

# FT PARTNERS FINTECH INDUSTRY RESEARCH

October 1, 2018



Financial Institution Loyalty

## Lightyear Capital Acquires Majority Stake in Augeo FI For \$140 million

LIGHTYEAR CAPITAL

## 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

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 September 26, 2018, Lightyear Capital announced it has acquired a controlling stake in Augeo FI for \$140 million from parent company Augeo Affinity Marketing
- Augeo FI has over 15 years of experience managing bespoke loyalty program solutions and will retain its entire management team
- The Company's suite of products powers loyalty products that service national financial institutions and smaller middle market banks
- Lightyear Capital has significant experience in the financial services sector with notable investments in other financial services companies such as Alegeus, Ygrene Energy Fund and AG Advisor Group
- Previously, Augeo FI had been growing 30% year over year and represented 30% of its parent company, Augeo Affinity Marketing's revenue <sup>(1)</sup>
  - AugeoFI currently serves approximately 1,200 clients and monitors 24 million cards

### Management Team



**Kevin Sagon**  
VP of Engineering



**Brian Anderson**  
VP of Operations



**Gerard Hardiman**  
VP of Finance

### Transaction Commentary

*"With a proven ability to improve account growth and activity, Augeo FI has achieved a leading position helping middle-market banks and credit unions meet their individual clients' needs. We are excited about the expansion opportunities for Augeo FI, especially as credit and debit card transaction volume and rewards card usage continue to rise. The business already has significant momentum, and we look forward to working with the Augeo FI management team to invest in and grow their business."*

LIGHTYEAR CAPITAL

**Mark Vassallo**  
Managing Partner



*"We are excited to partner with Lightyear to take Augeo FI to the next level as a leader in the loyalty/rewards market, now as a standalone company. We remain committed to product and platform innovation to further support our great clients and partners. This additional capital will allow us to expand our capabilities, such as our pay-with-points offerings, and to continue to invest in technology in order to deliver ever-more sophisticated and customized reporting back to our clients, giving them highly actionable insights they can use to better understand and serve their customers."*

**augeo FI**

**Mike Knoop**  
CEO



## Augeo FI Overview



### Company Overview



**CEO / President:** Mike Knoop  
**Headquarters:** Naperville, IL  
**Founded:** 2008

- Augeo FI is leading provider of outsourced, customized loyalty program solutions for middle-market banks and credit unions nationwide
- The Company's Ampre platform includes features and tools such as:
  - Share-of-wallet spend intelligence that allows merchants to target their offers most appropriately, including by geography and competitive spend
  - Reports and statistics on current campaigns are available in real time and deliver important insights for optimizing customer loyalty strategies including configuring the assortment and personal customer service
  - Pay for Performance – Ampre only issues rebates when customers transact with participating merchants
  - No POS Integration – Ampre automatically identifies and matches transactions between eligible cardholders and merchants, requiring no new hardware, software or data integration

### Products & Services Overview

#### FI Loyalty & Rewards

- Customizable for clients and comfortable for cardholders
- Range of earnings options contribute to elevated engagement opportunities
- Proprietary cardholder preference engine and transaction analytics
- Flexible rewards encourage loyalty and activate optimal card use

#### Card-Linked Marketing



Cardholders earn anywhere from 2% - 15% with Ampre merchants



On average, Ampre clients have experienced a 20% lift in average monthly spend

Ampre platform delivers cash back or bonus point offers tied directly to a credit or debit card issued by a financial institution



**Merchant:** Provides historical data analysis for merchants to better identify and target customers



**Financial Institution:** Provides value add services for commercial accounts by connecting accounts with cardholders



**Cardholder:** Access to offers at participating merchants and the ability to use their payment card of choice

## Lightyear Capital Overview

### Overview

#### LIGHTYEAR CAPITAL



**Donald Marron**  
Chairman & Founder



**Mark Vassallo**  
Managing Partner



**Michal Petrzela**  
Managing Director



**Jason Ehrlich**  
Vice President



**Max Rakhin**  
Vice President



**Jay Comerford**  
Vice President

### Locations

- New York, NY

### About

- Lightyear Capital, founded in 2000, specializes in buyout and growth equity transactions within the financial services industry
- Lightyear Capital has raised over \$2.5 bn in capital since inception and Lightyear principals average 25+ years experience within in the financial services industry
- Portfolio companies will gain additional value through diligence, analysis and business development advice from Lightyear's operating partners and extensive network
- Maintain ability to invest in transactions up to \$300 mm with LP participation

### Investment Preferences

#### Investment Criteria

<b>Fund Size:</b>	\$957 mm
<b>Fund Raised:</b>	2017
<b>Investment Range:</b>	\$25 – 150 mm +
<b>Revenue:</b>	NA
<b>EBITDA:</b>	NA

#### General Preferences<sup>1</sup>

<b>Control:</b>	Majority, Minority
<b>Geography:</b>	North America
<b>Transaction Type:</b>	Growth, Buyout, MBO/LBO
<b>Industry Focus:</b>	Banking, FinTech, Brokerage, Insurance, Asset Management, Specialty Finance

### Selected Recent Investments / Exits

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

Date	Company	Deal Amt. <sup>3</sup>	Board Rep.	Sector
09/18	AugeoFI (Buyout)	\$140	NA	Pymts
09/18	OneSource Retirement Advisors (Buyout)	NA	NA	CapMkts
07/18	Retirement Strategies (Buyout)	NA	NA	CapMkts
07/18	Cimino Wealth Advisors (Buyout)	NA	NA	CapMkts
01/18	Emigrant Bank (Buyout)	NA	NA	Bnkg
01/18	HPM Partners (Buyout)	NA	NA	CapMkts
12/17	CPA Retirement Planning (Buyout)	NA	NA	CapMkts
10/17	Energy Equity Funding (Buyout)	NA	NA	CapMkts
10/17	Datalot (PE Growth)	NA	Mark Vassallo	Ins
08/17	eComission Financial Services (LBO)	NA	Mark Vassallo	Bnkg
12/16	Ygrene Works (PE Growth)	95	NA	Bnkg
05/16	AIG Advisor Group (Buyout)	NA	NA	CapMkts
11/15	Pathlight Capital (Buyout)	NA	NA	Bnkg

Source: Company website, PitchBook

1) Italics indicate preferred control / geography 3) Deal Amount in mm

2) \* denotes M&A exit; \*\* denotes IPO exit



## 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



YapStone's \$71 million Series C Financing



Flywire Raises \$100 million in Series D Financing



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



Airwallex Raises \$80 million in Serie B Financing



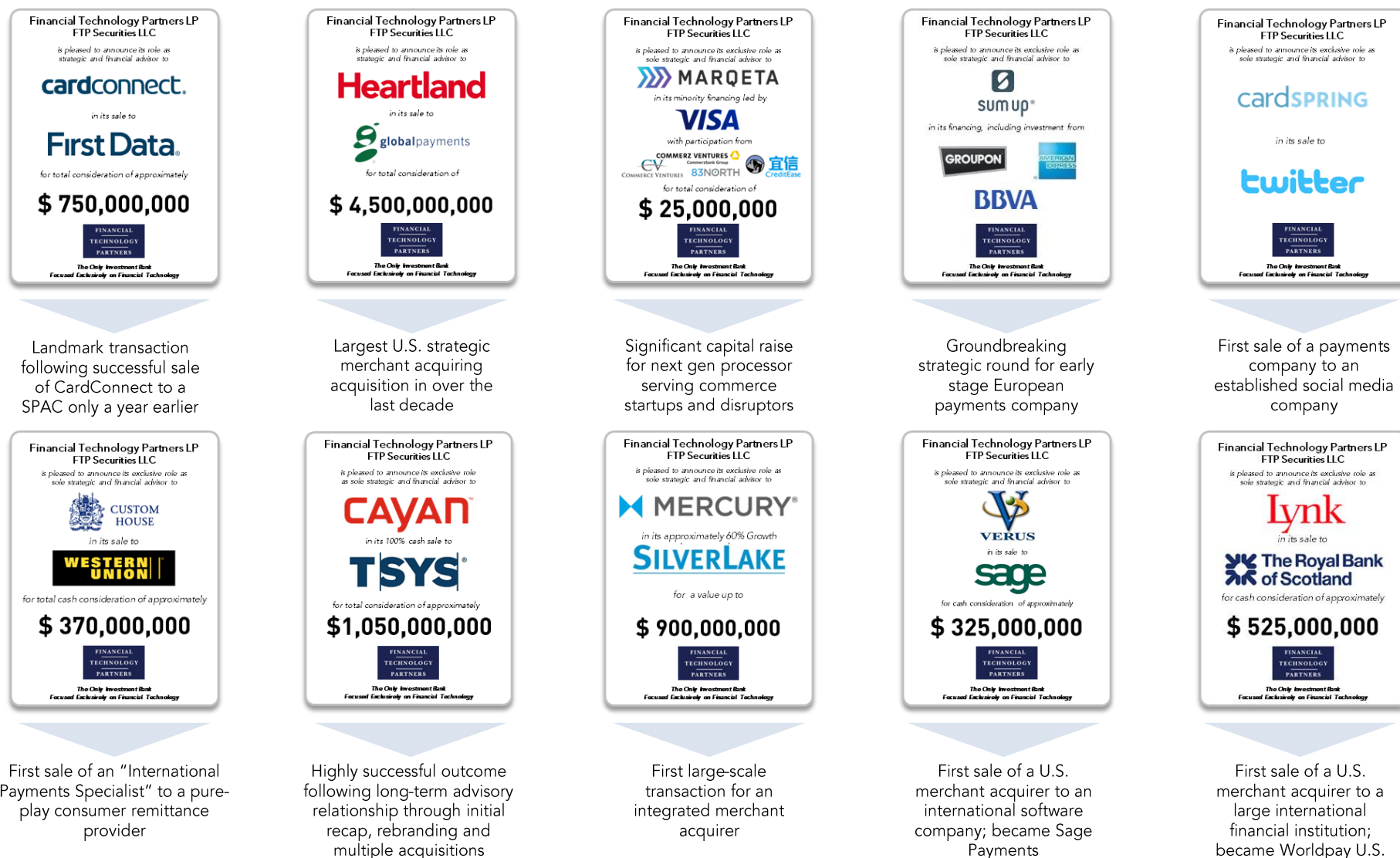
Ant Financial Raises \$14 billion in Financing

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**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





## FT Partners Advises RewardsNOW on its Sale to Augeo

### Overview of Transaction

- On April 1, 2015, RewardsNOW announced that it has been acquired by Augeo
- RewardsNOW is one of the leading platforms serving bank, credit union and member-based loyalty programs in the U.S. and internationally
- Since 1997, the Company has provided financial institutions with comprehensive loyalty solution product offerings
- Augeo is a nationally recognized leader in engagement, loyalty and incentive platforms

### Significance of Transaction

- This acquisition will expand Augeo's already significant position in the financial services arena
- Combined, Augeo and RewardsNOW will support 900+ financial services programs, reaching over 9 million cardholders with over 33 billion loyalty points under management
- This expansion will greatly increase the number of retailers providing discounts in the form of points and statement credits when cardholders use their financial institution cards at participating locations

### FT Partners' Role

- FT Partners served as exclusive strategic and financial advisor to RewardsNOW 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 stakeholders
- Transaction demonstrates FT Partners' continued success advising top-tier financial technology companies

### 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*



*The Only Investment Bank  
Focused Exclusively on Financial Technology*

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



2018

- 2018 Top Investment Bank in FinTech



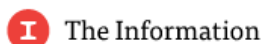
Institutional Investor  
Annual Ranking

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 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>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>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>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>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>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, began investment banking career at Piper Jaffray</li> <li>Kellogg M.B.A.</li> </ul>	<b>18</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>
<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>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>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>