# FT PARTNERS FINTECH INDUSTRY RESEARCH

November 9, 2017



# Monzo Raises £71 million (~\$93 million) in Financing Led By Goodwater Capital





The Only Investment Bank Focused Exclusively on FinTech

#### 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 15 years of exclusive focus on Financial Technology

#### FT Partners' Advisory Capabilities



#### FT Partners' FinTech Industry Research





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



Ranked #4 Most Influential Person in all of FinTech in Institution Investors "FinTech Finance 35"



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

**SUBSCRIBE** 

Steve McLaughlin: Founder & CEO

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## **Transaction Summary**

#### **Transaction Summary**

- On November 7, 2017, Monzo announced that it has closed its latest fundraising round, raising £71 million (approximately \$93 million) in financing led by Goodwater Capital with participation from payments company, Stripe and Michael Moritz
  - This latest financing round values Monzo at a post money valuation of approximately £280 million (~\$367 million) <sup>(1)</sup>
  - The Company has reserved £1.5 million to allow its existing crowdfunding investors to increase their investment
  - The round also included existing investors Passion Capital, Thrive Capital and Orange Digital Ventures
- Monzo is a Challenger Bank that utilizes smartphones to manage an individual's banking activities
  - Over the past year, the Company has received a full U.K.
     Banking License and added 370,000 new users
  - The Company stated losses of £6.7 million in FY 2017\*,
     which increased from £1.5 million in the prior year
- This round of financing will be used to boost the company's hiring efforts, as the team continues to move customers to its current account and built out marketplace offerings

#### **Transaction Commentary**

"We want to make it as easy as possible for people to manage and make the most of their money, to give people total visibility and control over all of their finances, and offer them their pick of the best products that the market has to offer. To help us achieve our ambition, we will continue to hire talented people, focus on building the best product, and bring Monzo to as many people as possible."



Tom Blomfield CEO



"Monzo's growth in the UK has been incredible, and the fact that it's been driven by word of mouth makes it even more exciting."



Chi-Hua Chien Managing Partner



#### **Selected Financing History**

Date	Size (\$ in mm)	Investors
11/07/17	\$93	GODWATER Stripe  *THRIVE CAPITAL Correction of the control of the
02/23/17	24	Orange Digital Ventures
10/20/16	6	passion capital
02/15/16	7	passion capital

#### Monzo Overview



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#### **Company Overview**



CEO: Tom Blomfield
Headquarters: London, U.K.
Founded: 2015

- Monzo offers a digital, mobile bank account for individuals to spend, transfer and exchange money
- Monzo is one of several new "challenger banks" offering digital banking products to consumers in the United Kingdom and Europe
- The Company originally operated through a mobile app as a prepaid debit card, however in April 2017 it received a full U.K. Banking License
  - Following gaining its license, the Company has recently launched the Monzo Current Account, which provides users with account numbers, direct debits, standing orders, Mastercard debit card as well as FSCS protection
- The Company currently has 470,000 active users and 200 employees
  - In 2017 so far, the Company has added 370,000 users and targets a total userbase of 500,000+ by the start of 2018
- Since its 2015 Launch, Monzo users have spent more than £250 million in over 130 countries

#### **Products and Services**

#### **Mobile Application**



- Offers instant payment notifications
- Offers budget breakdowns and spending categorization to enable users to track expenditures
- Enables users to make payments instant and split bills between individuals
- In-app chat connects users with support staff

#### **Current Account**



- Sort Code and Account Number enables users to send and receive money and salary through fully functional account
- Direct Debit allows users to pay bills and utilities
- Standing Orders enables users to set up recurring payments from bank account
- FSCS Protection up to total of £85,000

#### **Issued Cards**



- The Company's Mastercard debit card enables users to transact at all locations that accept Mastercard around the world
- Enables users to make free purchases with Monzo card in the U.K. and abroad
- Enables users to instantly freeze card with one tap in the event of a lost / stolen card

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# Selected Recent "Challenger Bank" Financings

Announced Date	Company	Country	Selected Buyers / Investors	Amount (\$mm)
11/06/17	<b>⋈</b> monzo	U.K.	Goodwater Capital; Stripe; Passion Capital; Thrive Capital; Orange Digital	\$93
11/03/17	OakNorth	U.K.	Toscafund Asset Management; Coltrane Asset Management; The Clermont Group, GIC	321
10/06/17	<b>#</b> talkbank	Russia	Internet Initiatives Development Fund; Undisclosed Investors	1
09/27/17	chime	USA	Cathay Innovation; Northwestern Mutual Future Ventures; Omidyar Network; Crosslink Capital; Aspect Ventures; Forerunner Ventures; Homebrew	18
09/25/17	<b>(</b> ) КОНО	Canada	Portag3 Ventures	8
09/06/17	Payments Bank	India	Undisclosed Investors	9
07/11/17	Revolut	U.K.	Index Ventures; Balderton Capital; Ribbit Capital; Undisclosed Investors	66
07/11/17	Shine	France	Daphni; Kima Ventures; Undisclosed Investors	3
07/06/17	<b>K</b> Koosmik	Luxembourg	Undisclosed Investors	1
07/03/17	<b>×</b> qonto	France	Valar Ventures; Alven Capital	11
06/29/17	FOLI <b>©</b>	U.K.	Undisclosed Investors	1
06/21/17	S S O L D O	U.K.	Accel Partners; Connect Ventures; InReach Ventures; U-Start; R204 Partners	11
05/29/17	<sup>c</sup> Cube	India	Undisclosed Investors	na
05/19/17	ChimpChange	USA	Undisclosed Investors	10
03/21/17	© Dreams	Sweden	Undisclosed Investors	3
03/08/17	<u>O</u> INKY	U.K.	Undisclosed Investors	1
03/03/17	Atom	U.K.	BBVA Group; Toscafund Asset Management; Woodford Investment Management	102
02/23/17	Monzo monzo	U.K.	Thrive Capital; Passion Capital; Orange Digital Ventures	24
01/17/17	<b>×</b> qonto	France	Alven Capital; Valar Ventures; Undisclosed Investors	2
01/03/17	<b>M</b> monese	U.K.	Exponential Ventures; Korea Investment Partners; STE Capital	10

#### **FT PARTNERS RESEARCH**



## How Monzo Compares to Other European Challenger Banks

Challenger Banks								
	Atom	monese	<b>⋈</b> monzo	<u>N</u> 26	Pockit	Revolut	5 STARLING BANK	TANDEM
НО	Durham, U.K.	London, U.K.	London, U.K.	Berlin, Germany	London, U.K.	London, U.K.	London, U.K.	London, U.K.
Pricing	None	£4.95 / month, select fees per transaction	None	£0 / month (standard) £6.99 / month (Black)	99p fees for select transactions	£0 / month (standard) £6.99 / month (premium)	No monthly / ATM / foreign fees	None
Revenue (in mm)	FY17: £0.7	FY16: £0.3	FY17: £0.1	na	na	FY16: £2.4	FY16: £0.1	FY16: £0.0
Gross Profit (in mm)	FY17: £(1.0)	FY16: £(2.9)	FY17: £(7.9)	na	na	FY16: £(5.4)	FY16: £(4.3)	FY16: £(0.2)
Net Income (in mm)	FY17: £(42.2)	FY16: £(2.5)	FY17: £(6.7)	na	na	FY16: £(7.0)	FY16: £(4.3)	FY16: £(0.2)
No. of Countries Covered	1 (U.K.)	Europe	1 (U.K.)	Europe (17 Countries) <sup>(1)</sup>	1 (U.K.)	All of Europe	2 (U.K. & Ireland)	1 (U.K.)
Customer Accounts	17k+	40k+	470k+	500k+	175k	855k	na	na
Full Banking License	✓	Х	✓	✓	Х	Applied in Lithuania	✓	<b>√</b> (2)
Last Funding Round (in mm)	\$102 March 2017	\$10 Jan. 2017	\$93 Nov. 2017	\$40 June 2016	\$4 April 2017	\$66 July 2017	\$70 Jan. 2016	\$5 Aug. 2017
Cumulative Funding (in mm)	\$260+	\$12	\$130+	\$54	\$6	\$103+	\$70	\$35
Latest Post Money Valuation (in mm)	\$322	\$23	\$367	na	na	\$393 (3)	na	\$95
Research Profile	VIEW					VIEW	VIEW	

Source: Company websites, management estimates and publically available information, FT Partners' Proprietary Transaction Database, PitchBook

<sup>(1)</sup> Stated plans to expand in to the U.S. and U.K.

<sup>(2)</sup> Regained through acquisition of Harrods Bank

<sup>(3)</sup> Rumored from Sky News

## **Goodwater Capital Overview**



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#### **Overview**





**Chi-Hua Chien** Co-Founder & Managing Partner



**Eric Kim**Co-Founder &
Managing Partner

#### Locations

San Mateo, CA (HQ)

#### **About**

- The Firm was founded in 2014 with the mission to empower exceptional entrepreneurs
- Invests in early stage consumer technology companies, primarily focused on Series A and B rounds
- Prior to co-founding Goodwater, Chi-Hua was a General Partner at Kleiner Perkins Caufield & Byers
- Chi-Hua has invested in or served on the Board of many companies including imoji, Stash, Tilt, Weee and Zumper
- Prior to co-founding Goodwater, Eric Kim was a Managing Director at Maverick Capital
- Eric has led investments in leading consumer and mobile technology companies such as Kakao, Musical.ly, Zenefits and Upsight

#### **Investment Preferences**

#### Investment Criteria

Fund Size: \$250 mm

Fund Raised: 2017

Investment Range: NA

Revenue: NA

EBITDA: NA

#### General Preferences 1

Control: Minority

Geography: Global

Transaction Type: Seed, Venture,

Growth

**Industry Focus:** Consumer Tech

#### Selected Recent Investments / Exits

#### FinTech / Financial Services Investments<sup>2</sup>

Date	Company	Deal Amt. <sup>3</sup>	Board Rep.	Sector
11/17	Monzo (Later Stage VC)	\$93	Chi-Hua Chien	Bnkg
07/17	Dosh (Series A)	8	na	Pymts
07/17	Stash Invest (Series C)	42	Chi-Hua Chien	CapMkts
03/17	Toss (Series C)	48	na	Pymts
12/16	Stash Invest (Series B)	25	Chi-Hua Chien	CapMkts
10/16	Zumper (Series B)	17	na	Bnkg
04/16	Toss (Series B)	23	na	Pymts
10/15	Xendit (Early Stage VC)	2	na	Pymts
07/15	Tilt.com (Airbnb)*	30	na	CapMkts

#### Other Technology Investments<sup>2</sup>

Date	Company	Deal Amt. <sup>3</sup>	Board Rep.	Sector
01/17	Flirtey (Series A)	\$16	na	Logistics
12/16	Amino (Series B)	19	na	Software
12/16	Memebox (Series C)	126	Eric Kim	Int. Retail
07/16	Tophatter (Series B)	15	na	Int. Retail
05/16	Weee (Series A)	6	na	Int. Retail
10/15	Retrica (Series A)	6	na	Арр
07/15	Pager (Series A)	14	Eric Kim	Software
07/15	Musical.ly (Series B)	17	na	Software

## FT Partners - Focused Exclusively on FinTech

#### Selected FT Partners' Research - Click to View



Credit Sesame's \$42 million Financing



Prosper's Series G Financing



OakNorth Raises £244 million in Financing (includes interview with Co-Founder)



Navient Acquires Earnest for \$155 million



Neyber Raises £100 mm in Equity and Debt Financing



ZPG Acquires Money for £140 million



SalaryFinance Raises £40 million in Financing



Blend Raises \$100 million in Series D Financing

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## FT Partners – Focused Exclusively on FinTech

## Track Record of Success in the Banking Technology Space ...

#### **Online Banking**



#### **Mortgage Technology**



#### Mortgage Technology



#### **Online Bill Payment**



# Product Related Data / Analytics



#### SaaS-based Loan Origination



# Card-Issuing / Processing Platform



#### **Deposit Automation**



# FT Partners - Focused Exclusively on FinTech

## ... and Across the Alternative Lending Ecosystem

#### Student / Personal Loan



#### **Peer-to-Peer Lending**



#### Consumer Home Improvement Financing



#### SaaS-based Loan Origination



#### Consumer Marketing / Credit Lead Generation



#### **SMB Financing**



#### **Contract Financing**



#### **Supplier Finance Solutions**



## FT Partners - Focused Exclusively on FinTech

## FT Partners Has Advised on Many of the Largest Alternative Lending Transactions

Company	Investor(s)	Amount Raised
PROSPER	Affiliates of  NEW RESIDENTIAL Jefferies  THIRD POINT	<b>\$5,000,000,000</b> Loan Commitment
GreenSky"	FIFTH THIRD BANK	2,000,000,000 Loan Commitment 50,000,000 Investment
GreenSky"	TPG DST ICONIQ WELLINGTON MANAGEMENT	300,000,000
Kabbage <sup>®</sup>	RCP REVERENCE CAPITAL PARTNERS ING Sociabank°	135,000,000
earnest	ADAMS STREET  AANNESS  Battery Ventures  maveron	75,000,000
<b>taulia</b>	QuestMark Partners  ZUUK BBVA edbi	65,000,000

In addition to these large rounds, FT Partners has advised on a number of other prominent Lending Tech /
Alt Lending transactions

























## FT Partners – Focused Exclusively on FinTech

## Significant Experience Advising Large Financing Rounds and "Unicorns"

FT Partners has a history of advising on some of the largest financing transactions in the FinTech space

Representing numerous FinTech "Unicorns" above \$1 billion valuations

Company	Amount Raised
MERCURY®	\$420,000,000+
<b>GreenSky</b> ™	300,000,000+
<b>∑avid</b> xchange	300,000,000
<b>∑avid</b> xchange	253,000,000
liquidnet.~~	250,000,000
square trade protection plans	238,000,000
nmi	150,000,000+
ADDEPAR	140,000,000
Kabbage Kabbage	135,000,000
Remitly	115,000,000
Tradingscreen SIMPLIFYING GLOBAL MARKETS*	110,000,000+
OYAPSTONE	110,000,000
CHROMERIVER	100,000,000
credit karma	85,000,000
earnest	75,000,000
<b>taulia</b>	65,000,000

Selected Promine	ent Investors in FT Partners
L	_ed Rounds













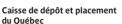


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# FT Partners – Focused Exclusively on FinTech

### 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



Awards

2016	<ul> <li>Investment Banking Firm of the Year</li> <li>Cross Border Deal of the Year</li> </ul>
2015	<ul> <li>Dealmaker of the Year</li> <li>Technology Deal of the Year</li> </ul>
2014	<ul> <li>Equity Financing Deal of the Year</li> <li>Professional Services Deal of the Year, Above \$100mm</li> </ul>
2012	<ul> <li>Dealmaker of the Year</li> <li>Professional Services Deal of the Year, Above \$100mm</li> </ul>
2011	<ul> <li>Boutique Investment Bank of the Year</li> <li>Deal of the Decade</li> <li>10 Deal of the Year Nominations Across 9 Categories</li> </ul>
2010	<ul> <li>Upper Middle Market Deal of the Year, Above \$500 mm</li> <li>IT Services Deal of the Year, Below \$500mm</li> <li>Cross-Border Deal of the Year, Below \$500mm</li> </ul>
2007	<ul> <li>Dealmaker of the Year – Steve McLaughlin</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>
2015	Steve McLaughlin ranked #4 in Institutional Investor's FinTech 35 List
006 - 2008	<ul> <li>Consecutively ranked (2006, 2007 and 2008) among the top Bankers in Financia Technology</li> </ul>
	Equity Financing Dealmaker of the Year – Steve McLaughlin





Middle Market Financing Awards 2008

- Information Technology Deal of the Year
- Financial Services Deal of the Year

2006

- Financing Professional of the Year Steve McLaughlin
- Financing Deal of the Year Equity
- Financing Deal of the Year Debt