



August 3, 2017

Global Payments Reports Second Quarter 2017 Earnings and Increases 2017 Outlook

Announces Agreement to Acquire ACTIVE Network

ATLANTA--(BUSINESS WIRE)-- Global Payments Inc. (NYSE: GPN) today announced results for the second quarter ended June 30, 2017.

"We delivered another outstanding quarter highlighted by double digit organic net revenue growth across our markets, building on the momentum of the last several quarters," said Jeff Sloan, Chief Executive Officer. "Our results reflect strong execution worldwide and our strategy of continuing to invest in and grow our technology-enabled businesses. Today's agreement to acquire the communities and sports divisions of ACTIVE Network adds complementary vertical-specific solutions to our portfolio and positions us well to continue to gain share going forward."

Second Quarter 2017 Summary

- | GAAP revenues were \$962.2 million, compared to \$842.6 million in the second quarter of 2016; diluted earnings per share were \$0.44 compared to \$0.42 in the prior year; and operating margin was 13.7% compared to 7.3% in the second quarter of 2016.
- | Adjusted net revenue grew 18.4% to \$847.9 million, compared to \$716.3 million in the second quarter of 2016.
- | Adjusted earnings per share grew 24% to \$0.94, compared to \$0.76 in the second quarter of 2016.
- | Adjusted operating margin expanded 130 basis points to 29.2%.

2017 Outlook

"We are delighted with our performance in the second quarter and year-to-date period, which reflects continued strong execution across our businesses and positions us to increase our outlook for 2017 results," stated Cameron Bready, Senior Executive Vice President and Chief Financial Officer. "We now expect adjusted net revenue to range from \$3.40 billion to \$3.475 billion, or growth of 20% to 22% over 2016 and adjusted operating margin to expand by as much as 120 basis points. Adjusted earnings per share are now expected to be in a range of \$3.85 to \$4.00, reflecting growth of 21% to 25% over 2016. Our outlook for calendar 2017 does not include any impact from the ACTIVE Network acquisition, which we expect to be immaterial to 2017 adjusted earnings per share."

Capital Allocation

Global Payments' Board of Directors approved a dividend of \$0.01 per share payable September 29, 2017 to shareholders of record as of September 15, 2017.

Conference Call

Global Payments' management will host a conference call today, August 3, 2017 at 8:00 a.m. ET to discuss financial results and business highlights. Callers may access the conference call via the investor relations page of the company's website at www.globalpaymentsinc.com; or callers in North America may dial 877-674-6428 and callers outside North America may dial 970-315-0457. A replay of the call will be archived on the company's website within two hours of the live call.

Non-GAAP Financial Measures

Global Payments supplemented revenues, income and earnings per share information determined in accordance with GAAP by providing those measures on an adjusted basis in this earnings release to assist with evaluating performance. In addition to GAAP measures, management uses these non-GAAP measures to focus on the factors the company believes are pertinent to the daily management of our operations.

Reconciliations of the non-GAAP measures to the most directly comparable GAAP measure are included in the schedules to this release.

About Global Payments

Global Payments Inc. (NYSE: GPN) is a leading worldwide provider of payment technology services that delivers innovative solutions driven by customer needs globally. Our technologies, partnerships and employee expertise enable us to provide a broad range of products and services that allow our customers to accept all payment types across a variety of distribution channels in many markets around the world.

Headquartered in Atlanta, Georgia with more than 8,500 employees worldwide, Global Payments is a member of the S&P 500 with merchants and partners in 30 countries throughout North America, Europe, the Asia-Pacific region and Brazil. For more information about Global Payments, our *Service. Driven. Commerce* brand and our technologies, please visit www.globalpaymentsinc.com.

Forward-Looking Statements

This announcement and comments made by Global Payments' management during the conference call may contain certain forward-looking statements within the meaning of the "safe-harbor" provisions of the Private Securities Litigation Reform Act of 1995. Statements that are not historical facts, including revenue, earnings estimates and management's expectations regarding future events and developments, and statements about the proposed acquisition of ACTIVE Network, including future financial and operating results, the combined company's plans, objectives, expectations and intentions are forward-looking statements and are subject to significant risks and uncertainties.

Important factors that may cause actual events or results to differ materially from those anticipated by such forward-looking statements include our ability to safeguard our data; increased competition from larger companies and non-traditional competitors, our ability to update our services in a timely manner; our ability to maintain Visa and MasterCard registration and financial institution sponsorship; our reliance on financial institutions to provide clearing services in connection with our settlement activities; our potential failure to comply with card network requirements; potential systems interruptions or failures; software defects or undetected errors; increased attrition of merchants, referral partners or independent sales organizations; our ability to increase our share of existing markets and expand into new markets; a decline in the use of cards for payment generally; unanticipated increases in chargeback liability; increases in credit card network fees; change in laws, regulations or network rules or interpretations thereof; foreign currency exchange and interest rate risks; political, economic and regulatory changes in the foreign countries in which we operate; future performance, integration and conversion of acquired operations; including without limitation difficulties and delays in integrating the Heartland business or fully realizing cost savings and other benefits of the acquisition at all or within the expected time period; fully realizing anticipated annual interest expense savings from refinancing our corporate debt facilities; our loss of key personnel and other risk factors presented in Item 1- Risk Factors of our Transition Report on Form 10-K for the seven months ended December 31, 2016 and any subsequent SEC filings, which we advise you to review. Our forward-looking statements speak only as of the date they are made and should not be relied upon as representing our plans and expectations as of any subsequent date. We undertake no obligation to revise any of these statements to reflect future circumstances or the occurrence of unanticipated events.

Additional important factors that could cause actual events or results to differ materially from those anticipated by our forward-looking statements or historical performance associated with the proposed acquisition of ACTIVE Network include the ability to meet closing conditions at all or on the expected terms and schedule, business disruption during the pendency of the acquisition or thereafter making it more difficult to maintain business and operational relationships, including the possibility that our announcement of the acquisition could disrupt our or ACTIVE Network's relationships with financial institutions, customers, employees or other partners; and difficulties and delays in integrating the ACTIVE Network business or fully realizing benefits of the acquisition at all or within the expected time period.

SCHEDULE 1

UNAUDITED GAAP CONSOLIDATED STATEMENTS OF INCOME

GLOBAL PAYMENTS INC. AND SUBSIDIARIES

(In thousands, except per share data)

| | Three Months Ended | | | Six Months Ended | | |
|-------------------------------------|--------------------|------------------|-------------|------------------|------------------|-------------|
| | June 30, 2017 | June 30, 2016 | % Change | June 30, 2017 | June 30, 2016 | % Change |
| Revenues | \$962,240 | \$842,644 | 14.2% | \$1,882,002 | \$1,468,904 | 28.1% |
| Operating expenses: | | | | | | |
| Cost of service | 469,149 | 406,873 | 15.3% | 925,085 | 655,060 | 41.2% |
| Selling, general and administrative | 361,239 | 374,610 | (3.6)% | 720,095 | 658,110 | 9.4% |
| | <u>830,388</u> | <u>781,483</u> | 6.3% | <u>1,645,180</u> | <u>1,313,170</u> | 25.3% |

| | | | | | | |
|--|------------------|------------------|---------|-------------------|-------------------|---------|
| Operating income | <u>131,852</u> | <u>61,161</u> | 115.6% | <u>236,822</u> | <u>155,734</u> | 52.1% |
| Interest and other income | 1,832 | 42,565 | (95.7)% | 3,439 | 43,847 | (92.2)% |
| Interest and other expense | <u>(48,361)</u> | <u>(36,597)</u> | 32.1% | <u>(89,658)</u> | <u>(49,672)</u> | 80.5% |
| | <u>(46,529)</u> | <u>5,968</u> | NM | <u>(86,219)</u> | <u>(5,825)</u> | NM |
| Income before income taxes | 85,323 | 67,129 | 27.1% | 150,603 | 149,909 | 0.5% |
| (Provision for) benefit from income taxes | <u>(12,880)</u> | <u>4</u> | NM | <u>(25,201)</u> | <u>(19,329)</u> | 30.4% |
| Net income | <u>72,443</u> | <u>67,133</u> | 7.9% | <u>125,402</u> | <u>130,580</u> | (4.0)% |
| Less: Net income attributable to noncontrolling interests, net of income tax | <u>(5,534)</u> | <u>(4,900)</u> | 12.9% | <u>(9,679)</u> | <u>(8,436)</u> | 14.7% |
| Net income attributable to Global Payments | <u>\$ 66,909</u> | <u>\$ 62,233</u> | 7.5% | <u>\$ 115,723</u> | <u>\$ 122,144</u> | (5.3)% |

Earnings per share attributable to Global Payments:

| | | | | | | |
|---------|---------|---------|------|---------|---------|---------|
| Basic | \$ 0.44 | \$ 0.42 | 4.8% | \$ 0.76 | \$ 0.88 | (13.6)% |
| Diluted | \$ 0.44 | \$ 0.42 | 4.8% | \$ 0.75 | \$ 0.87 | (13.8)% |

Weighted-average number of shares outstanding:

| | | | | | |
|---------|---------|---------|--|---------|---------|
| Basic | 152,525 | 148,338 | | 152,415 | 138,803 |
| Diluted | 153,555 | 149,418 | | 153,405 | 139,778 |

NM - Not meaningful.

**SCHEDULE 2
NON-GAAP FINANCIAL MEASURES (UNAUDITED)**

GLOBAL PAYMENTS INC. AND SUBSIDIARIES
(In thousands, except per share data)

| | Three Months Ended | | | Six Months Ended | | |
|---------------------------|--------------------|---------------|----------|------------------|---------------|----------|
| | June 30, 2017 | June 30, 2016 | % Change | June 30, 2017 | June 30, 2016 | % Change |
| Adjusted net revenue | \$847,941 | \$716,310 | 18.4% | \$1,651,820 | \$1,195,910 | 38.1% |
| Adjusted operating income | \$247,738 | \$200,172 | 23.8% | \$ 476,487 | \$ 331,808 | 43.6% |
| Adjusted net income | \$144,366 | \$114,263 | 26.3% | \$ 274,402 | \$ 197,811 | 38.7% |
| Adjusted EPS | \$ 0.94 | \$ 0.76 | 23.7% | \$ 1.79 | \$ 1.42 | 26.1% |

See Schedules 6 and 7 for a reconciliation of each non-GAAP financial measure to the most comparable GAAP measure and Schedule 10 for a discussion of non-GAAP financial measures.

**SCHEDULE 3
SEGMENT INFORMATION (UNAUDITED)**

GLOBAL PAYMENTS INC. AND SUBSIDIARIES
(In thousands)

| | Three Months Ended | | | | % Change | |
|---------------|--------------------|-----------------------|---------------|-----------------------|----------|-----------------------|
| | June 30, 2017 | | June 30, 2016 | | GAAP | Non-GAAP ¹ |
| | GAAP | Non-GAAP ¹ | GAAP | Non-GAAP ¹ | | |
| Revenues: | | | | | | |
| North America | \$710,965 | \$624,413 | \$624,120 | \$519,011 | 13.9% | 20.3% |
| Europe | 186,506 | 158,759 | 162,255 | 141,030 | 14.9% | 12.6% |
| Asia-Pacific | <u>64,769</u> | <u>64,769</u> | <u>56,269</u> | <u>56,269</u> | 15.1% | 15.1% |

| | | | | | |
|------------------|------------------|------------------|------------------|-------|-------|
| <u>\$962,240</u> | <u>\$847,941</u> | <u>\$842,644</u> | <u>\$716,310</u> | 14.2% | 18.4% |
|------------------|------------------|------------------|------------------|-------|-------|

Operating income:

| | | | | | | |
|---------------|------------------|------------------|------------------|------------------|---------|-------|
| North America | \$112,176 | \$185,144 | \$ 82,476 | \$142,458 | 36.0% | 30.0% |
| Europe | 65,673 | 72,268 | 52,788 | 66,958 | 24.4% | 7.9% |
| Asia-Pacific | 17,535 | 19,590 | 11,050 | 15,134 | 58.7% | 29.4% |
| Corporate | <u>(63,532)</u> | <u>(29,264)</u> | <u>(85,153)</u> | <u>(24,378)</u> | (25.4)% | 20.0% |
| | <u>\$131,852</u> | <u>\$247,738</u> | <u>\$ 61,161</u> | <u>\$200,172</u> | 115.6% | 23.8% |

Six Months Ended

| June 30, 2017 | | June 30, 2016 | | % Change | |
|---------------|-----------------------|---------------|-----------------------|----------|-----------------------|
| GAAP | Non-GAAP ¹ | GAAP | Non-GAAP ¹ | GAAP | Non-GAAP ¹ |

Revenues:

| | | | | | | |
|---------------|--------------------|--------------------|--------------------|--------------------|-------|-------|
| North America | \$1,398,009 | \$1,221,895 | \$1,051,980 | \$ 816,969 | 32.9% | 49.6% |
| Europe | 352,054 | 297,986 | 306,374 | 268,391 | 14.9% | 11.0% |
| Asia-Pacific | <u>131,939</u> | <u>131,939</u> | <u>110,550</u> | <u>110,550</u> | 19.3% | 19.3% |
| | <u>\$1,882,002</u> | <u>\$1,651,820</u> | <u>\$1,468,904</u> | <u>\$1,195,910</u> | 28.1% | 38.1% |

Operating income:

| | | | | | | |
|---------------|-------------------|-------------------|-------------------|-------------------|-------|-------|
| North America | \$ 206,259 | \$ 357,521 | \$ 147,665 | \$ 221,105 | 39.7% | 61.7% |
| Europe | 120,180 | 136,176 | 108,566 | 128,596 | 10.7% | 5.9% |
| Asia-Pacific | 37,289 | 40,559 | 25,609 | 31,731 | 45.6% | 27.8% |
| Corporate | <u>(126,906)</u> | <u>(57,769)</u> | <u>(126,106)</u> | <u>(49,624)</u> | 0.6% | 16.4% |
| | <u>\$ 236,822</u> | <u>\$ 476,487</u> | <u>\$ 155,734</u> | <u>\$ 331,808</u> | 52.1% | 43.6% |

¹ See Schedules 8 and 9 for a reconciliation of adjusted net revenue and adjusted operating income by segment to the most comparable GAAP measures and Schedule 10 for a discussion of non-GAAP financial measures.

SCHEDULE 4

UNAUDITED CONSOLIDATED BALANCE SHEETS

GLOBAL PAYMENTS INC. AND SUBSIDIARIES

(In thousands, except share data)

June 30, 2017 December 31, 2016

ASSETS

Current assets:

| | | |
|--|----------------|----------------|
| Cash and cash equivalents | \$ 1,080,576 | \$ 1,162,779 |
| Accounts receivable, net of allowances for doubtful accounts of \$1,295 and \$1,092 respectively | 283,640 | 275,032 |
| Claims receivable, net of allowances for doubtful accounts of \$6,616 and \$5,786, respectively | 4,513 | 8,202 |
| Settlement processing assets | 999,946 | 1,546,854 |
| Prepaid expenses and other current assets | <u>147,396</u> | <u>123,139</u> |
| Total current assets | 2,516,071 | 3,116,006 |

Goodwill

| | | |
|------------------------------|----------------------|----------------------|
| Goodwill | 4,890,016 | 4,807,594 |
| Other intangible assets, net | 1,927,167 | 2,085,292 |
| Property and equipment, net | 537,879 | 526,370 |
| Deferred income taxes | 16,388 | 15,789 |
| Other noncurrent assets | <u>149,260</u> | <u>113,299</u> |
| Total assets | <u>\$ 10,036,781</u> | <u>\$ 10,664,350</u> |

LIABILITIES AND EQUITY

Current liabilities:

| | | |
|--|----------------|------------------|
| Settlement lines of credit | \$ 318,284 | \$ 392,072 |
| Current portion of long-term debt | 86,510 | 177,785 |
| Accounts payable and accrued liabilities | 823,236 | 804,887 |
| Settlement processing obligations | <u>870,434</u> | <u>1,477,212</u> |

| | | |
|--|----------------------|----------------------|
| Total current liabilities | 2,098,464 | 2,851,956 |
| Long-term debt | 4,175,411 | 4,260,827 |
| Deferred income taxes | 617,308 | 676,472 |
| Other noncurrent liabilities | 140,960 | 95,753 |
| Total liabilities | <u>7,032,143</u> | <u>7,885,008</u> |
| Commitments and contingencies | | |
| Equity: | | |
| Preferred stock, no par value; 5,000,000 shares authorized and none issued | — | — |
| Common stock, no par value; 200,000,000 shares authorized; 152,556,769 issued and outstanding at June 30, 2017 and 152,185,616 issued and outstanding at December 31, 2016 | — | — |
| Paid-in capital | 1,838,889 | 1,816,278 |
| Retained earnings | 1,255,552 | 1,137,230 |
| Accumulated other comprehensive loss | (243,459) | (322,717) |
| Total Global Payments shareholders' equity | <u>2,850,982</u> | <u>2,630,791</u> |
| Noncontrolling interests | 153,656 | 148,551 |
| Total equity | <u>3,004,638</u> | <u>2,779,342</u> |
| Total liabilities and equity | <u>\$ 10,036,781</u> | <u>\$ 10,664,350</u> |

SCHEDULE 5
UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS
GLOBAL PAYMENTS INC. AND SUBSIDIARIES
(In thousands)

| | Six Months Ended | |
|---|------------------|--------------------|
| | June 30, 2017 | June 30, 2016 |
| Cash flows from operating activities: | | |
| Net income | \$ 125,402 | \$ 130,580 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation and amortization of property and equipment | 51,197 | 40,079 |
| Amortization of acquired intangibles | 165,117 | 87,675 |
| Share-based compensation expense | 21,153 | 17,372 |
| Provision for operating losses and bad debts | 25,940 | 16,720 |
| Amortization of capitalized customer acquisition costs | 19,681 | 3,352 |
| Deferred income taxes | (38,603) | (19,719) |
| Gain on sale of investments | — | (41,150) |
| Other, net | 17,057 | 8,901 |
| Changes in operating assets and liabilities, net of the effects of acquisitions: | | |
| Accounts receivable | (4,901) | 8,907 |
| Claims receivable | (11,335) | (10,854) |
| Settlement processing assets and obligations, net | (63,523) | 14,307 |
| Prepaid expenses and other assets | 30,679 | (47,940) |
| Capitalized customer acquisition costs | (44,351) | (20,127) |
| Accounts payable and other liabilities | (25,452) | 61,194 |
| Net cash provided by operating activities | <u>268,061</u> | <u>249,297</u> |
| Cash flows from investing activities: | | |
| Business acquisitions, net of cash acquired | — | (1,826,657) |
| Capital expenditures | (89,958) | (62,910) |
| Proceeds from sale of investments | — | 37,717 |
| Proceeds from sales of property and equipment | 37,497 | 57 |
| Other, net | (34,242) | (370) |
| Net cash used in investing activities | <u>(86,703)</u> | <u>(1,852,163)</u> |
| Cash flows from financing activities: | | |
| Net payments on settlement lines of credit | (88,490) | (97,652) |
| Proceeds from long-term debt | 902,324 | 3,047,052 |
| Repayments of long-term debt | (1,082,898) | (809,933) |
| Payment of debt issuance costs | (9,461) | (58,448) |
| Repurchase of common stock | (5,342) | (82,836) |
| Proceeds from stock issued under share-based compensation plans | 6,188 | 2,424 |
| Common stock repurchased - share-based compensation plans | (418) | (337) |

| | | |
|--|--------------|------------|
| Proceeds from sale of subsidiary shares to noncontrolling interest | — | 16,374 |
| Distributions to noncontrolling interests | (9,301) | (4,740) |
| Dividends paid | (3,551) | (2,837) |
| Net (used in) provided by financing activities | (290,949) | 2,009,067 |
| Effect of exchange rate changes on cash | 27,388 | (5,582) |
| (Decrease) increase in cash and cash equivalents | (82,203) | 400,619 |
| Cash and cash equivalents, beginning of the period | 1,162,779 | 587,751 |
| Cash and cash equivalents, end of the period | \$ 1,080,576 | \$ 988,370 |

SCHEDULE 6
RECONCILIATION OF NON-GAAP FINANCIAL MEASURES TO GAAP MEASURES (UNAUDITED)

THREE MONTHS ENDED JUNE 30, 2017 AND 2016
GLOBAL PAYMENTS INC. AND SUBSIDIARIES
(In thousands, except per share data)

| | Three Months Ended June 30, 2017 | | | | |
|---|----------------------------------|---|--------------------------------------|--|------------|
| | GAAP | Net Revenue Adjustments ¹ | Earnings Adjustments ² | Income Taxes on Adjustments ³ | Non-GAAP |
| | | | | | |
| Revenues | \$962,240 | \$ (114,299) | \$ — | \$ — | \$ 847,941 |
| Operating income | \$131,852 | \$ — | \$ 115,886 | \$ — | \$ 247,738 |
| Net income attributable to Global Payments | \$ 66,909 | \$ — | \$ 120,884 | \$ (43,427) | \$ 144,366 |
| Diluted earnings per share attributable to Global Payments ⁴ | \$ 0.44 | | | | \$ 0.94 |
| | Three Months Ended June 30, 2016 | | | | |
| | GAAP | Net Revenue Adjustments ¹ | Earnings Adjustments ² | Income Taxes on Adjustments ³ | Non-GAAP |
| | | | | | |
| Revenues | \$842,644 | \$ (126,334) | \$ — | \$ — | \$ 716,310 |
| Operating income | \$ 61,161 | \$ — | \$ 139,011 | \$ — | \$ 200,172 |
| Net income attributable to Global Payments | \$ 62,233 | \$ — | \$ 96,877 | \$ (44,847) | \$ 114,263 |
| Diluted earnings per share attributable to Global Payments ⁴ | \$ 0.42 | | | | \$ 0.76 |

¹ Represents adjustments to revenues for gross-up related payments (included in operating expenses) associated with certain lines of business to reflect economic benefits to the company.

² Earnings adjustments to operating income for the three months ended June 30, 2017 include \$81.6 million of amortization of acquired intangibles in cost of service and \$34.2 million in selling, general and administrative expenses, consisting of share-based compensation expense of \$12.3 million and merger-related costs of \$21.9 million. Net income attributable to Global Payments also reflects an adjustment to remove a non-cash charge of \$6.8 million associated with the refinancing of our corporate credit facility.

Earnings adjustments to operating income for the three months ended June 30, 2016 include \$68.0 million in cost of service and \$71.0 million in selling, general and administrative expenses. Adjustments to cost of service include amortization of acquired intangibles of \$67.7 million and other adjustments of \$0.3 million. Adjustments to selling, general and administrative expenses include share-based compensation expense of \$9.6 million, merger-related costs of \$51.3 million, litigation related costs of \$7.6 million, employee termination benefits of \$2.1 million and \$0.4 million of other adjustments. Net income attributable to Global Payments also reflects an adjustment to remove a gain on the sale of membership interests in Visa Europe of \$41.2 million.

³ Income taxes on adjustments reflect the tax effect of earnings adjustments to income before income taxes. The tax rate used in determining the tax impact of earnings adjustments is either the jurisdictional statutory rate in effect at the time of the adjustment or the jurisdictional expected annual effective tax rate for the period, depending on the nature and timing of

the adjustment. In addition, income taxes on adjustments for the three months ended June 30, 2017 reflect the removal of a \$2.4 million tax benefit associated with the elimination of a deferred tax liability. For the three months ended June 30, 2016, income taxes on adjustments reflect the removal of a \$10.9 million tax benefit associated with our decision to indefinitely reinvest earnings in Canada.

⁴ Adjusted EPS is calculated by dividing adjusted net income attributable to Global Payments by the diluted weighted-average number of shares outstanding.

See "Non-GAAP Financial Measures" discussion on Schedule 10.

SCHEDULE 7

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES TO GAAP MEASURES (UNAUDITED)

SIX MONTHS ENDED JUNE 30, 2017 AND 2016

GLOBAL PAYMENTS INC. AND SUBSIDIARIES

(In thousands, except per share data)

| | Six Months Ended June 30, 2017 | | | | |
|---|--------------------------------|--------------------------|--------------------------|--------------------------|-------------|
| | | Net Revenue | Earnings | Income Taxes on | |
| | GAAP | Adjustments ¹ | Adjustments ² | Adjustments ³ | Non-GAAP |
| Revenues | \$1,882,002 | \$ (230,182) | \$ — | \$ — | \$1,651,820 |
| Operating income | \$ 236,822 | \$ — | \$ 239,665 | \$ — | \$ 476,487 |
| Net income attributable to Global Payments | \$ 115,723 | \$ — | \$ 242,876 | \$ (84,197) | \$ 274,402 |
| Diluted earnings per share attributable to Global Payments ⁴ | \$ 0.75 | | | | \$ 1.79 |
| | Six Months Ended June 30, 2016 | | | | |
| | | Net Revenue | Earnings | Income Taxes on | |
| | GAAP | Adjustments ¹ | Adjustments ² | Adjustments ³ | Non-GAAP |
| Revenues | \$1,468,904 | \$ (272,994) | \$ — | \$ — | \$1,195,910 |
| Operating income | \$ 155,734 | \$ — | \$ 176,074 | \$ — | \$ 331,808 |
| Net income attributable to Global Payments | \$ 122,144 | \$ — | \$ 132,874 | \$ (57,207) | \$ 197,811 |
| Diluted earnings per share attributable to Global Payments ⁴ | \$ 0.87 | | | | \$ 1.42 |

¹ Represents adjustments to revenues for gross-up related payments (included in operating expenses) associated with certain lines of business to reflect economic benefits to the company.

² Earnings adjustments to operating income for the six months ended June 30, 2017 include \$167.9 million and \$71.8 million in cost of service and selling, general and administrative expenses, respectively. Adjustments to cost of service include amortization of acquired intangibles of \$166.2 million and employee termination benefits of \$1.7 million. Adjustments to selling, general and administrative expenses include share-based compensation expense of \$21.2 million, merger-related cost of \$48.0 million and employee termination benefits of \$2.6 million. Net income attributable to Global Payments also reflects an adjustment to remove a non-cash charge of \$6.8 million associated with the refinancing of our corporate credit facility.

Earnings adjustments to operating income for the six months ended June 30, 2016 include \$89.1 million and \$86.9 million in cost of service and selling, general and administrative expenses, respectively. Adjustments to cost of service represent amortization of acquired intangibles of \$88.8 million and other adjustments of \$0.3 million. Adjustments to selling, general and administrative expenses include share-based compensation expense of \$16.6 million, merger-related costs of \$60.0 million, litigation related costs of \$7.6 million, employee termination benefits of \$2.1 million and \$0.6 million of other adjustments. Net income attributable to Global Payments also reflects an adjustment to remove a gain on the sale of membership interests in Visa Europe of \$41.2 million.

| | | | | | | | | |
|---------------|--------------------|---------------------|-------------|--------------------|--------------------|---------------------|-------------|--------------------|
| North America | \$1,398,009 | \$ (176,114) | \$ — | \$1,221,895 | \$1,051,980 | \$ (235,011) | \$ — | \$ 816,969 |
| Europe | 352,054 | (54,068) | — | 297,986 | 306,374 | (37,983) | — | 268,391 |
| Asia-Pacific | 131,939 | — | — | 131,939 | 110,550 | — | — | 110,550 |
| | <u>\$1,882,002</u> | <u>\$ (230,182)</u> | <u>\$ —</u> | <u>\$1,651,820</u> | <u>\$1,468,904</u> | <u>\$ (272,994)</u> | <u>\$ —</u> | <u>\$1,195,910</u> |

Operating income:

| | | | | | | | | |
|---------------|-------------------|-------------|-------------------|-------------------|-------------------|-------------|-------------------|-------------------|
| North America | \$ 206,259 | \$ — | \$ 151,262 | \$ 357,521 | \$ 147,665 | \$ — | \$ 73,440 | \$ 221,105 |
| Europe | 120,180 | — | 15,996 | 136,176 | 108,566 | — | 20,030 | 128,596 |
| Asia-Pacific | 37,289 | — | 3,270 | 40,559 | 25,609 | — | 6,122 | 31,731 |
| Corporate | (126,906) | — | 69,137 | (57,769) | (126,106) | — | 76,482 | (49,624) |
| | <u>\$ 236,822</u> | <u>\$ —</u> | <u>\$ 239,665</u> | <u>\$ 476,487</u> | <u>\$ 155,734</u> | <u>\$ —</u> | <u>\$ 176,074</u> | <u>\$ 331,808</u> |

¹ Represents adjustments to revenues for gross-up related payments (included in operating expenses) associated with certain lines of business to reflect economic benefits to the company.

² Earnings adjustments to operating income for the six months ended June 30, 2017 include \$167.9 million in cost of service and \$71.8 million in selling, general and administrative expenses. Adjustments to cost of service include amortization of acquired intangibles of \$166.2 million and employee termination benefits of \$1.7 million. Adjustments to selling, general and administrative expenses include share-based compensation expense of \$21.2 million, merger-related cost of \$48.0 million and employee termination benefits of \$2.6 million.

Earnings adjustments to operating income for the six months ended June 30, 2016 include \$89.1 million and \$86.9 million in cost of service and selling, general and administrative expenses, respectively. Adjustments to cost of service represent amortization of acquired intangibles of \$88.8 million and other adjustments of \$0.3 million. Adjustments to selling, general and administrative expenses include share-based compensation expense of \$16.6 million, merger-related costs of \$60.0 million, litigation related costs of \$7.6 million, employee termination benefits of \$2.1 million and \$0.6 million of other adjustments.

See "Non-GAAP Financial Measures" discussion on Schedule 10.

SCHEDULE 10

OUTLOOK SUMMARY (UNAUDITED)

GLOBAL PAYMENTS INC. AND SUBSIDIARIES

(In billions, except per share data)

| | <u>2016 Actual</u> | <u>2017 Outlook³</u> | <u>% Change</u> |
|---|--------------------|---------------------------------|-------------------|
| Revenues: | | | |
| GAAP revenue | \$3.37 | \$3.83 to \$3.91 | 14% to 16% |
| Adjustments ¹ | <u>(0.53)</u> | <u>(0.43)</u> | |
| Adjusted net revenue | <u>\$2.84</u> | <u>\$3.40 to \$3.48</u> | <u>20% to 22%</u> |
| Earnings Per Share ("EPS"): | | | |
| GAAP diluted EPS | \$1.37 | \$1.98 to \$2.13 | 45% to 55% |
| Acquisition-related amortization expense, share-based compensation expense and other items ² | <u>1.82</u> | <u>1.87</u> | |
| Adjusted EPS | <u>\$3.19</u> | <u>\$3.85 to \$4.00</u> | <u>21% to 25%</u> |

¹ Represents adjustments to revenues for gross-up related payments (included in operating expenses) associated with certain lines of business to reflect economic benefits to the company.

² Adjustments to Calendar 2016 GAAP diluted EPS include acquisition related amortization expense of \$1.17, share-based compensation expense of \$0.14 and net other items of \$0.51, including merger-related costs of \$0.62, a \$0.16 adjustment to remove a gain on the sale of membership interests in Visa Europe and a \$0.07 adjustment to remove a tax benefit associated with our decision to indefinitely reinvest earnings in Canada. Adjustments to 2016 GAAP diluted EPS also includes the effect of these adjustments on noncontrolling interests and income taxes, as applicable.

³ The 2017 Outlook does not include the effect of the announced acquisition of the communities and sports divisions of ACTIVE Network.

NON-GAAP FINANCIAL MEASURES

Global Payments supplements revenues, income and EPS information determined in accordance with U.S. GAAP by providing these measures with certain adjustments (such measures being non-GAAP financial measures) in this document to assist with evaluating our performance. In addition to GAAP measures, management uses these non-GAAP financial measures to focus on the factors the company believes are pertinent to the daily management of our operations. Management believes adjusted net revenue more closely reflects the economic benefits to the company's core business and allows for better comparisons with industry peers. Management uses these non-GAAP financial measures, together with other metrics, to set goals for and measure the performance of the business and to determine incentive compensation. Adjusted net revenue, adjusted operating income, adjusted net income and adjusted EPS should be considered in addition to, and not as substitutes for, revenues, operating income, net income and EPS determined in accordance with GAAP. The non-GAAP financial measures reflect management's judgment of particular items, and may not be comparable to similarly titled measures reported by other companies.

Adjusted net revenue excludes gross-up related payments associated with certain lines of business to reflect economic benefits to the company. On a GAAP basis, these payments are presented gross in both revenues and operating expenses.

Adjusted operating income, adjusted net income and adjusted EPS exclude acquisition-related amortization expense, share-based compensation and certain other items specific to each reporting period as more fully described in the accompanying reconciliations in Schedules 6, 7, 8 and 9. The tax rate used in determining the net income impact of earnings adjustments is either the jurisdictional statutory rate in effect at the time of the adjustment or the jurisdictional expected annual effective tax rate for the period, depending on the nature and timing of the adjustment.

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