



Press release
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EDENRED ACQUIRES CSI

The Group enters the fast-growing North American corporate payment market

Edenred, the world leader in transactional solutions for companies, employees and merchants, has signed an agreement to acquire Corporate Spending Innovations (“CSI”), one of the leading providers of automated corporate payment software in North America. By acquiring this well-established, fast-growing and profitable fintech, Edenred is now well positioned to seize the multiple opportunities offered by the North American corporate payment market, experiencing fast-paced digitization. The acquisition, for an amount of around USD 600 million, follows on from a European partnership formed close to two years ago between the two companies. In line with the Fast Forward strategic plan, the transaction will enable Edenred to step up its development in the fast-growing corporate payment segment, enhance its digital payment technology platform and significantly increase its presence in North America.

Headquartered in Naples, Florida, CSI is one of the leading North American providers of corporate payment solutions. Capitalizing on its best-in-class, cloud-based accounts payable software, the company automates and streamlines B2B payments for its portfolio of more than 800 corporate clients, thereby facilitating payment to their 475,000 vendors. In 2018, CSI expects to manage payment volumes of around USD 11 billion and process some 900,000 transactions. CSI, as an established, profitable fintech has delivered double-digit revenue growth for several years now and forecasts adjusted EBITDA¹ of USD 26 million in full-year 2018.

Leveraging a unique digital platform to enter a large, booming market

The acquisition will enable Edenred to significantly expand its footprint in North America, where the addressable corporate payment market is USD 25 trillion², or 20% of the world total. This market is experiencing fast-paced digitization, as cash and checks still represent close to two-thirds of all B2B payments. This reliance on manual and paper-based processes results in a lack of visibility and a risk of fraud as well as costly, time-consuming invoice reconciliation. Edenred expects CSI to tackle this opportunity and achieve annual revenue growth of around 20% over the next few years.

CSI provides a unique payment automation platform that simplifies and streamlines the management of the entire accounts payable process. The solution has the additional advantage of covering all payment methods, including MasterCard and Visa virtual cards,

¹ EBITDA adjusted for non-recurring expenses.

² MasterCard investor community presentation, 2017.

ACH³ payments, procurement cards and checks. Building on a wide acceptance network of more than 475,000 vendors, and integrated with a large number of ERPs and travel booking tools via a selection of APIs, CSI's platform brings accuracy, cost-efficiency, security, easy reconciliation and real-time control to supplier payments for its clients.

After first targeting and building expertise among companies in the media, hospitality and sports & events industries, CSI is currently tackling other sectors including healthcare, insurance, telecoms and education via direct and indirect distribution channels, with a view to expanding its presence in a largely underpenetrated market.

In addition to its Accounts Payable business, CSI has also long distributed fleet cards to companies, and more recently launched a range of innovative payment solutions for corporate travel. These complementary businesses represent further growth opportunities in both North America and international markets.

A strategic acquisition, in line with the Fast Forward plan

Edenred is continuously enhancing its global technology platform to deliver safer, more efficient and increasingly innovative services to its unique ecosystem of 770,000 corporate clients, 1.5 million partner merchants and 44 million employee users. Following the launch of its corporate payment offer nearly two years ago, Edenred now provides innovative pay-out solutions. These are based on virtual card issuing as well as customized digital cash-in systems such as IATA Easypay, which is gradually being deployed in more than 110 countries, and an identified bank transfer service, rolled out for the 1.5 million clients of French real estate company Foncia.

With the acquisition of CSI, Edenred is considerably bolstering its expertise in innovative payment solutions. The Group's global footprint will also serve as a major driver in accelerating CSI's growth.

The acquisition, which is in line with the Fast Forward strategy, will enable Edenred to step up its development in the buoyant corporate payment segment and to significantly increase its exposure to the North American market.

The transaction is expected to close in early 2019. It will be accretive to Group EBIT from 2019 and to net profit, Group share from 2020.

"With the acquisition of this North American partner, which we know well, we now have many assets to become a major player in the buoyant corporate payment industry. CSI is indeed a well-established and fast-growing fintech. We are thereby accelerating the development of this business line, which will contribute to generating ever more sustainable and profitable growth for the Group, particularly in the United States," said Bertrand Dumazy, Chairman and CEO of Edenred.

Keith Stone, Founder and CEO of CSI, said: *"As one of our most valued partners, Edenred has been able to support and enhance CSI's global footprint for the past two years. This was truly a natural progression and an exciting move that will further ignite CSI's impressive growth rates. We're also very excited for what this means for our clients and employees. We look forward to*

³ Automated Clearing House, a US financial network used for electronic payments and money transfers. Also known as "direct payments," ACH payments are a way to transfer money from one bank account to another without using paper checks, credit card networks, conventional wire transfers, or cash payments or transfers.

expanding our market-leading position, innovative technology platform, and accounts payable services with the Edenred teams."

The transaction is subject to approval by the relevant competition authorities. Edenred was advised by Citi, Hogan Lovells and Deloitte.

Edenred is the world leader in transactional solutions for companies, employees and merchants, with business volume of more than €26 billion generated in 2017, of which 78% through digital formats. Whether delivered via mobile, online platform, card or paper voucher, all of these solutions mean increased purchasing power for employees, optimized expense management for companies and additional business for partner merchants.

Edenred's offer is built around three business lines:

- Employee benefits (Ticket Restaurant®, Ticket Alimentación, Ticket Plus, Nutrisavings, etc.)
- Fleet and mobility solutions (Ticket Log, Ticket Car, UTA, Empresarial, etc.)
- Complementary solutions including corporate payment (Edenred Corporate Payment), incentive and rewards (Ticket Compliments, Ticket Kadéos) and public social programs.

The Group brings together a unique network of 44 million employees, 770,000 companies and public institutions, and 1.5 million merchants.

Listed on the Euronext Paris stock exchange and part of the CAC Next 20 index, Edenred operates in 45 countries, with close to 8,000 employees.

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