

July 6, 2015

# Financial Technology Partners LP FTP Securities LLC

Transaction Profile:



*acquires*



*for an enterprise value of \$890 million*

*Courtesy of:*



*The Only Investment Bank  
Focused Exclusively on Financial Technology*

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# PayPal Acquires Xoom for \$890 mm

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# I. Transaction Overview



# PayPal Acquires Xoom for \$890 mm

## Transaction Overview

**PayPal's purchase price per share of \$25 for Xoom represents a 21% premium to Xoom's July 1, 2015 closing price and a 32% premium to its three month volume-weighted average price**



**On September 30, 2014 eBay announced plans to spin off PayPal – eBay and PayPal will officially be two separate entities trading on the NASDAQ under the tickers EBAY and PYPL on July 20, 2015**

**FINANCIAL  
TECHNOLOGY  
PARTNERS**

### Transaction Overview

- On July 1, 2015, PayPal and Xoom announced a definitive agreement under which PayPal will acquire Xoom for an enterprise value of approximately \$890 mm
  - PayPal will pay \$25 per share for Xoom, representing a 32% premium over Xoom's three month volume-weighted average price
  - PayPal intends to fund the acquisition with cash on its balance sheet
- The transaction was unanimously approved by both Companies' Boards of Directors
- Due to one-time integration costs, the completion of the transaction is expected to be slightly dilutive to PayPal's non-GAAP EPS for FY2016
- The deal is expected to close in the fourth quarter of 2015; upon closing, Xoom will operate as a separate service within PayPal
- The closing is subject to customary conditions as well as the receipt of certain consent relating to Xoom's money transmitter licenses

### Xoom Key Transaction Values & Metrics

|   |            |
|---|------------|
| Purchase Price per Share                          | \$25       |
| Transaction Market Value                          | \$1,054 mm |
| Transaction Enterprise Value                      | \$890 mm   |
| Revenue (LTM 03/31/15)                            | \$168 mm   |
| Adjusted EBITDA <sup>(2)</sup> (LTM 03/31/15)     | \$20 mm    |
| Net Income (LTM 03/31/15)                         | (\$27) mm  |
| Adjusted Net Income <sup>(3)</sup> (LTM 03/31/15) | \$4 mm     |

### Transaction Rationale

- The expected strategic benefits of the transaction include:
  - *Broadens PayPal's consumer offering to its 68 million active US customers by cross-selling Xoom's services*
  - *Accelerates time-to-market: Xoom's proprietary and fast "funds-out" network enables PayPal to enter this growing marketplace with a leading technology solution with a strong presence in key international markets*
  - *Enables PayPal's expansion in markets that Xoom has a strong presence in such as Mexico, India, the Philippines, China and Brazil*
  - *Allows Xoom to expand its portfolio of send-markets by leveraging PayPal's wider international network*
  - *Delivers a strong technology platform*

### Key Transaction Multiples

|                              | LTM<br>03/31/15 | FY2015E <sup>(1)</sup> | FY 2016 <sup>(1)</sup> |
|------------------------------|-----------------|------------------------|------------------------|
| EV / Revenue                 | 5.3x            | 4.6x                   | 3.8x                   |
| EV / EBITDA                  | 44.5x           | 36.5x                  | 26.4x                  |
| Adjusted Net Income Multiple | 222.5x          | 54.7x                  | 35.0x                  |

Source: Company press releases, SEC filings, Capital IQ.

(1) Based on consensus estimates.

(2) Adjusted EBITDA defined as earnings before interest, taxes, depreciation, amortization, stock-based compensation and BEC fraud loss.

(3) Adjusted Net Income does not take into account a \$31 mm loss from fraudulent employee impersonation in 2014.



# PayPal Acquires Xoom for \$890 mm

## Deal Commentary



Dan Schulman  
President, PayPal

*"Expanding into international money transfer and remittances aligns with our strategic vision to democratize the movement and management of money. Acquiring Xoom allows PayPal to offer a broader range of services to our global customer base, increase customer engagement and enter an important and growing adjacent marketplace. Xoom's presence in 37 countries – in particular, Mexico, India, the Philippines, China and Brazil – will help us accelerate our expansion in these important markets."*

*"Becoming part of PayPal represents an exciting new chapter for Xoom, which will help accelerate our time-to-market in unserved geographies and expand the ways we can innovate for customers. Being part of a larger, global organization will help us deliver the best possible experience to our customers, while maximizing value for our shareholders."*



John Kunze  
President & CEO, Xoom



Ben Fox Rubin  
Journalist, CNET

*"PayPal unveiled its plans to buy money-transfer company Xoom on Wednesday, keeping up PayPal's effort to touch just about every aspect of the digital payments world. The deal, with an enterprise value of \$890 million, will expand PayPal's global money-transfer services, likely giving PayPal's 165 million worldwide active consumers more options to send and receive money across international borders using Xoom's services on their smartphones and personal computers... Xoom should become yet another weapon in PayPal's growing arsenal, as PayPal works to keep up its position as a leading player in the increasingly competitive space of digital and mobile payments."*

*"The move will strengthen PayPal's international business, giving it access to Xoom's 1.3 million active U.S. customers that sent about \$7 billion in the 12 months ending on March 31 to people in 37 countries. PayPal, which has been looking to accelerate its global growth and has about 68 million active users, said that the move will help them particularly in emerging markets like India and China, which Schulman highlighted as key territories for the company at recent investor and media events."*



Ryan Mac  
Journalist, Forbes






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## II. Company Overview: Xoom

# PayPal Acquires Xoom for \$890 mm

## Xoom: Company Overview

| Xoom Overview  |                   |
|--|-------------------|
| CEO:   | John Kunze        |
| Founded:   | 2001              |
| Headquarters:  | San Francisco, CA |
| Ticker:  | XOOM              |
| Employees:   | 295               |
| <ul style="list-style-type: none"><li>■ <b>Xoom Corporation is a prominent digital money transfer provider that targets consumers who need to transfer money from the US to any of 33 countries</b><ul style="list-style-type: none"><li>– The Company serves people in the United States that need to make payments or reload mobile phones for their friends and family in another country</li><li>– Primary countries served by Xoom include China, India, Mexico and the Philippines among others</li></ul></li><li>■ <b>Xoom provides its platform through desktops, its mobile site and mobile app</b></li><li>■ <b>The Company has offices in San Francisco and Guatemala</b></li></ul> |                   |

| Product Features  |  |
|---|--|
|  | <b>Transparent Costs</b> – Low fees and locked-in exchange rates allow customers to know the amount each transaction will cost them before they execute them |
|  | <b>Text Updates</b> – Text message updates keep the user in the loop about each transfer, giving them peace of mind throughout the process                   |
|  | <b>Mobile Platform</b> – Mobile app and website allow users to send money at home or on the go quickly and easily  |
|  | <b>Pay Bills</b> – Xoom now offers remote bill payment in Mexico and Central America for electricity, phone, gas and more                                    |
|  | <b>Phone Reload</b> – Reload prepaid phones in moments from anywhere at anytime  |

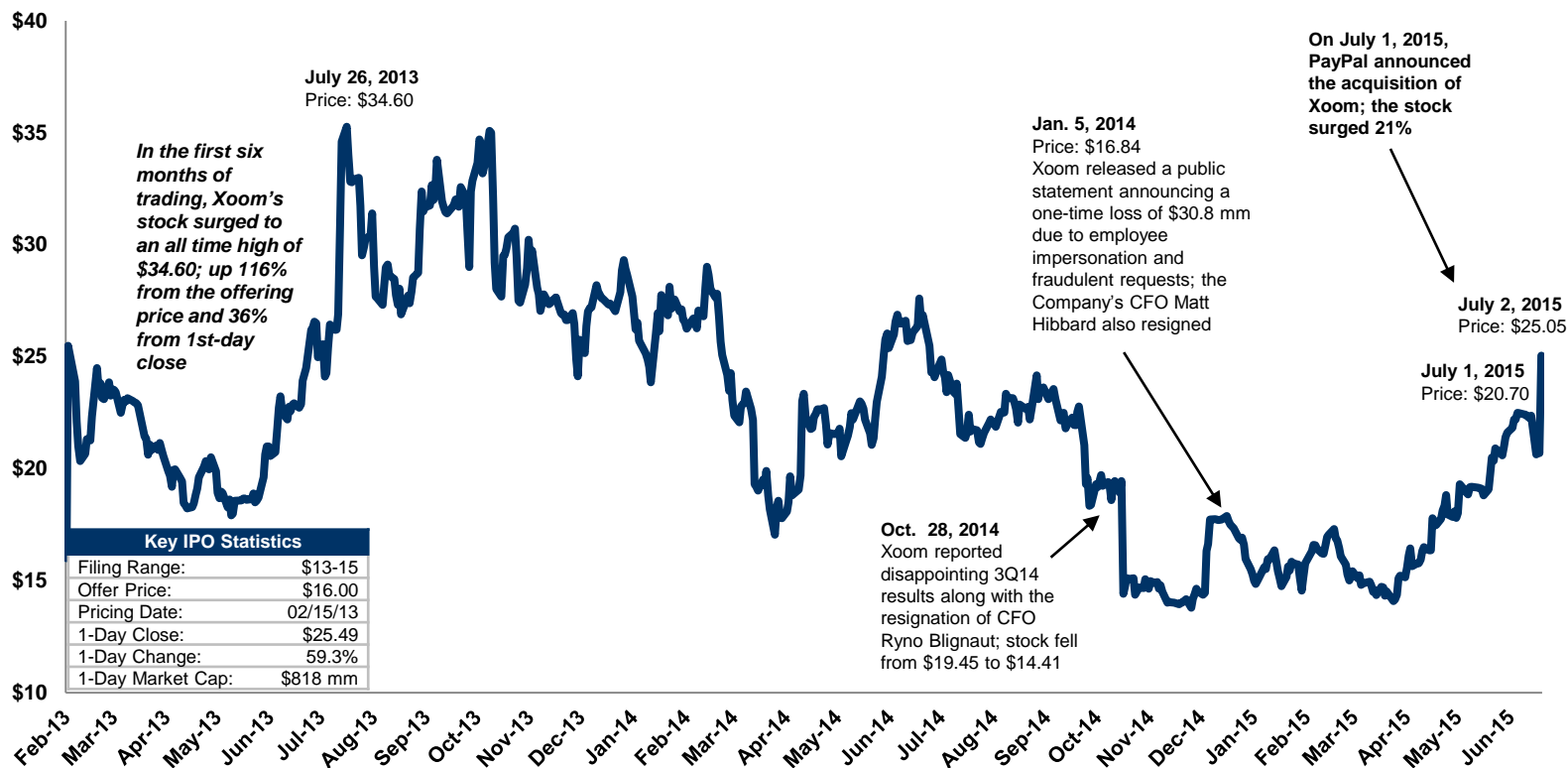
| Countries Served  |  |   |
|---|--|---|
| Europe, Oceania & North America   | Asia   | Latin America & Caribbean   |
|  |  |  |

Source: Company website.

# PayPal Acquires Xoom for \$890 mm

## Xoom: Stock Price Performance Since IPO

### Stock Price Performance Since IPO (NASDAQ: XOOM)

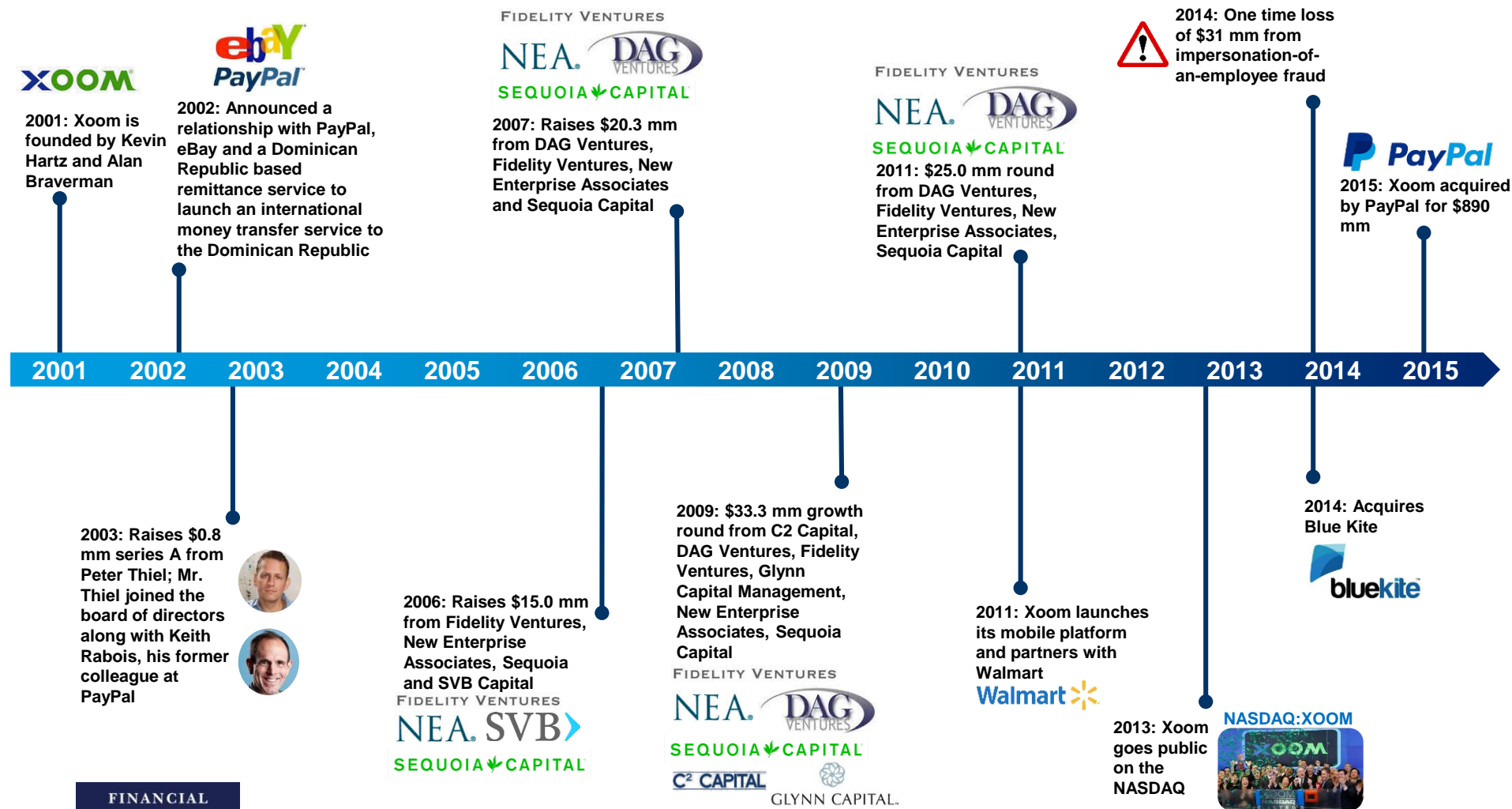




# PayPal Acquires Xoom for \$890 mm

XOOM

## Xoom: Company Timeline



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Source: Capital IQ, Wall Street Broker Research, Company website.



# PayPal Acquires Xoom for \$890 mm

## Xoom: Management Team

|   |  |
|---|--|
| <b>John Kunze</b><br><i>President, Chief Executive Officer</i>                | <ul style="list-style-type: none"><li>■ Joined Xoom as a director in 2004; was named CEO of Xoom in 2006</li><li>■ Prior to Xoom, John was President, CEO and Board Member at Plumtree Software, an enterprise software solutions provider</li></ul>   |
| <b>Ryno Blignaut</b><br><i>Chief Financial Officer and Chief Risk Officer</i> | <ul style="list-style-type: none"><li>■ Re-joined Xoom in January 2015 as Acting Chief Financial Officer and Chief Risk Officer</li><li>■ Prior to joining Xoom, Ryno worked as a financial regulation consultant with RSM Robson Rhodes LLP, an accounting firm; he also served as Head of Finance for PayPal UK from 2002-2003</li></ul> |
| <b>Julian King</b><br><i>SVP of Marketing and Corp Dev</i>                    | <ul style="list-style-type: none"><li>■ Leads the Company's marketing, advertising, public relations, business development and strategies</li><li>■ Prior to joining Xoom, Julian was VP of Marketing and Products at Earthlink for the PeoplePC Online business</li></ul>   |
| <b>Christopher Ferro</b><br><i>VP and General Counsel</i>                     | <ul style="list-style-type: none"><li>■ Prior to joining Xoom in 2008, Christopher was Senior Counsel at PayPal Inc; he was the second lawyer hired at PayPal in 2001</li><li>■ Practiced law at two firms in New York before working for PayPal and Xoom</li></ul>  |
| <b>Frank Walter</b><br><i>VP of Operations</i>                                | <ul style="list-style-type: none"><li>■ Vice President of Operations at Xoom since 2009, runs customer operations, network operations and contact centers</li><li>■ Prior to joining Xoom, Frank held various operational leadership roles at AT&amp;T, Good Technology / Motorola and VCA Antech / Eklin Medical Systems</li></ul>        |
| <b>Joseph Raymond</b><br><i>VP of Product Development</i>                     | <ul style="list-style-type: none"><li>■ Named Vice President of Product Development in 2011, and is responsible for delivering relevant and usable online and mobile solutions</li><li>■ Joseph was previously a Director of Retail Business at Cafepress.com and VP of User apps at Pay by Touch</li></ul>                                |
| <b>Ramsey Lubbat</b><br><i>VP of Development</i>                              | <ul style="list-style-type: none"><li>■ Joined Xoom in 2006 and is Vice President of Development, responsible for software development and quality assurance</li><li>■ Before joining Xoom, Ramsey worked for Inovis, where he worked on Catalogue, a large B2B product synchronization solution for retailers</li></ul>                   |



# PayPal Acquires Xoom for \$890 mm

## Xoom: Competitive Strengths

### Compelling Value Proposition

- Xoom provides significant value to its customers through a unique combination of convenience, speed and cost-effective pricing of its services
- Business model innovations result in cost advantages that benefit customers in the form of cost-effective fees

### Proprietary Risk Management System

- Xoom's proprietary risk management system serves as the backbone of its technology platform, balancing a low-friction customer experience with low transaction loss rates, which have been 35 basis points or lower as a percentage of gross sending volume on an annual basis since 2010
- The Company's risk management system has been developed from the ground up and refined over ten years through continuous innovation

### Online Origination Affords Valuable Customer Insight

- Xoom's customers initiate money transfers online or through mobile devices and usually connect their bank accounts
- This creates a body of digital, transaction-related data that enables the Company to gather deep insight into repeat customer behavior, including expected funding methods, transfer frequency and disbursement preferences

### Marketing Expertise

- Xoom's marketing campaigns include advertising on television stations and websites frequented by immigrant communities and ongoing incentive trial campaigns where the Company provides rewards to customers for trying the service

### Established Global Disbursement Capabilities

- Xoom has a global disbursement network with major banks and leading retailers; enables the Company to more effectively acquire new customers through co-branded marketing campaigns in the United States
- As number of customers and recipients on platform increases, Xoom provides greater value to disbursement partners, which in turn allows the Company to further expand and develop its disbursement network, bringing in more customers



# PayPal Acquires Xoom for \$890 mm

## Xoom: Growth Strategy

Attract and Retain Customers in the Markets the Company Currently Serves

### Optimize Marketing Investment

- Xoom marketing initiatives include offline and online media campaigns customized to the countries and demographics the Company serves
- Examples include advertising on television stations popular with, as well as websites frequented by, immigrant communities, as well as ongoing incentive trial campaigns where the Company provides rewards to new customers

### Enhance Services and Overall Customer Experience

- Xoom is committed to enhancing its services and developing new capabilities to improve customer experience and build loyalty
- For example, in December 2011, the Company optimized its “2-Click Quick Send” feature that allows repeat customers to submit transfers in one minute; approximately 80% of transactions submitted by repeat customers use this feature

### Expand and Enhance Mobile Capabilities

- Xoom launched its mobile strategy in November 2011
- During the quarter ended March 31, 2015, 60% of the Company’s transactions were sent via mobile devices
- The Company will continue to optimize its services for mobile devices to capitalize on the growing trend in mobile transfers

Establish New Partnerships and Improve Current Partnerships

### Expand Marketing Partnerships

- Xoom will continue to establish new marketing partnerships to improve awareness of its money transfer services with potential customers
- In November 2011, the Company announced a partnership with Walmart.com, however, after 2.5 years decided to wind down the co-branded site because of immaterial results

### Expand and Improve Disbursement Network

- By increasing the number of partners and improving the quality of service from existing partners, Xoom believes it can increase relevance of the service and improve the value proposition
- In April 2012, added Elektra, a leading retailer that provides a large cash pick-up network in Mexico, as a new disbursement partner; this materially increased the number of new customers sending to Mexico

Expand into New International Markets

### New Origination Markets

- Xoom is continuing to explore potential new originating countries such as Canada, the United Kingdom and other developed countries throughout Western Europe
- Attractive origination markets are those with mature regulatory and compliance systems, high median income levels and significant immigrant populations that could benefit from the Company’s services

### New Recipient Markets

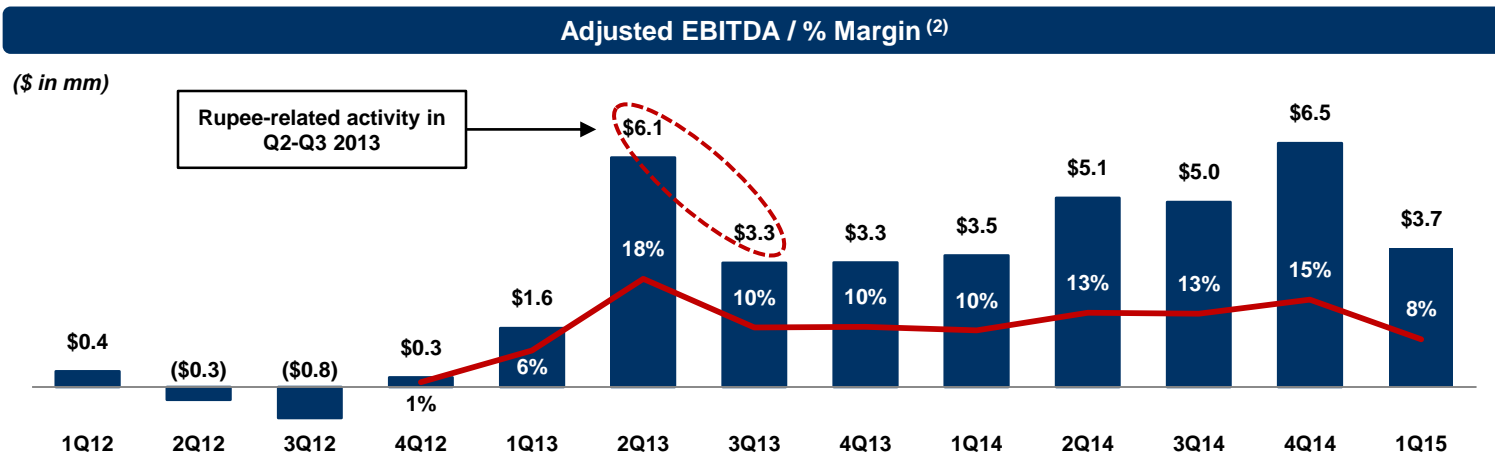
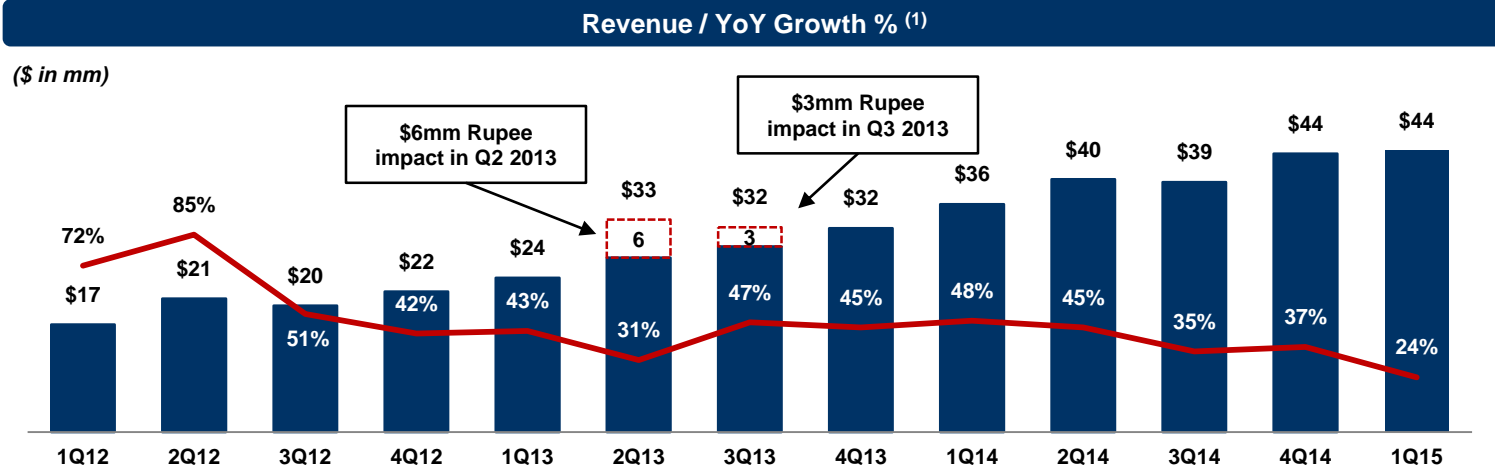
- Xoom is exploring market entry opportunities in regions with significant incoming money transfer volumes, such as Eastern Europe, North Africa, South Korea and Vietnam

# PayPal Acquires Xoom for \$890 mm

## Xoom: Selected Business / Financial Metrics

India represents Xoom's largest receiving country so the Company has significant exposure to large moves in the Indian Rupee

The Company specifically called out the impact from the Rupee in 2Q13 and 3Q13

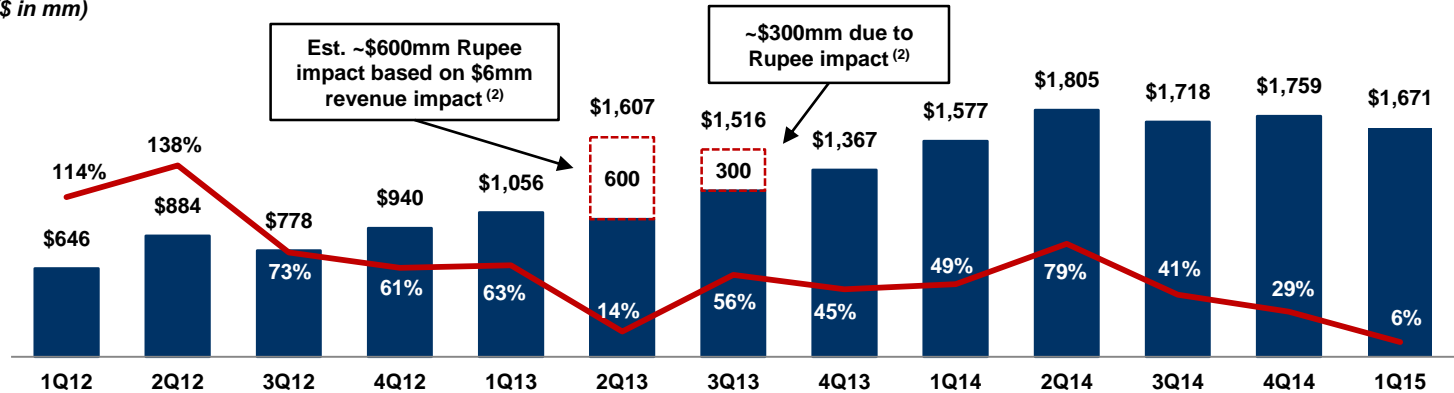


# PayPal Acquires Xoom for \$890 mm

## Xoom: Selected Business / Financial Metrics (cont.)

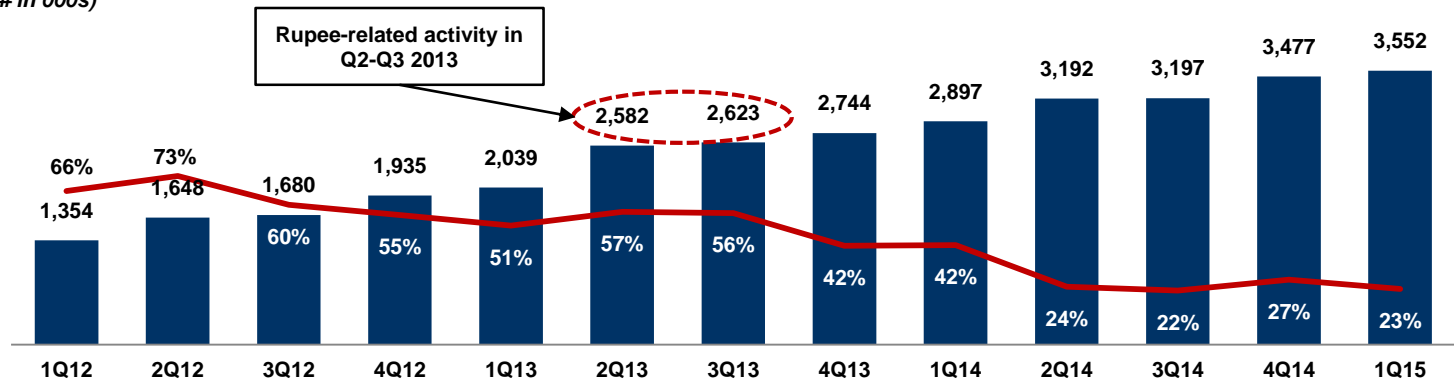
### Gross Sending Volume / YoY Growth % <sup>(1)</sup>

(\$ in mm)



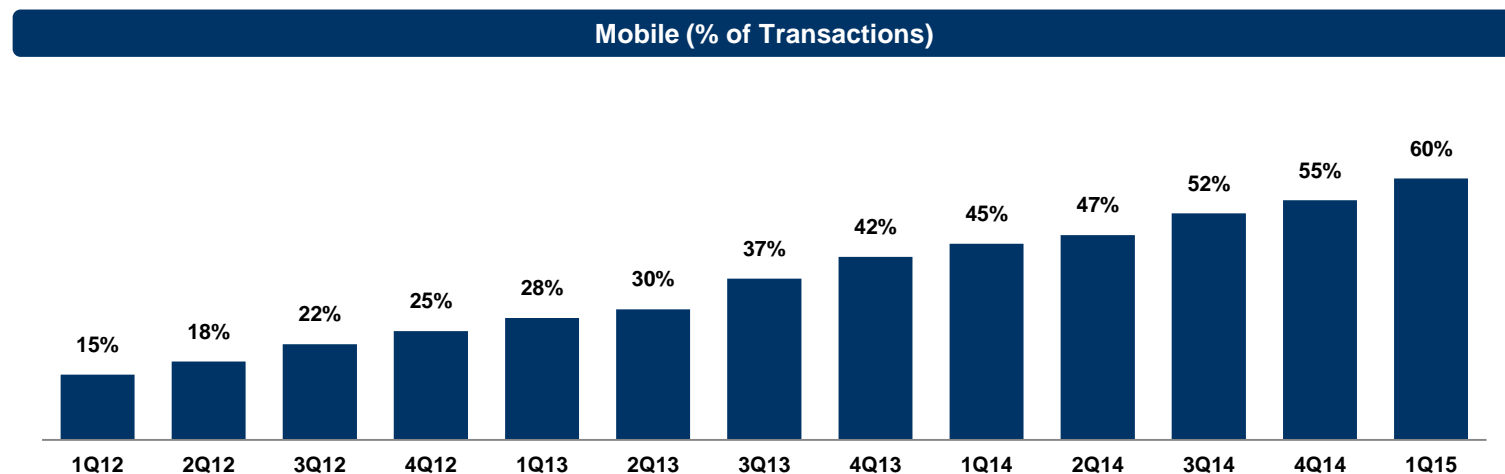
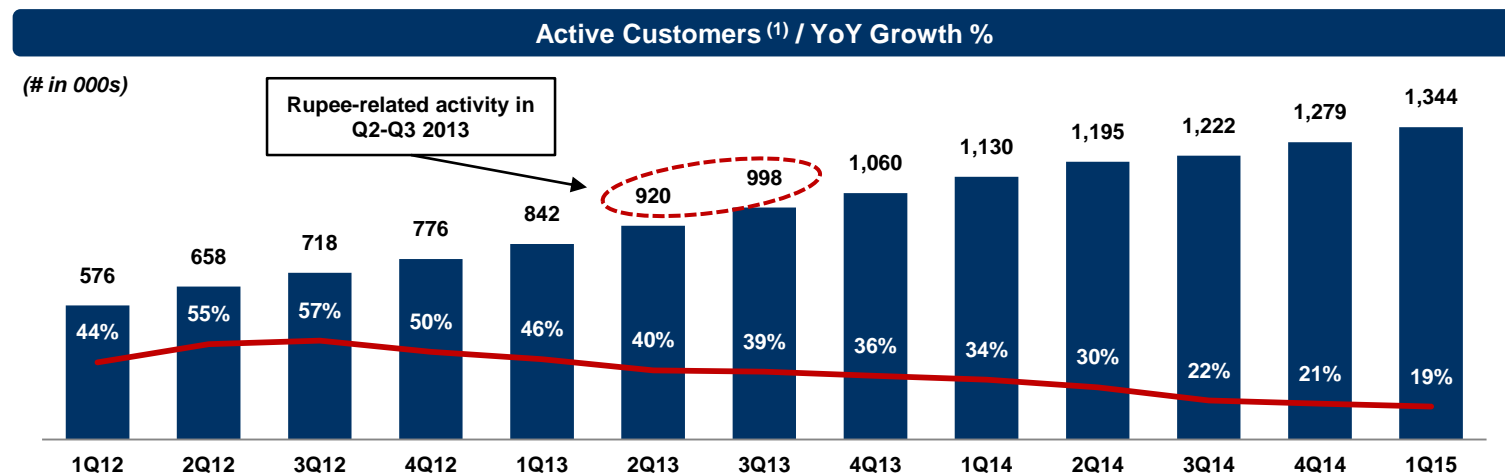
### Transactions / YoY Growth %

(# in 000s)



# PayPal Acquires Xoom for \$890 mm

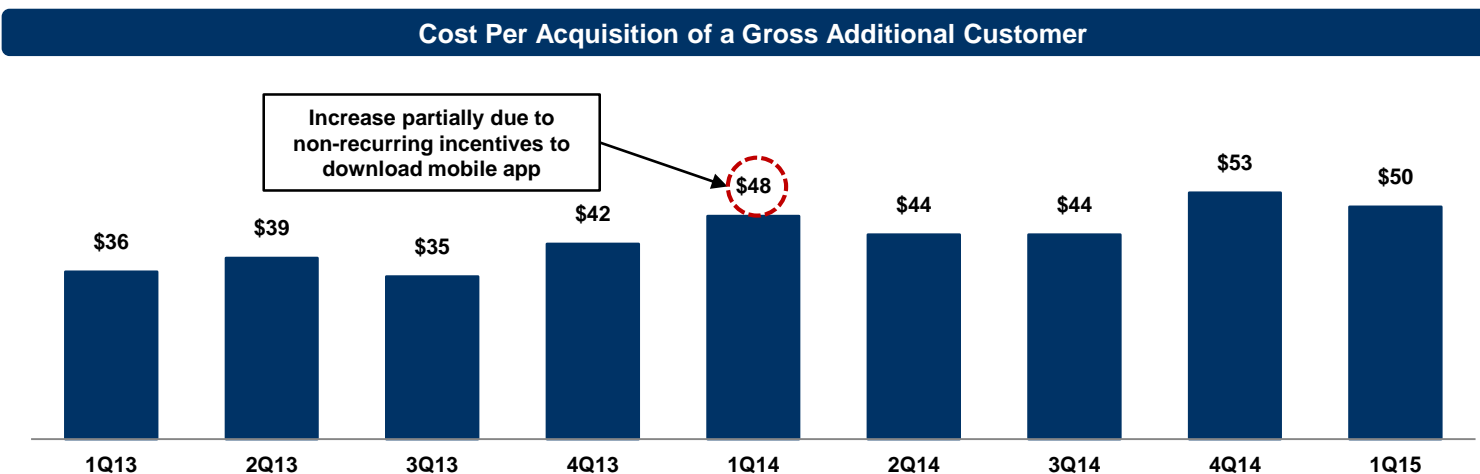
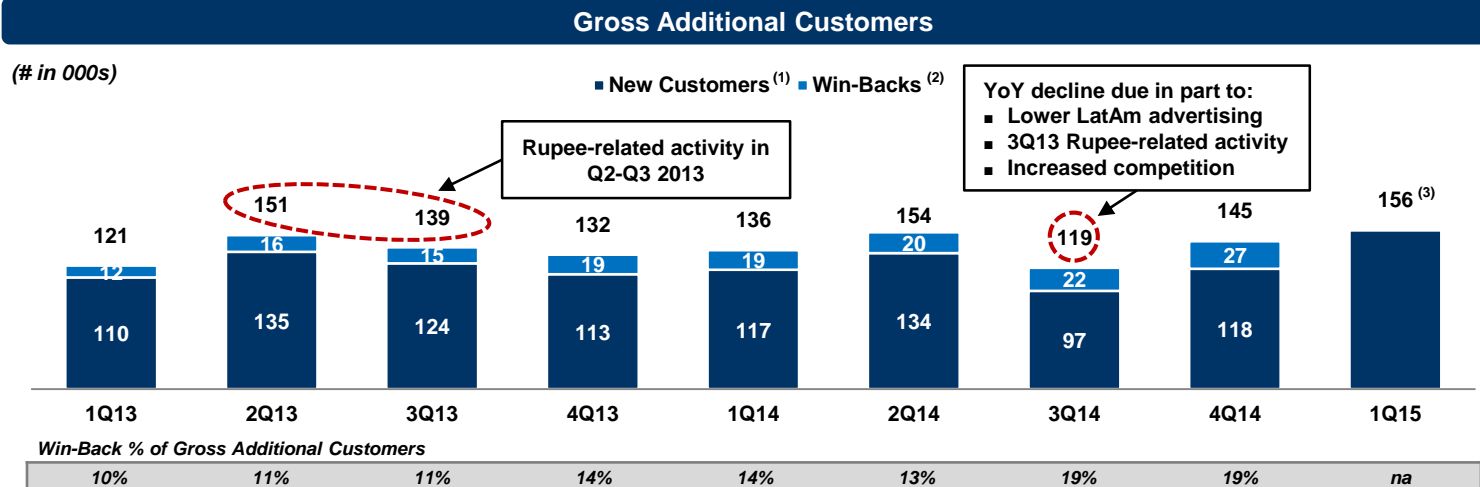
## Xoom: Selected Business / Financial Metrics (cont.)



# PayPal Acquires Xoom for \$890 mm

## Xoom: Selected Business / Financial Metrics (cont.)

*Xoom's management considers Gross Additional Customers a key driver of business growth and revenue*



Source: SEC filings and earnings press release.

(1) Reflects new customers added who have transacted at least once during a given period.

(2) Previously inactive customers who transacted at least once and then returned to transact for the first time in more than twelve months.

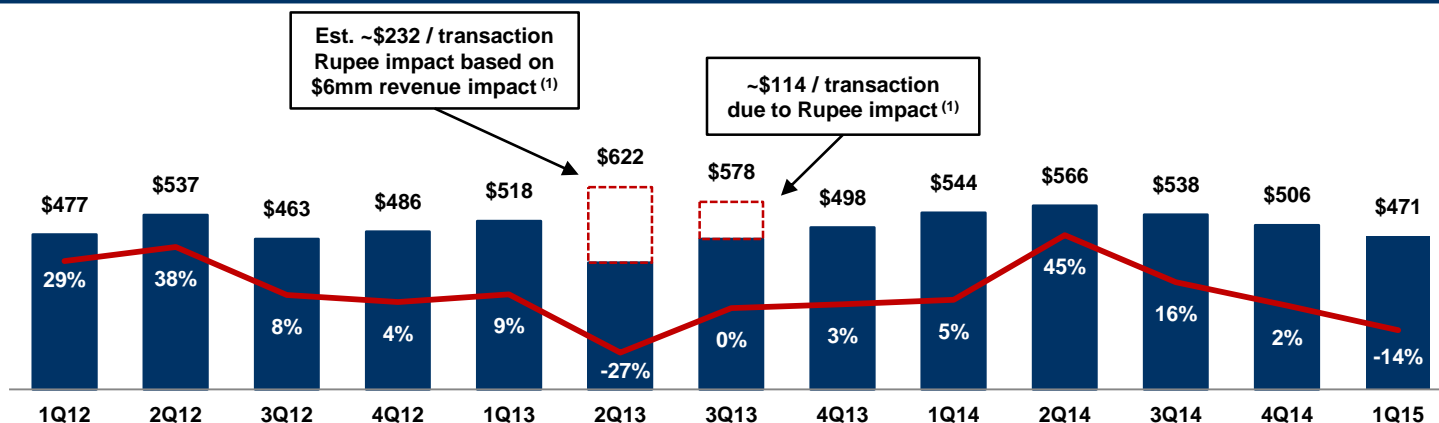
(3) Starting in 1Q15, Xoom no longer provides metrics for new / win-back customers; the Company only releases gross additional customers in aggregate.



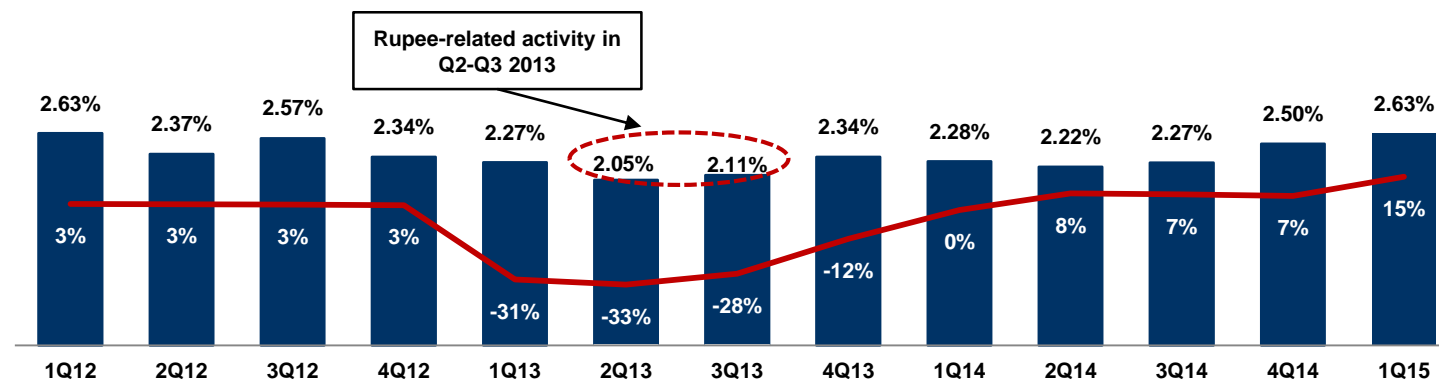
# PayPal Acquires Xoom for \$890 mm

## Xoom: Selected Business / Financial Metrics (cont.)

### Average Transaction Size / YoY Growth % <sup>(2)</sup>



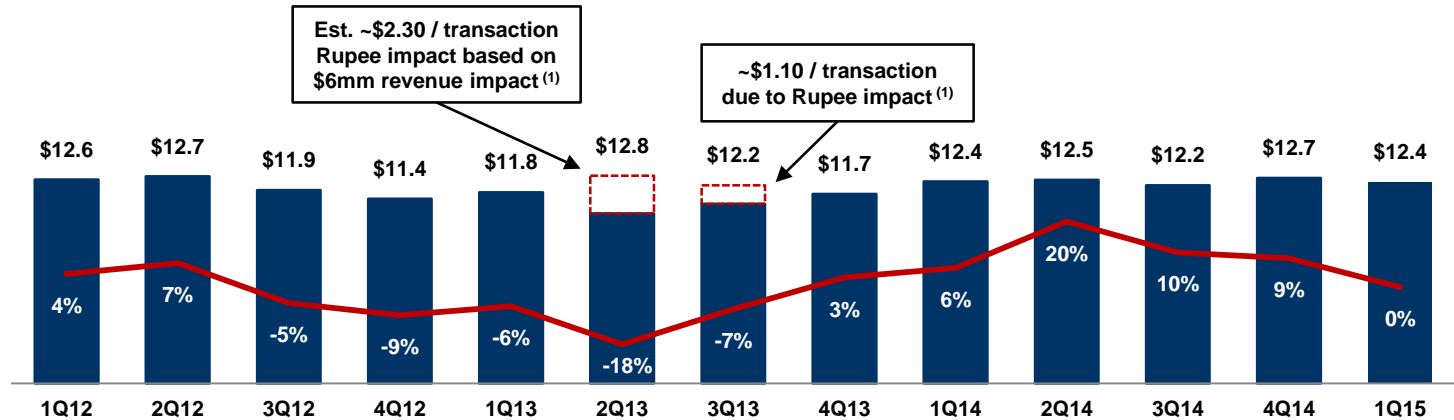
### Revenue per Volume / YoY Growth % <sup>(2)</sup>



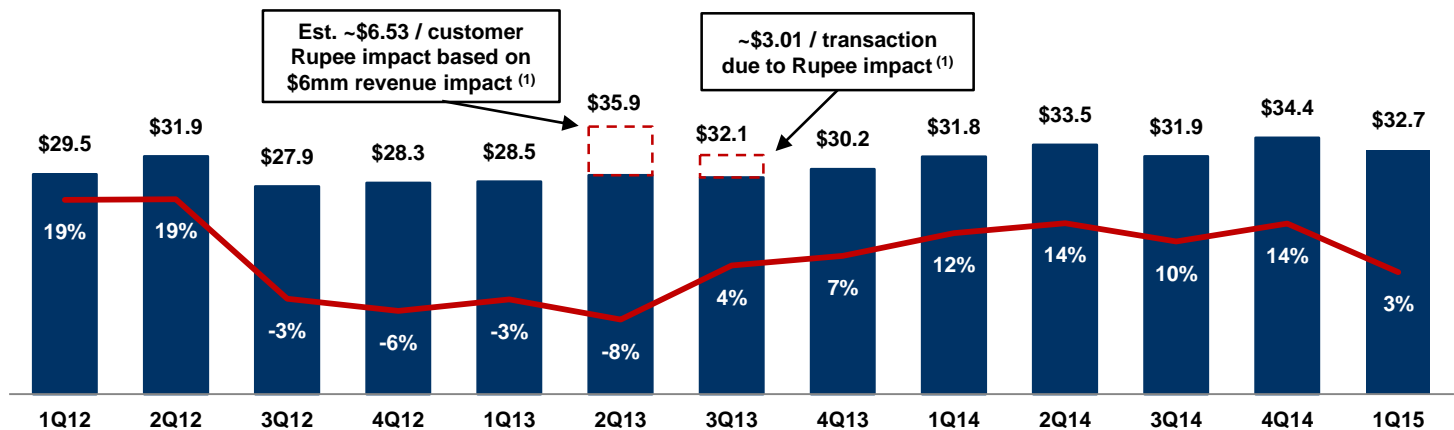
# PayPal Acquires Xoom for \$890 mm

## Xoom: Selected Business / Financial Metrics (cont.)

Revenue per Transaction / YoY Growth Rate % <sup>(3)</sup>



Revenue per Active Customer <sup>(2)</sup> / YoY Growth Rate % <sup>(3)</sup>

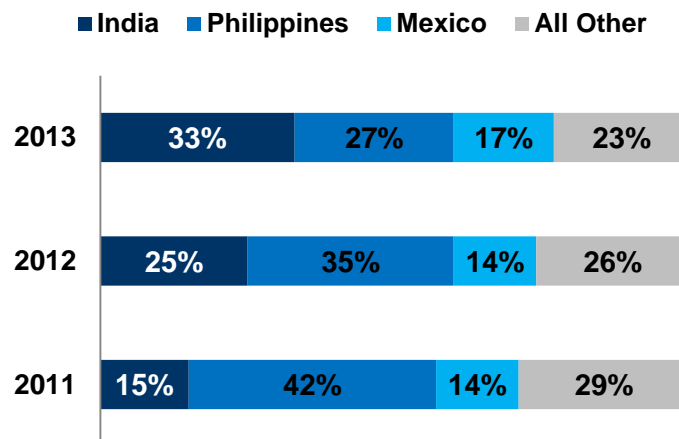


# PayPal Acquires Xoom for \$890 mm

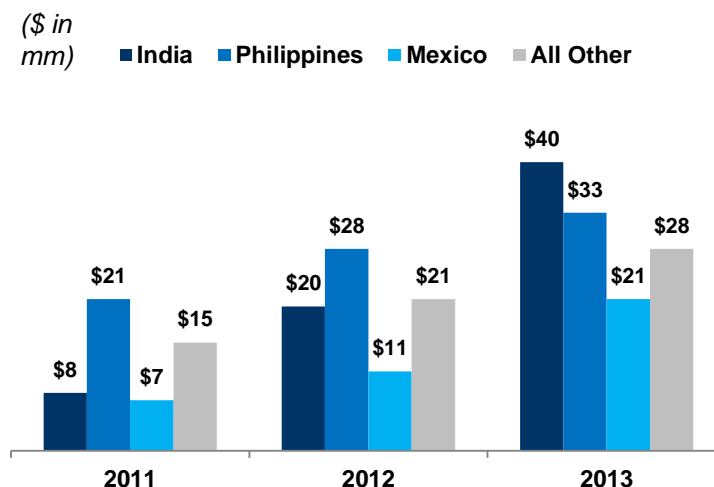
## Xoom: Revenue Concentration

- Over the past 4 years, Xoom's revenue composition has become more concentrated in three countries: India, Philippines and Mexico
- During 2014, India accounted for 34% of revenue, up from 33% in 2013, 25% in 2012 and 15% in 2011
- During 2014, Xoom's top three countries (India, Mexico and the Philippines) in aggregate accounted for 78% of revenue, up from 77% in 2013, 74% in 2012 and 71% in 2011

Revenue Composition by Country (% of Total Revenue)



Revenue Composition by Country



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### III. Company Overview: PayPal



# PayPal Acquires Xoom for \$890 mm

## PayPal: Company Overview

### Overview



President:

Dan Schulman

Headquarters:

San Jose, CA

Founded:

1998



*On September 30, 2014 eBay announced plans to spin off PayPal – eBay and PayPal will officially be two separate entities trading on the NASDAQ under the tickers EBAY and PYPL on July 20, 2015*

- PayPal enables individuals and businesses to securely, easily and quickly send and receive payments online and through a broad range of mobile devices
- The technology platform is designed to help businesses of all sizes manage their cash flow, invoice clients and pay bills, and to reduce the need for merchants to receive and store sensitive customer financial information
- PayPal does not charge merchants setup fees and offers a standard service with no recurring monthly fees; online processing does not require merchants to purchase specialized hardware
- The Company has over 160 mm active registered accounts, enabling consumers and businesses to accept and make payments in more than 100 different currencies
  - PayPal processes about 11.5 mm payment transactions daily, representing \$624 mm in payments every single day
- PayPal reported revenue of \$7.9 bn in 2014, growing 19% from the previous year, with \$419 mm in net income

### Strong Foundation

**\$235 bn** Total payment volume in 2014

**203** Markets served by PayPal

**4 Billion** Payment transactions processed

**162 Million** Active customer accounts

### Growth Momentum

**↑ 26%** Total payment volume Y-o-Y growth

**↑ 22%** Payment transaction Y-o-Y growth

**19 Million** Customers accounts gained in 2014

**+10** New markets added in 2014

# PayPal Acquires Xoom for \$890 mm

## PayPal: Management Team

|  |   |   |
|--|---|---|
| <b>Daniel H. Schulman</b><br><br><i>President / Chief Executive Officer</i>            |    | <ul style="list-style-type: none"> <li>■ Mr. Schulman has served as the President and CEO-Designee of PayPal since joining the Company in September 2014</li> <li>■ Previously, Mr. Schulman served as Group President, Enterprise Group of American Express and President, Prepaid Group of Sprint Nextel</li> </ul>   |
| <b>Jonathan Auerbach</b><br><br><i>SVP, Chief Strategy and Growth Officer</i>          |    | <ul style="list-style-type: none"> <li>■ Prior to PayPal Mr. Auerbach was the CEO of Group Digital Life at Singapore Telecommunications where he led the Company's global portfolio of digital business as well as its venture fund</li> <li>■ Mr. Auerbach was previously a management consultant with McKinsey &amp; Company for 26 years</li> </ul>                          |
| <b>Tomer Barel</b><br><br><i>SVP, Chief Risk Office</i>                                |    | <ul style="list-style-type: none"> <li>■ Tomer Barel has served as the Chief Risk Officer of PayPal since November 2013</li> <li>■ After joining PayPal in 2009 Mr. Barel has held several positions including General Manager for PayPal Israel, Senior Director of Advanced Risk Sciences and VP of Risk Management</li> </ul>  |
| <b>James J. Barrese</b><br><br><i>Chief Technology Officer / SVP, Payment Services</i> |   | <ul style="list-style-type: none"> <li>■ Mr. Barrese has served as the SVP and CTO at PayPal since October 2013</li> <li>■ Since beginning his employment with eBay in 2001, Mr. Barrese has held several roles in the technology organization; in 2011 Mr. Barrese moved over to PayPal first as VP of Global Product Development and then as CTO beginning in 2012</li> </ul> |
| <b>Patrick L.A. Dupuis</b><br><br><i>SVP / Interim Chief Financial Officer</i>         |  | <ul style="list-style-type: none"> <li>■ Mr. Dupuis joined PayPal in November 2010 as its Chief Financial Officer</li> <li>■ Mr. Dupuis brings over 20 years of experience overseeing financial strategy at leading companies in a broad range of industries</li> </ul>   |



# PayPal Acquires Xoom for \$890 mm

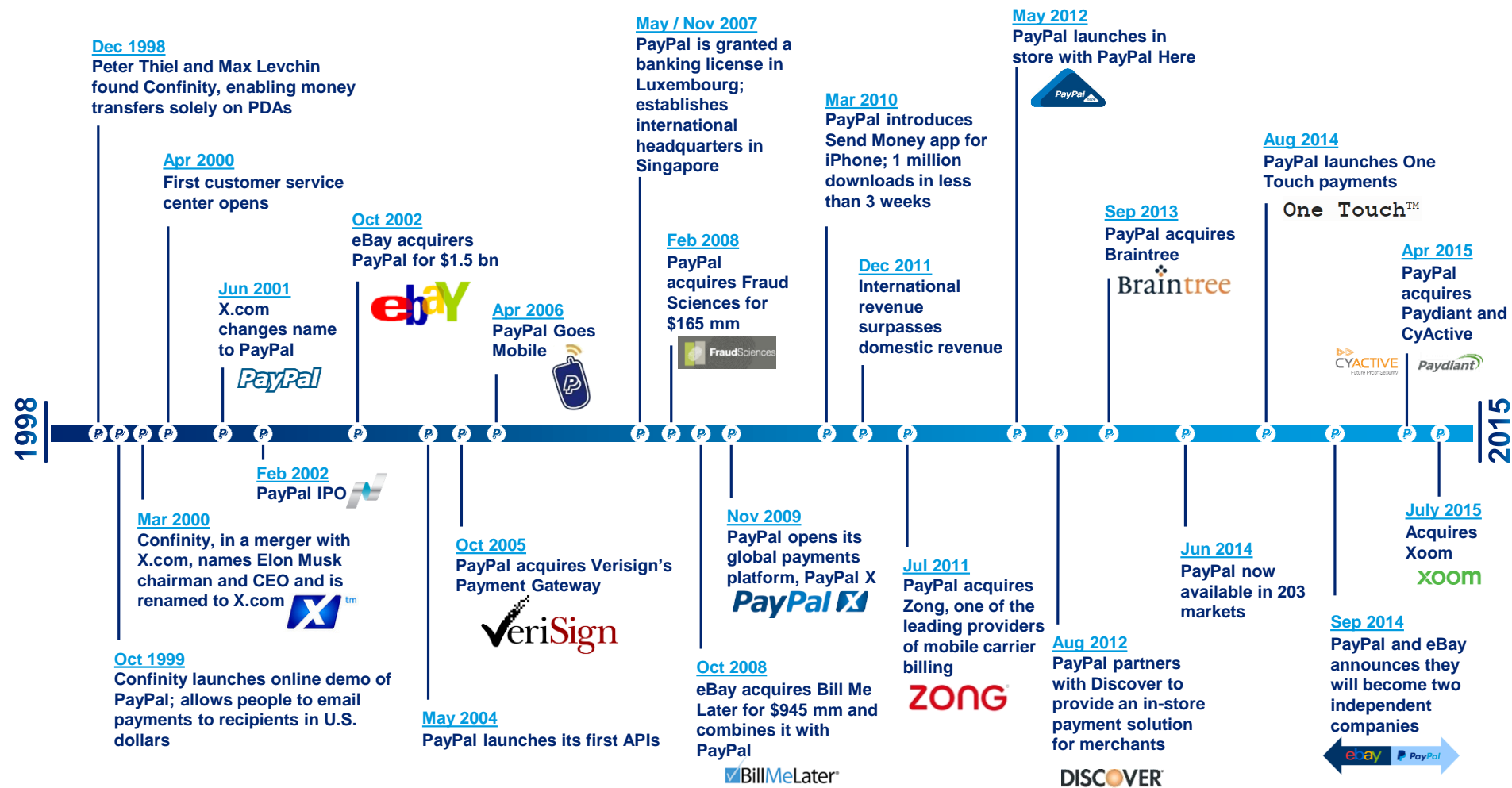
## PayPal: Selected Acquisitions

| Date     | Target   | Value (\$ in mm) | Commentary   |
|----------|--|------------------|--|
| 03/10/15 |  CYACTIVE                                 | \$60             | PayPal acquired Israeli cyber-security startup, CyActive Security, for \$60 mm   |
| 03/02/15 |  Paydiant                                 | 280              | Acquired mobile wallet operator Paydiant for \$280 mm  |
| 12/17/13 |  StackMob<br>Powering Mobile Applications | na               | Acquired Stackmob, a provider of back-end technology stack for mobile applications   |
| 11/26/13 |  Braintree                                | 800              | Under parent company, eBay, PayPal acquired Braintree for \$800 mm   |
| 07/17/12 |  card.io                                  | na               | Acquired Card.io, a developer of technology for using mobile phone cameras to scan credit cards and capture relevant information |
| 07/07/11 |  ZONG                                     | 240              | Acquired Zong for \$240 mm to integrate mobile carrier billing globally  |
| 04/28/11 |  Fig Card                                 | na               | PayPal acquired Fig Card, a startup that makes a USB stick merchants can use to accept payments from smartphones                 |
| 11/07/08 |  BillMeLater                            | 945              | Acquired Bill Me Later for approximately \$820 mm in cash and \$125 mm worth of outstanding options                              |
| 02/08/08 |  FraudSciences                          | 154              | PayPal acquired Fraud Sciences for \$169 mm  |
| 10/10/05 |  VeriSign                               | 370              | PayPal acquired VeriSign's Payment Gateway Business for \$370 mm   |



# PayPal Acquires Xoom for \$890 mm

## PayPal: Selected Events in PayPal History







# PayPal Acquires Xoom for \$890 mm

## PayPal: Core Product

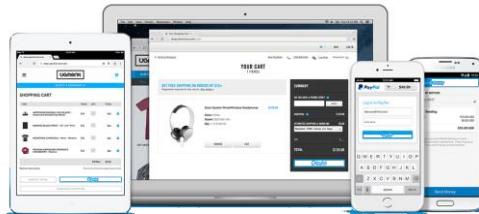
*At a time when the payments industry was ripe for disruption, PayPal rose to prominence by digitizing cash and transforming the way consumers pay online merchants*

### Product

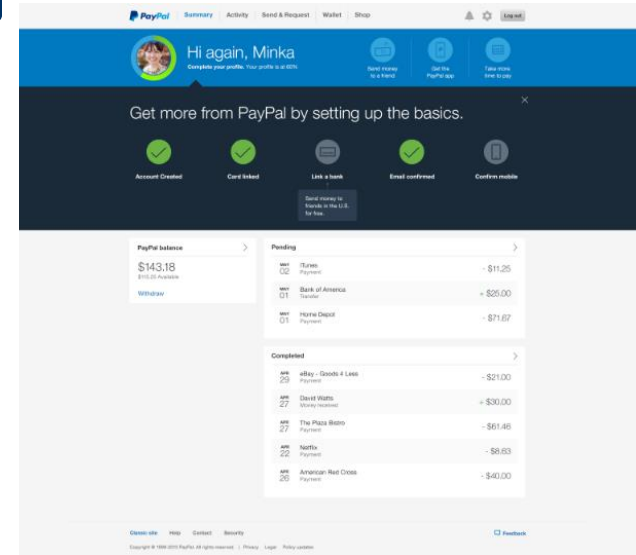
PayPal is currently the most widely used digital wallet in the world with over 165 million active user accounts and acceptance at 74% of the largest U.S. internet retailers

- PayPal's core product, the online account, allows users to transfer funds to individuals and facilitate transactions with online merchants
- Customers' digital wallets are linked to a bank account, enabling users to add and withdraw funds on demand

PayPal is now the preferred online payment option across all age groups – used five times more than Visa Checkout <sup>(1)</sup>



*PayPal is now available on a variety of platforms*



### Mass Adoption of Mobile Devices

Consumers have the power of a bank branch on a mobile app – PayPal processed over 1 billion mobile transactions in 2014

### Digitization of Cash

PayPal allows merchants to accept and consumers to pay in the currencies that are convenient to them

### Emergence of Alternative Lending Methods

In the last 18 months, PayPal has provided \$500 mm in SMB loans in the U.S.

### Fragmentation of Payment Types, Technology & Channels

The consumer payments vertical is fragmented – PayPal's technology and services are agnostic

### Rise of Fraud & Cyber Security

Customers have the ability to make payments in confidentiality in a secure manner; PayPal also established a global Security Center in 2015



# PayPal Acquires Xoom for \$890 mm

## PayPal: Products and Services

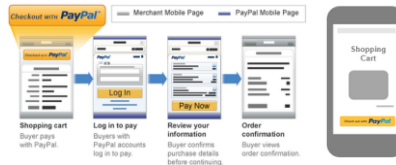
In addition to the core mobile wallet account, PayPal also offers a wide variety of software and hardware-based products for consumers and small businesses

### Express Checkout

Check out with **PayPal**

- Allows customers to easily make a purchase with less clicks and less data input required – this means that they are more likely to complete the purchase
- Enables merchants to use the payment express lane to complement their existing payment solution
- Recent trials by several major retailer showed that the express checkout led to a 6% increase in sales

### Mobile Express Checkout



- Mobile payment solution leverages an existing PayPal API to allow merchants to seamlessly integrate the mobile checkout into their current system
- PayPal's mobile app enables users to wirelessly transfer money from their account to a PayPal merchant
- Testing shows a mobile conversion lift of 35% over other payment types

### PayPal Credit



- Through Bill Me Later, the Company offers a credit solution for merchants to provide payment flexibility and promotional financing to their customers – leading to an increased number of sales and higher transaction values
- Service is available at more than 1,000 online stores
- Bill Me Later customers spend approximately 25% more than the average US online shopper <sup>(1)</sup>

### PayPal Media Network



- Offers targeted advertisements to consumers through the online, offline and mobile channels
- Offers behavioral, demographic, location and contextual targeting capabilities

### PayPal Here - POS



- Mobile payment solution is available on iOS devices and Android
- Merchants can download the PayPal Here app, then plug in the device into their smartphone or tablet to start accepting payments
- Enables merchants to accept any form of payment and charges 2.7% per US swipe transaction

### Beacon - POS



- USB-enabled dongle that is compatible with most leading POS systems and allows merchants to receive payments from customers with the PayPal mobile app
- PayPal is expected to release Beacon by early 2015

FINANCIAL  
TECHNOLOGY  
PARTNERS

Source: PayPal Products website.  
(1) PayPal Bill Me Later Product Overview.

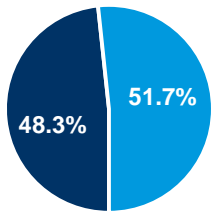


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## PayPal: Financial Overview

*PayPal's consistent revenue and total payment volume growth is due in large part to its success in establishing its products and services outside of the U.S.*

### 2014 Net Revenues

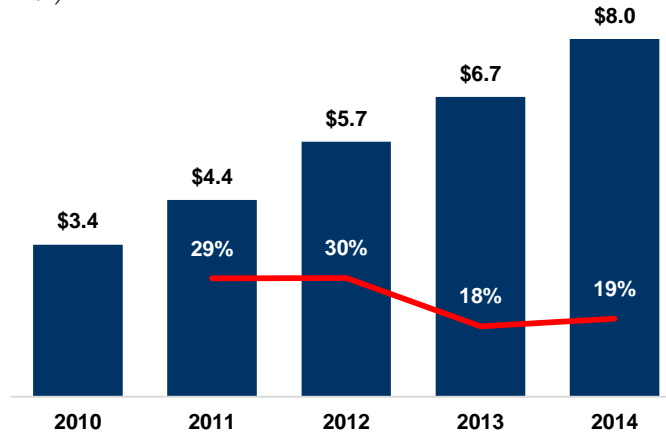


■ US ■ International

FINANCIAL  
TECHNOLOGY  
PARTNERS

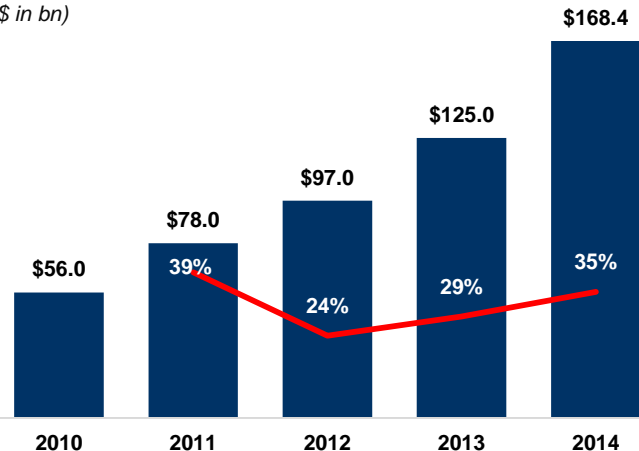
### PayPal Revenues / % Growth

(\$ in bn)



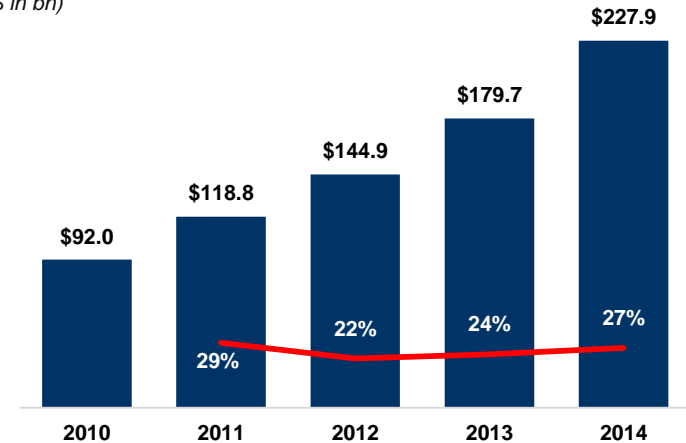
### Total Payment Volume – Merchant Services / % Growth

(\$ in bn)



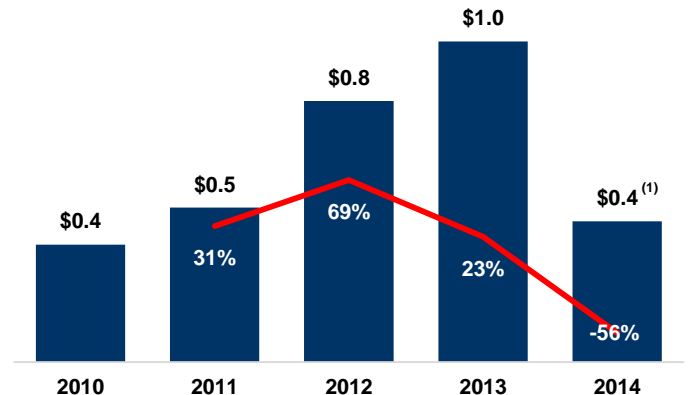
### Total Payment Volume / % Growth

(\$ in bn)



### Net Income / % Growth

(\$ in bn)



Source: SEC Filings, Company press releases.

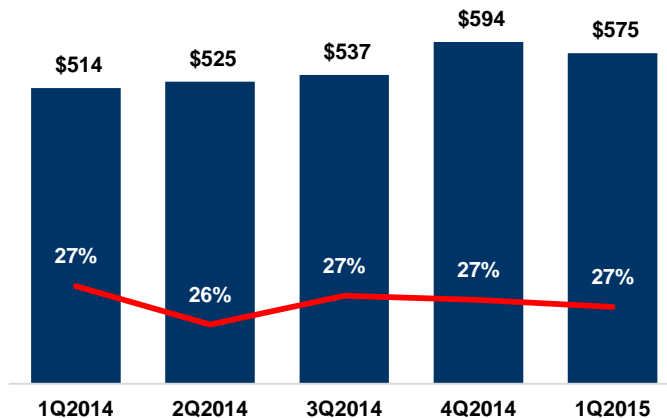
(1) Decrease in net income in 2014 was attributable to an increase in income tax expenses of \$713 mm resulting from the recognition of deferred tax liabilities relating to undistributed foreign earnings of subsidiaries.

# PayPal Acquires Xoom for \$890 mm

## PayPal: Financial Overview

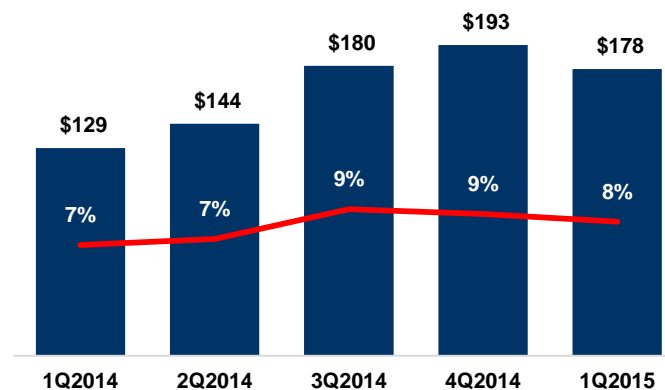
### Transaction Expense / % Revenue

(\$ in mm)



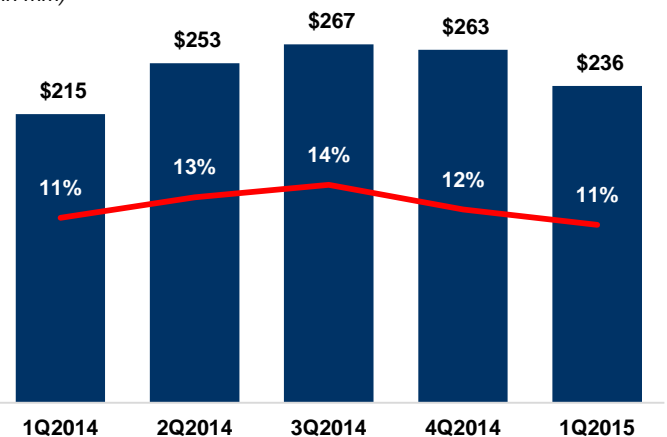
### Transaction and Loan Losses / % Revenue

(\$ in mm)



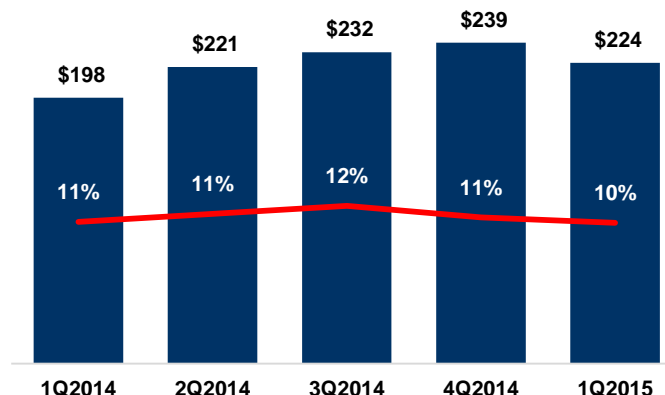
### Sales and Marketing / % Revenue

(\$ in mm)



### Product Development / % Revenue

(\$ in mm)



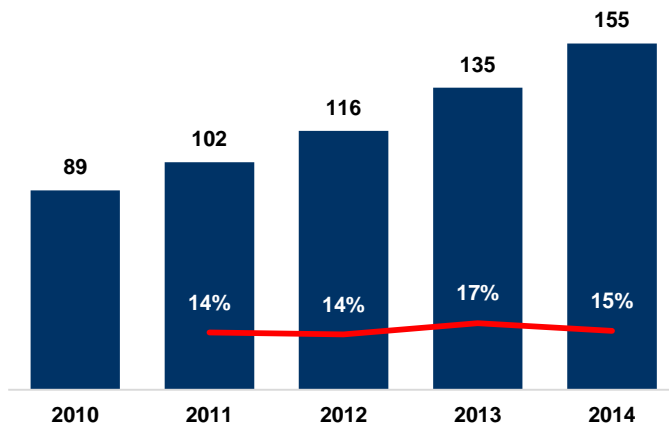


# PayPal Acquires Xoom for \$890 mm

## PayPal: Financial Overview

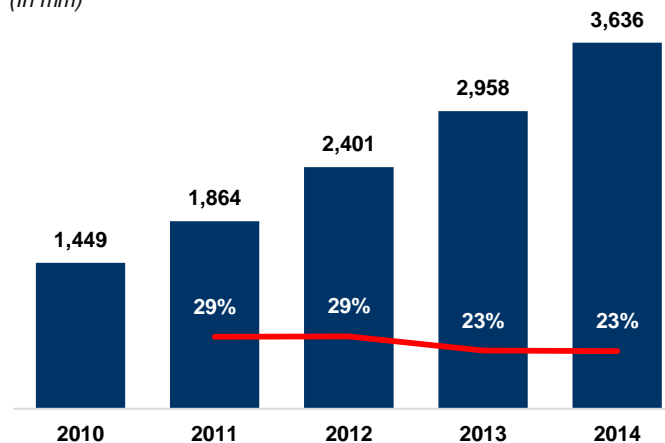
### Avg. Active Customer Accounts / % Growth

(In mm)



### Number of Payment Transactions / % Growth

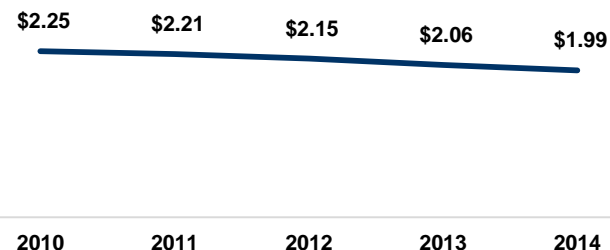
(In mm)



### Average Transaction Size



### Revenue / Transaction



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## IV. Industry Trends

# PayPal Acquires Xoom for \$890 mm

## Industry Trends: Evolution of “Consumer Remittance Providers”

*The Consumer Remittance industry is facing competition from new entrants ...*

*... which is leading established players to enhance their consumer offerings and to look outside of traditional consumer remittances for new growth opportunities*

### Key Points

- The Consumer Remittance industry has grown over the past 100+ years by providing consumers with a better offering than what has been available through banks; after initially catering to domestic transfers, the industry entered a new growth phase by focusing on international transfers, primarily by migrant workers sending money home
- After a multi-decade buildup, the Consumer Remittance industry is relatively mature, consolidated and concentrated among Western Union, MoneyGram, and to a lesser extent Ria (owned by Euronet), Sigue and Intermex / others
- **The Consumer Remittance industry is now under threat by a number of new entrants that are leading with lower pricing and online / mobile-based models**, but established players are striking back by building out their own online / mobile capabilities and additionally looking to diversify into the International Payment Specialists segment
- Following the success of the Xoom IPO, a number of early stage companies have received financing in the space; investment activity in the sector is expected to continue as other firms attempt to leverage technology to compete with established, traditional players

### Selected Players

#### Established



#### Emerging



### Recent Notable Transactions

| Date     | Amount | Company      | Investor   |
|----------|--------|--------------|--|
| 06/15/15 | \$20   | Azimo        | Frog Capital   |
| 02/18/15 | 100    | WorldRemit   | Technology Crossover Ventures; Accel Partners                              |
| 01/25/15 | 58     | TransferWise | IA Ventures; Andreessen Horowitz; Seedcamp; Valar Ventures; Index Ventures |
| 06/09/14 | 25     | TransferWise | Led by Valar Ventures; Richard Branson                                     |
| 03/12/14 | 40     | WorldRemit   | Accel Partners   |
| 03/11/14 | 10     | Azimo        | Led by Greycroft Partners  |
| 02/15/13 | 101    | Xoom         | IPO  |

# PayPal Acquires Xoom for \$890 mm

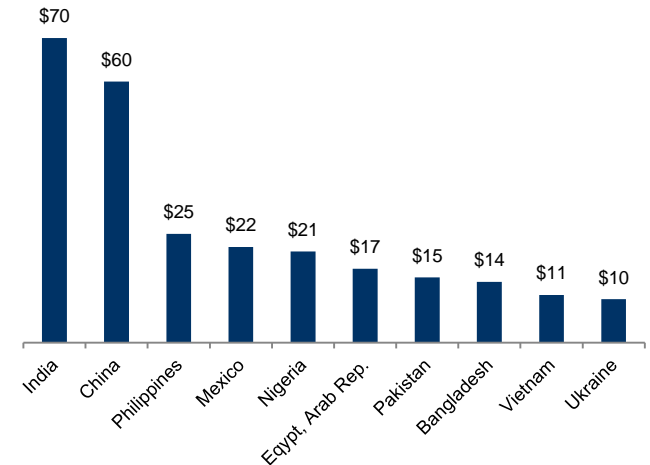
## Market Demand Drivers for “Consumer Remittance Providers”

### Global immigration remains the key growth driver for Consumer Remittances

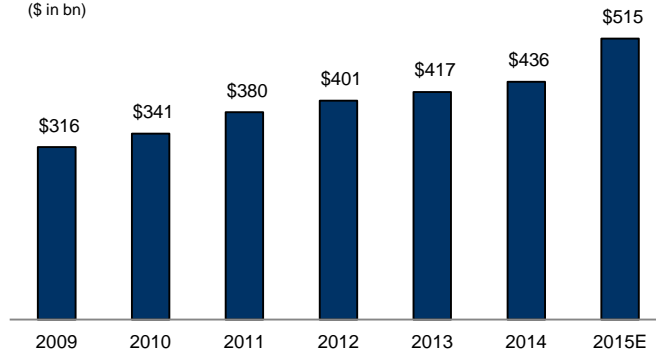
*The Consumer Remittance industry is relatively mature, but volumes are still growing in the mid-to-high single digits, driven by ongoing immigration trends*

- Volumes driven by unbanked / under-banked workers seeking better income opportunities outside of their home countries
- According to the World Bank, remittance flows to developing countries are expected to grow at an average of 8.8% annually from 2013-2015 to \$515 bn in 2015
- The U.S. is the top sending country for remittances while India is the top receiving country
- Immigration reform in the U.S. could be a longer-term growth catalyst for the industry as migrants gain access to better income opportunities and money moves away from informal money transfer channels
- Western Union is the clear leader in the Consumer Remittance segment with 1.5x the agents and 3.7x the revenues of its next largest competitor, MoneyGram

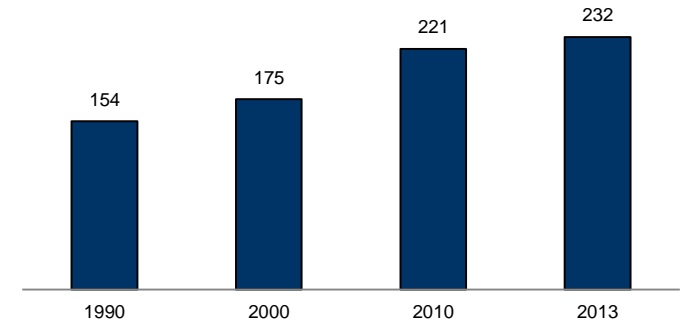
**Top 10 Recipients of Migrant Remittances, 2013 <sup>(1)</sup>**  
(\$ in bn)



**Remittance Flows to Developing Countries <sup>(1)</sup>**  
(\$ in bn)



**Number of International Migrants Worldwide <sup>(2)</sup>**  
(in mm)





# PayPal Acquires Xoom for \$890 mm

## Industry Trends: Emergence of “International Payment Specialists”

### Key Points

- A relatively new segment of International Payment Specialists has emerged, which provides businesses and affluent consumers with cross-border payment and foreign exchange services on a bank account-to-bank account basis
- International Payment Specialists are disrupting the offerings of traditional banks by leveraging technology to provide a more cost-effective and enhanced customer experience; bank offerings lack transparency and online functionality while charging high fees
- Technology is accelerating growth in this space by increasing the ability to not only service customers online, but also acquire customers directly at a fraction of the cost using sophisticated SEO / SMO techniques
- In contrast to Traditional Consumer Remittance Providers, this segment is more fragmented and offers better growth and margin characteristics
- The highly successful OzForex Sale / IPO by FT Partners in 2013 was a pivotal event in increasing strategic and investor awareness regarding the attractiveness of International Payment Specialists
- Increasing number of PE-backed participants and large strategic players expected to accelerate transaction activity

### Selected Players



### Recent Notable Transactions

| Date     | Amount | Company            | Investor/Acquirer   |
|----------|--------|--------------------|---|
| 06/23/15 | \$18   | The Currency Cloud | Anthemis, Atlas Venture, Notion Capital, Rakuten, Sapphire Ventures, XAnge Private Equity |
| 01/13/15 | 22     | peerTransfer       | Accel, Bain, Devonshire, QED, Spark   |
| 08/29/14 | 352    | Moneycorp          | Bridgepoint   |
| 04/15/14 | 10     | The Currency Cloud | Anthemis, Atlas, Notion Capital, X'ange   |
| 03/10/14 | 242    | HiFX               | Euronet   |
| 12/27/13 | 6      | peerTransfer       | Devonshire Investors & Others   |
| 11/11/13 | na     | World First        | FTV Capital   |
| 09/23/13 | 480    | OzForex            | IPO   |

# PayPal Acquires Xoom for \$890 mm

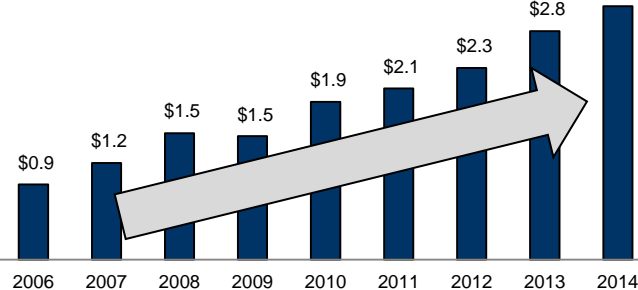
## Market Demand Drivers for “International Payment Specialists”

*Confluence of increased movement of financial services online, more mobile consumers, heightened global trade, increasingly volatile currency movements and geopolitical risks are driving demand for International Payment Specialists*

### Consumers

- Increased global mobility of consumers is expanding their cross-border payment needs
- Consumers are seeking alternatives to traditional bank channels, which tend to be expensive, inefficient and lacking in online capabilities

**MasterCard Cross-Border Volume Fees <sup>(1)</sup>**  
(\$ in bn)



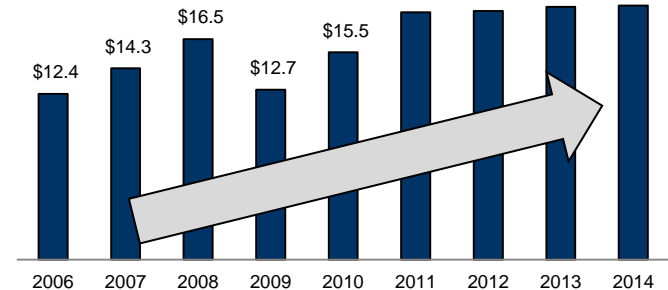
#### Use Cases:

- International real estate purchases and mortgage payments
- Paying overseas tuition fees and / or student living expenses
- International investing
- Use of white-label solutions for cross-sell to traditional Consumer Remittance customers

### Businesses

- Businesses are increasingly procuring goods and services overseas, thus expanding their foreign currency and cross-border payment needs
- Businesses are seeking more focused alternatives including online platforms, better customer service and more competitive pricing

**Global Merchandise Import Volume**  
(\$ in tn)



#### Use Cases:

- Recurring or one-time payments related to exporting / importing
- International payroll, commission payments
- Hedging
- Integration into ERP systems / white-label solutions for other consumer applications

# PayPal Acquires Xoom for \$890 mm

## Industry Trends: Comparing and Contrasting Global Money Transfer Markets

International Payment Specialists are substantially different than Consumer Remittance Providers

### Consumer Remittance Providers (primarily C2C)



### International Payment Specialists (B2B / C2B)



#### Distribution

- Agent-based distribution model
- Agents take a cut of the transaction on both the sending and receiving side

- Typically direct distribution; some partnerships and white labeling of technology platforms

#### Medium of Payment

- Typically cash-based
- Provider must settle with each agent
- Credit risk exposure to agents

- Limited / no cash physically involved
- Money moves from bank account to bank account
- Relatively lower credit risk

#### Customer and Transaction Profile

- Unbanked / under-banked consumer customer base
- Low average transaction size, ~\$300
- Relatively high customer acquisition costs

- Affluent consumer and business customers
- Relatively high average transaction size, \$10k - \$20k
- Relatively low customer acquisition costs

#### Technology

- Traditionally limited leveraging of technology to attract new business
- Traditional offline customer acquisition
- Outdated execution platforms; moving online / mobile

- Leveraging technology to attract and retain customers
- More efficient online execution platforms
- White-labeling and integration with accounts payables, invoicing, and ERP systems





#### Financial Profile

- Mid to high single digit expected volume growth
- Commoditized industry
- Continual decline in pricing
- Margins under pressure
- Under threat from new entrants

- Strong double digit growth
- Less commoditized = better margins
- More fragmented
- Opportunity for economies of scale through consolidation

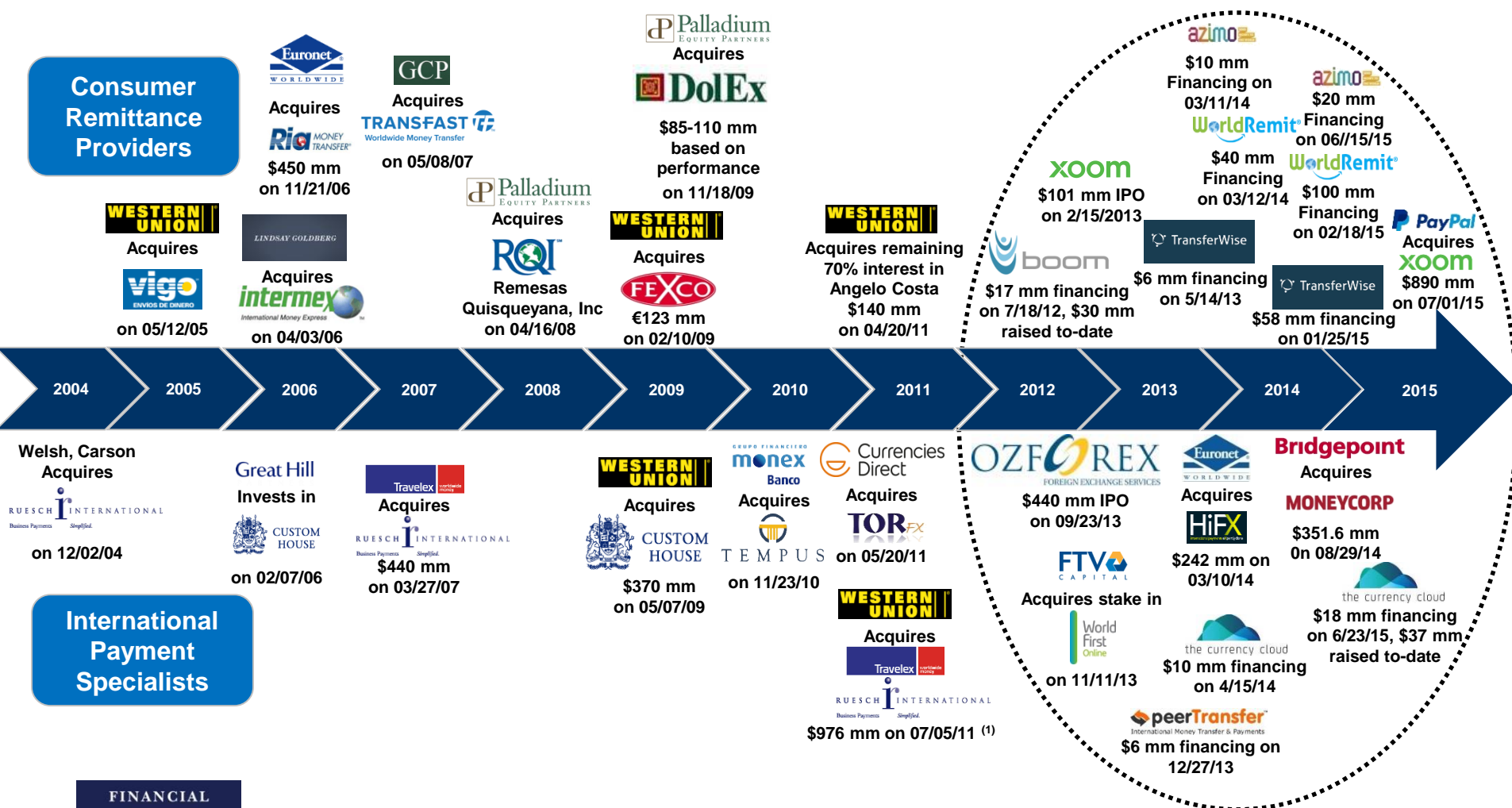
# PayPal Acquires Xoom for \$890 mm

## Industry Trends: Comparison of Incumbent / Challenger Models

|                   | Incumbent   | Challenger  | Incumbent   | Challenger   |
|-------------------|---|---|---|--|
|                   | Banks   | International Payment Specialists   | Established Consumer Remittance Providers   | Emerging Consumer Remittance Providers   |
| Sample Companies  |    |   |    |   |
| Segments Targeted | <ul style="list-style-type: none"> <li>C2C, C2B, B2C, B2B</li> </ul>  | <ul style="list-style-type: none"> <li>B2B, C2B, B2C</li> </ul>   | <ul style="list-style-type: none"> <li>Primarily C2C</li> </ul>   | <ul style="list-style-type: none"> <li>C2C, C2B</li> </ul>   |
| Distribution      | <ul style="list-style-type: none"> <li>Direct and indirect</li> <li>Branches / correspondent banks</li> </ul>   | <ul style="list-style-type: none"> <li>Direct and indirect through partnerships, white labeling</li> <li>Phone, online, mobile</li> </ul>   | <ul style="list-style-type: none"> <li>Direct, primarily through agents including retail, banks and post offices</li> </ul>   | <ul style="list-style-type: none"> <li>Direct for sending, use banks on receiving side</li> <li>Online / mobile</li> </ul>                 |
| Medium of Payment | <ul style="list-style-type: none"> <li>Account-to-account</li> </ul>  | <ul style="list-style-type: none"> <li>Account-to-account</li> </ul>  | <ul style="list-style-type: none"> <li>Typically cash-to-cash</li> </ul>  | <ul style="list-style-type: none"> <li>Account-to-account</li> <li>Account-to-cash</li> </ul>  |
| Transaction Size  | <ul style="list-style-type: none"> <li>Small, Medium and Large</li> </ul>   | <ul style="list-style-type: none"> <li>Medium to Large, \$10k - \$20k</li> </ul>  | <ul style="list-style-type: none"> <li>Small, ~\$300</li> </ul>   | <ul style="list-style-type: none"> <li>Small, ~\$300 - \$500</li> </ul>  |
| Sample Use Cases  | <ul style="list-style-type: none"> <li>Various consumer and business transfers</li> </ul>   | <ul style="list-style-type: none"> <li>Overseas mortgages</li> <li>International investing</li> <li>Exporting / importing</li> <li>International payroll</li> <li>Hedging</li> </ul>  | <ul style="list-style-type: none"> <li>Migrant worker remittances</li> <li>Emergency money</li> </ul>   | <ul style="list-style-type: none"> <li>Migrant worker remittances</li> <li>Emergency money</li> </ul>                                      |
| Strengths         | <ul style="list-style-type: none"> <li>Trusted brands</li> <li>Branch networks</li> <li>Funds already sitting in accounts</li> </ul>                          | <ul style="list-style-type: none"> <li>Online, easy to use interfaces</li> <li>Robust user tools available</li> <li>High touch and market expertise available if necessary</li> </ul> | <ul style="list-style-type: none"> <li>Large distribution of agent locations for both sending and receiving</li> </ul>  | <ul style="list-style-type: none"> <li>Online, easy to use interfaces</li> <li>Relatively low fees</li> </ul>                              |
| Weaknesses        | <ul style="list-style-type: none"> <li>Limited banking hours</li> <li>High fees</li> <li>Lack of transparency</li> <li>Limited online capabilities</li> </ul> | <ul style="list-style-type: none"> <li>Not a mass market product</li> <li>Migration online may lower revenue per transaction</li> </ul>   | <ul style="list-style-type: none"> <li>High cust. acquisition costs</li> <li>High fees</li> <li>Primarily cash based</li> <li>Limited online capabilities</li> <li>Highly competitive market</li> </ul> | <ul style="list-style-type: none"> <li>High customer acquisition costs</li> <li>Competition increasing from traditional players</li> </ul> |

# PayPal Acquires Xoom for \$890 mm

## Selected Industry Transactions – Capital Flows Tell the Story



Source: Company reports, Capital IQ, FT Partners' proprietary transaction database.

(1) Western Union's acquisition of Travellex's Global Payments unit included the legacy Ruesch business.

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## V. Selected Money Transfer Transactions



# PayPal Acquires Xoom for \$890 mm

## Selected Money Transfer Transactions

| Announced Date | Transaction Overview   | Company                     | Selected Buyers / Investors   | Amount (\$MM) | FinTech Database        |
|----------------|--|-----------------------------|---|---------------|-------------------------|
| 07/02/15       | Ding Acquires iSend  | iSend                       | Ding  | na            | <a href="#">Details</a> |
| 07/01/15       | PayPal Acquires Xoom for \$890 mm  | Xoom                        | PayPal  | 890           | <a href="#">Details</a> |
| 06/23/15       | The Currency Cloud Secures \$18 mm in Series C Financing                             | The Currency Cloud          | Sapphire Ventures; Rakuten; Anthemis Group; Atlas Ventures; Notion Capital; XAnge Private Equity        | 18            | <a href="#">Details</a> |
| 06/22/23       | RIA Financial Acquires IME   | IME                         | RIA Financial   | na            | <a href="#">Details</a> |
| 04/28/15       | OrbitRemit Secures Series A Financing  | OrbitRemit                  | Undisclosed Investors   | na            | <a href="#">Details</a> |
| 04/16/15       | CurrencyFair Secures Approximately \$10.7 mm in Financing Led by Octopus Investments | CurrencyFair                | Octopus Investments; Frontline Ventures   | 11            | <a href="#">Details</a> |
| 03/19/15       | Remitly Secures \$12.5 mm in Series B Financing Led by Draper Fisher Jurvetson       | Remitly                     | DN Capital; Draper Fisher Jurvetson; QED Investors; Trilogy Equity Partners                             | 13            | <a href="#">Details</a> |
| 01/25/15       | TransferWise Secures \$58 mm in Series C Financing Led by Andreessen Horowitz        | TransferWise                | IA Ventures; Andreessen Horowitz; Seedcamp; Valar Ventures; Index Ventures; Undisclosed Investors       | 58            | <a href="#">Details</a> |
| 01/13/15       | peerTransfer Secures \$22 mm in Financing Led by Bain Capital Ventures               | peerTransfer                | Bain Capital Ventures; Spark Capital; QED Investors; Devonshire Investors; Accel Partners               | 22            | <a href="#">Details</a> |
| 10/22/14       | Tipalti Secures \$13 mm in Series B Financing Led by Wicklow Capital                 | Tipalti                     | Wicklow Capital   | 13            | <a href="#">Details</a> |
| 10/06/14       | Transnetwork has Agreed to Acquire Citi Remesas                                      | Citi Remesas                | Transnetwork  | na            | <a href="#">Details</a> |
| 09/09/14       | MoneyGram Acquires Nexxo   | Nexxo Financial Corporation | MoneyGram International Inc.  | na            | <a href="#">Details</a> |
| 09/02/14       | MoneyGram Acquires MTI Money Transfer Limited  | MTI Money Transfer          | MoneyGram International Inc.  | na            | <a href="#">Details</a> |
| 08/29/14       | Bridgepoint Acquires Moneycorp for Approximately \$351.6 mm                          | Moneycorp                   | Bridgepoint Capital Limited   | 352           | <a href="#">Details</a> |
| 06/23/14       | Ebury Secures \$30 mm in Financing from Greylock Partners                            | Ebury Partners              | Greylock Partners   | 30            | <a href="#">Details</a> |
| 06/09/14       | TransferWise Secures \$25mm in Financing   | TransferWise                | IA Ventures; Index Ventures; Valar Ventures; Kima Ventures; Undisclosed Investors; Tag Venture Partners | 25            | <a href="#">Details</a> |
| 06/05/14       | Fastacash Secures \$4 mm in Financing  | Fastacash                   | Jungle Ventures; SPRING SEEDS Capital; Funding the Future; Undisclosed Investors                        | 4             | <a href="#">Details</a> |
| 05/19/14       | Pangea Secures Financing   | Pangea Payments             | Chicago Venture Partners; Jump Capital; OCA Ventures; BW Capital Partners; Undisclosed Investors        | na            | <a href="#">Details</a> |
| 04/15/14       | The Currency Cloud Secures \$10 mm in Series B Financing                             | The Currency Cloud          | Anthemis Group; Notion Capital; Atlas Venture; Xange Private Equity; SVB Silicon Valley Bank            | 10            | <a href="#">Details</a> |
| 03/12/14       | WorldRemit Secures \$40 mm in Financing from Accel Partners                          | WorldRemit                  | Accel Partners  | 40            | <a href="#">Details</a> |
| 03/11/14       | Azimo Secures \$10 mm in Financing Led by Greycroft Partners                         | Azimo                       | Greycroft Partners; Frontier Investments; RI Digital; e.ventures; TA Venture; KRW Schindler             | 10            | <a href="#">Details</a> |
| 03/10/14       | Euronet Worldwide Acquires HiFX for \$242 mm   | HiFX Plc                    | Euronet Worldwide, Inc.   | 242           | <a href="#">Details</a> |



# PayPal Acquires Xoom for \$890 mm

## Selected Money Transfer Transactions (cont.)

| Announced Date | Transaction Overview  | Company                        | Selected Buyers / Investors   | Amount (\$MM) | FinTech Database        |
|----------------|---|--------------------------------|---|---------------|-------------------------|
| 01/30/14       | Quippi Secures \$2 mm in Financing from Avalon Ventures                     | Quippi                         | Avalon Ventures   | 2             | <a href="#">Details</a> |
| 01/06/14       | Remitly Secures \$5.5 mm in Financing Led by QED Investors                  | Remitly                        | QED Investors; Trilogy Equity Partners; Founder?s Co-op; TomorrowVentures; Bezos Expeditions; Undisclosed Investors | 6             | <a href="#">Details</a> |
| 12/27/13       | peerTransfer Secures \$6.2 mm in Financing Led by Devonshire Investors      | peerTransfer                   | Maveron; Spark Capital; QED Investors; Devonshire Investors   | 6             | <a href="#">Details</a> |
| 11/25/13       | Kwanji Secures Financing from Mercia Fund Management                        | Kwanji                         | Mercia Fund Managment   | na            | <a href="#">Details</a> |
| 11/11/13       | World First Secures Financing Led by FTV Capital                            | World First                    | FTV Capital; Industry Ventures; StepStone Group   | na            | <a href="#">Details</a> |
| 11/01/13       | CurrencyFair Secures \$2.5 mm in Financing from Frontline Ventures          | CurrencyFair                   | Frontline Ventures; Undisclosed Investors   | 3             | <a href="#">Details</a> |
| 10/23/13       | TransferGo Secures \$0.25 mm in Financing from Practica Seed Capital Fund   | TransferGo                     | Practica Seed Capital Fund  | <1            | <a href="#">Details</a> |
| 10/07/13       | Fastacash Secures \$3 mm in Financing                                       | Fastacash                      | Jungle Ventures; SPRING SEEDS Capital; Funding the Future   | 3             | <a href="#">Details</a> |
| 09/29/13       | Azimo Secures \$1 mm in Financing   | Azimo                          | BlueYield; Undisclosed Investors  | 1             | <a href="#">Details</a> |
| 09/23/13       | OzForex Raises Approximately \$414.2 mm in its Initial Public Offering      | OzForex                        | Undisclosed Investors   | 414           | <a href="#">Details</a> |
| 09/19/13       | MoneyGram Acquires Advanced Chrono Cash Services                            | Advanced Chrono Cash Services  | MoneyGram International Inc.  | na            | <a href="#">Details</a> |
| 09/19/13       | MoneyGram has Agreed to Acquire MoneyGlobe Payment Institution              | MoneyGlobe Payment Institution | MoneyGram International Inc.  | na            | <a href="#">Details</a> |
| 09/18/13       | Ebury Partners Secures Approximately \$5.6 mm in Financing Led by Envestors | Ebury Partners                 | Envestors; Undisclosed Investors  | 6             | <a href="#">Details</a> |
| 08/19/13       | CVC Capital Partners Acquires Skrill for Approximately \$800 mm             | Skrill                         | CVC Capital Partners  | 800           | <a href="#">Details</a> |
| 06/25/13       | peerTransfer Secures \$6.4mm in Financing                                   | peerTransfer                   | Kibo Ventures; FJME; Spark Capital; Maveron; QED Investors  | 6             | <a href="#">Details</a> |
| 05/29/13       | Earthport Secures \$10 mm in Financing from IFC                             | Earthport plc                  | International Finance Corporation   | 10            | <a href="#">Details</a> |
| 05/20/13       | Pangea Secures \$1 mm in Financing  | Pangea Payments                | OCA Ventures; Origin Ventures, LLC; Accelerator Fund (I2A); FireStarter Fund  | 1             | <a href="#">Details</a> |
| 05/14/13       | TransferWise Secures \$6 mm in Financing Led by Valar Ventures              | TransferWise                   | Valar Ventures  | 6             | <a href="#">Details</a> |
| 05/13/13       | Akimbo Secures \$0.85 mm in Financing                                       | Akimbo Financial               | Undisclosed Investors   | 1             | <a href="#">Details</a> |
| 01/18/13       | Azimo Secures \$0.48 mm in Financing  | Azimo                          | Undisclosed Investors   | 1             | <a href="#">Details</a> |
| 01/11/13       | Xoom Announces Closing of its Initial Public Offering                       | Xoom Corporation               | Undisclosed Investors   | 101           | <a href="#">Details</a> |
| 01/08/13       | Euronet Worldwide Acquires Pure Commerce                                    | Pure Commerce                  | Euronet Worldwide, Inc.   | na            | <a href="#">Details</a> |





# PayPal Acquires Xoom for \$890 mm

## Selected Money Transfer Transactions (cont.)

| Announced Date | Transaction Overview  | Company                                   | Selected Buyers / Investors  | Amount (\$MM) | FinTech Database        |
|----------------|---|---|--|---------------|-------------------------|
| 12/31/12       | Fastacash Secures \$1.5 mm in Financing Led by Funding the Future                             | Fastacash                                 | Funding the Future   | 2             | <a href="#">Details</a> |
| 12/31/12       | Remitly Secures \$2.6 mm in Financing Led by Trilogy Equity                                   | Remitly                                   | Trilogy Equity Partners; Bezos Expeditions; TomorrowVentures                     | 3             | <a href="#">Details</a> |
| 12/21/12       | TransferGo Secures \$0.19 mm in Financing from Practica Seed Capital Fund                     | TransferGo                                | Practica Seed Capital Fund   | <1            | <a href="#">Details</a> |
| 08/21/12       | Exponent Private Equity Acquires Fintrax for Approximately \$211.2 mm                         | Fintrax                                   | Exponent Private Equity  | 211           | <a href="#">Details</a> |
| 07/18/12       | Boom Financial Secures \$17 mm in Financing from Digicel Group                                | Boom Financial                            | Digicel Group; RRE Ventures  | 17            | <a href="#">Details</a> |
| 06/26/12       | DoughMain Acquires Allowance-Plus   | Allowance Plus                            | DoughMain  | na            | <a href="#">Details</a> |
| 06/12/12       | Shinsei Bank has Agreed to Acquire Lloyds Banking' Japan Remittance Business                  | Lloyds Banking' Japan Remittance Business | Shinsei Bank   | na            | <a href="#">Details</a> |
| 05/24/12       | Silver Lake and Partners Group have Agreed to Acquire Global Blue for Approximately \$1.26 bn | Global Blue                               | Partners Group; Silver Lake  | 1,259         | <a href="#">Details</a> |
| 04/17/12       | TransferWise Secures \$1.3 mm in Financing Led by IA Ventures and Index Ventures              | TransferWise                              | IA Ventures; Index Ventures; Undisclosed Investors                               | 1             | <a href="#">Details</a> |
| 04/13/12       | Beamit Secures \$2.4 mm in Financing Led by Founder?s Co-op                                   | Remitly                                   | Bezos Expeditions; Founder?s Co-op; TomorrowVentures; TechStars                  | 2             | <a href="#">Details</a> |
| 03/12/12       | Regalocard Secures 0.32 mm in Financing   | RegaloCard                                | Undisclosed Investors  | <1            | <a href="#">Details</a> |
| 02/29/12       | Mobile Transactions International Secures \$4 mm in Financing                                 | Zoona                                     | ACCION International; Omidyar Network; Mennonite Economic Development Associates | 4             | <a href="#">Details</a> |
| 12/05/11       | Rev Worldwide Secures Financing from Omidyar Network  | Rev Worldwide                             | Omidyar Network  | na            | <a href="#">Details</a> |
| 11/22/11       | Xoom Secures \$25 mm in Financing   | Xoom Corporation                          | Sequoia Capital; New Enterprise Associates; DAG Ventures; Northgate Capital      | 25            | <a href="#">Details</a> |
| 11/01/11       | RBS Acquires Majority Stake in TTT Moneycorp  | Moneycorp                                 | RBS Special Opportunities Fund LP  | na            | <a href="#">Details</a> |
| 10/28/11       | Remitly Secures \$0.75 mm in Financing  | Remitly                                   | Undisclosed Investors  | 1             | <a href="#">Details</a> |
| 09/01/11       | KlickEx Secures Approximately \$0.4 mm in Financing   | Klickex                                   | Undisclosed Investors  | <1            | <a href="#">Details</a> |
| 08/15/11       | peerTransfer Secures \$7.5 mm in Financing Led by Spark Capital                               | peerTransfer                              | Boston Seed Capital; Spark Capital; Accel Partners; Maveron                      | 8             | <a href="#">Details</a> |
| 07/22/11       | Tempo Financial Secures \$5 mm in Financing   | Tempo Financial Holdings Corporation      | Undisclosed Investors  | 5             | <a href="#">Details</a> |
| 07/19/11       | CurrencyFair Secures \$0.82 mm in Financing   | CurrencyFair                              | Enterprise Ireland   | 1             | <a href="#">Details</a> |
| 07/05/11       | Western Union Acquires Travelex Global Business Payments for Approximately \$975 mm in Cash   | Travelex Group Business Payments          | Western Union  | 975           | <a href="#">Details</a> |
| 05/20/11       | Azibo Group Acquires Tor Currency Exchange  | TorFX                                     | Azibo Group  | na            | <a href="#">Details</a> |



# PayPal Acquires Xoom for \$890 mm

## Selected Money Transfer Transactions (cont.)

| Announced Date | Transaction Overview  | Company                               | Selected Buyers / Investors  | Amount (\$MM) | FinTech Database        |
|----------------|---|---------------------------------------|--|---------------|-------------------------|
| 03/08/11       | Thomas H. Lee Partners has Agreed to Recapitalize MoneyGram International                                 | MoneyGram International Inc.          | Thomas H. Lee Partners   | na            | <a href="#">Details</a> |
| 01/26/11       | Banco do Brasil and Bradesco Acquires 10% Stake in CBSS for Approximately \$100 mm                        | Alelo                                 | Banco Bradesco S.A.; Banco do Brasil   | 100           | <a href="#">Details</a> |
| 01/25/11       | Adaptive Payments Secures Financing from SHAZAM   | Adaptive Payments                     | Shazam   | 5             | <a href="#">Details</a> |
| 11/22/10       | Accel Partners and The Carlyle Group Acquires Minority Stake in OzForex Group                             | OzForex                               | The Carlyle Group; Accel Partners  | na            | <a href="#">Details</a> |
| 11/01/10       | Global Payment Technologies Secures Financing   | Global Payment Technologies, Inc.     | Undisclosed Investors  | na            | <a href="#">Details</a> |
| 10/28/10       | peerTransfer Secures Financing Led by from Spark Capital  | peerTransfer                          | Spark Capital  | na            | <a href="#">Details</a> |
| 10/14/10       | Earthport Secures Approximately \$12 mm in Financing  | Earthport plc                         | Undisclosed Investors  | 12            | <a href="#">Details</a> |
| 04/15/10       | Welsh, Carson, Anderson & Stowe has Agreed to Acquire Majority Stake in GlobalCollect                     | GlobalCollect                         | Welsh, Carson, Anderson & Stowe  | na            | <a href="#">Details</a> |
| 04/09/10       | TransGlobal Payment Solutions Secures Financing Led by Enterprise Ventures                                | TransGlobal Payment Solutions Limited | EV Growth  | na            | <a href="#">Details</a> |
| 03/23/10       | Xoom Secures \$32.2 mm in Financing   | Xoom Corporation                      | C2 Capital; Glynn Capital Management; Undisclosed Investors                                    | 33            | <a href="#">Details</a> |
| 02/18/10       | Earthport Secures \$6.5 mm in Financing   | Earthport plc                         | Undisclosed Investors; HU Investments LLC  | 7             | <a href="#">Details</a> |
| 01/04/10       | RegaloCard Secures \$7 mm in Financing from Dublin Ventures and Kinsail                                   | RegaloCard                            | Dublin Ventures; Kinsail Corporation   | na            | <a href="#">Details</a> |
| 11/18/09       | Palladium Equity Partners Acquires Global Payments? DoEx- and Europhil- Branded Money Transfer Businesses | DoEx Dollar Express                   | Palladium Equity Partners  | na            | <a href="#">Details</a> |
| 07/07/09       | Travelport and PSP International Form eNett   | eNett International                   | PSP International; Travelport  | na            | <a href="#">Details</a> |
| 05/07/09       | Western Union has Agreed to Acquire Custom House for \$370 mm in Cash                                     | Custom House                          | Western Union  | 370           | <a href="#">Details</a> |
| 05/05/09       | Vocalink Secures \$89.6 mm in Financing   | VocaLINK                              | Undisclosed Investors  | 90            | <a href="#">Details</a> |
| 02/10/09       | Western Union has Agreed to Acquire FEXCO's Money Transfer Business for \$159.5 mm in Cash                | FEXCO                                 | Western Union  | 160           | <a href="#">Details</a> |
| 05/22/08       | State Street Global Markets Acquires SSISearch  | SSISearch, Ltd.                       | State Street Global Markets, LLC   | na            | <a href="#">Details</a> |
| 05/01/08       | Tempo Financial Holdings Secures Financing from Arsenal Capital Partners                                  | Tempo Financial Holdings Corporation  | Arsenal Capital Partners   | na            | <a href="#">Details</a> |
| 04/25/08       | Nexxo Financial Secures Financing from Menlo Ventures, Split Rock Partners and Sutter Hill Ventures       | Nexxo Financial Corporation           | Menlo Ventures; Split Rock Partners; Sutter Hill Ventures                                      | na            | <a href="#">Details</a> |
| 04/16/08       | Management Backed by Palladium Equity Partners and Other Co-Investors Acquires Remesas Quisqueyana        | Remesas Quisqueyana, Inc              | Adams Street Partners; Baird Private Equity Group; Palladium Equity Partners; Sewanee Ventures | na            | <a href="#">Details</a> |
| 03/25/08       | Global Payment Technologies Secures \$0.19 mm in Financing  | Global Payment Technologies, Inc.     | Global Payment Technologies' Angel Investors   | <1            | <a href="#">Details</a> |

# PayPal Acquires Xoom for \$890 mm

## Selected Money Transfer Transactions (cont.)

| Announced Date | Transaction Overview  | Company                      | Selected Buyers / Investors  | Amount (\$MM) | FinTech Database        |
|----------------|---|------------------------------|--|---------------|-------------------------|
| 02/12/08       | MoneyGram International Secures \$760 mm in Financing Led by Thomas H. Lee Partners and Goldman Sachs                                       | MoneyGram International Inc. | Goldman Sachs Group, Merchant Banking Division; Thomas H. Lee Partners   | 760           | <a href="#">Details</a> |
| 01/10/08       | Nexxo Financial Secures \$7.5 mm in Financing from Menlo Ventures and Sutter Hill Ventures  | Nexxo Financial Corporation  | Menlo Ventures; Sutter Hill Ventures   | 8             | <a href="#">Details</a> |
| 09/28/07       | Xoom Corporation Secures \$20.29 mm in Financing Led by DAG Ventures  | Xoom Corporation             | Volition Capital; DAG Ventures; Sequoia Capital; New Enterprise Associates   | 20            | <a href="#">Details</a> |
| 08/09/07       | Barclays Private Equity Along with Apax Partners Worldwide's Management Acquired Majority Stake in Global Refund for Approximately \$492 mm | Global Blue                  | Barclays Private Equity  | 492           | <a href="#">Details</a> |
| 07/23/07       | General Atlantic Acquires GlobalCollect   | GlobalCollect                | General Atlantic   | na            | <a href="#">Details</a> |
| 05/23/07       | Earthport Secures \$2.46mm in Financing in Secondary Offering   | Earthport plc                | Undisclosed Investor(s)  | 3             | <a href="#">Details</a> |
| 05/08/07       | Trans-Fast Secures Financing from Greenhill Capital Partners  | Trans-Fast Remittance, LLC   | Greenhill Capital Partners   | na            | <a href="#">Details</a> |
| 03/27/07       | Travelex Acquires Ruesch International  | Ruesch International         | Travelex   | 440           | <a href="#">Details</a> |
| 03/08/07       | Euronet Worldwide Secures \$159.36 mm in Financing  | Euronet Worldwide, Inc.      | Angelo, Gordon & Co.; Invesco Aim Management Group, Inc; UBS; William Blair and Company; Magnetar Capital, LLC; Capital Research & Management Company; R&G Financial Corporation | 159           | <a href="#">Details</a> |
| 12/28/06       | RBS Acquires Stake in TTT Moneycorp   | Moneycorp                    | RBS Special Opportunities Fund LP  | na            | <a href="#">Details</a> |
| 11/21/06       | Euronet Acquires RIA for \$450mm in Cash and Equity   | RIA Financial                | Euronet Worldwide, Inc.  | na            | <a href="#">Details</a> |
| 06/19/06       | Xoom Secures \$15 mm in Financing Led by Fidelity Ventures  | Xoom Corporation             | Volition Capital; New Enterprise Associates; Sequoia Capital; SVB Capital  | 15            | <a href="#">Details</a> |
| 04/03/06       | Lindsay Goldberg Acquires Majority Stake in Intermex Wire Transfer  | Intermex Wire Transfer       | Lindsay Goldberg   | na            | <a href="#">Details</a> |
| 03/28/06       | Investcorp Technology Partners Acquires Moneybookers  | Skrill                       | InvestCorp   | na            | <a href="#">Details</a> |
| 02/07/06       | Custom House Secures Financing from Great Hill Partners   | Custom House                 | Great Hill Partners  | na            | <a href="#">Details</a> |
| 11/01/05       | Management Backed by Waterland Private Equity Investments and Prime Technology Ventures Acquires GlobalCollect                              | GlobalCollect                | Prime Technology Ventures  | na            | <a href="#">Details</a> |
| 10/01/05       | Nexxo Financial Secures \$15 mm in Financing from Menlo Ventures, Stanford Management Company and Sutter Hill Ventures                      | Nexxo Financial Corporation  | Menlo Ventures; Sutter Hill Ventures   | 15            | <a href="#">Details</a> |
| 09/13/05       | Emida Technologies Secures \$7.5 mm in Financing Led by GRP Partners, Stone Canyon Venture Partners and Richard L. Scott Investments        | Emida Technologies, Inc.     | GRP Partners; Richard L. Scott Investments   | 8             | <a href="#">Details</a> |
| 05/20/05       | Nexxar Group Secures \$8.5 mm in Financing from Key Venture Partners and FT Ventures  | Nexxar Group                 | Key Venture Partners; FTV Capital  | 9             | <a href="#">Details</a> |
| 05/12/05       | First Data Acquires Vigo Remittance   | Vigo Remittance              | First Data   | na            | <a href="#">Details</a> |
| 04/28/05       | Standard Chartered Acquires 6 % of Travelex   | Travelex Group               | Standard Chartered PLC   | na            | <a href="#">Details</a> |
| 02/28/05       | Apax Acquires Travelex for \$2.02 bn in Cash  | Travelex Group               | Apax Partners Worldwide  | 2,020         | <a href="#">Details</a> |



# PayPal Acquires Xoom for \$890 mm

## Selected Money Transfer Transactions (cont.)

| Announced Date | Transaction Overview   | Company                           | Selected Buyers / Investors                     | Amount (\$MM) | FinTech Database        |
|----------------|--|-----------------------------------|---|---------------|-------------------------|
| 02/28/05       | Apax Partners Acquires Remaining Stake in Travelex   | Travelex Group                    | Apax Partners Worldwide; Standard Chartered PLC | na            | <a href="#">Details</a> |
| 02/01/05       | American Cash Exchange Secures Financing   | American Cash Exchange            | Undisclosed Investor(s)                         | 5             | <a href="#">Details</a> |
| 12/02/04       | Welsh, Carson, Anderson & Stowe Acquires Ruesch International                              | Ruesch International              | Welsh, Carson, Anderson & Stowe                 | na            | <a href="#">Details</a> |
| 07/01/04       | Viad Spins-off MoneyGram International   | MoneyGram International Inc.      | Undisclosed Investors                           | na            | <a href="#">Details</a> |
| 05/18/04       | EMIDA Secures \$5 mm in Financing from GRP Partners and Richard L. Scott Investments       | Emida Technologies, Inc.          | Richard L. Scott Investments; GRP Partners      | 5             | <a href="#">Details</a> |
| 03/18/04       | Global Payment Technologies Secures \$4 mm in Convertible Debt Financing from Laurus Funds | Global Payment Technologies, Inc. | Laurus Funds                                    | 4             | <a href="#">Details</a> |
| 11/12/03       | Vesta Corporation Secures \$20 mm from Oak Investment Partners                             | Vesta Corporation                 | Oak Investment Partners                         | 20            | <a href="#">Details</a> |
| 10/01/03       | Xoom Secures \$0.8 mm in Financing   | Xoom Corporation                  | Xoom Corporation's Angel Investors              | 1             | <a href="#">Details</a> |
| 08/12/03       | Global Payments Acquires DolEx Dollar Express  | DolEx Dollar Express              | Global Payments                                 | 190           | <a href="#">Details</a> |

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## V. Public Company Comparables

# PayPal Acquires Xoom for \$890 mm

## Selected Public Company Comparables (Emerging vs. Established Players)

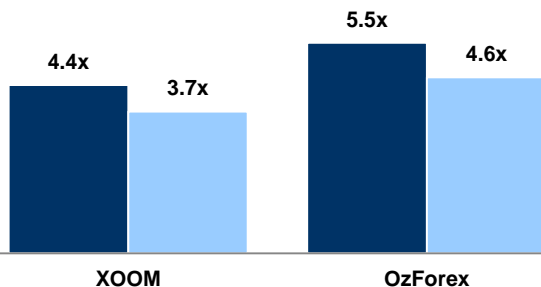
*Clear valuation disparity among fast growing International Payment Specialists and emerging Consumer Remittance Providers vs. established Consumer Remittance Providers*

*HiFX acquired by Euronet for 3.8x 2013 revenues and 13.4x 2013 adjusted EBITDA <sup>(1)</sup>*

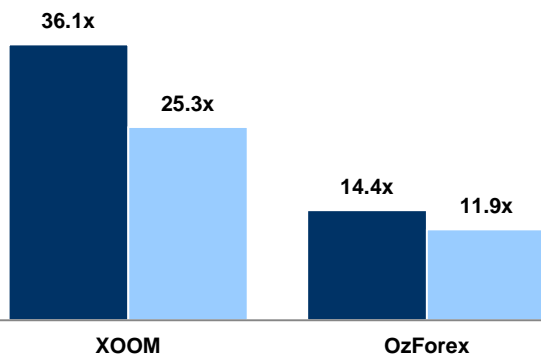
### Emerging Consumer / International Specialists

#### EV / Revenue

■ CY 2015E  
■ CY 2016E

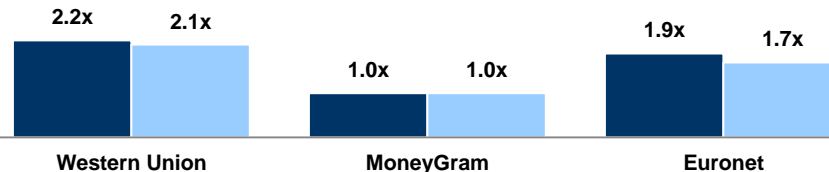


#### EV / EBITDA

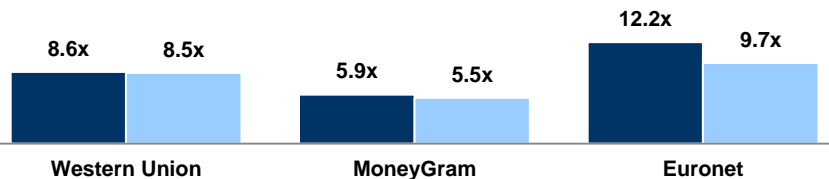


### Established Consumer Remittance Providers

#### EV / Revenue



#### EV / EBITDA





# PayPal Acquires Xoom for \$890 mm

## Selected Public Company Comparables

| Company Name  | Price     | % MTD  | % LTM  | Market Value | Enterprise Value | Multiples        |        |             |        | Growth Rates |       |         |        | Margins |        |      | P / E / G |
|---|-----------|--------|--------|--------------|------------------|------------------|--------|-------------|--------|--------------|-------|---------|--------|---------|--------|------|-----------|
|   | 07/02/15  | Change | High   | (\$ mm)      | (\$ mm)          | Price / Earnings |        | EV / EBITDA |        | EV / Revenue |       | Revenue |        | EPS     | EBITDA |      |           |
|   | CY 15E    | CY 16E | CY 15E | CY 16E       | CY 15E           | CY 16E           | CY 15E | CY 16E      | CY 15E | CY 16E       | LT    | CY 15E  | CY 16E |         |        |      |           |
| Emerging Consumer / International Payment Specialists |           |        |        |              |                  |                  |        |             |        |              |       |         |        |         |        |      |           |
| Xoom  | \$ 25.05  | 21     | 93     | 1,056        | 861              | nm               | nm     | 36.1        | 25.3   | 4.4          | 3.7   | 23      | 19     | 12      | 12     | 15   | na        |
| OzForex   | 1.67      | (3)    | 73     | 401          | 362              | 22.3             | 18.6   | 14.4        | 11.9   | 5.5          | 4.6   | 20      | 18     | na      | 38     | 39   | na        |
| Earthport   | 0.60      | 1      | 80     | 268          | 217              | nm               | 12.9   | 28.2        | 8.7    | 5.1          | 3.1   | nm      | nm     | na      | 18     | 36   | na        |
| Median  |           | 1 %    | 80 %   |              |                  | 22.3 x           | 15.7 x | 28.2 x      | 11.9 x | 5.1 x        | 3.7 x | 22 %    | 19 %   | na      | 18 %   | 36 % | na        |
| Mean  |           | 7      | 82     |              |                  | 22.3             | 15.7   | 26.2        | 15.3   | 5.0          | 3.8   | 22      | 19     | na      | 23     | 30   | na        |
| Consumer Remittance Providers                         |           |        |        |              |                  |                  |        |             |        |              |       |         |        |         |        |      |           |
| Western Union   | \$ 18.99  | (7)%   | 83 %   | \$ 9,818     | \$ 11,777        | 11.6 x           | 11.2 x | 8.6 x       | 8.5 x  | 2.2 x        | 2.1 x | (3)%    | 2 %    | 9 %     | 25 %   | 25 % | 1.3 x     |
| Euronet   | 62.37     | (1)    | 99     | 3,384        | 3,333            | 20.5             | 17.8   | 12.2        | 9.7    | 1.9          | 1.7   | 7       | 10     | 15      | 15     | 18   | 1.4       |
| MoneyGram   | 8.77      | (2)    | 57     | 467          | 1,436            | 12.3             | 9.2    | 5.9         | 5.5    | 1.0          | 1.0   | (3)     | 7      | 13      | 17     | 17   | 1.0       |
| Median  |           | (2)%   | 83 %   |              |                  | 12.3 x           | 11.2 x | 8.6 x       | 8.5 x  | 1.9 x        | 1.7 x | (3)%    | 7 %    | 13 %    | 17 %   | 18 % | 1.3 x     |
| Mean  |           | (3)    | 80     |              |                  | 14.8             | 12.7   | 8.9         | 7.9    | 1.7          | 1.6   | 0       | 6      | 12      | 19     | 20   | 1.2       |
| Other B2B Payments Solutions                          |           |        |        |              |                  |                  |        |             |        |              |       |         |        |         |        |      |           |
| FleetCor  | \$ 156.04 | 0 %    | 94 %   | \$ 14,809    | \$ 17,905        | 25.4 x           | 21.5 x | 19.4 x      | 16.8 x | 10.9 x       | 9.7 x | 44 %    | 11 %   | 15 %    | 56 %   | 58 % | 1.7 x     |
| Edenred   | 24.50     | (2)    | 81     | 5,576        | 5,909            | 22.7             | 20.0   | 12.8        | 11.5   | 4.8          | 4.5   | 7       | 8      | 15      | 38     | 39   | 1.5       |
| WEX   | 113.60    | 1      | 95     | 4,394        | 5,177            | 22.3             | 19.5   | 14.5        | 12.4   | 5.9          | 5.3   | 8       | 11     | 15      | 41     | 43   | 1.5       |
| Median  |           | 0 %    | 94 %   |              |                  | 22.7 x           | 20.0 x | 14.5 x      | 12.4 x | 5.9 x        | 5.3 x | 8 %     | 11 %   | 15 %    | 41 %   | 43 % | 1.5 x     |
| Mean  |           | (0)    | 90     |              |                  | 23.5             | 20.3   | 15.6        | 13.6   | 7.2          | 6.5   | 20      | 10     | 15      | 45     | 47   | 1.6       |
| Other Payments  |           |        |        |              |                  |                  |        |             |        |              |       |         |        |         |        |      |           |
| Alliance Data Systems                                 | \$ 295.72 | 1 %    | 95 %   | \$ 18,387    | \$ 32,026        | 19.8 x           | 17.1 x | 16.7 x      | 14.7 x | 4.9 x        | 4.4 x | 23 %    | 12 %   | 15 %    | 29 %   | 30 % | 1.3 x     |
| Cielo   | 14.51     | 1      | 100    | 27,324       | 31,806           | 23.0             | 20.3   | 18.9        | 17.1   | 10.4         | 9.3   | 47      | 12     | 16      | 55     | 55   | 1.4       |
| Vantiv  | 38.66     | (0)    | 94     | 5,693        | 9,059            | 18.1             | 16.0   | 11.5        | 10.4   | 5.6          | 5.2   | 15      | 8      | 14      | 49     | 50   | 1.3       |
| Total System Services                                 | 41.95     | (0)    | 98     | 7,821        | 8,964            | 18.7             | 16.9   | 11.2        | 10.5   | 3.4          | 3.2   | 7       | 7      | 10      | 31     | 31   | 1.9       |
| Global Payments                                       | 104.57    | (0)    | 97     | 6,979        | 8,725            | 20.4             | 18.0   | 14.2        | 12.7   | 3.1          | 2.8   | 6       | 8      | 12      | 22     | 22   | 1.8       |
| Wirecard  | 39.43     | 1      | 83     | 4,870        | 4,099            | 28.5             | 22.7   | 16.5        | 13.4   | 4.9          | 4.0   | 26      | 21     | 28      | 29     | 30   | 1.0       |
| Heartland Payment Systems                             | 54.09     | (0)    | 96     | 1,987        | 2,532            | 19.2             | 16.8   | 11.9        | 10.6   | 3.2          | 3.0   | 19      | 8      | 16      | 27     | 28   | 1.2       |
| Evertec   | 21.30     | (0)    | 88     | 1,658        | 2,032            | 12.5             | 11.7   | 10.9        | 10.2   | 5.5          | 5.2   | 9       | 4      | 14      | 50     | 51   | 0.9       |
| Median  |           | (0)%   | 95 %   |              |                  | 19.5 x           | 17.0 x | 13.1 x      | 11.7 x | 4.9 x        | 4.2 x | 17 %    | 8 %    | 15 %    | 30 %   | 30 % | 1.3 x     |
| Mean  |           | 0      | 94     |              |                  | 20.0             | 17.4   | 14.0        | 12.4   | 5.1          | 4.6   | 19      | 10     | 16      | 36     | 37   | 1.3       |

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## VI. Transaction Profiles



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## A. PayPal Acquires Paydiant

# PayPal Acquires Xoom for \$890 mm

## Transaction Overview

### Transaction Overview

- On March 2, 2015, PayPal announced that it had agreed to acquire Paydiant
  - Details of the transaction were not disclosed, but the purchase price is estimated at \$280 mm <sup>(1)</sup>
- PayPal plans to leverage Paydiant's technology platform used by big retail chains to help other merchants create their own mobile wallet apps
- The acquisition positions PayPal to potentially become a popular payment option in brick-and-mortar stores as well as an additional payment method for mobile apps
- The combination of PayPal and Paydiant will enable the scaling of the combined company's mobile wallet technology, offering value added benefits including: risk management, 24x7 customer support, loyalty points and private label card acceptance and an open payments platform that supports all mobile operating systems
  - PayPal's global reach expands into more than 200 markets and 162 million active digital wallets
- In addition to the Paydiant acquisition, PayPal also announced a plan to begin selling NFC-enabled versions of its PayPal Here card reader

BetaBoston

TE

StreetInsider.com  
If you're not inside... you're outside

### Selected Quotes in Response to Paydiant Acquisition

*"The move to add the Newton-based company is a strategic play by PayPal to form a deeper connection with merchants, due to Paydiant's relationship with MCX. PayPal seemed to be losing ground in the race to own the payments space, with Apple, Google, and Samsung all developing their own payment systems."*

*"Adding Paydiant will bring more point-of-sale volume on to PayPal's platform, and it will also give PayPal a more established route into tackling more of that large-merchant market, offering them the proposition of developing their own-branded mobile wallets and credit cards alongside other marketing programs like gift cards and loyalty cards."*

*"Consumers repeatedly tell us they prefer to use a mobile payment solution offered by their trusted financial institution. PayPal recognizes that preference, and has thrown their support to a platform which empowers both financial institutions and retailers to provide mobile payments functionality in their own apps, in ways that best serve their members or customers."*

Paul Fiore, CEO CUWallet

**PayPal's acquisition of Paydiant follows a string of recent consolidation in the mobile wallet space including Google's acquisition of Softcard and Samsung's acquisition of LoopPay**

**Clearly, mobile wallet providers are bulking up in an attempt to better compete with Apple Pay**

# PayPal Acquires Xoom for \$890 mm

## Paydiant Overview

*The acquisition of Paydiant and the introduction of NFC technology to PayPal Here card readers will enable PayPal to better compete with Apple Pay and Google Wallet while enabling clients to create and manage their own mobile wallet apps as well*

### Overview

CEO: Kevin Laracey  
Headquarters: Newton, MA  
Founded: 2010

- Paydiant provides a cloud-based mobile wallet platform for retailers, banks and payment processors
  - Paydiant's platform enables its partners to integrate technology agnostic, complete mobile wallet capabilities into their own mobile apps
  - The platform works with existing smartphones, POS systems and payment terminals
  - The mobile wallet functionality includes mobile payments, loyalty programs, coupons and e-receipts
- The technology allows smartphone users to either scan a QR code at retailers' existing POS system, or pay through NFC technology
- Paydiant has secured several strategic partnerships including Merchant Customer Exchange (MCX), which has been working to develop CurrentC, its mobile payment app

### Selected Paydiant Partnerships



### MCX / CurrentC

- MCX is Paydiant's largest partnership, providing its mobile wallet platform for the development of MCX's payment app, CurrentC, to challenge Apple Pay
  - CurrentC makes it easier for shoppers to use payment methods including bank accounts or store-branded cards that are cheaper for retailers to process compared to traditional credit and debt cards
- The MCX consortium includes Walmart, Target, Sears, Wendy's, Exxon and CVS among others
- PayPal is now well positioned to deliver a merchant-friendly solution to MCX members and can work with members to get a solution into the market quickly

### Previous Equity Financings

| Date     | Size (\$ mm) | Lead Investors   |
|----------|--------------|--|
| 09/10/13 | \$15.0       | NORTH BRIDGE<br>General Catalyst Partners<br>StageOne<br>Taking Startups to the Next Level |
| 07/10/12 | 12.0         | NORTH BRIDGE<br>General Catalyst Partners<br>StageOne<br>Taking Startups to the Next Level |
| 02/21/11 | 7.6          | NORTH BRIDGE<br>General Catalyst Partners  |

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## **B. PayPal Acquires Braintree**

# PayPal has Agreed to Acquire Braintree for \$800 mm

## Transaction Summary & Braintree Overview

### Transaction Summary

- On September 26, 2013, PayPal announced that it had agreed to acquire Braintree in an all cash deal valued at \$800 mm
- Braintree had previously received approximately \$70 mm in financing from New Enterprise Associates, Accel Partners, RRE Ventures and Greycroft Partners, among others
- The Company's CEO, Bill Ready, will remain CEO of the Company after the acquisition; all 210 of Braintree's employees will become eBay employees
- The Company expects \$0.01 dilution from the anticipated late Q4 close of the acquisition<sup>(1)</sup>

### Strategic Rationale

- According to eBay CFO, Bob Swan, the acquisition will "help accelerate PayPal's leadership in mobile payments and support developers who are creating innovative solutions for next-generation commerce start-ups"<sup>(1)</sup>
- Braintree's easy-to-use API has gotten significant traction with developers making it appealing to PayPal, whose developer platform product has struggled to gain developer adoption
- Attractive onboarding and merchant account creation platform were key benefits
- PayPal found it attractive that the service Braintree provides is primarily a no-risk PSP / Gateway<sup>(1)</sup>
- Because of its business model (unlike PayPal), Braintree gets insight into all transactions processed
- PayPal expects to get enhanced economics by having an increased share of check out with its payment options from Braintree merchants

### Braintree Overview

- CEO:** Bill Ready
- Headquarters:** Chicago, IL
- Founded:** 2007
- Employees:** 210<sup>(2)</sup>
- Braintree is a developer-focused payments gateway provider that enables online and mobile payments for merchants;
    - \$12 bn in volume annually, 33% mobile
    - Estimated 40 mm user accounts (vs. PayPal's 132 mm accounts)
  - The Company provides merchants and developers with various commerce and payment tools, including single-click checkout, international payments, recurring billing and mobile commerce solutions
  - Braintree's technology and APIs enable a relatively straightforward and fast on-boarding process, leading to a relatively rapid adoption; merchant integration takes 30 minutes or less<sup>(3)(4)</sup>
  - Braintree's Venmo offering (acquired in 2012) allows one-click payment across different apps that the Company powers from a user's mobile device
  - Clients include Airbnb, OpenTable, TaskRabbit and Uber
  - Expanded to Europe in August 2012; now enables payments in over 130 currencies in more than 40 countries with limited personnel presence
  - Braintree charges 2.9% of total transaction value plus a \$0.30 fee per transaction

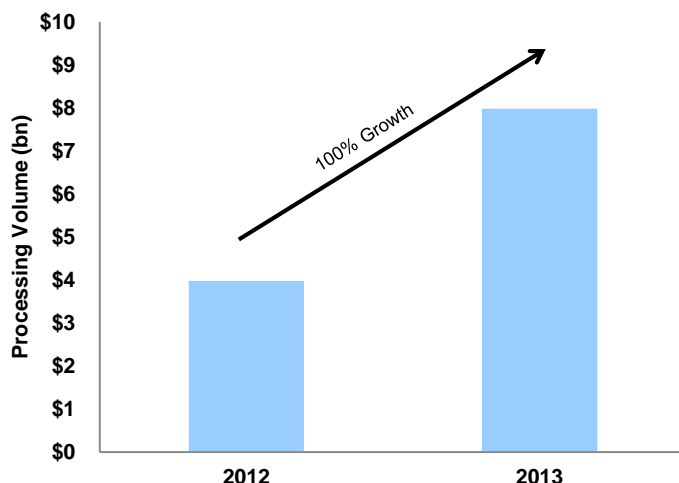
# PayPal has Agreed to Acquire Braintree for \$800 mm

## Braintree Overview (cont.)

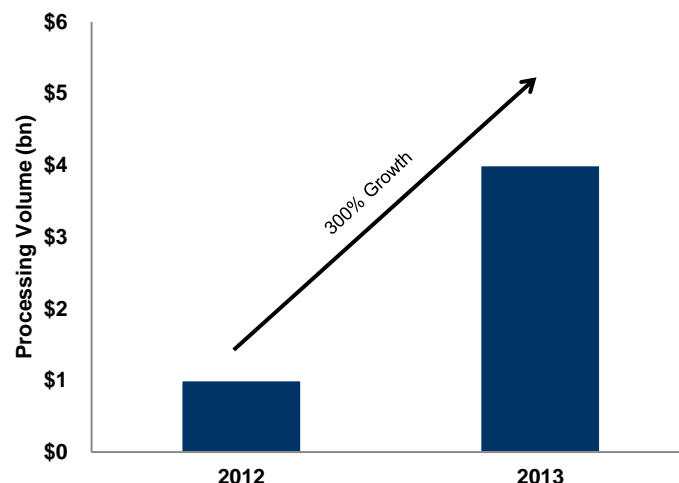
### Braintree's Major Milestones <sup>(1)</sup>

| 2011  | 2012   | 2013  |
|---|--|---|
| <p>June 2011 – Braintree Raised \$34.2 mm in a Series A Round Led by Accel Partners</p> <p>September 2011 – Founder &amp; Chairman, Bryan Johnson Hired Bill Ready as CEO</p> | <p>August 2012 – Braintree Acquired P2P Mobile Payments Company, Venmo; Braintree expanded product reach to Europe</p> <p>October 2012 – Braintree Raised \$35 mm in a Series B Round Led by NEA</p> | <p>November 2012 – 3000 Clients / 50 of top 500 eCommerce Companies; 40% Quarter-over-Quarter Growth</p> <p>September 2013 – PayPal Agreed to Acquire Braintree; 4000 Clients</p> |

### Braintree's Online Processing Volume







### Braintree's Mobile Processing Volume <sup>(2)</sup>



# PayPal has Agreed to Acquire Braintree for \$800 mm

## Selected Wall Street Analyst Perspectives

| Broker   | Analysts' Comments  |
|--|---|
| <br>09/27/13  | <ul style="list-style-type: none"> <li>▪ "Braintree's popularity with startups and developers should bolster PayPal in the rapidly evolving payment processor and mobile app market"</li> <li>▪ "PayPal would benefit from Braintree's Venmo app, which allows users to pay each other using their mobile device and by using Facebook credentials"</li> </ul>  |
| Morgan Stanley<br>09/26/13   | <ul style="list-style-type: none"> <li>▪ "PayPal is likely to achieve \$20 bn in mobile payment volume in 2013, and we believe that adding capabilities like Braintree's one-touch payment functionality will drive further consumer adoption of mobile commerce just as Amazon's introduction of 1-click checkout drove consumer adoption of eCommerce by removing a key friction point in the buying process (which in turn helped merchants convert consumers)"</li> </ul>   |
| <br>09/26/13  | <ul style="list-style-type: none"> <li>▪ "eBay plans to book Braintree as it does with its Payflow Gateway (allowing merchants to accept credit cards directly on their site). Thus it will have no impact on PayPal's TPV, but will flow through to revenue (thus inflating consolidated take rate)"</li> <li>▪ "At current levels, our sum-of-the-parts analysis suggests PayPal is being valued at 0.1x 2013 TPV or \$20 bn Enterprise Value. At the \$800 mm purchase price the TPV multiple suggests a 0.06x multiple, a solid discount in our view and below the TechCrunch reported \$1 bn asking price."</li> </ul> |
| <br>09/26/13  | <ul style="list-style-type: none"> <li>▪ "[Braintree] expands PayPal's reach to more services oriented businesses—like Uber and AirBnB—while also benefitting from data generated from owning the full check-out flow"</li> <li>▪ "The opportunity to own more of the check-out flow as transactions expand to mobile, the ability to incorporate Braintree's APIs coupled with the Company's ~\$12 bn TPV and its relatively successful acquisition strategy suggest Braintree can help expand PayPal's overall business"</li> </ul>   |
| <br>09/26/13 | <ul style="list-style-type: none"> <li>▪ "We believe that this deal makes reasonable sense strategically as it expands PayPal's distribution and removes a competitor"</li> <li>▪ "An \$800 mm all-cash deal amounts to a reasonable 7% of eBay's current cash and investments or 28% of its U.S. total cash and investments"</li> <li>▪ "eBay stated that they expect the deal will be immaterial to the company's revenue guidance (given in June 2013), but will negatively impact non-GAAP EPS by \$0.01 and GAAP EPS by \$0.01 - \$0.03 in 2013"</li> </ul>  |
| J.P.Morgan<br>09/25/13   | <ul style="list-style-type: none"> <li>▪ "We believe the acquisition makes strategic sense for PayPal as it improves PayPal's position in mobile while also adding significant technology and talent"</li> <li>▪ "Mobile is a fast-growing segment of PayPal's overall TPV, and we believe the Braintree acquisition accelerates PayPal's growth here"</li> </ul>   |

Source: Wall Street Equity Research.



# PayPal has Agreed to Acquire Braintree for \$800 mm

## Selected Competitor Profiles - Judo

London, England

**Dennis Jones**  
CEO

**George Karibian**  
Co-Founder  
Board Member

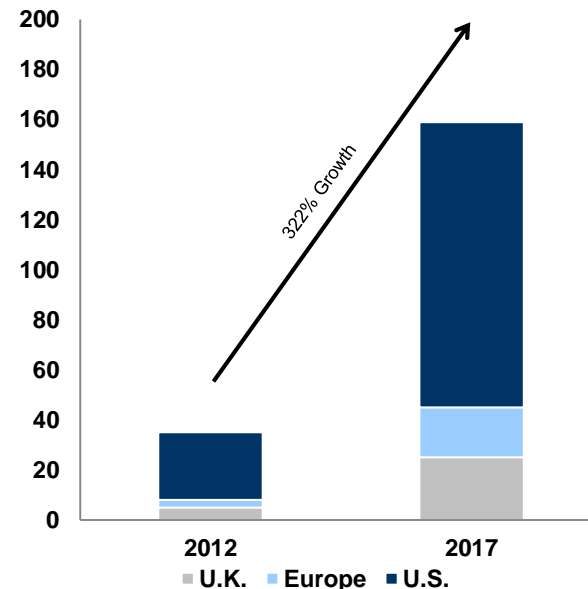
**Jan Farrarons**  
Co-Founder  
Board Member

**Jon Prideaux**  
Board Chair

### Company Overview

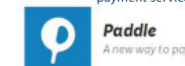
- U.K.-based Judo offers an in-app payment processing platform focused 100% on mobile devices
- Enables businesses to add mobile optimized card payments to their iOS and Android apps with a single line of code
- Platform simplifies creating mobile-optimized payment capability through RESTful APIs and developer-friendly SDKs
- Selected features include:
  - One-click payments on a mobile device
  - Increased transaction success and decreased cart abandonment with a single call to its servers
  - Comprehensive offering includes merchant account, gateway service and PCI compliance
  - Robust, instant onboarding platform for merchants; a clear differentiator of the platform
  - For marketplace style businesses, Judo offers a Master Merchant boarding and multi-party settlement capability
- Judo raised \$5 mm in early stage financing in July 2013, then followed by another \$9 mm round led by Route 66 Ventures
- Single server-call architecture enables it to process transactions more quickly than its competitors; this process boosts visit-to-payment conversion by 6x
- Over 2,500 customers use the Judo platform
- Pricing: 2.4% + £0.20 per transaction; £15 chargeback fee; custom pricing on volume greater than £10,000 / month

### U.S. and U.K. Retail mCommerce Market (\$ bn)



- Mobile to capture ~25% of all electronic sales by 2017
- Mobile shift is similar to disruptive scope of eCommerce revolution

### Competitors







# PayPal has Agreed to Acquire Braintree for \$800 mm

## Selected Competitor Profiles - Stripe

**stripe**

San Francisco, CA

**Patrick Collison**  
Co-Founder  
CEO

**John Collison**  
Co-Founder

**William Alvarado**  
Head of BD and  
Financial Operations

### Company Overview

- Stripe's offering enables web developers to take payments via the internet without having to set up their own merchant bank account or store consumer's credit cards
  - Platform built for developers with simple, composable, orthogonal APIs
- Allows checkout experience to happen on the merchant's website to avoid the risk of consumer visiting an outside site to checkout and perhaps dropping the transaction in the process
- Stripe currently supports businesses in 18 countries, enabling them to instantly accept payments from around the world
  - Maintains 9 global offices
- Notable clients include Lyft, Order Ahead, Sidecar, Exec and Postmates; marketplaces like these are the Company's fastest growing segment of enterprise users<sup>(1)</sup>
- Pricing: 2.9% + \$0.30 per transaction; \$15 chargeback fee; custom pricing on volume greater than \$1 mm / year

### Competitors



**Paddle**  
A new way to pay

### Recent Financings

| Date     | Size (\$ mm) | Investors  | Estimated Valuation |
|----------|--------------|--|---------------------|
| 12/02/14 | \$70         | THRIVE CAPITAL, General Catalyst Partners, SEQUOIA, FOUNDERS FUND, khosla ventures | \$3.6 bn            |
| 01/22/14 | 80           | SEQUOIA, FOUNDERS FUND, khosla ventures, ALLEN & COMPANY                           | 1.8 bn              |
| 07/09/12 | 20           | General Catalyst Partners, SEQUOIA, Redpoint VENTURES                              | 250-500 mm          |
| 02/10/12 | 18           | SEQUOIA  | 100 mm              |
| 03/29/11 | 2            | ANDREESSEN HOROWITZ, SVAngel, SEQUOIA  | 20 mm               |
| 08/02/10 | na           | Y Combinator   | na                  |

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## VII. Overview of FT Partners

# Overview of FT Partners

## FT Partners is the Leader in Financial Technology Investment Banking

|  |   |   |  |   |  |
|--|---|---|--|---|--|
| <p>Financial Technology Partners LP<br/>FTP Securities LLC</p> <p>is pleased to announce its exclusive role as strategic and financial advisor to</p> <p><b>MERCURY®</b><br/>in its cash sale to</p> <p><b>vantiv™</b></p> <p>for total consideration of approximately</p> <p><b>\$1,650,000,000</b></p> <p>FINANCIAL TECHNOLOGY PARTNERS</p> <p>The Only Investment Bank<br/>Focused Exclusively on Financial Technology</p>          | <p>Financial Technology Partners LP<br/>FTP Securities LLC</p> <p>is pleased to announce its exclusive role as sole strategic and financial advisor to</p> <p><b>MERCURY®</b><br/>in its approximately 60% majority sale to</p> <p><b>SILVERLAKE</b></p> <p>for aggregate consideration of approx.</p> <p><b>\$ 900,000,000</b></p> <p>FINANCIAL TECHNOLOGY PARTNERS</p> <p>The Only Investment Bank<br/>Focused Exclusively on Financial Technology</p>  | <p>Financial Technology Partners LP<br/>FTP Securities LLC</p> <p>is pleased to announce its exclusive role as sole strategic and financial advisor to</p> <p><b>judo</b><br/>in its growth financing with</p> <p><b>ROUTE SIXTY-SIX VENTURES</b></p> <p>for total consideration of approximately</p> <p><b>£6,000,000</b></p> <p>FINANCIAL TECHNOLOGY PARTNERS</p> <p>The Only Investment Bank<br/>Focused Exclusively on Financial Technology</p> | <p>Financial Technology Partners LP<br/>FTP Securities LLC</p> <p>is pleased to announce its exclusive role as strategic and financial advisor to</p> <p><b>azimo</b><br/>in its Series B financing led by</p> <p><b>frog capital</b><br/>for approximately</p> <p><b>\$ 20,000,000</b></p> <p>FINANCIAL TECHNOLOGY PARTNERS</p> <p>The Only Investment Bank<br/>Focused Exclusively on Financial Technology</p>   | <p>Financial Technology Partners LP<br/>FTP Securities LLC</p> <p>is pleased to announce its exclusive role as sole strategic and financial advisor to</p> <p><b>YAPSTONE™</b><br/>POWERING PAYMENTS</p> <p>in its debt financing by</p> <p><b>BregalSagemount Comerica Bank</b></p> <p>totaling approximately</p> <p><b>\$ 60,000,000</b></p> <p>FINANCIAL TECHNOLOGY PARTNERS</p> <p>The Only Investment Bank<br/>Focused Exclusively on Financial Technology</p> | <p>Financial Technology Partners LP<br/>FTP Securities LLC</p> <p>is pleased to announce its exclusive role as sole strategic and financial advisor to</p> <p><b>OZFOREX</b><br/>FOREIGN EXCHANGE SERVICES</p> <p>in its</p> <p><b>Initial Public Offering</b><br/>valuing the equity at approximately</p> <p><b>A\$480,000,000</b></p> <p>FINANCIAL TECHNOLOGY PARTNERS</p> <p>The Only Investment Bank<br/>Focused Exclusively on Financial Technology</p> |
| <p>Financial Technology Partners LP<br/>FTP Securities LLC</p> <p>is pleased to announce its exclusive role as advisor to</p> <p><b>CIBC</b><br/>in its strategic investment in</p> <p><b>Mediacore</b><br/>with additional participation from</p> <p><b>Bain Capital Ventures</b></p> <p><b>\$70,000,000</b></p> <p>FINANCIAL TECHNOLOGY PARTNERS</p> <p>The Only Investment Bank<br/>Focused Exclusively on Financial Technology</p> | <p>Financial Technology Partners LP<br/>FTP Securities LLC</p> <p>is pleased to announce its exclusive role as sole strategic and financial advisor to</p> <p><b>VERUS</b><br/>in its sale to</p> <p><b>sage</b></p> <p>for cash consideration of approximately</p> <p><b>\$ 325,000,000</b></p> <p>FINANCIAL TECHNOLOGY PARTNERS</p> <p>The Only Investment Bank<br/>Focused Exclusively on Financial Technology</p>                                     | <p>Financial Technology Partners LP<br/>FTP Securities LLC</p> <p>is pleased to announce its exclusive role as sole strategic and financial advisor to</p> <p><b>CentralPayment®</b><br/>in its Strategic Investment by</p> <p><b>TSYS®</b></p> <p><b>\$ 100,000,000+</b></p> <p>FINANCIAL TECHNOLOGY PARTNERS</p> <p>The Only Investment Bank<br/>Focused Exclusively on Financial Technology</p>  | <p>Financial Technology Partners LP<br/>FTP Securities LLC</p> <p>is pleased to announce its exclusive role as sole strategic and financial advisor to</p> <p><b>FLEET ONE</b><br/>in its cash sale to</p> <p><b>wex</b></p> <p>for total consideration of approximately</p> <p><b>\$ 369,000,000</b></p> <p>FINANCIAL TECHNOLOGY PARTNERS</p> <p>The Only Investment Bank<br/>Focused Exclusively on Financial Technology</p>   | <p>Financial Technology Partners LP<br/>FTP Securities LLC</p> <p>is pleased to announce its exclusive role as sole strategic and financial advisor to</p> <p><b>NMI</b><br/>NETWORK MERCHANTS INC.</p> <p>in its growth investment by</p> <p><b>BregalSagemount</b></p> <p>for a total valuation of nearly</p> <p><b>\$ 200,000,000</b></p> <p>FINANCIAL TECHNOLOGY PARTNERS</p> <p>The Only Investment Bank<br/>Focused Exclusively on Financial Technology</p>   | <p>Financial Technology Partners LP<br/>FTP Securities LLC</p> <p>is pleased to announce its exclusive role as sole strategic and financial advisor to</p> <p><b>century PAYMENTS</b><br/>in its sale to</p> <p><b>WorldPay</b><br/>a portfolio company of</p> <p><b>Advent International BainCapital</b></p> <p>FINANCIAL TECHNOLOGY PARTNERS</p> <p>The Only Investment Bank<br/>Focused Exclusively on Financial Technology</p>                           |
| <p>Financial Technology Partners LP<br/>FTP Securities LLC</p> <p>is pleased to announce its exclusive role as strategic and financial advisor to</p> <p><b>TRANSFIRST</b><br/>in its cash sale to</p> <p><b>Vista Equity Partners</b><br/>from</p> <p><b>WCAS</b></p> <p><b>\$1,500,000,000</b></p> <p>FINANCIAL TECHNOLOGY PARTNERS</p> <p>The Only Investment Bank<br/>Focused Exclusively on Financial Technology</p>              | <p>Financial Technology Partners LP<br/>FTP Securities LLC</p> <p>is pleased to announce its exclusive role as sole debt capital advisor to</p> <p><b>jack henry &amp; ASSOCIATES INC.</b><br/>in its acquisition of</p> <p><b>iPayTechnologies</b></p> <p>for total consideration of approximately</p> <p><b>\$ 300,000,000</b></p> <p>FINANCIAL TECHNOLOGY PARTNERS</p> <p>The Only Investment Bank<br/>Focused Exclusively on Financial Technology</p> | <p>Financial Technology Partners LP<br/>FTP Securities LLC</p> <p>is pleased to announce its exclusive role as sole strategic and financial advisor to</p> <p><b>CUSTOM HOUSE</b><br/>in its sale to</p> <p><b>WESTERN UNION</b></p> <p>For total cash consideration of approximately</p> <p><b>\$ 370,000,000</b></p> <p>FINANCIAL TECHNOLOGY PARTNERS</p> <p>The Only Investment Bank<br/>Focused Exclusively on Financial Technology</p>         | <p>Financial Technology Partners LP<br/>FTP Securities LLC</p> <p>is pleased to announce its exclusive role as sole strategic and financial advisor to</p> <p><b>VeriFone</b><br/>THE WAY TO PAY™</p> <p>in its</p> <p><b>\$177,000,000</b><br/><b>Initial Public Offering</b><br/>valuing the equity at approximately</p> <p><b>\$ 650,000,000</b></p> <p>FINANCIAL TECHNOLOGY PARTNERS</p> <p>The Only Investment Bank<br/>Focused Exclusively on Financial Technology</p> | <p>Financial Technology Partners LP<br/>FTP Securities LLC</p> <p>is pleased to announce its exclusive role as sole strategic and financial advisor to</p> <p><b>PROPAY™</b><br/>in its sale to</p> <p><b>TSYS®</b></p> <p><b>\$ 100,000,000+</b></p> <p>FINANCIAL TECHNOLOGY PARTNERS</p> <p>The Only Investment Bank<br/>Focused Exclusively on Financial Technology</p>  | <p>Financial Technology Partners LP<br/>FTP Securities LLC</p> <p>is pleased to announce its exclusive role as sole strategic and financial advisor to</p> <p><b>lynk</b><br/>in its sale to</p> <p><b>The Royal Bank of Scotland</b></p> <p>for cash consideration of approximately</p> <p><b>\$ 525,000,000</b></p> <p>FINANCIAL TECHNOLOGY PARTNERS</p> <p>The Only Investment Bank<br/>Focused Exclusively on Financial Technology</p>                   |

# Overview of FT Partners

## FT Partners Advises Azimo on its \$20mm Series B Investment

### Transaction Overview and Rationale

#### Overview of Transaction

- On June 15, 2015, Azimo announced the completion of its \$20 mm Series B financing led by Frog Capital
- Azimo is a world leader in online and smartphone-based money transfers – providing a fast, secure and low-cost alternative to legacy high street remittance services
- The Company, headquartered in London with additional offices in Poland, has the most comprehensive network of any digital player, sending money to over 200 countries, reaching 5 billion people with more than 80 different currencies
- Frog Capital is a leading growth capital investor focused on technology-led business in Europe

#### Significance of Transaction

- This investment signifies the ongoing disruption of the \$600 bn global remittance market in which Azimo generated a five-fold increase in the number of facilitated money transfers from the year prior
- Azimo will use the proceeds from the investment to continue its Pan-European growth and to target new markets in North America and Asia

#### FT Partners' Role

- FT Partners served as exclusive strategic and financial advisor to Azimo and its Board of Directors
- Azimo's capital raise demonstrates FT Partners' continued ability to establish strong relationships with top international financial technology firms and assist them in achieving their long-term strategic goals
- This transaction also builds upon FT Partners' expertise in money transfer, having advised several clients previously in the space

### Financial Technology Partners LP FTP Securities LLC

*is pleased to announce its exclusive role as  
strategic and financial advisor to*



*for approximately*

**\$ 20,000,000**



***The Only Investment Bank  
Focused Exclusively on Financial Technology***

# Overview of FT Partners

## FT Partners Advises OzForex on its A\$480 Million Sale & IPO

### Transaction Overview and Rationale

#### Overview of Transaction

- OzForex Group (“OzForex”) completed its Sale & Initial Public Offering and began to trade on the Australian Stock Exchange (“ASX”) under the ticker symbol OFX
- Stock closed first day of trading up ~30%
- OzForex is an online, global payments provider that offers individuals and SMBs a platform to purchase foreign currency to facilitate international transactions
- Prior to the offering, OzForex was owned by Accel Partners, The Carlyle Group, Macquarie Bank and other founder / private investors

#### Significance of Transaction

- Transaction was a sale of ~100% of the equity of the company to a “club” of institutional investors, followed by an IPO (one of the largest IPOs of an Australian company)
- Highly innovative “club-deal” structure allowed for reduced risk and certainty for existing investors
- Investors given the ability to sell ~100% of their interests in the Company; certain investors chose to retain a small portion of their ownership

#### FT Partners’ Role

- FT Partners served as exclusive Financial, Strategic and IPO Advisor to OzForex and its Board of Directors
- FT Partners managed the very unique dual-track M&A / sale and IPO process, effectively achieving an “M&A” outcome for shareholders in the public markets (~100% liquidity)
- FT Partners’ advisory role simplified and expedited the “time-to-market” period due to the significant amount of up-front work completed prior to the engagement of potential M&A sale buyers and underwriters

### Financial Technology Partners LP FTP Securities LLC

*is pleased to announce its exclusive role as  
sole financial, strategic and IPO advisor to*



*in its*

### ***Initial Public Offering***

*valuing the equity at*

# **A\$ 480,000,000**



***The Only Investment Bank  
Focused Exclusively on Financial Technology***

# Overview of FT Partners

## FT Partners Advises Custom House on its \$370 Million Sale to Western Union

### Transaction Overview and Rationale

#### Overview of Transaction

- Custom House, Ltd. (“Custom House”) announced its sale to Western Union (NYSE: WU) for US\$370 million in cash
- Custom House is the largest independent, international B2B payments provider in the world
- Western Union is the world’s largest money transfer business
- Custom House was backed by Great Hill Partners, one of the leading private equity firms across the financial technology sector; transaction represents one of Great Hill Partners’ most successful exits to date

#### Significance of Transaction

- Transaction represents the one of the largest, independent private equity-backed payments transactions
- This acquisition allows Custom House to leverage its extensive online and offline international B2B payments solutions with Western Union’s global footprint, strong brand and balance sheet to rapidly build market share and penetrate new opportunities around the globe
- Custom House expected to provide a strong, diversified growth engine for Western Union outside of its core remittance business and will strengthen Western Union’s presence in the SME segment globally
- The acquisition of Custom House supports Western Union’s strategic plan by entering a new growth market and diversifying its product portfolio

#### FT Partners’ Role

- Demonstrates FT Partners’ ability to consummate transactions with strong valuations, despite an incredibly challenging economic environment

### Financial Technology Partners LP FTP Securities LLC

*is pleased to announce its exclusive role as  
sole strategic and financial advisor to*



*in its sale to*

**WESTERN  
UNION**

*for cash consideration of approximately*

**\$ 370,000,000**

FINANCIAL  
TECHNOLOGY  
PARTNERS

*The Only Investment Bank  
Focused Exclusively on Financial Technology*

# Overview of FT Partners

## Consistent Record of Representing Leading Private Equity Investors

ACCEL  
PARTNERS

Great Hill  
PARTNERS

GTCR

FTV  
CAPITAL

DAWN CAPITAL

TRINITY  
VENTURES

Vista Equity Partners

CLAIRVEST

ACCREDITIVE

Balderton  
capital

THL  
PARTNERS

TCV  
TECHNOLOGY CROSSOVER VENTURES

Goldman Sachs

DFJ

LLRpartners

longridge

MERITECH  
CAPITAL PARTNERS

OAK  
HC/FT

PARTHENON  
CAPITAL

ttvcapital

greylockpartners.

intel  
Capital

AustinVentures

THE CARLYLE GROUP

TPG

NEW MOUNTAIN CAPITAL LLC

WELSH, CARSON, ANDERSON  
& STOWE

upfront  
VENTURES

dcm

Google  
capital

ADAMS STREET  
PARTNERS

BregalSagemount

HIGHLAND  
CAPITAL PARTNERS

CREDIT SUISSE

ROUTE SIXTY-SIX  
VENTURES

NEWSPRING  
CAPITAL

ALPINE INVESTORS

H. I. G.  
CAPITAL

SC

PAMLICO  
CAPITAL

Venrock

JPMorganChase

General Atlantic  
Global growth investors

OAK HILL  
CAPITAL PARTNERS

b.to.v  
PARTNERS AG  
PRIVATE INVESTMENTS

Apex Venture Partners

Hudson Ventures

Bank of America

KEMMONS  
WILSON  
COMPANIES  
EST. 1999

CAROUSEL CAPITAL

WESTON PRESIDIO  
Providing Growth Capital Since 1991

PALM BEACH CAPITAL

DST

Bain Capital Ventures

Deutsche Bank

UBS

BLUFF POINT  
ASSOCIATES

Morgan Stanley

THOMSON REUTERS

Bush O'Donnell

TENGELMANN  
ventures

the edgewater funds

MERITAGE FUNDS  
EQUITY & EXPERTISE

BIRCH HILL  
equity partners

Shortcut  
VENTURES

MOELIS CAPITAL PARTNERS

WELLINGTON  
MANAGEMENT

VILLAGE  
VENTURES

SAPPHIRE  
VENTURES

ALLOY  
VENTURES

IRON-GATE  
CAPITAL

ICONIQ

APPIAN  
VENTURES

frog  
capital

FLYBRIDGE  
CAPITAL PARTNERS

Foundation  
CAPITAL

FINANCIAL  
TECHNOLOGY  
PARTNERS



# Overview of FT Partners

## Award-Winning Investment Banking Franchise Focused on Superior Client Results

*FT Partners has been recognized as Investment Banking Firm of the Year and regularly achieves Merger and Financing Deal of the Year recognition*



M&A Advisor Awards

- |      |  |
|------|--|
| 2014 | <ul style="list-style-type: none"> <li>■ <b>Equity Financing Deal of the Year</b></li> <li>■ Professional Services Deal of the Year, Above \$100mm</li> </ul>  |
| 2012 | <ul style="list-style-type: none"> <li>■ <b>Dealmaker of the Year</b></li> <li>■ Professional Services Deal of the Year, Above \$100 mm</li> </ul>   |
| 2011 | <ul style="list-style-type: none"> <li>■ <b>Boutique Investment Bank of the Year</b></li> <li>■ Deal of the Decade</li> <li>■ <i>10 Deal of the Year Nominations Across 9 Categories</i></li> </ul>  |
| 2010 | <ul style="list-style-type: none"> <li>■ <b>Upper Middle Market Deal of the Year, Above \$500 mm</b></li> <li>■ IT Services Deal of the Year, Below \$500mm</li> <li>■ Cross-Border Deal of the Year, Below \$500mm</li> </ul>   |
| 2007 | <ul style="list-style-type: none"> <li>■ <b>Dealmaker of the Year – Steve McLaughlin</b></li> <li>■ Business to Business Services Deal of the Year</li> <li>■ Computer and Information Technology Deal of the Year, Above \$100mm</li> <li>■ Financial Services Deal of the Year, Above \$100mm</li> </ul> |



- |           |   |
|-----------|---|
| 2006-2008 | ■ Steve McLaughlin consecutively ranked (2006, 2007 and 2008) among the top Bankers in Financial Technology |
|-----------|---|



Middle Market Financing Awards

- |      |  |
|------|--|
| 2008 | <ul style="list-style-type: none"> <li>■ <b>Equity Financing Dealmaker of the Year – Steve McLaughlin</b></li> <li>■ <b>Information Technology Deal of the Year</b></li> <li>■ <b>Financial Services Deal of the Year</b></li> </ul> |
| 2006 | <ul style="list-style-type: none"> <li>■ <b>Financing Professional of the Year – Steve McLaughlin</b></li> <li>■ <i>Financing Deal of the Year - Equity</i></li> <li>■ <i>Financing Deal of the Year - Debt</i></li> </ul>           |

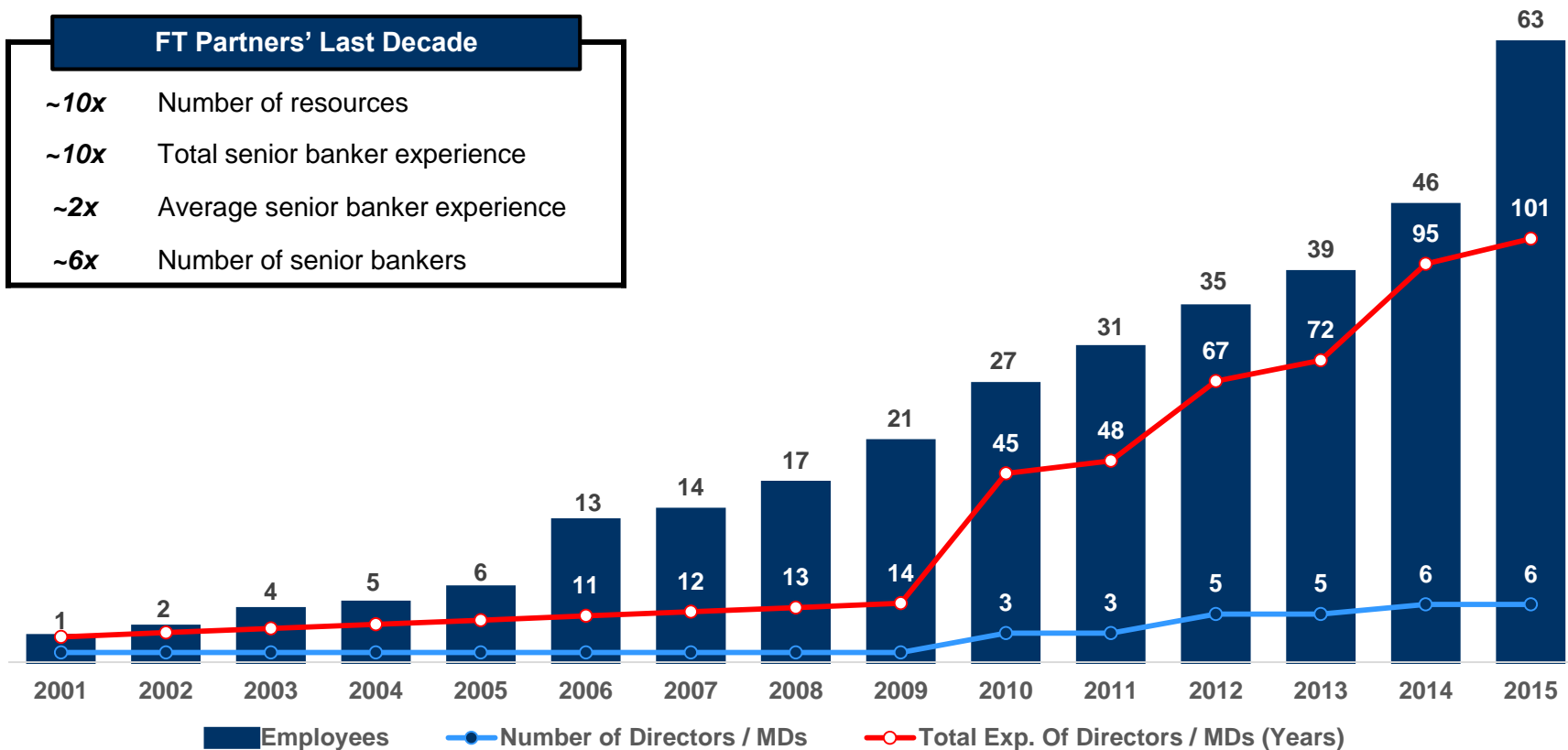


# Overview of FT Partners

Platform of Choice for Clients and Bankers Alike

## FT Partners' Last Decade

- ~10x Number of resources
- ~10x Total senior banker experience
- ~2x Average senior banker experience
- ~6x Number of senior bankers



## Avg Years of Director / MD Experience



# Overview of FT Partners

## The FT Partners Senior Banking Team

| Name / Position   | Prior Background  | Experience / Education   | Years of Experience |
|---|---|--|---------------------|
| <b>Steve McLaughlin</b><br><i>Founder, CEO &amp; Managing Partner</i>                     |    | <ul style="list-style-type: none"> <li>Formerly with Goldman, Sachs &amp; Co. in New York and San Francisco from 1995-2002</li> <li>Formerly Co-Head of Goldman Sachs' Financial Technology Group (#1 market share)</li> <li>Wharton M.B.A.</li> </ul> | <b>20</b>           |
| <b>Larry Furlong</b><br><i>Managing Director</i>  |    | <ul style="list-style-type: none"> <li>Formerly with Goldman, Sachs &amp; Co. in New York, London and Los Angeles beginning in 1995</li> <li>Wharton M.B.A.</li> </ul>   | <b>20</b>           |
| <b>Greg Smith</b><br><i>Managing Director</i>   |    | <ul style="list-style-type: none"> <li>Formerly award winning Equity Research Analyst at Merrill Lynch / J.P. Morgan / Sterne Agee</li> <li>Recent coverage included V, MA, DST, GPN, HPY, JKHY, FIS &amp; FISV among others</li> </ul>                | <b>19</b>           |
| <b>Tim Wolfe</b><br><i>Managing Director</i>  |    | <ul style="list-style-type: none"> <li>Formerly with Goldman, Sachs &amp; Co. beginning in 2000</li> <li>40 Under 40 M&amp;A Advisor Award Winner 2013</li> <li>Harvard M.B.A.</li> </ul>  | <b>13</b>           |
| <b>Andrew McLaughlin</b><br><i>Managing Director, Research &amp; Business Development</i> |  | <ul style="list-style-type: none"> <li>Leads FT Partners' Research and Business Development Team</li> <li>Formerly with Deloitte Consulting</li> </ul>   | <b>9</b>            |
| <b>Miguel Uria</b><br><i>Director</i>   |  | <ul style="list-style-type: none"> <li>Formerly with Credit Suisse Technology Investment Banking</li> <li>Wharton M.B.A.</li> </ul>  | <b>20</b>           |