

# Global Payments Reports Second Quarter Earnings, Sets Calendar 2017 Growth Targets and Increases Synergy Estimates

ATLANTA--(BUSINESS WIRE)-- Global Payments Inc. (NYSE: GPN) today announced results for its fiscal second quarter ended November 30, 2016.

“The strong momentum from our first quarter accelerated in the second quarter of fiscal 2017. We delivered double digit organic growth across our key markets, including in our U.S. direct business and across most of Europe and Asia Pacific,” said Jeff Sloan, Chief Executive Officer. “Our technology enabled businesses continue to spearhead our growth, with particularly strong performance from our integrated payments businesses, OpenEdge and Ezidebit, and from our software led solutions at Heartland Commerce and Campus Solutions. We achieved these results while also making significant progress integrating Heartland. We have raised our expectations for synergies from the merger, highlighting ongoing strength in execution.”

## Second Quarter Fiscal 2017 Summary

- GAAP revenues were \$941.8 million, compared to \$722.4 million in the second quarter of fiscal 2016; diluted earnings per share were \$0.32 compared to \$0.60 in the prior year; and operating margin was 11.2% compared to 17.1% in the second quarter of fiscal 2016.
- Adjusted net revenue grew 58% to \$817.2 million, compared to \$518.3 million in the second quarter of fiscal 2016. On a constant currency basis, adjusted net revenue grew 61%.
- Adjusted earnings per share grew 17% to \$0.89, compared to \$0.76 in the second quarter of fiscal 2016. On a constant currency basis, adjusted earnings per share grew 22%.
- Adjusted operating margin was 29.5%. On a constant currency basis, adjusted operating margin was 30.0%, a 50 basis point increase over the second quarter of fiscal 2016.

“We exceeded our expectations for organic adjusted net revenue growth, operating margin expansion and adjusted earnings per share growth for the quarter,” stated Cameron Bready, Executive Vice President and Chief Financial Officer. “As a result of this strong performance and momentum, we are introducing accelerated growth expectations for calendar 2017. We are also raising our expectation for expense synergies from the Heartland merger to \$135 million, a \$10 million increase from our prior target.”

## Calendar 2017 Outlook

For calendar 2017, the company expects reported adjusted net revenue of \$3.35 to \$3.45

billion, representing estimated growth of 18% to 21% over our calendar 2016 estimate, or 20% to 24% on a constant currency basis. The company further expects reported adjusted earnings per share of \$3.70 to \$3.90, which represents estimated growth of 16% to 23% over our calendar 2016 estimate, or 21% to 27% on a constant currency basis. Calendar 2017 adjusted earnings per share expectations represents annualized growth of approximately 17% relative to the company's last fiscal 2017 guide, or approximately 20% on a constant currency basis.

## **Capital Allocation**

Global Payments' Board of Directors approved a quarterly dividend of \$0.01 per share payable February 24, 2017 to shareholders of record as of February 10, 2017. The board also approved an increase to the existing authorization for the company's share repurchase program, raising the total available authorization to \$300 million.

## **Conference Call**

Global Payments' management will host a conference call today, January 9, 2017 at 8:00 a.m. ET to discuss financial results and business highlights. Participants may access the conference call via the investor relations page of the company's website at [www.globalpaymentsinc.com](http://www.globalpaymentsinc.com); or participants in North America may dial 877-674-6428 and outside North America may dial 970-315-0457. A replay of the call will be archived on the company's website within two hours of the live call.

## **Non-GAAP Financial Measures**

Global Payments supplemented revenues, income and earnings per share information determined in accordance with GAAP by providing those measures on an adjusted basis in this earnings release to assist with evaluating performance. In addition to GAAP measures, management uses these non-GAAP measures to focus on the factors the company believes are pertinent to the daily management of our operations.

Reconciliations of the non-GAAP measures to the most directly comparable GAAP measure are included in the schedules to this release.

## **About Global Payments**

Global Payments Inc. (NYSE: GPN) is a leading worldwide provider of payment technology services that delivers innovative solutions driven by customer needs globally. Our technologies, partnerships and employee expertise enable us to provide a broad range of products and services that allow our customers to accept all payment types across a variety of distribution channels in many markets around the world.

Headquartered in Atlanta, Georgia with more than 8,500 employees worldwide, Global Payments is a member of the S&P 500 with merchants and partners in 30 countries throughout North America, Europe, the Asia-Pacific region and Brazil. For more information about Global Payments, our *Service. Driven. Commerce* brand and our technologies, please visit [www.globalpaymentsinc.com](http://www.globalpaymentsinc.com).

## **Forward-Looking Statements**

This announcement and comments made by Global Payments' management during the conference call may contain certain forward-looking statements within the meaning of the "safe-harbor" provisions of the Private Securities Litigation Reform Act of 1995. Statements that are not historical facts, including revenue and earnings estimates and management's expectations regarding future events and developments, are forward-looking statements and are subject to significant risks and uncertainties. Important factors that may cause actual events or results to differ materially from those anticipated by such forward-looking statements include our potential failure to safeguard our data; our ability to maintain Visa and MasterCard registration and financial institution sponsorship; our reliance on financial institutions to provide clearing services in connection with our settlement activities; our potential failure to comply with card network requirements; increased merchant, referral partner or ISO attrition; our ability to increase our share of existing markets and expand into new markets; political, economic and regulatory changes in the foreign countries in which we operate; system interruptions in service; increases in credit card network fees; future performance, integration and conversion of acquired operations; and other risk factors presented in our most recent Annual Report on Form 10-K and any subsequent SEC filings, which we advise you to review. We undertake no obligation to revise any of these statements to reflect future circumstances or the occurrence of unanticipated events.

**SCHEDULE 1**  
**UNAUDITED GAAP CONSOLIDATED STATEMENTS OF INCOME**  
GLOBAL PAYMENTS INC. AND SUBSIDIARIES  
*(In thousands, except per share data)*

|                                                                                 | Three Months Ended      |                         |             | Six Months Ended        |                         |             |
|---------------------------------------------------------------------------------|-------------------------|-------------------------|-------------|-------------------------|-------------------------|-------------|
|                                                                                 | November<br>30,<br>2016 | November<br>30,<br>2015 | %<br>Change | November<br>30,<br>2016 | November<br>30,<br>2015 | %<br>Change |
| Revenues                                                                        | \$ 941,821              | \$ 722,350              | 30.4%       | \$1,881,313             | \$1,471,146             | 27.9%       |
| Operating expenses:                                                             |                         |                         |             |                         |                         |             |
| Cost of service                                                                 | 468,383                 | 270,565                 | 73.1%       | 931,009                 | 543,231                 | 71.4%       |
| Selling, general and administrative                                             | 368,171                 | 328,620                 | 12.0%       | 723,931                 | 666,978                 | 8.5%        |
|                                                                                 | <u>836,554</u>          | <u>599,185</u>          | 39.6%       | <u>1,654,940</u>        | <u>1,210,209</u>        |             |
| Operating income                                                                | <u>105,267</u>          | <u>123,165</u>          | (14.5)%     | <u>226,373</u>          | <u>260,937</u>          | (13.2)%     |
| Interest and other income                                                       | 1,353                   | 1,292                   | 4.7%        | 43,826                  | 2,434                   | NM          |
| Interest and other expense                                                      | <u>(52,448)</u>         | <u>(14,126)</u>         | 271.3%      | <u>(95,524)</u>         | <u>(27,369)</u>         | 249.0%      |
|                                                                                 | <u>(51,095)</u>         | <u>(12,834)</u>         | 298.1%      | <u>(51,698)</u>         | <u>(24,935)</u>         | 107.3%      |
| Income before income taxes                                                      | 54,172                  | 110,331                 | (50.9)%     | 174,675                 | 236,002                 | (26.0)%     |
| Provision for income taxes                                                      | <u>(1,557)</u>          | <u>(27,253)</u>         | (94.3)%     | <u>(29,601)</u>         | <u>(59,876)</u>         | (50.6)%     |
| Net income                                                                      | <u>52,615</u>           | <u>83,078</u>           | (36.7)%     | <u>145,074</u>          | <u>176,126</u>          | (17.6)%     |
| Less: Net income attributable to noncontrolling interests,<br>net of income tax | <u>(3,163)</u>          | <u>(4,307)</u>          | (26.6)%     | <u>(10,529)</u>         | <u>(10,708)</u>         | (1.7)%      |
| Net income attributable to Global Payments                                      | <u>\$ 49,452</u>        | <u>\$ 78,771</u>        | (37.2)%     | <u>\$ 134,545</u>       | <u>\$ 165,418</u>       | (18.7)%     |
| Earnings per share attributable to Global Payments:                             |                         |                         |             |                         |                         |             |
| Basic                                                                           | \$ 0.32                 | \$ 0.61                 | (47.5)%     | \$ 0.88                 | \$ 1.27                 | (30.7)%     |

Diluted \$ 0.32 \$ 0.60 (46.7)% \$ 0.87 \$ 1.27 (31.5)%

Weighted-average number of shares outstanding:

|         |         |         |         |         |
|---------|---------|---------|---------|---------|
| Basic   | 153,173 | 129,505 | 153,539 | 129,919 |
| Diluted | 153,991 | 130,353 | 154,435 | 130,752 |

NM - Not meaningful.

**SCHEDULE 2**  
**NON-GAAP FINANCIAL MEASURES (UNAUDITED)**  
GLOBAL PAYMENTS INC. AND SUBSIDIARIES  
*(In thousands, except per share data)*

|                           | Three Months Ended |                   |          | Six Months Ended  |                   |          |
|---------------------------|--------------------|-------------------|----------|-------------------|-------------------|----------|
|                           | November 30, 2016  | November 30, 2015 | % Change | November 30, 2016 | November 30, 2015 | % Change |
| Adjusted net revenue      | \$ 817,188         | \$ 518,302        | 57.7 %   | \$ 1,634,443      | \$ 1,055,255      | 54.9 %   |
| Adjusted operating income | \$ 240,819         | \$ 153,208        | 57.2 %   | \$ 481,536        | \$ 316,776        | 52.0 %   |
| Adjusted net income       | \$ 136,618         | \$ 99,501         | 37.3 %   | \$ 270,300        | \$ 202,530        | 33.5 %   |
| Adjusted EPS:             | \$ 0.89            | \$ 0.76           | 17.1 %   | \$ 1.75           | \$ 1.55           | 12.9 %   |

See Schedules 6 and 7 for a reconciliation of each non-GAAP financial measure to the most comparable GAAP measure and Schedule 10 for a discussion of non-GAAP financial measures.

**SCHEDULE 3**  
**SEGMENT INFORMATION (UNAUDITED)**  
GLOBAL PAYMENTS INC. AND SUBSIDIARIES  
*(In thousands)*

|               | Three Months Ended |                       |                   |                       | % Change |                       |
|---------------|--------------------|-----------------------|-------------------|-----------------------|----------|-----------------------|
|               | November 30, 2016  |                       | November 30, 2015 |                       |          |                       |
|               | GAAP               | Non-GAAP <sup>1</sup> | GAAP              | Non-GAAP <sup>1</sup> | GAAP     | Non-GAAP <sup>1</sup> |
| Revenues:     |                    |                       |                   |                       |          |                       |
| North America | \$ 701,300         | \$ 604,067            | \$ 511,335        | \$ 325,889            | 37.2%    | 85.4%                 |
| Europe        | 174,904            | 147,504               | 158,016           | 139,414               | 10.7%    | 5.8%                  |
| Asia-Pacific  | 65,617             | 65,617                | 52,999            | 52,999                | 23.8%    | 23.8%                 |
|               | <u>\$ 941,821</u>  | <u>\$ 817,188</u>     | <u>\$ 722,350</u> | <u>\$ 518,302</u>     | 30.4%    | 57.7%                 |

Operating  
income:

|               |                   |                   |                   |                   |         |       |
|---------------|-------------------|-------------------|-------------------|-------------------|---------|-------|
| North America | \$ 105,746        | \$ 181,753        | \$ 79,121         | \$ 93,034         | 33.7%   | 95.4% |
| Europe        | 60,875            | 68,899            | 62,012            | 68,188            | (1.8)%  | 1.0%  |
| Asia-Pacific  | 16,658            | 19,406            | 11,857            | 14,515            | 40.5%   | 33.7% |
| Corporate     | (78,012)          | (29,239)          | (29,825)          | (22,529)          | 161.6%  | 29.8% |
|               | <u>\$ 105,267</u> | <u>\$ 240,819</u> | <u>\$ 123,165</u> | <u>\$ 153,208</u> | (14.5)% | 57.2% |

| Six Months Ended  |                    |                       |                    |                       |          |                       |
|-------------------|--------------------|-----------------------|--------------------|-----------------------|----------|-----------------------|
|                   | November 30, 2016  |                       | November 30, 2015  |                       | % Change |                       |
|                   | GAAP               | Non-GAAP <sup>1</sup> | GAAP               | Non-GAAP <sup>1</sup> | GAAP     | Non-GAAP <sup>1</sup> |
| Revenues:         |                    |                       |                    |                       |          |                       |
| North America     | \$1,413,064        | \$1,212,737           | \$1,042,192        | \$ 666,320            | 35.6%    | 82.0%                 |
| Europe            | 344,469            | 297,926               | 326,373            | 286,354               | 5.5%     | 4.0%                  |
| Asia-Pacific      | 123,780            | 123,780               | 102,581            | 102,581               | 20.7%    | 20.7%                 |
|                   | <u>\$1,881,313</u> | <u>\$1,634,443</u>    | <u>\$1,471,146</u> | <u>\$1,055,255</u>    | 27.9%    | 54.9%                 |
| Operating income: |                    |                       |                    |                       |          |                       |
| North America     | \$ 211,446         | \$ 360,115            | \$ 162,635         | \$ 190,002            | 30.0%    | 89.5%                 |
| Europe            | 126,414            | 141,012               | 134,745            | 145,219               | (6.2)%   | (2.9)%                |
| Asia-Pacific      | 30,680             | 35,895                | 24,089             | 28,325                | 27.4%    | 26.7%                 |
| Corporate         | (142,167)          | (55,486)              | (60,532)           | (46,770)              | 134.9%   | 18.6%                 |
|                   | <u>\$ 226,373</u>  | <u>\$ 481,536</u>     | <u>\$ 260,937</u>  | <u>\$ 316,776</u>     | (13.2)%  | 52.0%                 |

<sup>1</sup> See Schedules 8 and 9 for a reconciliation of adjusted net revenue and adjusted operating income by segment to the most comparable GAAP measures and Schedule 10 for a discussion of non-GAAP financial measures.

**SCHEDULE 4**  
**UNAUDITED CONSOLIDATED BALANCE SHEETS**  
GLOBAL PAYMENTS INC. AND SUBSIDIARIES  
*(In thousands, except share data)*

|                                                                                                 | November 30, 2016    | May 31, 2016        |
|-------------------------------------------------------------------------------------------------|----------------------|---------------------|
| <b>ASSETS</b>                                                                                   |                      |                     |
| Current assets:                                                                                 |                      |                     |
| Cash and cash equivalents                                                                       | \$ 995,816           | \$ 1,044,728        |
| Accounts receivable, net of allowances for doubtful accounts of \$294 and \$353, respectively   | 266,245              | 281,612             |
| Claims receivable, net of allowances for doubtful accounts of \$4,771 and \$4,868, respectively | 8,772                | 6,799               |
| Settlement processing assets                                                                    | 1,117,666            | 1,336,326           |
| Prepaid expenses and other current assets                                                       | 186,464              | 181,848             |
| Total current assets                                                                            | <u>2,574,963</u>     | <u>2,851,313</u>    |
| Goodwill                                                                                        | 4,823,756            | 4,829,405           |
| Other intangible assets, net                                                                    | 2,115,842            | 2,264,708           |
| Property and equipment, net                                                                     | 520,714              | 493,678             |
| Deferred income taxes                                                                           | 20,419               | 22,719              |
| Other                                                                                           | 57,420               | 48,129              |
| Total assets                                                                                    | <u>\$ 10,113,114</u> | <u>\$10,509,952</u> |

**LIABILITIES AND EQUITY**

|                                                                                                                                                                           |               |              |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|--------------|
| Current liabilities:                                                                                                                                                      |               |              |
| Settlement lines of credit                                                                                                                                                | \$ 467,293    | \$ 378,436   |
| Current portion of long-term debt                                                                                                                                         | 177,759       | 135,542      |
| Accounts payable and accrued liabilities                                                                                                                                  | 681,356       | 696,414      |
| Settlement processing obligations                                                                                                                                         | 883,447       | 1,220,315    |
| Total current liabilities                                                                                                                                                 | 2,209,855     | 2,430,707    |
| Long-term debt                                                                                                                                                            | 4,316,391     | 4,379,744    |
| Deferred income taxes                                                                                                                                                     | 695,258       | 744,862      |
| Other noncurrent liabilities                                                                                                                                              | 89,773        | 77,235       |
| Total liabilities                                                                                                                                                         | 7,311,277     | 7,632,548    |
| Commitments and contingencies                                                                                                                                             |               |              |
| Equity:                                                                                                                                                                   |               |              |
| Preferred stock, no par value; 5,000,000 shares authorized and none issued                                                                                                | —             | —            |
| Common stock, no par value; 200,000,000 shares authorized; 152,267,428 issued and outstanding at November 30, 2016 and 154,421,585 issued and outstanding at May 31, 2016 | —             | —            |
| Paid-in capital                                                                                                                                                           | 1,818,487     | 1,976,715    |
| Retained earnings                                                                                                                                                         | 1,146,844     | 1,015,811    |
| Accumulated other comprehensive loss                                                                                                                                      | (309,717)     | (246,050)    |
| Total Global Payments shareholders' equity                                                                                                                                | 2,655,614     | 2,746,476    |
| Noncontrolling interests                                                                                                                                                  | 146,223       | 130,928      |
| Total equity                                                                                                                                                              | 2,801,837     | 2,877,404    |
| Total liabilities and equity                                                                                                                                              | \$ 10,113,114 | \$10,509,952 |

**SCHEDULE 5**  
**UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
GLOBAL PAYMENTS INC. AND SUBSIDIARIES  
(In thousands)

|                                                                                   | Six Months Ended     |                      |
|-----------------------------------------------------------------------------------|----------------------|----------------------|
|                                                                                   | November 30,<br>2016 | November 30,<br>2015 |
| Cash flows from operating activities:                                             |                      |                      |
| Net income                                                                        | \$ 145,074           | \$ 176,126           |
| Adjustments to reconcile net income to net cash provided by operating activities: |                      |                      |
| Depreciation and amortization of property and equipment                           | 45,681               | 35,697               |
| Amortization of acquired intangibles                                              | 166,188              | 41,809               |
| Share-based compensation expense                                                  | 16,366               | 13,472               |
| Provision for operating losses and bad debts                                      | 19,024               | 11,257               |
| Amortization of capitalized customer acquisition costs                            | 12,291               | —                    |
| Deferred income taxes                                                             | (52,710)             | 2,900                |
| Gain on sale of investments                                                       | (41,150)             | —                    |
| Other, net                                                                        | 18,784               | 2,198                |
| Changes in operating assets and liabilities, net of the effects of acquisitions:  |                      |                      |
| Accounts receivable                                                               | 9,693                | (4,271)              |
| Claims receivable                                                                 | (14,067)             | (18,723)             |
| Settlement processing assets and obligations, net                                 | (113,359)            | 208,446              |
| Prepaid expenses and other assets                                                 | (5,846)              | (14,097)             |
| Accounts payable and other liabilities                                            | (12,426)             | (744)                |
| Net cash provided by operating activities                                         | 193,543              | 454,070              |
| Cash flows from investing activities:                                             |                      |                      |
| Business acquisitions, net of cash acquired                                       | (35,260)             | (241,934)            |
| Capital expenditures                                                              | (83,268)             | (36,246)             |
| Proceeds from sale of investments                                                 | 37,717               | —                    |
| Net cash used in investing activities                                             | (80,811)             | (278,180)            |

Cash flows from financing activities:

|                                                                 |                   |                   |
|-----------------------------------------------------------------|-------------------|-------------------|
| Net borrowings on settlement lines of credit                    | 94,757            | 101,464           |
| Proceeds from issuance of long-term debt                        | 1,289,000         | 3,030,175         |
| Principal payments of long-term debt                            | (1,314,799)       | (2,852,175)       |
| Payment of debt issuance costs                                  | (9,279)           | (4,934)           |
| Repurchase of common stock                                      | (172,405)         | (71,748)          |
| Proceeds from stock issued under share-based compensation plans | 4,882             | 6,317             |
| Common stock repurchased - share-based compensation plans       | (20,390)          | (11,579)          |
| Tax benefit from share-based compensation plans                 | 13,017            | 6,521             |
| Purchase of subsidiary shares from noncontrolling interest      | —                 | (7,550)           |
| Distributions to noncontrolling interests                       | (12,365)          | (8,158)           |
| Dividends paid                                                  | (3,069)           | (2,602)           |
| Net cash (used in) provided by financing activities             | (130,651)         | 185,731           |
| Effect of exchange rate changes on cash                         | (30,993)          | (23,903)          |
| (Decrease) increase in cash and cash equivalents                | (48,912)          | 337,718           |
| Cash and cash equivalents, beginning of the period              | 1,044,728         | 650,739           |
| Cash and cash equivalents, end of the period                    | <u>\$ 995,816</u> | <u>\$ 988,457</u> |

**SCHEDULE 6**

**RECONCILIATION OF NON-GAAP FINANCIAL MEASURES TO GAAP MEASURES (UNAUDITED)**

THREE MONTHS ENDED NOVEMBER 30, 2016 AND 2015

GLOBAL PAYMENTS INC. AND SUBSIDIARIES

(In thousands, except per share data)

|                                                                         | Three Months Ended November 30, 2016 |                                         |                                      |                                                |            |
|-------------------------------------------------------------------------|--------------------------------------|-----------------------------------------|--------------------------------------|------------------------------------------------|------------|
|                                                                         | GAAP                                 | Net Revenue<br>Adjustments <sup>1</sup> | Earnings<br>Adjustments <sup>2</sup> | Income Taxes<br>on<br>Adjustments <sup>3</sup> | Non-GAAP   |
| Revenues                                                                | \$941,821                            | \$ (124,633)                            | \$ —                                 | \$ —                                           | \$ 817,188 |
| Operating income                                                        | \$105,267                            | \$ —                                    | \$ 135,552                           | \$ —                                           | \$ 240,819 |
| Net income attributable to Global Payments                              | \$ 49,452                            | \$ —                                    | \$ 141,499                           | \$ (54,333)                                    | \$ 136,618 |
| Diluted earnings per share attributable to Global Payments <sup>4</sup> | \$ 0.32                              |                                         |                                      |                                                | \$ 0.89    |
|                                                                         | Three Months Ended November 30, 2015 |                                         |                                      |                                                |            |
|                                                                         | GAAP                                 | Net Revenue<br>Adjustments <sup>1</sup> | Earnings<br>Adjustments <sup>2</sup> | Income Taxes<br>on<br>Adjustments <sup>3</sup> | Non-GAAP   |
| Revenues                                                                | \$722,350                            | \$ (204,048)                            | \$ —                                 | \$ —                                           | \$ 518,302 |
| Operating income                                                        | \$123,165                            | \$ —                                    | \$ 30,043                            | \$ —                                           | \$ 153,208 |
| Net income attributable to Global Payments                              | \$ 78,771                            | \$ —                                    | \$ 29,114                            | \$ (8,384)                                     | \$ 99,501  |
| Diluted earnings per share attributable to Global Payments <sup>4</sup> | \$ 0.60                              |                                         |                                      |                                                | \$ 0.76    |

<sup>1</sup>Represents adjustments to revenues for gross-up related payments (included in operating expenses) associated with certain wholesale lines of business to reflect economic benefits to the company.

<sup>2</sup> Earnings adjustments to operating income for the three months ended November 30, 2016 include \$86.5 million and \$49.0 million in cost of service and selling, general and administrative expenses, respectively. Adjustments to cost of service include amortization of acquired intangibles of \$86.2 million and employee termination expenses of \$0.3 million. Adjustments to selling, general and administrative expenses include share-based compensation expense of \$8.7 million, merger-related costs of \$36.6 million, litigation settlement of \$2.7 million and employee termination expenses of \$1.0 million. Net income attributable to Global Payments also reflects an adjustment for a non-cash charge of \$8.2 million for previously deferred issuance costs written off in connection with the refinancing of our corporate debt.

Earnings adjustments to operating income for the three months ended November 30, 2015 include \$21.7 million and \$8.3 million in cost of service and selling, general and administrative expenses, respectively. Adjustments to cost of service represent amortization of acquired intangibles of \$21.5 million and other adjustments of \$0.2 million. Adjustments to selling, general and administrative expenses include share-based compensation expense of \$7.0 million and \$1.3 million of other adjustments.

<sup>3</sup> Income taxes on adjustments reflect the tax effect of earnings adjustments to income before income taxes. The tax rate used in determining the tax impact of earnings adjustments is either the jurisdictional statutory rate in effect at the time of the adjustment or the jurisdictional expected annual effective tax rate for the period, depending on the nature and timing of the adjustment. Income tax adjustments for the three months ended November 30, 2016 include the removal of a \$5.1 million tax benefit associated with a change in estimate of certain U.S. inclusion items relating to the gain on sale of Visa Europe.

<sup>4</sup> Adjusted EPS is calculated by dividing adjusted net income attributable to Global Payments by the diluted weighted-average number of shares outstanding.

See “Non-GAAP Financial Measures” discussion on Schedule 10.

**SCHEDULE 7**  
**RECONCILIATION OF NON-GAAP FINANCIAL MEASURES TO GAAP MEASURES (UNAUDITED)**  
SIX MONTHS ENDED NOVEMBER 30, 2016 AND 2015  
GLOBAL PAYMENTS INC. AND SUBSIDIARIES  
*(In thousands, except per share data)*

|                                            | Six Months Ended November 30, 2016 |                                         |                                      |                                                |              |
|--------------------------------------------|------------------------------------|-----------------------------------------|--------------------------------------|------------------------------------------------|--------------|
|                                            | GAAP                               | Net Revenue<br>Adjustments <sup>1</sup> | Earnings<br>Adjustments <sup>2</sup> | Income Taxes<br>on<br>Adjustments <sup>3</sup> | Non-GAAP     |
| Revenues                                   | \$ 1,881,313                       | \$ (246,870)                            | \$ —                                 | \$ —                                           | \$ 1,634,443 |
| Operating income                           | \$ 226,373                         | \$ —                                    | \$ 255,163                           | \$ —                                           | \$ 481,536   |
| Net income attributable to Global Payments | \$ 134,545                         | \$ —                                    | \$ 218,490                           | \$ (82,735)                                    | \$ 270,300   |

Diluted earnings per share attributable to Global Payments<sup>4</sup>

\$ 0.87

\$ 1.75

|                                                                         | Six Months Ended November 30, 2015 |                                      |                                   |                                          |             |
|-------------------------------------------------------------------------|------------------------------------|--------------------------------------|-----------------------------------|------------------------------------------|-------------|
|                                                                         | GAAP                               | Net Revenue Adjustments <sup>1</sup> | Earnings Adjustments <sup>2</sup> | Income Taxes on Adjustments <sup>3</sup> | Non-GAAP    |
| Revenues                                                                | \$1,471,146                        | \$ (415,891)                         | \$ —                              | \$ —                                     | \$1,055,255 |
| Operating income                                                        | \$ 260,937                         | \$ —                                 | \$ 55,839                         | \$ —                                     | \$ 316,776  |
| Net income attributable to Global Payments                              | \$ 165,418                         | \$ —                                 | \$ 54,032                         | \$ (16,920)                              | \$ 202,530  |
| Diluted earnings per share attributable to Global Payments <sup>4</sup> | \$ 1.27                            |                                      |                                   |                                          | \$ 1.55     |

<sup>1</sup>Represents adjustments to revenues for gross-up related payments (included in operating expenses) associated with certain wholesale lines of business to reflect economic benefits to the company.

<sup>2</sup> Earnings adjustments to operating income for the six months ended November 30, 2016 include \$168.2 million and \$87.0 million in cost of service and selling, general and administrative expenses, respectively. Adjustments to cost of service include amortization of acquired intangibles of \$167.3 million and employee termination expenses of \$0.9 million. Adjustments to selling, general and administrative expenses include share-based compensation expense of \$16.1 million, merger-related costs of \$67.2 million, litigation settlement of \$2.7 million and employee termination expenses of \$1.0 million. Net income attributable to Global Payments also reflects an adjustment of \$41.2 million to remove a gain on the sale of membership interests in Visa Europe and an adjustment for a non-cash charge of \$8.2 million for previously deferred issuance costs written off in connection with the refinancing of our corporate debt.

Earnings adjustments to operating income for the six months ended November 30, 2015 include \$41.0 million and \$14.8 million in cost of service and selling, general and administrative expenses, respectively. Adjustments to cost of service represent amortization of acquired intangibles of \$42.9 million and offsetting other adjustments of \$1.9 million. Adjustments to selling, general and administrative expenses include share-based compensation expense of \$13.5 million and \$1.3 million of other adjustments.

<sup>3</sup> Income taxes on adjustments reflect the tax effect of earnings adjustments to income before income taxes. The tax rate used in determining the tax impact of earnings adjustments is either the jurisdictional statutory rate in effect at the time of the adjustment or the jurisdictional expected annual effective tax rate for the period, depending on the nature and timing of the adjustment.

<sup>4</sup> Adjusted EPS is calculated by dividing adjusted net income attributable to Global Payments by the diluted weighted-average number of shares outstanding.

See “Non-GAAP Financial Measures” discussion on Schedule 10.

# **SCHEDULE 8**

## **RECONCILIATION OF SEGMENT NON-GAAP FINANCIAL MEASURES TO GAAP MEASURES (UNAUDITED)**

THREE MONTHS ENDED NOVEMBER 30, 2016 AND 2015

GLOBAL PAYMENTS INC. AND SUBSIDIARIES

(In thousands, except per share data)

|                          | Three Months Ended November 30, 2016 |                                         |                                      |                   | Three Months Ended November 30, 2015 |                                         |                                      |                   |
|--------------------------|--------------------------------------|-----------------------------------------|--------------------------------------|-------------------|--------------------------------------|-----------------------------------------|--------------------------------------|-------------------|
|                          | GAAP                                 | Net Revenue<br>Adjustments <sup>1</sup> | Earnings<br>Adjustments <sup>2</sup> | Non-<br>GAAP      | GAAP                                 | Net Revenue<br>Adjustments <sup>1</sup> | Earnings<br>Adjustments <sup>2</sup> | Non-<br>GAAP      |
| <b>Revenues:</b>         |                                      |                                         |                                      |                   |                                      |                                         |                                      |                   |
| North America            | \$701,300                            | \$ (97,233)                             | \$ —                                 | \$ 604,067        | \$511,335                            | \$ (185,446)                            | \$ —                                 | \$ 325,889        |
| Europe                   | 174,904                              | (27,400)                                | —                                    | 147,504           | 158,016                              | (18,602)                                | —                                    | 139,414           |
| Asia-Pacific             | 65,617                               | —                                       | —                                    | 65,617            | 52,999                               | —                                       | —                                    | 52,999            |
|                          | <u>\$941,821</u>                     | <u>\$ (124,633)</u>                     | <u>\$ —</u>                          | <u>\$ 817,188</u> | <u>\$722,350</u>                     | <u>\$ (204,048)</u>                     | <u>\$ —</u>                          | <u>\$ 518,302</u> |
| <b>Operating income:</b> |                                      |                                         |                                      |                   |                                      |                                         |                                      |                   |
| North America            | \$105,746                            | \$ —                                    | \$ 76,007                            | \$ 181,753        | \$ 79,121                            | \$ —                                    | \$ 13,913                            | \$ 93,034         |
| Europe                   | 60,875                               | —                                       | 8,024                                | 68,899            | 62,012                               | —                                       | 6,176                                | 68,188            |
| Asia-Pacific             | 16,658                               | —                                       | 2,748                                | 19,406            | 11,857                               | —                                       | 2,658                                | 14,515            |
| Corporate                | (78,012)                             | —                                       | 48,773                               | (29,239)          | (29,825)                             | —                                       | 7,296                                | (22,529)          |
|                          | <u>\$105,267</u>                     | <u>\$ —</u>                             | <u>\$ 135,552</u>                    | <u>\$ 240,819</u> | <u>\$123,165</u>                     | <u>\$ —</u>                             | <u>\$ 30,043</u>                     | <u>\$ 153,208</u> |

<sup>1</sup> Represents adjustments to revenues for gross-up related payments (included in operating expenses) associated with certain wholesale lines of business to reflect economic benefits to the company.

<sup>2</sup> Earnings adjustments to operating income for the three months ended November 30, 2016 include \$86.5 million and \$49.0 million in cost of service and selling, general and administrative expenses, respectively. Adjustments to cost of service include amortization of acquired intangibles of \$86.2 million and employee termination expenses of \$0.3 million. Adjustments to selling, general and administrative expenses include share-based compensation expense of \$8.7 million, merger-related costs of \$36.6 million, litigation settlement of \$2.7 million and employee termination expenses of \$1.0 million.

Earnings adjustments to operating income for the three months ended November 30, 2015 include \$21.7 million and \$8.3 million in cost of service and selling, general and administrative expenses, respectively. Adjustments to cost of service represent amortization of acquired intangibles of \$21.5 million and other adjustments of \$0.2 million. Adjustments to selling, general and administrative expenses include share-based compensation expense of \$7.0 million and \$1.3 million of other adjustments.

See “Non-GAAP Financial Measures” discussion on Schedule 10.

**SCHEDULE 9****RECONCILIATION OF SEGMENT NON-GAAP FINANCIAL MEASURES TO GAAP MEASURES (UNAUDITED)**

SIX MONTHS ENDED NOVEMBER 30, 2016 AND 2015

GLOBAL PAYMENTS INC. AND SUBSIDIARIES

*(In thousands, except per share data)*

|                          | Six Months Ended November 30, |                                         |                                      |                    |                    |                                         |                                      |                    |
|--------------------------|-------------------------------|-----------------------------------------|--------------------------------------|--------------------|--------------------|-----------------------------------------|--------------------------------------|--------------------|
|                          | 2016                          |                                         |                                      |                    | 2015               |                                         |                                      |                    |
|                          | GAAP                          | Net Revenue<br>Adjustments <sup>1</sup> | Earnings<br>Adjustments <sup>2</sup> | Non-GAAP           | GAAP               | Net Revenue<br>Adjustments <sup>1</sup> | Earnings<br>Adjustments <sup>2</sup> | Non-GAAP           |
| <b>Revenues:</b>         |                               |                                         |                                      |                    |                    |                                         |                                      |                    |
| North America            | \$1,413,064                   | \$ (200,327)                            | \$ —                                 | \$1,212,737        | \$1,042,192        | \$ (375,872)                            | \$ —                                 | \$ 666,320         |
| Europe                   | 344,469                       | (46,543)                                | —                                    | 297,926            | 326,373            | (40,019)                                | —                                    | 286,354            |
| Asia-Pacific             | 123,780                       | —                                       | —                                    | 123,780            | 102,581            | —                                       | —                                    | 102,581            |
|                          | <u>\$1,881,313</u>            | <u>\$ (246,870)</u>                     | <u>\$ —</u>                          | <u>\$1,634,443</u> | <u>\$1,471,146</u> | <u>\$ (415,891)</u>                     | <u>\$ —</u>                          | <u>\$1,055,255</u> |
| <b>Operating income:</b> |                               |                                         |                                      |                    |                    |                                         |                                      |                    |
| North America            | \$ 211,446                    | \$ —                                    | \$ 148,669                           | \$ 360,115         | \$ 162,635         | \$ —                                    | \$ 27,367                            | \$ 190,002         |
| Europe                   | 126,414                       | —                                       | 14,598                               | 141,012            | 134,745            | —                                       | 10,474                               | 145,219            |
| Asia-Pacific             | 30,680                        | —                                       | 5,215                                | 35,895             | 24,089             | —                                       | 4,236                                | 28,325             |
| Corporate                | (142,167)                     | —                                       | 86,681                               | (55,486)           | (60,532)           | —                                       | 13,762                               | (46,770)           |
|                          | <u>\$ 226,373</u>             | <u>\$ —</u>                             | <u>\$ 255,163</u>                    | <u>\$ 481,536</u>  | <u>\$ 260,937</u>  | <u>\$ —</u>                             | <u>\$ 55,839</u>                     | <u>\$ 316,776</u>  |

<sup>1</sup> Represents adjustments to revenues for gross-up related payments (included in operating expenses) associated with certain wholesale lines of business to reflect economic benefits to the company.

<sup>2</sup> Earnings adjustments to operating income for the six months ended November 30, 2016 include \$168.2 million and \$87.0 million in cost of service and selling, general and administrative expenses, respectively. Adjustments to cost of service include amortization of acquired intangibles of \$167.3 million and employee termination expenses of \$0.9 million. Adjustments to selling, general and administrative expenses include share-based compensation expense of \$16.1 million, merger-related costs of \$67.2 million, litigation settlement of \$2.7 million and employee termination expenses of \$1.0 million.

Earnings adjustments to operating income for the six months ended November 30, 2015 include \$41.0 million and \$14.8 million in cost of service and selling, general and administrative expenses, respectively. Adjustments to cost of service represent amortization of acquired intangibles of \$42.9 million and offsetting other adjustments of \$1.9 million. Adjustments to selling, general and administrative expenses include share-based compensation expense of \$13.5 million and \$1.3 million of other adjustments.

See “Non-GAAP Financial Measures” discussion on Schedule 10.

**SCHEDULE 10**  
**OUTLOOK SUMMARY (UNAUDITED)**  
GLOBAL PAYMENTS INC. AND SUBSIDIARIES  
*(In billions, except per share data)*

|                                                                                                    | <u>Calendar 2017 Outlook</u> |
|----------------------------------------------------------------------------------------------------|------------------------------|
| Revenues:                                                                                          |                              |
| GAAP revenue                                                                                       | \$3.76 to \$3.86             |
| Adjustments <sup>1</sup>                                                                           | <u>(0.41)</u>                |
| Adjusted net revenue                                                                               | <u>\$3.35 to \$3.45</u>      |
| Earnings Per Share ("EPS"):                                                                        |                              |
| GAAP diluted EPS                                                                                   | \$2.20 to \$2.40             |
|                                                                                                    | 1.50                         |
| Acquisition-related amortization expense, share-based compensation expense and non-recurring items |                              |
| Adjusted EPS                                                                                       | <u>\$3.70 to \$3.90</u>      |

<sup>1</sup>Represents adjustments to revenues for gross-up related payments (included in operating expenses) associated with certain wholesale lines of business to reflect economic benefits to the company.

## NON-GAAP FINANCIAL MEASURES

Global Payments supplements revenues, income and earnings per share ("EPS") information determined in accordance with U.S. GAAP by providing these measures with certain adjustments (such measures being non-GAAP financial measures) in this document to assist with evaluating our performance. In addition to GAAP measures, management uses these non-GAAP financial measures to focus on the factors the company believes are pertinent to the daily management of our operations. Management believes adjusted net revenue more closely reflects the economic benefits to the company's core business and allows for better comparisons with industry peers. Management uses these non-GAAP financial measures, together with other metrics, to set goals for and measure the performance of the business and to determine incentive compensation. Adjusted net revenue, adjusted operating income, adjusted net income and adjusted EPS should be considered in addition to, and not as substitutes for, revenues, operating income, net income and EPS determined in accordance with GAAP. The non-GAAP financial measures reflect management's judgment of particular items, and may not be comparable to similarly titled measures reported by other companies.

Adjusted net revenue excludes gross-up related payments associated with certain wholesale lines of business to reflect economic benefits to the company. On a GAAP basis, these payments are presented gross in both revenues and operating expenses.

Adjusted operating income, adjusted net income and adjusted EPS exclude acquisition-related amortization expense, share-based compensation and certain other items specific to each reporting period as more fully described in the accompanying reconciliations in Schedules 6, 7, 8 and 9. The tax rate used in determining the net income impact of earnings adjustments is either the jurisdictional statutory rate in effect at the time of the adjustment or the jurisdictional expected annual effective tax rate for the period, depending on the nature and timing of the adjustment.

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