

# shareholders' newsletter

NOVEMBER 2013

Dear shareholders,

It has been three years now since Edenred's stock market listing, and I wanted to take this opportunity to share with you the next step in our growth strategy, the central theme of this year's Investor Day on November 12. The multi-phase strategy reflects our determination to implement a long-term vision, while continuing to maintain high growth rates in the short term. This is the challenge of the strategic step "Invent 2016" while we have already started to explore new growth territories.

“ We intend to step up our strategy for delivering strong ”

After laying a solid foundation and successfully meeting the objectives of the "Conquer 2012" phase, we intend to step up our strategy for delivering strong, sustainable growth as part of the "Invent 2016" phase. **The higher full-year issue volume target, confirmed as 8% to 14% like-for-like growth** from 6-14% a year previously, attests to the robustness of our core business and effectiveness of our strategic vision, which is mainly being realized through the development of new solutions and the opening of new countries. By 2016, we are now committed to accelerating our deployment in the expense management market and to increasing our portfolio of services not only for clients, but also for our affiliates and beneficiaries. To successfully

lead this strategy, Edenred can count on the dedication of its 6,000 employees and its ability to leverage the new possibilities arising as its solutions transition to digital media.

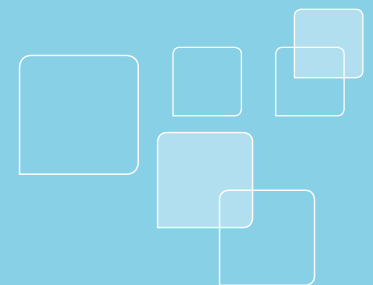
A key event covered in this latest edition of the newsletter is World Food Day, which was on October 16. On this occasion, we organized our first global initiative in favor of balanced nutrition with the launch of the Ideal meal program. As part of our corporate social responsibility, we are rallying all of our stakeholders, including clients, beneficiaries and affiliates, to improve eating habits around the world.

This newsletter also presents several end-September key figures and our full-year issue volume and EBIT targets.

On page 6, we invite you to discover our new communication media as well as our creative formats for meeting with our Financial Communications team, which will provide us with new opportunities to get to know you.

Thank you for your confidence and loyalty.

Jacques Stern,  
Chairman and Chief Executive Officer



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# > The latest figures and significant events

## SUSTAINED LIKE-FOR-LIKE PERFORMANCE OVER THE FIRST NINE MONTHS

€12.9 billion in  
issue volume:

**up 12,4%\***

The increase mainly reflects dynamic growth in Latin America (up 18.8%) and a good performance in Europe (up 4.9%).

Issue volume corresponds to the total face value of the prepaid service vouchers and cards issued by Edenred to its corporate and public sector clients. It is our key financial performance indicator.

€780 million in total  
revenue:

**up 6,7%\***

**Operating revenue with issue volume, up 9.0%**, comes from the fees paid by clients and affiliated merchants (restaurants, service stations, etc.).

**Financial revenue, down 4.7%** due to the impact of lower interest rates in most host countries, is generated by investing the float, i.e. the cash received from corporate clients for prepaid services that has not yet been reimbursed to affiliated merchants.

\* Like-for-like, i.e. organic growth excluding disposals, acquisitions and the currency effect.

## 2013 OUTLOOK

### Issue volume

Full-year issue volume target confirmed as **8% to 14%** like-for-like growth.

### EBIT

2013 EBIT target of between **€370 million and €390 million** confirmed, expected at the low end of the target range due to higher-than-expected depreciation of emerging market currencies.



Meal card in Portugal

## SIGNIFICANT EVENTS

### New solution

#### > NutriSavings launched in the United States

Edenred and SavingStar, the only national fully digital grocery savings service in the US, have formed an alliance to launch NutriSavings. A unique business solution accessible via an online platform, NutriSavings is designed to promote healthy eating among employees by offering them eCoupon savings on nutritionally balanced products. NutriSavings also helps reduce corporate healthcare expenses relating to chronic illnesses.

### Strategic alliance in Portugal

#### > Partnership with Banco Esperito Santo

The new entity created out of this alliance will be the undisputed leader of Portugal's Employee Benefits market, which is enjoying rapid growth following a recent change in the regulatory environment. Inspired by other European models, Portuguese legislation has promoted growth in the meal voucher market since early 2012. The change, which allows the government to control and target social programs more effectively, has opened up new growth opportunities in a market representing an estimated 3 million potential beneficiaries.

### Acquisition

#### > Edenred acquires OPAM, a Mexican food voucher issuer

With a portfolio of more than 1,000 clients and issue volume in excess of €140 million in 2012, OPAM is a provider of entirely digital food vouchers in the employee benefits segment. In line with Edenred's targeted acquisitions strategy, the OPAM acquisition will help deepen the Group's position in Mexico, which offers promising growth opportunities.

#### Launch of the *Ideal meal* program (see page 3)

# > A global corporate social responsibility approach

## Edenred launches *Ideal meal*

In celebration of World Food Day on October 16, 2013, Edenred presented *Ideal meal*, its corporate social responsibility approach in favor of healthy, balanced nutrition at an affordable price. The launch has brought together current initiatives in 13 of the Group's countries and is fostering a new dynamic in order to get all 40 subsidiaries involved by 2016. A global program intended for Edenred's stakeholders, *Ideal meal* relies on local actions to tackle each country's food challenges.

With the support of 6,000 employees, 610,000 companies and public sector clients and 1.3 million affiliated merchants, the Group is taking action to improve the eating habits of its 38 million beneficiaries around the world.

The purpose of the program is to promote a healthy diet in the countries where it operates to spread the principles of balanced eating to the very heart of its host communities.

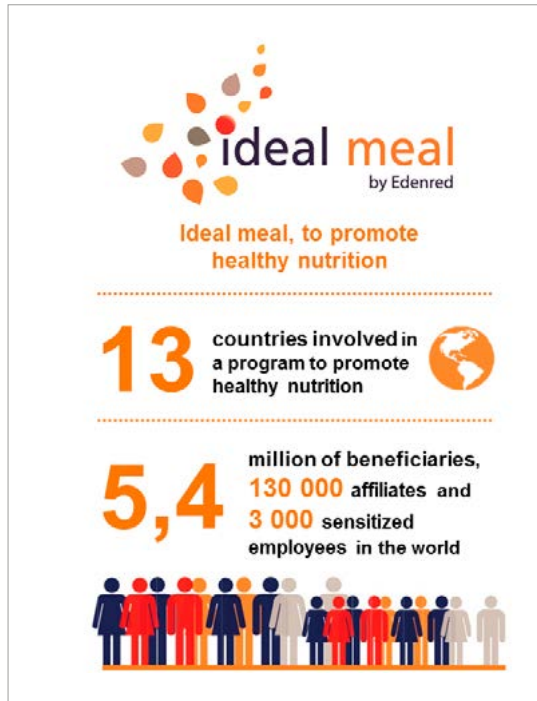
## A historic commitment linked to Edenred's core business

Edenred, which invented the **Ticket Restaurant®** meal voucher 50 years ago, has helped to spread the practice of taking a lunch break and rolled out countless initiatives promoting balanced nutrition to employees. In this context, several of its programs have reached **over 5.4 million beneficiaries and 130,000 affiliates**.

In Latin America, Edenred created the "Nutritional Balance" program in 2005 in order to fight against obesity. Developed in partnership with a committee of experts (nutritionists, restaurant industry representatives, etc.), the program is currently implemented in Mexico, Chile, Venezuela and Uruguay.

In Brazil, Edenred launched the **Avante** program in 2012 with the aim of educating and training its clients, affiliates and beneficiaries in balanced nutrition.

In Europe, the **FOOD** (Fighting Obesity through Offer and Demand) program launched in 2008 seeks to positively influence the eating habits of employees during the workday and jointly act on restaurant supply and consumer demand.



## An original program supported by employees

In order to promote its corporate social responsibility policy, Edenred is taking the original approach of asking employees in each subsidiary about their eating habits and, based on the results, drawing up action plans tailored to specific local challenges. Resources are then deployed to facilitate the implementation of these action plans. The aim is to make employees the primary ambassadors of the *Ideal meal* program.

Edenred's study on the diversity of eating habits was launched in 2013. It was conducted first in Mexico, the United States, Poland and Belgium, to find out what makes up an "Ideal" meal during employees' workdays. Referring to the results, the teams organized workshops in order to draw up local action plans intended for the Group's affiliates, clients and beneficiaries to respond to the specific food challenges of their markets. "*Ideal meal* is the main strategy line of *Ideal*, our corporate social responsibility approach, alongside *Ideal green* and *Ideal care*, our environmental and solidarity pillars. Together with our Human Resources policy and our corporate culture, *Ideal* is a major milestone for Edenred to implement our strategy," affirms Jeanne Renard, Edenred Executive Vice President, Human Resources and Corporate Social Responsibility.

# > Stepping up the Group's strong, sustainable growth strategy 1/2

When it was created in 2010, Edenred presented a multi-phase strategy. First came "Win 2010" to lay the Group's foundations, then "Conquer 2012" to put its future growth drivers into place. To succeed, 28 new solutions were brought to market and three new countries (Finland, Japan and Colombia) were opened.

## Conquer 2012

### New solutions

> Among the 28 new solutions brought to market, 20% are **blockbuster** solutions capable of potentially delivering more than €200 million in issue volume five years after launch such as the Ticket Plus® Card launched in Germany in March 2012 and the Ticket Cultura® card introduced in Brazil in September 2013.

10% are **strategic innovations** such as the NutriSavings program in the United States, designed to improve employee eating habits.



#### Ticket Plus® Card in Germany

◉ in a market of nearly 30 million employees, this solution enables companies to distribute funds dedicated to the purchase of up to €44 of staple goods per employee per month. Edenred is the market leader and already has nearly 90,000 beneficiaries.

**By 2016**, an estimated **1.2 million beneficiaries** could be using the solution.



#### Ticket Cultura® in Brazil:

◉ Edenred was the first company licensed by the government to issue this solution following publication of enabling legislation last September. In an addressable market of around 40 million employees, the card enables companies to distribute funds dedicated to the purchase of up to 50 reais (around €17) of cultural goods and services per employee per month. **By 2016**, an estimated **1.5 million beneficiaries** could be using the solution.

<sup>(1)</sup> The addressable market is the number of employees eligible for the solution according to local legislation.

### New countries

> Among the three new countries, **Japan** and **Colombia** offer, in particular, promising potential given the significant size of their markets and their low penetration rates.

Japan represents one of the Group's most promising territories for the long term, with **more than 60 million employees and a less than 1% penetration rate in the current meal voucher market.**

After 15 months in business in Japan, Edenred believes that the local market brings together all of the conditions favorable to the development of food vouchers, including a nearly ¥7,500 (around €56) tax advantage per employee per month for both the company and the beneficiary, the habit of taking lunch breaks from work, and the commitment of companies to improving the purchasing power and well-being of their employees.



# > Stepping up the Group's strong, sustainable growth strategy 2/2

As part of the "Invent 2016" phase, the Group intends to pursue this strategy, in particular by accelerating the development of expense management solutions and opening three new countries by 2016. Around 30 solutions and 10 countries are currently under consideration.

## Invent 2016

### Expense management

> Building on its expertise in Latin America, the Group believes that there are extensive growth opportunities in this still relatively unpenetrated market, which is estimated to be worth more than €1 trillion. It is therefore planning to expand in the three market segments:



◉ **Fuel & fleet management**, by capitalizing on its internal authorization platforms to **launch solutions in existing host countries**. As part of this process, the Group is committed to enriching its offering with new functionalities and to improving its solutions' positioning in heavy vehicles, as in Mexico with the Ticket Car® solution, and in light vehicles. This organic expansion will be combined with **targeted acquisitions** of specialty fuel-card issuers.



◉ **Travel & entertainment expense management**, by positioning itself in the **small and medium-sized corporate market**, with an **end-to-end offering** covering all of a company's business travel expense needs. These solutions will be developed in current host countries, at a rate of two or three countries a year. As part of this process, the **Expendia-Smart®** solution was introduced in **Italy** in late 2011 and today, it is being used by more than 400 clients. It is expected to contribute almost 35% of the growth in Italy between now and 2016.



◉ **Sector-specific expenses**, by developing solutions aligned with local needs or by acquiring specialized operators. In December 2012, for example, Edenred acquired **Repom®**, the specialized leader in the independent trucker market in Brazil for the past 20 years. Still relatively unpenetrated, this highly promising market is estimated at nearly €35 billion and is forecast to expand by more than 30% a year between now and 2016.

These three segments, which comprise the family of **expense management solutions**, are expected to represent **more than 20% of issue volume by 2016**, versus 10% at the end of 2012.

## 2016 objectives for organic issue volume growth

> Stepping up its strong, sustainable growth strategy as part of the "Invent 2016" phase has led Edenred to raise its target for organic growth in issue volume to **8-14% a year**, from 6-14% a year previously.

> In addition, the free cash flow generated by this growth dynamic will be equally allocated to the **payment of a dividend**, amounting to around 90% of recurring profit after tax and to a stepped-up strategy of targeted acquisitions.

## Exploring new growth territories

> The digital transition is opening up a whole new field of opportunities for Edenred, shaped by **more intense interaction with stakeholders** (clients, affiliates and beneficiaries) and the possibility of collecting and analyzing transaction data.

> As part of this process, the Group is exploring new growth territories that will enable it to increase its differentiation and generate new sources of volumes and revenue over the long term.

# Share performance

## Information sheet

Exchange where listed: Euronext Paris

Indexes: SBF 120, CAC Large 60, FTSE4Good and DJSI

Traded in: Compartment A

ISIN: FR0010908533

Shares outstanding: 225,897,396

Edenred has been included in the two most widely recognized ethical stock indices:

- The Dow Jones Sustainability Indices since 2013
- FTSE4Good since 2011

These indices are important indicators that guide the investment decisions of Socially Responsible Investing (SRI) analysts.

## Share performance

From the start of trading on July 2, 2010 to October 31, 2013

Opening price on July 2, 2010: €13

Closing price on October 31, 2013: €25.03

Increase in the SBF 120 index: +33%

Increase in the Edenred share price: +93%

Market capitalization: €5.7 billion at October 31, 2013

## SHAREHOLDER RELATIONS: NEW SERVICES FOR 2014

In addition to the Annual Meeting, Edenred meets with shareholders several times a year both in and outside Paris. In 2013, meetings were held in Montpellier, Lyon, Nantes and Paris. We want to expand these meetings to include other formats. That's why in 2014, we're offering:

- **Information appointments at the Edenred headquarters:** If you have a specific question and want a straight answer, the Shareholder Relations Managers will receive you at a pre-established date. Visit the [Shareholders' area](#) of our website.
- **Information breakfasts at headquarters:** If you want to learn about or better understand the Group's fundamentals, such as the specificities of its business model and indicators, its strategy or its operations, you can attend an informative breakfast meeting that will enable you to easily comprehend information released throughout the year, beginning with financial press releases and related presentations. Visit the [Shareholders' area](#) of our website.

In addition, two new information media are available in the [Shareholders' area](#) of the edenred.com website, in the Finance section as well.

- **Annual shareholders' guide:** The first shareholders' guide will be available by late May 2014.
- **Annual and interim results, as well as quarterly information:** Published financial information will be supported by the comments of the Chairman and Chief Executive Officer and the Chief Financial Officer in charge of Legal Affairs on the related presentations, in video format for the annual results and in audio format for other regularly released financial information.

Details on scheduled meetings both in and outside Paris, as well as on information breakfasts and appointments at headquarters are available in the Shareholders' area of the Finance section at edenred.com. These communication media are subject to change in response to your comments and suggestions, so don't hesitate to contact us.

**Shareholder relations contacts:** For any requests, contact the Shareholder Relations office.

 **N°Vert 0 805 652 662** Only from France

Appel gratuit depuis un poste fixe

Shareholders in France may use a toll-free number for 24/7 access to information on the share price, a summary of the latest press releases and the investor calendar. The Shareholder Relations team is also available at this number to take your inquiries in French during business hours (9 am to 6 pm CEST, Monday to Friday).

[Relations.actionnaires@edenred.com](mailto:Relations.actionnaires@edenred.com)

Send us your email address to subscribe to our shareholder mailing list and automatically receive a link to our press releases (mainly concerning the quarterly, interim and annual results) and to the Shareholders' Newsletters.

## Upcoming events

**February 12, 2014**

Full-year 2013 revenue and results

**April 15, 2014**

First-quarter 2014 revenue

**May 13, 2014**

Annual Shareholders' Meeting

**July 24, 2014**

First-half 2014 revenue and results

## FOR MORE INFORMATION

Get the latest financial news and all our publications in the **Finance and Group sections at edenred.com**

## Practical Information

To register your shares

Société Générale Securities Services

SGSS/SBO/CSS/BOC

32, rue du Champ-de-Tir - BP 81236  
44312 Nantes Cedex 3

Tel : **+33 251 856 789**  
(local rates when calling in France)

