

02-May-2019

# Global Payments, Inc. (GPN)

Q1 2019 Earnings Call

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# MANAGEMENT DISCUSSION SECTION

**Operator**: Ladies and gentlemen, thank you for standing by and welcome to the Global Payments 2019 First Quarter Earnings Conference Call. At this time all participants are in a listen-only mode. Later we will open the lines for your questions and answers. [Operator Instructions] And as a reminder, today's conference will be recorded. At this time, I would like to turn the conference over to your host, Vice President, Investor Relations, Winnie Smith. Please go ahead.

### Winnie Smith

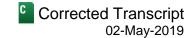
Vice President-Investor Relations, Global Payments, Inc.

Good morning and welcome to Global Payments first quarter 2019 conference call. Before we begin, I'd like to remind you that some of the comments made by management during today's conference call contain forward-looking statements which are subject to risks and uncertainties discussed in our SEC filings including our most recent 10-K and any subsequent filings. These risks and uncertainties could cause actual results to differ materially. We caution you not to place undue reliance on these statements.

Forward-looking statements during this call speak only as of the date of this call and we undertake no obligation to update them. Some of the comments made referred to non-GAAP measures such as adjusted net revenue, adjusted net revenue plus network fees, adjusted operating margin and adjusted earnings per share which we believe are more reflective of our ongoing performance.

For a full reconciliation of these and other non-GAAP financial measures, to the most comparable GAAP measure in accordance with SEC regulations, please see our press release furnished as an exhibit to our Form 8-K filed

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this morning and our trended financial highlights, both of which are available in the Investor Relations area of our website at www.globalpaymentsinc.com. Joining me on the call are Jeff Sloan, CEO; and Cameron Bready, Senior Executive Vice President and CFO.

Now I'll turn the call over to Jeff.

### Jeffrey S. Sloan

Chief Executive Officer & Director, Global Payments, Inc.

We are delighted to have delivered yet another quarter of outstanding results, further demonstrating the differentiated nature of our business model. We generated double-digit organic growth in each region in the first quarter of 2019 expanded adjusted margins by 110 basis points and grew our adjusted earnings per share of 19%.

Our success in generating consistent industry-leading results is enabled by the multiyear investments we have made in distribution and technology to ensure our payments solutions are distinctive and defensible. We've built a competitive moat with a scale ecosystem across our markets that gives us confidence in our ability to sustain growth and remain at the forefront of innovation. And we are balanced across the core elements of our strategy, a mix of software, partnered and owned market-leading e-commerce and omni-channel solutions and exposure to faster growth geographies.

Let's start with our partnered software business led by OpenEdge. Growth accelerated at OpenEdge in the first quarter and we produced one of our best top-line quarters in several years. As we highlighted in our fourth quarter call, OpenEdge signed a record number of new ISV partners in 2018 which is helping drive momentum in 2019. We're off to a solid start with our newest partners and have already closed with 122 municipalities through our relationship with Tyler Technologies and approximately 1,000 chiropractic offices through our partnership with ChiroTouch.

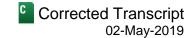
We also completed our integrations with ASI and Gather Technologies and will launch with both partners this quarter. Not all integrated is created equal and the proof is in our results as we continue to realize strong growth in this channel and extend our lead versus our legacy competition.

As for our owned software assets, we achieved very good results across the portfolio in the first quarter. ACTIVE's bookings trends remain favorable and we enhanced our relationship with IRONMAN and added two new large community partners in the quarter.

AdvancedMD, or AMD, also generated robust bookings growth in the quarter while referrals to and from OpenEdge have increased substantially year-to-date. AMD has increasingly streamlined its interfaces with OpenEdge to simplify the user experience and we're making it easier for patients to make payments at point of service for copays and outstanding balances. Additionally, AMD is deepening its practice relationships by now offering the Heartland payroll module as part of its bundled solution.

Our ability to effectively cross sell highlights the enhanced alignment among our sales teams in just a few short months since the acquisition. We are leveraging our distribution and payments capabilities at AMD to scale our solutions and accelerate growth in one of the largest addressable vertical markets in the United States. And consistent with our core edge operating strategies, we have made progress in enhancing AMD's technology, regulatory and compliance environments by extending our best practices to their businesses.

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We believe that the market is beginning to take note of our distinctive solutions that span the full value stack. For example, a recent sell-side survey of acquiring industry participants concluded, first, that payments companies owning vertical-specific software was the preferred strategy to enhance market share. And second, that that trend toward ownership was increasing over time. In fact, the same survey highlighted restaurants, education and healthcare as the leading verticals for payments and software integrations and today we own solutions in all three.

Key to success of our strategy is diversity of distribution and we believe that our results reinforce the survey's conclusions regarding the superiority of our model. Take for example, the restaurant and food service vertical, which is one of our largest markets. That market is the quintessential example of the type of segment we target. It is sizable, worldwide in scope, defensible, and one in which owning the entire value stack is critical across all segments of the market.

Global Payments provides leading cloud-based software and payment solutions that are scalable and customizable for any size restaurant, from the taco truck to Taco Bell. Each of our restaurant solutions serves as a gateway into the extensive ecosystem of products and capabilities in our portfolio, as merchants in this market are increasingly looking for a single platform to manage every aspect of their growing businesses with zero friction and increasingly in a cloud and on a SaaS basis.

To gauge the scope of our competitive differentiation, it is worth spending some time describing our payment and software solutions based on how the market is principally segmented; that is, by the size of customer.

Starting with a food truck or small caterer, we provide best-in-class mobile-based point of sale solutions for all types of card payments through Heartland Mobile. Built for both iOS and Android operating systems, the interface is intuitive and easy to use with simple menu entry and reporting. With self-select onboarding, a food truck operator can be up and running in less than 24 hours.

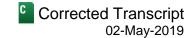
At the same time, we provide full high touch support for those customers that need it, which is unique to Global Payments at this end of the market. Further, we can deliver email and text invoicing, analytics, marketing and lending, among other services. These solutions positioned Heartland Mobile as one of the most extensive small merchant offerings available in the United States and Canada today.

Moving up the restaurant vertical in size, we've recently released the feature-rich Heartland Register to single location coffee shops, bakeries, or basic counter service establishments. The Register is our newest point of sale solution with straightforward order entry and fast check out. In addition to functional requirements like a receipt printer and cash drawer, the application includes an extensive suite of business solutions like email marketing, analytics, capital and instant deposit to name a few. The breadth of cutting-edge products and high-tech functionality we are introducing at this level in the market is unique and precisely why we are winning.

Our breadth of distribution in this segment is unrivaled, as is the 24/7/365 support we offer our customers at this size of the market. Heartland Register will be broadly available in the United States both online for self-select merchants and for purchase through our Heartland sales professionals.

For the more complex restaurant with up to 100 locations, we deliver highly customized, vertically fluent software to 135,000 establishments via our cloud-based Heartland Restaurant solution. This includes sophisticated kitchen management, mobile and online ordering, unattended kiosk and pay-at-table functionality with remote management across multiple locations.

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Additionally, Heartland Restaurant currently has integrations with over 100 software partners with many more in process. This open architecture allows our customers to tap into delivery services, accounting applications, inventory management software and other disruptive technologies at the point of sale. Also seamlessly delivered on the same platform, SaaS features like payroll, employee scheduling, analytics, email marketing as well as lending make this a comprehensive solution our legacy competitors simply cannot match.

This leading product suite is sold through our Heartland sales professionals and our longstanding network of over 300 dealers. Other cloud-based competitors lack the depth and breadth of our distribution assets and our dealer channel coupled with new industry leading products are key competitive advantages for Global Payments.

Finally, at the enterprise level, our combined Xenial SICOM platform provides a complete end-to-end SaaS solution for quick service restaurants, or QSRs, and food service management companies globally. Specifically, in the front of house, our software capabilities include point of sale systems, dynamic digital menu boards, kiosks and mobile ordering. For the middle of house, we provide multi-location kitchen drive through and inventory management solutions. And finally, our back of house offering includes data and analytics, loyalty, customer engagement as well as payroll scheduling and procurement.

We have a rich pipeline of new products in our queue. For example, we are currently testing artificial intelligence, or AI, to help enhance the drive-through experience which generally represents two-thirds of sales at QSRs. Specifically, we are constructing the drive-through of the future with our leading QSR customers, utilizing technology such as exterior digital menu boards, voice recognition and mobile interfaces. At just one use case, we expect to be able to offer customized menu recommendations derived from past order data and indicated preferences generated by AI.

We believe there is significant demand for us to expand the pie with our leading customers offering further opportunities to accelerate growth. Our ability to serve as a comprehensive solution provider for the cloud-based software and payments needs are some of the most complex franchises in the restaurant vertical is unique in the industry as our competitors are primarily legacy on-premise providers or limited in offering scope, typically providing front of house or point of sale solutions only.

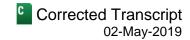
We are proud of the company we keep and today our list of customers includes 21 of QSR magazine top 40 ranked brands, including Burger King, Taco Bell, Tim Hortons and Wendy's. As we continue to combine Xenial and SICOM, we have already been able to successfully cross sell the Xenial customer engagement solution to two large SICOM enterprise customers.

Additionally, we are in discussions with a large Xenial customer to expand our partnership to the middle of the house with SICOM Chef, our kitchen management system. It is also notable that the Xenial point of sale solution has won four of its past last five RFPs.

We are also excited about the scope of our business in the food service industry, a new \$2.5 billion TAM across 650,000 locations worldwide that we entered with the SICOM acquisition. Compass and Sodexo are two of the largest providers of corporate food services globally and we are pleased to serve both in multiple geographies. We look forward to deploying additional technologies including kiosks and mobile ordering into their corporate customers as well as adding new geographies. Stay tuned.

With both our QSR and food service management partners, we further differentiate our competitive position with an established worldwide footprint with our solutions currently deployed across 62 countries in the Americas, Europe and Asia. We are leveraging our international reach and leading partnerships to bring our technology

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solutions to additional faster growth markets, not only in the restaurant vertical but across our entire software driven payments portfolio.

We also seek to further capitalize on our leading technologies, distribution capabilities and unmatched footprint by expanding into new geographic areas. To that end, we are pleased to announce that we are expanding our partnership with Erste into its home country of Austria later this month. We expect favorable secular trends in this market in combination with our distinctive partnership and innovative software and e-commerce and omni-channel offerings to drive strong growth through our joint venture in Central Europe once we have scaled our business.

Expansion of our existing partnerships into new markets such as Mexico and soon to come Austria highlights the durability of our global relationship and just how different our value proposition is from our legacy peers.

Across our businesses, we have made substantial investments in technology and partnerships over the last half decade, creating a distinctive, differentiated, resilient and defensible business model that is at scale globally where scale matters. Over the past year, we have provided our detailed views of market segmentation, our go to market strategies and competition by category for our largest businesses including integrated and vertical markets in March of 2018, e-commerce and omni-channel this past October and now the global restaurant and food service management markets.

We trust these reviews provide a firm sense of why and where we are winning every day globally. We're very pleased with our first quarter 2019 and our trajectory for future growth, both of which are the best indicators of our ongoing confidence in our differentiated strategy.

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

### Cameron M. Bready

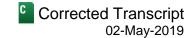
Senior Executive Vice President & Chief Financial Officer, Global Payments, Inc.

Thanks, Jeff, and good morning, everyone. Our first quarter results marked an exceptional start to the year as we again delivered strong financial performance across our businesses and geographies. Consolidated adjusted net revenue plus network fees for the first quarter was \$1.043 billion, a 13% increase over 2018, or nearly 16% on a constant currency basis, adjusted earnings per share was \$1.34, reflecting growth of 19% and adjusted operating margin expanded 110 basis points to 31.5%. On a constant currency basis, adjusted earnings per share grew approximately 22%.

In our North American segment, adjusted net revenue plus network fees was \$786 million representing growth of more than 16% from the prior year period. This included an approximately 100 basis point headwind from the weakness in the Canadian dollar. Our North American results were driven by our U.S. direct distribution business which once again delivered low double digit normalized organic growth, led by strength in our integrated and vertical markets businesses. We continue to see high single-digit growth in our U.S. relationship led channel in the quarter while our wholesale channel declined high-teens, consistent with our expectations. Our recent acquisitions AdvancedMD and SICOM contributed approximately \$57 million in the quarter.

Our Canadian business grew low single digits in local currency which was more than offset by headwinds from the Canadian dollar. Including this headwind, Canadian results declined low single digits on a reported basis. Adjusted operating margin in North America expanded 180 basis points to 33.4%. Margin improvement was driven by strong organic trends in our technology-enabled businesses and solid execution which more than offset modest pressure from our recent acquisitions, as expected, and the impact of weakness in the Canadian dollar.

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Turning to Europe, reported adjusted net revenues plus network fees for the first quarter increased 2% to \$174 million, or approximately 10% on a constant currency basis. As anticipated, strong local currency growth in Europe was impacted by an approximately 850 basis point headwind from foreign currency conversion. Local currency growth was led by our businesses in Spain and Central Europe which delivered mid and high-teens organic growth respectively as we benefited from a relatively favorable macro backdrop as well as share gains from terrific execution with our partners.

Likewise, we saw continued strength in our e-commerce and omni-channel solutions business in the region, which were in mid-teens as we continue to win in the market with our differentiated offerings, including elements of our new unified commerce platform that launched this quarter. European adjusted operating margin was 46% for the quarter, up 50 basis points as compared against 2018, reflecting the benefit of strong organic growth trends in the region and the timing of investments partially offset by foreign currency headwinds.

Moving to our Asia-Pacific business, reported adjusted net revenue plus network fees grew over 7% to \$83 million or approximately 13% on a constant currency basis. Again, as expected, our low double digit local currency organic growth in the region and the addition of Central was partially offset by a 600 basis point headwind from foreign currency conversion. Our local currency growth benefited from continued strong trends across our key markets including Hong Kong, Taiwan, India and Australia in the quarter. Adjusted operating margin in Asia expanded an impressive 280 basis points driven by robust organic growth and outstanding execution despite pressure from currency and continued reinvestment in the business.

As of the end of the quarter, our leverage remained below 3.4 times, comfortably within our targeted range. During the quarter, we invested approximately \$55 million in capital expenditures and returned approximately \$155 million to shareholders through our share repurchase program. More specifically, we repurchased approximately 1.3 million shares at an average price of \$122 per share. Consistent with our stated capital allocation strategy in the absence of additional near-term opportunities to invest and grow the business, we look to return capital to shareholders in the most efficient manner possible. Given the value we are creating in the business, we believe our share repurchase program has been a very good investment as well.

As a result of our strong performance in the first quarter, we are raising our outlook for 2019. We now expect adjusted net revenues plus network fees to range from \$4.44 billion to \$4.49 billion, reflecting growth of 12% to 13% over 2018, or 14% to 15% on a constant currency basis. Adjusted operating margin is now expected to expand by up to 80 basis points.

Lastly, we are increasing our adjusted earnings per share outlook to a range of \$5.95 to \$6.12, reflecting growth of 15% to 18% over 2018. It is also worth noting that our adjusted net revenue plus network fees and adjusted earnings per share expectations for 2019 now include nearly 0.5 point of incremental foreign currency headwinds relative to what we were forecasting at the time of our initial guide in February.

Our updated outlook reflects the strength and resiliency of our business model as well as our confidence in our ability to sustain the underlying momentum enabled by our strategy. We could not be more excited about the opportunities ahead as we build upon our competitive advantages to continue to deliver industry leading results and drive long-term value for our shareholders.

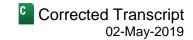
With that, I will turn the call back over to Jeff.

Jeffrey S. Sloan

Chief Executive Officer & Director, Global Payments, Inc.



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Thanks, Cameron. Technology continues to transform our industry and our targeted investments over the last half decade plus have positioned us at the forefront of an ever-changing business. Recent industry consolidation further validates the wisdom of our business model as our competitive moat continues to widen. We believe that we are playing a leading role in accelerating the pivot in our industry toward technology. While it's gratifying to see that leadership receive third-party validation, it is most heartening to see that success through our ongoing operating and financial results, the confidence and morale of our colleagues and the momentum that our business exhibits.

We concentrate on the intersection of the ongoing digitization of payments in the physical and virtual worlds and the ascension of cloud-based SaaS computing among our merchant customers. We cannot think of a better place to be positioned. We are excited about the significant opportunities ahead of us to sustain our industry leading performance and expand share well into the next decade.

Winnie?

#### Winnie Smith

Vice President-Investor Relations, Global Payments, Inc.

Before we begin our question-and-answer session, I'd like to ask everyone to limit their questions to one with one follow-up to accommodate everyone in the queue. Thank you.

Operator, we will now go to questions.

### QUESTION AND ANSWER SECTION

**Operator**: Thank you, ma'am. [Operator Instructions] And our first question will come from the line of George Mihalos with Cowen. Your line is now open.

George Mihalos

Analyst, Cowen & Co. LLC

Hey. Good morning, guys, and congrats on another very strong quarter.

Jeffrey S. Sloan

Chief Executive Officer & Director, Global Payments, Inc.

Thanks, George.

George Mihalos

Analyst, Cowen & Co. LLC

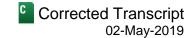
To kick things off, maybe on the margin sides because that outperformed our expectations considerably, I guess you're starting the year up 110 basis points. That includes FX pressure. You're guiding to 80 bps for the full year. Should we assume that there will be an increase in some discretionary spend? And then also the margins in APAC were extraordinarily strong, I think the strongest ever, anything to kind of call out there?

Cameron M. Bready

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

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Yeah, George. It's Cameron. I'll start and ask Jeff to chime in if he has any additional color he'd like to add. You're right as it relates to the way we're guiding for the full year. The guide obviously reflects ongoing investment back into the business. A few specific things obviously, here in North America, are going to be around our vertical market and software businesses where we continue to invest in new product, new feature functionality, and the software solutions to drive that top-line growth. So we have a fairly healthy amount of investment associated with that plan for the back three quarters of the year.

In Europe, as we highlighted in our script, we're entering into Austria. There's a fair amount of investment to get that new proposition up and running with our partner Erste Bank. But we're obviously excited about the opportunity to enter a new market with our strong partner and obviously the growth potential that provides for our Central European business going forward.

And then lastly with respect to Asia, I think what we're seeing in Asia is much of the same thing we've talked about – excuse me – the same theme we've talked about over the last couple of years which is really increased scale. As we made investments in that region, we further diversified our business away from the Greater China markets. We've obviously been able to expand margins fairly meaningfully over the past few years and, of course, the first quarter was no exception to that. We do have, again, more investments planned in the back three quarters of the year in Asia. That will result in overall margin expansion in Asia, not to the same level that we saw on the first quarter, but we expect margins to expand very nicely in Asia for the full year period.

George Mihalos

Analyst, Cowen & Co. LLC

Okay. That's interesting and helpful.

Cameron M. Bready

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

And also, just on that question is we obviously updated as a result of the first quarter strength, our outlook for margin expansion for the full year to up to 80 basis points from our prior up to 70 basis points.

George Mihalos

Analyst, Cowen & Co. LLC

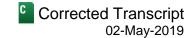
Jeff, you spent a lot of time talking about the restaurant vertical and your positioning there. I think at the time of the Heartland acquisition, the average merchant was, call it, doing about 500,000 of volume or so. Has that changed materially over the last few years? And any sort of updated thoughts around, if you sort of segment the market at the high end and low end, maybe a bit of a different approach as going via partners or just owning the software and going direct for sort of specific segmentation of the restaurant market?

Jeffrey S. Sloan

Chief Executive Officer & Director, Global Payments, Inc.

Yeah, thanks, George. That's a great question. So, we provide a lot of segmentation detail on the restaurant strategy tables in the prepared remarks, as well as online with our slides. So I'll take your questions in series here. First as a size matter, the answer is no. It's still about the same size as it relates to the core Heartland, what's called Heartland Restaurant on the slides that you'll see online. But of course, what is different is, first, the addition of SICOM. So, the partnership with SICOM that we announced in October is primarily at the enterprise, QSR and food service management vertical. That not surprisingly has a higher average than the 500,000.

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As I mentioned in our prepared remarks, every Burger King in the United States, every Tim Hortons in North America, not surprising that's a little bigger than the legacy Heartland business from three plus years ago at the time of that merger. The other thing I'd say is we do look at market differently depending on the different channels. What I would say though that's distinctive to Global Payments is in each instance we have the full breadth of distribution. So we go from self-select online in the case of Heartland Mobile all the way through direct sales in each instance, up to and including our dealer base in Heartland Restaurant.

So, I think what is distinctive about us, George, and I hope it came through in the prepared remarks and online is, no one really has the breadth of coverage we do in the United States and globally in terms of distribution. We're incredibly proud of the efforts and success that our partners at Heartland and Xenial and SICOM have had on a direct basis, and also in certain markets in conjunction with dealers. And our strategy, as you can tell from the numbers we reported today, is really winning across the breadth of the restaurant chain. So I do think it depends on the type of customer you're talking about in terms of size, and it depends on the type of distribution you're describing. I think what these results show is that it's distinctive in each case.

George Mihalos

Analyst, Cowen & Co. LLC

Thank you.

Jeffrey S. Sloan

Chief Executive Officer & Director, Global Payments, Inc.

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Thanks, George.

**Operator**: Thank you. And our next question will come from line of Bob Napoli with William Blair. Your line is now open.

Robert Napoli

Analyst, William Blair & Co. LLC



Thank you. Good morning and also congratulations on a solid quarter and the investments that you're making, certainly in the right direction. Jeff, when you talk about comparing Global to the legacy competitors, the market as you suggested, the transformation of the industry is happening at a rapid pace and the competition is changing in many ways. I just wondered what your thoughts were on what that means for Global, like the merger of FIS and First Data – I'm sorry – FIS and Worldpay, Fiserv, First Data – IBM's growth, the growth of Square in a different model, if you would.

There's a lot of change in that legacy competitor is kind of going away. I'm not sure who the legacy is amongst this group. But what are your thoughts on the rapid change that you're seeing in the market and what that means for Global?

Jeffrey S. Sloan

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Chief Executive Officer & Director, Global Payments, Inc.

Yeah, Bob, thanks. It's a great question. What I would say is that the recent announcements in the competitive environment really validate the technology-enabled strategy that we've adopted over the last five plus years. And I think the results you saw today, the results you saw in 2017 and 2018, our increase guide for the remainder of this year, our cycle guidance, I think reflects the confidence in our business. As much is anything, I think some of the transactions you announced are for folks who have a lesser differentiated strategy than we do in a very commoditized market.

I think if you step back for a second as we just finished describing, our strategy is a company over the last five plus years and going forward is to really combine leading-edge technology with defensible and distinctive distribution. Those investments in technology and software-driven channels really provide very significantly competitive moat to where we're at. So for example, in comparison to some of the companies that you mentioned, we're squarely focused on different sized customers, that is SMBs, different geographies, so we're in 32 countries, soon to be 33 with Austria. The UK is only 8% of our business. We have differentiated distribution, self-select all the way up through one of largest direct selling tech sales forces in the world and different types of asset composition which is owned as well as partnered software.

So if you step back for a second, Bob, what I would say is those announced transactions, people coming in this space and everything else I think is a direct reflection and validation of all the things that we've been doing and that's how we're generating the kind of results that we've been generating. It's gratifying to see folks announce that they think they can go into additional markets overseas because of the partnerships and the mergers that have been announced.

The truth is we have \$1 billion plus of revenue today growing double-digits organically in 31 countries outside the United States, with 4,000 people in those markets up and running today with direct sales, licensing, operating, tech, direct membership in most countries into Visa and Mastercard, our own the settlement facilities et cetera. So it's gratifying to see that other people think that's the right strategy, we've been doing that for a long time and that's reflected in the results that you see today.

Robert Napoli

Analyst, William Blair & Co. LLC

Thank you. And a follow-up question is that now that you are so global one, you've built over the years. I mean Mastercard I think said that they had 20 to 30 deals in their pipeline that they're reviewing. There is so much going on in the private markets, not just in the U.S. in FinTech but globally with your position, I guess, what are your thoughts on where you would look next, what is most important in expanding your business from an inorganic perspective?

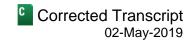
Jeffrey S. Sloan

Chief Executive Officer & Director, Global Payments, Inc.

Sure. So the pipeline remains full. I think Cameron in his prepared remarks commented on our balance sheet and capital profile today which is right in the middle of our range that we've been managing to over a period of year. So, the pipeline is full now. What's in the pipeline is I'd say it's a mix of vertical software assets, it's a mix of new geographies, it's a mix of additional scale and geographies that we're already in. I would say those never preclude horizontal consolidation, of course, we're very pleased and if you look at slide 5 on restaurant distribution strategy, we couldn't be more pleased with our partnership with Heartland and you can see how core that is to what we do every day.

So I certainly would not rule out any further horizontal distribution. So I would say it's wide open, Bob, in terms of the types of things that we're looking at. I would say that in the nine plus years I've been at the company, I don't think we've ever had more and more high quality opportunities to expand our business organically. The important thing for us is to make the right decisions, as we have done historically as to where to go with those things. But between our capital flexibility and the opportunities in front of us, we have a very long runway to go to provide further organic and inorganic growth.

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Analyst, William Blair & Co. LLC

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Thank you. Appreciate it.

Jeffrey S. Sloan

Chief Executive Officer & Director, Global Payments, Inc.

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Thanks, Bob.

**Operator**: Thank you. Our next question will come from the line of Jim Schneider with Goldman Sachs. Your line is now open.

James Schneider

Analyst, Goldman Sachs & Co. LLC

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Good morning. Thanks for taking my question. Maybe, Jeff, I was wondering if you could – it was very helpful, the color you provided on the software strategy, but maybe can you give us a sense about with the assets that you've owned some time, for example, ACTIVE and others, how we – kind of software employees have trended your ability to retain those and kind of keep your existing software assets fresh?

Jeffrey S. Sloan

Chief Executive Officer & Director, Global Payments, Inc.



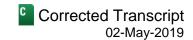
Yes. Sure, Jim. Happy to do it. So we've been very pleased with employee retention, motivation, attraction new employees across all our businesses including in particular an ACTIVE, AdvancedMD and all of our technology enabled businesses. If you backup first, I think I think I probably told you before, Jim, that when we first partnered with APT back in October 2012, it was one of our big concerns. I remember showing at that meeting, Jim, and you will appreciate this, we used to wear suits, no ties here, and I kind of showed up at APT in the summer of 2012 in Utah and they were jeans and casual. And as you know, as today, Jim, we're pretty jeans and casual around the rest of company.

So I would say we've come a long way. The folks who are running AdvancedMD today, who are running ACTIVE today, by the way, the folks who are running OpenEdge, APT and PayPros today are folks who were employees of those companies, Jim, seven years later at the time that we did those transactions. The folks running Realex today are employees of those companies that we did four and five years ago, same thing is true with Ezidebit in Australia and New Zealand.

So certainly something, Jim, we were very focused on, especially when we first did the partnership with APT seven years ago, but something that's very greatly been to our benefit over the last half decade or plus. We track retention and attrition statistics monthly at Global Payments around all of our businesses and our results in terms of retention have been very consistently good. So we're really pleased with where we are. I think people are excited with the investments that we continue to make into additional vertical markets and software and new geographies with the businesses that we're in.

I think we also provide unusual opportunities in terms of mobility, globally for folks who are running those businesses for us around the world. So it's really been very much a success story, something we were focused on initially, but I think in fact over time, it's been a very good outcome.

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#### James Schneider

Analyst, Goldman Sachs & Co. LLC

That's helpful. Thanks. And then maybe as a follow up, could you give us maybe a bit of a preview in terms of additional verticals you might seek to target? I think you kind of alluded to some comments around the government vertical in your prepared remarks, but maybe talk about whether in that vertical you think any M&A could make sense? Or there is any assets out there that could be potentially attractive than any other verticals you're focused on? Thank you.

Cameron M. Bready

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

Yeah, Jim. It's Cameron. Maybe I'll jump in on that one, if you don't mind. So it's not surprisingly, we probably don't want to give a lot of specific color about vertical markets that we may be targeting for competitive reasons. As you can imagine and I think we've talked about this fairly extensively previously, we really target markets based on the size of the market opportunity. We look at markets where we have an opportunity to acquire the number one, two, or three player where you're operating in a highly fragmented market with a lot of opportunity for software growth as well as obviously the opportunity to monetize payments where there is a strong nexus between software and payments. We also look at vertical markets that have some broad-based international applicability where obviously by owning the underlying technology ourselves we can determine the pace at which we look to export those solutions and bring them to other markets outside of the U.S. where we operate today.

So that's generally kind of how we think about the market opportunity, obviously to deploy more capital from an acquisition standpoint. And we obviously weigh that against those markets where we already have strong partnerships today to make sure that we are obviously managing kind of our own software strategy expansion visà-vis our partnership model which has been highly successful for us and continues to grow at a very nice pace. So you can probably draw your own conclusions of what markets would and what verticals would meet those criteria, but that's generally how we think about the marketplace without getting into specific verticals or specific targets.

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Analyst, Goldman Sachs & Co. LLC

Great. Thank you very much.

### Jeffrey S. Sloan

Chief Executive Officer & Director, Global Payments, Inc.

Thanks, Jim.

### Cameron M. Bready

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

Thanks, Jim.

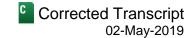
**Operator**: Thank you. And our next question will come from the line of Jason Kupferberg with Bank of America Merrill Lynch. Your line is open.

Jason Kupferberg

Analyst, Bank of America Merrill Lynch



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Hey. Thanks, guys. I wanted to actually circle back on the restaurant vertical. I appreciate the deep dive there. Can you give us an update just in terms of how big this vertical now is as a percentage of total revenue? How much of it now is software versus processing? And how does the margin in restaurants compared to the company average?

Cameron M. Bready

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

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Yeah, relative to Global Payments, the software side of the business is probably in the neighborhood of a couple of hundred million dollars for Xenial and SICOM at the enterprise phase, and below that it's going to be probably across the rest of the vertical another couple of hundred million dollars, rough guess, across the mid and small end of the market where we have Heartland Mobile, Heartland Register, and Heartland Restaurant as well.

So today I would say roughly half of that revenue is probably software-driven, again with the majority of that at the Xenial SICOM level. As you'll recall, SICOM doesn't or has not historically provided payment services to its customers, so that's a cross-sell opportunity that we're looking to execute against currently. So that will increase the size of payment revenue in that segment of the market for us over time. But sitting here today, it's a fairly large vertical market for us particularly across the software and payments aspects of the business.

Jason Kupferberg

Analyst, Bank of America Merrill Lynch

Q

Okay. And I guess just maybe zooming out for a minute from a macro standpoint, Jeff, I wanted to get your point of view on what you're seeing in terms of the underlying consumer. My guess is that your merchant mix may be not as sensitive to dynamics such as Easter that have been call outs for some others in the space. But just what are you seeing overall? Maybe take us around the world a little bit. I think you made a quick mention on a couple of countries overseas, but always love your thoughts from a macro standpoint.

Jeffrey S. Sloan

Chief Executive Officer & Director, Global Payments, Inc.

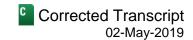


Yeah, Jason. It's Jeff. I'll start and Cameron may jump in. So I would say that the snapshot overall of the consumer is healthy. You saw the GDP number in the United States a day or two ago at over 3%, so one of the higher numbers that you've seen over the last number of years. But if you backup further and I think we said this in the February call, Jason, we were a little concerned in Canada and the United Kingdom in the last two weeks of December as we said I think in terms of healthy consumer. As you heard us say in the February call, that really kind of reversed in January. So you never know, Jason, in December if it's the weather, the day of the week that Christmas falls on, that kind of thing. It tends to be very holiday-driven, but that obviously flipped as we said in February for January. You can see that reflected really in our results today.

So those were things that we were watching for. We never really saw the impact in Asia. And if you go back to fall of 2018 when people were talking a lot about the tariffs, I think we said pretty consistently is the biggest impact for us was movements in FX and you can hear that today in Cameron's commentary, too. But it really wasn't the health of the consumer issue in APAC for us. And I think you can see that playing through the fourth quarter and now the first quarter of 2019, which is to say very consistent performance from the consumer in Asia-Pacific through the first quarter of 2019 with the 13% organic constant currency revenue growth rate that Cameron gave.

So I would say a lot around the world, Jason, very consistent with what we saw kind of in the February call timeframe, probably moderately better a little bit in the United States with that GDP trend that you saw the other day. But I would say the consumer remains fundamentally healthy.

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As it relates to Easter, that stuff is on a calendar and we know how to model that stuff. So regardless of what quarter things fall in, number of processing days, et cetera, we take those into account when we do our budgeting. So I'm always a bit bewildered when other folks point those out as being problems when a calendar is available for all of us to see.

Jason Kupferberg

Analyst, Bank of America Merrill Lynch

Right.

Cameron M. Bready

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

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And, Jason, it's Cameron. Maybe just a couple other points I'd add onto that as a reminder. In our largest market, in the U.S. market, we are skewed probably towards more consumer non-discretionary, so we do tend to see a little bit better trend even through an overall cycle than maybe other of our competitors might see, number one. Number two, where we do have more consumer discretionary exposure in areas like restaurant, again, we're skewed towards QSR where, again, even in a downturn we would see generally healthier performance as that is a market that tends to hold up a little bit better in those types of cycles as well.

The last thing I'd remind you, and we called this out obviously at the end of the year, as we pivoted the business towards more software, particularly more cloud-based software subscription type revenue streams, we've obviously built a more resilient, more predictable, more defensible business model as well, that's less susceptible to just the amount of transactions and volume that consumers are obviously transacting day in and day out. And that revenue stream for us is now nearly probably 20% of our total revenue globally.

So again, we think we've done all the right things to position the business for a variety of macro environments, but to Jeff's point, I would say the overall macro environment in Q1 was reasonably good relative to our expectations kind of going into the year.

Jason Kupferberg

Analyst, Bank of America Merrill Lynch

Okay. Great color. Nice numbers. Thanks, guy.

Jeffrey S. Sloan

Chief Executive Officer & Director, Global Payments, Inc.

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Thanks, Jason.

Cameron M. Bready

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

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Thanks, Jason.

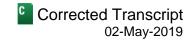
Operator: Thank you. Our next question comes from Darrin Peller with Wolfe Research. Your line is now open.

Darrin Peller

Analyst, Wolfe Research LLC

All right. Thanks. Hey, guys.

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#### Jeffrey S. Sloan

Chief Executive Officer & Director, Global Payments, Inc.

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Hey, Darrin.

#### Darrin Peller

Analyst, Wolfe Research LLC

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Just first question is – hey. Just on the OpenEdge business and generally just the integrated payments business, when we look at that market, I mean we've obviously been hearing more and more questions around competitive dynamics. And I know you touched on this a bit before, but your OpenEdge business continues to grow at a pretty strong, at a record rate, so it doesn't really look like we're seeing the evidence of that in your numbers at least yet.

And so I'd like to hear, is it you're doing something differently? Is that sustainable? Or are you seeing some of the ISVs try to do their own payments initiatives more so and is that having any impact on the business? Can you just give us more color there and then other partners in the pipeline?

### Jeffrey S. Sloan

Chief Executive Officer & Director, Global Payments, Inc.



Yeah, Darrin. It's Jeff. I'll start. So the answer is, yeah, we're winning. So if you go back to our February call, we announced three significant wins. I think all three were involved in RFPs. We gave more color this morning around Tyler and ASI and Gather and ChiroTouch, which were RFPs that we won toward the end of last year. And as we gave color this morning, we've actually rolled that out to a number of municipalities as well as chiropractors already, and those were all competitive bidding situations.

So I think part of the answer is I think we've done a very good job with our folks on the sales side. But I think part of the other answer is that we built a very good mousetrap. So putting aside execution of sales, which is critical, I'd also say that our ability to go multinational in scope, Tyler, for example is multinational in its nature. Our ability to offer cross-border as well as native in other markets like Canada and the United Kingdom, our ability to offer OpenEdge like products to partner with ISPs on a multinational basis is really very distinctive to us. I'd also say our architecture in OpenEdge is something, as Cameron alluded to, we've made a lot of investment in. It's APIcentric. It's mobile-based in a lot of cases. And not everybody has those things, particularly in multiple jurisdictions.

Lastly, as I'd say as it relates to your question about the VAR ISO or the PayPac, that was a concern when we first bought APT seven years ago. That concern really has been, in fact, unfounded as it relates to at least our business. So in fact, we tend to find that our partners are focused on growing their software revenue base. I think they've realized that we're good and have scale in what we do. With some of these large companies that we've announced partnerships with recently, it's not been an issue. Obviously, as time goes on and volumes go up in all of our businesses, not just in integrative rev-share change, that's the nature of our business. But those are three to five-year agreements and we manage that as part of organic course.

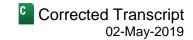
So my own view is that things haven't really changed that market. Of course, it's always been highly competitive. But I think we win with, to be honest, better sales, better execution, better technology in more markets, more multiple markets in which we can provide those solutions, and really the proof's in the pudding.

Darrin Peller

Analyst, Wolfe Research LLC

Okay. That's really helpful.

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### Cameron M. Bready

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

Yeah. And Darrin, it's Cameron. The only other thing I would add to that is we win even in those situations where often our competitors will offer a higher rev-share out of the gate. And that goes to show what we've been saying for years which is, number one, not all integrated is created equal. And two, the decision making process as it relates to the ISV involves a lot more than how much rev-share are you willing to give me. So I think our track record, the breadth and depth of capabilities we have across vertical markets with thousands of different partners, has really given us a nice competitive advantage in that space and I think you're seeing that play out in the results.

Darrin Peller

Analyst, Wolfe Research LLC

All right. Thanks. Just a quick follow up. I mean, one of the things we're trying to identify is the margin upside opportunity overall. You keep showing better results. And our view is that the greater the software penetration in your business the greater the margin opportunity. I mean where can margins get to longer term, in your mind, if you get the software to the run rate of revenue you want it to be? And is there ever going to be a big requirement of incremental investment to maintain the competitive edge there so that we shouldn't extrapolate that? Or can you just talk to that for a moment? Thanks again, guys.

Cameron M. Bready

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

Yeah, it's a good question, Darrin, and I appreciate the opportunity to talk about it. And I really think it depends to some degree on a couple of factors. One is the timeframe over which you're looking, of course. And then number two, how much software ultimately ends up comprising the base of business that we're operating here over the next several years. Obviously, the more software, the more SaaS-based, cloud-based businesses we add to the overall portfolio, the higher I think the sort of optimal margin opportunity is for the overall business.

So, if we traditionally talk about the payment side of the business, being able to get margins to the low- to mid-30s without having to make meaningfully more investment back in the business to continue to derive top line growth, I think we can drive that number higher as we add more software to the portfolio, so maybe to the mid- to high-30% range before we ultimately have to get to a point that we're driving more capital back into the business to make sure we're able to sustain the same levels of top-line growth in the company.

So that's generally the way we think about it. We think there's a lot of opportunity for further margin upside from here, largely driven by the mix shift that we're continuing to execute against. And as we add more software to the portfolio, I think that opportunity only increases. We're working to scale our software businesses. We're bringing to new markets around the globe. We're certainly not starving the business for capital today, so I think we're doing a very nice job of balancing the near-term margin expansion in the business with the investments that we're making back in the business to drive incremental growth and sustain the same high levels of growth in the business over the course of the next several years. And I think we'll continue to execute in that same manner going forward.

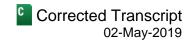
Darrin Peller

Analyst, Wolfe Research LLC

Great. Thanks, guys.



Q1 2019 Earnings Call



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Chief Executive Officer & Director, Global Payments, Inc.

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Thanks, Darrin.

Cameron M. Bready

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

Thanks, Darrin.

**Operator:** Thank you. And our next question will come from the line of Glenn Greene with Oppenheimer. Your line is now open.

Glenn Greene

Analyst, Oppenheimer & Co. Inc.

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Thanks. Good morning. Congratulations on the results and thanks for the restaurant update, Jeff.

Jeffrey S. Sloan



Chief Executive Officer & Director, Global Payments, Inc.

Thanks, Glenn.

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Glenn Greene

Analyst, Oppenheimer & Co. Inc.

I guess the first question, I just was curious to get an update on AdvancedMD, more specifically bookings trends, your payments penetration, do you expect the GPN direct sales force is sort of trained and moving the bookings needle at this point.

Jeffrey S. Sloan

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Chief Executive Officer & Director, Global Payments, Inc.

Yeah, Glenn, it's Jeff. I'll start it, so we actually made a fair amount of progress on the payments penetration that we alluded to at AdvancedMD. So what I would tell you is very substantial increase in leads to our OpenEdge partners. We spent a fair amount of time and capital in better integrating OpenEdge referrals into AdvancedMD on an automated basis, so that 20% number that we started with last year, we hope to make substantial progress in getting that to be closer to 50% over the next period of time.

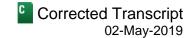
We also have rolled in payroll as we announced in our prepared remarks, so we're starting to integrate payroll into what we're offering to physicians' offices. So we feel really good about the progress we've made on the referral integration. If you step back further, it's not that particularly large of a business at AdvancedMD relative to the size of Global Payments, so additions in the seven figure range actually add meaningfully to what AdvancedMD is generating, but not going to make a big economic impact given our guide an overall Global Payments. But it's really important on us to be able to prove out the strategy to continue to develop the morale at AdvancedMD and here at Global Payments and at OpenEdge in our payroll department, so it's important strategically. It's not going to show up in a lot of these rental numbers, it's just blocking and tackling.

Cameron M. Bready

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

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Yeah, Glenn, it's Cameron. I would say, though, AdvancedMD did perform better than our expectations for the first quarter and that's why we're coming off strength in the back half of 2018 as the bookings matter. If you can understand there they appear to have gone between sort of a booking and obviously revenue generation for that business. The strength that we saw in the business in the back half of the year kind of leading into 2019, obviously positioned them to do better than frankly we had budgeted for the first quarter. Now to Jeff's point, it's not a huge amount in the grand scheme of over \$1 billion of revenue, but obviously every little bit helps.

Bookings in the first quarter were strong, above budget, so I think that bodes well for that business continuing to perform well through the balance of 2019 and hopefully we'll continue to exceed the expectations we've set for that team. So we're delighted with the progress thus far and continue to believe there's a lot of opportunity to grow and expand that business in a highly fragmented underpenetrated market.

Glenn Greene

Analyst, Oppenheimer & Co. Inc.

Okay. And then Cameron just on the back to margins, specifically in North America, about 180 basis points, and you think that was despite FX and M&A, so pretty phenomenal quarter from a profitability perspective. Anything unusual in the quarter, anything timing related? Is it more about business mix, is this sustainable?

Cameron M. Bready

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

It's a lot about business mix. I wouldn't want to suggest that we expect to see the rest of the three quarters of the year at that same expansion level as we are making investment back into the business. As I'm sure you appreciate, Glenn, starting out the year of the investment tend to go in a little bit slower and they ramp up as the year progresses. So I think the outlook for the full year kind of reflects that and we'll expect to see more investment kind of Q2, Q3 and Q4 as we continue to look to drive again higher rates of top-line growth and balancing reinvesting in the business with how much we want to flow through margins to the bottom line.

So I think obviously Q1 was better than our expectations from a margin standpoint, that's flowing through into the increased outlook for the full year, but our investment plans also remain on track for the full year as well.

Glenn Greene

Analyst, Oppenheimer & Co. Inc.

Okay. Thank you.

Jeffrey S. Sloan

Chief Executive Officer & Director, Global Payments, Inc.

Thanks, Glenn.

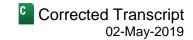
Cameron M. Bready

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

Thanks, Glenn.

**Operator:** Thank you. And our last question will come from the line of Andrew Jeffrey with SunTrust. Your line is now open.

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#### Andrew W. Jeffrey

Analyst, SunTrust Robinson Humphrey, Inc.

Hey. Good morning, guys. Appreciate you kind of fitting me in here at the end. As a follow-up to Bob's question in restaurants, he touched on sort of the competitive environment and how it's changing. More specifically, Jeff, I'm wondering if you can comment on the impressive amount of capital that's been raised by some of the so-called disruptors out there and how you view that relative to the competitive environment. Global has obviously made a lot of investments in infrastructure and service and technology, but I wonder if just philosophically or practically how you regard what that capital might mean from a competitive perspective?

Jeffrey S. Sloan

Chief Executive Officer & Director, Global Payments, Inc.

Yeah. It's a great question, Andrew. So we've looked at some of those companies that I think have done that on page 3 of the slides that we posted this morning. So I would say it's a good thing for our business that folks have done stuff like that because it pushes us to evolve even further and quicker and pay more attention than even we otherwise would. So I think what's distinctive about us, Andrew, other than making a profit, which I think is somewhat unique versus some of those folks who are raising the capital, is not only do we think we have market competitive to market leading products which we detail on the slides.

But, Andrew, we also have an existing sales force at Heartland and we also have more than 300 dealers already. In the case of Heartland restaurant, in the case of Xenial SICOM where those investments have also occurred at the enterprise level, we have more than 20 people doing direct sales at the enterprise QSR and food service level.

So I think it's absolutely a dogfight kind of business; it's very competitive for the reasons just alluded to. But the assets that we have that are unique that I think really help us here are not just leading edge products and technologies, but that distinctive distribution in terms of direct sales, in terms of partnership sales at the lower end of the market which is slightly different in terms of self-select. But at the high end of the market, those enterprise customers not just with direct sales but with multiple geographies, so we think about companies like Compass and Sodexo in the food service market which we referenced in our prepared remarks. Something like 650,000 locations across the number geographies and we're fortunate to have them as partners in multiple locations.

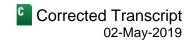
The broad-based nature and footprint of Global Payments physically in 32, soon to be in 33 countries in Austria doing business in nearly 60, really none of the start-ups and the folks who bring that capital, Andrew, really can say those things. So we'd remain with folks who need solutions not just in the United States, but also in Canada and in Mexico and across parts of Europe and Asia, you're really going to find it's a very thin list and raising capital without losing a lot of profit, it's not really going to help you when you're dealing with multi-hundred location restaurants or when you're dealing at the enterprise level. So listen, it's good news with that market type, we're competitive, but I do think at the end of the day it really plays to our strengths.

Andrew W. Jeffrey

Analyst, SunTrust Robinson Humphrey, Inc.

Okay. That helps, Jeff. Thanks. And just also sticking with the theme, when I look at the sort of pretty interesting intersection on slide 3 between Heartland Register and Heartland Restaurant, it feels like that's where some of the competition you reference on the slide is trying to go with a pretty aggressive self-serve kind of offering. And I wonder if you think that that, if all the attributes you just enumerated, gives you a competitive advantage? And whether you think the competition is maybe going to have to move toward Global's approach to the market over time?

Q1 2019 Earnings Call



### Jeffrey S. Sloan

Chief Executive Officer & Director, Global Payments, Inc.

Yeah, I think you're right when you said in the first instance, which is to say, if you look at Heartland Mobile and Heartland Register, those are by definition smaller customer bases. So somebody's got a single restaurant or a Taco Truck, as we said in our prepared remarks, probably not that hard to switch kind of at the end of the day. And there I would say from a product distribution service point of view, as we note on the slide, I think we're neck and neck or ahead of almost anybody there anyway.

But there I think you're right in what you said. That's where a lot of the capital has gone. I think where people have more difficulty competing is in Heartland Restaurant and at the enterprise level because of the investment in the relationships and the geographic breadth that you need to have to really service those accounts.

So I think what you said is right at the end of the day, but what we have in those markets at the low end that other folks really don't have is we have direct sales in addition the self-service, largely in the case of Heartland with people who live in those geographic communities, that actually know those customers. And then we've got live 24/7/365 customer support. As these other businesses try getting a human being on the phone for service and support.

And then lastly, I would say, including through last night, if you look at some of the results of folks who have announced what their take rates are, our pricing is substantially below market based pricing. Now that's not to say and we've said over time that we think we should be based on market pricing, but as we all have said, that's not been the case historically, for example, at Heartland. And we've been trying to move that up over the last number of years.

So we certainly have a very firm pricing umbrella as it relates to the lower end of the market. We think we've got a great product that's as good as anybody else's, if not better. We think we certainly have superior customer service in the form of human beings answer the phone. And then obviously we can move you up market on that page as your own business gets bigger, wants to go into more markets with somebody who you know by name. So I think we do have a competitive advantage there at the low end of that market, but certainly somebody up to 20 restaurants is going to be easier for folks to come in and attack versus somebody's who's got 5,000.

#### Andrew W. Jeffrey

Analyst, SunTrust Robinson Humphrey, Inc.

Thank you.

#### Cameron M. Bready

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

Thanks, Andrew.

#### Jeffrey S. Sloan

Chief Executive Officer & Director, Global Payments, Inc.

Thank you very much on behalf of Global Payments for joining us this morning and for your interest in our company.

**Operator**: Ladies and gentlemen, thank you for your participation on today's conference. This does conclude our program, and we may all disconnect. Everybody, have a wonderful day.



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