Non-GAAP Measures

Western Union's management believes the non-GAAP financial measures presented provide meaningful supplemental information regarding our operating results to assist management, investors, analysts, and others in understanding our financial results and to better analyze trends in our underlying business because they provide consistency and comparability to prior periods. We have also included non-GAAP revenues below that remove the impacts of Speedpay and Paymap, in order to provide a more meaningful comparison of results from continuing operations.

These non-GAAP financial measures include the following: (1) consolidated revenue change constant currency adjusted and excluding Speedpay and Paymap, (2) Consumer-to-Consumer segment revenue change constant currency adjusted, (3) Consumer-to-Consumer segment region and westernunion.com revenue change constant currency adjusted, (4) Business Solutions segment revenue change constant currency adjusted, (5) operating margin, adjusted, excluding restructuring-related expenses and acquisition and divestiture costs, (6) diluted earnings per share, excluding restructuring-related expenses, acquisition and divestiture costs, gain on sales of Speedpay and Paymap, and Tax Act, (7) effective tax rate, excluding restructuring-related expenses, acquisition and divestiture costs, gain on sales of Speedpay and Paymap, and Tax Act, (8) Consumer-to-Consumer segment principal per transaction change, constant currency adjusted, (9) Consumer-to-Consumer segment cross-border principal change, constant currency adjusted, (10) consolidated EBITDA margin, (11) operating cash flow outlook, excluding tax payments related to net gain on Speedpay and Paymap divestitures, net of lower base-erosion anti-abuse payments, cash payments related to restructuring-related expenses, and cash payments for acquisition and divestiture costs, (12) operating margin outlook, excluding restructuring-related expenses and acquisition and divestiture costs, (13) effective tax rate outlook, excluding restructuring-related expenses, acquisition and divestiture costs, and net gain on sales of Speedpay and Paymap, and (14) and diluted earnings per share outlook, excluding restructuring-related expenses, acquisition and divestiture costs, and net gain on sales of Speedpay and Paymap.

A non-GAAP financial measure should not be considered in isolation or as a substitute for the most comparable GAAP financial measure. A non-GAAP financial measure reflects an additional way of viewing aspects of our operations that, when viewed with our GAAP results and the reconciliation to the corresponding GAAP financial measure, provide a more complete understanding of our business. Users of the financial statements are encouraged to review our financial statements and publicly-filed reports in their entirety and not to rely on any single financial measure. A reconciliation of non-GAAP financial measures to the most directly comparable GAAP financial measures is included below.

All adjusted year-over-year changes were calculated using prior year amounts. Amounts included below are in millions, unless indicated otherwise.

Reconciliation of Non-GAAP Measures

	2Q18	3Q18	4Q18	FY2018	1Q19	2Q19	YTD 2Q19
Consolidated Metrics							
Revenues, as reported (GAAP)	$ 1,411.1	$ 1,387.8	$ 1,401.6	$ 5,589.9	$ 1,337.0	$ 1,340.5	$ 2,677.5
Foreign currency translation impact (a)	9.1	52.8	68.9	111.9	77.2	74.2	151.4
Revenues, constant currency adjusted	1,420.2	1,440.6	1,470.5	5,701.8	1,414.2	1,414.7	2,828.9
Less revenues from Speedpay and Paymap (b)	(91.6)	(89.2)	(88.2)	(368.2)	(91.9)	(38.8)	(130.7)
Revenues, constant currency adjusted and excluding Speedpay and Paymap	$ 1,328.6	$ 1,351.4	$ 1,382.3	$ 5,333.6	$ 1,322.3	$ 1,375.9	$ 2,698.2
Prior year revenues, as reported (GAAP)	$ 1,378.9	$ 1,404.7	$ 1,438.3	$ 5,524.3	$ 1,389.4	$ 1,411.1	$ 2,800.5
Less prior year revenues from Speedpay and Paymap (b)	(97.3)	(96.6)	(97.2)	(387.3)	(99.1)	(91.6)	(190.7)
Prior year revenues, adjusted, excluding Speedpay and Paymap	$ 1,281.6	$ 1,308.1	$ 1,341.1	$ 5,137.0	$ 1,290.3	$ 1,319.5	$ 2,609.8
Revenue change, as reported (GAAP)	2 %	(1) %	(3) %	1 %	(4) %	(5) %	(4) %
Revenue change, constant currency adjusted	3 %	3 %	2 %	3 %	2 %	0 %	1 %
Revenue change, constant currency adjusted and excluding Speedpay and Paymap	4 %	3 %	3 %	4 %	2 %	4 %	3 %

Reconciliation of Non-GAAP Measures

	2Q18	3Q18	4Q18	FY2018	1Q19	2Q19	YTD 2Q19
Consolidated Metrics cont.							
Operating income, as reported (GAAP)	$ 283.6	$ 302.6	$ 271.0	$ 1,122.1	$ 251.2	$ 258.9	$ 510.1
Operating margin, as reported (GAAP)	20.1 %	21.8 %	19.3 %	20.1 %	18.8 %	19.3 %	19.1 %
Speedpay and Paymap contribution to operating income (b)	$ 28.5	$ 25.7	$ 24.8	$ 110.3	$ 22.6	$ 7.7	$ 30.3
Speedpay and Paymap contribution to operating margin (b)	0.8 %	0.5 %	0.6 %	0.7 %	0.4 %	0.0 %	0.2 %
Operating income, as reported (GAAP)	$ 283.6	$ 302.6	$ 271.0	$ 1,122.1	$ 251.2	$ 258.9	$ 510.1
Restructuring-related expenses (e)	N/A	N/A	N/A	N/A	N/A	7.4	7.4
Acquisition and divestiture costs (f)	1.8	2.6	8.4	14.9	6.9	5.7	12.6
Operating income, adjusted, excluding restructuring-related expenses and acquisition and divestiture costs	$ 285.4	$ 305.2	$ 279.4	$ 1,137.0	$ 258.1	$ 272.0	$ 530.1
Operating margin, as reported (GAAP)	20.1 %	21.8 %	19.3 %	20.1 %	18.8 %	19.3 %	19.1 %
Operating margin, adjusted, excluding restructuring-related expenses and acquisition and divestiture costs	20.2 %	22.0 %	19.9 %	20.3 %	19.3 %	20.3 %	19.8 %
Operating income, as reported (GAAP)	$ 283.6	$ 302.6	$ 271.0	$ 1,122.1	$ 251.2	$ 258.9	$ 510.1
Depreciation and amortization	65.7	63.6	68.7	264.7	64.8	64.8	129.6
EBITDA (c)	$ 349.3	$ 366.2	$ 339.7	$ 1,386.8	$ 316.0	$ 323.7	$ 639.7
Operating margin, as reported (GAAP)	20.1 %	21.8 %	19.3 %	20.1 %	18.8 %	19.3 %	19.1 %
EBITDA margin	24.7 %	26.4 %	24.2 %	24.8 %	23.6 %	24.1 %	23.9 %

Reconciliation of Non-GAAP Measures

	2Q18	3Q18	4Q18	FY2018	1Q19	2Q19	YTD 2Q19
Consolidated Metrics cont.							
Net income, as reported (GAAP)	$ 217.6	$ 208.6	$ 212.1	$ 851.9	$ 173.1	$ 614.8	$ 787.9
Restructuring-related expenses (e)	N/A	N/A	N/A	N/A	N/A	7.4	7.4
Acquisition and divestiture costs (f)	1.8	2.6	8.4	14.9	6.9	5.7	12.6
Gain on sales of Speedpay and Paymap (b)	N/A	N/A	N/A	N/A	N/A	(524.6)	(524.6)
Income tax benefit from restructuring-related expenses (e)	N/A	N/A	N/A	N/A	N/A	(1.4)	(1.4)
Income tax benefit from acquisition and divestiture costs (f)	(0.4)	(0.6)	(1.9)	(3.3)	(1.6)	(1.2)	(2.8)
Income tax expense from net gain on sales of Speedpay and Paymap (includes elimination of previously forecasted annual base-erosion anti-abuse taxes) (b)	N/A	N/A	N/A	N/A	N/A	94.1	94.1
Income tax expense/(benefit) from Tax Act (d)	(6.2)	26.6	8.1	22.5	N/A	N/A	N/A
Net income, adjusted, excluding restructuring-related expenses, acquisition and divestiture costs, gain on sales of Speedpay and Paymap, and Tax Act	$ 212.8	$ 237.2	$ 226.7	$ 886.0	$ 178.4	$ 194.8	$ 373.2
Diluted earnings per share ("EPS"), as reported (GAAP) ($- dollars)	$ 0.47	$ 0.46	$ 0.48	$ 1.87	$ 0.39	$ 1.42	$ 1.81
EPS impact of restructuring-related expenses ($- dollars) (e)	N/A	N/A	N/A	N/A	N/A	$ 0.02	$ 0.02
EPS impact of acquisition and divestiture costs ($- dollars) (f)	—	$ 0.01	$ 0.02	$ 0.03	$ 0.02	$ 0.01	$ 0.03
EPS impact as a result of gain on sales of Speedpay and Paymap ($- dollars) (b)	N/A	N/A	N/A	N/A	N/A	$ (1.22)	$ (1.20)
EPS impact from income tax benefit from restructuring-related expenses ($- dollars) (e)	N/A	N/A	N/A	N/A	N/A	—	—
EPS impact from income tax benefit from acquisition and divestiture costs ($- dollars) (f)	—	—	—	—	—	—	$ (0.01)
EPS impact as a result of tax expense on gain on sales of Speedpay and Paymap (includes elimination of previously forecasted annual base-erosion anti-abuse taxes) ($- dollars) (b)	N/A	N/A	N/A	N/A	N/A	$ 0.22	$ 0.21
EPS impact as a result of Tax Act ($- dollars) (d)	$ (0.01)	$ 0.06	$ 0.01	$ 0.05	N/A	N/A	N/A
EPS impact as a result of restructuring-related expenses, acquisition and divestiture costs, and gain on sales of Speedpay and Paymap, net of income tax expense/(benefit) and Tax Act ($- dollars)	$ (0.01)	$ 0.07	$ 0.03	$ 0.08	$ 0.02	$ (0.97)	$ (0.95)
Diluted earnings per share, adjusted, excluding restructuring-related expenses, acquisition and divestiture costs, gain on sales of Speedpay and Paymap, and Tax Act ($- dollars)	$ 0.46	$ 0.53	$ 0.51	$ 1.95	$ 0.41	$ 0.45	$ 0.86
Diluted weighted-average shares outstanding	459.6	449.0	445.4	454.4	439.9	432.3	436.1

Reconciliation of Non-GAAP Measures

	2Q18	3Q18	4Q18	FY2018	1Q19	2Q19	YTD 2Q19
Consolidated Metrics cont.							
Effective tax rate, as reported (GAAP)	15 %	22 %	10 %	14 %	20 %	18 %	18 %
Impact from restructuring-related expenses (e)	N/A	N/A	N/A	N/A	N/A	— %	— %
Impact from acquisition and divestiture costs (f)	0 %	0 %	1 %	0 %	0 %	— %	— %
Impact from gain on sales of Speedpay and Paymap (b)	N/A	N/A	N/A	N/A	N/A	(1) %	— %
Impact from Tax Act (d)	2 %	(10) %	(4) %	(2) %	N/A	N/A	N/A
Effective tax rate, adjusted, excluding restructuring-related expenses, acquisition and divestiture costs, gain on sales of Speedpay and Paymap, and impact of Tax Act	17 %	12 %	7 %	12 %	20 %	17 %	18 %
Consumer-to-Consumer Segment							
Revenues, as reported (GAAP)	$ 1,127.5	$ 1,107.4	$ 1,127.7	$ 4,453.6	$ 1,056.9	$ 1,112.9	$ 2,169.8
Foreign currency translation impact (a)	(9.6)	18.7	23.9	6.6	33.0	31.4	64.4
Revenues, constant currency adjusted	$ 1,117.9	$ 1,126.1	$ 1,151.6	$ 4,460.2	$ 1,089.9	$ 1,144.3	$ 2,234.2
Prior year revenues, as reported (GAAP)	$ 1,087.3	$ 1,107.7	$ 1,144.5	$ 4,354.5	$ 1,091.0	$ 1,127.5	$ 2,218.5
Revenue change, as reported (GAAP)	4 %	0 %	(1) %	2 %	(3) %	(1) %	(2) %
Revenue change, constant currency adjusted	3 %	2 %	1 %	2 %	0 %	1 %	1 %
Principal per transaction, as reported ($- dollars)	$ 306	$ 308	$ 301	$ 305	$ 302	$ 303	$ 302
Foreign currency translation impact ($- dollars) (a)	(4)	5	7	—	11	8	10
Principal per transaction, constant currency adjusted ($- dollars)	$ 302	$ 313	$ 308	$ 305	$ 313	$ 311	$ 312
Prior year principal per transaction, as reported ($- dollars)	$ 293	$ 302	$ 300	$ 297	$ 307	$ 306	$ 307
Principal per transaction change, as reported	5 %	2 %	0 %	3 %	(2) %	(1) %	(1) %
Principal per transaction change, constant currency adjusted	3 %	4 %	3 %	3 %	2 %	1 %	2 %
Cross-border principal, as reported ($- billions)	$ 20.4	$ 20.1	$ 20.5	$ 79.9	$ 19.1	$ 20.5	$ 39.6
Foreign currency translation impact ($- billions) (a)	(0.2)	0.3	0.4	(0.2)	0.7	0.5	1.2
Cross-border principal, constant currency adjusted ($- billions)	$ 20.2	$ 20.4	$ 20.9	$ 79.7	$ 19.8	$ 21.0	$ 40.8
Prior year cross-border principal, as reported ($- billions)	$ 18.7	$ 19.0	$ 19.5	$ 74.5	$ 18.9	$ 20.4	$ 39.3
Cross-border principal change, as reported	9 %	6 %	5 %	7 %	1 %	0 %	1 %
Cross-border principal change, constant currency adjusted	8 %	7 %	8 %	7 %	5 %	3 %	4 %

Reconciliation of Non-GAAP Measures

	2Q18	3Q18	4Q18	FY2018	1Q19	2Q19	YTD 2Q19
Consumer-to-Consumer Segment cont.							
NA region revenue change, as reported (GAAP)	3 %	2 %	0 %	2 %	1 %	2 %	1 %
NA region foreign currency translation impact (a)	0 %	0 %	0 %	0 %	0 %	0 %	1 %
NA region revenue change, constant currency adjusted	3 %	2 %	0 %	2 %	1 %	2 %	2 %
EU & CIS region revenue change, as reported (GAAP)	9 %	3 %	1 %	7 %	(3) %	(3) %	(3) %
EU & CIS region foreign currency translation impact (a)	(5) %	1 %	1 %	(3) %	4 %	4 %	4 %
EU & CIS region revenue change, constant currency adjusted	4 %	4 %	2 %	4 %	1 %	1 %	1 %
MEASA region revenue change, as reported (GAAP)	(4) %	(7) %	(7) %	(5) %	(7) %	(3) %	(5) %
MEASA region foreign currency translation impact (a)	(1) %	1 %	1 %	1 %	1 %	2 %	1 %
MEASA region revenue change, constant currency adjusted	(5) %	(6) %	(6) %	(4) %	(6) %	(1) %	(4) %
LACA region revenue change, as reported (GAAP)	11 %	2 %	0 %	8 %	(2) %	4 %	1 %
LACA region foreign currency translation impact (a)	9 %	14 %	16 %	11 %	14 %	12 %	13 %
LACA region revenue change, constant currency adjusted	20 %	16 %	16 %	19 %	12 %	16 %	14 %
APAC region revenue change, as reported (GAAP)	(5) %	(10) %	(9) %	(6) %	(13) %	(14) %	(13) %
APAC region foreign currency translation impact (a)	0 %	1 %	1 %	0 %	2 %	2 %	1 %
APAC region revenue change, constant currency adjusted	(5) %	(9) %	(8) %	(6) %	(11) %	(12) %	(12) %
westernunion.com revenue change, as reported (GAAP)	22 %	19 %	21 %	21 %	17 %	18 %	17 %
westernunion.com foreign currency translation impact (a)	(1) %	1 %	1 %	0 %	2 %	2 %	2 %
westernunion.com revenue change, constant currency adjusted	21 %	20 %	22 %	21 %	19 %	20 %	19 %

Reconciliation of Non-GAAP Measures

	2Q18	3Q18	4Q18	FY2018	1Q19	2Q19	YTD 2Q19
Business Solutions Segment							
Revenues, as reported (GAAP)	$ 93.1	$ 100.2	$ 96.8	$ 386.8	$ 95.6	$ 95.6	$ 191.2
Foreign currency translation impact (a)	(2.7)	2.3	2.6	(2.6)	4.6	3.6	8.2
Revenues, constant currency adjusted	$ 90.4	$ 102.5	$ 99.4	$ 384.2	$ 100.2	$ 99.2	$ 199.4
Prior year revenues, as reported (GAAP)	$ 96.6	$ 99.4	$ 94.3	$ 383.9	$ 96.7	$ 93.1	$ 189.8
Revenue change, as reported (GAAP)	(4) %	1 %	3 %	1 %	(1) %	3 %	1 %
Revenue change, constant currency adjusted	(6) %	3 %	5 %	0 %	4 %	7 %	5 %
Operating income, as reported (GAAP)	$ 1.1	$ 14.3	$ 5.2	$ 23.4	$ 8.6	$ 10.5	$ 19.1
Depreciation and amortization	10.5	10.4	10.4	41.9	10.2	9.7	19.9
EBITDA (c)	$ 11.6	$ 24.7	$ 15.6	$ 65.3	$ 18.8	$ 20.2	$ 39.0
Operating income margin, as reported (GAAP)	1.2 %	14.2 %	5.4 %	6.1 %	9.0 %	10.9 %	10.0 %
EBITDA margin	12.6 %	24.6 %	16.2 %	16.9 %	19.7 %	21.1 %	20.4 %

Reconciliation of Non-GAAP Measures

WesternUnion WU

2019 Consolidated Outlook Metrics		
Operating cash flow (GAAP) ($- millions)	$ 800	
Impact from estimated cash payments related to restructuring-related expenses and acquisition and divestiture costs ($- millions) (e)(f)	60	
Impact from tax payments related to net gain on Speedpay and Paymap divestiture, net of related reductions to tax payments ($- millions) (b)	90	
Operating cash flow, excluding estimated cash payments related to restructuring-related expenses, acquisition and divestiture costs, and impact from tax payments related to net gain on Speedpay and Paymap divestiture, net of related reductions to tax payments ($- millions)	$ 950	
Operating margin (GAAP)	18 %	
Impact from restructuring-related expenses and acquisition and divestiture costs (e)(f)	2 %	
Operating margin, adjusted, excluding restructuring-related expenses and acquisition and divestiture costs	20 %	
	Range	
Effective tax rate (GAAP)	18 %	19 %
Impact from restructuring-related expenses, acquisition and divestiture costs, and net gain on sales of Speedpay and Paymap (e)(f)(b)	— %	— %
Effective tax rate, adjusted, excluding restructuring-related expenses, acquisition and divestiture costs, and net gain on sales of Speedpay and Paymap	18 %	19 %
	Range	
Earnings per share (GAAP) ($- dollars)	$ 2.47	$ 2.57
Impact from restructuring-related expenses, acquisition and divestiture costs, and net gain on sales of Speedpay and Paymap ($- dollars) (e)(f)(b)	(0.77)	(0.77)
Earnings per share, adjusted, excluding restructuring-related expenses, acquisition and divestiture costs, and net gain on sales of Speedpay and Paymap ($- dollars)	$ 1.70	$ 1.80

Reconciliation of Non-GAAP Measures

Non-GAAP related notes:

(a) Represents the impact from the fluctuation in exchange rates between all foreign currency denominated amounts and the United States dollar. Constant currency results exclude any benefit or loss caused by foreign exchange fluctuations between foreign currencies and the United States dollar, net of foreign currency hedges, which would not have occurred if there had been a constant exchange rate. We believe that this measure provides management and investors with information about operating results and trends that eliminates currency volatility while increasing the comparability of our underlying results and trends.

(b) On May 9, 2019, we completed the sale of our United States electronic bill payments business known as “Speedpay” to ACI Worldwide Corp. and ACW Worldwide, Inc. for approximately $750 million in cash. The final consideration is subject to a working capital adjustment. In addition, on May 6, 2019, we completed the sale of Paymap Inc. ("Paymap"), which provides electronic mortgage bill payment services, for contingent consideration and immaterial cash proceeds received at closing. Both Speedpay and Paymap were included as a component of "Other" in our segment reporting. Revenue has been adjusted to exclude the carved out financial information for Speedpay and Paymap and the gain on the sales and the income taxes on the gain, including the elimination of previously forecasted annual base-erosion anti-abuse taxes, has been removed from adjusted net income and adjusted effective tax rate. Additionally, cash flows from operating activities outlook has been adjusted to exclude taxes paid on the gain from Speedpay and Paymap divestitures, net of related reductions to previously expected base-erosion anti-abuse tax payments. These financial measures are non-GAAP measures and should not be considered a substitute for the GAAP measures. We have included this information because management believes that presenting these measures as adjusted to exclude divestitures will provide investors with a more meaningful comparison of results within the periods presented. Additionally, Speedpay and Paymap contributions to operating income exclude corporate overhead allocations.

Reconciliation of Non-GAAP Measures

Non-GAAP related notes (continued):

(c) Earnings before Interest, Taxes, Depreciation, and Amortization ("EBITDA") results from taking operating income and adjusting for depreciation and amortization expenses. EBITDA results provide an additional performance measurement calculation which helps neutralize the operating income effect of assets acquired in prior periods.

(d) Represents the impact to our provision for income taxes related to the December 2017 enactment of tax reform in the United States ("Tax Act"), primarily due to a tax on previously undistributed earnings of certain foreign subsidiaries, partially offset by the remeasurement of deferred tax assets and liabilities and other tax balances to reflect the lower federal income tax rate, among other effects. During the fourth quarter of 2018, we completed our accounting for the Tax Act.

(e) Represents impact from expenses incurred in connection with the overall restructuring plan, approved by the Company's Board of Directors on August 1, 2019, to improve the Company's business processes and cost structure by reducing the Company's headcount and consolidating various facilities. While these expenses are identifiable to the Company's segments, they have been excluded from the measurement of segment operating income provided to the CODM for purposes of assessing segment performance and decision making with respect to resource allocation. While these expenses are specific to this initiative, the types of expenses related to this initiative are similar to expenses that the Company has previously incurred and can reasonably be expected to incur in the future. We believe that, by excluding the effects of these charges that can impact operating trends, management and investors are provided with a measure that increases the comparability of our underlying operating results.

(f) Represents the impact from expenses incurred in connection with our acquisition and divestiture activity, including the Speedpay and Paymap divestitures. These expenses have been excluded from operating and net income. The 2018 and first quarter 2019 presentations have been recast to provide consistency with the second quarter 2019 and year-to-date 2019 presentations and exclude these expenses from our operating and net income. We believe that, by excluding the effects of these charges that can impact operating trends, management and investors are provided with a measure that increases the comparability of our underlying operating results.