



Rating
Buy

North America
United States

TMT
Payments, Processors, &
IT Services

Company
Square

Reuters SQ.N Bloomberg SQ US Exchange NYS Ticker SQ

Date
7 November 2018

Results

Price at 7 Nov 2018 (USD)	82.69
Price target	98.00
52-week range	99.01 - 34.67

Plans to Continue Reinvesting for Industry Leading Growth

Key takeaway – Previews FY19 guidance

Organic rev growth accelerated to +56% Y/Y (from ~54% in 2Q18) as the company continues executing against its three pillars of growth – omnichannel, banking services, and Int'l. Although GPV / Txn rev growth modestly decelerated, Subscription & Services rev growth healthily accelerated as value-added products are seeing strong demand. SQ provided preliminary FY19 guidance (as we expected) of +40% adj. rev growth and margin expansion similar to the FY18 outlook (~200bps Y/Y) which implies +\$410m of adj. EBITDA, both in-line with our previewed expectations. In addition, the CFO search is a high priority for Dorsey, as well as the Board, and the company's structure should allow for continued solid execution. As a result, we believe the company's strategy of pursuing industry leading growth, while balancing reinvestments and margin expansion will continue. SQ raised guidance for FY18 and we are raising our FY18/FY19/FY20 EPS ests by \$0.02 each to \$0.47/\$0.75/\$1.15. Buy.

Positives – Subscription & Services acceleration, margins outperform

Adj. revs of \$431m (+67.7% Y/Y) beat our est. of \$417m, driven primarily by acceleration in Subscription & Services revs, which grew 155.5% Y/Y (+117% Y/Y excl. Weebly & Zesty). Segment growth was driven by Instant Deposit, Cash Card, Caviar (lower-margin than core business), and Capital (originations +34% Y/Y). Cash App has been an important driver of growth with customers taking advantage of the Boost program (SQ considers this a mktg expense), Cash Card, and direct deposits while it's soon going to roll out bill pay functionality. SQ also expects Installments to resonate with customers going forward (SQ processed 10m txns over \$250 in the US in 3Q), having a similar rev model to merchant capital loans. Further, it has now rolled out Payroll nationwide (from 28 states to begin 2018) and has done so with minimal back-office hiring compared to other payroll providers. Adj. EBITDA margins of 16.5% beat our est. of 15.7%, driven primarily by solid G&A leverage (+520bps Y/Y).

Risks to monitor – Txn revs decelerate, 4Q18 guidance, CFO search

3Q18 txn revs of \$655m (+28.5% Y/Y) missed our est. of \$660m while growth decelerated by ~120bps Q/Q driven by a moderation in take rate to 2.91% as well as a deceleration in GPV to 29.4% Y/Y (from 30.2% in 2Q). In addition, 4Q18 guidance, which we view as a conservative mark, implies an ~9ppt deceleration in adj. rev growth at the mid-point to ~59% Y/Y. However, SQ showed confidence that its new Square Terminal POS will allow it to more effectively compete with traditional POS systems (~2m devices in the US) and we believe the product will allow it to make a more aggressive push upmarket (for the 1st time represented

Valuation & Risks

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Key changes

Revenue (USDm)	3,236.4 to 3,275.2	↑	1.2%
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Source: Deutsche Bank

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+50% of GPV). In addition, its SDKs (e.g. Reader SDK) are opening opportunities in niche verticals – where creating its own integrated solution doesn't scale appropriately – boding well for sustainable GPV growth rate in the 29% range. Finally, SQ's corporate structure entails each GM makes all related decisions for their product line while the CEO/CFO focus on investments to complement the entire portfolio. This should ensure minimal disruption as the new CFO ramps and understands the overall business.

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Quarter Review

SQ delivered 3Q18 adj. revenues of \$431m (~68% Y/Y, ~56% organic) beating consensus and our est. of \$417m (62% Y/Y). The company reported adj. EBITDA of \$71m, which came in ahead of consensus and our est. of \$65m. In addition, adj. EPS of \$0.13 beat consensus and our est. of \$0.12.

Figure 1: Quarter review

	Guidance	3Q18 Consensus	DB est	Actual
GPV		\$22.461	\$22.602	\$22.498
Growth Y/Y		29.2%	30.0%	29.4%
Transaction Revenue		\$658.95	\$659.97	\$655.38
Y/Y Growth		29.2%	29.4%	28.5%
Transaction Revenue as % of GPV		2.93%	2.92%	2.91%
Subscription and Service Based Revenue		\$150.24	\$152.35	\$166.20
Y/Y Growth		131.0%	134.2%	155.5%
Hardware Revenue		\$17.45	\$14.73	\$17.56
Y/Y Growth		73.0%	46.0%	74.0%
Bitcoin Revenue		\$37.66	\$37.13	\$42.96
Total Net Revenue	\$840-\$860	\$864.30	\$864.18	\$882.11
Y/Y Growth	43.6% - 47%	47.7%	47.7%	50.7%
Adjusted Revenue	\$407-\$412	\$414.10	\$416.58	\$431.14
Y/Y Growth	58.3% - 60.2%	61.1%	62.0%	67.7%
Adj. EBITDA	\$62-\$65m	\$65.85	\$65.47	\$71.00
Adj. EBITDA margin (midpoint)	~15.5% mid point	15.90%	15.72%	16.47%
Net income (loss)		\$54.11	\$55.24	\$65.40
GAAP EPS	-\$0.09 to -\$0.07	-\$0.06	-\$0.05	\$0.04
Adjusted EPS	\$0.08-\$0.10	\$0.11	\$0.12	\$0.13

Source: Company data, Factset, Deutsche Bank estimate

Guidance

4Q18 guidance

SQ guided to 4Q18 total net revenue of \$895-\$905m and adjusted revenue of \$446-\$451m (59% at the mid-point). The company guided to adj. EBITDA of \$75-\$80m. In addition, SQ expects GAAP EPS of -\$0.14 to -\$0.13 and adj. EPS of \$0.12 to \$0.13.

FY18 guidance

SQ raised FY18 total net revenue guidance from \$3.19-\$3.22bn to \$3.26-\$3.27bn and adj. revenue from \$1.52-\$1.54bn to \$1.569-\$1.574bn (60% at the mid-point). In addition, the company raised adj. EBITDA guidance from \$240-\$250m to \$250-\$255m. The company now expects GAAP EPS of -\$0.17 to -\$0.16 from prior guidance of -\$0.21 to -\$0.17 and adj. EPS of \$0.45 to \$0.46 from prior guidance of \$0.42 to \$0.46.

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Figure 2: Guidance, consensus and DB estimates

	FY18						
	Consensus	Prior DB Est.	Updated DB Est.	3Q18 Guidance	2Q18 Guidance	1Q18 Guidance	4Q17 Guidance
Total Net Revenue	\$3,239.15	\$3,236.37	\$3,275.20	\$3,260-\$3,270	\$3,190-\$3,220	\$3,000-\$3,060	\$2,820-\$2,880
Y/Y Growth	46.3%	46.2%	47.9%	47.0%	44%-45%	36%-38%	27%-30%
Adjusted Revenue	\$1,545.14	\$1,549.63	\$1,577.59	\$1,569-\$1,574	\$1,520-\$1,540	\$1,400-\$1,430	\$1,300-\$1,330
Y/Y Growth	57.0%	57.5%	60.3%	60.0%	55%-57%	42%-45%	32%-35%
Adj EBITDA	\$250.70	\$250.05	\$255.67	\$250-\$255	\$240-\$250	\$240-\$250	\$240-\$250
Margins	16.2%	16.1%	16.2%	~16% mid point	~16% mid point	~17% mid point	19% mid point
Y/Y improvement	2.2%	2.0%	2.1%				
Adj NI	\$214.61	\$215.71	\$229.61				
Adjusted EPS	\$0.45	\$0.45	\$0.47	\$0.45-\$0.46	\$0.42-\$0.46	\$0.44-\$0.48	\$0.43-\$0.47

Source: Company data, Factset, Deutsche Bank estimates

Preliminary FY19 guidance

SQ provided preliminary FY19 guidance for adj. revenue growth of greater than 40% and adj. EBITDA margin expansion roughly similar to the target in FY18, which is +2ppts Y/Y currently.

Figure 3: Income statement

come Statement	31-Mar-17	30-Jun-17	30-Sep-17	31-Dec-17	1-Dec-17	31-Mar-18	30-Jun-18	30-Sep-18	31-Dec-18	1-Dec-18	31-Mar-19	30-Jun-19	30-Sep-19	31-Dec-19	1-Dec-19	31-Mar-20	30-Jun-20	30-Sep-20	31-Dec-20	1-Dec-20
	1Q17A	2Q17A	3Q17A	4Q17A	2017A	1Q18A	2Q18A	3Q18A	4Q18E	2018E	1Q19E	2Q19E	3Q19E	4Q19E	2019E	1Q20E	2Q20E	3Q20E	4Q20E	2020E
Revenue																				
Transaction Revenue	\$403M	\$482M	\$510M	\$525M	\$1,920M	\$523M	\$625M	\$655M	\$666M	\$2,470M	\$654M	\$777M	\$809M	\$823M	\$3,063M	\$808M	\$961M	\$992M	\$1,001M	\$3,761M
Subscription and Service Based Revenue	\$49M	\$59M	\$65M	\$79M	\$253M	\$97M	\$134M	\$166M	\$176M	\$573M	\$205M	\$245M	\$274M	\$283M	\$1,007M	\$323M	\$380M	\$420M	\$422M	\$1,544M
Hardware Revenue	\$9M	\$10M	\$10M	\$12M	\$41M	\$14M	\$18M	\$18M	\$19M	\$69M	\$19M	\$22M	\$20M	\$21M	\$83M	\$22M	\$25M	\$22M	\$23M	\$91M
Bitcoin Revenue						\$34M	\$37M	\$43M	\$49M	\$163M	\$54M	\$58M	\$63M	\$66M	\$240M	\$70M	\$72M	\$75M	\$78M	\$295M
Total Net Revenue	\$462M	\$552M	\$585M	\$616M	\$2,214.3M	\$669M	\$815M	\$882M	\$910M	\$3,275M	\$931M	\$1,103M	\$1,166M	\$1,194M	\$4,394M	\$1,222M	\$1,437M	\$1,509M	\$1,523M	\$5,691M
Non-GAAP: Adjusted Revenue																				
Less: Other					\$0M		\$2M	\$6M	\$6M	\$14M	\$5M	\$5M	\$4M	\$4M	\$19M	\$3M	\$3M	\$2M	\$2M	\$11M
Less: Bitcoin Costs					\$0M		\$34M	\$42M	\$42M	\$160M	\$51M	\$55M	\$59M	\$63M	\$229M	\$66M	\$68M	\$71M	\$73M	\$277M
Less: Transaction Costs					\$1,230M		\$38M	\$39M	\$41M	\$1,552M		\$43M	\$49M	\$51M	\$1,949M		\$60M	\$62M	\$63M	\$237M
Adjusted Revenue	\$203.8M	\$240.4M	\$257.1M	\$282.7M	\$984.0M	\$306.8M	\$385.4M	\$431.1M	\$454.2M	\$1,577.6M	\$472.1M	\$560.7M	\$592.2M	\$609.7M	\$2,234.6M	\$650.2M	\$765.7M	\$815.7M	\$821.9M	\$3,053.6M
Cost of Revenue																				
Transaction Costs	\$258M	\$311M	\$328M	\$333M	\$1,230M	\$328M	\$395M	\$414M	\$414M	\$1,553M	\$413M	\$492M	\$519M	\$525M	\$1,949M	\$510M	\$606M	\$625M	\$630M	\$2,371M
Subscription and Service Based Costs	\$16M	\$17M	\$18M	\$25M	\$76M	\$30M	\$40M	\$47M	\$47M	\$165M	\$59M	\$66M	\$71M	\$71M	\$268M	\$84M	\$95M	\$101M	\$99M	\$372M
Hardware Costs	\$13M	\$14M	\$19M	\$17M	\$62M	\$20M	\$26M	\$23M	\$23M	\$92M	\$22M	\$24M	\$21M	\$22M	\$90M	\$24M	\$26M	\$22M	\$23M	\$95M
Bitcoin Costs						\$34M	\$37M	\$42M	\$47M	\$160M	\$51M	\$55M	\$59M	\$63M	\$229M	\$66M	\$68M	\$71M	\$73M	\$277M
Amortization of Acquired Technology	\$2M	\$2M	\$2M	\$1M	\$7M	\$2M	\$2M	\$2M	\$2M	\$8M	\$2M	\$2M	\$2M	\$2M	\$7M	\$1M	\$1M	\$1M	\$1M	\$5M
Total Cost of Revenue	\$288M	\$344M	\$367M	\$376M	\$1,375M	\$413M	\$499M	\$529M	\$534M	\$1,976M	\$548M	\$639M	\$673M	\$683M	\$2,542M	\$685M	\$797M	\$819M	\$820M	\$3,121M
Gross Profit																				
Transaction Gross Profit	\$146M	\$171M	\$182M	\$191M	\$690M	\$195M	\$230M	\$241M	\$252M	\$918M	\$240M	\$286M	\$290M	\$298M	\$1,114M	\$298M	\$354M	\$367M	\$371M	\$1,390M
Subscription and Service Gross Profit	\$33M	\$42M	\$47M	\$55M	\$177M	\$67M	\$95M	\$119M	\$128M	\$409M	\$145M	\$179M	\$203M	\$212M	\$739M	\$239M	\$285M	\$319M	\$329M	\$1,172M
Hardware Gross Profit	(\$4M)	(\$4M)	(\$9M)	(\$5M)	(\$21M)	(\$5M)	(\$7M)	(\$6M)	(\$5M)	(\$23M)	(\$3M)	(\$2M)	(\$1M)	(\$1M)	(\$7M)	(\$2M)	(\$1M)	(\$0M)	(\$0M)	(\$4M)
Bitcoin Gross Profit						\$0M	\$0M	\$1M	\$2M	\$3M	\$2M	\$3M	\$3M	\$3M	\$11M	\$4M	\$4M	\$5M	\$5M	\$18M
Gross Profit Excluding Starbucks and Amortization	\$175M	\$209M	\$220M	\$241M	\$846M	\$257M	\$318M	\$355M	\$377M	\$1,307M	\$385M	\$465M	\$495M	\$513M	\$1,859M	\$539M	\$642M	\$690M	\$704M	\$2,576M
Amortization	(\$2M)	(\$2M)	(\$2M)	(\$1M)	(\$7M)	(\$2M)	(\$2M)	(\$2M)	(\$2M)	(\$8M)	(\$2M)	(\$2M)	(\$2M)	(\$2M)	(\$7M)	(\$1M)	(\$1M)	(\$1M)	(\$1M)	(\$5M)
Total Gross Profit (GAAP)	\$173M	\$207M	\$218M	\$240M	\$839M	\$255.2M	\$316M	\$353M	\$375M	\$1,299M	\$383M	\$464M	\$493M	\$511M	\$1,852M	\$538M	\$641M	\$689M	\$703M	\$2,571M
OPERATING EXPENSES, ADJUSTED EBITDA & NET INCOME																				
Operating Expenses																				
Product Development	\$69M	\$78M	\$83M	\$93M	\$322M	\$105M	\$115M	\$136M	\$142M	\$497M	\$155M	\$163M	\$179M	\$185M	\$682M	\$207M	\$220M	\$242M	\$246M	\$915M
Sales & Marketing	\$50M	\$60M	\$67M	\$77M	\$253M	\$77M	\$98M	\$116M	\$121M	\$413M	\$116M	\$138M	\$146M	\$156M	\$556M	\$152M	\$175M	\$188M	\$195M	\$709M
General & Administrative	\$57M	\$63M	\$64M	\$66M	\$251M	\$76M	\$83M	\$86M	\$91M	\$335M	\$99M	\$110M	\$115M	\$116M	\$440M	\$123M	\$145M	\$153M	\$147M	\$569M
Transaction and Advance Losses	\$12M	\$18M	\$20M	\$17M	\$67M	\$18M	\$22M	\$24M	\$23M	\$87M	\$23M	\$27M	\$28M	\$28M	\$105M	\$28M	\$32M	\$34M	\$34M	\$127M
Amortization of Acquired Customer Assets	\$0M	\$0.2M	\$0.2M	\$0M	\$1.3M	\$0.3M	\$0.7M	\$1.3M	\$1.7M	\$4M	\$3M	\$0.9M	\$0.7M	\$0.5M	\$3M	\$0.4M	\$0.3M	\$0.2M	\$0.2M	\$1M
Total Operating Expenses	\$188M	\$220M	\$234M	\$253M	\$894M	\$276M	\$318M	\$363M	\$379M	\$1,336M	\$394M	\$439M	\$469M	\$485M	\$1,787M	\$509M	\$573M	\$617M	\$621M	\$2,321M
Operating Loss	(\$14M)	(\$12M)	(\$15M)	(\$13M)	(\$54M)	(\$21M)	(\$3M)	(\$10M)	(\$4M)	(\$37M)	(\$10M)	\$25M	\$25M	\$26M	\$65M	\$29M	\$67M	\$72M	\$82M	\$250M
Interest (Income) and Expense	\$0M	\$3M	\$2M	\$3M	\$8M	\$3M	\$3M	\$7M	\$7M	\$19M	\$6M	\$6M	\$5M	\$5M	\$22M	\$4M	\$4M	\$3M	\$3M	\$14M
Other (Income) and Expense	\$0M	\$0M	\$0M	\$0M	\$0M	\$0M	\$0M	(\$38M)	\$40M	\$2M	\$0M	\$0M	\$0M	\$0M	\$0M	\$0M	\$0M	\$0M	\$0M	\$0M
Loss Before Income Tax	(\$15M)	(\$15M)	(\$17M)	(\$16M)	(\$63M)	(\$24M)	(\$5M)	\$21M	(\$51M)	(\$59M)	(\$17M)	\$19M	\$19M	\$21M	\$43M	\$24M	\$63M	\$69M	\$79M	\$236M
Non-Cash Operating Expenses																				
Share-Based Compensation Expense**	\$32M	\$37M	\$40M	\$45M	\$153M	\$47M	\$52M	\$59M	\$61M	\$219M	\$62M	\$63M	\$63M	\$64M	\$252M	\$71M	\$73M	\$75M	\$76M	\$295M
Depreciation & Amortization	\$9M	\$9M	\$9M	\$10M	\$37M	\$10M	\$12M	\$16M	\$16M	\$54M	\$16M	\$16M	\$17M	\$17M	\$66M	\$17M	\$17M	\$18M	\$18M	\$70M
Non-GAAP: Adjusted EBITDA																				
Adjusted EBITDA	\$27M	\$36M	\$34M	\$41M	\$139M	\$36M	\$68M	\$71M	\$80M	\$256M	\$76M	\$113M	\$111M	\$113M	\$413M	\$124M	\$165M	\$170M	\$181M	\$641M
Loss on Sale of Property & Equipment	\$0M	\$0M	\$0M	\$0M	\$0M	(\$0M)	\$0M	\$1M	\$1M	\$1M	\$1M	\$1M	\$1M	\$1M	\$1M	\$1M	\$1M	\$1M	\$1M	\$1M
Provision (Benefit) for Income Taxes	\$1M	\$0M	(\$1M)	(\$0M)	\$0M	\$0M	\$1M	\$1M	\$1M	\$3M	\$1M	\$1M	\$1M	\$1M	\$4M	\$1M	\$1M	\$1M	\$1M	\$4M
Other (Income) and Expense	\$0M	\$0M	\$0M	\$0M	\$0M	\$0M	\$0M	(\$38M)	\$40M	\$2M	\$0M	\$0M	\$0M	\$0M	\$0M	\$0M	\$0M	\$0M	\$0M	\$0M
Interest (Income) and Expense	\$0M	\$3M	\$2M	\$3M	\$8M	\$3M	\$3M	\$7M	\$7M	\$19M	\$6M	\$6M	\$5M	\$5M	\$22M	\$4M	\$4M	\$3M	\$3M	\$14M
Acquisition related costs						\$0M	\$4M	\$0M	\$2M	\$7M	\$5M	\$5M	\$4M	\$4M	\$18M	\$5M	\$5M	\$4M	\$4M	\$18M
Acquired deferred net adjustments						\$0M	\$2M	\$5M	\$5M	\$12M	\$3M	\$3M	\$2M	\$2M	\$10M	\$2M	\$2M	\$1M	\$1M	\$6M
Depreciation & Amortization	\$9M	\$9M	\$9M	\$10M	\$37M	\$10M	\$12M	\$16M	\$16M	\$54M	\$16M	\$16M	\$17M	\$17M	\$66M	\$17M	\$17M	\$18M	\$18M	\$70M
Share-Based Compensation Expense	\$32M	\$37M	\$40M	\$45M	\$156M	\$47M	\$52M	\$59M	\$61M	\$219M	\$62M	\$63M	\$63M	\$64M	\$252M	\$71M	\$73M	\$75M	\$76M	\$295M
Provision (Benefit) for Income Tax	\$1M	\$0M	(\$1M)	(\$0M)	\$0M	\$0M	\$1M	\$1M	\$1M	\$3M	\$1M	\$1M	\$1M	\$1M	\$4M	\$1M	\$1M	\$1M	\$1M	\$4M
Adj Net Loss	\$20M	\$30M	\$30M	\$35M	\$115M	\$29M	\$62M	\$65M	\$73M	\$230M	\$69M	\$106M	\$104M	\$107M	\$385M	\$118M	\$159M	\$164M	\$175M	\$616M
Fully Diluted Sharecount	404	418	432	451	426	462	470	496	503	483	508	513	518	523	516	529	534	539	545	537
Adj EPS	0.05	0.07	0.07	0.08	0.27	0.06	0.13	0.13	0.14	0.47	0.14	0.21	0.20	0.20	0.75	0.22	0.30	0.30	0.32	1.15
% Growth Y/Y																				
Transaction Revenue	34.3%	32.1%	31.3%	30.3%	31.9%	29.6%	29.7%	28.5%	27.0%	28.6%	25.0%	24.3%	23.4%	23.6%	24.0%	23.6%	23.6%	22.6%	21.6%	22.8%
Subscription and Services Based Revs	106.2%	99.0%	84.2%	96.0%	95.3%	97.8%	127.1%	155.5%	121.5%	127.0%	110.8%	82.3%	65.0%	61.0%	75.6%	58.0%	55.0%	53.0%	49.0%	53.4%
Hardware Revenue	-44.3%	-7.2%	23.5%	35.5%	-6.5%	59.9%	78.5%	74.0%	55.0%	66.5%	35.0%	22.0%	16.0%	13.0%	20.8%	12.0%	10.4%	8.0%	7.0%	9.2%
Total Net Revenue	21.7%	25.8%	33.3%	36.3%	29.6%	44.9%	47.8%	50.7%	47.6%	47.9%	39.3%	35.3%	32.2%	31.3%	34.2%	31.3%	30.4%	29.4%	27.6%	29.5%
Adjusted Revenue	39.4%	40.7%	44.6%	47.3%	43.3%	50.6%	60.3%	67.7%	60.7%	60.3%	53.9%	45.5%	37.4%	34.2%	41.6%	37.7%	36.6%	37.7%	34.8%	36.7%
Adjusted Revenue (Organic)	39.4%	40.7%	44.6%	47.3%	43.3%	50.6%	60.3%	67.7%	60.7%	60.3%	53.9%	45.5%	37.4%	34.2%	41.6%	37.7%	36.6%	37.7%	34.8%	36.7%
Total Cost of Revenue	7.1%	18.8%	27.0%	31.8%	21.4%	43.5%	45.1%	44.4%	42.1%	43.7%	32.6%	28.0%	27.1%	27.7%	28.6%	24.9%	24.7%	21.8%	20.1%	22.7%
Total Gross Profit (GAAP)	57.3%	39.3%	45.4%	44.0%	45.7%	47.1%	52.3%	61.3%	56.4%	54.7%	50.2%	46.8%	39.9%	36.3%	42.6%	40.3%	38.1%	39.7%	37.5%	38.8%
Total Operating Expenses	-9.6%	24.6%	28.1%	40.1%	19.7%	47.3%	45.0%	55.3%	49.8%	49.5%	42.5%	37.7%	29.4%	28.1%	33.7%	29.4%	30.7%	31.5%	28.1%	29.9%
Operating Loss	-85.5%	-55.3%	-53.4%	-6.9%	-68.1%	-49.1%	-78.3%	-33.7%	-70.9%	-31.5%	-50.5%	-104.6%	-344.6%	-787.3%	-273.9%	-375.7%	-168.1%	-198.5%	-214.0%	-284.9%
Loss Before Income Taxes	-84.9%	-42.7%	-47.8%	12.2%	-63.0%	63.3%	-65.8%	-223.7%	218.7%	-6.1%	-30.3%	-464.7%	-8.7%	-142.2%	-172.9%	-247.0%	-228.2%	-263.8%	-270.8%	-448.7%
Net Loss	-84.4%	-41.6%	-50.2%	3.3%	-63.3%	59.0%	-63.0%	-222.0%	229.3%	-1.7%	-26.3%	-409.4%	-9.1%	-139.2%	-162.6%	-232.1%	-241.5%	-279.6%	-285.1%	-498.2%
Adjusted EBITDA	-397.5%	190.7%	195.1%	38.2%	209.7%	32.8%	87.2%	107.0%	95.4%	83.9%	112.8%	65.1%	56.2%	40.8						

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Appendix 1

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Company	Ticker	Recent price*	Disclosure
Square	SQ.N	77.31 (USD) 6 Nov 2018	2, 8

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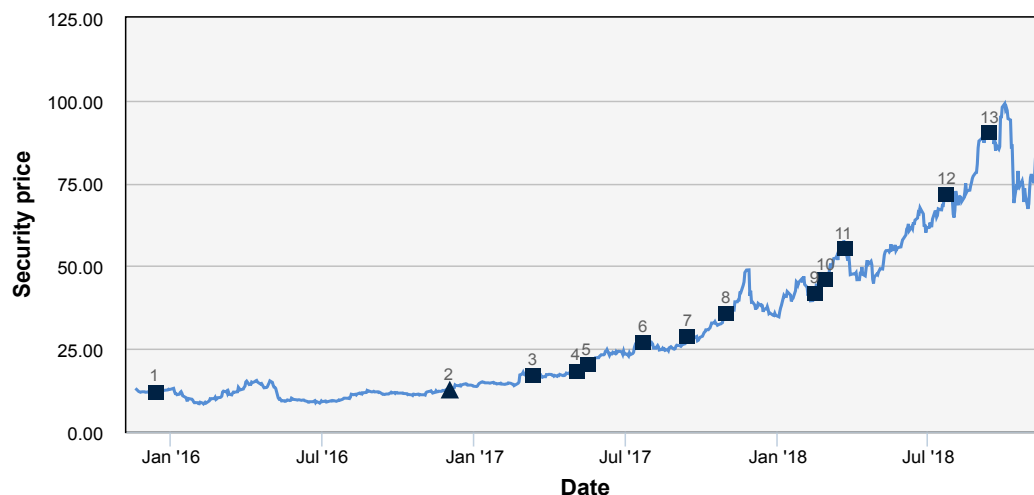
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Historical recommendations and target price. Square (SQ.N)

(as of 11/07/2018)



Current Recommendations

Buy
Hold
Sell
Not Rated
Suspended Rating

** Analyst is no longer at Deutsche Bank

1.	12/14/2015	Hold, Target Price Change USD 13.00 Bryan Keane	8.	10/31/2017	Buy, Target Price Change USD 37.00 Bryan Keane
2.	12/02/2016	Upgraded to Buy, Target Price Change USD 17.00 Bryan Keane	9.	02/15/2018	Buy, Target Price Change USD 43.00 Bryan Keane
3.	03/13/2017	Buy, Target Price Change USD 19.00 Bryan Keane	10.	02/28/2018	Buy, Target Price Change USD 47.00 Bryan Keane
4.	05/04/2017	Buy, Target Price Change USD 21.00 Bryan Keane	11.	03/23/2018	Buy, Target Price Change USD 57.00 Bryan Keane
5.	05/17/2017	Buy, Target Price Change USD 23.00 Bryan Keane	12.	07/24/2018	Buy, Target Price Change USD 78.00 Bryan Keane
6.	07/24/2017	Buy, Target Price Change USD 28.00 Bryan Keane	13.	09/14/2018	Buy, Target Price Change USD 98.00 Bryan Keane
7.	09/15/2017	Buy, Target Price Change USD 30.00 Bryan Keane			

Equity Rating Key

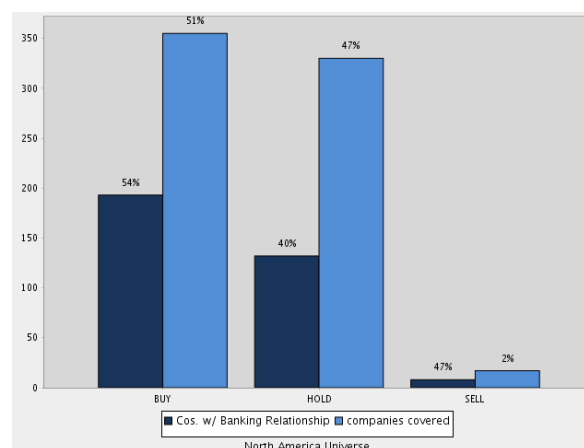
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Equity rating dispersion and banking relationships



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