.

If closed in the middle of the third quarter, 2014, we expect ReD will generate approximately \$18 million in revenue and \$4 million in adjusted EBITDA for the remainder of 2014. Further details of the financial impact of this transaction will be provided after closing. An accompanying investor presentation can be found on our website at <http://investor.aciworldwide.com/>.

About ACI Worldwide

ACI Worldwide, the [Universal Payments](#) company, powers electronic payments and banking for more than 5,000 financial institutions, retailers, billers and processors around the world. ACI software processes \$13 trillion each day in payments and

securities transactions for more than 250 of the leading global retailers, and 21 of the world's 25 largest banks. Through our comprehensive suite of software products and hosted services, we deliver a broad range of solutions for payment processing; card and merchant management; [online banking](#); mobile, branch and voice banking; [fraud detection](#); trade finance; and [electronic bill presentment](#) and payment. To learn more about ACI, please visit www.aciworldwide.com. You can also find us on Twitter @ACI_Worldwide.

About ReD

[ReD](#) is a world leader in fraud prevention, with solutions that are present at every stage of the payments value chain, supporting merchants and PSPs, issuers and acquirers, processors and switch networks in the fight against fraud. ReD protects billions of transactions across multiple channels and payment types with proprietary technology that is underpinned by world class fraud and risk analysts and pooled data from more than 190 countries. ReD serves customers from multiple sectors and across six continents from offices in Australia, China, Dubai, South Africa, the United Kingdom and the United States, and through partners around the globe. Visit www.redworldwide.com for further information about ReD. ReD is a portfolio company of [Palamon Capital Partners](#).

Forward-Looking Statements

This press release contains forward-looking statements based on current expectations that involve a number of risks and uncertainties. Generally, forward-looking statements do not relate strictly to historical or current facts and may include words or phrases such as "believes," "will," "expects," "anticipates," "intends," and words and phrases of similar impact. The forward-looking statements are made pursuant to safe harbor provisions of the Private Securities Litigation Reform Act of 1995.

Forward-looking statements in this press release include, but are not limited to, statements regarding expected incremental revenue and adjusted EBITDA generated from this transaction.

All of the foregoing forward-looking statements are expressly qualified by the risk factors discussed in our filings with the Securities and Exchange Commission. Such factors include but are not limited to, increased competition, the performance of our strategic product, UP BASE24-eps, demand for our products, restrictions and other financial covenants in our credit facility, consolidations and failures in the financial services industry, customer reluctance to switch to a new vendor, the accuracy of management's backlog estimates, the maturity of certain products, our strategy to migrate customers to our next generation products, ratable or deferred recognition of certain revenue associated with customer migrations and the maturity of certain of our products, failure to obtain renewals of customer contracts or to obtain such renewals on favorable terms, delay or cancellation of customer projects or inaccurate project completion estimates, volatility and disruption of the capital and credit markets and adverse changes in the global economy, our existing levels of debt, impairment of our goodwill or intangible assets, litigation, future acquisitions, strategic partnerships and investments, risks related to the expected benefits to be achieved in recent acquisitions and ReD, the complexity of our products and services and the risk that they may contain hidden defects or be subjected to security breaches or viruses, compliance of our products with applicable legislation, governmental regulations and industry standards, our compliance with privacy regulations, the protection of our intellectual property in intellectual property litigation, the cyclical nature of our revenue and earnings and the accuracy of forecasts due to the concentration of revenue-generating activity during the final weeks of each quarter, business interruptions or failure of our information technology and communication systems, our offshore software development activities, risks from operating internationally, including fluctuations in currency exchange rates, exposure to unknown tax liabilities, and volatility in our stock price. For a detailed discussion of these risk factors, parties that are relying on the forward-looking statements should review our filings with the Securities and Exchange Commission, including our most recently filed Annual Report on Form 10-K, Registration Statement on Form S-4, and subsequent reports on Forms 10-Q and 8-K.

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