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Global Payments, Inc. (GPN)

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MANAGEMENT DISCUSSION SECTION

Operator: Ladies and gentlemen, thank you for standing by, and welcome to Global Payments' First Quarter 2022 Earnings Conference Call. At this time, all participants are in a listen-only mode. Later, we will open the lines for 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, 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' First Quarter 2022 Conference Call. Our earnings release and the slides that accompany this call can be found on the Investor Relations area of our website at www.globalpayments.com.

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. These statements are subject to risks, uncertainties, and other factors, including the impact of COVID-19 and economic conditions, on our future operations that could cause actual results to differ materially from our expectations.

Certain risk factors inherent in our business are set forth in filings with the SEC including our most recent 10-K and subsequent filings. 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.

We will also be referring to several non-GAAP financial measures which we believe are more reflective of our ongoing performance. For a full reconciliation of the non-GAAP financial measures discussed in this call to the most comparable GAAP measure in accordance with SEC regulation, please see our press release furnished as an exhibit to our Form 8-K filed this morning and our supplemental material.

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 S. Sloan

Chief Executive Officer & Director, Global Payments, Inc.

Thanks, Winnie. We are pleased to have delivered yet another quarter of strong results that exceeded our expectations heading into 2022 despite incremental macro headwinds throughout the period. Specifically, we achieved record first quarter revenue, margin, and earnings per share, with solid free cash flow and our performance again highlights our business resilience and track record of execution.

We are especially delighted with our Merchant Solutions performance, which exhibited ongoing momentum as our strategies for differentiated growth are winning in the marketplace. We continue to see favorable new sales trends across our businesses, providing further evidence that we are gaining share, and our results today reflect those gains.

The strong bookings we've been reporting in Global Payments integrated and US payments and payroll drove attractive growth for both businesses during the quarter. And early this year, we combined these two businesses to unlock additional market opportunities and accelerate growth by creating a more streamlined go-to-market strategy and capitalizing on the best of these two high-performing cultures.

We are in the early stages of leveraging our Heartland sales professionals to increase our penetration with GPI partnered customers, as well as harmonizing the cross-selling of our commerce-enablement solutions across these channels. We are also excited to have recently launched the co-selling [ph] facet (00:03:50) of our Google partnership and we expect our joint go-to-market efforts will drive significant referral and new customer acquisition opportunities for businesses of all sizes.

We also expanded our acquiring relationship with Google which utilizes our Unified Commerce Platform, or UCP to North America following the success of our initial launch in Asia-Pacific late last year. Further, we remain on track to launch the next phase of Google Run and Grow My Business to help our merchants grow faster by connecting additional Google services to our digital platform later this year.

Speaking of our leading omnichannel platform, Global Payments is excited to announce a new partnership with Brooks Sports to modernize its payment acceptance capabilities in the UK and across Europe. In addition, we are pleased to be expanding our partnerships in Asia-Pacific including with Hilton to incorporate new payment features and functionality as well as with The Swatch Group across multiple brands and regions. We are also increasing the scope of our agreement with ChargePoint, the world's largest network of EV charging stations in North America and Europe; beyond our existing card present relationship to now include e-commerce.

Our partnership with Citi via UCP that spans North America, the UK and Continental Europe, continues to gain traction, and we are currently targeting approximately 300 of Citi's largest Treasury and Trade Solutions customers. We also continue to add new geographies to our partnership, including recently launching in Italy, Spain, Ireland, The Netherlands and Germany. And we expect to be live together in a dozen European countries by year end and will launch seven additional countries in Europe by early 2023.

Across our merchant businesses, we are unique in our ability to combine software, hardware, and payments across in-person mobile and online channels. As one example, our POS software solutions generated revenue growth of nearly 50% in the first quarter, as we continue to see great traction with our verticalized solutions; particularly in restaurant and retail as well as across the Vital platform, which we plan to bring to key international markets including the UK, Spain, and Central Europe later this year.

Our vertical markets portfolio delivered strong double-digit growth with a 36% increase in bookings, and we expect these businesses will remain a tailwind for our merchant growth going forward. In our stadium and events vertical, we have now gone live with our Xenial cloud point-of-sale solutions in Mercedes-Benz Stadium as part of our partnership to enable its multichannel commerce ecosystem. And in enterprise QSR, we successfully completed the rollout of our POS solution with Dutch Bros, and will soon be expanding our relationship to include additional software offerings to support the brand's robust growth. We also remain on track to complete the rollout of our Xenial cloud POS solution to all Denny's and Long John Silver's restaurants prior to the end of calendar year 2022.

Further, it's worth highlighting that we signed a new agreement with Focus Brands to deploy Xenial's digital menu board solution across Auntie Anne's, Carvel, Cinnabon, Jamba Juice, McAlister's Deli, Moe's Southwest Grill, and Schlotzsky's Deli franchises.

Our AMD business delivered another quarter of strong bookings growth of nearly 35% and eclipsed a significant milestone with the number of active physicians and providers utilizing the platform surpassing 50,000 for the first time. And TouchNet delivered the best new sales quarter in its history which includes the signing of the University of British Columbia, its largest single international deal ever. Early success in our newest vertical market, real estate, also continued in the first quarter with Zego delivering record new bookings for the period.

As we discussed at our September investor conference, we continue to benefit from ongoing innovation in our ecosystem, including buy now, pay later, or BNPL, technologies. We launched our BNPL as a service, marketplace in the first quarter to augment our 140-plus alternative payment methods portfolio exactly as we said we would. Our marketplace allows merchants to provide solutions across multiple BNPL providers in their target markets through a single integration point, expanding our alternative payments offerings on a regulated, compliant, and responsible basis while supporting merchant enablement and consumer choice.

In combination with our BNPL initiatives to our market-leading issuing business that targets financial institutions and retailers, we expect to drive significant growth beyond the 2 billion transactions that we already enable through BNPL annually.

Late last year, we announced that we reached an agreement to extend and expand the scope of our long-standing relationship with PayPal, which leverages our unparalleled e-commerce technology footprint across North America, Europe, and Asia-Pacific for a multiyear period. And I'm happy to report that we expect to be live with PayPal this quarter in new geographies and additional verticals and will support their cryptocurrencies for the first time, expanding our target addressable markets.

Additionally, we are pleased to announce a strategic alliance with Bakkt, a trusted digital asset platform that enables consumers to buy, sell, and hold a range of digital assets. We will be supporting a range of use cases, starting with enabling cryptocurrency redemption in customer loyalty programs offered by our bank card clients, expanding our banking-as-a-service offerings to include cryptocurrency, and ultimately leveraging issuing technologies for linking virtual debit, credit, and prepaid solutions. We're also excited to announce a broad collaboration with Bakkt in multinational payments acceptance.

Moving to Issuer Solutions, we are thrilled to announce that Caixabank recently signed a letter of intent to memorialize its selection of Global Payments as its technology partner for its card issuing businesses. This is the largest potential new customer signing for our issuer business since 2013 and would double our implementation pipeline to its highest level in our history, providing opportunities for accelerated growth over the next several years.

In conjunction with our announced partnership with Virgin Money and other recent wins, our relationship with Caixabank complements our debit strategy and positions Global Payments as a leading debit technology provider across Europe. Virgin Money is a significant competitive takeaway and we successfully completed the migration of the Virgin Money credit portfolio to our platform in February. And it is our first use case combining issuing and acquiring capabilities to offer transaction stream optimization solutions which we expect to go live in the next 12 months.

We're also proud to have successfully achieved significant multiyear renewal agreements with UK-based Metro Bank as well as with Ireland-based permanent TSB, which are two other long-standing TSYS issuer customers where our partnership spans both debit and credit portfolios. Further, we continue to benefit from our strategy of aligning with market share winners. We expect to add another significant portfolio to our record conversion pipeline upon the closing of a sizable acquisition by one of our largest North American-based clients that is expanding in the United States.

Simply put, we are winning in our Issuer Solutions business because we are selling more market-leading technologies to scale leaders through more distinctive and defensible distribution channels in more markets than we ever have previously.

Our unique collaboration with AWS is tracking as planned with 10 modernized services now built and available in the cloud. We've already successfully executed over 100 client migrations to our modernized issuer platform and recently announced a partnership with Mastercard to include authorizations, clearing and settlement in the cloud. And we anticipate Caixabank to be among the first large financial institutions to go directly to the cloud with us by the end of 2023.

Together with AWS, our preferred cloud provider for issuer business, we now have 39 active prospects in the pipeline, 11 of which are neobanks, fintechs, and start-ups. We also currently have eight letters of intent with institutions worldwide, four of which are competitive takeaways. We are currently participating in several active 100% cloud RFPs with large institutions and retailers globally. Our fully-functional modern issuing payment stack operating globally at scale differentiates us in the market. Simply put, the public cloud sells.

As we look to further capitalize on our ability to combine accounts payable SaaS technologies with our best-in-class capabilities and to market-leading B2B solutions, we're now managing MineralTree as a part of our Issuer Solutions business. As we discussed at our investor conference last September, we believe that we already possess one of the largest B2B businesses at scale globally and that our commercial card and virtual card efforts

within our issuer segment are the linchpins of our overall B2B strategies. When viewed in that light, MineralTree's capabilities are a perfect fit for that business.

We're delighted that MineralTree's momentum continued this quarter, including 60% growth in virtual card spend for the period and achieving the highest virtual card spend month in its history in March. Bookings grew in excess of 20% this quarter, and MineralTree successfully extended key financial institution relationships with Bank of the West and Fifth Third Bank, and went live with Finance of America Companies, a large enterprise customer signed late last year. It's worth highlighting that our MineralTree products have now been entered into the AWS co-selling program which will allow us to accelerate growth with our accounts payable solutions into both the middle-market as well as larger enterprises.

Our focus on growing our B2B solutions business continues to be successful. We have expanded our agreement with Cracker Barrel to include an EWA partnership across its more than 660 stores in the United States. This adds to our existing paycard solution relationship and increases our opportunity set with their eligible employees by more than 200%.

Also, we recently renewed paycard partnerships with Big Lots, Love's Travel Stops & Country Stores, and Cumberland Farms, collectively spanning over 2,500 locations in more than 47 states. We could not be more pleased with the investments we've made in our strategy that have enabled our resilience during the pandemic and driven the outsized growth we've achieved over the last eight years since we began running the company. At the same time, we seek to continue to refine our portfolio by simplifying the composition of our businesses and focusing on our core corporate customers including merchants, software partners, technology leaders, corporates, and financial institutions.

As part of that initiative, last quarter, we announced a strategic review of our Netspend consumer business to sharpen our focus on our B2B assets. I am pleased to report that we have made progress and that there is significant interest in Netspend's set of direct-to-consumer solutions. We look forward to providing additional details on our plans for these assets in the future as events unfold.

Before I turn the call over to Paul, I express my deepest concerns regarding the devastating situation in Ukraine. We recently closed on the sale of our United Card Service business in Russia, and we take some solace that we've done what we can to responsibly support our team members and that we have been providing financial and humanitarian support to those impacted. We do not have any operating businesses in Ukraine.

This has been a difficult time for all of our team members, customers, and partners across the region. Ultimately, our values and culture provide the roadmap for our decision-making. Paul?

Paul Michael Todd

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

Thanks, Jeff. We are pleased with our strong financial performance in the first quarter which exceeded our expectations despite the pandemic, the anniversary of multiyears of stimulus benefits, incremental headwinds from the war in Europe, and more recent, adverse foreign currency exchange rates. Specifically, we delivered adjusted net revenue of \$1.95 billion, an increase of 8% from the prior year and 9% growth on a constant-currency basis.

Adjusted operating margin for the quarter was 41.1%, a 50-basis point improvement from the first quarter of 2021 or approximately 100 basis points excluding the impact of acquisitions. The net result was adjusted earnings per share of \$2.07, an increase of 14% from the prior year or 15% on a constant-currency basis. This performance

was ahead of the low double-digit adjusted earnings per share growth we indicated we were expecting for the first quarter on our February call.

Taking a closer look at our performance by segment, Merchant Solutions achieved adjusted net revenue of \$1.34 billion for the first quarter, a 16.3% improvement from the prior year or over 17.3% on a constant-currency basis. Notably, we delivered an adjusted operating margin of 47.3% in this segment, an increase of 100 basis points year-on-year, and roughly 150 basis points excluding the impact of M&A. These results were driven by consistent execution of our technology-enabled strategy.

To that end, our integrated business produced another strong quarter, generating organic growth in the mid-teens compared to 2021 compounding at the longer-term growth rate we target for the business. Notably, in addition to the strength of our POS software solutions business that Jeff highlighted, our HCM and payroll business grew nearly 30%. As for our vertical market solutions, we were pleased that the overall portfolio delivered growth in the high 20% range compared to the prior year. As Jeff also highlighted, we are benefiting from the positive bookings trends we are seeing across our vertical markets portfolio and we continue to expect our owned software businesses will be a tailwind for us this year as the recovery progresses.

Moving to Issuer Solutions, we delivered \$443 million in adjusted net revenue, a 1.4% improvement on a constant-currency basis from the first quarter of 2021 and consistent with our expectations for this segment. Similar to last quarter, we had mid-single digit revenue growth in our transaction and account-on-file revenue. We had two offsetting headwinds in this segment, as anticipated. Consistent with last quarter, we had continuing headwinds related to our managed services repositioning and some nonrecurring revenue. This impact was partially offset by the inclusion of MineralTree within our Issuer Solutions segment beginning this quarter. Normalizing for these items, our adjusted net revenue growth was in the mid-single digits, consistent with our long-term target.

Also ex-nonrecurring items, commercial cards saw sequential monthly growth throughout the first quarter, which we expect to continue. Issuer adjusted operating margin of 42.6% increased 50 basis points excluding the impact of MineralTree. On a reported basis, it was down 60 basis points from the prior year.

Finally, in our Business and Consumer Solutions segment, adjusted net revenue declined in the high-teens, consistent with our expectations as the segment lapped two years of benefits from stimulus and higher levels of unemployment assistance. Our focused efforts on our B2B products in this segment delivered double-digit revenue growth for the period.

Adjusted operating margin for Business and Consumer Solutions expanded 270 basis points sequentially from the fourth quarter excluding the impact of MineralTree. Reported adjusted operating margin of 26.1% declined year-on-year, again, due to the lapping of two consecutive years of federal stimulus spending and higher levels of unemployment benefits.

From a cash flow standpoint, we delivered \$471 million of adjusted free cash flow for the quarter, and we continue to target converting roughly 100% of adjusted earnings to adjusted free cash flow for the full year. We invested \$156 million in capital expenditures during the quarter, and continue to expect roughly \$600 million in capital expenditures for 2022.

On the share repurchase front, we repurchased just over 4.5 million of our shares this quarter for approximately \$650 million. At quarter end, we had roughly \$1.7 billion remaining under our share repurchase authorization, and this remains a key capital allocation priority. Our balance sheet remains extremely healthy and we ended the

period with roughly \$2.5 billion of liquidity after repurchase activity. Our leverage position was 2.9 times on a net debt basis at quarter end.

Turning to the outlook for 2022, we remain encouraged by the underlying trends we are seeing in the business and we could not be more pleased with our financial and operating performance despite the environment. It is worth noting a couple of incremental impacts we now expect that were not reflected in the initial guidance we provided in February.

First, we have exited our operating business in Russia which we estimate will reduce our revenue in excess of \$20 million for the rest of the year relative to our prior forecast. Second, we are also anticipating that adverse foreign currency exchange rates will be a more significant headwind to our performance for the full year than we had anticipated previously.

Despite these incremental adverse impacts, we continue to expect adjusted net revenue to range from \$8.42 billion to \$8.5 billion, reflecting growth of 9% to 10% over 2021 or 10% to 11% on a constant-currency basis, albeit at the lower-end of this range given the aforementioned items. This outlook remains consistent with our long-term cycle target for double-digit top line growth. It also reflects the benefit we expect from a continued pandemic recovery and a stable macro economy throughout the year.

To provide some color on revenue growth at the segment level, we continue to expect adjusted net revenue growth for our Merchant Solutions segment to be in the low-double digits range. With the inclusion of MineralTree and Issuer Solutions, we now anticipate our adjusted net revenue growth to be at the high-end of the mid-single digit range. We will, of course, provide updates on the strategic review process for our Netspend consumer business as the process progresses.

On the margin front, we are raising our expectations for the year from the previous anticipated expansion of up to 100 basis points to up to 125 basis points or up to 175 basis points, excluding impacts from our recent acquisitions. This is above our cycle guidance for margin expansion of 50 basis points to 75 basis points annually. Moving to a couple of non-operating items, we expect net interest expense to be roughly \$385 million and for our adjusted effective tax rate to be approximately 20% for the full year.

Putting it all together, we are maintaining our expectation for adjusted earnings per share for the full year to be in the range of \$9.45 to \$9.67, reflecting growth of 16% to 19% over 2021. On a constant-currency basis, this reflects annual growth of roughly 17% to 20%. So in effect, we have absorbed the expected incremental revenue impact from Russia and recent adverse foreign currency exchange rates through actions we have taken to enhance margin and preserve earnings.

Lastly, I would highlight that from a quarterly phasing perspective, we continue to expect a progressive growth picture as we move through 2022 building on our outperformance in the first quarter.

In summary, we are pleased with the performance in the first quarter despite a challenging macro environment. Our merchant segment continues to excel and the strong underlying performance, record pipeline, early successes of our modernization efforts, and enhanced B2B focus in our issuer segment position us well for the future.

And with that, I'll turn the call back over to Jeff.

Jeffrey S. Sloan

Chief Executive Officer & Director, Global Payments, Inc.

Thanks, Paul. I am pleased with our performance during the quarter which has us on track to deliver record results for 2022. We raised our cycle guidance in September 2021 and our expectations for the rest of the year remain, despite the unprecedented incremental headwinds being absorbed in the last couple of months. We entered 2022 with substantial momentum and our first quarter results and guidance provide further support for sustained share gains.

Our targets for this year highlight the wisdom of our strategies while deepening our competitive moat regardless of the environment. Looking ahead, we are focused on maintaining our momentum by continuing to capitalize on the trends of digitization, commerce enablement, software differentiation, and omnichannel prevalence, which we discussed in-depth at our Investor Conference in September.

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 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: [Operator Instructions] Your first question comes from the line of Darrin Peller from Wolfe Research. Your line is open.

Darrin Peller

Analyst, Wolfe Research LLC

Q

Hey, thanks, guys. I want to start off on the merchant side, because we're still seeing volume growth, obviously, rebound very well and it's outperforming Visa's volume again on the credit card side, which really I think does understate the – underscore the market share positioning. When you think, Jeff, when you think of the assets you have now, first of all, just remind us on the re-opening potential of what's still to come, I know there's some verticals, but more importantly, just strategically talk about the position of the assets, where they can be in the next couple years, and if there's any incremental assets you think that make sense.

Jeffrey S. Sloan

Chief Executive Officer & Director, Global Payments, Inc.

A

Yeah, thanks, Darrin. I think you're spot-on with your questioning. We couldn't be more pleased with the performance overall, but especially in our merchant business. So let's just start with where you started on the re-opening question. As we said, we're very excited this quarter that our vertical markets business has returned to growth relative to 2019, not just relative to 2021. We had, I think we said in our prepared remarks, high-20s growth in our vertical markets business. Our bookings actually accelerated to mid-30s growth, Darrin, in the first quarter.

So actually our performance has accelerated in a number of the businesses that Cameron can describe within vertical markets in terms of reopenings, Darrin, that had been more recent laggards; examples include ACTIVE and K-12 have also returned to growth. So we feel really good about kind of where we are there, and as we said in our prepared remarks, we think that's really going to be a tailwind for our business this year and thereafter.

Addressing your second question, before I turn it over to Cameron to give a little bit more color, this, I think, is a strategy matter. I think we are very pleased with the resilience of our merchant business kind of across-the-board. We've been saying at our Investor Day in September and again reiterated today, that a number of elements of our merchant business including, in particular, our Global Payments Integrated business, which we described the combination of that with our US payments and payroll business this morning, that business just reported another double-digit growth quarter in the first quarter of 2022. That business, Darrin, is essentially at the same quantum of revenue as it would have been had there been no pandemic really in the first place.

So I think it's a strategy matter over the next number of years. We have tailwinds from the vertical market segment, as I described a minute ago. And as we said for the last number of quarters, our GPI and our broader payments and payroll business here in the United States really haven't lost a step from 2019 despite the pandemic.

Cameron, do you want to give a little bit more color?

Cameron M. Bready

President & Chief Operating Officer, Global Payments, Inc.

A

Sure, I'll be happy to. Good morning, Darrin. I would just start with a couple of things. I'll start with the vertical markets that are obviously continuing to recover, Jeff highlighted those, really K-12 and ACTIVE, both of them were up probably about 10 points sequentially from the fourth quarter relative to growth versus 2019. And obviously, that level of improvement helped to push vertical markets overall to growth relative to 2019, which I think is a hallmark, obviously, relative to the experience over the last couple of years. And it gives us a lot of confidence that our vertical market business is well-positioned to be a tailwind for growth for the merchant business for the balance of 2022 as those markets continue to recover.

On the flip side, I'd want to highlight TouchNet and AdvancedMD, which continue to produce just absolutely fantastic performance. TouchNet again grew double-digits this quarter. It's up nearly 40% versus 2019 levels, and AdvancedMD grew in the high-teens yet again. It's up over 50% relative to 2019 levels. So, the vertical markets has always been kind of a tale of two stories, and we continue to see that play out. But now that the more heavily impacted verticals are recovering, it sets up well for the balance of the year.

And just lastly, on the merchant business overall, I would just say a couple things. One is, as an execution matter, new sales and bookings trends remain very positive. In aggregate across the business, it was roughly 20% this quarter, again, continuing with a very strong sort of new sales performance across the business. And the other thing I would highlight, to Jeff's earlier point, is part of what we like about our positioning is the diversity of vertical market exposure that we have across both consumer discretionary and consumer nondiscretionary. So, obviously, as the macro continues to evolve over time, we're very happy with how the business is positioned as a diversification matter across vertical markets.

Darrin Peller

Analyst, Wolfe Research LLC

Q

Okay. That's really helpful. Very quick follow-up for Paul, if you don't mind. Just on the margin side, what gave you the conviction to raise it by a bit this time around and what's the cadence of it through the year? Thanks again, guys.

Paul Michael Todd

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

A

Yeah, Darrin, so yeah, obviously, we've been very focused on margin expansion now really for the last two years. But most recently, some of the actions that we took, as Jeff said in his prepared remarks, to kind of offset some of the incremental adverse kind of foreign exchange as well as Russia from on the cost side allows us to kind of tweak up that margin expectation for the year.

And as a cadence matter, it kind of progresses throughout the year, kind of steps up as we move throughout the quarters to kind of get to that overall up to 125 basis points. So you saw us at the 50 basis points we'll have another step-up in the second quarter, it'll step again in the third and another step in the fourth quarter to kind of get us to that overall up to 125 basis points.

Darrin Peller

Analyst, Wolfe Research LLC

Q

Okay. Thanks again, guys.

Jeffrey S. Sloan

Chief Executive Officer & Director, Global Payments, Inc.

A

Thanks, Darrin.

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

Ramsey El-Assal

Analyst, Barclays Capital, Inc.

Q

Hi. Thanks for taking my question this morning. Can you comment on what you're seeing in April in your merchant portfolio? And sort of specifically, whether you're seeing any signs that inflationary pressures are sort of tipping from tailwind to headwind?

Cameron M. Bready

President & Chief Operating Officer, Global Payments, Inc.

A

Yeah, Ramsey, it's Cameron. Maybe I'll start and I'll ask Paul and Jeff to chime in. I would say, April trends thus far have been pretty good and I'd say relatively consistent with what we saw in March. So the short answer to your question is we're not really seeing, I would say, any inflationary pressure, putting pressure on the consumer to a point that it's changing behavior and slowing down the overall level of spend in the market.

So as you know, generally with an inflationary environment we're going to benefit as volumes continue to tick up, reflecting, obviously, that price inflation and the overall cost of goods and services that consumers are purchasing to the point, obviously, where there ends up being demand destruction that might offset that. We're not seeing that yet. I think April's trending I think consistent with our expectations thus far.

Ramsey El-Assal

Analyst, Barclays Capital, Inc.

Q

Okay. And a follow-up for me is I wanted to ask about debit as an opportunity on the issuer business. To what degree does the AWS deal help you move deeper into debit? I think TSYS has been traditionally more of a credit shop. How do you think about debit as you move forward as an opportunity?

Jeffrey S. Sloan

Chief Executive Officer & Director, Global Payments, Inc.

A

Yeah, Ramsey, it's Jeff. It's a terrific question. So let me just start with the wins that we've already announced because of the very significant debit element. So if you go back to the fall of 2021, the Virgin Money win, we've already converted the credit portfolio, but the piece that's coming in the remainder of this year really is the debit portfolio, so that's a very significant win for us. And as I mentioned in the prepared remarks this morning, we expect to have our relationship along the lines of the digital wallet with Virgin Money, which is very much an environment where we can offer nonbank card rails, I think ACH, as well as debit, we expect that to be up and running within the next 12 months as I said this morning.

If you combine that with what we announced with CaixaBank in February, and now we signed a letter of intent recently. Caixa's one of the largest debit issuers across Europe and we have a bunch of renewals that we also announced this morning which also are debit-centric again in Europe. That all supports the statement we said this morning in our press release and also in our prepared remarks that we do expect to be among the largest debit processors across Europe before you even really get into additional co-sell opportunities with AWS. Let me just start there, Ramsey, because that addresses the first part.

On the second part of what you asked about, we announced that we had LOIs and pipelines with a number of fintech, startups and neobanks with AWS, I think 39 was the number of active prospects that we announced this morning. I think the opportunity there really is in the virtual card side along the lines of debit, particularly with AWS, Ramsey. So, in addition to everything I just mentioned with more traditional institutions, which will make us one of the leading debit technology providers anyway, if you think about the virtual cards that we talked about in September, plug into that what we announced this morning with Bakkt on the virtual card issuance side, with cryptocurrencies, plug into that the relationship with AWS and the 11 prospects in the pipeline on neobanks, fintechs, and start-ups. Those tend to be, Ramsey, virtual card-centric and those tend to be in particular debit-centric as it relates to virtual card.

So I do think over the next 12 to 36 months you'll see a very significant expansion on the issuing side of our debit business. AWS has a really serious role to play there, but so does Bakkt and really to be honest so do the traditional financial institutions that we've been announcing not just this morning but the last number of months.

Ramsey El-Assal

Analyst, Barclays Capital, Inc.

Q

Great. Thank you so much.

Jeffrey S. Sloan

Chief Executive Officer & Director, Global Payments, Inc.

A

Thanks, Ramsey.

Operator: Your next question comes from the line of Jason Kupferberg from Bank of America. Your line is open.

Jason Kupferberg

Analyst, Bank of America Merrill Lynch

Q

Thanks, guys. Good morning. I just wanted to start on the merchant side as we think about the cadence of growth in the second quarter specifically, thinking about it quarter-over-quarter. I mean, seasonally, I know you would typically see maybe mid-single digit or so kind of quarter-over-quarter growth, and, I guess, if we think about this year second quarter, you're going to benefit a little bit arguably from the fact that Omicron impacted Q1 to some extent but then you've got Russia and FX, I guess, that kind of go the other way. So make sure our expectations are calibrated properly in terms of how you're thinking about the quarter-over-quarter growth rate in merchant for Q2, assuming that the macro stays relatively stable.

Paul Michael Todd

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

A

Yeah, Jason. This is Paul. I'll start and Cameron may want to add-on top of that. As we talked about even in our last call, around kind of the low-double digit kind of growth on a year-over-year basis for the merchant business, we did have an easier comp in the first quarter, i.e., kind of the 16% or over 17% from a constant-currency standpoint and then that kind of low-double digit growth kind of continues then for the following kind of three quarters and really you almost kind of get into just how it compares on a year-over-year basis fundamentally, the organic growth is similar but just on a comparative basis, we – obviously, there's an M&A impact in the first half of the year that's a little bit of a comparative tailwind for us on the merchant side relative to the back half.

And so you kind of start at this kind of north of 16% reported or over 17% constant currency, and then we kind of go down into that low-double digit kind of growth rate for the remaining three quarters, and really the only kind of noise is just the difference between what we're comparing to from a base matter.

Cameron?

Cameron M. Bready

President & Chief Operating Officer, Global Payments, Inc.

A

I think that covers it pretty well. If you look at the cadence of growth in 2021 versus 2020, obviously, in the first quarter we grew 4% and the second we grew 41%. So naturally you're going to have a very different comp as Paul highlighted earlier. But to his point, obviously, we expect the merchant business overall to grow double-digits for the full year and we expect every quarter to be in the double-digit range. Obviously, Q1 being the high watermark because of easier comp.

Jason Kupferberg

Analyst, Bank of America Merrill Lynch

Q

Right, right. Okay. That makes sense. Following up just on issuer, obviously, nice to see the Caixa win, I wanted to see if I caught the comment right that this would be potentially implemented by the end of 2023, and then if you can just talk more generally about quarterly progression of issuer revenue growth for this year just based on how you see the implementation backlog trending. Thanks, guys.

Jeffrey S. Sloan

Chief Executive Officer & Director, Global Payments, Inc.

A

Yeah, Jason, thanks. It's Jeff. And I'll start and I'll ask Paul to talk a little bit about the cadence. So we expect the implementation of Caixa to begin at the end of 2023, so it'll have some impact in 2023 but that's really the start of it. And, obviously, given the size of that we'll continue into 2024 and beyond. As we said in our prepared remarks it's the largest single letter of intent sign we've had since 2013 and effectively doubles the size of our implementation pipeline.

The other thing I mentioned in our prepared remarks that the 56 million cards in the implementation pipeline does not include other things we hope to announce in the second quarter call and I referenced one of those in my prepared remarks, which is the acquisition by a North American Bank of a large US bank which we expect to have as well. Just to be clear that's not in the 56 million, so we hope we're in a position when we head into the back half of the year that as we burn through the implementation pipeline which Paul will talk about in a moment, as we burn through that, we're actually replenishing it and keeping it relatively constant at the record level or thereabouts as it is today.

Paul, do you want to talk about...

Paul Michael Todd

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

A

Yeah, so, Jason, on the step-up as it relates to the revenue growth, and as we said on our last call, that we did have, in this first quarter, some comparative kind of from year-over-year but we stepped it at mid-single digit in the second quarter and then stepped-up to kind of that mid to kind of higher mid-single digit in the third and the fourth quarter for the business, ultimately kind of landing at that higher mid-single digit rate is our expectation for the year.

So we have a progressive step-up throughout the year, and as I said on our last call as well, we kind of exit the year at that higher mid-single digit given the conversion activity we just referenced as well as kind of some of the easier comps that we have with managed services and some of the things that we're doing on the repositioning side there. So it's not only just the step-up progressively in the year but it's also kind of the exit run rate growth rate that we expect to be at when we end the year.

Jeffrey S. Sloan

Chief Executive Officer & Director, Global Payments, Inc.

A

Yeah, I'd just add to, Jason, what Paul just said that commercial card which Paul called out in his prepared comments, saw improvement in March versus February, February versus January, obviously, as Omicron waned and corporate business travel returned. We expect that to be, much like Visa and Mastercard said, improving as 2022 goes on. So in addition to the record implementation pipeline, we do see tailwinds coming in commercial card which really, for the last two years or so, Jason, up until February and March, was like a headwind.

Jason Kupferberg

Analyst, Bank of America Merrill Lynch

Q

Right, right. Okay. Well, thanks for the remarks.

Jeffrey S. Sloan

Chief Executive Officer & Director, Global Payments, Inc.

A

Thanks very much.

Operator: Your next question comes from the line of Dave Koning from Baird. Your line is open.

David John Koning

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

Q

Yeah, hey, guys. Nice job. And maybe if I can just start out by just the pricing and yield environment, it seems like maybe we're getting into a little better place just with interchange adjustments, maybe your own ability to price, maybe software growing faster than merchant, like, could we actually see yield start to tick up in coming quarters?

Cameron M. Bready

President & Chief Operating Officer, Global Payments, Inc.

A

Yeah, Dave, look, I think your overall thesis is right. I think we are seeing a relatively constructive yield environment is probably the best way to characterize it. Obviously, vertical markets returning to growth versus 2019 levels is a nice tailwind for yield. You called out the interchange benefits that are kind of flowing through. Most of our pricing, as you know, is interchange-plus, but we do have some bundled pricing as well.

More importantly, as the overall cost of acceptance goes down for our merchant customers, that's generally a good thing and generally a tailwind for the business overall. So I would say, we're seeing an environment where a couple things. One, obviously given all the discussion of inflation, there is an acceptance of the fact that costs are increasing is point number one. And point number two, as our business mix continues to shift towards more technology enablement, more software. Obviously, we're seeing a positive environment for our own specific businesses as well. So I think we feel pretty good about how the overall sort of pricing environment is positioned for the balance of the year.

David John Koning

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

Q

Great. Thanks. And maybe just a follow-up, just at a really high level, you've talked about high-teens EPS growth over time. It feels to me like if anything, as time goes on, you probably feel as good or better about that high-teens growth. I mean, is that fair kind of as we kind of reflect on this quarter and April like things are as good as ever, long-term is greatly intact?

Jeffrey S. Sloan

Chief Executive Officer & Director, Global Payments, Inc.

A

Yeah, Dave, I think – it's Jeff. I think that's exactly right and I'll ask Paul to comment. We raised the cycle guidance to the high-teens to 20% in September. Here we are in a much different worse really macro environment, we're just reaffirmed today that those are targets for this year. So I think what we've shown is the business is very resilient, as Cameron described, the vertical market business, which during the recovery, as Darrin asked about, the vertical markets business during the recovery was a bit of a headwind, now it's a tailwind. So I think we're in a very good place, as Cameron mentioned, with the balanced business to feel very confident in the cycle guide, almost somewhat independent of the macro environment, and you've seen the changes that we've seen over the last couple of months to maintain our targets that we've had over a period of time.

Paul, do you want to make some...

Paul Michael Todd

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

A

Yeah, I would just say, and we've kind of hit on it in the last couple of questions is just the improving picture. Certainly on the merchant side we've talked for several quarters about the tailwind of vertical markets coming back and being an additive kind of growth dynamic. And then as I just commented on the issuing side, between what we're seeing this year as a progressively stronger growth picture and this pipeline size that, as Jeff commented earlier, it's the biggest pipeline we've had in really a long time in that business. And then you kind of couple that with just even as of this morning, raising our margin guidance and the things that we're doing on the

cost side gives us kind of that additive confidence that, yeah, that EPS cycle guide is in really good shape and we've got tailwinds relative to the things we've talked about this morning.

David John Koning

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

Yeah. Thanks, guys. Great job.

Q

Jeffrey S. Sloan

Chief Executive Officer & Director, Global Payments, Inc.

Thanks, Dave.

A

Paul Michael Todd

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

Thanks, Dave.

A

Operator: Your next question comes from the line of George Mihalos from Cowen. Your line is open.

George Mihalos

Analyst, Cowen & Co. LLC

Great. Good morning, guys, and thank you for taking my questions. I guess, just to kick things off, some clarification on the issuer side of the equation. Paul, how much did MineralTree contribute to Issuer Solutions here in the first quarter? And then maybe to just kind of circle back to Jeff's commentary on commercial, how exactly did that perform in the first quarter relative to kind of a 2019 benchmark, if you happen to have that handy?

Q

Paul Michael Todd

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

Yes. So, as it relates to the impact of MineralTree and we were roughly flat on a constant-currency basis, ex-MineralTree. And so, obviously, being at the roughly 1.5% growth, that's kind of the right way to think about the MineralTree impact and roughly kind of the right way to think about it for the full year, although we've got some additional adverse FX that comes into play so that pulls that down, but roughly, about 1% or so of benefit as it relates to MineralTree.

A

And then as it relates to commercial card, we still haven't reached back to kind of exceeding the 2019 levels on commercial card. We did, as Jeff said, saw a progressive kind of growth picture and particularly so, between March and February kind of the step-up in the growth rate in our commercial card business as it relates to kind of sequential. But as it relates to 2019, we're still not at those 2019 levels. And certainly as we sit there and look at the overall segment, what we were pleased with is that the overall normalized growth rate of that business from our accounts on file and kind of transactional revenue being solidly in that kind of mid or almost high mid-single digit growth rate. And just putting it all together when you look at it kind of ex the managed services and some of the nonrecurring, we're kind of solidly in that mid-single digit growth rate for the quarter.

George Mihalos

Analyst, Cowen & Co. LLC

Okay. That's great. I appreciate that color. And then just shifting gears to merchant a little bit. Can you guys talk about what you're seeing on the international side? Just when I had, I think, my last conversation, was Europe

Q

was looking a lot better, APAC better, but maybe still sort of lagging. Just curious if you can give us to sense as to how those international geographies have been progressing. Thank you.

Cameron M. Bready

President & Chief Operating Officer, Global Payments, Inc.

A

Yeah, George, it's Cameron. I'll jump in there. I think you have that mostly right. Obviously, Europe was a bright spot in the quarter. The growth rate was in the high 20% range. Obviously, we got a little bit of a tailwind from Bankia that we acquired in the latter part of 2021. But overall, organically, it was well into the 20% range from a growth standpoint as the recovery continues to progress kind of across the European footprint.

As it relates to 2019 levels, the UK, is positive which is good and remains positive, had a very strong quarter. Spain continues to really be the bright spot along with our joint venture with Erste Bank in Central Europe. Those two businesses are growing at very attractive rates, as we've seen the pandemic accelerate, obviously, the digitization of payments across those two markets to a pretty extensive degree. So those businesses, I think, stand out again from a performance standpoint, positioning Europe, I think, to have a very strong year overall as the recovery continues to progress.

Asia actually went backwards a little bit in the first quarter, and that's completely attributable to the lockdowns in the Greater China markets and China in particular. So we did see Asia be a headwind to growth. Asia grew overall about 3% in the quarter. Some of that was obviously negative currency environment and some of it obviously was attributable to the lockdowns. As that market, again, hopefully reopens, as we move into the latter parts of the second quarter and into Q3, we expect it to get back to more of a double-digit growth rate which is our anticipation for the region. But, obviously, we did have to absorb a little bit of headwind in the first quarter given the continued sort of COVID impacts across the region.

George Mihalos

Analyst, Cowen & Co. LLC

Q

Thank you, Cameron.

Cameron M. Bready

President & Chief Operating Officer, Global Payments, Inc.

A

Thanks, George.

Operator: Your next question comes from the line of Timothy Chiodo from Credit Suisse. Your line is open.

Timothy Chiodo

Analyst, Credit Suisse Securities (USA) LLC

Q

Great. Thanks for taking the question. I wanted to dig in a little bit on Global Payments Integrated, so the partner business. I believe in the past and pretty recently, you disclosed roughly 6,000 software partners. Just want to talk a little bit about where that number has come from, where it's grown from, how many partners you've been adding on average per year. And then the follow-up is more around the mix of those and the types of services they're taking. How many are doing online and in-store and then maybe the penetration of additional embedded financial services across those? Thanks a lot.

Cameron M. Bready

President & Chief Operating Officer, Global Payments, Inc.

A

Yeah, Tim, it's Cameron. I'll start, and I'll ask Jeff and Paul to jump in with any other comments they'd like to provide. So obviously, if you just look back in time, the Global Payments Integrated business grew through the combination of our acquisitions of APT and PayPros, and then obviously, since then, has been growing at an organic rate generally in that kind of mid-to-high teens rate. So if you think about the base of partners that exist in that business today, it's come through largely a combination of those plus organic growth.

And then, of course, lastly, when we merged with TSYS about 2.5 years ago now, TSYS had a portion of their merchant business that was focused on integrated partners as well and we combined that into GPI. So, I would say if you look at the mix of partners, it's largely coming from the acquisitions we've done coupled with very strong organic growth trends over the course of time.

As it relates to new partners, it's hard to give you a pinpoint estimate as to how many we add a year because it largely depends on the size of partners we're targeting. I can tell you in the first quarter we added about a dozen, and I would say there were three larger partners in that portfolio. In aggregate, they bring us an opportunity for about 130,000 additional mids to be able to add to our integrated business. So those are three really sizable wins and ones that we're really attractive – or excited about, given that that business has about 600,000 mids in it today, so adding a new population of 130,000 we can go and target is, obviously, a very good result for us.

So in any given year, we'll add well into 20 to 30 partners. Attrition in that business is very low, particularly on the partner side. So we continue to see obviously a favorable outlook for growth in the business over a longer period of time, given our ability to add new partners into the portfolio and then obviously get better penetration levels within our partner base of mids.

As Jeff highlighted in his prepared remarks, we have now, as a go-to-market matter, combined our US payments and GPI business. A big part of that strategy is really geared around unleashing our relationship-led sales professionals on the GPI base of partner customer opportunities and really doing that in a more seamless systematic way as we bring the two channels together.

The second key element of doing that is to also improve our ability to cross-sell capabilities that we have in those two businesses into the underlying base portfolios. And we've already launched lending into our GPI business from our US payments business in the first quarter. We're going to add more products, obviously, as a cross-sell matter into that over the course of time.

So it sort of speaks to the last part of your question which is our ability to embed more value-added services, more commerce enablement solutions into the overall GPI portfolio is really going to be enhanced by bringing those channels together, as we're able to obviously unleash more capability into that environment as we have a slightly smoother kind of go-to-market motion across the US business by merging the two channels.

Timothy Chiodo
Analyst, Credit Suisse Securities (USA) LLC

Q

Great. Cameron, I really appreciate that thorough update on GPI. Thanks a lot.

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

A

Absolutely. Thanks, Tim.

Operator: Your next question comes from the line of Trevor Williams from Jefferies. Your line is open.

Trevor Williams

Analyst, Jefferies LLC

Q

Great. Thanks. Good morning. I just want to clarify on the full year guide, Paul, you walked through the puts and takes relative to when you first gave it last quarter. Just on the macro assumptions, aside from the FX impact, is there any change to what you have built in for consumer spending for the rest of the year? And correct me if I misheard it, sounds like you're still expecting progressive improvement throughout the year. Can you just remind us there what sort of macro trajectory is built into track the low-end, the midpoints, and the high-ends of the guides? Thanks.

Paul Michael Todd

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

A

Yeah, Trevor, I mean, as it relates to macro in each one of our businesses, we kind of build that into the fundamental kind of how we're building up based on what we're seeing and obviously, depending on the segment, what we're kind of forecasting for our customers and so on. So nothing's changed with that kind of rationale with the way we looked at.

We did, as we said last time, that we do, as you kind of referenced, assume a progressive kind of recovery and things kind of continuing to get back to a kind of a more-normalized state. With that being said, we've always said, we don't kind of build perfection into the kind of model. So we just kind of have, based on all of the way we do our forecasting across all of our businesses, that kind of embeds in what we're expecting from an overall kind of normalized standpoint.

So, I wouldn't say there's anything kind of incremental that we've built in. It's just been that kind of more normalized kind of growth and return to normalcy. And with that being said, we do provide for some kind of non-perfection as we move along that pendulum there.

Trevor Williams

Analyst, Jefferies LLC

Q

Okay. Perfect. That's really helpful. And then just as a follow-up, on issuer, I was just curious on the pricing and competitive environment, particularly in the US with where the implementation pipeline is, the Caixa win, and clearly you guys have a lot of momentum in the business. But in the US, there's been some narrative in the market just around some of your big competitors starting to get a little bit more aggressive on pricing. So I was just curious to get your updated view on the competitive environment in the US and how the repositioning of the business with the AWS partnership, how that fits into kind of how you've seen the market evolve there over the last couple of years. Thanks.

Jeffrey S. Sloan

Chief Executive Officer & Director, Global Payments, Inc.

A

Yeah, Trevor, it's Jeff. I would say that the competitive environment really hasn't changed in issuer. It's always been very competitive. I think the one thing that has changed, and we've seen this more recently, is our ability to really lead with technology, particularly in the partnership with AWS, which is really unique to us. So I don't think competitive landscape is any different now than it was certainly when we did the merger two or three years ago to be honest and that's what we're seeing. But I do think we have unusual things to bring to the table particularly as it relates to our service, the quality of our technology, our unique collaboration with AWS.

If you go back to what I think I said in February, we believe that one of the reasons that Caixabank selected us and they went to a full RFPs because they looked at our technology, they looked at where we were in the public

cloud, they looked at AWS, and they came to the point of view that this is an important strategic decision for them, and I think that's just good a touchdown as any. I think the 56 million accounts on file as a record implementation pipeline is a really another.

So I think if you look at kind of what our guide has been in that business, Paul described progressively increasing throughout the quarter, if you look at where I think we'll be over the next 12 to 24 months in that business, which I think is a pretty good trajectory, I think that kind of tells you what you need to know about the pricing environment as well as the mode of competition, which I think is really shifted toward end-to-end technology leadership. So if anything is new, Trevor, it's leading first and foremost with technology, and I think what we have is really unmatched at scale in our industry.

Trevor Williams

Analyst, Jefferies LLC



That's great. Thanks, Jeff.

Operator: Your final question comes from the line of Ashwin Shirvaikar from Citi. Your line is open.

Ashwin Vasant Shirvaikar

Analyst, Citigroup Global Markets, Inc.



Hey, Jeff, Cameron, Paul. Thanks for taking the question. Good to hear from you. I was wondering if you could talk to what specifically commercial card normalization would add to your expectations through the course of the year, if you could talk about that.

Paul Michael Todd

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



Yeah, well, Ashwin, it's Paul. We have kind of a more normalized or certainly a progressive kind of recovery on the commercial card side kind of built in to, obviously, the guide that we talked about of the higher mid-single digit. And so that [audio gap] (01:00:33) if you will, on the commercial card side is built in. I would call it maybe a kind of point maybe of additional growth and certainly as I commented earlier, we still, even with kind of this improving picture, still are not back to the 2019 levels. And so as we move into 2023, obviously, there could be some incremental kind of tailwind into 2023, if we kind of get back to that kind of 2019 level. We'll just have to see how things progress.

What I'm particularly pleased about though is what we've seen so far this year, because obviously, in the fourth quarter, we had seen some pullback in the latter part of the fourth quarter relative to commercial card and we had seen that come back, and as I said, particularly we saw it in March volumes versus February, but we saw progressively kind of core picture. So we are seeing it coming back, albeit not yet to that 2019 level, but that would be roughly the right way to think about it, Ashwin.

Ashwin Vasant Shirvaikar

Analyst, Citigroup Global Markets, Inc.



Got it. Got it. And then just a clarification with basically unchanged revenues where you're absorbing a lot of different factors, but higher margins. The EPS offset, is that completely on interest expense? I might have missed that or if you could walk through some of the below-the-line items.

Paul Michael Todd

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

A

Yeah. So we did kind of tweak up kind of the interest cost in the prepared remarks I commented on, relative to the environment that we're in with the rate increases. And so that's baked in, so we're absorbing that in what we're doing from a cost standpoint. So, yeah, I mean, kind of, we commented I think in the prepared remarks. That's what we're pleased with is, we're kind of absorbing the Russia impact, the adverse incremental FX, some higher interest costs and still staying squarely kind of in our EPS guide range.

Ashwin Vasant Shirvaikar

Analyst, Citigroup Global Markets, Inc.

Q

Okay. Got it. Thank you.

Jeffrey S. Sloan

Chief Executive Officer & Director, Global Payments, Inc.

A

Well, thanks, Ashwin.

Jeffrey S. Sloan

Chief Executive Officer & Director, Global Payments, Inc.

On behalf of Global Payments, thanks, everyone, for joining us this morning.

Operator: This concludes today's conference call. Thank you for your participation. You may now disconnect.

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