

Fidelity National Information Services

4Q preview: RemainCo takes center stage; maintain Buy

Reiterate Rating: BUY | PO: 75.00 USD | Price: 63.35 USD

Focus on '24 RemainCo guide; adding FIS to US1 list

We expect investor focus for FIS' 4Q print will be on '24 RemainCo guidance, as 4Q itself should generally be uneventful. Once the Worldpay (WP) sale closes in 1Q, we think RemainCo's simplified/less cyclical business model and new comp set should improve sentiment in the stock. Reiterate Buy rating on "new" FIS' attractive valuation (~12.7x our '24 RemainCo adj. EPS est of \$5.00), significant recurring revenue, and return of cash to shareholders (~\$3.5B+ buybacks thru YE24 and ~35% dividend payout ratio).

Catalyst path: WP txn close, clean '24 guide, Analyst Day

In mid-'23, FIS announced plans to sell 55% of its WP merchant business, which has weighed on company growth and sentiment the past few years, to private equity firm GTCR. Post the sale, FIS' business model will be financial services software/services-centric, and therefore should start to be comped against a different set of companies (e.g. JKHY, SSNC, and BR), which have a higher average '24 P/E multiple at ~24x vs. current comps FI and GPN at ~13.5x. If FIS can execute well against '24 RemainCo guidance (with a business model that prior to the WP acquisition commonly traded at a high-teens P/E), we would expect positive re-rating in shares. FIS also plans to host an Analyst Day in 2Q to discuss strategy and multi-year financial targets. Given this catalyst path, FIS is a Top 10 US Research Idea for 1Q, and we now add the stock to our US1 list.

Expect in-line+ 4Q w/ initial '24 revs growth guide 3-5%

Consistent with YTD trends, we believe FIS can deliver an at least in-line 4Q. Per guidance, RemainCo organic revs are expected to decelerate modestly in 4Q, due to tough non-recurring revs comps. We expect 4Q Banking revs to be roughly flat y/y (+3% recurring revs offset by decline in professional services) and Capital Markets to be up modestly (5% headwind from license revs comps, recurring rev growth of ~+7%). We expect initial '24 organic growth guidance of 2-3% in Banking (with gap narrowing between recurring and total revs growth), and Cap Markets guidance of ~5%.

Introducing RemainCo estimates; raise PO to \$75

We introduce '24/'25/'26 RemainCo adjusted EPS estimates of \$5.00/\$5.52/\$5.96, including FIS' 45% minority stake in WP, and pro forma for a 1/1/24 transaction close. We also raise our PO to \$75 (from \$72 prior). See inside pages for more details.

Estimates (Dec) (US\$)	2021	2022A	2023E	2024E	2025E
EPS	NA	3.78	3.41	5.00	5.52
EPS Change (YoY)	NA	NA	-9.8%	46.6%	10.4%
Consensus EPS (Bloomberg)			5.34	4.80	5.18
DPS	NA	1.93	2.08	1.48	1.63
Valuation (Dec)					
P/E	NA	16.8x	18.6x	12.7x	11.5x
Dividend Yield	NA	3.0%	3.3%	2.3%	2.6%
EV / EBITDA*	NA	17.8x	14.3x	13.7x	13.2x
Free Cash Flow Yield*	NA	4.7%	6.2%	4.2%	4.0%

* For full definitions of *IQmethod*SM measures, see page 12.

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Timestamp: 09 January 2024 05:30AM EST

09 January 2024

Equity

Key Changes

(US\$)	Previous	Current
Price Obj.	72.00	75.00
2023E Rev (m)	14,620.3	9,833.4
2024E Rev (m)	15,145.6	10,198.2
2025E Rev (m)	15,754.4	10,560.1
2023E EPS	6.10	3.41
2024E EPS	6.87	5.00
2025E EPS	7.81	5.52

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Stock Data

Price	63.35 USD
Price Objective	75.00 USD
Date Established	8-Jan-2024
Investment Opinion	B-1-7
52-Week Range	46.91 USD - 79.32 USD
Mrkt Val (mn) / Shares Out (mn)	37,534 USD / 592.5
Free Float	99.3%
Average Daily Value (mn)	374.13 USD
BofA Ticker / Exchange	FIS / NYS
Bloomberg / Reuters	FIS US / FIS.N
ROE (2023E)	8.7%
Net Dbt to Eqty (Dec-2022A)	57.9%
ESGMeter TM	High

ESGMeter is not indicative of a company's future stock price performance and is not an investment recommendation or rating. ESGMeter is independent of BofA Global Research's equity investment rating, volatility risk rating, income rating, and price

iQprofileSM Fidelity National Information Services

iQmethodSM – Bus Performance*

(US\$ Millions)	2021	2022A	2023E	2024E	2025E
Return on Capital Employed	NA	NA	2.8%	5.4%	8.8%
Return on Equity	NA	16.7%	8.7%	18.9%	30.3%
Operating Margin	NA	12.5%	18.3%	19.2%	20.2%
Free Cash Flow	NA	1,775	2,311	1,568	1,511

iQmethodSM – Quality of Earnings*

(US\$ Millions)	2021	2022A	2023E	2024E	2025E
Cash Realization Ratio	NA	1.3x	1.7x	0.8x	0.8x
Asset Replacement Ratio	NA	0.4x	0.4x	0.7x	0.8x
Tax Rate	NA	34.7%	31.2%	18.5%	19.0%
Net Debt-to-Equity Ratio	NA	57.9%	73.9%	47.1%	70.4%
Interest Cover	NA	4.3x	2.8x	7.7x	7.2x

Income Statement Data (Dec)

(US\$ Millions)	2021	2022A	2023E	2024E	2025E
Sales	NA	9,719	9,833	10,198	10,560
% Change	NA	NA	1.2%	3.7%	3.5%
Gross Profit	NA	3,503	3,799	4,166	4,404
% Change	NA	NA	8.4%	9.7%	5.7%
EBITDA	NA	3,182	3,945	4,116	4,288
% Change	NA	NA	24.0%	4.3%	4.2%
Net Interest & Other Income	NA	(277)	(703)	(253)	(295)
Net Income (Adjusted)	NA	2,294	2,017	2,763	2,859
% Change	NA	NA	-12.1%	37.0%	3.5%

Free Cash Flow Data (Dec)

(US\$ Millions)	2021	2022A	2023E	2024E	2025E
Net Income from Cont Operations (GAAP)	NA	766	(6,594)	1,388	1,489
Depreciation & Amortization	NA	3,373	2,459	1,096	1,109
Change in Working Capital	NA	(760)	967	32	(200)
Deferred Taxation Charge	NA	(692)	(625)	(561)	(359)
Other Adjustments, Net	NA	399	7,137	357	317
Capital Expenditure	NA	(1,310)	(1,033)	(744)	(845)
Free Cash Flow	NA	1,775	2,311	1,568	1,511
% Change	NA	NA	30.2%	-32.2%	-3.6%
Share / Issue Repurchase	NA	NA	NA	NA	NA
Cost of Dividends Paid	NA	(1,166)	(1,230)	(818)	(843)
Change in Debt	NA	634	(909)	(7,500)	0

Balance Sheet Data (Dec)

(US\$ Millions)	2021	2022A	2023E	2024E	2025E
Cash & Equivalents	NA	456	455	2,266	953
Trade Receivables	NA	11,261	10,660	2,276	2,419
Other Current Assets	NA	1,101	904	936	1,059
Property, Plant & Equipment	NA	2,764	2,915	3,456	3,456
Other Non-Current Assets	NA	47,696	38,082	20,544	19,857
Total Assets	NA	63,278	53,016	29,478	27,743
Short-Term Debt	NA	2,130	1,320	1,320	1,320
Other Current Liabilities	NA	14,094	14,491	8,974	9,100
Long-Term Debt	NA	14,206	13,241	5,741	5,741
Other Non-Current Liabilities	NA	5,442	4,867	3,263	2,904
Total Liabilities	NA	35,872	33,920	19,297	19,064
Total Equity	NA	27,406	19,096	10,181	8,679
Total Equity & Liabilities	NA	63,278	53,016	29,478	27,743

* For full definitions of iQmethodSM measures, see page 12.

Company Sector

Computer Services

Company Description

Headquartered in Jacksonville, Florida, FIS provides software, services and outsourcing of technology to a wide range of institutions in the financial services industry. FIS is a Fortune 500 company and is a member of the S&P500 Index. In 2022, FIS generated revenues of \$14.53B, adjusted EBITDA margin of 42.7%, EPS of \$6.65, and \$2.9B in free cash flow.

Investment Rationale

FIS plans to sell 55% of its Merchant segment to private equity (transaction expected to close in 1Q24). Following the sale, FIS' business model will be financial services software/services-centric with mostly recurring revenues. Management has also cut guidance to relatively achievable levels. We believe downside in the stock is very limited from here, with substantial upside potential pending successful quarterly execution.

Stock Data

Average Daily Volume 5,905,707

Quarterly Earnings Estimates

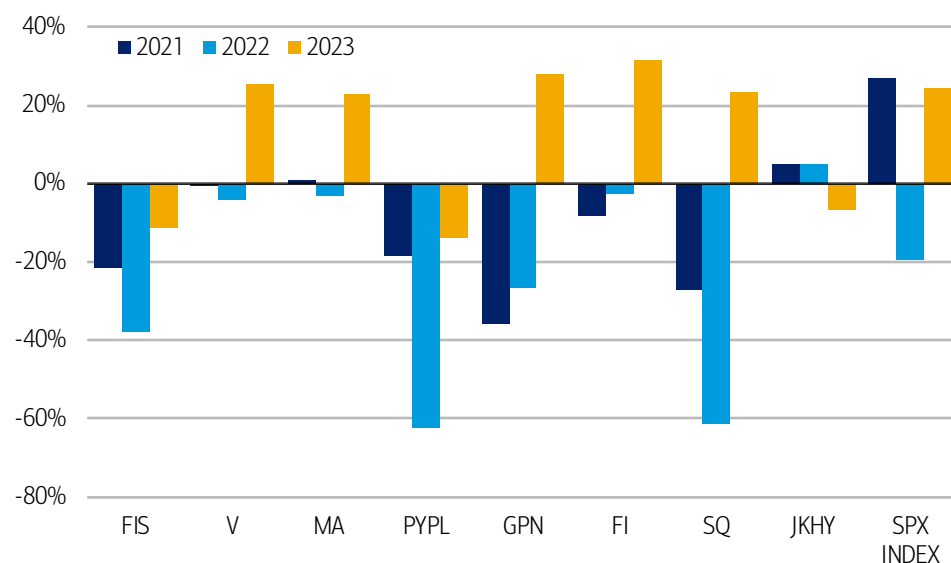
	2022	2023
Q1	0.85A	0.72A
Q2	0.94A	0.77A
Q3	1.01A	0.94A
Q4	0.98A	0.99E

2024 could finally be FIS' year

Shares of FIS have struggled mightily the past three years. As seen in Exhibit 1, the stock has materially lagged comps and the S&P500 since the start of 2021. In our view, much of this has been due to mis-execution surrounding the Worldpay acquisition in 2019.

Exhibit 1: FIS Stock Performance 2021-2023

FIS has materially lagged comps and the S&P500 since the start of 2021



Source: BofA Global Research, Bloomberg

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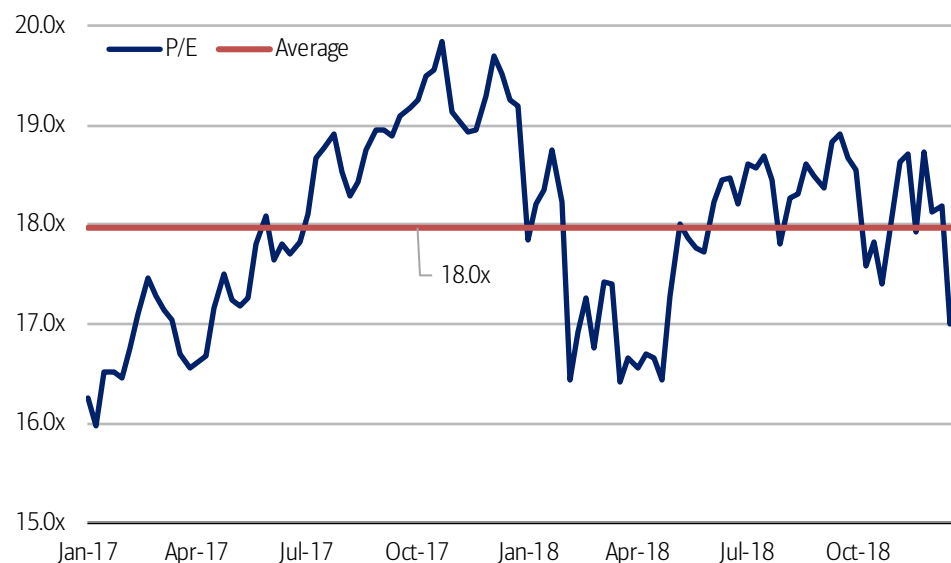
Now at the outset of 2024, we believe shares could be poised to outperform this year for three primary reasons:

1. **The story should be cleaner post the Worldpay sale.** In July 2023, FIS announced an agreement to sell 55% of Worldpay (FIS' merchant acquiring/processing business) to private equity firm GTCR in a transaction valuing Worldpay at \$18.5B. The acquisition is scheduled to close in 1Q24, and once it does, FIS becomes a cleaner and easier to own story, in our opinion. A simplified business model should also enable better quarterly execution.
2. **The new FIS is a Fintech company, not a Payments company, and should have new comps with higher multiples.** Post the Worldpay transaction, FIS' revs will be split about 70%/30% between Banking and Capital Markets, both of which have a significant amount of recurring revenue at ~80-85%/~70-75% respectively. Prior to the Worldpay acquisition, when the business mix looked much like it will post the close of the Worldpay sale, FIS' forward P/E multiple averaged ~18x in 2017/2018 (Exhibit 2). Since FIS is selling a majority stake in its Payments business, we think Fiserv (FI) and Global Payments (GPN) become less relevant comps. We believe the comp set should shift to the likes of Jack Henry (JKHY), Broadridge (BR), and SS&C Technologies (SSNC), which would have more business overlap with the new FIS. We note that JKHY, BR, and SSNC trade at an average 2024 P/E multiple of ~24x, vs. FI/GPN at an average of ~13.5x and FIS trading at ~12.7x our RemainCo adjusted EPS estimate.



Exhibit 2: FIS' Historical Average P/E Multiple 2017-2018

FIS' P/E multiple in 2017-2018 ranged from ~16x – 20x and averaged 18x



Source: BofA Global Research, Bloomberg

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- Expect ample return of cash, with a 1H catalyst path.** FIS management has already articulated plans for a ~35% dividend payout ratio (excluding Worldpay minority interest) and \$3.5B+ of share buybacks between 4Q23 and YE24. We expect the new FIS to be largely an organic story, with return of cash to shareholders providing valuation support for the stock. With investor positioning light and sentiment neutral/negative, we envision a 1H24 catalyst path including: closing the Worldpay transaction, issuance of clean initial guidance for RemainCo (both in 1Q24), followed by a likely Analyst Day in 2Q, where FIS can articulate its multi-year strategy and financial targets.

Initiating estimates for the new FIS

With the Worldpay sale expected to close this quarter, we are updating our FIS estimates to reflect just the RemainCo piece of the business. These estimates are pro forma for a 1/1/24 close date. In Exhibit 3-4 we present a condensed P&L for the new FIS, along with footnotes explaining individual line-item forecasts. Our detailed model can be found in Exhibits 5-7.

Exhibit 3: Analysis of RemainCo (Banking + Capital Markets) 2024 pro forma adj. EPS

We estimate RemainCo '24E adj. EPS of \$5.00, including \$0.91 from Worldpay minority interest

Pro-forma 2024 RemainCo EPS Calculation		Reference
(in \$M)		
Banking Revenues	7,073	
Capital Markets Revenues	2,914	
Corporate & Other	211	
Total Revenues	10,198	(1)
Adj. EBITDA	4,116	(2)
Less: D&A	(1,096)	(3)
Less: Interest Expense, net	(253)	(4)
Pre-Tax Income	2,766	
Less: Taxes @ ~18%	(510)	(5)
Adj. Net Income	2,256	
Add: Minority Interest (45% of Worldpay)	501	(6)
Total Adj. Net Income	2,757	
Share Count	553	(7)
Pro-forma Adj. EPS	\$5.00	

Notes

- (1) We estimate Banking Solutions revenues grow at 3% in '24, consistent with the YTD 3Q23 range of 3%-4%. We estimate Capital Markets Solutions revenues grow at ~5.5% in '24, in-line with 2023 growth guidance of 5.0-5.5%. We assume Corporate and other revenues stay relatively flat y/y.
- (2) Per p.18 of its 3Q23 earnings presentation, FIS guided to RemainCo '23 adj. EBITDA of \$3,930M-\$3,970M. Taking the mid-point of this range at \$3,950M, we assume a growth rate of ~3.8% (roughly mid-point of 3%-5% normalized revenue growth for RemainCo cited by FIS in 4Q22 earnings slide deck) to arrive at \$4,101M. We then subtract out \$200M of dis-synergies and add back \$215M of Future Forward program cost savings (both disclosed in 2Q23 earnings slide deck) to arrive at our '24 adj. EBITDA estimate of ~\$4,116M.
- (3) Per p.17 of its 3Q23 earnings presentation, FIS guided to '23 D&A (excluding Purchase Price Amortization) of ~\$1,000M, increasing 8%-10% in '24. In line with this guidance, we apply an 8.4% growth rate to our '23 D&A estimate of \$1,011M to arrive at our '24 D&A estimate of \$1,096M.
- (4) Per p.17 of its 3Q23 earnings presentation, FIS anticipates RemainCo has gross debt of ~\$10B (after debt paydown using Worldpay sale proceeds) with an avg. interest rate of ~3.25%-3.75% post-close. We assume an interest rate of 3.5%, to arrive at an interest expense estimate of \$350M. Our estimate for average '24 RemainCo cash balance is \$2,475M. Assuming an interest at a rate of ~3.9% (based on the 10-year Treasury yield), we estimate interest income of \$97M. Adding the interest expense to the interest income, we arrive at an Interest Expense, net of (\$253)M.
- (5) Per p.17 of 3Q23 earnings presentation, FIS expects a post-transaction close effective tax rate of ~17%-18% (vs. ~19% - 21% prior).
- (6) We multiplied our '24 adj. net income estimate for Worldpay by RemainCo's expected stake of 45%. See Exhibit 4 for details on our '24 adj. net income estimate for Worldpay.
- (7) On its 3Q23 earnings call, FIS increased its share repurchases goal to ~\$3.5B+ through 2024 (including ~\$500M in 4Q23). Assuming a share price of ~\$60 and that repurchases happen ratably at ~12.5M/quarter during 2024, we estimate average fully diluted share count will decline to ~553M in 2024 from ~595M in 2023.

Source: BofA Global Research estimates, Company Filings

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Exhibit 4: Pro forma 2024 Worldpay P&L

We estimate \$1.1B in pro forma adj. net income for Worldpay in 2024

Pro-forma 2024 Worldpay P&L		Reference
(in \$M)		
Adj. EBITDA	2,236	(8)
Less: D&A	(280)	(9)
Less: Interest Expense, net	(748)	(10)
Add: Other Income (Expense), net	73	(11)
Pre-Tax Income	1,281	
Less: Taxes @ 13%	(167)	(12)
Adj. Net Income	1,114	

Notes

- (8) P.6 of FIS's 8-K on 11/7/23 disclosed '23 outlook for combined Continuing & Discontinued Operations Adj. EBITDA of \$6,100M-\$6,150M, including Continuing Operations Adj. EBITDA of \$3,930M-\$3,970M. Subtracting out Continuing Operations Adj. EBITDA from Continuing & Discontinued Operations Adj. EBITDA, we arrive at a '23 Adj. EBITDA range for Discontinued Operations (Worldpay) of \$2,130M-\$2,220M. Taking the midpoint of this range at ~\$2,175M, we apply a ~3% y/y growth rate and estimate '24 adj. EBITDA of \$2,236M for Worldpay. We expect GTCR to exercise cost discipline at Worldpay.
- (9) FIS's 8-K on 11/7/23 disclosed Worldpay's '22 D&A was \$261M or 5.5% '22 revenues. We assume a similar ~5.8% ratio of '24 revenues to arrive at a '24 D&A estimate of \$280M for Worldpay.
- (10) We assume the \$748M of pro-forma Net Interest Expense disclosed in GTCR's 9/20/23 offering memorandum for LTM 6/30/23 holds steady in '24.
- (11) We assume the \$73M of pro-forma Other Income (Expense), net disclosed in GTCR's 9/20/23 offering memorandum for LTM 6/30/23 holds steady in '24.
- (12) We assume an adjusted effective tax rate of ~13% for Worldpay to arrive at taxes of \$167M; Worldpay's pro-forma tax rate prior to its merger with FIS in 2019 was in the low to mid-teens, and we believe Worldpay will retain the benefits of tax receivable agreements (TRAs) post transaction close.

Source: BofA Global Research estimates, Company Filings

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4Q preview and thoughts on initial 2024 guidance

Key points for 4Q:

- Consistent with YTD trends, we believe FIS can deliver an at least in-line 4Q. Per guidance, RemainCo organic revs are expected to decelerate modestly in 4Q, due to tough non-recurring revs comps.
- We expect 4Q Banking revs to be roughly flat at -0.5% y/y (+3% recurring revs offset by decline in professional services) and Capital Markets to be up modestly at 1% (5% headwind from license revs comps, recurring rev growth of ~+7%).
- We are modeling 4Q EBITDA margins of 47.8% for continuing operations, in-line with the 47%-49% implied from FY23 guidance in FIS's 11/7/23 8-K.

Key points for initial 2024 guidance:

- FIS is expected to provide its initial 2024 outlook for RemainCo (Banking + Capital Markets) on the 4Q call. We expect FIS' overall guidance posture to remain conservative, as was the case in 2023.
- Our base case scenario is that Banking growth guidance will be ~2-3%, with an expectation that the recent spread between recurring revs growth and total will narrow as FIS laps some tough comps on the non-recurring side. We believe FIS will guide to recurring revs growth of about 3-4%, consistent with underlying '23 trends (ex. 1x tailwind in 3Q23).
- We anticipate Capital Markets segment growth guidance of roughly 5%+, reflecting general consistency vs. the '23 guide of 5.0-5.5%.
- Regarding adj. EBITDA margins, we believe FIS will guide for modest y/y expansion, as benefits build from the ongoing Future Forward business optimization program. We expect margin expansion to be driven by the Banking segment.
- We anticipate FIS will reiterate its long-term gross leverage target of 2.5-3x, with intention to maintain an investment-grade credit rating.

Raising PO to \$75 from \$72

We update our PO to \$75 (from \$72 prior) based on 13.5x our RemainCo '25 EPS estimate (from 11x '24 adjusted EPS for total FIS prior). Our updated multiple applies a ~25% discount (vs. 40% prior) to the S&P500 and reflects FIS' slower organic growth profile, offset partially by the enhancement of FIS' new business model post the Worldpay sale, which will have significant recurring revenue, less cyclical, and return of cash to shareholders.

Risks are: 1) intense competition among core banking providers, 2) client base consolidation, 3) delayed sales cycle among Banking clients, 4) management execution, 5) Worldpay transaction close is delayed or fails to close.

Exhibit 5: RemainCo Income Statement

\$mm, except per share

	2022A	F1QA	F2QA	F3QA	F4QE	2023E	F1QE	F2QE	F3QE	F4QE	2024E	F1QE	F2QE	F3QE	F4QE	2025E
Revenue	9,719	2,397	2,424	2,489	2,523	9,833	2,489	2,519	2,576	2,614	10,198	2,577	2,608	2,667	2,708	10,560



Exhibit 5: RemainCo Income Statement

\$mm, except per share

	2022A	F1QA	F2QA	F3QA	F4QE	2023E	F1QE	F2QE	F3QE	F4QE	2024E	F1QE	F2QE	F3QE	F4QE	2025E
y/y growth		11%	07%	31%	-01%	12%	3.8%	3.9%	3.5%	3.6%	3.7%	3.5%	3.5%	3.5%	3.6%	3.5%
Organic FX neutral growth	7%		2.0%	4.0%		7%										
D&A ex. purchase accounting amortization	1,100	271	264	262	214	1,011	274	264	270	288	1,096	271	274	280	284	1,109
as a % of revenue	11.3%	9.5%	10.9%	10.5%	8.5%	10.3%	11.0%	10.5%	10.5%	11.0%	10.8%	10.5%	10.5%	10.5%	10.5%	10.5%
y/y growth		-7.5%	-6.4%	0.0%	-18.4%	-8.0%	1.0%	0.2%	3.2%	34.1%	8.4%	-1.2%	3.5%	3.5%	-1.1%	1.7%
Purchase accounting amortization	778	176	175	173	175	699	162	164	167	170	663	168	170	173	176	686
as a % of revenue	8.0%	18.5%	7.2%	7.0%	7.0%	7.1%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%
Cost of revenue ex. D&A	4,338	863	1,079	1,088	1,035	4,065	1,043	1,055	1,079	1,095	4,273	1,064	1,077	1,101	1,119	4,361
as a % of revenue	44.6%	36.0%	44.5%	43.7%	41.0%	41.3%	41.9%	41.9%	41.9%	41.9%	41.9%	41.3%	41.3%	41.3%	41.3%	41.3%
Cost of revenue	6,216	1,569	1,518	1,523	1,424	6,034	1,479	1,484	1,517	1,553	6,032	1,502	1,520	1,555	1,579	6,157
as a % of revenue	64.0%	65.5%	62.6%	61.2%	56.5%	61.4%	59.4%	58.9%	58.9%	59.4%	59.2%	58.3%	58.3%	58.3%	58.3%	58.3%
Gross profit	3,503	828	906	966	1,099	3,799	1,011	1,035	1,059	1,061	4,166	1,075	1,087	1,112	1,129	4,404
Gross margin	36.0%	34.5%	37.4%	38.8%	43.5%	38.6%	40.6%	41.1%	41.1%	40.6%	40.8%	41.7%	41.7%	41.7%	41.7%	41.7%
Operating expenses																
SG&A expenses	2,180	517	553	484	442	1,996	531	542	564	572	2,210	554	561	573	582	2,270
as a % of revenue	22.4%	21.6%	22.8%	19.4%	17.5%	20.3%	21.4%	21.5%	21.9%	21.9%	21.7%	21.5%	21.5%	21.5%	21.5%	21.5%
Asset impairments	104	-	1.0	7.0	-	8	-	-	-	-	-	-	-	-	-	-
EBIT	1,219	311	352	475	657	1,803	479	494	495	489	1,956	521	527	539	547	2,133
EBIT margin	12.5%	13.0%	14.5%	19.1%	26.0%	18.3%	19.3%	19.6%	19.2%	18.7%	19.2%	20.2%	20.2%	20.2%	20.2%	20.2%
Net interest expense	(281)	(142)	(160)	(162)	(170)	(634)	(63)	(63)	(63)	(63)	(253)	(74)	(74)	(74)	(74)	(295)
Other income/(expense)	4	(36)	(77)	22	22	(69)	-	-	-	-	-	-	-	-	-	-
Total non-operating income (expense)	(277)	(178)	(237)	(140)	(148)	(703)	(63)	(63)	(63)	(63)	(253)	(74)	(74)	(74)	(74)	(295)
Pre-tax income	942	133	115	335	509	1,100	416	430	431	425	1,703	447	453	465	473	1,839
as a % of revenue	9.7%	5.5%	4.7%	13.5%	20.2%	11.2%	16.7%	17.1%	16.7%	16.3%	16.7%	17.3%	17.4%	17.4%	17.5%	17.4%
Income taxes	327	37	29	74	204	344	77	80	80	79	315	85	86	88	90	349
GAAP tax rate	34.7%	27.8%	25.2%	22.1%	40.0%	31.2%	18.5%	18.5%	18.5%	18.5%	18.5%	19.0%	19.0%	19.0%	19.0%	19.0%
Net earnings (loss) from continuing ops	615	96	86	261	306	757	339	351	351	347	1,388	362	367	377	384	1,489
Net (earnings) loss attributable to NCI	(8)	-	(1)	(1)	-	(2)	81	119	98	98	397	85	121	102	97	406
Net earnings attributable to FIS	607	96	85	260	306	755	420	470	449	445	1,784	447	488	479	481	1,895
GAAP diluted EPS - FIS common s'holders	\$1.00	\$0.16	\$0.14	\$0.44	\$0.52	\$1.28	\$0.73	\$0.84	\$0.82	\$0.83	\$3.23	\$0.85	\$0.94	\$0.93	\$0.94	\$3.66
Dividends per share	\$1.93	\$0.52	\$0.52	\$0.52	\$0.52	\$2.08	\$0.37	\$0.37	\$0.37	\$0.37	\$1.48	\$0.41	\$0.41	\$0.41	\$0.41	\$1.63
Dividend payout ratio (ex. Worldpay NCI)							38.4%	36.5%	35.4%	34.8%	36.3%	37.4%	36.6%	35.4%	34.4%	35.9%
Non-GAAP adjustments:																
Depreciation and amortization, ex PAA	1,100	271	264	262	214	1,011	274	264	270	288	1,096	271	274	280	284	1,109
Purchase accounting amortization	778	176	175	173	175	699	162	164	167	170	663	168	170	173	176	686
Acquisition, integration and other costs	581	100	113	113	113	439	100	100	100	100	400	90	90	90	90	360
Asset impairments	103	0	1	7	0	8	0	0	0	0	-	0	0	0	0	-
Indirect Worldpay business support costs	179	42	41	40	45	168	0	0	0	0	-	0	0	0	0	-
Adjusted EBITDA from continuing ops	3,182	724	946	1,070	1,205	3,945	1,015	1,022	1,033	1,046	4,116	1,049	1,060	1,082	1,098	4,288
Adjusted EBITDA margin	32.7%	30.2%	39.0%	43.0%	47.8%	40.1%	40.8%	40.6%	40.1%	40.0%	40.4%	40.7%	40.7%	40.6%	40.5%	40.6%
y/y growth (bps)	3274	(815)	(184)	67	639	738	1,056	154	(291)	(774)	23	(7)	8	49	50	25
Non-GAAP adjustments to net earnings:																
Purchase accounting amortization	778	176	175	173	175	699	162	164	167	170	663	168	170	173	176	686
Acquisition, integration and other costs	683	110	120	118	118	466	100	100	100	100	400	90	90	90	90	360
Asset impairments	103	0	1	7	0	8	0	0	0	0	-	0	0	0	0	-
Indirect Worldpay business support costs	179	42	41	40	45	168	0	0	0	0	-	0	0	0	0	-
Non-operating (income) expense	(4)	36	77	(22)	(22)	69	0	0	0	0	-	0	0	0	0	-
(Provision) benefit for inc taxes on non-GAAP	(52)	(34)	(44)	(16)	(45)	(139)	(48)	(48)	(49)	(50)	(195)	(46)	(47)	(47)	(48)	(188)
Total non-GAAP adjs from continuing ops	1,687	330	370	300	271	1,271	214	215	218	220	868	211	213	216	218	858
Adjusted income before taxes	2,727	497	528	650	826	2,501	678	694	699	695	2,766	704	713	728	740	2,885
Effective tax rate	13.9%	14.3%	13.8%	13.8%	14.3%	14.1%	18.4%	18.4%	18.4%	18.4%	18.4%	18.0%	18.0%	18.0%	18.0%	18.0%
Adjusted net earnings - continuing ops	2,294	426	455	560	577	2,018	553	566	570	567	2,256	573	580	593	602	2,347
Adjusted net earnings margin	23.6%	17.8%	18.8%	22.5%	22.9%	20.5%	22.2%	22.5%	22.1%	21.7%	22.1%	22.2%	22.2%	22.2%	22.2%	22.2%
Adjusted net (earnings) loss from NCI							108	145	124	124	501	111	147	128	124	511
Diluted shares	607	593	594	594	585	592	573	559	545	533	553	527	521	515	509	518
Diluted Adj. EPS	\$3.78	\$0.72	\$0.77	\$0.94	\$0.99	\$3.41	\$1.15	\$1.27	\$1.27	\$1.30	\$5.00	\$1.30	\$1.40	\$1.40	\$1.43	\$5.52
y/y change		-15.0%	-18.9%	-6.6%	0.3%	-9.7%	60.4%	66.2%	35.1%	31.6%	46.4%	12.7%	9.6%	9.9%	9.9%	10.5%

Source: BoFA Global Research estimates, Company Filings

BoFA GLOBAL RESEARCH



Exhibit 6: RemainCo Balance Sheet

\$mm, except per share

	2022A	F3QA	F4QE	2023E	F1QE	F2QE	F3QE	F4QE	2024	F1QE	F2QE	F3QE	F4QE	2025E
Assets														
Cash & equivalents	456.0	466	455	455.1	2,816	2,552	2,265	2,266	2,266	1,911	1,560	1,262	953	953
Settlement deposits	592	605	605	605	605	605	605	605	605	605	605	605	605	605
Trade receivables, net	1,834	1,719	1,843	1,843	1,873	1,891	1,944	1,961	1,961	2,017	2,075	2,089	2,104	2,104
Other receivables	437	315	315	315	315	315	315	315	315	315	315	315	315	315
Prepaid expenses and other current assets	509	546	299	299	302	310	322	331	331	357	383	407	454	454
Current Assets held for sale	8,990	8,502	8,502	8,502	0	0	0	0	0	0	0	0	0	0
Total current assets	12,818	12,153	12,019	12,019	5,911	5,673	5,451	5,479	5,479	5,205	4,937	4,678	4,430	4,430
PP&E, net	709	682	682	682	682	682	682	682	682	682	682	682	682	682
Goodwill	16,816	16,811	16,811	16,811	16,811	16,811	16,811	16,811	16,811	16,811	16,811	16,811	16,811	16,811
Intangible assets, net	2,468	1,947	1,772	1,772	1,610	1,446	1,279	1,109	1,109	941	772	598	422	422
Computer software, net	2,055	2,082	2,233	2,233	2,365	2,499	2,635	2,774	2,774	2,774	2,774	2,774	2,774	2,774
Other noncurrent costs	1,705	1,616	1,616	1,616	1,616	1,616	1,616	1,616	1,616	1,616	1,616	1,616	1,616	1,616
Deferred contract costs, net	973	1,008	1,008	1,008	1,008	1,008	1,008	1,008	1,008	1,008	1,008	1,008	1,008	1,008
Noncurrent assets held for sale	25,734	16,875	16,875	16,875	0	0	0	0	0	0	0	0	0	0
Total assets	63,278	53,174	53,016	53,016	30,003	29,735	29,482	29,478	29,478	29,037	28,600	28,167	27,743	27,743
Liabilities														
Accounts payable and accrued liabilities	1,583	1,473	1,247	1,247	1,340	1,332	1,386	1,454	1,454	1,469	1,481	1,487	1,494	1,494
Settlement payables	613	631	587	587	2,010	1,999	2,079	2,210	2,210	2,232	2,251	2,261	2,270	2,270
Deferred revenue	777	739	739	739	696	703	709	715	715	721	728	734	741	741
Short-term borrowings, other	3,755	4,595	4,595	4,595	4,595	4,595	4,595	4,595	4,595	4,595	4,595	4,595	4,595	4,595
Current portion of long-term debt	2,130	1,320	1,320	1,320	1,320	1,320	1,320	1,320	1,320	1,320	1,320	1,320	1,320	1,320
Current liabilities held for sale	7,366	7,323	7,323	7,323	0	0	0	0	0	0	0	0	0	0
Total current liabilities	16,224	16,081	15,811	15,811	9,961	9,949	10,089	10,294	10,294	10,337	10,375	10,397	10,420	10,420
Long-term debt, excluding current portion	14,206	12,741	13,241	13,241	4,241	4,741	5,241	5,741	5,741	5,741	5,741	5,741	5,741	5,741
Deferred income taxes	2,689	2,346	2,345	2,345	2,184	2,054	1,870	1,785	1,785	1,697	1,608	1,518	1,426	1,426
Other long-term liabilities	1,382	1,478	1,478	1,478	1,478	1,478	1,478	1,478	1,478	1,478	1,478	1,478	1,478	1,478
Noncurrent liabilities held for sale	1,371	1,044	1,044	1,044	0	0	0	0	0	0	0	0	0	0
Total liabilities	35,872	33,690	33,920	33,920	17,864	18,222	18,677	19,297	19,297	19,253	19,202	19,133	19,064	19,064
Common stock, other	42,377	42,292	41,915	41,915	41,282	40,530	39,780	39,152	39,152	39,152	39,152	39,152	39,152	39,152
Retained earnings	(14,971)	(22,808)	(22,818)	(22,818)	(29,143)	(29,017)	(28,976)	(28,970)	(28,970)	(29,368)	(29,754)	(30,117)	(30,472)	(30,472)
Total equity	27,406	19,484	19,096	19,096	12,139	11,513	10,804	10,181	10,181	9,784	9,398	9,034	8,679	8,679
Total Liabilities & Equity	63,278	53,174	53,016	53,016	30,003	29,735	29,482	29,478	29,478	29,037	28,600	28,167	27,743	27,743

Source: BofA Global Research estimates, Company Filings

BofA GLOBAL RESEARCH

Exhibit 7: RemainCo Cash Flow Statement

\$mm, except per share

	2022E	F3QA*	F4QE	2023E	F1QE	F2QE	F3QE	F4QE	2024E	F1QE	F2QE	F3QE	F4QE	2025E
Net income	766	(6,900)	306	(6,594)	339	351	351	347	1,388	362	367	377	384	1,489
Depreciation and amortization	3,373	2,245	214	2,459	274	264	270	288	1,096	271	274	280	284	1,109
Amortization of debt issue costs	23	22	0	22	0	0	0	0	0	0	0	0	0	0
Asset impairment	121	6,850	0	6,850	0	0	0	0	0	0	0	0	0	0
Loss on assets held for sale	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Loss (gain) on sale of business & investments / other	(13)	31	0	31	0	0	0	0	0	0	0	0	0	0
Stock-based compensation	268	116	118	234	87	88	90	91	357	77	78	80	81	317
Deferred income taxes, other	(692)	(624)	(1)	(625)	(162)	(129)	(184)	(85)	(561)	(87)	(89)	(91)	(92)	(359)
Change in trade and other receivables														
Trade and other receivables	215	226	(124)	102	(30)	(18)	(53)	(17)	(119)	(56)	(58)	(14)	(15)	(142)
Settlement activity	(51)	(252)	0	(252)	0	0	0	0	0	0	0	0	0	0
Prepaid expenses and other assets	(333)	(73)	247	174	(2)	(8)	(12)	(9)	(32)	(26)	(26)	(24)	(47)	(123)
Deferred contract costs	(419)	(320)	0	(320)	0	0	0	0	0	0	0	0	0	0
Deferred revenue	(79)	(38)	(0)	(38)	(43)	7	6	6	(24)	6	6	6	7	25
Accounts payable, accrued liabilities & other liabilities	(93)	1,527	(226)	1,301	93	(8)	53	68	206	15	13	6	6	40
Total change in working capital	(760)	1,070	(103)	967	18	(27)	(6)	48	32	(60)	(65)	(26)	(49)	(200)
Cash flow from operating activities	3,086	2,810	534	3,344	556	547	522	688	2,313	562	565	620	609	2,356
Additions to property and equipment	(292)	(108)	(37)	(145)	(50)	(50)	(52)	(52)	(204)	(52)	(52)	(53)	(54)	(211)
% of revenues	3.0%	1.5%	1.5%	1.5%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Additions to computer software	(1,019)	(736)	(151)	(887)	(132)	(134)	(137)	(139)	(541)	(155)	(156)	(160)	(163)	(634)
% of revenues	10.5%	10.1%	6.0%	9.0%	5.3%	5.3%	5.3%	5.3%	5.3%	6.0%	6.0%	6.0%	6.0%	6.0%
Total CapEx	(1,310)	(844)	(189)	(1,033)	(182)	(184)	(188)	(191)	(744)	(206)	(209)	(213)	(217)	(845)
% of revenues	13.5%	11.5%	7.5%	10.5%	7.3%	7.3%	7.3%	7.3%	7.3%	8.0%	8.0%	8.0%	8.0%	8.0%
Proceeds from sale of businesses and investments	12	45	0	45	12,000	0	0	0	12,000	0	0	0	0	0
Acquisitions & other investing activities, net	903	(57)	0	(57)	0	0	0	0	0	0	0	0	0	0
Cash from from investing activities	(395)	(856)	(189)	(1,045)	11,818	(184)	(188)	(191)	11,256	(206)	(209)	(213)	(217)	(845)
Borrowings	60,006	64,461	10,500	74,961	10,000	11,000	11,000	11,000	43,000	10,500	10,500	10,500	10,500	42,000
Repayment of borrowings and capital lease obligations	(59,349)	(65,868)	(10,000)	(75,868)	(19,000)	(10,500)	(10,500)	(10,500)	(50,500)	(10,500)	(10,500)	(10,500)	(10,500)	(42,000)
Debt issuance costs	(23)	(2)	0	(2)	0	0	0	0	0	0	0	0	0	0
Proceeds from exercise of stock options	88	41	59	100	39	40	41	41	161	39	39	40	41	158
Treasury stock activity	(2,050)	(16)	(495)	(511)	(720)	(840)	(840)	(720)	(3,120)	(420)	(420)	(420)	(420)	(1,680)
Dividends paid	(1,166)	(926)	(304)	(1,230)	(212)	(207)	(202)	(197)	(818)	(214)	(212)	(210)	(207)	(843)
Distribution to Brazilian Venture partner	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other financing activities, net	(439)	(348)	(116)	(464)	(120)	(120)	(120)	(120)	(480)	(115)	(115)	(115)	(115)	(460)
Cash flow from financing activities	(2,933)	(2,658)	(356)	(3,014)	(10,013)	(627)	(621)	(496)	(11,757)	(711)	(708)	(705)	(702)	(2,825)
Effect of exchange rates	(782)	(28)	0	(28)	0	0	0	0	0	0	0	0	0	0
Cash at the beginning of period	(42)		466	(1,025)	455	2,816	2,552	2,265	455	2,266	1,911	1,560	1,262	2,266
Change in cash		(732)	(11)		2,361	(264)	(287)	1	1,811	(355)	(351)	(297)	(310)	(1,314)
Cash at the end of period	(1,025)	466	455	455	2,816	2,552	2,265	2,266	2,266	1,911	1,560	1,262	953	953

Source: BofA Global Research estimates, Company Filings

*Nine months ending September 30, 2023

BofA GLOBAL RESEARCH



Price objective basis & risk

Fidelity National Information Services (FIS)

We apply a 13.5x multiple to our 2025 non-GAAP EPS estimate, which is roughly a 25% discount to the S&P500, given FIS' slower organic growth profile, to calculate our 12-month price objective of \$75.

Risks are: 1) intense competition among core banking providers, 2) client base consolidation, 3) delayed sales cycle among Banking clients, 4) management execution, 5) Worldpay transaction close is delayed or fails to close.

Analyst Certification

I, Jason Kupferberg, hereby certify that the views expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or view expressed in this research report.

US - Payments, Processors, Specialty Finance and IT services Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
BUY				
	Accenture Plc	ACN	ACN US	Jason Kupferberg
	American Express Company	AXP	AXP US	Mihir Bhatia
	Block Inc	SQ	SQ US	Jason Kupferberg
	Capital One Financial	COF	COF US	Mihir Bhatia
	Discover Financial	DFS	DFS US	Mihir Bhatia
	Enact Holdings	ACT	ACT US	Mihir Bhatia
	Essent Group	ESNT	ESNT US	Mihir Bhatia
	Fidelity National Information Services	FIS	FIS US	Jason Kupferberg
	Fiserv Inc	FI	FI US	Jason Kupferberg
	FleetCor Technologies Inc.	FLT	FLT US	Mihir Bhatia
	Flywire	FLYW	FLYW US	Jason Kupferberg
	Global Payments Inc	GPN	GPN US	Jason Kupferberg
	Jack Henry & Associates	JKHY	JKHY US	Jason Kupferberg
	Mastercard Inc	MA	MA US	Jason Kupferberg
	MGIC Investment Corp.	MTG	MTG US	Mihir Bhatia
	NMI Holdings	NMIH	NMIH US	Mihir Bhatia
	Nuvei	NVEI	NVEI US	Jason Kupferberg
	Nuvei	YNVEI	NVEI CN	Jason Kupferberg
	OneMain Holdings, Inc.	OMF	OMF US	Mihir Bhatia
	Shift4 Payments, Inc	FOUR	FOUR US	Jason Kupferberg
	Telus International	TIXT	TIXT US	Cassie Chan
	Telus International	YTIXT	TIXT CN	Cassie Chan
	Visa Inc.	V	V US	Jason Kupferberg
	WEX Inc.	WEX	WEX US	Mihir Bhatia
NEUTRAL				
	Affirm Holdings	AFRM	AFRM US	Jason Kupferberg
	Bread Financial Holdings Inc	BFH	BFH US	Mihir Bhatia
	DLocal	DLO	DLO US	Jason Kupferberg
	Globant SA	GLOB	GLOB US	Jason Kupferberg
	Marqeta	MQ	MQ US	Jason Kupferberg
	PayPal Holdings Inc	PYPL	PYPL US	Jason Kupferberg
	SoFi Technologies Inc	SOFI	SOFI US	Mihir Bhatia
	Synchrony Financial	SYF	SYF US	Mihir Bhatia
	Thoughtworks	TWKS	TWKS US	Jason Kupferberg
	Toast	TOST	TOST US	Jason Kupferberg
	TTEC Holdings	TTEC	TTEC US	Cassie Chan
UNDERPERFORM				
	ADP	ADP	ADP US	Jason Kupferberg
	CGI Inc.	GIB	GIB US	Jason Kupferberg
	CGI Inc.	YGIBA	GIB/A CN	Jason Kupferberg
	Cognizant Technology Solutions	CTSH	CTSH US	Jason Kupferberg



US - Payments, Processors, Specialty Finance and IT services Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
	Coinbase	COIN	COIN US	Jason Kupferberg
	DXC Technology	DXC	DXC US	Jason Kupferberg
	EPAM Systems	EPAM	EPAM US	Jason Kupferberg
	Paychex	PAYX	PAYX US	Jason Kupferberg
	Radian Group Inc	RDN	RDN US	Mihir Bhatia
	Rocket Companies, Inc.	RKT	RKT US	Mihir Bhatia
	TaskUs	TASK	TASK US	Cassie Chan
	Western Union	WU	WU US	Jason Kupferberg
RSTR	EngageSmart	ESMT	ESMT US	Jason Kupferberg

iQmethodSM Measures Definitions**Business Performance**

Return On Capital Employed

Return On Equity

Operating Margin

Earnings Growth

Free Cash Flow

Numerator

NOPAT = (EBIT + Interest Income) × (1 – Tax Rate) + Goodwill Amortization

Net Income

Operating Profit

Expected 5 Year CAGR From Latest Actual

Cash Flow From Operations – Total Capex

Denominator

Total Assets – Current Liabilities + ST Debt + Accumulated Goodwill

Amortization

Shareholders' Equity

Sales

N/A

N/A

Quality of Earnings

Cash Realization Ratio

Asset Replacement Ratio

Tax Rate

Net Debt-To-Equity Ratio

Interest Cover

Numerator

Cash Flow From Operations

Capex

Tax Charge

Net Debt = Total Debt – Cash & Equivalents

EBIT

Denominator

Net Income

Depreciation

Pre-Tax Income

Total Equity

Interest Expense

Valuation Toolkit

Price / Earnings Ratio

Price / Book Value

Dividend Yield

Free Cash Flow Yield

Enterprise Value / Sales

Numerator

Current Share Price

Current Share Price

Annualised Declared Cash Dividend

Cash Flow From Operations – Total Capex

EV = Current Share Price × Current Shares + Minority Equity + Net Debt +

Other LT Liabilities

Enterprise Value

Denominator

Diluted Earnings Per Share (Basis As Specified)

Shareholders' Equity / Current Basic Shares

Current Share Price

Market Cap = Current Share Price × Current Basic Shares

Sales

EV / EBITDA

Basic EBIT + Depreciation + Amortization

iQmethodSM is the set of BofA Global Research standard measures that serve to maintain global consistency under three broad headings: Business Performance, Quality of Earnings, and valuations. The key features of *iQmethod* are: A consistently structured, detailed, and transparent methodology. Guidelines to maximize the effectiveness of the comparative valuation process, and to identify some common pitfalls.

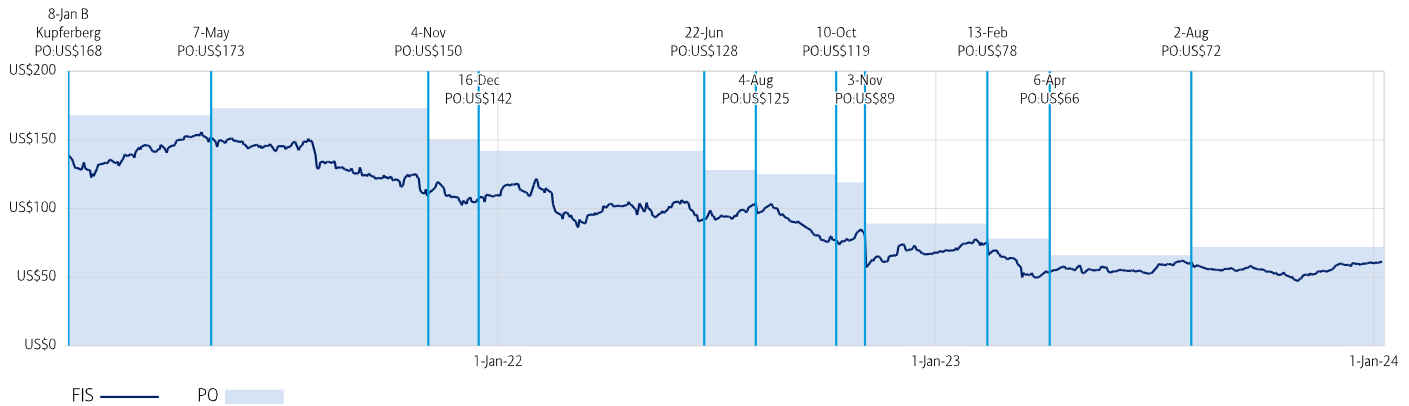
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Disclosures

Important Disclosures

Fidelity Nat'l Info (FIS) Price Chart



B: Buy, N: Neutral, U: Underperform, PO: Price Objective, NA: No longer valid, NR: No Rating

The Investment Opinion System is contained at the end of the report under the heading "Fundamental Equity Opinion Key". Dark grey shading indicates the security is restricted with the opinion suspended. Medium grey shading indicates the security is under review with the opinion withdrawn. Light grey shading indicates the security is not covered. Chart is current as of a date no more than one trading day prior to the date of the report.

Equity Investment Rating Distribution: Technology Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships ^{R1}	Count	Percent
Buy	215	53.09%	Buy	111	51.63%
Hold	97	23.95%	Hold	45	46.39%
Sell	93	22.96%	Sell	24	25.81%

Equity Investment Rating Distribution: Global Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships ^{R1}	Count	Percent
Buy	1895	53.62%	Buy	1083	57.15%
Hold	832	23.54%	Hold	454	54.57%
Sell	807	22.84%	Sell	383	47.46%

^{R1} Issuers that were investment banking clients of BofA Securities or one of its affiliates within the past 12 months. For purposes of this Investment Rating Distribution, the coverage universe includes only stocks. A stock rated Neutral is included as a Hold, and a stock rated Underperform is included as a Sell.

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Investment rating	Total return expectation (within 12-month period of date of initial rating)	Ratings dispersion guidelines for coverage cluster ^{R2}
Buy	≥ 10%	≤ 70%
Neutral	≥ 0%	≤ 30%
Underperform	N/A	≥ 20%

^{R2} Ratings dispersions may vary from time to time where BofA Global Research believes it better reflects the investment prospects of stocks in a Coverage Cluster.

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