

17-Nov-2021

Global Payments, Inc. (GPN)

Citi FinTech Conference

CORPORATE PARTICIPANTS

Cameron M. Bready

President & Chief Operating Officer, Global Payments, Inc.

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Analyst, Citigroup Global Markets, Inc.

MANAGEMENT DISCUSSION SECTION

Ashwin Vassant Shirvaikar

Analyst, Citigroup Global Markets, Inc.

Okay. Good afternoon, everyone. I'm Ashwin Shirvaikar, Citi's Global Head of FinTech Research. We are on Day 3 of Citi's four-day conference. It's our 11th Annual FinTech Conference. We're delighted that you're part of it. One logistical note before we start the next session. For investors who want to ask questions, you'll see a box right next to the screen that you have. If you type your questions in, I'll get in real-time and I can incorporate as I have been through the conference.

With that out of the way, let's get started. And it's the – it's a session I've been looking forward to. We have Global Payments. And from the company, we have President and COO, Cameron Bready. Cameron, welcome. It's good to see you again.

Cameron M. Bready

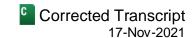
President & Chief Operating Officer, Global Payments, Inc.

Thanks, Ashwin. It's really good to see you as well. Thanks for having me today.

Ashwin Vassant Shirvaikar

Analyst, Citigroup Global Markets, Inc.

Absolutely. Absolutely.



QUESTION AND ANSWER SECTION

Ashwin Vassant Shirvaikar

Analyst, Citigroup Global Markets, Inc.

I got to start with stock performance. The stock hit all-time high, I think, in April. And then, it's been in lot of pressure. It remains below pre-pandemic levels now. And you had – I would say, when you – when we look at two-year stack compared to 2019, the results and the recovery has been has been pretty good. And the performance, while it's not unique to Global Payments in the sector, a lot of other companies' stocks are underperforming also. But I have to ask you, what – in your conversations with investors, what do you find they might be missing or afraid of or what's the concern?

Cameron M. Bready

where we are.

President & Chief Operating Officer, Global Payments, Inc.

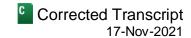
Yeah. Look, I think it's an obvious question. And I didn't mean to laugh at the beginning, but I figured that's where you might start. And it's an obvious question to focus on and I would tell you, I don't know that we can put our finger exactly on sort of what's driving the massive disconnect, I would say, between the fundamental

performance of the business and what we see from a market valuation standpoint. But I would say a couple of things that we keep – that we're focused on and we keep hearing and that we think are obviously contributing to

I'd say, first of all, throughout the pandemic I, think Global Payments even more so than some of our peers have been — it's been sort of viewed as a pandemic stock. When there's been more optimism about recovery vaccines as there was in April and re-openings and everything getting back to normal in the summer, obviously we kind of hit an all-time high. And as we got into the summer and it appeared that there was still some wood to chop as it relates to getting through the COVID-19 pandemic, I think that had an impact on our business. And I think until we get to more clear visible line of sight to back to normal, that's going to continue to weigh on stock performance on any given day. So, when there's more optimism, we tend to trend a little better. And when there's less, we tend to trend a little bit worse. And I certainly think because of our exposure to SMB and because we're more payments oriented than some of our peers, I think we've got more of that trading in and around our stock than perhaps others.

The second thing I would say is just this sort of perceived notion that there's legacy tech players and new tech players and there's a lot more obviously choice from an investor standpoint in the public markets in the payments landscape over the last year by virtue of a number of new public companies that obviously play in this space becoming available in the public markets via a direct listing, traditional pass back, et cetera. So, there is no real fundamental change in the competitive environment interestingly enough. The market has always been competitive, but remains competitive. It's just these competitors are far more visible now by virtue of them being public than they ever have been historically. And then, again, this overarching theme of new tech, legacy tech, which I think is a bit of a spurious argument. And I think candidly, we spent four hours at our investor conference, I think, providing a very good overview of how we're positioned from a new tech standpoint, from a technology-enabled standpoint, how we positioned our business to benefit from the trends around technology enablement, digitization in the market, et cetera. And I think that really resonated. But that overarching theme around; one, there's just a lot more places to put capital from a public market payments standpoint today than there ever has been; and two, this view of new tech versus legacy tech continues to weigh on our story.

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I think what is sort of – what strikes us the most, it's the incongruity of how the business is actually performing and executing, how well we're positioned as a strategic matter, how enthusiastic we are about the future and the financial fundamentals of the business, the disconnect between that and obviously the public market valuation is really what – I think what we struggle to grasp more than anything else. But look, I'm a big believer that markets are rational over periods of time. They're not necessarily rational every day, every week, every month. And I think we're in a sort of transitory period here where the market seems to be focused on other things besides fundamentals. But I continue to believe long term, markets will value fundamentals appropriately, and we'll see obviously a recovery in our share price and a valuation that I think more reflects the financial fundamentals and the strategic positioning that we have as a business.

Ashwin Vassant Shirvaikar

Analyst, Citigroup Global Markets, Inc.

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Right, right. There's big things you think you can do with regards to addressing investor concerns. Do you have – is there a sort of an analytical need disclosures, something that you feel comes up that you can address?

Cameron M. Bready

President & Chief Operating Officer, Global Payments, Inc.

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Yeah. I mean, I think it's a fair question, and we're obviously always sort of thinking about, are there things we can do differently as it relates to how we tell our story, what information we share, how we're positioning the business in the market. And I think the short answer is, we're looking at all of those things. As I mentioned previously, I think our investor conference, which was nearly four hours of content and materials and data and metrics, et cetera, was very helpful in sort of resetting the story for the benefit of the Street, particularly on the heels of our merger with TSYS. And I think it gave everyone a much better perspective as to how we're positioned, particularly around this debate versus legacy tech, new tech, et cetera.

I do think there's more we can do around our disclosures to just make it clear as it relates to how our business is trending and how we are performing, particularly as it relates to market share gains, how we're building our book of business, volume growth, those types of metrics that we provide, but maybe we could do it in a cleaner, easier way for investors to be able to grab, particularly recognizing that they have more choice and probably less time to spend on companies than they used to have. So, I'd say we're looking at all of those things. But as I said at the outset, the fundamental business performance in how we're positioned strategically, the company is healthier than it ever has been. I think that's evidenced by the fact we raised our cycle guidance in the face of all this at our investor conference. So, it should give investors hopefully some sense of how we feel about the longer-term prospects for the business.

Ashwin Vassant Shirvaikar

Analyst, Citigroup Global Markets, Inc.

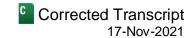
Yeah, yeah. Absolutely, absolutely. One question I'm trying to incorporate just, a couple of that came in. As you think about sort of that particular question, legacy versus disruption, one of the ways you can answer it obviously is with regards to, here's my organic growth rate, and here's what you should compare it to. What's the fair and right comparison, things like that, try to compare volumes, compare organic growth, compare margins. That, to me, seems like a legitimate and appropriate way to do it. Any quantitative information with regards to how you think of that? And any organic growth type comments that you might have for investors? Here's what people can expect, not just for 4Q, but going forward?

Cameron M. Bready

President & Chief Operating Officer, Global Payments, Inc.

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Yeah. I mean, I'll just – I'll reflect back on the cycle guidance that we provided back at the investor conference where we did raise that cycle guidance from both a topline margin and earnings per share expectation over the next three to five years. That's the best metric I can share as it relates to how we think the business is positioned to grow. And we're obviously targeting now double-digit revenue growth, 50 basis points to 75 basis points of margin expansion annually and compounded earnings per share growth in the 17% to 20% range over that cycle. So, that gives again a very good perspective of how we see the business overall trending over the next three to five years. You can get into any different line of business that we run and sort of have a conversation around growth rates and metrics and whatnot. But end of the day, what we're managing to is that overarching financial profile for the business. We have a lot of leverage to get there and a lot of confidence in terms of how we'll get there.

And as I said before, we're looking at ways to augment our existing disclosures to provide a little more granularity around different lines of business, channels of business to get into organic growth rates and KPIs, et cetera, just to make it a little more clear. I think we provide all of that in our scripts and on our calls today. I do think there are probably some things we can do to make it a little more clear and easy for investors to digest that information and then be able to compare it against others in this space.

Ashwin Vassant Shirvaikar

Analyst, Citigroup Global Markets, Inc.

Got it. Understood. Understood. And to that 17%, 20% outcome, what's your – I mean, historically, both you and TSYS – the component TSYS of what the company is today have had relatively high degree of visibility into that? Could you discuss your level of visibility today?

Cameron M. Bready

President & Chief Operating Officer, Global Payments, Inc.

For the next three to five or for 2022 or ...

Ashwin Vassant Shirvaikar

Analyst, Citigroup Global Markets, Inc.

Yeah. 2022. Yeah, 2022.

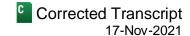
Cameron M. Bready

President & Chief Operating Officer, Global Payments, Inc.

Yeah. Well, for 2022, I mean, we're in the midst of our budgeting process right now. So, I would say sitting here today, we have pretty good visibility into how we see 2022 is shaping up. But of course, like everyone, it's going to be based on a variety of assumptions and in the environment we find ourselves in, of course, it's going to be largely based on our assumptions around what does recovery look like globally from the pandemic as we get into 2022. So, as we said on our fourth quarter call – on our third quarter call – excuse me – we anticipate obviously targeting the high-end of our 17% to 20% growth rate next year, and to be specific, the high-end of that is 20%. So, we have a number of different drivers that I think are going to push us in that direction. And obviously, as I mentioned, we're in the midst of our budgeting process, so working through all these levers right now. But there's a few things I think worthy of paying attention to. One is, obviously, we feel like we have good momentum in the business. Really, Q2, Q3, our expectations for Q4 suggests we have good momentum kind of heading into the end of 2021 as we look to begin 2022, is the first point I would make.

Two, the areas of our business that have been more heavily impacted by the pandemic and may have been somewhat headwinds to our growth in 2021 are recovering and will become tailwinds for our business as we

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move forward in time. And I think that gives us confidence as it relates overall rates of revenue growth that we can achieve next year and obviously our ability to flow that through to bottom line earnings growth as well.

And then, third, I would say we're continuing to see the benefits of our merger with TSYS on both the top line and bottom line basis. Both revenue and expense synergies flowing into the business in 2022 as well, as we continue to advance, obviously the integration of our two companies and take advantage of the opportunities that we saw when we put the two businesses together. So, I would say those three things in particular give us a lot of confidence heading into 2022 that as it relates to that overall cycle guidance that we're targeting for the business, we'll be at the high end of those ranges heading into or expectation for 2022 given those three distinct factors kind of heading into the year.

Ashwin Vassant Shirvaikar

Analyst, Citigroup Global Markets, Inc.

Right. Yeah. That's very useful. I want to go back to one of the things you said that, and I'm not sure you get enough credit for it, which is, as you look across your business, there are parts that were affected by the pandemic a lot. They have not yet returned to normal. Can you size those parts and give sort of your outlook for those? And a related question would be, and I know you only recently gave – you spoke about outlook and just a couple of weeks back and earnings. But even in those couple of weeks, we have seen a lot of data and reopening type stuff, with travel reopening, therapeutic developments, other positive factors with regards to the economy. Can you provide sort of an update on what the beneficial impact of that could be, if any?

Cameron M. Bready

President & Chief Operating Officer, Global Payments, Inc.

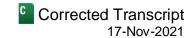
Yeah. I can, both really good questions. If you don't mind, I'll maybe start with the second question first, and I'll go back to the first part of your question in just a second. So, what I would say about 2022 and I think we commented it on this at our Q3 call is our expectation is we continue to see a gradual recovery from pandemic, from a macro perspective globally over the course of 2022. That's the sort of the key underlying assumption to our expectations and what we're targeting for 2022.

The data points you've raised, I think they support our perspective that if we continue to see a gradual recovery and there are a lot of good signs that we are seeing that in various markets around the globe, that's a good backdrop for us to be able to achieve the targets that we've established. So, the more positive news we can see on recovery, vaccination rates, consumer spending, et cetera, obviously that all is positive for our business and I think gives us more confidence as it relates to our ability to get to the high end of those ranges for the next calendar year.

But going back to the first part of your question, which I think is a really good one, as I think about the areas of the business that are probably been more heavily impacted by the pandemic, I really put them into three groups. First of all, there are geographic markets that clearly have been more impacted by the pandemic, either because of just the nature of the markets, inability to get vaccines, distributed quickly to individuals in those markets et cetera. So, for us, there's puts and takes all over the world, but that tends to be centered largely in Asia-Pacific.

Many of the Asia-Pacific markets have struggled with the pandemic. They're struggling to get their individuals vaccinated. The recovery has been a bit slower in those markets and it's not all of the Asia-Pacific. It tends to be focused for us more in South and Southeast Asia. But that has certainly been a headwind to our overall rates of growth. I think as we commented in our Q3 call, Asia did return to slightly positive growth in the third quarter and we expect it to accelerate sequentially in the fourth quarter, but is lagging behind other parts of the world relative to growth rates versus 2019. Again, the good news is as we get into 2022, I expect it to be a tailwind as it

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continues to recover. But it certainly has been a headwind for us. And our Asia-Pacific business is about 4% of total company revenue.

The second area where we've seen the same kind of impacts are in some of our vertical markets businesses. And I think we've talked pretty openly about those. Our K-12 education business has struggled to recover, largely because of school lunches being free. ACTIVE networks has been slower to recover as people have been slower, obviously to re-engage in some of the events that ACTIVE caters to. And our gaming business has been a little slower to recover, particularly on the brick-and-mortar side of the business over the course of the pandemic. So, if you look at those three vertical market businesses, they represent roughly 5% of our overall total company revenues. They have been a headwind to our growth and they've kept our vertical market business from contributing to obviously growth rates versus 2019 level. As we said in our third quarter call, we do expect our vertical market business in aggregate to turn positive in the fourth quarter. And I think that sets up nicely for that business being a tailwind to growth kind of heading into 2022 as these markets continue to recover.

And then, the third big area, again also representing about 4% of total company revenue is our commercial card business on the Issuer side. Obviously, we've seen good recovery in consumer trends and volume trends. We've seen good sequential growth over the course of 2021 in commercial card business, particularly Q3 to Q2, but obviously still lagging behind 2019 levels. But again, as you see more business travel return heading into 2022, that will flip to become a bit of a tailwind for our business heading into next year. So, if you look at those three in aggregate, it's probably 12% to 15% of our total company revenues that have been probably disproportionately impacted by the pandemic this year from a recovery standpoint, but eventually will become tailwinds for our growth as they recover back to more normalized levels heading into 2022 and beyond.

Ashwin Vassant Shirvaikar

Analyst, Citigroup Global Markets, Inc.

Right, right. Got it. Thank you. Thank you for that. I want to move to some comments that - on - at a segment level, comments that you've made at your September investor conference, right. And on the Merchant Solutions business, a big part of what's going on with just electronic payments expansion is the rise of non-carded electronic transactions, alternate payment methods, proliferate, things like that. And we do get a lot of questions about the impact of these sorts of choices accepting digital wallet, direct payments from banks and so on, so forth. Can you handle these choices? Can you differentiate in those markets? Can you talk about that?

Cameron M. Bready

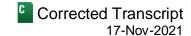
President & Chief Operating Officer, Global Payments, Inc.

Sure, I'd be happy to. And then, I think it's a really good question, and it's something that we do get — we do have poised to us pretty regularly. So, I would say a couple of things. The enemy of our business in the Merchant space in particular, but I would say more broadly for Global Payments is cash and check. Anything that transforms a legacy cash or check payment into a digital payment, whether it's card railed or non-card railed payment is good for our business. Digitization in generally is good for our business and we're well positioned around those trends to continue to grow and expand our business, is it is the first point I would make.

So, whether it's card-based rails, non-card based rails, we support all of those payment mechanisms today. In fact, we support over 140 different alternative payment mechanisms, some of them are linked to card rails, many of them are not. So, I think we're extraordinarily well positioned to benefit from just again the continued digitization of payments and moving away from paper-based forms of payments in the ecosystem.

The second thing that I think is good for us around those trends is the idea of complexity, because we tailor to small to medium-sized merchants. They're looking for us to solve that complex environment. They don't want

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multiple providers. They don't want multiple settlement flows. They want one person to handle the complexity to allow their consumers to engage with them with whatever form factor they want to. They want consolidated reporting. They're wanting consolidated data and analytics back to them. They want a single point of contact for chargebacks and dispute management. They want the value-added services and commerce enablement capabilities that we can bring to bear. They want us to simplify their experience from a payments standpoint and from a business operations standpoint. And the more the complex the ecosystem becomes, the better equipped we are to actually be able to do that for our merchant customers. So, I think, look, the trend towards digitization is nothing but good news for our business, whether it's over card rails or not, long term, we benefit from that.

Ashwin Vassant Shirvaikar

Analyst, Citigroup Global Markets, Inc.

Okay. Okay. That's [indiscernible] (00:21:50) and thank you for that. Can you – just moving to your e-commerce and omni business globally, what is the sweet spot of that business? Where do you compete and where you perhaps choose not to?

Cameron M. Bready

President & Chief Operating Officer, Global Payments, Inc.

Yeah, it's a great question. And I think you touched on it really in the way you framed the question, which is where we're really successful in e-comm and omni is really around the omni solutions that we bring to bear on the market, particularly in the SMB space. Our ability to blend physical and virtual worlds for our small to medium-sized merchant customers with our e-comm and omni solutions, I think, is really second to none.

And again, it gets to this idea of complexity, the more complex the business is in terms of wanting both physical capabilities, virtual capabilities, to marry those together, to provide consumers a very seamless experience to meet consumers, how and where they want to be met from a commerce standpoint, that's where we really excel I think in our e-commerce and omni-channel solutions and that's really where we focus the vast majority of our attention in that business. We serve e-comm-only customers. I think we serve them really well all the way from enterprise down to small. We serve the startup app developer with our APIs and SDKs very well. Those are not what I would say are the sweet spots for our business. It's really that true omni experience that the SMB customer is looking for.

The other place I think we excel is for larger multi-national corporations kind of solving those complex requirements on a global scale for both physical and virtual acceptance, particularly in markets that are hard to serve physically. So, we don't chase every large multi-national corporation from a payments standpoint. We chase loans where we think we have some distinctive competitive advantage, and that's often around the ability to serve them in a difficult to serve market where we can really differentiate ourselves from other competitors in this space.

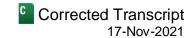
So again, at the large MNC level, it's going to be the blending of physical and virtual world to be able to do it in more markets around the globe than our competitors, that's what really sets us apart and that's why we win where we choose to play in that space. We certainly don't respond to every RFP. There are certainly customers that are looking for things that frankly we're not really positioning our business to try to deliver, which in some cases is just the cheapest possible processing solution they can achieve. But where you have customers that have complex requirements that value the physical solutions we can bring and the service on the ground, the local expertise, married with the global scale, that's where we really do win in that space.

Ashwin Vassant Shirvaikar

Analyst, Citigroup Global Markets, Inc.



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Got it, got it. Cameron, the growing importance of e-comm, omni, the software portfolio, whether it's owned or ISV, has the relative importance of the direct channel just remained? Is this, I mean, should investors at some point start thinking about this part of your business like we used to think of when years ago, you guys were walking away from ISOs. Is that how we should think of this?

Cameron M. Bready

President & Chief Operating Officer, Global Payments, Inc.

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No, I don't at all. Ashwin, I'm glad that you asked that question, because it's actually the converse of that. That direct distribution channel, as we continue to pivot our business to selling more technology solutions to our customers, more point-of-sale software solutions, more commerce enablement solutions, that direct distribution channel in particular with the legacy Heartland distribution channel is more valuable than it ever has been today. If you just step back and you reflect on the comments I made at our investor conference, nearly around the globe, 60% to 70% of our new sales today are what we would call technology enabled and in the US, that's almost 80%. And what that essentially means is we're selling either our own point-of-sale software solutions to our customers, we're selling our own vertical market solutions.

We're going to market collectively with our ISV partners to sell their software and to monetize the payment opportunity associated with that or we're selling our e-commerce and omni-channel solutions. And more and more, we're pivoting that direct sales force to sell in that way, to sell our own capabilities, to work with our ISV partners, to sell into those channels and obviously to sell our e-comm and omni-channel solutions. So, this idea that the Heartland direct distribution model is some sort of legacy business is really the exact opposite of where it is today. Today, it is very much a software, technology focused, sales channel, helping us to drive our business towards more commerce enablement. And seeing frankly rates of growth from a new sales standpoint we haven't seen in some time, their new sales are up 20-plus-percent year-to-date versus 2020 level. So, we're seeing very strong growth trends from a new sales standpoint in that channel.

And just another data point, more and more we're using that channel to sell our own point-of-sale software solutions. Our point-of-sale software solutions are geared towards the restaurant vertical market and the retail vertical market. It's about \$125 million revenue business for us today. It grew 70% in the third quarter. Why? Largely because more and more we're having that direct sales channel, selling more of our point-of-sale software solutions into the market, dragging the payment opportunity and again seeing very strong rates of growth where we're able to lead with a technology offering versus leading with just a legacy sort of payment offering.

So, that channel for us I think is critical to how we continue to drive our business to more commerce enablement over the course of time and it is distinctive advantage relative to our competitors, the breadth of distribution we have, again I think continues to differentiate us and positions us to continue to grow at rates that are very attractive in our Merchant business.

Ashwin Vassant Shirvaikar

Analyst, Citigroup Global Markets, Inc.

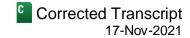
Got it. I have so much more to talk about on this Merchant business, but I want to shift to talking about Issuer. What is your split between commercial and consumer cards? And yet, are we in terms of circle the commercial spend recovery?

Cameron M. Bready

President & Chief Operating Officer, Global Payments, Inc.

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Yeah. So, I would say today, if you look across the Issuer business, about 80% of the business is driven by consumer spend and about 20% is driven by commercial spend. So, as I highlighted earlier, commercial is about again 20% of our Issuer business, which is about 20% of the company, so it represents about 4-ish percent of the total company revenue, driven by commercial. Commercial continues to lag. Obviously, as business travel has been slower to recover, relative to some of the more domestic-oriented consumer spending and markets around the globe, but obviously, that's something we've been absorbing. And as that travel returns, particularly heading into 2022 and beyond, it will become a nice tailwind for growth for us. So, our commercial card offerings are second to none. I think we have probably 80% of the commercial card market. We just resigned one of our largest commercial card customers, Citi. Thank you very much, Ashwin, for your business. And obviously, we continue to be positioned extraordinarily well on the commercial card space. So, that is, I think, also important as it relates to how we think about our B2B propositions as a go-forward matter, our experience from a commercial card standpoint and our ability to leverage that capability in more of a holistic B2B offering. I think we'll become an important growth driver for the business as well.

Ashwin Vassant Shirvaikar

Analyst, Citigroup Global Markets, Inc.

Okay. Okay. And by the way, I wish I could lay personal claim to giving you that business, but it's not me. Can you remind us what the LOI pipeline looks like? I think you announced a couple of wins or contracts recently and any details you can provide there?

Cameron M. Bready

President & Chief Operating Officer, Global Payments, Inc.

Yeah. Sure. I'd be happy to. So, if you don't mind, I just want to step back real quick and talk about the Issuer business from a distribution standpoint, because one of the important things that Jeff and I have been focused on is diversifying our distribution within our Issuer segment. It had really been single threaded for a number of years. They were very effective at it, very much focused on large FIs in more mature markets like the US, Canada, Western Europe, but very much single threaded through a small, direct sales team that were really focused on responding to RFPs and building a business in that manner from a distribution standpoint. And that worked really well for a very long period of time. But I think what occurred to us as we integrated the two businesses, we need to leverage many of the same things we used in our Merchant playbook to the Issuer business and diversifying our distribution and particularly thinking about more technology enabled distribution for Issuer business was really key to us.

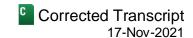
So, that's where the AWS relationship comes into play, as well as a new partner program that we've established, of which I think PwC is our first partner in that space. We're finding new ways to diversify the distribution, which will help I think open up new avenues for growth for that business long term. But getting back to the very specific part of your question, I think we said on our third quarter call, we have 10 LOIs outstanding currently, 6 of those are competitive takeaways, that's down 2 from Q2 and that's because 2 of the LOIs that we had outstanding in Q2 have moved into actual contracted relationships for us. So, today, we've got a pipeline backlog worth about \$2 billion of total contract value, representing nearly 30 million accounts to be boarded onto our platforms that sit in our backlog pipeline today from a signed contract standpoint. On the AWS front, which is a new distribution obviously angle for us, I think we have 25 active customers in our pipeline with AWS currently and that's up from 4 at the beginning of this year. So, we're seeing lots of traction as it relates to opening new doors with AWS and new channels of opportunity for that business.

Ashwin Vassant Shirvaikar

Analyst, Citigroup Global Markets, Inc.



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Yeah. Yeah. And I appreciate those data points that are quite useful. Can I shift to B2B and you obviously announced mandatory one of the questions I get is, there can't be just one and you're going to make lots of different acquisitions in B2B to be build it out now. How would you respond to that?

Cameron M. Bready

President & Chief Operating Officer, Global Payments, Inc.

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Yeah. I think it gets into a broader conversation around capital allocation that we could – we can perhaps come to in a minute. But if you just specifically think about the B2B space, clearly what's most attractive to us about the B2B market is it really checks all the boxes that we kind of think about as we want to expand our business into new areas. First of all, it's a massive TAM, \$125 trillion of spend globally. Two, it's highly fragmented. Three, it's a bit antiquated in terms of how payments are actually executed today and it's ripe for technology disruption. And four, we think we have competitive advantages that we can bring to bear on that market that will make it an outsized growth opportunity for our business long-term.

So, as I step back and think about where we are and where we might want to go, we're obviously delighted with the kind of existing base of business we have as we talked about, we have even before MineralTree nearly \$600 million of revenue that's B2B orient today, spanning a variety of capabilities from AR technology to commercial card capabilities, virtual card capabilities, payroll solutions, both payroll capabilities as well as Tip Card, EWA, et cetera. So we have a nice suite of B2B capabilities and of course, we can drive payment out and payment in capabilities for business customers as well.

What MineralTree really does is it provides us software at the heart of that offering, allowing us to wrap kind of a full end-to-end solution that we can bring to bear on the market, which we think is going to be very attractive for us and again generate outsized growth potential for us in the B2B space. Longer term, obviously more scale and B2B will be helpful. It's a massive market, so the more that we can add to our existing base of business, the more we can scale that, obviously the more opportunity we think we'll have for growth and expansion. And obviously, we are constantly looking for ways to add more technology, software to our offerings, think more now on the AR side, we're well suited on the AP side with MineralTree, there may be more to do on the AR side that we could obviously combine with our acceptance capabilities, again helping to round out the full ecosystem on the AR side and match with the AP capabilities.

So, there are other things that we are thinking about, we're really happy with the position we have. We think we're again one of the leading players in B2B with tremendous growth opportunities in front of us and it's now a core part of our strategy. So, like all elements of our strategy over time, we're certainly open minded to exploring more M&A as a means by which to continue to execute against that strategy and obviously augment that strategy.

Ashwin Vassant Shirvaikar

Analyst, Citigroup Global Markets, Inc.

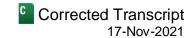
Yeah. That makes more sense. As we're running upon time, I want to take you up on what you just said and can ramp up with a capital allocation discussion?

Cameron M. Bready

President & Chief Operating Officer, Global Payments, Inc.

Sure. Well, I may start by saying, well, we've had a fairly, over the last couple of years in particular, I'd say over a long period of time, more of our capital has obviously been focused on investing to grow and expand our business. That's always been our highest priority and I think that has served us very, very well and helped position us to where we are today as a business matter in terms of the technology capabilities, the software

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capabilities, the distribution, the faster market exposure that we have. All of those things have been benefited by our M&A activities over the last call it eight years.

I would say over the last couple of years in particular, our view on capital allocation has been more balanced in the course of the pandemic. And I was actually looking at it the other day and we're almost exactly \$2.5 billion, \$2.5 billion since the end of 2019, split between share repurchases and investments in M&A in the business. So, about \$5 billion capital deployed, almost equally split between those two channels over the last almost two years. So, that's about as balanced as you can be. I would say, however, sitting here in this moment in time, we are struck by the massive disconnect between the financial fundamentals of our business and our market valuation. And see, obviously buying back our shares is a compelling value creation opportunity for our shareholders and it's one that you really just can't ignore. And as we look at the market environments and we see kind of where the valuation of the business is, it just makes the hurdle for M&A that much higher.

So, I think although our philosophy around capital allocation really hasn't changed, I think we continue to have a balanced view. I think it's fair to say in the near-term, our fingers on the sort of the share repurchase side of the scale and we're likely to obviously deploy more capital in that direction in the short- to medium-term while we're in this moment in time, because we just think the value creation opportunity is too compelling to ignore.

We continue to be focused on long-term value creation for our shareholders and we're not close minded to M&A as I said before. But the hurdle for M&A is very high and again, the massive disconnect in the market valuation just creates a really compelling opportunity and one that we think we need to take advantage of for the benefit of our shareholders. But long-term, I fully expect M&A to continue to be a means by which we position the business for growth and success and expansion over a longer period of time. I think in the near-term, we're going to tip the scale a little bit more towards what we see as the most compelling value creation opportunity.

Ashwin Vassant Shirvaikar

Analyst, Citigroup Global Markets, Inc.

That's very clear. Now, thank you for that. We are a few minutes over. So, I want to say, Cameron, as always, a pleasure. Thank you for your insights. This has been great. And really appreciate you being part of our conference.

Cameron M. Bready

President & Chief Operating Officer, Global Payments, Inc.

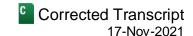
Well, thank you so much for having me. It's always [Technical Difficulty] (00:38:49) hope everyone has a wonderful day. Thanks for your interest in Global Payments.

Ashwin Vassant Shirvaikar

Analyst, Citigroup Global Markets, Inc.

Yeah. Thanks.

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