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PRESENTATION

Operator

Ladies and gentlemen, good day, and welcome to the Worldpay Fourth Quarter and Full Year 2017 Conference Call. Today's call is being recorded.

And now at this time I'll turn the conference over to Ignatius Njoku. Please go ahead, sir.

Ignatius Njoku

Good morning to those in the U.S., and good afternoon to those in the U.K. Thank you for joining us today for Worldpay, Inc.'s first financial community conference call following the completion of our combination on January 16, 2018. By now, everyone should have access to our fourth quarter 2017 earnings announcement which we have filed as an 8-K in the U.S. and released via the RNS in the U.K. containing fourth quarter and full year results for both heritage companies and supplemental pro forma historical financial information for the combined company.

This supplemental information was prepared as if the transaction had occurred on January 1, 2017. 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 under 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 our forward-looking statements disclosure in today's earnings release and in an 8-K we have filed today with the U.S. Securities and Exchange Commission.

Also, throughout this conference call, we'll be presenting non-GAAP and pro forma financial information, including net revenue, adjusted EBITDA, adjusted net income, 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.

We will also refer to non-GAAP pro forma information presented as if Worldpay, Inc.'s predecessor company had been combined at various states. The supplemental information is also included in today's earnings release.

Now turning to Slide 3. During today's call, Charles Drucker, our Executive Chairman and Co-CEO, will discuss highlights from the quarter and provide strategic overview of our business; Philip Jansen, our Co-CEO, will address our multiple opportunities for growth; Stephanie Ferris, our CFO, will introduce the financial profile of our newly combined business, including a financial review of the fourth quarter and full year 2017 as well as our outlook for 2018. After which, we'll take your questions.

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

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

Thank you, Ignatius, and thanks to everyone for joining us this morning.

We closed our transaction on January 16 and it is our great pleasure to talk to you today about the progress we have made. Together, we have created the new leader in global integrated omnicommerce. We will create shareholder value by executing on our business model that can sustain high single-digit rates of revenue growth with upside from revenue synergy opportunities.

I'm pleased to say that both of our heritage companies finished 2017 strong, positioning new Worldpay for success. During the fourth quarter, heritage Vantiv's results exceeded the top end of their guidance. Net revenue grew 13% to $569 million and adjusted net income per share rose 29% to $0.97. Vantiv delivered double-digit merchant organic net revenue growth as our strategy of expanding into high-growth channels and verticals continues to produce results. We nabbed some important wins. We signed a top 3 wireless carrier and we renewed one of our largest clients, Walmart.

Heritage Worldpay also continued to deliver a consistent trend, meeting its net revenue and underlying EBITDA expectations as global eCommerce continued to exceed expectation with 20%-plus top line growth in this highly strategic segment. Both heritage company's accomplishments are impressive. Now working together, we will accomplish more than either of us could have achieved on our own.

Now let's turn to Slide 6 and discuss what makes Worldpay the new leader in global integrated omnicommerce. We'll win by leveraging our position as one of the leading technology companies in the world, enabling payments on a global scale in ways that no one else can match. Worldpay's unique business model is based on 4 key pillars: first, we will harness the size of the rapidly growing global payment market. The addressable market for payments is huge and continually expanding, as consumers and merchants adopt electronic payments worldwide. We can process any form of payment anywhere in the world, which will keep us in the front of this growing market.

Second, we will continue to aggressively expand into high-growth segments, where secular trends are accelerating in digital payments. As we did with our early investments in eCommerce and Integrated Payments, we use data to identify the most attractive market expansion opportunities. We then take a focused approach to aggressively grow in those areas such as we have in B2B payments.

Third, we will continue to win by building on our unique capabilities while adding new products to gain market share. Our technology, distribution and scale have always set us apart, and we will continue to press our advantages.

Finally, the new Worldpay has a compelling financial profile. Our business model features reoccurring revenue streams in fast-growing areas and our superior cost structure gives us significant operating leverage, which when combined with our disciplined use of capital create high rates of cash flow conversion. We intend to strategically deploy this cash to enhance shareholder reserves -- returns.

Our people excel in making the complex easy and they focus on executing and delivering for our clients every day. For that, Philip and I want to recognize our colleagues worldwide. We appreciate the sacrifices that you make and know that you will bring the new Worldpay to reality.

And with that, I'd like to turn it over to Philip, who will explain our plans to capitalize on the potential of new Worldpay. Philip?

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

Thank you, Charles. First, I'd like to echo your comments and appreciation for all our colleagues and the outstanding work that they do. I'm also really excited by what our future holds, and now I will spend a few minutes sharing how we will capitalize on new Worldpay's growth opportunities.

Charles already referred earlier to the size and durability of growth in the global payments industry, which we show you on Slide 8. As you can see, payments revenues are enormous. It's an industry that's on track to be a $2 trillion plus revenue market in 2021, with global future revenue growth projected to accelerate to 7% per annum.

Within that expanding industry, new Worldpay starts off as the #1 player in both the U.S. and the U.K., the 2 largest and most developed payments markets in the world. Combined, we are the leading worldwide acquirer and benefit from secular expansion of the entire global market. Emerging markets like Asia and LatAm are growing even faster as their economies expand and become increasingly digital, which creates further opportunities for expansion and growth.

As Charles mentioned, we will seek to outperform the already strong payments market by aggressively expanding in high-growth areas, with eCommerce being one of the most important. As we show on Slide 9, eCommerce remains a tremendously attractive market. Volumes are projected to double by 2020 with a high teens growth rate, driven by the steady shift of consumer spending online.

And within this attractive eCommerce segment, cross-border eCommerce is projected to grow even faster, nearly twice as fast as the broader eCommerce market, expanding at approximately 25% per year. We already lead in eCommerce and we are the #1 player in cross-border eCommerce as well.

Where Worldpay shines is in simplifying the complexity inherent in cross-border eCommerce transactions for our clients. These are exceedingly complex due to geographical spread and the myriad of required currencies and payment methods, plus, all the different regulatory requirements that must be met. Our ability to offer merchants a one-stop global solution that solve these issues is truly unique.

The trends driving eCommerce, both domestic and cross-border, are powerful and accelerating. Worldpay will win because our people are totally dedicated to creating the right combination of capabilities, technology and value-added services to help merchants serve their customers worldwide.

Turning to Slide 10, we will expand on our lead in Integrated Payments as a second driver of growth. Heritage Vantiv is today the leader in Integrated Payments in the U.S. Our unrivaled distribution network of developers, partners and verticals has enabled us to win in this market, which is growing at more than midteens rate by providing integrated payment solutions to SMBs at the point-of-sale.

There is further to go for in the U.S. Integrated Payments, and we will continue to leverage our open-ecosystem approach and build on our position as the partner of choice for dealers and developers.

Beyond the U.S., new Worldpay now has the exciting opportunity to leverage our deep expertise. First, following our existing developers and partners as they expand overseas and then, over the next few years, expanding in the U.K. and Europe to companies we believe will be hungry for Integrated Payments capabilities that we can deliver.

Looking at Slide 11, we will grow by continuing to address the needs of high-growth vertical markets. The essence of serving high-growth verticals is understanding their unique structures and dynamics so that we can serve our clients exceptionally well. Both heritage Vantiv and Worldpay did this very effectively by creating solutions tailored to different verticals, such as grocery, travel and digital as well as others not listed on this page.

We are building on our lead in this area by investing in capabilities that further serve verticals, where we see accelerating adoption of card and digital-based payments, including B2B, health care, gaming and entertainment. The ever-increasing pace of change and the need to invest in new products and technology benefits large payments companies like new Worldpay.

As noted on Slide 12, Worldpay now has the unique scale of distribution and technology capabilities to continue to lead in the expanding global payments industry. In this industry, scale is an asset and so is the ability to innovate. What is uncommon is having the combination of both. We have the size and unmatched global scale to compete and win new business across the ecosystem. With the combined heritage Vantiv and Worldpay, we now spread the cost of implementing new technologies over more than 40 billion transactions annually, keeping us competitive on price and enabling us to earn best-in-class margins.

The breadth and diversity of our distribution channels is also unique. We have a very strong presence in all the major sales channels, both direct and indirect. We're strong partners in all of them. And finally, we have a nimble technology infrastructure that is well placed to support faster speed to market and to deliver global innovation. We have the knowledge and capability to deploy advanced technology quickly and to provide our clients with a full suite of products such as security, max authorization and fast funding as examples.

By executing our integrated platform strategy, we will deploy new technology quickly and at low cost.

With that, let me now hand over the call to Stephanie. She will review our financial performance and discuss our outlook for the first quarter and the full year. Stephanie?

Stephanie Ferris - *Worldpay, Inc. - CFO*

Thank you, Philip. And thanks to everyone for joining the call.

As Charles and Philip noted, we are excited to build on the strengths of Worldpay in 2018.

Looking at Slide 14, our business model gives Worldpay a very attractive financial profile. Our long-term customer contracts are derived from a diverse customer base, which provides us with a highly visible recurring stream of transaction fee revenue, with approximately 40% of the net revenue coming from our high-growth businesses.

We enjoy significant operating leverage due to our scale and superior cost structure, and we have opportunities to further increase our industry-leading margin profile as we integrate our 2 companies and achieve our anticipated cost synergies.

Finally, our business is highly cash generative. Our high free cash flow conversion provides flexibility to deploy capital strategically and to reinvest in the high-growth areas that Philip discussed, which enables us to expand our business mix to areas of higher growth. Our combined business also has low CapEx needs and benefits from Worldpay's substantial CapEx investments in 2016 and '17. In the near term, our capital allocation priority is to delever to approximately 4x adjusted EBITDA within the next 12 to 18 months, then to continue to invest for growth, both organically and through M&A.

Turning to Slide 15, let me take a moment and review each heritage company's fourth quarter results. Heritage Vantiv exceeded expectations for both net revenue and adjusted net income per share. Net revenue grew 13% to $569 million and adjusted net income per share grew 29% to $0.97. Our Merchant segment generated net revenue growth of 17% as transactions grew by 6% and net revenue per transaction increased by 11%. On an organic basis, merchant net revenue grew 10%, reflecting our continued new wins and positive share shift with SMBs.

In our Financial Institution segment, net revenue declined 5%, in-line with our expectation, as we continue to see the impact from our large client de-conversion. FI's underlying trends remained stable and we continue to expect this segment to return to growth during the second half of 2018.

Adjusted EBITDA grew 13% to $282 million. Our adjusted EBITDA margin was essentially flat year-over-year at 49.5%, reflecting our continued discipline around expense control as well as achievement of cost synergies surrounding our acquisition.

On a full year basis, heritage Vantiv ended the year with net revenue growth of 11% to $2.12 billion. Our Merchant Services segment grew 16% to $1.79 billion, including the impact of our acquisitions made in 2017. On an organic basis, Merchant Services grew 10%.

Our FI segment declined 6% to $336 million on a full year basis as a result of the de-conversion of Capital One in the second quarter of 2016. Heritage Vantiv generated adjusted net income per share of $3.37, growing 23% year-over-year, exceeding our expectations.

Now turning to heritage Worldpay. Worldpay's fourth quarter gross profit grew 6% year-over-year on a constant currency basis to GBP 277 million. Results were in-line with the overall expectations for the quarter, with global eCommerce gross profit of GBP 113 million growing 21% year-over-year and on a constant currency basis. This strong performance in eCommerce offset continued macroeconomic challenges in the U.K. and softness in the heritage Worldpay U.S. business. On a full year basis, heritage Worldpay delivered total revenue growth of GBP 5 billion and achieved its GBP 520 million underlying EBITDA target.

Now that we completed the review of both heritage companies' fourth quarter and full year 2017 results, let's move to Slide 16 where we have provided a pro forma view of the combined company as if the transaction would have occurred on January 1, 2016. There are several things that we have done as part of this exercise: we've combined the business results of both companies; we've conformed the heritage Worldpay financials into Vantiv's heritage presentation; we have converted the businesses to a dollar functional currency; we've pro forma-ed the debt related to the transaction; we've included the estimates of the impact of purchase accounting on the depreciation and amortization; we provided a combined company tax rate; as well as established a new segment for the combined company.

This historical information is meant to provide a backdrop for the discussion as we move into 2018 and we have included this information as a supplemental schedule in today's earnings release.

Looking at the table, on a pro forma combined basis, Worldpay's full year net revenue would have grown 7% to $3.6 billion. On a constant currency basis, net revenue would have grown 9%.

Total Merchant revenue would have grown 9% to $3.3 billion and on a constant currency basis, would have grown 11%. On an organic basis, total merchant revenue would have grown 8% for the combined company as compared to organic revenue growth of 10% in heritage Vantiv and 6% for the full year for heritage Worldpay in 2017.

Adjusted EBITDA would have grown 10% to $1.7 billion and on a constant currency basis would have grown 12%. Our adjusted EBITDA margin would have been a very strong 46.8%. And pro forma adjusted net income would have grown 18% to $991 million.

As the pie chart on this slide illustrates, Worldpay consists of 3 new segments: Technology Solutions, Merchant Solutions and Issuer Solutions.

Technology Solutions represented 37% of pro forma combined net revenue in 2017 and primarily consists of our eCommerce and Integrated Payments sale channels. Technology Solution's pro forma net revenue grew 21% for the full year of 2017, up 24% on a constant currency basis and rose 31% in the fourth quarter, up 27% on a constant currency basis.

Merchant Solutions accounted for 53% of pro forma combined net revenue last year and chiefly consists of our direct, ISO and merchandise sales channels across both the U.S. and U.K. Merchant Solutions pro forma net revenue would have grown 2% for the full year of 2017, up 4% on a constant currency basis and would've risen 3% in the fourth quarter, up 1% on a constant currency basis.

Issuer Solutions accounted for 10% of pro forma combined net revenue in 2017 and comprises Vantiv's Financial Institution Services segment as well as well as Worldpay's U.S. ATM business. Issuer Solutions revenue would have declined 7% during the full year of 2017 and declined 6% during the fourth quarter. As I mentioned, we expect this segment to return to growth during the second half of this year.

Turning to Slide 17, based on the current business and transaction trends as well as the date of the transaction close, we expect to generate for 2018 net revenue of $3.8 billion to $3.89 billion. Please note that these expectations exclude $65 million of revenue related to the stub period from January 1 to January 15, 2018 prior to the transaction close.

Assuming the transaction closed on January 1, 2017, net revenue would have been $3.86 billion to $3.95 billion, representing growth expectations of 7% to 9%.

We expect total merchant revenue to grow high single digits for the full year, consistent with the pro forma growth we saw in 2017. We expect our Technology Solutions segment to continue to grow in the mid- to upper-teens with the first quarter continuing as eCommerce trends coming off of a strong holiday season.

We continue to expect consistent trends in the merchant solutions segment with expectations for this segment in the low single digits for the full year and the quarter, even with the slowing macro conditions within the U.K.

Issuer Solutions will continue to be impacted by the Capital One de-conversion and, as a result, we're expecting a deceleration in the mid-single digits with the return to growth in this segment in the back half of the year, ultimately driving flat revenue growth for the full year.

For the first quarter, we expect to generate net revenue of $825 million to $840 million. As I discussed above, please note that these expectations include $65 million of revenue related to the stub period from January 1 to January 15, 2018.

Assuming the transaction would've closed on January 1, 2017, net revenue would have been $890 million to $905 million, representing growth expectations of 9% to 11%.

In addition to our focus on technology solutions, Worldpay will continue to have its eye on execution and disciplined expense management. To that end, we anticipate delivering $45 million of cost synergies this year with approximately 2/3 of those savings in the U.S. We expect to see over half of this savings realized in G&A and the remaining split between sales and marketing and other operating costs. We anticipate the majority of these synergies occurring in the second through the fourth quarter. In addition, we will take advantage of investments made by heritage Worldpay and would expect investment in our capital as a percentage of net revenue to decrease from historical combined company of 10% down to 9% in 2018.

We have also included the following assumptions in our guidance, which are set out on this slide. Depreciation and amortization including intangibles of $165 million to $170 million; $360 million in interest expense; and 315 million to 320 million shares outstanding.

The combined company taxes benefited from both the tax structure realized as part of the combination as well as the impacts of the Tax Reform and Jobs Act. The combined company's tax rate post synergies from the transaction would've been 16%. The Tax Reform and Jobs Act subsequently lowered the tax rate to 13% on a combined company basis.

Let me briefly address the impact of tax reform. As I just discussed above, the reduction in U.S. corporate tax rates driven by the U.S. Tax Cuts and Jobs Act reduced our effective tax rate expectations from 16% to 13%. We do not currently expect any limitation to our ability to deduct interest expense from the new tax law and we do plan to reinvest a substantial portion of the benefit of lower statutory taxes in the U.S. back into the business in 2018, and our guidance for the year reflects that expectation.

We anticipate pro forma adjusted net income per share of $3.66 to $3.76 for the full year and $0.76 to $0.79 for the first quarter.

Now let me turn it back over to Charles who will bring you up to speed on our integration progress and recent wins.

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

Thanks, Stephanie.

Turning to Slide 19, we have taken steps right out of the gate to quickly integrate our 2 companies. We are executing on established, disciplined approach to integration, which will enable us to achieve our synergy targets.

As in the past, the main priority is to embrace our clients and partners to ensure that we continue to deliver the seamless service and to bring forward the enhanced strengths of the company. Our integration planning was well advanced by the time of the closing, with teams stacked against a dozen integration work streams. Both our heritage companies had similar values. Six weeks into it, I would say our cultures are meshing very well. We've already made significant progress and have begun to consolidate global functions.

We're also making important tactical progress. For example, all U.S. heritage Worldpay salespeople are now selling the full suite of Vantiv products on a single U.S. platform. We continue to anticipate that the majority of the integration efforts will occur over the next 3 years, and based upon our early success so far, we remain confident in our ability to achieve cost synergies of $200 million, and that will be -- and that we will begin to see benefits from the revenue opportunities in mid-2019.

Finally, I want to call out what is the most exciting for us, and that's how our clients are reacting. Philip and I have had several meetings with our clients. They recognize the potential of the new Worldpay, and this is a testament to the opportunities that we believe lie ahead of us.

Turning to Slide 20, Worldpay is off to a terrific start and our combination is already delivering solid results. We are a leader in global -- in the global payment industry. We're investing to further extend our lead in eCommerce, Integrated Payments and attractive verticals like B2B. We have differentiated capabilities in technology, distribution and scale and our business model has compelling financial characteristics. Our integration is advancing per plan, and we are engaging with clients to realize our many products and distribution benefits.

Finally, as I talked about earlier, we believe that one of our competitive advantages is our people. Immediately following the close, I traveled around the world with Philip and hosted more than 2 dozen town halls and sales meetings. I met more than 3/4 of our operating colleagues across the globe. And I'd tell you that seeing that energy and enthusiasm, I have enormous confidence in our ability at this company to achieve our goals.

Before we take your questions, I want to again thank each of our staff and colleagues. Your efforts every single day on behalf of our customers make heritage Vantiv and heritage Worldpay industry leaders. Thank you for continuing to deliver outstanding client service as together, we will build the leader in global integrated omnicommerce.

So now with that, operator, we will open the line for questions.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) We will hear first from Tien-tsin Huang with JPMorgan.

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

Just I guess, I'll ask on the revenue synergy potential. Is anything explicitly assumed in your outlook? And I'm curious maybe you could just rank for us where that synergy could come from. It seems like selling eCom into the U.S. and Integrated into Europe are logical, but any more detail would be great.

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

Yes, so in 2018, it's not -- there are no revenue synergies associated with that. We are putting the systems together, we are starting the selling process into motion in 2018 that we believe that when we complete the sales and board the clients, we'll start to see that in mid-'19. I think what you mentioned, cross selling U.S. to the European clients that we have and vice versa, that is leaning forward to Integrated Payments, but these take a little bit of time. And the dialogue with the customers have been great, but it takes a little bit of time to get the contracts, to get the implementations. So we feel like a mid-'19 -- as we show guidance in '19, would be inclusive of that.

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

Got it. And then just my quick follow-up, just on the expense synergies, I caught the $45 million this year. But I'm curious just on the platform conversion side. When could we expect that to cut in? And I'm guessing that, that's the biggest chunk of savings. So again, the timing around that would be helpful.

Stephanie Ferris - *Worldpay, Inc. - CFO*

Yes. Great, Tien-tsin, I'll take that. So you're exactly right, the lion's share of the synergy in the U.S. relates to us migrating the Worldpay -- the heritage Worldpay U.S. business onto the Vantiv platform. And we're currently -- we're actually working on that diligently, it will take us a bit of time. So we would expect to see that occur in the first half of 2019 versus the end here of 2018. And as you might expect, with that then comes a lot of the synergies that we would expect to see in the U.S.

Operator

Now we'll move to our next question, that will come from Dave Koning with Baird.

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

And I guess, my first question, it seems like the momentum is really good here. And it seems like revenue guidance is pretty conservative. What it feels like that 7% to 9%, that there's 1% from the acquisitions, Paymetric and Moneris; a couple percent maybe from FX and core only 4% to 6%. That seems to me really conservative. I'm just wondering if that's about right and maybe why.

Stephanie Ferris - *Worldpay, Inc. - CFO*

Yes, great. Thanks, David. So yes, our revenue guide is 7% to 9%. On a constant currency basis, it's 6% to 8%. Our expectation, just thinking about the new segment, so you saw our very strong technology solution growth in the fourth quarter. I'm really excited about that segment. Expect that segment on a constant currency basis to grow 10% to 17% or mid-teens, upper teens. Excluding Paymetric, we'll continue to be in the upper teens area. Merchant Solutions, which includes our traditional channels within the U.S. as well as the U.K. -- and as you know, there has been some macroeconomic conditions in the U.K. -- but we're pretty excited about being able to guide there on a constant currency basis into the low single. So as you think about those coming together, that's what's underpinning the 5% to 8% or 6% to 8% guide on a constant currency basis. We do see the trends, and are encouraged by the trends, in Technology Solutions. Those continue to be really strong for us, and we expect those to continue to be strong.

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

Great. Great, that's good. And then secondly, maybe just touch on leverage expectations by the end of '18. I know that debt paydown's going to be fast. And then any -- is there much interest expense sensitivity to rates on the $360 million guide?

Stephanie Ferris - *Worldpay, Inc. - CFO*

Yes, great. So yes, our stated intentions are by the end of 2018 and the first half of 2019, from an EBITDA standpoint, to be down below 4x. I would expect us to get to that point in the first or second quarter of 2019, like we said. In terms of the interest expense guide, that does incorporate for expected rate hikes. And so the sensitivity for increases in the U.S. is baked into that.

Operator

Now we'll take a question from Dan Perlin with RBC Capital Markets.

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

I wanted to talk about the, I guess, the dynamic around the competitive landscape for you guys now this thing's closed. You said you've talked with a ton of clients. It sounds like the synergies to maybe put some of those clients together is going to be in '19. But there's been a lot of, I guess, discussion around Adyen and eBay coming together and maybe why you guys wouldn't have been participating in that. And there's just -- can you just give us an idea about what the types of clients that you're going to go after and why that maybe wouldn't have been one that would've fit well in the current structure?

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

Well, I'll have Philip address the [type] and also new segments that we're going to go after. So traditional business, Philip?

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

Yes, I think -- I mean, the competitive situation is as you described it, okay? So in global eCommerce, the big change for us is we now can cover the world better than anybody else. So I think when we are talking direct to the customers that Charles was referencing, they are recognizing that we are undoubtedly the most complete solution for those customers with global aspirations. And by definition, those -- the number of customers with global aspirations continues to grow. Online, obviously, the biggest fueler of that dynamic. So the competitive situation is always competitive. There are good competitors out there. You mentioned a few of them. There are many others, it depends by vertical. But what we have seen, which I think is really encouraging, is the feedback from our customers is the new Worldpay is more advanced than both old Worldpay and old Vantiv.

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

Yes, I would also add that in the past, we believed that the share of wallet, because of the countries covered, had to be split a little bit more. Really bringing the U.S. and our scale in the U.S. gives us the most complete solution, we think, out there. And we're going to press that advantage. So we're having conversations with the clients today, and we feel very confident in where we're going. Also, there's a middle market segment that our team is going to be developing to grab the eCommerce more in the middle market space. Also, that as we pull in to '19, we feel very good about capturing more and more of that space. So we're excited. We had great conversations with our customers. And people get it, is we're an execution-based type of company and we're really focused on bringing the best features, functions to our customers.

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

Yes, and I'd add 1 other thing just to bring it to life. What is it that the customers actually like? What are they looking for? It's very straightforward, actually. They're looking for better outcomes, and those outcomes fall into sort of 3 broad categories, which is: authorization rates, cost dynamics and fraud and risk. So a combined new Worldpay with 40 billion transactions has the ability to deliver better outcomes for our customers. And they get that. And that is what our guys are selling right now as we work through -- what Charles referred to it before -- which is the actual technology road map that delivers on that promise.

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

That's fantastic. And then just briefly, a follow-up on -- this is probably more for Philip as well. I know that the prior Worldpay was investing pretty heavily, I guess, reinvesting in the technology, and in particular in eCommerce platform. Can you just remind us, is that -- that is complete now at this point? And then what -- maybe 1 or 2 of the major attributes of that investment that it's achieving today?

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

Yes, sure. I mean, it's not fully complete because as we have combined the 2 companies, we now have a different footprint by definition. So again, that's what we were sort of referring to. In terms of the synergies and the revenue synergies coming in mid-2019, that's because we now will have a combined proposition across the whole world for these eCommerce clients. So we're just connecting the 2 platforms but also, at the same time, just upgrading to make sure that we can deal with the scalability that we want and also deliver the functionality that our customers want. So there's a bit more work to do, which is what we're doing right now, and it should be done by the end of this year, such that we can start to see, as customers connect in early '19, by mid-'19 those revenue synergies begin to come to fruition.

Operator

Now we will take a question from Ashwin Shirvaikar with Citi.

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

I was hoping you guys could perhaps go into some more granularity with both the Merchant and the Technology pieces with regards to expectations for direct, ISO, bank channel. Break it out if you could on both those segments.

Stephanie Ferris - *Worldpay, Inc. - CFO*

Sure, Ashwin, happy to. So if you think about the Technology Solutions segment, it's about 50% Integrated Payments, 50% eCommerce. Both of those businesses continue to grow very strong for us. Expectations around those are in the mid- to upper-teens as we thought about guiding to 2018. On the Merchant Solutions side of our business, which is about 53% of the business, you could think about those in 2 pieces, I guess: the U.K., which represents about 30% of Merchant Solutions; and then the U.S. is about 70%. As you know, the U.K. is going through some pretty significant macroeconomic conditions given the Brexit. And so we really -- if you saw with the heritage Worldpay U.K. results, I think it was down 1% for the fourth quarter. And so we continue to expect that piece of the Merchant Solutions segment to be fairly challenged from a macroeconomic standpoint. So aren't expecting to see that piece of Merchant Solutions recover in any way. With respect to the U.S., which is 70% of the Merchant Solutions business, that splits up about direct, 40%; ISO, 20%; and Merchant Bank, the rest. And those continue to do like they were doing there in heritage Vantiv. So think about direct and ISO in the low- single-digits, and Merchant Bank, obviously, continues to do really well for us. I think we've historically said mid-teens in that piece of the business given our new wins. So hopefully, that gives you some detail there. So we feel pretty good about it going into 2018. But I will remind everybody in the Merchant Solutions business, we do have the macroeconomic conditions going on in the U.K. holding that business down. But overall, expectation's in low single for the entire segment.

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

Got it. That's very helpful. And then on the tax rate, I heard your comment with regards to 13%. Is that ongoing? And then the offsetting investment, can you talk maybe a little bit more about that? And I'm assuming that's just sort of a year-long maybe investment, and then next year the whole effect, the 13% flows through, I guess?

Stephanie Ferris - *Worldpay, Inc. - CFO*

Yes, yes -- no, we expect the 13% tax rate to continue. That is our expected tax rate in 2018 and beyond. We did take the opportunity to reinvest in the business. That will be ongoing. We were going to be reinvesting in people as well as platform and innovation. We would expect that to be onetime. That is reflected in our guide. And I think as you roll through your models, you'll still see, even with that reinvestment, some pretty nice margin expansion given the $45 million worth of cost synergies. So would expect those investments to continue onward.

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

Got it. If I can sneak one more quick one in. The deceleration in transaction, that has more to do with timing and comp with the USPS contract. Is there anything else to that?

Stephanie Ferris - *Worldpay, Inc. - CFO*

Yes -- no, it's generally the -- you're exactly right, lapping the USPS contract overall.

Operator

Darrin Peller with Barclays has the next question.

Darrin David Peller - *Barclays Bank PLC, Research Division - MD*

Let me just start off. Look, to follow up on the revenue synergy side, our checks have already suggested that you guys have won, let's call it, 2 to 3 large clients for cross-selling on eCom. So it's understandable to hear '19 expectations for revenue synergies. How much work needs to actually be done on the integration side to allow you to actually get this done? And is there any risk on the timing given integration work that has to happen? And then is there any challenges -- or are you seeing any feedback from clients and RFPs given that the integration's going on that folks want to just kind of wait and see how it goes? And then just a quick one on the other side of revenue synergies is how -- what's the timing expectation for the opportunities around actually taking your IPOS, your integrated expertise and really moving that more global?

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

Okay, so a couple of things. So we feel good about our integration plans and our goal is to be able to connect our platforms, so our customers wherever they enter us, they don't have to do multiple type of integrations. And we feel good that we've had this time to develop our plans, and we just need to execute in a way that we typically execute. So we have, in our dialogue with clients, good confidence level of our ability to deliver what we're saying to the clients. So the feedback has been good. I do think that initially, you'll have clients say to you, "Hey, you're going through an integration. Should I wait?" I think when we've been out and described what we're doing and how we're doing and also the track record of what we do, they're pretty anxious to grab, like Philip says, our ability to bring better outcomes to them through max auth, other broad products. So you might have some clients ask, which is the normal due diligence questions, that "Hey, should I wait?" And once we sit down with them, they go, "We're ready to go as soon as you're ready to go." So I feel pretty confident.

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

Yes, the other thing I -- and it's a really good question, by the way, because it's how we handle what's in '18 and '19, and how we bring the 2 together. So we're clear on what will happen in '19, and all the technology work what happens in this year. But I suppose the key thing that we've heard from our clients, which I think is really exciting, is they will be buying a 2- to 3- to 4-year time frame and looking forward to us expanding over that period with them as they grow. So that's what's happening. So as we're selling, we're selling in '18 for what we can deliver right now which, by the way, is very strong. They're then saying, "Okay, this is what could happen in '19," which obviously strengthens even further. And then my point about us continuing to invest in the technology to keep moving with the times and innovating along the lines that Charles mentioned before, is what we're actually selling. And that's the vision. What we really want to do is get the technology execution absolutely right to deliver the vision, and that's why we're not rushing. And by the way, every single customer, though they're a little bit impatient, gets it and says, "Okay, we much prefer you to tell us what you can deliver and when and hit it," and that's what we're exactly planning to do. So it's really exciting, but we just want to make sure we get it right in 2018 from a technology point of view.

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

And then I'd say that for folks who are familiar with Matt Taylor, Matt Taylor is leading the integration. We're already working with a lot of his existing clients who have either presence or want to lean into Europe. We think it's going to take -- for us to connect is one thing and get them live, but it will be a developing market over the next couple of years. And we'll see wins as we pull into '19, and it will continue to grow through '20. So Matt is already working on that and taking the components. So we feel our expertise is going to be extraordinarily helpful in getting that market going.

Darrin David Peller - *Barclays Bank PLC, Research Division - MD*

Great. And then just a quick follow-up. Look, on the cost synergy side, I know you're maintaining the $200 million number for now. It's been a couple of months now that you've been able to see under the hood a little more. I mean, are you seeing anything different in the expectation now in terms of potential for upside or in the magnitude or the timing or the places where you're finding the synergies right now?

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

I'll tag team with Stephanie, as she looks at me, that we feel confident -- we feel confident. We had time to do the work. We feel confident we executed. I think when we did the last roadshow at the end of the year, showing what our track record has typically been, we feel confident that we'll be able to achieve that synergies. Stephanie gave a little bit more color on timing.

Stephanie Ferris - *Worldpay, Inc. - CFO*

Yes, so we feel, obviously, that we have Vantiv -- heritage Vantiv has a long history of integration, successful integrations. We feel really good about what we're doing. But it is a large integration and a lot of clients. So we're doing very careful planning, and we have very strong confidence in our ability to execute. But it's really that platform and where we can move that platform. And as much as we we'd like to do it faster, we need to do it with the right amount of planning and with our eye towards the actual impact to the customers, which we'd like to keep as little as possible. So I feel really good about it. But in terms of 2018, I think the number that we gave you is realistic. I do want to circle back on one thing when I was answering Ashwin's question to clarify. In the Merchant Solutions segment, which represents about 53% of us, the U.K. is 30% and the U.S. is 70%. The splits that I gave between direct, ISO and Merchant Bank, direct being 40%; ISO, 21%; and Merchant banking, the rest, that percentage is of the total Merchant Solutions segment. Not the U.S. So as you're doing your math, I did want to provide some clarity there.

Operator

Now we'll take a question from David Togut with Evercore ISI.

David Mark Togut - *Evercore ISI, Research Division - Senior MD, Head of Payments, Processors & IT Services Research and Fundamental Research Analyst*

Net revenue per transaction grew a strong 11% in the Merchant Solutions business in Q4. Could you comment on some of the underlying dynamics of that growth in revenue per transaction and to what extent you think that's sustainable in '18?

Stephanie Ferris - *Worldpay, Inc. - CFO*

Yes, absolutely. So I think it was Ashwin who pointed it out, we are, from a transaction standpoint, growing over the United States Postal Service. So that transaction count is slightly -- has a year-over-year grow over in it. But nevertheless,, revenue per transaction does continue to expand. It's really all about the high-growth channels traditionally from a Vantiv legacy standpoint. So Integrated Payments and Merchant Bank continuing to take share in the SMB space really is what you're seeing drive that net revenue per transaction expansion. So strong growth continues in those channels moving into the SMB space, and that continues to be a big driver of the net revenue per transaction for us.

David Mark Togut - *Evercore ISI, Research Division - Senior MD, Head of Payments, Processors & IT Services Research and Fundamental Research Analyst*

Got it. And then just as a quick follow-up, Philip, I'd be curious for your thoughts about preparation for upcoming implementation of PSD2 regulations in Europe, consumer ACH transactions for eCommerce. How do you see PSD2 coming in from an implementation standpoint? And to what extent do you think merchants, eCom merchants in Europe, will drive consumer adoption of this? Or is there no real incentive to drive adoption of PSD2?

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

Yes, I mean, I think -- I think the PSD2 will have some major changes by definition. I think as you said at the end of your question, the economics around how volume might shift is not quite clear. There isn't a strong economic case for that. Having said that, our planning assumption is that there will be a plethora of new payment methods, ways of paying, obviously, direct payments, instant payments, more ACH, all those kinds of activities will grow in Europe. And again, we are planning for that eventuality and making sure that for our clients -- and obviously we have many who work across the whole of the European footprint -- looking at what they might want to deliver for themselves, either taking advantage of what other new entrants might do in the payment method area or specific bespoke activities for individual large clients who want to take advantage of the open access changes as a result of PSD2. So more to do on that work. We've got quite a lot of people working on the whole direct payments and open-access type work.

Operator

Now we'll hear from Jim Schneider with Goldman Sachs.

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

Maybe just following up on your Integrated Payments strategy cross-selling to Europe. Can you maybe give us a little bit more color on what the specifics of the strategy is there? Specifically, what verticals do you think are most attractive and prime for kind of initial entry to the U.K.? And do you see that as a broader play than just the U.K.? Any more color on the vertical side would be great.

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

Yes, so I would say from where we're at, we're going to lean in with our connections that we already have with the U.S. players, which gives us high access into retail and restaurant verticals. We also, on the B2B verticals, which is slightly different, is that Paymetrics gets to be open across the world. When we did that acquisition we were just looking at it from a U.S.-based type of acquisition. So we've already had lots of dialogue with players that we have that currently are moving into the U.K. and Europe. The U.K. is an initial focus for us but it's really opening up across Europe. But that's the biggest stronghold that we have. So Matt has started to develop the plans, and we believe that over the next couple of years -- because the adoption rate will be -- I'll put it back to where the U.S. was 5 years ago or so, the adoption rate was starting to accelerate. So it's a bit slow and we think over the next couple of years for us to accelerate a lot more. So we're starting with the stuff that we know how to do and then there are some players also in Europe that -- new players, not only the existing ones, that will connect. And the expertise that we have on how to handle and operate with that business is extraordinarily strong. So we're having good dialogue with new players in Europe.

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

That's helpful. And then maybe one for Stephanie. Appreciate the color you provided before on the segment-specific revenue guidance for 2018, but as you think about the same-store sales assumptions, maybe talk about what you saw in the U.K. and the U.S. in Q4 from a same-store sales perspective and then what the embedded expectation is for 2018?

Stephanie Ferris - *Worldpay, Inc. - CFO*

Yes. Yes, happy to. So same-store sales growth in the U.S., we continue to see in the mid-single digits, third quarter to fourth quarter, slightly better. And as you know, the U.S. economic conditions continue to be pretty strong for us here. So in terms of thinking about guidance for our channels that operate in the U.S., we're expecting very consistent trends with what we saw on the fourth quarter. We aren't planning to have any continued expansion beyond that or deceleration. The U.K., as you know, is going through some pretty heavy macroeconomic conditions. Same-store sales growth there is pretty tough, flat to slightly down single digits. Our expectations for 2018 are for those to continue as the U.K. continues to deal with the Brexit impact. So hopefully, that helps.

Operator

And we will now take our final question today from George Mihalos with Cowen.

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

Just wanted to ask, Stephanie, the 7% to 9% top line growth, and I know there are some moving parts around acquisition and FX, but is that sort of a good profile from an organic constant growth perspective for the company long term?

Stephanie Ferris - *Worldpay, Inc. - CFO*

Yes, I think long term, we're continuing to feel really good about upper single digits. So I think the 7% to 9% range made sense on a midterm to long-term basis.

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

Okay. And just turning to the U.K. and the performance there, should we be thinking that this sort of trend, call it flattish, down slightly, will continue throughout the course of the year? Or would you expect an uplift in the back half of the year as the comparisons get easier?

Stephanie Ferris - *Worldpay, Inc. - CFO*

That's a great question. So I think for the first half of the year, it's definitely a deceleration, to your point, as we deal with some tough grow-over comps. From my chair, expectations are more flattish. I don't expect the economy to turn around per se, but the comparisons do get a bit easier. So flattish to maybe slightly up. But I'm pretty conservative with respect to the U.K. given the macroeconomic conditions there.

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

Okay, that's very helpful. And if I can sneak one last one in, again, looking at the U.K., is there anything that gives you pause that over the long term, that market shouldn't be sort of a mid-single-digit grower?

Stephanie Ferris - *Worldpay, Inc. - CFO*

Yes. So I think as we look at the U.K., heritage Worldpay has really, really nice market share there, 40% market share. They operate in very consistent channels as we do in the U.S., direct, bank, et cetera. I think in the midterm -- well, and certainly in the short term -- we're a more flat, low single. I think as we get out and we see the economic conditions turn around, could it potentially get back up to mid-single, possibly. I think so. I think we need to wait and see what happens with the economy.

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

And outside the economy, I think it's how Philip and I bring more price and some features and functions down to the clients, which takes a little while to develop. And I think as we lean in on Integrated Payments, there's opportunities and other things. But Steph and I are very well in-line with what she's saying.

Ignatius Njoku

Thank you for joining the call today. If you have any additional questions after today's call, please reach out to us using the contact information available on our Investor website, and we will be happy to help you. Thanks again, and goodbye.

Operator

And with that, ladies and gentlemen, this does conclude your conference for today. We do thank you for your participation, and you may now disconnect.
