

globalpayments

3Q 2024 Earnings



October 30, 2024

Forward-looking statements

This presentation may contain certain forward-looking statements within the meaning of the “safe-harbor” provisions of the Private Securities Litigation Reform Act of 1995. These forward-looking statements, which are based on current expectations, estimates and projections about the industry and markets in which we operate, and beliefs of and assumptions made by our management, involve risks, uncertainties and assumptions that could significantly affect the financial condition, results of operations, business plans and the future performance of Global Payments. Actual events or results might differ materially from those expressed or forecasted in these forward-looking statements. Accordingly, we cannot guarantee that our plans and expectations will be achieved. Examples of forward-looking statements include, but are not limited to, statements we make regarding future financial and operating results, including revenue, earnings estimates, and liquidity, deleveraging plans, management’s expectations regarding future plans, objectives and goals; market and growth opportunities; capital available for allocation; the effects of general economic conditions on our business; statements about the benefits of acquisitions or divestitures, such as the proposed sale of AdvancedMD, Inc., including future financial and operating results, and the successful integration of acquisitions; statements about the completion of anticipated benefits of strategic or operational initiatives; statements regarding our success and timing in developing and introducing new services and expanding our business; and other statements regarding our future financial performance and Global Payments’ plans, objectives, expectations and intentions. Statements can generally be identified as forward-looking because they include words such as “believes,” “anticipates,” “intends,” “expects,” “could,” “should,” “will,” “would,” or words of similar meaning. Although we believe that the plans and expectations reflected in any forward-looking statements are based on reasonable assumptions, we can give no assurance that our plans and expectations will be attained, and therefore actual outcomes and results may differ materially from what is expressed or forecasted in such forward-looking statements.

In addition to factors previously disclosed in Global Payments’ reports filed with the SEC and those identified elsewhere in this presentation, the following factors, among others, could cause actual results to differ materially from forward-looking statements or historical performance: the effects of global economic, political, market, health and social events or other conditions; foreign currency exchange, inflation and rising interest rate risks; difficulties, delays and higher than anticipated costs related to integrating the businesses of acquired companies, including with respect to implementing controls to prevent a material security breach of any internal systems or to successfully manage credit and fraud risks in business units; Global Payments’ ability to complete the proposed sale of AdvancedMD, Inc. on the proposed terms or on the anticipated timeline, or at all; the effect of a security breach or operational failure on our business; failing to comply with the applicable requirements of Visa, Mastercard or other payment networks or card schemes or changes in those requirements; the ability to maintain Visa and Mastercard registration and financial institution sponsorship; the ability to retain, develop and hire key personnel; the diversion of management’s attention from ongoing business operations; the continued availability of capital and financing; increased competition in the markets in which we operate and our ability to increase our market share in existing markets and expand into new markets; our ability to safeguard our data; risks associated with our indebtedness; our ability to meet environmental, social or governance targets, goals and commitments; the potential effect of climate change including natural disasters; the effects of new or changes in current laws, regulations, credit card association rules or other industry standards on us or our partners and customers, including privacy and cybersecurity laws and regulations; and other events beyond our control, and other factors included in the “Risk Factors” section in our most recent Annual Report on Form 10-K and in other documents that we file with the SEC, which are available at <https://www.sec.gov>.

These cautionary statements qualify all of our forward-looking statements, and you are cautioned not to place undue reliance on these forward-looking statements. Our forward-looking statements speak only as of the date they are made and should not be relied upon as representing our plans and expectations as of any subsequent date. While we may elect to update or revise forward-looking statements at some time in the future, we specifically disclaim any obligation to publicly release the results of any revisions to our forward-looking statements, except as required by law.

Use of Non-GAAP Financial Measures

This presentation will reference certain non-GAAP financial information. Reconciliations of non-GAAP financial measures to the most directly comparable GAAP measure are included in the Appendix to this presentation and the Investor Relations section of our website at www.globalpayments.com, except for forward-looking measures where a reconciliation to the corresponding GAAP measures is not available due to the variability, complexity and limited visibility of the items that are excluded from the non-GAAP outlook measures. The company is unable to address the probable significance of the unavailable information.



3Q 2024

highlights

Delivered solid financial and operational performance

Reached agreement to sell AdvancedMD for total purchase price of \$1.125B

Entered into \$600M accelerated share repurchase program

Produced strong adjusted free cash flow with 92% conversion rate

Reduced net leverage by nearly a quarter-turn to 3.3x

Expanded POS offerings into Germany through our Commerzbank JV

Completed first Issuer cloud conversion for global FI partner



3Q 2024 **financial performance**

Adjusted net
revenue growth

\$2.4B

+6%

Adjusted
operating margin

46.1%

+40 bps

Adjusted
EPS

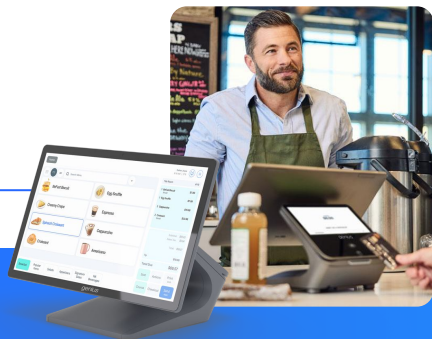
\$3.08

+12%

See appendix for information regarding non-GAAP financial measures.
Comparisons are to 3Q 2023 unless otherwise noted.

Segment financial performance and outlook

Merchant Solutions



3Q 2024

Adjusted net revenue

\$1.8B +7%

Adjusted operating margin

50.0% +90 bps

2024 outlook

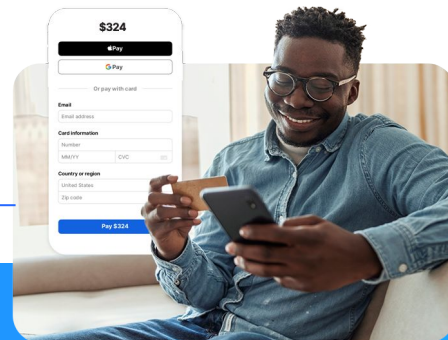
Adjusted net revenue

+>9%

Adjusted operating margin

+up to 40 bps

Issuer Solutions



3Q 2024

Adjusted net revenue

\$529M +2%

Adjusted operating margin

45.4% -210 bps

2024 outlook

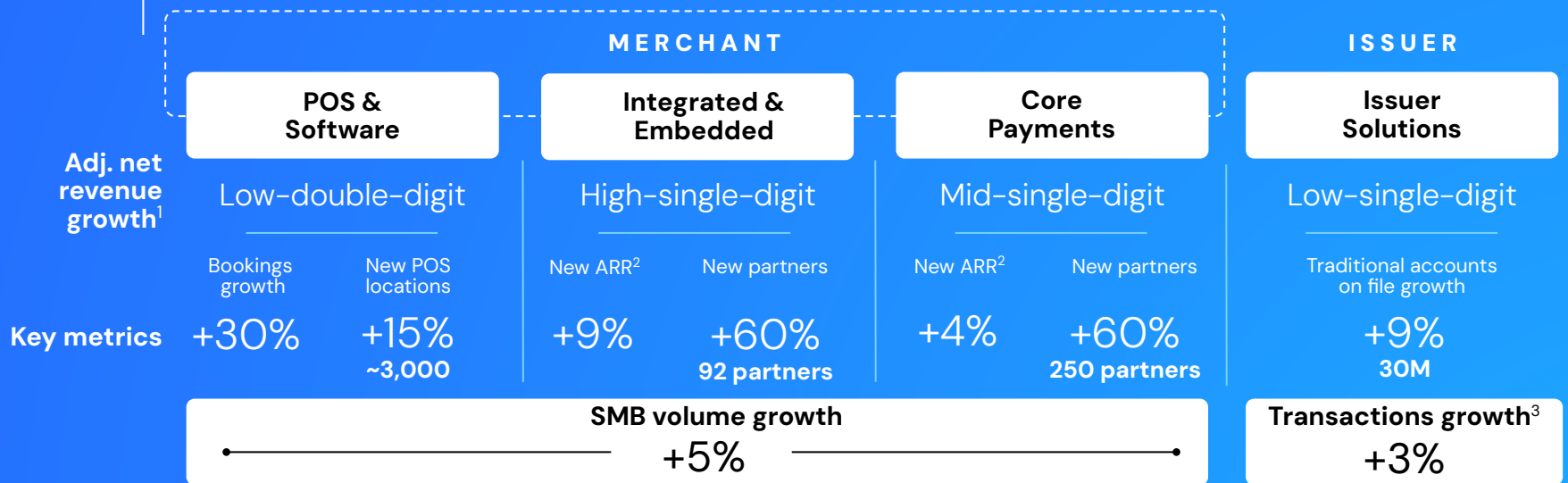
Adjusted net revenue

+~4%

Adjusted operating margin

+up to 30 bps

3Q 2024 key metrics



¹3Q 2024 organic growth.

²New ARR is the rate of growth of estimated annual recurring revenue from new merchant sales.

³Transactions volume growth rate is normalized for billing days.

See appendix for information regarding non-GAAP financial measures.



2024 outlook

Adjusted net revenue¹

\$9.17B to \$9.30B +6% to +7%

Adjusted operating margin

up to 50 bps of expansion

Adjusted EPS growth

\$11.54 to \$11.70 +11% to +12%

~100%

Adjusted Free Cash
Flow Conversion²

¹Adjusted net revenue outlook excludes the disposition of AdvancedMD.

²Adjusted free cash flow estimated at 100% of adjusted net income; excludes timing impact of realization of R&D expense deductions under the Tax Cuts and Jobs Act.

See appendix for information regarding non-GAAP financial measures.

Non-GAAP Financial Measures

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

Adjusted net revenue excludes gross-up related payments associated with certain lines of business to reflect economic benefits to the company. On a GAAP basis, these payments are presented gross in both revenues and operating expenses. Management believes adjusted net revenue more closely reflects the economic benefits to the company's core business and allows for better comparisons with industry peers.

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

Adjusted operating margin is derived by dividing adjusted operating income by adjusted net revenue.

Adjusted free cash flow is a useful measure of the company's ability to service debt, return capital to shareholders, invest in the business and demonstrate value creation of our underlying operations. Adjusted free cash flow is calculated as net operating cash flows, excluding the impact of settlement processing assets and obligations and acquisition, integration and separation expenses, less capital expenditures and distributions to non-controlling interests.

Adjusted free cash flow conversion is defined as adjusted free cash flow divided by adjusted net income.

Reconciliation of Non-GAAP Financial Measures

Consolidated (unaudited)

GLOBAL PAYMENTS INC. AND SUBSIDIARIES

(In thousands, except per share data)

	Three Months Ended September 30, 2024				
	GAAP	Net Revenue Adjustments ⁽¹⁾	Earnings Adjustments ⁽²⁾	Income Taxes on Adjustments ⁽³⁾	Non-GAAP
Revenues	\$ 2,601,552	\$ (244,621)	\$ —	\$ —	\$ 2,356,931
Operating income	\$ 475,581	\$ 986	\$ 610,000	\$ —	\$ 1,086,567
Net income attributable to Global Payments	\$ 315,125	\$ 986	\$ 591,467	\$ (122,591)	\$ 784,987
Diluted earnings per share attributable to Global Payments	\$ 1.24				\$ 3.08
Diluted weighted average shares outstanding	254,897				254,897

	Three Months Ended September 30, 2023				
	GAAP	Net Revenue Adjustments ⁽¹⁾	Earnings Adjustments ⁽²⁾	Income Taxes on Adjustments ⁽³⁾	Non-GAAP
Revenues	\$ 2,475,691	\$ (243,249)	\$ —	\$ —	\$ 2,232,442
Operating income	\$ 558,196	\$ 541	\$ 460,787	\$ —	\$ 1,019,525
Net income attributable to Global Payments	\$ 361,830	\$ 541	\$ 464,389	\$ (108,128)	\$ 718,632
Diluted earnings per share attributable to Global Payments	\$ 1.39				\$ 2.75
Diluted weighted average shares outstanding	260,935				260,935

⁽¹⁾ Includes adjustments to revenues for gross-up related payments (included in operating expenses) associated with certain lines of business to reflect economic benefits to the company. For the three months ended September 30, 2024 and 2023, net revenue adjustments also included \$1.0 million and \$0.5 million, respectively, to eliminate the effect of acquisition accounting fair value adjustments for software-related contract liabilities associated with acquired businesses.

⁽²⁾ For the three months ended September 30, 2024, earnings adjustments to operating income included \$347.1 million in cost of services (COS) and \$262.9 million in selling, general and administrative expenses (SG&A). Adjustments to COS included amortization of acquired intangibles of \$347.6 million and other items of \$(0.5) million. Adjustments to SG&A included share-based compensation expense of \$51.0 million, acquisition, integration and separation expenses of \$45.8 million, employee termination benefits of \$40.9 million, charges for business transformation activities of \$59.2 million, charges of \$55.8 million for technology assets that will no longer be utilized under a revised technology architecture development strategy, and other items of \$10.2 million.

For the three months ended September 30, 2023, earnings adjustments to operating income included \$340.8 million in COS and \$120.0 million in SG&A. Adjustments to COS included amortization of acquired intangibles of \$340.4 million and other items of \$0.4 million. Adjustments to SG&A included share-based compensation expense of \$36.6 million, acquisition, integration and separation expenses of \$75.1 million, facilities exit charges of \$3.7 million, and other items of \$4.6 million.

⁽³⁾ Income taxes on adjustments reflect the tax effect of earnings adjustments to income before income taxes. The tax rate used in determining the tax impact of earnings adjustments is either the jurisdictional statutory rate in effect at the time of the adjustment or the jurisdictional expected annual effective tax rate for the period, depending on the nature and timing of the adjustment. In addition, for the three months ended September 30, 2023, income taxes on adjustments include the removal of tax expense related to business dispositions.

Note: Amounts may not sum due to rounding.

Reconciliation of Non-GAAP Financial Measures

Segment Adjusted Net Revenue and Adjusted Operating Income (unaudited)

GLOBAL PAYMENTS INC. AND SUBSIDIARIES

(In thousands)

Three Months Ended September 30, 2024				
	GAAP	Net Revenue Adjustments ⁽¹⁾	Earnings Adjustments ⁽²⁾	Non-GAAP
Revenues:				
Merchant Solutions	\$ 1,997,660	\$ (153,339)	\$ —	\$ 1,844,321
Issuer Solutions	621,130	(92,089)	—	529,041
Intersegment eliminations	(17,238)	807	—	(16,431)
	<u>\$ 2,601,552</u>	<u>\$ (244,621)</u>	<u>\$ —</u>	<u>\$ 2,356,931</u>
Operating income (loss):				
Merchant Solutions	\$ 707,546	\$ 560	\$ 213,365	\$ 921,472
Issuer Solutions	106,045	426	133,914	240,385
Corporate	(338,010)	—	262,721	(75,289)
	<u>\$ 475,581</u>	<u>\$ 986</u>	<u>\$ 610,000</u>	<u>\$ 1,086,567</u>
Three Months Ended September 30, 2023				
	GAAP	Net Revenue Adjustments ⁽¹⁾	Earnings Adjustments ⁽²⁾	Non-GAAP
Revenues:				
Merchant Solutions	\$ 1,884,006	\$ (156,055)	\$ —	\$ 1,727,951
Issuer Solutions	607,848	(88,112)	—	519,736
Intersegment eliminations	(16,163)	918	—	(15,245)
	<u>\$ 2,475,691</u>	<u>\$ (243,249)</u>	<u>\$ —</u>	<u>\$ 2,232,442</u>
Operating income (loss):				
Merchant Solutions	\$ 637,864	\$ 1	\$ 209,813	\$ 847,678
Issuer Solutions	113,877	540	132,226	246,643
Corporate	(193,545)	—	118,748	(74,797)
	<u>\$ 558,196</u>	<u>\$ 541</u>	<u>\$ 460,787</u>	<u>\$ 1,019,525</u>

⁽¹⁾ Includes adjustments to revenues for gross-up related payments (included in operating expenses) associated with certain lines of business to reflect economic benefits to the company. For the three months ended September 30, 2024 and 2023, net revenue adjustments also included \$1.0 million and \$0.5 million, respectively, to eliminate the effect of acquisition accounting fair value adjustments for software-related contract liabilities associated with acquired businesses.

⁽²⁾ For the three months ended September 30, 2024, earnings adjustments to operating income included \$347.1 million in COS and \$262.9 million in SG&A. Adjustments to COS included amortization of acquired intangibles of \$347.6 million and other items of \$(0.5) million. Adjustments to SG&A included share-based compensation expense of \$51.0 million, acquisition, integration and separation expenses of \$45.8 million, employee termination benefits of \$40.9 million, charges for business transformation activities of \$59.2 million, charges of \$55.8 million for technology assets that will no longer be utilized under a revised technology architecture development strategy, and other items of \$10.2 million.

For the three months ended September 30, 2023, earnings adjustments to operating income included \$340.8 million COS and \$120.0 million in SG&A. Adjustments to COS included amortization of acquired intangibles of \$340.4 million and other items of \$0.4 million. Adjustments to SG&A included share-based compensation expense of \$36.6 million, acquisition, integration and separation expenses of \$75.1 million, facilities exit charges of \$3.7 million, and other items of \$4.6 million.

Reconciliation of Non-GAAP Financial Measures

Adjusted Free Cash Flow (unaudited)

	Adjusted Free Cash Flow CY24	
	Q3	
Cash flow from operating activities	\$	1,726
Changes in settlement/customer assets and obligations, net		(847)
Changes in customer/client deposits		(50)
Acquisition, integration, and separation expenses		46
Other acquisition and separation adjustments		—
Transformation ⁽¹⁾		33
Capital expenditures		(166)
Distributions to noncontrolling interests		(18)
Total Adjusted Free Cash Flow	\$	722

(1) Includes certain cash payments related to the business transformation and reorganization activities.

Reconciliation of Non-GAAP Financial Measures

2024 Outlook Summary (unaudited)

GLOBAL PAYMENTS INC. AND SUBSIDIARIES

(In millions, except per share data)

	2023	2024 Outlook	Growth
<u>Revenues:</u>			
GAAP revenues	\$9,654	\$10,130 to \$10,260	5% to 6%
Adjustments ⁽¹⁾	(983)	(960)	
Adjusted net revenue	<u>\$8,671</u>	<u>\$9,170 to \$9,300</u>	<u>6% to 7%</u>
<u>Earnings Per Share:</u>			
GAAP diluted EPS	\$3.77	\$5.41 to \$5.57	nm
Adjustments ⁽²⁾	6.65	6.13	
Adjusted EPS	<u>\$10.42</u>	<u>\$11.54 to \$11.70</u>	<u>11% to 12%</u>

⁽¹⁾ Includes adjustments to revenues for gross-up related payments (included in operating expenses) associated with certain lines of business to reflect economic benefit to the company. Amounts also included adjustments to eliminate the effect of acquisition accounting fair value adjustments for software-related contract liabilities associated with acquired businesses, as well as adjustments to exclude revenues that were associated with certain excluded expenses of our consumer business which was classified as assets held for sale on our balance sheet.

⁽²⁾ Adjustments to 2023 GAAP diluted EPS included the removal of 1) software-related contract liability adjustments described above of \$0.01, 2) acquisition related amortization expense of \$3.88, 3) share-based compensation expense of \$0.62, 4) acquisition, integration, and separation expense of \$1.22, 5) facilities exit charges of \$0.05, 6) equity method investment earnings from our interest in a private equity investment fund of \$0.02, 7) discrete tax items of \$0.28, 8) gain/loss on business dispositions of \$0.40, 9) other income and expense of \$0.06, 10) other items of \$0.11, and 11) the effect of noncontrolling interests and income taxes, as applicable.

Note: nm = not meaningful.