

# First Quarter 2016 Financial Results Conference Call

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May 5, 2016

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# Forward-Looking Statements and Non-GAAP Financial Measures

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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 growth,” “free cash flow per share” and “adjusted operating margin.” 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 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, 2015 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,” “free cash flow” and “free cash flow per share.” 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 are provided in the appendix to this presentation.

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# Key Financial Metrics

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	<b>Adjusted Revenue</b>	<b>Internal Revenue</b>	<b>Adjusted EPS</b>
1Q-16	\$1,253	\$1,240	\$1.06
1Q-15	\$1,193	\$1,192	\$0.89
Change	5%	4%	19%

\$ in millions, except per share amounts.

See appendix for information regarding non-GAAP measures.

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# Other Financial Metrics

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	<b>Free Cash Flow Per Share</b>	<b>Adjusted Operating Margin</b>
1Q-16	\$1.31	31.9%
1Q-15	\$1.10	31.1%
Change	19%	80 bps

See appendix for information regarding non-GAAP measures.

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# Internal Revenue Growth by Segment

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<b>Segment</b>	<b>1Q-16</b>
Payments	7%
Financial	1%
<b>Total Company</b>	<b>4%</b>

See appendix for information regarding non-GAAP measures.

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# Adjusted Operating Margin by Segment

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<b>Segment</b>	<b>1Q-16</b>	<b>1Q-15</b>	<b>Change</b>
Payments	33.5%	31.2%	230 bps
Financial	32.6%	34.3%	(170 bps)
<b>Total Company</b>	<b>31.9%</b>	<b>31.1%</b>	<b>80 bps</b>

See appendix for information regarding non-GAAP measures.

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# 2016 Performance Outlook

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## Key Financial Metrics

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Internal Revenue

## Growth

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5 - 6%

Adjusted EPS

12 - 15%

## Other Financial Metrics

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Free Cash Flow Per Share

> \$4.70

Adjusted Operating Margin Expansion

> 50 bps

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# Appendix



# Internal Revenue Growth

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

In the first quarter of 2016, acquired revenue was \$13 million (all in the Payments segment), and revenue in the comparable prior year period attributable to dispositions was \$1 million (all in the Financial segment).

See page 2 for disclosures related to non-GAAP financial measures.

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# Adjusted EPS

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	<u>1Q-16</u>	<u>1Q-15</u>
GAAP EPS	\$ 1.27	\$ 0.73
Adjustments – net of income taxes:		
Merger, integration and other costs <sup>1</sup>	0.05	0.01
Severance costs	0.01	0.01
Amortization of acquisition-related intangible assets	0.12	0.13
StoneRiver and other investment activity <sup>2</sup>	<u>(0.39)</u>	<u>--</u>
Adjusted EPS	<u>\$ 1.06</u>	<u>\$ 0.89</u>

Earnings per share is calculated using actual, unrounded amounts.

See page 2 for disclosures related to non-GAAP financial measures.

<sup>1</sup>Merger, integration and other costs include acquisition-related integration costs, including a \$10 million pre-tax non-cash impairment charge associated with the decision to replace an existing software solution with software purchased in a business acquisition during the first quarter of 2016; incremental expenses incurred in conjunction with the achievement of the company's operational effectiveness objectives, including costs related to data center and real estate consolidation activities; and a non-cash expense in 2015 related to the modification of certain employee equity award agreements.

<sup>2</sup>Represents the after-tax impact of the company's share of a \$146 million net gain on the sale of a business interest at StoneRiver Group L.P., a joint venture in which the company owns a 49% interest, as well as a non-cash write-off of a \$7 million investment.

# Free Cash Flow Per Share

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	<u>1Q-16</u>	<u>1Q-15</u>
Net cash provided by operating activities	\$ 509	\$ 346
Capital expenditures <sup>1</sup>	(72)	(90)
Other adjustments <sup>2</sup>	<u>(139)</u>	<u>12</u>
Free cash flow	<u>\$ 298</u>	<u>\$ 268</u>
Diluted shares	<u>227.3</u>	<u>243.0</u>
Free cash flow per share	<u>\$ 1.31</u>	<u>\$ 1.10</u>

In millions, except per share amounts. Free cash flow per share is calculated using actual, unrounded amounts.

See page 2 for disclosures related to non-GAAP financial measures.

Free cash flow is calculated as net cash provided by operating activities less capital expenditures, and excludes tax-effected severance, merger and integration payments; certain cash distributions from StoneRiver; and other items which management believes may not be indicative of the future free cash flow of the company.

<sup>1</sup>2015 includes \$10 million of capital expenditures related to the company's Atlanta facility consolidation, which is offset by a \$10 million landlord reimbursement reported in net cash provided by operating activities.

<sup>2</sup>"Other adjustments" in 2016 consists primarily of cash distributions of \$140 million from StoneRiver.

# Adjusted Revenue and Adjusted Operating Income

## Total Company

	<u>1Q-16</u>	<u>1Q-15</u>
Revenue	\$ 1,331	\$ 1,275
Output Solutions postage reimbursements	(78)	(83)
Deferred revenue purchase accounting adjustments	--	1
Adjusted revenue	<u>\$ 1,253</u>	<u>\$ 1,193</u>
Operating income	\$ 339	\$ 314
Merger, integration and other costs	16	5
Severance costs	4	3
Amortization of acquisition-related intangible assets	40	49
Adjusted operating income	<u>\$ 399</u>	<u>\$ 371</u>
Operating margin	25.5%	24.6%
Adjusted operating margin	31.9%	31.1%

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

See page 2 for disclosures related to non-GAAP financial measures.

# Adjusted Revenue and Adjusted Operating Income by Segment

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## Payments Segment

	<u>1Q-16</u>	<u>1Q-15</u>
Revenue	\$ 749	\$ 696
Output Solutions postage reimbursements	<u>(78)</u>	<u>(83)</u>
Adjusted revenue	<u>\$ 671</u>	<u>\$ 613</u>
Operating income	<u>\$ 225</u>	<u>\$ 191</u>
Operating margin	30.0%	27.5%
Adjusted operating margin	33.5%	31.2%

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

See page 2 for disclosures related to non-GAAP financial measures.

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# Adjusted Revenue and Adjusted Operating Income by Segment

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## Financial Segment

	<u>1Q-16</u>	<u>1Q-15</u>
Revenue	\$ 599	\$ 593
Deferred revenue purchase accounting adjustments	<u>--</u>	<u>1</u>
Adjusted revenue	<u>\$ 599</u>	<u>\$ 594</u>
Operating income	<u>\$ 195</u>	<u>\$ 204</u>
Operating margin	32.6%	34.3%
Adjusted operating margin	32.6%	34.3%

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

See page 2 for disclosures related to non-GAAP financial measures.

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