

FT PARTNERS FINTECH INDUSTRY RESEARCH

January 24, 2018

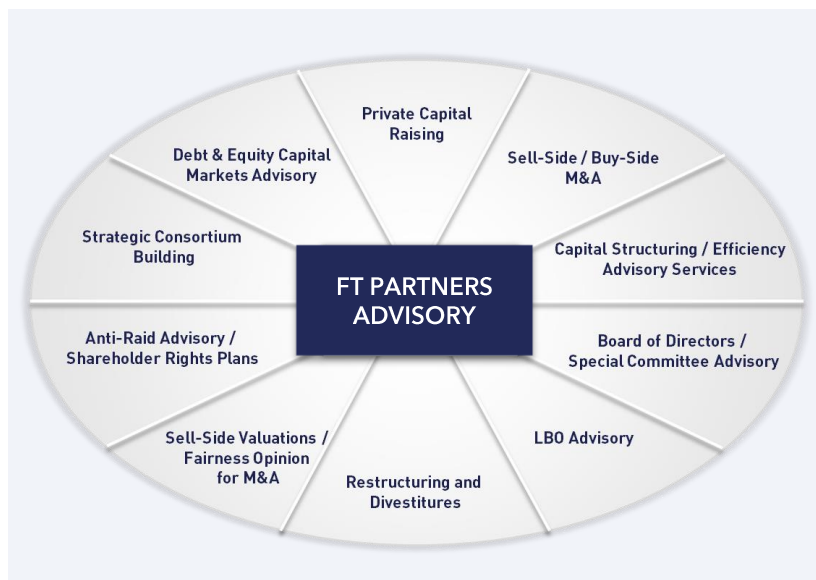


PagSeguro Completes its IPO Raising \$2.3 billion (NYSE:PAGS)

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"

Steve McLaughlin: *Founder & CEO*

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IPO Overview

Key IPO Statistics

President & CEO:	Ricardo Dutra da Silva
Headquarters:	Sao Paulo, Brazil
Founded:	2006
Employees:	1,020
<hr style="border-top: 1px dashed green;"/>	
Prospectus File Date:	December 26, 2017
Ticker:	NYSE:PAGS
Gross Proceeds:	\$2.3 bn
Shares:	105.4 million
Filing Range:	\$17.50 – \$20.50
Listing Date:	January 24, 2018
Offer Price:	\$21.50

Use of Proceeds

The Company intends to use the offering proceeds to finance working capital, fund selective acquisitions and invest in technology and products. Remaining proceeds will be used for general corporate purposes.

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

FORM F-1

PagSeguro Digital Limited



(NYSE:PAGS)

Ricardo Dutra da Silva
Chief Executive Officer
Av. Brigadeiro Faria Lima
Sao Paulo, Brazil 01451-001

Goldman
Sachs

Bank of America
Merrill Lynch

Deutsche Bank



J.P.Morgan

Morgan Stanley



Bradesco

CREDIT SUISSE

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PagSeguro Overview

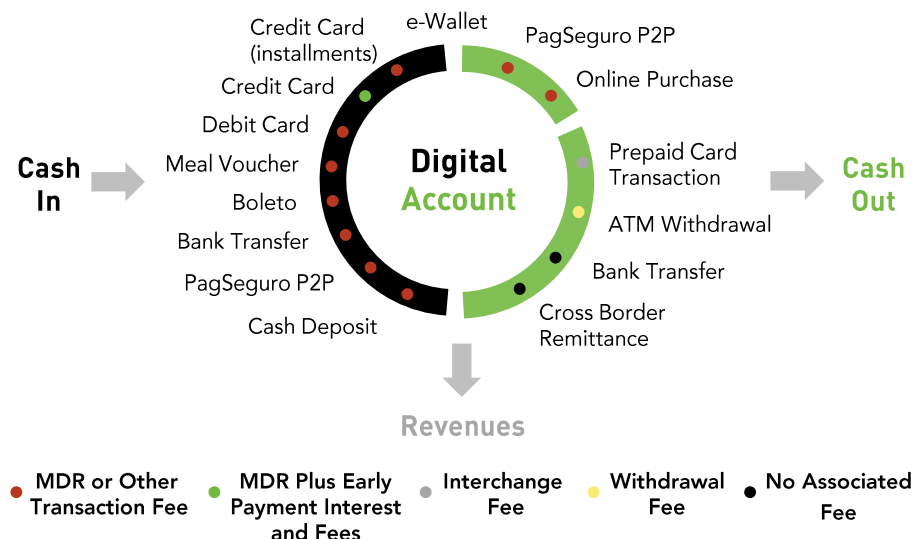
Company Overview

- PagSeguro offers technology-driven solutions to micro-merchants and to small and medium-sized companies throughout Brazil
- The Company enables its customers to manage and grow their businesses through five key pillars:
 - Multiple digital payment solutions
 - POS devices
 - Free digital accounts
 - Prepaid card issuing
 - Acquiring
- The Company provides small businesses with valuable services necessary for growth
 - According to a recent survey, 75% of new merchants were unable to accept card payments before signing with PagSeguro
 - PagSeguro's digital accounts allow businesses to accept and manage payments without opening a bank account
 - These digital accounts offer more than 30 payment methods and six cash-out options
- In late 2017, PagSeguro acquired a controlling interest in BIVACO Holding, allowing the Company to provide online peer-to-peer (P2P) lending services between PagSeguro customers

Key Stats ⁽¹⁾

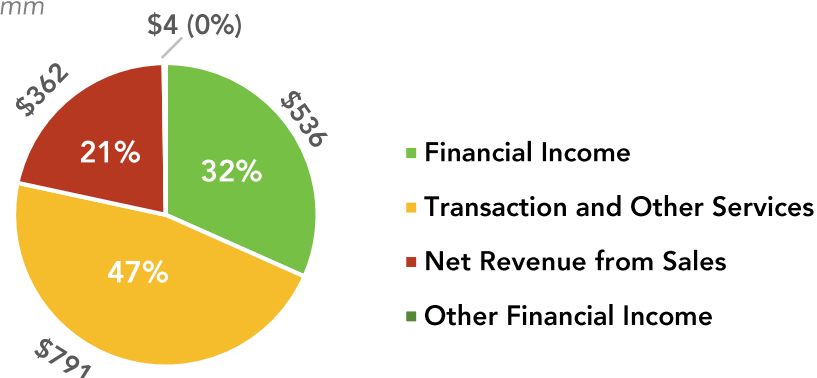
- ✓ Present in All 26 States in Brazil
- ✓ 2.5 million Active Merchants
 - Up from 1.4 million in 2016
- ✓ \$6.9 billion Total Processing Volume
 - Up from \$3.8 billion in 2016
- ✓ \$4,219 Average Spending per Active Merchant
 - Up from \$3,445 in 2016

PagSeguro Ecosystem



Revenue Mix (nine months ended September 30, 2017)

\$ in mm





Competitive Strengths

Disruptive Provider of Payment Solutions

- New approach to transaction processing and cash management for Brazil
- Solutions for a broad range of customers including those previously unreachable due to lack of bank accounts
- Innovative products, solutions and value-added services for merchants

Trusted Brand with Strong Relationships

- Established and trusted brand through both PagSeguro and UOL
- Continual brand recognition growth through traditional and modern marketing
- Strong merchant and consumer relationships driven by service and support

Customer-Focused Approach

- Long history of operations in Brazil allows the Company to truly understand the market and its customers
- Country-specific offerings like boletos, installments and early payment of receivables
- Mobile compatibility to meet changing customer needs

Highly Scalable Proprietary Technology

- With UOL Diveo backing, services are able to retain high availability even during peak-volumes
- 10 years of transactional data allows the Company to constantly update technology to fight against fraud and chargebacks
- Support for third-party solutions including Feedzai, Emailage and Threatmetrix

Strong and Experienced Management Team

- Highly experienced management team with vast knowledge of the Brazilian payments space
- Management has experience in online payments, retail, financial services, technology, payment processing, point-of-sale, acquiring and card issuance



Executive Team

Ricardo Dutra da Silva
CEO & Board Member

- Ricardo has served on the Board of Directors since 2017 and as CEO of PagSeguro Brazil and UOL Digital Content and Products since 2016
- He held various management positions within UOL before his current position at PagSeguro
- Ricardo previously was a management consultant at Bain & Company

Luis Frias
Chairman & Principal
Executive Officer of UOL

- Luis founded UOL in 1996 and has expanded it into Brazil's leading internet company
- He served as PagSeguro's Chairman since December 2017
- Luis previously joined Grupo Folha in 1981 and served as the Principal Executive Officer since 1989

Eduardo Alcaro
Board Member, Chief Financial
and Investor Relations Officer &
Chief Accounting Officer

- Eduardo has been a Board Member and served as PagSeguro's Chief Financial and Investor Relations Officer and Chief Accounting Officer since December 2017
- He has also been the CFO of UOL Group and Executive Officer of Grupo Folha since 2011
- Eduardo previously held various management positions at Walmart USA and Walmart Brazil

Maria Judith de Brito
Board Member

- Maria has been a member of the Board of Directors since July 2017
- She has been Head of HR, Legal Matters and Institutional Relations at UOL Group since 1996 and Vice Chairman of UOL's Board of Directors since 2005
- Maria also currently works as the Superintendent of Grupo Folha

Noemia Gushiken
Board Member

- Noemia will join the Board of Directors in 2018
- She currently works as a strategic advisor for family offices and startups in Brazil, where she brings 20 years of technology and consumer expertise
- Prior to her current role, she served as the Operations Director at Cerveja Proibida from 2013 to 2017

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Industry Overview

Significant Room for Growth of Digital and Alternative Payments, Opportunity for Market Disruption

% of Population (above 15 years old)

Banking Market
Concentration
(HHI)

Has a
Bank Account

Has a
Credit Card

Has Made a
Digital Payment

Has Paid Using
Mobile Device

Has Paid Bills or
Made Purchase
Online



1,248 (#18)

68%

32%

59%

4%

9%



714 (#36)

94%

90%

92%

32%

65%



432 (#42)

97%

62%

97%

30%

73%



208 Million Citizens⁽¹⁾
5th Largest Population



⁽¹⁾
\$1.8 Trillion GDP
9th Largest Economy



**GDP Real Growth
Rate Forecast⁽²⁾**
3% 2018E

Source: Company website, prospectus

(1) The World Bank - 2016 data except when noted otherwise

(2) Reuters: "UPDATE 1-Brazil government raises 2017, 2018 GDP growth estimates"



Competitive Strengths

Selected Industry Risk Factors

Brazilian Federal Law No. 12,865/13

- Took effect on October 9, 2013
- The Company applied for authorizations from the Central Bank for its digital account, prepaid card and acquirer activities
- While the Company can continue these activities pending authorization, there is no assurance of authorization
- If the court's interpretation of early payment of receivables changes, this law could also potentially affect features the Company currently offers to merchants

Laws and Regulations

- Tax laws, regulations and related interpretations are subject to change

Industry Changes

- Legal, class action and administrative proceedings could affect business
- Public perception regarding the industry changes constantly
- Consumer payment methods are similarly changing constantly
- The growth of the Company is dependent on the continued growth of the e-commerce and digital payments markets in Brazil

Selected Business Risk Factors

Technological Developments

- Ability to keep pace with rapidly evolving payments and e-commerce markets
- Reliance on third parties for development of and access to new technology

Competition

- Intensified competition and pricing pressure from regional and large international players
- Longstanding, exclusive merchant relationships with competitors

Failure / Disruption in IT systems

- PagSeguro Platform is integral to the Company's business operations
- Internet data centers contracted to UOL Diveo
- Cybersecurity risks and security breaches

Dual Class Capital Structure

- The largest shareholder, UOL, will own 100% of the Company's Class B shares
- This ownership represents roughly 95% of the issued share voting power following the offering
- The dual class capital structure will exclude the stock from certain indices, which may impact the stock price

Strong Brand

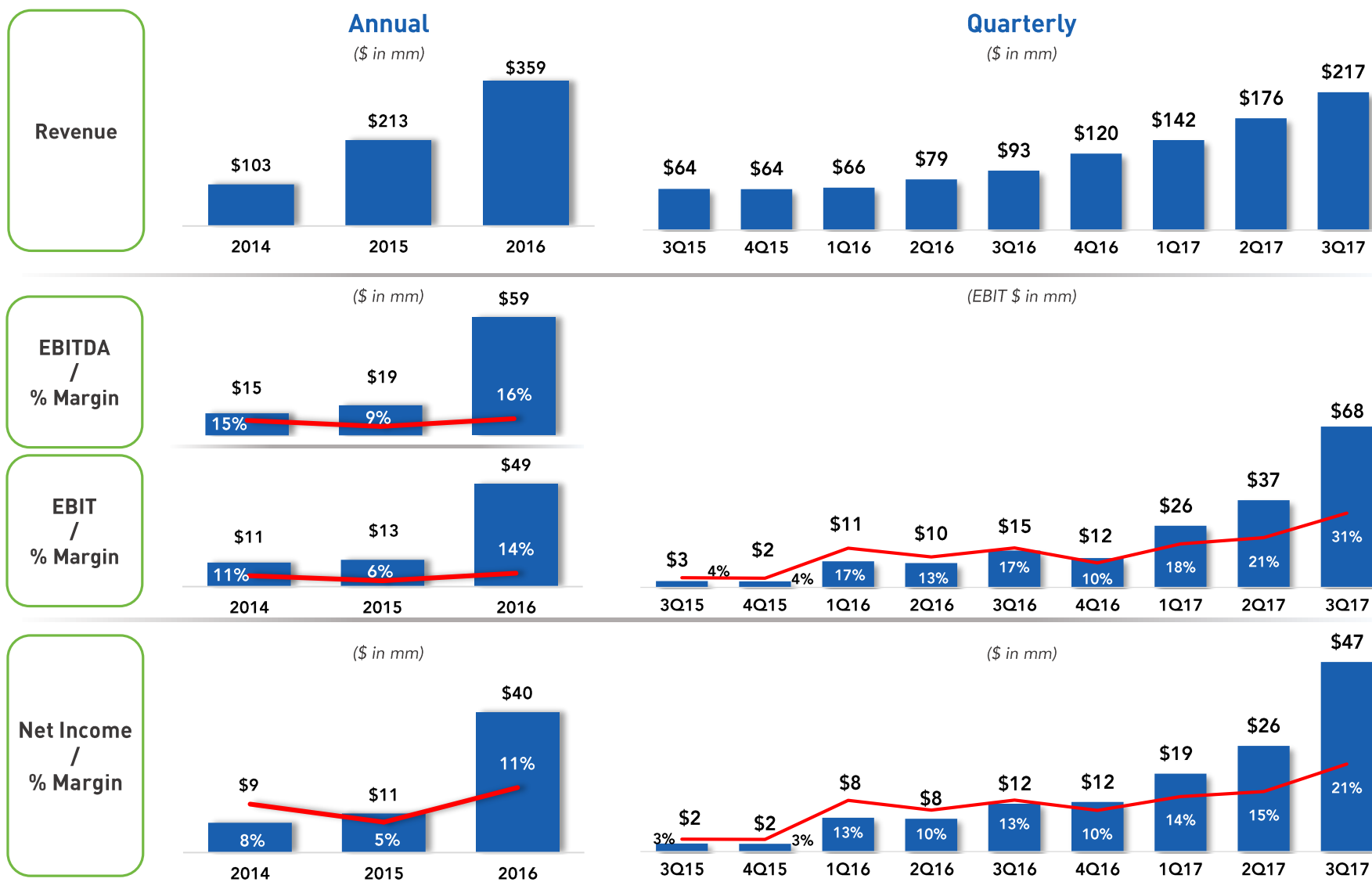
- Trusted brand name of both PagSeguro and positive public image of UOL, the controlling shareholder, are critical to the Company's success

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Financial Overview



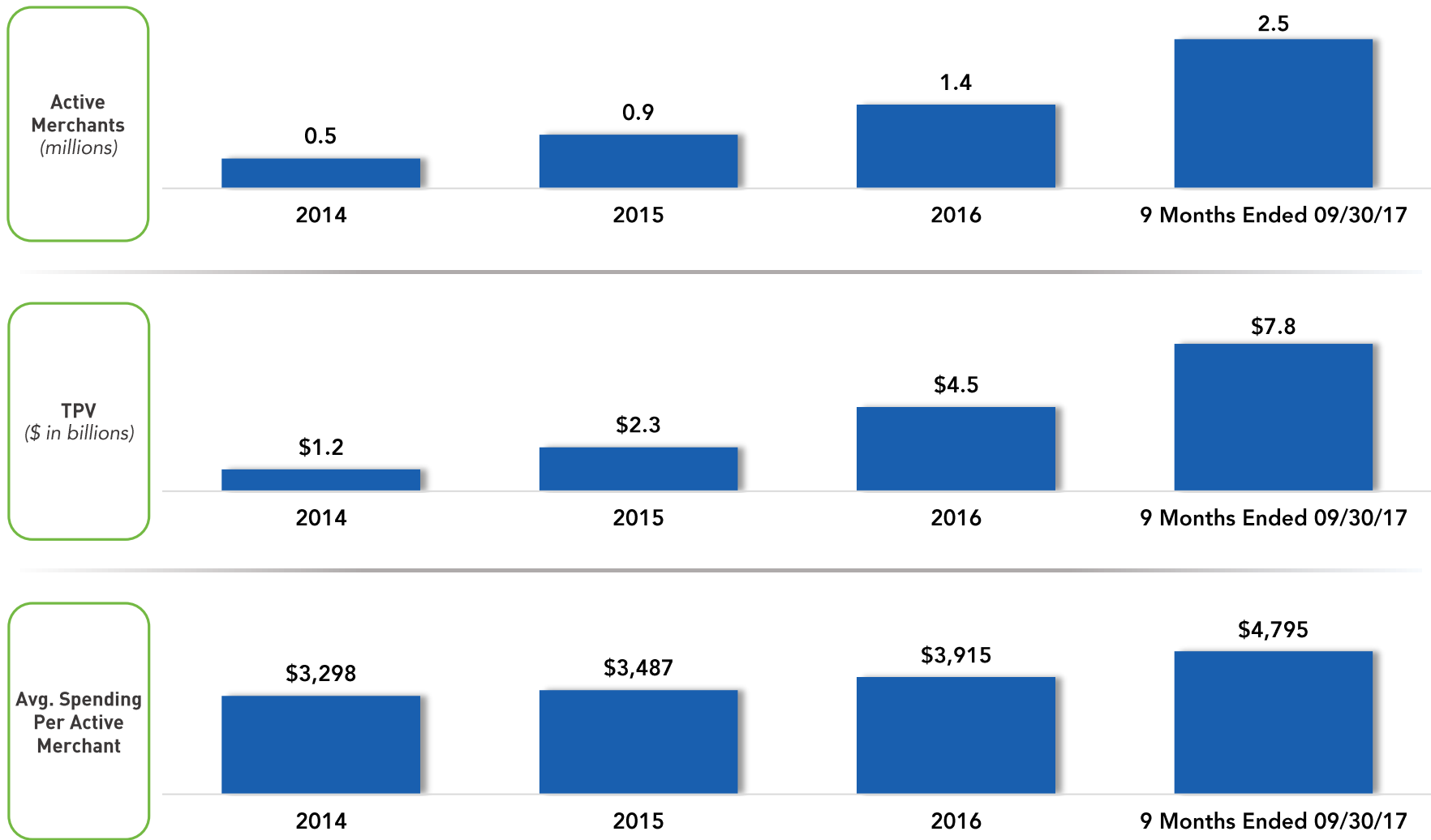
Source: Company prospectus

All financials converted using exchange rate of R\$3.1680 to US\$1.00, used by the Company in its registration statement

PagSeguro Completes its IPO Raising \$2.3 billion



Key Business Metrics Overview



Source: Company prospectus
2014 and 2015 financials converted using exchange rate of R\$3.1680 to US\$1.00, used by the Company in its registration statement

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Publicly Traded Comparables

Company Name	Price 01/25/18	% MTD Change	% LTM High	Market Value (\$ mm)	Enterprise Value (\$ mm)	Price / Earnings			Multiples EV / EBITDA			EV / Revenue			Growth Rates Revenue			EPS		Margins EBITDA		P / E / G CY 18E
						LTM	CY 18E	CY 19E	LTM	CY 18E	CY 19E	LTM	CY 18E	CY 19E	CY 18E	CY 19E	LT	CY 18E	CY 19E			
MERCHANT ACQUIRING / PROCESSING																						
First Data	\$ 18.25	9 %	95 %	\$ 17,565	\$ 38,650	36.2 x	12.0 x	10.8 x	13.7 x	11.8 x	11.0 x	4.8 x	4.9 x	4.7 x	6 %	5 %	12 %	42 %	43 %	1.0 x		
Global Payments	112.38	12	100	17,931	22,169	69.0	23.4	20.3	18.6	16.0	14.5	5.2	5.5	5.1	14	9	18	35	35	1.3		
Square	45.07	30	91	19,480	18,966	nm	nm	60.4	nm	76.7	45.6	9.3	14.8	11.5	32	29	nm	19	25	na		
TSYS	88.20	12	100	16,381	18,941	39.5	21.1	18.7	16.4	14.3	13.3	3.8	5.1	4.8	10	6	15	35	36	1.4		
Worldpay	80.57	10	101	13,213	17,926	52.5	22.0	18.4	19.6	9.3	8.0	4.6	4.6	4.1	86	10	15	49	52	1.5		
Worldline	55.60	9	96	7,459	7,102	52.5	32.2	27.7	23.8	14.9	13.4	3.9	3.3	3.1	9	7	17	22	23	1.9		
Nets	27.62	1	100	5,535	6,713	37.7	24.8	22.1	18.6	13.2	12.7	5.2	4.9	4.7	5	3	23	37	37	1.1		
EVERTEC	15.38	13	79	1,113	1,711	24.5	11.4	9.5	11.6	9.9	8.7	4.2	4.3	4.1	0	6	2	43	47	nm		
Median		11 %	98 %			39.5 x	22.0 x	19.5 x	18.6 x	13.7 x	13.0 x	4.7 x	4.9 x	4.7 x	10 %	7 %	15 %	36 %	37 %	1.4 x		
Mean		12	95			44.6	21.0	23.5	17.5	20.8	15.9	5.1	5.9	5.3	20	9	15	35	37	1.4		
ONLINE FOCUSED PAYMENTS																						
PayPal	\$ 84.50	15 %	99 %	\$ 101,695	\$ 91,089	86.7 x	37.4 x	30.6 x	38.9 x	22.6 x	19.0 x	7.4 x	6.0 x	5.1 x	17 %	17 %	21 %	26 %	27 %	1.8 x		
Wirecard	124.01	7	89	15,324	14,360	73.9	35.0	27.4	31.3	21.5	17.3	8.4	6.2	5.1	26	21	25	29	30	1.4		
Shopify	124.49	23	100	13,329	12,403	nm	nm	nm	nm	nm	nm	21.4	13.0	9.7	45	34	22	5	9	na		
PagSeguro	29.43	na	na	9,051	9,038	85.5	na	na	nm	na	na	20.3	na	na	na	na	na	na	na	na		
Pushpay	4.18	0	94	1,145	1,120	nm	nm	nm	nm	nm	28.3	21.7	7.4	4.8	72	52	na	nm	nm	na		
SafeCharge	6.32	5	97	958	796	38.8	20.2	18.0	18.9	14.4	12.5	5.3	4.4	3.9	13	13	13	31	31	1.6		
Boku	0.86	18	96	193	207	nm	na	37.4	nm	48.2	17.4	10.9	6.5	5.2	32	25	na	13	30	na		
Bango	2.73	(26)	68	184	176	nm	nm	na	nm	61.8	na	35.5	15.3	na	98	na	na	nm	na	na		
JetPay	2.35	(7)	48	37	102	nm	nm	na	23.1	15.0	na	1.4	1.1	na	18	na	na	8	na	na		
Earthport	0.16	6	36	76	49	nm	nm	nm	nm	nm	nm	1.1	1.0	0.8	13	22	na	nm	(6)	na		
Median		6 %	94 %			79.7 x	35.0 x	29.0 x	27.2 x	22.0 x	17.4 x	9.6 x	6.2 x	5.1 x	26 %	22 %	21 %	20 %	28 %	1.6 x		
Mean		4	81			71.2	30.9	28.4	28.1	30.6	18.9	13.3	6.8	5.0	37	26	20	19	20	1.6		
BRAZILIAN FINTECH																						
Cielo	\$ 8.61	15 %	95 %	\$ 23,382	\$ 25,790	20.4 x	16.8 x	15.4 x	15.9 x	14.5 x	13.2 x	6.9 x	6.5 x	6.1 x	5 %	6 %	6 %	45 %	46 %	3.0 x		
Smiles	25.83	7	85	3,203	3,083	77.1	15.6	14.2	na	12.4	10.9	21.9	4.7	4.1	13	14	10	38	38	1.6		
Multipius	11.26	1	75	1,825	1,359	12.3	12.9	11.8	7.4	7.2	6.7	1.9	1.8	1.7	4	7	7	25	25	1.9		
Linx	7.11	4	96	1,166	1,019	52.1	29.2	26.6	34.2	19.2	16.8	5.8	5.0	4.4	14	13	15	26	26	1.9		
Netshoes	2.79	11	32	72	78	nm	nm	nm	nm	14.2	11.0	0.1	0.4	0.3	18	17	na	2	3	na		
Median		7 %	85 %			36.2 x	16.2 x	14.8 x	15.9 x	14.2 x	11.0 x	5.8 x	4.7 x	4.1 x	13 %	13 %	8 %	26 %	26 %	1.9 x		
Mean		7	77			40.5	18.6	17.0	19.2	13.5	11.7	7.3	3.7	3.3	11	11	9	27	28	2.1		

Selected FT Partners' Research – *Click to View*



Global Money Transfer



Transaction Security



Heartland's Sale to Global Payments



Adyen's Rise to One of the Most Valuable Payments Companies



CardConnect's \$750 million to First Data



Central Payment's Strategic Investment from TSYS



Marqeta's \$25 million Financing Led by Visa



NMI's Majority Investment From Francisco Partners



Remitly's \$115 million Financing Led By PayU



Cayan's \$1.05 billion Sale to TSYS



FinTech Acquisition Corp II Acquires Intermex for an EV of \$365 million

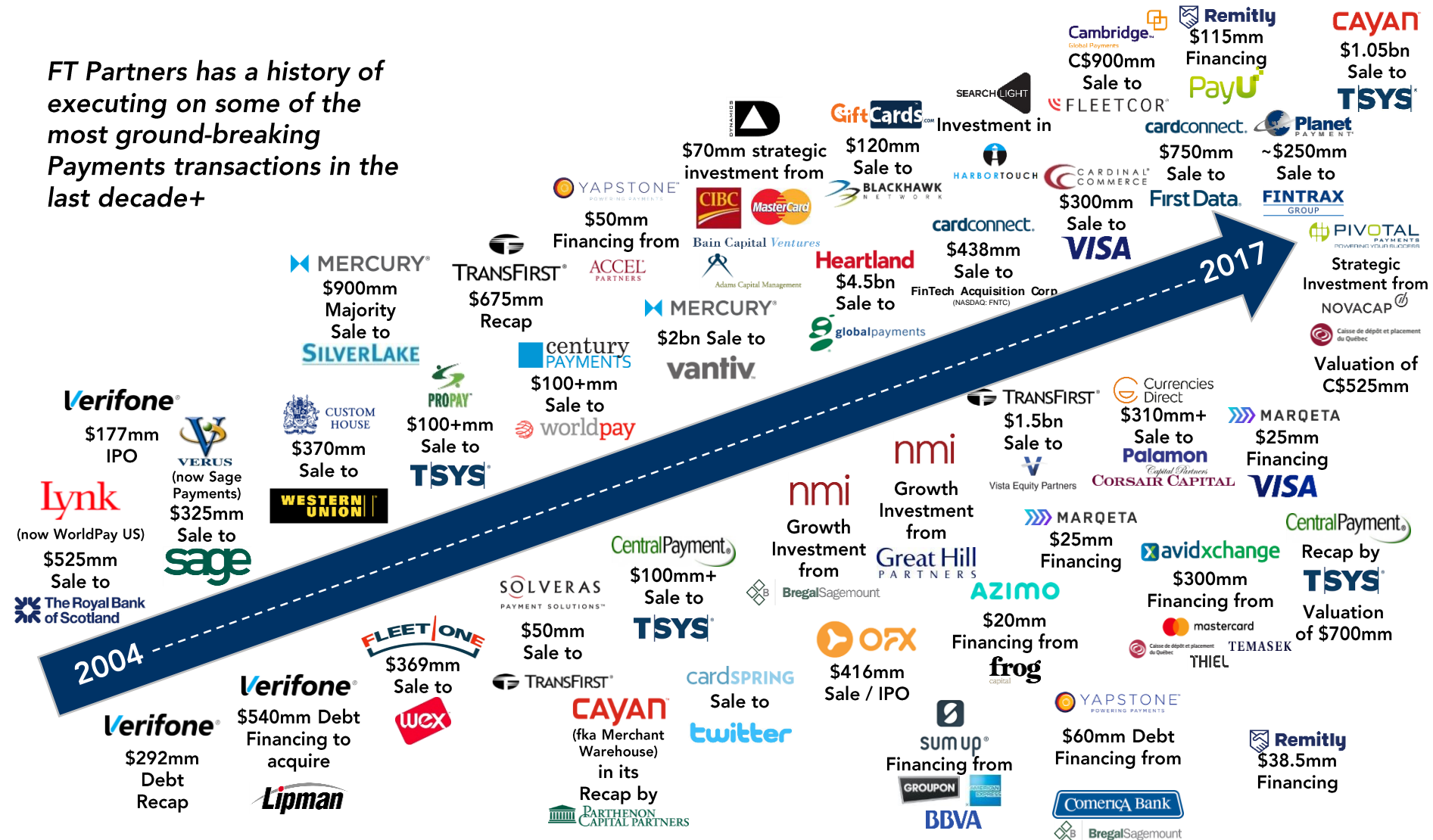


WorldRemit Raises \$40 million Series C Financing

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Timeline of Selected FT Partners Payments Processing Transactions

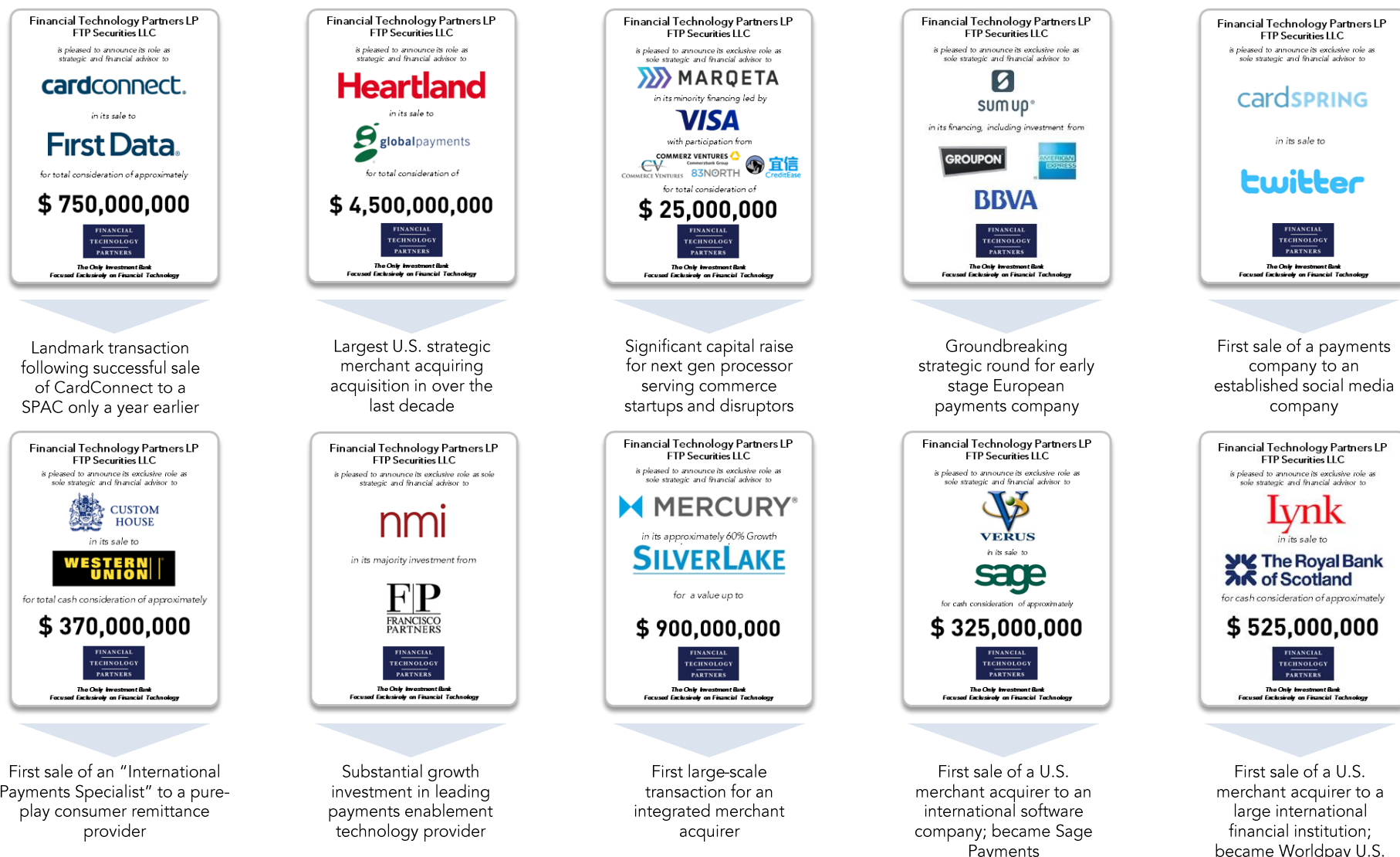
FT Partners has a history of executing on some of the most ground-breaking Payments transactions in the last decade+



Strong Domain Expertise in Payments Investment Banking



Ground-Breaking Payments Transactions Pioneered by FT Partners



Award-Winning Investment Bank Franchise Focused on Superior Client Results

Institutional Investor
Institutional Investor
Annual Ranking

2017
2015 - 2016
2006 - 2008

- Ranked #1 Most Influential Executive on Institutional Investor's FinTech 40 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"

I The Information

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
Steve McLaughlin <i>Founder, CEO and Managing Partner</i>		<ul style="list-style-type: none"> Formerly with Goldman, Sachs & Co. in New York and San Francisco from 1995-2002 Former Co-Head of Goldman Sachs' Financial Technology Group (#1 market share) Wharton M.B.A. 	23
Greg Smith <i>Managing Director</i>		<ul style="list-style-type: none"> Formerly award winning Equity Research Analyst at Merrill Lynch / J.P. Morgan / Hambrecht & Quist 20+ years of experience covering FinTech as both an Analyst and Investment Banker 	22
Osman Khan <i>Managing Director</i>		<ul style="list-style-type: none"> Former Managing Director / Head of FIG M&A at Alvarez & Marsal 15+ years FIG deal, consulting and assurance experience at PwC 40 Under 40 M&A Advisor Award Winner in 2013 LSE (BSc w/Honors), MBS (MBA w/Distinction), ICAEW (FCA) 	21
Steve Stout <i>Managing Director</i>		<ul style="list-style-type: none"> Former Global Head of Strategy at First Data Formerly Led J.P. Morgan Payments Investment Banking Former Equity Research Analyst on #1 ranked team at UBS and Economist at the Federal Reserve Bank 	20
Tim Wolfe <i>Managing Director</i>		<ul style="list-style-type: none"> Formerly with Goldman, Sachs & Co. beginning in 2000 Started at FT Partners in 2002 40 Under 40 M&A Advisor Award Winner 2013 Harvard M.B.A. 	16
Timm Schipporeit <i>Managing Director</i>		<ul style="list-style-type: none"> 11+ years with Morgan Stanley, Senior Executive Director of European Technology Investment Banking Team in London Formerly a Venture and Growth Investor focused on FinTech at Index Ventures 	15
Andrew McLaughlin <i>Managing Director</i>		<ul style="list-style-type: none"> 20+ years experience executing / implementing financial and operational strategy Formerly with Deloitte Consulting 	12