

## **Third quarter 2019**

### Solid revenue growth

### All 2019 objectives reiterated

#### **Revenue of €880 million, up 10% on a comparable basis<sup>1</sup>**

Retail delivered a steady 11% growth over the third quarter 2019

All Retail business lines performed in line with expectations

B&A growth reached 8% fuelled by North America and Latin America

EMEA remained challenging with a volatile environment in Eastern Europe

#### **All 2019 objectives reiterated**

2019 organic growth above 9%

EBITDA (after IFRS 16) above €590 million

Free Cash Flow conversion rate c. 50%

Ingenico Group (Euronext: FR0000125346 - ING), the global leader in seamless payment, today announced its revenue for the third quarter ended on September 30<sup>th</sup>, 2019.

Nicolas Huss, Chief Executive Officer of Ingenico Group, commented: ***“The Group posted a solid performance over the third quarter with a reported revenue growth of 28%, thanks to a strong 10% organic performance and the contributions from BS Payone and Paymark. The Group performance is fully in line with our full-year 2019 expectations with Retail growing double digit and B&A growing above 7%.***

***Two years after the closing of Bambora and a full repositioning of Retail which materialized again in the third quarter performance, Johan Tjärnberg has expressed the wish to move to a non-executive position. He will transition his responsibilities to Gabriel de Montessus who has successfully grown Global Online over the past two years. Johan will remain a key contributor to the Group strategy by joining the Board of Directors in 2020<sup>2</sup>.***

***Ingenico’s teams are fully in motion to execute the Fit for Growth transformation program in its three components: B&A Revival, Retail Acceleration and G&A Streamlining. The first nine-month achievements constituted a solid foundation to our mid-term ambition and we therefore reiterate all 2019 objectives.”***

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<sup>1</sup> On a like-for-like basis and at constant rate

<sup>2</sup> To be proposed and approved at the General Assembly to take place in May 2020

## Key figures

	9-months 2019			Q3 2019		
	€m	% Change		€m	% Change	
		Comparable <sup>1</sup>	Reported		Comparable <sup>1</sup>	Reported
<b>Retail</b>	<b>1,407</b>	<b>11%</b>	<b>44%</b>	<b>501</b>	<b>11%</b>	<b>45%</b>
SMBs	254	12%	12%	90	10%	10%
Global Online	427	11%	14%	152	11%	14%
Enterprise	296	19%	36%	101	18%	35%
Payone	430	5%	178%	158	8%	191%
<b>B&amp;A</b>	<b>1,084</b>	<b>13%</b>	<b>15%</b>	<b>379</b>	<b>8%</b>	<b>11%</b>
EMEA	355	-5%	-4%	116	-10%	-9%
Latin America	240	85%	85%	96	61%	67%
North America	129	3%	9%	56	25%	32%
Asia-Pacific	359	10%	12%	111	-4%	-2%
<b>TOTAL</b>	<b>2,491</b>	<b>12%</b>	<b>30%</b>	<b>880</b>	<b>10%</b>	<b>28%</b>

## Third quarter 2019 performance

Over the third quarter of 2019, revenue totalled €880 million, representing a 10% increase on a comparable basis. On a reported basis, revenue was 28% higher than in the third quarter of 2018 and included a positive foreign exchange impact of €13 million as well as a positive contribution from the newly consolidated BS Payone and Paymark.

The **Retail** Business Unit reported a revenue of €501 million, showing an increase of 11% over the quarter on a comparable basis. On a reported basis, revenue increased by 45% during this third quarter and included a positive foreign exchange impact of €5 million and the positive contribution of BS Payone and Paymark. Compared to Q3'18, the various activities performed as follows on a like-for-like basis:

- **SMB (up 10%):** The third quarter performance was in line with our expectations and with the Q2'19 performance, impacted by the rebalancing of our risk portfolio that will fade in Q4'19. SMB continued to deliver a steady onboarding rate of merchants on its platform with more than 4,000 new customers per month. SMB continued to gain traction in the ISV space with an increased number of ISV contracts signed across Europe and North America, both in e-commerce and in instore through the Bambora Connect offering launched in Q2'19, while continued growth is expected in 2020. In the meantime, our advanced acquiring solutions progressed well with a transaction value up 16% since the beginning of the year driven by market share wins in this segment. Geographical expansion, part of the Fit for Growth plan, is on track with the Bambora blueprint implementation in the Benelux region that progresses according to plan.
- **Global Online (up 11%):** The third quarter performance came in the expected trajectory in terms of growth and commercial development, with the emerging markets growing more than 30%, consistent with the first-half performance. Key milestones in the deployment of new products and services were reached such as the launch of a full suite of Chinese payment methods for international ecommerce players and the dynamism of Chinese online players. The verticalization of our offering towards Travel continued to gain traction with our dedicated Travel Hub solution. In the meantime, major commercial contracts were signed during the quarter such as Yoozoo Games, Yandex or Ikea e-com India.

- **Enterprise (up 18%):** The performance was slightly above our expectations during the third quarter 2019, with a stronger than expected dynamic overall. The business line continued to grow on both POS and transaction activities. In the latter, activities continued to perform well with double-digit organic growth, driven by the European omnichannel platform (Axis), new customer wins and Turkey benefiting from transaction volume growth. Omnichannel retail space deployment experienced clear successes with the M&S contract win in the UK, while the self-service market continued to gain traction with new pilots launched in all geographies. POS activities enjoyed a strong dynamic particularly in the Healthcare vertical in Germany. The latter remained a driver this quarter while its dynamic should fade in Q4'19 due to comparison basis.
- **Payone (up 8%):** As expected, organic growth accelerated during the third quarter. With the integration process between the two entities progressing well, Payone was able to accelerate on the roll-out of existing merchants' portfolio conversion towards a full service offering certified during the first half. In addition, the saving banks partnership confirmed its dynamic with growth driven by the conversion of their customers to the Payone payment solution at a run rate pace above 1,000 merchants per month, confirming the benefit of the partnership in a DACH region still fuelled by the secular shift towards electronic payments.

During the quarter, **B&A** posted a revenue of €379 million, an increase of 8% on a comparable basis. On a reported basis revenue increased by 11% and included a positive foreign exchange impact of €9 million. Compared to Q3'18, the various regions performed as follows on a like-for-like basis:

- **Europe, Middle-East & Africa (down 4% excluding Iran impact in Q3'18 / down 10% including Iran impact in Q3'18):** The region came below our expectations with revenue showing two different dynamics during the third quarter, with mature countries returning to a low positive organic growth whereas Eastern Europe was in decline after a strong first half of the year. United Kingdom and Northern Europe are showing positive trends while Southern Europe is stabilising after a mixed performance during the first half of the year. Eastern Europe experienced a challenging third quarter with strong volatility due to weaker demand from local banks. We have implemented a new regional leadership organisation with a specific focus on Eastern Europe.
- **Asia-Pacific (down 4%):** The performance was in line with our expectations during the third quarter, impacted by a weaker demand in China partially offset by a good dynamic in many other Asian countries. As expected, China was affected by the phasing of budget allocation concentrated in the first half of the year, leading to a weaker performance in the third quarter. South East Asia remained dynamic fuelled by the Indonesian market. India is maintaining a solid momentum driven by the development of electronic payment solutions, while Japan was strong on the back of the EMV migration.
- **Latin America (up 61%):** As expected, the pace of growth slowed during the third quarter of the year but remained at a high pace driven by a continuous dynamic in Brazil. The strong momentum in market share gains and deployment of traditional and APOS devices across the main local players continued to drive growth in for the country. Columbia, Peru, Chile and Bolivia benefited from a good traction accelerating during the third quarter with the contribution of contracts signed in the first half. Mexico continued to grow on the back of ongoing demand from the main local banks.
- **North America (up 25%):** After a first half impacted by weaker demand in Canada, revenue from the region was strong throughout the third quarter. Canada remained challenging, affected by a high comparison basis that is expected to normalise in the fourth quarter. After a stable first semester, US-based activities accelerated in the third quarter with the ongoing benefit of the ramp-up in ISV certification and strong project delivery. The solid pipeline built since the beginning of the year – North America has been leading B&A transformation - shall be a strong basis for a continuous dynamic in the fourth quarter.

## Update on the Fit for Growth implementation

The Fit for Growth plan has been launched in February 2019 and is now fully in execution mode. Its ambition is to revive the B&A business unit, accelerate the Retail growth profile and to transform the Group structure and operating model by 2021. Some key milestones have been reached during the third quarter of 2019:

- B&A Revival: Android competence center in Vietnam is now up and running to accelerate the international deployment of APOS. The Global account management organization has been set-up and gain momentum. The EMS footprint has been rationalized and the product portfolio simplification is underway, with c. 50% of product references already decommissioned;
- Retail Acceleration: Geographical expansion of SMB is ongoing with the deployment of the Bambora blueprint in Benelux. Enterprise accelerates its product offering development with solutions including payment acceptance and acquiring. Global Online development of its domestic acquiring capabilities is underway and Payone starts to benefit from the saving banks partnership;
- G&A Streamlining: Implementation of the defined target model for major functions is on-track and the Group launched the scoping of its ERP infrastructure. Procurement contract renegotiations are ongoing with savings already generated. The first data centers migration initiated during the first half has been completed and outsourcing and nearshoring initiatives are ongoing.

These milestones are in line with the plan and enable us to confirm the €20 million positive EBITDA impact expected to be generated in 2019 and the €100 million positive EBITDA impact in 2021.

## New Leadership appointed to head Ingenico Group's Retail Business Unit

As of November 1st, 2019, Johan Tjärnberg, EVP of the Ingenico Group's Retail Business Unit, is moving from day to day operational management and, transitioning his responsibilities until year-end. He will then take a new strategic role as a Special Advisor to Group CEO Nicolas Huss until he joins the Company's Board later in 2020<sup>3</sup>.

Through this evolution, Nicolas Huss and Johan Tjärnberg will continue their successful partnership to transform Ingenico Group: following the acquisition of Bambora, they built together the organization and business strategy of Ingenico Group's retail activity, creating the conditions for the Business Unit's accelerated and sustained growth.

Ingenico Group is appointing Gabriel de Montessus as EVP of the Retail Business Unit, as of November 1st, 2019. Due to the importance of the partnership with the Sparkassen-Finanzgruppe, Niklaus Santschi, CEO of the Payone joint venture, will report directly to Nicolas Huss.

## All 2019 objectives reiterated

- **Revenue: Organic growth above 9%.** B&A revenue is expected to grow above 7% compared to last year and Retail to achieve a double-digit organic growth.
- **EBITDA (after application of IFRS 16): EBITDA above €590 million.** This target factors in €20 million EBITDA positive impact related to the Fit for Growth plan. The group expects the Retail EBITDA above €285 million and the B&A EBITDA at c. €305 million
- **Free cash-flow: free cash-flow conversion rate of c. 50%** leading to a free cash-flow of c. €300 million.

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<sup>3</sup> To be proposed and approved at the General Assembly to take place in May 2020

## Audio Webcast & Conference Call

The first nine-month 2019 revenue will be discussed in an audio webcast and a Group telephone conference call to be held on 22<sup>nd</sup> October 2019 at 6.00pm Paris time (5.00pm UK time). **The presentation and audio webcast will be accessible at [www.ingenico.com/finance](http://www.ingenico.com/finance).** The call will be accessible by dialling one of the following numbers: +33 (0) 1 72 72 74 03 (from France), +1 646 722 4916 (from the US) and +44 207 194 3759 (from other countries) with the conference ID: **63188856#**.

*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 to 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.

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#### Upcoming events

2019 full year results: 25<sup>th</sup> February 2020

## EXHIBIT 1

Following the closing of the combination of BS Payone with the Ingenico DACH assets, the reporting evolves towards greater transparency and making it easier to read the joint-venture performance. In parallel, the former Ogone activities recognized in Global Online and Enterprise are transferred to SMB and Bambora Pacific is now consolidated in Enterprise.

### 1. FORMER REPORTING ON A REPORTED BASIS

In millions of euros	Q1 2018	Q2 2018	Q3 2018	Q4 2018	2018
<b>Retail</b>	<b>302</b>	<b>328</b>	<b>345</b>	<b>364</b>	<b>1,339</b>
SMBs	88	98	103	105	393
Global Online	119	126	136	141	521
Enterprise	95	105	106	118	424
<b>B&amp;A</b>	<b>280</b>	<b>319</b>	<b>342</b>	<b>364</b>	<b>1,305</b>
EMEA	114	128	127	125	495
Latin America	34	38	58	69	199
North America	30	46	42	44	163
APAC	101	107	113	126	447
<b>TOTAL</b>	<b>581</b>	<b>648</b>	<b>687</b>	<b>727</b>	<b>2,643</b>

### 2. NEW REPORTING ON A REPORTED BASIS

In millions of euros	Q1 2018	Q2 2018	Q3 2018	Q4 2018	2018
<b>Retail</b>	<b>302</b>	<b>328</b>	<b>345</b>	<b>364</b>	<b>1,339</b>
SMBs	70	78	82	84	314
Global Online	117	124	134	139	514
Enterprise	67	76	75	91	309
Payone	48	51	54	50	202
<b>B&amp;A</b>	<b>280</b>	<b>319</b>	<b>342</b>	<b>364</b>	<b>1,305</b>
EMEA	114	128	127	125	495
Latin America	34	38	58	69	199
North America	30	46	42	44	163
APAC	101	107	113	126	447
<b>TOTAL</b>	<b>581</b>	<b>648</b>	<b>687</b>	<b>727</b>	<b>2,643</b>

### 3. NEW REPORTING ON A PRO FORMA BASIS

In millions of euros	Q1 2018 PF	Q2 2018 PF	Q3 2018 PF	Q4 2018 PF	2018 PF
<b>Retail</b>	<b>389</b>	<b>425</b>	<b>447</b>	<b>466</b>	<b>1,728</b>
SMBs	70	78	82	84	314
Global Online	117	124	134	139	514
Enterprise	76	86	84	101	348
Payone	125	137	147	142	551
<b>B&amp;A</b>	<b>280</b>	<b>319</b>	<b>342</b>	<b>364</b>	<b>1,305</b>
EMEA	114	128	127	125	495
Latin America	34	38	58	69	199
North America	30	46	42	44	163
APAC	101	107	113	126	447
<b>TOTAL</b>	<b>669</b>	<b>744</b>	<b>789</b>	<b>830</b>	<b>3,032</b>