

## Deal of the Week: Visa to Buy Plaid for \$5.3B

Announcement Date	<ul style="list-style-type: none"> <li>January 13, 2020</li> </ul>	
Acquirer	<ul style="list-style-type: none"> <li>Visa, Inc. (NYSE: V)</li> </ul>	
Acquirer Description	<ul style="list-style-type: none"> <li>Visa operates as a payments technology company worldwide. The company facilitates commerce through the transfer of value and information among consumers, merchants, financial institutions, businesses, strategic partners, and government entities. It operates VisaNet, a processing network that enables authorization, clearing, and settlement of payment transactions. In addition, the company offers card products</li> <li>Provides services under the Visa, Visa Electron, Interlink, V PAY, and PLUS brands</li> <li>Incorporated in 2007 and headquartered in San Francisco, CA</li> </ul>	
Acquirer Financial Statistics	<ul style="list-style-type: none"> <li>Mkt Cap: \$374.2 billion</li> <li>EV: \$383.7 billion</li> <li>LTM Revenue: \$23.5 billion</li> </ul>	<ul style="list-style-type: none"> <li>LTM EBITDA: \$16.1 billion</li> <li>LTM EV / Revenue: 16.3x</li> <li>LTM EV / EBITDA: 23.4x</li> </ul>
Target Company	<ul style="list-style-type: none"> <li>Plaid, Inc.</li> </ul>	
Target Description	<ul style="list-style-type: none"> <li>Plaid is a data network that powers the fintech tools millions of consumers rely on to live healthier financial lives. It is used by thousands of digital financial apps and services like Acorns, Betterment, Expensify, and Venmo, and by many of the largest banks to make it easy for consumers to connect their financial accounts with the apps and services they want to use</li> <li>Connects with over 11,000 financial institutions across the U.S, Canada and Europe</li> <li>Founded in 2013 and headquartered in San Francisco, CA</li> </ul>	
Target Financial Statistics (was privately held prior to purchase)	<ul style="list-style-type: none"> <li>Mkt Cap: NA</li> <li>EV: NA</li> <li>LTM Revenue: NA</li> </ul>	<ul style="list-style-type: none"> <li>LTM EBITDA: NA</li> <li>LTM EV / Revenue: NA</li> <li>LTM EV / EBITDA: NA</li> </ul>
Acquirer Advisor	<ul style="list-style-type: none"> <li>Lazard</li> </ul>	
Target Advisor	<ul style="list-style-type: none"> <li>Goldman Sachs</li> </ul>	
Price / Consideration	<ul style="list-style-type: none"> <li>\$5.3 billion</li> </ul>	<ul style="list-style-type: none"> <li>Cash and stock</li> </ul>
Rationale	<ul style="list-style-type: none"> <li>Deal is expected to result in an acceleration of revenue growth in 2021 of 0.8% - 1.0%. Additionally, there is an expected non-GAAP EPS dilution of 1% - 1.5% in 2021. The transaction is expected to be accretive to non-GAAP EPS by the third year post-deal</li> <li>The acquisition of Plaid represents Visa's entry into a new business and a complementary enhancement to its existing business. First, Plaid's fintech-centric business opens new market opportunities for Visa both in the U.S. and internationally. Second, the combination of Visa and Plaid provides the opportunity to deliver enhanced payment capabilities and related value-add services to fintech developers. Finally, the acquisition will enable Visa to work more closely with other fintech companies through all stages of their development and drive growth in Visa's core business</li> <li>"This acquisition is the natural evolution of Visa's 60-year journey from safely and securely connecting buyers and sellers to connecting consumers with digital financial services," said Al Kelly, CEO and chairman of Visa. "The combination of Visa and Plaid will put us at the epicenter of the fintech world, expanding our total addressable market and accelerating our long-term revenue growth trajectory."</li> </ul>	
Deal Points	<ul style="list-style-type: none"> <li>Visa will pay \$5.3 billion for Plaid, consisting of a cash payment of \$4.9 billion and \$400 million in deferred equity and retention equity in the form of restricted Visa stock</li> <li>Cash consideration will be funded with cash on hand and new debt issuance</li> </ul>	
Of Note	<ul style="list-style-type: none"> <li>The \$5.3 billion price is double what Plaid was reportedly valued at during its last fundraising, when it took a \$250 million Series C round that was announced in December 2018</li> </ul>	