Edenred

shareholders' newsletter

MARCH 2014

Dear shareholders,

2013 was another year of strong organic growth, in line with the operational objectives we announced back in 2010. Issue volume, for example, rose by 11.8% like-for-like, well within our annual target range of 8% to 14%, while funds from operations increased by more than 11.5%, compared with an annual target of at least 10%. Management performance was also good, with the operating flow-through ratio standing at more than 50% for the year. In addition, we pursued our expansion by deploying new solutions and opening new countries, which contributed around 2.2% to organic growth. We also continued to pursue an active acquisitions strategy to strengthen our positions in existing markets and create new growth opportunities.

"2013 was another year of strong organic growth"

Despite robust organic growth and a wide array of development initiatives, reported performance for the year was more mixed, due to depreciation of emerging market currencies, particularly the Brazilian real and Venezuelan bolivar, against the euro. In all, these currency effects reduced reported EBIT by €67 million in 2013.

Confident in our ability to meet the growth objectives of our "Invent 2016" strategy, I would like to recommend, on behalf of the Board of Directors, that at the Annual Meeting on May 13 you approve the payment of a dividend of €0.83 per share, corresponding to 96% of recurring profit after tax (€193 million). Half of the dividend will be paid in cash. You may opt to receive the other half in cash or reinvest it in new shares at a 10% discount.

More than ever, I am convinced that the teams' dynamic approach to innovation and business development will play a key role in generating strong and sustainable growth.

Thank you for your support and loyalty.

Jacques Stern,
Chairman and Chief Executive Officer

2013 results
and recent events

SUSTAINED IMPROVEMENT IN LIKE-FOR-LIKE[1] 2013 RESULTS

€17.1 billion in issue volume **up 11.8%**

Issue volume, our key financial indicator, 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. Its growth is discussed on pages 3 and 4.

€1.0 billion in revenue **up 6.7%**

(see description, page 4)

Operating revenue rose by 7.7% to €950 million, reflecting the solid 9.2% gain in the businesses with issue volume, led by Latin America (up 14.3%) and Europe (up 2.9%).

Financial revenue declined by 3.7% to €80 million, impacted by the lower interest rates in most countries. It was stable in the fourth quarter (down 0.6%), helped by less unfavorable prior-year interest-rate comparatives and the growth in issue volume.

€343 million in EBIT **up 10.9%**

RESULTS IN LINE WITH ANNUAL ORGANIC[1] GROWTH TARGETS

Issue volume target

8% to **14%** growth.

Operating flow-through ratio target[2]

More than 50%. This indicator measures how much of the growth in operating revenue flows through to EBIT. For example, an operating flow-through ratio of 50% means that every additional €1.00 in operating revenue increases EBIT by €0.50.

Funds from operations target

At least **10%** growth over the year.

A SOLID FINANCIAL POSITION

€262 million in funds from operations, the indicator measuring how much cash a business generates.

€335 million in free cash flow.

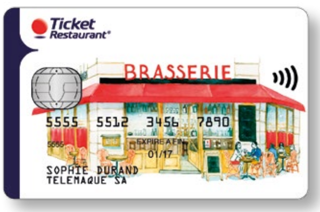
1. Organic or like-for-like figures exclude the impact of disposals, acquisitions and changes in exchange rates.
2. Flow-through ratio: ratio between the like-for-like change in operating EBIT and the like-for-like change in operating revenue.

THE DIFFERENCE BETWEEN ORGANIC AND REPORTED RESULTS

Organic or "like-for-like" growth attests to our ability to develop our business. Reported growth also takes into account both changes in scope of consolidation (disposals and acquisitions) and currency effects over the year. In 2013, the depreciation of emerging market currencies, particularly the Brazilian real and Venezuelan bolivar, led to a negative currency effect that reduced EBIT by €67 million.
This explains why EBIT grew by a strong 10.9% on an organic basis year-on-year, but declined by 6.4% on a reported basis (taking into account the currency effect).

RECENT EVENTS

Edenred launches the Ticket Restaurant® card in France



> Following the publication of the decree enabling the digitalization of meal vouchers in France, on March 07, 2014, Edenred, the inventor of Ticket Restaurant® meal voucher and the world leader in the Employee benefits market, announces the launch of the Ticket Restaurant® card.

Acquisitions

> In December 2013, Edenred announced the acquisition of Nets Prepaid in Finland. Following the launch of our meal and recreational benefits in the country in 2011, the acquisition has made Edenred the local market leader in Employee Benefits. In 2012, Nets Prepaid reported issue volume of more than €200 million.

> In January 2014, Edenred acquired the client portfolio of CBA Bonus in Brazil, a provider of food card and meal card solutions, thereby strengthening its position in the local Employee Benefits market. In 2013, CBA Bonus reported issue volume of approximately €70 million.

Three topical questions for the Chief Financial Officer

1 What do Edenred's 2013 key indicators tell us?

Loïc Jenouvrier : They show a solid improvement in like-for-like 2013 results, illustrated above all by the 11.8% increase in issue volume. This key operating performance indicator grew at a sustained pace in all our families of solutions (see page 4). In the Employee Benefits business, which accounted for 83% of consolidated issue volume, Meal & Food benefits rose by 11.7% and Quality of Life benefits by 9.2%. Expense Management solutions, which accounted for 12% of the total, saw another year of robust growth, at more than 17%.

This organic growth in issue volume was driven by three main factors - new client gains, which contributed more than 5%, increased face values, with more than 4%, and new solutions, at more than 2%. In addition, reported growth was supported by targeted acquisitions, which added more than €500 million in issue volume.

Loïc Jenouvrier,
Chief Financial Officer
in charge
of Legal Affairs

2 How are our operations in Latin America and Europe faring on a like-for-like basis?

L.J. : Operations in Latin America, which accounted for 53% of our total issue volume, delivered a very good sales performance, with a nearly 17% increase over the year, led by the two families of solutions mentioned above.

Europe, which contributed 44% of issue volume, also enjoyed a dynamic year, with growth of nearly 6%. There were significant new client gains in a large number of countries, in particular with the **Ticket Restaurant®** solution, which advanced, for example, by 4.1% in France and 4.4% in Belgium. Growth in Europe was also boosted by the development of meal vouchers in Portugal following a favorable change in local legislation.

3 What was the impact from the fluctuations in currencies of emerging countries last year?

L.J. : Exchange rate movements had an unfavorable impact in 2013, mainly reflecting the 14.3% decline in the Brazilian real against the euro over the year and the change in the Venezuelan bolivar fuerte exchange rate from VEF 6.3 to VEF 11.3 to the dollar. In plain terms, this reduced our reported EBIT by €67 million. This was primarily a matter of translation adjustments, because our revenue and costs, as well as the income from investing our float*, are recorded in the local currency.

The important thing to remember is the ability of our business model to generate free cash flow, which totaled €335 million in 2013. Of this, €237 million was paid out to shareholders, mainly through the dividend policy. The remainder was dedicated to our acquisitions strategy, which will help to drive further growth in our earnings over the medium and long terms.

* An aggregate reflecting the unique nature of our business, the float corresponds to service vouchers in circulation less trade receivables.

Meal voucher card in Belgium

Edenred's profile at the end of 2013

6,000 employees

40 countries

Nearly 640,000 client companies

1.4 million affiliated merchants

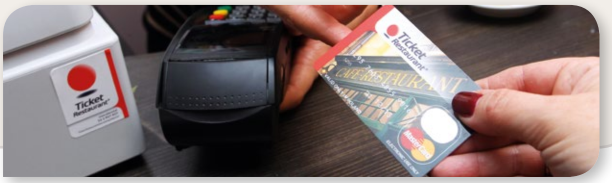
40 million employee beneficiaries

Edenred, which invented the Ticket Restaurant® meal voucher and is the world leader in prepaid corporate services, designs and manages solutions that improve the efficiency of organizations and the purchasing power of individuals.

By ensuring that allocated funds are used specifically as intended, these solutions enable companies to more effectively manage their:

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

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

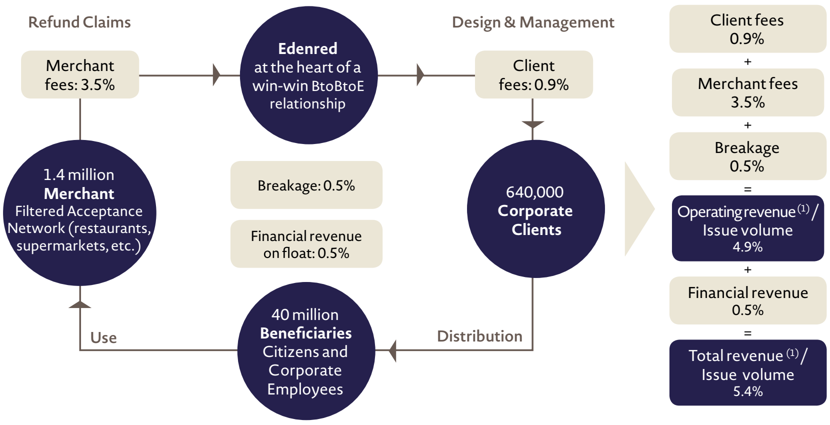


FROM SOLUTIONS **TO REVENUE...**

Operating revenue comes from the fees paid by clients and affiliated merchants (restaurants, service stations, etc.).

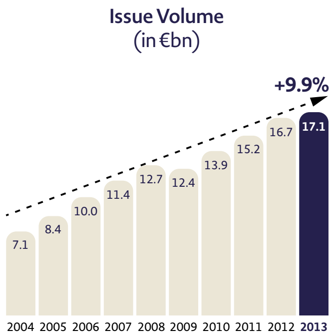
Financial revenue is generated by investing the float (or negative working capital requirement), corresponding to the cash received from corporate clients for prepaid services that has not yet been reimbursed to affiliated merchants. Financial revenue is added to operating revenue to calculate **total consolidated revenue**.

A unique business model



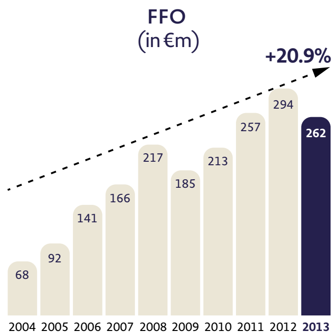
(1) with issue volume

STEADY ORGANIC GROWTH OVER THE LONG TERM



Issue volume and **Funds From Operations**, 2004-2013

(See comments, pages 2 and 3)



People-driven growth

6,000 employees

51% women

49% men

63% work in an environment certified to quality-of-worklife standards

76% have attended at least one training course

53% are under 35

2013 KEY FIGURES

People have been a core component of Edenred's growth strategy over the past 50 years and are its most valuable asset. Embodying the pioneering spirit that is responsible for the Group's success, they demonstrate an ability to take action and deliver superior performance day in, day out. They are front-line players in our ambition to achieve sustainable growth.

The Group welcomed a number of new teams in 2013 with the opening of the Colombian market and acquisition of operations in Brazil and Mexico. We are proud of the progress made in our drive to be one of the world's best places to work and in our enhanced initiatives to nurture and develop our talents.

Promoting quality of life in the workplace

Becoming a Best Place to Work involves listening to employees and taking tangible steps to improve quality of life in the workplace. In our 40 host countries, our shared ambition is to be recognized as a best place to work by 2016 as evidenced by certification from an external organization or by the deployment of an internal quality-of-life improvement program. This recognition is based on social climate surveys conducted by external institutes or, initially, by in-house experts. Social climate surveys measure how employees rate their workplace on such criteria as work-life balance, empowerment, quality of management and communication. The results are analyzed and used to devise action plans led by management and the local HR function.

We made great strides towards achieving our ambition in 2013, with 63% of the Group's employees now working in a certified environment or a unit actively involved in obtaining certification. Two of our country organizations made particularly noteworthy progress during the year, with Edenred Uruguay topping the national Great Place to Work standings and Edenred Brazil coming in second nationally.

Developing our talent and preparing the future

Because our employees are our most precious asset, we are committed to promoting and developing their talent. With this in mind, we carried out two high-profile initiatives in 2013:

The first included two programs to develop our talents. These programs were monitored and supported by members of the Executive Committee, who were deeply involved in preparing and leading them.

- In April, some 30 young team members from all the Group's host regions attended Talent Week, which targets employees with recognized commitment and growth potential. The program included working sessions on Edenred's major strategic paths and the Customer Inside managerial approach, as well as opportunities to network with members of the Executive Committee and experts from Head Office.
- In December, around 15 new Executives participated in the Executive Induction Seminar, which is designed to provide a more comprehensive view of the Group and explain the role and positioning Executives are expected to take on at Edenred. The seminar also gives new Executives the opportunity to talk with members of the Executive Committee and develop their international network.

The second initiative involved drawing up a targeted succession plan for the Group's Top 100 managers.

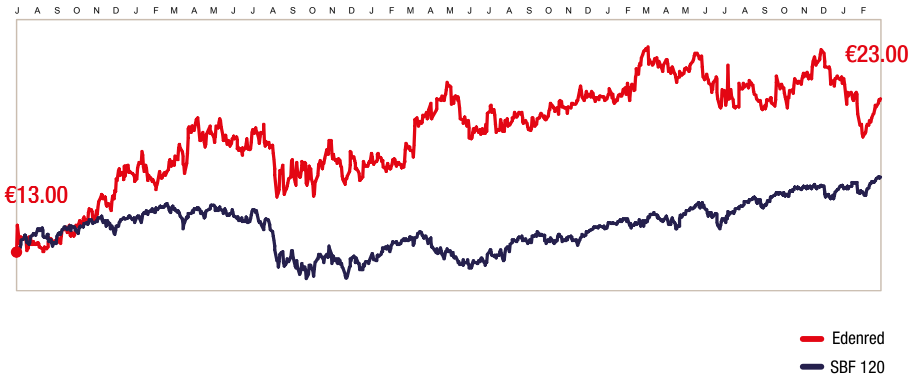
During the year, the Executive Committee prepared and reviewed a succession plan for the Group's Top 100 managers, with two key objectives:

- In the short term, securing all critical positions within the Group.
- In the medium term, developing and planning the next generation of leaders to meet the Group's new strategic challenges.

Share data and practical information

SHARE PERFORMANCE

From the July 2010 IPO to end-February 2014



Opening price on July 2, 2010: €13.00

Closing price on February 28, 2014: €23.00

Increase in the SBF 120 index: +39%

Increase in the Edenred share price: +79%

DIVIDEND & ANNUAL GENERAL MEETING

Edenred is recommending a dividend of €0.83 per share, subject to shareholder approval at the Annual Meeting on May 13, 2014.

Half of the dividend will be paid in cash. Shareholders may opt to receive the other half in cash or reinvest it in new shares at a 10% discount. The dividend payment schedule will be announced on March 18 in the Finance section of **www.edenred.com** under **"Annual General Meeting"** and **"Dividends"**.

click here

Share details

Listed on
NYSE Euronext Paris - Compartment A

Code ISIN: FR0010908533

Shares outstanding:
225 897 396

Main indices:
SBF120 and CAC Large 60, FTSE4Good, DJSI

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2014 Investor Calendar

April 15:
First-quarter 2014 revenue

May 13:
Annual General Meeting

July 24:
First-half 2014 results

October 15:
Third-quarter 2014 revenue

Edenred

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