

# 2011 H1 Earning Results

July 28th. 2011



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# Agenda

● Review of activities H1 2011

Ph. Lazare - CEO

● Financial results H1 2011

J.Y. Schapiro - CFO

● Outlook

Ph. Lazare - CEO



# Review of activities H1 2011

# 2011: key highlights

## ● **Topline growth**

- ❑ H1'11 revenue: €440.3m
- ❑ Year-on year: +11.4%
- ❑ Like-for-like: +6.4%

## ● **Demonstrated profitable growth and operating leverage**

- ❑ EBITDA margin at 14.3%
- ❑ EBIT: 11.6% (+230 basis points)

## ● **2011 guidance: confirmed profitable growth**

## ● **Update on 2010-2013 strategic plan**

- ❑ First country opened to deploy easycash services outside Germany
- ❑ Reinforcing easycash in Germany through the acquisition of Paycom

# Group transformation progressing well

## 2011 management priorities

- **Maintaining leadership on payment terminals**

- **Transactions**

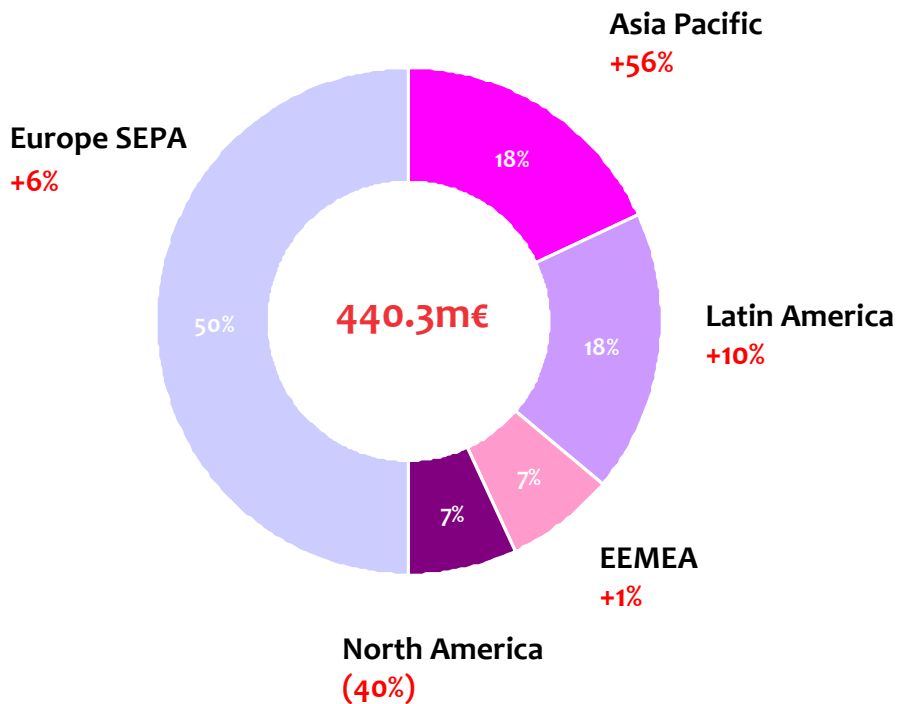
- Enlarging offering & enhanced footprint
- VAS: developing & deploying integrated portfolio of services

## H1 2011 achievements

- Captured growth from emerging markets
- Consolidated position in mature countries
  - Europe-SEPA
  - North America: recovery confirmed for H2 (initiated in Q2)
- First iSMP orders
- Delivered solid margins
- Ready to capture NFC growth
- Won first cross-border front-end processing contract (>20 countries)
- Traction for transactions in Europe
- Opened first country to deploy easycash services outside Germany: Belgium
- Reinforced easycash presence in Germany through acquisition of Paycom

# H1 revenue: emerging markets and Europe as key growth drivers

## Revenue contribution & performance by region (at constant FX & scope)



### Strong growth in emerging markets: 43% of revenue (vs. 37% in H1'10)

- Asia Pacific. Continued strong growth in China combined with strong performance in South East Asia (India, Indonesia)
- Latin America. Brazil activity remains dynamic. Good performance in Mexico
- EEMEA. Market recovery in Turkey

### Europe-SEPA: continued strong dynamic

- Growing markets
- Traction in managed services
- Performance of easycash demonstrating relevant business model

### North America: in recovery

- Acceleration of pilots deployment in Q2
- Recovery confirmed for H2

# New customers wins and partnerships illustrating Ingenico's payment offer

**E-Wallet:** Agreement reached on Google Wallet & Loyalty; US pilots starting

**Mobility:** Pilots for Apple with Ingenico's iSMP

**Contactless:** London Black Cabs, Mc Donald's UK, Credit Mutuel in France, Mobile Shopping in Spain and other pilots...

**Banks:** major orders from Bank of China & other regional banks, and of Bank Mandiri in Indonesia...

**Unattended:** new wins in Mexico, in Germany

**Financial inclusion:** new developments & partnerships in Middle East & Africa, and in India

**International top up:** new partnerships of TransferTo with MTN Africa & Middle East, SFR France and other operators (Zantel Tanzania, Telecel Zimbabwe, Wind Canada... ); new application for Apple iPhone and iPod





# Financial results H1 2011

# Basis of presentation for 2011 financials

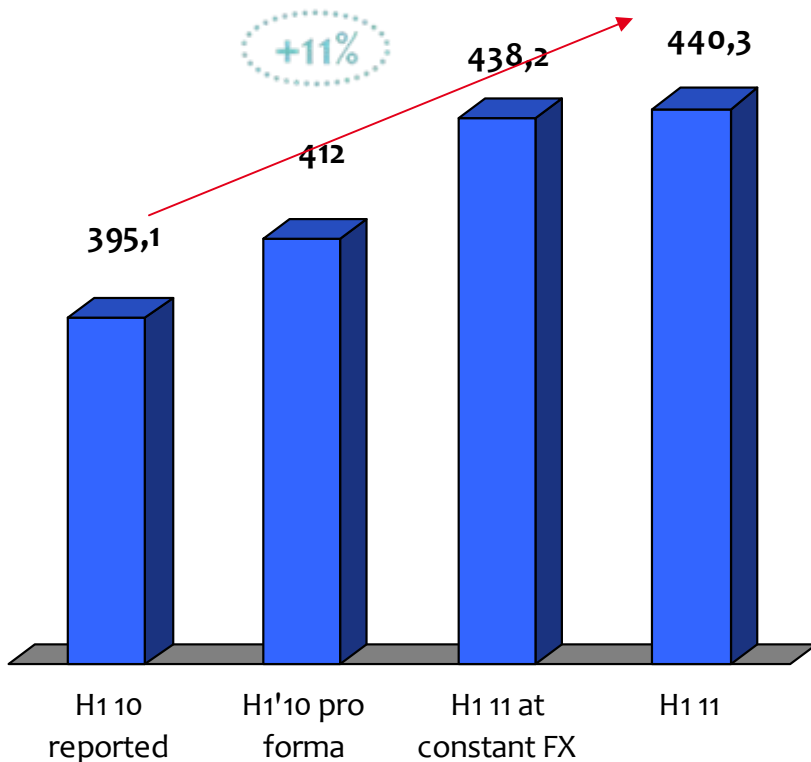
## ● For better appreciation of the Group's performance

- ❑ Operating performance and income statements in this presentation are prepared on an adjusted basis, ie exclude the impact of PPA amortization (IFRS3)
- ❑ 2010 financial data are pro-forma based to reflect the Group's scope of consolidation as of January 1 2011 and presented on an adjusted basis ie. including the change in the scope of consolidation which have occurred during 2010 fiscal year: acquisitions of TransferTo, Ingenico Prepaid Services France (ex Payzone France), Ingenico Services Iberia (ex First Data Iberica).

# Operational performance demonstrating operating leverage

In €M	H1 2011	H1 2010 Proforma	H1 2010 Reported	Changes	
				vs. H1'10 Proforma	vs. H1'10 Reported
Revenue	440.3	412.0	395.1	+6%	+11%
Gross Profit	172.4	152.3	147.1	+13%	+17%
<i>In % of revenue</i>	39.2%	37.0%	37.2%	+220 bps	+200 bps
EBITDA	63.0	54.6	53.6	+15%	+17%
<i>In % of revenue</i>	14.3%	13.3%	13.6%	+100 bps	+70 bps
EBIT	51.1	36.6	36.7	+40%	+39%
<i>In % of revenue</i>	11.6%	8.9%	9.3%	+270 bps	+230 bps
Net Result	11.0	-	11.2		-1.8%
Operating cash flow	12.2	-	44.3		

# Robust top line growth



● **Year-on year: +11.4%**

□ **Positive FX impact: +€2.1m**

● **Like-for-like: +6%**

● **+4.4%: growth derived from terminals (hardware, services & maintenance)**

□ **Volume growth (>10%)**

□ **ASP impacted by geomix (China) despite higher contribution of mobile & contactless terminals**

● **+17.1%: growth derived from transactions (payment & non payment)**

□ **All segments**

# Terminals: continuous improvement of gross profit

## Terminals (Hardware, Services & Maintenance)

In €m	H1 2011	H1 2011 / 2010 PF
Revenue	365.8	+4.4%
Gross Profit	145.1	+10.8%
In % of revenue	39.7%	+220bps
Excluding indentified quality issue in H1'10	-	+50bps

- Hardware: stable gross profit despite good underlying performance
  - Improvement of production costs based on positive impact of foreign exchange & purchasing efficiencies
  - Off set by increased indirect costs related to inventory depreciation (end-of-life of old products)
- Maintenance: significant gross profit improvement due to variance of non quality provision (one off adjustment of €6.1m in H1'10)

# Transactions: confirming robust fundamentals

## Transactions

<i>In €m</i>	H1 2011	H1 2011 / 2010 PF
Revenue	74.5	+17.1%
Gross Profit	27.3	+27.9%
<i>In % of revenue</i>	36.7%	<b>+28bps</b>

- As expected, gross margin impacted by dilutive impact of higher contribution of acquiring & TransferTo
  - 24% of Transactions revenue vs. 20% in H1'10 (pro forma)
- Higher margin due to fine-tuned allocation of indirect costs between Terminals & Transactions

# Moderate increase of operating expenses\*

In €M	H1 2011	H1 2010 pro forma	H1 2010 reported
Research& Development	34.2	34.9	34.2
Sales & Marketing	35.6	32.2	31.0
General& Administrative	51.5	48.6	45.2
<b>Operating expenses</b>	<b>121.3</b>	<b>115.7</b>	<b>110.4</b>
<b>In % of revenue</b>	<b>27.5%</b>	<b>28.1%</b>	<b>27.9%</b>

- Sales & Marketing costs increase reflecting commercial performance
- General & Administrative costs increase reflecting Group evolution

\*excluding PPA

# From EBITDA to EBIT

In €M	H1 2011	H1 2010 pro forma	H1 2010 reported	Changes	
				vs. H1'10 Proforma	vs. H1'10 Reported
<b>EBITDA</b>	<b>63.0</b>	<b>54.6</b>	<b>53.6</b>	+15%	+17%
<i>In % of revenue</i>	<i>14.3%</i>	<i>13.3%</i>	<i>13.6%</i>	+100 bps	+70 bps
Amortization and provision for liabilities	9.5	16.2	15.1	-41%	-37%
Share-based payment	2.4	1.8	1.8	-33%	-33%
<b>EBIT</b>	<b>51.1</b>	<b>36.6</b>	<b>36.7</b>	+40%	+39%
<i>in % of revenue</i>	<i>11.6%</i>	<i>8.9%</i>	<i>9.3%</i>	+270 bps	+230 bps



# Stable net income

In €M	H1 2011	H1 2010
<b>EBIT</b>	51.1	36.7
<i>in % of revenue</i>	11.6%	9.3%
Purchase Price Allocation	(13.9)	(13.8)
<b>Adjusted EBIT</b>	37.2	22.9
Other income and expenses	(5.8)	(2.1)
<b>Operating income</b>	31.4	20.8
Financial result & Equity Method	(15.3)	(3.4)
<b>Income before tax</b>	16.1	17.4
Income tax	(5.1)	(6.3)
<b>Net Result</b>	11.0	11.2

- Financial result decrease
  - Increased net expenses related to bond convertible of 250m and its non-cash IFRS accounting treatment
  - Increased foreign exchange losses

# Net debt improvement

In €m	H1 2011	H1 2010
<b>Net debt as of January 1</b>	<b>109.1</b>	<b>144.4</b>
<b>EBITDA</b>	<b>63.0</b>	<b>53.6</b>
<b>Working capital changes</b>	<b>(38.9)</b>	<b>0.9</b>
<b>Net capex</b>	<b>(11.9)</b>	<b>(15.9)*</b>
<b>Net Operating Cash Flow</b>	<b>12.2</b>	<b>38.6</b>
<b>Other income &amp; expenses</b>	<b>(5.4)</b>	<b>(3.2)</b>
<b>Interest paid, tax and others</b>	<b>(18.4)</b>	<b>(25.8)</b>
<b>Dividend paid</b>	<b>(5.3)</b>	<b>(9.4)</b>
<b>Convertible bond (IFRS)**</b>	<b>31.5</b>	<b>-</b>
<b>Change in net debt</b>	<b>14.6</b>	<b>0.2</b>
<b>Net debt as of June 30</b>	<b>94.5</b>	<b>144.3</b>

\* Including -4.7m€ from acquisitions net of disposals

\*\*IFRS treatment of convertible bond including equity component, accrued & capitalized interests

# Balance Sheet

In €M	June 30 2011	June 30 2010
Goodwill	458.8	466.3
Tangible & intangible Assets	171.9	188.1
Other non current assets	64.8	69.0
Inventories	100.4	105.5
Accounts receivables	244.6	254.1
Other Current Assets	28.0	21.5
Cash and cash equivalents	362.3	158.9
<b>Total Assets</b>	<b>1430.8</b>	<b>1263.4</b>
Net Equity	564.3	545.6
Borrowings	386.9	228.8
Other non current liabilities	91.0	83.4
Accounts payables	219.9	267.7
Borrowings (short-term debt)	69.9	39.2
Other current liabilities	98.8	98.7
<b>Total Equity &amp; Liabilities</b>	<b>1430.8</b>	<b>1263.4</b>

## 2011 outlook



# 2011 Outlook: continuing profitable growth

In €m	2010 pro forma	2011 guidance
Revenue	926.6	≥985
<i>Like-for-like growth</i>		≥ 6.3%
EBIT	13.5%	≥13.9%
EBITDA	18.0%	≥18.3%

# Ingenico investment case

- **Key focused strategy**
- **Technological leadership**
- **Well positioned in a growing market**
- **Continuous shift towards e-payments**
- **Structural changes in the payment ecosystem**
- **Leveraging key assets to expand margins**
- **Track record of profitable growth & financial strength**