

# H1 2012 Results

## Media conference call

August 30, 2012



Edenred

# H1 2012 Key Figures

*In € millions*

	H1 2012	L/L growth
Issue volume	7,865	+9.5%
EBIT	170	+8.1%
Funds from operations	131	+14.5%

**Strong H1 results, in line with the Group's targets<sup>(1)</sup>  
in terms of issue volume growth and cash generation**



(1) Normalized targets: +6% to +14% L/L growth in issue volume and over +10% L/L growth in funds from operations. Normalized growth means the level of growth that the Group believes it can achieve in an economic environment in which there is no increase in unemployment

# H1 2012 Key Achievements

## New solutions



20 new solutions launched out of the objective of 26<sup>(1)</sup> by year-end



## Geographic expansion



2 new countries opened out of the objective of 6 to 8<sup>(2)</sup> by 2016



**Finland**



Launch of Ticket Mind & Body® and meal voucher benefit

**Japan**



Acquisition of Barclay Vouchers meal voucher provider

## New clients



**+5.0% L/L** increase in penetration rates in H1, out of the objective of **2% to 5%**

**900,000** additional beneficiaries



**Acquisition of Comprocard in Brazil**

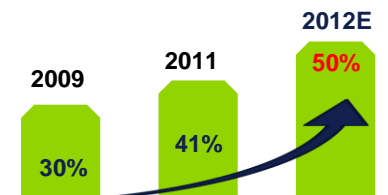


**100,000** additional beneficiaries

## Digital shift



On track to reach 50% digital issue volume at end-2012



H1 2012 achievements in line with the Group's strategic objectives

 (1) Objective of 26 new solution launches in the period July 2011 - December 2012  
(2) Objective of opening 6 to 8 new countries in the period 2010 - 2016

# New Solution Launches On Track

## Ongoing innovation process

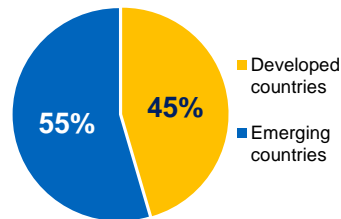
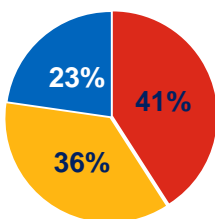
### Innovation pipeline

150 solutions at end-June 2012

Selection of 26 new solutions  
to be launched in the period  
July 2011-Dec. 2012

### 20 solutions launched as of today<sup>(1)</sup>

■ Employee  
benefits  
■ Expense  
Management  
■ Incentive &  
Rewards



## Illustration of a new solution launch in Brazil



### Recent changes in the environment

- Independent trucker strikes in August
- Strong commitment of the government with first fines implemented in June (250 people hired at the ANTT<sup>(2)</sup> to issue the fines)



### Solution designed to meet ANTT requirements and customers' needs

### Strong sales and marketing actions:

- Dedicated sales team
- Cross-selling with Ticket Car<sup>®</sup> clients
- Large-scale marketing campaign



### Initial results since the first fines were issued in June 2012:

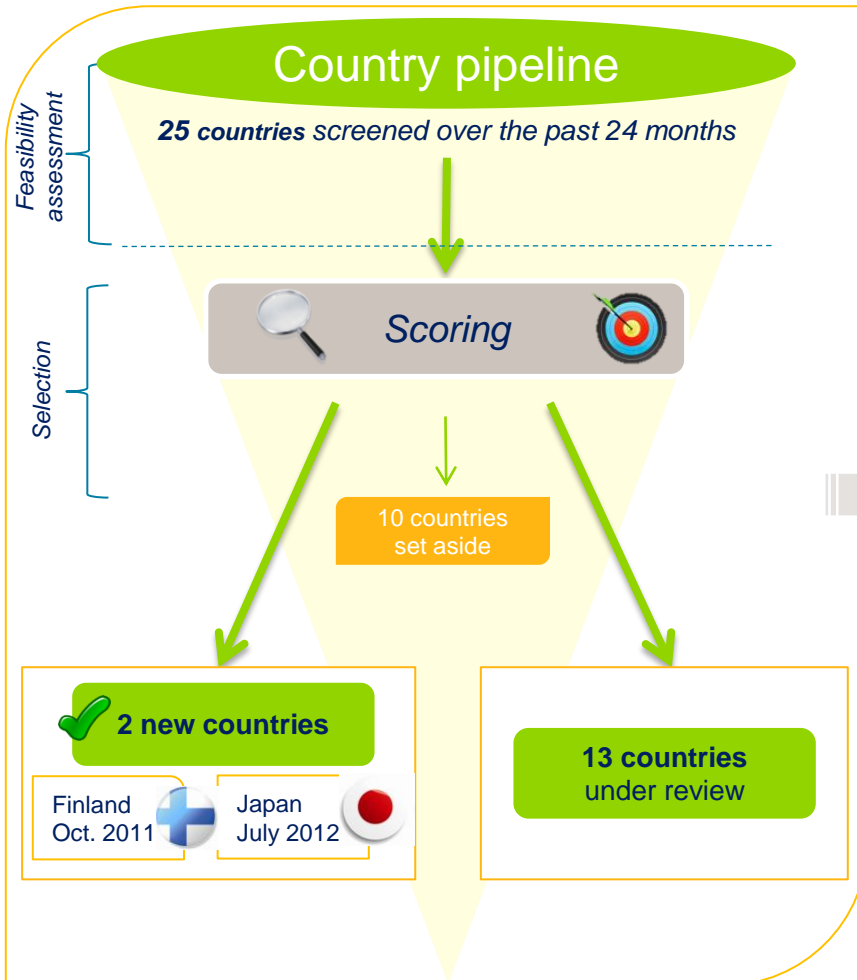
- ▶ Around 100 contracts signed, representing more than 7,000 cards of which about 25% are active
- ▶ €4m of issue volume in H1 2012

**New solutions should progressively fuel issue volume organic growth (+1.0% L/L in H1), with the objective of reaching the target of +2% to +4% by 2013**

(1) Objective of 26 new solution launches in the period July 2011 - December 2012  
(2) Brazilian National Office for Transportation

# First Results of Geographic Expansion

## Identification of potential new countries



## Illustration of a new country opening Japan



### 39<sup>th</sup> Edenred country

- **Entry through the acquisition** in July 2012 of Barclay Vouchers, the only player in the meal voucher market, representing :
  - Issue volume close to €100m in 2011
  - 130,000 beneficiaries
- **Attractive tax incentive**, with a maximum face value of ~€70/month
- **National acceptance network** with more than 30,000 affiliated restaurants
- **High market potential:**
  - More than 60m urban workers
  - Penetration rate estimated at less than 1%

The Group is well on track to meet its target of 6 to 8 new countries by 2016<sup>(1)</sup>

# Significant New Client Gains

Client portfolio increase  
through two complementary levers

## Organic growth

+5.0% increase in penetration rate in H1



### Significant client wins in H1

		Nb of beneficiaries
 ITAU (Brazil)		60,000
 La Poste (France)		15,000
 Tata (India)		10,000
 Lala (Mexique)		9,000
 Everis (Spain)		6,000

## Targeted acquisition

Comprocard in Brazil



100,000 new  
beneficiaries

Around €100m  
additional issue  
volume

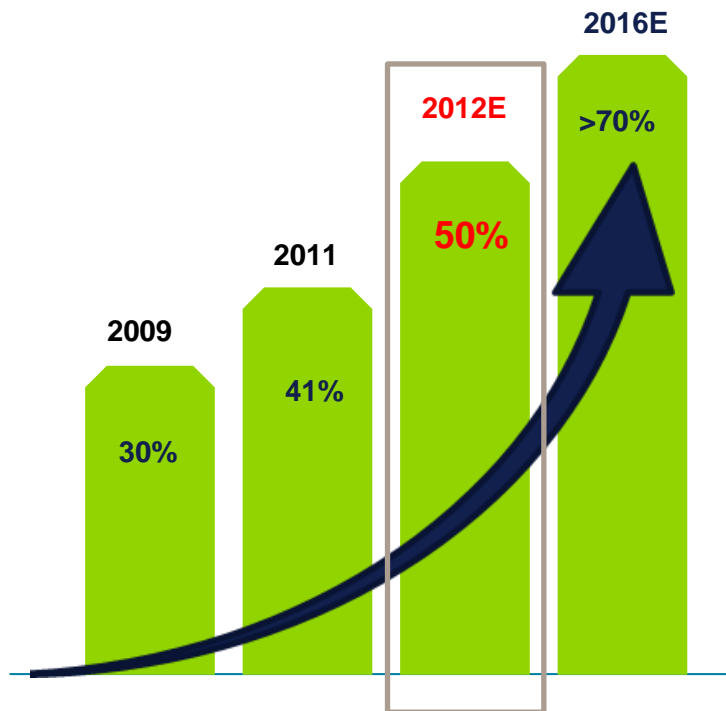
### Opportunistic deal:

- Comprocard leader in the state of Espirito Santo, a very dynamic region (oil-producing state)
- Consolidation of Edenred's leadership position in prepaid services in a strategic and fast-growing country

Balance sheet consolidated at June 30, 2012 and P&L from H2 2012

# Digital Shift – Ongoing Process

## Ongoing digital shift



## Illustration: Belgian Case

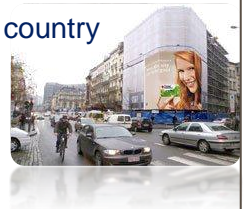


### ► Efficient and unique solution:

- Dual interface card, combining both contact and contactless technologies
- Largest affiliated network (close to 7,000 merchants)

### ► Strong sales and marketing efforts:

- Sales teams focused on rolling out of digital solutions across clients
- Multimedia campaign across the country



15% of beneficiaries signed in H1 to shift to digital  
Objective of over **20%** by year-end

**Confirmation of the target of 50% digital issue volume by the end of the year**

# H1 2012 Results

## Chapter 1



# Income Statement - Key figures

<i>In € millions</i>	June 2011	June 2012	Change reported	Change L/L <sup>(1)</sup>
<b>Issue volume</b>	<b>7,264</b>	<b>7,865</b>	<b>+8.3%</b>	<b>+9.5%</b>
Operating revenue	456	465	+1.9%	+7.3%
Financial revenue	44	46	+2.1%	+7.4%
<b>Total revenue</b>	<b>501</b>	<b>511</b>	<b>+1.9%</b>	<b>+7.3%</b>
<b>EBIT</b>	<b>167</b>	<b>170</b>	<b>+1.6%</b>	<b>+8.1%</b>
<b>Recurring profit after tax</b>	<b>96</b>	<b>101</b>	<b>+4.6%</b>	
<b>Recurring earnings per share<sup>(2)</sup> after tax (in €)</b>	<b>0.42</b>	<b>0.44</b>		

**Strong H1 results with issue volume up 9.5% L/L and EBIT up 8.1% L/L**

(1) Like-for-like: at comparable scope of consolidation and constant exchange rates

(2) Weighted average number of shares: 225,609,439 as of June 30, 2012 and 225,897,396 as of June 30, 2011

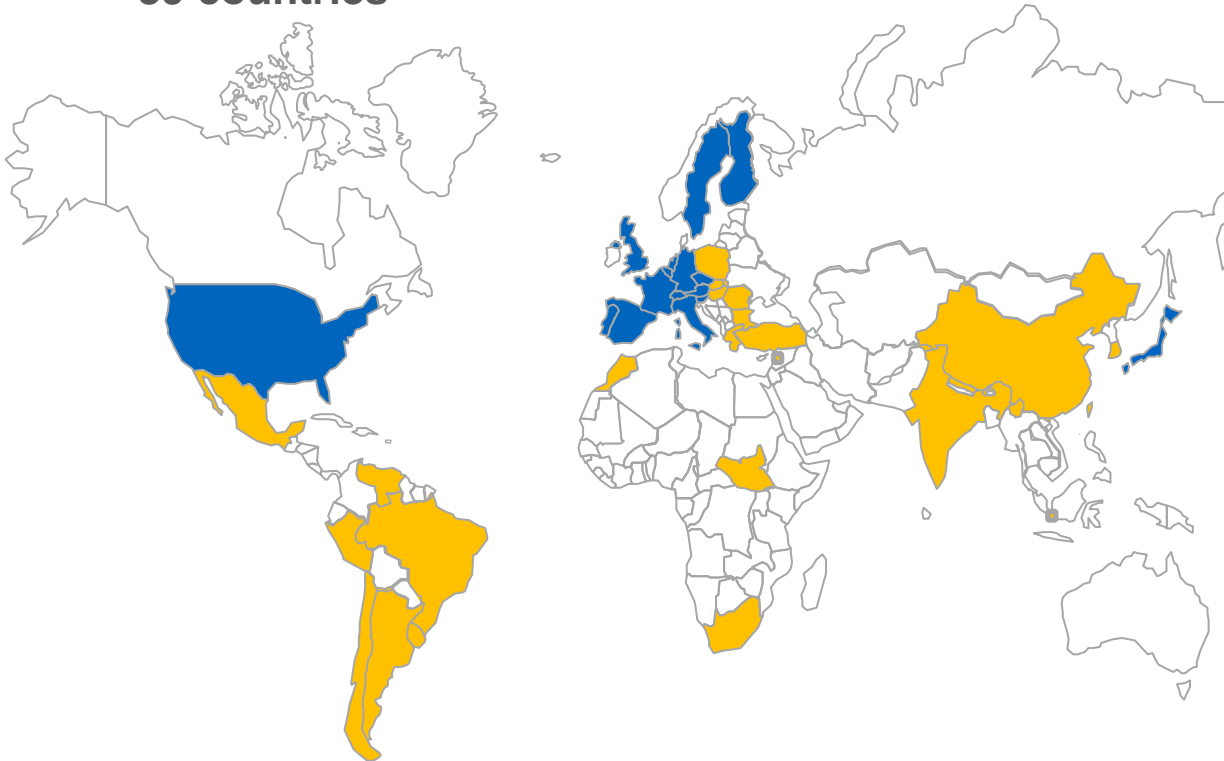
# H1 2012 Issue Volume by Type of Solution

	B2B				B2G	
	EMPLOYEE BENEFITS		EXPENSE MANAGEMENT	INCENTIVE & REWARDS	PUBLIC SOCIAL PROGRAMMES	TOTAL
	MEAL AND FOOD	QUALITY OF LIFE				
Issue volume (in € millions)	6,185	557	794	265	64	7,865
As a % of IV	79%	7%	10%	3%	1%	100%
L/L change H1 2012/H1 2011	+8%	+8%	+28%	-1%	+2%	+10%

Expense management and employee benefits solutions: very strong performance  
Incentive & rewards: a more cyclical business

# H1 2012 Issue Volume by Region

39 countries<sup>(1)</sup>



## Emerging countries

60% of issue volume



L/L Growth

## Developed countries

40% of issue volume

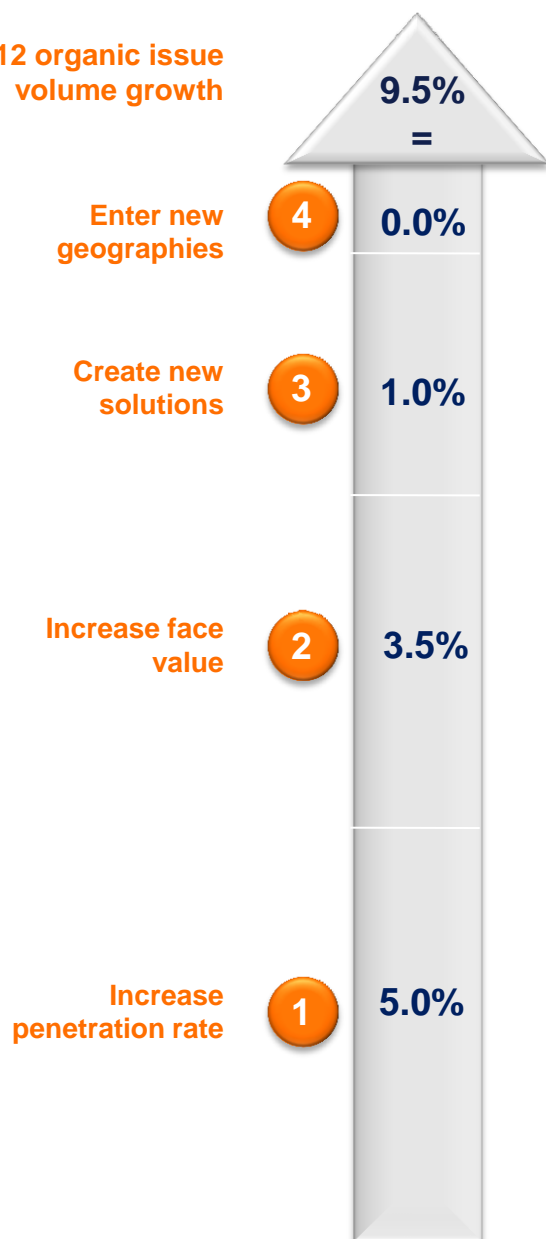


L/L Growth

**Strong momentum in emerging markets which represent 60% of Edenred's business**  
**Resilient developed markets in a tough economic environment**

# Contribution of Growth Drivers to H1 2012 Issue Volume

H1 2012 organic issue volume growth



## New geographies



- ▶ **Finland:** launch of Ticket Mind & Body® in October 2011 and Ticket Restaurant® in April 2012 with still limited impact on H1 issue volume

## New solutions



**+1.0% L/L in H1 2012**

- ▶ **Ticket Restaurante®** in **Mexico:** issue volume growth of +30.1% L/L in H1
- ▶ Strong performance of new solutions in **Spain** (Ticket Transporte®, gift and expense management cards)
- ▶ Pre-launch of **Ticket Frete®** in **Brazil** with €4m issue volume in H1

## Face value

**+3.5% L/L in H1 2012**

Ticket Restaurant®	% change in average face value	Local inflation rate
• Brazil	8.0%	6.1%
• Italy	0.6%	3.2%
• France	0.8%	2.3%

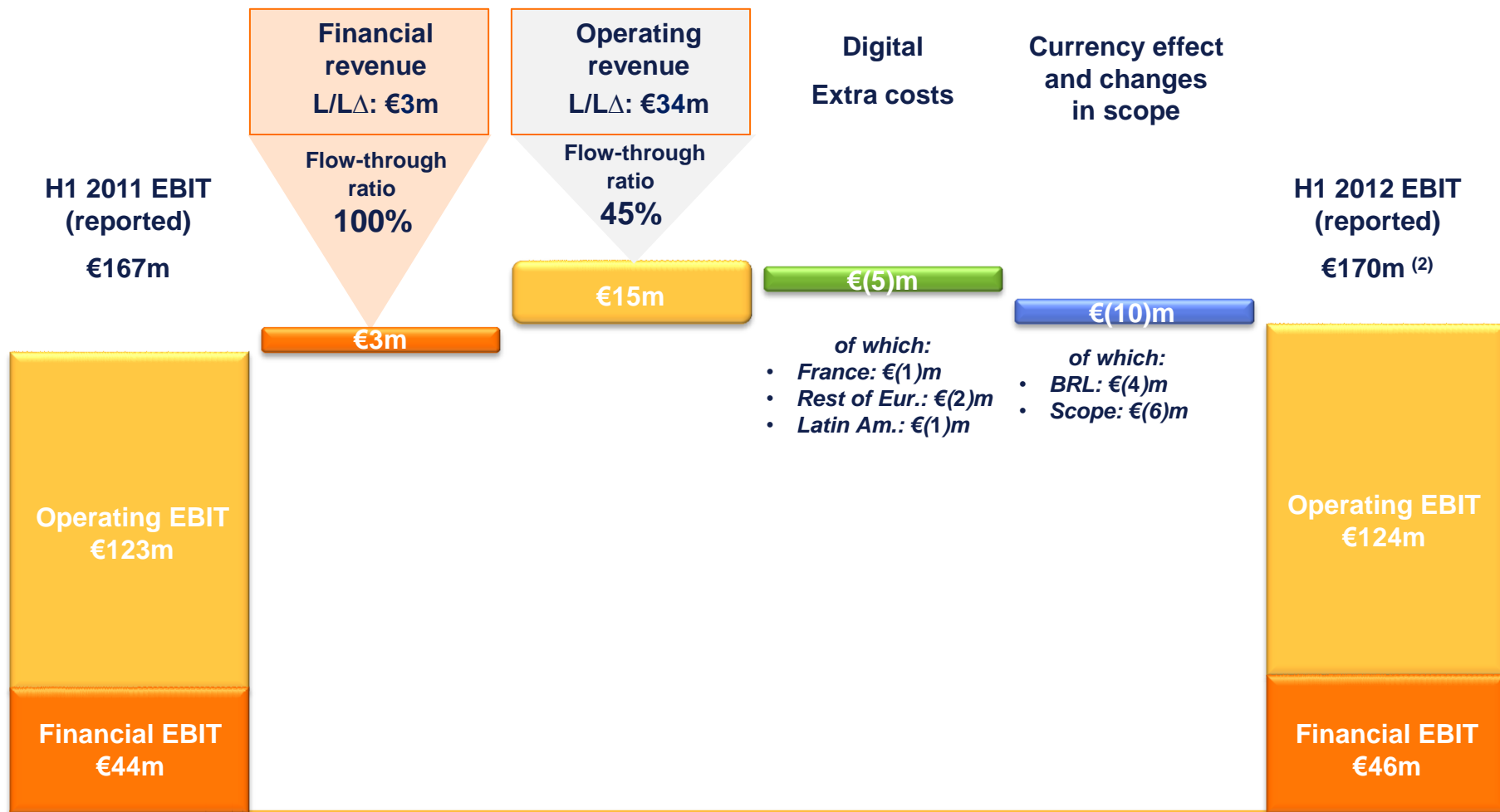
## Penetration rate

**+5.0% L/L in H1 2012**

	Penetration <sup>(1)</sup>	New contracts in nb of beneficiaries	As a % of total number
Ticket Restaurante®	• Brazil	94,670	6.5%
Ticket Restaurant®	• France	49,705	4.2%
Childcare Vouchers®	• UK	3,057	2.1%

(1) Penetration in new companies, excluding new beneficiaries under existing contracts

# Flow-through ratio<sup>(1)</sup>



**Operating flow-through ratio of 45% before extra short term digital costs**



(1) Ratio between the like-for-like change in EBIT and the like-for-like change in revenue  
 (2) Total EBIT reported in H1 2012 includes the negative impact of €5m due to the situation in Hungary

# Net Profit

<i>In € millions</i>	June 2011	June 2012
<b>EBIT</b>	<b>167</b>	<b>170</b>
Net financial expense	(23)	(20)
<b>Operating profit before tax and non-recurring items</b>	<b>144</b>	<b>150</b>
Non-recurring income and expenses, net	2	(1)
Income tax expense	(44)	(40)
Minority interests	(4)	(9)
<b>Net profit, Group share</b>	<b>98</b>	<b>100</b>
<b>Recurring profit after tax</b>	<b>96</b>	<b>101</b>
<b>Recurring earnings per share (in €)</b>	<b>0.42</b>	<b>0.44</b>

**Recurring earnings per share of €0.44, up 4.7%**

# 2012 Outlook

## Chapter 2

# H2 2012 Outlook

## ISSUE VOLUME

- ▶ Strong momentum in **Latin America**
- ▶ A challenging environment in **Europe**, due to the decrease in the number of people in work, low inflation and the situation in Hungary<sup>(1)</sup>

## OPERATING REVENUE

- ▶ Overall **stable take-up rate** by solution
- ▶ High basis of comparison for **businesses without issue volume**

## FINANCIAL REVENUE

- ▶ Financial revenue impacted by sharp decrease in market reference rates in most countries, in spite of higher volumes and longer maturities of investments

<sup>(1)</sup> Where legislation favoring local companies was introduced in the meal voucher market on January 1, 2012



# FY 2012 Guidance

**L/L Operating EBIT:**  
40% to 50%  
flow-through<sup>(1)</sup>

**Digital extra costs  
in FY 2012:**  
€10m to €15m

**L/L Financial EBIT:**  
100%  
flow-through



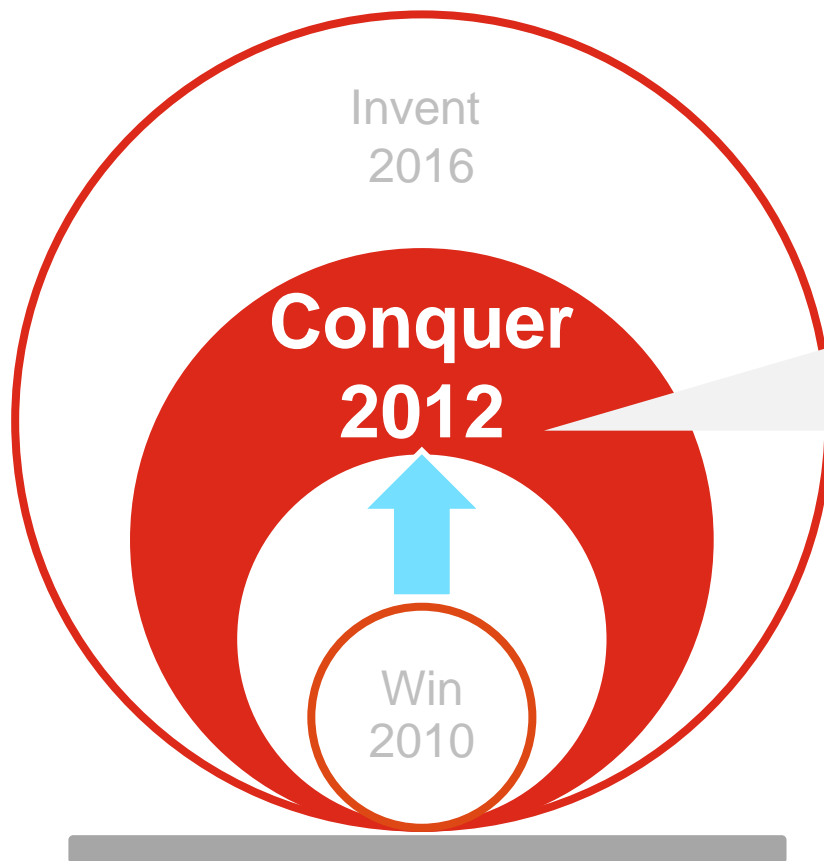
**FY 2012 EBIT target: €355m to €375m**

*(1) Flow-through ratio before digital extra costs*

# Conclusion

## Chapter 3

# On track to conquer 2012



## Organic Strategy

- **Confirmation** of our medium term target<sup>(1)</sup> on issue volume L/L growth of 6% to 14%
- **Acceleration** of new solution and new country development
  - **20 new solutions launched** out of the objective of 26<sup>(2)</sup> by year-end
  - **2 countries open** out of the objective of 6 to 8 by 2016
- **Target<sup>(1)</sup> of FFO L/L growth of more than 10%**

## Digital Strategy

- **Target of 50% digital issue volume** at end-2012

**The Group is well on track to meet its strategic and financial targets**