

31-Oct-2019

Global Payments, Inc. (GPN)

Q3 2019 Earnings Call

CORPORATE PARTICIPANTS

Winnie Smith

Senior Vice President-Investor Relations, Global Payments, Inc.

Jeffrey Steven Sloan

Chief Executive Officer & Director, Global Payments, Inc.

Cameron M. Bready

President and Chief Operating Officer, Global Payments, Inc.

Paul Michael Todd

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

OTHER PARTICIPANTS

David John Koning

Analyst, Robert W. Baird & Co., Inc.

Tien-Tsin Huang

Analyst, JPMorgan Securities LLC

David Mark Togut

Analyst, Evercore ISI

Eric Wasserstrom

Analyst, UBS Securities LLC

Ramsey El-Assal

Analyst, Barclays Capital, Inc.

Daniel R. Perlin

Analyst, RBC Capital Markets LLC

Darrin Peller

Analyst, Wolfe Research LLC

MANAGEMENT DISCUSSION SECTION

Operator: Ladies and gentlemen, thank you for standing by, and welcome to the Global Payments 2019 Third Quarter Earnings Conference Call. At this time, all participants are in a listen-only mode. Later, we will open the lines for question and answers. [Operator Instructions] As a reminder, today's conference call will be recorded.

At this time, I would like to turn the conference over to your host, Senior Vice President, Investor Relations, Winnie Smith. Please go ahead.

Winnie Smith

Senior Vice President-Investor Relations, Global Payments, Inc.

Good morning, and welcome to Global Payments third 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 about expected operating and financial results.

Forward-looking statements 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 refer to non-GAAP financial 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 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; Cameron Bready, President and COO; and Paul Todd, Senior Executive Vice President and CFO.

Now, I'll turn the call over to Jeff.

Jeffrey Steven Sloan

Chief Executive Officer & Director, Global Payments, Inc.

Thanks, Winnie. We are delighted to have completed our landmark merger with TSYS this quarter, bringing together two industry leaders and positioning the new Global Payments as the premier pure play payments technology company at scale globally. We successfully closed this transformative partnership on September 18, just 3.5 months after we announced our agreement in late May and well ahead of our initial expectations.

Our ability to execute on an accelerated timeline was made possible by the highly complementary nature for our market-leading payments and software technology businesses, the strong alignment of our corporate cultures and the unrivaled expertise of the 24,000 people across our combined organization. I could not be more excited about the future opportunities for all of our stakeholders.

Our terrific third quarter results highlight the continued momentum in our business, which is being fueled by broad-based strength across our relationship-led and technology businesses and underpinned by consistent ongoing execution. In the midst of the largest integration we have undertaken to date, we again delivered double-digit revenue growth, expanded adjusted operating margin by 80 basis points and produced adjusted earnings per share growth of 18%. We are very grateful for the hard work of our colleagues that has brought us to this point.

And we also accomplished these results while simultaneously expanding our strategy to be the partner of choice for the most complex financial institutions worldwide. To that end, we are thrilled to announce we have signed new partnerships with Desjardins, Canada's leading financial cooperative group; and Citi, one of the largest money center banks globally. These new competitive wins with marquee partners across multiple geographies further validate the distinctiveness of our pure play payments model.

Starting with Desjardins, we reached an agreement to purchase the Quebec-based bank's existing portfolio of approximately 40,000 merchants and have executed an exclusive referral partnership to provide acquiring solutions to its clients for the next decade. Desjardins selected Global Payments as a direct result of the breadth and depth of our technology payment solutions, local and global expertise, comprehensive distribution, modern architecture and infrastructure, and our unrivaled track record of execution over many decades. We expect this transaction to close by early 2020.

We were also excited to have been selected by Citi to partner to offer payment acceptance services to its multinational banking clients on an omnichannel basis. Our ability to offer highly competitive payment solutions physically and virtually in more markets seamlessly than our peers differentiates Global Payments and this

partnership capitalizes on our local market expertise and industry-leading unified commerce platform, or UCP, to provide a true omnichannel experience. We expect to be in market with Citi by year-end 2019.

We look forward to working with Desjardins and Citi to bring best-in-class solutions to their merchant customers around the globe. We are winning every day in the marketplace with the uniqueness of our strategy and we are very proud of the company we keep.

In addition to our new preliminary agreement with Citi, we recently signed several significant global omnichannel customers, including with UK-based online luxury retailer, MATCHESFASHION, and a rapidly expanding modern high-tech hotel chain, YOTEL. We also continued to expand UCP. We are now live in the United States in addition to Canada and Asia Pacific and we'll fully roll out UCP in the UK over the next few weeks.

Turning to our integrated and vertical market businesses, OpenEdge once again delivered strong growth during the third quarter, driven by our ability to provide a truly integrated ecosystem across more vertical markets and more geographies than our peers. And we maintained our consistent track record of growth in our owned software portfolio as our strategy of delivering the full value stack in key vertical markets is creating deeper, richer, and more value-added relationships with our customers.

Our combination with TSYS significantly accelerates our technology-enabled, software-driven mission establishing Global Payments as the leading provider of integrated payment solutions, owned software in both merchant and issuing, and omnichannel capabilities in the most attractive markets globally.

On a standalone basis, TSYS produced consistent results for the third quarter. Performance at TSYS' merchant business improved, resulting in meaningful revenue acceleration. These results were achieved while making significant progress on integration, contributing substantially to an increase in our expected revenue and cost savings expectations just a few weeks post close. Our strategy of the combined merchant businesses remains focused on cross-sales of complementary products, further penetration of adjacent distribution channels and roll out of UCP to the TSYS customer base.

In addition, TSYS' issuer solutions business recently completed new long-term agreements with the Central Trust Bank in North America and leading retailer Riachuelo in Brazil. These were competitive takeaways, providing further validation of our combined pure play payments focus.

And we also expanded existing contracts with Virgin Money, Nationwide Building Society and Metro Bank. Most notably, we expect growth to accelerate in this business as the issuer solutions team successfully converted the Walmart portfolio on behalf of Capital One earlier this month. This market-leading business has a full pipeline today and the expanded breadth of our combined 1,300 FI partnerships provide significant untapped opportunities for new issuer and merchant referral relationships.

Our strategy to accelerate growth in issuer solutions involves modernizing its platforms, cross-selling existing relationships globally and extending the product suite. As customers move to cloud-based solutions, we believe that Global Payments can enhance the development of next-generation products and services.

Turning to the consumer solutions business, earlier this month, we announced a partnership with Samsung to integrate the Netspend digital Mastercard into Samsung's mobile wallet and provide a variety of payment solutions including P2P. Branded Samsung Pay Cash, this solution allows smartphone users to establish a reloadable balance and hold funds for use, including spending and budgeting, opening a significant pool of new customers for this business.

Our differentiated strategy at Netspend consists of product extensions into P2P and B2B segments, as well as select international expansion. In addition to the recently announced P2P solutions like Samsung, we are building product offerings currently to dramatically enhance the scale and scope of Netspend's B2B offerings.

Domestically, we expect Netspend's Paycard products to help expand Heartland's payroll offering. We also see additional use cases for Paycard in restaurants, one of our largest vertical markets, as well as in our gaming business, which is among the largest in North America. Finally, we believe we can bring Netspend into new markets, based on Global Payments' existing acquiring partnerships outside the United States in short order.

The substantial progress we have made in just a few short weeks since we finalized our partnership provides us with the confidence to now raise our expectations for both revenue and expense synergies. Importantly, we expect the integration actions we have already initiated to generate in excess of \$100 million of expense benefits on an annualized basis, meaning that we believe we can achieve our 2020 accretion goals announced in May even if we were not to undertake any additional actions next year. And, of course, we intend to do more in 2020.

Cameron will provide you with the specific details on our updated targets in a moment, but let me highlight a few of the revenue synergy opportunities already planned that give us a clear line of sight toward achieving our goals.

First, our efforts to align our merchant organizations and go-to-market strategy in the US are well underway and we expect to start cross-selling products, including Vital POS, Genius and ProPay as well as subscription-based engagement and analytics and vertical software solutions in 2020.

Specifically, we expect the capabilities of ProPay to provide value-added products like multiple disbursement capabilities and web-based [ph] self-select (00:11:53) at Heartland. We are also laying the groundwork so we can begin to deliver products like Vital POS, Genius and ProPay to additional geographies internationally and enable TSYS' legacy customers outside of the United States.

Second, we are already engaged in preliminary discussions with our existing global bank partners across three continents on issuer processing opportunities for TSYS. We have just returned from Europe and we believe that the market is ready for [indiscernible] (00:12:27) processing capabilities domestically and cross-border in geographies like the United Kingdom, Central Europe, Spain, Ireland, and closer to home, Canada.

By marrying issuer processing with our acquiring capabilities, we can emulate many of the aspects of a virtual closed loop, as well as provide strong customer authentication internally, which is now the law of the land across Europe. These opportunities are in addition to core merchant referral relationship possibilities from existing TSYS FIs and private label retailers to Global Payments.

Third, Netspend is actively working on new B2B, B2C and P2P capabilities and opportunities, including for our restaurant and gaming customers, as well as in new geographies. Netspend has already proved fertile ground for new merchant referral relationships among its larger distribution partners.

We have found a true partner with TSYS and could not be more excited about the future opportunities to drive significant value creation for our employees, customers, partners and shareholders. We are fortunate and grateful to be in the position we are in today.

With that, I'll turn the call over to Cam.

Cameron M. Bready

President and Chief Operating Officer, Global Payments, Inc.

Thanks, Jeff, and good morning, everyone. Before I begin, I would like to welcome Paul as the new Chief Financial Officer of Global Payments. It has been my privilege to serve in this role for the last five years and to work with all of you in that capacity.

We were thrilled to have successfully finalized our merger with TSYS this quarter, our largest transaction to date. And as Jeff mentioned, we're already making significant progress on the integration of our two leading pure play payments businesses. Importantly, we accomplished this while producing strong financial performance in the third quarter, a testament to our continued relentless focus on execution.

Total company adjusted net revenue plus network fees for the third quarter was \$1.31 billion, reflecting growth of 27% versus the prior year. Adjusted operating margin expanded 80 basis points to 33.8% and adjusted earnings per share increased 18% to \$1.70, or approximately 20% on a constant currency basis. Naturally, our third quarter performance reflects TSYS' results from September 18, the impact of which was neutral on an adjusted earnings per share basis.

Before turning to the financial impacts of the merger, let me start by covering the standalone Global Payments highlights for the quarter. Excluding TSYS, Global Payments produced adjusted net revenue plus network fees of \$1.161 billion, reflecting growth of 13% versus 2018 or over 14% on a constant currency basis. And adjusted operating margins expanded by 110 basis points to 34.2%.

In North America, adjusted net revenue plus network fees for Global Payments on a standalone basis was \$877 million, reflecting growth of 16% over the prior year period. Adjusted operating margin in North America expanded 130 basis points to 35.6%, driven by growth in our technology-enabled businesses and consistent strong execution across the segment.

Our US direct distribution businesses again delivered low-double digit normalized organic growth this quarter, led by strength in our integrated and vertical markets business. Specifically, OpenEdge produced high-teens growth, while our owned software portfolio continued to deliver low-double digit organic growth, consistent with our outlined targets. We also saw high-single digit organic growth in our US relationship-led channel, reflecting consistent execution in this business.

Our Canadian business grew low-single digits in local currency, with weakness in the Canadian dollar impacting reported results by approximately 100 basis points for the quarter. As Jeff noted, we are very pleased to announce today our new partnership with Desjardins in Canada, which we expect will provide new avenues for growth in this market going forward. Lastly, our wholesale business declined mid-teens, consistent with our expectations for the quarter.

Moving to Europe, adjusted net revenue plus network fees for standalone Global Payments grew approximately 11% in local currency or 6% on a reported basis, as foreign currency exchange rates remained a meaningful headwind during the period. We continue to benefit from strength in our businesses in Spain and Central Europe, each of which grew well into the teens on a local currency basis. In the UK, we delivered mid-single digit organic growth, which was ahead of our expectations and accelerated sequentially from the second quarter despite a continuing soft macro environment and the uncertainties surrounding Brexit.

Our European e-comm and omni solutions business again delivered strong growth as we further enhanced our differentiated capabilities in unified commerce platform. We look forward to completing the next phase of our roll out of UCP globally when we go live in the UK over the next few weeks, which we expect will support continued momentum for our pan-European omni-channel offering. Adjusted operating margin in Europe expanded 100 basis points to 48.6% as consistent execution and scale benefits offset pressure from foreign currency headwinds.

Turning to Asia Pacific, reported adjusted net revenue plus network fees growth for standalone Global Payments was 5% or approximately 7% on a constant currency basis. Excluding Hong Kong where we have been impacted by the ongoing protest, our Asia Pacific business delivered low-double digit growth in local currency, consistent with our overall target for the region.

Adjusted operating margin of 33.9% improved slightly relative to the prior year as outstanding execution and expense discipline offset headwind from both disruptions in Hong Kong and foreign currency exchange rates.

Following the close of our merger on September 18, TSYS contributed [ph] to (00:19:08) \$145 million of adjusted net revenue plus network fees and \$45 million of adjusted operating income for the final 13 days of September. Overall, for the third quarter, the legacy TSYS business produced constant currency revenue growth largely consistent with the second quarter, while margin expansion was above the high end of TSYS' previous 25 basis point to 75 basis point target.

Growth for the legacy TSYS merchant solutions business accelerated from the second quarter, moving back into the high-single digits longer term targeted range. Normalized for the exit of its government services business and the deactivation of a single value-added product, the legacy TSYS issuer solutions business grew in line with its longer term mid-single digit target in the quarter. Finally, revenue performance for the legacy TSYS consumer solutions business was largely consistent with the second quarter.

We expect revenue growth to accelerate in the fourth quarter across all three legacy TSYS businesses. In the merchant solutions business, we're building on solid third quarter performance as we align our go-to-market strategies in the US and begin to capitalize on cross-selling opportunities. In the issuer solutions business, the conversion of the Capital One Walmart portfolio earlier this month provides us line of sight to improve growth entering the fourth quarter.

Lastly, in the consumer solutions business, we're building momentum as we expand our digital product offerings, including our partnership with Samsung and realize benefits from recent distribution wins and renewals. More to come on our outlook for the remainder of the year in a moment.

Turning now to capital structure, in August, we successfully priced a \$3 billion senior unsecured notes offering. In combination with the new credit facility we closed in July, our combined capital structure is now largely complete and meaningfully improves our weighted average interest rate going forward. In fact, the terms we achieved are more favorable than we anticipated when we announced our partnership with TSYS in May.

In addition, at closing, we received our final investment-grade credit ratings from both S&P and Moody's, consistent with our expectations. Pro forma leverage for the combined business was approximately 2.5 times at the end of the quarter. This leverage position coupled with our expected strong free cash flow generation provides the new Global Payments with significant capacity to invest in the business as we continue to advance our strategy and execute on our capital allocation priorities.

As for the outlook for the combined company in 2019, we now expect adjusted net revenue plus network fees to range from \$5.60 billion to \$5.63 billion, reflecting growth of 41% to 42% over 2018. We also expect adjusted earnings per share in a range of \$6.12 to \$6.20, reflecting growth of 18% to 20% over 2018.

Inclusive of TSYS from the date of the merger, we now anticipate adjusted operating margin expansion of up to 40 basis points for the full-year. Given TSYS' business mix, its margin profile is lower than that of Global Payments' legacy business, thereby reducing margin expansion expectations for the full-year period.

That said, on a standalone basis, TSYS is forecasted to exceed its margin expansion target for the full-year period. In addition, adjusted operating margin expansion for Global Payments on a standalone basis is now expected to be up to 100 basis points for 2019, well ahead of our historical target.

We're very pleased with the progress we've made since closing on our partnership with TSYS last month and have increased confidence in our ability to accelerate revenue growth and deliver substantial cost savings over the next three years and beyond. In fact, as Jeff detailed, our revenue enhancement initiatives are already underway. And based on the work completed to date, we're increasing our target for run rate revenue benefits to more than \$125 million within three years.

As for expense synergies, we have implemented actions that are currently run rating ahead of our year one target and have already identified additional sources for expense optimization. As a result, we are also increasing our total expected expense savings to more than \$325 million on an annual run rate basis within three years.

The momentum we have in our business coupled with the significant progress we have made on integration bolsters our confidence in the future, and more specifically, the accretion expectations we had for the TSYS merger at the time of announcement in May. We now expect at least mid-single digit accretion in 2020, which all else being equal would imply adjusted earnings per share expectation in the mid-\$7 range based on our standalone 16% to 18% growth target. Naturally, we will share a more detailed outlook for 2020 during our year-end call in February.

Before concluding today, I want to provide an update on our expected go-forward reporting for the business. First, as we finalize our combined structure, we anticipate reporting based on three operating segments: merchant solutions, issuer solutions and the newly named business and consumer solutions, which includes the legacy TSYS consumer business and also reflects our expanded strategy for this channel going forward. We believe this reporting structure will best align with how we expect to operate our differentiated payments-centered business model.

Second, based on feedback from the SEC regarding the use of our adjusted net revenue plus network fees metric that came out of a customary review of our public filings, going forward, we expect to report on an adjusted net revenue basis excluding the addition of network fees. Although we believe adjusted net revenue plus network fees provides useful insight into the economics of our business in a manner consistent with how the company assesses and measures performance, the SEC has requested we discontinue its use. As a result, we report without the addition of network fees in the future, consistent with how TSYS has reflected this item historically.

To facilitate this change, we'll be providing pro forma financial information for the combined business for historical reporting periods consistent with this presentation. Of course, Global Payments reports adjusted net revenue each period in addition to the adjusted net revenue plus network fees metric and historical pro forma information will be built on this basis. We will be transitioning to this methodology in the fourth quarter and we'll provide all of the components necessary for you to measure performance under both conventions.

We could not be more excited about the future as we build on our competitive advantages and payments leadership position and we look forward to updating you on our continued progress in the coming quarters.

Now, I'll turn the call back over to Jeff.

Jeffrey Steven Sloan

Chief Executive Officer & Director, Global Payments, Inc.

Thanks, Cam. We could not be more excited about the momentum in our business and the significant wins we have recently achieved with large FIs like Desjardins and Citi validate our pure play payments business. Payments are not just an adjacency for us. Payments are our exclusive focus, an area of unrivaled expertise. Multiple recent successes and competitive processes confirm the wisdom of our strategic focus and the privacy of our business model.

With TSYS, we deepen our competitive mode and confirm the value of our ecosystem across each element of our strategy. We have the most comprehensive software-driven solutions globally with full omnichannel capabilities, the broadest market reach, and enhanced exposure to faster growth geographies.

We have the very best employees providing the very best experiences for our customers with the very best technologies in the most attractive global markets. Together, we are positioned to deliver industry-leading growth and remain at the forefront of innovation as we head into 2020 and beyond. This is truly an exciting time to be part of the new Global Payments.

Winnie?

Winnie Smith

Senior Vice President-Investor Relations, Global Payments, Inc.

Before we begin our question-and-answer session, I'd like to ask everyone to limit their question 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: [Operator Instructions] Our first question comes from Dave Koning of Baird. Your line is open.

David John Koning

Analyst, Robert W. Baird & Co., Inc.

Q

Yeah. Hey, guys, great job.

Jeffrey Steven Sloan

Chief Executive Officer & Director, Global Payments, Inc.

A

Thanks, Dave.

Cameron M. Bready

President and Chief Operating Officer, Global Payments, Inc.

A

Thanks, Dave.

David John Koning

Analyst, Robert W. Baird & Co., Inc.

Q

Yeah. And I guess, first of all, just on TSYS, I mean, you laid it out extremely well. Just want to make sure we understand 2020, should we expect accelerating revenue just given the synergies and some of the headwinds this year falling off? And then I guess the other part of TSYS, am I right to understand about \$100 million cost synergy run rate already in Q4?

Jeffrey Steven Sloan

Chief Executive Officer & Director, Global Payments, Inc.

A

Yeah, Dave, it's Jeff. I'll start and I'll turn it over to Cameron and Paul. So, the answer is yes to your first question. I think what we're very excited about the combined company, certainly as we looked at TSYS to address what you asked, we are entering the fourth quarter with our expectation of an accelerated revenue growth in TSYS just really 13 days after the close of the merger.

We pointed out the reasons of that, including the Walmart portfolio conversion and Capital One. So, we feel really good about where we are heading into 2020 with TSYS. We also did see – I mean, one area of direct overlap between Global and TSYS which is in the merchant business, as Cameron pointed out, we did see an acceleration in the third quarter in merchant already.

And I think Cameron alluded to the [ph] other things (00:29:44) that we see improving performance in merchant in the fourth quarter. So, we think we're in a really good run rate place, Dave, at TSYS currently in the quarter we're in, in the fourth quarter. And I think it gives us a lot of confidence heading into 2020. Cameron, you want to comment a little bit on the revenue synergies as it relates to Dave's question?

Cameron M. Bready

President and Chief Operating Officer, Global Payments, Inc.

A

Yeah, David, I'll jump in there quickly. We are making good progress particularly in the merchant business on realizing some very tactical cross-sell opportunities already with our combined businesses, and obviously, we expect those to continue to ramp as we head into 2020 and beyond.

Now, the numbers at this point aren't going to be dramatic, but certainly they are providing a little bit of a nice tailwind in the merchant business within TSYS that gives us confidence that we can continue to accelerate growth and maintain it in that high-single digit target for the merchant business as we head into 2020 and beyond and hopefully, even build upon that in future periods. So, I do think we feel very good about the momentum that we have in the TSYS business heading into Q4 and then further on into 2020 in particular.

To address your last question about the \$100 million of expense synergies, what we said in the script, just to be clear, is we've taken actions that run rate to \$100 million of expense synergies in 2020. Obviously, that \$100 million is not in Q4, so I just want to be explicitly clear about that. The actions we've taken today will generate \$100 million of expense savings in 2020, which was our target for realized expense synergies for the first full year of ownership of TSYS that we announced when we made the acquisition or merger back in May.

David John Koning

Analyst, Robert W. Baird & Co., Inc.

Q

Great. Thank you. And just as my follow-up, the Canada acquisition, that sounds pretty cool. What roughly is the size of that? I mean, is that something that adds 10% for the Canada business or something more substantial?

Cameron M. Bready

President and Chief Operating Officer, Global Payments, Inc.

A

Yeah. It's a great question, Dave. We're thrilled to have the opportunity to partner with Desjardins in Canada. It adds about 40,000 merchants to our existing base of customers in Canada and, obviously, gives us a much more significant presence in Quebec, which is an area of the market where Desjardins has been very effective and certainly has a very strong presence. So we're delighted to be able to partner with them.

As it relates to the financial contribution, it's going to add next year probably about in the neighborhood of \$70 million or so of adjusted net revenue plus network fees to our existing Canadian business, which I think you know is just a little north of \$300 million. So it's a nice addition, nice bolt-on to our overall Canadian business and, obviously, I think opens up new avenues for growth in that market for us going forward.

David John Koning

Analyst, Robert W. Baird & Co., Inc.

Q

Great. Thanks, guys.

Cameron M. Bready

President and Chief Operating Officer, Global Payments, Inc.

A

Thanks, Dave.

Operator: Thank you. Our next question comes from Tien-Tsin Huang of JPMorgan. Your line is open.

Tien-Tsin Huang

Analyst, JPMorgan Securities LLC

Q

Great. Thank you so much. Good results here. Just on the merchant side, maybe can you help us recast what percent is now defined as tech-enabled versus all the other pieces, just want to get a better sense of how we should think about the components of growth for merchant with TSYS?

Jeffrey Steven Sloan

Chief Executive Officer & Director, Global Payments, Inc.

A

Yeah, Tien-Tsin, it's Jeff. I'll start. So it's essentially the same percentage at the combined business as it was for Global standalone. I think we said this back in the May announcement, about 50% is the combined total. The reason for that – I'll ask Paul to comment just in a second. The reason for that is TSYS merchant really had two pieces that were very similar to the two pieces at Global Payments.

One was Cayan, which is very similar to OpenEdge. That was completely integrated business, adjacent areas of overlap, which I think is great opportunity for OpenEdge. The other one, of course, was [ph] Transverse (00:33:27), which is very similar to Heartland at Global Payments. And [ph] Transverse (00:33:32) had both semi-integrated as well as relationship-based businesses, as well as an e-commerce asset. So I actually think it looks a lot to be honest the way Global Payments did on the merchant side, so it's just about 50%.

Paul, you want to add anything?

Paul Michael Todd

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

A

Yeah. The only thing I would say is, in the third quarter, we did see that integrated piece of our direct business, the legacy TSYS direct business get right at 40%, which is a high-watermark from an integrated standpoint in that legacy business. Going back a year or so ago, that was roughly a third. And so the fact that that has grown just kind of underpins Jeff's comments around the mix there.

Tien-Tsin Huang

Analyst, JPMorgan Securities LLC

Q

Terrific. Thank you.

Cameron M. Bready

President and Chief Operating Officer, Global Payments, Inc.

A

And Tien-Tsin, it's Cameron. I'll just add for the merchant business in particular, if you think about its contribution to the total business, it's about 70% of the combined business now. And it's roughly 50% technology-enabled and about 50% relationship globally. So as we talked about when we announced the deal combining TSYS with Global Payments gives us just south of \$1 billion of integrated revenue. We have just south of \$1 billion of e-comm and omnichannel revenue. And we've talked about roughly \$800 million or so of software revenue in our portfolio. So that ends up being close to half of the overall merchant business on a global basis.

Tien-Tsin Huang

Analyst, JPMorgan Securities LLC

Q

Okay. That's good to know. I just want to make sure we have that right. And then on the issuer side, you mentioned you got a full pipeline. How about on the merchant front, any comments on pipeline or bookings on the software side? I know there's a lot of activity going on with ISVs and dealers and even on the bank side as you mentioned, anything there? Thank you.

Cameron M. Bready

President and Chief Operating Officer, Global Payments, Inc.

A

Yeah, I'll talk a little bit about pipeline on the merchant side, Tien-Tsin. As you know, our focus tends to be small to medium-sized businesses. So, when we think about the pipeline for the businesses, it's a little bit different than obviously the issuer business which tends to be more large FI-focused. But I would say momentum in both of our businesses is very good.

As we talked about in our integrated business, Paul gave a little bit of color on how TSYS performed. We commented that OpenEdge grew high-teens in the quarter, which is the high-watermark for that business certainly over the last several years, which I think reflects a strong new partner growth over the course of the last couple of years, and obviously, good effectiveness at converting existing customers of our partners to payments customers of Global Payments which has been obviously an important part of our growth story over time.

The second thing I would say in our own software businesses, we continue to see strong bookings growth across AdvancedMD and ACTIVE as well. SICOM had a very strong quarter and has very strong momentum heading into 2020 having received recently some positive news from one of its largest customers about a roll out of a new product across its base of franchisees in 2020, which we think will be a nice tailwind for that business heading into the year.

And on the relationship side, we saw strong high-single digit growth in the quarter, good consistent execution in that channel. We continue to see decent same-store sales growth in the business, roughly 3.5% for the quarter and, obviously, new sales and attrition rates remain very constant, giving us again good momentum heading into the 2020 timeframe.

So, I would say all-in-all across the merchant business, certainly in the US, we've seen very strong trends. Europe improved quarter-over-quarter, accelerated on an organic growth basis, largely driven by slightly better performance in the UK, and then, of course, Spain and our Central European joint venture with Erste performed really well in the quarter as well.

The only really point of softness within Hong Kong that's completely expected, obviously, given the environment there. Ex-Hong Kong, we grew low-double digits in Asia, which again is consistent with our expectation for that market. So, we feel good about how the rest of Asia is holding up as a macro matter, notwithstanding, obviously, the slight disruptions in Hong Kong we've had to absorb in the P&L.

Paul Michael Todd

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

A

Yeah. Just from a legacy TSYS standpoint, I'll just add on, we had an all-time record level of net revenue in the merchant solutions area. Our integrated – with legacy TSYS, integrated business grew in the strong double-digit range. We did get some accretive growth from the legacy indirect side. And so, much similar to Cameron's comments on the legacy Global side, just a great quarter from a merchant standpoint.

Tien-Tsin Huang

Analyst, JPMorgan Securities LLC

Q

Glad to hear. Thank you.

Jeffrey Steven Sloan

Chief Executive Officer & Director, Global Payments, Inc.

A

Thanks, Tien-Tsin.

Cameron M. Bready

President and Chief Operating Officer, Global Payments, Inc.

A

Thanks, Tien-Tsin.

Operator: Thank you. Our next question comes from David Togut of Evercore ISI. Your line is open.

David Mark Togut

Analyst, Evercore ISI

Q

Thank you. Good morning. Good to see the strong results and nice to see the early raise on the TSYS merger synergy targets. Perhaps just starting on the TSYS side, you talked about already having taken the actions to achieve the \$100 million of cost take out in 2020. What specifically about the cost take out process is going better than you expected to date?

Cameron M. Bready

President and Chief Operating Officer, Global Payments, Inc.

A

Dave, it's Cameron. I'll start and ask both Jeff and Paul to chime in if they have anything to add. I would say a couple of things. One is, first of all, experience, right? We've been down this path before. We have very strong experience from an M&A standpoint. We learned a lot of variable, valuable lessons in the process of merging with Heartland and integrating Heartland, and I think TSYS has done the same with acquisitions that they've done over the course of time as well.

We got an early start with our planning process upon announcing the merger in May. And I think the governance model and structure that we've put around the process itself, I think, has given us a very strong start to obviously our working relationship and the ability to drive obviously ahead of schedule expense actions that we intend to take as we look to bring these two businesses together. So I really think it's the experience that we have and our ability to work collaboratively together.

I think our common cultures have allowed us to work very collaboratively in a way that has brought to the forefront very good ideas as to how we can bring the companies together in a very efficient manner, how we can find savings within the business as we look to bring our merchant businesses together. In particular, we've had great momentum amongst the leadership team in merchant as it relates to our go-to-market strategy and finding ways to obviously drive efficiencies in the combined business as we work to implement our target architecture model and target operating model.

So we feel very good about, obviously, where we are. We feel good enough to increase our target expectations around expense synergies on the whole. And as we said on the call and mentioned earlier in the Q&A, we have line of sight to \$100 million of run rate synergies in 2020 already and the actions we've taken will allow those to materialize next year as we continue to look to do more for 2021 and 2022.

Paul Michael Todd

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

A

Yeah. The only thing, David, I would add is from a legacy TSYS perspective, we said this at the time of the deal that we knew each companies very well. Both companies had a long history of knowing each other and we knew that that was going to provide kind of additive tailwinds from a synergy standpoint of just that expertise that we both had in our legacy businesses and the complementary nature of the two legacy companies putting them

together. And so that was our commentary at the time of the deal. And after we got post-close, that came to fruition of that kind of starting point.

David Mark Togut

Analyst, Evercore ISI

Q

Appreciate that. Just as the follow-up, Europe came in significantly better than we expected both on revenue and cash EBIT. I'm just curious, Jeff, about any early go-to-market experience you've had combining your merchant business and TSYS' issuer processing business in Europe, which was definitely a big call out when you announced the transaction.

Jeffrey Steven Sloan

Chief Executive Officer & Director, Global Payments, Inc.

A

Yeah, David, that's a great point. So as I mentioned in the prepared remarks, we were just there, the combined management team, including with Troy a couple of weeks ago. I would say the receptivity for the combined partnership was even better than I'd expected back in May.

David, when we announced the transaction in the first place, we saw most of TSYS' large customers in Europe on the issuing side and we saw a lot of Global Payments' large customers in the merchant side in Europe, when Troy and I and team were there. I think the market, as I said in my prepared remarks, is absolutely ready [ph] for onus (00:41:58) domestic and cross-border processing and the markets I listed in the prepared remarks.

Of course, closer to home here in Canada, we just announced Desjardins this morning. So I think on a combined-ish or a merchant basis, we have the same relative presence for the combined company in Canada than we even do in Europe, which is why I signaled it out in the script this morning, I think the opportunities are right there too.

I would also say, as I mentioned that PSD2 and strong customer authentication now the law of the land as of mid-September in Europe. While that's been – the regulators [ph] have generally (00:42:32) pushed that back about 12 months in terms of implementation, I think that's good news for us. There are all sorts of matchings that we can do on issuing and acquiring to get enhanced authentication services in e-commerce and omnichannel capabilities that we also discussed with our partners when we were there in Europe a couple of weeks ago.

And there are even new opportunities, David, that I haven't considered such as enabling some of the bigger retail brands that TSYS has on the issuing side in Europe to become more of a payment facilitation mechanism and enable their own digital wallets using issuer and acquirer capabilities which is actually something I really haven't thought about in May, but certainly heard loud and clear from some of the consumer brands who are already on TSYS when we were there a couple of weeks ago. So, I would say, David, sitting here today, I'm more optimistic than I was even back in May about what those opportunities are and, in fact, at least one new sizable one has come to pass.

I'd also reiterate what we said I think in the July or August call where Cameron and I mentioned which was we have a number of partners at Global Payments, FIs in Europe and in Asia who've asked us about moving to TSYS on the issuer side. These are large financial institutions. And those conversations were had again when we were in Europe a couple of weeks ago. So, pretty optimistic on the combined business and where we're heading.

David Mark Togut

Analyst, Evercore ISI

Q

Congratulations. Thanks so much.

Jeffrey Steven Sloan

Chief Executive Officer & Director, Global Payments, Inc.

A

Thanks, David.

Cameron M. Bready

President and Chief Operating Officer, Global Payments, Inc.

A

Thanks, Dave.

Operator: Thank you. Our next question comes from Eric Wasserstrom of UBS. Your line is open.

Eric Wasserstrom

Analyst, UBS Securities LLC

Q

Thanks very much. I was interpreting the commentary, Jeff, that you made around the consumer solutions and in particular Netspend that's kind of indicating a renewed importance strategically of that business to the combined entity going forward. Is that a correct interpretation or you're just simply giving us more insight into how it fits into the broader integration strategy?

Jeffrey Steven Sloan

Chief Executive Officer & Director, Global Payments, Inc.

A

Yeah, Eric, I think you're correct in what you said. Let me just say that when we were doing diligence on that business in May, we were optimistic then. So, I don't know that it's a different point of view. I would just say that we looked at TSYS and each of the segments as being a very attractive partner for us.

And we certainly view there as – view us as having a differentiated strategy in Netspend versus the other public competitor, and I tried listing those in the prepared remarks. But just to reinforce it, number one, I think we have non-US opportunities, particularly in Europe, to roll out the prepaid product. And I think the market is right for that in those geographies and I would stay tuned on that in relatively short order. I think that is a differentiator for us.

Number two, I do think there are a lot of revenue synergies coming out of Global Payments and Netspend. I've listed few of those in my prepared remarks, but as you know, Heartland is a very big presence, there's Xenial and SICOM, as Cameron mentioned in the restaurant channel. There's particular surge of use cases in restaurants for the Paycard and related services for Netspend. And I also called out the gaming applicability where prepaid – and we're not the only ones doing this, but in prepaid, in light of the regulatory changes you've seen in sports betting as well as the brands that we have in the gaming business, particularly distinctive place on a combined basis with Global Payments and Netspend.

So, I actually think it's a continuation, Eric, of the thesis we laid out in May. And we think we have clear line of sight to continue to enhance and grow the market opportunities of that business and that's something we're very excited about.

I'd also say for all of our businesses, not Netspend, we assess all of our businesses continually, and that's not specific to any one of them. So, if we think there's a higher better use for anything that we're doing, we're obviously open-minded and we're all very focused on shareholder value. But I would say that we have a very strong thesis that we think we have the ability to add a lot of value into all of our businesses, but in particular, in light of this question, in consumer solutions by adding B2B, by adding international applicability, and we intend to focus on it.

Eric Wasserstrom

Analyst, UBS Securities LLC

Q

Thank you for that. And if I may just follow-up one more on the synergies, of the – you delineated for us the three primary areas where you anticipate them. But of the incremental synergies that you're underscoring today, can you give us an attribution of what they relate to with respect to those three buckets?

Cameron M. Bready

President and Chief Operating Officer, Global Payments, Inc.

A

No. Eric, it's Cameron. I'll jump in. I would say they're probably roughly split between the three buckets. We've just seen a little better opportunity across all three of the primary areas where we expect to realize synergies from the transaction as an expense matter. I wouldn't want to point to any particular item per se. There's not one significant driver of that overall \$25 million increase that we articulated on the call today. So it's little things here and there and it's probably across all three of the primary areas where we expect to realize synergies from the transaction.

Jeffrey Steven Sloan

Chief Executive Officer & Director, Global Payments, Inc.

A

Eric, it's Jeff. I would just add to that. When you go into a deal, you make assumptions. You make assumptions in May when you [ph] can't see all detail (00:47:28) based on our experience, as Cameron said before, but what those things are. Well, we now have the detail. We now have the plans. So the happy news is those assumptions proved to be conservative and we think we're run rating in a much higher level.

Eric Wasserstrom

Analyst, UBS Securities LLC

Q

Thanks very much.

Jeffrey Steven Sloan

Chief Executive Officer & Director, Global Payments, Inc.

A

Thank you.

Operator: Thank you. Our next question comes from Ramsey El-Assal of Barclays. Your line is open.

Ramsey El-Assal

Analyst, Barclays Capital, Inc.

Q

Guys, thanks for taking my question. I wanted to ask about the M&A environment. I know you did this deal and have a pretty attractive capital structure right now. What should we be thinking out in terms of timing and also what types of deals you're looking for? Could it be something in the future transformative, or is it more series of tuck-ins? How should we sort of frame up your M&A opportunity?

Jeffrey Steven Sloan

Chief Executive Officer & Director, Global Payments, Inc.

A

Yeah. Ramsey, it's Jeff. I would just say just speaking from a strategic point of view, I think our focus on M&A for the combined company really hasn't changed. So in terms of the types of deals that we're looking at, we're looking at geographic expansions, we're looking at end market scale, consolidations.

You heard Desjardins today that we describe, which is in a market partnership in a business that we're already in. And, of course, we're looking for more software and more vertical market solution. So I think the strategy as it relates to the combined company really hasn't changed all that much. We'll obviously be opportunistic. But I would say sitting here today, we feel pretty good about where the pipeline is, where the pipeline is going to be.

From a timing point of view, we obviously want to make sure, I think the balance sheet is in a very happy place. As Cameron alluded to, 2.5 times leverage gives us a lot of capability. And I think among the three deals that were announced, it's the lowest level of leverage among all three. But as I think about it, this is as much a managerial question as anything else. We want to make sure that in the next number of months that all the stuff that we've laid out internally and externally that we're going to meet and even exceed those expectations.

And I think once we feel like our sea legs are there and that we're tracking in the right place, this won't be an issue of capital availability or balance sheet. I think we have those today. Instead of say, hey, we're in a really good place, we're in a really good trajectory, so very good managerially about where we are. So, certainly as we head into 2020, if the capital markets stay favorable and our execution continues or accelerates on the path that it's in, I certainly think we're open for business.

Ramsey El-Assal

Analyst, Barclays Capital, Inc.

Q

That's super helpful. Thanks. A quick follow-up, on your wholesale business which I know for legacy Global is a increasingly small part of your business and declining, I know TSYS had a slightly different strategy there. And I'm just curious in terms of the harmonization of those two approaches, how are you viewing that business kind of on a go-forward basis?

Cameron M. Bready

President and Chief Operating Officer, Global Payments, Inc.

A

Yeah. Ramsey, it's Cameron. It's a really good question. And we've spent a lot of time as we brought the two merchant businesses together talking about that very topic. And what I would say is our strategy at Global Payments, obviously, to your point is different than the way TSYS has approached sort of the wholesale/indirect channel historically.

I would start by saying, for the combined business, it's a very small part of the overall combined business. And think as a – given the size of merchant organization we're operating today, there's room for us to have a wholesale business. I don't know that we'll continue to try to grow it perhaps as aggressively as TSYS has grown it historically. But certainly, I think there is a role for wholesale to play in the overall merchant business. We want to continue to serve the customers and partners that we have in that channel extraordinarily well as I think we have historically.

And I think we'll look to maintain that business without putting a lot of resources and deploying a lot of resources towards trying to grow it going forward. I think it can be a part of the overall merchant business, again, without being a core part of where we're deploying resources trying to grow the business in the future.

Ramsey El-Assal

Analyst, Barclays Capital, Inc.

Q

Got it. Thanks so much.

Jeffrey Steven Sloan

Chief Executive Officer & Director, Global Payments, Inc.

A

Thank you.

Operator: Our next question comes from Dan Perlin of RBC Capital Markets. Your line is open.

Daniel R. Perlin

Analyst, RBC Capital Markets LLC

Q

Hey guys. Great results. I guess I had a question going back to kind of the original announcement and talking about this dual headquarter relationship. And I'm just wondering as we – you were pretty clear on the synergy targets, I think, today. But are you thinking about any opportunity to repurposing the second location, is that contemplated in the cost synergy further down the road, or is there some other use for that long-term that we could be thinking about?

Jeffrey Steven Sloan

Chief Executive Officer & Director, Global Payments, Inc.

A

No. Dan, it's Jeff. We are dead set on what we said at the time of the announcement which is we're fully committed to dual headquarters in Atlanta and Columbus. We have 5,000 fantastic team members in Columbus. We probably have in the Greater Atlanta area on a combined basis 1,000 or 1,250. So, Columbus is really at the heart of the company.

At the end of the day, Columbus, of course, also is the heart of the issuer business where the two companies really don't overlap from a competitive point of view before we did the deal in the first place, rather that's really more on the merchant segment. So, we're fully committed to what we said. Columbus is an incredibly important part of what the company is today and will be going forward, and we're very committed to our team members there as well as the communities in which we live and work.

Daniel R. Perlin

Analyst, RBC Capital Markets LLC

Q

Got it. That's great. I just wanted to clarify a little bit on the TSYS reacceleration in merchant. I mean, I know that the company seem like it was distracted in the second quarter, especially around merchant. I'm just wondering in addition to other things you mentioned, I mean is it just regained focus coming into this quarter as the deal closed and then you saw better line of sight, and so the people that were involved on the TSYS side selling those products just were reinvigorated, or was there a bigger strategy that was kind of being put in place post, kind of, the second quarter which was a little bit disappointing?

Paul Michael Todd

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

A

Yeah. So, as it relates to the second quarter, we did have some kind of comp challenges year-over-year as it relates to kind of just the overall kind of number for the second quarter. I would say we have had acceleration kind of as part of the deal and so that's been a nice tailwind as we've been able to bring kind of our teams together.

But from a kind of core underlying performance, we did have good underlying performance in 2Q albeit some headwinds from a comp challenge standpoint. We obviously did lose our leader in the second quarter which also had some effect there. But we're glad to be in a position where that meaningfully accelerated in 3Q. And as Cameron mentioned, we are expecting further acceleration on that legacy business in Q4.

Cameron M. Bready

President and Chief Operating Officer, Global Payments, Inc.

A

The only thing I would add to that, Dan, is we've already aligned our go-to-market leadership teams across our integrated businesses here in the US market across our relationship channels in the US market. Key leaders in TSYS are now fully integrated into those overall leadership teams in those go-to-market channels. We feel very good about how we've come together as a go-to-market motion as a combined company and how the team is executing in the early days of putting those organizations together.

So, the momentum in the business is clearly there. We feel good about the pipeline as I highlighted earlier in the Q&A, and certainly feel like as we have more opportunity to work together, we have more opportunity to align our product strategies, our technology environment and our operating environment. There's obviously more momentum to continue to build as we look forward to 2020 and beyond.

Daniel R. Perlin

Analyst, RBC Capital Markets LLC

Q

That's great. Thank you, guys.

Jeffrey Steven Sloan

Chief Executive Officer & Director, Global Payments, Inc.

A

Thanks, Dan.

Operator: Thanks. Our next question comes from Darrin Peller of Wolfe Research. Your line is open.

Darrin Peller

Analyst, Wolfe Research LLC

Q

Hi. Thanks, guys. Just coming back from Money20/20, it does sound like pricing has been somewhat stable at least on the SMB side, if not actually better. And we actually did hear that there's still some opportunities on the TSYS side that were let's call it relatively underpriced. And I know you still have legacy on Heartland side.

So when we compare that and then the other key trend we are hearing, and one of the others is around paybacks. Companies enabling software to do more on their own which I guess underscores your strategy of buying in. But are you seeing that as well? And just talk about what you've really priced in around the opportunity on pricing upside into your guidance and your synergies? And is there more of an opportunity there? Thanks.

Cameron M. Bready

President and Chief Operating Officer, Global Payments, Inc.

A

Yeah. It's Cameron. I'll start, Darrin. So, I do think as we look across the TSYS portfolio over the course of time, there may be some opportunity to rationalize pricing across the channels that we operate at legacy Global Payments and TSYS collectively. I wouldn't suggest that that's a meaningful aspect of how we think about driving revenue enhancements by combining our business.

When we talk about revenue synergies in the merchant business, it's really across the opportunity, the cross-sell products and capabilities into our existing collective merchant bases. Obviously, TSYS brings us I think some very attractive products in terms of the Vital POS solutions, the Genius platform and of course ProPay, which dives into the second part of your question as it relates to paybacks and enhanced capabilities in that channel in the US market.

So most of the revenue synergies we expect to derive from combining our two businesses are really around those particular cross-selling opportunities, bringing payroll into the existing TSYS base of customers. Obviously, the Paycard capabilities that Netspend brings, we think provide a very attractive avenue for growth for the payroll business across our existing base of customers. And then, of course, bringing some of these solutions to international markets, we think creates other long-term opportunities for revenue enhancements in the overall merchant business.

I'll maybe let Jeff ask – respond to you as it relates to the payback conversation that you raised.

Jeffrey Steven Sloan

Chief Executive Officer & Director, Global Payments, Inc.

A

So, Darrin, I would just say, this goes back to APT kind of 7.5 years ago when we did that deal in August of 2012. We really had not seen the advent of the VAR ISO to be honest in any of our businesses in any kind of meaningful way. Part of what drove us toward the own software model was [ph] less of (00:57:14) worry about PayFacs or VAR ISOs more focused on in those markets where it makes a significant difference like restaurant. We think we need to own the entire element of distribution.

So Cameron, for example, commented on trended Xenial and SICOM, which has had a good year and we expect to have even a better year in 2020. We would not be in the position we are in today if we didn't own the hardware, software, drive-through, digital wallet functionality, we wouldn't be able to serve 20 of the top 40 QSRs, and have over 100,000 in the United States, it's just full stop.

So, I think that was driven strategically less by, gee, what a PayFac might do or more rather by the means and mode of competition in those businesses means that you need to sell all those things or you'll be reduced to just selling commoditized payments processing at the lowest possible price, which just is not that interesting from our point of view. It's nice to hear that what you heard at the conference is that the trend is coming our way. I do think we have a slightly different thesis though on why we think that's important strategically.

Darrin Peller

Analyst, Wolfe Research LLC

Q

Okay, that's helpful. Just one quick follow-up, the – I mean, congrats on the Citi partnership. I guess I just want to understand what exactly you're going to be executing there, is it more of a bank referral model that I mean historically you guys didn't really use as much I think merchant bank referral, but maybe just explain what the Citi deal is all about?

Jeffrey Steven Sloan

Chief Executive Officer & Director, Global Payments, Inc.

A

Sure, I'm happy to do that. It's Jeff. So, that's the – the new initiative that's called Spring by Citi, so in essence, you can think about it as a referral deal, but as it relates to UCP specifically, so it's specific to the unified commerce product offering that we've been talking about for probably about a year now, specific to multinational customers on an omnichannel basis.

So, what's so exciting about this is, obviously, number one, Citi is a fantastic partner, and number two, a very smart consumer [indiscernible] (00:59:04) very sophisticated services. So, when they looked out in the landscape and asked who's got the very best technology and distribution capability on an omnichannel basis in the markets that they care about, we're very fortunate to be in a position that they selected us.

So, I think you should think about it as in an area that's high value add, very difficult to service for their most important largest, most complicated multinational customers in geographies both virtual and physical, that's something that we're very fortunate to be in the position to provide to Citi as part of the Spring initiative. So, I think that just is further validation of the exceptionality of our technologies, particularly in one of the most competitive markets that you can have, which is e-commerce and omnichannel business.

Darrin Peller

Analyst, Wolfe Research LLC

Q

That's great. Thanks guys.

Jeffrey Steven Sloan

Chief Executive Officer & Director, Global Payments, Inc.

A

Thanks, Darrin.

Jeffrey Steven Sloan

Chief Executive Officer & Director, Global Payments, Inc.

On behalf of Global Payments, thank you very much in joining us – for joining us this morning and thank you for your interest in us. And everybody, have a Happy Halloween.

Operator: Ladies and gentlemen, this concludes today's conference call. Thank you for participating. You may now disconnect.

Disclaimer

The information herein is based on sources we believe to be reliable but is not guaranteed by us and does not purport to be a complete or error-free statement or summary of the available data. As such, we do not warrant, endorse or guarantee the completeness, accuracy, integrity, or timeliness of the information. You must evaluate, and bear all risks associated with, the use of any information provided hereunder, including any reliance on the accuracy, completeness, safety or usefulness of such information. This information is not intended to be used as the primary basis of investment decisions. It should not be construed as advice designed to meet the particular investment needs of any investor. This report is published solely for information purposes, and is not to be construed as financial or other advice or as an offer to sell or the solicitation of an offer to buy any security in any state where such an offer or solicitation would be illegal. Any information expressed herein on this date is subject to change without notice. Any opinions or assertions contained in this information do not represent the opinions or beliefs of FactSet CallStreet, LLC. FactSet CallStreet, LLC, or one or more of its employees, including the writer of this report, may have a position in any of the securities discussed herein.

THE INFORMATION PROVIDED TO YOU HEREUNDER IS PROVIDED "AS IS," AND TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, FactSet CallStreet, LLC AND ITS LICENSORS, BUSINESS ASSOCIATES AND SUPPLIERS DISCLAIM ALL WARRANTIES WITH RESPECT TO THE SAME, EXPRESS, IMPLIED AND STATUTORY, INCLUDING WITHOUT LIMITATION ANY IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, ACCURACY, COMPLETENESS, AND NON-INFRINGEMENT. TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, NEITHER FACTSET CALLSTREET, LLC NOR ITS OFFICERS, MEMBERS, DIRECTORS, PARTNERS, AFFILIATES, BUSINESS ASSOCIATES, LICENSORS OR SUPPLIERS WILL BE LIABLE FOR ANY INDIRECT, INCIDENTAL, SPECIAL, CONSEQUENTIAL OR PUNITIVE DAMAGES, INCLUDING WITHOUT LIMITATION DAMAGES FOR LOST PROFITS OR REVENUES, GOODWILL, WORK STOPPAGE, SECURITY BREACHES, VIRUSES, COMPUTER FAILURE OR MALFUNCTION, USE, DATA OR OTHER INTANGIBLE LOSSES OR COMMERCIAL DAMAGES, EVEN IF ANY OF SUCH PARTIES IS ADVISED OF THE POSSIBILITY OF SUCH LOSSES, ARISING UNDER OR IN CONNECTION WITH THE INFORMATION PROVIDED HEREIN OR ANY OTHER SUBJECT MATTER HEREOF.

The contents and appearance of this report are Copyrighted FactSet CallStreet, LLC 2019 CallStreet and FactSet CallStreet, LLC are trademarks and service marks of FactSet CallStreet, LLC. All other trademarks mentioned are trademarks of their respective companies. All rights reserved.