

February 24, 2015

Financial Technology Partners LP FTP Securities LLC

Transaction Profile:



raises

\$111,000,000

in financing led by

ACCEL[®]
PARTNERS

Courtesy of:



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

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Xero Raises \$111 Million in Financing

Transaction and Xero Overview

Xero is publicly traded in Australia and New Zealand, but may be planning for a U.S. IPO according to Forbes

Transaction Overview


- On February 24, 2015, Xero (NZE: XRO) announced it had raised \$110.8 million in financing for global growth
 - Accel Partners led the round with a \$100 million investment while previous investors Matrix Capital Management also participated with a \$10.8 million investment
 - After completion of the transaction, Xero will have a cash balance of approximately \$215 million ⁽¹⁾
- Xero says that it will use the new funding to "fuel continued innovation and growth globally and specifically to drive its growth in the United States and United Kingdom"
- In addition to the financing, Xero has announced that former Dell executive Russell Fujioka has been named President of U.S. Operations, and Salesforce Executive Vice President Graham Smith has been named to the Board of Directors
- According to Forbes, Xero may be positioning itself for a U.S. IPO; the company is currently publicly traded in Australia and New Zealand, where its share price jumped over 26% in response to the financing announcement

Transaction Commentary




"Accel always looks for enduring technologies with global reach and we see the need and opportunity for millions of small businesses to grow on Xero's platform. We've worked with several other leading companies in the region to broaden their global reach and we hope this experience will be valuable as Xero's strong leadership team looks to expand in the United States."

– Accel Partner Andrew Braccia

Selected Xero Financings

Announce Date	Size (\$ mm)	Investors
10/13/13	\$151.3	Matrix Capital Management VALAR
11/29/12	49.4	Matrix Capital Management VALAR
02/02/12	17.9	 RANGATIRA VALAR
10/28/10	3.0	VALAR
04/07/09	14.8	Bank of New Zealand 

Selected Xero Acquisitions

Announce Date	Size (\$ mm)	Target
11/05/14	\$7.1	 MONCHILLA
07/21/11	0.6	SPOTLIGHT WORKPAPERS
02/02/12	4.8	Workflow  MAX
07/21/11	1.7	 paycycle

Source: Capital IQ, Xero Press Release, Forbes, TechCrunch.

(1) Vator News.



Xero Raises \$111 Million in Financing

Xero Overview

Xero Overview		Xero Software Overview	
CEO:	Rod Drury	Cash Flow Accounting	<ul style="list-style-type: none"> Xero's accounting software makes it easy to see up-to-date business financials, bank balances, bills and expenses quickly through the Company's platform Xero provides automatic bank reconciliation and reporting for budgeting in real-time
Headquarters:	Wellington, New Zealand		
Founded:	2006	Invoicing	<ul style="list-style-type: none"> Create quotes and recurring invoicing for quick and efficient customer billing
Market Cap:	\$2.4 billion	Payments	<ul style="list-style-type: none"> Handle everything from employee personal expenses to recurring payments for materials and services in order to keep business running smoothly and efficiently
<ul style="list-style-type: none"> Xero provides cloud-based, SaaS financial planning and accounting tools to accountants and small businesses worldwide The Company currently services over 300,000 customers in more than 400 countries, making Xero a global leader in online accounting While the Company was founded and is based in New Zealand, it also has offices in Australia, the United Kingdom and the United States Xero went public on the New Zealand Stock Exchange in 2007, and listed on the Australian Exchange in 2012 After passing the 1,000 employee mark in 2014, Xero has broken into the top 20 companies on the NZSE 		Payroll	<ul style="list-style-type: none"> Pay employees, reduce manual data entry and manage timesheets while minimizing compliance risk through the Xero platform
Key Metrics ⁽¹⁾		Tax & Compliance	<ul style="list-style-type: none"> Quickly find and manage vendor payments to comply with 1099s and prepare 1099 data for quick export into tax software
Revenue (FY '14)	\$53.0 million	Mobile	<ul style="list-style-type: none"> Manage the business conveniently from anywhere using Xero Touch on a mobile device
Revenue (FY '15)	\$95.3 million		
EBITDA (FY '14)	(\$22.7 million)		
EBITDA (FY '15)	(\$34.9 million)		
Enterprise Value	\$2.2 billion		

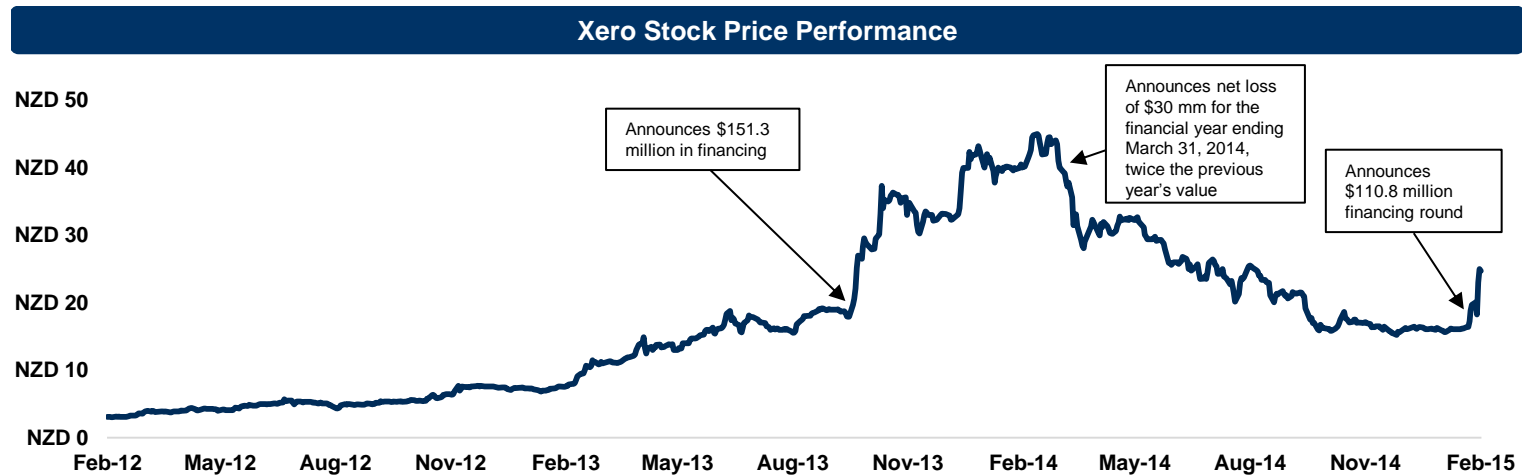
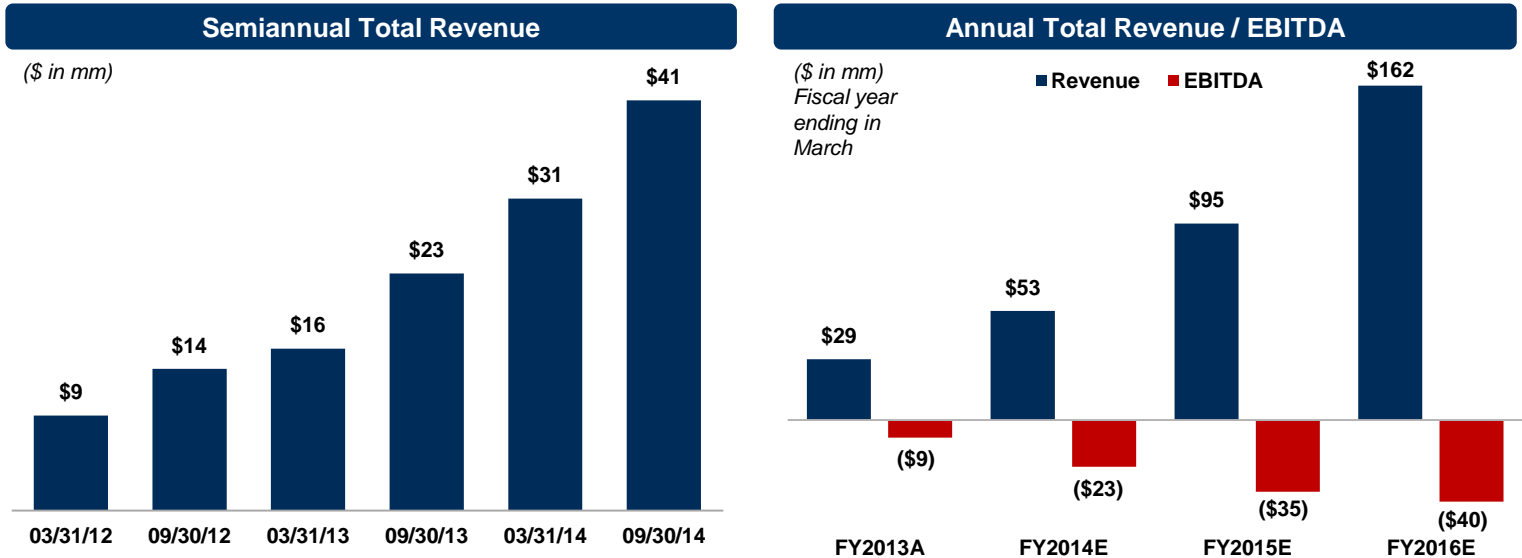
Source: Company website, Capital IQ.

(1) Metrics from consensus estimates via Capital IQ, fiscal year ending in March.



Xero Raises \$111 Million in Financing

Xero Overview (cont.)


























Source: Capital IQ, Thomson Reuters.



Xero Raises \$111 Million in Financing

Selected Private Company Profiles

Company Information		Most Recent Financing and Investors		
		(\$ in millions)		
	<ul style="list-style-type: none"> Wave Accounting provides an online accounting system that allows users to keep track of invoices, payables, receivables, customers and vendors, and generate reports such as balance sheets 	05/16/12	\$12.0	 
	<ul style="list-style-type: none"> Chrome River Technologies provides enterprise clients with software-as-a-service financial applications focused on expense reporting and invoice management automation 	01/14/14	\$17.0	  
	<ul style="list-style-type: none"> AvidXchange is a provider of SaaS invoice management and business to business payment services that streamline the accounts payable process from invoice receipt through vendor payment 	04/28/14	\$10.0	Undisclosed Investors
	<ul style="list-style-type: none"> FreshBooks is an online billing service that provides tools for time tracking, online invoicing, online payments and easy recurring billing 	07/23/14	\$30.0	  
	<ul style="list-style-type: none"> Coupa's Cloud Spend Optimization SaaS product allows companies to manage indirect purchases, invoices and expenses in real-time through its single user interface 	03/20/14	\$40.0	       
	<ul style="list-style-type: none"> Expensify provides a solution for automated one-click expense reporting 	09/30/14	\$3.5	

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



Xero Raises \$111 Million in Financing

Relevant Publicly Traded Comparables

Company Name	Price 03/07/15	% MTD Change	% LTM High	Market Value (\$ mm)	Enterprise Value (\$ mm)	Multiples				Growth Rates			Margins		P / E / G CY 15E		
						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	LT		CY 15E	CY 16E
Pure-play Financial Management Solutions																	
Intuit	\$ 97.41	(0)%	99 %	\$ 27,308	\$ 26,440	34.9 x	24.0 x	20.7 x	14.5 x	6.1 x	5.3 x	(4)%	15 %	14 %	30 %	37 %	2.6 x
Sage Group	7.59	1	99	8,166	8,779	19.2	17.8	13.2	12.4	4.0	3.8	7	5	8	30	30	2.3
NetSuite	93.92	(3)	82	7,342	7,167	nm	nm	nm	nm	9.9	7.7	30	28	18	8	8	na
Xero	18.66	(0)	55	2,371	2,242	nm	nm	nm	nm	23.5	13.8	80	70	nm	nm	nm	na
Median		(0)%	90 %			27.1 x	20.9 x	16.9 x	13.4 x	8.0 x	6.5 x	19 %	22 %	14 %	30 %	30 %	2.4 x
Mean		(0)	84			27.1	20.9	16.9	13.4	10.9	7.7	29	30	13	23	25	2.4
Enterprise Resource Planning Solutions																	
Workday	\$ 82.61	(3)%	78 %	\$ 16,914	\$ 15,569	nm	nm	nm	nm	13.6 x	9.8 x	46 %	39 %	40 %	3 %	4 %	na
Tyler Technologies	114.31	(4)	94	4,225	4,018	46.1	38.9	26.2	21.8	7.0	6.1	16	15	19	27	28	2.5
TOTVS S.A.	11.89	(1)	80	1,926	1,891	17.3	15.8	11.5	10.3	2.9	2.6	7	10	13	25	25	1.3
Technology One	3.11	4	100	976	916	33.2	28.2	23.0	19.6	5.3	4.8	10	11	12	23	25	2.7
Industrial & Financial Systems IFS AB	32.59	(3)	96	821	791	26.2	22.6	11.3	10.4	2.0	1.9	8	5	na	18	19	na
Exact Holding NV	35.11	(1)	87	801	742	23.5	19.7	14.3	11.9	3.1	2.9	2	7	na	22	24	na
Median		(2)%	91 %			26.2 x	22.6 x	14.3 x	11.9 x	4.2 x	3.9 x	9 %	10 %	16 %	23 %	24 %	2.5 x
Mean		(1)%	89 %			29.3 x	25.1 x	17.2 x	14.8 x	5.7 x	4.7 x	15 %	14 %	21 %	20 %	21 %	2.2 x
Large, Diversified Enterprise Solutions																	
Microsoft Corporation	\$ 42.36	(3)%	85 %	\$ 347,512	\$ 286,681	15.9 x	13.8 x	8.6 x	7.6 x	3.0 x	2.8 x	2 %	7 %	9 %	35 %	37 %	1.8 x
IBM	158.50	(2)	80	156,773	189,242	9.9	9.5	8.0	7.8	2.2	2.2	(9)	0	8	28	28	1.3
Oracle Corporation	42.38	(3)	91	193,041	181,183	13.9	12.7	9.5	8.9	4.6	4.4	3	4	8	48	49	1.8
SAP	70.75	1	99	86,364	87,524	17.9	16.7	11.7	11.1	4.1	3.8	10	6	8	35	35	2.3
Hitachi	6.78	(1)	86	32,735	67,298	13.7	10.2	7.1	7.2	0.8	0.8	0	6	9	12	11	1.5
Hewlett-Packard	33.18	(5)	81	61,212	65,997	9.1	8.4	5.2	5.0	0.6	0.6	(5)	0	4	12	13	2.3
Median		(3)%	85 %			13.8 x	11.5 x	8.3 x	7.7 x	2.6 x	2.5 x	1 %	5 %	8 %	31 %	31 %	1.8 x
Mean		(2)	87			13.4	11.9	8.4	7.9	2.6	2.4	0	4	8	28	29	1.8

Overview of FT Partners

Advisor of Choice in the Financial Management Solutions Sector

FT Partners has advised on the most prominent transactions in the FMS Space

Financial Technology Partners LP
FTP Securities LLC
is pleased to announce its exclusive role as financial advisor to



in its investment from

zouk

for total consideration of approximately

\$ 15,000,000



*The Only Investment Bank
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Financial Technology Partners LP
FTP Securities LLC
is pleased to announce its role as sole strategic and financial advisor to



in its growth equity investment for

\$10,000,000



*The Only Investment Bank
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Financial Technology Partners LP
FTP Securities LLC
is pleased to announce its exclusive role as sole strategic and financial advisor to



a portfolio company of

Triton Pacific
Capital Partners, LLC

in its sale to

MISYS

a portfolio company of



Vista Equity Partners



*The Only Investment Bank
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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

MOODY'S



*The Only Investment Bank
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Financial Technology Partners LP
FTP Securities LLC
is pleased to announce its role as sole strategic and financial advisor to



In its 80% majority sale to

HEARST corporation



*The Only Investment Bank
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Financial Technology Partners LP
FTP Securities LLC
is pleased to announce its exclusive role as sole strategic and financial advisor to



in its

\$138,000,000

Initial Public Offering

valuing the equity at approximately

\$ 1,200,000,000



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



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

Note: **Bold** represents awards that FT Partners has won, *italics* represents nominations.