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Global Payments, Inc. (GPN)

Deutsche Bank Technology Conference

CORPORATE PARTICIPANTS

Cameron M. Bready

President & Chief Operating Officer, Global Payments, Inc.

Paul Michael Todd

Chief Financial Officer & Senior Executive VP, Global Payments, Inc.

OTHER PARTICIPANTS

Bryan C. Keane

Analyst, Deutsche Bank Securities, Inc.

MANAGEMENT DISCUSSION SECTION

Bryan C. Keane

Analyst, Deutsche Bank Securities, Inc.

Good morning. My name's Bryan Keane. I am the senior analyst that covers the payments processors and IT services. And for today's fireside chat, we have Global Payments. We have Cameron Bready, who's President and COO; and Paul Todd who is SVP and CFO to help us have a nice fun discussion on the company coming off its Analyst Day obviously yesterday.

So if you have any questions, we can try to get to them. You can put it into the portal below or you can try to e-mail me and I can try to filter through it. So with that, gentlemen thanks for being here. I know it's been a crazy time for you guys.

QUESTION AND ANSWER SECTION

Bryan C. Keane

Analyst, Deutsche Bank Securities, Inc.

Q

And coming off that Analyst Day, you know I thought you guys did a great job refuting the bear argument that the company is not a legacy tech but actually positioned well in new tech. And GPN raised its cycle guidance with 20% EPS growth expected in fiscal year 2022, and the shares were obviously up yesterday, but still below kind of the all-time highs, which is kind of odd given you just raised guidance going forward demonstrating your confidence. So I guess my question is on that share price. Do you think GPN just needs to produce results and continue to prove it's a share gainer or any other factors you believe that have been driving the share and a performance year-to-date?

Cameron M. Bready

President & Chief Operating Officer, Global Payments, Inc.



Yeah. Thank. Thanks, Bryan. Maybe I'll start with that, and I'll ask Paul to jump in if he has any additional comments to add. First of all, thanks for having us this morning and welcome, everyone who is participating via webcast. It's nice to be with you today and thanks for your interest in Global Payments.

So first of all, thanks for your comments about yesterday, very much appreciate the feedback. Obviously, we put a lot of time and effort into the materials that we put together and I do think they were fairly comprehensive. So I would encourage anybody who didn't get the opportunity to participate yesterday to obviously review the recording. I think you will find it informative, at least I hope.

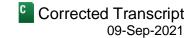
So just I guess in response to your question, I would say a couple of things. One is look I'm a big believer that over longer periods of time, markets are pretty efficient and they're rational. That doesn't necessarily mean they are for every period of time, every day, every month, every week for that matter. So, look, I think as we sit here today, there's been a couple of things obviously that have impacted the stock in the near to medium-term. One is obviously the pandemic.

I think throughout the pandemic, we've been, I think, assumed to be a more sort of pandemic-centric stock in terms of negatively impacted from the pandemic. Obviously, given the business that we're in as well as the target segment of the merchant population in particular that we'd serve, I think the conventional wisdom is we're more exposed to COVID impacts than perhaps others in the space. And I think we spent a lot of time yesterday trying to obviously dissuade that notion.

I think the second obviously sort of concern in the marketplace just centers around disruption. There's a lot of focus on kind of the bright shiny objects. Again, I think there's a lot of concern overall, somewhat I think misplaced, that sort of the "legacy players" in the marketplace are being disrupted at the margin by new entrants in some form or fashion. And, look, as you highlighted, the better part of the three and a half hours we spent yesterday puts focus still on again trying to dissuade that notion that somehow we're a legacy tech player, that we're getting disrupted on the margin, we're losing share as a result of that. I think we went a long way to address those concerns that may have been in the marketplace.

So I think our focus, Bryan, is I think a few things. One, we spent the better part of the pandemic continuing to improve the business that we're running. I think we've made a lot of significant strategic progress during the course of the pandemic, something I think a lot of our peers can't say. We've substantially, I think, improved our

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business. We continue to operate and execute at a very high level. And our focus is on building a great company and building and positioning ourselves for sustainable long-term growth.

And I think as long as we continue to execute on that, we continue to disrupt the markets we serve in the ways that we are, as we highlighted yesterday, I think, ultimately, we'll get rewarded for that over time as we have historically. So I think our job is to continue to produce great results, continue to make sure we're innovating at a fast pace. We're driving the pace of change in the market and that we're disrupting where we can. And I think everything else will sort itself out over time.

Bryan C. Keane

Analyst, Deutsche Bank Securities, Inc.

Got it. Yeah, I think that the stock still looks pretty undervalued for the growth rates that you guys are suggesting. I wanted to turn to the volume update and ask if you had anything to inform us about August. I know Visa came out with its volume update just recently and just thinking about the US, international markets, if there's any call outs versus the Visa data?

Paul Michael Todd

Chief Financial Officer & Senior Executive VP, Global Payments, Inc.

Yeah. Bryan, in August, we were very pleased that August was consistent with what we saw in July, and July was better than June. And so, we're pleased with what we've seen from a performance standpoint, certainly, in the US. As we move around kind of the globe internationally, I think there's some bright spots. Spain, obviously, is a bright spot for us internationally. The Central Europe area is also kind of a bright spot for us internationally. I think even Mainland China is a bright spot for us internationally.

We get more challenged in some of the areas that have had more pandemic-related kind of shutdowns in Southeastern Asia and some of those areas. So it's still kind of a mixed bag a little bit on the international front, depending on which country and where they are in reopenings and what they're doing as it relates to the pandemic. So, overall, we were pleased with what we saw in August.

To kind of move that over to kind of our guidance and performance, I think we're very confident around our guidance. Obviously, when we gave the guidance in 2Q, we had assumed continual recovery and performance. But one thing we didn't assume was perfection. So we didn't need perfection to be able to hit the guide. And so, to the degree that Delta, if that was reflected in the Visa volume declines that we saw last week, to the degree Delta plays its way out, that will have some potential impact to us on a go-forward basis. But we did provision for that in our guide of not needing perfection to be able to kind of to hit the target.

So, Cameron, I don't know if you have anything to add, but, yeah, that's what we're seeing.

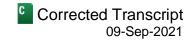
Cameron M. Bready

President & Chief Operating Officer, Global Payments, Inc.

No, I think that covers it pretty well. We did reiterate our guidance yesterday, to Paul's point. So, obviously, we have a lot of confidence in terms of how we can finish the year relative to the expectations we set at the end of the second quarter. And to Paul's other comment, we never assumed that we needed to see perfection from a recovery standpoint to get to, obviously, the guidance that we've provided for the balance of the year.



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So I think we feel good about where we are. But, of course, like everyone, we continue to have a watchful eye as it relates to the Delta variant and any new variant that may arise coming out of COVID that may have an impact on the markets we serve.

Bryan C. Keane

Analyst, Deutsche Bank Securities, Inc.

Got it. I know you guys raised the cycle guidance from high-single, low-double to, say, low-double revenue growth and I know merchants got to be big piece of that as a result of the mix of the business and it being the majority of the revenue. So how does the merchant business accelerate kind of post-COVID organically from the pre-COVID levels that you talked about yesterday?

Cameron M. Bready

President & Chief Operating Officer, Global Payments, Inc.

Yeah. It's a really good question. So if you don't mind, maybe I'll just start at the macro level, the company level since, obviously, the guide we provided was for the overall company. And then, I'll speak specifically about merchant. I'll ask Paul to jump in with any additional comments he would have.

But so I'd say, first of all, I think we have a lot of confidence in the growth drivers that we have as an overall business, which underlies, obviously, our willingness to raise the cycle guidance for the business, which we generally we look at across a three to five-year term. And I think the differentiated growth drivers really fall into multiple categories for us.

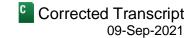
First, obviously, our technology enabled businesses have been accelerating. They are beneficiaries of the pandemic. This is true obviously in the merchant business but we're seeing that across our businesses. The adoption of new technology, software, obviously, the continual expansion of digital payment mechanisms and safer commerce mechanisms have been a tailwind for our business and we anticipate those will continue and obviously will feed into growth as we look forward.

Secondly, our unique distribution capabilities as well as the unique partnerships we recently signed with AWS in our issuer business and Google in our merchant business, we think, are significant tailwinds for growth as we move forward in time as well. I'd say, third, we have additional vectors for growth now in our business including our expansion we have additional vectors for growth now in our business including our expansion into B2B, which obviously was a big topic of yesterday's investor conference and I'm sure something that you'll want to focus on today as well. But obviously, that creates new I think expansion opportunities for us and growth opportunities in the business.

Fourth, and I think this is particularly true in our issuer business but also true in our merchant business as well, we're working very hard to expand our TAM. Obviously, the issuer modernization project that we have underway, the partnership with AWS is all designed to massively increase the TAM for that business. And I think the same is true in our merchant business particularly as it relates to our commerce enablement strategy. As I highlighted yesterday, our commerce enablement strategy today really expands our TAM in the merchant business by nearly 70% and as we continue to innovate new products and new capabilities to that platform, it will obviously expand the TAM either further from there. So that gives us additional avenues for growth.

And then I'd say, lastly, if you look at the business and Paul's comments yesterday, we have significant firepower from a capital standpoint to continue to look to find ways inorganically to augment the rates of growth of the business. Obviously, much of our focus from an investment standpoint has been on finding ways to add new technology capabilities and expand our technology-enabled strategies and our software strategies. Typically,

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those businesses including the most recent one we announced yesterday, MineralTree, have faster rates of growth than the underlying business we're operating today and that increases the trajectory around the growth potential that we see in the business over longer periods of time.

So I think when you look at the company at a macro level, we have a lot of confidence that we have differentiated growth drivers that can drive accelerated rates of growth relative to what we assumed we can achieve historically, hence the overall rise in the in the guide. I think if you look at merchant specifically, I think it really benefits from a lot of those same trends I highlighted earlier. Our technology-enabled businesses are growing more quickly. We're expanding our TAM by our shift to our commerce enablement strategies and that will drive meaningful uplift, I think, in the opportunity set for growth in the business over time.

And then, obviously, our partnership with Google which is somewhat inextricably linked to our shift to commerce enablement, we think, creates a lot of opportunities for growth in the business longer term, particularly as we continue to expand our Run and Grow My Business platform and embed more Google capabilities with our distinctive software solutions in our digital ecosystem. That's somewhat limitless, in my mind, in terms of potential for our business and, again, is a core element of why we were comfortable increasing the outlook not only for the company, but for the merchant business over the cycle.

Paul, anything you would...

Paul Michael Todd

Chief Financial Officer & Senior Executive VP, Global Payments, Inc.

No, that's pretty much it.

Bryan C. Keane

Analyst, Deutsche Bank Securities, Inc.

No, I was going to ask on the Google relationship. When does that really start to become more material in the results? Obviously, that's all part of this acceleration of revenue growth. And we talked about it yesterday that that partnership looks exciting and continues to expand. How do we think about it hitting the numbers? Is that a 2022 phenomenon or a 2023 phenomenon?

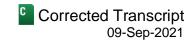
Cameron M. Bready

President & Chief Operating Officer, Global Payments, Inc.

Yeah, I think you'll start to see it more in 2022. I think as you step back and look at the cycle, clearly, it's a core part of our confidence in being able to raise the expectations for the merchant business or the contributions we anticipate coming from the Google partnership is the first point I would make. More specifically, it will start to ramp in 2022 and, as we get into 2023 and beyond, I think it'll be a more material component of the business.

If you think about where we are today, we are in the process supporting Google as a merchant customer. That's happening this month exactly as we said it would. And we remain on track to launch the first phase of Run and Grow My Business by the end of the year in the fourth quarter. I announced yesterday that we're already working with Google on the second phase of Run and Grow My Business which, in a lot of ways, I think, is going to be even more impactful than Phase 1 and that relates to the integration of food ordering, inventory, and reservations into our digital ecosystem which are going to allow our customers to benefit from greater top of funnel opportunities through Google Search, Maps, obviously, Google online capabilities by being integrated into our ecosystem. So we're really excited about that. I think that creates a lot of, again, incremental interest and excitement around the Run and Grow My Business platform.

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Bryan C. Keane

Analyst, Deutsche Bank Securities, Inc.

One of the other highlights was yesterday talking about the e-com/omni business and it being \$1.4 billion, about \$1.4 billion in revenue and I think most people don't realize that you guys are that big in that business. Can you just talk a little bit about what differentiates you guys versus the competition when you look at your e-com/omni assets?

Cameron M. Bready

President & Chief Operating Officer, Global Payments, Inc.

Yeah. I think it's a couple of things, Bryan, that we talked about historically and I think I tried to reiterate a little bit yesterday. First is, I think we're very good and very adept at blending the physical and virtual worlds. As we talked about yesterday, if the pandemic has taught us anything, sort of the lines between online and offline are blurred and they're permanently blurred. Every vertical market business now needs an omni-channel strategy, needs to be able to provide virtual payment options as well as physical payment options and I think we're very good at blending those worlds for our customers.

We help our customers move from truly offline worlds to online worlds every single day. Our ability to blend those solutions domestically, regionally, multinationally, I think, are distinctive. Our Unified Commerce Platform, which provides single access to the entirety of Global Payments' processing capabilities on a global scale, I think, is a differentiator in that business. And I think that's really where we win every single day. Blending physical and virtual worlds is complex, and we win when there's complexity.

The second area where we win is our multinational reach and our ability to provide local support compliance to large multinational customers who had expansive needs to stay in the world. In the physical reach that we have globally, the ability to really blend those seamlessly, those online and offline worlds, on a multinational basis is unique in our business. And I think that's obviously been a big tailwind for growth that we've seen much success with the rollout again of our UCP platform as we continue to focus on those situations where we have a unique capability that we can bring to bear on a customer and we have a very strong reason to win in that marketplace.

So if you look at those businesses, those are the heart of our e-com and omni business today. But as we also highlighted yesterday, we have tremendous e-com exposure in a number of our vertical market businesses. We have vertical market businesses that are benefiting from the digitization of payments, but are also benefiting from move from the physical to more virtual payment mechanisms.

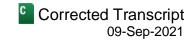
So ACTIVE, for example, virtually everything they do from a payment standpoint is e-commerce oriented. AdvancedMD, more and more of those payments are moving from physical payments to digital payments, which is obviously going to increase our e-commerce exposure over time. Same thing in the educational space, et cetera.

So we continue to see the same sort of digitization trends that have accelerated over the pandemic also positively impact the payment volumes and trends in our vertical market businesses. So it leaves us in a position today, where nearly 27%, 28% of our total revenues in our merchant businesses are coming from card-not-present transaction and I expect that to just continue to increase over time.

Bryan C. Keane

Analyst, Deutsche Bank Securities, Inc.

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To finish up on the merchant business, I think of a lot of the vertical-specific payments in education, restaurants, retail gaming. A lot of those businesses are still not quite recovered. Obviously, ACTIVE can't quite be recovered. Thinking about the drag its caused to the positive tailwind that it could result into heading into next year, can you just talk about a little bit about those businesses and what's dragging today and what could be a tailwind tomorrow?

Cameron M. Bready

President & Chief Operating Officer, Global Payments, Inc.

Yeah. Do you want to pick that up?

Paul Michael Todd Chief Financial Officer & Senior Executive VP, Global Payments, Inc.

Yeah. So we've said, Bryan, since the pandemic that really three businesses were kind of the big drags in our vertical market business, our ACTIVE business, our K-12 education business and our gaming business. And for several quarters, we talked about that being 300 to 400 basis points of headwind related to our revenue growth on those businesses having more of a pandemic effect related to shutdowns. But, clearly, when we look at those three businesses, the recovery of those businesses, as things were to get back to normal, would be a very significant tailwind to us.

We're very pleased, as we've talked about, really for the last couple of quarters around the bookings that we've seen in those businesses. And so, we're pleased that the fundamentals of those businesses are strong. We just kind of need the overall macro environment to be such to kind of provide that last mile, if you will, of recovery for those businesses.

So those are the three central ones. There's some impacts related to our other ones, but I would highlight those three as being the ones that, when we get back to normal, those things are going to kind of provide an additive tailwind to the overall merchant segment that we've essentially had to kind of grow through during the pandemic.

Cameron, I don't know, anything to add on that, yeah?

Cameron M. Bready

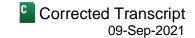
President & Chief Operating Officer, Global Payments, Inc. Yeah. Just a couple points I would say. First and foremost, one of the things we're most pleased about is, we continue to see very strong bookings trends in those businesses throughout the pandemic. So notwithstanding

the macro impact that the pandemic has had on the businesses, the booking trends and our execution has remained very strong. So we feel like as we come out of the pandemic, obviously, we have nice tailwinds in those businesses.

I think the other thing that the pandemic's taught us is sort of year-over-year growth rates can be very odd at times, and the vertical market business is a great example that. We do have businesses that year-over-year perform better in the second quarter, obviously, versus where they were in 2020, but not to the same magnitude that some of the pure acquiring businesses grew in the second quarter versus 2020, just because of the underlying nature of those businesses.

We also have businesses like AdvancedMD and TouchNet that have grown consistently through the pandemic but again, in the second guarter of 2020, didn't grow at the same outsized rate that the merchant acquiring businesses. But ACTIVE, for example, is up 30% over 2019 as of the second quarter. And I think TouchNet's up

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probably in the mid-20s versus 2019. So they grew nice and consistently through the through the pandemic. But you're not seeing the outsized growth rates kind of in the second quarter that we saw in the merchant – in the pure merchant acquiring businesses coming off of the obviously depressed Q2 2020 levels. So you end up with some odd kind of year-over-year growth trends in the vertical market businesses as a result of that when you can aggregate it all together. But to Paul's point, as we continue to come out of the pandemic given the strong bookings trends and given the easier comps we have in those businesses, obviously, we expect them to be a nice tailwind for us certainly heading into 2022.

Bryan C. Keane

Analyst, Deutsche Bank Securities, Inc.

Wanted to turn to the Virgin Money announcement yesterday, I thought that was one of the more interesting announcements I've seen in a while. Can you just explain how you're using the alternative rails, combining the Global Payments and the TSYS assets and how do you guys plan to get paid? How do you how do you generate revenue from that agreement?

Cameron M. Bready

President & Chief Operating Officer, Global Payments, Inc.

Yeah. So we are – we're obviously delighted to announce the broad based partnership that we have with Virgin Money, that was, to your point, I think one of the highlights of yesterday. So I'm glad you raised it. It is good to be able to focus a little bit of time on it. So I would say a couple of things just at the outset. I'll ask Paul to jump in a little bit on this as well.

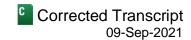
So first of all, I don't think there's any better example, and I said this yesterday, of the strength of the merger of Global Payment and TSYS and the rationale for putting these two businesses together that are announced partnership with Virgin Money yesterday. So it really does highlight the strengths of the business that we now operate across sort of the three key elements of the partnership that we'll have with Virgin Money.

First and foremost, in collaboration with Virgin, we'll be rolling out a digital pay proposition that effectively will be a branded digital payment solution that will compete with Apple Pay, Google Pay, Android Pay, any of the sort of traditional pay solutions in the marketplace. But I think it'll be distinctive in a couple of ways. One is it's unique in the sense that the Virgin brand, I think, is unique in the market, point number one. And point number two, the ability to wrap other digital banking solutions for consumers inside of that digital pay proposition solution, I think, will be very differentiated in that market in the UK market in particular relative to the competition that's in that space today.

The second core element and what really allows this to happen is our ability to be on both sides of the transaction. So under the relationship with Virgin, we will become their exclusive merchant referral partner for acceptance in the UK market. And at the same time, we're extending our existing issuer relationship with Virgin Money to incorporate all of their debit card solutions on top of the credit that we handle today. That will make us the largest debit card processor from an issuing standpoint in the UK market, which I think is important highlight. But it essentially means we're providing all of the issuer solutions for the entire suite of Virgin Money card platforms under the new relationship. So the ability to marry the acquiring side, the issuing side to wrap that into a digital pay proposition, I think, is something that only Global Payments could bring to the marketplace in collaboration with Virgin Money. So we're really excited about the prospects for that business longer term.

And to your point, we get paid across really three paradigms. One is from an acquiring standpoint, second from an issuing standpoint, and third from our ability to monetize and optimize payment flows across obviously the digital pay proposition platform. So our ability to effectively create our own ecosystem payment capabilities across

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that digital pay proposition creates value, value proposition that could be shared obviously with us, with Virgin and with merchants in a way that ultimately allows for, again, additional tailwinds of economics for our business. And again, it's unique to Global Payments in terms of our ability to be able to bring those capabilities to bear on the market.

Bryan C. Keane Analyst, Deutsche Bank Securities, Inc.	Q
And is this	
Paul Michael Todd Chief Financial Officer & Senior Executive VP, Global Payments, Inc.	A
The only thing I'd add	
Bryan C. Keane Analyst, Deutsche Bank Securities, Inc.	Q
Oh, go ahead.	
Paul Michael Todd Chief Financial Officer & Senior Executive VP. Global Payments, Inc.	A

The only thing I would add to that is just when we talked and we hit on this a little bit yesterday but when we talked about the value of the merger and the synergies between kind of the legacy TSYS issuing business and the capability set on the merchant side internationally of Global Payments, this is a kind of perfect example of the synergistic effort of those two capabilities. Virgin obviously has been a long time issuing customer of ours. But we could only go so far in that relationship that now the stickiness and kind of the embedded nature when we're on both sides of kind of the financial institution or both sides of the transaction from a transaction standpoint just not only from an economic standpoint is very valuable as Cameron mentioned. But just from a strategic standpoint of being a strategic partner which is what we've always prided ourselves in wanting to do with our financial institution customers, this is a perfect example of that kind of marrying benefit that we talked about at the time of the merger that has come to fruition now.

Bryan C. Keane

Analyst, Deutsche Bank Securities, Inc.

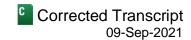
Yeah. I know. You can definitely see it. Now are there other things in the pipeline that look like this or is this transferable to other potential partnerships?

Cameron M. Bready

President & Chief Operating Officer, Global Payments, Inc.

We think there are there, there's a number, I would say, similar although not exact opportunities that we're looking at today with a number of different partners around the globe that I think are going to have a lot of the flavors that you see inside of this partnership with Virgin Money. The thing that I would say about Virgin Money that is a bit unique to this particular relationship is Virgin itself and the strength of that brand particularly in the markets where we'll be rolling out this proposition. It's hard to underestimate or overestimate, I should say, and I wouldn't underestimate the impact of that brand and the strength of that brand particularly in the markets that we're looking to serve. So I do think that element of this relationship and what we can do working with Virgin Money around the brand is unique but, certainly, the core tenants of what we're rolling out with Virgin we do think are replicable across other markets with other partners.

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Bryan C. Keane

Analyst, Deutsche Bank Securities, Inc.

Got it. I want to turn to the Azure business and I see it there's a question just clarifying, did you raise the guide as well on the issuer business from kind of mid-single-digit yesterday as well? They're just trying to I think get to that to the full guidance now the cycle guidance. So maybe you can comment on that. When you talk a little bit about that pipeline you guys put up in AWS in particular, we saw some of those - the pipeline growing there. When does that AWS stuff start to kick in? Is it material to numbers at what point maybe it is next year as well?

Paul Michael Todd

Chief Financial Officer & Senior Executive VP, Global Payments, Inc.

Yes, so, Bryan, a couple of things there and maybe I'll start with the guide question. As I said yesterday, our inthe-cycle guidance is a mid-single digit growth expectation target for the issuing segment.

With that being said, as you were referencing, I'll kind of move to that, as you're referencing our AWS partnership and as you move through the cycle and the benefits around addressing kind of that target address, that expanding target addressable market, we do believe there is kind of a natural uplift that should occur with the fruition of those efforts. So kind of as a starting point expectation and kind of a fundamental kind of expectation, it's at mid-single digits. But, certainly, our targeting effort here as we are successful with that AWS partnership is to lift that over time.

As you talk about kind of the issuing pipeline and the frontier related to issuer, you're exactly right. We highlighted a couple of things yesterday. One, the 29 million accounts on file in the conversion pipeline today, we're very pleased with it, kind of speaks to the success that we've had on the sales front there. And that's one of the larger kind of pipelines that we've had in the conversion pipeline. Certainly, that business speaks to all the opportunities from a sales standpoint that we're working on, but we're very pleased with that. The 20-plus kind of relationships that we highlighted, that AWS partnership is already kind of bringing us related to opportunities and I kind of mentioned this yesterday, that would not kind of had occurred had we not done the AWS partnership. That's the unique kind of distribution angle with this partnership that we're very pleased with.

As it relates to timing, we kind of said several years, and so this is kind of as you move into that 2023, certainly 2024 kind of timeframe, that's when you start seeing the much more meaningful kind of impact. Certainly, we already had kind of day one impacts related to some of the revenue accretion of the partnership. We've, obviously, had kind of day one impacts as it relates to some of the distribution success, as you've seen, between the announcements and also what's in the pipeline. But the capabilities around the modernization of the platform, being able to go to the geographies once we're into the cloud that we were not able to go to from a legacy kind of mainframe environment, those are in that kind of more 2023, 2024 kind of timeframe that we expect to see the benefits there.

Bryan C. Keane

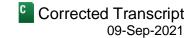
Analyst, Deutsche Bank Securities, Inc.

Got it. Got it.

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

Sorry, Bryan. The only thing I would add to that and I just think it's an important overlay to that whole conversation is if you think about the issuer business today, and Jeff highlighted this yesterday, we really think about it as

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broadly applying the same playbook that we've utilized at Global Payments over time to really drive faster rates of growth in that business over time.

So to Paul's point, we do think if we get out towards the latter part of the cycle, all the things that we've been doing around expanding our distribution dramatically, AWS is certainly at the heart of that, but we've also looked at other ways to expand and diversify distribution in that business. We announced a relationship with DWC to do that as well. That's clearly going to be helpful as we think about growing and expanding that business.

Secondly, everything we're doing from a monetization perspective to make sure that we have differentiated cloud-based market-leading technology, we have that today. We need to make them more extensible and break them down into micro services, easier to access, easier to implement, easier to utilize by the market. All of that coupled with, again, expanding distribution, marrying better distribution and, obviously, market-leading technologies that are cloud-native, we think, obviously positions that business well for, again, long-term sustainable growth. And over the cycle, we expect those rates to continue to improve.

Bryan C. Keane

Analyst, Deutsche Bank Securities, Inc.

Got it. Wanted to turn to the B2B. Obviously, that was the focus yesterday. A lot of folks are getting into the B2B space. And I just want to make sure the investors understand what you're bringing to the table that's differentiated here on B2B, because TSYS obviously has a lot of B2B assets. And now, you have MineralTree. So the combination of those two things and the \$600 million of revenue you talked about, what's differentiated there? And how fast can you grow that revenue going forward now that you've kind of isolated the B2B business?

Cameron M. Bready

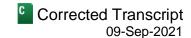
President & Chief Operating Officer, Global Payments, Inc.

Yeah. It's a great question and thanks for raising it. It was obviously, from our vantage point, one of the highlights of yesterday, our ability to announce the MineralTree acquisition as well as just formalizing kind of our strategic focus on B2B as an opportunity for our business; and an opportunity that I think certainly has outsized growth potential associated with it for the reasons you really highlighted. One is it's a massive TAM. And two, it's highly fragmented today in terms of how people are positioning themselves around that massive TAM, which is, I think, 4 times the size of what we see from a consumer payment standpoint.

So just a couple of comments at the outset, I think, as it relates to differentiation. So we've been in — B2B means different things to different people. So let's be very clear in terms of where our focus is. It's really around just commercial payments. We are providing significant capability to businesses today around facilitating commercial payments on both the money out and the money in side of the equation. I think what we really lack was that sort of complete ecosystem with software sitting at the heart of it, AP automation process, software in particular, and MineralTree provides that foundational assets that allows us to really create a comprehensive, complete and differentiated ecosystem that allows for obviously money out, money in, led by software at the heart of it with AP automation and process flows that I think allows us to bring a complete offering to the marketplace from a B2B standpoint. So I think that's really where we're differentiated.

We're also differentiated in obviously our payments expertise, our ability to do this on a global scale and the existing base of customers we have that we can penetrate with these capabilities, now that we have, I think, the ability to bring to bear on the market a complete ecosystem of commercial payment capabilities. So if you think about we have 100,000 QSR customers in our Xenial business, we have 6,000 iSB partners in our integrated business, we have 7,000 residential partners in our – residential customers in our Zego business. So if you start thinking about sort of the untapped potential that sits inside a Global Payments today from a commercial payment

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standpoint and then you wrap around that, the capabilities we have from a virtual card, commercial card standpoint within the TSYS business, the acceptance in level three capabilities we have and the legacy Global Payments business and again our ability to wrap an entire sort of ecosystem around commercial payments and a complete capability that that's led by software, I think is really differentiated to the market and allows us I think to really carve out a very sizable opportunity, as we continue to execute on our strategy over a period of time.

Bryan C. Keane

Analyst, Deutsche Bank Securities, Inc.



It looks like we're almost out of time here, have about a minute left. So when you're having fun the time flies here. But I'm going to go rapid fire for you, Paul. Does or how much M&A is included in the low double-digit target? And is there a shareholder return piece, buyback into the guide cycle?

Paul Michael Todd

Chief Financial Officer & Senior Executive VP, Global Payments, Inc.



Yeah. So we do have capital allocation included into the cycle guide. I think that was coming yesterday, there's couple hundred points, maybe of EPS growth related to capital allocation and typically is included. Now, whether that's doing M&A or our share repurchase or however we kind of allocate that will depend on during the periods in the cycle kind of what's in front of us. We've said before, we continue to prefer the M&A path particularly in light of the strategic kind of elements now with B2B that we have. So that's still our preferred kind of capital allocation direction. But as we've shown, Bryan, when we aren't doing M&A, we'll repurchase shares.

Bryan C. Keane

Analyst, Deutsche Bank Securities, Inc.



Got it. And then the question just on acquisitions, would you guys be more interested in the growth aspect or to do a dilutive deal versus kind of accretion deal? I know I only got 30 seconds here but that's one that also came up.

Paul Michael Todd

Chief Financial Officer & Senior Executive VP, Global Payments, Inc.



Sure. Yeah, Bryan. And just hit it real quick, I mean, we kind of commented on a little bit yesterday is we've always been growth focused on acquisitions. So, nothing has changed there. I think we have shown with MineralTree that we are willing to do a deal particularly when it has strategic and growth value to it and particularly when we can leverage the margin expansion opportunities we have with both our core business as well as other acquisitions to still hit the cycle guide from an EPS standpoint. So, yeah, it's kind of both and as it relates to acquisitions on a go-forward basis but as we said yesterday, we're very committed as we've always been around hitting our cycle guidance from an earnings standpoint.

Bryan C. Keane

Analyst, Deutsche Bank Securities, Inc.

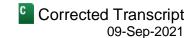
Okay. With that, Cameron and Paul, thanks so much and congratulations on yesterday and I'm sure we'll be in touch.

Paul Michael Todd

Chief Financial Officer & Senior Executive VP, Global Payments, Inc.

Thanks.

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Cameron M. Bready

President & Chief Operating Officer, Global Payments, Inc.

Thanks for having us, Bryan.

Paul Michael Todd

Chief Financial Officer & Senior Executive VP, Global Payments, Inc.

Yep.

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