

# 2017 annual results

Tuesday, February 20<sup>th</sup> 2018

**Worldline**

# Disclaimer

- This document contains forward-looking statements that involve risks and uncertainties, including references, concerning the Group's expected growth and profitability in the future which may significantly impact the expected performance indicated in the forward-looking statements. These risks and uncertainties are linked to factors out of the control of the Company and not precisely estimated, such as market conditions or competitors behaviors. Any forward-looking statements made in this document are statements about Worldline' beliefs and expectations and should be evaluated as such. Forward-looking statements include statements that may relate to Worldline' plans, objectives, strategies, goals, future events, future revenues or synergies, or performance, and other information that is not historical information. Actual events or results may differ from those described in this document due to a number of risks and uncertainties that are described within the 2016 Registration Document filed with the Autorité des Marchés Financiers (AMF) on April 28, 2017 under the registration number: R.17-032 and its update filed with the Autorité des Marchés Financiers (AMF) on August 3, 2017 under the registration number: D.17-0407-A01. Worldline does not undertake, and specifically disclaims, any obligation or responsibility to update or amend any of the information above except as otherwise required by law.
- Worldline consolidated statements for the year ended December 31, 2017, were approved by the Board of Directors on February 19, 2018. These financial statements have been audited.
- Revenue organic growth is presented at constant scope and exchange rates. Operating margin before amortization and depreciation (OMDA) is presented as defined in the 2016 Registration Document. 2018 objectives have been considered with exchange rates as of December 31, 2017.
- Global Business Lines include Merchant Services (in Argentina, Belgium, Brazil, Czech republic, France, Germany, India, Luxembourg, Malaysia, Poland, Spain, Sweden, The Netherlands, United Kingdom, USA), Financial Services (in Belgium, China, Estonia, Finland, France, Germany, Hong Kong, Indonesia, Italy, Latvia, Lithuania, Luxembourg, Malaysia, Singapore, Spain, Taiwan, The Netherlands and the United Kingdom.), and Mobility & e-Transactional Services (in Argentina, Austria, Belgium, Chile, China, France, Germany, Spain, The Netherlands and United Kingdom).
- This document does not contain or constitute an offer of Worldline' shares for sale or an invitation or inducement to invest in Worldline' shares in France, the United States of America or any other jurisdiction.

# Highlights

2017 annual results

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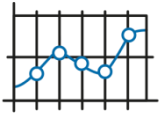
**Gilles Grapinet**  
*CEO Worldline*

Tuesday, February 20<sup>th</sup> 2018

**Worldline**



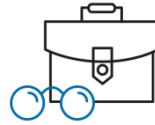
# A very solid year 2017



**Very solid financial results** well in line with all our objectives



Major **platform** and **portfolio development**



**Record high level** of commercial **opportunities**



Very **successful execution** of the equensWorldline **integration & synergy plan**



**Successful closing** and **very fast integration** of several **new acquisitions**

# 2017 key figures

**€1593.9m**

**+4.0% organic**  
+6.3% in H2 2017

**Revenue**

**€335.4m**

**21.0%**  
**+240 bp**

**OMDA**

**€2.6bn**

**1.6 years**  
of revenue

**Backlog**

**€176.0m**

**+28.9%**  
vs 2016

**Free Cash Flow**

**€133.4m**

**+34.2% vs 2016**  
(excl 2016 gain on Visa share)

**Net income**

**€105.5m**

**Net income**  
**Group Share**

# Strong execution of our inorganic strategy in 2017

## 2016 Acquisitions

### EQUENS

- Optimized IT, operations, overheads, and associated costs to our standards
- Removed business and support overlaps
- Converging technical platforms
- Cross-sell resulting in reinforced pipeline

➤ **Upgrade of first phase of synergy target to €45m**

### PaySquare KB | SmartPay

- Platform consolidation as per plan
- Go to market and offers aligned

➤ **Beating the top line ambitions**

## 2017 Acquisitions

### Digital River WORLD PAYMENTS

- A key success factor in cross-boarder payment services
- New organization in place
- **>30 x-selling opportunities already identified**

### First Data Baltics

- Process and IT deployed
- New organization in place
- **New large commercial opportunities already identified and qualified**

### MRL Posnet

- Reuse of technology platform well on track
- **Revenue growth above local market trends**

### diamis

**NEW!**

**Strongly complementary software offer** for Instant Payments and ECB T2/T2S project

**c.€330m** Invested since 2016

# Unique and differentiating combination of strategic assets for leading the European consolidation in payments

## Industrial scale



## Large portfolio of innovative products



## Unique pan-European track-record

- History of **value creative** deals with and for bank partners
- **Trusted long-term relationship** with **European banking communities** (France, Benelux, Germany)

## Very significant financial firepower



**Long-term industrial vision and shareholding stability**

**Ideal positioning** to address in 2018  
a very **active market** of M&A opportunities



# Revenue

## 2017 annual results

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**Eric Heurtaux**  
*CFO Worldline*

Tuesday, February 20<sup>th</sup> 2018

**Worldline**



# Technical reconciliations

## Constant scope and exchange rate figures reconciliation

In € million	2016				2017	
	FY 2016 Statutory	Scope effect	Exchange rates effect	FY 2016*	FY 2017 Actuals	Var.
Revenue	1,309.1	+237.5	-13.8	1,532.9	1,593.9	4.0%
OMDA	258.7	+29.2	-2.7	285.3	335.4	17.6%
OMDA %	19.8%			18.6%	21.0%	+240 bp

\* At constant scope and December 2017 YTD average exchange rates

- **Scope effects** mainly correspond to:
  - The **acquisition** of Equens, Paysquare and KB Smartpay (first 9M of 2016), FDB (Q4 2016), DRWP and MRL Posnet (Nov. and Dec. 2016) for a like-for-like comparison with FY 2017;
  - The **disposal** of the Cheque processing activity (« Cheque Service») from H2 2017
- **Exchange rates effects** reflect mostly the appreciation of the Euro versus the Argentinian Peso and the British Pound.

## IFRS 15: « revenue from contracts with customers »

Impacts from the adoption of IFRS 15 on the 2017 financial statements:

Impact of IFRS 15 adoption	2017
Estimated revenue	c. -2.6%
Estimated OMDA rate	c.+60 bp
No impact on OMDA and Free Cash Flow amounts	-

## Reminder - Presentation of assets and liabilities related to intermediation activities

(In € million)	As at December 31, 2017	As at December 31, 2016 (*)
Receivables linked to intermediation activities	171.7	112.6
Funds related to intermediation activities	145.0	137.0
<b>Total assets linked to intermediation activities</b>	<b>316.6</b>	<b>249.6</b>
Payables linked to intermediation activities	316.6	249.6
<b>Total liabilities linked to intermediation activities</b>	<b>316.6</b>	<b>249.6</b>

(\*) 31 December 2016 adjusted to reflect change in presentation disclosed in Note "Accounting rules and policies"

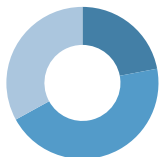
# 2017 Financial performance overview

In € million	Revenue			OMDA		OMDA %	
	FY 2017	FY 2016*	% Growth	FY 2017	FY 2016*	FY 2017	FY 2016*
Merchant Services	535.5	508.0	+5.4%	112.3	113.5	21.0%	22.3%
Financial Services	708.3	665.5	+6.4%	202.1	144.9	28.5%	21.8%
Mobility & e-Transactional Services	350.0	359.3	-2.6%	43.6	49.5	12.5%	13.8%
Corporate Costs				-22.6	-22.6	-1.4%	-1.5%
<b>Worldline</b>	<b>1,593.9</b>	<b>1,532.9</b>	<b>+4.0%</b>	<b>335.4</b>	<b>285.3</b>	<b>21.0%</b>	<b>18.6%</b>

\* At constant scope and December 2017 YTD average exchange rates

## Organic revenue growth: +4.0% reported (+6.3% in H2 2017)

**34%**  
Merchant  
Services

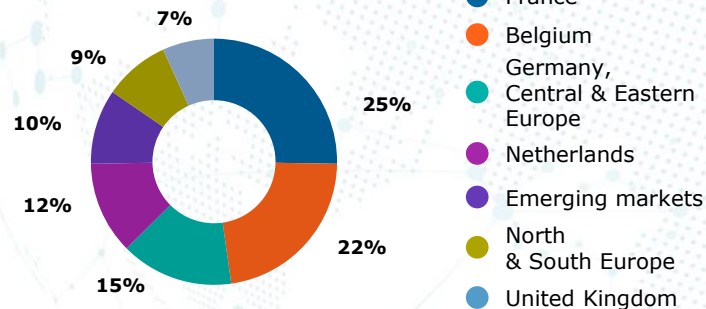



**22%**  
Mobility  
& e-Transactional  
Services



**44%**  
Financial  
Services

## Rebalanced geographical footprint (in % of total revenue)



**+240bp  
OMDA**  
improvement  
above the  
initial 2017  
target

# Merchant Services

*In € million*

Revenue  
OMDA  
% OMDA

Merchant Services		
FY 2017	FY 2016*	% Growth
535.5	508.0	+5.4%
112.3	113.5	
21.0%	22.3%	-1.4 pt

\* At constant scope and December 2017 YTD average exchange rates

## Revenue: +5.4%

- Strong momentum in *Merchant Payment Services*:
  - Demonetization Act in **India** leading to higher volumes;
  - Positive business trends in Continental Europe, in particular in **Germany, Netherlands and Central Eastern Europe**.
- Slight growth in *Merchant Digital Services* thanks to **Private Label Cards** in Spain and **projects** in the UK.

## OMDA: -140 bp

- **OMDA rate** impacted by the adaptation during 2016 of the pricing structure to retrocede the interchange fee reduction, as well as by commercial efforts to develop business in the faster growing geographies.



# Financial Services

*In € million*

Revenue  
OMDA  
% OMDA

Financial Services		
FY 2017	FY 2016*	% Growth
708.3	665.5	+6.4%
202.1	144.9	
28.5%	21.8%	+6.8 pt

\* At constant scope and December 2017 YTD average exchange rates

## Revenue: +6.4%

### Growth in all 4 business lines, fueled by high project activities:

- *Issuing and Acquiring Processing* supported by **good volume growth combined with good project activity**;
- Activity in *Account Payments* benefitted from **higher SEPA transactions** in the Netherlands and in Germany;
- *Digital Banking* growth sustained by **project activities** (France, UK)
- Promising new projects such as **Instant Payments** and **Access to account** management platforms

## OMDA: +680 bp

Strong improvement of OMDA thanks to:

- **Volume growth**
- Significant cost base savings from the **accelerated execution** of the equensWorldline **synergy plan**
- Favorable comparable basis from **one off costs incurred in 2016**

# Mobility & e-Transactional services

## Mobility & e-Transactional Services

*In € million*

Revenue

OMDA

% OMDA

**FY 2017**

**FY 2016\***

**% Growth**

350.0

359.3

-2.6%

43.6

49.5

12.5%

13.8%

-1.3 pt

\* At constant scope and December 2017 YTD average exchange rates

## Revenue: -2.6%

- **Very strong momentum in the three divisions:**
  - *e-Consumer & Mobility*: Good project activity in France and in Germany
  - *e-Ticketing*: temporary decline in the UK compensated by increased business in Latin America and in Germany
  - *Trusted Digitization*: good activity in France and in Germany
- **Reminder:** H1 2017 was the last semester where the reported growth of MeTS was impacted by the negative comparison effect arising from the termination of the RADAR contract. **Excluding this effect, the YTD growth rate of MeTS exceeded +7%**

## OMDA: -130 bp

- Margin improvement in the UK, in Germany and in Latin America
- OMDA impacted by the end of a mature contract (RADAR), which was partly substituted by new business consisting of project activities and ramping-up volumes with a lower profitability at start.

# Income statement

(In € million)	12 months ended 31 December 2017	12 months ended 31 December 2016
<b>OMDA</b>	<b>335.4</b>	<b>258.7</b>
<b>Operating Margin</b>	<b>253.1</b>	<b>196.6</b>
Staff reorganization	-4.9	-4.5
Rationalization and associated costs	-4.3	-4.5
Integration and acquisition costs	-25.6	-9.9
Equity based compensation	-7.9	-6.8
Customer relationships and patents amortization	-14.2	-6.1
Other items	-10.8	45.0
<b>Operating income</b>	<b>185.5</b>	<b>210.0</b>
Net financial expense	-8.1	-5.9
Income tax expense	-44.1	-53.7
Non controlling interests and associates	-27.8	-6.2
<b>Net income - Group share</b>	<b>105.5</b>	<b>144.2</b>

## Key Observations

- **Staff reorganization, integration & associated costs:** mostly costs related to Equens and Paysquare integration and synergy plans
- **Increase in customer relationship & patents amortization charge** due to amortization of assets identified in the recently acquired companies
- **Other items** in 2016 consisted primarily in the gain on Visa share disposal for € 51.2m
- **2017 effective tax** rate was 24.9% (vs 26.3% in FY 2016)
- **Total net income (excl. 2016 profit on Visa share):** +34.2%
- **Normalized EPS Group share** (diluted) reaches €1.08 (+12.5%)



# Cash flow statement

(In € million)	12 months ended 31 December 2017	12 months ended 31 December 2016
<b>Operating Margin before Depreciation and Amortization (OMDA)</b>	<b>335.4</b>	<b>258.7</b>
Capital expenditures	-107.0	-85.3
Change in working capital requirement	33.8	33.4
<b>Cash from operation</b>	<b>262.2</b>	<b>206.8</b>
Taxes paid	-44.1	-39.1
Net cost of financial debt paid	-1.1	-0.6
Reorganization in other operating income	-6.5	-5.2
Rationalization & associated costs in other operating income	-4.1	-4.1
Integration and acquisition costs	-20.1	-9.9
Net long term financial investments	-2.0	-1.3
Other changes (*)	-8.4	-10.1
<b>Free Cash Flow (**)</b>	<b>176.0</b>	<b>136.5</b>
Net material acquisitions	-220.1	-111.0
Capital increase	10.7	7.5
Proceeds from the disposal of the Visa Share	0.0	35.6
<b>Change in net cash</b>	<b>-33.5</b>	<b>68.6</b>
Foreign exchange rate fluctuation on net cash	-5.1	3.0
Opening net cash (**)	347.7	276.0
<b>Closing net cash</b>	<b>309.1</b>	<b>347.7</b>

(\*) "Other changes" include other operating income with cash impact (excluding reorganization, rationalization and associated costs, integration costs and acquisition costs), dividends paid to non-controlling interests and other financial items with cash impact.

(\*\*) 31 December 2016 FCF adjusted by €-3.9m to reflect change in presentation disclosed in Note "Accounting rules and policies"

## Key Observations

- **Free cash flow** increased by +28.9% in 2017 (**FCF/OMDA** conversion of **52.5%**)
- **Capex** includes investment in proprietary software platform for c.€47m
- Positive **change in WCR** reflects the alignment of contractual T&Cs notably for acquired companies
- **Net material acquisitions** corresponds mainly to the net cash paid for DRWP, FDB, MRL Posnet, and Diamis
- **Net cash** end of December 2017: c.€ 309 million

# Simplified balance sheet

<i>In € million</i>	<b>As at December 31, 2017</b>	<b>As at December 31, 2016 (*)</b>
Goodwill	933.8	766.4
Intangible assets	352.6	312.2
Tangible assets	129.2	103.8
Non-current financial assets	35.4	27.8
<b>Net non-current assets</b>	<b>1451.0</b>	<b>1210.1</b>
<b>Current assets &amp; liabilities</b>	<b>-186.5</b>	<b>-101.8</b>
<b>Total equity</b>	<b>-1426.4</b>	<b>-1292.0</b>
Pension provision	<b>-116.0</b>	<b>-131.6</b>
Provisions	<b>-26.2</b>	<b>-30.4</b>
Net deferred tax liability	<b>-5.0</b>	<b>-1.9</b>
<b>Net cash</b>	<b>309.1</b>	<b>347.7</b>

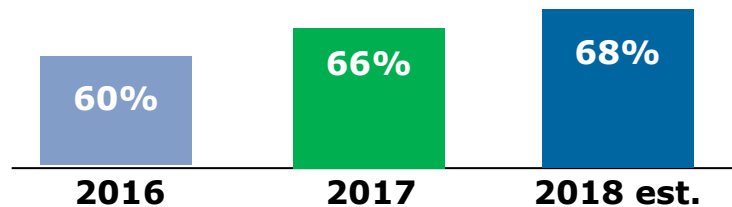
## Key Observations

- Increase in **non current assets** reflects the mostly the goodwill and intangible assets recognized for the acquisitions of DRWP, FDB and MRL Posnet
- Decrease in **provision for pension** is due to the **freeze of the pensionable pay in the UK** (Railways Pension Scheme), negotiated in H1 2017

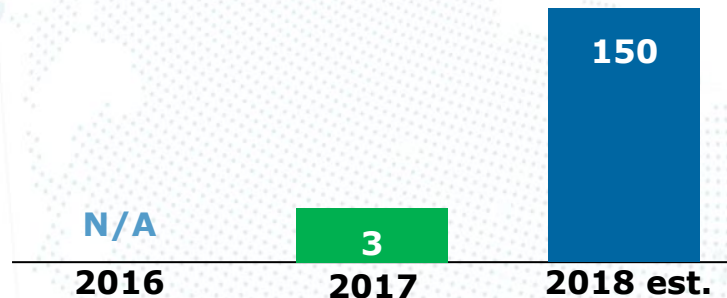
(\*) 31 December 2016 net cash position adjusted by €-51.2m to reflect change in presentation disclosed in Note "Accounting rules and policies"

# TEAM<sup>2</sup> program supporting the profitability expansion

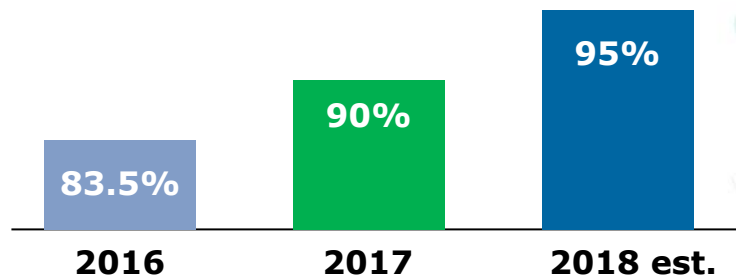
## Contract coverage review for project margin improvement (% of yearly revenue)



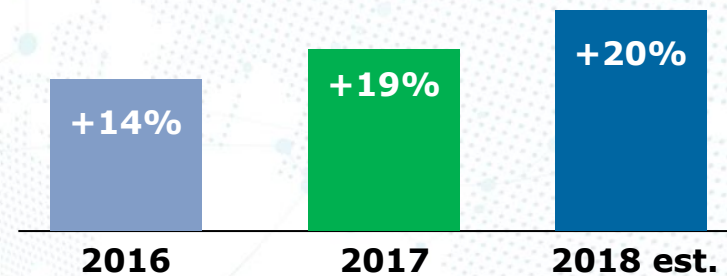
## Number of robots created



## Lean coverage



## Evolution of off-shore staff





# Commercial & operational performance

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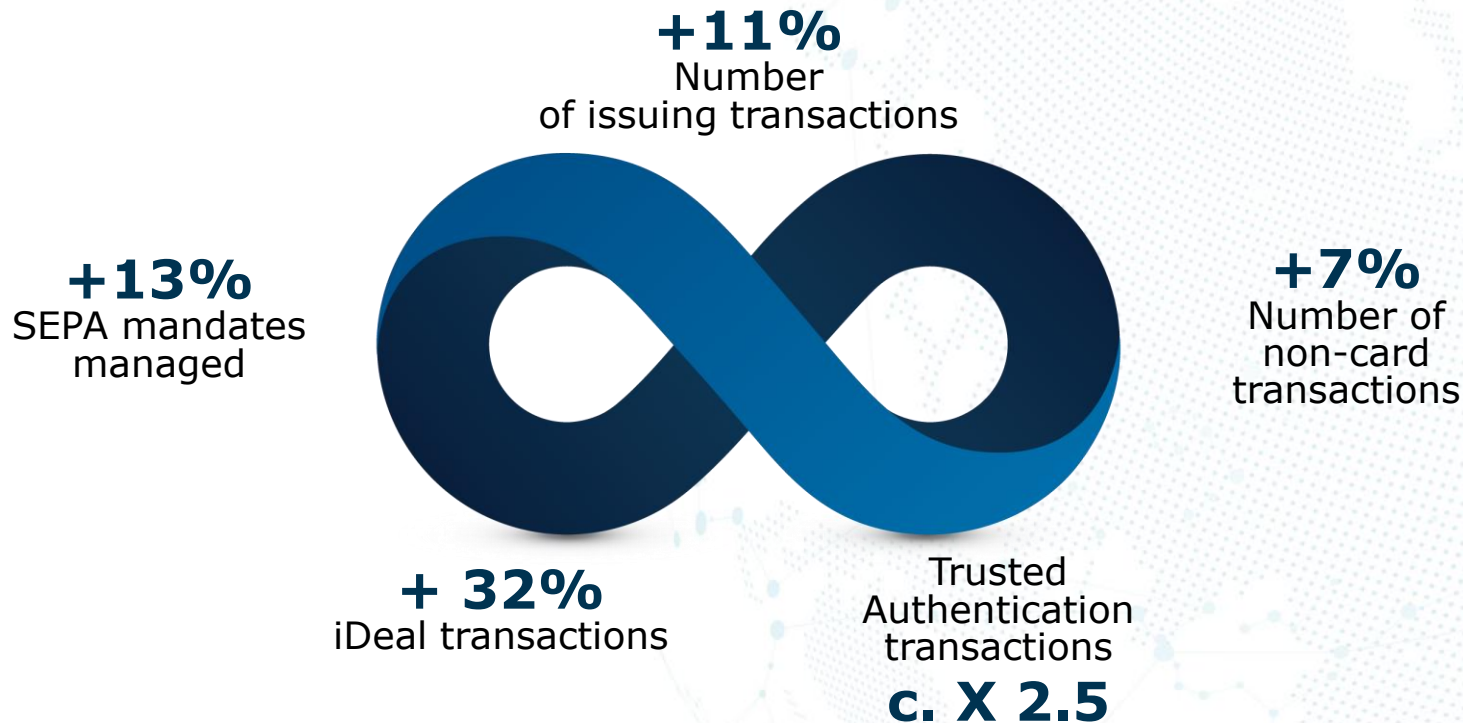
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**Marc-Henri Desportes**  
*General Manager Worldline*

Tuesday, February 20<sup>th</sup> 2018

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# Robust transaction volume growth during the year



# Acquisition of Diamis

## Company Overview

- A software house dedicated to interbank and **payment processing services** to settlement Banks (payment software edition, SaaS & Office services)
- A former Atos (60%) / other IT service company (40%) JV, created in 1999. 70 employees

## Numerous synergies with equensWorldline

- **Complementary customer** portfolio
- Reinforcement of the commercial portfolio with a strongly **complementary software offer**;
- In the context of **instant payment** and ECB's **Target2/T2 Securities consolidation projects**.

## Cristal Solution

### A global payment and liquidity management hub

- End-to-end **payment engine**
- **New liquidity services** arising along with Target2-Securities deployment
- **Proactive liquidity management** enabling banks to spare collateral allocated to intraday funding requirements
- **More than 15 millions transactions** processed per day, **21 billion transactions** processed per year

## Key Financials

- **Purchase price (enterprise value): c.€11 million** based on independent expert valuation
- Consolidation date: **December 31st, 2017**
- 2017 revenue: **c.€8 million**



# Main Q4 2017 signatures



## Merchant Services

### Key achievements & business update

- **Pharmaceutical company:** e-commerce and e-payment platforms for opticians in several key European countries
- **End-to-end Private Label Card** service to a new national retailer **in the UK**
- Satisfactory **increase** in transaction **volumes** of **Worldline Online Payment Acceptance** (former Digital River World Payments): +12% since the acquisition of the company



## Financial Services

### Key achievements & business update

- **Large German bank:** outsourcing of the Swift payment processing
- As PSD2 came into force in January 2018, signature of **several contracts for PSD2 compliant secured platforms**
- **Instant payment services** to be delivered to another Dutch bank.
- Deployment of **Worldline's HCE mobile payment** at a major Belgium bank.



## Mobility & e-Transactional Services

### Key achievements & business update

- Development of Worldline's next generation open payment platform: Worldline is one of the first companies globally to participate in **Visa's new Visa Ready for Transit** program
- Continued development of **Trusted Digitization:** in particular:
  - **French Defense Ministry, Military health Services:** e-Health end-to-end solution for the military forces



# 2017: Major platform & portfolio developments targeting fast growing market segments



# Significant growth drivers sustain 2018 momentum

1. **New Sales Head** on boarded end of Q3 2017 driving a strong **sales transformation** and energizing program
2. **Confirmed** renewed **interest of banks in outsourcing** payments under technology and regulatory pressure
3. **PSD2 and Instant Payments** delayed start but concentrating in 2018, after first sales in 2017
4. **Reinforced product portfolio**
5. **Better Country mix** in Merchant Services (NLs, Germany and CEE, India, Global e-Com and int'l acceptance solutions: now c.30% of Merchant Services revenue)
6. **Topline synergies** with 2017 acquired businesses

Weighted commercial **pipeline value x2** compared with 2016  
Several **well advanced outsourcing** opportunities > **100 million euros**

# Accelerating the opening of Worldline's platforms

Already Existing partnerships

Memberships in "Fintech Hubs"



B·HIVE



ITQ  
TechQuarter

Platform enabler  
API program  
apigee



Accelerating the opening of Worldline's platforms

Mobile payments

Open payments

Instant payments

e-commerce

e-identity

Atos Fintech Program

Fintech contest  
Open banking

Acquisition of Fintech

Digital River  
WORLD PAYMENTS

Demo innovation centers

# People excellence supporting our expansion



## INVESTING IN PEOPLE

- Digital native graduates
- Tier One Universities
- High skilled engineers

- **1.500 hiring per year**
- A new employer brand campaign
- 530 new comers through acquisitions



## DEVELOPING OUR PEOPLE

- Expert community
- Talent management
- Dedicated Performance
- Shares envelop

- **25% more identified experts**
- Over 2.500 payment certifications per year
- **New program dedicated to Millennium juniors**



## CARING FOR OUR PEOPLE

- Wellbeing@Worldline
- **Great Place To Work survey**
- Streamlined integration tracks

- Response rate over 77%
- **Trust index +2**
- **7 countries GPTW**



# Conclusion

2017 annual results

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# 2017 key takeaways



**Very solid 2017 numbers,**  
well in line with the full year guidance



**Solid revenue growth at +6.3% in H2 2017**



**All time high commercial activity**



**Very fast and successful integration of all acquisitions**

# A much stronger Worldline in 2018 securing the 2019 ambitions

Stronger than ever  
**innovative portfolio**

Enhanced exposure to higher  
**growth geographies**

Large new **outsourcing opportunities**

All time high  
**commercial pipeline**

Proven track record  
of **profit improvement**

Powerful 2018 **cost revenue synergy plan**

Numerous **M&A opportunities**

**Unique combination of strategic assets** for leading the consolidation of European payments

**Worldline**

In 2018

# 2018 full year guidance

## Reminder 2019 ambition

### REVENUE

**Between 5% and 7% organic growth  
for the full year**

**6% to 8% for  
2019**

### OMDA

**Between 22% and 23% (1)**

**Above 23%  
in 2019 (1)**

### FREE CASH FLOW

**Between € 200 million  
and € 210 million**, including c.€20 million of  
synergy implementation costs

**€230 million  
to €245 million**

(1): Based on revenue accounted for under IFRS15



# Q&A session

2017 annual results

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*CEO Worldline*

Tuesday, February 20<sup>th</sup> 2018

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# Thank you

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