

shareholders' newsletter

MARCH 2013

“ Dear shareholders,

This latest edition of our newsletter offers me the pleasure of presenting our 2012 results, whose improvement once again demonstrates our commitment to driving strong, sustainable, responsible growth. For example, the like-for-like gain in issue volume, our main financial indicator, stood at 10.1%, or nearly €17 billion, of which 61% was derived in emerging markets. As you know, our business model is based on volume, which plays a powerful – and essential – role in generating cash flow.

Like the other results discussed below, this key figure underscores the dedication of our 6,000 employees to meeting the announced strategic objectives. The first of these was to “Win 2010” by setting up the necessary resources to thrive as a standalone company. The second was to “Conquer 2012” by putting our future growth drivers into place. And in fact, 2012 was a decisive year, both in terms of deploying new solutions and opening new countries and in terms of accelerating the digital transition.

With this phase successfully completed, we are now focusing on the new horizon, where we will “Invent 2016”. This phase is about developing integrated solutions for companies, accelerating our deployment in the fast-growing expense management market and inventing new services for employee beneficiaries and affiliated merchants. I will have the opportunity to speak more about these new growth paths in the future.

For now, our solid financial performance, in line with targets, has enabled us to recommend a 17% increase in the dividend to €0.82 per share. You will be asked to approve the increase at our next Annual Meeting, on May 24.

Thank you for your confidence and loyalty. ”

Jacques Stern,
Chairman and Chief Executive Officer



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2012 results and significant events

● **SOLID RESULTS FOR 2012...**

€16.7 billion in issue volume:

up 10.1%* Issue volume corresponds to the total face value (such as the monetary value of a Ticket Restaurant® voucher) of the prepaid services provided to corporate and public sector clients. It is our key financial performance indicator.

€1.1 billion in revenue:

up 7.3%* **Operating revenue**, which comes from the fees paid by clients and affiliated merchants (restaurants, service stations, etc.), amounted to €976 million in 2012. **Financial revenue**, which totaled €91 million in 2012, 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.

Together operating revenue and financial revenue make up our total revenue, which stood at €1.1 billion for the year.

€367 million in EBIT:

up 8.7%*

€282 million in funds from operations (FFO):

up 13.4%* This indicator measures the generation of cash flow.

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

● **... IN LINE WITH TARGETS**

Issue volume target:

6% to 14% like-for-like growth.

EBIT target:

€355 million to €375 million.

Funds from operations target:

at least 10% growth like-for-like over the year

Conquer 2012

strategic phase successfully completed by:

- Launching 28 solutions since July 2011, compared with the targeted 26 for the July 2011 to December 2012 period.
- Opening three new countries since 2010, out of a targeted six to eight between 2010 and 2016.
- Shifting 51% of issue volume to digital media, compared with a targeted 50% at end-2012 and more than 70% by 2016.

RECENT SIGNIFICANT EVENTS

Introduction of new solutions

> Edenred France launches the Ticket Kadéos® Universel gift card

In November 2012, Edenred introduced Ticket Kadéos® Universel, an innovative solution that represents France's first universal gift card. Backed by MasterCard's international network, the prepaid gift card is a way for companies to increase employee motivation, thereby improving the performance of their sales networks. Reloadable by the company, the card is accepted at 32 million merchants in France and abroad.

> Launch of Ticket Cultura® in Brazil

The leader in the Brazilian service voucher market, Edenred announced in January 2013 that it was launching Ticket Cultura®, the first card that enables company employees to purchase cultural goods and services. Lifted by a buoyant economy and the recent favorable legislative change, Ticket Cultura® is creating new growth opportunities for Edenred.

Acquisitions

> Start-up of operations in Colombia, our 40th host country

Edenred announced in February 2013 that it was beginning operations in Colombia with the acquisition of Big Pass, a major local player in the employee benefits market. The transaction was in line with the Group's strategic focus on geographic expansion.

> Acquisition of the Brazilian market leader in services for independent truckers

In December 2012, Edenred announced that it had acquired a 62% stake in Repom, the Brazilian market leader in expense management solutions for independent truckers. The transaction, which was aligned with our targeted acquisition strategy, will enable us to drive faster growth in a high-potential market.

Already present in the integrated fleet management segment with Ticket Car®, Edenred is the only provider to cover all segments of the Brazilian transportation market.

Edenred, a global company leading the digital future

One of the major developments of our times is the growing digitization of services. Because they eliminate costly, cumbersome management processes, digital transactions are increasingly appreciated by our corporate clients and affiliated merchants. As a result, we are driving a steadily faster shift to paperless solutions (mainly cards), with digital issue volume rising to more than 50% of the total at year-end 2012 from 30% in early 2010.

The inventor of the Ticket Restaurant® meal voucher in France, Edenred has introduced the voucher concept in 30 countries in compliance with local tax legislation. Our first digital food vouchers were launched in Argentina and Mexico at the start of the 2000s, and today, 81% of issue volume in Latin America is digital.

Since then, other countries – such as Turkey and recently Belgium – have opted for these new media. In France, we are impatiently awaiting the outcome of the current consultation process to introduce an electronic version of the Ticket Restaurant®.

The new solution will leverage our long-standing expertise in using in-house platforms to authorize and verify transactions and manage reimbursements. Deployed in Latin America and Europe, these key links in the electronic value chain are core components of our digital offering for several reasons: they make us more responsive in devising personalized, on-demand solutions, they enable us to invent new services and they allow us to pool development costs.

With the deployment of digital solutions a core driver of our strategy, we are exploring a myriad of media and channels, including cards, online applications and smart-phones. Here are three examples:



> In the area of Employee Benefit Solutions, the “Buono Pasto Mobile” application unveiled in Italy in October 2012 allows users to pay for lunch with their **smartphone**. Developed in partnership with three companies and a prestigious university, the breakthrough innovation can also be used to get nutritional advice, count calories and play games.



> In Latin America, Edenred offers two prepaid **card** solutions that facilitate the expense management process: Ticket Car® since the 2000s and Repom launched in 2012. The first lets Brazilian, Chilean, Argentine and Mexican companies track fuel purchases and maintenance costs in order to reduce fraud and administrative expenses. The second enables the Brazilian government to keep track of travel expenses incurred by transportation companies and independent truckers as part of its objective of collecting €4 billion in additional tax revenue. In both programs, the advantage for beneficiaries is not having to pay expenses out of their own pockets and claim reimbursements.



> In November 2012, Edenred France launched Ticket Kadéos® Universel, a gift card designed for the incentives and rewards market. The prepaid card can be redeemed both in-store and **online**, as well as, for the first time, in countries other than France, hence the name “universal”.

Thanks to a corporate culture combining long-standing expertise and innovation, Edenred is well on its way to shifting 70% of issue volume in prepaid corporate services to digital media by 2016.

3 topical questions for an Executive Committee member



1 What do Edenred's 2012 key indicators tell us?

Loïc Jenouvrier : That the Group is in good health thanks to further growth in earnings and cash flow! All of our leading indicators are flashing green, especially issue volume, which rose by 10.1%. This key operating performance indicator enjoyed solid growth in each of our solution families.

Despite being our most mature business and representing 85% of total issue volume, Employee Benefits continued to expand, with gains of 9.3% in Meal & Food Benefits and 5.5% in Quality of Life Benefits. The more recent Expense Management business had a particularly robust year, with issue volume climbing by more than 24%.

These figures reflect the contribution from three issue volume growth drivers during the year: the 5% improvement in the penetration rate⁽¹⁾ in existing markets thanks to new client wins; the 3.7% increase in face values, primarily in emerging markets; and the 1.4% increase from the creation and deployment of new solutions.

Concerning this last driver, it's important to mention the major contribution from the Mexican Ticket Restaurant® solution launched in 2012 and from three employee benefits solutions introduced in Spain: Ticket Transporte®, which allows employers to finance part of their employees' public transport pass cards; the Ticket Regalo® gift card and Ticket Corporate®, a prepaid card that supports the management of fuel, accommodations, meals and other business expenses.

2 How are your operations doing in the developed countries and emerging markets?

In the developed markets, we are seeing moderate growth in issue volume in a challenging economic environment.

Excluding Hungary, issue volume continued to improve in 2012, by 2.4%. But it's the emerging markets that are delivering steady double-digit growth. Spearheading this momentum is Latin America, where issue volume rose by more than 21% last year.

This sustained performance primarily reflects the very robust growth in Brazil, where food/restaurant vouchers and the Ticket Car® solution are developing at a similar pace. Bear in mind that emerging markets account for the largest share of issue volume, at 61% in 2012.

3 What is the growth outlook for the years ahead?

Before talking about our business prospects, I'd like to say a word about the fundamentals of our strong, sustainable growth strategy. First, we stepped up deployment of the new solutions, setting ourselves a year-end 2012 target of 26. Initiated in July 2011, this marketing dynamic has delivered very positive results, with a total of 28 new solutions brought to market by the end of 2012, which will soon contribute an additional 2% to 4% in issue volume growth.

At the same time, we are continuing to expand geographically, with the goal of opening six to eight country markets between 2010 and 2016 that we believe will contribute 1%-2% to issue volume growth over the medium term.

Remember, we have already added three new countries: Finland with the launch of an employee benefit solution in 2011, Japan with an acquisition in 2012 and Colombia with a new acquisition in 2013.

In response to an earlier question, I already mentioned the penetration rate, which contributes 2% to 5% of annual growth, and face value, which accounts for 1% to 3% per year. Taken together, these four operational drivers represent a **normalized target for like-for-like growth in issue volume⁽²⁾ of 6% to 14% a year**. Furthermore, our ongoing strategy of targeted acquisitions offers another source of issue volume growth.

Lastly, the growth in issue volume is generating higher **funds from operations** before non-recurring items, which rose by more than 13% in 2012. This is an indicator of our cash generating capacity, and is also one of our growth objectives, with a target of **more than 10% a year**.

These positive prospects not only reflect our business model designed to drive recurring growth, they are also aligned with our shareholder policy, which is to steadily raise the dividend in value year after year. That's why we will recommend that shareholders approve a 17% increase in the dividend at the Annual Meeting next May 24.

⁽¹⁾ The penetration rate is defined as the ratio between the number of beneficiaries of a service voucher and the eligible active population, which depends on the applicable regulations in the country concerned.

⁽²⁾ Normalized growth is the objective that the Group considers to be attainable in a context in which unemployment does not rise.

Corporate Social Responsibility

Our corporate culture

Edenred is an ongoing adventure shared by 6,000 employees committed to transforming their company. As they continue to write our success story, they are supported by our strong corporate culture, built on passion, enthusiasm

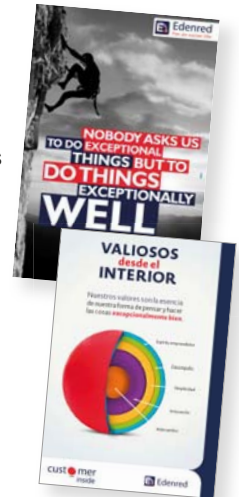
Our “Customer Inside” management philosophy

The “Customer Inside” approach is designed to make Edenred, by 2016, the preferred partner of all its “customers” – Affiliated Merchants, Beneficiaries, Clients, Employees, Shareholders and Public Authorities. On the job, this management philosophy is inspiring every employee in every business to strive for operational excellence and to create “customer” value.

While global in scope, the philosophy is local in application, in seamless alignment with each country’s specific culture, size, structure and history. Its deployment is being supported by extensive resources now in place at both the Group and country levels:

and entrepreneurship and enriched by the multicultural diversity of people in 40 different countries. Thanks to these deep local roots, we can get closely involved in our host communities and listen carefully to client needs.

- > Management training courses, because managers are the primary vectors for instilling this corporate vision.
- > Key principles distributed to every team (see examples opposite).
- > Aligned human resources policies.
- > “Customer Inside” integrated into our operating processes.



The global “Best Place to Work” process



Convinced that motivated employees working in a quality environment are more productive, Edenred is encouraging all of its subsidiaries to earn local quality-of-worklife certification by 2016. We are committed to nurturing the right condi-

tions for developing motivation so that everyone, regardless of his or her job and skills level, can do their very best. Today, 50% of employees in 10 countries already work in an accredited environment attesting to the quality of worklife. Ten other country organizations are in the process of being certified.

Sustainable development at Edenred

In 2012, Edenred formally outlined its approach to corporate social responsibility in the “Ideal” program, which comprises three priority avenues to progress:

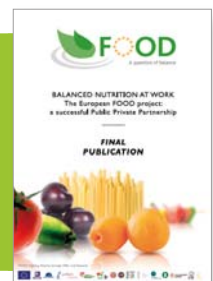
- > The major avenue concerns healthy eating, which is a core concern of our business. With “Ideal Meal”, Edenred wants to facilitate access the healthy nutrition among our stakeholders in every subsidiary. Six million consumers, 130,000 affiliated restaurateurs and food stores and nearly 3,000 employees in 13 countries in Europe and Latin America have been educated in the principles of a healthy diet.
- > The second avenue to progress is to limit the environmental impact of our day-to-day operations. “Ideal Green”

covers all of the local initiatives undertaken in this area. The ongoing replacement of paper vouchers with electronic solutions is helping to shrink our impact on paper resources. At the same time, more and more subsidiaries are adopting eco-friendly solutions for producing paper vouchers. Edenred France, for example, uses fully recycled, FSC-certified paper for all of its vouchers.

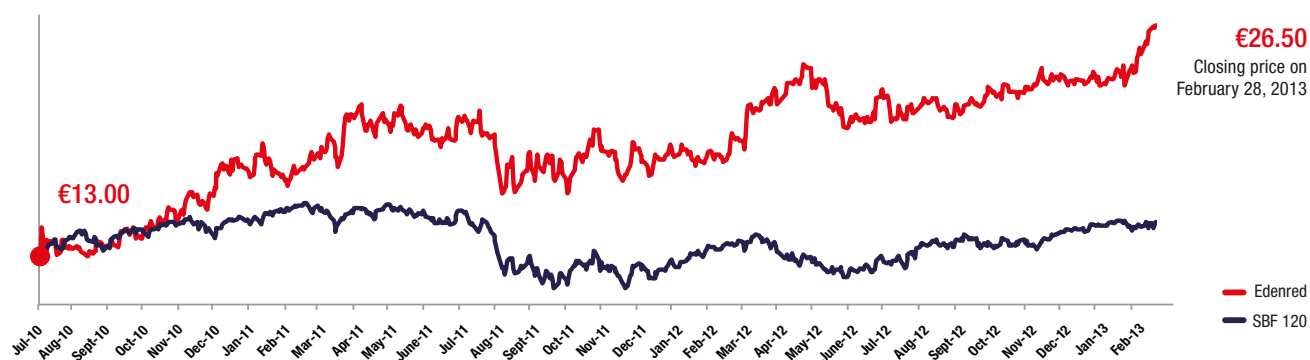
- > The third avenue is to support local community development through «Ideal Care» initiatives. In 2012, Edenred employees again took part in community outreach projects, dedicating a total of 470 person-days to philanthropic initiatives and assisting more than 300 associations in every host country.

A closer look at the “Ideal Meal” program !

The “Ideal Meal” program encourages each subsidiary to deploy its own projects to make it easier for stakeholders to enjoy “balanced meals at affordable prices.” While these initiatives are tailored to the local environment and nutritional issues, they are all designed to make a tangible impact on stakeholder eating habits, as measured by dedicated indicators. The Ideal Meal dynamic is now being sustained by a large number of ongoing projects, including the FOOD program in Europe, the Nutritional Balance program in South America, the Pausa Mediterranea initiative in Italy and Avante in Brazil.



SHARE PERFORMANCE From the start of trading on July 2, 2010 to February 28, 2013



Opening price on July 2, 2010: **€13.00**

Increase in the SBF 120 index: **+16%**

Increase in the Edenred share price: **+104%**

Listed on NYSE: **Euronext Paris** (included in the SBF 120 and CAC next 60 indices)

Traded in: **Compartment A**

ISIN: **FR0010908533**

Shares outstanding: **225,897,396**

Market capitalization: **€6 billion** at February 28, 2013

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.: 02 51 85 67 89 (local rates when calling in France)

Investor relations contacts

For any requests, please contact Relations the Shareholder Relations office

N° Vert 0 805 652 662 Only from France

Appel gratuit depuis un poste fixe

VShareholders 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 can be accessed 24/7. The Shareholder Relations team is also available at this number to take your inquiries during business hours (9 am to 6 pm CEST, Monday to Friday).

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).

UPCOMING EVENTS

April 16, 2013

First-quarter 2013 revenue

May 24, 2013

Annual Shareholders' Meeting

July 24, 2013

First-half 2013 revenue and results

October 16, 2013

Third-quarter 2013 revenue

FOR MORE INFORMATION

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

MEETINGS WITH SHAREHOLDERS

Meetings are regularly organized for shareholders in France. If you wish to receive an invitation, please send us your address details.

September 26, 2013 Montpellier

October 3, 2013 Lyon

December 5, 2013 Paris

As dates and events are subject to change, we suggest that you check the edenred.com website (Finance section, Shareholder area) for any updates.

