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PRESENTATION

Operator

Ladies and gentlemen, good day, and welcome to the Vantiv/Worldpay Second Quarter Conference Call. Today's conference is being recorded. At this time, would like to turn the conference over to Mr. Nathan Rozof, Head of Investor Relations. Please go ahead, sir.

Nathan A. Rozof - *Worldpay, Inc. - Senior VP of IR*

Thank you, and thanks for joining us today on our second quarter 2018 financial community conference call. By now everyone should have access to our second quarter 2018 earnings announcement, which we have filed as an 8-K in the U.S. and released via an RNS in the U.K. The 8-K filing also includes a slide presentation that we'll refer to on today's call. These documents can be found at worldpay.com in the Investor Relations section.

I would like to direct your attention to the safe harbor statement and other required statements on Page 2 of our presentation. Our discussion today will include forward-looking statements. These forward-looking statements are not guarantees of future performance. And therefore, you should not put undue reliance upon them. These statements are subject to numerous risks and uncertainties that could cause actual results to differ materially from what we expect. Additional details concerning our business risks and the factors that could cause actual results to materially deviate from our forward-looking statements can be found in the forward-looking statement disclosure in today's earnings release and in the 8-K we have filed today with the U.S. Securities and Exchange Commission.

Also throughout this conference call, we will be presenting non-GAAP and pro forma financial information, including net revenue, adjusted EBITDA, adjusted net income and adjusted net income per share. These are important financial performance measures for the company but are not financial measures as defined by GAAP. Reconciliations of our non-GAAP pro forma financial information to the GAAP financial information are presented on Schedule 2 of our earnings release.

Turning to Slide 3. During today's call, Charles Drucker, our Executive Chairman and co-CEO, will discuss highlights from the quarter as well as our strategy and value proposition in global eCommerce. Philip Jansen, our co-CEO, will then describe how our opportunities to win market share and expand our share of wallet with existing clients will help us to generate revenue synergies. Mark Heimbouch, our Chief Operating Officer, will then provide an update on Worldpay's technology and integration. And Stephanie Ferris, our CFO, will review our second quarter financial results and provide our outlook for the third quarter and full year 2018. Following the closing remarks, we will then open the call for questions.

With that, I'll turn the call over to Charles Drucker, who'll begin his comments on Slide 5. Charles?

Charles D. Drucker - *Worldpay, Inc. - Executive Chairman & Co-CEO*

Thank you, Nate, and thanks to everyone for joining today's call. This was an outstanding quarter for us, and I look forward to sharing it with you. Our strategic transformation is exceeding our expectations. We have a unique and sustainable competitive advantage that we'll be using to target the most attractive areas in the market. Today, we will focus the conversation on our differentiated eCommerce capabilities, but we have the same depth and breadth of capabilities across the entire business.

But first, let me start off with our key accomplishments in the quarter. As you can see on the right side of Slide 5, our financial results exceeded expectations and the business is firing on all cylinders. We see strong trends supporting these financial results, which is leading us to raise our guidance for the rest of the year, even after factoring in additional currency headwinds. This includes raising our cost synergy targets to $50 million for 2018.

Beyond the quarter, we made significant progress on our path to revenue synergies. We have identified $300 billion of addressable eCommerce volume within our existing client base. By tapping this opportunity, it creates a potential for $100 million of revenue synergies exiting 2020. Philip will discuss this in more detail.

And I'm thrilled to report that we secured our first 2 joint cross-sell wins with large and well-known digital players that represent early success on the path to revenue synergies. In addition, we will continue to make significant progress with our integration. We are on track to move nearly 2/3 of the heritage Worldpay U.S. clients to our scalable U.S. platform by the end of the year.

Finally, in addition to this tremendous results that we have generated this quarter, our scale and leading position gave us the capacity to also launch new innovative products and solutions. We rolled out our new AuthMax product, which uses machine learning to improve authorization rates within our global eCommerce business. And we have leveraged our scale and leadership position to grow our partnership with Mastercard.

Before turning to a discussion of eCommerce, I want to thank each of our colleagues worldwide for delivering so much progress in such a short period of time. It is your work and commitment that gives me much confidence in our future growth.

So turning to Slide 6. Let me discuss how we're uniquely positioned to win market share in eCommerce. This is a $3 trillion industry with volume growing mid-teens overall and 25% in cross-border eCommerce. We are the largest player in global eCommerce, targeting the fastest-growing area of the market, including global brands and large digital natives. This allows us to grow faster than the market, even though we are already a leading player. So keep in mind that the market is still highly fragmented with growth spread across several geographies.

We have an unrivaled position in the U.S. and Europe and a differentiated on-ground presence across the rest of the world. Unlike competitors that have strength in certain regions, our scale across the globe gives us a distinct advantage when competing against the patchwork of domestic acquirers. Finally, as spending continues to move online, our opportunity continues to grow as the market adds approximately $300 billion of new growth annually. Given the capabilities I mentioned, Worldpay is uniquely positioned to gain market share.

As shown on Slide 7, we continue to win because of our powerful value proposition that is focused on 3 dimensions. First is our global reach. We are the only global player with leading U.S. capabilities that can also give clients access to 99% of the global GDP. This allows our clients to expand across the globe without the cumbersome task of managing multiple acquirers in multiple jurisdictions. In contrast, our primary domestic competitors typically lack global coverage while our largest global competitors typically struggle to demonstrate the strength that we bring in the U.S.

Our second key differentiation is our ability to respond to our clients' needs. In contrast to a one-size-fits-all approach, our clients tell us what they want us to solve their unique business problems created by rapidly changing trends. Our structure enables us to individually tailor solutions and customize approach as a strategic partner. We then have the unique ability to scale these solutions across our entire base to benefit everybody.

Our final differentiation is our ability to help our clients grow their revenue while reducing their cost of acceptance. Today, approximately 15% of transactions are declined by networks and issuers. And when a card is declined, the consumer typically abandons the transaction. For merchants, this means not only lost revenue but also a poor consumer experience.

Our innovative product helps merchants to gain more revenue by increasing acceptance rates by an average of 2 to 5 percentage points without increasing losses from fraud. This positions us as a strategic partner versus others that merely help them accept payments. Clearly, our reach, responsiveness and the ability to increase revenue while reducing cost creates a powerful value proposition for our clients, helping us consistently win market share.

So with that, I'll turn the call over to Philip, who will describe our path to revenue synergies. Philip?

Philip E. R. Jansen - *Worldpay Limited - CEO & Director*

Thank you, Charles. I share your enthusiasm for our business and appreciation for all our colleagues and what they do. Starting on Slide 9, I will walk you through the 2 vectors that create multiple paths to revenue synergies.

The first is our ability to gain market share by leveraging our vast geographical reach. As a leading player, we have 15% market share in an environment where many eCommerce companies, including large digital natives, are primarily served by a domestic acquirer. As these companies look to expand globally, they need to find new partners to give them access to new markets. Moreover, with operations in 146 countries, Worldpay can support clients that want to go truly global and receive local expertise in virtually all national markets.

Our second vector is to capture share of wallet within our existing client portfolio. Once we initiate client relationship, we will drive our share of wallet by offering a superior outcome proposition to create an unrivaled client value proposition. We'll do this, for example, by helping clients maximize their revenue through higher approval rates or by lowering their costs through innovative fraud and PRIME routing capabilities. Expanding along these 2 vectors will allow us to create revenue synergies across our client portfolio.

Slide 10 illustrates the opportunity for us to grow share of wallet within our existing client base. Looking at the left-hand side of the slide, we have succeeded in scaling our global eCommerce business and now support 2/3 of the world's top 21 global eCommerce companies. However, as shown on the right, our volume with the top 21 in aggregate is still only 15%. Clearly, despite our sustained significant growth, we have a great deal of market opportunity within reach.

6 months into our integration, we've matched our part to achieving substantial revenue synergies. As you see on Slide 11, we've been through our exhaustive list of clients and have identified hundreds of specific opportunities for cross-selling in global eCommerce alone. These opportunities represent an incremental $300 billion in addressable volume above and beyond our current share of wallet with these existing clients. The response from both current and potential new customers to the new Worldpay has been extremely positive. Our eCommerce sales team have done a superb job, which gives us the confidence to announce today that we can now see a route to delivering $100 million of revenue synergies by 2020.

During the second quarter, we successfully completed the initial phase of our technology integration, enabling capabilities that give our international clients access to Vantiv's powerful eCommerce processing in the U.S. The next step is to convert our large pipeline of opportunities into new global wins. The type of clients that we are targeting are Internet Retailer Top 500 companies, which is to say that these are the largest Internet brands, where obviously the sales cycle is typically 9 to 18 months long. We started pursuing many of these opportunities as soon as the deal closed and expect to onboard these merchants through the first half of 2019. We anticipate more meaningful volume ramp-up in the second half of 2019 as we deliver the revenue synergies.

Now I'd like to turn the call over to Mark to discuss our technology strategy and integration update. Mark?

Mark L. Heimbouch - *Worldpay, Inc. - COO & Director*

Thank you, Philip. It's great to be back on the call today to provide you with an update on the great progress we've made on the integration front. Integration is progressing extremely well with benefits running above expectations. Today, I'll provide you brief details on some of the more significant components related to integration and then touch on our technology strategy.

We pride ourselves on our ability to integrate companies. And as you're aware, prior to the combination of Worldpay and Vantiv, Vantiv has been on a journey of integrating technology platforms, including winding down legacy environments, consolidating platforms from other acquisitions to our Vantiv processing platform. Integration has represented a unique and significant competitive advantage, enabling quicker product delivery as well as providing scale and resiliency, all while improving customer experience.

There are 2 significant initiatives to call out today as we move quickly to integrate technology platforms. Charles referenced in the U.S., we have completed a significant amount of development and have begun to migrate Worldpay U.S. merchants on to Vantiv's U.S. platform. We're on track to complete 2/3 of these client migrations by the end of this year. And we will remain focused on completing the U.S. integration in the first half of 2019. Our progress is leading to overperformance on synergies in 2018.

Second, in our eCommerce business, we've completed development and integrated systems to exploit compelling U.S. value-added services to enhance our offering to Worldpay's global clients, the key advantage of combining our 2 companies and providing leading product propositions to our clients. In summary, the work to integrate technologies and companies is going well and will continue. Moving forward, we are focused on further development to enhance our technology to improve the value proposition for clients.

As indicated on Slide 13, our team is focused on executing a technology integration strategy, leveraging cloud-based technology solutions, providing ease of client connectivity and more quickly enabling value-added services. This will enhance our ability to leverage our scalable U.S. acquiring platform and our new modern international platform. We will more simply enable online and offline transactions at significant scale. We will also continue to invest in our enterprise data capabilities, adding advanced analytics and machine learning capabilities, along with other value-added services to drive improved authorization acceptance for our customers.

Together, these building blocks to will lay the foundation for future growth. We expect to deliver further benefits in 2019. While not technology-related, we have also launched our new brand and company values that shape the culture of the new Worldpay. I am proud of the way that the teams are working together driving change and maximizing efficiency while keeping clients' needs front and center.

Now I'll turn the call over to Stephanie to review our financial performance and discuss our outlook for the third quarter and full year. Stephanie?

Stephanie Ferris - *Worldpay, Inc. - CFO*

Thank you, Mark. As outlined on Slide 15, we continue to deliver substantial shareholder value. Our financial performance is strong with accelerating organic revenue growth, increasing margins even before synergies and significant free cash flow generation, allowing us to actively manage debt. All of these contribute to our increased guidance expectations for the remainder of the year.

Pro forma net revenue increased 11%, up 9% in constant currency as revenue growth accelerated each month of the quarter. This includes about 1 percentage point of contribution from the acquisition of Paymetric. We expanded adjusted EBITDA margin by 160 basis points, reflecting a combination of revenue outperformance and $12 million of cost synergies realized during the quarter.

We have accelerated our expectations for cost synergies. And now expect to realize $50 million in benefits during 2018. Further, we continue to be very confident in our ability to achieve our $200 million cost synergy target by the end of the third year post close.

We continue to aggressively focus on reducing costs in our below-the-line items. And during the quarter, we repriced our debt and prepaid $50 million in principal. We also increased our fixed-to-floating debt ratio above 60% with additional hedging. Finally, our adjusted net income grew 99% to $327 million and adjusted net income per share grew 19% to $1.04, demonstrating significant earnings accretion.

Now turning to Slide 16. We saw strong results across all of our segments during the quarter. Technology Solutions net revenue grew 21% on a pro forma basis, 19% in constant currency and 17% organically. We saw strong growth across both eCommerce and Integrated Payments. And we expect Technology Solutions to continue to grow high-teens for the remainder of the year with expectations for accelerating rates of organic growth in the back half.

Merchant Solutions grew 5% on a pro forma basis or 3% in constant currency. And we expect this business to sustain its constant currency growth rate for the rest of the year. Within Merchant Solutions, our U.S. business is benefiting from robust consumer spending and our U.K. business is benefiting from improving execution. Our U.K. business was flat in the second quarter with the potential to return to growth in the back half of the year, which is a notable improvement from our prior expectations.

Turning to Issuer Solutions. This segment grew 2% on a pro forma basis, which was ahead of plan and primarily reflects the benefit of underlying performance in new sales and value-added services. Looking forward, we expect Issuer Solutions to continue to sustain low single-digit rates of growth.

Turning to Slide 17. Based on our current business and transaction trends, we are raising our 2018 net revenue guidance to $3.88 billion to $3.93 billion. Please also note that these expectations exclude net revenue related to the stub period from January 1 through January 15, 2018, prior to the transaction close on January 16 of the year. This guidance reflects our updated currency assumption, which we changed to $1.31 per pound from $1.35 per pound. This reduction in our foreign exchange assumption partially offset the accelerating performance trends in our business that underpin our increased guidance. Had currency not become more of a headwind, we would have increased our guidance by more.

Turning to adjusted net income per share. We are increasing our guidance to a range of $3.93 to $4 for the full year of 2018. We've laid out many of the assumptions supporting this guidance on the bottom of this slide. Included in these assumptions and as a result of our debt management activities, we are forecasting approximately $310 million to $320 million in interest expense or approximately $80 million per quarter for the remainder of the year. Depreciation and amortization expense, excluding the amortization of acquired intangibles, was $35 million during the second quarter. We continue to expect approximately $150 million to $160 million in expense for the full year of 2018. Finally, our adjusted tax rate was 13% during the second quarter, and we expect this rate to remain at 13% on a full year basis.

Turning to our guidance for the third quarter, we expect to generate net revenue of $1 billion to $1.2 billion, representing growth of 7% to 9% on a pro forma constant currency basis. In terms of adjusted net income per share, we expect to earn approximately $1 to $1.03.

So in summary, we continue to deliver substantial shareholder value. Our financial performance is strong with accelerating organic revenue growth, increasing margins even before synergies and significant free cash flow generation, allowing us to actively manage debt. All of these contribute to our increased guidance expectations for the remainder of the year.

Before I turn the call back to Charles, I would also like to briefly discuss the U.K. Payment Systems Regulator's announced proposal to conduct market review into the supply of card acquiring services. We believe market reviews are a common occurrence in the U.K. and EU, and we look forward to engaging positively with the PSR. As previously disclosed, our U.K. business contributes approximately 15% of total company net revenue with our U.K. SMB acquiring portfolio contributing approximately 5% of total company net revenue.

We believe the U.K. merchant acquiring market is competitive as evidenced by recent new entrants and industry SMB churn rates averaging 15% to 25%. The PSR will likely conduct its market review in 2019 following a consultation period that ends in September of this year. Therefore, while it is impossible to predict the outcome of the review, we do not currently expect a near-term impact.

And with that, I'll pass the call back over to Charles for his concluding remarks. Charles?

Charles D. Drucker - *Worldpay, Inc. - Executive Chairman & Co-CEO*

Thanks, Stephanie. To conclude on Slide 19, we had an outstanding quarter, accelerating organic growth and expanding margins generated superior financial results as the business is firing on all cylinders.

And as a result of these improving trends, we are raising our guidance for the full year. I'm extremely excited for the future. Our early cross-sell wins and our sales force ability to generate such strong sales momentum gives us a lot of confidence in our ability to generate the revenue synergies.

We have transformed Worldpay into a leading payment technology company with unique and sustainable competitive advantages. We are well positioned to serve the fastest-growing segment of the payment market, including global eCommerce and Integrated Payments. And we will continue to serve these markets using our core strengths of technology, distribution and scale.

Finally, our integration is ahead of plan with the U.S. migration well underway and our cost synergies coming in ahead of schedule. As I mentioned, I'm excited about our competitive position in the market and what the future holds for us at Worldpay.

With that, we'll now take questions. Operator, if you'd open up the line.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) Our first question comes from Tien-tsin Huang with JPMorgan.

Tien-tsin Huang - *JP Morgan Chase & Co, Research Division - Senior Analyst*

Appreciate the color on the eCom opportunity. I wanted to ask around that. So if you mine your existing clients, like you've said, and you want to win their eCom businesses, the idea to offer a bundled solution, do you have a pricing advantage, given that? I'm just trying to understand how clients, if they want to prefer that integrated solution or not, if you follow my question.

Charles D. Drucker - *Worldpay, Inc. - Executive Chairman & Co-CEO*

So we actually bundle our products together. We think we have an advantage of the geography, the ability to offer them the world at 99% reach. We think our [off rates] by having the scale that we have across the world, gives us that competitive advantage and using the machine learnings to improve both their customer experience and revenue piece. So we actually work in a consultative way because each client is slightly different of what they're trying to accomplish. Some clients are more sophisticated than others. And we're able to bring other clients big value. So the answer is we approach these clients differently. But we'll bundle it and we'll be able to customize and bring things in. When we say customize, we're able to fit their strategic need. But our ability has always been over the years to then take that feature and scale it and bring it to the mid-market. Philip?

Philip E. R. Jansen - *Worldpay Limited - CEO & Director*

Yes, just all I'd add is, the most cases, the proposition is bundled in the way that Charles described because we're focusing on giving them the opportunity to increase their authorization accepted rates and deliver the best cost result. That's done through combining the acquiring, the treasury, the gateway and the alternative payment methods that we've got in our 300-and-plus payments or so. The whole thing is bundled together to give them the seamless proposition that gets outcomes that Charles was referring to earlier on.

Tien-tsin Huang - *JP Morgan Chase & Co, Research Division - Senior Analyst*

Right, to improve it holistically, got it. Just as my follow-up then, on the U.K., just as my follow-up, just your confidence in returning to growth in the second half, what's driving that? Are you doing something differently? And then also on the PSR review, Stephanie, appreciate the comments there. But I'm curious, could it actually provide a chance for you to accelerate your promotion of integrated in the U.K.? Does that change your timing on promoting integrated into the U.K.?

Stephanie Ferris - *Worldpay, Inc. - CFO*

Yes. No, absolutely. So we did see the U.K. was flat this year or this quarter for us. We are seeing positive momentum there. Look, I think as we think about the U.K., we put a new GM there, when the transaction closed, that was previously with the company. And he's definitely getting his arms around that business. We're bringing the scale and know-how to him as well in terms of being able to make sure that we're increasing performance of new sales. We're obviously seeing benefits from organic growth trends. So yes, we are seeing our U.K. trends turn around from our expectations upon some better execution. I think with respect to integrated and our potential around integrated, I'll probably turn it back to Charles to answer that.

Charles D. Drucker - *Worldpay, Inc. - Executive Chairman & Co-CEO*

Yes. So just following on Stephanie, we put new leadership in the market. We were able to improve execution. Our companies -- combined company is bringing sales focus. And execution has always been our capabilities and then our abilities to bring different products forward. And just we're very operationally efficient. We have deep knowledge in the industry, which has really helped us in that business. I would say from an integrated standpoint, we're still leaning in and moving forward with the first part of it is following our clients from the U.S. over and then also some key clients in the U.K. that are doing integrated, being able to work with them. It's going to be a slower type of ramp. But we see -- we always see these things as an opportunity because we are an innovative, creative company to able to find new ways to improve services to our clients.

Philip E. R. Jansen - *Worldpay Limited - CEO & Director*

I mean, yes, I'll add as well. It's Philip here. I mean, I think we've been pretty clear previously. We made -- had a few missteps in the U.K. a year or so ago. Those have been corrected now. And so that's number one. Number two, I think just for color, having the combined Vantiv and Worldpay together, there's lots of things that heritage Vantiv were doing in the U.S. that we could learn from in the U.K., given the size and scale of what the operation was in the U.S. So we've taken some of those things and put them into the business in the U.K. And that's been extremely helpful, I mean, not least some of the operational-type approaches that we were going through in the U.K. have changed significantly. So lots more progress to be made, but we've got a good path in the U.K. now.

Operator

Our next question comes from Jim Schneider with Goldman Sachs.

James Edward Schneider - *Goldman Sachs Group Inc., Research Division - VP*

I was wondering if you could maybe kind of address the pipeline of the eCommerce wins. You talked about the $300 billion of potential volume and $100 million of potential sales by the end of '19. Can you maybe talk a little bit about the assumptions around how much of that volume gets converted and maybe characterize the types of eCommerce wins you plan to announce? Is that wins in a particular geography extending to the U.S.? Or maybe any color on that would be helpful.

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Philip E. R. Jansen - *Worldpay Limited - CEO & Director*

Sure, it's Philip here. I mean, look, the basic message is the $300 billion just is trying to give you a sense of this overall size of the opportunity. We are fortunate that we operate in a very good market that's got some nice tailwinds and is growing very strongly. You can also see that we've got plenty of room for growth, given our market share. The specific things about the revenue synergies, I mean, just to be clear what the definition of revenue synergies are, those are any existing clients that either old Worldpay had or old Vantiv had and how do we do things and cross-sell to those customers things that we previously effectively didn't have. So for example, if you're a Worldpay customer, old Worldpay, you -- we would typically not be doing that much eCommerce activity in the U.S. Equally, if you're a U.S. Vantiv customer, there was not anything going outside of the U.S. Those are what the revenue synergies are. And what we're saying today is we now have a very clear path where we're happy to announce $100 million of revenue synergies. That does not include the opportunity to go for brand-new customers that neither of us had. And with the unified proposition, it's a much more compelling proposition for those people who are looking for a global offer, which we now have. So that's how I'd categorize what we're doing on market opportunity and revenue synergies. Does that help?

James Edward Schneider - *Goldman Sachs Group Inc., Research Division - VP*

Yes, it does. That's helpful. And then maybe one for Stephanie. I think you talked about technology assumption for high-teens growth in the back half of the year and accelerating growth there. Can you maybe talk about what are the elements driving that acceleration? Is the acceleration integrated in the U.S.? Is it eCommerce? Is it both? Or maybe any kind of color on where those -- the acceleration is coming from will be great.

Stephanie Ferris - *Worldpay, Inc. - CFO*

Sure, absolutely. As we talked about in the first quarter, we're lapping tougher comps in the second quarter here in terms of growth. And we do expect now to accelerate organically as we move into the third and fourth quarter. Thinking about the component pieces of that, as Charles and Philip talked about throughout the script, I mean, global eCommerce, eCommerce in general, our expectations there are very, very bullish, continue to be very, very strong, high-teens-type activities, given the wins that we see coming through the pipeline there and the secular growth in that marketplace. Integrated Payments continues to do really, really well for us, very strong. As you know, we have market-leading position in the U.S. We continue to do very well there. We do expect that particular piece of the business to be in mid-teens -- continue to be in mid-teens through the back half of the year. So acceleration in terms of organic, we really see coming through in the eCommerce side of the tech solutions part of the business.

Operator

Our next question comes from Ashwin Shirvaikar with Citi.

Ashwin Vassant Shirvaikar - *Citigroup Inc, Research Division - Director and U.S. Computer and Business Services Analyst*

I guess, the wallet share opportunity is, particularly it seems, very alluring if you have 15% share. Is this going to be sort of more of a whittling-down process you think, 7, 8 competitors today going down to, say, 2 in the future? Do you believe in exclusivity down the road? I mean, is it -- can you give a little bit of color of -- with regards to how you take out some of these competitors?

Charles D. Drucker - *Worldpay, Inc. - Executive Chairman & Co-CEO*

Yes. So the premise is a lot of our global brands and the large natives, they have multiple acquirers. Some could have more than 10, 15 acquirers. And locally, usually it's in the local geography. So the local competitors don't -- aren't able to give them the world. And what we're able to do by pulling it together is give them the advantages of improved authorization as we see more their volume, the back-office consolidation, which doesn't always sound sexy, but it is very meaningful to the clients for a combined settlement, combined reporting, help them manage how they view interchange and their clients. So we see a good part of that shift coming from the consolidation that our large clients want anyway. We just have to get it on their queue because it does take a slight amount of work from them to get on the queue. So we see that, don't see exclusivity happening. We see what's happening, which is absolutely good in the market, is players like us have to come to the battlefield every day with new products, innovation and our scale really helps us and reach around the country. So we think the eCommerce are going to want at least -- I mean, at least 2 in most cases. And we think we'll be able to bring a solution that gives them the world and will get our share of that pie, which will be bigger.

Philip E. R. Jansen - *Worldpay Limited - CEO & Director*

Yes, Philip again, just add a couple of things. The definite trend we've seen over the last few years is reducing the number of suppliers, payment providers that these large companies are looking for in the international stage. That will continue to happen. But to Charles' point, you're never going to get down to 1, we don't think, right? There's going to be a few, but they'd be even far less than they currently have. So that's the first thing. The second thing is what we're trying to show you today with the 15% number is that's the top 21 Internet companies globally. We have 15% share in aggregate. So in that number, there are certain (inaudible), where we have maybe 25% to 30% and certain where we have only 1%. And that's the beauty of it is it's very rarely do we have a situation where we have gotten no growth in one of those customers. All those customers offer us the opportunity to grow wallet share in addition to taking advantage of their inherent growth. So that was -- the 15% was to show you how much opportunities there is for growing the business through wallet share. As we add new customers, we often start by definition with a very small amount of volume and then it ramps up over 5 years-plus.

Charles D. Drucker - *Worldpay, Inc. - Executive Chairman & Co-CEO*

And the last thing I'd add is what we tried to point out is the market is growing fast, creating $300 billion worth of new volume that allows us to not only the existing clients growing their volume but also grab new volume. So we think this is -- like we said, the (inaudible) part of the deal, tremendous opportunity for us and the combined company is well positioned with competitive advantages to win.

Ashwin Vassant Shirvaikar - *Citigroup Inc, Research Division - Director and U.S. Computer and Business Services Analyst*

Got it. And then the margin structure implications, has the mix shift, it happens more towards global eCommerce? But what's the best way to think about the -- that margin opportunity? And a quick clarification, that $100 million revenue synergy potential, how much of that is already signed and it's a matter of onboarding and ramping versus you have visibility that it might happen?

Stephanie Ferris - *Worldpay, Inc. - CFO*

Yes, so I'll take the first part and then I'll turn the sales part over to Charles. But obviously, our Technology Solutions segment and the eCommerce piece of it has high margins. It's a direct-to-merchant channel. So it doesn't have partners in the channel, like Integrated Payments does. So to the extent that business continues to accelerate like we anticipated doing and like it has been doing, we would expect to see positive margin improvement there. That being said, the one thing I would caution is, and this is consistent with our approach historically, is we will take the opportunity to reinvest in that channel. So we will constantly evaluate our ability to both deliver margin as well as make sure we continue to reinvest in the sales and marketing engine to continue to fuel that organic growth in eCommerce. And I'll turn it back over to Charles in terms of talking about the wins.

Charles D. Drucker - *Worldpay, Inc. - Executive Chairman & Co-CEO*

Yes, Philip and I will take it. But what we tried to lay out just like the synergies is that we've identified the path and wrapped our heads what we think is an achievable number for us to move forward, so looking at existing clients, looking at our capabilities, looking at the timing. We're very excited that we've gotten 2 really good clients already on before we have completed all the back-office integration.

Philip E. R. Jansen - *Worldpay Limited - CEO & Director*

Yes. Well, I was going to say, we're not going to talk about how much has been signed. But what we are saying to you is we've got a very strong picture when you look at the pipeline of revenue synergies. We've been working for a long time and we've had multiple, multiple conversations with multiple number of customers. And we're now in a position where we can say we're in good shape and we can see a path to how those customers are going to join our state and deliver the kind of revenue synergies we talked about.

Operator

Our next question comes from Dave Koning with Baird.

David John Koning - *Robert W. Baird & Co. Incorporated, Research Division - Associate Director of Research and Senior Research Analyst*

And so first of all, if we look at Q3, you're calling for accelerating growth. If we look at the midpoint of revenue, Q4 implied you're actually calling for an additional acceleration of growth. If we isolate the factors between if the comps get a little easier between how you're looking at the economy, if that's -- if you think that's getting better and how much is just execution, how should we think of each of those things driving that acceleration?

Stephanie Ferris - *Worldpay, Inc. - CFO*

Yes, Dave, great question. So just thinking about -- I would say overall, the U.S. economy is very strong. And that's definitely benefiting all of our businesses that serve the U.S. economy, including the Technology Solutions segment. As you know, we have a very strong position in eCommerce in the U.S. as well. So we're definitely seeing benefits from the economy and continue to expect to see that. I would say our focus on execution remains also very strong. And I would point to evidence of that as we discussed earlier with respect to the U.K. And I think we continue to take market share across all of our businesses. So both are contributing to both our outperformance in the second quarter as well as giving us enough confidence to forecast increasing rates of organic growth in the back half of the year.

David John Koning - *Robert W. Baird & Co. Incorporated, Research Division - Associate Director of Research and Senior Research Analyst*

Great. And just my follow-up, in the issuers segment, you accelerated really nicely back to growth despite what I think had a little Cap One impact still, a little headwind in Q2. Does that mean with that goes away in Q3 actually accelerate in issuer in Q3?

Stephanie Ferris - *Worldpay, Inc. - CFO*

Yes. So we're really pleased. First of all, it's nice to have the Issuer Solutions segment back to growth. You're right, we did lap -- we still had Cap One and lapped that in the second quarter of this year. We feel really good about Issuer Solutions. They've continued to sell really well even with a lot of the one-time items that have been in it historically. I think from a third and fourth quarter standpoint, we're still forecasting a low single expectation there.

Operator

Our next question comes from Darrin Peller with Wolfe Research.

Darrin David Peller - *Wolfe Research, LLC - MD & Senior Analyst*

Let me just ask you about a couple of other components of revenue. When you look at the Merchant Solutions, for instance, the [bankrupt world] channel, I mean, how is that doing? What's the opportunity still there? And then maybe the U.S. with the legacy Worldpay U.S. business as well, has there been -- what was the growth rate there? What are your expectations? And just a quick one on IPOS, it seems like there's definitely more competition in the U.S., especially around that area, whether it's pretty much all the major acquirers trying some sort of revenue. Are you seeing any signs of competition picking up there with regards to pricing or commissions or payouts to the ISPs?

Charles D. Drucker - *Worldpay, Inc. - Executive Chairman & Co-CEO*

Let me take a piece of it. So in general, let's just start with the Worldpay portfolio. The great thing about the U.S. is as we move the Worldpay portfolio on to our platform, there is a lot of products, features and functions that they weren't able to sell them over at Worldpay. The platform itself, the Worldpay did a tremendous job on the eCom platform and building that oversees. In the U.S., their platform didn't have us much products, features and functions. So we're excited as we bring it over to be able to continue to stabilize it and then cross-sell more products, features and functions. As far as the Integrated Payments, the market is in the U.S. getting more mature. There are more competitors in it. We continue to win and post great results in that business. We still see -- we don't see the hockey stick up, but there's that constant movement of sharing some of the residuals. A lot of these clients, I remind you, have a tremendous opportunity around selling software. And they make their money off software and payments are the ancillary fees. So with the way that we operate and be able to service them, help them grow their software business. And there's always pressure to share more of that, it's working very well for us. But yes, markets get mature. I mean, we continue to be able to post great results in that area. But there is more competition in that area. But we don't see that as stopping our ability to continue to achieve these results. Stephanie, is there any...

Stephanie Ferris - *Worldpay, Inc. - CFO*

Yes, let me add a little bit of color on the numbers there. So just in terms of the merchant bank channel, as you know, we continue to take share there. That grows nicely for us in the mid-teens. And we expect it will continue to grow that way. We are still a small player and I think we have lots of opportunity to continue to gain share. From a Worldpay U.S. standpoint, Charles is right. We have -- once we move the merchants over, we have opportunities to cross-sell lots of things for them. In terms of the existing portfolio, that hasn't yet been converted. It obviously benefited from a strong U.S. consumer. But it also is primarily made up of our slower-growth pieces of the segment. So I'd say it's probably doing as you would expect, given that it was primarily in the direction (inaudible) side of the house. And then with respect to Integrated Payments, financially, as Charles says, it is continuing to grow really nicely for us, so mid-teens or better. We're not seeing any challenges with respect to that business in terms of growth. There are definitely more competitors in the marketplace. But remember, we have a dominant position in this market. And so we have a large piece of all of these guys' portfolios. So we are seeing, as you would expect, residuals that tick up, but nothing significant that's causing us to have concern. And you could see we're continuing to deliver margin improvement across the business. So it's not materially impactful.

Darrin David Peller - *Wolfe Research, LLC - MD & Senior Analyst*

All right, that's helpful. Just a quick follow-up on the cost side, it's nice to see you're ahead of plan on the synergies for this year. I mean, just bigger picture, do you see this trending towards an opportunity for more synergies overall?

Stephanie Ferris - *Worldpay, Inc. - CFO*

Yes. No, absolutely, we're thrilled. We think synergies will deliver this year $50 million. We expect that to continue to ramp as we move into 2019. We're not calling for higher than $200 million at this point, but we have a lot of confidence around it.

Operator

Our next question comes from Lisa Ellis with MoffettNathanson.

Lisa Ann Dejong Ellis - *MoffettNathanson LLC - Partner*

I have one more question on the revenue synergy discussion, thanks for letting all this out. Can you give a sense across the $300 billion in volume that you identified, the geographic breakdown? Just roughly speaking in there, is the majority of that more U.S.-centric, can bring the Worldpay eCom capabilities over? Or is it more global?

Philip E. R. Jansen - *Worldpay Limited - CEO & Director*

Actually, it's pretty well balanced. I mean, U.S. is probably the single-most important market by definition, given the scale of it. And also the fact that as we put the 2 companies together, there's a big (inaudible) for the old Worldpay. So combining -- connecting effectively the old Worldpay technology with the heritage Vantiv technology delivers a proposition in the U.S. which we just simply didn't have before. So yes, if you have to push me, that's probably the #1 priority for us. It's huge. And our feedback from customers in the U.S. on our global eCom proposition is really, really strong. So that's obviously where we're focusing #1 priority, I guess, is the best way of describing it.

Charles D. Drucker - *Worldpay, Inc. - Executive Chairman & Co-CEO*

But we think our wins are going to be the combination of the whole world together because our ability -- like I said, back office and being able to consolidate reporting, help them manage their business, give them all the frictionless customers experience and then the AuthMax, that's going to be impactful around the world. So there's a big part of that consolidating the rest of the world, too.

Philip E. R. Jansen - *Worldpay Limited - CEO & Director*

And the really exciting thing is that there are -- I can think of a couple of customers who are very large that neither of us had, that now that we're starting the conversation in the U.S., they're really excited about what we can offer on a global basis as well. So it's not as simple as saying just the U.S. The U.S. is the biggest market, the most exciting market as we weren't there before in a significant way delivering this global offer. So now we can. And the response has been great.

Lisa Ann Dejong Ellis - *MoffettNathanson LLC - Partner*

Terrific. And then just a quick follow-up, just a very fast clarification, the $100 million you're talking about, is that a cumulative number through 2020? Or is that annualized?

Stephanie Ferris - *Worldpay, Inc. - CFO*

No. So we're expecting $100 million exit rate, revenue exit rate at the end of 2020.

Charles D. Drucker - *Worldpay, Inc. - Executive Chairman & Co-CEO*

(inaudible)

Operator

Our next question comes from Gerardus Vos with Barclays.

Gerardus Vos - *Barclays Bank PLC, Research Division - Senior Analyst*

Just two topics I would like to discuss. First of all, could help us a bit with the Pay by Bank initiative, which was announced earlier, I think, this month? Are the kind of economics kind of comparable to what you see on the card? And how will this kind of work in essence in the U.K.? And then secondly, just coming back on the eCom business, I guess that a lot of the growth in the future will come from kind of marketplaces. And I was wondering if you could give us a bit of insight at what kind of specific marketplace or fringe you have and perhaps how you compare that to Acxiom's market pay offering and Stripe's Connect.

Philip E. R. Jansen - *Worldpay Limited - CEO & Director*

Sure. I'll do the first one. We announced the deal with Mastercard. And you'll know about their acquisition of Vocalink and you'll know, post PSD2 world, you know that the plethora of new payment methods is obviously going to be spawned as a result of that. This is just one of those, right? I mean, it's an important one. The Pay by Bank app is what we're going to be offering through Mastercard. And we're really excited about it. I don't know how big it will be. And I think no one can forecast that at this moment in time. I think the key point to your question is what is the economic scenario for us? It's fine, i.e., there's no degradation at all from our point of view. In fact, we hope, depending on volume, of course, to see a positive effort from the financial perspective.

Charles D. Drucker - *Worldpay, Inc. - Executive Chairman & Co-CEO*

And then from a marketplace standpoint, we have some clients associated in the marketplace that are doing extraordinarily well. We see that as a very good opportunity for us. We see also the, I'll call it, middle-market type of areas, where we played in the very large global brand. We played in the large native. We think, like we said, we're developing the middle-market kind of capabilities, not the start-up low end but more the middle-market capabilities. And we think access to clients that utilize marketplace and put marketplace -- we think it's a good opportunity for us. So we think that's part of our runway and our ability to grow forward.

Operator

Our next question comes from Bryan Keane with the Deutsche Bank.

Bryan Connell Keane - *Deutsche Bank AG, Research Division - Research Analyst*

Just want to ask about EBITDA margins that came in well ahead of Street expectations. And beyond synergies, it sounds like there's some cost takeout and some scale advantages. Can you just talk about that and what that looks like in the second half of the year?

Stephanie Ferris - *Worldpay, Inc. - CFO*

Sure, absolutely. So yes, so margins did exceed expectations even beyond our synergies. That primarily came from the Technology Solutions segment, again with the eCommerce piece of the business continuing to grow and expectations around that organically for it to continue to grow. That's a direct sales channel for us. It doesn't have a set of partners in the market. So we are able to scale that nicely. And so to the extent the eCommerce business continues to take share and grow organically, we would expect to be able to yield increasing margins there. In terms of the back half of the year, I think we feel really good obviously about the synergies that we've laid out. And we continue to work and target very effectively, excluding synergies, continue to expand margins. But I'll just reiterate again in terms of we'll take an opportunity if we are expanding margins to reinvest those dollars to drive up the organic growth of revenue.

Bryan Connell Keane - *Deutsche Bank AG, Research Division - Research Analyst*

And the synergy pull-forward, now $50 million, what is that number going to look like in 2019? Is there some pull-forward of synergies as well?

Stephanie Ferris - *Worldpay, Inc. - CFO*

Yes. So I don't think we're quite ready to call 2019. We're feeling really good about $50 million this year with an exit rate coming out of the year, $60 million, $65 million into 2019. As we talked about previously, the majority of the cost will come out once we migrate the heritage Worldpay U.S. platform to the Vantiv platform. We expect that to happen in mid-2019. So once that happens, you'd expect to see a lot of the remainder of the $200 million synergies coming through there. We're not yet ready to call more than $200 million, but we're feeling really good about it.

Operator

Our next question comes from George Mihalos with Cowen.

Georgios Mihalos - *Cowen and Company, LLC, Research Division - MD & Senior Research Analyst*

I guess, a two-part question for Mark and Stephanie, if I may. Mark, good to talk with you again. Firstly, I'm not sure if I missed it, but how much of the $50 million of cost synergies have you already taken out over the first half of the year? And then related to that, Stephanie, going to Bryan's question, you expanded margins, I think, 120 bps in the first quarter, 160 in the second. Is there any reason that, that rate of expansion shouldn't increase over the back half of the year?

Stephanie Ferris - *Worldpay, Inc. - CFO*

Yes. So let me answer the second question first. So you would expect that, though our organic rates of growth and acceleration of those are also continuing in the Merchant Solutions segment. And remember, the Merchant Solutions segment does have quite a bit of partner distribution in it. So while we continue to be really pleased with our second quarter margin expansion, we're not calling for quite that big of a margin expansion in the third and fourth quarter because of the organic trends we're expecting to see in Merchant Solutions. But we do remain confident around it. In terms of the first question, do you want me to take that one, Mark, or...

Mark L. Heimbouch - *Worldpay, Inc. - COO & Director*

I mean, I think I've consistently said and reiterated the actions to achieve the benefits, I would say, for the most part are pretty much in place and we're highly confident. So we feel pretty good about achievement with most of the work to be done or, I mean, being done. And so the benefit is coming going forward. We're highly confident.

Charles D. Drucker - *Worldpay, Inc. - Executive Chairman & Co-CEO*

Yes, look, we've been fortunate to have Mark being able to drive this. And it gives us confidence every day as we meet and talk. The communication among the team and integration is right in our sweet spot. We've done a great job. Our market has consolidated many of the companies over a period of time. And you've seen the success that we've had in the (inaudible). So I'm fortunate to have a great leadership team.

Operator

Our next question comes from John Davis with Raymond James.

John Kimbrough Davis - *Raymond James & Associates, Inc., Research Division - Research Analyst*

Maybe just want to dive into merchant a little bit, how much of the outperformance was in the U.K. versus the U.S.? It does feel like the U.S. was probably a little bit better. And then specifically in the U.K., it feels like macro is similar as execution -- the market share kind of stabilizing there for the brick-and-mortar U.K. business.

Stephanie Ferris - *Worldpay, Inc. - CFO*

Yes. So I think the U.K. business was flat in the second quarter. I think our expectations for that were down 1%., so a material improvement there. The bigger piece of the improvement frankly was in the U.S. I think the first quarter U.S. growth was 1%. It accelerated to 3% in the second quarter. That was really the majority of the acceleration and outperformance from our perspective. And apologies, can you state your second question again?

John Kimbrough Davis - *Raymond James & Associates, Inc., Research Division - Research Analyst*

No, that was it. It was U.K. versus U.S., so you very much answered that.

Stephanie Ferris - *Worldpay, Inc. - CFO*

Okay, great.

John Kimbrough Davis - *Raymond James & Associates, Inc., Research Division - Research Analyst*

And this is -- as a quick follow-up, just talk a little bit about the cross-border opportunity. We've heard a lot about eCom. How big of an opportunity do you see kind of in the cross-border? And are you seeing kind of any evidence to date of winning because of cross-border and the ability to do that?

Stephanie Ferris - *Worldpay, Inc. - CFO*

Yes. So I think as we showed you in the slides, the eCommerce market is huge. And the biggest -- the fastest-growing sector of that is cross-border. And quite frankly, we think that we are 1 of 3 competitors globally that really can provide cross-border global eCommerce around the world. And we think we are uniquely positioned, given our size and strength in the U.S. as well as the rest of the world. Cross-border has been where heritage Worldpay has played most effectively their value proposition wins across the board, frankly is why we got together with them. We think bringing the U.S., along with their ability to do cross-border around the globe, is really what's so meaningful about our value proposition and is what's evidencing even in the early wins and the conversations we're having thus far, so...

Philip E. R. Jansen - *Worldpay Limited - CEO & Director*

Yes, I would add, John, cross-border is the heart of our proposition in eCom. And that's what the customers really value and that's what we've got.

Charles D. Drucker - *Worldpay, Inc. - Executive Chairman & Co-CEO*

Yes, our ability to deliver to 146 countries, 99% of the world, and don't forget, the 300-plus payment methods just allows us to continue to differentiate. Well, thank you. Thanks to everyone joining. Another outstanding quarter, really proud of the team and what we delivered and how this is coming together. So thanks for taking the time today with us.

Operator

Ladies and gentlemen, that concludes this morning's presentation. You may disconnect your phone lines, and thank you for joining us this morning.