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Global Payments, Inc. (GPN)

Q2 2021 Earnings Call

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MANAGEMENT DISCUSSION SECTION

Operator: Ladies and gentlemen, thank you for standing by, and welcome to the Global Payments Second Quarter 2021 Earnings Conference Call. At this time, all participants are in a listen-only mode. Later, we will open the lines for questions-and-answers. [Operator Instructions] And as a reminder, today's conference will be recorded.

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

Winnie Smith

Senior Vice President-Investor Relations, Global Payments, Inc.

Good morning, and welcome to Global Payments' second quarter 2021 conference call.

Before we begin, I'd like to remind you that some of the comments made by management during today's conference call contain forward-looking statements about expected operating and financial results. These statements are subject to risks, uncertainties and other factors, including the impact of COVID-19 and economic conditions on our future operations that could cause actual results to differ materially from our expectations.

Certain risk factors inherent in our business are set forth in filings with the SEC, including our most recent 10-K and subsequent filings. We caution you not to place undue reliance on these statements. Forward-looking statements during this call speak only as of the date of this call, and we undertake no obligation to update them.

Some of the comments made refer to non-GAAP financial measures, such as adjusted net revenue, adjusted operating margin and adjusted earnings per share, which we believe are more reflective of our ongoing performance. For a full reconciliation of these and other non-GAAP financial measures to the most comparable GAAP measure in accordance with SEC regulations, please see our press release furnished as an exhibit to our 8-K filed this morning and our trended financial highlights. Both of which are available in the Investor Relations area of our website at www.globalpayments.com.

Joining me on the call are Jeff Sloan, CEO; Cameron Bready, President and COO; and Paul Todd, Senior Executive Vice President and CFO.

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

Jeffrey Steven Sloan

Chief Executive Officer & Director, Global Payments, Inc.

Thanks, Winnie. We delivered a terrific second quarter, with each of adjusted net revenue, adjusted operating margin and adjusted earnings per share outperforming our targets. We are most pleased by the compounded rates of growth that we realized in the quarter, and are now forecasting for the full-year compared to pre-pandemic 2019 levels.

While we've not called back all of the impact of COVID-19 relative to our pre-pandemic expectations, we have made substantial progress and are far down that path. As we have throughout the pandemic, we continue to expand our competitive moat through leading strategic partnerships.

First, we are excited to have agreed with our partners at CaixaBank to acquire Bankia's payments businesses in Spain. Specifically, we will enhance our position in one of the most attractive acquiring markets in Europe, with the addition of Bankia's merchant business, consisting of roughly 100,000 customers in the region. This pending acquisition further enhances our distinctive distribution and will allow us to delight Bankia's customers with our market-leading technologies, providing us with significant cross-selling opportunities and deepening our presence with one of the leading institutions in Europe.

This agreement follows our purchase of an additional 29% stake in our Comercia joint venture last October, which increased Global Payments ownership to 80%. Additionally, our MoneyToPay joint venture has agreed to purchase Bankia's prepaid business, as we continue to execute on our strategy to expand and diversify our Netspend business into international markets. We expect both of these transactions to close in the fourth quarter.

Second, we are delighted to announce that we've entered into a new collaboration with Amazon Web Services, AWS, for a unique distribution and cutting-edge technologies at NetSpend to substantially increase our target addressable markets and accelerate our strategy across our three pillars of digitization, internationalization and B2B expansion. Much as that we have done with our Issuer business, we plan to leverage the AWS partner network and dedicated partner development specialists to bring NetSpend's B2C and B2B digital payment solutions, including program management, to reward a base of neobanks, fintech start-ups and other e-commerce players, as well as to new geographies.

This partnership will also provide an industry-leading cloud-based processing platform for Netspend's customers to access cutting-edge technologies with greater speed to market, security and flexibility. We are thrilled to deepen our go-to-market collaboration with one of the world's largest technology companies to continue our disruption of these markets.

Third, we are pleased to have closed our acquisition of Zego in June, further capitalizing on the convergence of software and payments in one of the largest and most attractive vertical markets worldwide. As I highlighted last quarter, real estate is the quintessence of the type of market that we seek; sizable, global in scope, fragmented, and ripe for further software, digital commerce and payment penetration. And COVID-19 has accelerated the underlying trends that make this \$6.5 billion target addressable market so attractive, as we continue to expand our software-driven footprint. It is my great pleasure to welcome Zego team members to Global Payments.

In addition to these strategic accomplishments, we produced yet another outstanding quarter of results. Since we began running the company in 2013, our main focus has been on two areas: enabling diverse, distinctive and defensible distribution; and developing market-leading technologies. We could not be more pleased with momentum across our businesses, evident in our second quarter results and reflected in our increased guidance for 2021.

It's worth noting that we have delivered the greatest value creation in our history over the last eight years despite numerous new market entrants during the entirety of that period, public and private. And we have generated consistent financial and operating outperformance through a variety of macroeconomic cycles, including most recently the financial impact of the first worldwide pandemic in over 100 years. The results are self-evident.

We have record performance in the second quarter in our Merchant segment on several bases: absolute, sequential and year-over-year; while also producing strong growth versus pre-pandemic levels. Simply put, our payments businesses continue to significantly outperform and gain share, fueled by our long-held technology-enabled focus and solid ongoing execution.

On a more granular basis, we saw strong double-digit growth in new sales, in both Global Payments Integrated and our vertical market businesses in the quarter. And our US relationship-led business again achieved record new sales. This marks the third quarter out of the last four in which we have achieved such a high level of performance.

Rather than impede our strategy, the pandemic [ph] has put further share gains and channelized (00:07:38) the digital strategies we have had in place since 2013. Our omnichannel businesses accelerated yet again in the second quarter, with growth in excess of 20%, despite lapping the enhanced shift toward e-commerce globally that began with the start of the pandemic in early 2020.

New customer signings this quarter include Foot Locker as a key customer in Europe that will leverage our Unified Commerce Platform, or UCP, to modernize its payment acceptance capabilities.

We are pleased to have also signed new global UCP partnerships with [ph] Hunter Douglas (00:08:16) and Euronet Worldwide subsidiary, XE.com. Our ability to deliver a single API solution virtually around the world has been a key driver of our success. And our unique multinational footprint in both the virtual and the physical world has proven to be a differentiator versus both legacy and new market entrants.

Within our vertical market businesses, we had a number of new key customer wins for a quick service restaurant business, including Frisch's Big Boy, [indiscernible] (00:08:50), while AMD and TouchNet continue to deliver record revenue performance, as they have, throughout the pandemic. Notably, TouchNet continues to add new marquee colleges and universities domestically and internationally, including the Arkansas State University System and Sheridan College in Canada this quarter.

We're also making great progress in our partnership with Google and remain on track to board Google as a merchant customer this quarter and expect to launch our Run and Grow My Business product that integrates Google solutions in our digital portal environment in the fourth quarter.

Our Issuer business delivered growth beyond the high end of our targeted long-term range. We are pleased to have signed a new multi-year partnership with Banco Carrefour in Brazil, the financial services arm of the country's leading supercenter retail chain, to provide a range of technologies for its credit card and digital accounts as well as to [indiscernible] (00:09:49) transactions. Recall that transaction optimization is one of our key post-merger initiatives, more to come on that at our investor conference.

We also signed a letter of intent with a large global financial institution and longstanding partner in a new market in LatAm that will mark another significant milestone for us in our continued expansion into the region. Further, we executed a multi-year extension with the UK's largest retailer, Tesco, enabled by our shared digital modernization vision for the future.

Finally, we are pleased to have extended our relationship with Mercury Financial for a range of digital technologies. This relationship serves as further proof that our industry-leading platform offers the agility to support leading-edge fintech companies. TSYS recently launched a strategic go-to-market partnership with PricewaterhouseCoopers or PwC.

As part of the TSYS partner program, we expect that our collaboration with PwC will diversify and expand our distribution and allow us to jointly offer innovative solutions, expertise and execution capabilities to clients of all sizes, across the full spectrum of neobanks, fintech, start-ups and program managers. Again, diversification of distribution has been one of our key objectives since 2013, and we are using the same playbook with TSYS that we have successfully deployed in the past.

We continue to capitalize on the broad and deep pipeline we have a good fortune to have in our Issuer business. Today, we have 15 letters of intent with institutions worldwide, six of which are competitive takeaways.

Turning to our unique collaboration, we now have 20 active prospects in our pipeline with AWS, up from a dozen last quarter and four at the end of 2020. These include a mix of new financial technology entrants and other non-traditional issuers in addition to large financial institutions. As growth accelerates in this market, we believe that we are the ones doing the disrupting.

While buying out [indiscernible] (00:12:03) may seem novel to some, we have, in fact, been providing leading technologies to that segment of the market for decades in both our Issuer and Merchant segments. And we continue to deliver innovative installment payments products for customers.

We are currently enabling our merchant customers in Canada, in partnership with Desjardins with the Visa installments solution. CIBC will also launch a combined TSYS Visa installment solution in early 2022. And we signed a global referral agreement with Mastercard, supporting installment payments in June.

Finally, in our Business and Consumer segment, we expect a unique co-sale arrangement with AWS to expand our distribution capabilities, again, much like we've been doing since 2013.

And together with our Issuer business, we intend to further disrupt the program management segment in the near future. This is yet another example of application of our strategies to legacy TSYS businesses. And we expect the same successes here as we have generated in other contexts. Paul?

Paul Michael Todd

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

Thanks, Jeff. Our financial performance in the second quarter of 2021 demonstrated meaningful sequential momentum and exceeded our expectations.

These results highlight outstanding execution on our differentiated strategy of technology enablement. Specifically, we delivered adjusted net revenue of \$1.94 billion, representing 28% growth compared to the prior year and 10% growth compared to 2019.

Adjusted operating margin for the second quarter was 41.8%, a 480-basis-point improvement from the prior year despite the return of certain costs we temporarily reduced at the onset of the pandemic.

The net result was adjusted earnings per share of \$2.04 for the quarter, an increase of 56% compared to the prior year and a 35% improvement from the same period in 2019.

Taking a closer look at our performance by segment, Merchant Solutions achieved adjusted net revenue of \$1.29 billion for the second quarter, a 42% improvement from the prior year. We delivered an adjusted operating margin of 48.5% in this segment, an increase of 750 basis points from the same period in 2020, as we continue to benefit from the recovery and our improving technology-enabled business mix.

We are pleased that our acquiring businesses globally generated 46% adjusted net revenue growth compared to the second quarter of 2020, led by strength in the US. Notably, our US acquiring business, which includes our integrated and relationship-led channels, grew approximately 25%, compared to the same period in 2019.

These results were led by our integrated business, which produced a stellar quarter, generating a 53% adjusted net revenue improvement compared to 2020 and 35% growth relative to 2019.

As for our own software businesses in the US, we are delighted with the overall portfolio delivered growth of roughly 30% compared to the prior year and achieved solid sequential improvement relative to the first quarter.

As Jeff mentioned, our vertical markets businesses continue to see positive bookings trends, providing us with a favorable tailwind for the second half of 2021. Additionally, our worldwide e-commerce and omni-channel businesses saw growth in excess of 20% year-on-year, as our value proposition, including our Unified Commerce Platform, or UCP, continues to resonate with customers.

Regarding our international businesses, while these markets have been a bit slower to recover compared to the US on an absolute basis, our portfolio of businesses across Europe and Asia contribute favorably to our overall merchant adjusted net revenue as a growth matter compared to 2020. These businesses also returned to growth on a combined basis when compared to 2019.

Moving to Issuer Solutions, we are pleased to have delivered a record \$446 million in adjusted net revenue for the second quarter, marking an 8% improvement from the prior-year period. This strong performance was driven by the ongoing recovery in transaction volumes across many of our markets, while non-volume-based revenue increased mid-single digits during the period, led by our output service business, which grew at roughly 10% for the quarter.

Our Issuer business also achieved record second quarter adjusted operating income and adjusted segment operating margin expanded 110 basis points from the prior year, also reaching a new second quarter record of

43.9%, as we continue to benefit from our efforts to drive efficiencies in this business. This is an impressive result, particularly given we achieved margin expansion of 640 basis points in the second quarter of 2020.

Additionally, our Issuer team signed five long-term contract extensions during the quarter, and our strong pipeline bodes well for future continued momentum going forward.

Finally, our Business and Consumer Solutions segment delivered adjusted net revenue of \$227 million, representing growth of 5%, despite lapping the benefit of the 2020 CARES Act last year. As a reminder, this business delivered double-digit growth in the second quarter of 2020, driven in part by our support of the disbursement of over \$1.4 billion in stimulus fund during that period.

Adjusted operating margin for this segment was 26.9%, which was also ahead of our expectations. The outstanding performance we delivered across our businesses serves as a further proof point that we continue to gain share, as well as the alignment of our strategy with the accelerating digital trends coming out of the pandemic. We are also pleased that our integration continues to progress well.

And we have now executed actions allowing for the achievement of annual run rate expense synergies of at least \$400 million and annual run rate revenue synergies of at least \$150 million that we have been targeting exactly as we said we would do and despite the pandemic. We will continue to deliver additional expense and revenue synergies over the coming periods as our efficiency efforts continue and we leverage the collaborative growth opportunities across our businesses.

From a cash flow standpoint, we generated second quarter adjusted free cash flow of roughly \$452 million or a little over \$1 billion through the first six months and continue to expect adjusted free cash flow in excess of \$2 billion for the year. We reinvested approximately \$130 million in capital expenditures during the quarter and continued to expect capital expenditures in the \$500 million to \$600 million range for the full-year.

In June, we successfully closed our acquisition of Zego consistent with our expectations, and we expect this business will contribute roughly \$50 million of adjusted net revenue to our Merchant segment in 2021. I would like to echo Jeff's excitement regarding the agreements we announced today to acquire Bankia's payments businesses in Spain, and we expect these transactions to close in the fourth quarter.

Further, we remain on track to complete our purchase of Worldline's PAYONE business in Austria in the second half of this year. We are pleased to have continued to return cash to our shareholders this quarter, with the repurchase of 1.5 million of our shares for approximately \$290 million.

Following our balanced deployment of capital this quarter, we ended the period with roughly \$3.3 billion of liquidity and a leverage position of roughly 2.6 times on a net debt basis, which is flat from the last quarter, as expected. And this leaves us with continuing ample capacity going forward.

Based on our current expectations for the continued global recovery, we are again increasing our guidance for adjusted net revenue to now be in a range of \$7.7 billion to \$7.73 billion, reflecting growth of 14% to 15% over 2020. We continue to expect adjusted operating margin expansion of up to 250 basis points compared to 2020 levels on a standalone basis.

As a reminder, Zego will be a modest headwind to the upper bound of our margin target now that it is closed, as it does not currently operate at our margin levels despite having already achieved Rule of 40 status.

At the segment level, we are increasing our expectations for Merchant Solutions adjusted net revenue growth to be around 20% from high-teens previously, which assumes the current pace of recovery continues worldwide. This marks the second consecutive quarter that we have raised our outlook for our Merchant business.

We are also increasing our outlook for our Issuer business and now expect growth to be in the low- to mid-single-digit range for 2021, up from our prior outlook from low-single-digit growth. We continue to expect our Business and Consumer segment to achieve mid- to high-single-digit growth for the full-year, consistent with our long-term growth target for Netspend.

As a reminder, we increased our guidance for this segment on our first quarter earnings call in May, despite lapping the impact of the 2020 CARES Act.

Moving to non-operating items, we continue to expect net interest expense to be slightly lower in 2021 relative to 2020. While we anticipate our adjusted tax rate will be relatively consistent with last year.

Putting it all together, we are increasing our expected adjusted earnings per share for the full-year to a range of \$8.07 to \$8.20, reflecting growth of 26% to 28% over 2020. Our raised outlook presumes we remain on a path to recovery worldwide over the balance of the year.

We look forward to updating you on our longer term expectations for the business at our upcoming Virtual Investor Conference, which we will host on Wednesday, September 8.

And with that, I'll turn the call back over to Jeff.

Jeffrey Steven Sloan

Chief Executive Officer & Director, Global Payments, Inc.

Thanks, Paul. As we look ahead to next month, it is worth reflecting on how much we have evolved our business. Throughout much of the last eight years, we have witnessed a multitude of new market entrants, newly public companies, shifting modes of competition and macroeconomic cycles, too numerous to count.

Some said a number of times over the near last decade that our best days were behind us. The facts say quite the opposite. In fact, we have delivered the greatest value creation in our history during that period, and we believe we are poised today to continue our track record of outperformance.

The second quarter and our raised guidance today are the most recent examples. Our rates of revenue growth and bookings trends underscore sustained share gains despite managing through an unprecedented crisis. One proof point, we now expect our US payments business to roughly reach its original growth target for 2021 based on 2019 goals. In short, we grew right through the pandemic. More to follow in September.

The reason for our success are straightforward; our distinctive strategies, the technology investments we have made over many years, the support of our market-leading partners and customers, our execution consistency, and the quality of our team members have allowed us to significantly expand our competitive moat. As painful as it has been, COVID-19 has reaffirmed the wisdom of our long-held beliefs in the digitization of our businesses. We believe that the best is yet to come. You can judge that for yourselves next month. Winnie?

Winnie Smith

Senior Vice President-Investor Relations, Global Payments, Inc.

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

Operator, we will now go to questions.

QUESTION AND ANSWER SECTION

Operator: [Operator Instructions] And your first question is from Vasu Govil with KBW.

Vasundhara Govil

Analyst, Keefe, Bruyette & Woods, Inc.

Q

Hi. Thanks for taking my question. Great results here in the Merchant segment, particularly, but actually across the board. So, maybe to start off, just as I'm looking at the Merchant segment, revenues relative to 2019, I think they're roughly 12% higher. Could you talk about, like, what's driving that? Are you seeing a lot of pent-up demand among consumers that's driving that type of growth? I'm just trying to gauge whether as we go forward, this type of growth rate could accelerate going forward if there's a lot of pent-up demand?

Cameron M. Bready

President & Chief Operating Officer, Global Payments, Inc.

A

Hey, good morning, Vasu. Thanks for the comments. It's Cameron. I'll kick it off and maybe ask Paul to provide a little bit of color as well. So, I would say it's a few things, and I would start with just the efficacy of our strategy. Obviously, the technology-enabled businesses that we've been investing in for the last seven-, eight-plus years now really continue to lead the way for growth across the business, including our integrated business, which grew 53% in the quarter and up 35% versus 2019 levels.

In addition, our e-comm and omni business grew well over 20% this quarter. Again, topping performance from last year where it also grew in the high-teens level. So, again, relative to 2019, continuing to see very strong growth across the e-comm and omni-channels of the business. So, for me, it's really the strategy that we've been deploying that's driving growth. And I think we continue to see a lot of tailwinds in those businesses looking forward through the balance of 2021 and heading into 2022 and then beyond.

I don't know if you want to add any more specific comments on that.

Paul Michael Todd

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

A

Yeah. I would just say, as we said in the press release, we're pleased so far with what we've seen in July as well, as it relates to kind of continuing improvement relative to 2019, really across the Merchant segment. The only other thing would be we were pleased to see the growth in the vertical markets when you're talking about just the segment, the 30% improvement year-over-year in the vertical markets business. So, yeah, I think that covers it.

Vasundhara Govil

Analyst, Keefe, Bruyette & Woods, Inc.

Q

Got it. And just for my follow-up, I wanted to ask a capital allocation question. I thought that you guys raised the share buybacks. So, any color on whether you're expecting to do more buybacks versus M&A? And on the M&A front, I know historically, you've been focused on doing accretive deals. But given where valuation for fintechs are,

that seems to be becoming harder and harder. So, just curious on your thoughts, would you be open to doing something that's revenue was accretive, but perhaps earnings dilutive at this point, if it makes sense for the long-term? And if yes, like, what are some of the areas that part of deal might make sense for you to do?

Jeffrey Steven Sloan

Chief Executive Officer & Director, Global Payments, Inc.

Yeah.

Paul Michael Todd

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

Yeah. So, this is Paul, and I'll cover the share repurchase and then maybe turn it over to Jeff on the M&A side. Yes, we did resize the share repurchase authorization due to the fact that we had made significant purchases since our last authorization.

And we've said all along, our preference is to allocate capital to M&A. When an M&A opportunity is not in front of us, we will deploy capital on share repurchase and we were very pleased to do so this quarter, much like we did last quarter. So, we do not have share repurchases in the guide as a go-forward matter for the back half of the year. But we are always opportunistic as it relates to share repurchases. So, we want to make sure we have the capacity to execute if we choose to do that.

Jeff, you want to talk about the M&A side?

Jeffrey Steven Sloan

Chief Executive Officer & Director, Global Payments, Inc.

Yeah. Thanks, Paul. So Vasu, on the second part of your second question, so we actually have been very active on the M&A front in the last six months. I think with today's announcement with Bankia, we've committed about \$1.3 billion to M&A in the last six months, while committing about \$1.5 billion on the buyback. So, as we said in the press release, I think we've been very balanced between the two.

As we also said in the last quarter, Zego is a technology and software-driven business, very consistent with our strategy, particularly given the size of the real estate target addressable market. Yet, notwithstanding that, going back to the premise of your question, no, that deal was not dilutive. And I think we announced it was immediately accretive, although really no discernible impact on earnings, but nonetheless, it's not dilutive.

We look at many things. So, it targets what we would or wouldn't do in the abstract. But I would say is, since we've been running the company in the last eight years, we've not done a dilutive deal. I don't expect us to. That's not the mindset we have as shareholders and owners and managers of the business. So, I really don't expect our strategy to change.

Vasundhara Govil

Analyst, Keefe, Bruyette & Woods, Inc.

Got it. Thank you very much for the color.

Jeffrey Steven Sloan

Chief Executive Officer & Director, Global Payments, Inc.

Thank you.

Operator: Your next question is from Ashwin Shirvaikar with Citi.

Ashwin Vassant Shirvaikar

Analyst, Citigroup Global Markets, Inc.

Q

Hi, Jeff, Cameron, Paul. Congratulations on the good results. I was, kind of, hoping, coming out of the pandemic or at least sort of lapping pandemic impacts, if you can kind of provide a breakdown of the expectations tech-enabled businesses 3Q versus 4Q, what do you see? What part of the recoveries volume sensitivity that's yet to come that benefits forward numbers? Educational events, things like that. Some quantification would be great on 3Q versus 4Q.

Paul Michael Todd

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

A

Yeah. Ashwin, I'll start off and maybe Cameron might want to add something as it relates to Merchant. But largely speaking, we're expecting roughly 3Q and 4Q to be largely similar across our businesses. As we have said at the beginning of the year, we had expected the back half of the year to return to a much more kind of state. And so, clearly, there are some reopenings that will continue to benefit, kind of, 3Q into 4Q as countries around the world kind of reopen from some of the closures.

You're exactly right, Ashwin, as it relates to some of our vertical markets businesses, as I just commented, we're very pleased with the growth we saw in 2Q, but we would see more meaningful growth on those businesses in the back half of the year as we have more reopening and, kind of, more tailwind, kind of, impact as it relates to those businesses. So, yeah, those would be the dynamics between, kind of, Q2, Q3 to Q4 certainly in Merchant.

And there wouldn't be anything I would necessarily call out across the other two businesses. Obviously, very pleased to raise the revenue guide on our Issuer business, low-single digits to low- to mid-single digits, so it talks about kind of improving fundamentals in the back half of the year there and pretty static state as it relates to our business in consumer once kind of the stimulus impact has been netted out of the first half and going into the back half.

Cameron, do you have anything to add?

Cameron M. Bready

President & Chief Operating Officer, Global Payments, Inc.

A

No. I think that covers it pretty well, Ashwin. I would only add, just a couple of points. One is, across the technology-enabled businesses, as I mentioned previously, going to the first part of your question, we're continuing to see very strong momentum in those businesses.

As Paul highlighted, July sequentially is better than June as a trend matter. So, I think we feel good about how things are continuing to progress. And those businesses are poised to continue to see strength in the back half of the year.

If you just look at the overall guide from the Merchant segment, that roughly 20% growth in 2021 versus 2020. But back couple of quarters, kind of have to be around that same level to make the averages work for the whole year. So, that gives you a sense as to how the business is performing, again, against tougher comps in Q3 and Q4, than we certainly faced in the second quarter. So, I think that should give you a little bit of a sense as to the momentum that we have in those businesses.

To Paul's point around the vertical market businesses, in particular, obviously, schools once we get back into, obviously, a normal school environment, hopefully, quite high normal school environment here in August and September, those businesses – that business is – in particular, is poised to see a rebound in the back half of the year, as well as active.

Active has seen very strong booking trends. Many of those events are occurring in the back half of 2021. So, I think we feel very good about how that business is poised to recover. And again, AdvancedMD and TouchNet have continued to grow right through the pandemic, obviously, a double-digit pace throughout 2020 and 2021. So, those businesses are obviously in a very healthy position overall. But getting a nice tailwind from active in schools in particular in the back half of the year will help the vertical market business continue to recover as an overall matter.

Ashwin Vasant Shirvaikar*Analyst, Citigroup Global Markets, Inc.*

Q

That's all great to hear. The second thing I had was with regards to AWS. It's obviously great to see the expansion of what you're doing with AWS. But on the [indiscernible] (00:33:44) business, any update? Any metrics you can provide that can be useful for investors as markers of the progress you're making on that?

Jeffrey Steven Sloan*Chief Executive Officer & Director, Global Payments, Inc.*

A

Yeah, Ashwin. It's Jeff. I'll go ahead and answer that. Let me first start with Netspend, because it's actually our new announcement today. It follows a very similar, I think, format, the issuer announcement almost exactly a year ago today. But the one thing I will point out is that, in Netspend is that there's primarily a focus on our part and Amazon's part on B2B distribution.

And I'd say, in particular, on program management with the scale that we have directed at neobanks, fintechs and start-ups. So, while it is a similar template, it's a very targeted initiative, very much focused on B2B. And obviously, that's something on September 8 at our Virtual Investor Day that we'll be talking a lot about.

In terms of your question on how we're doing on the Issuer side, look, we're really pleased. We disclosed again yesterday, as we have for really the last year-plus, what our LOI pipeline looks like outside of Amazon and with Amazon.

I think what we said today is, we have similarly 20 letters of intent with our colleagues over at AWS. And that's for the whole spectrum of potential issuers, again, including neobanks, fintechs and start-ups, as well as traditional financial institutions.

And to give an update there, the one we singled out in Asia is in testing, or already is live on a beta basis, and expect to be fully live by the end of this calendar year. And that – to give you a sense of progress, Ashwin, that 20, I think, is up from 4 at the end of calendar 2020. So, we quintupled the number of LOIs that we have with neobanks, fintech, start-ups and financial institutions, AWS really at a six – through the end of the second quarter, so kind of on a six-month basis. So, we couldn't be more pleased in the fact that we're doing more business with AWS now in the form of Netspend should be a recognition, not just internally, but externally of how happy we are with how things are progressing.

Ashwin Vasant Shirvaikar*Analyst, Citigroup Global Markets, Inc.*

Q

Great. We'll look for the update at the Investor Day.

Jeffrey Steven Sloan

Chief Executive Officer & Director, Global Payments, Inc.

Thank you.

A

Operator: Your next question is from David Togut with Evercore ISI.

David Mark Togut

Analyst, Evercore ISI

Thank you. Good morning, Jeff, Cameron and Paul. Your Merchant results really underscore the strength in the credit card business, with credit really roaring back in Q2, closing the gap with debit, and debit strength clearly was a kind of hallmark of COVID. As you look forward, do you think strength in credit is really here to stay for the next year-plus?

Q

Cameron M. Bready

President & Chief Operating Officer, Global Payments, Inc.

Yeah, David. Good morning. It's Cameron. I'll sort of kick off and I'll ask Jeff and Paul to chime in if they have anything they'd like to add.

A

I think the short answer to your question is yes. I think credit card account growth is as high as it's been, I think, since 2010. And obviously, on the yields of the pandemic, in a more normal operating environment, we clearly see credit outperforming. To your point, debit clearly outperformed in the midst of the pandemic. And, by the way, a lot of that was prepaid debit as stimulus was funded on those types of accounts. So, a lot of the debit growth was prepaid.

But certainly, coming out of the pandemic, getting back to a normal operating environment, we would expect credit to drive growth and really outperform. And I think we see a lot of tailwinds, particularly for our Merchant business, as a result of that heading in the back half of 2021 into 2022 as a result of that.

And then, of course, we see those same trends in our Issuer business. I'll let Paul maybe touch a little bit on the metrics that we're seeing there. But I'd say overall, we feel good about the growth in credit. And, obviously, as we've talked about throughout the pandemic, our book in the merchant side is more skewed towards credit. So, that obviously provides a nice tailwind for the merchant business through the coming years.

Paul, do you want to touch on Issuer business?

Paul Michael Todd

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

Yeah. So, yeah, as Cameron said, we did have good metrics as it relates to account growth on our issuing business. We also saw a very strong transactional growth in the issuing business as well kind of commensurate with the Visa kind of some of the numbers that you saw out of credit there. So, yeah, we're seeing very strong credit kind of dynamics in that issuing business, which I think underscores your question and also Cameron's commentary on it.

A

Cameron M. Bready

President & Chief Operating Officer, Global Payments, Inc.

A

Yeah. I would just add, if you look at our Merchant – our pure Merchant businesses globally, as Paul highlighted in his script, I mean, they grew 46% in the second quarter; and I think that versus worldwide, credit growth in Visa of roughly 35%. We're seeing, again, really nice tailwinds. I think it really is a result of our differentiated technology-enabled strategy, outsized growth relative to where we see the market overall. So, those trends are very positive. And, obviously, it's something that gives us a lot of confidence in the updated guide that we provided this morning.

David Mark Togut

Analyst, Evercore ISI

Q

Appreciate that. Just as a follow-up. Jeff, you really underscored GPN's differentiation in your opening remarks. I'm curious what you think about PayPal's new pricing model, at physical point-of-sale, credit and debit card transactions with the rollout of Zettle pay? Do you see that being a significant competitive threat to GPN, or is PayPal too small at the physical POS?

Jeffrey Steven Sloan

Chief Executive Officer & Director, Global Payments, Inc.

A

Yeah, David. It's a great question. Let me just start by saying PayPal is a good partner of ours. It's really, as we said before, on both the TSYS side and the global side really around the world. So, we've got a lot of respect for PayPal. We think they're a terrific company. As it relates specifically to iZettle and the physical point-of-sale, so iZettle is in Europe for quite some time, David. In fact, when PayPal did the deal, I think it was mostly all European. Now, they've announced, as you're implying, some migration in the United States. So, our business is in Europe, let's just use the UK and London as one specific example, iZettle been there for some time, our business has outperformed for many years throughout that period, both pre-, post-PayPal acquiring iZettle and [ph] Post (00:39:51).

As it relates to the United States market, look, that market is competitive today. It was competitive yesterday. It's going to be even more competitive tomorrow. Yet, as Cameron rightly pointed out, our growth in our US business, just around the same growth as our worldwide acquiring business, around 46% and it compares to the Visa's and Mastercard's, worldwide growth was like 35% for Visa and 33% for Mastercard.

So, whether iZettle was in Europe or iZettle was in North America, over the last number of years, certainly [ph] hasn't played anything like it been (00:40:18) in terms of our growth. And I think what we'll be talking about next month, David, at our Virtual Investor Conference is the resilience of our business, our market share gains. Some of that, as you rightly pointed out, was in our prepared remarks.

But notwithstanding the coming and going, have many new smart competitors. Our business has been resilient for pre-dynamic and post, and we'll take you through the math on why we think that's going to continue. So, it's a great company. But at the end of the day, I don't think that's [indiscernible] (00:40:45).

Cameron M. Bready

President & Chief Operating Officer, Global Payments, Inc.

A

And David, it's Cameron. Just another point to add on top of that. If you look at growth in accounts in our point-of-sale in North America in the second quarter was up 100%. So, notwithstanding a competitive market across the point-of-sale distribution landscape, we continue to see great traction with our point-of-sale solutions, particularly

in restaurant, retail and obviously across the Vital platform. So, again, I think we feel very good about how our point-of-sale system is backed up to compete in the market today and the growth we're seeing.

David Mark Togut

Analyst, Evercore ISI

Understood. Congrats on the strong results.

Jeffrey Steven Sloan

Chief Executive Officer & Director, Global Payments, Inc.

Thanks, David.

Operator: Your next question is from David Koning with Baird.

David John Koning

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

Yeah. Hey, guys. Congrats. I guess, my first question, when we think about kind of normalizing over time, we would normally think 2022 Merchant would be 130% to 135% of 2019. And, I guess, I'm wondering, A, is that still possible? You're at a nice trajectory. And maybe if you could bucket what are the parts of the business that still have a lot of room to come back? What have some room to come back? And what are already – like, what percent are already on like a good traction? Because, I guess, if we know there's a lot to still come back, we could kind of get to that 130% to 135%. So, I guess, all those are kind of the question around just recovery.

Cameron M. Bready

President & Chief Operating Officer, Global Payments, Inc.

Yes, Dave. It's Cameron. Maybe I'll kick off and ask Paul to fill in some of the more explicit details. But if I step back and kind of think about where we are today, if you look at our pure acquiring businesses globally, they were up roughly 19% in the second quarter versus 2019 levels. In the US, that number was 25%. So, again, I think we feel from a pure acquiring standpoint, we're on a pretty good trajectory.

Now, what still needs to come back to kind of get to 2022 a more normalized rate of growth relative to 2019 or, to say it differently, where we would have been absent the pandemic; well, Europe is growing relative to 2019, but it's certainly growing at a pace lower than that which we've seen in the US market. So, Europe grew somewhere in the high single-digits versus 2019 for the second quarter. So, we still need a little more tailwind from Europe fully recovering.

As you know, the UK didn't open up until mid-July. So, as we get to the back half of the year, we're expecting to see a little more tailwind in Europe as it relates to growth, particularly, relative to 2019 trends.

And then, of course, Asia, which is a small part of the business, but it's still lagging relative to 2019 levels, largely because many markets continue to struggle with the pandemic remain closed. And, of course, cross-border activity in Asia is very depressed and continues to be depressed because of the pandemic.

So, as we think about 2022, I think the US is on a pretty good trajectory to get back to something reasonably close to what we would have been absent the pandemic, given the outsized growth and the momentum we have in that business. We need Europe to continue to improve as the lockdowns and markets begin to reopen and you see more cross-border travel pick up.

And then, I'd say the same thing is true for Asia, just given where it sits relative to the pandemic. I think the vertical markets are well poised to get back to reasonable levels compared to 2019 as we continue to see, again, a recovery in schools and a recovery in active in the back half of the year as those markets in particular reopen.

So, Paul, I don't know if you'd add anything more to that, but I think that gives a pretty good overview of the Merchant business.

Paul Michael Todd

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

Yes. I think it sums it up. Good.

Jeffrey Steven Sloan

Chief Executive Officer & Director, Global Payments, Inc.

I think I'd also just add on the Issuer. So, Paul can comment here, too, Dave. But we produced a fantastic quarter, this quarter in Issuer. But I would say, in particular, the non-US businesses echo a lot of what Cameron said. So, we only recently, which is to say really the second quarter heading into July and continuing in July, we've only recently seen kind of a reopening for Issuer purposes of a lot of markets outside the United States. That will be a favorable comparison, Dave, to answer your question for the first half, obviously, of next year.

And I'd add to that commercial card. So, while commercial card not surprisingly is up versus 2020, it's really not up versus 2019. So, I think it's a pretty good picture, Dave, heading into 2022 on the Issuer side as well because you do have those two elements of broader reopening outside the United States and commercial card relative to 2019 starting normalize that should be favorable elements for the Issuer business.

And lastly, I'd say an issue we described again today is, Ashwin asked, but those LOIs start to kick in. We start getting in the back half of 2022. We obviously also had announced Truist probably about a year-and-a-half years ago, now I think we said at the time that's a back half 2022 event, which we continue to believe. So, I think you're going to get some of the comments that Cameron made on Merchant, you are going to get a nice tailwind heading into 2022 on Issuer as well.

David John Koning

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

Thanks. Yeah. I mean, yeah, great momentum with a lot of room to go to, which is great to hear. And, I guess, just my follow-up. Zego, it looks like you paid almost \$1 billion for acquisitions in Q2. I know you said \$50 million of revs in the back half, which \$100 million, I guess, run rate, so 10 times revenue. Is that just growing at a just astronomical pace?

Jeffrey Steven Sloan

Chief Executive Officer & Director, Global Payments, Inc.

Yeah, Dave, it's Jeff. So, I think you're missing one of our assets in there. So, we also announced the acquisition of PAYONE's Austrian business, in Worldline in the second quarter. And then, obviously, today, we announced Bankia as well. So, I think what we said was that purchase price for Zego, just to get the math right, was about \$930 million. There's also about \$100 million of tax assets. So, that nets you down about \$825 million, Dave. So, relative to the \$100 million, we do here is about 8 times revenue.

Now, having said that, at the end of the day, we do think it's a great business. I think Paul alluded to this in his commentary. So, if you think about it, it's already got a Rule of 40 growth, really beyond that. So, if you think

about what we guided to when we did the deal at the time, kind of a double-digit organic revenue growth rate with margins into the 20s. That's how you get to the Rule of 40 number. So, we think very attractive on that basis. So we do, Dave, closer to 8 times rather than the notional 10 times you mentioned.

David John Koning

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

Got you. Great. Well, hey, thanks, guys. Nice job.

Q

Jeffrey Steven Sloan

Chief Executive Officer & Director, Global Payments, Inc.

Thanks, Dave.

A

Paul Michael Todd

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

Thanks, Dave.

A

Operator: Your next question is from James Faucette with Global Payments (sic) [Morgan Stanley] (00:47:16).

James E. Faucette

Analyst, Morgan Stanley & Co. LLC

I'm actually with Morgan Stanley.

Q

Jeffrey Steven Sloan

Chief Executive Officer & Director, Global Payments, Inc.

James, [indiscernible] (00:47:22).

A

James E. Faucette

Analyst, Morgan Stanley & Co. LLC

Just so everybody is clear. I wanted to just follow up on the acquisition commentary. And there has been obviously inflation in valuations. And as Jeff said, is still looking for things to be accretive, et cetera, at least in a reasonable timeframe. Is that causing you to look further afield or look for acquisitions that are maybe more tangential to what you have done historically? And if so, where are you seeing opportunities today? I think the ones that you've announced thus far, Zego and PAYONE as well as Bankia today are quite interesting. But just want to understand more kind of the mindset.

Q

Jeffrey Steven Sloan

Chief Executive Officer & Director, Global Payments, Inc.

Yeah, James, it's Jeff. So, no, we're not – the answer to your question is no, we're not looking further afield. We've got plenty of blue skies in front of us. And our existing M&A strategy, we've spent – as you just referenced, spent \$1.3 billion, including today's Bankia announcements, on M&A in the last six months. We certainly do look at – and the economics obviously have worked out just fine in response to Dave's question too just a second ago.

A

So, I think we've got a [indiscernible] (00:48:39) pipeline and certainly more for us to do. We do balance though our view of M&A with where the capital markets are and what our view of intrinsic value in our share price and everything else. So, we have bought back about \$1.5 billion of stock. Obviously, not mutually exclusive. We did

both at the same time, \$1.5 billion and \$1.3 billion. And we just re-off the authorization back to \$1.5 billion. That's not in our guidance.

Obviously, we balance our view as to where we would like to be in terms of growth and everything else. But I think it's important to consider that we think we're in a pretty healthy position heading into 2022 and the rest of 2021 without more deals. So, we think we're kind of where we want to be.

As a strategy matter, I think we feel really kind of much the same. So, there's plenty of stuff that we look at. But I can't think of a deal that we didn't do, James, because we said, gee, it's too expensive or it's not accretive enough or those other things. If we can't add more value with the strategic buyer, the thing that we're doing in terms of revenue, margin, earnings, then we're just not going to do it. I don't think it's a function of valuation so much, it's a function of our view of where we are in the strategy and our view where the market is.

James E. Faucette

Analyst, Morgan Stanley & Co. LLC

Q

That's great color. I appreciate it, Jeff. And going back to kind of current market conditions, Cameron, you gave really good color on in terms of the different geographies, et cetera. I'm just wondering if you're seeing any fluctuations in activity related to the Delta variant. I mean, if – and how much you can isolate maybe to whether those variances, if there are any, are coming from regulation and policy versus just underlying consumer behavior? Hopefully, that makes sense. So, I'm trying to figure out whether how much policy may be impacting spending trends versus just the Delta variant as well?

Cameron M. Bready

President & Chief Operating Officer, Global Payments, Inc.

A

Yeah, Dave. It's Cameron, and I'll comment on that. So, as you think about the comments we made earlier as it relates to July, we did see sequential improvement in July relative to June. So, I think we still feel very good about the momentum of the recovery overall.

To be very clear, I don't think we've seen any real impact yet from the Delta variant. Obviously, we're monitoring it very closely, and it's a fluid environment. But I would say sitting here today, based on data that we have through the end of last week, the volume trends, again, for July were an improvement over what we saw in June sequentially in most of the markets around the globe in which we operate, and particularly now in markets where we're seeing a reopening that's more recent, the UK, Canada, for example.

Obviously, I think they're poised to see stronger volume recoveries as we enter the back half of the year. So, look, I don't think there's a lot of appetite for more widespread lockdowns, particularly here in the US, as it relates to the Delta variant. Markets outside of the US may react differently. But again, for our business, those are going to be relatively small impacts. We're most focused on the US with 75% of our business. And I'd say, thus far, we haven't really seen any discernible impact, but it is something that we continue to monitor very closely through the balance of the year.

Jeffrey Steven Sloan

Chief Executive Officer & Director, Global Payments, Inc.

A

I think what Cameron said, James, it's Jeff, is that if you, at the end of the day, said that the non-US markets, which as Cameron alluded to, about 25% of the company, and also in response to the Dave Koning's question, if those reach the level of recovery that the US market saw, that's probably a couple of hundred basis points of incremental revenue growth over time that you could see. And those, as Cameron described, were not there

really in the second quarter. I mentioned the same thing really on the Issuer side. So we'll see how that plays out over time.

James E. Faucette

Analyst, Morgan Stanley & Co. LLC

Thank you very much.

Q

Jeffrey Steven Sloan

Chief Executive Officer & Director, Global Payments, Inc.

Thank you.

A

Cameron M. Bready

President & Chief Operating Officer, Global Payments, Inc.

Thanks, James.

A

Operator: Your next question is from Tien-Tsin Huang with JPMorgan.

Tien-Tsin Huang

Analyst, JPMorgan Securities LLC

Yeah. Just a quick clarification. Just the two points of revenue raise. Can you break that up between, obviously, the quarter upside, the deals, and then just a cyclical piece? I just want to make sure I covered that. And then on Bankia, just I'm guessing this is the same playbook as Caixa. And I know that did very, very well for you. Just curious if there's any difference philosophically there. Thanks.

Q

Paul Michael Todd

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

Yeah. So, maybe I'll take the first one and then turn it over to Jeff for the second one. So, if you think about the – Cameron, for the second one. If you think about the guidance raise, obviously, we commented on the close of Zego. So, we said that's roughly \$50 million as it relates to the back half of the year. So, that's kind of the first section of the guidance raise. And then the second section would be both the over-performance in Q2 as well as continued kind of better performance in the back half, which underpin the guidance raise as it relates to the segment on the issuing side as well as Merchant.

A

So, those would be the two components. There's a little bit of FX headwind relative to the back half versus the first half on a realized basis. We also don't have the same kind of stimulus impact in the first half versus the second half. But those would be the two components; the Zego of roughly \$50 million and then the remaining piece of that is the performance.

Cameron M. Bready

President & Chief Operating Officer, Global Payments, Inc.

And Tien-Tsin, it's Cameron. Good morning. As it relates to Bankia, I think the short answer to your question is yes, the exact same playbook that we've executed with Caixa and our Comercia joint venture over the last decade plus now, obviously, we continue to be very excited about the Spanish market. It is one of the most attractive markets in Europe.

A

Frankly, it's one of the most attractive markets globally. Just to give you a little bit of color. That market grew the domestic volume in Spain, as a volume matter, grew 30% in the second quarter and 15% over 2019, again, despite continued obviously, restrictions throughout the country as a result of the pandemic. So the underlying secular trends in Spain remain incredibly attractive, which makes the timing for the Bankia acquisition particularly attractive for us as well.

Bankia consists of about \$100,000, predominantly, small- to medium-sized merchants, although they do venture more into the wires category as well. But I think the interesting thing about the Bankia portfolio is more skewed towards domestic volume. So, again, I think it's a really attractive addition to our Comercia joint venture. That's going to allow us, again, to further expand distribution in this very attractive market and gives great cross-sell opportunities for the differentiated technology solutions we have in the Comercia joint venture today. So, we're delighted to be able to announce that this morning, and nice addition to our European business.

Tien-Tsin Huang

Analyst, JPMorgan Securities LLC

Great. Thanks.

Q

Jeffrey Steven Sloan

Chief Executive Officer & Director, Global Payments, Inc.

Thanks, Tien-Tsin.

A

Operator: Your last question is from Ramsey El-Assal with Barclays.

Q

Hi, guys. This is [ph] Ben (00:55:22) on for Ramsey. Thanks so much for taking the question. I wanted to follow up on something you mentioned at the beginning of the call on the Issuer business. I think you mentioned some of the newer like potential deals are with, some kind of like newer entrant fintechs. I'm just kind of wondering, are those the kind of deals that, as you've discussed before, you perhaps might not have gotten without the AWS partnership? And what sort of capabilities do they require that may be different from your traditional issuing business?

Jeffrey Steven Sloan

Chief Executive Officer & Director, Global Payments, Inc.

Yeah, it's Jeff. So, the answer is yes. I think the key thesis behind the partnership with AWS just almost a year ago to the day now was first really just to modernize the architecture and technology. And as we've said in response to Ashwin's question, that's actually gone very well. And the second piece was the distribution. So, of those 20 LOIs that we have pending with AWS, a number of those are with neobanks, fintechs and start-ups. And you're right. I don't think we would have been – we would not be in the position we are today, I think, without that.

A

And I would also say more broadly, if you back up, just our general shift from cloud-enabled technologies initialing to cloud-native technologies is just selling very well with institutions of all sizes, including neobanks and fintechs, and start-ups and the like. The second thing I'd say, you saw our announcement and the expansion of our AWS relationship today into Netspend. But whether it's at the issuing business or at the Netspend business, we're very focused on program management.

So, to answer your second question, I think we need to be more vocal on program management. I think, historically, most of the revenue, the growth that we get in the issuing business is really with financial institutions and generally inside the United States and North America Western Europe, larger financial institutions. Key focal point of ours pre and now, of course, post AWS, both at Netspend as well, as Issuer, is on program management. That's a key part of the relationship with AWS going forward on the new partnership we announced today. So I would look for us to do more there. And we'll share more detail with you next month on September 8.

Q

Great. And if I could ask one quick follow-up on kind of Netspend as we're discussing it. Any update on the MoneyToPay business and any potential synergies between Netspend or how that kind of fits into the AWS partnership?

Jeffrey Steven Sloan*Chief Executive Officer & Director, Global Payments, Inc.*

A

Yes. It's Jeff, I'll go ahead and start and Cameron can join too. So, we really got three legs of the stool as far strategy is in Netspend. First is ongoing digitization. And I think Netspend had pre-pandemic a pretty good digital footprint and not surprised if anyone on the phone. The pandemic has really accelerated that. And I would say kind of high 20s, 30% of interactions today with consumers with Netspend are done online, being buying and spending resending with the card online, and we certainly expect AWS, of course, to continue to accelerate that given their footprint.

The second is what I just described in response to your first question, which is really B2B and program management, but I'd be remiss if I didn't mention, it also includes [indiscernible] (00:58:19) solutions. So, those are all obviously also in play on B2B. And the third leg of the stool is really what we get at most narrowly, which is internationalization. So, a piece of that is MoneytoPay, the second piece we announced today is Bankia because that also includes a prepaid business, a debtor business as well.

And the short answer to your question is, it's gone really well. Our thesis on internationalization is, given who Global Payments is, the 38 countries we operate in, particularly on the acquiring side, as well as the relationships we have in those markets. A great example is Continental Europe with Spain, it allows us uniquely to expand what was really a US-only business, which it is today for Netspend and for some of the competitors and really bring it overseas. And now we're approaching 9 or 10 months post the initial closing of the MoneytoPay JV with Caixa.

I can tell you that we're running ahead of what we expected. I think our thesis that we can bring our management, our products, our technologies to those markets has rung true, the thesis that those markets are under-penetrated relative to the United States, it's also true. We have seen some benefit there on government spending too as we all kind of emerge from the pandemic, not just here in the United States, but overseas. So it's really working out better than we hoped, and we're really pleased to be where we are, especially with the kind of partners that we have.

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

A

The only thing I would add to that is the AWS partnership on the Netspend side makes it easier for us to obviously, bring our technology capabilities to markets like Spain, where we've been delighted to just point with the performance of MoneyToPay thus far, and obviously, look forward to adding the Bankia prepaid business into

that business for us as well. So, as we move forward in time, with AWS, it makes it easier to bring technology, product capability to the markets outside the US as we continue the internationalization strategy for the Netspend business.

Q

Okay. Great. Well, thanks so much for taking the questions and looking forward to see you next month.

Jeffrey Steven Sloan

Chief Executive Officer & Director, Global Payments, Inc.

Thanks, [indiscernible] (01:00:15). On behalf of Global Payments, thank you for joining us on the call this morning.

Operator: Ladies and gentlemen, this concludes today's conference call. Thank you for participating. You may now disconnect.

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