

# Third-quarter 2019 revenue

Continued strong growth across all Group business lines and regions

**Total revenue of €393 million in the third quarter, up 20.7% as reported and up 13.8% like-for-like<sup>1</sup>:**

- Operating revenue up 20.3% as reported and up 13.2% like-for-like
- Sharp increase in other revenue of 31.7% as reported and 28.1% like-for-like
- Contribution from acquisitions to total revenue of 6.0% and a slightly positive currency effect of 0.8% in the third quarter

**Total revenue of €1,170 million for the first nine months of 2019, up 18.1% as reported and up 14.3% like-for-like:**

- Strong operating revenue growth of 18.0% as reported (+14.0% like-for-like)
- Increase in other revenue of 20.8% as reported (+22.0% like-for-like)
- Contribution from acquisitions to total revenue of 5.0% and a slightly negative currency effect of 1.2%

**Full-year 2019 guidance confirmed:**

- EBIT of between €520 million and €550 million<sup>2</sup>
- Annual organic growth targets to be met (operating revenue growth of more than 7%, operating EBIT<sup>3</sup> growth of more than 9%, and growth in funds from operations (FFO)<sup>4</sup> of more than 10%)

<sup>1</sup> Like-for-like growth corresponds to organic growth, that is, growth at constant scope of consolidation and exchange rates.

<sup>2</sup> Calculated based on an assumption of an average Brazilian real/euro exchange rate for the second half of the year equal to the closing rate on June 30, 2019.

<sup>3</sup> EBIT adjusted for other revenue.

<sup>4</sup> Before other income and expenses.

**Bertrand Dumazy, Chairman and Chief Executive Officer of Edenred**, said: "Edenred has maintained its strong growth momentum with another double-digit increase in revenue across all regions and all three of the Group's business lines. We are fully benefiting from our increasingly digital offering and the strength of our sales force. Continued enhancements to our global technology platform are allowing us to step up the pace of innovation so we can offer the best possible customer and user experience. This quarter, we also reaped the rewards of the good integration of the various acquisitions made over the last few months, such as Easywelfare in Italy, TRFC in the United Kingdom, and CSI in the United States. Thanks to this, we have strengthened Edenred's position as a digital leader in all of our markets."

Due to the current situation in Venezuela, the like-for-like performance and the currency effect are temporarily calculated excluding the country.

## NINE-MONTH 2019 TOTAL REVENUE

(in € millions)	First nine months 2019	First nine months 2018	% change (reported)	% change (like-for-like)
Operating revenue	1,125	953	+18.0%	+14.0%
Other revenue	45	37	+20.8%	+22.0%
<b>Total revenue</b>	<b>1,170</b>	<b>990</b>	<b>+18.1%</b>	<b>+14.3%</b>

- **Nine-month 2019 total revenue: up 18.1% to €1,170 million**

Total revenue amounted to **€1,170 million** for the **first nine months of 2019**, a rise of 18.1% year-on-year as reported, including a positive 5.0% scope impact and a slightly negative 1.2% currency effect. Like-for-like growth was 14.3% for the period.

For the **third quarter**, the Group reported total revenue of **€393 million**, up 20.7% as reported. This includes 13.8% like-for-like growth, positive currency and scope effects (+6.0% and +0.8%, respectively), and a virtually neutral impact (+0.1%) related to Venezuela.

- **Nine-month 2019 operating revenue: up 18.0% to €1,125 million**

Operating revenue for the first nine months of the year came in at €1,125 million, up 18.0% as reported and up 14.0% like-for-like. Operating revenue came to €377 million for the third quarter. Reported operating revenue growth was 20.3% for the three months ended September 30, 2019, and takes into account like-for-like growth of 13.2%, a positive 6.3% scope effect, a slightly positive 0.7% currency impact, and a virtually neutral impact related to Venezuela (+0.1%).

Following on from the results achieved in the first half of the year, Edenred delivered double-digit organic operating revenue growth in the third quarter in each of its business lines and in each of the regions in which the Group operates. This solid performance reflects the dynamism of Edenred's sales teams as well as the Group's ability to continuously enhance its portfolio and offer its clients innovative and attractive digital solutions.



- **Operating revenue by business line**

(in € millions)	First nine months 2019	First nine months 2018	% change (reported)	% change (like-for-like)
Employee Benefits	699	618	+13.0%	+13.5%
Fleet & Mobility Solutions	296	245	+20.3%	+15.1%
Complementary Solutions	131	90	+45.8%	+14.7%
<b>Total</b>	<b>1,125</b>	<b>953</b>	<b>+18.0%</b>	<b>+14.0%</b>

Nine-month 2019 operating revenue for the **Employee Benefits** business line came to **€699 million**, representing **62% of the consolidated total** and growth of 13.0% as reported (+**13.5%** like-for-like). Operating revenue for Employee Benefits in the third quarter alone was €228 million, an increase of 14.7% as reported and of 11.9% like-for-like. In addition to a strong organic performance, the past nine months were also shaped by the integration of several employee engagement platforms in Europe (Merits & Benefits and Ekvita in Belgium, Easy Welfare in Italy and Benefit Online in Romania). These innovative digital solutions aim to improve employee retention, motivation and purchasing power. They open up significant growth and cross-selling opportunities for Edenred, notably in Europe where this remains a fairly new market.

In the **Fleet & Mobility Solutions** business line, which accounts for **26% of the Group's business**, operating revenue rose by 20.3% as reported (+**15.1%** like-for-like) in the first nine months of the year, to **€296 million**. Operating revenue growth for the business line in the third quarter was 22.3% as reported and 14.6% like-for-like, lifting operating revenue to €103 million. This strong growth reflects a dynamic performance from sales teams active in still largely untapped markets. Edenred is also benefiting from the swift ramp-up of new programs such as toll payment services and the light fleet offering in Europe, as well as the roll-out of new services such as its NFC tag payment solutions in Latin America. Operating revenue growth for the first nine months of 2019 includes the performance of UK-based TRFC, which has contributed to consolidated revenue since January.

The **Complementary Solutions** business line, which encompasses Corporate Payment Services, Incentive & Rewards and Public Social Programs, generated operating revenue of **€131 million** for the nine months to September 30, 2019, versus €90 million in the same period one year earlier. The 45.8% increase reflects both solid **14.7%** organic growth, notably driven by the ramp-up of Corporate Payment Services, and the contribution made by CSI, the US-based firm acquired in early January, which also operates in the field of Corporate Payment Services.

- **Operating revenue by region**

(in € millions)	First nine months 2019	First nine months 2018	% change (reported)	% change (like-for-like)
Europe	630	541	+16.4%	+12.9%
Latin America	403	359	+12.3%	+14.7%
Rest of the World	92	53	+72.6%	+20.1%
<b>Total</b>	<b>1,125</b>	<b>953</b>	<b>+18.0%</b>	<b>+14.0%</b>

In **Europe**, operating revenue for the first nine months of the year was up 16.4% as reported (+12.9% like-for-like) to **€630 million**, or **56%** of the consolidated total.

In **France**, nine-month operating revenue was 8.8% higher, including a rise of 9.2% in the third quarter, coming in at **€187 million** for the first nine months of 2019. Edenred France recorded robust growth in Employee Benefits such as Ticket Restaurant and the ProwebCE employee engagement platform. Continuous innovation in these solutions helps to enhance the user experience and win over new clients, notably in the SME segment. In Fleet & Mobility Solutions, the strong ramp-up of the light fleet offering continued apace.

Operating revenue in **Europe excluding France** was up 19.9% as reported (+14.8% like-for-like) to **€443 million** in the first nine months of the year. Operating revenue growth for the third quarter was 19.4% as reported and 12.7% like-for-like. This sustained growth is due in part to the better penetration of Employee Benefits and Fleet & Mobility Solutions programs in all countries across the region and notably in the SME segment, which is reaping the full rewards of increasingly digital solutions and distribution channels. Growth is also being fueled by the development of new products and services such as employee engagement platforms and solutions for light fleets. Lastly, reported growth reflects the recent acquisitions of employee engagement platforms in Belgium, Italy and Romania, along with the acquisition of TRFC in the United Kingdom in the Fleet & Mobility Solutions business.

In **Latin America**, operating revenue amounted to **€403 million** for the nine months to September 30, up 12.3% as reported (+14.7% like-for-like). The region accounted for **36%** of the Group's operating revenue in the first nine months of 2019. In the third quarter alone, the region's operating revenue growth was 17.3% as reported and 15.1% like-for-like.

In **Brazil**, operating revenue rose by 10.6% as reported (+12.4% like-for-like) in the nine months to end-September. The country's performance confirmed the steady recovery in Employee Benefits observed since second-quarter 2018. The Group also continued to win over new clients for its Fleet & Mobility Solutions business, notably in innovative maintenance and toll services, which are enjoying a solid ramp-up.

In **Hispanic Latin America**, operating revenue climbed 16.6% as reported in the first nine months of 2019 (+20.5% like-for-like). The Group was buoyed by good sales momentum in both Employee Benefits and Fleet & Mobility Solutions. The Group has also successfully rolled out

innovative solutions such as Empresarial and payment by NFC tag in several countries in the region.

In the **Rest of the World**, operating revenue amounted to **€92 million**, up 72.6% as reported, driven by organic growth of **20.1%** during the period and the integration of CSI in North America. The like-for-like increase notably reflects a good performance in the payroll card business in the United Arab Emirates and in Incentive & Rewards in Taiwan.

- **Other revenue: €45 million**

Other revenue totaled €45 million for the nine months to September 30, 2019, an increase of 20.8% as reported and of **22.0% like-for-like**. Besides a more favorable basis of comparison in 2019, Edenred also benefited from an increase in the float<sup>5</sup> linked to the good business growth momentum in its different business lines, as well as a slight rise in interest rates during the quarter in certain European countries outside the eurozone.

## **SIGNIFICANT EVENTS SINCE THE BEGINNING OF THE YEAR**

- **Edenred successfully places OCEANE bonds**

In September 2019, Edenred successfully placed bonds convertible into and/or exchangeable for new and/or existing shares (OCEANE) due in 2024 for an aggregate nominal amount of approximately €500 million.

The nominal unit value of the bonds was set at €61.13, corresponding to a premium of 40% above Edenred's reference share price. The bonds were issued on September 6, 2019 at an issue price equal to 108.0% of par, which corresponds to a yield to maturity of -1.53%, and do not bear interest.

The net proceeds of the offering will be used by the Company for general corporate purposes, including the financing of potential external growth operations.

- **Edenred acquires employee engagement platforms in Belgium, Italy and Romania**

In July 2019, Edenred acquired Benefit Online, a pioneer in developing employee engagement platforms in Romania. In January, the Group acquired Belgium's Merits & Benefits and Ekivita, leading players on the country's employee engagement platform market, and in May, announced the acquisition of Easy Welfare, the number one operator of employee engagement platforms in Italy.

Edenred was already operating in this segment in France, the United Kingdom, Italy and the Czech Republic. These acquisitions will strengthen the Group's Employee Benefits portfolio and multiply its opportunities for cross-selling.

The acquisition of these companies is accretive to 2019 Group EBIT.

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<sup>5</sup> The float corresponds to a portion of the operating working capital from the preloading of funds by corporate clients.

- **Edenred expands its Fleet & Mobility Solutions offering in Europe**

In September 2019, Edenred announced that it had signed an agreement to acquire EBV Finance, a Lithuanian company specialized in tax refunds for European transportation companies. The Group will transfer to EBV Finance the assets of its Danish subsidiary Nikosax, which specializes in the same field as EBV Finance. Following the transaction, Edenred will own 60% of the combined entity<sup>6</sup>.

The transaction is subject to approval by the relevant antitrust authorities. It will be accretive to Group EBIT from year one. Closing is slated for early 2020.

- **Edenred launches exclusive distribution partnership with Itaú Unibanco in the Brazilian Employee Benefits market**

In September 2019, following the prior approval of the Brazilian Central Bank and the Brazilian antitrust authority, the contract with Itaú Unibanco was closed in accordance with the agreement signed and announced on September 5, 2018. Itaú Unibanco now exclusively distributes Edenred's Employee Benefits in Brazil.

The new distribution channel will be ramped up progressively over 2020. It strengthens Edenred's existing sales organization and will help speed up its growth in the high-potential Brazilian employee benefits market.

## 2019 OUTLOOK

In light of its sustained growth performance in the first nine months of the year, Edenred confirms its full-year EBIT objective of between €520 million and €550 million<sup>7</sup> and its annual medium-term targets:

- like-for-like growth in operating revenue of more than 7%;
- like-for-like growth in operating EBIT of more than 9%;
- like-for-like growth in funds from operations before other income and expenses (FFO) of more than 10%.

Leveraging its global technology platform, business excellence and digital innovation capabilities to improve the experience of employees, corporate clients and partner merchants, Edenred is pushing ahead with its strategy of generating profitable and sustainable growth.

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<sup>6</sup> Following the transaction, Edenred will have a 60% interest in EBV Finance while the current shareholder, EBV Group, will retain a 40% interest. The new entity will be fully consolidated in Edenred's financial statements on completion of the transaction.

<sup>7</sup> Calculated based on an assumption of an average Brazilian real/euro exchange rate for the second half of the year equal to the closing rate on June 30, 2019.

## UPCOMING EVENTS

October 23, 2019: Capital Markets Day in London

February 26, 2020: Full-year 2019 results

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**Edenred**, the global leader in payment solutions for the working world, connects 830,000 corporate clients, 47 million employee users and 1.7 million partner merchants across 46 countries. Thanks to its global technology platform, the Group managed 2.5 billion transactions in 2018, primarily carried out via mobile applications, online platforms and cards, and representing more than €28 billion in business volume.

Edenred's 8,500 staff are driven by a commitment to improving employees' quality of life, increasing companies' efficiency and boosting merchants' revenues. They achieve this through three business lines:

- Employee Benefits (food, meals, well-being, leisure, culture and human services)
- Fleet & Mobility Solutions (fuel, tolls, maintenance and business travel)
- Complementary solutions, including Corporate Payment Services (virtual payment cards, identified wire transfers and supplier payments), Incentive & Rewards (gift cards and platforms, and incentive programs), and Public Social Programs.

Edenred is listed on the Euronext Paris stock exchange and included in the following indices: CAC Next 20, FTSE4Good, DJSI Europe and MSCI Europe.

For more information: [www.edenred.com](http://www.edenred.com)

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## APPENDICES

### Operating revenue

In € millions	Q1		Q2		Q3		YTD	
	2019	2018	2019	2018	2019	2018	2019	2018
Europe	213	183	209	179	208	179	630	541
France	69	63	59	55	59	54	187	172
Rest of Europe	144	120	150	124	149	125	443	369
Latin America	128	119	138	124	137	116	403	359
Rest of the world	28	17	32	18	32	18	92	53
<b>Total</b>	<b>369</b>	<b>319</b>	<b>379</b>	<b>321</b>	<b>377</b>	<b>313</b>	<b>1,125</b>	<b>953</b>

In %	Q1		Q2		Q3		YTD	
	Change reported	Change L/L	Change reported	Change L/L	Change reported	Change L/L	Change reported	Change L/L
Europe	+16.4%	+13.8%	+16.4%	+13.4%	+16.4%	+11.7%	+16.4%	+12.9%
France	+9.0%	+9.0%	+8.2%	+8.2%	+9.2%	+9.2%	+8.8%	+8.8%
Rest of Europe	+20.3%	+16.3%	+20.0%	+15.6%	+19.4%	+12.7%	+19.9%	+14.8%
Latin America	+7.3%	+13.9%	+12.5%	+15.1%	+17.3%	+15.1%	+12.3%	+14.7%
Rest of the world	+64.1%	+20.9%	+73.5%	+23.1%	+79.8%	+16.3%	+72.6%	+20.1%
<b>Total</b>	<b>+15.6%</b>	<b>+14.2%</b>	<b>+18.1%</b>	<b>+14.6%</b>	<b>+20.3%</b>	<b>+13.2%</b>	<b>+18.0%</b>	<b>+14.0%</b>



## Other revenue

In € millions	Q1		Q2		Q3		YTD	
	2019	2018	2019	2018	2019	2018	2019	2018
Europe	4	4	4	3	4	3	13	10
France	2	2	1	1	1	1	5	4
Rest of Europe	2	2	3	2	3	2	8	6
Latin America	9	8	9	8	10	8	27	24
Rest of the world	1	1	2	1	2	1	5	3
<b>Total</b>	<b>14</b>	<b>13</b>	<b>15</b>	<b>12</b>	<b>16</b>	<b>12</b>	<b>45</b>	<b>37</b>

In %	Q1		Q2		Q3		YTD	
	Change reported	Change L/L	Change reported	Change L/L	Change reported	Change L/L	Change reported	Change L/L
Europe	+11.9%	+12.0%	+28.5%	+28.8%	+29.5%	+30.1%	+23.3%	+23.6%
France	-1.3%	-1.3%	-1.4%	-1.4%	+6.0%	+6.0%	+0.9%	+0.9%
Rest of Europe	+24.0%	+24.1%	+56.2%	+56.7%	+45.8%	+46.7%	+41.9%	+42.5%
Latin America	+1.9%	+5.4%	+17.2%	+17.2%	+24.9%	+20.3%	+14.2%	+14.0%
Rest of the world	+42.5%	+66.0%	+59.3%	+90.0%	+88.4%	+77.3%	+63.2%	+77.8%
<b>Total</b>	<b>+7.9%</b>	<b>+12.0%</b>	<b>+23.9%</b>	<b>+26.7%</b>	<b>+31.7%</b>	<b>+28.1%</b>	<b>+20.8%</b>	<b>+22.0%</b>

## Total revenue

In € millions	Q1		Q2		Q3		YTD	
	2019	2018	2019	2018	2019	2018	2019	2018
Europe	217	187	213	182	212	182	643	551
France	71	65	60	56	60	55	192	176
Rest of Europe	146	122	153	126	152	127	451	375
Latin America	137	127	147	132	147	124	430	383
Rest of the world	29	18	34	19	34	19	97	56
<b>Total</b>	<b>383</b>	<b>332</b>	<b>394</b>	<b>333</b>	<b>393</b>	<b>325</b>	<b>1,170</b>	<b>990</b>

In %	Q1		Q2		Q3		YTD	
	Change reported	Change L/L	Change reported	Change L/L	Change reported	Change L/L	Change reported	Change L/L
Europe	+16.3%	+13.7%	+16.6%	+13.6%	+16.6%	+12.0%	+16.5%	+13.1%
France	+8.7%	+8.7%	+7.9%	+7.9%	+9.2%	+9.2%	+8.6%	+8.6%
Rest of Europe	+20.3%	+16.4%	+20.5%	+16.2%	+19.8%	+13.3%	+20.2%	+15.3%
Latin America	+6.9%	+13.3%	+12.8%	+15.3%	+17.7%	+15.4%	+12.4%	+14.7%
Rest of the world	+62.9%	+23.5%	+72.8%	+26.8%	+80.2%	+19.7%	+72.1%	+23.3%
<b>Total</b>	<b>+15.3%</b>	<b>+14.1%</b>	<b>+18.3%</b>	<b>+15.0%</b>	<b>+20.7%</b>	<b>+13.8%</b>	<b>+18.1%</b>	<b>+14.3%</b>