



Acquiring Alliances in Europe: Insight Report 2010

Introduction

Hamburg, November 19th, 2010

Agenda

I. Introduction

II. Innovalue at a glance

The study offers an exclusive and in-depth insight into the Acquiring Alliances in Europe

– Goals of the report –

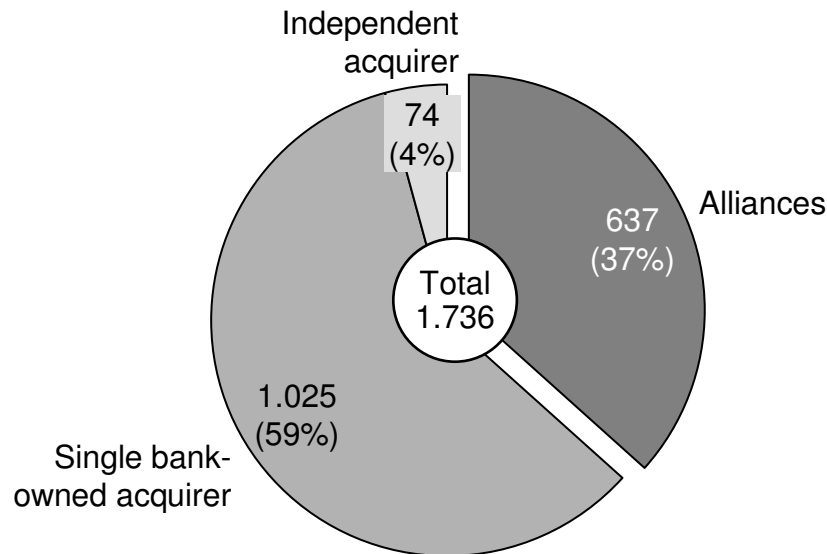
The Innovalue survey “Acquiring Alliances in Europe” particularly tries to achieve the following goals...

- ...to **capture** the market for European acquirers that are organized in an alliance
- ...to **classify** the alliances by type and by the parties involved
- ...to **categorize** the alliances by relevant KPIs (transactions, acquiring volume, countries etc.)
- ...to **benchmark** the alliances in terms of performance (revenues, profitability, growth)
- ...to **identify** the rationale for building the alliances
- ...to **determine** main areas of improvement and future challenges
- ...to **offer** exclusive and in-depth industry insight

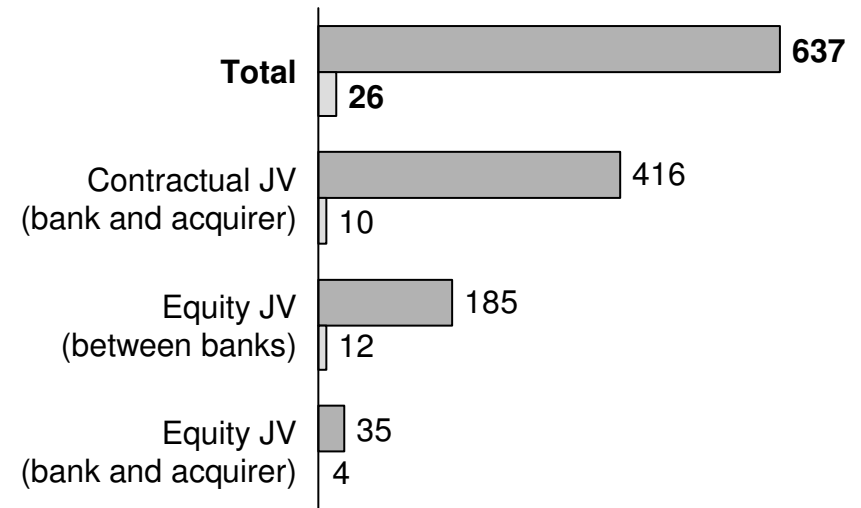
26 potential participants for the report have been identified – all of them are either organized as Equity or Contractual Joint Ventures (JV)

– Acquiring market and identified participants –

**Acquiring Volume (USD bn.)
Top 75-Acquirers in Europe**



Identified participants



Note: Data shows the top 75-acquirers of credit, debit and prepaid card systems from merchants based on Visa and MasterCard transactions in 2009 supplemented by selected alliances; for the purpose of the study additional Alliances have been included

■ Acquiring volume (USD bn.)
■ No. of companies

Out of the identified Alliances, all Managing Directors will be contacted regarding a participation in the report

– Alliance Acquiring market and selected participants –

No.	Alliance	Country	Type	Alliance Partners
1	Aduno	Switzerland	EJV	Swiss Retail- / Kantonal banks
2	AIBMS	Ireland	EJV	Allied Irish Bank, First Data
3	B+S Card Service	Germany	EJV	Banks and companies belonging to the Sparkassen-Finanzgruppe
4	Banco Santander	Spain, UK	CJV	Banco Santander, Elavon
5	Bank of Ireland MS	Ireland	CJV	Bank of Ireland, Elavon
6	Bank Zachodni	Poland	CJV	Bank Zachodni, Elavon
7	BNL POSitivity	Italy	EJV	BNL, First Data
8	Card Complete	Austria	EJV	Unicredit, Raiffeisen Zentralbank Österreich
9	CartaSi	Italy	EJV	Sanpaolo IMI SpA, MPS Banca, various other
10	ConCardis	Germany	EJV	German banks
11	European Merchant Services	Netherlands	EJV	International Card Services (ABN Amro), First Data
12	First Merchant Solutions	Germany	CJV	West LB, First Data
13	Hobex	Austria	EJV	Austrian banks, hogast purchasing co-operative
14	HSBC Merchant Services	UK	CJV	HSBC, Global Payments
15	JCC Payment Services	Cyprus	EJV	Bank of Cyprus Ltd., Cyprus Popular Bank, various other
16	Lloyds TSB Cardnet	UK	EJV	Lloyds, First Data
17	Luottokonto	Finland	EJV	Finnish banks and merchants
18	Montrada	Germany	CJV	Commerzbank, Equens
19	nets	Denmark, Norway	EJV	Norwegian and danish banks
20	Paylife Bank	Austria	EJV	Austrian banks
21	Paysquare	Netherlands	EJV	Dutch, Belgium and German banks
22	Polcard	Poland	CJV	Polish banks, First Data
23	RBS Worldpay	UK	CJV	RBS, Advent/Bain
24	nets Estonia	Estonia	CJV	Sampo Bank, SEB, nets
25	Six Multipay	Switzerland	EJV	Swiss banks
26	United Card Services	Russia	CJV	Russian banks, Global Payments

EJV: Equity JV
CJV: Contractual JV

**The acquiring report consists of an online survey and an optional interview;
answering the online survey takes app. 15 min**

– Structure and participation –

	Online Survey	Optional interview
Description	<ul style="list-style-type: none"> ▪ The questionnaire gathers quantitative and qualitative data ▪ Covered areas: Organisation of the alliance, facts and figures, rationale, areas of improvement and challenges ▪ Requested information is restricted to be high-level only 	<ul style="list-style-type: none"> ▪ In addition to the online survey, interviews are conducted in accordance with participants ▪ Interview guideline is linked to the online survey ▪ The goal is to deepen the topics from the online survey
Participation details	<ul style="list-style-type: none"> ▪ Link will be provided by email ▪ Run-time: until December 13th, 2010 ▪ Time needed to answer questionnaire: app. 15 min 	<ul style="list-style-type: none"> ▪ Interview will be held in accordance with the participant either onsite or via phone ▪ Period: November 22nd, 2010 until January 21st, 2011 ▪ Required time for the interview: max. 60 min.

The online survey will cover 6 main areas

– Structure online survey –

Personal data	Organisation	High-level facts & figures
Company name	Type of alliance	Acquired schemes
Legal form	Shareholdings	Acquiring KPIs
Employees	Distribution of tasks	Key financials
Rationale	Outlook	Assessment
Growth	Main areas of improvement	Overall satisfaction
Efficiency	Greatest challenges	
Risk & Compliance		

Participants in the report benefit from exclusive access to the complete results and the opportunity to conduct an individual workshop

– Participation benefits –

Exclusive access to the complete results of the reports

- Innovalue will summarize the answers to the online survey and results of the interviews
- The summary will be processed in a report covering the results both from the online survey and the interviews
- All participants will have exclusive access to the *complete* report
- No individual filings will be revealed– the results of individual submissions cannot be derived from the summaries in the report



Management workshop

- Innovalue offers the top management of each participant a half-day onsite workshop to discuss the results of the report
- Workshop features include:
 - Company specific analysis of the filings
 - Preparation of the workshop document
 - Derivation of recommended courses of actions
- The workshop will be conducted by a managing partner and a senior consultant of Innovalue

***Extracts* from the report will be presented and discussed
at the European Card Acquiring Forum on February 22nd, 2011 in Berlin**

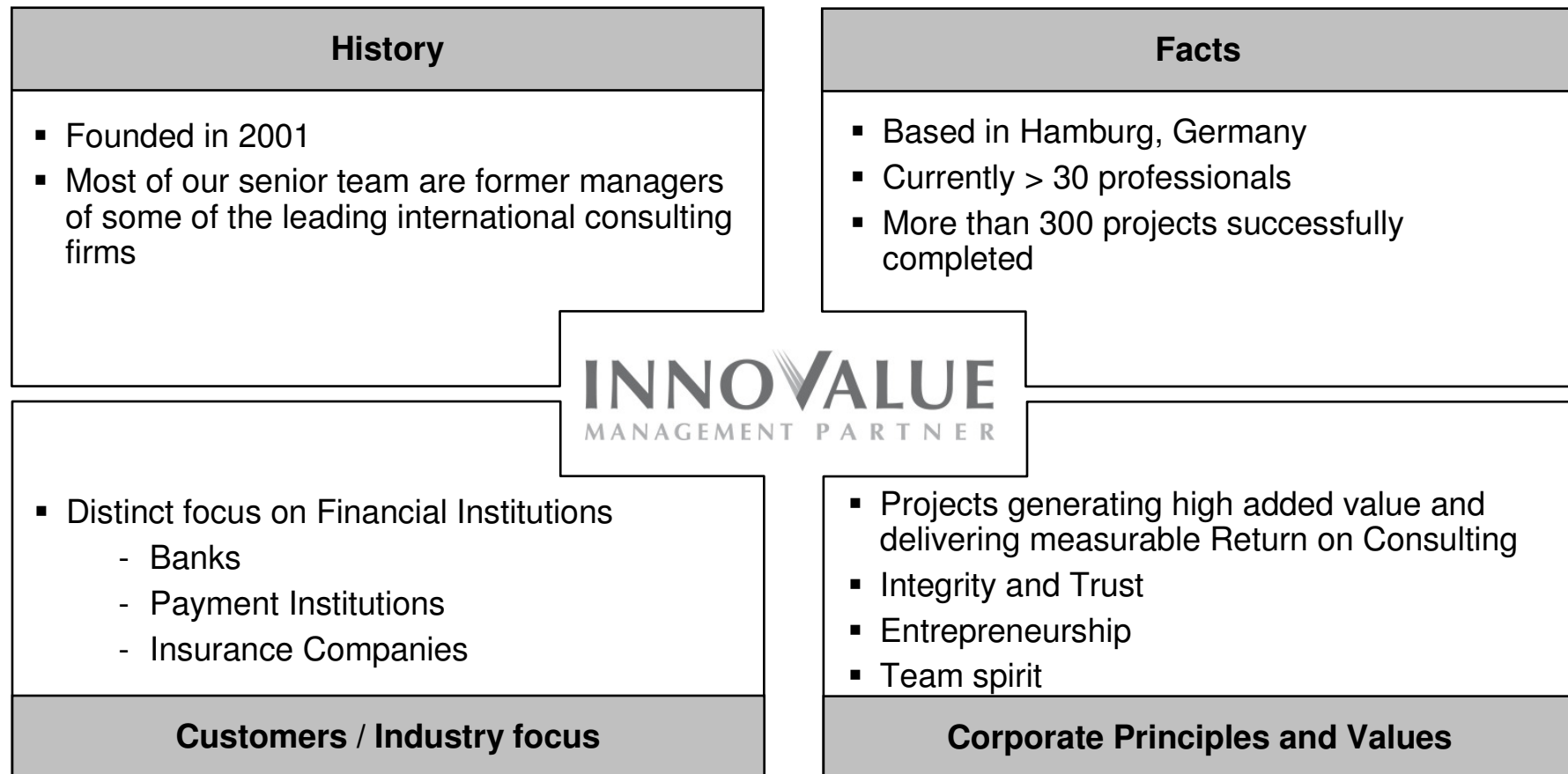
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I. Goals and Scope

II. Innovalue at a glance

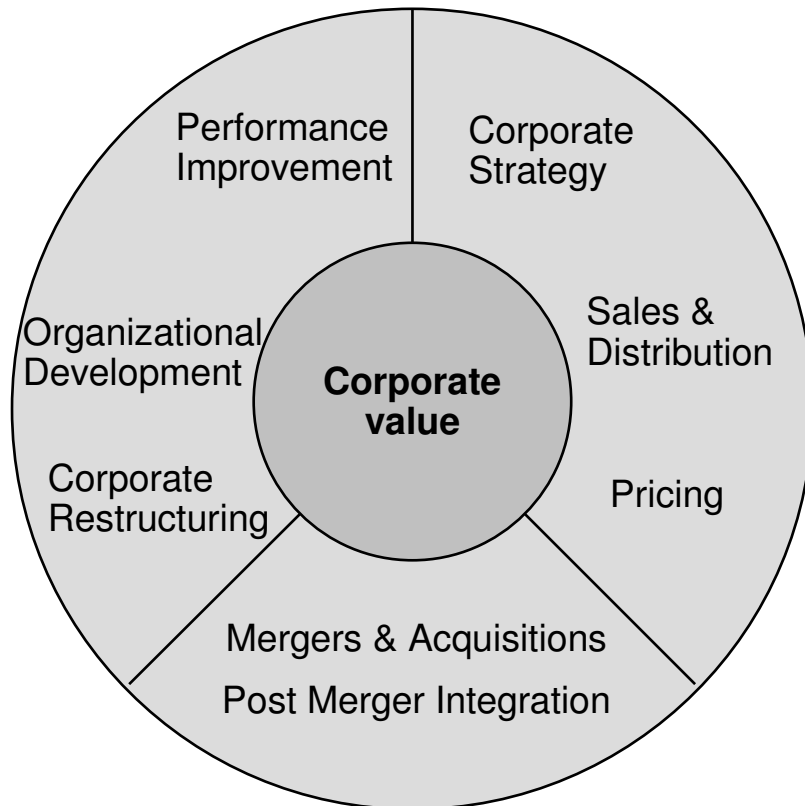
Since its foundation in 2001, Innovalue has become one of the leading top management consulting firms focused on the financial services industry

– Innovalue at a glance –



Innovalue is focused on top management issues with significant potential for value creation

– Our competencies –

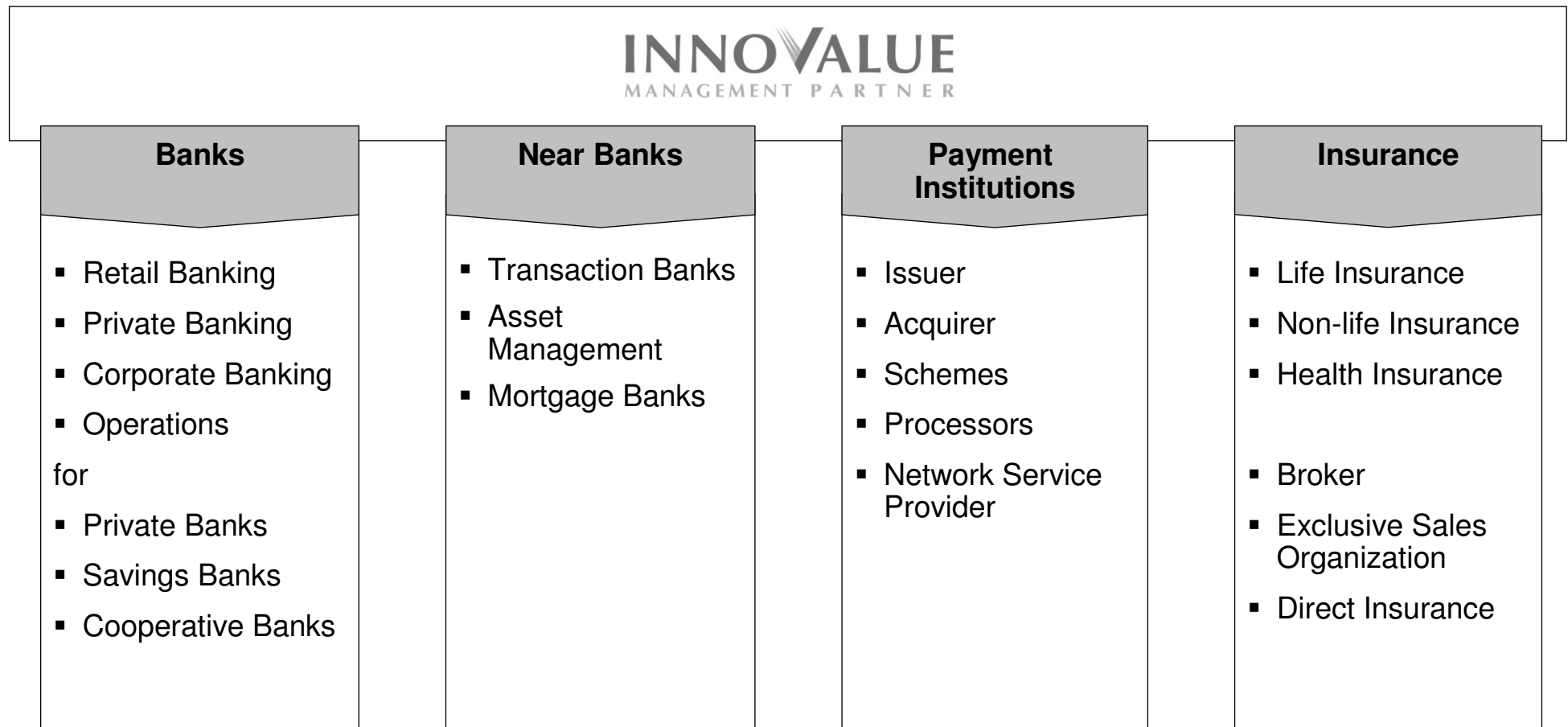


Key strategic questions

- How can we create sustainable growth?
- How can we achieve operational excellence?
- How can we increase transparency on a corporate level?
- How can we control our business units more effectively?
- How can we prepare a M&A transaction professionally?
- How can we merge two companies professionally?
- How do we have to restructure our corporation, in order to regain competitiveness?

We only advise Financial Services institutions – with a special focus on Payment Institutions

– Our sector focus –



Innovalue is managed by five partners and consists of a team of more than 35 professionals

– Our Partners –



**Kai-Christian
Claus**

- Corporate Strategy
- Sales Management
- Efficiency increase
- Pre Merger Support
- Post Merger Integration
- Restructuring

- Dipl.-Betriebswirt
- International Management School Malente



**Marco
Gerhardt**

- Corporate Strategy
- Sales Management
- Efficiency increase
- Controlling
- Post Merger Integration
- Restructuring

- Dipl.-Betriebswirt/ MBA
- Berufsakademie Mannheim (Cooperative State University) / University of Lincoln (GB)



**Andreas
Kornowski**

- Corporate Strategy
- Controlling
- Efficiency increase
- Organizational Development
- Pre Merger Support
- Restructuring

- Dipl.-Kaufmann
- University of Hamburg



**Christian
Mylius**

- Corporate Strategy
- Sales Management
- Efficiency increase
- Organizational Development
- Pre Merger Support
- Customer Management

- Dipl.-Betriebswirt
- International Management School Malente



**Dr. Christian
Röckemann**

- Corporate and Growth Strategy
- Post Merger Integration
- Asset Management
- Transaction Banking
- Real Estate Financing
- Product Management and Innovation
- Alternative Sales Channels / Online

- Dipl.-Volkswirt (Diploma in Economics)
- Dr. rer. pol. (PhD) in Capital Markets
- Qualified bank clerk

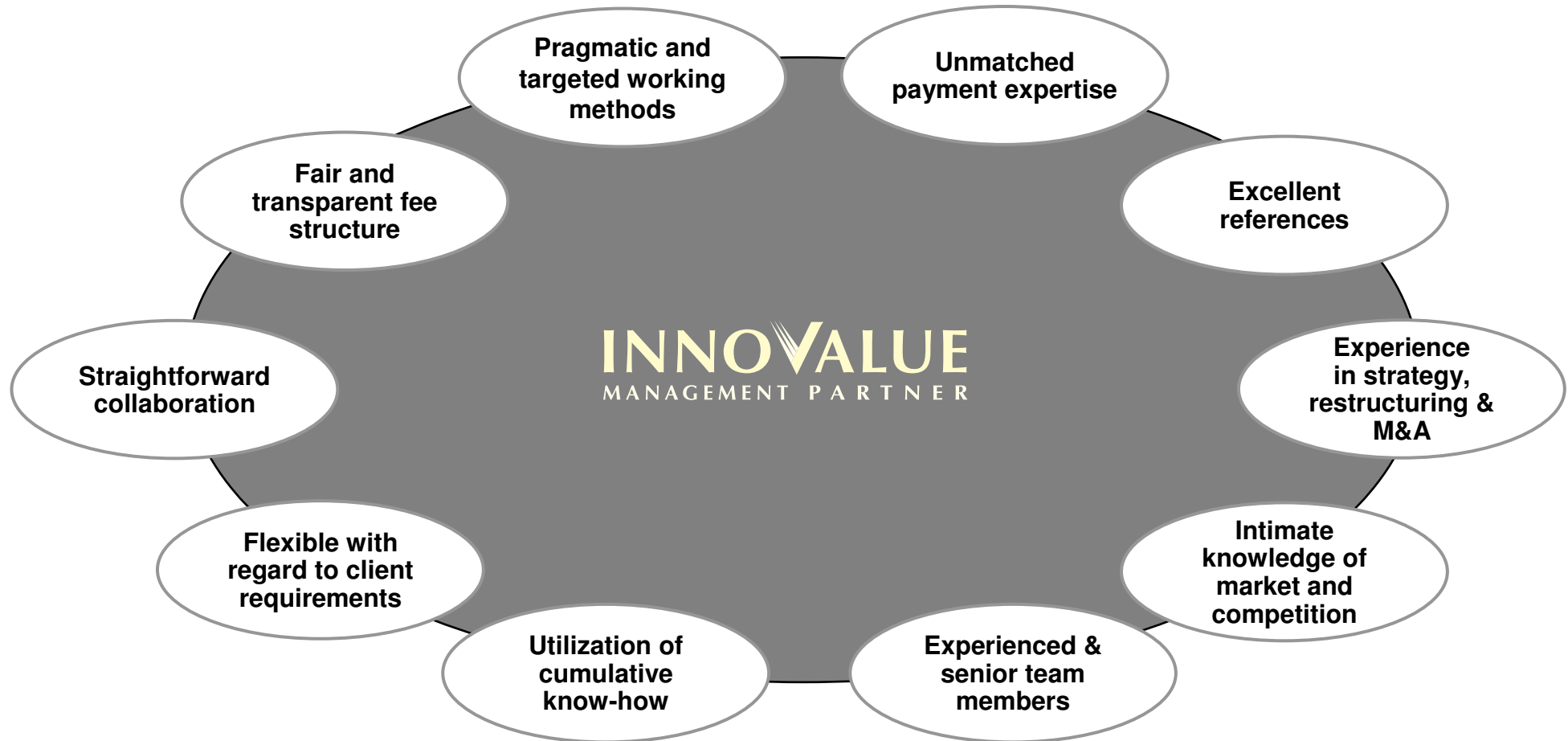
Since our foundation ten years ago we have completed more than 300 engagements focusing on growth, efficiency and M&A

– Selection of typical Payment Engagements –

Client	Type	Project
Leading Processor Global	Growth	<ul style="list-style-type: none"> ▪ Scope: Development and implementation of a Global Issuing Strategy with focus on market and technology ▪ Goals: Generation of new business, cost and time to market reductions ▪ Key activities: market and competitive analysis Europe, United States, Asia, market sizing, success factors, products requirements
Leading Acquirer Europe	Efficiency	<ul style="list-style-type: none"> ▪ Scope: Development and implementation of a Corporate Restructuring program ▪ Goals: Significant improvement of EBITDA margin ▪ Key activities: Restructuring of sales, operations and sites
Issuer Germany	M&A	<ul style="list-style-type: none"> ▪ Role: Sole financial and commercial advisor to the sellers on the successful sale of shares in a processor ▪ Key activities: Performed commercial due diligence, business plan evaluation and valuation of the company; led SPA negotiations

We use our comprehensive payment experience to serve our clients

– Our unique features –



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