



FEBRUARY 22<sup>ND</sup>

2018

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ANALYSTS  
PRESENTATION

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# RESULTS 2017

# FULL YEAR'17

## Strategic highlights

### BAMBORA closing & integration



Consolidated since **mid November**

Revenues of **€241m**  
up 20% vs. 2016

**Integration process done**  
within business lines  
dedicated to merchants and  
partners

### REINFORCE our portfolio of assets through bolt-on acquisitions



Payment Services  
strengthened in India with  
**TechProcess**, with **IECISA\***  
in Spain and **Paymark**  
in New Zealand

Geographical footprint  
expanded with **Airlink**  
in Taiwan and **SST** in Ukraine

### OPERATIONAL developments and milestones

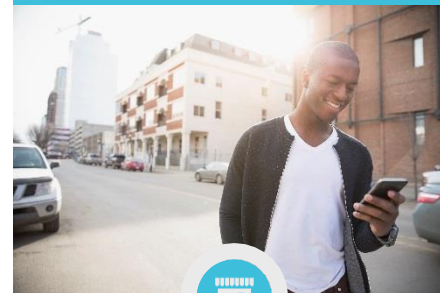


Ingenico brings **in-vehicle  
payment** to Autonom Cabs,  
the **NAVYA robo-taxis**

**Fraugster** partnership  
preventing from fraud  
while ensuring high  
acceptance rate

**Nextgen payment** solutions  
with **Joinedapp** & **Luckycycle**

### ORGANIZATION is up & running



**Retail Business Unit**  
is organized with a **client  
centric approach**

Arrival of **Jennifer Miles**  
to run North American  
activities

Operational excellence plan  
delivered with **€13m costs  
efficiency in 2017**

\* IECISA Electronic Payment System

# FULL YEAR'17

## Highlights

### Guidance 2017 delivered

- Organic growth\*: c. 7%
- EBITDA margin slightly increasing vs. 2016 (20.6%)

### Revenue: €2,510m

- Organic growth\*: +7%
- Reported growth: +9%

### EBITDA margin 21.0%

### FCF / EBITDA conversion of 51%\*\*

### Proposed dividend of €1.60 per share

\* Growth rate at constant FX & scope

\*\* Free cash flow before non-recurring items (acquisitions and restructuring costs)

### Key Highlights

#### Banks & Acquirers (+8%\*)

- Solid ramp up in the United-States
- Brazilian recovery in motion
- Dynamic in APAC & M-E fueled by the successful launch of the APOS in China and the demonetization in India in the first half
- Strong resilience of European markets

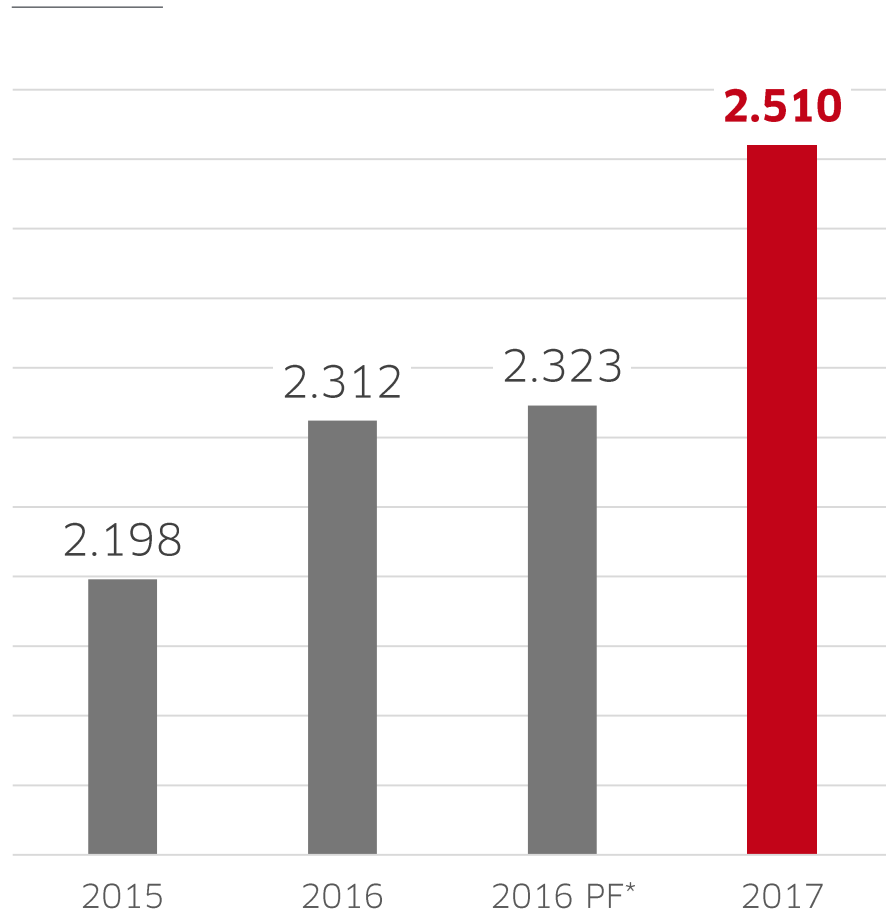
#### Retail (+5%\*)

- Continuous acceleration of pan European deals with omnichannel offer in Enterprise
- Double digit growth of Global Online
- Indian platforms merger is about to be completed
- SMB business line is ramping up as Bambora is now consolidated

# FULL YEAR'17 PERFORMANCE

+7% organic growth

## Revenue (in €M)



### Year-on year

**+9%\***

- Organic impact: **7%**
- FX impact: **-€35m**

### By traditional business segments

- Terminals: **+5%**
- Payment Services: **+11%**

### By new business segments

- Retail: **+5%**
- Banks & Acquirers: **+8%**

\* Reported growth rate

# Q4'17 ORGANIC GROWTH

Revenue up 11% at €692m

10%

North America (+16%\*)

**B&A:**

- Strong back end loaded year in the US
- Canada in line with expectations

**Retail:**

- Strong catalysts from the new verticals targeted
- M70 mobile solution launched during the quarter

34%

Europe & Africa (+11%\*)

**B&A:**

- Western countries resilient driven by France and Spain
- Eastern Europe remains dynamic despite strong comps

**Retail:**

- Pan-European deals are ramping-up in parallel of cross channel solutions
- Axis performed strongly with gain of new clients

22%

APAC & Middle East (+3%\*)

**B&A:**

- Continued strong performance of the APOS
- India is facing the tough comparison basis related to the demonetization process
- Indonesian market is still in stand-by

**Retail:**

- Turkey is performing well driven by fiscal memory POS and services

7%

Latin America (+27%\*)

**B&A:**

- Brazil is recovering and drives the Q4 performance
- Strong momentum in the other countries such as Peru, Chile and Costa Rica
- Tetra and managed services in Mexico

27%

ePAYMENTS (+11%\*)

**Retail:**

- Full year objectives reached despite difficult comparison in H2
- Strong milestones reached during the Single day, Black Friday and Cyber Monday
- Platform performance aligned with industry standards
- Integration between the two Indian platforms ongoing

\*Growth rate at constant FX & scope

# FULL YEAR'17

A strong financial performance

**€2,510m**  
revenues

+7% organic growth

**€526m**  
EBITDA

+10% EBITDA growth

**€256m**  
Net profit  
(Group share)

+5% vs. 2016

**€269m**  
Free Cash Flow\*

51% FCF/EBITDA conversion

**€1,471m**  
Net debt

2.8x Net debt/EBITDA

**€1,60**  
Dividend

39% pay-out

\* Free cash flow before non-recurring items (acquisitions and restructuring costs)

# INGENICO ORGANIZATION IN PLACE

Delivering value whatever the channel

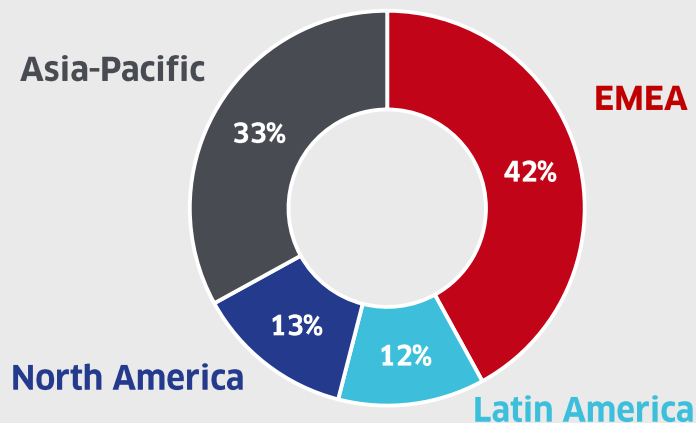
## Banks & Acquirers (Indirect)

Allowing partners to differentiate through innovation and value-added services

2017PF FIGURES\*

- €1,428m revenues
- €371m EBITDA

Revenues by geographies (%)



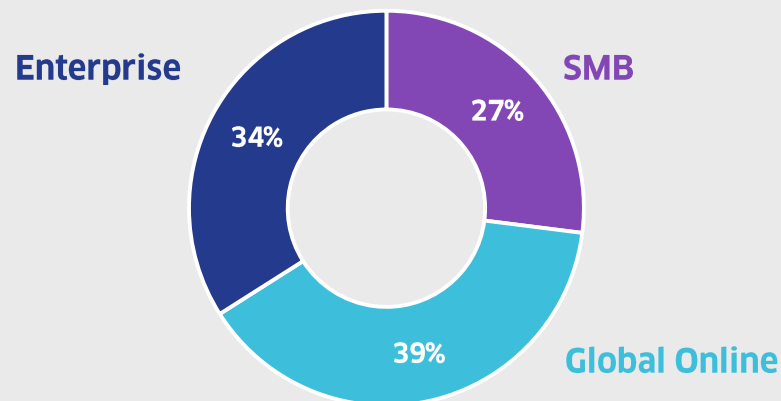
## Retail (Direct)

Delivering value directly to all merchant segments

2017PF FIGURES\*

- €1,286m revenues
- €940m net revenues
- €178m EBITDA

Revenues by business line (%)



\* 2017PF figures including acquisitions





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# INGENICO TRANSFORMATION

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# MARKET CONTEXT



A more value driven environment

HARDWARE AS A CORNERSTONE OF THE VALUE PROPOSITION

ONLINE AND MOBILE GROWTH AS CUSTOMERS  
AND MERCHANTS TOUCH POINTS

VALUE SHIFTING BEYOND PAYMENT ACCEPTANCE  
TO SALES ENABLEMENT AT POINT OF INTERACTION

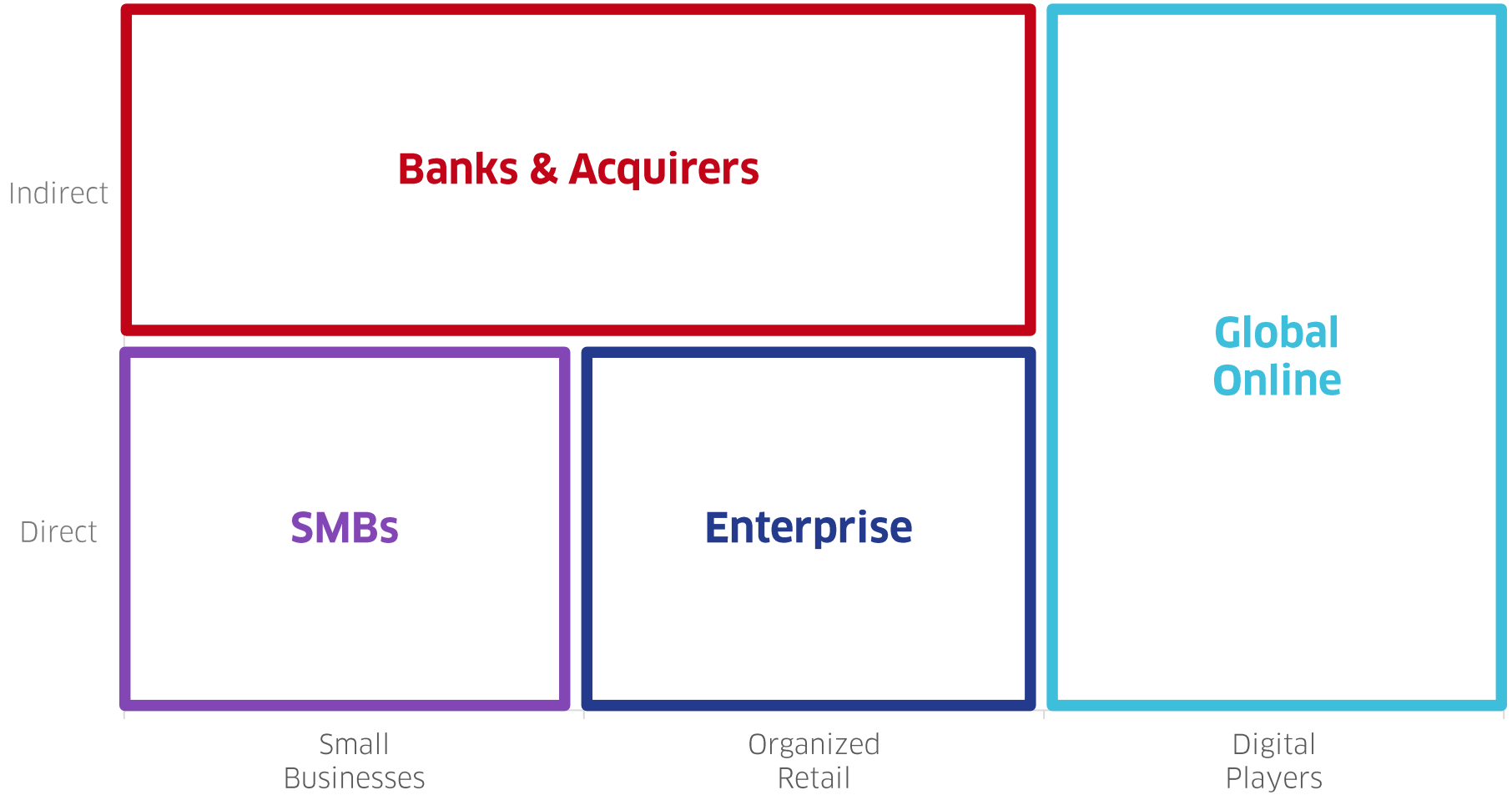
# INGENICO'S TRANSFORMATION

From  **Payment acceptance**



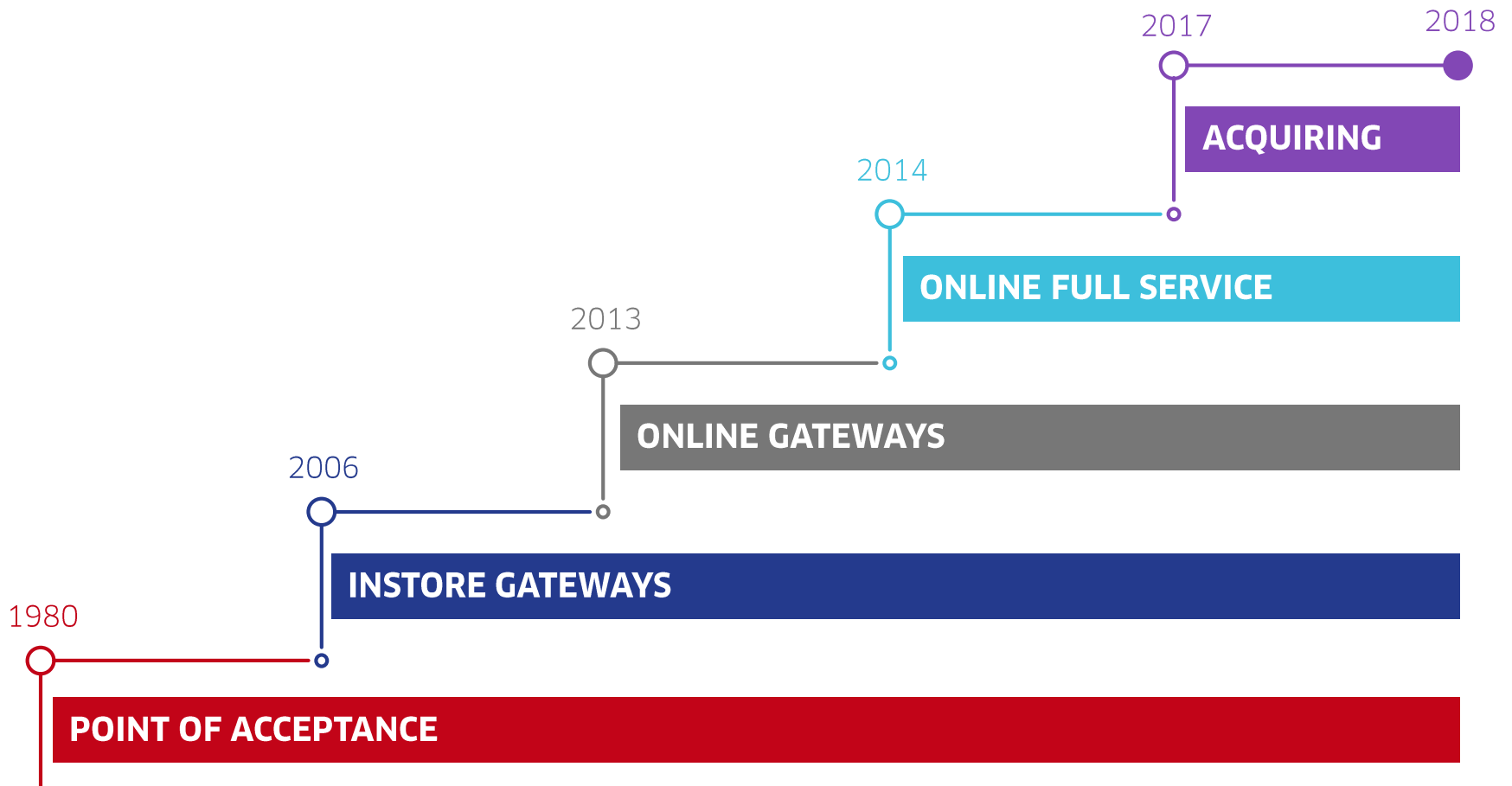
# ORGANIZATION ADDRESSING ALL MERCHANT

Addressing all merchant needs, whatever the channel



# INGENICO'S TRANSFORMATION

Most comprehensive offering through organic development and M&A

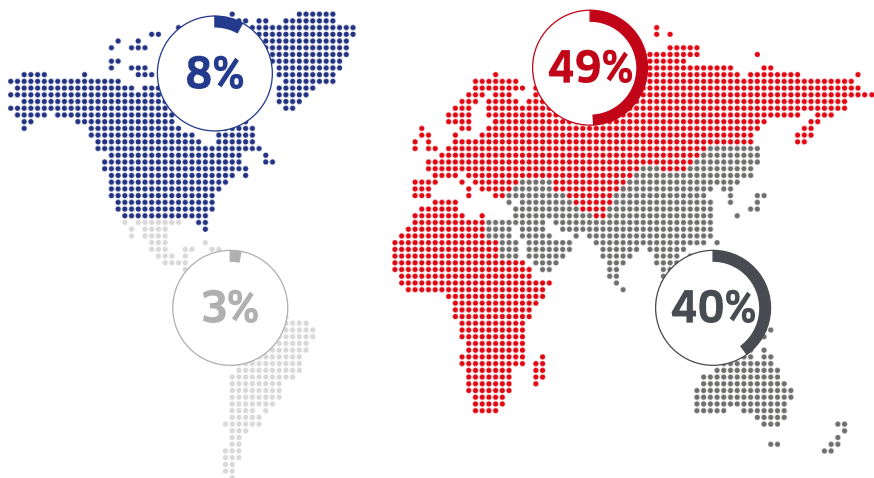


# ADDRESSING THE SHIFT IN COMPETENCIES

Ingenico community driving the growth

## Truly global workforce

- Innovative & Agile
- Global & Diverse
- Performing & Accountable



## Right competencies to address all merchants whatever the channel

**Ingenico employees: c.8,000**

**Retail: 3,000**

- Retail from 50 in 2007 to 3,000 in 2017
- Software development: 900
- Sales: 480

**Bank & Acquirers: 4,800**

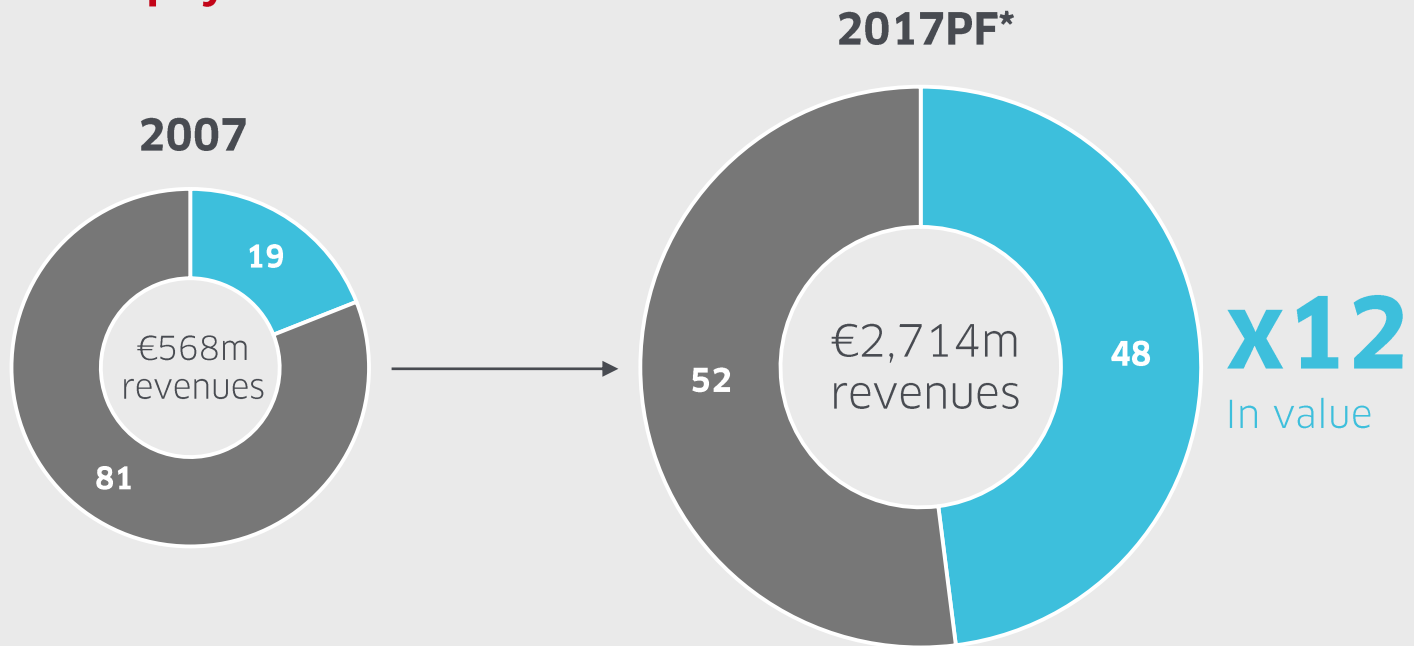
- Including China
- Hardware & software development : 1,400
- Sales: 340

# INGENICO'S TRANSFORMATION

Continuous ramp-up towards services since 2007

## Revenue share in payment services

(in %)



● Payment Services ● Point of acceptance

\* 2017PF figures including acquisitions

# OUR MISSION

3 core pillars to grow merchants businesses



**ENABLE PAYMENTS EVERYWHERE**



**ENHANCE MERCHANT AND CONSUMER EXPERIENCES**



**DELIVER END TO END FULL SERVICE OFFER**





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# INGENICO EXECUTION

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2018-2020

## RETAIL PRIORITIES

- **DELIVER** differentiated value proposition to all merchants
- **DEPLOY** full service offering across all segments
- **EXPAND** our merchant base
- **LEVERAGE** geographical growth opportunities

# RETAIL BUSINESS UNIT

A customer centric organization



## SMBs

306k merchants

15 markets



## GLOBAL ONLINE

497m transactions\* volume

€45bn transactions\* value



## ENTERPRISE

5.0bn transactions\* volume

€197bn transactions\* value

**3 business lines** focusing on distinct merchant segments

**One centralized platform** organization with strong alignment

**Acquiring as a shared service** across business lines

**Advanced cross border acquiring** into targeted segments or verticals

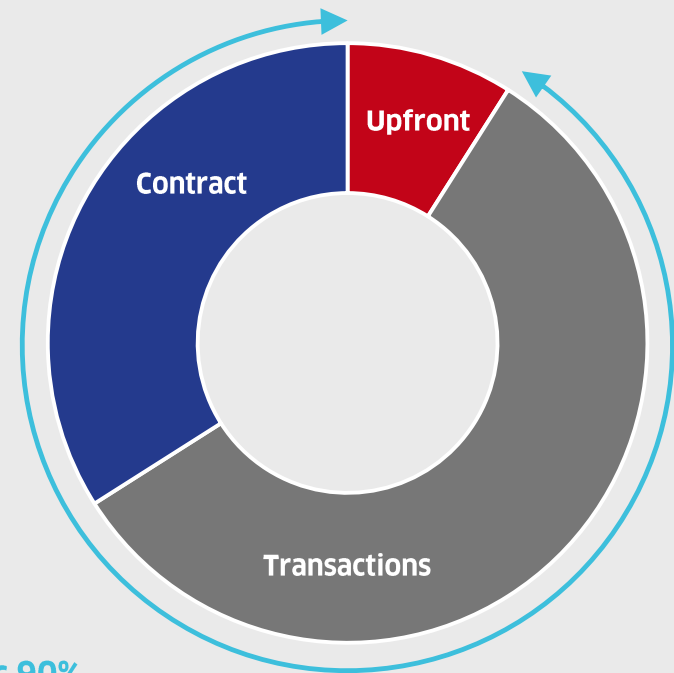
# SMB

Unique SMB direct-to-merchant capabilities

## Addressing core SMB needs focusing on service, speed and simplicity

- **Unique Blueprint and repeatable business model**
- **Customer value always front of mind**, if it doesn't create customer value it is not in there
- **Easy to integrate**, modern best practice irrespective of products, service or channel
- **True multi channel**, for features that create value for customers

## End-to-End proposition generating recurring transactions and services revenue



# SMB

## Ventoniemi Case study: grow business and increase customer satisfaction

### Customer needs

- **One stop shop offering** (acceptance of any relevant payment method, gateway, acquiring)
- **Cross border acceptance and mobile wallets**
- **Digital tools** for administration and reconciliation
- **One single interface** for support

### Ingenico solution

- **Onboarding within 24 hours**
- **Bambora One, a complete package** of everything a merchant needs for acceptance, including terminal enabled for multiple APMs, acquiring
- **Digital portal** providing full overview of all transactions
- **Customer support** and 24-hour replacement service
- Approved for **growth finance**

## RESULTS & BENEFITS

**Quick and easy onboarding** for the customer

**Ability to easy scale it's business** without increasing time spent on administration

**Accept all key payment methods** and **reduce cash handling**

**Acceleration of the payment process** for passengers and **increased customer satisfaction**

# GLOBAL ONLINE

Delivering growth for international eCommerce



- **EXPANDING** continuously our portfolio of payment solutions
- **DEVELOPING** international footprint in high potential geographies
- **REINFORCING** full service offering with internal acquiring capabilities
- **DELIVERING** growth for international eCommerce through intelligent data-driven payments increasing conversion and maximizing business

# GLOBAL ONLINE

Gaming company Case study: improve conversion and entertainment experience

## Customer needs

- **Provide gamers with seamless user experience** without having the burden of PCI requirements
- **Offer locally focused payment methods** across multiple demographics
- **Improve efficiency**

## Ingenico solution

- **My checkout with an iframe for new registration** of customers or new cards of existing customers
- **Tokenization** to facilitate subscription billing and in-game instant payment
- **Enabling the merchant to process high volumes** through Ingenico Connect and expand payment method portfolio

## RESULTS & BENEFITS

**Steady authentication rates** after migration from direct credit cards numbers to token  
**5% above market standards**

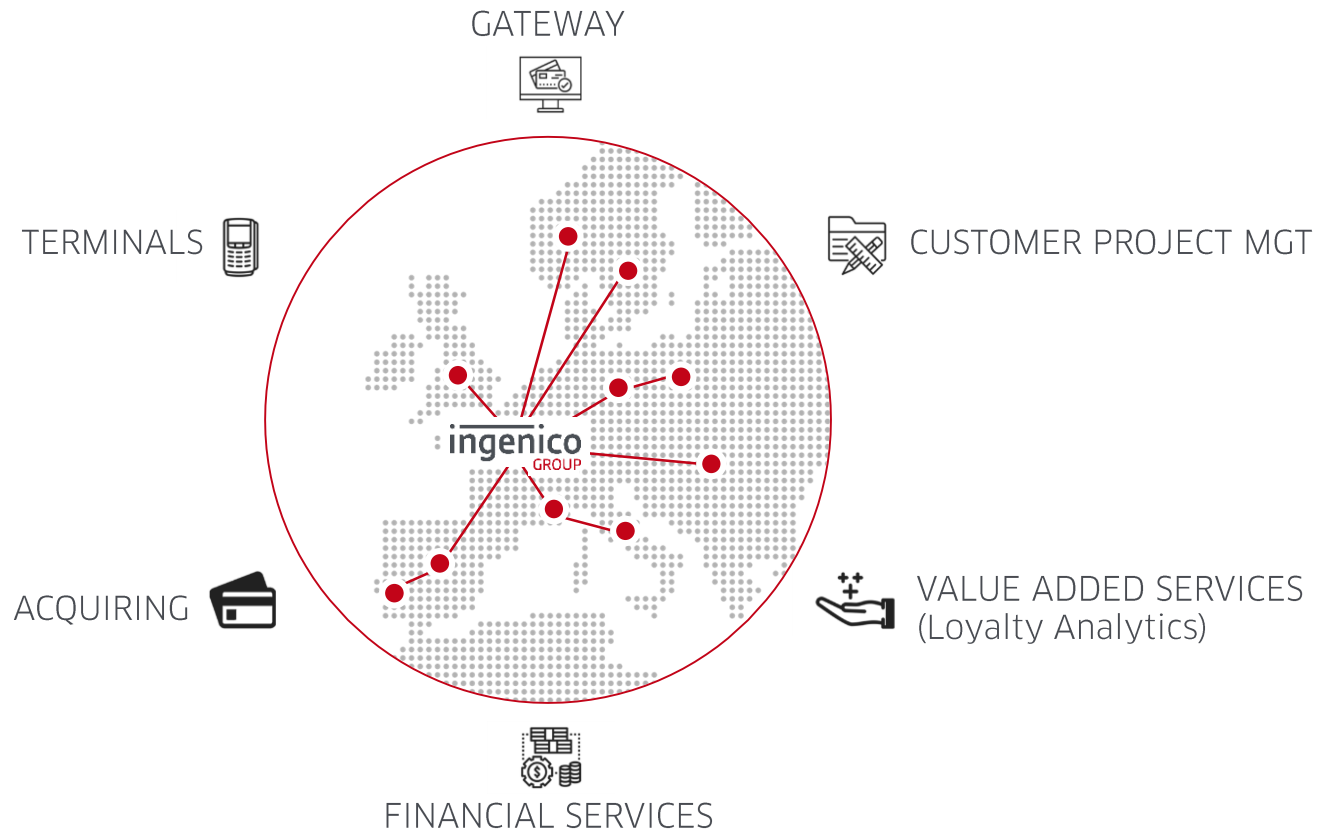
**Increased agility and product focus** with the relief of the burden of PCI requirement

**User experience efficiency with an overall conversion/success rate of 75%**  
when average is more around 60-70%

# ENTERPRISE

Omnichannel delivering growth with scalable pan-European solutions

## Taking the complexity out of omnichannel payments





# ENTERPRISE

## Shoezone Case study: improve customer knowledge

### Customer needs

- **Understand how their customers purchase** in-store and online
- **Feed their CRM** with purchase data

### Ingenico solution

- **Generate CRM tokens** for all EMV cards processed through the solution
- **Tokens stored centrally within Ingenico** managed service environment
- **Tokens displayed on e-Portal** (web interface centralizing cross-channel payment transactions)

## RESULTS & BENEFITS

**Ability to track consumer behavior** across in-store and online channel

**Profile each customer**

**Improved customer knowledge** in order to **design and provide personalized offers**



2018-2020

## BANKS & ACQUIRERS PRIORITIES

- **BRING** payments in every touchpoints, from desk to IoT
- **DELIVER** innovative solutions to banks and acquirers through tools and technology
- **DEEPEN** the relationship with our partners
- **ADAPT** our solutions according to markets maturity

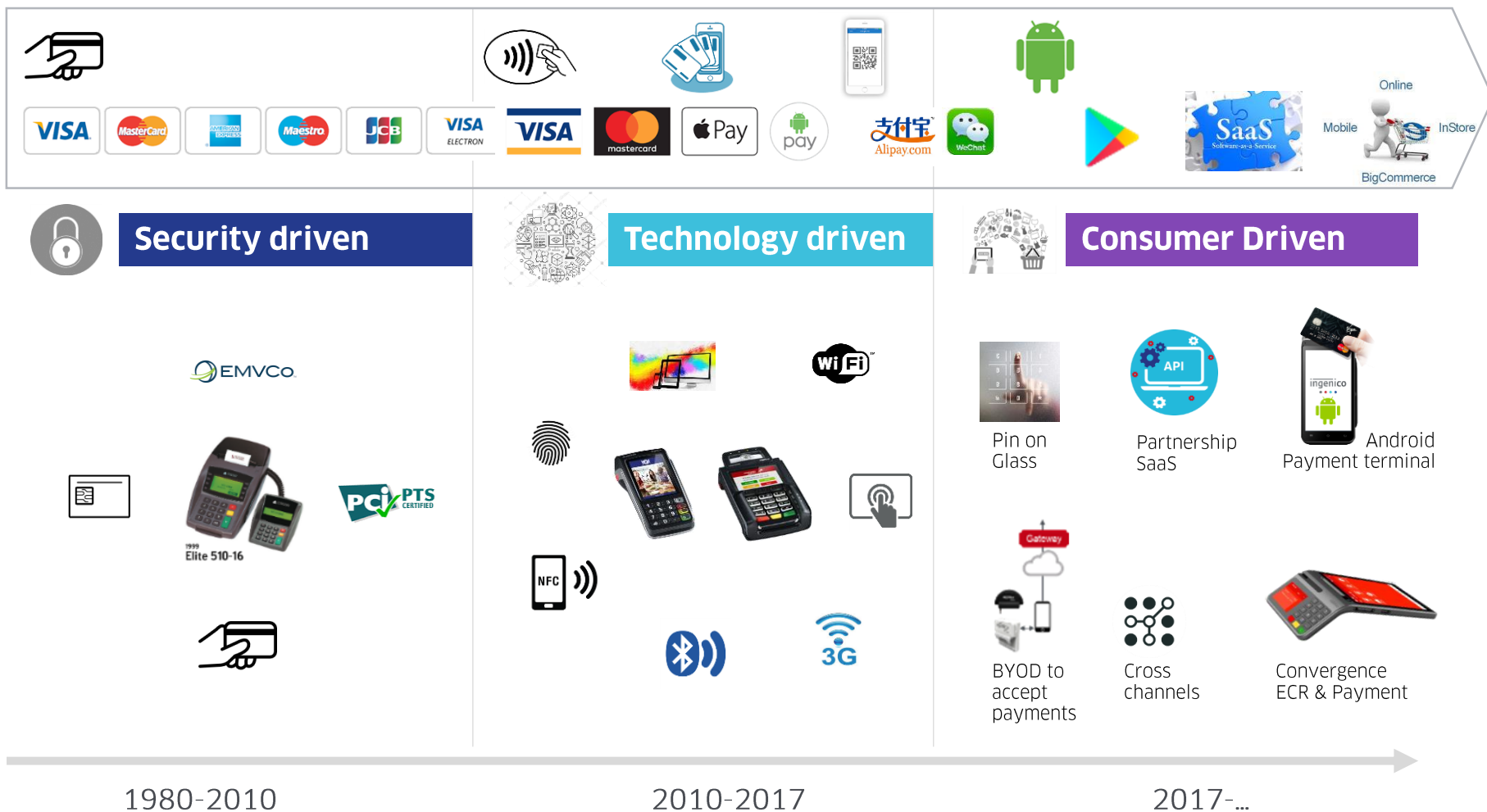
# BANKS & ACQUIRERS

## •————• Our key takeaways

- While their form factors will proliferate, we strongly believe that **professional payment acceptance devices will remain critical** for in store commerce moving forward
- **Help banks and acquirers to bring integrated payments in merchant business processes** with embedded services as it becomes key to drive value
- The broadness of our product offering enable us to **deepen the relationship with our partners** and to **shift our business model to more recurring revenue**

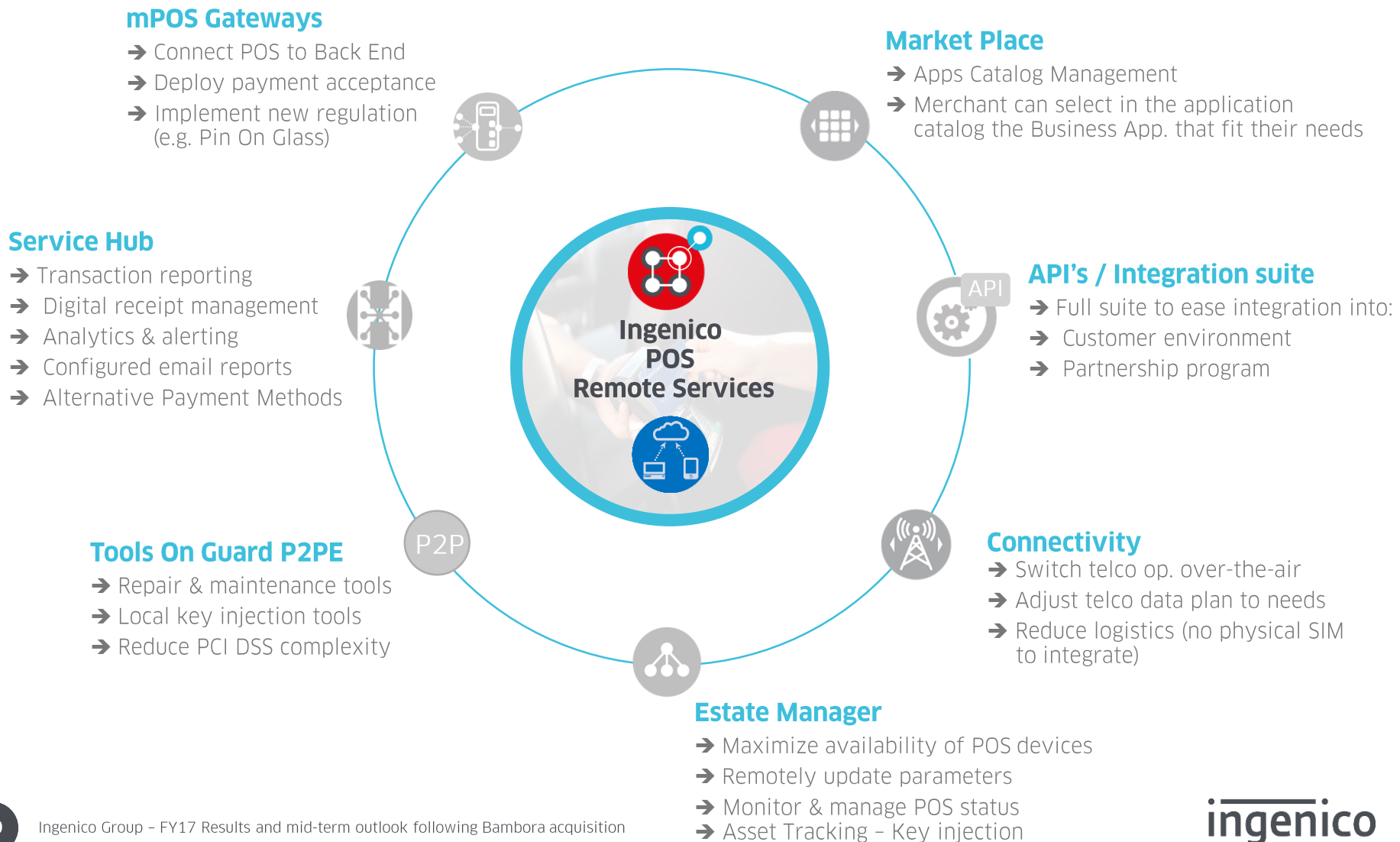
# BANKS & ACQUIRERS

Address the proliferation of professional points of acceptance



# DEEPEN THE RELATIONSHIP WITH OUR PARTNERS

Helping them deliver value to merchants and optimize costs



# HELP BANKS AND ACQUIRERS TO BRING INTEGRATED PAYMENTS IN MERCHANT BUSINESS PROCESSES

Enable commerce and create differentiation



**ENABLING** Seamless, faster & more payment means

Bring Your Own Device / mPOS



**PROVIDING** business tools & data analytics

Payment Centric

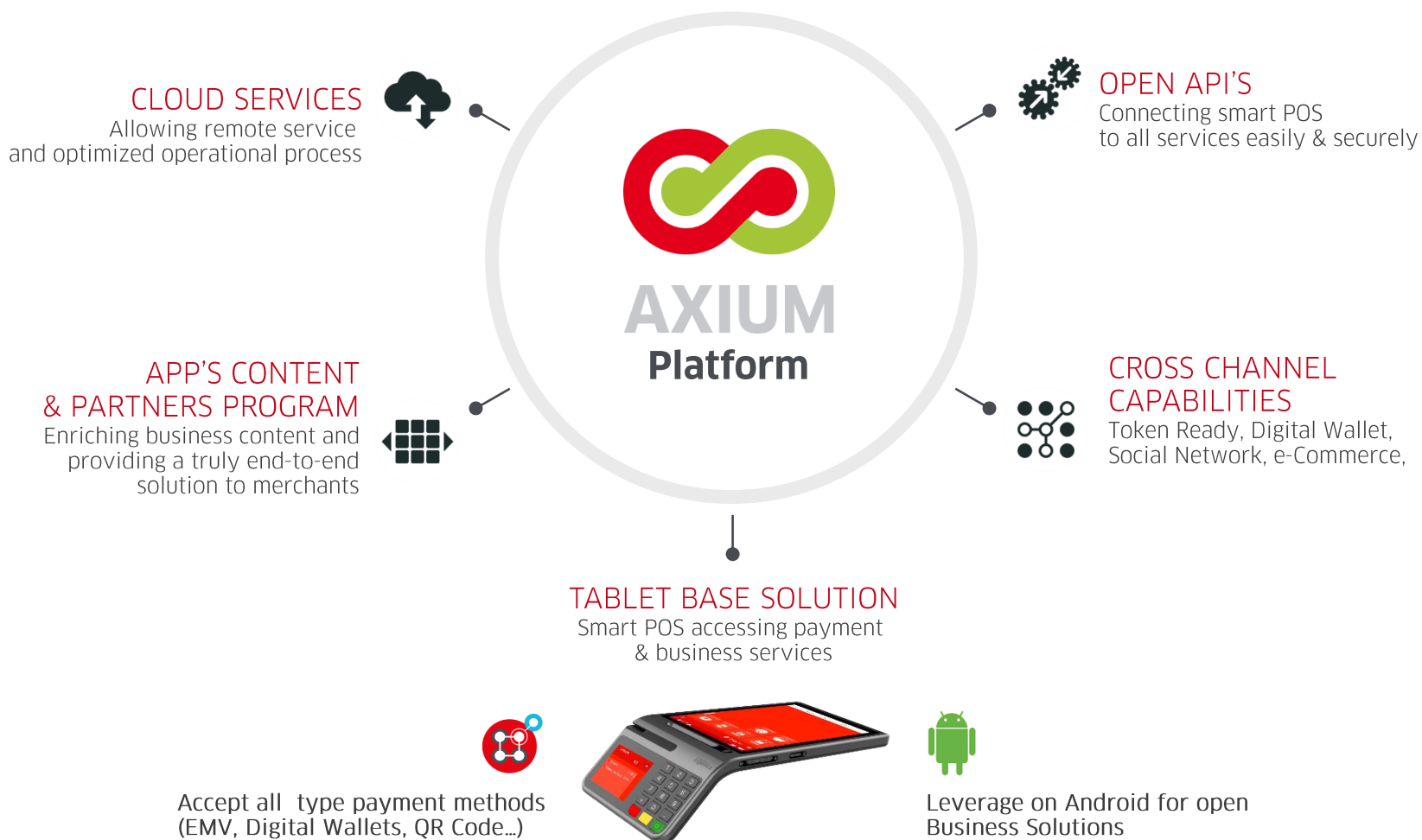


**DELIVERING** comprehensive services to manage the store and engage with customers

High-End segment, ECR & Payment Convergence

# NEW AXIUM PLATFORM

Drive convergence between payment and open business solutions on Android





## CONCLUSION

—●

# Deliver sales performance to merchants



# 2018 – 2020

## Group priorities

1

### **MAINTAIN LEADERSHIP**

in acceptance solutions across all customer segments and channels

2

### **INTRODUCE NEXT GEN**

Open android payment platform

3

### **EXPAND DIRECT TO MERCHANT FOOTPRINT**

with our unique Blueprint and repeatable business model

# 2018

•——•  
Outlook

**Operational deployment and double digit revenue growth for Retail**

**Soft revenue growth despite a neutral environment for Banks & Acquirers**

**Key priorities 2018: implement our strategic roadmap**

- Drive the transformation to create value for our stakeholders
- Room to maneuver for future consolidation opportunities
- Efficiency plan to improve performance in the coming years

**Guidance 2018: €545m - €570m EBITDA range**

- Includes c.€25-30m estimated negative impact from currencies
- FCF Conversion > 45%\*

\* Free cash flow conversion before non-recurring items (acquisitions and restructuring costs)

# INGENICO 2020



Acceleration towards our ambition

## Right organization

- International footprint
- Client centric
- Competencies to address all merchants and partners

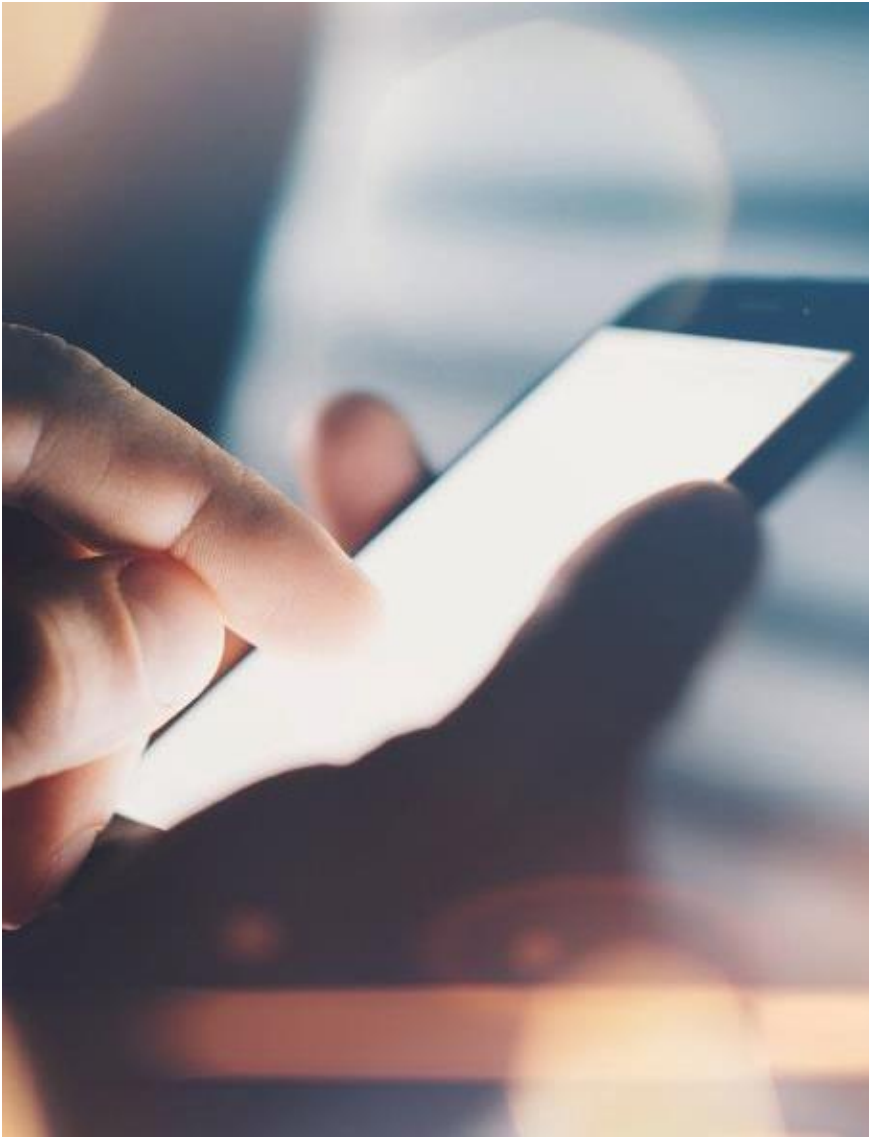
## Right offer

- End-to-end solutions
- Differentiated value proposition to deliver sales performance for merchants
- Innovative open android payment platforms

## Mid-term outlook: EBITDA double-digit growth CAGR between 2018-2020

- EBITDA > €700m in 2020 at constant scope and currency
- FCF Conversion > 45%\*
- Pay-out ratio > 35%

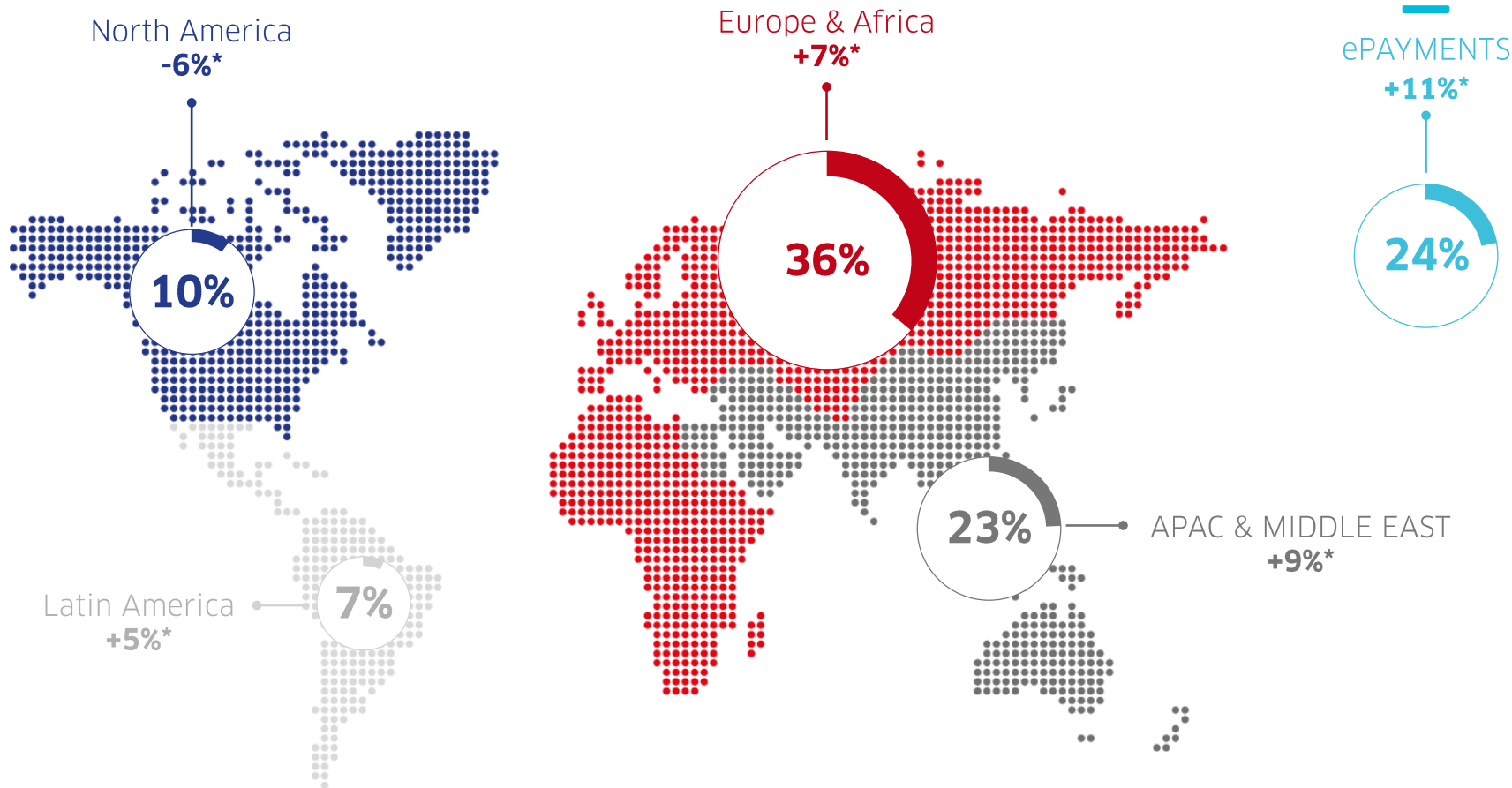
\* Free cash flow conversion before non-recurring items (acquisitions and restructuring costs)



## APPENDICES

# FULL YEAR'17

## Revenue by region



\*Growth rate at constant FX & scope

# FULL YEAR'17

## Consolidated income statement (adjusted)

IN €M	<b>FY'17</b>	FY'16	<b>Change vs. FY'16</b>
<b>Gross Revenues</b>	<b>2,510</b>	2,312	<b>+7%*</b>
<b>Gross Profit</b>	<b>1,067</b>	1,005	<b>+6%</b>
Sales & Marketing	(186)	(170)	+9%
Research & Development	(146)	(158)	-8%
General & Administrative	(209)	(200)	+4%
<b>Adj. operating expenses</b>	<b>(541)</b>	(529)	<b>+2%</b>
In % of Gross revenues	-21.5%	-22.9%	-130 bps
<b>EBITDA</b>	<b>526</b>	476	<b>+10%</b>
In % of Gross revenues	21.1%	20.6%	+40 bps
<b>EBIT</b>	<b>453</b>	403	<b>+12%</b>
In % of Gross revenues	18.1%	17.5%	+60 bps
<b>Net profit attributable to Ingenico Group shareholders</b>	<b>256</b>	244	<b>+5%</b>

\* Growth rate at constant FX and rate

# FULL YEAR'17

Net profit

IN €M	FY'17	FY'16
<b>Adj. EBIT</b>	<b>453</b>	403
<b>Purchase Price Allocation</b>	<b>(52)</b>	(42)
<b>Other income &amp; expenses</b>	<b>(30)</b>	(5)
<b>Financial result &amp; Equity Method</b>	<b>(24)</b>	(8)
<b>Income before tax</b>	<b>347</b>	348
<b>Income tax</b>	<b>(87)</b>	(97)
<b>Income tax rate</b>	<b>25.1%</b>	27.9%
<b>Net Result</b>	<b>260</b>	251
<b>Net Result, attributable to shareholders</b>	<b>256</b>	<b>244</b>

# FULL YEAR'17

## Free Cash Flow

IN €M	FY'17	FY'16
<b>EBITDA</b>	<b>526</b>	<b>476</b>
<b>Working capital changes</b>	<b>(68)</b>	<b>(12)</b>
<b>Capex</b>	<b>(87)</b>	<b>(77)</b>
<b>Other income &amp; expenses</b>	<b>(31)</b>	<b>(4)</b>
<b>Interests paid</b>	<b>(4)</b>	<b>(4)</b>
<b>Tax paid</b>	<b>(97)</b>	<b>(131)</b>
<b>Free Cash Flow</b>	<b>239</b>	<b>248</b>
Conversion rate	45.5%	52.1%
<b>Adjusted FCF*</b>	<b>269</b>	<b>255</b>
Conversion rate	51.1%	53.6%

\* Free cash flow after non-recurring items (acquisitions and restructuring costs)

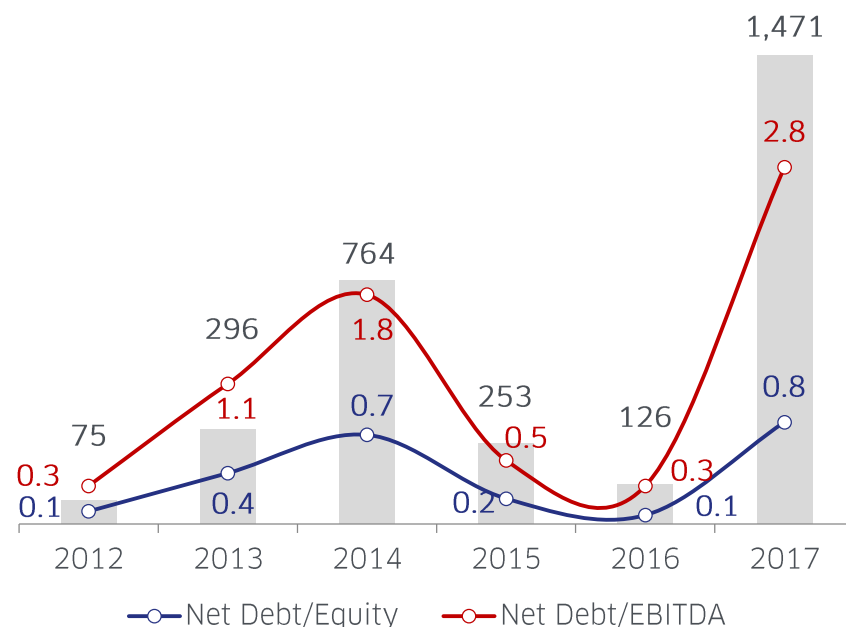


# FULL YEAR'17

## Financial structure

IN €M	FY'17	FY'16
<b>Net debt as of Jan. 1</b>	<b>126</b>	<b>252</b>
Free Cash Flow	<b>239</b>	248
Dividend paid	<b>(40)</b>	(37)
Call option on shares	-	(14)
Acquisitions net of disposals	<b>(1,248)</b>	(61)
Others	<b>(296)</b>	(10)
<b>Change in net debt</b>	<b>(1,345)</b>	<b>126</b>
<b>Net debt as of December 31</b>	<b>1,471</b>	<b>126</b>

## Net debt evolution



# FULL YEAR'17

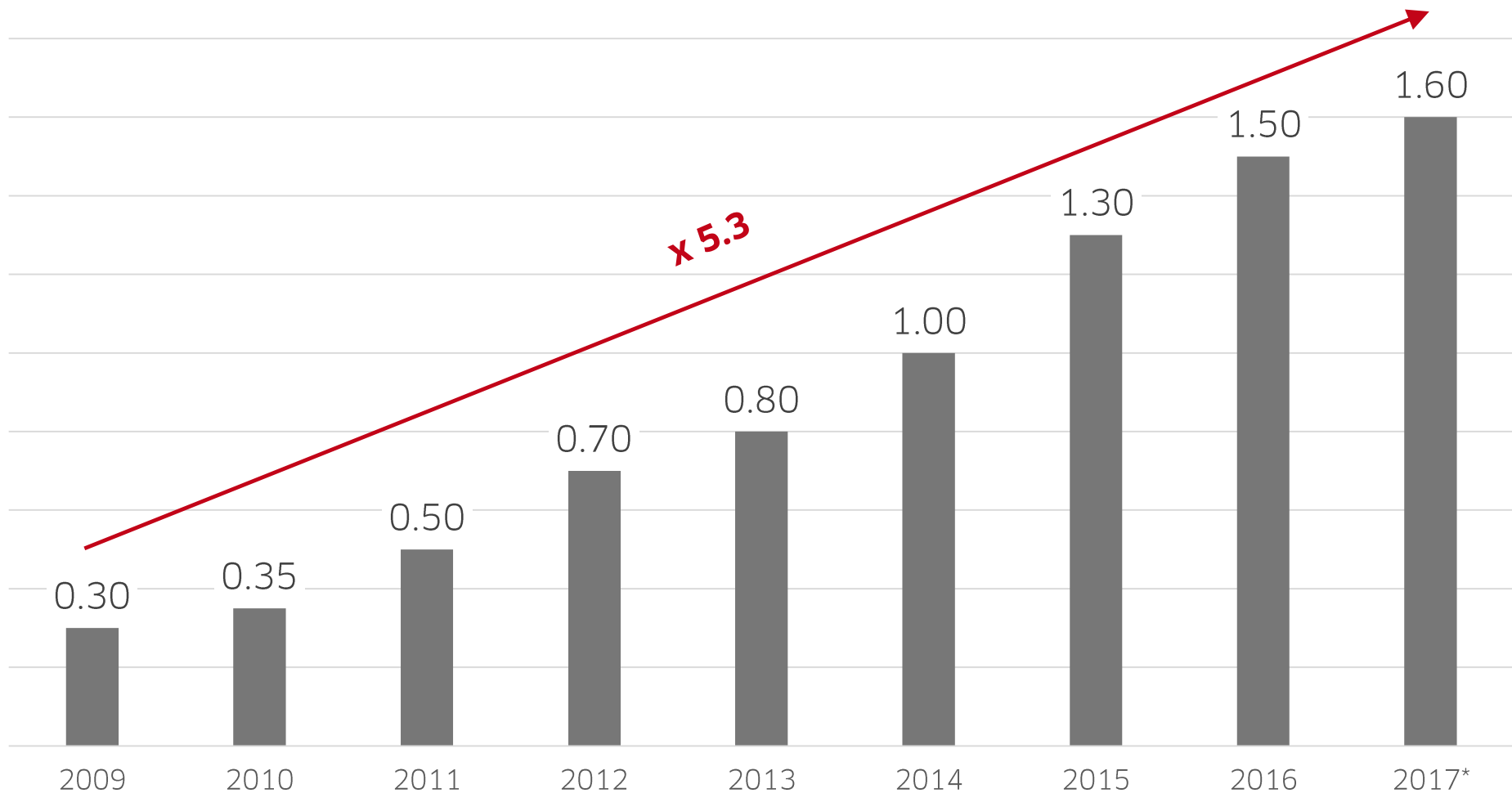
## PPA at year end and amortization

By Acquisition	2017	2018	2019	2020	2021
Bambora*	(7)	(42)	(42)	(42)	(42)
Easycash	(4)	(4)	(4)	(3)	(3)
Ogone	(7)	(4)	(4)	(4)	(3)
Sagem	(4)	(1)	-	-	-
GlobalCollect	(24)	(24)	(24)	(24)	(24)
Nera	(2)	(2)	(2)	(2)	(2)
Others	(4)	(3)	(2)	(3)	(3)
<b>Total</b>	<b>(52)</b>	<b>(80)</b>	<b>(78)</b>	<b>(78)</b>	<b>(77)</b>

\* The PPA calculation regarding Bambora will be finalized in 2018

# FULL YEAR'17

€1.60 proposed dividend



\* Dividend proposed to the next AGM

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