

Fidelity National Information Services provides technology solutions for merchants, banks and capital market firms. In early 2024, the company sold a 55% interest in its Worldpay Merchant Solutions business to GTCR, unwinding its July 2019 purchase of Worldpay, the largest global merchant acquirer, and in April 2025 reached an agreement to sell the remaining interest to Global Payments. The company is headquartered in Jacksonville, Florida.

Analyst's Notes

Analysis by Stephen Biggar, May 6, 2025

ARGUS RATING: BUY

- View Worldpay/Issuer Solutions transaction as favorable
- On May 6, Fidelity National reported adjusted 1Q25 EPS of \$1.21, up from \$1.10 a year earlier and slightly above the \$1.20 consensus.
- Management reiterated guidance calling for EPS of \$5.70-\$5.80 (9%-11% growth) in 2025. The guidance includes continued operating margin improvement with EBITDA margin expansion of 40-45 basis points.
- In April, the company reached an agreement to sell its remaining 45% stake in Worldpay to Global Payments (GPN), while simultaneously agreeing to acquire GPN's Issuer Solutions business, which is mainly engaged in enabling financial service providers to manage their card portfolios.
- We view the deal positively as it allows the company to offer new products within its core financial institutional segment, grow its industry positioning and achieve consistent margin improvement. Our target price remains \$101, or about 18-times our 2025 EPS estimate.

INVESTMENT THESIS

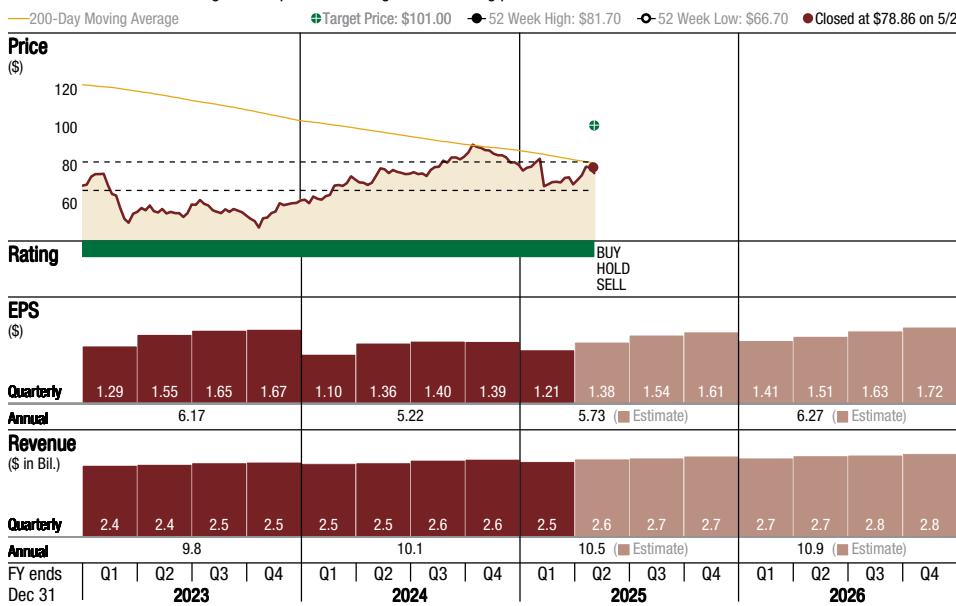
We are maintaining our BUY rating on Fidelity National Information Services Inc. (NYSE: FIS), a provider of technology solutions for merchants, banks, and capital market firms, with a target price of \$101. First-quarter EPS beat the consensus and the company maintained its guidance calling for 9%-11% EPS growth in 2025.

In January 2024, FIS sold a 55% stake in Worldpay Merchant Solutions business to private equity funds managed by GTCT, LLC. In April 2025, the company reached an agreement to sell its remaining 45% stake in Worldpay to Global Payments (GPN), while simultaneously agreeing to acquire GPN's Issuer Solutions business, which is mainly engaged in enabling financial service providers to manage their card portfolios. The Issuer Solutions business would be acquired for a net purchase price of \$12 billion, while the Worldpay sale would be for a pre-tax value of \$6.6 billion.

With Issuer Solutions, FIS is targeting \$45 million of revenues synergies (extending credit processing into a new client base and expanding internationally) and \$125 million of

Market Data

Pricing reflects previous trading week's closing price.



Argus Recommendations

Twelve Month Rating	SELL	HOLD	BUY
Five Year Rating	SELL	HOLD	BUY
Sector Rating	Under Weight	Market Weight	Over Weight

Argus assigns a 12-month BUY, HOLD, or SELL rating to each stock under coverage.

- BUY-rated stocks are expected to outperform the market (the benchmark S&P 500 Index) on a risk-adjusted basis over the next year.
- HOLD-rated stocks are expected to perform in line with the market.
- SELL-rated stocks are expected to underperform the market on a risk-adjusted basis.

The distribution of ratings across Argus' entire company universe is: 73% Buy, 27% Hold, 0% Sell.

Key Statistics

Key Statistics pricing data reflects previous trading day's closing price. Other applicable data are trailing 12-months unless otherwise specified

Market Overview

Price	\$75.89
Target Price	\$101.00
52 Week Price Range	\$66.51 to \$91.98
Shares Outstanding	525.82 Million
Dividend	\$1.60

Sector Overview

Sector	Financial
Sector Rating	OVER WEIGHT
Total % of S&P 500 Market Cap.	14.50%

Financial Strength

Financial Strength Rating	MEDIUM-HIGH
Debt/Capital Ratio	42.4%
Return on Equity	19.4%
Net Margin	8.0%
Payout Ratio	0.28
Current Ratio	0.85
Revenue	\$10.19 Billion
After-Tax Income	\$820.00 Million

Valuation

Current FY P/E	13.24
Prior FY P/E	14.54
Price/Sales	3.92
Price/Book	2.65
Book Value/Share	\$28.65
Market Capitalization	\$39.90 Billion

Forecasted Growth

1 Year EPS Growth Forecast	9.77%
5 Year EPS Growth Forecast	15.00%
1 Year Dividend Growth Forecast	11.11%

Risk

Beta	0.73
Institutional Ownership	96.31%

Analyst's Notes ...Continued

cost synergies (duplicate vendor and back-office costs) by the third year after closing, which is expected in the first half of 2026. The company forecasts the acquisition to be accretive to adjusted EPS in the first 12 months, and result in significantly higher free cash flow. With Issuer Solutions, we note that FIS has identified a sizeable addressable market with large banks.

Our BUY recommendation reflects Fidelity National's favorable position in the high-growth areas of e-commerce and integrated payments, as well as opportunities for market share expansion. We believe the payments industry has a long runway for growth as more spending moves to digital channels at the expense of cash.

RECENT DEVELOPMENTS

FIS shares are up 9% over the past year, similar to the increase for the broad market.

On May 6, Fidelity National reported adjusted 1Q25 EPS of \$1.21, up from \$1.10 a year earlier and slightly above the \$1.20 consensus. Revenue was up 3% to \$2.53 billion. Results in the current period exclude purchase account amortization, acquisition/integration, asset impairments, and other costs totaling \$1.06 per share.

In April 2025, the company agreed to sell its 45% minority interest in Worldpay Merchant Solutions to Global Payments (GPN), while acquiring GPN's Issuer Solutions business. The transaction is expected to be completed in the first half of 2026. In January 2024, FIS sold a 55% interest in Worldpay to private

equity funds managed by GTGR, LLC. FIS had purchased Worldpay, the largest global merchant acquirer, in July 2019 for \$35 billion.

EARNINGS & GROWTH ANALYSIS

Following the categorization of Merchant Solutions as discontinued operations in 3Q23, Fidelity reports results for two main operating segments. Banking Solutions contributed 68% of 1Q operating revenue and Capital Market Solutions 30%. Corporate and Other provided the balance. We summarize the 1Q segment results below.

Banking Solutions: Total revenue was up 2% to \$1.7 billion. The segment-adjusted EBITDA margin was 40.1%, down 379 basis points from the prior year, attributed to high license and termination fee revenue in the prior year. At its May 2024 Investor Day, management outlined plans for the Banking Solutions segment to grow revenues 3.5%-4.5% by 2025/2026.

Capital Market Solutions: Total revenue rose 8% to \$764 million. The segment-adjusted EBITDA margin expanded by 90 basis points to 48.3%, attributed to an increase in higher-margin license revenue and operating leverage. At its May 2024 Investor Day, management outlined plans for the Capital Market Solutions segment to grow revenues 7.5%-8.5% by 2025/2026, along with a 50%+ adjusted EBITDA margin.

Also at Investor Day, the company said it was raising its goal for operational expense savings through 2026 to a cumulative

Growth & Valuation Analysis**GROWTH ANALYSIS**

(\$ in Millions, except per share data)

	2020	2021	2022	2023	2024
Revenue	12,552	9,339	9,720	9,831	10,127
COGS	8,348	5,990	6,259	6,175	6,323
Gross Profit	4,204	3,349	3,461	3,656	3,804
SG&A	3,516	2,115	2,182	2,096	2,185
R&D	—	—	—	—	—
Operating Income	688	1,234	1,279	1,560	1,761
Interest Expense	334	212	281	621	250
Pretax Income	266	719	898	662	1,297
Income Taxes	96	403	314	157	362
Tax Rate (%)	36	56	35	24	28
Net Income	158	417	-16,752	-6,655	1,450
Diluted Shares Outstanding	627	621	604	591	555
EPS	0.25	0.67	-27.74	-11.26	2.61
Dividend	1.40	1.56	1.88	2.08	1.44
GROWTH RATES (%)					
Revenue	21.5	-25.6	4.1	1.1	3.0
Operating Income	-34.8	79.4	3.6	22.0	12.9
Net Income	-47.0	163.9	—	—	—
EPS	-62.1	108.0	82.7	-10.5	67.1
Dividend	—	11.4	20.5	10.6	-30.8
Sustainable Growth Rate	-2.8	-1.5	-0.4	-0.4	-5.1
VALUATION ANALYSIS					
Price: High	\$158.21	\$155.96	\$122.06	\$79.32	\$91.98
Price: Low	\$91.68	\$101.79	\$56.53	\$46.91	\$58.24
Price/Sales: High-Low	7.9 - 4.6	10.4 - 6.8	7.6 - 3.5	4.8 - 2.8	5.0 - 3.2
P/E: High-Low	632.8 - 366.7	232.8 - 151.9	—	—	35.2 - 22.3
Price/Cash Flow: High-Low	26.7 - 15.5	19.0 - 12.4	19.1 - 8.8	11.9 - 7.0	11.8 - 7.5

Financial & Risk Analysis**FINANCIAL STRENGTH**

	2022	2023	2024
Cash (\$ in Millions)	456	440	834
Working Capital (\$ in Millions)	-3,406	-4,573	-908
Current Ratio	0.79	0.75	0.85
LT Debt/Equity Ratio (%)	53.0	69.0	62.8
Total Debt/Equity Ratio (%)	75.0	101.5	73.5

RATIOS (%)

Gross Profit Margin	35.6	37.2	37.6
Operating Margin	13.2	15.9	17.4
Net Margin	-172.3	-67.7	14.3
Return On Assets	-22.9	-11.3	3.3
Return On Equity	-44.9	-28.8	8.3

RISK ANALYSIS

Cash Cycle (days)	—	—	—
Cash Flow/Cap Ex	1.6	2.7	2.7
Oper. Income/Int. Exp. (ratio)	4.0	1.9	4.7
Payout Ratio	422.2	117.7	244.7

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Analyst's Notes ...Continued

\$790 million, with incremental savings of \$280 million expected in 2024, \$190 million in 2025 and \$165 million in 2026, from a base of \$155 million achieved in 2023.

Along with 1Q25 earnings, the company reiterated prior guidance for 2025 calling for revenues of \$10.435-\$10.495 billion and adjusted EBITDA of \$4.305-\$4.335 billion and looks for adjusted EPS of \$5.70-\$5.80. The forecast implies adjusted EBITDA margin expansion of 40 to 45 basis points. For 2Q25, the company offered guidance for \$2.560-\$2.585 billion in revenues and \$1.34-\$1.38 for adjusted EPS.

We are keeping our 2025 EPS estimate at \$5.73, while boosting our 2026 forecast to \$6.27 from \$6.21.

FINANCIAL STRENGTH & DIVIDEND

Our financial strength rating on Fidelity is Medium-High. The company has healthy operating margins in the mid-40s, with prospects for further expansion.

As of March 31, 2025, long-term debt was \$8.7 billion, down from \$9.7 billion at the end of 2024.

In January 2025, the company raised its quarterly dividend by 11% to \$0.40 per share, or \$1.60 annually, for a yield of about 2.0%. Our dividend estimates are \$1.60 for 2025 and \$1.80 for 2026. The company intends to increase the dividend roughly in line with earnings growth, with a goal for a payout ratio of 35% of adjusted earnings.

In 1Q25, the company repurchased \$450 million of shares. The

company plans to repurchase \$1.2 billion of shares in all of 2025.

MANAGEMENT & RISKS

Stephanie Ferris became the company's president and CEO in December 2022, succeeding Gary Norcross. CFO Woody Woodall retired in November 2022 and was succeeded by Deputy CFO James Kehoe.

Fidelity faces risks from security or privacy breaches, as well as from Banking and Financial sector mergers, which could eliminate certain existing and potential clients. The company also faces risks from economic weakness, new technology, and legal and regulatory issues.

COMPANY DESCRIPTION

Fidelity National Information Services provides technology solutions for merchants, banks and capital market firms. In early 2024, the company sold a 55% interest in its Worldpay Merchant Solutions business to GTCR, unwinding its July 2019 purchase of Worldpay, the largest global merchant acquirer, and in April 2025 reached an agreement to sell the remaining interest to Global Payments. The company is headquartered in Jacksonville, Florida.

VALUATION

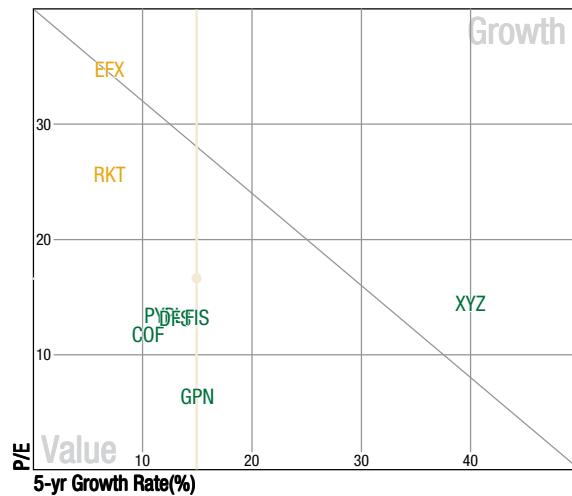
FIS shares have traded between \$67 and \$92 over the past year and are currently near the middle of that range. The shares have performed in line with the broader market over the past year.

We believe that the shares offer value at current levels, and like

Peer & Industry Analysis

The graphics in this section are designed to allow investors to compare FIS versus its industry peers, the broader sector, and the market as a whole, as defined by the Argus Universe of Coverage.

- The scatterplot shows how FIS stacks up versus its peers on two key characteristics: long-term growth and value. In general, companies in the lower left-hand corner are more value-oriented, while those in the upper right-hand corner are more growth-oriented.
- The table builds on the scatterplot by displaying more financial information.
- The bar charts on the right take the analysis two steps further, by broadening the comparison groups into the sector level and the market as a whole. This tool is designed to help investors understand how FIS might fit into or modify a diversified portfolio.



Ticker	Company	Market Cap (\$ in Millions)	5-yr Growth Rate (%)	Current FY P/E	Net Margin (%)	1-yr EPS Growth (%)	Argus Rating
COF	Capital One Financial Corp.	70,845	10.5	11.8	9.0	14.5	BUY
PYPL	PayPal Holdings Inc	66,181	12.0	13.4	14.3	8.3	BUY
DFS	Discover Financial Services	47,341	13.0	13.2	20.4	10.0	BUY
FIS	Fidelity Nati Information Serv	39,904	15.0	13.2	8.0	9.4	BUY
EFX	Equifax, Inc.	32,563	7.0	34.7	10.7	15.9	HOLD
XYZ	Block Inc.	26,246	40.0	14.5	10.9	39.8	BUY
GPN	Global Payments, Inc.	19,493	15.0	6.4	15.5	10.8	BUY
RKT	Rocket Companies Inc	1,740	7.0	25.6	.5	60.0	HOLD
Peer Average		38,039	14.9	16.6	11.2	21.1	



Analyst's Notes ...Continued

the improved growth profile offered by the pending sale of a remaining stake in Worldpay and the acquisition of Global Payments' Issuer Solutions business. We are keeping our target price of \$101, implying a multiple of about 18-times our 2025 EPS estimate.

On May 6, BUY-rated FIS closed at \$75.89, down \$2.43.

About Argus

Argus Research, founded by Economist Harold Dorsey in 1934, has built a top-down, fundamental system that is used by Argus analysts. This six-point system includes Industry Analysis, Growth Analysis, Financial Strength Analysis, Management Assessment, Risk Analysis and Valuation Analysis.

Utilizing forecasts from Argus' Economist, the Industry Analysis identifies industries expected to perform well over the next one-to-two years.

The Growth Analysis generates proprietary estimates for companies under coverage.

In the Financial Strength Analysis, analysts study ratios to understand profitability, liquidity and capital structure.

During the Management Assessment, analysts meet with and familiarize themselves with the processes of corporate management teams.

Quantitative trends and qualitative threats are assessed under the Risk Analysis.

And finally, Argus' Valuation Analysis model integrates a historical ratio matrix, discounted cash flow modeling, and peer comparison.

THE ARGUS RESEARCH RATING SYSTEM

Argus uses three ratings for stocks: BUY, HOLD, and SELL. Stocks are rated relative to a benchmark, the S&P 500.

- A BUY-rated stock is expected to outperform the S&P 500 on a risk-adjusted basis over a 12-month period. To make this determination, Argus Analysts set target prices, use beta as the measure of risk, and compare expected risk-adjusted stock returns to the S&P 500 forecasts set by the Argus Market Strategist.
- A HOLD-rated stock is expected to perform in line with the S&P 500.
- A SELL-rated stock is expected to underperform the S&P 500.

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