

***“The future of business
is yours to shape.”***



SQUARE- INDUSTRY OVERVIEW & COMPETITION ANALYSIS

Industry overview:

Payment processing industry
As of 2021 Square has a market share of 5.5 %.

The global payment processing solutions market garnered **\$39.57 billion in 2020**, and is estimated to reach \$146.45 billion by 2030, witnessing a CAGR of 13.7% from 2021 to 2030(Allied Market Research).

The industry is heading towards growth. Cash payments are decreasing and digital payments are increasing substantially.

Example:Total payments 2020 (USA): 38 % on credit cards, 29 % debit cards, 12 % cash and 10 % digital wallet.

(Statista)

LMT financials

•Revenue: \$9.49Bn

•Operating revenue: \$2.73Bn

Main Competition:

- Shopify
- Paypal
- Verifone
- Lightspeed
- Intuit
- Stripe



Business Model:

1. Enables users to transact, invest and deposit Bitcoin through the platform
2. Easily send over the money
3. Square leverages a set of marketing and distribution strategies.

Competitive advantage:

The Square ecosystem;
Seller ecosystem & buyer ecosystem
These ecosystems provide value for seller and buyer

Example (seller ecosystem):
Small loans & payroll management software

Example (buyer ecosystem):
Cash app

These ecosystems help Square build durable relationships which leads to competitive advantage

Schedule appointments easily.

Manage your availability, let customers book online, and send automated reminders.

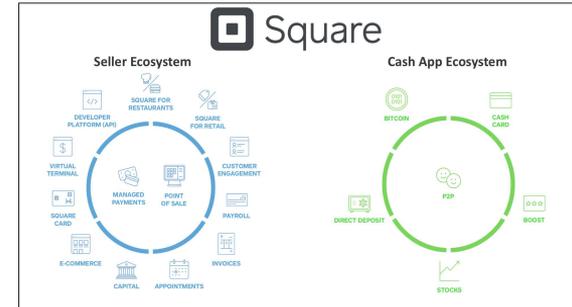
[Learn more about Square Appointments](#)



Get a 360-degree view of your customers.

Automatically track customer details and analyze purchase data with powerful customer management software.

[Learn more about Customer Directory](#)



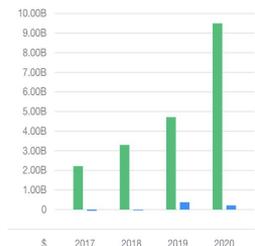
SQUARE - VALUATION

Growth Estimates

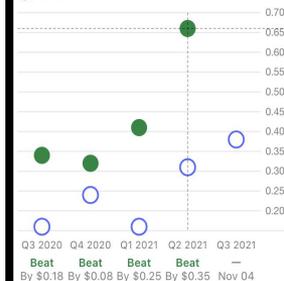
	SQ
Current Qtr.	11.80%
Next Qtr.	50.00%
Current Year	122.60%
Next Year	28.90%
Next 5 Years (per annum)	54.41%

Financials >

Annual Quarterly Revenue Earnings



Consensus EPS



BUY

Actual Value	Real Value (Range)	Diference %
237	245-270	8,65%



- 1) Square has had the biggest growth in relative numbers of its sector
- 2) Very disruptive, forcing the sector to follow their path (crypto implementation)
- 3) Has beaten the consensus estimates YTY for two years
- 4) Very low risk of bankruptcy because of its great net cash positions (very rare in growth companies)

• Growth Catalysts

- Cryptocurrency bullish market momentum
- E-Commerce growth due to pandemic
- Cah App sector growth trajectory
- Digitalization of small and medium companies

RISK ASSESSMENT AND TARGET PRICE

- RISK**

Ba2

MOODY'S
INVESTORS SERVICE

Rating Action: Moody's assigns Ba2 CFR to Square and a Ba2 rating to the proposed senior notes, outlook stable

Liquidity		Capital Structure	
Current Ratio	1.88	Total Debt to Total Equity	112.97
Quick Ratio	1.87	Total Debt to Total Capital	53.04
Cash Ratio	0.94	Total Debt to Total Assets	30.69
		Interest Coverage	2.97
		Long-Term Debt to Equity	111.00
		Long-Term Debt to Total Capital	52.12
		Long-Term Debt to Assets	0.30

SWOT analysis

Internal Strengths-

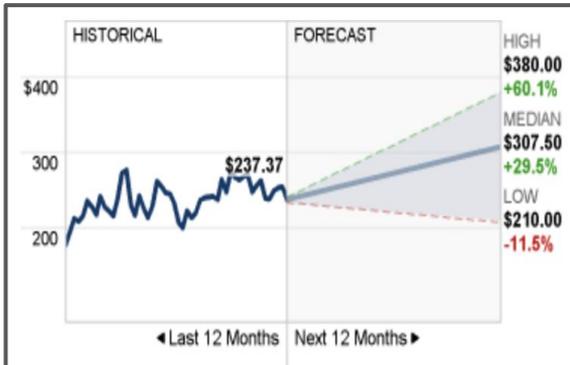
Broad portfolio of products and services. Unique product characteristics (fraud detection capabilities, analytical features).

Internal Weaknesses-

Dependence on revenue from payments services.
Dependent on payment card networks not to and acquiring processors (of which there is a shortage).

- TARGET PRICE**

↑ 29.5%



Stock Price Target sq	
High	\$380.00
Median	\$307.50
Low	\$210.00
Average	\$304.93
Current Price	\$237.38



Conclusion:
The favourable Returns Growth potential compared to the industry's main competitors, as well as the high net cash position, express very good prospects for the company in the long term. Added to the strong fundamentals, the innovative culture and leadership of the company is supposing a great competitive advantage compared to its competitors. We strongly suggest to buy and hold it for the upcoming 2 to 5 years.