



beyond  
payment

DB small cap conferences  
London, March 25 2009

# Disclaimer

---



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.

The accounting treatment of acquisitions and, in first place particular, Sagem Monetel, in accordance with IFRS 3 has a substantial impact on Ingenico's financial statements

For better appreciation of the Group's performance, some data or aggregates presented hereafter are calculated on an adjusted basis

# Ingenico at a glance



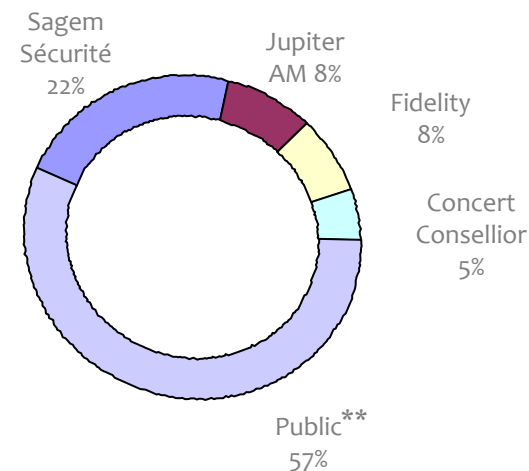
## We transformed our group in 5 years

We have transformed our company since last economic downturn

	2003	2008
Size		<b>X2</b>
Geographical footprint Distribution	60 countries Direct in 15 countries <sup>(1)</sup>	<b>125 countries</b> <b>Direct in 40 countries</b>
Technological leadership	“Behind in rolling out new product line”	<b>Best in class R&amp;D</b> <b>(Sagem Monetel)</b>
Activity scope	Terminals	<b>Terminals &amp; « beyond payment » services</b>
Cost structure	Own production facility	<b>Fabless model</b>
Profitability	0%	<b>12.5%</b>
Net debt	(€20.3m)	<b>+€77.5m</b>

## Shareholder structure\*

as of Feb28 2009



## Market capitalization

as of March 23 2009

- Number of shares: 47 791 674
- Share price: €12.84
- Market capitalization: €614m

\* Shareholder structure based on company information & broker estimates

\*\* Including shareholders below 5%





# Ingenico: a leader in a highly concentrated and protected market



An unique position on POS market thanks to key differentiators...

- Leader with **15million POS** and **39% market share**
- Balanced geographical presence between mature and emerging markets:
  - Present in 125 countries
  - No country worth more than 10% of global revenue
- Direct distribution model
- Fab-less model
- Focused strategy:
  - Enlarging POS product range
  - Investing in services

... offering innovative and largest portfolio of products and services

-Technological advance on POS

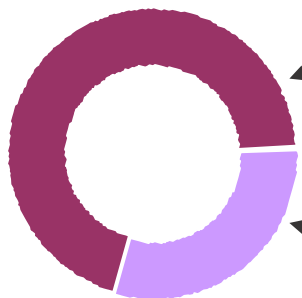


- « beyond payment » products
- « beyond payment » services



Serving Tier 1&2 retailers and banks:

*Supporting our customers generating revenue or reducing costs with a quick ROI*



**Acquirors & retail banks: to indirectly address merchants**

Acquisition business model:

- Monthly fees [0-50€]
- % of transaction value [0.05%-3.5%]

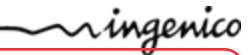
**Tier 1&2 retailers:**

- Lane productivity ↗
- Power of negotiation on transaction fees ↗





# Taking advantage of competitive environment and market trends



## Highly concentrated market

- Ingenico: 39%
  - Verifone: 34%
  - Hypercom: 16%
- } Top 3: 89%<sup>(\*)</sup>
- Other players: mostly local players
    - PAX: mostly in China
    - Bitel, Cybernet: in Korea

## ...with high barriers of entry

- Certification/Security**
  - Compliant with national schemes
  - Development of customer specific applications

### -Scale

### -Proximity

### -Technological design

Design virtuous circle



### -End-to-end payment solutions

### -Customer loyalty

## Major market (r)evolutions leading to opportunities to gain market share

### • Security remains a priority

- Payment fraud still a concern
- Payment card market continues to grow driven by security standards
- Terminal is a key element in the end to end security

### • New technology

- Wireless, mobility

### • Customer needs & new business payment challenges

- Strong demand for productivity increase at lower costs
- Emergence of new habits for Tier1 retailers (line boosting)
- Increased demand to increase customer shopping experience

### • New POS “beyond payment” usage

- Increased demand for biometry terminals in emerging countries

### • Regulation changes

- All terminals to be PCI compliant by July 2010
- SEPA in Europe
- EMV

(\*) Estimated market share based on public information



# New products addressing “beyond payment” customers demand

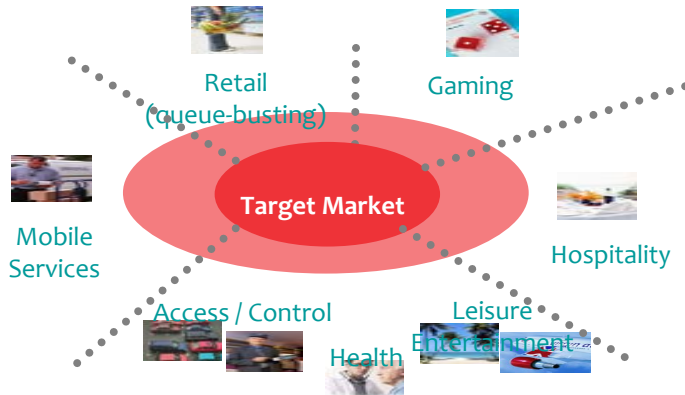
## PPDA

- First “all-in-one” rugged terminal on the market

- Bi-face terminal offering wireless services combining vertical applications & secure payment



- Untapped market with high potential



- Common market features

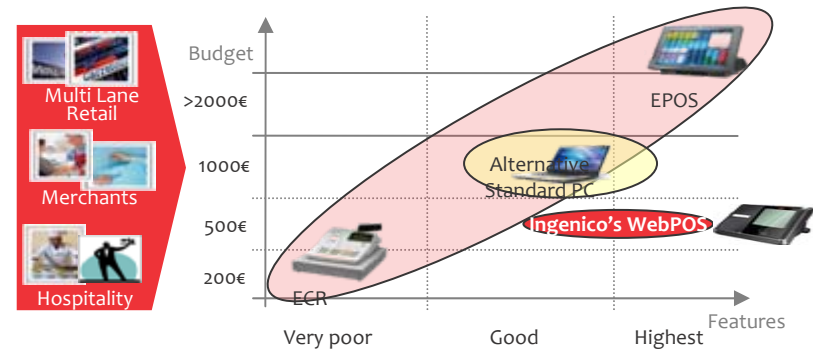
- Different verticals with same needs

## WEBPOS



- First device on the market

- Midway device between PC based EPOS and basic ECR



- Untapped market with high potential

- 20M points of sales not yet equipped
- Replacement of 45M ECR

- Common market features

- Dedicated terminal
- Integrated solution
- Value-added Services

Presented at Cartes'08: very positive market feed-backs



# A business model evolution towards services...



What we used to do:

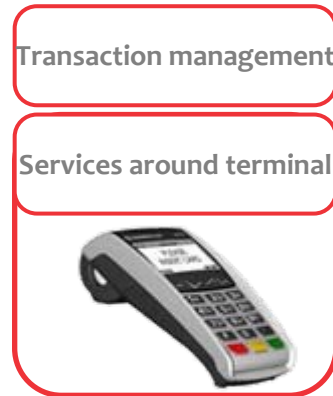
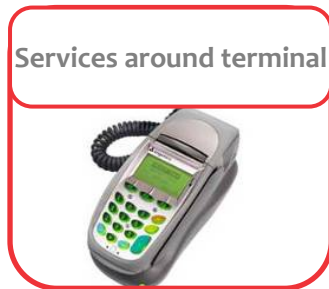
*Mostly hardware*

What we did in 2008:

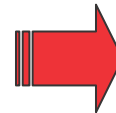
*Hardware & first services*

What we are doing:

*A flexible, tailored and global solution to reduce operation costs and increase revenues*



AXIS in France



Running applications on user friendly terminals

France + international

“all in the box”

User friendly interface to interact with services: color, larger screen...

**Leveraging on POS leadership to increase recurring revenues**

**More terminals => more service access points => more service revenues**



# ... to respond customers' needs which are not limited to hardware



	Customer's need	Ingenico's key competitive advantage	Revenue model	
<b>Value Added Services</b>	Loyalty, ticketing, top up, ...	Optimize services go to market and increase visibility on service usage	Per transaction <sup>(*)</sup> (fixed charge)	End to end Security Full visibility End to end Service Level Agreement
<b>Transaction Management</b>	Payment application	Payment protocol portfolio. Centralized Payment to reduce TCO	Set up fees+ per transaction <sup>(*)</sup> or per POS/month	
<b>Connectivity</b>	Telco management: SIM, Internet	"All in the box" ready to be used. Optimized coverage, backup if failure	Monthly subscription charge	
<b>Services around terminal</b>	Install, maintenance, remote estate mgt (ex: software upgrade & apps download)	Remote Fleet Management to reduce on site operations	Per unit, per application	
<b>Hardware</b>	The most suitable hardware (to support Payment + Vertical)	Large terminal range with embedded security and customer interface	Per unit	

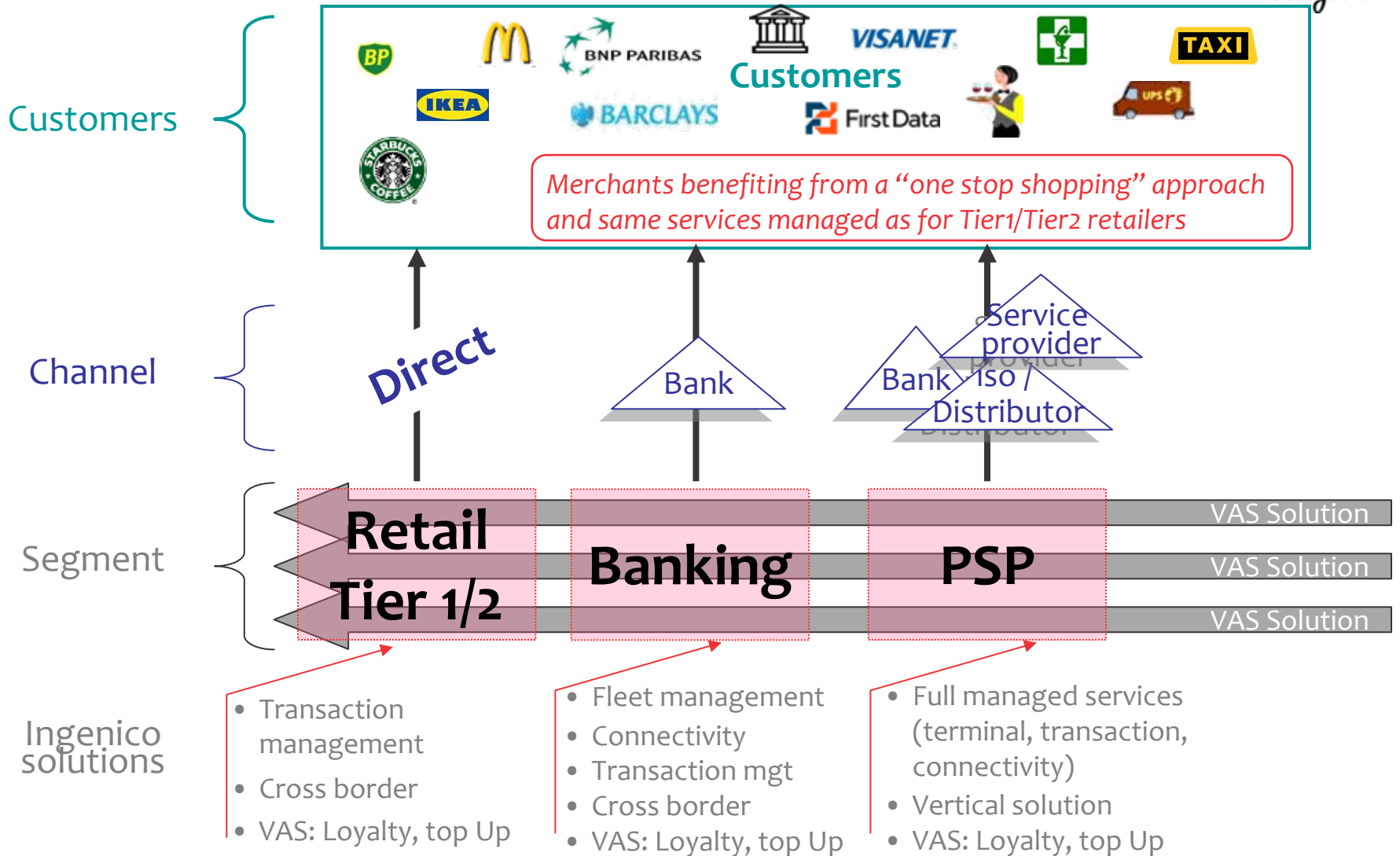
(\*) Fixed charge per transaction





# Our market approach

ingenico



# How we will implement our service strategy

- Export French industrialized experience in Transaction Management Services (>150 retailers)
  - Up selling existing customers in France
  - Export services in others countries

- Address customers' global & international needs through our Global Services Infrastructure

- End to End solutions (from Terminal to host)
- One stop shop



- Develop partnerships to offer VAS applications based on Incendo Online platform and operated by Ingenico

# 2008: a year of transformation



## 2008: intense preparation for future

---

*ingenico*

- Succeeding in merging with Sagem Monetel
- Succeeding in integrating Landi into Ingenico
- Implementing our Leadership 2010 Plan
- ... while delivering financial improvements as promised

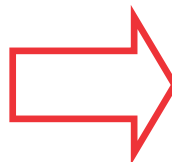
**Objective: sustained profitable growth**



# 2008: building for the future

## Merger with Sagem Monotel in March 2008: an optimum geographical and knowledge mix

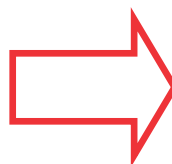
- 2.5 million installed terminals
- Complementary commercial coverage
- Best in class product design & performance (Telium)
- Strong in wireless POS



- Worldwide leader in payment terminals
- Maintained technological advance with best R&D
- Optimized production costs

## Acquired Fujian Landi in China in July 08

- #2 in China
- Better than expected contribution in revenue and margin in 2008



- Leader in Chinese market. We're Chinese in China
- Investing in fast growing developing markets

## Consolidated leadership in POS market



# 2008: integration of Sagem on track



## What we announced last August

- Generation of significant synergies over 3years, visible from H2 2008
- Reduction in product costs
- Pooling know-how in R&D
- Combining commercial networks
- Harmonizing product ranges
- First product from a new range at end 2008

## What we did

- First synergies in H2'08 (R&D)
- Reduction of product costs higher than expected: higher purchasing synergies achieved (€6m vs. €4m expected)
- Combined R&D know-how
- Commercial networks fully integrated
- Portfolio of POS merged. Migration of Ingenico's customers to Telium platform: ahead of schedule
- New range of products running on new Telium2 platform (ICT220) presented at Cartes '08 (11/08)

**Demonstrated fast, efficient and smooth integrations**





# 2008: Leadership 2010 Plan implemented



## What we announced last August

- Workshop 1: Develop an innovative, comprehensive range of payment terminals
- Workshop 2: Develop dedicated major services and solutions for global accounts
- Workshop 3: Optimise quality and customer support
- Workshop 4: Improve visibility and maximize value of the Ingenico group

## What we did

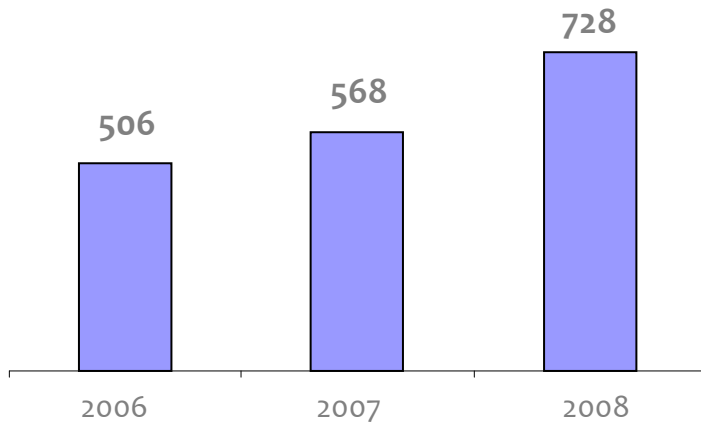
- Presented promising new payment terminals and « beyond payment » terminals at Cards'08. Very well received by customers and prospects
- Team in place with live projects and first commercial successes
- Implemented quality team working across the group
- Communicated our new « beyond payment » identity. Efforts on brand & image. IR on board



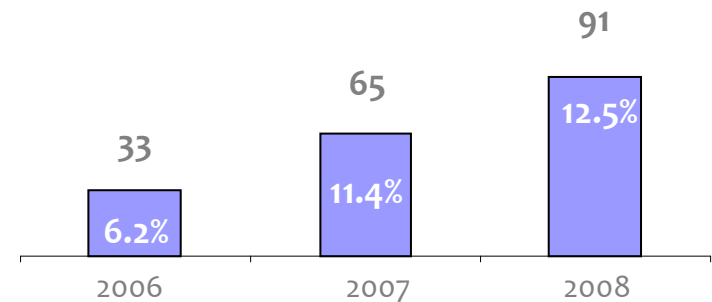
# 2008: delivered financial improvements as expected. Strong liquidity position



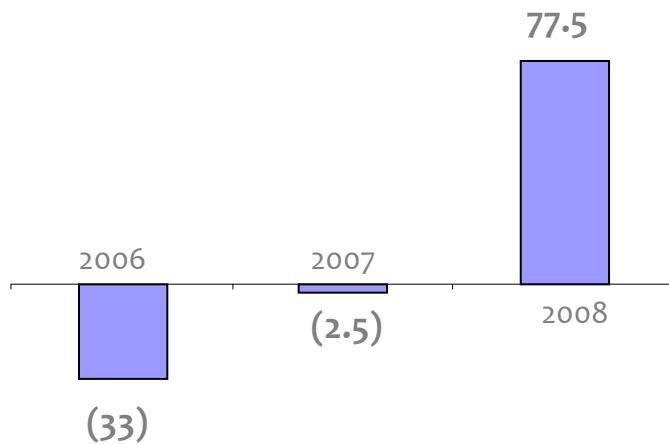
### Revenue (in m€)



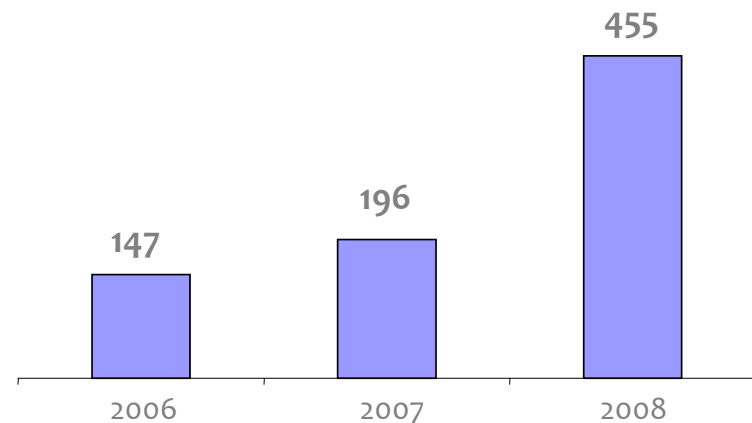
### Operating Margin<sup>(\*)</sup> (in m€)



### Net cash (in m€)



### Shareholders' Equity (in m€)



(\*) Adjusted figures, before Price Purchase Allocation from Planet, Sagem-Monetel and Landi





# 2009: market and opportunities



## Market

- Overall, market conditions have worsened
- But market conditions differ significantly from a country to the other
- We're local in 125 countries and have a good visibility on our business environment
- Performance in all regions in line with our expectations, except for 2 regions:
  - North America: collapse of retail market
  - Latin America: timing of customer intake
- As a consequence:
  - Expected low Q1 commercial performance... (Q1'08 a strong base of comparison)
  - ... balanced by strong sequential growth in Q2'09

## Opportunities

- Launch of new terminals with user friendly interface and lower production costs
  - ICT220: Q2'09
  - US terminals: end of Q2'09
- Launch of "beyond payment" terminals. with very positive market feed-backs
  - PPDA in June09
  - Webpos in H2 2009
- Launch of "beyond payment" services: high commercial potential confirmed by our prospects

# Our business model is resilient



## Markets

- Increasingly diversified end-markets
- Diversified geographic exposure
- Security remains a priority
- Increased customer needs for productivity
- Increased usage of POS beyond payment

## Our activity

- Capturing additional value through “beyond payment” solutions and services
- Increased presence in new economies
- Our products are PCI PED compliant
- New products such as PPDA to support queue boosting
- Increased demand for biometry terminals in developing countries (ex: FINO in India)

## Our structure

- Increased proportion of revenue generated by services (19% in 2008)
- Fab-less model
- Flexible cost structure
- Production synergies (Telium2)

# 2009 management top priorities: preserving cash and profitability



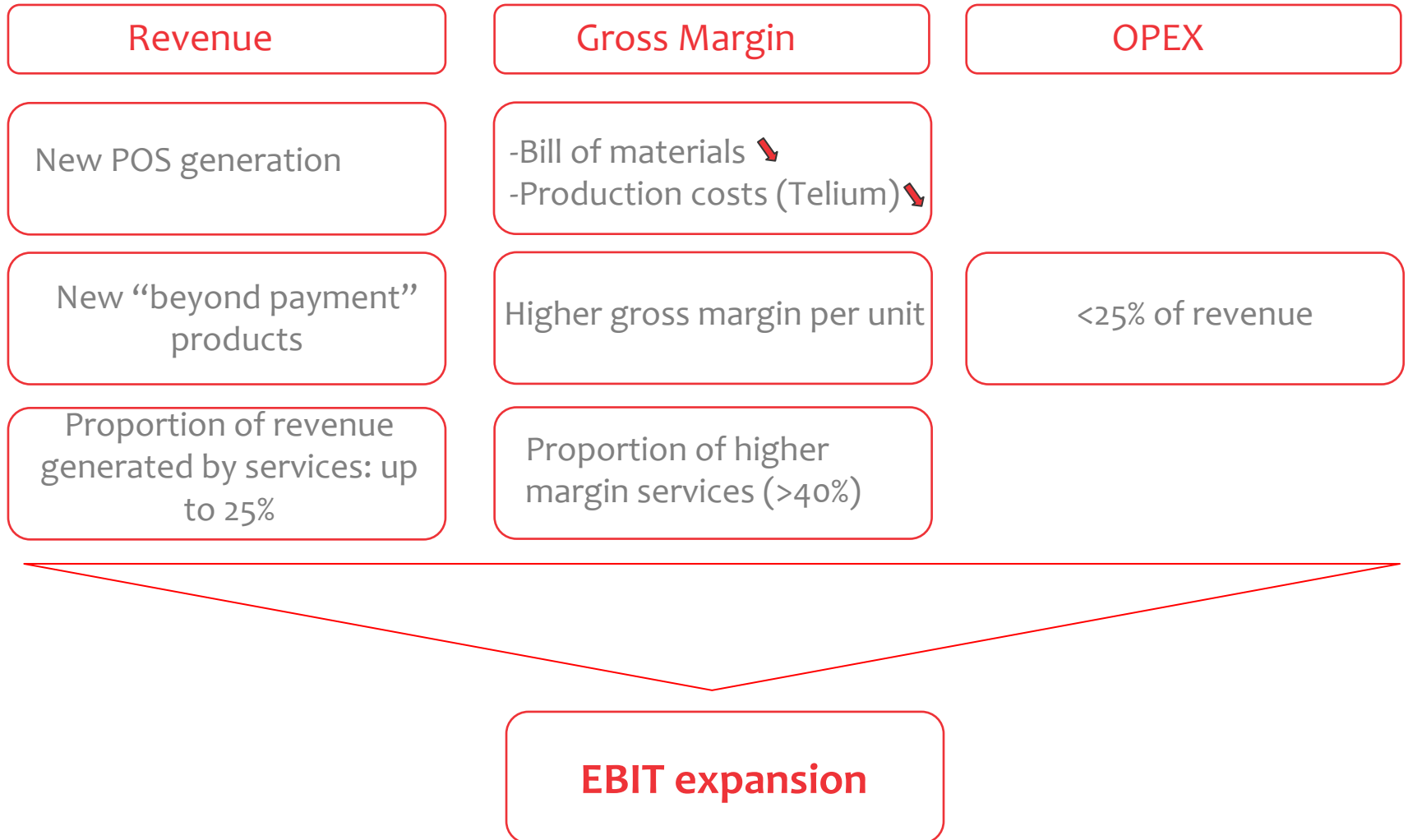
## Our response

- Accelerating synergies
- Accelerating production of new products to reduce production costs
- Cost reduction initiatives
- Continued conservative cash management: low capex, tight working capital requirements

## We want to deliver in 2009

- Accelerating adoption of “beyond payment” terminals
- Accelerating adoption of “beyond payment” services
  - Leverage unique experience with French retailers
- **Growth: stability, up to 5%**
- Strong seasonality towards H2’09
- **Operating margin range: 12.5%-13.5%**

# Medium term operating leverage





beyond  
payment

## Appendix

# Financial results 2008

# Basis of presentation of financial information for 2008 results

---

*ingenico*

- The accounting treatment of acquisitions and, in first place particular, Sagem Monotel, in accordance with IFRS 3 has a substantial impact on Ingenico's financial statements
- For better appreciation of the Group's performance, some data or aggregates presented hereafter are calculated on an adjusted basis
- IFRS consolidated income statement for 2008 is available on Slide 31

# Financial performance thanks to operational leverage

Adjusted figures in m€ <sup>(1)</sup>	2007	S1 2008	S2 2008	2008	Adjusted Pro-forma <sup>(2)</sup> 2008
Revenue	568.0	313.8	414.2	728.0	780.8
Gross Margin	208.2	116.9	162.5	279.4	297.0
% of revenue	36.7%	37.2%	39.2%	38.4%	38.0%
Opex	143.2	83.4	104.8	188.2	198.6
% of revenue	25.2%	26.6%	25.3%	25.8%	25.4%
<b>Operating Result</b>	<b>65.0</b> 11.4%	<b>33.5</b> 10.7%	<b>57.7</b> 13.9%	<b>91.2</b> 12.5%	98.4 12.6%

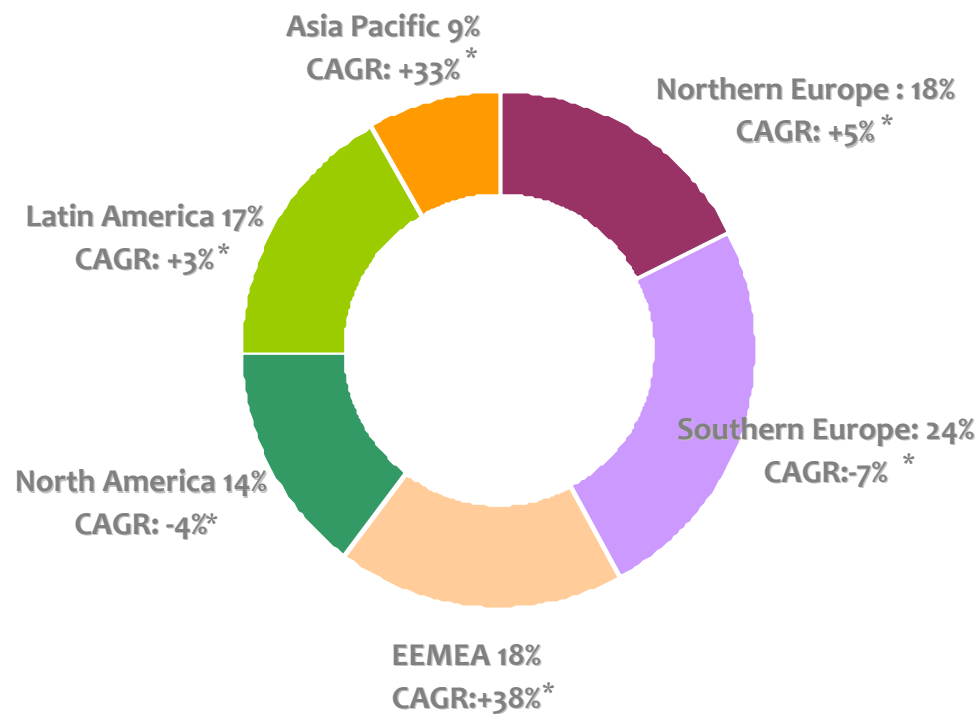
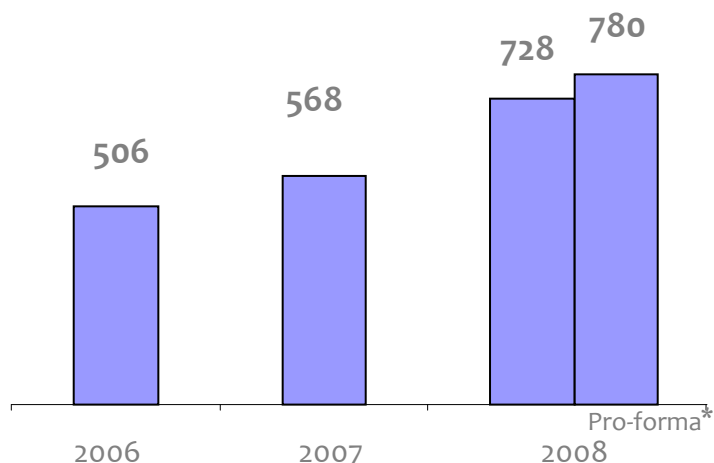
+34%  
+1.8pt  
+40%  
+1.1pt

(1) Adjusted figures, before Price Purchase Allocation from Planet, Sagem-Monetel and Landi

(2) Including Sagem Monetel in 2008 and Landi in S2'08

# Geographical balance supporting business model efficiency despite economy downturn

Revenue (in m€)



- Continued growth
- Mature markets: no country worth more than 10% of global revenue
- Emerging markets: decision to invest in China was the right one

\* Pro-forma growth, including Sagem Monetal in 2008, at constant exchange rates. Including impact of commercial overlaps of approximately €20m resulting from the merger of Sagem Monetal activities with Ingenico (mainly reported in Southern Europe)



# Gross margin improvements driven by first impact of purchasing synergies

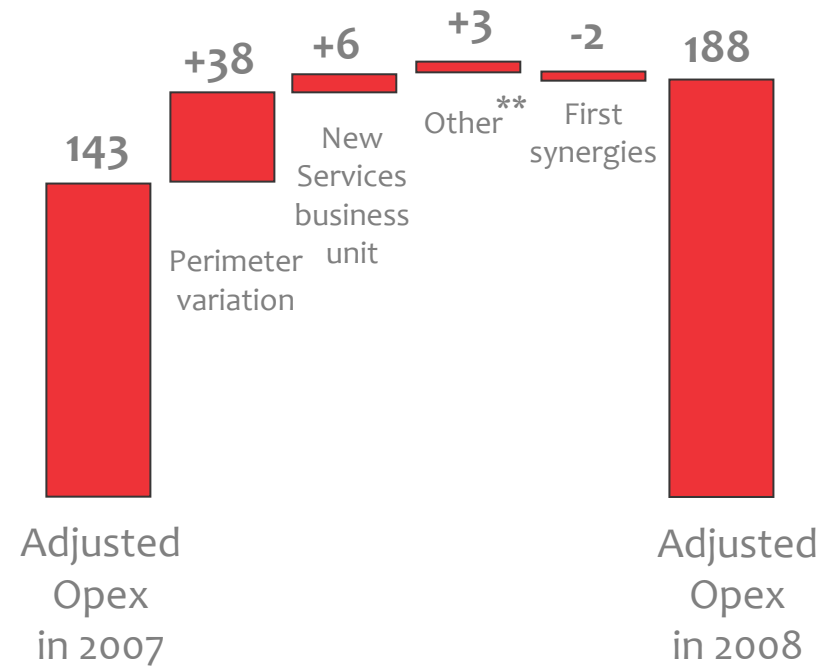
Adjusted figures in m€ <sup>(1)</sup>	2007	2008	
Sales of terminals	458.1	595.9	Improved from 39% in H1 to <b>39.9%</b> in H2 thanks to leverage and first synergies related to Sagem
Gross margin terminals *	180.8	235.2	
<b>% of sales</b>	<b>39.5%</b>	<b>39.5%</b>	
Sales software & services	109.8	132.1	Quality and mix improvement as in H1'08
Gross margin software & services *	27.3	44.1	
<b>% of sales</b>	<b>24.9%</b>	<b>33.4%</b>	
<b>Total adjusted gross margin*</b>	<b>208.2</b>	<b>279.4</b>	<b>+34%</b>
	<b>36.7%</b>	<b>38.4%</b>	<b>+1.7pt</b>

(1) Adjusted figures, before Price Purchase Allocation from Planet, Sagem-Monetel and Landi

# Adjusted operating expenses (Opex)



in €m	2007	S1'08	S2'08	2008
Research & Development*	43.0	26.5	29.3	55.8
Sales & Marketing*	37.8	21.0	32.6	53.6
General & Administrative*	62.4	35.9	42.9	78.8
<b>TOTAL Adjusted opex *</b>	<b>143.2</b> 25.2%	<b>83.4</b> 26.5%	<b>104.8</b> 25.3%	<b>188.2</b> 25.8%



\*Adjusted figures, before Price Purchase Allocation from Planet, Sagem-Monetel and Landi

\*\* Other including (€2.6m) for R&D tax credit



# Consolidated income statement for 2008. Reconciliation of IFRS financial statements and audited adjusted financial statements



2008 (€m)	IFRS financial statements	Merger-related expenses	Inventory adjustments	Amortization of intangible assets	Adjusted financial statements
Sales	728				728
Cost of sales	(456.3)		7.7		(448.6)
Gross margin	271.7		7.7		279.4
Research and development	(61.8)			6	(55.8)
Sales expenses	(59.0)			5.4	(53.6)
General and administrative expenses	(78.8)				(78.8)
Operating profit from ordinary activities (EBIT)	72		7.7	11.4	91.2
Other operating income and expenses	(14.5)	9.1			(5.4)
Operating profit	57.5	9.1	7.7	11.4	85.7
Financial result	(7.4)				(7.4)
Income tax	(13.4)	(3)	(2.6)	(3.8)	(22.8)
Net profit	36.7	6.1	5.1	7.6	55.5

# From operating profit to net profit

<i>in €m</i>	2007	2008	
Operating profit from ordinary activities before PPA	65.0	91.2	<b>+40%</b>
Operating profit from ordinary activities*	62.5	72.0	
Other operating income and expenses	(5.5)	(14.5)	
Operating profit*	57.0	57.5	
Financial result	(8.8)	(7.4)	
Income tax	(8.7)	(13.4)	
Net profit*	39.5	36.7	<p><b>Net result before PPA and restructuring costs at €55m, vs. €45m in 2007, a 23% increase</b></p>

\*Including Price Purchase Allocation (PPA) of €2.4million in 2007 and €19.2million in 2008 from Planet, Sagem-Monetel and Landi

# Synergies: ahead of schedule

## What we expected

<i>in €m</i>	2008	2009	2010
Synergies/ Impact on operating margin	<b>-1</b>	10	26
Restructuring	-10	-5	-1

## What we did in 2008/ Update

<i>in €m</i>	2008	2009	2010
Synergies/ Impact on operating margin	<b>2</b>	10	26
Restructuring	-9	-6	-1

- Synergies derived from Purchasing & Reorganization: ahead of schedule
- Synergies derived from Revenue & Convergence: on track

# Other operating income and expenses



<i>in €m</i>	2007	2008
Restructuring	(6.1)	(9.1)
Others	0.6	(5.4)
<b>TOTAL</b>	<b>(5.5)</b>	<b>(14.5)</b>

- **Restructuring costs including €6m for downsizing of Barcelona's R&D center and other restructuring costs in various regions and HQ**
- **Others: mainly impairment on investments held for sale**

# Financial result



	in €m	2007	2008
Finance Costs		(7.2)	(2.7)
Income from cash & cash equivalents		1.2	2.1
Net Finance costs		(6.0)	(0.6)
FX effects and others		(2.8)	(6.8)
<b>TOTAL</b>		<b>(8.8)</b>	<b>(7.4)</b>

• **Strong reduction of finance costs**

• **Impact of FX environment**

# Trends in shareholders' equity & debt



	€m
<b>Net Equity at January 1, 2008</b>	<b>195.9</b>
2008 result	36.7
Dividends	(10.8)
Sagem Monotel capital increase	202.3
Share-based payments	10.0
Translation adjustment and other	(9.6)
Purchase of own shares <sup>(1)</sup>	(25.6)
<i>Oceane</i> (redemption/conversion)	56.2
<b>Net equity at December 31, 2008</b>	<b>455.1</b>

(1) Treasury shares as of Dec31 08: 1,624,290 after granting 775,000 free shares



# Strong liquidity position thanks to continued free cash flow improvement



€m	2007	2008	Change
Cash flow from operations before WCR	65.2	66.1	0.9
WCR	0.2	24.7	24.5
Cash flow after WCR	65.4	90.8	25.4
CAPEX	(12.5)	(21.3)	(8.8)
Cash flow after CAPEX	52.9	69.5	16.6
Change in scope of consolidation (subsidiaries/activities)*	(18.2)	(0.3)	+18.5
Dividends	(3.2)	(10.8)	(17.6)
Others**	(1.0)	21.6	32.6
Debt reduction	30.5	80	49.5
(Net debt)/net cash on June 30 2008	(2.5)	77.5	80

• **Tight working capital management: DSO at 50 days EOY08 (vs. 58days EOY07)**

\*Including cash acquired at Sagem Monetel (€20m) less inflows allocated to the operation (including expenses) and outflows for the acquisition of 55% of Landi

\*\* Out of which (for 2008): capital increase for €58m and Purchase of own shares & Oceane for (€27.6m)

