2018 results

Operational review

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E.1 Operational review

E.1.1 Significant events of the year

E.1.1.1 Acquisition of SIX Payment Services

Worldline has announced on November 30, 2018 that it has closed the acquisition of SIX Payment Services, the payment services division of SIX.

SIX Payment Services (SPS), the payment services division of SIX, with circa € 560 million in 2018 estimated net revenue, c. 1,400 employees and 6 countries of significant direct presence, is the clear leader of the DACH region, with n°1 commercial acquiring market positions in Switzerland, Austria and Luxembourg and a sizeable presence in Germany.

With circa 82 % of its turnover in merchant services, SIX Payment Services is one of the largest and most successful non-bank commercial acquirers in Continental Europe, servicing c. 210.000 merchants both off-line and on-line. It also has a significant scale in Financial Services, delivering c. 18% of its revenue from financial processing services to c. 180 banks and financial institutions, in particular to the Swiss banking community.

A major transformational transaction for Worldline

The acquisition of SIX Payment Services by Worldline allows major enhancement to the business profile and positions of the combined group as follows:

- c. +30 % Group revenue increase and staff increase of c.+1.300 ;
- c. +65% increase in the Merchant Services business attaining over € 1 billion annual revenue and a n°1 position in continental Europe;
- major rebalancing of Worldline European geographic presence thanks to the acquisition of many new leading positions in the DACH region;
- c. +12% increase in the Financial Services business, which will reach c. € 900 million revenue, further reinforcing its existing n°1 position;
- a new 10 year commercial relationship, through and with SIX, to deliver financial processing services to the Swiss banking ecosystem.

In Merchant Services, the acquisition of SIX Payment Services would be a clear quantum leap allowing Worldline to establish itself as the n°1 non-bank acquiring platform in Continental Europe.

Key transaction financial terms

The consideration for the acquisition by Worldline of SIX Payment Services from SIX is composed of:

- 49,066,878 newly issued Worldline shares (resulting in a c. 26.9% stake for SIX Group AG); and
- CHF 338 million in cash, subject to customary net debt and working capital adjustments.

After the completion of the transaction, Atos owns 51% of Worldline shares and SIX becomes the second largest shareholder of the Company.

- The agreement also includes a mechanism to potentially compensate SIX up to CHF 166 million in Q2 2020 depending on Worldline value creation by then.

- The transaction comprises a 10-year commercial contract with SIX to deliver a wide range of processing services to the Swiss banking community. In that context, Worldline has become a 20% shareholder in TWINT (the Swiss next-generation bank owned mobile and P2P payment scheme and solution) for a CHF 30 million investment, alongside SIX and other banking actors.

- Transaction costs are estimated at circa € 20 million.

Synergy plan

A detailed industrial program has been implemented with the objective to reach c. € 110 million additional OMDA in 2022, of which c. 25% will be achieved in 2019 and c. 50% in 2020. The cost to implement the synergies is estimated at € 110 million.

Governance

The Corporate governance of Worldline has been adapted in order to take into account the partnership with SIX. Worldline's Board of Directors was enlarged to 12 Board Members and one censor, out of which two Board members and one censor to be designated by SIX and one new independent Director to be recruited in 2019.

In addition, SIX would is represented by one or two representatives in each of the Board of Directors committees (Audit, Nomination & Remuneration, Investment, and a newly created Strategic & Innovation Committee).

E.1.1.2 New large contract: Commerzbank and equensWorldline form a strategic partnership for Payments Processing

During the first semester, equensWorldline has signed a strategic partnership and a very large contract with Commerzbank. The partnership will see equensWorldline process all SEPA, instant payments, multi-currency, and domestic payments for Commerzbank, for a period of ten years upon migration on Worldline's platforms. equensWorldline will onboard and transition Commerzbank's applications to its newest platform technologies. After this migration, approximately 4 billion additional SEPA transactions will be processed per year by equensWorldline for Commerzbank.

In a separate contract signed earlier this year, Commerzbank has granted the outsourcing of its Financial Messaging SWIFT Infrastructure to equensWorldline.

E.1.2 Executive Summary

At constant scope and exchange rates, Worldline revenue stood at **€ 1,720.2 million** representing an organic growth of **+6.2%** (€+100.9 million) compared with 2017. Revenue growth accelerated as planned during the year, with +6.7% in H2 2018 (+7.0% in the fourth quarter of the year).

- **Merchant Services**, which represented 36% of Worldline's revenue, grew by **+4.0%** organically or **€+24.0 million** and reached **€ 624.3 million,** mainly led by *Merchant Payment Services* and in particular by *Commercial Acquiring.* The strong acceleration of *Commercial Acquiring* was nonetheless partly offset by the temporary slowdown of *Payment Terminal Services*.
- Accounting for 45% of total revenue, **Financial Services** revenue reached **€ 777.0 million**, improving organically by **€+54.7 million** or **+7.6%** compared to 2017. All four business divisions contributed to that growth with solid transaction volumes, software license sales and high level of project activities.
- Representing 19% of total revenue, **Mobility & e-Transactional Services** revenue reached **€ 319.0 million**, increasing by **+7.5%** organically or **€+22.2 million** compared to last year. This growth could be achieved thanks primarily to *Trusted Digitization* and *e-Consumer & Mobility.*

Sales through Atos increased organically by €+2.1 million (+4.9%) and reached € 45.9 million in 2018.

By geography, revenue growth was mostly driven by:

- Emerging Markets (€+30.0 million or +22.0%) reflecting in particular the strong growth of the Group's operations in Latin America and in India;
- UK, Germany & CEE (€+26.6 million or +6.8%), thanks notably to the ramp up of the Commerzbank contract ;
- North & South Europe (€+24.0 million or +22.0%) benefiting from a high project activity;
- France (€+22.6 million or +6.0%) thanks to new contracts signed in 2017 with government agencies.

As a percentage of revenue, Worldline's **OMDA** improved by **+100bp**, reaching **€ 391.1 million** or 22.7% of sales, in the upper end of the objective bracket set for the year of between 22% and 23%:

- This strong improvement was driven by **Financial Services**, which improved organically by **+150 basis points** compared to 2017. This performance was driven by savings in the cost base resulting from the implementation of the synergy plan that started with the integration of equensWorldline and by good business trends in all four business lines.
- **Merchant Services' OMDA** increased by **+40 basis points** compared with 2017, reflecting the top line performance and the contributive effect of MRL Posnet and former Digital River World Payments integration.
- **Mobility & e-Transactional Services OMDA** decreased by **-120 basis points**. During the first semester, the OMDA of the Global Business Line was indeed impacted by the investment phase linked to numerous recently won contracts. To cope with the challenges of fast resource ramp-up, a strong productivity improvement plan has been launched mid-year and as a result OMDA percentage improved sequentially by **+380 basis points** in H2 compared with H1 2018.

The **backlog** at the end of December 2018 increased to € 3.5 billion following the acquisition of SIX payment Services.

The **total headcount** was **11.474** at the end of December 2018, **compared to 9,467 at the beginning of 2018**. The increase of +21.2% (or +2007 staff) of the Group total workforce was mainly due to :

- The acquisition of Six Payment Services, resulting in 1340 new employees, mainly in Switzerland, Austria, Luxembourg and Germany ;
- Strong business development, in particular in India and in France.

E.1.3 Statutory to constant scope and foreign exchange rates reconciliation [GRI 102-45] [GRI 102-49]

For the analysis of the Group's performance, revenue and OMDA for 2018 is compared with 2017 revenue and OMDA at constant scope and foreign exchange rates and restated from IFRS15 impacts.

Reconciliation between the 2017 reported revenue and OMDA and the 2017 revenue and OMDA at constant scope and foreign exchange rates and restated from IFRS15 impacts are presented below (per Global Business Lines and geography):

	Revenue					
In € million	**FY 2017**	**IFRS 15**	**Internal transfers**	**Scope effects**	**Exchange rates effects**	**FY 2017***
Merchant Services	535.5	-0.7	-1.8	+75.9	-8.6	600.3
Financial Services	708.3	-9.2		+23.9	-0.7	722.3
Mobility & e-Transactional Services	350.0	-31.7	+1.8		-23.4	296.7
Worldline	**1,593.9**	**-41.5**	**0.0**	**99.8**	**-32.8**	**1,619.3**

* *At constant scope and December 2018 YTD average exchange rates and restated from IFRS 15*

In € million	**FY 2017**	**IFRS 15**	**Internal transfers**	**Scope effects**	**Exchange rates effects**	**FY 2017***
France	402.7	-27.8		-0.7		374.1
Belgium	358.5	-6.9		-2.5		349.1
Germany, Central & Eastern Europe	236.0		-2.5	+5.8	+0.7	240.0
Netherlands	194.1		+11.0			205.1
Emerging markets	156.9	-4.5		+14.3	-30.4	136.4
Rest of Europe	137.8	-2.2	-8.5	+82.9	-2.1	207.8
UK	107.9				-0.9	107.0
Worldline	**1,593.9**	**-41.5**	**0.0**	**99.8**	**-32.8**	**1,619.3**

* *At constant scope and December 2018 YTD average exchange rates and restated from IFRS 15*

	OMDA					
In € million	**FY 2017**	**IFRS 15**	**Internal transfers**	**Scope effects**	**Exchange rates effects**	**FY 2017***
Merchant Services	112.3		-0.3	+16.0	-3.1	124.9
Financial Services	202.1			+8.0	-0.3	209.9
Mobility & e-Transactional Services	43.6		+0.3		-4.2	39.7
Corporate costs	-22.6					-22.6
Worldline	**335.4**	**0.0**	**+0.0**	**+24.0**	**-7.6**	**351.8**

* *At constant scope and December 2018 YTD average exchange rates*

- IFRS 15 accounting standard "Revenue from contracts with customers" is applicable from January 1, 2018 onwards and its impact on the FY 2017 revenue is −2.6%

- Internal transfers correspond to transfer and refocus of some contracts between Merchant Services and Mobility & e-Transactional Services

- Scope effects on revenue and OMDA correspond to:
  - In Merchant Services:
    - Addition for SIX Payment Services (1 month), MRL Posnet and Digital River World Payments (10 months) ; and
    - Deduction for Paysquare Belgium (3 months)
  - In Financial Services:
    - Addition for SIX Payment Services (1 month), First Data Baltics (9 months) and Diamis (12 months) ; and
    - Deduction for Chèques Services (6 months)

The 2017 figures presented in this Operational review are based on the constant scope and foreign exchange rates data, restated from IFRS 15 impact.

E.1.4 Revenue profile

Financial Services was in 2018 the largest Service Line of the Group, representing 45.2% of the total revenue. Revenue breakdown by service line is presented below:

	Revenue		
In € million	**FY 2018**	**FY 2017***	**% of Total**
Merchant Services	624.3	600.3	36.3%
Financial Services	777.0	722.3	45.2%
Mobility & e-Transactional Services	319.0	296.7	18.5%
Worldline	**1,720.2**	**1,619.3**	**100.0%**

** At constant scope and December 2018 YTD average exchange rates and restated from IFRS 15*

Europe remained Worldline's main operational base, generating c.90% of total revenue.

	Revenue		
In € million	**FY 2018**	**FY 2017***	**% of total revenue**
UK, Germany and CEE	417.9	391.3	24.3%
France	396.7	374.1	23.1%
Belgium	356.7	349.1	20.7%
Netherlands	195.1	205.1	11.3%
North & South Europe	187.5	163.5	10.9%
Emerging markets	166.4	136.4	9.7%
Worldline	**1,720.2**	**1,619.3**	**100%**

** At constant scope and December 2018 YTD average exchange rates and restated from IFRS 15*

E.1.5 Performance by Global Business Line

In € million	Revenue FY 2018	Revenue FY 2017*	Revenue % Growth	OMDA FY 2018	OMDA FY 2017*	OMDA % FY 2018	OMDA % FY 2017*	OMDA % Diff.
Merchant Services & Terminals	624.3	600.3	+4.0%	132.3	124.9	21.2%	20.8%	+0.4 pt
Financial Services	777.0	722.3	+7.6%	237.1	209.9	30.5%	29.1%	+1.5 pt
Mobility & e-Transactional Services	319.0	296.7	+7.5%	38.8	39.7	12.2%	13.4%	-1.2 pt
Corporate Costs				-17.1	-22.6	-1.0%	-1.4%	+0.4 pt
Worldline	**1,720.2**	**1,619.3**	**+6.2%**	**391.1**	**351.8**	**22.7%**	**21.7%**	**+1.0 pt**

E.1.5.1 Merchant Services

In € million	Merchant Services FY 2018	Merchant Services FY 2017*	Merchant Services % Growth
Revenue	624.3	600.3	+4.0%
OMDA	132.3	124.9	
% OMDA	21.2%	20.8%	+0.4 pt

** At constant scope and December 2018 YTD average exchange rates and restated from IFRS 15*

Revenue

Merchant Services revenue reached **€ 624.3 million** in 2018, improving organically by **+4.0%:**

Growth in ***Merchant Payment Services*** was primarily fueled by *Commercial Acquiring* services, thanks notably to:

- A strong revenue growth in Continental Europe, triggered by a positive product mix evolution in Belgium as well as positive developments in all other European countries ;
- A double digit growth in India; and
- A positive contribution of Six Payment Services for the month of December, in line with it acquisition business plan.

This strong acceleration of *Commercial Acquiring* was nonetheless partly offset by the anticipated slowdown of *Payment Terminal Services* in 2018. Indeed, despite the successful commercial start of the newly launched unattended payment terminal VALINA, the volumes of payment terminals sold in 2018 did not reach the high level of 2017. In 2018, the growth of Merchant Services without *Payment Terminal* would have been above +7%.

Merchant Digital Services grew as well, thanks mainly to *Digital Retail* project revenue in the United Kingdom and to Private Label Cards in Spain, partly offset by lower sales of digital ticketing kiosks in the United Kingdom.

OMDA

Merchant Services' OMDA reached **€ 132.3 million** at the end of December or **21.2% of revenue**, increasing organically by €+7.5 million **(+40 basis points** compared with 2017), reflecting:

- The top line performance;
- The contributive effect of MRL Posnet and former Digital River World Payments integration; and
- The impacts of transversal productivity improvement actions.

E.1.5.2 Financial Services

In € million	Financial Services FY 2018	FY 2017*	% Growth
Revenue	777.0	722.3	+7.6%
OMDA	237.1	209.9	
% OMDA	30.5%	29.1%	+1.5 pt

** At constant scope and December 2018 YTD average exchange rates and restated from IFRS 15*

Revenue

Accounting for 45% of total revenue, **Financial Services** revenue reached **€ 777.0 million**, improving organically by **€+54.7 million** or **+7.6%** compared to 2017. All four business divisions contributed to that growth.

- ***Account payments*** benefitted from good SEPA payment transaction volumes, strong volume growth on transactions on the Dutch iDeal scheme as well as from a significant project activity for Instant Payments and SWIFT payments. This division also benefited from the recognition of software license revenue linked to a large outsourcing contract;

- ***Acquiring Processing*** grew thanks to high project activity as well as to strong growth in authorization volumes, notably in France, Southern Europe and Germany;

- Growth in ***Digital Banking*** was fueled by new projects in France in e-Brokerage and in digital banking platforms related to Access to Accounts (PSD2);

- ***Issuing Processing*** enjoyed a continuous increase in e-Payment strong authentication services and e-Wallet transactions. Worldline Baltics also contributed to growth beyond its acquisition business plan.

OMDA

Financial Services reached an **OMDA** of **€ 237.1 million** (**30.5% of revenue**) representing an organic increase of **+150 basis points** or €+27.2 million, compared to 2017. This performance was driven by savings in the cost base resulting from the fast implementation, notably in H1 2018, of the synergy plan that started with the integration of equensWorldline and by good business trends in all four business lines, supported by software license revenues and the specific revenue linked to contract renegotiations.

E.1.5.3 Mobility & e-Transactional Services

In € million	Mobility & e-Transactional Services FY 2018	FY 2017*	% Growth
Revenue	319.0	296.7	+7.5%
OMDA	38.8	39.7	
% OMDA	12.2%	13.4%	-1.2 pt

** At constant scope and December 2018 YTD average exchange rates and restated from IFRS 15*

Revenue

Representing 19% of total revenue, **Mobility & e-Transactional Services** revenue reached **€ 319.0 million**, increasing by **+7.5%** organically or **€+22.2 million** compared to last year:

- Growth was driven by ***Trusted Digitization***, which grew double digit, benefiting from a strong momentum with French government agencies following the good order entry recorded in 2017. In addition, business was robust in Latin America, both in healthcare transactional services and in tax collection services;
- Growth in ***e-Consumer & Mobility*** was fueled notably by Connected Living activities in Germany and in Iberia and the implementation of Contact platforms in France; and
- Despite good business growth in Latin America and the ramp-up of Tap-2-Use projects in France based on the new Open Payment technologies, revenue in ***e-Ticketing*** decreased, impacted by lower project revenue in the United Kingdom.

OMDA

Mobility & e-Transactional Services OMDA reached **€ 38.7 million** or **12.1% of revenue**, decreasing by €-0.9 million or **-120 basis points**. During the first semester, the OMDA of the Global Business Line was indeed impacted by the investment phase linked to numerous recently won contracts. To cope with the challenges of fast resource ramp-up, a strong productivity improvement plan has been launched mid-year and as a result OMDA percentage improved sequentially by **+380 basis points** in H2 compared with H1 2018.

E.1.6 Performance by geography

The primary operating segments of the Group are the *Global Business Lines* ("GBLs"). The secondary axis is by geography, for which revenue is presented below.

The revenue presented in one geography can refer to sales or services rendered in different countries or regions (for example, most of the sales of payment Terminals worldwide are reported under Belgium revenue).

	Revenue			
In € million	**FY 2018**	**FY 2017***	**Var**	**Var. %**
UK, Germany and CEE	417.9	391.3	26.6	6.8%
France	396.7	374.1	22.6	6.0%
Belgium	356.7	349.1	7.6	2.2%
Netherlands	195.1	205.1	-9.9	-4.8%
North & South Europe	187.5	163.5	24.0	14.7%
Emerging markets	166.4	136.4	30.0	22.0%
Worldline	**1,720.2**	**1,619.3**	**100.9**	**6%**

In **UK, Germany and CEE**, revenue amounted to € 417.9 million in 2018, representing an organic growth of **+6.8%**, driven by a double digit growth in Financial service, reflecting in particular the ramp-up of the Commerzbank contract and good transaction volume growth. Merchant services slightly grew while revenue in MeTS decreased due to lower projects in e-Ticketing in the United Kingdom.

France posted revenue of € 396.7 million, increasing organically by **+6.0%** in 2018, primarily thanks to a double digit growth recorded in Mobility & e-Transactional Services mainly driven by Trusted Digitization projects. Contact platform implementations and the ramp-up of Tap2Use programs in e-Ticketing also contributed to growth. Financial Services grew as well, while revenue in Merchant Services was stable.

Belgium had revenue of € 356.7 million in, up **+2.2% organically**. That growth was primarily fueled by Commercial Acquiring thanks to a better price mix (higher proportion of transactions on International card schemes), offset by a decrease in Payment Terminal services. Financial Services, in particular Issuing processing, also contributed to growth.

Netherlands revenue stood at € 195.1 million and decreased by **-4.8%** organically: the good performance in Account Payments (increase in iDeal number of transactions by c.+40%) could not compensate less revenue in Payment Terminals and the negative comparison effect arising from a high non-recurring activity in Issuing Processing last year.

Revenue in **North & South Europe** (€ 187.5 million, **+14.7%** organically) was supported by overall good transaction volume growth as well as by a specific revenue linked to contract renegotiations.

Emerging markets revenue (€ 166.4 million) grew by **+22.0%** organically. Revenue in India continued to grow significantly. Good business trends in APAC and in Latin America contributed positively as well.

E.1.7 Commercial activity

E.1.7.1 Main achievements and contract signings

Merchant Services

Beyond good volumes and overall good level of merchant signings both for Worldline and former SIX Payment Services :

Good momentum and top line synergies with recently acquired companies

- **Business in India** remained strong and as of December 31, 2018, Worldline India manages over 1.4 million payment acceptance points (circa 1 million POS payment terminals as well as circa 400 thousand QR codes). Important contracts were renewed, in particular with Bank of Baroda, Yes Bank, Central Bank of India, Axis bank and Sodexo. Last, revenue synergies with MRL Posnet, which was acquired in November last year, materialize fast with in particular already 5,000 MRL customized payment terminals sold to historical Worldline India customers.

Regarding online payments, the relevance of the acquisition of Digital River World Payments last year was demonstrated by several new contracts signed with :

- **AvailPro**, Europe's leading centralized hotel booking engine. Worldline will deliver an end-to-end solution in e-Commerce, helping the hotels via AvailPro to take payment directly. That solution relies on Worldline Online Payment Acceptance solution, covering gateway and commercial acquiring services for a period of 3 years ;
- **FASTBOOKING**, a centralized hotel booking engine for 4,500 hotels in 90 countries;
- **HotelsPro**, a hotel booking engine with offices in 40 countries. Notably, Worldline will provide for these clients an end-to-end online payment solution with maximum payment methods and like for like settlement currencies, enabling a reduction of chargebacks and transaction costs.
- **Intrum AB**, a leading credit management service company. Worldline will become Intrum's sole provider for debit card acceptance and acquiring, replacing 12 local acquirers in various European countries.
- **LeadTech**, an internet based service provider, for a full gateway and acquiring solution for 3 years.

Very solid growth in online acquiring

- After a specific commercial push, Worldline is experiencing a strong double digit revenue growth in e-acquiring services in Europe.

Commercial successes of Worldline mobile payment & omni-channel solutions

- A digital platform was sold to a major French appliance retailer. In addition, Total, in collaboration with Worldline, has launched Total e-wallet, a 100% digital and connected solution for customers to fill up and pay for purchases through their mobile phone in just a few clicks.

Payment terminals

- Despite a difficult market context in Europe, good orders were recorded for Worldline's newest unattended **payment terminal VALINA**, in particular in the United Kingdom for London city shared bike infrastructure.

Two new PSD2 licenses

- Worldline has obtained two new licenses, linked to the PSD2, from the National Bank of Belgium enabling the company to become a Payment Initiation Service Provider (PISP) and an Account Information Service Provider (AISP).

Financial Services

Significant contract signatures and renewals

- Worldline signed, beyond the large Commerzbank deal, significant **contract renewals**, such as the payment processing contract with De Volksbank that was extended for another five years. That contract includes issuing services and iDeal services, together with the set-up of a new Instant Payment Engine for the back office and a multi-currency payments back office module.
- Also, a card fraud risk management solution was signed with a **new bank client in Finland**.

In online and mobile payments:

- equensWorldline is supporting Commerzbank with technology based on its **mobile payment platform** for the launch of Google Pay, Google's mobile payment system. This project completes the long list of GAFAs, NATUs, BATX related projects; and
- Worldline's **3 D secure solution** was successfully sold for the first time in the Netherlands.

Regarding Account Payment processing and Instant Payment:

- The Group reaffirmed its technology leadership with the French bank BRED and Banco BPM selecting Worldline's **CRISTAL Instant Payments licensed software** for the implementation of their Instant Payment platform;
- Also, equensWorldline will process the **Instant Payments back-office transactions** of the Dutch bank KNAB. In total, a total of 18 contracts related to Instant Payments have been signed.
- Worldline's **Access to Account Services** was altogether sold in 2018 to more than 20 clients in 6 major countries (Belgium, Germany, France, Luxemburg, the Netherlands, and the United Kingdom) in the context of the implementation of the PSD2; and
- The **Mobile Proxi Forum**, a body of the European Payment council (EPC), appointed equensWorldline as its preferred Standardised Proxy Lookup (SPL) service. This service is designed to allow and operate interoperability between participating mobile peer-to-peer payment solutions

Mobility & e-Transactional Services

In e-Ticketing :

End of 2018, Worldline in a consortium with Conduent was chosen by Île-de-France Mobilités for the renewal of Paris region public transport ticketing system. Worldline and Conduent will build the central system of the new Greater Paris transport pass "Smart Navigo", which is the largest ticketing transformation project in France.

- Smart Navigo will develop new Navigo products next year to gradually replace subway tickets with contactless methods. Tickets' online purchasing and use of smartphones either as a way to recharge the Navigo card (in lieu of vending machines), or directly as a validation method will also be implemented. Navigo will also be able to support new mobility services such as access to car parks.
- Worldline will bring its experience in transactional services and more specifically its ability to combine mobility, digital services and payment services, ensuring a high level of security and reliability required for the comfort of end users.
- The contract covers a volume of € 60 million as a binding part.

This contract consolidates the success of Worldlines's ***e-Ticketing*** solutions, which was already demonstrated earlier in the year by :

- The successful launch of Tap2Use for public transport in Dijon, enabling passengers to pay for their journeys directly on board using their usual contactless bank debit card and where, after only 2 months, the operator has reached half the objectives set for 2020 ; and
- Two other contracts based on the same Tap2Use solution:
  - One in the French "Grand Est" Region, where Worldline will implement and operate a cross-border ticketing solution with Germany;
  - The other with the metropolis of Amiens where Worldline will implement a multi-service platform allowing citizens to access with a single identifier (mobile, contactless card) to a wide variety of mobility, cultural and sports services.

In Trusted Digitization:

- A contract was signed with the ANCV (Agence Nationale des Chèques Vacances – holiday vouchers), with whom Worldline will implement a secured digital platform to transition from paper vouchers, integrating technologies developed for Merchant Services and Financial Services;
- Worldline signed a new contract in France with the pension fund *CNSA* to build and run new services allowing handicapped and elderly people to remotely manage their payment benefits;
- Also, in Austria, Worldline renewed its contract with the city of Vienna for their mobile parking payment solution; and
- Worldline will build and run the new public procurement marketplace for the public agency dealing with procurements for the entire Paris "Ile-de-France" Region.

In e-Consumer and Mobility:

- Worldline omni-channel consumer engagement "Contact" platform continues to sell remarkably well, notably winning new contracts in Great Britain with an insurance company and in France with a new major bank to provide a multi-channel solution with artificial intelligence, semantic analysis, biometry and legal archiving ;
- A new contract was signed in Austria with Worldline Energy Security Suite, a solution to secure smart meters communications ; and
- The very successful Go-to-Market of Worldline Track & Trace solution was demonstrated by further contracts this year with tobacco manufacturers in the context of the EU directive to secure the proper tax payments in the various member states.

E.1.7.2 Backlog and commercial outlook

Backlog & commercial outlook

The **backlog** at the end of December 2018 increased to **€ 3.5 billion** following the acquisition of SIX payment Services.

On the commercial side, **the outlook is very solid.** Altogether and despite the large signings recorded during 2018, the Worldline **weighted pipeline of commercial opportunities** is still significantly stronger than at the end of 2017:

- In 2019, **Merchant Services** is expected to benefit from the strong momentum of the acquiring business, enhanced by its new leadership position as a consequence of the SIX Payment Services acquisition. It will also leverage the success of its e-payment collecting and acceptance solutions for global e-merchants, of its Pan-European acquiring service and of the launch of the new omni-channel payment platform One Commerce Hub. Payment terminals sales should benefit from the YUMi and VALINA new products.
- In **Financial Services,** Worldline anticipates another year of robust commercial development thanks to its strong pipeline of large card and non-card payment processing outsourcing opportunities and to Instant Payment & API management platforms, for which there is a currently a proven market appetite in the context of the Instant Payment and PSD2 regulation implementations.

- Lastly, for **Mobility & e-Transactional Services**, Worldline anticipates the continued deployment of its Open Payment technologies for *e-Ticketing* as well as new implementations of its Contact platform for banks and industrial companies.

E.1.8 Integration and synergy plans

SIX Payment Services integration plan was carefully prepared during the pre-integration phase, which occurred between the signing of the transaction in May last year and its closing end of November. As a result, the teams were completely ready to start working on delivering the synergies as of Day1, with full accountability of the various work streams transferred to the new line management. Extended management team frequent and regular meetings are set up to monitor and measure the progresses as per Worldline's proven methodology.

The Group therefore fully confirms the total of circa €110 million run rate synergies with SIX Payment Services in 2022, of which circa 25% in 2019 and circa 50% in 2020.

E.1.9 Human resources [GRI 102-4] [GRI 102-7] [GRI 102-8]

The **total headcount** was **11.474** at the end of December 2018, **compared to 9,467 at the beginning of 2018**. The increase of +21.2% (or +2007 staff) of the Group total workforce was mainly due to :

- The acquisition of Six Payment Services, resulting in 1340 new employees, mainly in Switzerland, Austria, Luxembourg and Germany ;
- Strong business development, in particular in India and in France.
- The business growth of the North and South Europe geography, especially Finland, Italy and Spain, has also contributed to these movements.

The number of direct employees at the end of December 2018 was 10.452, representing 91.1% of the total Group headcount. Indirect staff was 1.022, the increase is mainly due to the acquisition of SIX Payment Services.

Attrition rate slightly increased to -7.25% at Worldline Group level for the period from January 2018 to December 2018. Attrition rate for direct employees was -7.21% and indirect staff attrition rate was -7.66%.

Headcount movements for 2018 are detailed by nature and country here below:

Headcount	Opening Jan-18	Scope effects	Hiring	Leavers	Dismiss / Restruc	Other	Closing Dec-18
France	**2,804**	48	468	-131	-6	-101	**3,083**
Belgium	**1,073**		149	-89	-7	-11	**1,115**
UK, Germany & CEE	**1,760**	1,116	347	-134	-28	-75	**2,986**
Netherlands	**583**		69	-26	-4	-15	**607**
Emerging markets	**1,486**	-2	407	-257	-5	-32	**1,597**
North & South Europe	**976**		204	-39	-56	-21	**1,064**
Direct	**8,682**	1,162	1,644	-676	-106	-255	**10,452**
Indirect	**785**	226	155	-80	-9	-55	**1,022**
Total (D+I)	**9,467**	1,388	1,799	-756	-115	-310	**11,474**

2018 opening has been adjusted according to the reclassification of +50 employees coming from Diamis in "Scope effects".

E.2 2019 Objectives

Fully in line with 2021 ambition, the 2019 objectives are as follows:

Revenue

The Group expects to achieve an organic growth of its revenue, at constant scope and exchange rates, of **between 6% to 8%**.

OMDA

The Group targets an OMDA margin **between 24.8% and 25.8%**[1].

Free cash flow

The Group has the ambition to generate a free cash flow of between **€ 275 million and € 290 million** including synergy implementation costs.

[1] Corresponding to an initial guidance of 23% to 24% pre IFRS16 impact estimated at c.+180 basis points on OMDA.

E.3 Financial review [GRI 102-7]

E.3.1 Income statement

The Group reported a net income (attributable to owners of the parent Worldline SA) of € 100.5 million for the full year 2018 (€ 105.5 million for the full year 2017), which represented 5.8% of Group revenue for the period. The normalized net income before unusual and infrequent items (net of tax) for the period was € 154.2 million, representing 9.0% of revenues compared to € 144.1 million in 2017.

E.3.1.1 Reconciliation from operating margin to net income

(In € million)	12 months ended 31 December 2018	% Margin	12 months ended 31 December 2017	% Margin
Operating margin	**292.9**	**17.0%**	**253.1**	**16.3%**
Other operating income/(expenses)	(87.0)		(67.6)	
Operating income	**205.9**	**12.0%**	**185.5**	**11.9%**
Net financial income/(expenses)	(20.4)		(8.1)	
Tax charge	(45.3)		(44.1)	
Share of net profit/(loss) of associates	(0.8)		0.1	
Non-controlling interests and associates	(38.9)		(27.9)	
Net income – Attributable to owners of the parent	**100.5**	**5.8%**	**105.5**	**6.8%**
Normalized net income – Attributable to owners of the parent (*) (**)	**154.2**	**9.0%**	**144.1**	**9.3%**

(*) Defined hereafter.

(**) This reconciliation includes the impact of the fair value adjustment of the contingent liability linked to the acquisition of SIX Payment Services for € -18.1 million as explained below and in note 1 «Main changes in the scope of consolidation». Excluding that impact, normalized net income would have amounted to € 172.3 million (10.0% of revenue).

For information: accounting treatment of the contingent liability corresponding to the potential compensation to be paid to SIX Group AG by Worldline as part of the acquisition of SIX Payment Services (See note 1 « change of scope »)

As a reminder and in the context of the acquisition of SIX Payment Services finalized on November 30th, 2018, Worldline and SIX Group AG have agreed that a contingent additional consideration of a maximum amount of CHF166 million (c.€ 147 million as of December 31, 2018) may have to be paid in cash by Worldline to SIX Group AG in Q2 2020:

- The compensation is payable if Worldline share price in March 2020 is below €50.17;
- No compensation is due if this share price exceeds €53.00;
- If this share price is between €50.17 and €53.00, Worldline shall pay to SIX Group AG an amount calculated on a linear basis (from CHF 166 million to zero).

This contingent liability has been booked as a financial liability and:

- Has been valued at € 99.5 million at acquisition date (November 30, 2018);
- Has been included in the calculation of the total consideration transferred for the acquisition of SIX Payment Services;
- And is re-evaluated at fair value at each closing date through profit and loss statement.

Due to the observed strong global equity market volatility during H2 2018 and its corresponding impact on Worldline share price in December 2018, the contingent liability has been re-evaluated to € 117.6 million as at December 31, 2018.

The corresponding fair value adjustment expense of € -18.1 million has been booked as financial expense in the profit and loss statement.

In conclusion, already c. € 118 million out of the c. € 147 million potential additional consideration has been conservatively booked in the 2018 financial statements.

E.3.1.2 Operating margin before depreciation and amortization

Operating margin before depreciation and amortization (OMDA) represents the underlying operational performance of the current business and is analysed in the operational review.

(In € million)	12 months ended 31 December 2018	12 months ended 31 December 2017	Variation
Operating margin	**292.9**	**253.1**	**39.8**
+ Depreciation of fixed assets	94.9	90.5	4.4
+ Net book value of assets sold/written off	4.2	1.1	3.1
+/- Net charge/(release) of pension provisions	4.8	(10.1)	15.0
+/- Net charge/(release) of provisions	(5.6)	0.8	(6.4)
OMDA	**391.1**	**335.4**	**55.8**

E.3.1.3 Other operating income and expenses

Other operating income and expenses relate to income and expenses that are unusual and infrequent. They represent a net cost € 86.9 million in 2018. The following table presents this amount by nature:

(In € million)	12 months ended 31 December 2018	12 months ended 31 December 2017
Staff reorganization	(3.6)	(4.9)
Rationalization and associated costs	(3.9)	(4.3)
Integration and acquisition costs	(39.8)	(25.6)
Equity based compensation	(16.2)	(7.9)
Customer relationships and patents amortization	(20.9)	(14.2)
Other items	(2.5)	(10.8)
Total	**(86.9)**	**(67.6)**

Staff reorganization expenses of € 3.6 million decreased by € 1.3 million compared to last year and correspond mainly to the restructuring costs induced by the recent acquisitions.

The € 3.9 million of **rationalization and associated costs** resulted mainly from costs linked to the acceleration of the TEAM² program, including administrative back office transformation. Those costs have decreased by € 0.4 million compared to 2017.

Integration and acquisition costs reached € 39.8 million which represents an increase of € 14.2 million compared to the prior period corresponding mainly to SIX transaction costs and to the costs related to the second year of equensWorldline synergy plan.

The 2018 **customer relationships amortization** of € 20.9 million corresponds mainly to:

- € 10.1 million of Equens and Paysquare customer relationships;
- € 4.3 million of SIX Payment Services customer relationships, technologies and patents (for one month);
- € 2.2 million of MRL Posnet customer relationships and technologies;
- € 2.2 million of Cataps (KB Smartpay) customer relationships.

E.3.1.4 Net financial expense

Net financial expense amounted to € 20.4 million in 2018 compared to € 8.1 million in 2017 and was composed of a net cost of financial debt of € 0.8 million (compared to € 1.1 million in 2017) and non-operational financial costs of € 19.6 million (compared to € 6.9 million in 2017).

The non-operational financial expenses were mainly composed of:

- The recognition of the fair value adjustment in the month of December of the contingent liability linked to the acquisition of SIX Payment Services representing an expense of € 18.1 million (cf. Note 1 «Main changes in the scope of consolidation»);
- The recognition in the consolidated income statement of the variation of the fair value of the Visa preferred shares for a profit of € 1.3 million, following the adoption of IFRS 9 from January 2018 (Cf. "Accounting rules and policies – IFRS 9");

- Pension financial costs for € 1.9 million. The pension financial costs represent the difference between interest costs on defined benefit obligations and the interest income on plan assets for plans which are funded (Cf. Note 10 “Pensions and similar benefits”); and
- Foreign exchange losses for € 0.5 million.

E.3.1.5 Corporate tax

The tax charge at the end of December 2018 was € 45.3 million with a profit before tax of € 185.5 million. The annualized Effective Tax Rate (ETR) was 24.4% (24.9% in 2017).

E.3.1.6 Non-controlling interests and associates

The non-controlling interests and associates at the end of December 2018 was € 38.9 million compared to € 27.9 million in 2017 and represent 36.4% of the net result of equensWorldline.

E.3.1.7 Normalized net income

The normalized net income is defined as net income excluding unusual, abnormal, and infrequent items (Group share), net of tax. For 2018, the amount was € 154.2 million.

(In € million)	12 months ended 31 December 2018	12 months ended 31 December 2017
Net income - Attributable to owners of the parent	**100.5**	**105.5**
Other operating income and expenses	(75.9)	(54.7)
Tax impact on unusual items	22.2	16.1
Normalized net income - Attributable to owners of the parent (*)	**154.2**	**144.1**

(*) This normalized net income includes the impact of the fair value adjustment of the contingent liability linked to the acquisition of SIX Payment Services for € -18.1 million (cf. Note 1 «Main changes in the scope of consolidation»). Excluding that impact, normalized net income would have amounted to € 172.3 million (10.0% of revenue).

E.3.1.8 Earning per share

The number of shares as at January 1, 2018 was 132,898,963 shares. The weighted average number of shares amounts to 137,263,059 shares for the period. As at the end of December 2018, potential dilutive instruments comprised stock subscription (equivalent to 1,016,824 options).

(In € million)	12 months ended 31 December 2018	% Margin	12 months ended 31 December 2017	% Margin
Net income [a]	**100.5**	**5.8%**	**105.5**	**6.8%**
Normalized net income [b]	**154.2**	**9.0%**	**144.1**	**9.3%**
Average number of shares [c]	137,263,059		132,557,598	
Impact of dilutive instruments	1,016,824		773,178	
Diluted average number of shares [d]	138,279,882		133,330,775	
(In EUR)				
Basic EPS [a] / [c]	**0.73**		**0.80**	
Diluted EPS [a] / [d]	**0.73**		**0.79**	
Normalized basic EPS [b] / [c]	**1.12**		**1.09**	
Normalized diluted EPS [b] / [d] (*)	**1.12**		**1.08**	

(*) This normalized diluted EPS includes the impact of the fair value adjustment of the contingent liability linked to the acquisition of SIX Payment Services for € -18.1 million (cf. Note 1 «Main changes in the scope of consolidation»). Excluding that impact, normalized diluted eps would have amounted to € 1.25.

E.3.2 Cash flow

(In € million)	12 months ended 31 December 2018	12 months ended 31 December 2017
Operating Margin before Depreciation and Amortization (OMDA)	**391.1**	**335.4**
Capital expenditures	(105.5)	(107.0)
Change in working capital requirement	21.1	33.8
Cash from operation	**306.7**	**262.2**
Taxes paid	(49.9)	(44.1)
Net cost of financial debt paid	(0.8)	(1.1)
Reorganization in other operating income	(3.5)	(6.5)
Rationalization & associated costs in other operating income	(3.9)	(4.1)
Integration and acquisition costs	(36.1)	(20.1)
Net Long term financial investments	(1.9)	(2.0)
Other changes (*)	(3.1)	(8.4)
Free Cash Flow	**207.5**	**176.0**
Net material acquisitions	(387.8)	(220.1)
Contingent liability at fair value	(117.6)	-
Capital increase	8.3	10.7
Share buy-back	(45.1)	-
Dividends paid	(6.8)	-
Change in net cash/(debt)	**(341.5)**	**(33.5)**
Opening net cash/(debt)	**309.1**	**347.7**
Change in net cash/(debt)	(341.5)	(33.5)
Foreign exchange rate fluctuation on net cash/(debt)	(2.7)	(5.1)
Closing net cash/(debt)	**(35.0)**	**309.1**

(*) "Other changes" include other operating income and expense with cash impact (excluding reorganization, rationalization and associated costs, integration costs and acquisition costs), and other financial items with cash impact, net long term financial investments excluding acquisitions and disposals

Starting January 1, 2018, dividends paid to non-controlling interests are no longer a component of the Free Cash Flow but are reported in the line "Dividends paid" (no dividend paid to non-controlling interests in 2017).

Free cash flow represented by the change in net cash or net debt, excluding equity changes (notably cash received from the exercise of stock options), dividends paid, impact of foreign exchange rate fluctuation on opening net cash balance, and net acquisitions and disposals, reached € 207.5 million compared to € 176.0 million in 2017 corresponding to an increase of + 17.8%.

Cash from Operations amounted to € 306.7 million and increased by € 44.5 million compared to last year, including the following items:

- OMDA (€+55.7 million),
- Higher capital expenditures (€-1.4 million),
- Lower improvement in change in working capital requirement (€-12.7 million).

OMDA of € 391.1 million, representing an increase of €+55.7 million compared to December 2017, reached 22.7% of revenues against 21.0% of revenues in 2017.

Capital expenditures amounted to € 105.5 million or 6.1% of revenue slightly below the level of 2017 at 6.7%. Main part is related to investment in software platforms through capitalized cost, in connection with the modernization of proprietary technological platforms for € 43.1 million.

The positive **change in working capital requirement** was € 21.1 million mainly thanks to an improvement of the DSO ratio. The DSO ratio reached 33 days at the end of December 2018, while the DPO was 87 days as of December 2018. Worldline may factor part of its account receivables in the normal course of its day to day treasury management. Amount of receivables factored as at December 31st, 2018 is non significant.

Cash out related to **taxes paid** reached € 49.9 million increasing by € 5.8 million compared to 2017.

Net outflow related to **cost of net debt** of € 0.8 million decreased by € 0.3 million compared to the year 2017.

Cash outflow linked to **reorganization costs** and **rationalization costs** represented respectively € 3.5 million and € 3.9 million.

Integration costs reached € 36.1 million. They include a large part of costs linked to the acquisition of SIX Payment Services and cost related to post acquisition integrations.

Net financial investments amounted to € 1.9 million and related mainly to investments in non-consolidated companies and payments of deposit.

Other changes of € -3.1 million corresponded to foreign exchange losses and other financials costs for € 0.4 million and other non-recurring items for € 2.7 million.

As a result, the **Free Cash Flow (FCF)** generated in 2018 was € 207.5 million.

The **net acquisitions** of € 387.8 million represented mainly the net cash effects linked to the acquisitions of SIX Payment Services for € 385.7 million in December 2018.

The fair value as at December 31, 2018 of the contingent liability linked to the acquisition of SIX Payment Services for € 117.6 million (cf. Note 1 «Main changes in the scope of consolidation»);

The € 8.3 million **Capital increase** corresponded to issuance of common stock following employee's exercise of stock options issued in September 2014 and in September 2015.

The impact of the **share buy-back program** of 930,000 shares to be delivered to beneficiaries of performance share plans, share purchase plans and stock option plans, was € 45.1 million. It was launched in August 2018 and completed within the year.

Dividends paid to minority shareholders of Equens Worldline amounted to € 6.8 million.

Foreign exchange rate fluctuation which is determined on debt or cash exposure by country had a negative impact on net cash of € -2.7 million.

E.3.3 Financing policy

Financing structure

Worldline’s expected liquidity requirements are currently fully covered by the gross cash and long-term committed credit facility.

In this respect, on December 20th, 2018, Worldline SA (as Borrower) signed a five-year Revolving Credit Facility (the ‘Facility’) for an amount of EUR 600 million, maturing in December 2023 with an option for Worldline to request the extension of the Facility maturity date until December 2025.

Under the terms of the agreement, the Facility includes one financial covenant, which is the consolidated leverage ratio (net debt divided by Operating Margin before Depreciation and Amortization) that may not be greater than 2.5 times.

The leverage ratio is 0.07 at the end of December 2018. It is calculated on a pro forma basis taking into account full year OMDA 2018 for Six Payment Services

The Facility has been arranged by a syndicate of 13 international banks. The Facility will be available for general corporate purposes and is replacing the existing € 300 million facility signed with the Atos group.

Investment policy

Worldline has a policy to lease its office space and other real estate assets either administrative or technical. Some other fixed assets such as IT equipment and company cars may be financed through leases depending on the cost of funding and on the most appropriate type of financing for each new investment.

E.4 Consolidated financial statements

E.4.1. Statutory auditors' report on the consolidated financial statements for the year ended December 31, 2018

Worldline's consolidated financial statements for the year ended December 31, 2018 were approved by the Board of Directors on February 18, 2019. Audit procedures have been performed and the auditors' reports are being issued.

E.4.2. Consolidated Income Statement [GRI 201-1]

(In € million)		12 months ended 31 December 2018	12 months ended 31 December 2017 (*)
Revenue	**Note 4**	**1,720.2**	**1,552.4**
Personnel expenses	Note 5	(692.6)	(611.6)
Operating expenses	Note 5	(734.8)	(687.7)
Operating margin		**292.9**	**253.1**
% of revenue		**17.0%**	**16.3%**
Other operating income and expenses	Note 6	(87.0)	(67.6)
Operating income		**205.9**	**185.5**
% of revenue		**12.0%**	**11.9%**
Financial expenses		(26.8)	(11.5)
Financial income		6.4	3.4
Net financial expenses	Note 7	(20.4)	(8.1)
Net income before tax		**185.5**	**177.4**
Tax charge	Note 8	(45.3)	(44.1)
Share of net profit/(loss) of associates		(0.8)	0.1
Net income		**139.4**	**133.4**
Of which:			
- attributable to owners of the parent		**100.5**	**105.5**
- non-controlling interests	Note 12	38.9	27.9

(*)December 31, 2017 adjusted to reflect change in presentation disclosed in "Basis of preparation and significant accounting policies"

(in € and number of shares)

Net income - Attributable to owners of the parent			
Weighted average number of shares		137,263,059	132,557,598
Basic earnings per share	**Note 12**	**0.73**	**0.80**
Diluted weighted average number of shares		138,279,882	133,330,775
Diluted earnings per share	**Note 12**	**0.73**	**0.79**

E.4.3. Consolidated statement of comprehensive income

(In € million)	12 months ended 31 December 2018	12 months ended 31 December 2017
Net income	**139.4**	**133.4**
Other comprehensive income		
- to be reclassified subsequently to profit / (loss) recyclable:	**(19.5)**	**(16.2)**
Cash flow hedging	0.3	(0.1)
Change in fair value of financial assets	0.0	3.7
Exchange differences on translation of foreign operations	(21.3)	(20.6)
Deferred tax on items recyclable recognized directly on equity	1.5	0.8
- not reclassified to profit / (loss) non-recyclable:	**(11.7)**	**9.2**
Actuarial gains and (losses) generated in the period on defined benefit plan	(14.0)	11.5
Deferred tax on items non-recyclable recognized directly on equity	2.3	(2.3)
Total other comprehensive income	**(31.2)**	**(7.0)**
Total comprehensive income for the period	**108.2**	**126.4**
Of which:		
- attributable to owners of the parent	**68.7**	**97.7**
- non-controlling interests	39.4	28.7

E.4.4. Consolidated statement of financial position

(In € million)		As at December 31, 2018	As at December 31, 2017 (*)
ASSETS			
Goodwill	Note 9	3,013.0	933.8
Intangible assets	Note 9	1,094.6	352.6
Tangible assets	Note 9	146.0	129.2
Non-current financial assets	Note 7	112.0	35.4
Deferred tax assets	Note 8	51.5	52.4
Total non-current assets		**4,417.2**	**1,503.4**
Trade accounts and notes receivables	Note 4	361.1	315.6
Current taxes		31.0	14.1
Other current assets	Note 5	184.2	136.3
Assets linked to intermediation activities	Note 5	1,151.4	316.6
Current financial instruments		0.4	0.4
Cash and cash equivalents	Note 7	212.8	355.8
Total current assets		**1,940.9**	**1,138.9**
Total assets		**6,358.1**	**2,642.2**

(In € million)		As at December 31, 2018	As at December 31, 2017 (*)
LIABILITIES AND SHAREHOLDERS' EQUITY			
Common stock		124.1	90.4
Additional paid-in capital		2,538.4	259.2
Consolidated retained earnings		904.1	843.6
Translation adjustments		(67.9)	(47.3)
Net income attributable to the owners of the parent		100.5	105.5
Equity attributable to the owners of the parent		3,599.3	1,251.3
Non-controlling interests	Note 12	208.9	175.1
Total shareholders' equity		**3,808.2**	**1,426.4**
Provisions for pensions and similar benefits	Note 10	125.5	116.0
Non-current provisions	Note 11	17.4	14.2
Borrowings	Note 7	120.3	3.1
Deferred tax liabilities	Note 8	191.7	57.4
Total non-current liabilities		**455.0**	**190.7**
Trade accounts and notes payables	Note 4	363.8	264.1
Current taxes		43.7	51.2
Current provisions	Note 11	20.7	12.0
Current financial instruments		0.0	0.2
Current portion of borrowings	Note 7	127.5	43.6
Liabilities linked to intermediation activities	Note 5	1,151.4	316.6
Other current liabilities	Note 5	387.9	337.5
Total current liabilities		**2,094.9**	**1,025.2**
Total liabilities and shareholders' equity		**6,358.1**	**2,642.2**

(*) December 31, 2017 adjusted to reflect change in presentation disclosed in "Basis of preparation and significant accounting policies"

E.4.5. Consolidated cash flow statement

(In € million)	12 months ended 31 December 2018	12 months ended 31 December 2017
Profit before tax	**185.5**	**177.4**
Depreciation of assets	94.9	90.5
Net charge / (release) to operating provisions	(0.8)	(9.3)
Net charge / (release) to financial provisions	1.9	2.1
Net charge / (release) to other operating provisions	7.4	12.1
Customer relationships & Patent amortization	20.9	14.2
Losses / (gains) on disposals of fixed assets	4.0	0.4
Net charge for equity-based compensation	16.2	7.8
Losses / (gains) on financial instruments	16.9	-
Net cost of financial debt	0.8	1.1
Cash from operating activities before change in working capital requirement, financial interest and taxes	**347.6**	**296.3**
Taxes paid	(49.9)	(44.1)
Change in working capital requirement	15.7	33.8
Net cash from / (used in) operating activities	**313.5**	**286.0**
Payment for tangible and intangible assets	(105.5)	(107.0)
Proceeds from disposals of tangible and intangible assets	0.2	0.1
Net operating investments	**(105.4)**	**(106.8)**
Amounts paid for acquisitions and long-term investments	(421.4)	(238.5)
Cash and cash equivalents of companies purchased /sold during the period	36.4	17.9
Proceeds from disposals of financial investments	0.0	1.7
Cash and cash equivalents of companies sold during the period	0.0	(2.6)
Net long-term investments	**(385.0)**	**(221.4)**
Net cash from / (used in) investing activities	**(490.4)**	**(328.2)**
Common stock issues on the exercise of equity-based compensation	8.3	10.7
Purchase and sale of treasury stock	(45.1)	
Dividends paid to minority shareholders of subsidiaries	(6.8)	
New borrowings	0.6	18.3
New finance lease	2.4	0.1
Repayment of long and medium-term borrowings	(15.8)	(2.6)
Net cost of financial debt paid	(0.8)	(1.1)
Other flows related to financing activities	(2.7)	0.0
Net cash from / (used in) financing activities	**(59.8)**	**25.5**
Increase / (decrease) in net cash and cash equivalents	**(236.7)**	**(16.8)**
Opening net cash and cash equivalents	**334.2**	**357.0**
Increase / (decrease) in net cash and cash equivalents	(236.7)	(16.8)
Impact of exchange rate fluctuations on cash and cash equivalents	(2.4)	(6.1)
Closing net cash and cash equivalents	**95.1**	**334.2**

E.4.6. Consolidated statement of changes in shareholder’s equity

(In € million)	Number of shares at period-end (thousands)	Common Stock	Additional paid-in capital	Retained earnings			Net income	Equity attributable to the owners of the parent	Non controlling interests	Total shareholders' equity
				Retained earnings	Business combination impact	Translation adjustments				
At January 1st, 2017	**132,347**	**90.0**	**248.7**	**629.0**	**46.0**	**(26.7)**	**144.2**	**1,131.1**	**160.9**	**1,292.0**
* Common stock issued	552	0.4	10.5					10.9		10.9
* Appropriation of prior period net income				144.2			(144.2)	0.0		0.0
* Equity-based compensation				7.1				7.1		7.1
* Scope Changes					14.5			14.5	- 14.5	-
* Transaction under commun control				(9.9)				(9.9)		- 9.9
Transactions with owners	552	0.4	10.5	141.3	14.5	-	(144.2)	22.6	- 14.5	8.1
* Net income							105.5	105.5	27.9	133.4
* Other comprehensive income				12.8		(20.6)		(7.8)	0.7	(7.1)
Total comprehensive income for the period	-	-	-	12.8	-	(20.6)	105.5	97.7	28.6	126.3
At December 31st, 2017	**132,899**	**90.4**	**259.2**	**783.1**	**60.5**	**(47.3)**	**105.5**	**1,251.4**	**175.0**	**1,426.4**
* Common stock issued	589	0.4	7.8					8.2		8.2
* Capital increase for the Six PS transaction	49,067	33.4	2,271.3					2,304.7		2,304.7
* Appropriation of prior period net income				105.5			(105.5)	0.0		0.0
* Dividends paid to the shareholders								0.0	(6.7)	(6.7)
* Equity-based compensation				10.9				10.9	1.1	12.0
* Changes in Treasury stock				(44.6)				(44.6)		(44.6)
Transactions with owners	49,656	33.8	2,279.1	71.7	-	-	(105.5)	2,279.1	(5.6)	2,273.6
* Net income							100.5	100.5	38.9	139.4
* Other comprehensive income				(11.3)		(20.6)		(31.8)	0.5	(31.3)
Total comprehensive income for the period	-	-	-	(11.3)	-	(20.6)	100.5	68.7	39.4	108.2
At December 31th, 2018	**182,555**	**124.1**	**2,538.4**	**843.6**	**60.5**	**(67.9)**	**100.5**	**3,599.2**	**208.9**	**3,808.2**

E.4.7. Appendices to the consolidated financial statements

E.4.7.1. General information

Worldline SA, the Worldline Group's parent company, is a public limited company under French law whose registered office is located at 80, Quai Voltaire, 95870 Bezons, France. The Company is registered with the Registry of Commerce and Companies of Pontoise under the reference 378,901,946 RCS Pontoise. Worldline SA shares are traded on the Euronext Paris market under ISIN code FR0011981968. The shares are not listed on any other stock exchange and Worldline SA is the only listed company in the Group. The Company is administrated by a Board of Directors.

Worldline is a European leader and a global market player in the electronic payment and transactional services sector. Worldline activities are organized around three axes: Merchant Services, Financial Services and Mobility & e-Transactional Services.

Worldline SA is majority-owned by Atos SE, its parent company, whose shares are traded on the Euronext Paris market, under ISIN code FR0000051732.

These consolidated financial statements were approved by the Board of Directors on February 18th, 2019. The consolidated financial statements will then be submitted to the approval of the General Meeting of Shareholders scheduled to take place on April 30th, 2019.

E.4.7.2. Accounting rules and policies

Basis of preparation of consolidated financial statements

Pursuant to European Regulation No. 1606/2002 of July 19th, 2002, the consolidated financial statements for the twelve months ended December 31, 2018 have been prepared in accordance with the applicable international accounting standards, as endorsed by the European Union as at December 31st, 2018. The international standards comprise the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), the International Accounting Standards (IAS), the interpretations of the Standing Interpretations Committee (SIC) and the International Financial Reporting Interpretations Committee (IFRIC). Accounting policies applied by the Group comply with those standards and interpretations.

As of December 31, 2018, the accounting standards and interpretations endorsed by the European Union are similar to the compulsory standards and interpretations published by the International Accounting Standards Board (IASB). Consequently, the Group's consolidated financial statements are prepared in accordance with the IFRS standards and interpretations, as published by the IASB. Except the impacts of IFRS 15 and IFRS 9 implementations separately disclosed, the other new standards, interpretations or amendments whose application was mandatory for the Group effective for the fiscal year beginning January 1, 2018 had no material impact on the consolidated financial statements:

- Amendment to IFRS 2 – Share based payments classification and measurement of share-based payment transactions.
- Amendments to IFRS 4 – Insurance contacts, regarding implementation of IFRS 9.
- Amendment to IAS 40 – Investment property regarding the transfer of property.
- Annual Improvements to IFRS Standards 2014–2016 - Cycle – various standards.
- IFRIC 22 – Foreign currency transactions and advance consideration.

Changes in accounting policies

IFRS 15

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations. The Group has adopted IFRS 15 using the full retrospective method. Accordingly, the information presented for 2017 has been restated.

Principal versus agent

The Group has performed an analysis of the nature of its relationship with its customers to determine if it is acting as principal or as an agent in the delivery of its contracts or part of it and in particular in the commercial acquiring and issuing businesses, resale of IT services and telecommunication embedded in the delivery to customers. Under IAS 18, the Group applied a risks and rewards analysis to determine whether it was acting as principal or as an agent in a transaction. Under IFRS 15, the Group is considered as acting as principal if it controls goods and services before delivering them to the client by exercising judgments that are further disclosed in Note 4. It has been considered that the Group acted as an agent for some services as described below. This change has been translated by a decrease in 2017 revenue and linked operating expenses of € 41.5 million.

Segmenting versus combining obligations of contracts including build phases

The Group performed an analysis of the contracts where the IFRS 15 criteria may change the current revenue recognitions rules.

For the run phases, no changes have been identified. Worldline will apply the practical expedient of IFRS 15 and recognize revenue when invoiced as invoicing is phased with delivery to the customer. In some specific contracts, invoicing of the run embeds performance obligation which are not fully phased with the invoicing flow. In that case, revenue allocated to this dedicated performance obligation is recognized as soon as the performance obligation is achieved.

As Worldline is providing standalone value to its customers as part of the build phases, build phases will be considered as a separate obligation under IFRS 15 and revenue will be recognized with respect to contract costs (no expected changes compared to previous practices).

Financial impacts at Group level

2017 revenue under IFRS 15 decreases by € 41.5 million compared to the revenue recognized in accordance with IAS 18 and mostly relates to the agent versus principal restatement (see above). The cumulative effect in equity as of January 1st, 2018 is nil.

IFRS 9

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement. The following three main areas have been amended by IFRS 9. The Group elected not to present a comparative restated period as permitted under IFRS 9.

Classification of Financial assets

IFRS 9 defines a new classification and measurement approach for financial assets. There are three principal classification categories for financial assets: Measured at Amortized Cost, Fair Value through Other Comprehensive Income (FVOCI), Fair Value through Profit & Loss. Those new reclassification requirements have no material impact on the Group's accounting for trade receivables, loans and cash and cash equivalent.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

On the Visa preferred share, under IFRS 9, the analysis applied is the approach for debt instrument. The accounting treatment of debt instruments is determined by the business model of the financial instrument and the contractual characteristics of the incoming cash flows of the financial instruments. The understanding is that Visa's Convertible preferred stock does not pass the SPPI (Solely Payment of Principal and Interests) test because the cash flows generated by those stock include an indexation to the value of the Visa shares, and such equity indexation gives rise to a variability that do not solely represent a payment of principal and interests. In this situation, the accounting treatment of the debt instruments is fair value through P&L.

Impairment of financial assets and contract assets

IFRS 9 introduces a new forward-looking "expected loss" impairment model that replaces the existing "incurred loss" impairment model.

For trade receivables including contract assets, the Group applies the IFRS 9 simplified approach. Therefore, impairment requirement at January 1, 2018 results has no material impact.

The cash and cash equivalents are held with bank and financial institution counterparties, majority of which are rated from A- to AA-. The estimated impairment on cash and cash equivalent is calculated based on the current default probability at closing date is not material.

IFRS 16

IFRS 16 replaces existing leases guidance IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC 15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 introduces a single on-balance sheet lease accounting model for lessees. Worldline Group, as a lessee, will have to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

The Group will apply IFRS 16 initially on January 1st, 2019, using the modified retrospective approach. Therefore, the cumulative effect of adopting IFRS 16 will be recognized as an adjustment to the opening balance of retained earnings at January 1st, 2019, with no restatement of comparative information.

The Group plans to apply the practical expedient to grandfather the definition of a lease on transition. This means that it will apply IFRS 16 to all contracts entered into before 1 January 2019 and identified as leases in accordance with IAS 17 and IFRIC 4. The Group also plans to apply exemptions allowed by IFRS 16.5 to not recognize short term leases (less than 12 months) and leases for which the underlying asset is of a low value.

When assessing the residual lease commitments duration for Real Estate, the Group has made an analysis of its main strategic sites to consider renewals reasonably certain to be exercised. The Group used incremental borrowing rates to calculate its lease liability as of January 1, 2019.

The Group has assessed the impact that initial application of IFRS 16 will have on its consolidated financial statements. The Group will recognize a right-of-use for Real Estate, IT equipments and cars used by employees and the underlying lease liability. The lease liability to be recognized as of January 1st, 2019 will be in a range from € 220 to € 260 million. The main impacts relate to Real Estate. This lease liability will be excluded from the Group net debt definition. Existing finance lease liability under IAS 17 as of January 1st, 2019 will be reclassified from net debt to lease liability.

The nature of expenses related to those leases will now change as IFRS 16 replaces the straight-line operating lease expense with a depreciation charge of right-of-use assets and interest expense on lease liabilities. The final impacts of adopting the standard on January 1st, 2019 will be fine-tuned and fully disclosed in June 30, 2019 interim financial statements.

Other standards

The Group does not apply IFRS standards and interpretations that have not been yet approved by the European Union at the closing date. A number of new standards are effective for annual periods beginning after January 1st, 2019 and an earlier application is permitted. The Worldline Group has not early applied those amended standards in preparing these consolidated statements. Except for IFRS 16, Worldline Group does not anticipate any significant impact from the implementation of those new standards:

- IFRIC 23 Uncertainty over Tax Treatments.
- Amendments to IFRS 9 - Prepayment Features with Negative Compensation.
- Amendments to IAS 28 - Long-term Interests in Associates and Joint Ventures.
- Amendments to IAS 19 – Plan Amendment, Curtailment or Settlement.
- Annual Improvements to IFRS Standards 2015–2017 Cycle – various standards.
- Amendments to References to Conceptual Framework in IFRS Standards.
- IFRS 17 - Insurance Contracts.

Transaction of entities under common control

In order to better reflect the economics of those transactions between entities under common control the Group has elected to account for the assets and liabilities, of acquired companies under common control, at their historical value in the IFRS consolidated account of Worldline. Difference between the purchase price and the net assets is recognized directly in retained earnings.

Accounting estimates and judgments

The preparation of consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities, income and expense in the financial statements and disclosures of contingent assets and liabilities at the closing date. The estimates, assumptions and judgments that may result in significant adjustments to the carrying amounts of assets and liabilities are essentially related to:

- Goodwill impairment tests (see note 9)
- Revenue recognition and associated costs on long-term contracts (see note 4)
- Capitalization of development costs (see note 9)
- Valuation of asset acquired and liability assumed in a business combination (see note 2)

Consolidation methods

Subsidiaries

Subsidiaries are entities controlled directly or indirectly by the Group. Control is defined by the ability to govern the financial and operating policies generally, but not systematically, consolidated with a shareholding of more than 50 percent of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible, the power to appoint the majority of the members of the governing bodies and the existence of veto rights are considered when assessing whether the Group controls another entity. Subsidiaries are included in the consolidated financial statements from the date on which control is transferred to the Group. They are excluded from the consolidation from the date on which control ceases.

Associates

Associates are entities over which the Group has significant influence but not control or joint control, generally, but not systematically, accompanying a shareholding of between 20 and 50 percent of the voting rights. Investments in associates are accounted for by the equity method.

Translation of financial statements denominated in foreign currencies

The balance sheets of companies based outside the euro zone are translated at closing exchange rates. Income statement items are translated based on average exchange rate for the period. Balance sheet and income statement translation adjustments arising from a change in exchange rates are recognized as a separate component of equity under "Translation adjustments".

Goodwill and fair value adjustments arising on the acquisition of a foreign entity have been treated as assets and liabilities of that foreign entity and translated into euro at the closing date.

The Group does not consolidate any entity operating in a hyperinflationary economy except in Argentina. Argentina is a hyperinflationary Economy since July 1st, 2018. As such, all Profit & Loss items from Argentinian entities have restated from inflation in accordance with IAS 29. Correction has been calculated month by month applying inflation since January 1st to end of each month until the end of year. This led to a gross up of Profit and Loss items in pesos. Those flows have been converted at the € vs. pesos rate as end of December 2018. Impact of this restatement on the Group net result is not material.

Translation of transactions denominated in foreign currencies

Foreign currency transactions are translated into the functional currency using the exchange rate prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement under the heading "Other financial income and expenses", except where hedging accounting is applied.

Operating margin and Operating Margin before Depreciation and Amortization (OMDA)

The underlying operating performance on the Group ongoing business is presented within operating margin, while unusual operating income/expenses are separately itemized and presented below the operating margin, in line with the ANC (Autorité des Normes Comptables) recommendation n°2013-03 (issued on November 7th, 2013) regarding the financial statements presentation.

The Operating Margin before Depreciation and Amortization is based on Operating margin minus items without impact on the cash flows from operations and excluding amortization and depreciation.

These consolidated financial statements are presented in euro, which is the Group's functional currency. All figures are presented in € million with one decimal. This may in certain circumstances lead to non-material differences between the sum of the figures and the subtotals that appear in the tables.

The policies set out below have been applied in consistency with all years presented.

E.4.7.3. Notes to the consolidated financial statements

Note 1 Main changes in the scope of consolidation

Accounting policies / principles

Business combination and goodwill

A business combination may involve the purchase of another entity, the purchase of all the net assets of another entity or the purchase of some of the net assets of another entity that together form one or more businesses.

Major services contracts involving staff and asset transfers that enable the Group to develop or significantly improve its competitive position within a business or a geographical sector are accounted for as business combinations when fulfilling the definition of a business under IFRS 3.

Valuation of assets acquired and liabilities assumed of newly acquired subsidiaries

Business combinations are accounted for according to the acquisition method. The consideration transferred in exchange for control of the acquired entity is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree.

Direct transaction costs related to a business combination are charged to the income statement when incurred and presented as part of the Other Operating Income.

During the first consolidation, all the assets, liabilities and contingent liabilities of the subsidiary acquired are measured at their fair value.

Purchase of non-controlling interests and sale of interests in a controlled subsidiary

Purchase of non-controlling interests and sale transactions of interests in a controlled subsidiary that do not change the status of control are recorded through shareholders' equity (including direct acquisition costs).

If control in a subsidiary is lost, any gain or loss is recognized in net income. Furthermore, if an investment in the entity is retained by the Group, it is re-measured to its fair value and any gain or loss is also recognized in net income.

SIX Payment Services

After Worldline Extraordinary General Meeting that had approved the issuance of new Worldline shares in exchange for the contribution of SIX Payment Services to Worldline and the completion of the regulatory process, the transaction with SIX was finalized on November 30, 2018.

SIX Payment Services is the payment services division of SIX delivering at scale, both commercial acquiring and financial processing services. SIX Payment Services is the clear leader of the DACH[1] region, with n°1 commercial acquiring market positions in Switzerland, Austria and Luxembourg and a sizeable presence in Germany. As result of the acquisition, Worldline expect to create the leading and largest European payments provider. The respective markets of both partners complement each other very well. New technologies can be jointly and efficiently developed and implemented from a position of strength.

Worldline acquired 100% of SIX Payment Services which is fully consolidated since December 1st, 2018.

Consideration

(in € million)	
Equity instruments (49,066,878 ordinary shares of Worldline SA)	2,308.1
Cash	418.5
Contingent consideration arrangement	99.5
Total Consideration transferred	**2,826.1**

[1] Germany, Austria and Switzerland

As part of the transaction, Worldline issued 49.1 million new ordinary shares representing 26.9% of the share capital of Worldline, fully paid up. The fair value of the shares issued was measured using the opening market price of Worldline SA's ordinary shares on the acquisition date.

The cash transferred was denominated in Swiss francs (CHF). To hedge potential currency fluctuations, Worldline has set up a foreign currency hedge to partly freeze the exchange rate for the completion of the Contribution.

The contingent consideration arrangement requires Worldline to pay the former owner of SIX Payment Services if the conditions based on the Worldline stock price at end of March 2020 are completed. Fair value was estimated using the usual valuation method based on Worldline share price at the acquisition date. The fair value was € 99.5 million at the acquisition date and was reassessed to € 117.6 million at end of December. The variation of € 18.1 was recognized through P&L as a financial expense in 2018.

Recognized amounts of identifiable assets acquired and liabilities assumed

The fair value of SIX Payment Services net assets acquired is set out in the table below:

(in € million)	Assets acquired and liabilty assumed
Fixed assets	783.2
Net Cash / (Dept)	32.8
Provisions	(19.2)
Other net assets / liabilities	(49.2)
Fair value of acquisition	**747.7**

Preliminary Goodwill

(in € million)	Preliminary Goodwill	
Total consideration transferred 31.12.2018	2,826.1	
Total Consideration	**2,826.1**	*a*
Equity acquired	158.7	
Fair value adjustments net of deferred tax	589.0	
Fair Value of net assets	**747.7**	*b*
Total 31.12.2018	**2,078.5**	*c = a - b*

The valuation of assets acquired and liabilities assumed at their fair value has mainly resulted in the recognition of backlog and new customer relationships for a total amount of € 430.1 million and developed technologies for € 275.2 million. Those new intangibles had been determined by an independent expert and are mainly amortized over 14 to 19 years. An amortization expense of € 4.3 million was recorded for the one-month period ended December 31, 2018.

These estimates are still preliminary, as closing account are not finalized yet, and may be adjusted within one year of the acquisition depending on facts and circumstances existing at the acquisition date.

The residual goodwill is attributable to SIX Payment Services' highly skilled workforce and some know-how. It also reflects the synergies expected to be achieved from integrating SIX Payment Services operations into the Group.

The goodwill arising from this acquisition is not tax deductible.

Acquisition-related costs

The Group incurred € 19.9 million of acquisition-related costs. These costs have been recognized in "other operating income and expenses" in the Group's consolidated income statement.

Note 2 Pro forma financial information

Regulatory framework

The pro forma consolidated financial information, which includes pro forma selected items of the consolidated income statement for the year ended December 31, 2018 and a pro forma segment consolidated financial information, reflects the acquisitions of SIX Payment Services (please refer to Note 1 to the consolidated financial statements), referred to as the "Acquired Companies" or the "Acquisition", as if they had been effective as of January 1, 2018.

This pro forma consolidated financial information is prepared in accordance with the provisions of Appendix II, "Pro forma financial information module" of European Regulation no. EC 809/2004, the recommendations issued by ESMA (formerly known as CESR) in February 2005 concerning the application of the European Regulation no. EC 809/2004, and in accordance with Guideline no. 2013-08 of the French Financial Markets Authority ("Autorité des Marchés Financiers").

The pro forma consolidated financial information is presented for illustrative purposes only and is not indicative of Worldline's results of operations or financial condition that would have been achieved had the Acquisitions been completed as of January 1, 2018, nor is the pro forma financial information indicative of the Group's current or future results of operations or financial position.

Basis of preparation

The pro forma consolidated financial information has been prepared based on:

- The audited consolidated financial statements of the Group as of and for the year ended December 31, 2018, prepared in accordance with IFRS as adopted by European Union;
- The unaudited consolidated interim financial statements of SIX Payment Services for the period from January 1st to November 30th, 2018, prepared in accordance with IFRS as adopted by European Union. This information already includes the impact from the carve-in and carve-out of SIX Payment Services from SIX Group.

All reclassifications were made to align the Acquisitions available historical information with Worldline's consolidated financial statement presentation.

All pro forma adjustments are directly attributable to the Acquisitions. These adjustments have been prepared and computed based on available information and certain assumptions that the management of the Group consider to be reasonable. The pro forma consolidated financial information does not include any economies of scale that may result from synergies and cost savings. Historical financial information for the acquired companies for the January 1, 2018 to November 30, 2018 period prior to the acquisition by Worldline are converted at average of first eleven months of 2018 foreign exchange rate.

	α	β	γ	δ	$\alpha+\beta+\gamma+\delta$
In € million	**Audited financial information for Worldline for the twelve-month period ended December 31, 2018**	**Historical financial information for the acquired companies for the January 1, 2018 to November 30, 2018 period prior to the acquisition by Worldline**	**Total pro forma reclassification**	**Total pro forma adjustment**	**Worldline 2018 pro forma financial information**
Revenue	**1720.2**	**782.9**	-288.8	7.0	**2221.4**
OMDA	**391.1**	**100.1**	17.1	-37.8	**470.4**
Operating margin	**292.9**	**90.0**	16.6	-47.3	**352.1**

Please refer to Note 4 of the consolidated financial statements for a definition of OMDA (Operating Margin Before Depreciation and Amortization).

Note 2.1 Pro forma reclassifications reflected in the pro forma revenue, OMDA and operating margin for the year ended December 31, 2018

There are certain differences between the way Worldline and the Acquired Companies present their respective IFRS income statements. Therefore, items below in the Acquired companies' income statement for the 11 months period ended November 30th, 2018 were reclassified in order to align with the Group's accounting principles and policies:

In € million	Pass-through accounting (1)	Harmonization of accounting treatment for other revenues (2)	Restatements of presentation for costs (3)	Total pro forma reclassification
Revenue	-290.6	1.9		**-288.8**
OMDA		1.9	15.1	**17.1**
Operating margin		2.5	14.1	**16.6**

(1): The Group presents its revenue for Commercial Acquiring net of interchange bank commissions received on behalf of card issuing banks. Accordingly, this adjustment corresponds mainly to pass-through accounting applied to the interchange bank commissions that were booked during the first eleven months of 2018.

(2): Several items in SIX Payment Services accounts recognized initially in revenue have been reclassified in accordance with the Group accounting policies.

(3): Restatements of presentation have been performed, among which reclassification of the amortization expense for customer relationships and costs related to the transaction, which have been presented as other operating expenses in compliance with Group's accounting principle.

Note 2.2 Pro forma adjustments reflected in the pro forma revenue, OMDA and operating margin for the year ended December 31, 2018

The following pro forma adjustments were recorded:

In € million	Intra-group transaction eliminations (4)	Agreements entering into force with the SIX Group and recurring impacts from carve-out from SIX Group (5)	Adjustments to the corresponding acquired scope (6)	Resumed bookings of assets depreciation after signing (7)	Total pro forma adjustments
Revenue	-8.5	23.2	-7.8		**7.0**
OMDA		-28.7	-9.1		**-37.8**
Operating margin		-28.7	-9.1	-9.5	**-47.3**

(4): Consolidation elimination of transactions between Worldline and SIX Payment Services during the first eleven months of 2018.

(5): All bookings with SIX Group which have been eliminated are replaced by new third-part agreements entering into force as from closing of the deal. We also added costs in order to reflect SIX Payment Services as a standalone company.

(6): Pre-closing contract losses or price reductions granted having an effect either prorata temporis or full-year after the closing. Therefore, the impacts have been restated to correspond to the acquired scope i.e. the scope that will continue in the Worldline environment.

(7): According to IFRS 5, assets are no longer depreciated when assets are announced for sale. Consequently, the SIX Payment Services database in from May to November 2018 does not show any depreciation of the assets. In order to make 2018 comparable again, these depreciations have been added.

Note 2.3 Pro forma segment financial information

The information in the tables below presents, for illustrative purpose only, the breakdown of consolidated operating segments' revenue and OMDA of the new Group, had the Acquired Companies been consolidated from January 1, 2018:

Revenue in EUR million	**Audited financial information for Worldline for the twelve-month period ended December 31, 2018**	**Acquired companies January to November 2018**	**Total revenue**
Merchant Services	624.3	414.4	1,038.7
Financial Services	777.0	86.7	863.7
Mobility & e-Transactional Services	319.0	0.0	319.0
Total revenue	**1,720.2**	**501.1**	**2,221.4**

OMDA in EUR million	**Audited financial information for Worldline for the twelve-month period ended December 31, 2018**	**Acquired companies January to November 2018**	**Reallocation of shared costs between Business Lines according to new structure (*)**	**Total OMDA**
Merchant Services	132.3	48.8	-4.1	177.0
Financial Services	237.1	30.5	2.1	269.6
Mobility & e-Transactional Services	38.8	0.0	2.0	40.9
Corporate costs	-17.1	0.0	0.0	-17.1
Total OMDA	**391.1**	**79.3**	**0.0**	**470.4**

(*): Due to new weight of each Business Line after the acquisition of SIX Payment Services, the shared costs have been reallocated accordingly.

Note 3 Other significant event of the year

MRL Posnet

During the second half of 2018, the liability linked to the contingency consideration of MRL, partly due on 2018, had been paid for € 4.2 million. The remaining part is recorded as current borrowing for € 8.8 million.

Cataps

On 2018, and in accordance with the agreement signed in 2016 with Komercni banka for the acquisition of Cataps, the financial liability corresponding to the put option belonging to Cataps s.r.o (KB SmartPay) minority shareholders on 19% of the share capital, has been fully paid for € 6.8 million.

Note 4 Revenue, segment information and trade accounts

Accounting policies / principles

Revenue is recognized if a contract exists between Worldline and its customer. A contract exists if collection of consideration is probable, rights to goods or services and payment terms can be identified, and parties are committed to their obligations. Revenue from contracts with customers is recognized either against a contract asset or receivable, before effective payment occurs.

Multiple arrangements services contracts

The Group may enter into multiple-element arrangements, which may include combinations of different goods or services. Revenue is recognized for each distinct performance obligation which is separately identifiable from other items in the arrangement and if the customer can benefit from it.

When a single contract contains multiple distinct performance obligations, the total transaction price is allocated between the different performance obligations based on their stand-alone selling prices. The stand-alone selling prices including usual discounts granted are determined based on the list prices at which the Group sells the goods or services separately. Otherwise, the Group estimates stand-alone selling prices using a cost-plus margin approach and/or the residual approach.

Principal versus agent

When the Group resells telecommunication embedded and IT services purchased from third-party suppliers, it performs an analysis of the nature of its relationship with its customers to determine if it is acting as principal or as agent in the delivery of the good or service. The Group is a principal if it controls the specified good or service before it is transferred to the customer. In such case, revenue is recognized on a gross basis. If the Group is an agent, revenue is recognized on a net basis (net of suppliers costs), corresponding to any fee or commission to which the Group is entitled. When the Group is providing a significant service of integrating the specified good or service, it is acting as a principal in the process of resale. If the specified good or service is distinct from the other services promised to its customer, the Group is acting as a principal notably if it is primarily responsible for the good or service meeting the customer specifications or assumes inventory or delivery risks.

Revenue generated by acquiring activities is recognized net of interchange fees charged by issuing banks. The Group does not provide a service of integrating the service performed by the issuing bank and is not responsible for the execution of this service. These fees are transferred to the merchant in a pass-through arrangement and are not part of the consideration to which the Group is entitled in exchange for the service it provides to the merchant. In contrast, scheme fees paid to the payment schemes (Visa, MasterCard, Bancontact,…) are accounted for in expenses as fulfillment costs and recognized as revenue when invoiced to merchants. The Group provides commercial acquiring services by integrating the services purchased from the payment schemes.

At a point of time versus over time recognition

Revenue is recognized when the Group transfers the control of a good or service to the customer, either at a point in time or over time.

For recurring services, the revenue is recognized over time as the customer simultaneously receives and consumes the benefit provided by the Group’s performance as the Group performs. If the Group has a right to invoice a customer at an amount that corresponds directly with its performance to date, the revenue is recognized at that amount. Otherwise, revenue is recognized on a straight-line basis or based on the costs incurred if the entity’s efforts are not expensed evenly throughout the period covered by the service.

When the Group builds an asset or provides specific developments, revenue is recognized over time, generally based on costs incurred, when the Group’s performance creates or enhances an asset that the customer controls as the asset is created or enhanced or when the performance does not create an asset with an alternative use and the Group has an enforceable right to payment for the performance completed to date by the contract and local regulations. Otherwise, revenue is recognized at a point in time.

Contract costs - Costs to obtain and fulfill a contract

Incremental costs to acquire a multi-year service contracts are capitalized and amortized over the life of the contract.

Transition & Transformation costs that do not represent a separate performance obligation of a contract are capitalized as contract costs if they create a resource that will be used to perform other performance obligations embedded in the contract. Other costs incurred to obtain or fulfill a contract are expensed when incurred.

Balance sheet presentation

Contract assets primarily relate to the Group's rights to consideration for work completed but not yet billed at the reporting date. When the rights to consideration are unconditional, they are classified as trade receivables.

Contract liabilities relate to upfront payments received from customers in advance of the performance obligation. Capitalized contract costs are presented separately from contract assets.

Certain service arrangements might qualify for treatment as lease contracts under IFRIC 4 if they convey a right to use an asset in return for payments included in the overall contract remuneration. If service arrangements contain a lease, the Group is considered to be the lessor regarding its customers.

Revenue recognition and associated costs on long-term contracts

Total projected contract costs are based on various operational assumptions such as forecast volume or variance in the delivery costs that have a direct influence on the level of revenue and possible forecast losses on completion that are recognized. A provision for onerous contract is booked if the future costs to fulfill a contract are higher than its related benefits.

Financing component

When Worldline expects the period between customer payment and the transfer of goods and services to be greater than 12 months, it assesses whether the contract is embedding a financing component granted or received. When significant, interests generated by this financing component are booked separately from Revenue.

4.1. Segment information

Accounting policies / principles

According to IFRS 8, reported operating segments profits are based on internal management reporting information that is regularly reviewed by the chief operating decision maker, and is reconciled to Group profit or loss. The chief operating decision maker assesses segments profit or loss using a measure of operating profit. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the company CEO who makes strategic decisions.

The internal management reporting is designed based on Global Business Lines (Merchant Services, Financial Services and Mobility & e-Transactional Services). Global Business Lines have been determined by the Group as key indicators by the Chief operating decision maker. As a result, and for IFRS 8 requirements, the Group discloses Global Business Lines (GBL) as operating segments. Each GBL is managed by a dedicated member of the Executive Committee.

The P&L indicators as well as the assets have been allocated according to these GBL segments. On OMDA, a part of the cost related to Global Structures has not been allocated by GBL. Regarding Group Assets, the shared assets not allocated by GBL primarily relate to shared infrastructure delivering mutualized services to those three GBL.

The geographical scope and the activities covered by each operating segment are as follows:

Operating segments	Business divisions	Geographical areas
Merchant Services	Commercial Acquiring, Terminal Services, Omnichannel Payment Acceptance, Private label Card & Loyalty Services, Digital Retail	Argentina, Austria, Belgium, Brazil, Czech republic, France, Germany, India, Luxembourg, Malaysia, Poland, Spain, Sweden, Switzerland, The Netherlands, United Kingdom, USA
Financial Services	Issuing Processing, Acquiring Processing, Digital Banking, Account Payments	Austria, Belgium, China, Estonia, Finland, France, Germany, Hong Kong, Indonesia, Italy, Latvia, Lithuania, Luxembourg, Malaysia, Singapore, Spain, Switzerland, Taiwan, The Netherlands and the United Kingdom.
Mobility & e-Transactional Services	Trusted Digitization, e-Ticketing, Contact & consumer cloud, Connected Living & Mobility	Argentina, Austria, Belgium, Chile, China, France, Germany, Spain, The Netherlands and United Kingdom,

Inter-segment transfers or transactions are entered into under normal commercial terms and conditions that would also be available to unrelated third parties.

No external customer generates more than 10% of total Group sales.

The operating segment information for the period was the following:

(In € million)	Merchant Services	Financial Services	Mobility & e-transactional services	**Total Group**
12 months ended 31 December 2018				
External revenue by Global Business Lines	**624.3**	**777.0**	**319.0**	**1,720.2**
% of Group revenue	36.3%	45.2%	18.5%	100.0%
12 months ended 31 December 2017 (*)				
External revenue by Global Business Lines	**534.9**	**699.2**	**318.4**	**1,552.4**
% of Group revenue	34.5%	45.0%	20.5%	100.0%

(*)December 31, 2017 adjusted to reflect change in presentation disclosed in "Basis of preparation and significant accounting policies"

The "Merchant Services" external revenue is presented net of interchange bank commissions received on behalf credit card companies.

(In € million)	Merchant Services	Financial Services	Mobility & e-transactional services	Global structures	**Total Group**
12 months ended 31 December 2018					
Operating Margin before Depreciation and Amortization (OMDA)	**132.3**	**237.1**	**38.8**	**(17.1)**	**391.1**
% revenue	21.2%	30.5%	12.2%	-1.0%	22.7%
12 months ended 31 December 2017 (*)					
Operating Margin before Depreciation and Amortization (OMDA)	**112.3**	**202.1**	**43.6**	**(22.6)**	**335.4**
% revenue	21.0%	28.9%	13.7%	-1.5%	21.6%

(*)December 31, 2017 adjusted to reflect change in presentation disclosed in "Basis of preparation and significant accounting policies"

Operating margin before depreciation and amortization (OMDA) represents the underlying operational performance of the current business and is determined as follows:

(In € million)	**12 months ended 31 December 2018**	**12 months ended 31 December 2017**	**Variation**
Operating margin	**292.9**	**253.1**	**39.8**
+ Depreciation of fixed assets	94.9	90.5	4.4
+ Net book value of assets sold/written off	4.2	1.1	3.1
+/- Net charge/(release) of pension provisions	4.8	(10.1)	15.0
+/- Net charge/(release) of provisions	(5.6)	0.8	(6.4)
OMDA	**391.1**	**335.4**	**55.8**

The assets detailed above by *Global Business Lines* are reconciled to total assets as follows:

(In € million)	Merchant Services	Financial Services	Mobility & e-transactional services	Shared (Not allocated) *	**Total Group**
As at December 31, 2018					
Total fixed assets by Global Business Lines	**2,821.2**	**1,316.0**	**53.8**	**62.6**	**4,253.6**
Goodwill	**2,050.2**	**936.9**	**25.8**	**-**	**3,013.0**
% of Group goodwill	68.0%	31.1%	0.9%	-	100.0%
Other intangible assets	**714.7**	**342.7**	**25.8**	**11.4**	**1,094.6**
Tangible assets	**56.3**	**36.4**	**2.2**	**51.2**	**146.0**

(*) Part of intangible and tangible assets are not directly attributable to one single Global Business Line as they are mutualized assets usable and shared between the three GBL.

(In € million)	Merchant Services	Financial Services	Mobility & e-transactional services	Shared (Not allocated *)	**Total Group**
As at December 31, 2017					
Total fixed assets by Global Business Lines	**605.6**	**690.6**	**56.7**	**62.7**	**1,415.6**
Goodwill	**427.3**	**480.6**	**25.8**	**-**	**933.8**
% of Group goodwill	45.8%	51.5%	2.8%	-	100.0%
Other intangible assets	**136.3**	**171.7**	**27.5**	**17.1**	**352.6**
Tangible assets	**42.0**	**38.3**	**3.3**	**45.5**	**129.2**

(*) Part of intangible and tangible assets are not directly attributable to one single Global Business Line as they are mutualized assets usable and shared between the three GBL.

The geographical segment information for the period was the following:

(In € million)	France	Belgium	UK, Germany & CEE	Netherlands	North & South Europe	Emerging Markets	**Total Group**
12 months ended 31 December 2018							
External revenue by geographical area	**396.7**	**356.7**	**417.9**	**195.1**	**187.5**	**166.4**	**1,720.2**
% of Group revenue	23.1%	20.7%	24.3%	11.3%	10.9%	9.7%	100.0%
12 months ended 31 December 2017 (*)							
External revenue by geographical area	**374.8**	**351.6**	**343.9**	**194.1**	**135.6**	**152.4**	**1,552.4**
% of Group revenue	24.1%	22.6%	22.2%	12.5%	8.7%	9.8%	100.0%

(*)December 31, 2017 adjusted to reflect change in presentation disclosed in "Basis of preparation and significant accounting policies"

The non-current assets are mainly comprised of goodwill and capitalized development expenses which are non-attributable by geographical area because they are allocated to several areas. The rest is composed of tangible assets which are not significant.

Therefore, it is not relevant to present the non-current assets by geographical area.

4.2. Trade accounts and notes receivables

Accounting policies / principles

Trade accounts and notes receivable

Trade accounts and notes receivable are recorded initially at their fair value and subsequently at their amortized value. The nominal value represents usually the initial fair value for trade accounts and notes receivable. In case of deferred payment over one year, where the effect is significant on fair value, trade accounts and notes receivables are discounted. Where appropriate, a provision is raised on an individual basis to take likely recovery problems into account.

Certain service arrangements might qualify for treatment as lease contracts if they convey a right to use an asset in return for payments included in the overall contract remuneration. If service arrangements contain a lease, the Group is considered to be the lessor regarding its customers. Where the lease transfers the risks and rewards of ownership of the asset to its customers, the Group recognizes assets held under finance lease and presents them as "Trade accounts and notes receivable" for the amount that will be settled within 12 months, and "Non-current financial assets" for the amount to be settled beyond 12 months.

(In € million)	As at December 31, 2018	As at December 31, 2017 (*)
Contract assets	152.8	115.3
Trade receivables	216.4	205.9
Expected credit losses allowance	(8.1)	(5.7)
Net asset value	**361.1**	**315.6**
Contract liabilities	(128.7)	(106.5)
Net accounts receivable	**232.4**	**209.0**
Number of days sales outstanding (DSO)	**33**	**41**

(*) December 31, 2017 adjusted to reflect change in presentation disclosed in "Basis of preparation and significant accounting policies"

Net accounts receivable represents 13.5% of total revenue at end of 2018 (13.5% at end of 2017), corresponding to a similar evolution of contract assets and contract liabilities.

For balances outstanding for more than 60 days, the Group considers the need for depreciation on a case-by-case basis through a quarterly review of its balances.

EXPECTED LOSS MODEL AND DSO

The new forward looking "expected loss" impairment model introduces by IFRS 9 had no major impact on the overall impairment of contract assets and trade receivables.

AGEING OF PAST DUE NET RECEIVABLES

(In € million)	As at December 31, 2018	As at December 31, 2017 (*)
0-30 days overdues	16.4	16.5
30-60 days overdues	10.6	8.1
60-90 days overdues	4.0	3.0
Beyond 90 days overdues	15.0	13.0
Total	**46.0**	**40.6**

(*) December 31, 2017 adjusted to reflect change in presentation disclosed in "Basis of preparation and significant accounting policies"

Note 5 operating items

5.1 Personnel expenses

(In € million)	12 months ended 31 December 2018	% Revenue	12 months ended 31 December 2017	% Revenue
Wages, salaries & social security charges	(684.0)	39.8%	(617.2)	39.8%
Tax, training, profit-sharing	(4.0)	0.2%	(5.0)	0.3%
Net (charge)/release to provisions for staff expenses	0.2	0.0%	0.6	0.0%
Net (charge)/release to provisions for pensions and similar benefits	(4.8)	0.3%	10.1	-0.7%
Total	**(692.6)**	**40.3%**	**(611.6)**	**39.4%**

In 2017, the net charge to provision for pensions and similar benefit has been impacted by the change in the plan rules for the Railways Pension Scheme in the UK. See Note 10 – Pensions and similar benefits.

5.2 Non-personnel operating expenses

Glossary

Subcontracting costs direct. Subcontracting costs consist of the cost for subcontracted services, roughly half of which is typically IT subcontracting, mostly on a time & materials basis. The other half comes from other outsourced services, which mainly include non-IT services such as printing, mailing and other statement preparation activity and ATM services. The level of these expenses in any given period is mainly driven by the number of projects in the project phase, some aspects of which the Group may decide to outsource rather than handle in-house, and customer volumes, which drive costs that are dependent on volume, such as printing, mailing and statement activity.

Scheme fees. Include the fees paid to Visa, MasterCard and Bancontact (Belgium debit card scheme) as part of the Group's Commercial Acquiring activities;

Capitalized production costs. Operating expenses are reported net of capitalized production costs. Costs of specific application development for clients or technology solutions made available to a group of clients with a useful life of the underlying asset greater than one year are capitalized. Their aggregate amount is offset in the profit and loss statement through this line item.

(In € million)	12 months ended 31 December 2018	% Revenue	12 months ended 31 December 2017 (*)	% Revenue
Operating costs	(324.2)	18.8%	(332.6)	21.4%
Subcontracting costs direct	(290.4)	16.9%	(265.4)	17.1%
Scheme fees	(65.4)	3.8%	(39.2)	2.5%
Subtotal expenses	**(680.0)**	**39.5%**	**(637.2)**	**41.0%**
Depreciation of assets	(94.9)	5.5%	(90.5)	5.8%
Net (charge)/release to provisions	5.3	-0.3%	(1.4)	0.1%
Gains/(Losses) on disposal of assets	(4.0)	0.2%	(1.0)	0.1%
Trade Receivables write-off	(4.4)	0.3%	(4.3)	0.3%
Capitalized Production	43.1	-2.5%	46.6	-3.0%
Subtotal other expenses	**(54.8)**	**3.2%**	**(50.5)**	**3.3%**
Total	**(734.8)**	**42.7%**	**(687.7)**	**44.3%**

(*)December 31, 2017 adjusted to reflect change in presentation disclosed in "Basis of preparation and significant accounting policies"

5.3 Trade payable and notes payable

(In € million)	As at December 31, 2018	As at December 31, 2017 (*)
Trade payables and notes payable	363.8	264.1
Trade payables and notes payable	**363.8**	**264.1**
Advance payments	(1.6)	(1.9)
Prepaid expenses	(60.6)	(60.9)
Net accounts payable	**301.6**	**201.3**
Number of days payable outstanding (DPO)	**87**	**85**

(*) December 31, 2017 adjusted to reflect change in presentation disclosed in "Basis of preparation and significant accounting policies"

Trade payable and notes payable are expected to be paid within one year.

5.4 Other current assets and other current liabilities

Accounting policies / principles

Currents assets and current Liabilities - presentation rules

Assets and liabilities classified as current are expected to be realized, used or settled during the normal cycle of operations, which can extend beyond 12 months following period-end. All other assets and liabilities are classified as non-current. Current assets and liabilities, excluding the current portion of borrowings, financial receivables and provisions represent the Group's working capital requirement.

Inventory

Inventory recognized under "Other current assets", which mainly consists in payment Terminals, are assessed at the lower cost or net realizable value. The net realizable value is the estimated selling price in the normal course of business, less estimated costs deemed necessary to sell. Inventory cost is determined according to the weighted average method and include the acquisition costs and incidental expenses.

Other current assets

(In € million)		As at December 31, 2018	As at December 31, 2017
Inventories		35.0	19.7
State - VAT receivables		43.9	27.4
Prepaid expenses	Note 5.3	60.6	60.9
Other receivables & current assets		43.2	26.5
Advance payment	Note 5.3	1.6	1.9
Total		**184.2**	**136.3**

Other current liabilities

(In € million)	As at December 31, 2018	As at December 31, 2017 (*)
Contract liability	128.7	106.5
Employee-related liabilities	99.2	80.7
Social security and other employee welfare liabilities	46.2	45.3
VAT payable	61.1	46.7
Other operating liabilities	52.6	58.3
Total	**387.8**	**337.5**

(*) December 31, 2017 adjusted to reflect change in presentation disclosed in "Basis of preparation and significant accounting policies"

Other current liabilities are expected to be settled within one year, except for deferred income that is released over the particular arrangement of the corresponding contract.

5.5 Intermediation activities

Accounting policies / principles

Acquiring is part of the business of Worldline consisting in contracting with merchants for payment card acceptance. The key role of an acquirer is to transfer to the merchant's bank account the funds received in a card transaction from the cardholder's issuing bank.

Through this intermediation activity, Worldline and its affiliates are facing cash fluctuations due to the lag that may exist between the payment to the merchants and the receipt of the funds from the payment schemes (Visa, MasterCard or other schemes). Payment Schemes also define interchange fees that apply except if there is a bilateral agreement between the Acquirer and the Issuer. Worldline has no such bilateral agreement with the Issuers. Interchange fees are consequently completely driven by the rates defined by the Schemes.

The Group records isolate in dedicated lines assets and current liabilities related to its intermediation activities (including interchange fees)

(In € million)	As at December 31, 2018	As at December 31, 2017
Receivables linked to intermediation activities	786.4	171.7
Funds related to intermediation activities	365.1	145.0
Total assets linked to intermediation activities	**1,151.4**	**316.6**
Payables linked to intermediation activities	1,151.4	316.6
Total liabilities linked to intermediation activities	**1,151.4**	**316.6**

The increase is mainly due to the acquisition of SIX Payment Services.

Note 6 Other operating income and expenses

Accounting policies / principles

"Other operating income and expenses" covers income or expense items that are unusual, abnormal and infrequent. They are presented below the operating margin.

Classification of charges to (or release from) restructuring and rationalization and associated costs provisions in the income statement depends on the nature of the plan:

- Plans directly in relation with operations are classified within the "Operating margin";
- Plans related to business combinations or qualified as unusual, abnormal and infrequent are classified in the "Other operating expenses";
- If a restructuring plan qualifies for "Other operating expenses", the related real estate rationalization & associated costs expenses regarding premises and buildings is also presented in "Other operating expenses".

"Other operating income and expenses" also include major litigations, and capital gains and losses on the disposal of tangible and intangible assets, significant impairment losses on assets other than financial assets, the amortization of the Customer Relationships, the amortization cost of equity based compensation plans or any other item that is infrequent, abnormal and unusual.

Equity-based compensation

Stocks options and free shares are granted to management and certain employees at regular intervals. These equity-based compensations are measured at fair value at the grant date using the Black and Scholes option-pricing model. Changes in the fair value of options - taking into account assumptions such as personnel turnover and fulfillment of performance conditions - after the grant date have no impact on the initial valuation. The fair value of the instrument is recognized in "Other Operating Income", on a straight-line basis over the period during which those rights vest, using the straight-line method, with the offsetting credit recognized directly in equity.

Employee Share Purchase Plans offer employees the opportunity to invest in Group's shares at a discounted price. Shares are subject to a lock-up period restriction. Fair values of such plans are measured taking into account:

- The exercise price based on the average opening share prices quoted over the 20 trading days preceding the date of grant;

- The percent discount granted to employees;
- The number of free shares granted linked to the individual subscriptions
- The consideration of a lock-up restriction to the extent it affects the price that a knowledgeable, willing market participant would pay for that share; and
- The grant date: date on which the plan and its term and conditions, including the exercise price, is announced to employees.

(In € million)	**12 months ended 31 December 2018**	**12 months ended 31 December 2017**
Staff reorganization	(3.6)	(4.9)
Rationalization and associated costs	(3.9)	(4.3)
Integration and acquisition costs	(39.8)	(25.6)
Equity based compensation	(16.2)	(7.9)
Customer relationships and patents amortization	(20.9)	(14.2)
Other items	(2.5)	(10.8)
Total	**(86.9)**	**(67.6)**

Staff reorganization expenses of € 3.6 million decreased by € 1.3 million compared to last year and correspond mainly to the restructuring costs induced by the recent acquisitions.

The € 3.9 million of **rationalization and associated costs** resulted mainly from costs linked to the acceleration of the TEAM² program, including administrative back office transformation. Those costs have decreased by € 0.4 million compared to 2017.

Integration and acquisition costs reached € 39.8 million which represents an increase of € 14.2 million compared to the prior period corresponding mainly to SIX transaction costs and to the costs related to the second year of equensWorldline synergy plan.

The 2018 **customer relationships amortization** of € 20.9 million corresponds mainly to:

- € 10.1 million of Equens and Paysquare customer relationships;
- € 4.3 million of SIX Payment Services customer relationships, technologies and patents (for one month);
- € 2.2 million of MRL Posnet customer relationships and technologies;
- € 2.2 million of Cataps (KB Smartpay) customer relationships.

Equity-based compensation

The € 16.2 million expense recorded within "Others Operation Income" for equity-based compensation (€ 7.9 million in 2017) is mainly related to 2016, 2017 & 2018 free share plans, the 2016 & 2018 stock option plans and previous Atos & Bull free share plans.

(In € million)	12 months ended 31 December 2018	12 months ended 31 December 2017
Free share plans	14.9	6.5
Stock option plans	0.4	1.3
Free share plan Bull	0.9	0.1
Total	**16.2**	**7.9**

Free share plans

Rules governing the free share plans are as follows:

- To receive the share, the grantee must generally be an employee or a corporate officer of the Group or a company employee related to Worldline;
- Vesting is also conditional on both the continued employment condition and the achievement of performance criteria, financial and non-financial ones;
- The financial performance criteria are the following:
    - Group Free Cash Flow (FCF);
    - Group Operating Margin before Depreciation and Amortization (OMDA); and
    - Group revenue growth.
- The vesting period varies according to the plans rules but never exceeds 3.5 years;
- The number of shares is subject to a multiplier from 85% to 115% according to an under/over performance;
- The lock-up period is 0 to 1 year;
- Free shares plans give the right to issue Worldline shares.

The Group has implemented a new free shares plan in July 21st, 2018.

The plans impacting the 2018 charge for € 14.9 million are detailed as follows:

Grant Date	25 July 2016 French plan	25 July 2016 Foreign plan	2 January 2017	24 July 2017	21 July 2018
Number of shares granted	229,250	133,000	229,500	441,000	366,685
Share price at grant date (€)	26.865	26.865	26.775	33.240	51.100
Vesting Date(s)	25 July 2018	25 July 2019	1 February 2019 1 September 2019 1 April 2020	24 July 2020	20 July 2021
Expected Life	2 years	3 years	2,0/2,65/3,25 years	3 years	3 years
Lock-up period	1 year	-	-	-	-
Risk free interest rate	-0.047%	-	-	-	-
Borrowing-lending spread	4.0%	-	-	-	-
Expected dividend yield	1.10%	1.10%	1.10%	1.10%	1.10%
Fair value of shares granted (in €)	**26.28**	**25.99**	**26.17/26.00/25.84**	**32.16**	**49.44**
Expense recognized in 2018 (in € million)	**3.7**	**1.3**	**2.3**	**5.5**	**2.1**

Stock option plans

Rules governing the stock options plans are as follows:

- To exercise the option, the grantee must generally be an employee or corporate officer of the Group or a company employee related to Worldline;
- Vesting is also conditional on the achievement of performance criteria, financial and non-financial ones;
- The financial performance criteria are the following:
  - Group Free Cash Flow (FCF);
  - Group Operating Margin before Depreciation and Amortization (OMDA); and
  - Group revenue growth.
- The vesting period varies according to the plans rules but never exceeds 2 years;
- The option expiration date varies according to the plans rules but never exceeds 8.5 years after the vesting date;
- The exercise of the option is equity-settled.

The Group recognized a total expense of € 0.4 million on stock options detailed as follows:

Grant Date	2018 Expense (in € million)	Number of options initially granted	Vesting Date	Number of options vested
25 May 2016	0.1	196,000	25 May 2018	179,000
16 August 2016	0.1	45,000	25 May 2018	45,000
21 July 2018	0.2	262,000	20 July 2021	N/A
Total	**0.4**	**503,000**		

The characteristics of each current stock options plan are detailed as follows:

Grant Date	25 May 2016	16 August 2016	21 July 2018
Number of options granted	196 000	45 000	262 000
Share price at grant date (€)	27,10	27,35	51,00
Strike price (€)	26,82	28,58	52,91
Vesting date	25 May 2018	25 May 2018	20 July 2021
Expected volatility	21%	21%	21%
Expected maturity of the plan	5 years	5 years	5 years
Risk free interest rate	-0,196%	-0,325%	0,019%
Expected dividend yield	1,10%	1,10%	1,10%
Fair value of options granted (€)	**4,21**	**3,67**	**7,31**
Expense recognized in 2018 (in € million)	**0,1**	**0,1**	**0,2**

The change of outstanding share options for Worldline SA during the period was as the following:

	12 months ended 31 December 2018		12 months ended 31 December 2017	
	Number of shares	**Weighted average strike price (in €)**	**Number of shares**	**Weighted average strike price (in €)**
Outstanding at the beginning of the year	**2,270,174**	**21.2**	**2,851,641**	**20.9**
Granted during the year	262,000	52.9	-	-
Forfeited during the year	(14,500)	26.8	(29,500)	22.9
Exercised during the year	(392,197)	22.4	(551,967)	19.7
Outstanding at the end of the year	**2,125,477**	**24.8**	**2,270,174**	**21.2**
Exercisable at the end of the year, below year-end stock price	**1,863,477**	**20.9**	**2,270,174**	**21.2**

(*) Year-end stock price: € 42.20 at December 31, 2018 and € 40.67 at December 31, 2017.

Note 7 Financial items

7.1 Net Financial Result

Net financial expense amounted to € 20.4 million for the period (compared to € 8.1 million in 2017) and was made up of:

- A net cost of financial debt of € 0.8 million (€ 1.1 million in 2017); and
- A non-operational financial loss of € 19.6 million.

Net cost of financial debt of € 0.8 million is made up of:

- € 2.0 million of cost of gross debt of the Group's subsidiaries representing an average interest rate of 0.5%; and
- € 1.3 million of remuneration of gross cash of the Group's subsidiaries representing an average interest rate of 0.2%.

The non-operational financial expenses were mainly composed of:

- The recognition of the fair value adjustment in the month of December of the contingent liability linked to the acquisition of SIX Payment Services representing an expense of € 18.1 million (cf. Note 1 «Main changes in the scope of consolidation»);
- The recognition in the consolidated income statement of the variation of the fair value of the Visa preferred shares for a profit of € 1.3 million, following the adoption of IFRS 9 from January 2018 (Cf. "Accounting rules and policies – IFRS 9");
- Pension financial costs for € 1.9 million. The pension financial costs represent the difference between interest costs on defined benefit obligations and the interest income on plan assets for plans which are funded (Cf. Note 10 "Pensions and similar benefits"); and
- Foreign exchange losses for € 0.5 million.

7.2 Cash and cash equivalents

Accounting policies / principles

Cash and cash equivalents include cash at bank and financial instruments such as money market securities. Such financial instruments are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value. They are held for the purpose of meeting short-term cash commitments and have a short maturity, in general three months or less from the date of acquisition. Some instruments, such as term deposits, that have at inception a longer maturity but provide for early withdrawal and a capital guarantee may also be classified as cash equivalents under certain circumstances. Money market securities are recognized at their fair value. Changes in fair value are recorded in the income statement under "Other financial income and expenses".

Cash and cash equivalents are measured at their fair value through profit and loss.

For entities having subscribed to the Group cash pooling agreement, the cash/debt balance sheet positions which are linked to this agreement are mutualized and only the net position is presented in the consolidated balance sheet.

The cash and cash equivalents are held with bank and financial institutions counterparties, majority of which are rated A- to AA-. Impairment on cash and cash equivalent is calculated based on S&P default probability.

(In € million)	As at December 31, 2018	As at December 31, 2017
Cash and cash equivalents	214.8	350.2
Current accounts with Atos entities - Assets	(2.6)	5.6
Short-term bank deposits	0.0	0.0
Money market funds	0.5	0.1
Total cash and cash equivalents	**212.8**	**355.8**
Overdrafts	(98.4)	(17.0)
Current accounts with Atos entities - Liabilities	(19.2)	(4.7)
Total overdrafts and equivalents	**(117.6)**	**(21.6)**
Total net cash and cash equivalents	**95.2**	**334.2**

7.3 Non current financial Assets

Accounting policies / principles

Investments in non-consolidated companies

The Group holds shares in companies without exercising significant influence or control. Investments in non-consolidated companies are treated as recognized at their fair value. For listed shares, fair value corresponds to the share price at the closing date.

Visa preferred shares

Under IFRS 9, the analysis applied is the approach for debt instrument. The accounting treatment of debt instruments is determined by the business model of the financial instrument and the contractual characteristics of the incoming cash flows of the financial instruments. The understanding is that Visa's Convertible preferred stock does not pass the SPPI (Solely Payment of Principal and Interests) test because the cash flows generated by those stock include an indexation to the value of the Visa shares, and such equity indexation gives rise to a variability that do not solely represent a payment of principal and interests. In this situation, the accounting treatment of the debt instruments is fair value through P&L.

(In € million)		As at December 31, 2018	As at December 31, 2017
Pension prepayments	Note 10	8.9	2.0
Fair value of non-consolidated investments		78.1	21.3
Investments in associates		2.9	3.8
Other (*)		22.1	8.3
Total		**112.0**	**35.4**

(*) "Other" include loans, deposits and guarantees.

The increase in fair value of non-consolidated investments is mainly due to the consolidation of SIX Payment Services and the recording of:

- The Visa preferred shares formerly owned by SIX Payment Services for € 27.6 million;
- The TWINT shares for € 26.5 million.

The increase in other is mainly due to the deferred payment related to the disposal of Visa Europe share formerly owned by SIX Payment Services for € 8.3 million.

7.4 Borrowings

Accounting policies / principles

Borrowings

Borrowings are recognized initially at fair value, net of directly attributable debt issuance costs. Borrowings are subsequently measured at amortized cost. The calculation of the effective interest rate takes into account interest payments and the amortization of the debt issuance costs.

Debt issuance costs are amortized in financial expenses over the life of the loan through the use of amortized method with the effective interest method. The residual value of issuance costs for loans derecognized is fully expensed as soon as it is probable that the loan maturity is reduced, with respect to the intention to exercise the anticipated refund clause.

Bank overdrafts are recorded in the current portion of borrowings.

Leases

Asset leases where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the lease's inception at the lower of the fair value of the leased asset and the present value of the minimum lease payments. Assets acquired under finance lease are depreciated over the shorter of the assets' useful life and the lease term.

Leases where the lessor retains substantially all the risks and rewards of ownership are classified as operating leases.

Terminals leases are treated as an operating lease and their revenue is recognized according to the accounting rules described in this note (§ "Revenue recognition").

(In € million)	As at December 31, 2018 Cur-rent	Non-current	Total	As at December 31, 2017 Cur-rent	Non-current	Total
Finance leases	0.6	2.7	3.3	0.2	1.4	1.6
Overdrafts	98.4	-	98.4	17.0	-	17.0
Current accounts with Atos entities	19.2	-	19.2	4.7	-	4.7
Other borrowings	9.3	117.6	126.9	21.7	1.7	23.4
Total borrowings	**127.5**	**120.3**	**247.8**	**43.6**	**3.1**	**46.7**

Current accounts with a short-term maturity – less than one month- have no remuneration.

The decrease of "Other current Borrowings" is due to:

- € 6.8 million payment related to Cataps acquisition; and
- € 4.2 million paid as part of the contingency consideration to be paid to the former MRL Posnet owners. The remaining part is recorded as current borrowing for € 8.8 million.

The € 117.6 million in non-current other borrowing is the contingent liability recognized for the SIX Payment Services transaction (cf. Note 1 «Main changes in the scope of consolidation»), valuated at fair value at end of December 2018. This contingent consideration arrangement requires Worldline to pay the former owner of SIX Payment Services if the conditions based on the Worldline stock price at end of March 2020 are completed. Fair value was estimated using the usual valuation method based on Worldline share price. The fair value was € 99.5 million at the acquisition date and was reassessed to € 117.6 million at end of December. The variation of € 18.1 million was recognized through P&L as a financial expense in 2018.

BORROWINGS IN CURRENCIES

(In € million)	CHF	EUR	SGD	Other currencies	Total
31 December 2018	202.3	33.3	8.8	3.5	**247.8**
31 December 2017	-	30.0	13.9	2.8	**46.7**

NON-CURRENT BORROWINGS MATURITY

(In € million)	2020	2021	2022	2023	>2023	Total
Finance leases	0.6	0.6	0.6	0.4	0.5	2.7
Other borrowings	117.6	-	-	-	-	117.6
As at December 31st, 2018 long-term debt	**118.2**	**0.6**	**0.6**	**0.4**	**0.5**	**120.3**

(In € million)	2019	2020	2021	2022	>2022	Total
Finance leases	0.2	0.2	0.2	0.1	0.7	1.4
Other borrowings	0.7	0.9	-	-	-	1.7
As at December 31st, 2017 long-term debt	**1.0**	**1.1**	**0.2**	**0.1**	**0.7**	**3.1**

The evaluation of financial liabilities has been conducted based on:

- Exchange rates prevailing as at December 31, 2018, and
- Interest rate presented hereafter.

The effective interest rates in 2018 were as follows:

(In € million)	Carrying value	Fair value	Effective interest rate
Finance leases	3.3	3.3	3.44%
Other borrowings	126.9	126.9	
Total borrowings	**130.2**	**130.2**	

CHANGE IN NET CASH/(DEBT) OVER THE PERIOD

(In € million)	As at December 31, 2018	As at December 31, 2017
Opening net cash/(debt)	**309.1**	**347.7**
New borrowings	(0.6)	(18.3)
Contingent liability at Fair value	(117.6)	-
Repayment of long and medium-term borrowings	15.8	2.6
Variance in net cash and cash equivalents	(236.7)	(16.8)
New finance leases	(2.4)	(0.1)
Long and medium-term debt of companies acquired during the period	0.0	(0.7)
Impact of exchange rate fluctuations on net long and medium-term debt	(2.4)	(5.1)
Closing net cash/(debt)	**(35.0)**	**309.1**

NET CASH/(DEBT)

(In € million)	As at December 31, 2018	As at December 31, 2017
Cash and cash equivalents	212.8	355.8
Borrowings	(120.3)	(3.1)
Current portion of borrowings	(127.5)	(43.6)
Total	**(35.0)**	**309.1**

Note 8 Income tax

Accounting policies / principles

Current and deferred taxes

The income tax charge includes current and deferred tax expenses. Deferred tax is calculated wherever temporary differences occur between the tax base and the consolidated base of assets and liabilities, using the liability method. The deferred tax is valued using the enacted tax rate at the closing date that will be in force when the temporary differences reverse.

In case of change in tax rate, the deferred tax assets and liabilities are adjusted counterpart the income statement except if those change related to items recognized in other comprehensive income or in equity.

The deferred tax assets and liabilities are netted off at the taxable entity, when there is a legal right to offset. Deferred tax assets corresponding to temporary differences and tax losses carried over forward are recognized when they are considered to be recoverable during their validity period, based on historical and forecast information.

Deferred tax liabilities for taxable temporary differences relating to goodwill are recognized, to the extent they do not arise from the initial recognition of goodwill.

Deferred tax assets are tested for impairment at least annually at the closing date, based on December actuals, business plans and impairment test data.

Measurement of recognized tax loss carry-forwards

Deferred tax assets are recognized on tax loss carry-forwards when it is probable that taxable profit will be available against which the tax loss carry-forwards can be utilized. Estimates of taxable profits and utilizations of tax loss carry-forwards were prepared on the basis of profit and loss forecasts as included in the 3-year business plans (other durations may apply due to local specificities).

8.1 Current and deferred taxes

(In € million)	12 months ended 31 December 2018	12 months ended 31 December 2017
Current taxes	(56.0)	(52.0)
Deferred taxes	10.7	7.9
Total	**(45.3)**	**(44.1)**

8.2 Effective tax rate

The difference between the French standard tax rate and the Group Effective tax rate is explained as follows:

(In € million)	12 months ended 31 December 2018	12 months ended 31 December 2017
Profit before tax	185.5	177.4
French standard tax rate	34.4%	34.4%
Theoretical tax charge at French standard rate	**(63.9)**	**(61.1)**
Impact of permanent differences	11.0	5.8
Differences in foreign tax rates	17.6	11.1
Movement on recognition of deferred tax assets	(6.4)	4.5
Equity-based compensation	(3.4)	(2.4)
Change in deferred tax rates	0.8	(2.3)
Withholding taxes	(1.2)	(1.1)
CVAE net of tax	(3.0)	(2.4)
French Tax credit	1.9	2.4
Other	1.3	1.4
Group tax expense	**(45.3)**	**(44.1)**
Effective tax rate	**24.4%**	**24.9%**

8.3 Deferred taxes

(In € million)	12 months ended 31 December 2018	12 months ended 31 December 2017
Deferred tax assets	51.5	52.4
Deferred tax liabilities	191.7	57.4
Net deferred tax	**(140.2)**	**(5.0)**

8.4 Breakdown of deferred tax assets and liabilities by nature

(In € million)	Tax losses carry forward	Intangible assets recognized as part of PPA	Fixed assets	Pensions	Other	Total
As at December 31, 2016	**17.6**	**(27.6)**	**(37.2)**	**33.8**	**11.6**	**(1.8)**
Charge to profit or loss for the year	7.5	4.1	(9.5)	0.4	5.3	7.8
Change of scope	-	(13.8)	5.3	0.2	-	(8.3)
Charge to equity	-	-	0.9	(2.4)	0.1	(1.4)
Reclassification	(0.2)	3.9	(14.2)	(0.2)	10.5	(0.2)
Exchange differences	(0.1)	0.4	(0.2)	(0.1)	(1.0)	(1.0)
As at December 31, 2017	**24.8**	**(33.0)**	**(54.9)**	**31.7**	**26.5**	**(5.0)**
Charge to profit or loss for the year	8.2	5.6	2.5	2.8	(8.5)	10.6
Change of scope	0.6	(161.3)	(1.7)	1.0	11.3	(150.1)
Charge to equity	0.0	0.0	(0.1)	2.3	1.5	3.8
Reclassification	0.0	(0.2)	4.3	0.0	(3.0)	1.2
Exchange differences	(0.1)	0.6	(0.4)	0.0	(1.1)	(0.8)
As at December 31, 2018	**33.6**	**(188.2)**	**(50.2)**	**37.8**	**26.8**	**(140.2)**

8.5 Tax losses carry forward schedule (basis)

(In € million)	12 months ended 31 December 2018			12 months ended 31 December 2017		
	Recog-nized	Unrecog-nized	Total	Recog-nized	Unrecog-nized	Total
2021	0.3	8.9	9.2	3.0	6.6	9.6
2022	-	-	-	-	-	-
Tax losses available for carry forward for 5 years and more	0.0	0.9	0.9	0.0	0.0	0.0
Ordinary tax losses carry forward	**0.3**	**9.8**	**10.1**	**3.0**	**6.6**	**9.6**
Evergreen tax losses carry forward	**116.4**	**84.3**	**200.7**	**84.8**	**3.0**	**87.7**
Total tax losses carry forward	**116.7**	**94.1**	**210.8**	**87.8**	**9.5**	**97.3**

Countries with the largest tax losses available for carry forward were France (€ 87.1 million), Luxembourg (€ 82.0 million), Spain (€ 17.9 million), Germany (€ 9.8 million) and Poland (9.7 million).

8.6 Deferred tax assets not recognized by the Group

(In € million)	12 months 31 December 2018	12 months 31 December 2017
Tax losses carry forward	25.3	1.8
Temporary differences	24.0	20.0
Total	**49.3**	**21.8**

Note 9 Goodwill and fixed assets

9.1 Goodwill

Accounting policies / principles

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, of the amount of any non-controlling interests in the acquiree and of the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognized immediately in profit or loss as a bargain purchase gain.

Goodwill is allocated to Cash Generating Units (CGU) for the purpose of impairment testing. Goodwill is allocated to those CGUs that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which management monitors goodwill.

A CGU is defined as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets. CGUs correspond to Global Business Lines defined by IFRS 8.

The recoverable value of a CGU is based on the higher of its fair value less costs to sell and its value in use determined using the discounted cash-flows method. When this value is less than its carrying amount, an impairment loss is recognized in the operating income.

The impairment loss is first recorded as an adjustment of the carrying amount of the goodwill allocated to the CGU and remainder of the loss, if any, is allocated pro rata to the other long-term asset of the unit.

Goodwill is not amortized and is subject to an impairment test performed at least annually by comparing its carrying amount to its recoverable amount at the closing date based on December actuals and latest 3-year plan, or more often whenever events or circumstances indicate that the carrying amount could not be recoverable.

Such events and circumstances include but are not limited to:

- Significant deviance of economic performance of the asset when compared with budget;
- Significant worsening of the asset's economic environment;
- Loss of a major client;
- Significant increase in interest rates.

Impairment tests

The Group tests at least annually whether goodwill has suffered any impairment, in accordance with the accounting policies. The recoverable amounts of Cash Generating Units are determined based on value-in-use calculations or on their fair value reduced by the costs of sales. These calculations require the use of estimates.

(In € million)	As at December 31, 2017	Disposals Deprecia-tions	Impact of business combi-nation	Exchange rate fluctuations	As at December 31, 2018
Gross value	934.4	-	2,087.4	(8.2)	**3,013.6**
Impairment loss	(0.6)	-	-	-	**(0.6)**
Carrying amount	**933.8**	**-**	**2,087.4**	**(8.2)**	**3,013.0**

(In € million)	As at December 31, 2016	Disposals Deprecia-tions	Impact of business combi-nation	Exchange rate fluctuations	As at December 31, 2017
Gross value	767.0	-	175.6	(8.2)	**934.4**
Impairment loss	(0.6)	-	-	-	**(0.6)**
Carrying amount	**766.4**	**-**	**175.6**	**(8.2)**	**933.8**

As of 31 December 2018, goodwill mainly corresponds to:

- € 2,079.2 million related to acquisitions of SIX Payment Services (see note 1 for more details at acquisition date)
- € 437.5 million related to acquisitions of Equens/Paysquare and Cataps. The impact of business combination includes € 32.0 million related to Cataps acquisition;
- € 243.3 million related to Banksys acquisition;
- € 49.5 million related to the acquisition of MRL Posnet;
- € 41.3 million related to the acquisition of First Data Baltics;
- € 33.8 million related to the acquisition of Digital River World Payment.

Goodwill is allocated to Cash Generating Units (CGUs) which correspond to the three operating segments disclosed in Note 3 "Segment information by Global Business Lines".

(In € million)	As at December 31, 2018	As at December 31, 2017
Merchant Services	2,050.2	427.3
Financial Services	936.9	480.6
Mobility & e-transactional services	25.8	25.8
Total	**3,013.0**	**933.8**

The recoverable amount of a CGU is based on the following assumptions:

- terminal value is calculated after the three-year period, using an estimated perpetuity growth rate of 0.7%. This rate reflects specific perspectives of the payment sector, and;
- discount rates are applied by CGU based on the Group's weighted average cost of capital and adjusted to take into account specific tax rates. The Group considers that the weighted average cost of capital should be determined based on a historical equity risk premium of 8.9%, in order to reflect the long-term assumptions factored in the impairment tests.

The discount rate of 8.3% is used for all the CGUs (Merchant Services, Financial Services and Mobility & e-Transactional Services).

On the basis of impairment tests carried at year end, no loss of value has been identified as at December 31, 2018.

A varying plus or minus 50 basis points of the key parameters (operating margin, discount rates and perpetual growth rate) did not reveal the existence of any risk on the Group's CGUs.

9.2 Intangible assets

Accounting policies / principles

Intangible assets other than goodwill consist primarily of software and user rights acquired directly by the Group, internally developed IT solutions as well as software and customer relationships and technologies acquired in relation with a business combination.

To assess whether an internally generated intangible asset meets the criteria for recognition, the Group classifies the generation of the asset into a research phase and a development phase. Under IAS 38, no intangible asset arising from research (or from the research phase of an internal project) shall be recognized. Such expenditure is therefore recognized as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) shall be recognized if, and only if, an entity can demonstrate all of the following:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- Its intention to complete the intangible asset and to use or sell it;
- Its ability to use or sell the intangible asset;
- How the intangible asset will generate probable future economic benefits;
- The availability of adequate technical, financial and other resources to complete the development and;
- Its ability to measure reliably the expenditure attributable to the intangible asset during its development.

Development expenses correspond to assets developed for the own use of the Group, to specific implementation projects for some customers or innovative technical solutions made available to a group of customers. These projects are subject to a case-by-case analysis to ensure they meet the appropriate criteria for capitalization. Are capitalized as development costs only those directly attributable to create produce and prepare the asset to be capable of operating in the manner intended by management.

Capitalized development expenditure is accounted for at cost less accumulated depreciation and any impairment losses. It is amortized on a straight-line basis over a useful life between 3 and 12 years, for which two categories can be identified:

- For internal software development with fast technology serving activities with shorter business cycle and contract duration, the period of amortization will be between 3 and 7 years, the standard scenario being set at 5 years in line with the standard contract duration;
- For internal software development with slow technology obsolescence serving activities with long business cycle and contract duration, the period of amortization will be between 5 and 12 years with a standard scenario at 7 years. It is typically the case for large mutualized payment platforms.

An intangible asset related to the customer relationships and backlog brought during a business combination is recognized as customer relationships. The value of this asset is based on assumptions of renewal conditions of contract and on the discounted flows of these contracts. This asset is amortized on an estimation of its average life.

The value of the developed technology acquired is derived from an income approach based on the relief from royalty method. This method relies on (i) assumptions on the obsolescence curve of the technology and (ii) the theoretical royalty rate applicable to similar technologies, to determine the discounted cash flows expected to be generated by this technology over their expected remaining useful life. The developed technology is amortized on an estimation of its average life. The cost approach may also be implemented as a secondary approach to derive an indicative value for consistency purposes. This method relies on assumptions of the costs that should be engaged to reproduce a similar new item having the nearest equivalent utility as the asset being valued. On the contrary, if technology is believed to be the most important driver for the business, an Excess Earning method could also be implemented.

Intangible assets are amortized on a straight-line basis over their expected useful life, for internally developed IT solutions in operating margin. Customer relationships, patents, technologies and trademarks acquired as part of a business combination are amortized on a straight-line basis over their expected useful life, generally not exceeding 19 years; any related depreciation is recorded in other operating expenses.

Impairment of assets other than goodwill

At the end of each reporting period of the financial information, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss.

If it is not possible to assess the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. If a reasonable and consistent method of allocation can be identified, corporate assets are also allocated to cash-generating units individually; otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation method can be determined.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the estimated recoverable amount (or cash-generating unit) is less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount.

(In € million)	Software & Licenses	Customer Relation-ships/ Patent	Other assets	Total
Gross value				
As at January 1st, 2018	**377**	**193**	**24**	**594**
Additions	11		1	12
R&D capitalized	43			43
Impact of business combination	340	418		758
Disposals (*)	(6)			(6)
Exchange differences	(1)	(2)	(1)	(4)
Other	3		(1)	2
As at December 31, 2018	**768**	**609**	**23**	**1,400**
Accumulated depreciation				
As at January 1st, 2018	**(175)**	**(46)**	**(21)**	**(242)**
Depreciation charge for the year	(49)	(21)		(70)
Disposals/reversals (*)	6			6
Exchange differences	1		0	1
Other	0		(0)	0
As at December 31, 2018	**(218)**	**(67)**	**(21)**	**(305)**
Net value				
As at January 1st, 2018	**202**	**147**	**3**	**353**
As at December 31, 2018	**550**	**542**	**3**	**1,094**

(*) Writte-off of fully depreciated assets

(In € million)	Software & Licenses	Customer Relation-ships/ Patent	Other assets	Total
Gross value				
As at January 1st, 2017	**333**	**128**	**25**	**487**
Additions	11	-	0	12
R&D capitalized	47	-	-	47
Impact of business combination	(11)	66	-	54
Disposals (*)	(1)	-	-	(1)
Exchange differences	(1)	(1)	(1)	(3)
Other	(0)	-	(0)	(0)
As at December 31st, 2017	**377**	**193**	**24**	**594**
Accumulated depreciation				
As at January 1st, 2017	**(122)**	**(32)**	**(21)**	**(175)**
Depreciation charge for the year	(55)	(14)	(0)	(70)
Disposals/reversals (*)	1	-	-	1
Exchange differences	1	-	1	1
Other	0	-	(0)	0
As at December 31st,2017	**(175)**	**(46)**	**(21)**	**(242)**
Net value				
As at January 1st, 2017	**211**	**97**	**4**	**312**
As at December 31st,2017	**202**	**147**	**3**	**353**

(*) Writte-off of fully depreciated assets

Development capitalized cost is related to the modernization of proprietary technological platforms for € 43 million. At December 31, 2018, the net book value of those capitalized projects amounted to 185 million of euros.

9.3 Tangible assets

Accounting policies / principles

Tangible assets are recorded at acquisition cost. They are depreciated on a straight-line basis over the following expected useful lives:

- Buildings 20 years;
- Fixtures and fittings 5 to 20 years;
- Computer hardware 3 to 5 years;
- Vehicles 4 years;
- Office furniture and equipment 5 to 10 years.

(In € million)	Land and buildings	IT equipments	Other assets	Total
Gross value				
As at January 1st, 2018	**60.8**	**268.5**	**31.2**	**360.5**
Additions	4.0	32.1	12.4	48.5
Impact of business combination	(0.0)	22.8	1.9	24.7
Disposals	(1.5)	(44.4)	(1.3)	(47.2)
Exchange differences	(0.1)	(2.6)	(2.2)	(4.9)
Other	(0.5)	1.0	(3.1)	(2.6)
As at December 31, 2018	**62.8**	**277.4**	**38.9**	**379.0**
Accumulated depreciation				
As at January 1st, 2018	**(40.3)**	**(171.6)**	**(19.4)**	**(231.4)**
Depreciation charge for the year	(4.8)	(38.2)	(2.9)	(45.8)
Disposals/Reversals	1.4	40.5	1.3	43.1
Exchange differences	0.0	1.3	1.2	2.5
Other	(1.2)	(0.2)	(0.1)	(1.4)
As at December 31, 2018	**(44.8)**	**(168.3)**	**(19.9)**	**(233.0)**
Net value				
As at January 1st, 2018	**20.5**	**96.9**	**11.8**	**129.2**
As at December 31, 2018	**18.0**	**109.1**	**19.0**	**146.0**

(In € million)	Land and buildings	IT equipments	Other assets	Total
Gross value				
As at January 1st, 2017	**62.6**	**225.9**	**29.1**	**317.6**
Additions	2.4	48.8	4.1	55.3
Impact of business combination	(0.4)	15.0	1.6	16.2
Disposals	(1.5)	(15.2)	(0.2)	(16.9)
Exchange differences	(0.1)	(3.1)	(1.4)	(4.7)
Other	(2.2)	(2.8)	(1.9)	(7.0)
As at December 31st, 2017	**60.8**	**268.5**	**31.2**	**360.5**
Accumulated depreciation				
As at January 1st, 2017	**(38.2)**	**(157.7)**	**(17.9)**	**(213.8)**
Depreciation charge for the year	(4.9)	(35.3)	(1.8)	(42.1)
Disposals/Reversals	1.2	14.7	0.2	16.1
Exchange differences	0.1	1.8	0.7	2.6
Other	1.8	4.9	(0.6)	6.1
As at December 31st,2017	**(40.3)**	**(171.6)**	**(19.4)**	**(231.4)**
Net value				
As at January 1st, 2017	**24.4**	**68.2**	**11.2**	**103.8**
As at December 31st,2017	**20.5**	**96.9**	**11.8**	**129.2**

Tangible capital assets of the Worldline Group mainly include computer equipment used in the production centers, particularly in the processing datacenters, and Terminals rented to merchants. Land and buildings are mostly composed of technical infrastructures of datacenters.

Note 10 Pensions and similar benefits

Accounting policies / principles

Employee benefits are granted by the Group through defined contribution and defined benefit plans. Costs relating to defined contribution costs are recognized in the income statement based on contributions paid or due in respect of the accounting period when the related services have been accomplished by beneficiaries.

The valuation of Group defined benefit obligation is based on a single actuarial method known as the "projected unit credit method". This method includes the formulation of specific assumptions which are periodically updated, in close liaison with external actuaries of the Group.

Plan assets usually held in separate legal entities are measured at their fair value, determined at closing. The fair value of plan assets is determined based on valuations provided by the external custodians of pension funds and following complementary investigations carried-out when appropriate.

From one accounting period to the other, any difference between the projected and actual pension plan obligation and their related assets is actuarial differences. These actuarial differences may result either from changes in actuarial assumptions used, or from experience adjustments generated by actual developments differing, in the accounting period, from assumptions determined at the end of the previous accounting period. All actuarial gains and losses generated on post-employment benefit plans on the period are recognized in "other comprehensive income".

Benefit plans costs are recognized in the Group's "Operating Margin", except for interest costs on net obligations which are recognized in "other financial income and expenses".

- The Group has a present legal, regulatory, contractual or constructive obligation as a result of past events,
- It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and
- The amount has been reliably quantified.

The total amount recognized in the Worldline balance sheet in respect of pension plans and associated benefits was € 116.7 million at December 31, 2018. It was € 114.0 million at December 31, 2017.

Worldline's obligations are located predominantly in Switzerland (42% of total obligations), Belgium (19.0%), Germany (17.0%), the United Kingdom (12.0%), and France (8.0%).

Characteristics of significant plans and associated risks

In Switzerland, the obligations flow from a legacy defined benefit plans, exceeding the minimum mandatory pension benefit required by the Swiss law (BVG). Pension contributions are paid by both the employees and the employer and are calculated as a percentage of the covered salary. The rate of contribution depends on the age of the employee. At retirement, the employees' individual savings capital is multiplied by the conversion rate, as defined by the pension fund regulations, and can be paid out as either a lifetime annuity or a lump-sum payment. In the event of disability, the pension plan pays a disability pension until ordinary retirement age. In the event of death before retirement, the pension plan pays a spouse pension for life.

In Belgium, the majority of obligations flow from a defined benefit pension plan which is closed to new entrants and a Defined Contribution plan with a minimum investment return guaranteed by the company on both employer and employee contributions which is open to new entrants.

The DB plan is subject to the Belgian regulatory framework where funding requirements are based on a 6.0% discount rate and prescribed mortality statistics. In case of underfunding, a deficit must be supplemented immediately. The plan is insured with a professional insurance company. The investment strategy is set by the insurance company.

The DC plan with guaranteed return is subject to the Belgian regulatory framework. In case of underfunding when the employee leaves for retirement, a deficit must be supplemented. The plan is insured with a technical return (which is now set by the insurers below the legal minimum guaranteed return) as well as a possible profit share provided by the insurance company. The investment strategy is set by the insurance company.

In Germany, the majority of obligations flow from a defined benefit pension plan which is closed to new entrants. The plan is subject to the German regulatory framework, which has no funding requirements, but does include compulsory insolvency insurance (PSV). The plan is partially funded via an insurance company. The investment strategy is set by the insurance company.

Worldline's obligations are also generated by legacy defined benefit plans in the UK (closed to new entrants) and, to a lesser extent, by legal or collectively bargained end of service benefit plans and other long-term benefits such as jubilee plans.

These plans do not expose Worldline to any specific risks that are unusual for these types of benefit plans. Typical risks include, increase in inflation, longevity and a decrease in discount rates and adverse investment returns.

Worldline recognized all actuarial gains and losses and asset ceiling effects generated in the period in other comprehensive income.

Events in 2018

The acquisition of SIX Payment Services in November led to an increase in pension liabilities (mainly in Switzerland) of € 223.3 million covered by € 239.4 million of plan assets.

Amounts recognized in the financial statements

The amounts recognized in the balance sheet as at December 31st, 2018 rely on the following components, determined at each benefit plan's level:

(In € million)	As at December 31, 2018	As at December 31, 2017
Amounts recognized in financial statements consist of :		
Prepaid pension asset – post employment plans	8.9	2.0
Accrued liability – post employment plans	(119.1)	(112.4)
Accrued liability – other long term benefits	(6.5)	(3.5)
Net amounts recognized – Total	**(116.7)**	**(114.0)**
Components of net periodic cost		
Service cost (net of employees contributions)	9.5	9.1
Past service cost, Settlements	0.0	(11.4)
Actuarial (gain)/loss in other long term benefits	(0.1)	0.1
Operating expense	**9.4**	**(2.2)**
Interest cost	4.7	4.9
Interest income	(2.8)	(2.8)
Financial expense	**1.9**	**2.1**
Net periodic pension cost – Total expense/(profit)	**11.3**	**(0.1)**
Of which, net periodic pension cost – post employment plans	*11.0*	*(0.2)*
Of which, net periodic pension cost – other long term benefits	*0.3*	*0.1*
Change in defined benefit obligation		
Defined benefit obligation –post employment plans at January 1st	251.9	262.9
Defined benefit obligation – other long term benefits at January 1st	3.5	3.6
Total Defined Benefit Obligation at January 1st	**255.4**	**266.5**
Exchange rate impact	3.7	(2.9)
Service cost (net of employees contributions)	9.2	8.9
Interest cost	4.7	4.9
Employees contributions	1.0	0.6
Past service cost, Settlements	0.0	(11.4)
Business combinations/(disposals)	273.4	-
Benefits paid	(8.7)	(5.6)
Actuarial (gain)/loss - change in financial assumptions	(1.4)	(1.0)
Actuarial (gain)/loss - change in demographic assumptions	(1.8)	(3.4)
Actuarial (gain)/loss - experience results	7.0	(1.0)
Other movements	0.1	(0.2)
Defined benefit obligation at December 31st	**542.6**	**255.4**

The weighted average duration of the liability is 15.8 years.

(In € million)	As at December 31, 2018	As at December 31, 2017
Change in plan assets		
Fair value of plan assets at January 1st	**141.5**	**136.4**
Exchange rate impact	3.8	(2.3)
Actual return on plan assets	(7.6)	8.4
Employer contributions	6.1	1.4
Employees contributions	1.0	0.6
Benefits paid by the fund	(6.2)	(3.0)
Business combinations/(disposals)	287.7	-
Fair value of plan assets at December 31st	**426.3**	**141.5**
Reconciliation of prepaid/(accrued) Benefit cost (all plans)		
Funded status-post employment plans	(109.8)	(110.5)
Funded status-other long term benefit plans	(6.5)	(3.5)
Asset ceiling limitation at December 31st	(0.4)	-
Prepaid/(accrued) pension cost	**(116.7)**	**(114.0)**
Reconciliation of net amount recognized (all plans)		
Net amount recognized at beginning of year	**(114.0)**	**(130.1)**
Net periodic pension cost	(11.3)	0.1
Benefits paid by by the employer	2.5	2.6
Employer contributions	6.1	1.4
Business combinations/(disposals)	13.9	-
Amounts recognized in Other Comprehensive Income	(14.0)	11.4
Exchange rate	0.1	0.6
Net amount recognized at end of year	**(116.7)**	**(114.0)**

Actuarial assumptions

Worldline obligations are valued by independent actuaries, based on assumptions that are periodically updated. These assumptions are set out in the table below:

	United Kingdom		Eurozone		Switzerland	
	2018	**2017**	**2018**	**2017**	**2018**	**2017**
Discount rate as at December 31st	2.90%	2.70%	1.60% ~ 2.05%	1.50% ~ 1.95%	0.80%	n/a
Inflation assumption as at December 31st	3.20%	3.20%	1.45%	1.45%	n/a	n/a

The inflation assumption is used for estimating the impact of indexation of pensions in payment or salary inflation based on the various rules of each plan.

Sensitivity of the defined benefit obligations of the significant plans to the discount rate and inflation rate assumptions is as follows:

	Discount rate +25bp	Inflation rate +25bp
United Kingdom main pension plan	-4.4%	+3.9%
Swiss main pension plan	-3.8%	-
German main pension plan	-5.0%	-
Belgian main pension plan	-2.4%	-

These sensitivities are based on calculations made by independent actuaries and do not include cross effects of the various assumptions, they do however include effects that the inflation assumption would have on salary increase assumptions for the United Kingdom. The defined benefit obligations of the plans in Switzerland, Belgium and Germany are not sensitive to the inflation assumption.

Plan assets

Plan assets were invested as follows:

	As at December 31, 2018	As at December 31, 2017
Equity	26%	36%
Bonds	29%	14%
Other (*)	45%	50%

(*) of which 32% of insurance contracts in 2018 (vs. 49% in 2017)

Of these assets the equity and bonds are valued at market value. Of the other assets a small proportion relates to illiquid investments where valuations are based on the information provided by the investment managers and the majority relates to insurance contracts.

Summary net impacts on profit and loss and cash

The net impact of defined benefits plans on Worldline financial statements can be summarized as follows:

Profit and loss

(In € million)	As at December 31, 2018			As at December 31, 2017		
	Post-employment	Other LT benefit	**Total**	Post-employment	Other LT benefit	**Total**
Operating margin	(9.1)	(0.3)	**(9.4)**	2.3	(0.1)	**2.2**
Financial result	(1.9)	0.0	**(1.9)**	(2.1)	-	**(2.1)**
Total (expense)/profit	(11.0)	(0.3)	**(11.3)**	0.2	(0.1)	**0.1**

Cash impacts of pensions

The cash impact of pensions in 2018 was mainly composed of cash contributions to pension or insurance funds for € 6.1 million, the remaining part of € 2.5 million being benefit payments directly made by the Group to the beneficiaries.
Contributions in 2019 are expected be of € 11.5 million. This increase mostly results from the legal obligation to contribute to the Swiss SIX Payment Services fund.

Note 11 Provisions

Accounting policies / principles

The Group uses actuarial assumptions and methods to measure provisions. Provisions are recognized when:

- the Group has a present legal, regulatory, contractual or constructive obligation as a result of past events and;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- the amount has been reliably quantified.

Provisions are discounted when the time value effect is material. Changes in discounting effects at each accounting period are recognized in financial expenses.

(In € million)	As at December 31, 2017	Charge	Release used	Release unused	Business combina-tion	Other (*)	As at December 31, 2018	Current	Non-current
Project commitments	3.0	0.5	(0.6)	(0.1)		(0.1)	2.7	1.6	1.0
Litigations and contingencies	21.3	2.0	(1.3)	(6.0)	15.0	(0.3)	30.7	14.8	16.0
Reorganization	1.9	1.8	(1.7)	(0.3)	3.0		4.7	4.3	0.3
Rationalization	(0.0)	-	-	-	-	-	(0.0)	-	-
Total provisions	**26.2**	**4.3**	**(3.6)**	**(6.4)**	**18.0**	**(0.4)**	**38.1**	**20.7**	**17.4**

(*) Other movements mainly consist of currency translation adjustments.

(In € million)	As at December 31, 2016	Charge	Release used	Release unused	Business combinati on	Other (*)	As at December 31, 2017	Current	Non-current
Project commitments	2.3	1.4	(0.5)	(0.1)	-	(0.1)	3.0	1.5	1.5
Litigations and contingencies	24.5	1.5	(1.8)	(0.7)	1.0	(3.2)	21.3	8.9	12.4
Reorganization	3.6	2.0	(3.2)	(0.4)	-	(0.1)	1.9	1.6	0.3
Rationalization	0.2	-	-	-	-	(0.1)	-	-	-
Total provisions	**30.5**	**4.9**	**(5.5)**	**(1.2)**	**1.0**	**(3.5)**	**26.2**	**12.0**	**14.2**

(*) Other movements mainly consist of currency translation adjustments.

The closing position of contingency provisions of € 30.7 million included a number of litigation issues, such as tax contingencies and social disputes, guarantees given on disposals and other disputes with clients and suppliers.

The legal department and the lawyers of the Group closely monitor these situations with a view to minimize the ultimate liability.

Note 12 Shareholder equity

12.1 Equity attributable to the owners of the parent

Accounting policies / principles

Treasury stock

Worldline shares held by the parent company are recorded at their acquired cost as a deduction from consolidated shareholders' equity. In the event of a disposal, the gain or loss and the related tax impacts are recorded as a change in consolidated shareholders' equity.

In March, in June, in July, in September, in October and in December 2018, 589,076 new shares were created following the exercise of the stock-options plan from the September 2014 and September 2015 plans.

At end of November, an increase of capital of 49,066,878 shares, fully subscribes by Six Group has occurred (cf. Note 1 «Main changes in the scope of consolidation»).

At the end of December 2018, the total of shares reached at 182,554,917 with a nominal value of € 0.68. Common stock was increased from € 90,371,294.84 to € 124,137,343.56.

12.2 Non-controlling Interests

(In EUR million)	As at December 31, 2017	2018 Income	Capital Increase	Dividends	Other	As at December 31, 2018
equensWorldline	175.1	38.9	-	(6.7)	1.7	208.9
Total	**175.1**	**38.9**	**-**	**- 6.7**	**1.7**	**208.9**

Non-controlling interests own 36.4 % of equensWorldline.

12.3 Earnings per Share

Accounting policies / principles

Basic earnings per share are calculated by dividing the net income (attributable to owners of the parent), by the weighted average number of ordinary shares outstanding during the period. Treasury shares are not taken into account in the calculation in the basic or diluted earnings per share.

Diluted earnings per share are calculated by dividing the net income (attributable to owners of the parent), adjusted for the financial cost (net of tax) of dilutive debt instruments, by the weighted average number of ordinary shares outstanding during the period, plus the average number of shares which, according to the share buyback method, would have been outstanding had all the issued dilutive instruments been converted.

(In € million and shares)	12 months ended 31 December 2018	12 months ended 31 December 2017
Net income - Attributable to owners of the parent [a]	**100.5**	**105.5**
Impact of dilutive instruments	-	-
Net income restated of dilutive instruments - Attributable to owners of the parent [b]	**100.5**	**105.5**
Average number of shares outstanding [c]	137,263,059	132,557,598
Impact of dilutive instruments [d]	1,016,824	773,178
Diluted average number of shares [e]=[c]+[d]	138,279,882	133,330,775
Earnings per share in EUR [a]/[c]	**0.73**	**0.80**
Diluted earnings per share in EUR [b]/[e]	0.73	0.79

Basic and diluted earnings per share are reconciled in the table below. Potential dilutive instruments comprise stock options, which do not generate any restatement of net income used for the diluted EPS calculation. The number of stock options available and not exercised in December 2018 amounted to 1,863,477 shares. As of end of December 2018, potential dilutive instruments comprised stock subscription (equivalent to 1,016,824 options).

This diluted EPS includes the impact of the fair value adjustment of the contingent liability linked to the acquisition of SIX Payment Services for € -18.1 million (cf. Note 1 «Main changes in the scope of consolidation»). Excluding that impact, diluted eps would have amounted to € 0.86.

Note 13 Off-balance sheet commitments

CONTRACTUAL COMMITMENTS

The table below illustrates the minimum future payments for firm obligations and commitments over the coming years. Amounts indicated under the finance leases caption are recorded in the Group statement of financial position.

(In € million)	As at December 31, 2018	Maturing Up to 1 year	1 to 5 years	Over 5 years	As at December 31, 2017
Finance	3.3	0.6	2.7	-	1.6
Recorded on the balance sheet	**3.3**	**0.6**	**2.7**	**-**	**1.6**
Operating leases: land, buildings, fittings	171.0	28.4	84.2	58.5	93.2
Operating leases: IT equipment	27.3	6.8	20.5	0.0	0.0
Operating leases: other fixed assets	12.1	4.7	7.4	0.0	9.3
Non-cancellable purchase obligations (> 5 years)	357.3	45.3	180.3	131.7	6.3
Commitments	**567.7**	**85.2**	**292.4**	**190.2**	**108.7**
Total	**571.0**	**85.8**	**295.1**	**190.2**	**110.3**

COMMERCIAL COMMITMENTS

(In € million)	As at December 31, 2018	As at December 31, 2017
Bank guarantees	**39.1**	**27.2**
- Operational - Performance	8.2	15.3
- Operational - Bid	0.6	0.4
- Operational - Advance Payment	2.9	4.7
- Financial or Other	27.4	6.8
Parental guarantees	**439.9**	**43.2**
- Operational - Performance	439.9	43.2
Pledges	**0.1**	**0.2**
Total	**479.1**	**70.6**

For various large long-term contracts, the Group provides parental guarantees to its clients. These guarantees amount to € 396.9 million as of December 31, 2018, compared to € 43.2 million at the end of December 2017. The increase is mainly due to a guarantee in relation with the signature of a new major contract and the acquisition of SIX Payment Services.

Note 14 Related parties

Accounting policies / principles

The related parties include:

- Worldline's parent company (Atos SE) and its subsidiaries which are not part of the Worldline's consolidation scope;
- Worldline's parent company (SIX Group Ltd) and its subsidiaries which are not part of the Worldline's consolidation scope;
- The entities that are controlled or jointly controlled by the Group, the entities that are a post-employment defined benefit plan for the benefit of the employees of the Group or the entities that are controlled or jointly controlled by a member of the key management personnel of the Group; and
- The key management personnel of the Group, defined as persons who have the authority and responsibility for planning, directing and controlling the activity of the Group, namely members of the Board of Directors as well as the Chief Executive Officer and Deputy Chief Executive Officer.

Transactions between Worldline and its subsidiaries, which are related parties, have been eliminated in consolidation and are not disclosed in this note.

Transactions between the related parties

The main transactions between the related entities are composed of:

- The reinvoicing of the premises;
- The invoicing of delivery services such as personnel costs or use of delivery infrastructure;
- The invoicing of administrative services; and
- The interest expenses related to the financial items.

These transactions are entered into at market conditions.

The related party transactions are detailed as follows:

With Atos

(In € million)	12 months ended 31 December 2018	12 months ended 31 December 2017
Revenue	45.9	43.9
Operating income / expenses	(100.2)	(108.4)
Other operating expenses	(2.1)	(4.2)
Net cost of financial debt	(0.7)	(0.9)

The receivables and liabilities included in the statement of financial position linked to the related parties are detailed as follows:

(In € million)	As at December 31, 2018	As at December 31, 2017
Trade accounts and notes receivables	15.6	13.2
Other current assets	22.9	15.6
Current accounts & cash agreement - Assets	(2.8)	5.6
Trade accounts and notes payables	28.0	59.6
Other current liabilities	6.2	2.9
Current accounts & cash agreement with Atos entities - Liabilities	19.3	4.8

The off-balance sheet commitments regarding the related parties are detailed as follows:

(In € million)	As at December 31, 2018	Up to 1 year	Maturing 1 to 5 years	Over 5 years	As at December 31, 2017
Operating leases: land, buildings, fittings	45.0	4.5	18.0	22.5	23.5
Operating leases: IT equipment	-	-	-	-	0.1
Non-cancellable purchase obligations (> 5 years)	-	-	-	-	-
Commitments	**45.0**	**4.5**	**18.0**	**22.5**	**23.6**
Total	**45.0**	**4.5**	**18.0**	**22.5**	**23.6**

With SIX

(In € million)	1 month ended 31 December 2018 (*)
Revenue	2.3
Operating income / expenses	(4.0)
Other operating expenses	0.0
Net cost of financial debt	0.0

(*) One month as SIX is a Wordline's shareholder since the acquisition of SIX Payment Services (cf Note 1 «Main changes in the scope of consolidation»)

The receivables and liabilities included in the statement of financial position linked to the related parties are detailed as follows:

(In € million)	As at December 31, 2018
Trade accounts and notes receivables	105.5
Other current assets	0.0
Current accounts & cash agreement - Assets	0.0
Financial liabilities	117.6
Trade accounts and notes payables	0.3
Other current liabilities	0.1
Current accounts & cash agreement with Six entities - Liabilities	0.0

The off-balance sheet commitments regarding the related parties are detailed as follows:

(In € million)	As at December 31, 2018	Up to 1 year	Maturing 1 to 5 years	Over 5 years
Operating leases: land, buildings, fittings	53.2	6.4	26.4	20.4
Contractual engagements	348.4	45.5	170.6	132.4
Commitments	**401.6**	**51.9**	**197.0**	**152.8**
Total	**401.6**	**51.9**	**197.0**	**152.8**

Cost of Key management personnel of the Group

In 2018, the expenses related to key management personnel included:

- those related to the Worldline Chief Executive Officer in accordance with the agreement entered into with Atos in relation to his dedication and remuneration;
- the expenses related to Mr. Marc-Henri Desportes (General Manager until July 31, 2018 and Deputy Chief Executive Officer from August 1, 2018);
- the cost of the members of the Board (Director's fees expensed in 2018).

No cost was recorded in relation to the Chairman of the Board of Directors.

The distribution of the expense recorded in the consolidated financial statements for key management of the Group is as follows:

(In € million)	12 months ended 31 December 2018	12 months ended 31 December 2017
Short-term benefits	1.6	1.7
Employer contributions (*)	1.4	0.5
Performance share plans & stock options (**)	1.5	1.0
Total	**4.5**	**3.2**

(*) employer contributions due on fixed salary and variable of the key management personnel of Worldline as well as on the vesting on July 25, 2018, of the Worldline performance shares plan granted to key management personnel of Worldline on July 25, 2016 and grant of the Worldline stock-options plan to key management personnel of Worldline on July 21, 2018.
(**) IFRS 2 2018 accounted for the Worldline performance share plans granted to key management personnel of Worldline on July 25, 2016, July 24,2017 and July 21, 2018 and for the Worldline stock-options plan granted to key management personnel of Worldline on July 21, 2018.

Short-term benefits include salaries, bonuses and fringe benefits. On performance shares and stock options, the cost includes the IFRS 2 charge on the prorata temporis since the grant date.

Bonuses correspond to the total charge reflected in the income statement including the bonuses effectively paid during the year, the accruals related to current year and the release of accruals relating to previous year. No post-employment compensation has been paid to the key management personnel during the year.

Note 15 Market risk

Foreign exchange risk

Majority of the Group's revenues, expenses and obligations are denominated in euro. In 2018, 79.7% of the Group's revenues were generated in euro-zone countries whereas 20.3% were generated in non-euro zone countries, including 5.7% in pounds sterling.

Since the Group's financial statements are denominated in euros, its revenues are affected by the relative value of the euro versus the currency of the non-euro zone countries in which it generates revenues (currency translation exposure).

In terms of currency transaction exposure (i.e., a mismatch between the currencies in which revenues are generated and costs are incurred), the Group considers its exposure to be limited as its costs in the euro zone are generally incurred in euros and its revenues are generated in euros and in non-eurozone countries it generally makes its sales and incurs the majority of its operating expenses in the local currency.

The Group maintains a policy for managing its foreign exchange position if and to the extent it enters into commercial or financial transactions denominated in currencies that differ from the relevant local currencies. Pursuant to this policy, any material foreign exchange rate exposure must be hedged as soon as it occurs using various financial instruments, including, principally, forward contracts and foreign currency swaps. As of December 31, 2018, the Group did not have any material foreign exchange rate exposure and did not have any such hedging instruments in place.

Interest rate risk

All of the Group's borrowings, the vast majority of which are with Atos group as lender, and deposits bear interest at floating interest rates mainly based on Euribor or EONIA plus or minus a margin. The Group considers that its exposure to interest rate fluctuations is not material considering it does bear a very limited net debt. Net debt (Borrowings net of cash and cash equivalents) of the Group as of December 31, 2018 was € 35 million.

Liquidity risk

Liquidity risk management involves maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities.

Worldline's policy is to cover fully its expected liquidity requirements by a long-term committed line of credit. Terms and conditions of the loans include maturity and covenants leaving sufficient flexibility for the Group to finance its operations and expected developments.

In this respect, on December 20, 2018, Worldline SA (as Borrower) signed a five-year Revolving Credit Facility (the 'Facility') for an amount of EUR 600 million, maturing in December 2023 with an option for Worldline to request the extension of the Facility maturity date until December 2025. Under the terms of the agreement, the Facility includes one financial covenant, which is the consolidated leverage ratio (net debt divided by Operating Margin before Depreciation and Amortization) that may not be greater than 2.5 times. The Facility has been arranged by a syndicate of 13 international banks. The Facility will be available for general corporate purposes and is replacing the existing € 300 million facility signed with the Atos group. The leverage ratio is 0.07 at the end of December 2018. It is calculated on a pro forma basis taking into account full year OMDA 2018 for Six Payment Services

Credit and/or Counterparty Risk

Credit and/or counterparty risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group believes that it has limited exposure to concentrations of credit risk due to its large and diverse customer base. The Group's greatest credit risk position is borne with respect to its financial institution customers.

The Group manages this credit risk by consistently selecting leading financial institutions as clients and by using several banking partners.

The Group is also exposed to some credit risk in connection with its Commercial Acquiring. For each transaction, the Group provides a performance guarantee to the merchant in respect the cardholder's payment. Therefore, the Group is exposed to a credit risk in the event of non-payment by the cardholder. Additionally, the Group offers a guarantee of "service rendered" to the cardholder. Accordingly, in the event a merchant goes bankrupt (or ceases to operate) before delivering the product or rendering the service purchased by a cardholder, the cardholder can require the Group to reimburse it for the amount of the transaction. This credit risk exposure is especially significant where services are purchased through e-Commerce well in advance of the time that they are actually rendered (*e.g.*, ticket purchases through travel agencies). The Group monitors these risks by selecting financially sound clients, requesting guarantees (collateral build up, delegation of insurance, etc.) and checking daily transaction flows to avoid excessive exposure to these risks.

Note 16 Operating entities part of scope of consolidation as of December 31, 2018

	% of Interest	Conso-lidation method	% of Control	Address
FRANCE				
Worldline SA	100	FC	100	80, quai Voltaire - 95870 Bezons
Mantis SAS	63.6	FC	100	55, rue de Rivoli - 75001 Paris
Worldline Participation 1	100	FC	100	80, quai Voltaire - 95870 Bezons
Santeos	100	FC	100	80, quai Voltaire - 95870 Bezons
Worldline Bourgogne	100	FC	100	80, quai Voltaire - 95870 Bezons
Similo SAS	100	FC	100	80, quai Voltaire - 95870 Bezons
GERMANY				
Worldline Germany GmbH	100	FC	100	Hahnstraße 25 - 60528 Frankfurt - Germany
DZ Service GmbH	63.6	FC	100	Dieselstrasse 1 - 76227 Karlsruhe - Germany
BD-POS GmbH	100	FC	100	Hörselbergblick 1 - 99820 Hörselberg-Hainich - Germany
SIX Payment Services (Germany) GmbH	100	FC	100	Langenhorner Chaussee 92-94 - 22415 Hamburg - Germany
THE NETHERLANDS				
Worldline B.V.	100	FC	100	Wolweverstraat 18 - 2980 CD Ridderkerk - The Nederlands
equensWorldline SE	63.6	FC	100	Eendrachtlaan 315 - 3526 LB Utrecht - The Netherlands
InterEGI B.V.	63.6	FC	100	Eendrachtlaan 315 - 3526 LB Utrecht - The Netherlands
Paysquare SE	100	FC	100	Eendrachtlaan 315 - 3526 LB Utrecht - The Netherlands
BELGIUM				
Worldline NV/SA	100	FC	100	Chaussée de Haecht 1442 - B-1130 Brussel - Belgium
Worldline PropCo SA	100	FC	100	Chaussée de Haecht 1442 - B-1130 Brussel - Belgium
OTHER EUROPE - MIDDLE EAST - AFRICA				
Austria				
Worldline Austria GmbH	100	FC	100	Siemensstraße 92 - 1210 Vienna - Austria
SIX Austria Holding GmbH	100	FC	100	Marxergasse 1B - 1030 Vienna - Austria
Czech Republic				
Cataps s.r.o.	100	FC	100	Lazarská 11/6 - 120 000 Praha 2 - Czech Republic
Luxembourg				
Worldline Luxembourg SA	100	FC	100	2, rue Nicolas Bové - L1253 Luxembourg
SIX Payment Services (Luxembourg) SA	100	FC	100	Rue Gabriel Lippmann - 10 5365 Munsbach Luxembourg
Cetrel Securities SA	100	FC	100	Rue Gabriel Lippmann - 10 5365 Munsbach Luxembourg
SIX Payment Services (Europe) SA	100	FC	100	Rue Gabriel Lippmann - 10 5365 Munsbach Luxembourg
Estonia				
Worldline Payment Estonia	100	FC	100	Lootsa str. 2a, Tallinn, Estonia
Lietuva				
UAB Worldline Lietuva	100	FC	100	Ukmerges str. 220, Vilnius, Lietuva
Latvia				
SIA Worldline Latvia	100	FC	100	Dzirnavu str. 37, Riga, Latvia
Spain				
Worldline Iberia SA	100	FC	100	Avda. Diagonal, 210-218 - Barcelona 08018 - Spain

	% of Interest	Conso-lidation method	% of Control	Address
OTHER EUROPE - MIDDLE EAST - AFRICA				
Sweden				
Worldline Sweden AB (formely DRWP Sweden)	100	FC	100	Textilgatan 31, 120 30 Stockolm, Sweden
Switzerland				
SIX Payment Services Ltd	100	FC	100	Hardturmstrasse - 201 8005 Zurich - Switzerland
The United Kingdom				
Worldline IT Services UK Limited	100	FC	100	4 Triton Square - Regent's Place - London, NW1 3HG- United Kingdom
ASIA PACIFIC				
China				
Worldline (China) Co Ltd	100	FC	100	Building B, No.7, Zhonghuan South Road WangJing, Chaoyang District Beijing 100102 People Republic of China
Hong Kong				
Worldline International (Hong Kong) Co Limited	100	FC	100	8/F Octa Tower, 8 Lam Chak Street, Kowloon Bay, Kowloon, Hong Kong
India				
Worldline India Private Ltd	100	FC	100	Raiaskaran Tech park, 2nd Floor of Tower I,Phase II, Sakinaka, M.V. Road, Andheri (East), Mumbai -400072 India
MRL Posnet Limited	100	FC	100	Sunny Side, Central Block , 8/17 shafee Mohammed Road – B Block CHENNAI 600034 – India
Indonesia				
PT Worldline International Indonesia	100	FC	100	Plaza Sentral - 19th Floor, Jl. Jend. Sudirman No.47 Jakarta 12930 Indonesia
Malaysia				
Worldline International (Malaysia) Sdn. Bhd	100	FC	100	Suite 19.02, Level 19 Centrepoint South Mid Valley City Lingkaran Syed Putra 59200 Kuala Lumpur Malaysia
Singapore				
Worldline IT and Payment Services (Singapore) Pte Ltd	100	FC	100	Blk 988 Toa Payoh North, #07-02/03, Singapore 319002
Taiwan				
Worldline (Taiwan)	100	FC	100	5F, No.100, Sec.3, Min Sheng E. Road - Taipei 105 -Taiwan - R.O.C.
AMERICAS				
Argentina				
Atos IT Solutions and Services SA	100	FC	100	Cnel. Manuel Arias 3751 - piso 18 - C.A.B.A
Brazil				
DRWP Servicos Ltd	100	FC	100	Av Das Nacoes Unidas 12551, 17 Andar - Brooklin Paulista – CEP:04578-000 SAO PAULO - BRAZIL
Chile				
Worldline Chile S.A	100	FC	100	Av. Andres Bello 2115, piso 7, Providencia 7510094 – Santiago de Chile – Chile
USA				
MRL PAY Inc	100	FC	100	790, Turnpike Street – Suite 204 North and Over – MA – 01845 . US
Worldline US, Inc (formely DRWP US)	100	FC	100	4851, Regent Blvd, Irving TX 75063, USA

Note 17 Auditors' Fees

(In € Thousands) and %)	Deloitte				Grant Thornton			
	Deloitte & Associés		**Réseau**		***Grant Thornton***		**Réseau**	
	Fees	%	Fees	%	Fees	%	Fees	%
Audit and limited review of individual and consolidated financial statements								
Parent company	206.5	28%	-	-	340.0	67%	-	-
Subsidiaries	71.0	10%	785.6	79%	21.0	4%	224.0	100%
Sub-total Audit	**277.5**	**38%**	**785.6**	**79%**	**361.0**	**71%**	**224.0**	**100%**
Non audit services								
Parent company	447.9	62%	-	-	148.0	29%	-	-
Subsidiaries	-	-	209.8	21%	-	-	-	-
Sub-total Non Audit	**447.9**	**62%**	**209.8**	**21%**	**148.0**	**-**	**-**	**-**
Total fees 2018	**725.4**	**100%**	**995.4**	**100%**	**509.0**	**100%**	**224.0**	**100%**

In 2018, non audit services related to services provided at the Company's request and notably correspond to (i) certificates and reports issued as independent third party on the human resources, environmental and social information pursuant to article of the French Commercial Code, (ii) due diligences, and (iii) tax services, authorized by local legislation, in some foreign subsidiaries.

(In € Thousands) and %)	Deloitte				Grant Thornton			
	Deloitte & Associés		**Réseau**		***Grant Thornton***		**Réseau**	
	Fees	%	Fees	%	Fees	%	Fees	%
Audit and limited review of individual and consolidated financial statements								
Parent company	190.0	62%	-	-	200.0	90%	-	-
Subsidiaries	74.0	24%	749.0	75%	21.0	10%	182.0	100%
Sub-total Audit	**264.0**	**86%**	**749.0**	**75%**	**221.0**	**100%**	**182.0**	**100%**
Non audit services								
Parent company	42.0	14%	218.0	22%	-	-	-	-
Subsidiaries	-	-	27.6	3%	-	-	-	-
Sub-total Non Audit	**42.0**	**14%**	**245.6**	**25%**	**-**	**-**	**-**	**-**
Total fees 2017	**306.0**	**100%**	**994.6**	**100%**	**221.0**	**100%**	**182.0**	**100%**

In 2017, non audit services related to services provided at the Company's request and notably correspond to (i) certificates and reports issued as independent third party on the human resources, environmental and social information pursuant to article of the French Commercial Code, (ii) due diligences, and (iii) tax services, authorized by local legislation, in some foreign subsidiaries.

Note 18 Subsequent events

On January 29, 2019, Atos' Board of Directors, following a specific governance process, proposed to submit to its shareholders the project to distribute in kind around 23.4% of Worldline's share capital, out of the 50.8% currently owned by Atos. Post transaction, Atos would retain approximately 27.4% of Worldline's share capital and Worldline's free float would be increased to approximately 45.7%.

Worldline's Board of Directors met on January 29, 2019 and unanimously welcomed this planned change in ownership structure.

The shareholders' agreement between Atos and SIX will be amended to reflect the continued partnership between the two groups post distribution, and both parties are expected to commit to a 6-month joint lock-up on their respective stakes in Worldline post distribution.