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 September 30, 2020

OR

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

For the transition period from __________ to __________

Commission file number: 001-35004

FLEETCOR Technologies, Inc.

(Exact name of registrant as specified in its charter)

Delaware **(State or other jurisdiction of incorporation or organization)**			**72-1074903** **(I.R.S. Employer Identification No.)**
3280 Peachtree Road **(Address of principal executive offices)**	**Atlanta**	**Georgia**	**30305** **(Zip Code)**

Registrant's telephone number, including area code: (770) 449-0479

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock	FLT	NYSE

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 the 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 Exchange Act). Yes ☐ No ☒

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding at November 2, 2020
Common Stock, $0.001 par value	83,401,626

FLEETCOR TECHNOLOGIES, INC. AND SUBSIDIARIES

FORM 10-Q

For the Three and Nine Months Ended September 30, 2020

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PART I—FINANCIAL INFORMATION

Item 1. Financial Statements

FLEETCOR Technologies, Inc. and Subsidiaries

Consolidated Balance Sheets

(In Thousands, Except Share and Par Value Amounts)

	September 30, 2020	December 31, 2019
	(Unaudited)	
Assets		
Current assets:		
Cash and cash equivalents	$ 788,854	$ 1,271,494
Restricted cash	582,006	403,743
Accounts and other receivables (less allowance for credit losses of $83,882 at September 30, 2020 and $70,890 at December 31, 2019)	1,552,695	1,568,961
Securitized accounts receivable—restricted for securitization investors	688,000	970,973
Prepaid expenses and other current assets	359,461	403,400
Total current assets	3,971,016	4,618,571
Property and equipment, net	189,953	199,825
Goodwill	4,613,597	4,833,047
Other intangibles, net	2,115,189	2,341,882
Investments	7,480	30,440
Other assets	196,764	224,776
Total assets	$ 11,093,999	$ 12,248,541
Liabilities and stockholders’ equity		
Current liabilities:		
Accounts payable	$ 1,297,236	$ 1,249,586
Accrued expenses	299,396	275,511
Customer deposits	1,123,974	1,007,631
Securitization facility	688,000	970,973
Current portion of notes payable and lines of credit	645,769	775,865
Other current liabilities	141,432	183,502
Total current liabilities	4,195,807	4,463,068
Notes payable and other obligations, less current portion	3,158,810	3,289,947
Deferred income taxes	506,102	519,980
Other noncurrent liabilities	295,530	263,930
Total noncurrent liabilities	3,960,442	4,073,857
Commitments and contingencies (Note 12)		
Stockholders’ equity:		
Common stock, $0.001 par value; 475,000,000 shares authorized; 125,997,304 shares issued and 83,396,765 shares outstanding at September 30, 2020; and 124,626,786 shares issued and 85,342,156 shares outstanding at December 31, 2019	126	124
Additional paid-in capital	2,713,022	2,494,721
Retained earnings	5,207,094	4,712,729
Accumulated other comprehensive loss	(1,583,136)	(972,465)
Less treasury stock, 42,600,539 shares at September 30, 2020 and 39,284,630 shares at December 31, 2019	(3,399,356)	(2,523,493)
Total stockholders’ equity	2,937,750	3,711,616
Total liabilities and stockholders’ equity	$ 11,093,999	$ 12,248,541

See accompanying notes to unaudited consolidated financial statements.

FLEETCOR Technologies, Inc. and Subsidiaries

Unaudited Consolidated Statements of Income

(In Thousands, Except Per Share Amounts)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	**2019**	**2020**	**2019**
Revenues, net	$ 585,283	$ 681,048	$ 1,771,522	$ 1,949,967
Expenses:				
Processing	119,856	135,016	474,849	384,588
Selling	46,762	51,790	144,995	152,907
General and administrative	90,868	98,050	283,717	297,618
Depreciation and amortization	63,479	67,347	190,117	205,700
Other operating, net	(214)	(296)	(482)	(1,480)
Operating income	264,532	329,141	678,326	910,634
Investment loss (gain)	1,330	—	(30,008)	15,660
Other (income) expense, net	(3,591)	(120)	(10,477)	628
Interest expense, net	31,383	36,504	99,474	115,088
Total other expense	29,122	36,384	58,989	131,376
Income before income taxes	235,410	292,757	619,337	779,258
Provision for income taxes	46,593	66,952	124,972	119,695
Net income	$ 188,817	$ 225,805	$ 494,365	$ 659,563
Basic earnings per share	$ 2.26	$ 2.61	$ 5.87	$ 7.64
Diluted earnings per share	$ 2.19	$ 2.49	$ 5.68	$ 7.33
Weighted average shares outstanding:				
Basic shares	83,719	86,662	84,170	86,332
Diluted shares	86,273	90,522	87,006	89,976

See accompanying notes to unaudited consolidated financial statements.

FLEETCOR Technologies, Inc. and Subsidiaries

Unaudited Consolidated Statements of Comprehensive Income (Loss)
(In Thousands)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Net income	$ 188,817	$ 225,805	$ 494,365	$ 659,563
Other comprehensive loss:				
Foreign currency translation losses, net of tax	(10,328)	(180,317)	(577,189)	(148,282)
Net change in derivative contracts, net of tax	9,167	(6,164)	(33,482)	(52,538)
Total other comprehensive loss	(1,161)	(186,481)	(610,671)	(200,820)
Total comprehensive income (loss)	$ 187,656	$ 39,324	$ (116,306)	$ 458,743

See accompanying notes to unaudited consolidated financial statements.

FLEETCOR Technologies, Inc. and Subsidiaries
Unaudited Consolidated Statements of Stockholders' Equity
(In Thousands)

	Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock	Total
Balance at December 31, 2019	$ 124	$ 2,494,721	$ 4,712,729	$ (972,465)	$ (2,523,493)	$ 3,711,616
Net income	—	—	147,060	—	—	147,060
Other comprehensive loss, net of tax	—	—	—	(619,659)	—	(619,659)
Acquisition of common stock	—	75,000	—	—	(605,237)	(530,237)
Share-based compensation	—	14,175	—	—	—	14,175
Issuance of common stock	1	73,273	—	—	—	73,274
Balance at March 31, 2020	125	2,657,169	4,859,789	(1,592,124)	(3,128,730)	2,796,229
Net income	—	—	158,488	—	—	158,488
Other comprehensive income, net of tax	—	—	—	10,149	—	10,149
Acquisition of common stock	—	—	—	—	(32,230)	(32,230)
Share-based compensation	—	8,989	—	—	—	8,989
Issuance of common stock	1	24,808	—	—	—	24,809
Balance at June 30, 2020	126	2,690,966	5,018,277	(1,581,975)	(3,160,960)	2,966,434
Net income	—	—	188,817	—	—	188,817
Other comprehensive loss, net of tax	—	—	—	(1,161)	—	(1,161)
Acquisition of common stock	—	—	—	—	(238,396)	(238,396)
Share-based compensation	—	11,905	—	—	—	11,905
Issuance of common stock	—	10,151	—	—	—	10,151
Balance at September 30, 2020	$ 126	$ 2,713,022	$ 5,207,094	$ (1,583,136)	$ (3,399,356)	$ 2,937,750

	Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock	Total
Balance at December 31, 2018	$ 123	$ 2,306,843	$ 3,817,656	$ (913,858)	$ (1,870,584)	$ 3,340,180
Net income	—	—	172,107	—	—	172,107
Other comprehensive loss, net of tax	—	—	—	(20,334)	—	(20,334)
Acquisition of common stock	—	33,000	—	—	(36,322)	(3,322)
Share-based compensation	—	12,541	—	—	—	12,541
Issuance of common stock	—	29,795	—	—	—	29,795
Balance at March 31, 2019	123	2,382,179	3,989,763	(934,192)	(1,906,906)	3,530,967
Net income	—	—	261,651	—	—	261,651
Other comprehensive income, net of tax	—	—	—	5,995	—	5,995
Acquisition of common stock	—	—	—	—	(702)	(702)
Share-based compensation	—	18,306	—	—	—	18,306
Issuance of common stock	—	27,155	—	—	—	27,155
Balance at June 30, 2019	$ 123	$ 2,427,640	$ 4,251,414	$ (928,197)	$ (1,907,608)	$ 3,843,372
Net income	—	—	225,805	—	—	225,805
Other comprehensive loss, net of tax	—	—	—	(186,481)	—	(186,481)
Acquisition of common stock	—	—	—	—	(58,336)	(58,336)
Share-based compensation	—	15,273	—	—	—	15,273
Issuance of common stock	—	60,677	—	—	—	60,677
Balance at September 30, 2019	$ 123	$ 2,503,590	$ 4,477,219	$ (1,114,678)	$ (1,965,944)	$ 3,900,310

See accompanying notes to unaudited consolidated financial statements.

FLEETCOR Technologies, Inc. and Subsidiaries
Unaudited Consolidated Statements of Cash Flows
(In Thousands)

	Nine Months Ended September 30,	
	2020	**2019**
Operating activities		
Net income	$ 494,365	$ 659,563
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	48,150	46,393
Stock-based compensation	35,069	46,120
Provision for losses on accounts and other receivables	152,485	54,735
Amortization of deferred financing costs and discounts	5,028	3,741
Amortization of intangible assets and premium on receivables	141,967	159,307
Deferred income taxes	(5,747)	11,142
Investment (gain) loss	(30,008)	15,660
Other non-cash operating income	(482)	(1,778)
Changes in operating assets and liabilities (net of acquisitions/dispositions):		
Accounts and other receivables	49,690	(472,378)
Prepaid expenses and other current assets	26,105	(77,836)
Other assets	6,129	(26,578)
Accounts payable, accrued expenses and customer deposits	291,945	373,044
Net cash provided by operating activities	1,214,696	791,135
Investing activities		
Acquisitions, net of cash acquired	(72,557)	(334,860)
Purchases of property and equipment	(55,019)	(48,681)
Proceeds from disposal of investment	52,963	—
Net cash used in investing activities	(74,613)	(383,541)
Financing activities		
Proceeds from issuance of common stock	95,780	117,627
Repurchase of common stock	(788,409)	(59,362)
(Payments) borrowings on securitization facility, net	(282,973)	106,000
Deferred financing costs paid and debt discount	(2,474)	(2,421)
Proceeds from issuance of notes payable	—	700,000
Principal payments on notes payable	(134,097)	(97,313)
Borrowings from revolver	1,198,500	965,709
Payments on revolver	(1,287,899)	(1,992,296)
(Payments) borrowings on swing line of credit, net	(20,111)	1,775
Other	(244)	(189)
Net cash used in financing activities	(1,221,927)	(260,470)
Effect of foreign currency exchange rates on cash	(222,533)	(46,140)
Net (decrease) increase in cash and cash equivalents and restricted cash	(304,377)	100,984
Cash and cash equivalents and restricted cash, beginning of period	1,675,237	1,364,893
Cash and cash equivalents and restricted cash, end of period	$ 1,370,860	$ 1,465,877
Supplemental cash flow information		
Cash paid for interest	$ 98,564	$ 136,850
Cash paid for income taxes	$ 119,089	$ 148,727

See accompanying notes to unaudited consolidated financial statements.

FLEETCOR Technologies, Inc. and Subsidiaries

Notes to Unaudited Consolidated Financial Statements
September 30, 2020

1. Summary of Significant Accounting Policies

Basis of Presentation

Throughout this Current Report on Form 10-Q, the terms "our," "we," "us," and the "Company" refers to FLEETCOR Technologies, Inc. and its subsidiaries. The Company prepared the accompanying unaudited interim consolidated financial statements in accordance with Rule 10-01 of Regulation S-X. Accordingly, they do not include all of the information and notes required by accounting principles generally accepted in the United States ("GAAP"). The unaudited interim consolidated financial statements reflect all adjustments considered necessary for fair presentation. These adjustments consist of normal recurring accruals and estimates that impact the carrying value of assets and liabilities. Actual results may differ from these estimates.

The unaudited interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2019.

Use of estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting periods. Future events and their effects cannot be predicted with certainty; accordingly, accounting estimates require the exercise of judgment. These financial statements were prepared using information reasonably available as of September 30, 2020 and through the date of this Report. The accounting estimates used in the preparation of the Company's consolidated financial statements may change as new events occur, as more experience is acquired, as additional information is obtained and as the Company's operating environment changes. Actual results may differ from these estimates due to the uncertainty around the magnitude and duration of the COVID-19 pandemic, as well as other factors.

Foreign Currency Translation

Assets and liabilities of foreign subsidiaries are translated into U.S. dollars at the rates of exchange in effect at period-end. The related translation adjustments are recorded to accumulated other comprehensive income (loss). Income and expenses are translated at the average monthly rates of exchange in effect during the period. Gains and losses from foreign currency transactions are included in net income.

The Company recognized the following foreign exchange gains/losses on long-term intra-entity transactions, net of tax, and foreign exchange gains/losses within the Unaudited Consolidated Statements of Comprehensive Income (Loss) as follows (in millions):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Long-term intra-entity gain (loss)	$ 50.4	$ (48.4)	235.8	(81.7)
Foreign exchange gain	3.7	0.1	3.2	0.3

Derivatives

The Company uses derivatives to minimize its exposures related to changes in interest rates and to facilitate cross-currency corporate payments by writing derivatives to foreign currency payment customers.

The Company is exposed to the risk of changing interest rates because its borrowings are subject to variable interest rates. In order to mitigate this risk, the Company utilizes derivative instruments. Interest rate swap contracts designated as cash flow hedges involve the receipt of variable amounts from a counterparty in exchange for the Company making fixed-rate payments over the life of the agreements without exchange of the underlying notional amount. The Company hedges a portion of its variable rate debt utilizing derivatives designated as cash flow hedges.

Changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recorded in other assets or other noncurrent liabilities and offset against accumulated other comprehensive income/loss, net of tax. Derivative fair value changes that are recorded in accumulated other comprehensive income/loss are reclassified to earnings in the same period or periods that the hedged item affects earnings, to the extent the derivative is effective in offsetting the change in cash flows attributable to the hedged risk. The portions of the change in fair value that are either considered ineffective or are excluded from the measure of effectiveness are recognized immediately within earnings.

In the Company's cross-border payments business, the Company writes foreign currency forward and option contracts for its customers to facilitate future payments. The duration of these derivative contracts at inception is generally less than one year. The Company aggregates its foreign exchange exposures arising from customer contracts, including forwards, options and spot exchanges of currency, as necessary, and economically hedges the net currency risks by entering into offsetting derivatives with established financial institution counterparties. The gain or loss on changes in the fair value of these derivatives are recorded in revenues, net in the Unaudited Consolidated Statements of Income.

The Company recognizes all derivative assets, net in prepaid expense and other current assets and all derivative liabilities, net in other current liabilities, after netting at the customer level, as right of offset exists, in its Unaudited Consolidated Balance Sheets at their fair value. All cash flows associated with derivatives are included in cash flows from operating activities in the Consolidated Statements of Cash Flows. Refer to Note 13.

Cash, Cash Equivalents, and Restricted Cash

Cash and cash equivalents consist of cash on hand and highly liquid investments with original maturities of three months or less. Restricted cash represents customer deposits repayable on demand.

Financial Instruments-Credit Losses

The Company adopted ASU 2016-13, "Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments", on January 1, 2020, under which the Current Expected Credit Loss methodology for measurement of credit losses on financial assets measured at amortized cost basis, replaces the previous incurred loss impairment methodology. The Company’s financial assets subject to credit losses are primarily trade receivables. The Company utilizes a combination of aging and loss-rate methods to develop an estimate of current expected credit losses, depending on the nature and risk profile of the underlying asset pool, based on product, size of customer and historical losses. Expected credit losses are estimated based upon an assessment of risk characteristics, historical payment experience, and the age of outstanding receivables, adjusted for forward-looking economic conditions. The allowances for remaining financial assets measured at amortized cost basis are evaluated based on underlying financial condition, credit history, and current and forecast economic conditions. The estimation process for expected credit losses includes consideration of qualitative and quantitative risk factors associated with the age of asset balances, expected timing of payment, contract terms and conditions, changes in specific customer risk profiles or mix of customers, geographic risk, economic trends and relevant environmental factors.

Revenue

The Company provides payment solutions to our business, merchant, consumer and payment network customers. Our payment solutions are primarily focused on specific spend categories, including fuel, lodging, tolls, and general corporate payments, as well as gift card solutions (stored value cards and e-cards). The Company provides products that help businesses of all sizes control, simplify and secure payment of various domestic and cross-border payables using specialized payment products. The Company also provides other payment solutions for fleet maintenance, employee benefits and long haul transportation-related services. Revenues from contracts with customers, within the scope of ASC 606, represent approximately 80% of total consolidated revenues, net, for the three and nine months ended September 30, 2020. The Company accounts for remaining revenues comprised of late fees and finance charges, in jurisdictions where permitted under local regulations, primarily in the U.S. and Canada in accordance with ASC 310, "Receivables". Such fees are recognized net of a provision for estimated uncollectible amounts, at the time the fees and finance charges are assessed and services are provided. The Company also writes foreign currency forward and options contracts for its customers to facilitate future payments in foreign currencies, and recognizes revenue in accordance with authoritative fair value and derivatives accounting (ASC 815, "Derivatives").

Disaggregation of Revenues

The Company provides its services to customers across different payment solutions and geographies. Revenue by product (in millions) for the three and nine months ended September 30 was as follows:

Revenues, net by Product*[1]	Three Months Ended September 30,				Nine Months Ended September 30,			
	2020	**%**	**2019**	**%**	**2020**	**%**	**2019**	**%**
Fuel	$ 255	44 %	$ 296	43 %	797	45 %	874	45 %
Corporate Payments	107	18 %	120	18 %	319	18 %	329	17 %
Tolls	68	12 %	89	13 %	215	12 %	264	14 %
Lodging	53	9 %	56	8 %	150	8 %	148	8 %
Gift	39	7 %	48	7 %	108	6 %	133	7 %
Other	64	11 %	72	11 %	182	10 %	203	10 %
Consolidated revenues, net	$ 585	100 %	$ 681	100 %	1,772	100 %	1,950	100 %

[1] Reflects certain reclassifications of revenue between product categories as the Company realigned its Corporate Payments business, resulting in reclassification of payroll paycard revenue from Corporate Payments to Other.

*Columns may not calculate due to rounding.

Revenue by geography (in millions) for the three and nine months ended September 30 was as follows:

Revenues, net by Geography*	Three Months Ended September 30,				Nine Months Ended September 30,			
	2020	**%**	**2019**	**%**	**2020**	**%**	**2019**	**%**
United States	$ 357	61 %	$ 414	61 %	1,090	62 %	1,174	60 %
Brazil	80	14 %	106	16 %	254	14 %	316	16 %
United Kingdom	70	12 %	68	10 %	193	11 %	205	10 %
Other	78	13 %	93	14 %	235	13 %	256	13 %
Consolidated revenues, net	585	100 %	681	100 %	1,772	100 %	1,950	100 %

*Columns may not calculate due to rounding.

Contract Liabilities

Deferred revenue contract liabilities for customers subject to ASC 606 were $53.7 million and $71.8 million as of September 30, 2020 and December 31, 2019, respectively. We expect to recognize approximately $33.3 million and $42.6 million of these amounts in revenues within 12 months and the remaining $20.4 million and $29.2 million over the next five years as of September 30, 2020 and December 31, 2019, respectively. Revenue recognized in the nine months ended September 30, 2020 that was included in the deferred revenue contract liability as of December 31, 2019 was approximately $34.0 million.

Spot Trade Offsetting

The Company uses spot trades to facilitate cross-currency corporate payments in its Cambridge business. Timing in the receipt of cash from customers results in intermediary balances in the receivable from the customers and the payment to the customers' counterparty. In accordance with ASC Subtopic 210-20, "Offsetting," the Company applies offsetting to spot trade assets and liabilities associated with contracts that include master netting agreements, as a right of setoff exists, which the Company believes to be enforceable. As such, the Company has netted the Company's exposure with these customers' counterparties, with the receivables from the customers. The Company recognizes all spot trade assets, net in accounts receivable and all spot trade liabilities, net in accounts payable, each net at the customer level, in its Consolidated Balance Sheets at their fair value. The following table presents the Company’s spot trade assets and liabilities at their fair value at September 30, 2020 and December 31, 2019, (in millions).

	September 30, 2020			December 31, 2019		
	Gross	Offset on the Balance Sheet	Net	Gross	Offset on the Balance Sheet	Net
Assets						
Accounts Receivable	$ 1,461.7	$ (1,421.8)	$ 39.9	$ 1,139.1	$ (1,084.6)	$ 54.5
Liabilities						
Accounts Payable	$ 1,455.1	$ (1,421.8)	$ 33.3	$ 1,140.4	$ (1,084.6)	$ 55.8

Adoption of New Accounting Standards

Cloud Computing Arrangements

On August 29, 2018, the FASB issued 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", that provides guidance on implementation costs incurred in a cloud computing arrangement (CCA) that is a service contract. The ASU, which was released in response to a consensus reached by the EITF at its June 2018 meeting, aligns the accounting for such costs with the guidance on capitalizing costs associated with developing or obtaining internal-use software. Specifically, the ASU amends ASC 350 to include in its scope implementation costs of a CCA that is a service contract and clarifies that a customer should apply ASC 350-40 to determine which implementation costs should be capitalized in such a CCA. The Company adopted this guidance on January 1, 2020, which did not have a material impact on the Company's results of operations, financial condition, or cash flows.

Fair Value Measurement

On August 28, 2018, the FASB issued ASU 2018-13, "Fair Value Measurement (Topic 820): Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement", which removes, modifies, and adds certain disclosure requirements related to fair value measurements in ASC 820. The guidance is effective for the Company for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. The guidance on changes in unrealized gains and losses, the range and weighted average of significant unobservable inputs used to develop Level 3 fair value measurements, and the narrative description of measurement uncertainty should be applied prospectively for only the most recent interim or annual period presented in the initial fiscal year of adoption. All other guidance should be applied retrospectively to all periods presented upon their effective date. The Company adopted this guidance on January 1, 2020, which did not have a material impact on the Company's results of operations, financial condition, or cash flows.

Credit Losses on Financial Instruments

In June 2016, the FASB issued ASU 2016-13, "Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments", which changes how companies measure and recognize credit impairment for many financial assets. The new expected credit loss model will require companies to immediately recognize an estimate of credit losses expected to occur over the remaining life of the financial assets (including trade receivables) that are in the scope of the update. The update also made amendments to the current impairment model for held-to-maturity and available-for-sale debt securities and certain guarantees. The Company adopted this guidance on January 1, 2020, which did not have a material impact on the Company's results of operations, financial condition, or cash flows. The Company has made updates to its policies and internal controls over financial reporting as a result of the adoption.

In April 2019, the FASB issued ASU 2019-04, "Codification Improvements to Topic 326, Financial Instruments-Credit Losses, Topic 815, Derivatives and Hedging, and Topic 825, Financial Instruments", which clarifies certain aspects of accounting for credit losses, hedging activities, and financial instruments. For clarifications around credit losses, the effective date will be the same as the effective date in ASU 2016-13. For entities that have adopted ASU 2017-12, "Derivatives and Hedging (Topic 815): Targeted Improvements to Accounting for Hedging Activities", ASU 2019-04 is effective the first annual reporting period beginning after the date of issuance of ASU 2019-04 and may be early adopted. The Company adopted this guidance on January 1, 2020, which did not have a material impact on the Company's results of operations, financial condition, or cash flows. The Company has made updates to its policies and internal controls over financial reporting as a result of the adoption.

Pending Adoption of Recently Issued Accounting Standard

Income Taxes

On December 18, 2019, the FASB issued ASU 2019-12, Income Taxes (Topic 740), Simplifying the Accounting for Income Taxes (“ASU 2019-12”), which removes certain exceptions to the general principles of ASC 740 and simplifies other areas in order to simplify its application. For public business entities, the amendments are effective for fiscal years beginning after December 15, 2020, including interim periods within those fiscal years, with early adoption permitted. The Company's adoption of this ASU is not expected to have a material impact on the results of operations, financial condition, or cash flows.

Reference Rate Reform

In March 2020, the FASB issued ASU 2020-04, Reference Rate Reform (Topic 848) ("ASU 2020-04"), which provides optional expedients and exceptions to contracts, hedging relationships, and other transactions affected by reference rate reform if certain criteria are met. The amendments in this update apply only to contracts, hedging relationships, and other transactions that reference London Inter-bank Offered Rate ("LIBOR") or another reference rate expected to be discontinued because of reference rate reform. The expedients and exceptions provided by the amendments do not apply to contract modifications made and hedging relationships entered into or evaluated after December 31, 2022, except for hedging relationships existing as of December 31, 2022 for which an entity has elected certain optional expedients and are retained through the end of the hedging relationship. The amendments in this update also include a general principle that permits an entity to consider contract modifications due to reference rate reform to be an event that does not require contract remeasurement at the modification date or reassessment of a previous accounting determination. If elected, the optional expedients for contract modifications must be applied consistently for all eligible contracts or eligible transactions within the relevant ASC Topic or Industry Subtopic that contains the guidance that otherwise would be required to be applied. The amendments in this update were effective upon issuance and may be applied prospectively to contract modifications made and hedging relationships entered into or evaluated on or before December 31, 2022. The Company is evaluating the effect of ASU 2020-04 on its consolidated financial statements.

2. Accounts and Other Receivables

The Company's accounts and other receivables and securitized accounts receivable include the following at September 30, 2020 and December 31, 2019 (in thousands):

	September 30, 2020	December 31, 2019
Gross domestic accounts receivable	$ 847,080	$ 734,410
Gross domestic securitized accounts receivable	688,000	970,973
Gross foreign receivables	789,497	905,441
Total gross receivables	2,324,577	2,610,824
Less allowance for credit losses	(83,882)	(70,890)
Net accounts and other receivables and securitized accounts receivable	$ 2,240,695	$ 2,539,934

The Company maintains a $1.0 billion revolving trade accounts receivable securitization facility (the "Securitization Facility"). Accounts receivable collateralized within our Securitization Facility relate to our U.S. trade receivables resulting from charge card activity. Pursuant to the terms of the Securitization Facility, the Company transfers certain of its domestic receivables, on a revolving basis, to FLEETCOR Funding LLC ("Funding") a wholly-owned bankruptcy remote subsidiary. In turn, Funding transfers, without recourse, on a revolving basis, up to $1.0 billion of undivided ownership interests in this pool of accounts receivable to banks and a multi-seller, asset-backed commercial paper conduit ("Conduit"). Funding maintains a subordinated interest, in the form of over-collateralization, in a portion of the receivables sold to the banks and Conduit. Purchases by the Conduit are financed with the sale of highly-rated commercial paper.

The Company utilizes proceeds from the transferred assets as an alternative to other forms of financing to reduce its overall borrowing costs. The Company has agreed to continue servicing the sold receivables for the financial institution at market rates, which approximates the Company's cost of servicing. The Company retains a residual interest in the securitized accounts receivable sold as a form of credit enhancement. The residual interest's fair value approximates carrying value due to its short-term nature. Funding determines the level of funding achieved by the sale of trade accounts receivable, subject to a maximum amount.

The Company's Consolidated Balance Sheets and Statements of Income reflect the activity related to securitized accounts receivable and the corresponding securitized debt, including interest income, fees generated from late payments, provision for losses on accounts receivable and interest expense. The cash flows from borrowings and repayments, associated with the securitized debt, are presented as cash flows from financing activities. The maturity date for the Company's Securitization Facility is November 14, 2020. On August 21, 2020, the Company signed a commitment letter to enter into an amendment to the Securitization Facility, effective on November 13, 2020, which will, among other things, extend the term to November 12, 2021, unless further extended.

The Company recorded a $90.1 million provision for credit losses and write-off related to a customer receivable in our foreign currency trading business during the nine months ended September 30, 2020. The Company's estimated expected credit losses as of September 30, 2020, included estimated adjustments for economic conditions related to COVID-19. A rollforward of the Company's allowance for credit losses related to accounts receivable for the nine months ended September 30 is as follows (in thousands):

	2020	2019
Allowance for credit losses beginning of period	$ 70,890	$ 59,963
Provision for credit losses	152,485	54,735
Write-offs	(138,939)	(51,273)
Recoveries	7,861	3,297
Impact of foreign currency	(8,415)	(2,057)
Allowance for credit losses end of period	$ 83,882	$ 64,665

3. Fair Value Measurements

Fair value is a market-based measurement that reflects assumptions that market participants would use in pricing an asset or liability. GAAP discusses valuation techniques, such as the market approach (comparable market prices), the income approach (present value of future income or cash flow), and the cost approach (cost to replace the service capacity of an asset or replacement cost). These valuation techniques are based upon observable and unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Company's market assumptions.

As the basis for evaluating such inputs, a three-tier value hierarchy prioritizes the inputs used in measuring fair value as follows:

- Level 1: Observable inputs such as quoted prices for identical assets or liabilities in active markets.
- Level 2: Observable inputs other than quoted prices that are directly or indirectly observable for the asset or liability, including quoted prices for similar assets or liabilities in active markets; quoted prices for similar or identical assets or liabilities in markets that are not active; and model-derived valuations whose inputs are observable or whose significant value drivers are observable.
- Level 3: Unobservable inputs for which there is little or no market data, which require the reporting entity to develop its own assumptions. The fair value hierarchy also requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

The following table presents the Company’s financial assets and liabilities which are measured at fair value on a recurring basis at September 30, 2020 and December 31, 2019, (in thousands).

	Fair Value	Level 1	Level 2	Level 3
September 30, 2020				
Assets:				
Repurchase agreements	$ 312,939	$ —	$ 312,939	$ —
Money market	46,846	—	46,846	—
Certificates of deposit	172	—	172	—
Foreign exchange derivative contracts	97,799	—	97,799	—
Total assets	$ 457,756	$ —	$ 457,756	$ —
Cash collateral for foreign exchange derivative contracts	$ 18,984	$ —	$ —	$ —
Liabilities:				
Interest rate swaps	$ 100,722	$ —	$ 100,722	
Foreign exchange derivative contracts	79,141	—	79,141	—
Total liabilities	$ 179,863	$ —	$ 179,863	$ —
Cash collateral obligation for foreign exchange derivative contracts	$ 24,234	$ —	$ —	$ —
December 31, 2019				
Assets:				
Repurchase agreements	$ 833,658	$ —	$ 833,658	$ —
Money market	54,978	—	54,978	—
Certificates of deposit	27,022	—	27,022	—
Trading Securities	22,955	22,955	—	—
Foreign exchange derivative contracts	72,076	—	72,076	—
Total assets	$ 1,010,689	$ 22,955	$ 987,734	$ —
Cash collateral for foreign exchange derivative contracts	$ 6,086	$ —	$ —	$ —
Liabilities:				
Interest rate swaps	$ 56,418	$ —	$ 56,418	$ —
Foreign exchange derivative contracts	60,909	—	60,909	—
Total liabilities	$ 117,327	$ —	$ 117,327	$ —
Cash collateral obligation for foreign exchange derivative contracts	$ 25,618	$ —	$ —	$ —

The Company utilizes Level 1 fair value for financial assets designated as trading securities for which there are quoted market prices. During the nine month period ended September 30, 2020, the Company recognized a $30.0 million gain on trading securities sold. Cash flow from trading securities sold was recognized within the Investing section of the Statement of Cash Flows based on the nature of the investment.

The Company has highly-liquid investments classified as cash equivalents, with original maturities of 90 days or less, included in our Consolidated Balance Sheets. The Company utilizes Level 2 fair value determinations derived from directly or indirectly observable (market based) information to determine the fair value of these highly liquid investments. The Company has certain cash and cash equivalents that are invested on an overnight basis in repurchase agreements, money markets and certificates of deposit. The value of overnight repurchase agreements is determined based upon the quoted market prices for the treasury securities associated with the repurchase agreements. The value of money market instruments is the financial institutions' month-end statement, as these instruments are not tradable and must be settled directly by us with the respective financial institution. Certificates of deposit are valued at cost, plus interest accrued. Given the short-term nature of these instruments, the carrying value approximates fair value. Foreign exchange derivative contracts are carried at fair value, with changes in fair value recognized in the Consolidated Statements of Income. The fair value of the Company's derivatives is derived with reference to a valuation from a derivatives dealer operating in an active market, which approximates the fair value of these instruments.

The fair value represents the net settlement if the contracts were terminated as of the reporting date. Cash collateral received for foreign exchange derivatives is recorded within customer deposits in our Unaudited Consolidated Balance Sheet at September 30, 2020. Cash collateral deposited for foreign exchange derivatives is recorded within restricted cash in our Unaudited Consolidated Balance Sheet at September 30, 2020.

The level within the fair value hierarchy and the measurement technique are reviewed quarterly. Transfers between levels are deemed to have occurred at the end of the quarter. There were no transfers between fair value levels during the periods presented for September 30, 2020 and December 31, 2019.

The Company's assets that are measured at fair value on a nonrecurring basis or are evaluated with periodic testing for impairment include property and equipment, goodwill and other intangibles, and investments. Estimates of the fair value of assets acquired and liabilities assumed in business combinations are generally developed using key inputs such as management's projections of cash flows on a held-and-used basis (if applicable), discounted as appropriate, management's projections of cash flows upon disposition and discount rates. Accordingly, these fair value measurements are in Level 3 of the fair value hierarchy.

For derivatives accounted for as hedging instruments, the Company formally designates and documents, at inception, the financial instrument as a hedge of a specific underlying exposure, the risk management objective and the strategy for undertaking the hedge transaction. The Company formally assesses, both at the inception and at least quarterly thereafter, whether the financial instruments used in hedging transactions are effective at offsetting changes in cash flows of the related underlying exposures. Any ineffective portion of a financial instrument's change in fair value is immediately recognized into earnings. The Company determines the fair values of its derivatives based on quoted market prices or pricing models using current market rates.

The amounts exchanged are calculated by reference to the notional amounts and by other terms of the derivatives, such as interest rates, foreign currency exchange rates, commodity rates or other financial indices. The Company's derivatives are over-the-counter instruments with liquid markets.

The Company regularly evaluates the carrying value of its investments. The carrying amount of investments without readily determinable fair values is $7.5 million at September 30, 2020.

The fair value of the Company's cash, accounts receivable, securitized accounts receivable and related facility, prepaid expenses and other current assets, accounts payable, accrued expenses, customer deposits and short-term borrowings approximate their respective carrying values due to the short-term maturities of the instruments. The carrying value of the Company's debt obligations approximates fair value as the interest rates on the debt are variable market based interest rates that reset on a quarterly basis. These are each Level 2 fair value measurements, except for cash, which is a Level 1 fair value measurement.

4. Stockholders' Equity

The Company's Board of Directors (the "Board") has approved a stock repurchase program (as updated from time to time, the "Program") authorizing the Company to repurchase its common stock from time to time until February 1, 2023. On October 22, 2020, the Board increased the aggregate size of the Program by $1 billion, to $4.1 billion. Since the beginning of the Program, 14435566 shares have been repurchased for an aggregate purchase price of $3.0 billion, leaving the Company up to approximately $1.06 billion available under the Program for future repurchases in shares of its common stock.

Any stock repurchases may be made at times and in such amounts as deemed appropriate. The timing and amount of stock repurchases, if any, will depend on a variety of factors including the stock price, market conditions, corporate and regulatory requirements, and any additional constraints related to material inside information the Company may possess. Any repurchases have been and are expected to be funded by a combination of available cash flow from the business, working capital and debt.

On December 18, 2019, the Company entered an accelerated stock repurchase agreement ("2019 ASR Agreement") with a third-party financial institution to repurchase $500 million of its common stock. Pursuant to the 2019 ASR Agreement, the Company delivered $500 million in cash and received 1,431,989 shares based on a stock price of $285.70 on December 18, 2019. The 2019 ASR Agreement was completed on February 20, 2020, at which time the Company received 175,340 additional shares based on a final weighted average per share purchase price during the repurchase period of $311.08.

The Company accounted for the 2019 ASR Agreement as two separate transactions: (i) as shares of reacquired common stock for the shares delivered to the Company upon effectiveness of each ASR agreement and (ii) as a forward contract indexed to the Company's common stock for the undelivered shares. The initial delivery of shares was included in treasury stock at cost and results in an immediate reduction of the outstanding shares used to calculate the weighted average common shares outstanding for basic and diluted earnings per share. The forward contracts indexed to the Company's own common stock met the criteria for equity classification, and these amounts were initially recorded in additional paid-in capital.

5. Stock-Based Compensation

The Company has Stock Incentive Plans (the "Plans") pursuant to which the Company's Board of Directors may grant stock options or restricted stock to employees.

The table below summarizes the expense related to share-based payments recognized in the three and nine months ended September 30, 2020 (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Stock options	$ 5,294	$ 7,038	$ 18,069	$ 26,901
Restricted stock	6,610	8,235	16,999	19,219
Stock-based compensation	$ 11,904	$ 15,273	$ 35,069	$ 46,120

The tax benefits recorded on stock based compensation were $52.1 million and $36.8 million for the nine months ended September 30, 2020 and 2019, respectively.

The following table summarizes the Company's total unrecognized compensation cost related to stock-based compensation as of September 30, 2020 (cost in thousands):

	Unrecognized Compensation Cost	Weighted Average Period of Expense Recognition (in Years)
Stock options	$ 39,576	1.90
Restricted stock	33,479	2.07
Total	$ 73,055	

Stock Options

Stock options are granted with an exercise price estimated to be equal to the fair market value on the date of grant as authorized by the Company's Board of Directors. Options granted have vesting provisions ranging from one to five years and vesting of the options is generally based on the passage of time or performance. Stock option grants are subject to forfeiture if employment terminates prior to vesting.

The following summarizes the changes in the number of shares of common stock under option for the nine months ended September 30, 2020 (shares/options and aggregate intrinsic value in thousands):

	Shares	Weighted Average Exercise Price	Options Exercisable at End of Period	Weighted Average Exercise Price of Exercisable Options	Weighted Average Fair Value of Options Granted During the Period	Aggregate Intrinsic Value
Outstanding at December 31, 2019	6,263	$ 124.38	5,137	$ 109.03		$ 1,022,860
Granted	488	214.31			$ 52.76	
Exercised	(1,240)	86.52				188,010
Forfeited	(122)	192.81				
Outstanding at September 30, 2020	5,389	$ 139.73	4,135	$ 121.04		$ 530,017
Expected to vest as of September 30, 2020	1,253	$ 201.40				

The aggregate intrinsic value of stock options exercisable at September 30, 2020 was $484.0 million. The weighted average remaining contractual term of options exercisable at September 30, 2020 was 4.6 years.

The fair value of stock option awards granted was estimated using the Black-Scholes option pricing model with the following weighted-average assumptions for grants or modifications during the nine months ended September 30, 2020 and 2019:

	September 30,	
	2020	2019
Risk-free interest rate	0.38 %	2.40 %
Dividend yield	—	—
Expected volatility	30.91 %	26.41 %
Expected life (in years)	3.9	3.7

Restricted Stock

Awards of restricted stock and restricted stock units are independent of stock option grants and are subject to forfeiture if employment terminates prior to vesting. The vesting of shares granted is generally based on the passage of time, performance or market conditions, or a combination of these. Shares vesting based on the passage of time have vesting provisions of one to four years.

The fair value of restricted stock units granted with market based vesting conditions was estimated using the Monte Carlo simulation valuation model with the following assumptions during 2019. There were no restricted stock shares granted with market based vesting conditions during the first nine months of 2020.

	2019
Risk-free interest rate	1.48%
Dividend yield	—
Expected volatility	25.40%
Expected life (in years)	2.36

The following table summarizes the changes in the number of shares of restricted stock and restricted stock units for the nine months ended September 30, 2020 (shares in thousands):

	Shares	Weighted Average Grant Date Fair Value
Outstanding at December 31, 2019	243	$ 246.34
Granted	171	259.35
Vested	(130)	223.48
Canceled or forfeited	(97)	256.92
Outstanding at September 30, 2020	187	$ 261.94

6. Acquisitions

2020 Acquisitions

On August 10, 2020, the Company completed the acquisition of a business in the lodging space in the U.S. The Company financed the acquisition using a combination of available cash and borrowings under its existing credit facility. The results from the acquisition are reported in the North America segment. In connection with this acquisition, the Company signed noncompete agreements with certain parties affiliated with the business with an estimated fair value of $3.8 million. These noncompete agreements were accounted for separately from the business acquisition.

The following table summarizes the acquisition accounting (in thousands):

Accounts and other receivables	$	6,027
Prepaid expenses and other current assets		983
Property and equipment		3,167
Other assets		1,290
Goodwill		23,593
Other intangibles		36,900
Current liabilities		(1,127)
Other noncurrent liabilities		(782)
Aggregate purchase price	$	70,051

The estimated fair value of intangible assets acquired and the related estimated useful lives consisted of the following (in thousands):

	Useful Lives (in Years)		Value
Trade Name and Trademarks	5	$	1,800
Licensed Software and Technology	10		4,400
Proprietary Technology	5		8,400
Supplier Network	10		300
Customer Relationships	16		22,000
		$	36,900

The accounting for these acquisitions is preliminary as the Company is still completing the valuation of goodwill, intangible assets, income taxes and evaluation of acquired contingencies.

Other

On September 17, 2020, the Company signed a definitive agreement to acquire Associated Foreign Exchange (AFEX), a cross-border payment solutions provider, for approximately $450 million. The transaction is expected to close in 2021, subject to regulatory approval and standard closing conditions.

2019 Acquisitions

NvoicePay

On April 1, 2019, the Company completed the acquisition of NvoicePay, a provider of full accounts payable automation for businesses. The aggregate purchase price of this acquisition was approximately $208 million, net of cash acquired of $4.1 million. This acquisition further expands the Company's corporate payments product offering. The Company financed the acquisition using a combination of available cash and borrowings under its existing credit facility. The results from NvoicePay are reported in the North America segment. Along with the acquisition of NvoicePay, the Company signed noncompete agreements with certain parties with an estimated fair value of $10.7 million that were accounted for separately from the business acquisition.

The following table summarizes the acquisition accounting for NvoicePay (in thousands):

Accounts and other receivables	$	1,513
Prepaid expenses and other current assets		396
Property and equipment		1,030
Other assets		5,612
Goodwill		168,990
Other intangibles		44,750
Current liabilities		(4,415)
Other noncurrent liabilities		(6,130)
Deferred income taxes		(4,178)
Aggregate purchase price	$	207,568

The estimated fair value of intangible assets acquired and the related estimated useful lives consisted of the following (in thousands):

	Useful Lives (in Years)		Value
Trade Name and Trademarks	Indefinite	$	8,700
Proprietary Technology	6		15,600
Referral Partners	10		810
Supplier Network	10		2,640
Customer Relationships	20		17,000
		$	44,750

Other

During 2019, the Company acquired SOLE Financial, a payroll card provider in the U.S., r2c, a fleet maintenance, compliance and workshop management software provider in the U.K., and Travelliance, an airline lodging provider in the U.S. The aggregate purchase price of these acquisitions was approximately $207 million, net of cash. The Company signed noncompete agreements with certain parties with an estimated fair value of $9.0 million that were accounted for separately from the business acquisitions.

The following table summarizes acquisition accounting for the SOLE, r2c, and Travelliance acquisitions (in thousands):

Accounts and other receivables	$	91,457
Prepaid expenses and other current assets		1,833
Property and equipment		922
Other assets		8,650
Goodwill		121,460
Other intangibles		80,726
Current liabilities		(78,473)
Other noncurrent liabilities		(4,657)
Deferred taxes		(15,245)
Aggregate purchase price	$	206,673

The accounting for the Travelliance acquisition is preliminary and subject to working capital adjustments.

7. Goodwill and Other Intangibles

A summary of changes in the Company's goodwill by reportable business segment is as follows (in thousands):

	December 31, 2019	Acquisitions	Acquisition Accounting Adjustments	Foreign Currency	September 30, 2020
Segment					
North America	$ 3,369,173	$ 23,593	$ 2,052	$ (4,886)	$ 3,389,932
Brazil	756,975	—	—	(216,402)	540,573
International	706,899	—		(23,807)	683,092
	$ 4,833,047	$ 23,593	$ 2,052	$ (245,095)	$ 4,613,597

As of September 30, 2020 and December 31, 2019, other intangibles consisted of the following (in thousands):

		September 30, 2020			December 31, 2019		
	Weighted-Avg Useful Lives (Years)	Gross Carrying Amounts	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amounts	Accumulated Amortization	Net Carrying Amount
Customer and vendor relationships	17.2	$ 2,633,710	$ (1,065,679)	$ 1,568,031	$ 2,698,327	$ (943,537)	$ 1,754,790
Trade names and trademarks—indefinite lived	N/A	467,130	—	467,130	496,306	—	496,306
Trade names and trademarks—other	11.4	7,015	(3,244)	3,771	5,384	(2,877)	2,507
Software	6.2	246,478	(190,280)	56,198	242,783	(180,839)	61,944
Non-compete agreements	4.0	66,118	(46,059)	20,059	65,560	(39,225)	26,335
Total other intangibles		$ 3,420,451	$ (1,305,262)	$ 2,115,189	$ 3,508,360	$ (1,166,478)	$ 2,341,882

Changes in foreign exchange rates resulted in a $127.3 million decrease to the carrying values of other intangibles in the nine months ended September 30, 2020. Amortization expense related to intangible assets for the nine months ended September 30, 2020 and 2019 was $138.8 million and $155.9 million, respectively.

8. Debt

The Company's debt instruments consist primarily of term loans, revolving lines of credit and a Securitization Facility as follows (in thousands):

	September 30, 2020	December 31, 2019
Term Loan A note payable (a), net of discounts	$ 2,961,741	$ 3,080,789
Term Loan B note payable (a), net of discounts	338,131	340,481
Revolving line of credit A Facility(a)	410,000	325,000
Revolving line of credit B Facility(a)	45,694	225,477
Revolving line of credit A Facility - domestic swing line (a)	12,000	—
Revolving line of credit B Facility - foreign swing line (a)	16,090	52,038
Other debt(c)	20,923	42,027
Total notes payable and other obligations	3,804,579	4,065,812
Securitization Facility(b)	688,000	970,973
Total notes payable, credit agreements and Securitization Facility	$ 4,492,579	$ 5,036,785
Current portion	$ 1,333,769	$ 1,746,838
Long-term portion	3,158,810	3,289,947
Total notes payable, credit agreements and Securitization Facility	$ 4,492,579	$ 5,036,785

(a) The Company has a Credit Agreement that provides for senior secured credit facilities (collectively, the "Credit Facility") consisting of a revolving credit facility in the amount of $1.285 billion, a term loan A facility in the amount of $3.225 billion and a term loan B facility in the amount of $350 million as of September 30, 2020. The revolving credit facility consists of (a) a revolving A credit facility in the amount of $800 million, with sublimits for letters of credit and swing line loans, (b) a revolving B facility in the amount of $450 million with borrowings in U.S. dollars, euros, British pounds, Japanese yen or other currency as agreed in advance, and a sublimit for swing line loans, and (c) a revolving C facility in the amount of $35 million for borrowings in U.S. dollars, Australian dollars or New Zealand dollars. The Credit Agreement also includes an accordion feature for borrowing an additional $750 million in term loan A, term loan B, revolving A or revolving B facility debt and an unlimited amount when the leverage ratio on a pro-forma basis is less than 3.00 to 1.00. Proceeds from the credit facilities may be used for working capital purposes, acquisitions, and other general corporate purposes. On April 24, 2020, the Company entered into the eighth amendment to the Credit Agreement to add a $250 million revolving D facility. On August 20, 2020, the Company terminated the revolving D facility. The maturity date for the term loan A and revolving credit facilities A, B and C is December 19, 2023. The maturity date for the term loan B is August 2, 2024.

Interest on amounts outstanding under the Credit Agreement (other than the term loan B) accrues based on the British Bankers Association LIBOR Rate (the "Eurocurrency Rate"), plus a margin based on a leverage ratio, or our option, the Base Rate (defined as the rate equal to the highest of (a) the Federal Funds Rate plus 0.50%, (b) the prime rate announced by Bank of America, N.A., or (c) the Eurocurrency Rate plus 1.00%) plus a margin based on a leverage ratio. Interest on the term loan B facility accrues based on the Eurocurrency Rate plus 1.75% for Eurocurrency Loans or the Base Rate plus 0.75% for Base Rate Loans. The Eurocurrency rate has a 0% floor. In addition, the Company pays a quarterly commitment fee at a rate per annum ranging from 0.25% to 0.35% of the daily unused portion of the Credit Facility. At September 30, 2020, the interest rate on the term loan A was 1.65%, the interest rate on the term loan B was 1.90%, the interest rate on the revolving A facility was 1.65%, and the interest rate on the revolving B facility was 1.55% for GBP borrowings. The unused credit facility fee was 0.30% at September 30, 2020.

(b) The Company is party to a $1.0 billion Securitization Facility. On April 24, 2020, the Company reduced the Securitization Facility commitment from $1.2 billion to $1.0 billion. There is a program fee equal to one month LIBOR plus 0.90% or the Commercial Paper Rate plus 0.80% as of September 30, 2020 and December 31, 2019. The program fee was 0.16% plus 0.88% as of September 30, 2020 and 1.80% plus 0.88% as of December 31, 2019. The unused facility fee is payable at a rate of 0.40% per annum as of September 30, 2020 and December 31, 2019. We have unamortized debt issuance costs of $1.6 million and $0.7 million related to the Securitization Facility as of September 30, 2020 and December 31, 2019, respectively, recorded within other assets in the Unaudited Consolidated Balance Sheet. On August 21, 2020, the Company executed a commitment letter to enter into the seventh amendment to the Securitization Facility effective November 13, 2020. This amendment will extend the Securitization Facility termination date to November 12, 2021, add an uncommitted accordion to increase the purchase limit by up to $500 million, revise obligor concentration limits and reserve calculations, add a 0.375% LIBOR floor and modify certain swing line terms. In addition, the program fee for LIBOR borrowings will increase from 0.90% to 1.25% and the program fee for Commercial Paper Rate borrowings will increase from 0.80% to 1.15%.

(c) Other debt includes the long-term portion of deferred payments associated with business acquisitions and deferred revenue.

The Company was in compliance with all financial and non-financial covenants at September 30, 2020. The Company has entered into interest rate swap cash flow contracts with U.S. dollar notional amounts in order to reduce the variability of cash flows in the previously unhedged interest payments associated with $2.0 billion of variable rate debt. Refer to Note 13 for further details.

9. Income Taxes

The Company's tax provision or benefit from income taxes for interim periods is determined using an estimate of our annual effective tax rate, adjusted for discrete items, if any, that are taken into account in the relevant period. Each quarter the Company updates the estimate of the annual effective tax rate, and if our estimated tax rate changes, makes a cumulative adjustment. The Company's quarterly tax provision and quarterly estimate of the annual effective tax rate are subject to significant variation due to several factors, including variability in accurately predicting the pre-tax and taxable income and loss and the mix of jurisdictions to which they relate. Additionally, the Company's effective tax rate can be more or less volatile based on the amount of pre-tax income or loss. For example, the impact of discrete items and non-deductible expenses on our effective tax rate is greater when our pre-tax income is lower.

The provision for income taxes differs from amounts computed by applying the U.S. federal tax rate of 21% for 2020 and 2019 to income before income taxes for the three months ended September 30, 2020 and 2019 due to the following (in thousands):

	2020		2019	
Computed “expected” tax expense	$ 49,436	21.0 %	$ 61,479	21.0 %
Changes resulting from:				
Foreign income tax differential	(3,364)	(1.4)%	(2,904)	(1.0)%
Excess tax benefit related to stock-based compensation	(13,449)	(5.7)%	(10,059)	(3.4)%
State taxes net of federal benefits	786	0.3 %	3,324	1.1 %
Foreign-sourced nontaxable income	2,416	1.0 %	(1)	— %
Foreign withholding	3,764	1.6 %	5,150	1.8 %
GILTI, net of foreign tax credits	2,341	1.0 %	2,486	0.9 %
Other	4,663	2.0 %	7,477	2.5 %
Provision for income taxes	$ 46,593	19.8 %	$ 66,952	22.9 %

10. Earnings Per Share

The Company reports basic and diluted earnings per share. Basic earnings per share is computed by dividing net income attributable to shareholders of the Company by the weighted average number of common shares outstanding during the reported period. Diluted earnings per share reflect the potential dilution related to equity-based incentives using the treasury stock method. The calculation and reconciliation of basic and diluted earnings per share for the three and nine months ended September 30, 2020, and 2019 is as follows (in thousands, except per share data):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	**2019**	**2020**	**2019**
Net income	$ 188,817	$ 225,805	$ 494,365	$ 659,563
Denominator for basic earnings per share	83,719	86,662	84,170	86,332
Dilutive securities	2,554	3,860	2,836	3,644
Denominator for diluted earnings per share	86,273	90,522	87,006	89,976
Basic earnings per share	$ 2.26	$ 2.61	$ 5.87	$ 7.64
Diluted earnings per share	$ 2.19	$ 2.49	$ 5.68	$ 7.33

Diluted earnings per share for the three months ended September 30, 2020 and 2019 excludes the effect of 0.3 million and 27 thousand, respectively, of common stock that may be issued upon the exercise of employee stock options because such effect would be anti-dilutive. Diluted earnings per share also excludes the effect of 0.1 million and 0.1 million shares of performance based restricted stock for which the performance criteria have not yet been achieved for both the three month periods ended September 30, 2020 and 2019, respectively.

11. Segments

As previously described in our Annual Report on Form 10-K for the year ended December 31, 2019, the Company historically managed and reported our operating results through two reportable segments, defined by geographic regions: North America and International. In the first quarter of 2020, we evaluated the identification of our operating and reportable segments based upon changes in business models, management reporting, and how the Chief Operating Decision Maker ("CODM") is currently allocating resources, assessing performance and reviewing financial information. We determined that these changes caused the composition of our reportable segments to change and that Brazil represented a third operating and reportable segment, which was previously reported in the International segment. We now manage and report our operating results through three operating and reportable segments defined by geographic regions: North America, Brazil and International, which aligns with how the CODM allocates resources, assesses performance and reviews financial information. This change in reporting segments did not impact our determination of reporting units.

The Company's segment results are as follows for the three and nine month periods ended September 30, 2020 and 2019 (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Revenues, net:				
North America	$ 383,828	$ 442,704	$ 1,175,950	$ 1,257,544
Brazil	79,596	106,574	253,722	315,854
International	121,859	131,770	341,850	376,569
	$ 585,283	$ 681,048	$ 1,771,522	$ 1,949,967
Operating income:				
North America	$ 153,328	$ 205,558	$ 372,219	$ 562,230
Brazil	35,600	42,469	104,462	126,884
International	75,604	81,114	201,645	221,520
	$ 264,532	$ 329,141	$ 678,326	$ 910,634
Depreciation and amortization:				
North America	$ 39,390	$ 39,309	$ 115,913	$ 119,476
Brazil	12,260	16,224	39,019	49,314
International	11,829	11,814	35,185	36,910
	$ 63,479	$ 67,347	$ 190,117	$ 205,700
Capital expenditures:				
North America	$ 12,053	$ 10,340	$ 35,590	$ 30,023
Brazil	3,501	4,296	10,309	12,273
International	2,595	2,070	9,120	6,385
	$ 18,149	$ 16,706	$ 55,019	$ 48,681

12. Commitments and Contingencies

In the ordinary course of business, the Company is involved in various pending or threatened legal actions, arbitration proceedings, claims, subpoenas, and matters relating to compliance with laws and regulations (collectively, "legal proceedings"). Based on our current knowledge, management presently does not believe that the liabilities arising from these legal proceedings will have a material adverse effect on our consolidated financial condition, results of operations or cash flows. However, it is possible that the ultimate resolution of these legal proceedings could have a material adverse effect on our results of operations and financial condition for any particular period.

Derivative Lawsuits

On July 10, 2017, a shareholder derivative complaint was filed against the Company and certain of the Company's directors and officers in the United States District Court for the Northern District of Georgia ("Federal Derivative Action") seeking recovery on behalf of the Company. The Federal Derivative Action alleges that the defendants issued a false and misleading proxy statement in violation of the federal securities laws; that defendants breached their fiduciary duties by causing or permitting the Company to make allegedly false and misleading public statements concerning the Company's fee charges, and financial and business prospects; and that certain defendants breached their fiduciary duties through allegedly improper sales of stock. The complaint seeks unspecified monetary damages on behalf of the Company, corporate governance reforms, disgorgement of profits, benefits and compensation by the defendants, restitution, costs, and attorneys' and experts' fees. On September 20, 2018, the court entered an order deferring the Federal Derivative Action pending a ruling on motions for summary judgment in the shareholder class action, notice a settlement has been reached in the shareholder class action, or until otherwise agreed to by the parties. After preliminary approval of the proposed settlement of the shareholder class action was granted, the stay on the Federal Derivative Action was lifted. Plaintiffs amended their complaint on February 22, 2020. FLEETCOR filed a motion to dismiss the amended complaint in the Federal Derivative Action on April 17, 2020, which the court granted without leave to amend on October 21, 2020.

On January 9, 2019, a similar shareholder derivative complaint was filed in the Superior Court of Gwinnett County, Georgia ("State Derivative Action"), which was stayed pending a ruling on motions for summary judgment in the shareholder class action, notice a settlement has been reached in the shareholder class action, or until otherwise agreed by the parties. On the parties' joint motion, the court has continued the stay of the State Derivative Action "pending further developments in the first-filed Federal Derivative Action." The defendants dispute the allegations in the derivative complaints and intend to vigorously defend against the claims.

FTC Investigation

In October 2017, the Federal Trade Commission ("FTC") issued a Notice of Civil Investigative Demand to the Company for the production of documentation and a request for responses to written interrogatories. After discussions with the Company, the FTC proposed in October 2019 to resolve potential claims relating the Company's advertising and marketing practices, principally in its U.S. direct fuel card business within its North American Fuel Card business. The parties reached impasse primarily related to what the Company believes are unreasonable demands for redress made by the FTC.

On December 20, 2019, the FTC filed a lawsuit in the Northern District of Georgia against the Company and Ron Clarke. See FTC v. FLEETCOR and Ronald F. Clarke, No. 19-cv-05727 (N.D. Ga.). The complaint alleges the Company and Clarke violated the FTC Act's prohibitions on unfair and deceptive acts and practices. The complaint seeks among other things injunctive relief, consumer redress, and costs of suit. The Company continues to believe that the FTC's claims are without merit. The Company has incurred and continues to incur legal and other fees related to this complaint. Any settlement of this matter, or defense against the lawsuit, could involve costs to the Company, including legal fees, redress, penalties, and remediation expenses. At this time, in view of the complexity and ongoing nature of the matter, we are unable to estimate a reasonably possible loss or range of loss that we may incur to settle this matter or defend against the lawsuit brought by the FTC.

13. Derivative Financial Instruments and Hedging Activities

Foreign Currency Derivatives

The Company writes derivatives, primarily foreign currency forward contracts, option contracts, and swaps, with customers and derives a currency spread from this activity. Derivative transactions include:

- *Forward contracts*, which are commitments to buy or sell at a future date a currency at a contract price and will be settled in cash.
- *Option contracts*, which gives the purchaser the right, but not the obligation, to buy or sell within a specified time a currency at a contracted price that may be settled in cash.
- *Swap contracts*, which are commitments to settlement in cash at a future date or dates, usually on an overnight basis.

The credit risk inherent in derivative agreements represents the possibility that a loss may occur from the nonperformance of a counterparty to the agreements. Concentrations of credit and performance risk may exist with counterparties, which includes customers and banking partners, as we are engaged in similar activities with similar economic characteristics related to fluctuations in foreign currency rates. The Company performs a review of the credit risk of these counterparties at the inception of the contract and on an ongoing basis. The Company also monitors the concentration of its contracts with any individual counterparty against limits at the individual counterparty level. The Company anticipates that the counterparties will be able to fully satisfy their obligations under the agreements, but takes action when doubt arises about the counterparties' ability to perform. These actions may include requiring customers to post or increase collateral, and for all counterparties, if the counterparty does not perform under the term of the contract, the contract may be terminated. The Company does not designate any of its foreign exchange derivatives as hedging instruments in accordance with ASC 815.

The aggregate equivalent U.S. dollar notional amount of foreign exchange derivative customer contracts held by the Company as of September 30, 2020 and December 31, 2019 (in millions) is presented in the table below.

	Notional			
	September 30, 2020		December 31, 2019	
Foreign exchange contracts:				
Swaps	$	926.5	$	599.5
Futures, forwards and spot		3,537.6		3,017.1
Written options		6,051.6		6,393.9
Purchased options		5,644.7		5,830.8
Total	$	16,160.4	$	15,841.3

Notional amounts do not reflect the netting of offsetting trades, although these offsetting positions may result in minimal overall market risk. Aggregate derivative notional amounts can fluctuate from period to period in the normal course of business based on market conditions, levels of customer activity and other factors. The majority of customer foreign exchange contracts are written in currencies such as the U.S. dollar, Canadian dollar, British pound, euro and Australian dollar.

The following table summarizes the fair value of foreign currency derivatives reported in the Unaudited Consolidated Balance Sheets as of September 30, 2020 and December 31, 2019 (in millions):

	September 30, 2020				December 31, 2019			
	Fair Value, Gross		Fair Value, Net		Fair Value, Gross		Fair Value, Net	
	Derivative Assets	Derivative Liabilities	Derivative Assets	Derivative Liabilities	Derivative Assets	Derivative Liabilities	Derivative Assets	Derivative Liabilities
Derivatives - undesignated:								
Foreign exchange contracts	$ 198.7	$ 180.0	$ 97.8	$ 79.1	$ 114.9	$ 103.8	$ 72.1	$ 60.9
Cash collateral	19.0	24.2	19.0	24.2	6.1	25.6	6.1	25.6
Total net of cash collateral	$ 179.7	$ 155.8	$ 78.8	$ 54.9	$ 108.8	$ 78.2	$ 66.0	$ 35.3

The fair values of derivative assets and liabilities associated with contracts, which include netting terms that the Company believes to be enforceable have been recorded net within the Unaudited Consolidated Balance Sheets. The Company receives cash from customers as collateral for trade exposures, which is recorded within cash and cash equivalents and customer deposits in the Unaudited Consolidated Balance Sheets. The customer has the right to recall their collateral in the event exposures move in their favor, they perform on all outstanding contracts and have no outstanding amounts due to the Company or they cease to do business with the Company. The Company does not offset fair value amounts recognized for the right to reclaim cash collateral or the obligation to return cash collateral.

Cash Flow Hedges

On January 22, 2019, the Company entered into three interest rate swap cash flow contracts (the "swap contracts"). The objective of these swap contracts is to reduce the variability of cash flows in the previously unhedged interest payments associated with $2.0 billion of variable rate debt, the sole source of which is due to changes in the LIBOR benchmark interest rate. As of September 30, 2020, the Company had the following outstanding interest rate derivatives that qualify as hedging instruments and are designated as cash flow hedges of interest rate risk (in millions):

	Notional Amount as of September 30, 2020		Fixed Rates	Maturity Date
Interest Rate Derivative:				
Interest Rate Swap	$	1,000	2.56%	1/31/2022
Interest Rate Swap		500	2.56%	1/31/2023
Interest Rate Swap		500	2.55%	12/19/2023

For each of these swap contracts, the Company pays a fixed monthly rate and receives one month LIBOR.

The table below presents the fair value of the Company's interest rate swap contracts, as well as their classification on the Unaudited Consolidated Balance Sheets, as of September 30, 2020 (in millions). See Note 3 for additional information on the fair value of the Company's swap contracts.

	As of September 30, 2020		
	Balance Sheet Classification		**Fair Value**
Derivatives designated as cash flow hedges:			
Swap contracts	Other liabilities	$	100.7

The table below displays the effect of the Company's derivative financial instruments in the Unaudited Consolidated Statements of Income and other comprehensive loss for the nine months ended September 30, 2020 (in millions):

		2020
Interest Rate Swaps:		
Amount of loss recognized in other comprehensive income (loss) on derivatives, net of tax of $24.6 million	$	33.5
Amount of loss reclassified from accumulated other comprehensive loss into interest expense		26.9

The estimated net amount of the existing losses expected to be reclassified into earnings within the next 12 months is approximately $49.0 million at September 30, 2020.

14. Accumulated Other Comprehensive Loss (AOCL)

The changes in the components of AOCL for the nine months ended September 30, 2020 and 2019 are as follows (in thousands):

		Cumulative Foreign Currency Translation		**Unrealized Gains/Losses on Swap Contracts**		**Total Accumulated Other Comprehensive (Loss) Income**
Balance at January 1, 2020	$	(929,713)	$	(42,752)	$	(972,465)
Other comprehensive loss before reclassifications		(577,189)		(85,033)		(662,222)
Amounts reclassified from AOCI		—		26,949		26,949
Tax effect		—		24,602		24,602
Other comprehensive loss		(577,189)		(33,482)		(610,671)
Balance at September 30, 2020	$	(1,506,902)	$	(76,234)	$	(1,583,136)

		Cumulative Foreign Currency Translation		**Unrealized Gains/Losses on Swap Contracts**		**Total Accumulated Other Comprehensive (Loss) Income**
Balance at January 1, 2019	$	(913,858)	$	—	$	(913,858)
Other comprehensive loss before reclassifications		(148,282)		(71,703)		(219,985)
Amounts reclassified from AOCI		—		2,185		2,185
Tax effect		—		16,980		16,980
Other comprehensive loss		(148,282)		(52,538)		(200,820)
Balance at September 30, 2019	$	(1,062,140)	$	(52,538)	$	(1,114,678)

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

This Management's Discussion and Analysis of our financial condition and results of operations should be read in conjunction with the unaudited consolidated financial statements and related notes appearing elsewhere in this report. This discussion should also be read in conjunction with the management's discussion and analysis and consolidated financial statements and related notes included in our Annual Report on Form 10-K for the year ended December 31, 2019. In addition to historical information, this discussion contains forward-looking statements that involve risks, uncertainties and assumptions that could cause actual results to differ materially from management's expectations. See "Special Cautionary Notice Regarding Forward-Looking Statements".

Impact of COVID-19 on Our Business

On March 11, 2020, the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. The pandemic and these containment and mitigation measures have created adverse impacts on the U.S. and global economies and it is unclear how long the pandemic and related economic impacts will continue. The COVID-19 pandemic has impacted our business operations for the first nine months of 2020 as described in more detail under "Results of Operations" below, due to a significant decrease in the level of business activity across industries worldwide, which reduced the volume of payment services provided to our customers and revenue generated beginning during the second half of the last month of the first quarter and continuing through the date of this Report.

The evolving COVID-19 pandemic has had, and could continue to have, an adverse impact on our results of operations and liquidity; the operations of our suppliers, vendors and customers; and on our employees as a result of quarantines, facility closures, travel and logistics restrictions and general decreases in the level of consumer confidence and business activity. We expect that our business operations and results of operations, including our net revenues, earnings and cash flows, will be negatively impacted by certain factors arising from the pandemic including, but not limited to:

- changes in business and consumer confidence and spending habits, including negative trends in our customers' purchasing patterns due to decreased levels of business activity, credit availability, high debt levels and financial distress;
- lower fuel prices and related tightening of fuel spread prices;
- slowdowns in the volume of commercial trucking;
- fluctuations in the dollar compared to other currencies around the world;
- reduction in the level of business travel;
- decreased productivity due to travel bans, work-from-home policies or shelter-in-place orders;
- slowdown in the U.S. and global economies, and an uncertain global economic outlook or a potential credit crisis; and
- customers experiencing financial distress or declaring bankruptcy, including seeking extended payment terms, which would create incremental credit loss expense.

If the COVID-19 pandemic continues to impact the world economy and our customers, in particular, by restricting day-to-day operations and business activity generally, our annual revenues for the 2020 fiscal year will be adversely impacted. The extent to which the COVID-19 pandemic impacts our business operations, financial results, and liquidity for the remainder of the 2020 fiscal year and into the 2021 fiscal year will depend on numerous evolving factors that we may not be able to accurately predict or assess, including the duration and scope of the pandemic; our response to the impact of the pandemic; the negative impact it has on global and regional economies and general economic activity, including the duration and magnitude of its impact on unemployment rates and business spending levels; its short- and longer-term impact on the levels of consumer confidence; the ability of our suppliers, vendors and customers to successfully address the impacts of the pandemic; actions governments, businesses and individuals take in response to the pandemic; and how quickly economies recover after the pandemic subsides.

We have been taking steps to mitigate the potential risks related to the circumstances and impacts of COVID-19. We are focused on addressing these recent challenges with proactive actions designed to protect our employees, provide uninterrupted service to our customers, and meet our near term liquidity needs. Such actions include, but are not limited to:

- *Safety*: ensuring the safety of our approximately 8,000 employees worldwide by transitioning the vast majority of our employees to work from home;
- *Business Continuity*: ensuring that our systems and payment products continue to operate efficiently for our customers;
- *Liquidity*: consolidating cash to the United States from around the world and actively monitoring our availability under our existing credit facilities;
- *Expenses*: slowing discretionary sales and technology spending, furloughing contractors, and the executive team taking pay cuts; and

- *Credit*: in select distressed verticals, tightening customer credit lines and payment terms, including closing inactive lines, reducing unused capacity, and reducing payment terms.

These efforts may not be enough to offset the anticipated impact of the COVID-19 pandemic. See “*The extent to which the outbreak of the novel strain of the coronavirus (COVID-19) and measures taken in response thereto impact our business, results of operations and financial condition will depend on future developments, which are highly uncertain and are difficult to predict”* in Part II, Item 1A. Risk Factors of the previously filed Quarterly Report on Form 10-Q, filed with the Securities and Exchange Commission on May 11, 2020.

General Business

FLEETCOR Technologies, Inc. and its subsidiaries (the Company) is a leading global business payment solutions company that simplifies the way businesses manage and pay their expenses. The FLEETCOR portfolio of brands help companies automate, secure, digitize and control payments on behalf of their employees and suppliers. The Company serves businesses, partners, merchants and consumers and payment networks in North America, Latin America, Europe, and Asia Pacific.

As previously described in our Annual Report on Form 10-K for the year ended December 31, 2019, we have historically managed and reported our operating results through two reportable segments, defined by geographic region: North America and International. In the first quarter of 2020, we evaluated the identification of our operating and reportable segments based upon changes in business models, management reporting, and how the Chief Operating Decision Maker (CODM) is currently allocating resources, assessing performance and reviewing financial information. We determined that these changes caused the composition of our reportable segments to change and that Brazil represented a third operating and reportable segment, which was previously reported in the International segment. We now manage and report our operating results through three operating and reportable segments defined by geographic region: North America, Brazil and International, which aligns with how the CODM allocates resources, assesses performance and reviews financial information.

FLEETCOR solutions are comprised of payment products, networks and associated services. Our payment products generally function like a charge card, prepaid card, one-time use virtual card and electronic RFID (radio-frequency identification), etc. While the actual payment mechanisms vary from category to category, they are structured to afford control and reporting to the end customer. We group our payment solutions into five primary categories: Fuel, Lodging, Tolls, Corporate Payments and Gift. Additionally, we provide other complementary payment products including fleet maintenance, employee benefits and long haul transportation-related services. Our payment solutions are used in more than 100 countries around the world, with our primary geographies being the U.S., Brazil and the United Kingdom, which combined accounted for approximately 87% of our revenue in 2019.

We use both proprietary and third-party networks to deliver our payment solutions. FLEETCOR owns and operates proprietary networks with well-established brands throughout the world, bringing incremental sales and loyalty to affiliated merchants. Third-party networks are used to broaden payment product acceptance and use.

FLEETCOR markets its products directly through multiple sales channels, including field sales, telesales and digital marketing, and indirectly through our partners, which include major oil companies, leasing companies, petroleum marketers, value-added resellers (VARs) and referral partners.

Executive Overview

Our revenue is generally reported net of the cost for underlying products and services purchased through our payment products. In this report, we refer to this net revenue as "revenue". See “Results of Operations” for additional segment information.

Revenues, net, by Segment. The presentation of segment information has been recast for prior periods to align with our current segment presentation. For the three and nine months ended September 30, 2020 and 2019, our segments generated the following revenue (in millions).

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2020		2019		2020		2019	
(Unaudited)	Revenues, net	% of Total Revenues, net	Revenues, net	% of Total Revenues, net	Revenues, net	% of Total Revenues, net	Revenues, net	% of Total Revenues, net
North America	$ 383.8	65.6 %	$ 442.7	65.0 %	$ 1,176.0	66.4 %	$ 1,257.5	64.5 %
Brazil	79.6	13.6 %	106.6	15.6 %	253.7	14.3 %	315.9	16.2 %
International	121.9	20.8 %	131.8	19.4 %	341.9	19.3 %	376.6	19.3 %
	$ 585.3	100.0 %	$ 681.0	100.0 %	$ 1,771.5	100.0 %	$ 1,950.0	100.0 %

Revenues, net, Net Income and Net Income Per Diluted Share. Set forth below are revenues, net, net income and net income per diluted share for the three and nine months ended September 30, 2020 and 2019 (in millions, except per share amounts).

	Three Months Ended September 30,		Nine Months Ended September 30,	
(Unaudited)	**2020**	**2019**	**2020**	**2019**
Revenues, net	$ 585.3	$ 681.0	$ 1,771.5	$ 1,950.0
Net income	$ 188.8	$ 225.8	$ 494.4	$ 659.6
Net income per diluted share	$ 2.19	$ 2.49	$ 5.68	$ 7.33

Adjusted Net Income and Adjusted Net Income Per Diluted Share. Set forth below are adjusted net income and adjusted net income per diluted share for the three and nine months ended September 30, 2020 and 2019 (in millions, except per share amounts).

	Three Months Ended September 30,		Nine Months Ended September 30,	
(Unaudited)	**2020**	**2019**	**2020**	**2019**
Adjusted net income	$ 241.9	$ 280.6	$ 703.9	$ 775.7
Adjusted net income per diluted share	$ 2.80	$ 3.10	$ 8.09	$ 8.62

Adjusted net income and adjusted net income per diluted share are supplemental non-GAAP financial measures of operating performance. See the heading entitled “Management’s Use of Non-GAAP Financial Measures” for more information and a reconciliation of the non-GAAP financial measure to the most directly comparable financial measure calculated in accordance with GAAP. We use adjusted net income and adjusted net income per diluted share to eliminate the effect of items that we do not consider indicative of our core operating performance on a consistent basis.

Sources of Revenue

FLEETCOR offers a variety of business payment solutions that help to simplify, automate, secure, digitize and effectively control the way businesses manage and pay their expenses. We provide our payment solutions to our business, merchant, consumer and payment network customers in more than 100 countries around the world, although we operate primarily in 3 geographies, with approximately 87% of our business in the U.S., Brazil and the U.K. Our products help our customers pay their suppliers and manage spend related to their employees more efficiently. We have a variety of products that help our customers achieve these goals, primarily in five product categories: fuel, corporate payments, toll, lodging and gift. Our customers may include commercial businesses (obtained through direct and indirect channels), partners for whom we manage payment programs, as well as individual consumers (for tolls).

Fuel represents approximately 44% of our revenues. Our fuel cards and products help businesses monitor and control fuel spend across multiple fuel networks, providing online analytical reporting to help customers managing the efficiency of their vehicles and drivers, while offering potential discounts from the retail price of fuel. We generate revenue in our fuel products through a variety of program fees, including transaction fees, card fees, network fees and charges, as well as from interchange. These fees may be charged as fixed amounts, costs plus a mark-up, or based on a percentage of the transaction purchase amounts, or a combination thereof. Our programs also include other fees and charges associated with late payments and based on customer credit risk.

Corporate payments represents approximately 18% of our revenues. Our products help streamline business to business ("B2B") payments for vendors and employees, both domestically and internationally. Our corporate payments products include virtual card solutions for invoice payments, corporate card programs, a fully-outsourced accounts payable solution, as well as a cross-border payments product to facilitate customers making payments across differing currencies. In our corporate payments products, a primary measure of volume is spend, the dollar amount of payments processed on behalf of customers through our various networks. In corporate payments, we primarily earn revenue from the difference between the amount charged to the customer and the amount paid to the third party for a given transaction as interchange revenue. Our programs may also charge fixed fees for access to the network and ancillary services provided.

Tolls represents approximately 12% of our revenues. Our toll product is primarily delivered via an RFID sticker affixed to the windshield of a customer vehicle in Brazil. This RFID technology enables customers to utilize toll roads, toll parking lots, pay for gas at partner stations and pay for drive-through food, via automated access and payment upon scan while remaining in the vehicle. In our toll product, the relevant measure of volume is average monthly tags active during the period. We primarily earn revenue from fixed fees for access to the network and ancillary services provided. We also earn interchange on certain services provided.

Lodging represents approximately 9% of our revenues. Our lodging products provide customers with a proprietary network of hotels with discounted room rates, centralized billing and robust reporting to help customers manage and control costs. In our lodging products, we define a transaction as a hotel room night purchased by a customer. In our lodging products, we primarily earn revenue from the difference between the amount charged to the customer and the amount paid to the hotel for a given transaction. Our products may also charge fees for access to the network and ancillary services provided.

Gift represents approximately 7% of our revenues. We provide fully integrated gift card product management and processing services via plastic and digital gift cards to our customers. We primarily earn revenue from the processing of gift card transactions sold by our customers to end users, as well as from the sale of the plastic cards. Our products may also charge fixed fees for ancillary services provided.

The remaining 11% of revenues represents other products, which include telematics, maintenance, food, a payroll card solution for employers to distribute wages, and transportation related offerings.

The following table presents revenue and revenue per key performance metric by product for the three months ended September 30, 2020 and 2019 (in millions).*

	As Reported				Pro Forma and Macro Adjusted[3]			
	Three Months Ended September 30,				Three Months Ended September 30,			
(Unaudited)	**2020**	**2019**	**Change**	**% Change**	**2020**	**2019**	**Change**	**% Change**
FUEL								
- Revenues, net	$ 255.1	$ 295.6	$ (40.5)	(14)%	$ 262.4	$ 295.6	$ (33.2)	(11)%
- Transactions	113.6	129.4	(15.8)	(12)%	113.6	129.4	(15.8)	(12)%
- Revenues, net per transaction	$ 2.25	$ 2.28	$ (0.04)	(2)%	$ 2.31	$ 2.28	$ 0.03	1 %
CORPORATE PAYMENTS								
- Revenues, net[1]	$ 106.5	$ 120.0	$ (13.5)	(11)%	$ 106.5	$ 120.0	$ (13.4)	(11)%
- Spend volume	$ 15,567	$ 19,033	$ (3,466)	(18)%	$ 15,567	$ 19,033	$ (3,466)	(18)%
- Revenue, net per spend $	0.68 %	0.63 %	0.05 %	9 %	0.68 %	0.63 %	0.05 %	9 %
TOLLS								
- Revenues, net	$ 67.6	$ 88.7	$ (21.1)	(24)%	$ 91.6	$ 88.7	$ 2.9	3 %
- Tags (average monthly)	5.4	5.1	0.3	5 %	5.4	5.1	0.3	5 %
- Revenues, net per tag	$ 12.60	$ 17.43	$ (4.83)	(28)%	$ 17.06	$ 17.43	$ (0.37)	(2)%
LODGING								
- Revenues, net	$ 52.9	$ 56.4	$ (3.5)	(6)%	$ 52.9	$ 78.2	$ (25.3)	(32)%
- Room nights	5.4	4.4	1.0	22 %	5.4	7.1	(1.7)	(24)%
- Revenues, net per room night	$ 9.77	$ 12.74	$ (2.97)	(23)%	$ 9.77	$ 10.94	$ (1.16)	(11)%
GIFT								
- Revenues, net	$ 39.1	$ 48.5	$ (9.4)	(19)%	$ 39.1	$ 48.5	$ (9.4)	(19)%
- Transactions	242.7	277.8	(35.1)	(13)%	242.7	277.8	(35.1)	(13)%
- Revenues, net per transaction	$ 0.16	$ 0.17	$ (0.01)	(8)%	$ 0.16	$ 0.17	$ (0.01)	(8)%
OTHER[2]								
- Revenues, net[1]	$ 64.1	$ 71.9	$ (7.8)	(11)%	$ 65.6	$ 71.9	$ (6.4)	(9)%
- Transactions[1]	9.9	14.6	(4.7)	(32)%	9.9	14.6	(4.7)	(32)%
- Revenues, net per transaction	$ 6.48	$ 4.93	$ 1.55	31 %	$ 6.63	$ 4.93	$ 1.69	34 %
FLEETCOR CONSOLIDATED REVENUES, NET								
- Revenues, net	$ 585.3	$ 681.0	$ (95.8)	(14)%	$ 618.0	$ 702.9	$ (84.9)	(12)%

[1] Reflects certain reclassifications of revenue between product categories as the Company realigned its Corporate Payments business, resulting in reclassification of payroll paycard revenue from Corporate Payments to Other.

[2] Other includes telematics, maintenance, food, transportation and payroll card related businesses.

[3] See heading entitled "Managements' Use of Non-GAAP Financial Measures" for a reconciliation of pro forma and macro adjusted revenue by product and metric non-GAAP measures to the comparable financial measure calculated in accordance with GAAP.

* Columns may not calculate due to rounding.

Revenue per relevant key performance indicator ("KPI"), which may include transaction, spend volume, monthly tags, room nights, or other metrics, is derived from the various revenue types as discussed above and can vary based on geography, the relevant merchant relationship, the payment product utilized and the types of products or services purchased, the mix of which would be influenced by our acquisitions, organic growth in our business, and the overall macroeconomic environment, including fluctuations in foreign currency exchange rates, fuel prices and fuel spread margins. Revenue per KPI per customer may change as the level of services we provide to a customer increases or decreases, as macroeconomic factors change and as adjustments are made to merchant and customer rates. See “Results of Operations” for further discussion of transaction volumes and revenue per transaction.

Sources of Expenses

We incur expenses in the following categories:

- *Processing*—Our processing expense consists of expenses related to processing transactions, servicing our customers and merchants, credit losses and cost of goods sold related to our hardware sales in certain businesses.
- *Selling*—Our selling expenses consist primarily of wages, benefits, sales commissions (other than merchant commissions) and related expenses for our sales, marketing and account management personnel and activities.
- *General and administrative*—Our general and administrative expenses include compensation and related expenses (including stock-based compensation) for our executives, finance and accounting, information technology, human resources, legal and other administrative personnel. Also included are facilities expenses, third-party professional services fees, travel and entertainment expenses, and other corporate-level expenses.
- *Depreciation and amortization*—Our depreciation expenses include depreciation of property and equipment, consisting of computer hardware and software (including proprietary software development amortization expense), card-reading equipment, furniture, fixtures, vehicles, buildings and leasehold improvements related to office space. Our amortization expenses include amortization of intangible assets related to customer and vendor relationships, trade names and trademarks, software and non-compete agreements. We are amortizing intangible assets related to business acquisitions and certain private label contracts associated with the purchase of accounts receivable.
- *Other operating, net*—Our other operating, net includes other operating expenses and income items that do not relate to our core operations or that occur infrequently.
- *Investment (gain) loss*—Our investment results primarily relate to impairment charges related to our investments and unrealized gains and losses related to a noncontrolling interest in a marketable security.
- *Other expense (income), net*—Our other expense (income), net includes gains and losses from the sale of assets, foreign currency transactions, and other miscellaneous costs and revenue.
- *Interest expense, net*—Our interest expense, net includes interest expense on our outstanding debt, interest income on our cash balances and interest on our interest rate swaps.
- *Provision for income taxes*—Our provision for income taxes consists primarily of corporate income taxes related to earnings resulting from the sale of our products and services on a global basis.

Factors and Trends Impacting our Business

We believe that the following factors and trends are important in understanding our financial performance:

- *Global economic conditions*—Our results of operations are materially affected by conditions in the economy generally, both in North America and internationally, including the ultimate impact of the COVID-19 pandemic. Factors affected by the economy include our transaction volumes, the credit risk of our customers and changes in tax laws across the globe. These factors affected our businesses in our North America, Brazil and International segments.
- *Foreign currency changes*—Our results of operations are significantly impacted by changes in foreign currency exchange rates; namely, by movements of the Australian dollar, Brazilian real, British pound, Canadian dollar, Czech koruna, Euro, Mexican peso, New Zealand dollar and Russian ruble, relative to the U.S. dollar. Approximately 62% and 60% of our revenue in the nine months ended September 30, 2020 and 2019, respectively, was derived in U.S. dollars and was not affected by foreign currency exchange rates. See “Results of Operations” for information related to foreign currency impacts on our total revenue, net.

  Our cross-border foreign currency trading business aggregates foreign exchange exposures arising from customer contracts and economically hedges the resulting net currency risks by entering into offsetting contracts with established financial institution counterparties. These contracts are subject to counterparty credit risk.

- *Fuel prices*—Our fleet customers use our products and services primarily in connection with the purchase of fuel. Accordingly, our revenue is affected by fuel prices, which are subject to significant volatility. A change in retail fuel prices could cause a decrease or increase in our revenue from several sources, including fees paid to us based on a percentage of each customer's total purchase. Changes in the absolute price of fuel may also impact unpaid account balances and the late fees and charges based on these amounts. We believe approximately 11% and 13% of revenues, net were directly impacted by changes in fuel price in the three months ended September 30, 2020 and 2019, respectively. We believe approximately 11% and 13% of revenues, net were directly impacted by changes in fuel price in the nine months ended September 30, 2020 and 2019, respectively.

- *Fuel-price spread volatility*—A portion of our revenue involves transactions where we derive revenue from fuel-price spreads, which is the difference between the price charged to a fleet customer for a transaction and the price paid to the merchant for the same transaction. In these transactions, the price paid to the merchant is based on the wholesale cost of fuel. The merchant's wholesale cost of fuel is dependent on several factors including, among others, the factors described above affecting fuel prices. The fuel price that we charge to our customer is dependent on several factors including, among others, the fuel price paid to the merchant, posted retail fuel prices and competitive fuel prices. We experience fuel-price spread contraction when the merchant's wholesale cost of fuel increases at a faster rate than the fuel price we charge to our customers, or the fuel price we charge to our customers decreases at a faster rate than the merchant's wholesale cost of fuel. The inverse of these situations produces fuel-price spread expansion. We believe approximately 7% and 5% of revenues, net were directly impacted by fuel-price spreads in both the three months ended September 30, 2020 and 2019, respectively. We believe approximately 8% and 5% of revenues, net were directly impacted by fuel-price spreads in both the nine months ended September 30, 2020 and 2019, respectively.

- *Acquisitions*—Since 2002, we have completed over 80 acquisitions of companies and commercial account portfolios. Acquisitions have been an important part of our growth strategy, and it is our intention to continue to seek opportunities to increase our customer base and diversify our service offering through further strategic acquisitions. The impact of acquisitions has, and may continue to have, a significant impact on our results of operations and may make it difficult to compare our results between periods.

- *Interest rates*—Our results of operations are affected by interest rates. We are exposed to market risk changes in interest rates on our cash investments and debt. On January 22, 2019, the Company entered into three swap contracts. The objective of these swap contracts is to reduce the variability of cash flows in the previously unhedged interest payments associated with $2.0 billion of variable rate debt, the sole source of which is due to changes in the LIBOR benchmark interest rate. For each of these swap contracts, we pay a fixed monthly rate and receive one month LIBOR.

- *Expenses*—Over the long term, we expect that our general and administrative expense will decrease as a percentage of revenue as our revenue increases. To support our expected revenue growth, we plan to continue to incur additional sales and marketing expense by investing in our direct marketing, third-party agents, internet marketing, telemarketing and field sales force.

- *Taxes*—We pay taxes in various taxing jurisdictions, including the U.S., most U.S. states and many non-U.S. jurisdictions. The tax rates in certain non-U.S. taxing jurisdictions are different than the U.S. tax rate. Consequently, as our earnings fluctuate between taxing jurisdictions, our effective tax rate fluctuates.

Acquisitions and Investments

On September 17, 2020, we signed a definitive agreement to acquire Associated Foreign Exchange (AFEX), a cross-border payment solutions provider, for approximately $450 million. The transaction is expected to close in 2021, subject to regulatory approval and standard closing conditions.

On August 10, 2020, we acquired a business in the lodging space in the U.S.

During 2019, we completed acquisitions with an aggregate purchase price of approximately $416 million.

- On April 1, 2019, we completed the acquisition of NvoicePay, a provider of full accounts payable automation for businesses in the U.S. The aggregate purchase price of this acquisition was approximately $208 million, net of cash acquired.
- On April 1, 2019, we completed the acquisition of r2c, a fleet maintenance, compliance and workshop management software provider in the U.K.
- On July 8, 2019, we completed the acquisition of SOLE Financial, a payroll card provider in the U.S.
- On October 1, 2019, we completed the acquisition of Travelliance, an airline lodging provider in the U.S. The preliminary aggregate purchase price of this acquisition was approximately $110 million, net of cash acquired, which remains subject to working capital adjustments.

We report our results from our 2020 and 2019 U.S. acquisitions in our North America segment from the dates of acquisition. We report our results from our 2019 U.K. acquisition in our International segment from the date of acquisition.

Dispositions

During the third quarter of 2020, we sold a trading security investment.

As part of our plans to exit the telematics business, we sold our investment in Masternaut to Michelin Group during the second quarter of 2019. We impaired our investment in Masternaut by an additional $15.6 million during 2019, resulting in no gain or loss when the investment was sold.

Results of Operations

Three months ended September 30, 2020 compared to the three months ended September 30, 2019

The following table sets forth selected unaudited consolidated statements of income and selected operational data for the three months ended September 30, 2020 and 2019 (in millions, except percentages)*.

(Unaudited)	Three Months Ended September 30, 2020	% of Total Revenues, net	Three Months Ended September 30, 2019	% of Total Revenues, net	Increase (decrease)	% Change
Revenues, net:						
North America	$ 383.8	65.6 %	$ 442.7	65.0 %	$ (58.9)	(13.3)%
Brazil	79.6	13.6 %	106.6	15.6 %	(27.0)	(25.3)%
International	121.9	20.8 %	131.8	19.4 %	(9.9)	(7.5)%
Total revenues, net	585.3	100.0 %	681.0	100.0 %	(95.8)	(14.1)%
Consolidated operating expenses:						
Processing	119.9	20.5 %	135.0	19.8 %	(15.2)	(11.2)%
Selling	46.8	8.0 %	51.8	7.6 %	(5.0)	(9.7)%
General and administrative	90.9	15.5 %	98.1	14.4 %	(7.2)	(7.3)%
Depreciation and amortization	63.5	10.8 %	67.3	9.9 %	(3.9)	(5.7)%
Other operating, net	(0.2)	— %	(0.3)	— %	(0.1)	(28)%
Operating income	264.5	45.2 %	329.1	48.3 %	(64.6)	(19.6)%
Investment loss	1.3	0.2 %	—	— %	1.3	NM
Other (income) expense, net	(3.6)	(0.6)%	(0.1)	— %	3.5	NM
Interest expense, net	31.4	5.4 %	36.5	5.4 %	(5.1)	(14.0)%
Provision for income taxes	46.6	8.0 %	67.0	9.8 %	(20.4)	(30.4)%
Net income	$ 188.8	32.3 %	$ 225.8	33.2 %	$ (37.0)	(16.4)%
Operating income for segments:						
North America	$ 153.3		$ 205.6		$ (52.2)	(25.4)%
Brazil	35.6		42.5		(6.9)	(16.2)%
International	75.6		81.1		(5.5)	(6.8)%
Operating income	$ 264.5		$ 329.1		$ (64.6)	(19.6)%
Operating margin for segments:						
North America	39.9 %		46.4 %		(6.5)%	
Brazil	44.7 %		39.8 %		4.9 %	
International	62.0 %		61.6 %		0.5 %	
Consolidated	45.2 %		48.3 %		(3.1)%	

NM = Not Meaningful
*The sum of the columns and rows may not calculate due to rounding.

Revenues, net

Our consolidated revenues were $585.3 million in the three months ended September 30, 2020, a decrease of $95.8 million or 14.1%, from $681.0 million in the three months ended September 30, 2019. Consolidated revenues declined primarily due to decreases in volume as a result of the COVID-19 pandemic. Organically, consolidated revenues were down approximately 12%. These decreases were partially offset by the impact of acquisitions completed in 2019. In addition, the third quarter of 2020 results reflect the impact of the negative quarter over quarter macroeconomic environment.

Although we cannot precisely measure the impact of the macroeconomic environment, in total we believe it had a negative impact on our consolidated revenues for the three months ended September 30, 2020 over the comparable period in 2019 of approximately $33 million. Foreign exchange rates had an unfavorable impact on consolidated revenues of approximately $28 million, primarily due to unfavorable changes in foreign exchange rates in Brazil, and lower fuel prices had an unfavorable impact on revenues of approximately $9 million. These decreases were partially offset by the impact of favorable fuel spread margins of approximately $4 million.

North America segment revenues, net

North America segment revenues were $383.8 million in the three months ended September 30, 2020, a decrease of $58.9 million or 13.3%, from $442.7 million in the three months ended September 30, 2019. North America revenues declined primarily due to decreases in volume as a result of the COVID-19 pandemic. Organically, North America segment revenues were down approximately 17%. These decreases were partially offset by the impact of acquisitions completed in 2019. In addition, the third quarter of 2020 results reflect the impact of the negative quarter over quarter impact of the macroeconomic environment.

Although we cannot precisely measure the impact of the macroeconomic environment, in total we believe it had a negative impact on our North America segment revenues in the three months ended September 30, 2020 over the comparable period in 2019 of approximately $4 million, driven primarily by lower fuel prices of approximately $9 million. This decrease was partially offset by the favorable impact of fuel spread margins of approximately $4 million.

Brazil segment revenues, net

Brazil segment revenues were $79.6 million in the three months ended September 30, 2020, a decrease of $27.0 million or 25.3%, from $106.6 million in three months ended September 30, 2019. Brazil revenues declined primarily due to the unfavorable impact of foreign exchange rates. We believe unfavorable foreign exchange rates negatively impacted Brazil segment revenues for the three months ended September 30, 2020 over the comparable period in 2019, by approximately $28 million. These decreases were partially offset by organic growth in Brazil segment revenues of approximately 1%.

International segment revenues, net

International segment revenues were $121.9 million in the three months ended September 30, 2020, a decrease of $9.9 million or 7.5%, from $131.8 million in the three months ended September 30, 2019. International revenues declined primarily due to decreases in volume as a result of the COVID-19 pandemic. Organically, International segment revenues were down approximately 6%. The macroeconomic environment for the three months ended September 30, 2020 over the comparable period in 2019 was relatively neutral.

Revenues, net by geography and product category. Set forth below are further breakdowns of revenues, net by geography and product category for the three months ended September 30, 2020 and 2019 (in millions).

	Three Months Ended September 30,			
Revenues, net by Geography*	**2020**		**2019**	
(Unaudited)	**Revenues, net**	**% of Total Revenues, net**	**Revenues, net**	**% of Total Revenues, net**
United States	$ 357	61 %	$ 414	61 %
Brazil	80	14 %	106	16 %
United Kingdom	70	12 %	68	10 %
Other	78	13 %	93	14 %
Consolidated revenues, net	$ 585	100 %	681	100 %

* Columns may not calculate due to rounding.

Revenues, net by Product Category*[1]	Three Months Ended September 30,			
	2020		2019	
(Unaudited)	Revenues, net	% of Total Revenues, net	Revenues, net	% of Total Revenues, net
Fuel	$ 255	44 %	$ 296	43 %
Corporate Payments	107	18 %	120	18 %
Tolls	68	12 %	89	13 %
Lodging	53	9 %	56	8 %
Gift	39	7 %	48	7 %
Other	64	11 %	72	11 %
Consolidated revenues, net	$ 585	100 %	$ 681	100 %

[1] Reflects certain reclassifications of revenue between product categories as the Company realigned its Corporate Payments business, resulting in reclassification of payroll paycard revenue from Corporate Payments to Other.

*Columns may not calculate due to rounding.

Consolidated operating expenses

Processing. Processing expenses were $119.9 million in the three months ended September 30, 2020, a decrease of $15.2 million or 11.2%, from $135.0 million in the comparable prior period. Decreases in processing expenses were primarily due to the favorable impact of fluctuations in foreign exchange rates of approximately $6 million and lower variable costs due to reduced sales volumes and expense reductions in response to the COVID-19 pandemic, partially offset by expenses related to acquisitions completed in 2019 of approximately $3 million.

Selling. Selling expenses were $46.8 million in the three months ended September 30, 2020, a decrease of $5.0 million or 9.7%, from $51.8 million in the comparable prior period. Decreases in selling expenses were primarily due to lower commissions and other variable costs due to reduced sales volumes and the favorable impact of fluctuations in foreign exchange rates of approximately $2 million.

General and administrative. General and administrative expenses were $90.9 million in the three months ended September 30, 2020, a decrease of $7.2 million or 7.3% from $98.1 million in the comparable prior period. The decrease in general and administrative expenses was primarily due to decreased stock based compensation expense of approximately $4 million, decreased discretionary spending and the favorable impact of fluctuations in foreign exchange rates of approximately $3 million. These decreases were partially offset by an increase in other professional fees of approximately $1 million and the impact of acquisitions completed in 2019 of approximately $3 million.

Depreciation and amortization. Depreciation and amortization expenses were $63.5 million in the three months ended September 30, 2020, a decrease of $3.9 million or 5.7%, from $67.3 million. Decreases in depreciation and amortization expenses were primarily due to the favorable impact of fluctuations in foreign exchange rates of approximately $4 million and certain assets being fully amortized as of the beginning of the current period, partially offset by expenses related to acquisitions completed in 2019 of approximately $2 million.

Investment loss. Investment loss of $1.3 million in the three months ended September 30, 2020 relates to market value gains and losses recorded each period on an investment in a trading security, which we sold during the third quarter of 2020.

Interest expense, net. Interest expense, net was $31.4 million in the three months ended September 30, 2020, a decrease of $5.1 million or 14.0%, from $36.5 million in the comparable prior period. The decrease in interest expense was primarily due to decreases in LIBOR and lower borrowings on our Securitization Facility, partially offset by the impact of additional borrowings to repurchase our common stock. The following table sets forth the average interest rates paid on borrowings under our Credit Facility, excluding the related unused facility fees and swaps.

	Three Months Ended September 30,	
(Unaudited)	2020	2019
Term loan A	1.66 %	3.73 %
Term loan B	1.91 %	4.25 %
Revolving line of credit A, B & C USD Borrowings	1.67 %	3.87 %
Revolving line of credit B GBP Borrowings	1.57 %	2.21 %
Foreign swing line	1.55 %	2.17 %

There were no borrowings on the revolving D facility in 2020. The average unused facility fee for the Credit Facility excluding the revolving D facility was 0.30% in the three month period ended September 30, 2020. On August 20, 2020, we terminated the revolving D facility.

On January 22, 2019, we entered into three interest rate swap cash flow contracts. The objective of these interest rate swap contracts is to reduce the variability of cash flows in the previously unhedged interest payments associated with $2 billion of variable rate debt, tied to the one month LIBOR benchmark interest rate. During the three months ended September 30, 2020, as a result of these swap contracts, we incurred additional interest expense of $12.2 million or 2.39% over the average LIBOR rates on $2 billion of borrowings.

Provision for income taxes. The provision for income taxes and effective tax rate were $46.6 million and 19.8%, respectively, in the three months ended September 30, 2020, a decrease of $20.4 million and 310 basis points from $67.0 million and 22.9%, respectively, in the three months ended September 30, 2019. We provide for income taxes during interim periods based on an estimate of our effective tax rate for the year. Discrete items and changes in the estimate of the annual tax rate are recorded in the period they occur. The decrease in the provision for income taxes was driven primarily by lower pre-tax earnings. The decrease in adjusted tax rate was due primarily to an increase in excess tax benefits on stock option exercises in 2020 over the comparable period in 2019.

Net income. For the reasons discussed above, our net income decreased to $188.8 million in the three months ended September 30, 2020, a decrease of $37.0 million or 16.4%, from $225.8 million in the three months ended September 30, 2019.

Operating income and operating margin

Consolidated operating income. Operating income was $264.5 million in the three months ended September 30, 2020, a decrease of $64.6 million or 19.6%, from $329.1 million in the comparable prior period. Our operating margin was 45.2% and 48.3% for the three months ended September 30, 2020 and 2019, respectively. These decreases were driven primarily by decreases in volume as a result of the COVID-19 pandemic, unfavorable movements in the foreign exchange rates of approximately $13 million and lower fuel prices of approximately $9 million. These decreases were partially offset by the favorable impact of fuel spread margins of approximately $4 million and lower stock based compensation expense.

For the purpose of segment operating results, we calculate segment operating income by subtracting segment operating expenses from segment revenues, net. Segment operating margin is calculated by dividing segment operating income by segment revenues, net.

North America segment operating income. North America operating income was $153.3 million in the three months ended September 30, 2020, a decrease of $52.2 million or 25.4%, from $205.6 million in the comparable prior period. North America operating margin was 39.9% and 46.4% for the three months ended September 30, 2020 and 2019, respectively. These decreases were primarily driven by decreases in volume as a result of the COVID-19 pandemic and lower fuel prices of approximately $9 million. These decreases were partially offset by the favorable impact of fuel spread margins of approximately $4 million and lower stock based compensation expense.

Brazil segment operating income. Brazil operating income was $35.6 million in the three months ended September 30, 2020, a decrease of $6.9 million or 16.2%, from $42.5 million in the comparable prior period. Brazil operating margin was 44.7% and 39.8% for the three months ended September 30, 2020 and 2019, respectively. The decrease in operating income was primarily driven by the unfavorable impact of foreign exchange rates of approximately $13 million, partially offset by organic growth in Brazil segment revenues of approximately 1%. The increase in operating margin was due to lower bad debt expense of approximately $5 million in 2020.

International segment operating income. International operating income was $75.6 million in the three months ended September 30, 2020, a decrease of $5.5 million or 6.8%, from $81.1 million in the comparable prior period. International operating margin was 62.0% and 61.6% for the three months ended September 30, 2020 and 2019, respectively. The decrease in operating income was driven primarily by decreases in volume as a result of the COVID-19 pandemic.

Nine months ended September 30, 2020 compared to the nine months ended September 30, 2019

The following table sets forth selected unaudited consolidated statements of income data for the nine months ended September 30, 2020 and 2019 (in millions, except percentages)*.

(Unaudited)	Nine Months Ended September 30, 2020	% of Total Revenues, net	Nine Months Ended September 30, 2019	% of Total Revenues, net	Increase (decrease)	% Change
Revenues, net:						
North America	$ 1,176.0	66.4 %	$ 1,257.5	64.5 %	$ (81.6)	(6.5)%
Brazil	253.7	14.3 %	315.9	16.2 %	(62.1)	(19.7)%
International	341.9	19.3 %	376.6	19.3 %	(34.7)	(9.2)%
Total revenues, net	1,771.5	100.0 %	1,950.0	100.0 %	(178.4)	(9.2)%
Consolidated operating expenses:						
Processing	474.8	26.8 %	384.6	19.7 %	90.3	23.5 %
Selling	145.0	8.2 %	152.9	7.8 %	(7.9)	(5.2)%
General and administrative	283.7	16.0 %	297.6	15.3 %	(13.9)	(4.7)%
Depreciation and amortization	190.1	10.7 %	205.7	10.5 %	(15.6)	(7.6)%
Other operating, net	(0.5)	— %	(1.5)	(0.1)%	(1.0)	(67.4)%
Operating income	678.3	38.3 %	910.6	46.7 %	(232.3)	(25.5)%
Investment (gain) loss	(30.0)	(1.7)%	15.7	0.8 %	(45.7)	NM
Other (income) expense, net	(10.5)	(0.6)%	0.6	— %	(11.1)	NM
Interest expense, net	99.5	5.6 %	115.1	5.9 %	(15.6)	(13.6)%
Provision for income taxes	125.0	7.1 %	119.7	6.1 %	5.3	4.4 %
Net income	$ 494.4	27.9 %	$ 659.6	33.8 %	$ (165.2)	(25.0)%
Operating income for segments:						
North America	$ 372.2		$ 562.2		$ (190.0)	(33.8)%
Brazil	104.5		126.9		(22.4)	(17.7)%
International	201.6		221.5		(19.9)	(9.0)%
Operating income	$ 678.3		$ 910.6		$ (232.3)	(25.5)%
Operating margin for segments:						
North America	31.7 %		44.7 %		(13.1)%	
Brazil	41.2 %		40.2 %		1.0 %	
International	59.0 %		58.8 %		0.2 %	
Consolidated	38.3 %		46.7 %		(8.4)%	

NM = Not Meaningful

*The sum of the columns and rows may not calculate due to rounding.

Revenues, net

Our consolidated revenues were $1,771.5 million, in the nine months ended September 30, 2020, a decrease of $178.4 million, or 9.2%, from $1,950.0 million in the nine months ended September 30, 2019. Consolidated revenues declined primarily due to decreases in volume as a result of the COVID-19 pandemic. Organically, consolidated revenues were down approximately 8%. These decreases were partially offset by the impact of acquisitions completed in 2019. In addition, the first nine months of 2020 results reflect the impact of the negative period over period impact of the macroeconomic environment.

Although we cannot precisely measure the impact of the macroeconomic environment, in total we believe it had a negative impact on our consolidated revenues for the nine months ended September 30, 2020 over the comparable period in 2019 of approximately $60 million. Foreign exchange rates had an unfavorable impact on consolidated revenues of approximately $84 million, due to unfavorable fluctuations in foreign exchange rates primarily in Brazil, Mexico and Russia, and lower fuel prices had an unfavorable impact of $22 million. These decreases were partially offset by the impact of favorable fuel spread margins of approximately $45 million.

North America segment revenues, net

North America segment revenues were $1,176.0 million in the nine months ended September 30, 2020, a decrease of $81.6 million, or 6.5%, from $1,257.5 million in the nine months ended September 30, 2019. North America revenues declined primarily due to decreases in volume as a result of the COVID-19 pandemic. Organically, North America segment revenues were down approximately 12%.

This decrease was partially offset by the impact of acquisitions completed during 2019, as well as the favorable impact of fuel spread margins. Although we cannot precisely measure the impact of the macroeconomic environment, in total we believe it had a positive impact on our North America segment revenue in the nine months ended September 30, 2020 over the comparable period in 2019 of approximately $22 million, driven primarily by favorable fuel spread margins of approximately $45 million, partially offset by lower fuel prices of approximately $21 million and the unfavorable impact of foreign exchange rates in Canada of $2 million.

Brazil segment revenues, net

Brazil segment revenues were $253.7 million in the nine months ended September 30, 2020, a decrease of $62.1 million or 19.7%, from $315.9 million in nine months ended September 30, 2019. Brazil revenues declined primarily due to the unfavorable impact of foreign exchange rates. We believe unfavorable foreign exchanges rates negatively impacted Brazil segment revenues for the nine months ended September 30, 2020 over the comparable period in 2019, by approximately $73 million. These decreases were partially offset by organic growth in Brazil segment revenues of approximately 3%.

International segment revenues, net

International segment revenues were $341.9 million in the nine months ended September 30, 2020, a decrease of $34.7 million, or 9.2%, from $376.6 million in the nine months ended September 30, 2019. International revenues declined primarily due to decreases in volume as a result of the COVID-19 pandemic and the unfavorable impact of foreign exchange rates. Organically, International segment revenues were down approximately 7%. We believe unfavorable foreign exchange rates had a negative impact on our International segment revenues for the nine months ended September 30, 2020 over the comparable period in 2019 of approximately $9 million. These decreases were partially offset by the impact of an acquisition completed in 2019.

Revenues, net by geography and product category. Set forth below are further breakdowns of revenue by geography and product category for the nine months ended September 30, 2020 and 2019 (in millions).

Revenues, net by Geography*	**Nine Months Ended September 30,**			
	2020		**2019**	
(Unaudited)	**Revenues, net**	**% of total revenues, net**	**Revenues, net**	**% of total revenues, net**
United States	$ 1,090	62 %	$ 1,174	60 %
Brazil	254	14 %	316	16 %
United Kingdom	193	11 %	205	10 %
Other	235	13 %	256	13 %
Consolidated revenues, net	$ 1,772	100 %	$ 1,950	100 %

* Columns may not calculate due to rounding.

Revenues, net by Product Category*[1]	**Nine Months Ended September 30,**			
	2020		**2019**	
(Unaudited)		**% of total revenues, net**		**% of total revenues, net**
Fuel	$ 797	45 %	$ 874	45 %
Corporate Payments	319	18 %	329	17 %
Tolls	215	12 %	264	14 %
Lodging	150	8 %	148	8 %
Gift	108	6 %	133	7 %
Other	182	10 %	203	10 %
Consolidated revenues, net	$ 1,772	100 %	$ 1,950	100 %

[1] Reflects certain reclassifications of revenue between product categories as the Company realigned its Corporate Payments business, resulting in reclassification of payroll paycard revenue from Corporate Payments to Other.

* Columns may not calculate due to rounding.

Consolidated operating expenses

Processing. Processing expenses were $474.8 million in the nine months ended September 30, 2020, an increase of $90.3 million, or 23.5%, from $384.6 million in the comparable prior period. Increases in processing expenses were primarily due to a write-off of a significant customer receivable in our foreign currency trading business of approximately $90 million in the first quarter of 2020, acquisitions completed in 2019 of approximately $23 million and an increase in credit losses of approximately $14 million. These increases were partially offset by the favorable impact of fluctuations in foreign exchange rates of approximately $23 million and lower variable costs due to reduced sales volumes and expense reductions in response to the COVID-19 pandemic.

Selling. Selling expenses were $145.0 million in the nine months ended September 30, 2020, a decrease of $7.9 million, or 5.2%, from $152.9 million in the nine months ended September 30, 2019. Decreases in selling expenses were primarily due to lower commissions and other variable costs due to reduced sales volumes and the favorable impact of fluctuations in foreign exchange rates of approximately $6 million, partially offset by expenses related to acquisitions completed in 2019 of approximately $4 million.

General and administrative. General and administrative expenses were $283.7 million in the nine months ended September 30, 2020, a decrease of $13.9 million, or 4.7% from $297.6 million in the comparable prior period. The decrease was primarily due to decreased stock based compensation expense of approximately $11 million, decreased discretionary spending and the favorable impact of fluctuations in foreign exchange rates of approximately $9 million. These decreases were partially offset by the impact of acquisitions completed in 2019 of approximately $13 million and professional fees of $7 million over the comparable prior period.

Depreciation and amortization. Depreciation and amortization expenses were $190.1 million in the nine months ended September 30, 2020, a decrease of $15.6 million, or 7.6% from $205.7 million in the comparable prior period. The decrease was primarily due to the favorable impact of foreign exchange rates of approximately $12 million and assets being fully amortized, partially offset by expenses related to acquisitions completed in 2019 of approximately $9 million.

Investment (gain) loss. Investment gain of $30.0 million in the nine months ended September 30, 2020 relates to market value gains and losses recorded each period on an investment in a trading security, which we sold during the third quarter of 2020. The loss in 2019 was due to a non-cash impairment charge of $16 million recorded on a cost method investment.

Other (income) expense, net. Other income, net was $10.5 million in the nine months ended September 30, 2020, compared to other expense, net of $0.6 million in the nine months ended September 30, 2019. Other income in 2020 includes a credit of approximately $7 million related to a purchase price settlement in our Cambridge acquisition.

Interest expense, net. Interest expense, net was $99.5 million in the nine months ended September 30, 2020, a decrease of $15.6 million, or 13.6%, from $115.1 million in the comparable prior period. The decrease in interest expense is primarily due to decreases in LIBOR and lower borrowings on our Securitization Facility, partially offset by the impact of additional borrowings to repurchase our common stock. The following table sets forth the average interest rates paid on borrowings under our Credit Facility, excluding the related unused facility fees and swaps.

	Nine Months Ended September 30,	
(Unaudited)	**2020**	**2019**
Term loan A	2.23 %	3.89 %
Term loan B	2.53 %	4.41 %
Revolving line of credit A, B & C USD Borrowings	2.27 %	3.97 %
Revolving line of credit B GBP Borrowings	1.79 %	2.22 %
Foreign swing line	1.73 %	2.17 %

There were no borrowings on the revolving D facility in 2020. The average unused facility fee for the Credit Facility excluding the revolving D facility was 0.30% in the nine month period ended September 30, 2020. The fixed unused facility fee for the revolving D facility was 0.375% for the nine month period ending September 30, 2020. On August 20, 2020, we terminated the revolving D facility.

On January 22, 2019, we entered into three interest rate swap contracts. The objective of these interest rate swap contracts is to reduce the variability of cash flows in the previously unhedged interest payments associated with $2 billion of variable rate debt, tied to the one month LIBOR benchmark interest rate. During the nine months ended September 30, 2020, as a result of these swaps, we incurred additional interest expense of approximately $26.9 million or 1.78% over the average LIBOR rates on $2 billion of borrowings.

Provision for income taxes. The provision for income taxes and effective tax rate was $125.0 million and 20.2% in the nine months ended September 30, 2020, an increase of $5.3 million, or 4.4% change, from $119.7 million and 15.4%, respectively, in the comparable prior period. We provide for income taxes during interim periods based on an estimate of our effective tax rate for the year. Discrete items and changes in the estimate of the annual tax rate are recorded in the period they occur. The provision for income taxes in the nine months ended September 30, 2020 included a $9.8 million increase in a reserve for uncertain tax positions related to prior years. The comparable period of 2019 included an income tax benefit of $65 million due to the final disposition of our remaining interest in Masternaut, which allowed us to carryback the capital loss on our investment in Masternaut and offset it against a previously recorded capital gain from the sale of Nextraq in 2017. Excluding these discrete tax items, income tax expense would be $66.0 million lower in the nine months ended September 30, 2020 than the comparable period in 2019, primarily due to a decrease in pre-tax earnings. Excluding these discrete items, our tax rate for the nine months ended September 30, 2020 would have been 18.6% compared to 23.3% in 2019. The decrease in the tax rate excluding these discrete items was primarily due to additional excess tax benefit on stock option exercises in 2020 over the comparable period in 2019.

Net income. For the reasons discussed above, our net income was $494.4 million in the nine months ended September 30, 2020, a decrease of $165.2 million, or 25.0% from $659.6 million in the nine months ended September 30, 2019.

Operating income and operating margin

Consolidated operating income. Operating income was $678.3 million in the nine months ended September 30, 2020, a decrease of $232.3 million, or 25.5%, from $910.6 million in the comparable prior period. Our operating margin was 38.3% and 46.7% for the nine months ended September 30, 2020 and 2019, respectively. These decreases were primarily driven by the write-off of a significant customer receivable in our cross border payments business of approximately $90 million, decreases in volume as a result of the COVID-19 pandemic, unfavorable movements in foreign exchange rates of approximately $34 million, lower fuel prices of approximately $22 million and the negative impact of acquisitions completed in 2019. These decreases were partially offset by the favorable impact of fuel spread margins of $45 million.

For the purpose of segment operating results, we calculate segment operating income by subtracting segment operating expenses from segment revenue. Segment operating margin is calculated by dividing segment operating income by segment revenue.

North America segment operating income. North America operating income was $372.2 million in the nine months ended September 30, 2020, a decrease of $190.0 million, or 33.8%, from $562.2 million in the comparable prior period. North America operating margin was 31.7% and 44.7% and for the nine months ended September 30, 2020 and 2019, respectively. These decreases were due primarily to the write-off of a significant customer receivable in our cross border payments business of approximately $90 million, decreases in volume as a result of the COVID-19 pandemic, lower fuel prices of approximately $21 million and the negative impact of acquisitions completed in 2019. These decreases were partially offset by the favorable impact of fuel spread margins of $45 million and favorable movements in the foreign exchange rates of $3 million.

Brazil segment operating income. Brazil operating income was $104.5 million in the nine months ended September 30, 2020, a decrease of $22.4 million, or 17.7%, from $126.9 million in the comparable prior period. Brazil operating margin was 41.2% and 40.2% for the nine months ended September 30, 2020 and 2019, respectively. The decrease in operating income was due primarily to the unfavorable impact of foreign exchange rates of $31 million. The decrease was partially offset by organic growth in Brazil segment revenues of approximately 3%.

International segment operating income. International operating income was $201.6 million in the nine months ended September 30, 2020, a decrease of $19.9 million, or 9.0%, from $221.5 million in the comparable prior period. International operating margin was 59.0% and 58.8% for the nine months ended September 30, 2020 and 2019, respectively. The decrease in operating income was primarily due to decreases in volume as a result of the COVID-19 pandemic and the unfavorable impact of the macroeconomic environment of approximately $6 million, primarily driven by unfavorable movements in foreign exchange rates.

Liquidity and capital resources

Our principal liquidity requirements are to service and repay our indebtedness, make acquisitions of businesses and commercial account portfolios, repurchase shares of our common stock and meet working capital, tax and capital expenditure needs.

Sources of liquidity. We believe that our current level of cash and borrowing capacity under our Credit Facility and Securitization Facility (each defined below), together with expected future cash flows from operations, will be sufficient to meet the needs of our existing operations and planned requirements for the foreseeable future, based on our current assumptions. At September 30, 2020, we had approximately $1.6 billion in total liquidity, consisting of approximately $800 million available under our Credit Facility (defined below) and available cash of $789 million, net of restricted cash. Restricted cash represents customer deposits in the Czech Republic and in our Comdata business in the U.S., as well as collateral received from customers for cross-currency transactions in our Cambridge business, which are restricted from use other than to repay customer deposits, as well as to secure and settle cross-currency transactions.

We also utilize an accounts receivable Securitization Facility to finance a majority of our domestic receivables, to lower our cost of borrowing and more efficiently use capital. We generate and record accounts receivable when a customer makes a purchase from a merchant using one of our card products and generally pay merchants before collecting the receivable. As a result, we utilize the Securitization Facility as a source of liquidity to provide the cash flow required to fund merchant payments while we collect customer balances. These balances are primarily composed of charge balances, which are typically billed to the customer on a weekly, semimonthly or monthly basis, and are generally required to be paid within 14 days of billing. We also consider the undrawn amounts under our Securitization Facility and Credit Facility as funds available for working capital purposes and acquisitions. At September 30, 2020, we had no additional liquidity under our Securitization Facility.

Additionally, we have immaterial outside basis differences in our investments in foreign subsidiaries and have not recorded incremental income taxes for any additional outside basis differences, as these amounts continue to be indefinitely reinvested in foreign operations.

We cannot assure you that our assumptions used to estimate our liquidity requirements will remain accurate due to the unprecedented nature of the disruption to our operations and the unpredictability of the COVID-19 global pandemic. As a consequence, our estimates of the duration of the pandemic and the severity of the impact on our future earnings and cash flows could change and have a material impact on our results of operations and financial condition. The following have impacted or may impact our liquidity:

- The negative impact of the COVID-19 global pandemic on our business as discussed above under “Impact of COVID-19 on Our Business”.
- In April 2020, we amended the Credit Agreement to add a $250 million revolving D 364 day facility as a precautionary measure to provide us with additional financial flexibility to manage our business with a safety-first emphasis during the unknown duration and impact of the COVID-19 global pandemic. On August 20, 2020, management determined that, due to a recovery in our business operations and other safeguards being in place, the revolving D facility was no longer necessary and the facility was terminated.
- We have principal and interest obligations under our debt and ongoing financial covenants under those debt facilities.
- During the third quarter, we repurchased approximately 1 million shares in connection with our stock repurchase program for $238.4 million. At September 30, 2020, we had approximately $1.06 billion remaining repurchase authorization under our current share repurchase program.

- We have never declared or paid any dividends on our common stock and do not anticipate paying cash dividends to holders of our common stock in the foreseeable future.
- While we intend to employ a disciplined and highly selective approach, we may pursue strategic business acquisitions in the future.
- We intend to balance discretionary spending and hiring with revenue and volume trends.

Cash flows

The following table summarizes our cash flows for the nine month periods ended September 30, 2020 and 2019 (in millions).

	Nine Months Ended September 30,	
(Unaudited)	**2020**	**2019**
Net cash provided by operating activities	$ 1,214.7	$ 791.1
Net cash used in investing activities	(74.6)	(383.5)
Net cash used in financing activities	(1,221.9)	(260.5)

Operating activities. Net cash provided by operating activities was $1,214.7 million in the nine months ended September 30, 2020, an increase from $791.1 million in the comparable prior period. The increase in operating cash flows was primarily due to favorable working capital adjustments primarily due to the timing of cash receipts and payments in the nine months ended September 30, 2020 over the comparable period in 2019.

Investing activities. Net cash used in investing activities was $74.6 million in the nine months ended September 30, 2020 compared to $383.5 million in the nine months ended September 30, 2019. The decrease was primarily due to the decrease in cash paid for acquisitions in the nine months ended September 30, 2020 over the comparable period in 2019 and the proceeds from the sale of an investment in the third quarter of 2020.

Financing activities. Net cash used in financing activities was $1,221.9 million in the nine months ended September 30, 2020, compared to $260.5 million in the nine months ended September 30, 2019. The increased use of cash is primarily due to an increase in repurchases of our common stock of $729 million and decreased net borrowings on our Securitization Facility of $389 million in the nine months ended September 30, 2020 over the comparable period in 2019, partially offset by increased net borrowings on our Credit Facility of $179 million.

Capital spending summary

Our capital expenditures were $55.0 million in the nine months ended September 30, 2020, an increase of $6.3 million or 13.0%, from $48.7 million in the comparable prior period due to the impact of acquisitions and continued investments in technology.

Credit Facility

FLEETCOR Technologies Operating Company, LLC, and certain of our domestic and foreign owned subsidiaries, as designated co-borrowers (the “Borrowers”), are parties to a $5.11 billion Credit Agreement (the "Credit Agreement"), with Bank of America, N.A., as administrative agent, swing line lender and local currency issuer, and a syndicate of financial institutions (the “Lenders”), which has been amended multiple times. The Credit Agreement provides for senior secured credit facilities (collectively, the "Credit Facility") consisting of a revolving credit facility in the amount of $1.285 billion, a term loan A facility in the amount of $3.225 billion and a term loan B facility in the amount of $350 million as of September 30, 2020. The revolving credit facility consists of (a) a revolving A credit facility in the amount of $800 million, with sublimits for letters of credit and swing line loans, (b) a revolving B facility in the amount of $450 million for borrowings in U.S. dollars, euros, British pounds, Japanese yen or other currency as agreed in advance, and a sublimit for swing line loans, and (c) a revolving C facility in the amount of $35 million for borrowings in U.S. dollars, Australian dollars or New Zealand dollars. The Credit Agreement also includes an accordion feature for borrowing an additional $750 million in term loan A, term loan B, revolving A or revolving B facility debt and an unlimited amount when the leverage ratio on a pro forma basis is less than 3.00 to 1.00. Proceeds from the credit facilities may be used for working capital purposes, acquisitions, and other general corporate purposes. On April 24, 2020, we entered into the eighth amendment to the Credit Agreement to add a $250 million revolving D facility. On August 20, 2020, we terminated the revolving D facility. The maturity date for the term loan A and revolving credit facilities A, B and C is December 19, 2023. The maturity date for the term loan B is August 2, 2024.

Interest on amounts outstanding under the Credit Agreement (other than the term loan B) accrues based on the British Bankers Association LIBOR Rate (the "Eurocurrency Rate"), plus a margin based on a leverage ratio, or our option, the Base Rate (defined as the rate equal to the highest of (a) the Federal Funds Rate plus 0.50%, (b) the prime rate announced by Bank of America, N.A., or (c) the Eurocurrency Rate plus 1.00%) plus a margin based on a leverage ratio. Interest on the term loan B facility accrues based on the Eurocurrency Rate plus 1.75% for Eurocurrency Loans or the Base Rate plus 0.75% for Base Rate

Loans. The Eurocurrency rate has a 0% floor. In addition, we pay a quarterly commitment fee at a rate per annum ranging from 0.25% to 0.35% of the daily unused portion of the Credit Facility.

At September 30, 2020, the interest rate on the term loan A was 1.65%, the interest rate on the term loan B was 1.90%, the interest rate on the revolving A facility was 1.65%, and the interest rate on the revolving B facility was 1.55% for GBP borrowings. The unused credit facility fee was 0.30% at September 30, 2020.

The term loans are payable in quarterly installments and are due on the last business day of each March, June, September, and December with the final principal payment due on the respective maturity date. Borrowings on the revolving line of credit are repayable at our option of one, two, three or six months after borrowing, depending on the term of the borrowing on the facility. Borrowings on the foreign swing line of credit are due no later than twenty business days after such loan is made.

The Credit Facility contains representations, warranties and events of default, as well as certain affirmative and negative covenants, customary for financings of this nature. These covenants include limitations on the ability to pay dividends and make other restricted payments under certain circumstances and compliance with certain financial ratios. As of September 30, 2020, we were in compliance with each of the covenants under the Credit Facility.

Our Credit Agreement contains a number of negative covenants restricting, among other things, limitations on liens (with exceptions for our Securitization Facility) and investments, incurrence or guarantees of indebtedness, mergers, acquisitions, dissolutions, liquidations and consolidations, dispositions, dividends and other restricted payments and prepayments of other indebtedness. In particular, we are not permitted to make any restricted payments (which includes any dividend or other distribution) except that we may declare and make dividend payments or other distributions to our stockholders so long as (i) on a pro forma basis both before and after the distribution the consolidated leverage ratio is not greater than 3.25 to 1.00 and we are in compliance with the financial covenants and (ii) no default or event of default shall exist or result therefrom. The Credit Agreement also contains customary events of default. The Credit Agreement includes financial covenants where the Company is required to maintain a consolidated leverage ratio of less than or equal to 4.00 to 1.00 as of the end of any fiscal quarter provided that in connection with any Material Acquisition the leverage ratio may be increased to 4.25 to 1.00 for the quarter in which the Material Acquisition is consummated and the next three fiscal quarters; and a consolidated interest coverage ratio of no less than 4.00 to 1.00.

The obligations of the Borrowers under the Credit Agreement are secured by substantially all of the assets of FLEETCOR and its domestic subsidiaries, pursuant to a security agreement and includes a pledge of (i) 100% of the issued and outstanding equity interests owned by us of each Domestic Subsidiary and (ii) 66% of the voting shares of the first-tier foreign subsidiaries, but excluding real property, personal property located outside of the U.S., accounts receivables and related assets subject to the Securitization Facility and certain investments required under money transmitter laws to be held free and clear of liens.

At September 30, 2020, we had $3.0 billion in borrowings outstanding on the term loan A, net of discounts and $338.1 million in borrowings outstanding on the term loan B, net of discounts. We have unamortized debt issuance costs of $5.4 million related to the revolving facilities as of September 30, 2020 recorded within other assets in the Unaudited Consolidated Balance Sheet. We have unamortized debt discounts and debt issuance costs related to the term loans of $7.7 million and $1.0 million at September 30, 2020, respectively.

During the nine months ended September 30, 2020, we made principal payments of $123.6 million on the term loans, $1.3 billion on the revolving facilities, and $92.8 million on the swing line revolving facility. In addition, we made principal payments on a notes payable related to an acquisition of $10.6 million.

Cash Flow Hedges

On January 22, 2019, we entered into three swap contracts. The objective of these swap contracts is to reduce the variability of cash flows in the previously unhedged interest payments associated with $2.0 billion of variable rate debt, the sole source of which is due to changes in the LIBOR benchmark interest rate. These swap contracts qualify as hedging instruments and have been designated as cash flow hedges. For each of these swap contracts, we pay a fixed monthly rate and receive one month LIBOR. We reclassified approximately $26.9 million of losses from accumulated other comprehensive income into interest expense during the nine months ended September 30, 2020 as a result of these hedging instruments.

Securitization Facility

We are party to a $1.0 billion receivables purchase agreement among FLEETCOR Funding LLC, as seller, PNC Bank, National Association as administrator, and various purchaser agents, conduit purchasers and related committed purchasers parties thereto, which was amended and restated for the fifth time as of November 14, 2014. We refer to this arrangement as the Securitization Facility. There have been several amendments to the Securitization Facility. The Securitization Facility expires on November 14, 2020 and contains customary financial covenants. On April 24, 2020, we reduced our Securitization Facility commitment from $1.2 billion to $1.0 billion. On August 21, 2020, we executed a commitment letter to enter into the seventh amendment to the Securitization Facility effective November 13, 2020. This amendment will extend the facility termination date to November 12, 2021, add an uncommitted accordion to increase the purchase limit by up to $500.0 million, revise obligor concentration limits and reserve calculations, add a 0.375% LIBOR floor and modify certain swing line terms.

There is a program fee equal to one month LIBOR plus 0.90% or the Commercial Paper Rate plus 0.80%. The program fee was 0.16% plus 0.88% and 1.80% plus 0.88% as of September 30, 2020 and December 31, 2019, respectively. In connection with the proposed seventh amendment discussed above, the program fee for LIBOR borrowings will increase from 0.90% to 1.25%, and the program fee for Commercial Paper Rate borrowing will increase from 0.80% to 1.15%. The unused facility fee is payable at a rate of 0.40% per annum as of September 30, 2020 and December 31, 2019, respectively. We have unamortized debt issuance costs of $1.6 million and $0.7 million related to the Securitization Facility as of September 30, 2020 and December 31, 2019, respectively, recorded within other assets in the Unaudited Consolidated Balance Sheet.

The Securitization Facility provides for certain termination events, which includes nonpayment, upon the occurrence of which the administrator may declare the facility termination date to have occurred, may exercise certain enforcement rights with respect to the receivables, and may appoint a successor servicer, among other things.

We were in compliance with the financial covenant requirements related to our Securitization Facility as of September 30, 2020.

Stock Repurchase Program

The Company's Board of Directors has approved a stock repurchase program (as updated from time to time, the "Program"), authorizing the Company to repurchase its common stock from time to time until February 1, 2023. On October 22, 2020, our Board increased the aggregate size of the Program by $1 billion, to $4.1 billion. Since the beginning of the Program, 14435566 shares have been repurchased for an aggregate purchase price of $3.0 billion, leaving the Company up to approximately $1.06 billion available under the Program for future repurchases in shares of its common stock.

Any stock repurchases may be made at times and in such amounts as deemed appropriate. The timing and amount of stock repurchases, if any, will depend on a variety of factors including the stock price, market conditions, corporate and regulatory requirements, and any additional constraints related to material inside information the Company may possess. Any repurchases have been and are expected to be funded by a combination of available cash flow from the business, working capital and debt.

On December 18, 2019, the Company entered an accelerated stock repurchase agreement ("2019 ASR Agreement") with a third-party financial institution to repurchase $500 million of its common stock. Pursuant to the 2019 ASR Agreement, the Company delivered $500 million in cash and received 1,431,989 shares based on a stock price of $285.70 on December 18, 2019. The 2019 ASR Agreement was completed on February 20, 2020, at which time the Company received 175,340 additional shares based on a final weighted average per share purchase price during the repurchase period of $311.08.

We accounted for the 2019 ASR Agreement as two separate transactions: (i) as shares of reacquired common stock for the shares delivered to the Company upon effectiveness of each ASR agreement and (ii) as a forward contract indexed to the Company's common stock for the undelivered shares. The initial delivery of shares was included in treasury stock at cost and results in an immediate reduction of the outstanding shares used to calculate the weighted average common shares outstanding for basic and diluted earnings per share. The forward contracts indexed to the Company's own common stock met the criteria for equity classification, and these amounts were initially recorded in additional paid-in capital.

Pending Acquisition

On September 17, 2020, we signed a definitive agreement to acquire Associated Foreign Exchange (AFEX), a cross-border payment solutions provider, for approximately $450 million. The transaction is expected to close in 2021, subject to regulatory approval and standard closing conditions.

Critical accounting policies and estimates

In applying the accounting policies that we use to prepare our consolidated financial statements, we necessarily make accounting estimates that affect our reported amounts of assets, liabilities, revenues and expenses. Some of these estimates require us to make assumptions about matters that are highly uncertain at the time we make the accounting estimates. We base these assumptions and the resulting estimates on historical information and other factors that we believe to be reasonable under the circumstances, and we evaluate these assumptions and estimates on an ongoing basis. In many instances, however, we reasonably could have used different accounting estimates and, in other instances, changes in our accounting estimates could occur from period to period, with the result in each case being a material change in the financial statement presentation of our financial condition or results of operations. We refer to estimates of this type as critical accounting estimates.

Accounting estimates necessarily require subjective determinations about future events and conditions. During the three months ended September 30, 2020, we have not adopted any new critical accounting policies that had a significant impact upon our consolidated financial statements, have not changed any critical accounting policies and have not changed the application of any critical accounting policies from the year ended December 31, 2019. For critical accounting policies, refer to the Critical Accounting Estimates in Item 7 – Management's Discussion and Analysis of Financial Condition and Results of Operations included in our Annual Report on Form 10-K for the year ended December 31, 2019 and our summary of significant accounting policies in Note 1 of our Notes to the Unaudited Consolidated Financial Statements in this Quarterly Report on Form 10-Q.

Management's Use of Non-GAAP Financial Measures

We have included in the discussion above certain financial measures that were not prepared in accordance with GAAP. Any analysis of non-GAAP financial measures should be used only in conjunction with results presented in accordance with GAAP. Below, we define the non-GAAP financial measures, provide a reconciliation of each non-GAAP financial measure to the most directly comparable financial measure calculated in accordance with GAAP, and discuss the reasons that we believe this information is useful to management and may be useful to investors.

Pro forma and macro adjusted revenue and key performance metric by product. We define the pro forma and macro adjusted revenue as revenue, net as reflected in our statement of income, adjusted to eliminate the impact of the macroeconomic environment and the impact of acquisitions and dispositions. The macroeconomic environment includes the impact that market fuel spread margins, fuel prices and foreign exchange rates have on our business. We use pro forma and macro adjusted revenue and transactions to evaluate the organic growth in our revenue and the associated transactions. Set forth below is a reconciliation of pro forma and macro adjusted revenue and transactions to the most directly comparable GAAP measure, revenue, net and transactions (in millions):

(Unaudited)	Revenues, net Three Months Ended September 30, 2020*	Revenues, net Three Months Ended September 30, 2019*	Key Performance Metric Three Months Ended September 30, 2020*	Key Performance Metric Three Months Ended September 30, 2019*
FUEL - TRANSACTIONS				
Pro forma and macro adjusted	$ 262.4	$ 295.6	113.6	129.4
Impact of acquisitions/dispositions	—	—	—	—
Impact of fuel prices/spread	(4.5)	—	—	—
Impact of foreign exchange rates	(2.8)	—	—	—
As reported	$ 255.1	$ 295.6	113.6	129.4
CORPORATE PAYMENTS - SPEND				
Pro forma and macro adjusted	$ 106.5	$ 120.0	15,567	19,033
Impact of acquisitions/dispositions	—	—	—	—
Impact of fuel prices/spread	(0.4)	—	—	—
Impact of foreign exchange rates	0.3	—	—	—
As reported	$ 106.5	$ 120.0	15,567	19,033
TOLLS - TAGS				
Pro forma and macro adjusted	$ 91.6	$ 88.7	5.4	5.1
Impact of acquisitions/dispositions	—	—	—	—
Impact of fuel prices/spread	—	—	—	—
Impact of foreign exchange rates	(23.9)	—	—	—
As reported	$ 67.6	$ 88.7	5.4	5.1
LODGING - ROOM NIGHTS				
Pro forma and macro adjusted	$ 52.9	$ 78.2	5.4	7.1
Impact of acquisitions/dispositions	—	(21.8)	—	(2.7)
Impact of fuel prices/spread	—	—	—	—
Impact of foreign exchange rates	—	—	—	—
As reported	$ 52.9	$ 56.4	5.4	4.4
GIFT - TRANSACTIONS				
Pro forma and macro adjusted	$ 39.1	$ 48.5	242.7	277.8
Impact of acquisitions/dispositions	—	—	—	—
Impact of fuel prices/spread	—	—	—	—
Impact of foreign exchange rates	—	—	—	—
As reported	$ 39.1	$ 48.5	242.7	277.8
OTHER[1] - TRANSACTIONS				
Pro forma and macro adjusted	$ 65.6	$ 71.9	9.9	14.6
Impact of acquisitions/dispositions	—	—	—	—
Impact of fuel prices/spread	—	—	—	—
Impact of foreign exchange rates	(1.4)	—	—	—
As reported	$ 64.1	$ 71.9	9.9	14.6
FLEETCOR CONSOLIDATED REVENUES, NET			Intentionally Left Blank	
Pro forma and macro adjusted	$ 618.0	$ 702.9		
Impact of acquisitions/dispositions	—	(21.8)		
Impact of fuel prices/spread	(4.9)	—		
Impact of foreign exchange rates	(27.8)	—		
As reported	$ 585.3	$ 681.0		

* Columns may not calculate due to rounding.

[1]Other includes telematics, maintenance, food, transportation and payroll card related businesses.

Adjusted net income and adjusted net income per diluted share. We have defined the non-GAAP measure adjusted net income as net income as reflected in our Statement of Income, adjusted to eliminate (a) non-cash stock based compensation expense related to share based compensation awards, (b) amortization of deferred financing costs, discounts and intangible assets, amortization of the premium recognized on the purchase of receivables, and our proportionate share of amortization of intangible assets at our equity method investment, (c) integration and deal related costs, and (d) other non-recurring items, including unusual losses occurring due largely to COVID-19, the impact of discrete tax items, impairment charges, asset write-offs, restructuring costs, gains due to disposition of assets and a business, loss on extinguishment of debt, and legal settlements.

We have defined the non-GAAP measure adjusted net income per diluted share as the calculation previously noted divided by the weighted average diluted shares outstanding as reflected in our Statements of Income. We use adjusted net income to eliminate the effect of items that we do not consider indicative of our core operating performance. We believe it is useful to exclude non-cash stock based compensation expense from adjusted net income because non-cash equity grants made at a certain price and point in time do not necessarily reflect how our business is performing at any particular time and stock based compensation expense is not a key measure of our core operating performance. We also believe that amortization expense can vary substantially from company to company and from period to period depending upon their financing and accounting methods, the fair value and average expected life of their acquired intangible assets, their capital structures and the method by which their assets were acquired. Therefore, we have excluded amortization expense from adjusted net income. We also believe non-recurring expenses, gains, losses, and impairment charges do not necessarily reflect how our investments and business are performing. We have also excluded a write-off of a customer receivable due to their liquidation as a result of the impact of COVID-19 to their business. We believe that adjusted net income and adjusted net income per diluted share are appropriate supplemental measures of financial performance and may be useful to investors in understanding our operating performance on a consistent basis. Adjusted net income and adjusted net income per diluted share are not intended to be a substitute for GAAP financial measures and should not be used as such.

Set forth below is a reconciliation of adjusted net income and adjusted net income per diluted share to the most directly comparable GAAP measure, net income and net income per diluted share (in thousands, except per share amounts)*:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(Unaudited)	**2020**	**2019**	**2020**	**2019**
Net income	$ 188,817	$ 225,805	$ 494,365	$ 659,563
Stock based compensation	11,905	15,273	35,069	46,120
Amortization of intangible assets, premium on receivables, deferred financing costs and discounts	49,078	52,907	146,995	163,048
Investment loss (gain)	1,330	—	(30,008)	15,660
Integration and deal related costs[1]	1,768	—	11,035	—
Restructuring and related costs	185	—	4,912	—
Legal settlements/litigation	2,048	—	(2,989)	3,474
Write-off of customer receivable[2]	—	—	90,058	—
Total pre-tax adjustments	66,314	68,180	255,072	228,302
Income tax impact of pre-tax adjustments at the effective tax rate[3]	(13,196)	(15,177)	(55,429)	(49,023)
Impact of discrete tax item[4]	—	1,782	9,848	(63,098)
Adjusted net income	$ 241,935	$ 280,590	$ 703,856	$ 775,744
Adjusted net income per diluted share	$ 2.80	$ 3.10	$ 8.09	$ 8.62
Diluted shares	86,273	90,522	87,006	89,976

[1] Beginning in the first quarter of 2020, the Company included integration and deal related costs in its definition to calculate adjusted net income and adjusted net income per diluted share. Prior period amounts were approximately $1.0 million and $3.8 million for the three and nine months ended September 30, 2019, which we consider immaterial.

[2] Represents a bad debt loss in the first quarter of 2020 from a large client in our Cambridge business entering voluntary bankruptcy due to the extraordinary impact of the COVID-19 pandemic.

[3] Excludes the results of the Company's investment in the nine months ended September 30, 2019, on our effective tax rate, as results from Masternaut investment are reported within the consolidated Statements of Income on a post-tax basis and no tax-over-book outside basis difference prior to disposition.

[4] Represents the impact of a discrete tax reserve adjustment related to prior year tax positions in the nine months ended September 30, 2020 and tax reform in 2019. Also, includes the impact from the disposition of our investment in Masternaut of $64.9 million during the nine months ended September 2019.

*Columns may not calculate due to rounding.

Special Cautionary Notice Regarding Forward-Looking Statements

This report contains forward-looking statements within the meaning of the federal securities laws. Statements that are not historical facts, including statements about FLEETCOR's beliefs, assumptions, expectations and future performance, are forward-looking statements. Forward-looking statements can be identified by the use of words such as “anticipate,” “intend,” “believe,” “estimate,” “plan,” “seek,” “project” or “expect,” “may,” “will,” “would,” “could” or “should,” the negative of these terms or other comparable terminology.

These forward-looking statements are not a guarantee of performance, and you should not place undue reliance on such statements. We have based these forward-looking statements largely on preliminary information, internal estimates and management assumptions, expectations and plans about future conditions, events and results. Forward-looking statements are subject to many uncertainties and other variable circumstances, such as the impact of global, political, market, health and other conditions, including the impact of the coronavirus (COVID-19); regulatory measures or voluntary actions, including social distancing, shelter-in-place, shutdowns of nonessential businesses and similar measures imposed or undertaken in an effort to contain and mitigate the spread of the coronavirus (COVID-19); adverse outcomes with respect to current and future legal proceedings, including, without limitation, the FTC lawsuit, or actions of governmental or quasi-governmental bodies or standards or industry organizations with respect to our payment cards; delays or failures associated with implementation of, or adaption to, new technology; fuel price and spread volatility; changes in credit risk of customers and associated losses; the actions of regulators relating to payment cards or resulting from investigations; failure to maintain or renew key business relationships; failure to maintain competitive product offerings; failure to complete, or delays in completing, anticipated new partnerships and customer arrangements or acquisitions and to successfully integrate or otherwise achieve anticipated benefits from such partnerships and customer arrangements or acquired businesses; failure to successfully expand and manage our business internationally; other risks related to our international operations, including the potential impact to our business as a result of the United Kingdom’s referendum to leave the European Union; the impact of foreign exchange rates on operations, revenue and income; the effects of general economic and political conditions on fueling patterns and the commercial activity of fleets; risks related to litigation; the impact of new tax regulations and the resolution of tax contingencies resulting in additional tax liabilities; as well as the other risks and uncertainties identified under the caption "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2019 filed with the Securities and Exchange Commission on March 2, 2020 and subsequent filings made by us, including this Quarterly Report on Form 10-Q. These factors could cause our actual results and experience to differ materially from any forward-looking statement. The forward-looking statements included in this presentation are made only as of the date hereof. We do not undertake, and specifically disclaim, any obligation to update any such statements as a result of new information, future events or developments, except as specifically stated or to the extent required by law. You may get FLEETCOR’s Securities and Exchange Commission (“SEC”) filings for free by visiting the SEC web site at www.sec.gov.

This report includes non-GAAP financial measures, which are used by the Company and investors as supplemental measures to evaluate the overall operating performance of companies in our industry. By providing these non-GAAP financial measures, together with reconciliations, we believe we are enhancing investors' understanding of our business and our results of operations, as well as assisting investors in evaluating how well we are executing strategic initiatives. See "Management’s Use of Non-GAAP Financial Measures" elsewhere in this Quarterly Report on Form 10-Q for additional information regarding these GAAP financial measures and a reconciliation to the nearest corresponding GAAP measure.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

As of September 30, 2020, there have been no material changes to our market risk from that disclosed in our Annual Report on Form 10-K for the year ended December 31, 2019.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

As of September 30, 2020, management carried out, under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934). Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of September 30, 2020, our disclosure controls and procedures were effective in ensuring that information required to be disclosed by us in the reports that we file or submit under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in applicable rules and forms and are designed to ensure that information required to be disclosed in those reports is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

There were no changes in our internal control over financial reporting during the quarter ended September 30, 2020, 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

In the ordinary course of business, the Company is involved in various pending or threatened legal actions, arbitration proceedings, claims, subpoenas, and matters relating to compliance with laws and regulations (collectively, "legal proceedings"). Based on our current knowledge, management presently does not believe that the liabilities arising from these legal proceedings will have a material adverse effect on our consolidated financial condition, results of operations or cash flows. However, it is possible that the ultimate resolution of these legal proceedings could have a material adverse effect on our results of operations and financial condition for any particular period.

Derivative Lawsuits

On July 10, 2017, a shareholder derivative complaint was filed against the Company and certain of the Company’s directors and officers in the United States District Court for the Northern District of Georgia (“Federal Derivative Action”) seeking recovery on behalf of the Company. The Federal Derivative Action alleges that the defendants issued a false and misleading proxy statement in violation of the federal securities laws; that defendants breached their fiduciary duties by causing or permitting the Company to make allegedly false and misleading public statements concerning the Company’s fee charges, and financial and business prospects; and that certain defendants breached their fiduciary duties through allegedly improper sales of stock. The complaint seeks unspecified monetary damages on behalf of the Company, corporate governance reforms, disgorgement of profits, benefits and compensation by the defendants, restitution, costs, and attorneys’ and experts’ fees. On September 20, 2018, the court entered an order deferring the Federal Derivative Action pending a ruling on motions for summary judgment in the shareholder class action, notice a settlement has been reached in the shareholder class action, or until otherwise agreed to by the parties. After preliminary approval of the proposed settlement of the shareholder class action was granted, the stay on the Federal Derivative Action was lifted. Plaintiffs amended their complaint on February 22, 2020. FLEETCOR filed a motion to dismiss the amended complaint in the Federal Derivative Action on April 17, 2020, which the court granted without leave to amend on October 21, 2020.

On January 9, 2019, a similar shareholder derivative complaint was filed in the Superior Court of Gwinnett County, Georgia (“State Derivative Action”), which was stayed pending a ruling on motions for summary judgment in the shareholder class action, notice a settlement has been reached in the shareholder class action, or until otherwise agreed by the parties. On the parties’ joint motion, the court has continued the stay of the State Derivative Action “pending further developments in the first-filed Federal Derivative Action.” The defendants dispute the allegations in the derivative complaints and intend to vigorously defend against the claims.

FTC Investigation

In October 2017, the Federal Trade Commission (“FTC”) issued a Notice of Civil Investigative Demand to the Company for the production of documentation and a request for responses to written interrogatories. After discussions with the Company, the FTC proposed in October 2019 to resolve potential claims relating the Company’s advertising and marketing practices, principally in its U.S. direct fuel card business within its North American Fuel Card business. The parties reached impasse primarily related to what the Company believes are unreasonable demands for redress made by the FTC.

On December 20, 2019, the FTC filed a lawsuit in the Northern District of Georgia against the Company and Ron Clarke. See FTC v. FLEETCOR and Ronald F. Clarke, No. 19-cv-05727 (N.D. Ga.). The complaint alleges the Company and Clarke violated the FTC Act’s prohibitions on unfair and deceptive acts and practices. The complaint seeks among other things injunctive relief, consumer redress, and costs of suit. The Company continues to believe that the FTC’s claims are without merit and these matters are not and will not be material to the Company’s financial performance. The Company has incurred and continues to incur legal and other fees related to this complaint. Any settlement of this matter, or defense against the lawsuit, could involve costs to the Company, including legal fees, redress, penalties, and remediation expenses. At this time, the Company believes the possible range of outcomes includes continuing litigation or discussions leading to a settlement, or the closure of these matters without further action.

Item 1A. Risk Factors

In addition to the other information set forth in this report, you should carefully consider the factors discussed in Part I, Item 1A. “Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2019 and Part II, Item 1A, "Risk Factors" in other reports we file with the Securities and Exchange Commission, from time to time, all of which could materially affect our business, financial condition or future results. For example, these risks now include risks related to the COVID-19 pandemic and related economic developments.

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

The Company's Board of Directors has approved a stock repurchase program (as updated from time to time, the "Program") authorizing the Company to repurchase its common stock from time to time until February 1, 2023. On October 22, 2020, our Board increased the aggregate size of the Program by $1 billion, to $4.1 billion. Since the beginning of the Program through September 30, 2020, 14435566 shares have been repurchased for an aggregate purchase price of $3.0 billion, leaving the Company up to approximately $1.06 billion available under the Program for future repurchases in shares of its common stock.

Any stock repurchases may be made at times and in such amounts as deemed appropriate. The timing and amount of stock repurchases, if any, will depend on a variety of factors including the stock price, market conditions, corporate and regulatory requirements, and any additional constraints related to material inside information the Company may possess. Any repurchases have been and are expected to be funded by a combination of available cash flow from the business, working capital and debt.

On December 18, 2019, the Company entered an accelerated stock repurchase agreement ("2019 ASR Agreement") with a third-party financial institution to repurchase $500 million of its common stock. Pursuant to the 2019 ASR Agreement, the Company delivered $500 million in cash and received 1,431,989 shares based on a stock price of $285.70 on December 18, 2019. The 2019 ASR Agreement was completed on February 20, 2020, at which time the Company received 175,340 additional shares based on a final weighted average per share purchase price during the repurchase period of $311.08.

The Company accounted for the 2019 ASR Agreement as two separate transactions: (i) as shares of reacquired common stock for the shares delivered to the Company upon effectiveness of each ASR agreement and (ii) as a forward contract indexed to the Company's common stock for the undelivered shares. The initial delivery of shares was included in treasury stock at cost and results in an immediate reduction of the outstanding shares used to calculate the weighted average common shares outstanding for basic and diluted earnings per share. The forward contracts indexed to the Company's own common stock met the criteria for equity classification, and these amounts were initially recorded in additional paid-in capital.

The following table presents information as of September 30, 2020, with respect to purchase of common stock of the Company made during the three months ended September 30, 2020 by the Company as defined in Rule 10b-18(a)(3) under the Exchange Act.

Period	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of the Publicly Announced Plan	Maximum Value that May Yet be Purchased Under the Publicly Announced Plan (in thousands)
July 1, 2020 through July 31, 2020	412	$ 217.19	13,436,063	$ 293,983
August 1, 2020 through August 31, 2020	—	$ —	13,436,063	$ 293,983
September 1, 2020 through September 30, 2020	999,503	$ 238.43	14,435,566	$ 55,676

Item 3. Defaults Upon Senior Securities

Not applicable.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

Not applicable.

Item 6. Exhibits

Exhibit No.	
3.1	Amended and Restated Certificate of Incorporation of FLEETCOR Technologies, Inc. (incorporated by reference to Exhibit 3.1 to the Registrant’s Annual Report on Form 10-K, File No. 001-35004, filed with the SEC on March 25, 2011)
3.2	Certificate of Amendment to the Amended and Restated Certificate of Incorporation of FLEETCOR Technologies, Inc. (incorporated by reference to Exhibit 3.1 to the Registrant's Current Report on Form 8-K, File No. 001-35004, file with the SEC on June 8, 2018)
3.3	Certificate of Amendment to the Amended and Restated Certificate of Incorporation of FLEETCOR Technologies, Inc. (incorporated by reference to Exhibit 3.1 to the Registrant's Current Report on Form 8-K, File No. 001-35004, filed with the SEC on June 14, 2019)
3.4	Amended and Restated Bylaws of FLEETCOR Technologies, Inc. (incorporated by reference to Exhibit 3.1 to the Registrant’s Current Report on Form 8-K, File No. 001-35004, filed with the SEC on October 28, 2020)
10.1**	Offer letter, dated September 1, 2020, between FLEETCOR Technologies, Inc. and Charles Freund (incorporated by reference to Exhibit 99.1 to the Registrant's Current Report on Form 8-K/A, File No. 001-35004, filed with the SEC on September 4, 2020)
31.1*	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) and rule 15d-14(a) of the Securities Exchange Act, as amended
31.2*	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) and rule 15d-14(a) of the Securities Exchange Act, as amended
32.1*	Certification of Chief Executive Officer pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2001
32.2*	Certification of Chief Financial Officer pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2001
101*	The following financial information for the Registrant formatted in XBRL (Extensible Business Reporting Language): (i) the Consolidated Balance Sheets, (ii) the Unaudited Consolidated Statements of Income, (iii) the Unaudited Consolidated Statements of Comprehensive Income; (iv) the Unaudited Consolidated Statements of Cash Flows and (v) the Notes to Unaudited Consolidated Financial Statements
104*	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

*Filed Herein
**Identifies management contract or compensatory plan or arrangement.

SIGNATURES

Pursuant to the requirements 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, in their capacities indicated on November 9, 2020.

FLEETCOR Technologies, Inc.
(Registrant)

Signature	Title
/s/ Ronald F. Clarke Ronald F. Clarke	President, Chief Executive Officer and Chairman of the Board of Directors (Duly Authorized Officer and Principal Executive Officer)
/s/ Charles R. Freund Charles R. Freund	Chief Financial Officer (Principal Financial Officer)

Exhibit 31.1

CERTIFICATIONS

I, Ronald F. Clarke, certify that:

1. I have reviewed this quarterly report on Form 10-Q of FLEETCOR Technologies, 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 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 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.

/s/ Ronald F. Clarke

Ronald F. Clarke
Chief Executive Officer

November 9, 2020

Exhibit 31.2

CERTIFICATIONS

I, Charles R. Freund, certify that:

1. I have reviewed this quarterly report on Form 10-Q of FLEETCOR Technologies, 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 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 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.

/s/ Charles R. Freund

Charles R. Freund
Chief Financial Officer

November 9, 2020

Exhibit 32.1

CERTIFICATIONS PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002
(18 U.S.C. SECTION 1350)

In connection with the Quarterly Report of FLEETCOR Technologies, Inc., a Delaware corporation (the “Company”), on Form 10-Q for the period ended September 30, 2020, as filed with the Securities and Exchange Commission (the “Report”), Ronald F. Clarke, Chief Executive Officer of the Company, does hereby certify, pursuant to § 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. § 1350), that to his knowledge:

(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 results of operations of the Company.

/s/ Ronald F. Clarke

Ronald F. Clarke
Chief Executive Officer

November 9, 2020

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

Exhibit 32.2

CERTIFICATIONS PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002
(18 U.S.C. SECTION 1350)

In connection with the Quarterly Report of FLEETCOR Technologies, Inc., a Delaware corporation (the “Company”), on Form 10-Q for the period ended September 30, 2020, as filed with the Securities and Exchange Commission (the “Report”), Charles R. Freund, Chief Financial Officer of the Company, does hereby certify, pursuant to § 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. § 1350), that to his knowledge:

(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 results of operations of the Company.

/s/ Charles R. Freund

Charles R. Freund
Chief Financial Officer

November 9, 2020

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