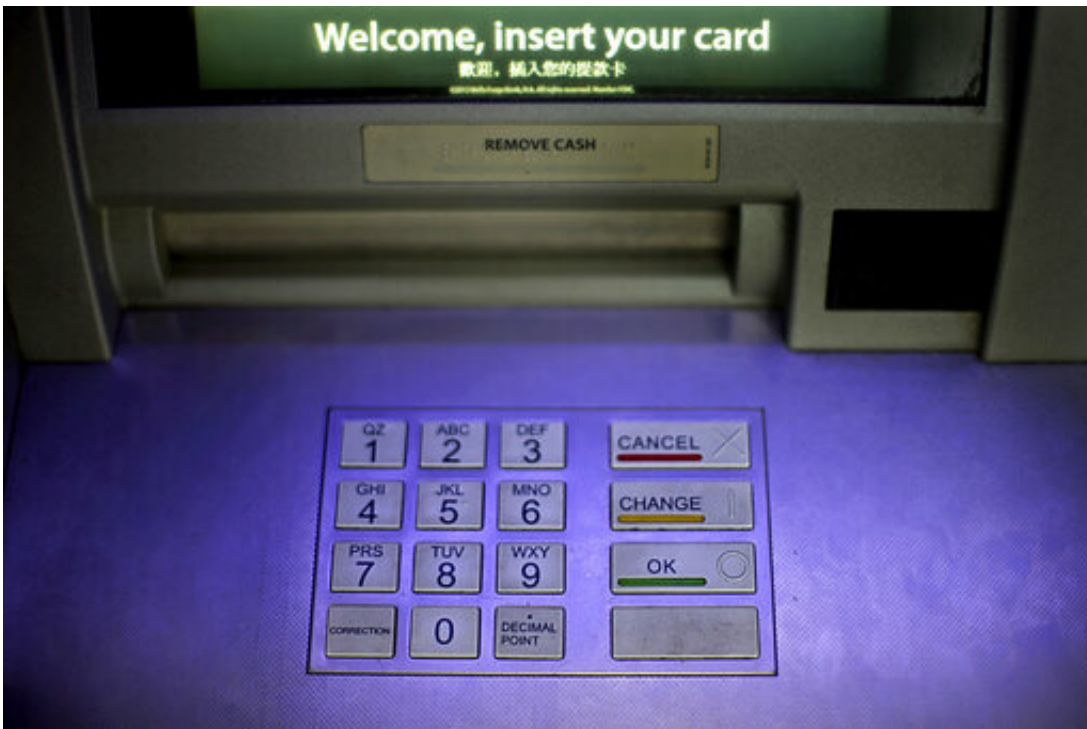


From dollars to bytes: Digital payment tech companies merge

March 18 2019, by Sarah Skidmore Sell



In this Tuesday, July 16, 2013, file photo, an ATM is displayed at a Wells Fargo bank, in Atlanta. Fidelity National Information Services is buying Worldpay for about \$35 billion with financial transactions increasingly move online. (AP Photo/David Goldman, File)

Fidelity National Information Services is buying Worldpay for about \$35 billion to combine forces as financial transactions increasingly move online.

The payment service industry works behind the scenes to help complete the process for purchases. It was a simpler exercise when those transactions took place in person with a swipe of a card. But transactions have largely moved online and grown in complexity, forcing those background players to deal with multiple currencies, various forms of payment and more at lightning speed. The industry also faces a growing base of startup competitors.

Fidelity, or FIS as it is known, is a more traditional payment service provider, supporting more staid practices such as banks transactions. Worldpay is the "crown jewel" of the e-commerce niche, said Instinet analysts Dan Dolev and Conan Leon. It has grown quickly as the companies that it services have grown, and that makes it an attractive acquisition target.

Worldpay processes more than 40 billion transactions a year and supports more than 300 payment types across more than 120 currencies. Combined, Worldpay and FIS would have had 2018 revenue of \$12.3 billion. The deal represents the biggest acquisition for FIS since it spent more than \$5 billion for SunGard in 2015.

A number of established players have consolidated recently in order to adapt, particularly in light of increased competition. In a similar move, Fiserv announced in January that it was buying First Data in a \$22 billion all-stock deal. That created a giant in the payment and financial technology sector at the time, but Dolev said Worldpay represents a much more notable purchase, given its size and reach.

"Scale matters in our rapidly changing industry," said Gary Norcross, chairman and CEO at FIS. "Upon closing later this year, our two powerhouse organizations will combine forces to offer a customer-driven combination of scale, global presence and the industry's broadest range of global financial solutions."

Worldpay Inc. shareholders will receive 0.9287 FIS shares and \$11.00 in cash for each Worldpay share they own. FIS shareholders will own about 53 percent of the combined company, which will keep the name Fidelity National Information Services Inc. Worldpay shareholders will own approximately 47 percent.

Worldpay was originally a British company that was acquired less than two years ago by Vantiv, based in Cincinnati. Vantiv then took on the Worldpay name.

The combined company will be based in Jacksonville, Florida, where FIS is headquartered. Norcross will continue as CEO and chairman. Worldpay executive chairman and CEO Charles Drucker will become executive vice chairman.

With Worldpay's debt included, the companies put the deal's value at \$43 billion. They expect organic revenue growth of between 6 percent and 9 percent through 2021. The deal, with regulatory and shareholder approval, would likely close in the second half of the year.

Shares of Worldpay jumped nearly 10 percent to \$108.51 Monday. Shares of Fidelity edged down 76 cents to close at \$108.12, as the broader market ended trading higher.

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