

FT PARTNERS FINTECH INDUSTRY RESEARCH

January 24, 2019



WEX (NYSE: WEX) Acquires Discovery Benefits for \$425 million



The Only Investment Bank Focused Exclusively on FinTech

San Francisco • New York • London

Overview of FT Partners

- Financial Technology Partners ("FT Partners") was founded in 2001 and is the only investment banking firm focused exclusively on FinTech
- FT Partners regularly publishes research highlighting the most important transactions, trends and insights impacting the global Financial Technology landscape. Our unique insight into FinTech is a direct result of executing hundreds of transactions in the sector combined with over 17 years of exclusive focus on Financial Technology

FT Partners' Advisory Capabilities



FT Partners' FinTech Industry Research

In-Depth Industry Research Reports

Proprietary FinTech Infographics

Monthly FinTech Market Analysis

FinTech M&A / Financing Transaction Profiles



The Information

Named Silicon Valley's #1 FinTech Banker (2016) and ranked #2 Overall by The Information



Ranked #1 Most Influential Person in all of FinTech in Institutional Investors "FinTech Finance 40"



THE M&A ADVISOR

Numerous Awards for Transaction Excellence including "Deal of the Decade"

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Transaction Summary

Transaction Summary

- On January 17, 2019, WEX (NYSE: WEX) announced the signing of an agreement to acquire Discovery Benefits for \$425 million
 - WEX will pay a total cash consideration of \$425 million, including a deferred payment of \$50 million to be paid in January 2020
- The transaction is expected to generate around \$50 million in net present value of tax benefits
- Owners of Discovery Benefits will also keep approximately 5% of equity in the new entity created from the combination of the Company and WEX's Health division
- WEX is projecting the acquisition to be immaterial to adjusted net income in the first year and to provide around \$15 million in annual run-rate synergies within the first 24 months following the deal closing
- Discovery generated approximately \$100 million in 2018 revenue, equating to a 2018 revenue multiple of 4.25x
- Discovery has been a partner of WEX's Health division for more than a decade – Discovery managed a portion of its consumer-directed accounts on WEX's tech platform
- The acquisition is expected to provide customers and partners with a larger suite of products and services, accelerate WEX's growth rate, and expand the Company's go-to-market channels
- The transaction is expected to close in the first quarter of 2019, subject to regulatory approvals and closing conditions

Investor Commentary

"The acquisition of Discovery Benefits enhances WEX's position as a leading technology platform in the healthcare space and aligns with our longer-term strategy to further reduce exposure to macroeconomic forces."

This combination strengthens our overall value proposition through new partnerships, integrated products, and the opportunity to offer a more comprehensive set of solutions. We are excited to extend our reach into the rapidly-growing employee benefits market and look forward to building on our track record of success in the healthcare space."



Melissa Smith
President & CEO



Discovery Benefits' Management Team



John Biwer
President



Mike Difiore
Chief Financial Officer



Suzanne Rehr
Chief Compliance Officer / EVP



Scott Anderson
Chief Operating Officer

WEX Acquires Discovery Benefits for \$425 million



Discovery Benefits Overview

Company Overview

President: John Biwer
Headquarters: South Fargo, ND
Founded: 1987



- Founded in 1987, Discovery Benefits is an employee benefits administrator serving more than one million consumers across the U.S.
- The Company offers an online portal for employees to access a variety of accounts to maximize their benefits
- In order to simplify the process for both employers and employees, Discovery offers:
 - One online account and mobile app for all benefit products
 - Automated substantiation for Discovery Benefits’ debit card
 - Tools for ongoing education and decision making including savings calculators and an online library of articles and frequently asked questions

Highlights

90%

Of participants manage benefits without ever contacting the Company

97%

Of participant questions are resolved on first contact

90%

Of participants submit documents online or via mobile

Products & Services Overview



Health Savings Account (HSA)

Account allowing employees to save for healthcare expenses, retirement, etc.



Flexible Spending Account (FSA)

Employees can contribute tax-free dollars into an account that can be used throughout the year on qualified medical expenses



Health Reimbursement Arrangement (HRA)

Allows employers to reduce healthcare-related expenses for their employees by providing an employer contribution to be used for out-of-pocket costs



Commuter Benefits

Employees can set aside pre-tax dollars to pay for expenses related to commuting to and from work for mass transit, vanpooling, and work-related parking costs



Cobra & Direct Bill

Simplifies COBRA and direct billing process for employers, employees, and those who have lost coverage due to a COBRA qualifying event



Other Benefits

If traditional health saving, spending, or commuter benefit plans aren’t what you are looking for, the Company offers a variety of benefit accounts that can be designed to fit specific needs

WEX Acquires Discovery Benefits for \$425 million

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WEX Overview

Company Overview

CEO: Melissa Smith
Headquarters: Portland, ME
Founded: 1983



- WEX was founded in 1983 and has grown to be a payment solutions provider serving millions of companies across the globe
- The Company's services cover a wide range of sectors including fleet, travel, and healthcare
 - The Company provides fleet cards to nearly 12 million vehicles offering them payment security and control
 - WEX's travel and corporate solutions grew to just over \$30 billion in volume in 2017
 - The WEX Health financial technology platform helps 300,000 employers and over 25 million consumers better manage their healthcare expenses
- WEX currently has operations in more than 10 countries with over 3,500 associates worldwide

Leadership



Melissa Smith,
President & CEO



David Cooper, Chief
Technology Officer



Jay Dearborn, President,
Corporate Payments



Roberto Simon,
CFO

LTM Financials (September 30, 2018)

Market Cap ⁽¹⁾	\$6.8 billion
Revenue	\$1,440 million
EBITDA	\$535 million
Net Income	\$225 million
Diluted EPS	\$5.17

Stock Performance (NYSE:WEX)



Selected Recent Acquisitions

Date	Company	Deal Amount (\$ in mm)	Sector
01/19	Discovery Benefits [®] simplify [™]	\$425	Healthcare
10/18	NOVENTIS [®] ADVANCING PAYMENTS	na	Payments
10/15	EFS [®] a UNION company	1,500	Payments
10/15	enaissance [®]	80	Healthcare

Source: Company website, FT Partners' Proprietary Transaction Database, Capital IQ

(1) As of 01/17/19

Selected FT Partners InsurTech Research – *Click to View*



SquareTrade's \$1.4 billion Sale to Allstate



Lennar's Co-Lead Investment in Hippo



Goji's Sale to Seeman Holtz P&C



Next Insurance's \$83 million Series B Financing



The Carlyle Group Acquires Majority Stake in Sedgwick for \$6.7 billion



Devoted Health Raises \$300 million in Series B Financing



Root Insurance Raises \$100 million in Financing



Cambridge Mobile Telematics Raises \$500 million in Financing

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FT Partners Research – Quarterly InsurTech Insights

Q3 2018 InsurTech Insights



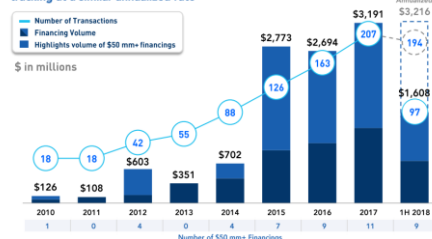
Click pictures to view report

Highlights of the report include:

- Q3 2018 and historical InsurTech financing and M&A volume and deal count statistics
- Largest InsurTech financings and M&A transactions so far in 2018
- Most active InsurTech investors
- Corporate VC activity and strategic investor participation
- Other industry, capital raising and M&A trends in InsurTech

INSURTECH FINANCING ACTIVITY: ANNUALLY

InsurTech Private Company financing volume and number of transactions rose to a record level in 2017, and 2018 volume is tracking at a similar annualized rate



Source: FT Partners Proprietary Transaction Database

FT PARTNERS INSURTECH INSIGHTS

INSURTECH FINANCING ACTIVITY BY REGION IN 2018



Source: FT Partners Proprietary Transaction Database

FT PARTNERS INSURTECH INSIGHTS

ALLOCATION OF INSURTECH INVESTMENTS – P&C vs. L&H

Selected P&C Financings				Selected L&H Financings			
Target	Amount (\$ in mm)	Type		Target	Amount (\$ in mm)	Type	
BITSIGHT	\$40	Cyber Risk Rating Platform		COYA	\$30	Digital Insurer	
ALIGA	38	Vehicle Insurance Specialist		alan	28	Online Health Insurer	
CLARK	29	Digital Insurance Platform		beam	23	Group Dental Insurance	
TRACTABLE	25	AI for Claims		bestow	15	Life Insurance	
simpleinsurance	24	Digital Insurance Solutions		ethos	15	Digital Insurance Platform	
CAPE	17	Property Intelligence Platform		ETHOS	12	Life Insurance	
atbay	13	Cyber Insurance Provider		hint	10	Care Administration Platform	
BriteCore	13	Software for Insurers		Ladder	10	Life Insurance	
kin	13	Digital Home Insurance Agency		Fabric	10	Life Insurance	
CLICO	12	Digital Insurer		Selected Diversified Financings			
LeasLock	10	Rent Payment Insurance		Target	Amount (\$ in mm)	Type	
BEIN	7	Insurance Technology Provider		policybazaar	\$238	Online Distribution	
				WorkFusion	50	Claims Automation	

Source: FT Partners Proprietary Transaction Database

FT PARTNERS INSURTECH INSIGHTS

Leading Advisor Across the InsurTech Landscape

Consumer Protection Plans

Financial Technology Partners LP
FTP Securities LLC

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



for total consideration of

\$ 1,400,000,000

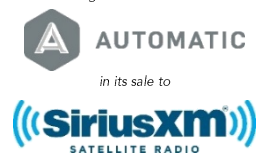


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Telematics / Connected Car Solutions

Financial Technology Partners LP
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sole strategic and financial advisor to



for total consideration of approximately

\$ 115,000,000



The Only Investment Bank
Focused Exclusively on Financial Technology

Online Small Business Insurance

Financial Technology Partners LP
FTP Securities LLC

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exclusive strategic and financial advisor to



for total consideration of

\$ 83,000,000

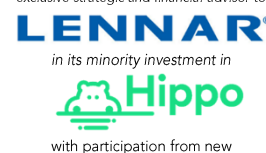


The Only Investment Bank
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Homeowners / P&C Insurance

Financial Technology Partners LP
FTP Securities LLC

is pleased to announce its role as
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for total consideration of

\$ 70,000,000



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Largest Wholesale Brokerage in U.S.

Financial Technology Partners LP
FTP Securities LLC

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



valued at approximately

\$ 1,300,000,000



The Only Investment Bank
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Online Small Business Insurance

Financial Technology Partners LP
FTP Securities LLC

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for total consideration of

\$ 31,000,000



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Sales Automation Technology & Platform

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in its sale to

MOELIS CAPITAL PARTNERS



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Agency Management / Marketing Technology

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in its sale of

Zywave Insurance Solutions

to



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Online Personal Lines Insurance Agency

Financial Technology Partners LP
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in its sale to



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SaaS / Claims for Property & Contents

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in its sale to



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Ground-Breaking Payments Transactions Pioneered by FT Partners



FT Partners Advises Benaissance on its \$80 million Sale to WEX

Overview of Transaction

- On October 15, 2015, Benaissance, LLC (“Benaissance” or the “Company”) announced it has entered into a definitive agreement to be acquired by WEX for \$80mm
- Headquartered in Omaha, NE, Benaissance is a leading provider of integrated Software-as-a-Service (SaaS) technologies and services for healthcare premium billing, payment and workflow management
 - Existing investors include Omaha-based, McCarthy Capital
- WEX is a leading, multi-channel provider of corporate payment solutions representing more than 9 million vehicles and serving a wide variety of business sectors
- The transaction is expected to close in the fourth quarter of 2015 and is subject to applicable regulatory approvals and other customary closing conditions

Significance of Transaction

- Represents a highly-attractive outcome for both Benaissance and WEX
- Combined resources and expertise of Benaissance and WEX position the Company extraordinarily well to further its leadership in the marketplace
- Enables WEX to provide an expanded and differentiated payments solution in order to grow its addressable market opportunity and wallet share in the healthcare market
- Benaissance will be integrated with WEX’s existing Evolution1 platform creating an opportunity for potential synergies as the businesses already share a number of mutual partners and customers

FT Partners’ Role

- FT Partners served as exclusive strategic and financial advisor to Benaissance and its Board of Directors
- Transaction highlights FT Partners’ continued success advising leading companies and generating highly successful outcomes in the Healthcare / Benefits IT and Services space

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



in its sale to



for a total consideration of

\$ 80,000,000



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FT Partners Advises Fleet One on its \$369 million Sale to WEX

Overview of Transaction

- On September 5, 2012, Fleet One announced its \$369mm cash sale to WEX (NYSE: WEX), formerly known as Wright Express
- Fleet One, a portfolio company of LLR Partners and FTV Capital, is a leading provider of fuel cards and fleet management services available at more than 60,000 fuel and maintenance locations throughout the U.S.
- WEX is a global provider of value-based business payment processing and information management solutions with operations in six countries

Significance of Transaction

- Represents the combination of two of the leading providers of fuel cards
 - High-profile transaction with significant interest from leading strategic partners and private equity firms
- Achieves highly-attractive outcome for both Fleet One and WEX
 - Fleet One able to monetize ownership at a strong valuation while combining with a preferred partner in the fuel card space
 - WEX able to gain control of a leading competitor within the fuel card industry and recognize meaningful synergies
- Expands WEX's offering with the addition of Fleet One's industry-leading Over-the-Road and Local platforms

FT Partners' Role

- FT Partners served as exclusive strategic and financial advisor to Fleet One and its Board of Directors
- FT Partners developed a detailed and comprehensive set of marketing materials and financial analyses to highlight the unique value of Fleet One and help navigate a thorough investor diligence process
- Transaction highlights FT Partners' continued success in achieving highly attractive outcomes for leading payments processing and financial technology firms

Financial Technology Partners LP FTP Securities LLC

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sole strategic and financial advisor to*



in its cash sale to



for total consideration of approximately

\$ 369,000,000



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Award-Winning Investment Banking Franchise Focused on Superior Client Results



2018 Top Investment Bank in FinTech



Institutional Investor
Annual Ranking

2018 Steve McLaughlin Ranked #1 for the Second Year in a Row on Institutional Investor's FinTech 40 List

2017 Ranked #1 on Institutional Investor's FinTech 40 List

2015 & 2016 Ranked Top 5 on Institutional Investor's FinTech 35 List

2006 – 2008 Consecutively Ranked (2006, 2007 and 2008) among the Top Bankers on Institutional Investor's "Online Finance 40"



The Information

2016 Ranked #2 Top Technology Investment Banker on The Information's "Silicon Valley's Most Popular Dealmakers"



M&A Advisor
Awards

2018 Corporate / Strategic Deal of the Year

2018 Cross Border Deal of the Year

2017 Investment Banker of the Year

2016 Investment Banking Firm of the Year

2016 Cross Border Deal of the Year

2015 Dealmaker of the Year

2015 Technology Deal of the Year

2014 Equity Financing Deal of the Year

2014 Professional Services Deal of the Year, \$100 mm+

2012 Dealmaker of the Year

2012 Professional Services Deal of the Year, \$100 mm+

2011 Boutique Investment Bank of the Year

2011 Deal of the Decade

2010 Upper Middle Market Deal of the Year, \$500 mm+

2010 IT Services Deal of the Year, Below \$500 mm

2010 Cross-Border Deal of the Year, Below \$500 mm

2007 Dealmaker of the Year – Steve McLaughlin

2007 Business to Business Services Deal of the Year

2007 Computer & Information Tech Deal of the Year, \$100 mm+

2007 Financial Services Deal of the Year, \$100 mm+

2004 Investment Bank of the Year

The FT Partners Senior Banker Team

Name / Position	Prior Background	Experience / Education	Years of Experience
Steve McLaughlin Founder, CEO and Managing Partner		<ul style="list-style-type: none"> Formerly with Goldman Sachs in New York and San Francisco from 1995-2002 Former Co-Head of Goldman Sachs' Financial Technology Group (#1 market share) Wharton M.B.A. 	24
Paul VanderMarck Managing Director		<ul style="list-style-type: none"> Formerly Chief Product Officer at Risk Management Solutions, a global technology business in the catastrophic risk space 25+ years of experience as an InsurTech operating executive Experienced advisor and investor in the InsurTech space 	27
Larry Furlong Managing Director		<ul style="list-style-type: none"> Formerly with Goldman Sachs in New York, London and Los Angeles from 1995-2004 Wharton M.B.A. 	23
Greg Smith Managing Director		<ul style="list-style-type: none"> Formerly award winning Equity Research Analyst at Merrill Lynch, J.P. Morgan and Hambrecht & Quist 20+ years of experience covering FinTech as both an Analyst and Investment Banker 	23
Osman Khan Managing Director		<ul style="list-style-type: none"> Formerly Managing Director and Head of FIG M&A at Alvarez & Marsal 15+ years FIG deal, consulting and assurance experience at PwC 40 Under 40 M&A Advisor Award Winner in 2013 LSE (BSc w/Honors), MBS (MBA w/Distinction), ICAEW (FCA) 	22
Steve Stout Managing Director		<ul style="list-style-type: none"> Formerly Global Head of Strategy at First Data Formerly Led J.P. Morgan Payments Investment Banking Practice Former Equity Research Analyst on #1 ranked team at UBS Former Economist at the Federal Reserve Bank 	21
Mike Nelson Managing Director		<ul style="list-style-type: none"> Formerly head of FinTech M&A at SunTrust Robinson Humphrey Kellogg M.B.A. 	19
Tim Wolfe Managing Director		<ul style="list-style-type: none"> Formerly with Goldman Sachs from 2000-2002 40 Under 40 M&A Advisor Award Winner 2013 Harvard M.B.A. 	17
Kate Crespo Managing Director		<ul style="list-style-type: none"> Formerly with Raymond James' Technology & Services investment banking 12+ years of FinTech transaction execution experience Dartmouth M.B.A. 	17
Timm Schipporeit Managing Director		<ul style="list-style-type: none"> Formerly with Morgan Stanley as Senior Executive Director of European Technology Investment Banking Team in London Formerly a Venture and Growth Investor focused on FinTech at Index Ventures 	16
Andrew McLaughlin Managing Director		<ul style="list-style-type: none"> 20+ years experience executing / implementing financial and operational strategy Formerly with Deloitte Consulting 	13