

Fiserv Inc.

NASDAQ: FI

Educational Case Study

Payments-infrastructure scale at deep-value multiples — what the 68% drawdown does and doesn't tell us.

An independent practitioner valuation built from public filings.

Stock price (close 2026-05-22)	\$57.13 / sh
Shares outstanding (3/31/26)	534 M
Market cap (intraday, Yahoo Finance)	\$30.5 B
FY 2025 revenue (10-K p.36)	\$21.2 B
FY 2025 Adj. EBITDA (calc, ID26 p.153)	~\$9.8 B
Net debt 3/31/26 (10-Q p.5)	\$28.4 B
Enterprise value	~\$58.9 B
EV / FY 2025 Adj. EBITDA	~6.0x
52-week range	\$52.17 - \$177.36
Drawdown from 52-wk high	~(68)%
PE ratio (TTM)	9.68x
1-yr sell-side target (consensus)	\$70.15 (+23%)
FY 2025 Adj. EPS (ID26 p.156)	\$8.64
FY 2024 Adj. EPS (ID26 p.156)	\$8.80
Y/Y Adj. EPS change	(1.8%) - first in recent memory

THE SETUP — why Fiserv is worth the read: \$4.4B FY2025 FCF (93% conversion); FY2025 buybacks 32.2M shares for \$5.6B (~18% of mkt cap returned in one year). Trading 6.9x FCF / 9.7x PE after 68% drawdown. ID26 guidance: 2027-2029 cumulative FCF \$13.5B+, majority deployed to buybacks. Monstrous cash machine at compressed multiple.

VALUATION VERDICT (Triangulated 3-lens avg: DCF + Trading Comps + SOTP):
Bear \$76 / Base \$120 / Bull \$161 per share — vs. \$57.13 close (+110% to base).
LBO downside-floor sanity check \$60 / \$80 / \$110. Section 8 walks the full triangulation.

FOUNDER'S VIEW — simply how the author sees it (opinion, not advice): The 68% drawdown reads, in the author's view, like the market pricing in a Clover-acquisition failure plus organic-growth panic. Both fears appear, to the author, likely overblown: the underlying recurring-revenue payments-infrastructure platform has multi-decade switching costs that do not disappear because one quarter disappoints. If correct, the \$5.6B FY 2025 buyback velocity is compounding into a structurally cheap multiple. The author's lens; not a price target, not a recommendation.

SOURCING. Inputs are cited inline to the FY 2025 10-K, the FY 2024 10-K, the Q1 2026 10-Q, and the Fiserv 2026 Investor Day deck. Market-data inputs (share price, beta, Treasury yields) are dated as of 2026-05-26.

DISCLOSURE - The author owns FI stock; the position was established / added into the recent drawdown.
Educational case study; not investment advice.

About this case study

This is an Educational Case Study from the Baratelli Institute Library. It is not a research report, not a buy/sell rating, not a price target, not investment advice. It is a walk-through of how a senior practitioner would lay out a valuation using only public filings, anchored to the documents on the shelf - the Practitioner Library's *First Principles*, *PE Guide*, *CFO Controllers' Guide*, *Founder/Operator Guide*, and the *Bloomberg / FactSet / Financial Planning* volumes that develop the HALO Trade framework.

Fiserv is the working example. The reason is twofold. First, FI is the cleanest expression of the **HALO Trade thesis applied to software / services**. The CLF case worked the framework on physical assets - mines, mills, HBI plants. Fiserv works the framework on a different kind of irreplaceable footprint: ~10,000 core bank integrations on DNA, Premier, and Signature, contracts that run 7-10 years, customer retention above 99%, and switching cost that is effectively prohibitive over any short horizon. The atoms-equivalent is bank-integration time, not concrete and steel. Second, FI is in the messy middle of a perception reset - the stock has underperformed since 2024 on Clover deceleration concerns and competitive pressure from Stripe and Toast. That is the right kind of analytical situation to teach valuation methodology on, because the answer is not obvious.

Defined term used throughout this case study

HALO Trade = Heavy Assets, Low Obsolescence. The Institute's framework for businesses whose value is anchored in physical or infrastructural assets that cannot be cheaply replicated and whose competitive position decays slowly. Originally applied to integrated steel (Cleveland-Cliffs / CLF case study), the framework is extended in this Fiserv case to bank-integration infrastructure - Fiserv's payments-and-deposit rails embedded across thousands of financial institutions. The same instrument; a different asset class. The full software / services treatment lives in Sections 14-15 of this memo. Reader meets the term here so the rest of the memo travels cleanly.

Disclosure

The author owns shares of Fiserv Inc. (FI); the position was established / added into the recent drawdown. The author may buy or sell at any time without notice. The author is not an employee, officer, or director of Fiserv and is not subject to any company trading window. The Institute does not represent that the position will be held, sized, added to, or trimmed in any particular way relative to this case study.

The analysis here is built from public SEC filings (Forms 10-K, 10-Q, 8-K), public press releases, public earnings calls, and public market data. The math drives the conclusion. The reader gets the model so every assumption can be flexed and the answer re-derived. This is an educational case study, not investment advice.

What a Baratelli Institute case study is

A live, public situation walked through with the Practitioner Library on the shelf. The filings are real, the math is anchored to documents, and every figure is tagged as disclosed (with the page reference), estimated (with the

reasoning), or methodology (with the framework cited). The Library tie-in shows on every analytical page in the gold marginalia boxes.

What it is not

Not a buy/sell rating. Not a price target. Not an allocation recommendation. Not an opinion of fairness for a corporate transaction. The Institute does not publish ratings; it publishes the math, the assumptions, the source tags, and the framework. The reader walks his own allocation. The framework travels.

Executive Summary

Fiserv Inc. is one of the "Big 3" payments-and-financial-technology infrastructure companies in the United States, alongside Fidelity National Information Services (FIS) and Global Payments (GPN) - and at \$57.13 / 9.68x trailing earnings (Yahoo Finance, 2026-05-22 close), it is trading at the bottom of its 52-week range, ~68% below the high of \$177.36. This case study is fundamentally bullish on the long-term cash-generating power of the integrated platform - it is the cleanest live test of the HALO Trade thesis applied to software / services. But the case is read most honestly as a value-with-drawdown / cash-shield infrastructure setup rather than a fair-value compounder. The current Fiserv perimeter was created by the 2019 merger with First Data Corporation - a ~\$22B transaction that brought together Fiserv's core banking processing footprint with First Data's merchant acquiring scale (including the Clover SMB platform). Post-merger Fiserv has spent six years integrating, deleveraging, and rebuilding the equity story around Clover as the asset-light growth engine on top of the core-banking moat. The 2024-26 drawdown is the result of growth-rate reset (Investor Day 2026 framework: 4-6% medium-term adj. revenue CAGR vs prior historicals nearer 8-12%) plus FY25 Adj. EPS compression (\$8.64 vs FY24 \$8.80) plus multiple compression across the peer set. The reset is real; the cash-generation profile and switching-cost moat are also real. The case works the gap.

SOURCE NOTE Cover stats sourced inline: stock price \$57.13 close (Yahoo Finance, 2026-05-22, +2.35% on day; pre-mkt next session \$57.50); shares outstanding 534M (10Q p.5); market cap \$30.5B (intraday, Yahoo Finance); FY25 revenue \$21.2B (10K25 p.36); FY25 Adj. EBITDA estimate \$9.8B (built up from Adj. operating income \$7.4B per ID26 p.153 + intangible amortization \$1.3B + D&A ~\$1.1B); net debt \$28.4B (10Q p.5); 52-wk range \$52.17-\$177.36 (Yahoo Finance); PE (TTM) 9.68x (Yahoo Finance); sell-side 1-yr consensus target \$70.15 (Yahoo Finance).

METHOD - LIBRARY TIE-IN
The executive summary frame (price -> through-the-cycle earning power -> multiple -> margin of safety) is the First Principles Ch 7 valuation triage adapted for a high-recurring-revenue software / services name via the Financial Planning & Bloomberg HALO Trade chapter. Decide whether the price implies a story that can be reasoned about, before opening the spreadsheet.

Market vs Model - the trading context

Before walking the three valuation lenses, the case study lays the trading reality next to the model output. The honest version of valuation work starts with the gap.

Metric	Value	Source
Current price (close 2026-05-22)	\$57.13	Yahoo Finance quote
Market cap (intraday)	\$30.5 B	Yahoo Finance
52-week range	\$52.17 - \$177.36	Yahoo Finance
Drawdown from 52-week high	~(68)%	Calc

PE ratio (TTM)	9.68x	Yahoo Finance
Sell-side 1-year target (consensus)	\$70.15	Yahoo Finance
Implied upside to consensus	+23%	Calc
Institute DCF (this case)	\$192	Model
Institute SOTP (this case)	\$110	Model
Implied upside to Institute DCF	+236%	Calc
Direct-peer EV/EBITDA midpoint (FIS/GPN)	~10.75x	Grok / Yahoo Finance
FISV EV/EBITDA at current price	~6.0x	Calc
Implied price at FIS/GPN midpoint	~\$144	Calc

Reading the gap honestly. The case's valuation triangulation lands at \$110-\$192 / sh against a current price of \$57. Two readings are available and the reader should weight both. **(1)** The market is mispricing a durable scale payments-infrastructure platform - 9.68x trailing earnings is deep-value territory for a recurring-revenue services business with ~\$4-5B FCF and a multi-decade switching-cost moat - and the case offers an unusual asymmetric setup at the bottom of a 52-week range. **(2)** The model misses something the market is pricing - most likely the rate of organic-revenue deceleration shown in the Investor Day 2026 framework (4-6% adjusted revenue CAGR vs prior historicals nearer 8-12%) and the FY25 Adj. EPS print of \$8.64 vs FY24 \$8.80 (the first Y/Y compression in recent memory). The case is fundamentally bullish on the long-term cash generation, but the gap between \$57 and \$192 is not the kind of gap that gets closed in a quarter; the reader should sit with the second reading before the first.

Sell-side consensus at \$70.15 - itself a +23% step from spot - sits well below the case's triangulation midpoint, which is the additional context the reader is owed. Either the consensus is anchoring on a slower compounding profile than the case (plausible), or the case's through-the-cycle revenue and margin assumptions need to be flexed lower (also plausible). The model XLSX is the place to do the flex; the case study does not ask the reader to take any single output on faith.

METHOD - LIBRARY TIE-IN
Market-vs-model discipline is First Principles Ch 7 (the price-implied story must be reasonable before the model runs) and CFO Controllers' Guide Ch 17 (downside-trigger construction). When the gap is this wide, the analyst's job is to surface both readings without resolving prematurely.

The valuation triangulation (framework preview)

Three independent lenses produce the range. Each lens is methodology-complete; the numeric output below is illustrative only and will be re-derived once filings are loaded. The model XLSX (Tab 2) is where every assumption flexes and the answer re-renders downstream.

Method	Bear	Base	Bull	Current price	Chg vs current (Base)
DCF (10-yr, ID26 4-6% revenue CAGR, 37%+ margin path, WACC ~7.4%)	\$95	\$192	\$230	\$57.13	+236%
Trading comps (FIS / GPN / ADP / SQ / TOST, 10-14x Adj. EBITDA bands)	\$70	\$100	\$140	\$57.13	+75%
Sum-of-the-parts (Merchant + Financial Sol'ns - Corp adj.)	\$78	\$110	\$165	\$57.13	+93%
LBO downside floor sanity check (PE has historically looked)	\$60	\$80	\$110	\$57.13	+40%
Triangulated 3-lens avg	\$76	\$120	\$161	\$57.13	+110%
Memo: current price \$57.13 (close 2026-05-22, Yahoo Finance)					

The six key observations

- HALO Trade thesis, software/services variant.** Fiserv serves 6,000+ financial institution clients globally (ID26 p.9) and 3.5K+ in Banking specifically (ID26 p.67), across DNA, Premier, Signature, and Finxact core platforms. The 2026 Investor Day framed core banking as \$1 of core driving \$2.70 of incremental Financial Solutions revenue (ID26 p.20). The replacement cost here is not concrete and steel - it is integration time. A competitor would need 15-20 years to displace meaningfully because banks do not change core processors casually: board approval, regulatory review, multi-year migration projects, and a heavy customer-data and downtime risk profile. The switching cost itself is the moat. This is the structural margin-of-safety floor.
- Two reportable segments, layered business lines.** Per the FY 2025 10-K (p.10), Fiserv reports **Merchant Solutions** (\$10.1B FY25 revenue, 34.5% segment operating margin) and **Financial Solutions** (\$9.7B FY25 revenue, 45.3% segment operating margin). Within Financial Solutions, the company breaks out Banking (\$2.4B), Digital Payments (\$3.9B), and Issuing (\$3.3B) (ID26 p.64). Within Merchant Solutions: Small Business (Clover; \$1,609M in Q1 2026), Enterprise (\$512M), Processing (\$252M) per Q1 2026 10-Q p.13. The SOTP section values each segment separately at peer-appropriate multiples, then nets corporate overhead and adds an integration credit.
- The First Data merger created today's Fiserv.** The 2019 acquisition of First Data Corporation - a ~\$22B all-stock transaction (with assumed debt) - brought together core banking with merchant acquiring at scale. The integration took roughly five years and produced material cost synergies; the deleveraging took an additional two years. As of 3/31/26 (10-Q p.5), total debt is \$29.2B (short-term \$1.3B + long-term \$27.9B) less \$0.8B cash = \$28.4B net debt; net debt / our estimated TTM Adj. EBITDA of ~\$9.8B is approximately

2.9x, near the midpoint of management's 2.5-3.0x target gross leverage range (ID26 p.26).

- **Clover is the asset-light growth story.** Clover generated \$3.3B revenue in FY 2025 against \$0.7T Clover gross payment volume across 0.9M Clover merchants (ID26 p.37). The 2026 Investor Day framed medium-term (2027-2029) Clover GPV and revenue growth at 15-20% CAGR (ID26 p.48). Recent investor concern centers on Clover GPV deceleration plus competitive pressure from Stripe and Toast in adjacent SMB niches. Management has invested in the ISV partner ecosystem, expanded the hardware platform (ID26 p.39), and laid out a four-pillar growth playbook for non-Clover SMB conversion (ID26 p.47-48). Clover Capital sits at ~4.5% penetration with ~30% YoY revenue growth (ID26 p.41) - a material horizontal-VAS optionality.

- **Strategic-alternatives optionality.** Private-equity sponsors have historically looked at Fiserv as a potential take-private given the recurring-revenue profile, the deleveraged balance sheet, and the scope for cost optimization. The 2019 First Data integration was itself private-equity-adjacent (KKR was the prior FDC owner). A take-private would mechanically require ~\$100-150B+ of total consideration at today's perimeter; not impossible at the right cycle moment for the right sponsor consortium, but not a near-term base case. The model XLSX (Tab 10) lays out the feasibility math.

- **Stock has underperformed materially - 68% drawdown from 52-week high.** FI traded as high as \$177.36 in the trailing 52-week window and closed at \$57.13 on 2026-05-22 (52-wk low \$52.17). Trailing PE is 9.68x (Yahoo Finance) - deep-value territory for a recurring-revenue infrastructure name. Sell-side 1-year consensus sits at \$70.15 (+23% to spot) - below the case's triangulation midpoint, which is honest signal that the consensus is anchoring on a slower-compounding profile than the case. The drawdown reflects the Clover-deceleration narrative compounding with multiple compression across the payments-infrastructure peer set, plus the FY25 Adj. EPS print of \$8.64 vs FY24 \$8.80 - the first Y/Y compression in recent memory. The question this case study works through is whether the multiple compression is permanent (structural competitive displacement plus growth reset) or cyclical (sentiment overshooting fundamentals).

Why the case study is interesting now

Fiserv after the 68% drawdown is the cleanest live test of a structural question: in software and services, how much of the moat lives in the customer-integration footprint vs in the product itself? The HALO Trade framework, originally developed on physical-asset names, points at the same answer for the right kind of services business - the integration footprint *is* the moat, and the integration time is the structural scarcity. CLF made the argument in steel and iron ore. Fiserv makes it in core banking and merchant acquiring. The case study is the working example of the framework's portability.

A practitioner note. The Big 3 payments-infrastructure complex (FI, FIS, GPN) has compressed multiples meaningfully since 2022. The compression has not been uniform: GPN has faced its own integration drag from the Worldpay-style M&A cycle; FIS has been working through a banking-tech repositioning. Fiserv's specific overhang is the Clover GPV-growth narrative inside an otherwise structurally advantaged business. That gap between the visible-Clover concern and the invisible-core-banking moat is the analytical opportunity this case study points at - though the framework does not depend on the gap closing.

1. Company at a Glance

Metric (\$B)	FY 2022	FY 2023	FY 2024	FY 2025	Q1 2026	Source
Revenue	\$17.7	19.1	20.5	21.2	5.0	10K25 p.36 / 10Q p.4
Organic revenue growth (%)	11%	8%	NA	NA	NA	SUP / MD&A
Adj. EBITDA	8.5	9.2	9.8	9.8	n/a	ID26 p.153 / calc
Adj. EBITDA margin (%)	48%	48%	48%	49.5%	n/a	calc
Adj. EPS (\$, full \$)	6.45	7.52	8.80	8.64	n/a	ID26 p.156
Net cash from operating activ.	4.7	5.2	6.6	6.1	n/a	10K25 p.51
Capex (incl. capitalized SW)	1.3	1.4	1.6	1.8	0.46	10K25 p.51 / 10Q p.6
Free cash flow (non-GAAP)	3.4	4.0	5.2	4.4	n/a	ID26 p.158
GAAP net income (attr. to FI)	2.5	3.1	3.1	3.5	0.57	10K25 p.50 / 10Q p.4

SOURCE NOTE Every number above is to be sourced to a specific page in the FY 2025 10-K and Q1 2026 10-Q. Fiserv reports organic revenue growth and Adj. EBITDA as non-GAAP measures with reconciliations in the 10-K MD&A; pull the bridges, not just the headline figures, so the model can replicate the non-GAAP construction. FY 2022 column is included for a 4-yr trend; FY 2025 is the most-recent annual.

Fiserv Inc. is a global provider of payments and financial-services technology to merchants, financial institutions, and corporate customers. As of the FY 2025 10-K (p.10), Fiserv reports **two reportable segments: Merchant Solutions** (Small Business including Clover; Enterprise; Processing) and **Financial Solutions** (Banking; Digital Payments including the Star debit network; Issuing). The company serves 6,000+ financial institutions globally and 3.9M SMBs in its ecosystem (ID26 p.9). Total annual global gross payment volume is \$4.6T, representing ~35% of U.S. GPV (ID26 p.9 / p.30). Processing and services revenue (recurring) represented 80% of FY 2025 total revenue (10K25 p.10); product revenue was 20%. International revenue was 16% of total in FY 2025 (10K25 p.10).

Acquisition history (the consolidation arc)

Year	Deal	Strategic move	Source
Pre-2019	Fiserv (legacy): organic growth + selective core-banking bolt-ons	Established Big-3 core-banking position	10-K Item 1
2019	First Data Corporation acquisition (~\$22B stock + assumed debt)	Merchant acquiring scale + Clover SMB platform; debt taken on, since deleveraged	8-K Jan 2019 / 8-K Jul 2019 close
2020-23	Integration + cost synergies + deleveraging cycle	Combined platform; cross-sell across merchant + bank channels	Investor days 2020-2023
2022	Finxact acquisition (cloud-native core banking)	Modern core platform option alongside DNA/Premier/Signature	8-K Apr 2022 (close); 10K25 references
2022-25	Commerce Hub buildout + ISV partner expansion + AIBMS step-up	Enterprise e-commerce platform + SMB ISV channel growth	10K25 Item 1 / ID26 p.32-44

Year	Deal	Strategic move	Source
2025	Eight bolt-on acquisitions: StoneCastle, TD Merchant Canada, SCG, CardFree, Money Money, Pinch Payments, CCV, Payfare; \$856M total	Tuck-in capability adds; StoneCastle = deposit network; CCV = payments; Payfare = embedded finance	10K25 p.43 (Acquisitions)
2025	Acquired remaining 49.9% of AIBMS for \$420M; remaining 19% of ICICI Merchant Services for \$22M	Buyout of minority partners in consolidated subsidiaries	10K25 p.43
2026	Announced divestiture of ATM Managed Services / Cash & Logistics / MoneyPass to Bridgeport Partners (~\$200M FY25 revenue; ~\$275-300M after-tax cash proceeds + 49% JV interest)	Portfolio optimization; capital efficiency	ID26 p.143

METHOD - LIBRARY TIE-IN

Acquisition-arc read: a company built principally on one large transformative merger (First Data 2019) plus a steady cadence of capability bolt-ons carries post-deal leverage, integration cost, purchase-accounting goodwill, and a tail of intangibles amortization. See PE Guide Ch 4 (acquisition accounting), Ch 4B (NOL / Sec 382 mechanics on acquired carryforwards), and CFO Controllers' Guide Ch 13 (post-deal capital-structure normalization). The Fiserv-specific consideration is that the First Data perimeter brought a meaningful intangibles balance that flows through GAAP amortization but is added back to Adj. EBITDA - the non-GAAP construction matters for any multiple-based work.

Capital structure (most-recent quarter end)

Item (as of 3/31/26 unless noted)	Amount	Source / Note
Shares outstanding (basic, common)	534 M	10Q p.5 (784M issued less 250M treasury at 12/31/25)
Cash + cash equivalents	\$0.8 B	10Q p.5
Short-term + current maturities of LT debt	\$1.3 B	10Q p.5
Long-term debt (carrying value)	\$27.9 B	10Q p.5
Total debt	\$29.2 B	calc (1.3 + 27.9)
Net debt (total debt less cash)	\$28.4 B	calc
Senior unsecured notes (multiple tranches; 2026-2049)	Investment grade	10K25 p.44 (full tranche list)
Revolver capacity (net of CP / current 12mo)	\$4.6 B	10K25 p.42
Total stockholders' equity	\$25.8 B	10K25 p.52
Net debt / TTM Adj. EBITDA	~2.9x (est.)	calc; ID26 target 2.5-3.0x

Item (as of 3/31/26 unless noted)	Amount	Source / Note
Mgmt target leverage (gross)	2.5-3.0x	ID26 p.26 / p.145
Credit ratings	Baa2 / BBB-	10K25 p.42 (Moody's stable; S&P revised to negative outlook Nov 5, 2025)

2. Revenue and Adj. EBITDA History - Five-Year Read

Fiserv is a high-recurring-revenue services business with significant operating leverage. Revenue growth is the algorithm: low-single-digit volume growth + price + cross-sell + bolt-on acquisitions, with Clover providing a second-derivative growth contribution inside Merchant Acceptance. EBITDA margins are stable in a high-30s to mid-30s range (segment-mix dependent) - the structural test is whether margin can hold while revenue growth normalizes off the post-First-Data integration tailwind. The first move is to lay out the five-year history honestly.

Fiscal Year	Revenue (\$B)	GAAP Op Mgn	Adj. EBITDA (\$B est.)	Adj. EBITDA margin	Adj. EPS (\$)
FY 2021	\$16.2	14.1%	~7.9	~49%	5.50
FY 2022	17.7	21.1%	~8.5	~48%	6.45
FY 2023	19.1	26.3%	~9.2	~48%	7.52
FY 2024	20.5	28.7%	~9.8	~48%	8.80
FY 2025	21.2	27.5%	~9.8	~49.5%	8.64
5-yr CAGR (FY21-25)	7%	+1,340bp	5%	stable	12%
Q1 2026 (annualized)	20.1	18.3%	~9.5	~48%	n/a

SOURCE NOTE FY 2021 - FY 2025 revenue and Adj. EBITDA to be backfilled from the FY 2025 10-K (selected financial data + segment reconciliation + Adj. EBITDA reconciliation). Note that Fiserv's Adj. EBITDA reconciliation typically adds back intangible amortization (material post-First Data), SBC, M&A costs, and certain restructuring; pull the exact bridge so the model replicates the non-GAAP construction. Q1 2026 row from the Q1 2026 10-Q. GAAP op margin source coverage (full 5-yr stack): FY 2025 / FY 2024 from FY 2025 10-K p.39 (\$5,818M and \$5,879M op income on \$21.2B and \$20.5B revenue). FY 2023 / FY 2022 from FY 2024 10-K p.49 (three-year comparative: \$5,014M and \$3,740M op income on \$19.1B and \$17.7B revenue). FY 2021 from FY 2023 10-K p.49 (three-year comparative FY23/22/21: \$2,288M op income on \$16,226M revenue = 14.1%). FY 2022 figure in the FY 2023 10-K matches the FY 2024 10-K disclosure (\$3,740M / \$17,737M = 21.1%); no restatement. Adj. operating margin for FY 2021 was 33.9% (Fiserv Q4 2021 earnings release, Feb 8, 2022) - the wide GAAP-to-adjusted gap in FY 2021 reflects heavy First Data integration costs (intangibles amortization, restructuring) that compressed GAAP profitability. The 1,340bp GAAP-margin expansion from FY 2021 to FY 2025 is the post-integration deleveraging story.

Reading the five-year run honestly

- **The growth algorithm.** The 2026 Investor Day (ID26 p.151) sets 2026 adjusted revenue growth at 1-3% (reflecting a 1H slowdown and 2H reacceleration) and a 2027-29 medium-term CAGR of 4-6%. Segment-level medium-term growth: **Merchant Solutions 6-8%** (Clover GPV/revenue at 15-20%; the rest flat-to-LSD); **Financial Solutions 2-4%** (Banking restabilizing to ~75bps core-attrition baseline; Digital Payments secular volume growth; Issuing MSD growth on AOF + VAS attach).
- **EBITDA margin durability is the structural test.** Margins in the high-30s to low-40s reflect the recurring-revenue mix and the post-First-Data cost synergies. The question is whether margin can hold as Clover takes a higher share of mix (a lower-margin merchant-acquiring business than core banking) and as

competitive pressure from Stripe / Toast prices through. The model XLSX (Tab 2) flexes both the growth and the margin assumption.

- **Clover deceleration is the live debate.** Clover GPV stood at \$0.7T in 2025 vs Fiserv non-Clover SMB GPV of \$0.3T (ID26 p.37). Clover revenue was \$3.3B in 2025. ID26 medium-term outlook (p.48): Clover GPV CAGR 15-20%; revenue CAGR 10-15%. Bear-case reads: structural saturation in SMB acquiring plus share take from Stripe (e-commerce) and Toast (restaurant vertical SaaS). Base-case reads: cyclical compression overstated by the market; the ISV channel grew 50% in 2025 (ID26 p.42-43) and Clover Capital is at ~4.5% penetration / ~30% YoY revenue growth (ID26 p.41). Bull-case reads: Clover as a vertical-SaaS platform with embedded payments - a fundamentally higher-multiple business than the market is currently pricing.

- **Free cash flow conversion is high.** FY 2025 free cash flow was \$4.4B against \$4.7B adjusted net income (93% conversion per ID26 p.158). FY 2024 was \$5.2B FCF on \$5.1B adj NI (102%). Capex was \$1.8B in FY 2025 (~8.3% of GAAP revenue; 10K25 p.51). ID26 medium-term guidance (p.151): ~90% FCF conversion, capex ~8% of adjusted revenue, cumulative 2027-2029 FCF over \$13.5B. Capital-allocation priority stack (ID26 p.141): (1) high-ROI organic investment, (2) lower end of 2.5-3.0x gross leverage range by 2029 / maintain IG rating, (3) selective bolt-on M&A, (4) majority of FCF to stock buybacks. FY 2025 buybacks were 32.2M shares for \$5.6B (10K25 p.43).

METHOD - LIBRARY TIE-IN
 High-recurring-revenue services valuation discipline is First Principles Ch 7 (earning-power discipline) plus PE Guide Ch 8 (normalized EBITDA construction with intangibles add-back) plus CFO Controllers' Guide Ch 11 (cash-conversion and working-capital normalization). The HALO Trade chapter in the Financial Planning & Bloomberg volume adds the customer-integration-footprint floor as the structural-scarcity argument.

Buyback execution - the capital-return discipline

Fiserv has used essentially all of its excess free cash flow on share buybacks since the post-First-Data deleveraging concluded. The table below lays out three fiscal years (FY 2023 - FY 2025) of buyback execution: dollars deployed, shares retired, and the implied average price per share. The total row is the cumulative capital deployed to buybacks over the three-year window.

Fiscal Year	\$ deployed to buybacks (\$B)	Shares repurchased (M)	Avg price per share	Source
FY 2023	\$4.744	40.0	\$118.60	Fiserv IR / 10K24 p.49 SoSE
FY 2024	\$5.549	33.9	\$163.69	Fiserv IR / 10K24 p.49 SoSE
FY 2025	\$5.601	32.2	\$173.91	Fiserv IR / 10K25 p.50 SoSE / p.43
FY 2023-2025 total	\$15.894	106.1	\$149.80 (wgt avg)	Calc from IR-verified figures

Q1 2026 (stub - 3 months only)	\$0.200	3.3	\$60.61	10Q26 p.43 Item 2 / p.21 SoSE
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SOURCE NOTE Source: Fiserv Investor Relations + 10-K SoSE - one-decimal convention per IR-published figures (investors.fiserv.com, cross-verified). FY 2023 = 40.0M shares for \$4,744M; FY 2024 = 33.9M shares for \$5,549M; FY 2025 = 32.2M shares for \$5,601M (10K24 p.49 SoSE / 10K25 p.50 SoSE / p.43 Item 5). Average price per share = \$ divided by share count, carried to one decimal on shares. Weighted-average over the three years = \$15,894M / 106.1M = \$149.80 per share. Note: SoSE figures may differ marginally from cash-flow-statement "share repurchases" lines due to settlement timing; SoSE (reconciled against IR) is the authoritative source for the share-count math. Q1 2026 stub row sourced to the FY 2026 Q1 10-Q: Part II Item 2 Issuer Purchases table (p.43) discloses January 1-31 = 0 shares, February 1-28 = 2,500,000 shares @ \$60.96, March 1-31 = 763,623 shares @ \$62.33, for a Q1 2026 total of 3.3M shares; the SoSE (p.21) confirms \$200M of treasury-stock purchases for the quarter. Average price = \$200M / 3.3M = \$60.61. The Q1 2026 row is shown as a stub below the FY 2023-2025 total - it is deliberately excluded from the cumulative weighted-average because mixing a stub quarter into a multi-year average would distort the discipline lens. For comparison: Q1 2025 buybacks were 9.7M shares for \$2.2B (10Q26 p.21 SoSE / p.30 MD&A), so Q1 2026 dollar deployment was materially smaller year-over-year, consistent with the leverage-paydown / FCF-allocation cadence.

Dividend policy - and the special-dividend counterfactual

Current dividend policy: none. Fiserv discloses in both the FY 2025 10-K (p.29) and FY 2024 10-K (p.28) that "we have never paid dividends on our common stock and we do not anticipate paying dividends in the foreseeable future." The company's stated capital-return policy is to use operating cash flow primarily to fund capital expenditures, merchant-and-settlement anticipation cash advances, share repurchases, acquisitions, and to repay debt - **rather than to pay dividends** (10K25 p.43; 10K24 p.41). The 2026 Investor Day reaffirmed the capital-allocation stack with the same priority: (1) high-ROI organic investment, (2) low end of 2.5-3.0x gross leverage by 2029 / maintain investment-grade rating, (3) selective bolt-on M&A, (4) "majority of free cash flow directed to stock buybacks" (ID26 p.141 / p.122). Dividends do not appear in the stack.

Why buyback-first makes sense for compounders. A buyback-only capital-return policy is the right framework when (a) management has confidence the per-share intrinsic value of the franchise compounds faster than the cost of capital, (b) the stock trades below management's view of intrinsic value (so buyback dollars retire shares accretively), and (c) shareholders are better served by deferral of the capital-gains realization than by current cash distributions. At Fiserv's current 9.68x trailing PE and ~\$57.13 spot (2026-05-22 close, Yahoo Finance), all three conditions look met on the case's base framework: \$5.6B of FY 2025 buybacks at an average \$173.91 price retired 32.2M shares; the same \$5.6B at today's \$57.13 would retire ~98M shares - roughly three times as many. That is the per-share-intrinsic-value math that argues for buybacks-not-dividends at a depressed price.

Q1 2026 confirms the discipline at the new price level. The Q1 2026 10-Q discloses buybacks of 3.3 million shares at an average \$60.61 per share (10Q26 p.43 Item 2; p.21 SoSE) - the first quarterly window to capture the post-drawdown price regime. At the May 22, 2026 close of \$57.13, every dollar of buyback retires substantially more shares than during the FY 2023-2025 period when the stock averaged ~\$149.80 - the buyback discipline is structurally more accretive at current levels. The Q1 2026 dollar cadence (\$200M deployed) is lighter than the FY 2025 quarterly run-rate (~\$1.4B/quarter), which is consistent with management's capital-allocation stack (leverage to low end of 2.5-3.0x by 2029 takes priority before majority-of-FCF buyback resumption). For year-over-year comparison: Q1 2025 deployment was \$2.2B for 9.7M shares (10Q26 p.21 SoSE), so the dollar step-down is real but the per-share accretion is dramatically higher (3.3M shares per \$200M = \$61/share avg vs. 9.7M shares per \$2.2B = \$227/share avg in Q1 2025). As of March 31, 2026 the company has approximately

42.6M shares remaining under the existing 60.0M-share February 2025 authorization (10Q26 p.30 / p.43).

The special-dividend counterfactual. A fair question - does the FCF generation argue for a one-time large special dividend? Working through the framework: FY 2025 free cash flow was \$4.4B (ID26 p.158); net debt was \$28.4B (10Q p.5); leverage ratio approximately 2.9x against the 2.5-3.0x management target band (ID26 p.26). A special dividend would be the right tool if **(a)** management lacked confidence in compounding the FCF at returns above the cost of capital, **(b)** the stock were overvalued such that buybacks would destroy intrinsic value per share, **(c)** the leverage paydown were complete and there were no compelling internal reinvestment, or **(d)** the tax setup of the shareholder base favored a current return of capital over deferred capital gains. At 9.68x trailing PE with meaningful net debt and an active deleveraging path, conditions (a)-(c) clearly point at *continued buybacks*, not a special dividend - the buyback at \$57 is highly accretive on every reasonable normalization of through-the-cycle earnings power. The framework note worth flagging: if Fiserv shares recover to 13-15x earnings and management still carries excess FCF beyond the bolt-on M&A pipeline, the special-dividend question becomes more interesting because the buyback's intrinsic-value accretion shrinks at the higher multiple. The case study is not telling the reader the answer; it is laying out the framework for asking the question at the right moment.

METHOD - LIBRARY TIE-IN

Buyback-vs-dividend framework discipline is CFO Controllers' Guide Ch 13 (capital-return-stack construction) and First Principles Ch 11 (intrinsic-value-per-share mathematics around buyback accretion). The condition test above - confidence in compounding, stock relative to intrinsic value, leverage path, reinvestment opportunity - is the four-part check the Library applies before recommending a pivot in capital-return mix.

3. Trading Comparables - Payments / Fintech Peer Set

The payments-and-fintech peer set is not uniform, and the right comp depends on which segment of Fiserv you are pricing. The Financial Solutions segment (core banking) most closely matches FIS's banking-solutions business. The Merchant Acceptance segment (including Clover) overlaps Global Payments, Square / Block, and Toast. The Payments and Network segment maps loosely to ADP's recurring-revenue services profile. Together they triangulate.

Peer (Ticker)	EV (\$B)	EV/EBITDA (TTM)	Lens / what it teaches
Fidelity Natl Info Svcs (FIS)	\$42.5	11.0x	Direct payments-infrastructure peer; range 10.6x-11.4x
Global Payments (GPN)	\$37.5	10.5x	Direct payments-infrastructure peer; range 9.6x-11.3x
ADP	\$91	14.0x	Adjacent - payroll/HR mature infra; range 13.6x-14.4x
Block / Square (XYZ)	\$38	18.5x	Growth fintech; range 11x-26x (adjustment-dependent)
Toast (TOST)	\$11	28.5x	Restaurant SaaS - different model; range 27x-30x
Fiserv (FI)	\$58.9	6.0x	Subject - integrated Big-3 payments / fintech infrastructure (post-drawdown)

Footnote on denominator comparability. XYZ at 26x and TOST at 28.5x are not comparable to FI at 6.0x on a like-for-like basis. XYZ's 26x reflects pre-SBC / pre-investment-gain EBITDA on a growth-fintech denominator; TOST trades on early-stage vertical-SaaS comps with materially different growth and unit-economics profiles. The case uses FIS and GPN as the direct anchor (midpoint 10.75x) and treats XYZ / TOST as directional adjacency, not denominator-equivalent peers.

Source: Yahoo Finance / ValueInvesting.io aggregation, May 2025 - May 2026. Values shown are midpoints of the observed TTM range; range bounds appear in the Lens column. FIS and GPN are the most directly comparable payments-infrastructure peers (both swapped sides of the Worldpay merchant-acquiring business and now trade on cleaner post-restructure perimeters). XYZ (Block) and TOST trade on different bases - their EV/EBITDA is adjustment-sensitive, and EV/Sales or EV/Gross Profit are often more informative; the multiples are shown here for directional peer context, not as anchor points.

Peer-set discussion

The closest peers - the businesses whose unit economics and customer-stickiness profile most resemble Fiserv's - are FIS and GPN, both trading at 9.6x-11.4x TTM EBITDA. The direct-peer midpoint is ~10.75x. FISV at ~6.0x represents roughly a 40% discount to that direct-peer midpoint. ADP at 13.6x-14.4x is the right anchor for what mature, defensible payments-and-HR infrastructure can sustain through the cycle when growth normalizes and operating leverage compounds - the ADP comparable sharpens the FISV value-gap interpretation by showing the ceiling that a clean recurring-services peer with similar moat economics has historically supported. XYZ (Block) and TOST sit in the growth-fintech / vertical-SaaS adjacency; their multiples are adjustment-dependent (Block's EBITDA reconciliation in particular swings the EV/EBITDA range from 11x to 26x depending on stock-based compensation and gains-on-investments treatment) and we use them as directional context, not as direct comparables.

The multiple-discount evolution

Fiserv has historically traded at a premium to FIS reflecting the merchant-acquiring growth contribution from Clover, and at a discount to ADP reflecting ADP's cleaner pure-recurring-revenue profile. The 2024 drawdown compressed Fiserv's premium to FIS and widened the discount to ADP. The structural question is whether that re-rating is justified by changes in the underlying business mix and competitive position, or whether sentiment has overshot.

Year-end (peer EV/EBITDA refs)	FI EV / Adj. EBITDA	FIS EV / EBITDA	ADP EV / EBITDA	FI vs peers
2021 (cycle peak / Clover narrative)	~17x	~16x	~18x	premium
2022	~14x	~12x	~17x	premium
2023	~14x	~10x	~17x	premium
2024 (Clover concern emerges)	~13x	~10x	~17x	in line
2025 (drawdown to ~\$70)	~7x	~10x	~17x	discount
2026-05-22 close (\$57.13)	~6x	~10x	~17x	deep discount

The honest read: at the current trading range (~\$57.13), FI trades at approximately 6.0x our estimated FY 2025 Adj. EBITDA of \$9.8B (EV ~\$58.9B / EBITDA ~\$9.8B) and 9.68x trailing earnings - deep-value territory for a recurring-revenue payments-infrastructure scale player. Whether that is "cheap" depends on the through-the-cycle growth assumption, and the Investor Day 2026 framework (4-6% adj. revenue CAGR through 2029) suggests the comp-set re-rating includes a real growth-reset component, not pure sentiment. The model XLSX (Tab 6) lays out the multiple bands and lets the reader flex the comp set.

Implied-valuation cross-check at the direct-peer midpoint

Walking the math at the FIS / GPN direct-peer midpoint of ~10.75x TTM EBITDA: \$9.8B FISV TTM Adj. EBITDA × 10.75x = implied EV of ~\$105B. Subtract net debt of \$28.4B (10-Q p.5) and the implied equity value is ~\$77B. Divided by 535M diluted shares outstanding (FY 2025 10-K), the implied share price is ~\$144. That number is bracketed by the case's other two lenses: the SOTP triangulates to ~\$110 / sh and the DCF triangulates to ~\$192 / sh. The direct-peer comp lens sits between the two and is the most market-anchored of the three - it asks simply "what would the market pay for \$9.8B of Fiserv EBITDA if it priced it the way it currently prices FIS and GPN." The answer is roughly 2.5x the current share price. The peer-set evidence therefore supports the case's directional thesis without requiring the reader to accept any single set of DCF assumptions; the gap to the current price is observable in the trading data of Fiserv's closest peers.

METHOD - LIBRARY TIE-IN
 Comp selection in compressed-multiple environments is PE Guide Ch 17 (comp methodology) + Ch 19 (DCF sanity-check). The HALO Trade chapter adds the customer-footprint replacement-cost lens for cases where multiple-based work is suspect.

4. Sum-of-the-Parts - Two Reportable Segments

Fiserv reports two segments per the FY 2025 10-K with different growth, margin, and multiple profiles. A SOTP that values each separately - then nets corporate overhead and adds an integration credit for the cross-sell motion - is the right lens for understanding what the integrated business is worth above the sum of the pieces. The current trading range implies the market is pricing the Merchant Solutions segment at a noticeable discount to standalone merchant-acquiring peers; the SOTP exercise tests whether that discount is justified. Note: Financial Solutions breaks down (per ID26 p.64) into Banking (\$2.4B), Digital Payments (\$3.9B), and Issuing (\$3.3B), each of which can be valued at a sub-segment multiple in a more granular SOTP.

Segment	FY25 Rev (\$B)	FY25 EBITDA (\$B est.)	Multiple	Value (\$B)
Merchant Solutions (Clover + Enterprise + Processing)	\$10.1	\$4.5	10x	\$45
Financial Solutions - Banking (\$2.4B rev)	\$2.4	\$1.2	10x	\$12
Financial Solutions - Digital Payments (\$3.9B rev)	\$3.9	\$2.2	13x	\$28
Financial Solutions - Issuing (\$3.3B rev)	\$3.3	\$1.5	11x	\$17
Corp / Other (segment unallocated revenue)	\$1.4	\$0.4	8x	\$3
Sum of pieces (pre-integration)	\$21.2	\$9.8		\$105
Less: unallocated corporate overhead		(\$2.1)	11x	(\$23)
+ Integration credit (cross-sell across segments)				+\$5
Enterprise value (SOTP)				\$87
Less: net debt (3/31/26)				(\$28.4)
Equity value (SOTP)				\$58.6
/ shares outstanding				534 M
SOTP per share				~\$110 / sh

SOURCE NOTE Segment revenue and segment-level Adj. EBITDA to be sourced from the FY 2025 10-K segment footnote (typically the last note in the 10-K). Multiple selection by segment: Merchant Acceptance at a merchant-acquiring multiple (GPN / SQ / TOST band); Financial Solutions at a core-banking multiple (FIS banking solutions); Payments and Network at a recurring-revenue services multiple (closer to ADP). The integration credit reflects the cross-sell motion - the model XLSX (Tab 7) lays out the range.

The integration credit

The 2019 First Data merger thesis was specifically the cross-sell motion: financial-institution customers of legacy Fiserv could be sold First Data merchant-acquiring services, and First Data's merchant base could be sold legacy Fiserv processing and risk capabilities. Six years in, the integration is largely complete and the cross-sell motion

is visible in the disclosed pipeline. The 2026 Investor Day explicitly featured this: ~1K FIs delivering merchant services through Fiserv (ID26 p.110), 800K+ SMBs sourced through FI partners, and 60% of corporates using digital payments + bill pay (ID26 p.111). The integration credit of \$5B in the SOTP above reflects (a) the economic value of the cross-sell pipeline above what each piece would generate standalone, (b) the cost-synergy realization that the two pieces would not capture separately, and (c) the strategic optionality of bundling merchant + bank + network services in a single contract.

METHOD - LIBRARY TIE-IN

SOTP methodology is PE Guide Ch 20 (segment values + separate multiples) and First Principles Ch 15 (probability weighting). The integration-credit construction is a HALO Trade extension - see Financial Planning & Bloomberg volume, vertical-and-horizontal-integration chapter.

5. Discounted Cash Flow - Organic Growth + Margin Path

The DCF below anchors on organic revenue growth (decomposed into the three segments) with an explicit margin-path assumption. FCF is derived from EBITDA less maintenance capex, less cash taxes, less working-capital. The growth assumption blends company guidance with a market-share / share-take sensitivity (model XLSX Tab 4); the terminal value uses a perpetuity-growth approach with $g = 2.0\text{-}2.5\%$ (long-run nominal GDP analog for a services business) and WACC triangulated below.

WACC component	Value	Source / methodology
Risk-free rate (10-yr UST)	4.3%	Treasury.gov as of 2026-05-26
Equity risk premium	5.0%	Damodaran implied ERP 2026
Beta (5Y monthly)	1.10	Yahoo Finance (not reported in current quote; carried)
Cost of equity (CAPM)	9.8%	Rf + Beta x ERP
Pre-tax cost of debt	5.5%	FI senior notes blended YTM (TRACE, May 2026)
Tax rate (adjusted effective)	21.5%	Mid-point of ID26 21-22% range (p.26 / p.145)
After-tax cost of debt	4.3%	5.5% x (1 - 21.5%)
Equity weight (mkt cap / total cap)	51.8%	\$30.5B / (\$30.5 + \$28.4B net debt)
Debt weight (net debt / total cap)	48.2%	\$28.4B / total cap
WACC (calc)	7.1%	0.518 x 9.8% + 0.482 x 4.3%
WACC (rounded for model use)	7.5%	Used in DCF and sensitivity grid (conservative)

SOURCE NOTE WACC inputs to be backfilled from current market sources at the time of refresh: 10-yr UST (Treasury.gov / Bloomberg), Damodaran most-recent implied ERP, Yahoo Finance 5Y monthly beta for FI, FI senior-note YTM from TRACE, effective tax rate from the 10-K NOTE Income Taxes. Capital weights use market cap vs net debt at the same reference date. Sensitivity in the model XLSX flexes WACC across a 7-11% band.

DCF output sensitivity (illustrative shell)

WACC \ Terminal g	1.5%	2.0%	2.5%	3.0%
6.5%	\$180	\$200	\$225	\$260
7.5%	\$140	\$155	\$175	\$200
8.5%	\$115	\$125	\$140	\$160
9.5%	\$95	\$105	\$115	\$130

Output is sensitive to WACC and terminal growth. The model XLSX (Tab 5) lays out the full sensitivity grid and the Bear / Base / Bull scenarios that vary organic growth and margin assumptions in parallel.

METHOD - LIBRARY TIE-IN

DCF construction follows PE Guide Ch 19 (WACC build, terminal value, sensitivity grid) + First Principles Ch 13 (discount-rate mechanics, NPV intuition). The organic-growth decomposition by segment is CFO Controllers' Guide Ch 8 (revenue-quality analysis) applied through the segment lens.

6. SBC vs Dilution - The Services-Recurring-Revenue Read

Stock-based comp at Fiserv was \$357M in FY 2025 (10K25 p.83) - meaningful in absolute dollars but small as a percentage of revenue (~1.7%) compared to pure-play software companies. The right question for FI is whether the SBC P&L expense is consistent with the actual diluted-share-count change after accounting for the buyback program. Fiserv repurchased 32.2M shares for \$5.6B in FY 2025 (10K25 p.43); diluted weighted-average shares fell from 582.1M (FY24) to 549.0M (FY25), a ~5.7% reduction. The buyback program mechanically more than offsets SBC dilution.

Line item (FY 2025 per 10-K)	Amount	Reasoning / Source
FY 2025 SBC expense (P&L)	\$357 M	10K25 p.83 NOTE 15
FY 2025 SBC % of GAAP revenue	1.7%	Services profile (vs SaaS ~10-15%; CLF 0.3%)
RSUs / PSUs granted FY 2025	3.2 M sh	10K25 p.83 (2.103 RSU + 1.115 PSU)
RSUs / PSUs outstanding YE 2025	6.1 M sh	10K25 p.83 (3.890 RSU + 2.251 PSU)
Unrecognized SBC at YE 2025 (WAvg 1.8 yrs)	\$324 M	10K25 p.83
Cash buybacks FY 2025	\$5.6 B	10K25 p.43 Item 5 / cash flow
Buyback authorization remaining (12/31/25)	45.9 M sh	10K25 p.43
Diluted WAvg shares FY24 -> FY25	582.1M -> 549.0M	10K25 p.50
Treasury shares 12/31/24 -> 12/31/25	220M -> 250M	10K25 p.52
Net share-count reduction FY25	~5.7%	calc; meaningfully exceeds SBC dilution

For a services-recurring-revenue business with a deleveraged balance sheet and strong cash generation, the capital-return priority stack typically reads: (1) maintain investment-grade rating, (2) selective bolt-on M&A, (3) buybacks to offset SBC dilution plus return excess cash, (4) modest debt paydown to maintain leverage target. Fiserv has been operating in that stack since the post-First-Data deleveraging phase concluded. The model XLSX (Tab 9) lays out the SBC-vs-buyback bridge and tests whether the dilution offset is structurally adequate.

METHOD - LIBRARY TIE-IN
 SBC-vs-dilution bridge methodology is First Principles Ch 11 and CFO Controllers' Guide Ch 9 (diluted EPS, treasury-stock method). The capital-return-stack framing is CFO Controllers' Guide Ch 13.

7. NOL Position - Tax Asset Inventory

Fiserv has been consistently profitable on a GAAP basis post the First Data integration and is not expected to carry a meaningful federal NOL carryforward from operating losses. The relevant tax-asset inventory is more likely to consist of (a) acquired NOLs from the First Data perimeter (subject to Section 382 limitation tied to the 2019 deal-date equity value), (b) deferred tax assets from intangibles amortization timing differences, (c) state-level NOLs from specific subsidiaries, and (d) credit carryforwards. Each of these is disclosed in the 10-K NOTE Income Taxes.

Item (per 10K25 NOTE 16, p.85-86)	Amount
Federal NOL carryforwards (most do not expire)	\$36 M
State NOL carryforwards (most expire 2026-2045)	\$2,732 M
Foreign NOL carryforwards (\$1.5B expire 2026-2045)	\$1,818 M
Tax credits carryforward (incl. transferable federal)	\$396 M
Share-based compensation DTA	\$80 M
Accrued expenses DTA	\$132 M
Leasing liabilities DTA	\$177 M
Other DTA	\$362 M
Net operating loss + credit carry-forwards DTA	\$986 M
Total deferred tax assets before valuation allowance	\$1,737 M
Less: valuation allowance (mostly foreign/state NOLs)	(\$420 M)
Net deferred tax assets	\$1,317 M
Less: total deferred tax liabilities (intangibles, PPE)	(\$2,686 M)
Net deferred tax liability position (12/31/25)	(\$1,369 M)

Section 382 considerations on the First Data carryforwards

The 2019 First Data acquisition triggered an ownership change for First Data's NOL inventory and an annual Section 382 limitation tied to the deal-date equity value of First Data times the IRS long-term tax-exempt rate. The TCJA 80% utilization cap on post-2017 federal NOLs further constrains usage in profitable years. The combined effect is that any acquired First Data NOLs would have been substantially limited even before the post-merger profitability arrived. For Fiserv valuation purposes, the NOL value is unlikely to be a material driver - the more important deferred-tax line is the intangibles amortization timing difference, which inflates GAAP tax expense versus cash tax (a positive for the cash-flow yield).

METHOD - LIBRARY TIE-IN

NOL valuation methodology is PE Guide Ch 4B (NOL / Sec 382 mechanics, TCJA 80% cap, valuation allowance release framework) and CFO Controllers' Guide Ch 11 (deferred tax asset accounting under ASC 740). The intangibles-timing-difference adjustment is CFO Controllers' Guide Ch 11 plus PE Guide Ch 4 (purchase accounting).

8. Strategic Alternatives - Public Compounder or Take-Private Candidate?

Fiserv at today's perimeter has three distinguishable strategic paths. The current management team has signaled the public-compounder path - integrated perimeter, capital return, modest bolt-ons, focus on Clover execution. The private-equity community has historically looked at Fiserv (and First Data before the 2019 merger) as a take-private candidate given the recurring-revenue profile and the scope for cost optimization. A third path - selective divestiture (Clover spin or sale of a non-core processor business) - has been discussed by activists but is not the announced direction.

Path	Trigger	Implication for valuation
Public compounder (announced direction): integrated, deleverage to target, capital return	Status quo; Clover stabilizes; multiple normalizes	Mid-cycle multiple re-rating; intrinsic value ~\$155/sh base
Take-private (PE consortium): leveraged recap + cost optimization	Sustained multiple discount + receptive credit markets	Take-private premium 25-40% on \$57 spot = ~\$71-80/sh
Clover spin or sale: unlock standalone growth multiple	Activist pressure + sustained Clover narrative	Standalone Clover at SaaS/payments multiple; RemainCo at services multiple
Bolt-on M&A (vertical SaaS, processing capability)	Cyclical recovery + opportunistic seller	Multiple-arb thesis intact; integration risk rises again

LBO feasibility sanity check

Could a sponsor consortium take Fiserv private? The standard cap-stack at the current Fiserv perimeter (with a deleveraged balance sheet supporting incremental leverage) would be 6.0-6.5x through-the-cycle EBITDA in total debt. At our estimated ~\$9.8B through-the-cycle Adj. EBITDA, that implies \$59-64B of debt capacity but a take-private would still require a substantial equity check (potentially \$30-50B+) - large but not unprecedented for a club of mega-cap PE sponsors. The model XLSX (Tab 10) lays out the offer construction, the sources-and-uses, the tranche pricing, and the sponsor IRR matrix. The case study does not assert a take-private is the base case; the LBO is included as the standard downside-floor sanity check that disciplined valuation work always performs.

§163(j) headroom check. The take-private cap-stack at 6.0-6.5x through-the-cycle EBITDA would lift total interest expense materially above the current run-rate. Under the current law, the §163(j) limitation caps net business-interest expense at 30% of Adjusted Taxable Income (ATI). At our \$9.8B Adj. EBITDA through-the-cycle reference, the 30% ATI floor implies a deductibility ceiling north of \$2.9B in annual interest expense - comfortably above the projected interest load on even the high end of the cap-stack scenarios in Tab 10. The implication: the LBO feasibility is not interest-deduction-limited; the tax shield is intact through the explicit forecast period. The binding constraint on the take-private remains the equity check size and the public-shareholder premium, not the §163(j) ceiling.

METHOD - LIBRARY TIE-IN

Strategic-alternatives analysis is PE Guide Ch 17 (take-private precedents) + Model 05 (LBO feasibility). The Clover-spin discussion borrows from Founder/Operator Guide Ch 12 (scope discipline) and the activist-playbook chapter in Financial Planning & Bloomberg.

9. Bear / Base / Bull Triangulation

The three scenarios below differ on three principal variables: organic revenue growth (with Clover GPV as the swing factor), Adj. EBITDA margin trajectory, and the multiple the market is willing to pay at exit. Each scenario produces an EBITDA, a multiple, and a per-share value; the probability-weighted output is the headline triangulation number. Inputs to be anchored to FY 2021-FY 2025 actuals from the 10-K once filings are backfilled.

Variable	Bear	Base	Bull
Through-the-cycle organic revenue growth (%)	2%	5%	7%
Through-the-cycle Adj. EBITDA margin (%)	45%	49%	52%
Implied FY 2028E Adj. EBITDA (\$B)	\$10.0	\$11.3	\$13.0
EV/EBITDA exit multiple (x)	9x	12x	14x
Enterprise value (\$B)	\$90	\$135	\$182
Less: net debt (\$B)	(\$30)	(\$26)	(\$22)
Equity value (\$B)	\$60	\$109	\$160
Per share (\$, ~500M shares O/S)	\$120	\$218	\$320
Probability weighting	25%	55%	20%
Weighted value contribution (\$ / sh)	\$30	\$120	\$64
Probability-weighted equity value			\$214 / sh

METHOD - LIBRARY TIE-IN

Bear/Base/Bull construction and probability weighting is First Principles Ch 15 + PE Guide Ch 14 + CFO Controllers' Guide Ch 17. The HALO Trade chapter adds the customer-footprint floor on the bear case.

Bear-case sharpening - the growth-reset version

The bear column above models a 2% through-the-cycle revenue growth and a 45% Adj. EBITDA margin - a real recession or a structural Clover step-down. Given that the market is currently pricing Fiserv at 9.68x trailing earnings (Yahoo Finance, 2026-05-22) and the Investor Day 2026 framework explicitly guides to 4-6% adj. revenue CAGR through 2029 (slower than prior historicals likely in the 8-12% range), the bear case deserves an explicit growth-reset variant alongside the recession variant. The sharpened bear models four mechanisms in parallel: **(i)** continued organic-revenue growth deceleration toward the low end of ID26 guidance (closer to 4% than 6%); **(ii)** Clover platform attach-rate plateau as Stripe (e-commerce) and Toast (restaurant vertical SaaS) consolidate share in their respective wedges; **(iii)** Adj. EPS continuing to compress at the FY24->FY25 cadence (-1.8% Y/Y), with FY26E Adj. EPS landing closer to \$8.50 than the \$9.10-\$9.30 the sell-side currently models; and **(iv)** multiple compression to a sustained ~8x PE (the current 9.68x can compress further in a slowing-growth tape - 8x is the floor PE we have seen on infrastructure-services names in prior growth-reset cycles).

Variable	Bear (recession)	Bear (growth-reset)
Through-the-cycle organic revenue growth (%)	2%	4%
FY 2025 actual Adj. EPS (\$)	\$8.64	\$8.64
FY 2026E Adj. EPS (\$, practitioner bear path)	\$8.45	\$8.55
FY 2027E Adj. EPS (\$, practitioner bear path)	\$8.35	\$8.70
FY 2028E Adj. EPS (\$, terminal bear)	\$8.30	\$8.85
Exit PE multiple (x)	9x	8x
Implied bear price (\$ / sh)	\$75	\$71
Implied downside / (upside) vs \$57.13 spot	(+31%)	(+24%)

Reading the sharpened bear. Even the bear-case re-derivation at compressed multiple x compressed EPS lands at \$71-\$75 / sh - **above** the current \$57 spot. That is itself signal: the market appears to be pricing a worse outcome than the practitioner bear case can produce on disciplined assumptions. Two readings: **(a)** the sell-off is over-shooting (the case's bullish thesis), or **(b)** the market is pricing a regime change the case has not modeled (cloud-native core-banking displacement on a faster clock than the HALO Trade frame assumes, or a Clover competitive event the case has not stress-tested). Either reading is defensible and the reader should sit with both.

10. Bear Stress Test - Clover Decel, Stripe / Toast Share-Take, Core-Banking Risk

The case study would not be honest without a sustained look at the bear case. Three principal bear-case mechanisms warrant the stress test: (i) sustained Clover GPV deceleration, (ii) Stripe and Toast taking share in SMB and restaurant verticals, and (iii) the long-tail risk of core-banking platform displacement by cloud-native challengers (Finxact-style competitors and newer entrants).

Bear-case mechanism	How it transmits to FI EBITDA	Mitigants in current playbook
Clover GPV deceleration	Lower transaction volume; lower take rate; lower Clover-driven revenue growth	ISV/SaaS partner ecosystem; Cash Discount / Surcharge product set; international expansion
Stripe share-take in e-commerce	Compresses Carat (enterprise e-commerce) growth vector; pricing pressure	Carat platform investment; bank-partnered e-commerce distribution
Toast share-take in restaurant SMB	Compresses Clover restaurant-vertical growth; ISV-channel competition	Clover restaurant-vertical product investment; ISV partner exclusives
Core-banking displacement (cloud-native challengers)	Tail risk to Financial Solutions; slow, multi-year, customer-by-customer	Finxact acquisition (cloud-native core); incumbent retention >99%; switching cost moat
Margin compression (price + mix)	Clover lower-margin than core banking; mix shift compresses blended margin	Operating leverage on the core; cost optimization; selective price actions
Macro consumer-spending downturn	Lower payments volume; lower transaction-fee revenue	Recurring-revenue mix (~2/3); diversification across consumer / commercial / B2B
Regulatory: interchange / debit-fee regulation	Star network economics; potential pricing-cap exposure	Diversified across pricing models; relatively low Star network share of total

The honest bear-case read: the most plausible structural risk is sustained Clover GPV deceleration compressing the Merchant Acceptance growth contribution, not wholesale displacement of the core-banking footprint. Core-banking displacement is real over a 15-20 year horizon (and the Finxact acquisition is the prudent hedge), but it is not the immediate-term bear scenario. The model XLSX (Tab 8) lets the reader flex the Clover growth assumption independently of the core-banking assumption to see how each contributes to the bear-case per-share output.

METHOD - LIBRARY TIE-IN
 Bear stress-test discipline is First Principles Ch 16 (downside-imagination discipline) plus PE Guide Ch 14 (scenario analysis) plus CFO Controllers' Guide Ch 17 (downside cash-flow stress). The mechanism-by-mechanism layout traces to Founder/Operator Guide Ch 12 (competitive-pressure mapping).

11. Risk Inventory

The risk inventory below organizes the live risks by category, with a mechanism column (how the risk transmits to earnings) and a filing-reference column (where in the 10-K / 10-Q the risk is disclosed).

Risk	Category	Mechanism	10-K reference
Clover GPV deceleration	Competitive	GPV growth -> Merchant rev growth	10K25 Item 1A
Stripe / Toast share-take	Competitive	Pricing + mix; ISV channel competition	10K25 Item 1A
Core-banking platform displacement	Strategic	Long-tail risk to Financial Solutions	10K25 Item 1A
Interchange / debit-fee regulation	Regulatory	Star network + debit economics	10K25 Item 1A
Bank consolidation in customer base	Customer	Fewer FIs = compressed Financial Sol'ns rev base	10K25 Item 1A
Cybersecurity / data breach	Operational	Reputational + remediation + reg fines	10K25 Item 1A
Macro consumer-spending downturn	Macro	Payments transaction volume decline	10K25 Item 1A
Interest-rate sensitivity (debt refi)	Capital	Refi at higher rates compresses FCF	10K25 Item 1A
FX exposure (international ops)	FX	Reported revenue + EBITDA translation	10K25 Item 1A
Talent retention (engineering)	Operational	Platform-build velocity dependency	10K25 Item 1A
Integration drag (First Data + bolt-ons)	Strategic	Acquisition accounting + cost realization	10K25 Item 1A
Litigation (merchant disputes, IP)	Legal	Settlement + ongoing legal expense	10K25 Item 3 / Item 1A
Goodwill impairment risk	Accounting	Goodwill of \$37.7B (10K25 p.40 / Note 7); reporting units w/ \$18.5B goodwill aggregate had fair values exceeding carrying values but with sensitivity	10K25 NOTE 7 Goodwill

12. Catalyst Clock

Catalysts are the events that move the thesis forward (or invalidate it). The Fiserv catalyst clock is principally driven by Clover-execution milestones, FY guidance refreshes, capital-allocation cadence (buyback execution + selective M&A), and any meaningful change in the competitive set (Stripe / Toast product moves, Big-3 peer M&A).

Catalyst	Timing	Direction	Why it matters
Clover GPV growth print (each quarter)	Quarterly	Bi-directional	Live test of Merchant Acceptance growth thesis
FY guidance refresh (Q4 release)	Annual (Feb)	Bi-directional	Sets organic-growth + EBITDA-margin expectation
Investor-day cadence	Periodic	Bi-directional	Long-term framework + segment growth bridges
Buyback execution cadence	Quarterly	Bullish if active	Demonstrates capital-return discipline
Bolt-on M&A announcements	Event-driven	Mixed	Tests integration discipline + capital allocation
Debt refinancing windows	Event-driven	Mixed	Refi at higher rates compresses FCF; tower management
Stripe / Toast competitive product moves	Event-driven	Bi-directional	Tests Clover / Carat competitive position
Big-3 peer M&A (FIS / GPN)	Event-driven	Bi-directional	Industry-structure read-across
Regulatory: interchange / debit reform	Periodic	Bearish	Direct hit to Payments and Network economics
Bank consolidation: large FI deal cadence	Event-driven	Mixed	Customer-base churn risk + opportunity

METHOD - LIBRARY TIE-IN

Catalyst-clock methodology is First Principles Ch 16 (event-driven thesis evolution) plus Financial Planning & Bloomberg calendar discipline. Live tests separate thesis-confirming events from thesis-invalidating events; the lines-in-the-sand section (next page) makes the invalidators pre-committed.

13. Lines in the Sand - The Invalidator Table

Pre-committing to the conditions under which the thesis fails is the discipline that separates an analytical exercise from a narrative. Each line below is a specific, observable threshold; the table is not a forecast - it is a list of events that, if they occur, force re-examination of the case-study framework.

Invalidator	Threshold	Why it would change the thesis
Clover GPV growth turns negative on a sustained basis	Two consecutive quarters of YoY GPV decline	Structural Clover deceleration vs cyclical; Merchant segment multiple compresses
Core-banking customer count declines materially	>3% decline in FI customer count over 12 months	Core-banking moat is the structural anchor; material erosion forces re-rating
Adj. EBITDA margin compresses below 46% threshold	Base-case ~49% minus 300bps over four quarters	Operating-leverage thesis breaks; cash conversion path changes
Leverage ratio rises above 3.5x threshold	Net debt / TTM Adj. EBITDA >3.5x for >12 months	Capital-return capacity compressed; rating risk; refi pressure
Material goodwill impairment	>\$2B impairment charge	Signals that First Data / acquired-perimeter economics were overestimated
Major customer loss (top-50 FI)	Announced contract non-renewal of top-50 FI	Direct read on competitive position in core banking
Regulatory: meaningful interchange cap on debit	Federal Reserve / regulatory action capping debit interchange	Direct compression to Payments and Network economics
Activist / take-private event	Filed 13D / formal proposal at premium	Changes the case from public-compounder valuation to deal-process valuation

METHOD - LIBRARY TIE-IN
Lines-in-the-sand discipline is First Principles Ch 16 (pre-committed invalidators) + CFO Controllers' Guide Ch 17 (downside-trigger construction). The discipline is to write the invalidators before the events occur, not after.

14. The HALO Trade Framework Applied - Software / Services Variant

HALO = Heavy Assets, Low Obsolescence. The framework, developed in the Bloomberg / FactSet / Financial Planning volume of the Practitioner Library, identifies a structural opportunity set: businesses whose value is anchored in assets that the market cannot replicate quickly (capital intensity + permitting + regulatory + technology lock-in) but that are not at risk of being made obsolete by technology. The CLF case study worked the framework on physical assets - mines, mills, HBI plants. The Fiserv case study works the same framework on a different asset class: **customer-integration footprint and the switching-cost moat that is the software / services analog to the physical asset base.**

HALO criterion	Fiserv assessment	Strength
Asset base that cannot be replicated quickly	~10,000 FI integrations on DNA / Premier / Signature; 7-10yr contracts	STRONG
Capital intensity / time-cost of replication	Greenfield replication = 15-20 yrs (board approval + reg + migration)	STRONG
Low risk of technology-driven obsolescence	Banks still need core processors in 2050; cloud-native is a re-platforming, not displacement	STRONG (with cloud-native caveat)
Regulatory / certification moat	Bank-regulator certifications (FFIEC oversight); SOC compliance; PCI; NACHA	STRONG
End-market visibility	Banks consolidate but the count is stable in aggregate; payments volume grows secularly	STRONG
Customer concentration (favorable / unfavorable)	~10,000 FIs in Financial Solutions; long-tail rather than top-heavy	STRONG (no single-customer dependency)
Technology-cycle caveat (the HALO discount for software/services)	Cloud-native competitors (Finxact-style) on a 10-20yr displacement clock	MEDIUM (Finxact acquisition is the prudent hedge)
Competitive pressure on growth vector	Clover faces Stripe / Toast in SMB acquiring; not core-banking pressure	MEDIUM (segment-specific)
Capital-allocation discipline	Post-First-Data deleveraging complete; capital return + selective bolt-ons	STRONG

The HALO floor: switching-cost-as-moat

The honest read of the Fiserv HALO floor: the asset that cannot be replicated quickly is not a physical plant or a permitting moat. It is the integration footprint - every line of code that interfaces a customer's general ledger to Fiserv's DNA / Premier / Signature core, every batch process scheduled around the bank's specific operational rhythm, every regulator filing that has the platform validated, every employee at the bank who has been trained against the Fiserv UI. Replicating that footprint is not a balance-sheet exercise. It is a calendar exercise that runs in years, not quarters. *That is the structural margin-of-safety floor for the Fiserv valuation.*

Where the HALO framework shows up in dollars rather than narrative

The HALO floor is the analytical anchor; the dollars-and-cents application lives in two other sections of this memo. The **SOTP integration credit** in Section 4 (the \$5B cross-sell line in the sum-of-the-parts) is one of the two places the HALO framework translates into the valuation - it is the credit the case assigns to the customer-footprint asset that the segment-by-segment multiples do not capture. The **bear-case floor** in Section 9 (the 2% revenue growth / 45% Adj. EBITDA margin bear-case construction, plus the sharpened bear table in Section 10 that lands at \$71-75 per share even after EPS compression and multiple compression) is the other place - the HALO framework is what keeps the bear-case price *above* the current \$57.13 spot. A reader looking for the HALO framework's price-tag rather than its narrative should read Section 4 (integration credit), Section 9 (bear-case floor), and the sharpened bear in Section 10 alongside this one.

METHOD - LIBRARY TIE-IN

HALO Trade framework: Bloomberg / FactSet / Financial Planning volume of the Practitioner Library. CLF was the physical-asset working example; Fiserv is the software/services working example. The framework is the same; the asset class differs. Sections 4 and 9 are where the framework lands in dollars.

15. Atoms-Equivalent in Software / Services - The Replication-Time Argument

Author's note on attribution. The atoms-not-bytes framing in this section is our analytical framework, not a Fiserv disclosure. The company does not publish replication-time estimates for its bank-integration footprint. We have come to think of HALO assets in two dimensions: replacement value and replacement time. For software and services businesses like Fiserv, replacement value is harder to articulate (the assets are not on the balance sheet in the same way physical plants are). Replacement time, in our view, is the deeper and more honest constraint - and it is the dimension where Fiserv's footprint is most clearly irreplaceable.

It is not just what it would cost to build this company from greenfield. It is how long it would take. Beginning from idea - regulatory approvals, FFIEC certification, FedNow / SWIFT / ACH network credentialing, PCI / SOC compliance, the first reference customer to validate the platform, the first dozen customers to demonstrate scale, the first hundred customers to demonstrate operational reliability, the migration projects (each running 12-24 months per customer), and only then a footprint large enough to compete for the next thousand customers. The cumulative calendar is decades. It is not a money problem. It is a clock problem.

Software competitors can clone a SaaS feature set in months. Fiserv is not that kind of company. Fiserv is the bank-integration footprint. Core processor agreements with ~10,000 financial institutions, batch-processing schedules tuned to each bank's operational rhythm, regulator filings that name the specific Fiserv platform as the system of record, employee training and certification at each bank against the Fiserv UI, vendor risk-management approvals at each bank that took 18-24 months to obtain. Each of these takes years to acquire, certify, and integrate. The cumulative system is what compounds.

SIDEBAR - The Bank-Migration Test (our analogy)

Banks do not change core processors casually. A core migration - moving an FI's deposit, loan, and general-ledger system from one provider to another - is a board-level decision, a multi-year project, and a real customer-and-employee risk. Published estimates from industry consultants (Cornerstone Advisors, McLagan, Bank Director surveys) put a typical mid-size US community-bank core migration at 18-30 months and a regional-bank migration at 30-48 months. The fully loaded cost - external consulting, internal labor, dual-running for transition, customer-comms, training - runs into multiple millions per institution. The risk is not theoretical: core-migration failures have been written up as case studies of operational and reputational damage. That is the switching cost. It is not a number Fiserv or any competitor can do anything about. It is a feature of the kind of asset that core banking is. Banks change core processors when they are forced to (M&A consolidation, end-of-life of a legacy platform) - not when a competitor offers a discount.

METHOD - LIBRARY TIE-IN

Replication-time as a moat measure is a sharper analytical instrument than replacement value, especially for software / services businesses where the asset base is intangible. Replacement value can in principle be paid by anyone with capital; replication time, in core banking, cannot be paid by anyone.

15a. Greenfield Replication Time - The Fiserv Perimeter

Attribution note. We built this table to illustrate the replication-time concept applied to the Fiserv perimeter. The estimates are practitioner judgment based on published core-migration averages, bank-regulator certification timelines, and merchant-acquiring deployment cadence. Fiserv does not publish this data; we constructed the table to make the software/services atoms-equivalent argument concrete.

Asset class	Footprint count	Replication time per unit (months)	Aggregate range (months)
Core-banking FI integration (DNA / Premier / Signature)	~10,000	18-48	180,000-480,000
Merchant Acceptance enterprise integration (Carat)	~500	12-24	6,000-12,000
Clover SMB merchant relationships	~hundreds of K	0.5-2	[long-tail]
ISV / SaaS partner integrations	~hundreds	6-12	[long-tail]
Star network bank participants	~thousands	6-12	[long-tail]
Regulatory certifications + audits (FFIEC / PCI / SOC)	ongoing	multi-year	cumulative
TOTAL - core-banking footprint replication clock	~10,000	—	15-40+ years cumulative

Source: practitioner-built. Core-banking migration timelines per Cornerstone Advisors / Bank Director industry surveys (18-30 months mid-size community bank; 30-48 months regional bank). Merchant enterprise integration timelines per published implementation guides (12-24 months for enterprise Carat-style deployments). SMB Clover and ISV/SaaS deployments are short individually but compound to a long-tail footprint that cannot be replicated wholesale. The total cumulative range is illustrative, not a forecast. Fiserv does not publish replication-time data.

The aggregate range is wide because the inputs are estimates, not engineering quotes. What matters for the HALO Trade application is not the precise total - it is the order of magnitude. A core-banking footprint that runs roughly 15 to 40 years of cumulative replication time is the kind of footprint that cannot be re-created by a balance sheet event. *That is the software / services structural scarcity our framework is pointing at - the analog to CLF's 150-300 years of physical-asset cumulative replication time.*

METHOD - LIBRARY TIE-IN

The replication-time table is our analytical instrument, not company disclosure. The library application is Bloomberg / FactSet / Financial Planning HALO Trade chapter, plus First Principles Ch 8 (replacement cost / time as a sanity check on growth narratives in services businesses).

Sources and methodology notes

Every financial figure in this case study is to be sourced to one of the documents below. All financial figures are sourced inline from the FY 2025 10-K, the FY 2024 10-K, the Q1 2026 10-Q, and the Fiserv 2026 Investor Day deck (filed/released between Feb 2026 and May 2026).

Abbreviation	Document	Issuer	Status
10K25	Form 10-K for fiscal year ended December 31, 2025	Fiserv Inc.	Cited inline
10K24	Form 10-K for fiscal year ended December 31, 2024	Fiserv Inc.	Cited inline (comparison)
10Q	Form 10-Q for quarterly period ended March 31, 2026	Fiserv Inc.	Cited inline
ID26	Investor Day 2026 deck (May 14, 2026)	Fiserv Inc.	Cited inline
8K	Acquisition 8-Ks: First Data (Jan / Jul 2019), Finxact (Apr 2022)	Fiserv Inc.	Referenced for M&A history
Comps	Trading multiples for FIS / GPN / ADP / XYZ / TOST	Yahoo Finance + ValueInvesting.io (Grok aggregation)	As of May 2025-May 2026
WACC	Rf (10-yr UST 4.3%) / ERP (Damodaran 5.0%) / Beta 1.10 (Yahoo)	Public market data	Dated 2026-05-26
FISV quote	Close \$57.13 (2026-05-22); 52-wk \$52.17-\$177.36; PE TTM 9.68x; consensus 1-yr target \$70.15; market cap \$30.5B	Yahoo Finance quote	2026-05-22 close

Methodology summary

DCF uses organic revenue growth decomposed by segment as the explicit-period anchor, FCF derived from Adj. EBITDA less maintenance capex less cash taxes less working-capital change, WACC triangulated via CAPM with a services-recurring-revenue beta, perpetuity-growth terminal at 2.0-2.5% (long-run nominal GDP analog). Trading comps use EV/EBITDA on TTM and forward estimates against the payments / fintech peer set (FIS, GPN, ADP, SQ, TOST), with segment-specific multiple selection for the SOTP. SOTP separates Merchant Acceptance, Financial Solutions, and Payments and Network using segment-appropriate multiples, then adds an integration credit for the cross-sell motion. LBO feasibility uses 6.0-6.5x through-the-cycle EBITDA debt-capacity assumption with sponsor IRR built off 5-year hold and exit multiple. NOL valuation uses TCJA 80% utilization cap with Sec 382 constraint on acquired First Data carryforwards.

Open items still requiring outside data

Items NOT in the four primary sources used here (and where they would normally come from): (i) live consensus FY 2026E EPS and revenue (sell-side aggregators); (ii) the Adj. EBITDA reconciliation - Fiserv reports Adj. operating income (ID26 p.153) and Adj. EPS (p.156) but does NOT publish an explicit Adj. EBITDA bridge, so

\$9.8B is our best estimate from Adj. operating income + intangible amortization + D&A; (iii) the implied Sec 382 limitation on any historical First Data NOLs - the FY25 10-K notes total \$36M federal NOL carryforwards, suggesting the original First Data carryforwards have been largely consumed. Peer EV/EBITDA multiples for FIS, GPN, ADP, XYZ, TOST are sourced from Yahoo Finance + ValueInvesting.io (Grok aggregation, May 2025 - May 2026); the trading-comps table shows midpoints with full TTM ranges in the Lens column.

Final disclosure

The author owns FI stock; the position was established / added into the recent drawdown. Educational case study; not investment advice. Sources: SEC filings (FY 2025 10-K, FY 2024 10-K, Q1 2026 10-Q) and Investor Day materials cited inline; Yahoo Finance quote for current price (\$57.13 close, 2026-05-22), 52-week range (\$52.17-\$177.36), PE TTM (9.68x), and sell-side 1-year consensus target (\$70.15); trading-comps EV and EV/EBITDA for FIS, GPN, ADP, XYZ, TOST from Yahoo Finance + ValueInvesting.io aggregated via Grok, as of May 2025 - May 2026. The author is not an employee, officer, or director of Fiserv. This is an educational case study, not investment advice, not a research report, not a buy/sell rating, not a price target, not an allocation recommendation, not an opinion of fairness for any corporate transaction.

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