

# FT PARTNERS FINTECH INDUSTRY RESEARCH

June 25, 2018



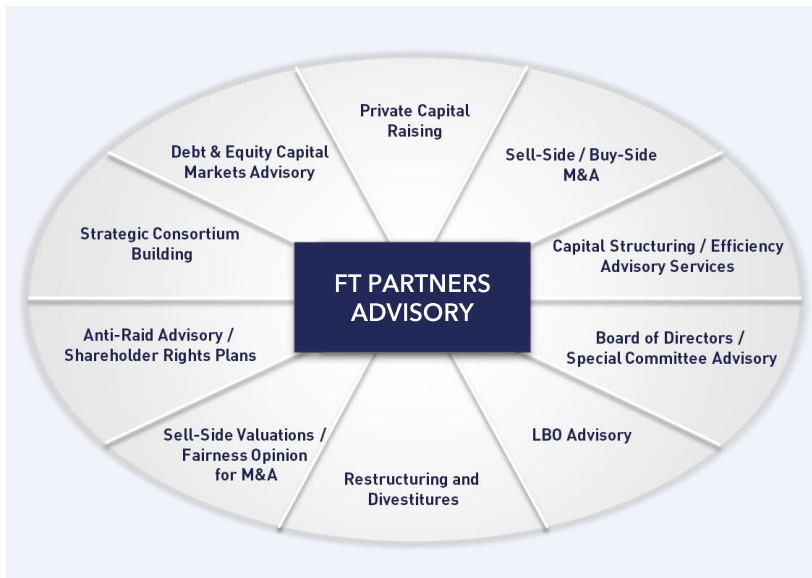
**PayPal (NASDAQ: PYPL) Acquires  
Hyperwallet for \$400 million**



## 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 *Institution Investor's* "FinTech Finance 40"



**THE M&A ADVISOR**

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

Steve McLaughlin: *Founder & CEO*

Tel: 415.992.8880

[steve.mclaughlin@ftpartners.com](mailto:steve.mclaughlin@ftpartners.com)

SUBSCRIBE



# PayPal Acquires Hyperwallet for \$400 million

FT PARTNERS RESEARCH



## Transaction Summary

### Transaction Summary

- On June 19, 2018, PayPal announced that it has entered into an agreement to acquire Hyperwallet for \$400 million in cash
- The deal follows PayPal CFO John Rainey's recent announcement at PayPal's investor day that the Company plans to spend between \$1 billion and \$3 billion annually on acquisitions <sup>(1)</sup>
- Hyperwallet enhances the payment disbursement process through offering a global payout platform through single integration
- The acquisition increases PayPal's 2018 YTD M&A activity to \$2.72 billion including its acquisition of iZettle & Simility <sup>(2)</sup>
- The acquisition is expected to close in Q4 2018

### Transaction Rationale



- The acquisition enhances PayPal's payout capabilities, improving its ability to provide an integrated suite of payment solutions to ecommerce platforms and marketplaces around the world
- Additionally, PayPal and Braintree merchants will gain localized, multi-currency payment distribution capabilities in more than 200 markets with numerous disbursement options

### Buyer Commentary

"Ecommerce platforms and marketplace are leveling the retail playing field by connecting buyers who have specific needs with groups of sellers that can meet them. Merchants and service providers who use these platforms want quick, efficient, flexible and secure access to their earnings, whenever and wherever they need them. By acquiring Hyperwallet, we will strengthen our ability to provide an integrated end-to-end solution to help ecommerce platforms and marketplaces —however large or small — leverage world-class payout capabilities in over 200 markets."



Bill Ready  
COO



"We are thrilled to be joining forces with a powerhouse like PayPal. Combining Hyperwallet's advanced payout capabilities with PayPal's scale will bring increased value to both Hyperwallet's and PayPal's customers. This is an outstanding opportunity to supercharge Hyperwallet's growth and further our mission to pay the planet."



Brent Warrington  
CEO



Source: Company presentation, Company press release

(1) WSJ: PayPal Agrees to Buy Payments Firm Hyperwallet for \$400 Million

(2) CapitalIQ PayPal M&A metrics

# PayPal Acquires Hyperwallet for \$400 million

## Hyperwallet Overview

### Company Overview



**CEO:** Brent Warrington  
**Headquarters:** Vancouver, BC  
**Founded:** 2000  
**Employees:** 300

- Hyperwallet's global payout platform provides growing organizations with a fast, efficient, and transparent way to distribute funds to payees almost anywhere in the world
- Allows payees more control with a range of convenient payment methods, enhanced financial management tools, integrated payment tracking, and user-friendly compliance and identity verification
- The Company provides payment solutions for mobile operators, multinational corporations, credit unions, financial services, and government agencies across the world

### Selected Clients



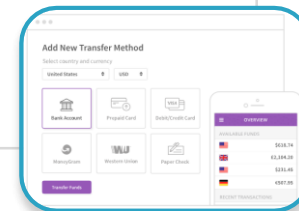
### Products & Services

#### Hyperwallet's Payout Platform

##### PORTAL



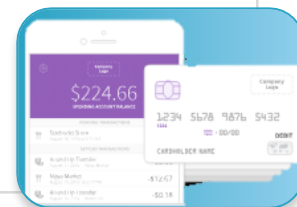
- Multi currency virtual account
- Multiple payout options
- Value add payee apps available



##### CARD



- Personalized physical or virtual prepaid cards
- Funds instantly credited to prepaid card balance
- Local currency payouts



##### DIRECT

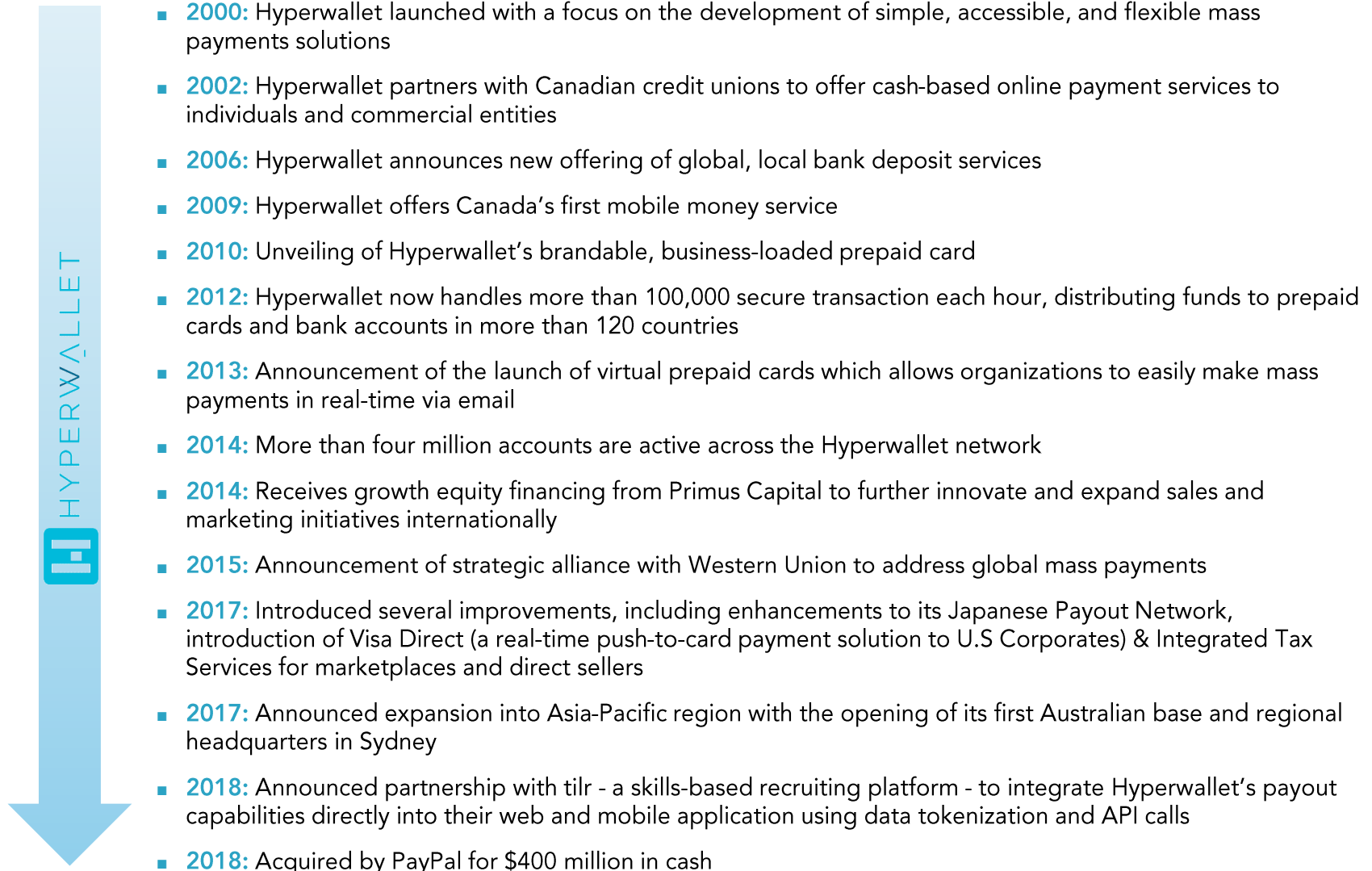


- Multi currency, direct payout delivery
- Multiple payout options
- Fully API directed payouts



# PayPal Acquires Hyperwallet for \$400 million

## Hyperwallet Timeline / Key Developments



# PayPal Acquires Hyperwallet for \$400 million

## PayPal Overview

### Company Overview











**CEO:** Dan Schulman  
**Headquarters:** San Francisco, CA  
**Founded:** 1998

- 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
- The Company has over 230 million active registered accounts, enabling consumers and businesses to accept and make payments in more than 100 different currencies
  - As of Q1 2018, PayPal processes about 24.4 million payment transactions daily, representing \$1.5 billion in payments every single day

### Stock Performance (NASDAQ:PYPL)



### Selected Recent Transaction Activity

Announce Date	\$ in mm	Type	Target
06/21/18	\$120	M&A	 simility
06/19/18	400	M&A	 HYPERWALLET
05/31/18	125	Financing	 Pine Labs Pioneering Payment Technologies
05/18/18	2,200	M&A	 iZettle
04/26/18	44	Financing	 DOSH
12/17/17	Na	Financing	 raisin.
12/23/17	18	Financing	 simility
09/19/17	60	Financing	 Raise
08/10/17	183	M&A	 SWIFT CAPITAL
02/14/17	244	M&A	 7i0
04/21/16	\$30	Financing	 acorns
07/01/15	1,054	M&A	 xoom
04/28/15	16	Financing	 LOOP COMMERCE
03/10/15	43	M&A	 CYACTIVE
03/02/15	230	M&A	 Paydiant
12/17/13	na	M&A	 StackMob Powering Mobile Applications
09/26/13	800	M&A	 Braintree



## 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



CardConnect's \$750 million to First Data



Remitly's \$115 million Financing Led By PayU



YapStone's \$71 million Series C Financing



PayPal Acquires iZettle for \$2.2 billion



Central Payment's Sale of its Remaining 15% Stake to TSYS



GPS Raises £44 million in minority financing

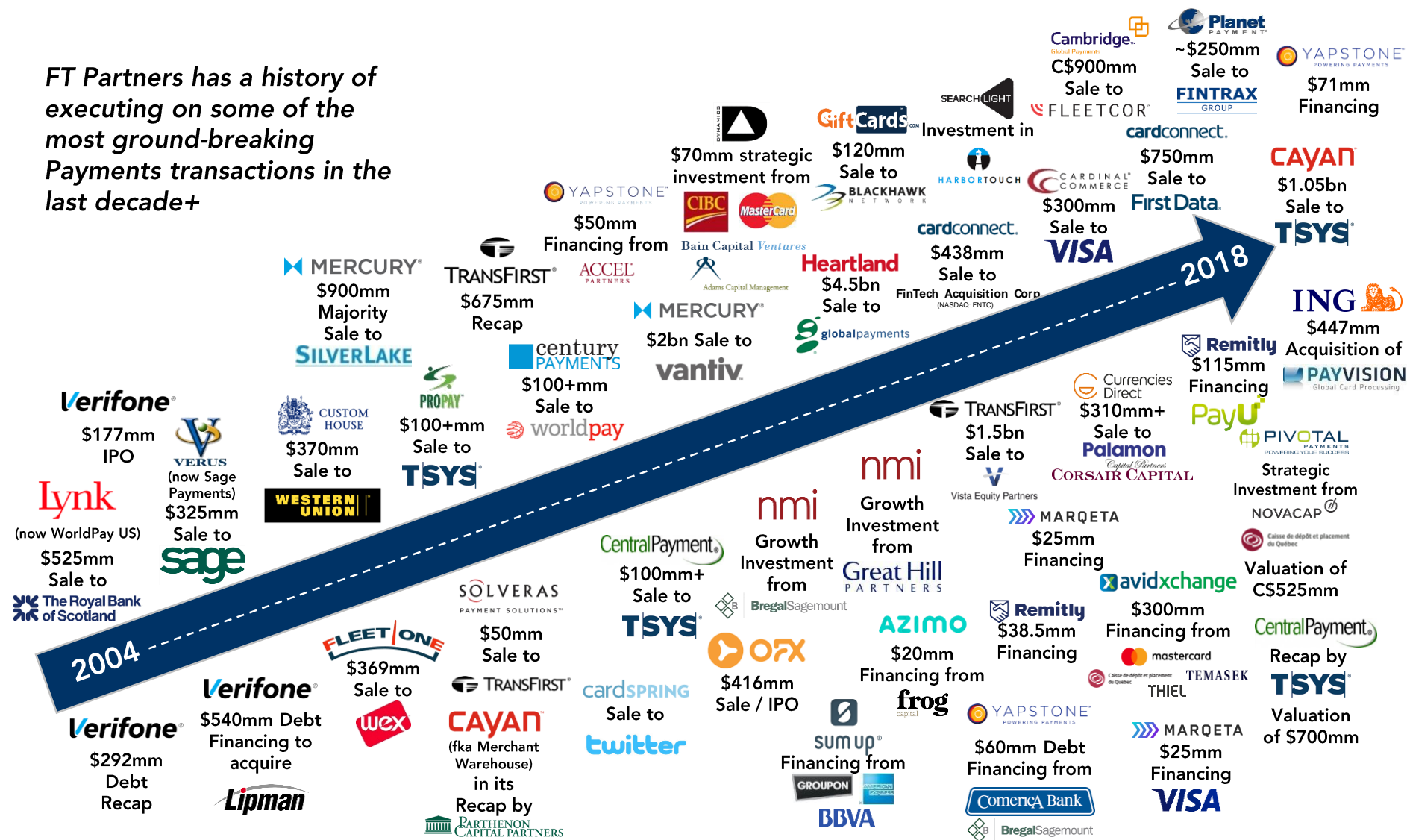


Ant Financial Raises \$14 billion in Financing

[VIEW MORE FT PARTNERS RESEARCH](#)

## FT PARTNERS RESEARCH

***FT Partners has a history of executing on some of the most ground-breaking Payments transactions in the last decade+***





## Ground-Breaking Payments Transactions Pioneered by FT Partners

Financial Technology Partners LP  
FTP Securities LLC

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

**cardconnect.**

in its sale to

**First Data.**

for total consideration of approximately

**\$ 750,000,000**

FINANCIAL  
TECHNOLOGY  
PARTNERS

The Only Investment Bank  
Focused Exclusively on Financial Technology

Landmark transaction  
following successful sale  
of CardConnect to a  
SPAC only a year earlier

Financial Technology Partners LP  
FTP Securities LLC

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

**Heartland**

in its sale to

**globalpayments**

for total consideration of

**\$ 4,500,000,000**

FINANCIAL  
TECHNOLOGY  
PARTNERS

The Only Investment Bank  
Focused Exclusively on Financial Technology

Largest U.S. strategic  
merchant acquiring  
acquisition in over the  
last decade

Financial Technology Partners LP  
FTP Securities LLC

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

**MARQETA**

in its minority financing led by

**VISA**

with participation from

COMMERZ VENTURES 83NORTH 宜信  
COMMERCE VENTURES CREDITONE

for total consideration of

**\$ 25,000,000**

FINANCIAL  
TECHNOLOGY  
PARTNERS

The Only Investment Bank  
Focused Exclusively on Financial Technology

Significant capital raise  
for next gen processor  
serving commerce  
startups and disruptors

Financial Technology Partners LP  
FTP Securities LLC

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

**sum up®**

in its financing, including investment from

**GROUPON** **AMERICAN EXPRESS**

**BBVA**

FINANCIAL  
TECHNOLOGY  
PARTNERS

The Only Investment Bank  
Focused Exclusively on Financial Technology

Groundbreaking  
strategic round for early  
stage European  
payments company

Financial Technology Partners LP  
FTP Securities LLC

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

**cardsPRING**

in its sale to

**twitter**

FINANCIAL  
TECHNOLOGY  
PARTNERS

The Only Investment Bank  
Focused Exclusively on Financial Technology

First sale of a payments  
company to an  
established social media  
company

Financial Technology Partners LP  
FTP Securities LLC

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

**CUSTOM  
HOUSE**

in its sale to

**WESTERN  
UNION**

for total cash consideration of approximately

**\$ 370,000,000**

FINANCIAL  
TECHNOLOGY  
PARTNERS

The Only Investment Bank  
Focused Exclusively on Financial Technology

First sale of an "International  
Payments Specialist" to a pure-  
play consumer remittance  
provider

Financial Technology Partners LP  
FTP Securities LLC

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

**CAYAN**

in its 100% cash sale to

**TSYS**

for total consideration of approximately

**\$1,050,000,000**

FINANCIAL  
TECHNOLOGY  
PARTNERS

The Only Investment Bank  
Focused Exclusively on Financial Technology

Highly successful outcome  
following long-term advisory  
relationship through initial  
recap, rebranding and  
multiple acquisitions

Financial Technology Partners LP  
FTP Securities LLC

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

**MERCURY**

in its approximately 60% Growth

in its sale to

**SILVERLAKE**

for a value up to

**\$ 900,000,000**

FINANCIAL  
TECHNOLOGY  
PARTNERS

The Only Investment Bank  
Focused Exclusively on Financial Technology

First large-scale  
transaction for an  
integrated merchant  
acquirer

Financial Technology Partners LP  
FTP Securities LLC

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

**VERUS**

in its sale to

**sage**

for cash consideration of approximately

**\$ 325,000,000**

FINANCIAL  
TECHNOLOGY  
PARTNERS

The Only Investment Bank  
Focused Exclusively on Financial Technology

First sale of a U.S.  
merchant acquirer to an  
international software  
company; became Sage  
Payments

Financial Technology Partners LP  
FTP Securities LLC

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

**Lynk**

in its sale to

**The Royal Bank  
of Scotland**

for cash consideration of approximately

**\$ 525,000,000**

FINANCIAL  
TECHNOLOGY  
PARTNERS

The Only Investment Bank  
Focused Exclusively on Financial Technology

First sale of a U.S.  
merchant acquirer to a  
large international  
financial institution;  
became Worldpay U.S.

## FT Partners Advises Swift Financial on its Sale to PayPal

### Overview of Transaction

- On August 10, 2017, Swift Financial announced its sale to PayPal (Nasdaq:PYPL) for approximately \$200 million
- Headquartered in Wilmington, DE, Swift Financial was founded in 2006 and has since provided funding to over 20,000 businesses in the U.S. through a unique combination of data, technology and customer service
  - Swift Financial provides working capital to growing businesses through two options, loans and advances, through proprietary brands LoanBuilder.com and Swift Capital

### Significance of Transaction

- The acquisition will enable PayPal to better serve small businesses by enhancing its underwriting capabilities to provide access to affordable business financing solutions
- While PayPal Working Capital provides access to capital based exclusively on proprietary insights, Swift's technology will allow PayPal to assess supplemental information to more fully understand the strength of a business and provide access to complementary financing products

### FT Partners' Role

- FT Partners served as exclusive strategic and financial advisor to Swift Financial in this transaction
- FT Partners advised Swift Financial on its previous capital raises including financing from both Khosla Ventures and Third Point Ventures
- This transaction further demonstrates FT Partners' continued success advising leading FinTech companies in the Alternative Lending space

### Financial Technology Partners LP FTP Securities LLC

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

**SWIFT** | **FINANCIAL**

*in its sale to*

**PayPal**

*for approximately*

**\$ 200,000,000**

**FINANCIAL  
TECHNOLOGY  
PARTNERS**

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## FT Partners Advises ING on its Acquisition of Payvision

### Overview of Transaction

- On January 29, 2018, ING announced that it has reached an agreement to acquire a 75% stake in Payvision
  - The transaction values Payvision at EUR 360 million (approximately \$447 million)
- Headquartered in Amsterdam, ING is a global financial institution with a strong European base, offering banking services through its operating company ING Bank
  - The purpose of ING Bank is empowering people to stay a step ahead in life and in business. ING Bank's more than 51,000 employees offer retail and wholesale banking services to customers in over 40 countries
- Founded in 2002 in the Netherlands, Payvision is a fast growing, independent international card acquirer and payments platform, connecting payment service providers and their global merchants

### Significance of Transaction

- The transaction will enable ING to strengthen its footprint in omnichannel payments services and expand its merchant services for its business customers, particularly in the fast-growing e-commerce segment
- By offering Payvision's solution, ING's business customers will be able to accept payments through any channel, including in store terminals and web shops and through any device

### FT Partners' Role

- FT Partners served as strategic and financial advisor to ING in this transaction
- This transaction further supports FT Partners' continued success in the Payments space and highlights the Firm's versatility in generating attractive outcomes on both the sell-side and the buy-side
- FT Partners leveraged its deep, global industry knowledge and transaction expertise to help achieve a favorable outcome for the Company

### Financial Technology Partners LP FTP Securities LLC

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



*in its acquisition of*



*at a total valuation of approximately*

**€360,000,000**  
**(\$447,000,000)**



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Focused Exclusively on Financial Technology*

## FT Partners Advises Cayan on its Sale to TSYS

### Overview of Transaction

- On December 18, 2017, TSYS announced it has entered into an agreement to acquire Cayan in an all cash transaction valued at approximately \$1.05 billion
  - The transaction is expected to close in Q1 2018
- Cayan, a portfolio company of Parthenon Capital Partners, provides technology led acquiring services to more than 70,000 merchants and 100+ integrated partners in the U.S.
  - The Company's flagship Genius platform delivers a seamless and scalable unified commerce experience across channels
- TSYS (NYSE: TSS) is a leading global payments provider, offering innovative and secure solutions across the payments spectrum — from issuer processing and merchant acquiring to prepaid program management

### Significance of Transaction

- The acquisition strategically complements TSYS' merchant goals to become a leading payment provider to small and medium size businesses in the U.S.
- The addition of Cayan's unified commerce solutions elevates TSYS' competitive position to jointly offer a broader set of value-add products and services to partners and merchants

### FT Partners' Role

- FT Partners served as exclusive strategic and financial advisor to Cayan and its Board of Directors
- FT Partners also advised Cayan on its [recapitalization by Parthenon Capital Partners](#) along with numerous acquisitions made by the Company
- This transaction highlights FT Partners' continued success advising prominent companies in the Payments and Merchant Acquiring space and its leadership position as the "advisor of choice" to the highest quality FinTech Companies

### Financial Technology Partners LP FTP Securities LLC

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

**CAYAN**<sup>TM</sup>

*in its 100% cash sale to*

**TSYS**<sup>®</sup>

*for total consideration of approximately*

**\$ 1,050,000,000**

FINANCIAL  
TECHNOLOGY  
PARTNERS

*The Only Investment Bank  
Focused Exclusively on Financial Technology*

## FT Partners Advises Marqeta on its \$45 million Financing

### Overview of Transaction

- On June 5, 2018, Marqeta announced a new \$45 million funding round led by ICONIQ Capital, with participation from Goldman Sachs and existing investors
  - This round brings Marqeta's total funding to \$116 million
- Headquartered in Oakland, CA, Marqeta is the global standard for modern card issuing, providing the most advanced infrastructure and tools for building highly configurable payments cards

### Significance of Transaction

- Marqeta will leverage the new funding -- along with the \$25 million raised in a strategic round in June 2017 led by Visa -- to extend its leadership in innovative consumer and commercial card solutions, and to accelerate its domestic and international growth
- The investment follows a year of strong growth for Marqeta, during which the Company formed a global strategic partnership with Visa, launched its international effort and more than doubled the size of its team

### FT Partners' Role

- FT Partners served as exclusive strategic and financial advisor to Marqeta and its Board of Directors
- FT Partners has now advised Marqeta on its past three financings, having previously advised the Company on its [\\$25 million strategic round led by Visa](#) and its [\\$25 million Series C financing](#)
- This transaction demonstrates the long-term nature of many of FT Partners' client relationships and highlights our deep domain expertise and transactional excellence across FinTech and the Payments sector, in particular

### Financial Technology Partners LP FTP Securities LLC

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



*in its financing led by*

ICONIQ

*with participation from*



*for total consideration of*

**\$ 45,000,000**



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Focused Exclusively on Financial Technology*



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



2018

- 2018 Top Investment Bank in FinTech



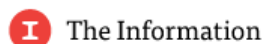
Institutional Investor  
Annual Ranking

2017

2015 - 2016

2006 - 2008

- Ranked #1 Most Influential Executive on Institutional Investor's FinTech 35 List
- Steve McLaughlin Ranked Top 5 on Institutional Investor's FinTech 35 List
- Consecutively Ranked (2006, 2007 and 2008) among the Top Bankers on Institutional Investor's "Online Finance 40"



2016

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



M&A Advisor  
Awards

2015 - 2017

2010 - 2014

2004 - 2007

- Investment Banker of the Year – 2017
- Investment Banking Firm of the Year – 2016
- Cross Border Deal of the Year - 2016
- Dealmaker of the Year – 2015
- Technology Deal of the Year – 2015
- Equity Financing Deal of the Year - 2014
- Professional Services Deal of the Year, Above \$100 mm – 2014
- Dealmaker of the Year – 2012
- Professional Services Deal of the Year, Above \$100 mm – 2012
- Boutique Investment Bank of the Year – 2011
- Deal of the Decade – 2011
- Upper Middle Market Deal of the Year, Above \$500 mm – 2010
- IT Services Deal of the Year, Below \$500 mm – 2010
- Cross-Border Deal of the Year, Below \$500 mm – 2010
- Dealmaker of the Year – Steve McLaughlin – 2007
- Business to Business Services Deal of the Year - 2007
- Computer and Information Technology Deal of the Year, Above \$100 mm – 2007
- Financial Services Deal of the Year, Above \$100 mm – 2007
- Investment Bank of the Year – 2004



Middle Market  
Financing Awards

2006 - 2008

- Equity Financing Dealmaker of the Year – Steve McLaughlin – 2008
- Information Technology Deal of the Year – 2008
- Financial Services Deal of the Year – 2008
- Financing Professional of the Year – Steve McLaughlin – 2006

## 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 &amp; Co. 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>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 / Hambrecht &amp; Quist</li> <li>20+ years of experience covering FinTech as both an Analyst and Investment Banker</li> </ul>	<b>22</b>
<b>Osman Khan</b> <i>Managing Director</i>		<ul style="list-style-type: none"> <li>Former Managing Director / 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>Steve Stout</b> <i>Managing Director</i>		<ul style="list-style-type: none"> <li>Former Global Head of Strategy at First Data</li> <li>Formerly Led J.P. Morgan Payments Investment Banking</li> <li>Former Equity Research Analyst on #1 ranked team at UBS and 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 &amp; Co. beginning in 2000</li> <li>Started at FT Partners in 2002</li> <li>40 Under 40 M&amp;A Advisor Award Winner 2013</li> <li>Harvard M.B.A.</li> </ul>	<b>16</b>
<b>Timm Schipporeit</b> <i>Managing Director</i>		<ul style="list-style-type: none"> <li>11+ years with Morgan Stanley, 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>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>