Q1 results were in line with preannouncement; 2020 expense synergies raised; we like the stock a lot. Q1 results were similar to preannouncement. 2020 expense synergies were raised and company noted $300 million additional proactive expense reduction, which allows us to raise 2021E EPS despite slightly slower core trends than we previously modeled. April trends seem to have stabilized with Q2 margins likely contracting yoy (given high incremental margins).

- **Q1 FIS results similar to preannounced ranges provided on April 13.**
  - **Adjusted EPS** $1.28, above consensus $1.27 (we were $1.27; preannounced indicated $1.26-1.28). Variance to our estimate was due to margins (-$0.01), tax (+$0.03), and other (-$0.01).
  - **Reported Revenue** of $3.08 billion in line with preannounced range of $3.06-3.08 billion. Organic constant-fx +2% yoy as expected.
  - **Adjusted EBITDA** of $1.25 billion was slightly below our $1.27 billion estimate; margin 40.5% (+510bps yoy) was below our 41.3% margin estimate.

- **Q1 segment performance:**
  - **Merchant Solutions (~30% of revs)** $935 million was flattish yoy organic constant-fx growth. April trends include volumes stabilizing around -30% (similar to others); organic revenue growth -40% due to timing of tax filing business (should turbocharge Q2 as merchants and tax come back).
  - **Banking Solutions (~47% of revs)** $1.462 billion grew +1% yoy organic constant-fx growth, but +3% ex-term fee in Q1-19. Declines in issuer processing/debit network/account transaction volumes related to COVID-19 remain a headwind, with segment trending flat/down slightly in April.
  - **Capital Market Solutions (~21% of revs)** $631 million (we were $621 million), up 8% organic constant-fx growth. April is trending flat/down slightly, as very good trends offset by weakness in the ~30% of revenue that is non-recurring.

- **Key positives from the call:**
  - New wins remain very strong in Banking
  - Raised annual cost synergies by $100 million
  - Added new $300 million short-term cost savings program (could add ~$0.40 to annualized EPS)

- **Estimate changes -- 2020E EPS to $5.62 (from $5.70); raising our 2021E EPS to $6.90 (from $6.82)...we trimmed core revenue trends, but raised synergy benefits.

- **We like the stock a lot --** We view the business as resilient...we think revenue may be down ~10% yoy in Q2, but in a retail environment unlike anything in our lifetimes...and adjusted EBITDA margins likely to say ~40%. This is a way better than average S&P company trading around average.
Details

Investment Perspective

We like the stock a lot. While near-term Merchant trends and non-recurring elements of Banking/Capital Markets trends are weak, the underlying businesses seem to be as strong as ever…Capital Markets Q1 growth of 7% highlights strong momentum, and the swell of large bank wins highlights share gains. We have a high degree of confidence that Merchant trends will improve when the economy gets back on track. And on top of these, the company flexed its flexibility muscle with an incremental $300 million of short-term savings plan.

We expect 6-8% revenue growth over time and mid-teens EPS growth behind synergies, nice incremental margins, and use of cash. We expect the company to generally be more resilient than the average S&P company, though expect ~10% yoy decline in Q2-20 due to the highly unusual circumstances our economy is in today.

We view year-out good-case/bad-case as $125-180:

- **Good-case $195** reflects ~25X prospective good-case year-out NTM EPS of $7.75 (using 12 months ending 6/30/21). A 25X multiple reflects a 25% premium to the S&P’s NTM P/E, below the three-year high of 43% premium.

- **Bad-case $125** reflects ~19X prospective bad-case year-out NTM EPS of $6.60 (using 12 months ending 6/30/21). A 19X NTM multiple would reflect a 5% premium to the S&P’s current NTM P/E, below FIS and WP’s three-year lows of a 1-2% discount.

Our new **$170 price target** reflects ~23X our prospective NTM EPS a year from now of $7.40 (using 12 months ending 6/30/2021). A 23X multiple reflects an ~15% premium to the current S&P’s NTM P/E, near the FIS/WP three-year combined average of 17%.
Guidance

2020 guidance was not provided given COVID-19 uncertainties

- **Interest Expense (no update):** Previously expected ~$310 million
- **Effective tax rate (no update):** Previously expected ~16%
- **Leverage:** Management now expects to de-lever to ~2.7X in 2021 (previously expected to de-lever to ~2.7X exiting 2020).
- **Operating Margins:** 2020 initiatives will not be able to fully offset the loss of significant transaction-related revenue stream (~75% incremental margins)
  - **Q2:** Expects margin contraction
  - **2020:** Anticipates some margin expansion

Synergies:

- **Revenue synergies (reiterated):**
  - Revenue synergies ended Q1 at $100 million annualized run-rate (exited Q4 at $80 million annualized run-rate).
  - Revenue synergies expectation of $200 million annualized run-rate when exiting 2020 (previously $150 million annualized run-rate).
  - Revenue synergies expectations of $550 million annualized run-rate by the end of 2022
    - **Commentary:** Management noted they continue to see strength in Premium Payback initiative, bank referral agreements, and debit card routing.

- **Expense synergies (raised):**
  - Expense synergies ended Q1 at $580 million annualized run-rate (exited Q4 at $465 million annualized run-rate), which includes $275 million of interest expense savings (similar to Q4).
  - Expense synergies expectation of at least $700 million annualized run-rate when exiting 2020 (previously $600 million annualized run-rate)
  - Expense synergies for 2022 were not updated. Management previously expected $675 million annualized run-rate when exiting 2022, which likely means this will be exceeded given they expect at least $700 million annualized run-rate synergies when exiting 2020.
  - New short-term cost savings plan of $300 million annualized savings (which could add about $0.40 to annualized EPS).
Estimates

2020
We are lowering our 2020E EPS to $5.62 (from $5.70). We estimate ~3% organic constant-fx revenue decline, ~43.9% adjusted EBITDA margins, ~15.2% tax rate and 627 million shares. We trimmed our revenue forecast modestly and took decremental margins to ~75%. We layered in some offsetting incremental cost savings.

<table>
<thead>
<tr>
<th>FIS 2020E EPS Bridge</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
</tr>
<tr>
<td>2019E</td>
</tr>
<tr>
<td>Worldpay stub</td>
</tr>
<tr>
<td>Adjusted 2019E</td>
</tr>
<tr>
<td>Core Growth (1)</td>
</tr>
<tr>
<td>Revenue synergies</td>
</tr>
<tr>
<td>Synergies</td>
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<tr>
<td>Cost initiatives (2)</td>
</tr>
<tr>
<td>Interest Expense</td>
</tr>
<tr>
<td>Currency</td>
</tr>
<tr>
<td>D&amp;A</td>
</tr>
<tr>
<td>Tax Rate</td>
</tr>
<tr>
<td>2020E</td>
</tr>
</tbody>
</table>

Source: Company Reports and Baird Estimates
(1) Organic const-fx revenue decline of 1-1.5% with ~40% incremental margins
(2) New $300m run rate short-term plan

2021
We are raising our 2021E EPS to $6.90 (from $6.82) which reflects ~8% organic constant-fx growth, 47.2% adjusted EBITDA margins, 15.7% tax rate and 619 million shares.
Details on Q1 Results

- **Adjusted EPS** $1.28, above consensus $1.27 (we were $1.27; preannouncement indicated $1.26-1.28). Variance to our estimate was due to margins (-$0.01), tax (+$0.03), and other (-$0.01).
- **Reported Revenue** of $3.08 billion was in line with preannounced range of $3.06-3.08 billion.
  - **Organic constant-fx growth** was +2% yoy (we expected +2%; +6.5% in Q4).
- **Adjusted EBITDA** of $1.25 billion was slightly below our $1.27 billion estimate; margin 40.5% (+510bps yoy) was below our 41.3% estimate. Management noted margin expansion was driven by accelerated WP synergies as well as the proactive expense levers pulled in response to COVID-19.
- **Adjusted operating income** was $1.02 billion, similar to our $1.03 billion estimate. Adjusted operating margin was 33.0%, slightly below our 33.3% estimate.
- **Interest/Other expense** was $80 million, similar to our $78 million estimate.
- **Tax rate** was 14.1%, below our 16.1% estimate.

### FIS (Reported)

For the Period Ending March 31, 2020

<table>
<thead>
<tr>
<th>Q1-20 ($000)</th>
<th>Actual</th>
<th>Year Ago</th>
<th>Change</th>
<th>Estimate</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Revenue</strong></td>
<td>3,078</td>
<td>3,027</td>
<td>2%</td>
<td>3,078</td>
<td>(0%)</td>
</tr>
<tr>
<td>Adjusted EBITDA (1)</td>
<td>1,247</td>
<td>729</td>
<td>71%</td>
<td>1,271</td>
<td>(2%)</td>
</tr>
<tr>
<td><strong>Adj. EBITDA Margin</strong></td>
<td>40.5%</td>
<td>24.1%</td>
<td>1643-Bp</td>
<td>41.3%</td>
<td>(78-Bp)</td>
</tr>
<tr>
<td><strong>D&amp;A (ex intangible amort)</strong></td>
<td>230</td>
<td>195</td>
<td>246</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Adj. Operating Income</strong> (2)</td>
<td>1,017</td>
<td>534</td>
<td>90%</td>
<td>1,025</td>
<td>(1%)</td>
</tr>
<tr>
<td><strong>Adj. Op. Margin</strong></td>
<td>33.0%</td>
<td>17.6%</td>
<td>1540-Bp</td>
<td>33.3%</td>
<td>(26-Bp)</td>
</tr>
<tr>
<td><strong>Interest/Other, net</strong></td>
<td>(80)</td>
<td>(67)</td>
<td>19%</td>
<td>(78)</td>
<td>3%</td>
</tr>
<tr>
<td><strong>Adj. Taxable Income (Cash basis)</strong></td>
<td>937</td>
<td>467.0</td>
<td>101%</td>
<td>947</td>
<td>(1%)</td>
</tr>
<tr>
<td><strong>Adj. Taxes</strong></td>
<td>132</td>
<td>89.0</td>
<td>48%</td>
<td>152</td>
<td>NM</td>
</tr>
<tr>
<td><strong>Tax Rate</strong></td>
<td>14.1%</td>
<td>19.1%</td>
<td>(497-Bp)</td>
<td>16.1%</td>
<td></td>
</tr>
<tr>
<td><strong>Minority Interest/Discontinued Ops</strong></td>
<td>(3)</td>
<td>(1)</td>
<td>500%</td>
<td>2</td>
<td>NM</td>
</tr>
<tr>
<td><strong>Cash Net Income</strong></td>
<td>802</td>
<td>378</td>
<td>112%</td>
<td>797</td>
<td>1%</td>
</tr>
<tr>
<td><strong>Non-GAAP EPS</strong></td>
<td>$1.28</td>
<td>$1.16</td>
<td>11%</td>
<td>$1.27</td>
<td>1%</td>
</tr>
<tr>
<td><strong>Diluted Shares</strong></td>
<td>625</td>
<td>326</td>
<td>92%</td>
<td>626</td>
<td>(0%)</td>
</tr>
</tbody>
</table>

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(1) Excludes impact of Impairment/Restructuring/M&A charges.
(2) Excludes impact of Impairment/Restructuring/M&A charges and adds back intangible amortization.

Source: Company Reports, Baird Estimates
Q1 Segment Results

FIS
For the Period Ending March 31, 2020

<table>
<thead>
<tr>
<th>Q1-20 ($000)</th>
<th>Actual</th>
<th>Year Ago</th>
<th>Change</th>
<th>Estimate</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Merchant</td>
<td>935</td>
<td>951</td>
<td>-2%</td>
<td>941</td>
<td>-0.6%</td>
</tr>
<tr>
<td>Banking</td>
<td>1,462</td>
<td>1,504</td>
<td>-3%</td>
<td>1,517</td>
<td>-3.6%</td>
</tr>
<tr>
<td>Capital Markets</td>
<td>631</td>
<td>572</td>
<td>10%</td>
<td>621</td>
<td>1.7%</td>
</tr>
<tr>
<td>Corporate</td>
<td>50</td>
<td>0</td>
<td></td>
<td>0</td>
<td></td>
</tr>
</tbody>
</table>

Source: Company Reports, Baird Estimates

Merchant Solutions (~30% of Q1 revenue)

- **Revenue** of $935 million was below our $941 million estimate. Revenue was flattish yoy organic constant-fx (we estimated -1%; +10% in Q4). There was $10 million of revenue that was reclassified to Corporate/Other segment.
  - **Pre-COVID trends**: Management noted growth was double-digits before COVID impacted the second half of the quarter.
  - **January**: Organic growth was +10%

- **Adjusted EBITDA margin** was 45.2%

- **Recent trends**: Management noted segment volumes are stabilizing at down ~30% yoy in April; organic revenue is down ~40%. The 10% delta between volume and revenue is primarily caused by the delay of the US tax filing deadline from April to July. Based on current trends, they believe April should be the low watermark.

- **April Volume trends**:
  - Travel/Airlines was down ~90%
  - Traditional point of sales volumes were down similar to V/MA results of down ~30%
  - Non-discretionary verticals (grocery/drug) grew ~20%
  - eComm ex-travel/airlines grew ~30%
  - Cross-border ex-travel/airlines grew ~30%
  - Digital (mostly in support of streaming and gaming) grew ~80%. Management also noted their digital business is a larger percentage of revenue than travel/airlines.

- **May trends**: Noted they are starting to see May trends improve a little bit from end of April.

- **US tax filing**: Noted they process millions on consumer tax payments with Biller Direct solution; some revenue is pushed from Q2 into Q3.

Banking Solutions (~47% of Q1 revenue)

- **Revenue** of $1.462 billion was below our $1.517 billion estimate. Revenue increased +1% yoy organic constant-fx (we estimated +1%; +4% in Q4). There was $40 million of revenue that was reclassified to Corporate/Other segment. Management noted revenue growth included a ~2% headwind from Q1-19 non-recurring revenue and growth would have been ~3% excluding this. Growth during the quarter was driven by new sales. Revenue growth was driven by new sales wins over the past several quarters.

- **Adjusted EBITDA margin** was 42.0%
Recent trends: Management noted revenue growth was flattish/down slightly in April and expects this to sustain in the short-term. This is due to ~13% of the segment being driven by transactional volumes (credit/debit).

**Capital Market Solutions (~21% of Q1 revenue)**

Revenue of $631 million was above our $621 million estimate. Revenue increased +8% yoy organic constant-fx (we estimated +5%; +7% in Q4). Management noted growth was driven by continued growth in recurring revenue following several quarters of strong new sales as well as strong quarter of license renewals.

Adjusted EBITDA margin was 44.4%

Recent trends: Organic revenue growth was relatively flat in April as Professional Services and licensed sales were impacted (~30% of segment is non-recurring); expects this growth trajectory to sustain in the short-term.

Long-term growth: Confident with revenue accelerating in 2021 and 2022 as the global economy recovers.

**Other Commentary from Call:**

COVID-19 Responses:
- Banking: Implemented Real-Time Lending services for many of their financial institution clients to enable them to streamline the processing of PPP loans
- Merchant: Provided free virtual terminal access to enable clients to accept secure contactless transactions.
- Capital Markets: Increased capacity to support 3X the normal trading volumes and added alerts to high volume businesses

New Sales: +15% yoy led by continued strength in Banking

Backlog: +6% yoy

Banking wins: Signed three modern banking platform wins during the quarter.
  - Opel Bank: First European-based bank to select the core modern banking platform.
  - Premier Investment Bank: Helping them enhance their retail operations by leverage FIS modern banking platform and private cloud.
  - Large Canadian Bank: Selected modern banking platform and DIGITAL ONE solution

Merchant wins:
  - Large global retailer: Will consolidate relationships with ~40 different providers around the world exclusively to FIS.
  - Specialty retailer in Healthcare vertical: Implement payment technology at >6k US locations.

Capital Markets wins:
  - Leading Financial Services company: Provide cloud-enabled commercial lending solution to meet US regulatory requirements.
  - Large Financial Institution: Cloud-based platform to manage credit and market risk; this continues to be a large Banking Solutions client

Remote implementations: Management noted remote delivery capabilities are 100% remote in Banking 90% in Capital Markets. This includes the implementation of the 3 large bank wins announced last quarter (all remain on track as scheduled).

Longer-term impact: Management noted remote implementation and delivery could become a long-term trend as clients could lower their total cost of ownership.
**Recurring revenue**: Majority of recurring revenue is expected to see little to no impact from COVID-19.

- **Banking**:
  - ~83% of Banking revenue is recurring and expects to have little to no impact for outsourced unit-based revenue (~13% of this is transaction-related)
  - ~17% of revenue is professional services/non-recurring revenue with some impact expected

- **Merchant**:
  - 15% of revenue has seen positive impact, including non-discretionary verticals, online retail, and digital
  - 60% of revenue has seen moderate impact, including traditional point of sale
  - 25% of revenue has seen significant negative impact, including travel, entertainment, and restaurants

- **Capital Markets**:
  - 70% of revenue is recurring with little to no impact expected for outsourced end-to-end solutions
  - 30% of revenue is from Professional Services and non-recurring; expected to see some impact.

**Revenue synergies**: Exited the quarter at $100 million annualized run-rate. Management noted revenue synergies are driven by strength in the Premium Payback initiative, bank referral agreements, optimization of their portfolio, and debit card routing.

- **Leading US Retailer**: Will implement Premium Payback solution
- **Signed two new referral agreements with leading financial institutions**, adding hundreds of branches to distribution network
- **Leading Benefits Provider**: Developed an innovative healthcare solution.

**Expense Synergies**: Continues to make progress in consolidating merchant and issuer platforms, reducing duplicative corporate costs, rationalizing facility footprint, and driving functional alignment within organization.

**Expense savings in 2020**: Identified more than $1 billion in total cost savings
- At least $700 million expense synergies from WP acquisition
- $300 million in additional proactive expense reduction measures including a significant reduction in short-term bonuses, restricting travel expenditures, reducing hiring of non-revenue generating employees, and reducing third-party expenses. Management noted most of these are shorter-term in nature (really around short-term bonus reduction), though some will be permanent.

---

**Balance Sheet and Cash Flow**

- **Cash**: The company ended the quarter with $1.41 billion in cash, up from $1.15 billion at the end of last quarter.

- **Debt**: The company ended the quarter with $19.99 billion in debt, down from $20.19 billion at the end of last quarter.

- **Net Debt**: The company ended the quarter with $18.58 billion in net debt, down from $19.04 billion at the end of last quarter.

- **The $0.46 billion decrease in net debt is primarily due to**:
  - **Free Cash Flow** +$0.54 billion
  - **Dividends** -$0.22 billion
  - **Repurchases** -$0.01 billion

- **Leverage**: Net debt-to-EBITDA is ~3.4X (~3.6X at end of last quarter). Management noted they now expect to de-lever to ~2.7X in 2021 (previously expected by the end of 2020).
Investment Thesis

**Relatively resilient business model.** FIS’ recurring revenue represents ~80% of total, while Worldpay’s volumes include resilient grocery/drugstore/eComm retailers.

**Solid long-term growth expectations.** We expect EPS to grow high-teens over the next several years, driven by 6-8% revenue growth, modest core margin expansion, deal synergies, and buybacks.

**Limited client concentration and high retention.** With thousands of clients across many product lines, the company has very limited client concentration, and significant diversity in revenue streams.

**Exposure to higher-growth eComm.** Worldpay has been growing ~20%+ in eComm, and we expect strong growth to continue, with the added benefit of FIS’ international banks as a possible channel.

Risks & Caveats

**Consolidation in the banking industry.** The financial industry has been ripe with consolidation over the last several years. As bank combinations occur, typically the technology provider at the acquirer is the company that wins the business. Depending on the make-up of future M&A in the banking industry, Fidelity could be at risk of losing business if its current clients are acquired.

**Delays in project spending.** During periods of economic uncertainty, FIS may consider delaying decision making on certain projects/license purchases (professional services and project-based revenue each ~8-10% of revenue). License is only ~2% of revenue.

**Acquisition integration risk.** Large acquisitions introduce risks into a business, including timing of anticipated deal closings, difficulty in integrating the acquired operations and personnel, and management challenges.

**Currency movements could negatively impact results.** Depreciation of certain currencies (Brazilian real, euro, British pound) could cause a reduction in revenue and operating profit. Appreciation of the Indian rupee could reduce operating profit as well.

Company Description

Headquartered in Jacksonville, FL, Fidelity National Information Services is a leading provider of core processing for financial institutions, card issuing and transaction processing services, and various other outsourcing services. The company has core processing and technology relationships with 40 of the top 50 global banks and nine of the top 10. FIS serves more than 20k clients from over 130 different countries. The company was created in February 2006 when Certegy merged with Fidelity National Financial's Information segment. Fidelity acquired eFunds in mid-2007, spun out its Lender Processing business in June 2008, acquired Metavante in October 2009 (competing core provider) and Capco (consulting) in December 2010. In November 2015, FIS acquired SunGard. In July 2019 FIS closed the acquisition of Worldpay.
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</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>3,251.0</td>
<td>3,640.0</td>
<td>3,799.4</td>
<td>3,524.7</td>
<td>3,525.6</td>
<td>3,107.9</td>
<td>3,010.8</td>
<td>2,922.5</td>
<td>2,983.8</td>
<td>2,945.6</td>
<td>2,964.1</td>
<td>2,925.9</td>
<td>3,088.0</td>
<td>3,012.0</td>
<td>2,972.7</td>
<td>2,895.2</td>
<td>2,832.2</td>
<td>2,427.0</td>
<td>2,183.0</td>
<td>2,112.0</td>
<td>2,870.0</td>
<td>3,541.0</td>
<td>3,137.0</td>
<td>3,078.0</td>
<td>2,826.0</td>
<td>3,026.1</td>
<td>3,366.3</td>
</tr>
<tr>
<td>Revenue growth (YoY)</td>
<td>0.0%</td>
<td>19%</td>
<td>5%</td>
<td>53%</td>
<td>45%</td>
<td>42%</td>
<td>37%</td>
<td>42%</td>
<td>42%</td>
<td>42%</td>
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<td>42%</td>
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<tr>
<td>Net Income</td>
<td>26,690.0</td>
<td>28,999.0</td>
<td>9,680.0</td>
<td>1,335.5</td>
<td>7,700.0</td>
<td>8,990.0</td>
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<td>16,333.3</td>
<td>17,000.0</td>
<td>17,666.6</td>
<td>18,333.3</td>
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<td>19,666.6</td>
<td>20,333.3</td>
<td>21,000.0</td>
<td>21,666.6</td>
<td>22,333.3</td>
<td>23,000.0</td>
</tr>
<tr>
<td>Tax rate</td>
<td>35.2%</td>
<td>30.2%</td>
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<td>33.3%</td>
<td>34.3%</td>
<td>34.3%</td>
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**Fidelity National Information Services, Inc.**

**(FIS - NYSE)**

**Research disclosures can be accessed at [http://www.rwbaird.com/research-insights/research/coverage/research-disclosure.aspx](http://www.rwbaird.com/research-insights/research/coverage/research-disclosure.aspx).**

Source: Company reports and Robert W. Baird & Co. estimates.
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### Fidelity National Information Services, Inc. (FIS - NYSE)

#### Corporate (Legacy Check)

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### Notes

(1) Includes Mortgage banking in 2015; growth numbers can be for FIS organically and excluding MBS in 2015.
# Fidelity National Information Services, Inc. (FIS - NYSE)

## Balance Sheet Assumptions

**Fiscal Year End:** December

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## LIABILITIES AND STOCKHOLDERS' EQUITY

### Current Liabilities
- Accounts Payable and Accrued Liabilities: 735,600
- Payroll Taxes: 553,000
- Accrued Retirement: 13,100
- Due to Brazilian Parent: 13,300
- Liabilities held for sale: 4,400
- Deferred Revenue: 263,000

### Total Current Liabilities: 1,383,400

### Long-term Liabilities
- Due to Parent: 26,100
- Intercompany Liabilities: 245,400

### Total Liabilities: 1,383,400

### Stockholders' Equity
- Long-term Debt: 26,100
- Common Capital: 133,700
- Retained Earnings: 14,300
- Shareholders' Equity (deficit): 6,556,700

### Total Liabilities and stockholders' equity: 14,252,000

## Income Statement

### Revenue and Expenses
- Revenue: 2,963,000
- Cost of Revenue: 415,000
- Gross Profit: 2,548,000
- Selling, General and Administrative Expenses: 32,859,000

### Operating Income: 2,939,000

### Net Income: 2,939,000

## Financial Ratios

### Debt to Capital
- Total: 537,700
- International: 283,900
- International Cash: 283,900
- Long-term Debt: 283,900
- Other Non-current Assets: 283,900

### Current Ratio
- Long-term Debt: 1.0
- Common Capital: 10.0

### Return on Equity
- Long-term Debt: 11.1%
- Common Capital: 6.9%

### Net Margin
- Long-term Debt: 11.4%
- Common Capital: 6.4%

### Earnings
- Long-term Debt: 2.8%
- Common Capital: 2.3%
<table>
<thead>
<tr>
<th>Year</th>
<th>Pre-Proforma</th>
<th>Cash Flow from Operations</th>
<th>Cash Flow from Operations (c.f.o)</th>
<th>Cash Flow from Operations (c.f.o) - Adjusted for one-off adjustments</th>
<th>Adjusted FCF</th>
<th>Adjusted FCF % of Cash Income</th>
<th>Dividends</th>
<th>Acquisitions/Divestitures</th>
<th>Bond premium payment/debt financing</th>
<th>Purchase of Property/Equipment</th>
<th>Purchase of Property/Equipment (c.f.)</th>
<th>Purchase of Property/Equipment - Adjusted for current tax liabilities</th>
<th>FCF % of Revenue</th>
<th>Cap Ex % of Revenue</th>
<th>Use of FCF</th>
<th>FCF Use of FCF</th>
<th>Change in Cash (pre FCF Cash Outflows)</th>
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**FCF (from SEC Filings)**

- Net income: 382.0
- Income from discontinued operations: 0.0
- Depreciation & amortization: 373.6
- Other: (375.4)
- Asset/liabilities reduced: 13.2
- Stock based compensation: 24.9
- Litigation (gain) on sale of assets: (307.0)
- Deferred income taxes: 6.1
- Equity in losses (amortization) of unconsolidated entities: 3.0
- Asset impairment: 1.4
- Other: (3.4)
- Change in working capital: 24.1
- Trade & other receivables: (59.8)
- Inventories: 0.3
- Accounts receivable: (48.9)
- Deferred revenue: (6.8)
- Foreign currency changes: (27.9)
- Dividend payment: 3.7
- For tax liabilities for dispositions: 28.4

**Adjusted for one-off adjustments**

- FCF: 0.0
- Dividends: 0.0
- Acquisitions/Divestitures: 0.0
- Bond premium payment/debt financing: 0.0
- Purchase of Property/Equipment: 0.0
- Purchase of Property/Equipment (c.f.): 0.0
- FCF % of Cash Income: 0.0
- Cap Ex % of Revenue: 0.0

**Use of FCF**

- Total equity SS: 0.0
- Loans (with interest): (206.0)
- Interest Payments: (98.4)
- Depreciation: (249.8)
- Acquisition/Dispositions: (142.8)
- Settlement Receivables: 0.0
- Other: 0.0
- FCF: 0.0

**FCF Use of Cash**

- Change in Cash (pre FCF Cash Outflows): 0.0
Appendix - Important Disclosures and Analyst Certification

Approved on 07 May 2020 13:23EDT / Published on 07 May 2020 13:28EDT.

Covered Companies Mentioned
All stock prices below are the 5/6/2020 closing price.

Fiserv, Inc. (FISV - $105.49 - Outperform)
Jack Henry & Associates, Inc. (JKHY - $178.50 - Neutral)
(See recent research reports for more information)
1 Robert W. Baird & Co. Incorporated makes a market in the securities of FIS, FISV and JKHY.

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