

## Ingenico ramps up its transformation: acquisition of Bambora H1 2017 Trading update

- **Key milestone in the execution of Ingenico's strategy**
  - Expand its own acquiring capabilities on top of existing partnerships in order to enhance the full-service offer
  - Step up the approach of the fast growing end-to-end payment solutions market for SMBs in Europe
  - Extend the geographical exposure of the online and in-store segments
- **Accretion on Ingenico's economics from 2018 and beyond**
  - Organic growth profile enhanced by 1 to 2% per year
  - c.5% EPS accretive impact in 2018 (before synergies and PPA)
  - €30 million of run-rate synergies to be realized over 3 years leading to an EPS accretive impact of c.13%

Ingenico Group, (Euronext: FR0000125346 - ING), global leader in seamless payment, today announced the acquisition of Bambora, a fast growing player in payment services, from Nordic Capital for a total consideration of €1.5 billion. The transaction will be fully financed through available cash and debt. The financial leverage will remain below 3x EBITDA leaving Ingenico flexibility for future M&A.

Headquartered in Stockholm, Bambora employs more than 700 people across Europe, North America and Australia. The group provides a one-stop shop offer to address both Enterprise and SMB markets. Bambora delivers in-store, mobile and online services through end-to-end payment solutions for over 110,000 merchants and enterprises globally. The backbone of its offers consists of a merchant acquiring platform and a customer centric approach relying on an in-depth expertise of full-service offering and value-added services such as fast digital onboarding or data analytics. Bambora, whose model generates more than 90% recurring revenue, reached a gross revenue of €202 million in 2016. In the next two years, gross revenue and EBITDA are expected to grow over 20% and 30% respectively.

This acquisition represents a key milestone in the execution of Ingenico Group's strategy towards payment services with a disruptive approach and:

- Enriches Ingenico's customer centric offer with complementary technological skills
- Adds a dedicated direct-to-SMB sales' channel to the Retail Business Unit
- Leverages Enterprise combined portfolios with end-to-end payment solutions, including online acquiring capabilities in Europe and specific advanced functionalities for cross-border companies globally
- Brings scalable assets with a complementary footprint and increases its online and in-store offer in the Nordics, North America and Australia through the addition of new Gateways
- Expands our presence in Australia with POS managed services and full estate management offering

***“Anticipating the future evolutions of commerce, Ingenico Group has, in recent years, been pursuing a strategy of expanding its offering towards integrated payment services. The acquisition of Bambora represents a key milestone in our strategic plan providing a more integrated client offering and omnichannel solutions. Coupled with the investments made in our platforms and the development of new technological features, Bambora will enhance our customer centric approach and will reinforce our online and in-store positioning through a perfect complementarity. This transaction will be additive to our growth profile and will create value for our shareholders, customers and employees. In parallel, our half-year performance enables us to reiterate our 2017 objectives.”*** said Philippe Lazare, Chairman and CEO of Ingenico Group.

***“With our one stop shop payment services, our cross border acquiring capabilities and our customers’ digital approach, Bambora fits perfectly with Ingenico’s strategic initiatives to address market evolutions and focus on merchants’ needs. The combination of our scalable end-to-end solutions with Ingenico’s assets will create great value to our customers by helping them to drive performance. I am very excited about pursuing our development alongside Ingenico and being fully involved within the integration process to offer a world class experience to our customers.”*** said Johan Tjärnberg, CEO of Bambora.

***“Bambora is an excellent example of entrepreneurial business innovation, and yet another great Swedish unicorn leveraging strong local tech capabilities to create a global digital leader. Bambora is the result of a strong vision based on deep insight into the market, followed by fast and innovative execution by the management team that I would like to thank for their dedication and exceptional work. With Ingenico Group as new owners, Bambora will be able to further leverage its technology platform and strong team within Ingenico’s footprint for even faster growth and expansion.”*** says Fredrik Näslund, partner, NC Advisory AB, advisor to the Nordic Capital funds.

Bambora's top management will reinvest a meaningful part of their proceeds in Ingenico shares and will be fully involved in the development of Bambora within Ingenico.

The closing is expected to occur by the end 2017, subject to approval from the relevant regulatory and antitrust authorities, and after the consultation of the employee representative authorities.

## Half-year results in line with our 2017 objectives

- **Revenue of €1,222 million**
  - Up 5% on a comparable basis<sup>1</sup>
  - Up 8% on a reported basis
- **Solid performance across most regions**
  - Back to positive organic growth in North America in the second quarter
  - Excluding Brazil, organic growth<sup>1</sup> of 6% in the first half
- **Continued positive momentum in ePayments**
- **EBITDA<sup>2</sup>: €244 million representing 20% of revenue**
- **Objective for 2017 maintained**
  - Organic growth<sup>1</sup> c. 7%
  - EBITDA<sup>2</sup> margin slightly above 20.6%

### Key figures<sup>3</sup>

(in millions of euros)	H1'17	H1'16	Changes vs. H1'16
Revenue	1,222	1,133	8%
Adjusted gross profit	512	490	4%
<i>As a % of revenue</i>	41.9%	43.2%	(130) bpts
Adjusted operating expenses	-291	-284	3%
Profit from ordinary activities, adjusted (EBIT)	221	206	7%
<i>As a % of revenue</i>	18.0%	18.1%	(10) bpts
Operating margin	191	184	4%
EBITDA	244	244	n.s.
<i>As a % of revenue</i>	20.0%	21.5%	(150) bpts
Free cash-flow	69	64	8%
<i>FCF/EBITDA conversion rate</i>	28.1%	26.2%	+190 bpts

	H1 2016 Reported	H1 2016 pro forma*	H1 2017		
			€m	% change	
				Comparable <sup>1</sup>	Reported
Retail	492	492	516	3%	5%
Banks & Acquirers	641	650	706	7%	10%
<b>Total</b>	<b>1,133</b>	<b>1,142</b>	<b>1,222</b>	<b>5%</b>	<b>8%</b>
Europe & Africa	408	408	434	6%	6%
APAC & Middle East	262	272	302	13%	15%
Latin America	86	86	87	-9%	1%
North America	148	148	128	-16%	-14%
ePayments	230	230	270	12%	17%
<b>Total</b>	<b>1,133</b>	<b>1,142</b>	<b>1,222</b>	<b>5%</b>	<b>8%</b>

\* including the previous year acquisitions on a pro forma basis

<sup>1</sup>On a like-for-like basis at constant exchange rates

<sup>2</sup>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.

<sup>3</sup>Preliminary unaudited financial results for the period ended as of June 30, 2017. Review procedures related to the half-year consolidated accounts have been carried out. Review report will be issued after reviewing the half-year financial report.

## Performance in the first half 2017

In the first half of 2017, revenue totaled €1,222 million, representing an 8% increase on a reported basis, including a positive foreign exchange impact of €12 million. Total revenue included €832 million generated by the Smart Terminals and €390 million generated by Payment Services.

On a comparable basis, revenue was 5% higher than in the first half of 2016, a result that included a 3% increase in Terminals and an 11% increase in Payment Services.

Our new organizational framework is now in place. In H1, the Retail Business Unit reported a revenue of €516 million, an increase of 5% on reported figures. On a comparable basis, the increase in revenue was 3%, driven by a good performance in ePayments but impacted by a strong terminals renewal cycle that has taken place in 2016 in Europe.

The Banks and Acquirers Business Unit posted a revenue of €706 million, an increase of 10% on reported figures and including a positive foreign exchange effect of €12 million. On a comparable basis revenue increased by 7%, fueled by a strong demand in Europe and Asia despite a lack of dynamism in Brazil regarding the macroeconomic uncertainties.

### **Gross profit up 4%**

During the first half of 2017, the adjusted gross profit reached €512 million, or 41.9% of revenue. Excluding China, the adjusted gross profit as percentage of revenue represented 43.7% of revenue, or a 10 basis points increase compared to the first half of 2016 pro forma adjusted.

The gross profit in the Terminal division grew by 5% to €385 million, or 46.3% of its revenue following a less favorable geographical mix and components' shortages in China.

Within the Payment Services division, the gross margin rate fell by 290 basis points to 32.4% of its revenue, resulting from the current investments in our platforms and an evolution of our client and geographical mix.

### **Operating expenses contained over the semester**

In the first half of 2017, the adjusted operating costs were €291 million, representing 23.8% of revenue compared to 25.1% in the first half of 2016. As discussed last February, the investments in our platforms tend to decrease all along the year as the forecasted plan has been achieved.

### **EBITDA margin and profit from operating activities**

EBITDA was €244 million in the first half of 2017, equal to 20.0% of revenue compared to 21.5% in the first half of 2016. We remain confident with our full year EBITDA margin objective as H2 2017 will benefit from a better geographical mix and operating improvements.

After accounting for Purchase Price Allocation and other operating income and expenses, profit from operations totaled €191 million, compared with €184 million in the first half of 2016. The Group's operating margin was equal to 15.7% of revenue, versus 16.2% in the first half of 2016.

As announced in February 2017, our new organization will enable us to optimize our operating model through higher end-to-end industrial and R&D efficiency, sharing modules across platforms and leveraging scale to optimize our costs.

In that purpose, we have initiated an operational excellence plan with the involvement and commitment of all local managers. We expect cost efficiencies to reach between €20 and €25 million

on a full year basis through a continuous improvement plan and efficiency in our procurements. Our operational excellence plan will be rolled out over time.

## Free cash-flow

During the first half of 2017, Ingenico Group's operations generated a free cash flow of €69 million, 8% higher than the prior year leading to an FCF/EBITDA ratio of 28.1%, an increase of 190 basis points. This improvement mainly resulted from the lower tax paid during the semester that has benefited from the geographical mix evolution. In parallel, the Group continued to invest in its activities with CAPEX amounting to €38 million.

## Outlook

Ingenico Group confirms its 2017 objectives:

- A revenue growth around 7% on a comparable basis
- A slight increase of the EBITDA margin compared to 2016 (20.6%)

## Conference Call

The details of the transaction will be discussed on a Group telephone conference call which will be held on the 20th July 2017 at 8.30am Paris Time (7.30am UK). The call will be accessible by dialing one of the following numbers: +33 (0)1 70 99 32 08 (from France), +1 646 851 2407 (from the US) and +44 (0)20 7162 0077 (from other countries) with the conference ID of: **962556**. A presentation will be available at [www.ingenico.com/finance](http://www.ingenico.com/finance)

*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 with 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.

Learn more at [www.ingenico.com](http://www.ingenico.com)  [twitter.com/ingenico](https://twitter.com/ingenico)

**About Bambora**

Bambora helps businesses grow. With a suite of simple payment products, it's easy to keep track of daily transactions both online, in-store, or in-app. Founded in 2015, Bambora has been built with assets having significant experience in the payments industry. Now an international presence, with more than 700 employees, customers in 70 markets, and 300 commercial partners, Bambora processes €55 billion per year. For more information, please visit [www.bambora.com](http://www.bambora.com)

**About Nordic Capital**

Nordic Capital is a leading private equity investor in the Nordic region with a resolute commitment to creating stronger, sustainable businesses through operational improvement and transformative growth. Nordic Capital focuses on selected regions and sectors where it has deep experience and a proven track record. Core sectors are Healthcare, Technology & Payments, Financial Services, Industrial Goods & Services and Consumer & Retail, and key regions are the Nordics, Northern Europe, and globally for Healthcare. Since inception in 1989, Nordic Capital has invested €11 billion through eight funds. The Nordic Capital Funds are based in Jersey and are advised by six advisory companies, which are based in Sweden, Denmark, Finland, Norway, Germany and the UK. For further information about Nordic Capital please see: [www.nordiccapital.com](http://www.nordiccapital.com)

**Contacts / Ingenico Group**

**Investors**  
Laurent Marie  
VP Investor Relations &  
Financial Communication  
[laurent.marie@ingenico.com](mailto:laurent.marie@ingenico.com)  
(T) / 01 58 01 92 98

**Investors**  
Kevin Woringer  
Investor Relations Manager  
[kevin.woringer@ingenico.com](mailto:kevin.woringer@ingenico.com)  
(T) / 01 58 01 85 09

**Communication**  
Coba Taillefer  
External Communication Manager  
[coba.taillefer@ingenico.com](mailto:coba.taillefer@ingenico.com)  
(T) / 01 58 01 89 62

**Upcoming events**

Conference call on Bambora's transaction and preliminary unaudited H1 2017 results:  
July 20, 2017 at 8.30am (Paris)

Revised H1 2017 results: July 26, 2017 after market

## EXHIBIT 1

	Q2 2016	Q2 2016	Q2 2017		
	Reported	pro forma*	€m	% change	
	€m	€m		Comparable <sup>1</sup>	Reported
Retail	257	257	273	2%	6%
Banks & Acquirers	324	329	355	7%	10%
<b>Total</b>	<b>581</b>	<b>586</b>	<b>628</b>	<b>5%</b>	<b>8%</b>
Europe & Africa	215	215	225	4%	5%
APAC & Middle East	133	138	140	4%	5%
Latin America	41	41	44	-1%	5%
North America	74	74	76	1%	3%
ePayments	119	119	144	11%	21%
<b>Total</b>	<b>581</b>	<b>586</b>	<b>628</b>	<b>5%</b>	<b>8%</b>

\* including the previous year acquisitions on a pro forma basis

### Performance in the second quarter 2017

In the second quarter of 2017, Ingenico Group reported a revenue of €628 million, representing an 8% increase on a reported basis, including a positive foreign exchange impact of €4 million. Total revenue included €421 million generated by the Smart Terminals business and €207 million generated by Payment Services.

On a comparable basis<sup>1</sup>, revenue growth was 5% higher than in the second quarter of 2016, a result that included a 3% increase in Terminals and a 9% increase in Payment Services. Within the new organization, the like-for-like growth of the second quarter can be split in an increase of 2% of the Retail Business Unit and 7% growth in the Banks & Acquirers Business Unit.

Compared with Q2'16, the various divisions performed as follows on a like-for-like basis and at constant rates:

- **Europe & Africa (up 4%):** Despite a strong comparable basis, the dynamic showed a very good momentum across most countries.  
In the Banks and Acquirers Business Unit, the Group benefited from the tailwind of the PCI v1 terminals replacement cycle. Eastern countries experienced strong dynamic fueled by regulations pushing for more electronic payments.  
In the Retail Business Unit, the in-store delivered a solid performance during the quarter, with a steady growth on Axis platform, demonstrating the edge of Ingenico to serve Tier 1 in-store retailers' needs, and its unique omnichannel value proposition on a pan European basis. In France, the Group benefited from the contribution of omnichannel contracts and continued to gain market shares in every retail merchant tiers.
- **Asia-Pacific & Middle East (up 4%):** In the Banks and Acquirers Business Unit, the demonetization process in India ended as expected after having fueled the growth since November 2016. The dynamic will now turn to a more normative level waiting for a biometry regulation. In China, even if Landi faced a maturing market, the launch of the APOS has been particularly successful with almost 350,000 terminals shipped during the second quarter, allowing the company to grow. The rest of the region is still benefiting from a strong demand except in



Indonesia where the regulation has led to a “wait and see” momentum.

In the Retail Business Unit, Turkey showed a more normative level after a strong Q1 that has benefited from the migration to terminals with fiscal memory.

- **Latin America (down 1%):** The large majority of this region's operations comes under the Banks and Acquirers Business Unit. The region is still impacted by the unfavorable macroeconomic situation in Brazil leading to a lack of visibility on this market. However, the Group grew in the other countries, most specifically in Colombia and Mexico. Regarding the latter, Telium Tetra deployment continues to progress.
- **North America (up 1%):** While the prior year comparisons remained difficult in this quarter, the region was able to achieve slight growth as both business units delivered solid performance. The US Retail segment continued to benefit from increasing adoption of our mobile payment solutions with large national retailers and deeper penetration in the Casual Dining segment with the boarding of new customers such as Red Lobster, Hooter or Frazoli's. The Banks & Acquirers Business Unit showed improved results as distribution partners in the US began to increase the volume of orders. Challenges continue in portions of the market, particularly in the SMB sector as EMV migration is no longer a motivator for merchants to upgrade their payment devices. Market continues to stabilize and existing inventory is being consumed. The Canadian business continues to show strength as acquirers continue to replace their installed based.
- **ePayments (up 11%):** The division, part of the Retail Business Unit, confirmed a strong performance in line with its objectives. The platforms have demonstrated strong performance, especially in terms of stability, customer satisfaction and churn, while first merchants decided to adopt Ingenico new marketplace solution. Several wins during the period allowed acceleration of new business revenue in the first half with brands like Five Guys, WoW Air or Anantara. Finally, several new products and partnerships have been announced or launched, like payment in messenger bots, SEPA Direct Debit, BCME acquiring, next generation fraud tools to enrich Ingenico offer and grow its attractiveness towards merchants.



## EXHIBIT 2

### Impact of purchase price allocation (« PPA »)

<i>(in millions of euros)</i>	H1'17 excl. PPA	PPA Impact	H1'17
Gross profit	512	(6)	506
Operating expenses	(291)	(17)	(307)
Profit from ordinary activities	221	(23)	198

### Reconciliation of profit from ordinary activities to EBITDA

EBITDA represents profit from ordinary activities, restated to include the following:

- Provisions for impairment of tangible and intangible assets, net of reversals (including impairment of goodwill or other intangible assets with indefinite lives, but not provisions for impairment of inventories, trade and related receivables and other current assets), and provisions for risks and charges (both current and non-current) on the liability side of the balance sheet, net of reversals.
- Expenses related to the restatement of finance lease obligations on consolidation.
- Expenses recognized in connection with the award of stock options, free shares or any other payments to be accounted for using IFRS 2, Share-based compensation.
- Changes in the fair value of inventories in accordance with IFRS 3, Business Combinations, i.e. determined by calculating the selling price less costs to complete and sell.

Reconciliation :

<i>(in millions of euros)</i>	H1'17	H1'16
Profit from ordinary activities	198	184
Allocated assets amortization	23	21
EBIT	221	206
Other D&A and changes in provisions	17	23
Share-based compensation	7	15
EBITDA	244	244