Edenred

Press Release
August 25, 2011

Strong organic growth in first-half EBIT, up 12.1%

Performance reflecting business model's robustness and first effects of the strategy implementation, after one year as a standalone company

- **Robust like-for-like performance in first-half 2011**
  - Issue volume up 10.0% to €7,264 million
  - EBIT up 12.1% to €167 million
  - Recurring profit after tax up 31.3%[1] to €96 million
  - Funds from operations[2] (FFO) up 20.2% to €119 million

- **Results that reflect the Group's long-term strategy, focused on:**
  - Issue volume organic growth in the core business

    Objective confirmed: normalized growth in issue volume of between 6% and 14% per year like-for-like
  - Accelerating the digital transition

    Objective confirmed: paperless solutions to account for 50% of issue volume by 2012

- **Full-year 2011 EBIT target:** €340 million to €360 million

[1] *Growth as reported*
[2] *Before non-recurring items*

The consolidated financial statements for the six months ended June 30, 2011 were approved by the Board of Directors on August 24, 2011. The Group's main financial indicators for the period are presented below:

(in € millions)	H1 2010[3]	H1 2011	% change Reported	% change Like-for-like[4]
Issue volume	**6,615**	**7,264**	**+9.8%**	**+10.0%**
Operating revenue	422	456	+8.1%	+9.2%
Financial revenue	39	44	+14.8%	+16.0%
Total revenue	**461**	**501**	**+8.6%**	**+9.8%**
Operating EBIT	116	123	+5.7%	+10.8%
Financial EBIT	39	44	+14.8%	+16.0%
EBIT	**155**	**167**	**+8.0%**	**+12.1%**
Operating profit before tax and non-recurring items	114	144	+25.8%	
Net profit, Group share	37	98		
Recurring profit after tax	72	96	+31.3%	
Recurring earnings per share (in €)	0.32	0.42		

ISSUE VOLUME UP 10.0% LIKE-FOR-LIKE

Issue volume amounted to **€7,264 million in the first half of 2011, up 10.0% like-for-like** and 9.8% as reported, after taking into account the 0.9% negative currency effect for the period.

The increase reflected strong growth in emerging markets (up 18% like-for-like). These markets accounted for 57% of total issue volume, led by Latin America. Issue volume in developed markets rose by 1%. However, excluding the loss of the CONSIP contract in Italy[5], the growth rate was 3.5%, in line with the Group's 2010 performance in these markets.

Issue Volume by type of solution in H1 2011

	Employee benefits		Expense management	Incentive and rewards	Public social programs	TOTAL
	Meal & Food	Quality of life				
Issue volume (in € millions)	5,794	520	618	271	61	**7,264**
% of total issue volume	80%	7%	8%	4%	1%	**100%**
Like-for-like growth	+10%	+10%	+19%	-3%[6]	+17%	**+10%**

[3] The first-half 2010 comparatives presented in this press release are based on pro forma financial statements that simulate the effects that the demerger from Accor would have had on Edenred's balance sheet, income statement, statement of cash flows and statement of changes in equity if the demerger had been carried out on January 1, 2007, in line with the prospectus issued in connection with Edenred's stock market listing which was approved by the AMF on May 12, 2010.
[4] Based on a comparable scope of consolidation and at constant exchange rates.
[5] Representing €81 million in the first half.
[6] Incentive & Rewards issue volume was negatively affected by the drop in Kadéos BtoC card issue volume in France.

The drivers of the 10.0% growth in issue volume were**:**

- **Higher penetration rates in existing markets,** accounting for 4.8 points of growth. Effective sales and marketing initiatives were deployed in all of Edenred's markets to attract new clients and beneficiaries. These initiatives added close to 20,000 beneficiaries in France and 35,000 in Brazil for Ticket Restaurant® and nearly 16,000 in the United Kingdom for Childcare Vouchers[7].
- **Increased average face values,** contributing 4.5 points of growth, particularly in Latin America.
- **New solutions,** generating 0.7 points of growth in line with last year's 0.6 points. This driver will represent an increasingly significant contributor to issue volume growth from 2012, with the systematic deployment of new solutions.

The 10.0% like-for-like increase in first-half issue volume was in line with Edenred's mid-term target of 6% to 14% normalized annual growth.

REVENUE UP 9.8% LIKE-FOR-LIKE

(in € millions)	H1 2010	H1 2011	% change	
			Reported	Like-for-like
Operating revenue	422	456	+8.1%	+9.2%
Financial revenue	39	44	+14.8%	+16.0%
Total revenue	**461**	**501**	**+8.6%**	**+9.8%**

Total revenue for the period amounted to **€501 million**, an increase of 8.6% as reported and **9.8% like-for-like**, comprising:

- **Operating revenue** of €456 million, **up 9.2% like-for-like.** This performance reflected strong growth in Latin America, an improvement in economic conditions in Central Europe and the gradual stabilization of client fee rates in some countries. Operating revenue generated by issue volume rose 8.6% like-for-like, while other operating revenue (without issue volume) was 11.6% higher, lifted by the signature of one-off Incentive & Rewards contracts in Germany.
- **Financial revenue** of €44 million, **up 16.0% like-for-like.** The increase was attributable to higher interest rates and the increased float[8] in Latin America, as well as to the gradual recovery in European interest rates.

[7] *Net gain of new clients, not won from the competition and excluding existing client companies.*
[8] *The float corresponds to the business's negative working capital requirement.*

EBIT UP 12.1% LIKE-FOR-LIKE

First-half total **EBIT** amounted to **€167 million.**

• Operating EBIT up 10.8% like-for-like

Operating EBIT (which excludes financial revenue) rose by a strong 10.8% like-for-like. Underpinning this good performance, the operating flow-through ratio[9] adjusted for the extra costs generated by the digital transition stood at 49%, in line with the Group's target of 40% to 50%.

Operating EBIT as a percentage of operating revenue came to 26.9% as reported in first-half 2011 compared with 27.5% in the year earlier period, reflecting the €6 million in extra costs generated during the period by the digital transition, negative currency effects and the negative impact of changes in scope of consolidation. The like-for-like change excluding digital transition costs was a sharp 180-basis point improvement.

• Financial EBIT up 16.0% like-for-like

Financial EBIT, reflecting 100% flow-through of financial revenue for the period (€44 million), rose by 16.0% like-for-like as a result of higher interest rates.

• Total EBIT by region

In **France**, EBIT amounted to €23 million, a decline of 6.6% like-for-like due to the €2 million in extra costs generated during the period by the digital transition. Excluding these costs, EBIT was 2.1% higher than in first-half 2010.

In the **Rest of Europe,** EBIT came to €59 million, down 3.4% like-for-like. The decline was due to the difficulties experienced in Romania and the €3 million in extra costs generated during the period by the digital transition in this region. Excluding these costs, EBIT was 1.5% higher than in first-half 2010.

In **Latin America**, EBIT amounted to €96 million, up by a very strong 25.0% like-for-like. Excluding the €1 million in extra costs generated during the period by the digital transition, EBIT was 26.0% higher than in first-half 2010.

RECURRING PROFIT AFTER TAX UP 31.3%

After deducting net financial expense of €23 million, income tax expense of €44 million and minority interests of €4 million, **recurring profit after tax** came to **€96 million**, an increase of 31.3% from €72 million in first-half 2010.

Net profit, Group share came to **€98 million,** compared with €37 million for the year-earlier period**.**

[9] *Operating flow-through ratio: ratio between the like-for-like change in operating EBIT and the like-for-like change in operating revenue.*

CASH FLOWS

Funds from operations before non-recurring items **(FFO)** amounted to €119 million, versus €89 million in first-half 2010, representing a like-for-like increase of 20.2%, in line with the Group's target of more than 10% normalized annual growth.

During the period, **Edenred paid its first dividend** in the amount of €113 million, representing a payout rate of nearly 70% of 2010 recurring profit after tax.

Net debt at June 30, 2011 amounted to €338 million versus €320 million at June 30, 2010. The ratio of adjusted funds from operations to adjusted net debt came to 40%, reflecting a strong investment grade rating[10].

2011 OUTLOOK

In the second half, growth in issue volume should be sustained by strong dynamism in **Latin America,** despite a higher basis of comparison, and by slightly improving trends in **Europe,** mainly explained by the first signs of stabilization in Central Europe.

Operating revenue should benefit from the gradual stabilization of client fee rates in some countries, while rising interest rates should drive up **financial revenue,** despite higher prior period comparatives in Latin America as from the fourth quarter.

On this basis, assuming that the operating flow-through ratio is within the target range of 40% to 50% and that the extra costs generated by the digital transition are in the region of €10 million to €15 million, Edenred expects to report **full-year 2011 EBIT between €340 million to €360 million**.

CONCLUSION

Edenred's first-half results support the aims of its two-pronged strategy to "**Conquer 2012**" by:

- **Growing issue volume** in the core business by 6% to 14% a year over the medium-term, in line with the confirmed target, in particular by creating new solutions and penetrating new geographic markets. Recent innovations include the Expendia Smart expense management solution in Italy and the Junaeb card used to distribute public social benefits to students in Chile.
- **Accelerating the digital transition,** with the goal of generating 50% of issue volume through paperless solutions by 2012 in order to increase the scope for long-term growth. In 2011, the digital transition is accelerating in Hispanic Latin America, while in Europe, card-based solutions are being launched in Belgium and Sweden.

After one year as a standalone company, Edenred's first-half performance reflects the **robustness of its business model** and the initial benefits of the **EDEN**: Moving Forward Differently Together **corporate mission project** designed to engage its 6,000 employees in **making the company's strategic vision a reality.**

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[10] *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.*

UPCOMING EVENTS

Quarterly Report released on October 19, 2011

Investor Day in London on November 29, 2011

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***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.*

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 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.

Full details of Edenred's first-half 2011 results are available on the Company's website: www.edenred.com.

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