

EDENRED BECOMES A WORLD LEADER IN EXPENSE MANAGEMENT

- As part of its Fast Forward strategic plan, Edenred is increasing its stake in UTA to 51% by exercising its call option on 17% of the company's capital.
- Already number one in Latin America, Edenred is pursuing its growth in the corporate vehicle fleet management market by becoming the number two issuer of multi-brand Europe-wide solutions.
- Edenred now manages 2.6 million fuel cards and toll solutions and close to 6 billion liters of fuel.

Edenred today announces that it is exercising the call option enabling it to acquire, from the two founding families¹, 17% of the capital of Union Tank Eckstein (UTA), the number two Europe-wide player in multi-brand fuel cards, toll solutions and maintenance solutions. Edenred already holds a 34% interest in the company.

By increasing its stake in UTA to 51%, Edenred is taking a further step to speed up its growth in the expense management market. The Group intends to boost UTA's business in Europe by leveraging its expertise in fuel card solutions in Latin America and its own commercial presence in Europe.



Bertrand Dumazy, Chairman and Chief Executive Officer of Edenred, said: *"With this transaction, Edenred is demonstrating its ability to capitalize on strategic partnerships to speed up its growth, as we did in Brazil in early 2016 by creating a joint venture with Embratel. This is another step in the implementation of our Fast Forward strategic plan, which is designed to accelerate the Group's transformation over the next three years while laying the foundations for new sources of profitable and sustainable growth. Edenred now serves 750,000 companies in 42 countries, and 43 million employees use our solutions across a network of 1.4 million merchants. More than ever, we strive to bring value added to all of the players in this ecosystem."*

¹ The Eckstein and Van Dedem families.

Antoine Dumurgier, Chief Operating Officer, Expense Management at Edenred, added: *"This move to increase our stake in UTA makes Edenred a world leader in expense management. We are targeting an annual volume of more than 9 billion liters of fuel by 2020, compared with 3.3 billion in 2015 and close to 6 billion in 2016, including UTA."*

Volker Huber, Chief Executive Officer of UTA, commented: *"With Edenred as our new majority shareholder after two years by our side with a minority interest, and in light of the success of our first initiatives together, we are confident in our ability to develop UTA's potential in Europe by increasing our market share in the heavy vehicle fleet segment and launching new solutions for light vehicle fleets in several key countries."*

UTA, a major player in expense management for corporate vehicle fleets in Europe

Founded in 1963, UTA is now the number two multi-brand Europe-wide player in the corporate vehicle fleet expense management market, with operations in 11 European countries. The UTA fuel card is accepted at 39,000 affiliated service stations in 38 countries across Europe, while its toll solutions cover the entire European network. UTA also offers maintenance services, which include repairs, routine maintenance and assistance, and other services, such as VAT recovery and tracking and reporting of fleet data. UTA has around 70,000 active clients, primarily in the transportation/logistics segment (heavy vehicle fleets), representing close to one million users.

Developed around 15 years ago in partnership with automaker Daimler, which holds a 15% interest in UTA, the MercedesServiceCard is one of UTA's flagship solutions. Distributed by UTA to Mercedes-Benz customers, the co-branded card gives holders access to UTA's services and Mercedes-Benz service centers.



UTA, another milestone in Edenred's strategy of making expense management its second growth engine

After the integration of Embratec in Brazil in May 2016, Edenred is reaching another milestone in its strategy with the consolidation of UTA, which enables the Group to set ambitious objectives for the expense management market. Including UTA and Embratec, the Group managed close to 6 billion liters of fuel in 2016, versus 3.3 billion in 2015, and is targeting an annual volume of more than 9 billion liters by 2020. This vigorous growth will have a significant impact on the Group's profile, since this business is expected to represent over 25% of its operating revenue by 2020, compared with 12% in 2015.

In Europe, Edenred intends to speed up the commercial development of UTA solutions for heavy vehicle fleets, particularly in Central and Eastern Europe, by capitalizing on its initial successes in Romania. Edenred also intends to gradually extend its offer of new solutions in the light vehicle fleet segment, such as the one launched in France under the Ticket Fleet Pro® brand, to its clients across Europe.

Expense management, a market offering significant potential

The corporate vehicle expense management market represents more than €1,000 billion in expenses worldwide each year. With an average penetration rate of just 25% and annual growth of 5%-10% driven by the increased mobility of employees, expense management solutions meet a growing need among companies to manage their business expenses more and more effectively.

With around €300 billion spent each year on fuel for business travel, the European B2B fuel card market offers significant growth potential. It also provides a specialist like UTA with the opportunity to offer solutions that give users access to a multi-brand network of service stations. These solutions are still relatively underdeveloped, particularly in the light vehicle segment.

A transaction that will be accretive to earnings from 2017

The transaction has been approved by the relevant competition authorities and will be finalized in the next few days.

UTA will be fully consolidated in Edenred's financial statements as of January 1, 2017. Until the end of the 2016 financial year, Edenred's 34% interest in UTA was accounted for by the equity method.

The acquisition of an additional 17% of UTA's capital, for around €83 million², is expected to have an accretive impact of around 5% on 2017 net profit, Group share before the impact of purchase accounting adjustments.

² Acquisition carried out a price earnings ratio of around 19 times UTA's recurring net profit, which includes its share of earnings from the MercedesServiceCard and the dividends relating to its 17% interest in AGES, a service provider for the settlement of German tolls. The transaction values UTA at €385 million (enterprise value on a 100% basis), or market capitalization of around €480 million (100% basis) less the cash and cash equivalents in UTA's statement of financial position. Edenred acquired a 34% stake in UTA in early 2015 for around €164 million.

Once the transaction has been finalized, UTA's minority shareholders³ will have put options in Edenred's favor covering the remaining 49% of capital. As a result, Edenred will record a liability in the amount of around €200 million (gross) in its consolidated financial statements.

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 purchasing power to 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 reward programs** (Ticket Compliments, Ticket Kadéos, etc.)

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

Listed on the Euronext Paris stock exchange, Edenred operates in 42 countries, with close to 8,000 employees, 750,000 companies and public sector clients, 1.4 million affiliated merchants and 43 million employee beneficiaries. In 2015, total issue volume amounted to €18.3 billion.

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³ The founders of UTA (the Eckstein and Van Dedem families) and Daimler hold 34% and 15% of UTA's share capital respectively.