

TSYS
Financial Highlights
(unaudited)
(in thousands, except per share data)

	Three Months Ended March 31,		Percent Change
	2015	2014	
Total revenues	\$ 662,156	592,848	11.7 %
Cost of services	449,705	422,883	6.3
Selling, general and administrative expenses	89,955	89,268	0.8
Total expenses	<u>539,660</u>	<u>512,151</u>	5.4
Operating income	122,496	80,697	51.8
Nonoperating expenses	<u>(9,209)</u>	<u>(9,813)</u>	6.2
Income before income taxes, noncontrolling interests and equity in income of equity investments	113,287	70,884	59.8
Income taxes	<u>39,782</u>	<u>24,335</u>	63.5
Income before noncontrolling interests and equity in income of equity investments	73,505	46,549	57.9
Equity in income of equity investments, net of tax	<u>5,394</u>	<u>4,096</u>	31.7
Income from continuing operations, net of tax	78,899	50,645	55.8
Gain (Loss) from discontinued operations, net of tax	<u>-</u>	<u>980</u>	nm
Net income	78,899	51,625	52.8
Net income attributable to noncontrolling interests	<u>(1,144)</u>	<u>(2,322)</u>	50.7
Net income attributable to TSYS common shareholders	<u>\$ 77,755</u>	<u>49,303</u>	57.7 %
Basic earnings per share(EPS):			
Income from continuing operations to TSYS common shareholders*	\$ 0.42	0.26	60.4 %
Gain (Loss) from discontinued operations to TSYS common shareholders*	<u>-</u>	<u>(0.00)</u>	nm
Basic EPS	<u>\$ 0.42</u>	<u>0.26</u>	60.5 %
Diluted EPS:			
Income from continuing operations to TSYS common shareholders*	\$ 0.42	0.26	61.8 %
Gain (Loss) from discontinued operations to TSYS common shareholders*	<u>-</u>	<u>(0.00)</u>	nm
Diluted EPS	<u>\$ 0.42</u>	<u>0.26</u>	61.8 %
Weighted average shares outstanding:			
Basic	<u>184,481</u>	<u>187,752</u>	
Diluted	<u>185,563</u>	<u>190,384</u>	
Dividends declared per share	<u>\$ 0.10</u>	<u>0.10</u>	
Amounts attributable to TSYS common shareholders:			
Income from continuing operations, net of tax	\$ 77,755	49,321	57.7 %
Gain (Loss) from discontinued operations, net of tax	<u>-</u>	<u>(18)</u>	nm
Net income	<u>\$ 77,755</u>	<u>49,303</u>	57.7 %
<u>Non-GAAP measures:</u>			
Adjusted EPS from continuing operations	<u>\$ 0.54</u>	<u>0.38</u>	41.2 %
Adjusted EBITDA	<u>\$ 193,454</u>	<u>149,596</u>	29.3 %

nm = not meaningful

* EPS amounts may not total due to rounding.

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TSYS Segment Breakdown (unaudited) (in thousands)					
Three Months Ended March 31,					
		2015	2014	Change	
				\$	%
Revenues before reimbursable items:					
North America Services	\$	266,219	224,368	41,851	18.7 %
International Services		73,730	76,773	(3,043)	(4.0)
Merchant Services		110,398	104,625	5,773	5.5
NetSpend		155,074	132,640	22,434	16.9
Intersegment revenues		(9,637)	(5,656)	(3,981)	(70.4)
Revenues before reimbursable items from external customers	\$	<u>595,784</u>	<u>532,750</u>	<u>63,034</u>	<u>11.8 %</u>
Total revenues:					
North America Services	\$	309,233	262,178	47,055	17.9 %
International Services		79,802	82,378	(2,576)	(3.1)
Merchant Services		129,104	122,690	6,414	5.2
NetSpend		155,074	132,640	22,434	16.9
Intersegment revenues		(11,057)	(7,038)	(4,019)	(57.1)
Revenues from external customers	\$	<u>662,156</u>	<u>592,848</u>	<u>69,308</u>	<u>11.7 %</u>
Depreciation and amortization:					
North America Services	\$	23,064	20,276	2,788	13.8 %
International Services		8,778	9,805	(1,027)	(10.5)
Merchant Services		4,277	3,400	877	25.8
NetSpend		2,293	1,735	558	32.2
Segment depreciation and amortization		<u>38,412</u>	<u>35,216</u>	<u>3,196</u>	<u>9.1</u>
Acquisition intangible amortization		23,867	24,313	(446)	(1.8)
Corporate admin and other		536	506	30	5.9
Total depreciation and amortization	\$	<u>62,815</u>	<u>60,035</u>	<u>2,780</u>	<u>4.6 %</u>
Adjusted segment operating income:					
North America Services	\$	102,570	74,578	27,992	37.5 %
International Services		6,983	4,555	2,428	53.3
Merchant Services		34,115	30,168	3,947	13.1
NetSpend		35,467	28,717	6,750	23.5
Total adjusted segment operating income		<u>179,135</u>	<u>138,018</u>	<u>41,117</u>	<u>29.8</u>
Acquisition intangible amortization		(23,867)	(24,313)	446	1.8
NetSpend M&A operating expenses		-	(1,253)	1,253	nm
Share-based compensation		(8,143)	(7,611)	(532)	(7.0)
Corporate admin and other		(24,629)	(24,144)	(485)	(2.0)
Operating income	\$	<u>122,496</u>	<u>80,697</u>	<u>41,799</u>	<u>51.8 %</u>
Other:					
Reimbursable items:					
North America Services	\$	43,014	37,810	5,204	13.8 %
International Services		6,072	5,605	467	8.3
Merchant Services		18,706	18,065	641	3.5
NetSpend		-	-	-	na
Intersegment revenues		(1,420)	(1,382)	(38)	(2.7)
Reimbursable items	\$	<u>66,372</u>	<u>60,098</u>	<u>6,274</u>	<u>10.4 %</u>

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TSYS Condensed Balance Sheet (unaudited) (in thousands)		
	Mar 31, 2015	Dec 31, 2014
Assets		
Current assets:		
Cash and cash equivalents	\$ 328,112	289,183
Accounts receivable, net	315,524	283,203
Other current assets	117,004	118,167
Total current assets	<u>760,640</u>	<u>690,553</u>
Goodwill	1,546,185	1,547,397
Other intangible assets, net	385,161	404,107
Property, equipment and software, net	650,795	656,733
Other long term assets	434,657	434,791
Total assets	<u>\$ 3,777,438</u>	<u>3,733,581</u>
Liabilities		
Current liabilities:		
Accounts payable	\$ 58,473	48,793
Bonds, notes and capital leases	45,526	50,911
Other current liabilities	240,494	196,809
Total current liabilities	<u>344,493</u>	<u>296,513</u>
Bonds, notes and capital leases, excluding current portion	1,396,044	1,405,106
Other long-term liabilities	299,480	309,826
Total liabilities	<u>2,040,017</u>	<u>2,011,445</u>
Redeemable noncontrolling interest	<u>23,397</u>	<u>22,492</u>
Equity		
Shareholders' equity	1,707,677	1,692,762
Noncontrolling interests in consolidated subsidiaries	6,347	6,882
Total equity	<u>1,714,024</u>	<u>1,699,644</u>
Total liabilities and equity	<u>\$ 3,777,438</u>	<u>3,733,581</u>

TSYS Selected Cash Flow Highlights (unaudited) (in thousands)		
	Three Months Ended March 31,	
	2015	2014
Cash flows from operating activities:		
Net income	\$ 78,899	51,625
Adjustments to reconcile net income to net cash provided by operating activities:		
Equity in income of equity investments	(5,394)	(4,096)
Depreciation and amortization	62,815	61,432
Other non cash adjustments	16,836	20,350
Changes in operating assets and liabilities:	5,336	19,395
Net cash provided by operating activities	<u>158,492</u>	<u>148,706</u>
Net cash used in investing activities	<u>(41,714)</u>	<u>(48,064)</u>
Net cash used in financing activities	<u>(73,756)</u>	<u>(72,474)</u>
Cash and cash equivalents:		
Effect of exchange rate changes on cash and cash equivalents	(4,093)	1,015
Net increase in cash and cash equivalents	38,929	29,183
Cash and cash equivalents at beginning of period	289,183	278,230
Cash and cash equivalents at end of period	<u>328,112</u>	<u>307,413</u>
Less cash and cash equivalents of discontinued operations at end of period	-	33,252
Cash and cash equivalents of continuing operations at end of period	<u>\$ 328,112</u>	<u>274,161</u>
Free cash flow	<u>\$ 114,938</u>	<u>101,464</u>

TSYS
Supplemental Information
(unaudited)

Other:
Supplemental Information:

<i>(in millions)</i>	Total Accounts on File		
	March 2015	March 2014	% Change
Consumer Credit	364.5	234.8	55.3
Retail	28.3	27.5	2.6
Total Consumer	392.8	262.3	49.8
Commercial	42.3	40.4	4.8
Other	22.7	19.7	15.2
Subtotal	457.8	322.4	42.0
Prepaid/Stored Value	126.6	120.0	5.5
Government Services	74.5	63.0	18.3
Commercial Card Single Use	64.8	50.8	27.5
Total AOF	723.7	556.2	30.1

Growth in Accounts on File *(in millions)*:

	March 2014 to March 2015	March 2013 to March 2014
Beginning balance	556.2	478.5
Change in accounts on file due to:		
Internal growth of existing clients	39.8	38.6
New clients	172.5	64.6
Purges/Sales	(44.2)	(24.7)
Deconversions	(0.6)	(0.8)
Ending balance	723.7	556.2

	Three Months Ended March 31,			
	2015	2014	Change Inc(Dec)	%
North America Segment:				
Accounts on file (AOF) (in millions)	653.2	495.5	157.7	31.8 %
Transactions (in millions)	3,310.7	2,327.6	983.1	42.2 %
International Segment:				
AOF (in millions)	70.5	60.7	9.8	16.1 %
Transactions (in millions)	572.0	517.9	54.1	10.5 %
Merchant Segment:				
Point-of-sale transactions (in millions)	984.6	982.2	2.4	0.2 %
Dollar sales volume (in millions)	\$ 11,301.6	\$ 10,779.7	\$ 521.9	4.8 %
NetSpend Segment:				
Gross dollar volume (in millions)	\$ 7,660.7	\$ 6,567.2	\$ 1,093.5	16.7 %
Direct deposit 90-day active cards (in thousands)	2,403.5	2,070.3	333.2	16.1 %
90-day active cards (in thousands)	4,193.0	3,654.9	538.1	14.7 %
% of 90-day active cards with direct deposit	57.3%	56.6%		

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Reconciliation of GAAP to Non-GAAP Financial Measures

Non-GAAP Measures

The schedule below provides a reconciliation of revenues and operating results on a constant currency basis to reported revenues and operating income. This non-GAAP measure presents first quarter 2015 financial results using the previous year's foreign currency exchange rates. On a full year constant currency basis, TSYS' total revenues grew 13.0% as compared to a reported GAAP increase of 11.7%.

The schedule below also provides a reconciliation of basic EPS, adjusted for the after-tax impact of acquisition intangible amortization, share-based compensation and merger and acquisition costs, to adjusted EPS.

The tax rate used in the calculation of adjusted EPS for the quarter and year is equal to an estimate of our annual effective tax rate on GAAP income. This effective rate is estimated annually and may be adjusted during the year to take into account events or trends that materially impact the effective tax rate including, but not limited to, significant changes resulting from tax legislation, material changes in the mix of revenues and expenses by entity and other significant events.

The schedule also provides a reconciliation of net income, adjusted for income from discontinued operations, equity in income of equity investments, income taxes, nonoperating expense, depreciation and amortization, share-based compensation, and merger and acquisition expenses, to adjusted EBITDA.

TSYS believes that non-GAAP financial measures are important to enable investors to understand and evaluate its ongoing operating results. Accordingly, TSYS includes non-GAAP financial measures when reporting its financial results to shareholders and potential investors in order to provide them with an additional tool to evaluate TSYS' ongoing business operations. TSYS believes that the non-GAAP financial measures are representative of comparative financial performance that reflects the economic substance of TSYS' current and ongoing business operations.

Although non-GAAP financial measures are often used to measure TSYS' operating results and assess its financial performance, they are not necessarily comparable to similarly titled captions of other companies due to potential inconsistencies in the method of calculation.

TSYS believes that its use of non-GAAP financial measures provides investors with the same key financial performance indicators that are utilized by management to assess TSYS' operating results, evaluate the business and make operational decisions on a prospective, going-forward basis. Hence, management provides disclosure of non-GAAP financial measures to give shareholders and potential investors an opportunity to see TSYS as viewed by management, to assess TSYS with some of the same tools that management utilizes internally and to be able to compare such information with prior periods. TSYS believes that the presentation of GAAP financial measures alone would not provide its shareholders and potential investors with the ability to appropriately analyze its ongoing operational results, and therefore expected future results. TSYS therefore believes that inclusion of non-GAAP financial measures provides investors with additional information to help them better understand its financial statements just as management utilizes these non-GAAP financial measures to better understand the business, manage budgets and allocate resources.

Reconciliation of GAAP to Non-GAAP

Constant Currency Comparison (unaudited) (in thousands)			
	Three Months Ended March 31,		
	2015	2014	Percent Change
Consolidated			
Constant currency (1)	\$ 669,863	592,848	13.0 %
Foreign currency (2)	(7,707)	-	
Total revenues	<u>\$ 662,156</u>	<u>592,848</u>	11.7 %
Constant currency (1)	\$ 602,902	532,750	13.2 %
Foreign currency (2)	(7,118)	-	
Total revenues before reimbursable items	<u>\$ 595,784</u>	<u>532,750</u>	11.8 %
Constant currency (1)	\$ 122,337	80,697	51.6 %
Foreign currency (2)	159	-	
Operating income	<u>\$ 122,496</u>	<u>80,697</u>	51.8 %
International Services			
Constant currency (1)	\$ 87,381	82,378	6.1 %
Foreign currency (2)	(7,579)	-	
Total revenues	<u>\$ 79,802</u>	<u>82,378</u>	(3.1) %

(1) Reflects current period results on a non-GAAP basis as if foreign currency rates did not change from the comparable prior year period.

(2) Reflects the impact of calculated changes in foreign currency rates from the comparable period.

Revenues Before Reimbursable Items (unaudited) (in thousands)			
	Three Months Ended March 31,		
	2015	2014	Percent Change
Total revenues	\$ 662,156	592,848	11.7 %
Reimbursable items	66,372	60,098	10.4
Revenues before reimbursable items	<u>\$ 595,784</u>	<u>532,750</u>	11.8 %

Reconciliation of Cash Provided by Operating Activities to Available Free Cash Flow
(unaudited)
(in thousands)

	Three Months Ended March 31,	
	2015	2014
Net cash provided by operating activities	\$ 158,492	148,706
Capital expenditures	(43,554)	(47,242)
Free cash flow	114,938	101,464
Principal payments on debt and capital leases	(15,085)	(22,277)
Available free cash flow	<u>\$ 99,853</u>	<u>79,187</u>

Reconciliation of GAAP to Non-GAAP

Adjusted Earnings per Share (unaudited) <i>(in thousands, except per share data)</i>			
	Three Months Ended March 31,		
	2015	2014	Percent Change
Income from continuing operations attributable to TSYS common shareholders	\$ 77,755	49,321	57.7 %
Adjust for amounts attributable to TSYS common shareholders:			
Add: Acquisition intangible amortization, net of taxes	15,761	15,813	(0.3)
Add: Share-based compensation, net of taxes	5,441	5,017	8.4
Add: NetSpend M&A expenses, net of taxes*	-	1,204	nm
Adjusted earnings	<u>\$ 98,957</u>	<u>71,355</u>	38.7 %
Basic EPS - Income from continuing operations attributable to TSYS common shareholders			
As reported (GAAP)	<u>\$ 0.42</u>	<u>0.26</u>	60.4 %
Adjust for amounts attributable to TSYS common shareholders:			
Add: Acquisition intangible amortization, net of taxes	0.09	0.08	1.4
Add: Share-based compensation, net of taxes	0.03	0.03	10.5
Add: NetSpend M&A expenses, net of taxes*	-	0.01	nm
Adjusted EPS **	<u>\$ 0.54</u>	<u>0.38</u>	41.2 %
Average common shares and participating securities	<u>184,481</u>	<u>187,752</u>	
* Certain merger and acquisition costs are nondeductible for income tax purposes			
** Adjusted EPS amounts may not total due to rounding.			

Adjusted EBITDA (unaudited) <i>(in thousands)</i>			
	Three Months Ended March 31,		
	2015	2014	Percent Change
Net income	\$ 78,899	51,625	52.8 %
Adjust for:			
Deduct: Loss (Income) from discontinued operations	-	(980)	nm
Deduct: Equity in income of equity investments	(5,394)	(4,096)	(31.7)
Add: Income taxes	39,782	24,335	63.5
Add: Nonoperating expense	9,209	9,813	(6.2)
Add: Depreciation and amortization	62,815	60,035	4.6
EBITDA	<u>\$ 185,311</u>	<u>140,732</u>	31.7 %
Adjust for:			
Add: Share-based compensation	8,143	7,611	7.0
Add: NetSpend M&A operating expenses	-	1,253	nm
Adjusted EBITDA	<u>\$ 193,454</u>	<u>149,596</u>	29.3 %

nm = not meaningful

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Reconciliation of GAAP to Non-GAAP

Segment Operating Margin and Consolidated Adjusted Operating Margin
(unaudited)
(in thousands)

	Three Months Ended March 31, 2015			Three Months Ended March 31, 2014		
	Adjusted Segment Operating Income	Revenues before Reimbursable Items	Adjusted Operating Margin	Adjusted Segment Operating Income	Revenues before Reimbursable Items	Adjusted Operating Margin
North America Services	\$ 102,570	266,219	38.53 %	\$ 74,578	224,368	33.24 %
International Services	6,983	73,730	9.47	4,555	76,773	5.93
Merchant Services	34,115	110,398	30.90	30,168	104,625	28.83
NetSpend	35,467	155,074	22.87	28,717	132,640	21.65
Intersegment	-	(9,637)		-	(5,656)	
Corporate admin and other	(24,629)	-		(24,144)	-	
Adjusted operating margin	\$ 154,506	595,784	25.93 %	\$ 113,874	532,750	21.37 %
Acquisition intangible amortization	(23,867)			(24,313)		
NetSpend M&A operating expenses	-			(1,253)		
Share-based compensation	(8,143)			(7,611)		
Operating income and margin*	\$ 122,496	595,784	20.56 %	\$ 80,697	532,750	15.15 %
Reimbursable items		66,372			60,098	
Operating margin (US GAAP)	\$ 122,496	662,156	18.50 %	\$ 80,697	592,848	13.61 %

* Operating margin on revenue before reimbursable items

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