



beyond  
payment

# Investor Day June 9 2010

# Disclaimer



*This document includes forward-looking statements relating to Ingenico's future prospects, development and business strategies. By their nature, forward-looking statements involve risks and uncertainties and are not guarantees of future performance. Ingenico's financial condition and results of operations and the development of the industry in which Ingenico operates may differ materially from those made in or suggested by the forward-looking statements contained in this document. In addition, even if Ingenico's financial condition and results of operations and the development of the industry in which Ingenico operates are consistent with the forward-looking statements contained in this document, those results or developments may not be indicative of results or developments in future periods. Ingenico does not undertake any obligation to review or confirm analysts' expectations or estimates or to release publicly any revisions to any forward-looking statements to reflect events that occur or circumstances that arise after the date of this document. In addition, the occurrence of certain of the risks described in the "Risk Factors" sections of the French language Document de Référence filed with the Autorité des marchés financiers (the "AMF") on April 10, 2010 under number D. 09-0297 may have an impact on these forward-looking statements.*

*This document does not constitute an offer or invitation to sell or issue, or any solicitation to purchase or subscribe for, any shares of Ingenico and neither it nor any part of it shall form the basis of, or be relied upon in connection with, any contract or commitment whatsoever.*

*The distribution of this document in certain jurisdictions may be restricted by law and persons into whose possession this document comes should inform themselves about, and observe, any such restrictions.*



beyond  
payment

# Introduction: Executing Group transformation

Philippe Lazare, Chairman & CEO

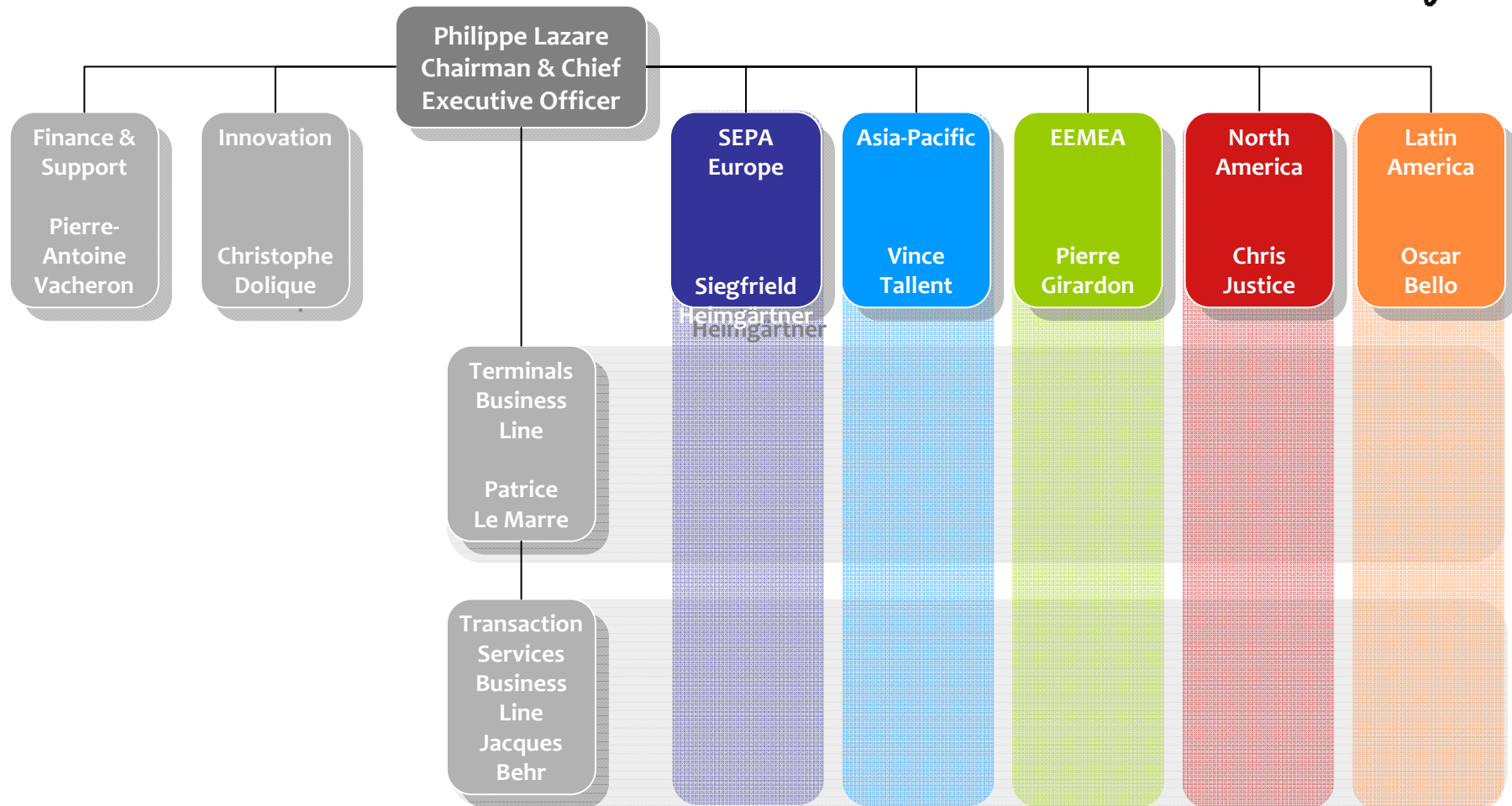
# Agenda



- 14h30-14h45** Executing Group transformation Philippe Lazare, Chairman & CEO
- 14h45-15h15** Payment ecosystem driving opportunities, Christophe Dolique, EVP Business Development & Innovation
- 15h15-15h45** Leveraging POS Leadership, Patrice Lemarre, EVP Business Line Terminals
- 15h45-16h15** Coffee Break – Demos
- 16h15-16h45** Leveraging easycash to develop services, Siegfried Heimgärtner, Managing Director SEPA region
- 16h45-17h00** A transformation model with strong operating leverage, Pierre-Antoine Vacheron, CFO
- 17h00-17h10** Conclusion, Philippe Lazare
- 17h10-18h00** Q&A



# Ingenico's Management

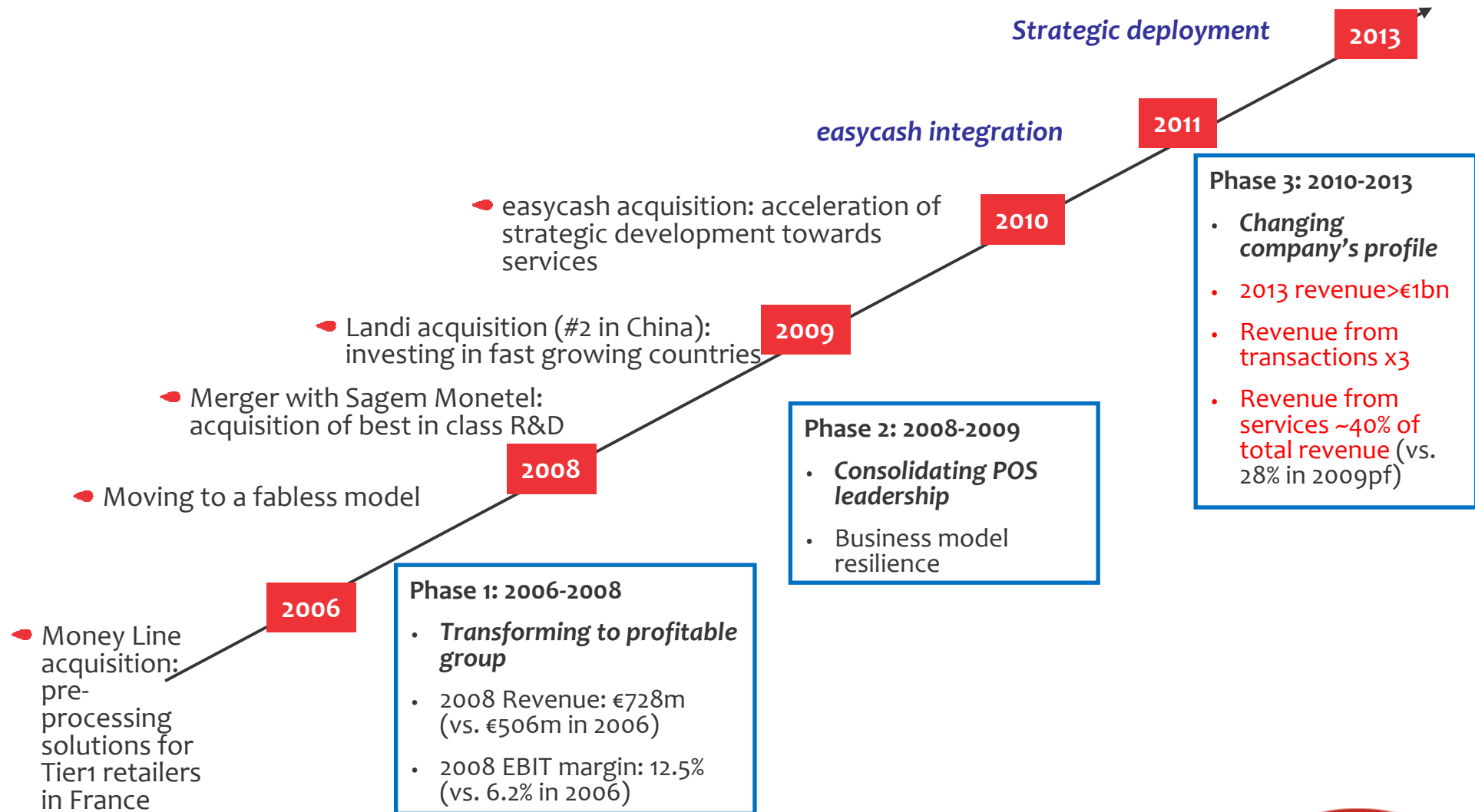


*A focused management matrix crossing geographies and business lines*



# Group transformation for profitable growth

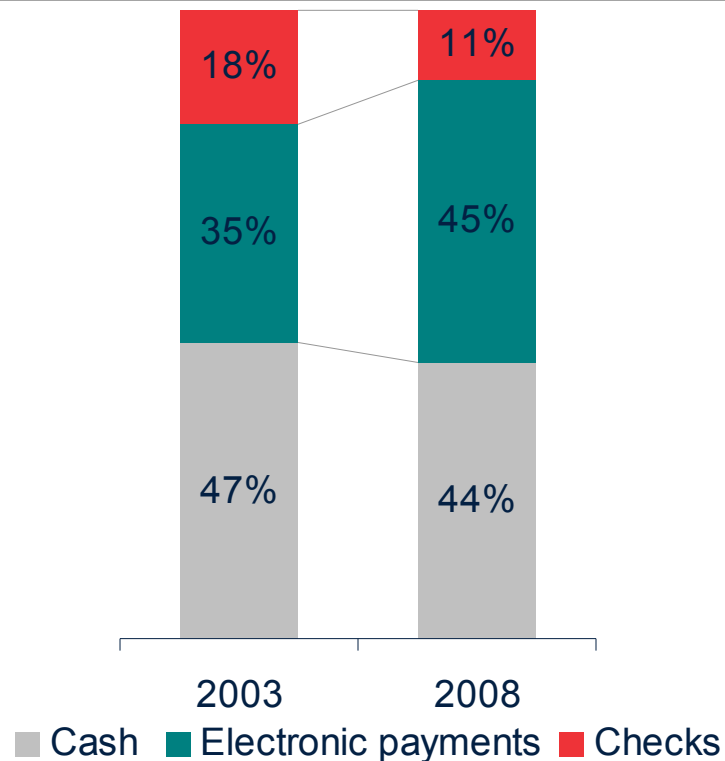
*ingenico*



## Leveraging dynamics of the payment ecosystem

ingenico

### Continuous shift towards electronic payments



Source MasterCard

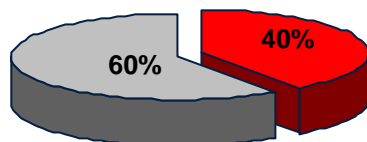
- Changes in payment ecosystem
  - Technology
  - Regulation
  - Business demands
  - New players
- New shopping experience driving shift towards combined Physical + Online + Mobile payments
- Cash usage moving towards dematerialized services & on-line
- Payment ecosystem in motion

***POS as the secure gateway between online and physical worlds.  
Competences in complex physical ecosystem is a key differentiator***

# Towards a new company profile with increased direct access to merchants

ingenico

Target 2013



■ Recurring revenues (services)  
■ One off revenue

## 1 POS terminals



- Remote  
estate  
management

## 2 Transactions Management



## 3 Value-added services



On Line payments

Mobile



4

**Direct access to merchants**



## Leveraging our core assets



1

### POS terminals

- Worldwide leader in a highly concentrated market
- Technological leadership
- Telium providing operational leverage
- Comprehensive customer applications portfolio > 1,000
- Very efficient supply chain

2

### Transactions Management

- Easycash credibility & experience
- Brand new global payment infrastructure
- First cross border customers

3

### Value added services

- Large installed POS base
- New VAS terminals :
  - Color
  - IPA280/Web POS
- Expertise in VAS :
  - Easycash loyalty
  - Transfer To
  - Payzone

***Strong brand recognition in payment - Global with local presence – Large customer base***

# Leveraging a worldwide blue-chip customer base



- Major financial institutions and merchants are using our products and solutions all over the world (in more than 100 countries)
- Our blue chip customer base includes banks, processors & acquirers, merchants, integrators, and services providers
- More than 100,000 small merchants directly managed in France and Germany



## Reaching our 2013 objectives



- 2013 revenue >€1bn
- Revenue from Transactions x3 compared to 2009PF
  - Organic growth
  - Internationalized services
  - Focused acquisitions
- Recurring revenue representing ~40% of total revenue in 2013
  - Transactions
  - Maintenance
- EBITDA margin >18%
- More visibility, more profitability

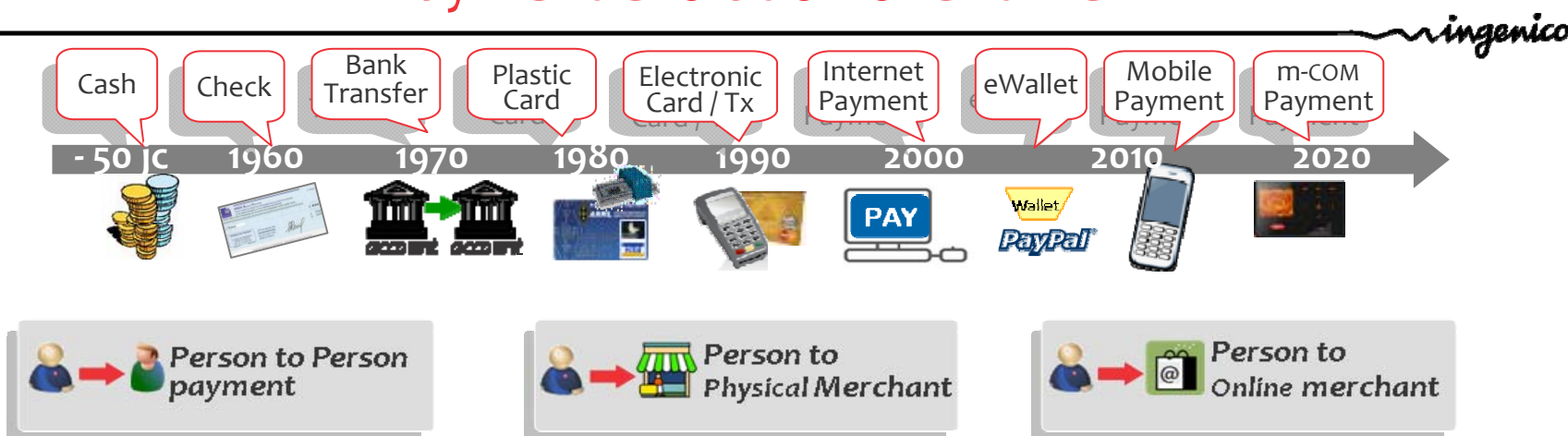


beyond  
payment

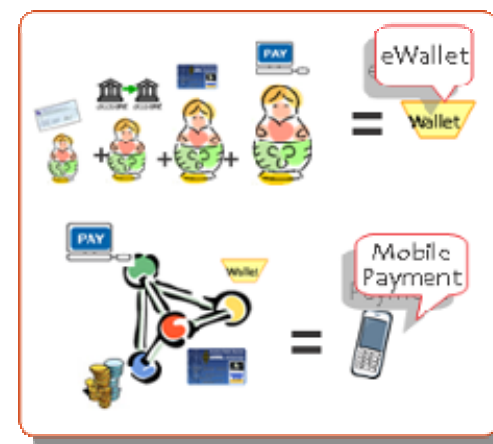
# Payment ecosystem driving opportunity

Christophe Dolique  
EVP Business Development & Innovation

# Payment evolution over time



- All of these payments methods are still in use
- Each payment method is built on a different ecosystem that addresses different needs
- Different cost structures apply to each of them
- Level of fraud varies between payment methods and is more or less controllable
- Methods & rules vary between geographies



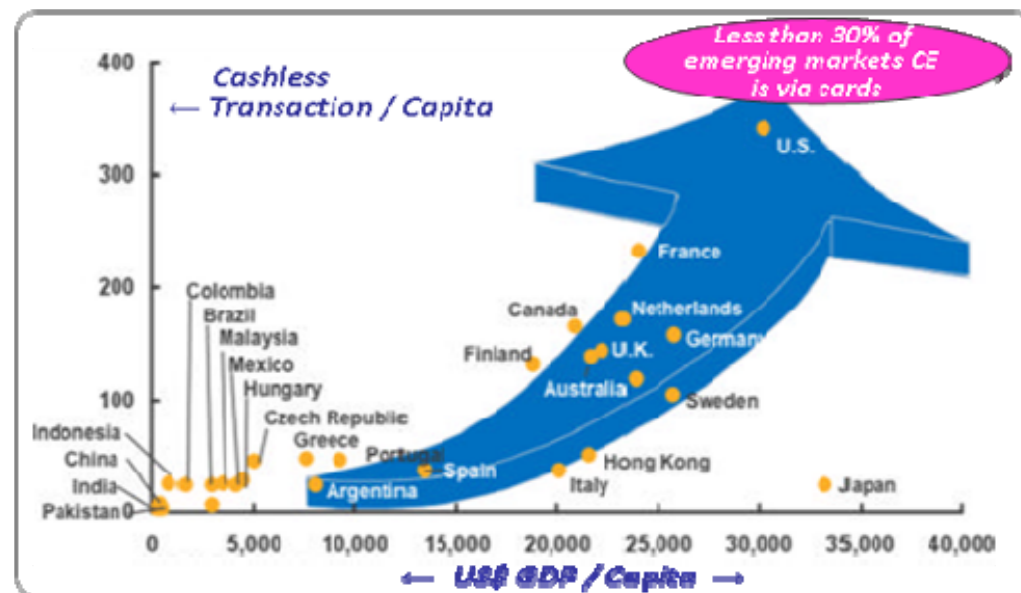
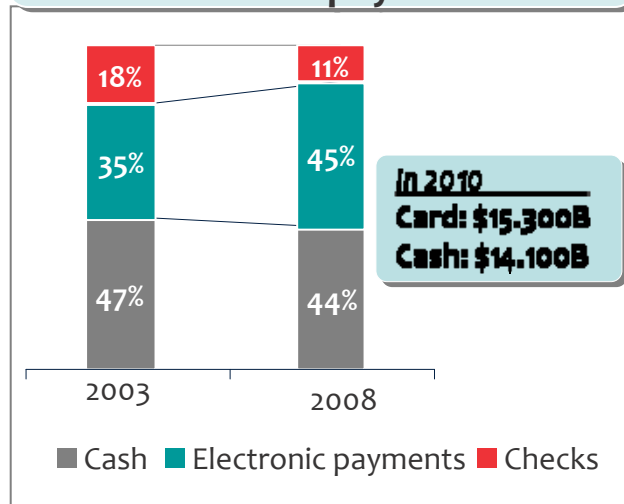
***New payments methods (will) combine former ones***

# Payment market is driven by Card payment and .... Cash

ingenico



## Continuous shift towards electronic payments



**Payment by Card**  
**Cash remains strong**

→ **Long term growth worldwide**  
 → **new usages are arising**

Source: ABECS, BIS, central banks, IMF, National sources, UN Population division, Goldman Sachs - - Euromonitor from trade sources/national statistics



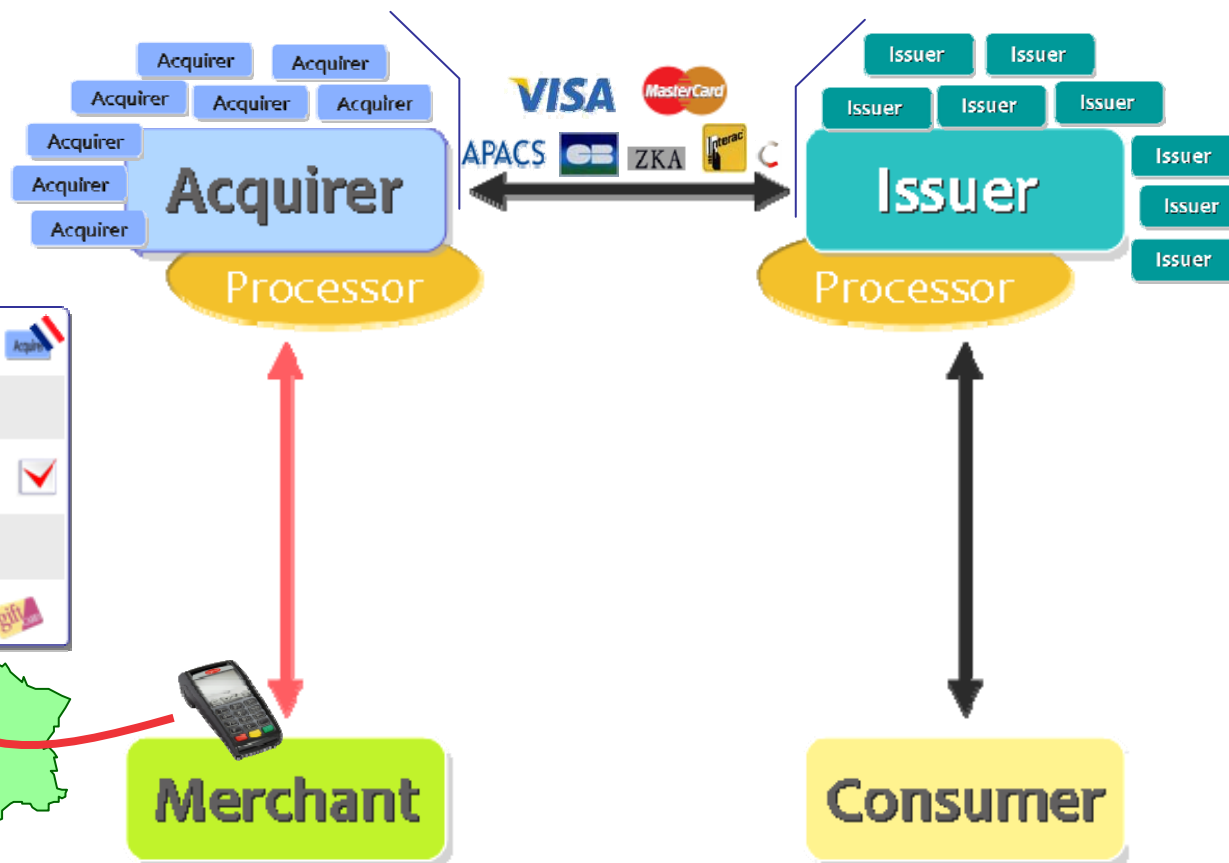
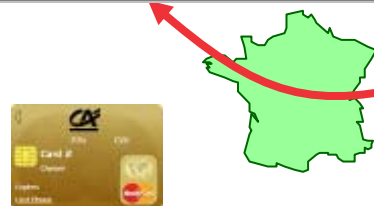
# Card Payment Ecosystem

→ A collection of local and complex models

ingenico

Financial institutions  
drive Rules & Compliance

	PCI	EMVCo	VISA	MasterCard	UnionPay	Others
HW + OS	✓	✓		✓	✓	
Payment Apps				✓	✓	✓
Contactless			✓	✓	✓	
Other						



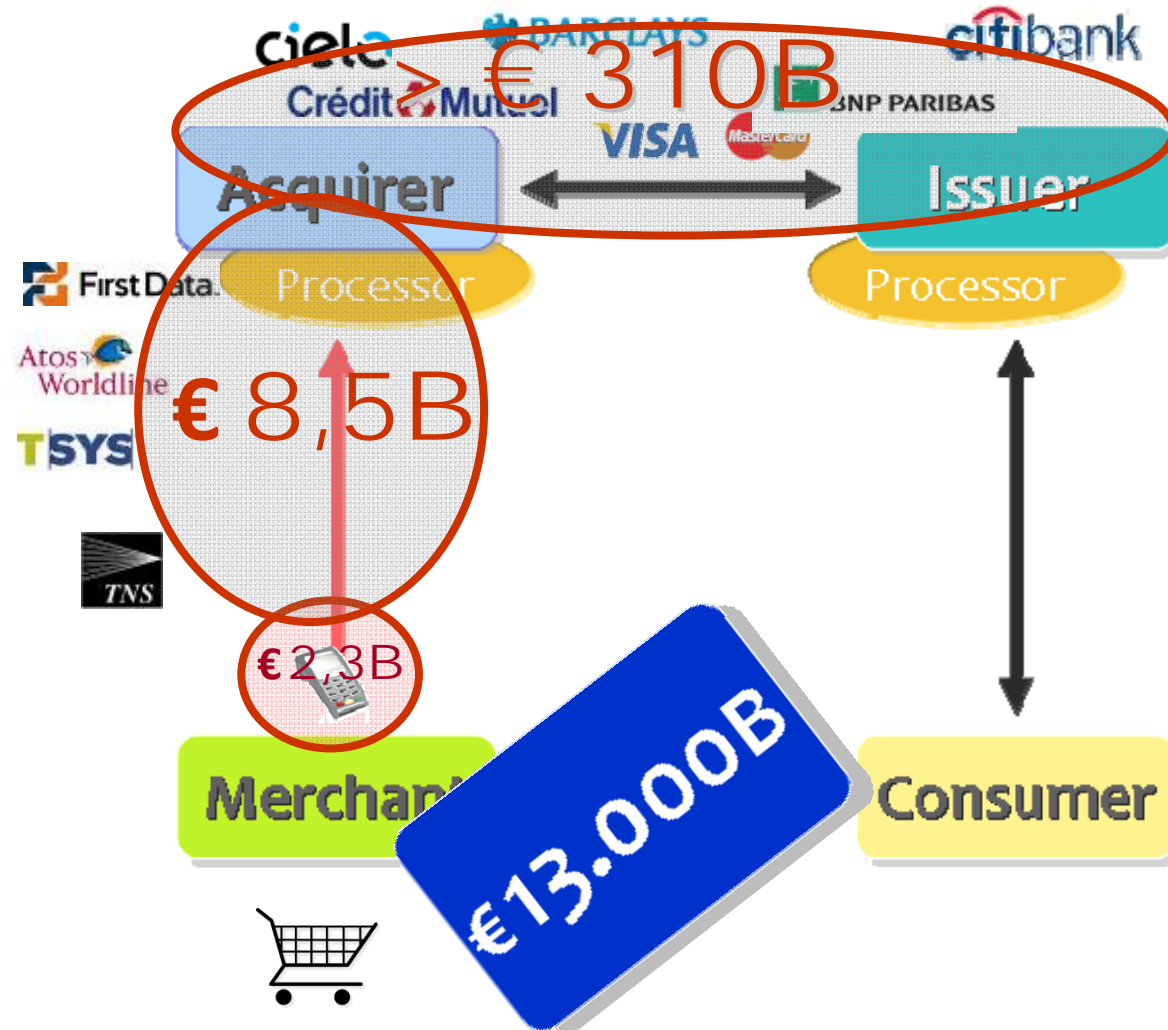
*In the “physical / Card present payment world”,  
understanding local constraints is a key barrier to entry*

# Card Payment Ecosystem

## → A world of opportunities

ingenico

- Current players have to deal with legacy business models & technology
- Most of them are local .... except merchants
- Does size matter ?

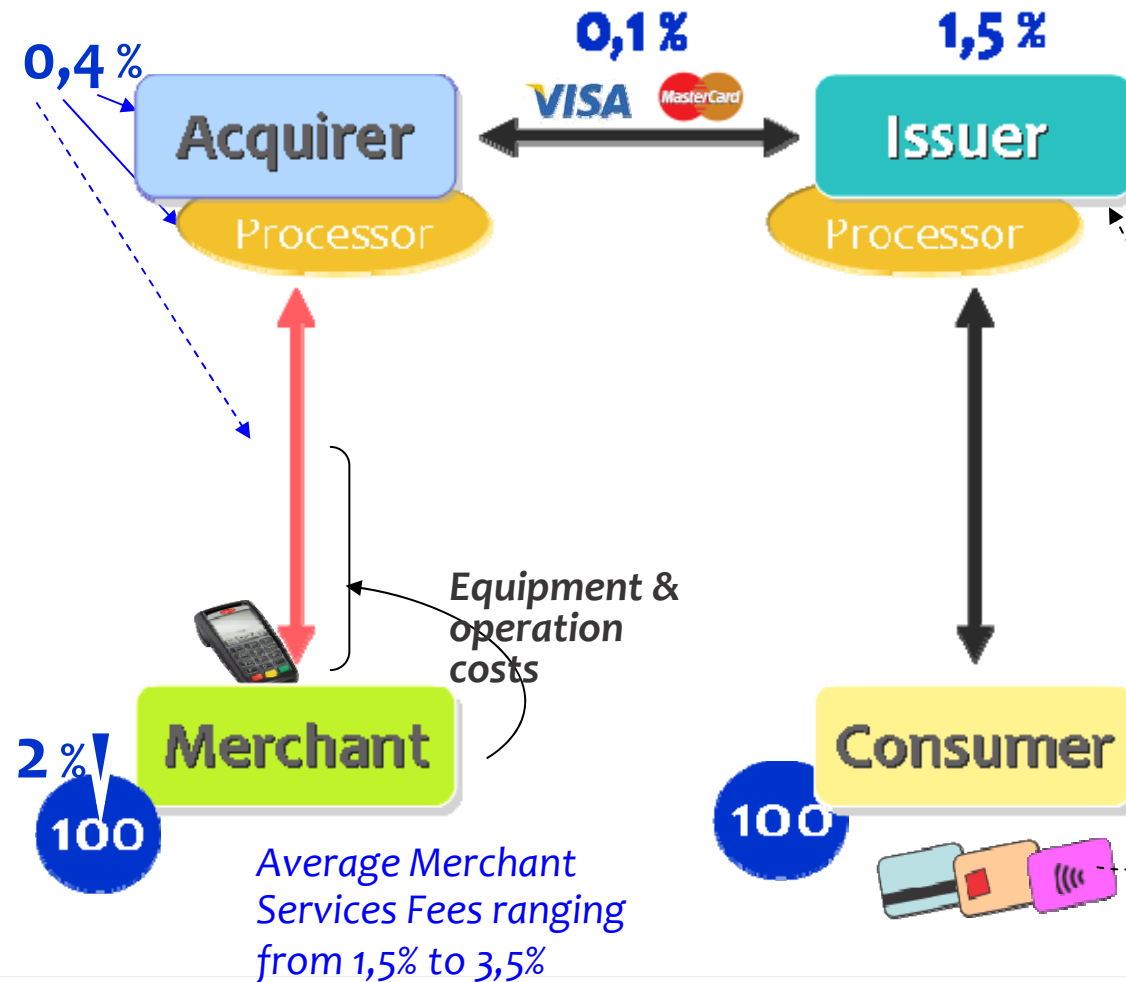


Source: ABECS, BIS, central banks, IMF, National sources, UN Population division, Goldman Sachs - - Euromonitor from trade sources/national statistics

## Card Payment Ecosystem – Who is getting what → Business Model in motion

vingenico

- ◀ This economic model is in motion due to:
  - Regulations
  - Merchants expectations
  - Globalization
  - Consumer experience
  - Stakeholder new positioning



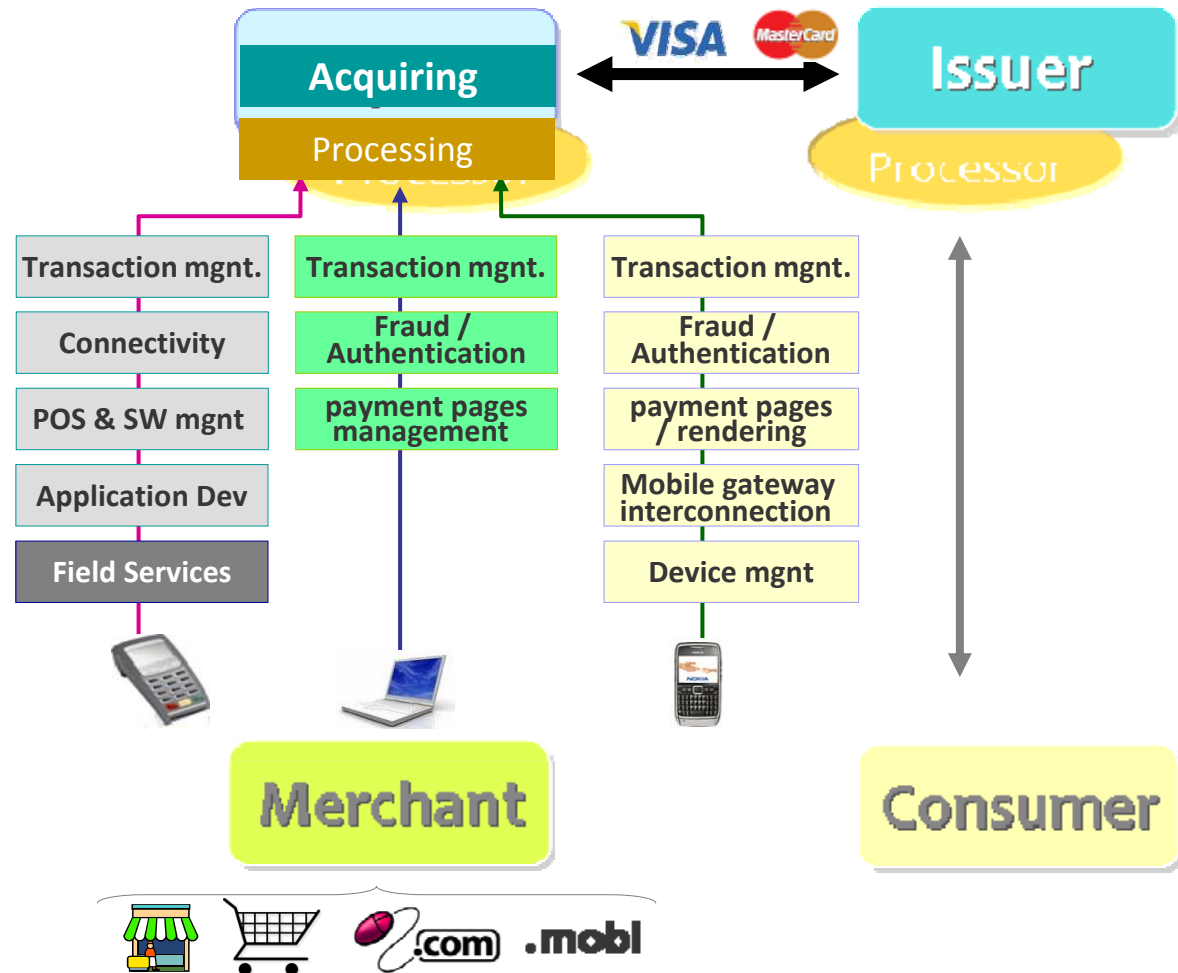
### ***Merchants pressure to evolve the model and to reduce fees***

# Card Payment Ecosystem – the value chainS

→ Payment solutions are mainly local and vertically fragmented

- Different players are competing on each value chain with different value propositions & business models
- No horizontal offer so far ... addressing new shopping experiences

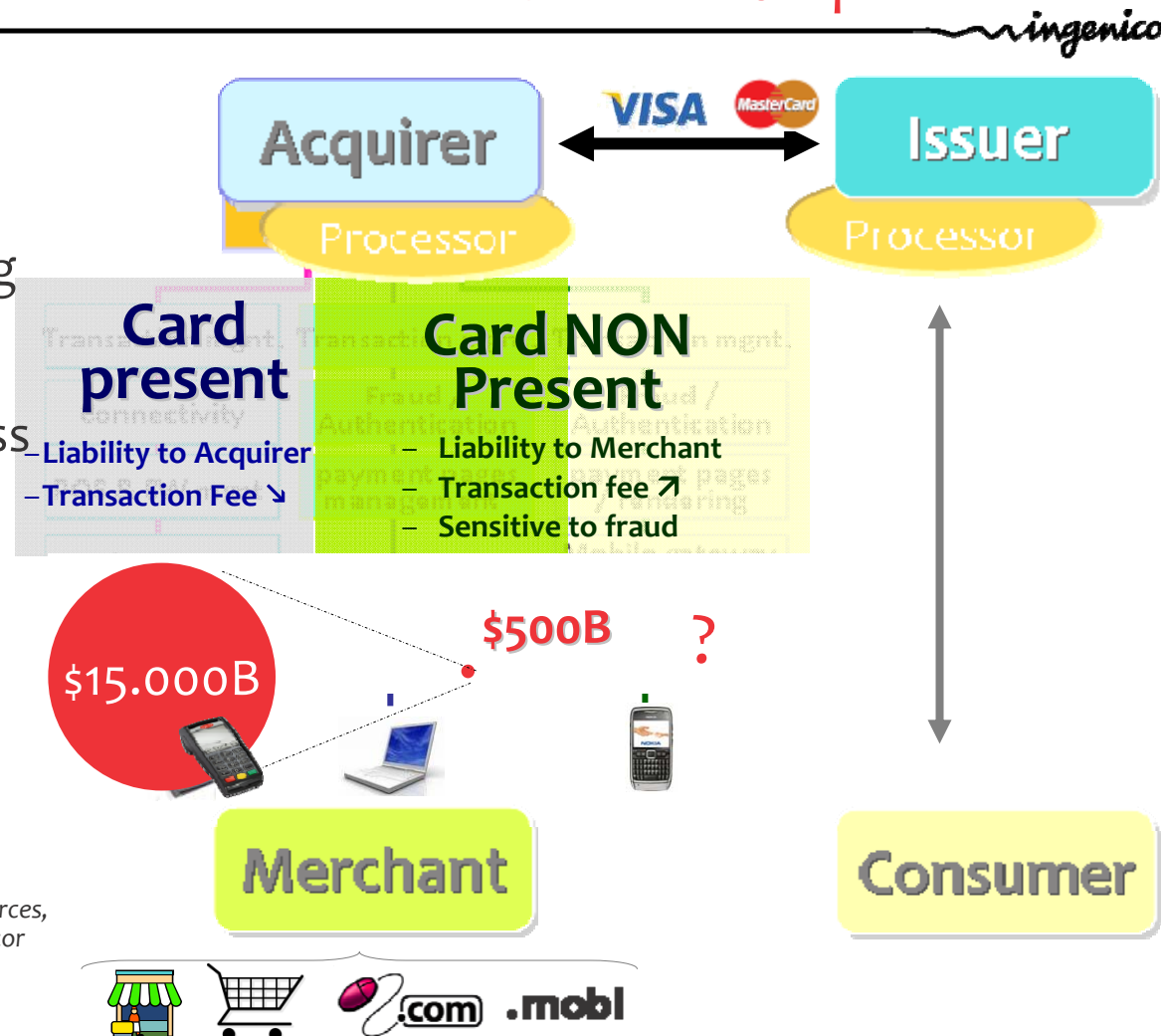
**Merchants are looking for one stop solution**



# Card Payment Ecosystem – the value chainS

## → 2 distinct worlds - Card Present & Card non-present

- All Card present largely dominating > 30x bigger
- Card non-present growing faster > 30% CAGR
- ... and driving payment innovation to new business models and rules
  - Fraud
  - Shopping experience
  - de facto borderless



Source: ABECS, BIS, central banks, IMF, National sources, UN Population division, Goldman Sachs - - Euromonitor from trade sources/national statistics

**Future evolution of payments requires horizontal integrated offers that fulfill shopping evolution on a global basis**

# “Beyond” the Card Payment Ecosystem

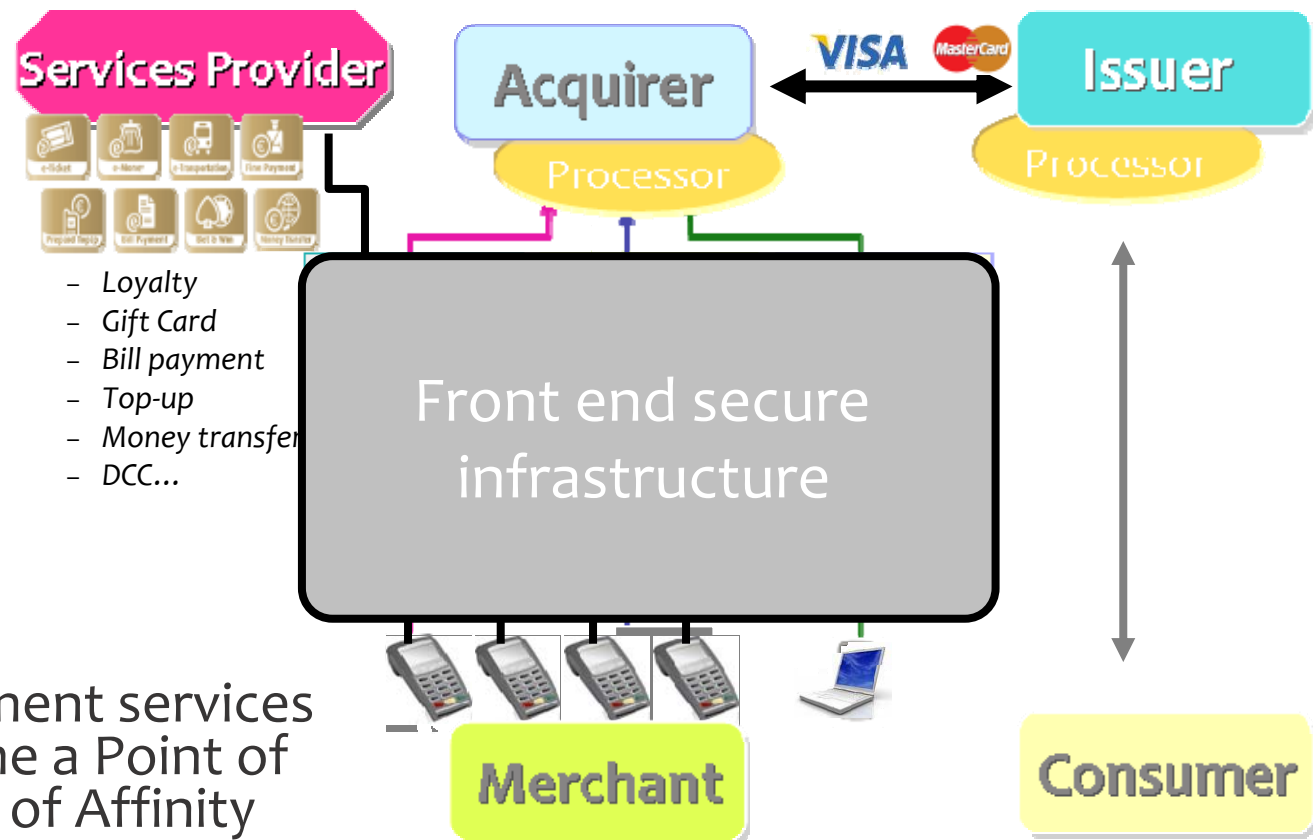
→ The payment infrastructure can be leveraged to provide VAS

*ingenico*

## Europe 2010

Prepaid Card sales €80Bn with a total of 2,3Bn transactions

- Retailer Gift Card ~€18 Bn
- Travel Card ~€11 Bn
- Online Payment Card ~€10 Bn
- All-purpose Card ~€ 1 Bn



- In addition to payment services the POS can become a Point of Service and a Point of Affinity

- ... while providing differentiation & new revenue streams for merchants/ acquirers



Source: ABECS, BIS, central banks, IMF, National sources, UN Population division, Goldman Sachs - - Euromonitor from trade sources/national statistics

*ingenico*



# Payment a market with new paradigms



**Nokia** bets on mobile payments by investing \$70 M in **Obopay** - *March 2009*

**Heartland** coughs \$41M to settle MasterCard claims - *May 2010*

**Visa** to buy **CyberSource** for \$2 Billion - *April 21, 2010*

**Ogone** – European online PSP announced that investor Summit Partner has entered into a binding agreement to acquire a majority stake in the company. (> € 160M\*) - *May 17, 2010*

**Globe GCASH** takes **PayPal** as partner using PayPal, for domestic and international remittances through Globe's mobile network - *May 25, 2010*

**American Express** & UK Permira are jointly bidding for the **RBS's** processing division -the deal could raise around \$3.6 billion - *May 17, 2010*

India's largest lender State Bank of India (SBI) to form JV with Elavon & Visa for merchant acquiring - *May 5, 2010*

**American Express** completes acquisition of Revolution Money for approximately \$ 300 M - *January 15, 2010*

**NFC Forum** Forges Collaborative Links with **EMVCo**, **GSM Association** and Smart Card Alliance - *Feb 9, 2010*

Welsh, Carson, Anderson & Stowe has signed investment in **GlobalCollect**, the world's premier payment service provider (>€450M\*) - *April 15, 2010*

**Visa & MasterCard's** share price fell in New York trading after the U.S. Senate included limits on debit- card fees - *May 20, 2010*

**MasterCard** announced that SW developers could use the company's proprietary payment technology to develop online & Mobile Phone Apps - *May 2010*



**Square initiative** - *January 2010*  
**Starbuck Mobile card** – *April 2010*  
**Verifone Payware** - *April 2010*

\* Ingenico estimate



# Changes & disruptions alignments are driving evolutions in the payment ecosystem

*ingenico*

## ★ Technology is ready

- Free ware / open OS
- IP / Online / always on
- Wireless / NFC

## ★ Regulation is evolving

- SEPA / e-money
- PCI / Credit concern in the US

## ★ New Consumers / Merchants expectations

- Convenience, security, benchmarking among various solutions
- dotCommerce is borderless and redraws competitive landscape
- New revenues versus Cost

## ★ Business demands overcoming payment limitation

- CRM surrounding the payment
- Vertical solutions beyond payment
- Cross Border / Cross Channel

## ★ New players

- Online PSP / Telco / Pre-Paid operator / scheme

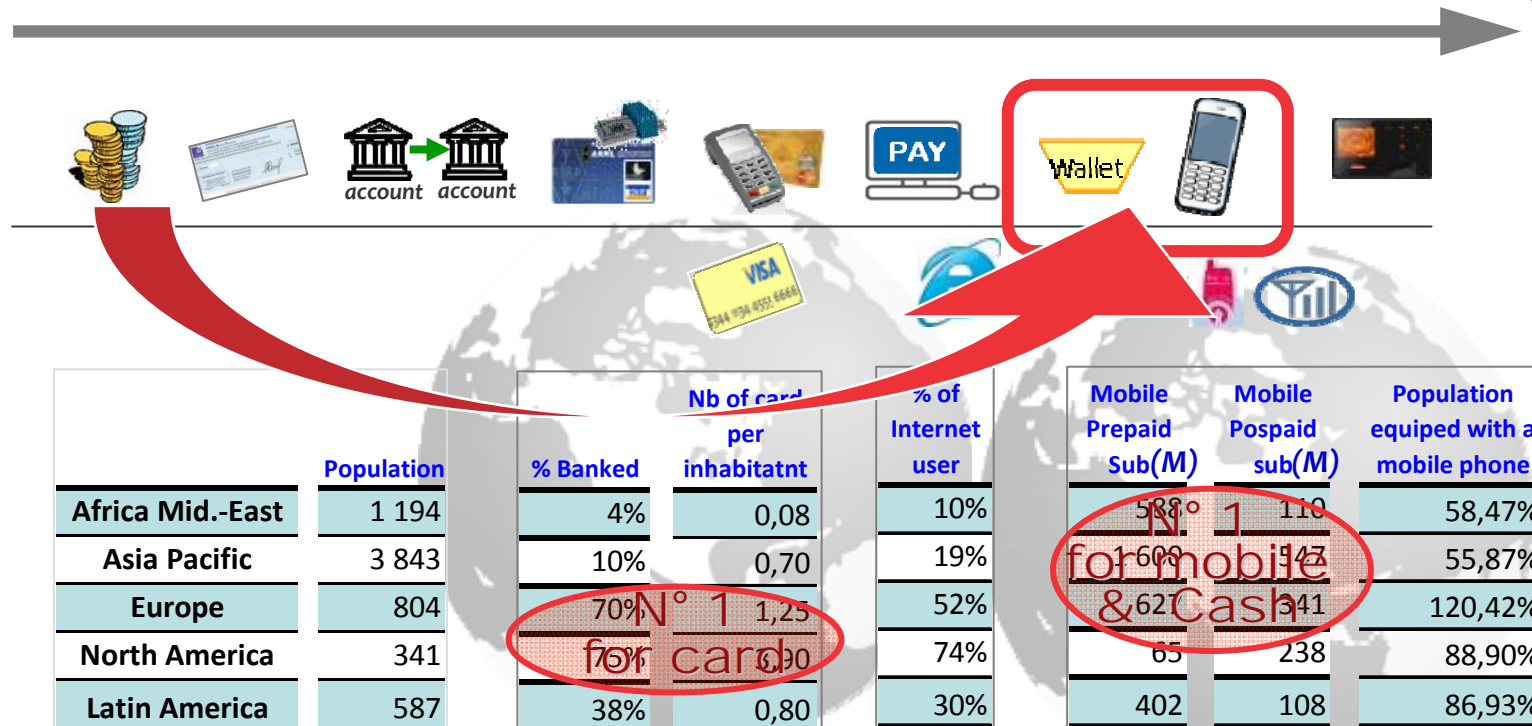


*ingenico*

# Evolution towards 2 kinds of ecosystems

→ Depending on different geographies and technology

ingenico



Source: IDC, Morgan Stanley, Euromonitor, FirstAnapolis, Ingenico

In 2009

Mobile Subscribers 4,8B

Pre paid subscribers 3.2 B

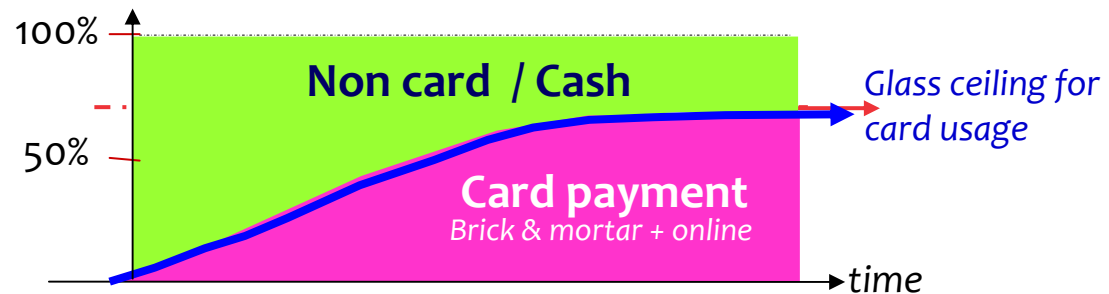
Post Paid subscribers 1,6 B

**New business model(s) disruptions driven by new usages and new technologies**

## Beside the Card Payment ecosystem → Cash remains king and drives new usages

ingenico

In parallel to the card payment ecosystem, the cash ecosystem needs to address new market demands :



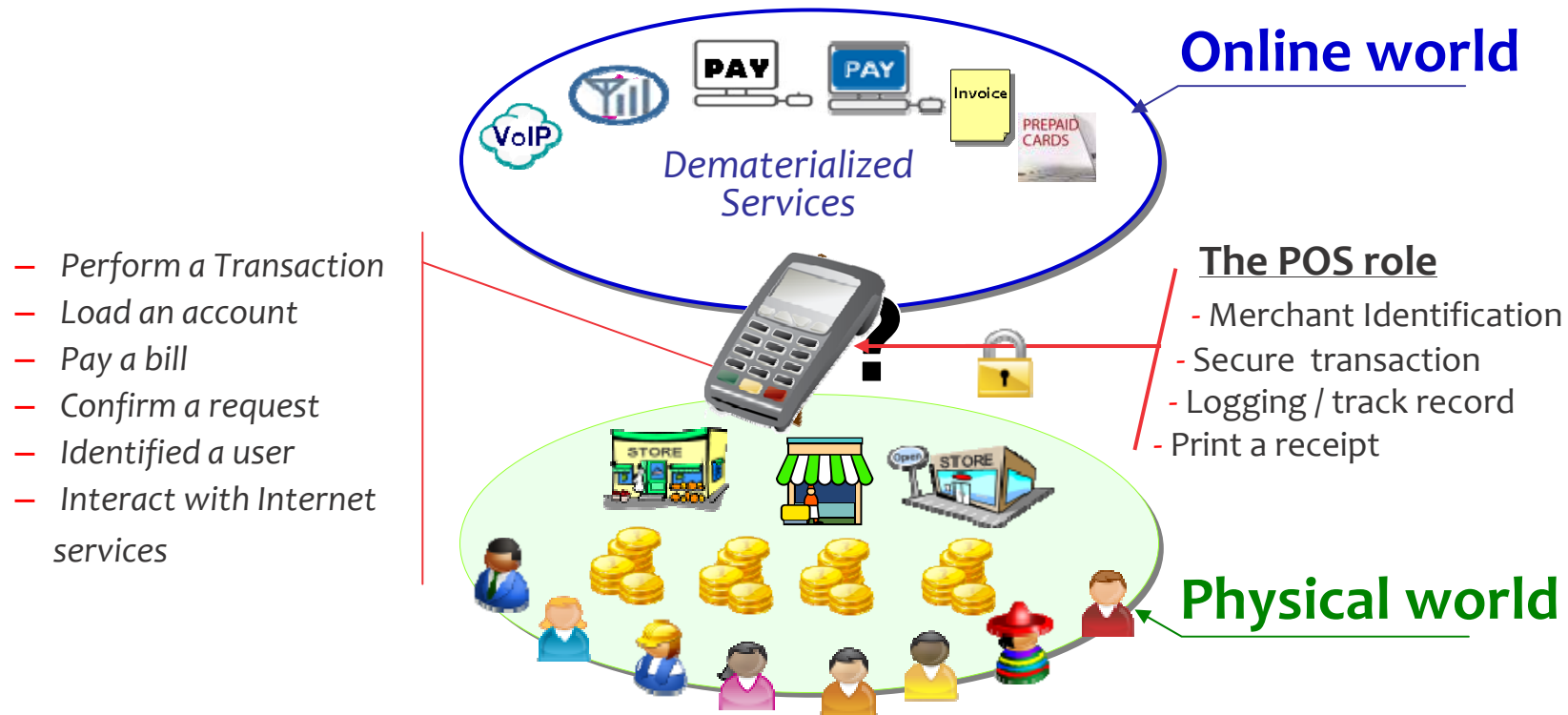
... and to serve

- People not using a card (*don't have one, don't want to use it*)  
*un-banked population, teenagers, migrants, developing market population*
- Online merchants looking for secure payment methods  
*Web merchant , Telco, betting, Gift card, Scratch card, bill payment, P2Ptransfer,*
  - Avoiding fraud
  - Alternative to Premium SMS / phone bill

**Cash transactions require a secure access point**

# Future evolutions will require secured gateway between physical & electronic worlds → the POS

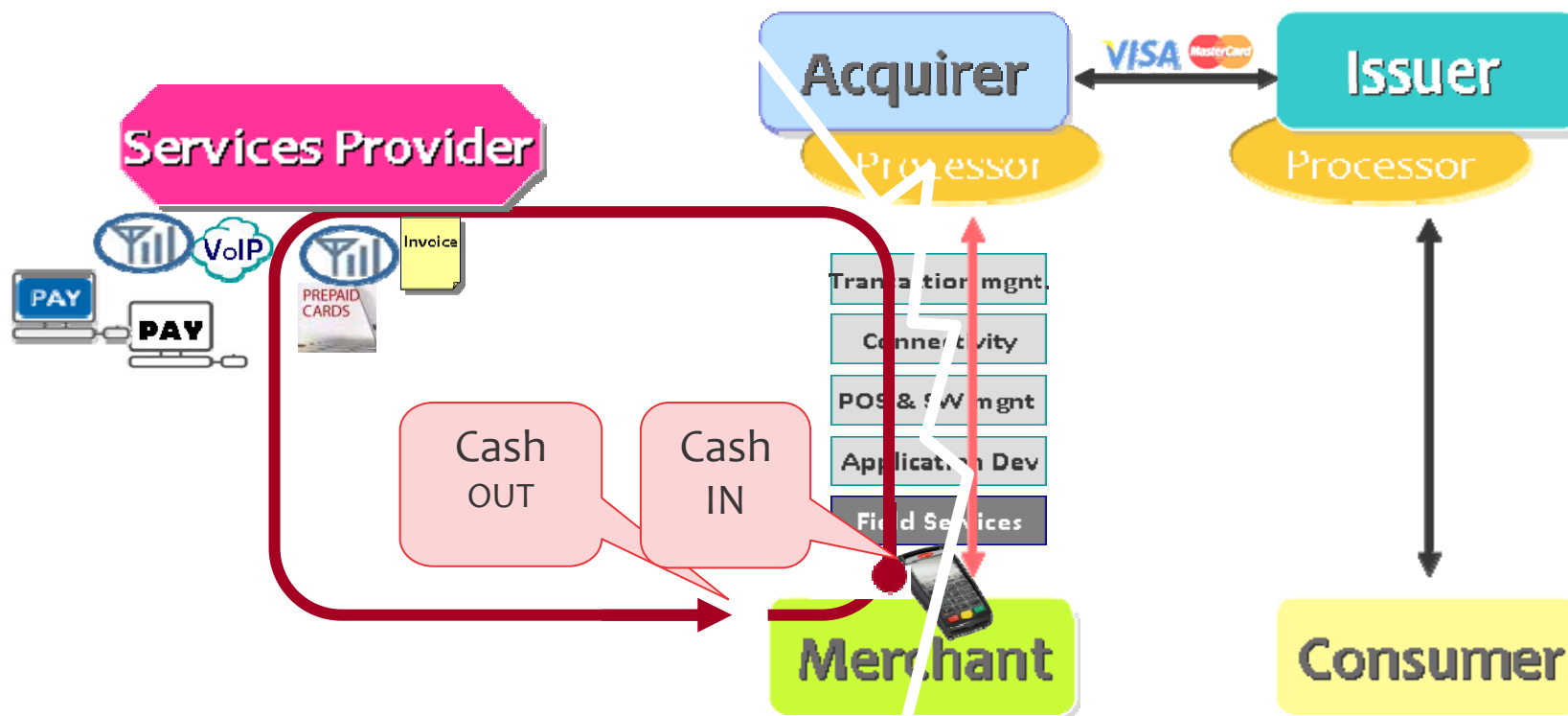
ingenico



***The POS is critical for solutions handling cash for online/prepaid services***

## Leveraging payment infrastructure to address new cash management requirements (peer to merchant & peer to peer)

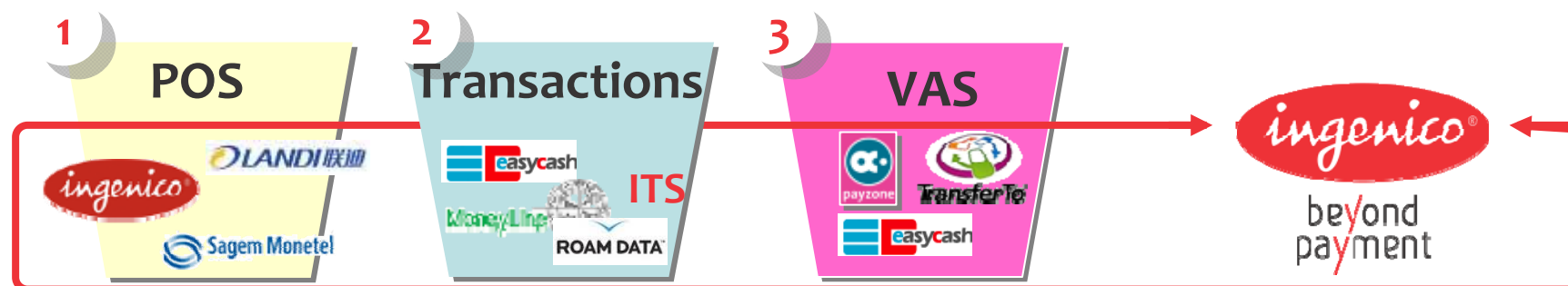
ingenico



*The POS plays a key role in allowing dematerialized services at the point of sales, while securing flows thanks to global payment infrastructure*



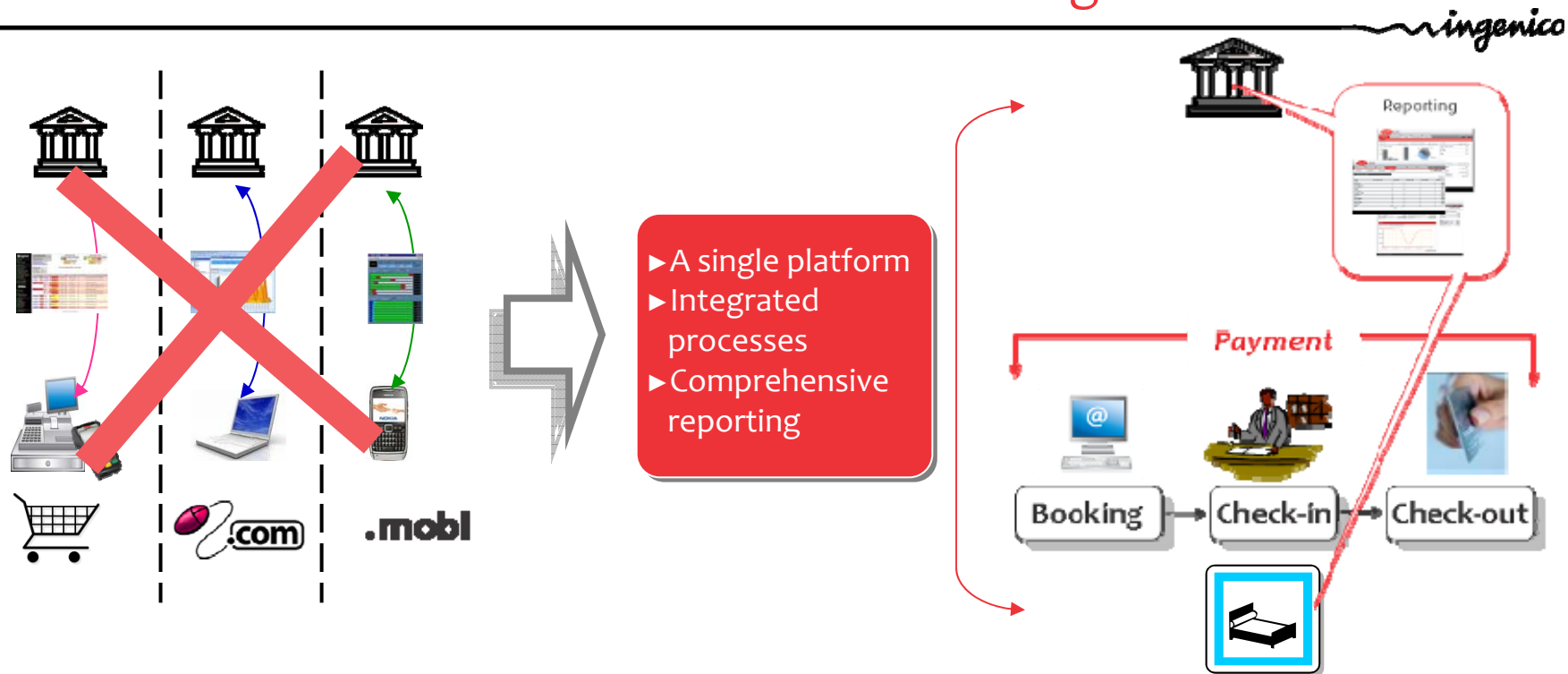
## Leveraging Ingenico's assets to capture opportunities



► Ingenico's move (organic and M&A) already started along 3 axes

- 1 Maintain leadership on POS market
- 2 Provide end-to-end solutions on a global scale to leverage the transactions management business
- 3 Differentiate and penetrate vertical markets with VAS provided as white label approach and/or own brand)

## Online / Mobile Payment - Leveraging Ingenico's position → Provide the 1st horizontal integrated offer



- Current solutions designed to cover former specific demands
- New shopping requirements are arising, as a consequence of online/mobile merchants
- The solution cannot only be “a copy paste” of what currently exists in one area

***No other PSP has equivalent expertise in the “Card present” area***

# Online / Mobile Payment - Leveraging Ingenico's position → Build upon key existing bricks



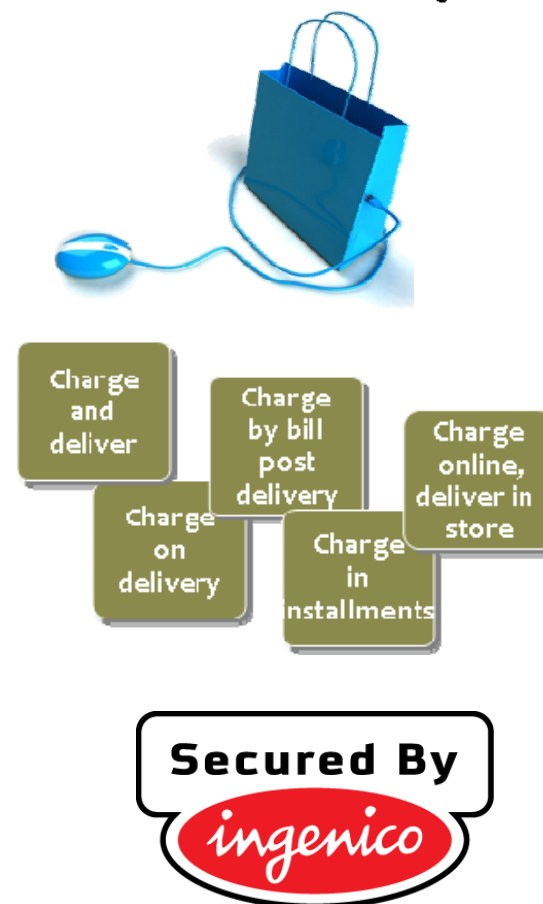
- Axis new platform generation
  - Web 2.0
  - Global PCI-DSS certified infrastructure
  - Online service already delivered
- easycash existing online business
  - > 25 million transactions per year
  - Fraud engines
  - > 600 merchants
- ROAM Pay solution
  - Able to interface with hundred different devices
  - Can easily integrate into merchants' legacy back-end systems (*inventory, order entry, CRM,...*)
  - Supporting an audio swipe reader



# The Ingenico Online / Mobile Payment solution → the first integrated horizontal offer

*ingenico*

- ✓ Enables true cross-channel payment, including cross-channel fraud & risk mgnt.
- ✓ Offers all payment “Billing” options to cover any consumer shopping payment experience
- ✓ Provides widest acceptance (PSP independent to extended coverage)
- ✓ Smooth and “transparent” to integrate thanks to state-of-the-art technology
- ✓ Set of leading edge quality, revenue optimization and churn management tools
- ✓ Consolidated billing, reporting & analytics

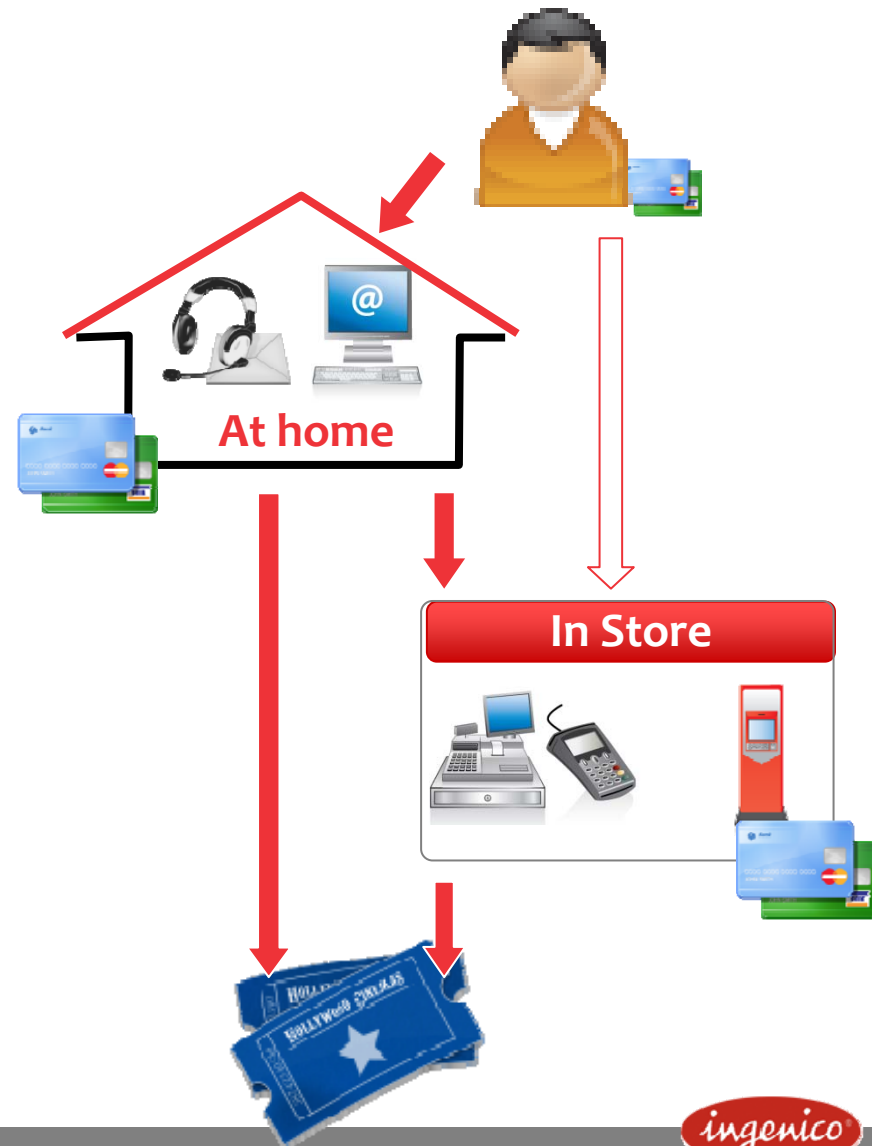


***First alternative solution to current online PSP's value proposition***

## Example of cross channel ticketing

*ingenico*

- A complete cross channel experience
- Initiate payment online
- Identify your customer in store with payment card
- Never store any PCI DSS sensitive data



## Take away



- The “card present” business is growing and now welcomes a vertical integration on a global scale to cope with new market expectations
- Combining Physical + Online + Mobile payment methods is the next step to comply with new shopping and payment experience
- Cash usage evolution, driven by the growth of dematerialized services
  - both in developed and emerging countries
  - positions the POS as the secure gateway between the online and physical worlds

***Ingenico is in a unique position to take advantage of the payment ecosystem evolution***





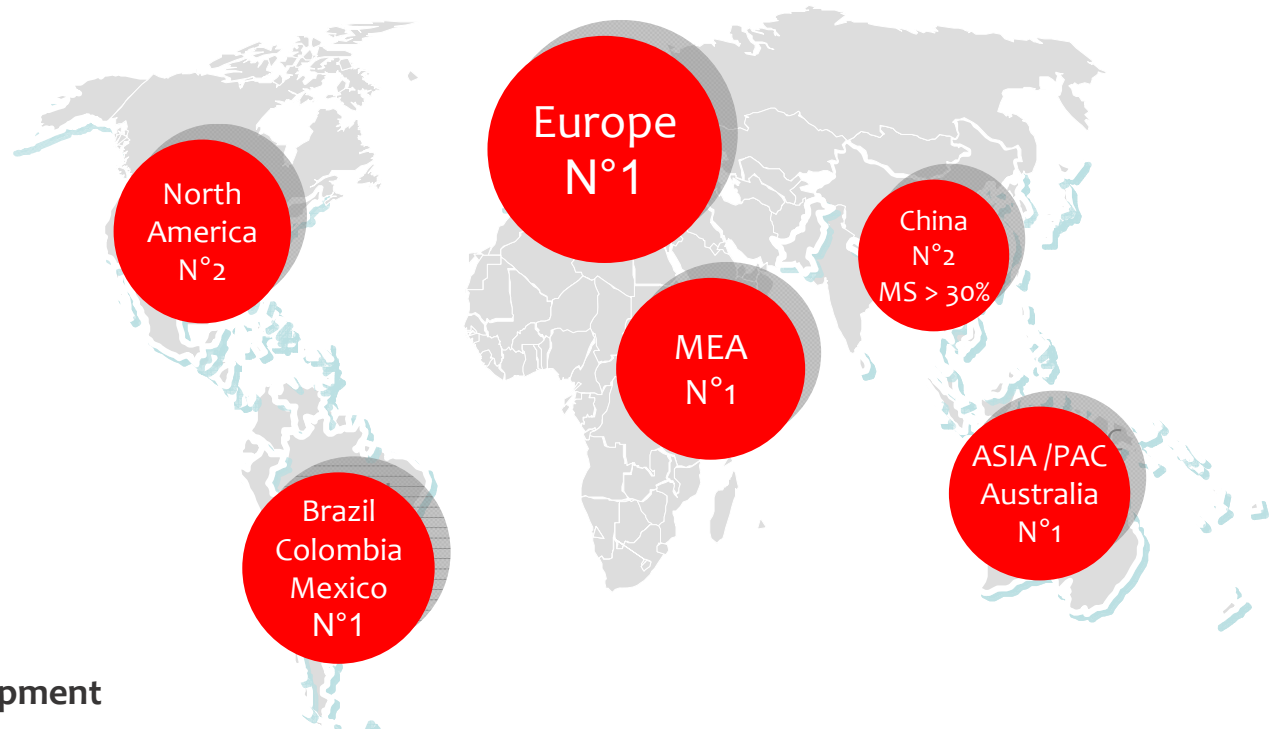
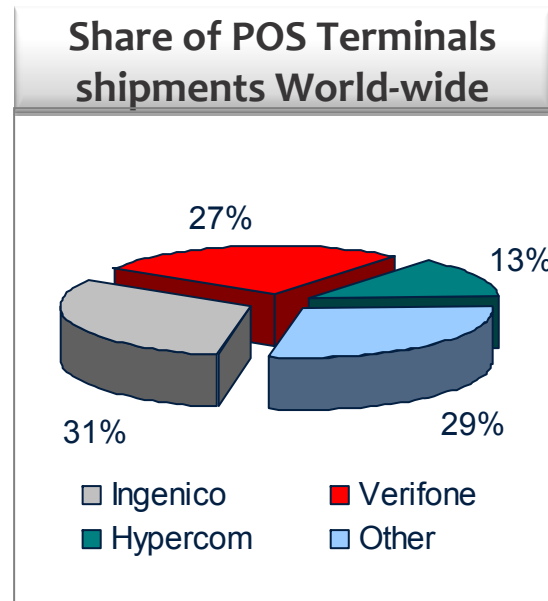


beyond  
payment

# Leveraging POS leadership

Patrice Le Marre,  
EVP Business Line Terminals

# Ingenico POS leadership



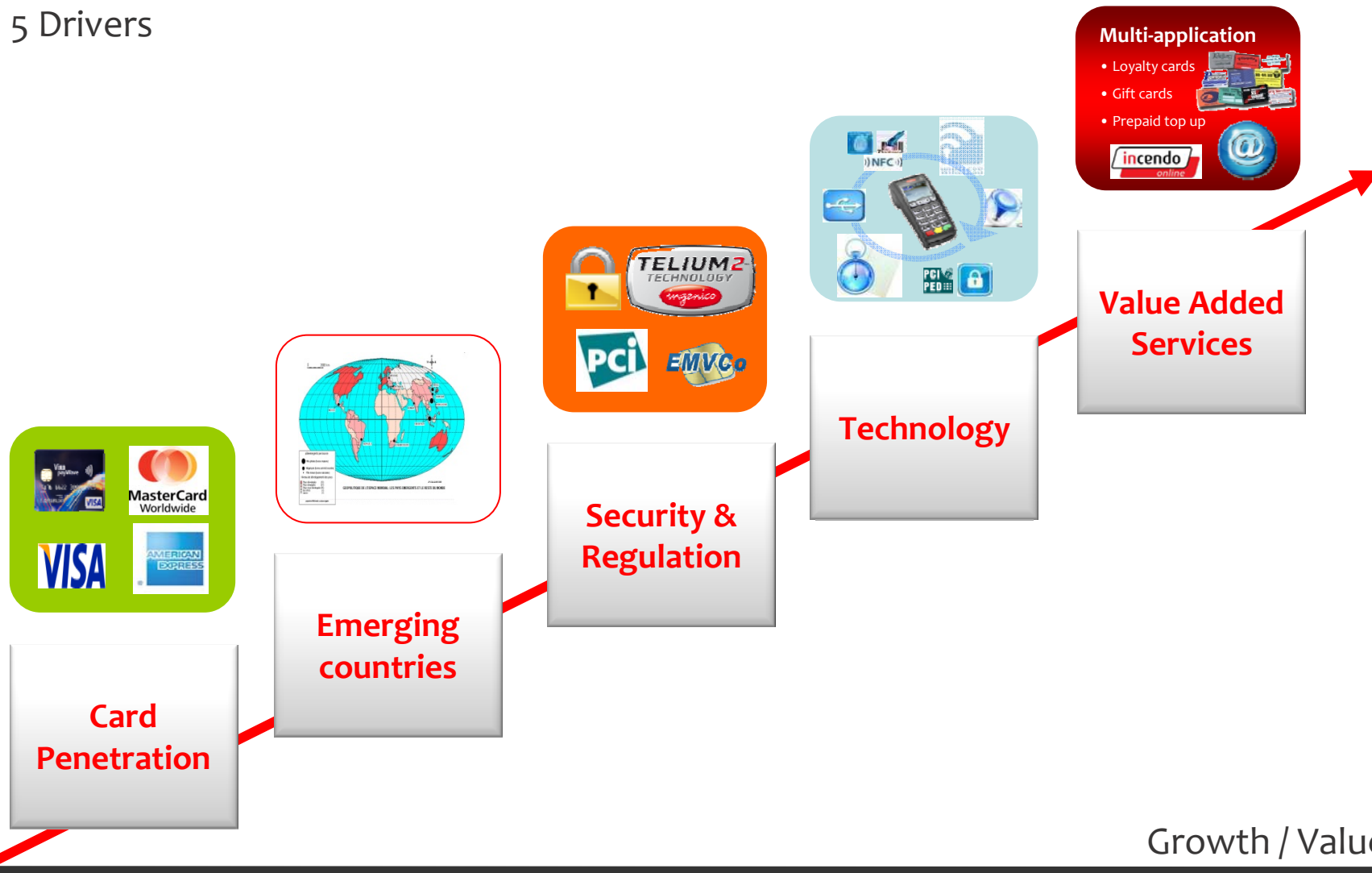
- **N° 1** in the world for POS Shipment
- **N° 1** Installed base **15million POS** → **39% MS** in a highly concentrated market
- **40 offices & subsidiaries**
- Commercial presence in more than **125 countries**
- **80% of revenues** generated through **direct sales**
- **>1,000 Payments & Value Added Applications** in portfolio
- Serving Banks (**65 %**) & Retailers (**35%**)



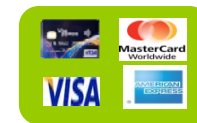
# A unique position to take advantage of a growing market

ingenico

5 Drivers

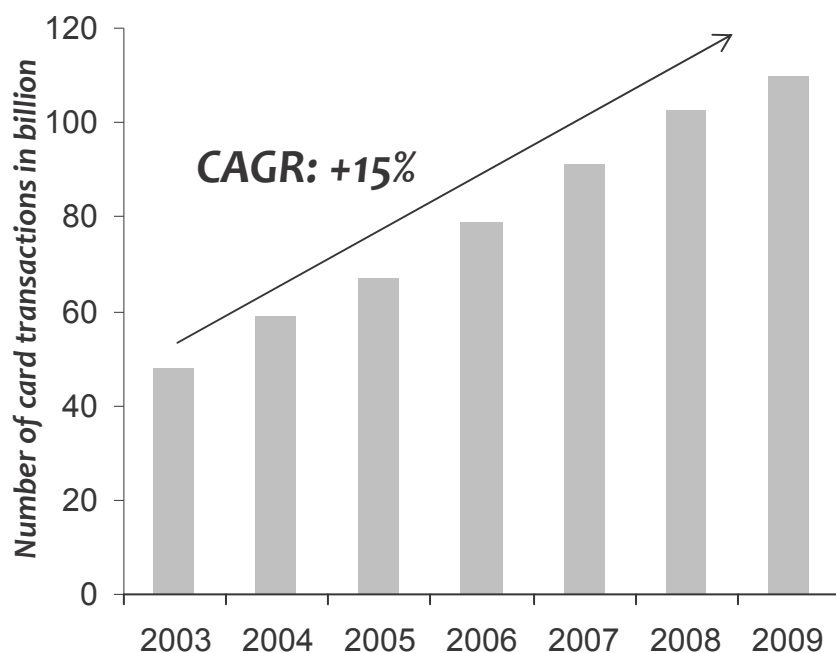


# POS penetration is driven by the growth in card payment

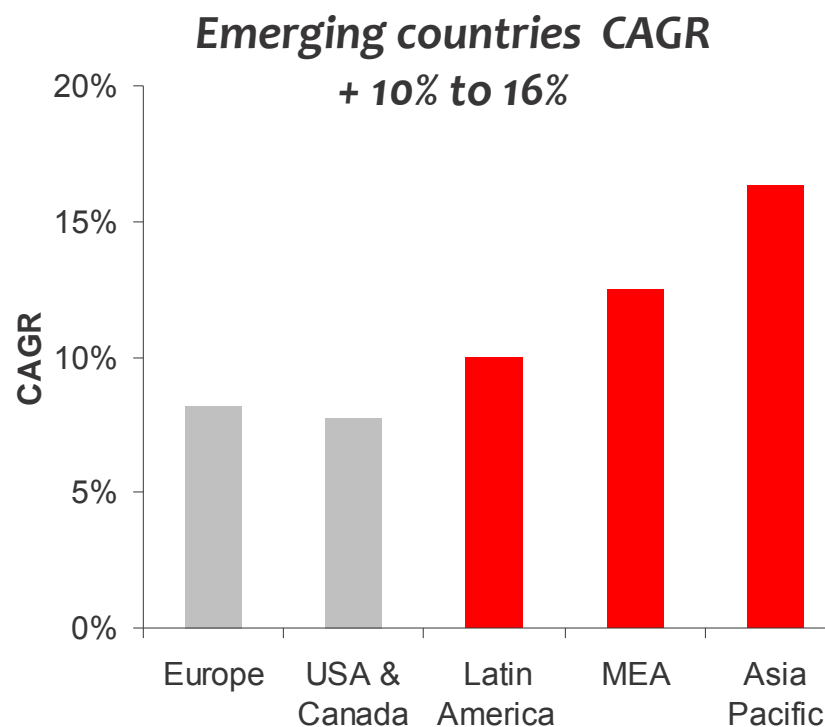


ingenico

CAGR in card transaction  
volumes 2003-2009\*



Growth in number of transactions  
per card by region (2010 to 2013)\*



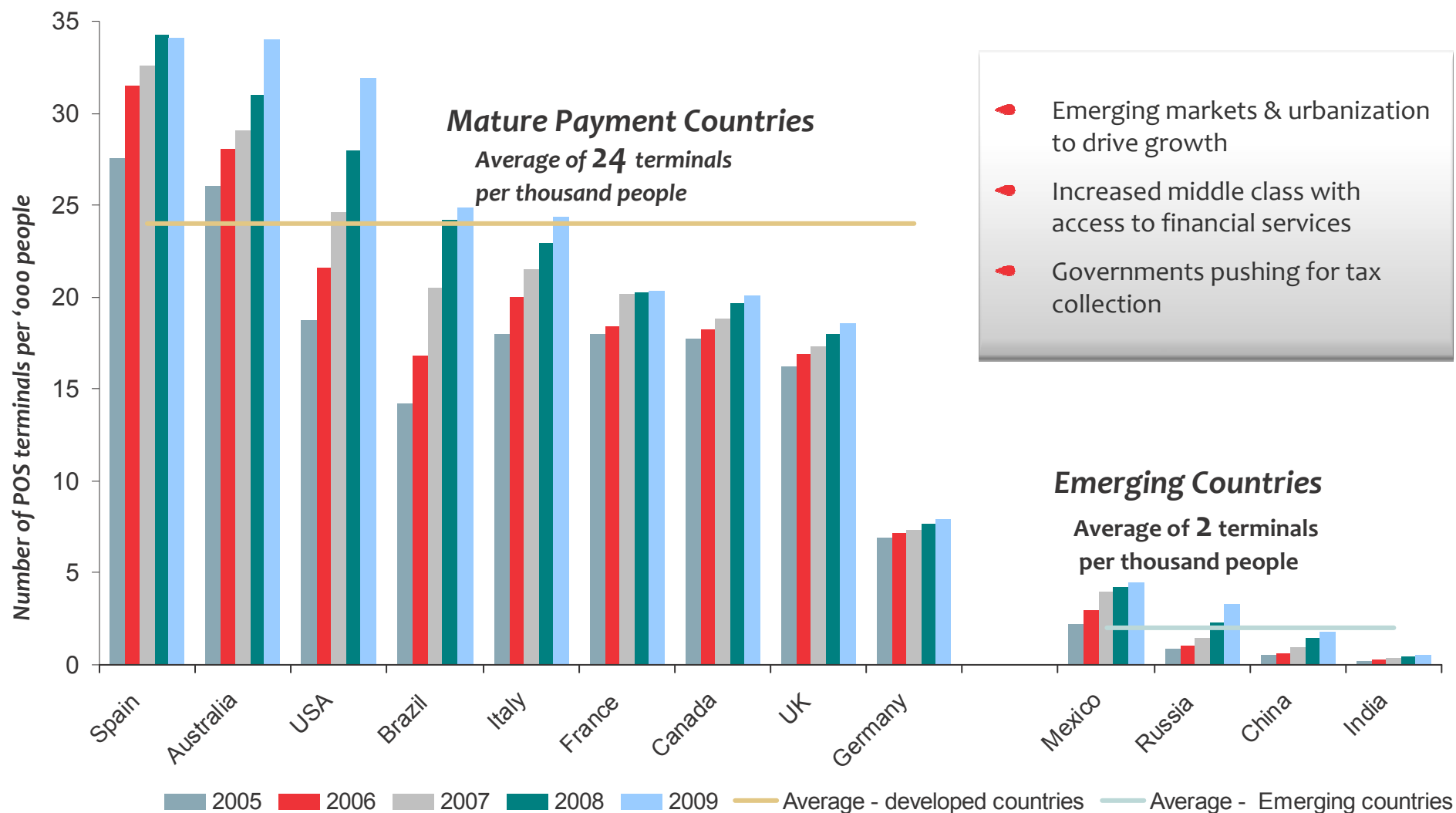
source: 2009 Nilson report



# Emerging countries and urbanization are sources of growth



ingenico



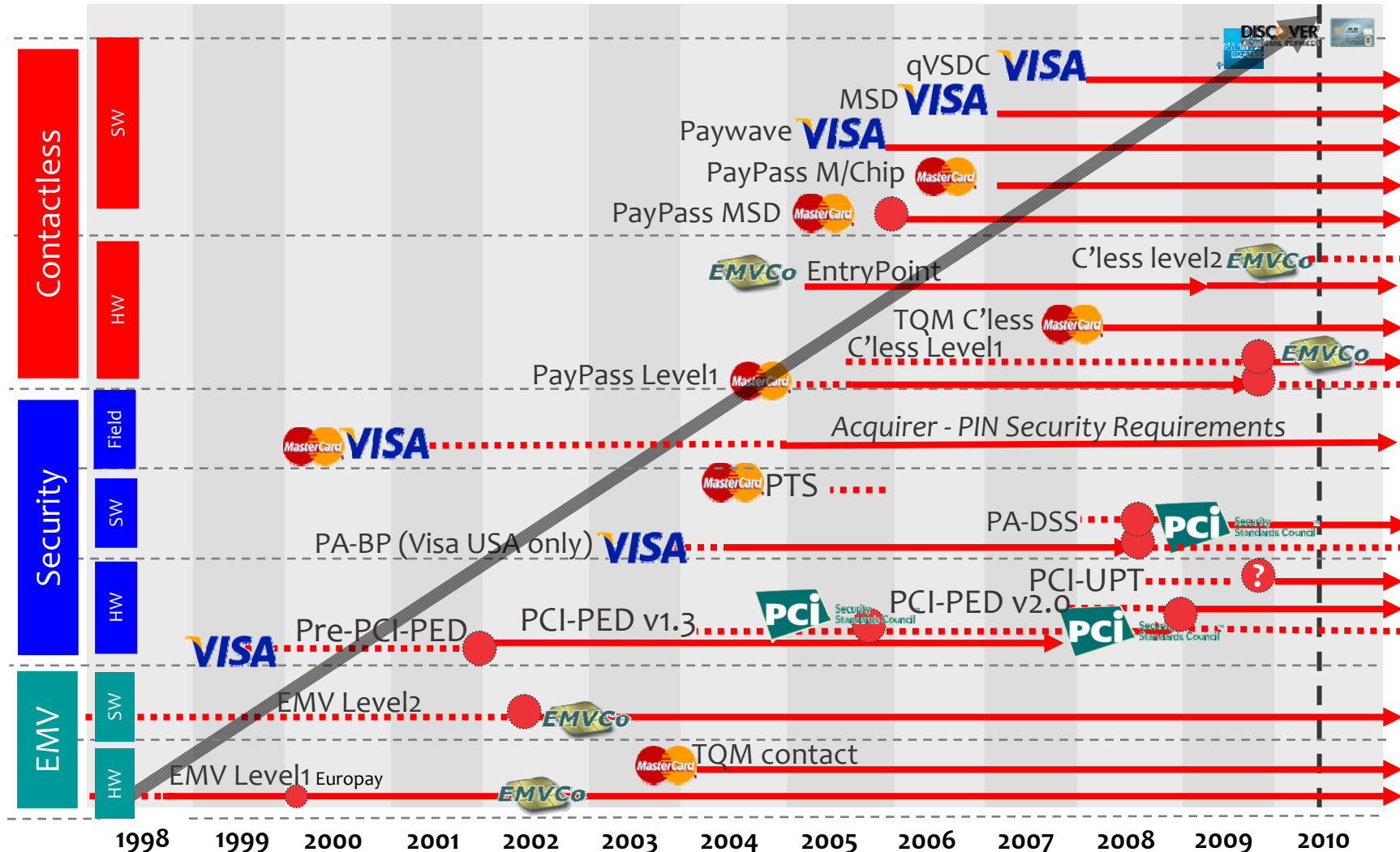
Source: Euromonitor / IMF

# Intensification of regulation



ingenico

- Constant intensification of the Global Card Regulation over the last 10 years

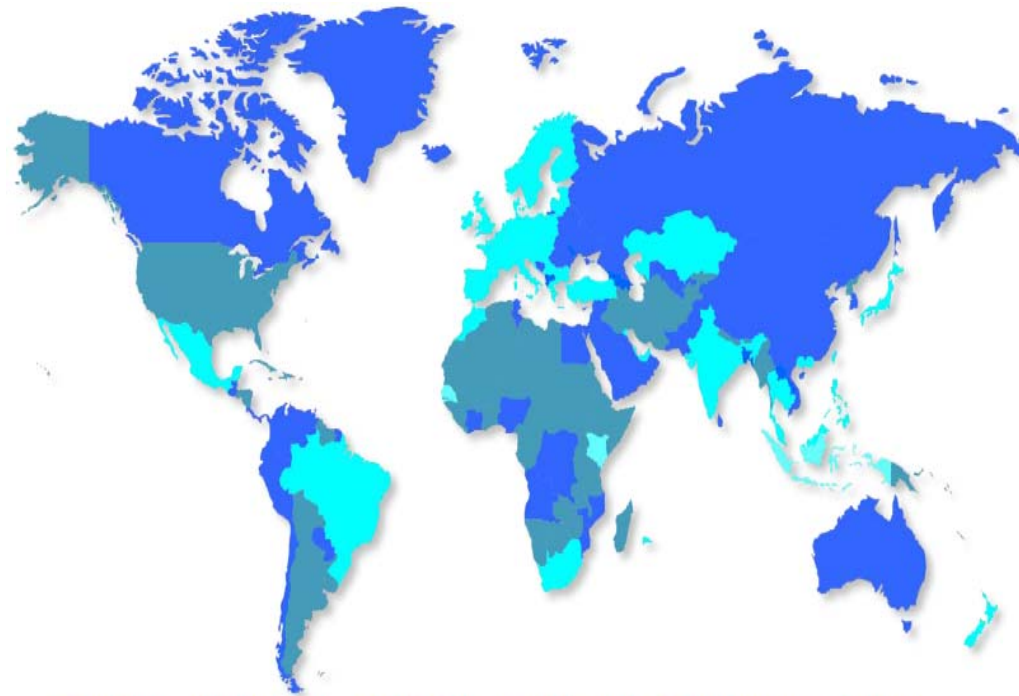




# Regulation of card industries – EMV remains an opportunity



ingenico



■ Countries where there has not yet been preparation to migrate  
■ 2008: Countries in which one or more banks are migrating, or have completed migration to EMV chip  
■ Countries where penetration of MasterCard-branded EMV cards, EMV POS, or EMV ATMs exceeds 50%

Source: MasterCard

EMV stands for Europay, MasterCard, Visa, 1994 founders of standards

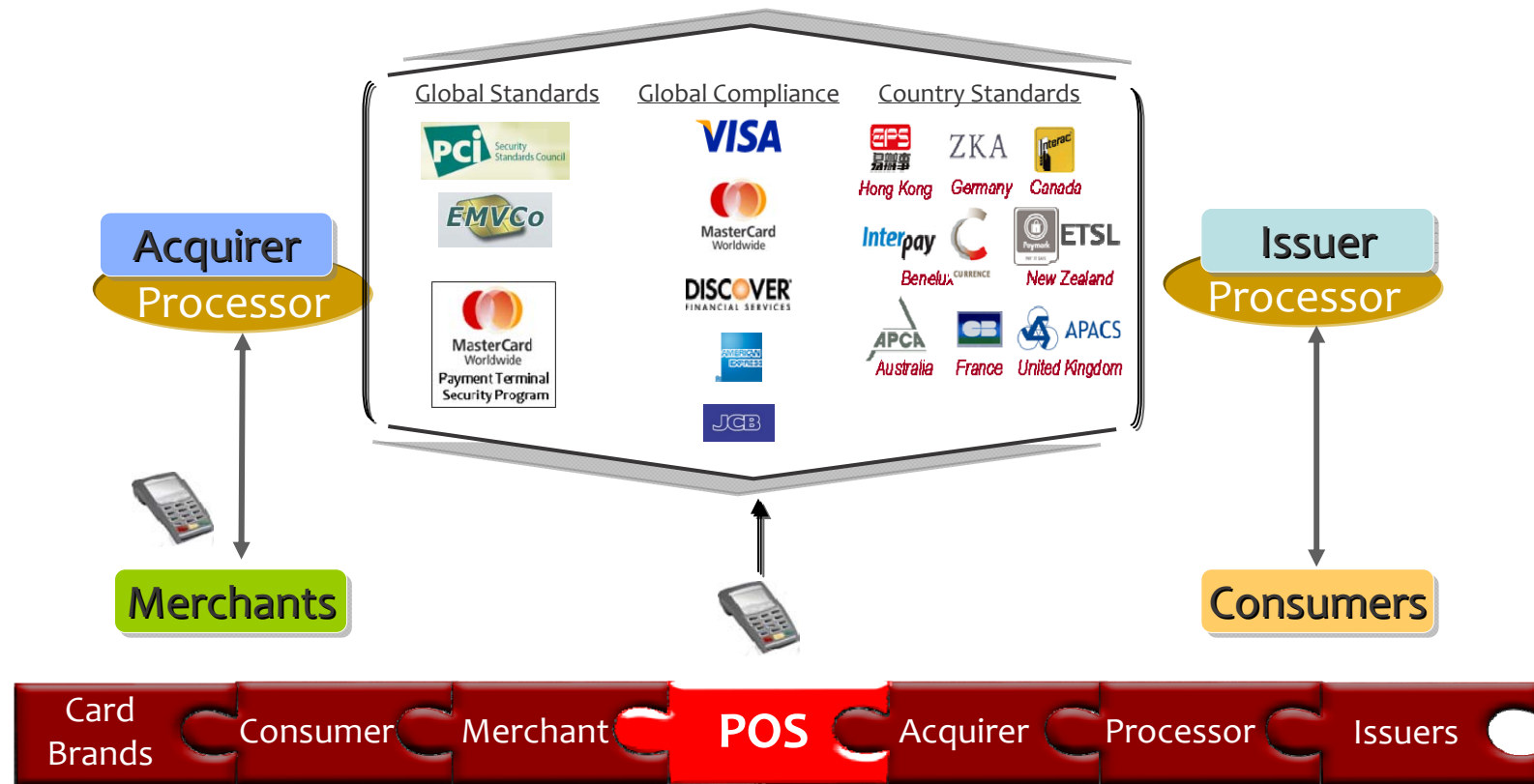
- EMV's primary purpose is to ensure globally interoperable standards for smart card based payments
- 825Mio EMV payment cards deployed EOQ3'09
- 11.5Mio EMV POS (45Mio POS installed in the world)
- Single European Payments Area (SEPA) requires 38 countries to complete the migration to EMV by Jan. 1, 2011
- US: Contactless debit & credit cards moving with EMV security features

Source: Smart Card Alliance-EMV resources

# A complex ecosystem with high barriers to entry



- The terminal is a key element to support and secure the global network



The POS is the **gateway** for:

New means of payment and form factor (contactless payment - Mobile phone)  
Value-added services (loyalties, gifts, Telco prepaid top up, advertising...)

# Technology driving POS terminal renewal and equipment



ingenico

## New way to pay

- Contactless card
- Pay mobile
- New card form factor : A driver
  - to increase card usage
  - to collect cash flow transaction

## Mobility & connectivity

- Full range of Wireless products allowing to deploy payment anywhere
- Multi connectivity
  - Landline – PSTN, moving to IP
  - Wireless – GPRS, Wi-Fi, Bluetooth, 3G, 3.5G, etc..
- Adaptable to various connectivity costs & models

## New value-added services

- Multi media enabled (Video, voice, color display ...)
- Advertising capabilities
- Dedicated vertical applications
- Remote Estate management (keys, application, configuration)
- Web browser → gateway to the internet world

## Security & identification

- State of the art security - TELIUM
- Largest world-wide portfolio of payment applications
- Remote Key management
- End to end encryption
- Biometric terminal allowing people identification for payment where ID cards are not deployed.

# Ingenico terminal portfolio in 2010 - Creating more value



ingenico

## Unique product range

### TRADITIONAL PAYMENT OFFER

#### Customer Value



iSC350

Signature Capture



iPP300

iPP200

Pin Pad

Multilane Retail



EFT930 series

Wireless



iCT2xx series

Counter Top

Banking Acquirers  
Merchants



### VERTICAL MARKETS OFFER

iCT250 Health



Twin32/33

Healthcare



CAD30

Vending



i9700



i9500

Petrol



iWP2xx  
series



WebPOS



iPA 280










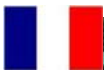






Pay PDA



# iPA280 – successful pilots opening numerous opportunities in multiple verticals



ingenico

						
  <b>STADIUM management</b> <ul style="list-style-type: none"> <li>Mobile Point of Sale in Stadium</li> <li>Sales x5 with iPA280</li> <li>ROI found with only 3 hours use / month</li> </ul>		✓				
  <b>Tier 1 retailer</b> <ul style="list-style-type: none"> <li>Queue busting and VIP special experience</li> <li>Offer differentiation through service</li> <li>Media exposure planned for “Soldes” end of June</li> </ul>			✓			
  <b>Deleveries</b> <ul style="list-style-type: none"> <li>Delivery to merchants with payment card</li> <li>Successful pilot: deployments in Q3 2010</li> <li>iPA280 solution to replace market leader Intermec</li> </ul>				✓		
  <b>European airline</b> <ul style="list-style-type: none"> <li>Sales of upgrades and luggage overweight</li> <li>&lt; 3 mth project: leverage platform, reduce sales cycle</li> <li>Cross border payment solution with Axis</li> </ul>					✓	
 <ul style="list-style-type: none"> <li>More to come: &gt; 30 projects ongoing</li> </ul>	✓	✓	✓	✓	✓	✓

ingenico

# The right strategy to expand margins on POS

*ingenico*

**2006**

- Moving towards a FABLESS model

**2008 - 2009**

- Leveraging SAGEM MONETEL synergies
- First benefit from design to cost model

**2010 - 2013**

- One platform for hardware & applications
- All POS to be TELIUM based
- Increased contribution of vertical segments

***Ongoing optimization of supply chain***



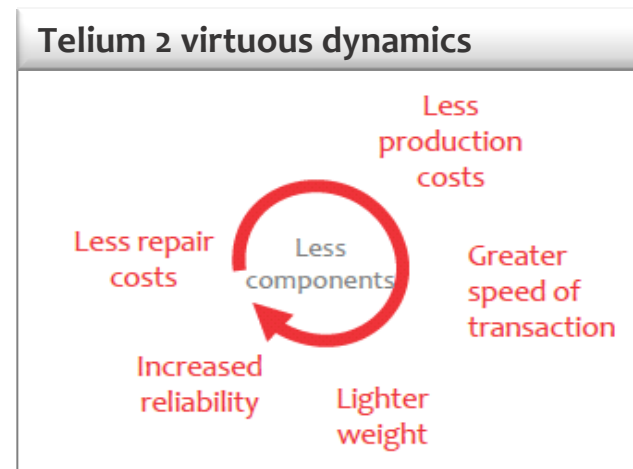
# Innovation driving technological leadership



- Strong R&D investments...
  - R&D spending at 9% of revenue in 2009
  - 800 people
  - 28% of the total Ingenico work force
- ... driving POS terminal leadership
  - First contactless embedded in the terminal
  - First POS with color display
  - First PDA with payment solution certified PCI PED

## Telium platform as a key asset

- Design to cost benefit on a generic platform



- Significant reduction of development time
  - 9 months for the PINPAD vs. 13 months
  - 12 months for other products 16 months



# Taking advantage of moving towards a single platform: **TELUM**



*ingenico*

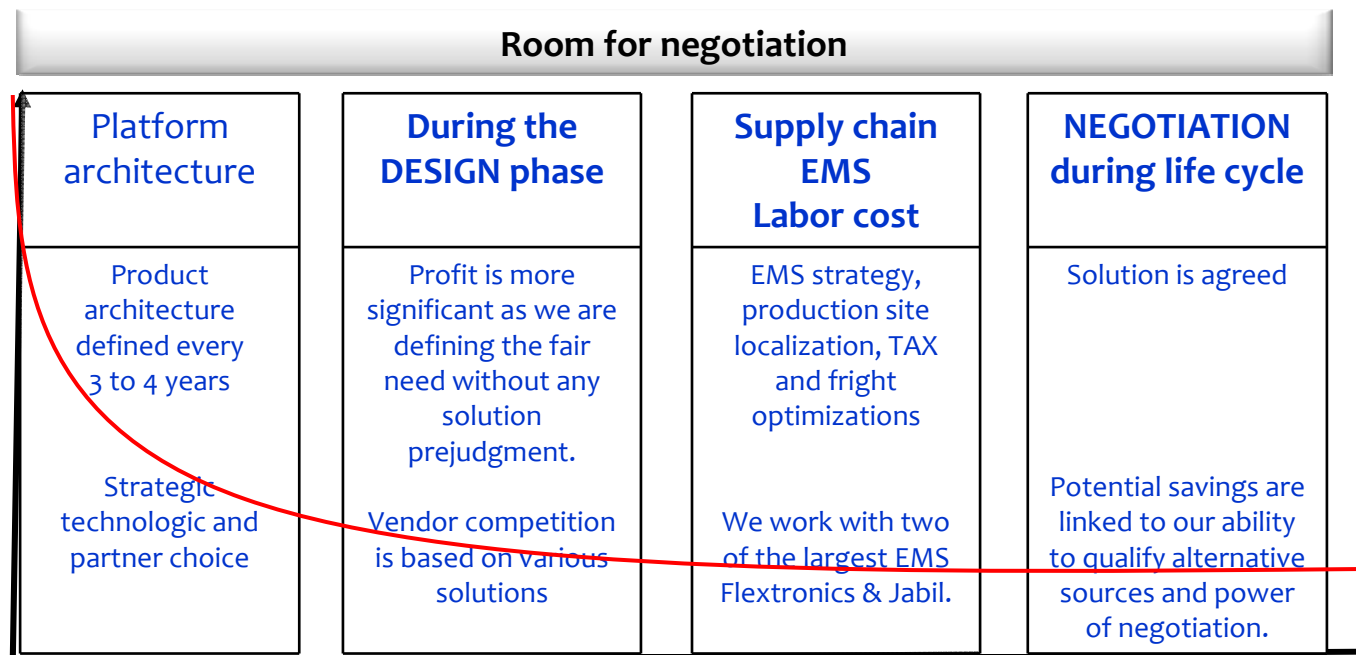
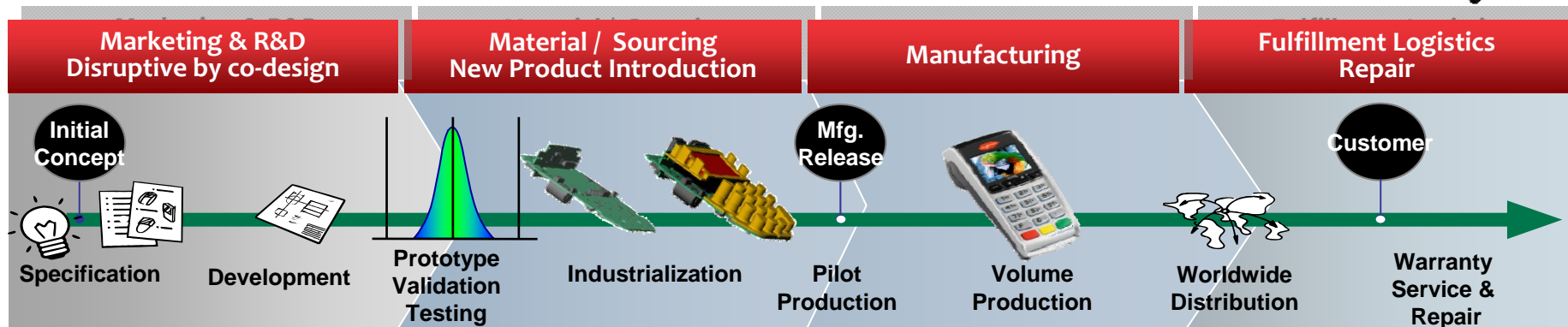
- Rationalizing product ranges while addressing new segments



- Telium allowing all features to be duplicated from one terminal to the other (eg. Colour, contactless)
- All POS terminals to be Telium base by the end of 2011

# Complete control from R&D to Supply Chain to reduce cost

ingenico



Product life cycle

# The right R&D investment to reduce costs while increasing customer benefits



ingenico

	UNICAPT	TELIUM 1	TELIUM 2 / + (new generation)
Size	980 dm <sup>3</sup>	-35%	-40%
Weight	600g	-30%	-45%
Nb of components	647	-20%	-50%
Performance	20 Mips	x12	x25
Security	PCI 1.3	PCI 1.3	PCI 2.1 & 3.0
User interface	B&W Display 128x64	Color Display QVGA 2,6"	Multimedia Touchscreen
Autonomy (GPRS)	Stand by 200h 300 tickets	+50%	+50%

*Decreasing production costs while increasing customer benefits*

## Take away



- A leading player on a growing market
- POS market is driven by high barriers to entry
- Technological leadership, with remaining potential to control production costs
- The terminal is a key element in the end-to-end security chain
- The terminal is the gateway for services and new recurring revenues stream





beyond  
payment

# Leveraging easycash to develop transactions services

Siegfried Heimgaertner,  
SEPA General Manager

# Market leader covering the entire electronic payment value chain in Germany



	What customers want	What easycash provides	
<b>Acquiring Solutions</b>	<ul style="list-style-type: none"> <li>Payment guarantee</li> <li>Cost optimized payment mix</li> </ul>	<ul style="list-style-type: none"> <li>All guaranteed payment schemes (OLV / credit card / Maestro / V Pay)</li> </ul>	<ul style="list-style-type: none"> <li># 1 market position: ~ 1bn transactions &amp; €52bn processed volume in 2009</li> </ul>
<b>Loyalty Solutions</b>	<ul style="list-style-type: none"> <li>Manage customer relationship</li> <li>Increase revenue</li> </ul>	<ul style="list-style-type: none"> <li>Design and operate loyalty programs</li> <li>Management of Prepaid cards</li> </ul>	<ul style="list-style-type: none"> <li># 1 loyalty and gift card processor with 22 m cards processed in 2009</li> </ul>
<b>Transaction processing</b>	<ul style="list-style-type: none"> <li>Fast and reliable processing of all card payments at all POS</li> </ul>	<ul style="list-style-type: none"> <li>Secure transaction processing for all payment schemes</li> <li>E- and M-Commerce payment solution</li> </ul>	<ul style="list-style-type: none"> <li>&gt; 275,000 connected POS devices</li> </ul>
<b>POS Terminals</b>	<ul style="list-style-type: none"> <li>Comprehensive, reliable POS terminals, services and maintenance</li> </ul>	<ul style="list-style-type: none"> <li>Broadest offer of POS terminals</li> <li>Reliable terminal services market</li> </ul>	<ul style="list-style-type: none"> <li>&gt; 90,000 customers in all industry segments</li> </ul>
<b>« One stop shop » customer offer for « device agnostic » payment solutions</b>			<ul style="list-style-type: none"> <li>E-commerce                             <ul style="list-style-type: none"> <li>25mio transactions in 2009</li> <li>€ 1.4 bn processed volume with</li> <li>&gt; 600 merchants</li> </ul> </li> </ul>
<div> <div> <div>Classic POS</div> <div>Contactless Payment</div> </div> <div> <div>WebPOS</div> <div>e-Payments</div> </div> <div> <div>Sign Pad</div> <div>Mobile Payments</div> </div> <div> <div></div> <div>Biometrics</div> </div> </div>			

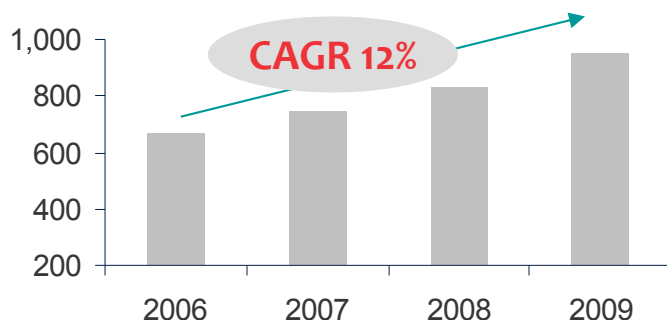


# A robust and successful business model

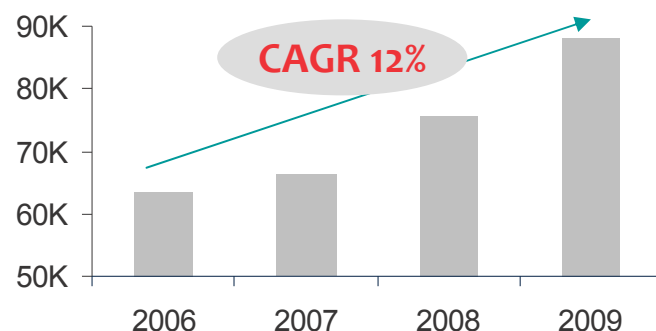


## • Demonstrated strong growth

Double digit growth in transactions (in Mio)



Double digit growth in terminal rented base



## • Historical margin improvements driven by economies of scale

## • Growth potential

- New market segments (e.g. Credit Card Acquiring; mobile payments)
- Cross selling opportunities with complete payment solutions (processing, acquiring, loyalty)
- Q1'10: 247 Mio. transactions (+ 14%)

## • Operating leverage ahead of us:

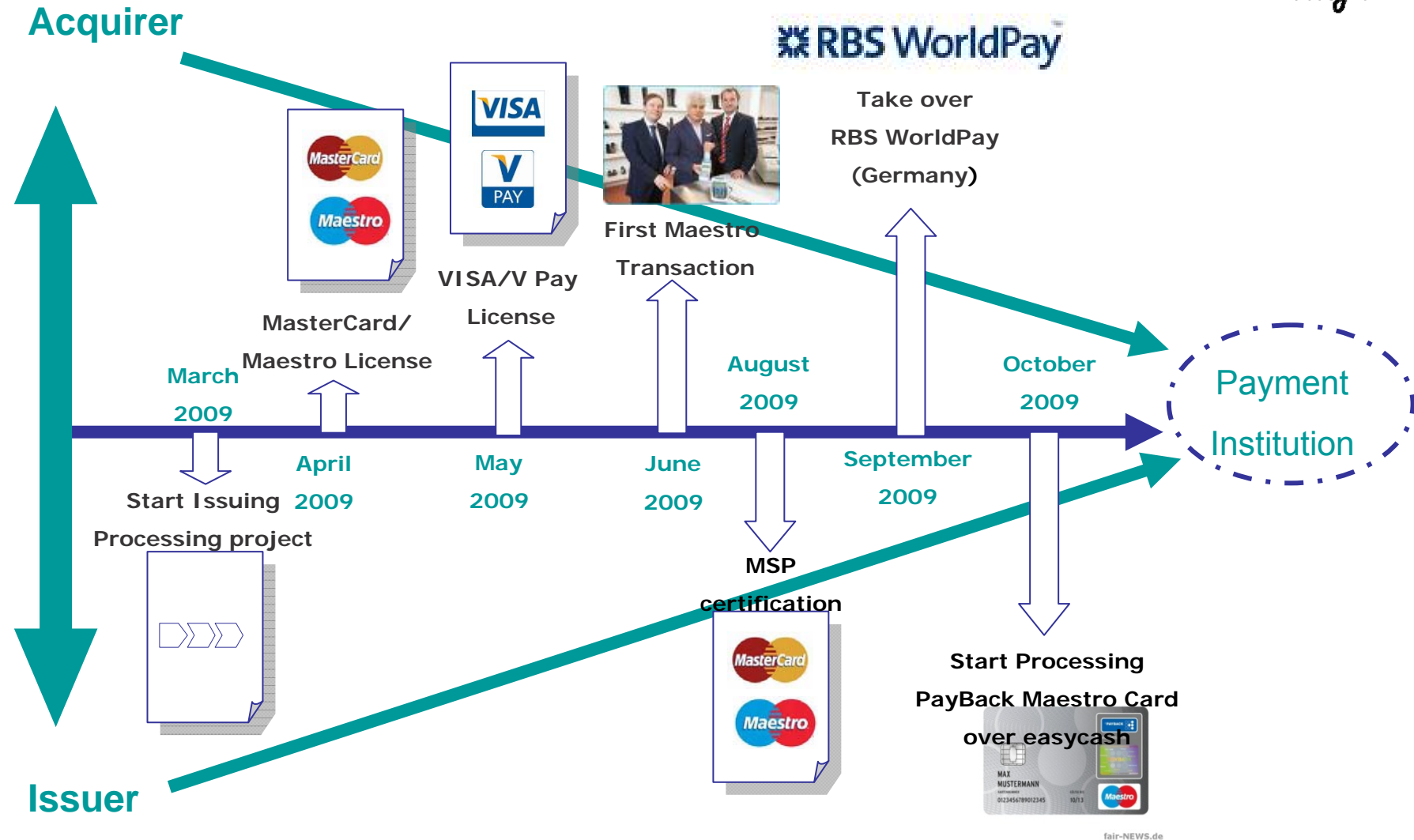
- Fixed costs business model
- Renewal of Platform in 2009 to optimize processing costs in a price sensitive market
- Platform established to meet expected business growth





# Closing the gap in the electronic payment value chain

*ingenico*



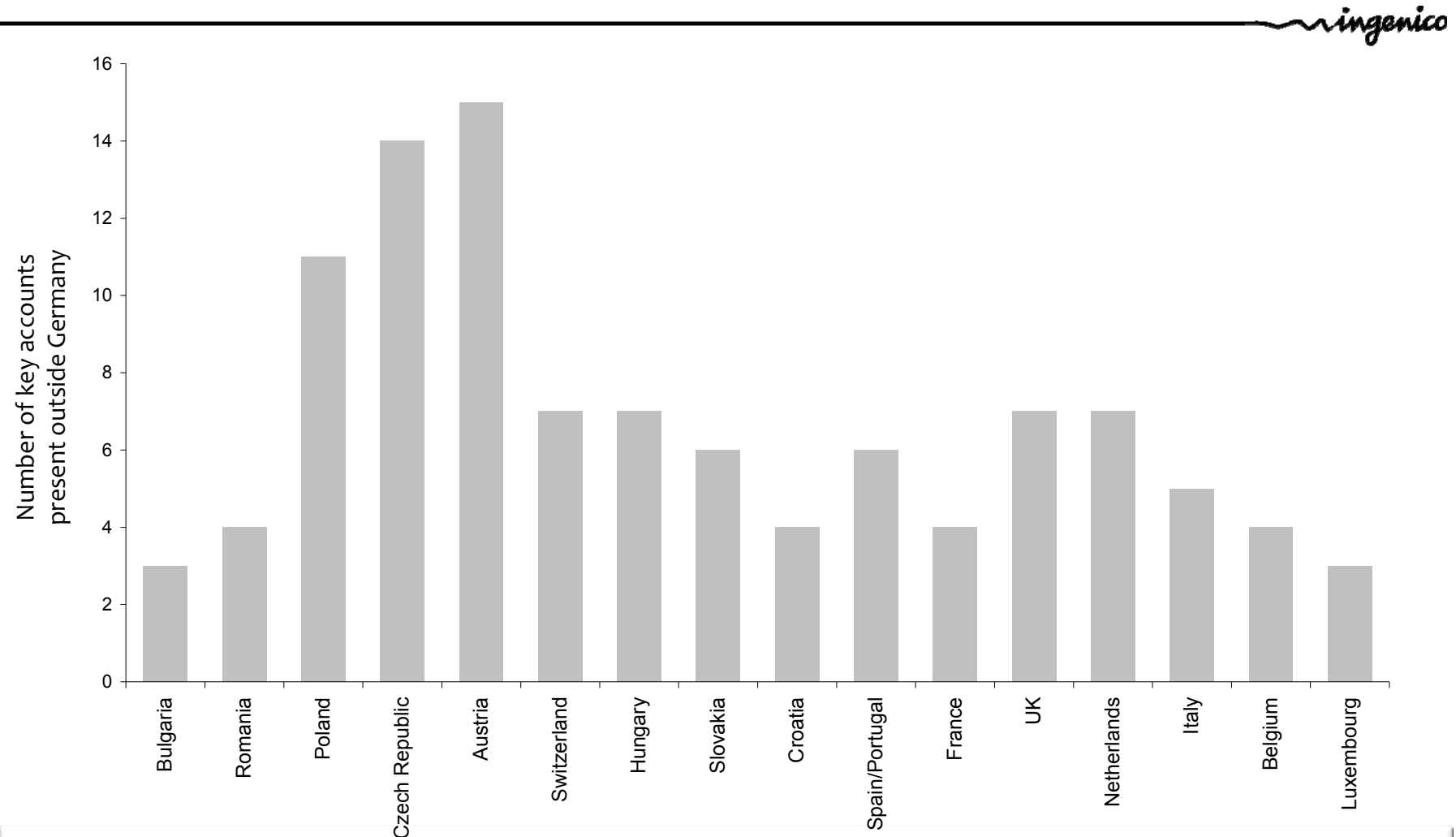
# Solid and attractive customer base with high potential for up-selling in Germany

*ingenico*

- Large, diversified customer base covering all business segments
- High level of customer satisfaction



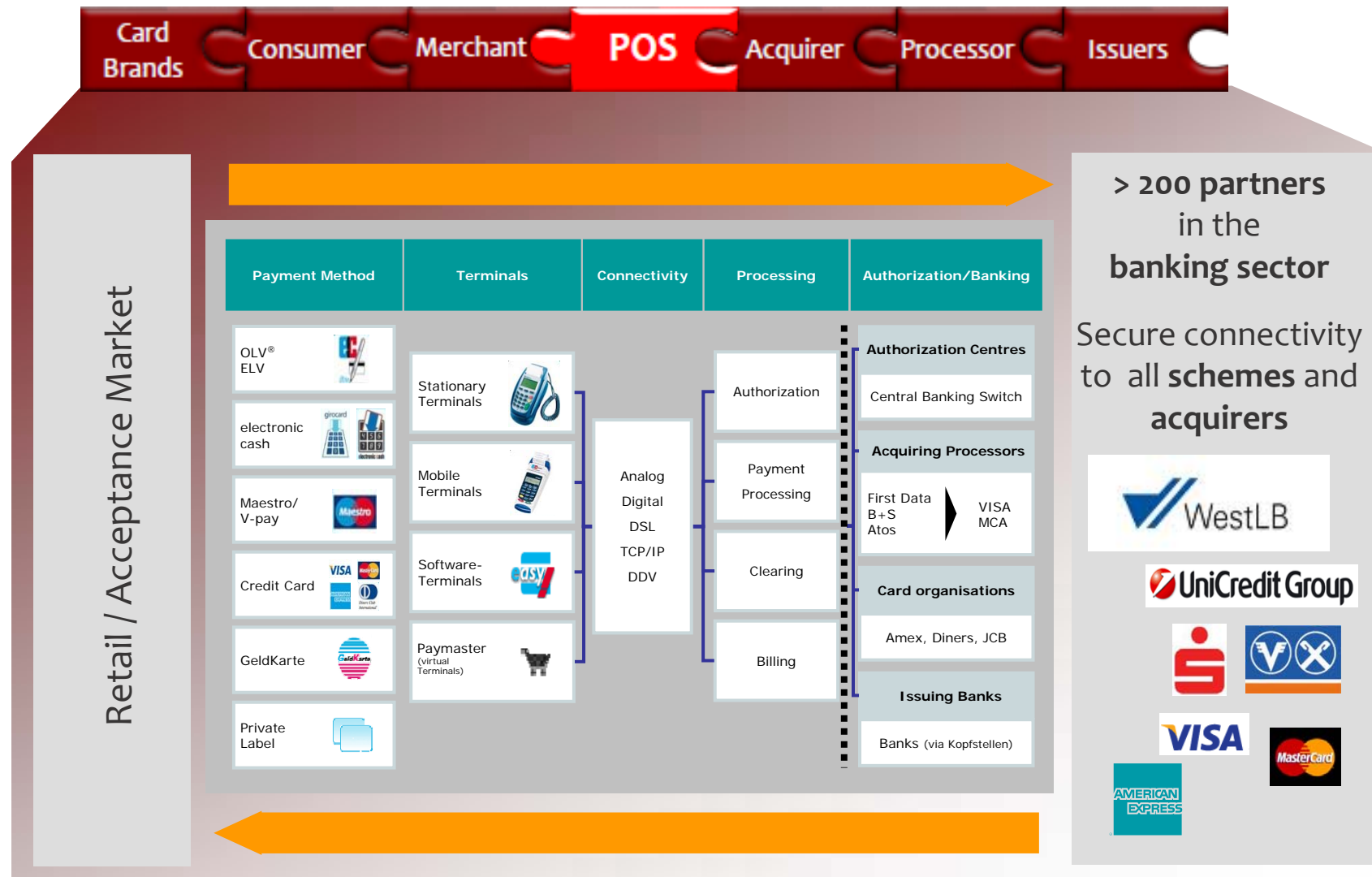
## A strong presence outside Germany



***Leveraging easycash customer base for cross border opportunities***

# Long term expertise in the payment ecosystem interfacing market – merchants - banks – schemes

*ingenico*



## Comprehensive portfolio of Value Added Services

*ingenico*

### Loyalty Solutions

- Design & Build of Loyalty solutions
- International processing platform (OPAL)
- Closed/open loop bonus & Payments Cards

### Prepaid Solutions

- Design & Build of Pre-paid/Gift Card solutions
- International processing platform (3P)
- Mainly closed loop programs, co-branded open loop in preparation

### Data Analytics

- Operation of own Data Warehouse
- High Consultancy and Data Integration/ Analytics expertise
- Support of client campaign management

### Value Added Services

- Customer Service Center
- Application processing
- Card production management

***First cross border project with Ingenico client already signed***

***Great opportunities with Transfer To and Payzone to implement Value Added Services business***

## Key assets



- High performance IT-platform capable of supporting cross-border functional and technological requirements - prepared to cover projected growth
- Long term relationships with German merchants of all size - many with strong presence outside of Germany
- Long term business partnership with more than 200 banks and all acquirers in Germany (multi-banks and multi-acquirer approach)
- Ready to address Ingenico customer base (Tier1/Tier2/acquirers/banks) with flexible & reliable solutions (from terminal estate to VAS)
- Perfect fit to the transactions management and VAS strategy of Ingenico

## The way forward: Ingenico and easycash a perfect fit

*ingenico*

**Payment market is still local**

**Customers are global**

**Market by Market  
approach**

**One stop shop solution  
provider**

Covering the whole payment  
value chain

**Modular service offering** to  
accommodate Ingenico  
customers

**Supplier/Solution partners**  
to support customers growth  
strategy



## Business trends



### Tier 1 / 2 merchants

- Request for fast, secure and reliable transaction processing
- Source solution for any kind of e-transactions (multi scheme management) - not only for domestic operation
- Start projects to reduce complexity (POS, interfaces, connectivity, protocols)
- Value added services at the Point of Sales

### Small merchants

- Simple to handle and cost efficient secure e-payment solution (out of the box)
- Simple to manage value added services – increasing revenue and results

### Banks & Acquirers





- Address market changes in SEPA to increase business
- Follow the merchants abroad
- Prepare for pan-European competition
- Evaluate present businesses, processes, market approach and decide to in- or out-source

## Our solutions



- ▶ One stop shop offer – covering the complete e-payment value chain
- ▶ Secure, reliable and easy to manage electronic payment solutions – flexible to fit specific requirements
  - POS front end - including terminal services
  - End2End secure transaction pre-processing
  - Acquiring services
  - Flexible and simple to manage value added services (Incendo Online)
- ▶ Cross border solutions based on
  - Existing POS Infrastructure
  - Consolidated secured transaction pre-processing through AXIS
- ▶ Partnership to operate outsourced part of the e-payment services
- ▶ Joint ventures / co operations to address new markets and customers

# Combining easycash & Ingenico

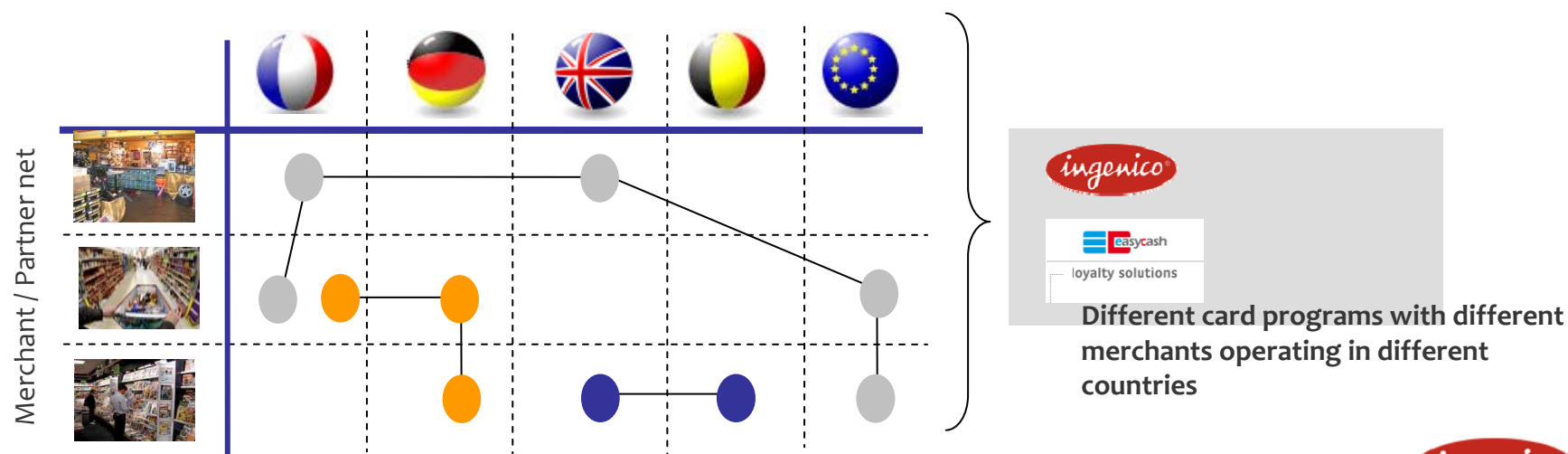
			Western Europe		Central Europe	South East Asia
			Internationalize Axis/Incendo	Joint cross-border	Export Easycash business	Export Easycash business
Acquiring	✓	<div> <input type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> </div>	<div> <input type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> </div>	✓	✓	✓
Content including loyalty	✓	✓	✓	✓	✓	✓
Preprocessing		✓	✓	✓	✓	
Connectivity	✓	✓	✓	✓	✓	✓
Services around terminal	✓	✓	✓	✓	✓	✓
POS	✓	✓	✓	✓	✓	✓
Customer segments						
<div>T1/2 retailers</div> <div>Acquirers</div> <div>T3/4 retailers</div>	<div>✓</div> <div></div> <div>✓</div>	<div>✓</div> <div>✓</div> <div></div>	<div>✓</div> <div></div> <div></div>	<div>✓</div> <div>✓</div> <div></div>	<div>✓</div> <div></div> <div>✓</div>	<div>✓</div> <div></div> <div>✓</div>

# Our approach is validated by our customers – first project won, well ahead of plan



## Case 1 : France

- **Retailer:** → ***Selling value added services on top of POS & pre-processing.***  
***First contract won in May for loyalty services***
- **Client:** Large FR Loyalty Card issuer,
- **Scope:** Issuing processing of open and closed loop PrePaidCard in France and abroad
- **USP:** Expertise in pre-paid processing, competitive comprehensive offer, response time, close co-operation between Ingenico (FR team) and easycash Loyalty solution (**one company**), expansion planned to solve future demands



# Leverage on present customer Relationship



- Banks: → *First discussion started with major banks and acquirers to support European deployment and operations*

## Offering concept

- Secure transaction infrastructure
- Multiple POS solutions
- Field services
- Routing and switching
- Processing of local schemes
- Multi banking
- Multi acquirer approach



## Requirements

- 7 Countries
- Multiple terminals
- 7 protocols
- Discussing joint acquisitions of retailer



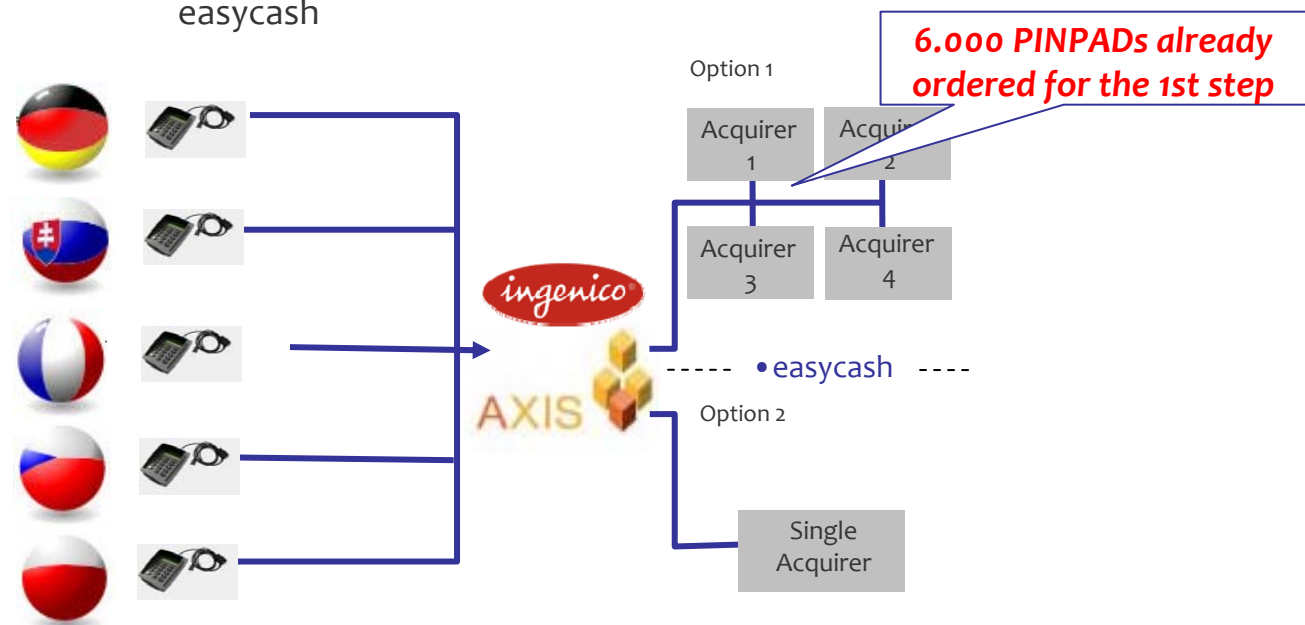
# First project to implement secure cross-border payment infrastructure



## Case 2: Germany

- Retailers: → **Strong customer requirement for cross-border e-payment infrastructure**
- Client: Multi national retailer
- Scope: Implement secure e-payment infrastructure outsourcing the estate management in 9 European countries
- USP: Consultative selling approach - combining the strength of Ingenico and easycash

- Security
- Compliance
- Application
- Integration
- Protocols
- Connectivity
- TMS



# Market specific approach – the unique easycash business model

ingenico

## Case 3:

### Deploy easycash model

- Identified market opportunities
  - Already 5 countries identified and assessed
  - First Transaction end of 2010
- Use SEPA market changes to implement the easycash business model
  - Already decision to replace two local schemes by international card scheme – more to come



Germany





## Take away



- A successful business model with a profitable customer base in Germany
- Capable and ready to expand cross-border using Ingenico global infrastructure
- Unique card-payment value proposition on the European landscape
- Modularized product and service offering to comply with customer specific requirements
- Value added services covering regional and vertical customer
- Innovation & best in class expertise in the electronic payment ecosystem



beyond  
payment

# A transformation model with strong operating leverage

Pierre-Antoine Vacheron  
CFO

## A robust business model

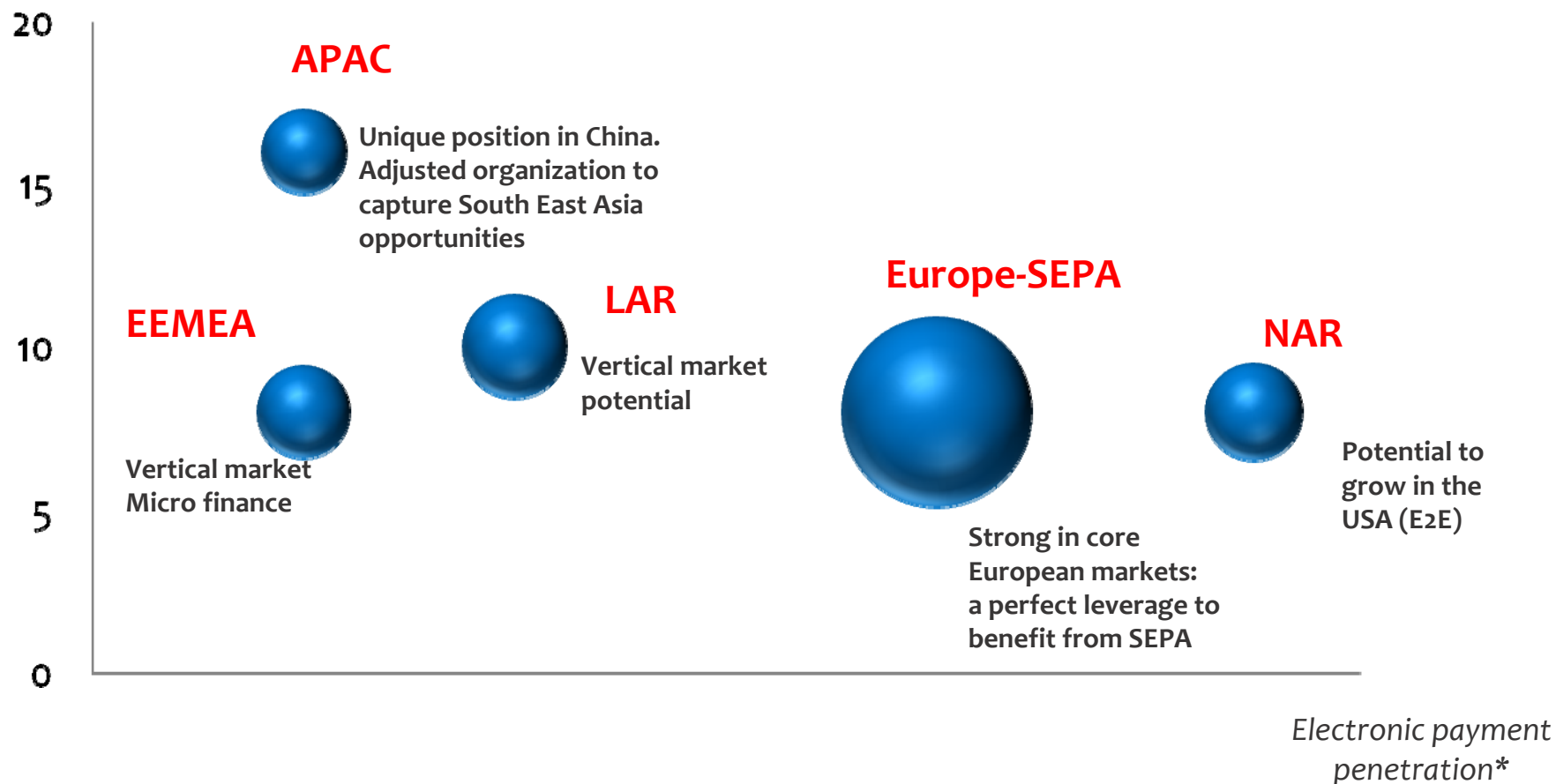


- 2009 demonstrated robustness of business model
  - Resistance in down cycle (-7% in 2009). Fast recovery (+9% in Q1'10). Growth ahead
  - Gross Margin >39%
  - Opex control and flexibility
  - Current operating income >11%
  - Strong cash conversion (76%)
- Proven track record in integrating new entities
- Balanced presence between emerging and mature payment markets

# We are the only player in the payment industry able to leverage geographies at such a scale

*ingenico*

CAGR in card transaction  
volume 2010-2013\*

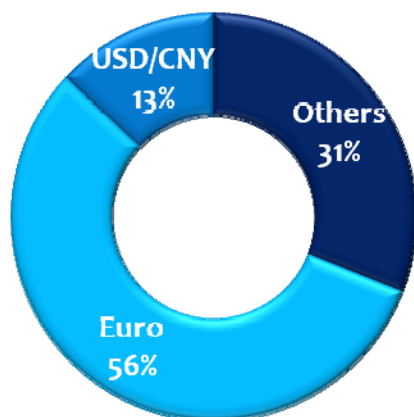


\*2009 Nilson report

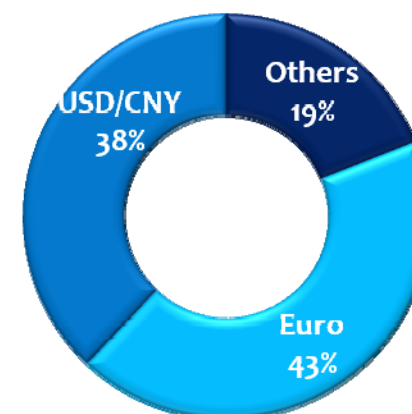
## Managing currency exposure risk : Revenue / costs

*ingenico*

### Revenues



### Costs (COGS and OPEX)



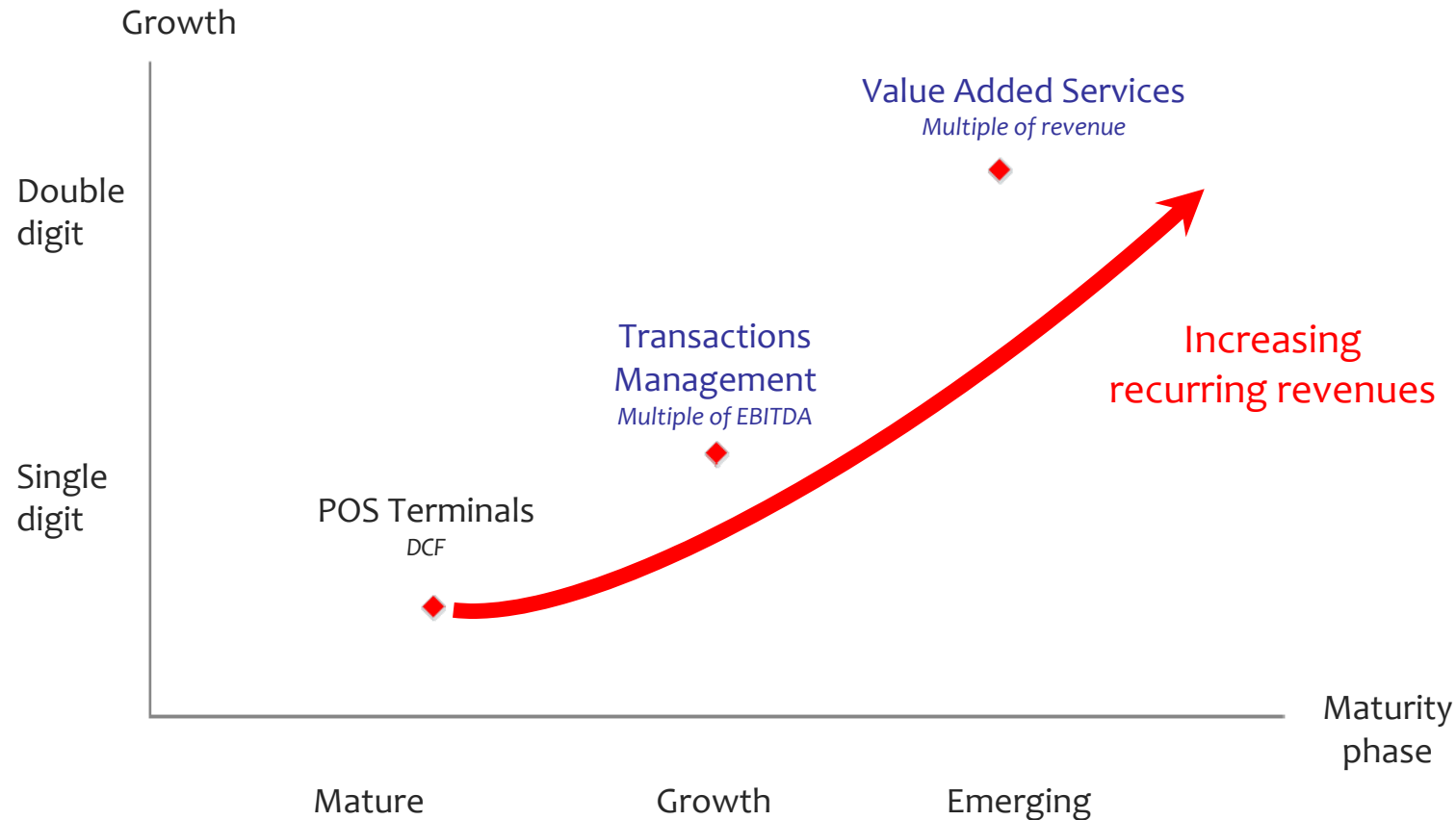
- Net USD exposure: 150m€ (PF2009)
- If USD appreciates by 10c to the euro, on the basis of 2009 PF figures
  - Ingenico revenue increases by 100 bpts
  - Gross margin ratio decreases by 130 bpts
  - Adjusted EBIT margin decreases by 160 bpts
- Hedging policy for 2010
  - 80% of net flows hedged in December 2009 at 1.44 USD dollar for 1 euro

- Current depreciation of Euro against USD dollar to be off-set by direct cost savings in hands
- Historical USD dollar/euro performance

	USD
2009	1,39
Q1'09	1,30
Q2'09	1,36
Q3'09	1,43
Q4'09	1,48
Q1'10	1,38
Q2'10 (QTD)	1,27

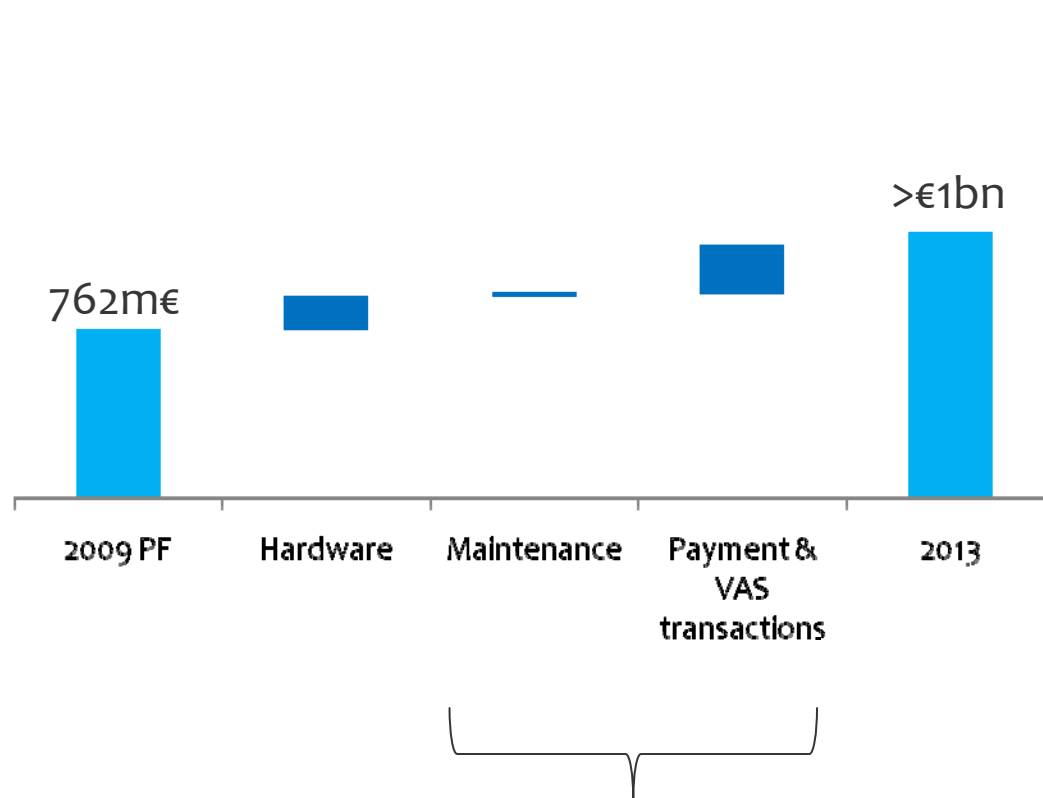
## Our ambition is to leverage our core assets to achieve higher profitable growth

ingenico



- Moving towards a more balanced portfolio of activities
- Significant value creation thanks to synergies between segments

## 2/3 of the growth towards 2013 will be organic



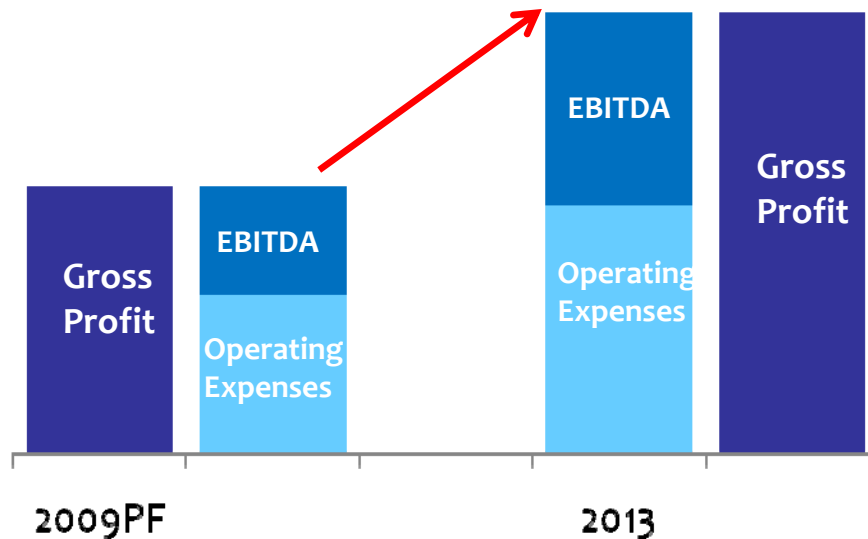
- POS terminal: average growth of 5% p.a.
- Maintenance revenue expected to be flat with improved reliability benefit from Telium POS
- Revenue from Transactions x3, compared to €84m in 2009 PF
  - 2/3 of growth: organic and exporting easycash model
  - 1/3: focused acquisitions

Recurring revenues to represent ~40% of total revenues



## Transformation of business model will boost operating leverage

*ingenico*



- Further optimize costs on POS business : milk Sagem synergies

- Operating leverage driven by transactions related revenue
  - Fixed cost type of business model : IT infrastructures, sales platforms...
  - Beyond easycash standalone growth in Germany, incremental leverage to come from synergies with Ingenico

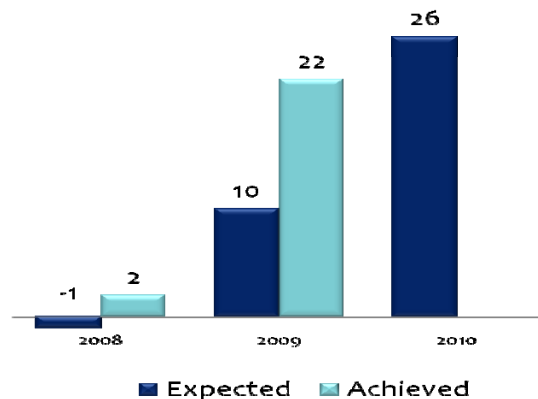
# Further cost reduction potential coming from Sagem Monotel synergies

*ingenico*

2008/2010

## • Synergies delivered ahead of schedule

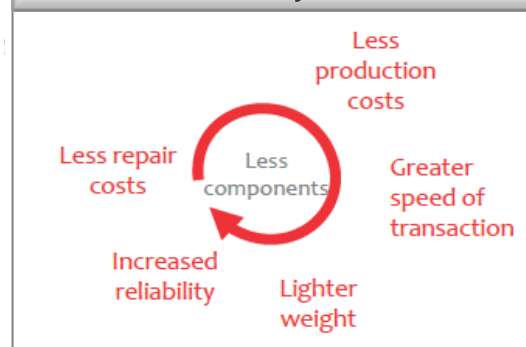
- Purchasing
- R&D center



2010/2011

## • Ramp up of Telium 2 products: faster, cheaper, more reliable

### Telium 2 virtuous dynamics



## • For Ingenico :

- Improved Bill of Materials
- Improved inventory
- Improved warranty costs

2011/2012

- All POS to be Telium based, meaning
  - less R&D costs
  - Less repair costs
- Ongoing optimization of supply chain

# Synergies will increase by >50% easycash EBITDA contribution by 2013



## Integrate German operations

- Selling more Ingenico terminals to easycash customers
- Integrating Ingenico GmbH and Easycash operations

## Revenue opportunities

- **Tier 1 retail and Banking processors** : Cross border / one stop shop solutions for Tier1/2 retailers; Integrated services for banking customers
- Merchants : Leveraging on Ingenico assets to export easycash
- Model abroad:
  - Payment transactions
  - Loyalty and value added solutions.

## Synergies from SEPA operations

- Synergies will more than offset opex needed to develop Transactions Management
- Integrating European operations (SEPA area: ~50% of Turnover)
  - IT infrastructure
  - Software development
  - SG&A rationalization

10m€  
anticipated  
impact on  
2012 EBITDA

2m€

5m€ to 6 m€

3m€ to 4 m€

To reach  
12m€ on  
2013 EBITDA



## Strong financial flexibility to execute strategy



### Managing financial flexibility

- Robust balance sheet : shareholder equity at €450m.
- Net debt of €144m, x1.2 PF EBITDA, as of Dec 31 2009
- 60m€ of undrawn bank facility

### Generating operating cash flow

- 2009 Cash conversion: 76%
- Low capital intensive model: capex at 20-25m€ p.a
- Operating leverage to increase “EBITDA –capex”

### Maintaining attractive shareholder remuneration

- Increased dividend by 25% to 0.30€ per share in 2009

### Focused acquisitions

- Transactions/terminals estate (small easycash type of acquisition)
- Value Added Services (payzone like)
- Capture growth potential in Asia

## Take away



- A robust business model
- The only player in the payment industry able to leverage geographies at such a scale
- Significant value creation thanks to synergies between the segments
- Financial strength and flexibility to execute strategy





beyond  
payment

# Conclusion

Philippe Lazare

## 2010 outlook



### ◀ Fy 2010 performance

- Based on current performance, we are confident to reach high end of 2010 revenue guidance [790-805m€\*]
- Profitability guidance confirmed
- Adj. profit from ordinary activities\*\*: 12.5%- 13%
- EBITDA: 16%-17%

### ◀ H1 2010

- North of 380m€ revenue to be compared to 341m€ proforma for H1 2009
- Adjusted operating margin comparable to H1 2009 proforma (8.5%)
- Excluding one-off items linked to identified quality issue, anticipated margin would have been higher than 10% for H1 2010

\*At constant exchange rates

\*\* Before Price Purchase Allocation





## Realizing group transformation



- We are deploying our strategy for transformation towards services
- We have a clear roadmap
  - Basics: seize the return to growth in the industry
  - 2010: main focus on easycash integration
  - 2011-2013: strategic deployment
- We are progressing well
  - Dec 2009: easycash acquisition
  - March 2010: new organization in place
  - Strong Q1'10
  - May 2010: first contract signed providing easycash solutions to Tier1 French customer
- Execution is a key success factor
  - Increasing operating leverage
  - Heavy involvement of top management
  - Compensation aligned on results
  - Employee shares ownership plan in France and Germany



## Ingenico investment case

---



- Key focused strategy
- Technological leadership
- Well positioned in a growing market
- Continuous shift towards e-payments
- Structural changes in the payment ecosystem
- Leveraging key assets to expand margins
- Financial strength





beyond  
payment

# Glossary

# Glossary



POS: Point of Sale / e-payment terminal

VAS: Value Added Services

SEPA: Single Euro Payment Area. 27 European Union members, Island, Liechtenstein, Norway and Switzerland

Acquirer: financial institution responsible for the underlying transactions (authorization, clearing & settlement) with its merchant-customers

Issuer: Card holder's bank. Supports transaction financial risk of a transaction

Processor: a technical operator providing infrastructure to support acquirer functions, such as authorization, clearing and settlement services. In practice, acquirers outsourced merchant acquiring services to processor

PSP: A Payment Service Provider is a company performing all or part of electronic payment services and potentially including settlement as per Payment Service Directive in Europe. In the US, settlement is always performed by financial institutions

Scheme: provides a payments mechanism through the existing (debit or credit) card payment infrastructure.