

**Corporate Review
2009**



beyond
payment

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Interview with **Philippe Lazare,**

Chairman and Chief Executive Officer

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How did Ingenico make it through 2009 and the global economic crisis?

Results were mixed, but we have more reason to be satisfied than to be disappointed.

Our 7 percent decrease in revenue, at constant exchange rates and on a like-for-like basis, can be explained as follows.

The weaker results were in places hit hardest by the crisis, i.e. the U.K., Spain, Turkey and Central and Eastern Europe. Yet at the same time, we actually gained ground in some of our core markets – France, Germany, the U.S. and China – while others held steady at very high levels, particularly Italy, Brazil and Australia.

In the final analysis, the decline we experienced in 2009 was limited to those countries that the global economic crisis severely impacted, across the economic spectrum.

Turning to profitability, our assessment is altogether positive, since our 11.4 percent margin for the year easily topped the initial target of a margin exceeding 11 percent. These figures confirm our ability to keep expenses under tight control and demonstrate the efficacy of our fabless model. In short, our plan to contain OPEX delivered the expected results.

Maintaining satisfactory margins is the ultimate guarantee that we can successfully prepare for the future and safeguard the Group's ability to invest and grow, as we have in recent years and even in 2009.

One more reason for satisfaction is that our growth has made it possible for us to recommend a €0.30 dividend payout per share, a 20 percent increase over the previous year. The outcome, of course, will depend on whether the shareholders approve the Board of Directors' proposal on May 11, 2010.



For Ingenico, 2009 was a period of significant change, with deployment in our three strategic directions.

How did you steer the ship through those stormy seas?

The same way as we have for three years – aiming for short-term efficiency without ever losing sight of the longer term. We are not going to jeopardize our future for the sake of temporary gains.

In research and development, that approach has already shown its validity, producing a new range of terminals.

It has also enabled us to overhaul our business model, with investments in innovative startups and the acquisition of Easycash, a major payment services provider in Germany.

We had two guiding stars in 2009: the current year and the medium term.

In other words, your strategic plan withstood this past year of crisis?

Yes, I can safely say that for Ingenico, 2009 was a period of significant change, guided by the strategic plan approved at the end of 2008 and deployed in three directions:

1. Maintaining and raising our standards of excellence in the hardware business.
2. Expanding our business in payment transaction services.
3. Gaining a foothold in mobile-phone and online payments.

In 2009, we advanced in all three directions.

In the first, the aim was to maintain our global market leadership. This past year, we unveiled our new range of conventional terminals supported by the

Telium2 platform. We also put two new Beyond Payment products on the market to offer our merchant customers access to the benefits of value-added services tailored to their sector.

As for expansion in payment transaction services, our acquisition of Easycash, a leading German provider in the field, was of course a major milestone. We also made significant headway with the globalization of Axis, our payment gateway solution, by our Transaction Services division. As a result, we chalked up several major customer wins, including McDonald's in Australia, one of Spain's largest retailers and the Paris area transit system RATP in France.

In addition, Ingenico Transaction Services finalized our GSM connectivity management offers as well as our IP terminal estate management offer on the Incendo Online platform.

In 2009, we also finished deploying the infrastructure required to manage transactions globally, organized around our three hubs in Sydney, Paris and New York.

Our third aim, gaining a foothold in the mobile-phone and online payment business, was crucial to our ability to offer customers a comprehensive range of solutions. Via our Ingenico Ventures investment fund, we acquired stakes in a number of innovative companies in that segment.

To summarize deployment in 2009, we moved forward on two levels: our business lines through our Beyond Payment approach, and our capacity to handle multiple locations by implementing the necessary infrastructure and specific tools.



The acquisition of Easycash, a leading German payment services provider, represented a major milestone in Ingenico's expansion into services.

What do you mean by capacity to handle multiple locations, and what makes this strategic?

This is what we often refer to as the cross-border approach, and more generally the management of our customers' point-to-point transaction flows across borders. In a world of dispersed, local payments, Ingenico brings its customers the benefits of comprehensive, structured visibility of cross-border flows.

Building on the expertise we have acquired in managing bulk transaction flows for our multi-location and international customers, we can now help them optimize their data processing costs. By the same token, they can analyze and discretely monitor those flows, thereby gaining leverage in CRM-type reporting and data.

Would it be appropriate to say that Ingenico's corporate profile changed in 2009?

Yes, we are currently managing a controlled shift toward a more balanced model that stands on the twin foundations of Terminals and Services. Our goal is to enact a business plan based on revenue from transaction volume, as opposed to a business plan based solely on revenue from hardware sales. An added advantage of this approach is that transaction volume is buoyed by migration from conventional to electronic payment methods. That means that transaction volume is rising faster than annual terminal sales. Furthermore, in the transaction services business, revenue is by nature recurring and allows for more effective forecasting.

This Services strategy also gives us extra growth drivers in countries where Ingenico enjoys a strong position as a hardware provider. By securing these growth drivers, we will be less exposed to the unpredictable pace of terminal estate replacement and thus poised for greater balance tomorrow.

In the emerging markets, our strategy is to win critical positions swiftly, bearing in mind that in India and other countries, a substantial share of electronic payments could be handled by mobile phones. These emerging markets will move directly from an "unequipped" state to most technologically advanced status. Ingenico is already positioned in those markets today, especially in Africa, as a supplier of payment and payment-related solutions.

How is the Easycash integration process going, and how does that acquisition fit in with the more general SEPA framework?

The Easycash acquisition provided an opportunity to rethink our corporate organization. Easycash is strictly a service provider, so we decided to consolidate it with Ingenico Transaction Services in order to attain critical mass directly, not only in the service business, but also in terms of the share of our revenue we derive from services.

We set up two new business lines: Transaction Services, which incorporates ITS and Easycash know-how, and Payment Terminals. Each of the two covers the entire expertise chain, ranging from marketing to production management and on to production itself.

Transaction Services and Payment Terminals are organized to operate in two different directions:

- The two business lines coordinate with each other to define the solutions, hardware and service mixes best suited to customer needs.



In 2010, we will be able to offer the most complete and innovative range on the market.



Our Services strategy gives us growth drivers in countries where we enjoy a strong position in the hardware business.

- The two business lines organize work with the Regions, including detailed, country-by-country strategic planning.

The Easycash integration also prompted us to re-examine our geographical structure as SEPA gained traction. SEPA (Single Euro Payment Area) offers tremendous potential because the area it covers will become completely cross-border for electronic payments. The infrastructure and tools developed by Ingenico dovetail perfectly with this process.

What is your analysis of your new ecosystem?

While our competitive environment in hardware has not changed significantly, we are now confronted with other providers in the service and transaction business.

In this new ecosystem, competitors in one area may well be partners in another. Situations have become less binary, and the environment much more tactical, which means that the Group has a greater role to play in grasping the global ecosystem and coordinating the responses of our regional organizations to the new challenges they face. The tactics adopted locally must be more finely honed.

Ingenico currently employs a workforce of 2,800, and in June you will be proposing an employee shareholding program. What are the reasons for this?

The usual reasons. We want to encourage employee involvement in keeping the company running smoothly, because everything we do together will ultimately

increase the company's value. The program will be starting out in France and Germany.

In addition, our human resources policy will be impacted by the changes in our corporate profile and business lines. As Ingenico becomes more of a service provider, we will also be investing more in training.

What are the prospects for 2010 and beyond?

Our target is for our strategy to take full effect by 2015.

Meanwhile, deploying this strategy will involve more acquisitions in the service business – companies similar to Easycash – and expansion in the online payments business. Our investment fund Ingenico Ventures, which has a very specific scope of action – acquiring minority interests in innovative enterprises in the field of mobile phone-based payment – will be looking into further deals in the coming years.

Assuming the terminals market grows in 2010, we will perform at least as well as the market. Given our position and worldwide footprint, we have never underperformed. The new PIN pads for multi-lane retail and single point-of-sale environments will be out in the first half of 2010, followed by our range of mobile terminals. With these products, we will be able to offer the most complete and innovative range on the market by the end of the year.

The acquisition of Easycash will automatically boost revenue and profitability. This was a value-creating deal right from the moment the company was integrated.

The Easycash integration process will be virtually completed in 2010.

Highlights of the year

JANUARY

In the United States, Ingenico announces its On-Guard solution, which encrypts data from the transaction terminal to the merchant host.

Ingenico reports a 7 percent increase in revenue, to €728 million, and 4 million terminals delivered in 2008.

In the U.K., Barclays announces that all debit cards issued by the bank will use the Visa PayWare contactless technology.

FEBRUARY

Ingenico's Orga 6000 and Orga 9000 terminals obtain Gematik certification for management of German health cards.

Ingenico strengthens its presence in the health market with its Twin 33 PIN pad terminal, approved by the Sésame-Vitale economic interest group.

More than half of the world's population uses mobile phones (according to GSMA).

MARCH

Ingenico and e-money operator sQuidcard launch the sQuid application on Ingenico terminals.

Ingenico reports a 12.5 percent adjusted margin on ordinary activities in 2008.

Chris Justice is appointed Managing Director, North America.

Pierre-Antoine Vacheron becomes Executive Vice President, Group Finance and Support.

APRIL

Ingenico, Verifone, and Hypercom launch the Secure POS Vendor Alliance, or SPVA.

The CUP (China UnionPay) card acceptance network should cover 150 countries by 2011.

MAY

Oscar Bello is appointed Managing Director, Latin America.

The telecom services market totals €1 trillion in 2008 (according to Idate analysts).

JUNE

Ingenico sells Sagem Denmark and Manison Finland to BBS.

White Paper, "End-to-End Security in an Open and Mobile World", at Ingenico's first international security forum.

JULY

Ingenico launches the EFT930 contactless, color-screen mobile terminal, opening up new potential for point-of-sale services.

Payez Mobile, a European association seeking to promote contactless mobile payment, joins the Global Platform.

AUGUST

Ingenico's i3380 PIN pads equip IKEA's 1,000 self-checkout machines in Germany.

SEPTEMBER

Ingenico announces the acquisition of Easycash (subject to approval by the German anti-trust authority).

Market launch of WebPOS, a combination cash register-payment terminal.

OCTOBER

Launch of the IPA280 payment PDA, which is EMV, Visa payWave contactless, MasterCard PayPass contactless, and PCI-PED certified.

Ingenico takes a stake in TransferTo and ROAM Data via Ingenico Ventures.

NOVEMBER

Ingenico finalizes the Easycash acquisition.

Ingenico obtains PCI DSS 1.2 certification for its global services platform.

Ingenico, AvIT, and onAir forge a strategic alliance to develop solutions for secure in-flight payment in real time.

The EU directive on payment services comes into force.

DECEMBER

Ingenico obtains ISO 9001 quality certification for its entire range of corporate activities and for its U.K. subsidiary.

Ingenico divests its controlling interest in MoneyLine Banking Systems.

JANUARY 2010

The Board of Directors combines the positions of Chairman and Chief Executive Officer. Philippe Lazare is appointed Chairman and CEO.

Guillaume Cerutti joins the Ingenico Board of Directors.

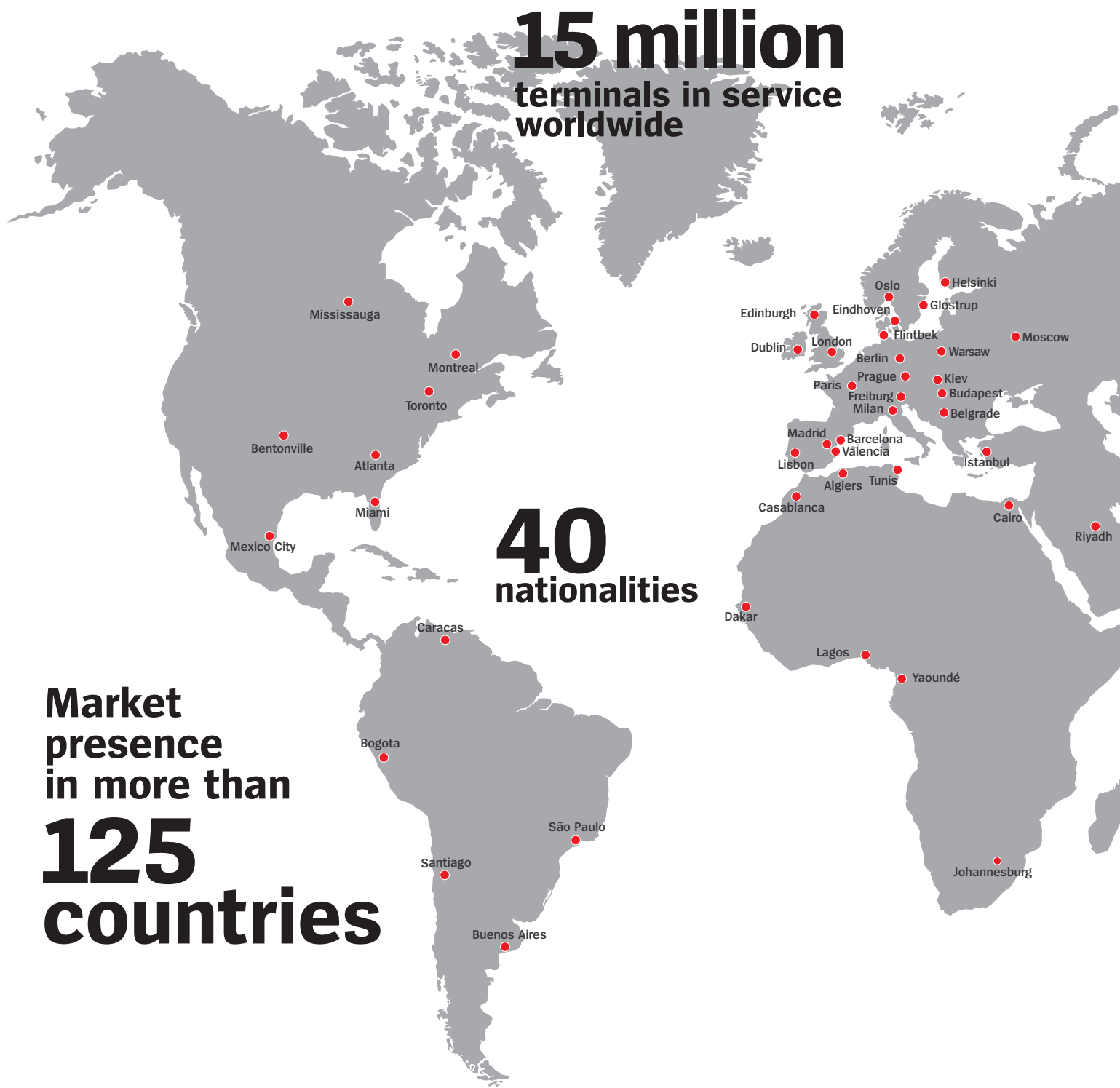
red : payment ecosystem highlights
black : Ingenico highlights

Key figures for 2009

15 million
terminals in service
worldwide

40
nationalities

Market
presence
in more than
125
countries



Revenue:
€700.7m

11.4%
 Adjusted margin on ordinary activities¹

2,830
 employees



15%
 EBITDA margin²

€26.8m
 Net profit in 2009

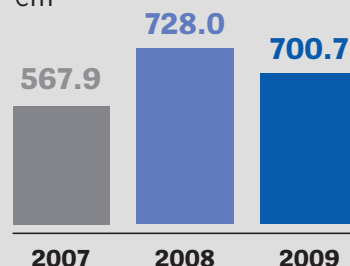
Proposed 20% dividend increase to
€0.30 per share

€144.4m
 Net debt in 2009

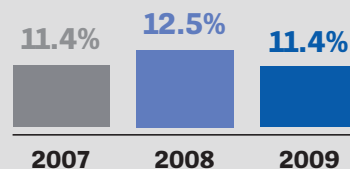
30%
 Net debt-to-equity

1.4
 Net debt to EBITDA²

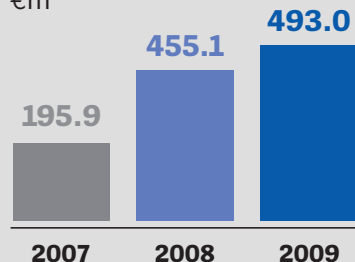
Revenue
 €m



Adjusted margin on ordinary activities¹



Equity (IFRS)
 €m



1 - Profit from ordinary activities, before Purchase Price Allocation
 2 - Profit from ordinary activities before depreciation, amortization, and provisions, and before share-based payment expenses

A YEAR OF DEPLOYMENT

2009 marks the first phase in Ingenico's new strategy for its different entities, its businesses and its governance

Operational deployment of this strategy proceeded on a daily basis throughout the year:

Deployment of Group **leadership** across the range of activities defined in Ingenico's Terminals and Services strategy

Deployment of the **Group** itself in terms of organization, governance and leadership

Deployment of the **innovative** drive surging through the Group, its offering and its expertise

Deployment of Ingenico's **global footprint** and its commitment to staying attuned to customer and local market needs

2009, a year of implementation to meet both our annual targets and our goals for 2012.

2009, a year dedicated to the Group's ambition of becoming a force to be reckoned with in the developing electronic payment ecosystem.



LEADERSHIP

Organization

A new organization to fit a changing corporate profile

With its contours and scope changing, in early 2010 Ingenico recast itself to deploy its strategy even more effectively and ensure close-to-market operating performance.

Ingenico underwent far-reaching changes over recent years, including major mergers and acquisitions such as Moneyline, Planet, Sagem Monetel and Easycash and the acquisition of a majority stake in China's Landi.

Through the strategic plan deployed since 2009, the Group has been seeking to balance its profile by developing activities in services and in payment transaction management while maintaining its lead as a hardware vendor.

In parallel, Ingenico has developed terminal and service offers that are tailored to the specific characteristics of various regional markets and ecosystems, including the degree of maturity of their respective payment systems.

To meet all of these goals, major organizational changes were implemented at Ingenico in early 2010. Under the authority of the Chairman and Chief Executive Officer, the new organization is structured around the following:

- 2 business lines, the first centered on terminals and the second on payment transaction management and services.
- 5 Regions: SEPA-Europe, North America, Latin America, EEMEA and Asia-Pacific, whereas the organization in China reports directly to the Chairman and CEO.

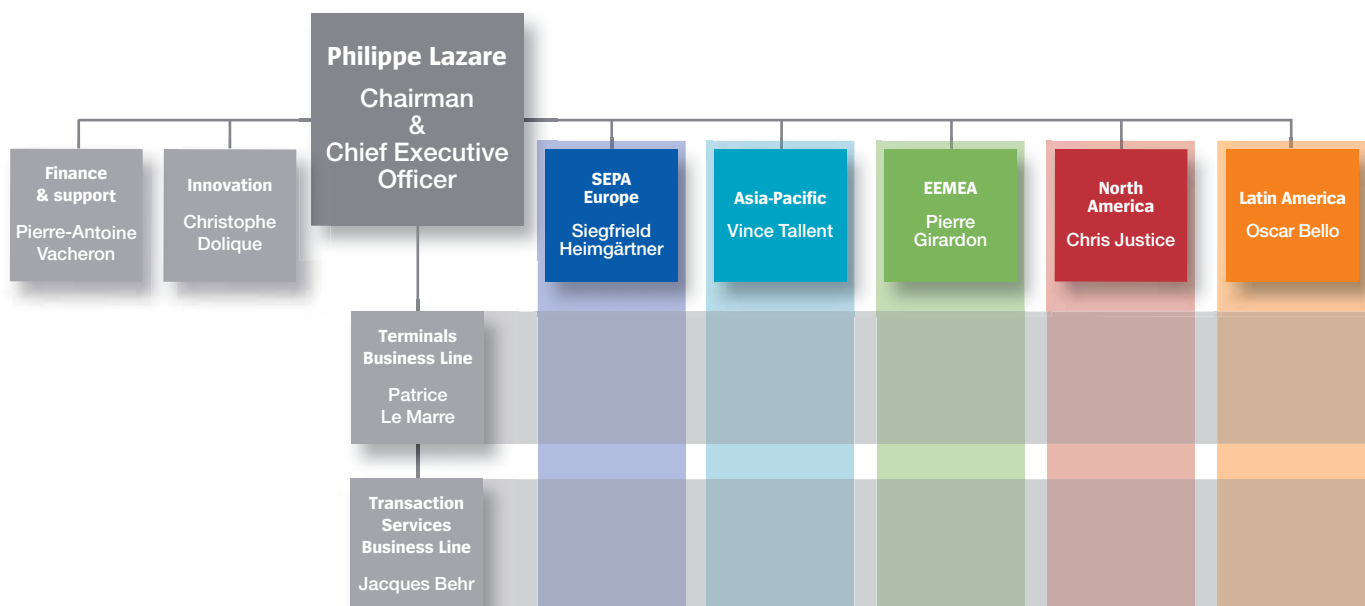
- 2 support functions at the corporate level: Finance & Support and Innovation.

This matrix structure was designed to foster tight-knit collaboration between the two business lines and all five Regions.

Because the regional managing directors are close to their customers, this combined global-local approach gives them responsibility for defining the offers best suited to local market needs, to the strategic requirements dictated by the regional ecosystem and to the Group's global strategy.

At the core of this structure are three key bodies:

- **The Board of Directors** (see page 27)
- **The Management Board**, responsible for defining Group strategy, creating the conditions for its implementation and achieving the set goals. It is chaired by the Chairman of the Board and CEO and includes 9 Executive Vice Presidents.
- **The Executive Committee** comprises the members of the Board and 16 Vice Presidents, who are functional or operational managers.



The Management Board



Philippe Lazare
Chairman & Chief Executive Officer



Pierre-Antoine Vacheron
Executive Vice President,
Finance & Support



Patrice Le Marre
Executive Vice President,
Terminals Business Line



Jacques Behr
Executive Vice President,
Transaction Services Business Line



Christophe Dolique
Executive Vice President, Innovation



Siegfried Heimgärtner
Executive Vice President,
SEPA-Europe Region



Vince Tallent
Executive Vice President,
Asia-Pacific Region



Chris Justice
Executive Vice President,
North America Region



Pierre Girardon
Executive Vice President,
EEMEA Region



Oscar Bello
Executive Vice President,
Latin America Region



Strategy

Our strategy in the deployment phase

2009 was the first year of deployment for the Group's strategic plan, which combines leadership and growth drivers for a more balanced corporate profile.

A strategic plan approved in late 2008

Ingenico operates in a business at the intersection of three markets – payment services, payment cards and payment devices (i.e., POS terminals, PCs and mobile phones). This business has undergone profound transformations as a result of several factors: new and fast-changing information and communication technologies, the emergence of vast payment areas like SEPA in Europe and the globalization of payment systems, as well as new market entrants and new security standards. Against that background, Ingenico drew up a strategic plan in late 2008 aimed at making the Group a benchmark in the field of secure payment-related transactions (whether cardless or not).

A strategic plan with three focal points

POS terminals. Ingenico's strategy and industry leadership depend on its expertise and legacy core business – delivering transaction security through high-quality, high-performance, secure hardware and products. The first focal point is thus consolidation of Ingenico's leadership position, based on three priorities:

- Developing a segmented product portfolio to build offers addressing vertical markets (e.g. retail, hospitality, lottery ticketing).
- Capturing growth potential in emerging countries and markets.
- Capitalizing on the economies of scale made possible by the synergies with newly acquired entities.

Transaction management and services. Ingenico currently has a worldwide installed base of some 15 million terminals. This is a powerful asset in developing a strategy based on a two-pronged response to growing customer demand in most of the countries in which the Group operates:

- Transaction management combining connectivity, centralization of transactions and tools allowing full visibility of transactions in real time.
- A wide range of value-added services (prepaid phone top-up, money transfers, dynamic currency conversion, loyalty, gift cards and more) that encourage Ingenico customers to consider terminals as points of service rather than just points of payment.

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The aim was to combine business deployment and deployment in infrastructure and multi-location tools.
 ”

Payment solutions by mobile phone and the Internet. Ingenico has begun building and intends to develop its expertise in phone and online payment. A presence with this technology can open up tremendous potential for the Group to capture transactions that bypass conventional payment terminals.

2009 – A time for implementation

The first step came in 2008, when Ingenico acquired Sagem Monetel. By capitalizing on the strengths of both companies, the Group was able to bolster its leadership and performance in its long-standing business as a payment terminal vendor. In 2009, the Group cemented that position with the rollout of the new Telium2 platform in March, the extensive overhaul of its payment terminal range and the launch of innovative Beyond Payment terminals, including the iPA280 and the WebPOS.

In the field of managed transactions and services, Axis was deployed globally in 2009. At the same time, Ingenico focused on consolidating its service infrastructure and operations, rolling out a high-availability platform based on the most advanced redundancy and automatic switchover techniques.



“
The Group began the shift toward a new, more balanced corporate profile focused on value creation.
”

In 2009, the Group's expansion into the transaction market passed a key milestone with the outright acquisition of Easycash, one of Germany's leading payment service providers, operating across the entire value chain.

Meanwhile, Ingenico Ventures made investments in the mobile-phone payment business, acquiring TransferTo, a Singapore-based PSP (Payment Services Provider) specializing in airtime transfer, and ROAM Data, an American MASP (Mobile Application Service Provider).

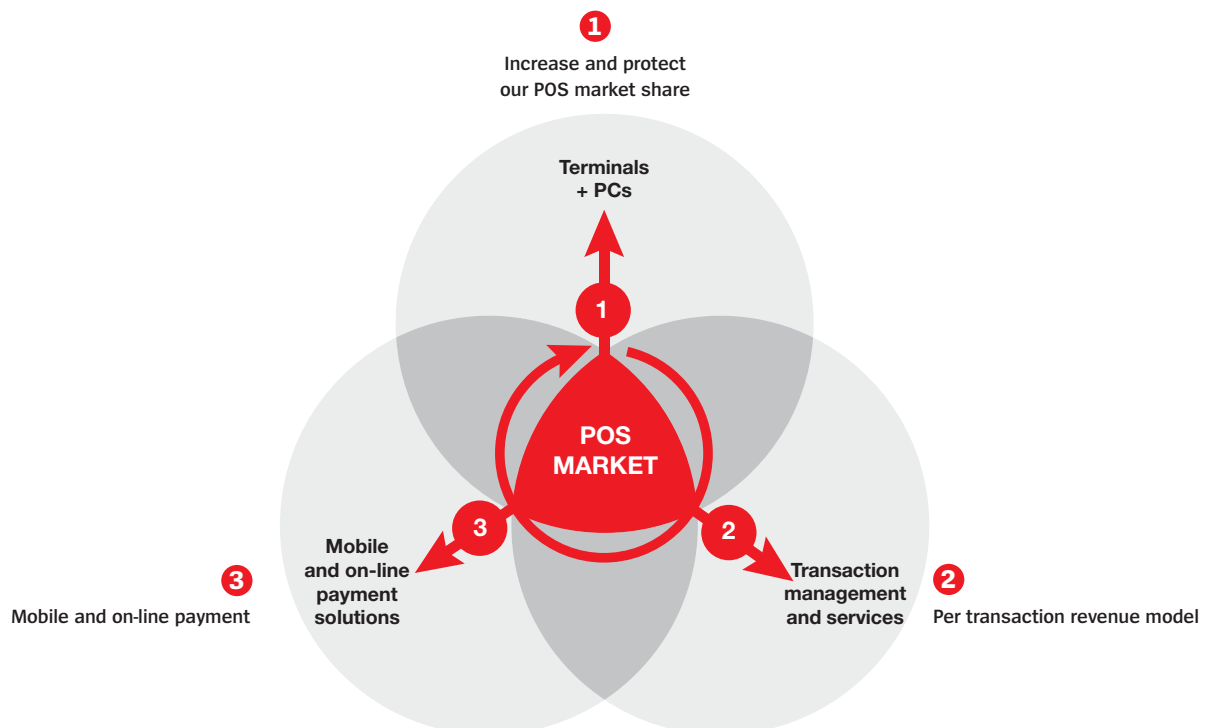
The aim was to combine business deployment and deployment in infrastructure and multi-location tools in order to achieve the

designated goals. Accordingly, the Group implemented its development strategy in transaction services, now a business line in its own right, and began the shift toward a new, more balanced corporate profile focused on value creation.

Outlook for 2010

The Group's strategy will continue to rely both on internal growth as on external growth in order to strengthen Ingenico's presence in Services and online and mobile-phone payment.

INGENICO'S ECOSYSTEM AND 3 STRATEGIC FOCAL POINTS



Mergers & Acquisitions

Major acquisitions and targeted investments

In 2009, Ingenico pursued its policy of growth through major acquisitions and targeted investments by Ingenico Ventures.

2009 was a turning point in the process of implementing the medium-term strategic plan approved at the end of 2008. External growth efforts focused on the three points central to the plan.

Strengthen Ingenico's leading position in the payment terminal business. In 2009, the Group gave precedence to its historical core business by divesting two subsidiaries – Sagem Denmark and Manison Finland – and its controlling interest in MoneyLine Banking Systems (MBS), which operated in non-core areas.

Move up the value chain by capturing payment terminal transactions end-to-end, from transmission (via terminal connectivity) to preprocessing. That was the aim of the Easycash acquisition, bought for €290 million in November 2009, which positioned Ingenico as the top payment service provider in Germany. The acquisition also affords synergies that Ingenico can develop to become a European-scale payment solutions provider by leveraging Easycash's platforms and connections. In addition, Easycash brought with it a platform for loyalty card issuance and management that paves the way for using terminal estates to provide value-added services beyond conventional payment.

Prepare the Group for the emergence of new payment methods, whether online or by mobile phone. Because fragmentation is still

fairly prevalent in this developing segment, Ingenico decided to rely on a dedicated investment vehicle, Ingenico Ventures. This vehicle specializes in acquiring minority stakes in startup companies in order to finance their development in merchant or consumer mobile payment niches. It took stakes in two companies in 2009:

- **A 38 percent stake in TransferTo**, a Singapore-based company that provides a solution for sending prepaid airtime recharges to people in other countries. This unique solution, in place on the main global immigration corridors, enables emigrants to buy and send airtime credit to their families back in their home country. This type of solution offers major potential synergies because Ingenico could introduce it in terminal estates as a new value-added service that is complementary to conventional payment applications.

- **A 44 percent stake in ROAM Data**, a Boston-based company providing a solution that converts any mobile device into a merchant payment terminal. Compliant with the industry's highest security standards, this solution opens up the as yet untapped segment of deliverymen or very small businesses looking for a simple, inexpensive offer in the world's major countries.



“
The Easycash acquisition also affords synergies that Ingenico can develop to become a European-scale provider of comprehensive payment solutions.
”

Easycash – Germany’s top provider of payment services

Easycash is currently the leading German electronic payment services provider (PSP).

It has 400 employees at three different locations: Ratingen, Hamburg and Eschborn. In 2009, Easycash processed nearly one billion transactions, a 10 percent increase over 2008. It has an estimated 25 percent share of the German transactions market.

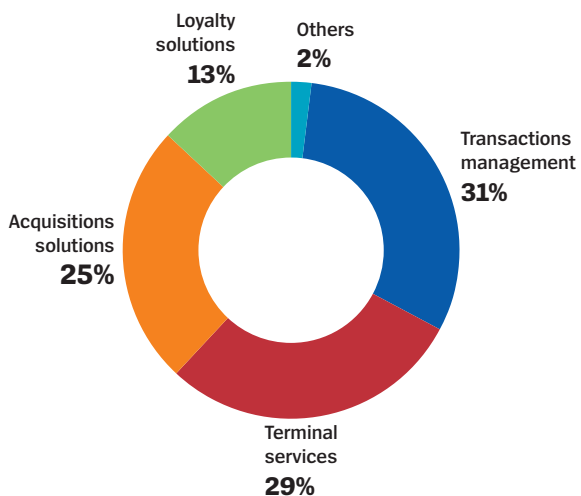
With a customer base of 92,000, Easycash covers the entire merchant range, from small retailers to major supermarkets, and its portfolio includes eight of the ten biggest names in German chain-store retailing. The company, which currently manages some 265,000 payment terminals (20 percent of all terminals installed in Germany) is also the leading processor of loyalty cards and gift cards, issuing a total of 21 million cards, up 50 percent over 2008. In 2009, Easycash chalked up €93 million in revenue (IFRS), €16.4 million in profit from ordinary activities and a 22 percent EBITDA margin.



Easycash currently markets a comprehensive offer covering the entire payment value chain:

- Sale and rental of payment terminals and applications, as well as maintenance, repair and other related services.
- Transaction processing services: a full range of card processing services including connectivity, routing, collection, reporting, billing and risk management tools. Easycash also provides online payment solutions for marketing on the Internet.
- Loyalty card solutions: design, implementation, operation and assistance for various types of loyalty cards, issuance of gift cards and prepaid cards.
- Other payment services: electronic airtime recharges for mobile phone users.
- Acquiring solutions: OLV, Maestro and VPay debit cards, MasterCard and Visa credit cards, as well as risk management, data analysis and other related solutions.

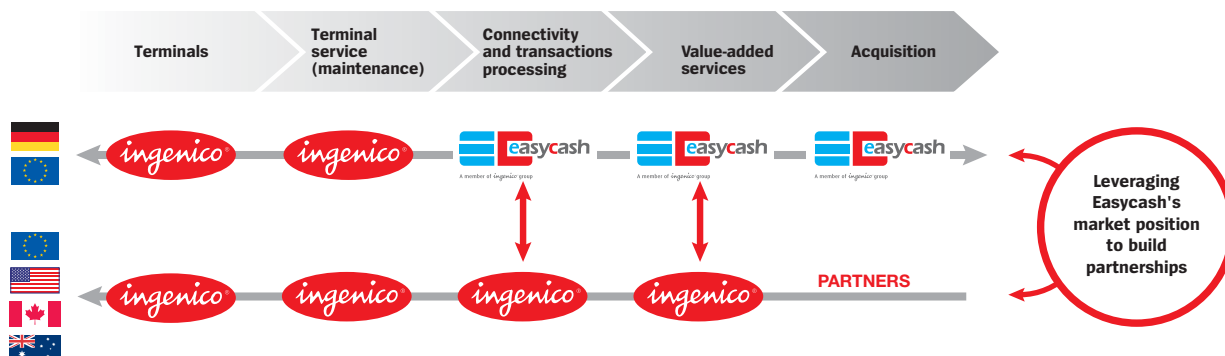
REVENUE BY TYPE OF SERVICES



EASYCASH LOCATIONS



INGENICO AND EASYCASH COMBINED





In keeping with the strategy implemented by Ingenico, two business lines – Terminals and Services – underpin the new organizational structure.

Terminals

2009-2010: Complete overhaul of the terminal range

In 2009, Ingenico rolled out the first terminals in its innovative new range, incorporating several Beyond Payment products.

In 2009, Ingenico took up the challenge of offering existing customers the most advanced terminals on the market while at the same time gearing up to replace its entire range by the end of 2010. First, the Group strengthened its position in its core business with its new Telium2 technology platform, the launch of the iCT series, its new-generation CounterTop terminals and the complete upgrade of its existing range to incorporate the latest in new “color contactless” technology.

Second, with a view to gaining a foothold in new market segments and achieving broader scope, Ingenico took two fundamental steps with the rollout of two new Beyond Payment products: PayPDA, the first “all-in-one” PDA device to unite PDA functionality with mobile payment, and Web POS, a fully-integrated cashier, distributed services and payment solution for small and mid-sized merchants.

“
Ingenico designed contactless modules built into its products, and so compact that they are as lightweight and user-friendly as ever.
”



iCT250



iSC350



EFT930



iWP200

Unparalleled performance of the new Telium2 platform

A highlight of the year was the rollout of the new Telium2 technology platform. Incorporating hundreds of innovations and improvements over the previous generation, Telium2 offers performance unequalled in the industry in terms of processing speed, powerful application support, compliance with security standards and operating reliability. Combined with its suite of development tools, this high-performance multi-application platform supports the most secure national and international payment applications, as well as the value-added services merchants deliver to their customers.

The new-generation CounterTop – iCT220 and iCT250 – is the first product designed for Telium2. It is also the first in the series to receive PCI PED 2.0 security certification, recently renamed PCI PTS 2.1. The iCT250 model features a high-performance color screen and a built-in contactless option approved for Visa PayWave and Mastercard PayPass.

The iCT family quickly earned a reputation among customers for exceptional reliability, and within a matter of months, more than 300,000 devices were deployed all over the world.

Color screen – the first step toward multimedia

Our retail network customers increasingly expect more than payment alone in the checkout process and look for full-scale promotion of the chain's services. To meet that demand, Ingenico has invested in color technology for easier-to-read screens, simpler, faster transactions, advertising or promotional displays of logos, messages and videos and, potentially, the development of value-added services.

Outstanding expertise in contactless payment

A pioneer in contactless technology, Ingenico stepped up its investments in the field so that banks and merchants could accelerate deployment of the new payment method. Ingenico put its full command of the technology into designing contactless modules built into its products, that are as compact, lightweight and user-friendly as ever.



300,000

ICT devices were deployed in a few months all over the world

Aggressive deployment across the range's business segments

These R&D breakthroughs in color and contactless technology have enabled Ingenico to develop an aggressive product plan for the terminal range targeting its other business segments.

Ingenico consolidated its position in the mobile segment, the fastest growing in the market, by launching the mobile color contactless EFT930. It is the first and only product on the market to offer both color and contactless functions. The Group also rolled out the color contactless ML30, the first and only PIN Pad designed for large-scale retailing to offer those functions.

For the banking segment, Ingenico introduced a contactless reader in the PIN Pad P30 series to give the installed base the benefit of the technology.

Alongside these launches, Ingenico enhanced its signature capture PIN Pad range for the American and Spanish markets by introducing new, streamlined versions of the i6780 and i6580 and extended its i9500 unattended range to include an even more secure, PCI PED 2.0 approved version. The Group also added two new products to its health range for the French and German markets.

First genuine payment PDA, the iPA280 brings secure payment to the mobile world

Capable of managing a comprehensive range of transactions, the iPA280 bundles into a single device everything it takes to make each transaction swift and easy. Maximizing usability for the retail, hospitality, transportation and mobile service sectors, the iPA280 features built-in smart card, swipe card and contactless readers, an easy-load thermal printer and a barcode reader for data capture and acquisition. The reception by merchant and banking customers has been extremely positive, and major retailers in various sectors are deploying the iPA280 on a trial basis.





Services

Expanding the international reach of Services offered

Whether in transaction-related or POS services, Ingenico scored a number of successes in the deployment of its Services offered in 2009, for which it developed new tools and infrastructure.

Transaction Solutions – deployed in several countries in 2009 on behalf of major retailers.

A new approach to e-payment management

Transaction Solutions boasts a comprehensive range of open-ended, secure solutions so that payment terminal estates, including their embedded software and security components, as well as the payment and value-added service transactions they generate can be managed and monitored in real time. This manages not only the payment infrastructure, from terminal to acquirer, but also the end-to-end security environment and financial data flows, giving Ingenico's customers guaranteed settlement reliability.

With this new approach to e-payment management, Ingenico brings its customers:

- Simplified implementation of e-payment solutions.
- Lower overall investment costs.
- Enhanced security of the entire payment chain due to an end-to-end approach to security-related issues.
- Easier upgrading of solutions to keep pace with changing payment methods and new opportunities for differentiating extra revenue-generating services.
- Comprehensive, precise, real-time visibility, via the e-Portal, over the entire e-payment chain (e.g., statistics, status, alerts, diagnosis, volumetrics).

A PCI DSS 1.2 certified service platform

In the course of the year, Ingenico completed international deployment of the secure service infrastructure that underpins its Transaction Solutions offer. After the first European hub came on stream, hubs were deployed in Asia-Pacific and North America to provide unified global coverage and exceptionally high levels of availability. This multi-continent infrastructure and the PCI DSS certification of the global service platform in

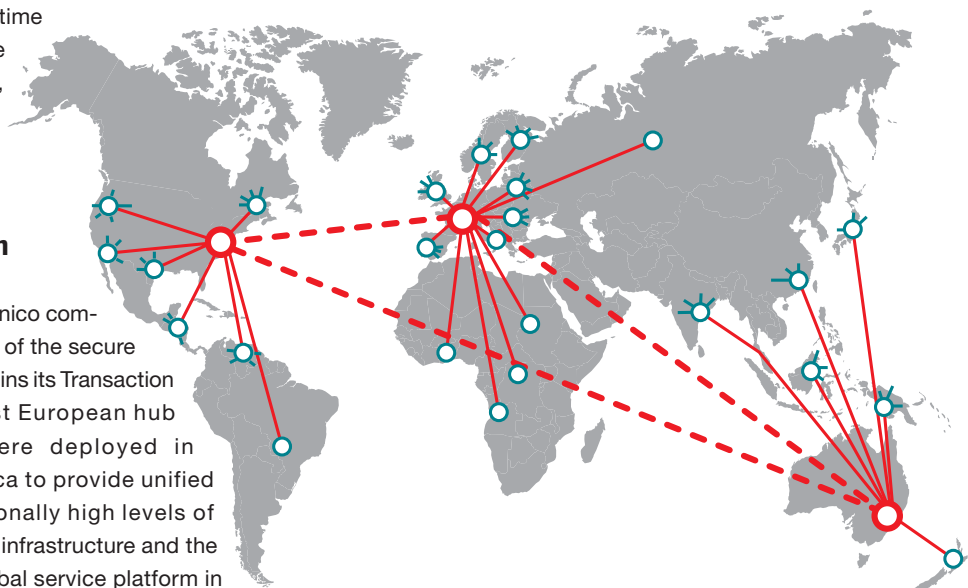
2009 enable Ingenico to meet demand for cross-border e-payment projects, which require the highest levels of security and availability.

Several innovative projects implemented in 2009

On the basis of this range of tools and services, Ingenico developed numerous innovative global projects for its customers, which led to deployments in several countries on different continents. These projects offer various types of services:

- Remote management of application configurations in a major bank's terminal estate.
- Centralized management of unmanned check-in kiosks in airports to allow passengers to pay by card for optional services such as priority boarding when they arrive at the airport. This service has been deployed in several European countries.
- Deployment and centralized operation of the e-payment platform for several retail networks in different European countries, covering estate management, routing and preprocessing of transactions.

GLOBAL SERVICE SOLUTIONS





■ Deployment of mobile terminals, along with their SIM cards (multi-mobile operators), including routing and monitoring of flows toward the services platforms. This type of service was deployed on several continents.

In short, Ingenico's services will pave the way for implementing higher revenue-generating global solutions, from payment terminals to value-added services, which comply with the toughest end-to-end and international security standards.

Business Solutions, the point-of-sale service

Point-of-sale payment may mark the completion of a commercial process, but it may also, or alternatively, trigger other types of services and interactions between merchant and customer. By proposing a set of services during that process, the merchant can strengthen and simplify the customer relationship and increase potential revenue while enhancing the perceived benefits for the customer. Ingenico seeks to help its customers meet that new challenge by proposing diversified types of service offerings at the point of sale, to transform the latter into a more efficient point of payment, a more varied point of service and a privileged point of affinity tailored to customer needs.

Combining "building blocks and know-how"

A combination of "building blocks and know-how" goes into creating innovative point-of-sale solutions and services. Some of these are proposed by Ingenico and others by its partners, in order to fit the specific features of various vertical markets: large-scale retailing, convenience shops, the hospitality, mobility and health sectors, gas stations, unattended distribution and so forth.

Those solutions consist of the following basic "building blocks":

Managed services in 2009 generated a **28 %** increase in revenue

■ The most comprehensive, innovative range of payment terminals.
 ■ The most powerful offer of transaction solutions and services on the market.

■ B-to-B solutions in the hospitality sector, home delivery, unattended terminal management, lottery operators, etc.

■ A range of innovative value-added services for point-of-sale offers of:

- Paperless services such as prepaid account top-ups, e-ticketing, bill payment, contract signature, micro-finance, money transfers, etc.
- Merchandizing services such as loyalty programs, coupons, advertising, promotion and product-related information.
- Additional customer services such as tipping, payment in foreign currency, receipts, cash-back, TVA refunds, etc.
- Unmanned payment services, including self check-in/check-out, drive-thru, queue busting and online payment.

All of these value-added services can be developed and deployed quickly thanks to the Incendo Online open platform, which simplifies the interconnection between the "online" world and point-of-sale environments.

Depending on the type of market, country, or both, these "building blocks" are assembled and integrated, either by Ingenico or one of its partners, to provide the most desirable solution for the target vertical markets. Likewise, either Ingenico or one of its partners may be in charge of the distribution and operational management of the solutions.

Outlook for 2010

With the integration of Easycash, the Services offered will begin to reach cruising speed in 2010, particularly in European countries, to support the major European acquirers and issuers as they implement SEPA.

THE CHANGING FUNCTION OF THE POINT OF SALE



Outstanding success stories

From end-to-end solutions to pioneering hardware, Ingenico has achieved the kind of market success that reflects true ability to respond to customer needs around the world.



FINO (Financial Information Network and Operations) provides technology and operational, smart card-based solutions to MFIs (Micro-Finance Institutions) and banks offering easier access to financial services to the unbanked in India. The challenge to FINO was to enable financial institutions and banks to reach out to the unbanked in India via a secure, high-performance biometric authentication process. FINO joined forces with Ingenico to roll out 18,000 wireless biometric BIO930s, mostly GPRS terminals. FINO also asked Ingenico to set up industrial-scale, biometric processes to reduce operating, distribution and transaction costs. This allows banks and MFIs to reach out to the under-banked and provide them with a range of customized financial services. The BIO930 secures the entire biometric process, from fingerprint capture to fast and secure match-on-card analysis. It allows biometric templates to be stored in the terminal and used to customize a user's smart or swipe card. It supports a wide range of payment and micro-applications, is easy to integrate and delivers value-added services.



"Our collaboration with Ingenico has enabled us to provide world-class proven biometric technologies for financial institutions, taking doorstep banking to the underprivileged in the remotest parts of India and contributing towards making Financial Inclusion a reality."

MR. MANISH KHERA, CEO, FINO



Ryanair, Europe's largest low-cost airline, was interested in rolling out unattended check-in kiosks at the main Ryanair bases and finding a secure, reliable cross-border payment solution. Ingenico proposed the Axis centralized transaction management solution and i3300 terminals to Ryanair. Axis manages Ryanair's cross-border transactions across Europe. This solution is centralized and hosted by Ingenico in secure data centers. Ingenico also manages end-to-end communications, allowing Ryanair to connect with the acquiring bank anywhere in Europe. The solution is fully secured and complies with PCI DSS standards. Ingenico provides a customer e-Portal and gives access to a variety of value-added services. Local language help desk services ensure Ingenico is on hand to support Ryanair 24/7.



"Ryanair is thrilled to provide customers with an easier check-in experience, making it quick and simple to pay for services such as priority boarding and excess luggage. Ingenico enhances this experience by ensuring a cross-border, secure payment solution that our customers can rely on."

MICHAEL O'LEARY, Chief Executive, Ryanair

ingenico



THE GROUP



Leadership 2010 makes way for Next

In 2009, Ingenico successfully ran and completed its Leadership 2010 program, to be succeeded by Next for the 2010-2012 period.

Leadership 2010 mission accomplished

The Group-wide program, initiated early in 2008, kept Ingenico focused throughout the year. By the end of 2009, Leadership 2010 had attained the milestones of its four component projects:

- A comprehensive, innovative range of payment terminals was developed with the launch of the Telium2 platform, as well as an updated, structured and broad range catering to the needs of both traditional and emerging market segments.
- Service and vertical market deployment was organized, with the implementation of a range of managed services, a global transaction processing infrastructure and solutions dedicated to vertical markets.
- In customer support and quality, the Group set policy and targets; achieved process-based management through regular performance reviews and monitored improvement plans; obtained ISO 9001 certification.
- Ingenico's visibility and brand value was enhanced through increased trade show participation, heightened media presence, reinforced investor relations and a structured advertising campaign. By the end of 2009, Ingenico was ready to enter the second phase in the internal rollout of its 2008-2012 strategic plan.

Why Next?

Ingenico's new priority, which guided the design of Next, is to transform its electronic payment and related transactions business to keep pace with the changing ecosystem in which it operates and to reposition itself within this new environment. Next was designed to organize and coordinate the various operational projects contributing to the internal rollout of this

strategic phase and any related measures required within the company. For example, human resources, business and cultural aspects were all integrated into the Next approach because they are fundamental to attaining the desired goals.

Next will support Ingenico throughout its strategic, business and market-positioning transformation and help drive implementation by garnering employee support at Group locations around the world.

Announced at the end of 2009, this program will kick off early in 2010. The aim is to make Ingenico the preferred provider of payment industry solutions and the one best prepared for the sector's dramatic metamorphosis.

“
Next drives implementation of the strategy by garnering employee support at Group locations around the world.
 ”

Outlook for 2010

The implementation of the four projects underpinning Next (Managing Customer Portfolios & CRM Tools; Designing Offers, Partnerships & Vertical Markets; Skills and Knowledge Adaptation & Anticipation; and Positioning & Competition) will be supported by regular, quarterly internal communications.

THE 4 PROJECTS UNDERPINNING NEXT



Managing customers and CRM tools



Designing offers & Partnerships



Skills & Knowledge



Positioning & Competition



Governance

Optimized governance

Ingenico optimized corporate governance in 2009, focusing on internal control and risk management procedures, transparency and disclosure quality.

Ingenico is a corporation (*Société Anonyme*) directed by a Board of Directors. On January 20, 2010, the Board of Directors decided to combine the role of Chairman with that of Chief Executive Officer and appointed Philippe Lazare to this position. The aim is to simplify the Company's decision-making process and raise its operational efficiency. Jacques Stern was released from his position as Chairman, held since 2007, but will remain a member of the Board.

The Board of Directors fulfills its duties with the aid of five special-focus committees. The Board appoints the committee chairpersons and members.

The Board of Directors

The shareholders appoint members of the Board for a six-year term. Meetings of the Board of Directors are called by the Chairman or at the request of at least half of its members, as often as the interests of the Company dictate. In 2009, the Board of Directors met nine times. Their work chiefly involved the following:

- Financial statements and management decisions. The Board approved the annual company and consolidated financial statements on December 31, 2009 and issued proposals for the appropriation of net profit or loss and the payment of dividends in shares.
- Preparing the combined ordinary and extraordinary meeting of shareholders for the year.
- Disposing of Sagem Denmark and its subsidiary Manison Finland, acquiring the Easycash group and withdrawing from Moneyline Banking Systems.
- The capital increase that followed payment of the dividend in shares.
- Approval of the implementation of a share buyback program.

The Committees

Five special-focus committees have been set up to help the Board of Directors function more effectively and facilitate the decision-making process (composition as of March 17, 2010):

- *The Strategy Committee* members are: Allan Green (Chairman), Jean-Paul Jainsky, Michel Malhouitre, Xavier Moreno, Emmanuel Mounier, Jean-Jacques Poutrel, Thibault Poutrel and Jacques Stern.

- *The Audit and Finance Committee* members are: Elie Vannier (Chairman), Guillaume Cerutti, Alain Marcheteau, William Nahum and Thibault Poutrel.

- *The Compensation and Appointments Committee* members are: Xavier Moreno (Chairman), Allan Green, Jean-Jacques Poutrel, Michel Malhouitre, Thierry Seizilles de Mazancourt and Elie Vannier.

- *The Corporate Governance and Ethics Committee* members are William Nahum (Chairman), Alain Marcheteau and Emmanuel Mounier.

- *The Operations Committee* members are: Jean-Paul Jainsky (Chairman), Allan Green and Thibault Poutrel.

Internal control

The Group has organized its internal control system around the five components of the internal control framework defined by the COSO*: control environment, risk assessment, control activities, information and communication, and monitoring.

Ingenico places the utmost importance on this function, as demonstrated by the ongoing investments it has made to improving internal control organization. The Group has set itself the following goals to be achieved by the end of 2010:

- Adapt reporting to reflect the Group's changing scope and business mix.
- Assess and audit the control environment at all Group subsidiaries.
- Implement a procedure to monitor annual risk occurrence and the level of risk control in the Group.
- Implement the Group's internal control manual in each subsidiary.
- Strive continuously for greater efficiency in the internal audit function and the communication protocol for internal control.

* Committee of Sponsoring Organizations of the Treadway Commission

The Board of Directors (at January 20, 2010)

- | | |
|----------------------------------|---------------------------------|
| PHILIPPE LAZARE, <i>Chairman</i> | EMMANUEL MOUNIER |
| GUILLAUME CERUTTI | JEAN-JACQUES POUTREL |
| ALLAN GREEN | THIBAUT POUTREL |
| JEAN-PAUL JAISKY | THIERRY SEIZILLES DE MAZANCOURT |
| MICHEL MALHOUITRE | JACQUES STERN |
| ALAIN MARCHETEAU | ELIE VANNIER |
| XAVIER MORENO | |



Share performance and shareholders

Ingenico stock

EARNINGS PER SHARE	DIVIDEND PER SHARE	SHARE PRICE*	MARKET CAPITALIZATION*
€0.58	€0.30	€20.16	€975m

Intensive marketing

In 2009, Ingenico held a large number of communications events to explain its strategy and its operational and financial performance to investors, giving them the knowledge they need to understand the company's fundamentals. In the second half, the Group stepped up its communications efforts, paying special attention to explaining its strategic shift toward payment solutions and services, accelerated by the acquisition of Easycash, a leading payment services provider in Germany. In the course of the year, Ingenico met with over 350 investors through conferences and road shows in France, Germany, the United Kingdom and the United States, as well as in Switzerland and Scotland, two rising financial centers. Between these regularly scheduled encounters, the Group took every opportunity to answer queries from institutional and individual shareholders and ensure freedom of access to information.

A new Finance portal

Committed to providing comprehensive, structured and easily accessible information in addition to what is required by the regulatory authorities, Ingenico launched a new Finance portal in 2009 that caters to the needs of the financial community. The portal gives investors a better understanding of the Group, its fundamentals and its performance.

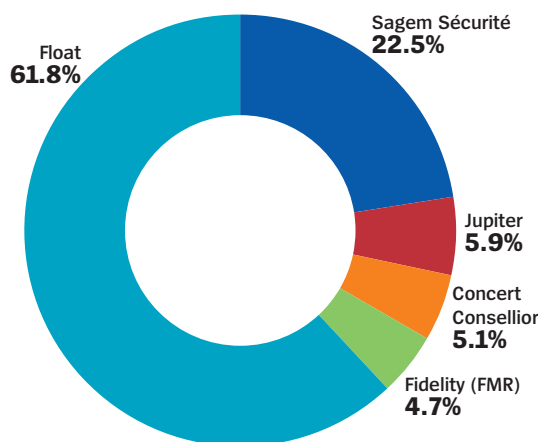
A new Shareholders' Corner

Ingenico strives to meet the specific needs of shareholders. On its website, a special section was created for individual investors where they can find the key resources they need to make investment decisions, manage their holdings and stay informed of shareholder events.

A 20% dividend increase to €0.30 per share to reflect confidence in Group strategy

Ingenico is proposing that the 2009 dividend be raised by 20 percent to €0.30. Shareholders may choose to receive the dividend payment in cash or in shares.

OWNERSHIP STRUCTURE**



* At April 20, 2010

** Based on the 48,387,135 shares outstanding at February 26, 2010.

LISTING

EURONEXT PARIS

ISIN

FR0000125346

INDICES

SBF120

MID100

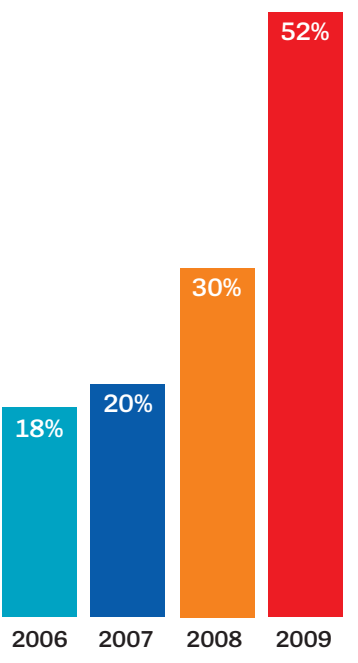
MSCI SMALL CAPS EAFE

MSCI SMALL CAPS EUROPE

DIVIDENDS, 2006–2009



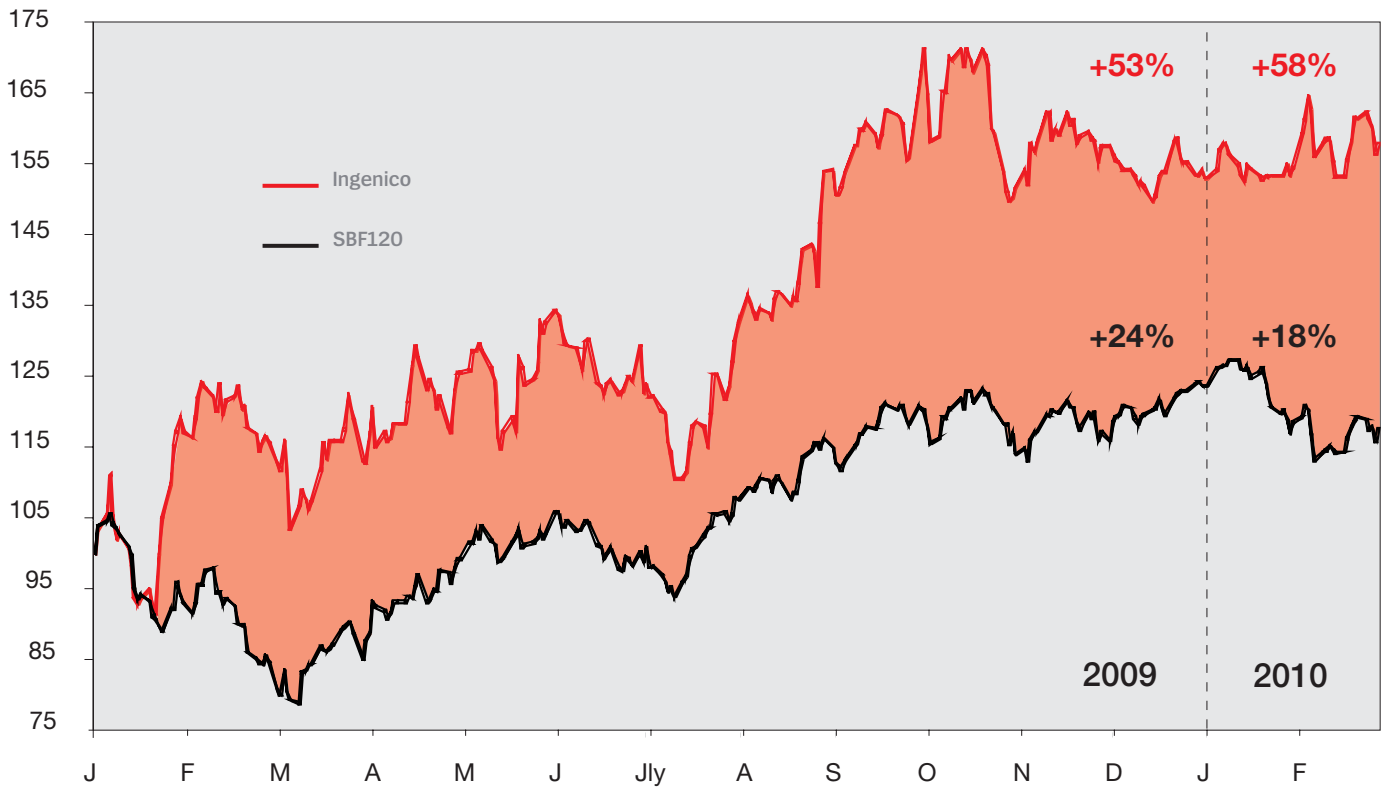
PAYOUT RATIOS, 2006–2009



CALENDAR OF EVENTS

- APRIL 21, 2010**
Q1 2010 REVENUE FIGURES RELEASED
- MAY 11, 2010**
SHAREHOLDERS' MEETING
- JULY 29, 2010**
RESULTS FOR H1 2010 RELEASED
- OCTOBER 27, 2010**
Q3 2010 REVENUE FIGURES RELEASED

INGENICO SHARE PRICE SINCE JANUARY 1, 2009



CONTACT

Catherine Blanchet, Director of Investor Relations
 Tel: +33 (0)1 46 25 82 00
 finance@ingenico.com

Human Resources

HR supports the shift to services

New HR tools, a growing workforce, training, a move to develop the Group's service business and the integration of Easycash made 2009 a busy year.

New HR tools

Ingenico has entered a phase of deep, rapid change. The acquisition of Easycash accelerated the Group's profile shift toward services. For this move to be a success, the entire company needs to take part in the transformation. The Human Resources department resolved to provide the resources needed to take up this challenge with the implementation of new tools to help the company evolve.

Management resources

For Ingenico, engineering a profile shift toward services means acquiring additional skills in R&D, marketing, sales and finance, as well as developing in-house competencies through carefully targeted training adapted to the company's needs. For its Research & Development activities, the Group deployed the job and skill classification framework it established in 2008. One priority was to extend the use of annual employee performance appraisals to regional organizations. More than 95 percent of employees undergo such appraisals.

These assessments were supplemented by "people reviews" designed to improve performance management, create targeted training programs and suggest concrete ways of developing skills.

Successfully integrating new teams into the Group, particularly post-acquisition as with Easycash, is another important challenge. All internal communications tools have been employed to help new staff members align quickly with the Ingenico corporate culture.

Bolstered ranks in services

Ingenico's workforce grew by 13 percent in 2009, due to the Easycash acquisition, but also to recruitment during restructuring. A total of 245 new employees were hired with open-ended employment contracts, mainly by the holding company and in Europe.

With 26 percent in Research & Development and 25.7 percent in Sales & Marketing, the occupational breakdown of these new hires reflects Ingenico's ongoing strategy to expand its service offering.

“
288 employees,
67 percent of Ingenico S.A.'s
workforce, received training
in 2009
”

Lagos Oslo Helsinki Glostrup Eindhoven Berlin Hamburg Pr
Valencia Flintbek Budapest Moscow Warsaw Freiburg Lisb
Manila Singapore Sydney Melbourne Mississauga Toronto Montreal

A valued asset: training

To ensure a healthy relationship between business development and a gradual shift in skill sets, Ingenico S.A. has made employee development a major priority. A total of 288 employees (67 percent of Ingenico S.A.'s workforce) received training in 2009, up 16 percent from 2008. In all, 473 training sessions were delivered in 2009 with a significant boost in technical training (267).

An agreement on senior employment

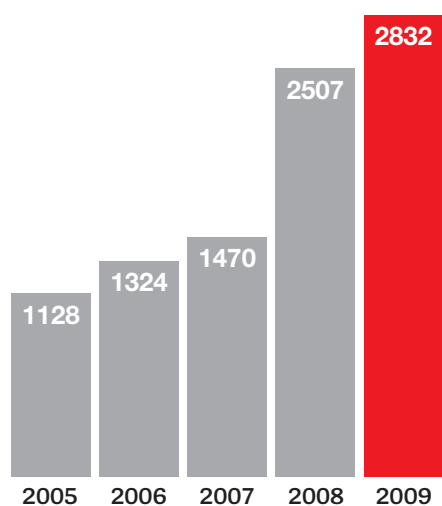
Special emphasis was placed on labor-management dialogue, resulting in the signing of several collective bargaining agreements, including one at the end of 2009 on the employment of seniors. The Group's shift toward services also led to negotiations regarding working time, which culminated in an agreement on on-call duty.

Outlook for 2010

The HR department will focus on achieving several key goals in 2010:

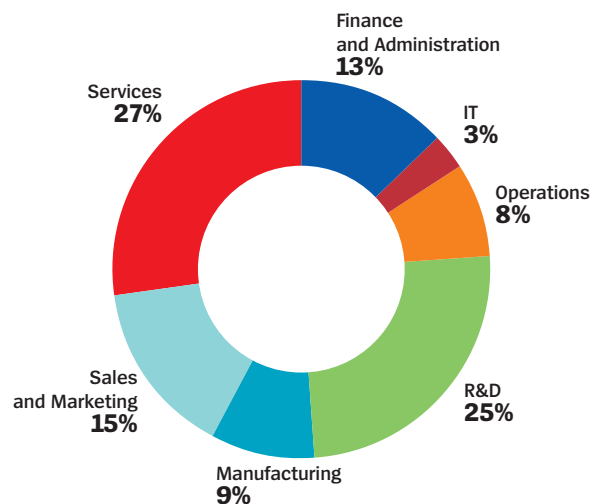
- Redefining key skills and extending competency and performance management practices to the entire Group.
- Accelerating training in our specific functions and businesses: R&D and Services.
- Creating special task forces and new tools to streamline personnel management, with the aim of actively supporting the company's transformation.

CHANGE IN GROUP WORKFORCE – 2009



At December 31, 2009, the Ingenico workforce was up 13% from 2008 and had nearly doubled since 2007.

WORKFORCE OCCUPATIONAL BREAKDOWN – 2009



The occupational breakdown shows the growing weight of employees with service-related skills (+5%) from 2008 to 2009, due mainly to the integration of Easycash staff.

Prague
 London
 Atlanta
 Ratingen
 Madrid
 Bentonville
 Eschborn
 Milan
 Miami
 Edinburgh
 Barcelona
 Mexico City
 Dublin
 Istanbul
 Caracas
 Goldaming
 New Dehli
 Bogota
 Paris
 Beijing
 Bombay

Production and Operations

Production and Operations roll out an industrial strategy

For Production and Operations, 2009 was spent building on the benefits of the fables model for Terminals and developing infrastructure and operations for Services.

Streamlined control over manufacturing

Ingenico's production has been outsourced since 2003. The Group works with two of the world's five largest electronics systems subcontractors, Flextronics and Jabil, to guarantee the highest possible quality. Manufacturing is located in Asia (China and Vietnam), South America (Brazil) and Africa (Tunisia). The aim of this arrangement is to maximize operating margins through adequate control over taxation, labor costs and shipping expenses.

Three million, six hundred thousand terminals were manufactured in 2009 (Landi's production included), versus four million in 2008. This decline in output had no impact on operating margins, which remained robust and continued to grow, thanks to flexible relations with partners and Ingenico's procurement policy. Supported by well-established relationships with long-time suppliers and a proactive assessment of needs, Ingenico experienced no interruption in the supply of electronic components. In 2009, Landi benefited from synergies with Group procurement for some of its purchases.

Ingenico has optimized production costs. Key contributors here were greater involvement of the procurement function with second-tier suppliers (over 95 percent of all purchases are now negotiated), the ability to qualify more competitive suppliers to

cut procurement costs, the ability to transfer manufacturing sites in a short timeframe, collaboration with Kuehne + Nagel (the global logistics provider leader) and effective dialogue between marketing, sales and manufacturing so that the Group can provide fine-tuned responses to demand and adjust financial commitments in line with forecasts. Flexible industrial structures make it

possible to adjust to both booming demand and sudden swings in the business cycle.

Ingenico regularly audits its suppliers to ensure unvarying product quality. In 2009, more than 30 audit assignments were performed and quality assurance plans were arranged with strategic suppliers. Ingenico continued with the Zero Defect Plan initiated in 2007 at its manufacturing facilities. This includes an Ingenico technical support team for each production plant, regular

visits by quality inspectors and continual measurement of quality indicators.

3,600,000
terminals were
manufactured
in 2009

“
The Group works with two of the world's five largest electronics systems subcontractors to guarantee the highest possible quality.
”



IPA280



EFT930



iTC250



BI0930S



Consolidating operations and infrastructure for Services

In 2009, the Group focused its efforts on consolidating infrastructure for Services, rolling out a high-availability platform and employing the most advanced redundancy and automatic switchover techniques available to attain the levels of service quality and risk control required for this business activity.

A platform designed to handle the intensive growth expected in this business.

The system is configured for linear scalability, with the ability to increase capacity simply by adding new components. It is fully protected from bottlenecks and single points of failure. The entire platform is designed to survive any single failure, so that if one element breaks down, traffic and processing are unaffected. Service provision is minimally interrupted and resumes without the need for manual intervention.

Completely redundant infrastructure at all levels

The central platform operates from three hubs, located in New York, Paris and Sydney. At each hub, two hosting centers communicate via a very high bandwidth connection enabling real-time synchronization of both sites, an extensive network and the implementation of an automatic switchover system to ensure recovery in less than one minute should an incident occur.

Level 2 and 3 support teams in charge of supervising service infrastructure and managing incident tickets are organized to provide 24/7 supervision. ITIL¹ recommendations were followed and all teams are ITIL-certified.

A streamlined, secure system

The new architecture simplifies management and optimizes operating costs. These include telecommunications costs for transaction delivery to banks, the cost of obtaining and maintaining certification, and costs related to growth and development. Ingenico used its security expertise to set up related infrastructures and operations, obtaining recognition in the form of PCI DSS certification, a standard required by the Payment Card Industry for transaction payment management. The certification confirms a system's ability to protect sensitive data and ensure data confidentiality and integrity.

Outlook for 2010

Ingenico will continue to consolidate and enhance its production system. Optimizing the supply chain, leveraging procurement synergies between Ingenico and Landi, further reducing production lead time and raising operating margins will be the key objectives. Production will gradually be concentrated at four locations worldwide, versus six in 2009.

1 - ITIL provides a complete set of best practices in IT service management.



24/7 supervision, ITIL-certified teams.



i6780



PP - i3380



Twin 33



i9530

Quality

A milestone in quality management

From ISO 9001 certification for Ingenico's entire range of corporate activities to the implementation of a Quality Management System, the quality guarantee shifted into high gear in 2009.

In 2009, Ingenico obtained ISO 9001 certification for all of its corporate activities. Some of them were already certified as far back as 2003 at Sagem Monetel, which merged with the Group in 2008. The Quality Management System and the scope of certification have thus been extended to cover not only hardware marketing, design and manufacturing, but also the development and operation of secure processing solutions for electronic transactions.

This certification completes the integration of Sagem Monetel's activities and teams within Ingenico and validates its success.

Managing product development

New product development projects are managed by a Product Life Cycle or PLC process, which was overhauled in 2008 and came on-stream in 2009. For management, this is an effective tool for monitoring each project as it progresses, and for the Project Team, it optimizes risk control. In 2009, ten projects moved from development to mass production, and another seventeen were similarly launched.

Quality loops

At the end of the qualification process, all new products are filtered by beta testing, which measures operating reliability by applying a statistical tool to reach a controlled decision as to product readiness for mass production.

Once released, products are periodically subjected to Pareto analysis to measure their behavior in operation and defect distribution. With these statistics, each product manager then decides on the appropriate improvements to be made in the product or the manufacturing process.

Handling alerts from the field

The Product Managers interface directly with high-level technical support managers assigned to each Region. They are responsible for investigating each problem, forwarding it to the right experts and overseeing its settlement to the initiator's satisfaction, as is the case more than 85 percent of the time.

In parallel, the Quality Department is in charge of process improvement, which involves analyzing root causes with the relevant pilot Regions.

Quality in production

All subcontractors who handle production work for Ingenico are ISO 9001 certified and have set up quality organizations, which are periodically audited to maintain their certification. In addition, at each manufacturing site, an Ingenico team carries out regular quality control inspections.

Ongoing customer focus

A commitment by management to satisfying customers and delivering on our promises is the centerpiece of the Group Quality Policy. Guided by our quality approach, Ingenico translates that commitment into practice in our processes and closely monitors compliance on a day-to-day basis.

Outlook for 2010

In addition to raising quality standards in all our work, Ingenico will be gradually extending the quality approach to the Regions in 2010, encompassing sales and end-customer support services. A generic model of the approach will be implemented in one or two pilot Regions. Once the latter obtain certification, the validated model will be applied across the Group's business lines and geographies to set local approaches in motion.

At the same time, the Group will be integrating environmental considerations into the quality system.





IPA280



INNOVATION

Research and Development

Hardware R&D and Service R&D – two strategic assets

2009 was a particularly eventful year for R&D in Terminals and Services alike.

Hardware R&D

Introduction of Telium2

2009 marked a decisive stage in the introduction of this highly innovative integrated technology. Ingenico initiated the production rollout of the first two terminals in the series, the iCT220 and iCT250. Built on the Telium2 platform, this series covers a complete range of high-performance CounterTop terminals, offering a versatile array of options from contactless payment and communications technology, including Ethernet, USB and GPRS, to user interfaces such as color screens and browsers. These new products owe their unparalleled reliability to the extreme electronic integration of the Telium2 platform.

The Telium2 technology itself has continued to evolve and now offers a multimedia powerhouse geared in particular to the large-scale retail market in the U.S. The first product supported by this new platform is the iSC350. Thanks to its VGA color touch screen and a processor custom-designed to support the terminal's multimedia functions, the new iSC350 provides a level of customer interactivity (e.g., video, audio, signature capture) that is unmatched by any other payment terminal today. The i6780 and i6580 were also updated with new designs and video capacity for the U.S. market, both in record time.

An increasingly diversified, outstandingly innovative range

Ingenico continues to expand and update its existing range. Its portable terminals now feature color screens, contactless payment and new, even faster wireless Bluetooth connectivity. A color screen and contactless function have also been introduced in the PIN pad range. The contactless feature is in fact standard today in all of the devices in Ingenico's new range, in preparation for the inevitable deployment of the technology within the next few years.



An outstandingly innovative product was also introduced in 2009, combining PDA functionality in an open Windows CE environment with the security of the Telium2 platform. Widely acclaimed in the profession, this product will pave the way for developing new vertical applications alongside the more conventional card payment solutions.

Optimized processes

R&D underwent major reorganization in 2009 to shorten product development time. Product R&D is now structured around autonomous teams and certain development phases have been optimized to accelerate the design process and thus time-to-market.

Outlook for 2010

Deployment of Telium2-based products will gain momentum in 2010 with new PIN pads, signature capture devices and new color touch-screen portable terminals – the most compact in the marketplace today.





Service R&D

Globalization of the services offered

Ingenico's services offered attained international reach in 2009 with the successful finalization and deployment of the Axis solution in the U.K., Australia and Spain. Service R&D also played an active part in deploying Ingenico's connectivity, thereby facilitating transaction payment routing and collection for merchants in many countries.

Building services on existing software applications

Another service was developed in 2009 around software "building blocks" sold in advance under license. This enables customers to disregard the solution's complexity while still benefiting from the service provided. In remote terminal estate management, software component building blocks were developed for a solution delivering both impeccable service and customer access to all useful estate information.

Responsiveness through optimized organization

The Ingenico team that designs, develops and deploys services is structured around three basic building blocks. The first manages customer needs and related service roadmaps; the second is in charge of implementing those roadmaps; and the third handles service deployment and support. This three-part approach optimizes responsiveness to customer needs and service quality while ensuring reliable management of the roadmap. The team's processes were another focus of optimization in 2009, with a view to ever more simplified, responsive deployment, particularly when new solutions are rolled out or existing solutions are deployed in additional countries.

“
Ingenico's service offer attained international reach in 2009 with the successful finalization and deployment of the Axis solution in the U.K., Australia and Spain.
”

A commitment to addressing tomorrow's challenges

Due to its structure, the Service R&D unit can also explore the challenges and solutions of tomorrow. One focal point of research in 2009, terminal migration to the IP environment, has led to concrete service offers. The increased bandwidth available on terminals and the billing method for IP-based communications may call for a complete review of the way payment or value-added service applications are managed. To address that issue, the Service R&D team has worked with the Regions to define the concept of centralized payment supported by a generic resident client application on the terminal.

Outlook for 2010

Along with further globalization of Ingenico's offers, Service R&D will be focusing on two key activities in 2010: leveraging synergies between Easycash and Ingenico services, and implementing the Ingenico eCommerce solution, which will offer chain-store retailers a comprehensive, consistent system for managing their online and offline business.



ISC350



Control room

Innovation

A spate of technological innovation in 2009

Hardware, software and application innovations to support new offers and deliver more value to Ingenico's customers.

A policy for actively stimulating innovation

The Patents Committee set up in 2008 has filed 18 applications and taken out six patents. Ingenico's approach is to apply for patents incorporating incremental innovation¹ as well as disruptive innovation.² Among the Group's applications in 2009, a good example of incremental innovation involves a new technique for protecting printed circuits, while a promising disruptive innovation can be seen in our patent filing for a biometric payment system that provides accelerated identification of one user among millions by narrowing down the fingerprint results to those of mobile phone owners in the vicinity of the payment device. In addition to a visiting doctoral student from *Ecole Normale Supérieure* on a six-month stay, there are always three doctoral students working at Ingenico to fulfill their applied research requirements.

Hardware, software and application innovations to deliver value to customers

A large number of innovations were produced in 2009, including the following:

- Incorporation of the Windows CE Pro 6 operating system into a pioneering PDA with a payment function, the iPA280 (see page 21), which transforms any mobile business interaction into a genuinely customized, highly versatile service.
- A new infrastructure offering consumers a better overview of their bank transactions. In addition to transaction data, the terminal provides an electronic copy of the invoice issued by the merchant and a photo of the storefront that has been previously saved on

the device. All it takes for users checking their account statements online is a single click on a link to be able to view their transaction details and spot where the transaction took place.

- A new embedded software application offering travelers complete, precise control over their spending. Travelers who make purchases abroad can view the exact amount that will be debited from their account. The system not only performs real-time currency conversion; it also questions all participants in the payment chain in order to aggregate all the fees and commissions related to the transaction. The amount displayed is therefore the actual total: "*What you see is what you pay.*"

- A biometric system that transparently heightens security on any card payment. With this invention, whatever the kind of card used, the transaction will only be completed once a fingerprint has been taken. Unlike conventional biometric systems, this one never compares fingerprints. They are saved on the terminal for two months and then automatically deleted. If a transaction is disputed, and only in that case, the relevant fingerprint is retrieved and scanned. One of the system's many advantages is that would-be fraudsters are forced to leave evidence of their fraud on a payment terminal. This may be a powerful deterrent in and of itself.

1 - Innovation involving small improvements introduced in succession.

2 - Innovation involving drastic change in a product or the way it is used.



iPA280

Security

An enduring core consideration

Security is a vital component of Ingenico's business, one requiring dedicated teams, extensive expertise and continual product and service upgrades.

In 2009, Ingenico continued as in previous years to focus on and invest in security in all areas of its business. Staying one step ahead is the name of the game.

New product and service certifications

Building on the first PCI PED 2.0 certifications it obtained in 2008, Ingenico has broadened its product range with new devices such as the iPA280, a combination payment terminal and PDA. It took an extremely demanding architecture and production process for this product to be able to deliver new services in a new market segment while guaranteeing a high level of security. Yet Ingenico succeeded in meeting this heightened security standard.

The PCI DSS certification of our service platform offers further evidence of how far we have come. A companion to PCI-PED, this standard applies more to systems than to devices themselves. Since a payment-based service platform handles sensitive data, complete processing security is essential.

Preparing for tomorrow

Payment terminal security requirements can be expected to evolve over the years to come. A third version of the PCI PED standards (renamed PCI PTS) will be released in early 2010, with the deadline for compliance set for 2011. Ingenico has worked with the PCI Security Standards Council to arrive at a proper assessment of the preceding version and help draft improved security requirements.

At the same time, Ingenico is an ongoing participant in a number of bodies working to define European security standards and the related evaluation methods.

Because security is an issue facing all payment device makers, Ingenico was one of the founding members of the Secure POS Vendors Association. The SPVA is at the same time a think tank concerned with general security questions in the payment industry and an advocacy group representing the various market participants.

In addition to working groups on implementation of security standards, threat monitoring and analysis, the SPVA includes two groups focused on the next wave of security innovation, involving terminal lifecycle management from design to destruction, and end-to-end encryption.

In this last area, Ingenico has developed a complete solution including new cryptography primitives, key management procedures and modules integrated into existing architectures. Slated for deployment in the near future, this solution will deliver greatly enhanced security to merchant and service provision environments, without rendering previous heavy investments obsolete.

Last but not least, Ingenico has contributed to academic research with about a dozen scientific papers and lectures at security and cryptography conferences (for example, AsiaCrypt'09). The company has also published a White Paper entitled End-to-End Security in an Open and Mobile World.



SEPA

SEPA – a vital component of Ingenico's strategy in Europe

With the Single Euro Payments Area (SEPA) shifting into high gear, Ingenico has stepped forward as a prime mover in this new European ecosystem.

2009: An accelerating process

2009 will be remembered as a pivotal year for the electronic payment sector in Europe. In November, the European Payment Services Directive (PSD) came into force in all SEPA countries (the 27 European Union member states, plus Iceland, Liechtenstein, Norway and Switzerland). The PSD sets the necessary legal basis for creating a Single Euro Payments Area and further aims to establish a complete, detailed set of rules that apply to all payment services across the European Union. The purpose is to make cross-border payments as easy, effective and safe as domestic payments within any member state. The Directive is also meant to open the payment market to new participants and thereby stimulate competition, which should raise efficiency and reduce costs.

At the same time, the EPC (European Payments Council) has defined three new payment schemes in Europe: SEPA Credit Transfer, SEPA Direct Debit and SEPA for Cards, made possible by the interoperability of payment cards throughout Europe.

Efforts in 2010 will focus on the completion of technical standardization and the creation of a European certification framework for SEPA solutions so that the new market rules can come into their own.

Payment Institutions

One of the noteworthy achievements of the PSD was the creation of a new category called Payment Institutions (PIs), i.e. non-bank payment providers entitled to enter the payment ecosystem. The European Commission intends to use this new status to increase competition in the payment market, given that IPs now have the same rights as conventional credit institutions to distribute and execute payment services, except for issuing and collecting electronic money.

Ingenico is at the forefront of standardization

Ingenico has already done a great deal to ensure the successful completion of this process. The Group actively participates in the various technical and organizational standardization programs, thereby helping to shape the future SEPA into a system that meets market expectations, particularly in retail. The aim is to

deliver innovative services at moderate cost while guaranteeing the high security standards that are crucial to the harmonious expansion of electronic payments in Europe.

Ingenico is a member of European organizations working in this area that range from the Cards Stakeholder Group, the EPC's advisory body, to the Payment System Market Expert Group (PSMEG), which assists the European Commission's Directorate-General for Internal Market and Services. The Group also plays an active role in developing the EPAS (Electronic Protocol Application Software) project initiated to standardize the three protocols governing the payment terminal environment (remote terminal management, data exchange with cash registers, and between the payment acceptor and the bank).

In 2009, EPAS made major organizational and technical strides forward in delivering the specifications so eagerly awaited by the market and so vital to bringing the new payments area into existence.

Ambitious goals for Ingenico SEPA-Europe Region

Taken together, these contributions underscore the Group's commitment to being a prime mover in the historic transformation of Europe's electronic payment market.

In 2009, Ingenico leveraged that commitment to meet the most important expectation of merchants and transaction acquirers. We have devised turnkey offers including a complete range of cross-border solutions and services:

- A single, centralized platform for managing transactions.
- Simple, transparent rates.
- Custom solutions.
- A limited number of contacts.
- The ability to deliver these solutions anywhere in Europe – and on any distribution channel.

Due to our complete coverage of Europe, our recent acquisition of Easycash and the creation of a new SEPA-Europe Region in early 2010, Ingenico now has everything it takes to emerge as the preferred partner of merchants and banks operating in the SEPA environment.



Sustainable development

A long-term commitment to the environment

As an enterprise with global reach, Ingenico has introduced environmentally responsible policies that are currently driving innovation.

Ingenico's sustainable development policy encompasses four key areas: product design, strict compliances with the relevant E.U. directives, managing the environmental footprint of operations by its manufacturing partners and further implementation of solutions for optimizing our own operations and data exchange processes.

Eco-friendly product design

Because design is the key stage for reducing the impact of products on the environment, Ingenico incorporates a concern for environmental performance into product development work. In 2009, we conducted Lifecycle Analyses (LCAs) of our products and initiated steps to limit their environmental impact by scaling back the use of hazardous substances. For example, by including fewer parts and components we consume less energy and make it easier to recycle end-of-life products.

Ingenico singled out eco-friendly design as a priority in 2009. We issued an eco-friendly design guide, provided design staff with appropriate training and hired an engineer who is a specialist in this kind of design.

The efficiency gains we achieved on our iCT product range, which runs on the Telium2 operating system rather than on the older Telium1 platform, attest to the validity of that approach:

- The iCT 250 terminal now weighs half as much as before.
- It now contains half as many components (down from 400 to 200).
- The device now includes a single printed circuit, with the total PCB surface divided by 1.7.
- Power consumption has been divided by 1.8.

In addition, the new product range uses components with longer lifetimes. The lifetime of the print head, for example, has been extended from 17 km to 50 km of paper length.

Anticipating and complying with environmental requirements

Regulations on eco-friendly design and reducing the environmental impact of electrical and electronic equipment are becoming more stringent all the time. We at Ingenico make sure that we are in full compliance with current regulations and apply all European directives on sustainable development: RoHS (Restriction of the

Use of Certain Hazardous Substances), WEEE (Waste Electrical and Electronic Equipment), REACH (Registration, Evaluation, Authorization and Restriction of Chemicals) and EuP (Energy-using Products).

Managing the environmental footprint of manufacturing facilities

Since Ingenico has no plants of its own, production work is outsourced to EMSs (Electronic Manufacturing Services). To keep the environmental impact of our terminal production under control, we strive for those suppliers to be ISO 14001 certified. In 2009, 93 percent of all Ingenico products were made at plants with ISO 14001 certification.

Optimizing data exchange and internal operations

Ingenico made further progress in 2009 in developing paperless solutions for internal operations. Instant messaging became standard practice, video-conferencing was enhanced and made available to all subsidiaries and new information-sharing opportunities were created throughout the Group.

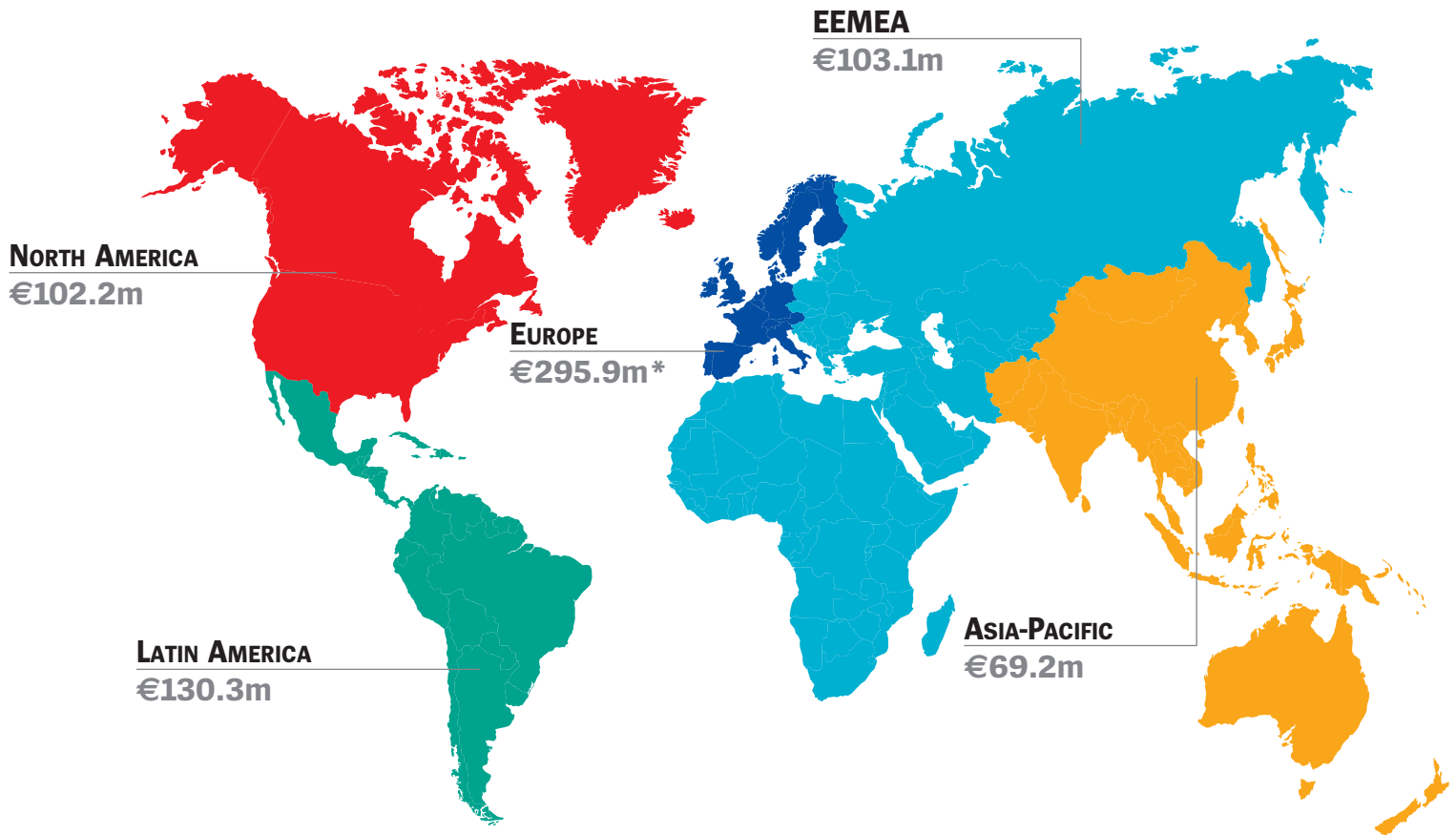
Outlook for 2010

After obtaining ISO 9001 certification for its Quality Management System, Ingenico will be working to heighten its environmental commitment. The Group will be introducing an Environmental Management System valid for the entire organization, in accordance with the ISO 14001 standard.

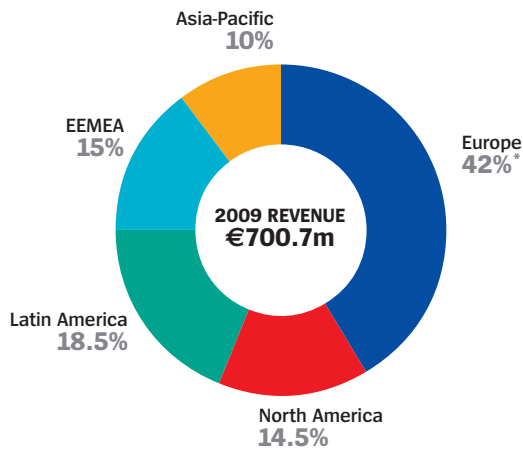


iCT250, a terminal with eco-friendly design

Breakdown of revenue



BREAKDOWN OF REVENUE



Europe:
All of Europe except for Central and Eastern Europe

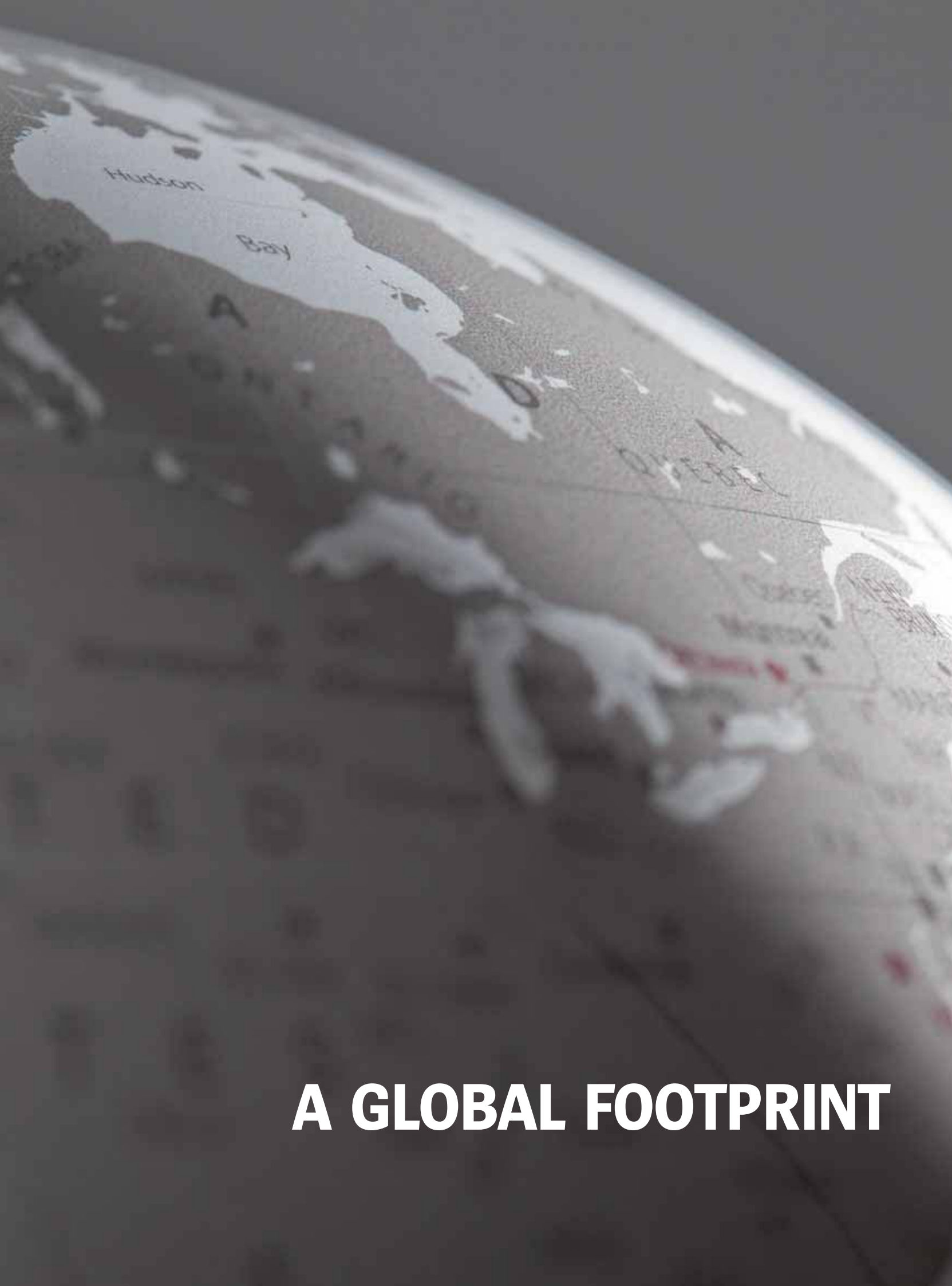
EEMEA:
Central and Eastern Europe, Turkey, Russia, the Middle East, Africa and Southeast Asia

Latin America:
Mexico, Central and South America

North America:
The United States and Canada

Asia-Pacific

*Including Easycash revenue in Dec. 2009, not including Central and Eastern Europe.



A GLOBAL FOOTPRINT



Organization

Five regions tackling global and local strategic goals

The role of each region is to design and implement a strategy that is consistent with the Group's overall aims while fully addressing specific local market needs.

Deep-rooted local footprint

Fundamental to Ingenico's strategy is a very strong local footprint in all geographies. Countries have differing needs, depending on the maturity of their payment systems, the "banked" percentage of the population, the extent of telecommunications infrastructure, the number of credit and debit cards in circulation, how developed chain-store retail is and other similar factors. Clearly, countries with emerging payment systems call for a different strategic focus from countries with mature ones.

This differentiated approach is a top priority for the Group, because deep local roots and customer relationships are the key to proposing solutions tailored to each region's specific customer base. A strong local presence is in fact one of the Group's major market strengths. Ingenico operates in 40 different countries via its subsidiaries, branches and offices, and its sales network covers 125 countries. Ingenico has 15 million terminals installed worldwide.

This extensive presence makes it possible to create regional versions of the Group's solutions, using the basic building blocks in Ingenico's hardware, connectivity and service offering.

15
million
terminals
worldwide

Five Regions

Ingenico has halved the number of its sales Regions since 2008. Since January 2010, the Group's business is structured into five regional entities:

- SEPA-Europe (all SEPA member countries except for the Balkan States).
- North America (United States and Canada).
- Latin America (Mexico and all countries in Central and South America).
- EEMEA (covering the Balkans, Turkey, Russia, the Middle East and Africa).
- Asia-Pacific (including Australia).

Leaner organization in 2009

Each region is headed by an Executive Vice President who reports directly to the Group

Chairman and Chief Executive Officer and is a member of the Management Board.

These executives have strategic responsibility for their Regions and cooperate closely with the Terminals and Service business lines in designing an appropriate offer. Their brief is to market our products and services in their geographical area, deepen our footprint in all of the target markets and meet the objectives set by the Group for their Region.

€700.7 million in revenue

Group-wide sales totaled €700.7 million in 2009, a figure including €691.5 million from Ingenico's historic business and €9.2 million earned by Easycash in December 2009. In a tough economic environment, the decrease in revenue compared with 2008 was limited to 7.2 percent at constant exchange rates and on a like-for-like basis.

After a challenging first quarter, Ingenico stood up well in all regions except for EEMEA, reflecting the Group's robust business model.



Business

Mature electronic payment markets

Dominant market trends

A hallmark of developed economies is the degree of maturity reached by their payment systems, which are vital to financial intermediation and expanding trade.

In such developed regions as the United States, Europe, Japan, Taiwan and Australia, the “banked” percentage of the population often exceeds 80 percent, a development accompanied by extremely high growth in electronic payment transactions and the use of payment cards. It has been estimated that nearly 3 billion cards are currently in circulation – over 700 million of them incorporating microchips. The shift toward payment by card is similarly impressive in Turkey, Brazil and South Korea – countries with lower rates of bank coverage.

Yet even in an increasingly global economy, payment systems tend to maintain their specific national features. SEPA in Europe is an example of a major move to promote interoperability, facilitate cross-border payments and stimulate competition by making it easier for non-bank payment providers to enter the electronic payment ecosystem.

The developed countries have an estimated installed base of more than 35 million payment terminals out of a worldwide total of roughly 43 million units.

In these mature markets, three dominant trends can be distinguished:

- Rapid deployment of EMV-compliant cards around the world, except in the United States.
- A boom in “contactless” payment cards – 100 million in use in 2009 – and a rising volume of payments via mobile phones and the Internet.
- Growth in value-added payment-related services including loyalty schemes, dynamic currency conversion, electronic payment centralized management and mobile phone airtime recharges.

All three trends vindicate the strategy pursued by Ingenico. Businesses ranging from chain stores and service stations to lotteries and hospitality providers want to offer their customers new services, and that has two major consequences: they have to purchase more powerful, cutting-edge hardware, and they need a partner who can deliver global, end-to-end solutions.

SEPA-Europe

The European market is a keystone in Ingenico’s strategy of strengthening its leadership as a terminal vendor and developing its offer of services and online and mobile-phone payment. Today, the emerging single payments market in Europe under SEPA affords a unique opportunity for the Group.

Since 2009, Ingenico has been offering its customers cross-border solutions. These groundbreaking global solutions combine the advantages of innovative payment terminals, connectivity, transaction management and value-added services. With the Easycash acquisition, the deployment of Ingenico’s strategy in Europe will move forward even faster.

Despite the particularly tough economic environment in 2009, Ingenico chalked up revenue growth in France, Germany and Italy. Other countries, such as Spain, the U.K. and Turkey, were harder hit by the crisis.

“
The emerging single payments market in Europe under SEPA affords a unique opportunity for the Group.
 ”





SEPA-Europe

France

2009 was an excellent year for Ingenico in France. Revenue rose more than 10 percent compared with 2008. The Axis centralized payment solution bolstered our leadership in the large-scale retailing market, and we scored a series of successes with banks. All in all, Ingenico sold more than 200,000 terminals, breaking the record for annual terminal sales by any vendor in France.

In addition, Ingenico implemented an ambitious plan to improve service quality during the year, launched the well-received IPA280, our pioneering PDA with a payment function, and had a hand in a number of contactless pilot projects, a technology that will positively take off in 2010. Crédit Mutuel, a longstanding Ingenico customer, in fact decided to switch all of its configurations to the technology, and major retailers have also taken it on board to shorten customer check-out time.

In the health market, Ingenico successfully rolled out its Twin 33 reader, actually an innovative three-in-one chip reader featuring an IP interface.

The outlook for 2010 is particularly encouraging in both banking, for which Ingenico is working on lightweight e-payment terminals, and chain-store retail, where the top growth drivers will be security constraints, demand for e-payment terminals integrating cross-border solutions and paperless services, contactless solutions and managed services.

Italy

Italy's electronic payment market is exceptionally large, as reflected in the 1,300,000 terminals installed in the majority of retail outfits, large and small, and the fact that 90 percent of Italian merchants have at least one payment terminal. Although this infrastructure is impressive, payment by card remains limited in scope. To reverse this situation, Italy's banking authorities have given top priority to spreading the use of e-money instead of cash, which still accounts for 93 percent of all payment transactions today. Italian banks have devoted considerable effort to promoting contactless payment, and in the past year a whole array of projects were launched, all of which use Ingenico's i5100 and iCT220 contactless terminals.

Italy's major banks realized, for their part, that their huge estates of installed terminals could generate new revenue streams if they introduced novel types of value-added services.

With EMV migration close to completion, the bulk of the contracts signed in 2009 with banking and merchant customers provided for replacing installed bases with more powerful terminals capable of supporting new applications. Ingenico consolidated its leadership in the Italian market and made a number of significant breakthroughs, including a hardware equipment deal with the Italian postal service.

Seventy-five percent of the Group's revenue in Italy comes from the country's banks, which are all Ingenico clients.

Spain and Portugal

Ingenico's sales were lower than in 2008, reflecting the severe economic crisis in the Iberian Peninsula.

Ingenico nonetheless consolidated its commanding position in banking in Spain and Portugal, and was chosen as a main provider by the sector's market leaders – Sermepa, 4B et Banco de Santander, Banco Sabadell, Santander Toota and BCP.

Ingenico increased its lead in the retail market in 2009, which accounted for 25 percent of total revenue, and such major chains as Mercadona, El Corte Inglés and Sonae reaffirmed their confidence in the Group.

Ingenico continued to gain ground in service station retailing with customers REPSOL, CEPSA and BP and in Spain's lottery market, where its solution is used nationwide by the lottery organization ONCE.

The globalized Axis platform won over the Spanish market, and several big retailing chains on the Iberian Peninsula will deploy the centralized payment solution in 2010.





The United Kingdom, Ireland, Benelux, Scandinavia

The market in these countries has matured to such a degree that certain vertical markets are now looking for solutions tailored to their specific business niches. Ingenico is positioned to meet that demand with its IPA280 payment PDA and the WebPOS, which provide business solutions running on the Windows CE platform and fully integrated into Ingenico's managed services. In late 2009, four partners transferred their business applications to IPA280 and another four began the switch.

The continued success of contactless deployment in the U.K. will keep business opportunities flowing for the Group.

The globalization of Axis paved the way for successful inroads in large-scale retailing in the U.K. and Ireland, where seven chains acquired the centralized payment solution supported by the Axis platform.

The deteriorating economic environment did not prevent Ingenico from carrying off a whole series of wins in various sectors:

- Banking, where Barclaycard and HSBC worked with Ingenico to bring contactless technology into their partnership.
- Large-scale retail, where Ingenico stepped up its market penetration and won new chains such as Next, Debenhams, HMV and Clarks.
- In the airline industry, where Ingenico will provide end-to-end management of payment transactions at Ryanair's express check-in kiosks in its major European bases.

In the Nordic countries, following the sale of Sagem Denmark and Manison Finland to BBS, Ingenico signed new partnership agreements with BBS in 2009.

Germany and Austria

2009 was the most successful year in Ingenico's history in Germany, where terminal sales topped 100,000 and revenue rose more than 50 percent, even before taking the Easycash acquisition into account. Three product lines account for the lion's share of Ingenico's success:

- Countertop and contactless terminals, with large volumes installed by payment service provider BCB, a Postbank subsidiary, and by a major Austrian card network, primarily to upgrade their estates.
- The i3380 hybrid PIN pad, chosen by do-it-yourself leader OBI and a number of other retail chains.
- Health-sector solutions, where the complete deployment of the new German health card in the North Rhine region enabled Ingenico to strengthen its leadership in that market.

Finally, the i5100 contactless terminal was installed at the Stuttgart stadium to manage Mastercard PAYpass transactions, and pilot projects are under way in other stadiums.

Because Easycash was acquired at the end of November, this report does not cover business results for December (see 2009 figures, page 19).

EEMEA

Turkey

The Turkish payment terminals market is Europe's second largest for the number of terminals installed – some 1.7 million – and third largest for the number of credit cards – 103 million. Although the economic downturn was particularly devastating in that country, Ingenico stayed in the lead, holding more than half of the market. In 2009, 245,000 Ingenico terminals

245,000
Ingenico terminals
sold in Turkey
in 2009

were sold, with mobile terminals accounting for more than 30 percent.

The Group completed migration to the new Telium2 platform and deployed more than 80,000 countertops in the iCT range.

Ingenico made further inroads into chain-store retailing and was chosen by big names including Best Buy, Electro World, My Bilet and Arena to handle their payment and reporting infrastructure.



i3380



i5100



North America

A constantly evolving electronic payment market

What distinguishes the electronic payment market in the United States is that it is one of the only developed countries that have yet to phase in EMV smart cards with PIN authentication. In the U.S., magnetic stripe swipe cards are still the rule, despite the high risk of fraud. For the POS market with an installed base of 13 million terminals, 1,038,400,000 payment cards in circulation and 168 transactions per capita, Ingenico therefore sees great opportunities in the U.S. by driving sales efforts into product and vertical market segments with limited competition. Ingenico is well positioned as an innovator in new product segments with its latest introductions of the iPA280, iCT200 series and the iSC350. In addition, banking and ISO¹ channels that are eager to balance out competition within the market offer the Group real opportunities.

The sub-prime crisis that originated in the United States certainly impacted Canada. But with 65 million payment cards in circulation, the Canadian credit and debit payment market remains strong with an average of 88 transactions per capita. Ingenico, the payment terminal provider with the largest market share in the country, sees the POS market geared for healthy growth in 2010. The market today has an installed base of over 612,000 terminals, and growth is forecast to come primarily from new payment forms such as contactless, mobile, cross-border debit and online payments. In addition, Canada's migration of credit and debit cards, POS terminals, and automatic gasoline dispensers to EMV will dramatically impact the number of cards in circulation. Card issuers predict there will be over 110 million smart cards in circulation by 2011. Ingenico is well prepared to assist Canadian issuers, acquirers, and retailers successfully migrate to EMV-compliant POS terminals.



iSC350

Ingenico, a major player in the region

Ingenico has maintained the highest share in Canada and has moved a step up to becoming the second largest POS terminal provider in the United States.

Throughout the year, Ingenico successfully continued to strengthen its position in the traditional segments including Retail and Bankcard, while significantly increasing its strategic focus on building non-traditional revenue channels and new payment-enabled services. New services, including Managed Services, end-to-end encryption, tokenization and mobile commerce applications, create new opportunities for business.

Ingenico still gaining ground in North American retail

With the largest pullback in consumer spending in the United States, retail was certainly hard-hit. However, the largest U.S. retailers with global presence continued to show confidence in Ingenico. The leading multi-national retail chains including Wal-Mart Stores, Home Depot, and Sears K-Mart Corporation continued to invest in signature capture terminals by volume purchasing of the i6780TITAN™, i6580TITAN™ and contactless devices.

Ingenico also signed a significant new agreement with Shoppers Drug Mart, Canada's largest drug merchandise retailer. Dollar General, a U.S. retailer with 8,800 stores in 35 States, became a significant new business partner for the company as well.

And finally, Ingenico continued during the year to supply terminals to AT&T, a premier communications holding company in the U.S., and Bell Canada.

Strategic Initiatives

To help combat the slow economic recovery and to better position itself as the market leader in North America, Ingenico has accelerated its efforts in leveraging non-traditional payment segments by shifting its sales mix into higher margin services. The company secured several significant partnership agreements with non-traditional payment segment providers.

A partnership agreement was signed with Orpak, the market leader in automated refueling and unattended systems, that should enable Ingenico to build a lasting presence in the unattended business segment in general. Lastly, Ingenico's new equity stake in ROAM Data should make it easier for the Group to develop innovative mobile payment offers and services.

1 - Independant Sales Organization



Latin America

The two main market drivers in Latin America are security and network expansion. Acquirers are keen to modernize their technology platforms as a means of improving security and cutting down on fraud. They are also interested in broadening their transaction management solutions to reach out to small retailers. Bill payment, loyalty schemes, gift cards and other value-added services are becoming as important in their terminal networks as traditional financial transactions. The Latin American market breaks down into three main segments:

- Large card-payment processors.
- Acquiring banks.
- Retail and vertical markets.

The major payment processing networks, above all Redecard and Cielo (formerly Visanet), generate three quarters of Ingenico's revenue. In Brazil, Ingenico took a 62 percent share of the market as networks continued to expand their terminal estates.

The rollout of the new range in Brazil was a success, especially for the iCT 220. In 2009, Ingenico shipped 600,000 terminals in the Brazilian market.

In Mexico, the government reined in its program to subsidize terminal acquisition, which automatically put a damper on sales. Demand for mobiles terminals was sustained, a trend that is expected to continue in the coming years.

In 2010, the Latin America Region will launch its new managed services, which include transaction management centers, value-added services supported by the Axis platform and marketing of the iPA280. The Region will also maintain its track record in terminal management and maintenance services.

Among the most noteworthy commercial successes of 2009 were the 350,000 terminals sold to card processor Cielo in Brazil and the 20,000 PIN pads shipped to Walmart in Mexico.

600,000
terminals
shipped in Brazil
in 2009



iCT220

Asia-Pacific

Ingenico's primary mature markets in the Asia-Pacific region from an electronic payment standpoint are Australia, Singapore and specific countries in Southeast Asia.

Australia

Australia has an installed base of 670,000 terminals equipped to accept the 48 million credit and debit cards in circulation. Per capita card ownership in the country is 2.6.

In 2009, the Australian economy experienced hard times that led the country's banks and financial institutions to introduce drastic cost-cutting programs. This situation provided a good opportunity for Ingenico to offer its Axis PCI DSS solution, which gives financial institutions and chain-store retailers a system combining higher security and lower costs.

At the same time, payment-related connectivity solutions in Australia will increasingly be based on a network using the Internet and 3G standards for mobile payment applications. Ingenico's connectivity solution and e-Portal are perfectly suited to that configuration, and help customers manage their IP and wireless networks more effectively. The first Axis pilot in Australia, at a fast-food chain, was successful. Large-scale deployment should follow in 2010.

Southeast Asia

In 2009, business for the Group was brisk in Singapore. The main growth drivers were contactless payment projects and the move by Citibank to make Ingenico its sole supplier.

In contrast, the economic downturn had a noticeable impact on Taiwan, the Philippines, Thailand and Indonesia. In those markets, Ingenico gave precedence to developing applications for vertical markets such as taxi fleets, service stations and lottery ticketing.



Business

Emerging electronic payment markets

Dominant market trends

Emerging markets from the standpoint of electronic payment systems raise very different issues from mature markets.

To begin with, these markets have maintained high GDP growth rates in 2009. The figures were 9 percent in China, 6 percent in India and 4 percent in Africa.

Needless to say, they also have large populations. With a total of nearly 3 billion inhabitants, China, India and Africa account together for 65 percent of world population, although with persistently high rates of illiteracy.

A number of features distinguish the payment ecosystem in these countries. The “banked” share of the population is low, as is the number of payment cards in circulation; payment systems are fragmented; and cash transactions remain predominant. And while the authorities strongly encourage the shift to electronic payment, the population still has only limited access to conventional financial services.

Despite a rapidly expanding installed base of payment terminals, the payment terminal penetration rate is still low. In contrast, the mobile phone penetration rate is extremely high, and the use of prepaid SIM cards is standard practice for all wireless carriers. Those regions of the world currently total 1.5 billion cell phones. Lastly, Internet use has been rising sharply, above all in China, where the penetration rate has reached 25 percent.

All of these characteristics strongly suggest that the vigorous growth of electronic payment in emerging markets might not be

driven by payment card use, but rather by new payment patterns as increasing numbers of people use their mobile phones to pay invoices, transfer funds to other individuals and take advantage of other payment services.

Due to Ingenico’s substantial presence in these geographies, we can closely observe the shifts in their payment ecosystems and adjust our strategy to meet emerging needs.

■ A rapidly expanding terminal population in these geographies is a major growth driver for our core business. This was what motivated us to acquire a majority stake in the Chinese manufacturer Landi, develop our Indian subsidiary, build up our network of partners in Africa and open offices in Nigeria and elsewhere.

■ Inadequate fixed-line telecommunications infrastructure, the boom in micro-credit, the phenomenal penetration rate of mobile telephony and high demand for top-up service and prepaid cards all offer Ingenico major opportunities as a service provider.

■ In 2009, Ingenico began positioning itself squarely in these new payment segments through a number of moves:

- Micro-credit partnerships, as with FINO in India and Craft Silicon in Africa.
- Acquisition of a stake in TransferTo, a Singapore-based company operating a global airtime remittance network that interconnects prepaid users of different wireless carriers.
- A partnership with Vodafone.
- Provision of fund transfer services and major involvement in mobile payment.

	POPULATION (MILLIONS)	GDP GROWTH	% BANKED	MOBILE		INTERNET PENETRATION	POS	
				PENETRATION	% PREPAID		/1,000 INHABITANTS	GROWTH
CHINA	1,358	9%	35%	50%	70%	25%	1.4	17%
INDIAN SUB-CONTINENT	1,557	6%	12%	32%	95%	4%	0.4	25%
AFRICA	951	4%	15%	38%	96%	7%	1.2	15%
WESTERN EUROPE	406	1%	91%	125%	50%	71%	21.5	1%

65% of the world population 1.5 billion users



Asia-Pacific

China

China's electronic payment market is in the throes of change, with the installed base of terminals showing a 17 percent increase in volume. Most of the conventional terminals are purchased by large banks and ISOs, and more recently by telecom carriers and gasoline distributors. Since 2008, the country has seen a spectacular rise in demand for both entry-level payment terminals and low-security EPOS-like mobile devices with a built-in magnetic stripe reader. This kind of product is likely to lose ground, however, as China introduces stricter payment security standards.

In 2009, the Group posted business growth of more than 10 percent in value and further strengthened the ties between Ingenico China and the terminal manufacturer Landi, in which Ingenico holds a 68 percent majority interest.

In 2009, the majority of the devices shipped by the Group in China were countertops, mobile terminals and entry-level terminals.

China: growth of more than

10%

in value

an office in Bombay to enhance its market presence and deploy its teams of application and business solution developers more effectively.

Two key factors are likely to drive growth in India's payment terminal market:

- Large payment service providers are entering the market and partnering with local transaction management companies. This should boost demand for payment terminals in India's banking industry and other sectors.

- The country's leading banks - Bank of India, Punjab National Bank, Oriental Bank of Commerce, Corporation Bank, etc. - are making a substantial effort to grow their acquisition business with

merchants. This should lead them to increase their terminal estates.

Ingenico chalked up a number of achievements in 2009, winning new contracts with HDFC Bank and Venture Infotek, India's leading payment transaction processor. Likewise, FINO, the country's biggest micro-finance provider, selected Ingenico as its sole supplier of biometric payment terminals, which are key to the solution deployed by FINO.

India

In 2009, Ingenico enjoyed vigorous growth in India, with sales virtually doubling over the previous year. The Group established a wholly-owned subsidiary with headquarters in New Delhi and opened

Growth was also significant in the sub-continent as a whole, and especially Bangladesh, with Ingenico and its partners participating in several social programs that required large-scale deployment of biometric payment terminals.





EEMEA

Africa

Ingenico took advantage of 2009 to consolidate its expansion and market leadership in the region. The African population is largely “under-banked,” which leaves the Group ample room for growth. Ingenico terminals are particularly well-suited to the continent, since each product line is GPRS-enabled. Moreover, the Ingenico network offer (NCC) helps facilitate communications over the switched telephone network.

The conventional banking sector has been growing at a particularly good clip in Angola, Ghana, Kenya and Algeria, countries in which Ingenico’s market share exceeds 80 percent.

Ingenico’s network of partners covers the entire continent. This makes it possible for the Group to offer genuine field service with respect to both software and hardware maintenance.

Vertical markets have taken on increasing importance in the Group’s strategy. In 2009, Ingenico addressed the following markets (ranked in descending order):

- Micro-finance institutions, the vast majority of which have opted for the EFT930 GPRS terminal with built-in biometric capabilities that enable them to register and manage client accounts effectively.
- Uptake for Ingenico’s new IPA 280 and IWP250 terminals has been considerable among lottery and betting operators. These devices are ideally suited to their business, not only because they are robust, but also because they offer previously untapped possibilities such as mobility and online communication.



Russia

In 2009, Ingenico continued with deployment of its distributor infrastructure in Russia and the CIS (Commonwealth of Independent States).

The Group’s complete offer, including hardware, service and connectivity, has been positively received, and a number of projects are under way in sectors ranging from gasoline distribution with Lukoil to multi-lane retail with Auchan to mass transit with the rail company IPA.

The Group also achieved noteworthy success in the banking sector in Russia (Sberbank, Alpha Bank) and Armenia (Credit Agricole Armenia).

Ingenico continued its terminal shipments to the national banking system in Uzbekistan.

SEPA-Europe

Poland and Eastern Europe

In Poland and the rest of Eastern Europe, the global downturn had a major impact throughout the economy.

Many of these countries still show low payment terminal penetration rates. Only Serbia and Bulgaria have national infrastructure for card payments. But major steps have been taken, for example in Poland, where the Big Idea project initiated and co-financed by Visa is scheduled to double the country’s payment card acceptance capacity over the next three years. That requires the installation of between 150,000 and 200,000 terminals, which Visa will be subsidizing in much the same way that wireless carriers subsidize mobile phone sales.

In Southeastern Europe, the recession has seriously slowed the pace of investment and prompted the postponement of many projects.

In 2009, Ingenico established a subsidiary in the Czech Republic, where the Group is the unchallenged market leader. A maintenance center covering other countries in the region and a customer call center have been started up. At the same time, Ingenico signed a number of partnership and distribution agreements with companies including Monet, GPE and First Data International.



EFT930

A close-up photograph of a document, likely a financial statement, featuring a red line graph and several black lines. The red line graph shows a fluctuating upward trend, while the black lines represent various trends, some of which are curved. The background is a light-colored, textured surface. The text "CONSOLIDATED FINANCIAL STATEMENTS" is overlaid in white, bold, uppercase letters at the bottom of the image.

**CONSOLIDATED FINANCIAL
STATEMENTS**

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Consolidated income statements

for the years ended December 31, 2007, 2008 and 2009

(in thousands of euros)	2007	2008	2009
REVENUE	567,857	728,017	700,684
Cost of sales	(359,795)	(456,358)	(429,780)
Gross profit	208,061	271,659	270,904
Distribution and marketing costs	(40,205)	(59,012)	(55,133)
Research and development expenses	(42,962)	(61,828)	(75,639)
Administrative expenses	(62,386)	(78,838)	(79,298)
Profit from ordinary activities	62,508	71,981	60,835
Other operating income	3,150	10,239	736
Other operating expenses	(8,636)	(24,710)	(14,123)
Profit from operations	57,023	57,510	47,448
Total interest expense	(7,202)	(2,656)	(3,331)
Income from cash and cash equivalents	1,195	2,095	1,840
Other financial income and expenses	(2,822)	(6,885)	(712)
Total finance costs	(8,829)	(7,446)	(2,204)
Share of profits of associates	0	0	(283)
Profit before income tax	48,194	50,064	44,961
Income tax	(8,702)	(13,382)	(18,121)
PROFIT FOR THE PERIOD	39,492	36,682	26,840
Attributable to:			
Ingenico S.A. shareholders	39,447	36,683	26,840
Minority interests	45	(1)	0
EARNINGS PER SHARE (in euros)			
Net earnings			
Basic	1.24	0.83	0.58
Fully diluted	1.21	0.82	0.56

Consolidated balance sheets

at December 31, 2007, 2008 and 2009

ASSETS (in thousands of euros)	2007	2008	2009
NON-CURRENT ASSETS			
Goodwill	106,324	221,437	414,228
Other intangible assets	23,576	103,257	166,549
Property, plant and equipment	17,829	25,361	33,075
Investments in associates	0	0	6,787
Financial assets	1,295	3,265	3,567
Deferred tax assets	19,391	20,631	23,341
Other non-current assets	2,338	1,030	14,730
Total non-current assets	170,752	374,979	662,277
CURRENT ASSETS			
Inventories	52,472	77,211	74,230
Trade and related receivables	138,938	177,390	225,327
Other current assets	6,917	3,577	5,825
Current tax receivables	4,111	8,602	9,456
Derivative financial instruments	274	162	3,433
Short-term investments	21,338	2,847	0
Cash and cash equivalents	87,479	142,770	91,205
Total current assets	311,529	412,560	409,475
TOTAL ASSETS	482,281	787,539	1,071,752

EQUITY AND LIABILITIES (in thousands of euros)	2007	2008	2009
Share capital	32,931	47,793	48,638
Share premium account	123,581	371,538	380,320
Retained earnings and other reserves	36,487	44,000	67,677
Translation reserve	2,878	(8,229)	(3,547)
Equity attributable to Ingenico S.A. shareholders	195,877	455,102	493,088
Minority interests	47	0	0
TOTAL EQUITY	195,924	455,102	493,088
NON-CURRENT LIABILITIES			
Borrowings and long-term debt	84,132	61,018	215,370
Provisions for retirement benefit obligations	6,115	4,776	10,415
Other provisions	9,387	10,645	13,013
Deferred tax liabilities	835	24,216	43,289
Other non-current liabilities	1,697	4,827	10,385
Total non-current liabilities	102,166	105,482	292,472
CURRENT LIABILITIES			
Short-term borrowings	27,142	7,149	20,275
Other provisions	7,589	10,310	12,068
Trade payables and related accounts	110,260	153,960	188,162
Other liabilities	35,209	47,880	47,758
Current tax payable	2,280	5,184	17,124
Derivative financial instruments	1,713	2,472	806
Total current liabilities	184,191	226,955	286,193
TOTAL LIABILITIES	286,357	332,437	578,665
TOTAL EQUITY AND LIABILITIES	482,281	787,539	1,071,752

Consolidated cash flow statements

for the years ended December 31, 2007, 2008 and 2009

CASH FLOW FROM OPERATING ACTIVITIES (in thousands of euros)	2007	2008	2009
Profit for the period	39,492	36,682	26,840
Adjustments for:			
■ Share of profits of associates	0	0	283
■ Income tax expense / (income)	8,702	13,382	18,121
■ Depreciation, amortization and provisions	28,966	32,956	41,104
■ Gains / (losses) on remeasurement at fair value	2,331	1,124	(3,076)
■ Gains / (losses) on disposal of assets	(2,854)	1,605	(1,106)
■ Net interest expense	2,268	854	322
■ Dividend income	0	0	0
Share-based payment expense	6,439	(8,539)	6,663
Interest paid	(6,545)	(4,399)	(3,836)
Tax paid	(13,606)	(24,632)	(12,733)
Cash flow from operating activities before change in net working capital	65,194	66,111	(74,794)
Components of working capital			
■ inventory	(1,108)	979	2,578
■ trade and other receivables	(19,427)	16,173	(15,808)
■ trade and other payables	20,731	7,544	(11,437)
CHANGE IN NET WORKING CAPITAL	196	24,696	(1,793)
Net cash flow from operating activities	63,390	90,808	73,000
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of non-current assets	(15,778)	(21,752)	(23,161)
Gains on disposals of non-current assets	3,376	429	131
Acquisition of subsidiaries, net of cash acquired	(18,176)	(336)	(165,778)
Disposal of subsidiaries, net of cash disposed of	0	0	27,752
Short-term investments	35,172	11,180	4,716
Loans and advances granted	(615)	(2,273)	(778)
Loan repayments received	172	576	2,582
Interest received	5,703	(1,748)	3,834
Dividends received	(2)	0	0
Changes in short-term investments	(992)	(1,333)	0
Net cash flow from investing activities	8,860	(11,761)	(150,702)
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from share issue	3,648	1,210	2,133
Purchase/(sale) of treasury shares	0	(24,524)	2,088
Issuance of debt	26,842	63,153	210,741
Repayment of debt	(69,408)	(35,378)	(190,995)
Changes in other financial liabilities	463	0	(3,648)
Changes in the fair value of hedging instruments	0	441	(1,566)
Dividends paid	(3,161)	(10,771)	(4,310)
Net cash flow from financing activities	(41,615)	(5,868)	14,442
Effect of changes in exchange rates	296	(1,100)	(508)
OCEANE bond buybacks – equity component	(6,082)	(3,062)	
Financial asset reclassified under cash equivalents			1,083
CHANGE IN CASH AND CASH EQUIVALENTS	26,848	69,016	(62,684)
Cash and cash equivalents at beginning of period	43,246	70,096	139,112
Cash and cash equivalents at end of period (1)	70,096	139,112	76,430
COMMENTS:	2007	2008	2009
(1) Cash and cash equivalents			
UCITS (only portion readily convertible into cash)	44,668	98,286	24,635
Cash on hand	42,811	44,485	66,570
Bank overdrafts (included in short-term borrowings)	(17,383)	(3,658)	(14,775)
Total cash and cash equivalents	70,096	139,112	76,430
UCITS (portion qualifying as short-term investments) designated as at fair value through profit or loss	13,651	1,083	0
Available-for-sale assets	7,687	1,763	0
Total cash, cash equivalents and short-term investments	91,435	141,960	76,430

JEAN-MARC PIATON &

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beyond
payment

192, avenue Charles-de-Gaulle
92200 Neuilly-sur-Seine
Tel. : 33 (0)1 46 25 82 00
Fax : 33 (0)1 47 72 56 95
www.ingenico.com