CARDTRONICS INC
Form S-1/A
October 12, 2007

Table of Contents

As filed with the Securities and Exchange Commission on October 12, 2007

Registration No. 333-145929

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Amendment No. 1
to
Form S-1
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

CARDTRONICS, INC.
(exact name of registrant as specified in its charter)

Delaware	**7389**	**76-0681190**
(State or Other Jurisdiction of Incorporation or Organization)	*(Primary Standard Industrial Classification Code Number)*	*(I.R.S. Employer Identification No.)*

	J. Chris Brewster **Chief Financial Officer**
3110 Hayes Road, Suite 300 **Houston, Texas 77082** **(281) 596-9988**	**3110 Hayes Road, Suite 300** **Houston, Texas 77082** **(281) 596-9988**
(Address, Including Zip Code, and Telephone Number, *Including Area Code, of Registrant s Principal Executive Offices)*	*(Name, Address, Including Zip Code, and Telephone Number,* *Including Area Code, of Agent for Service)*

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Approximate date of commencement of proposed sale to the public: As soon as practicable after the effective date of this Registration Statement.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. o

If this Form is filed to register additional securities of an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered(1)	Proposed Maximum Offering Price Per Share(2)	Proposed Maximum Aggregate Offering Price(2)	Amount of Registration Fee(3)(4)
Common Stock, $0.0001 par value per share	19,166,667	$16.00	$306,666,672	$9,415

(1) Includes 2,500,000 shares of common stock that may be purchased by the underwriters to cover over-allotments, if any.

(2) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(a) under the Securities Act of 1933, as amended.

(3) Calculated pursuant to Rule 457(a) based on an estimate of the proposed maximum aggregate offering price.

(4) A registration fee of $9,210 has been paid previously.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

Table of Contents

Subject to Completion, Dated , 2007

PROSPECTUS

Cardtronics, Inc.

16,666,667 Shares
Common Stock

This is the initial public offering of Cardtronics, Inc. common stock. We are offering 8,333,333 shares of our common stock and the selling stockholders, including certain members of our senior management, are offering 8,333,334 shares of our common stock. No public market currently exists for our common stock. We will not receive any of the proceeds from the shares of our common stock sold by the selling stockholders.

We have applied for listing of our common stock on The Nasdaq Global Market under the symbol CATM. We currently estimate that the initial public offering price will be between $14.00 and $16.00 per share.

Investing in our common stock involves risk. See Risk Factors beginning on page 15.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

	Per Share	**Total**
Public offering price	$	$
Underwriting discounts and commissions	$	$
Proceeds, before expenses, to the Company	$	$
Proceeds, before expenses, to the selling stockholders	$	$

The selling stockholders have granted the underwriters a 30-day option to purchase up to an aggregate of 2,500,000 additional shares of our common stock to cover over-allotments.

The underwriters expect to deliver the shares on or about , 2007.

Deutsche Bank Securities **William Blair & Company** **Banc of America Securities LLC**

The date of this prospectus is , 2007.

Table of Contents

TABLE OF CONTENTS

	Page
Prospectus Summary	1
Risk Factors	15
Industry and Market Data	32
Intellectual Property	32
Forward-Looking Statements	32
Use of Proceeds	34
Dividend Policy	35
Capitalization	36
Dilution	38
Selected Historical Consolidated Financial and Operating Data	40
Unaudited Pro Forma Condensed Consolidated Financial Statements	43
Management s Discussion and Analysis of Financial Condition and Results of Operations	53
The ATM Industry	90
Business	95
Management	111
Principal and Selling Stockholders	132
Certain Relationships and Related Party Transactions	134
Description of Capital Stock	138
Shares Eligible for Future Sale	142
Material United States Federal Tax Considerations for Non-U.S. Holders	145
Underwriting	149
Legal Matters	154
Experts	154
Where You Can Find Additional Information	154
Index to Financial Statements	F-1
Consent of KPMG LLP	
Consent of PricewaterhouseCoopers LLP	

Dealer Prospectus Delivery Obligation

Through and including , 2007 (25 days after the commencement of the offering), all dealers that effect transactions in these securities, whether or not participating in the offering, may be required to deliver a prospectus. This is in addition to the dealer s obligation to deliver a prospectus when acting as an underwriter and with respect to unsold allotments or subscriptions.

About this Prospectus

You should rely only on the information contained in this prospectus or to which we have referred you, including any free writing prospectus that we file with the SEC relating to this offering. We and the selling stockholders have not authorized any other person to provide you with different information. We and the selling stockholders are only offering to sell, and only seeking offers to buy, the common stock in jurisdictions where offers and sales are permitted.

The information contained in this prospectus is accurate only as of the date of this prospectus, regardless of the time of delivery of this prospectus or of any sale of our common stock. Our business, financial condition, results of operations and prospects may have changed since that date.

Table of Contents

PROSPECTUS SUMMARY

This summary highlights information contained elsewhere in this prospectus. This summary sets forth the material terms of the offering, but does not contain all of the information that you should consider before investing in our common stock. You should read the entire prospectus carefully before making an investment decision, especially the risks of investing in our common stock discussed under Risk Factors. The terms we, us, our, the Company, and Cardtronics refer to Cardtronics, Inc. and its subsidiaries, unless the context otherwise requires. We refer to automated teller machines as ATMs throughout this prospectus. Pro forma financial and non-financial information contained in this prospectus gives effect to our acquisition of the financial services business of 7-Eleven, Inc. (7-Eleven), which we refer to as the 7-Eleven ATM Transaction, including the related financing transactions, as if they had occurred prior to the period for which such information is given. Such pro forma information is presented for illustrative purposes only and is not necessarily indicative of what our actual results would have been nor is it necessarily indicative of what our results will be in future periods.

Our Business

Cardtronics, Inc. operates the world s largest network of ATMs. Our network currently includes approximately 31,000 ATMs, principally in national and regional merchant locations throughout the United States, the United Kingdom, and Mexico. Approximately 18,850 of the ATMs we operate are Company-owned and 12,125 are merchant-owned. Our high-traffic retail locations and national footprint make us an attractive partner for regional and national financial institutions that are seeking to increase their market penetration. Over 9,500 of our Company-owned ATMs are under contract with well-known banks to place their logos on those machines, making us the largest non-bank owner and operator of bank-branded ATMs in the United States. We also operate the Allpoint network, which sells surcharge-free access to financial institutions that lack a significant ATM network. We believe that Allpoint is the largest surcharge-free network of ATMs in the United States based on the number of participating ATMs.

Our Company-owned ATMs, which represent over 60% of our ATM portfolio, are deployed with leading retail merchants under long-term contracts with initial terms generally of five to seven years. These merchant customers operate high consumer traffic locations, such as convenience stores, supermarkets, membership warehouses, drug stores, shopping malls, and airports. Based on our revenues, 7-Eleven, BP Amoco, Chevron, Costco, CVS Pharmacy, Duane Reade, ExxonMobil, Hess Corporation, Rite Aid, Sunoco, Target, Walgreens, and Winn-Dixie are our largest merchant customers in the United States; Alfred Jones, Martin McColl (formerly TM Retail), McDonalds, The Noble Organisation, Odeon Cinemas, Spar, Tates, and Vue Cinemas are our largest merchant customers in the United Kingdom; and Cadena Comercial OXXO S.A. de C.V. (OXXO) and Farmacia Guadalajara S.A. de C.V. (Fragua) are our largest merchant customers in Mexico.

As operator of the world s largest network of ATMs, we believe we are well-positioned to increase the size of our network through both internal growth and through acquisitions. On July 20, 2007, we purchased substantially all of the assets of the financial services business of 7-Eleven, which included 5,500 ATMs located in 7-Eleven stores across the United States. Approximately 2,000 of the acquired ATMs are advanced-functionality financial services kiosks branded as Vcom units. We also entered into a placement agreement that gives us the exclusive right, subject to certain conditions, to operate all of the ATMs and Vcom® units in existing and future 7-Eleven store locations in the United States for the next 10 years.

Our revenue is recurring in nature and is primarily derived from ATM surcharge fees, which are paid by cardholders, and interchange fees, which are fees paid by the cardholder s financial institution for the use of the applicable electronic funds transfer (EFT) network that

1

Table of Contents

transmits data between the ATM and the cardholder s financial institution. We generate additional revenue by branding our ATMs with signage from banks and other financial institutions, resulting in surcharge-free access and added convenience for their customers and increased usage of our ATMs. Our branding arrangements include relationships with leading national financial institutions, including Citibank, HSBC, JPMorgan Chase, and Sovereign Bank. We also generate revenue by collecting fees from financial institutions that participate in the Allpoint surcharge-free network.

For the year ended December 31, 2006 and the six months ended June 30, 2007, we processed over 192.1 million and 101.4 million withdrawal transactions, respectively, on a pro forma basis, which resulted in approximately $16.4 billion and $9.2 billion, respectively, in cash disbursements. Excluding the pro forma effects of the 7-Eleven ATM Transaction, we processed over 125.1 million and 64.2 million withdrawal transactions, respectively, resulting in approximately $10.7 billion and $5.8 billion, respectively, in cash disbursements. In addition, for the year ended December 31, 2006 and the six months ended June 30, 2007, we processed over 72.3 million and 42.5 million, respectively, of other ATM transactions on a pro forma basis, which included balance inquiries, fund transfers, and other non-withdrawal transactions. Excluding the pro forma effects of the 7-Eleven ATM Transaction, we processed over 47.7 million and 29.0 million, respectively, of other ATM transactions.

For the year ended December 31, 2006 and the six months ended June 30, 2007, we generated pro forma revenues of $457.3 million and $231.3 million, respectively, which included approximately $18.0 million and $4.2 million in revenues associated with past upfront payments received by 7-Eleven in connection with the development and provision of certain advanced-functionality services through the Vcom® units. Such payments, which we refer to as placement fees, related to arrangements that ended prior to our acquisition of the financial services business of 7-Eleven, and thus will not continue in the future. While we believe we will continue to earn some placement fee revenues related to the acquired financial services business of 7-Eleven, we expect those amounts to be substantially less than those earned historically. Excluding these fees, our pro forma revenues for these periods would have totaled $439.3 million and $227.1 million, respectively, which reflect the transaction growth experienced on our network. Excluding the pro forma effects of the 7-Eleven ATM Transaction, we generated revenues of $293.6 million and $151.8 million, respectively, for the year ended December 31, 2006 and six months ended June 30, 2007.

Our recent transaction and revenue growth have primarily been driven by investments that we have made in certain strategic growth initiatives and we expect these initiatives will continue to drive revenue growth and margin improvement. However, such investments have negatively affected our current year operating profits and related margins. For example, we have significantly increased the number of Company-owned ATMs in our United Kingdom and Mexico operations during the past year. While such deployments have resulted in an increase in revenues, they have negatively impacted our operating margins, as transactions for many of those machines have yet to reach the higher consistent recurring transaction levels seen in our more mature ATMs. Additionally, we have recently increased our investment in sales and marketing personnel to take advantage of what we believe are opportunities to capture additional market share in our existing markets and to provide enhanced service offerings to financial institutions. We have also incurred additional costs to develop our in-house transaction processing capabilities to better serve our clients and maximize our revenue opportunities. Additional costs were also necessary to meet the triple data security encryption standard (Triple-DES) adopted by the EFT networks.

All these expenditures have adversely impacted our pro forma operating income, which totaled $27.9 million and $10.0 million for the year ended December 31, 2006 and six months ended June 30, 2007, respectively (excluding the upfront placement fees associated with the acquired financial services business of 7-Eleven that are not expected to continue in the future). Excluding the pro forma effects of the 7-Eleven ATM Transaction, our operating income totaled

Table of Contents

$20.1 million and $4.8 million for the year ended December 31, 2006 and six months ended June 30, 2007, respectively. Furthermore, on a historical basis, we generated net losses of $0.8 million and $9.1 million for the year ended December 31, 2006 and six months ended June 30, 2007, respectively.

Our Strengths

Leading Market Position. We operate the world s largest network of ATMs. Our network currently includes approximately 31,000 ATMs located throughout the United States, the United Kingdom, and Mexico. We are also the largest non-bank owner and operator of bank-branded ATMs in the United States and operate the Allpoint network, which we believe is the largest surcharge-free network of ATMs in the United States based on the number of participating ATMs. Our size and diversity of products and services give us significant economies of scale and the ability to provide attractive and efficient solutions to national and regional financial institutions and retailers.

Network of Leading Retail Merchants Under Multi-Year Contracts. We have developed significant relationships with national and regional merchants within the United States, the United Kingdom, and Mexico. These merchants typically operate high-traffic locations, which we have found to result in increased ATM activity and profitability. Our contracts with our merchant customers are typically multi-year arrangements with initial terms of five to seven years. As of June 30, 2007, our contracts with our top 10 merchant customers had a weighted average remaining life based on revenues of 5.2 years (8.3 years on a pro forma basis, giving effect to the ten-year placement agreement that we entered into with 7-Eleven in July 2007). These long-term relationships can provide opportunities to deploy additional ATMs in new locations. We believe our merchant customers value our high level of service, our 24-hour per day monitoring and accessibility, and that our U.S. ATMs are on-line and able to serve customers an average of 98.5% of the time.

Recurring and Stable Revenue and Operating Cash Flow. The long-term contracts that we enter into with our merchant customers provide us with access to customer traffic and relatively stable, recurring revenue. Additionally, our branding arrangements and surcharge-free initiatives provide us with additional revenue under long-term contracts that is generally not based on the number of transactions per ATM. On a pro forma basis for the six months ended June 30, 2007, we derived approximately 94% of our total revenues from recurring ATM transaction and branding fees. Our recurring and stable revenue base, relatively low and predictable maintenance capital expenditure requirements, and minimal working capital requirements allow us to generate operating cash flows to service our indebtedness as well as invest in future growth initiatives.

Low-Cost Provider. We believe the size of our network combined with our operating infrastructure allows us to be among the low-cost providers in our industry. We believe our operating costs per ATM are significantly lower than the operating costs incurred by bank ATM operators. Our scale provides us with a competitive advantage both in operating our ATM fleet and completing acquisitions of additional ATM portfolios as well as the potential to offer cost effective outsourcing services to financial institutions.

Technological Expertise. We have developed, and are continuing to develop, significant new technological capabilities that could enhance the services we are able to provide ATM users, financial institutions, and our merchant customers. Our in-house transaction processing capability, which had been rolled out to over 7,500 of our ATMs as of August 31, 2007, will allow us to control ATM screen flow, enabling us to provide customized branding and messaging opportunities as ATM transactions are processed. In addition, our advanced-functionality ATMs are capable of performing check cashing, deposit taking at off-premise ATMs, which are ATMs not located in a bank branch, using electronic imaging, bill payments, and other kiosk-based financial services. The depth and breadth of our technical expertise

Table of Contents

gives us a competitive advantage in capitalizing on an ATM service model which has and will continue to evolve.

Proven Ability to Grow through Acquisitions and International Expansion. Since April 2001, we have acquired 14 networks of ATMs and one operator of a surcharge-free ATM network, increasing the number of ATMs we operate from approximately 4,100 to approximately 31,000 as of July 31, 2007. The majority of these acquisitions have been ATM portfolio or asset acquisitions, although we have also completed business acquisitions such as the 7-Eleven ATM Transaction. We believe the risks of integration associated with our ATM portfolio acquisition growth is reduced because we do not typically assume significant numbers of employees nor import new operating systems in connection with our acquisitions. Additionally, as a result of our relatively lower cost of operations and significant experience in ATM management, in many cases we have improved the operating cash flow of our acquired networks of ATMs and achieved high returns on capital for such transactions. We have also successfully expanded our business into the United Kingdom and Mexico. For the six months ended June 30, 2007, our international operations contributed approximately 13% and 11% of our total revenues and operating income, respectively, on a pro forma basis. We believe that our proven ability to grow through acquisitions and international expansion positions us to take advantage of additional growth opportunities.

Experienced Management Team. Our management team has significant financial services and payment processing-related experience and has developed extensive relationships and a leadership position in the industry, including directorships on several industry association boards. We believe this expertise helps us to attract new merchant customers and provides us with increased acquisition and bank branding opportunities. Our management team currently owns approximately 21% of our outstanding common stock on a fully diluted basis and will own approximately % after the completion of this offering.

Our Market Opportunity

As the world s leading operator of ATMs, we believe there are significant opportunities to grow our business.

Merchant Network Opportunities. Many of our existing national and regional retail merchant customers do not have ATMs in all of their retail locations and are adding new locations as they grow their businesses. Although we are not the exclusive provider of ATMs to a majority of these merchant customers, and thus may experience competition for the right to deploy additional ATMs in these new locations, we believe that we are well positioned to capitalize on these growth opportunities as we are often the primary ATM solutions provider for these merchants. In addition to these existing merchant customer opportunities, we have also targeted over 100 national or regional retailers who operate thousands of retail locations and are not currently customers.

Bank Branding and Outsourcing Opportunities. We believe that by branding our Company-owned ATMs with the logos of banks and other financial institutions, those institutions can interact with their customers more frequently, increase brand awareness, and provide additional services, including surcharge-free access to cash, at a lower cost than traditional marketing and distribution channels. Additionally, we are in the process of completing an initiative that will allow us to control the flow and content of information on the ATM screen, which we expect will enable us to offer customized branding solutions to financial institutions, including one-to-one marketing and advertising services on the ATM screen. We believe that our relatively lower cost of operations and significant experience in ATM management provides us with future revenue opportunities as banks and other financial institutions look to outsource certain ATM management functions to simplify operations and lower their costs.

Surcharge-Free Network Opportunities. The Allpoint network, which we believe is the largest surcharge-free network in the United States based on the number of participating ATMs, allows us to profitably participate in the portion of the ATM market not already served by our surcharge-based business model. Future growth opportunities exist for us in the surcharge-free ATM market as smaller financial institutions continue to look for cost-effective ways to offer convenient, surcharge-free ATM access to their customers, such as access through the Allpoint network.

Advanced-Functionality Opportunities. Approximately 75% of all ATM transactions in the United States are cash withdrawals, with the remainder representing other basic banking functions such as balance inquiries, transfers, and deposits. We believe opportunities exist for us as the operator of the world s largest network of ATMs to provide advanced-functionality services, such as check cashing, off-premise deposit taking using electronic imaging, money transfer, and bill payment. We are currently offering these advanced-functionality services through the 2,000 Vcom® units acquired as part of the 7-Eleven ATM Transaction. Pursuing advanced-functionality opportunities involve associated risks and costs as more fully described in Risk Factors and Management s Discussion and Analysis of Financial Condition and Results of Operations. We are currently incurring, and expect to incur, operating losses from the acquired Vcom® operations. If our cumulative losses exceed $10.0 million, we currently intend to terminate the Vcom® services and utilize the existing Vcom® units to provide traditional ATM services. Irrespective of the ultimate utilization of our Vcom® units, we may pursue other advanced-functionality opportunities as described under Our Strategy below.

International Opportunities. International markets are experiencing an increase in off-premise ATMs as consumers seek convenient access to cash. We believe that significant growth opportunities continue to exist in those international markets where cash is the predominant form of payment utilized by consumers and where off-premise ATM penetration is still relatively low.

Our Strategy

Our strategy is to enhance our position as the leading owner and operator of ATMs in the United States, to become a significant service provider to financial institutions, and to expand our network further into select international markets. In order to execute this strategy we will endeavor to:

Increase Penetration and ATM Count with Leading Merchants. We have two principal opportunities to increase the number of ATM sites with our existing merchants: first, by deploying ATMs in our merchants existing locations that currently do not have, but where traffic volumes justify installing, an ATM; and second, as our merchants open new locations, by installing ATMs in those locations. We believe our expertise, national footprint, strong record of customer service with leading merchants, and our significant scale position us to successfully market to, and enter into long-term contracts with, additional leading national and regional merchants.

Capitalize on Existing Opportunities to Become a Significant Service Provider to Financial Institutions. We believe we are strongly positioned to work with financial institutions to fulfill many of their ATM requirements. Our ATM services offered to financial institutions include branding our ATMs with their logos, managing their off-premise ATM networks on an outsourced basis, or buying their off-premise ATMs in combination with branding arrangements. In addition, the development of our in-house processing capability will provide us with the ability to control the content of the information appearing on the screens of our ATMs, which should in turn serve to increase the types of products and services that we will be able to offer to financial institutions.

Capitalize on Surcharge-Free Network Opportunities. We plan to continue to pursue opportunities with respect to our surcharge-free networks, where financial institutions pay us to allow surcharge-free access to our ATM network for their customers on a non-exclusive basis. We believe this arrangement will enable us to increase transaction counts and profitability on our existing machines. Additionally, we plan to expand our Allpoint surcharge-free network to the United Kingdom and Mexico in the fourth quarter of 2007.

Develop and Provide Selected Advanced-Functionality Services. ATMs have and continue to evolve in terms of service offerings. Certain advanced ATM models are capable of providing check cashing, off-premise deposit taking services using electronic imaging, money transfer, and bill payment services. Our Vcom® units are capable of providing many of these services. Irrespective of our ultimate decision on the continued operation of our Vcom® units as described above, we believe the advanced functionality offered by our Vcom® units and other machines we or others may develop, provides additional growth opportunities as retailers and financial institutions seek to provide additional financial services to their customers.

Pursue International Growth Opportunities. We have recently invested significant amounts in the infrastructure of our United Kingdom and Mexico operations, and we plan to continue to increase the number of our Company-owned ATMs in these markets through machines deployed with our existing customer base as well as through the addition of new merchant customers. Additionally, we plan to expand our operations into selected international markets where we believe we can leverage our operational expertise and scale advantages. In particular, we are targeting high growth emerging markets where cash is the predominant form of payment and where off-premise ATM penetration is relatively low, such as Central and Eastern Europe, China, India and Brazil.

Risk Factors

While we have summarized our above strengths, market opportunity, and strategy, there are numerous risks and uncertainties unique to our business and industry which may prevent us from capitalizing on our strengths and market opportunities, or from successfully executing our strategy. Examples of these risks include the following:

We have recently seen a decline in the average number of merchant-owned ATMs that we operate in the United States of approximately 14.1% in 2006 and 2.7% during the six months ended June 30, 2007.

The U.S. has seen a shift in consumer payment trends since the late 1990 s, with more customers now opting for electronic forms of payment (e.g., credit cards and debit cards) for their in-store purchases over traditional paper-based forms of payment (e.g., cash and checks).

We have incurred substantial losses in the past and may continue to incur losses in the future.

We currently expect to incur operating losses associated with providing advanced-functionality services through our Vcom® units within the first 12-18 months subsequent to the 7-Eleven ATM Transaction.

We derive a substantial portion of our revenues from ATMs placed with a small number of merchants, with 7-Eleven comprising approximately 35.8% of our pro forma revenues for the year ended December 31, 2006.

We have a substantial amount of indebtedness. As of June 30, 2007, on a pro forma basis giving effect to the 7-Eleven ATM Transaction and the related financings, we had outstanding indebtedness of approximately $406.4 million, which represents approximately 92.5% of our total capitalization of $439.5 million.

Table of Contents

For a more complete description of the risks associated with an investment in us, you should read and carefully consider the matters described under Risk Factors. These risks could materially and adversely impact our business, financial condition, operating results, and cash flows, which could cause the trading price of our common stock to decline and could result in partial or total loss of your investment.

Our Executive Offices

Our principal executive offices are located at 3110 Hayes Road, Suite 300, Houston, Texas 77082, and our telephone number is (281) 596-9988. Our website address is *www.cardtronics.com*. Information contained on our website is not part of this prospectus.

Table of Contents

THE OFFERING

Common stock offered	8,333,333 shares by us 8,333,334 shares by the selling stockholders
Total offering	16,666,667 shares
Common stock outstanding after the offering	34,409,462 shares (48.4% of which are the shares being offered in this offering)
Use of proceeds	We estimate that our net proceeds from this offering, after deducting underwriting discounts and commissions and estimated offering expenses, will be approximately $114.8 million, assuming an initial public offering price of $15.00 per share, which is the midpoint of the range set forth on the cover page of this prospectus. We intend to use the net proceeds we receive from this offering: to pay down approximately $105.6 million of indebtedness under our credit facility; and for working capital and general corporate purposes. See Use of Proceeds. We will not receive any of the proceeds from the sale of shares of our common stock by the selling stockholders. The selling stockholders include members of our senior management. See Principal and Selling Stockholders.
Dividend policy	We do not expect to pay any dividends on our common stock for the foreseeable future.
Proposed Nasdaq Global Market symbol	CATM
Risk Factors	See Risk Factors beginning on page 15 of this prospectus for a discussion of factors that you should carefully consider before deciding to invest in shares of our common stock.

Unless specifically indicated otherwise or unless the context otherwise requires, the information in this prospectus gives effect to (1) the conversion of all Series B Convertible Preferred Stock into common stock, which includes the effect of an additional share issuance to TA Associates concurrent with the closing of this offering, and a stock split in the form of a stock dividend of our common stock immediately prior to the closing of the offering, all as described in more detail in Certain Relationships and Related Party Transactions; and (2) no exercise of the underwriters over-allotment option. See Certain Relationships and Related Party Transactions Preferred Stock Private Placement and Description of Capital Stock.

Table of Contents

The number of shares of common stock that will be outstanding after the offering is based on the number of shares outstanding as of June 30, 2007. This number does not include:

- 4,802,102 shares of common stock issuable upon exercise of stock options outstanding as of June 30, 2007 pursuant to the 2001 Stock Incentive Plan;
- 218,036 shares of common stock issuable upon exercise of stock options outstanding as of June 30, 2007 pursuant to a separate option plan;
- an aggregate of 508,969 shares of common stock reserved for future issuance under our 2001 Stock Incentive Plan; and
- any shares of common stock reserved for future issuance under our 2007 Stock Incentive Plan as such plan was approved in August 2007.

Table of Contents

SUMMARY HISTORICAL CONSOLIDATED AND PRO FORMA FINANCIAL AND OPERATING DATA

The summary consolidated balance sheet data for Cardtronics as of December 31, 2005 and 2006 and the summary consolidated statements of operations and cash flows data for Cardtronics for the years ended December 31, 2004, 2005, and 2006 have been derived from our audited consolidated financial statements included elsewhere in this prospectus. The summary consolidated balance sheet data for Cardtronics as of June 30, 2007 and the summary consolidated statements of operations data for Cardtronics for the six months ended June 30, 2006 and 2007 have been derived from our unaudited interim condensed consolidated financial statements included elsewhere in this prospectus. The unaudited interim period financial information, in the opinion of management, includes all adjustments, which are normal and recurring in nature, necessary for a fair presentation for the periods shown. Results for the six months ended June 30, 2007 are not necessarily indicative of the results to be expected for the full year.

The summary unaudited pro forma condensed consolidated statements of operations data for the year ended December 31, 2006 and the six months ended June 30, 2007 and the summary unaudited pro forma condensed balance sheet data as of June 30, 2007 have been derived from the unaudited pro forma condensed consolidated financial statements included elsewhere in this prospectus. The summary unaudited pro forma condensed consolidated statements of operations have been prepared to give effect to the 7-Eleven ATM Transaction and the related financing transactions as if each had occurred on January 1, 2006. The summary unaudited pro forma condensed consolidated balance sheet data gives effect to these transactions as if each had occurred on June 30, 2007. Furthermore, the pro forma condensed consolidated balance sheet data gives effect to the conversion of our Series B Convertible Preferred Stock into shares of common stock in connection with our initial public offering.

The pro forma adjustments are based upon available information and certain assumptions that we believe are reasonable. The unaudited pro forma financial information is provided for informational purposes only. The summary unaudited pro forma condensed consolidated financial data do not purport to represent what our results of operations or financial position actually would have been if the 7-Eleven ATM Transaction or the related financing transactions had occurred on the dates indicated, nor do such data purport to project the results of operations for any future period.

The summary consolidated and pro forma condensed consolidated financial and operating data should be read in conjunction with Selected Historical Consolidated Financial and Operating Data, Unaudited Pro Forma Condensed Consolidated Financial Statements, Management s Discussion and Analysis of Financial Condition and Results of Operations, and the consolidated financial statements and related notes appearing elsewhere in this prospectus.

Table of Contents

Cardtronics, Inc.

	Years Ended December 31, 2004	Years Ended December 31, 2005	Years Ended December 31, 2006	Pro Forma Year Ended December 31, 2006	Six Months Ended June 30, 2006	Six Months Ended June 30, 2007	Pro Forma Six Months Ended June 30, 2007
Consolidated Statements of Operations Data:	**(in thousands, except share, per share, and per withdrawal transaction statistics)**						
Revenues:							
ATM operating revenues	$ 182,711	$ 258,979	$ 280,985	$ 416,961	$ 136,655	$ 145,620	$ 217,322
Vcom® operating revenues (1)				27,686			7,881