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PRESENTATION

Operator

Good day, everyone, and welcome to the Worldpay 2018 Fourth Quarter and Full Year Earnings Conference Call. Today's call is being recorded.

At this time, I would like to turn the conference over to Nathan Rozof, Head of Investor Relations. Please go ahead, sir.

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

Thank you. Good morning, and thanks, everyone, for joining us today for Worldpay's Fourth Quarter 2018 Financial Community Conference Call.

By now, everyone should have access to our fourth quarter 2018 earnings announcement which we have filed as an 8-K in the U.S. and released via the 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 that we have filed 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.

During today's call, Charles Drucker, our Executive Chairman and CEO, will discuss our fourth quarter and full year 2018 highlights. He will also share our 2019 priorities. Stephanie Ferris, our CFO, will then review our financial results and describe our guidance for the first quarter and full year of 2019. Finally, Charles will provide some closing remarks, and we will open the call for questions.

With that, I'll turn the call over to Charles, who will begin his comments on Slide 4. Charles?

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

Thank you, Nate, and thanks to everyone for joining today's call. We are pleased that revenue growth accelerated to 10% in the quarter, which is all organic, including 21% growth in our Technology Solutions segment. It shows the power of our strategy, ended the year on a high note and positions us for continued success in 2019.

It's been a year since we've closed our transaction with Worldpay, and I'm more excited about the combination today than I have ever been. Like me, our clients are just as excited about the breadth and depth of our capabilities that Worldpay can bring them. Our global reach is a true differentiator for us, with no other acquirer being able to match our scaled offering. As a result, our new wins and cross-sells are going extremely well.

I'll share some examples in a moment, but first, I'd like to take you through our results. As you can see on the right-hand side of the slide, we delivered another strong quarter. We achieved $1.050 billion in net revenue while absorbing $6 million in foreign currency headwind. This performance clearly demonstrates that our business fundamentals are strong and that our strategy of expanding into high-growth segments of the market is working.

Adjusted EBITDA margin expanded 160 basis points during the fourth quarter, primarily driven by cost synergies, which demonstrates the powerful operating leverage created by our business model and the advantages of our scale. As a result of strong revenue growth and impressive margin expansion, adjusted EPS increased 15% to $1.12 per share during the quarter.

We committed to several targets in 2018, and I'm happy to report that we've exceeded those expectations. We made substantial progress in our post-merger integration. We've successfully migrated 80,000 heritage Worldpay U.S. merchants into our highly scalable U.S. platform. This has enabled us to deliver cost synergies ahead of the plan and continues to increase our confidence in our $200 million cost synergy target by year-end 2020. We also moved rapidly to integrate our U.S. and global eCommerce capabilities in 2018. This allowed us to quickly bring the promise of the new company to light by cross-selling our combined global eCom capabilities across our current portfolio. To date, we have signed 26 cross-sell wins, further increasing our confidence in our $100 million revenue synergy target. I am happy that we not only delivered on the integration commitments, but we exceeded our financial targets for accretion, leverage and synergies in 2018.

Before moving to guidance, let me give you a few example of our new wins to show you why we are so confident in the outlook for next year. First is Lenovo, an international technology company that manufactures one of the world's largest portfolios of connected products, including the ThinkPad line of PCs. Lenovo wanted to consolidate multiple domestic acquirers and expand globally. Our relationship began with Lenovo as a Paymetric client in the B2B space, where we fully integrated Lenovo's electronic payment transactions from their call centers and web stores into their global ERP. Our relationship has now expanded to include international acquiring using our global eCommerce platform to support the company's growth aspirations. Our acquiring relationship will start in Japan and expand to the U.S. and Canada, consolidating acquirers with us.

This important cross-sell win demonstrates the power of our client value proposition and wouldn't have happened without the transformative combination. Our dedicated team of payment experts developed a tailored solution for Lenovo and -- that harvest our global reach and innovative technology to seamlessly integrate global eCommerce transactions into their technology architecture.

The second win is Lightspeed in our Integrated Payment channel. Lightspeed is a large and fast-growing software developer that specializes in retail, restaurant and hospitality sectors. They signed a multiple year agreement with us in order to gain access to our competitive and comprehensive solutions and market-leading capabilities. No one has been able to replicate our partner-led integrated payment model at scale. And we bring -- and we will continue to build on that lead, expanding our offering to bring new products and solutions to the market. We offer the largest and most successful software developer, like Lightspeed, a highly differentiated suite of solution that includes global acceptance, instant boarding, dynamic payout and omni-channel solutions across online, mobile and point of sale.

Lightspeed chose Worldpay because we were able to offer them a unique combination of innovative technology and global reach in the Integrated Payment channel that is well beyond what other acquirers can offer. This is an example, how we are already taking our game to the next level while most of the acquirers are still trying to break into the channel. And by doing this, we will support Lightspeed's future growth aspirations as they look to expand outside the U.S. and power Integrated Payments globally.

Overall, we have entered 2019 with strong business momentum, and our integration roadmap is proceeding well ahead of plan. Given our strong execution and powerful client proposition, we expect to generate revenue of $4.2 billion to $4.26 billion in 2019. This represents growth of 7% to 9%. We also expect adjusted EPS to be in the range of $4.50 to $4.60. We exceeded our commitments during 2018, which gives us confidence in our 2019 guide. This is a direct result of the combined and continued hard work and dedication of our team and their ability to consistently execute at the highest level.

Turning to Slide 5, I'd like to spend a few minutes describing our 2019 priorities. We'll build on the success that we achieved last year and we will use the momentum to continue delivering value for our clients, partners and shareholders.

First, we will generate value through integration by accelerating our cost and revenue synergies. We will complete the migration of our heritage Worldpay U.S. clients to our highly scalable platform. This will allow us to capture additional cost synergies by consolidating the legacy platform and simplifying our environment. In addition, our teams have been actively building an impressive pipeline of cross-selling opportunities that we'll use to accelerate along our path to revenue synergies. Our value proposition is resonating in the marketplace. Our clients recognize that we can offer them something truly unique, and our confidence continues to grow and our ability to begin realizing revenue synergies in the second half of 2019.

Second, we will enhance our shareholder returns and continue to strengthen our business, strategically allocating capital. Our business model generates high levels of free cash flow. We expect to achieve over $1 billion in free cash flow during 2019, which will enable us to delever even as we resume our historical capital allocation priorities, which include: One, investing in growth both organically and through M&A; and two, returning excess cash to shareholders.

Consistent with these priorities, I'm pleased to announce that our Board of Directors authorized a $500 million increase to our existing share repurchase authority. We repurchased $150 million in shares during the fourth quarter under our pre-existing authority. Together with the new authorization, we now have just under $600 million in total share repurchase authorization available.

Third, we will expand our value proposition by continuing to deliver new capabilities to the market in 2019. We are a payment innovator. Our global reach, innovative technology and tailored solutions are the pillars of the powerful client value proposition. We use them to help our clients grow their revenues by maximizing their business outcomes while lowering their cost. I'll provide a few examples on Slide 6.

In 2019, we will continue to expand our global reach. We will do this by entering new geographies and adding additional payment methods. We are also developing next-generation APIs that will enable us to leapfrog our competition by allowing our clients to quickly and easily integrate into Worldpay. With these APIs, clients will be able to connect to us in hours instead of days, and they will be able to access the breadth of our capabilities, bringing the power of our model and our scale to them in a way that's easy to consume.

We will also enable accelerated client on-boarding through automation. Similar to our next-generation APIs, we are developing capabilities that will enable SMBs to begin processing with Worldpay more quickly at the point of sale, which will speed up their access to our innovative technology and breadth of capabilities. We will continue to expand our leading product set by rolling out additional global omni-channel capabilities and enhanced security and product solutions. And finally, we are deploying a one-of-a-kind analytic platform for our clients that creates insights across multiple domestic acquirer relationships. This is the type of data-driven insight that our clients can't find anywhere else but Worldpay.

As you can see, we had a great year in 2018 and we have a clear path forward to achieve even more in 2019 and beyond.

Let me now turn the call over to Stephanie Ferris to discuss our financial performance and 2019 guide in more detail. Stephanie.

Stephanie Ferris - *Worldpay, Inc. - CFO*

Thank you, Charles. Before discussing the fourth quarter, I would like to provide more detail about our financial performance relative to our 2018 commitments.

As Charles noted, 2018 was an outstanding year. As you can see on Slide 8, we exceeded each of the targets that we initially set out at the time of the acquisition. First, we said that the Worldpay transaction would be modestly dilutive in the first year but accretive in the second. Today, we announced $4.05 in adjusted EPS for the full year of 2018, which is well above our initial expectations. I am proud to say that we generated significant EPS accretion by executing on a combination of activities.

We generated substantial interest expense savings by optimizing our capital structure, including actively managing cash, making $180 million in voluntary debt payments and repricing and hedging our remaining debt. We also positively impacted the tax structure of the [acquiring] company through the transaction. And we aggressively managed the company's expense base in order to achieve substantial cost synergies.

Second, we exceeded our cost synergy target by 15% during 2018. We initially expected to generate $45 million in cost savings during the year by eliminating duplicative corporate cost and reducing G&A. We exceeded this target, achieving $52 million in cost synergies as our integration is running ahead of schedule. Our adjusted EBITDA margins expanded by 140 basis points for the full year as a result. And as we enter 2019, we have opportunities to further increase our industry-leading margin profile through additional cost synergies, which I'll address with our guidance in a moment.

Third and last on this slide, we committed to reducing leverage to 4x by mid-2019. We achieved this target more than 6 months ahead of schedule. Even after repurchasing $150 million in shares, we ended the fourth quarter at 4x growth leverage and 3.9x net. Given that our business is highly cash-generative, we still have ample room to continue to delever in 2019. In January, we voluntarily repaid $520 million in debt by retiring the remaining portion of our Term B-3 notes. Together with our consistent cash flow generation, this gives us line of sight to 3.5x leverage towards the middle of this year.

Our ability to materially exceed our financial commitments in the first year following a transformative acquisition is a testament to the hard work and dedication of our team. I am grateful for all that they have done this year, and I am proud of everything that they have accomplished. This strong performance also reflects the strength of our financial profile, which includes high-growth recurring revenue streams, significant operating leverage and high rates of free cash flow conversion.

Now let's turn to Slide 9, where I will provide you with the financial highlights from the fourth quarter. It was another strong quarter for us across our businesses. As you can see on the left-hand side of the slide, we achieved net revenue of $1.05 billion, including $6 million in foreign exchange headwinds. Organic growth accelerated 10% during the fourth quarter on a pro forma constant currency basis, up from 9% in the third quarter. This strength was led by Technology Solutions, where organic revenue growth accelerated to 21% on a pro forma constant-currency basis, up from 17% during the third quarter. The acceleration in Technology Solutions reflects strong execution in global eCommerce and accelerating new sales in Integrated Payments.

Merchant Solutions grew 3% on a pro forma constant-currency basis. This is down slightly from 4% growth in the third quarter as average ticket trends stabilized after growing at an accelerated pace earlier in the year. Within this segment, we experienced low single-digit growth across both the U.S. and U.K. on a pro forma constant-currency basis. And Issuer Solutions grew 4%, consistent with the third quarter and reflecting healthy underlying trends.

As Charles mentioned, we now have 26 new cross-sell wins from existing clients within our global eCommerce portfolio. These wins further increase our confidence in our ability to generate $100 million in annualized revenue synergies exiting 2020. This demonstrates the true power of our combined company and was the basis for our investment thesis on pursuing the transaction. Together as new Worldpay, we are taking our offering and scale to the next level as a leader in global eCommerce.

Turning to the right side of the slide. We expanded adjusted EBITDA margins by 160 basis points during the fourth quarter as we achieved $16 million in cost synergies, above the $14 million that was assumed in our guidance. This out-performance reflects our ability to manage the expense base and operate our businesses efficiently even as we generate high rates of revenue growth.

We generated approximately $900 million in free cash flow before integration expenses during 2018, which is equal to approximately half of adjusted EBITDA. We received authorization from our Board of Directors to repurchase an additional $500 million in shares and we now have $593 million in share repurchase authorization outstanding. The strength of our fourth quarter results give us significant momentum for even more success in 2019.

Slide 9 (sic) [Slide 10] shows our financial guidance for the first quarter and full year 2019 expectations. Our guidance assumes sustainable constant-currency revenue growth in the upper single digits. This outlook reflects expectations for our Technology Solutions segment to grow in the mid- to upper-teens and for Merchant Solutions and Issuer Solutions to grow in the low single digits. We expect to grow adjusted EPS in the mid-teens. Further, we expect to continue to convert free cash flow at a rate that is approximately half of adjusted EBITDA on a full year basis.

Based on the current business trends and reflecting these assumptions, we have laid out guidance ranges for revenue and EPS on the right-hand side of the slide. For the full year of 2019, we expect to generate net revenue of $4.2 billion to $4.26 billion, representing 7% to 9% growth. We expect to generate GAAP EPS of $1 to $1.50 and adjusted EPS of $4.50 to $4.60. And turning to our guidance for the first quarter, we expect to generate net revenue of $940 million to $955 million, GAAP EPS of $0.01 to $0.08 and adjusted EPS of $0.87 to $0.90.

In summary, we are well positioned to continue delivering substantial shareholder value. Our financial performance is strong with substantial revenue and cross-selling momentum, increasing margins and significant free cash flow.

And with that, I'll pass the call back to Charles for closing remarks before we take your questions. Charles?

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

Thanks, Stephanie.

So to conclude on Slide 11, in the first year of existence, Worldpay fulfilled promises as a leading payment technology company. We extended our leadership in the high-growth segments of the payment bit -- market and used our powerful client value proposition to win new clients as well as expand our share of wallet with existing clients. We continue to introduce payment products that are transforming our industries, helping clients benefit from innovation while simplifying back-office complexity. Through all these accomplishments, we have proven that we are the leading payment innovator.

All of this is thanks to the countless hours of hard work from our teams all over the world. These efforts and dedicated -- dedication to our clients each and every day makes such a successful first year for Worldpay possible. I got to tell you, people really do make the difference, and we have great people in our organization. And I'd like to extend my appreciation to everyone on our team.

With that, operator, we can open up for calls.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) Our first question today is from Dave Koning from Baird.

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

Yes, and I guess, first of all, the Tech Solutions business was so good. I'm just wondering if you can parse out a little more between the ISV channel and the eCom and maybe talk a little bit about crypto because it seems like eCom might have grown almost 30% ex crypto and ex FX. So maybe just talk through that a little bit.

Stephanie Ferris - *Worldpay, Inc. - CFO*

Sure, happy to. Yes, we were really pleased, Dave, with the Tech Solutions growth. I think what we saw, thinking about the 2 different segments, is really strong momentum in both. First of all, in terms of thinking about eCommerce, eCommerce continues to benefit from the secular growth trend. They had a really, really strong fourth quarter as consumers continued to spend more online and with our client base. So really, really strong there. In terms of Integrated Payments, it also had a strong quarter. It continues to take market share as we have been over time. We continue to be a very scale player there, and our business model continues to accelerate and bring new business on. So we're really pleased with both segments and the growth in both segments.

And in terms of crypto for the quarter, I don't think we thought it was material at all.

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

Okay, great. And I guess secondly, when I look last year, we don't have a ton of data on the combined business, but it was pretty flat from Q4 to Q1 last year, maybe down 0.5% maybe or something. This year, just based on your guidance, it looks like you might be guiding the tech business down high single digits sequentially or something. What's different, maybe, about this year compared to early '18?

Stephanie Ferris - *Worldpay, Inc. - CFO*

Sure, yes, happy to help there. So a couple of things. First of all, in our first quarter, a couple of assumptions. We're expecting FX to have an impact of $20 million to $25 million in the first quarter, and as we talked to you guys before, about $12 million of impact from crypto. But if you do go back and look at our historicals, we have seen seasonally a step-down from the fourth quarter to the first quarter. I think what's masking it last year is, if you recall, we had some benefit from the Paymetric acquisition in the first quarter. If you take that benefit out, you will see a normal seasonal step down from the fourth quarter to the first quarter. So that's all we're calling for here. Nothing concerning -- we just a couple of moving parts with respect to crypto, FX and then seasonality.

Operator

And moving on, we have a question from Jason Kupferberg from Bank of America Merrill Lynch.

Jason Alan Kupferberg - *BofA Merrill Lynch, Research Division - MD in US Equity Research & Senior Analyst*

I wanted to ask a follow-up on Tech Solutions as well, if I could. Just looking at the full year outlook for 2019, we're talking about mid- to high teens here. I think you came in at 20% for full year '18. So just talk about some of the sources of the change there. I mean, is this just kind of tough comparisons and maybe some conservatism at the outlook of the year? I mean, it's right in line with what we were modeling, but maybe if you can break that down that commentary into eCom and Integrated just so we have a way to think about those 2 pieces for the year, that would be great.

Stephanie Ferris - *Worldpay, Inc. - CFO*

Yes, absolutely. So really strong year, you're right, Technology Solutions in 2018. And if you recall, we did have some benefits there from crypto in 2018. And so as we think about 2019, we're really calling for mid- to upper-teens growth. And just to help clarify, within that, we are being impacted by $17 million of crypto headwind. So even with that headwind, really strong growth numbers there.

And I would just say, continuing on the question Dave asked me, eCommerce continues to benefit, like I said, from really strong secular growth in that segment globally. We continue to win new business, as we talked about, organically, eCommerce continues to be a very strong grower for us. And then like we said, Integrated Payments is continuing to win new market share. Charles highlighted on the call one of those particular wins where we continue to take share in the marketplace. So both, we feel really strongly with.

In terms of it being slightly slower growth in 2018, I think there's 2 things, one is obviously the crypto headwind, but then also just the law of large numbers in terms of growing over really, really strong years.

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

Yes, we feel good about the pipelines and the execution in both businesses, and gives us confidence as we move into '19. The teams are actually doing very well and the back office, we're bringing new products there. So we feel good about both of -- the entire Tech Solutions area.

Jason Alan Kupferberg - *BofA Merrill Lynch, Research Division - MD in US Equity Research & Senior Analyst*

Yes, it all sounds very positive. And maybe just for a follow-up, switching to the margin side of things, you indicated that technology integration efforts are ahead of schedule. Are you saying that the U.S. migration may get completed a couple of months sooner than the original June forecast? And maybe just as part of that, can you give us a sense of what you're thinking for organic margins in 2019? By our math, it looked like maybe kind of flat to down, excluding the cost synergies. But what's underneath that overall margin guide from an organic standpoint?

Stephanie Ferris - *Worldpay, Inc. - CFO*

Yes, happy to help. So we're calling -- so the integration is going really, really well, and you saw that show up all year this year. We're still expecting it to wrap up at the end of the second quarter, but it does continue to go well. Not calling for it to move any earlier. Our margin expectations for the year are about expansion of about 180 to 200 basis points, with incremental cost synergies expectations of $80 million to $90 million in 2019. So feeling really, really good with our $200 million commitment in terms of where we are there. Underpinning the margin expansion, and we're, really at this point, just staying flat at this point. Trying to get through the integration as well as reinvest in the sales channels to drive organic growth at this point. So not calling out any margin expansion organically quite yet.

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

And I would just say in the U.S. platform, I mean, when you think about timing, you do have to get all the clients off to take the whole platform down. So when we integrate, we integrate. We don't leave platforms up with minor people because it doesn't simplify our back office. So we're still on target for ending in the first half of '19 with that.

Operator

And we'll go next to David Togut from Evercore ISI.

David Mark Togut - *Evercore ISI Institutional Equities, Research Division - Senior MD*

Could you call out any particular trends by vertical industries within the Integrated Payments and eCommerce business? For example, you've talked about expansion into the restaurant vertical. And then as a follow-up, could you talk about your planning process around the possibility of a hard Brexit and how you thought about that in the 2019 guide and/or any operational steps you're taking to potentially prepare for that.

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

So on a hard Brexit, Stephanie will talk about what's in there. But we are prepared in case of a hard Brexit in -- at the end of March. So we've done the proper system type of things. We have the licenses set up. We have let the right customers know what has to be done. So we're confident about not having an interruption in services if there was a hard Brexit. Like everyone else we're hoping that, that doesn't happen. There's some activity today about extension potentially. But from a business continuity, from a client base, we've done all of the proper pieces, and we're ready for that, with hopefully, that not happening.

Stephanie Ferris - *Worldpay, Inc. - CFO*

Yes, so just hitting a little bit on your verticals. So I would say very consistent expectations and results around verticals. So within Integrated Payments, as you know, we have a very significant and diverse base there. But continuing to see really strong trends in the restaurant vertical as well as overall retail and continuing to take share there. With respect to vertical expectations and results in eCommerce, digital continues to be very strong for us. In the eCommerce world, we continue to see a lot of growth in B2B. And as you know, we've been talking about wanting to get bigger in B2B. We highlighted the Lenovo win that was part of our Paymetric asset there. So B2B and health care continue to be a focus for us. But with our -- just the overall, the Tech Solutions, Integrated Payments and eCommerce from a vertical standpoint, they -- like I said, they continue to grow secularly very well for us.

And then to finish off on hard Brexit. As Charles said, we're very well-prepared for it. In terms of the guidance, we don't -- we have not included a hard Brexit in our guidance. We're expecting continued conditions as the economy has -- we've been seeing in the economy, which has been fairly, fairly slow growth. And so we're continuing with those expectations as a part of our 2019 guide.

Operator

Moving on, we'll hear from Lisa Ellis from MoffettNathanson.

Lisa Ann Dejong Ellis - *MoffettNathanson LLC - Partner*

I have 1 numbers question and then 1 more strategic question. I'll start with the strategic one first. Worldpay -- there's all this discussion and debate nowadays about the role and importance for the global merchant acquirers having a single global technology platform, both across geographies and across channels. And I just -- as a means for improving authorization rates, et cetera. So can you just comment, from your perspective at Worldpay and as you're going through the integration with Vantiv and sort living this every day, one, whether or not you view this assertion to be true; and then sort of where Worldpay sits in its journey to integrating its platforms globally?

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

So what I believe, that an acquirer needs to leverage all its assets to its clients to bring the best type of outcomes. And for the client, the only perspective the client needs is do they enter one way into the company? So through Access Worldpay, a client can come in through any door and be exposed to every product that we have and be able to leverage the authorization rate. So we're able to bring the scale of the U.S. and also all our scale international to what we think is give the best authorization rates of any acquirer. So one platform doesn't mean anything. If the client has to integrate to 2, 3, 4 platforms, it's different. Our approach is you come in through our front door, you get everything. Client doesn't care as long as they get everything in great outcomes. And we give great outcomes.

And I've got to tell you, the scale in the U.S. when we look at eCommerce, that our brick-and-mortar and everything that provides us allows a better predictive modeling. And then recently, with the analytics tools on the back end. So we built some analytic tools that we know that eCommerce clients will usually and use multiple providers. So we're the only one, we believe, that has -- we're the only one that has the tools that we could take feeds in order to maximize their authorization rates, also their loss rates and interchange. So we have 2 of that. So I say yes, they want to enter one way. As long as you enter one way and expose your whole system to them, you're in great shape. And we feel good in the competitive position.

Lisa Ann Dejong Ellis - *MoffettNathanson LLC - Partner*

Terrific. And then one, Stephane, for you. I just wanted to clarify. I think it's on page -- Slide 10 in the presentation. You highlight mid-teens adjusted EPS growth. But if we just do the math on the midpoint of the EPS guidance, $4.55 over $4.05, that's more like 12.5%. And then sort of similarly, if I add up the revenue growth guidance, the margin expansion guidance and the delevering guidance, sort of get also to a higher number. So sorry, can you just help kind of piece those -- reconcile those differences a little bit?

Stephanie Ferris - *Worldpay, Inc. - CFO*

Yes, I think we said mid-teens is thinking about 14% at the high end. We're obviously pretty excited about what we think we can do next year continuing to leverage both the revenue growth and the margin expansion. So I think we thought about it in terms of just comparing it to the high end of the guidance.

Operator

We'll go next to James Schneider from Goldman Sachs.

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

I'm wondering if you can maybe kind of start off and talk a little bit about what you're seeing in terms of the eCommerce competitive landscape there [over the things that you see] in terms of the [view that] eCommerce studies in terms of the [different dynamics] and maybe...

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

You're cutting...

Stephanie Ferris - *Worldpay, Inc. - CFO*

Hey James, it's Steph...

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

You're cutting out. We knew if it's an eCommerce question about the landscape. Or if you can try that again.

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

Yes. In terms of the [dynamics] on the eCommerce side [and the synergies] are you expecting to materialize in the back half this year. Just give us [some color about the dynamics].

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

Revenue synergies in the back half of the year.

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

I'm sorry. So -- okay. So what we think we got out of that is comment about the revenue synergies in the back half of the year and the eCommerce type of landscape. So our group continues to see more and more wins as we're signing contract, you see the number's up to 26. Very strong pipeline. We have a dedicated group that's working on it. I was just with the leader of that group, and I got to tell you, we have these exciting sales kickoff and I get to be with the whole sales force and to see the enthusiasm has been -- it just energizes me. So as we expose more products, features functions, it's a matter of getting the client to -- because they have other priorities today, is to move the business. So the receptivity is high. Their goal of consolidating, they want to have less complexity and simplify it. And we feel good about it. We still feel it's the second half of 2019 to start to realize the revenue synergies because it just takes the client a little bit time in their prioritization to move. And we're comfortable with that. Our view is very long term. When the client moves to us, the volume comes to us, it's sticky to us. And it just takes -- unfortunately it takes a little longer for them to move. But once everything starts moving, you'll see continual back half of '19 into '20, '21 and beyond.

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

That's helpful. And then maybe just talk about your expectations for the [integrated chain] this year. And maybe talk about the -- some of the numbers around that. And then specifically, are you seeing any kind of incremental competitive headwinds? Or is it just a matter of large numbers? And maybe just talk briefly about the prospects of moving some of your ISV partners to Europe over time.

Stephanie Ferris - *Worldpay, Inc. - CFO*

Okay. I think I got it, James. So what I heard you ask about is our views on Integrated Payments with respect to growth and what's happening in that channel. So as you know, we have the largest scale of Integrated Payments channel in the industry. It continues to do really well for us. Our expectations for it are in the mid-teens for 2019. It was -- it had really strong growth in the fourth quarter and all year -- last year, quite frankly. The underpinnings of that really are continuing to win share. So as you know, we talked about Lightspeed on the call. That's one example where our capabilities, depth and breadth of our product set and our ability to really drive great outcomes for our clients are helping us win, continue to win significant share in the Integrated Payments space. So like I said, our expectations for that are in the mid-teens.

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

Yes, and I think one important thing we mentioned is we continue to advance in the Integrated Payment space while other people are trying to jump into the channel. It takes a while when you want to jump in, even if you had a small acquisition. So we continue to press that lead forward, which gives us confidence in that mid-teen number in 2019. And I feel good about our team and our clients. Obviously, the whole space is competitive, but we have advantages that we continue to press. So I'm feeling good about where we're at in that business.

Operator

(Operator Instructions) We will go next to Ashwin Shirvaikar from Citi.

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

I guess, my question is firstly with regards to the 26 new cross-sell wins. That's a good number. But as I look at sort of the potential for just 1 client, like, say, for example, a Lenovo, with its revenue base, if you penetrate even that one client well, you'd be well on your way to your overall revenue synergy number. So I guess, is there maybe some color you can provide about the 26? Are they sort of lopsided in terms of size or timing or what it takes to bring up your revenue synergy number?

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

So when we see the $100 million -- when we did the $100 million, we laid out the potential of the volumes, capabilities with our margins and with the win rate. At this point, we're getting good success early in the win rates. And as they start converting and we see the revenue flow through, it can give us different levels of confidence as we pull into 2020 and '21. At this point, I mean, the barrier is really getting the customer's prioritization in their queue. A lot of these customers, even though it's a positive to them, they have other things going on that's getting the prioritization in their queue. We clearly are willing to do more for the client to [process] them through and we'd like to see that revenue. But at this point, it's still -- it's the early innings. I mean, we forget a lot of times here, but we are only 1 year into this. And sometimes, my guys look back and they try to compare to other companies that take 2 or 3 years to get to this point. We're at 1 year and we feel good about where we're going. So at this point, we have really good confidence. And if we start to get clients earlier, that will be a plus during the course of the year. But we thought getting out the $100 million was a bold move up front. And we are going to continue to drive that, but we feel good about that happening.

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

Okay. And as the second question, Charles, you had comments on APIs and automation as it relates to SMB on-boarding. That sounds like an important initiative to bring, sort of the average merchant size that you target below the current level and to be more effective than before at the -- sort of the lower strata of the smaller-type of merchants. Can you comment a little bit more on that with regards to specific opportunities? Do you need any specific capabilities? Is it enough to do partnerships? Or would you need to do some M&A in this space? Any comments there?

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

Yes, so a couple of things. One is yes, you hit it, the on-boarding or the speed of on-boarding allows us to come down in the eCommerce space and also, quite frankly, just improve some efficiencies across some of their channels and allows us to grab a middle-market space, which, as we put that in place and we exposed our -- the beauty is once we get them on board and make it easy for them, we can expose our AuthMax products, our Recovery products, all the products that we have that the large guys consume. It's not dissimilar to years ago, when we got large clients and we built capabilities for them and exposed that to the middle markets. So I think you hit on it. It's a tremendous opportunity as we move down and something that as we're thinking about -- we think about repeatable and continual growth. And it's opening up new areas of the market to leverage our products. So we're pretty excited about getting that completed. From an M&A side, if there are things that will help accelerate that, we have a lot of the tools and we're going to have this capability in the near term. So there are certain verticals in the M&A that we think from an M&A side that can accelerate us into some new verticals and keep us ahead of the market. So like we said, we're -- we are actually -- we're -- because of the way we've been able to delever, get to our targets, we're going to be deploying capital this year back in the market with M&A -- or M&A or returning to shareholder there. So we're back in the M&A market for 2019. And it's more strategic products that will help accelerate us in the Technology Solution areas.

Operator

Ramsey Assal from Barclays has our next question.

Ramsey Clark El-Assal - *Barclays Bank PLC, Research Division - Research Analyst*

I wanted to ask about the Fiserv-First Data tie up. And to the degree to which in that specific channel, the bank referral channel, there are customers that you have that might be processing on a Fiserv core that might represent an opportunity for them in terms of the bundle that they're pushing. And then just sort of bolted on to that question, now that they're bringing kind of Clover to that channel, does it make you reassess the kind of technology software/hardware solutions you might need to kind of compete there as well?

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

Yes, so I would tell you, we've always believed scale and scalable growth strategies are key. And that's why we led this by putting us and Worldpay together. So scale does matter, but it matters what channels that you're in and where the secular growth is happening. The secular growth is happening in Integrated Payments, eCom, in the middle, the upper markets and across the entire world, to bring a full solution of the entire world, not just really domestic or patchwork of different type of systems. So from my perspective, scale matters, and we're very well positioned. We do have a close eye on that. We think there's a lot of consolidation that has to happen. And it -- there are opportunities for us to think about when things -- people are going through consolidation.

As far as the cores, a lot of our clients today have been with us on the FI side because they want to actually have an alternative because what we bring to the FI client is a unique capability in the payment space. And by just bundling with the core, it just becomes a potential price. And quite frankly, we have the scale to play a price game if we want to play a price game on that. So we feel good. But it's 2 powerful companies coming together and we keep a close eye, and we'll see what happens over the next couple of years. In the near term, you have to be able to sort through the complexities of the company.

Ramsey Clark El-Assal - *Barclays Bank PLC, Research Division - Research Analyst*

One follow-up. Could you give us your updated thinking around the kind of the broader macro view of the U.S. consumer? We've heard a lot of headlines about lower tax refunds and delayed filings. Are you seeing any incremental sign in Q1 that some spending is getting pulled back on the consumer side? And then just really quick modeling question. Does your guidance contemplate further interest rate increases this year?

Stephanie Ferris - *Worldpay, Inc. - CFO*

Yes, no, I'm happy to take that. So in terms of the consumer, I think no would be the short answer to your question. So the fourth quarter, the consumer was quite strong. You can see that in both our Technology Solutions segment and our Merchant Solutions segment in the U.S. I think that the U.S. did benefit from an increasing average ticket all year. And so we see the benefits of that coming through in 2018. Early looks at 2019, the consumer continues to look fine. Remember, though, that January is a fairly light month for us, and February, in terms of just overall spend. But I wouldn't say that we're seeing any signs of deterioration at this point.

In terms of interest, we have 2 rate hikes currently baked in, in terms of our interest expense expectations next year.

Operator

And next, we have a question from Dan Dolev from Nomura.

Dan Dolev - *Nomura Securities Co. Ltd., Research Division - Executive Director of Business Services*

Kind of asking the same question about the state of the Fiserv deal. Are you actually seeing -- or is it too early? Are you starting to see any kind of more disruption or more business that's up for grabs in the market? As obviously, when you get the consolidation and people are afraid that [their companies] might not operate as strongly. Is there anything going on right now, or is it too early? Then I have a follow-up questions?

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

Yes, I would say -- I mean, they just announced it. They haven't -- I mean, they just announced it. The keys that we'll look for or will create disruption is how clear they are to their employees, what type of changes they did announce, significant expense reduction. So the distraction becomes around your RM and how well they handle it. At Worldpay, what we're able to do, as we were able to give the organization clear, who's running what and who's reporting where. And we did that actually relatively quickly, that the organization knew how to operate. So it's clearly too early. A lot of the customers don't know about it, but until it's supposed to impact them. And they'll feel the impact not because of a press release, it will be because of the people. So it's how well you manage your people will be what causes the early disruption. The later disruption's how well you put the systems together, do you deliver products that you thought you were going to deliver? But right now, it's just an announcement. They're working through all their channels. But people fail to -- we really get -- that what I say on this call. Our people really make the difference. It brings the products to life. It brings the channels to life. It brings your customer to life. So we'll see how that goes. That's the first stage that I usually see. Right now, quiet. Quiet.

Dan Dolev - *Nomura Securities Co. Ltd., Research Division - Executive Director of Business Services*

And then my follow-up is on the synergies, and I apologize if someone already has asked it. I was on a different call. If you kind of look at the margin growth ex synergies, the cadence this year, I mean, I think it's been slowing down. So if you take out the synergies and you just get the pure margin growth every quarter, I think Q4, if I'm not mistaken, was just about maybe about 5 basis points or so compared to strong growth. Is there anything to read into that? Iso that anything to do with maybe kind of the residual pricing? Or anything that suggests some pricing pressure? And/or is it just FX related because of the strong growth in Tech Solutions?

Stephanie Ferris - *Worldpay, Inc. - CFO*

Yes, no. So Dan, great question. No. So we're really pleased with the EBITDA margin expansion. As you noted, it's primarily related to the delivery of cost synergies. There's nothing underlying organic at all. No, no increased pricing pressure, et cetera. So no trends there that we're concerned about, that we're seeing. I think you're probably just seeing us take any expansion there and reinvest it at this point into the sales and marketing lines. But transparently, we're really just focused on making sure we deliver the synergies and continue to hit our pace there as well as focus on revenue growth. So nothing specific underpinning the organic that you should be concerned about.

Operator

And next, we have a question from Dan Perlin from RBC Capital Markets.

Daniel Rock Perlin - *RBC Capital Markets, LLC, Research Division - Analyst*

I had a question kind of around the narrative that we get every once in a while, which is are you guys better suited for processing clients that are both physical world, plus eCommerce clients, so the whole omni-channel package, versus just the pure eCommerce providers? That's my first question. I have a follow-up to that.

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

Yes, so I think we're suited for both. I think from an eCommerce platform, web only or eCommerce-only clients, we're -- we do a tremendous job around auth rates, around fraud, around being able to update their accounts on recurring payment. And then from the brick-and-mortar side, we have tremendous scale. We know how to operate a multinational or also inside the country. So I think we have those individual capabilities. And then we have a good capability to put it all together and combine it for them. So I think we touch all 3., so I wouldn't say -- I think we have the capabilities, which really, there's maybe one competitor that has -- one, but they don't have the scale that we have to produce the type of outcomes that we have across all the geographies. But I think I wouldn't pick 1. I think we'll get all 3.

Daniel Rock Perlin - *RBC Capital Markets, LLC, Research Division - Analyst*

The other question I had was, I was interested to hear you, this Lenovo win coming out of Paymetric. So I'm wondering, when you look at the Paymetric portfolio that you guys have, from what I remember, they had a lot of multinational clients embedded in that. So can you just help us maybe frame what that portfolio could represent or could look like as you guys think about these cross-selling opportunities? Because that Lenovo win sounded like it was pretty solid one with that relationship.

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

Yes. So we -- I'll tag-team with Stephanie. But -- so we have -- part of the Paymetric when we talked about how we would operate that, we were really thinking just domestically. And once we got Worldpay, we had the advantage across the world, so these players that have all the international capabilities. So we spent the first part of the year connecting everything to make sure that we enable all the international abilities, and that's going to be a nice opportunity. I would tell you that we've incorporated some of that into part of the $100 million as we think about the cross-selling type of opportunity. But there is a really tremendous opportunity in the B2B. Stephane?

Stephanie Ferris - *Worldpay, Inc. - CFO*

Yes, no, I would just echo what Charles said in terms of B2B being a continued focus for us because of the secular growth, our ability to cross-sell into the base, our ability to continue to add new business in that segment. Charles mentioned we will be back in the market with respect to M&A this year. That would be absolutely a place that we'd love to expand if we could find something we like there. But continues to be a great opportunity for us.

Operator

Our next question is from Tien-Tsin Huang from JPMorgan.

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

Just wanted to clarify on that last point, the capital deployment. So 3.5 turns on leverage that you're targeting by mid-2009 (sic) [mid-2019]. But has your appetite for M&A changed, given recent consolidations? I know you want to resume M&A. Just curious how you balance those 2 priorities.

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

Yes, so as we look in the market. If there are strategic things that will help grow our revenue in the Technology Solution area or fast-growing verticals, we'll jump into the market and actively pursue M&A. You won't see us doing just general consolidation type of plays, but we think there are properties that can help accelerate us and add on that helps us in 2021 type of pieces. So we will -- with the right thing, we will deploy capital.

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

Okay, no, that's clear. And then my quick follow-up on merchant, the low single-digit outlook, can you remind us of how sensitive the U.S. and the U.K. are to macro in general? We've been getting that question a lot. I don't think you do a lot of petrol, for example, in the U.S. Can you give us a little bit more on macro sensitivity in the merchant business?

Stephanie Ferris - *Worldpay, Inc. - CFO*

Yes, I mean, I think -- yes, sure, happy to. So clearly, we're tied to consumer spending overall, like everybody is. I think when you think about -- let me take the U.S. and the U.K., they're actually quite similar. They have quite a bit of everyday spend in them. So when you think about macroeconomic headwinds, we think we sit defensively pretty well in terms of we don't have petrol, but we do have grocery, drugstore and a lot of everyday spend. And so as you think about macroeconomic slowdown, those industries, as you know, tend to be quite resilient. They were quite resilient for us back in 2009 when we were just the U.S. And then similarly, the portfolio in the U.K. as well, because of where it sits in terms of vertical, has also a lot of everyday spend. So I think from an overall standpoint, sits pretty defensive to the overall market.

Operator

And Darrin Peller from Wolfe research has our next question.

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

I know there were some questions around guidance going into the end of the year. So just maybe, Stephanie, to can start off by just clarifying your assumptions around the pound, I mean, specifically, assumptions around some of the other attributes of your business, like the merchant referral growth rate? Just really anything that could cause a question in maybe 2 quarters out and being at the low end of guide versus not. There was also -- I think you guys guided the share count to be flat, but I know you had $150 million of buyback and then the new authorization. So just can you just explain the flat share count guidance there, too?

Stephanie Ferris - *Worldpay, Inc. - CFO*

Sure, happy to. So I'll take the revenue guide, and maybe I'll look to Nate to give you a little modeling on the share count. So the way we thought about guidance for 2019 is very consistent with the way we've talked about midterm revenue expectations for the company, so upper single digits revenue growth; Tech Solutions, mid- to upper teens; Merchant Solutions and Issuer Solutions, low single-digits. I think as you think about the quarters unfolding, the other things that we have in the numbers impacting the guide is obviously the stub in the first quarter, which is about $54 million. And then we have baked in some FX headwinds on a year-over-year basis, about $45 million to $65 million. And then crypto headwind for us in 2019 of about $17 million full year. So those are some of the pieces in terms of benefiting or offsetting the underlying high level upper single-digit revenue growth numbers.

I think as we come into the end of the year, we saw the consumer in the U.S. continue to be strong, the U.K. economy continues to struggle, but I think our growth numbers were consistent in the fourth quarter versus the third quarter. As we came into 2019, I think the things that we would say around Tech Solutions is, obviously, it continues to benefit from just really strong eCommerce secular growth. Integrated Payments continues to take market share as the scale player there. Merchant Solutions, the U.S. benefited this year in 2018 from a very strong consumer, specifically on the back of an expanding average ticket. We are not guiding the consumer to slow down in the U.S., but we aren't expecting that average ticket expansion. And so that underpins our low single-digit revenue expectation for U.S. And then same thing for the U.K., so we're expecting the U.K. to continue as is, really low single-digit, not expecting any improvement there. So that's how I think about revenue. Nate, how have we thought about share count?

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

Yes, sure. So just first thing, remember, with the stub period, that resulted in a relatively low share count in the first quarter of 2018, and so the 313 million, on a full year basis, relatively flat. The repurchase redid in the fourth quarter largely offsets any share creep and inclusive of that 1Q '18 effect.

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

That's helpful. And just one bigger-picture question. You've mentioned in the past that you've signed around 25% of the $100 million revenue synergies. Can you just update where you think you are now in terms of what you've signed versus a percentage basis? And then -- I mean, has the pipeline even changed at all? It sounds like it's growing. You've obviously added quite a few new clients, that's bookings, I guess you could say, just -- in terms of pipeline opportunity.

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

So pipeline has -- continues to grow. We have a lot of advanced conversations with people. It's -- we don't count until the ink's on the piece of paper. So we feel good about the pipeline in order to support the $100 million and with revenue starting in the second half of the year. We haven't focused on the percent, more the clients that we have. So from that standpoint, I would just tell you that we continue to have high confidence in our ability to perform that.

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

All right. So with that, we'll wrap up the call. Thanks, everyone, for joining us today. If you have any additional follow-up questions, please reach out to Ignatius Njoku or myself, Nathan Rozof, and we will be happy to help you. Thank you.

Operator

And that does conclude our conference today. Thank you for your participation. You may now disconnect.
