Fiserv, Inc.

Waking the Sleeping Digital Payments Giant

Downside Scenario	Current Price	Price Target	Upside Scenario
$70.00	$103.80	$125.00	$159.00
-33%		*21%*	*53%*

Symbol	NASDAQ: FISV
52-Week Range	$73.50 – 125.05
YTD Performance	(11%)
Market Cap (M)	$68,478
Net Debt (M)	$21,005
Dividend Yield	N/A
NTM P/E	23.2x
NTM EV/EBITDA	15.8x
ROE	4.9%
ROA	1.7%
ROIC	3.9%

FY (Jan)	2019A	2020E	2021E
EPS			
Q1	0.75	0.56	1.27
YoY Change		*(25%)*	*127%*
Q2	0.72	0.01	1.32
YoY Change		*N/A*	*N/A*
Q3	0.91	1.10	1.38
YoY Change		*21%*	*25%*
Q4	0.58	1.22	1.44
YoY Change		*110%*	*18%*
Year	3.03	2.89	5.41

- Despite improving fundamentals and strong opportunities across the business, FISV has underperformed comps and the broader market YTD, due in part to concerns over COVID-19's effects on the company's First Data integration and a CEO transition in the midst of this transformation.
- The stock has also faced scrutiny over unprecedented contractions in payment volumes caused by economic lockdowns and intense pressures on small and medium businesses (SMBs) during the pandemic, which contributed to disappointing 2Q'20 results across the business.
- However, macroeconomic indicators suggest payment volumes and business sentiment have reached an inflection point, and internal momentum across FISV's Merchant Acceptance and Payments & Networking segments show signs of a significant recovery in 2H'20 and beyond.
- As the company continues to invest across the business, we believe FISV will capitalize on significant secular growth trends across eCommerce, omnichannel, peer-to-peer (P2P) payments, and other digital economy opportunities. FISV is well positioned within its Merchant business compared to comps FIS and GPN and will continue to develop technologies such as Clover to capture share. Additionally, Payments opportunities such as Zelle offer significant upside as digital banking and transactions grow.
- FISV trades at attractive valuations on an intrinsic and relative basis. Through our discounted cash flow, multiples valuation and sum of the parts analyses, we see shares reaching $125 over the investment horizon, representing a return of ~21%.

COMPANY OVERVIEW

Fiserv, Inc. (FISV), a global provider of financial services technology, provides transaction processing, electronic bill payment, business process outsourcing, and other software to a diverse customer base of merchants and financial institutions. In January 2019, FISV acquired First Data, a leading electronic payments processor in merchant acquiring, eCommerce and mobile commerce, for $22B in an all-stock deal. The combined companies now report revenue in four segments: Merchant Acceptance ("Merchant" or "Acceptance", 35.3% of 2Q'20 revenue), Financial Technology ("Fintech", 21%), Payments and Network ("Payments", 38%), and Corporate and Other (6%). Fiserv reports its 3Q'20 results on November 4th, 2020.

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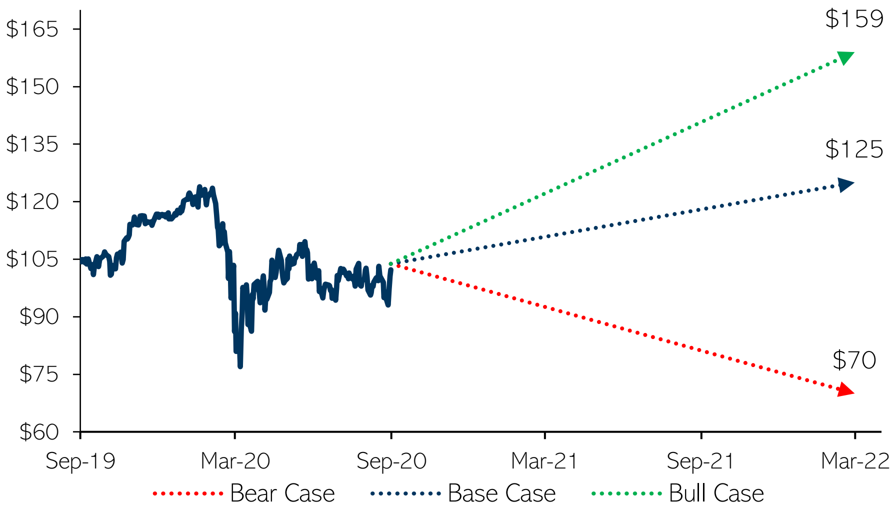
INVESTMENT SUMMARY



Headquarters
Brookfield, WI

Chief Executive Officer
Frank Bisignano

Number of Employees
44,000(as of FY'19)

GICS Classification
Information Technology

GICS Sub-Industry
Data Processing & Outsourced Services

PRICE TARGET SCENARIOS

Bull Case Price Target: $159.00

12-18 Month Target Return: *+53.3%*

Revenue grows at a 12.4% CAGR from 2020 to 2024 as the global economy experiences a true V-shaped recovery thanks to ongoing accommodative monetary policy. Thankfully, COVID-19 is effectively managed through a combination of a robust vaccine and ongoing widespread social distancing. Indoor dining reopens and businesses find customers are willing to spend rather than save again. The adoption of ecommerce trends does not subside after their acceleration due to COVID-19, and more businesses than ever adopt the omni-channel business model possible through digital and traditional channels, increasing the total share of customer transactions done electronically. Cross selling opportunities prove to be better than expected, as the boom in adoption of Clover and other online payment options is captured by FISV's vertical product structure, with margins strengthening alongside significant revenue synergy realization shown between the two firms.

Base Case Price Target: $125.00

12-18 Month Target Return: *+20.9%*

Revenue grows at an 8.8% CAGR from 2020 to 2024 as headwinds from COVID-19 are replaced by modest tailwinds. Businesses reopening bring about a return to modest transaction processing growth. Bank partners begin to invest in their systems and operations once again, and synergies from the First Data acquisition reduce costs in line with expectations while providing modest cross selling opportunities between the different segments now operating together. COVID-19 remains, but never rises to the crises level previously seen in 1H'20.

Bear Case Price Target: $70.00

12-18 Month Target Return: *(32.6%)*

COVID-19 continues to lurk underneath the surface, and areas with high case loads begin to experience lockdowns again, driving down GPVs and bank spending on new initiatives. Economic growth and unemployment are negatively impacted by the second wave of cases, and consumers continue to save more than they have historically, further driving down payment volumes. Rather than adopting to the new digital landscape, most SMBs and regional banks are simply unable to evolve their offerings in time and close their doors, leaving FISV unable to effectively grow their POS revenue or its payment processing fee revenue like they have in the past. Synergies expected between First Data and FISV prove to be overly optimistic with fewer chances to cross sell, and margin improvement is less than

BUSINESS OVERVIEW

Fiserv, Inc. (FISV) provides financial technology and payment solutions to clients through account processing, digital banking solutions, card issuer processing, network services, payments, e-commerce, merchant acquiring and processing, and the Clover cloud-based point-of-sale solution. In FY'19, FISV announced the acquisition of First Data, a leader in commerce-enabling technology and solutions for merchants, financial institutions, and card issuers. This marked one of the largest acquisitions in the financial technology sector. FISV has diversified its revenue into three main segments: Merchant Acceptance, Payments and Network, and Financial Technology. In 2Q'20, Acceptance saw $1.2B in revenue, making up ~36% of total revenue, with Payments receiving $1.3B in revenue (~41%), and Fintech with $714mm in revenue (~23%).

Merchant Acceptance:

The company's Acceptance segment provides a wide range of products and services to merchants, including point-of-sale (POS), merchant acquiring and e-commerce services, mobile payment services, security, and fraud protection products, and FISV's cloud-based Clover POS platform.

Clover POS:

FISV's cloud-based Clover POS is an open architecture platform, with an integrated POS operating system and hardware and software offerings. Clover products are designed to help merchants run and grow their businesses more efficiently, while building customer loyalty. These products are often sold or leased to customers depending on their business needs and include a marketplace for both proprietary and third-party business applications to meet the needs of all operations.

- Clover offers a variety of POS products for all business operations, whether you are taking payments curbside, swiping cards at check-out, or managing online orders. All of Clover's devices include contactless payments so merchants can keep their customers and employees safe and comfortable, as well as process transactions in a faster, more secure way.
- Clover also offers a virtual terminal for any businesses only conducting business online, or for any owners who want to manage things remotely. This terminal allows merchants to process credit and debit card transactions, collect information and engage with customers, and handle all other orders.
- Despite the challenging environment, Clover's GPV was up 24% in June and 32% in July as consumers flocked to online purchases and contactless payment. Due to this strong growth, Clover saw a GPV of $23.4B last quarter, or ~$90B annualized.

Financial Technology:

The company's FinTech segment provides financial institutions with the technology solutions they need to run their operations, including digital banking, financial and risk management, cash management, professional services and consulting, item processing and source capture.

Architect:

FISV offers an enterprise software platform for a bank's digital presence, named architect. Partner banks can fast track their digital platform rollout by leveraging FISV's extensive prebuilt components that offer modular additions, such as mobile app integration or online banking to existing bank platforms. SDK support allows banks to use existing digital infrastructure already developed while adding onto their own systems.

Risk Compliance:

Banks looking for Risk and AML Compliance Management can partner with FISV to increase detection of fraud and money laundering, effectively de-risking the participating bank's day to day operations. The service includes accounting and budget planning, giving executive leadership within partner banks the information needed to make informed decisions about where the bank should position and how to set and achieve the internal metrics often missing from smaller regional banks that are critical to their ongoing success.

Payments and Network:

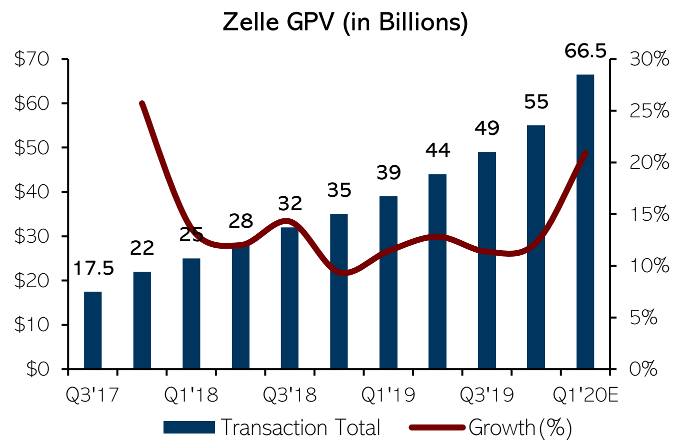
The company's Payments segment provides financial institutions and corporate clients with the products and services required to process digital payment transactions. This includes debit, credit, and prepaid card processing services, network services, account-to-account transfers, person-to-person transfers, and electronic billing.

P2P Payments:

Electronic money transfer technology allows customers to transfer funds from their bank accounts or credit cards to another individual account. FISV's Popmoney is a personal payment service that allows customers to send, receive, and transfer money with just a phone number or email address.

Zelle:

FISV has partnered with Zelle to provide a turnkey service that simplifies the implementation of P2P payment solutions for bank clients. Through this partnership, merchants will receive real time money movement capabilities that are protected by fraud and risk management services, faster payment processing, brand compliant web and mobile user interfaces, integrated notifications and end-to-end customer support capabilities.



- For customers, Zelle offers an easy, fast, secure, and more importantly, free way to send and receive money.
- Person-to-person (P2P) applications are growing at exponential rates, and the ongoing adoption of mobile phones and tablets globally has accelerated the implementation of these applications. Zelle operates across most mobile devices, as well as traditional PCs and laptops, allowing customers the flexibility that a multiplatform payment app can provide.
- Consequently, Zelle has more than 100,000 users enrolling daily and had 743mm transactions (+72% YoY) and $187B processed (+57% YoY) in FY'19.

The Acquiring/Processing System:

FISV derives most of its revenue from Merchant Acquiring and Payment Processing by processing credit and debit card transactions for merchants using the process described below, receiving a fee for every transaction in return.

First, the cardholder swipes their card at a POS terminal and their card details are sent to the acquiring bank/payment processor (merchant's account). The acquiring bank forwards the card details to the credit card network, which must clear the payment and request authorization from the issuing bank (customer's account). Once the issuing bank validates the credit card and checks the level of funds available, the bank approves the transaction and sends back confirmation to the merchant. The POS terminal then collects the approved authorizations so that they can be processed at the end of the business day. The merchant hands the cardholder a receipt and the sale is complete.

At the end of each business day, the merchant sends the approved authorizations, known as a "batch", to the acquiring bank. The acquiring bank routes the information to the credit card network for settlement. The credit card network then forwards each approved transaction to the appropriate issuing bank, and within one to two days the issuing bank will transfer the funds less an "interchange fee". This is a fee paid by the acquiring bank that is split between the issuing bank and the credit card network. The acquiring bank is then paid its respective percentages from the remaining funds, and credits the merchants account for the purchase, less a "merchant discount rate". This is a rate that merchants pay for accepting credit card payments and receiving service from acquiring processors. The issuing bank then posts the transaction to the cardholder's account, and the cardholder receives and pays the bill.

INDUSTRY OVERVIEW

Commerce in a COVID World:

With the COVID-19 pandemic sweeping across the globe, many players in the payment processor and merchant acquiring space have felt the repercussions. With stay-at-home orders in place, social distancing enforced and travel plans cancelled, consumers are stuck at home and need ways to make seamless, online, contactless transactions.

- In the beginning of the pandemic the payment processor space took a slight hit as consumers stayed inside and spent less money, with global processed transactions down 24% YoY in April. The drop in the number of transactions means a decline in fees for the payment processors.
- Many consumers canceled transactions, such as travel, sporting events and other entertainment events. With an increase in the number of canceled transactions, the industry has seen an increase in the amount of chargeback volumes which could be an issue for cash-strapped acquirers.
- Government easing alleviated some of the affects of the coronavirus-induced lockdowns and stimulated the economy by giving more money to the consumer, improving the global processed transactions to only a 12% decline in May. As consumers became more comfortable with the pandemic-induced restrictions, we saw an increase in digital banking services, e-commerce sales, and digital payment processing.

Banking in the Cloud:

Digital banking has long been overtaking in-person branch interactions, as more banks create an online platform. In FY'18, more than 56% of consumers preferred to interact with their financial organizations digitally, compared to 34% percent who preferred in-person branch interactions.

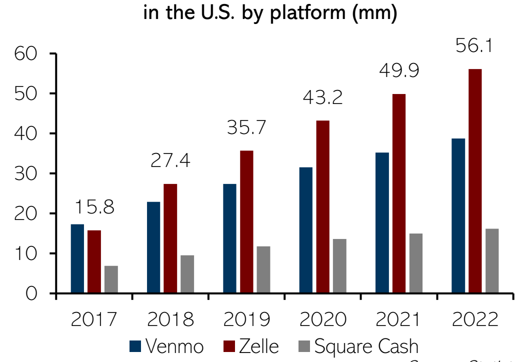
- In today's environment, many consumers are still uncomfortable with going out into public spaces. Digital banking benefited from this with a 23% increase in customer sign-ons to digital banking from March through April.
- Financial institutions have been moving to the cloud to simplify infrastructure and reduce costs. Many consumers prefer to have Fintech companies manage their money, offering simple but powerful services that fill the gaps of traditional banks. Over time this could hurt banks as consumers choose to invest with smaller, more flexible, and more secure companies.
- Even Starbucks has created a card that you can digitally deposit money onto, and then use as a credit card for purchases just like a bank. As the younger generation continues to take over, we expect digital banking to increase as more banks form partnerships with fintech's to try and enter the digital lending space.

Payments from your Phone:

P2P payments have also seen increase adoption, as consumers opted to not use cash and instead adopted a digital payment network to send and receive cash virtually. We expect this trend to continue as consumers want more contactless payment options and faster ways to transfer money digitally. P2P payment apps like Zelle provide users an easy, free way to transfer money from person-to-person, a service that banks were slow to provide.

- P2P mobile payment users are expected to reach 126mm by the end of 2020. Consumers have been moving away from card transactions for the past few years. This was accelerated by the pandemic as consumers increased online shopping and contactless payments.
- Account-to-account debit transfers from P2P payments like Zelle doubled YoY in FY'19, accounting for 40% of total debit transaction growth. In addition, card-not-present debit transactions increased 21% YoY in FY'19.
- The demand for P2P payment services has long existed, but with an accelerated transition to digital banking and contactless payments, the P2P payment market has seen significant growth, and P2P mobile transactions are expected to hit $396.5B by the end of FY'20.

Number of mobile phone P2P payment users in the U.S. by platform (mm)



Source: Statista

The Digital Marketplace:

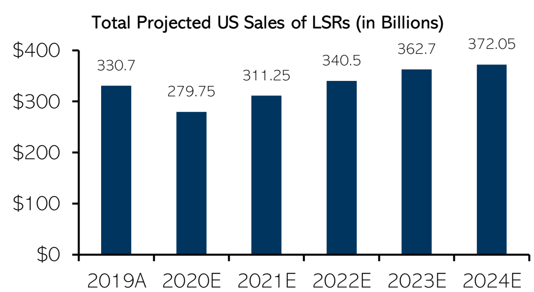
Similarly, the pandemic also benefited the growth of e-commerce. With consumers being stuck inside all day, we saw a huge spike in the amount of sales in the e-commerce space, with YoY online sales growth reaching 78% and 76% in May and June respectively ($73B YoY in June). Many acquirers have capitalized on this opportunity by helping SMBs build omnichannel sales capabilities, such as integrating in-store pickup and home delivery into their e-commerce sites.

- As the U.S. continues to reopen, we expect customers to continue to shop online, expecting home delivery and contactless payment options. We expect digital ordering technology at restaurants could become a new normal for a contactless payment experience, and consumers will expect increased payment speeds, security, and trustworthiness as the digital payments space continues to evolve.

Social Distanced Food Service:

While not typically considered an industry ripe for digital disruption, food service has seen a marked increase in ecommerce adoption rates, which has only been accelerated by the COVID-19 epidemic. For most FSR, take-out and delivery have been a fraction of total sales, with the success or failure of a restaurant based on traditional food service metrics; most restaurateurs spent their time obsessing over cover rates or revenue per available seat hour (RevPASH) rather than how many visits their website was getting. Unfortunately for FSRs, in-restaurant dining metrics became worthless nearly overnight, as COVID-19 closed indoor dining and customers wholesale abandoned eating sit down meals during the peak of the pandemic. While this trend has begun to alleviate in recent months, customers have been moving away from the FSR experience for the better part of a decade, and COVID has only accelerated the transition.

- According to OpenTable, reservation rates globally are still down 40% YoY from pre-covid levels, a decline that has been stable since July. In its place, consumers are ordering delivery or take-out to satisfy their prepared-meal needs, with most customers reporting they are getting delivery more often now than before the pandemic.
- As restaurants conform to the new reality of the food service industry, many find themselves without a coherent digital strategy for attracting sales outside of their traditional revenue stream. This lack of experience, coupled with the urgency in transitioning to an omni-channel restaurant model, has led many operators towards turnkey point of sale (POS) systems that allow them to integrate the services customers expect without developing all the services in house, which would be cost prohibitive for SMBs.
- For most restaurants, basics such as online ordering are still unavailable, which puts them at a disadvantage to peers that can leverage their technology advantage to capture more customer streams. Additionally, compared to legacy POS systems, Cloud-based offerings tend to have a lower upfront cost, faster update cycles and fewer maintenance issues.



Source: Mintel Research

Keeping your Information Secure:

This pandemic has also provided some benefit for those involved in the security space. Within the first week of the pandemic, 22% of American consumers surveyed had been targeted for fraud. With so much data being digitized and many consumers moving their work online, there is a need for better, faster, and more secure security systems. Consumers should be able to trust that their transactions, personal data, and financial information will be kept secure and private. We expect to continue to see growth in the security industry as more applications become digitized and the need to secure customers information becomes increasingly prevalent.

The Future of Payment Processing:

With digital payments becoming more prevalent, many companies have begun to capitalize on this expanding business by acquiring large payment processing companies. In FY'19 we saw Fidelity National Information Services acquire Worldpay Inc for $42.9B, Global Payments acquire Total Systems Services Inc for $26.1B, and Fiserv acquire First Data Crop. for $22B. Acquiring companies look to create vertically integrated payment processing portfolios, with each successive step in the journey adding value to the steps before it.

UNDERVALUATION & THESIS

In the market's tremendous rally from late winter lows, FISV was left behind and is significantly underperforming both financial technology peers and the broader market.

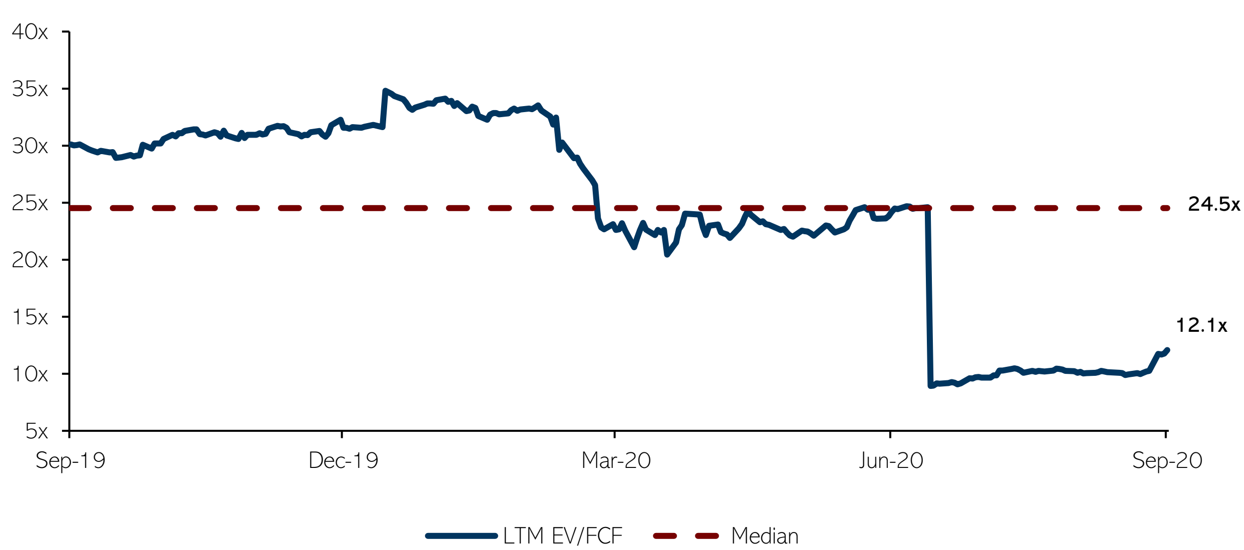
This underperformance is largely a tale of unfortunate timing between investments in integrating FISV's First Data acquisition and deteriorating macroeconomic tailwinds as a result of the global COVID-19 outbreak. During FISV's 1Q'20 earnings report, then-CEO Jeffrey Yabuki revealed he would be stepping down from his role and COO and former First Data CEO Frank Bisignano would be taking his place as the head of the firm.

- To many, this decision was a head-scratcher, as it was Yabuki's decision to acquire First Data in the first place, which in turn set off a chain of significant M&A proceedings throughout the payments processing space and altered the competitive environment permanently (see Industry Overview). An executive change amid a pivotal moment in the company's history would be enough to scare off bulls, but the economic disruption of COVID-19 caused an all-out stampede into seemingly greener pastures.
- In the same report, FISV withdrew guidance and braced for the impact of an unprecedented drop in debit and credit payment volumes, SMBs struggling to stay afloat amid economic lockdowns, and banks stalling digital transformation initiatives. Thanks to COVID, it seemed that investments across Acceptance and Payments would remain unrealized.

2Q'20 failed to calm investor's worries over FISV's place in the post-COVID world. The company missed on consensus top and bottom line estimates as the effects of COVID proliferated throughout the business. Revenue dropped 8.0% QoQ, while GAAP operating profit contracted a whopping 80.1% QoQ. Management aimed for 1H'20 to be the bottom of a tough period of contraction for FISV, but economic uncertainty and operational scrutiny suggested otherwise.

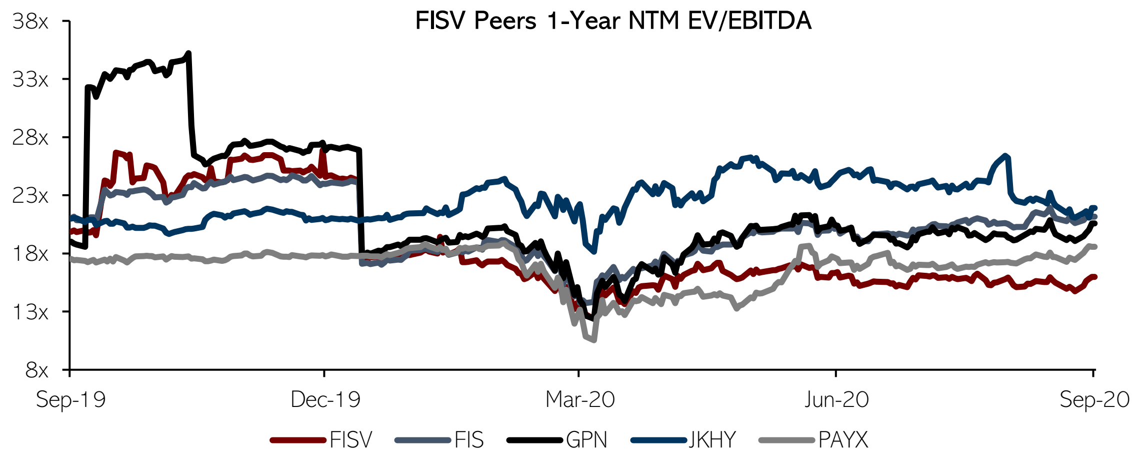
Despite the negative sentiment, we believe **a positive inflection point is coming for FISV soon**. Investors have focused too much on past performance and failed to see **signs of a strong recovery** within the next year for FISV's high growth **Merchant and Payments** businesses with continued strength in Fintech. The company continues to generate strong **synergies from its First Data integration** and remains well on track to surpass its **long-term goal of $500mm in revenue and $1.2B in cost synergies** by FY'25. Despite negative results in 1H'20, management believes FISV will see DD EPS growth in FY'20. The stock's intrinsic valuation presents an attractive buying opportunity; FISV currently trades at 12.1x LTM EV/FCF, a 50.6% discount to its one-year median of 24.5x.

FISV One-Year LTM EV/FCF Median



FISV trades at an undeserved discount to peers despite strong fundamentals and similar growth prospects. The company's business model is as resilient as peers, yet the stock continues to trade significantly below FIS and GPN.

- Although current valuations may suggest otherwise, COVID is not just a problem unique to FISV in the payments space, as FIS and GPN are also tasked with integrating their multi-billion-dollar merchant acquisitions and addressing a global pandemic simultaneously. However, both stocks have fared far better than FISV; from the market's late-March lows, FISV is only up ~34%, compared to a ~45% rally in FIS and a ~56% rise in GPN shares. YTD, FISV has lagged the S&P 500 by ~18%.
- The street has pointed to a healthier customer mix in Worldpay and Total Systems' POS and merchant acquiring products, as research suggests both FIS and GPN have higher exposure to large eCommerce and digital-native retailers compared to FISV flagship Clover, which serves more SMBs and brick-and-mortar retailers that have been heavily impacted by COVID. However, FISV Acceptance has shown positive momentum in 2Q'20, with the segment continuing to grow payment volumes while expanding into high growth areas.
- At the end of the quarter, FISV fully dissolved a joint venture with Bank of America and added 120,000 direct clients to Acceptance. The company also added 50 new eCommerce customers, surpassing 120 eCommerce client additions in the last twelve months. Clover also continued its rapid rate of expansion in the quarter, growing GPV by DD in both June and July. These accelerations helped return FISV to positive internal revenue growth in July. FISV Merchant Acceptance outperformed both Merchant Solutions segments within FIS and GPN in 2Q'20, as the topline in the segment fell ~12% compared to ~13% and ~17% revenue contractions across the comps.



A sum-of-the-parts valuation reveals significant upside from FISV's Merchant Acceptance and Payments segments.

Sum of the Parts Analysis			
Segment	**NTM EBITDA**	**Comp Multiple**	**Implied EV**
Acceptance	**$1,093**	**22.3x**	**$24,373**
Fintech	**$985**	**19.5x**	**$19,176**
Payments	**$2,586**	**28.3x**	**$73,300**
Corporate and Other	**($832)**	**0.96x**	**($800)**

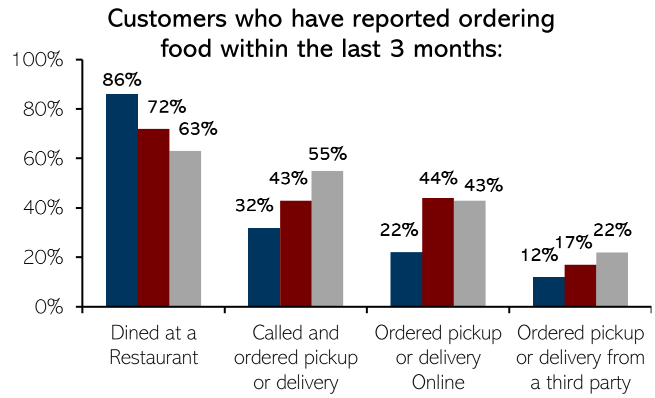
- FISV currently trades at 15.8x NTM EV/EBITDA, a significant discount to peer averages across its primary peer group (FIS, GPN, JKHY, BR, PAYX), Merchant Acquiring peers (FIS, GPN, EEFT, EVOP, V) and P2P payments peers (PYPL, FIS, BR, V, MA) as a result of COVID-19 and the associated fears of First Data integration and faltering stability in its Payments business, In order for FISV to appreciate, the company does not need to show investors that its performance can go from good to great, but rather that it can perform better than the extremely pessimistic assumptions currently priced into the stock. As the economy begins to stabilize and re-enter a period of growth, we see FISV trading more in-line with segment comps.

CATALYSTS & DRIVERS

Picking a Four-Leaf Clover:
Capitalizing on POS to drive customer growth

Through the Clover platform, FISV vertically integrates the POS model, acting as both the front-facing software vendor and the processor used to facilitate the transactions. Compared to the other largest cloud POS systems, Clover is one of a select few that can facilitate both the software and the payment system behind it, and thanks to the acquisition of First Data, **FISV combines the power of a large processor to the market disrupting force of an ISV with Clover.**

- Clover charges between 2.3% and 2.7% on all transactions processed as well as the $40-$100 per month per register subscription fee for their physical POS systems. Additionally, customers can purchase or finance the requisite hardware, providing an all-encompassing product line, from hardware to software, to clients.
- The platform saw 29% 1Q'20 YoY GPV growth, and payments have continued to show strong growth (+24% MoM in June and +32% MoM in July) following weaker April and May volumes as businesses begin to reopen physical locations. In 2Q'20, the platform saw $23.4B GPV for the quarter or more than $90B annualized. As a comparison, Square saw $22.8B in GPV during 2Q'20.



Source: Mintel Research

- In the short term, COVID-19 should remain a strong tailwind; according to OpenTable, **20% of dine-in restaurants remain closed to dining, and reservations remain down 40% YoY.** Any increase in restaurant reopening or reservations will translate directly to an increase in base industry GPV.
- Longer-term, the shift to take-out, online ordering and delivery will accelerate, thanks to customers having been forced to eat whatever they could forage from their pantry or ordering delivery for the last 6 months. This newfound acceptance of digital ordering will lead to a rapid adoption of these options by SMBs looking to remain in business, as traditional sit-down patrons move to more convenient options seen during COVID-19.
- The ongoing trend of consumers ordering online will also continue to provide a tailwind. SMBs who had a marginal retail presence now find themselves behind more digitally peers; for months online went from an ancillary offering to many businesses only source of revenue. Going forward, we expect this trend to only continue, and companies that have yet to transition continue to feel the pressure of declining in store sales.

Combined, Clover provides a fast growing, recurring stream of high-quality earnings, while simultaneous creating cross-selling opportunities across FISVs portfolio of services. However, even if we still discard these synergy opportunities, **we still expect Clover to show meaningful growth as SMBs and restaurants adopt digital platforms to move away from the FSR model into new digitally led strategies.**

Clover Fee Operating Profit Contribution Analysis (in $mm)	2019A	2020E	2021E	2022E	2023E
Annualized GPV	$90,000	$99,000	$108,900	$119,790	$131,769
GPV Net Revenue Margin	1.50%	1.50%	1.50%	1.50%	1.50%
GPV Net Revenue	$1,350.00	$1,485.00	$1,633.50	$1,796.85	$1,976.54
Acceptance EBIT Margin	30%	22%	20%	20%	20%
Clover EBIT Contribution	**$405.00**	**$329.67**	**$326.70**	**$359.37**	**$395.31**
Full Segment EBIT	-	$1,133.05	$1,064.43	$1,075.07	$1,085.82
Company EBIT	$1,609.00	$2,677.66	$3,947.27	$5,146.18	$5,180.56
% of Segment EBIT	-	29.1%	30.7%	33.4%	36.4%
% of Company EBIT	25.2%	12.3%	8.3%	7.0%	7.6%

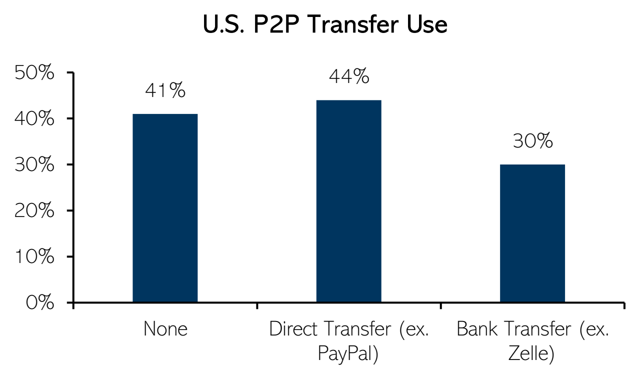
Paying It Forward

Unlocking Value and Growth in Payments

FISV's opportunities within its Payments and Network segment grant significant exposure to strong macroeconomic tailwinds and accelerating industry trends.

- Despite a lockdown-driven and unprecedented drop in transaction volumes in 1Q'20 that froze the segment's growth. Payments has seen a strong recovery thanks to a quick rebound in transactions as stay-at-home orders subside and consumers begin spending.
- FISV's **debit transactions were only down LSD** YoY through 2Q'20, and the company saw **MSD growth** in the second half of June and first half of July. A strong recovery in transactions alone has the potential to send the stock higher, but FISV's opportunities in Payments extend far beyond traditional processing.

Key P2P and A2A products Zelle and PopMoney have shown strong trajectories during the pandemic and are well-positioned to capitalize on the already large and growing digital payments market.



Source: Statista

- The sweeping trend of the digitization of banking has forced financial institutions to invest in technological innovation to stay relevant, and FISV has positioned itself to capitalize off this growth. Even as the card transaction-driven portions of the Payments business struggled in 1H'20, FISV P2P products saw continued growth. In 2Q'20, account-to-account transfers **and P2P solutions grew to nearly double the level of 2Q'19 and increased 20% QoQ**. Zelle's **live clients increased more than 5x YoY** and grew 31% QoQ.

Opportunities for cross-selling and further cost reduction across Payments will boost profitability for the company and create a strong customer base for further product development.

- Outside of their direct financial impact, increasing popularity of P2P services such as Zelle and PopMoney will open doors for further Payments products sales to financial institution customers. FISV has seen recent success in converting institutions aiming to invest in P2P solutions for their customers to clients across multiple Payments products.
- In 2Q'20, FISV **signed with two of the nation's top 25 largest consumer credit issuers**, Atlanticus Holdings and Genesis Financial Services. Management cited a "highly configurable processing platform" and "breadth of integrated digital solutions" as a main reason for the competitive takeaways and expects similar takeaways to continue as FISV's $500mm investment program sparks innovation across P2P and digital banking services.
- On top of adding new customers, FISV is using digital Payments initiatives to expand contracts with long-time customers, including **signing with processing client Northwest Bank** as a strategic digital partner and inking a **new card processing deal with PNC**, the seventh-largest bank in the U.S. for debit and credit processing.
- Cost synergies will continue to decrease selling costs, as cross-selling between the now merged divisions allows for FISV to extract value from the entire payment process thanks to its vertical integration.

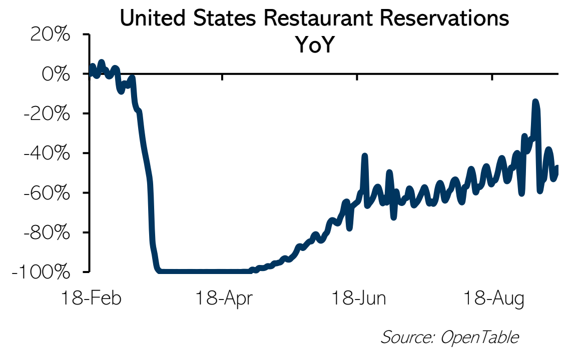
We point to a favorable position within Payments that allows FISV to capitalize off recovering industry fundamentals and invest in further digital initiatives that simultaneously attract new customers and enhance the lifetime value of its existing client base. On the back of these initiatives we see Payments **revenues growing 8.6% in FY'21 and helping to expand FISV operating margin to over 30% by FY'22.**

RISKS TO INVESTMENT THESIS

COVID-19's second wave:

A second wave of COVID-19 cases would undoubtedly lead to the return of stricter spread-prevention strategies, ranging from the return of indoor dining bans to shelter-in-place orders. While we believe that to be unlikely given the ongoing social distancing coupled with our optimism regarding recent vaccine trial results, we hold open the possibility for a second wave of COVID-19 infections that would force business closures once again. Should this happen, the decline in Clover's GPV seen in 1H'20 would undoubtedly repeat, as stores enter into a second round of limited sales and marketing. During the peak of the lockdowns, dining reservations were near zero; should the lockdowns return, we would expect to see more of the same, as non-essentially businesses, which drive significant portions of FISVs business, are shut down to prevent the spread of the virus.

Indoor eating is out of style:



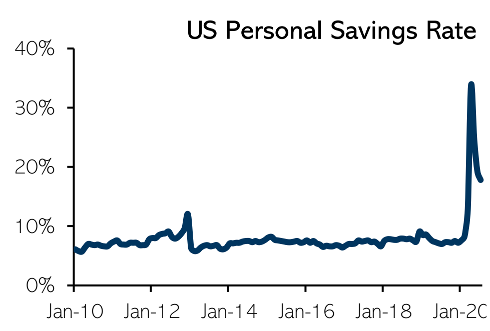
Consumers remain excited about returning to dining out once it is safe to do so, but it is unclear this nostalgia will be sustained. Consumers have been increasingly dining in restaurants less and ordering takeout and delivery more even before COVID closed restaurants to indoor dining, and while 40% of US consumers report that going to a restaurant is the activity they are most looking forward to doing once the current social distancing measures are relaxed, a separate study found 49% of respondents said dining out would be one of the first spending areas cut if they lost their main source of income. It remains our belief that any losses in dine-in restaurant sales will be cannibalized by takeout and delivery food service, but the risk remains that consumers instead chose to eat more at home, combining traditional meal preparation with an increasing adoption of meal preparation kits popularized by companies like Blue Apron.

Delaying the rollout:

Zelle remains an attractive opportunity for banks looking to drive customer engagement on their platforms, but implementation require money, which regional banks have been reluctant to provide. While FISVs turnkey Zelle offering is appealing to banking partners that do not have the internal staff to create integrations in-house, this group has historically trailed larger banks in adopting new products and services. The same has held true for Zelle; while most national banks have adopted already adopted the platform, regional players have lagged adoption, as they look to be more cautious in capex spending, especially considering the low-rate environment they find themselves in. While we believe their adoption of the service is an inevitability, delays may very well push implementation for these small regional players outside our time horizon.

Saving instead of spending:

COVID-19 has caused a consumer savings spike, as discretionary spending options closed, stimulus was distributed, and the populace tightened belts over fear of a larger economic downturn. Combined, this led to a significant increase in savings rate across the OECD combined with a sharp decline in money velocity. As economies reopened this has begun to unwind itself, but questions remain on whether the effect is permanent; Should COVID-19 prove to be the impetus for many consumption-based economies to save more going forward, we would expect payment volumes across all industries to remain muted. For an integrated payment processor like FISV, these larger macroeconomic trends are headwinds for a firm that benefits from increases in consumers spending.



PEER GROUP ANALYSIS

Fidelity National Information Services, Inc. (FIS) provides electronic payment processing and banking services to institutions across the world. In 2019. FIS acquired Worldpay, a global merchant payment processor, for $35B. The company's Merchant Solutions segment comprises 20% of revenue and provides merchant processing services. Banking Solutions (55%) provides core processing and applications for financial institutions. Capital Markets Solutions (25%) services financial services clients across the buy and sell-side.

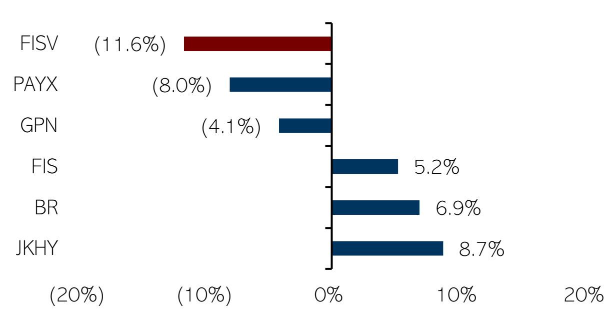
Global Payments Inc. (GPN) provides electronic transaction processing, authorization services, and POS solutions across 100 countries. In 2019, GPN acquired Total System Services, a global merchant solutions provider, for $24.5B. The company's largest segment, Merchant Solutions, generates 85% of revenue and provides payments technology to merchants. Issuer Solutions (10% of sales) provides ePayment solutions and Business and Consumer Solutions (5%) provides prepaid debit and payroll cards, amongst other deposit account products.

Jack Henry & Associates, Inc. (JKHY) provides in-house and outsourced data processing systems for small to mid-sized financial services providers across the U.S. 96% of the company's revenue comes from its Support and Service segment, which includes solutions across core processing, electronic funds transfer (EFT), ATM networking, digital checking, and other Internet banking tools. Remaining revenue is derived from the Hardware and License segment. JKHY's key brands include Jack Henry Banking, Symitar, and Profitstars.

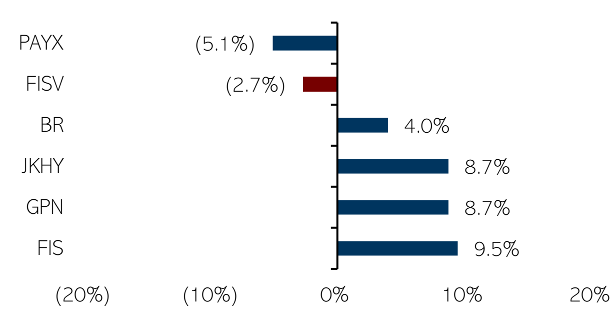
Broadridge Financial Solutions, Inc. (BR) is a leading financial technology provider for financial institutions. The company offers technology-driven solutions and investor communications tools for banks, broker-dealers, asset managers, and other institutional investors. Investor Communication Solutions, or ICS, comprises 80% of revenue and includes proxy material processing and regulatory reporting tools. Global Technology and Operations makes up 20% of revenue and provides capital markets and wealth management processing solutions.

Paychex, Inc. (PAYX) provides human capital management solutions across human resources, payroll administration, and benefits and insurance management for SMBs across the U.S. and Europe. The company's Management Solutions segment (75% of revenue) offers payroll processing and other HR products and services. Its Professional Employer Organization (PEO) and Insurance Services comprise the rest of the company's revenue base and offer services including benefits administration and risk management outsourcing.

YTD Performance



1-Year Performance



				Sales		EPS		EBITDA Margin		Profit Margin		Enterprise Value / EBITDA		Enterprise Value / Sales		Price / Earnings	
	Ticker	Market Cap	Enterprise Value	LTM	2020E	LTM	2020E	LTM	2020E	LTM	2020E	NTM	2020E	NTM	2020E	NTM	2020E
Fiserv, Inc.	FISV	$69,510	$92,218	141.0%	(0.3)%	(40.6)%	14.0%	39.5%	40.9%	15.6%	21.3%	16.0x	14.0x	6.5x	6.0x	23.6x	19.4x
Fidelity National	FIS	92,203	111,078	44.9%	12.3%	(74.0)%	(1.0)%	42.8%	41.6%	10.7%	27.4%	21.2x	18.4x	8.8x	8.3x	27.1x	22.2x
Global Payments	GPN	54,307	62,401	87.5%	31.4%	(23.9)%	(2.7)%	40.8%	44.8%	13.2%	28.2%	20.6x	17.2x	9.2x	8.2x	28.5x	22.8x
Jack Henry	JKHY	12,398	12,253	9.3%	6.4%	9.7%	(6.8)%	33.5%	31.5%	17.7%	16.6%	22.0x	20.6x	7.0x	6.5x	42.9x	36.5x
Broadridge Financial	BR	15,372	17,006	3.8%	2.3%	(3.1)%	(7.4)%	22.3%	22.0%	10.9%	13.7%	16.6x	15.5x	3.6x	3.5x	24.4x	22.3x
Paychex	PAYX	28,625	28,629	7.1%	(9.9)%	6.3%	(22.4)%	41.4%	39.5%	27.4%	25.5%	18.7x	17.2x	7.4x	7.0x	28.9x	26.5x
High		$92,203	$111,078	87.5%	31.4%	9.7%	(1.0)%	42.8%	44.8%	27.4%	28.2%	22.0x	20.6x	9.2x	8.3x	42.9x	36.5x
Mean		40,581	46,274	30.5%	8.5%	(17.0)%	(8.1)%	36.2%	35.9%	16.0%	22.3%	19.8	17.8x	7.2	6.7x	30.4	26.1x
Median		28,625	28,629	9.3%	6.4%	(3.1)%	(6.8)%	40.8%	39.5%	13.2%	25.5%	20.6	17.2x	7.4	7.0x	28.5	22.8x
Low		12,398	12,253	3.8%	(9.9)%	(74.0)%	(22.4)%	22.3%	22.0%	10.7%	13.7%	16.6	15.5x	3.6	3.5x	24.4	22.2x

Company		General Statistics			Returns Analysis			2019A Leverage Analysis			2019A Coverage Analysis			Liquidity Profile		Credit Profile	
								Total Debt /									
	Ticker	Tax Rate	Beta	Dividend Yield	ROIC	ROE	ROA	Cap	EBITDA	Equity	EBITDA / Int. Exp.	(EBITDA - Capex)/Int.	EBIT / Int. Exp.	Quick Ratio	Current Ratio	Moody's	S&P
Fiserv, Inc.	FISV	18.3%	1.03	--	3.9%	4.9%	1.7%	0.4x	4.7x	0.6x	7.2x	5.7x	3.4x	0.23	1.08	Baa2	BBB
Fidelity National	FIS	24.2%	0.99	0.9%	0.7%	0.1%	0.1%	0.3x	4.9x	0.4x	9.1x	8.6x	2.5x	0.42	0.84	Baa2	BBB
Global Payments	GPN	12.0%	1.28	0.4%	2.7%	2.4%	1.3%	0.3x	4.5x	0.4x	5.8x	4.7x	2.6x	0.72	1.22	Baa3	BBB-
Jack Henry	JKHY	22.1%	0.88	1.1%	16.9%	19.9%	12.9%	0.0x	0.1x	0.0x	820.4x	742.6x	553.2x	1.04	1.35	-	-
Broadridge Financial	BR	2,019.0%	0.84	1.7%	15.7%	37.4%	10.5%	0.6x	2.2x	1.6x	15.4x	14.4x	10.0x	0.89	0.99	Baa1	BBB+
Paychex	PAYX	23.6%	1.14	3.1%	32.2%	40.7%	12.7%	0.3x	0.6x	0.3x	43.1x	39.9x	37.6x	0.30	1.23	-	-
High		2,019.0%	1.28	3.1%	32.2%	40.7%	12.9%	0.6x	4.9x	1.6x	820.4x	742.6x	553.2x	1.04	1.35		
Mean		420.2%	1.02	1.5%	13.6%	20.1%	7.5%	0.3x	2.5x	0.5x	178.8x	162.1x	121.2x	0.67	1.13		
Median		23.6%	0.99	1.1%	15.7%	19.9%	10.5%	0.3x	2.2x	0.4x	15.4x	14.4x	10.0x	0.72	1.22		
Low		12.0%	0.84	0.4%	0.7%	0.1%	0.1%	0.0x	0.1x	0.0x	5.8x	4.7x	2.5x	0.30	0.84		

VALUATION ANALYSIS

DCF Assumptions

Discounted Cash Flow	2017	2018	2019	1Q20	2Q20	3Q20e	4Q20e	2020e	2021e	2022e	2023e	2024e
Revenue	$5,696.0	$5,823.0	$10,187.0	$3,769.0	$3,465.0	$3,730.6	$3,990.5	$14,955.1	$17,342.5	$17,706.4	$18,008.2	$18,279.1
EBITDA	2,022.0	2,319.0	3,416.0	1,467.0	984.0	2,448.4	2,468.2	7,367.5	9,644.3	7,840.6	7,784.4	7,805.4
EBIT	1,532.0	1,753.0	1,609.0	629.0	165.0	1,097.3	1,189.6	3,081.0	5,188.7	6,108.6	6,195.0	6,269.8
Income Tax Benefit (Expense)	(158.0)	(378.0)	(198.0)	(79.0)	27.0	(162.2)	(179.0)	(393.1)	(794.7)	(960.6)	(976.4)	(990.1)
NOPAT (EBIAT)	$1,374.0	$1,375.0	$1,411.0	$550.0	$192.0	$935.2	$1,010.6	$2,687.8	$4,394.1	$5,148.1	$5,218.6	$5,279.7
% YoY Growth		*0.1%*	*2.6%*					*90.5%*	*63.5%*	*17.2%*	*1.4%*	*1.2%*
Depreciation & Amortization				844.0	829.0	1,351.0	1,278.6	4,302.6	4,455.6	1,731.9	1,589.4	1,535.6
Stock-Based Compensation				108.0	94.0	101.2	108.3	411.5	470.5	480.3	488.5	495.9
Capital Expenditures				(246.0)	(242.0)	(261.1)	(279.3)	(1,028.5)	(867.1)	(885.3)	(900.4)	(914.0)
Goodwill Impairment				-	-	-	-	-	-	-	-	-
(Increase)/Decrease in Working Capital				(5.0)	128.0	833.5	59.9	1,016.4	14.0	(998.5)	13.4	654.2
(Increase)/Decrease in LT Items				(241.1)	(470.8)	(253.2)	(265.8)	(279.1)	(293.1)	(1,091.3)	(307.8)	(323.1)
Unlevered Free Cash Flow				$1,009.9	$530.2	$2,706.6	$1,912.2	$7,111.5	$8,174.6	$4,385.4	$6,101.8	$6,728.3
% YoY Growth									*14.9%*	*(46.4%)*	*39.1%*	*10.3%*
Discountable Unlevered Free Cash Flow				$0.0	$0.0	$2,706.6	$1,912.2	$4,618.7	$8,174.6	$4,385.4	$6,101.8	$6,728.3
Full-Year Discount								*0.29*	*1.29*	*2.29*	*3.29*	*4.29*
Mid-Year Discount								*0.14*	*0.79*	*1.79*	*2.79*	*3.79*
Discount Factor								*0.99*	*0.95*	*0.90*	*0.85*	*0.80*
Present Value of Future Free Cash Flow								$4,579.4	$7,798.8	$3,940.7	$5,164.4	$5,363.8
% Growth									*70.3%*	*(49.5%)*	*31.1%*	*3.9%*

Exit Multiple Method:	
Terminal Year EBITDA:	$6,345.9
Exit Multiple:	15.0 x
Terminal Value:	95,188
PV of Terminal Value:	76,004
PV of Stage 1 Cash Flows:	21,082
Implied Enterprise Value:	$97,085
(+) Cash & Equivalents:	869
(-) Preferred Stock:	0
(-) Total Debt:	(21,515)
(-) Pension Obligations:	0
(-) Non-Controlling Interests:	(1,703)
(-) Capital Leases:	(222)
Implied Equity Value:	$74,514
Diluted Shares O/S:	680.8
Implied Share Price:	$109.45
% Return:	*5.4%*

Perpetuity Growth (PGR) Method	
Terminal Year FCF:	$5,124
PGR:	1.5%
Terminal Value:	112,449
PV of Terminal Value:	89,785
PV of Stage 1 Cash Flows:	21,082
Implied Enterprise Value:	$110,867
(+) Cash & Equivalents:	869
(-) Preferred Stock:	0
(-) Total Debt:	(21,515)
(-) Pension Obligations:	0
(-) Non-Controlling Interests:	(1,703)
(-) Capital Leases:	(222)
Implied Equity Value:	$88,296
Diluted Shares O/S:	680.8
Implied Share Price:	$129.69
% Return:	*24.9%*

	Exit Multiple				
	13.0x	14.0x	15.0x	16.0x	17.0x
5.1%	$98.65	$106.36	$114.07	$121.79	$129.50
5.6%	$96.58	$104.16	$111.74	$119.31	$126.89
6.1%	$94.57	$102.01	$109.45	$116.89	$124.34
6.6%	$92.59	$99.90	$107.21	$114.53	$121.84
7.1%	$90.66	$97.84	$105.03	$112.21	$119.39

	Exit Multiple				
	13.0x	14.0x	15.0x	16.0x	17.0x
5.1%	(5.0%)	2.5%	9.9%	17.3%	24.8%
5.6%	(7.0%)	0.3%	7.6%	14.9%	22.2%
6.1%	(8.9%)	(1.7%)	5.4%	12.6%	19.8%
6.6%	(10.8%)	(3.8%)	3.3%	10.3%	17.4%
7.1%	(12.7%)	(5.7%)	1.2%	8.1%	15.0%

	Perpetuity Growth Rate				
	0.5%	1.0%	1.5%	2.0%	2.5%
5.1%	$109.65	$121.11	$135.06	$152.38	$174.48
5.6%	$107.39	$118.65	$132.35	$149.36	$171.07
1.2%	$85.42	$94.70	$105.99	$120.01	$137.91
6.6%	$103.02	$113.89	$127.10	$143.52	$164.47
7.1%	$100.91	$111.58	$124.56	$140.69	$161.28

	Perpetuity Growth Rate				
	0.5%	1.0%	1.5%	2.0%	2.5%
5.1%	5.6%	16.7%	30.1%	46.8%	68.1%
5.6%	3.5%	14.3%	27.5%	43.9%	64.8%
1.2%	(17.7%)	(8.8%)	2.1%	15.6%	32.9%
6.6%	(0.8%)	9.7%	22.4%	38.3%	58.4%
7.1%	(2.8%)	7.5%	20.0%	35.5%	55.4%

Returns Profile		
Methodology	Implied PT	Implied Return
DCF		
Exit Multiple	*$109*	*5.4%*
Perpetual Growth Rate	*$130*	*24.9%*
Sum of the Parts		
NTM EV/EBITDA	*$137*	*32.3%*
Blended Average	*$125*	*20.9%*

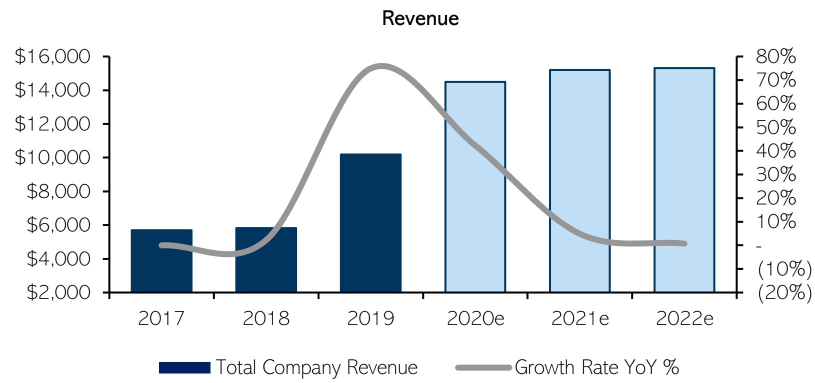
FINANCIAL ANALYSIS

Segment Revenue Build

Summary	2017	2018	2019	2020e	2021e	2022e	2023e	2024e
Total Company Revenue	$5,696.0	$5,823.0	$10,187.0	$14,492.1	$15,199.6	$15,312.9	$15,427.2	$15,527.3
% Growth		*2.2%*	*74.9%*	*42.3%*	*4.9%*	*0.7%*	*0.7%*	*0.6%*
Acceptance Revenue	$0.0	$0.0	$0.0	$5,106.8	$5,322.1	$5,375.4	$5,429.1	$5,483.4
% Growth		*N/A*	*N/A*	*--*	*4.2%*	*1.0%*	*1.0%*	*1.0%*
% of Total Revenue	*0.0%*	*0.0%*	*0.0%*	*35.2%*	*35.0%*	*35.1%*	*35.2%*	*35.3%*
Fintech Revenue	$0.0	$0.0	$0.0	$2,895.8	$2,963.6	$2,993.3	$3,023.2	$3,038.3
% Growth		*N/A*	*N/A*	*--*	*2.3%*	*1.0%*	*1.0%*	*0.5%*
% of Total Revenue	*0.0%*	*0.0%*	*0.0%*	*20.0%*	*19.5%*	*19.5%*	*19.6%*	*19.6%*
Payments Revenue	$0.0	$0.0	$0.0	$5,601.4	$6,081.9	$6,112.3	$6,142.8	$6,173.6
% Growth		*N/A*	*N/A*	*--*	*8.6%*	*0.5%*	*0.5%*	*0.5%*
% of Total Revenue	*0.0%*	*0.0%*	*0.0%*	*38.7%*	*40.0%*	*39.9%*	*39.8%*	*39.8%*
Corporate and Other Revenue	$0.0	$0.0	$0.0	$888.0	$832.0	$832.0	$832.0	$832.0
% Growth		*N/A*	*N/A*	*--*	*(6.3%)*	*0.0%*	*0.0%*	*0.0%*
% of Total Revenue	*0.0%*	*0.0%*	*0.0%*	*6.1%*	*5.5%*	*5.4%*	*5.4%*	*5.4%*
Legacy Processing and Services Revenue	$4,833.0	$4,975.0	$8,573.0	$0.0	$0.0	$0.0	$0.0	$0.0
% Growth		*2.9%*	*72.3%*	*(100.0%)*	*--*	*--*	*--*	*--*
% of Total Revenue	*84.8%*	*85.4%*	*84.2%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*
Legacy Product Revenue	$863.0	$848.0	$1,614.0	$0.0	$0.0	$0.0	$0.0	$0.0
% Growth		***(1.7%)***	***90.3%***	***(100.0%)***	***--***	***--***	***--***	***--***
% of Total Revenue	***15.2%***	***14.6%***	***15.8%***	***0.0%***	***0.0%***	***0.0%***	***0.0%***	***0.0%***

Revenue

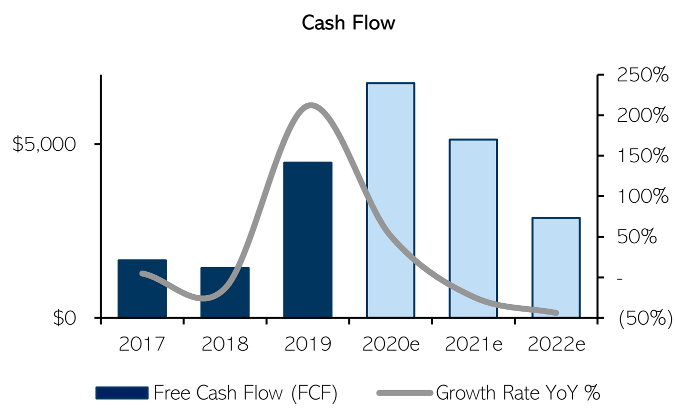
- The company ended the second quarter with $3.5B in total revenue (+129% YoY), with $1.2B of that being derived from the acquired First Data businesses within the Acceptance segment.
- The company has proven its resilience through 2Q'20, with Internal revenue down just 1% in June, and even turning positive in July.



- Although there was a 2% decline in the FinTech segment, Payments saw 99% growth in 2Q'20 including revenue from acquired First Data businesses. The company received $2.9B of revenue from Processing and Services, and $575mm was from Product sales.

Cash Flow

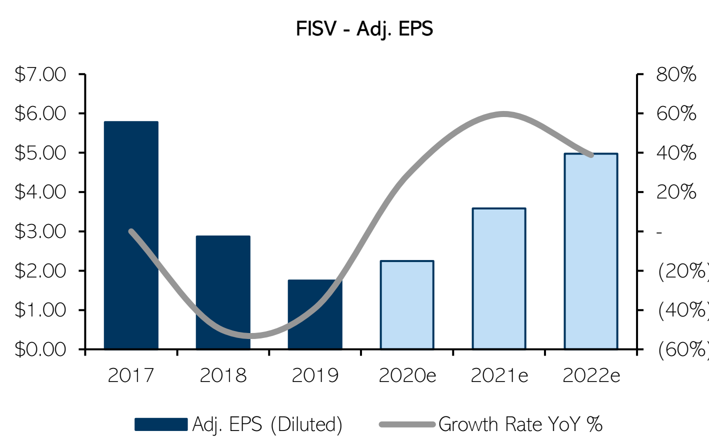
- Net cash provided by operating activities increased 400% to $1.03B in 2Q'20, primarily attributable to the First Data acquisition. Since the completion of the acquisition in FY'19, FISV has generated $3.5B of FCF.
- In 2Q'20 FCF increased 23% YoY to $895mm from $728mm in 2Q'19. The company plans to use its operating cash flow to fund capital expenditures, share repurchases, and debt repayment.



- The company repurchased 5.7mm shares of common stock in 2Q'20 for $550mm, totaling 14.3mm shares or $1.4B in 1H'20. The company was able to begin repurchasing shares sooner than expected due to the strength of its FCF. As of 2Q'20, the company has 670mm shares outstanding and 7.5mm shares remaining authorized for repurchase.

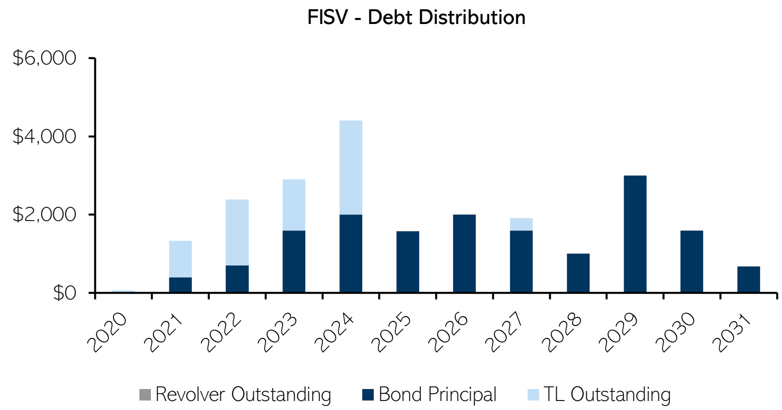
Earnings

- Adj. EPS in 2Q'20 was $0.93 (-4% YoY) and $1.92 for 1H'20 (+6%), including integration costs and acquired intangible asset amortization associated with the First Data acquisition.
- The company expects to continue to see strength as we move into the future, expecting to deliver its 35th consecutive year of DD adj. EPS growth, with FY'20 adj. EPS expected to grow at least 10% YoY.



Debt

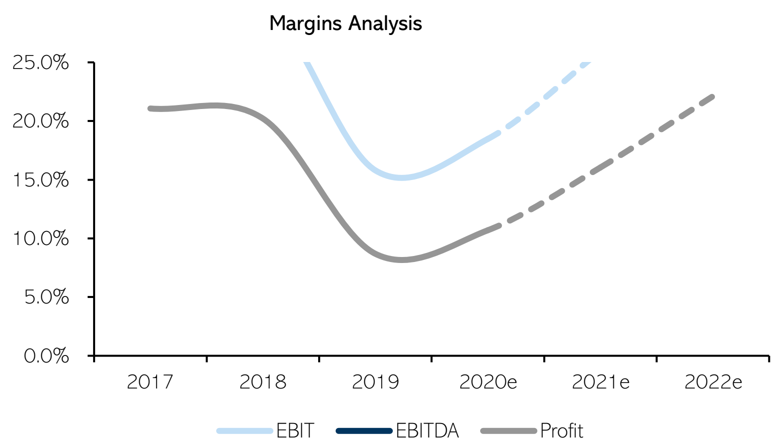
- After the acquisition of First Data for $22B in FY'19, FISV made a cash payment of $16.4B to repay existing First Data debt.
- FISV has $21.5B in long-term debt, with $400mm due in FY'21, and the rest spread out through FY'49, of which 85% is fixed rate. In 2Q'20 the company repaid $100mm of debt.
- In FY'20 the company refinanced $2B of debt through a public offering of 7- and 10-year senior notes.



- The company has a debt to adj. EBITDA of 3.9x and plans to use FCF to continue to pay down debt moving into FY'21, expecting to repay more than $1.5B by the end of FY'20.

Margins

- 1H'20 Operating margin was 11% (-14% YoY) and included impacts from integration costs and acquired intangible asset amortization associated with the First Data acquisition, as well as the impacts from a gain resulting from the sale of interest in its Investment Services business.
- Adj. operating margin increased significantly in 2Q'20, increasing to 35% due to a combination of cost synergies and operational effectiveness, but offset partially by lower periodic revenue. Adj. operating margin was up 280bps YTD due to cost synergies and increasing efficiency and effectiveness.



Synergy Capture

- A year after the closing of the First Data acquisition, FISV has made tremendous integration progress and as a result, has received many benefits and synergies from the acquisition. The company raised its cost synergy target by a third to $1.2B and its revenue synergy target by 20% to $600mm. $750mm of cost synergies and $160mm of revenue synergies were actioned within the first 12 months.
- The company saw strength in its bank merchant synergy program throughout the second quarter where it added 42 new bank merchant clients, nearly 70% of which were competitive takeaways.
- The company has focused its energy on sustainable actions, such as cost synergy acceleration, and delivered $155mm of cost synergies in 2Q'20 alone. The company expects to book a total of at least $550mm by the end of FY'20.

APPENDIX

Exhibit I: Merchant Peer Group Analysis

Fidelity National Information Services, Inc. (FIS) provides electronic payment processing and banking services to institutions across the world. In 2019. FIS acquired Worldpay, a global merchant payment processor, for $35B. The company's Merchant Solutions segment comprises 20% of revenue and provides merchant processing services. Banking Solutions (55%) provides core processing and applications for financial institutions. Capital Markets Solutions (25%) services financial services clients across the buy and sell-side.

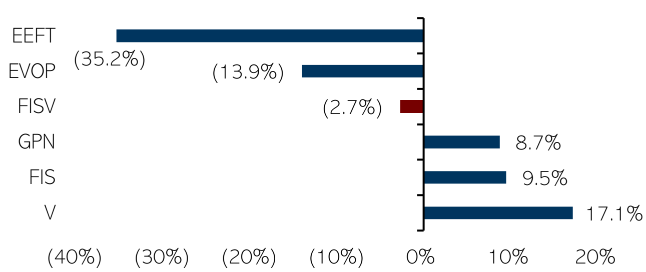
Global Payments Inc. (GPN) provides electronic transaction processing, authorization services, and POS solutions across 100 countries. In 2019, GPN acquired Total System Services, a global merchant solutions provider, for $24.5B. The company's largest segment, Merchant Solutions, generates 85% of revenue and provides payments technology to merchants. Issuer Solutions (10% of sales) provides ePayment solutions and Business and Consumer Solutions (5%) provides prepaid debit and payroll cards, amongst other deposit account products.

Euronet Worldwide, Inc. (EEFT) provides financial transaction processing and consulting services to financial institutions. The company also operates 40,000 ATMs as well as 330,000 POS terminals, mostly in EMEA, although the company does generate roughly 30% of sales inside the United States. Segment revenue is roughly even between Money Transfer (35% of revenue), Epay (30%) and EFT Processing (30%), which includes the sales from the company's network of POS systems.

Evo Payments, Inc. (EVOP) is a payment solutions provider, focusing on payment processing for business transactions. The firm operates globally and processes $100B in transaction volume annually, making it one of the largest payment processors. The company operates strictly in North America, where it generates roughly 60% of its revenue, and Europe, where it generates 40% of its revenue.

Visa, Inc. (V) is a global payments network operator, The company processes transactions in nearly every country on Earth, thanks to its industry leading payment network that process over $2T in GPV annually at 36 million merchant locations from 3.3 billion cards worldwide. The company also partners with financial institutions to offer cardholder services for credit card issuance. Visa revenue is split mostly between Data Processing Fees (44% of FY'19 revenue) and Service Fees (42%), with the remainder coming from International Transaction fees.

1-Year Performance



YTD Performance

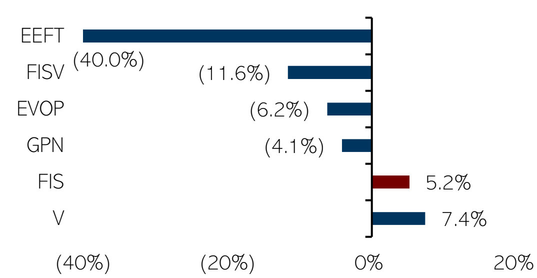


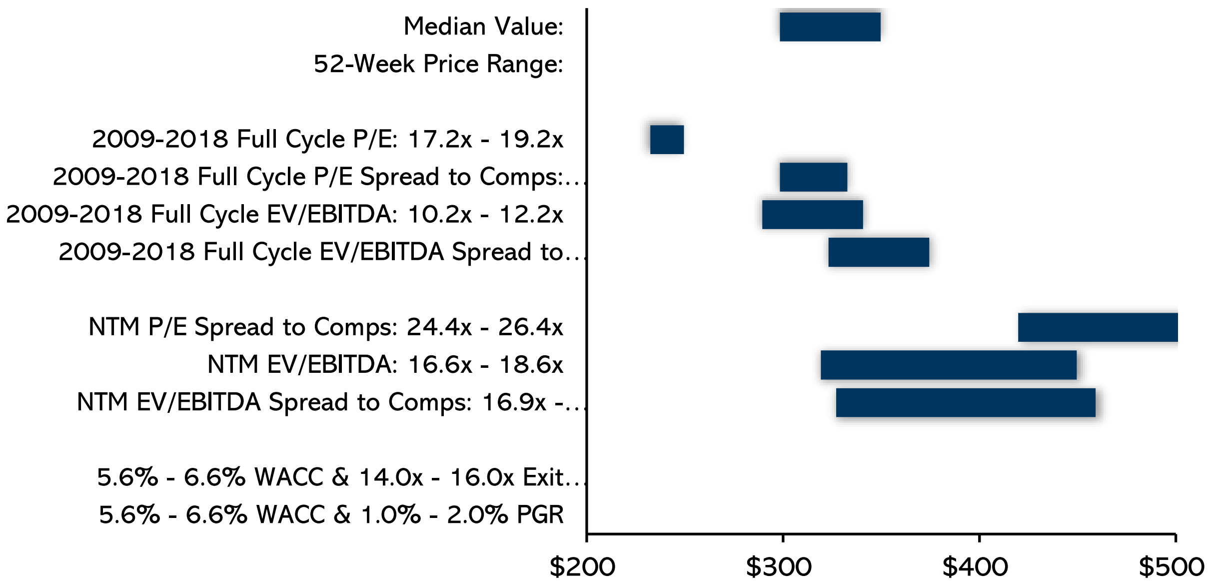
Exhibit II: Consolidated Income Statement

	Annuals							
Consolidated Income Statement	2017	2018	2019	2020e	2021e	2022e	2023e	2024e
Revenue	$5,696	$5,823	$10,187	$14,492	$15,200	$15,313	$15,427	$15,527
YoY % Growth		*2.2%*	*74.9%*	*42.3%*	*4.9%*	*0.7%*	*0.7%*	*0.6%*
Gross Profit	$2,672	$2,754	$4,878	$6,773	$7,747	$10,965	$11,043	$11,111
% Margin	*46.9%*	*47.3%*	*47.9%*	*46.7%*	*51.0%*	*71.6%*	*71.6%*	*71.6%*
YoY % Growth		*3.1%*	*77.1%*	*38.8%*	*14.4%*	*41.5%*	*0.7%*	*0.6%*
EBIT	$1,532	$1,753	$1,609	$2,678	$3,947	$5,146	$5,181	$5,210
Margin	*26.9%*	*30.1%*	*15.8%*	*18.5%*	*26.0%*	*33.6%*	*33.6%*	*33.6%*
YoY % Growth		*14.4%*	*(8.2%)*	*66.4%*	*47.4%*	*30.4%*	*0.7%*	*0.6%*
Net Income (Loss)	$1,200	$1,177	$885	$1,550	$2,438	$3,386	$3,413	$3,436
Margin	*21.1%*	*20.2%*	*8.7%*	*10.7%*	*16.0%*	*22.1%*	*22.1%*	*22.1%*
YoY % Growth		*(1.9%)*	*(24.8%)*	*75.2%*	*57.3%*	*38.8%*	*0.8%*	*0.7%*
Adj. EPS (Diluted)	$5.78	$2.87	$1.75	$2.25	$3.58	$4.98	$5.02	$5.05
YoY % Growth		*(50.4%)*	*(39.0%)*	*28.4%*	*59.6%*	*38.8%*	*0.8%*	*0.7%*

Exhibit III: Consolidated Balance Sheet

	Annuals							
Consolidated Balance Sheet	2017	2018	2019	2020e	2021e	2022e	2023e	2024e
Cash & Cash Equivalents	$325	$415	$893	$3,759	$5,388	$4,118	$6,667	$9,130
Accounts Receivable	997	1,049	2,782	2,560	2,537	2,523	2,488	2,451
Inventory	0	0	0	0	0	0	0	0
Prepaid & Other Current Assets	653	760	13,371	5,382	5,334	5,263	5,189	5,111
Total Current Assets	1,975	2,224	17,046	11,701	13,259	11,904	14,343	16,693
PP&E, Net	$390	$398	$1,606	$1,408	$1,053	$816	$716	$670
Intangible Assets, Net	1,966	2,562	18,175	16,899	16,233	16,071	15,910	15,751
Goodwill	5,590	5,702	36,038	36,088	36,088	36,088	36,088	36,088
Other Non-Current Assets	368	376	4,674	4,502	4,324	4,281	4,238	4,196
Total Non-Current Assets	8,314	9,038	60,493	58,896	57,698	57,256	56,952	56,704
Total Assets	$10,289	$11,262	$77,539	$70,597	$70,957	$69,160	$71,295	$73,397
Accounts Payable	1,359	1,146	3,080	2,522	2,503	1,489	1,463	1,437
Accrued Liabilities	0	0	0	0	0	0	0	0
Other Current Liabilities	579	864	12,647	7,141	6,378	3,345	3,286	3,228
Total Current Liabilities (Excl. Debt)	1,938	2,010	15,727	9,663	8,881	4,834	4,749	4,666
Revolver	$0	$0	$0	$0	$0	$0	$0	$0
LT Debt (Incl. Current Portion)	4,897	5,955	21,612	21,515	21,515	21,515	21,515	21,515
Deferred Income Taxes	552	745	4,247	4,481	4,481	4,481	4,481	4,481
Other Non-Current Liabilities	171	259	1,096	1,051	1,051	1,051	1,051	1,051
Total Non-Current Liabilities	5,620	6,959	26,955	27,047	27,047	27,047	27,047	27,047
Total Liabilities	7,558	8,969	42,682	36,710	35,928	31,881	31,796	31,713
Common Stock & APIC	$1,039	$1,065	$23,749	$23,963	$24,324	$24,681	$25,033	$25,379
Retained Earnings	10,240	11,635	12,528	13,294	14,075	15,968	17,836	19,675
Treasury Stock	(8,494)	(10,340)	(3,118)	(4,429)	(4,429)	(4,429)	(4,429)	(4,429)
Accumulated Other Comprehensive Income (AOCI)	(54)	(67)	(180)	(644)	(644)	(644)	(644)	(644)
Total Shareholder's Equity	2,731	2,293	32,979	32,184	33,326	35,576	37,796	39,981
Noncontrolling Interests	0	0	1,878	1,703	1,703	1,703	1,703	1,703
Total Equity	2,731	2,293	34,857	33,887	35,029	37,279	39,499	41,684
Total Liabilities & Shareholder's Equity	$10,289	$11,262	$77,539	$70,597	$70,957	$69,160	$71,295	$73,397

Exhibit IV: DCF Implied Valuation



TFA STATEMENT

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- Provide students with hands-on investment management experience
- Enable students to work in a team-based setting in consultation with investment professionals.
- Connect student participants with nationally recognized money managers and financial institutions

Earnings from the fund will be reinvested net of fund expenses, which are primarily trading and auditing costs and partial scholarships for student participants.

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