

## EBIT up 8.1% in first-half 2012<sup>1</sup>

### Strategic and financial objectives confirmed

- **Solid first-half 2012 results**, on a like-for-like basis:
  - Issue volume up 9.5% to €7,865 million.
  - EBIT up 8.1% to €170 million.
  - Funds from operations (FFO) up 14.5% to €131 million.
  
- **Performance in line with strategic objectives:**
  - **Accelerated roll-out of new solutions**, with 20 solutions launched of the 26 targeted<sup>2</sup> for year-end 2012.
  - **Initial results of the geographic expansion**, with new operations in Finland and Japan out of the targeted six to eight new countries<sup>3</sup> by end-2016.
  - **New customer gains**, thanks to a solid sales performance (900,000 new beneficiaries) and an acquisition in Brazil (100,000 new beneficiaries).
  - **Digital transition**: objective of 50% of digital issue volume by end-2012 confirmed.
  
- **Full-year EBIT guidance**: €355 million to €375 million

<sup>1</sup> Like-for-like, at constant scope of consolidation and exchange rates.

<sup>2</sup> Objective: 26 new solutions introduced over the July 2011-December 2012 period.

<sup>3</sup> Objective: operations started up in six to eight new countries over the 2010-2016 period.

At its meeting on August 29, 2012, the Board of Directors approved the consolidated financial statements for the six months ended June 30, 2012.

### First-half 2012 financial metrics

<i>(in € millions)</i>	First-Half	First-Half	% change	
	2011	2012	Reported	Like-for-like <sup>4</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>
Operating EBIT	123	124	+1.4%	+8.3%
Financial EBIT	44	46	+2.1%	+7.4%
<b>EBIT</b>	<b>167</b>	<b>170</b>	<b>+1.6%</b>	<b>+8.1%</b>
Operating profit before tax and non-recurring items	144	150	+3.8%	
Net profit, Group share	98	100		
Recurring profit after tax	96	101	+4.6%	
Recurring earnings per share (in €)	0.42	0.44		

### FIRST-HALF 2012 ISSUE VOLUME UP 9.5% LIKE-FOR-LIKE TO €7.9 BILLION

Issue volume totaled **€7,865 million** in first-half 2012, a **like-for-like increase of 9.5%** that was in line with the Group's normalized<sup>5</sup> annual growth target of 6% to 14%.

The increase was led by a very good performance in emerging countries, where issue volume rose by 15.6%<sup>6</sup> like-for-like and accounted for 60% of the first-half total. Despite the challenging economic environment, the developed markets delivered like-for-like growth of 1.4% for the period.

### First-half 2012 issue volume by solution

<i>First half 2012</i>	Employee Benefits		Expense Management	Incentive & Rewards	Public Social Programs	TOTAL
	Meal & Food	Quality of Life				
<b>Issue volume</b> (in € millions)	6,185	557	794	265	64	<b>7,865</b>
<b>% of total issue volume</b>	79%	7%	10%	3%	1%	<b>100%</b>
<b>Like-for-like growth</b>	+8%	+8%	+28%	-1%	+2%	<b>+9.5%</b>

<sup>4</sup> At constant scope of consolidation and exchange rates.

<sup>5</sup> Normalized growth is the objective that management considers to be attainable if the number of people in work does not decline.

<sup>6</sup> Up 19.1% excluding Hungary.

In the first half, the **9.5%** like-for-like increase in issue volume was led by four growth drivers:

- **Higher penetration rates** in existing markets, despite the situation in Hungary<sup>7</sup>. This accounted for **5.0%** of growth versus 4.8% in first-half 2011, reflecting dynamic markets and the solid performance by the sales teams.
- **The increase in face values**, mainly in emerging markets, for **3.5%**.
- **The creation and deployment of new solutions**, for **1.0%** of growth. In Mexico, for example, Ticket Restaurante<sup>®</sup> enjoyed a 30.1% like-for-like increase in issue volume, while the solid performance in Spain was supported by the launch of the new Ticket Transporte<sup>®</sup>, Ticket Regalo<sup>®</sup> and Ticket Corporate<sup>®</sup> solutions. Lastly, Ticket Frete<sup>®</sup> in Brazil, in the pre-launch phase, delivered €4 million in issue volume during the period.
- **Geographic expansion**, whose first-half impact was limited given the recent start-up of operations in Finland with Ticket Mind & Body<sup>®</sup> in late 2011 followed by the launch of Ticket Restaurant<sup>®</sup> in April 2012.

## FIRST-HALF 2012 TOTAL REVENUE UP 7.3% LIKE-FOR-LIKE TO €511 MILLION

### First-half 2012 revenue by type of revenue

(in € millions)	First-Half	First-Half	% change	
	2011	2012	Reported	Like-for-like
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>

**Total revenue** amounted to **€511 million** for the first half, up 7.3% like-for-like and 1.9% as reported. It comprised:

- **Operating revenue** of €465 million, up **7.3% like-for-like**. This solid performance reflected the sustained 9.3% growth in revenue with issue volume, in line with the increase in issue volume, as well as a slight decline in the businesses without issue volume<sup>8</sup>, which are less recurrent.
- **Financial revenue of €46 million, up 7.4% like-for-like**, thanks to a slight increase in the average investment rate and despite the decline in reference rates in most countries.

## FIRST-HALF 2012 EBIT UP 8.1% LIKE-FOR-LIKE TO €170 MILLION

**Total EBIT** amounted to €170 million, versus €167 million in first-half 2011, representing a gain of 1.6% as reported and of **8.1% like-for-like**.

- **Operating EBIT** (which excludes financial revenue) rose by 8.3% like-for-like to €124 million. Underpinning this performance, the operating flow-through ratio<sup>9</sup> adjusted for the extra costs generated by the digital transition stood at 45%, in line with the objective of 40% to 50%. As a result, operating EBIT margin<sup>10</sup> improved by 122 basis points like-for-like and before the digital transition costs, reflecting good control over operating costs.
- **Financial EBIT** (corresponding to financial revenue) was **7.4% higher like-for-like**, at €46 million.

<sup>7</sup> Where legislation favoring local companies was introduced in the meal voucher market on January 1, 2012.

<sup>8</sup> This revenue is primarily generated by corporate marketing and incentive consulting services, which are less recurring and generate lower margins than the other solutions.

<sup>9</sup> Operating flow-through ratio: ratio between the like-for-like change in operating EBIT and the like-for-like change in operating revenue.

<sup>10</sup> Ratio between operating EBIT (excluding financial revenue) and operating revenue.

## First-half 2012 EBIT by region

EBIT (in € millions)	First-Half 2011 <sup>11</sup>	First-Half 2012	% change like-for-like
Latin America	96	112	+17.6%
Europe <sup>12</sup>	77	67	-8.2%
Rest of the world	2	1	N/A
Worldwide structures	(8)	(10)	N/A
<b>TOTAL</b>	<b>167</b>	<b>170</b>	<b>+8.1%</b>

Operations in **Latin America** reported an excellent performance, with EBIT up 17.6% like-for-like, reflecting the region's dynamic growth. In **Europe**, EBIT growth was dampened by the additional costs of the digital transition (€3 million), the situation in Hungary<sup>13</sup> (€5 million) and changes in the scope of consolidation, primarily related to the termination of the BtoC gift vouchers business in France (€3 million).

## FIRST-HALF 2012 RECURRING PROFIT AFTER TAX UP 4.6% TO €101 MILLION

After deducting net financial expense of €20 million, income tax expense of €40 million and non-controlling interests of €9 million, **recurring profit after tax** came to €101 million, an increase of 4.6% from the €96 million reported in first-half 2011.

**Net profit, Group share** ended the period at €100 million, compared with €98 million a year earlier.

## A SOLID FINANCIAL POSITION

**Funds from operations** before non-recurring items (FFO) amounted to €131 million, versus €119 million in first-half 2011, representing a like-for-like increase of 14.5%, in line with the Group's normalized growth target of more than 10% a year.

Dividends paid during the period amounted to a total €158 million, for a payout ratio of nearly 80% of 2011 recurring profit after tax.

**Net debt** stood at €412 million at June 30, 2012, versus €338 million a year earlier. The ratio of adjusted funds from operations to adjusted net debt came to 40.5%, reflecting a strong investment grade rating<sup>14</sup>.

<sup>11</sup> In 2011, the Group changed the management fee billing system between Edenred S.A. (classified in "Worldwide structures") and its various subsidiaries. To reflect this change, €(6) million has been reclassified from Worldwide Structures to the other operating segments. These reclassifications did not have any impact on total EBIT.

<sup>12</sup> Of which EBIT of:

- €43 million in the Rest of Europe, down 17.7% like-for-like, including the €(5) million impact from the situation in Hungary.
- €24 million in France, up 14.2% like-for-like.

<sup>13</sup> Where legislation favoring local companies was introduced in the meal voucher market on January 1, 2012.

<sup>14</sup> 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.

## PERFORMANCE IN LINE WITH THE STRATEGY

Edenred is pursuing its strategic plan in four key areas:

- **The creation of new solutions**

As of end-June 2012, of the 26 new solutions planned for the July 2011-December 2012 period, 20 had been launched in Employee Benefits, Expense Management and Incentive & Rewards in both developed and emerging markets. Among these, **Ticket Frete<sup>®</sup>** was launched in Brazil in late 2011 to help independent truckers to manage their travel expenses. In first-half 2012, it generated €4 million in issue volume on around 100 new contracts, representing more than 7,000 cards, of which around 25% are active.

- **Geographic expansion**

The Group confirms its target of opening six to eight new countries between 2010 and 2016. After Finland at the end of 2011, it entered the **Japanese** market in July 2012 through the acquisition of Barclay Vouchers, the country's sole meal voucher issuer, which reported almost €100 million in issue volume in 2011. Today, thirteen countries are under review.

- **New client gains**

A large number of new contracts were won during the first half, including Banco Itaú in **Brazil** (60,000 new beneficiaries), La Poste in **France** (15,000 beneficiaries), Tata Consultancy Services in **India** (10,000 beneficiaries), dairy company Lala in **Mexico** (9,000 beneficiaries), and IT consultancy Everis in **Spain** (6,000 beneficiaries). In all, nearly 900,000 new users began enjoying the benefits of Edenred solutions over the first half.

In addition, the targeted acquisition of **Comprocard** in Brazil during the period consolidated the Group's leadership position in prepaid service vouchers in a strategic country, with 100,000 new beneficiaries and around €100 million in issue volume.

- **Digital transition**

The faster transition to digital media initiated in early 2010, particularly in Europe, is delivering results and enabling the Group to confirm that 50% of total issue volume will be digital by the end of 2012. In **Belgium** for example, where the Ticket Restaurant<sup>®</sup> card was introduced in late 2011, the shift is in particular supported by the country's vast network of around 7,000 affiliated merchants. In the first half, 15% of beneficiaries opted for the card, with the objective of reaching at least 20% by year-end.

## 2012 OUTLOOK

In the second half, business should continue to be lifted by the strong growth in Latin America, whereas Europe will experience a more difficult environment, shaped by declining numbers of people in work, low inflation and the situation in Hungary<sup>15</sup>.

The take-up rate<sup>16</sup> is expected to remain stable by solution. Growth in the businesses without issue volume, which are less recurrent, will reflect high basis of comparison.

Lastly, financial revenue will be impacted by the decline in reference interest rates in most countries, despite higher volumes and longer maturities of investments.

On this basis, assuming that the operating flow-through ratio<sup>17</sup> is within the guidance range of 40% to 50% and that the extra costs generated by the digital transition are in the region of €10 million to €15 million, **Edenred expects to report full-year 2012 EBIT of between €355 million and €375 million.**

<sup>15</sup> Where legislation favoring local companies was introduced in the meal voucher market on January 1, 2012.

<sup>16</sup> Ratio between operating revenue with issue volume to total issue volume.

<sup>17</sup> Ratio between the like-for-like change in operating EBIT and the like-for-like change in operating revenue.

## CONCLUSION

Edenred is well on the way to meeting the normalized objectives<sup>18</sup> in its 2010-2016 strategic plan:

- **Delivering like-for-like growth** of between **6% and 14%** in issue volume and of **more than 10%** in funds from operations. To drive strong and sustainable growth, the Group is focused on accelerating the launch of new solutions, as part of an innovation-led strategy, and on expanding its geographic footprint, as demonstrated by the start-up of operations in Finland and Japan.
- **Accelerating the digital transition**, with the goal of generating **50%** of digital issue by the end of the year and more than **70%** by end-2016, in order to increase the scope for long-term growth.

## UPCOMING EVENTS

October 17, 2012: Third-quarter 2012 revenue

February 13, 2013: 2012 results

---

*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 Cleanway, 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 39 countries, with nearly 6,000 employees, close to 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 programs and services are registered trademarks of Edenred S.A.

## Contacts

### Media relations

Anne-Sophie Sibout, Media Relations Director - Phone: +33 (0)1 74 31 86 11 – [anne-sophie.sibout@edenred.com](mailto:anne-sophie.sibout@edenred.com)

Anaïs Lannes, Media Relations Officer - Phone: +33 (0)1 74 31 86 27 – [anaïs.lannes@edenred.com](mailto:anaïs.lannes@edenred.com)

### Investor relations

Virginie Monier, Financial Communications Director – Phone: + 33 (0)1 74 31 86 16 – [virginie.monier@edenred.com](mailto:virginie.monier@edenred.com)

---

<sup>18</sup> Normalized growth is the objective that management considers to be attainable if the number of people in work does not decline.