



Recommendation: Long

Fidelity National Information Services (NYSE:FIS)

Current Price: \$63.15

1-Year Price Target: \$91.26

Implied Upside: 44.5%

Ishaan Shanbhag
Freshman

Gauravaram Ganesh Sudhakar
Freshman

Adit Dayal
Freshman

Logan Colhoun
Junior

“Buy **complexity, confusion, uncertainty**, and apathy at a discount.
Sell clarity, simplicity, and exuberance at a premium.”

-Travis Cocks (Voss Capital)

Business Overview

Fidelity National Information Services is diversified between its 3 sectors of Banking Solutions, Capital Markets Solutions, and Merchant Solutions.

BANKING SOLUTIONS – 46% of '22 Revenue

Customers

- Global financial institutions, credit unions, commercial lenders, and community + regional banks.

Offerings

- Core processing software which run processes for deposits and lending and maintain primary records of customer accounts. (Back office / Infrastructure)
- Customer facing solutions; branch, mobile, internet, ATM, and call center related software.
- Risk management and compliance offerings; Know Your Customer, account agreements, fraud management, etc.
- Wealth management, debit card network, card issuance software, and other niche solutions.

Revenue

- Multi-year processing contracts, based on number of accounts – high levels of recurring revenue.

CAPITAL MARKET SOLUTIONS – 19% of '22 Revenue

Customers

- Traditional asset managers, brokerage firms, trading firms, insurers, private equity firms, and other corporations.

Offerings

- Fund administration; risk management, portfolio management, investment accounting, client reporting, etc.
- Non-traditional lending solutions; credit assessment, loan origination/servicing, and data analytics.
- Trading & Processing – Securities processing, derivatives clearing, compliance, anti-money laundering, etc.
- Treasury & Risk – Treasury management for corporates, credit risk for banks, and actuarial risk for insurance.

Revenue

- Recurring revenue via SaaS contracts, licensing and managed services. Transition to more recurring revenue.

MERCHANT SOLUTIONS (Worldpay) – 33% of '22 Revenue

Customers

- Merchants of all sizes; SMBs, Enterprises, and e-commerce.

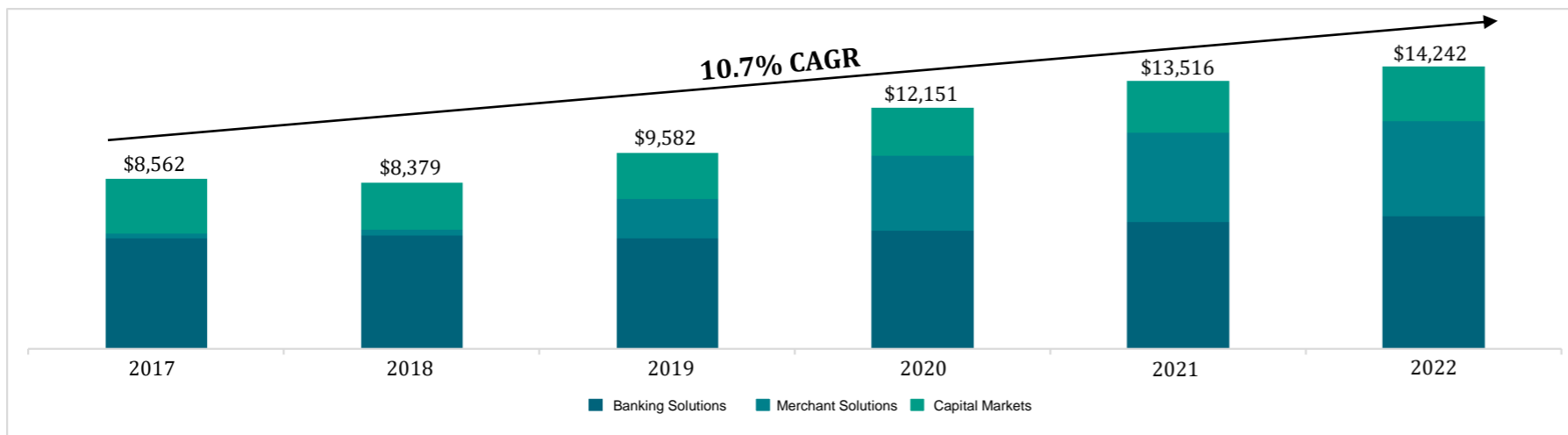
Offerings

- Allows merchants to accept digital payment methods via cards, payment processing systems, etc.
- Payment primer to prevent fraudulent purchases/protecting businesses
- Allows international payments across 140 currencies
- Chargeback management allowing businesses to reduce charge backing expenses and frequency
- Software solutions: selling payment processing solutions to other merchants

Revenue

- Merchant discount rate; take a portion of each transaction from merchant
- Transaction fees; fixed fees per transaction (applied for smaller transactions)

REVENUE BY SEGMENT



KEY STATS

Market Cap	\$35,432	LTM Revenue	\$14,645
Enterprise Value	\$53,622	LTM EBITDA	\$3,701
Net Debt	\$18,190	EBITDA Margin	43.0%
Price	\$59.80	EV/Revenue	3.73x
52 Week High	\$79.32	EV/EBITDA	14.14x
52 Week Low	\$46.91	Dividend Yield	3.48%

Competitive Landscape

FIS' competitive advantages has led them to take significant market share in their industries.

BANKING SOLUTIONS



INDUSTRY DYNAMICS

- Banking solutions software is an extremely sticky business with costs of switching services averaging ~ \$100 million
- With the current high interest-rate environment, banks have significantly decreased discretionary spending on software "add-ons" causing reduced revenue growth
- With banks consolidating at a 3.6% annual rate, these market leads stand to benefit from an increase of accounts and clients utilizing their software

COMPETITIVE DYNAMICS

Fiserv (42.37% market share):

- Largest competitor in the space
- Composed of 98.8% small credit unions and community banks leading to significantly weaker growth during high interest rate periods

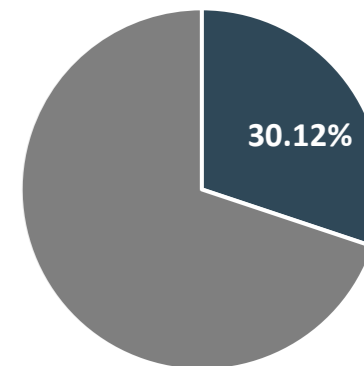
Jack Henry (4.87% market share):

- Client diversity limited by system limitations implemented within software for large institutions

Finastra (7.64% market share):

- Complaints about innovation and lagging industry standards for customization

MARKET SHARE



CAPITAL MARKET SOLUTIONS



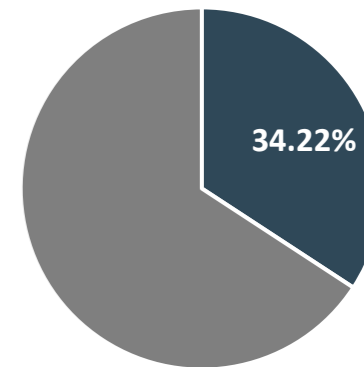
- The capital markets industry is digitizing and shifting to a recurring revenue model vs. a previous perpetual license model, increasing retention with a specific company (good for FIS)
- PwC asserts there is pent up demand in the capital markets industry after a slowdown in 2023 due to higher interest rates and a tightening money supply
- The industry has grown with the rising demand for data and analytics, but broader economic uncertainty and higher rates have tapered growth

SS&C (14.39% market share):

- Niche focus on investment strategy industry, extremely concentrated operations
- Limited global reach, operations mainly in North America

Broadridge(18.89% market share):

- Growing with buy-side clients and cloud-based technologies, targeting corporate issuers and asset managers

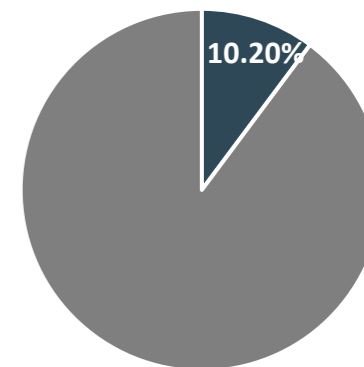


MERCHANT SOLUTIONS



- The segment has seen a recent transformation due to a growing number of payment methods, internationally-expanding companies, and a growing SME ecosystem
- In recent years, the industry has seen rapid growth as consumers shift towards the digitization of currency, and we see countries shift towards a cashless economy
- Increasing global inflation rates have allowed for an increase in margins for these companies, as well as bank modernization allowing for the incorporation of merchant solutions in their software

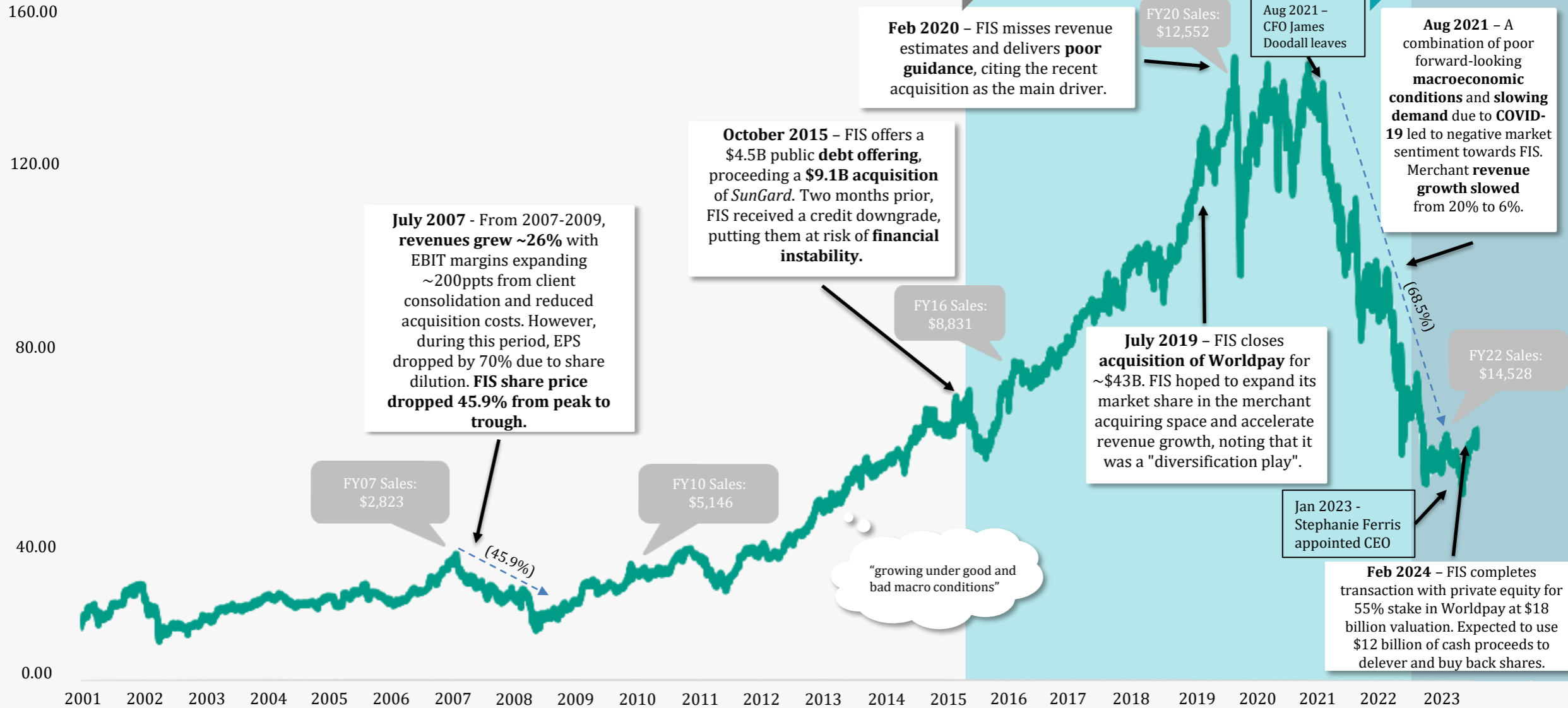
- Merchant Solutions continues to be one of the most fragmented segments, with 6 companies taking up ~44.5% of market share and the other 55.5% being held by smaller "other" companies
- WorldPay has seen a loss of market share under FIS, as a result of slow adaptability to consumer demands and structural weaknesses. We expect these weaknesses to diminish as WorldPay becomes more focused on its operations



Understanding The FIS-tory

Through 2 acquisitions, FIS has undergone a massive debt accumulation that management aims to turnaround.

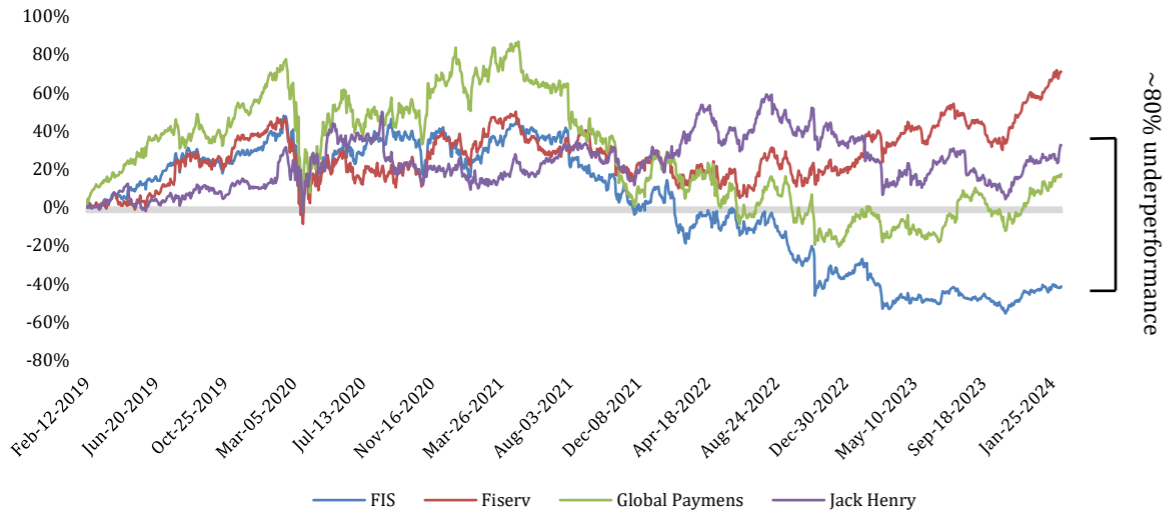
Steady Compounding → Debt-riddled Acquisitions → Return To Roots



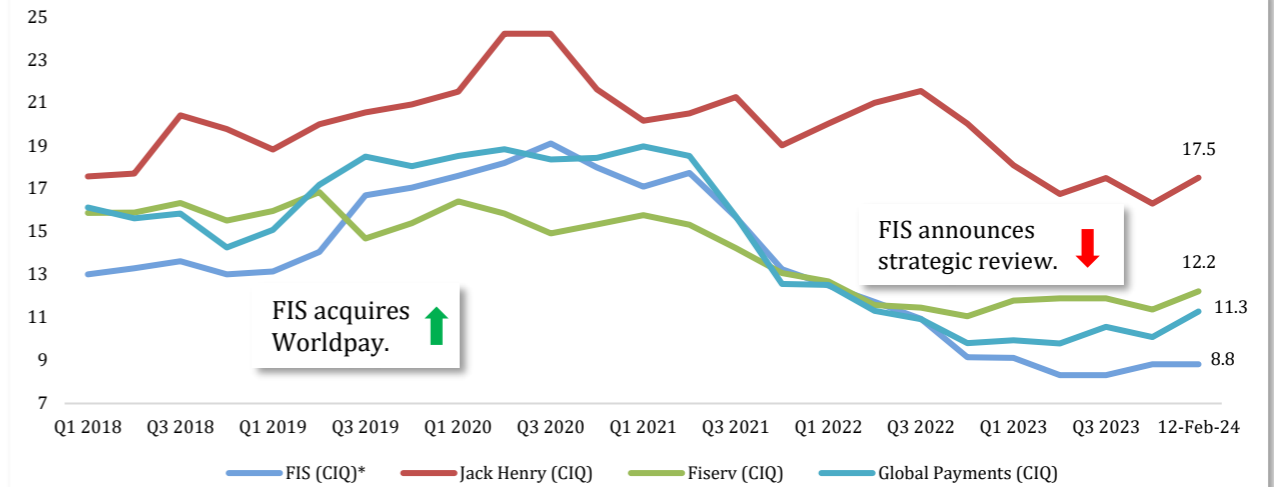
Recent Set-Up

FIS is trading at a depressed valuation relative to peers and historical levels, driven by Worldpay confusion and non-recurring revenue headwinds within the RemainCo.

FIS SIGNIFICANTLY UNDERPERFORMING PEERS SINCE WORLDPAY ACQUISITION

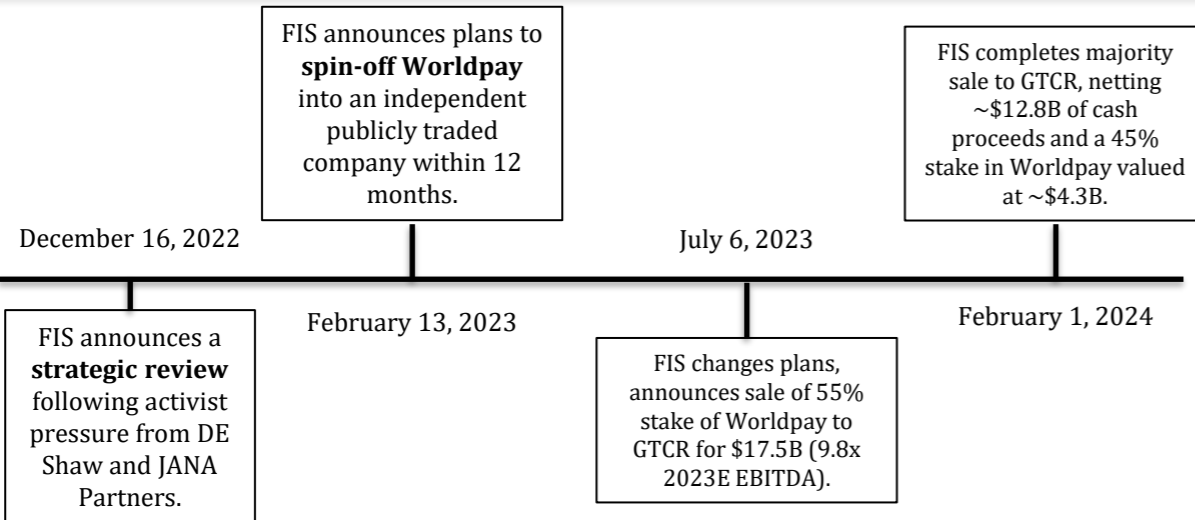


FIS TRADING AT A HISTORICALLY LOW MULTIPLE



*FIS Q3 2023 and onwards is adjusted for sale of Worldpay - CIQ uses EBITDA from continuing operations w/o accounting for cash proceeds

WORLDPAY SPINOFF → MAJORITY STAKE SALE



MARKET IS WAITING FOR SUSTAINED GROWTH & SIMPLICITY

“While it may take some time, we expect a combination of the **simplified story/streamlined business model, consistent execution** and strong FCF generation to **drive positive investor sentiment** into the name.”

-Ramsey El-Assal (Barclays) 2.1.2023

“We believe that **multiples should revert** closer to pre-pandemic levels or closer to peers as **growth normalizes.**”

-Tien-tsin Huag (JP Morgan) 11.8.2023

“We see share **upside from current levels** as management provides greater visibility into its **medium-term growth expectations** and redefines its business model and **focus.**”

-Tien-tsin Huag (JP Morgan) 11.8.2023

Investment Thesis

We believe FIS is trading at an unjust discount due to confusion and pessimism regarding Worldpay, which has seeped into the remaining “Heritage FIS”.

MARKET VIEW

Worldpay Being Left For Dead

- Worldpay has faltered under FIS supervision, with analysts citing a lack of competitive offerings for SMB merchants.
- Consensus is underwriting **persistent market share losses for Worldpay**, with a 4.7% revenue CAGR through 2026, compared to 11% for Fiserv’s merchant segment.

Pessimism Reaching Heritage FIS

- Pessimism from Worldpay has seeped into the RemainCo, with **revenue estimates being revised down** throughout the restructuring process.
- Consensus is below mid-term guidance for Capital Markets & Banking Solutions and is overlooking multiple avenues for growth.

Sell-Side Mis-Modeling

- Sell-side is **below our view** on both **debt repayments** (~\$7B) and **share buybacks** (~\$3B).
- Sell-side is valuing FIS using forward P/E ratios, with EPS projections materially lower than reality due to higher projected interest expense and higher shares outstanding.

ALPHA VIEW (OUR VIEW)

Worldpay Is Not The Value Driver of FIS

- We share the market’s view regarding Worldpay’s struggles. However, PE firm GTCR has already **committed \$1.3B to M&A** to help patch Worldpay’s offerings.
- We believe the market is paying too much attention to Worldpay, when it’s **no longer the real value driver of FIS**.

Growth Above Market Consensus

- We believe that the pessimism and uncertainty baked into the RemainCo estimates is unjust, and **FIS will beat consensus throughout 2024**.
- We are underwriting a 4% revenue CAGR for Banking Solutions through 2026, driven by strong demand for deposit solutions and new products in FIS’s Modern Banking Platform.

Buybacks + Deleveraging Above Consensus

- We’re underwriting **~\$10B in debt repayments** and **~\$4B in share buybacks**, still leaving substantial cash on the balance sheet.
- While we’re not valuing the business on a P/E basis, positive EPS surprises could lead to upward price target revisions by sell-side analysts.

Investment Thesis #1: WorldPay offers asymmetric upside, with relatively low downside from current expectations.

Consensus has priced in poor growth expectations for WorldPay, leaving potential upside at monetization if GTCR is able to turnaround the business.

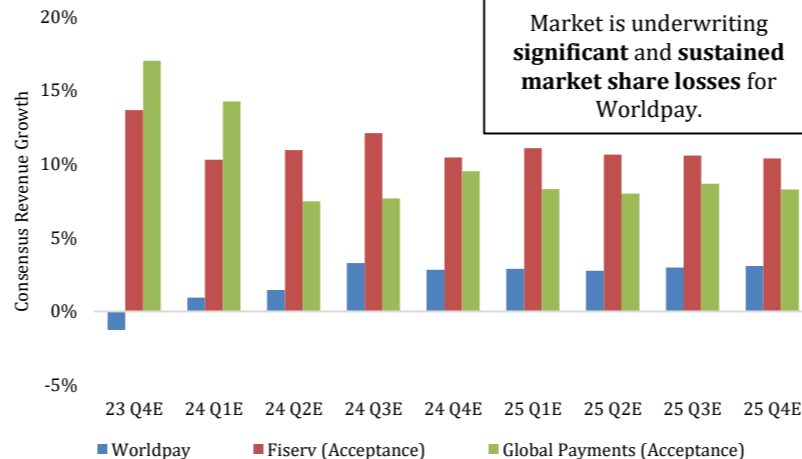
CONSENSUS VIEW

MISMANAGEMENT UNDER FIS



“They were very corporate America, and that slowness led to a lot of small merchants finding solutions elsewhere.”
- Dan Dolev (Mizuho)

NO HOPE FOR WORLDPAY



NO UPWARD REVISIONS FOLLOWING SALE TO GTCR



OUR VIEW

RETURN TO M&A WILL HELP PATCH PRODUCT OFFERINGS AND DRIVE MARKET RATE GROWTH

“Central to the growth strategy [of Worldpay] is a return to more consistent M&A and a capital structure that does not require an investment grade rating.”
-Stephanie Ferris

- GTCR has committed ~\$1.3B for M&A, to help FIS capture market share in high-growth verticals.
- Worldpay will likely look for a solution to compete with Fiserv’s Clover, which caters to SMB merchants.

RETURN OF FORMER CEO CHARLES DRUCKER

- Former Worldpay CEO Charles Drucker is returning to lead Worldpay. Drucker was CEO of Vantiv (acquired Worldpay) from 2004 to 2019, helping create the largest merchant acquirer in the world.
- We believe Drucker can help turnaround Worldpay, with industry experience that helped drive a 15% revenue CAGR for Worldpay for over a decade.

WORLDPAY MONETIZATION CREATES ASYMMETRY

- Both GTCR and FIS have the right to require monetization (IPO or sale) by February 1, 2028, expiring February 1, 2030.
- GTCR has a history of successful transactions in financial services, and FIS investors have the opportunity to “invest along side them”. (Recent funds have generated 36% and 39% net IRRs)
- Worldpay was transacted at a trough multiple due to tough macro conditions and internal issues, leading to significant multiple expansion potential by the time of monetization.

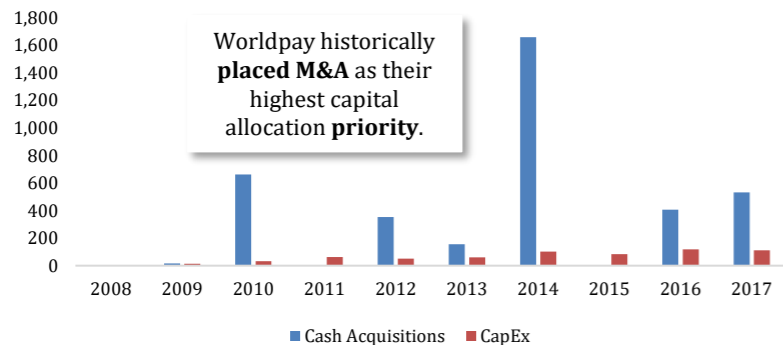
Transaction @ 9.7x EBITDA

Global Payments (Current): **11.3x**

Fiserv (Current): **12.2x**

Fiserv (5 Yr Avg.): **14.1x**

Global Payments (5 Yr Avg): **14.7x**

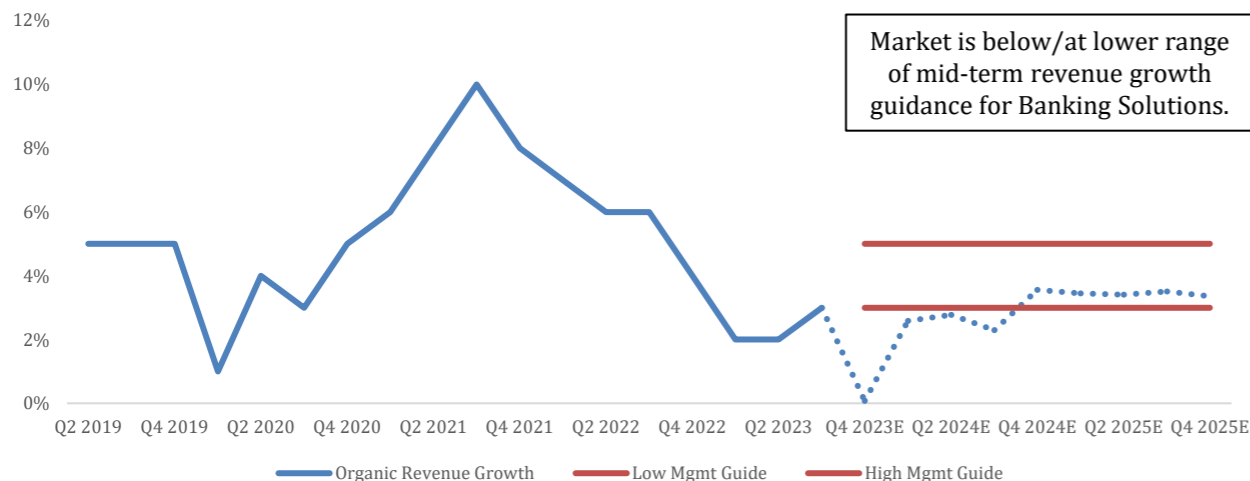


Investment Thesis #2: RemainCo Has Stronger Growth Potential Than Consensus Implies

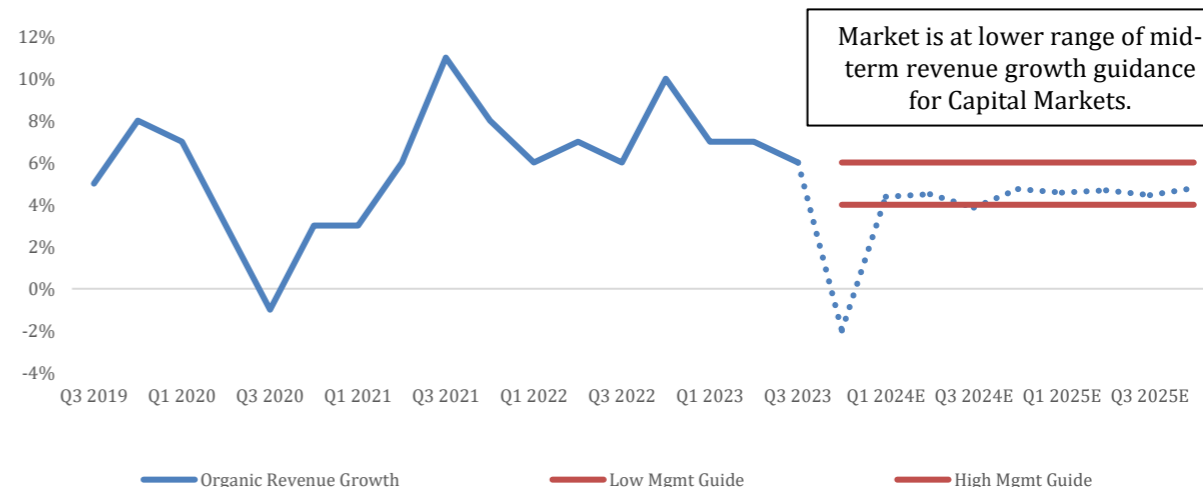
Pessimism from Worldpay along with non-recurring revenue headwinds from 2023 have unjustly crept into market consensus for 2024/2025.

CONSENSUS VIEW

BANKING SOLUTIONS

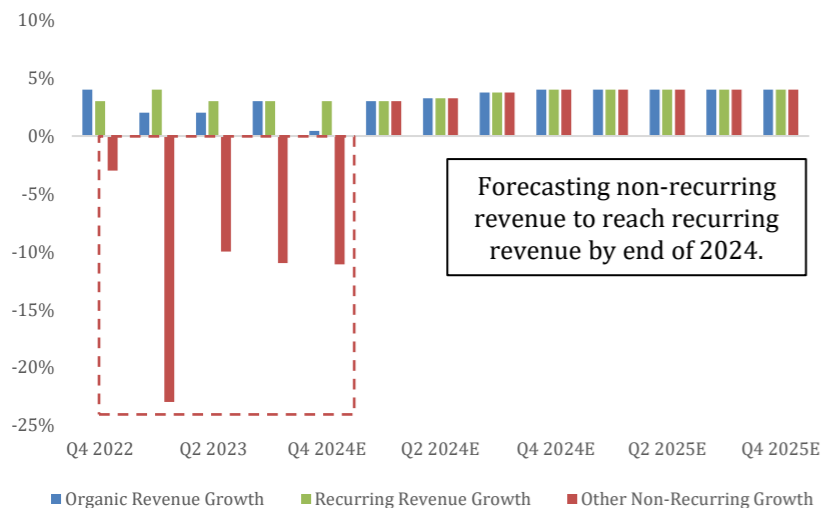


CAPITAL MARKET SOLUTIONS

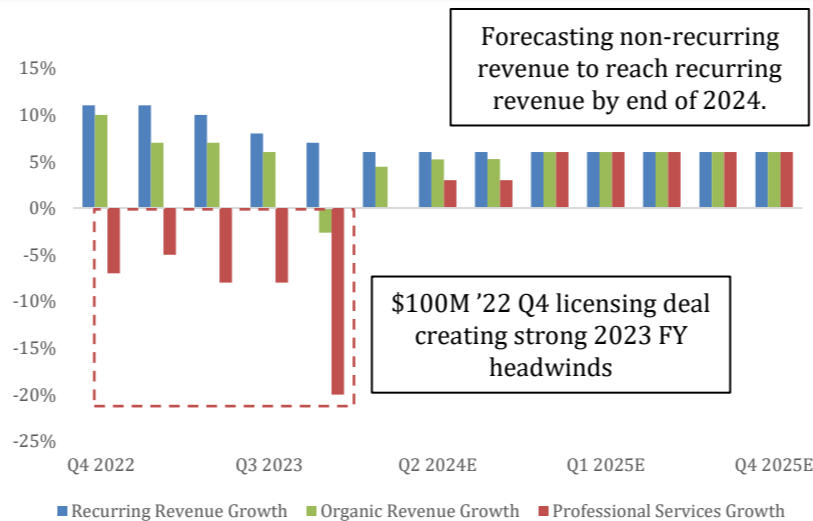


OUR VIEW

BANKING SOLUTIONS



CAPITAL MARKET SOLUTIONS



CAPITAL MARKETS AS A GROWTH ENGINE

- Expanding into “non-traditional” verticals, landing new corporate/insurance clients.
- Following the sale of Worldpay, FIS is keeping commercial relationships with them to continue cross-selling Capital Markets products to Worldpay clients.

Capital Markets Cross-Sell Opportunities

- Cash Management
- Treasury & Risk Solutions
- Balance Sheet Management
- Commercial Loan Servicing / Origination
- Credit Assessment

worldpay
from FIS

2nd largest merchant acquirer: processes **\$1.7T of payments** for global set of customers

Investment Thesis #2b: Strong Tailwinds Driving Growth in Core Segments

FIS has numerous catalysts that will push revenue growth and margin expansion within the RemainCo.

BANKING SOLUTIONS

STRONG ORGANIC GROWTH

- With incoming interest rate cuts, FIS stands to gain more than its competitors.
- Their clients (majority >\$10B in assets) will be expected to purchase substantially more add-ons resulting in more discretionary/non-recurring revenue on top of the sustainable recurring revenue growth.
- We expect this to increase non-recurring revenue by ~15%, correspondingly increasing total banking solutions revenue by an additional 3%.

INCREASE IN ACCOUNTS

- Assuming the Fed maintains the higher for longer interest rates, banks will correspondingly adjust the rates of savings accounts and CD deposits.
- Will bring in more accounts allowing for FIS' recurring revenue to increase with their account-based subscription model.
- We estimate within this environment, we will continue to see a ~6% increase in annual recurring revenue growth.

LAUNCH OF FEDNOW

- The Federal Reserve is slowly launching FedNow (banks can provide instant digital payments to customers)
- We expect banking technology providers to see an increase in account-to-account transfers.
- FIS has already seen a 63% increase in customers in the pipeline from Q2 with the launch of FedNow.
- Received the Credit Transfer certification in July 2023
- One of the first banking solutions providers to be able to access clients sending money over the Fed Now network.

CAPITAL MARKET SOLUTIONS

TRANSITION TO ON-DEMAND SAAS

- After acquisition of SunGard, FIS shifted from on-premise licensing model to on-demand SaaS model
- Allows for increased resilience during turbulent macro conditions
- Creates a stickier customer base
- FIS is employing a similar playbook from when they increased recurring revenue in banking solutions

INTERNATIONAL EXPANSION

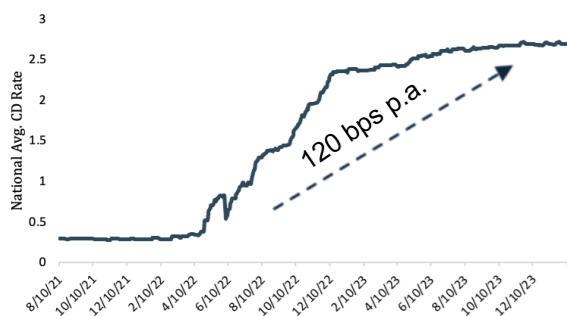
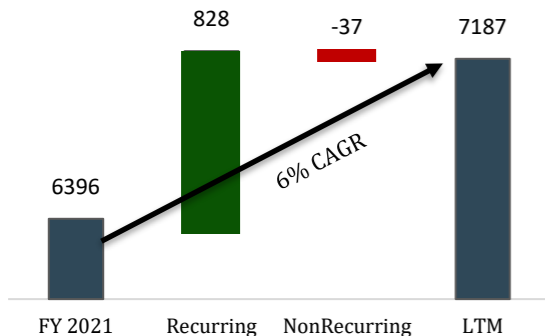
- In recent years, FIS management has cited increased international expansion; Sumitomo Trust Bank (2Q22) and other leading FIS in Europe and Asia (3Q22)
- Less established FIS require end-to-end infrastructure to protect themselves from regulatory changes, priming FIS for growth in international markets.
- Expected to grow faster than FIS' domestic business

NON-TRADITIONAL VERTICALS

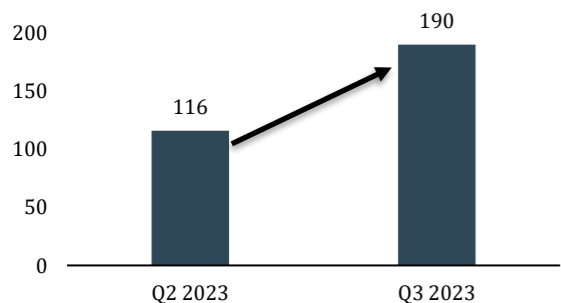
- FIS is driving expansion into verticals such as Insurance and Auto Finance
- A shift from large bundles to the SaaS model should allow for leverage of niche capabilities and catering to specific insurance firms
- Within regional banks, there is increased opportunity to offer treasury and risk solutions, once regulatory pressures start to arise

CROSS-SELL OPPORTUNITIES

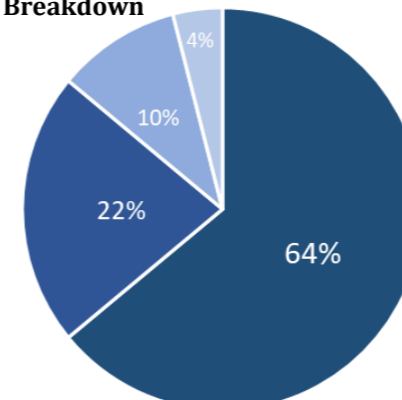
- Under "Project Amplify", FIS aims to utilize their massive client base from banking solutions and merchant solutions to cross-sell capital markets products
- We expect this new cross-selling strategy to drive margin expansion as they reduce the cost of revenue and client acquisition
- This will additionally increase recurring revenue via more subscription services used by clients



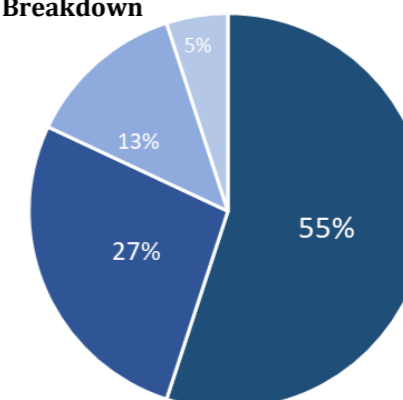
Clients in Pipeline Related to FedNow



FY14 SunGard Geographical Breakdown



FY22 FIS Capital Markets Geographical Breakdown

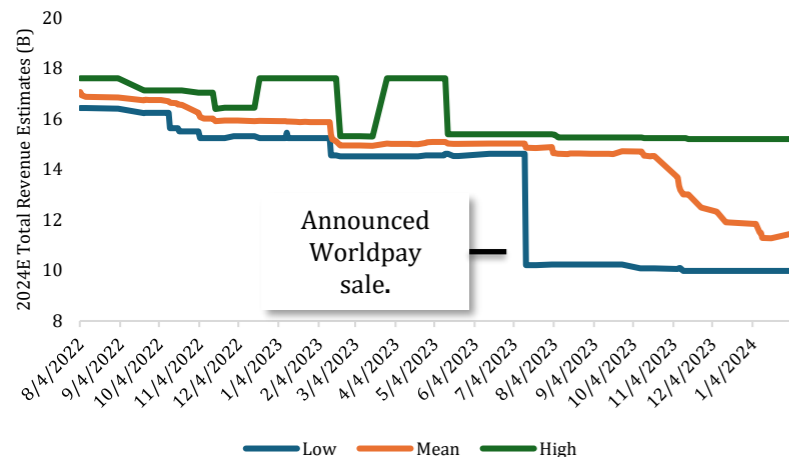


■ North America ■ Europe ■ Asia Pacific ■ Middle East, Africa, Central and South America

Investment Thesis #3: The Simplification of FIS Will Help Give Investors/Sell-Side Clarity on Modeling

As FIS reports RemainCo results throughout 2024 (and eventually fully exits Worldpay), we believe investors will turn to separate Worldpay in their valuations.

STREET IS NOT TOGETHER ON FIS MODELING



- With investors split on how they model Worldpay/FIS, headline Bloomberg consensus numbers become **WORTHLESS**, and do nothing but confuse investors.

FIS WILL “SCREEN BETTER” FOLLOWING Q1 2024

- Further confusion is caused when half of sell-side is modeling NTM EBITDA without Worldpay, yet current EV doesn't include cash from sale or the minority stake in Worldpay.
- Once the sale is reflected in FIS's quarterly earnings, FIS will screen much better when looking at headline numbers.

NTM EV/EBITDA

CIQ: 13.3x
BBG: 12.3x



NTM EV/EBITDA

8.7x

Net Debt / EBITDA

CIQ: 4.7x
BBG: 4.1x



Net Debt / EBITDA

1.3x

MORE MODELING CONFUSION

Unnamed Sell Side Analyst Projections

	FY21A	FY22A	FY23E	FY24E	FY25E
Adj. EPS	6.55	3.68	3.35	3.59	3.80

“Our FIS Dec '24 price target of \$68 applies a 10x multiple to our CY 25E EPS of \$6.88.”

Despite only modeling out continuing operations, this analyst is still using an EPS number that accounts for Worldpay.

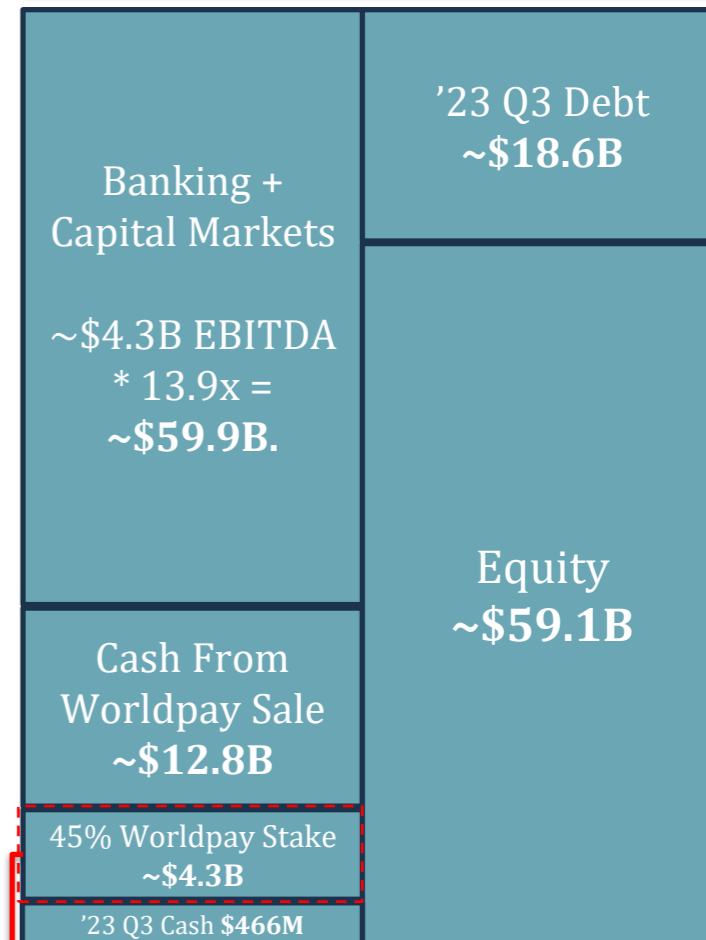
- No where else in this report is the number “\$6.88” mentioned, with no modeling to explain where the number came from.
- JP Morgan, Mizuho, and Barclays are all valuing FIS using forward EPS, including EPS contribution from the minority stake in Worldpay.
- We believe this is NOT a good way to value the business, as RemainCo and Worldpay deserve different multiples, and we have a transaction to tell us how to value Worldpay.

STREET WILL DECIDE TO SIMPLIFY MODELING

- We believe the Street will start putting more focus on FIS's remaining core business, and value FIS accordingly.
- Worldpay will be reported using the equity method, and until Worldpay is fully exited, we believe investors + sell-side will start valuing Worldpay using the balance sheet value.

We believe the added simplicity and clarity following a fully year of post-Worldpay will lead investors/sell-side to shift their focus to the RemainCo, leading to positive multiple revisions.

HOW WE LOOK AT IT



Using the transaction value for Worldpay helps simplify the valuation process and allows us to focus on what really matters for the value of this business: Banking + Capital Markets.

Reverse DCF Implies No Margin Expansion And Anemic Top-Line Growth

Anemic growth and a lower margin profile is required to justify the current FIS price post-Worldpay.

REVERSE DCF SUMMARY - RemainCo												
	2022	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E
Revenue	9,755	9,853	10,149	10,453	10,767	11,090	11,422	11,765	12,118	12,481	12,856	13,241
Revenue Growth		1.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
EBITDA	3,937	4,046	4,171	4,296	4,425	4,558	4,695	4,835	4,980	5,130	5,284	5,442
EBITDA Margin	40.4%	41.1%	41.1%	41.1%	41.1%	41.1%	41.1%	41.1%	41.1%	41.1%	41.1%	41.1%
NOPAT			2,008	2,095	2,433	2,846	2,943	3,017	3,093	3,170	3,219	3,266
FCF Conversion (FCF/NOPAT)*			129.4%	127.6%	109.9%	93.5%	92.4%	92.2%	92.1%	91.9%	92.8%	93.8%
Unlevered Free Cash Flow			2,598	2,673	2,674	2,661	2,719	2,783	2,848	2,914	2,987	3,062

Implied Share Price Calculation	
Discount Rate	8.8%
Perpetual Growth	2.0%
Enterprise Value	37,744
Post-Sale Cash	13,244
Post Sale Equity Investment	4,268
Post Sale Debt	18,656
Equity Value	36,600
Weighted Shares Outstanding	593
Implied Price/Share	\$61.77
Current Share Price	\$62.29
Implied Upside/Downside	-0.8%

DEVIATION FROM MARKET IMPLIED INPUTS

Growth Algorithm is Too Low

	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E
Reverse DCF Growth	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Our Estimate Total Growth	4.2%	4.5%	4.6%	4.6%	4.6%	4.6%	4.6%	4.6%	4.6%	4.6%
Our Estimate Banking Growth	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Our Estimate Cap Markets Growth	5.2%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
Deviation	-1.2%	-1.5%	-1.6%	-1.6%	-1.6%	-1.6%	-1.6%	-1.6%	-1.6%	-1.6%

3% top-line growth essentially accounts for pricing/account-growth, and ignores:

- New account wins for Banking Solutions' Modern Banking Platform and FedNow offering.
- Growth potential from Capital Markets Solutions' nontraditional lending and risk solutions.
- Cross-selling opportunities with continued commercial relationships with Worldpay.

Ignoring High SaaS Contribution Margin + "Future Forward"

	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E
Reverse DCF EBITDA Margins	41.1%	41.1%	41.1%	41.1%	41.1%	41.1%	41.1%	41.1%	41.1%	41.1%
Our Estimate EBITDA Margins	41.8%	42.1%	42.5%	43.0%	43.4%	43.9%	44.3%	44.4%	44.5%	44.7%
Deviation	-0.7%	-1.0%	-1.4%	-1.9%	-2.3%	-2.8%	-3.2%	-3.3%	-3.4%	-3.6%

Flat margins assumes Future Forward cancels out dyssynergies, and ignores:

- Continued gross margin expansion due to high SaaS contribution margin.
- Gross margin expansion due to sale force transformation selling higher margin products.
- Operating leverage across corporate SG&A.

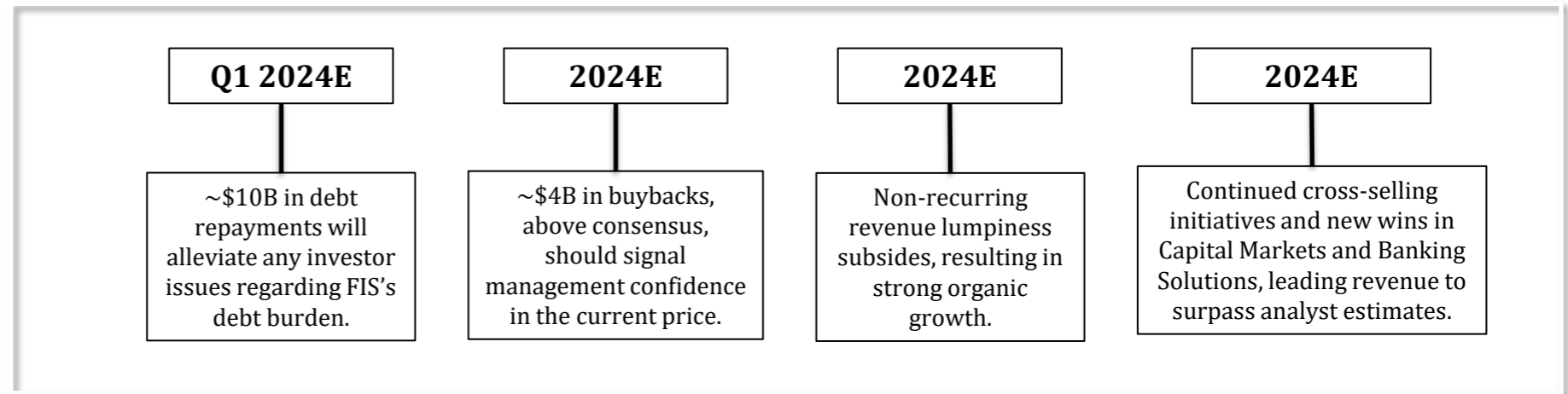
FIS Is Trading At A Substantial Discount To Competitors

FIS trades at a discount relative to competitors, with buybacks, deleveraging, revenue beats, and a full-exit from Worldpay serving as potential catalysts for multiple expansion.

Comparable Public Companies (in millions of \$)						Margins	EV/EBITDA			P/E		
Company	Share Price	Market Cap	Enterprise Value	LTM Revenue	LTM EBITDA	LTM EBITDA Margin	LTM	2024E	2025E	LTM	2024E	2025E
Fidelity National Information Services	\$61.71	\$36,563	\$37,707	\$9,818	\$3,968	40.40%	9.5x	8.7x	8.2x	-5.3x	17.9x	16.1x
Banking Solutions												
Fiserv	\$144.90	\$86,967	\$109,852	\$18,807	\$7,687	40.90%	14.3x	13.5x	12.5x	30.3x	19.3x	16.8x
Jack Henry & Associates	\$165.54	\$12,063	\$12,324	\$2,120	\$544	25.70%	22.7x	17.8x	16.4x	33.4x	32.0x	29.5x
	Mean:	\$49,515	\$61,088	\$10,464	\$4,116	33.30%	18.5x	15.7x	14.5x	31.9x	25.7x	23.2x
Capital Market Solutions												
SS&C	\$61.07	\$15,116	\$21,782	\$5,430	\$1,800	33.20%	12.1x	9.7x	9.2x	25.1x	11.9x	10.6x
Broadridge Financial Solutions	\$201.74	\$23,759	\$27,358	\$6,321	\$1,460	23.10%	18.7x	17.8x	16.6x	35.1x	26.1x	23.6x
	Mean:	\$19,438	\$24,570	\$5,876	\$1,630	28.15%	15.4x	13.8x	12.9x	30.1x	19.0x	17.1x
Merchant Solutions												
Global Payments	\$136.50	\$35,543	\$51,679	\$9,474	\$3,829	40.40%	13.5x	10.9x	10.1x	41.1x	11.6x	10.2x
Fiserv	144.90	\$86,967	\$109,852	\$18,807	\$7,687	40.90%	14.3x	13.5x	12.5x	30.3x	17.9x	16.1x
	Mean:	\$61,255	\$80,766	\$14,141	\$5,758	40.65%	13.9x	12.2x	11.3x	35.7x	14.8x	13.2x

Valuation	
Average 2024E EBITDA Multiple	13.9x
2024E RemainCo EBITDA	4,295
Implied Enterprise Value	59,900
LTM Net Debt (w/o Sale Proceeds)	17,764
Cash From Worldpay Sale	12,778
Remaining Equity Stake	4,268
Implied Equity Value	59,183
Shares Outstanding	593
Implied Price/Share	\$99.89
Current Price/Share	\$61.71
Implied Upside	62%

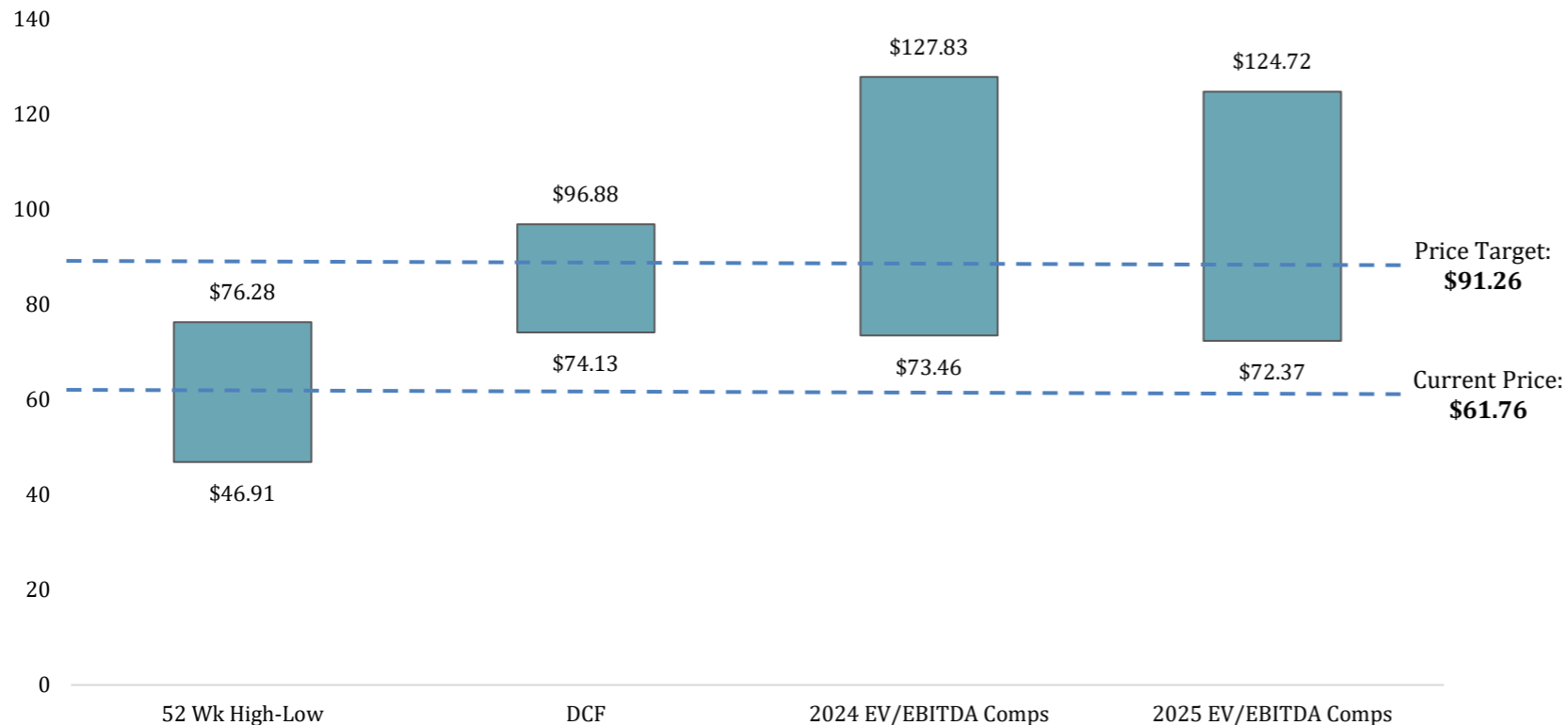
CATALYSTS FOR MULTIPLE REVISION



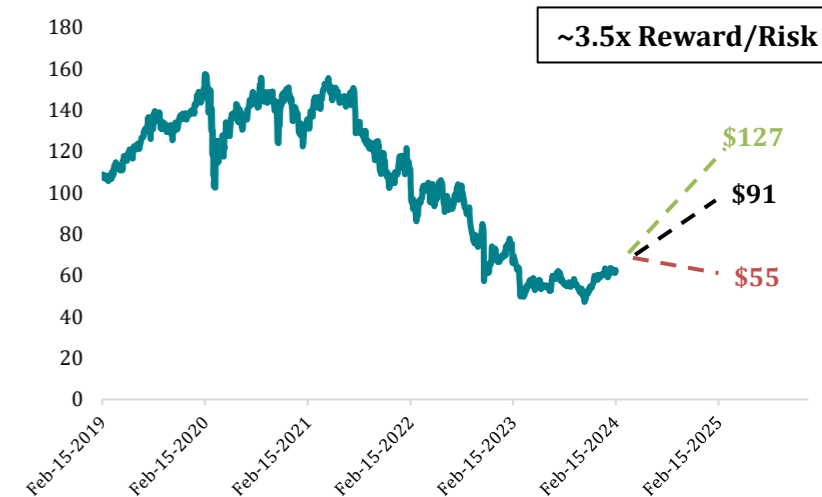
Financial Summary + Valuation

We see a favorable 3.5x Reward/Risk, with a draconian bear case resulting in ~13% downside and our base case resulting in a ~44% upside.

1-YEAR BASE CASE ANALYSIS



CASE ANALYSIS



Bear Case

- Revenue growth @ 3%, accounting for pricing/account growth and not much else.
- No margin expansion throughout forecast period.
- Remaining Worldpay stake goes to \$0.

Base Case

- Revenue growth @ 4.5-5%, accounting for Capital Markets growth potential.
- Gradual margin expansion from Future Forward, mix-shift, and operating leverage.
- Remaining Worldpay stake valued at transaction value; ~\$4.3B.

VALUATION WEIGHTING

	Values	Weight	Weighted Values
DCF	\$83.78	50%	\$41.89
2024 EV/EBITDA Comps	\$97.58	25%	\$24.40
2025 EV/EBITDA Comps	\$99.89	25%	\$24.97

Price Target	\$91.26
Current Price	63.15
Implied Upside	44.5%

FIS revamps management team for better suited company growth.



Stephanie L Ferris

President and CEO (Jan 2023 – Current)

- Spent 28 years in the financial technology industry before becoming CEO.
- Former CFO of Worldpay, leading them to large growth in merchant transactions (~\$2T worth in 2022)
- Senior VP and CFO of Vantiv (which merged with Worldpay) and grew Vantiv via. rapid technology adoption from 2009-2018
- Focused on using leadership to fundamentally transform business in two ways: re-establish credibility with investors after lackluster stock performance under previous CEO and "Future Forward" program (\$1B in annual cost savings)

James Kehoe

Chief Financial Officer (Aug 2023 – Current)

- 25 years of financial experience at various large, publicly listed companies with experience in operations, treasury, planning, capital allocation, etc.
- Executive VP and CFO of Gildan, Kraft Foods, Takeda Pharmaceuticals, and Walgreens Boots Alliance
- Led Kraft's \$24B North American and \$12B European segment
- Global CFO and Exec. VP of WBA, Global CFO and board director of largest Japanese pharmaceutical company
- Granted \$10M in equity in 2023 with another ~\$6M expected in Q1 2024

Firdaus Bhatena

Chief Technology Officer (April 2023 – Current)

- 30 years of technology operations, MIT graduate developing innovative breakthroughs in technology
- Former Senior Director of Cisco and Symantic, successfully integrating new technology during the digital age (1997-2010's)
- Chief Digital Officer of Aetna and CVS Health, responsible for technology implementation across the whole company (CVS: retail and pharmacy, Aetna: insurance and service implementation)
- Experienced at staying on pace with a quickly changing technology landscape and successfully implementing tech to grow the business



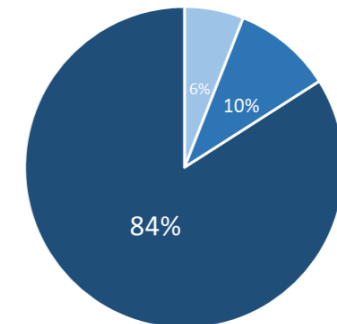
INSIDER TRANSACTIONS



There has been a recent uptick in insider purchasing from December 2022-January 2024 at an average price of \$67.34/sh

COMPENSATION COMMITTEE

- Long term incentive plans changed in 2022 where PSU's are granted relative to shareholder's return and organic revenue growth which may prevent future inefficient deals
- New CEO's compensation is only 6% in salary vs. 84% as long term compensation, further aligning her actions with shareholder interest



■ Salary ■ Annual Cash Bonus ■ Long-term Compensation

Risks

FIS faces observable risks to its market position, though we believe many of them are already implied in the current share price.

	Description	Mitigants	Trading Plan
1 Macroeconomic Conditions	<ul style="list-style-type: none"> ? If bank spending continues to decrease, FIS could see declined growth in Banking Solutions. ? A decline in consumer spending would hurt FIS' transaction volumes and their WorldPay segment. 	<ul style="list-style-type: none"> ✓ Higher interest rates can actually increase bank spending on solutions as they look to upgrade systems and innovate with an increase in deposits. ✓ Macroeconomic conditions are pricing in a soft-landing with consumer spending not declining as much as analysts have been predicting. Consumer spending is expected to grow in 2024 slightly under GDP growth. 	<p>Positive FY24 Guidance</p> <ul style="list-style-type: none"> • We expect immediate deleveraging of ~\$10 billion to reduce interest expense • Share buyback of ~\$4 billion will help ratios and let FIS show on screeners • International economic stabilization will allow for continued expansion for global markets • Increase in profit margins and growth will instill investor confidence
2 Industry Trends within Banking	<ul style="list-style-type: none"> ? Increasing bank consolidation could result in larger clients negotiating leverage, resulting in decreased margins. ? A recent uptick in regional bank instability could lead to volatility within FIS' operations and a decreased customer base. 	<ul style="list-style-type: none"> ✓ Since 2007, the number of FDIC Banks has decreased from 8,534 to 4,614 . Over this time, gross margins have steadily increased from 22.1% to 40.0%. ✓ FIS mainly operates with large banks (~25% of revenue from banks with >\$50B), thus regional bank instability should impact a small percent of its operations. 	<p>Confirmatory Events</p> <ul style="list-style-type: none"> • Recurring revenue growth continues to stably increase causing market to realize the strength of the Remainco • We see non-recurring revenue growth rising with interest rate cuts and strong expansion in insurance/lending verticals • GTCR is capable of finding strategic acquisition targets for Worldpay to continue stable growth/retaining market share • FIS is able to exit Worldpay stake in 2025+
3 Continuation of decline in Worldpay's business	<ul style="list-style-type: none"> ? Worldpay has recently started to operate as an independent company, although FIS retains a 45% stake. Worldpay consistently lost market share during a time when other merchant solution businesses grew largely. The responsibility lies on GTCR to properly run Worldpay again, and their growth through acquisition must be strategic and strong. 	<ul style="list-style-type: none"> ✓ As the company operates independently, the business will be streamlined. Previously, investors couldn't find clarity in the revenue models but the divestment of Worldpay should make the business more efficient. ✓ The "Back to the Future" move by the company-bringing back the former CEO who led the company from an \$11B valuation to a \$35B in a year, relocation of HQ back to Cincinnati, and the company model back to growth through acquisition can make Worldpay regain dominance in the merchant solutions industry. 	<p>Selling Signals</p> <ul style="list-style-type: none"> • Recurring revenue growth appears to be slowing down/below historic averages • Cross-selling features rejected amongst regional banks leading to flat margins

FY2024

FY2024-25

LT

APPENDIX+Q&A

Appendix I: Balance Sheet

BALANCE SHEET																		
	2017	2018	2019	2020	2021	2022	Q3 2023	Q4 2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E
Assets																		
Cash & Equivalents		703	1,152	1,959	2,010	2,188	466	892	1,048	1,101	1,464	1,042	1,189	1,093	1,572	1,616	1,252	991
Settlement Assets		981	3,529	3,914	4,020	5,855	605	616	647	676	707	739	773	809	846	885	925	968
Trade Receivables		1,472	3,242	3,314	3,772	3,699	1,719	1,716	1,849	1,933	2,021	2,113	2,209	2,310	2,416	2,527	2,644	2,766
Other Receivables		166	337	317	355	493	315	323	349	365	382	399	417	436	456	477	499	522
Prepaid Expenses & Other Current Assets		411	432	394	551	583	546	555	513	537	561	587	614	642	671	702	734	768
Current Assets Held For Sale		-	-	-	-	-	8,502	8,502	-	-	-	-	-	-	-	-	-	-
Total Current Assets		3,733	8,692	9,898	10,708	12,818	12,153	12,605	4,406	4,612	5,134	4,880	5,203	5,290	5,961	6,207	6,055	6,015
PPE		587	900	887	949	862	682	670	695	725	759	797	840	885	932	981	1,028	1,075
Goodwill		13,545	52,242	53,268	53,330	34,276	16,811	16,811	16,811	16,811	16,811	16,811	16,811	16,811	16,811	16,811	16,811	16,811
Intangible Assets		3,132	15,798	13,928	11,539	8,956	1,947	1,774	1,082	390	-	-	-	-	-	-	-	-
Software, net		1,795	3,204	3,370	3,299	3,238	2,082	1,919	1,919	1,944	1,994	2,073	2,184	2,299	2,420	2,546	2,646	2,715
Other Noncurrent Assets		503	2,303	1,574	2,137	2,048	1,616	1,616	1,616	1,616	1,616	1,616	1,616	1,616	1,616	1,616	1,616	1,616
Deferred Contract Costs, net		475	667	917	969	1,080	1,008	1,022	1,027	1,074	1,123	1,174	1,227	1,284	1,342	1,404	1,469	1,536
Noncurrent Assets Held For Sale		-	-	-	-	-	16,875	16,875	-	-	-	-	-	-	-	-	-	-
Equity Method Investment		-	-	-	-	-	-	-	4,268	4,268	4,268	4,268	4,268	4,268	4,268	4,268	4,268	4,268
Total Assets		23,770	83,806	83,842	82,931	63,278	53,174	53,291	31,825	31,439	31,704	31,618	32,149	32,452	33,350	33,833	33,892	34,036
Liabilities & Equity																		
Accounts Payable and Accrued Expenses		1,099	2,374	2,482	2,864	2,754	1,473	1,464	1,489	1,557	1,628	1,702	1,780	1,861	1,946	2,036	2,130	2,228
Settlement Payables		972	4,228	4,934	5,295	6,752	631	626	637	666	696	728	761	796	832	871	911	953
Deferred Revenue		806	869	881	779	788	739	737	770	805	842	880	920	963	1,007	1,053	1,102	1,152
Short Term Borrowings		267	2,823	2,750	3,911	3,797	4,595	4,595	4,595	4,595	4,595	4,595	4,595	4,595	4,595	4,595	4,595	4,595
Current Portion of LT Debt		48	140	1,314	1,617	2,133	1,320	-	-	-	-	-	-	-	-	-	-	-
Current Liabilities Held For Sale		-	-	-	-	-	7,323	7,323	-	-	-	-	-	-	-	-	-	-
Total Current Liabilities		3,192	10,434	12,361	14,466	16,224	16,081	14,745	7,491	7,623	7,760	7,905	8,056	8,215	8,381	8,554	8,737	8,928
Long-Term Debt		8,670	17,229	15,951	14,825	14,207	12,741	14,061	4,061	4,061	4,061	4,061	4,061	4,061	4,061	4,061	4,061	4,061
Deferred Income Taxes		1,360	4,281	4,017	4,193	3,550	2,346	2,346	1,966	1,766	1,566	1,366	1,166	966	766	566	366	166
Other Noncurrent Liabilities		326	2,406	2,026	1,915	1,891	1,478	1,478	1,478	1,478	1,478	1,478	1,478	1,478	1,478	1,478	1,478	1,478
Noncurrent Liabilities Held For Sale		-	-	-	-	-	1,044	1,044	-	-	-	-	-	-	-	-	-	-
Total Liabilities		13,548	34,350	34,355	35,399	35,872	33,690	33,674	14,996	14,928	14,865	14,810	14,761	14,720	14,686	14,659	14,642	14,633
Redeemable Noncontrolling Interest				174	174	180	-	-	-	-	-	-	-	-	-	-	-	-
Common Stock		4	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6
APIC		10,800	45,358	45,947	46,466	46,735	46,895	46,895	46,895	46,895	46,895	46,895	46,895	46,895	46,895	46,895	46,895	46,895
Retained Earnings		4,528	4,161	3,440	2,889	(14,971)	(22,808)	(22,674)	(21,499)	(20,316)	(18,989)	(17,519)	(15,941)	(14,595)	(13,163)	(11,654)	(10,077)	(8,425)
Accumulated OCI		(430)	(33)	57	252	(360)	(408)	(408)	(369)	(369)	(369)	(369)	(369)	(369)	(369)	(369)	(369)	(369)
Treasury Stock		(4,687)	(52)	(150)	(2,266)	(4,192)	(4,208)	(4,208)	(8,208)	(9,708)	(10,708)	(12,208)	(13,208)	(14,208)	(14,708)	(15,708)	(17,208)	(18,708)
Noncontrolling Interest		7	16	13	11	8	7	7	4	4	4	4	4	4	4	4	4	4
Total Equity		10,222	49,456	49,313	47,358	27,226	19,484	19,618	16,829	16,512	16,839	16,809	17,387	17,733	18,665	19,174	19,251	19,403
Total Liabilities & Equity		23,770	83,806	83,842	82,931	63,278	53,174	53,291	31,825	31,439	31,704	31,618	32,149	32,452	33,350	33,833	33,892	34,036

Appendix II: Income Statement

Combined Business	Pro-Forma: No Worldpay																				
	2017	2018	2019	2020	2021	2022	23 Q1	23 Q2	23 Q3	23 Q4E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E
Transaction Processing & Services	5,639	5,731	7,359	9,588	10,648	11,251	1,680	1,665	1,714												
Software Maintenance	827	834	844	848	872	867	219	221	228												
Other Recurring	377	321	320	343	360	392	83	92	99												
Total Recurring Revenue	6,843	6,886	8,523	10,779	11,880	12,510	1,982	1,978	2,041												
Software License	392	416	499	425	511	546	84	98	131												
Professional Services	1,316	970	994	1,038	1,048	1,061	256	256	224												
Other Non-Recurring	117	151	317	310	438	411	83	102	94												
Total Non-Recurring Revenue	1,825,537	1,810	1,773	1,997	2,018	2,018	423	456	449												
Total Revenue	8,668	8,423	10,333	12,552	13,877	14,528	2,405	2,434	2,490	2,524	9,853	10,270	10,736	11,225	11,737	12,273	12,835	13,424	14,041	14,687	15,364
Operating Expenses excl D&A	-5,869	-5,545	-6,129	-7,292	-7,760	-8,333	-1,527	-1,456	-1,419	(1,405)	(5,807)	(5,974)	(6,221)	(6,453)	(6,695)	(6,946)	(7,206)	(7,477)	(7,806)	(8,149)	(8,495)
Adjusted EBITDA	2,799	2,878	4,204	5,260	6,117	6,195	878	978	1,071	1,119	4,046	4,295	4,515	4,772	5,042	5,328	5,629	5,947	6,235	6,538	6,869
Depreciation + Amortization	-1,367	-1,420	-2,444	-3,714	-4,015	-3,846	-799	-780	-435	-435	(2,449)	(1,719)	(1,739)	(1,456)	(1,086)	(1,105)	(1,155)	(1,208)	(1,264)	(1,359)	(1,460)
Adjusted EBIT	1,432	1,458	1,760	1,546	2,102	2,349	79	198	636	684	1,597	2,576	2,777	3,315	3,956	4,223	4,474	4,738	4,971	5,180	5,410
Asset Impairment	(95)	(87)	(136)	(202)	(17,709)	-	(6,841)	(7)	-	-	(6,848)	-	-	-	-	-	-	-	-	-	-
Other Unusual Expenses	(160)	(704)	(858)	(845)	(759)	(127)	(140)	(153)	-	-	(420)	-	-	-	-	-	-	-	-	-	-
GAAP Operating Income	1,432	1,203	969	552	1,055	(16,119)	(48)	(6,783)	476	684	(5,671)	2,576	2,777	3,315	3,956	4,223	4,474	4,738	4,971	5,180	5,410
Other, net	(155)	(234)	36	(53)	51	(12)	27	21	-	-	36	-	-	-	-	-	-	-	-	-	-
Interest Expense	(337)	(337)	(334)	(214)	(275)	(137)	(47)	(162)	(185)	(185)	(531)	(372)	(372)	(372)	(372)	(372)	(372)	(372)	(372)	(372)	(372)
EBT	711	398	254	788	(16,343)	(197)	(6,803)	335	498	498	(6,167)	2,204	2,405	2,943	3,584	3,851	4,102	4,366	4,599	4,808	5,038
Provision for Income Tax	321	(100)	(96)	(371)	(377)	(48)	(77)	(74)	(90)	(90)	(289)	(397)	(433)	(530)	(645)	(693)	(738)	(786)	(828)	(865)	(907)
Net Income attributable to FIS Common	1,432	1,032	298	158	417	(16,720)	(245)	(6,880)	261	409	(6,455)	1,808	1,972	2,413	2,939	3,158	3,363	3,580	3,772	3,942	4,131
Net Income (loss) to noncontrolling			(6)	(7)	(12)				0	0	-	-	-	-	-	-	-	-	-	-	-
Net Income			164	424	(16,708)	(245)	(6,880)	261	134	134	(6,455)	1,808	1,972	2,413	2,939	3,158	3,363	3,580	3,772	3,942	4,131
Shares Outstanding											592	527	503	487	462	446	430	422	406	381	357
EPS											(10.90)	3.43	3.92	4.96	6.36	7.08	7.82	8.49	9.30	10.34	11.57
Adj. EPS (purchase am adj.)											4.74	5.30	5.76	6.36	7.08	7.82	8.49	9.30	10.34	11.57	
Total Revenue Growth		-2.8%	22.7%	21.5%	10.6%	4.7%															
Recurring Revenue Growth		0.6%	23.8%	26.5%	10.2%	5.3%															
Non-Recurring Revenue Growth		-15.8%	17.8%	-2.0%	12.6%	1.1%															
Adjusted EBITDA Margin	32.3%	34.2%	40.7%	41.9%	44.1%	42.6%	36.5%	40.2%	43.0%	44.3%	41.1%	41.8%	42.1%	42.5%	43.0%	43.4%	43.9%	44.3%	44.4%	44.5%	44.7%
Adjusted EBIT Margin	16.5%	17.3%	17.0%	12.3%	15.1%	16.2%	3.3%	8.1%	25.5%	27.1%	16.2%	25.1%	25.9%	29.5%	33.7%	34.4%	34.9%	35.3%	35.4%	35.3%	35.2%

Appendix III: Cash Flow Statement

CASH FLOW STATEMENT																			
	2017	2018	2019	2020	2021	2022	2023 Q3 YTD	Q4 2023E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E
Net Income	1,294	881	303	164	424	(16,708)	(6,900)	134	(6,766)	1,808	1,972	2,413	2,939	3,158	3,363	3,580	3,772	3,942	4,131
D&A	1,366	1,420	2,444	3,714	4,015	3,846	2,245	435	2,680	1,719	1,739	1,456	1,086	1,105	1,155	1,208	1,264	1,359	1,460
Am of Debt Issuance	19	17	24	31	30	31	22	-	22	-	-	-	-	-	-	-	-	-	-
Asset Impairments	-	95	87	136	202	17,709	6,850	-	6,850	-	-	-	-	-	-	-	-	-	-
Loss on Assets Held For Sale	-	-	(125)	-	-	-	1,549	-	1,549	-	-	-	-	-	-	-	-	-	-
Loss (gain) on sale of business	(62)	50	18	9	(227)	(53)	31	-	31	-	-	-	-	-	-	-	-	-	-
Loss on extinguishment of debt	196	1	217	-	528	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Stock-Based Compensation	107	84	402	283	383	215	116	-	116	-	-	-	-	-	-	-	-	-	-
Deferred Income Taxes	(985)	(116)	(109)	(206)	(81)	(544)	(624)	-	(624)	(380)	(200)	(200)	(200)	(200)	(200)	(200)	(200)	(200)	(200)
Net Change in NWC:																			
Trade & Other Receivables	(232)	78	(161)	(75)	(552)	(155)	226	(5)	221	(158)	(100)	(105)	(110)	(115)	(120)	(126)	(132)	(138)	(145)
Settlement Activity	11	(11)	(148)	862	653	287	(252)	(16)	(268)	(20)	(0)	(0)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Prepaid Expenses & Other Assets	(2)	4	(129)	(278)	(526)	(319)	(73)	(9)	(82)	42	(23)	(24)	(26)	(27)	(28)	(29)	(31)	(32)	(34)
Deferred Contract Costs	(153)	(248)	(379)	(473)	(453)	(479)	(320)	(14)	(334)	(5)	(47)	(49)	(51)	(54)	(56)	(59)	(62)	(65)	(68)
Deferred Revenue	67	(100)	40	58	23	21	(38)	(2)	(40)	33	35	37	38	40	42	44	46	48	51
Accounts Payable & Accrued Expenses	115	(162)	(74)	217	391	88	(22)	(9)	(31)	25	68	71	74	78	81	85	89	94	98
Net Cash From Operating Activities	1,741	1,993	2,410	4,442	4,810	3,939	2,810	513	3,323	3,063	3,443	3,599	3,751	3,985	4,237	4,503	4,746	5,007	5,292
Additions to PPE	(145)	(127)	(200)	(263)	(320)	(268)	(108)	(8)	(116)	(103)	(107)	(112)	(117)	(123)	(128)	(134)	(140)	(147)	(154)
Additions to Software	(468)	(495)	(628)	(866)	(931)	(1,122)	(736)	(73)	(809)	(924)	(966)	(1,010)	(1,056)	(1,105)	(1,155)	(1,208)	(1,264)	(1,322)	(1,383)
Acquisitions, net of cash acquired	-	-	(6,632)	(469)	(767)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Proceeds from Sale of Businesses	1,307	(16)	49	-	370	50	45	-	45	12,778	-	-	-	-	-	-	-	-	-
Settlement of interest rate swaps	-	-	-	-	(24)	726	(20)	-	(20)	-	-	-	-	-	-	-	-	-	-
Proceeds from sale of Visa preferred stock	-	-	-	552	-	269	-	-	-	-	-	-	-	-	-	-	-	-	-
Other investing activities, net	(4)	(30)	(90)	132	(99)	(28)	(37)	(6)	(43)	(26)	(27)	(28)	(29)	(31)	(32)	(34)	(35)	(37)	(38)
Net Cash From Investing Activities	690	(668)	(7,501)	(914)	(1,771)	(373)	(856)	(87)	(943)	11,725	(1,100)	(1,151)	(1,203)	(1,258)	(1,316)	(1,376)	(1,439)	(1,505)	(1,575)
Debt Issued	9,615	26,371	33,352	47,695	54,073	75,335	64,461	-	64,461	-	-	-	-	-	-	-	-	-	-
Debt Repaid	(11,689)	(26,148)	(24,672)	(49,067)	(53,440)	(74,410)	(65,868)	-	(65,868)	(10,000)	-	-	-	-	-	-	-	-	-
Debt Issuance Costs	(13)	(30)	(101)	-	(74)	(23)	(2)	-	(2)	-	-	-	-	-	-	-	-	-	-
Proceeds from SBC	208	288	161	332	121	57	41	-	41	-	-	-	-	-	-	-	-	-	-
Share Repurchases	(153)	(1,255)	(453)	(112)	(2,114)	(1,938)	(16)	-	(16)	(4,000)	(1,500)	(1,000)	(1,500)	(1,000)	(1,000)	(500)	(1,000)	(1,500)	(1,500)
Dividends Paid	(385)	(421)	(656)	(868)	(961)	(1,138)	(926)	-	(926)	(633)	(789)	(1,086)	(1,470)	(1,579)	(2,018)	(2,148)	(2,263)	(2,365)	(2,479)
Payments on Contingent Value Rights	-	-	-	(691)	-	(245)	-	-	-	-	-	-	-	-	-	-	-	-	-
Payments on Tax Receivable Agreement	-	-	-	(32)	(85)	(185)	(162)	-	(162)	-	-	-	-	-	-	-	-	-	-
Purchase of Noncontrolling Interest	-	-	-	-	-	-	(173)	-	(173)	-	-	-	-	-	-	-	-	-	-
Other Financing Activities, net	(63)	(41)	(50)	(8)	(58)	(26)	(13)	-	(13)	-	-	-	-	-	-	-	-	-	-
Net Cash From Financing Activities	(2,480)	(1,236)	7,581	(2,751)	(2,538)	(2,573)	(2,658)	-	(2,658)	(14,633)	(2,289)	(2,086)	(2,970)	(2,579)	(3,018)	(2,648)	(3,263)	(3,865)	(3,979)
FX Effect	31	(51)	18	42	(248)	(463)	(28)	-	-	-	-	-	-	-	-	-	-	-	-
Net Change In Cash	(18)	38	2,508	819	253	530	(732)	426	(306)	155	54	362	(422)	148	(97)	479	44	(364)	(261)

Appendix IV: DCF Valuation

DISCOUNTED CASH FLOW										
	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E
Revenue	10,270	10,736	11,225	11,737	12,273	12,835	13,424	14,041	14,687	15,364
Revenue Growth	4.2%	4.5%	4.6%	4.6%	4.6%	4.6%	4.6%	4.6%	4.6%	4.6%
EBITDA	4,295	4,515	4,772	5,042	5,328	5,629	5,947	6,235	6,538	6,869
EBITDA Margin	41.8%	42.1%	42.5%	43.0%	43.4%	43.9%	44.3%	44.4%	44.5%	44.7%
EBIT	2,576	2,777	3,315	3,956	4,223	4,474	4,738	4,971	5,180	5,410
Adjusted EBIT Margin	25.1%	25.9%	29.5%	33.7%	34.4%	34.9%	35.3%	35.4%	35.3%	35.2%
NOPAT	2,113	2,277	2,718	3,244	3,463	3,668	3,886	4,077	4,247	4,436
Effective Tax Rate	18.0%	18.0%	18.0%	18.0%	18.0%	18.0%	18.0%	18.0%	18.0%	18.0%
Depreciation & Amortization	1,719	1,739	1,456	1,086	1,105	1,155	1,208	1,264	1,359	1,460
Capital Expenditures	(1,053)	(1,100)	(1,151)	(1,203)	(1,258)	(1,316)	(1,376)	(1,439)	(1,505)	(1,575)
Change in NWC	(84)	(68)	(71)	(74)	(78)	(81)	(85)	(89)	(94)	(98)
FCF Conversion	127.6%	125.1%	108.6%	94.1%	93.3%	93.4%	93.5%	93.5%	94.3%	95.2%
Years Away	1	2	3	4	5	6	7	8	9	10
PV of UFCF	2,478	2,406	2,295	2,180	2,122	2,068	2,016	1,944	1,879	1,820

Terminal Value	
Explicit +1 FCF	4,307
Perpetual Growth	2.5%
Terminal Value	68,604
PV of TV	29,575

WACC	
Equity (Market Cap)	36,906
Debt (Post-Sale)	8,656
Weight of Equity	81%
Weight of Debt	19%
Risk Free Rate	4.13%
Beta	1.19
Market Risk Premium	5.0%
Pre-Tax Cost of Debt	4.0%
Tax Rate	18%
Cost of Debt	3.25%
Cost of Equity	10.08%
WACC	8.78%

Implied Share Price Calculation	
Sum of PV of Explicit Period	21,208
PV of Terminal Value	29,575
Enterprise Value	50,784
Post-Sale Projected Cash	13,244
Post-Sale Projected Equity Investment	4,268
Post-Sale Projected Debt	18,656
Equity Value	49,640
Shares Outstanding	593
Implied Price/Share	\$83.78
Current Share Price	\$62.29
Implied Upside	34.5%

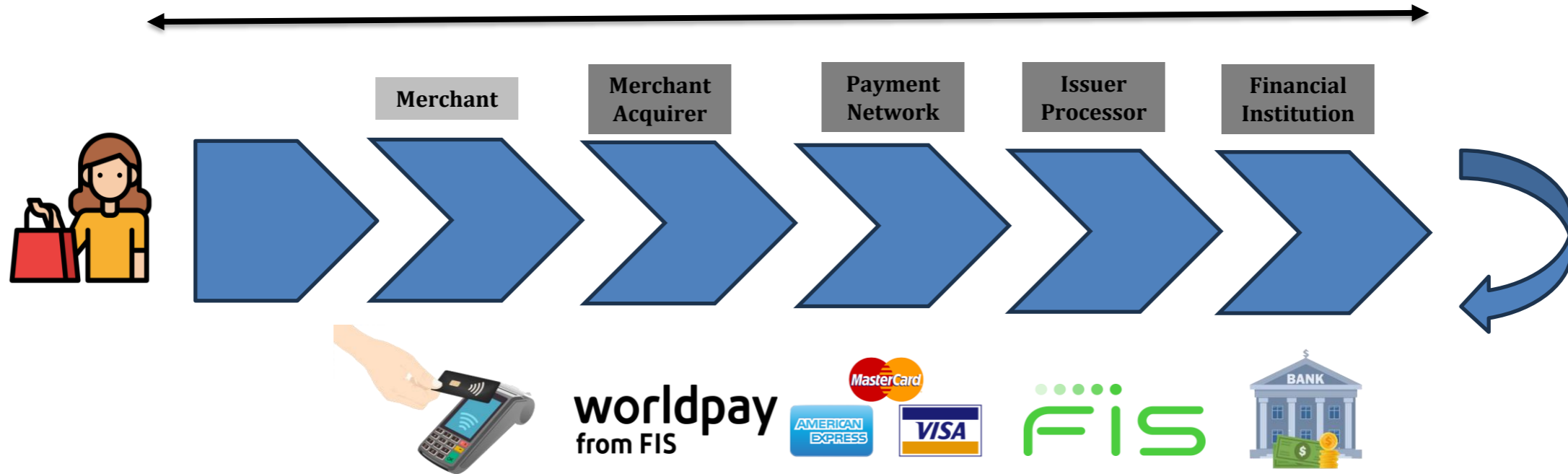
Perpetuity Growth	WACC					
		9.9%	9.3%	8.8%	8.3%	7.8%
1.5%		\$65.85	\$71.49	\$76.90	\$83.13	\$90.36
2.0%		\$68.00	\$74.13	\$80.07	\$86.98	\$95.10
2.5%		\$70.44	\$77.16	\$83.75	\$91.50	\$100.73
3.0%		\$73.23	\$80.67	\$88.07	\$96.88	\$107.53
3.5%		\$76.45	\$84.80	\$93.20	\$103.38	\$115.93

FAIR VALUE MULTIPLES										
Implied EBITDA Multiples	8.8x	8.4x	7.9x	7.5x	7.1x	6.7x	6.3x	6.0x	5.8x	5.5x
Implied EBIT Multiples	14.6x	13.6x	11.4x	9.5x	8.9x	8.4x	8.0x	7.6x	7.3x	7.0x
UFCF Yield	7.1%	7.6%	7.8%	8.1%	8.6%	9.1%	9.6%	10.1%	10.6%	11.2%

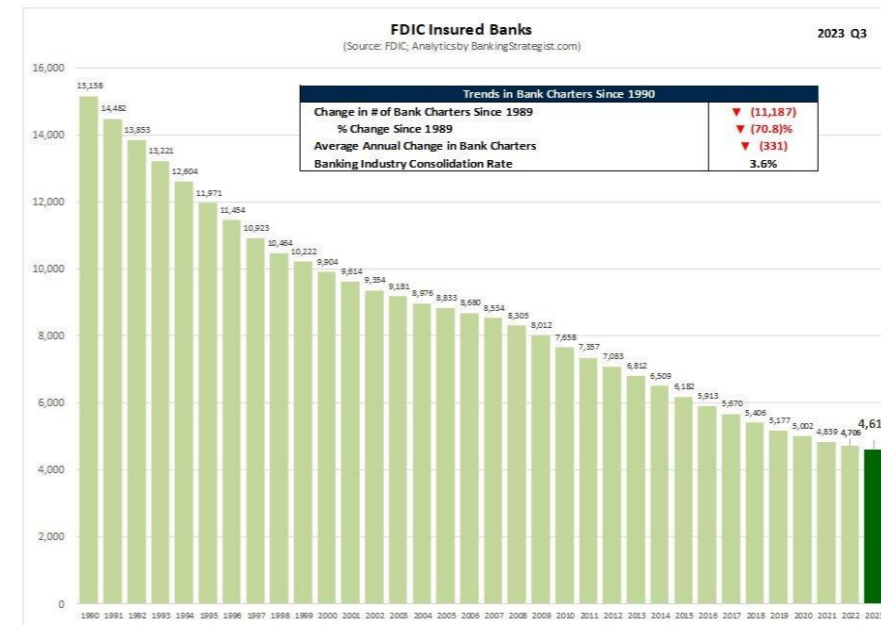
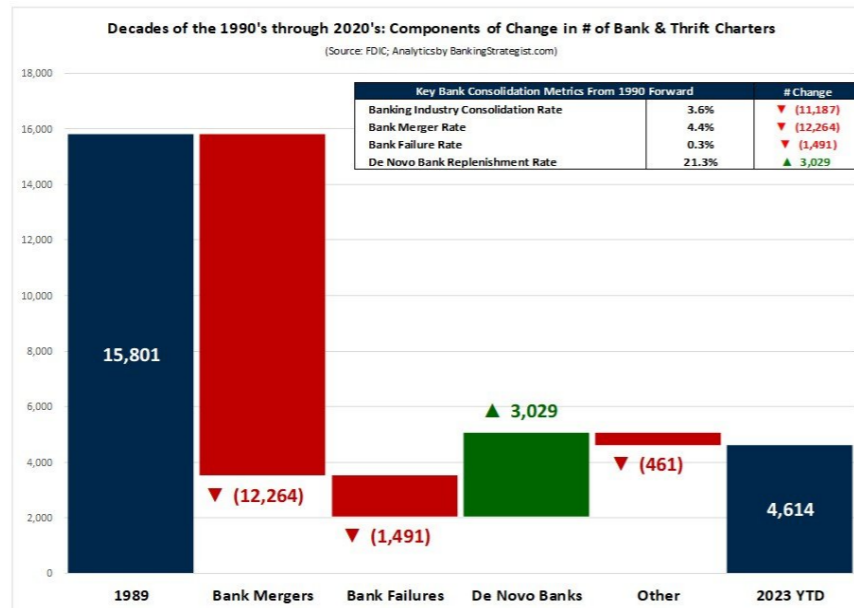
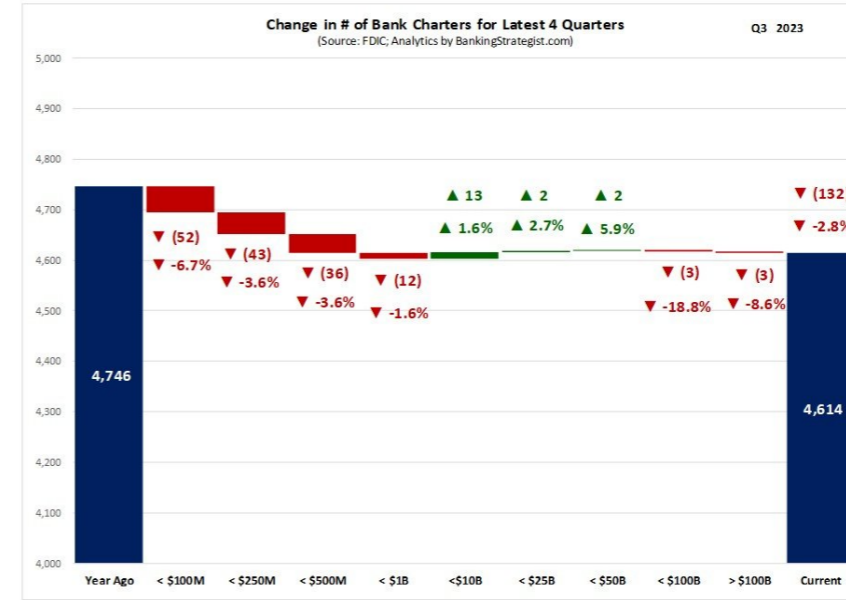
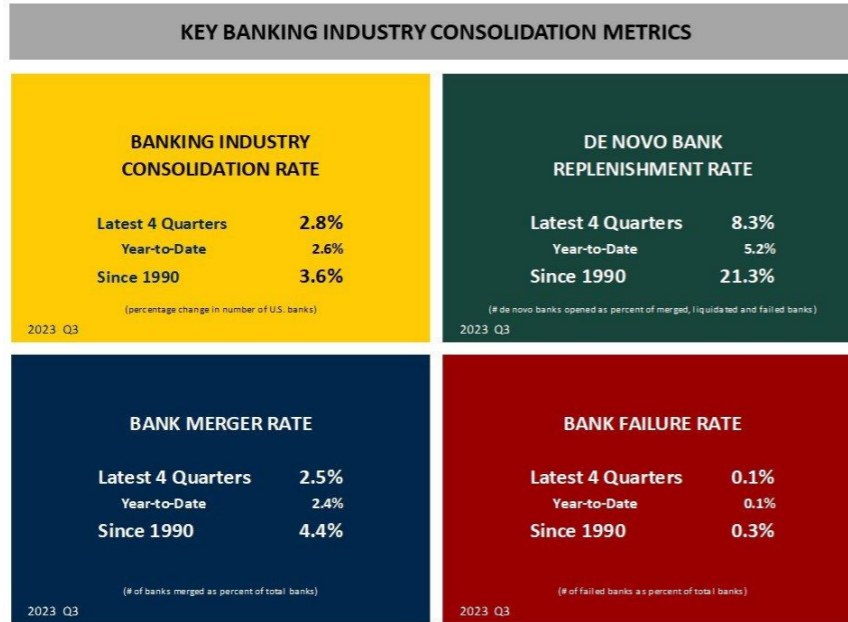
Appendix V: Understanding the Merchant Acquisition Model

HOW DOES WORLDPAY MAKE MONEY?

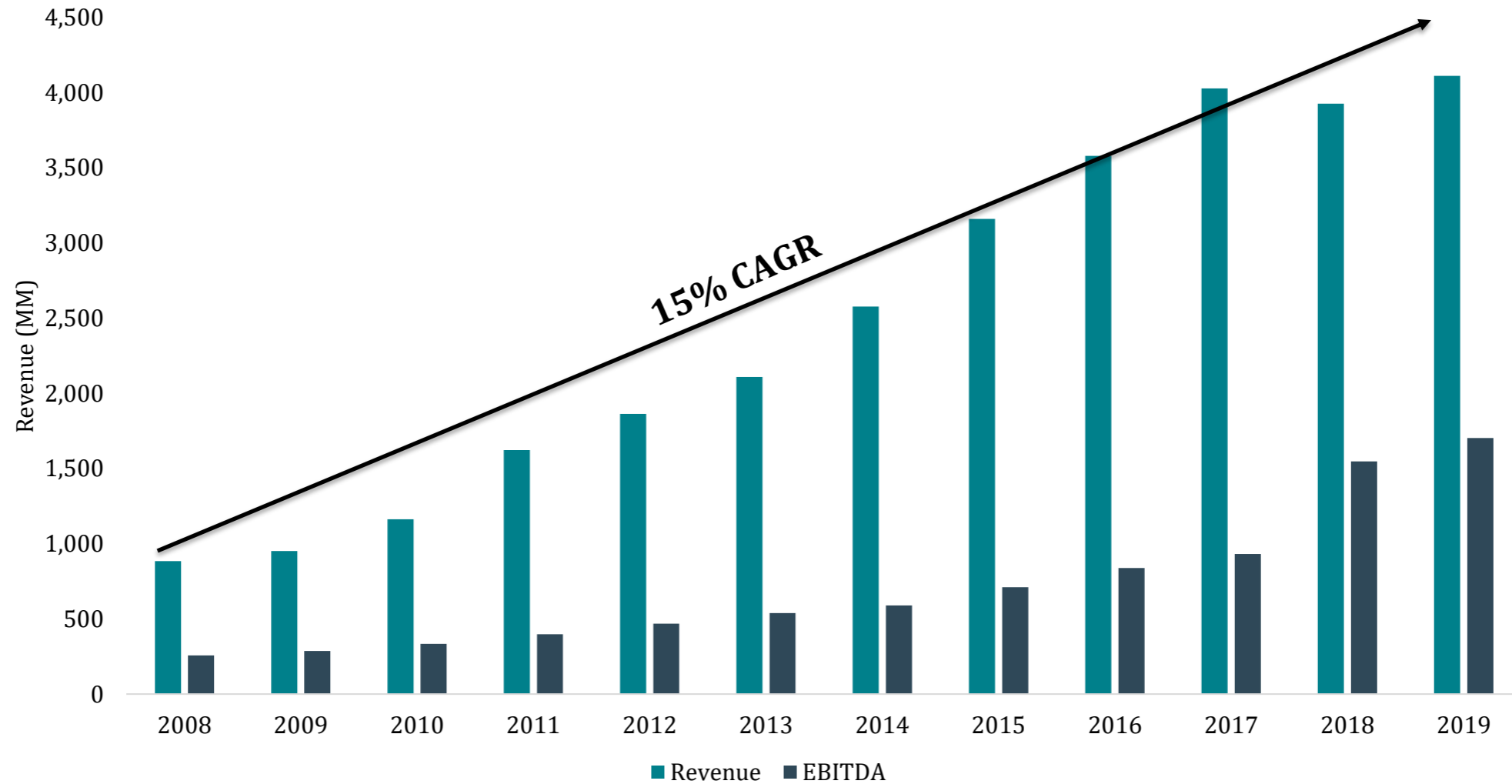
Payment Processing Value Chain



Appendix VI: Banking Consolidation



Appendix VII: Worldpay Growth Prior To FIS



Appendix VIII: Consensus Spread

