

Shareholders' newsletter

Dear Edenred shareholder,

Edenred achieved strong, balanced growth in 2016. Our issue volume rose by 10% like-for-like, reflecting solid gains in all of our business lines – Employee Benefits, Expense Management and Incentive & Rewards – in all of the regions around the world where we deliver solutions that improve the purchasing power of individuals, enhance the efficiency of organizations and boost business for merchants on a daily basis. This was the case in Europe, in Latin America and in Asia, despite the weak economic environment in Brazil.



The performance achieved in 2016 is in keeping with our target of profitable and sustainable growth. From a like-for-like increase in revenue of nearly 8% in 2016, we boosted our EBIT by nearly 14% like-for-like to a record high of €370 million. We also increased the proportion of digital solutions by an additional 5 points to 70% of our total transaction volume, thereby further strengthening our ability to develop new solutions with even more value-added, particularly in the area of mobility.

WE ARE NOW A GLOBAL LEADER IN EXPENSE MANAGEMENT

In addition, we significantly improved cash flow generation during the year, generating a record €299 million in funds from operations before non-recurring items (FFO), representing a like-for-like increase of more than 15%.

2016 was also a big year for acquisitions in the area of corporate vehicle fleet management. Through the acquisition of Embratec in Brazil, we became the leader in this segment in Latin America. And in Europe, we have become the number two issuer of multi-brand Europe-wide solutions by increasing our stake in UTA. Managing 2.6 million fuel cards and toll solutions used to pay for more than 6 billion liters of fuel per year, we are now a global leader in expense management.

We also recently launched our first initiative in the area of corporate payments, which is destined to become an additional source of growth for the Group.

For all these reasons and more, we look to the future with confidence as 2017 gets under way. The entire management team and I are firmly committed to pursuing Edenred's transformation, in line with our Fast Forward strategic plan unveiled in October 2016.

I would like to thank you all for your support and loyalty.

BERTRAND DUMAZY, |
Chairman and Chief Executive Officer

2016 ANNUAL RESULTS

[→ PAGE 2](#)

THREE TOPICAL QUESTIONS

for the Executive Vice President, Finance

[→ PAGE 3](#)

THREE TOPICAL QUESTIONS

for the Chief Operating Officer, Expense Management

[→ PAGE 4](#)

CORPORATE SOCIAL responsibility

[→ PAGE 5](#)

SHARE performance

[→ PAGE 6](#)





2016 ANNUAL RESULTS

STRONG GROWTH IN EARNINGS. EBIT UP TO A RECORD HIGH.

> Solid like-for-like performance

- Issue volume: **€19,814 million +10.0%**
- Operating revenue: **€1,073 million +8.3%**
- Operating EBIT: **€304 million +17.3%**
- Funds from operations before non-recurring items (FFO): **€299 million +15.4%**

> Operating EBIT margin up 1.1 points to 28.3%

> EBIT at an all-time high of €370 million despite a €32 million negative currency effect

> Net profit, Group share up 1.9% to €180 million

> Net debt reduced by €49 million to €588 million

> Significant achievements in our Employee Benefits and Expense Management business lines and in the shift to digital solutions, paving the way for success with the Fast Forward strategic plan.



DIVIDEND POLICY

As part of its Fast Forward strategic plan, the Group has asserted its commitment to favor a balanced deployment of capital between investments and shareholder return, in line with Edenred's growth profile. Drawing on its strong balance sheet, tight rein on debt and sound liquidity, Edenred wishes to leverage growth opportunities in line with its goals.

This has led it to revise its dividend policy which, from now on, will aim at paying out at least 80% of net profit, Group share.

In that respect, the recommended dividend for 2016 amounts to €0.62 per share, representing a payout ratio of 80% of net profit, Group share (versus 108% in 2015). Shareholders may opt to receive the entire dividend in cash or to receive half in cash and half in shares. The dividend will be put to the vote at Edenred's Annual Shareholders' Meeting to be held on May 4, 2017.

You can read all information about Dividend and AGM from www.edenred.com, section investors-shareholders or by [clicking here](#)



THREE TOPICAL QUESTIONS

for the Executive Vice President, Finance

1

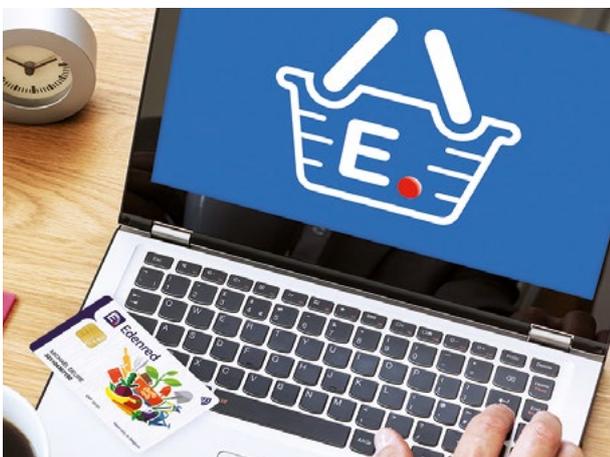
YOU ENJOYED STRONG GROWTH IN BUSINESS IN 2016.

What were the drivers?

> **Patrick Bataillard:** That's right, in fact, our operating revenue rose by more than 8% like-for-like over the year. This solid performance was primarily attributable to the 8.5% like-for-like increase in issue volume in our Employee Benefits business line (Ticket Restaurant®, Ticket Alimentacion®, Ticket EcoCheque®, etc.), which was driven by the large number of new contract wins, innovative mobile payment initiatives and new value-added services.

We also delivered a 13% like-for-like gain in operating revenue from our Expense Management business line, whose contribution to consolidated operating revenue rose sharply over the year, to 18% of the total from 14% in 2015. That was partly due to the fact that the business doubled in size in Brazil following the acquisition of the Embratic assets. Lastly, we continued to transition our solutions to paperless media, so that by year-end, 70% of total issue volume was derived from card or phone-based payment solutions.

Here are some examples to give you an idea of how much our business is going digital. In Italy, we created a very easy-to-use Ticket Restaurant® application. In France and Spain, meals can now be paid for with a smartphone thanks to the partnership with Apple Pay initiated in 2016. In Belgium, we created online payment solutions.



2

LIKE-FOR-LIKE OPERATING EBIT ROSE EVEN MORE THAN OPERATING REVENUE.

How do you explain that?

> **PB:** Yes, operating EBIT climbed by more than 17% like-for-like. Latin America contributed to the growth with a nearly 10% like-for-like gain, as operating EBIT margin remained

high despite the lackluster economic environment in Brazil, the region's biggest market.

In Europe, like-for-like growth stood at almost 24%, reflecting a significant improvement in operating EBIT margin. On a reported basis, operating EBIT still rose by nearly 12% despite the €32 million negative currency effect. By adding in financial EBIT, total EBIT ended the year at a record €370 million.

3

WHAT IS THE OUTLOOK for 2017?

> **PB:** In 2017, the Group expects to see sustained strong growth in business in Europe and roughly the same growth configuration in Latin America as in 2016.

In line with our strategic objectives, we are aiming to deliver like-for-like gains of more than 7% in operating revenue and more than 9% in operating EBIT, while continuing to generate strong cash flow, with the target of increasing funds from operations (FFO) before non-recurring items by more than 10%.



You can find Edenred's glossary of key financial terms in the Investors/Shareholders section of www.edenred.com, or by [clicking here](#)

THREE TOPICAL QUESTIONS

for the Chief Operating Officer, Expense Management

1

WHAT RESPONSIBILITIES have you been given by our Chairman and CEO, Bertrand Dumazy?

> **Antoine Dumurgier:** As part of the implementation of our new strategic plan, I was appointed to the newly created position of Chief Operating Officer, Expense Management.

As such, I'm in charge of Expense Management operations in Europe (particularly UTA and La Compagnie des Cartes Carburants) and Asia (notably Cardtrend). I am also responsible for cross-functionally overseeing our Latin American Expense Management operations (including the newly formed Ticket Log® joint venture in Brazil and our Ticket Car® business in Mexico).



their costs. And because it is under-served, it offers strong growth opportunities and shares a number of features with Employee Benefits, including high business volumes dedicated to specific needs, recurring usage and similar operating processes.

In addition, a lot of synergy is being developed through the transaction authorization platforms shared by the two business lines.

The merchant affiliation process is the same, whether they're a restaurant or a gas station. Lastly, we can offer clients cross-selling opportunities.

2

WHAT ARE THE MAIN DEVELOPMENTS in Expense Management solutions right now?

> **AD:** Our 2017-2020 plan, unveiled last October 19, leverages the Group's unique expertise in designing and managing value-added solutions within B2B⁽¹⁾ transactional ecosystems.

This means that we manage transactions between stakeholders, i.e. between our corporate clients, employee users and affiliated merchants.

Initiated more than 50 years ago in Employee Benefits like the Ticket Restaurant® voucher, this expertise has been successfully extended to Expense Management. These solutions, especially the management of corporate vehicle fleet expenses with solutions such as fuel cards, maintenance management services and toll payment solutions, represents Edenred's second growth engine.

This market is promising because it is being driven by the increase in employee mobility. It is also benefiting as companies increasingly seek to improve the management and traceability of their business expenses, while reducing

3

WHAT IS YOUR VISION for this family of solutions?

> **AD:** Traditionally, we've been a regional market leader in this family, ranking number one in Latin America, but we're also expanding in Asia and Europe:

- In Europe, with UTA, a regional provider of corporate vehicle fleet expense management solutions, whose acquisition has made Edenred the second-largest issuer of multi-brand Europe-wide solutions.
- In Asia, where Malaysia-based Cardtrend was acquired to market its fuel card program management software across Southeast Asia, particularly to local and regional oil companies. Its platform is also enabling the development of multi-brand solutions.

An addition to fleet management solutions, we also offer travel and entertainment expense management solutions, which represent a natural extension of the services we already provide to our corporate clients.

All this is strengthening our ambitious goal of becoming a world leader in corporate vehicle fleet expense management services. More specifically, this means that these operations are going to drive double-digit growth, so that we'll be managing more than 9 billion liters of fuel by 2020 (versus nearly 6 billion liters at year-end 2016) and contributing 25% of operating revenue (compared with 19% at end-2016).

⁽¹⁾ B2B : Business to Business.



CORPORATE SOCIAL responsibility

EDENSTEP, AN INTERNATIONAL PROGRAM TAILOR-MADE FOR YOUNG GRADUATES

Edenred has introduced Edenstep, a graduate program that offers talented young people a 24-month full-immersion work placement, as part of France's Volunteering for International Experience (V.I.E) program.

The selected applicants will form a class of 15 graduates who share a desire to gain solid, international work experience and contribute to the development of a company undergoing major change.

Selected graduates will participate in facing the challenges Edenred has set for itself, which are to develop an entirely digital and increasingly mobile employee benefits offering to seize the opportunities created by digital technology, become the world leader in expense management and reinvent the corporate payments market.

"We are very proud to be introducing this program, which will help Edenred attract talented young people and give them a once-in-a-lifetime opportunity," said Jeanne Renard, Edenred's Executive Vice President, Human Resources and Corporate Social Responsibility. "It's a real challenge we're setting them. They'll be integrating our teams at a time when all of our employees are involved in the Group's transformation, as part of our new Fast Forward strategic plan. Our objective is to nurture talent for Edenred's future by enabling these young people to learn about the various aspects of our company over a two-year period. In return, we ask them to be creative, be proactive and think out of the box."

Starting on September 4, 2017, 15 graduates will have the opportunity to experience, over an intense, concentrated period, positions of responsibility with the Group.

They will first attend a three-week induction course at corporate headquarters and in the field to meet Group executives and line managers. They will then be immersed in the subsidiaries, with each graduate carrying out two one-year placements in one of the 11 participating countries in Asia, Europe, North America or Latin America.

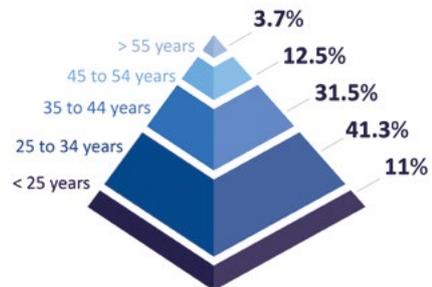
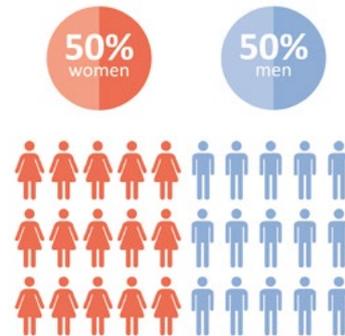
They will also be individually supported by training and mentoring during and after the program.

Find out more about the program by [clicking here](#)

KEY FIGURES FOR 2016

7,232
EMPLOYEES

of whom 52% are under 35.



Employees by region:

43% Latin America,
25% Europe outside France,
15% Rest of the world,
15% France and 2% parent company

Nearly **90%**
of employees work
in an environment that is actively involved
in a quality of work life initiative

77%
of employees
attended a training course in 2016



SHARE performance

12-month rolling period

Closing price on February 29, 2016: **€16.18**

Closing price on February 28, 2017: **€21.36**

Change in the SBF 120 index: **+12.31%**

Change in the Edenred share price: **+32.01%**

ANNUAL SHAREHOLDERS MEETING

The next Annual Meeting will be held at 3:00 pm on May 4 at the Novotel Paris Est. Registration will open at 1:30 pm.

Comprehensive information may be found in the Investors/Shareholder section on www.edenred.com by [clicking here](#)

AWARDS



> Edenred was honored for the quality of its 2016 Annual Meeting, with the panel of judges at the AGM Awards presenting the Group with the SBF 120 Award in recognition of its informative explanation of its businesses and its governance.

> The Edenred Executive Committee won the Trophée des CoDir award for its originality, digital and strategic innovation and operating procedures. As the winner, the Edenred Executive Committee was described as a builder of virtuous ecosystems. Because they generate transactions between employers, employees and merchants, these ecosystems enable the Group to manage nearly €20 billion in transactions a year.

SHAREHOLDER EVENTS



2017 opened with an invitation to a traditional French goûter (afternoon snack) in an affiliated restaurant in the Paris area. Shareholders had the opportunity to see how the restaurant was organized and to discuss the role of one of the Group's major stakeholders – affiliated merchants – in its business model. In particular, the restaurant owner noted the benefits of using paperless meal vouchers, which "save administrative time and make payments easier."

SHAREHOLDERS AREA

You can visit the online Shareholders' area by going to the Investors/Shareholders section of www.edenred.com, or by [clicking here](#). The website now features a new design that has been optimized for viewing on smartphone and tablets.



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Share details

Listed on:

Euronext Paris
Compartment A

ISIN code : FR0010908533

Shares outstanding :

233,778,150 at end-February 2017

Main indices :

SBF120, FTSE4Good, DJSI

Registered shareholder services

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Key dates in 2017

February 23:

2016 Annual Results

April 18:

Q1 2017 Revenue

May 4:

Annual General Meeting

July 25:

First-Half 2017 Results

October 13:

Q3 2017 Revenue