



beyond  
payment

# Investors Presentation

September 2010

# Disclaimer

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All forward-looking statements are Ingenico management's present expectations of future events and are subject to a number of factors and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements.

# Ingenico at a glance



## Group transformation for profitable growth

## Shareholder structure as of September 1 2010

easycash integration & growth in Value Added Services

easycash acquisition: acceleration of strategic development towards services

Merger with Sagem Monetal: acquisition of best in class R&D

Landi acquisition (#2 in China): investing in fast growing countries

Moving to a fabless model

Money Line acquisition: pre-processing solutions for Tier 1 retailers in France

2010

### Phase 3: 2010-2013

- **Changing company's profile**

2009

### Phase 2: 2008-2009

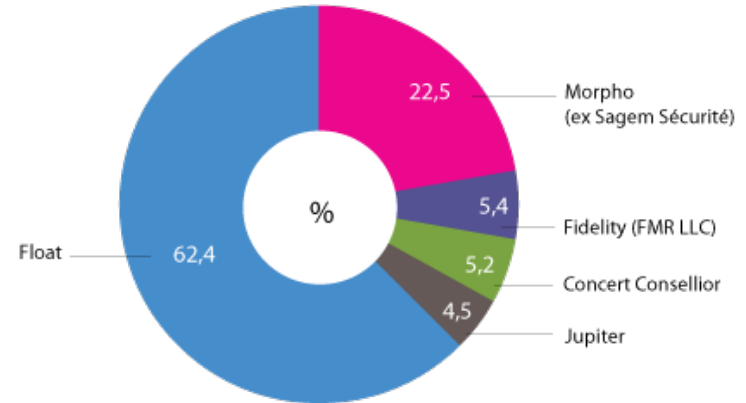
- **Consolidating POS leadership**
- Business model resilience

2008

### Phase 1: 2006-2008

- **Transforming to profitable group**
- 2008 Revenue: €728m (vs. 506m in 2006)
- 2008 EBIT margin: 12.5% (vs. 6.2% in 2006)

2006



## Market capitalization as of September 15 2010

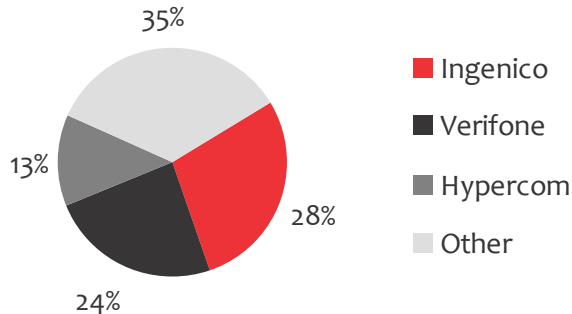
- Number of shares: 51.3 million
- Share price: €20.22
- Market capitalization: €1,037m



# A leader in payment terminals with a global footprint

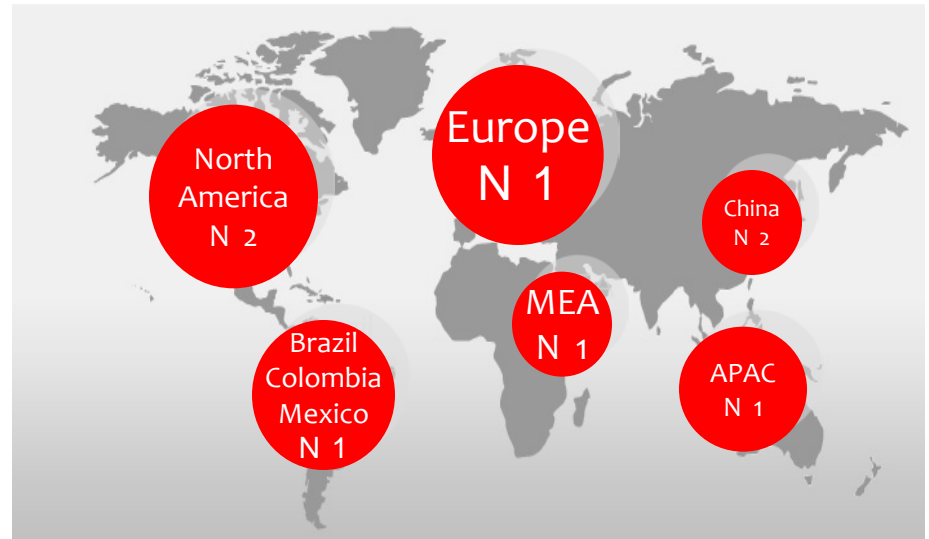


Ingenico is the leader in payment terminals shipments worldwide (2009 units sold)



Source: The Nilson Report – Sept 2010

Ingenico's unique geographical position (2009 revenues)



- **N.1** in the world for POS Shipment
- **N.1** Installed base 15 million POS
- **>1,000** Payments & Value-added Applications in portfolio
- **Optimized supply chain**

- 40 offices & subsidiaries
- Commercial presence in more than **125 countries**

*Ingenico is the only player that leverages geographies at such a scale*



# Leader on a market with high barriers to entry

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## Global Standards



## Global Compliance



## Local Standards/ payment applications



Hong Kong



Germany



Canada



Benelux



New Zealand



Australia



France



United Kingdom

- A market driven by global & local standards
- Constant intensification of the Global Card Regulation over the last 10 years
- Ongoing intensification of security and regulation will continue to elevate barriers to entry

**Ingenico masters the complex and multiple industry standards & local rules**

# Innovation driving technological leadership and costs

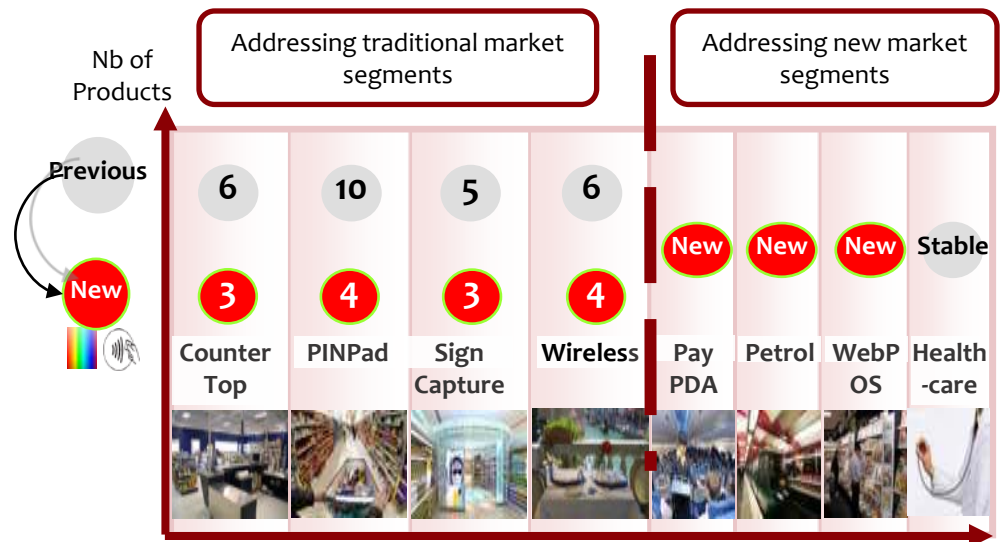


## Innovation driving technological leadership

- Strong R&D investments: 9% of revenue in 2009
- Making the right investment
  - A single platform: Telium
  - A generic platform allowing all features to be duplicated from one terminal to the other (eg. Colour, contactless)
  - Significant reduction of development time (-25% on average to 9-12 months)
- Driving POS terminal leadership
  - First contactless embedded in the terminal
  - First POS with color display
  - First PDA with payment solution certified PCI PED

## A unique & rationalized product range

- Comprehensive range of POS terminals
- Rationalizing product ranges while addressing new segments (Telium)



# An increasingly diversified customer base

Banks & Acquirers

Tier 1/2 merchants

Small merchants

Major financial institutions

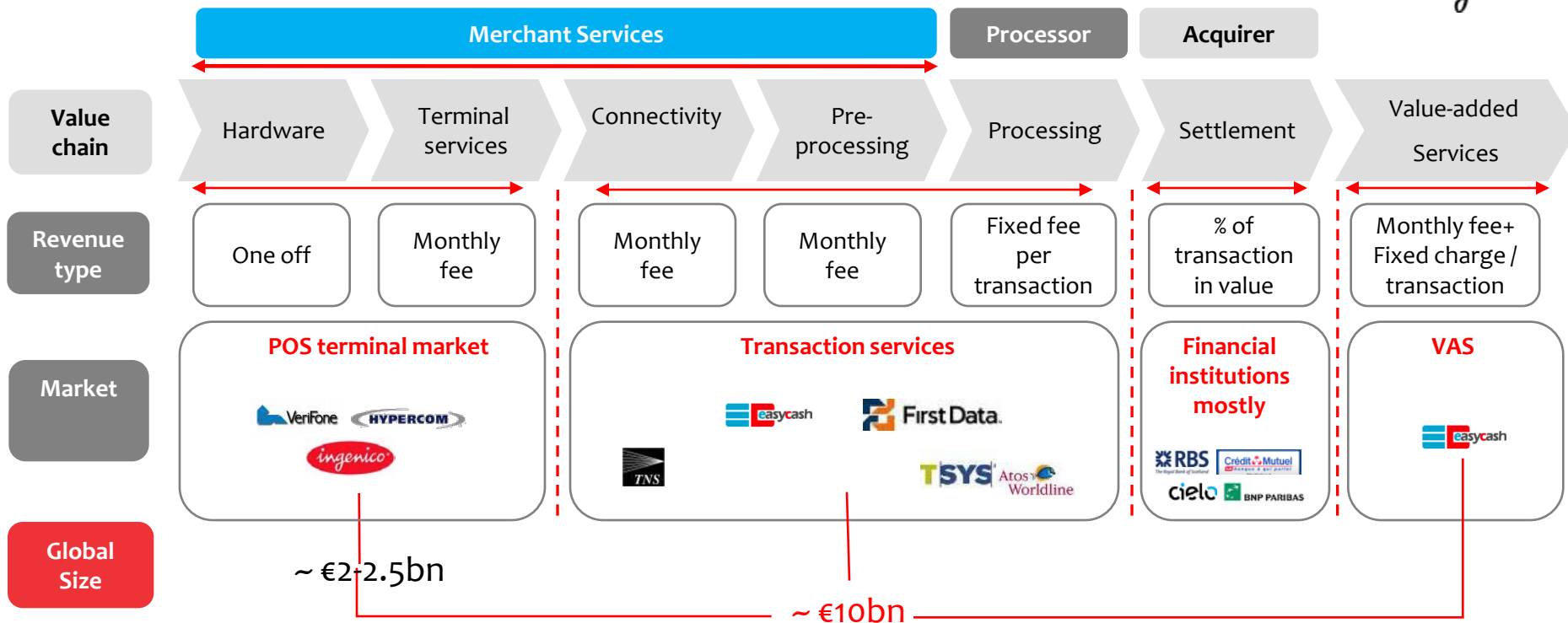
Thanks to its global presence, Ingenico is uniquely positioned to serve Tier 1/2 retailers

More than 100,000 small merchants served in France and Germany

*The integration of easycash has accelerated the move towards direct access to merchants*

# Leveraging on easycash to evolve naturally from payment terminal to transactions

*ingenico*



- The POS terminal will remain a key element in any “card-present” system of transactions
- Capturing growth of electronic transactions: >10% p.a.
- Increasing addressable market: from €2-2.5bn to more than €10bn (company’s estimate)

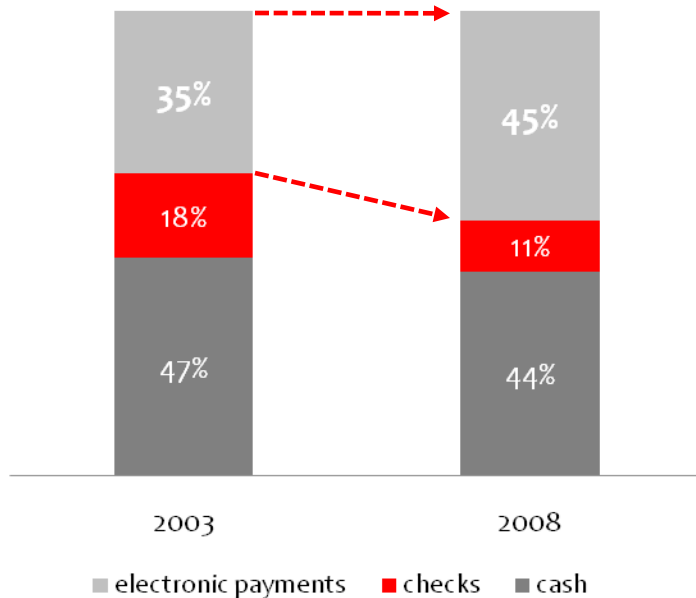
**Higher visibility on revenues & margins**





# Leveraging dynamics of the payment ecosystem

## Continuous shift towards electronic payments

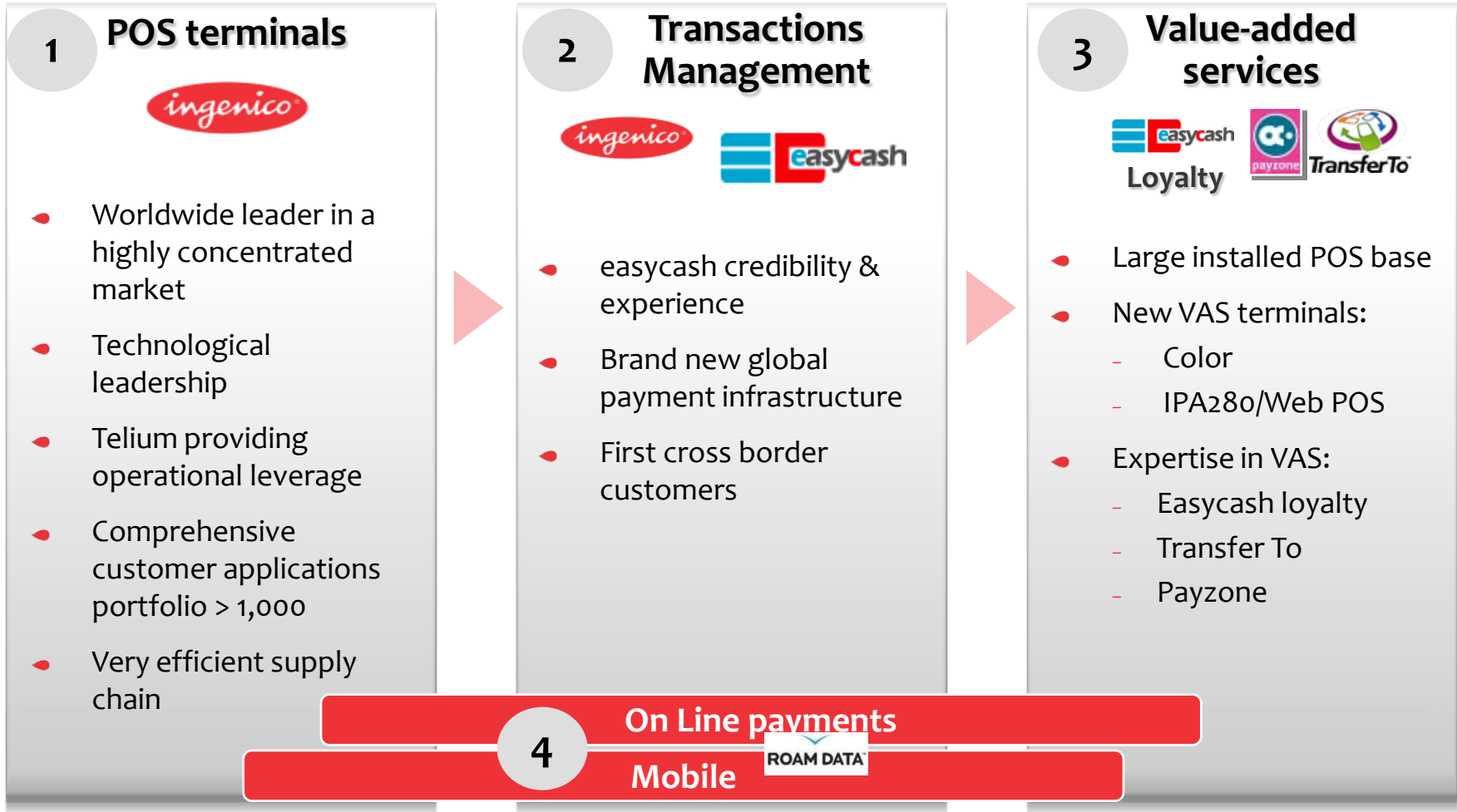


Source: MasterCard

- Changes in payment ecosystem
  - Technology
  - Regulation
  - Business demands
  - New players
- New shopping experience driving shift towards combined Physical + Online + Mobile payments
- Cash usage moving towards dematerialized services & on-line
- Payment terminal is the gateway to new payment form (contactless, mobile) and value-added services deployment (loyalties, gifts, Telco prepaid top up, advertising...)

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

# 2010-2013: towards a new company profile with increased direct access to merchants

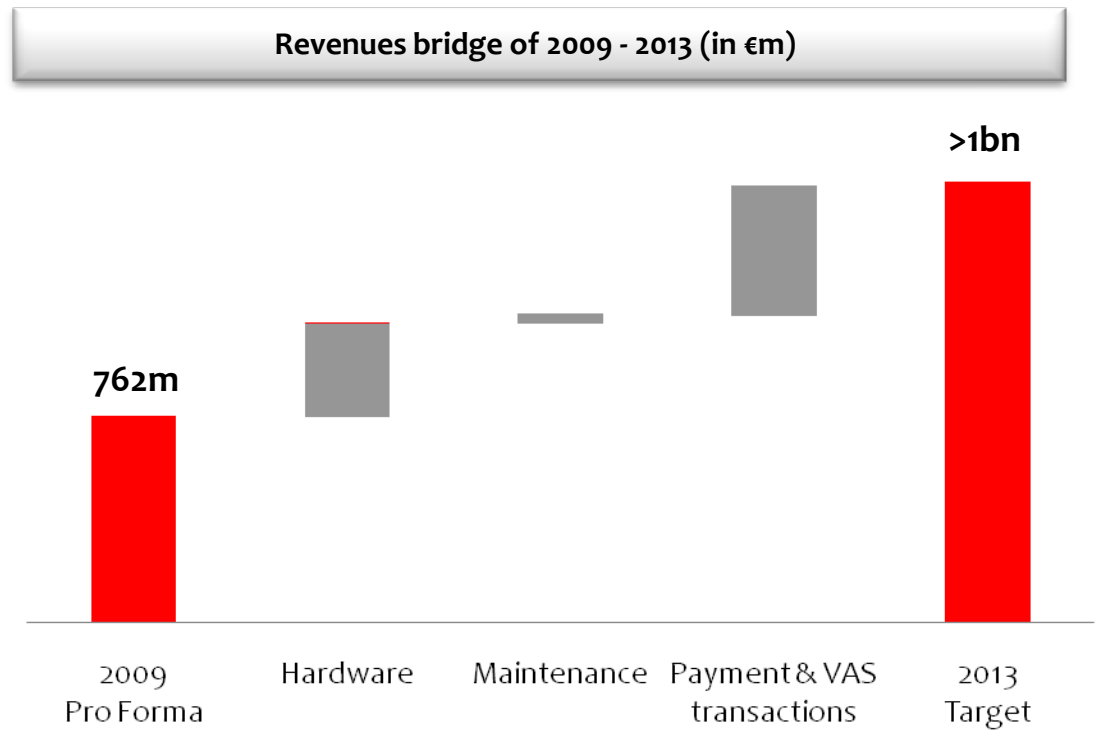


**2010-2013: direct access to merchants is a key growth driver**



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

Revenues bridge of 2009 - 2013 (in €m)

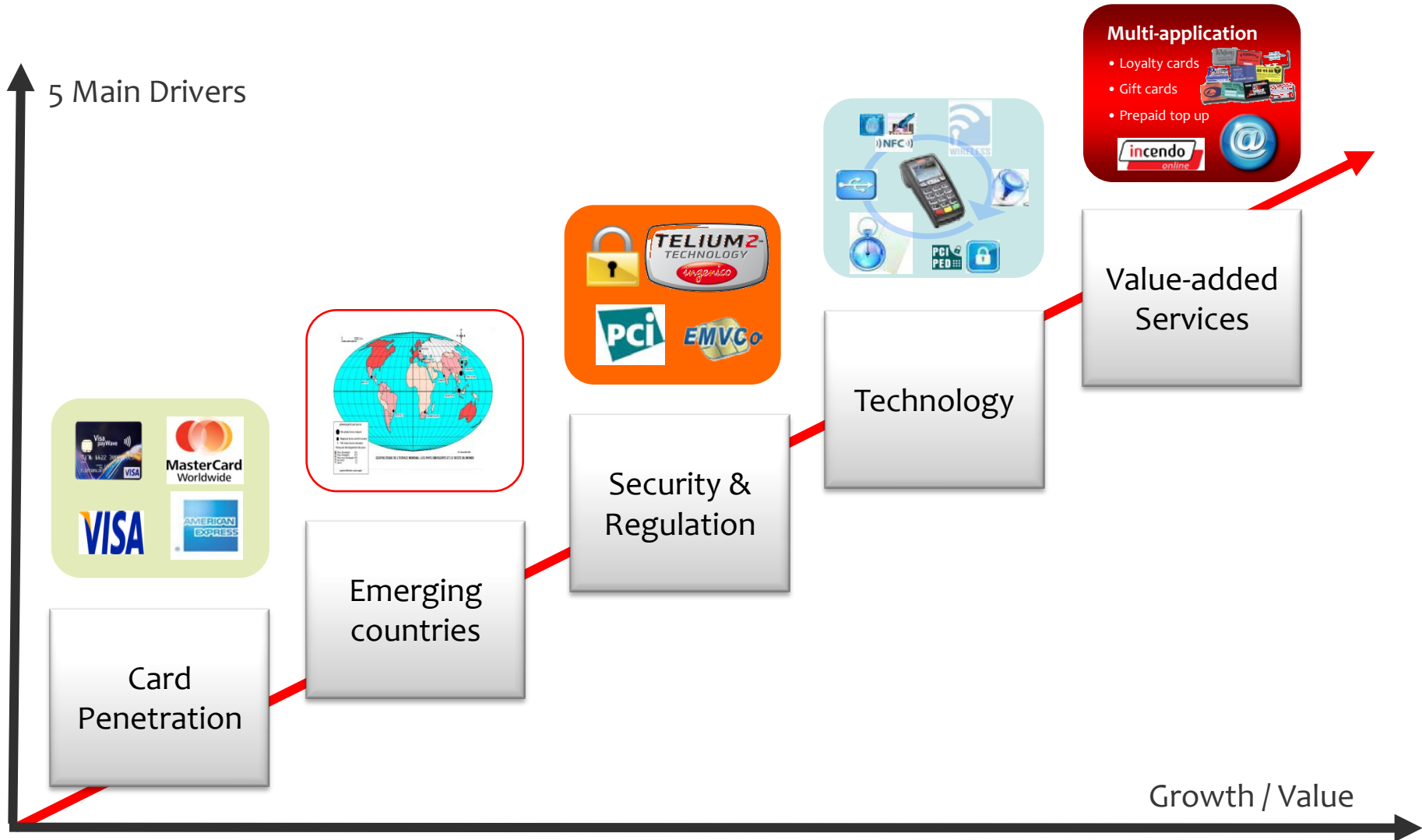


- Payment terminals: average growth of 5% p.a.
- Maintenance revenue expected to be flat with improved reliability benefits from Telium OS
- Revenue from Transactions x3, compared to €84m in 2009 PF
  - 2/3 of growth: organic and exporting easycash model
  - 1/3: focused acquisitions

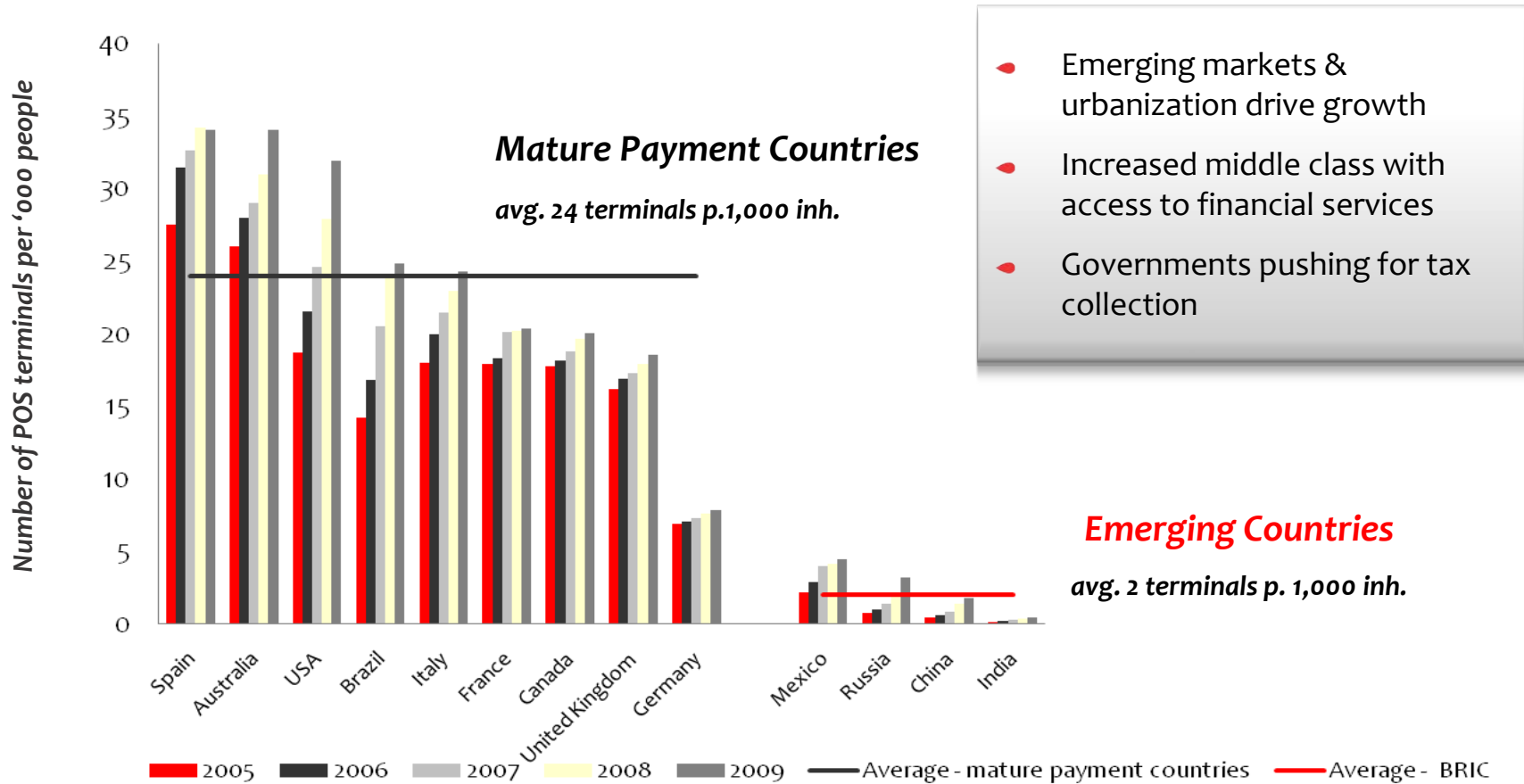
**2013 target: 60 / 40 split between one-off and recurring revenues**

# Strategic growth drivers of the payment terminals market

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# Emerging countries as key sources of growth



Source: Euromonitor / IMF

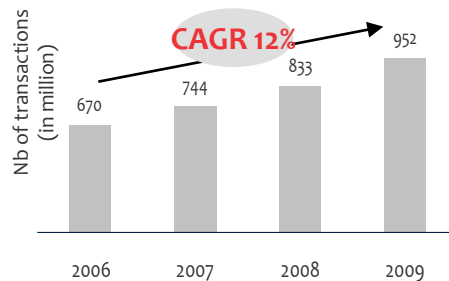
# Leveraging easycash & recent acquisitions to triple revenues from Transactions



## Easycash to grow in Europe

### Organic growth in Germany

- Double digit growth in transactions



- New market segments (e.g. Credit Card Acquiring)
- Cross selling opportunities

### Export easycash Model abroad

- Identified market opportunities
- Use SEPA market changes to implement the easycash business model:
  - Payment transactions
  - Loyalty & VAS

### Tier 1 retail and Banking processors

- Provide end-to-end solutions on a global scale
- Cross border / one stop shop solutions for Tier1/2 retailers
- Integrated services for banking customers

## Payzone, FDI & Transfer To to grow VAS

- Penetrate petrol vertical in Iberica: FDI, >42,000 POS
- Deploy VAS strategy (mobile top up, loyalty) through unique access to market through distribution network in France (Payzone, >6,000 POS), Iberica (FDI)

## Korvac to grow in Asia

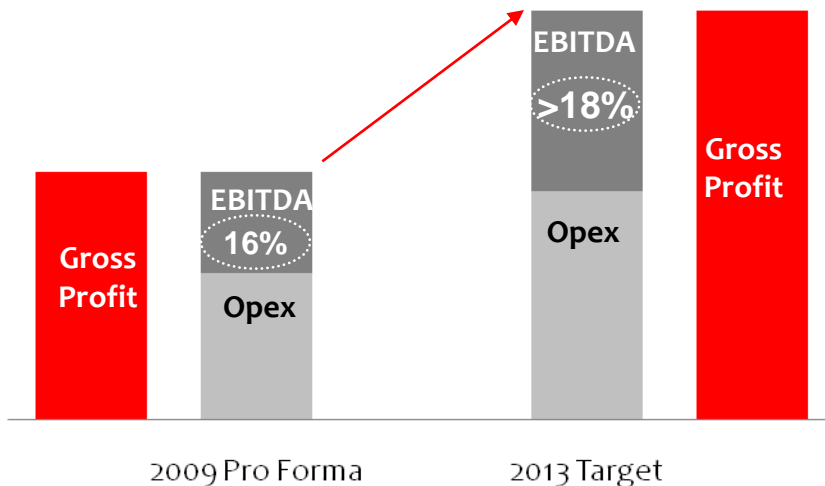
- Opportunity to build an “easycash-like” across South East Asia, benefiting from a new debit scheme to be launched across the region in 2010
- Offers direct access to merchants and operates in Singapore, Thailand and Malaysia



# Evolution of business model will boost operating leverage

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## Evolution of operating performance



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

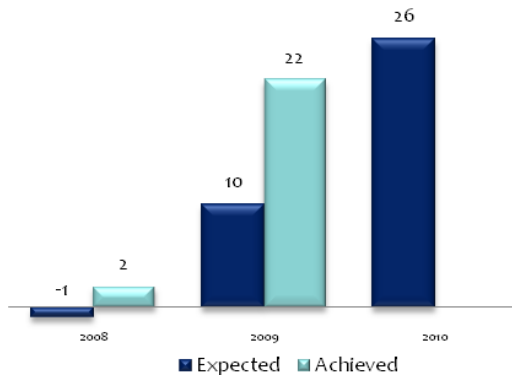
**More visibility, more profitability - EBITDA margin target > 18% in 2013**

# Ongoing supply chain optimization

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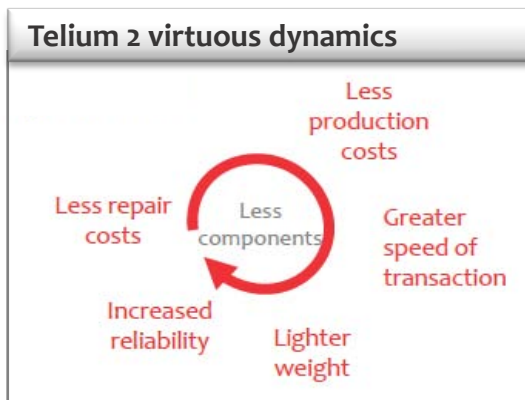
2008/2010

- Synergies with Sagem Monetel delivered ahead of schedule
  - Purchasing
  - R&D center



2010/2011

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



- Improved bill of material
- Improved inventory
- Improved warranty costs

2011/2012

- Telium as a single OS
  - Less R&D costs
  - Less component
  - Less repair costs
- Ongoing optimization of supply chain



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



## Integrate German operations

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

## Revenue opportunities

- Tier 1 retail and Banking processors
- Leveraging on Ingenico assets to export easycash model abroad

## Synergies from SEPA operations

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

10m€ anticipated impact on 2012 EBITDA

2m€

5m€ to 6 m€

3m€ to 4 m€

To reach 12m€ on 2013 EBITDA



# Realizing group transformation

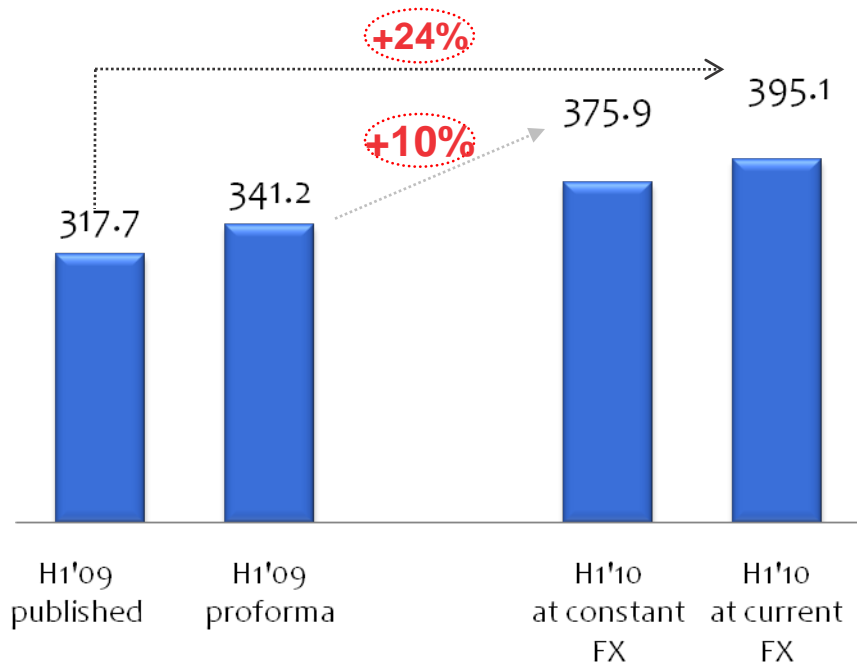


- We have a clear roadmap towards 2013
  - 2013 revenue target >€1bn
  - Revenue from Transactions x3 with 2/3 of organic growth
  - Recurring revenue representing ~40% of total revenue
- Execution is a key success factor
  - Increasing operating leverage
  - Heavy involvement of top management
  - Compensation aligned on results
  - Employee shares ownership plan in France and Germany
- We are progressing well
  - May 2010: first contract signed providing easycash solutions to Tier1 French customer
  - Strong H1'2010
  - Upwards revision of FY2010 revenue guidance
- We are deploying our strategy for transformation towards services
  - July 10: Takeovers in value-added services: Transfer To and First Data Iberica
  - Sept10: 49% strategic investment in transactions in Asia, Korvac

# H1'10: Commercial performance driving strong H1 revenue



Revenue in million euros

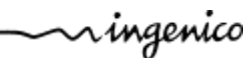


- Strong commercial performance
- +8.4%\*: growth derived from terminals (hardware & maintenance services)
  - +10%: volume of terminal sold
  - Stable ASP
- +15.8%\*: growth derived from transaction services in line with expectations
- Positive FX impact: +19.7m€ mostly driven by stronger Real (Brazil), Australian dollar and CNY

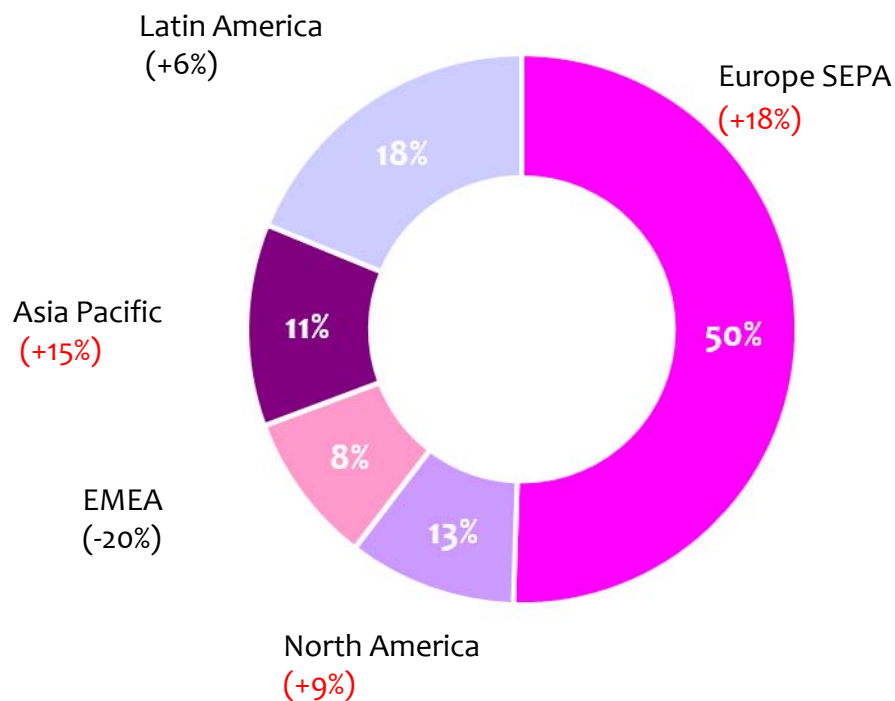
\* Pro forma performance at constant exchange rates



# H1'10 over performance mostly driven by Europe and Asia Pacific



## Year on Year Revenue growth in all regions except EMEA



- Europe SEPA: **+18%**. Continued strong growth in Germany & France driven by standard evolution and banking RFP won in Q4'09. Recovery in the UK & Spain
- Asia Pacific: **+15%**. Strong growth, particularly in China
- North America: **+9%**. Favorable basis of comparison
- Latin America: **+6%**. Growth driven by significant sales in Brazil in anticipation of the change in the acquiring market structure
- EMEA: **-20%**. Stabilized activity in Turkey. Unfavorable basis of comparison in the Middle East

\* Pro forma performance at constant exchange rates



# H1'10: Profitability improvements demonstrating operating leverage



In €m	H1 2009 published	H1 2009 pro forma*	H1 2010	Evolution over H1'09 pro forma*
Revenue	317.7	341.2	<b>395.1</b>	<b>+16%</b>
Gross Margin	124.7	134.9	<b>147.1</b>	<b>+9%</b>
<i>in % of revenue</i>	39.2%	39.5%	<b>37.2%</b>	-230bp
<i>Excluding identified quality issue</i>			<b>38.8%</b>	-70bp
Adj. Operating expenses	(98.0)	(105.3)	<b>(110.4)</b>	
<i>in % of revenue</i>	30.8%	30.9%	<b>27.9%</b>	+300bp
Adj. Profit** from ordinary activities	26.7	29.5	<b>36.7</b>	<b>+24%</b>
<i>in % of revenue</i>	8.4%	8.7%	<b>9.3%</b>	<b>+60 bp</b>
Net Result	4.8		<b>11.2</b>	<b>x2.3</b>
EBITDA	36.8	41.2	<b>53.6</b>	<b>+30%</b>
<i>In % of revenue</i>	11.6%	12.1%	<b>13.6%</b>	<b>+150 bp</b>

\* Including easycash and excluding Sagem Denmark, Manison Finland and Moneyline Banking System starting January 1, 2009.

\*\* Excluding amortization of PPA



# H1'10: Robust gross margin on hardware



## Hardware

<i>In €m</i>	H1 2010	H1 2010 / H1 2009 PF*
Revenue	281.5	+15.8%
Gross Margin	118.0	+14.1%
<i>In % of revenue</i>	41.9%	-60bp

- Increased indirect costs, including higher freight costs due to component shortages and the disruptive effect of the Iceland volcano eruption

## Terminal (Hardware & Maintenance)

<i>In €m</i>	H1 2010	H1 2010 / H1 2009 PF*
Revenue	348.1	+14.8%
Gross Margin	130.4	+7.9%
<i>In % of revenue</i>	37.5%	-240bp
Gross Margin <i>excluding identified quality issue</i>	39.2%	-70bp

- Maintenance gross margin impacted by quality issue

\* Excluding contribution of subsidiaries disposed (Sagem Denmark, Manison & Moneyline Banking System) and including contribution of Easycash, in 2009

# H1'10: Stable gross margin on transaction services



<i>In €m</i>	H1 2010	H1 2010 / H1 2009 PF*
Revenue	47.0	+23.3%
Gross Margin	16.2	+15.7%
<i>In % of revenue net of interchange fees</i>	36.6%	-20bp

- Interchange fees derived from credit acquiring revenue (booked in revenue and directly passed through to customers)

\* Excluding contribution of subsidiaries disposed (Sagem Denmark, Manison & Moneyline Banking System) and including contribution of Easycash, in 2009

# H1'10: Strong operating cash flow



€m	H1'09	H1'10
<b>Net debt as of January 1</b>	<b>(77.5)</b>	<b>144.4</b>
EBITDA	36.8	53.6
Working capital changes	(22.9)	0.9
Capex	(13.3)	(11.2)
<b>Operating Cash Flow</b>	<b>0.6</b>	<b>43.3</b>
Other income and expenses	(4.3)	(3.2)
Interest paid, tax and others	(4.8)	(25.8)
Dividends	(4.3)	(9.4)
Acquisitions & Disposals	26.2	(4.7)
<b>Increase of net debt</b>	<b>(13.4)</b>	<b>0.2</b>
<b>Net debt as of June 30</b>	<b>(90.9)</b>	<b>144.3</b>
<b>Cash conversion (operating cash flow/EBITDA)</b>	<b>2%</b>	<b>81%</b>

- Increase of tax paid to €21.4m (vs. €6.4m)  
 - Share buy back: €7.4m  
 - Increase of interest paid: €6.4m vs. 2.1m

- 20% dividend increase to €30c  
 - Higher proportion of shareholders with dividend paid by cash: 67% vs. 35% in 2009





# 2010 revenue outlook reviewed upwards

*ingenico*

	2010 guidance March 2010	2010 guidance July 2010
Revenue at constant FX rates & excluding acquisitions	790-805	805-815€
Revenue growth*	+3.5+5.5%	+5.5+7%
Adj. profit from ordinary activities**	12.5-13%	confirmed
EBITDA	16-17%	confirmed

\* At constant exchange rates , excluding acquisitions on a comparable basis

\*\* Before Price Purchase Allocation

# FDI: a unique opportunity to cover the whole value chain on non payment transactions in Spain

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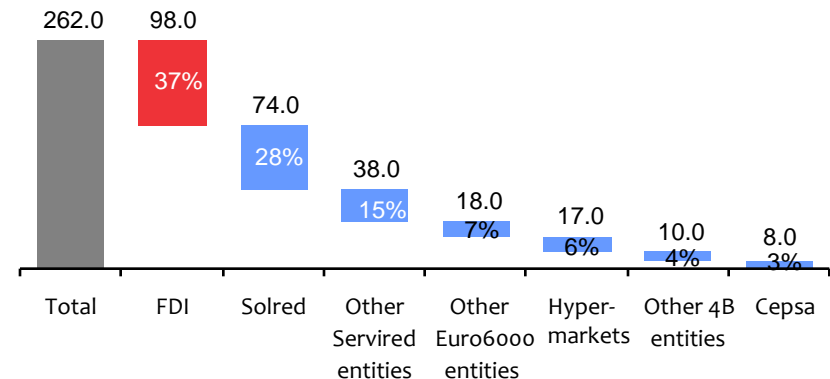


FIRST DATA IBERICA



- A unique market Position in Spain and Portugal:
  - Leading payment service provider in the petrol station sector in Spain
  - Operates complete payment value chain (from POS Terminal to Transaction) and loyalty for more than 5,000 petrol stations
  - Second issuer of private cards in the Spanish petrol stations segment (>440.000 cards issued and acquired)
  - Provides mobile top-up services to a unique estate of 42,000 POS terminals in Spain and Portugal. 14% of the Mobile Topup Spanish market
- Top up business similar to Payzone
- Synergies with Transfer To
- Revenue: ~15m€ with EBITDA margin ~25%

## Market share by no. of transactions at petrol stations (Million)

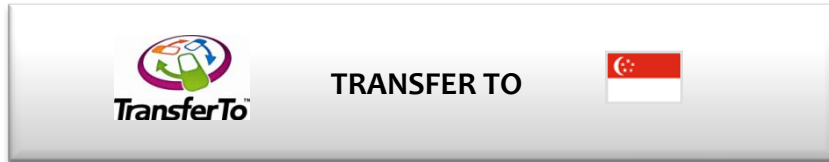


Source: Bank of Spain

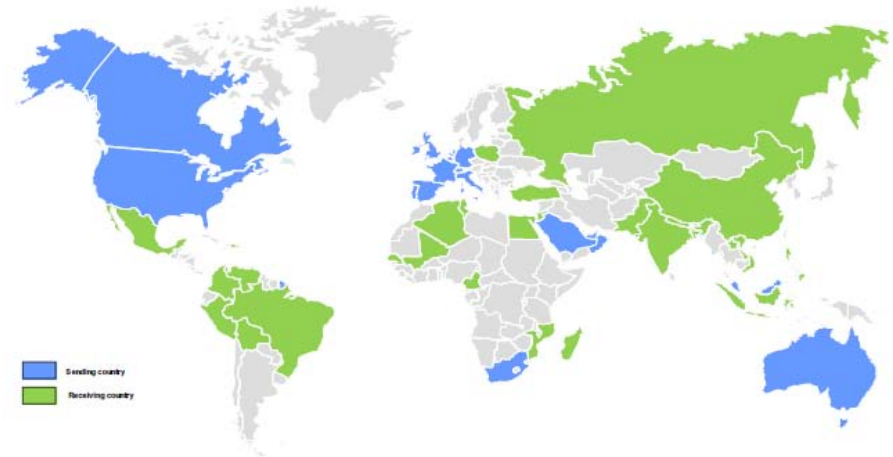
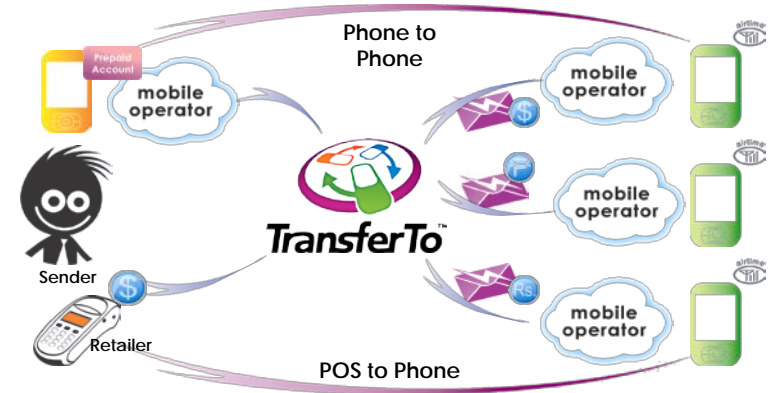


# TransferTo: a highly scalable VAS added to our portfolio

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- Offers a unique platform for cross-network cross-border mobile top-up .
- Worldwide coverage addressing exponential growth linked to a strong demand from migrants
  - 200 million migrants, vast majority with prepaid mobile phones
  - 50 billion top-ups per year
  - Airtime remittance market: US\$20 Billion. Solution for sending small amounts of value
- Offering Ingenico the opportunity to take position in the booming market of cash dematerialization
- Ingenico brings unique access to market through distribution network: PayZone in France, FDI in Spain / Portugal, easycash in Germany
- 2010 est. gross revenue of US\$40m, net revenue of US\$3m, EBITDA breakeven



# Korvac: building a leading payment service provider in South East Asia

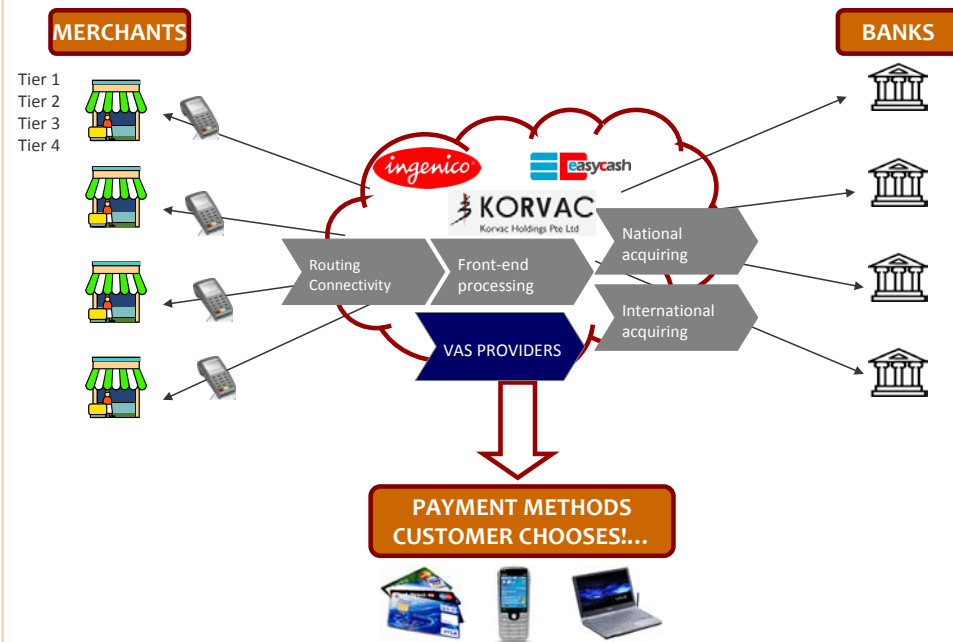
ingenico



KORVAC



- Offers direct access to merchants and operates in Singapore, Thailand and Malaysia
  - Delivers merchant acquiring services, including: payment infrastructure, field services, transaction processing, loyalty management and data analytics
  - Development project in Singapore, Thailand, Malaysia and Indonesia, high growth geographies for payment transaction
- A unique opportunity to build an “easycash-like” company across South East Asia (SEA), benefiting from a new debit scheme to be launched across SEA in 2010.
  - Card Alliance debit payment scheme will be sponsored by Citibank, Maybank, Standard Chartered, HSBC, State Bank of India and RBS
  - Started to operate Card Alliance debit payment scheme in Singapore in June with CITI and Maybank



# Ingenico investment case

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- Key focused strategy
- Technological leadership and #1 in payment terminal market
- Well positioned in a growing market
- Structural changes in the payment ecosystem & continuous shift towards e-payments
- Leveraging key assets to expand margins
- Financial strength to execute strategy

# Appendix

POS: Point of Sale / e-payment terminal

VAS: Value-added Services

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

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

Issuer: Cardholder's bank

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

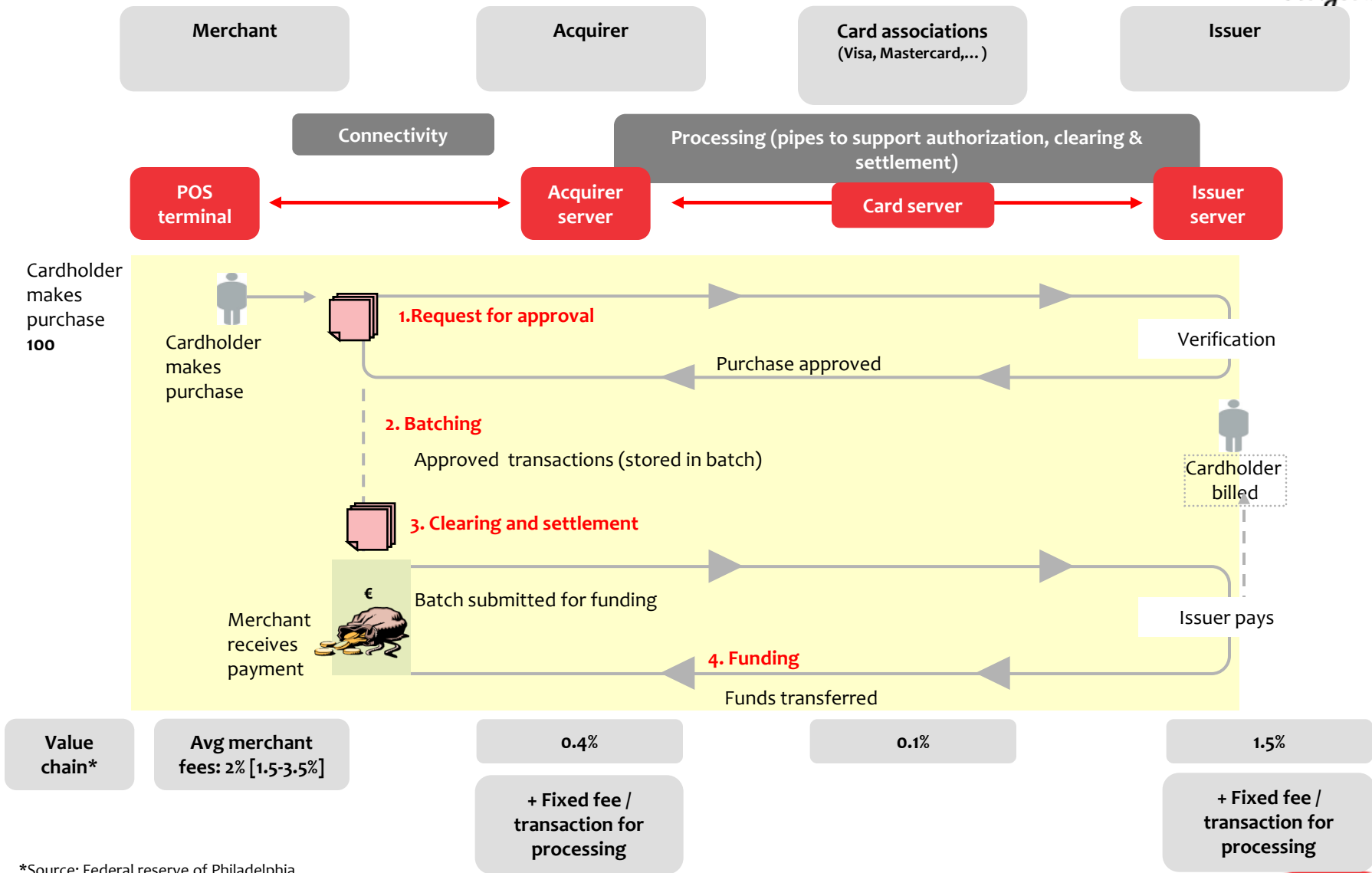
PSP: A Payment Service Provider is a company performing all or part of electronic payment services and potentially including settlement as per Payment Service Directive in Europe. In the US, settlement is always performed by financial institutions

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

ISO: Independent Sales Offices

# Typical card payment transaction flow

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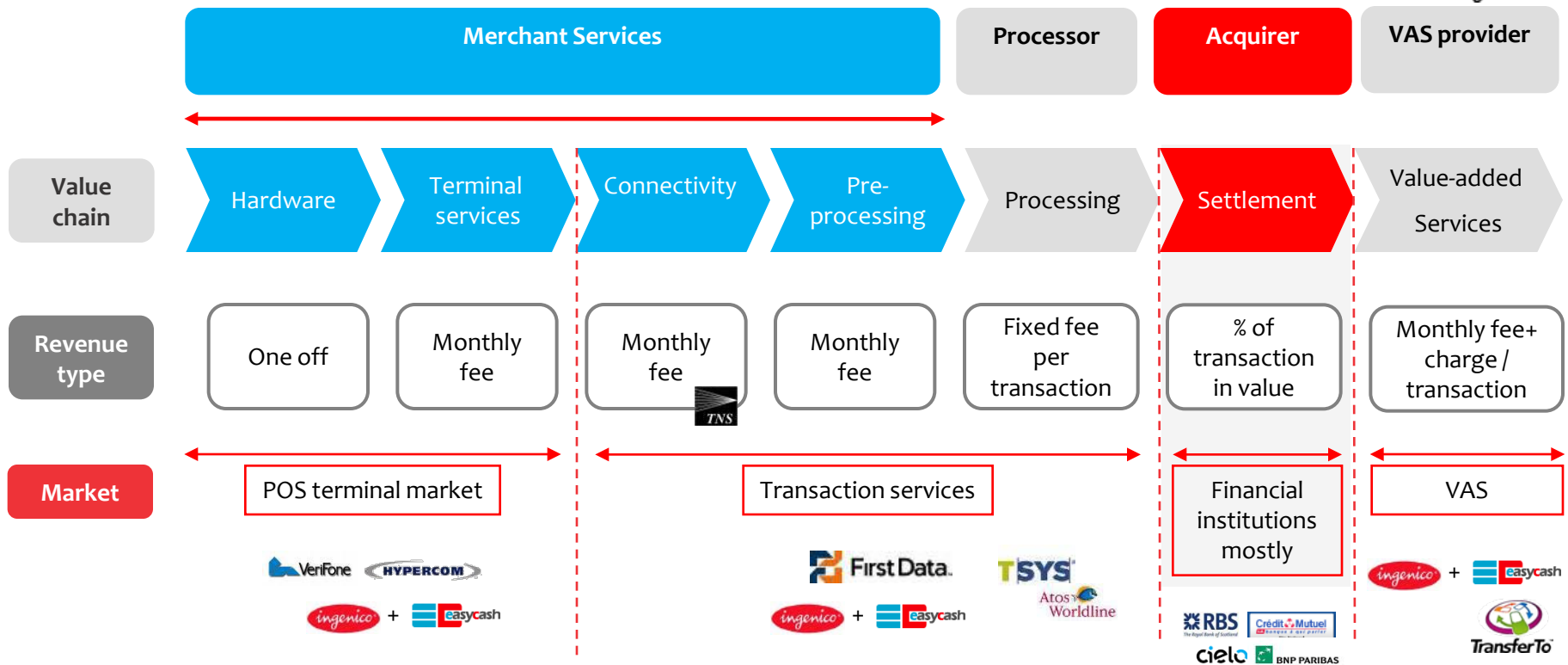


\*Source: Federal reserve of Philadelphia





# The “card present” payment ecosystem & value chain



**Ingenico mostly provides POS terminals to either directly (large retailers) or indirectly (banks, distributors)**

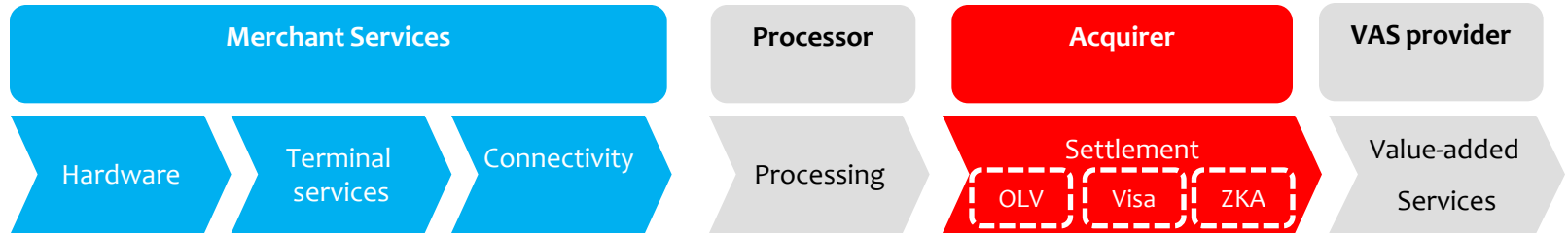
Revenue business model mostly relies on one off fees

**Easycash operates payment & VAS services for merchants**

Revenue business model relies on recurring revenue through a per transaction payment type of business



# Easycash business model at a glance

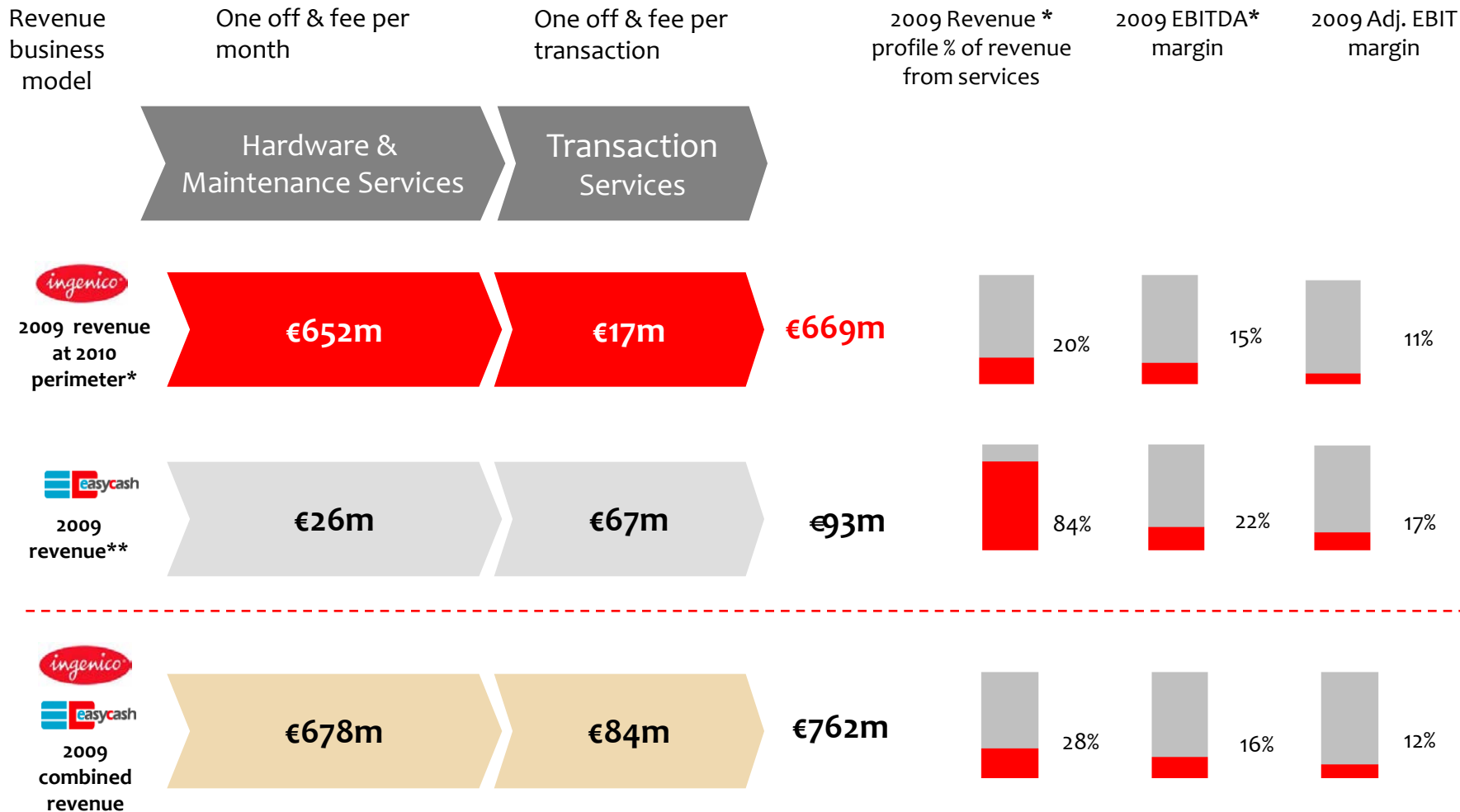


Revenue type	One-off	Monthly charge	Monthly (variable) charge	+ Fixed fee / transaction	% of transaction in value (1.5-3.5%)*	One-off + monthly charge + fee (based on volume)
Large customers	✓	and/or ✓	and/or ✓	and ✓	and ✓	and/or ✓ N/A or ✓
Revenue type	Monthly rental fee			+ Fixed fee / transaction	% of transaction in value (1.5-3.5%)*	One-off + monthly charge + fee (based on volume)
Small customers	✓	and ✓	and ✓	and ✓	and ✓	and ✓ N/A or ✓

\*Source: Federal reserve of Philadelphia



# Easycash integration accelerates the evolution towards services



\* Excluding Sagem Danmark, Manison and Moneyline Business Systems starting January 1 2009

\*\* IFRS based revenue

