



Evolve
Capital Partners

GreenSky, Inc.

May 2018

Summary of Initial Public Offering



**SPECIALIZED INVESTMENT BANKERS AT
THE INTERSECTION OF FINANCE & TECHNOLOGY**

GreenSky, Inc. IPO – Executive Summary

Initial Public Offering Overview



NASDAQ:GSKY



Description

GreenSky, Inc. is a financing and payments technology company that operates a platform that provides credit solutions. The company's lending platform enables retailers, healthcare providers, and home contractors to offer Point of Sale (PoS) credit to their customers.

The platform also allows businesses to offer flexible credit programs to their customers, facilitating an increase in sales volume for merchants and a more diversified portfolio of high-quality consumer loans for partner banks.



Use of Proceeds

The company intends to use the proceeds to purchase newly-issued Holdco Units from GS Holdings and units from exchanging members, to redeem shares of Class A common stock from equity holders of the former corporate investors and for other corporate purposes.

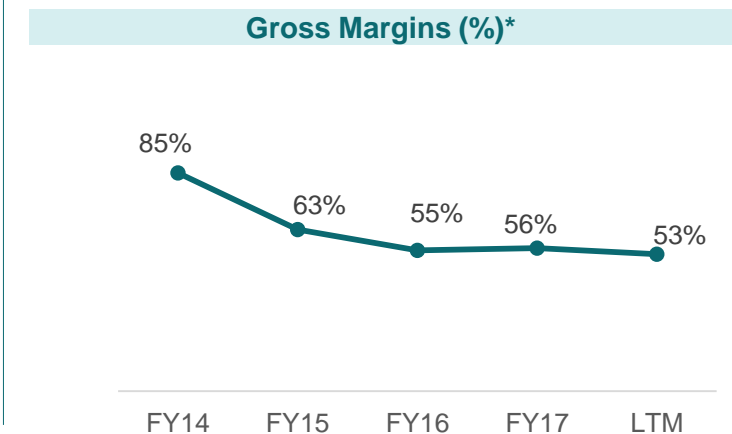
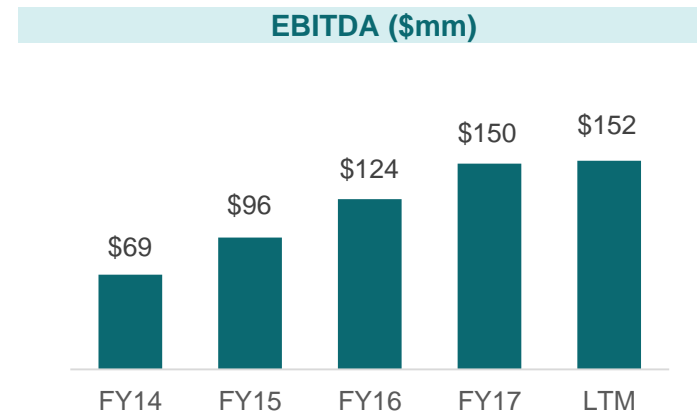
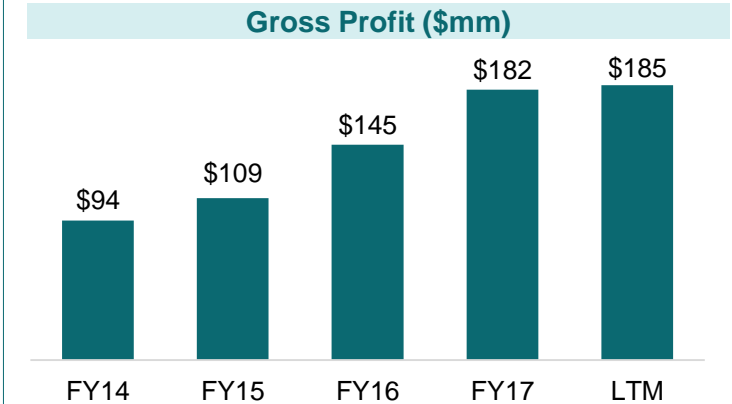
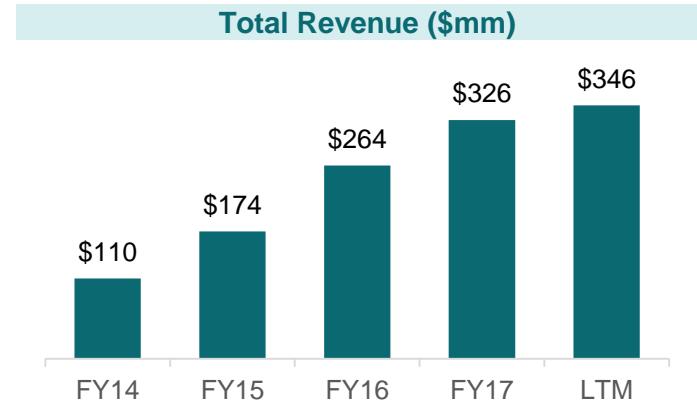
 Headquarters	Atlanta, Georgia
 Founded	2006
 Employees	949
 Trading Date	05/24/2018
 Underwriters	 
 Offering Price	\$23.00
 Shares Offered	38 million
 Gross Proceeds	\$874 million

Source(s): GreenSky website, GreenSky S-1 filing, Pitchbook

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Key Metrics – IPO

Shares Offered through the IPO	38 million
Issue Price	\$23.00
Total Shares Outstanding after the IPO	52 million
Market Value Implied Market Value (includes LLC Units)	\$1,196 million \$4,300 million
Enterprise Value	\$1,237 million
EV / Revenue	5.3x
Trading Date	05/24/2018
Listing Price	\$23.50
Listing Premium	\$0.50



Source(s): Capital IQ, Pitchbook, Media Reports

(1) Market Value has been calculated as Issue Price x Total Shares Outstanding after the IPO.

(2) Enterprise value is based on the calculated Market Value at Issue Price and preferred equity, debt and cash as of March 31, 2018 taken from Capital IQ.

(3) LTM Revenue has been taken as of March 31, 2018.

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Company Overview

OVERVIEW

- GreenSky, Inc. offers PoS loans through its platform, which give more affordable and extensive access to financing for customers.
- The company's online platform helps retailers, healthcare providers, and home contractors achieve higher sales volumes by allowing their customers to purchase on credit. The platform also enables the company's partner banks to build a portfolio of high-quality consumer loans with attractive risk-adjusted yields.
- Consumers with strong credit histories benefit from attractive financing options available through the platform. The company provides a fast, paperless, mobile-enabled loan approval and processing experience for consumers.
- The company's platform is powered by proprietary technology that supports the full transaction lifecycle, including credit application, underwriting, real-time allocation to bank partners, funding, settlement, and servicing.
- Merchants can offer two types of loans through the company's platform:
 - Deferred Interest Loans: Promotional deferred interest installment loans with interest rates ranging from 17.99% to 26.99%.
 - Reduced Rate Loans: Reduced-rate amortizing installment loans with interest rates ranging from 0% to 13.99% based on the plan selected.

Source(s): GreenSky website, GreenSky S-1 filing

* All date references for December 31, 2017

** Dollar-based retention refers to the transaction volume generated during a given year by each cohort of merchants relative to the transaction volume generated by the same merchant cohort in the prior year.

Key Statistics*

86%	revenue earned from transaction fees
11,000	active merchants on GreenSky's platform
1.6 million	consumers served by company since GreenSky's inception
\$11 billion	of transactions financed by bank partners
100%+	dollar-based retention**
23%	revenue growth from 2016 to 2017

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Company Offerings Overview

GreenSky program's process flow



Customer Applies

Step 1:

The customer applies for a loan online through the program website, by phone, or on the mobile application.



Customer Gets Approved

Step 2:

A credit decision is delivered in seconds; the approved customer receives a GreenSky account number and loan agreement from the lender.

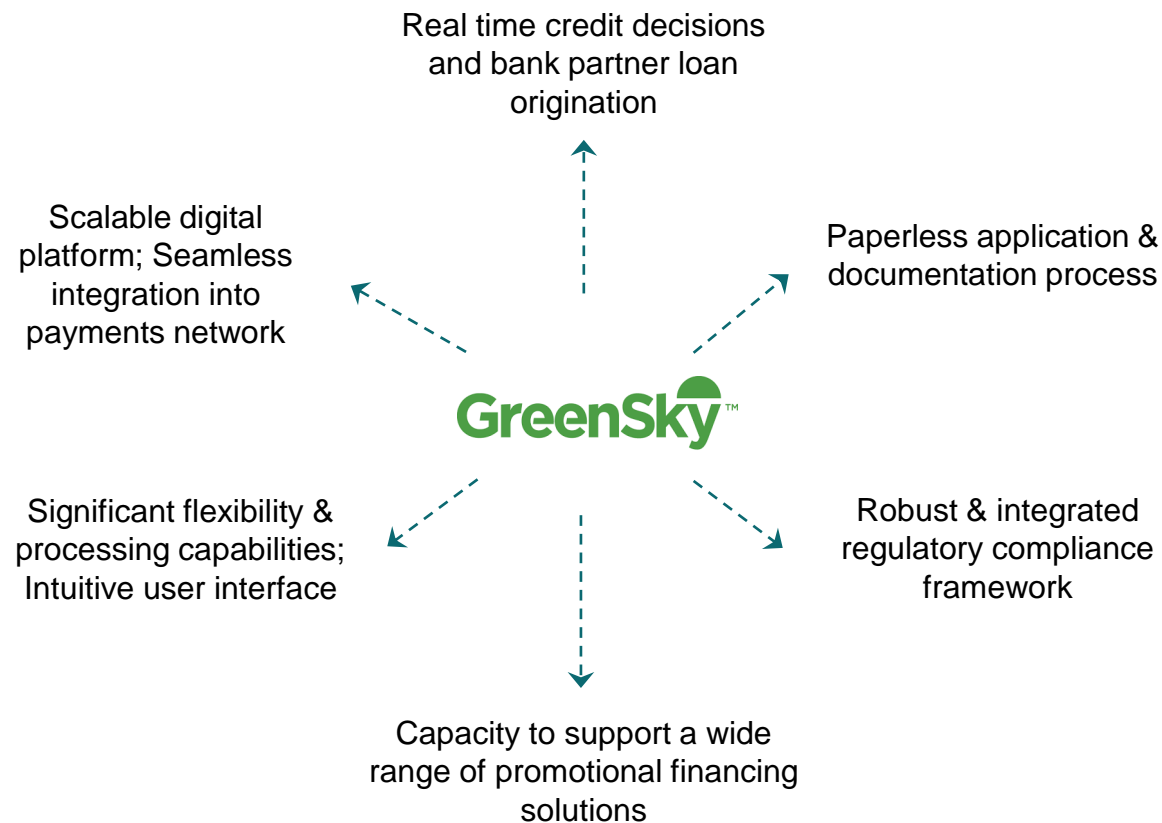


Customer receives funding & makes purchases

Step 3:

The customer receives the available financing and uses the GreenSky account number to make purchases. The payment is processed by merchants similar to how they process a credit card payment.

Benefits of GreenSky's platform



Source(s): GreenSky website, GreenSky S-1 filing

GreenSky, Inc. IPO – Executive Summary

Customer Case Studies

ServiceTitan



- ServiceTitan is a mobile, cloud-based software platform that helps home service companies streamline operations and improve customer service.
- In 2016, ServiceTitan integrated with GreenSky to provide its customers fast and simple financing for home improvement jobs.
- GreenSky's financing program helped ServiceTitan's residential contractors to:
 - **Close larger deals faster:** The integrated mobile app provided a quick and easy experience for homeowners to choose financing options and receive a credit decision.
 - **Increase average tickets with easy upsells:** The platform provided customers with an option to upgrade to higher-end products given availability of premium financing options.
 - **Better customer experience:** Many redundant processes were eliminated, and there was an improvement in the loan application and approval time for customers.

Bonfe Plumbing, Heating & Air Service



- Bonfe provides home repair services such as plumbing, heating, cooling and electrical to homeowners all across the Twin Cities metro area.
- The company's partnership with GreenSky enabled it to move away from paperwork and the time-consuming loan application process.
- Key benefits to Bonfe from integration with GreenSky included:
 - Ease of GreenSky's paperless application process
 - Increased sales – 60% of Bonfe's big ticket jobs financed through GreenSky
 - More business from GreenSky's existing customers
 - Better customer experience

Source(s): GreenSky website

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Market Opportunity

Several market dynamics represent opportunity for GreenSky

Large and growing home-improvement and elective healthcare markets

According to the Joint Center for Housing Studies at Harvard University, the home improvement market represented \$315 billion in spending volume in 2017. Spending on home improvement goods and services is expected to increase with the aging national housing inventory and rising home sales.

Also, the large and fragmented elective healthcare market provides an opportunity for GreenSky to penetrate the vertical further. This industry vertical, with significant consumer spending and financing volume, provides opportunity through an aging population, innovations in medical technology and healthcare cost inflation.

Banks not well positioned to lend at point-of-sale

Banks seek attractive risk-adjusted yields and portfolio diversification through exposure to consumer credit. However, their traditional consumer lending platforms include physical branch networks. Since consumers are increasingly using mobile devices to make payments and manage finances, there is an opening for a new lending channel at the point-of-sale. The trend is expected to continue with increased adoption of electronic transaction technologies.

Legacy financing solutions are less attractive to consumers

Providers of installment loan financing to consumers traditionally have required paper-based applications resulting in a time lag between the loan application and approval and a time lag from approval to funding. However, consumers increasingly desire smooth paperless transactions and quick funding options.

Source(s): GreenSky S-1 filing





GreenSky plans to leverage these market opportunities through the following strategies:

Grow merchant community	The company intends to continue building relationships with large high-sales volume merchants in its existing core markets.
Expand into new industry verticals	The company intends to expand beyond arranging financing for home improvement projects. It plans to explore other niche markets with creditworthy consumers who tend to make large-ticket purchases online and in-store.
Widen its spectrum of consumers and funding partners	The company plans to evaluate opportunities to assist its merchants in driving more sales by extending financing to a wider range of consumer credit profiles. The company may even expand its domain of bank partners to undertake new opportunities.
Leverage its customer base and bank partners to deliver new solutions	The company believes it has a substantial opportunity to cross market value-enhancing solutions to consumers and merchants. The company plans to broaden its monetization model and leverage its transaction data to attract incremental customers.

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Financing History

The company had raised a total of \$610 million prior to the IPO, with the latest valuation of \$4.50 billion. GreenSky's valuation for this IPO at \$4.3 billion represents a minor decrease from a year ago.

Date	Transaction Type	Amount (\$mm)	Post-Money Valuation (\$bb)	Key Investors	Transaction Notes
01/02/2018	Growth / Expansion	\$200	\$4.5	 PIMCO	The company received \$200 million of development capital from Pacific Investment Management Company. The company intended to use the funds to enter other categories in point-of-sale financing and for general corporate purposes.
09/08/2016	Growth / Expansion	\$50	\$3.6	 FIFTH THIRD BANK	The company received \$50 million of development capital from Fifth Third Bank on September 8, 2016 for a 1.4% stake in the company.
06/29/2015	Growth / Expansion	\$10	-	Undisclosed Investor	The company received \$10 million of development capital from an undisclosed investor on June 29, 2015.
12/05/2014	Growth / Expansion	\$350	\$2.0	 TPG	The company received \$350 million of development capital from TPG Growth, DST Global, ICONIQ Capital and Wellington Management for a 17.5% stake in the company. The company had a pre-money valuation of \$1.65 billion.
NA	Early Stage	NA	-	 QED INVESTORS	The company raised an undisclosed amount of venture funding from QED Investors.

Source(s): Pitchbook

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