



2017

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# HIGHLIGHTS

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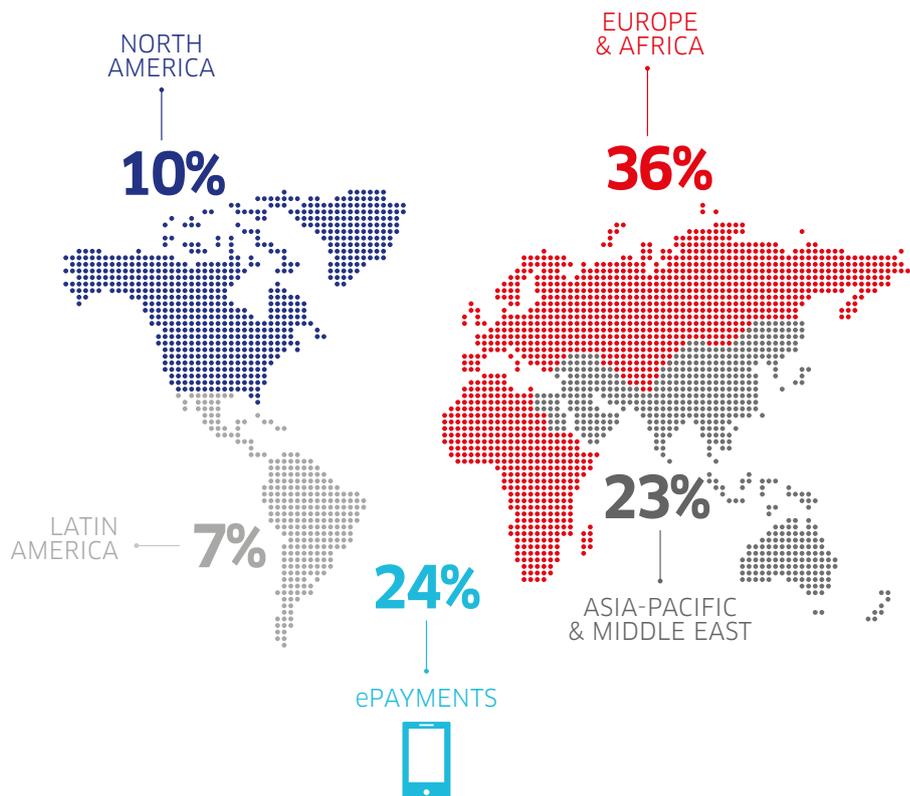


**Ingenico Group is a partner to financial institutions, e-commerce, small merchants and major retailers. They all have one thing in common: they trust us to guarantee the reliability and fluidity of payments, which is essential for securing purchases.**

# Ingenico Group, global leader in seamless payment

For almost 40 years, Ingenico Group has supported the evolution of commerce through a comprehensive offering of payment acceptance solutions and services. Our solutions cover the whole payment value chain and all sales channels, and are suited to our customers' local requirements and international ambitions. Ingenico is at the heart of commerce, and its goal is to help merchants to develop their business.

## BREAKDOWN OF REVENUE BY REGION IN 2017



- 8,000+ employees
- 170 countries
- €2.5 BILLION IN REVENUE
- +50%<sup>(1)</sup> of income generated by services

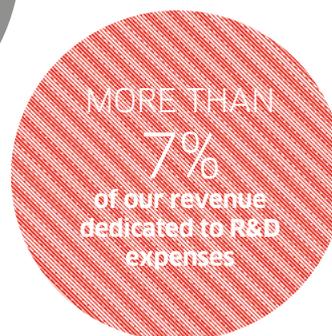
(1) Pro forma 2017 including acquisitions



**PHILIPPE LAZARE**  
Chairman and Chief Executive Officer



The digital transformation of the Group is no longer an ambition, but a reality



**In just a few years, Ingenico has transformed its business model with the aim, on the one hand, of establishing a presence in all sales channels and, on the other, of offering its customers payment services and business solutions that go beyond mere payment acceptance.** Thanks to our capacity for innovation and external growth, we now offer a full range of products and services that create value for merchants as well as for banks and acquirers. We have been able to revise our business model and turn the corner toward payment transactions. Today, almost 50% of our income is generated by services. The digital transformation of the group is, therefore, no longer an ambition, but a reality.

At the beginning of 2017, we restructured the business into two global business units: one specifically dedicated to “Banks and Acquirers”; the other dedicated to “Retail” (distributors and e-merchants), to enable us to better address the different needs of these customers. At the same time, and also through some key acquisitions, we expanded our management teams, recruiting and welcoming to our ranks some experienced leaders from the world of payments.

In terms of Banks and Acquirers, we have increased our range of solutions and services, thanks to Axium, our new Android-based services platform. We also further strengthened our geographical presence with two acquisitions; SST in Ukraine and Airlink in Taiwan.

On the Retail side, our acquisitions of IECISA (Spain), TechProcess (India) and Bambora (Sweden) have complemented our geographical and technological positioning. The acquisition of Bambora means we can provide end-to-end solutions for small- and medium-sized merchants, further increasing our internal acquiring capacity for payment transactions, over and above our existing partnerships. These will be of benefit to major distributors.

I am convinced that Ingenico will continue to extend its leadership, by combining secure payment acceptance points with value creation for merchants. We have an efficient organizational structure and a coherent offering to successfully achieve this. We can count on the absolute commitment of our management and our teams, who are all fully invested in building the Ingenico of tomorrow.

(1) Proforma 2017 including acquisitions.



# A complete offer that creates value for our customers



**Ingenico addresses the needs of all types of merchants, whether directly or indirectly: small and medium-sized merchants, major retailers, digital players, etc.**

An organization focused on the customer



An accelerated technological transformation

Ingenico embarked upon its technological transformation in 2006. Until 2014, the Group focused on the acquisition of technology linked to in-store and online transaction management. In 2014, a major shift occurred with the development of a comprehensive, cross-border online offering – a strategic move that places the Group at the heart of commerce digitalization.

In 2017, the acquisitions of Bambora and TechProcess added to this technological transformation by enabling Ingenico to cover the entire payment process from the point of acceptance to the acquiring of transactions while strengthening its direct access to small and medium-sized businesses.

**8,000+**  
**EMPLOYEES**  
involved  
in the Group's  
transformation

**88**  
**SITES**  
**WORLDWIDE**

**A LAB**  
**DEDICATED**  
**TO INNOVATION**  
and the future  
of commerce

## Our ambitions

**Enable  
payments  
everywhere**

**Enhance merchant  
and consumer  
experiences**

**Deliver an  
end-to-end full  
service offer**

**2018-2020**

### Our priorities

- > Maintain leadership in acceptance solutions across all customer segments and channels
- > Introduce our next-generation Open Android payment platform
- > Expand direct-to-merchant access with our unique Blueprint and repeatable business model

### Financial outlook

- > EBITDA Double-digit CAGR
- > EBITDA over €700 million at constant scope and exchange rate in 2020
- > Adjusted free cash flow<sup>(1)</sup> conversion to EBITDA over 45%
- > Payout ratio over 35%

(1) Free cash flow adjusted from non-recurring items (acquisition and restructuring costs).



**1,000**  
**PEOPLE**  
have joined the Group  
through external growth  
transactions

### **Acquisitions to cover the whole value chain**

Major acquisitions in 2017 have allowed the Group to expand its geographical reach and its offering to customers. The Banks & Acquirers Business Unit now has a direct presence in Ukraine thanks to the acquisition of SST and, in Taiwan, it has a direct presence through the acquisition of Airlink. Regarding the Retail Business Unit, it has increased its offer and presence in three customer segments: e-commerce players, through the acquisition of TechProcess in India, major distributors, via IECISA in Spain and small- and medium-sized merchants, through the acquisition of Swedish Bambora. In total, more than 1,000 people have joined the Group through these external growth transactions.



### **A new customer-focused organization**



At the beginning of 2017, Ingenico set up a new customer-focused organization. It created two business units to meet the different needs of distributors, e-merchants, and banks and acquirers. The Retail BU will help wholesale distribution and e-merchants to support consumers in their omnichannel purchasing journey, to develop their cross-border business and increase their conversion rate. The Banks and Acquirers BU allows its clients to reduce the complexity of payment management and differentiate their offering for merchants.



**bambora**



## Acquisition of Bambora

The acquisition of Bambora marks a major stage in Ingenico's strategic plan, allowing it to offer omnichannel solutions and more fully integrated customer solutions. Based in Stockholm, Bambora employs more than 700 people across Europe, North America and Australia. The company provides a "one-stop shop" offer to both major enterprises and small-to-medium-sized merchants. Bambora delivers in-store, mobile and online services through end-to-end payment solutions for over 110,000 merchants and major enterprises worldwide. Its offers are based on a transaction-acquisition platform and a customer-centric approach. The latter revolves around full-service expertise and value-added services including digital onboarding and data analytics.

BAMBORA EMPLOYS MORE THAN

700

PEOPLE  
across Europe,  
North America  
and Australia



## Extension of the Alipay partnership

Alipay is a payment method used widely in China. Being able to offer this payment method to Chinese visitors in Europe is therefore essential for merchants. Thanks to a partnership between the two companies, Ingenico has added Alipay to its portfolio of payment methods available to shoppers in Europe. Ingenico has also rolled out Alipay for many merchants, including Lagardère Travel Retail.



**WOMEN** *IN*  
**payments**®  
CONNECT, LEAD,  
ACHIEVE

## Ingenico a partner of Women in Payments

An association working in Canada, the United States, the UK and Australia, Women in Payments promotes and develops female leadership in the payments industry. In 2017, Women in Payments launched a global mentoring program of which Ingenico is one of the active sponsors. Suzan Denoncourt, Managing Director of Ingenico Canada, also sits on the Canadian Symposium of Women in Payments.

# Ingenico

## RETAIL



To offer merchants of all sizes solutions to accompany their growth

NICOLAS HUSS  
EVP Retail



Faced with ever greater demands from ultra-connected customers and heightened competition between traditional trade and online platforms, merchants of all sizes are transforming their operations to create specific purchasing experiences that respond to the new demands of their customers. Our mission within the Retail Business Unit is to provide these merchants, regardless their size and business, with payment services that accompany this transformation.

Our Retail business is the result of strategic acquisitions made by Ingenico in the area of payment platforms, in particular Easycash, Ogone, Global Collect, and, more recently, Techprocess in India and Bambora in Sweden. With the acquisition of Bambora, Ingenico's Retail business has taken a step further, focusing on integration and the optimization of our platforms, the extension of our merchant services portfolio, and the development of our direct offering for small and medium-sized businesses (SMB). Thanks to the acquiring capacities of Bambora, we now also cover the entire value chain, from acceptance solutions to domestic and international acquiring services. This coverage allows us to build solutions end-to-end

SMB  
300,000+  
merchants  
in 15 countries

GLOBAL  
ONLINE  
€45 billion in  
processed transactions

ENTERPRISE  
5 billion annual  
transactions

or full service, and to provide our customers with simplified management of their payments, while optimizing the total cost of their infrastructure.

Strengthened by the work carried out in 2017, the Retail teams are now fully committed to our priorities, which are to propose a complete and differentiated range of services to all merchants, to extend our customer-base in all segments, and to take advantage of opportunities for growth in new regions.



In order to better address the specific needs of each segment, our operations are structured around three specialized divisions: SMB, Global Online and Enterprise. These are responsible for the definition and the marketing of our offerings. This structure enables us to provide all our customers with a tailored offering that combines Ingenico's payment expertise with an in-depth understanding of the challenges of their business.

# Ingenico

## BANKS & ACQUIRERS



### Converging business and payment

**PATRICE LE MARRE**  
**EVP Banks & Acquirers**



Created in 2017, the Banks & Acquirers Business Unit indirectly targets the merchant market. Some years ago, Ingenico set about transforming its offering into solutions with greater added value, which are now essential to support the digitalization of the point of sale. To improve performance, merchants need to increase the number and efficiency of their points of interaction with consumers, specifically by combining payment and business services.

Following on from Telium Tetra, the first range on the market to combine payment and web applications, Ingenico launched Axiom, a new Android-based services platform, centralizing all the services merchants need. In addition to this new offering, we continued to improve our range of terminal management and upgrade services (remote maintenance, business applications marketplace, connectivity, acceptance of new payment methods, etc.). The Business Unit currently

1,000+  
banks and  
acquirers

30 MILLION  
terminals  
installed

2,000+  
payment  
applications

has a comprehensive array of solutions that enables banks and acquirers to differentiate their offering for small merchants.

### **Axiom, a new, Android-based services platform**

In 2017, the Banks & Acquirers Business Unit developed the Axiom services platform, which is based on Android and Ingenico's Telium Tetra operating systems. It brings trade and payment together, and offers access to a whole ecosystem of cloud-based services for commerce. In partnership with ECR vendors, we have developed the market's most comprehensive offering for small merchants, which, in addition to payment services, includes services for managing stores, stock and staff, loyalty programs, and accounting. Thanks to our partnerships and to the technological progress that Axiom represents, we offer the first services ecosystem supporting banks and acquirers in digitalizing in-store commerce.





# Integrated payment into tomorrow's usages



MICHEL LÉGER  
EVP Innovation

In 2017, Ingenico Labs continued its work in the areas of the IoT, Artificial Intelligence (AI) and conversational commerce, on its own and in partnership with companies and start-ups interested in the connection between payments and the consumer experience. In terms of the IoT, Labs has integrated payment into new connected items: Pepper the host robot from Softbank Robotics and autonomous cars from Navya. Artificial intelligence, robotics, and autonomous cars - which combine both AI and robotics - were also some of the technological areas that were a key feature of 2017.

In terms of conversational commerce, Ingenico Labs finalized the integration of payment into chatbots, in collaboration with JoinedApp, a Californian start-up in which Ingenico Group invested in June.

Ingenico Labs expanded its partnerships with some of the major players in the digital world, as they are now helping to shape new payment practices. We agreed a partnership with Google in relation to its Google Pay Smart Tap loyalty services.

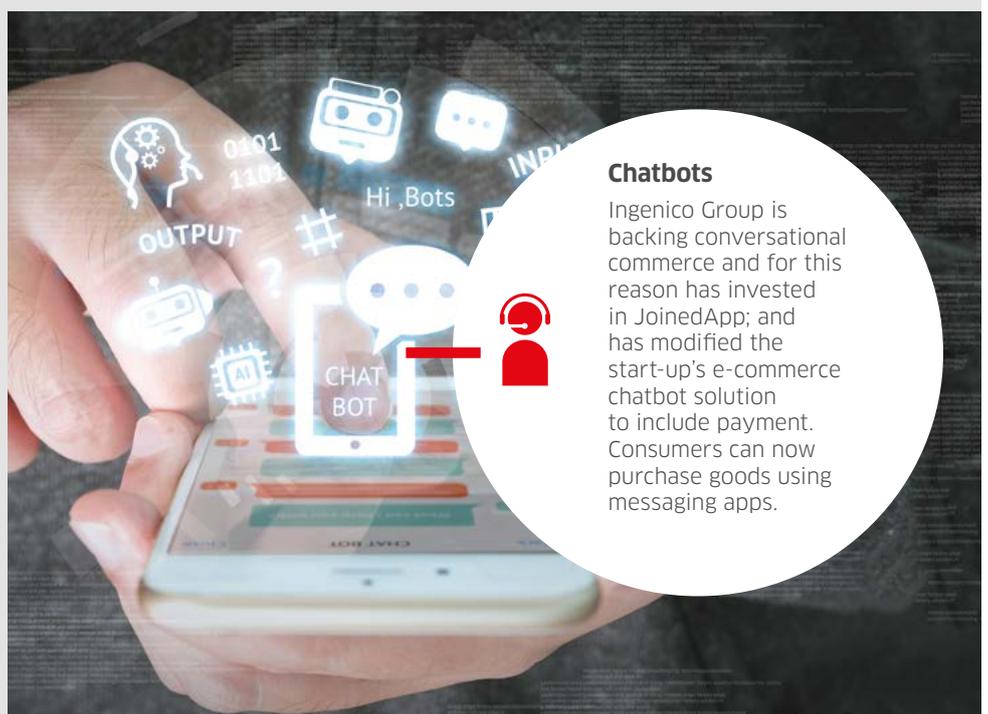
## Catalyst of payment innovation

In our ecosystem, technological changes (IoT, AI, or robotics) and behavioural changes are powerful drivers of innovation. Consumers are now sensitive to immediacy and personalization issues: merchants are therefore contextualizing their offer and seeking to encourage impulse buying, which means payment must be available in the consumer's natural environment. Ingenico Labs observes these trends to determine tomorrow's usages and the most appropriate technological solutions.



### Embedded payments

While two basic trends are converging - the adoption of driverless vehicles and the advent of the sharing economy - Ingenico Labs has developed an embedded payment solution for Navya's driverless taxis in just a few months. A clear demonstration of its flexibility!



### Chatbots

Ingenico Group is backing conversational commerce and for this reason has invested in JoinedApp; and has modified the start-up's e-commerce chatbot solution to include payment. Consumers can now purchase goods using messaging apps.

# Human challenges, a key component of transformation



MARTINE BIROT  
EVP Human Resources  
and Communications

With five external growth transactions completed in 2017, more than 1,000 people joined the Group through these acquisitions, mainly in Europe and India, but also in Australia, Canada, and Taiwan. This means that the integration process is now even more important than it has ever been. The process has become more formal and it has allowed Ingenico's human resources procedures to develop by adopting the best practices of the companies it has acquired.

The growing diversity of our business lines and geographic reach has increased the need to strengthen cohesion within the Group, and to standardize our collaborative working tools. Working together efficiently, worldwide, with shared objectives: for this reason, we developed and implemented Skyway, the Group's digitized work space, launched in 2017, which brings together our internal communication and collaborative work tools.

**Skyway**  
A new way to work together



## Skyway, a new collaborative space

In today's world, work is digital and mobility is the norm, so in 2017, Ingenico launched a new internal communication and collaboration tool. Skyway is both an intranet that pools all Ingenico's news and a collaborative work space with many applications, including the sharing and joint drafting of documents.

**ingenico GROUP | University**

**Ingenico University**  
Digitizing training was also an area of expansion. Ingenico University, the Group's e-learning platform, expanded to include new modules in 2017, allowing employees to learn about the culture and business activities of the Group, and improve their knowledge of technology and products.

In 2017, the Group achieved strong results consistent with expectations, demonstrating its robust cash generation capacity.

**REVENUE**

€2,510M

**NET PROFIT GROUP SHARE**

€256M

**EBITDA <sup>(1)</sup>**

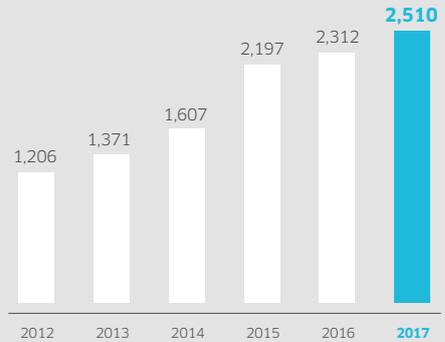
€526M

**FREE CASH FLOW ADJUSTED**

€269M

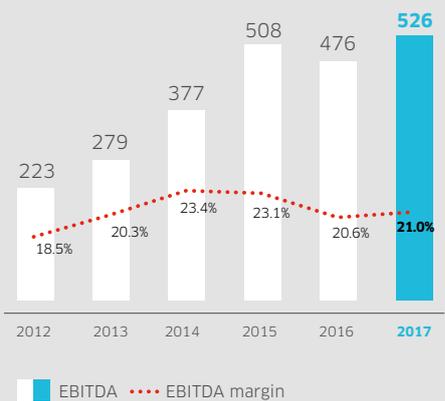
**REVENUE EVOLUTION**

In millions of euros



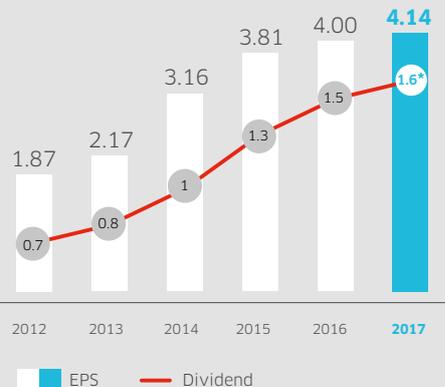
**EBITDA <sup>(1)</sup>**

In millions of euros



**NET PROFIT AND DIVIDEND PER SHARE**

In euros



\* Dividend proposed at the AGM of May 16, 2018

(1) As defined on page 132 of the 2017 Ingenico Group Registration Document.

## KEY FIGURES

### BANKS & ACQUIRERS

€1,428M  
**Revenue**

€371M  
**EBITDA <sup>(1)</sup>**

### RETAIL\*

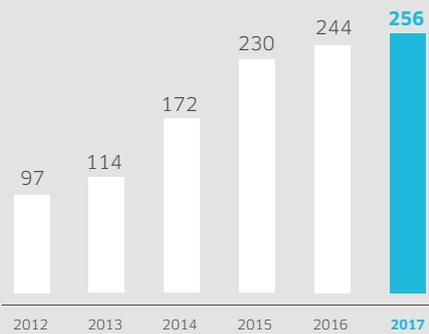
€1,286M  
**Revenue**

€178M  
**EBITDA <sup>(1)</sup>**

\* Pro forma 2017 including acquisitions at January 1<sup>st</sup>, 2017

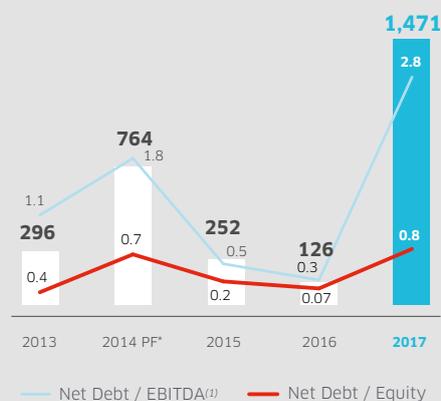
### NET PROFIT, ATTRIBUTABLE TO SHAREHOLDERS

In millions of euros



### NET DEBT

In millions of euros



\* Including GlobalCollect's contribution over the entire year.

## CORPORATE SOCIAL RESPONSIBILITY

80,000+ HOURS  
of training carried out in 2017,  
equivalent to 12.5 hours per employee

48% OF WOMEN  
in corporate functions

85  
nationalities

### LISTED IN 4 LEADING SRI\* INDICES



2020 OBJECTIVE  
-10%  
GHG\*\* emissions  
per terminal installed

\* SRI: Socially Responsible Investment.

\*\* Greenhouse gas.

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