Press Release
Paris, February 3rd, 2020

2019 preliminary results[1]
Solid growth & financial results
2019 objectives exceeded

Revenue of €3,370 million, up 10% on a comparable basis[2]

Retail growth at 11% in 2019

B&A growth reached 10%

€606 million EBITDA[3], representing 18.0% of revenue

Strong €310 million free cash-flow reaching 51% conversion rate

2.2x net debt to EBITDA ratio versus 3.1x at end 2018

B&A: launch of Payments Platform as a Service (PPaaS) strategic initiative

Creation of a global, secure, cloud and API-based payments platform offering

Ambition to reach 50% of revenue derived from this new offering in the coming 5 years

EBITDA quality enhancement with a shift towards subscription-based model

2020 objectives

Net revenue organic growth between 4% and 6%

EBITDA above €650m

Above 50% Free Cash-Flow conversion rate

Ingenico Group (Euronext: FR0000125346 - ING), the global leader in seamless payment, today announced its 2019 full-year preliminary results.

Nicolas Huss, Chief Executive Officer of Ingenico Group, commented: *"The Group posted a solid performance in 2019, exceeding our expectations with a strong 10% organic growth. The Retail performance is fully in-line with 11% growth, whilst B&A performed above expectations at 10%. This achievement, coupled with **the Fit for Growth program, enabled us to deliver a solid €606 million EBITDA**, above the Group guidance. 2019 has been a key step change with the execution of our new strategic plan, and we are already seeing the benefits of a more agile, efficient and customer-centric organization. We have revived B&A and restored its competitive edge while investing in Retail to accelerate its profitable growth. To pursue in that direction, we announce today the opening of a new phase of B&A development with the launch of Payments Platform as a Service initiative, repositioning the point of payment acceptance higher in the value chain with a more recurring business profile.*
***Ingenico's** teams are fully committed to execute our transformation and this 2019 performance is a solid foundation to deliver our 2020 guidance which is consistent with our mid-term ambition."*

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[1] *2019 results are unaudited and qualified as estimates under R. AMF 2004-04*
[2] *On a like-for-like basis and at constant rate*
[3] *EBITDA is not an accounting term: it is a financial metric defined here as profit from ordinary activities before depreciation, amortization and provisions, and before share-based compensations.*

FY 2019 preliminary figures

(in millions of euros)	FY'19	IFRS 16 impact	FY'19 excl. IFRS 16	FY'18 PF*	FY'18	*FY'19 excl. IFRS 16 vs. FY'18 PF**
Revenue	**3,370**	-	3,370	3,032	2,643	*+11%*
Adjusted gross profit	**1,240**	5	1,235	1,170	1,048	*+6%*
As a % of revenue	***36.8%***	-	*36.7%*	*38.6%*	*39.6%*	*(1.9) pts*
Adjusted operating expenses	**(634)**	28	(662)	(643)	(560)	*+3%*
As a % of revenue	***-18.8%***	-	*-19.6%*	*-21.2%*	*-21.2%*	*-1.6 pts*
EBITDA	**606**	33	573	527	488	*+9%*
As a % of revenue	***18.0%***	-	*17.0%*	*17.4%*	*18.4%*	*-0.4 pts*
Net Income – Group Share	**208**				188	

(in millions of euros)	FY'19	IFRS 16 impact	FY'19 excl. IFRS 16	FY'18 PF*	FY'18	*FY'19 vs. FY'18*
Free cash-flow	**310**	-	**310**	-	238	*+30%*
% FCF/EBITDA conversion	***51.2%***	-	***51.2%***	-	*48.9%*	*+2.3 pts*
Net debt	**1,308**	-	**1,308**	-	1,518	*-14%*
Net debt-to-EBITDA ratio	**2.2x**	-	**2.3x**	-	3.1x	*(0.9)x*

** FY 2018 PF figures including acquisitions made during the year at 100%, notably the BS Payone and Paymark operations closed in January 2019.*

1. NEW REPORTING FORMAT IMPACT ON REVENUE PRESENTATION

	FY 2019 (in millions of euros)			Organic[1] Growth (%)	
In millions of euros	Revenue	Interchange Fees	Net Revenue[4]	Revenue	Net Revenue
Retail	**1,919**	**(475)**	**1,444**	**11%**	**12%**
SMBs	343	(97)	246	11%	13%
Global Online	582	(208)	374	11%	14%
Enterprise	412	(0)	412	19%	19%
Payone	582	(170)	412	6%	4%
B&A	**1,451**	**-**	**1,451**	**10%**	**10%**
EMEA	473	-	473	-5%	-5%
Latin America	325	-	325	64%	64%
North America	189	-	189	11%	11%
APAC	463	-	463	2%	2%
TOTAL	**3,370**	**(475)**	**2,895**	**10%**	**11%**

2. NEW REPORTING ON A PROFORMA BASIS

	FY 2019 (in millions of euros)		
	EBITDA[5]	Corporate Costs Restatements	EBITDA New Reporting
Retail	301	25	326
EBITDA margin (%)	*15.7%*		*22.6%*
B&A	305	25	330
EBITDA margin (%)	*21.0%*		*22.7%*
Corporate	-	(50)	(50)
EBITDA margin (%)			*(1.7)%*
TOTAL ***EBITDA margin (%)***	**606** ***18.0%***	-	**606** ***20.9%***

[4] *Net revenue is a non IFRS performance indicator*
[5] *EBITDA is including IFRS 16 impact*

Fourth quarter 2019 performance

Over the fourth quarter of 2019, revenue totalled €879 million, representing a 5% organic growth in gross revenue and 7% organic growth in net revenue. On a reported basis revenue was 21% higher than in the fourth quarter of 2018 and included a positive foreign exchange impact of €7 million.

Over the quarter, the Retail Business Unit reported a revenue of €512 million, showing an increase of 10% organic growth in gross revenue and 14% organic growth in net revenue. On a reported basis, revenue increased by 41% during the quarter and included a positive foreign exchange impact of €3 million. Compared to Q4'18, the various activities performed as follows on a like-for-like basis:

- SMB **(up 7%)**: The fourth quarter has been impacted by the interchange fees decrease and the tailwind of our risk portfolio rebalancing initiated during the second quarter of 2019. On a net revenue basis, SMB organic growth is fully in line with our expectations at 15%. During the quarter, SMB continued to expand its merchant base by more than 4,000 new clients per month, which is consistent with the commercial performance highlighted in past communications. The all-in-one instore offering tailored specifically for ISVs – Bambora Connect – launched in Q2'19 is in deployment and will start to contribute to SMB growth in 2020. Our advanced acquiring solutions continued to perform well with a transaction value up 15% since the beginning of the year. The Bambora blueprint implementation in the Benelux region, part of the Fit for Growth plan, is on track with the roll-out of our acquiring offering for existing merchants.
- Global Online **(up 9%)**: Excluding the interchange fees decrease impact, the activity evolved as expected with a net revenue organic growth of 12%, still driven by a strong growth in the emerging regions, as India for example, growing more than 30% during the quarter. The verticalization of our offering on the Travel segment continued to gain traction with the signing of contracts with new merchants Fly Play and StayforLong.. In the meantime, the Singles Day event saw record volumes from customers such as Alipay in November. Key milestones in the deployment of new products and services were reached such as the full migration of our merchants' portfolio to strong customer authentication services and the continuous release of the full suite of Chinese payment method dedicated to international ecommerce players.
- Enterprise **(up 17%)**: Performance came in better than expected, benefiting from a strong traction on both sale of POS and transaction activities. In the latter, the transaction business continued its double-digit growth, driven by the European omnichannel instore platform (Axis), in which processed volumes continue to increase thanks to market share gains. The self-service segment remained dynamic with the deployment of full-service solutions. POS activities enjoyed a strong dynamic despite the normalization of the German Healthcare vertical as expected. North America has been a strong driver this quarter, benefiting from a steady renewal cycle among the large US retailers. The POS coupled to our fiscal gateway transactions activity in Turkey performed as well strongly during the quarter.
- Payone **(up 7%)**: The division performed in line with the plan and accelerated progressively over the fourth quarter. Excluding interchange fees decrease impact, net revenues grew organically by 11% organically. The conversion of saving banks customers to the Payone payment solution continued with more than 1,000 merchants per month joining the platform. In addition, the roll-out of the full service offering certified in H1'19 is ongoing and new products have been deployed such as a PSD2 solution dedicated to the petro vertical. The integration is now completed and the partnership with the saving banks is a key differentiating factor in a DACH region still fuelled by the secular shift towards electronic payments.

The B&A Business Unit posted a stable revenue of €367 million on a comparable basis. On a reported basis the activity increased by 1% and included a positive foreign exchange impact of €4 million. Compared to Q4'18, the various regions performed as follows on a like-for-like basis:

- Europe, Middle-East & Africa **(down 6%)**: The region came in line with our expectations with revenues showing the same dynamics as Q3'19. Mature countries revenue continues to be stable over the quarter with France and Iberia showing positive trends. As expected, Eastern Europe was in decline still driven by a weaker demand from local banks. In parallel, Middle East and Africa experienced a strong dynamic in countries such as Dubai, Saudi Arabia and South Africa. In the meantime, the APOS solution has been presented with positive marks of interest from banks and acquirers that could lead to meaningful revenue contribution in 2020.
- Asia-Pacific **(down 18%)**: The region came in below our expectations during the fourth quarter, driven by a weaker demand in China not offset by the good dynamic in Australia and several other Asian countries. China was impacted by the phasing of budget allocation by our large bank customers concentrated in H1'19 and suffered from a high comparison basis. South East Asia came in softer on back of a normalization in Indonesia after three strong quarters. India is maintaining a solid momentum still driven by the development of electronic payments while Australia is accelerating on banks demand.
- Latin America **(up 25%)**: Performance is in line with our expectations with a slowdown in the pace of growth during the fourth quarter, but remained at a high pace driven by the dynamic in Brazil. The market momentum and the deployment of traditional and APOS devices across the local players still continued to be the main drivers. The good traction from the contracts signed in H1'19 in Columbia, Peru, Bolivia and Chile is confirmed. Mexico continued to grow on the back of ongoing demand from the main local banks.
- North America **(up 31%)**: Performance came in above our expectations, with a strong momentum in the US market. Canada remained challenging but is stabilizing in the fourth quarter in revenue evolution. US-based activities accelerated in the fourth quarter benefiting from a strong demand on back of the EMV cycle renewals and some consolidation of market share. The ISV vertical was dynamic with strong project delivery and the development of a partner program. The pipeline of projects remained strong in the fourth quarter and shall be a solid basis for a continuous dynamic as we move into 2020.

2019 full-year performance and preliminary financial results

In the full-year 2019, revenue totalled €3,370 million representing a 10% organic growth. Excluding interchange fees, net revenue reached €2,895 million and a 11% organic growth. On a reported basis revenue was 27% higher than in the full-year 2018 and included a positive foreign exchange impact of €32 million.

Over the year, the Retail Business Unit reported a revenue of €1,919 million, showing an increase of 11% on a comparable basis. Excluding interchange fees, net revenue reached €1,444 million and a 12% organic growth. On a reported basis, revenue increased by 43% during the year and included a positive foreign exchange impact of €12 million.

The B&A Business Unit posted a revenue of €1,451 million, a 10% increase on a comparable basis. On a reported basis the activity increased by 11% and included a positive foreign exchange impact of €20 million.

Adjusted gross profit

In 2019, adjusted gross profit reached €1,240 million (€1,235 million excluding IFRS 16), representing 36.8% of revenue (36.7% of revenue excluding IFRS 16) to be compared with €1,170 million in 2018 pro-forma, or 38.6% of revenue. Retail adjusted gross profit rate was stable, while investing into growth initiatives and B&A adjusted margin was impacted by an unfavourable geographical mix as expected, mainly driven by the 63% organic growth in Latin America, and isolated pricing pressure in some mature countries, as expected.

Adjusted operating expenses

During the year 2019, adjusted operating expenses have reached €634 million. Excluding the positive IFRS 16 effect of €28 million, adjusted operating expenses were €662 million, down 160 bps as percentage of revenues (19.6% versus 21.2% in 2018 pro-forma) while revenue base increased by c. €340 million. The decrease in adjusted operating expenses rate is the result of a strong cost control program initiated globally, then rolled out and accelerated in B&A, Retail and Group support functions through the implementation of the Fit for Growth plan.

EBITDA margin

EBITDA came in at €606 million including a positive IFRS 16 effect of €33 million. Without this effect, EBITDA would be €573 million, against €527 million like-for-like in 2018 (€488 million on reported basis), thus an improvement of €46 million, of which €20 million is derived from the Fit for Growth plan.

Retail EBITDA came in at €301 million. Excluding positive IFRS 16 impact of €20 million, EBITDA reached €281 million (14.6% of revenue) to be compared with €250 million (14.5% of revenue) in FY'18 pro-forma, an increase of 10 bps. Excluding the €5 million growth initiatives investment, EBITDA would have reached €286 million, at 14.9% of revenue, increasing by 40 bps. This overall performance is above our annual Retail EBITDA objective to be above €285 million with €301 million delivered.

B&A EBITDA stood at €305 million. Excluding positive IFRS 16 impact of €13 million, EBITDA reached €293 million (20.2% of revenue) to be compared with €277 million (21.2% of revenue) in FY'18, decreasing by 100 bps. This EBITDA improvement of €16 million is mainly derived from an over-performance in revenue in Latin America. In line with the B&A revival plan as previously communicated, the Fit for Growth positive EBITDA impact in FY'19 has compensated pressure on gross profit coming from geographical mix evolution and isolated pricing pressure in some mature countries. Overall performance is in line with our annual B&A EBITDA objective to deliver c.€305 million.

Cash generation

Free cash-flow improved very significantly during the year 2019 at €310 million compared to €238 million in 2018. The major elements of the free cash-flow improvement were:

- Contribution of EBITDA increase of €85 million on reported basis, net of non-cash IFRS 16 effect;
- A stabilization of the working capital in a strong growth environment, resulting from a fully redesigned cash control process with a better efficiency on cash collection;
- Increase of capital expenditure by €18 million reaching €135 million (€30 million in B&A and €105 million in Retail), against €117 million in FY'18. The level of capital intensity is fully in line with the Group mid-term investment policy;
- OIE decreased by €5 million reaching €42 million, in line with our annual objective;
- Interests paid stable at €20 million;
- Tax paid decreased by €25 million, from €90 million in 2018 to €65 million in 2019 benefiting from a €25 million one-off reimbursement of the French tax authority.

Consequently, the free cash-flow conversion rate reached 51%. Excluding IFRS 16 and the tax one-off effect, the free cash-flow conversion rate reached 50%, an improvement of 1.0 point compared to last year.

Group net debt

The Group's net debt decreased to €1,308 million against €1,518 million at the beginning of the year. The major elements of this evolution are the €310 million free cash-flow generation and the €66 million net cash-out mainly related to the Paymark acquisition. The ratio of net debt to EBITDA[3] is down to 2.2x from 3.1x at the end of 2018.

Fit for Growth key achievements

The Fit for Growth plan has been launched in February 2019 and is now fully in run mode. Its ambition is to revive the B&A business unit, accelerate the Retail growth profile and to transform the Group structure and operating model by 2021. Some key milestones have already been reached during 2019:

1) B&A continued to deploy Android globally, supported by the new competence centre, and started to implement some initiatives related to Global account management, delivering already positive outputs. Following the implementation of the B&A revival plan, the product portfolio rationalization has been executed, with c. 60% of product references decommissioned. In parallel, the single EMS strategy has been completed during the year;
2) Retail has introduced some of its dedicated growth initiatives, with the roll-out of acquiring solution to existing merchants in the Benelux. In parallel, Enterprise has started to deploy full-service offering solutions for the unattended segment. Global Online continued to accelerate within the Travel vertical. Payone integration is on track and the conversion of saving banks customers to Payone payment solutions is gaining traction, and;
3) During the year, the Group defined the targeted operating model which is now in the implementation phase and the ERP simplification has been initiated. As announced in February 2019, the legal reorganization with the creation of two sub-groups (B&A and Retail) has been completed. In the meantime, the rationalization and the migration of its data centres and the optimization of procurement through a global function are ongoing. In addition, outsourcing and nearshoring developments are on track.

These milestones are in line with the plan and enable us to deliver the €20 million positive EBITDA impact expected in 2019 and to confirm the €100 million positive EBITDA impact anticipated in 2021.

B&A: launch of Payments Platform as a Service solutions (PPaaS)

In 2019, with the implementation and execution of B&A revival plan, B&A has delivered a solid profitable growth through the ramp-up of Tetra devices and the internationalization of business centric open terminals Android based. In parallel, B&A has initiated a flexible Terminal as a Service (TaaS) solution, offering an added full suite of services to B&A customers.

Today B&A announces the next step of its strategy by launching the Payments Platform as a Service (PPaaS) initiative. This new solution fits perfectly with the need to transform an installed base of payment acceptance device by creating a new digitalized commerce experience. With this initiative, B&A is repositioning the acceptance value chain by proposing an open, API-driven payment platform offered as a service for the entire ecosystem, being banks, acquirers, ISOs, ISVs, PSPs aggregators or Fintech players. It will allow B&A to become the ecosystem enabler of integrated business and payment solutions.

Through the creation of a secure and flexible cloud based payments and value added services platform, B&A will provide to its customers:

- A global and scalable platform offering a full suite of services without the burden of the complete infrastructure investment;
- A seamless deployment of verticalized and cross channel integrated solutions through API;
- A very fast and efficient connection to new services or geographies drastically reducing implementation cycles;
- A routing of omnichannel transactions and aggregated data analytics;
- A hardware agnostic platform, and;
- A flexible offering with subscription packages and API-based consumption model.

To deploy PPaaS initiative, B&A will invest a first tranche of €10 million in 2020 to foster the ecosystem development and get live with customers on-boarding their merchants on the cloud platform by the first half of 2021.

B&A is opening a new era from a hardware centric payment acceptance model towards a recurring as a service revenue model and expect in the coming five years to:

- Migrate to PPaaS and TaaS offerings 50% of the client base;
- Derive 30% of its activity from recurring revenue versus 15% in 2019, and;
- Protect future margin profile at current level (c.22%).

New reporting format

In 2020, Ingenico will implement a new reporting format to provide a better measure of both divisions' performance, aligned with European and American market best practice. The new reporting format will impact two financial aggregates as follows:

- Revenue: Shift of Retail revenue from gross (including interchange fees) to net (excluding interchange fees), leading to a revenue restatement of €475 million in 2019 (from €1,919 million gross revenue to €1,444 million net revenue). 2020 organic growth guidance will be based on net revenue;
- EBITDA: Identification of corporate costs and publication of business units EBITDA excluding reallocation of corporate costs. 2020 EBITDA guidance will include three underlying components, Retail and B&A EBITDA and corporate costs.

2020 objectives

- Net Revenue: The Group expects to achieve an organic growth between 4% and 6%, with B&A revenue growth to be in the range of -1% to +1% and Retail growing to achieve a double-digit organic growth.
- EBITDA: The Group targets an EBITDA above €650 million, including a Fit for Growth impact of €45 million. This target factors in:
    1) c.€330 million EBITDA in B&A, including €10 million additional investment in PPaaS initiative
    2) Above €365 million EBITDA in Retail
    3) c.€45 million Corporate costs
- Free cash-flow: The Group has an objective to reach a free cash-flow conversion rate above 50% leading to free cash-flow of c. €330 million.

Conference Call

The financial results for the full-year of 2019 will be discussed in an audio webcast and a Group telephone conference call to be held on 3rd February 2020 at 7.15am Paris time (6.15am UK time). The presentation and audio webcast will be available at www.ingenico.com/finance. The call will be accessible by dialling one of the following numbers: +33 (0) 1 76 70 07 94 (from France), +1 631 510 7495 (from the US), +44 (0) 2071 928 000 (from other countries), with the conference ID: 3190504.

This press release contains forward-looking statements. The trends and objectives given in this release are based on data, assumptions and estimates considered reasonable by Ingenico Group. These data, assumptions and estimates may change or be amended as a result of uncertainties connected in particular to the performance of Ingenico Group and its subsidiaries. These forward-looking statements in no case constitute a guarantee of future performance and involve risks and uncertainties. Actual performance may differ materially from that expressed or suggested in the forward-looking statements. Ingenico Group therefore makes no firm commitment on the realization of the growth objectives shown in this release. Ingenico Group and its subsidiaries, as well as their executives, representatives, employees and respective advisors, undertake no obligation to update or revise any forward-looking statements contained in this release, whether as a result of new information, future developments or otherwise. This release shall not constitute an offer to sell or the solicitation of an offer to buy or subscribe for securities or financial instruments.

About Ingenico Group

Ingenico Group (Euronext: FR0000125346 – ING) is the global leader in seamless payment, providing smart, trusted and secure solutions to empower commerce across all channels, in-store, online and mobile. With the world's largest payment acceptance network, we deliver secure payment solutions with a local, national and international scope. We are the trusted world-class partner for financial institutions and retailers, from small merchants to several of the world's best known global brands. Our solutions enable merchants to simplify payment and deliver their brand promise.

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Upcoming events

FY'19 results: 25th February 2020 (post market)