

MARKETS | DEALS

## Fidelity National Information Services to Buy Worldpay for \$35 Billion

Deal marks one of the biggest transactions in the fast consolidating payments sector



A Worldpay card payment machine PHOTO: CHRIS RATCLIFFE/BLOOMBERG NEWS

By Ben Dummett and Paul J. Davies

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Fidelity National Information Services Inc. [FIS -0.70%](#) ▼ said Monday it has agreed to acquire Worldpay Inc. [WP 9.96%](#) ▲ for about \$35 billion in cash and stock. The deal would create a global giant in payments and back-office financial services in a bid to reach more customers as transactions move increasingly online.

The deal marks one of the biggest transactions in the fast-consolidating payments sector that is under pressure to cut costs, develop new products and add customers. It comes at a time of greater regulatory scrutiny and rising competition from technology startups that are squeezing fees. In 2017, Worldpay Group PLC, the predecessor company of Worldpay, was itself acquired by U.S. rival Vantiv Inc. for £8 billion (\$10.6 billion).

For Fidelity National Information Services, widely known as FIS, the acquisition would also be by far its biggest bet since it acquired rival financial software company Sungard for \$5.1 billion in cash and stock in 2015.

Under the deal, shareholders of Worldpay, which is based in Cincinnati, Ohio, will receive 0.9287 in FIS shares and \$11.00 in cash for each share of Worldpay. That values Worldpay's shares at \$112.12 each, representing a takeover premium of almost 14% to Worldpay's stock price based on Friday's closing prices for each company in New York, or a 32% premium to Worldpay's average price over the past three months.

FIS shareholders will own about 53% of the company and Worldpay shareholders will own about 47%.

The payments sector has seen a wave of new stock-market listings, strategic takeovers and private-equity buyouts in recent years after the traditional managers of payments, mainly retail banks, began to unload these operations and more small, technology driven startups started to appear. Earlier this year, U.S. technology and services company Fiserv agreed a \$22 billion takeover of First Data, the U.S. payments group that is still part-owned by private-equity firm KKR & Co. Other deals in recent times include PayPal's \$2.2 billion takeover of startup iZettle and private-equity buyouts of European groups Nets and Paysafe.

Shares in several European groups rose on Monday in expectation of more deals. One of the strongest risers in early trade was French Group Worldline. Its parent company, software

group Atos, cut its stake to 23% from more than half in January to give Worldline more freedom to do deals in the sector.

- Heard on the Street: Paying Up for Worldpay Might Make Sense

The combined FIS and Worldpay expects to generate \$500 million in additional revenue and annual cost cuts of about \$400 million through combining their one-stop shop services to process online and in-store payments and manage transactions in multiple currencies. The enlarged group, which expects to have annual revenue of about \$12.3 billion, also will offer services to manage fraud and advanced data analytics, the companies said.

FIS helps banks process credit-card transactions, service auto loans and handle back-office functions for money managers among a range of services that it offers. The company says its technology is used in managing transactions involving more than \$9 trillion annually.

However, it is small in the payments business, ranking number 126 in the world by transactions done for merchants, according to the Nilson Report, a payments research firm. Worldpay is the world leader ahead of JPMorgan Chase and Bank of America .

The deal will give FIS access to the 40 billion e-commerce and other types of transactions it said Worldpay processes yearly. FIS said it serves 130 countries, while Worldpay operates in 146 countries.

The tie-up would allow FIS and WorldPay to offer their services to each others' customers in a bid to boost total revenue of the combined entity while eliminating duplicate operations to generate cost savings.

The new company will be called FIS and based in Jacksonville, Fla., and estimates it will be able to generate free cash flow of nearly \$4.5 billion in three years following the deal's closing.

Gary Norcross, FIS's current chief executive and chairman, will retain those roles at the combined company. Worldpay's chief executive Charles Drucker will serve as executive vice chairman of the board, the companies said.

The combination of stock and cash values Worldpay at an enterprise value of approximately \$43 billion, including the assumption of Worldpay debt, which FIS expects to refinance.

### **Corrections & Amplifications**

An earlier version of this article incorrectly said the newly created company would operate in more than 276 countries globally. (March 18, 2019)

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