

# 2015 Third Quarter Financial Results

OCTOBER 26, 2015

**First Data**<sup>®</sup>

# Safe Harbor

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- Statements in this presentation regarding First Data Corporation's business which are not historical facts are "forward-looking statements."
- All forward-looking statements are inherently uncertain as they are based on various expectations and assumptions concerning future events and they are subject to numerous known and unknown risks and uncertainties which could cause actual events or results to differ materially from those projected.
- Please refer to the company's meaningful cautionary statements contained in the appendix of this presentation for a more detailed list of risks and uncertainties.
- Reconciliation to Non-GAAP measures are provided in the Appendix of this presentation or as part of our Financial Results Press Release accompanying this presentation which can be found at <http://investor.firstdata.com>.

## Third Quarter Highlights

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- Continued constant currency revenue growth
- Healthy EBITDA growth across all segments
- Notable margin improvement
- Further improvements to capital structure

# 3Q15 Summary Financial Results

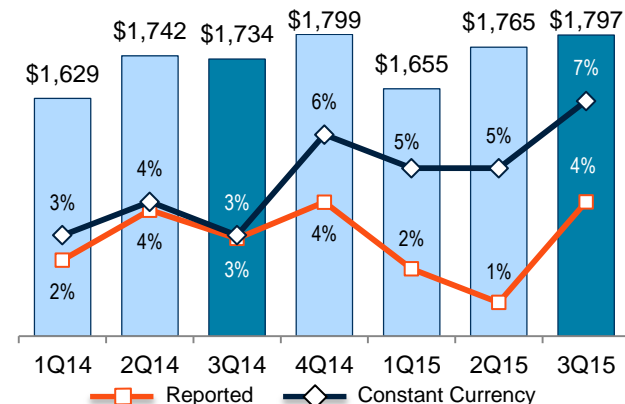
## GAAP Metrics

- Consolidated revenue of **\$2.9 billion**, up 5%
- Operating profit of **\$402 million**, up 14%
- Net loss attributable to First Data of **\$126 million**, improvement of \$109 million

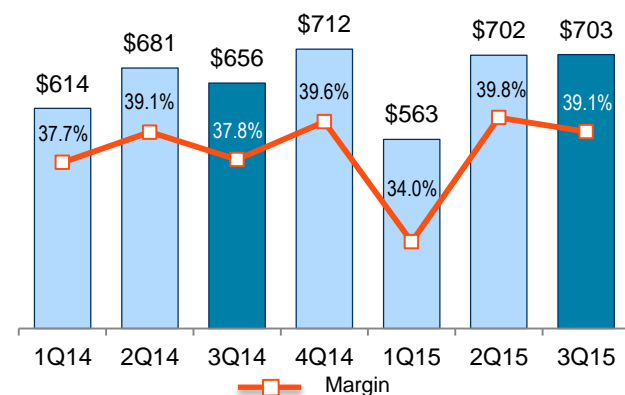
## Important Non-GAAP Metrics

- Segment revenue of **\$1.8 billion<sup>(1)</sup>**, up 4%
  - Up 7% constant currency
- Adjusted EBITDA of **\$703 million**, up 7%
  - Margin of 39.1%, up 130 basis points
- Adjusted net income of **\$191 million**, improvement of \$5 million
  - Growth driven by improved operating performance and reduced interest expense largely offset by non-recurrence of year-ago tax benefits

**Segment Revenue (\$M) and YoY% Change**



**Adjusted EBITDA (\$M) and Margin**



All growth % references and margin comparisons are year-over-year unless stated otherwise. See slide 15 for reconciliation of GAAP net loss to adjusted EBITDA and slide 16 for GAAP net loss to adjusted net income. All growth and margin comparisons relate to corresponding period in the prior year. (1) Segment revenue modifies consolidated revenue for the exclusion of various pass-through items and other impacts.

# 3Q15 Financial Overview – Segment Detail

	Reported Rates (\$M)				Constant Currency (\$M) <sup>(1)</sup>	
	3Q15	3Q14	\$ B/(W) <sup>(2)</sup>	% B/(W)	\$ B/(W)	% B/(W)
<b>Segment Revenue</b>	<b>\$1,797</b>	<b>\$1,734</b>	<b>\$63</b>	<b>4%</b>	<b>\$121</b>	<b>7%</b>
GBS	1,032	1,013	19	2%	56	6%
GFS	391	378	13	3%	34	9%
NSS	374	343	31	9%	31	9%
<b>Adjusted Expenses</b>	<b>\$1,094</b>	<b>\$1,078</b>	<b>(\$16)</b>	<b>(1%)</b>	<b>(\$60)</b>	<b>(6%)</b>
GBS	601	598	(3)	(1%)	(32)	(5%)
GFS	246	245	(1)	(0%)	(16)	(7%)
NSS	212	192	(20)	(10%)	(20)	(10%)
Corporate	35	43	8	19%	8	19%
<b>Adjusted EBITDA</b>	<b>\$703</b>	<b>\$656</b>	<b>\$47</b>	<b>7%</b>		
GBS	431	415	16	4%		
GFS	145	133	12	9%		
NSS	162	151	11	7%		
Corporate	(35)	(43)	8	19%		
<b>Adjusted EBITDA Margin</b>	<b>39.1%</b>	<b>37.8%</b>	<b>130 bps</b>			
GBS	41.8%	41.0%	80			
GFS	37.1%	35.2%	190			
NSS	43.3%	44.0%	(70)			

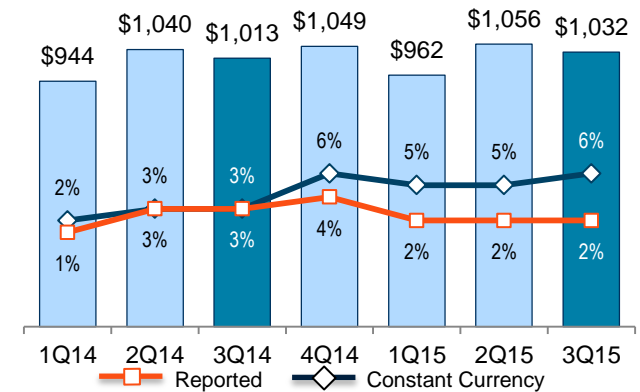
See slide 14 for reconciliation of consolidated expenses to adjusted expenses and slide 15 for GAAP net loss to adjusted EBITDA; (1) Certain measures in this release are presented excluding the estimated impact of foreign currency changes (constant-currency). To present this information, monthly results in the current period for entities reporting in currencies other than United States dollars are translated into United States dollars at the average exchange rates in effect during the corresponding month of the prior fiscal year, rather than the actual average exchange rates in effect during the current fiscal year. Once translated, each month in the period is added together to calculate the constant currency current period results; (2) "B" means results in 3Q15 are better than results in 3Q14, "(W)" means results are worse.

# Global Business Solutions

## Revenue of \$1.0 billion, up 2%, or up 6% constant currency

- North America revenue of \$813 million, up 4%, aided by growth in product sales and transactions
- EMEA revenue of \$134 million, down 8%, or up 6% on a constant currency basis primarily driven by transaction growth
- LATAM grew double digits on a constant currency basis driven by Argentina and Brazil; APAC up modestly on a constant currency basis

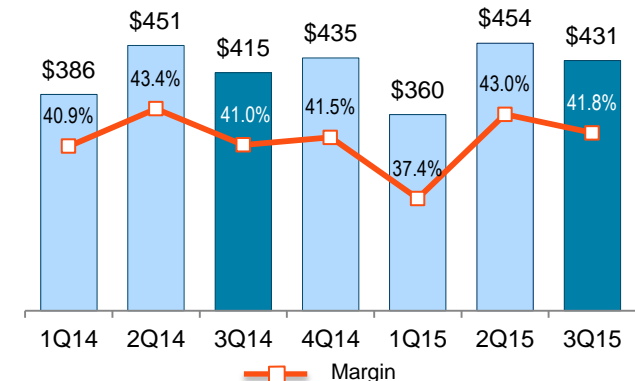
**Segment Revenue (\$M) and YoY% Change**



## EBITDA of \$431 million, up 4%

- Adjusted expenses increased \$3 million, up 1%, or up 5% on a constant currency basis
- Margin of 41.8%, up 80 basis points

**Segment EBITDA (\$M) and Margin**



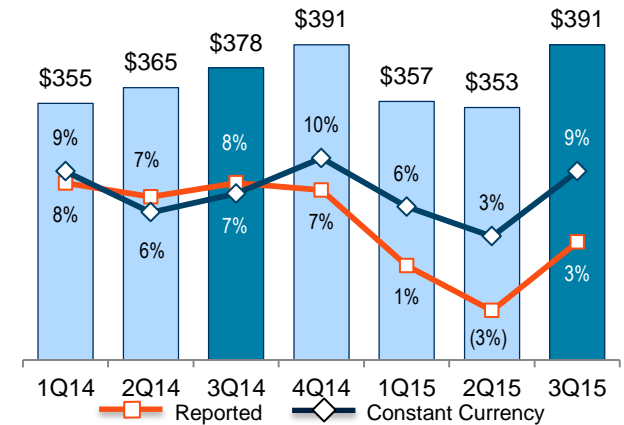
All growth % references and margin comparisons are year-over-year unless stated otherwise.

# Global Financial Solutions

## Revenue of \$391 million, up 3%, or up 9% constant currency

- North America revenue of \$232 million, up 11% due to internal growth and EMV card personalization
- EMEA revenue of \$114 million, down 5%, or up 8% on a constant currency basis due to internal growth and professional services fees
- LATAM and APAC combined grew modestly on a constant currency basis

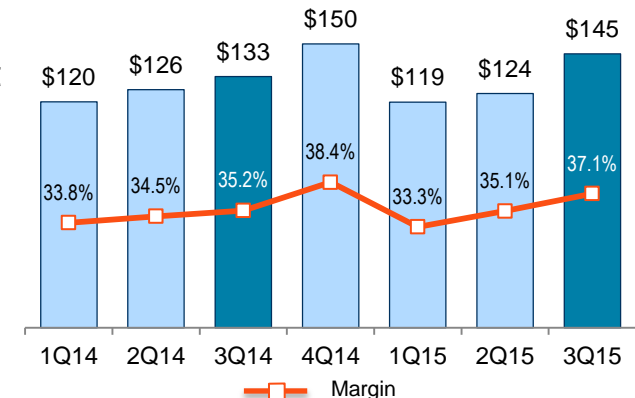
**Segment Revenue (\$M) and YoY% Change**



## EBITDA of \$145 million, up 9%

- Adjusted expenses increased \$1 million, flat, or up 7% on a constant currency basis
- Margin of 37.1%, up 190 basis points

**Segment EBITDA (\$M) and Margin**



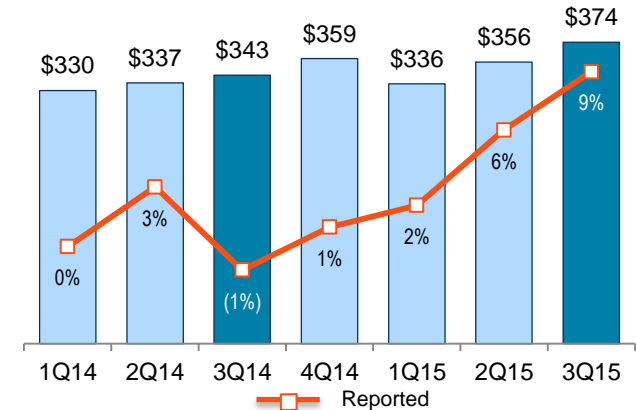
All growth % references and margin comparisons are year-over-year unless stated otherwise

# Network & Security Solutions

## Revenue of \$374 million, up 9%

- EFT Network Solutions revenue of \$125 million, up 7% due to transaction growth
- Security and Fraud revenue of \$105 million, up 9% led by merchant security solutions
- Stored Value Network Solutions revenue of \$95 million, up 14% due to increased volume

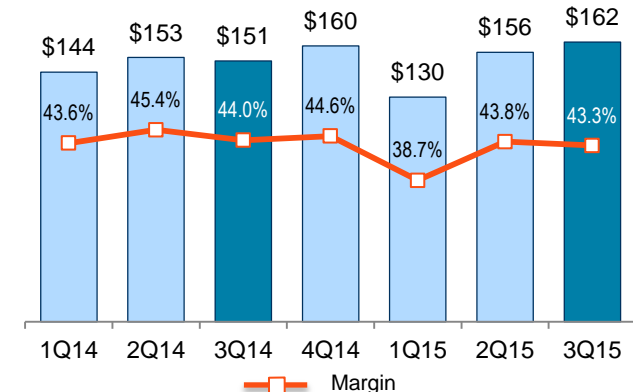
**Segment Revenue (\$M) and YoY% Change**



## EBITDA of \$162 million, up 7%

- Adjusted expenses increased \$20 million, or 10%
  - Investments in STAR and digital gift largely drove expense growth
- Margin of 43.3%, down 70 basis points

**Segment EBITDA (\$M) and Margin**



All growth % references and margin comparisons are year-over-year unless stated otherwise



# Free Cash Flow

Free Cash Flow (\$M)	Third Quarter			Year-to-Date		
	2015	2014	\$ Change	2015	2014	\$ Change
Adjusted EBITDA	\$703	\$656	\$47	\$1,968	\$1,951	\$17
Cash Interest Payments	(584)	(630)	46	(1,330)	(1,497)	167
Cash Taxes	(16)	(10)	(6)	(77)	(77)	0
Capital Expenditures	(173)	(166)	(7)	(457)	(410)	(47)
Working Capital Change	42	104	(62)	(51)	60	(111)
Dividends Received from Unconsolidated Affiliates (net) <sup>(1)</sup>	46	49	(3)	67	68	(1)
Net Impact from Consolidated Affiliates <sup>(2)</sup>	(18)	(20)	2	(73)	(62)	(11)
Items Excluded from Adjusted EBITDA/Other <sup>(3)</sup>	(9)	(6)	(3)	(50)	(46)	(4)
<b>Free Cash Flow<sup>(4)</sup></b>	<b>(\$9)</b>	<b>(\$23)</b>	<b>\$14</b>	<b>(\$3)</b>	<b>(\$13)</b>	<b>\$10</b>

Cash Bridge (\$M)	Third Quarter			Year-to-Date		
	2015	2014	\$ Change	2015	2014	\$ Change
<b>Beginning Cash Balance</b>	<b>\$348</b>	<b>\$548</b>	<b>(\$200)</b>	<b>\$358</b>	<b>\$425</b>	<b>(\$67)</b>
Free Cash Flow	(9)	(23)	14	(3)	(13)	10
Net Borrowing / (Paydown)	32	(2,160)	2,192	137	(2,284)	2,421
Other Investing Activities	6	(16)	22	(97)	245	(342)
Other	(9)	2,037	(2,046)	(27)	2,013	(2,040)
Change in Cash Balance	20	(162)	182	10	(39)	49
<b>Ending Cash Balance</b>	<b>\$368</b>	<b>\$386</b>	<b>(\$18)</b>	<b>\$368</b>	<b>\$386</b>	<b>(\$18)</b>

(1) Equity earnings / distributions; (2) Minority interest distributions / net income attributable to minority interests; (3) Primarily addbacks (severance, retention, facility closures) and KKR Management Fees; (4) See slide17 for a reconciliation of operating cash flow to free cash flow.

# Balance Sheet Updates

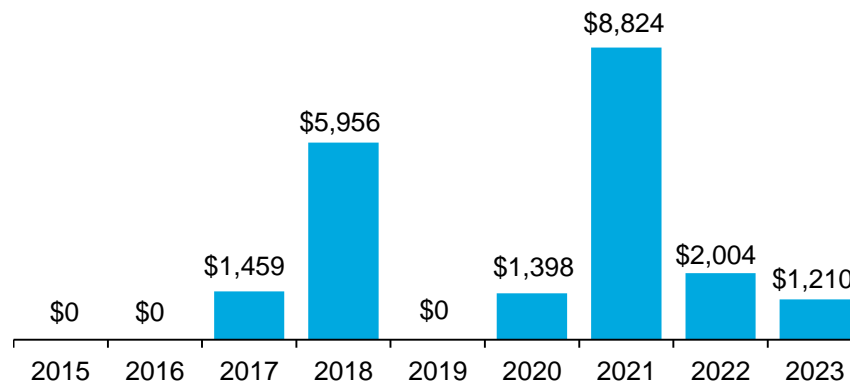
## Debt Structure

- No significant debt maturities until 2017
- Secured new \$1.0 billion term loan at L+375, maturing 2022; proceeds were used in July to call \$955 million of the 7.375% notes due 2019
- Secured new \$1.2 billion first lien note at 5.375%, maturing 2023; proceeds were used in August to call \$640 million of the 7.375% notes due 2019 and \$510 million of the 8.875% due 2020
- Significant headroom in our only financial covenant (Senior Secured Leverage): 3.9x versus covenant of 6.0x as of 9/30/2015

## IPO Proceeds

- \$2.8B of gross proceeds

## Debt Maturity Profile<sup>(1)</sup> (\$M)



## Liquidity

- \$1.0 billion total liquidity
  - \$944M of available revolver balance <sup>(2)</sup>
  - ~\$100M of total cash available for corporate use <sup>(3)</sup>

(1) Excludes short-term borrowings related primarily to revolving credit facility, outstanding settlement lines of credit and capital leases, excludes unamortized discount. Shown as of September 30, 2015. (2) Available revolver balance net of borrowing and outstanding letters of credit. (3) Total cash available for corporate use based upon quarter ending cash balance excluding IPS and BAMS cash and non-US cash that the company believes is not immediately / efficiently accessible.

# Debt Structure

Tranche	Rate	Call Date	Call Price	Maturity	Par Amount 9/30/15
Extended Revolver (\$1,250 million)	L + 350			2020	\$260
Capital Leases Short and Long	Various			Various	\$171
Term Loan	L + 350			2017	\$1,459
Term Loan	L + 350			2018	\$4,948
Term Loan	L + 350			2018	\$1,008
Term Loan	L + 400			2021	\$1,176
Term Loan	L + 375			2022	\$1,004
First Lien Notes	6.750%	11/1/2015	105.063	2020	\$1,398
First Lien Notes	5.375%	8/15/2018	102.688	2023	\$1,210
<b>Senior Secured</b>	<b>4.92%</b>				<b>\$12,634</b>
Second Lien Notes	8.250%	1/15/2016	104.125	2021	\$2,000
Second Lien Notes	8.750%	1/15/2016	104.375	2022	\$1,000
<b>Second Lien</b>	<b>8.42%</b>				<b>\$3,000</b>
Senior Unsecured Notes	12.625%	1/15/2016	112.625	2021	\$3,000
Senior Unsecured Notes	11.250%	1/15/2016	108.438	2021	\$510
Senior Unsecured Notes	10.625%	4/15/2016	107.969	2021	\$530
<b>Senior Unsecured</b>	<b>12.19%</b>				<b>\$4,040</b>
Subordinated	11.750%	5/15/2016	108.813	2021	\$1,609
<b>Subordinated</b>	<b>11.75%</b>				<b>\$1,609</b>
<b>Total Debt</b>	<b>7.30%</b>				<b>\$21,282</b>
Cash					\$368
<b>Net Debt</b>					<b>\$20,914</b>

Notes targeted for reduction using IPO proceeds

Note: \$5B of term loan notional value swapped from floating to fixed rate. LIBOR based upon one month rate of as September 2015.

## Debt with Call Dates by Mid-2016

- Debt with call dates by mid-2016 totals \$10B of principal value as of 9/30/15 with an average coupon of 10.2%

Tranche	Principal	Rate	Call Date
First Lien Notes	\$1,398	6.750%	11/1/2015
<b>First Lien</b>	<b>\$1,398</b>	<b>6.75%</b>	
Second Lien Notes	\$2,000	8.250%	1/15/2016
Second Lien Notes	\$1,000	8.750%	1/15/2016
<b>Second Lien</b>	<b>\$3,000</b>	<b>8.42%</b>	
Senior Unsecured Notes	\$3,000	12.625%	1/15/2016
Senior Unsecured Notes	\$510	11.250%	1/15/2016
Senior Unsecured Notes	\$530	10.625%	4/15/2016
Subordinated	\$1,609	11.750%	5/15/2016
<b>Senior Unsecured / Subordinated</b>	<b>\$5,649</b>	<b>12.06%</b>	
	<b>\$10,046<sup>(1)</sup></b>	<b>10.24%</b>	

(1) Portion of callable debt is targeted for reduction using IPO proceeds

# Appendix

# Non-GAAP Reconciliation: Consolidated to Adj. Expenses

	<b>Three months ended September 30 (\$M)</b>		
	<b>2015</b>	<b>2014</b>	<b>% Change</b>
Consolidated expenses	\$ 2,518	\$ 2,439	3%
ISO Commission expense	(167)	(155)	
Reimbursable PIN debit fees, postage and other	(938)	(888)	
Depreciation and amortization	(257)	(268)	
Adjustments for non-wholly-owned entities	(22)	(16)	
Restructuring, net	(20)	(4)	
Stock based compensation	(8)	(11)	
Cost of alliance conversions	-	(4)	
KKR Related items	(6)	(6)	
Debt issuance costs	(4)	-	
Other	(2)	(9)	
Adjusted Expenses	<u>\$ 1,094</u>	<u>\$ 1,078</u>	1%

# Non-GAAP Reconciliation: GAAP Net Inc./ (Loss) to Adj. EBITDA

	Three Months Ended (\$M)						
	March 31, 2014	June 30, 2014	September 30, 2014	December 31, 2014	March 31, 2015	June 30, 2015	September 30, 2015
Net (loss) income attributable to First Data Corporation	\$ (201)	\$ (34)	\$ (235)	\$ 12	\$ (112)	\$ (26)	\$ (126)
Adjustments for non-wholly-owned entities	(2)	(8)	(7)	(7)	(7)	(6)	(6)
Depreciation and amortization	265	263	268	260	251	252	257
Interest expense	464	463	407	405	407	406	389
Interest income	(3)	(4)	(2)	(2)	(1)	(1)	(1)
Loss on debt extinguishment	3	-	271	-	-	-	108
Other items	6	(58)	(44)	1	5	45	32
Income tax benefit (expense)	37	40	(23)	28	3	10	32
Stock based compensation	29	5	11	5	7	16	8
Costs of alliance conversions	7	6	4	3	3	2	-
KKR related items	6	8	6	7	6	5	6
Debt issuance costs	3	-	-	-	1	(1)	4
Adjusted EBITDA	<u>\$ 614</u>	<u>\$ 681</u>	<u>\$ 656</u>	<u>\$ 712</u>	<u>\$ 563</u>	<u>\$ 702</u>	<u>\$ 703</u>

# Non-GAAP Reconciliation: GAAP Net Loss to Adj. Net Income

	<b>Three Months Ended September 30 (\$M)</b>		
	<b>2015</b>	<b>2014</b>	<b>% Change</b>
Net loss attributable to First Data Corporation	\$ (126)	\$ (235)	-46%
Adjustments to reconcile to Net loss attributable to First Data Corporation:			
Stock-based compensation	11	11	
Loss on debt extinguishment	108	271	
Mark-to-market adjustment for derivatives and euro-denominated debt (1)	13	(58)	
Amortization of acquisition intangibles (2)	153	163	
Restructuring, impairment, litigation and other (3)	32	34	
Adjusted net income	<u>\$ 191</u>	<u>\$ 186</u>	3%

(1) Represents mark-to-market activity related to our undesignated hedges, ineffectiveness of our designated hedges, and mark-to-market activity on our euro-denominated debt held in the United States; (2) Represents amortization of intangibles established in connection with the acquisition of the Company by affiliates of KKR and acquisitions we have made since 2007; (3) Includes net restructuring, impairments, non-normal course litigation and regulatory settlements, investment gains and losses, net divestitures, and other unusual items.



# Non-GAAP Reconciliation: Operating to Free Cash Flow

	Three Months Ended (\$M)						
	March 31, 2014	June 30, 2014	September 30, 2014	December 31, 2014	March 31, 2015	June 30, 2015	September 30, 2015
Operating cash flows	\$ (38)	\$ 427	\$ 210	\$ 436	\$ (102)	\$ 555	\$ 234
Capital expenditures	(116)	(128)	(166)	(157)	(145)	(139)	(173)
Distribution to minority interest	(52)	(83)	(67)	(64)	(63)	(100)	(70)
<b>Free Cash Flow</b>	<u>\$ (206)</u>	<u>\$ 216</u>	<u>\$ (23)</u>	<u>\$ 215</u>	<u>\$ (310)</u>	<u>\$ 316</u>	<u>\$ (9)</u>

## Notice to Investors, Prospective Investors and the Investment Community; Cautionary Information Regarding Forward-Looking Statements

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Certain matters we discuss in this presentation and in other public statements may constitute forward-looking statements. You can identify forward-looking statements because they contain words such as “believes,” “expects,” “may,” “will,” “should,” “seeks,” “intends,” “plans,” “estimates,” or “anticipates” or similar expressions which concern our strategy, plans, projections or intentions. Examples of forward-looking statements include, but are not limited to, all statements we make relating to revenue, EBITDA, earnings, margins, growth rates and other financial results for future periods. By their nature, forward-looking statements: speak only as of the date they are made; are not statements of historical fact or guarantees of future performance; and are subject to risks, uncertainties, assumptions or changes in circumstances that are difficult to predict or quantify. Actual results could differ materially and adversely from our forward-looking statements due to a variety of factors, including the following: (1) adverse impacts from global economic, political, and other conditions affecting trends in consumer, business, and government spending; (2) our ability to anticipate and respond to changing industry trends, including technological changes and increasing competition; (3) our ability to successfully renew existing client contracts on favorable terms and obtain new clients; (4) our ability to prevent a material breach of security of any of our systems; (5) our ability to implement and improve processing systems to provide new products, improve functionality, and increase efficiencies; (6) our merchant alliance program which involves several alliances not under our sole control and each of which acts independently of the others; (7) credit and fraud risks in our business units and merchant alliances, particularly in the context of eCommerce and mobile markets; (8) consolidation among financial institution clients or other client groups that impacts our client relationships; (9) our ability to improve our profitability and maintain flexibility in our capital resources through the implementation of cost savings initiatives; (10) our ability to successfully value and integrate acquired businesses, including those outside of the United States; (11) our high degree of leverage; (12) adverse impacts from currency exchange rates or currency controls imposed by any government or otherwise; (13) changes in the interest rate environment that increase interest on our borrowings or the interest rate at which we can refinance our borrowings; (14) the impact of new laws, regulations, credit card association rules, or other industry standards; and (15) new lawsuits, investigations, or proceedings, or changes to our potential exposure in connection with pending lawsuits, investigations or proceedings, or changes to our potential exposure in connection with pending lawsuits, investigations or proceedings, and various other factors set forth in Risk Factors in our Prospectus, dated October 14, 2015, filed with the Securities and Exchange Commission pursuant to Rule 424(b).