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Global Payments, Inc. (GPN)

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MANAGEMENT DISCUSSION SECTION

Tien-Tsin Huang

Analyst, JPMorgan Securities LLC

Thanks, everyone, for joining. This is the Global Payments session. My name is Tien-Tsin Huang. I'm the payments processing and IT services analyst at JPMorgan. And really excited to have Cameron Bready back with us. Cameron is the President and COO of Global Payments.

And what we're going to do is just like the other sessions, we'll go through a fireside chat. I've gathered a lot of questions from the investment community, but we'll also take questions through the Q&A button here. So, feel free to tap that, and I'll be sure to try and leap in those questions here as we go through it.

But, Cameron, welcome. Great to see you virtually. How are things in Atlanta? Things are opening up here.

Cameron M. Bready

President & Chief Operating Officer, Global Payments, Inc.

Yeah. Very well. Thanks, Tien-Tsin. Nice to see you as well. And I hope you and your family and your colleagues at JPMorgan are all safe and well in this environment.

Tien-Tsin Huang

Analyst, JPMorgan Securities LLC

Yeah. No, all good. And also hoping the Wi-Fi stays up is my joke of the day. But so far, so good. But let's get into this.

QUESTION AND ANSWER SECTION

Tien-Tsin Huang

Analyst, JPMorgan Securities LLC

Q

I know you guys just reported earnings not too long ago. But thinking about the postmortem here and dimensioning the business, I thought maybe it's a good place to start. And I've been thinking about it, Cameron, tell me if I'm wrong, that I think about Global Payments in thirds, right? A third is pretty resilient business with the Issuing business, the Consumer business, the legacy Netspend. The second third within Merchant is fairly resilient, spend-centric, but fairly resilient. And then the last third is more, let's call it, discretionary spending, which has taken a hit logically here in the pandemic. Can you maybe talk about those dimensions and what trends you're seeing?

Cameron M. Bready

President & Chief Operating Officer, Global Payments, Inc.

A

Yeah. I'd be happy to. I think that's a fair way to characterize the business. I probably look at it a little bit differently than that, and I'll share with you my perspective as to how I dimensionalize the business, and we can take it from there. And maybe just as a lead in, though, I start by saying, look, regardless of how you dimension the business, coming into 2020, the business was as healthy as it's ever had been. And, certainly, the performance we saw kind of leading up to the pandemic would suggest we were really firing on all cylinders. The strategic logic of the TSYS merger was really playing out in the results we saw. But the other element of the TSYS merger was in our mind somewhat defensive in the sense that we always knew, obviously, we would face more of a challenging macro environment at some point in time, trees don't grow to the sky, eventually we'd be in another recessionary environment and there was an element of the TSYS merger that didn't reposition the business to be slightly more resilient, slightly more defensive than Global Payments [ph] was stand-alone (00:02:41). The other thing it did, of course, was dramatically increase scale of the business, I'm sure we'll talk more about that as we progress through the session.

But as I think about the business, you're right, the Issuer and Consumer business, which represents about 35% of our revenue today, is more defensive, more resilient, is performing better in the more challenging environment we've seen over the last six to eight weeks in those markets around the globe in which we operate today. The Issuer business is largely bundled pricing, does have some transaction level pricing exposure, but the vast majority of the revenues are going to be bundled and tied to other managed services, output services, value-added services that are less susceptible to this transaction trends in the market. And, obviously, our Business and Consumer segment is focused on largely the unbanked and under-banked segment of the markets. Its core product is debit, debit skews towards consumer non-discretionary. And in this environment, it's also been more resilient, benefited also by, obviously, stimulus and our ability to deploy stimulus funds to our consumers very rapidly through the rails that we operate in that business.

And then, that kind of leaves you with the Merchant business. So, I would really break the Merchant business into two components. One is the more technology-enabled aspects of the business. As you know, that's been a core part of our strategy for a number of years, re-pivoting and positioning the business around greater amounts of technology enablement across our owned and partnered software businesses, as well as our e-comm and omni businesses. Clearly, those businesses, one, in some cases, have revenue attributes that are more resilient, more tied to subscription services or platform-as-a-service type revenue streams, but also tend to be skewed in a number of ways to consumer non-discretionary vertical markets. And the remainder – remaining 50% of the Merchant business is more sort of exposed to normal consumer spending trends in the market.

So, I think that aligns reasonably well with how you were dimensioning the business. I just think about it a little bit differently, but that's how we're seeing the business today. And I think as we look at performance over the back half of March and through the April timeframe, I think we're seeing those trends hold even in this somewhat unusual, obviously, macroeconomic environment.

Tien-Tsin Huang

Analyst, JPMorgan Securities LLC

Q

Yeah. Makes sense. It's helpful. Just thinking about the dimensions a little bit deeper, maybe just thinking on restaurant, I know Global and legacy Heartland did very, very well on the restaurant side. I was really surprised you guys have a lot of good bookings there and you're doing a lot of work to help restaurants adapt to this COVID world. Can you catch us up on what you're doing there?

Cameron M. Bready

President & Chief Operating Officer, Global Payments, Inc.

A

Yeah. Sure, I'd be happy to. And I think this is a great example of where our strategy around technology enablement has really repositioned us in that vertical market in a way that has allowed us to be far more resilient through this economic downturn than, I would say, the industry on average. And again, it starts with all the investments we've made around software and being positioned to provide a full suite of software solutions across all the segments of the restaurant vertical market, everyone from enterprise, QSR customers down to small and mom-and-pop sort of single unit locations where we deploy not only software solutions at the point of sale, but omni solutions, mobile ordering, all of the attributes from a technology standpoint that restaurants need to be able to adapt to the current environments, we deliver into the various segments of the restaurant vertical market.

So, we been particularly, obviously, well-positioned to support restaurants and they've had to move quickly to a more omni environment as in the case of restaurant by delivering omni-channel solutions to them all the way against QSR segment of the market down to the small single location restaurants, the traditional full service restaurants that are now opening for take-out delivery want integrations with delivery services. This is an area where our strategy around technology enablement – leading with technology as a go-to-market matter has really benefited the company and positioned us to ride out. It's been a challenging environment for restaurants in general, far better again than most of our peers.

Tien-Tsin Huang

Analyst, JPMorgan Securities LLC

Q

Good. And then, how about on the Integrated side? I know software is going to secularly win, more stores are going to want to be embedded inside of software, run their stores better, manage their payments through the software, but there is some exposure to SMB, right, Cameron? So, what is the short-term sort of view here on the Integrated business and do you agree that you'll see an acceleration [ph] in the embracement (00:07:21) merchants taking on this integrated model?

Cameron M. Bready

President & Chief Operating Officer, Global Payments, Inc.

A

Yeah. To the latter point, I definitely do. And I'll talk about that more in a moment. But, certainly, this is another area in our Integrated business that we see technology enablement winning and being a more resilient business model in this environment than other parts of the more legacy traditional [ph] merchant acquiring (00:07:39) business.

I would say on average, our Integrated business as a volume matter has performed about 10 points better than our more traditional relationship-led channels. Some of that is because of our exposure to consumer non-discretionary vertical markets within the Integrated business that again I think have been able to withstand the current environment a little bit better than, obviously, some of the more consumer discretionary-oriented verticals. But importantly, I think technology also has benefited us, as we're already delivering the types of solutions through that channel, that customers need to be able to have to adapt to the current environment.

And it really speaks to one of the overarching trends that we see coming out of this global pandemic, and it's really around more of a move towards omni, and omni-centric business models, as I characterize them across vertical markets. I think heretofore generally people thought about omni really in the context of retail and maybe to a lesser degree in restaurants. But what we're seeing certainly in our business and what we expect to continue to see and accelerate on the heels of this is an acceleration toward more omni-centric models across vertical markets.

It is going to look and feel different in every vertical market as to what omni means to them. But I think Global Payments, because of our technology capabilities, because of our 50-year heritage working with physical brick-and-mortar customers, as well as the set of e-comm and omni solutions we've developed over the last five years to seven years, and the way we're able to blend the virtual and physical worlds for our customers, I think we're uniquely positioned to benefit from that long-term secular trend that I think is going to come out of this pandemic environment.

Tien-Tsin Huang

Analyst, JPMorgan Securities LLC

Q

Yeah. I agree. One more point, just to dig in on the Merchant side, you [ph] are (00:09:24) differentiated in that you own software. I think that's well understood. You do have some exposure to events, the EHR space, schools. So, what are you seeing on the ground there? And I know your bookings performance has been quite good. But we do get questions around how the underlying health of those clients are performing.

Cameron M. Bready

President & Chief Operating Officer, Global Payments, Inc.

A

Yeah. I would say, overall, the overall business, the vertical market business we operate is performing very well. Now, some verticals are performing better than others for reasons that you just sort of highlighted. Let's start on the positive side. Clearly, our healthcare business is having a fantastic performance period during this pandemic. As we disclosed on our call last week, our AdvancedMD healthcare business bookings were up 35% in the first quarter, they were up 64% in April. And again, that's largely tied to our ability to deliver an omni-centric solution to our small-to-medium sized physician practices in the US market, enabling them to move to telemedicine solutions during this crisis. Bookings have been really through the roof and we couldn't be more pleased with the performance of that business both in terms of bookings, as well as revenue because that's predominantly a subscription-based business where we're still getting paid, obviously, for the software we deliver to our customers during this period.

Our higher education business is very resilient as well. The vast majority of revenues in that business are tied to the software solutions we're delivering to universities and colleges throughout the US market. That business is very resilient. Obviously, payment volumes on campus are down, but that's a relatively smaller portion of the overall revenue base of that business, and that business had a strong Q1, and is poised to be quite resilient, I would say, through this macro challenge.

And the last area I would emphasize is our enterprise QSR business, which is really a software and hardware solutions business, geared towards enterprise restaurant customers. I talked about the restaurant vertical earlier, that's one of the reasons we've been able to be more resilient in that vertical, notwithstanding the overall trends is that we deliver software and hardware solutions that we're still getting paid for irrespective of the amount of transaction volume flowing through those enterprise QSR customers. That business made its budget for Q1, trended very well in April. There may be a little bit of slowdown in new sales in that business, but the recurring revenue streams, as we look forward through the remainder of this crisis, is going to continue to preserve I think a good amount of revenue in that business allowing it to perform well.

We, obviously, have a few vertical market businesses that haven't, that are more exposed to transaction and volume trends in the verticals. Our lower education business has a good amount of software revenue in it, but it is geared towards kids being in schools and transaction and volume happening inside of the school environment. That's always been a good revenue model for that business. In this environment, obviously, it's been a little more impacted by the fact that schools have shut down.

Our gaming business, our active events business, a lot of events have been postponed or rescheduled. So, that will have a bit of a revenue impact on that business. And our brick-and-mortar casino business has been impacted although somewhat offset by our iGaming business. And, obviously, gaming is one of those vertical markets that's been impacted by the shelter-in-place orders that have really impacted the vast majority of the US population over the last several weeks.

Tien-Tsin Huang

Analyst, JPMorgan Securities LLC

Q

Yeah.

Cameron M. Bready

President & Chief Operating Officer, Global Payments, Inc.

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So, overall, I think the business is very healthy. Our sort of move to owning more software has made the business more resilient, more defensive, more predictable. And I think that strategy has really played out even in an environment really which no one plans their business for, I still think our strategy has played out well in terms of how it's positioned the business as a defensive matter.

Tien-Tsin Huang

Analyst, JPMorgan Securities LLC

Q

Yeah. And I'm getting the questions here like, have you given some more details on how specifically it's performing in the month of April, the software business?

Cameron M. Bready

President & Chief Operating Officer, Global Payments, Inc.

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In the month of April?

Tien-Tsin Huang

Analyst, JPMorgan Securities LLC

Q

Yeah.

Cameron M. Bready

President & Chief Operating Officer, Global Payments, Inc.

A

No. Not anything more than what we said on the call last week. I think the trends I just described are exactly what we're seeing in those businesses. We are starting to see casinos open back up in our gaming business which is a positive trend. I think the vast majority of our gaming business, something like 80% of our gaming customers there, almost 90% of their customer base is driving distance to those casinos. So, as those casinos have opened up, we've seen very good volume trends on a relative basis coming back into those environments. AdvancedMD continues to hold up well, the enterprise QSR business continues to hold up well, higher education continues to hold up very well in this environment. More of the impacts, as I said before, are on the lower education, gaming, and active side, I think that trend in April continued.

Tien-Tsin Huang

Analyst, JPMorgan Securities LLC

Q

Understood. So, if I were to summarize everything you've talked about so far omni, e-comm, clear winners, right on this – with the pandemic and likely here to stay. So, my question for you here, Cameron, is, do you have the assets that you think you need to win with that trend likely been pulled forward or accelerated? But there is not a lot of private e-comm gateway type assets of size out there. So, I'm curious to hear your thinking on the bet in that space.

Cameron M. Bready

President & Chief Operating Officer, Global Payments, Inc.

A

Yeah. Unquestionably, we have the right assets, the right products, the right solutions to continue to win in that market going forward and we're winning today. I mean, we talked a little bit about some of the performance we saw in the first quarter leading up to the pandemic, and then also what we saw for our e-comm, omni business in the month of April. So in April, e-comm, omni and our business was up roughly 10% on a constant currency basis globally, notwithstanding obviously the overall macroeconomic slowdown. And I think it speaks to our ability to rapidly deploy omni solutions to our customers in the key verticals, in the key markets geographically that we support around the globe.

And again, I think the trend is not so much e-comm. It's the trend of all of these vertical markets moving to more of an omni-centric operating model in the future. And our ability to blend virtual and physical world across vertical markets with the right set of e-comm solutions and the right set of physical solutions to allow our customers to adapt to that type of environment in a very seamless way, I think that's why we're winning today. Our ability to deploy those solutions at scale very effectively for our customers in a very expedited manner I think is, again, why we're winning in this environment and why we think long term this trend really benefits our company meaningfully.

Tien-Tsin Huang

Analyst, JPMorgan Securities LLC

Q

Yeah. Now, the lines are blurring, offline, online, you need to have scale in both. So...

Cameron M. Bready

President & Chief Operating Officer, Global Payments, Inc.

A

Yeah.

Tien-Tsin Huang

Analyst, JPMorgan Securities LLC

Q

...I totally get it. How about on the merchant deal pipeline front? We've been hearing that maybe given the – again, given the macro environment that maybe banks will might loosen up in their desire to hold on to these – their merchant portfolios or maybe give them up. What are you seeing there in terms of deal pipeline on the merchant front, especially from the banks and how would you rank your interest there versus tech assets?

Cameron M. Bready

President & Chief Operating Officer, Global Payments, Inc.

A

Yeah. I think as we look at the M&A landscape in general, our priorities remain relatively the same as they have been. We continue to be, I would say, biased towards further advancing our technology-enabled, software-driven payment strategy. So, increasing our vertical market software exposure, increasing the verticals in which we own our own software versus partnering, I think that continues to be at the forefront of our M&A strategy and we have a full pipeline of opportunities that we're currently assessing.

I do think as we look around the globe, the competitive landscape is going to look very different throughout this crisis and coming out of this crisis. And I do think there is going to be opportunities in that space to look to grow and expand our business in attractive vertical markets with the right attributes and evaluations that make sense for us given the long-term growth fundamentals of those businesses.

I think our second priority is continuing to find ways to increase our exposure to faster growth geographies, faster growth geographies, where the secular trends around, obviously, the movement away from cash-based forms of payment, more electronic or digital forms of payment where those secular trends are better. And frankly, one of the other sort of longer-term trends coming out of this pandemic I think is an acceleration of that trend globally. One of the casualties or additional casualties of this crisis I think is likely to be cash. The secular trends we've seen in most markets around the globe I think will only accelerate on the heels of the experience we're all sharing on a worldwide basis. So, I think the second part of our M&A focus is clearly around those opportunities as well.

And specifically to your question, look, I do think this has the potential to be a catalyst to drive more banks to thinking about exiting the business or strategically repositioning themselves around payments in some form or fashion. I think it's a little early to tell just how much of an impact this is having on sort of the bank psyche as it relates to how they want to position themselves around payments. But I would say the dialogue we're having thus far with some of our relationships around the globe would suggest that more and more banks are having to think about how do they position themselves around payments, what are the trends coming out of this experience mean for how they can continue to be competitive in the merchant business, and I'm hopeful that will drive more opportunities for us.

And then lastly, we're always open-minded to scale. Obviously, I think now more than ever, scale is important in our business. I think it's demonstrating itself to be incredibly important through this challenging environment. I think you've seen how the scale players are positioned to withstand, obviously, the impacts of the global pandemic versus how some of the smaller or subscale players are positioned to be able to withstand it. And clearly, scale is a benefit in all environments, but even more so in the environment we're operating in today. So, businesses that fit strategically that add meaningful amounts of scale to our overall business, that remains an attractive part of the M&A criteria as well.

Tien-Tsin Huang

Analyst, JPMorgan Securities LLC

Q

Yeah. No, look, you've created a lot of value through M&A, so we'll keep taking your temperature on it. I don't want to ignore the Issuer business. So, you were able to still secure the Truist business, which I know is a big deal from a number of card standpoint. You've owned the TSYS asset for some time, I'm sure you've learned this

Issuer business. How would you categorize their technology here vis-à-vis the competition, and I'm sure you've looked at some of the modern card processors out there as well? What can you tell us about TSYS?

Cameron M. Bready

President & Chief Operating Officer, Global Payments, Inc.

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Yeah. I would say a couple of things and I think the Truist win, as well as the Scotiabank win are really important examples of just how well positioned we are in the issuer space by virtue of the merger with TSYS and the capabilities that TSYS brings to bear on the market. So, Truist, as you know, Tien-Tsin, is the first really significant FI RFP to happen on the heels of "mega-mergers" that have happened in our space. And all although TSYS had secured the SunTrust business and one that RFP-ed prior to our merger and prior to SunTrust merger with BB&T, when BB&T and SunTrust teamed together to form Truist, they re-RFP-ed that whole business and we looked at the landscape on the heels of the mergers that have been done and we still prevailed, and now won both sets of business, SunTrust and BB&T, which means that Truist is going to convert two portfolios onto us versus converting one portfolio to one of the existing incumbents.

So, I think that speaks volumes about our capabilities in that space and I think what we've discovered about the TSYS platform is the feature functionality, the capability, the stability of the architecture, the security of the architecture, and perhaps most importantly the service that TSYS offers to its issuing customers is first class and second to none by far. And I think the – even the upstarts, obviously, new "fintech" providers in this space who are filling various niche use cases that, obviously, have gotten more attention as a play, they can't match the feature functionality that we can deliver, the product set that we can deliver, the value-added services and capabilities that we can deliver in that space. And they certainly can't do it at the scale we can do it around the globe for some of the largest, most sophisticated FI partners that we have.

So, I think that business is a tremendously stable, resilient business. We have in our minds the best solutions in the market, I think that's getting validated by the wins that we're able to demonstrate leading up to the merger and, obviously, upon closing of the merger. And I think the real story of that business over time, which we'll talk more about as we get later in the year, is how do we continue to bring the underlying technology architecture of that business to a more modern environment that allows us to continue to keep pace with the innovation, the new products and services, and deliver our solutions in the way that our customers are going to want to receive them over time. And that's an important part of our strategy for that business, continuing to look to modernizing the underlying technology architecture that supports that business today, and ensuring that we have the right durable solutions and somewhat future-proof the technology environment in that business over the long term.

Tien-Tsin Huang

Analyst, JPMorgan Securities LLC

Q

Yeah. No, it's a – look, these are important scoreboard wins. I totally get it, and they're very thorough in their investigation of all the providers which is why I wanted to cover it. But Cameron, it's perfect asking you the COO here, I know that Truist itself is going to be sometime before you board it. But, how about your ability to convert deals in your backlog today across all of your business with so many people working from home, do you have the ability to do sort of remote implementations, for example? Talk to us about that.

Cameron M. Bready

President & Chief Operating Officer, Global Payments, Inc.

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Yeah, we do. Actually, about – so, roughly 90% to 95% of our employee population today, our team members are working from home. So, out of our 24,000 people, again, roughly 90% to 95% of them working from home. And the business is operating, I would say, seamlessly. And I'm incredibly proud of all of our team members for how

they have reacted to this environment, how quickly we've been able to move to a business continuity work-from-home environment, and how seamless the business has operated during this event. So, a lot of kudos to them for their efforts to support the business.

But, look, I would tell you we continue to perform and execute and win even in a largely work-from-home environment. To speak to the Issuer business specifically, I think we converted – we added 13 million new accounts on file on the quarter. We converted roughly 300,000 accounts in the quarter. We did our first virtual or fully virtual conversion in the quarter with one of our longstanding partners that came off seamlessly as well. So, look, although the business wasn't necessarily designed to work from a work-from-home environment, I think we're continuing to execute extraordinarily well with the vast majority of our people working from home. And I think that really speaks to the investments that we've made over time in our operating environments and our collaboration tools, all cloud based, that allowed our people to move very quickly to a work-from-home environment. And again, it's allowed the business to continue to operate relatively seamlessly in a work-from-home environment.

In long term, this experience does cause us to think differently about how we want to operate the business. And I think we believe we can drive more efficiencies, more scale in the business long term as we think about sort of the more flexible work arrangements, work-from-home balance relative to the physical footprint of the company and the requirements to maintain all the offices that we do around the world today.

Tien-Tsin Huang

Analyst, JPMorgan Securities LLC

Q

Yeah. So, we can now talk about costs then. So, I would imagine some of that would translate into some expense savings, productivity, et cetera. So, you already called out \$400 million. You don't need to go through the details unless you want to, but half of that is more permanent, half is more temporary. But how much more could you cut to the extent that the pandemic maybe last a little bit longer here, Cameron? How many more levers do you have to pull on the expense side?

Cameron M. Bready

President & Chief Operating Officer, Global Payments, Inc.

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Yeah. I mean, I think we have more levers depending on what the macro environment tells us about what the recovery is going to look like and how long we expect to be in a more challenged environment coming from or stemming from the global pandemic. So, sitting here today and I think it's important to understand how we size that amount to begin with. We really looked at the business in a variety of different scenarios, and really what we wanted to do is ensure that even in our most draconian sort of downside scenario that the business was still free cash flow positive. So, a lot of the sizing around the expense reductions we took was really with an eye towards ensuring that we were still generating positive free cash flow in the business, even in a fairly draconian view of what we thought the economic impacts of COVID-19 could be for the business for the balance of 2020.

So, I think April would suggest that we planned and managed very well, we generated nearly \$150 million of free cash flow in April, which I hope is sort of low watermark in terms of financial performance for the year, and certainly the most impacted in terms of the months as it relates to the COVID-19 impacts on the business. So, very strong free cash flow performance enabled, notwithstanding the macroeconomic impacts. And I think it suggests, again, we've positioned the business well to achieve our objective of generating positive free cash flow even under the most draconian scenarios for the balance of the year.

I would say as we progress through the year and we see more data and we see how the recovery is progressing, obviously, we have more levers we can pull and more expense actions that we will take if it feels like this is going

to be much more prolonged than we envision today. And I'm sure we'll provide an update on that as we get into the second quarter and later in the year as well, as to just how we're seeing the world and what additional actions we may choose to take in the event that we feel like we need to do more. But certainly, we feel the \$400 million we've already laid out is just the prudent thing to do, the right thing to do under the circumstances. It best positions the business to be able to weather what we know is going to be a challenging period, while still at the same time ensuring that we've maintained sufficient capacity to continue to invest in those areas of differentiation that we know are going to benefit us on the other side of this pandemic.

Tien-Tsin Huang

Analyst, JPMorgan Securities LLC

Q

Yeah. That was great. I'm sure as you went through that exercise, you examined the portfolio pretty closely and I'm curious have you changed your thinking about what might not fit here in the portfolio or what you might need more of given what you've learned through – you've gone through the pandemic planning?

Cameron M. Bready

President & Chief Operating Officer, Global Payments, Inc.

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Yeah. I would say, really no. The short answer is no. I think we're very pleased with how the overall business is positioned. No one plans their business for a pandemic. If you did, you would never grow. So, no one really plans their business to withstand a pandemic or try to be perfectly consistent for a pandemic. But I think if we look at how the business is holding up through this environment, we're pleased with what we see and there's really nothing in the portfolio that we would look at today to say, wow, this is – we just don't think this fits in the long-term future of Global Payments.

Quite the opposite, I think how we've tried to position the business over the last several years, the areas that we really focused on, particularly as it relates to technology enablement, I think those are going to prove to be incredibly valuable strategic positioning for us in the business as we look forward in time. We talked about the omni positioning that we have and I think this move from physical to virtual and blending those worlds will be incredibly important across all verticals, not just retail in the future.

The other area that I think is particularly important is this ability to provide what we characterize as no-contact commerce to our customers. And I think, generally, people think of that as contactless, but I think it's a lot broader than that. It's providing an array of solutions that allow our customers to be able to interact with their consumers in a way where there's no physical interaction between the two as it relates to a payment experience. And certainly, contactless is a part of that, but there's other technology-related tools and capabilities that I think will be very in demand or on demand today and will continue to be as more and more businesses want to be able to offer a contactless and no-contact commerce experience with their consumers where you're really removing the payment experience to the background and making it somewhat secondary to the overall commerce activity which I think is important.

So, I think those trends we're very well positioned around. And I think overall, the business that we're operating today, we feel like is well positioned to return to growth when we get back to a recovery.

Tien-Tsin Huang

Analyst, JPMorgan Securities LLC

Q

Good. Good. I know we're almost out of time. I want to make sure I hit you with a couple of questions, if you don't mind. Just on the bigger picture, the chessboard is just really fun to examine and there's a lot going on. And obviously, the pandemic is on everyone's mind. But I'm curious with – you kind of touched upon there, Cameron,

with fintechs on the rise, right, both on the merchant and on the consumer side, you got Visa buying Plaid, so that'll be interesting there. But how do you see the chessboard changing with Global versus some of these fintechs? Do you see more room for collaboration? Or is there going to be more consolidation or even competition? Just trying to think about how the chessboard might evolve here with the fintechs becoming more important.

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

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Yeah. I think I'd start by saying we don't really see the world as a bit of [ph] an us and now (00:31:20). I think we see ourselves as fintech and we see them as fintechs. I think we're a more scaled fintech player. And some of them are smaller, more niche-y or subscale fintech players, but I think it's all fintech to some degree. And as I said earlier, I think the competitive landscape is going to look different on the other side of this.

As I said earlier, I think scale matters in our business now more than ever and I think it's going to even be a more important attribute on the other side of this experience. And I think we have a real opportunity to catapult ourselves forward as it relates to technology enablement in the business and our efforts to continue to pivot the business towards more technology-enabled payment strategies over the course of time.

So, I think that likely leads to more consolidation in the space. I think the competitive landscape is going to look different. I think the strength of our balance sheet, the strength of our business, the scale that we have, obviously, how we're positioned as a leverage matter and a liquidity matter, positions us well to be able to take advantage of that environment, whether it's near term or even on the heels of the fallout of the pandemic.

Tien-Tsin Huang*Analyst, JPMorgan Securities LLC*

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Yeah. So, I'll get you out of here on one last question. What are you most excited about here, Cameron? I know I'm excited about hopefully getting kids back to school and getting back to normal, but I'm not thinking about just the pandemic, but I've been asking a lot of different executives, right? We've seen a lot of different crises whether it be September 11, the Great Financial Crisis. A lot of big tech waves, a lot of consolidation and here we are with another big inflection point with the pandemic. So, what are you most excited about here sort of in your role at Global and getting out to actually do it here in the midterm, if that question makes sense?

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

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Yeah, I mean, I think what I've been most excited about is just how quickly we've moved and just how much we've been able to do to support our customers through this difficult time. And there's nothing I'm more gratified by than to see how our people have and how our team members around the globe have really stepped up under very difficult and challenging circumstances to provide exemplary support and service and solutions to our customers to help our customers adapt, react and thrive and survive in some cases what has been a really difficult environment. I think that's going to make us a better company long term. I think that's going to drive more loyalty in our business.

And as I said all the way along the line, what's unique about this crisis is it's all consuming. Every one of our team members comes to work every day and they're dealing with a crisis. And then they go home and their families are dealing with a crisis or they're working from home and all around them their family is dealing with the exact same crisis that they're dealing with this work and there's no escaping it. And the ability of our team members in this environment to show the sort of strength and resiliency and commitment and dedication to our business, our

customers, safeguarding our fellow team members, I mean it's been incredibly moving to see and experience and I think it's going to make us long term a much better company, a much better competitor. And I think it's going to really position us to be able to even grow and perform better than we ever thought kind of on the other side of this experience.

So, that's what I'm most excited about and secondly, I'm most excited to see this come to an end hopefully sooner rather than later because I don't think it's an experience that any of us want to repeat.

Tien-Tsin Huang

Analyst, JPMorgan Securities LLC



You and me both. But we do learn a lot through a crisis like – I'll let you go, but like I said, it's been – I've been telling people it's been humbling. You'd sort of learn how much you don't know when you go through a crisis. And so, I definitely feel like I've learned a ton.

Tien-Tsin Huang

Analyst, JPMorgan Securities LLC

So, thanks for spending a few minutes with us, Cameron. I know you're really busy and I look forward to seeing you soon hopefully down in Atlanta, okay?

Cameron M. Bready

President & Chief Operating Officer, Global Payments, Inc.

I hope so as well. Thanks very much for having me today and thanks, everyone, for joining us.

Tien-Tsin Huang

Analyst, JPMorgan Securities LLC

All right, Cameron. Be well.

Cameron M. Bready

President & Chief Operating Officer, Global Payments, Inc.

Be well.

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