

Sharp increase in 2011 financial results

A strong and sustainable growth strategy

- **Sharp increase in 2011 financial results, in line with objectives:**
 - **Issue volume and revenue up 9.7%** like-for-like.
 - **EBIT of €355 million**, at the high end of the €340-360 million target range.
 - **Recurring profit after tax up 23.1%** to €203 million.
 - **Funds from operations¹ (FFO) up 20.8%** like-for-like.
 - **A solid balance sheet**, with a net cash position² of **€74 million** at end-2011.

- **Growth targets³ reaffirmed for issue volume (6% to 14%) and FFO (over 10%), in line with the Group's overall strategy to deliver:**
 - **Continued organic issue volume growth**, led by **innovation**, with the launch of 26 new solutions in 18 months, and **geographic expansion**, with the addition of one to two new countries in 2012.

 - **Faster transition to digital solutions**, with a target of 50% digital issue volume in 2012, up from 41% last year.

- **Shareholder policy focused on increasing the amount of the dividend on a recurring basis:**
 - **Recommended dividend⁴ of €0.70 per share, up 40%** on 2010, representing a payout ratio close to **80%**⁵ (versus 68% in 2010).

¹ Before non-recurring items.

² Negative net debt.

³ Normalized organic growth target for the period 2010-2016. Normalized growth is the objective that the Group considers to be attainable in a context in which unemployment does not rise.

⁴ To be recommended at the Annual Shareholders Meeting on May 15, 2012.

⁵ Total dividend as a percentage of recurring profit after tax.

2011 RESULTS

The consolidated financial statements⁶ for 2011 were approved by the Board of Directors on February 22, 2012.

2011 financial metrics

(in € millions)	2010	2011	% change	
			Reported	Like-for-like ⁷
Issue volume	13,875	15,188	+9.5%	+9.7%
Operating revenue	885	940	+6.2%	+9.2%
Financial revenue	80	92	+14.7%	+15.2%
Total revenue	965	1,032	+6.9%	+9.7%
Operating EBIT	248	263	+6.4%	+9.9%
Financial EBIT	80	92	+14.7%	+15.2%
EBIT	328	355	+8.5%	+11.2%
Operating profit before tax and non-recurring items	266	315	+18.5%	
Net profit, Group share	68	194	+185.1%	
Recurring profit after tax	165	203	+23.1%	
Recurring earnings per share (in €)	0.73	0.90		

Last year's good results reflect the dynamic performance of the Group's teams and confirm the effectiveness of the Edenred business model. After setting up the conditions to be a standalone company, Edenred reinforced its foundations in 2011, in order to generate sustainable and strong organic growth. All employees are today committed to making Edenred the referent of customers (clients, affiliates, and beneficiaries). The Group intends to fulfil this ambition by building differentiated solutions and delivering a unique quality of service.

Issue volume up 9.7% like-for-like to €15.2 billion

Issue volume totaled **€15.2 billion** in 2011, a **like-for-like increase of 9.7%**, in line with the Group's **normalized⁸ annual growth target of 6% to 14%**.

The increase reflected strong momentum in **emerging markets**. Issue volume in these markets rose 17.8% like-for-like in 2011, lifting their contribution to the Group total to 58%. The **more moderate growth in developed markets** (up 2.7% excluding non-recurring events⁹) represented a solid sales performance in a more challenging economic environment.

The year saw strong growth in **Employee Benefits** issue volume (representing 86% of the Group total), with increases of 9% for **Meal & Food Benefits** and 11% for **Quality of Life Benefits**. Growth in **Expense Management** solutions was a high 21%, while **Incentive & Rewards** issue volume was up 4%¹⁰.

⁶ The consolidated financial statements have been audited and the statutory auditors will issue their report before the registration document is filed.

⁷ Based on a comparable scope of consolidation and at constant exchange rates.

⁸ Normalized growth is the objective that the Group considers to be attainable in a context in which unemployment does not rise.

⁹ Excluding the loss of the Consip contract in Italy and the BtoC business in France, representing respectively €132 million and €33 million in 2011. Note that issuance of BtoC gift cards has been discontinued since January 1, 2012.

¹⁰ Excluding the BtoC gift business in France.

2011 issue volume by type of solution

	Employee Benefits		Expense Management	Incentive & Rewards	Public Social Programs	TOTAL
	Meal & Food	Quality of Life				
Issue volume <i>(in € millions)</i>	11,858	1,236	1,318	628	148	15,188
% of total issue volume	78%	8%	9%	4%	1%	100%
Like-for-like growth	+9%	+11%	+21%	+4% ¹¹	+1%	+9.7%

The three drivers of the 9.7% organic growth in issue volume were:

- **Higher penetration rates in existing markets**, for **5.3 points**, with 1.7 million extra beneficiaries in 2011 compared with the previous year.
- **The contribution of new solutions** in emerging and developed markets, for **0.8 points**. As an example, by the end of the year, there were some 46,000 beneficiaries of Ticket Restaurant® launched in Mexico in second-half of 2011.
- **Increased average face values**, for **3.6 points**, led mainly by inflation experienced in most Latin American countries.

Total revenue up 9.7% like-for-like to €1.0 billion

<i>(in € millions)</i>	2010	2011	% change	
			Reported	Like-for-like
Operating revenue	885	940	+6.2%	+9.2%
Financial revenue	80	92	+14.7%	+15.2%
Total revenue	965	1,032	+6.9%	+9.7%

Total revenue for 2011 amounted to **€1.0 billion**, an increase of **6.9% as reported** and **9.7% like-for-like**, comprising:

- **Operating revenue** of €940 million, an **increase of 9.2% like-for-like** that was in line with the growth in issue volume. The take-up rate¹², which reflects the conversion of issue volume into operating revenue, stood at 5.2%.
- **Financial revenue** of €92 million, **up 15.2% like-for-like**. The gain was attributable to higher interest rates in all regions and the increased float¹³ in Latin America.

¹¹ Excluding the BtoC business in France.

¹² Ratio of operating revenue (with issue volume) to issue volume.

¹³ The float corresponds to the business's negative working capital requirement.

EBIT up 11.2% like-for-like to €355 million, at the high end of the €340-360 million target range

Operating EBIT (which excludes financial revenue) rose by a strong 9.9% like-for-like in 2011 to €263 million. Underpinning this good performance, the **operating flow-through ratio**¹⁴ stripped out from the extra costs generated by the digital transition¹⁵ stood at **47%**, in line with the Group's objective of 40% to 50%.

Financial EBIT (corresponding to financial revenue) was **15.2%** higher like-for-like at €92 million.

Recurring profit after tax up 23.1%

After deducting net financial expense of €40 million, income tax expense¹⁶ of €101 million and minority interests of €11 million, **recurring profit after tax** came to **€203 million**, an increase of 23.1% from €165 million in 2010.

Net profit, Group share stood at **€194 million** for the year, compared with €68 million for 2010.

A solid financial position

The Group had net cash¹⁷ **of €74 million at December 31, 2011** as opposed to net debt of €25 million at end-2010. The ratio of adjusted funds from operations to adjusted net debt stood at 93%, corresponding to a strong investment grade rating¹⁸.

The **float** (created by a structurally negative working capital requirement) amounted to €2,343 million at December 31, 2011, an increase of €94 million from the year-earlier figure on a reported basis. The medium-term goal is to **improve the average rate of interest earned on the float**, while holding firm to the prudent investment guidelines issued by the Group in terms of counterparties and instruments. To help meet this goal, investment periods were extended in 2011, particularly in Brazil. At the year-end, 30% of the float at Group level was invested at maturities of more than one year, compared with 13% at end-2010. The average rate of interest earned by the Group was 4.3% in 2011.

The Edenred business model, which generates large amounts of cash, helped to lift **funds from operations** before non-recurring items (**FFO**) to €257 million and free cash flow to €306 million in 2011. The **20.8%** like-for-like growth in FFO was considerably higher than the Group's normalized target of over 10% a year.

¹⁴ Operating flow-through ratio: ratio between the like-for-like change in operating EBIT and the like-for-like change in operating revenue.

¹⁵ Representing €13 million.

¹⁶ Adjusted to exclude tax on non-recurring income and expenses.

¹⁷ Negative net debt.

¹⁸ The ratio of adjusted funds from operations to adjusted net debt, determined by the Standard & Poor's method, must be above 30% to maintain a strong investment grade rating.

DIVIDEND POLICY

The Group's policy consists of allocating free cash flow on a balanced basis to the payment of dividends, the repayment of gross debt and the financing of targeted acquisitions, while ensuring a solid financial situation with a strong investment grade rating. Based on this policy, the Group is aiming **to increase the amount of the dividend on a recurring basis in the coming years.**

In light of the 23.1% growth in 2011 recurring profit after tax and the proposed increase in the payout ratio close to 80% from 68% in 2010, the recommended dividend¹⁹ for 2011 will amount to **€0.70 per share, up 40% on 2010.** The dividend will be paid on May 31, 2012.

A STRONG AND SUSTAINABLE GROWTH STRATEGY

Since July 2010, the management team has involved Edenred's 6,000 employees in a **three-steps strategic process**: by setting up the conditions to be a standalone company ("Win 2010"), strengthening the Group's foundations to drive future growth ("Conquer 2012") and opening new growth territories ("Invent 2016").

The reinforcement of the Group's foundations to support strong and sustainable growth will be achieved by:

- **Pursuing organic issue volume growth in the core business, through four drivers:**

- **Increasing penetration rates** in existing markets, through the introduction of differentiated solutions backed by a unique quality of service. This should contribute 2 to 5 points of issue volume growth per year.
- **Creating new solutions.** A total of **26 solutions** will be launched between July 2011 and the end of 2012, including the high potential Ticket Frete expense management solution in Brazil and Ticket Plus Card employee benefit solution in Germany. This accelerated deployment, which demonstrates the Group's innovation capabilities, should help to contribute to 2 to 4 points of issue volume growth per year from 2013.
- **Expanding geographically.** This will contribute more gradually to organic growth, adding 1 to 2 points after 2014. Following the launch of an employee benefit solution in Finland at the end of 2011, the Group plans to enter one or two new countries in 2012 with the objective of adding 6 to 8 new countries by 2016.
- **Increasing average face values,** helped by higher inflation rates. This should add 1 to 3 points of growth.

¹⁹ Dividend to be recommended by the Board of Directors at the Annual Shareholders Meeting of May 15, 2012.

- **Accelerating the digital transition.**

The Group confirms its target of **50%** digital issue volume by end-2012 (versus 41% at end-2011) and **over 70%** by 2016.

During the **acceleration phase (in 2012)**, the target operating flow-through ratio of 40% to 50% will be affected by the extra costs generated by the transition process, estimated at around €10-15 million. **Starting in 2013**, the digital transition will have a **positive effect on margins**, with the target operating flow-through ratio rising to over 50%.

The shift to digital will enable the Group to expand its client offers and propose new value-added services to affiliated merchants and beneficiaries.

The Group reaffirms its growth objectives²⁰ of 6% to 14% for issue volume and over 10% for funds from operations.

UPCOMING EVENTS

April 18, 2012: first-quarter revenue

May 15, 2012: Annual Shareholders Meeting

July 18, 2012: second-quarter revenue

August 30, 2012: first-half results

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***Edenred**, which invented the Ticket Restaurant[®] meal voucher and is the world leader in prepaid corporate services, designs and delivers solutions that make employees' lives easier and improve the efficiency of organizations.*

Edenred solutions ensure that funds allocated by companies are used as intended. These solutions help to manage:

- **Employee benefits** (Ticket Restaurant[®], Ticket Alimentación, Ticket CESU, Childcare Vouchers, etc.).
- **Expense management** process (Ticket Car, Ticket Clean Way, Ticket Frete, etc.)
- **Incentive and rewards programs** (Ticket Compliments, Ticket Kadéos, etc.).

*The Group also supports public institutions in managing their **social programs**.*

Listed on the NYSE Euronext Paris stock exchange, Edenred operates in 38 countries, with some 6,000 employees, nearly 580,000 companies and public sector clients, 1.3 million affiliated merchants and 36.2 million beneficiaries. In 2011, total issue volume amounted to €15.2 billion, of which 58% was generated in emerging markets.

Ticket Restaurant[®] and all other tradenames of Edenred products and services are registered trademarks of Edenred SA.

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²⁰ Medium-term objective of normalized organic growth, which is the objective that the Group considers to be attainable in a context in which unemployment does not rise.