Research Update:

Worldline 'BB' Rating Affirmed On Equity Increase Offsetting Lower EBITDA And FOCF Estimates; Outlook Remains Negative

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Rating Action Overview

- On Nov. 6, 2025, Worldline's management laid out a plan for gradually resuming revenue growth, increasing profitability, and improving free operating cash flow (FOCF) generation. It also announced a €500 million equity capital increase for the first quarter of 2026.
- We have lowered our EBITDA and FOCF estimates for 2026 because of Worldline's still high restructuring costs (including a new €205 million transformation plan), relatively high cash taxes, and the announced disposal of some non-core assets in 2026. For 2026, we now forecast S&P Global Ratings-adjusted FOCF to debt will remain below 10% and S&P Global Ratings-adjusted leverage will decline to below 4x.
- We therefore affirmed our 'BB' long-term issuer credit rating on Worldline and its unsecured debt and our 'B' short-term issuer credit rating. The outlook remains negative.
- The negative outlook reflects that Worldline's cash flow and leverage ratios will be, at least partially, outside our downside thresholds in 2025 and 2026, and that we could lower our ratings on Worldline if the company's leverage remains sustainably above 4x or if FOCF to debt remains sustainably below 10%.

Rating Action Rationale

On Nov. 6, 2025, at its capital markets day, Worldline's management laid out a strategy to gradually resume revenue growth, increase its profitability, and improve cash flow generation in the coming years. A key initiative is reducing the number of acquiring platforms (from eight in 2025 to two by 2030) and acceptance platforms (from 23 in 2025 to 12 by 2030) following a period of inorganic growth following many acquisitions over the past 10 years. Worldline has integrated many acquired companies but still has some integration work to complete, especially the payment-processing activities of Ingenico, acquired in 2020 and which in turn was the result of several acquisitions. Other efficiency initiatives include automating operations, centralizing processes (for instance relating to know-your-customer) in a few global competence centers, and making organizational changes to simplify the group structure and its commercial approach. The plan will require €205 million in additional restructuring costs evenly split from 2026 to 2029, with a positive EBITDA impact starting from 2027, with a full effect of €210 million in 2030. The group has disclosed the following financial targets for 2030:

- 4% annual revenue growth in 2027-2030, following lower single-digit growth in 2026;
- €1 billion EBITDA in 2030 (from €725 million-€745 million in 2025 pro forma the announced disposals); and
- Reported FOCF targeting €300 million-€350 million by 2030 (from being negative in 2025 and 2026).

The turnaround is ongoing, but we have lowered our EBITDA and FOCF estimates for 2026. It will also take longer than we had anticipated in our latest published base case (see "Worldline S.A. Downgraded To 'BB' Following Weaker-Than-Expected Operating Performance; Outlook Negative," Aug. 22, 2025). Management has indicated that FOCF after leases will remain negative in 2026 before turning positive in 2027. Our now-lower EBITDA and FOCF estimates for 2026 reflect still-elevated restructuring and capitalized development costs (which both weigh on S&P Global Ratings-adjusted EBITDA), its high cash taxes, and the announced disposals of noncore assets, which we expect will close in first-half 2026. In addition to selling the mobility and e-transactional services announced last July, and the North American operations announced last October, the group has also now said it plans to sell its electronic data management business. The combined effects will be an 11% revenue decline, a €110 million EBITDA decline, and a reported €55 million FOCF decline. This will be offset by cash proceeds of €350 million-€400 million in the first half of 2026.

To preserve the capital structure and show a commitment to deleveraging, management has announced a €500 million equity increase for first-quarter 2026. The main shareholders, controlling 36.6% of the votes, have already approved this, but it is subject to shareholders' approvals at an extraordinary shareholders' meeting, as well as the customary regulatory approvals. If successful, it will strengthen Worldline's capital structure, resulting in reported leverage declining to 2.0x in 2026 (from 2.6x in 2025) and additional liquidity to face upcoming debt maturities. We also foresee negative reported FOCF through to 2027 and cash outflows of about €280 million-€330 million in 2026-2028 relating to the acquisition of minority stakes in entities in Italy and Greece.

As a result, we forecast S&P Global Ratings-adjusted leverage to decline below 4x in 2026 but S&P Global Ratings-adjusted FOCF and FOCF to debt to remain modest, before gradually improving. After temporarily spiking at about 5.0x in 2025, leverage could decline to 3.8x in 2026, in line with our previous base case. However, as management executes the turnaround, it is guiding for negative reported FOCF in 2026 before turning positive in 2027. As a result, we now think S&P Global Ratings-adjusted FOCF to debt will remain below 10%, one of our thresholds for the current rating, in 2026. However, if management executes its plan, FOCF to debt should stabilize in 2026 at about 5%-6% before gradually improving to above 10% from 2027 as restructuring costs recede, cost savings are achieved, and revenue returns to growth.

There is so far no evidence of any misconduct despite media allegations in June 2025 of Worldline undertaking illegal or questionable activities in several markets. (See "Credit FAQ: How Might Current Media Allegations Affect The Rating On Worldline?," July 2, 2025.) In response, Worldline initiated an external audit with Accuracy into its merchant portfolio and reviewed its compliance and risk framework with Oliver Wyman. The final conclusions of these audits and assessments were communicated, alongside the company's third-quarter revenue report, on Oct.

21, 2025, and management reconfirmed there was no material finding that could result in significant changes to its portfolio or risk framework. In parallel, Belgian prosecutors launched a formal money laundering investigation into Worldline's Belgium-based unit on June 27, 2025. Although this process could be lengthy and take some time to conclude, we understand Worldline is so far not engaged in any penalties and is fully cooperating with regulators and auditors.

Outlook

The negative outlook reflects that Worldline's cash flow and leverage ratios will remain, at least partially, outside our downside thresholds in 2025 and 2026, and that we could lower our ratings on Worldline if the company's leverage remains sustainably above 4.0x or if FOCF to debt remains sustainably below 10%.

Downside scenario

We could lower our rating on Worldline if leverage stays sustainably above 4.0x, or FOCF to debt stays below 10% beyond 2026. This could occur if:

- The €500 million equity capital increase does not take place as planned in the first quarter of 2026; or
- Worldline fails to recover topline growth, for example due to continued customer churn or diminishing competitiveness; or
- EBITDA and FOCF fail to improve as planned, potentially due to restructuring benefits falling short, taking longer to materialize, or requiring higher-than-anticipated restructuring costs.

Upside scenario

We could revise the outlook to stable if the €500 million equity capital increase takes place as planned and management's turnaround plan is executed, resulting in the company's performance aligning with our revised base case. This would lead to S&P Global Ratings-adjusted leverage being sustainably below 4.0x and FOCF to debt recovering to above 10%.

Company Description

France-based Worldline is the leading provider of payment services in Europe. Its 2024 revenue was €4.6 billion, and its S&P Global Ratings-adjusted EBITDA margin was 12%. It reported revenue of €3.35 billion in the first nine months of 2025. Worldline's business lines are as follows:

- Merchant services (about 74% of first nine months 2025 revenue) offers merchants payment-related and value-added services, including in-store, online, and mobile payment acceptance solutions, data analytics, and private label card and loyalty services.
- Financial services (18%) delivers solutions that allow banks and financial institutions to outsource some or all of their key business processes, such as the issuance of credit and debit cards and authorization of associated payments, processing of noncard electronic payment transactions, and offering multi-platform online banking services (including online bank electronic payments).

- Mobility and e-transactional services (8%), expected to be divested in the first half of 2026, provides services to address the needs of private- and public-sector clients, like e-government collection services, e-ticketing, e-consumer, and mobility solutions.

Our Base-Case Scenario

Assumptions

- Reported revenue to decline by about 2%-3% in 2025 and by 10% in 2026 after the divestment of noncore assets (primarily MeTS). We expect flat organic revenue growth of 1.0% in 2026 then increasing in the following years to 3%-4%.
- S&P Global Ratings-adjusted EBITDA margin of 10.5% in 2025 impacted by lower revenue and loss of high-margin SME business and the loss of a large contract in financial services; similar in 2026 and 2027 as restructuring costs remain elevated. We expect restructuring costs of about €170 million in 2025, €140 million in 2026, and €140 million in 2027.
- Cash restructuring outflows relatively close to restructuring costs in 2025 and 2026 before declining gradually from 2027.
- Cash taxes temporarily higher at €140 million in 2025 and 2026, before declining in 2027.
- Capital expenditure (capex) of 5.0%-6.0% including €145 million-€175 million capitalized development costs annually.
- No acquisitions incorporated in our base case but cash outflows of €280 million-€330 million in 2026-2028 relating to the acquisition of minority stakes in entities in Italy and Greece.
- Cash inflow of €350 million-€400 million from the sale of assets in 2026.

Key metrics

Worldline SA--Forecast summary

Period ending	Dec-31-2021	Dec-31-2022	Dec-31-2023	Dec-31-2024	Dec-31-2025	Dec-31-2026	Dec-31-2027
(Mil. EUR)	2021a	2022a	2023a	2024a	2025e	2026f	2027f
Revenue	3,689	4,364	4,610	4,632	4,503	4,053	4,178
Gross profit	2,439	2,947	3,070	3,150	4,503	4,043	4,475
EBITDA (reported)	735	832	859	715	627	547	575
Plus/(less): Other	(53)	(108)	(145)	(161)	(164)	(135)	(144)
EBITDA	682	724	714	554	463	413	431
Less: Cash interest paid	(29)	(22)	(19)	(13)	(119)	(121)	(107)
Less: Cash taxes paid	(114)	(79)	(102)	(141)	(140)	(140)	(129)
Funds from operations (FFO)	538	623	593	400	204	152	195
EBIT	207	178	171	(18)	(198)	(183)	(175)
Interest expense	50	40	49	70	126	128	114
Cash flow from operations (CFO)	619	787	609	428	169	168	273
Capital expenditure (capex)	121	164	157	110	44	82	88

Worldline SA--Forecast summary

Free operating cash flow (FOCF)	497	623	452	317	124	86	184
Dividends	21	12	19	16	--	--	--
Share repurchases (reported)	--	--	--	7	--	--	--
Discretionary cash flow (DCF)	476	611	433	294	124	86	184
Debt (reported)	4,252	3,802	3,707	3,131	2,903	2,503	2,007
Plus: Lease liabilities debt	310	330	345	402	402	374	374
Plus: Pension and other postretirement debt	190	89	131	158	158	130	130
Less: Accessible cash and liquid Investments	(1,076)	(1,550)	(1,896)	(1,766)	(1,343)	(1,453)	(1,014)
Plus/(less): Other	--	--	--	245	245	--	--
Debt	3,676	2,670	2,286	2,170	2,365	1,554	1,497
Equity	9,915	10,538	9,564	9,222	9,091	9,444	9,327
FOCF (adjusted for lease capex)	369	533	317	128	(16)	(22)	57
Interest expense (reported)	48	37	44	63	119	121	107
Capex (reported)	226	325	333	282	218	227	242
Cash and short-term investments (reported)	1,126	1,600	1,896	1,766	1,343	1,453	1,014
Adjusted ratios							
Debt/EBITDA (x)	5.4	3.7	3.2	3.9	5.1	3.8	3.5
FFO/debt (%)	14.6	23.3	25.9	18.4	8.6	9.8	13.0
FFO cash interest coverage (x)	19.5	28.8	31.9	32.3	2.7	2.3	2.8
EBITDA interest coverage (x)	13.7	18.3	14.7	7.9	3.7	3.2	3.8
CFO/debt (%)	16.8	29.5	26.6	19.7	7.1	10.8	18.2
FOCF/debt (%)	13.5	23.3	19.8	14.6	5.3	5.6	12.3
DCF/debt (%)	12.9	22.9	18.9	13.5	5.3	5.6	12.3
Lease capex-adjusted FOCF/debt (%)	10.0	20.0	13.9	5.9	(0.7)	(1.4)	3.8
Annual revenue growth (%)	34.3	18.3	5.6	0.5	(2.8)	(10.0)	3.1
Gross margin (%)	66.1	67.5	66.6	68.0	100.0	99.7	107.1
EBITDA margin (%)	18.5	16.6	15.5	12.0	10.3	10.2	10.3
Return on capital (%)	1.5	1.3	1.4	(0.2)	(1.7)	(1.6)	(1.6)
Return on total assets (%)	1.0	0.8	0.8	(0.1)	(1.0)	(1.0)	(1.0)
EBITDA/cash interest (x)	23.4	32.3	37.2	43.3	3.9	3.4	4.0

Worldline SA--Forecast summary

EBIT interest coverage (x)	4.2	4.5	3.5	(0.3)	(1.6)	(1.4)	(1.5)

Liquidity

We have revised our assessment of Worldline's liquidity to strong, from exceptional previously, even though we continue to expect that its sources of liquidity will narrowly exceed uses by above 2x over the next two years from June 30, 2025 (even without considering the proceeds from the asset disposals and the €500 million capital to be raised), due to Worldline's current cash flow profile.

Principal liquidity sources	Principal liquidity uses
• Cash and cash equivalents of €1.5 billion as of June 30, 2025; • Revolving credit facilities worth €1.1 billion, maturing in July 2030; and • Funds from operations of €200 million-€250 million.	• Debt maturities of €770 million; • Annual capex of €200 million-€230 million; • Working capital outflows of about €100 million; and • Put option on noncontrolling interest of €80 million in 2026, and another €200 million-€250 million in 2027-2028.

Covenants

There are no covenants.

Rating Component Scores

Rating Component Scores

Component	
Foreign currency issuer credit rating	BB/Negative/B
Local currency issuer credit rating	BB/Negative/B
Business risk	Fair
Country risk	Low risk
Industry risk	Intermediate risk
Competitive position	Fair
Financial risk	Significant
Cash flow/leverage	Significant
Anchor	bb
Modifiers	
Diversification/portfolio effect	Neutral/Undiversified
Capital structure	Neutral
Financial policy	Neutral
Liquidity	Strong
Management and governance	Moderately negative
Comparable rating analysis	Neutral
Stand-alone credit profile	bb

Related Criteria

- Criteria | Corporates | General: Sector-Specific Corporate Methodology, July 7, 2025
- Criteria | Corporates | General: Corporate Methodology, Jan. 7, 2024
- Criteria | Corporates | General: Methodology: Management And Governance Credit Factors For Corporate Entities, Jan. 7, 2024
- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021
- General Criteria: Group Rating Methodology, July 1, 2019
- Criteria | Corporates | General: Corporate Methodology: Ratios And Adjustments, April 1, 2019
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings, April 7, 2017
- Criteria | Corporates | General: Recovery Rating Criteria For Speculative-Grade Corporate Issuers, Dec. 7, 2016
- Criteria | Corporates | Recovery: Methodology: Jurisdiction Ranking Assessments, Jan. 20, 2016
- Criteria | Corporates | General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers, Dec. 16, 2014
- General Criteria: Country Risk Assessment Methodology And Assumptions, Nov. 19, 2013
- General Criteria: Methodology: Industry Risk, Nov. 19, 2013
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011

Related Research

- Research Update: Worldline S.A. Downgraded To 'BB' Following Weaker-Than-Expected Operating Performance; Outlook Negative, August 22, 2025
- Credit FAQ: How Might Current Media Allegations Affect The Rating On Worldline?, July 2, 2025

Ratings List

Ratings List	
Ratings Affirmed	
Worldline S.A.	
Issuer Credit Rating	BB/Negative/B
Ratings Affirmed; Recovery Ratings Unchanged	
Worldline S.A.	
Senior Unsecured	BB
Recovery Rating	4(45%)

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at https://disclosure.spglobal.com/ratings/en/regulatory/ratings-criteria for further information. A description of each of S&P Global Ratings' rating categories is contained in "S&P Global Ratings Definitions" at https://disclosure.spglobal.com/ratings/en/regulatory/article/-/view/sourceId/504352. Complete ratings information is available to RatingsDirect subscribers at www.capitaliq.com. All ratings referenced herein can be found on S&P Global Ratings' public website at www.spglobal.com/ratings.