Edenred

Press Release
July 24, 2013

First-half 2013

Strong organic growth[1] in issue volume, up 11.0%, and EBIT, up 7.7%

Annual objectives confirmed

- **Good performance in the first-half, on a like-for-like basis:**
  - **Issue volume** up **11.0%** to €8,576 million
  - **Revenue** up **6.2%** to €525 million
  - **EBIT** up **7.7%** to €172 million
  - **Funds from operations**[2] up **12.3%** to €143 million

- **Performance in line with strategic objectives:**
  - Organic growth in issue volume reflecting the **significant new client wins** (accounting for 5.3% of growth) and the contribution from **new solutions** (for 2.0%)
  - **Partnership** formed with **Banco Espirito Santo** in **Portugal** in the expanding meal voucher market, supported by favorable legislation
  - A significant 2.8% contribution from **acquisitions** to reported growth in issue volume, including three transactions completed in the first half (Repom in Brazil, Big Pass in Colombia and OPAM in Mexico)
  - Faster **shift to digital**, which accounted for 56% of first-half 2013 issue volume, compared with 51% in full-year 2012

- **An unfavorable currency effect in the first-half**, primarily due to Latin American currencies (impact of a negative 4.8% on reported issue volume and a negative 7.0% on reported EBIT)

- **2013 objectives:**
  - Organic growth objectives[3] confirmed: **6% to 14% for issue volume** and **more than 10% for funds from operations**
  - **2013 EBIT target**: €370 million to €390 million

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1 *Like-for-like growth, i.e. at constant scope of consolidation and exchange rates.*
2 *Before non-recurring items.*
3 *Normalized growth target for the period 2010-2016. Normalized growth is the objective that the Group considers to be attainable in a context in which unemployment does not rise.*

FIRST-HALF HIGHLIGHTS

First-half 2013 was shaped by a number of notable achievements, in line with the Group's strategic vision:

- **An increase in the penetration rate, which accounted for 5.3% of like-for-like issue volume growth**

A large number of new clients chose Edenred during the first half, including agri-foods group Nestlé in Brazil, oil company PDVSA in Venezuela, retailer Carrefour Market in France, and temporary employment agency Federgon in Belgium. These four contract wins alone have enabled more than **135,000 new users** to benefit from meal and food vouchers.

The increase in the penetration rate was particularly strong in **Portugal**, following a change in legislation that is encouraging the development of meal vouchers, which are now more interesting tax-wise than cash allowances. As a result, by year-end, the penetration rate is expected to rise to **20%** of the estimated market of around three million potential beneficiaries, compared with 7% at the end of 2012. In response, in June, Edenred joined with **Banco Espirito Santo**, Portugal's leading listed bank, to form a joint venture that is now the market leader with a 50% share[4]. It is committed to driving fast growth in issue volumes to capture all of the market's high potential.

- **The launch of new solutions, which accounted for 2.0% of like-for-like issue volume growth**

Edenred recently announced the launch of two new employee benefits solutions, **Ticket Cultura**, for the purchase of cultural goods and services in Brazil, and **NutriSavings,** designed to promote a balanced diet in the United States.

These solutions come on top of the 28 new solutions launched since July 2011, whose objective is to contribute between 2% and 4% of organic growth in issue volume in 2013 and beyond. This objective was met right from the first half, with a **2.0%** contribution.

- **Targeted acquisitions, accounting for 2.8%of reported growth**

In February, Edenred closed the acquisition of a 62% stake in **Repom** for €53 million in Brazil, with a call option to purchase the remaining 38%[5]. The leader in the *frete* market[6] with more than 40% market share, Repom reported business volume of €606 million[7] in the first half, **up 28%**.

The Group also opened its 40th country market[8] by acquiring **Big Pass**, a major provider of employee benefits in Colombia.

In addition, the first half offered an opportunity for the Group to deepen its positions in Mexico by purchasing **OPAM**, a food voucher issuer. With more than 1,000 clients and a portfolio of entirely digital solutions, OPAM reported more than €140 million in issue volume in 2012[9].

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[4] *After the creation of the joint venture.*
[5] *The option, which is exercisable in 2018, has been recognized in debt in an amount of €64 million.*
[6] *Brazil's* frete *market covers all the costs incurred by major manufacturers and trucking companies for the outsourced delivery of goods by independent truck drivers.*
[7] *Of which €182 million in issue volume.*
[8] *The objective is to open six to eight new country markets between 2010 and 2016, including Finland in 2011, Japan in 2012 and Colombia in 2013.*
[9] *OPAM will be consolidated in the income statement from July 2013.*

- **Sustained transition to digital, which accounted for 56% of issue volume being digital in the first-half**

The faster transition to digital initiated in early 2010 continued to gain momentum in first-half 2013. As of June 30, **56% of issue volume was digital**, versus 51% as of December 31, 2012.

The transition is proceeding rapidly in **Europe**, with **21%** of issue volume delivered in digital formats as of June 30, versus 15% at year-end 2012. The shift is moving forward especially in Belgium, Spain and Sweden. In **Belgium**, for example, **more than 35%** of issue volume had been shifted as of June 30, compared with 20% at year-end 2012. In France, a digital meal voucher solution is ready and will be introduced as soon as the legislative framework has been clarified[10].

The target of shifting more than 70% of issue volume to digital by the end of 2016 has been confirmed.

FIRST-HALF 2013 RESULTS

At its meeting on July 23, 2013, the Board of Directors approved the consolidated financial statements for the six months ended June 30, 2013.

First-half 2013 financial metrics

(in € millions)	First half 2012	First half 2013	% change	
			Reported	Like-for-like
Issue volume	**7,865**	**8,576**	**+9.0%**	**+11.0%**
Operating revenue	465	483	+3.8%	+7.4%
Financial revenue	46	42	-7.6%	-5.8%
Total revenue	**511**	**525**	**+2.8%**	**+6.2%**
Operating EBIT	124	130	+4.6%	+12.5%
Financial EBIT	46	42	-7.6%	-5.8%
EBIT	**170**	**172**	**+1.4%**	**+7.7%**
Operating profit before tax and non-recurring items	150	150	+0.3%	N/A
Net profit, Group share	100	89	-10.7%	N/A
Recurring profit after tax	101	97	-3.3%	N/A
Recurring earnings per share (in €)	0.44	0.43		

First-half 2013 issue volume up 11.0% like-for-like to €8.6 billion

Issue volume totaled **€8,576 million** in first-half 2013, a **like-for-like increase of 11.0%** that was in line with the Group's normalized annual growth target of 6% to 14%. Reported growth stood at 9.0%, as the 2.8% increase from the acquisitions of Repom and Comprocard in Brazil, Barclay Vouchers in Japan and Big Pass in Colombia was offset by a 4.8% negative currency effect over the period, primarily due to the decline against the euro in the Brazilian real (by 10.6%) and the devaluation of the Venezuelan bolivar fuerte (by 14.9%).

The increase reflected fast growth in emerging markets, up 16.5%, and a good performance in developed markets, up 2.9%.

[10] The French Ministry of the Economy and Finance and the Ministry of Labor are conducting discussions with all of the stakeholders concerned by the introduction of digital meal vouchers.

Issue volume by region

Like-for-like growth in issue volume	First quarter 2013	Second quarter 2013	First half 2013
Latin America	+18.8%	+17.9%	**+18.4%**
Europe	-0.3%	+5.7%	**+2.7%**
Rest of the world	+9.6%	+11.0%	**+10.3%**
TOTAL	**+9.8%**	**+12.2%**	**+11.0%**

- ### Latin America: €4.6 billion in first-half issue volume, up 18.4% like-for-like

Issue volume in **Latin America** rose by a significant **18.4%** like-for-like in the first half, reflecting higher penetration rates in a still favorable economic environment shaped by rising wages and the creation of formal jobs. Food and meal voucher issue volume increased by 18.6%, while the Ticket Car expense management solution advanced 15.1%.

In **Brazil**, issue volume climbed **13.9%** like-for-like over the first half. The 11.0% gain in the second quarter reflected a good sales performance, despite the impact of high prior-year comparatives resulting from the ITAU contract win (which added four points of growth in Brazil as from April 2012) and a calendar effect between the first and second quarters of 2013 (which trimmed one point of growth from Ticket Car issue volume in the second quarter).

In **Hispanic Latin America**, issue volume increased by **24.9%** like-for-like. The strong gain was led by the excellent performance by the sales teams over the period, as seen in the major contract win with PDVSA in Venezuela, which added 3.1 points to first-half growth in Latin America.

- ### Europe: €3.7 billion in first-half issue volume, up 2.7% like-for-like

Despite the still challenging economic environment, issue volume rose by **2.7%** like-for-like in **Europe**.

Operations in **France** delivered a good performance over the period, with a **3.7%** like-for-like gain. This was mainly due to the gain of new clients for Ticket Restaurant®, whose issue volume rose by 3.9%. The strong 7.9% growth in the second quarter reflected the 2.9-point contribution from the Ticket CESU[11] solution.

Issue volume contracted by **2.1%** like-for-like in **Italy**, where business remains penalized by rising unemployment, but rose by a solid **4.1%** like-for-like in **Belgium** on the back of new meal voucher contract wins.

Lastly, in **Portugal**, where a change in legislation is driving growth in the meal voucher market, issue volume rose sharply and added 1.1 points to growth in Europe for the period.

- ### Rest of the world: €320 million in first-half issue volume, up 10.3% like-for-like

Issue volume in the **Rest of the world** rose by **10.3%** like-for-like over the period, led by strong growth in Turkey, the region's primary contributor.

[11] *A voucher prepaid by employers that allows employees to pay for a variety of personal services.*

Issue volume by growth driver

In the first half, three **growth drivers** contributed to the **11.0%** like-for-like growth in issue volume:

- **Increasing penetration rates in existing markets**, thanks to the solid performance by the sales teams, for **5.3%**.
- **Increasing voucher face values**, mainly in emerging markets, for **3.7%**.
- **Creating and deploying new solutions** for **2.0%**. In Mexico, for example, the **Ticket Restaurant®** solution launched in 2011 rose by 14% like-for-like, while growth in Spain was led by such new solutions as **Ticket Transporte®** or the **Ticket Corporate®** expense management solution whose issue volumes doubled over the first half. In Germany, the **Ticket Plus Card®** solution continued to expand, with issue volume multiplied 40 times over the period.

First-half total revenue up 6.2% like-for-like to €525 million

Like-for-like growth in revenue	**First quarter 2013**	**Second quarter 2013**	**First half 2013**
Operating revenue with issue volume	*+8.0%*	*+8.1%*	*+8.1%*
Operating revenue without issue volume	*+4.8%*	*+1.0%*	*+3.1%*
Operating revenue	+7.5%	+7.2%	+7.4%
Financial revenue	-6.3%	-5.2%	-5.8%
Total revenue	**+6.3%**	**+6.1%**	**+6.2%**

Total revenue rose **6.2%** like-for-like to **€525 million** in the first half of 2013. After the negative 4.8% currency effect and the positive 1.4%[12] impact from changes in the scope of consolidation, reported growth stood at **2.8%** for the period. The overall rise breaks down as follows:

- **Operating revenue** of €483 million, up **7.4%** like-for-like, illustrating the good performance of **revenue with issue volume** (up **8.1%** like-for-like), particularly in Latin America (up 13.4% like-for-like) and Europe (up 1.6% like-for-like). The 2.9-point difference between the growth in issue volume and the growth in operating revenue with issue volume reflects the varying take-up rates[13], which depend on the type of solution, country and contract size.

  Operating revenue without issue volume, primarily generated by non-recurring corporate marketing and incentive consulting services, rose by 3.1% like-for-like.

- **Financial revenue** of €42 million, **down 5.8%** like-for-like due to the decline in interest rates in most countries.

[12] Of which a 2.2% increase from the acquisitions of Comprocard in Brazil and Barclay Vouchers in Japan (both consolidated from July 2012), Big Pass in Colombia (consolidated from February 2013) and Repom in Brazil (consolidated from March 2013); and a 0.8% decrease from the disposal of Tintelingen in the Netherlands.

[13] Ratio of operating revenue with issue volume to total issue volume.

First-half EBIT rose 7.7% like-for-like to €172 million

Total EBIT stood at €172 million in first-half 2013, compared with 170 million in the prior-year period. This represented an increase of **7.7%** like-for-like and of 1.4% as reported, after a negative 7.0% currency effect.

EBIT *(in € millions)*	**First half 2012**	**First half 2013**	**% change like-for-like**
Operating EBIT	124	130	+12.5%
Financial EBIT	46	42	-5.8%
TOTAL	**170**	**172**	**+7.7%**

Operating EBIT (i.e. excluding financial revenue) rose by 12.5% like-for-like to €130 million. This good performance resulted in an operating flow-through ratio[14], adjusted for the €2 million in extra costs generated by the digital transition, of **51%**, in line with the objective of more than 50%.

Financial EBIT, which corresponds to financial revenue, declined by 5.8% like-for-like to €42 million, impacted by falling interest rates.

First-half 2013 EBIT by region

EBIT *(in € millions)*	**First half 2012**	**First half 2013**	**% change like-for-like**
Latin America	112	114	+12.3%
Europe[15]	67	64	-3.8%
Rest of the world	1	1	N/A
Worldwide structures	(10)	(7)	N/A
TOTAL	**170**	**172**	**+7.7%**

Operations in **Latin America** reported a good performance, with operating EBIT up 13.8% like-for-like, reflecting the region's dynamic growth. In **Europe**, like-for-like operating EBIT growth came to 5.5%, excluding the extra €2 million in costs associated with the digital transition.

First-half recurring profit after tax of €97 million

After deducting €22 million in net financial expense, €46 million in income tax expense and €7 million in non-controlling interests, **recurring profit after tax** came to **€97 million**, versus €101 million in the first half of 2012.

Net profit, Group share stood at **€89 million**, versus €100 million in first-half 2012, after €8 million in net non-recurring expense and a €6 million increase in income tax expense[16].

[14] The ratio between the like-for-like change in operating EBIT and the like-for-like change in operating revenue.
[15] Of which EBIT of:
- *€42 million in Europe outside France, down 1.9% like-for-like.*
- *€22 million in France, down 7.2% like-for-like.*

[16] Deferred tax assets in respect of historical tax loss carryforwards were recognized in 2012, in particular in the United Kingdom in an amount of €7 million.

A solid financial position

Funds from operations before non-recurring items rose to **€143 million** from €140 million in first-half 2012, representing a like-for-like increase of 12.3%, in line with the Group's normalized growth target of more than 10% a year.

A total of €185 million in dividends were paid to Edenred SA shareholders, for a payout ratio of almost 90% of 2012 recurring profit after tax.

Net debt stood at €525 million at June 30, 2013, versus €412 million a year earlier. The increase was primarily attributable to the acquisition of Repom for €108 million (including the €64 million liability related to the call option on the remaining 38% of the company) and to the €85 million negative currency effect. The ratio of adjusted funds from operations to adjusted net debt came to 38%[17], reflecting a strong investment grade rating[18].

Over the period, the Group arranged an initial €700-million, five-year syndicated credit facility that has lengthened the average maturity of its debt. The new back-up facility replaced €528 million in unused committed credit lines a year ahead of their expiration.

2013 OUTLOOK

In the second half, business trends and financial revenue are expected to be in line with the first six months of the year.

On this basis, assuming an operating flow-through ratio of more than 50% in 2013 and the €5 million in extra costs generated by the digital transition during the year, **Edenred has set a 2013 EBIT target of between €370 million and €390 million.**

This objective takes into account the adverse currency effects stemming from the Brazilian real[19] and the Venezuelan bolivar fuerte[20], estimated at a negative €15 million and a negative €9 million respectively.

The Group confirms its organic normalized growth objectives of 6% to 14% per year for issue volume and of more than 10% per year for funds from operations.

UPCOMING EVENTS

October 16, 2013: Third-quarter revenue.

November 12, 2013: Investor Day in New York.

February 12, 2014: 2013 results.

[17] Internal estimates, based on the latest Standard & Poor's method.
[18] The ratio of adjusted funds from operations to adjusted net debt, determined by the Standard & Poor's method, must be above 30% to maintain a strong investment grade rating.
[19] Assuming an estimated average exchange rate of BRL 2.77/€ in 2013.
[20] Based on an official rate of VEF 6.3/$.

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***Edenred**, which invented the Ticket Restaurant® solution and is the world leader in prepaid corporate services, designs and delivers solutions that make employees' lives easier and improve the efficiency of organizations.*

Edenred solutions ensure that funds allocated by companies are used as intended. These solutions help to manage:

- ***Employee benefits** (Ticket Restaurant®, Ticket Alimentación®, Ticket CESU, Childcare Vouchers®, etc.)*
- ***Expense management** process (Ticket Car®, Ticket Clean way®, Repom®, etc.)*
- ***Incentive and rewards** programs (Ticket Compliments, Ticket Kadéos, etc.).*

*The Group also supports public institutions in managing their **social programs**.*

Listed on the NYSE Euronext Paris stock exchange, Edenred operates in 40 countries, with nearly 6,000 employees, nearly 610,000 companies and public sector customers, 1.3 million affiliated merchants and 38 million beneficiaries. In 2012, total issue volume amounted to €16.7 billion, of which 61% was generated in emerging markets.

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Appendices

Issue volume

In € millions	Q1 2012	Q1 2013	Q2 2012	Q2 2013	H1 2012	H1 2013
France	666	665	613	661	1,279	1,326
Rest of Europe	1,127	1,124	1,157	1,203	2,284	2,327
Latin America	1,987	2,203	2,054	2,400	4,041	4,603
Rest of the world	129	159	132	161	261	320
TOTAL ISSUE VOLUME	**3,909**	**4,151**	**3,956**	**4,425**	**7,865**	**8,576**

In %	Q1 Change reported	Q1 Change L/L*	Q2 Change reported	Q2 Change L/L*	H1 Change reported	H1 Change L/L*
France	-0.2%	-0.2%	7.9%	7.9%	3.7%	3.7%
Rest of Europe	-0.3%	-0.3%	4.0%	4.5%	1.9%	2.1%
Latin America	10.9%	18.8%	16.9%	17.9%	13.9%	18.4%
Rest of the world	23.8%	9.6%	21.8%	11.0%	22.8%	10.3%
TOTAL ISSUE VOLUME	**6.2%**	**9.8%**	**11.9%**	**12.2%**	**9.0%**	**11.0%**

**At constant scope of consolidation and exchange rates.*

Operating revenue

In € millions	Q1		Q2		H1	
	2012	2013	2012	2013	2012	2013
France	34	34	32	33	66	67
Rest of Europe	76	74	72	73	148	147
Latin America	113	118	115	125	228	243
Rest of the world	11	13	12	13	23	26
OPERATING REVENUE	**234**	**239**	**231**	**244**	**465**	**483**

In %	Q1		Q2		H1	
	Change reported	Change L/L*	Change reported	Change L/L*	Change reported	Change L/L*
France	2.3%	1.2%	1.1%	2.8%	1.7%	2.0%
Rest of Europe	-3.3%	1.3%	1.6%	2.7%	-0.9%	2.0%
Latin America	4.1%	13.6%	8.3%	11.1%	6.2%	12.3%
Rest of the world	17.1%	8.1%	15.2%	7.9%	16.1%	8.0%
OPERATING REVENUE	**2.0%**	**7.5%**	**5.5%**	**7.2%**	**3.8%**	**7.4%**

**At constant scope of consolidation and exchange rates.*

Financial revenue

In € millions	Q1 2012	Q1 2013	Q2 2012	Q2 2013	H1 2012	H1 2013
France	5	5	5	6	10	11
Rest of Europe	8	6	7	5	15	11
Latin America	10	9	9	9	19	18
Rest of the world	1	1	1	1	2	2
Financial Revenue	**24**	**21**	**22**	**21**	**46**	**42**

In %	Q1 Change reported	Q1 Change L/L*	Q2 Change reported	Q2 Change L/L*	H1 Change reported	H1 Change L/L*
France	5.3%	5.3%	2.0%	2.0%	3.7%	3.7%
Rest of Europe	-24.5%	-21.0%	-26.7%	-29.6%	-25.5%	-25.0%
Latin America	-9.3%	-0.6%	13.0%	10.6%	1.2%	4.7%
Rest of the world	-9.9%	-4.0%	-15.0%	-10.4%	-12.5%	-7.3%
Financial Revenue	**-11.2%**	**-6.3%**	**-3.5%**	**-5.2%**	**-7.6%**	**-5.8%**

**At constant scope of consolidation and exchange rates.*

Total revenue

In € millions	Q1 2012	Q1 2013	Q2 2012	Q2 2013	H1 2012	H1 2013
France	39	40	37	38	76	78
Rest of Europe	84	80	79	78	163	158
Latin America	123	127	124	134	247	261
Rest of the world	12	13	13	15	25	28
Total Revenue	**258**	**260**	**253**	**265**	**511**	**525**

In %	Q1 Change reported	Q1 Change L/L*	Q2 Change reported	Q2 Change L/L*	H1 Change reported	H1 Change L/L*
France	2.6%	1.7%	1.3%	2.7%	2.0%	2.2%
Rest of Europe	-5.3%	-0.8%	-0.8%	-0.1%	-3.2%	-0.5%
Latin America	3.1%	12.4%	8.6%	11.1%	5.8%	11.8%
Rest of the world	15.1%	7.2%	12.8%	6.4%	13.9%	6.8%
Total Revenue	**0.8%**	**6.3%**	**4.8%**	**6.1%**	**2.8%**	**6.2%**

**At constant scope of consolidation and exchange rates.*