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Global Payments, Inc. (GPN)

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MANAGEMENT DISCUSSION SECTION

Operator: Ladies and gentlemen, thank you for standing by, and welcome to Global Payments' Fourth Quarter and Full Year 2023 Earnings Conference Call. At this time, all participants are in a listen-only mode. Later, we will open the lines for your questions and answers. [Operator Instructions] And as a reminder, today's conference will be recorded.

At this time, I would like to turn the conference over to your host, Senior Vice President, Investor Relations, Winnie Smith. Please go ahead.

Winnie Smith

Senior Vice President-Investor Relations & Corporate Sustainability, Global Payments, Inc.

Good morning, and welcome to Global Payments' fourth quarter and full year 2023 conference call. Our earnings release and the slides that accompany this call can be found on the Investor Relations area of our website at www.globalpayments.com.

Before we begin, I'd like to remind you that some of the comments made by management during today's conference call contain forward-looking statements about, among other matters, expected operating and financial results. These statements are subject to risks, uncertainties, and other factors including the impact of economic conditions on our future operations that could cause actual results to differ materially from expectations. Certain risk factors inherent in our business are set forth in filings with the SEC, including our most recent 10-K and

subsequent filings. We caution you not to place undue reliance on these statements. Forward-looking statements during this call speak only as of the date of this call, and we undertake no obligation to update them.

We will be also referring to several non-GAAP financial measures which we believe are more reflective of our ongoing performance. For a full reconciliation of the non-GAAP financial measures discussed in this call to the most comparable GAAP measure in accordance with SEC regulations, please see our press release furnished as an exhibit to our Form 8-K filed this morning and our supplemental materials available on the Investor Relations section of our website.

Joining me on the call are Cameron Bready, President and CEO; and Josh Whipple, Senior Executive Vice President and CFO.

Now, I'll turn the call over to Cameron.

Cameron M. Bready

President, Chief Executive Officer & Director, Global Payments, Inc.

Thanks, Winnie; and good morning, everyone. We are pleased with our fourth quarter and full year 2023 results, which exceeded our initial expectations outlined last February. I am extremely proud of our teams around the world for their outstanding execution. Together, we accomplished a great deal in 2023.

Starting with our financial performance. For the full year, we achieved high single-digit adjusted net revenue growth and increased adjusted earnings per share 12%. This includes a more than 400 basis point headwind from the divestiture of our NetSpend Consumer business, which we completed early in the second quarter. We also expanded adjusted operating margins 90 basis points, including the impact of EVO Payments, which had a lower margin profile than Global Payments at the time of the acquisition.

Importantly, we delivered this performance consistently throughout the year despite ongoing headwinds, including macroeconomic uncertainty, persistent inflation, FX volatility and geopolitical unrest, highlighting the durability of our model.

Strategically, we also made significant progress during the year executing on a number of key initiatives. First, we successfully closed the acquisition of EVO Payments in March, which complements our strategy by providing further penetration into integrated payments, enhancing our B2B capabilities and expanding our exposure to stronger secular growth markets globally. Our integration has progressed quite well, and we remain on track to deliver on our revised target of \$135 million in annual run rate expense synergies within two years. And while revenue synergies generally take longer to materialize, we are more excited today than when we announced the transaction about opportunities we have to cross-sell our products and capabilities into EVO's existing customer base. We are continuing to invest in these opportunities in 2024 and expect them to scale more fully in 2025.

Further, we completed the divestitures of our NetSpend Consumer assets and our Gaming Solutions business in April. These three transactions represent important milestones as we seek to advance our strategy and operate a simpler business model centered on our core corporate and financial institution customer base.

In our merchant business, that strategy is spearheaded by a software-centric approach, leveraging our strengths across our vertical markets, integrated and point-of-sale businesses. And we seek to drive distinction in our offerings by providing omni-channel capabilities and value-added commerce enablement solutions across our markets, including those that benefit from stronger payment digitization and secular growth trends. We continue to see good momentum in our Merchant Solutions as we execute against these strategies.

Starting with our vertical markets businesses, we had a number of notable achievements in 2023 across the portfolio. These include Xenial's new partnerships to be the official commerce technology provider for both the Atlanta Braves and Atlanta Hawks as we look to further expand our market presence in the stadium and event venue vertical.

In the United Kingdom, we renewed our relationship with Principality Stadium, home of Welsh rugby and football, and expanded our services with Wembley Stadium in London. We were also selected by leading food service management company, Sodexo, to be its preferred point-of-sale and kiosk partner and are now the partner of choice for the three largest players in the food service management space.

Our Education Solutions business delivered many new marquee customer additions across our K-12 and our university businesses and continue to expand to international markets, with School Solutions launching MySchoolBucks in Australia, and TouchNet achieving new wins in Canada, Australia and the United Kingdom. And our ACTIVE Network business had a record bookings year, signing 839 new logos, including its largest ever win in the community vertical with the City of Toronto.

Moving to partner and software solutions, we achieved record bookings in 2023, with new partners increasing 23% from the prior year. This was in part driven by the strong momentum we have seen with our new progressive payment facilitation, or ProFac model, that would be launched midyear. This hybrid option provides many of the benefits of being a payment facilitator while minimizing the heavy burden that comes with it. ProFac is unique to Global Payments, and we are delighted to have signed 16 ProFac partners to-date who already have thousands of merchant customers using our payment solutions.

Some notable new partners in our integrated business include 402 Ventures, a leading provider of auction software in the heavy equipment and machinery vertical; Autosoft, which provides a software management platform for auto dealerships; Black Knight, a leading provider of mortgages and loan origination software; and Inovalon, a leading data analytics ISV in the healthcare vertical. These trends, including the momentum we are seeing with ProFac, underscore our confidence in our ability to maintain consistent growth going forward, as our differentiated capabilities continue to resonate with the ISV market.

As for the third leg of our software strategy, our point-of-sale software business delivered strong growth for the full year as we continue to see solid demand for our solutions and benefit from the releases of new product enhancements. Notably, our average revenue per unit continues to expand, up 9% year-over-year, as more merchants are using payments and other add-on capabilities in our evolving POS platform. And of course, this is prior to the full launch of our complete next-generation restaurant and retail point-of-sale software platforms, which we continue to expect this quarter.

Lastly, our exposure to some of the most attractive secular markets globally remains a core element of our strategy, both in terms of contributing to our overall rates of growth and providing us the global footprint we need to support complex multinational corporations. We continue to see good trends across our businesses in Spain and Central Europe, each of which delivered high-teens growth. And key new European markets entered with EVO, including Poland and Greece, also achieved double-digit growth.

Further, we have seen favorable secular trends in LATAM where we meaningfully increased our footprint with EVO. This includes new implementations in Mexico with large customers like dLocal, DHL and Petro-7 as we leverage our partnership with Citibanamex.

Turning to Issuer Solutions, where we have longstanding relationships with some of the most complex and sophisticated institutions globally. We are proud to have completed 11 customer conversions in 2023. In total, we added over 50 million accounts to our business and ended the year with record traditional accounts on file of more than 800 million. We continue to have a strong pipeline of new business that extends into 2025 and as well as eight letters of intent with institutions worldwide.

In 2023, we achieved 13 multiyear renewals in new customer agreements. This includes a new contract with a leading US bank that is a longstanding Global Payments merchant partner, a relationship that provided the foundation for the growth of our partnership to include issuer technology solutions. We also continued to expand into new and faster growth markets, including in LATAM through our partnership with CAT, the credit card joint venture between Scotiabank and Chile's largest retailer, Cencosud.

The confidence that many of the largest and most sophisticated complex financial institutions have with us is enhanced by our issuer platform modernization efforts, which positions us to provide our clients market-leading, cloud-native, real-time solutions at scale in more markets than we ever had previously. We have made substantial progress with our modernization with two clients now in production leveraging products via our cloud solution. Further, we expect to complete the development of our client-facing applications this year and are planning to execute dozens of unique cloud issuer platform pilots spanning multiple services, products and geographies as we prepare for the commercial launch of additional cloud-native capabilities.

Moving to B2B, we continue to see solid demand for our leading capabilities across our three focus areas: software-driven workflow automation; money-in and money-out funds flow; and employer solutions. We have successfully integrated EVO's PayFabric software into our merchant business, allowing us to go to market in B2B acceptance with a software-led approach. Further, our MineralTree business nearly doubled subscription bookings in its core mid-market, positioning the business well heading into 2024. As one of the largest virtual card issuers in the world, we are benefiting from accelerated adoption of virtual cards globally, which contributed to strong growth in commercial transactions this year. Additionally, our B2B bookings in Merchant Solutions increased over 20% in 2023 as more of this spend shifts towards digital channels.

Our Employer Solutions are also seeing favorable trends, including our payroll business, delivering mid-teens growth for the full year, and our payroll and EWA solutions achieving nearly 2,000 new partnerships last year.

After an eventful and successful 2023, I'm pleased to report that we are carrying this momentum into the early part of 2024. In January, our merchant business announced a new joint venture with Commerzbank in Germany. This new entity, Commerz Globalpay, is expected to launch in the first half of 2024 and will deliver a comprehensive suite of innovative omni-channel payments and software offerings, including our GP point-of-sale software solutions and our GP touch-on-mobile technology at scale, providing merchants the capabilities needed to run and grow their businesses more efficiently in the largest economy in Europe.

We are delighted to be partnering with Commerzbank, a premier financial institution with unmatched relationships with small and medium-sized merchants, to significantly enhance distribution in Germany where there are substantial opportunities to further digitize the payment experience. This partnership was achieved because of Global Payments' leadership in payments technology and commerce solutions and extensive JV experience across European markets, while our acquisition of EVO helped provide a foundation with its existing physical presence and merchant portfolio in Germany.

In North America, we remain on track to launch our next-generation Heartland Restaurant and Heartland Retail offerings this quarter, which will provide best-in-class omni-channel experiences and further catalyze our success

in point-of-sale software. Early feedback on our next-generation restaurant point-of-sale solution has been overwhelmingly positive, including our new updated and enhanced features like online ordering, loyalty, mobile point-of-sale and a simplified user interface on commercial-grade hardware.

And our new retail POS solution will allow us to extend into additional retail verticals, which is the cornerstone of our broader strategy of sub-vertical expansion, allowing us to increase wallet share while also meeting the demands of a modern retail environment that brings supply chain, e-commerce, customer engagement and complex ERP functionality into a simplified and single ecosystem. This expansion not only aligns with our growth objectives, but also ensures we stay at the forefront of retail technology, providing our clients with the tools they need to thrive in a rapidly evolving market.

Our POS momentum also continues in the enterprise QSR space. We were delighted to be selected to power CosMc's, a new concept from the McDonald's universe. Xenial's cloud point-of-sale, drive-thru digital menu boards and Vision speed-of-service solutions are enabling an innovative new drive-thru traffic management system that supports CosMc's multiple drive-thru lanes and pickup windows, optimizing restaurant operations in a dynamic and flexible way.

CosMc's is also using Xenial's back office suite to provide real-time reporting and management of inventory, sales, labor, projections and scheduling. We are excited to have already launched with CosMc's at the initial Bolingbrook, Illinois restaurant concept in December and look forward to helping future-proof all-new pilot locations with our cloud-based technology ecosystem as they open in additional markets in 2024.

Our issuer business has also started the year well, having executed multiyear renewal agreements with two of our flagship clients: Capital One and Navy Federal Credit Union, both longstanding relationships spanning decades. Our renewal with Capital One includes both its consumer and commercial credit portfolios in North America. And for Navy Federal, a not-for-profit credit union serving the military, veterans and their families, our relationship supports its consumer portfolio as well as an array of value-added services, including loyalty, fraud and digital engagement solutions. The extension of these partnerships further validates our strategy of aligning our business with clear market winners.

Looking ahead, we remain encouraged by the resiliency we've seen in consumer spending and expect fairly similar trends in 2024. However, we recognize there remain a number of risks to the global economy and consumer and are appropriately reflecting this in our expectations. Our outlook does incorporate a slightly more tempered expectation for the macro environment relative to what we experienced in 2023, but is roughly aligned with what we saw exiting the year. January trends were fairly consistent with what you heard from the networks and broadly in line with our expectations. We are confident we have built a better and more durable business model, which positions us well to manage through any environment if the current backdrop changes.

With that, I'll turn the call over to Josh.

Joshua J. Whipple

Chief Financial Officer & Senior Executive Vice President, Global Payments, Inc.

Thanks, Cameron. We are pleased with our financial performance in the fourth quarter and for the full year, which reflects continued outstanding execution and the resiliency of our business model. I'm particularly proud that we delivered these results while simultaneously completing multiple transactions, which serve to accelerate our strategy.

Starting with the full year 2023. We delivered adjusted net revenue of \$8.67 billion, an increase of 7% from the prior year. Excluding the impact of dispositions, adjusted net revenue increased 15% compared to 2022. Adjusted operating margin for the full year improved 90 basis points to 44.6%. The net result was adjusted earnings per share of \$10.42, an increase of 12% compared to the full year 2022, which equates to over 16% growth excluding the impact of dispositions.

For the fourth quarter, we delivered adjusted net revenue of \$2.19 billion, an increase of 8% from the same period in the prior year. Adjusted operating margin for the quarter increased 30 basis points to 44.8%. This equates to 100 basis points of margin expansion excluding EVO Payments and dispositions. The net result was adjusted earnings per share of \$2.65, an increase of 10% compared to the same period in 2023.

Taking a closer look at performance by segment. Merchant Solutions achieved adjusted net revenue of \$1.67 billion for the fourth quarter, reflecting growth of 19% or approximately 8% excluding the impact of EVO and dispositions. Our performance was led by our software-centric businesses, which again delivered double-digit growth in the quarter. Specifically, we saw strength in Zego, School Solutions and AdvancedMD, which delivered strong double-digit growth for the fourth quarter, and our point-of-sale businesses again grew roughly 20%.

Focusing on faster growth geographies, we achieved double-digit growth in Spain and Central Europe as well as in Poland and Greece. Our LATAM business was another bright spot for the quarter as we benefit from the strong secular payments trends in Mexico and Chile. This performance was partially offset by ongoing weakness in the macro environment in the UK and Canada.

We delivered an adjusted operating margin of 47.7% in the merchant segment, a decline of 60 basis points due to the acquisition of EVO. Excluding EVO and dispositions, operating margins improved 40 basis points year-on-year. For the full year, we realized approximately 25% of our targeted expense synergies from EVO. And as Cameron mentioned, we expect to deliver on our raised expectation of \$135 million in annual run rate expense synergies within two years.

Our Issuer Solutions business produced adjusted net revenue of \$531 million, reflecting growth of 6% or 5% constant currency growth. The core issuer business also grew mid-single-digits this quarter, driven by ongoing strength in volume-based revenue. This was partially offset by slower growth in managed and output services as we continue to focus our issuer business on more technology enablement.

We added approximately 13 million traditional accounts on file sequentially. This equates to an increase of more than 50 million accounts year-over-year as we continue to benefit from the ongoing execution of our conversion pipeline in addition to healthy consumer and commercial account growth with our large existing FI customers. Issuer transactions grew high single-digits compared to the fourth quarter of 2022, led by commercial card transactions, which increased low double-digits, highlighting ongoing strength in cross-border corporate travel.

Focusing in on our issuer B2B portfolio. MineralTree delivered high-teens growth and achieved record bookings this quarter in its targeted mid-market segment while paycards saw improving trends as the business lapped a more difficult employment comparisons from the last year.

Finally, Issuer Solutions delivered an adjusted operating margin of 47.3%. As expected, this was relatively consistent with our third quarter performance, but represented a decline compared to the prior year due to a difficult comparison resulting from vendor benefits reflected in that period. For the full year, our issuer margins expanded 100 basis points, which exceeded our initial guidance for 60 basis points of margin improvement compared to 2022.

From a cash flow standpoint, we produced strong adjusted free cash flow for the quarter of \$784 million and \$2.5 billion for the year. This represents an approximately 100% conversion rate of adjusted net income to adjusted free cash flow for the full year, consistent with our expectations, excluding the impact of the requirement to capitalize research and development costs for income tax reporting purposes.

Capital investment was approximately \$157 million in the fourth quarter and roughly \$660 million for the full year. Since closing EVO in March, we have reduced outstanding debt by more than \$1.4 billion, and our leverage position was 3.4 times at the end of the fourth quarter. Our balance sheet remains healthy and we have approximately \$3.5 billion of available liquidity. Further, our total indebtedness is approximately 91% fixed with a weighted average cost of debt of 3.78%. While debt repayment was our top priority for capital allocation in 2023, we are pleased to have also repurchased 4 million shares for roughly \$410 million prior to closing EVO.

Turning to the outlook. We are pleased with how our business is positioned as we enter 2024. We currently expect reported adjusted net revenue to range from \$9.17 billion to \$9.30 billion, reflecting growth of 6% to 7% over 2023 or approximately 7-plus percent excluding EVO and dispositions. We are forecasting annual adjusted operating margin to expand up to 50 basis points for 2024, driven by benefits to our business mix from our ongoing shift towards technology enablement, partially offset by the lower margin profile of EVO prior to full synergy realization.

To provide color at the segment level. We expect our merchant business to report adjusted net revenue growth of 9-plus percent for the full year. This includes growth in the 7% to 8% range excluding the impact of the acquisition of EVO and the disposition of Gaming Solutions. We will fully annualize the transactions by the end of the first quarter of 2024. We expect up to 30 basis points of adjusted operating margin expansion for the merchant business in 2024, with a slower expansion in the first half relative to the second half as EVO synergy realization ramps as the year progresses.

Moving to Issuer Solutions. We are anticipating adjusted net revenue growth in the 5% to 6% range for the full year compared to 2023 as we benefit from our strong conversion pipeline and continued account growth with our large existing FI partners. We expect core issuer to grow in the mid-single-digit range; and for MineralTree and NetSpend's B2B businesses to grow low double digits. We anticipate adjusted operating margin for the issuer business to expand by up to 50 basis points as we continue to drive efficiencies in the business, which will be offset somewhat by faster growth in our lower-margin B2B businesses.

In terms of quarterly phasing, as I mentioned, we will anniversary the acquisition of EVO and the disposition of Gaming by the end of the first quarter. We will also anniversary the impact of the divestiture of NetSpend's consumer assets at the end of April. As a result, we will continue to have some impacts from these transactions in the first half of the year.

Moving to a couple of non-operating items. We currently expect net interest expense to be slightly above \$500 million this year and for our adjusted effective tax rate to be approximately 19%. We also are planning for our capital expenditures to be around \$670 million in 2024, which remains roughly 7% of revenue. We anticipate adjusted free cash flow to again be in a comparable range of 100% excluding the roughly 5-point impact from the timing change to recognizing research and development tax credits.

Regarding capital allocation, we plan to return to a more balanced capital allocation approach in 2024, and I'm delighted that our board of directors has approved an increase in our share repurchase authorization to \$2 billion

as share buyback remains one of our priorities. We also plan to further reduce our indebtedness until we return to roughly 3 times leverage on a net debt basis during the year.

Putting it all together, we expect adjusted earnings per share for the full year to be in the range of \$11.54 to \$11.70, reflecting growth of 11% to 12% over 2023. Excluding dispositions, adjusted earnings per share growth is expected to be 14-plus percent for 2024.

Our outlook for the year reflects the ongoing positive momentum in our business while accommodating for a more tempered economic environment given the continued uncertainty. We remain confident in the resiliency of our model and our ability to adapt to potential shifts in the economic environment.

Cameron?

Cameron M. Bready

President, Chief Executive Officer & Director, Global Payments, Inc.

Thanks, Josh. As I said when I was named CEO in May, it's an exciting time for Global Payments, and I cannot be more proud of what we accomplished last year. As we begin 2024, I remain enthusiastic about the opportunities in front of us. We have a compelling technology-enabled strategy, a world-class team, great partners and clients, and a global presence with diverse distribution capabilities.

This year, I remain highly focused on the priorities for our business and customers I outlined at the time I stepped into this role. First, we will continue to execute against our strategies, which positions us well for growth and success across our markets. We will, however, sharpen our focus on the most attractive opportunities we see in these areas, while seeking to further simplify our business and amplify the impact of our investments.

Specifically, we are focusing on the most impactful of these initiatives and where we can drive further differentiation in our business, including with our software-centric channels across our owned, partnered and POS solutions. Additionally, we will continue to harmonize areas of the business that are less differentiated with an eye towards further improving scale and enhancing margin characteristics. Further, in markets and businesses where we are subscale with limited potential to build scale, we may choose to exit certain lines of business and activities in order to better focus our investments, resources and management attention on opportunity with better long-term growth prospects that can more meaningfully impact our business.

Second, I'm focused on making it as easy as possible to do business with Global Payments, while providing more solutions that deepen our relationships with our customers. We will continue to prioritize meeting our clients and customers how and where they want to be met with innovative and distinctive capabilities that integrate seamlessly. This includes our issuer modernization program and cloud investments, which will provide our clients with greater enablement capabilities and allow them to consume the services they need with greater speed to market and flexibility, while providing best-in-class experiences for their cardholders.

Third, we will maintain our relentless focus on execution, which has been one of the hallmarks of Global Payments and a key component of our ability to produce consistent results through market cycles. We are, however, undertaking an initiative to further simplify our technology and operating environments across the globe to become more efficient and effective, placing greater focus on aligning with business outcomes. We are committed to redefining success with a continuous improvement mindset and increasing the speed of delivery and nimbleness of our business.

Fourth, we remain committed to harnessing the power of generative AI to both innovate new products and solutions that deliver value and improved experiences to our customers and increase the productivity and efficiency of our operating environments and workforce around the globe. We have already made meaningful progress in our journey to embed generative AI into our business to leverage its power and the richness of data in our ecosystem.

We have established a center of excellence to coordinate our adoption of generative AI technologies and provide a governance framework, implemented foundational tools and models that are being utilized throughout our organization, evaluated numerous use cases and deployed generative AI technology in a number of areas of our business. For example, in our Issuer Solutions business, our Foresight solution, in partnership with Featurespace, provides a market-leading fraud solution that uses generative AI to detect fraud strategies in real time, utilizing our proprietary data. Clients using this solution have realized a nearly 50% reduction in fraud losses. And we are evaluating a number of development opportunities that use generative AI across our issuing and acquiring businesses as a key component of our next-generation applications to further combat fraud and identity risks across our portfolios.

Finally, I'm focused on ensuring Global Payments' culture is second to none. Our culture dictates how we accomplish our goals and achieve results as an organization. Having a world-class culture will further differentiate us in the marketplace while driving value creation and benefits for all of our constituents. Winnie?

Winnie Smith

Senior Vice President-Investor Relations & Corporate Sustainability, Global Payments, Inc.

Thanks, Cameron. Before we begin our question-and-answer session, I'd like to ask everyone to limit their questions to one with one follow-up to accommodate everyone in the queue. Thank you. Operator, we will now go to questions.

QUESTION AND ANSWER SECTION

Operator: Thank you. [Operator Instructions] Our first question comes from the line of Jason Kupferberg with Bank of America. Please proceed with your question.

Jason Kupferberg

Analyst, BofA Securities, Inc.

Q

Good morning, guys. I wanted to start with the guidance for 2024 on the top line. Looking at the merchant piece specifically, I know we're talking about at least 7% organic. It did sound in your prepared remarks like you're maybe being a little bit more conservative versus this time last year. So if you can elaborate on that? And just give us a sense – I mean, if the consumer doesn't slow at all, are we looking at more like 8%? Just trying to calibrate what some of the underlying assumptions might be in that part of the guide?

Cameron M. Bready

President, Chief Executive Officer & Director, Global Payments, Inc.

A

Hey Jason. Good morning. It's Cameron. Thanks for the question. It's a good question. So the way I think about it is we exited the year at basically 8%. And as we said in our prepared remarks, our expectation for merchant for 2024 is 7% to 8% kind of "organic" obviously excluding the pickup that we get from EVO in the first quarter before we anniversary the deal.

So, to me, that really reflects, as we said, a slightly more tempered view of the macroeconomic environment, given that we do see some risk to the consumer as we head into 2024. That being said, to your point, if the consumer hangs in better than we would expect, I would anticipate us being towards the higher end of that range. Obviously, if the consumer is a little weaker, as our guide sort of contemplates or at least allows for, I think, at the low end, we might be towards the lower end of that range.

So, I think the way you're thinking about it is right, and it's consistent with how we're thinking about it. We're being a little bit cautious around the consumer heading into the year. Obviously, a continued resilient consumer who doesn't weaken at all will put us towards the higher end. And if we do see a little bit of softness, we think we'd be towards the lower end of that range. But again, we wanted to be prudent with our expectations around the consumer heading into the year.

Jason Kupferberg

Analyst, BofA Securities, Inc.

Q

Understood. And I wanted to just pick up on your comments around simplifying the business, some possible portfolio pruning, sounds like could be on the table. Wondering if that might be a 2024 event. And then if you can just comment on the M&A front about whether or not large-scale acquisitions could be in the cards. There are obviously some media reports out a little before Christmas on that, which I know you guys denied, but just to get a sense of where [ph] M&A (00:34:20) versus buybacks is sitting in your priority list right now? Thanks.

Cameron M. Bready

President, Chief Executive Officer & Director, Global Payments, Inc.

A

Yes. Happy to. Maybe I'll address the latter part of that question first and then I'll circle back to the front in a second. I think on the M&A front, as Josh mentioned in his prepared comments, we're kind of back to a business-as-usual mindset heading into the year as it relates to capital allocation.

As I said pretty consistently, whatever we do or consider from an M&A perspective, obviously, has to fit strategically, it has to fit culturally and financially, it needs to be attractive as the returns matter relative to the alternative uses of our capital. And given that leverage is right around our targeted level right now, and we expect it to be for 2024, the alternative use of capital is buying back our stock. So, I remain of the view that anything we do from an M&A perspective needs to be competitive from a returns standpoint relative to our ability to buy back stock and the returns that we think we can generate from that.

And that's true regardless of whether we're thinking about smaller deals that present nice tuck-in or enhanced capability opportunities or we think of larger deals that obviously provide more opportunity for increased scale and advance the strategy as well. So, as always, from an M&A perspective, we're open-minded. I think we're very deliberate, I think, in terms of how we think about M&A that's going to fit our strategy and the things that we want to pursue, and we'll continue with that mindset as we move forward in time. But I'll be clear, the return expectations from M&A need to be competitive, and that's how we'll view everything through that lens.

I think as it relates to your first question around potential portfolio pruning, there is some chance that that will be in the cards for 2024. Yes, it's not contemplated in our outlook currently today, but it is something that we're continuing to evaluate. And it's really in the context of making sure that as we think about investing in the business that we're investing in those areas where we have scale, we have differentiation, we have prospects to be able to continue to grow the business at attractive rates going forward and trying to minimize investment, minimize resources and management attention that's focused on markets that may be subscale or line of business where we don't have a particular differentiation and we don't see greater prospects to meaningfully impact the business moving forward.

So that's the way we're thinking about it. Obviously, if we make decisions around that, we'll provide updates as we work through the year, but it is certainly something that we're contemplating as I noted in my remarks.

Jason Kupferberg

Analyst, BofA Securities, Inc.

Thanks, Cameron.

Q

Cameron M. Bready

President, Chief Executive Officer & Director, Global Payments, Inc.

Thanks, Jason.

A

Operator: Thank you. Our next question comes from the line of James Faucette with Morgan Stanley. Please proceed with your question.

James E. Faucette

Analyst, Morgan Stanley & Co. LLC

Great. Thank you very much. I wanted to ask in terms of your current competitive environment. I think, Cameron, you highlighted a lot of different things that you're working on in areas of strength. But how would you generally assess the competitive intensity in the market right now and where do you see opportunities versus challenges generally?

Q

Cameron M. Bready

President, Chief Executive Officer & Director, Global Payments, Inc.

A

I think it's a good question. I would say we feel fairly good about how we're positioned strategically across most of the markets that we're in today. Certainly, here in the US, we feel quite good about, obviously, our integrated business, the capabilities we have there, the differentiation, the distinction we think we can bring to ISV partners and how that has allowed us to position that business for continued growth and success.

And certainly, we're very excited about the rollout of our next-generation and point-of-sale software solutions I talked about, which are coming, obviously, this quarter which we think will give us a more competitive positioning obviously in the POS space here in the US market with feature-rich capabilities and obviously service that we think is distinctive relative to, again, the competitors in the marketplace.

And obviously, we still see a long runway for growth around POS, whether it's enterprise QSR with what we're doing with CosMc's or small to medium-sized merchants across restaurant and retail that we're targeting through our Heartland Restaurant and Heartland Retail platforms. So, I think we feel very good about that.

And then, of course, across the vertical market software businesses and those verticals where we do own the entirety of the software stack, again, we think we're well-positioned in those verticals to continue to grow nicely and continue to gain share with those businesses in the specific verticals that they're targeting.

So, that's really the software-centric strategies that we're pursuing here in the US market. I do think those are the areas of growth that we're continuing to focus on and continuing to invest in, in our business. And that's the best strategy for us competitively, I think, here in the US market. But I think we're feeling pretty sanguine about the overall competitive landscape in the US. I think pricing has become more rationalized obviously with rates rising and competitors focusing on sort of profitability and free cash flow, which I think creates a more constructive backdrop overall just from a competitive standpoint.

I'd say, outside the US, we're pretty bullish how we're positioned competitively, largely because of the capability that we can bring to bear on markets that are probably not quite as sophisticated from a product and solutioning standpoint as the US market. So, our ability to bring our point-of-sale solutions, our touch-on-mobile solutions, our commerce enablement capabilities, our Google Run and Grow My Business platform to markets outside the US, particularly in Europe, LATAM and, to some degree, Asia Pacific, I think competitively positions us really well in markets where I'd say the competitive dynamic in many cases is probably less intense than it is here in the US market.

So, from that perspective, I'm relatively bullish what we can do putting aside macro just in terms of competitive positioning in markets outside the US, bringing these distinctive and differentiated capabilities.

James E. Faucette

Analyst, Morgan Stanley & Co. LLC

Q

Appreciate that. And then as a follow-up and related to this year's outlook, how should we be thinking about the targets, especially from a profitability standpoint vis-à-vis kind of your cycle guide that was established a few years ago and wondering kind of the trajectory of that and how we should be thinking about medium-term EPS targeted growth rates, et cetera. Thank you.

Cameron M. Bready

President, Chief Executive Officer & Director, Global Payments, Inc.

A

Yeah, James. Look, it's a fair question, and I'm not going to get ahead of my skis today and sort of give a new "cycle guide." Obviously, as I've communicated previously, we intend to host an Investor Day this year. That

would be one of the topics that we cover at that time and then we'll provide a little more color about how we're thinking about the business then.

But I would say if you just step back and look at how we're thinking about the business heading into the year, as we said, excluding kind of the anniversary of deals, if you think about the business on a normalized basis, we're targeting 7-plus percent revenue growth on the top line and kind of 14-plus percent from an earnings per share perspective. So think about it kind of in the high single-digit top line growth and kind of mid-teens earnings per share growth, again, reflecting a little bit more of a tempered view of the macro environment heading into the year. I think that's generally fairly reflective of how we think about the business. And I think that kind of business is one that we can continue to execute against in those targets and expectations or something that we think we can sustainably achieve over a period of time. So I wouldn't characterize kind of the outlook broadly as reflective of how we think about the business, obviously, with the overlay of a little bit of a tempered macroeconomic expectation for 2024.

James E. Faucette

Analyst, Morgan Stanley & Co. LLC

Really appreciate that. Good luck.

Q

Cameron M. Bready

President, Chief Executive Officer & Director, Global Payments, Inc.

Thank you, James.

A

Operator: Thank you. Our next question comes from the line of Darrin Peller with Wolfe Research. Please proceed with your question.

Darrin Peller

Analyst, Wolfe Research LLC

Guys. Thanks. I was actually going to touch on the medium-term guide, but that was helpful. But just as a kind of a quick follow-up on the guidance, when we think about the inputs, again, you said more conservative in terms of the consumer, which is helpful. Are you incorporating any type of M&A or tuck-ins in that outlook that we should consider being at all material to the revenue growth rates?

Q

And then just going back to guide on margins, I think you're saying up to 50 basis points. Can we just walk through that a bit? It's a little lower than it used to be in terms of margin expansion. How much of that is synergies from EVO? How much of that is just operating leverage versus mix? Any conservatism in that outlook as well and just maybe the inputs. And then also, if your margins are coming to a level that's higher, does that inform your view on capital allocation more, and more buybacks perhaps?

Cameron M. Bready

President, Chief Executive Officer & Director, Global Payments, Inc.

Yeah. A lot buried in there, Darrin. Maybe I'll start and ask Josh to chime in as well on a couple of the comments. I would just say on the first question, the answer is no from an M&A perspective. We did a small portfolio buy in Q4, but it's de minimis in terms of contribution to 2024. I mean, less than 10 basis points. So that's not a particular large impact. We don't have any other M&A included in our guide. Obviously, if we do M&A, we'll update at the time as we have historically and provide an expectation of contribution for whatever M&A we do as we head into 2024.

A

On the second question, I think as it relates to the margin guide, I'll just give a couple opening comments and then I'll let Josh maybe provide a little more color. I'd say two things really. One is I think we're taking a fairly prudent view of the outlook kind of heading into the year. We have a lot of things that we're trying to accomplish as a business, particularly as it relates to EVO integration as well as continuing to invest in the business in areas that we think are going to help drive growth and sustain growth over longer periods of time.

So I think like everything in life, it's a bit of a balanced view around how much of the benefit is flowing through margins to the bottom line versus how much we're reinvesting in the business to support the rollout of our new POS platform, obviously, to ensure that we execute integration of EVO seamlessly, effectively while we continue to invest in their underlying platforms to ensure stability and reliability. We continue to invest in bringing new product and capability to their markets, which we think will drive revenue, obviously, longer term, et cetera. So I think the view around margins is pretty balanced around, again, wanting to invest in the business to drive growth as well as allowing some of that to flow through to the bottom line to impact earnings.

The last point I would make, and I'll ask Josh to add any color he would like, is if you exclude sort of the impact of EVO, which obviously is still coming in at a lower margin profile, I think overall margins for the year would be up closer to 75 basis points and merchant would be closer to 60%. So I'll just remind you that's going to move off of a base for merchant of kind of 48%. So margins are fairly healthy in the business overall. We're focused on continuing to find opportunities for market expansion, again, while also continuing to find opportunities to invest to grow the business.

Josh, I don't know if you'd want to add anything to that?

Joshua J. Whipple

Chief Financial Officer & Senior Executive Vice President, Global Payments, Inc.

A

No. Look, I think the only thing I would add is that if you think about margins by segment, we continue to expect merchant margins to improve as synergies ramp. And Darrin, you may recall, if you go back to last year, Q2 margins were down 170 basis points, Q3 they're down 90 basis points, and Q4 60 basis points. So we're seeing a continued consistent positive trend coming into the year. I'd also just re-echo what Cameron said, we continue to focus on balancing margin expansion with reinvestment in the business.

And as it relates to our issuer margins, we'll continue to see the benefit of strong volume-based revenue trends and ongoing expense management. In Q1 specifically, we expect margins to be slightly higher than the 50 basis points given the lower Q1 2023 absolute margin figures. But otherwise, margin expansion for the overall company will be pretty consistent across each of the quarters.

Darrin Peller

Analyst, Wolfe Research LLC

Q

That's really helpful. And just quickly on the buyback question. I mean, it looks like you raised your authorization, if I'm not mistaken. And so, is this an indication of more capital return expectations going forward?

Joshua J. Whipple

Chief Financial Officer & Senior Executive Vice President, Global Payments, Inc.

A

Look, Darrin, I would say that we plan to return to a more balanced capital allocation approach in 2024. Buybacks remains one of our priorities, but we plan to further reduce debt until we can return to that roughly 3 times levered target on a net debt basis during the year.

Darrin Peller

Analyst, Wolfe Research LLC

Great.

Q

Cameron M. Bready

President, Chief Executive Officer & Director, Global Payments, Inc.

The only thing I'd add, I mean, it was important to us going in the year to have the capacity to be able to do share repurchases if that's what capital allocation plans call for. So, obviously, we're pleased the board supports that. And I think it sends a signal, obviously, that we're very open-minded to share repurchases if that's the best alternative for capital allocation this year.

A

Darrin Peller

Analyst, Wolfe Research LLC

Yeah. Thanks, Cameron. Thanks, guys.

Q

Operator: Thank you. Our next question comes from the line of Ramsey El-Assal with Barclays. Please proceed with your question.

Ramsey El-Assal

Analyst, Barclays Capital, Inc.

Hi there. Thanks for taking my question today. Could you help us think through the timing and magnitude of the contribution from the Commerzbank JV this year? Will it ramp quickly? How much is baked into guidance basically from that deal?

Q

Cameron M. Bready

President, Chief Executive Officer & Director, Global Payments, Inc.

Yeah. It's a good question. And let me just be clear, Ramsey, about the joint venture itself. We're not buying into an existing portfolio that Commerzbank has. Commerzbank doesn't have an acquiring business today. What we're doing effectively through the joint venture is entering into a distribution partnership whereby Commerzbank will obviously be a distribution channel for us, they'll own 49% of the business, but they're largely bringing distribution to the party as it relates to the joint venture that we're establishing with them.

A

So essentially think of it as a greenfield opportunity to really grow and scale a business in Germany, starting with a very small base that we acquired through the EVO acquisition last year, but it's an opportunity to grow and scale a more meaningful business in Germany over a long period of time. Commerzbank is one of the largest domestic banks in Germany. They have one of the strongest market positions, particularly across small and medium-sized merchants, which is obviously more of our target market in the markets that we serve around the globe. So, end of the day, we think it's a fantastic new partner that's going to allow us to build over time a more meaningful business in Germany, but obviously it's going to take a while to scale there.

Ramsey El-Assal

Analyst, Barclays Capital, Inc.

Got it. Great. Sounds like a great new channel. A follow-up from me. Could you update us on the UK business? And just let us know if you're seeing stabilization there on the macro or consumer spending front? And I guess kind of in the context of the sort of takepayments chatter, do you have the product capabilities that you need over there to compete effectively at this point?

Q

Cameron M. Bready

President, Chief Executive Officer & Director, Global Payments, Inc.

A

Yeah. It's a good question, Ramsey. I'm not going to comment on the latter part of that. Naturally, not surprisingly, we don't comment on market rumors of that nature. But I think as it relates to the UK market, I would say a couple things. One is we are starting to see some signs of stabilization there, which I think is positive. Obviously, they reported their sort of inflation numbers this morning. They were generally in line with expectations, unlike where the US was yesterday. So I think that's a constructive step forward as well. So I don't know that we've seen absolute bottom in the UK. Just it relates to the macro pressure, obviously, that we've highlighted over the course of much of the last year and beyond. But I do think we are getting to a point where we're seeing – obviously, seeing things stabilize in that market, which gives us a little bit more optimism about where we can go over the longer term in the UK.

I would say as it relates to product and capability, the short answer is yes. I mean, we've worked hard to bring new product and new solutions to that market. We talked about bringing our GP POS solution to the UK market, which we think will give us a very competitive point-of-sale to market. And again, that's not highly differentiated like it is here in the US market. We brought other solutions from a commerce enablement perspective to the UK market as well.

So I think certainly from a product capability standpoint, we have everything that we need to be successful in that market. I think the challenge with the UK has really been macro-driven over a longer period of time. And that's obviously something that I said before I think we're starting to see signs of stabilization there.

Ramsey El-Assal

Analyst, Barclays Capital, Inc.

Q

Great. Thank you.

Operator: Thank you. Our next question comes from the line of Dave Koning with Baird. Please proceed with your question.

David John Koning

Analyst, Robert W. Baird & Co., Inc.

Q

Yeah. Hey guys. Thanks. I thought one of the really encouraging parts of the quarter and just the guidance is free cash flow conversion. Not many companies are guiding to around 100% conversion. Can you kind of discuss that a little bit why – what about your company converts so well? And then kind of as a pairing with that question, you've had semi-high merger add-backs, although they've come down in the last few quarters. Are those going to go down pretty significantly in 2024?

Joshua J. Whipple

Chief Financial Officer & Senior Executive Vice President, Global Payments, Inc.

A

Yeah. I'll go ahead and take that. So, look, we were, I would say, generally very pleased with our free cash flow conversion. Especially for the quarter, we were over 100%. For the full year, we were 100%. And this was in line with our expectations as we've been guiding over the last several quarters and last year. And I would say that this conversion follows the trajectory that we saw in 2022, a little bit weaker in the first half of the year and stronger in the second half of the year. So, what I would say in 2024 we continue to go ahead and target that same general trajectory and pattern, and we expect to go ahead and convert roughly 100% in 2024 excluding the impact of the timing change to recognizing the R&D tax credit.

So, as it relates to the add-backs, I would say we continue to go ahead and expect add-backs to come down. I think you'll note in our Schedule 10 of the press release that we expect GAAP earnings to be approximately 50% of adjusted earnings. That's a significant improvement relative to last year and we expect that to go ahead and continue as time goes on.

David John Koning

Analyst, Robert W. Baird & Co., Inc.

Q

Thank you. And maybe just a quick follow-up, on the pace through the year of earnings, I mean, it sounds like once you anniversary NetSpend and anniversary EVO, both revenue and EPS can accelerate a little bit given just the profiles.

Joshua J. Whipple

Chief Financial Officer & Senior Executive Vice President, Global Payments, Inc.

A

Yeah. So, look, what I would say is we're expecting 11%, 12% EPS growth. Q1, as you rightly point out, we're anniversarying NetSpend and Gaming. So that will be slightly below the range. But I would say Q2 will be in the 11% to 12% range and then Q3, Q4 will be in the 12% to 13% range, and that kind of gets you to the 11% and 12% for the full year.

David John Koning

Analyst, Robert W. Baird & Co., Inc.

Q

Great. Thank you.

Operator: Thank you. Our next question comes from the line of Bryan Bergin with TD Cowen. Please proceed with your question.

Bryan C. Bergin

Analyst, TD Cowen

Q

Hey, guys. Thank you. Good morning. I want to dig in on the merchant growth guide.

Cameron M. Bready

President, Chief Executive Officer & Director, Global Payments, Inc.

A

Good morning.

Bryan C. Bergin

Analyst, TD Cowen

Q

First, are you expecting volumes to be generally in line with the forecast you have, just any comments on additional potential lift from pricing in that view? And are you forecasting that merchant growth level in the balance of the year after EVO and the Gaming sales to be generally level?

Cameron M. Bready

President, Chief Executive Officer & Director, Global Payments, Inc.

A

Yeah. Good questions. I would say maybe just to address the last one quickly, the short answer is yes. Once we anniversary EVO in the first quarter and Gaming, I would expect, Q2, Q3, Q4 to be relatively consistent based on our current outlook for the full year.

Just going back to the first part of your question, I would say, yes, we would expect volumes to generally track relatively in line with the revenue growth that we're seeing in the business. That's been a consistent trend. If you look in the schedule we provide in our earnings presentation, you can go back quite a long period of time and see that trend being pretty consistent, which is something that we're pleased about. So the outlook for 2024, I would say, yes, by and large, we expect volumes to generally track our revenue expectations as we work ourselves through the balance of the year.

And then, I would say on pricing, we really haven't changed our philosophy on that front. We've been pretty consistent in our commentary as to how we think about pricing, not only our commentary, but our actual execution of it as well, clearly geared towards making sure that we think we're getting paid fairly and appropriately for the level of value and service that we're delivering to our customers. We're not the low-cost provider in the market and we don't try to be. And we think the value proposition we bring to customers and clients is differentiated, and we want to price for our services to reflect that. So there's nothing unusual, I would say, in 2024 from a pricing perspective. It's a little bit of more of a continuation of executing against that philosophy that we've had over a long period of time.

Bryan C. Bergin

Analyst, TD Cowen

Q

Okay. I appreciate that. And then a follow-up on the vertical solutions business. As you think about potential investments, where may you have further interest to lean in where you aren't currently exposed?

Cameron M. Bready

President, Chief Executive Officer & Director, Global Payments, Inc.

A

Yeah. It's a good question. And we take a lot of care to be very deliberate in terms of where we think we want to own software assets versus where do we want to partner. We obviously have a fantastic integrated business. We have a great partnership model. That is a business that gives us, I think, a lot of opportunity to continue to benefit from embedded payments, integrated payments, put whatever term you want to around it. So, obviously, that is a focus of our growth as well as in certain vertical markets wanting to own software assets, because we think we can drive better payment monetization, we think we can drive better growth and better differentiation in our solutions by owning software.

So we tend to target verticals, as we've said for a long period of time, that are large addressable spend markets, there needs to be a strong nexus with payments. Obviously, we're not in the business of owning software just to own software. We want to own software in vertical markets where there's strong consumer spend and a good opportunity to monetize payment flows coming out of that.

The third thing I would say is we want to invest in software businesses where we can leverage our investment across the broader Global Payments. A big focus for us is finding ways to amplify the impact of the investments we're making, whether it's in our more traditional payments businesses or in our vertical market software businesses. We want to be able to take investments that we're making in those businesses and find ways to amplify them across the broader Global Payments portfolio.

And then lastly, as I talked about before, we're very focused on those vertical markets that have some international applicability. One of the things we've been successful in doing, and I highlighted some of this in my script today, is taking our software solutions to markets outside of the US: UK, Canada, Australia, et cetera, and using those, obviously, as a means by which to drive growth and differentiation in markets outside the US that we serve today.

So, that's another important element as we think about vertical expansion. So, without getting into specific verticals, that's how we think about the world. But it's a pretty consistent mindset, I would say, that we've had over a long period of time as we thought about investing in software.

Bryan C. Bergin

Analyst, TD Cowen

Q

All right. Thank you.

Operator: Thank you. Our next question comes from the line of Andrew Jeffrey with Truist Securities. Please proceed with your question.

Andrew W. Jeffrey

Analyst, Truist Securities, Inc.

Q

Hi. Good morning. Appreciate you taking the question. Cameron, I love the build-up to the growth rates in merchant and the focus on software and technology broadly. Can you talk a little bit about, again, the macro aside, maybe a couple levers that might accelerate merchant organic revenue growth? Or longer term – and again, I want to stay away from cycle guide, but just theoretically, conceptually, is there the capacity to accelerate top line? And how do you do it? And how much of a sense of urgency is it versus just compounding what is a very nice rate today, just trying to think about that longer term?

Cameron M. Bready

President, Chief Executive Officer & Director, Global Payments, Inc.

A

Yeah, Andrew. Good questions. I would say, certainly, I think there are opportunities over time to be able to drive that higher – slightly higher. I mean, I would just sort of balance that against the fact that our merchant revenue today is well north of \$7 billion. So, you're moving a big number when we're talking about growth rates in the range that we're talking about. But the areas where I'm sort of bullish, and I think there are probably prospects to drive better rates over time, is really around point-of-sale software. We're making meaningful investments in that area. We spent a lot of time on our Q3 call talking about our overall point-of-sale strategy, how we think about the different assets that we own today, where we're trying to leverage those across our wholesale business, across our direct business, across our international markets, across enterprise QSR and stadium and event venues, et cetera.

So, as we're rolling out our next generation of capabilities in 2024 and we think about bringing POS solutions to markets outside of the US over time, as I touched on, I do have high expectations for what we're able to do with that point-of-sale business and growing and scaling it over the next several years. So, I certainly think that is a lever that we want to lean on and try to drive obviously continued strong rates of growth in that channel that can obviously augment the overall rate of growth for the business.

And I'd say the second thing is really the international markets, as I highlighted. I do think those markets just as a competitive dynamic perspective are less intense than the US market. I think we have great market positions, we have great partners, and we're bringing more and more product and capability to those markets that I think can drive more differentiation and therefore lead to better rates of growth for the business over time. So, certainly, that's another area in the business where I continue to see good opportunities for us to grow and scale.

And then third, obviously, the more embedded payment trends that sort of become tailwinds for the business, the more omni-channel continues to drive meaningful growth, I would say, in the business overall, I think we're poised

to take advantage of those trends over a longer period of time. And obviously, I think those support clearly the rates of growth that we have in the business and hopefully would provide some tailwind to that over time.

Andrew W. Jeffrey

Analyst, Truist Securities, Inc.

Q

Okay. I appreciate that. That's helpful. And just a quick one as a follow-up. It looks like yields within the issuer business have been pretty stable. Can you just comment on renewal terms? You called out a couple big customer renewals. I just wonder if pricing is stable or what the trends are there.

Cameron M. Bready

President, Chief Executive Officer & Director, Global Payments, Inc.

A

Yeah. It's a good question. And obviously, not surprisingly, we don't get into specific conversations around pricing for any particular customer. I would say a couple things. One is, we're obviously delighted to renew two flagship customers, as I called out in my prepared remarks. Those are customers that have been with us for a very long period of time. We have very strong relationships with. And obviously, getting those renewals done, I think, was important. It's also reflected in the guide for the business. So, as you can see, obviously, we're able to manage those in the context of still growing the issuer businesses kind of at our targeted rate of growth heading into 2024.

I would say more broadly, as we continue to invest in modernization, we continue to invest in more enablement capability for our clients and building out more cloud-native solutions and more micro services that allow our clients to be able to consume capabilities more easily, I think that's going to open up new channels and new avenues for growth for that business, which we think long term obviously helps to drive better growth prospects for the Issuer Solutions business.

So we made a substantial amount of progress on our modernization efforts. We talked about what's in plan for 2024, as we're running a number of pilots across the business, different geographies, products and services and bundles that we sell into the market that obviously positions us to begin to start commercializing those solutions in the near term. So we're pleased with how that project is progressing. And we're pleased with how it positions that business, I think, to obviously sustain kind of current rates of growth, but obviously the goal and the objective is to be able to accelerate those rates of growth over time by opening up new markets and opening up new revenue channels for the issuer business.

Andrew W. Jeffrey

Analyst, Truist Securities, Inc.

Q

Thank you very much.

Cameron M. Bready

President, Chief Executive Officer & Director, Global Payments, Inc.

A

Thanks, Andrew.

Cameron M. Bready

President, Chief Executive Officer & Director, Global Payments, Inc.

And with that, I'd like to thank everyone for joining our call this morning. We appreciate your interest in Global Payments and all of your support. And I wish everyone a happy Valentine's Day. Have a great day.

Operator: Thank you. This concludes today's conference call. You may disconnect your lines at this time. Thank you for your participation.

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