

# Deploying our strategy across our geographies



# EMEA: Developing the region

Jacques Behr, EVP EMEA



# EMEA : A wide geographical range with multiple dynamics

## EMEA market size :

- Russia : 800K units
- CIS : 200K units
- Middle East : 2M units
- Turkey : 2.2M units
- Africa : 800K units
- South Africa: 300K units
- S.E.E: 900K units
- Japan: 1.1M units

Paris to manage export:  
44 employees

Russia :  
98 employees  
(production site in Tver)

Turkey :  
109 employees

## Key Customers



AKBANK

iŞBANK



SBERBANK

RBS

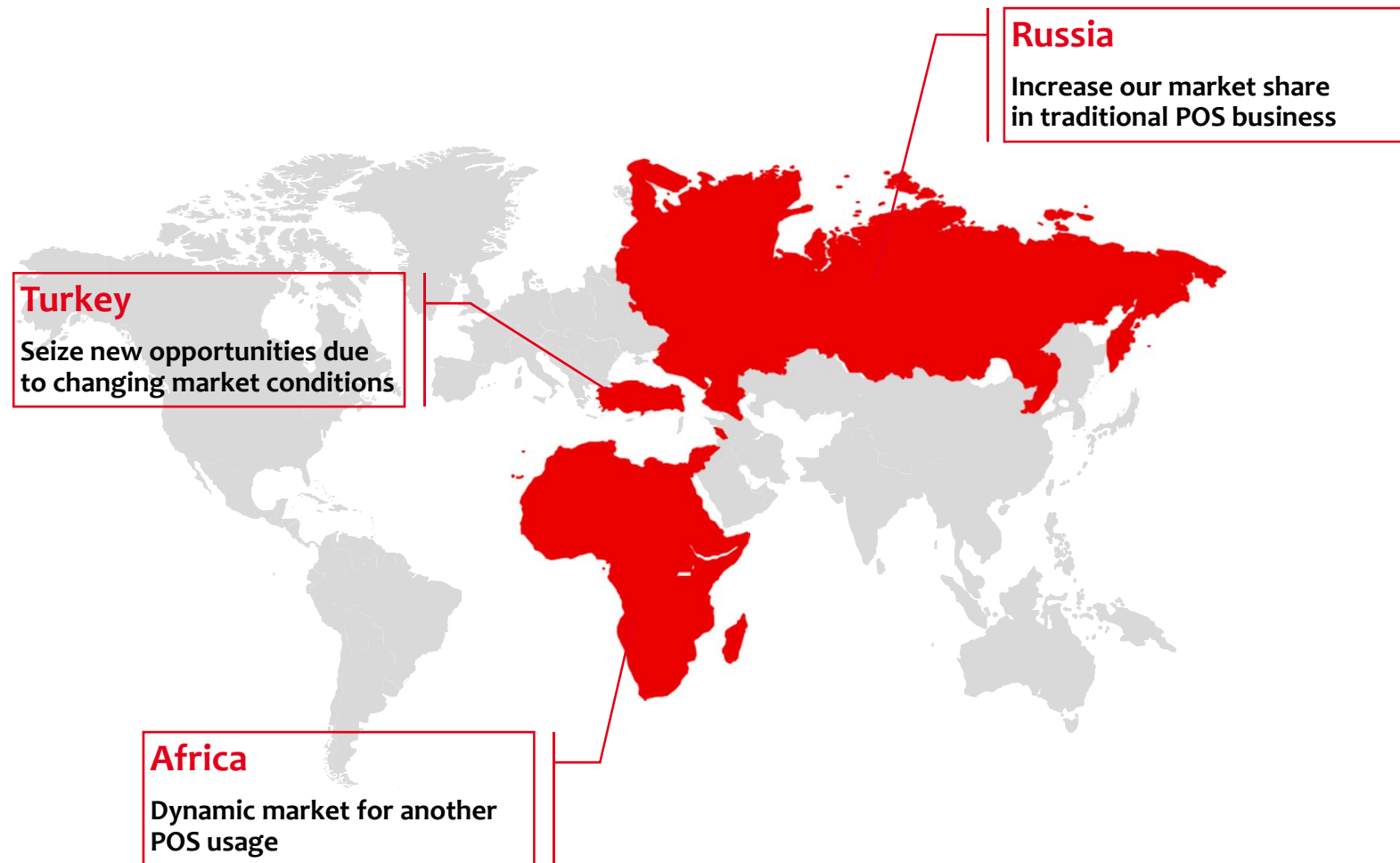


PrivatBank



UniCredit

# EMEA – Strategic Initiatives 2013





# Russia & CIS countries: Increase our market share in traditional POS

## ● **Market Drivers :**

- > Steady economic growth rate
- > Strong POS market growth
- > Increasing solutions & service requirements
- > Russian laws to enforce electronic payments
- > Large Kiosk and Unattended Market
- > Mobile payment to become popular

## ● **Strategic Initiatives :**

- > Leverage on Arcom acquisition to address the market directly
- > Leverage on local manufacturing, as key differentiator
- > Invest in Sales to address a highly fragmented market (over 400 banks)
- > Invest or partner to provide more local support & services
- > Seize new opportunities in Verticals (Retail, Mobility, Unattended)



# Turkey: Seize new business opportunities due to changing market conditions

## ● **Market Drivers:**

- > High volume, mature and price sensitive market
- > Deep market reorganization and new revenue opportunities
- > 2012 Turkish Ministry of Finance indicates that all current check out devices must be replaced by Online electronic fiscal POS (ECR + Payment functionalities)
- > 3M ECR POS devices expected to be deployed by end of 2015 (potential 1.2bn+ USDmarket)
- > New business model resulting in recurring revenue potential from linked services

## ● **Strategic Initiatives:**

- > Complete new product, to be launched H2
- > Package a new offer including hardware, transactions services and customer support
- > Redefining Channel to Market
- > Duplicate model in other countries, if appropriate



# Africa: Dynamic market for different “way to pay”

## ● **Market Drivers:**

- > 1 billion people, 56 countries with fast growing economies, young & unbanked populations
- > Government & financial institutions promote electronic transaction platforms using existing infrastructure and equipment providing cheap and flexible solutions
- > Mobile is key for electronic transactions & to support value added solutions

## ● **Strategic Initiatives:**

- > Over the last 3 years, Ingenico has provided POS Terminals to various African multi-electronic transaction initiatives (business cases : SASSA & GHIPPS)
- > The strategic initiative set in 2013 is to move from POS provider to end to end solution provider (POS + infrastructure + solutions + services)



# Africa - A different “way to pay” business case:

## SASSA: South African Social Security Agency



- In 2012, the South African government deployed a social welfare program to poor population
- SASSA enrolled and issued 10M EMV smartcards that digitally store the beneficiaries biometric fingerprint templates, enabling them to access their social welfare grants securely
- In 2013, addition of multiple value added services (loans, insurance, prepaid airtime, prepaid electricity and bill payments)



### Ingenico provided:

- 4,500 pinpad for individual enrollment and pin entry
- 8,000 biometric POS used to secure multiple transaction management based on biometric identification
- In January 2013, 2,000 bioPOS were installed at Shoprite, to allow beneficiaries to use their social grants to pay for goods



# Africa - A different “way to pay” business case:

## GhIPPS – the E ZWICH program

GhIPPS

- GhIPPS, the Ghana national payment switch launched 2 years ago, E ZWICH a biometric-based program aiming at promoting public and financial electronic services
- Full 100 % end to end biometric infrastructure using Bio cards, POS and ATMS
- Wallet cards can be used for services like salary payment, insurance identification, public services payments, deposits, cash out, money transfer , savings deposit, bill payment
- Opened the closed loop platform to EMV Visa and MC interoperability
- In 2013 , 15K new Bio POS and ATM will be deployed to rural territories

### A successful partnership between GhIPPS and Ingenico:

- **6,000 biometric POS used to secure multiple transaction management based on biometric identification**
- **Multi application software and support**



## EMEA – Developing the region

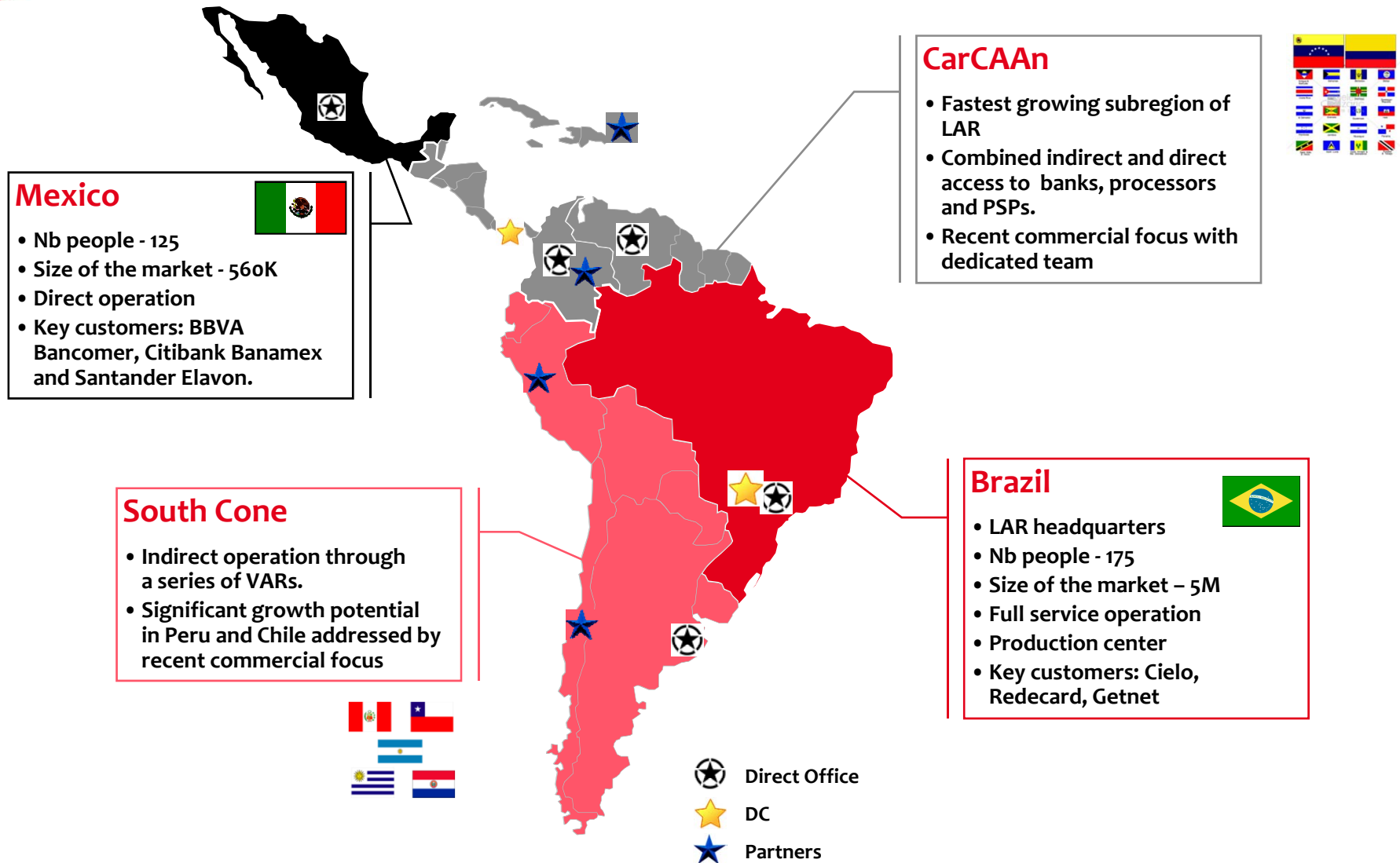
- **Russia : Grow Ingenico's revenue, leveraging on organic market growth, recent acquisition and local manufacturing**
- **Turkey : Seize the new business opportunity related to new local fiscal – ECR POS project**
- **Africa : Move from POS vendor to end to end mobile solution provider**

# Latin America: Sustaining growth

Oscar Bello, EVP Latin America



# LAR – the market leader with room for growth





## Significant growth through expansion over the last 2 years

Rank '11	Rank '10	Company, Headquarters
1	1	Cielo Brazil ✓
2	2	Redecard Brazil ✓
3	3	Visa Argentina Argentina ✓
4	4	BBVA Bancomer Mexico ✓
5	5	Transbank Chile <sup>(1)</sup> ✓
6	8	Banesco Banco Univ. Venezuela ✓
7	6	Banco Nacional Mexico ✓
8	7	First Data Argentina <sup>(2)</sup> ✓
9	9	Mercantil Banco Univ. Venez. ✓
10	23	Banco Santander Brazil ✓
11	12	BBVA Banco Provincial Venez. ✓
12	14	Banco de Venezuela Venezuela ✓
13	13	Evertec Puerto Rico <sup>(3)</sup> ✓
14	10	Santander Mexico <sup>(4)</sup> ✓
15	11	Banorte Mexico ✓
16	15	Grupo Bancolombia Colombia ✓
17	16	CardNET Dominican Republic ✓
18	17	HSBC Mexico ✓
19	18	VisaNet Peru ✓
20	21	Bancaribe Venezuela ✓
21	20	Banco Nacional Costa Rica ✓
22	22	Banco Davivienda Colombia ✓
23	24	Banco de Occidente Colombia ✓
24	19	Banco de Costa Rica Costa Rica ✓
25	35	IXE Banco Mexico ✓
26	26	Procesos de Medios de Pago Peru ✓
27	25	Banco de Bogota Colombia ✓
28	27	Bancard Paraguay ✓
29	30	VisaNet Dominican Republic ✓

- > In 2010 Ingenico was only doing business with 18 of the top 30 acquirers in LAR
- > After a two-year campaign we have expanded our customer base to include ALL of the top 30 acquirers in LAR

# Diversified customer base



BBVA

Elavon

Walmart

BANBAJIO

IXE





# LAR Strategy for Growth

- Grow existing customer base
- Expand to new customers and new countries
- Diversify into new vertical markets
- Expand reach beyond current value chain



# Brazil: still potential for growth

## Great market dynamics

- Development of countryside regions
- Olympics and World Cup
- Growth of credit
- C & D sectors under development
- E-Government
- Tax collection tool

## Increased customer demand

- Merchant demand for modern terminals
- GPRS as Premium
- Pin Pad base renewal
- New competitors
- E-Government
- CIELO – REDECARD –prime operation

## Opportunities for Ingenico

- 
- Launch new products and solutions
  - Long term customer partnerships
  - Market omnipresence
  - Autonomy with local manufacturing & repair labs



In Brazil we are well positioned to capture very large vertical market opportunities....



### Mobile Payments

- 60M smartphones
- NFC + POS
- Major acquirers evaluating solutions
- Ingenico has the advantage with iCMP & iSMP



### E-Government

- Education, Healthcare, e-ID and Defense
- Manage projects through integrators & distributors
- Leveraging on our experience of Bahia state education (worth €10M)



### Retail

- Large retailers like Walmart, P de A, Carrefour need in-store mobile solutions
- iCMP enables many devices such as tablets to improve in-store checkouts

# Latin America business case: SEEDUC Bahia

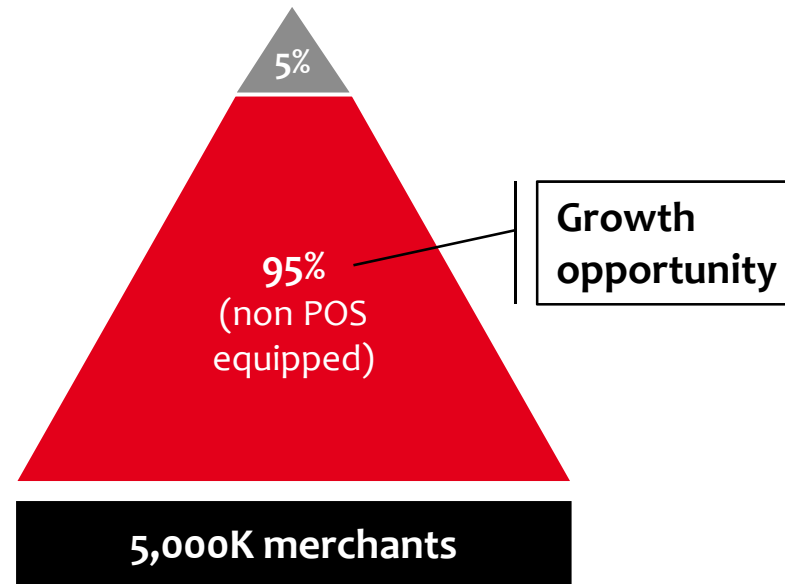
## Seizing the Vertical opportunity in Education



- SEEDUC Bahia (and all 27 states) received federal gov't subsidies for education, based on student attendance
- Issue: Need to accurately & efficiently track attendance real-time in state schools
- Solution: Use of Ingenico biometric devices to take daily attendance and concentrate information on a real-time basis for reporting.
- In Bahia alone there are 8K schools each requiring 3 terminals = 24K



# Mexico is primed for growth



- Only 5% of all payment transactions are captured electronics
- A huge opportunity for growth, with new low cost terminal configurations and with mobile payments
- Ingenico today has the right products for this market at the right price points and with the best in country service operation



## Latin America : Sustain growth

- EMV, NFC and 3G communications driving the need to update existing installed base in Latin America
- Growth potential remains in Brazil with strong economic dynamics, new verticals and mobile payment development
- Increased focus outside Brazil with Mexico as a priority with appropriate products

# APAC & China: Seizing the opportunities

Patrice Le Marre, EVP APAC & China



# APAC: Strong growth potential with different market challenges to tackle across APAC

## India: Market driven by Government initiatives

- 1.2B habitants
- <1 POS / 000' habitants
- 700K terminals installed
- 30% growth within the next three years

## China: Volume-driven market

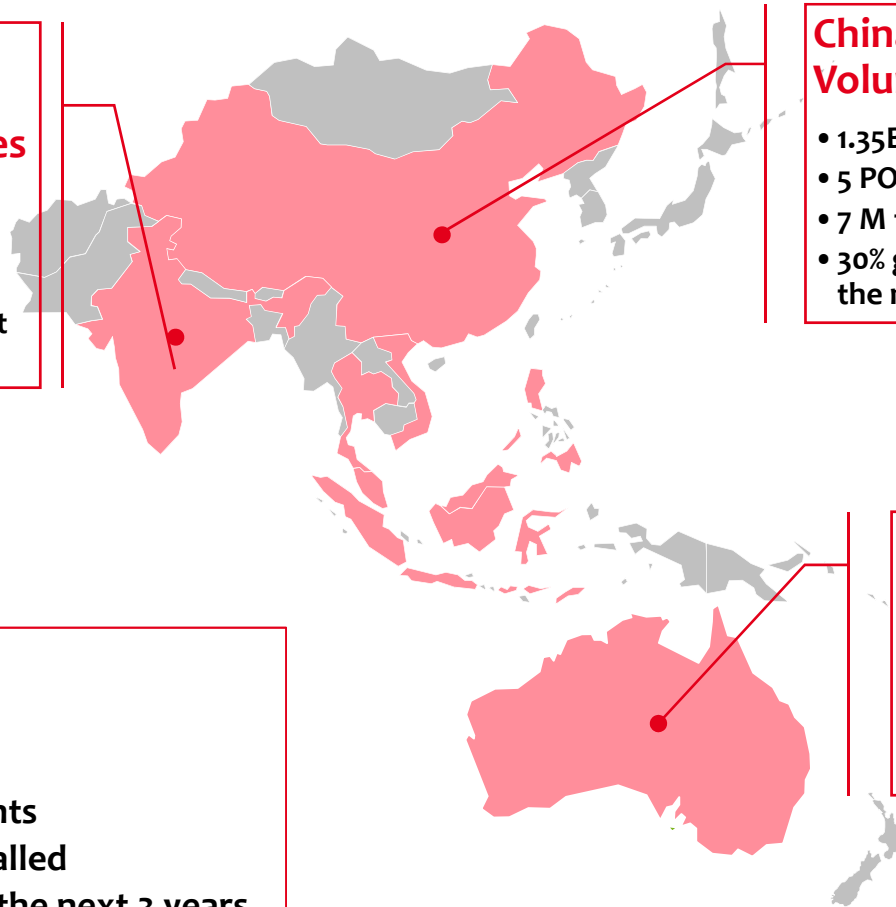
- 1.35B habitants
- 5 POS / 000' habitants
- 7 M terminals installed
- 30% growth within the next three years

## South East Asia: Market taking off

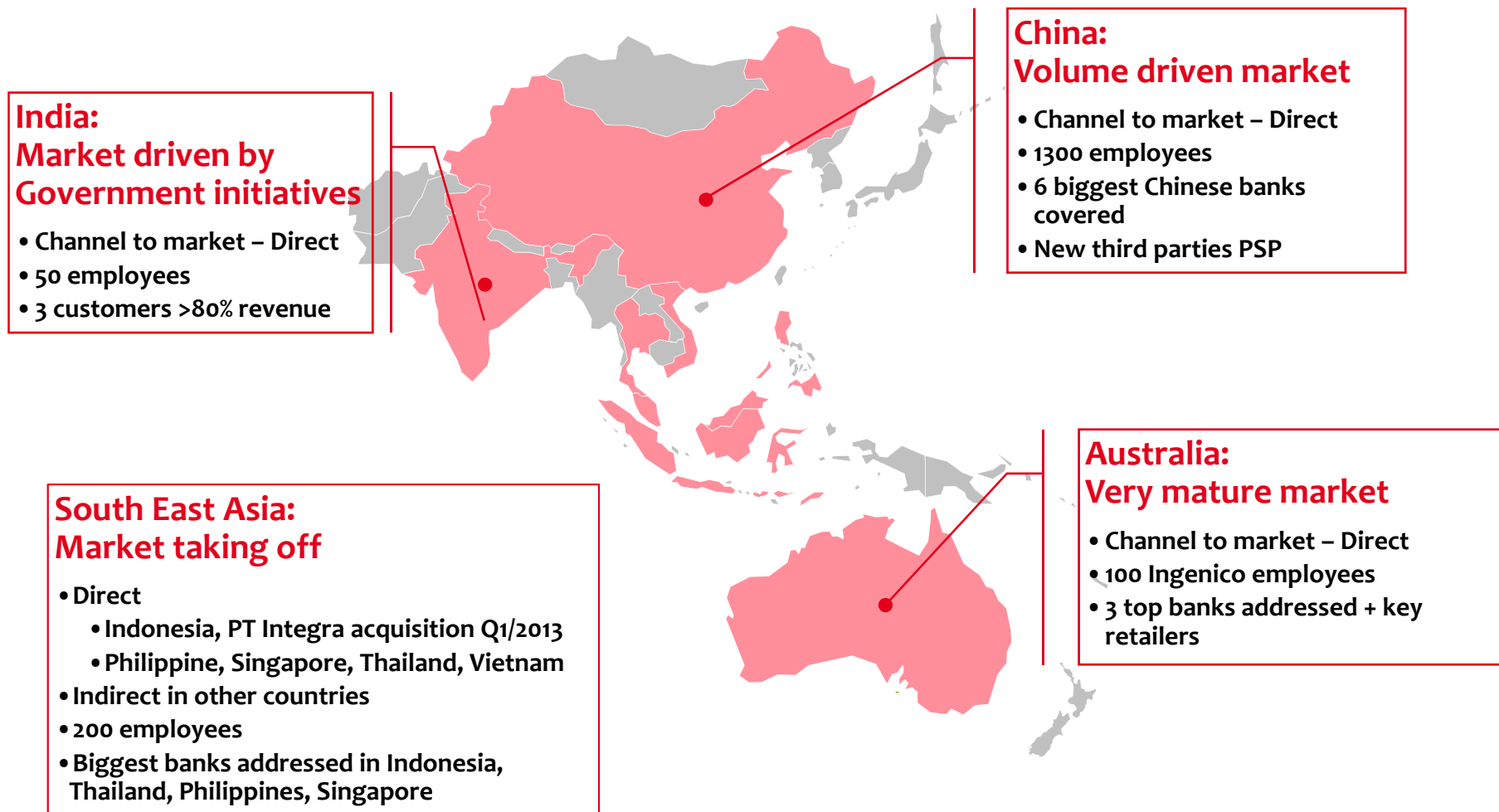
- 540M habitants
- 3 POS / 000' habitants
- 1.3M terminals installed
- 20% growth within the next 3 years

## Australia: Very mature market

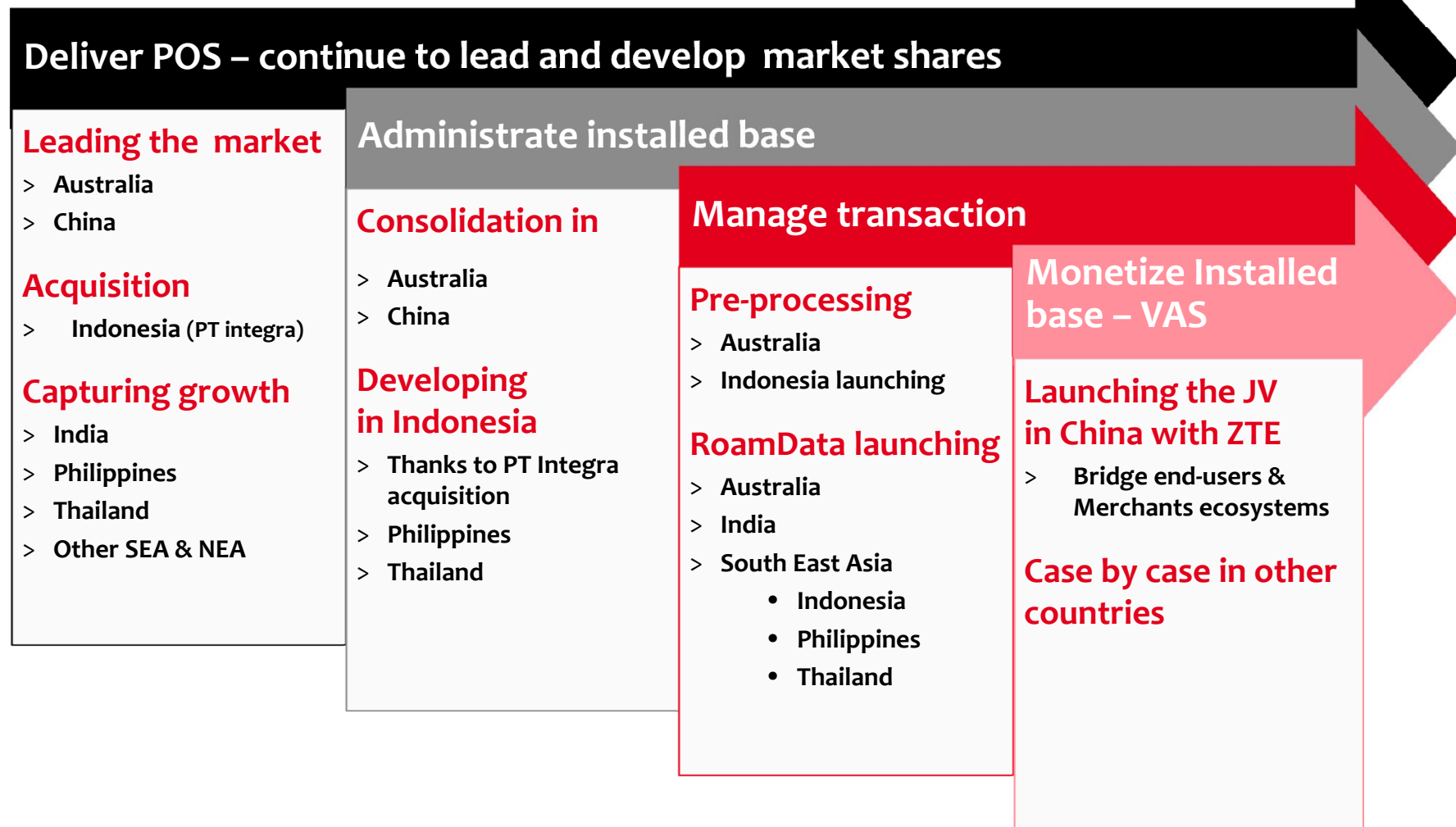
- 22M habitants
- 33 POS / 000' habitants
- 750K terminals installed
- 5% growth within the next 3 years



# APAC: Strong growth potential with different market challenges to tackle across APAC



# APAC: Strong growth potential with different market challenges to tackle across APAC

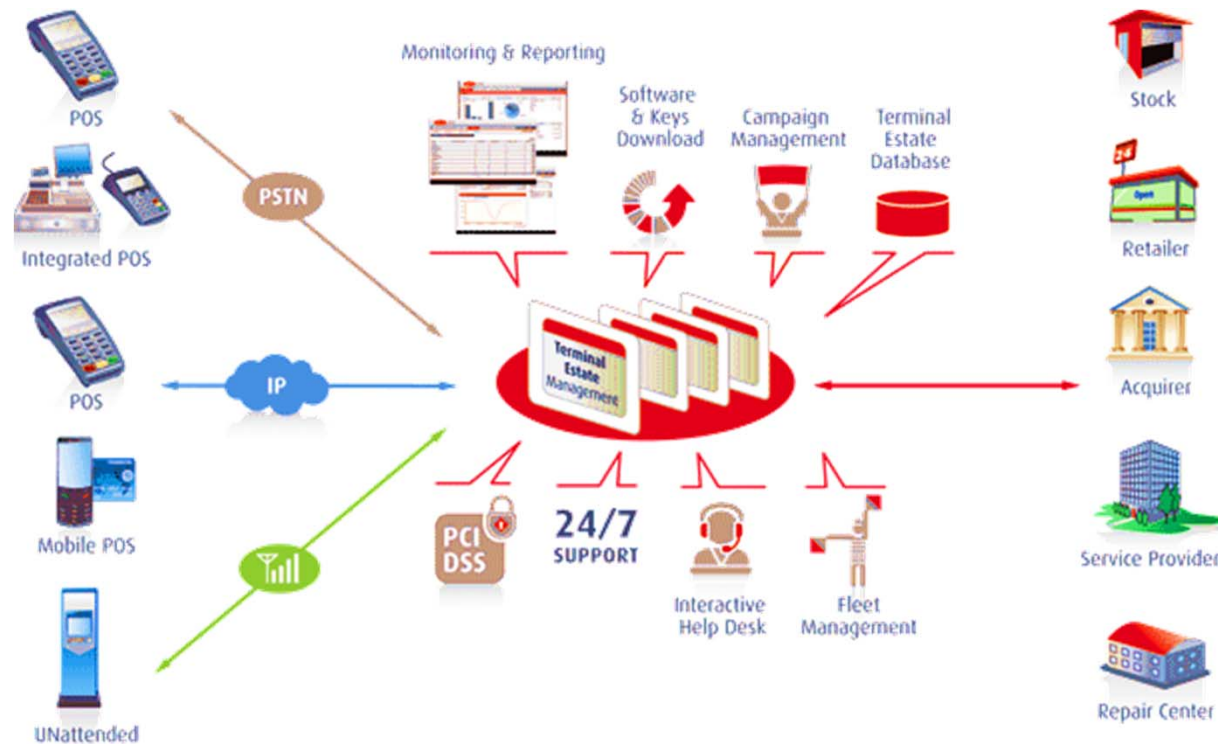






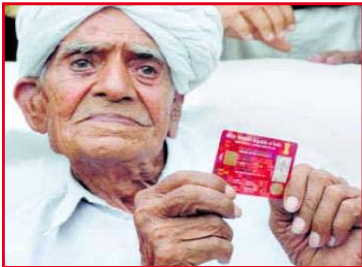
# Indonesia: Providing **T**erminal **M**anagement **S**ystem to facilitate fleet administration

Selling hardware + TMS solution to increase the fields of deployment, secure the network and increase the ability to deliver additional value in the future.



Reducing by 3 the cost of fleet administration

# India – Partnership in Biometry allowing financial inclusion (Aadhaar – UID)



By providing a clear proof of identity, Aadhaar (UID) will also facilitate entry for poor and underprivileged residents into the formal banking system and the opportunity to avail services provided by the government and the private sector.

## ● Projected benefits

- > Financial inclusion (banks & distribution of social benefits)
- > Giving migrants mobility of identity

## ● Opportunity

- > Indian government looking for new technology
- > New payment scheme under deployment - Rupay
- > 2 Mu to be deployed in 2/ 3 years

## ● Ingenico's answer

- > Alliance with **Morpho**, a leading provider in biometric solution – captors & infrastructure
- > Very innovative range of biometric terminals



# APAC – Ready to capture growth driven by mobile acceptance devices

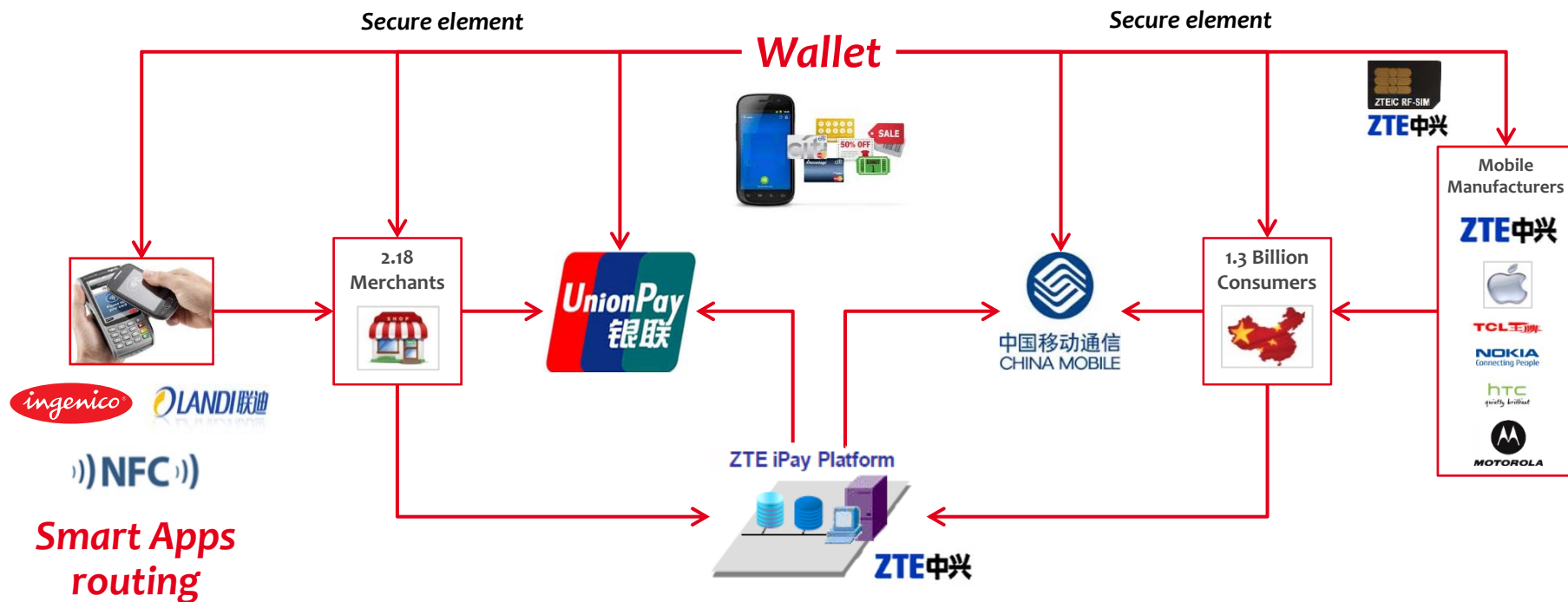
- **The regulation is globally moving towards CHIP and PIN solutions**
  - > India and Australia will require CHIP & PIN Solution, mandatory by June 2013 and June 2014, respectively
  - > Rest of Asia – still under validation, but already Chip & Sign for local payment schemes and expected to move also to PIN & CHIP
- **We have all the appropriate solutions available**



- **We have the connections to all the major acquirers**
  - > Australia – top 3 banks
  - > China – top 6 banks
  - > SEA – from 12 banks at the end of 2012 towards 20 banks by end of 2013
  - > India – Top 3 banks

# China: Consolidating strong positions through JV in mobile payment

- **JV with ZTE combining:**
  - > Ingenico's large installed base and relationships with CUP and banks
  - > ZTE's technology and relationships with China Mobile and other Telecom carriers
- **To build an end to end solution to enable consumer mobile payment and VAS in shops**





# Ingenico: The right assets to continue to grow in APAC

- The right geographical coverage across the region
- Still significant growth opportunities in hardware, driven by massive deployments to move from cash to electronic payments
- The right technologies to capture additional growth (mobile payment, biometry, NFC, ... )

# North America: Executing the strategy

Thierry Denis, EVP North America





# Ingenico: Leading Player in North America

**Acquisition of IVI-Checkmate in 2002 provided Ingenico with entry in both Canada & US markets**

## ● **USA – Regional Head Office**

- > Headquarters in Atlanta
- > Staff: 137
- > Ingenico number 2 position
- > Clients: mostly large retailers (Walmart, Home Depot, USPS,...)
- > Market size estimated at about 12M POS



## ● **CANADA**

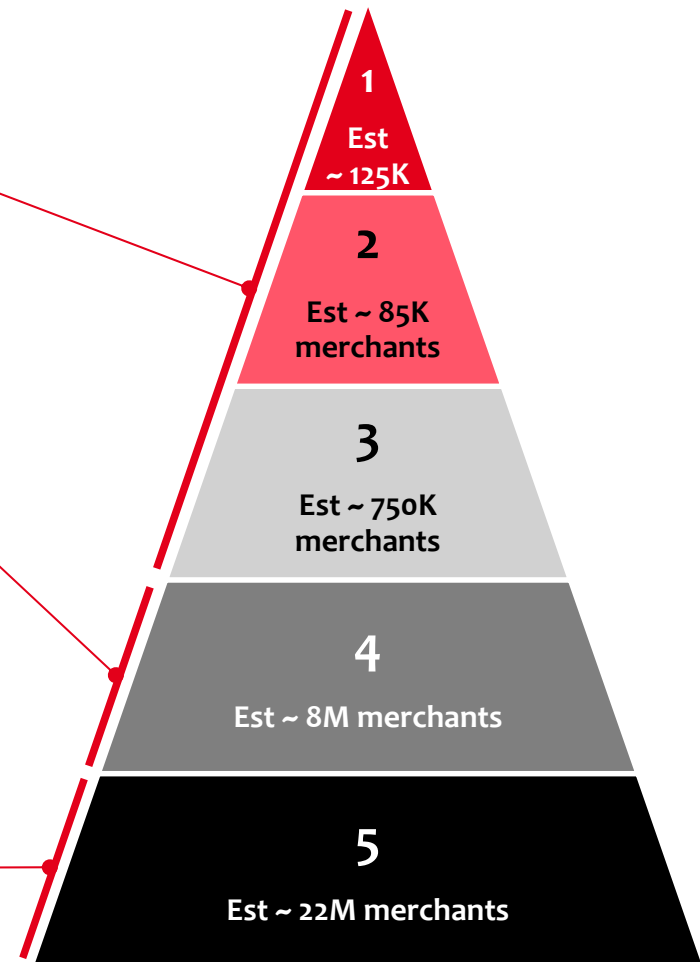
- > Canadian head office in Toronto
- > Staff: 88
- > Ingenico market leader
- > Clients: 90% indirect, through processors & acquirers (Moneris, Chase, Global,..) ;10% direct, large retailers (Walmart, Home Depot).
- > Market size estimated at 900k POS





# NAR Strategy: Double US market share in 3 years

- **Maintain our strong presence in the large retailers segment:**
  - > Provides large volume orders
  - > Provides brands recognition for Ingenico
- **Penetrate the bankcard segment: a significant growth opportunity**
  - > An estimated 10M POS market
  - > An untapped market for Ingenico
  - > Market consolidation and EMV migration provide a unique opportunity
- **Reaching out to a new segment in cooperation with Roam**





# Large US retailers: Our historical segment

- Around 30% of lanes in top tier retailers
- Addressable market: 2m POS
- US retailers have to deal with:
  - > Increasing security requirements
  - > EMV migration
  - > Multiple NFC solutions being piloted
  - > Consumers buying more products online & “showrooming”
  - > Development of new types of applications for mobile devices for consumers and associates





# Consolidate our position with US retailers by offering a complete range of solutions

- **Providing the full range of “future proof” and flexible solutions to our retailers**
  - > 100% of terminals delivered are EMV ready
  - > NFC – Partnership with PayPal, Google, ISIS
  - > Security: : Partnership with market Point to Point Encryption players
- **Successfully deploying Telium based terminals with key retailers (Home Depot, USPS, Walmart)**
  - > Solutions from in lane to mobile
- **Bringing Software solutions from Terminal Management System to mobile applications**
  - > Ensure that the terminal fleet can be easily managed remotely
  - > Assist retailers with their mobile application & point of service solutions





# Leverage on key partnerships to offer retailers tomorrow's solution now

## ● **Wallet & NFC – We are ready**

- > Partnerships with PayPal, Google, ISIS
- > First to go pilot with PayPal on Home Depot terminals in January 2012
- > Pilot of ISIS solutions started in Q4 2012 at 4 T-Mobile store locations. Going to new iSC480 in June 2013.



PayPal



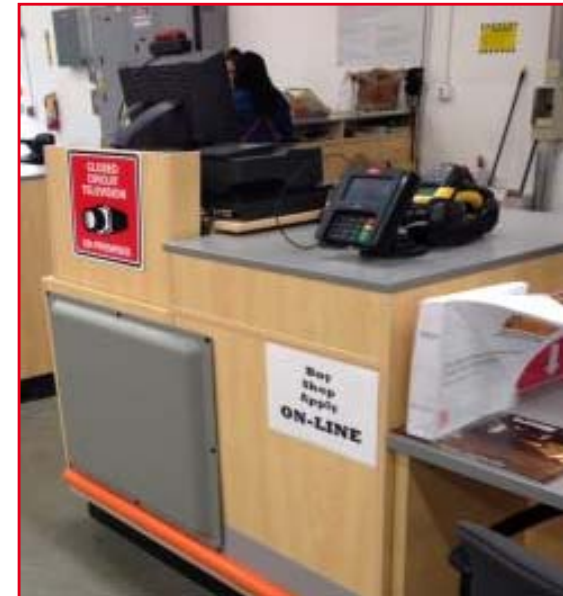
## ● **Microsoft – Ingenico selected as strategic partner to combine business application and secured payment on the same device**



# The Home Depot: a 100% Ingenico Customer

## ● In lane hardware & software solution

- > Need for new generation signature capture device with latest technology
- > After extensive 14 month RFP, won 85k lane deal in December 2012
- > Software solutions:
  - EMV application
  - P2PE – OnGuard
- > Roll out started and will be completed in 2014 (US & Canada)



# The Home Depot: a 100% Ingenico Customer

## ● Extending market to external contractors

- > Contractors provide services on the ground in the name of The Home Depot and charge customers
- > The Home Depot wanted to equip them with a payment system
- > An Ingenico / Roam pilot solution started in February using a swiper solution & Roam gateway
- > Next: Expansion of the range of solutions to offer contractors options to accept debit & EMV payment (iCMP)



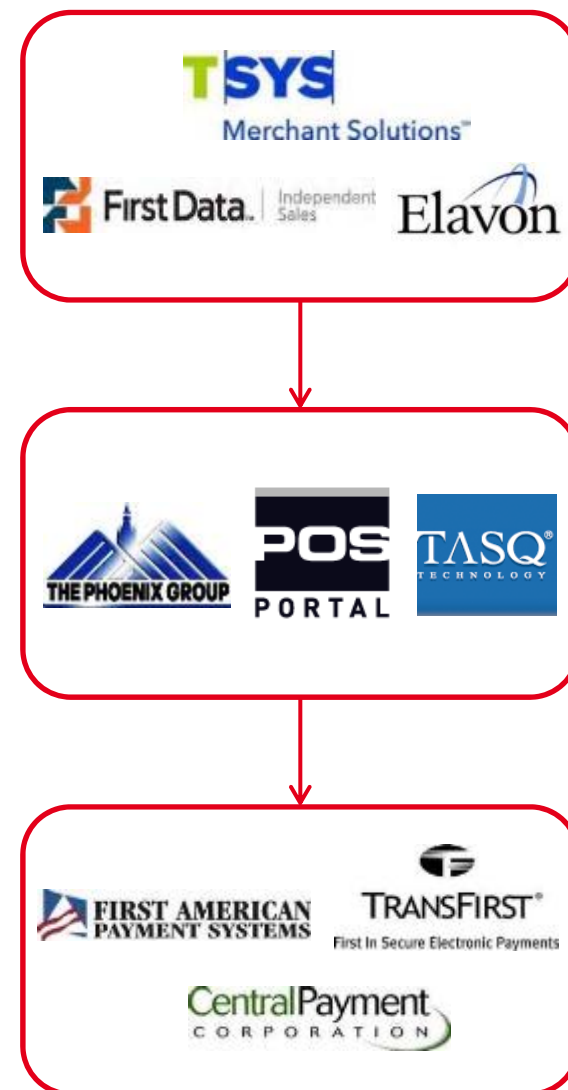
# US Bankcard segment: Successful roll out of a 3 year strategic plan

- **Strategic action initiated 18 months ago**

1. Investment in key resources (R&D and Sales)
2. Development of strategic local banking applications for major processors (using Canadian EMV core application as starting point)
3. Promotion of solutions to processors and their ISO networks

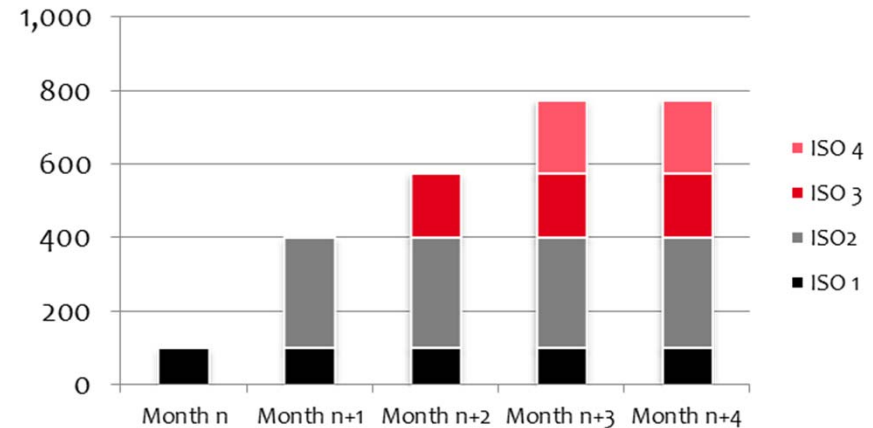
- **We are ahead of plan:**

- > Already certified with 70% of the large processors (and first vendor to certify an EMV application with major processors)
- > Distribution channel secured with top 3 market players
- > Promotion campaign launched to major ISOs in Q4 2012



# Bankcard: Moving forward

- **From processors' certification to ISOs**
  - > Drive down to the wider ISO community
  - > Each ISO added to the portfolio will increase on going revenue
- **Ingenico to support the trend towards high end solutions**
  - > Tablet solutions moving to small merchants (portable, pinpad or desktop applications)
  - > 3G replacing old GPRS network (Apriva & TNS)
  - > NFC contactless option integrated in most of our countertop terminals sold (Google, ISIS, Paypal)



*iWL becomes the first 3G payment terminal in the US*





# EMV: Ingenico's DNA

- **First mover advantage with strong EMV experience**
  - > More specifically, Canadian core application used to build US core applications
  - > 100% of terminals being deployed are EMV compliant
  - > Chip & Pin or Chip & Signature option : our terminals are suited for both
- **New drivers for Verticals place Ingenico's solutions ahead of the market**
  - > Deploying Pay@Table solutions
  - > Upgrading POS systems with secure pinpads or terminals for Hotels
  - > Upgrading security for unattended devices







# Ingenico on track to double market share in the US

- **Replicate our success in large retail with small merchants**
- **Leverage on Ingenico's unique range of products to deliver solutions for all use cases and segments**
- **Ingenico will benefit from EMV migration**
  - > Leverage worldwide experience
  - > Uniquely positioned to establish market share in Verticals

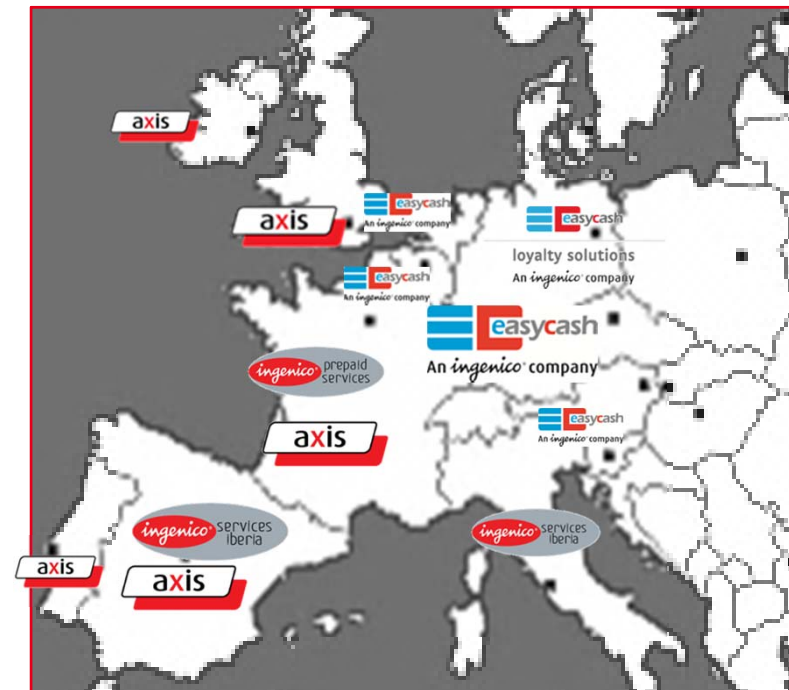
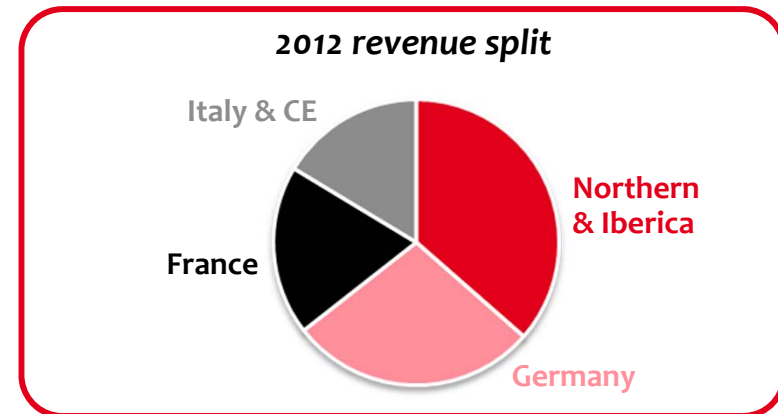
# Europe-SEPA: SEPA at the forefront of the Group's offering

Pierre-Antoine Vacheron, EVP SEPA-Europe

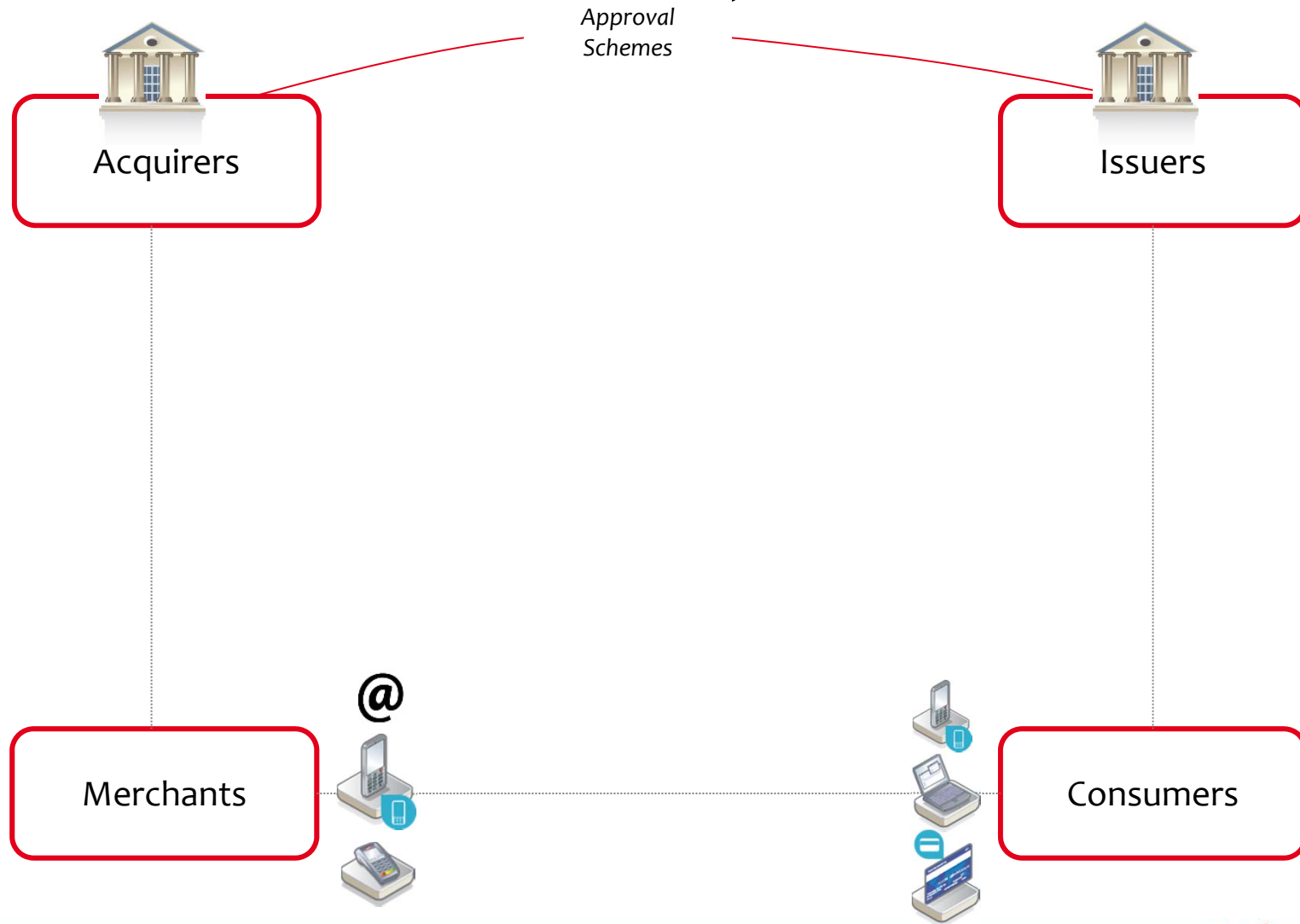


# 2010-2012: Building the foundations for the new model in the region

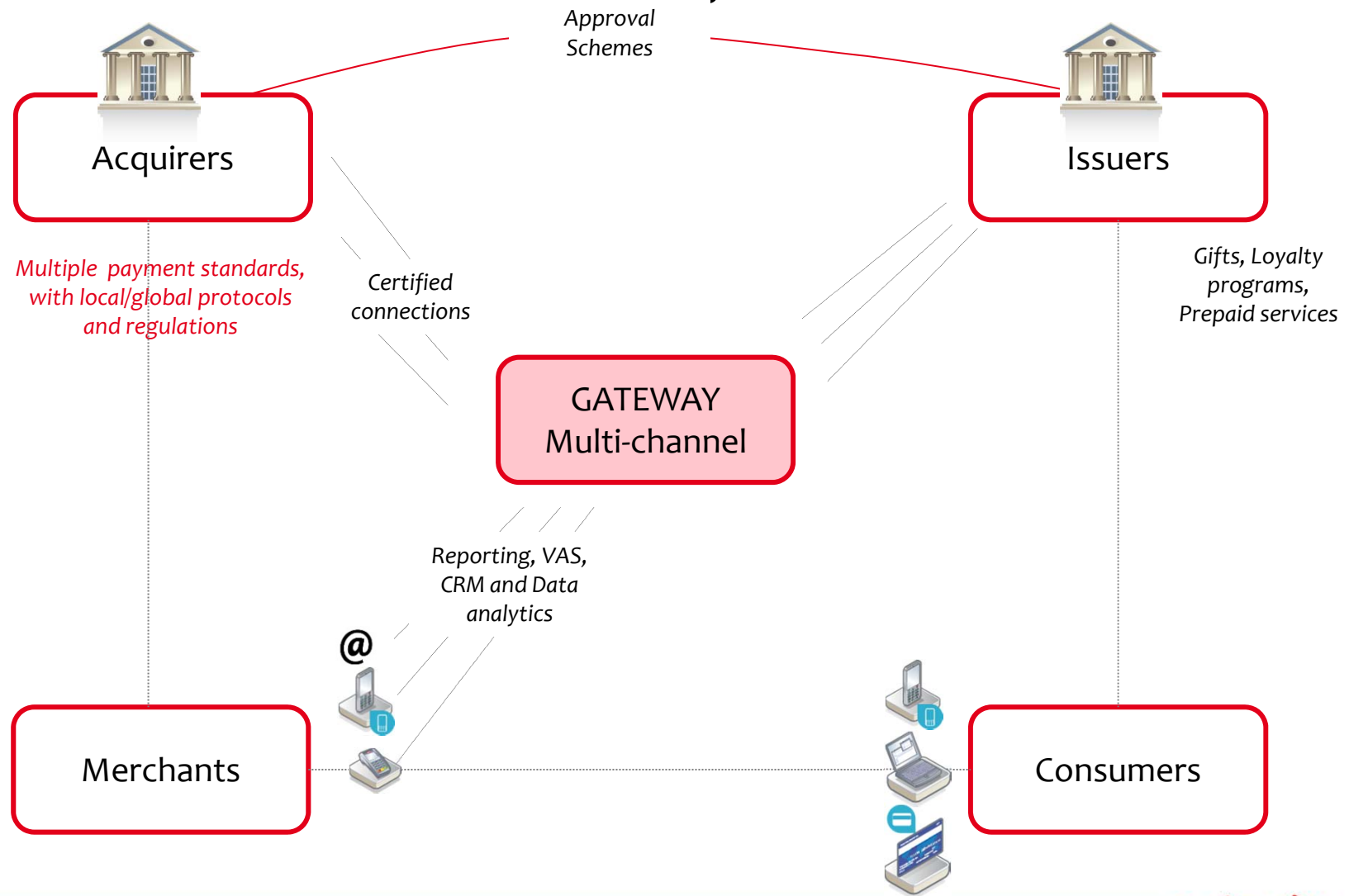
- Positions reinforced in Payment Terminals
- Transactions offering enlarged and expanded to other geographies
- Significant growth in transactions by leveraging on acquisitions
- Services representing 42% of revenue



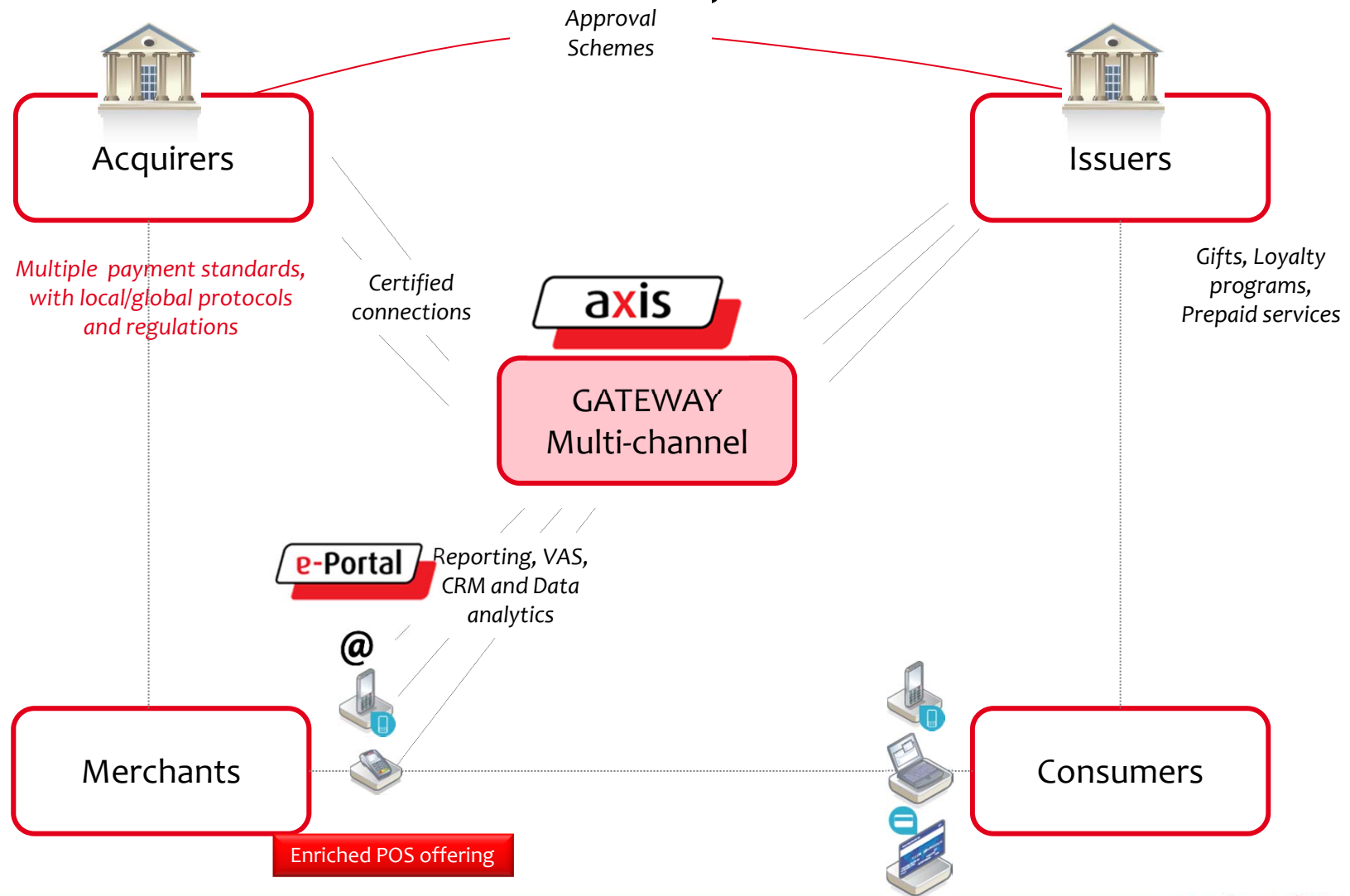
# Ingenico in Europe is the only player covering the full value chain of payment



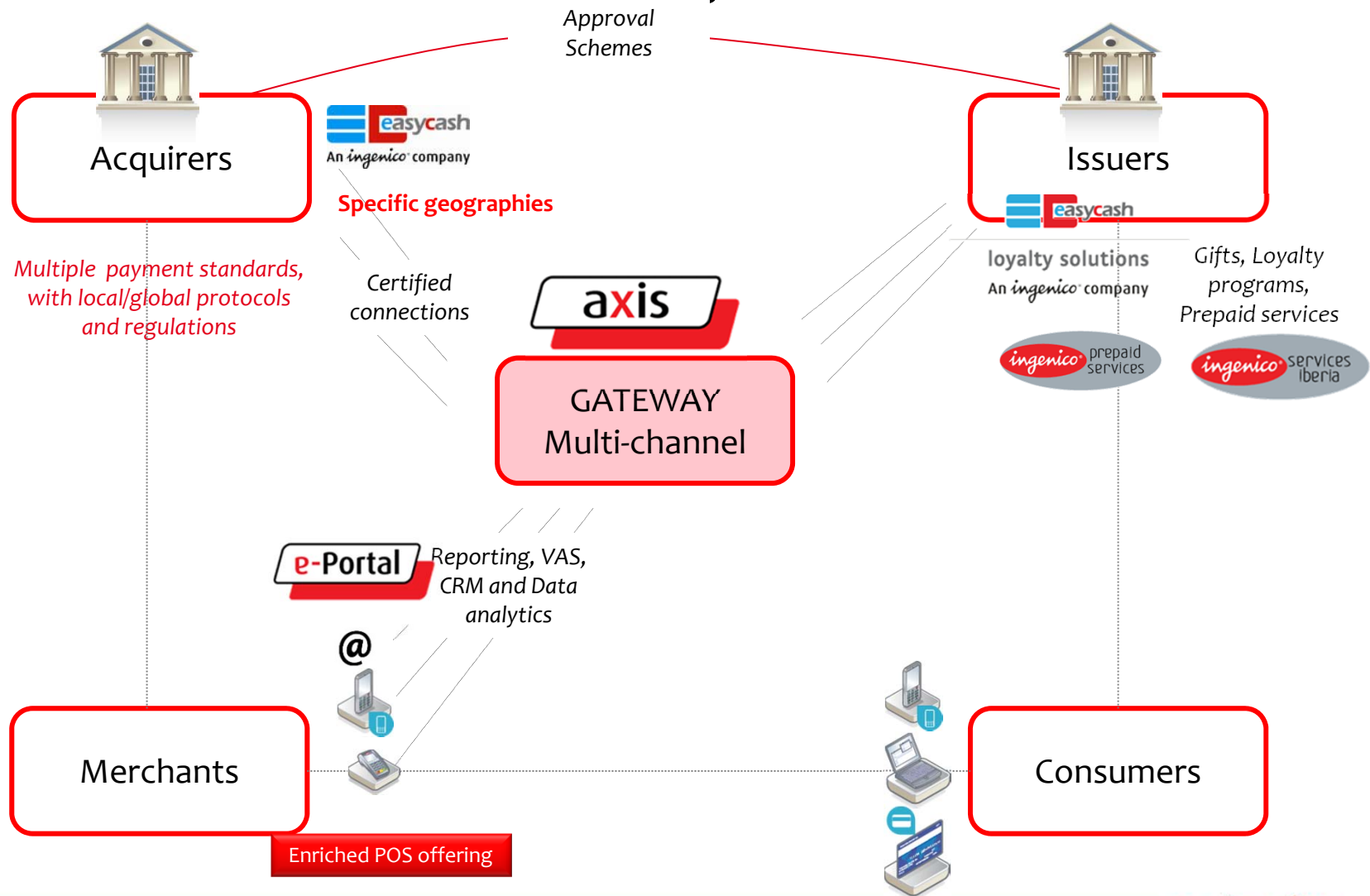
# Ingenico in Europe is the only player covering the full value chain of payment



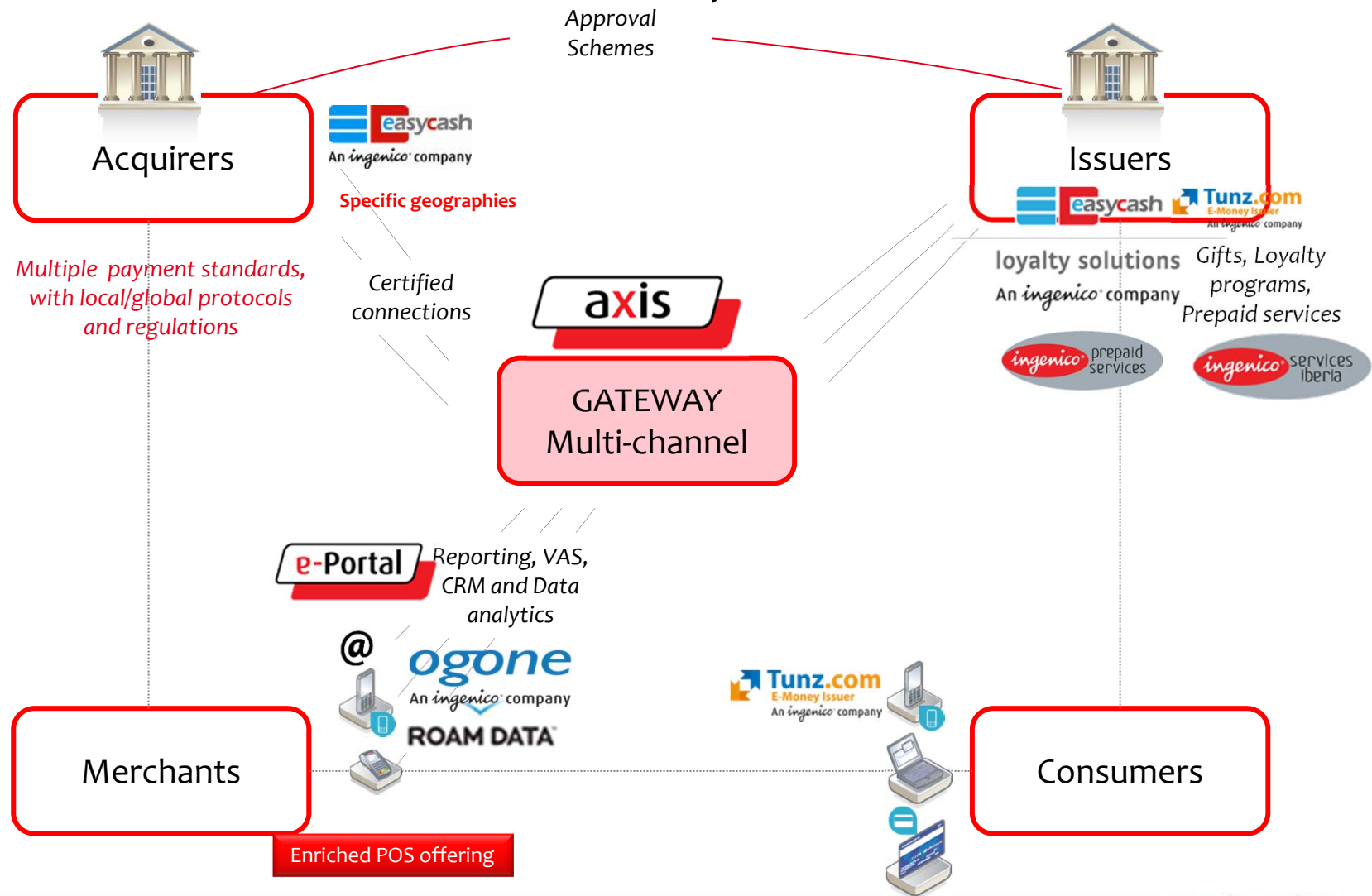
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# Moving up the value chain: VAS as enabler of incremental revenue

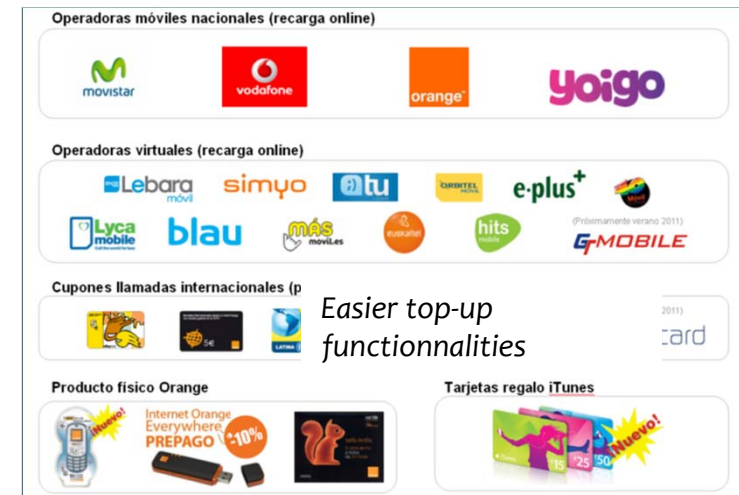
An example:  
Prepaid Services



- **Incremental revenue for merchants and acquirors**
- **More efficient distribution model for such services through the combination of:**
  - > User friendly terminals
  - > Centralised management of applications
  - > In France and Spain, aggregation of prepaid services



Easier mobile top-up fonctionnalités



In Spain petrostations : multi-choice top-up for Prepaid services

# VAS: Ingenico in Europe provides an increasing range of e-money services

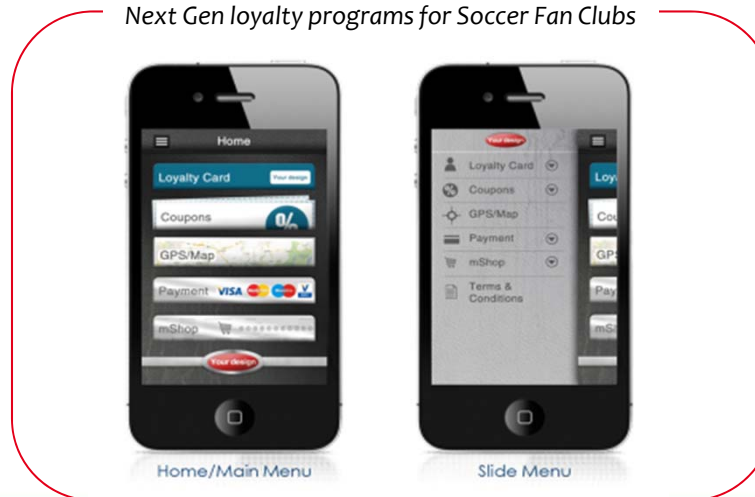
- **Opportunity for merchants**

- > Combination of e-money services (prepaid cards, wallets, loyalty) and mobile phones
- > NFC/QR code
- > E-money licence

- **Ingenico's offering and expertise for end to end solutions :**

- > POS know-how and gateway footprint
- > Track record in loyalty and wallet management
- > E-money entities : easycash and Tunz

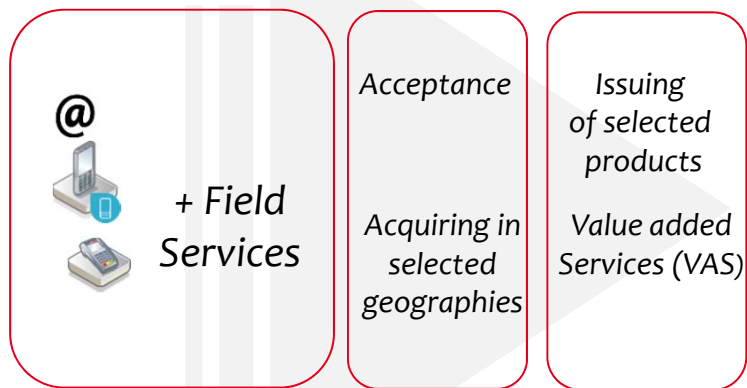
*In Germany, an example:  
Next Gen loyalty programs for Soccer Fan Clubs*



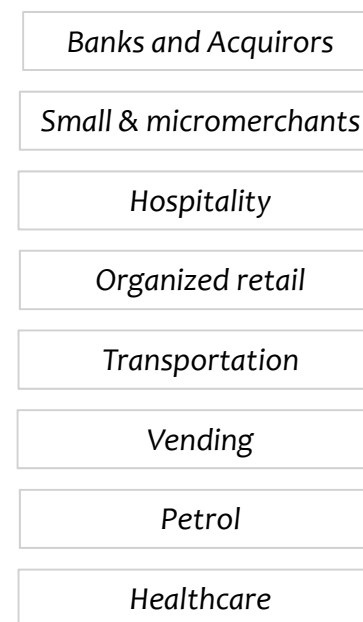


# Growth in SEPA will rely on expansion in the value chain, depending on segments and geographies

**Unique end to end offering in the SEPA region...**



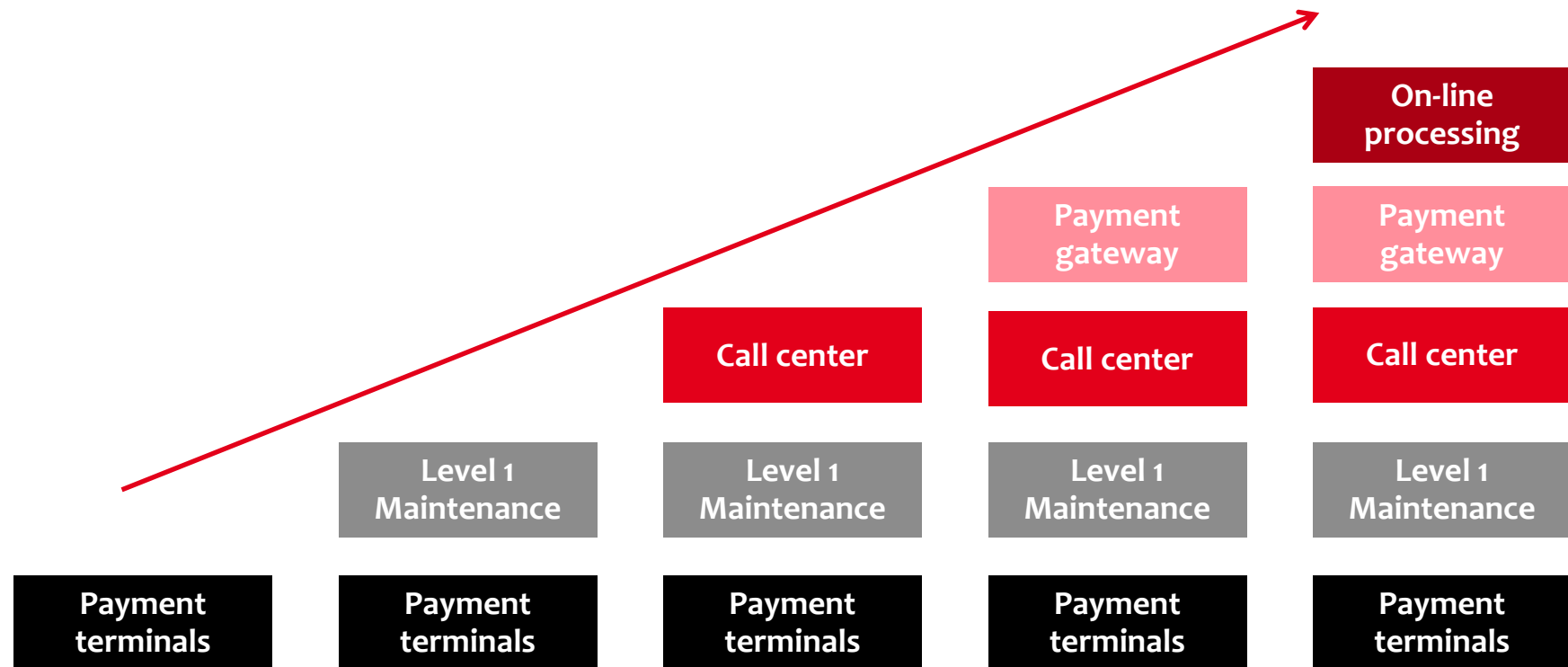
**... allowing targeting specific requirements of key vertical segments**



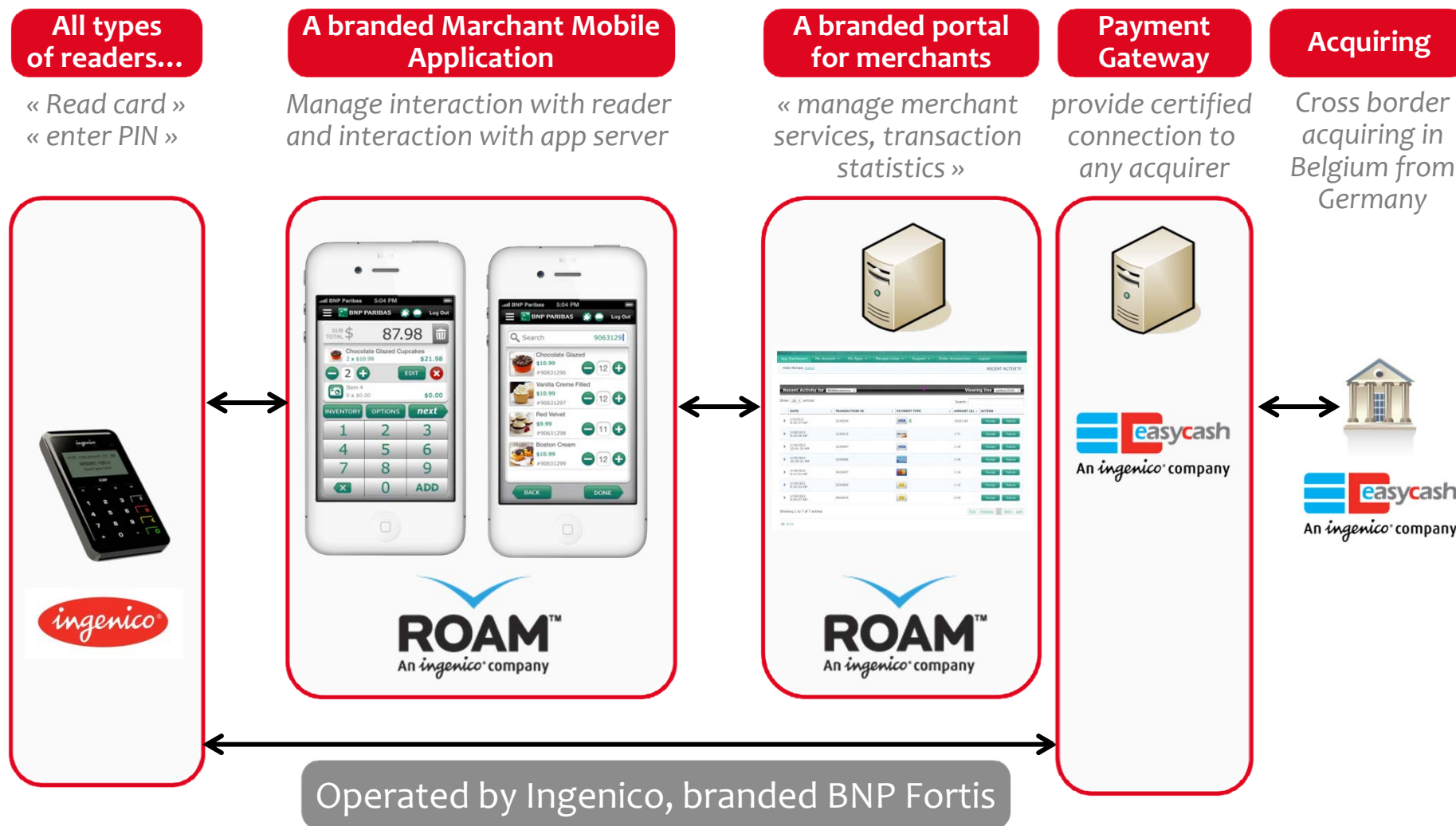


# A proven ability to expand the value chain with banks and acquirers





Case study: Major European Acquirer



# BNPP in Belgium: combining all the skills of Ingenico in a white-labelled managed solution



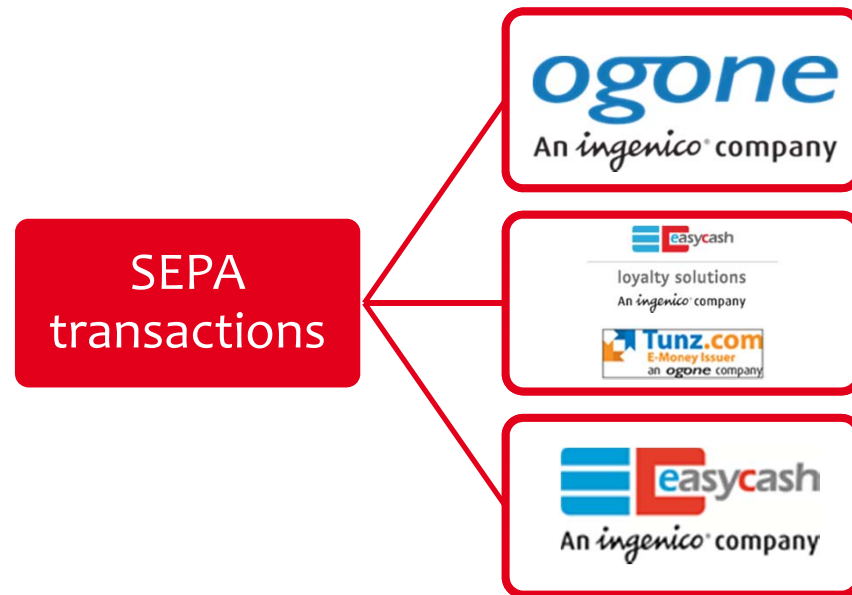
# Strict execution of SEPA strategy will deliver 20m€ synergies expected from Ogone's acquisition in 2015

Synergie	Description
<b>multi-channel</b> 	Offer large merchants payment solution for their various distribution channels <ul style="list-style-type: none"> <li>• epayment</li> <li>• POS terminals</li> <li>• AXIS payment gateway</li> <li>• Acquiring (in selected geographies)</li> </ul>
<b>White label-payment</b> 	Operate e-payment solutions on behalf of banks Leverage on Ogone track record and on Ingenico footprint
<b>Mobile payment</b> 	<ul style="list-style-type: none"> <li>• Use ogone payment gateway to connect micro-merchants to acquirers</li> <li>• Leverage on Tunz wallet to speed up boarding of micro-merchants</li> </ul>
<b>Other areas</b> 	<ul style="list-style-type: none"> <li>• Combination loyalty – wallet – mobile</li> <li>• Convergence of platforms and organisations</li> </ul>

Early customer contacts and workshops enhance comfort to due diligence assumptions

# Two levers to secure synergies

**Organisation: easycash  
and Ogone under same management  
within SEPA**



**Integration: systematic  
and collective approach**

## Salesforces Organisation

- One face principle
- Leads sharing

## Product offering

- Epayment offering
- Cross channel products
- Issuing & loyalty

## Technical streams

- Easycash- to Ogone (very short term)
- Axis reporting tool to offer multi-channel information
- True cross channel solution

**... while preserving stand-alone dynamics and Ogone's DNA**



## SEPA: Execute the transformation

- Ingenico's unique offering in payment solutions in Europe is driving momentum
- Anticipated evolution in the value chain follows a vertical go to market strategy
- Strict execution of Ingenico's strategy in Europe will generate 20m€ EBITDA synergies with Ogone in 2015