

Fourth Quarter and Full Year 2017 Financial Results Conference Call

February 7, 2018

Forward-Looking Statements and Non-GAAP Financial Measures

The information disclosed in this presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including statements regarding anticipated “internal revenue growth,” “adjusted EPS,” “adjusted EPS growth,” “free cash flow conversion,” “adjusted operating margin expansion” and items impacting adjusted operating margin expansion. Statements can generally be identified as forward-looking because they include words such as “believes,” “anticipates,” “expects,” “could,” “should” or words of similar meaning. Statements that describe the company’s future plans, objectives or goals are also forward-looking statements. Forward-looking statements are subject to assumptions, risks and uncertainties that may cause actual results to differ materially from those contemplated by such forward-looking statements.

The factors that may affect the company’s results include, among others: pricing and other actions by competitors; the capacity of the company’s technology to keep pace with a rapidly evolving marketplace; the impact of market and economic conditions on the financial services industry; the impact of a security breach or operational failure on the company’s business; the effect of legislative and regulatory actions in the United States and internationally; the company’s ability to comply with government regulations; the company’s ability to successfully identify, complete and integrate acquisitions, and to realize the anticipated benefits associated with the same; the company’s ability to successfully complete the sale of a 55 percent interest of its Lending Solutions business (the “Lending Transaction”) on the anticipated terms and timeline or at all; the impact of the company’s strategic initiatives; and other factors included in the company’s filings with the SEC, including its Annual Report on Form 10-K for the year ended December 31, 2016, and in other documents that the company files with the SEC. You should consider these factors carefully in evaluating forward-looking statements and are cautioned not to place undue reliance on such statements. The company assumes no obligation to update any forward-looking statements, which speak only as of the date of this presentation.

This presentation includes the following non-GAAP financial measures: “adjusted revenue,” “internal revenue,” “adjusted operating income,” “adjusted operating margin,” “adjusted EPS,” “adjusted EPS excluding the Lending Transaction,” “adjusted net income,” “free cash flow” and “free cash flow conversion.” These non-GAAP measures are indicators that management uses to provide additional comparisons between current results and prior reported results and as a basis for planning and forecasting future periods. We believe that these measures provide additional insight into our operating performance. Additional information about these measures and reconciliations to the nearest GAAP financial measures, to the extent available, are provided in the appendix to this presentation.

4Q-17 Key Financial Metrics

	Adjusted Revenue	Internal Revenue	Adjusted EPS
4Q-17	\$1,443	\$1,424	\$1.41
4Q-16	\$1,354	\$1,345	\$1.16
Change	7%	6%	22%

\$ in millions, except per share amounts.

See appendix for information regarding non-GAAP measures.

2017 Key Financial Metrics

	Adjusted Revenue	Internal Revenue	Adjusted EPS
2017	\$5,423	\$5,374	\$5.12
2016	\$5,211	\$5,182	\$4.43
Change	4%	4%	16%

\$ in millions, except per share amounts.

See appendix for information regarding non-GAAP measures.

2017 Other Financial Metrics

	Free Cash Flow Conversion	Adjusted Operating Margin
2017	111%	32.8%
2016	109%	32.2%
Change ¹	2%	60 bps

See appendix for information regarding non-GAAP measures.

¹Free cash flow conversion change represents the absolute percentage point variance.

Internal Revenue Growth by Segment

Segment	4Q-17	2017
Payments	7%	5%
Financial	5%	3%
Total Company	6%	4%

See appendix for information regarding non-GAAP measures.

4Q-17 Adjusted Operating Margin

Segment	4Q-17	4Q-16	Change (bps)
Payments	36.4%	33.1%	330
Financial	35.1%	33.7%	140
Total Company	34.0%	32.1%	190

See appendix for information regarding non-GAAP measures.

2017 Adjusted Operating Margin

Segment	2017	2016	Change (bps)
Payments	35.1%	33.8%	130
Financial	33.5%	33.2%	30
Total Company	32.8%	32.2%	60

See appendix for information regarding non-GAAP measures.

2018 Performance Outlook

Key Financial Metrics¹

Growth

Internal Revenue

> 4.5%

Adjusted EPS

22 - 27%

Other Financial Metrics

Target

Free Cash Flow Conversion

106 - 111%

Adjusted Operating Margin Expansion

10 - 30 bps

¹The Key Financial Metrics reflect performance as compared to 2017 as revised for the company's sale of a 55 percent interest of its Lending Solutions business. See page 13 for more information regarding 2018 adjusted EPS guidance.



Appendix

Internal Revenue Growth

Internal revenue growth is measured as the increase in adjusted revenue for the current period excluding acquired revenue and revenue attributable to dispositions, divided by adjusted revenue from the prior year period excluding revenue attributable to dispositions.

In the fourth quarter of 2017, acquired revenue was \$19 million (\$15 million in the Payments segment and \$4 million in the Financial segment), and revenue in the comparable prior year period attributable to dispositions was \$9 million (all in the Financial segment). Full year 2017 acquired revenue was \$49 million (\$38 million in the Payments segment and \$11 million in the Financial segment), and revenue in the comparable prior year period attributable to dispositions was \$29 million (all in the Financial segment).

See page 2 for information regarding non-GAAP financial measures.

Adjusted EPS

	<u>4Q-17</u>	<u>4Q-16</u>	<u>2017</u>	<u>2016</u>
GAAP EPS - continuing operations	\$ 2.50	\$ 0.98	\$ 5.71	\$ 4.15
Adjustments - net of income taxes:				
Merger, integration and other costs ¹	0.07	0.05	0.23	0.17
Severance costs	—	0.01	0.07	0.04
Amortization of acquisition-related intangible assets	0.13	0.12	0.49	0.46
StoneRiver and other investment activity ²	—	—	(0.09)	(0.39)
Gain on sale of business ³	—	—	(0.02)	—
Tax benefit ⁴	(1.30)	—	(1.28)	—
Adjusted EPS	<u>\$ 1.41</u>	<u>\$ 1.16</u>	<u>\$ 5.12</u>	<u>\$ 4.43</u>

Earnings per share is calculated using actual, unrounded amounts.

See page 2 for information regarding non-GAAP financial measures.

¹Merger, integration and other costs include acquisition and related integration costs of \$47 million in 2017 and \$36 million in 2016, and certain costs associated with the achievement of the company's operational effectiveness objectives of \$27 million in 2017 and \$22 million in 2016, including expenses related to data center consolidation activities.

²Represents the company's share of net gains on the disposition of a business and a business interest at StoneRiver Group L.P., a joint venture in which the company owns a 49 percent interest, as well as a non-cash write-off of a \$7 million investment in 2016.

³Represents the gain on the sale of the company's Australian item processing business.

⁴Represents discrete income tax benefits associated with The Tax Cuts and Jobs Act enacted in December 2017.

Adjusted EPS Excluding the Lending Transaction

2017 adjusted EPS ¹	\$	5.12
Estimated impact of the Lending Transaction ²		(0.16)
2017 adjusted EPS, excluding the Lending Transaction	\$	<u>4.96</u>
2018 adjusted EPS outlook		\$6.05 - 6.30
2018 adjusted EPS growth outlook		22 - 27%

¹See page 12 for a reconciliation of GAAP EPS - continuing operations to adjusted EPS.

²The "Lending Transaction" refers to the company's sale of a 55 percent interest of its Lending Solutions business.

See page 2 for information regarding non-GAAP financial measures.

Adjusted Net Income

	<u>4Q-17</u>	<u>4Q-16</u>	<u>2017</u>	<u>2016</u>
GAAP income from continuing operations	\$ 532	\$ 215	\$ 1,232	\$ 930
Adjustments:				
Merger, integration and other costs ¹	22	17	74	58
Severance costs	2	4	24	15
Amortization of acquisition-related intangible assets	42	39	159	158
Tax impact of adjustments ²	(22)	(21)	(85)	(81)
StoneRiver and other investment activity ³	(1)	—	(32)	(139)
Tax impact of StoneRiver and other investment activity ²	—	—	11	52
Gain on sale of business ⁴	—	—	(10)	—
Tax impact of gain on sale of business ²	—	—	5	—
Tax benefit ⁵	(275)	—	(275)	—
Adjusted net income	<u>\$ 300</u>	<u>\$ 254</u>	<u>\$ 1,103</u>	<u>\$ 993</u>

\$ in millions

See page 2 for information regarding non-GAAP financial measures.

¹Merger, integration and other costs include acquisition and related integration costs of \$47 million in 2017 and \$36 million in 2016, and certain costs associated with the achievement of the company's operational effectiveness objectives of \$27 million in 2017 and \$22 million in 2016, including expenses related to data center consolidation activities.

²The tax impact of adjustments is calculated using tax rates of 33 percent and 35 percent in 2017 and 2016, respectively, which approximates the company's annual effective tax rate for the respective years, exclusive of discrete income tax benefits associated with The Tax Cuts and Jobs Act and the actual tax impacts associated with StoneRiver transactions and the gain on sale of business.

³Represents the company's share of net gains on the disposition of a business and a business interest at StoneRiver Group L.P., a joint venture in which the company owns a 49 percent interest, as well as a non-cash write-off of a \$7 million investment in 2016.

⁴Represents the gain on the sale of the company's Australian item processing business.

⁵Represents discrete income tax benefits associated with The Tax Cuts and Jobs Act enacted in December 2017.

Free Cash Flow Conversion

	2017	2016
Net cash provided by operating activities	\$ 1,483	\$ 1,431
Capital expenditures	(287)	(290)
Adjustments:		
Severance, merger and integration payments	84	54
StoneRiver cash distributions	(45)	(151)
Other	(3)	7
Tax payments on adjustments	(9)	33
Free cash flow	<u>\$ 1,223</u>	<u>\$ 1,084</u>
Adjusted net income ¹	<u>\$ 1,103</u>	<u>\$ 993</u>
Free cash flow conversion	111%	109%
GAAP income from continuing operations	\$ 1,232	\$ 930
Ratio of net cash provided by operating activities to GAAP income from continuing operations	120%	154%
Weighted average diluted shares outstanding	215.6	223.9

\$ in millions. Free cash flow conversion is defined as free cash flow divided by adjusted net income.

See page 2 for information regarding non-GAAP financial measures.

¹See page 14 for adjusted net income reconciliation.

Adjusted Revenue and Adjusted Operating Income

Total Company

	4Q-17	4Q-16	2017	2016
Revenue	\$ 1,516	\$ 1,431	\$ 5,696	\$ 5,505
Output Solutions postage reimbursements	(77)	(79)	(281)	(300)
Deferred revenue purchase accounting adjustments	4	2	8	6
Adjusted revenue	\$ 1,443	\$ 1,354	\$ 5,423	\$ 5,211
Operating income	\$ 425	\$ 375	\$ 1,532	\$ 1,445
Merger, integration and other costs	22	17	74	58
Severance costs	2	4	24	15
Amortization of acquisition-related intangible assets	42	39	159	158
Gain on sale of business	—	—	(10)	—
Adjusted operating income	\$ 491	\$ 435	\$ 1,779	\$ 1,676
Operating margin	28.1%	26.1%	26.9%	26.2%
Adjusted operating margin	34.0%	32.1%	32.8%	32.2%

\$ in millions. Operating margin percentages are calculated using actual, unrounded amounts.

See page 2 for information regarding non-GAAP financial measures.

Adjusted Revenue and Adjusted Operating Income by Segment

Payments Segment

	4Q-17	4Q-16	2017	2016
Revenue	\$ 865	\$ 806	\$ 3,234	\$ 3,090
Output Solutions postage reimbursements	(77)	(79)	(281)	(300)
Deferred revenue purchase accounting adjustments	4	1	8	3
Adjusted revenue	<u>\$ 792</u>	<u>\$ 728</u>	<u>\$ 2,961</u>	<u>\$ 2,793</u>
Operating income	\$ 284	\$ 240	\$ 1,034	\$ 943
Merger, integration and other costs	4	1	7	3
Adjusted operating income	<u>\$ 288</u>	<u>\$ 241</u>	<u>\$ 1,041</u>	<u>\$ 946</u>
Operating margin	33.0%	29.8%	32.0%	30.5%
Adjusted operating margin	36.4%	33.1%	35.1%	33.8%

\$ in millions. Operating margin percentages are calculated using actual, unrounded amounts.

See page 2 for information regarding non-GAAP financial measures.

Adjusted Revenue and Adjusted Operating Income by Segment

Financial Segment

	4Q-17	4Q-16	2017	2016
Revenue	\$ 668	\$ 643	\$ 2,530	\$ 2,477
Deferred revenue purchase accounting adjustments	—	1	—	3
Adjusted revenue	<u>\$ 668</u>	<u>\$ 644</u>	<u>\$ 2,530</u>	<u>\$ 2,480</u>
Operating income	<u>\$ 235</u>	<u>\$ 217</u>	<u>\$ 849</u>	<u>\$ 823</u>
Operating margin	35.1%	33.7%	33.5%	33.2%
Adjusted operating margin	35.1%	33.7%	33.5%	33.2%

\$ in millions. Operating margin percentages are calculated using actual, unrounded amounts.

See page 2 for information regarding non-GAAP financial measures.

Estimated Adjusted Operating Margin Change Drivers for 2018

	<u>Adjusted Operating Margin Impact (bps)</u>
2018 Continuing Operations ¹	100 - 130
Reinvestment of Savings from Tax Reform ²	(40) - (60)
Lending Transaction ³	(~50)
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2018 Adjusted Operating Margin Expansion Outlook	10 - 30
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See page 2 for information regarding non-GAAP financial measures.

¹Includes estimated impact of substantial reduction in termination fee revenue.

²Refers to The Tax Cuts and Jobs Act enacted in December 2017.

³Refers to the company's sale of a 55 percent interest of its Lending Solutions business.