

EVERTEC: Pacing Repurchases After Singia

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Industry: Transaction & Payment Processing Services

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Case overview

- **Audience:** MBA and executive strategy / corporate finance discussion
- **Company / industry / geography:** EVERTEC, Inc. (NYSE: EVTC); payments processing and financial technology; Puerto Rico, the Caribbean, and Latin America
- **Decision date:** March 7, 2024
- **Information cutoff:** March 7, 2024, inclusive
- **Decision scope:** How to pace the remaining share-repurchase authorization after a \$70 million accelerated share repurchase (ASR), with Singia integration and financial flexibility as context
- **Version:** Draft v1, October 3, 2026

The choice

On March 7, 2024, EVERTEC had \$150 million of repurchase authorization remaining after agreeing the previous day to a \$70 million ASR. The authorization allowed repurchases through December 31, 2025, subject to business opportunities and other factors. It did not require the company to repurchase the full amount, nor did it establish that \$150 million was set aside as cash. [C5, SEC 8-K, lines 82-85]

This is a **hypothetical classroom assignment**, not a report of a decision or debate disclosed by EVERTEC. Assume you advise a board committee considering how the company should pace any further use of the authorization. The public record supplies no share-value estimate, integration budget, or management cash reserve target. What should the committee do with the remaining authority, and what evidence should change its pace?

Assignment: Prepare a one-page recommendation for the hypothetical committee. Choose among using more of the authorization, preserving more financial flexibility, or staging future use against explicit conditions. Explain the strongest argument against your choice, identify the evidence you would request, and select a near-term review horizon as a **classroom assumption**. Do not present a project NPV or claim that one alternative is quantitatively superior from the information provided.

EVERTEC's operating context

EVERTEC provides transaction processing across several parts of the payments value chain. Its disclosed businesses include payment services in Puerto Rico and the Caribbean, Latin American payments and solutions, merchant acquiring, and business solutions. Merchant acquiring includes merchant onboarding and underwriting, point-of-sale equipment, transaction processing, settlement, reporting, and support. The company also provides issuer processing, network services, and financial software. [C1, Form 10-K, Item 1, lines 319-325; Note 26, lines 3678-3703]

The company describes its customer relationships as recurring and embedded, and says it generally has multi-year contracts. Management believes the company can grow organically in its primary markets without significant incremental capital expenditures. Those are company statements, not a project-by-project forecast. [C1, lines 1056-1057]

Popular was EVERTEC's largest customer relationship: approximately 35% of 2023 revenue came from Popular. [C1, line 1068] The companies had extended several commercial agreements in 2022, including annual minimums under the master services agreement (MSA) through September 30, 2028, and a 10% discount on certain MSA services beginning in October 2025. The discount applies to certain services, not all EVERTEC revenue. [C1, lines 1065-1067]

Sinqia: expansion and execution

EVERTEC completed its acquisition of Sinqia on November 1, 2023. Sinqia provides financial software to Brazilian institutions in four verticals: banks, funds, pensions, and consortiums. EVERTEC said the transaction expanded its product portfolio and Brazilian client base. [C1, lines 1072, 2644-2647; C3, closing announcement]

At year-end, Sinqia represented approximately 35% of consolidated assets and 3% of 2023 net sales. EVERTEC's management said integration into the company's internal-control environment was ongoing. The auditor's internal-control opinion excluded Sinqia's controls from its scope because it was recently acquired; this disclosure does not itself establish a material weakness. [C1, lines 1577-1586, 2043-2049]

The July 2023 announcement described the transaction as breakeven to slightly accretive to 2024 adjusted earnings per share and accretive in 2025. That was management's forecast at announcement, not a reported outcome. [C2, SEC exhibit, line 38]

EVERTEC's February 28, 2024 results release reported 2023 revenue of \$694.7 million and Adjusted EBITDA of \$292.0 million, with a 42.0% adjusted EBITDA margin. Management attributed the 262-basis-point margin decline partly to the sale of higher-margin assets in the 2022 Popular transaction, a full year of the merchant-acquiring sharing agreement, and Sinqia's lower margin. This is management's explanation; the release does not isolate each factor's causal effect. [C4, lines 141-146]

What the financial statements do-and do not-show

The latest audited balance sheet available by the cutoff was as of December 31, 2023. The categories below are shown separately because they serve different purposes. Amounts are in millions of U.S. dollars; the filing tables are in thousands. [C1, consolidated balance sheet, lines 2071-2114; Note 5, lines 2851-2870; Note 7, lines 2891-2912]

Balance-sheet item at Dec. 31, 2023	\$ millions	Classification / context
Cash and cash equivalents	295.600	Separate current-asset line
Restricted cash	23.073	Separate current-asset line; held for specified purposes
Settlement assets	51.467	Includes 25.051 settlement cash and 26.416 receivables
Settlement liabilities	47.620	Amounts payable to merchants and other payees
Current portion of long-term debt	23.867	Separate debt line
Long-term debt	946.816	Separate debt line

Settlement cash and receivables support payment flows through the processing business; they are not an additional pool for repurchases. Restricted cash is also separate from general cash. Note 5's prose calls \$318.7 million "cash and cash equivalents," while the balance sheet and Note 5 reconciliation separately show \$295.600 million cash and \$23.073 million restricted cash; those two components sum to \$318.673 million. The reconciliation also separately identifies settlement cash. The filing does not establish how much cash was available for discretionary use after operating, contractual, and jurisdictional needs. [C1, lines 2545-2562, 2851-2870]

In the earnings release, 2023 total revenue was \$694.7 million (the audited statement reports \$694.709 million), net income attributable to common shareholders was \$79.7 million, and Adjusted EBITDA was \$292.0 million. Revenue and net income are GAAP measures; Adjusted EBITDA is a company-defined non-GAAP measure, not cash flow. Singia closed on November 1, so 2023 includes only November and December of its contribution; the company did not report a full-year combined result in this information set. [C1, statements and Note 3; C4, lines 141-148, 382-398]

The authorization and the ASR

Date / item	Disclosed information
March 4, 2024	The board increased the authorization to permit up to \$220 million of repurchases by December 31, 2025; approximately \$137 million remained under the prior authorization.
March 6, 2024	EVERTEC entered a \$70 million ASR agreement. After giving effect to it, \$150 million would remain authorized.
March 7, 2024	Decision date and inclusive information cutoff for this classroom exercise.
March 8, 2024	The filing said payment of \$70 million and an initial delivery of approximately 1.5 million shares were expected that day. These were scheduled future events as of the case cutoff.

[C5, Form 8-K filed March 6, 2024; report date March 4; SEC lines 81-89.] The remaining \$150 million is authorization-not an earmarked cash balance, operating budget, or obligation. The case gives no expected purchase price, total future share count, or forecast of cash flows from unannounced projects.

Alternatives for discussion

The following are constructed for the classroom. They do not describe alternatives EVERTEC disclosed that it considered.

Approach	Potential rationale	Questions it raises
Use more of the authorization	Repurchases can return capital and reduce shares outstanding; the board has authorized up to the stated amount.	What share-value evidence supports buying at the expected price? What flexibility is lost if integration needs or other opportunities arise?
Preserve more flexibility	Slower or limited repurchases could preserve cash and borrowing capacity for debt service, integration, or future opportunities.	What specific need justifies retaining resources, and how would the committee prevent “flexibility” from becoming an indefinite reason to avoid capital discipline?
Stage further use	A staged policy could preserve the option to repurchase while linking later pace to observable operating, liquidity, or leverage evidence.	Which measures can be observed reliably, who reviews them, and how could poorly chosen gates delay value-creating repurchases?

The public information set does not provide an integration budget, quantified cross-sell pipeline, minimum liquidity threshold, March 7 covenant-headroom bridge, project returns, or company

valuation. Students should make their recommendation conditional on these unknowns rather than invent them.

Discussion questions

1. What is the relevant scarce resource here: authorization, cash available for discretionary use, borrowing capacity, management attention, or some combination? What does the evidence actually establish?
2. Which approach would you choose, and what is the strongest counterargument?
3. What two or three pieces of evidence would most change your recommendation? What near-term review horizon would you set as a classroom assumption, and why?

Public sources

- **C1 - EVERTEC 2023 Form 10-K**, filed February 29, 2024. [SEC filing](#)
- **C2 - EVERTEC announcement of agreement to acquire Sinqia**, July 20, 2023, Exhibit 99.1. [SEC exhibit](#)
- **C3 - EVERTEC announcement of Sinqia closing**, November 1, 2023, Exhibit 99.1. [SEC exhibit](#)
- **C4 - EVERTEC Q4 and full-year 2023 results release**, February 28, 2024. [Issuer release](#)
- **C5 - EVERTEC Form 8-K**, filed March 6, 2024; report date March 4, 2024. [SEC filing](#)