



ingenico

RESULTS FOR 2005 POLICIES AND ACHIEVEMENTS

*March 16, 2006
Espace Charles-Louis Havas*

“The beginning of wisdom is to call things by their names.”
Confucius



PROGRAM

KEY FINANCIALS IN 2005 ▶

O. ALDRIN

POLICIES AND ACHIEVEMENTS ▶

A. d'ANGELO

QUESTIONS &
ANSWERS ▶





**KEY
FINANCIALS IN
2005**



FINANCIALS IN 2005

Key figures in the second half

- **H2 2005 revenue 6.8% higher than in H2 2004**
(LIKE-FOR-LIKE BASIS)
- **H2 2005 gross margin 2.6 points above H1 2005**
- **H2 2005 operating profit = 3.1% of revenues**
- **Cash and cash equivalents: €109.3 million**



2005/2004 income statements

Year-on-year comparison (1/2)*

€in millions	2004	2005
Revenue	427.4	436.9
Gross profit % of revenue	163.2 38.2%	167.7 38.4%
Indirect costs % of revenue	<32.1> - 7.5%	<37.2> - 8.5%
R & D % of revenue	<32.4> - 7.6%	<38.0> - 8.7%
S&M % of revenue	<30.1> - 7.0%	<31.6> - 7.2%
G&A	<52.9> -12.4%	<52.7> -12.1%
Operating profit % of revenue	15.7 3.7%	8.2 1.9%

*Restated on a like-for-like basis

Results for 2005
March 16, 2006



2005/2004 income statements

Year-on-year comparison(2/2)

€ in millions	2004	2005
Operating profit	15.7 3.7%	8.2 1.9%
Exceptional items	<3.9>	<38.6>
EBIT	11.8	<30.4>
Financial Costs	<5.3>	<3.2>
Income tax	<3.9>	<2.5>
Goodwill & Other assets held for sale	0.0	<4.0>
NET PROFIT/(LOSS)	2.6	<40.1>

2005/2004 income statements

Half-year comparison*

€ in millions

Revenue

H1 2004

H2 2004

H1 2005

H2 2005

205.5

221.9

207.4

229.5

Gross profit

80.7

82.5

76.87

90.9

% of revenue

39.3%

37.2%

37.0%

39.6%

Indirect costs

<16.70>

<15.4 >

<17.07>

<20.2>

% of revenue

<8.1%>

<6.9%>

<8.2%>

<8.8%>

R & D

<15.4>

<17.0

<17.8>

<20.2>

% of revenue

<7.5%>

<7.7%>

<8.6%>

<8.8%>

S & M

<13.9>

<16.2>

<15.6>

<16.0>

% of revenue

<6.8%>

<7.3%>

<7.5%>

<7.0%>

G & A

<26.3>

<26.6>

<25.3>

<27.4>

% of revenue

<12.8%>

<12.0%>

<12.2%>

<11.9%>

Operating profit

8.4

7.3

1.1

7.1

% of revenue

4.1%

3.3%

0.5%

3.1%

*Restated on a like-for-like basis

Results for 2005
March 16, 2006

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2005/2004 income statements

Financial income and expenses

	2004	2005
Gains/(losses) on foreign exchange	<2.1>	1.2
Interest expense	<2.8>	<2.9>
Convertible bond premium amortization	0	<1.1>
Other expenses	<0.4>	<0.4>
TOTAL	<5.3>	<3.2>



2005/2004 income statements

Exceptional items

€ in millions

Inventory write-downs

(Change in methodology)

Non-recurring engineering costs

Restructuring charges

Litigation and non-recurring legal expenses

Capital gains/losses & other items

TOTAL

H1 2005

H2 2005

Total 2005

2004

<8.9>

0

<8.9>

0

<9.9>

<4.8>

<14.7>

-

<2.5>

<7.3>

<9.8>

<2.2>

<2.7>

<6.2>

<8.9>

<0.5>

-

3.7

3.7

<1.2>

<24>

<14.6>

<38.6>

<3.9>



2005/2004 income statements

Half-year comparison

€ in millions

Revenue

	H2 2003	H1 2004	H2 2004	H1 2005	H2 2005
Terminals	162.4	167.6	176.4	163.1	178.6
Software & Services	31.4	35.3	38.4	40.5	50.9
Other	1.1	2.5	7	3.7	0
Total	194.9	205.9	221.9	207.4	229.5

Gross margin*

	H2 2003	H1 2004	H2 2004	H1 2005	H2 2005
Terminals	42.0%	43.4%	43.1%	42.1%	43.2%
Software & Services	11.6%	23.2%	16.1%	20.2%	27.2%
Other	4.5%	4	1.4	(1.4%)	0
Total	36.8%	39.3%	37.2%	37.0%	39.6%

*On a like-for-like basis

2005/2004 income statements

Gearing

€ in millions

12/31/2005

6/30/2005

31/12/2004

Financial liabilities

<134>

<99.9>

<49.1>

Net cash & cash equivalents

68.3

40.5

7.6

Cash from Assets held for sale

2.3

-

-

NET DEBT

<63.4>

<59.4>

<41.5>

Equity

101.3

113.6

130.2

GEARING

<62.6%>

<52.3%>

<31.9%>

2005/2004 income statements

Cash flow

€ in millions

	Half-year		Annual	
	H1 2005	H2 2005	2004	2005
▪ Cash flows from operations	(9)	(10.9)	17.2	(19.9)
▪ Change in work cap requirements	(9.6)	6.6	(12.4)	(3)
▪ Net cash from operating activities	(18.6)	(4.3)	4.8	(22.9)
▪ Net cash from investing activities (excl. cash equivalents)	(9.8)	2.6	(24.2)	(7.2)
▪ Net cash from financing activities	110	(0.3)	(6)	109.7
▪ Other	-	0.4	-	0.4
▪ Change in cash & cash equivalents	81.6	(1.6)	(25.4)	80



[POLICIES]

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Confucius



The main obstacles to growth and profits...

- 1 A deficient supply chain
- 2 High non-quality costs
- 3 Inadequate control over industrial process
- 4 Product development cycles too long and too “in-house”
- 5 Fragmentary marketing out of touch with the market

... are internal ones.

POLICIES AND ACHIEVEMENTS

Policy area	Objective	Current situation	Delta
Cost control	€13M in cost-cutting and €7M in restructuring charges	€14.2M in cost-cutting and €7.3M in restructuring charges	+ €1.2M and (€3M) in costs
Redesign to cost	€7M savings in 2006	€9M at June 2006	+ €2M at year-end
Asset disposals	€10M in cash, €25M in revenue loss	€11.9M in cash, €9.5M in revenue loss	+ €1.9M and + €15.5M
Inventory	From €63.5M gross to €55M by Jan. 1, 2006	At Jan. 1, 2006, gross inventory of €52M	+ €3M inventory reduction
Product lines	From 52 to 34 by July 2006	42 products at present – on target for July 2006	Long-term inventory and staffing gains
Quality	Raise quality to twice its previous level	50% decrease in quality problems	Inventory & indirect cost improvement
Supply chain	Cut delivery time to 45 days	On target for July 2006	Inventory & indirect cost improvement



OPERATING ACTIVITIES

▶ Supply chain and Quality

- ▶ Plastic injection molding close to customers (Brazil, Romania, China)
- ▶ Quality and supply chain functions in the factories
- ▶ 2 new subcontractors coming on stream: Romania in June and China in August

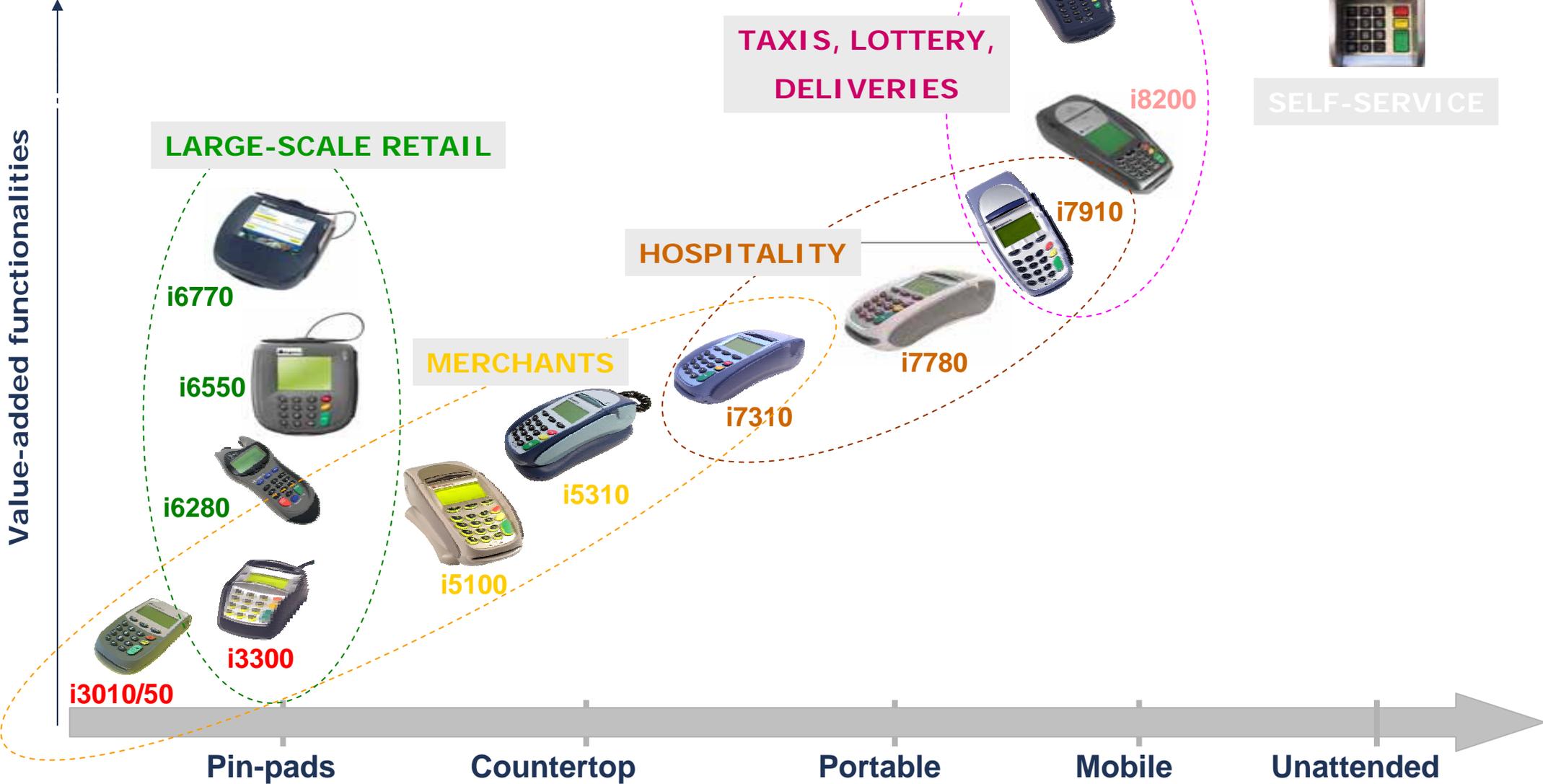
▶ New product launches

- ▶ 3 single-application terminal models
- ▶ Low-cost GPRS 200 Mhz terminal
- ▶ Windows CE architecture based on our new microprocessor
- ▶ Wi-Fi solutions in market launch phase
- ▶ Contactless capabilities built into all terminals
- ▶ New terminal range for unattended facilities



A COMPLETE PRODUCT RANGE

designed for specific markets



Results for 2005
March 16, 2006

 **ingonico**



MAJOR SIGNS OF SUCCESS

▶ Bank of America (North America)

- ➔ Banking and financial
- ➔ €12M + related services over a 2-year period
- ➔ Deployment early in Q2 2006

▶ Kodak (global)

- ➔ Global partnership – payment solutions for photo development kiosks
- ➔ Current global kiosk population: 80,000 units
- ➔ Growth potential: 300,000 – 500,000 units in the next 5 years (€700 per unit)
- ➔ Projects under way in various parts of Europe in 2006 – potential for €3 – 8 M (service included)



MAJOR SIGNS OF SUCCESS

▶ NTT Data Corporation (Japan)

- ➔ Countertop + mobile terminals
- ➔ NTT Data operates on INFOX-NET, the largest network in Japan
- ➔ Current population: 300,000 terminals
- ➔ Sales potential in 2006: €5 – 15 million

▶ FIMPE (Mexico)

- ➔ Ingenico chosen as strategic partner to a fund including 16 national banks and the Mexican government
- ➔ Objectives: install 500,000 terminals in the next 3 years
- ➔ Sales potential: over €40 million
- ➔ 100,000 terminals already shipped



MAJOR SIGNS OF SUCCESS

▶ Barclaycard (UK)

- ➔ Contracts extended to 2008
- ➔ Revenue: €50 million (service included)

▶ Infotech (Iran)

- ➔ New distributor
- ➔ Sales in 2005: €3.5 million
- ➔ Potential 2006/2008 : over €25 million

▶ CIM Italia (Italy)

- ➔ EMV migration decided on in H2 2005 – 80,000 terminals to be replaced by end of 2006
- ➔ Sales potential: over €10 million



MAJOR SIGNS OF SUCCESS

▶ Commonwealth Bank (Australia)

- ➔ Largest installed base in Australia – ~100,000 units
- ➔ Sales potential in 2006: over €7 million
- ➔ 2006 – 2008: over €25 million

▶ Crédit Agricole (France)

- ➔ 15100 referenced (Unicapt 32 application)
- ➔ High growth potential



ROADMAP

Sharper focus on
core business



Restore profitability

Stabilize products

Improve supply chain



ROADMAP

Service offer
deployment

Software solution
for large retailers

2007

Global integrated
service offer



ROADMAP



« Guidance »

Questions/
Answers

