

March 11, 2020



# Fiserv Postpones Investor Conference to Fall 2020

## Company Provides Updated Revenue and Cost Synergy Targets

### Company Affirms Full Year Outlook

BROOKFIELD, Wis.--(BUSINESS WIRE)-- [Fiserv, Inc.](#) (NASDAQ:FISV), a leading global provider of payments and financial services technology solutions, announced today that it will postpone its previously scheduled March 25, 2020 Investor Conference in New York City to a date that will be determined later in the year. This change is being made due to an abundance of caution related to the coronavirus (COVID-19), and the priority Fiserv places on the health and well-being of its investors, partners and associates.

The company also announced new cost and revenue synergy targets related to the First Data acquisition which closed on July 29, 2019. The company now expects to achieve \$1.2 billion of run-rate cost synergies and more than \$600 million of run-rate revenue synergies for the five year period ending in 2024. These new goals represent an increase of \$300 million and \$100 million, respectively, compared to the originally communicated targets.

In addition to synergy benefits, the company also expects interest expense savings of more than \$250 million. Overall, the company anticipates transaction accretion to adjusted earnings per share to be in excess of 55% at full synergy run rate. The company will provide more detail on the updated synergy targets on its first quarter 2020 earnings call.

“The well-being of our clients, associates and shareholders is our number one priority. Although we are disappointed to postpone our Investor Day due to the current environment, we look forward to sharing our strategic, operational and financial plans with investors later in the year,” said Jeffery Yabuki, Chairman and Chief Executive Officer of Fiserv. “We are pleased with the incredible effort of our associates around the world, which allows us to surpass the original synergy targets while continuing to deliver differentiated value for clients.”

The company also affirmed its previously communicated 2020 financial outlook of 6% to 8% internal revenue growth and adjusted earnings per share growth of 23% to 27%.

“We remain comfortable with our outlook for the full year based on the diversity and resilience of our business along with our current view of the market,” said Yabuki.

### About Fiserv

Fiserv, Inc. (NASDAQ:FISV) aspires to move money and information in a way that moves the world. As a global leader in payments and financial technology, the company helps clients achieve best-in-class results through a commitment to innovation and excellence in

areas including account processing and digital banking solutions; card issuer processing and network services; payments; e-commerce; merchant acquiring and processing; and the Clover<sup>®</sup> cloud-based point-of-sale solution. Fiserv is a member of the S&P 500<sup>®</sup> Index and the FORTUNE<sup>®</sup> 500, and is among FORTUNE World's Most Admired Companies<sup>®</sup>. Visit [fiserv.com](http://fiserv.com) and [follow on social media](#) for more information and the latest company news.

### **Use of Non-GAAP Financial Measures**

Due to the financial impact of the First Data acquisition, the company's non-GAAP financial performance measures have been recalculated in this release on a combined company basis for the full year 2019. The combined financial information has been prepared by making certain adjustments to the sum of historical First Data financial information determined in accordance with generally accepted accounting principles ("GAAP") and historical Fiserv financial information determined in accordance with GAAP. The historical combined financial information includes various estimates and is not necessarily indicative of the operating results of the combined companies had the transaction been completed at the assumed dates or of the combined companies in the future. The historical combined financial information does not reflect any cost savings or other synergies anticipated as a result of the acquisition. In addition, the historical combined adjusted financial information does not reflect the impact of any purchase accounting adjustments that may arise from the acquisition as those impacts would be excluded in the preparation of the combined financial information. The combined financial information is not pro forma information prepared in accordance with Article 11 of Regulation S-X of the Securities and Exchange Commission, and the preparation of information in accordance with Article 11 would result in a significantly different presentation.

This release includes the following non-GAAP financial measures: "internal revenue growth," "combined net income attributable to Fiserv," "adjusted net income," "combined earnings per share" and "adjusted earnings per share." Management believes that providing combined historical financial information, making adjustments for certain non-cash or other items and excluding certain pass-through revenue and expenses with respect to such combined information should enhance shareholders' ability to evaluate the combined company's performance, including providing a reasonable basis of comparison with its results for post-acquisition periods and providing additional insights into the factors and trends affecting the combined company's business. The corresponding reconciliations of these measures to the nearest GAAP financial measures are included in this release, except for forward-looking measures where a reconciliation to the corresponding GAAP measures is not available due to the variability, complexity and limited visibility of the non-cash and other items that are excluded from the non-GAAP outlook measures. See pages 5-7 for additional information regarding the company's forward-looking non-GAAP financial measures.

### **Forward-Looking Statements**

This news release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including statements regarding anticipated synergy targets, internal revenue growth, adjusted earnings per share and adjusted earnings per share growth. Statements can generally be identified as forward-looking because they include words such as "believes," "anticipates," "expects," "could," "should," or words of similar meaning. Statements that describe the company's future plans, objectives or goals are also forward-looking statements.

Forward-looking statements are subject to assumptions, risks and uncertainties that may cause actual results to differ materially from those contemplated by such forward-looking

statements. The factors that could cause the company's actual results to differ materially include, among others: the possibility that the company may be unable to achieve expected synergies and operating efficiencies from the acquisition of First Data within the expected time frames or at all or to successfully integrate the operations of First Data into the company's operations; such integration may be more difficult, time-consuming or costly than expected; profitability following the transaction may be lower than expected, including due to unexpected costs, charges or expenses resulting from the transaction; operating costs, customer loss and business disruption (including, without limitation, difficulties in maintaining relationships with employees, customers, clients or suppliers) may be greater than expected following the transaction; unforeseen risks relating to the company's liabilities or those of First Data may exist; the company's ability to meet expectations regarding the accounting and tax treatments of the transaction; the company's ability to compete effectively against new and existing competitors and to continue to introduce competitive new products and services on a timely, cost-effective basis; changes in customer demand for the company's products and services; the ability of the company's technology to keep pace with a rapidly evolving marketplace; the successful management of the company's merchant alliance program which involves several alliances not under its sole control; the impact of a security breach or operational failure on the company's business including disruptions caused by other participants in the global financial system; the failure of the company's vendors and merchants to satisfy their obligations; the successful management of credit and fraud risks in the company's business and merchant alliances; changes in local, regional, national and international economic or political conditions and the impact they may have on the company and its customers; the effect of proposed and enacted legislative and regulatory actions affecting the company or the financial services industry as a whole; the company's ability to comply with government regulations and applicable card association and network rules; the protection and validity of intellectual property rights; the outcome of pending and future litigation and governmental proceedings; the company's ability to successfully identify, complete and integrate acquisitions, and to realize the anticipated benefits associated with the same; the impact of the company's strategic initiatives; the company's ability to attract and retain key personnel; changes in the interest rate environment that increase interest on the company's borrowings or the interest rate at which the company can refinance its borrowings; adverse impacts from currency exchange rates or currency controls; and other factors included in "Risk Factors" in the company's Annual Report on Form 10-K for the year ended December 31, 2019, and in other documents that the company files with the SEC, which are available at <http://www.sec.gov>. You should consider these factors carefully in evaluating forward-looking statements and are cautioned not to place undue reliance on such statements. The company assumes no obligation to update any forward-looking statements, which speak only as of the date of this news release.

**Fiserv, Inc.**  
**Full Year Forward-Looking Non-GAAP Financial Measures**

*Internal Revenue Growth* – Internal revenue growth is measured as the increase in adjusted revenue for the current period excluding the impact of foreign currency fluctuations and revenue attributable to acquisitions (except for revenue attributable to First Data which is presented on a combined company basis) and dispositions, divided by adjusted revenue from the prior period excluding revenue attributable to dispositions. Revenue attributable to dispositions includes transition services revenue. The company's adjusted revenue excludes the impact of the company's Output Solutions postage reimbursements and merchant services adjustments, and includes deferred revenue purchase accounting adjustments. Additionally, the internal revenue growth outlook is calculated based on the combined results of Fiserv and First Data. On a GAAP basis, the financial results of First Data are included in

the consolidated results of Fiserv from the date of acquisition. Therefore, the company expects GAAP revenue growth to be significantly higher than internal revenue growth.

*Adjusted Earnings Per Share* - The company's adjusted earnings per share outlook for 2020 excludes certain non-cash or other items which should enhance shareholders' ability to evaluate the company's performance, as such measures provide additional insights into the factors and trends affecting its business. Non-cash or other items may be significant and include, but are not limited to, non-cash deferred revenue adjustments arising from acquisitions; non-cash intangible asset amortization expense associated with acquisitions; non-cash impairment charges; severance and restructuring costs; net charges associated with debt financing activities including foreign currency transaction gains, early debt extinguishment and bridge financing costs; merger and integration costs; gains or losses from the sale of businesses; and certain discrete tax benefits and expenses. Adjustments to earnings per share that have been incurred in 2019 are presented below but are not necessarily indicative of adjustments that may be incurred in 2020. Estimates of these adjustments on a forward-looking basis are not available due to the variability, complexity and limited visibility of these items.

The company's adjusted earnings per share growth outlook for 2020 is based on 2019 adjusted earnings per share performance, including the historical results of First Data on an adjusted combined company basis, as adjusted for the sale of 60% of the company's Investment Services Business ("Investment Services Transaction") and other divestitures. The information below is presented with a reconciliation to the most comparable GAAP measure.

**Fiserv, Inc.**  
**Full Year Forward-Looking Non-GAAP Financial Measures (cont.)**

2019 GAAP net income	\$ 893
GAAP net income attributable to First Data <sup>1</sup>	303
Combined net income attributable to Fiserv	<u>1,196</u>
Combined adjustments:	
Merger and integration costs <sup>2</sup>	467
Severance and restructuring costs <sup>3</sup>	150
Amortization of acquisition-related intangible assets <sup>4</sup>	1,222
Debt financing activities <sup>5</sup>	287
Non wholly-owned entity activities <sup>6</sup>	(53)
Tax impact of adjustments <sup>7</sup>	(480)
Gain on sale of businesses <sup>8</sup>	(12)
Tax impact of gain on sale of businesses <sup>7</sup>	3
Discrete tax items <sup>9</sup>	(5)
Adjusted net income	<u>\$ 2,775</u>
Weighted average common shares outstanding - diluted	522.6
Issuance of shares for combination	167.0
Dilutive impact of exchanged equity awards	<u>4.5</u>

Combined weighted average common shares outstanding - diluted <sup>10</sup>	<u><u>694.1</u></u>
2019 GAAP earnings per share <sup>10</sup>	\$ 1.71
Combined earnings per share <sup>10</sup>	\$ 1.72
Adjustments	<u>2.29</u>
2019 adjusted earnings per share	4.00
Net impact from divestitures, including the Investment Services Transaction	<u>(0.05)</u>
2019 adjusted earnings per share, as adjusted for divestitures	<u><u>\$ 3.95</u></u>
2020 adjusted earnings per share outlook	\$4.86 - \$5.02
2020 adjusted earnings per share growth outlook	23% - 27%

See pages 2-3 for disclosures related to the use of non-GAAP financial measures. Earnings per share is calculated using actual, unrounded amounts.

1. Represents the financial results of First Data prior to the date of acquisition. For the year ended December 31, 2019, this includes the results of First Data from January 1, 2019 through July 28, 2019.
2. Represents acquisition and related integration costs incurred as a result of the company's various acquisitions. Merger and integration costs include \$408 million in 2019 related to the acquisition of First Data and primarily consist of legal and other professional service fees and incremental share-based compensation including the fair value of stock awards assumed by Fiserv in connection with the First Data acquisition. Legal and other professional service fees were \$199 million and incremental share-based compensation including the fair value of assumed stock awards was \$108 million, respectively, in 2019.
3. Represents severance and other costs associated with the achievement of ongoing expense management initiatives, including real estate and data center consolidation activities. Severance and restructuring costs includes a non-cash impairment charge of \$48 million in 2019 primarily related to an international core processing platform.
4. Represents amortization of intangible assets acquired through various acquisitions, including customer relationships, software/technology, and trade names. This adjustment does not exclude the amortization of other intangible assets such as contract assets (sales commissions and deferred conversion costs), capitalized and purchased software, and financing costs and debt discounts.
5. Represents losses on early debt extinguishments and other costs associated with the refinancing of certain indebtedness, including that of First Data in 2019. Debt financing activities in 2019 include \$220 million of early debt extinguishment costs and \$98 million of bridge term loan facility expenses, partially offset by \$50 million of net currency transaction gains related to foreign currency denominated debt.
6. Represents the company's share of amortization of acquisition-related intangible assets at its unconsolidated affiliates, as well as the minority interest share of amortization of acquisition-related intangible assets at its subsidiaries in which it holds a controlling financial interest. This adjustment also includes a \$14 million net gain on the merger of a joint venture that occurred in 2019.
7. The tax impact of adjustments is calculated using a tax rate of 23%, which approximates the combined company's annual effective tax rate, exclusive of the

actual tax impacts associated with the net gain on sale of businesses.

8. Represents the gain associated with divested businesses. The divested businesses include First Data's card processing business in Central and Southeastern Europe, First Data's remittance processing business, and a 55% interest in Fiserv's Lending Solutions business in September 2018, August 2018 and March 2018, respectively.
9. Represents certain discrete tax items, such as tax effects associated with U.S. federal tax reform, deferred tax on basis difference related to the Investment Services Transaction and tax impacts from valuation allowance releases, tax reserves and non-deductible transaction costs associated with the acquisition of First Data.
10. GAAP earnings per share is computed by dividing GAAP net income by the weighted-average number of common shares outstanding - diluted during the year. Combined earnings per share is computed by dividing combined net income attributable to Fiserv by the combined weighted average common shares outstanding - diluted during the year. The combined weighted average common shares outstanding - diluted is computed based on the historical Fiserv weighted average shares outstanding - diluted determined in accordance with GAAP, adjusted to include the Fiserv shares issued as merger consideration and shares subject to First Data equity awards assumed by Fiserv in connection with the First Data acquisition for the year presented.

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**Media Relations:**

Britt Zarling  
Corporate Communications  
Fiserv, Inc.  
414-378-4040  
[britt.zarling@fiserv.com](mailto:britt.zarling@fiserv.com)

**Investor Relations:**

Peter Poillon  
Investor Relations  
Fiserv, Inc.  
212-266-3565  
[peter.poillon@fiserv.com](mailto:peter.poillon@fiserv.com)

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