Edenred

Press Release
July 24, 2014

First-half 2014: Sustained organic growth in issue volume, up 12.3%, and EBIT, up 13.2%

- **Sustained like-for-like improvement in financial results in the first half of 2014:**
  - **Issue volume** up **12.3%** to €8,320 million.
  - **Total revenue** up **7.9%** to €486 million.
  - **EBIT** up **13.2%** to €148 million.
  - **Funds from operations**[1] up **11.9%** to €109 million.

- **An unfavorable currency effect over the period**, which reduced reported EBIT by 22% or €35 million. It was primarily related to the decline in the Brazilian real against the euro and the change in the exchange rate of the Venezuelan bolivar fuerte.

- **Performance in line with the growth strategy:**
  - Opening of **the United Arab Emirates, the Group's 41st country market**, by **acquiring C3 Card,** a **payroll card specialist**.
  - Continued expansion in the Expense management segment with the creation of an **alliance with American Express** in the **Mexican fuel card sector.**
  - Launch of the **Ticket Restaurant® card in France** in April 2014, with 40,000 cards in circulation at the end of June.

- **2014 objectives:**
  - Organic growth objectives[2] confirmed: **8% to 14% for issue volume** and **more than 10% for funds from operations.**
  - **2014 EBIT target: €335 million to €350 million**

[1] Before non-recurring items.
[2] Normalized growth targets for the period 2010-2016. Normalized growth is the objective that the Group considers to be attainable if the number of people in work does not decline.

FIRST-HALF 2014 RESULTS

At its meeting on July 23, 2014, the Board of Directors approved the consolidated financial statements for the six months ended June 30, 2014.

First-half 2014 financial metrics

(in € millions)	First-half 2013[3]	First-half 2014	% change	
			Reported	Like-for-like[4]
Issue volume	**8,197**	**8,320**	**+1.5%**	**+12.3%**
Operating revenue with issue volume	402	397	-1.2%	+11.0%
Operating revenue without issue volume	60	53	-14.0%	-8.9%
Financial revenue	41	36	-9.6%	+2.2%
Total revenue	**503**	**486**	**-3.4%**	**+7.9%**
Operating EBIT	118	112	-5.8%	+17.0%
Financial EBIT	41	36	-9.6%	+2.2%
EBIT	**159**	**148**	**-6.7%**	**+13.2%**
Operating profit before tax and non-recurring items	135	121	-10.4%	n/a
Net profit, Group share	76	70	-9.3%	n/a
Recurring net profit after tax	90	82	-9.7%	n/a
Recurring earnings per share (in €)	0.40	0.36		

First-half 2014 issue volume up 12.3% like-for-like to €8.3 billion

Issue volume totaled **€8,320 million** in first-half 2014, a **like-for-like increase of 12.3%** that was in line with the Group's normalized annual growth target of 8% to 14%. The increase reflected fast organic growth in emerging markets, up 16.0%, and a good performance in developed markets, up 6.8%.

Reported growth stood at 1.5% for the period, after taking into account:

- The **3.2% positive impact from changes in the scope of consolidation** following the acquisitions of Big Pass (Colombia), Repom and Bonus (Brazil), Opam (Mexico) and Nets Prepaid (Finland).
- The **negative 14.0% currency effect**, primarily due to the 15.3% decline in the Brazilian real against the euro and 78.3% change in the exchange rate in the Venezuelan bolivar fuerte.

[3] *First-half 2013 figures have been restated as follows:*

- *The VEF 11.3/$ rate was applied from January 1, 2013 (reported figures used the VEF 6.3/$ rate over the first three quarters of the year). The full annual impact of the change in VEF/$ rate (from 6.3 to 11.3) was recognized in the fourth quarter.*
- *The adjusted figures include the €6 million dividend tax paid that year.*

[4] *At constant scope of consolidation and exchange rates.*

Issue volume by region

Like-for-like growth	First quarter 2014	Second quarter 2014	First half 2014
Latin America	+17.0%	+16.8%	**+16.9%**
Europe	+9.8%	+3.8%	**+6.7%**
Rest of the world	+14.9%	+15.6%	**+15.2%**
TOTAL	**+13.7%**	**+11.0%**	**+12.3%**

Operations in **Latin America** delivered issue volume of **€4.0 billion in the first half**, up **16.9%** like-for-like in a favorable economic environment and thanks to higher penetration rates and increased face values. This good performance reflected dynamic sales in both **Brazil** (up 14.1%) and the rest of the region (up 21.5%), across every segment of the Employee benefits and Expense management businesses.

In the second quarter alone, issue volume rose by 16.8%, in line with first-quarter trends.

In **Europe**, issue volume rose by **6.7%** like-for-like to **€4.0 billion in the first half**. The growth attested to the good performance of the sales teams and the strong growth in **Portugal**, which accounted for 3.6 points of growth in Europe for the period. In **France**, issue volume increased by 3.7% like-for-like, of which 2.7% for the Ticket Restaurant® solution, while business in the **United Kingdom** rose by 7.9% over the period.

In the second quarter, performance in Europe was penalized by the 1.2% decline in the number of working days compared with 2013. In **France**, this effect was accentuated by a shift in orders in the Ticket CESU[5] business, which lowered quarterly growth by 1.2 points, and by the unfavorable impact of the May bank holidays on the number of working days. In **Italy**, second-quarter performance (down 0.6%) was impacted by the sharp 43.5% fall-off in the public sector business[6].

Lastly, issue volume in the **Rest of the world** rose by **15.2%** like-for-like over the first half, led by strong growth in Turkey, the region's primary contributor.

Issue volume by growth driver

In the first half, the Group's **four growth drivers** contributed to the **12.3%** like-for-like growth in issue volume as follows:

- **Increased penetration rates in existing markets** added **5.4%**, thanks to the good performance by the sales teams.
- **Increased voucher face values**, mainly in emerging markets, contributed **4.2%**.
- **Creation and deployment of new solutions** added **2.5%**, including in particular the contributions from the **Ticket Plus Card®**, launched in Germany in March 2012, and **Ticket Cultura®**, launched in Brazil in October 2013.
- **Geographic expansion** accounted for **0.2%**, thanks to the contributions from operations in **Finland, Japan** and **Colombia.**

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

[6] *With a limited impact on operating revenue due to lower take-up rates. The decline resulted from the loss of contracts with Consip, the Italian government procurement agency.*

First-half total revenue up 7.9% like-for-like to €486 million

Like-for-like growth	First quarter 2014	Second quarter 2014	First half 2014
Operating revenue with issue volume	+11.0%	+10.9%	+11.0%
Operating revenue without issue volume	-13.9%	-3.3%	-8.9%
Financial revenue	+1.0%	+3.5%	+2.2%
TOTAL REVENUE	**+7.1%**	**+8.7%**	**+7.9%**

Total revenue for the first six months of 2014 amounted to **€486 million**, representing a **like-for-like increase of 7.9%** over the prior year period. Total revenue comprises operating revenue with issue volume (up 11.0% like-for-like), operating revenue without issue volume (down 8.9% like-for-like[7]) and financial revenue (up 2.2% like-for-like).

On a reported basis, the period-on-period change was a decline of **3.4%**, after taking into account the 2.2% positive impact from changes in the scope of consolidation and the 13.5% negative currency effect.

- ### First-half 2014 operating revenue with issue volume up 11.0% like-for-like

Operating revenue with issue volume increased by **11.0% like-for-like to €397 million**.

The 1.3-pt difference between growth in issue volume and growth in operating revenue with issue volume reflects the take-up rates[8], which vary by type of solution, country and contract size. Excluding Portugal, the gap was 0.1 point, versus 2.7 points in first-half 2013 and 1.8 points in full-year 2013.

Operating revenue with issue volume by region

Like-for-like growth	First quarter 2014	Second quarter 2014	First half 2014
Latin America	+15.7%	+17.3%	+16.5%
Europe	+5.3%	+3.1%	+4.2%
Rest of the world	+15.9%	+14.2%	+15.0%
TOTAL	**+11.0%**	**+10.9%**	**+11.0%**

- ### First-half 2014 financial revenue up 2.2% like-for-like

Financial revenue edged up a slight **2.2% like-for-like** in the first half, to **€36 million**. It resulted from a robust 16.0% like-for-like growth in Latin America and a 10.7% like-for-like decline in Europe, reflecting interest rate trends in the two regions.

[7] A review of client portfolio profitability in the third quarter of 2013 resulted in the decision to scale back marketing services businesses in Germany, which will have an impact until third-quarter 2014.
[8] Ratio of operating revenue with issue volume to total issue volume.

First-half EBIT up 13.2% like-for-like to €148 million

Total EBIT ended the first six months of the year at **€148 million**, an increase of **13.2% like-for-like.** On a reported basis, it was down 6.7%, reflecting the 2.0% contribution from changes in the scope of consolidation and the 22.0% negative currency effect, which amounted to €35 million over the period. Total EBIT comprises operating EBIT and financial EBIT, which corresponds to financial revenue.

Operating EBIT (which excludes financial revenue) rose by **17.0% like-for-like** to **€112 million**, a good performance that reflected an operating flow-through ratio[9] of **52%**, in line with the target of more than 50%.

First-half 2014 operating EBIT by region

(in € millions)	First half 2013[10]	First half 2014	% change	
			Reported	Like-for-like
Latin America	85	77	-9.4%	+22.6%
Europe[11]	42	45	+2.7%	+4.4%
Rest of the world	(1)	1	n/a	n/a
Worldwide structures	(8)	(11)	n/a	n/a
TOTAL	**118**	**112**	**-5.8%**	**+17.0%**

Operations in **Latin America** reported a good performance, with operating EBIT up **22.6%** like-for-like, lifted by the region's dynamic growth. In **Europe**, like-for-like operating EBIT growth was **4.4%.**

Recurring net profit after tax

After deducting net financial expense of €27 million, income tax expense of €39 million and minority interests of €1 million, **recurring net profit after tax** came to **€82 million**, a decline of 9.7% as reported compared with €90 million in first-half 2013.[11]

After the negative €18-million impact from currency movements, **net profit, Group share** came to **€70 million**, compared with €76 million for the year-earlier period[12].

[9] Ratio between the like-for-like change in operating EBIT and the like-for-like change in operating revenue.
[10] Restated figures.
[11] Of which first half 2014 operating EBIT of:
- *€37 million in the Rest of Europe region, up 16.1% like-for-like.*
- *€8 million in France, down 27.2% like-for-like due to the start-up costs for the Ticket Restaurant® card.*

[12] As restated for the change in the Venezuelan bolivar fuerte exchange rate during the year and including in the first half the €6 million dividend tax paid in 2013.

A solid financial position

The Edenred business model generates large amounts of cash. In the first half of 2014, **funds from operations** before non-recurring items **(FFO)** totaled **€109 million**, a year-on-year increase of **11.9% like-for-like** that was in line with the Group's target of over 10% growth per year.

A total of **€192 million** in dividends were paid to Edenred SA shareholders, for a payout ratio of 96% of 2013 recurring profit after tax.

After taking into account the €103-million impact from currency movements, the Group had **net debt of €669 million** at June 30, 2014, versus €623 million[13] a year earlier.

2014 OUTLOOK

Issue volumes are expected to follow first-half trends through the rest of the year, with sustained growth in Latin America across every solution family and a good performance in Europe excluding Portugal, where prior-year comparatives will be higher as from the third quarter. Organic growth in **both operating and financial revenue** is also expected to be in line with first-half trends.

The objective of reaching an estimated operating **flow-through ratio** of more than 50% in 2014 is confirmed.

The **negative currency effect**[14] should ease in the second half to an estimated €20 million, from €35 million in the first half, primarily due to the Venezuelan bolivar fuerte.

In this context, the Group has set a **full-year EBIT target of between €335 million and €350 million.**

The Group confirms its organic growth objectives of 8% to 14% per year for issue volume and of more than 10% per year for funds from operations.

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[13] *Restated figure.*
[14] *Calculated using closing exchange rates at June 30, 2014 as the average rates over the second half of the year.*

FIRST-HALF HIGHLIGHTS

First-half 2014 was shaped by a number of achievements in line with the Group's strategy for delivering strong, sustainable growth.

Opening of the United Arab Emirates, the Group's 41st country market

Edenred announced last May the **acquisition of a 50% stake** in **C3 Card**, a **payroll card specialist** in the **United Arab Emirates.** With this transaction, Edenred is expanding its operations into the Gulf region.

C3 Card manages **payroll card** programs and distribution for more than 2,000 clients, enabling them to securely pay unbanked people, while complying with the local Wage Protection System[15]. In 2013, it issued nearly 450,000 cards and reported **business volume[16] of more than €1 billion** and **revenue of nearly €5 million**.

Building on C3 Card's expertise, Edenred intends to deploy payroll cards in other Gulf countries and study the feasibility of launching new solutions in the United Arab Emirates.

The acquisition is in line with Edenred's geographic expansion strategy, which is based on the objective of entering **three new countries between 2013 and 2016.**

Continued expansion in the Expense management segment with the creation of an alliance with American Express in the Mexican fuel card sector

Edenred and **American Express** have formed an alliance to offer a unique joint fuel card solution for Mexico. The solution will combine **the specific features of the Ticket Car® fuel card** (acceptance in the country's largest private service station network, advanced monitoring of business expenses, the ability to deduct fuel expenses and recover VAT with a single statement including all the spending[17], etc.) and **the financing and credit facilities offered by American Express**.

The solution, which will be offered by American Express to its clients, will in particular help to meet the needs of **small and mid-sized companies**.

With this move, Edenred is pursuing its strategy of **developing expense management solutions**, which are targeted to account for over 20% of consolidated issue volume in 2016.

Digital transition: launch of the Ticket Restaurant® card in France

In April, following the publication of a decree authorizing paperless meal vouchers, Edenred launched the Ticket Restaurant® card in France. With this initial version[18], Edenred is already the country's **leader in the shift to digital**, with **40,000 cards** in circulation as of June 30 and the objective of issuing 100,000 cards by the end of the year.

In 2015, the Group will introduce a second version of the Ticket Restaurant® card, enhanced with new features. This new solution will be developed on a private network model, using the **Conecs**[19] electronic transaction data acquisition and transmission infrastructure.

As of end-June 2014, **digital solutions accounted for 60% of consolidated issue volume**, versus 58% at end-December 2013.

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[15] Regulation implemented in 2009 in certain parts of the United Arab Emirates to allow the Central Bank to ensure that wages are effectively paid to unbanked people.
[16] Business volume: total annual amount loaded on the cards (not recognized in issue volume).
[17] Since the 2014 Mexican Tax Reform, only statements issued by fuel card providers certified by the fiscal authorities (SAT) are accepted as proof for tax purposes (companies using other means of payment have to collect invoices from service stations for every expense). The Ticket Car® solution, certified by the SAT, fulfills all the new requirements added in the 2014 Reform, thanks to its private network allowing a high level of control and traceability of business expenses.
[18] Based on a banking model using the MasterCard network.
[19] Conecs is the company created in July 2013 by Edenred France (Ticket Restaurant®), Chèque Déjeuner (Chèque Déjeuner), Sodexo Pass France (Chèque Restaurant) and Natixis Intertitres (Chèque de table), the four main meal voucher issuers in France.

UPCOMING EVENTS

October 15, 2014: Third-quarter revenue.

February 12, 2015: 2014 results.

***Edenred**, which invented the Ticket Restaurant® meal voucher and is the world leader in prepaid corporate services, designs and delivers solutions that improve the efficiency of organizations and enhance the purchasing power of individuals.*

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 processes** (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 41 countries, with more than 6,000 employees, nearly 640,000 companies and public sector clients, 1.4 million affiliated merchants and 40 million beneficiaries. In 2013, total issue volume amounted to €17.1 billion, of which almost 60% was generated in emerging markets.

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Appendices

Issue Volume

In € millions	Q1 2013	Q1 2014	Q2 2013	Q2 2014	H1 2013	H1 2014
France	665	713	661	662	1,326	1,375
Rest of Europe	1,124	1,302	1,203	1,318	2,327	2,620
Latin America*	2,025	1,902	2,199	2,122	4,224	4,024
Rest of the world	159	145	161	156	320	301
Issue Volume*	**3,973**	**4,062**	**4,224**	**4,258**	**8,197**	**8,320**

In %	Q1 Change reported	Q1 Change L/L**	Q2 Change reported	Q2 Change L/L**	H1 Change reported	H1 Change L/L**
France	7.2%	7.2%	0.2%	0.2%	3.7%	3.7%
Rest of Europe	15.9%	11.3%	9.6%	5.8%	12.6%	8.4%
Latin America*	-6.1%	17.0%	-3.5%	16.8%	-4.7%	16.9%
Rest of the world	-9.1%	14.9%	-3.5%	15.6%	-6.3%	15.2%
Issue Volume*	**2.2%**	**13.7%**	**0.8%**	**11.0%**	**1.5%**	**12.3%**

**Restated 2013 figures: application of the VEF 11.3/$ rate from January 1, 2013 versus figures reported in 2013 with a rate of VEF 6.3/$ over the first three quarters of the year. The full annual impact of the change in VEF/$ rate (from 6.3 to 11.3) was recognized in the fourth quarter. In first-half 2013, total issue volume stood at €8,576 million.*

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

Operating Revenue with Issue Volume

	Q1		Q2		H1	
In € millions	**2013**	**2014**	**2013**	**2014**	**2013**	**2014**
France	29	30	28	28	57	58
Rest of Europe	61	66	62	67	123	133
Latin America*	101	91	106	100	207	191
Rest of the world	7	7	8	8	15	15
Operating revenue with IV*	**198**	**194**	**204**	**203**	**402**	**397**

	Q1		Q2		H1	
In %	**Change reported**	**Change L/L****	**Change reported**	**Change L/L****	**Change reported**	**Change L/L****
France	3.5%	3.5%	1.5%	1.5%	2.5%	2.5%
Rest of Europe	9.2%	6.2%	7.2%	3.9%	8.2%	5.0%
Latin America*	-10.0%	15.7%	-5.9%	17.3%	-7.9%	16.5%
Rest of the world	0.9%	15.9%	3.7%	14.2%	2.3%	15.0%
Operating revenue with IV*	**-1.8%**	**11.0%**	**-0.6%**	**10.9%**	**-1.2%**	**11.0%**

**Restated 2013 figures: application of the VEF 11.3/$ rate from January 1, 2013 versus figures reported in 2013 with a rate of VEF 6.3/$ over the first three quarters of the year. The full annual impact of the change in VEF/$ rate (from 6.3 to 11.3) was recognized in the fourth quarter. In first-half 2013, total operating revenue with issue volume stood at €422 million.*

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

Operating Revenue without Issue Volume

	Q1		Q2		H1	
In € millions	**2013**	**2014**	**2013**	**2014**	**2013**	**2014**
France	5	5	5	6	10	11
Rest of Europe	13	11	11	9	24	20
Latin America*	7	5	8	7	15	12
Rest of the world	6	5	5	5	11	10
Operating revenue without IV*	**31**	**26**	**29**	**27**	**60**	**53**

	Q1		Q2		H1	
In %	**Change reported**	**Change L/L****	**Change reported**	**Change L/L****	**Change reported**	**Change L/L****
France	-2.6%	-2.6%	3.9%	3.9%	0.6%	0.6%
Rest of Europe	-22.0%	-22.4%	-14.0%	-11.8%	-18.5%	-17.7%
Latin America*	-26.1%	-14.1%	-15.6%	-2.8%	-20.8%	-8.4%
Rest of the world	-13.7%	-3.9%	-4.5%	5.6%	-9.2%	0.7%
Operating revenue without IV*	**-18.2%**	**-13.9%**	**-9.4%**	**-3.3%**	**-14.0%**	**-8.9%**

**Restated 2013 figures: application of the VEF 11.3/$ rate from January 1, 2013 versus figures reported in 2013 with a rate of VEF 6.3/$ over the first three quarters of the year. The full annual impact of the change in VEF/$ rate (from 6.3 to 11.3) was recognized in the fourth quarter. In first-half 2013, total operating revenue without issue volume stood at €61 million.*

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

Financial Revenue

	Q1		Q2		H1	
In € millions	**2013**	**2014**	**2013**	**2014**	**2013**	**2014**
France	5	5	6	4	11	9
Rest of Europe	6	4	5	5	11	9
Latin America*	8	8	8	8	17	16
Rest of the world	1	1	1	1	2	2
Financial revenue*	**20**	**18**	**21**	**18**	**41**	**36**

	Q1		Q2		H1	
In %	**Change reported**	**Change L/L****	**Change reported**	**Change L/L****	**Change reported**	**Change L/L****
France	-13.4%	-9.6%	-13.8%	-9.8%	-13.6%	-9.7%
Rest of Europe	-15.4%	-16.3%	-2.5%	-6.3%	-9.5%	-11.7%
Latin America*	-5.4%	18.6%	-9.8%	13.6%	-7.7%	16.0%
Rest of the world	-13.4%	17.7%	3.0%	34.3%	-5.1%	26.1%
Financial revenue*	**-10.7%**	**1.0%**	**-8.4%**	**3.5%**	**-9.6%**	**2.2%**

**Restated 2013 figures: application of the VEF 11.3/$ rate from January 1, 2013 versus figures reported in 2013 with a rate of VEF 6.3/$ over the first three quarters of the year. The full annual impact of the change in VEF/$ rate (from 6.3 to 11.3) was recognized in the fourth quarter. In first-half 2013, total financial revenue stood at €42 million.*

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

Total Revenue

In € millions	Q1 2013	Q1 2014	Q2 2013	Q2 2014	H1 2013	H1 2014
France	40	40	38	38	78	78
Rest of Europe	80	81	78	81	158	162
Latin America*	117	104	122	115	239	219
Rest of the world	13	13	15	14	28	27
Total revenue*	**250**	**238**	**253**	**248**	**503**	**486**

In %	Q1 Change reported	Q1 Change L/L**	Q2 Change reported	Q2 Change L/L**	H1 Change reported	H1 Change L/L**
France	0.4%	0.9%	-0.2%	0.3%	0.1%	0.6%
Rest of Europe	2.1%	-0.3%	3.7%	1.1%	2.9%	0.4%
Latin America*	-10.7%	14.1%	-6.8%	15.8%	-8.7%	15.0%
Rest of the world	-5.8%	8.0%	0.5%	12.1%	-2.6%	10.1%
Total revenue*	**-4.6%**	**7.1%**	**-2.2%**	**8.7%**	**-3.4%**	**7.9%**

**Restated 2013 figures: application of the VEF 11.3/$ rate from January 1, 2013 versus figures reported in 2013 with a rate of VEF 6.3/$ over the first three quarters of the year. The full annual impact of the change in VEF/$ rate (from 6.3 to 11.3) was recognized in the fourth quarter. In first-half 2013, total revenue stood at €525 million.*

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