

# Our Strategy to Create and Roll Out Solutions in the Prepaid Market

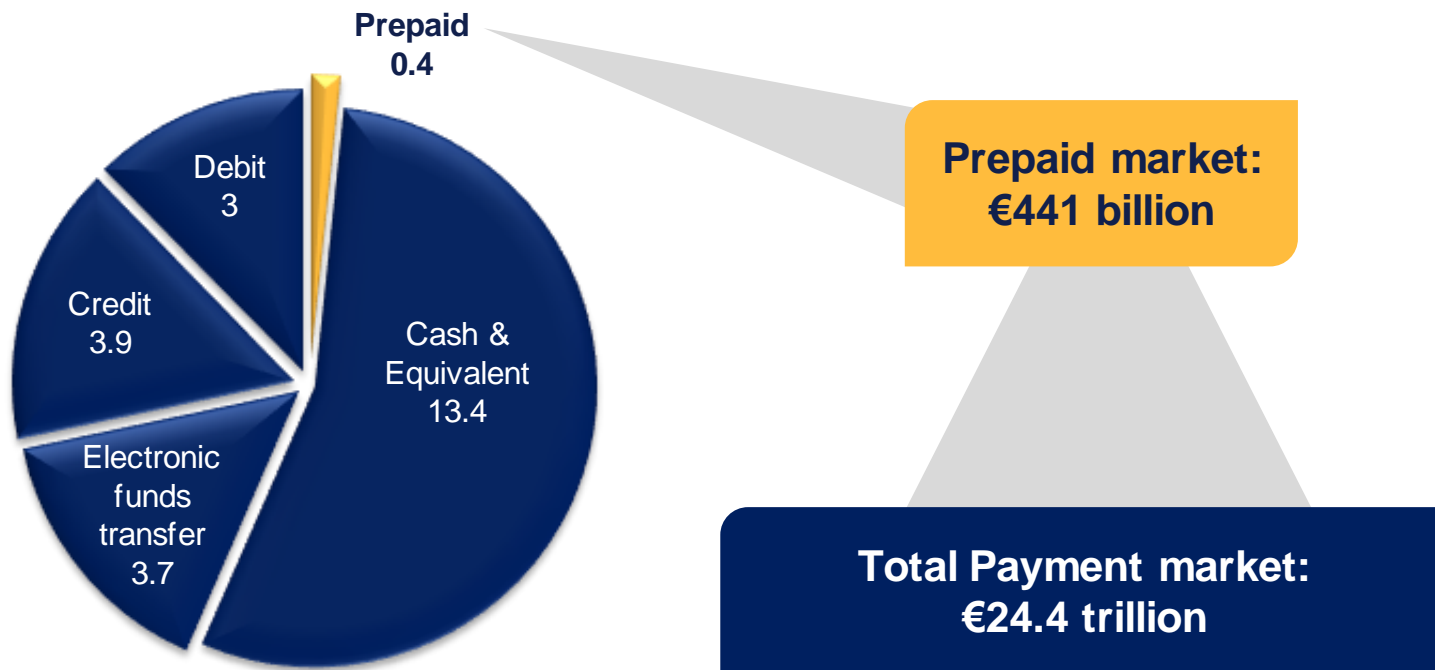
## Section 1

# Contents

## Our Strategy to Create and Roll Out Solutions in the Prepaid Market

- **Prepaid Market Overview**
- **Our Current Positioning**
- **Our Strategy to Create and Roll Out Solutions**
- **Launch Process and Financial Impacts**

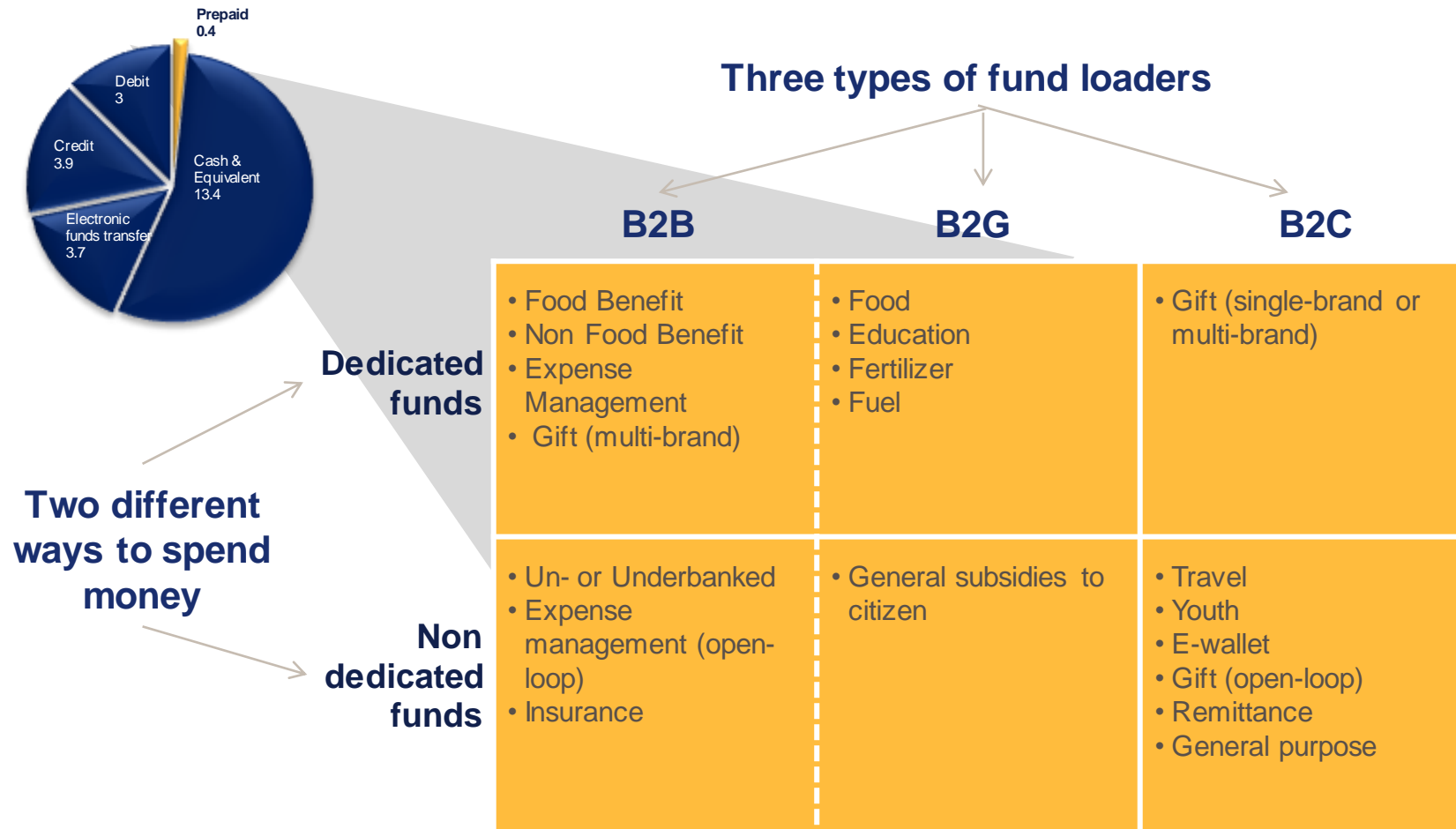
# The Prepaid Market in the Payment Universe



Internal source  
(In € Trillion)

**Prepaid market is a niche in the overall payment market**

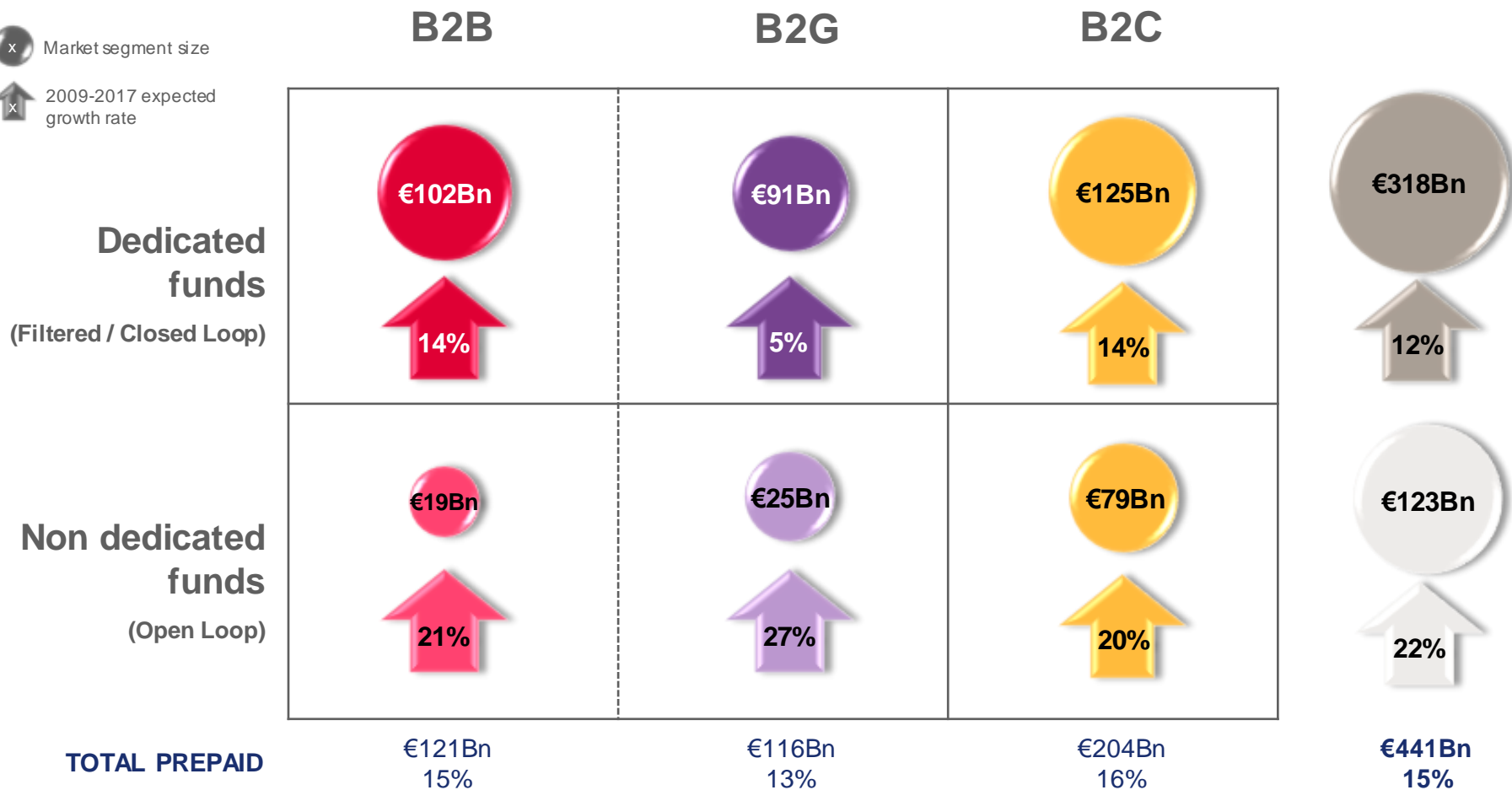
# Prepaid Market Segmentation



**The prepaid market addresses a large number of segments and types of usage**

# Sizes and Growth Rates of Prepaid Market Segments

 Market segment size  
 2009-2017 expected growth rate



Internal source

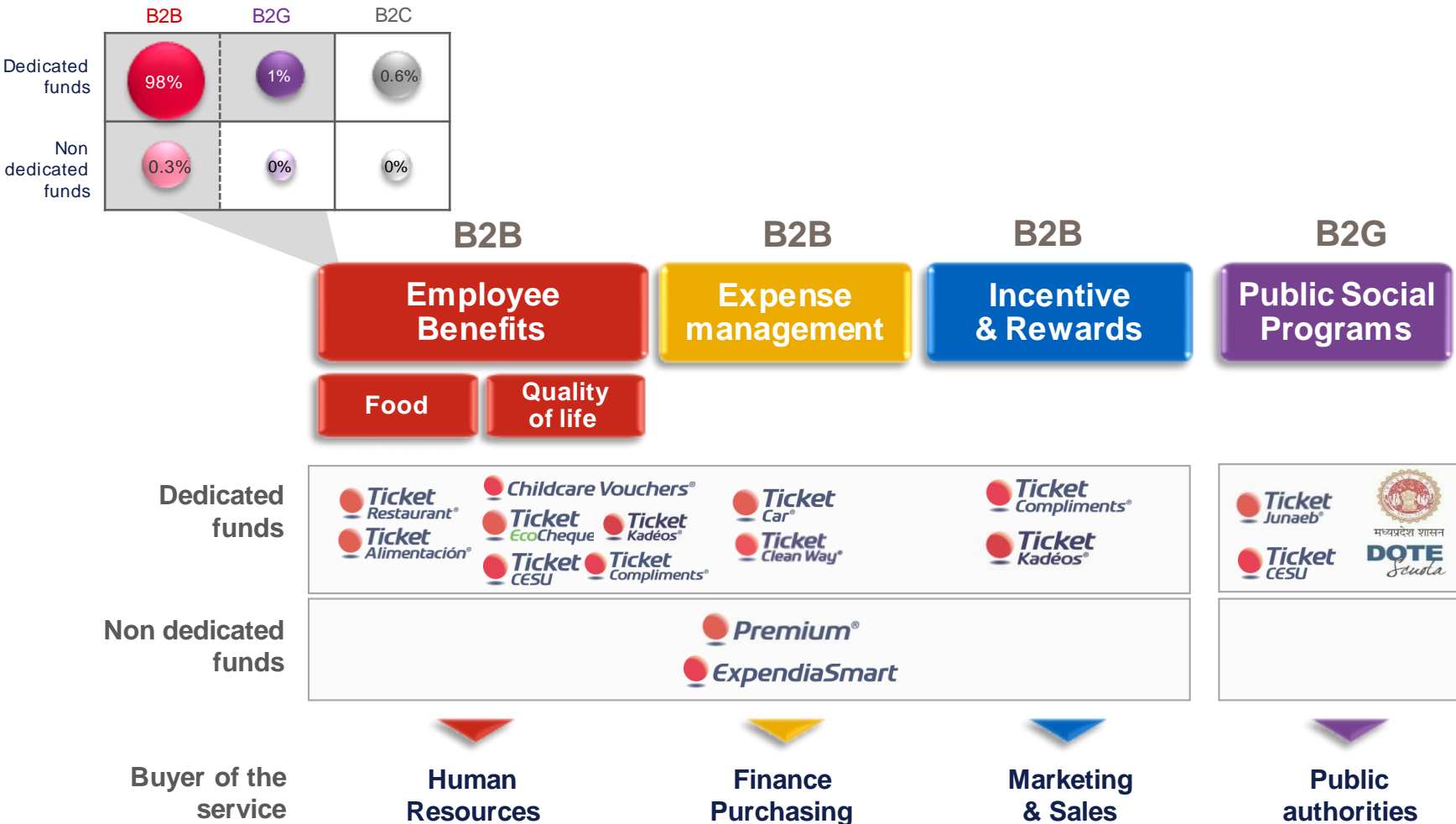
**Six market segments offering high growth potential**  
**Dedicated prepaid funds represent more than 70% of the current market**

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## **Our Strategy to Create and Roll Out Solutions in the Prepaid Market**

- **Prepaid Market Overview**
- **Our Current Positioning**
- **Our Strategy to Create and Roll Out Solutions**
- **Two Illustrations of Recent Launches**
- **Launch Process and Financial Impacts**

# An Offer Organized Around Four Types of Solutions

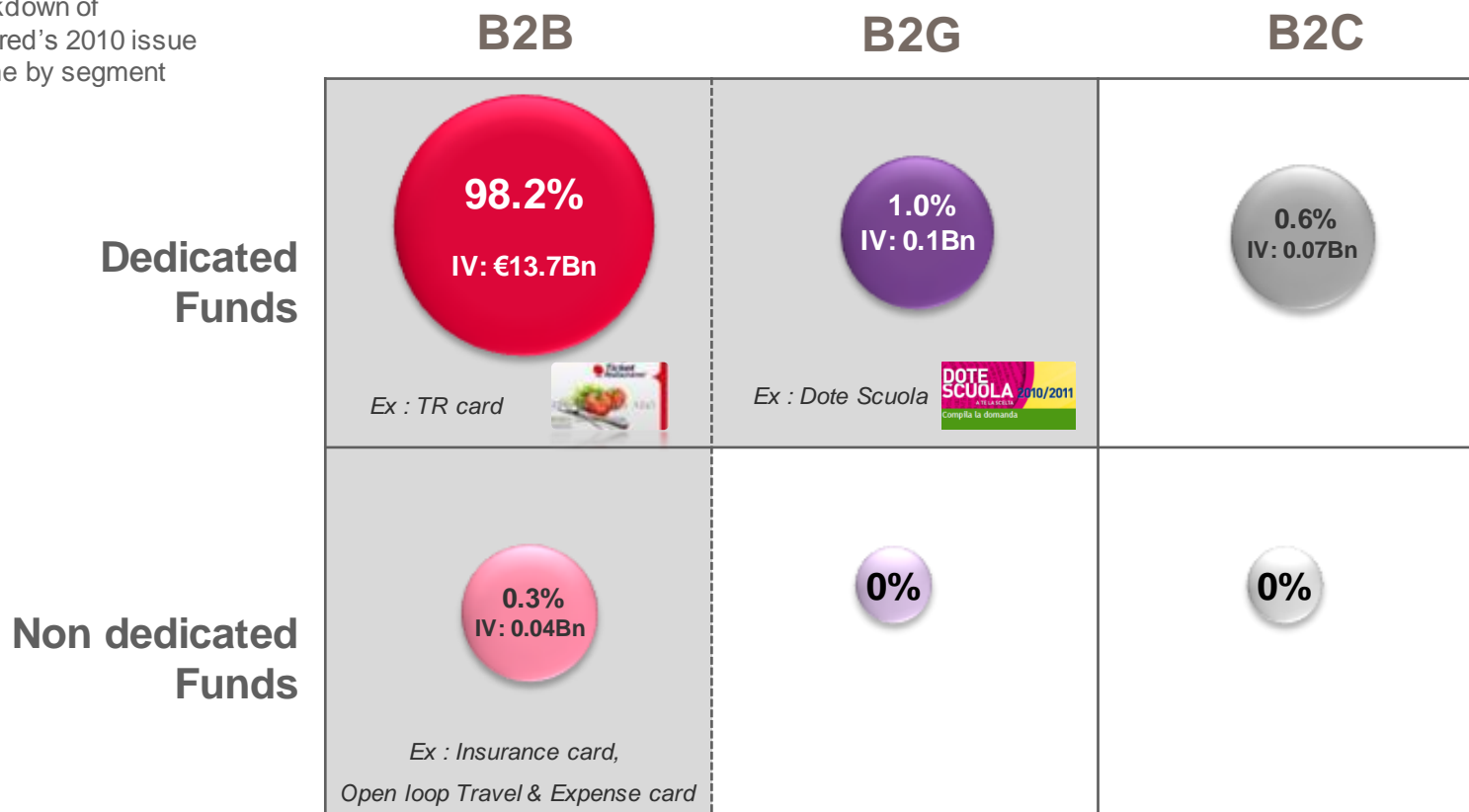


**Our core business is the dedicated funds B2B market, where we have already developed a wide range of customized offerings**

# A Strong Footprint in the Distribution of Dedicated Funds from Corporate clients

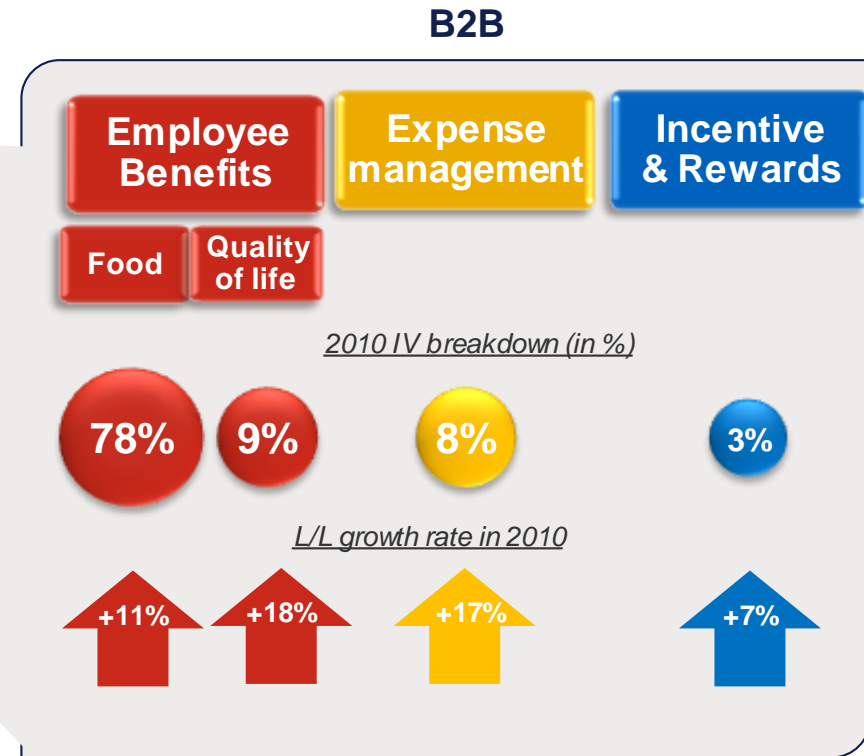
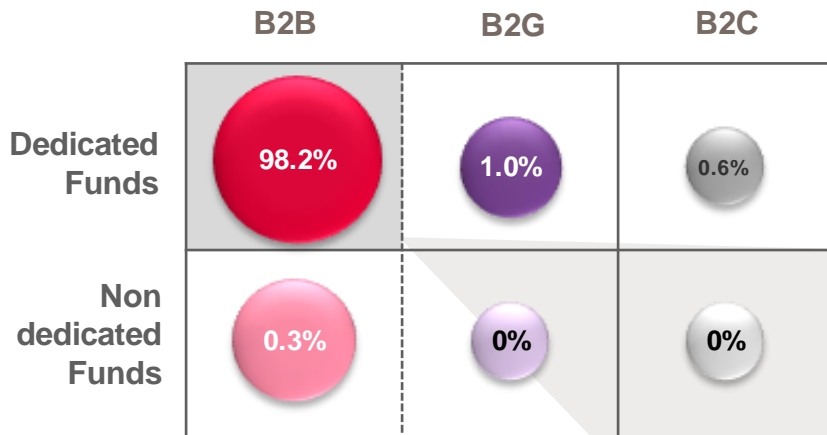


Breakdown of Edenred's 2010 issue volume by segment



**Our expertise: ensure that funds allocated by clients (mainly Corporates and Public Institutions) are effectively used as intended**





# Focus on our Offer in the Distribution of Dedicated Funds from Corporate Clients



Dedicated Funds

All our offers are growing rapidly

# Competition in our Core Business: Dedicated Funds from Corporate Clients

	Employee Benefits		Expense management	Incentive & Rewards
	Food	Quality of life		
Global players	 Edenred Sodexo	 Edenred Sodexo	 Edenred Wright Express FleetCor	 Edenred Sodexo Carlson Marketing
Continental players	Chèque Déjeuner (Europe)	Chèque Déjeuner (Europe)		
Local players	Visa Vale (Brazil) Si Vale (Mexico) Qui Ticket (Italy) Cheque de Table (France) VB (Brazil) Valeven (Venezuela) Novo Payment (Venezuela) Buen Menu (Spain)	AXA (France) Dexia (France) Computershare (UK) Grassroots (UK)	CTF (Brazil) Good card (Brazil) Inbursa (Mexico) Comdata (USA)	Grassroots (UK) Motivcom (UK) Maritz (US)

**Very fragmented and heterogeneous competition,  
with only two global players**






















# Competition in Prepaid Market's Other Five Segments

Dedicated Funds

B2B

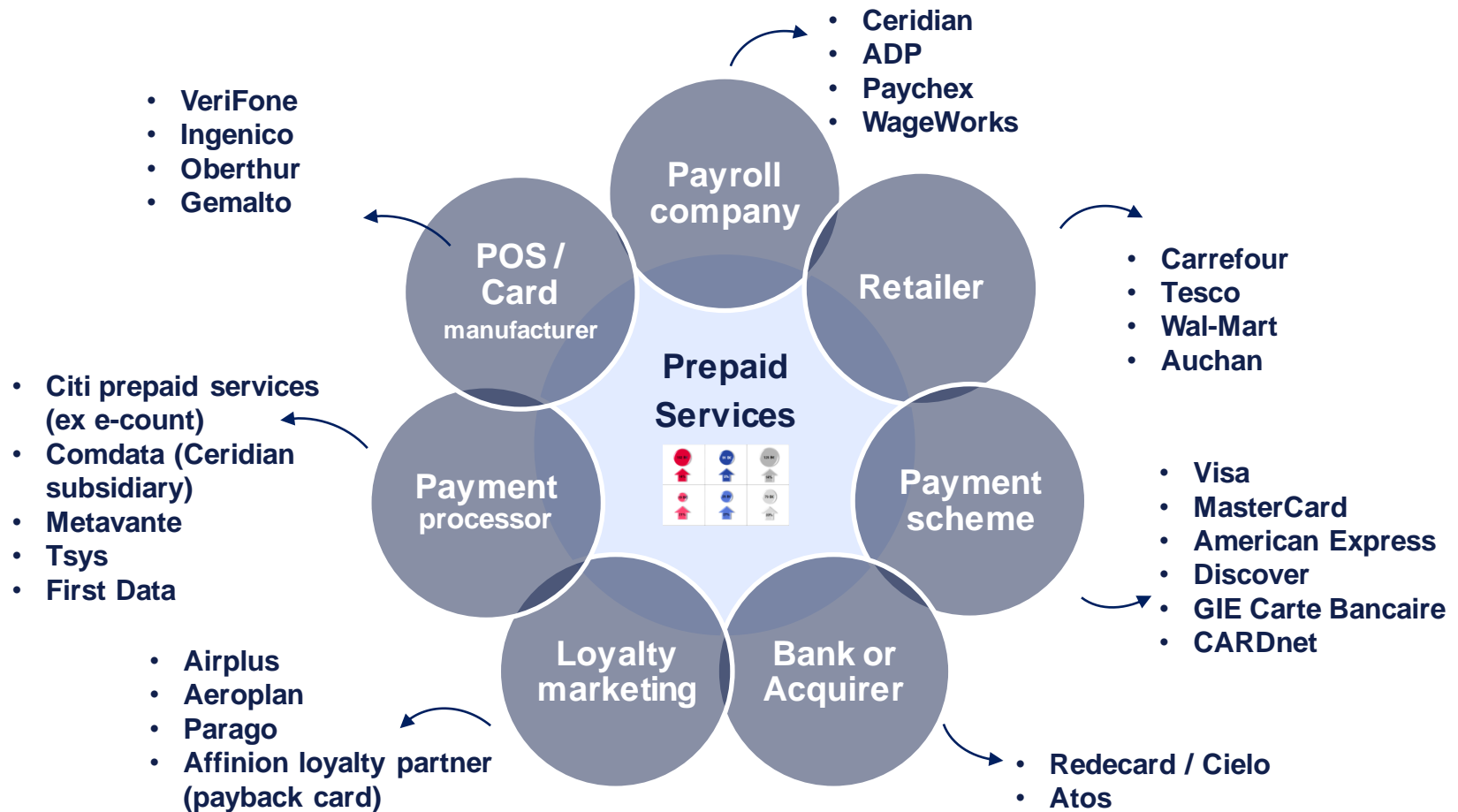
B2G

B2C

<table border="1"> <thead> <tr> <th></th> <th colspan="2">Employee Benefits</th> <th>Expense management</th> <th>Incentive &amp; Rewards</th> </tr> <tr> <th></th> <th>Food</th> <th>Quality of life</th> <th></th> <th></th> </tr> </thead> <tbody> <tr> <td>Global players</td> <td> sodexo</td> <td> sodexo</td> <td> WELTECOR</td> <td> sodexo</td> </tr> <tr> <td>Continental players</td> <td> groUpe</td> <td> groUpe</td> <td></td> <td></td> </tr> <tr> <td>Local players</td> <td>Visa VSB (usa) St VSB (usa) Qui Ticket (usa) Cheque de Table (france) VB (usa) VSB (usa) Buen Menu (usa)</td> <td>ACA (france) Dette (france) Budy Bees (usa) Computshare (usa) Grassroots (usa)</td> <td>CTP (usa) Good card (usa) Inburs (usa) Comete (usa)</td> <td>Grassroots (usa) Motivcom (usa) Meritz (usa)</td> </tr> </tbody> </table>		Employee Benefits		Expense management	Incentive & Rewards		Food	Quality of life			Global players	 sodexo	 sodexo	 WELTECOR	 sodexo	Continental players	 groUpe	 groUpe			Local players	Visa VSB (usa) St VSB (usa) Qui Ticket (usa) Cheque de Table (france) VB (usa) VSB (usa) Buen Menu (usa)	ACA (france) Dette (france) Budy Bees (usa) Computshare (usa) Grassroots (usa)	CTP (usa) Good card (usa) Inburs (usa) Comete (usa)	Grassroots (usa) Motivcom (usa) Meritz (usa)	<p>More than 90% managed by public institutions, except in the USA</p> <ul style="list-style-type: none"> <li>• <b>JP Morgan</b> (USA) </li> <li>• <b>Sodexo</b> (France) </li> <li>• <b>Cheque Dejeuner</b> (France) </li> </ul>	<ul style="list-style-type: none"> <li>• <b>Blackhawk</b> (USA – Gift Closed loop) </li> <li>• <b>InComm</b> (USA – Gift Closed loop) </li> </ul>
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<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Non dedicated Funds</p> <ul style="list-style-type: none"> <li>• <b>Account Now</b> (USA – UUB) </li> <li>• <b>Galiléo</b> (USA – UUB) </li> <li>• <b>Payoneer</b> (USA – UUB) </li> <li>• <b>Citi prepaid services</b> (USA-Business Expenses) </li> <li>• <b>American Express</b> (USA-Business Expenses) </li> </ul>	<ul style="list-style-type: none"> <li>• <b>Net1</b> (South Africa) </li> </ul>	<ul style="list-style-type: none"> <li>• <b>NetSpend</b> (USA – General purpose) </li> <li>• <b>Green Dot</b> (USA - Multi products) </li> <li>• <b>Paypal</b> (USA – Internet Wallet) </li> <li>• <b>Western Union</b> (USA – Remittance) </li> <li>• <b>Wirecard</b> (Germany – General purpose) </li> <li>• <b>Moneygram</b> (USA – Remittance) </li> </ul>																									

Mainly US players focused on local B2C non dedicated funds market

# Prepaid Market's Ecosystem



**A large number of players in the prepaid market's ecosystem, with no specific focus on B2B prepaid services**

# Conclusion

## Prepaid Market

**A large and fragmented market, more structured in dedicated funds, with high growth potential in every segment**

## Edenred's positioning

**Edenred is the clear worldwide leader in Employee Benefits and a major player in other corporate prepaid solutions**

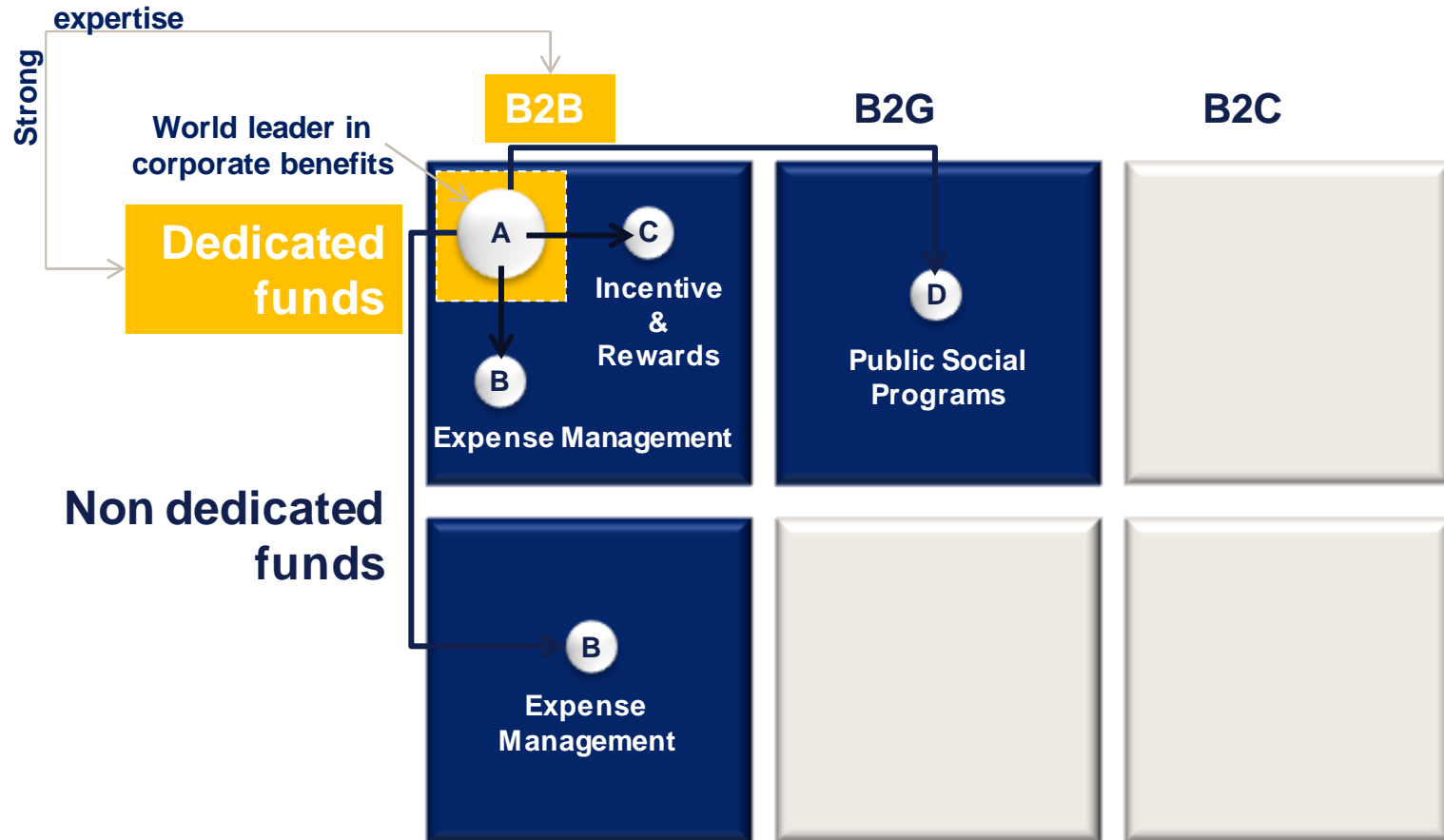
**A strategy favoring organic growth in all continents with a strong focus on B2B**

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# Our Strategy to Create and Roll Out Solutions



**Leverage our worldwide leadership position in the large Employee Benefits market to develop fast-growing adjacent segments**

# Roadmap by Type of Solution (1/2)



B2B

## Employee Benefits



**Strengthen our leadership by rolling out solutions**

**Emerging countries:**  
Develop solutions helping governments and corporates to spread the benefits of economic growth more equitably

**Developed countries:**  
Create customized solutions for corporates, end-users and governments in response to identified sophisticated needs



B2B

## Expense Management



**Accelerate the conquest of new growth territories based on our Latin American experience**

**Latin America:**  
Strengthen our leadership position in Fuel and Fleet expense management and roll out new solutions in Travel & Entertainment

**Europe:**  
Roll out customized solutions in Travel & Entertainment expense management, as an added-value alternative to corporate cards



# Roadmap by Type of Solution (2/2)



B2B

## Incentive & Rewards

Roll out solutions in our main countries to enhance our offer to stakeholders

Provide the following value-added services to our stakeholders, on top of our Gift programs:

- Recognition
- Incentive
- Loyalty
- Promotion, Saving & Discount



B2G


## Public Social Programs

Expand our offer to public institutions in countries where Edenred is already present

Roll out solutions to Public institutions, by leveraging our existing B2B platforms and affiliated networks



# Expand Our Leadership in Employee Benefits

	Meal and Food		Quality of Life			
	Meal	Food	Childcare/ Home services	Transportation	Gift	Green/Culture/ Sport/Holiday
 Our existing solutions as of 2010						
Belgium	●				●	●
Brazil	●	●		●		
France	●		●		●	●
Italy	●				●	
Mexico		●				
UK			●			

**69 solutions**  
worldwide as of  
2010

15

16

9

4

18

7

**11 solutions**  
launched in 2011 or  
under development  
worldwide

3

0

1

1

4

2

**After 50 years of steady growth, still many opportunities in our core business**

# A Illustration of New Benefits



11 solutions  
launched in 2011 or  
under development  
worldwide



## Meal and Food

## Quality of Life

H1 2011

**Ticket Restaurante** (Mexico – March 2011)

**Ticket Transporte** (Spain – June 2011)

H2 2011  
and 2012

**Ticket Plus** (Gift in Germany – Dec. 2011)

**Mind & Body** (Finland, *New country* – Nov. 2011)

**Ticket Regalo** (Chile – Nov. 2011)

**Ticket Family** (Italy – Jan. 2012)



# Deploy our Expertise in Expense Management

● Our existing solutions as of 2010

	Fuel/Fleet	Travel & Entertainment	Uniform cleaning	Merchant card <sup>(1)</sup>	Insurance card/Payroll
Belgium					
Brazil	●			●	
France			●		
Italy					
Mexico	●		●		
UK			●		●
16 solutions worldwide as of 2010	5	1	6	1	3

16 solutions worldwide as of 2010

5

1

6

1

3

9 solutions launched in 2011 or under development worldwide

1

3

2

2

1

**Accelerate conquest in the Expense management market, leveraging our unique expertise acquired in Latin America**

# Illustration of New Expense Management Solutions



9 solutions  
launched in 2011 or  
under development  
worldwide



Fuel/Fleet

T&E

Uniform  
cleaning

Merchant card

Insurance card

H1 2011

**Ticket Corporate**  
(Spain)

**Ticket Vestuario**  
(Chile)

**Ticket Plus**  
(Turkey)

**Expendia Smart**  
(Italy)

H2 2011  
and 2012

**Ticket Frete**  
(Brazil)

**Ticket Clean Way**  
**EPI** (France)

**Insurance card**  
(UK)

# Deploy Incentive & Rewards Solutions in our Main Countries

● Our existing solutions as of 2010

	Employee Recognition	Partner channel & Consumer loyalty	Partner channel & Sales force incentive	Promotion, Savings & Discount
Belgium	●			
Brazil	●	●	●	●
France	●		●	
Italy	●		●	
Mexico				
UK	●	●	●	●
33 solutions worldwide as of 2010	14	4	12	3

**33 solutions worldwide as of 2010**



**6 solutions launched in 2011 or under development worldwide**



**Wide range of value-added services for all our stakeholders, on top of gift cards**

# D Expand our Public Social Programs Offer

Solutions already developed in 14 countries



## Four illustrations of Public Social Programs



Meeting the needs of **French Local authorities**

**Objective**  
Allocate home services subsidies to people with disability or reduced mobility



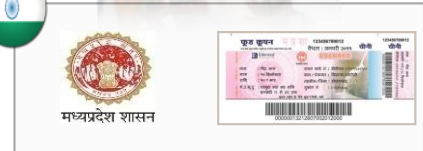
Meeting the needs of **Lombardy region**

**Objective**  
Give support to low-income families with students attending public or private primary and secondary schools in Lombardy



Meeting the needs of **Chilean Government**

**Objective**  
Give access to decent food to students suffering from social or economic disadvantages



Meeting the needs of **Madhya Pradesh State**

**Objective**  
Distribute public aid to underprivileged families

## Solid relationships with public institutions

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# New Solutions Launch Process

## Development Phase

(9/12 months)

- ✓ Market studies
- ✓ Stakeholders' needs study
- ✓ Solution design
- ✓ IT Development
- ✓ Marketing tools creation
- ✓ Affiliation of the network  
(specific salesforce)

## Soft Launch Phase

(3/6 months)

- ✓ Analysis of customers' experience to check relevance and fine tune the solution
- ✓ Limited salesforce in charge of soft launch

## Launch Phase

(12/24 months)

- ✓ Marketing campaign for clients
- ✓ Training for clients and beneficiaries, in particular in Expense Management
- ✓ Specific salesforce to promote the solution massively

## Cruising Speed Phase

- ✓ Steady ramp-up



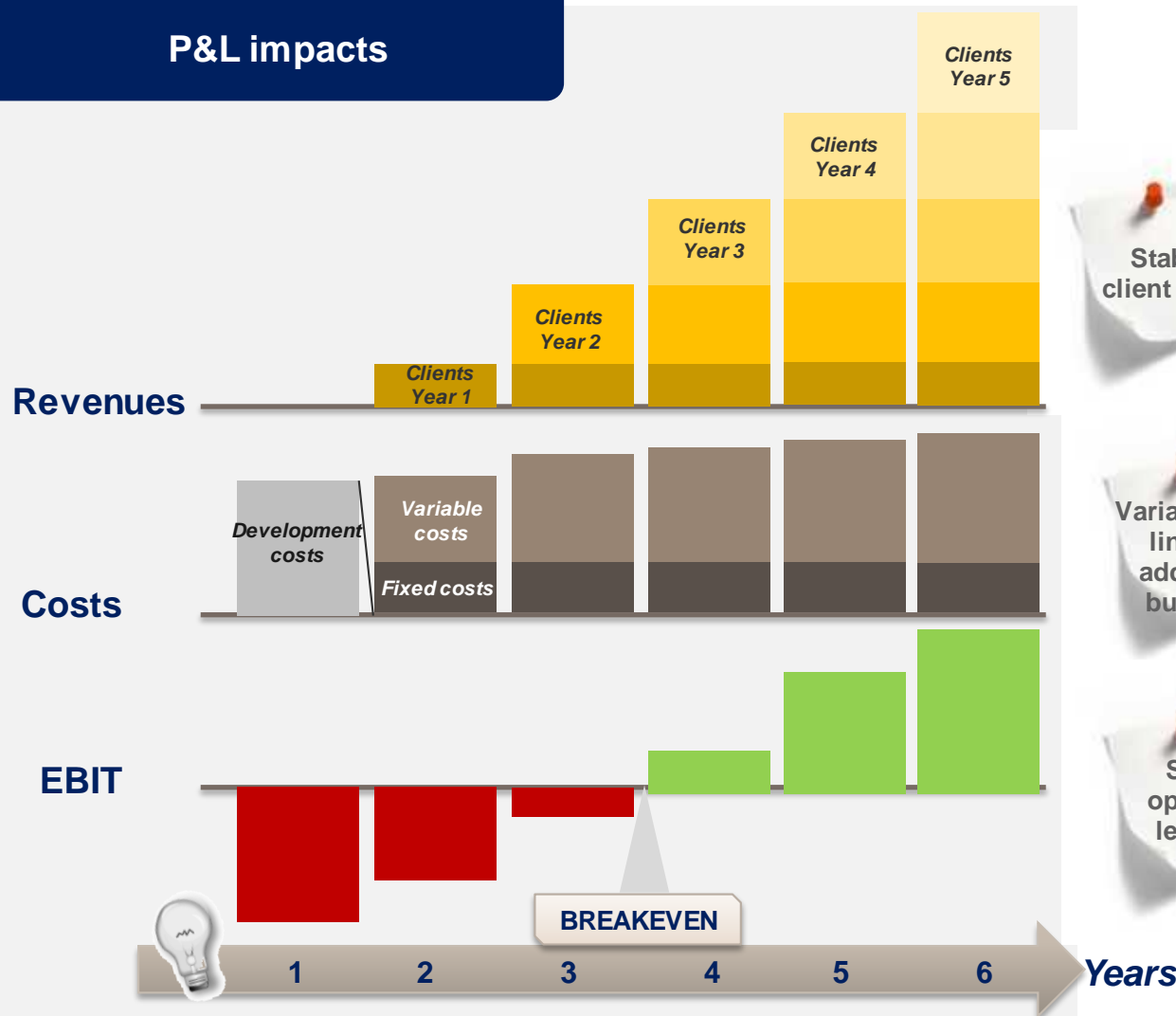
**BREAKEVEN**

**2 to 4-year process before breakeven**

**Low additional investment required to launch new solutions**

# Creating and Deploying Solutions: Financial Impacts

## P&L impacts



Stable client base

- Very low attrition rates in the business

Variable costs linked to additional business

- Costs related to a new client: acquisition cost + transaction cost
- Costs related to an existing client: transaction cost only

Strong operating leverage

Extra-costs of €3m in 2011 and €4m in 2012  
Strong operating leverage after breakeven

**Accelerate  
creation and  
roll-out of  
solutions**

Leverage our leadership and expertise to expand our offer in emerging and developed countries with a specific roadmap by type of solution

**Increase  
contribution  
to IV growth**

Meet the target of 2 to 4% contribution to issue volume growth post 2012

**Financial  
impacts over  
the medium-  
term**

New solutions: strong cash flow generation and low additional investment

**Creation and roll out of solutions will be a key contributor to our organic issue volume growth of 6% to 14% over the medium-term**