UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2019

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission File Number: 001-35462

Worldpay, Inc.
(Exact name of registrant as specified in its charter)

Delaware	**26-4532998**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

8500 Governor's Hill Drive
Symmes Township, OH 45249
(Address of principal executive offices)

Registrant's telephone number, including area code:
(513) 900-5250

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See definitions of "large accelerated filer," "accelerated filer", "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
Emerging growth company	☐		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

As of June 30, 2019, there were 311,377,774 shares of the registrant's Class A common stock outstanding.

WORLDPAY, INC.
FORM 10-Q

For the Quarterly Period Ended June 30, 2019

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NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q, including the sections entitled “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Risk Factors,” contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. All statements other than statements of historical fact, including statements regarding our future results of operations and financial position, our business strategy and plans, our objectives for future operations, and any statements of a general economic or industry specific nature, are forward-looking statements. You can identify forward-looking statements by the fact that they do not relate strictly to historical or current facts. Words such as “anticipate,” “estimate,” “expect,” “project,” “plan,” “intend,” “believe,” “may,” “will,” “continue,” “could,” “should,” “can have,” “likely,” or the negative or plural of these words and similar expressions are intended to identify forward-looking statements. We have based these forward-looking statements largely on our current expectations and projections about future events and trends that we believe, based on information currently available to our management, may affect our financial condition, results of operations, business strategy, short-term and long-term business operations and objectives, and financial needs. These forward-looking statements are subject to a number of risks, uncertainties and assumptions, including those described in the “Risk Factors” section of this report. Moreover, we operate in a very competitive and rapidly changing environment. New risks emerge from time to time. It is not possible for our management to predict all risks, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements we may make. In light of these risks, uncertainties and assumptions, the future events and trends discussed in this report may not occur and actual results could differ materially and adversely from those anticipated or implied in the forward-looking statements.

You should not rely upon forward-looking statements as predictions of future events. The events and circumstances reflected in the forward-looking statements may not be achieved or occur. Although we believe that the expectations and assumptions reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance, or achievements. We undertake no obligation to publicly update any forward-looking statement after the date of this report, whether as a result of new information, future developments or otherwise, or to conform these statements to actual results or revised expectations, except as may be required by law.

PART I — FINANCIAL INFORMATION

Item 1. Financial Statements

Worldpay, Inc.
CONSOLIDATED STATEMENTS OF INCOME (LOSS)
Unaudited
(In millions, except share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Revenue	$ 1,073.0	$ 1,006.8	$ 2,043.0	$ 1,857.5
Sales and marketing	304.0	283.4	594.9	549.4
Other operating costs	173.5	185.5	354.5	340.6
General and administrative	105.6	136.8	233.0	386.9
Depreciation and amortization	253.4	287.9	517.8	495.1
Income (loss) from operations	236.5	113.2	342.8	85.5
Interest expense—net	(69.2)	(79.9)	(141.3)	(155.1)
Non-operating income (expense)	(4.2)	(22.0)	(0.7)	(30.6)
Income (loss) before applicable income taxes	163.1	11.3	200.8	(100.2)
Income tax expense (benefit)	18.6	12.8	18.2	(0.4)
Net income (loss)	144.5	(1.5)	182.6	(99.8)
Less: Net income attributable to non-controlling interests	(1.2)	(1.4)	(2.9)	(0.7)
Net income (loss) attributable to Worldpay, Inc.	$ 143.3	$ (2.9)	$ 179.7	$ (100.5)
Net income (loss) per share attributable to Worldpay, Inc. Class A common stock:				
Basic	$ 0.46	$ (0.01)	$ 0.59	$ (0.35)
Diluted	$ 0.46	$ (0.01)	$ 0.58	$ (0.35)
Shares used in computing net income (loss) per share of Class A common stock:				
Basic	311,029,474	296,204,304	306,562,681	284,868,484
Diluted	313,083,818	296,204,304	312,834,187	284,868,484

See Notes to Unaudited Consolidated Financial Statements.

Worldpay, Inc.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
Unaudited
(In millions)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	**2018**	**2019**	**2018**
Net income (loss)	$ 144.5	$ (1.5)	$ 182.6	$ (99.8)
Other comprehensive income (loss), net of tax:				
Gain (loss) on hedging activities and foreign currency translation	(236.5)	(70.2)	(66.2)	(48.2)
Comprehensive income (loss)	(92.0)	(71.7)	116.4	(148.0)
Less: Comprehensive (income) attributable to non-controlling interests	(1.2)	1.4	(10.9)	1.0
Comprehensive income (loss) attributable to Worldpay, Inc.	$ (93.2)	$ (70.3)	$ 105.5	$ (147.0)

See Notes to Unaudited Consolidated Financial Statements.

Worldpay, Inc.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
Unaudited
(In millions, except share data)

	June 30, 2019	December 31, 2018
Assets		
Current assets:		
Cash and cash equivalents	$ 288.6	$ 196.5
Accounts receivable—net	1,681.0	1,694.8
Settlement assets and merchant float	5,126.8	3,132.3
Prepaid expenses	91.5	80.0
Other	567.6	526.1
Total current assets	7,755.5	5,629.7
Property, equipment and software—net	1,105.5	1,074.1
Intangible assets—net	2,740.9	3,127.8
Goodwill	14,100.3	14,137.9
Deferred taxes	1,176.2	789.9
Other assets	219.0	129.1
Total assets	$ 27,097.4	$ 24,888.5
Liabilities and equity		
Current liabilities:		
Accounts payable and accrued expenses	$ 1,276.8	$ 1,188.7
Settlement obligations	5,918.5	3,723.6
Current portion of notes payable	218.5	225.7
Current portion of tax receivable agreement obligations	28.5	73.1
Deferred income	30.2	25.1
Current maturities of finance lease obligations	20.0	22.7
Other	658.2	630.3
Total current liabilities	8,150.7	5,889.2
Long-term liabilities:		
Notes payable	6,944.0	7,622.1
Tax receivable agreement obligations	890.2	590.8
Finance lease obligations	24.3	34.3
Deferred taxes	345.1	473.7
Other	197.3	74.4
Total long-term liabilities	8,400.9	8,795.3
Total liabilities	16,551.6	14,684.5
Commitments and contingencies (See Note 9 - Commitments, Contingencies and Guarantees)		
Equity:		
Class A common stock, $0.00001 par value; 890,000,000 shares authorized; 311,377,774 shares outstanding at June 30, 2019 and 300,454,590 shares outstanding at December 31, 2018	—	—
Class B common stock, no par value; 100,000,000 shares authorized; no shares issued and outstanding at June 30, 2019 and 10,252,826 shares issued and outstanding at December 31, 2018	—	—
Preferred stock, $0.00001 par value; 10,000,000 shares authorized; no shares issued and outstanding	—	—
Paid-in capital	10,713.2	10,135.3
Retained earnings	772.8	593.1
Accumulated other comprehensive loss	(805.4)	(731.2)
Treasury stock, at cost; 3,573,751 shares at June 30, 2019 and 3,574,553 shares at December 31, 2018	(145.4)	(142.8)
Total Worldpay, Inc. equity	10,535.2	9,854.4
Non-controlling interests	10.6	349.6
Total equity	10,545.8	10,204.0
Total liabilities and equity	$ 27,097.4	$ 24,888.5

See Notes to Unaudited Consolidated Financial Statements.

Worldpay, Inc.
CONSOLIDATED STATEMENTS OF CASH FLOWS
Unaudited
(In millions)

	Six Months Ended June 30, 2019	Six Months Ended June 30, 2018
Operating Activities:		
Net income (loss)	$ 182.6	$ (99.8)
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization expense	517.8	495.1
Amortization of customer incentives	15.1	12.6
Amortization and write-off of debt issuance costs	1.9	72.9
Gain on foreign currency forward	—	(35.9)
Share-based compensation expense	57.6	56.2
Deferred tax (benefit) expense	(28.6)	27.3
Tax receivable agreements non-cash items	(3.4)	(6.4)
Other	(1.5)	1.2
Change in operating assets and liabilities:		
Accounts receivable	9.1	(50.3)
Net settlement assets and obligations	20.6	105.7
Prepaid and other assets	19.4	(33.4)
Accounts payable and accrued expenses	113.4	(159.6)
Other liabilities	31.5	(6.8)
Net cash provided by operating activities	935.5	378.8
Investing Activities:		
Purchases of property and equipment	(175.5)	(103.1)
Acquisition of customer portfolios and related assets and other	(12.7)	(51.1)
Purchase of interest rate caps	—	(8.1)
Proceeds from foreign currency forward	—	71.5
Cash acquired in acquisitions, net of cash used	—	1,405.8
Other	9.1	—
Net cash (used in) provided by investing activities	(179.1)	1,315.0
Financing Activities:		
Proceeds from issuance of long-term debt	—	2,951.8
Borrowings on revolving credit facility	4,204.0	2,598.0
Repayment of revolving credit facility	(4,254.0)	(2,823.0)
Repayment of debt and finance lease obligations	(643.5)	(2,590.3)
Payment of debt issuance costs	—	(91.1)
Proceeds from issuance of Class A common stock under employee stock plans	16.7	14.9
Repurchase of Class A common stock (to satisfy tax withholding obligations)	(20.0)	(11.7)
Settlement and payments under certain tax receivable agreements	(69.7)	(140.6)
Distributions to non-controlling interests	(3.3)	(6.4)
Net cash provided by (used in) financing activities	(769.8)	(98.4)
Net (decrease) increase in cash and cash equivalents	(13.4)	1,595.4
Cash and cash equivalents—Beginning of period	2,581.3	1,272.2
Effect of exchange rate changes on cash	(18.7)	(139.2)
Cash and cash equivalents—End of period	$ 2,549.2	$ 2,728.4
Cash Payments:		
Interest	$ 125.3	$ 149.3
Income taxes	22.6	6.2
Non-cash Items:		
Issuance of tax receivable agreements	$ 327.9	$ 120.9

See Notes to Unaudited Consolidated Financial Statements.

Worldpay, Inc.
CONSOLIDATED STATEMENT OF EQUITY
Unaudited
(In millions)

	Total	Common Stock				Treasury Stock		Paid-in	Retained	Accumulated Other Comprehensive	Non-Controlling
		Class A		Class B							
	Equity	Shares	Amount	Shares	Amount	Shares	Amount	Capital	Earnings	Income (Loss)	Interests
Beginning Balance, April 1, 2019	$ 10,611.9	311.2	$ —	—	$ —	3.6	$ (138.7)	$ 10,679.6	$ 629.5	$ (568.9)	$ 10.4
Net income	144.5	—	—	—	—	—	—	—	143.3	—	1.2
Issuance of Class A common stock under employee benefit trust and employee benefit plans, net of forfeitures	9.7	0.2	—	—	—	—	0.5	9.2	—	—	—
Repurchase of Class A common stock (including to satisfy tax withheld obligation)	(7.2)	—	—	—	—	—	(7.2)	—	—	—	—
Issuance of Class A common stock and cancellation of Class B common stock in connection with Fifth Third Stock sale	—	—	—	—	—	—	—	—	—	—	—
Issuance of tax receivable agreements	—	—	—	—	—	—	—	—	—	—	—
Unrealized gain on hedging activities and foreign currency translation, net of tax	(236.5)	—	—	—	—	—	—	—	—	(236.5)	—
Distribution to non-controlling interests	(1.0)	—	—	—	—	—	—	—	—	—	(1.0)
Share-based compensation	24.4	—	—	—	—	—	—	24.4	—	—	—
Reallocation of non-controlling interests of Worldpay Holding due to change in ownership	—	—	—	—	—	—	—	—	—	—	—
Ending Balance, June 30 2019	$ 10,545.8	311.4	$ —	—	$ —	3.6	$ (145.4)	$ 10,713.2	$ 772.8	$ (805.4)	$ 10.6

See Notes to Unaudited Consolidated Financial Statements.

Worldpay, Inc.
CONSOLIDATED STATEMENT OF EQUITY
Unaudited
(In millions)

	Total	Common Stock				Treasury Stock		Paid-in	Retained	Accumulated Other Comprehensive	Non-Controlling
		Class A		Class B							
	Equity	Shares	Amount	Shares	Amount	Shares	Amount	Capital	Earnings	Income (Loss)	Interests
Beginning Balance, January 1, 2019	$ 10,204.0	300.5	$ —	10.3	$ —	3.6	$ (142.8)	$ 10,135.3	$ 593.1	$ (731.2)	$ 349.6
Net income	182.6	—	—	—	—	—	—	—	179.7	—	2.9
Issuance of Class A common stock under employee benefit trust and employee benefit plans, net of forfeitures	16.7	0.8	—	—	—	(0.2)	17.4	(0.7)	—	—	—
Repurchase of Class A common stock (including to satisfy tax withheld obligation)	(20.0)	(0.2)	—	—	—	0.2	(20.0)	—	—	—	—
Issuance of Class A common stock and cancellation of Class B common stock in connection with Fifth Third Stock sale	—	10.3	—	(10.3)	—	—	—	—	—	—	—
Issuance of tax receivable agreements	174.9	—	—	—	—	—	—	174.9	—	—	—
Unrealized gain on hedging activities and foreign currency translation, net of tax	(66.2)	—	—	—	—	—	—	—	—	(74.2)	8.0
Distribution to non-controlling interests	(3.3)	—	—	—	—	—	—	—	—	—	(3.3)
Share-based compensation	57.1	—	—	—	—	—	—	56.3	—	—	0.8
Reallocation of non-controlling interests of Worldpay Holding due to change in ownership	—	—	—	—	—	—	—	347.4	—	—	(347.4)
Ending Balance, June 30 2019	$ 10,545.8	311.4	$ —	—	$ —	3.6	$ (145.4)	$ 10,713.2	$ 772.8	$ (805.4)	$ 10.6

See Notes to Unaudited Consolidated Financial Statements.

Worldpay, Inc.
CONSOLIDATED STATEMENT OF EQUITY
Unaudited
(In millions)

		Common Stock								Accumulated	
		Class A		Class B		Treasury Stock				Other	Non-
	Total							Paid-in	Retained	Comprehensive	Controlling
	Equity	Shares	Amount	Shares	Amount	Shares	Amount	Capital	Earnings	Income (Loss)	Interests
Beginning Balance, April 1, 2018	$ 10,992.2	297.4	$ —	15.3	$ —	3.0	$ (95.0)	$ 10,030.8	$ 482.7	$ 23.8	$ 549.9
Cumulative effect of accounting change	—	—	—	—	—	—	—	—	—	—	—
Net loss	(1.5)	—	—	—	—	—	—	—	(2.9)	—	1.4
Issuance of Class A common stock for acquisition	(64.6)	(0.8)	—	—	—	0.8	(64.6)	—	—	—	—
Issuance of Class A common stock under employee stock plans, net of forfeitures	7.3	0.2	—	—	—	—	—	7.3	—	—	—
Issuance of Class A common stock under employee benefit trust	—	—	—	—	—	—	1.5	(1.5)	—	—	—
Repurchase of Class A common stock (including to satisfy taxes withheld obligation)	(0.5)	—	—	—	—	—	(0.5)	—	—	—	—
Issuance of Class A common stock and cancellation of Class B common stock in connection with Fifth Third Stock Sale	—	5.0	—	(5.0)	—	—	—	—	—	—	—
Issuance of tax receivable agreements	(33.9)	—	—	—	—	—	—	(33.9)	—	—	—
Settlement of certain tax receivable agreements	7.6	—	—	—	—	—	—	7.6	—	—	—
Unrealized loss on hedging activities and foreign currency translation, net of tax	(70.2)	—	—	—	—	—	—	—	—	(67.4)	(2.8)
Distribution to non-controlling interests	(0.8)	—	—	—	—	—	—	—	—	—	(0.8)
Share-based compensation	39.0	—	—	—	—	—	—	37.1	—	—	1.9
Reallocation of non-controlling interests of Worldpay Holding due to change in ownership	—	—	—	—	—	—	—	177.0	—	—	(177.0)
Ending Balance, June 30, 2018	$ 10,874.6	301.8	$ —	10.3	$ —	3.8	$ (158.6)	$ 10,224.4	$ 479.8	$ (43.6)	$ 372.6

See Notes to Unaudited Consolidated Financial Statements.

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Worldpay, Inc.
CONSOLIDATED STATEMENT OF EQUITY
Unaudited
(In millions)

		Common Stock								Accumulated	
		Class A		Class B		Treasury Stock				Other	Non-
	Total Equity	Shares	Amount	Shares	Amount	Shares	Amount	Paid-in Capital	Retained Earnings	Comprehensive Income (Loss)	Controlling Interests
Beginning Balance, January 1, 2018	$ 600.6	162.6	$ —	15.3	$ —	2.9	$ (83.8)	$ 55.4	$ 558.0	$ 2.9	$ 68.1
Cumulative effect of accounting change	22.3	—	—	—	—	—	—	—	22.3	—	—
Net loss	(99.8)	—	—	—	—	—	—	—	(100.5)	—	0.7
Issuance of Class A common stock for acquisition	10,364.8	133.6	—	—	—	0.8	(64.6)	10,429.4	—	—	—
Issuance of Class A common stock under employee stock plans, net of forfeitures	14.9	0.7	—	—	—	—	—	14.9	—	—	—
Issuance of Class A common stock under employee benefit trust	—	—	—	—	—	—	1.5	(1.5)	—	—	—
Repurchase of Class A common stock (including to satisfy taxes withheld obligation)	(11.7)	(0.1)	—	—	—	0.1	(11.7)	—	—	—	—
Issuance of Class A common stock and cancellation of Class B common stock in connection with Fifth Third Stock Sale	—	5.0	—	(5.0)	—	—	—	—	—	—	—
Issuance of tax receivable agreements	(33.9)	—	—	—	—	—	—	(33.9)	—	—	—
Settlement of certain tax receivable agreements	15.8	—	—	—	—	—	—	15.8	—	—	—
Unrealized loss on hedging activities and foreign currency translation, net of tax	(48.2)	—	—	—	—	—	—	—	—	(46.5)	(1.7)
Distribution to non-controlling interests	(6.4)	—	—	—	—	—	—	—	—	—	(6.4)
Share-based compensation	56.2	—	—	—	—	—	—	53.4	—	—	2.8
Reallocation of non-controlling interests of Worldpay Holding due to change in ownership	—	—	—	—	—	—	—	(309.1)	—	—	309.1
Ending Balance, June 30, 2018	$ 10,874.6	301.8	$ —	10.3	$ —	3.8	$ (158.6)	$ 10,224.4	$ 479.8	$ (43.6)	$ 372.6

See Notes to Unaudited Consolidated Financial Statements.

Worldpay, Inc.
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Business

Worldpay, Inc., a Delaware corporation, is a holding company that conducts its operations through its majority-owned subsidiary, Worldpay Holding, LLC (“Worldpay Holding”). Worldpay, Inc. and Worldpay Holding are referred to collectively as the “Company,” “Worldpay,” “we,” “us” or “our,” unless the context requires otherwise.

On January 16, 2018, the Company completed the acquisition of all of the outstanding shares of Worldpay Group Limited, formerly Worldpay Group plc, a public limited company (“Legacy Worldpay”). Following the acquisition, the Vantiv, Inc. (“Legacy Vantiv”) name was changed to Worldpay, Inc. by amending our Second Amended and Restated Certificate of Incorporation. The effective date of the name change was January 16, 2018.

Worldpay is a leader in global payments providing a broad range of technology-led solutions to its clients to allow them to accept payments of almost any type, across multiple payment channels nearly anywhere in the world. The Company serves a diverse set of merchants including mobile, online and in-store, offering over 300 payment methods in 126 transaction currencies across 146 countries, while supporting various clients including large enterprises, corporates, small and medium sized businesses and eCommerce businesses. The Company operates in three reportable segments: Technology Solutions, Merchant Solutions and Issuer Solutions. For more information about the Company’s segments, refer to Note 13 - Segment Information. The Company markets its services through diverse distribution channels, including multiple referral partners.

Proposed Merger with Fidelity National Information Services (“FIS”)

On March 18, 2019, Worldpay and Fidelity National Information Services, Inc. (“FIS”) issued a joint press release announcing that Worldpay, FIS and Wrangler Merger Sub, Inc., a wholly-owned subsidiary of FIS (“Merger Sub”), entered into an agreement and plan of merger, dated March 17, 2019 (the “Merger Agreement”), pursuant to which, on the terms and subject to the conditions set forth therein, Merger Sub will merge with and into Worldpay (the “Merger”), with Worldpay being the surviving corporation in the Merger and continuing as a wholly-owned subsidiary of FIS.

At the effective time of the Merger (“Effective Time”), which is expected to occur on July 31, 2019, each share of the Class A common stock of Worldpay, par value $0.00001 per share (“Worldpay Class A Common Stock”), issued and outstanding immediately prior to the Effective Time, except for certain shares of Worldpay Class A Common Stock identified in the Merger Agreement, will be converted into the right to receive 0.9287 shares (the “Exchange Ratio”) of common stock, par value $0.01 per share, of FIS (“FIS Common Stock” and, such shares, the “Share Consideration”) and $11.00 in cash (the “Cash Consideration” and, together with the Share Consideration, the “Merger Consideration”). The shares of FIS Common Stock to be issued in the Merger will be listed on The New York Stock Exchange (“NYSE”). Following the consummation of the Merger, FIS shareholders will own approximately 53 percent and Worldpay shareholders will own approximately 47 percent of the combined company.

The Worldpay and FIS required shareholder approvals for the merger took place on July 24, 2019.

Basis of Presentation and Consolidation

The accompanying consolidated financial statements include those of Worldpay, Inc. and all subsidiaries thereof, including its majority-owned subsidiary, Worldpay Holding, LLC. The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”). All intercompany balances and transactions have been eliminated.

As of June 30, 2019, Worldpay, Inc. owned 100% interest in Worldpay Holding (see Note 8 - Controlling and Non-Controlling Interests for changes in non-controlling interests) as a result of Fifth Third Bank’s (“Fifth Third”) sale of its remaining interest in Worldpay Holding discussed below.

Fifth Third Stock Sale

In March 2019, Fifth Third exchanged its remaining 10.3 million Class B units in Worldpay Holding for 10.3 million shares of the Company's Class A common stock and subsequently sold those 10.3 million shares of Worldpay, Inc. Class A common stock pursuant to Rule 144 promulgated under the Securities Act of 1933 as amended ("Fifth Third Stock Sale"). The Company did not receive any proceeds from the sale.

As a result of the March 2019 Fifth Third exchange of units of Worldpay Holding, the Company recorded an estimated additional liability under the Fifth Third Tax Receivable Agreement ("TRA") of $327.9 million and an estimated additional deferred tax asset of $502.8 million associated with the increase in the tax basis. The Company recorded an estimated corresponding increase to paid-in-capital of $174.9 million for the difference in the TRA liability and the related deferred tax asset.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

Expenses

Set forth below is a brief description of the components of the Company's expenses:

- *Sales and marketing* expense primarily consists of compensation, commissions and benefits paid to sales personnel, sales management and other sales and marketing personnel, amortization of capitalized commission fees, payments made to multiple referral partners, and advertising and promotional costs.

- *Other operating costs* primarily consist of compensation and benefits paid to operational and IT personnel, costs associated with operating the Company's technology platform and data centers, information technology costs for processing transactions, product development costs, software fees, maintenance costs, occupancy costs and consulting costs.

- *General and administrative* expenses primarily consist of compensation and benefits paid to executive management and administrative employees, including finance, human resources, product, legal and risk management, share-based compensation costs, office equipment, occupancy costs and consulting costs.

- *Non-operating income (expense)* primarily consists of other income and expense items outside of the Company's operating activities.

Share-Based Compensation

The Company expenses employee share-based payments under ASC 718, *Compensation—Stock Compensation*, which requires compensation cost for the grant-date fair value of share-based payments to be recognized over the requisite service period. The Company estimates the grant date fair value of the share-based awards issued in the form of options using the Black-Scholes option pricing model. The fair value of shares issued as restricted stock, performance awards and under the Employee Stock Purchase Plan ("ESPP") is measured based on the market price of the Company's stock on the grant date.

For the three months ended June 30, 2019 and 2018 total share-based compensation expense was $24.6 million and $39.0 million, respectively. For the six months ended June 30, 2019 and 2018 total share-based compensation expense was $57.6 million and $56.2 million, respectively.

Earnings per Share

Basic earnings per share is computed by dividing net income attributable to Worldpay, Inc. by the weighted average shares outstanding during the period. Diluted earnings per share is computed by dividing net income attributable to Worldpay, Inc., adjusted as necessary for the impact of potentially dilutive securities, by the weighted-average shares outstanding during the period and the impact of securities that would have a dilutive effect on earnings per share. See Note 11 - Net Income Per Share for further discussion.

Dividend Restrictions

The Company does not intend to pay cash dividends on its Class A common stock in the foreseeable future. Worldpay, Inc. is a holding company that does not conduct any business operations of its own. As a result, Worldpay, Inc.'s ability to pay cash dividends on its common stock, if any, is dependent upon cash dividends and distributions and other transfers from Worldpay Holding. The amounts available to Worldpay, Inc. to pay cash dividends are subject to the covenants and distribution restrictions in its subsidiaries' loan agreements. As a result of the restrictions on distributions from Worldpay Holding and its subsidiaries, essentially all of the Company's consolidated net assets are held at the subsidiary level and are restricted as of June 30, 2019.

Income Taxes

Income taxes are computed in accordance with ASC 740, *Income Taxes*, and reflect the net tax effects of temporary differences between the financial reporting carrying amounts of assets and liabilities and the corresponding income tax amounts. The Company has deferred tax assets and liabilities and maintains valuation allowances where it is more likely than not that all or a portion of deferred tax assets will not be realized. To the extent the Company determines that it will not realize the benefit of some or all of its deferred tax assets, such deferred tax assets will be adjusted through the Company's provision for income taxes in the period in which this determination is made. As of June 30, 2019 and December 31, 2018, the Company recorded valuation allowances against deferred tax assets of $12.6 million related to net operating losses.

The Company's consolidated interim effective tax rate is based upon expected annual income before applicable taxes, statutory tax rates and tax laws in the various jurisdictions in which the Company operates. Significant or unusual items, including adjustments to accruals for tax uncertainties, are recognized in the quarter in which the related event occurs.

The Company's global effective tax rates were 9.1% and (0.4%) respectively, for the six months ended June 30, 2019 and 2018 and include the impact of the excess tax benefit relating to share-based compensation being recorded in income tax expense and changes in state tax laws for the 2019 period. The global effective tax rate for each period reflects the impact of the Company's non-controlling interests not being taxed at the statutory U.S. corporate tax rates.

Cash and Cash Equivalents

Cash on hand and investments with original maturities of three months or less (that are readily convertible to cash) are considered to be cash equivalents. The Company has restricted cash held in money market accounts, which approximate fair value and are a level 1 input in the fair value hierarchy.

The Company includes restricted cash in the cash and cash equivalents balance reported in the Consolidated Statements of Cash Flows. The reconciliation between cash and cash equivalents in the Consolidated Statements of Financial Position and the Consolidated Statements of Cash Flows is as follows (in millions):

	June 30, 2019	June 30, 2018
Cash and cash equivalents on Consolidated Statements of Financial Position	$ 288.6	$ 367.7
Other restricted cash (other current assets)	546.0	487.5
Merchant float (in settlement assets and merchant float)	1,714.6	1,873.2
Total cash and cash equivalents per the Consolidated Statements of Cash Flows	$ 2,549.2	$ 2,728.4

Property, Equipment and Software—net

Property, equipment and software consists of the Company’s facilities, furniture and equipment, software, land and leasehold improvements. Facilities, furniture and equipment and software are depreciated on a straight-line basis over their respective useful lives, which are 15 to 40 years for the Company’s facilities and related improvements, 2 to 10 years for furniture and equipment and 3 to 8 years for software. Leasehold improvements are depreciated on a straight-line basis over the lesser of the estimated useful life of the improvement which is 3 to 10 years or the term of the lease. Also included in property, equipment and software is work in progress consisting of costs associated with software developed for internal use which has not yet been placed in service. Accumulated depreciation as of June 30, 2019 and December 31, 2018 was $647.9 million and $540.9 million, respectively.

The Company capitalizes certain costs related to computer software developed for internal use and amortizes such costs on a straight-line basis over an estimated useful life of 5 to 8 years. Research and development costs incurred prior to establishing technological feasibility are charged to operations as such costs are incurred. Once technological feasibility has been established, costs are capitalized until the software is placed in service.

Goodwill and Intangible Assets

In accordance with ASC 350, *Intangibles—Goodwill and Other*, the Company tests goodwill for impairment for each reporting unit on an annual basis, or when events occur or circumstances indicate the fair value of a reporting unit is below its carrying value. If the fair value of a reporting unit is less than its carrying value, an impairment loss is recorded to the extent that implied fair value of the goodwill within the reporting unit is less than its carrying value. The Company performed its most recent annual goodwill impairment test for all reporting units as of July 31, 2018 using market data and discounted cash flow analyses. Based on this analysis, it was determined that the fair value of all reporting units was substantially in excess of the carrying value. There have been no other events or changes in circumstances subsequent to the testing date that would indicate impairment of these reporting units as of June 30, 2019.

Intangible assets consist of acquired customer relationships, trade names, customer portfolios and related assets that are amortized over their estimated useful lives. The Company reviews finite lived intangible assets for possible impairment whenever events or changes in circumstances indicate that carrying amounts may not be recoverable. As of June 30, 2019, there have been no such events or circumstances that would indicate potential impairment of finite lived intangible assets.

Settlement Processing Assets and Obligations and Merchant Float

Settlement assets and obligations and merchant float represent intermediary balances arising from the settlement process which involves the transferring of funds between card issuers, merchants and Sponsoring Members. Funds are processed under two models, a sponsorship model and a direct member model. In the United States, the Company operates under the sponsorship model and outside the United States the Company operates under the direct membership model.

Under the sponsorship model, in order for the Company to provide electronic payment processing services, Visa, MasterCard and other payment networks require sponsorship by a member clearing bank. The Company has an agreement with various banks and financial institutions, (the “Sponsoring Member”) to provide sponsorship services to the Company. Under the sponsorship agreements, the Company is registered as a Visa Third-Party Agent and a MasterCard Service Provider. The sponsorship services allow us to route transactions under the Sponsoring Members' membership to clear card transactions through MasterCard, Visa and other networks. Under this model, the standards of the payment networks restrict us from performing funds settlement and as such require that these funds be in the possession of the Sponsoring Member until the merchant is funded. Accordingly, settlement assets and obligations resulting from the submission of settlement files to the network or cash received from the network in advance of funding the network are the responsibility of the Sponsoring Member and are not recorded on the Company’s Consolidated Statements of Financial Position.

In the United States, settlement assets and obligations are recorded by the Company related to the Issuer Solutions business when funds are transferred from the Company to the Sponsoring Member for settlement prior to receiving funds from the financial institution customer or funds are received from the financial institution customer prior to transferring funds to the Sponsoring Member for settlement. These timing differences result in a settlement asset or obligation. The amounts are generally collected or paid the following business day.

Settlement assets and obligations are also recorded in the United States as result of intermediary balances due to/from the Sponsoring Member. The Company receives funds from certain networks which are owed to the Sponsoring Member for settlement. In other cases the Company transfers funds to the Sponsoring Member for settlement in advance of receiving funds from the network. These timing differences result in a settlement asset or obligation. The amounts are generally collected or paid the following business day. Additionally, U.S. settlement assets and obligations arise related to interchange expenses, merchant reserves and exception items.

Under the direct membership model, the Company is a direct member in Visa, MasterCard and other various payment networks as third party sponsorship to the networks is not required. This results in the Company performing settlement between the networks and the merchant and requiring adherence to the standards of the payment networks in which the Company is a direct member. Settlement assets and obligations result when the Company submits the merchant file to the network or when funds are received by the Company in advance of paying the funds to a different entity or merchant. The amounts are generally collected or paid the following business day.

Merchant float represents surplus cash balances the Company holds on behalf of its merchant customers when the incoming amount from the card networks precedes when the funding to customers falls due. Such funds are held in a fiduciary capacity, and are not available for the Company to use to fund its cash requirements.

Derivatives

The Company accounts for derivatives in accordance with ASC 815, *Derivatives and Hedging*. This guidance establishes accounting and reporting for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities. All derivatives, whether designated in hedging relationships or not, are required to be recorded on the Consolidated Statements of Financial Position at fair value. If the derivative is designated as a fair value hedge, the changes in the fair value of the derivative and the hedged item will be recognized in earnings. If the derivative is designated as a cash flow hedge, the change in the fair value of the derivative will be recorded in accumulated other comprehensive income (loss) (“AOCI”) and will be recognized in the statement of income when the hedged item affects earnings. Additionally, the Company’s net investment hedges, which act as economic hedges of the Company’s net investments in its foreign subsidiaries, are recorded in AOCI. The Company does not enter into derivative financial instruments for speculative purposes. See Note 7 - Derivatives and Hedging Activities for further discussion.

Visa Europe and Contingent Value Rights

During June 2016, Legacy Worldpay disposed of its ownership interest in Visa Europe to Visa, Inc. In connection with the disposal, the Company agreed to pay the Legacy Worldpay owners 90% of the net-of-tax proceeds from the disposal, pending the resolution of certain historical claims and the finalization of the proceeds from disposal. The proceeds from the disposal (primarily restricted cash) and the related liability to former owners are recorded in other current assets and other current liabilities, respectively, in the Company’s Consolidated Statements of Financial Position.

Foreign Currencies

For operations outside the United States that prepare financial statements in currencies other than the U.S. dollar, results of operations and cash flows are translated at average exchange rates during the period and assets and liabilities are translated at spot exchange rates at the end of the period. Foreign currency translation adjustments are included as a separate component of accumulated other comprehensive income (loss) in total equity. The effects of changes in exchange rates between the designated functional currency and the currency in which a transaction is denominated are recorded as foreign currency transaction gains (losses) in the Consolidated Statements of Income (Loss) and Comprehensive Income (Loss) and were not material for the three and six months ended June 30, 2019 and 2018.

Recent Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board (“FASB”) issued ASU 2016-02, *Leases (Topic 842)*. This ASU amends the existing guidance by requiring the recognition of all leases, including operating leases, on the balance sheet as right-of-use asset and lease liability and disclosing key information about the lease arrangements. The Company adopted this ASU on January 1, 2019 using the modified retrospective approach with no cumulative effect on retained earnings. See Note 3 - Leases for more information.

In August 2017, the FASB issued ASU 2017-12, *Derivatives and Hedging (Topic 815)*: *Targeted Improvements to Accounting for Hedging Activities*, which amends and simplifies existing guidance to better align an entity's risk management activities and financial reporting for hedging relationships through changes to both the designation and measurement guidance for qualifying hedging relationships and the presentation of hedge results. The Company adopted this ASU as of January 1, 2019 with an immaterial impact on the Company's Consolidated Financial Statements. See Note 7 - Derivatives and Hedging Activities for more information.

In August 2018, the FASB issued Accounting Standards Update ("ASU") 2018-15, *Intangibles-Goodwill and Other-Internal-Use Software (Subtopic 350-40), Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract*. This ASU aligns the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software (and hosting arrangements that include an internal-use software license). This ASU is effective for the annual periods beginning after December 15, 2019 and interim periods within those annual periods, with early adoption permitted. The Company is currently evaluating the impact of this ASU on its Consolidated Financial Statements.

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. This ASU presents new methodology for calculating credit losses on financial instruments (e.g. trade receivables) based on expected credit losses and expands the types of information companies must use when calculating expected losses. This ASU is effective for annual periods beginning after December 15, 2019 and interim periods within those annual periods, with early adoption permitted. The Company is currently evaluating the impact of this ASU on its Consolidated Financial Statements.

2. REVENUE RECOGNITION

In May 2014, the FASB issued ASU 2014-09, *Revenue From Contracts With Customers (Topic 606)* ("ASC 606"). ASC 606 supersedes the revenue recognition requirements in Accounting Standard Codification ("ASC") 605, *Revenue Recognition* ("ASC 605"). The new standard provides a five-step analysis of transactions to determine when and how revenue is recognized, based upon the core principle that revenue is recognized to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The new standard also requires additional disclosures regarding the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers.

The Company adopted ASC 606 on January 1, 2018, using the modified retrospective method. The new standard requires the Company to disclose the accounting policies in effect prior to January 1, 2018, as well as the policies it has applied starting January 1, 2018. Revenue is measured based on consideration specified in a contract with a customer. The Company recognizes revenue when it satisfies a performance obligation by transferring control over a service or goods to a customer.

Periods commencing January 1, 2018

The Company has contractual agreements with its customers that set forth the general terms and conditions of the relationship including line item pricing, payment terms and contract duration. Revenue is recognized when the performance obligation under the terms of the Company's contract with its customer is satisfied. Revenue is measured as the amount of consideration the Company expects to receive in exchange for transferring goods or providing services. The Company generates revenue primarily by processing electronic payment transactions. Set forth below is a description of the Company's revenue by segment.

Technology Solutions

Technology Solutions provides merchant acquiring, payment processing and related services to a diverse set of merchants that primarily accept payments through eCommerce and integrated payment solutions.

Merchant Solutions

Merchant Solutions provides merchant acquiring, payment processing and related services to a diverse set of merchants that primarily accept payments through an omni-channel solution including terminal based.

Issuer Solutions

Issuer Solutions provides card issuer processing, payment network processing, fraud protection and card production to a diverse set of financial institutions, including regional banks, community banks, credit unions and regional personal identification number ("PIN") networks.

Performance Obligations

At contract inception, the Company assesses the goods and services promised in its contracts with customers and identifies performance obligations for each promise to transfer to the customer a good or service that is distinct. The Company's performance obligation relating to its payment processing services revenue is to provide continuous access to the Company's system to process as much as its customers require. Since the number or volume of transactions to be processed is not determinable at contract inception, the Company's payment processing services consist of variable consideration under a stand ready service of distinct days of service that are substantially the same with the same pattern of transfer to the customer. As such, the stand-ready obligation is accounted for as a single-series performance obligation whereby the variability of the transaction value is satisfied daily as the performance obligation is performed.

The Company's payment processing services include all aspects of payment processing, including authorization and settlement, customer service, chargeback and retrieval processing, reporting for electronic payment transactions and network fee and interchange management.

The Company's products and services consists of, but are not limited to, foreign currency management, payment card industry regulatory compliance services, payment security (e.g. tokenization, encryption and fraud services), chargeback resolution, billing statement production (e.g. reporting and analytics), card production, and card-processing equipment sales. An evaluation is performed to determine whether or not these are separate performance obligations from payment processing. Once the performance obligations are identified, the total estimated transaction value is allocated based on a stand-alone selling price. Revenue from products and services is recognized at a point in time or over time depending on the products or services. Chargeback resolution services, card production and equipment sales are generally recognized at a point in time while most other performance obligations are billed and recognized over the contract period as the services are performed.

Disaggregation of Revenue

In the following table, revenue is disaggregated by source of revenue (in millions):

	Three Months Ended June 30, 2019			
	Technology Solutions	Merchant Solutions	Issuer Solutions	Total
Major Products and Services (1)				
Processing services	$ 320.0	$ 410.3	$ 49.4	$ 779.7
Products and services	146.2	109.7	37.4	293.3
Total	$ 466.2	$ 520.0	$ 86.8	$ 1,073.0

	Three Months Ended June 30, 2018			
	Technology Solutions	Merchant Solutions	Issuer Solutions	Total
Major Products and Services (1)				
Processing services	$ 270.8	$ 413.8	$ 48.8	$ 733.4
Products and services	130.8	106.6	36.0	273.4
Total	$ 401.6	$ 520.4	$ 84.8	$ 1,006.8

	Six Months Ended June 30, 2019			
	Technology Solutions	Merchant Solutions	Issuer Solutions	Total
Major Products and Services [(1)]				
Processing services	$ 604.0	$ 771.6	$ 95.6	$ 1,471.2
Products and services	289.5	207.8	74.5	571.8
Total	$ 893.5	$ 979.4	$ 170.1	$ 2,043.0

	Six Months Ended June 30, 2018			
	Technology Solutions	Merchant Solutions	Issuer Solutions	Total
Major Products and Services [(1)]				
Processing services	$ 500.9	$ 753.8	$ 95.6	$ 1,350.3
Products and services	237.1	198.8	71.3	507.2
Total	$ 738.0	$ 952.6	$ 166.9	$ 1,857.5

(1) Revenue breakdown is based on management’s view and certain products and services revenue may be based on the number or volume of transactions.

Processing Services

Processing services revenue is primarily derived from processing credit and debit card transactions comprised of fees charged to businesses for payment processing services. The fees charged consist of a percentage of the transaction value, a specified fee per transaction, a fixed fee, or a combination.

Products and Services

Products and services revenue is primarily derived from ancillary services such as treasury management and foreign exchange, regulatory compliance, chargebacks and fraud services for which the fees charged may or may not be related to the volume or number of transactions.

Costs to Obtain and Fulfill a Contract

ASC 606 requires capitalizing costs of obtaining a contract when those costs are incremental and expected to be recovered. Since incremental commission fees paid to sales teams as a result of obtaining contracts are recoverable, the Company recorded a $28.8 million ($22.3 million net of deferred taxes) cumulative catch-up capitalized asset on January 1, 2018. As of June 30, 2019 and December 31, 2018, the amount capitalized as contract costs is $45.1 million and $39.3 million, respectively, which is included in other non-current assets.

In order to determine the amortization period for sales commission contract costs, the Company applied the portfolio approach for “like-kind contracts” to which sales compensation earnings can be applied and allocated incentive payments to each portfolio accordingly. The Company evaluated each individual portfolio to determine the proper length of time over which the capitalized incentive should be amortized by analyzing customer attrition rates using historical data and other metrics.

The Company determined that straight-line amortization would best correspond to the transfer of services to customers since services are transferred equally over time and have limited predictable volatility. The amortization periods range from 3 to 10 years and are based on the expected life of a customer. Amortization expenses related to these costs for the three months ended June 30, 2019 and 2018 was $2.7 million and $2.6 million, respectively, and for the six months ended June 30, 2019 and 2018 was $5.3 million and $5.1 million, respectively, which is recorded in sales and marketing expense. There was no impairment loss in relation to the costs capitalized.

The Company recognizes incremental sales commission costs of obtaining a contract as expense when the amortization period for those assets is one year or less per the practical expedient in ASC 606. These costs are included in sales and marketing expense.

Customer incentives represent signing bonuses paid to customers. Customer incentives are paid in connection with the acquisition or renewal of customer contracts, and are therefore deferred and amortized using the straight-line method based on the expected life of the customer. As of June 30, 2019 and December 31, 2018, the Company had $78.5 million and $71.5 million, respectively, of customer incentives included in other assets in the Company's Consolidated Statements of Financial Position. Amortization expense related to these costs for the three months ended June 30, 2019 and 2018 was $7.2 million and $6.4 million, respectively, and for the six months ended June 30, 2019, and 2018, was $15.1 million and $12.6 million, respectively, which is recorded as contra-revenue in the Company's Consolidated Statements of Income (Loss).

The Company capitalizes conversion costs associated with enabling customers to receive its processing services. As of June 30, 2019 and December 31, 2018, the Company had $62.3 million and $51.7 million, respectively, of capitalized conversion costs included in Intangible assets - net in the Company's Consolidated Statements of Financial Position. Amortization expense related to these costs for the three months ended June 30, 2019 and 2018 was $3.4 million and $1.5 million, respectively, and for the six months ended June 30, 2019, and 2018, was $6.6 million and $2.4 million, respectively, which is recorded in depreciation and amortization expense in the Company's Consolidated Statements of Income (Loss). These costs are amortized over the average life of the customer.

Contract Balances

Accounts Receivable-net

Accounts receivable primarily represent processing revenues earned but not collected. For a majority of its customers, the Company has the authority to debit the client's bank accounts; as such, collectibility is reasonably assured. Aside from debiting a client's bank account, the Company collects a majority of its revenue via net settlement with the remaining portion collected via billing the customer. The Company records a reserve for doubtful accounts when it is probable that the accounts receivable will not be collected. The Company reviews historical loss experience and the financial position of its customers when estimating the allowance. As of June 30, 2019 and December 31, 2018, the allowance for doubtful accounts was not material to the Company's Consolidated Statements of Financial Position.

Contract Liabilities

Contract liabilities, which relate to advance consideration received from customers (deferred income) before transfer of control occurs and therefore revenue is recognized, is not material to the Company's Consolidated Financial Statements.

Remaining Performance Obligations

ASC 606 requires disclosure of the aggregate amount of the transaction price allocated to unsatisfied performance obligations; however, as permitted by ASC 606, the Company has elected to exclude from this disclosure any contracts with an original duration of one year or less and any variable consideration that meets specified criteria. As discussed above, the Company's core performance obligation consists of variable consideration under a stand-ready series of distinct days of service and revenue from the Company's products and service arrangements are generally billed and recognized as the services are performed. The aggregate fixed consideration portion of customer contracts with an initial contract duration greater than one year is not material.

3. LEASES

The Company adopted ASU 2016-02, *Leases*, on January 1, 2019. Accounting Standards Codification Topic 842, Leases ("ASC 842") amends previous lease guidance under ASC 840 by requiring the recognition of all leases, including operating leases, on the balance sheet as right-of-use asset ("ROU") and the present value ("PV") lease liability, as well as disclosing key information about the lease arrangements. The Company elected to adopt ASC 842 using the modified retrospective transition approach using the effective date method, which results in the recognition of lease assets and liabilities as of the beginning of the period of adoption without requiring restatement of the prior period financials presented, so comparable periods presented in the Consolidated Financial Statements prior to January 1, 2019 continue to be presented under ASC 840.

At adoption, the Company elected the package of practical expedients in the guidance which consists of not reassessing whether any expired or existing contracts contain leases, not reassessing the lease classification for any expired or existing leases and not reassessing initial direct costs for any existing leases. The Company, however, did not elect the separate hindsight practical expedient.

Since most of the Company's operating lease contracts do not provide an implicit rate, the Company made a policy election to use an incremental borrowing rate applicable to the geographic location of the leased asset and based on the remaining lease term in determining the present value of future minimum lease payments for purposes of recognizing a lease liability and corresponding ROU asset. Additionally, the Company made an accounting policy election to not recognize an ROU asset and lease liability for short-term leases with an initial term of 12 months or less.

The Company has various lease agreements for office space and land which are classified as operating leases and for equipment which is classified as finance leases. The operating lease agreements typically contain lease and non-lease components, which are accounted for separately since the Company is able to easily identify the applicable lease components. Lease terms may include options to extend or terminate the lease, which are factored into the recognition of ROU assets and lease liabilities when it is reasonably certain that the Company will exercise that option. The Company does not have any lease agreements whose payments are variable in nature (i.e. leases based on an index). Lease costs for operating leases, including short-term leases, are recognized over the lease term on a straight-line basis.

On January 1, 2019, the Company recorded both operating lease ROU assets of $93.2 million and lease liabilities of $139.2 million. The difference between the asset and liability primarily relates to previously recorded deferred rent, unfavorable acquired lease obligations and lease exit costs. The adoption of ASC 842 did not have a material impact on the Company's Consolidated Statements of Income (Loss) and Consolidated Statements of Cash Flows for the six months ended June 30, 2019.

The table below presents the Company's leased assets and related lease liabilities (in millions):

Leases	Classification	June 30, 2019
Assets		
Operating lease assets	Other long-term assets	$ 87.8
Finance lease assets	Property, equipment and software-net	30.1
Finance lease assets	Intangible assets - net	8.5
Liabilities		
Current:		
Operating	Other current liabilities	$ 20.2
Finance	Current maturities of finance lease obligations	20.0
Non-current:		
Operating	Other non-current liabilities	111.9
Finance	Finance lease obligations	24.3

The table below presents the costs associated with the leased assets (in millions):

Leases	Classification	Three Months Ended June 30, 2019	Six Months Ended June 30, 2019
Operating lease cost:	General and administrative and Other operating costs		
Short-term		$ 0.8	$ 1.6
Long-term		8.6	17.9
Finance lease cost:			
Amortization of leased assets	Depreciation and amortization	3.9	7.5
Interest on lease liabilities	Interest expense-net	0.6	1.2
Total lease cost		$ 13.9	$ 28.2

The future minimum lease payments required under all leases and the present value of net minimum lease payments as of June 30, 2019 are as follows (in millions):

Maturity of Lease Liabilities	Operating	Finance
Six months ended December 31, 2019	$ 12.4	$ 12.4
2020	23.3	17.1
2021	19.8	12.6
2022	17.5	5.3
2023	15.1	—
Thereafter	69.1	—
Total	157.2	47.4
Less: Interest	25.1	3.1
Present value of lease liabilities	$ 132.1	$ 44.3

The future minimum lease payments required under operating leases as of December 31, 2018 are as follows (in millions):

Year Ended December 31,	
2019	$ 27.8
2020	23.2
2021	21.7
2022	19.0
2023	15.6
Thereafter	71.2
Total	$ 178.5

The table below summarizes the weighted average remaining lease term and weighted average discount rate used by lease type:

Lease Term and Discount Rate	June 30, 2019
Weighted-average remaining lease term (years):	
Operating leases	8.8
Finance leases	2.5
Weighted-average discount rate:	
Operating leases	3.9%
Finance leases	4.9%

The table below summarizes the impact to cash flows related to leases (in millions):

	Six Months Ended June 30, 2019
Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows used for operating leases	$ 12.0
Operating cash flows used for finance leases	1.3
Financing cash flows used for finance leases	13.5
Leased assets obtained in exchange for new finance lease liabilities	—
Leased assets obtained in exchange for new operating lease liabilities	2.6

4. BUSINESS COMBINATIONS

Acquisition of Legacy Worldpay

On January 16, 2018, the Company completed the acquisition of Legacy Worldpay by acquiring 100% of the issued and outstanding shares (the "acquisition"). The approximately $11.9 billion purchase price consisted of Legacy Worldpay shareholders receiving a $1.5 billion cash payment and 133.6 million shares of the Company's Class A common stock. The acquisition-date fair value of the shares of the Company's Class A common stock issued was $10.4 billion and was determined based on the share price of $77.60 per share, the opening price of the Company's Class A common stock on the New York Stock Exchange on January 16, 2018 since the acquisition closed before the market opened on January 16, 2018.

The acquisition creates a leading global payments technology company that is uniquely positioned to address clients' needs with innovative and strategic capabilities.

The acquisition was accounted for as a business combination under ASC 805, *Business Combinations* ("ASC 805"). The purchase price was allocated to the assets acquired and the liabilities assumed based on the estimated fair value at the date of acquisition. The excess of the purchase price over the fair value of the net assets acquired was allocated to goodwill, none of which is deductible for tax purposes. Goodwill, assigned to Technology Solutions, Merchant and Issuer Solutions, consists primarily of the acquired workforce and growth opportunities, none of which qualify as an intangible asset.

The final purchase price allocation is as follows (in millions):

Cash acquired	$	569.9
Current assets [1]		4,113.8
Property, equipment and software		561.1
Intangible assets		3,380.1
Goodwill		10,571.9
Other non-current assets		109.3
Current liabilities [2]		(4,524.8)
Long-term debt [3]		(2,304.7)
Deferred tax liability		(532.8)
Non-current liabilities		(68.3)
Total purchase price	$	11,875.5

(1) Includes $1,944.9 million of merchant float and $511.1 million of other restricted cash.
(2) Includes $118.6 million of dividend payable to reflect the special dividend granted to the shareholders of Legacy Worldpay.
(3) Includes $1,631.0 million of debt which was paid off subsequent to the completion of acquisition.

Intangible assets primarily consist of customer relationship assets, internal-use software and a trade name with weighted average estimated useful lives of 6.7 years, 6.5 years and 10 years, respectively.

For the six months ended June 30, 2018, the Company incurred transaction expenses of approximately $120.9 million in conjunction with the acquisition of Legacy Worldpay. All transaction costs incurred for the six months ended June 30, 2018 are included in general and administrative expenses on the accompanying Consolidated Statements of Income (Loss).

Under the terms of the Legacy Worldpay transaction agreement, the Company replaced equity awards held by certain employees of Legacy Worldpay. The fair value of the replacement awards was approximately $82.4 million. The portion of the fair value of the replacement awards related to the services provided prior to the acquisition of approximately $44.2 million was part of the consideration transferred to acquire Legacy Worldpay. The remaining portion of the fair value is associated with future service and will be recognized as expense over the future service period.

Pro Forma Results Giving Effect to the Legacy Worldpay Acquisition

The following pro forma combined financial information presents the Company’s results of operations for the six months ended June 30, 2018, as if the acquisition had occurred on January 1, 2017 (in millions, except share amounts).

	Six Months Ended June 30, 2018
Total revenue	$ 1,921.3
Net income attributable to Worldpay, Inc.	47.5
Net income per share attributable to Worldpay, Inc. Class A common stock:	
Basic	$ 0.17
Diluted	$ 0.17
Shares used in computing net income per share of Class A common stock:	
Basic	284,868,484
Diluted	286,984,860

The pro forma results include certain pro forma adjustments that were directly attributable to the acquisition as follows:

- additional amortization expense that would have been recognized relating to the acquired intangible assets; and
- adjustment to interest expense to reflect the additional borrowings of the Company in conjunction with the acquisition and removal of Legacy Worldpay debt.
- a reduction in expenses for the six months ended June 30, 2018 relating to acquisition-related transaction costs and debt refinancing costs incurred by the Company, which were applied to the six months ended June 30, 2017.

5. GOODWILL AND INTANGIBLE ASSETS

Changes in the carrying amount of goodwill for the six months ended June 30, 2019 are as follows (in millions):

	Technology Solutions	Merchant Solutions	Issuer Solutions	Total
Balance as of December 31, 2018	$ 9,608.4	$ 3,934.3	$ 595.2	$ 14,137.9
Effect of foreign currency translation	(29.3)	(8.3)	—	(37.6)
Balance as of June 30, 2019	$ 9,579.1	$ 3,926.0	$ 595.2	$ 14,100.3

Intangible assets consist of acquired customer relationships, trade name and customer portfolios and related assets. The useful lives of customer relationships are determined based on forecasted cash flows, which include estimates for customer attrition associated with the underlying portfolio of customers acquired. The customer relationships acquired in conjunction with acquisitions are amortized based on the pattern of cash flows expected to be realized taking into consideration expected revenues and customer attrition, which are based on historical data and the Company's estimates of future performance. These estimates result in accelerated amortization on certain acquired intangible assets.

As of June 30, 2019 and December 31, 2018, the Company's finite lived intangible assets consisted of the following (in millions):

	June 30, 2019	December 31, 2018
Customer relationship intangible assets	$ 4,514.2	$ 4,540.9
Trade name	347.4	348.8
Customer portfolios and related assets	334.3	323.8
Patents	2.6	2.3
	5,198.5	5,215.8
Less accumulated amortization on:		
Customer relationship intangible assets	2,189.3	1,865.5
Trade name	53.3	35.5
Customer portfolios and related assets	215.0	187.0
	2,457.6	2,088.0
Intangible assets, net	$ 2,740.9	$ 3,127.8

Customer portfolios and related assets acquired during the six months ended June 30, 2019 have weighted-average amortization periods of 3.0 years. Amortization expense on intangible assets for the three months ended June 30, 2019 and 2018 was $186.7 million and $217.2 million, respectively. Amortization expense on intangible assets for the six months ended June 30, 2019 and 2018 was $384.1 million and $367.0 million, respectively.

The estimated amortization expense of intangible assets for the remainder of 2019 and the next five years is as follows (in millions):

Six months ended December 31, 2019	$ 368.4
2020	599.8
2021	497.2
2022	431.3
2023	269.3
2024	248.1

6. LONG-TERM DEBT

As of June 30, 2019 and December 31, 2018, the Company's long-term debt consisted of the following (in millions):

	June 30, 2019	December 31, 2018
Term A loan, maturing in January 2023[(1)]	$ 3,186.1	$ 3,271.1
Term A loan, maturing in January 2023 [(2)]	579.2	597.6
Term B loan, maturing in October 2023	—	520.1
Term B loan, maturing in August 2024[(3)]	1,733.1	1,741.8
Senior Unsecured Dollar Notes, maturing in November 2025[(4)]	500.0	500.0
Senior Unsecured Sterling Notes, maturing in November 2025[(5)]	595.8	598.5
Senior Unsecured Euro Note, maturing in November 2022[(6)]	609.2	617.5
Leasehold mortgage, expiring on August 10, 2021[(7)]	10.0	10.0
Revolving credit facility, expiring in January 2023[(8)]	—	50.0
Less: Current portion of notes payable	(218.5)	(225.7)
Less: Original issue discount	(4.4)	(6.2)
Less: Debt issuance costs	(46.5)	(52.6)
Notes payable	$ 6,944.0	$ 7,622.1

(1) Interest at a variable base rate (LIBOR) plus a spread rate (150 basis points) (weighted average rate of 3.88% at June 30, 2019) and amortizing on a basis of 1.25% per quarter during each of the first twelve quarters (June 2018 through March 2021), 1.875% per quarter during the next four quarters (June 2021 through March 2022) and 2.50% per quarter during the next three quarters (June 2022 through December 2022) with a balloon payment due at maturity.

(2) £457 million principal outstanding, translated to U.S dollars at the spot rate of 1.2677 U.S. dollars per Pound Sterling at June 30, 2019. Interest at a variable base rate (GBP LIBOR) plus a spread rate (150 basis points) (total rate of 2.22% at June 30, 2019) and amortizing on a basis of 1.25% per quarter during each of the first twelve quarters (June 2018 through March 2021), 1.875% per quarter during the next four quarters (June 2021 through March 2022) and 2.50% per quarter during the next three quarters (June 2022 through December 2022) with a balloon payment due at maturity.

(3) Interest payable at a variable base rate (LIBOR) plus a spread rate (175 basis points) (weighted average rate of 4.14% at June 30, 2019) and amortizing on a basis of 0.25% per quarter, with a balloon payment due at maturity.

(4) $500 million principal senior unsecured notes with interest payable semi-annually at a fixed rate of 4.375% and principal due upon maturity.

(5) £470 million principal senior unsecured notes with interest payable semi-annually at a fixed rate of 3.875% and principal due upon maturity. The spot rate of 1.2677 U.S. dollars per Pound Sterling at June 30, 2019 was used to translate the Note to U.S. dollars.

(6) €500 million principal senior unsecured note with interest payable semi-annually at a fixed rate of 3.75% and principal due upon maturity. The spot rate of 1.1388 U.S. dollars per Euro at June 30, 2019 was used to translate the Note to U.S. dollars. Includes remaining unamortized fair value premium of $39.8 million at June 30, 2019.

(7) Interest payable monthly at a fixed rate of 6.22%.

(8) Available revolving credit facility of $1.25 billion borrowing interest at a variable base rate (total rate of 6.0% at June 30, 2019).

2018 Debt Activity

The closing of the Legacy Worldpay acquisition on January 16, 2018 resulted in the effectiveness of several debt amendments to the Company's loan agreement entered into prior to the closing. The resulting incremental funding and availability was as follows:

- $1,605 million of additional Term A loans maturing in January 2023
- $535 million of additional Term B loans maturing in August 2024
- $600 million of additional revolving credit commitments, resulting in total available revolving credit of $1,250 million
- $594.5 million backstop (expired on June 15, 2018)

As a result of the closing of the Legacy Worldpay acquisition, the Company expensed approximately $56.6 million primarily consisting of the write-offs of unamortized deferred financing fees and original issue discount (“OID”) and fees related to previously committed unused backstop facilities associated with the component of the debt activity accounted for as a debt extinguishment and certain third party costs incurred in connection with the debt activity. Amounts expensed in connection with the refinancing are recorded as a component of non-operating expenses in the accompanying Consolidated Statements of Income (Loss) for the six months ended June 30, 2018.

On June 22, 2018, the Company amended the Existing Loan Agreement by modifying certain terms of its Term A-5 Loans (January 2023 maturity date), the Term B-3 (October 2023 maturity date) and B-4 Loans (August 2024 maturity date) and Revolving Loans (January 2023 maturity date). The amendment reduced the Company’s interest rate spread on the Term B-3 and B-4 Loans by 25 basis points and changed the pricing for the Term A-5 Loans and Revolving Loans, the immediate effect of which was to lower the interest rate spread on the Term A-5 Loans and Revolving Loans by 25 basis points.

Although the Company’s total borrowings did not change as a result of the refinancing, the amendment established a new class of Term A-6 Loans of approximately £488 million as a mirror tranche to the Term A-5 Loans under the same terms and pricing. The proceeds of the Term A-6 Loans were used to refinance and replace the existing Term A-3 Loans and certain Term A-5 Loans. In addition, commitments under the Company’s Term A-5 Loans increased by $100 million and the proceeds were used to reduce the existing Term B-3 Loans and Term B-4 Loans, each by $50 million.

As a result of the repricing, the Company expensed approximately $11.4 million primarily consisting of the write-offs of unamortized deferred financing fees and OID, and certain third party costs incurred in connection with the repricing. Amounts expensed in connection with the repricing are recorded as a component of non-operating expenses in the accompanying Consolidated Statements of Income (Loss) for the three and six months ended June 30, 2018.

Additionally, as a result of new debt being issued in connection with the Company’s acquisition of Legacy Worldpay in January 2018, and the amendment to reprice the Existing Loan Agreement in June 2018, the Company capitalized approximately $23.7 million of deferred financing costs for the six months ended June 30, 2018.

2019 Debt Activity

On January 15, 2019, the Company paid down the outstanding balance on its Term B-3 Loan in the amount of $520.1 million, which resulted in a write-off of debt issuance costs and original issue discount of approximately $2.4 million recorded as a component of non-operating expenses in the Company’s accompanying Consolidated Statements of Income (Loss) for the six months ended June 30, 2019.

Guarantees and Security

The Company’s debt obligations at June 30, 2019 are unconditional and, with the exception of the Euro Note, are guaranteed by Worldpay Holding and certain of Worldpay Holding’s existing and subsequently acquired or organized domestic subsidiaries. The refinanced debt and related guarantees are secured on a first-priority basis (subject to liens permitted under the Third Amended and Restated Loan Agreement) by a lien on substantially all the tangible and intangible assets of the Company and the aforementioned subsidiaries, including substantially all the capital stock (subject to a 65% limitation on pledges of capital stock of foreign subsidiaries and domestic holding companies of foreign subsidiaries) and personal property of Worldpay Holding and any obligors under the Third Amended and Restated Loan Agreement as well as any real property in excess of $25 million in the aggregate held by Worldpay Holding or any obligors (other than Worldpay Holding), subject to certain exceptions. The Euro Note is guaranteed by Worldpay Group Limited. Additionally, the Euro Note is also guaranteed by Worldpay LLC as a result of the Company receiving the required consent from the Euro Note holders in July 2018 to relieve reporting requirements associated with those notes.

Covenants

There are certain financial and non-financial covenants contained in the Existing Loan Agreement for the refinanced debt, which are tested on a quarterly basis. The financial covenants require maintenance of certain leverage and interest coverage ratios. At June 30, 2019, the Company was in compliance with these financial covenants.

7. DERIVATIVES AND HEDGING ACTIVITIES

Risk Management Objective of Using Derivatives

The Company enters into derivative financial instruments to manage differences in the amount, timing and duration of its known or expected cash payments related to its variable-rate debt. As of June 30, 2019 and December 31, 2018, the Company's interest rate derivative instruments for this purpose consist of interest rate swaps and interest rate cap agreements. The interest rate swaps hedge the variable rate debt by effectively converting floating-rate payments to fixed-rate payments. The interest rate cap agreements cap a portion of the Company's variable rate debt if interest rates rise above the strike rate on the contract.

In May 2018, the Company entered into additional interest rate cap and swap agreements and the Company paid an upfront premium of approximately $8.1 million for the interest rate caps. As of June 30, 2019, the Company's interest rate caps, including those executed in prior years, had a fair value of $7.5 million, classified within other current and non-current assets on the Company's Consolidated Statements of Financial Position. The interest rate swaps and caps (collectively "interest rate contracts") are designated as cash flow hedges for accounting purposes.

Accounting for Derivative Instruments

In August 2017, the FASB issued ASU 2017-12, *Derivatives and Hedging* (Topic 815): Targeted Improvements to Accounting for Hedging Activities, which amends and simplifies existing guidance to better align an entity's risk management activities and financial reporting for hedging relationships through changes to both the designation and measurement guidance for qualifying hedging relationships and the presentation of hedge results. The Company adopted this ASU as of January 1, 2019 with an immaterial impact on the Company's Consolidated Financial Statements.

The Company recognizes derivatives in other current and non-current assets or liabilities in the accompanying Consolidated Statements of Financial Position at their fair values. Refer to Note 10 - Fair Value Measurements for a detailed discussion of the fair value of its derivatives. The Company designates its interest rate contracts as cash flow hedges of forecasted interest rate payments related to its variable-rate debt.

The Company formally documents all relationships between hedging instruments and underlying hedged transactions, as well as its risk management objective and strategy for undertaking hedge transactions. This process includes linking all derivatives that are designated as cash flow hedges to forecasted transactions. A formal assessment of hedge effectiveness is performed both at inception of the hedge and on an ongoing basis to determine whether the hedge is highly effective in offsetting changes in cash flows of the underlying hedged item. Hedge effectiveness is assessed using a regression analysis. If it is determined that a derivative ceases to be highly effective during the term of the hedge, the Company will discontinue hedge accounting for such derivative.

The Company's interest rate contracts qualify for hedge accounting under ASC 815, *Derivatives and Hedging*. Therefore, the gain or loss on the derivative is recorded in AOCI and subsequently reclassified into earnings in the same period during which the hedged transactions affect earnings.

Cash Flow Hedges of Interest Rate Risk

The following table presents the Company's interest rate swaps and caps (in millions):

Derivative	Notional Value		Exposure Periods	Strike Rate
Interest rate swap	$	600	June 2018 to June 2021	
Interest rate swap		500	June 2019 to June 2021	
Total	$	1,100		
Interest rate cap	$	1,000	January 2017 to January 2020	0.75%
Interest rate cap		600	June 2018 to June 2021	2.25%
Total	$	1,600		

The Company does not offset derivative positions in the accompanying consolidated financial statements. The table below presents the fair value of the Company's derivative financial instruments designated as cash flow hedges included within the accompanying Consolidated Statements of Financial Position (in millions):

	Consolidated Statement of Financial Position Location	June 30, 2019		December 31, 2018	
Interest rate contracts	Other current assets	$	7.1	$	19.3
Interest rate contracts	Other long-term assets		0.4		5.3
Interest rate contracts	Other current liabilities		10.4		1.8
Interest rate contracts	Other long-term liabilities		15.5		8.2

As of June 30, 2019, the Company estimates that $13.2 million will be reclassified from accumulated other comprehensive loss as a decrease to interest expense during the next 12 months.

The table below presents the pre-tax effect of the Company's interest rate contracts on the accompanying Consolidated Statements of Comprehensive Income (Loss) for the three and six months ended June 30, 2019 and 2018 (in millions):

	Three Months Ended June 30,				Six Months Ended June 30,			
	2019		2018		2019		2018	
Derivatives in cash flow hedging relationships:								
Amount of gain recognized in OCI [1]	$	(14.4)	$	3.2	$	(23.8)	$	9.5
Amount of gain (loss) reclassified from OCI into earnings		1.6		0.2		3.8		(0.4)
Amount of gain recognized in earnings		—		—		—		0.1

(1) "OCI" represents other comprehensive income.

The location and amount of gains or losses recognized in the Consolidated Statements of Income (Loss) results of operations for cash flow hedging relationships for each of the periods, presented on a pretax basis, are as follows (in millions):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
	Interest Expense - Net		Interest Expense - Net	
Total amounts of income and expense line items presented in the Consolidated Statements of Income (Loss) in which effects of cash flow hedges are recorded	$ 69.2	$ 79.9	$ 141.3	$ 155.1
Gain (loss) on cash flow hedging relationships	1.6	0.2	3.8	(0.4)

Credit Risk Related Contingent Features

As of June 30, 2019, the fair value of derivatives in a net liability position, which includes accrued interest but excludes any adjustment for nonperformance risk, related to these agreements was $26.6 million.

The Company has agreements with each of its derivative counterparties that contain a provision where if the Company defaults on any of its indebtedness, then the Company could also be declared in default on its derivative obligations. As of June 30, 2019, the Company had not posted any collateral related to these agreements. If the Company had breached any of these provisions at June 30, 2019, it could have been required to settle its obligations under the agreements at their termination value of $26.6 million.

Deal Contingent Forward

On August 9, 2017, the Company entered into a £1,150 million notional deal contingent forward to economically hedge a portion of the purchase price relating to the Legacy Worldpay acquisition. The deal contingent forward settled upon the closing of the Legacy Worldpay acquisition in January 2018 and the Company recognized a related realized gain of approximately $69.0 million, of which approximately $35.9 million of the gain relates to the six months ended June 30, 2018, which is recorded in non-operating expense.

Net Investment Hedges

To help protect the net investment in foreign operations from adverse changes in foreign currency exchange rates, the Company uses non-derivative financial instruments, such as its foreign currency-denominated debt, as economic hedges of its net investments in its Euro and GBP functional subsidiaries (see Note 6 - Long-Term Debt for more discussion on the Company’s foreign currency-denominated debt). The Company designated 100% of its Euro and GBP denominated debt as net investment hedges.

The Company’s net investment hedges are recorded in other comprehensive income (loss). During the three and six months ended June 30, 2019, the Company recognized in other comprehensive income pre-tax gains of $9.4 million and $5.9 million, respectively, relating to these net investment hedges. During the three and six months ended June 30, 2018, the Company recognized in other comprehensive income pre-tax gains of $47.4 million and $39.9 million, respectively, relating to these net investment hedges. Reclassifications out of other comprehensive income (loss) would only take place if the Company’s subsidiaries were sold or substantially liquidated.

8. CONTROLLING AND NON-CONTROLLING INTERESTS

The Company accounts for non-controlling interests in accordance with ASC 810, *Consolidation*. Prior to the March 2019 Fifth Third Stock Sale discussed in Note 1- Basis of Presentation and Summary of Significant Accounting Policies, Worldpay, Inc. owned a controlling interest in Worldpay Holding, and therefore consolidated the financial results of Worldpay Holding and its subsidiaries and recorded non-controlling interest for the economic interests in Worldpay Holding held by Fifth Third, which primarily represented Fifth Third’s minority share of net income or loss of equity in Worldpay Holding. The Exchange Agreement entered into prior to the initial public offering provided for a 1 to 1 ratio between the units of Worldpay Holding and the common stock of Worldpay, Inc. Net income attributable to non-controlling interests does not include expenses incurred directly by Worldpay, Inc., including income tax expense attributable to Worldpay, Inc. Non-controlling interests are presented as a component of equity in the accompanying Consolidated Statements of Financial Position.

The Company also records non-controlling interest related to its 51% ownership in a joint venture.

As a result of the Fifth Third Stock Sale (See Note 1 - Basis of Presentation and Summary of Significant Accounting Policies for further discussion), Worldpay, Inc. owned 100% interest in Worldpay Holding as of June 30, 2019. Changes in units and related ownership interest in Worldpay Holding are summarized as follows:

	Worldpay, Inc.	Fifth Third	Total
As of December 31, 2018	300,454,590	10,252,826	310,707,416
% of ownership	*96.70%*	*3.30%*	
Fifth Third exchange of Worldpay Holding units for shares of Class A common stock	10,252,826	(10,252,826)	—
Equity plan activity [1]	670,358	—	670,358
As of June 30, 2019	311,377,774	—	311,377,774
% of ownership	*100.00%*	*—%*	

(1) Includes stock issued under the equity plans less Class A common stock withheld to satisfy employee tax withholding obligations upon vesting or exercise of employee equity awards and forfeitures of restricted Class A common stock awards.

As a result of the changes in ownership interests in Worldpay Holding, periodic adjustments are made in order to reflect the portion of net assets of Worldpay Holding attributable to non-controlling unit holders based on changes in the proportionate ownership interests in Worldpay Holding during those periods. At March 31, 2019, an adjustment of $347.4 million was made relating to Fifth Third’s conversion of its remaining Class B units in Worldpay Holding.

The table below provides a reconciliation of net income (loss) attributable to non-controlling interests based on relative ownership interests as discussed above (in millions):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Net income (loss)	$ 144.5	$ (1.5)	$ 182.6	$ (99.8)
Items not allocable to non-controlling interests:				
Worldpay, Inc. expenses [1]	0.8	19.5	2.5	50.1
Worldpay Holding net income (loss)	$ 145.3	$ 18.0	$ 185.1	$ (49.7)
Net income (loss) attributable to non-controlling interests of Fifth Third [2]	$ —	$ 0.8	$ 1.1	$ (0.2)
Net income attributable to joint venture non-controlling interest [3]	1.2	0.6	1.8	0.9
Total net income (loss) attributable to non-controlling interests	$ 1.2	$ 1.4	$ 2.9	$ 0.7

(1) Primarily represents income tax expense for the three and six months ended June 30, 2019. Primarily represents income tax expense for the three months ended June 30, 2018 and acquisition related expenses for the six months ended June 30, 2018.

(2) Net income attributable to non-controlling interests of Fifth Third reflects the allocation of Worldpay Holding’s net income based on the proportionate ownership interests in Worldpay Holding held by the non-controlling unit holders. The net income attributable to non-controlling unit holders reflects the changes in ownership interests summarized in the table above.

(3) Reflects net income attributable to the non-controlling interest of the joint venture.

9. COMMITMENTS, CONTINGENCIES AND GUARANTEES

Legal Reserve

From time to time, the Company is involved in various litigation matters arising in the ordinary course of its business. While it is impossible to ascertain the ultimate resolution or range of financial liability with respect to these contingent matters, management believes none of these matters, either individually or in the aggregate, would have a material effect upon the Company's consolidated financial statements.

10. FAIR VALUE MEASUREMENTS

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Company uses the hierarchy prescribed in ASC 820, *Fair Value Measurement*, based upon the available inputs to the valuation and the degree to which they are observable or not observable in the market. The three levels in the hierarchy are as follows:

- *Level 1 Inputs*—Quoted prices (unadjusted) for identical assets or liabilities in active markets that are accessible as of the measurement date.
- *Level 2 Inputs*—Inputs other than quoted prices within Level 1 that are observable either directly or indirectly, including but not limited to quoted prices in markets that are not active, quoted prices in active markets for similar assets or liabilities and observable inputs other than quoted prices such as interest rates or yield curves.
- *Level 3 Inputs*—Unobservable inputs reflecting the Company's own assumptions about the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk.

The following table summarizes assets and liabilities measured at fair value on a recurring basis as of June 30, 2019 and December 31, 2018 (in millions):

	June 30, 2019			December 31, 2018		
	Fair Value Measurements Using					
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Assets:						
Interest rate contracts	$ —	$ 7.5	$ —	$ —	$ 24.6	$ —
Liabilities:						
Interest rate contracts	$ —	$ 25.9	$ —	$ —	$ 10.0	$ —
Mercury TRA	—	—	—	—	53.2	—

Interest Rate Contracts

The Company uses interest rate contracts to manage interest rate risk. The fair value of interest rate swaps is determined using the market standard methodology of netting the discounted future fixed cash receipts (or payments) and the discounted expected variable cash payments (or receipts). The variable cash payments (or receipts) are based on the expectation of future interest rates (forward curves) derived from observed market interest rate curves. The fair value of the interest rate caps is determined using widely accepted valuation techniques including discounted cash flow analysis on the expected future cash flows of each interest rate cap. This analysis reflects the contractual terms of the interest rate caps, including the period to maturity, and uses observable market inputs including interest rate curves and implied volatilities. In addition, to comply with the provisions of ASC 820, *Fair Value Measurement*, credit valuation adjustments, which consider the impact of any credit enhancements to the contracts, are incorporated in the fair values to account for potential nonperformance risk. In adjusting the fair value of its interest rate contracts for the effect of nonperformance risk, the Company has considered any applicable credit enhancements such as collateral postings, thresholds, mutual puts, and guarantees.

Although the Company determined that the majority of the inputs used to value its interest rate contracts fell within Level 2 of the fair value hierarchy, the credit valuation adjustments associated with its interest rate contracts utilized Level 3 inputs, such as estimates of current credit spreads to evaluate the likelihood of default by itself and its counterparties. However, as of June 30, 2019 and December 31, 2018, the Company assessed the significance of the impact of the credit valuation adjustments on the overall valuation of its interest rate contracts and determined that the credit valuation adjustment was not significant to the overall valuation of its interest rate contracts. As a result, the Company classified its interest rate contract valuations in Level 2 of the fair value hierarchy. See Note 7 - Derivatives and Hedging Activities for further discussion of the Company's interest rate contracts.

Mercury TRA

The Mercury TRA is considered contingent consideration as it is part of the consideration payable to the former owners of Mercury. Such contingent consideration is measured at fair value based on estimates of discounted future cash flows associated with the estimated payments to the Mercury TRA Holders. The liability recorded is re-measured at fair value at each reporting period with the change in fair value recognized in earnings as a non-operating expense. As of June 30, 2019, the Mercury TRA has been settled.

The following table summarizes carrying amounts and estimated fair values for the Company's financial instrument liabilities that are not reported at fair value in our consolidated statements of financial position as of June 30, 2019 and December 31, 2018 (in millions):

	June 30, 2019		December 31, 2018	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Liabilities:				
Notes payable	$ 7,162.5	$ 7,280.8	$ 7,847.8	$ 7,679.6

We consider that the carrying value of cash and cash equivalents, receivables, accounts payable and accrued expenses approximates fair value (Level 1) given the short-term nature of these items. The fair value of the Company's notes payable was estimated based on rates currently available to the Company for bank loans with similar terms and maturities and is classified in Level 2 of the fair value hierarchy.

11. NET INCOME PER SHARE

Basic net income per share is calculated by dividing net income (loss) attributable to Worldpay, Inc. by the weighted-average shares of Class A common stock outstanding during the period.

For the three months ended June 30, 2018 and for the six months ended June 30, 2019 and 2018, diluted net income per share is calculated assuming that Worldpay Holding is a wholly-owned subsidiary of Worldpay, Inc., therefore eliminating the impact of Fifth Third's non-controlling interest. Pursuant to the Exchange Agreement, the Class B units of Worldpay Holding ("Class B units"), which were held by Fifth Third and represented the non-controlling interest in Worldpay Holding, were convertible into shares of Class A common stock on a one-for-one basis. Based on this conversion feature, diluted net income per share is calculated assuming the conversion of the Class B units on an "if-converted" basis. Due to the Company's structure as a C corporation and Worldpay Holding's structure as a pass-through entity for tax purposes, the numerator in the calculation of diluted net income per share is adjusted accordingly to reflect the Company's income tax expense assuming the conversion of the Fifth Third non-controlling interest into Class A common stock.

During the three and six months ended June 30, 2018, approximately 15.0 million and 15.1 million, respectively, weighted average Class B units of Worldpay Holding were excluded in computing diluted net income per share because including them would have an antidilutive effect. As the Class B units of Worldpay Holding were not included, the numerator used in the calculation of diluted net income (loss) per share was equal to the numerator used in the calculation of basic net income (loss) per share for the three and six months ended June 30, 2018. Additionally, due to the net loss for the three and six months ended June 30, 2018, any remaining potentially dilutive securities were also excluded from the denominator in computing dilutive net income per share. In addition to the Class B units discussed above, potentially dilutive securities during the six months ended June 30, 2019 included restricted stock awards, restricted stock units, stock options, performance share awards and ESPP purchase rights.

Since there were no Class B units outstanding for the three months ended June 30, 2019, the methodology above is not applicable and diluted earnings per share is computed by dividing net income attributable to Worldpay, Inc. by the weighted-average shares outstanding during the period and the impact of securities that have a diluted effect on earnings per share. Potentially dilutive securities during the three months ended June 30, 2019 included restricted stock awards, restricted stock units, stock options, performance share awards and ESPP purchase rights.

As of June 30, 2018, there were approximately 10.3 million Class B units outstanding.

The shares of Class B common stock did not share in the earnings or losses of the Company and therefore were not participating securities. Accordingly, basic and diluted net income per share of Class B common stock have not been presented.

The following table sets forth the computation of basic and diluted net income (loss) per share (in millions, except share data):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Basic:				
Net income (loss) attributable to Worldpay, Inc.	$ 143.3	$ (2.9)	$ 179.7	$ (100.5)
Shares used in computing basic net income (loss) per share:				
Weighted-average Class A common shares	311,029,474	296,204,304	306,562,681	284,868,484
Basic net income (loss) per share	$ 0.46	$ (0.01)	$ 0.59	$ (0.35)
Diluted:				
Consolidated (loss) before applicable income taxes	$ —	$ —	$ 200.8	$ —
Taxes	—	—	19.9	—
Net income (loss) attributable to Worldpay, Inc.	$ 143.3	$ (2.9)	$ 180.9	$ (100.5)
Shares used in computing diluted net income (loss) per share:				
Weighted-average Class A common shares	311,029,474	296,204,304	306,562,681	284,868,484
Weighted-average Class B units of Worldpay Holding	—	—	4,328,971	—
Stock options	1,243,851	—	1,086,803	—
Restricted stock awards, restricted stock units and employee stock purchase plan	798,402	—	843,753	—
Performance awards	12,091	—	11,979	—
Diluted weighted-average shares outstanding	313,083,818	296,204,304	312,834,187	284,868,484
Diluted net income (loss) per share	$ 0.46	$ (0.01)	$ 0.58	$ (0.35)

12. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

The activity of the components of accumulated other comprehensive income (loss) ("AOCI") related to hedging and other activities for the three and six months ended June 30, 2019 and 2018 is presented below (in millions):

	AOCI Beginning Balance	Total Other Comprehensive Income (Loss): Pretax Activity	Tax Effect	Net Activity	Attributable to non-controlling interests	Attributable to Worldpay, Inc.	AOCI Ending Balance
Three Months Ended June 30, 2019							
Net change in fair value of cash flow hedges recorded in accumulated OCI	$ (25.0)	$ (14.4)	$ 3.6	$ (10.8)	$ —	$ (10.8)	$ (35.8)
Net realized loss on cash flow hedges reclassified into earnings[1]	14.2	(1.6)	0.4	(1.2)	—	(1.2)	13.0
Translation adjustments on net investment hedge recorded in AOCI[2]	49.8	9.4	(2.2)	7.2	—	7.2	57.0
Foreign currency translation adjustments[3]	(607.9)	(231.7)	—	(231.7)	—	(231.7)	(839.6)
Net change	$ (568.9)	$ (238.3)	$ 1.8	$ (236.5)	$ —	$ (236.5)	$ (805.4)
Three Months Ended June 30, 2018							
Net change in fair value of cash flow hedges recorded in accumulated OCI	$ (9.4)	$ 3.2	$ (0.7)	$ 2.5	$ (0.1)	$ 2.4	$ (7.0)
Net realized loss on cash flow hedges reclassified into earnings[1]	17.2	(0.2)	—	(0.2)	—	(0.2)	17.0
Translation adjustments on net investment hedge recorded in AOCI[2]	(5.1)	47.4	(11.1)	36.3	(2.3)	34.0	28.9
Foreign currency translation adjustments[3]	21.1	(108.8)	—	(108.8)	5.2	(103.6)	(82.5)
Net change	$ 23.8	$ (58.4)	$ (11.8)	$ (70.2)	$ 2.8	$ (67.4)	$ (43.6)

	AOCI Beginning Balance	Total Other Comprehensive Income (Loss): Pretax Activity	Tax Effect	Net Activity	Attributable to non-controlling interests	Attributable to Worldpay, Inc.	AOCI Ending Balance
Six Months Ended June 30, 2019							
Net change in fair value of cash flow hedges recorded in accumulated OCI	$ (18.0)	$ (23.8)	$ 5.8	$ (18.0)	$ 0.2	$ (17.8)	$ (35.8)
Net realized loss on cash flow hedges reclassified into earnings[1]	15.9	(3.8)	0.9	(2.9)	—	(2.9)	13.0
Translation adjustments on net investment hedge recorded in AOCI[2]	52.2	5.9	(1.5)	4.4	0.4	4.8	57.0
Foreign currency translation adjustments[3]	(781.3)	(49.7)	—	(49.7)	(8.6)	(58.3)	(839.6)
Net change	$ (731.2)	$ (71.4)	$ 5.2	$ (66.2)	$ (8.0)	$ (74.2)	$ (805.4)
Six Months Ended June 30, 2018							
Net change in fair value of cash flow hedges recorded in accumulated OCI	$ (13.8)	$ 9.5	$ (2.2)	$ 7.3	$ (0.5)	$ 6.8	$ (7.0)
Net realized loss on cash flow hedges reclassified into earnings[1]	16.7	0.4	(0.1)	0.3	—	0.3	17.0
Translation adjustments on net investment hedge recorded in AOCI[2]	—	39.9	(9.1)	30.8	(1.9)	28.9	28.9
Foreign currency translation adjustments[3]	—	(86.6)	—	(86.6)	4.1	(82.5)	(82.5)
Net change	$ 2.9	$ (36.8)	$ (11.4)	$ (48.2)	$ 1.7	$ (46.5)	$ (43.6)

(1) The reclassification adjustment on cash flow hedge derivatives affected the following lines in the accompanying consolidated statements of income:

OCI Component	Affected line in the accompanying consolidated statements of income
Pretax activity[a]	Interest expense-net
Tax effect	Income tax expense
OCI attributable to non-controlling interests	Net income attributable to non-controlling interests

[a] The three and six months ended June 30, 2019 and 2018, reflect amounts of losses reclassified from AOCI into earnings, representing the effective portion of the hedging relationships, and are recorded in interest expense-net.

(2) See Note 7 - Derivatives and Hedging Activities for more information on net investment hedge activity.

(3) There is no tax impact on the foreign translation adjustments due to the Tax Reform impact on distributions, enacted in 2017.

13. SEGMENT INFORMATION

The Company's segments are Technology Solutions, Merchant Solutions and Issuer Solutions, which are organized based on the Company's solution offerings. The Company's Chairman of the Board and Chief Executive Officer is the chief operating decision maker ("CODM"), who evaluates the performance and allocates resources based on the operating results of each segment. The Company's reportable segments are the same as the Company's operating segments and there is no aggregation of the Company's operating segments. Below is a summary of each segment:

- *Technology Solutions* - Technology Solutions provides merchant acquiring, payment processing and related services to a diverse set of merchants that primarily accept payments through eCommerce and integrated payment solutions.

- *Merchant Solutions* - Merchant Solutions provides merchant acquiring, payment processing and related services to a diverse set of merchants that primarily accept payments through an omni-channel solution including terminal based.

- *Issuer Solutions* - Issuer Solutions provides card issuer processing, payment network processing, fraud protection and card production to a diverse set of financial institutions, including regional banks, community banks, credit unions and regional PIN networks.

Segment operating results are presented below (in millions). The results reflect revenues and expenses directly related to each segment. The Company does not evaluate performance or allocate resources based on segment asset data, and therefore such information is not presented.

Segment profit reflects revenue less sales and marketing costs of the segment. The Company's CODM evaluates this metric in analyzing the results of operations for each segment.

	Three Months Ended June 30, 2019			
	Technology Solutions	Merchant Solutions	Issuer Solutions	Total
Revenue	$ 466.2	$ 520.0	$ 86.8	$ 1,073.0
Sales and marketing	124.6	172.9	6.5	304.0
Segment profit	$ 341.6	$ 347.1	$ 80.3	$ 769.0

	Three Months Ended June 30, 2018			
	Technology Solutions	Merchant Solutions	Issuer Solutions	Total
Revenue	$ 401.6	$ 520.4	$ 84.8	$ 1,006.8
Sales and marketing	98.1	179.0	6.3	283.4
Segment profit	$ 303.5	$ 341.4	$ 78.5	$ 723.4

	Six Months Ended June 30, 2019			
	Technology Solutions	Merchant Solutions	Issuer Solutions	Total
Revenue	$ 893.5	$ 979.4	$ 170.1	$ 2,043.0
Sales and marketing	243.0	338.9	13.0	594.9
Segment profit	$ 650.5	$ 640.5	$ 157.1	$ 1,448.1

	Six Months Ended June 30, 2018			
	Technology Solutions	Merchant Solutions	Issuer Solutions	Total
Revenue	$ 738.0	$ 952.6	$ 166.9	$ 1,857.5
Sales and marketing	194.0	342.8	12.6	549.4
Segment profit	$ 544.0	$ 609.8	$ 154.3	$ 1,308.1

A reconciliation of total segment profit to the Company's income (loss) before applicable income taxes is as follows (in millions):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Total segment profit	$ 769.0	$ 723.4	$ 1,448.1	$ 1,308.1
Less: Other operating costs	(173.5)	(185.5)	(354.5)	(340.6)
Less: General and administrative	(105.6)	(136.8)	(233.0)	(386.9)
Less: Depreciation and amortization	(253.4)	(287.9)	(517.8)	(495.1)
Less: Interest expense—net	(69.2)	(79.9)	(141.3)	(155.1)
Less: Non-operating income (expense)	(4.2)	(22.0)	(0.7)	(30.6)
Income (loss) before applicable income taxes	$ 163.1	$ 11.3	$ 200.8	$ (100.2)

14. SUBSEQUENT EVENT

Subsequent events have been evaluated through July 30, 2019, the date upon which these financial statements were available for issuance.

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Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

This management's discussion and analysis provides a review of the results of operations, financial condition and liquidity and capital resources of Worldpay, Inc. ("Worldpay", "we", "us", "our" or the "company" refer to Worldpay, Inc. and its consolidated subsidiaries) and outlines the factors that affected recent results, as well as factors that may affect future results. Our actual results in the future may differ materially from those anticipated in these forward looking statements as a result of many factors, including those set forth under "Risk Factors"," Forward Looking Statements" and elsewhere in this report. The following discussion should be read in conjunction with our unaudited consolidated financial statements and related notes appearing elsewhere in this report, as well as management's discussion and analysis and consolidated financial statements for the year ended December 31, 2018 included in our most recent Annual Report on Form 10-K.

Overview

Worldpay, Inc. is a leading payments technology company. We process over 40 billion transactions annually, supporting more than 300 payment types across 146 countries and 126 currencies. According to the Nilson Report, we are the largest merchant acquirer globally by number of transactions, and the largest PIN debit acquirer by number of transactions in the United States.

We are a payments innovator, differentiated by our global reach, innovative technology and tailored solutions. Our leading competitive position and differentiated solutions have enabled us to achieve unique advantages in fast-growing and strategically-important segments of the payments market, including unrivaled capabilities in global eCommerce, a first-mover advantage in U.S. Integrated Payments, and Enterprise payments and data security solutions in business-to-business (B2B) payments.

Our solutions bring together advanced payments technologies at each stage of the transaction life cycle. We enable acceptance by integrating software and delivering omni-channel solutions that allow merchants to transact online, via mobile and in-store. Our innovative and proprietary suite of payments technology enables our clients to increase their revenue by improving authorization rates while simultaneously lowering transaction costs. We offer numerous dynamic funding options and enable real-time payouts at settlement. We use advanced data analytics and machine learning to continuously evolve our capabilities, and we offer additional value-added services, including prepaid services and gift card solutions, to help our clients operate and manage their businesses more profitably. We also provide security solutions, such as point-to-point encryption, tokenization, and fraud prevention services, at each stage of the transaction lifecycle, in order to help our clients protect their revenue.

Our global reach, innovative technology and tailored solutions create our client value proposition. Our global reach makes it easy for our clients to expand into new markets and to simplify the back-office operations. We employ the most advanced payments technologies to help our clients increase their revenue while minimizing costs. Our flexible and client-centered technology platforms enable our in-country vertical-specific and technical experts to develop tailored solutions that
solve our clients' most complex needs.

Merger with Fidelity National Information Services ("FIS")

On March 18, 2019, Worldpay and Fidelity National Information Services, Inc. ("FIS") issued a joint press release announcing that Worldpay, FIS and Wrangler Merger Sub, Inc., a wholly-owned subsidiary of FIS ("Merger Sub"), entered into an agreement and plan of merger, dated March 17, 2019 (the "Merger Agreement"), pursuant to which, on the terms and subject to the conditions set forth therein, Merger Sub will merge with and into Worldpay (the "Merger"), with Worldpay being the surviving corporation in the Merger and continuing as a wholly-owned subsidiary of FIS.

At the effective time of the Merger ("Effective Time"), which occurred on July 31, 2019, each share of the Class A common stock of Worldpay, par value $0.00001 per share ("Worldpay Class A Common Stock"), issued and outstanding immediately prior to the Effective Time, except for certain shares of Worldpay Class A Common Stock identified in the Merger Agreement, was converted into 0.9287 shares (the "Exchange Ratio") of common stock, par value $0.01 per share, of FIS ("FIS Common Stock" and, such shares, the "Share Consideration") and $11.00 in cash (the "Cash Consideration" and, together with the Share Consideration, the "Merger Consideration"). The shares of FIS Common Stock in the Merger are listed on The New York Stock Exchange ("NYSE"). FIS shareholders own approximately 53 percent and Worldpay shareholders own approximately 47 percent of the combined company.

Executive Overview

Revenue for the three months ended June 30, 2019 increased 7% to $1,073.0 million from $1,006.8 million in 2018. Revenue for the six months ended June 30, 2019 increased 10% to $2,043.0 million from $1,857.5 million in 2018.

Income from operations for the three months ended June 30, 2019 increased to $236.5 million from $113.2 million in 2018. Income from operations for the six months ended June 30, 2019 increased to $342.8 million from $85.5 million in 2018.

Net income for the three months ended June 30, 2019 was $144.5 million compared to a loss of $1.5 million in 2018. Net income attributable to Worldpay, Inc. for the three months ended June 30, 2019 was $143.3 million compared to a loss of $2.9 million in 2018. Net income for the six months ended June 30, 2019 was $182.6 million compared to a loss of $99.8 million in 2018. Net income attributable to Worldpay, Inc. for the six months ended June 30, 2019 was $179.7 million compared to a loss of $100.5 million in 2018. See the “Results of Operations” section of this Management’s Discussion and Analysis for a discussion of our financial results.

Recent Acquisitions

On January 16, 2018, we completed the acquisition of Worldpay Group Limited, formerly Worldpay Group plc, a public limited company (“Legacy Worldpay”) by acquiring 100% of the issued and outstanding shares. The acquisition created a leading global integrated payment technology and international eCommerce payment provider and will enable us to take advantage of strategic and innovative opportunities to provide differentiated and diversified solutions to address clients’ needs.

Please see Note 4 - Business Combinations in “Item 1 - Notes to Unaudited Consolidated Financial Statements” for more information about the acquisition.

Our Segments, Revenue and Expenses

Technology Solutions

Technology Solutions provides merchant acquiring, payment processing and related services to a diverse set of merchants that primarily accept payments through eCommerce and integrated payment solutions.

Merchant Solutions

Merchant Solutions provides merchant acquiring, payment processing and related services to a diverse set of merchants that primarily accept payments through an omni-channel solution including terminal based.

Issuer Solutions

Issuer Solutions provides card issuer processing, payment network processing, fraud protection and card production to a diverse set of financial institutions, including regional banks, community banks, credit unions and regional PIN networks.

Revenue

We provide a wide range of electronic payment and related products and services, both online and by mobile, to accept, validate and settle payments in 126 currencies across 146 countries, using any one of over 300 payment methods. Our customers also use our payments technology to maximize the rate at which payments are approved, manage the risk of fraud, and optimize their costs of operating globally.

We generate revenue primarily by providing payment processing as well as related products and services. The segment discussion above provides a description of our revenues by segment.

Expenses

Set forth below is a brief description of the components of our expenses:

- *Sales and marketing* expense primarily consists of compensation, commissions and benefits paid to sales personnel, sales management and other sales and marketing personnel, amortization of capitalized commission fees, residual payments made to multiple referral partners and advertising and promotional costs.

- *Other operating costs* primarily consist of compensation and benefits paid to operational and IT personnel, costs associated with operating our technology platform and data centers, information technology costs for processing transactions, product development costs, software fees, maintenance costs, occupancy costs and consulting costs.

- *General and administrative* expenses primarily consist of compensation and benefits paid to executive management and administrative employees, including finance, human resources, product, legal and risk management, share-based compensation costs, office equipment, occupancy costs and consulting costs. The six months ended June 30, 2018 includes a significant amount of transition, acquisition and integration costs related to the Legacy Worldpay acquisition.

- *Depreciation and amortization* expense consists of our depreciation expense related to investments in property, equipment and software as well as our amortization of intangible assets.

- *Interest expense—net* consists primarily of interest on borrowings less interest income earned on our cash and cash equivalents.

- *Income tax expense (benefit)* represents foreign, federal, state and local taxes based on income/loss.

- *Non-operating income (expense)* primarily consists of other income and expense items outside of the Company's operating activities.

Non-Controlling Interest

Since Fifth Third had non-controlling interests in Worldpay Holding through March 2019, our results of operations include net income attributable to non-controlling interests. As a result of the March 2019 Fifth Third Stock Sale discussed in Note 1 - Basis of Presentation and Summary of Significant Accounting Policies in "Item 1 - Notes to Unaudited Consolidated Financial Statements," Fifth Third no longer has non-controlling interests in Worldpay Holding. Net income attributable to non-controlling interests continues to include the non-controlling interest related to a joint venture with a bank partner. See Note 8 - Controlling and Non-Controlling Interests in "Item 1 - Notes to Unaudited Consolidated Financial Statements" for more information.

Factors and Trends Impacting Our Business and Results of Operations

The majority of our revenues are generated by services priced as a percentage of transaction value, a specified fee per transaction, a fixed fee, or a combination. We also generate revenue based on products and specific value-added services that may or may not be related to the volume or number of transactions. These revenues depend upon a number of factors such as demand for and price of our products or services, the technological competitiveness of our offerings, our reputation for providing timely and reliable products and services, competition within our industry and general economic conditions.

Adjusted Net Income

We use adjusted net income for financial and operational decision making as a means to evaluate period-to-period comparisons of our performance and results of operations. The adjusted net income is also incorporated into performance metrics underlying certain share-based payments and our annual incentive plan. We hold management accountable to the adjusted net income measure as it represents the earnings of the business resulting from the ongoing investments required to run the business. In addition, we believe the adjusted net income measure provides useful information to investors because it allows investors to understand a key measure we evaluate internally in making operating and strategic decisions, preparing our annual plan and evaluating our overall business performance as well as assists them with comparing business performance across companies.

In calculating the adjusted net income, we do not adjust revenue for non-GAAP items, but we do make certain non-GAAP adjustments to our other operating costs, general and administrative, depreciation and amortization and non-operating income (expense) line items, as well as certain tax adjustments, to adjust our GAAP operating results for the items discussed below. This non-GAAP measure should be considered together with GAAP operating results.

Non-GAAP Adjustments

Transition, Acquisition and Integration Costs

In connection with our acquisitions, we incur costs associated with the acquisitions and related integration activities, consisting primarily of consulting fees for advisory, conversion and integration services and related personnel costs. Also included in these expenses are costs related to employee termination benefits and other transition activities. These transition, acquisition and integration costs are included in other operating costs and general and administrative expenses.

Share-Based Compensation

We have granted share-based awards to certain employees and members of our board of directors and intend to continue to grant additional share-based awards in the future. Share-based compensation is included in general and administrative expense.

Intangible Amortization and Depreciation Expense

These expenses represent amortization of intangible assets acquired through business combinations and customer portfolio and related asset acquisitions as well as depreciation of acquired software.

Non-operating Income (Expense)

Non-operating income (expense) primarily consists of other income and expense items outside of the Company's operating activities.

Tax Adjustments

Income Tax Expense Adjustments

Income tax expense is adjusted to reflect a projected effective tax rate of 20.1% for the three and six months ended June 30, 2019 and 19.8% for three and six months ended June 30, 2018, including the tax effect of adjustments described above. The effective tax rate is expected to remain at 20.1% for the remainder of 2019.

Other Tax Adjustments

In addition to the adjustment described above, income tax expense is also adjusted for the cash tax benefits resulting from certain tax attributes, primarily the amortization of tax intangible assets resulting from or acquired with our acquisitions, the tax basis step up associated with our separation from Fifth Third and the purchase or exchange of units of Worldpay Holding, net of payment obligations under tax receivable agreements ("TRAs"). The estimate of the cash tax benefits is based on the consistent and highly predictable realization of the underlying tax attributes.

The following table provides a schedule of the tax adjustments discussed above which are reflected in the adjusted net income table below (in millions):

	Three Months Ended June 30,		Six Months Ended June 30, 2019	
	2019	**2018**	**2019**	**2018**
TRA Tax Benefits[1]	$ 2.1	$ 2.2	$ 3.5	$ 4.4
Acquired Tax Benefits[2]	23.8	22.4	47.5	44.8
Adjusted Tax Benefits[3]	$ 25.9	$ 24.6	$ 51.0	$ 49.2

(1) Represents the 15% benefit that we retain for the shared tax benefits related to the TRAs.
(2) Represents the tax benefits wholly owned by us, acquired through acquisition or termination of TRAs in which we retain 100% of the benefit.
(3) Represents the net cash tax benefit retained by us from the use of the tax attributes, as reflected in the Tax Adjustments.

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The table below provides a reconciliation of GAAP income (loss) before applicable income taxes to the adjusted net income for the three and six months ended June 30, 2019 and 2018 (in millions):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Income (loss) before applicable income taxes	$ 163.1	$ 11.3	$ 200.8	$ (100.2)
Non-GAAP Adjustments:				
Transition, acquisition and integration costs	46.2	52.8	88.6	230.2
Share-based compensation	24.6	39.0	57.6	56.2
Intangible amortization and depreciation expense	215.1	252.7	441.3	425.5
Non-operating (income) expenses	4.2	22.0	0.7	30.6
Non-GAAP adjusted income before applicable taxes	453.2	377.8	789.0	642.3
Less: Adjustments				
Adjusted tax expense	65.1	50.3	107.5	77.8
JV non-controlling interest	1.0	0.4	1.4	0.7
Adjusted Net Income	$ 387.1	$ 327.1	$ 680.1	$ 563.8

Results of Operations

The following tables set forth our statements of income in dollars and as a percentage of revenue for the periods presented (in millions):

	Three Months Ended June 30,			
	2019	2018	$ Change	% Change
Revenue	$ 1,073.0	$ 1,006.8	$ 66.2	7 %
Sales and marketing	304.0	283.4	20.6	7 %
Other operating costs	173.5	185.5	(12.0)	(6)%
General and administrative	105.6	136.8	(31.2)	(23)%
Depreciation and amortization	253.4	287.9	(34.5)	(12)%
Income from operations	$ 236.5	$ 113.2	$ 123.3	109 %

<u>**As a Percentage of Revenue**</u>	Three Months Ended June 30,	
	2019	2018
Revenue	100.0%	100.0%
Sales and marketing	28.3%	28.2%
Other operating costs	16.2%	18.4%
General and administrative	9.8%	13.6%
Depreciation and amortization	23.6%	28.6%
Income from operations	22.1%	11.2%

	Six Months Ended June 30,			
	2019	2018	$ Change	% Change
Revenue	$ 2,043.0	$ 1,857.5	$ 185.5	10 %
Sales and marketing	594.9	549.4	45.5	8 %
Other operating costs	354.5	340.6	13.9	4 %
General and administrative	233.0	386.9	(153.9)	(40)%
Depreciation and amortization	517.8	495.1	22.7	5 %
Income from operations	$ 342.8	$ 85.5	$ 257.3	301 %

As a Percentage of Revenue	Six Months Ended June 30,	
	2019	2018
Revenue	100.0%	100.0%
Sales and marketing	29.1%	29.6%
Other operating costs	17.4%	18.3%
General and administrative	11.4%	20.8%
Depreciation and amortization	25.3%	26.7%
Income from operations	16.8%	4.6%

Three Months Ended June 30, 2019 Compared to Three Months Ended June 30, 2018 and Six Months Ended June 30, 2019 Compared to Six Months Ended June 30, 2018

The Revenue, Sales and Marketing, Other Operating Costs and General and Administrative disclosures below exclude Legacy Worldpay results prior to the January 16, 2018 acquisition date for the six months ended June 30, 2018.

Revenue

Revenue increased 7% to $1,073.0 million for the three months ended June 30, 2019 from $1,006.8 million for the three months ended June 30, 2018. Strong growth in our Technology Solutions segment contributed to the increase.

Revenue increased 10% to $2,043.0 million for the six months ended June 30, 2019 from $1,857.5 million for the six months ended June 30, 2018. The prior year period excludes $63.8 million of Legacy Worldpay generated revenue prior to our acquisition. Additionally, strong growth in our Technology Solutions segment contributed to the increase.

Sales and Marketing

Sales and marketing expense increased 7% to $304.0 million for the three months ended June 30, 2019 from $283.4 million for the three months ended June 30, 2018. Higher residual payments to referral partners as a result of increased revenue in our Technology Solutions segment contributed to the increase.

Sales and marketing expense increased 8% to $594.9 million for the six months ended June 30, 2019 from $549.4 million for the six months ended June 30, 2018. The prior year period excludes $12.9 million of Legacy Worldpay sales and marketing expense prior to our acquisition. Higher residual payments to referral partners as a result of increased revenue in both our Technology Solutions and Merchant Solutions segments contributed to the increase.

Other Operating Costs

Other operating costs decreased 6% to $173.5 million for the three months ended June 30, 2019 from $185.5 million for the three months ended June 30, 2018. When excluding transition, acquisition and integration costs, other operating costs decreased to $147.5 million for the three months ended June 30, 2019 from $158.5 million for the three months ended June 30, 2018. The decrease in other operating costs is primarily attributable to corporate overhead efficiencies.

Other operating costs increased 4% to $354.5 million for the six months ended June 30, 2019 from $340.6 million for the six months ended June 30, 2018. The prior year period excludes $12.3 million of Legacy Worldpay other operating costs prior to our acquisition. When excluding transition, acquisition and integration costs, other operating costs increased to $308.0 million for the six months ended June 30, 2019 from $303.4 million for the six months ended June 30, 2018. The prior year period excludes $12.1 million of Legacy Worldpay other operating costs prior to our acquisition when excluding transition, acquisition and integration costs. When including the 2018 period prior to our acquisition, the decrease in other operating costs is primarily attributable to corporate overhead efficiencies.

General and Administrative

General and administrative expenses decreased 23% to $105.6 million for the three months ended June 30, 2019 from $136.8 million for the three months ended June 30, 2018. When excluding transition, acquisition and integration costs, as well as share-based compensation expense, general and administrative expenses decreased to $60.8 million for the three months ended June 30, 2019 from $72.0 million for the three months ended June 30, 2018. The decrease in general and administrative expenses when excluding transition, acquisition and integration costs as well as share-based compensation expense is primarily attributable to corporate overhead efficiencies.

General and administrative expenses decreased 40% to $233.0 million for the six months ended June 30, 2019 from $386.9 million for the six months ended June 30, 2018. The prior year period excludes $66.2 million of Legacy Worldpay general and administrative expense prior to our acquisition. When excluding transition, acquisition and integration costs, as well as share-based compensation expense, general and administrative expenses decreased to $133.3 million for the six months ended June 30, 2019 from $137.7 million for the six months ended June 30, 2018. The prior year period excludes $10.0 million of Legacy Worldpay general and administrative expenses prior to our acquisition when excluding transition, acquisition and integration costs as well as share-based compensation expense. When including the 2018 period prior to our acquisition, the decrease in general and administrative expenses when excluding transition, acquisition and integration costs as well as share-based compensation expense is primarily attributable to corporate overhead efficiencies.

Depreciation and Amortization

Depreciation expense associated with our property, equipment and software decreased to $66.7 million for the three months ended June 30, 2019 from $70.7 million for the three months ended June 30, 2018.

Depreciation expense associated with our property, equipment and software increased to $133.7 million for the six months ended June 30, 2019 from $128.1 million for the six months ended June 30, 2018. The prior year period excludes $4.9 million of Legacy Worldpay depreciation expense prior to our acquisition.

Amortization expense associated with intangible assets, which consist primarily of customer relationship intangible assets, decreased to $186.7 million for the three months ended June 30, 2019 from $217.2 million for the three months ended June 30, 2018. The decrease is primarily attributable to accelerated amortization methods and unfavorable foreign currency.

Amortization expense associated with intangible assets, which consist primarily of customer relationship intangible assets, increased to $384.1 million for the six months ended June 30, 2019 from $367.0 million for the six months ended June 30, 2018. The prior year period excludes $2.3 million of Legacy Worldpay amortization expense prior to our acquisition.

Income from Operations

Income from operations increased to $236.5 million for the three months ended June 30, 2019 from $113.2 million for the three months ended June 30, 2018.

Income from operations increased to $342.8 million for the six months ended June 30, 2019 from $85.5 million for the six months ended June 30, 2018.

Interest Expense—Net

Interest expense—net decreased to $69.2 million for the three months ended June 30, 2019 from $79.9 million for the three months ended June 30, 2018. The decrease in interest expense-net is primarily related to additional debt paydowns, partially offset by higher interest rates.

Interest expense—net decreased to $141.3 million for the six months ended June 30, 2019 from $155.1 million for the six months ended June 30, 2018. The prior year period excludes $2.8 million of Legacy Worldpay interest expense-net prior to our acquisition. The decrease in interest expense-net is primarily related to additional debt paydowns and increased interest income, partially offset by higher interest rates.

Non-Operating Income (Expense)

Non-operating expense was $4.2 million for the three months ended June 30, 2019, primarily consisting of foreign currency losses and the change in the fair value of the Mercury TRA.

Non-operating expense was $0.7 million for the six months ended June 30, 2019, primarily consisting of losses associated with the write-off of deferred financing fees in connection with the early paydown of debt in January 2019 and the change in fair value of the Mercury TRA.

Non-operating expense was $22.0 million for the three months ended June 30, 2018, primarily consisting of expenses relating to the repricing of our debt in June 2018 and the change in the fair value of the Mercury TRA.

Non-operating expense was $30.6 million, for the six months ended June 30, 2018, primarily consisting of expenses relating to our financing arrangements entered into in connection with the Legacy Worldpay acquisition, repricing of our debt in June 2018 and the change in fair value of the Mercury TRA, partially offset by a gain on the settlement of a deal contingent forward entered into in connection with our acquisition of Legacy Worldpay.

Income Tax Expense (Benefit)

Income tax expense for the three months ended June 30, 2019 was $18.6 million compared to $12.8 million for the three months ended June 30, 2018, reflecting global effective rates of 11.4% and 113.3%, respectively. Income tax expense for the six months ended June 30, 2019 was $18.2 million compared to income tax benefits of $0.4 million for the six months ended June 30, 2018, reflecting global effective rates of 9.1% and (0.4%), respectively. Our global effective tax rates for the three months and six months ended June 30, 2019 reflect an $8.4 million benefit to deferred taxes relating to changes in state tax laws as well as the impact of our non-controlling interests not being taxed at the statutory U.S. corporate tax rates. Our global effective tax rates for the three months and six months ended June 30, 2018 reflect a $9.6 million charge to deferred taxes relating to changes in state tax laws as well as the impact of our non-controlling interests not being taxed at the statutory U.S. corporate tax rates.

Segment Results

The following tables provide a summary of the components of segment profit for our three segments for the three and six months ended June 30, 2019 and 2018 (in millions):

The disclosures below exclude Legacy Worldpay results prior to the January 16, 2018 acquisition date for the six months ended June 30, 2018.

Technology Solutions

	Three Months Ended June 30,			
	2019	2018	$ Change	% Change
Revenue	$ 466.2	$ 401.6	$ 64.6	16%
Sales and marketing	124.6	98.1	26.5	27%
Segment profit	$ 341.6	$ 303.5	$ 38.1	13%

	Six Months Ended June 30,			
	2019	2018	$ Change	% Change
Revenue	$ 893.5	$ 738.0	$ 155.5	21%
Sales and marketing	243.0	194.0	49.0	25%
Segment profit	$ 650.5	$ 544.0	$ 106.5	20%

Revenue

Revenue in this segment increased 16% to $466.2 million for the three months ended June 30, 2019 from $401.6 million for the three months ended June 30, 2018. Strong transactional growth contributed to the increase in revenue.

Revenue in this segment increased 21% to $893.5 million for the six months ended June 30, 2019 from $738.0 million for the six months ended June 30, 2018. The prior year period excludes $29.7 million of Legacy Worldpay generated revenue prior to our acquisition. Strong transactional growth contributed to the increase in revenue.

Sales and Marketing

Sales and marketing expense increased 27% to $124.6 million for the three months ended June 30, 2019 from $98.1 million for the three months ended June 30, 2018. Higher residual payments to referral partners as a result of increased revenue contributed to the increase.

Sales and marketing expense increased 25% to $243.0 million for the six months ended June 30, 2019 from $194.0 million for the six months ended June 30, 2018. The prior year period excludes $3.2 million of Legacy Worldpay sales and marketing expense prior to our acquisition. Higher residual payments to referral partners as a result of increased revenue contributed to the increase.

Merchant Solutions

	Three Months Ended June 30,			
	2019	2018	$ Change	% Change
Revenue	$ 520.0	$ 520.4	$ (0.4)	— %
Sales and marketing	172.9	179.0	(6.1)	(3)%
Segment profit	$ 347.1	$ 341.4	$ 5.7	2 %

	Six Months Ended June 30,			
	2019	2018	$ Change	% Change
Revenue	$ 979.4	$ 952.6	$ 26.8	3 %
Sales and marketing	338.9	342.8	(3.9)	(1)%
Segment profit	$ 640.5	$ 609.8	$ 30.7	5 %

Revenue

Revenue in this segment was $520.0 million for the three months ended June 30, 2019 compared to $520.4 million for the three months ended June 30, 2018. The decrease in revenue is primarily attributable to unfavorable foreign currency, partially offset by strong transactional growth.

Revenue in this segment increased 3% to $979.4 million for the six months ended June 30, 2019 from $952.6 million for the six months ended June 30, 2018. The prior year period excludes $33.9 million of Legacy Worldpay generated revenue prior to our acquisition. When including the 2018 period prior to our acquisition, the decrease in revenue is primarily attributable to unfavorable foreign currency, partially offset by strong transactional growth.

Sales and Marketing

Sales and marketing expense decreased 3% to $172.9 million for the three months ended June 30, 2019 from $179.0 million for the three months ended June 30, 2018. The decrease in sales and marketing expense is primarily attributable to sales efficiencies, partially offset by higher residual payments to referral partners.

Sales and marketing expense decreased 1% to $338.9 million for the six months ended June 30, 2019 from $342.8 million for the six months ended June 30, 2018. The prior year period excludes $9.7 million of Legacy Worldpay sales and marketing expense prior to our acquisition. When including the 2018 period prior to our acquisition, the decrease in sales and marketing expense is primarily attributable to sales efficiencies, partially offset by higher residual payments to referral partners.

Issuer Solutions

	Three Months Ended June 30, 2019	Three Months Ended June 30, 2018	$ Change	% Change
Revenue	$ 86.8	$ 84.8	$ 2.0	2%
Sales and marketing	6.5	6.3	0.2	3%
Segment profit	$ 80.3	$ 78.5	$ 1.8	2%

	Six Months Ended June 30, 2019	Six Months Ended June 30, 2018	$ Change	% Change
Revenue	$ 170.1	$ 166.9	$ 3.2	2%
Sales and marketing	13.0	12.6	0.4	3%
Segment profit	$ 157.1	$ 154.3	$ 2.8	2%

Revenue

Revenue in this segment increased 2% to $86.8 million for the three months ended June 30, 2019 from $84.8 million for the three months ended June 30, 2018.

Revenue in this segment increased 2% to $170.1 million for the six months ended June 30, 2019 from $166.9 million for the six months ended June 30, 2018.

Sales and Marketing

Sales and marketing expense increased 3% to $6.5 million for the three months ended June 30, 2019 from $6.3 million for the three months ended June 30, 2018.

Sales and marketing expense increased 3% to $13.0 million for the six months ended June 30, 2019 from $12.6 million for the six months ended June 30, 2018.

Liquidity and Capital Resources

Our liquidity is funded primarily through cash provided by operations, debt and a line of credit, which is generally sufficient to fund our operations, planned capital expenditures, tax distributions made to our non-controlling interest holders, required payments under our TRA agreements, debt service and acquisitions. As of June 30, 2019, our principal sources of liquidity consisted of $288.6 million of cash and cash equivalents and $1.25 billion of availability under the revolving portion of our senior secured credit facilities. Our total indebtedness, including finance leases, was $7.2 billion as of June 30, 2019.

We do not intend to pay cash dividends on our Class A common stock in the foreseeable future. Worldpay, Inc. is a holding company that does not conduct any business operations of its own. As a result, Worldpay, Inc.'s ability to pay cash dividends on its common stock, if any, is dependent upon cash dividends and distributions and other transfers from Worldpay Holding. The amounts available to Worldpay, Inc. to pay cash dividends are subject to the covenants and distribution restrictions in its subsidiaries' loan agreements.

In addition to principal needs for liquidity discussed above, our strategy includes investing in and leveraging our integrated business model and technology platform, broadening and deepening our distribution channels, entry into new geographic markets and development of additional payment processing services. Our near-term priorities for capital allocation include debt reduction, investing in our operations to support organic growth, and share repurchases. Long-term priorities remain unchanged and include investing for growth through strategic acquisitions and returning excess capital to shareholders.

We anticipate that to the extent that we require additional liquidity, it will be funded through the incurrence of other indebtedness, equity financings or a combination thereof. We cannot assure you that we will be able to obtain this additional liquidity on reasonable terms, or at all. Additionally, our liquidity and our ability to meet our obligations and fund our capital requirements are also dependent on our future financial performance, which is subject to general economic, financial and other factors that are beyond our control. Accordingly, we cannot assure you that our business will generate sufficient cash flow from operations or that future borrowings will be available under our credit facilities or otherwise to meet our liquidity needs. If we decide to pursue one or more significant acquisitions, we may incur additional debt or sell additional equity to finance such acquisitions.

However, as a result of the Merger Agreement with FIS, we are precluded from paying dividends, share repurchases, debt issuances and equity financings.

Cash Flows

The following table presents a summary of cash flows from operating, investing and financing activities for the six months ended June 30, 2019 and 2018 (in millions).

	Six Months Ended June 30,	
	2019	2018
Net cash provided by operating activities	$ 935.5	$ 378.8
Net cash (used in) provided by investing activities	(179.1)	1,315.0
Net cash provided by (used in) financing activities	(769.8)	(98.4)

Cash Flow from Operating Activities

Net cash provided by operating activities was $935.5 million for the six months ended June 30, 2019 as compared to $378.8 million for the six months ended June 30, 2018. The increase reflects net income compared to a net loss in the prior period and an adjustment to add back increased depreciation and amortization expense and increased net cash inflow due to changes in working capital.

Cash Flow from Investing Activities

Net cash used in investing activities was $179.1 million for the six months ended June 30, 2019 as compared to $1,315.0 million of cash provided by investing activities for the six months ended June 30, 2018. The prior period includes cash acquired relating to the acquisition of Legacy Worldpay in January 2018.

Cash Flow from Financing Activities

Net cash used in financing activities was $769.8 million for the six months ended June 30, 2019 as compared to net cash used in financing activities of $98.4 million for the six months ended June 30, 2018. Cash used in financing activities during the six months ended June 30, 2019 consisted primarily of the repayment of debt and finance leases and settlements and payments relating to tax receivable agreements. Cash used in financing activities for the six months ended June 30, 2018 consisted primarily of the repayment of debt and finance leases, settlement and payments relating to tax receivable agreements and payment of debt issuance costs, offset by incremental borrowings.

Credit Facilities

At June 30, 2019, we have $7.2 billion of outstanding debt with no outstanding borrowings under our revolving credit facility. See additional discussion in Note 6 - Long-Term Debt in “Item 1 - Notes to Unaudited Consolidated Financial Statements.”

We are required to maintain a leverage ratio no greater than established thresholds (based upon the ratio of total funded debt to consolidated EBITDA, as defined in the loan agreement) and a minimum interest coverage ratio (based upon the ratio of consolidated EBITDA to interest expense), which are tested quarterly based on the last four fiscal quarters. The required financial ratios become more restrictive over time, with the specific ratios required by period set forth in the table below:

Period	Leverage Ratio (must not exceed)	Interest Coverage Ratio (must exceed)
December 31, 2018 to September 30, 2019	5.75 to 1.00	4.00 to 1.00
December 31, 2019 to September 30, 2020	5.00 to 1.00	4.00 to 1.00
December 31, 2020 and thereafter	4.25 to 1.00	4.00 to 1.00

As of June 30, 2019, we were in compliance with these covenants with a leverage ratio of 3.54 to 1.00 and an interest coverage ratio of 7.07 to 1.00.

Interest Rate Swaps, Caps and Net Investment Hedges

As of June 30, 2019, we have interest rate swap and interest rate cap agreements that were designated as cash flow hedges of interest rate risk. The currently effective interest rate swaps and caps hedge $2.7 billion of our approximately $5.5 billion of variable rate debt outstanding as of June 30, 2019. The Company also has designated a portion of its Euro denominated debt and 100% of its GBP denominated debt as net investment hedges. See Note 7 - Derivatives and Hedging Activities in “Item 1 - Notes to Unaudited Consolidated Financial Statements” for more information about the interest rate swaps, caps and net investment hedges.

Tax Receivable Agreements

As of June 30, 2019, we are party to TRAs in which we have agreed to make payments of 85% of the federal, state, local and foreign income tax benefits realized by us as a result of certain tax deductions.

As discussed in Note 1 - Basis of Presentation and Summary of Significant Accounting Policies in Item 1 - Notes to Unaudited Consolidated Financial Statements,” Fifth Third exchanged its remaining 10.3 million Class B units of Worldpay Holding for shares of Worldpay, Inc. Class A common stock in March 2019.

As a result of the March 2019 Fifth Third exchange of units of Worldpay Holding, we recorded an estimated additional liability under the Fifth Third TRA of $327.9 million and an estimated additional deferred tax asset of $502.8 million associated with the increase in the tax basis. We recorded an estimated corresponding increase to paid-in-capital of $174.9 million for the difference in the TRA liability and the related deferred tax asset.

As of June 30, 2019, the Mercury TRA has been settled.

For more information on the TRAs, see Note 8 - Tax Receivable Agreements in the Notes to Consolidated Financial Statements of the Company’s 2018 Form 10-K filed on February 26, 2019.

Contractual Obligations

There have been no significant changes to contractual obligations and commitments compared to those disclosed in our Annual Report on Form 10-K as of December 31, 2018 filed with the SEC on February 26, 2019.

Critical Accounting Policies and Estimates

Our discussion and analysis of our financial condition and results of operations are based upon our audited consolidated financial statements in our 2018 Form 10-K, which have been prepared in accordance with GAAP. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses. On an ongoing basis, we evaluate our critical estimates giving consideration to a combination of factors, including historical experience, current conditions and on various other assumptions that are believed to be reasonable under the circumstances. Actual results may differ from these estimates under different assumptions or conditions.

Except for the adoption of Accounting Standards Update ("ASU") 2016-02, *Leases* (Topic 842) and ASU 2017-12, *Derivatives and Hedging* (Topic 815) on January 1, 2019 as discussed in Note 3 - Leases and Note 7 - Derivatives and Hedging Activities in "Item 1 - Notes to Unaudited Consolidated Financial Statements," we have not adopted any new critical accounting policies, have not changed any critical accounting policies and have not changed the application of any critical accounting policies from the year ended December 31, 2018. Our critical accounting policies and estimates are described fully within Management's Discussion and Analysis of Financial Condition and Results of Operations included within our Annual Report on Form 10-K filed with the Securities and Exchange Commission on February 26, 2019.

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements.

Item 3. Quantitative and Qualitative Disclosure about Market Risk

Interest Rate Risk

We are exposed to interest rate risk in connection with our senior secured credit facilities, which are subject to variable interest rates. As discussed in Note 7 - Derivatives and Hedging Activities in “Item 1 - Notes to Unaudited Consolidated Financial Statements,” we hedge a portion of our exposure to interest rate fluctuations through the utilization of interest rate swaps and caps in order to mitigate the risk of this exposure.

Based on the amount outstanding under our senior secured credit facilities at June 30, 2019, a one percentage point change in variable interest rates, after the effect of our interest rate swaps and caps effective at June 30, 2019, would cause an increase or decrease in interest expense of $28.0 million on an annual basis.

Foreign Currency Risk

We are subject to foreign currency risk as a result of our investments in foreign entities and revenues and expenses generated in currencies other than the U.S. dollar. As discussed in Note 7 - Derivatives and Hedging Activities in “Item 1 - Notes to Unaudited Consolidated Financial Statements,” we currently have net investment hedges in place to mitigate foreign currency risk. For the three months ended June 30, 2019 and 2018, currency rate fluctuations calculated by converting revenues and expenses for the three months ended June 30, 2019 and 2018 in local currency, using the March 31, 2019 and March 31, 2018 as the prior period rates, had an immaterial effect on our revenues and operating income. For the six months ended June 30, 2019 and 2018, currency rate fluctuations calculated by converting revenues and expenses for the six months ended June 30, 2019 and 2018 in local currency, using the March 31, 2019 and March 31, 2018 as the prior period rates, had an immaterial effect on our revenues and operating income.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures as of June 30, 2019. The term “disclosure controls and procedures,” as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports it files or submits under the Securities Exchange Act of 1934 is accumulated and communicated to the company’s management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives. Based on the evaluation of our disclosure controls and procedures as of June 30, 2019, our Chief Executive Officer and Chief Financial Officer concluded that, as of such date, our disclosure controls and procedures were effective.

Changes in Internal Control over Financial Reporting

As a result of the closing of the Legacy Worldpay acquisition, we have incorporated internal controls over significant processes specific to the acquisition that we believe are appropriate and necessary in consideration of the level of related integration. As the post-closing integration continues, we will continue to review the internal controls and processes of Legacy Worldpay and may take further steps to integrate such controls and processes with those of the Company. Except as noted above, there were no changes in our internal control over financial reporting that occurred during the three months ended June 30, 2019 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

From time to time, we are involved in various litigation matters arising in the ordinary course of our business. While it is impossible to ascertain the ultimate resolution or range of financial liability with respect to these contingent matters, management believes none of these matters, either individually or in the aggregate, would have a material adverse effect on us.

Item 1A. Risk Factors

You should carefully consider the risks described under “Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2018. These risks could materially affect our business, results of operations or financial condition, cause the trading price of our common stock to decline materially or cause our actual results to differ materially from those expected or those expressed in any forward looking statements made by or on behalf of Worldpay. These risks are not exclusive, and additional risks to which we are subject include, but are not limited to, the risks of our businesses described elsewhere in this Quarterly Report on Form 10-Q. There have been no material changes from the risk factors disclosed in (i) Part I, Item 1A “Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2018.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

The following table sets forth information regarding shares of Class A common stock repurchased by us during the three months ended June 30, 2019:

Period	Total Number of Shares Purchased (1)(2)	Average Price Paid per Share	Total Shares Purchased as Part of Publicly Announced Plans or Programs (2)	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (in millions) (2)
April 1, 2019 to April 30, 2019	6,062	$ 111.84	—	$ 593.2
May 1, 2019 to May 31, 2019	—	$ —	—	$ 593.2
June 1, 2019 to June 30, 2019	374	$ 121.64	—	$ 593.2

(1) Includes shares of Class A common stock surrendered to us to satisfy tax withholding obligations in connection with the vesting of restricted stock awards.

(2) In February 2019, our board of directors authorized a program to repurchase up to $500 million of our Class A common stock. Purchases under the repurchase program are allowed from time to time in the open market, in privately negotiated transactions, or otherwise. The manner, timing, and amount of any purchases are determined by management based on an evaluation of market conditions, stock price, and other factors. The share repurchase program has no expiration date and we may discontinue purchases at any time that management determines additional purchases are not warranted. However, per the FIS Merger Agreement, we are precluded from share repurchases.

Item 5. Other Information

None.

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Item 6. Exhibits

See the Exhibit Index of this Quarterly Report on Form 10-Q, which is incorporated herein by reference.

EXHIBIT INDEX

Exhibit Number	Exhibit Description	Incorporated by Reference			
		Form	**File No.**	**Exhibit**	**Filing Date**
31.1	Certification of Chief Executive Officer pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				
31.2	Certification of Chief Financial Officer pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				
32	Certifications of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.				
101.INS	*The instance document does not appear in the interactive data file because its XBRL tags are embedded within the Inline XBRL document.*				
101.SCH	*XBRL Taxonomy Extension Schema Document*				
101.CAL	*XBRL Taxonomy Extension Calculation Linkbase Document*				
101.DEF	*XBRL Taxonomy Extension Definition Linkbase Document*				
101.LAB	*XBRL Taxonomy Extension Label Linkbase Document*				
101.PRE	*XBRL Taxonomy Extension Presentation Linkbase Document*				

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

WORLDPAY, INC.

Dated:	August 6, 2019	By:	/s/ CHARLES D. DRUCKER
			Name: Charles D. Drucker
			Title: Executive Chairman and Chief Executive Officer
Dated:	August 6, 2019	By:	/s/ STEPHANIE L. FERRIS
			Name: Stephanie L. Ferris
			Title: Chief Financial Officer
Dated:	August 6, 2019	By:	/s/ CHRISTOPHER THOMPSON
			Name: Christopher Thompson
			Title: SVP, Controller and Chief Accounting Officer

Exhibit 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Charles D. Drucker, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Worldpay, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

August 6, 2019	/s/ CHARLES D. DRUCKER
	Charles D. Drucker
	Executive Chairman and Chief Executive Officer

Exhibit 31.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Stephanie L. Ferris, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Worldpay, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

August 6, 2019

/s/ STEPHANIE L. FERRIS
Stephanie L. Ferris
Chief Financial Officer

Exhibit 32

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Worldpay, Inc. (the "Company") on Form 10-Q for the period ending June 30, 2019 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned officers of the Company does hereby certify, pursuant to 18 U.S.C. § 1350 (as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002), that:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

The foregoing certification (i) is given to such officers' knowledge, based upon such officers' investigation as such officers reasonably deem appropriate; and (ii) is being furnished solely pursuant to 18 U.S.C. § 1350 (section 906 of the Sarbanes-Oxley Act of 2002) and is not being filed as part of the Report or as a separate disclosure document.

August 6, 2019	/s/ CHARLES D. DRUCKER
	Charles D. Drucker
	Executive Chairman and Chief Executive Officer
August 6, 2019	/s/ STEPHANIE L. FERRIS
	Stephanie L. Ferris
	Chief Financial Officer

[A signed original of this written statement required by Section 906 has been provided to Worldpay, Inc. and will be retained by Worldpay, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.]