

First Edenred Investor Day Poised to Conquer 2012

Growth built on innovation

On its first Investor Day, Edenred is providing a detailed look at the two core components of its “**Conquer 2012**” strategy:

- **Continue to drive organic issue volume growth** in the core business, in particular by **creating and deploying new solutions**.

Edenred is focusing on four drivers to achieve its **issue volume organic growth objective** of **6% to 14% per year**:

- Increase penetration rates in existing markets in order to drive up issue volume by **2% to 5%**.
- Create new solutions and deploy existing ones, gradually ramping up to achieve **2% to 4%** annual growth after 2012 once the organization and resources needed to launch and deploy innovative solutions have been implemented.
- Extend geographical coverage, ramping up in six to eight new countries between now and 2016, which will add **1% to 2%** to issue volume growth after 2014.
- Increase face values with the aim of lifting issue volume by **1% to 3%**.

In addition to leveraging these four organic growth drivers, the Group will carry out **targeted acquisitions** that will be quickly accretive to earnings, thereby consolidating its leadership position in existing markets.

- **Accelerate the transition to digital solutions**, paving the way for new growth opportunities.

Stepping up the digital transition will enable the Group to achieve electronic issue volume of **50% in 2012** versus 34% at end-2010. **By 2016, more than 70%** of Group issue volume will be in digital format.

For Edenred, whose business model combines robust growth and significant cash flow generation, the “**Conquer 2012**” objectives are in line with a long-term strategy to ensure that the Group enjoys strong, steady growth in the years beyond 2016.

Jacques Stern, Chief Executive Officer of Edenred, said:

“Fifty years after the invention of the Ticket Restaurant® meal voucher, Edenred today offers a wide range of solutions that make employees’ lives easier and improve the efficiency of organizations. We are the world leader in corporate prepaid services, with operations in emerging markets as well as in developed countries. Our ambition is to become the referent partner for clients, affiliates, beneficiaries and public institutions. Driven by this ambition, we are focusing on building differentiated solutions and delivering high quality service by listening to our stakeholders in order to better understand their needs. In this way, the Group will enjoy strong, steady growth over the long term.”

CREATING AND ROLLING OUT SOLUTIONS IN THE PREPAID MARKET

Edenred is today positioned as the world leader in prepaid **corporate** services market, which estimated size is €121 billion. In 2010, Edenred generated €13.9 billion, offering three types of solutions:

- **Employee benefits** (87% of issue volume)
- **Expense management** (8% of issue volume)
- **Incentive and rewards** (3% of issue volume)

The Group also develops solutions for **public institutions** (1% of issue volume), a market that represents approximately €116 billion.

The strategy for developing the offer in the years ahead will focus on corporate and government solutions and **will target four key priorities:**

A. Strengthening the Group’s leadership in Employee Benefits

This priority relates not only to emerging markets, where governments are developing social policies that more effectively share the benefits of growth, but also to developed countries, where businesses and governments are looking to meet more specific needs in such areas as childcare, transportation, cultural and sports activities and the environment.

In 2010, issue volume rose by 11% for our 31 meal and food benefits solutions and by 18% (like for like) for our 38 quality of life benefits solutions.

To increase the pace of growth in Employee Benefits, **11 new solutions** will be launched in second-half 2011 and 2012, building on the 69 solutions that existed at year-end 2010.

B. Accelerating the conquest of new growth markets in Expense Management

Edenred has recognized expertise and leadership in Latin America in this segment thanks to Ticket Car, which has been deployed in the market for more than ten years.

Issue volume for Expense Management solutions was up 17% like-for-like in 2010.

The Group intends to step up the deployment of **integrated, high value-added offers** in the market’s two main segments: Fuel/Fleet management¹ and Travel/Entertainment expense management². These solutions are intended to meet the needs of companies looking to more effectively control their business expenses and streamline procedures.

Nine solutions have been launched this year or are currently being developed, joining the Group’s 16 existing solutions. One of them is **Ticket Frete³, introduced in Brazil in November 2011**, which represents

¹ Fuel and maintenance costs incurred in connection with the business use of a car or truck. In this case, the affiliated merchant network consists mainly of gas stations.

² Expenses incurred during business travel (train or plane tickets, hotel bills, etc.) In this case, the acceptance network may comprise all types of merchants.

³ Business expense management system for individual truck drivers, developed in response to new Brazilian regulations introduced in November 2011 whose application will become compulsory in May 2012.

a potential market worth €23 billion. Targeting a very broad customer base, this solution will be an important issue volume growth driver in Brazil, beginning in 2012. In Europe, the launch of competitively differentiating solutions like **Ticket Clean Way EPI⁴ in France** (creating a foothold in a niche market with a potential value of €128 million) illustrates the Group's capacity for innovation and program customization.

C. Deploying Incentive and rewards solutions

The development of incentive, motivation, loyalty and promotion services, which may be combined with rewards programs, extends the range of existing solutions in Edenred's main countries and enables the Group to propose an integrated, differentiated offer for all stakeholders. The segment has grown by 7%, like-for-like, compared with 2010.

D. Developing a Public Social Programs offer

This priority concerns countries in which Edenred already operates and where the Group can leverage existing solutions, platforms and networks. These programs are designed to meet the needs of public institutions looking to improve the control and traceability of allocated funds.

The faster development and deployment of new solutions in 2011 and 2012 is intended to **drive issue volume growth of 2% to 4% a year after 2012**. Little additional expenditure will be needed to create the solutions, which will be deployed via existing in-house platforms. Their gradual ramp-up will involve **extra development and launch costs estimated at approximately €3 million in 2011 and €4 million in 2012**.

This capacity for innovation will enable Edenred to maintain a pattern of sustained, long-term growth, in line with its **target of annual organic issue volume growth of 6% to 14%**.

THE DIGITAL TRANSITION STRATEGY

The second priority of the "Conquer 2012" strategy is the transition to digital solutions. This represents an important technological turning point for **all stakeholders in the Edenred business model – clients, affiliates, beneficiaries and public authorities** – that want to cut costs, optimize processes, get convenient and simple solutions, and ensure the control and traceability of dedicated funds.

As a growth step up, the digital transition plays a **key role in increasing issue volume**, both by making deployment more efficient and by creating new capacity for innovation.

Over the long term, the digital transition will strengthen Edenred's **business model** by improving its ability to:

1. **Generate additional revenue** from affiliates, clients and beneficiaries, to offset the post-transition reduction in revenue from lost and expired products, thereby ensuring the stability of the take-up-rate⁵.
2. **Reduce the cost structure by around 5% to 10%**, mainly by lowering production and logistics expenses.

Once the transition is complete, Edenred is aiming for an operating flow-through ratio⁶ of more than 50%.

Moreover, the increase in issue volume will offset the impact of 10% to 15% shorter float⁷ holding periods (based on estimates for a 100% shift from paper to digital programs), thereby **increasing the float value**.

⁴ A solution for managing corporate uniforms cleaning costs, including protective equipment which has been governed by specific European regulations since November 2011.

⁵ Ratio of operating revenue with issue volume to issue volume

⁶ Ratio between the like-for-like change in operating EBIT and the like-for-like change in operating revenue.

⁷ Negative working capital requirement

Deployment is now moving forward at a **faster pace**, leading to **extra operating costs of approximately €10 million to €15 million a year in 2011 and 2012**. However, **no additional investment** is planned beyond the recurring envelop set by the Group of €30 million to €40 million a year.

Based on this faster deployment, Edenred **is confirming its goal of generating 50% of issue volume via paperless solutions by year-end 2012 and more than 70% by 2016**.

By the end of the year, the Group expects paperless issue volume to account for 41% of the total (versus 34% at year-end 2010), thanks in particular to **Latin America**, the most advanced region in this segment, where digital solutions are expected to represent **71%** of the total by the end of the year.

The transition is underway in **Europe**, where paperless solutions should account for around **10%** of issue volume by the end of the year. In this regard, the in-house authorization and redemption platform operated by **PrePay Solutions**, which partners with MasterCard in Europe, represents a considerable competitive advantage for the Group. Capable of connecting to the payment terminals installed at affiliated merchants by local and international acquirers or payment networks⁸, PrePay Solutions will in time process all digital transactions in Europe while also contributing to Edenred's innovation drive. With ten years' experience in the business and with partners such as PayPal and Orange, PrePay Solutions has earned recognition as a **vanguard innovator in prepaid technologies**, in particular through its contactless mobile solutions and e-wallet offers.

OUTLOOK: "INVENT 2016"

After setting up the necessary resources to thrive as a standalone company ("Win 2010"), and systematically deploying its expertise while accelerating the digital transition ("Conquer 2012"), Edenred is now preparing to penetrate new markets in order to "Invent 2016". The digital transition will help the Group to improve its knowledge of stakeholders, allowing it to offer customized, high value-added services to clients, affiliates and beneficiaries alike.

Edenred's objective is to continue to deliver strong sustainable growth by achieving operational excellence and offering differentiated solutions aligned with the needs of all its stakeholders.

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

By ensuring that allocated funds are used as intended, these solutions enable companies to more effectively manage their:

- **Employee benefits** (Ticket Restaurant®, Ticket Alimentación, Ticket CESU, Childcare Vouchers, etc.).
- **Expense management process** (Ticket Car, Ticket Cleanway, 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 6,000 employees, nearly 530,000 companies and public sector clients, 1.2 million affiliated merchants and 34.5 million beneficiaries. In 2010, total issue volume amounted to €13.9 billion, of which 55% was generated in emerging markets.

Ticket Restaurant® and all other tradenames of Edenred products and services are registered trademarks of Edenred SA.

Contacts

Eliane Rouyer-Chevalier, Executive Vice President Communications – Phone: +33 (0)1 74 31 86 26- eliane.rouyer@edenred.com

Media relations

Anne-Sophie Sibout, Media Relations Director - Phone: +33 (0)1 74 31 86 11- anne-sophie.sibout@edenred.com

Anais Lannes, Press Officer - Phone : +33 (0)1 74 31 86 27 – anais.lannes@edenred.com

Investor relations

Solène Zammito, Financial Communications Director - Tel.: + 33 (0)1 74 31 86 18 - solene.zammito@edenred.com

Virginie Monier, Investor Relations - Phone: + 33 (0)1 74 31 86 16 - virginie.monier@edenred.com

⁸ Such as MasterCard