

Worldline announces a major strategic commercial acquiring alliance with ANZ Bank in Australia

- Acquisition of a controlling stake (51%) in the commercial acquiring business of ANZ for a cash consideration of c. AUD 485 million
- Creation of a 51%-49% joint-venture controlled by Worldline to operate and develop commercial acquiring services in Australia with ANZ Bank
- Strategic opportunity to expand Merchant Services outside of Europe with a unique access to one of the largest payments markets
- Strong value creation through synergies derived from Worldline's payment technology stack roll-out, enhanced scale and growth acceleration
- First success of the newly created Merchant Services-Financial Institutions division, leveraging the compelling strengths of the Worldline-Ingencio combination

Bezons, December 14, 2020 – Worldline [Euronext: WLN], a Global leader in the payments industry, today announced the signing of a major strategic commercial acquiring alliance with ANZ Bank, one of the largest banks in Asia-Pacific and Australia's 3rd largest acquirer with a c. 20% share of transaction volumes processed in Australia¹.

Gilles Grapinet, Worldline's Chairman and CEO, said: *"The strategic alliance announced today between Worldline and ANZ is a landmark transaction for the Group and I am very honored that Worldline has been selected by ANZ to take over the control of its merchant acquiring business as the long term partner of choice to deliver state-of-the-art products and services to its very large portfolio of merchant customers."*

Australia is a highly attractive strategic market as it is very close to Europe in terms of market structure, standards and technology, with a high level adoption of electronic payments. Backed by a solid macroeconomic environment and a strong long-term growth potential, the Australian market represents a rare opportunity to scale-up our platforms and roll-out our innovative solutions in very close partnership with such a leading institution as ANZ.

¹ Credit, Debit and Chargecard turnover, ANZ internal and RBA data

This long-term and exclusive joint-venture is based on a shared vision for delivering value added Merchant Acquiring products and services in Australia, through the combination of Worldline's global scale, best-in-class technologies and expertise, with ANZ's vast banking footprint and distribution power. We are particularly pleased to welcome soon circa 200 merchant acquiring and payment technology experts from ANZ.

Finally, this partnership between ANZ and Worldline highlights the relevance of the newly created Worldline's Merchant Services - Financial Institutions value proposition we will further deploy in Europe and beyond to cement future bank alliances in Merchant Services as more and more financial institutions are currently initiating similar strategic initiatives."

Mark Hand, ANZ's Group Executive Australia Retail and Commercial, said: *"Partnering with a global payments provider means we can combine our banking expertise with Worldline's leading solutions to offer Australian customers world class services.*

Through this joint venture we will further enhance our capability as a leading transaction bank while continuing to manage customer relationships for broader banking needs. This is another example of our strategy to create a simpler and more digitally-focused bank that provides leading products and services for Australian customers."

Australia: an attractive payment market

Australia is a highly attractive and strategic market for Worldline. It is the 14th largest economy in the world and the 5th largest in Asia. It enjoys robust economic performance with a low unemployment rate and limited public indebtedness, sustained by its consistent policy frameworks, strong institutions, attractive investment environment and deep trade ties with Asia.

The Australian payment industry shows favorable dynamics with a sizable and growing addressable market and a high level of readiness and receptiveness towards cashless payment methods.

Similar to Europe in terms of market structure, payment standards and technology, the Australian payment market is large and dynamic. It has a high level adoption of electronic payments and is ranked #4 globally for payment terminals per capita, with consumer use of contactless cards and digital wallets amongst the highest in the world.

Furthermore, with a cash penetration still high, the Australian market offers an attractive growth opportunity driven by the shift from cash to card. This trend has accelerated during the recent Covid-19 pandemic, driven by a temporary contactless payment threshold improvement (from AUD 100 to AUD 200), mobile payments solutions promoted by banks and an increased use of online shopping that seems to likely become a permanent shift.

This new joint-venture represents a unique opportunity for Worldline to significantly expand its merchant acquiring business outside of Europe, with direct access to an existing and high quality merchants' portfolio, and at the same time to generate significant synergies due to enhanced scale by leveraging the Group's payment technologies.

Alliance with a local leader with strong customer relationships

Founded in 1835 and headquartered in Melbourne, ANZ is one of the top 4 retail banks of the continent and is amongst the leaders on its market.

Having generated c. € 180 million revenue in 2020 with an OMDA percentage of c. 19%, ANZ commercial acquiring unit is the third largest payment acceptance and acquiring business in Australia, with a 20% share of transaction volumes processed in Australia. It currently employs c. 200 employees and manages payments for 80,000 physical and online merchants through 2 billion of transactions processed on their platform.

With an experienced leadership team having a deep country and sector knowledge, ANZ has developed a prominent customer base spanning from SMEs to large customers. This well-diversified and resilient merchant customer base shows strong retention rates and is diversified geographically with Victoria (28%), New South Wales (28%), and Queensland (20%) representing the largest regions.

Strategic rationale

In this rapidly-changing industry, driven by the customers' adoption of numerous and innovative payment methods, ANZ sees in Worldline the ideal partner to leverage focused technical capability in order to provide the best customer proposition and user experience across all segments.

The combination of ANZ's strong market position and Worldline's global scale, best-in-class technologies and payment expertise will allow the alliance to grow revenue at a double-digit rate in the coming years. This accelerated growth rate will be delivered through cross and up-sell opportunities based on innovative solutions such as digital onboarding, Alternative Payment Methods (APM), fraud detection, online and omnichannel capabilities, while leveraging the existing merchant portfolio.

Furthermore, a robust integration and platform development program will be implemented at closing with the objective to reach € 25 million additional OMDA by 2025. The synergy plan is mainly based on the re-use approach of Worldline's proven payment modules with the implementation of a targeted platform bringing innovative European market standard payment applications in Australia.

Post-migration, Worldline IP-owned platform will deliver strong operating leverage from an enhanced scale with more than € 74 billion additional transaction volumes per year to be processed, a +20% volume increase when compared to the number of commercial acquiring transaction volumes Worldline currently processes (c. € 400 billion).

Impacts of the transaction on Worldline

The key financial impacts of the newly created joint-venture on Worldline are the following:

- Additional annual revenue of c. € 180 million with expected double-digit organic growth CAGR over the next 5 years;
- OMDA margin of c. 20% expected at closing to catch-up with Worldline's Merchant Services profitability, fueled by operating leverage and expected synergies of € 25 million by 2025;
- Estimated implementation costs at c. € 25 million, and;
- Estimated cash-out of c. € 300 million (for the 51% stake in the joint-venture) at closing, preserving Worldline's financial flexibility for further developments.

Key transaction terms and governance principles

The key transaction terms and governance principles are the following:

- ANZ merchant acquiring business enterprise valued at AUD 925 million (c.€ 570 million), corresponding to an EV/EBITDA multiple below Worldline's current multiple;
- Worldline to control the joint-venture with a 51% shareholding;
- CEO and COO to be appointed by Worldline in a shared approach with ANZ;
- Long-term partnership signed, with a minority buy-back mechanism through a call option exercisable by Worldline (10 years after closing);
- Closing expected in Q4 2021.

Industrial alliance fully in line with Worldline's strategy to expand its Merchant Services business globally leveraging *Merchant Services - Financial Institutions* repeatable blueprint business model

This alliance is a landmark operation confirming the relevance of Worldline's ambition to be the partner of choice for banks through the newly created *Financial Institutions* go-to-market, under the leadership of a dedicated team fully engaged to roll-out our bank partnership model.

Indeed, Merchant acquiring activities are critical for the banks but come along with challenges such as customer engagement, reach and scale, innovation, and ability to find the right partner to develop their activities. *Merchant Services - Financial Institutions* repeatable blueprint leverages the compelling combination between Worldline and Ingenico to provide to banking partners:

- Worldline's global reach with scale and competitive cost structure,
- Best-in-class digital payment products and services,
- Recognized sales and marketing capabilities,
- Successful track-record in integration and migration, and,
- Support to leverage their payment assets.

Through this dedicated go-to-market, Worldline will continue to respond to the growing appetite from financial institutions for tailored partnerships and to develop market winning banking alliances and joint-ventures.

Conference call

The Management of Worldline invites you to an international conference call on December 14, 2020 at 6:15 pm (CET – Paris).

- You can join the **webcast** of the conference:
 - on worldline.com, in the Investors section
 - by smartphones or tablets through the scan of the QR code or through this link : <https://edge.media-server.com/mmc/p/syv2eh2b>
- by telephone with the dial-in:

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After the conference, a replay of the webcast will be available on worldline.com, in the Investors section.

Forthcoming events

- February 24, 2021 FY 2020 results
- April 21, 2021 Q1 2021 revenue
- May 20, 2021 Annual General Shareholders' Meeting
- July 27, 2021 H1 2021 results
- October 19, 2021 Q3 2021 revenue

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About Worldline

Worldline [Euronext: WLN] is the European leader in the payments and transactional services industry and #4 player worldwide. With its global reach and its commitment to innovation, Worldline is the technology partner of choice for merchants, banks and third-party acquirers as well as public transport operators, government agencies and industrial companies in all sectors. Powered by over 20,000 employees in more than 50 countries, Worldline provides its clients with sustainable, trusted and secure solutions across the payment value chain, fostering their business growth wherever they are. Services offered by Worldline in the areas of Merchant Services; Terminals, Solutions & Services; Financial Services and Mobility & e-Transactional Services include domestic and cross-border commercial acquiring, both in-store and online, highly-secure payment transaction processing, a broad portfolio of payment terminals as well as e-ticketing and digital services in the industrial environment. In 2019 Worldline generated a proforma revenue of 5.3 billion euros. worldline.com

Worldline's corporate sense of purpose ("raison d'être") is to design and operate leading digital payment and transactional solutions that enable sustainable economic growth and reinforce trust and security in our societies. We make them environmentally friendly, widely accessible and support social transformation.

Disclaimer

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Revenue organic growth and Operating Margin before Depreciation and Amortization (OMDA) improvement are presented at constant scope and exchange rate. OMDA is presented as defined in the 2019 Universal Registration Document. Unless specifically noticed, all figures are presented in € million with one decimal. This may in certain circumstances lead to non-material differences between the sum of the figures and the subtotals that appear in the tables.

AUD/EUR exchange rate : 1 AUD = 0.62 EUR

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