

## 2016: Solid results in line with expectations

### Operating and financial performance

- Revenue for the year : 2,312 million euros
  - o Up 8% on a comparable basis<sup>1</sup>
  - o Up 16% on a comparable basis<sup>1</sup> excluding the United States and Brazil
- Highlights :
  - o Acceleration in growth of ePayments (+11%<sup>1</sup> for the year and +19%<sup>1</sup> in Q4)
  - o Increase in contribution from Omnichannel solutions
  - o Excellent performance in 2016 in Europe (+14%<sup>1</sup>) and in Asia-Pacific (+25%<sup>1</sup>)
- EBITDA<sup>2</sup>: 476 million euros representing 20.6% of revenues
- Free cash-flow of 248 million euros, representing a conversion rate FCF/EBITDA of 52%
- Group net profit of 244 million euros, up 6%
- Proposed dividend of 1.50 euros, up 15%

### New Organisational Structure<sup>3</sup>

- New client-centred operational structure : in place at the start of April 2017
- Organisation into two operating segments : Retail and Banks & Acquirers

### 2017 Objectives

- 2017 Organic Growth of around 7%
- 2017 EBITDA margin slightly stronger than that of 2016

Ingenico Group (Euronext: FR0000125346 - ING) today announced today its fourth quarter 2016 revenues and its audited financial statements results for the year ended December 31, 2016.

**Philippe Lazare, the Chairman and Chief Executive Officer of Ingenico Group, commented:** “The growth of the ePayments division accelerated sharply at the end of the year, illustrating the relevance of the investments we have made. All regions recorded excellent performances, with the exception of the Brazilian and US markets. Again this year, the Group demonstrated its strong cash generation capability and strengthened its excellent financial position. Our recent commercial successes reflect our excellent innovation capabilities combined with the quality of our products and services. The operational reorganization designed around our clients, announced today, will strengthen the implementation of the Group's omnichannel strategy.”

---

<sup>1</sup> On a like-for-like basis at constant exchange rates

<sup>2</sup> EBITDA is not an accounting term; it is a financial metric defined here as profit from ordinary activities before depreciation, amortization and provisions, and before share-based compensations.

<sup>3</sup> Pending completion of regulatory process with Works Council

## 2016 Results

### Key figures

(in millions of euros)	2016	2015	Year-on-Year Difference
Revenue	2 312	2 197	+5%
Adjusted Gross Profit	987	972	+2%
<i>As a % of revenue</i>	42.7%	44.3%	-160bpts
Adjusted Operating expenses	(584)	(536)	9%
<i>As a % of revenue</i>	-25.3%	-24.4%	90bpts
Profit from ordinary activities, adjusted (EBIT)	403	437	-8%
<i>As a % of revenue</i>	17.5%	19.9%	-240bpts
Operating margin	357	381	-6%
Net Profit	251	235	7%
Net Profit attributable to Group shareholders	244	230	6%
EBITDA	476	508	-6%
<i>As a % of revenue</i>	20.6%	23.1%	-250bpts
Free cash flow	248	285	-13%
Net Debt	126	252	-50%
Net Debt-to-EBITDA ratio	0.3x	0.5x	
Equity attributable to Group shareholders	1 703	1 506	13%

## 8% organic growth in revenue

	FY 2016			Q4 2016		
	M€	% change		M€	% change	
		Comparable <sup>1</sup>	Reported		Comparable <sup>1</sup>	Reported
ePayments	488	11%	9%	133	19%	19%
Europe-Africa	846	14%	11%	215	7%	3%
APAC & Middle East	530	25%	21%	153	23%	26%
Latin America	172	-20%	-25%	42	-30%	-22%
North America	276	-13%	-13%	66	-32%	-32%
<b>Total</b>	<b>2 312</b>	<b>8%</b>	<b>5%</b>	<b>609</b>	<b>3%</b>	<b>3%</b>

### Performance in the fourth quarter

In the fourth quarter of 2016, revenue totaled 609 million Euros, representing a 3% increase on a reported basis, including a negative exchange rate impact of 8 million Euros and a positive perimeter effect of 10 million Euros. Total revenue included 412 million Euros generated by the Payment Terminals business and 197 million Euros in Payment Services activities.

On a comparable basis<sup>1</sup>, revenue was up 3% compared to the Q4 2015 figure in comparison to the fourth quarter of 2015 with an increase of 16% for Payment Services and a decline of 3% in Payment Terminals.

Compared to Q4 2015, performance for the fourth quarter by division, on a like-for-like basis and at constant exchange rates, was as follows:

- **ePayments (+19%)** : The ePayments division recorded very strong growth, with strong transaction volumes at the end of the year (Single Day, Thanksgiving, Cyber Monday), thus beating its record for the number of transactions processed in a single day.

The division's new offer has encountered tremendous commercial success notably thanks to the newly developed features, allowing e-retailers to improve their conversion rates. In 2016, the platform delivered a record availability rate, reflecting the quality of the investments made.

- **Europe-Africa (+7%)**: Activity in payment terminals in mature markets remained steady. It continued to be driven by a dynamic market and by the replacement cycle of PCI v1 terminals in the United Kingdom and Nordic countries. In Russia, the excellent performance was based on our success in executing the contract with Sberbank. In Eastern Europe, the Group continues to expand its market share, especially in Poland and Greece.

Payment Services activity was also dynamic, benefitting from the increase in retail transaction volumes generated on different platforms. In France and the United Kingdom, the Group continued to gain market share and started to deploy omnichannel contracts. In Germany, the level of momentum in the market was reflected in strongly raised levels of transaction volumes in the large retailers' space and in the Petrol vertical, where the Group pursued its expansion.

- **Asia Pacific and the Middle East (+23%)**: Thanks to its strong positions across the region, Ingenico Group continued to register strong growth. In the fourth quarter, performance was mainly driven by South East Asia and India as a result of the demonetisation announced by the government there. In China, as expected, growth slowed in comparison to previous quarters as a result of an unfavourable base effect.

- **Latin America (-30%)**: Activity continues to be obstructed by weak demand from the main acquirers as a result of the unfavourable macro-economic environment in Brazil. The Group has proceeded with the certifications and deployment of Telium Tetra in the rest of the region where performances remain solid.

- **North America (-32%)**: As expected, recent performance was strongly affected by the bottleneck amongst distributors and the recent relaxation of EMV regulations combined with high comparison basis in the American market. Meanwhile, the Group pursued its expansion into new segments (healthcare, hotels and restaurants, unattended, transports). In Canada, the Group recorded a solid growth, characterised by higher delivery volumes following market share gains.

### Performance for the year

In 2016, revenue totaled 2,312 million euros, representing a 5% increase on a reported basis, including a negative exchange rate effect of 72 million euros and a positive perimeter effect of 10 million euros. Total revenue included €1,584 million generated by the Payment Terminals business and €728 million generated by Payment Services activities.

In a comparable basis<sup>1</sup>, revenue growth reached 8%, with an increase of 11% for Payment Services activity and 7% for the Terminals activity.

As announced, the **ePayments** division recovered to a double digit level of growth in the second half of 2016, allowing it to record for the whole year an better-than-expected growth which approached 11%. This performance is explained by a strong commercial dynamic, driven by the quality of its platforms and its successes with large players such as Alipay. In **Latin America** (-20%) sales declined strongly due to the unfavourable economic situation in Brazil, however Mexico recorded strong growth and the first Telium Tetra terminals started to be delivered. In **North America** (-13%), after an encouraging start to the year, the performance of the Group was significantly impacted in the second half by a relaxation of the EMV regulations in the United States. The other regions recorded very good results and more than compensate the negative trends observed in Brazil and the United States. The excellent performance in **Europe - Africa** (+14%) reflects the very strong position of the Group in this zone and its capacity to benefit fully from the opportunities presented by technological developments and changes in the regulations, while pursuing its expansion into emerging markets and by developing its Services activities. In **Asia-Pacific and the Middle East** (+25%) China experienced strong growth. The other countries represented half of the revenues of the region and also booked a robust performance, demonstrating the solidity of the new growth drivers in the zone.

### Gross profit up 2%

In 2016, adjusted Gross profit reached 987 million euros, or 42.7% of revenues.

Gross profit in the Terminals division rose to 733 million euros, a growth of 1% to 46.3% of revenues, due to a less favourable geographical mix.

In parallel, the Gross profit on Payment Services grew by 4% to 255 million euros, or 35% of revenue, despite accrued expenses improving the performance of the ePayments platforms.

### An EBITDA margin of 20.6% of revenue

In 2016, adjusted operating costs were 584 million euros, representing 25.3% of revenue, compared to 24.4% in 2015. This increase reflected the increase in expenditure relating to the launch of Telium Tetra, the development of the features of online payments platforms, as well as the strengthening of the commercial and product teams.

EBITDA was 476 million euros against 508 million euros in 2015, representing an EBITDA margin of 20.6%.

EBIT margin represented 17.5% of turnover and reached 403 million euros compared to 437 million euros in 2015.

## A solid operating result

The other products and operational charges reached -5 million euros. In 2015 they were -8 million euros.

In 2016, acquisition costs stood at 42 million euros against 48 million euros in 2015.

After taking into account these charges and other operating costs, profit from operations was 357 million euros against 381 million euros in 2015. Operating margin represented 15.4% of revenue against 17.3% in 2015.

## Increasing net profit attributable to shareholders

The financial outcome of -8 million euros, against -19 million euros in 2015, takes into account the profit from the sale of 12 million euros of Visa Europe equity securities.

Taxation costs were reduced by 22% to 97 million euros against 125 million euros in 2015. This improvement can be explained by a favourable geographic mix leading to an effective tax rate for the Group of 27.9% against 34.5% in 2015.

In 2016, Group net profit attributable to shareholders grew 6% to 244 million euros against 230 million euros in 2015.

## A sound financial position due to strong cash generation

In 2016, the Group's operations generated free cash-flow of 248 million euros, with a variation of the change in working capital that was relatively stable. The FCF/EBITDA conversion ratio reached 52%, overtaking the previously fixed target of 45%, and despite a significant increase in investments to 77 million euros against 62 million in 2015.

The Group net debt reduced to 126 million euros against 252 million euros at December 31 2015. The ratio of net debt to equity was 7% and the ratio of net debt to EBITDA was brought down to 0.3x from 0.5x at the end of 2015.

## Proposed dividend of 1.50 euro per share, a rise of 15%

In line with the Group's dividend policy, a proposal to distribute a dividend of 1.50 euros per share will be presented to the Annual General Meeting of shareholders on May 10, 2017, representing a distribution rate of 38%. This dividend will be payable in cash or shares, according to the holder's preference.

## Post balance sheet events / Advancement of the Omnichannel strategy

### New Group Organisation<sup>3</sup>

Ingenico Group announced the adoption of a market and customer-centric organization to support its global omnichannel acceptance leadership. In this context, the two operating segments of the Group will be called Banks & Acquirers and Retail. The detailed operational structure of this new organization and the associated financial indicators will be defined and communicated as part of the publication of first quarter revenue.

### Acquisition of TechProcess, leader in online payment services in India

On February 22<sup>nd</sup> 2017, the Group announced that it had completed the acquisition of 100% of TechProcess, leader in electronic payment services in India. TechProcess has acquired significant positions in several segments of the market, notably in online payment platforms, bill payments, mobile payments and recurrent payments via the NACH system. This acquisition reinforces the Group's strategy in India, where it is already present in payment terminals with around 50% market share and as a player in online payments with EBS, an entity of Ingenico Payments.

## Outlook

In 2017, the Group expects to achieve revenue growth of around 7% (on a like-for-like basis and at constant exchange rates) and to increase its EBITDA margin slightly than that of 2016.

Given the 2016 growth achieved and the 2017 targets, the 2020 objective provided in March 2016 now looks ambitious. Beyond 2017, the Group anticipates a gradual improvement in the organic growth rate of its turnover as well as its EBITDA margin. The Group also confirms the 45% floor for the EBITDA conversion ratio to Free Cash Flow and maintains its minimum rate of distribution of net income of 35%.

## Conference call

The results for the 2016 period will be discussed during a Group telephone conference call which will be held on the 23rd February 2017 at 6.00pm (Paris Time). The conference can be accessed by dialling on of the following numbers: 01 70 99 32 08 (from France), +1 646 851 2407 (from the US) and +44 207 1620 077 (for international participants) using the conference ID of: 961202. The presentation will be available at [www.ingenico.com/finance](http://www.ingenico.com/finance).

*This press release contains forward-looking statements. The trends and objectives given in this release are based on data, assumptions and estimates considered reasonable by Ingenico Group. These data, assumptions and estimates may change or be amended as a result of uncertainties connected in particular with the performance of Ingenico Group and its subsidiaries. These forward-looking statements in no case constitute a guarantee of future performance, and involve risks and uncertainties. Actual performance may differ materially from that expressed or suggested in the forward-looking statements. Ingenico Group therefore makes no firm commitment on the realization of the growth objectives shown in this release. Ingenico Group and its subsidiaries, as well as their executives, representatives, employees and respective advisors, undertake no obligation to update or revise any forward-looking statements contained in this release, whether as a result of new information, future developments or otherwise. This release shall not constitute an offer to sell or the solicitation of an offer to buy or subscribe for securities or financial instruments.*

## About Ingenico Group

Ingenico Group (Euronext: FR0000125346 - ING) is the global leader in seamless payment, providing smart, trusted and secure solutions to empower commerce across all channels, in-store, online and mobile. With the world's largest payment acceptance network, we deliver secure payment solutions with a local, national and international scope. We are the trusted world-class partner for financial institutions and retailers, from small merchants to several of the world's best known global brands. Our solutions enable merchants to simplify payment and deliver their brand promise.

Learn more at [www.ingenico.com](http://www.ingenico.com)  [twitter.com/ingenico](https://twitter.com/ingenico)

## Contacts / Ingenico Group

### Investors

Caroline Alamy  
Investor Relations Manager  
[caroline.alamy@ingenico.com](mailto:caroline.alamy@ingenico.com)  
(T) / +33 1 58 01 85 09

### Communication

Coba Taillefer  
External Communication Manager  
[coba.taillefer@ingenico.com](mailto:coba.taillefer@ingenico.com)  
(T) / +33 1 58 01 89 62

### Upcoming events

Conference call on FY16 results: February 23 2017 at 6pm (Paris)  
Q1'17 revenue: April 26 2017  
Annual General Meeting: May 10 2017

**EXHIBIT 1 :**  
**Basis for preparing the 2016 accounts**

*The consolidated financial data has been drawn up in accordance with International Financial Reporting Standards. In order to provide meaningful comparable information, that data has been presented on an adjusted basis, i.e. restated to reflect the depreciation and amortization expenses arising on the acquisition of new entities. Pursuant to IFRS3R, the purchase price for new entities is allocated to the identifiable assets acquired and subsequently amortized over specified periods.*

*The main financial data for 2016 is discussed on an adjusted basis, i.e., before Purchase Price Allocation (PPA); see Exhibit 3.*

*EBITDA is not an accounting term; it is a financial metric defined here as profit from ordinary activities before depreciation, amortization and provisions, and before share-based compensation. The reconciliation of adjusted profit from ordinary operations to EBITDA is available in Exhibit 3.*

*EBIT (Earnings Before Interest and Taxes) is equal to profit from ordinary activities, adjusted for amortization of the purchase price for newly acquired entities allocated to the identifiable assets acquired.*

*Free cash flow is equal to EBITDA less: cash and other operating income and expenses, changes in working capital requirements, investing activities net of disposals, financial expenses net of financial income, and tax paid.*

EXHIBIT 2 :  
Income statement, balance sheet, cash flow statement

1. CONSOLIDATED INCOME STATEMENT (AUDITED)

(in millions of euros)	2016	2015
<b>REVENUE</b>	2 312	2 197
Cost of sales	(1 337)	(1 237)
<b>GROSS PROFIT</b>	<b>975</b>	<b>960</b>
Distribution and marketing costs	(204)	(203)
Research and development expenses	(178)	(157)
Administrative expenses	(232)	(212)
<b>PROFIT FROM ORDINARY ACTIVITIES</b>	<b>361</b>	<b>389</b>
Other operating income	4	1
Other operating expenses	(8)	(9)
<b>PROFIT FROM OPERATING ACTIVITIES</b>	<b>357</b>	<b>381</b>
Finance income	77	84
Finance costs	(84)	(103)
<b>NET FINANCE COSTS</b>	<b>(8)</b>	<b>(19)</b>
Share of profits in equity-accounted investees	(1)	(3)
<b>PROFIT BEFORE INCOME TAX</b>	<b>348</b>	<b>360</b>
Income tax expense	(97)	(125)
<b>NET PROFIT</b>	<b>251</b>	<b>235</b>
Attributable to:		
- Ingenico Group SA shareholders	244	230
- non-controlling interests	7	4
<b>EARNINGS PER SHARE (in euros)</b>		
Net earnings:		
- basic earnings per share	4.00	3.81
- diluted earnings per share	3.91	3.76



## 2. CONSOLIDATED BALANCE SHEETS (AUDITED)

<b>ASSETS</b>		
(in millions of euros)	<b>2016</b>	2015
Goodwill	1 409	1 351
Other intangible assets	488	509
Property, plant and equipment	75	56
Investments in equity-accounted investees	9	12
Financial assets	17	11
Deferred tax assets	58	49
Other non-current assets	27	31
<b>TOTAL NON-CURRENT ASSETS</b>	<b>2 083</b>	<b>2 019</b>
Inventories	172	144
Trade and related receivables	501	461
Receivables related to intermediation activities	29	10
Other current assets	24	32
Current tax assets	27	7
Derivative financial instruments	12	10
Funds related to intermediation activities	273	256
Cash and cash equivalents	1 014	920
<b>TOTAL CURRENT ASSETS</b>	<b>2 052</b>	<b>1 842</b>
<b>TOTAL ASSETS</b>	<b>4 136</b>	<b>3 860</b>
<b>EQUITY AND LIABILITIES</b>		
(in millions of euros)	<b>2016</b>	2015
Share capital	61	61
Share premium account	762	722
Other reserves	841	682
Translation differences	38	41
<b>Equity for the period attributable to Ingenico Group SA shareholders</b>	<b>1 703</b>	<b>1 506</b>
<b>Non-controlling interests</b>	<b>4</b>	<b>5</b>
<b>TOTAL EQUITY</b>	<b>1 707</b>	<b>1 511</b>
Non-current borrowings and long-term debt	896	885
Provisions for retirement and benefit obligations	25	17
Other long-term provisions	24	21
Deferred tax liabilities	134	142
Other non-current liabilities	127	98
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>1 206</b>	<b>1 163</b>
Short-term loans and borrowings	244	287
Other short-term provisions	30	31
Trade and related payables	505	439
Payables related to intermediation activities	302	266
Other current liabilities	119	135
Current tax liabilities	20	28
Derivative financial instruments	4	1
<b>TOTAL CURRENT LIABILITIES</b>	<b>1 223</b>	<b>1 187</b>
<b>TOTAL LIABILITIES</b>	<b>2 429</b>	<b>2 350</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>4 136</b>	<b>3 860</b>

### 3. CONSOLIDATED CASH FLOW STATEMENTS (AUDITED)

(in millions of euros)	2016	2015
Profit for the period	251	235
Adjustments for:		
- Share of profit of equity-accounted investees	1	3
- Income tax expense/(income)	97	125
- Depreciation, amortization and provisions	93	106
- Change in fair value	(4)	3
- (Gains)/losses on disposal of assets	0	2
- Net interest costs/(revenue)	3	13
- Share-based payment expense(1)	24	18
Interest paid	(12)	(15)
Income tax paid	(131)	(137)
<b>Cash flows from operating activities before change in net working capital</b>	<b>322</b>	<b>351</b>
Inventories	(26)	(24)
Trade and other receivables	(12)	(33)
Trade payables and other payables	25	43
<b>Change in net working capital</b>	<b>(12)</b>	<b>(14)</b>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>310</b>	<b>337</b>
Acquisition of fixed assets	(77)	(62)
Proceeds from sale of tangible and intangible fixed assets	9	1
Acquisition of subsidiaries, net of cash acquired	(53)	(4)
Disposal of subsidiaries, net of cash disposed of	3	-
Loans and advances granted and other financial assets	(16)	(5)
Loan repayments received	1	1
Interest received	8	9
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>(125)</b>	<b>(59)</b>
Proceeds from share capital issues	-	2
Purchase/sale of treasury shares	0	0
Proceeds from loans and borrowings	-	756
Repayment of loans and borrowings	(38)	(601)
Change in the Group's ownership interests in controlled entities	1	94
Changes in other financial liabilities	(0)	(0)
Effect of financial derivative instruments	(14)	(0)
Dividends paid to shareholders	(36)	(30)
Taxes on financing activities	(1)	(8)
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>(88)</b>	<b>212</b>
Effect of exchange rates fluctuations	6	(2)
<b>CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>103</b>	<b>488</b>
Net cash and cash equivalents at beginning of the year	900	412
Net cash and cash equivalents at year end	1 003	900
	<b>2016</b>	<b>2015</b>
<b>CASH AND CASH EQUIVALENT</b>		
Short-term investments and short-term deposits (only for the portion considered as cash equivalents)	285	295
Cash	729	625
Bank overdrafts	(11)	(20)
<b>TOTAL NET CASH AND CASH EQUIVALENTS</b>	<b>1 003</b>	<b>900</b>

### EXHIBIT 3

#### Impact of purchase price allocation (« PPA »)

<i>(in millions of euros)</i>	2016 excl. PPA	PPA Impact	2016
Gross profit	987	(12)	975
Operating expenses	(584)	(30)	(614)
Profit from ordinary activities	403	(42)	361

#### Reconciliation of profit from ordinary activities to EBITDA

EBITDA represents profit from ordinary activities, restated to include the following:

- Provisions for impairment of tangible and intangible assets, net of reversals (including impairment of goodwill or other intangible assets with indefinite lives, but not provisions for impairment of inventories, trade and related receivables and other current assets), and provisions for risks and charges (both current and non-current) on the liability side of the balance sheet, net of reversals.
- Expenses related to the restatement of finance lease obligations on consolidation.
- Expenses recognized in connection with the award of stock options, free shares or any other payments to be accounted for using IFRS 2, Share-based compensation.
- Changes in the fair value of inventories in accordance with IFRS 3, Business Combinations, i.e. determined by calculating the selling price less costs to complete and sell.

Reconciliation :

<i>(in millions of euros)</i>	2016	2015
Profit from ordinary activities	361	389
Allocated assets amortization	42	48
EBIT	403	437
Other D&A and changes in provisions	49	55
Share-based compensation	24	16
EBITDA	476	508