

# FT PARTNERS FINTECH INDUSTRY RESEARCH

November 15, 2018



**Edenred (ENXTPA: EDEN) Acquires CSI  
for \$600 million**



## 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

**FINTECH RESEARCH & INSIGHTS**

- 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"**

Highly proprietary information. Unauthorized distribution without prior consent from Financial Technology Partners LP, FTP Securities LLC or FinTech Partners Limited (together "FT Partners") is strictly prohibited. The information in this report relies upon a variety of public sources, the accuracy of which cannot be guaranteed. No persons or entities should use the information in decision making without independent investigation or professional advice. This communication should not be regarded as an offer to sell or as a solicitation of an offer to buy any financial product or service, nor is it an official confirmation of any transaction, or representative of an official position or statement of Financial Technology Partners LP, FTP Securities LLC or any other related entity. FTP Securities LLC is a FINRA registered broker-dealer and FinTech Partners Limited is an FCA appointed representative. © 2018

**SUBSCRIBE**



# Edenred Acquires CSI for \$600 million



## Transaction Overview

### Transaction Summary

- On November 8, 2018, Edenred (ENXTPA: EDEN) announced that it has entered an agreement to acquire Corporate Spending Innovations (CSI), for approximately \$600 million in cash
  - CSI has had double-digit revenue growth for the past several years and is forecasting adjusted **EBITDA** of **\$26 million** in full-year 2018
- CSI is one of the leading providers of automated corporate payment software in North America
  - The Company's payment automation platform manages the entire accounts payable process and covers all payment methods
  - CSI facilitates payment to **475,000 vendors** and expects to manage **payments volume** of **\$11 billion** and process **900,000 transactions** in 2018
- Edenred is a global leader in transactional solutions for companies, employees, and merchants and processed business volume of €26 billion in 2017
  - Edenred operates in **45 countries**, has **8,000 employees** and serves **770,000 companies** and public institutions, and **1.5 million merchants** worldwide
- The transaction is expected to be accretive to Edenred's EBIT from 2019 onwards and to net profit starting in 2020
- The deal is expected to close in in early 2019

### Transaction Commentary

*"With the acquisition of this North American partner, which we know well, we now have many assets to become a major player in the buoyant corporate payment industry. CSI is indeed a well-established and fast-growing fintech. We are thereby accelerating the development of this business line, which will contribute to generating ever more sustainable and profitable growth for the Group, particularly in the United States."*



**Bertrand Dumazy**  
Chairman and CEO



*"As one of our most valued partners, Edenred has been able to support and enhance CSI's global footprint for the past two years. This was truly a natural progression and an exciting move that will further ignite CSI's impressive growth rates. We're also very excited for what this means for our clients and employees. We look forward to expanding our market-leading position, innovative technology platform, and accounts payable services with the Edenred teams."*



**CORPORATE SPENDING**  
INNOVATIONS

**Keith Stone**  
Founder and CEO



# Edenred Acquires CSI for \$600 million



## Transaction Rationale

### Transaction Rationale

- ✓ CSI is a leading FinTech company with a unique corporate payments platform that Edenred knows well from its partnership with CSI of nearly two years
- ✓ The acquisition aligns with Edenred's development in the fast-growing corporate payments segment
- ✓ The acquisition is also consistent with Edenred's Fast Forward plan instituted in 2016 and significantly increases Edenred's exposure to North America
- ✓ Edenred projects that the deal will generate sustainable and profitable growth

### Large and Growing Market Segment

- ✓ B2B spending in North America is \$25 trillion and accounts for 20% of the global market
- ✓ The North American market has high growth prospects as 2/3 of payments are still being made by cash or check and the market is ripe for digitization of payments
- ✓ CSI is a uniquely positioned platform that covers all payment methods including MasterCard, Visa virtual card issuing, ACH payments, procurement cards and checks
- ✓ More than 70% of vendors are likely to convert their B2B payments from checks to electronic payments within 3 years <sup>(1)</sup>

### Complementary Product Offerings



#### Virtual Card Issuing



- Dual issuing (Visa & MasterCard) for virtual cards in the United States
- User-friendly-front-end solution
- Reinforced connectivity with an additional set of APIs



#### Accounts Payable Solution



- Cloud-based automated payment platform in North America
- Additional opportunities for international clients



#### Corporate Travel



- Virtual card payment tools integrated with travel booking systems

### Transaction Multiples

**CSI Revenue = \$43 mm**    **CSI Adj. EBITDA = \$26 mm**

**14.0x**  
EV / 2018E  
Revenue

**23.1x**  
EV / 2018E  
EBITDA

# Edenred Acquires CSI for \$600 million



## CSI Overview

### Company Overview



CEO: Keith Stone

H.Q. Location: Bonita Springs, FL

Founded: 1989

- **CSI is one of the leading providers of automated corporate payment software in North America**
  - The Company offers cloud-based accounts payable software that automates B2B payments
  - Solutions include real-time settlement, reporting and reconciliation
- **The Company's solutions serve over 800 corporate clients and facilitate payments to their 475,000 vendors**
- **By the end of 2018, the Company expects to have managed payment volume of \$11 billion and processed approximately 900,000 transactions**
- **The Company also serves a number of other sectors including healthcare, insurance, telecoms, and education via direct and indirect distribution channels**
- **In addition to the Accounts Payables business, CSI also distributes fleet cards to companies and has launched payment solutions for corporate travel**

### Products & Services Overview



#### Virtual Card Payments

Highly secure single use electronic credit cards



#### ACH Payments

Alternative payment solution to virtual credit cards where payment funds are pushed directly into vendor bank accounts



#### Proprietary Network Payments

Similar to ACH transfers, but includes invoice-level detail for each transaction and a cash rebate for every paid bill



#### Check Payments

CSI Paysystems automate the accounts payable process



#### Foreign Exchange

Transparent cross-border transactions with competitive rates



#### Ghost Card Payments

Securely pay suppliers for multiple recurring transactions over a long period of time

# Edenred Acquires CSI for \$600 million

## Edenred Overview



### Company Overview



**CEO:** Bertrand Dumazy  
**Headquarters:** Paris, France  
**Founded:** 1954

- Edenred is a global leader in transactional solutions for companies, employees, and merchants
- Edenred had three business lines: *Employee Benefits*, *Fleet and Mobility Solutions*, and *Complementary Solutions* including corporate payments, incentives and rewards, and public social programs
- The Company managed 2 billion transactions in 2017 and more than €26 billion in business volume annually
- Edenred continues to enhance its global technology platform to deliver more services to its unique ecosystem of 770,000 corporate clients, 1.5 million partner merchants and 44 million employee users

### Financial Overview

2018 Key Financials <sup>(2)</sup>	In USD	In Euros
Revenue	\$1,452 mm	€1,296 mm
EBITDA	515	460
Net Income	278	248

### Edenred (ENXTPA:EDEN) Stock Chart



### Employee Benefit Solutions

- Ticket Restaurant is a prepaid, reloadable card solution that customers can use in restaurants, cafés and food outlets
- NutriSavings is a wellness program that incentivizes employees to make better grocery decisions through monetary rewards

### Fleet and Mobility Solutions

- Ticket Platform simplifies the administration and expenses of the vehicle fleet allowing users to control and improve the performance of their drivers and vehicles

### Complementary Solutions

- Corporate Payment is an accounts payable management solution that enables organizations to automate all of their transactions and reduce costs



## Selected FT Partners' Research – *Click to View*



Global Money Transfer



Transaction Security



Klarna: An Online Payments and POS Lending Leader



Adyen's €947 million IPO



Cayan's \$1.05 billion Sale to TSYS



PPRO Raises \$50 million in Financing Led by PayPal



GPS Raises £44 million in minority financing



Poynt Raises \$100 million in Series C Financing



Flywire Raises \$100 million in Series D Financing



Paytm Raises Approximately \$300 million in Financing from Berkshire Hathaway



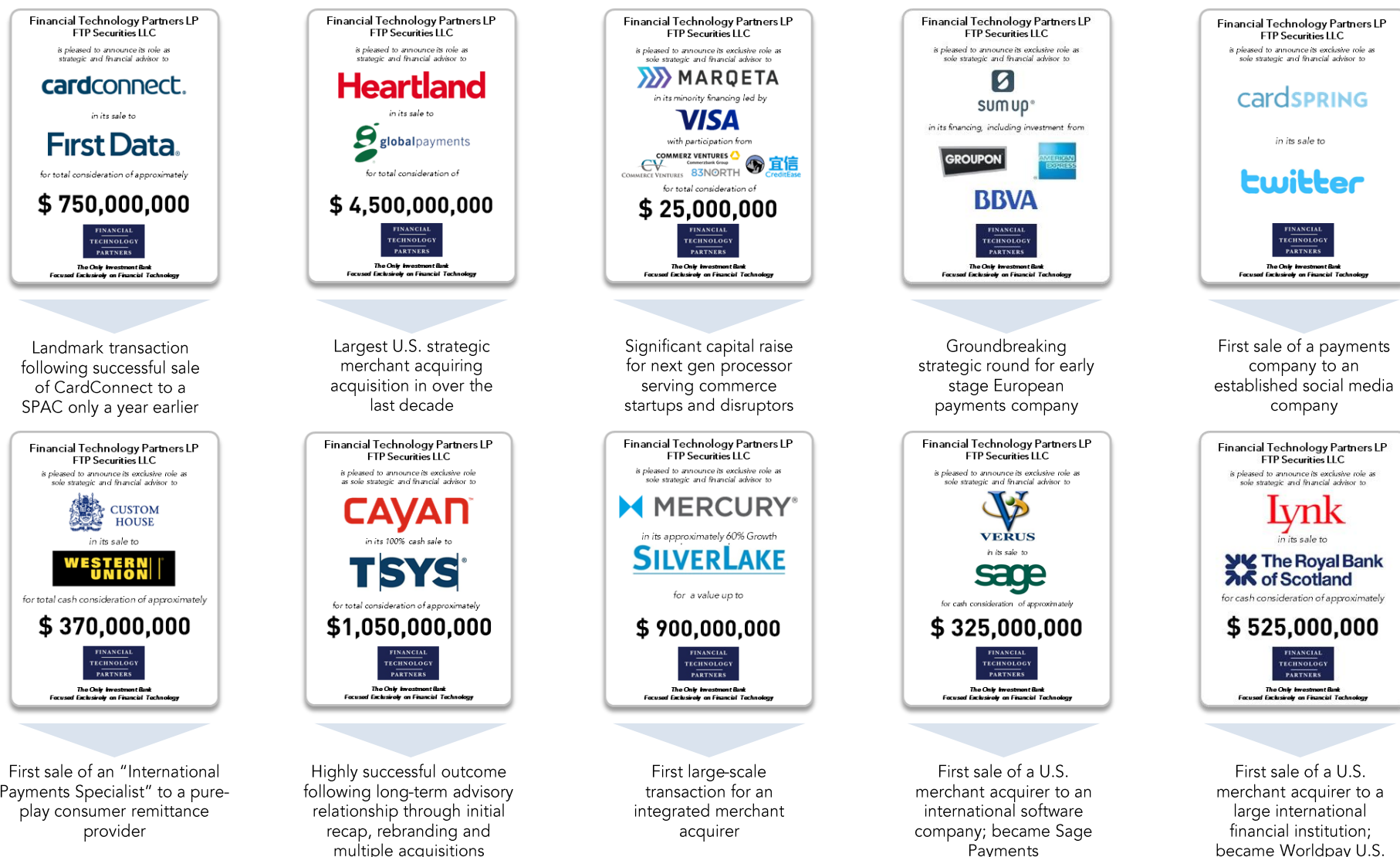
Stripe Raises \$245 million in Financing



Ant Financial Raises \$14 billion in Financing

[VIEW MORE FT PARTNERS RESEARCH](#)

## Ground-Breaking Payments Transactions Pioneered by FT Partners





## FT Partners Advises AvidXchange in its Series F Financing

### Overview of Transaction

- On June 8, 2017, AvidXchange announced a minority \$300mm Series F financing round
  - Mastercard, CDPQ and Temasek co-led the equity round with participation from Thiel Capital
- As part of this financing, Colleen Taylor of Mastercard and Nicolas Westphal of CDPQ joined AvidXchange's Board of Directors
- In addition to the equity investment, AvidXchange also announced a strategic partnership with Mastercard to deliver accounts payable and payment automation to midsize businesses; the offering will be marketed as The Mastercard B2B Hub powered by AvidXchange
- AvidXchange is a best-in-class business-to-business payments company that is revolutionizing how companies pay their bills by automating the invoice and payment processes
  - The Company focuses on serving mid-market clients and spans multiple industries including Real Estate, Financial Services, Energy and Construction

### Significance of Transaction

- The transaction will further help AvidXchange expand as the leading independent business-to-business invoice and payment solution provider
- Strategic relationship with Mastercard expected to fuel additional growth in driving forward Avid's existing bank channel
- Firmly positions the Company to continue to grow the core business, invest in infrastructure and product development and pursue opportunistic acquisitions

### FT Partners' Role

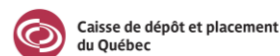
- FT Partners served as exclusive strategic and financial advisor to AvidXchange and its Board of Directors
- FT Partners leveraged its deep knowledge, extensive experience and broad industry relationships to help achieve a highly favorable outcome for the Company
- Transaction demonstrates FT Partners' continued success advising \$100mm+ financings

### Financial Technology Partners LP FTP Securities LLC

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



*in its Series F minority investment from*



**TEMASEK**

**THIEL**

*for total consideration of*

**\$ 300,000,000**



*The Only Investment Bank  
Focused Exclusively on Financial Technology*

## FT Partners Advises Billtrust on its Minority Financing

### Overview of Transaction

- On May 25, 2017 Billtrust announced it has raised \$50 million in a minority financing round from Riverwood Capital
  - Riverwood joins existing investors, Edison Partners, Goldman Sachs and Bain Capital Ventures
- As part of this financing, Francisco Alvarez-Demalde of Riverwood joined Billtrust's Board of Directors
- Billtrust is the pioneer of payment cycle management, helping clients automate and accelerate their accounts receivable (AR) processes to increase cash flow, improve operational efficiency and increase customer satisfaction
- Riverwood Capital is a private equity firm that invests in high growth technology companies

### Significance of Transaction

- The transaction will further help Billtrust expand as the leading independent provider of payment cycle management solutions
- Firmly positions the Company to continue to grow its core business (Quantum Payment Cycle Management) with expanded services as well as pursue opportunistic acquisitions and continue global expansion

### FT Partners' Role

- FT Partners served as exclusive strategic and financial advisor to Billtrust and its Board of Directors
- FT Partners leveraged its deep knowledge, extensive experience and broad industry relationships to help achieve a highly favorable outcome for the Company
- Transaction demonstrates FT Partners' continued leadership in the Financial Management Solutions space

### Financial Technology Partners LP FTP Securities LLC

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



*in its minority financing led by*



*for a total consideration of*

**\$ 50,000,000**



*The Only Investment Bank  
Focused Exclusively on Financial Technology*

## FT Partners Advises Taulia in its Series E Financing

### Overview of Transaction

- On January 14, 2016, Taulia (or “the Company”) announced \$46mm in Series E financing led by Zouk Capital (“Zouk”)
- New strategic and institutional investors joined the round, which included all existing institutional investors
- Taulia provides cloud-based invoice, payment, dynamic discounting and supplier finance solutions to corporations and their suppliers
- Zouk is a UK-based private equity and infrastructure fund manager with €600mm under management that seeks to capitalize on the global shift to greater resource efficiency

### Significance of Transaction

- Taulia is seeing global demand increase exponentially; the Company will use this financing round to meet this demand and to further accelerate its rapid global expansion
- The funding follows another record year for Taulia, which continues to grow its top-line by more than 100%
- The Series E round brings Taulia’s total funding to over \$130 million

### FT Partners’ Role

- FT Partners served as exclusive financial advisor to Taulia and its Board of Directors
- FT Partners continued its long-term relationship with Taulia, having previously advised Taulia on its Series D round
- FT Partners leveraged its deep knowledge of Taulia and the industry to help the Company manage investor interest and ensure a highly successful outcome

### Financial Technology Partners LP FTP Securities LLC

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



*in its Series E financing led by*

**zouk**

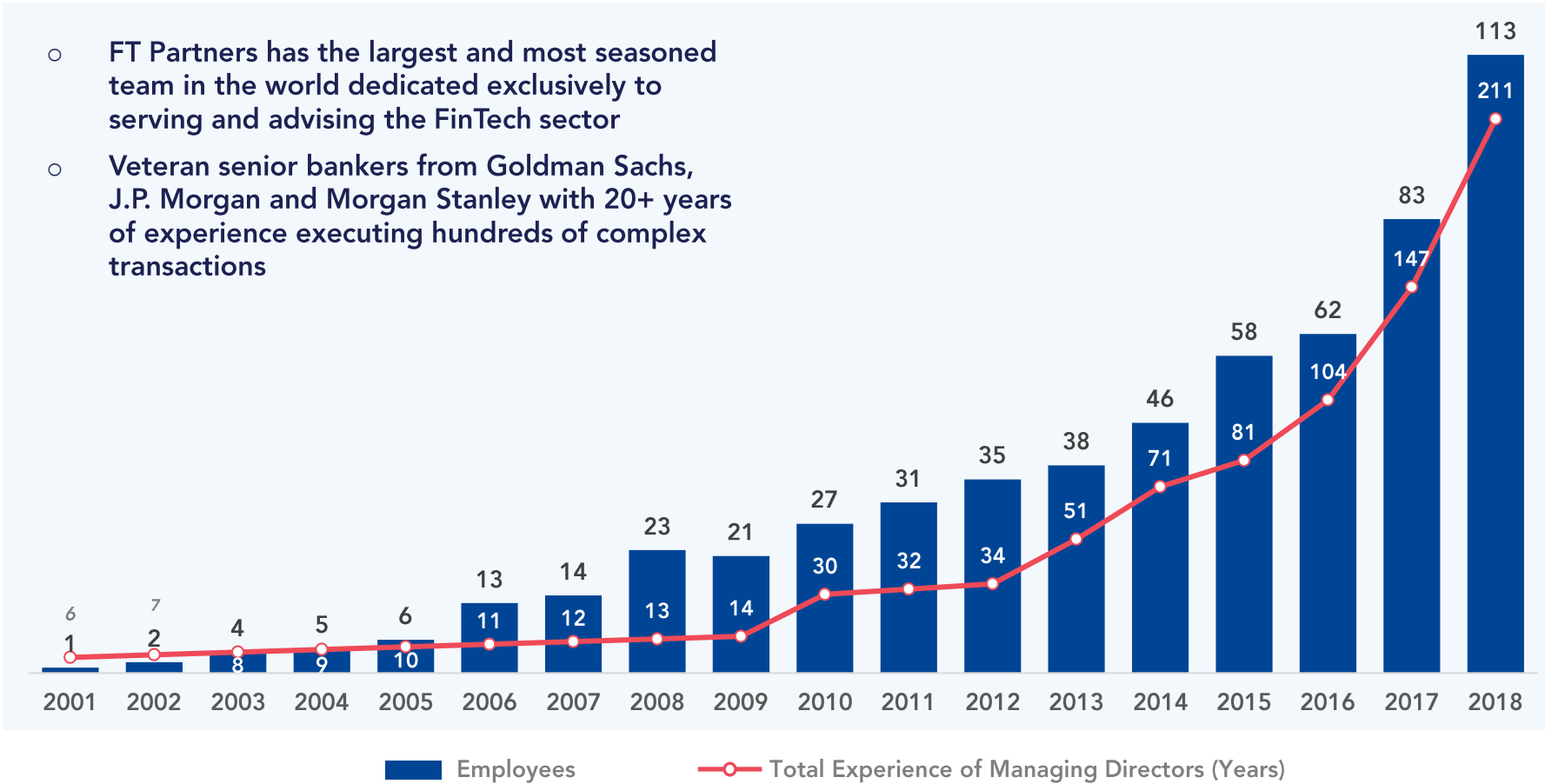
*for total consideration of approximately*

**\$ 46,000,000**



*The Only Investment Bank  
Focused Exclusively on Financial Technology*

- FT Partners has the largest and most seasoned team in the world dedicated exclusively to serving and advising the FinTech sector
- Veteran senior bankers from Goldman Sachs, J.P. Morgan and Morgan Stanley with 20+ years of experience executing hundreds of complex transactions



## The FT Partners Senior Banker Team

Name / Position	Prior Background	Experience / Education	Years of Experience
<b>Steve McLaughlin</b> <i>Founder, CEO and Managing Partner</i>		<ul style="list-style-type: none"> <li>Formerly with Goldman Sachs in New York and San Francisco from 1995-2002</li> <li>Former Co-Head of Goldman Sachs' Financial Technology Group (#1 market share)</li> <li>Wharton M.B.A.</li> </ul>	<b>23</b>
<b>Kate Crespo</b> <i>Managing Director</i>		<ul style="list-style-type: none"> <li>Formerly with Raymond James' Technology &amp; Services investment banking</li> <li>12+ years of FinTech transaction execution experience</li> <li>Dartmouth M.B.A.</li> </ul>	<b>16</b>
<b>Larry Furlong</b> <i>Managing Director</i>		<ul style="list-style-type: none"> <li>Formerly with Goldman Sachs in New York, London and Los Angeles from 1995-2004</li> <li>Wharton M.B.A.</li> </ul>	<b>22</b>
<b>Osman Khan</b> <i>Managing Director</i>		<ul style="list-style-type: none"> <li>Formerly Managing Director and Head of FIG M&amp;A at Alvarez &amp; Marsal</li> <li>15+ years FIG deal, consulting and assurance experience at PwC</li> <li>40 Under 40 M&amp;A Advisor Award Winner in 2013</li> <li>LSE (BSc w/Honors), MBS (MBA w/Distinction), ICAEW (FCA)</li> </ul>	<b>21</b>
<b>Andrew McLaughlin</b> <i>Managing Director</i>		<ul style="list-style-type: none"> <li>20+ years experience executing / implementing financial and operational strategy</li> <li>Formerly with Deloitte Consulting</li> </ul>	<b>12</b>
<b>Mike Nelson</b> <i>Managing Director</i>		<ul style="list-style-type: none"> <li>Formerly head of FinTech M&amp;A at SunTrust Robinson Humphrey</li> <li>Kellogg M.B.A.</li> </ul>	<b>18</b>
<b>Timm Schipporeit</b> <i>Managing Director</i>		<ul style="list-style-type: none"> <li>Formerly with Morgan Stanley as Senior Executive Director of European Technology Investment Banking Team in London</li> <li>Formerly a Venture and Growth Investor focused on FinTech at Index Ventures</li> </ul>	<b>15</b>
<b>Greg Smith</b> <i>Managing Director</i>		<ul style="list-style-type: none"> <li>Formerly award winning Equity Research Analyst at Merrill Lynch, J.P. Morgan and Hambrecht &amp; Quist</li> <li>20+ years of experience covering FinTech as both an Analyst and Investment Banker</li> </ul>	<b>22</b>
<b>Steve Stout</b> <i>Managing Director</i>		<ul style="list-style-type: none"> <li>Formerly Global Head of Strategy at First Data</li> <li>Formerly Led J.P. Morgan Payments Investment Banking Practice</li> <li>Former Equity Research Analyst on #1 ranked team at UBS</li> <li>Former Economist at the Federal Reserve Bank</li> </ul>	<b>20</b>
<b>Tim Wolfe</b> <i>Managing Director</i>		<ul style="list-style-type: none"> <li>Formerly with Goldman Sachs from 2000-2002</li> <li>40 Under 40 M&amp;A Advisor Award Winner 2013</li> <li>Harvard M.B.A.</li> </ul>	<b>16</b>