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Global Payments, Inc. (GPN)

Q2 2022 Earnings Call

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MANAGEMENT DISCUSSION SECTION

Operator: Ladies and gentlemen, thank you for standing by. Welcome to the Global Payments Second Quarter 2022 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 2022 conference call. Our earnings release and the slides that accompany this call can be found on the Investor Relations area of our website at www.globalpayments.com.

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, among other matters, expected operating and financial results and statements about the proposed transaction between Global Payments and EVO Payments. 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 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 the date of this call and we undertake no obligation to update them.

We will be also referring to several non-GAAP financial measures, which we believe are more reflective of our ongoing performance. For a full reconciliation of the non-GAAP financial measures discussed in this call 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 supplemental material available on the Investor Relations section of our website.

Joining me on the call are Jeff Sloan, CEO; Cameron Bready, President and COO; and Josh Whipple, Senior Executive Vice President and CFO. Now, I'll turn the call over to Jeff.

Jeffrey S. Sloan

Chief Executive Officer & Director, Global Payments, Inc.

Thanks, Winnie. We welcome Josh Whipple, our new CFO, to the call today. Josh has been a senior leader in our company for 7.5 years, guiding us through some of the most significant milestones in our history. He's a trusted partner who has played a key role in building the leading technology-enabled, software-driven payments business worldwide that Global Payments is today.

We also thank Paul Todd for his terrific partnership and the critical role he has played in the successful merger of TSYS and Global Payments over the past three years and his 27 years at TSYS. We wish Paul all the best in retirement.

We delivered second quarter adjusted results that were the best in our history across our key financial metrics despite the self-evident incremental headwinds. Both our Merchant and Issuer segments exceeded our expectations on a currency-neutral basis post the divestiture of our Russian business.

Importantly, our Issuer business generated 400 basis points of sequential revenue improvement on a comparable basis, exactly as we said it would, and our pipeline remains at record levels. And we achieved these results while executing multiple transactions to better align our businesses with our strategy, adding a key new partnership, extending our lead, and deepening our competitive moat.

First, we're delighted to announce that we've entered into a definitive agreement to acquire EVO Payments, significantly increasing our target addressable markets, enhancing our leadership in integrated payments worldwide, expanding our presence in new geographies, further scaling in existing faster growth markets, and augmenting our business-to-business, B2B, software and payment solutions.

Specifically, EVO provides us with a new presence in attractive geographies, such as Poland, Germany, Chile, and Greece, and enhances our scale in existing markets, including Mexico, Spain, and the UK, and of course, the US and Canada.

For B2B, EVO brings us key technology partners and integrations, including with many of the largest enterprise ERP solutions. And it adds leading accounts receivable software capabilities to complement our B2B and accounts payable offerings, which we significantly augmented with our successful acquisition of MineralTree last fall.

At our investor conference last September, we announced B2B as the fourth and newest pillar of our strategy, meaningfully expanding our target addressable markets to include a segment that remains substantially under-penetrated, providing tremendous opportunities for future growth.

As we said then, we have the technology and distribution assets we need to compete effectively in B2B post our TSYS merger and already positioned as one of the largest B2B companies globally at scale. This includes technology centered on virtual card solutions, a vast commercial card footprint, massive distribution partnerships with the world's leading financial institutions, data and analytics, market-leading payroll technologies, and access globally to non-card based rails.

Our acquisition of MineralTree last October provided us with a leading cloud SaaS accounts payable business, which grew 30% in the second quarter and is now operating at EBITDA breakeven ahead of plan. We've been on the lookout for an accounts receivable business corollary to complete our B2B go-to-market offerings. We believe that EVO now provides that missing link.

Cameron will provide more details on the tremendous value creation opportunity in combining EVO with Global Payments, but let me start by expressing how delighted I am to welcome EVO team members to Global Payments. The transaction is expected to close no later than the first quarter of 2023, subject to regulatory and, of course, EVO shareholder approvals.

Second, we are thrilled to announce Silver Lake, the global leader in technology investing, has committed a \$1.5 billion strategic investment in Global Payments in the form of convertible unsecured senior notes. As an expression of their confidence in our long-term leadership role in digital payments and sustainability of our growth, this amount is by far the largest commitment in Silver Lake's long, distinguished history.

Silver Lake has outstanding track record of successful investments in technology-driven companies, and we are humbled by their confidence in us as the winner in the digital payments ecosystem over the cycle. This new partnership serves as further proof of the distinctiveness of our model, wisdom of our strategy, and position as a leading driver and beneficiary of innovation in payments. A senior partner from Silver Lake will join the Global Payments board of directors. We are very proud of the company that we keep.

Third, we reached definitive agreement to sell Netspend's consumer portfolio to Searchlight Capital and Rêv Worldwide for \$1 billion to further align our businesses with our strategy, while simultaneously enhancing our organic growth and marketing characteristics.

As we said at the time we announced the strategic review in February, Netspend direct-to-consumer portfolio is an attractive set of solutions with a favorable profile, but there is limited overlap between its customer base and our traditional corporate clients. As expected, we will retain Netspend's B2B assets, which delivered strong mid-teens normalized growth in the second quarter and will be included in our Issuer Solutions segment beginning with our third quarter.

We're very proud of all that our valued team members and Netspend have accomplished as part of Global Payments, and we have every confidence this business is well-positioned for the future under new ownership. We expect this transaction to close by the end of the first quarter of 2023 subject to regulatory approvals.

The completion of these important transactions provides us with heightened confidence and the raised cycle guidance for revenue, margin, and earnings that we provided at our investor conference last September.

Post the acquisition of EVO and Netspend sale, Merchant Solutions will then represent approximately 75% of our adjusted net revenue, with Issuer Solutions, including Netspend's B2B assets, comprising roughly 25%. The future is indeed bright.

Cameron?

Cameron M. Bready

President & Chief Operating Officer, Global Payments, Inc.

Thanks, Jeff, and good morning, everyone. Our acquisition of EVO aligns perfectly with our overarching strategy, reinforcing our position as the preeminent payments technology company with extensive scale and unmatched global reach.

EVO furthers our technology-enabled distribution strategy in integrated payments, while significantly enhancing our B2B software in payment solutions. The transaction also expands our exposure to additional faster growth geographies overseas and provides greater scale in North America and markets in Europe in which we already operate.

As a combined company, we are uniquely positioned to deliver an unmatched suite of distinctive software and payment solutions to our combined customer base of more than 4.5 million merchant locations and over 1,500 financial institutions globally.

Today, EVO has over 1,500 technology partners and integrations globally that complement our over 6,000 ISV partners across 70-plus vertical markets. We see significant opportunity to bring further value to EVO's relationships by leveraging our extensive distribution platforms and product portfolio, as well as our unique partner integration capabilities.

EVO also provides additional avenues for us to distribute our commerce enablement solutions and vertical market software offerings, including our leading point-of-sale software targeted at the restaurant and retail vertical markets. For example, we are already bringing our Vital POS solutions to key international markets where we overlap with EVO, including the UK, Spain, and Central Europe, later this year.

Additionally, we will be able to capitalize on the distinctive capabilities of our Unified Commerce Platform to provide EVO's enterprise customers with multinational e-commerce and omni-channel solutions, seamlessly blending their physical and virtual requirements across markets and geographies.

With our physical presence in over 40 countries globally and ability to transact in over 170 virtually, we are uniquely positioned to significantly expand EVO's value proposition to its existing multinational customers.

EVO's accounts receivable automation software and B2B payment solutions augment our existing accounts payable automation and other B2B capabilities, further rounding out our full suite of B2B offerings. Importantly, EVO brings us extensive proprietary integrations to some of the most widely used ERP environments in the market through its PayFabric platform, including SAP, Microsoft, Oracle, Acumatica, and Sage. These integrations are critical to delivering the frictionless automation necessary to improve process efficiency and cost for buyers and suppliers.

Together with EVO, we have an unparalleled array of products and solutions that address the business spend management needs of buyers, suppliers, and employers, better positioning us to gain share in the B2B market with a vast TAM in excess of \$125 trillion annually.

Finally, EVO expands our presence in new and attractive geographies with strong, secular growth trends including Poland, Greece, and Chile, and increases our scale in a number of our existing markets, including the

US, Mexico, the UK, Ireland, Spain, and the Czech Republic, many of which also have strong underlying growth fundamentals.

In total, EVO has a presence in 12 countries globally and leverages distribution relationships with 15 financial institutions, creating additional opportunities for us to cross-sell our leading cloud-based Issuer Solutions, which can be delivered around the world through our collaboration with AWS.

Since our merger with TSYS, we have demonstrated that there are significant opportunities to deliver differentiated solutions and drive transaction optimization by marrying issuing and acquiring capabilities, particularly in Europe, EVO's largest region. The partnerships we have achieved with CaixaBank and Virgin Money are marquee examples.

Putting it all together, the acquisition of EVO is highly complementary to our strategy and significantly increases scale in our business globally. As I've discussed already, we see meaningful opportunities to enhance revenue through this partnership, further catalyzing the growth prospects in our Merchant Solutions business worldwide.

Further, we also expect substantial cost synergies primarily from aligning our business operations and go-to-market strategies, streamlining technology infrastructure, eliminating duplicative corporate and operational support structures, and realizing scale efficiencies.

Combined, we expect to generate run rate EBITDA synergies of at least \$125 million within two years post-closing of the transaction.

As Jeff noted, the acquisition of EVO presents a significant value-creation opportunity while further advancing our strategy to deliver differentiated technology and payment solutions to customers across the most attractive markets worldwide. We look forward to welcoming EVO and its team members to Global Payments.

With that, I will turn the call over to Josh.

Joshua Whipple

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

Thanks, Cameron. We are pleased with our strong financial performance in the second quarter, which exceeded our expectations despite ongoing macro concerns, the exit of our Russian business, and incremental headwinds from adverse foreign currency exchange rates. Specifically, we delivered adjusted net revenue of \$2.06 billion, an increase of 6% from the prior year and 8% growth on a constant currency basis.

Excluding the Netspend consumer assets, which will now be held as available for sale, adjusted net revenue grew 11% on a constant currency basis. Adjusted operating income increased 14% on a constant currency basis and 17% excluding Netspend consumer assets. Adjusted operating margin for the quarter was 43.8%, a 200-basis-point improvement from the second quarter of 2021 or approximately 250 basis points excluding the impact of acquisitions.

Excluding the Netspend consumer assets, adjusted operating margin was 45.3%. The net result was adjusted earnings per share of \$2.36, an increase of 16% from the prior year or 19% on a constant currency basis.

Taking a closer look at our performance by segment, Merchant Solutions achieved adjusted net revenue of \$1.43 billion for the second quarter, an 11% improvement from the prior year or 14% on a constant currency basis, ahead of our expectations despite our exit from our Russian business in the quarter.

Notably, we delivered an adjusted operating margin of 50.2% in this segment, an increase of 170 basis points year-on-year.

Our combined US payments and payroll and integrated business delivered another strong quarter, led by our integrated channel, which again reported mid-teens growth. We also continue to see strong momentum in our POS software solutions, which grew roughly 40% this quarter, and our HCM and payroll business which grew 20%.

Our worldwide e-commerce and omni-channel business delivered constant currency growth in the mid-teens this quarter, well-ahead of the trends reported by the networks, as our Unified Commerce Platform continues to resonate with customers.

To that end, we are excited that we have now expanded our acquiring relationship with Google across UCP to North America following the success of our launch in Asia Pacific late last year. This quarter, we also signed new omni-channel partnerships with multinational retailer, ALDO, and global hospitality company, Delaware North.

As for our vertical market solution, we were pleased that the overall portfolio delivered 20% revenue growth compared to the prior year and bookings trends remain strong across the portfolio. We continued to see strong performance in AdvancedMD and TouchNet, the latter of which produced record new sales for the first half of 2022.

Further, Xenial continued to realize strong bookings momentum, including increased demand for our kiosk and mobile offerings from foodservice management customers and new wins with the Winnipeg Jets' Canadian Life Centre and Ole Miss University in the events and stadium vertical.

We also saw local currency growth accelerate across our international businesses this quarter, with particularly strong results in the UK, Spain, and Central Europe. I'm excited to announce that we recently signed our merchant referral relationship with Virgin Money, achieving a significant milestone in our strategic alliance combining issuing and acquiring capabilities.

Our Issuer Solutions business delivered \$459 million in adjusted net revenue, a 6% improvement on a constant currency basis from the second quarter of 2021, consistent with our expectations and long-term growth target for this segment. Issuer adjusted operating margin of 43.5% increased 60 basis points excluding the impact of MineralTree. On a reported basis, it was down 40 basis points from the prior year.

Our transaction and account-on-file revenue growth grew low double digits, accelerating from the mid-single-digit growth achieved in the first quarter. Notably, commercial card volumes increased nearly 35%, with growth improving throughout the period. We also converted the Gap portfolio of approximately 13 million accounts, which was purchased by our long-standing partner Barclays late last year.

During the quarter, we signed long-term contract extensions with multiple clients, including Carrefour in Brazil following its acquisition of the Grupo BIG portfolio in the region. And more recently, we signed a long-term agreement with another market-leading retailer in South America, Cencosud, to enter the Chilean market. This will provide further opportunities for our business with today's announcement of our acquisition of EVO.

From a cash flow standpoint, we delivered \$432 million of adjusted free cash flow for the quarter, and we continue to target converting roughly 100% of adjusted earnings to adjusted free cash flow for the full year. We invested

\$168 million in capital expenditures during the quarter, and expect roughly \$600 million in capital expenditures for 2022, consistent with our prior outlook.

On the capital allocation front, we repurchased just over 4.5 million of our shares this quarter for approximately \$600 million. Our balance sheet remains extremely healthy, and we ended the period with roughly \$2.5 billion of liquidity and leverage of 2.9 times on a net debt basis.

As Jeff and Cameron discussed in detail, we have entered a definitive agreement to acquire EVO Payments for \$34 per share in cash, representing an enterprise value of approximately \$4 billion. Silver Lake will invest \$1.5 billion in Global Payments in the form of privately placed convertible senior notes, which will serve as a source of funding together with our committed bridge facility from our banks.

The convertible note will have a cash coupon of 1%, a seven-year term, and a conversion price of \$140.66.

In addition, as is customary with convertible instruments, we expect to execute a call spread overlay to significantly raise the effective conversion premium. We are very excited to have Silver Lake as a new partner, and their investment underscores their long-term commitment and their strong belief in the opportunity ahead for Global Payments.

Additionally, we entered into a definitive agreement to sell Netspend's consumer assets to Searchlight Capital and Rêv Worldwide for \$1 billion. We also expect the Netspend transaction to close by the end of the first quarter of 2023.

Following both of these transactions, we expect our net leverage to be approximately 3.9 times at close. We expect our leverage by the end of calendar year 2023 to be back to current levels, highlighting the substantial free cash flow generation we discussed at our investor conference last September. We expect to maintain our current investment-grade ratings.

Turning to the outlook of 2022, we remain encouraged by the underlying trends we are seeing in the business, and our outlook for the year remains unchanged excluding impacts from FX and M&A. On a constant currency basis, we expect full year adjusted net revenue before dispositions to be in a range of \$8.48 billion to \$8.55 billion, reflecting growth of 10% to 11% over 2021. This is consistent with our prior outlook from our May call.

Adjusted earnings per share on a constant currency basis are expected to be in a range of \$9.53 to \$9.75, reflecting growth of 17% to 20% over 2021. This is also consistent with our prior outlook. Also, we are raising our expectations for adjusted operating margin expansion to up to 150 basis points, an increase from the prior outlook of up to 125 basis points.

On a reported basis, we now expect foreign currency to be in excess of an incremental 100 basis points headwind for the remainder of 2022, bringing the total impact to 200 to 250 basis points for the year. Additionally, we are now reclassifying Netspend's consumer assets as held for sale in light of our decision to sell the business, and therefore removing it from our outlook for the remainder of the year.

Also, effective July 1, we have moved Netspend's core B2B assets to our Issuer segment as we look to continue to bolster our leading B2B businesses.

In combination with incremental adverse FX headwinds, the reclassification of Netspend's consumer assets to held for sale, and the exit of our Russian business, we now expect to report adjusted net revenue in a range of \$7.9 billion to \$8 billion for calendar 2022.

We continue to expect to report adjusted EPS in the range of \$9.45 to \$9.67 for 2022, which includes an anticipated roughly \$0.11 impact from incremental adverse foreign currency exchange rates since May.

We are maintaining the same guidance range relative to our original 2022 outlook, as we are absorbing additional currency headwinds and the exit from Russia, albeit we expect to be toward the lower end for those reasons. This adjusted EPS outlook assumes ongoing pandemic recovery and a stable macroeconomy throughout the remainder of the year.

As our slide presentation today indicates, we expect the acquisition of EVO and the sale of Netspend's consumer assets to help deliver on the goals that we set forth at our September 2021 investor conference. We raised our cycle guidance then to double-digit top line growth and high-teens to 20% adjusted earnings per share growth. Upon the closing of these two transactions, our Merchant business will represent 75% of our company and Issuer Solutions, inclusive of the Netspend B2B assets, will represent 25%.

This intentional mix shift will provide us with enhanced confidence in achieving our raised financial targets over the cycle. At full run rate synergies from the EVO acquisition, we expect the combined result of the purchase of EVO and the disposition of Netspend's consumer assets to be roughly neutral to adjusted earnings per share.

In effect, we have swapped Netspend's consumer assets for EVO, which is consistent with our strategy and core customer focus. And we've done so while concurrently bolstering the growth prospects of our Issuer business by retaining Netspend's attractive B2B businesses.

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

Jeffrey S. Sloan

Chief Executive Officer & Director, Global Payments, Inc.

Thanks, Josh. We effectively previewed the new Global Payments at our investor conference this past September. In those three-plus hours and 70-plus pages, the four key pillars of our go-forward strategy were set forth in detail: software, owned and partnered, omni-channel dominance, exposure to faster-growth markets, and B2B at scale. I think it's clear now with today's announcements why we were keen then to raise our cycle guidance.

We will have two primary businesses going forward, each of which is growing at attractive rates with enhanced margin characteristics. Organic and, of course, inorganic opportunities in each abound with further runway for ample growth.

Upon the closing of these transactions, we expect to derive three-quarters of our adjusted net revenue for Merchant and one-quarter from Issuer and B2B. We have multiple levers in each segment to continue to gain share over the cycle, a simpler model more geared toward our corporate customers with enhanced growth and margin prospects.

And what better way to evidence the confidence in our strategy and the durability of our growth prospects than to have [ph] the honor (00:30:32) of Silver Lake as part of these plans. As we highlighted repeatedly last September,

Global Payments is well-positioned to maintain and enhance its disruptive path as a partner of choice across our markets. SLP, a most respected global technology investor, agrees.

Winnie?

Winnie Smith

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

Thanks, Jeff. 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] Your first question comes from the line of Darrin Peller. Your line is open.

Darrin Peller

Analyst, Wolfe Research LLC

Hey, guys. Good morning, and congratulations on all these.

Jeffrey S. Sloan

Chief Executive Officer & Director, Global Payments, Inc.

Thanks, Darrin.

Darrin Peller

Analyst, Wolfe Research LLC

Look, I wanted to start off – hey, guys. I just want to start strategically when we think about the combination of the businesses now going forward and really much cleaner without that Netspend side of the business. You historically had been a very software-led strategy, where you would grow with software acquisitions or partnerships.

I know EVO has a great track record internationally with different geographies doing JVs. So, can you just touch on what you think the focus of the business is going to be going forward now? I mean, is it a little of both, or do you see more emphasis being on one versus the other in terms of international reach and JVs and really dovetailing on that expertise?

Jeffrey S. Sloan

Chief Executive Officer & Director, Global Payments, Inc.

Well, Darrin, it's Jeff. I'll start and I'll ask Cameron to comment too. So, I would say our outlook on M&A and our target and our pipeline really hasn't changed. We look at, as you said, vertical market software companies but we've always looked for new geographies and deeper penetration into existing attractive markets concurrently. So, as we said in our prepared remarks, doing that and managing our balance sheet effectively are not mutually exclusive.

The other nice thing about kind of where we are is that we de-lever fast enough, so if you close early in 2023, you're actually back at the same leverage ratio by December of 2023 [ph] than (00:32:49) we are sitting here in August of 2022. So, we have a ton of financial firepower. I [ph] don't say that we'd be (00:32:53) buying back stock between now and then, too. So, you have plenty of capability and flexibility to affect our strategies.

But no, it doesn't really change our priorities. We'll continue to look at software companies. We'll continue to look at new geographies. We'll continue to look at further penetration of existing geographies. It just so happens that EVO fits the bill on many of the things that I just outlined.

Cameron, do you want to add anything?

Cameron M. Bready

President & Chief Operating Officer, Global Payments, Inc.

A

Yeah, Darrin, it's Cameron. I'll just add a few things. One, if you think about EVO through the lens of our strategy, I'd say first and foremost, roughly 40% of the business today is technology-enabled, so very much aligned with our view around driving growth in our business through enablement of technology around the globe with software as the leader in that overarching strategy is the first point I would make.

The second is a key element of our strategy is having exposure to faster growth markets around the world that help to drive top line rates of growth that are superior, but also gives us an opportunity to bring new technologies to those markets to drive, again, even better rates of growth in markets with strong secular growth trend. And clearly, EVO fits the bill from that perspective as well.

And then I would say, third, it does bring us software, particularly in the B2B space, AR automation software and B2B payments capabilities, that nicely augment what we already have and allow us to continue to build out a technology-enabled distribution strategy around B2B payments that aligns very nicely with the B2C technology-enabled strategy we've been building for many years.

So, I think EVO, in totality, really complements many aspects of our strategy today and aligns very nicely with the business we've been trying to build over the last decade.

Darrin Peller

Analyst, Wolfe Research LLC

Q

That's really helpful. Guys, just as my follow up, I just want to hone in on the B2B strategy now. This, obviously, does give you a lot more assets and connectivity with ERP systems for the B2B. So, if you could just characterize what you see as the real differentiating way you're going to go to market from a B2B standpoint and really what that can contribute to the business medium to longer term, that would be great. Thanks again, guys.

Jeffrey S. Sloan

Chief Executive Officer & Director, Global Payments, Inc.

A

Yeah, Darrin, it's Jeff. It's great question. I'll start, and I'll ask Cameron to comment again too. So, first, let me compliment Jim and EVO for building just an absolutely rock-solid and terrific business overall, but specifically in light of your question, a B2B business. So, we were extremely impressed during our diligence with the team and the culture of EVO, but for these purposes in particular, the B2B assets.

So, if you back up, Darrin, in MineralTree, which we closed last October, we were looking for an accounts receivable software business to complement the MineralTree accounts payable business, which, as I mentioned

in my prepared remarks, is running ahead of schedule on breakeven, and I think with 30% is what I said year-over-year in the quarter just ended June. So, we couldn't be more pleased with that.

If you think about where we're positioned post TSYS, now post MineralTree, post EVO, see, when it ultimately closes, we think we have among the most complete at-scale worldwide B2B businesses of anybody out there. But, I mean, probably something like two-thirds of \$1 billion of revenue coming from B2B, and we're doing it profitably with commercial card, virtual card issuance, where TSYS does 50 million of those in a year and I think \$30 billion of volume paycard.

And the other thing we said today is we were successful in not just divesting Netspend's consumer assets, but also in retaining Netspend's B2B assets, so paycard, EWA are parts of those. And those, as I said, effective July 1, will have now moved over to the Issuer segment.

So, I think Jim and EVO really bring us the missing link, as I said, which is we have our own receivables businesses, but we don't have the native integrations in ERP that Jim has so smartly built over the last period of time. In combination with MineralTree and everything else we have, I really think positions us distinctively.

Cameron M. Bready

President & Chief Operating Officer, Global Payments, Inc.

A

Yeah, Darrin, it's Cameron. And maybe just a couple other tactical points. And I can't really emphasize enough the value proposition associated with the proprietary ERP integrations and how that will accelerate our B2B strategy.

We're very successful at selling B2B acceptance today without those integrations. With those integrations and the accompanying AR software, I think our go-to-market strategy around B2B payment acceptance is meaningfully accelerated, and we're very excited about that.

Secondly, and this goes back to a couple of my comments back at the investor conference, when we're able to integrate full AR/AP automation with money-in/money-out solutions, to Jeff's point earlier, we have a comprehensive complete sort of B2B payment offering we can bring largely to the mid-market and going up to the enterprise market that I don't think anyone else in the industry can really touch.

So I think it really does highly complement what it is we're trying to do as a go-to-market strategy from B2B with the integrations, again, being a key emphasis of the value proposition that EVO brings to Global Payments.

Darrin Peller

Analyst, Wolfe Research LLC

Q

That's great, guys. Congrats again. Thank you.

Jeffrey S. Sloan

Chief Executive Officer & Director, Global Payments, Inc.

A

Thanks, Darrin.

Operator: Your next question comes from the line of Bryan Keane. Your line is open.

Bryan C. Keane

Analyst, Deutsche Bank Securities, Inc.

Q

Hi, guys. Good morning. I guess my question is just why now. Obviously, EVO and GPN have been very familiar with each other. Both you guys are the Atlanta headquarters and, obviously, Jim was a former executive at GPN. So, just thinking about the timing of this deal and how it came about. Did GPN approach EVO?

Jeffrey S. Sloan

Chief Executive Officer & Director, Global Payments, Inc.

A

Yeah, Bryan, it's Jeff. I'll start. So, what I would say is, obviously a lot more to come from Jim when they file their proxy, so I don't want to jump ahead of that. But I would just say on my side, look, I've been trying. It took me this long to actually get it over the finish line.

As I said in the context of the TSYS merger, Bryan, a number of years ago, I tried that one for 20 years spanning two different careers, so maybe I'm just kind of a laggard at what I do and it takes me a long time to get things over the finish line, but certainly it's not for a lack of effort. Maybe it's for a lack of accomplishment.

But listen, we've known, as you've said, the management team, and Jim in particular, over at EVO. They've, obviously, been a customer of ours for a long time. I've been at Global myself 12.5 years and, obviously, been a customer that whole duration and still are.

So, couldn't have a better partner really than those guys and couldn't have a better leadership team than the one Jim has assembled. And we've, obviously, as Cameron said, love what he's done with the strategy on the tech-enabled side and especially, as we just mentioned in response to Darrin's question, the B2B side.

So, we've been trying this. It's nice that the stars aligned from Jim's point of view and EVO's point of view and mine and Global's. I would say, as we thought about it, we think that now is a great time to do this, and I'll tell you why.

First, we think that our expectations for what this business is going to do reflect the current macroeconomic and FX environment. That's reflected in the terms that we announced today. At \$34 a share, we're paying roughly 10 times calendar 2023 EBITDA with the synergies fully loaded into it. On prior deals that we've done and other people have done in the marketplace are at 11 and 12 times, just by way of comparison.

And look, as a strategic buyer for Jim and for us, is a strategic transaction. Our synergies don't vary by the macroeconomic climate. We're going to have those synergies kind of in any environment. So, I'm really glad at the end of the day that something that certainly I at Global have been pursuing for many years that we were able to bring it to fruition.

I would just tell you that the two teams have always gelled well together. We have been partners for a very long period of time. We couldn't be more delighted with our ability to announce this today.

Cameron M. Bready

President & Chief Operating Officer, Global Payments, Inc.

A

And, Bryan, it's Cameron. I'll just add one other point to that, which is, look, we're about to reach the third anniversary of our merger with TSYS, so the timing's right for us as well. We're ready to take this on as an integration matter. Our teams are excited about the opportunity, particularly what it does to our European business.

Essentially, we'll have roughly a \$1 billion European business now going forward and, obviously, the scale and additional capabilities it brings to us in markets like the US, Mexico, UK, where we're also – have large

businesses today. I think the team is delighted to have the opportunity. So, the timing works for us well as an execution matter.

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

Q

No, it's an exciting combination. Let me just ask one quick follow-up on the results. On Merchant Solutions, I noticed point-of-sale software growth up 40% year-over-year. Can you talk a little bit about the competitive landscape there and if you guys are gaining share there? Because sometimes I don't know if that business gets highlighted enough, but you guys seem to be doing quite well in the point-of-sale software.

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

A

Yeah, Brian, it's Cameron. I'll maybe start and ask Jeff to chime in if he'd like to have anything else. I think we have very competitive market-leading offerings in the POS software space. We're really delighted with the progress we've made in that business. That 40% growth rate in the quarter is probably off of 50% to 60% last year.

So, we continue to scale that business nicely with our full suite of kind of retail and restaurant POS capabilities that stem from, again, all the way down to the very small end of the market up to the higher end of the mid-market even into the low enterprise space with the capabilities that we have.

We also launched this quarter what we call our retail and restaurant essentials package, which we're really excited about, because it basically brings some of the vertical fluency that exists in the upper end of the market that we have with our retail and restaurant product today down to the lower end of the market.

So, they get the benefits of verticalization, but a simpler solution that they can grow and scale with over time into our core retail and restaurant offering, and I think that's going to drive even additional tailwinds in our POS business going forward.

So, look, we think we're very well-positioned in the competitive landscape. Obviously, it's a landscape that has a lot of intense competitors and quality products that we have to position ourselves against/ But I think our distribution capabilities, the scale we have in the business, the feature functionality we're able to bring to retail and restaurant customers, coupled with the service offerings that we have, I think, really positions us well to continue to grow nicely in that space, and it will be a tailwind for the overall business going forward.

And the last thing I would say is somewhat unique about us is our ability to bring those capabilities to markets outside of the US. I talked about that in my prepared remarks, but we're bringing a lot of our POS software solutions into Canada, the UK, Central Europe, Spain, and we'll look to do that further in EVO markets as well driving further distinction and differentiation in those international markets, again, creating more tailwinds for growth in our overall POS opportunities.

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

Q

Got it. Congrats on all the announcements.

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

A

Thanks, Bryan.

Cameron M. Bready

President & Chief Operating Officer, Global Payments, Inc.

Thanks, Bryan.

A

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

David John Koning

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

Oh, yeah. Hey, guys. Thanks so much. Congrats, and maybe...

Q

Jeffrey S. Sloan

Chief Executive Officer & Director, Global Payments, Inc.

Thanks, Dave.

A

David John Koning

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

Yeah. Yeah, you're welcome. So, I guess a couple numbers questions. First of all, is the \$125 million of synergies, does that all fall to the EBIT line? And maybe talk to what revenue and expense synergies kind of are in there.

Q

Cameron M. Bready

President & Chief Operating Officer, Global Payments, Inc.

Yeah, Dave, it's Cameron. Good morning. I'll start there, and I'll ask Josh to jump in as well with any other comments he'd like to add. So I would say first and foremost, yes, we talked about the EBITDA synergy thing, \$125 million. That'll flow through to EBIT. There's no sort of cute games being played around D&A. Those are all EBIT savings, as well as EBITDA savings for the business.

A

Look, there's a lot of opportunities on the revenue side. I talked about this extensively in the script. I think overlaying our vast distribution capabilities with EVO's business is very attractive, the ability to bring our commerce enablement solution vertical market software POS capabilities into EVO's existing base of customers, I think, is very attractive.

Cross-selling UCP to EVO's enterprise customer for multinational acquiring, I think, is an attractive opportunity. And of course, EVO's B2B solutions and what that does to our own B2B strategy and go-to-market positioning is incredibly attractive as a revenue growth matter.

And then, of course, there's a significant amount of overlap in our businesses, so when we look at an opportunity like EVO, there's obviously synergy opportunities in aligning go-to-market strategies, in harmonizing our sales and distribution platforms.

Clearly, technology will be a significant source of synergy benefits as we put the two businesses together, the operating environments, the customer service environments, the ability to leverage our captive offshore in the Philippines, and some of what we've been able to do from a servicing perspective to gain scale. I think all of that drives a significant amount of synergy opportunity in the deal.

I would say that our levels are at or more attractive even than we've seen in the Heartland transaction and the TSYS transaction historically. So, we feel very good about the number and have a lot of confidence in our ability to deliver it over the two-year time horizon we outlined in the call earlier today and are anxious to get started.

David John Koning

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

Q

Great. Thank you for that. And then, just a second one on numbers. It looked to us like both revenue and EPS guidance were raised a bit. And I think that seems like it still has to include the Netspend numbers in it. I know you said discontinued ops, but does the guidance still include Netspend for the rest of this year?

Joshua Whipple

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

A

Yeah. So what I would say, look, on a constant currency basis, our guide hasn't changed. Our expected growth is still 10% to 11%, which is consistent with our prior outlook. We expect full year adjusted net revenue before dispositions to be \$8.48 billion to \$8.55 billion, which I commented on in my prepared remarks.

After removing the Russia, Merchant business, as well as the second-half figures for B&C Consumer, we estimate that constant currency revenue would be approximately \$8.08 billion to \$8.15 billion. And then further, if we adjust to include 200 to 250 basis points of FX headwind for the year, we expect reported revenue to be in the range of \$7.9 billion to \$8 billion for calendar year 2022, which I mentioned in my prepared remarks and that you can see in our Schedule 10 of our press release.

Jeffrey S. Sloan

Chief Executive Officer & Director, Global Payments, Inc.

A

Yeah. Dave, it's Jeff. I would just add, our reported earnings that we expect to report, we essentially kept the original range, to be honest, although we stressed we'd probably be toward the lower end in light of the things that Josh mentioned.

But the way to think about it, Dave, I think, is I think you're right from an earnings point of view, because we're getting to the original range that we guided to in February, Dave, and we're absorbing just another \$0.11 just from May to today. And it was probably another \$0.05 or \$0.10 or whatever the math was in the first quarter, Dave.

So, I would say the way I look at it on earnings in particular is what you said, which is we're taking actions, which is why, Dave, the margin is up, so we've raised for the second quarter in a row our margin expectations. So, Josh laid out the revenue formulation, but certainly from a reported earnings formulation, Dave, we're essentially absorbing all the FX, we're absorbing Russia, and yet we're still in the same range from February.

David John Koning

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

Q

Yeah. That's clear. Thanks so much.

Jeffrey S. Sloan

Chief Executive Officer & Director, Global Payments, Inc.

A

So, I could tell you, as a management team, Dave, I view that as raising it, but you can have your own conclusion.

David John Koning

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

Yeah. Sounds great. Thanks, guys.

Q

Jeffrey S. Sloan

Chief Executive Officer & Director, Global Payments, Inc.

Thanks, Dave.

A

Cameron M. Bready

President & Chief Operating Officer, Global Payments, Inc.

Thanks, Dave.

A

Operator: Your next question comes from the line of Ramsey El-Assal. Your line is open.

Ramsey El-Assal

Analyst, Barclays Capital, Inc.

Hi. Thanks for taking my questions today. I had a question on the Merchant segment. Margins outperformed our model quite a bit and yields did as well. Maybe you could take both of those things and sequence and talk about the drivers of margin expansion in the quarter, the sustainability of those drivers, as well as what we should expect for yields as we move through the back half of the year.

Q

Cameron M. Bready

President & Chief Operating Officer, Global Payments, Inc.

Hey, Ramsey, it's Cameron. I'll start and ask Jeff or Josh to jump in with any other additional commentary. So, I would say a couple things on the margin front. Obviously, I think it reflects continued very strong execution in the business. I'm really proud of our teams around the globe. We've been able to continue to drive, I think, higher levels of incremental margin in the business, which has created an overall tailwind, I think, for margin expansion.

A

I think the second thing we've seen is recovery in markets that have slightly lower margin profiles that have been a nice tailwind to margin expansion as well. Asia Pacific is a good example of that. It grew double digits on a constant currency basis again this quarter. Obviously, the Asia Pacific region continues to struggle with COVID, but we do see some tailwinds to growth there, which I think creates some overall tailwinds to growth and margin overall.

And I would say lastly to your question around yields, I think it continues to be a bit of a mix conversation. As our vertical market businesses continue to recover, you'll see that the yield has drifted up a little bit. That's what we forecasted previously, and I think we commented on the fact that we would anticipate that [ph] halving (00:49:47) as we work through 2022.

So, I think if you look at the business today, excluding Russia, we grew top line at constant currency basis about 15%. Volume grew about 15%. So, that delta between revenue growth and volume was really negligible, showing kind of a better yield environment. Some of that due to overall mix in the business, some of it due to vertical markets recovering – or continuing to recover to some degree as well.

Ramsey El-Assal

Analyst, Barclays Capital, Inc.

Q

Got it. Super helpful. Thank you. And a follow-up for me. Can you comment on what you're seeing sort of most recently in your kind of quarter-to-date volumes? And just also give us your thoughts on the potential for recessionary impact on numbers. Are you seeing any signs of consumer spending weakening and what you're seeing in your own book? Or what is your view there?

Cameron M. Bready

President & Chief Operating Officer, Global Payments, Inc.

A

Sure, Ramsey, I'll start again. It's Cameron. I think July continues to trend in-line with our expectations, relatively consistent, I would say, with what we've seen in the June and May sort of time frames. I think the consumer continues to be in a relatively healthy place. Like you and, I'm sure, everyone else on the phone, we watch that very, very closely. But we continue to see, I'd say, good volume trends in the business, very stable, very consistent with what we'd expect. No real signs, sitting here today, of any material weakness kind of on the consumer front.

I think we're still in this period, obviously, of there's a lot of activity during the summer months. I think there's been a lot of pent-up demand for consumers to get out and about and engage more in experiences and maybe less so in goods. And we'll see how that trends kind of through the balance of the year, given the overall macro environment we're operating in. But I think we continue to be relatively, I'd say, comfortable with how we see volumes progressing through July relative to our expectations.

Jeffrey S. Sloan

Chief Executive Officer & Director, Global Payments, Inc.

A

Yeah, Ramsey, it's Jeff. I'd say the same thing is true on the issuing side. We continue to see really strong volumes in issuing in July. We see really good commercial card. I think we actually disclosed on the slide 35% commercial card growth in the second quarter. And look, for those of us – and I would say those trends and expectations are very similar to what you heard out of Visa, Mastercard, Fiserv last week. So, really pleased with where we are.

I've been on the road the last kind of couple months in the US, in Canada, in the UK, twice by the way, and in Continental Europe. And let's be honest, the airports, the restaurants, the hotels, the streets are packed, so you don't need me to tell you that things are in a healthy place.

Ramsey El-Assal

Analyst, Barclays Capital, Inc.

Q

That's for sure. All right. Thanks so much. Appreciate your comments.

Joshua Whipple

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

A

Thanks.

Jeffrey S. Sloan

Chief Executive Officer & Director, Global Payments, Inc.

A

Thanks.

Cameron M. Bready

President & Chief Operating Officer, Global Payments, Inc.

A

Thanks, Ramsey.

Operator: Your next question comes from the line of Robert Napoli your line is open.

Robert Napoli

Analyst, William Blair & Co. LLC

Q

Thank you. Good morning. Congratulations on the acquisition of EVO. You got a good asset and back together with Jim there, Jeff. Good to see.

Just on MineralTree, I guess maybe a follow-up on the B2B business. You've called out 30% growth on MineralTree, and now that you have the AR assets as well. First of all, is that 30% organic? And what are you seeing on [ph] card cust – (00:52:59) have you been able to cross-sell MineralTree into your commercial card customer base?

Jeffrey S. Sloan

Chief Executive Officer & Director, Global Payments, Inc.

A

Yeah, Bob, it's Jeff. I'll start. It's a great question. So, yes, the 30% in MineralTree is comparable year-over-year, so that's an organic revenue comparison. As I mentioned in my prepared remarks, it's also now at EBITDA breakeven, which we've been able to grow the revenue substantially while significantly improving the profitability.

So, no surprise to you, on your second question, that one of our targets is a revenue synergy matter. When we did MineralTree, [ph] went (00:53:31) to cross-sell that into what's now, post-EVO, 1,500 FIs, but pre-EVO was like 1,300 or 1,350, whatever the math is today. The pipeline is very deep there. We're very pleased about how the business is executing. We actually brought someone in at the end of June to whom MineralTree now reports, who's running all of our Issuer B2B functionality. He's terrific and is off to a great start.

I'd also say, there's a ton of overlap not just in the FI base, but in the merchant base with Cameron's businesses. So, no surprise, Bob, that we've been cross-selling into things like the enterprise QSR space. You would imagine a Burger King and those types of folks actually procure a lot. You would think about AdvancedMD, for example, in health care. You'd think about TouchNet in the higher ed and university. Those are all really good targets for cross-selling, so we're very excited about the revenue opportunities in that business.

Cameron, do you want to add anything?

Cameron M. Bready

President & Chief Operating Officer, Global Payments, Inc.

A

No, I think that covers it well. The only other comment I would add is, just like we see meaningful opportunities in some of our own software businesses, we see a lot of opportunities with our partners as well. So, we're working to integrate MineralTree into their existing software suite of solutions across the 6,000 ISV partners that we work with today. So, meaningful cross-sell opportunities. I think when we can marry that with AR software as well, that's going to open up even more doors for us and provide more opportunities to drive faster rates of growth across the entire B2B channel.

Robert Napoli

Analyst, William Blair & Co. LLC

Q

Thank you. And then to follow-up just on the operating margin expansion. Much better than – in your guidance than what we had expected in an inflationary environment, where it should be tougher to do that. I know you just

called out, Jeff, great execution. But can you maybe give a little more color on how you've been able to expand margins in this environment?

Jeffrey S. Sloan

Chief Executive Officer & Director, Global Payments, Inc.

A

Yeah, Bob, it's a great question. So I would say, in our business, most things are derivatives of revenue growth. So, if you look what we reported and what Josh said this morning, if you're growing like-for-like revenue, and I think ex-Netspend is something like 11% constant currency revenue growth, ex-Netspend, a lot of that is going to fall to the bottom line, because our business is all about how we generate incremental rates of revenue growth. So it's not surprising to me that we outperformed. We've got double-digit kind of core revenue growth.

The second thing I would say, and Cameron touched on this a minute ago, is our vertical market software businesses. So for a lot of the pandemic, we were kind of coming into a recovery in those businesses. As we alluded to in our November 1 call of last year and, obviously, our February call, Bob, of this year, those have now returned to comparative growth, so they're a tailwind in the Merchant segment that Cameron just mentioned, not a headwind.

Not surprisingly, Bob, software businesses come in at a high margin. So, our ability to really capitalize on the rates of rebound, I think it was something like 20% or thereabout growth in the second quarter for our vertical market software business as aggregate, well, you talk about Rule of kind of 40 in software, we're probably Rule of 50 and in some cases Rule of 60. So, not surprising a lot of that stuff is going to drop to the bottom line.

Cameron M. Bready

President & Chief Operating Officer, Global Payments, Inc.

A

Yeah, Bob. And it's Cameron. The only thing I would add to that is that we've always been highly, highly focused on profitable growth in our business. We don't give our solutions away for nothing. We believe in the value proposition that we deliver to our customers. More and more, we're leading with technology, obviously, what drives higher margins in the business and better outcomes.

And I think there's really no better representation of that between the alignment in volume growth we see in the business and top line revenue growth. Obviously, we continue to focus very heavily on driving profitable growth in the business, and margin expansion is one of the core elements that we're highlighting as a management team.

Robert Napoli

Analyst, William Blair & Co. LLC

Q

Thank you.

Jeffrey S. Sloan

Chief Executive Officer & Director, Global Payments, Inc.

A

Thanks, Bob.

Operator: Your next question comes from the line of Jamie Friedman. Your line is open.

James E. Friedman

Analyst, Susquehanna Financial Group LLLP

Q

Hi. Congratulations on the numbers and transactions. I wanted to ask...

Joshua Whipple

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

Thanks, Jamie.

A

James E. Friedman

Analyst, Susquehanna Financial Group LLLP

Yeah. Makes a lot of sense. I want to ask about Netspend's B2B exposure. Jeff, you mentioned in your prepared remarks about paycard. But can you remind us what that does and roughly the size of it, if you have it?

Q

Jeffrey S. Sloan

Chief Executive Officer & Director, Global Payments, Inc.

Yeah. Of course, Jamie. So, actually I think Paul said this at the time we announced in February our strategic review, but it's about \$100 million, \$110 million of revenue. In fact, in the schedules we produced today, I'm going to say it's Schedule 2, we actually gave supplemental kind of pro formas as to what it would look like and you also see that throughout, so you actually see what Issuer with paycard and B2B from Netspend in it looks like, and you see what we're selling without it in there.

A

But I'll just quote you from memory having looked at those schedules quite a bit is it's something like \$100 million, \$110 million, Jamie, of yearly revenue in that business. It's mostly paycard, but there's also earned wage access and some banking-as-a-service businesses in that business too. And I think, as I said in the prepared remarks, it grew mid-teens on a normalized basis in the second quarter.

The reason I say normalized is you had like stimulus effects kind of last year, Jamie, so you have a little bit of – in the second quarter, there was still stimulus coming from the federal government. But mid-teens is what it's grown at, and it's a natural corollary to the assets that we have in Issuer B2B, which is to say virtual card, commercial card, the assets we have in Cameron's business in Merchant, in Heartland with payroll, so it's a very nice corollary to those businesses.

James E. Friedman

Analyst, Susquehanna Financial Group LLLP

Got it. And then, my second one was about Issuer. Nice acceleration here. Just wondering what's contemplated for the rest of the year in Issuer, if you could get us oriented with that.

Q

Jeffrey S. Sloan

Chief Executive Officer & Director, Global Payments, Inc.

Yeah. It's Jeff. I'll start, and I'll turn it over to Josh. So, as I said in my prepared remarks, Jamie, right on track with what we expected. Ex-MineralTree, it was 4% constant currency growth, which is what we're tracking. Obviously, with MineralTree, we printed 6%, so super happy about where it came out.

A

We think we're on a really good track there. As I said last quarter, we have record pipeline. Accounts on file and transactions in commercial card all accelerated in the second quarter. And based on what we said about volumes and everything else, I think you're going to see that in the third quarter too relative to the second quarter.

Josh, want to give a little more color over the rest of the year?

Joshua Whipple

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

A

Yeah. Sure, Jamie. So I think if you go back to the first quarter, ex-MineralTree, we saw margins expand 50 basis points. And then, for the second quarter, we also saw margins expand 60 basis points ex-MineralTree. And for the back half of the year, we're expecting to see further margin expansion, strong operating leverage, expense management, so we see that accelerating.

And then, I think it goes back to Jeff's comment around operating leverage. We've seen a nice – very strong trend from the first quarter to the second quarter from a revenue perspective, and we expect that to go ahead and continue into the third and fourth quarter, which will also contribute to margin.

Jeffrey S. Sloan

Chief Executive Officer & Director, Global Payments, Inc.

A

And, Jamie, I would just say in terms of outlook for that business, and I think Josh is exactly right about what we're managing to, most of my trips especially overseas and outside the US, into Canada, into Europe were with FIs on the issuing side, Jamie, and also obviously with some of the fintechs on the AWS side.

Look, I would say our strategy there is exactly right. The cloud sells, AWS sells. We were worried when we first started this to say, hey, look, what's the path for regulated institutions to move to the cloud? That might have been two or three years ago when we first started this. I could tell you that's not true now.

So, now we have a record pipeline, but kind of the shadow pipeline, which is my view as to what the receptivity and where we are, has really never been better. So, we're in a fortunate position to have an abundance of opportunities. We, obviously, need to wrestle this to the ground and bring those to fruition, but I think the future for that business, particularly with the B2B assets in it, is really bright.

James E. Friedman

Analyst, Susquehanna Financial Group LLLP

Q

Thank you, both.

Jeffrey S. Sloan

Chief Executive Officer & Director, Global Payments, Inc.

Well thanks, Jamie. On behalf of Global Payments, thank you for joining us this morning.

Operator: This concludes today's conference call. You may now disconnect.

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