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Global Payments, Inc. (GPN)

Q3 2021 Earnings Call

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MANAGEMENT DISCUSSION SECTION

Operator: Ladies and gentlemen, thank you for standing by, and welcome to Global Payments' Third 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] 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' third 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 the 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 Form 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.

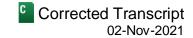
Jeffrey Steven Sloan

Chief Executive Officer & Director, Global Payments, Inc.

Thanks, Winnie. We delivered record third quarter results, despite the incremental challenges that emerged during the period from COVID-19, highlighting the resiliency of our business model and our ongoing track record of execution, across market cycles.



Q3 2021 Earnings Call



We also surpassed \$2 billion of quarterly adjusted net revenue, for the first time in our history, with record margins and produced all-time high, quarterly adjusted earnings per share and adjusted free cash flow.

As we detailed at our Investor Conference just a short time ago on September 8, the trend toward accelerated digitization coming out of the pandemic has benefited our business by reinforcing that mode of competition.

And this quarter provided further proof points of the wisdom of our approach to drive differentiated growth across the four pillars of our strategy. First, we extended long-standing relationships with both, CITI and CIBC, as a reflection of our prowess as a top quartile Software-as-a-Service or SaaS technology company, with unmatched worldwide payments expertise.

Our durable partnerships with some of the most sophisticated and complex institutions globally speak to our competitiveness, well into the remainder of this decade. Starting with CITI, we are delighted to have furthered our relationship with one of our largest commercial card customers for another eight years.

This agreement highlights a key element of what is already today a successful B2B business at scale. More on this new pillar to our strategy in a moment. We're also pleased to have renewed our issuer relationship with CIBC, a top 10 customer in North America, that spans both its consumer credit and debit portfolios for an extended term.

As we discussed in September, we also continue to build our pipelines with AWS to include additional fintechs neobanks and embedded finance players spanning multiple geographies. We now have 25 active prospects in our issuer pipeline with AWS, up from 20 last quarter and four at the end of 2020. We also currently have 10 letters of intent with institutions worldwide, six of which are competitive takeaways. Two of our recent LOIs have gone to contract.

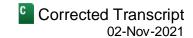
We're also exited to announce that together with AWS, we signed an agreement with London-based 10x to integrate its cloud native core banking platform with TSYS's payments-as-a-service capabilities allowing us to collaborate on modern core banking and issuing solutions for neobank and traditional financial institution customers.

As we announce at our Investor conference, we now have a terrific partner in Virgin Money for our first use case combining issuing and acquiring capabilities to offer transactions stream optimization solutions. It's worth noting that Virgin Money is also a significant competitive takeaway for us. Simply put, we're winning in our Issuer Solutions business because we are selling more market-leading technologies to more distinctive and defensible distribution channels in more markets than we ever have previously.

In our vertical markets businesses where we lead with SaaS at the top of the funnel, we were delighted to announce our new partnership with Mercedes-Benz Stadium in September. As we highlighted, we believe that we were successful because of our ability to seamlessly and uniquely combine software, hardware and payments across in-person, mobile and online channels.

We're now in pilot with Mercedes-Benz Stadium, and we expect to be fully live early in 2022. We're gratified that after canvassing the payments landscape in an extensive RFP including with a full spectrum of new market entrants, this sophisticated institution terminated their existing relationships and chose us for our software and payment technologies with a commitment well into the back half of this decade. Further, across our merchant

Q3 2021 Earnings Call



technology-enabled businesses, our POS software solutions generated revenue growth of nearly 70% compared to 2019 in the third quarter.

And our Sentral education business in Australia, grew over 50% versus 2019 despite lockdowns in that market. In addition to the key win at Mercedes-Benz Stadium, our Zego business delivered record bookings in the third quarter and also had notable successes with Subway, Whataburger, Bojangles, RBI and Wendy's, spanning software, hardware, payments, and data and analytics. These results highlight the benefits we're seeing from accelerated digitization in our markets.

Our e-commerce and omnichannel businesses drove growth in excess of 20% again this quarter. This business is another example of pandemic-induced accelerated digitization benefiting us with current growth rates one-third faster than pre-COVID levels. A few examples of notable success here this quarter. We broadened our relationship with Uber and Uber Eats into an additional market in Asia Pacific, beyond Taiwan. We expanded our long-standing relationship with the Swatch Group to now include e-commerce alongside the solutions we provide in store today, across North America and Asia Pacific.

And we went live with Google as a merchant in multiple markets in Asia Pacific, exactly as we said we would. We remain on track to launch Google Run and Grow My Business this quarter.

And we're already working on the launch of the next phase to help our merchants grow faster by connecting additional Google Services including online ordering, retail inventory and reservations to our digital platform.

These solutions will, over time, drive more consumers to our merchants and dramatically expand our value proposition with one of the leading technology players, worldwide. We're also very pleased to announce today, that we have extended and expanded the scope of our relationship with PayPal, one of the most sophisticated payments companies globally.

This multiyear partnership leverages our unparalleled e-commerce technology footprint, across cross-border North America, Europe and Asia Pacific. And it will dramatically expand our target addressable markets over its term.

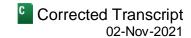
We've added new geographies additional verticals in support of cryptocurrencies for the first time, together with CITI, Mercedes-Benz Stadium, Virgin Money and CIBC what better testament to our current and future competitiveness.

As we said in September, we continue to benefit from ongoing innovation in our ecosystem, including Buy Now, Pay Later or BNPL technologies. We expect to enable more than 1.5 billion BNPL transactions this year alone. And we anticipate issuing more than 50 million virtual cards, with more than \$23 billion in volume.

It's a market we know well, because it's a market that we've been serving for decades globally. As BNPL continues to grow, we believe we're well positioned, given our presence worldwide and our unique offerings to benefit.

Examples of our exposure include through network initiatives, traditional issuers, private label or charge card and program management, virtual card issuance, non-traditional issuers, including fintechs, start-ups and neobanks, unique collaborations with AWS and Google, large existing scale players looking to expand BNPL globally into new markets and with added functionality.

Q3 2021 Earnings Call



And of course, the acceptance from our unmatched virtual and physical footprint with BNPL is just one of the many services, at the point of sale in our commerce enablement ecosystem.

At the end of the day, the enemy is cash and check, and further digitization, including BNPL, is the mode of competition. Our ability throughout the pandemic, to sustainably expand our rates of growth relative to our markets has been indicative of our technology leadership.

This quarter was no exception with our global merchant acquiring businesses delivering 900 basis points of outperformance, relative to the credit trends reported by the card networks last week.

Our consistent track record of share gains during the pandemic is something we highlighted at our investor conference. I'm also delighted to report that we have successfully closed our acquisition of MineralTree in October, after having announced our formal entry into the B2B market, in September.

As we highlighted then, we have many of the elements of the B2B offering post our merger with TSYS in 2019. And the addition of MineralTree's digitized payable solutions, serves to enhance our B2B product suite and expands our opportunity set in one of the largest and most underpenetrated markets in software and payments.

We intend to further scale our business rapidly. In addition to MineralTree and the extension of our commercial partnership with CITI, we had several other notable B2B achievements in the third quarter.

These included a new relationship with WeatherTech in our Heartland business for B2B as well as B2C acceptance, near 50% payroll solutions growth in the third quarter compared to 2019 and a tenfold increase in the number of customer locations using our tip solution from our Business and Consumer segment for disbursement since the beginning of the pandemic.

We continue to have tremendous firepower to conduct strategic transactions with billions of available capacity. Of course, this is on top of the \$2.5 billion we have already invested over the last year during a pandemic in acquisitions consistent with our strategic focus, including our emphasis on faster growth geographies.

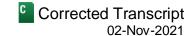
And it's in addition to the nearly \$2 billion we've returned to shareholders over the last year. To that end, we are pleased to have now closed our acquisition of Bankia's merchant acquiring business together with our partners at CaixaBank last month, deepening our presence in one of the most attractive markets in Europe. And through our Erste joint venture, we also very recently closed our acquisition of Worldline's PAYONE Austrian POS acquiring assets, enabling us to bring our distinctive distribution and market-leading technologies at scale to yet another attractive market. And our pipeline remains full despite the investments we've already made over the last 12 months, the majority of which has been in software assets in furtherance of our long-standing technology enablement thesis. Paul?

Paul Michael Todd

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

Thanks, Jeff. Our financial performance in the third quarter of 2021 exceeded our expectations despite incremental headwinds from COVID-19 and the Delta variant during the period. Specifically, we delivered record quarterly adjusted net revenue of just over \$2 billion, representing 15% growth compared to the prior year and 10% growth compared to 2019.

Q3 2021 Earnings Call



Adjusted operating margin for the third quarter was a record 42.8%, a 170 basis point improvement from the prior year and a 420 basis point improvement relative to 2019. The net result was record quarterly adjusted earnings per share of \$2.18, an increase of 28% compared to the same period for both the prior year and 2019.

Taking a closer look at our performance by segment. Merchant Solutions achieved adjusted net revenue of \$1.36 billion for the third quarter, a 21% improvement from the prior year and a 13% improvement compared to 2019. We are also pleased that our acquiring businesses globally generated 22% and 19% adjusted net revenue growth compared to the third quarter of 2020 and 2019, respectively. This was led by continued strength in the US, while we also benefited from improving trends in international markets, including Spain, Central Europe and Greater China.

Focusing on our technology-enabled portfolio, we continued to see consistent growth in our Global Payments Integrated business, as we deliver a vertically fluid suite of commerce enablement solutions across dozens of vertical markets.

As we highlighted at the investor conference, a number of our businesses, including our Integrated business, have grown right through COVID-19 and are now at levels that we would have otherwise expected them to achieve absent the downturn.

Our worldwide e-commerce and omnichannel solutions delivered growth in excess of 20% year-on-year once again this quarter as we continue to benefit from our unique ability to seamlessly blend the physical and virtual worlds, and create frictionless experiences for our customers on a global basis.

As for our own software businesses in the US, we are pleased that the overall portfolio delivered strong sequential improvement as the recovery begins to take root in some of the more impacted vertical markets.

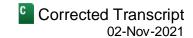
Given the positive booking trends we have seen throughout the pandemic, including this quarter, we are confident that the businesses most impacted by COVID-19 in this portfolio remain on a path to recovery. We delivered an adjusted operating margin of 49.3% in the Merchant Solutions segment, an increase of 200 basis points from the same period in 2020, as we continue to benefit from the underlying strength of our business mix and the realization of cost synergies related to the merger.

Moving to Issuer Solutions, we are pleased to have delivered \$458 million in adjusted net revenue, a 6% improvement from the third quarter of 2020. This performance was driven by the continued recovery in transaction volumes as well as growth in accounts on file, while non-volume-based revenue increased mid-single digits during the period, including low double-digit growth in our Output Services business again this quarter. Issuer adjusted operating margins of 43.4% were up slightly from the prior year.

As you may recall, Issuer Solutions achieved margin expansion of 500 basis points in the third quarter of 2020 over 2019, fuelled by our focus on driving efficiencies in the business. We are also pleased that our Issuer team signed five long-term contract extensions during the quarter, and our strong pipeline, including the growing list of opportunities we have in collaboration with AWS continues to bode well for our future performance.

Finally, our Business and Consumer Solutions segment delivered adjusted net revenue of \$208 million, representing growth of 2% on a reported basis for the third quarter. Adjusting for the stimulus benefits and higher unemployment volumes last year, our adjusted net revenue growth was in line with our targeted growth range for the quarter.

Q3 2021 Earnings Call



Adjusted operating margin for Business and Consumer Solutions was consistent with the prior year at 25.6% after expanding more than 700 basis points during the third quarter of 2020 as a direct result of our efforts to streamline costs and drive greater operational efficiencies at Netspend.

Further, we are pleased with the early progress we are making on our strategic partnership we announced last quarter with AWS in this business, while we also launched and began selling our earned wage access solution to existing B2B clients and into new vertical markets during the period.

The outstanding performance we delivered across our businesses this quarter serves as a further proof point that we continue to gain share and that our four-pillar strategy positions us well to capitalize on the accelerating digital trends coming out of the pandemic.

From a cash flow standpoint, we generated roughly \$850 million during the third quarter and remain on track with our target to convert roughly 100% of adjusted earnings to adjusted free cash flow. We invested approximately \$132 million in capital expenditures during the quarter, in line with our expectations.

We've now successfully closed our acquisitions of MineralTree, Bankia's merchant services business and Worldline's PAYONE Austrian assets consistent with our expectations. We expect the contribution from these acquisitions to adjusted net revenue to be immaterial in the fourth quarter.

We are pleased to have also returned cash to our shareholders this quarter through the repurchase of approximately 4.2 million of our shares for approximately \$741 million. We ended the period with roughly \$2.5 billion of liquidity after repurchase activity and funding of the Bankia acquisition.

Our leverage position was roughly 2.6 times on a net debt basis, consistent with the prior quarter. We remain encouraged by the trends we are seeing in the business, and we are raising the lower end of our guidance for adjusted net revenue to now be in a range of \$7.71 billion to \$7.73 billion, reflecting growth of 14% to 15% over 2020. We are adding \$10 million to the bottom of the range despite anticipating an incremental headwind from foreign exchange rates since our last report and absorbing the impact of the Delta bearing of COVID-19.

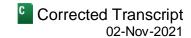
We also continue to expect adjusted operating margin expansion of up to 250 basis points compared to 2020 levels, excluding the impact of our already announced and closed acquisitions. As previously discussed, we expect those transactions to result in a headwind to our margin performance, and we now expect adjusted operating margin expansion of around 200 basis points for the year.

At the segment level, we continue to expect Merchant Solutions adjusted net revenue growth to be around 20% for 2021. We also continue to expect our Issuer business to deliver growth in the low to mid-single-digit range and for our Business and Consumer segment to be in the mid- to high single-digit range for the full year.

Moving to non-operating items. We still 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 now expect adjusted earnings per share for the full-year to be in a range of \$8.10 to \$8.20, reflecting growth of 27% to 28% over 2020, which is up from \$8.07 to \$8.20 previously. Our outlook assumes the macro environment remains stable worldwide over the balance of the year and now includes an incremental headwind from currency.

Finally, we are pleased that our unique strategies that capitalize on the acceleration of digitizing in payments, our ongoing technology-enabled mix shift, our exposure to expanding TAMs, including now B2B and our track record of disruptive M&A provided us with the confidence to raise our cycle guidance at our September 8 Investor

Q3 2021 Earnings Call



Conference. In particular, we continue to expect adjusted earnings per share growth in the 17% to 20% range over the next three to five years on a compounded basis.

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

Jeffrey Steven Sloan

Chief Executive Officer & Director, Global Payments, Inc.

Thanks, Paul. Our strategy has been centered on digitization since we started running the company a little over eight years ago. By accelerating the underlying trends to our technology enablement, the pandemic has reaffirmed the wisdom of our approach, and we now target three quarters of our business from these channels over the next cycle as we said in September. Our formal entry into the B2B market reinforces the existing legs of our stool, including software primacy, a leading e-commerce franchise and an unmatched presence, in many of the most attractive markets worldwide.

These strategies are complementary and interrelated and provide us with substantial and incremental growth opportunities for years to come.

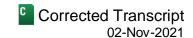
The record results for the third quarter that we reported today and our raised cycle guidance in September are expressions of our confidence in our strategies and are the most recent examples and best evidence of their success.

We just delivered a record quarter on any number of bases in the best year in our history during the midst of a once-in-a-century pandemic. I think, you can see why we view the glass as full. We exit the pandemic better off than we entered it, judge for yourself. 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: Thank you. Ladies and gentlemen, floor is now open for your question. [Operator Instructions] Your first question comes from Tien-Tsin Huang of JPMorgan.

Tien-Tsin Huang

Analyst, JPMorgan Securities LLC

Hey. Good morning, everyone. Good to connect with you all. I wanted to ask first on the issuing side. So, you did announce a bunch of renewals and also it looks like AWS pipeline is picking up here.

I'm just curious, any change in pricing on the renewal front? And what do the new prospects on the AWS side look like? Are they more de novo? Is it modern issuers, traditional issuers? Thank you.

Jeffrey Steven Sloan

Chief Executive Officer & Director, Global Payments, Inc.

Yeah, Tien-Tsin, it's Jeff. And I'll ask Paul to comment. So, we're really pleased with the performance this year in the issuing business in particular. And we continue to make very good progress in AWS on two fronts, first, on the technology side, and second, on the distribution side.

As it relates to the existing customers, there really has not been any change in the competitive landscape. I would say, we continue to believe that we win kind of 80% of the jump balls that come up.

I think we announced today that, we've got 10 folks in the hopper on the issuing side, six of which are competitive takeaways that's before the LOIs that we've recently signed. So, we really don't view that as changing.

I'd also say that – before I get to the second part of your question, I'd also say that our partnership in collaboration with AWS really does sell in the marketplace. So, in the last quarter, we've met with a number of our large financial institution customers.

And I think, the public cloud first centric approach that we've taken with AWS starting a year a quarter ago really sells and resonate. I would say, as we said at the time, Tien-Tsin, dramatically expands our target addressable market, I think, we said it was 3x last August.

But certainly, with large FIs and across the spectrum really does resonate. We think we're ahead there, based on feedback from our customer base. On the second part of what you said, I would say the vast majority of those prospects – and there was a page on this, Tien-Tsin, in our investor conference – the vast majority of those prospects are in neobanks, fintechs and start-ups. So, we certainly have a number of prospects on the traditional FI side, particularly in light of the Amazon relationship.

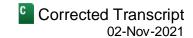
I would say the vast majority of what we're looking at there on the co-sell side with AWS and now also with 10X and PwC, really center around neobanks, fintechs and start-ups, and that 25 number represents the vast majority. And Paul, do you want to add anything to what I said?

Paul Michael Todd

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



Q3 2021 Earnings Call



Yeah, the only thing I would say, Tien-Tsin, is I'd just reiterate how happy we were with the growth in the third quarter. We had strong kind of transactional growth, strong account on file growth. So, our volume-based revenue was growing right in that kind of long-term growth rate of that mid-single digits. And so, we expect that kind of fundamental growth to continue and certainly as Jeff has said, the environment that we're operating with is very similar to how we've been operating this business for years.

Tien-Tsin Huang

Analyst, JPMorgan Securities LLC

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Okay. Great. Thanks. Just a quick follow-up just on the – for next year, given the incremental COVID and the FX headwinds, do you still see 20% EPS growth in 2022?

Jeffrey Steven Sloan

Chief Executive Officer & Director, Global Payments, Inc.



Yes, Tien-Tsin, we talked about this at the Investor Day that, that target of the long-term cycle kind of guidance was consistent with how we're targeting for next year to be at that higher end of that 17% to 20% range. Obviously, we've got work to do as it relates to finalizing kind of all of our plans. We'll come back and give the formal guide at the start of next year. And obviously, we'll assess the environment at that time. But from a targeting matter, that higher end of that 17% to 20% EPS growth range is still our target.

Tien-Tsin Huang

Analyst, JPMorgan Securities LLC

Excellent. Very good guys. Thank you.

Jeffrey Steven Sloan

Chief Executive Officer & Director, Global Payments, Inc.



Thanks, Tien-Tsin.

Operator: Your next question comes from Bryan Keane of Deutsche Bank.

Bryan C. Keane



Analyst, Deutsche Bank Securities, Inc.

Hi, guys. Good morning. Jeff, when you talk about some of the incremental challenges from COVID-19, where did that show up? Is that mostly in Europe or in Asia, I'm sorry? And is that – did that continue in October?

Cameron M. Bready

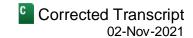


President & Chief Operating Officer, Global Payments, Inc.

Hey, Bryan, it's Cameron. If you don't mind, I'll jump in on that. I think most of it obviously shows up, not surprisingly in the Merchant business. And I think, we saw it in a few places. First, a little bit in the US. I think we saw very good trends in the US, notwithstanding COVID, but we certainly did see in certain verticals, some impacted from the Delta variant in the third quarter. I would say more specifically we saw it in Europe and Asia Pacific and probably more predominantly in Asia Pacific. Markets like the UK obviously were struggling with the Delta variant. They've now started to kind of come back a little bit more.

In Asia Pacific, Australia had a number of shutdowns during the quarter that we had to grapple with from a financial standpoint and from a revenue standpoint. But I would say, overall, most of that was absorbed in the third quarter. And as we've gotten to October, we're seeing October trends slightly better than what we saw in the

Q3 2021 Earnings Call



third quarter and even coming out of September, which was a better month than we saw in August. So, the trends continue to look favorable, October being slightly better than what we saw in the third quarter. And I think much of the Delta impact is really behind us and largely isolated to the third quarter.

Bryan C. Keane Analyst, Deutsche Bank Securities, Inc.

Got it. Helpful. And then how about some of the trends in the businesses that had been a little bit slower and thinking about education, ACTIVE, gaming, what does the rebound look like in those businesses?

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

Yeah. I think, if you look at the vertical market overall, we saw strong sequential improvement from Q2 to Q3, about 500 basis points relative to 2019 results for that business. But it is fair to say that we're still on the road to recovery in the vertical market business overall, largely because of the vertical markets that you highlighted.

Active and K-12 continue to be down relative to 2019 levels. We did see sequential improvement in both, and they're trending in the right direction, but there's still some time to go, I think, before those markets get back to certainly the levels of performance that we saw pre-pandemic. If you look at the business overall, it was still down slightly relative to 2019 in the third quarter. but we are expecting it to turn positive versus 2019 in the fourth quarter, giving us good momentum kind of heading into 2022 as we continue, again, down the path of recovery with the vertical market business overall.

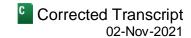
I would highlight, we continue to see very strong trends across AdvancedMD, our enterprise QSR, food and beverage business. And, of course, our higher education business, all of which have grown nicely, throughout the course of the pandemic from a recurring revenue standpoint. And all of which produced very strong results in the third quarter as well.

Bryan C. Keane Analyst, Deutsche Bank Securities, Inc.	C
Great. Thanks for taking the questions.	
Jeffrey Steven Sloan Chief Executive Officer & Director, Global Payments, Inc.	Α
Thanks Bryan.	
Cameron M. Bready President & Chief Operating Officer, Global Payments, Inc.	Δ
Thanks, Bryan.	

Hi, gentlemen. I wanted to ask, Jeff, you about capital allocation at this point and the balance between M&A and kind of given where the stock is trading from a valuation perspective, potentially dialing up share repurchases.

Ramsey El-Assal Analyst, Barclays Capital, Inc.

Q3 2021 Earnings Call



I guess, the second part to that is if M&A is the past, is it transformative large deals? Or is it maybe pivoting to sort of a many smaller deals type of a strategy? Any color on those topics would be helpful.

Jeffrey Steven Sloan

Chief Executive Officer & Director, Global Payments, Inc.

Yeah. Thanks, Ramsey. So, on capital allocation, I think, you should look at what we've done in the last 12 months as being a really good indicator of kind of where we're focused.

So, in the last 12 months, as we said in our prepared remarks, we've invested \$2.5 billion in M&A, primarily I think 60% of which is around cloud SaaS-based technologies, but we did that while returning nearly \$2 billion in capital to our shareholders also during the last 12 months.

So, I'd say from a capital allocation point of view, and Paul I think described the math on the repurchases, I don't really think that's changed. So, I think balance between the two is essentially what we've been doing, and I would expect that to continue.

On the M&A side, look, I think we look at most things that fit our strategic thesis that's been consistent over the last year. So, we look at things that are in the software space. We obviously now look at things that are in the B2B space, post the MineralTree announcement.

As we said the time last month, well, actually in September, MineralTree, it was probably one of our first dilutive deals and we're absorbing that, both in our annual numbers as well as in our cycle guide. That certainly has expanded to 10 as to what we're looking at. We're looking at new geographies, e-com and the like. So, I don't really think that's changed, Ramsey. I think we've got the full suite of opportunities.

And as I said in my prepared remarks of our pipeline, notwithstanding the fact that we announced the closure of a bunch of deals today, our pipeline continues to remain full.

Ramsey El-Assal

Analyst, Barclays Capital, Inc.

Okay. A follow-up from me, could you talk about the PayPal relationship, how it sort of evolved over time? And also, maybe elaborate a little bit on the crypto piece.

And if I can just bolt on another one there, could you just call out the US and global kind of two-year stack of a two-year CAGR in your Merchant business? I just want to make sure that I'm understanding the kind of sequential acceleration there correctly.

Jeffrey Steven Sloan

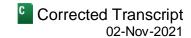
Chief Executive Officer & Director, Global Payments, Inc.

Yeah. Okay. Well, I'll start with PayPal and ask Cameron and Paul to comment on your last piece. So, we're really pleased with the PayPal announcement today. This expansion as well as extension is for a multiyear term. So, we're really pleased with that.

I would say there's a few differences before I get to the crypto comment. The first thing I'd say is we're adding additional geographies as part of the relationship. The second, we're adding additional vertical markets where we can go together jointly to market with PayPal, which also is an expansion.



Q3 2021 Earnings Call



And the third, obviously, is what you asked about around crypto. Now crypto is really two pieces, Ramsey. The first piece is, if you're using a PayPal digital wallet and you're buying crypto in the wallet with Bank card sources, particularly anywhere in the world, but especially for these illustrative purposes, North America and Europe, that will be us helping to facilitate those purchases, on behalf of PayPal.

And the second part of the crypto stuff is PayPal as a means of acceptance, things like Coinbase to the extent that you're going online, buying crypto at something like a Coinbase and use PayPal as a pay button to procure that purchase to the extent that it's bank card related, that also is something that we expect to have a hand in.

So, those are new things for us. Those things are hard to do on the acceptance side, especially on a worldwide basis. So, we're pleased to be in a position to do that. And I would say, if you back up further and say, okay, what does it mean? Our view of our relationship with PayPal is that this expansion and extension really doubles the size of our addressable market with PayPal who we're obviously very pleased to be partnered with. But Cameron and Paul, do you guys want to talk about the last piece of the question?

Cameron M. Bready

President & Chief Operating Officer, Global Payments, Inc.

Yeah. Hey. Ramsey, it's Cameron. I'll jump in there. I think your question was what were the growth rates versus 2019 for the Merchant business globally as well as for the US Merchant business. So, again, Merchant globally, excluding our vertical market channel, was up 19% versus 2019 levels in the quarter and the US number was, I think, 22%, 23%, something in that range for the third quarter, pretty consistent with what we saw in the second quarter.

Ramsey El-Assal

Analyst, Barclays Capital, Inc.

Perfect. Thanks so much. Appreciate it.

Jeffrey Steven Sloan

Chief Executive Officer & Director, Global Payments, Inc.

Thanks, Ramsey.

Operator: Thank you. Please standby for your next question. Your next question comes from Jason Kupferberg of Bank of America.

Jason Kupferberg

Analyst, BofA Securities, Inc.

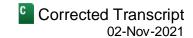
Hey. Thanks, guys. Good morning. Just wanted to drill in a little bit more on the owned software, the vertical markets business. What were the growth rates there year-over-year and versus 2019? And just any color you'd want to offer in terms of some of the specific verticals and what you saw there with respect to new sales and pipeline build, et cetera?

Cameron M. Bready

President & Chief Operating Officer, Global Payments, Inc.

Yeah. Jason, it's Cameron. I'll jump in and I'll ask Jeff and Paul to add any color that they would like to. Maybe I'll just start with sort of baseline and things. As I mentioned earlier, the overall vertical market business, it was up

Q3 2021 Earnings Call



roughly 16%, 17% versus Q3 of 2020. It's still down slightly versus 2019 levels, call it, mid-single digits. As I mentioned earlier, we do expect it to turn positive versus 2019 as we get to the fourth quarter.

So, I'll start with maybe some of the more positive vertical trends that we've seen. AdvancedMD, TouchNet, and again, our QSR business, all reported very strong growth as they consistently have throughout the pandemic in the third quarter. TouchNet, AdvancedMD, both up mid-teens in the quarter. Our QSR business was up probably mid-30s versus 2020 levels, again, as we've seen a nice rebound in that business.

And then relative to 2019, TouchNet's up 20-plus percent; AdvancedMD is up almost 30% and our QSR business is up almost 10%, call it, 8% to 10%, somewhere in that ballpark versus 2019 levels. So, I'm very pleased with where those, obviously, vertical markets are trending, how they performed throughout the pandemic. We continue to have excellent momentum in those as we head to 2022.

Obviously, we have seen more impact as we've talked about earlier in our K-12 school business in ACTIVE and in our Gaming business over the course of the pandemic. School and ACTIVE continue to be below 2019 levels. We are seeing improvement sequentially, but the road to recovery for those businesses is obviously going to be a little more long-tailed than what we're seeing in other vertical markets.

Gaming in this quarter was flat versus 2019. So, it has come back quite well. It was up meaningfully over 2020 levels, almost 30% in the quarter, and it got to flat versus 2019. And again, we expect that to turn positive in the fourth quarter.

So, I would say, overall, the business is trending in the right direction. The verticals that have been more heavily impacted are going to have a little longer road to recovery. The sequential trends are good and we expect to see that continuing heading into 2022.

So, I'll pause there and maybe just turn my attention to bookings trends because that continues to be a very good story for the vertical market businesses. We saw excellent new booking trends in the quarter. Our recurring revenues in that business, bookings were up 35% year-over-year. AdvancedMD recorded a bookings record up nearly 50% year-over-year. Our Xenial SaaS solutions were up almost 50% year-over-year and TouchNet was up almost 35% year-over-year.

And ACTIVE and schools continue to see good booking trends, despite obviously the overall macro continuing to weigh on those businesses. ACTIVE bookings were up in the mid-teens, year-over-year. And our school business had positive booking trends in the quarter as well.

So, as we think about the business overall, the bookings trends we've seen in this quarter, and frankly, what we've seen throughout the course of 2021, give us a lot of confidence that from a momentum perspective, we're obviously building a nice backlog of business.

And as the macro in the more heavily impacted verticals improves, we obviously have a lot of tailwinds for the vertical market channel heading into 2022 and 2023.

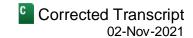
Jason Kupferberg

Analyst, BofA Securities, Inc.

Q

That's great. That's great, really helpful. On the Consumer segment, I was curious how that growth, just under the 2% growth there in the quarter. How did that compare to your expectations?

Q3 2021 Earnings Call



I know, it reflected some deceleration off an easier comp, but we did see stimulus start to run off. And I know, Paul, you made a brief comment about that. So, I wanted to hear a little bit more about how you're thinking about sort of the normalized effects of the stimulus expiring.

And you talked about the full year growth target being intact there, kind of mid- to high single-digits, but with one quarter left in the year, wondering if we can hone in a little bit more on where you think Q4 may land based on everything you know today?

Paul Michael Todd

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

Yeah. So yeah, it's a good question. And you're exactly right. What really impacted us in 3Q was that unemployment insurance kind of additional piece that we were picking up.

If you took that out, we grew this business in the third quarter at kind of that longer-term mid-to-high single-digit target for the third quarter. And as we look to next quarter, as we've said, we're expecting this to be in that, kind of mid-to-high single-digits for the year.

We're expecting that business to roughly generate at roughly that level in the fourth quarter to that longer-term target. So, yeah, as we get past – obviously we ran these comparison benefits for some period of time related to stimulus and unemployment, but as it relates to the third quarter that was the biggest dynamic that was playing through that resulted in that roughly 2% growth rate.

Jason Kupferberg Analyst, BofA Securities, Inc.	Q
Okay. Thanks for the comment, guys.	
Paul Michael Todd Chief Financial Officer & Senior Executive Vice President, Global Payments, Inc.	A
Okay.	
Jeffrey Steven Sloan Chief Executive Officer & Director, Global Payments, Inc.	A
Thanks, Jason.	
Operator: Your next question comes from Dominick Gabriele of Ope	ennheimer.
Dominick Gabriele Analyst, Oppenheimer & Co., Inc.	Q
Hey, great. Thanks so much for taking my questions. I was actually jurecovery in the vertical markets and how that – I thank you for all the	

2022 EPS guidance, what kind of levels of recovery in revenue versus either 2019 or 2020 are you assuming

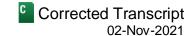
Paul Michael Todd

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

there? And then I just have a follow-up. Thank you very much.



Q3 2021 Earnings Call



Yeah. So, I guess, I would start-off by kind of adding on what Cameron said is, that starting in the fourth quarter, this turns into a growth tailwind for us.

And we've talked for several quarters now of this vertical market here because of the components of the business being somewhere of a 300 basis points to 400 basis points headwind to our segment margin over the last several quarters. And starting in the fourth quarter, with the kind of sequential quarter growth we're seeing, this turns into a tailwind.

And I think, as Cameron said, with all the booking success that kind of we've had, we're expecting that essentially 300 basis point to 400 basis point headwind to kind of turn into kind of a commensurate kind of tailwind as we move into 2022.

Obviously, we're in that planning process right now. And we'll kind of get more kind of discrete levels of insight, as we talk about the 2022 guide. But the key point is exactly what kind of Cameron said is kind of the headwind turning into a tailwind as we move to next year. And just in general, as we look to the 2022 guide, you kind of once again, kind of go back to what we said at our Investor Day around our cycle guidance as it relates to revenue growth, those are the levels that we're targeting at or even slightly better at the levels that we're targeting at for next year as a revenue growth matter.

Dominick Gabriele

Analyst, Oppenheimer & Co., Inc.

Excellent. Really great color on all this. And then if you think about the distribution of your margin expansion as we look ahead. And kind of what is implied for the Merchant Solutions segment in the fourth quarter. How should we think about the distribution of margin expansion across your segments, given all the opportunities you see in the growth path that you're focused on? Thank you very much, guys.

Paul Michael Todd

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

Yeah. So, as you talk about this year specifically on that kind of margin distribution. I mean, it's very consistent kind of a year, we hope we saw in the third quarter, which is Merchant is the biggest margin kind of driver for us as a company this year coming off the big margin gains that we saw in our issuing business and our business in Consumer Solutions last year.

And so, as we look into next year, things become more balanced in that regard. It's kind of margin kind of deliverance across the segments, gets into a kind of more normalized kind of range. And obviously, at our Investor Day, we kind of talked about on ex-synergy, kind of what we expect kind of cycle guidance margin expansion to be. But obviously, for this year and for the remaining – the fourth quarter, the Merchant margin expansion is the biggest driver.

Dominick Gabriele

Analyst, Oppenheimer & Co., Inc.

Thank you.

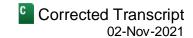
Operator: Your next question comes from the line of Dave Koning of Baird.

David John Koning

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



Q3 2021 Earnings Call



Oh, yeah. Hey, guys. Thank you. You gave good disclosure about the processing revenue percent of 2019 being about 119%. We had Visa and Mastercard global volumes. I think Visa at 121% and Mastercard at 128%. So, you're really close to that. I know it's a hot button issue for why it's a little bit below. I don't think it's losing share. I think it's just some of the verticals and the SMB exposure. But maybe, A, you can kind of confirm that; and B, is that going to catch back up as SMB keeps gaining share relative to like big box? Like, how do you just see those patterns playing out?

Jeffrey Steven Sloan

A

Chief Executive Officer & Director, Global Payments, Inc.

Yeah, Dave, that – those are wrong numbers. So, it's up 19% and the Visa, Mastercard worldwide credit volume numbers that they reported last week were up 8% and 13%, respectively. The average of those two, Dave, is about 10% or 11%, and we just reported 19%.

So, if you go back, Dave, and look at our investor conference in September, we actually have a chart on this, which shows how to do the calculation, what we compare it to. And as I said in my prepared remarks, Dave, we exceeded the average of Visa and Mastercard by 900 basis points again this quarter relative to 2019. So that's the right comparison from our point of view.

David John Koning

business.

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

Okay. Got you. I just was looking at credit and debit combined. I was just looking at the total market instead of just at credit...

Jeffrey Steven Sloan

Chief Executive Officer & Director, Global Payments, Inc.

Yeah, Dave. You got to look at – we look primarily at credit worldwide because our business is mostly a credit business. So, again, if you look back at our investor conference from September, Dave, on the left-hand side of that page, you will see how we do the calculation, and we're pretty clear about how we do it, and the 900 basis points today compares very favorably, and I think, it's the second highest number on that page relative to the start of the pandemic. So, from our point of view, that's the comparison. We really don't have a very debit-centric

David John Koning

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

Got you. Thanks. No, that's really helpful. And I guess, the second one, just how big was Zego in Q3 just so we can get organic constant currency?

Paul Michael Todd

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

Yeah. So, Dave, we had talked at the time of Zego being about \$100 million on an annualized basis of revenue impact. And so, in the half year, it's \$50 million, or on a quarterly basis, it's – that is roughly \$25 million.

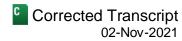
impact. And so, in the half year, it's \$50 million, or on a quarterly basis, it's – that is roughly \$25 million.

David John Koning

Got you. Great. Thanks, guys. Nice job.

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

Q3 2021 Earnings Call

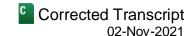


Paul Michael Todd	A
Chief Financial Officer & Senior Executive Vice President, Global Payments, Inc. Yeah.	,
Jeffrey Steven Sloan Chief Executive Officer & Director, Global Payments, Inc.	A
Thanks, Dave.	
Operator: Your next question comes from Trevor Williams of Jefferies.	
Trevor Williams Analyst, Jefferies LLC	Q
Hey, guys. Good morning. Thanks for taking the question. I was wondering – just upfront. Would you be able to just parse out the FX impact in this quarter from bot	•
And then, in 4Q, just trying to back into what's implied in Merchant to get to the 20 look like there's any real embedded improvement versus 2019 levels, at least from	
So, just trying to better understand the puts and takes there. It sounds like vertical sequentially. FX a bit tougher, and then maybe just kind of holding October trends the year.	
So just any kind of help there on the puts and takes relative to 3Q, what you have Thanks.	embedded for Merchant?
Paul Michael Todd Chief Financial Officer & Senior Executive Vice President, Global Payments, Inc.	A
Yeah. So roughly about 100 basis points is the way to think about the currency im company level, and that's in kind of the rough zone as it relates to Merchant as we out anything much more dramatic on that on the Issuer side.	•
And if you look at 4Q, which is kind of our FX commentary before relative to our exwe're expecting about half that kind of benefit in 4Q relative to 3Q. So kind of increfourth quarter relative to our expectations of what we were expecting to see and swhat we're kind of expecting to see in the fourth quarter, given where rates are, who feuro and the pound and what's happened there, and in the last quarter – since kind of where we are right now.	emental kind of headwind in the aw in the third quarter versus hich is primarily driven by kind
Trevor Williams Analyst, Jefferies LLC	Q
Okay.	

Chief Executive Officer & Director, Global Payments, Inc.

Jeffrey Steven Sloan

Q3 2021 Earnings Call



And then, I would say on the second part of your question in terms of the Merchant implied guide for revenue growth in the fourth quarter versus 2019, it's an actually acceleration versus 2019. So it's not correct to say it's stable. It's actually improving. Paul, do you want to comment?

Paul Michael Todd

A

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

Yeah. So, yeah, versus 2019, we're expecting over 100 basis points of kind of acceleration in the fourth quarter versus 2019 than what we saw in the third quarter.

So we're – as we said, for the fourth quarter, we're expecting kind of roughly to be at kind of an overall compared to 2020, where we expect to land for the year for Merchant. But if you compare that to 2019, we're actually seeing north of 100 basis points of third quarter to fourth quarter acceleration on the Merchant segment.

Trevor Williams

Analyst, Jefferies LLC

Okay, great. And if I could just sneak in a quick follow-up, any comment just on how trends into October looked in Merchant relative to September? Just any color there would be great. Thank you.

Paul Michael Todd

A

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

Yeah. And I think Cameron maybe referenced just a little bit earlier is we're seeing slightly improving trends in October versus September. So we're very pleased with what we've seen so far starting this quarter. And obviously, the environment remains dynamic, but we're very pleased with what we've seen so far.

Cameron M. Bready

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President & Chief Operating Officer, Global Payments, Inc.

Yeah. And Trevor, it's Cameron. I would just add. It's pretty consistent with what you saw from the networks that reported last week as far as a sequential improvement in October versus what we saw in Q3 and September in particular.

Trevor Williams

Analyst, Jefferies LLC

Got it. Okay, perfect. Thanks, guys.

Paul Michael Todd

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

Thank you.

Operator: Your next question comes from Vasu Govil of KBW.

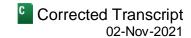
Vasundhara Govil



Analyst, Keefe, Bruyette & Woods, Inc.

Hi. Thanks for taking my question. Just I wanted to ask about the issuer business. I know the commercial piece of the business was a headwind this year. Sort of how are you thinking about the recovery in that piece of the business? And any leading indicators you're seeing at this point to support a case for recovery into next year?

Q3 2021 Earnings Call



Paul Michael Todd

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

Yes. So we have begun to see recovery on the commercial side this year. And so things have been slightly better than what we were expecting. And given those kind of trends, we are expecting to see kind of further acceleration of commercial into next year. As Jeff commented earlier, we're very pleased to have announced the CITI renewal, which was obviously a very important renewal for us on the commercial side.

So, yeah, both as third quarter matter, the growth that we saw there, obviously, we're still looking to kind of get back to where the pre-COVID levels would be in that business, and we're trending in that direction. And so, yeah, that will turn into a continued tailwind for us on a go forward basis.

Vasundhara Govil

Analyst, Keefe, Bruyette & Woods, Inc.

Got it Thank you. And if you could remind us quickly the timing of some of the new wins that you're expecting coming into the numbers next year and also if I may, if you could quantify the impact. I know you guys have said MineralTree is dilutive upfront. Does it sort of round up to a \$0.01 in dilution? Or is it completely immaterial for the fourth quarter? Thank you.

Paul Michael Todd

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

Yes. So a couple of things. Maybe I'll take the kind of the MineralTree and really all of the acquisitions. And we kind of commented on those as it relates to the overall margin impact in the prepared remarks is – we've got, call it, a roughly 50 basis point kind of headwind to the margin in the fourth quarter related to all of the acquisitions. Obviously, MineralTree is the most impactful there because, as Jeff said, it was dilutive. So that's kind of the way to kind of think about as it relates to the dilution that we're expecting to see in the fourth quarter, particularly on the margin side. And go back to the first part of the question. The first...

[indiscernible] (00:54:13)

Paul Michael Todd

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

That's right. Yeah, on the issuer side, yes, primarily, given our conversion pipeline we're looking more at a late 2022, early 2023 for most of the kind of wins that we're talking about there. There's a little bit of impact that comes in later in the next year, but that's primarily 2023 and beyond.

Vasundhara Govil

Analyst, Keefe, Bruyette & Woods, Inc.

Got it. Thank you very much.

Paul Michael Todd

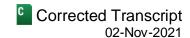
Chief Financial Officer & Senior Executive Vice President, Global Payments, Inc.

Yeah. Thank you.

Operator: Your next question comes from Ashwin Shirvaikar of Citi.

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Q3 2021 Earnings Call



Ashwin Vassant Shirvaikar

Analyst, Citigroup Global Markets, Inc.

Hey, guys. Cameron, Paul, Winnie. Good morning.

Cameron M. Bready

President & Chief Operating Officer, Global Payments, Inc.

Good morning.

Paul Michael Todd

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

Good morning, Ashwin.

Ashwin Vassant Shirvaikar

Analyst, Citigroup Global Markets, Inc.

So one of the questions I had was between the acquisitions that you made last 12 months in the steadily higher tech-enabled piece that we've seen over the years. Are you beginning to see changed seasonality in your business as you kind of think of the various quarters? I'm just thinking of set up as we head into next year.

Paul Michael Todd

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

No. Ashwin, I wouldn't call anything kind of unique there. I mean, typically, if you kind of go by segment, typically as it relates to our Merchant segment, our third quarter from a seasonality standpoint is our strongest quarter from that business, and nothing has dramatically changed on that. From a kind of issuer perspective, typically, the fourth quarter with the holiday spend and the way that business is constructed, that typically is a stronger quarter. I would say that in general that has become lesser of a seasonal outlier in the fourth quarter, just the way that business is and where we have certain pricing bundled and now that that's lesser of an impact there.

And then obviously, in our business in consumer there's obviously kind of different kind of moving parts now with all the stimulus kind of comparisons, specifically tax season and the first quarter. And depending on how that kind of plays out into the second quarter has been kind of the seasonal call out as it relates to that business. So, yeah, at a consolidated level, I wouldn't call out anything unique that's changed on the seasonality side, but those are the kind of ways to think about it at the segment level.

Ashwin Vassant Shirvaikar

Analyst, Citigroup Global Markets, Inc.

Got it, got it, and then, as we sort of think of, again, sticking to the tech-enabled side as the percent of both owned software and software partners, sort of goes up.

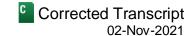
Can you talk maybe about the attach rates for cross-sold incremental work, whether it be payments or add-on value-add services, time and attendance, HR, various different types of things that you guys do. Can you talk about the attach rates and maybe some examples of progress?

Cameron M. Bready

President & Chief Operating Officer, Global Payments, Inc.



Q3 2021 Earnings Call



Yeah, Ashwin, it's Cameron. I'll jump in on that. I'll just remind you, I spent a lot of time on this, on the investor conference speaking about this very topic. If you think about our strategy, it's really centered around commerce enablement.

And whether we're working with a software partner or we're working, obviously, with our own technology stack from a software standpoint where we go to market in verticals with our own capabilities, the objective is to continue to bring more merchants into our ecosystem, leveraging technology.

And once we're in our ecosystem, obviously, finding new ways to provide solutions to them that help them run their businesses more effectively and obviously help them drive more top of funnel opportunities for their business. So our partnership with Google is clearly at the center of that strategy in terms of how we deliver more value-added services and more capabilities to our customers across, again, both our owned software portfolio, our traditional merchant acquiring businesses and then, of course our own – our partnered software portfolio as well.

So obviously, there's a lot of opportunities in front of us as we continue to execute against that strategy. We are launching Run and Grow My Business this quarter. We expect that to ramp next year. And we're launching Phase 2 of that, as Jeff highlighted, hopefully, in the middle part of next year as we bring in online ordering, inventory and reservations into that ecosystem.

From a – you raised time and attendance, it's a great example of where we can take a solution from one market into another. We're selling time and attendance now across a few of our vertical market businesses that came out of our payroll solutions. And looking to bring that to a number of our integrated partners as well as a way to which we can, again, attach more opportunities to those partnership relationships.

On the integrated front, I'd also note that that strategy is also key to winning new ISV partners, because one of the ways we're able to differentiate ourselves versus just offering outlandish revenue share is just offer a larger pie from a revenue standpoint that we ultimately end up splitting with those ISVs, because we can bring more solutions to the table.

It makes the ISVs' offering more attractive. It gives us more opportunity to grow and scale with the ISV. And as I always like to say, we'd rather be focused on how to divide up a larger pie versus more finely slicing an existing pie that's not growing.

So I think as it relates to the overall merchant strategy you highlighted what's really key which is driving more commerce enablement by attaching more of our offerings to merchant relations that come through whatever distribution channel we're selling through into the market.

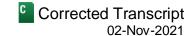
Jeffrev Steven Sloan

Chief Executive Officer & Director, Global Payments, Inc.

A

Yeah, I would just add, Ashwin, what Cameron said that we also talked about in the investor conference, our ability to add data and analytics, which is a business that we took, there's a slide on this too, a business that we took from essentially zero in revenues a number of years ago to over \$130 million. Say that's part of the value-added services that you asked about and then Cameron tied it too. And I think all that stuff is working. And I think if you look at our results in the third quarter, MID count was up 13% in the third quarter, volumes were up 20% versus 2019. So it's the commerce enablement that Cameron is describing in response to your question, which is to say the virtuous circle of software at the top of the funnel, the cross-sells, the data analytics, the new

Q3 2021 Earnings Call



partnerships, all that stuff is resulting in clearly above-market growth on the stats I just gave and what we put in the press release.

Ashwin Vassant Shirvaikar

Analyst, Citigroup Global Markets, Inc.

Got it. Thank you, guys.

Jeffrey Steven Sloan

Chief Executive Officer & Director, Global Payments, Inc.

Thank you very much. Well, on behalf of Global Payments, thank you all for joining us this morning.

Operator: Ladies and gentlemen, this concludes today's event. Thank you for your participation. You may now disconnect.

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