Fiserv Provides Preliminary 2021 Outlook and Expectations for Medium-Term Financial Performance at its Investor Conference

December 8, 2020

Company provides preliminary 2021 outlook of 7% to 12% internal revenue growth and adjusted EPS growth of 20% to 25%;
Company expects medium-term internal revenue growth of 7% to 9% and adjusted EPS growth of 15% to 20%;
Company affirms 2020 financial outlook

BROOKFIELD, Wis.--(BUSINESS WIRE)--Dec. 8, 2020-- Fiserv, Inc. (NASDAQ: FISV), a leading global provider of payments and financial services technology solutions, will host a virtual Investor Conference today beginning at 8:00 a.m. CST. The event will feature presentations from Fiserv senior management and include an overview of its strategic and growth plans for the next several years. In conjunction with the event, the company is providing preliminary 2021 financial outlook and financial expectations and outlook for the medium-term horizon (2022 and 2023).

"Our preliminary outlook for 2021 and financial expectations for the medium-term showcase the overall strength, technology advantage and mission-critical relationships we have with our clients," said Frank Bisignano, President and Chief Executive Officer of Fiserv. "Our client-centric approach and purposeful innovation is foundational to delivering accelerated internal revenue growth and strong earnings performance."

Outlook for 2020

The company affirms its 2020 outlook for adjusted earnings per share to grow at least 11% over adjusted earnings per share for 2019, as revised for the net impact of divestitures. This outlook does not contemplate a further weakening in the current economic environment for the remainder of this year.

Bisignano added, "Despite some recent softening in demand due to COVID-19 restrictions, we continue to perform well, and remain on-track to achieve at least 11% adjusted earnings per share growth leading to our 35th consecutive year of double-digit growth."

Preliminary 2021 Outlook

Fiserv expects internal revenue growth of 7% to 12% for 2021. The company also expects adjusted earnings per share to grow in a range of 20% to 25% over adjusted earnings per share for 2020. This preliminary outlook does not assume a significant extension of COVID-19 impact deep into 2021. The company will provide its 2021 outlook with its fourth quarter earnings update.

Bisignano concluded, "We have broadened the lower end of our internal revenue growth range to reflect the potential for economic volatility from COVID-19 in early 2021. Fiserv remains very well positioned for continuing strong financial performance, and value creation for clients and shareholders."

Medium-Term Outlook

Fiserv expects internal revenue growth of 7% to 9% annually for the years 2022 and 2023. The company also expects annual adjusted earnings per share growth of 15% to 20% over this timeframe. The company's medium-term outlook assumes that the global economy has generally recovered from the impact of the COVID-19 pandemic.

2020 Investor Conference Webcast

You can attend the 2020 Investor Conference via webcast from 8 a.m. to approximately noon CST, on Tuesday, December 8, 2020. To register for the event, go to fiserv.com and click on the Events and Presentations webcast link. The presentation materials will be available in the "Investor Relations" section of the website after the conclusion of the event.

About Fiserv

Fiserv, Inc. (NASDAQ: FISV) aspires to move money and information in a way that moves the world. As a global leader in payments and financial technology, the company helps clients achieve best-in-class results through a commitment to innovation and excellence in areas including account processing and digital banking solutions; card issuer processing and network services; payments; e-commerce; merchant acquiring and processing; and the Clover® cloud-based point-of-sale solution. Fiserv is a member of the S&P 500® Index and the FORTUNE® 500, and is among FORTUNE World's Most Admired Companies®. Visit fiserv.com and follow on social media for more information and the latest company news.

Use of Non-GAAP Financial Measures

Due to the financial impact of the First Data acquisition, the company's 2019 non-GAAP financial performance measures have been recalculated in this news release on a combined company basis. The combined financial information has been prepared by making certain adjustments to the sum of historical First Data financial information determined in accordance with generally accepted accounting principles ("GAAP") and historical Fiserv financial information determined in accordance with GAAP. The historical combined financial information includes various estimates and is not necessarily indicative of the operating results of the combined companies had the transaction been completed at the assumed date or of the combined companies in the future. The historical combined financial information does not reflect any cost savings or other synergies anticipated as a result of the acquisition. In addition, the historical combined financial information does not reflect the impact of any purchase accounting adjustments that arose from the acquisition as such impacts would be excluded in the preparation of the combined financial information. The combined financial information is not pro forma information prepared in accordance with Article 11 of Regulation S-X of the Securities and Exchange Commission, and the preparation of information in accordance with Article 11 would result in a significantly different presentation.

The company supplements its and First Data's historical reporting of information determined in accordance with GAAP, such as revenue, net income and earnings per share, with "adjusted revenue," "internal revenue growth," "combined net income attributable to Fiserv," "adjusted net income," "adjusted net income, as adjusted for divestitures," "combined earnings per share," "adjusted earnings per share," and "adjusted earnings per share, as adjusted for divestitures." Management believes that providing combined historical financial information, making adjustments for certain non-cash or other items and excluding certain pass-through revenue and expenses with respect to such combined information should enhance shareholders' ability to evaluate the combined company's performance, including providing a reasonable basis of comparison with its results for post-acquisition periods and providing additional insights into the factors and trends affecting the combined company's business. Therefore, the company excludes these items from its and First Data's historical combined revenue, combined net income attributable to Fiserv and combined earnings per share to calculate these unaudited non-GAAP measures. See page 6 for additional information regarding the company's forward-looking non-GAAP financial measures.

Examples of non-cash or other items may include, but are not limited to, non-cash deferred revenue adjustments arising from acquisitions; non-cash intangible asset amortization expense associated with acquisitions; non-cash impairment charges; severance and restructuring costs; net charges associated with debt financing activities including foreign currency transaction gains or losses, early debt extinguishment and bridge financing costs; merger and integration costs; gains or losses from the sale of businesses; and certain discrete tax benefits and expenses. The company excludes these items to more clearly focus on the factors management believes are pertinent to the company's operations, and management uses this information to make operating decisions, including the allocation of resources to the company's various businesses.

The company adjusts its non-GAAP results to exclude amortization of acquisition-related intangible assets as such amounts are inconsistent in amount and frequency and are significantly impacted by the timing and/or size of acquisitions. Management believes that the adjustment of acquisition-related intangible asset amortization supplements GAAP information with a measure that can be used to assess the comparability of operating performance. Although the company excludes amortization from acquisition-related intangible assets from its non-GAAP expenses, management believes that it is important for investors to understand that such intangible assets were recorded as part of purchase accounting and contribute to revenue generation.

Management believes internal revenue growth is useful because it presents combined adjusted revenue growth including deferred revenue purchase accounting adjustments and excluding the impact of foreign currency fluctuations, acquisitions, dispositions and the company's Output Solutions postage reimbursements. Management believes this supplemental information enhances shareholders' ability to evaluate and understand the company's core business performance.

These non-GAAP measures may not be comparable to similarly titled measures reported by other companies and should be considered in addition to, and not as a substitute for, revenue, net income and earnings per share or any other amount determined in accordance with GAAP.

Forward-Looking Statements

This news release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including statements regarding anticipated adjusted earnings per share, adjusted earnings per share growth and internal revenue growth. 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 could cause the company’s actual results to differ materially include, among others, the following, many of which are, and will be, amplified by the COVID-19 pandemic: the duration and intensity of the COVID-19 pandemic; governmental and private sector responses to the COVID-19 pandemic and the impact of such responses on the company; the impact of the COVID-19 pandemic on the company's employees, clients, vendors, operations and sales; the possibility that the company may be unable to achieve expected synergies and operating efficiencies from the acquisition of First Data within the expected time frames or at all or to successfully integrate the operations of First Data into the company's operations; such integration may be more difficult, time-consuming or costly than expected; profitability following the transaction may be lower than expected, including due to unexpected costs, charges or expenses resulting from the transaction; operating costs, customer loss and business disruption (including, without limitation, difficulties in maintaining relationships with employees, customers, clients or suppliers) may be greater than expected following the transaction; unforeseen risks relating to the company's liabilities or those of First Data may exist; the company's ability to meet expectations regarding the accounting and tax treatments of the transaction; the company's ability to compete effectively against new and existing competitors and to continue to introduce competitive new products and services on a timely, cost-effective basis; changes in customer demand for the company's products and services; the ability of the company's technology to keep pace with a rapidly evolving marketplace; the successful management of the company's merchant alliance program which involves several alliances not under its sole control; the impact of a security breach or operational failure on the company's business including disruptions caused by other participants in the global financial system; the failure of the company's vendors and merchants to satisfy their obligations; the successful management of credit and fraud risks in the company's business and merchant alliances; changes in local, regional, national and international economic or political conditions and the impact they may have on the company and its customers; the effect of proposed and enacted legislative and regulatory actions affecting the company or the financial services industry as a whole; the company's ability to comply with government regulations and applicable card association and network rules; the protection and validity of intellectual property rights; the outcome of pending and future litigation and governmental proceedings; the company's ability to successfully identify, complete and integrate acquisitions, and to realize the anticipated benefits associated with the same; the impact of the company's strategic initiatives; the company's ability to attract and retain key personnel; volatility and disruptions in financial markets that may impact the company's ability to access preferred sources of financing and the terms on which the company is able to obtain financing or increase its costs of borrowing; adverse impacts from currency exchange rates or currency controls; and other factors included in “Risk Factors” in the company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2020, Annual Report on Form 10-K for the year ended December 31, 2019, and in other documents that the company files with the SEC, which are available at http://www.sec.gov.

The preliminary 2021 outlook and medium-term outlook for 2022 and 2023 reflect the anticipated financial results of the company in each year based on its current and expected assets, businesses and operations. The estimates assume: (i) that the global economy generally recovers from the impact of the COVID-19 pandemic in the first half of 2021, (ii) corporate tax and interest rates remain consistent with the rates existing as of the date of this *release, (iii) the company achieves its integration goals with respect to the First Data acquisition and (iv) no material acquisitions or dispositions. The estimates also assume that there are no other factors, including those described above in this release, materially impacting the operations of the company.*

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 news release.

Fiserv, Inc.
Forward-Looking Non-GAAP Financial Measures

Reconciliations of unaudited non-GAAP financial measures to the most comparable GAAP measures are included in this release, except for forward-looking measures where a reconciliation to the corresponding GAAP measures is not available due to the variability, complexity and limited visibility of these items that are excluded from the non-GAAP outlook measures. The company's forward-looking non-GAAP financial measures, including internal revenue growth and adjusted earnings per share, are designed to enhance shareholders' ability to evaluate the company's performance by excluding certain items to focus on factors and trends affecting its business. The company's internal revenue growth outlook includes deferred revenue purchase accounting adjustments and excludes the impact of foreign currency fluctuations, acquisitions, dispositions and the company's Output Solutions postage reimbursements. The company's adjusted earnings per share outlook includes non-cash deferred revenue purchase accounting adjustments and excludes non-cash intangible asset amortization expense associated with acquisitions, non-cash impairment charges, merger and integration costs, severance and restructuring costs, gains or losses from the sale of businesses, net charges associated with debt financing activities and certain discrete tax benefits and expenses. Adjustments to the company’s adjusted earnings per share that were incurred in 2019 are presented on page 7 of this release; however, they are not necessarily indicative of adjustments that may be incurred in 2020 or beyond. Estimates of these impacts and adjustments on a forward-looking basis are not available due to the variability, complexity and limited visibility of these items.

The company's adjusted earnings per share growth outlook for 2020 is based on 2019 adjusted earnings per share performance, including the historical results of First Data on an adjusted combined company basis, as adjusted for the sale of a 60% interest of the company's Investment Services business and other divestitures.

Fiserv, Inc.

Forward-Looking Non-GAAP Financial Measures (cont.)

2019 GAAP net income	$ 893
2019 GAAP net income attributable to First Data [1]	303
2019 combined net income attributable to Fiserv	1,196
Combined adjustments:	
Merger and integration costs [2]	467
Severance and restructuring costs [3]	150
Amortization of acquisition-related intangible assets [4]	1,222
Debt financing activities [5]	287
Non wholly-owned entity activities [6]	(53)
Tax impact of adjustments [7]	(480)
Gain on sale of businesses [8]	(12)
Tax impact of gain on sale of businesses [7]	3
Discrete tax items [9]	(5)
2019 adjusted net income	2,775

Impact of divestitures [8]	(46)
Taxes on Impact of divestitures [7]	10
2019 adjusted net income, as adjusted for divestitures	$ 2,739
Weighted average common shares outstanding - diluted	522.6
Issuance of shares for combination	167.0
Dilutive impact of exchanged equity awards	4.5
Combined weighted average common shares outstanding - diluted [10]	694.1
2019 GAAP earnings per share [10]	$ 1.71
Combined earnings per share [10]	$ 1.72
Combined adjustments - net of income taxes:	
Merger and integration costs [2]	0.52
Severance and restructuring costs [3]	0.17
Amortization of acquisition-related intangible assets [4]	1.36
Debt financing activities [5]	0.32
Non wholly-owned entity activities [6]	(0.06)
Gain on sale of businesses [8]	(0.01)
Discrete tax items [9]	(0.01)
2019 adjusted earnings per share	4.00
Impact of divestitures [8]	(0.05)
2019 adjusted earnings per share, as adjusted for divestitures	$ 3.95
2020 adjusted earnings per share outlook	≥ $4.37

2020 adjusted earnings per share growth outlook	≥ 11%

In millions, except per share amounts, unaudited. Earnings per share is calculated using actual, unrounded amounts.

See pages 2-4 for disclosures related to the use of non-GAAP financial measures.

Fiserv, Inc.
Forward-Looking Non-GAAP Financial Measures (cont.)

1. Represents the financial results of First Data prior to the date of acquisition. For the year ended December 31, 2019, this includes the results of First Data from January 1, 2019 through July 28, 2019.
2. Represents acquisition and related integration costs incurred as a result of the company's various acquisitions. Merger and integration costs include $408 million related to the acquisition of First Data and primarily consist of legal and other professional service fees and incremental share-based compensation including the fair value of stock awards assumed by Fiserv in connection with the First Data acquisition. Legal and other professional service fees were $199 million and incremental share-based compensation including the fair value of assumed stock awards was $108 million.
3. Represents severance and other costs associated with the achievement of expense management initiatives, including real estate and data center consolidation activities. Severance and restructuring costs includes a non-cash impairment charge of $48 million primarily related to an international core processing platform.
4. Represents amortization of intangible assets acquired through various acquisitions, including customer relationships, software/technology, and trade names. This adjustment does not exclude the amortization of other intangible assets such as contract assets (sales commissions and deferred conversion costs), capitalized and purchased software, and financing costs and debt discounts.
5. Represents losses on early debt extinguishments and other costs associated with the refinancing of certain indebtedness, including that of First Data. Debt financing activities include $220 million of early debt extinguishment costs and $98 million of bridge term loan facility expenses, partially offset by $50 million of net currency transaction gains related to foreign currency denominated debt.
6. Represents the company's share of amortization of acquisition-related intangible assets at its unconsolidated affiliates, as well as the minority interest share of amortization of acquisition-related intangible assets at its subsidiaries in which it holds a controlling financial interest. This adjustment also includes a $14 million net gain on the merger of a joint venture.
7. The tax impact of adjustments is calculated using a tax rate of 23%, which approximates the combined company's annual effective tax rate, exclusive of the actual tax impacts associated with the net gain on sale of businesses.
8. Represents the earnings attributable to divested businesses and the gain on the associated divestiture transactions, including two businesses acquired as part of the First Data acquisition that were sold in October 2019 and the sale of a 60% interest in the Investment Services business in February 2020.
9. Represents certain discrete tax items, including the tax impacts from non-deductible transaction costs associated with the acquisition of First Data.
10. GAAP earnings per share is computed by dividing GAAP net income by the weighted-average number of common shares outstanding - diluted during the period. Combined earnings per share is computed by dividing combined net income attributable to Fiserv by the combined weighted average common shares outstanding - diluted during the period. The combined weighted average common shares outstanding - diluted is computed based on the historical Fiserv weighted average shares outstanding - diluted determined in accordance with GAAP, adjusted to include the Fiserv shares issued as merger consideration and shares subject to First Data equity awards assumed by Fiserv in connection with the First Data acquisition for all periods presented.

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