



## Press Release

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# TSYS Reports Fourth Quarter and Full Year Earnings

*Provides 2018 Outlook for Revenue and Earnings per Share*

**Columbus, Ga., January 23, 2018** – TSYS (NYSE: TSS) today reported results for the fourth quarter and full year of 2017.

*"2017 proved to be a truly exceptional year for our company. We delivered outstanding financial results, continued to expand our merchant business with the Cayan acquisition announcement and finished the year having met or exceeded our goals,"* said M. Troy Woods, chairman, president and chief executive officer of TSYS.

### **Highlights for the fourth quarter of 2017 vs. 2016:**

- Total revenues were \$1.3 billion, an increase of 12.5%.
- Net revenue (non-GAAP), which excludes reimbursable items, interchange and payment network fees, was \$870.6 million, an increase of 10.8%.
- Net income attributable to TSYS common shareholders was \$242.2 million, an increase of 227.5%, which includes \$135.9 million of tax benefit from the Tax Cuts and Jobs Act. Diluted EPS were \$1.31, an increase of 227.4%.
- Adjusted earnings (non-GAAP) were \$151.0 million, an increase of 16.5%. Adjusted diluted EPS (non-GAAP) were \$0.82, an increase of 16.5%.
- Adjusted EBITDA (non-GAAP) was \$293.3 million, an increase of 10.0%.
- 3.45 million shares were purchased for \$255.0 million.

**Highlights for the full year of 2017 vs. 2016:**

- Total revenues were \$4.9 billion, an increase of 18.2%.
- Net revenue (non-GAAP), which excludes reimbursable items, interchange and payment network fees, was \$3.4 billion, an increase of 11.8%.
- Net income attributable to TSYS common shareholders was \$586.2 million, an increase of 83.4%, which includes \$135.9 million of tax benefit from the Tax Cuts and Jobs Act. Diluted EPS were \$3.16, an increase of 82.4%.
- Adjusted earnings (non-GAAP) were \$624.2 million, an increase of 20.9%. Adjusted diluted EPS (non-GAAP) were \$3.37, an increase of 20.2%.
- Adjusted EBITDA (non-GAAP) was \$1.2 billion, an increase of 15.1%.
- 3.85 million shares were purchased for \$282.6 million.
- Debt was reduced by \$400 million and totaled \$800 million over the past two years.

*"We expect the momentum of 2017 to carry over into 2018. We are projecting strong organic revenue growth as we remain laser focused on executing on our strategic plan and delivering outstanding results,"* said Woods.

**2018 Outlook**

On January 1, 2018, TSYS adopted Accounting Standards Codification (ASC) 606 "Revenue from Contracts with Customers" using the modified retrospective transition method. The 2018 guidance is below and includes the expected impact of the adoption of the new revenue standard, the expected impact of the acquisition of Cayan, the expected impact of the new tax law (the Tax Cuts and Jobs Act) and the expected effective date of October 2018 of the prepaid rules by the Consumer Financial Protection Bureau.

(in millions, except per share amounts)

	2018 Financial Outlook Range <sup>(1)</sup>		Percent Change	
<b>Revenue:</b>				
Total revenues (GAAP)	\$3,850	to	\$3,950	(22%) to (20%)
Net revenue (non-GAAP)	\$3,650	to	\$3,750	7% to 10%
<b>Earnings per share:</b>				
Diluted EPS (GAAP)	\$2.85	to	\$2.95	(10%) to (7%)
Adjusted diluted EPS attributable to TSYS common shareholders (non-GAAP)	\$4.10	to	\$4.20	22% to 25%
Weighted average diluted shares outstanding	184			

<sup>(1)</sup> The estimated impact of the adoption of ASC 606 on TSYS' 2018 Outlook is as follows:

Total revenues	(\$1,600)	to	(\$1,575)
Net revenue	(\$62)	to	(\$69)
Diluted EPS	(\$0.04)	to	(\$0.03)
Adjusted diluted EPS	(\$0.04)	to	(\$0.03)

The most significant impact of adopting ASC 606 in 2018 is primarily the result of gross versus net presentation of interchange and payment network fees. In 2018, these fees collected on behalf of the payment networks and card issuers will be presented "net" of the amounts paid to them, as opposed to the "gross" presentation for certain of these fees in 2017.

### Conference Call

TSYS will host its quarterly conference call at 5:00 p.m. ET on Tuesday, January 23. The conference call can be accessed via simultaneous Internet broadcast on the "Investor Relations" section of TSYS' website at [investors.tsys.com](http://investors.tsys.com) where an accompanying slide presentation will also be available. The replay will be archived for 12 months and will be available approximately 30 minutes after the completion of the call.

### Non-GAAP Measures

This press release contains information prepared in conformity with GAAP as well as non-GAAP information. It is management's intent to provide non-GAAP financial information to enhance understanding of its consolidated financial information as prepared in accordance with GAAP. This non-GAAP information should be considered by the reader in

addition to, but not instead of, the financial statements prepared in accordance with GAAP. Each non-GAAP financial measure and the most directly comparable GAAP financial measure are presented so as not to imply that more emphasis should be placed on the non-GAAP measure. The non-GAAP financial information presented may be determined or calculated differently by other companies.

Additional information about non-GAAP financial measures, including, but not limited to, net revenue, adjusted earnings, adjusted EBITDA and adjusted diluted EPS, and a reconciliation of those measures to the most directly comparable GAAP measures is included on pages 12 to 15 in the financial schedules of this release.

### **About TSYS**

TSYS<sup>®</sup> (NYSE: TSS) is a leading global payments provider, offering seamless, secure and innovative solutions across the payments spectrum — from issuer processing and merchant acquiring to prepaid program management. We succeed because we put people, and their needs, at the heart of every decision. It's an approach we call 'People-Centered Payments<sup>®</sup>'.

Our headquarters are located in Columbus, Ga., U.S.A., with approximately 11,800 team members and local offices spread across 13 countries. TSYS generated revenue of \$4.9 billion in 2017. We are a member of The Civic 50 and were named one of the 2017 World's Most Ethical Companies by Ethisphere magazine. TSYS is a member of the S&P 500 and routinely posts all important information on its website. For more, visit [tsys.com](http://tsys.com).

### **Forward-Looking Statements**

*This press release contains "forward-looking statements" – that is, statements related to future, not past, events. Forward-looking statements often address our expected future business and financial performance and often contain words such as "expect," "anticipate," "intend," "believe," "should," "plan," "potential," "will," "could," and similar expressions. These forward-looking statements include, among others, statements regarding the expectation that the momentum of 2017 will carry over into 2018, the projected strong organic revenue growth and TSYS' earnings guidance for 2018 total revenues, net revenue, diluted EPS and adjusted diluted EPS, and the assumptions underlying such statements, including with respect to TSYS' earnings guidance for 2018 those set forth under the caption "2018 Outlook" above. These statements are based on the current beliefs and expectations of TSYS' management, are based on management's assumptions and are subject to significant risks and uncertainties. Actual results may differ materially from those contemplated by the forward-looking statements. A number of important factors could cause actual results or events to differ materially from those contemplated by our forward-looking statements in this press release. Many of these factors are beyond TSYS' ability to control or predict. These factors include, but are not limited to, the material breach of security of any of TSYS' systems; TSYS' ability to integrate acquisitions and achieve the anticipated growth opportunities and other benefits of the acquisitions, particularly the recently completed Cayan acquisition; the effect of current domestic and*

*worldwide economic conditions; risks associated with foreign operations, including adverse developments with respect to foreign currency exchange rates, and in particular with respect to the current environment, adverse developments with respect to foreign currency exchange rates as a result of the United Kingdom's decision to leave the European Union (Brexit); expenses incurred associated with the signing of a significant client; TSYS does not convert clients' portfolios as scheduled; the deconversion of a significant client; changes occur in laws, rules, regulations, credit card association rules, prepaid industry rules or other industry standards affecting TSYS and our clients that may result in costly new compliance burdens on TSYS and our clients and lead to a decrease in the volume and/or number of transactions processed or limit the types and amounts of fees that can be charged to customers, and in particular the CFPB's new rule regarding prepaid financial products, including its effective date; the costs and effects of litigation, investigations or similar matters or adverse facts and developments relating thereto; adverse developments with respect to the payment card industry in general, including a decline in the use of cards as a payment mechanism; and growth rates of TSYS' existing clients are lower than anticipated or attrition rates of existing clients are higher than anticipated. Additional risks and other factors that could cause actual results or events to differ materially from those contemplated in this release can be found in TSYS' filings with the Securities and Exchange Commission, including our most recent Annual Report on Form 10-K. We believe these forward-looking statements are reasonable; however, undue reliance should not be placed on any forward-looking statements, which are based on current expectations. TSYS disclaims any obligation to update any forward-looking statements as a result of new information, future developments or otherwise except as required by law.*

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