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Edenred is stepping up its strategy for delivering strong, sustainable growth

- As part of the “Invent 2016” strategic phase, the strong, sustainable growth strategy is being stepped up in three ways:
 - **Driving sustained robust expansion in existing employee benefit markets**, in particular by accelerating the shift to digital media, which are expected to account for **more than 75% of consolidated issue volume** in 2016.
 - **Developing new growth opportunities**, by increasingly diversifying:
 - The **Group’s geographic footprint**, with the objective of opening three new countries by 2016.
 - The **business base**, in particular by developing more **expense management solutions**, which are expected to account for over **20% of consolidated issue volume** in 2016.
 - **Exploring new growth territories** thanks to the digital transition, with the objective of:
 - **Enriching employee benefits programs** with additional services in **15 countries** by 2016.
 - **Developing solutions for affiliates and beneficiaries** in **10 countries** by 2016, based on the analysis and use of data collected via digital channels.

- **As a result, Edenred has:**
 - Raised its **target for organic growth in issue volume**¹ to **8-14%** a year, from 6-14% a year previously.
 - Set an **operating flow-through ratio target**² of **more than 50%** as of 2014.
 - Confirmed the **target**¹ of **more than 10% annual organic growth in funds from operations**³.

¹ Normalized organic growth target. Normalized growth is the objective that management considers to be attainable if the number of people in work does not decline.

² Operating flow-through ratio: ratio between the like-for-like change in operating EBIT and the like-for-like change in operating revenue

³ Before non-recurring items.

Today, **Edenred is presenting the different parts of its “Invent 2016” strategy and explaining its growth opportunities** at a special event organized for investors and financial analysts in New York City. Jacques Stern, Chairman and Chief Executive Officer of Edenred, said:

“After laying a solid foundation and successfully meeting the objectives of the “Conquer 2012” strategic phase, we intend to step up our strategy for delivering strong, sustainable growth as part of the “Invent 2016” phase. The higher issue volume growth target, raised to 8-14%, attests to the robustness of our core business and effectiveness of our strategic vision, which is being realized through the development of new solutions and the opening of new countries. By 2016, we are now committed to accelerating our deployment in the expense management market and to increasing our portfolio of services not only for clients, but also for our affiliates and beneficiaries. To successfully lead this strategy, Edenred can count on the dedication of its 6,000 employees and its ability to leverage the new possibilities arising as its solutions transition to digital media.”

DRIVING SUSTAINED ROBUST EXPANSION IN EXISTING EMPLOYEE BENEFIT MARKETS

Employee benefits markets, in which Edenred has already operated for several years, still offer significant growth potential stemming from:

- **The increase in the potential market**, i.e. the number of people working in the formal sector of the economy. This is being driven by the formalization of the economy and the creation of new jobs, particularly in emerging markets.
- **The increase in the penetration rate**⁴, through the gains of first-time clients who have not yet used these solutions.
- **The increase in the Group’s market share**, thanks to the development of key differentiating factors.

Led by these three factors, **new client gains** will contribute **3-5% of organic growth in issue volume** (versus a previously estimated 2-5%). To meet this objective, Edenred intends to enhance the differentiation of its solutions, in particular thanks to the digital transition, and to enrich current programs with new client services. In addition, the performance of its sales teams will continue to play an essential role in meeting these objectives.

Depending on the country, growth potential varies according to the degree of economic formalization and the market penetration rate.

Examples include:

- **In Brazil**, penetration of the meal and food voucher markets⁵ is expected to grow by around 6% a year from now until 2016. On the one hand, the potential market, currently estimated at nearly 50 million people, is expected to grow as the economy increasingly formalizes. On the other hand, penetration of these markets remains low at around 17%, particularly among small businesses. To take advantage of these growth opportunities, Edenred is developing additional sales channels, as illustrated by its partnership with Carrefour, which distributes the Ticket Alimentação food voucher, while also enriching its existing programs with new client, affiliate and beneficiary services. For example, Ticket Restaurante[®] users can receive exclusive lunch deals on their cellphones from affiliates thanks to geolocation services.
- **In Europe**, increasing the penetration rate remains a major growth driver. For example, the rate is only 15% in **France and Italy**, the region’s two largest contributors.

In **Portugal**, where the market is growing quickly thanks to a favorable change in legislation⁶, Edenred joined forces with Banco Espírito Santo last June, thereby becoming the local market leader with a 50% share.⁷ The partnership will help to drive fast growth in issue volume, which is expected to exceed €400 million by 2016.

⁴ The penetration rate corresponds to the total number of beneficiaries of the marketed solution (addressed market) divided by the number of employees eligible for the solution according to local legislation (addressable market).

⁵ Excluding clients gains from the competition and increases in face values.

⁶ Legislation has been introduced to encourage the development of meal vouchers, which are now more tax-advantaged than employee cash benefits.

⁷ After the creation of the joint venture.

DEVELOPING NEW GROWTH OPPORTUNITIES

In 2010, Edenred initiated the “Conquer 2012” strategic phase to put its future growth drivers into place. To meet this objective, it introduced the organization and resources needed to launch innovative solutions and expand geographically. As a result, 28 new solutions⁸ were brought to market and three new countries (Finland, Japan and Colombia) were opened.

As part of the “Invent 2016” phase, the Group intends to pursue this strategy, in particular by accelerating the development of expense management solutions and opening three new countries by 2016. Around 30 solutions and 10 countries are currently under consideration.

The costs of developing new solutions⁹ and countries¹⁰ have been factored into the Group’s flow-through ratio target of more than 50% from 2014.

As a result, in coming years, **2-4%** of organic growth in issue volume will come from new solutions and **up to 1%** will be derived from new countries.

• New solutions

Among the 28 new solutions brought to market, 20% are **blockbuster solutions** capable of potentially delivering more than €200 million in issue volume five years after launch (such as the Ticket Plus Card launched in Germany in March 2012 and the Ticket Cultura card introduced in Brazil in September 2013). 10% are **strategic innovations** (such as the NutriSavings program in the United States, designed to improve employee eating habits), and the rest offer **moderate volume potential** (such as gift cards).

- **Ticket Plus Card in Germany:** in a market of nearly 30 million employees, this solution enables companies to distribute funds dedicated to the purchase of up to €44 of staple goods per employee per month. Edenred is the market leader with a card providing access to a closed loop network of nearly 13,000 affiliated supermarkets, service stations and retailers, which is already being used by almost 90,000 beneficiaries. By 2016, an estimated **1.2 million beneficiaries** could be using the solution.
- **Ticket Cultura in Brazil:** Edenred was the first company licensed by the government to issue this solution following publication of enabling legislation last September. In an addressable market¹¹ of around 40 million employees, the card enables companies to distribute funds dedicated to the purchase of up to 50 reais (around €17) of cultural goods and services per employee per month. Backed by a closed-loop network that already comprises nearly 12,000 affiliates (museums, bookstores, theaters, etc.), the Group will capitalize on its dedicated employee benefits sales teams to market the Ticket Cultura card to Brazilian companies, starting with its meal and food voucher clients. By 2016, an estimated **1.5 million beneficiaries** could be using the solution.

• New countries

Among the three new countries, Japan and Colombia offer, in particular, promising potential given the significant size of their markets and their low penetration rates.

Japan represents one of the Group’s most promising territories for the long-term, with **more than 60 million employees** and a **less than 1% penetration rate in the current meal voucher market**. After 15 months in business in Japan¹², Edenred believes that the local market brings together all of the conditions favorable to the development of food vouchers, including a nearly ¥7,500 (around €56) tax advantage per employee per month for both the company and the beneficiary, the habit of taking lunch breaks from work, and the commitment of companies to improving the purchasing power and well-being of their employees. To drive wide-scale deployment, Edenred, which is the market’s sole issuer, is investing in sales and marketing to raise awareness of this benefit and to develop a meal card.

⁸ From 2010 to end-2012.

⁹ Introducing a new product costs between €0.5 and €2.5 million.

¹⁰ Driving organic expansion in a new country market costs between €3 million and €8 million, depending on its size.

¹¹ The addressable market is the number of employees eligible for the solution according to local legislation.

¹² Following the acquisition of Barclay Vouchers in July 2012.

- **Faster expansion in the expense management business**

From now until 2016, Edenred intends to **step up the development of expense management solutions**.

Building on its expertise in Latin America, the Group believes that there are extensive growth opportunities in this still relatively unpenetrated market, which is estimated to be worth **more than €1 trillion**. It is therefore planning to expand in the three market segments:

- **Fuel & fleet management**, by capitalizing on its internal authorization platforms to **launch solutions in existing host countries**. As part of this process, the Group is committed to enriching its offering with new functions and to improving its solutions' positioning in the fleet market's two main segments, light vehicles and heavy vehicles. This organic expansion will be combined with **targeted acquisitions** of specialty fuel-card issuers.

In **Mexico**, for example, Edenred is creating new value-added services, such as vehicle maintenance or roadside assistance, and deepening its presence in the heavy fleet segment. These developments will enable Edenred Mexico to strengthen its market leadership and, by 2016, drive around 15% annual organic growth for its Ticket Car solution, which already represents nearly 50% of the country's total issue volume.

- **Travel & entertainment expense management**, by positioning itself in **the small and medium-sized corporate market**, with an **end-to-end offering** covering all of a company's business travel expense needs. These solutions will be developed locally in current host countries, at a rate of two or three countries a year. They will be managed by a shared platform, which the Group intends to expand by two new functions a year.

As part of this process, the **ExpendiaSmart** solution was introduced in **Italy** in late 2011 and today, it is being used by more than 400 clients. It is expected to contribute almost 35% of the growth in Italy between now and 2016.

- **Sector-specific expenses**, by developing solutions aligned with local needs or by acquiring specialized operators.

In December 2012, for example, Edenred acquired **Repom**, the specialized leader in the independent trucker market in **Brazil** for the past 20 years. Repom prepaid cards cover all of an independent trucker's expenses, including fuel, restaurants and tolls, as well as his payment for goods delivery. They also enable industrial and trucking companies to track and manage these expenses easily and efficiently. This highly promising market, which is estimated at nearly €35 billion and is still relatively unpenetrated, should be boosted in coming years by the legislation passed in December 2011 requiring companies to formalize their relations with independent truckers using electronic media. The business is forecast to expand by more than 30% a year between now and 2016.

These three segments, which comprise the family of **expense management solutions**, are expected to represent **more than 20% of issue volume by 2016**, versus 10% at the end of 2012.

EXPLORING NEW GROWTH TERRITORIES

The digital transition is opening up a whole new field of opportunities for Edenred, shaped by **more intense interaction with stakeholders** (clients, affiliates and beneficiaries) and the **possibility of collecting and analyzing transaction data**. As part of this process, the Group is exploring new growth territories that will enable it to sharpen its differentiation and generate new sources of volumes and revenue over the long term.

The Group is therefore committed to:

- **Enriching its employee benefits programs with additional services**, by developing online service platforms for client companies. These facilities will enable human resources departments to optimize the management of their benefits policies and to demonstrate the value of these policies to employees. In this way, the Group intends to develop **service platforms in 15 countries** in 2016.

For example, Edenred is developing platforms – such as **Benefity Café in the Czech Republic** – that allow employees to directly select their benefits online. This innovation helps to streamline HR administration processes and gives beneficiaries greater flexibility and more purchasing power, thanks to online promotional deals.

- **Enriching the beneficiary experience by leveraging the possibilities offered by mobile devices**, in line with the Group's digital strategy designed to **shift more than 75% of volume to digital media by 2016**.

To meet this objective, the Group is primarily capitalizing on **PrePay Solutions**, its in-house authorization platform that is widely recognized in the prepaid industry for its expertise and is capable of managing mobile transactions. For example, PrePay Solutions is in charge of processing transactions via **Cash on Tap**, the first contactless payment solution from Everything Everywhere, a UK mobile phone operator.

- **Developing solutions for affiliates and beneficiaries**, based on the **analysis and use of data collected** via digital channels. In this way, Edenred will develop solutions that will deliver more purchasing power to beneficiaries (through discounts and savings) and additional business volume to affiliated merchants (through special deals and loyalty programs). This type of solution is expected to be deployed in **10 countries** by 2016.

In the **United Kingdom**, for example, Edenred offers beneficiaries discount deals via **MyWorkOffers**, an in-house online platform. In the **United States**, this process is being taken to the next level with the **NutriSavings** program, which is enabling Edenred to acquire expertise in data tracking and analytics. Under the program, grocery purchases by enrolled employees are analyzed and rated according to their nutritional value. Participants receive cashback rewards from their employer or discount eCoupons for healthy food products, which will help to improve the nutritional quality of their purchases. The model is being extended to new stakeholders, such as producers and manufacturers, who can target their offers.

2016 OBJECTIVES

Stepping up its strong, sustainable growth strategy as part of the "Invent 2016" phase has led Edenred to raise its target for organic growth in issue volume to **8-14% a year**, from 6-14% a year previously. This objective will be met by activating four key drivers:

- Increasing penetration rates in existing markets: **3-5%**.
- Creating new solutions and deploying existing ones: **2-4%**.
- Expanding the geographic footprint: **up to 1%**.
- Increasing solution face values: **3-4%**.

In addition, as of 2014, the Group no longer expects to incur any of the extra costs of accelerating the digital transition, underway since 2010. As a result, the targeted **operating flow-through ratio** has been set at **more than 50%**.

The Group is also confirming its **target¹ of more than 10% annual organic growth in funds from operations¹³**, attesting to its robust cash generation capabilities.

Lastly, Edenred remains committed to retaining its **strong investment grade rating**. In line with this, free cash flow will be equally allocated to the **payment of a dividend**, amounting to around 90% of recurring profit after tax, and to a stepped-up strategy of **targeted acquisitions**.

¹³ Before non-recurring items.

UPCOMING EVENTS

February 12, 2014: 2013 annual revenue and results.

April 15, 2014: First-quarter 2014 revenue.

May 13, 2014: Annual General Meeting

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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 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 40 countries, with some 6,000 employees, nearly 610,000 companies and public sector clients, 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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