

GLOBAL PAYMENTS INC.
CONSOLIDATED STATEMENTS OF INCOME

(in thousands, except per share data)

	Years Ended December 31,		Seven Months Ended December 31,	Year Ended May 31,
	2018	2017	2016	2016
Revenues	\$3,366,366	\$3,975,163	\$2,202,896	\$2,898,150
Operating expenses:				
Cost of service	1,095,014	1,928,037	1,094,593	1,147,639
Selling, general and administrative	1,534,297	1,488,258	870,352	1,325,567
	<u>2,629,311</u>	<u>3,416,295</u>	<u>1,964,945</u>	<u>2,473,206</u>
Operating income	737,055	558,868	237,951	424,944
Interest and other income	20,719	8,662	44,382	5,284
Interest and other expense	(195,619)	(174,847)	(108,989)	(69,316)
	<u>(174,900)</u>	<u>(166,185)</u>	<u>(64,607)</u>	<u>(64,032)</u>
Income before income taxes	562,155	392,683	173,344	360,912
Income tax (provision) benefit	(77,488)	101,387	(35,661)	(70,695)
Net income	484,667	494,070	137,683	290,217
Less: Net income attributable to noncontrolling interests	(32,614)	(25,645)	(12,752)	(18,551)
Net income attributable to Global Payments	<u>\$ 452,053</u>	<u>\$ 468,425</u>	<u>\$ 124,931</u>	<u>\$ 271,666</u>
Earnings per share attributable to Global Payments:				
Basic earnings per share	<u>\$ 2.85</u>	<u>\$ 3.03</u>	<u>\$ 0.81</u>	<u>\$ 2.05</u>
Diluted earnings per share	<u>\$ 2.84</u>	<u>\$ 3.01</u>	<u>\$ 0.81</u>	<u>\$ 2.04</u>

See Notes to Consolidated Financial Statements.

GLOBAL PAYMENTS INC.
CONSOLIDATED BALANCE SHEETS
(in thousands, except share data)

	December 31, 2018	December 31, 2017
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,210,878	\$ 1,335,855
Accounts receivable, net of allowances for doubtful accounts of \$3,164 and \$1,827, respectively	348,400	301,887
Settlement processing assets	1,600,222	2,459,292
Prepaid expenses and other current assets	216,708	206,545
Total current assets	3,376,208	4,303,579
Goodwill	6,341,355	5,703,992
Other intangible assets, net	2,488,618	2,181,707
Property and equipment, net	653,542	588,348
Deferred income taxes	8,128	13,146
Other noncurrent assets	362,923	207,297
Total assets	<u>\$13,230,774</u>	<u>\$12,998,069</u>
LIABILITIES AND EQUITY		
Current liabilities:		
Settlement lines of credit	\$ 700,486	\$ 635,166
Current portion of long-term debt	115,075	100,308
Accounts payable and accrued liabilities	1,176,703	1,039,607
Settlement processing obligations	1,276,356	2,040,509
Total current liabilities	3,268,620	3,815,590
Long-term debt	5,015,168	4,559,408
Deferred income taxes	585,025	436,879
Other noncurrent liabilities	175,618	220,961
Total liabilities	<u>9,044,431</u>	<u>9,032,838</u>
Commitments and contingencies		
Equity:		
Preferred stock, no par value; 5,000,000 shares authorized and none issued	—	—
Common stock, no par value; 200,000,000 shares authorized; 157,961,982 issued and outstanding at December 31, 2018 and 159,180,317 issued and outstanding at December 31, 2017	—	—
Paid-in capital	2,235,167	2,379,774
Retained earnings	2,066,415	1,597,897
Accumulated other comprehensive loss	(310,175)	(183,144)
Total Global Payments shareholders' equity	3,991,407	3,794,527
Noncontrolling interests	194,936	170,704
Total equity	<u>4,186,343</u>	<u>3,965,231</u>
Total liabilities and equity	<u>\$13,230,774</u>	<u>\$12,998,069</u>

See Notes to Consolidated Financial Statements.

GLOBAL PAYMENTS INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Year Ended December 31,		Seven Months Ended December 31,	Year Ended May 31,
	2018	2017	2016	2016
Cash flows from operating activities:				
Net income	\$ 484,667	\$ 494,070	\$ 137,683	\$ 290,217
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization of property and equipment	145,128	113,273	53,242	74,192
Amortization of acquired intangibles	377,685	337,878	194,329	113,689
Share-based compensation expense	57,826	39,095	18,707	30,809
Provision for operating losses and bad debts	43,237	48,443	24,074	27,202
Amortization of capitalized customer acquisition costs	51,541	45,098	14,982	1,776
Deferred income taxes	(1,451)	(250,670)	(33,523)	(18,162)
Gain on sale of investments	—	—	(41,150)	—
Other, net	(8,025)	44,070	32,718	15,370
Changes in operating assets and liabilities, net of the effects of business combinations:				
Accounts receivable	(33,386)	(14,096)	2,189	(14,542)
Settlement processing assets and obligations, net	83,478	(361,673)	35,599	218,061
Prepaid expenses and other assets	(160,800)	(129,427)	(44,164)	(64,216)
Accounts payable and other liabilities	66,182	146,327	121,140	(81,506)
Net cash provided by operating activities	1,106,082	512,388	515,826	592,890
Cash flows from investing activities:				
Business combinations and other acquisitions, net of cash acquired	(1,259,692)	(562,688)	(33,865)	(2,034,406)
Capital expenditures	(213,290)	(181,905)	(88,913)	(91,591)
Net proceeds from sale of investments	—	—	37,717	—
Net proceeds from sales of property and equipment	—	37,565	—	—
Other, net	(3,305)	(28,997)	(1,622)	(1,251)
Net cash used in investing activities	(1,476,287)	(736,025)	(86,683)	(2,127,248)
Cash flows from financing activities:				
Net proceeds from (repayments of) settlement lines of credit	70,783	221,532	20,582	(206,009)
Proceeds from long-term debt	2,774,214	1,994,324	1,299,000	6,078,230
Repayments of long-term debt	(2,304,314)	(1,781,541)	(1,381,161)	(3,691,608)
Payment of debt issuance costs	(16,345)	(9,520)	(9,279)	(63,382)
Repurchase of common stock	(208,198)	(34,811)	(178,165)	(135,954)
Proceeds from stock issued under share-based compensation plans	14,318	10,115	6,093	8,480
Common stock repurchased — share-based compensation plans	(31,510)	(31,761)	(20,390)	(12,236)
Purchase of subsidiary shares from noncontrolling interest	—	—	—	(7,550)
Proceeds from sale of subsidiary shares to noncontrolling interest	—	—	—	16,374
Distributions to noncontrolling interests	(5,686)	(9,301)	(12,365)	(23,308)
Dividends paid	(6,332)	(6,732)	(3,069)	(5,439)
Net cash provided by (used in) financing activities	286,930	352,305	(278,754)	1,957,598
Effect of exchange rate changes on cash	(41,702)	44,408	(32,338)	(29,251)
Increase (decrease) in cash and cash equivalents	(124,977)	173,076	118,051	393,989
Cash and cash equivalents, beginning of the period	1,335,855	1,162,779	1,044,728	650,739
Cash and cash equivalents, end of the period	\$ 1,210,878	\$ 1,335,855	\$ 1,162,779	\$ 1,044,728

See Notes to Consolidated Financial Statements.