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Global Payments, Inc. (GPN)

Citigroup Financial Technology Conference

CORPORATE PARTICIPANTS

Cameron M. Bready

President and Chief Operating Officer, Global Payments, Inc.

Paul Michael Todd

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

OTHER PARTICIPANTS

Ashwin Vassant Shirvaikar

Analyst, Citigroup Global Markets, Inc.

MANAGEMENT DISCUSSION SECTION

Ashwin Vassant Shirvaikar

Analyst, Citigroup Global Markets, Inc.

Good afternoon, everyone. Good afternoon everybody, and welcome to the beginning of the afternoon sessions. Appreciate your being here. I'm Ashwin Shirvaikar. I'm Citi's FinTech analyst. And it's my pleasure to welcome next Global Payments. And from Global Payments we have Cameron Bready, who is President and COO; and Paul Todd, who is Senior EVP and CFO.

Obviously, Global Payments, I normally start with level-set questions, who are you and things like that. But in your case, everybody knows who Global Payments is now.

QUESTION AND ANSWER SECTION

Ashwin Vassant Shirvaikar

Analyst, Citigroup Global Markets, Inc.

So I'm just going to...

Cameron M. Bready

President and Chief Operating Officer, Global Payments, Inc.

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That was wasn't always the case.

Ashwin Vassant Shirvaikar

Analyst, Citigroup Global Markets, Inc.



Wasn't always the case. Wasn't always the case. But, that's what made it a good stock for a long time and hopefully continue. But just wanted to start with a big picture question, given the recent deal – that you recently closed the deal in first quarter together, and so on and so forth. For those who might not be super familiar, because we do have new investors coming into the name. Can you talk a little bit about the merger, the perspective on the transaction, why this was the right partnership? And we can take it from there.

Cameron M. Bready

President and Chief Operating Officer, Global Payments, Inc.



Sure. Maybe I'll start, and I'll ask Paul to share his perspective from a legacy TSYS side as well. I think at least as it relates to Global Payments, TSYS is a company we've known well for years. Our management teams have known each other; we operate within 100 miles of each other in Georgia. I think we've always felt like there was a strong chemistry between our companies, so to speak, culturally from a product and distribution standpoint, from an overall business mix standpoint. We always felt like this would be a good combination. And we've always had a lot of respect for the team, that's been running TSYS over the course of time. So I would start by saying it's a company that we've known really, really well.

And the second thing, I would say, is it's pretty clear that our industry is changing and evolving and evolving at a fairly rapid pace, and at now-more-than-ever scale in the industry we operate in is incredibly important. And what we found most attractive about this opportunity is really to put together two leading pure-play payments company to create, in our minds, the preeminent pure-play payments company going forward. One that really has unmatched global scale and reach as a combined company, and really I think differentiates us from what others in our space have chosen to do over the course of time, and then in particular, obviously, the other large mega mergers for lack of better term that have occurred in our industry over the course of the last nine months.

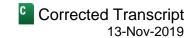
And for us, it was important to distinguish ourselves in the sense that we will be pure-play payments. We think there will be value in that level of differentiation as a go-to-market matter in the future, and we want to be the unrivaled payments experts globally and think that the combination of our two businesses really allows us to do that, and again, further widen the competitive moat, we think, we've built around our respective businesses over the course of time.

Paul Michael Todd

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



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Yeah. And I think if you think from a legacy TSYS standpoint, for several years, we have been on a path to try to diversify our business and build on the strong issuer processing business that we had and to get scale on the merchant acquiring side. And what this transaction did was provide for a global scale on the merchant acquiring side to match the scale that we had on the issuing side. And then, we saw additional leverage points on our consumer solutions business of being able to do some things on the additive synergy front that we weren't going to be able to do on our own. So as we looked at scale, we wanted to make sure we were getting the right kind of scale in payments and this transaction allowed for that.

Ashwin Vassant Shirvaikar

Analyst, Citigroup Global Markets, Inc.

Yeah.

Cameron M. Bready
President and Chief Operating Officer, Global Payments, Inc.

And the last thing I would say, maybe before we turn the page on this topic is just part of the thesis in our minds was about driving more technological differentiation in the business as well. And I think TSYS has done a very nice job of that, particularly on the issuing side and on the merchant side as well. And obviously, that's been a core part of the Global Payments thesis for many years. And I think again putting the two businesses together allows us to drive more differentiation from a technological standpoint, gives us more capacity to invest, and again, capacity to invest in pure payments capabilities as opposed to investing in a variety of different businesses some of which may or may not really be correlated.

Ashwin Vassant Shirvaikar

Analyst, Citigroup Global Markets, Inc.

Okay. Okay. So you mentioned some of the benefits qualitatively that the deal brings, could you maybe get a little bit more quantitative talk about the synergies, talk also about the milestones, what should investors expect, say, in the next 12 months?

Cameron M. Bready
President and Chief Operating Officer, Global Payments, Inc.

Sure. So maybe I'll start off, maybe talk about a little bit the revenue synergy potential that we see in putting the two businesses together and maybe Paul can talk about the expense side. But certainly, as we talked about at the outset that we view the business, this is highly complementary. And that in our minds will allow us to generate fairly meaningful revenue synergies on a run rate basis.

Now we're targeting over \$125 million annually. By the time we get to three years beyond the anniversary of the closing of the transaction, and those are going to take a variety of different forms in the business today. And I'll give you some very specific examples of that in a second. But the thing I would like to say at the outset is, I think, we have a great deal more confidence in the revenue opportunity we see between the two businesses now than we even did at the time we announced a deal back in May.

And I think the reason for that is, as we've been able to get out and spend time with TSYS, FI customers as we've been able to spend more time with our large partners globally. Jeff and I just returned from Europe, where we were able to spend a lot of time with mutual – now clients in the European marketplace. I think we're more bullish the opportunities we see in the value creation potential by putting these two businesses together from a revenue standpoint than we were when we announced the deal.

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The feedback we've gotten from customers has been incredibly positive. The dialogue we've already been able to have around the opportunities to partner together, to cross-sell capabilities into those FI relationships is very good. And I think it just gives us a great deal of comfort that the targets we established are achievable, or that we'll be well-positioned to exceed them as we move forward in time.

As we think about the natural synergy potential from a revenue standpoint in the deal, starting with the merchant business, there's a lot of opportunity to cross-sell complementary products across our different merchant bases today.

Clearly, we have solutions that we believe we can sell into the existing TSYS merchant base, in particular, our vertical market software capabilities, some of our analytics and customer engagement solutions, our payroll capabilities, of course, and our UCP for larger multinational customers, who we believe we can serve collectively better than perhaps TSYS could historically, just by virtue of the global reach that we have today.

And, of course, the opposite is true as well. TSYS has some fantastic products that we're looking forward to deploying through our distribution platforms in the US market, the Vital POS for retail, the Genius semi-integrated solution. Those capabilities, we think, are going to be incredibly strong products for our distribution channels, as well as the ability to utilize some of their technology capabilities around ProPay to drive again further technological differentiation in our merchant acquiring business.

So those opportunities are more tactical and they're more near term in nature. Longer term, we see really significant opportunities combining issuing and acquiring capabilities, particularly in markets outside of the US. And there's a variety of different use cases we've talked about along those lines. And I don't want to drill into any one of them in a too detailed manner at this point. But clearly, there's opportunities to work with large retail private label issuers to create a closed environment and a digital wallet environment, supporting their needs.

There's opportunities to work with FI partners and looking to provide more of an [ph] on-us (00:08:40) domestic or cross-border capability. And more importantly, perhaps, in some cases, there's opportunities to use the rich data that we have on the issuing side and the acquiring side to drive new products, new solutions for our partners in the marketplace, whether it's strong customer authentication, further ability to reduce fraud, and increase authorization rates. We're excited about obviously marrying those two capabilities together, particularly outside the US.

And then, lastly, I would say, we see very interesting opportunities with our new business and consumer segments, cross-selling those capabilities, particularly around the B2B space, the Paycard solution that we can deploy through our payroll channel today. That's a solution that's well-suited to restaurants, in particular, large QSRs and other table service restaurants for tips and things of that nature. We also see small business commercial card opportunities that are more B2B-oriented to be able to push through our distribution platforms.

And then, lastly, I think we see interesting opportunities to bring that business to international markets where we think the demographics of those markets are well-suited to a prepaid solution, particularly as that capability becomes more digital, we think there is really interesting use cases and that we can leverage existing relationships outside of the US to drive growth and international expansion within that segment.

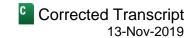
Paul Michael Todd

Chief Financial Officer & Senior Executive Vice President, Global Payments, Inc. Yeah. And I think on the expense synergy side, it starts with how well we knew each other's companies going in.

And so the hand-glove fit that we have between these two companies give us an extra advantage. We're not



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trying to put together businesses that otherwise don't fit together. So we were glad to be in a position to go ahead and raise the synergy targets right out of the chute. We knew a lot of things obviously part of diligence. But as we've gotten in and hit the ground running, we were able to see an additive synergy opportunities really across the board. And so we're very bullish on the ability to get the synergy targets we've outlined on the timing that we've outlined, and obviously, see continued upside there.

Ashwin Vassant Shirvaikar

Analyst, Citigroup Global Markets, Inc.

Right. On the cost side, one of the questions I get is, you're still maintaining the dual headquarter type of infrastructure, senior management's still senior management. Some of the things that one normally associates with cost synergies don't seem to be happening. So I do get that question with regards to the ability to hit those numbers. Can you comment on that?

Paul Michael Todd

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

Sure. So we made the senior management decisions relatively quickly as it relates to what the senior management team looked like as well as really the next two layers of management in a relatively short order. And so there's not really any significant duplicative management either positions or levels in this merger than there would be in anything.

So the dual headquarters, obviously, that came up on our last call. From a Columbus-centric standpoint, our issuing business is headquartered in Columbus. And obviously, our corporate headquarters were in Columbus as well. And nothing has changed from that issuer-centric Columbus location. But, obviously, we are melding the two locations and right-sizing that. And on a go-forward basis, that's not impacting the ability to get to the synergy targets.

Ashwin Vassant Shirvaikar

Analyst, Citigroup Global Markets, Inc.

Okay.

Cameron M. Bready

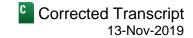
President and Chief Operating Officer, Global Payments, Inc.

The only thing I would add to that, Ashwin, is really two items. One is, as we thought about integration, obviously, our primary focus is making sure as we bring these two businesses together, we don't disrupt the rate of revenue growth, the momentum that we each have in our standalone business leading up to the merger, which is really important to us. So our whole approach to integration was with an eye towards making sure that the momentum we have continues as we move forward.

Secondly, I think culture is at the forefront of our integration efforts. And it's really important to us. We all know that lot of mergers don't succeed because of cultural differences. We think our cultures are very well aligned, but it's really important that we keep culture at the forefront of [ph] our – (00:13:17) the integration efforts to make sure that our people around the globe understand the value proposition are working with us to create the Global Payments of the future.

And that as we think about integrating our two companies, we ensure that we preserve a very strong culture, and a culture that reflects the best of both companies as we move forward. So everything we're doing from an integration standpoint is really with those two things in mind. And that's a lot of what has framed our thinking

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around how deep we cut, how aggressively we cut, how we think about things like the Columbus location, the Atlanta headquarters, et cetera, et cetera. All that is with an eye towards trying to achieve those two objectives that I highlighted.

Ashwin Vassant Shirvaikar

Analyst, Citigroup Global Markets, Inc.

Yeah. Would it be fair to say that one of the legs of savings that you have is the legacy Global already had a part of the stack. Some of TSYS merchant efforts were towards creating a similar stack. And so there is a cost avoidance in there.

Cameron M. Bready

President and Chief Operating Officer, Global Payments, Inc.

Absolutely.

Paul Michael Todd

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

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Absolutely. You think about what we were doing from a legacy TSYS standpoint, of some of the investments we were making in boarding and servicing and some of the other areas that we had talked about, those investments aren't necessary now. So there is absolutely a kind of a cost avoidance dynamic at play here. That's not an overweighed dynamic, but it certainly is a dynamic. And there's also a speed element, because obviously not only was there a cost save with that cost avoidance, but also the ability to be in market with some of the things that we were developing on our legacy basis really overnight with the product capabilities that legacy Global had. So, yeah, it's both of those dynamics.

Ashwin Vassant Shirvaikar

Analyst, Citigroup Global Markets, Inc.

Okay. Okay. And raising your revenue synergy number so soon after the deal, what did you see in your initial conversations with clients that led you to do that?

Cameron M. Bready

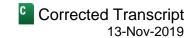
President and Chief Operating Officer, Global Payments, Inc.



Yeah, well, I think leading up to the merger and the announcement of the merger in May, we obviously had a lot of confidence in how complementary the businesses are. But as we've been able to spend more time with the TSYS team on the heels of the merger, as we've been able to dig into specific use cases, specific product capabilities, we've been able to get under the hood of solutions like ProPay and then think about how we can leverage that collection of the technology capability domestically here in the US and in other markets outside of the US to support a variety of different opportunities in the business.

As we spend more time with customers and clients internationally, as we've engaged with them and had dialogue around all the capabilities we can now bring to bear to them, whether it's a legacy TSYS partner or legacy Global partner, I think, obviously, we've increased our expectations around again the amount of revenue synergies we can derive from the combination. So I think, it's a combination of just having the opportunity. You make certain assumptions going into an announcement and then being able to get under the hood and spend more time on specific use cases and framing them up better.

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Ashwin Vassant Shirvaikar

Analyst, Citigroup Global Markets, Inc.

Right.

Cameron M. Bready

President and Chief Operating Officer, Global Payments, Inc.

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Both qualitatively and quantitatively. And then, as I said, I can't underemphasize the impact of the feedback we've received from clients and customers in the receptivity of the merger to them and their interest in exploring obviously the full breadth of capabilities that we can bring to bear, again, as a combined company. That certainly gives us a lot of confidence in being able to raise those targets and execute on them over the next few years.

Ashwin Vassant Shirvaikar

Analyst, Citigroup Global Markets, Inc.

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Okay. Okay. Both legacy GPN and legacy TSYS created a ton of value for investors over time, right? But you did it in different ways and different approach. And what I mean by different ways, different approach is more of a cultural statement than anything else in terms of how decisions were made, how they pushed to market and things like that. Can you give us an inside look at how the culture is coming together at the company in terms of the decision making process, the planning process, how you monitor weekly, monthly progress reports what have you, the stuff that actually – the blocking and tackling that happens. Can you give us an inside of look at that?

Cameron M. Bready

President and Chief Operating Officer, Global Payments, Inc.



Yeah. Maybe I'll give you my perspective and Paul will have one as well, obviously, coming from TSYS. So culture means a lot of things to a lot of people.

Ashwin Vassant Shirvaikar

Analyst, Citigroup Global Markets, Inc.

Yeah.

Cameron M. Bready

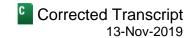
President and Chief Operating Officer, Global Payments, Inc.



And I generally like to frame up the conversation around culture really by looking at it in three layers. One is what are we here to do as a mission and vision matter. And if you look at our mission statements individually, they were almost identical. And then, if you go one layer deeper, then you're into the values of the organization and how does the organization frame up the values that it has. And each of us, I think, had very complementary values so much so that we even created a slide when we announced the merger showing the alignment from a value standpoint as it relates to the culture.

You take that one level deeper, which is then the behaviors, and what I call simply how do things get done inside of the organization, which is more of a commentary around execution. That's probably where there is a little more difference, I think, in terms of how we've operated historically and as TSYS has operated historically. And that's where we're working to bring together today. What I would say and I think Paul frames it up really well when he talks about it is, Global Payments has always had more of this technology enablement aspect to it, which has driven a little bit different pace of execution and it would have been different cadence of execution internally that I hope is to some degree has become a little bit of a hallmark for Global Payments, this relentless focus on

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execution that we have. And again, we talk about it in the context of a cadence around execution internally that I think has been very important to our overall success.

I think that's a little bit different than what TSYS has operated with historically and for good reasons. Some of it's a function of the different businesses that we've operated and the nature of those businesses. But I think given the pace at which our industry is moving, given the rate of change largely driven by technology in our industry, we think, it's really important to have the right operating cadence. And we're working to bring these two organizations together and define that right operating cadence for the combined company going forward.

Paul Michael Todd

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

Yeah. And I think one of the key components when we were putting this deal together was we knew we had a great strategic fit between these two companies. We knew we had good financial dynamics. The one thing we wanted to maximize was this cultural dynamic and so we started early on of kind of making sure that we understood the differences and we have chosen the leaders as we put the organization together not only at the senior level, but as we move down the level to pick the leaders that are going to bring the best of both cultures and we challenge them with the best of breed mentality to make sure that we're picking up from a legacy TSYS standpoint some of the tech enablement kind of culture that Global had but then we're also maintaining that high customer service, high deep relationship that we've had in our issuing business that has allowed us to have the success that we've had. So it's a best of breed mentality. We've had a great start but it's something that we put a lot of time and attention to.

Ashwin Vassant Shirvaikar

Analyst, Citigroup Global Markets, Inc.

Okay. Okay. No, really appreciate that. So talked about the deal. The way I thought I would sort of set up the conversation is talk about each segment. Let's start with merchant and GPN of course for a long time now had been talking about its tech enabled-stack, the software ownership. When you put the two merchant businesses together, can you talk a little bit about the combined tech-enabled stack where it is today, what the pieces are?

Cameron M. Bready

President and Chief Operating Officer, Global Payments, Inc.

Sure.

Ashwin Vassant Shirvaikar

Analyst, Citigroup Global Markets, Inc.

Maybe start there.

Cameron M. Bready

President and Chief Operating Officer, Global Payments, Inc.

Yeah, and I'll try to frame up the conversation the way that we at Global Payments have kind of talked about it historically and it starts with the first leg of technology enablement in our mind, which is really our software driven payments thesis or integrated payments model in that channel. We go to market really in two ways, one we partner with ISVs through a partnership model whereby we go to market collectively after we integrate into their software environments and then of course in select vertical markets. We own our own software. We own entirety of the software stack and we go to market and deliver software and payment solutions to our customers in select

vertical markets. TSYS had a similar strategy around the partnership side of that business, so combined today and I'll – like Jeff often does, I'll round up now that I'm not the CFO, I can – I'm officially able to round up, but we

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have nearly \$1 billion of revenue in our integrated channel today which is the partnership model on a combined basis. I think we serve somewhere in the neighborhood of 2,500...

Ashwin Vassant Shirvaikar

Analyst, Citigroup Global Markets, Inc.

So, Paul's going to give me exact number to that?

Cameron M. Bready

President and Chief Operating Officer, Global Payments, Inc.

Paul will give you the exact number now, I'm getting used to this new role, but it will take me some time. We have 2,500 ISV partners in that channel. I think we have clearly the leading integrated partnership model of anyone in this space with good growth fundamentals, good momentum, good complementary capabilities that we can bring to bear now on that channel going forward. So, we're particularly excited about that lever of technology enablement in the business.

The second key element of technology enablement we've talked about historically is our e-comm and omnichannel. And again by combining Global Payments and TSYS, we have again nearly \$1 billion of e-comm and omni revenue as a combined basis. I think we've also demonstrated in recent announcements, particularly our partnership with our friends here at Citi that we announced in connection with our Q3 call that we have obviously market leading technological capabilities from an e-comm and omni standpoint, while at the same time bringing breadth and depth of Global reach that other competitors really can't match. And as a result of that I think we're very well positioned from an e-comm and omni standpoint going forward.

And then lastly the - I forgot to mention it earlier as we were talking about the software, but our own software business is about \$800 million or so of revenue, obviously coming from the Global Payments business as TSYS really wasn't in that channel. So combined nearly just a little under \$4 billion of revenue in our businesses today sorry, \$3 billion of revenue in the business today that is what we would characterize as technology-enabled which we think positions us very well as we go forward and that will continue to be at the forefront of our strategy for merchant as a combined company in the future.

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Analyst, Citigroup Global Markets, Inc.

You want to put in more exact numbers?

Cameron M. Bready

President and Chief Operating Officer, Global Payments, Inc.

No, no, no. It's close enough.

Ashwin Vassant Shirvaikar

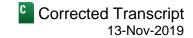
Analyst, Citigroup Global Markets, Inc.

Okay. This came up in a earlier conversation today. There was a conversation around payment facilitators, payfacs. Do you view payfacs as an opportunity, a threat, neither? Any view there?

Cameron M. Bready

President and Chief Operating Officer, Global Payments, Inc.

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I mean I think of it more as an opportunity certainly that TSYS brings to us. We've always had a good payfac business outside of the US. TSYS brings to us a very good payfac business inside of the US and there's clearly a segment of the market for which the payfac model is the right sort of model and the right way to go to market. And our ability to serve those customers I think better and our ability to tap into opportunities that exist in the market around that as a combined company I think is far better than it was for us or TSYS on a standalone basis. So I think, by and large, it's an opportunity for our business. I don't necessarily subscribe to the theory that it's a threat and that you're going to see more and more ISVs move to the payfac model or try to go that direction. I don't think that's going to be the predominant trend. It's not what we have seen. We've sort of been getting the same question for the last seven or eight years since we bought APT quite frankly. And I just don't think that's the way the market's going to go. And I think as a result of that the capabilities we have as a combined business makes it more of an opportunity and not so much of a threat for us.

Ashwin Vassant Shirvaikar

Analyst, Citigroup Global Markets, Inc.

Right, right. Just wanted to go back to the e-commerce, omni-channel part of what you said, because frankly the software piece has been talked about much more than the e-commerce piece arguably. So I want to ask you maybe you could give us more color with regards to domestic versus cross-border, more color with regards to the nature of what you are doing, the types of capabilities that you brought to bear to kind of win that recent deal that you just referenced. Any color, detail, granularity would be great.

Cameron M. Bready

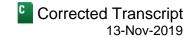
President and Chief Operating Officer, Global Payments, Inc.

Yeah. So I'll make a few comments, and maybe ask Paul to jump in as well. So at a macro level as we've talked about before, nearly \$1 billion of revenue globally associated with our e-comm and omni business. But our business, the heart of that business continues to be sort of small to medium size customers as it is for Global Payments merchant business globally. And also was the same interestingly enough for TSYS' business which is part of why that marriage makes so much sense to us at least at the merchant segment.

Domestic e-comm omni [audio gap] (00:26:45-00:26:50) is going to be associated with small to medium size businesses who are providing e-comm and omni, generally omni solutions for them domestically or regionally depending on the market in which we serve. We do also go upmarket to serve larger multinational corporations to do cross-border but to serve a collective need from a multinational standpoint, both virtually and physically in markets around the globe. Those omni-channel sort of use cases at the multinational level I think is really what separates us as a technology provider and as it relates to our Global scale and reach relative to our competition, and I think that's what's allowed us to prevail and I'll dig into that in just a second. But our view is the world is becoming more and more omni. That's the trend. A few years ago there was a whole idea that e-comm was going to wipe out all physical retail and now sort of e-comm only customers are building physical retail locations, so the world is moving to omni.

And the ability to, I think, integrate virtual and physical capabilities on a global scale is a unique solution set that we can bring to bear on the market. And we do that in a variety of different ways. One is we have scale physically in these markets to provide local support, local regulatory compliance, local customer engagement with large multinationals. While at the same time we have technology solutions that allow for single API integration into our entire technology solution to deliver virtual and physical capabilities that make it easier for our customers to integrate with us as a technology matter and then simplifies sort of that overall integration experience with us from a technological standpoint, so those capabilities coupled with the Global reach and scale of the business I think is really what uniquely positions us in that multinational channel and we pick our spots where we try to compete in

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that channel. But the bread and butter of our business will continue to be sort of the small- to medium-sized business on a global scale.

Paul Michael Todd

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

I think one of the points to add there that's a differentiated point of ours is that we have global presence, right, and so when you take the investments that we're making on this side and you layer them on top of a very expansive global presence, that's provided a differentiated solution and no one else can offer that same kind of global presence with the technological capabilities that have been built out between our two organizations and even on a go forward basis the scale needed to invest properly to make sure you're staying on that edge. But you have this global presence that underpins and can provide that kind of cross-border presence that otherwise wouldn't exist if you didn't have that presence.

Ashwin Vassant Shirvaikar Analyst, Citigroup Global Markets, Inc.				
Makes sense. I'm glad your answers were very consistent with what Citi told us yesterday.				
Cameron M. Bready President and Chief Operating Officer, Global Payments, Inc.	Д			
That's good to hear. It's a good start anyway.				
Ashwin Vassant Shirvaikar Analyst, Citigroup Global Markets, Inc.	C			
Let's talk about the issuance business.				
Paul Michael Todd Chief Financial Officer & Senior Executive Vice President, Global Payments, Inc.	Д			
Yeah.				
Ashwin Vassant Shirvaikar				

So, one thing I want to ask is, TSYS as an independent company was talking a lot about the letters of intent and the pipeline, right. Would it be possible to kind of go back and talk about the pipeline on the issuance side?

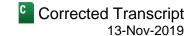
Paul Michael Todd

Analyst, Citigroup Global Markets, Inc.

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

Yes. Yes, we talk about it from kind of an overall look standpoint as opposed to specific LOIs. I'd say the first thing is we were thrilled to get the Walmart conversion done that that just we got completed and so obviously that was one of the bigger things in the pipeline to get converted and get on to the system. I would say this, the pipeline remains very full. We're very pleased with what we're seeing particularly outside of the US from a pipeline opportunity standpoint. And then one of the things around putting the deal together is there has been additive opportunities that have presented themselves just on the heels of this deal announcement. And so while we did get one good conversion done here recently, we continue to see great kind of pipeline activity for that issuance business for the next couple of years.

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Ashwin Vassant Shirvaikar

Analyst, Citigroup Global Markets, Inc.

Right.

Cameron M. Bready President and Chief Operating Officer, Global Payments, Inc.

And as we obviously were originally engaged in our dialogue with TSYS as you can imagine that's something we spent a lot of time on not being in the issuing business today, we wanted to make sure we had good line of sight as a combined company as it relates to that pipeline, how that pipeline will help support sort of the targeted rates of growth that TSYS has for that business and that we now collectively have for that business going forward. So we have a lot of confidence obviously in the pipeline. We have a lot of visibility in how that pipeline converts to revenue over the course of time and drives revenue expansion in the issuing business. And then to Paul's point, I think we also have a lot of confidence in our ability to realize the thesis around cross-selling into our existing base of FI customers and driving more opportunities for the issuing business longer term by virtue of the relationships we have outside of the US, where obviously there's an opportunity for TSYS to provide issuing solutions.

Ashwin Vassant Shirvaikar

Analyst, Citigroup Global Markets, Inc.

Okay. And the completion of the Walmart conversion is that what gives confidence on the 4Q?

Paul Michael Todd

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

It's one piece of it. Obviously there are some other dynamics around the increasing revenue picture there, but obviously that's one piece.

Ashwin Vassant Shirvaikar Analyst, Citigroup Global Markets, Inc.

Okay. Any thoughts on what the other pieces are if you can comment on?

Paul Michael Todd

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

Well, I mean we continue to see good transactional growth and so our account growth and transactional growth.

We had good growth in the full, kind of third quarter, but we see that continuing in the fourth quarter and the other dynamics of the business are also still very strong.

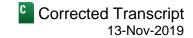
Ashwin Vassant Shirvaikar Analyst, Citigroup Global Markets, Inc.

Right. So, one thing is we've kind of written about this as well, the importance of value added services, [ph] as you kind of (00:32:45) grow out your portfolio of what you sell to existing clients as well as pitch to new ones. Can you give us some insight into how that pipeline of opportunity looks, both from a product roadmap

perspective as well as what do clients look for today?

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

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Yeah. So, I would say this, you know, which is strong from a value added product pipeline as we've ever had. And it's particularly down three vectors, one is fraud and obviously the fraud dynamics around the AI piece of fraud and what you're able to do particularly around kind of false positives and those dynamics and so that's clearly one area where we have a partnership with Featurespace and some of the unique things that we're doing down that piece. The second is data and the kind of use cases around the richness of data that we're building products around based on the richness of data in our platform. And then the final is just the whole on customer engagement as the issuers continue to want to reach their customers in more dynamic ways and communicate to their customers in a much more regular kind of way, there's a whole product suite there that is lending to additive growth. And so we've got kind of more product conversions going on right now than we ever have from a new product issuance standpoint.

Ashwin Vassant Shirvaikar

Analyst, Citigroup Global Markets, Inc.

Okay.

Cameron M. Bready

President and Chief Operating Officer, Global Payments, Inc.



And I think it would've been – the issuing business, you can draw a lot of corollaries from what we've seen in the merchant acquiring business over the course of time. As it relates to the importance of avoiding disintermediation, particularly as it relates to the new solutions, the new product, the new capability that really allows you to create a point of distinction in the marketplace but add more value obviously to the relationship you have with your customers which again is very strong from a core processing standpoint but no one wants to be in a position where as you move to the more value added services you become disintermediated by other players in the market. So, a lot of the strategy around issuer is more development and more focus around continuing what TSYS has started as it relates to sort of future proofing the technology environment and developing more product solution and capability, modern architecture, cloud base that we can bring to bear on the market that positions us again to differentiate from a technological standpoint, the solution set in totality.

Ashwin Vassant Shirvaikar

Analyst, Citigroup Global Markets, Inc.



Okay. Let's talk about maybe the business and consumer segment – consumer business solutions segment. So there is a view among investors, not all but some investors, that combined this is now a relatively small part of the business and could become a source of funds, so how do you address that? It's not necessarily a concern, but does it belong is sort of the question there.

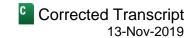
Cameron M. Bready

President and Chief Operating Officer, Global Payments, Inc.



Well, I think certainly as we look at the business today, I'll start by saying, the business in consumer solutions business is a relatively small portion of the business, it's 10% of the combined company. But that being said, we think we have a differentiated strategy for that business and a very well-defined strategy for how we want to enhance that business going forward that leverages the core elements of that in a way that we think takes advantage of the distribution capabilities that we have domestically here in the US and internationally to some degree as well, further allows us to draw strong distinctions between our offering versus others in the marketplace. And I think what I would say is time will tell. We plan to execute against that strategy. I think everything we're doing as it relates to the strategy for that business will add value to that enterprise going forward. I think it's going to allow us to grow that business at the levels that TSYS has targeted historically for the

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business. I think it's going to allow us to bring some interesting features and products into other channels and cross-sell them and drive further differentiation in our merchant business in particular.

And so, we're excited to see where we can go with the business. That being said, we are value oriented. So end of day, if we think there's a higher better use for that business relative to being a part of Global Payments, we'll naturally be open minded to exploring that. But sitting here today, we're very focused on executing this strategy. We think this strategy will add a meaningful amount of value to the business and consumer segment as well as the company overall. And time will tell how that plays out for us. But we're excited about the way we are positioning that business in the market now as a combined company.

Paul Michael Todd

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

Yeah. And I think there's two points of differentiation as a result of this merger that exist for that business. And Cameron alluded to one of them, one is on the B2B side and the significant distribution that we have on kind of our commercial side of that business that we didn't have on a standalone TSYS basis. And I think the second one is international expansion. So that was always a potential for that business but we've lacked kind of some of the physical presence and some of the partnership opportunities that now present themselves. And so those are two distinct differences of that segment that exist now that didn't exist before the merger.

Ashwin Vassant Shirvaikar

Analyst, Citigroup Global Markets, Inc.

That makes sense. Okay. So, when I kind of think about sort of pulling all this together and then juxtapose that against how GPN, for example, used to talk about its growth prospects relative to the cycle, right, and there was one thing that you guys did that I always liked was that you kind of said relative to the cycle, here's how I can grow. With the inclusion of TSYS into the mix, how would you now talk about your overall growth opportunity and maybe even a segment by segment look if you can quickly in the remaining time?

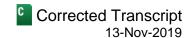
Cameron M. Bready

President and Chief Operating Officer, Global Payments, Inc.

Sure. Maybe I'll talk about the overarching picture. I will let Paul kind of drill into each of the segments. So I would say the long and short of it is the growth expectations we had for the business standalone before the merger remain intact. Now clearly as you put the two organizations together, given historical growth rates, we're probably towards the lower end of the revenue targets that we established as a growth matter, but we think revenue synergies over the course of time as those begin to materialize will sort of get ourselves back solidly into that range of revenue growth expectations we have for the combined business. And then clearly by putting the two businesses together I think we have far more levers around sustaining the rate of earnings growth that we've targeted for the businesses historically. Clearly, near-term will benefit from the realization of synergies that will drive accretion in the business over the next few years as we do execute on those synergy plans and longer-term, we feel like we have levers – more levers available to us to continue to sustain and compound growth in earnings per share in that mid- to high-teen level that we've been targeting historically. So we think, as a combined company, we're far better positioned longer-term to continue to execute against those targets that we've had Global Payments standalone.

And the other thing I would say is as much as we all want trees to grow to the sky they don't. I think as a combined company, we're also far better positioned to ride through any sort of macro cycles, which I think is incredibly important. We have far more financial strength, we're now a combined investment grade credit, we're generating \$2.5 billion of pro forma free cash flow as a combined company, we're more diversified, more resilient

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as a business model matter so naturally markets flow in cycles and I think combined we're better positioned obviously for the good times and for the bad times.

Ashwin Vassant Shirvaikar Analyst, Citigroup Global Markets, Inc. Right.	Q
Paul Michael Todd Chief Financial Officer & Senior Executive Vice President, Global Payments, Inc. Yes.	A
Ashwin Vassant Shirvaikar Analyst, Citigroup Global Markets, Inc.	Q
30, 40 seconds. Quick.	
Ashwin Vassant Shirvaikar Analyst, Citigroup Global Markets, Inc.	Q

Yeah. So I would just add-on that the core growth fundamentals that we had from a legacy TSYS perspective are still intact, and when you marry those up with the growth dynamics that Cameron just mentioned from a legacy Global standpoint, it still puts you in that range that we've talked about before with this additive piece on the earnings growth side. And if you look at kind of a margin growth picture, both companies had legacy good track records around, A, growing faster on the revenue growth side than the market but also growing the margin on a consistent basis in the ranges that we've talked about that's happened this quarter and we expect that to happen on a go forward basis as well.

Ashwin Vassant Shirvaikar

Analyst, Citigroup Global Markets, Inc.

Great, awesome. Thank you both.

Paul Michael Todd

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

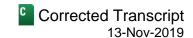
Great, thank you for having us.

Cameron M. Bready

President and Chief Operating Officer, Global Payments, Inc.

Yeah, thank you for joining us.

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