PRESS RELEASE

Lagardère Travel Retail signs an agreement for the acquisition of Paradies, an airport travel retail leader in North America
A major step in its growth strategy

Paris, 11 August 2015

Lagardère Travel Retail announces the signing of an agreement for the acquisition of Paradies, an airport travel retail leader in North America, from Freeman Spogli & Co, the Paradies family and other shareholders. This agreement aims at acquiring 100% of the equity of the Paradies holding company, representing approximately 80% of the activities in aggregate (in accordance with US regulation, Paradies activities are operated in each airport with dedicated legal entities including minority partners, representing approximately 20% of the Enterprise Value of the Paradies Group). The completion of this transaction is subject to a number of conditions, including regulatory approval and the agreement of several third parties.
Combining the activities of Lagardère Travel Retail in North America and Paradies would create the second-largest player in North America, a large and expanding market. The price for the acquisition, payable in cash, is USD 530 million[1] (€485 million[2]).

Paradies, a recognized market leader
Paradies, a company with a strong family culture, has built strong partnerships with a large number of US and Canadian airports, including the following top 10 airports: Atlanta, Los Angeles, Chicago, Dallas-Fort Worth, Denver, New York-JFK, San Francisco, Charlotte, Las Vegas and Phoenix. Through long-term concessions, Paradies currently operates in more than 76 airports. **In recent years Paradies' sales growth has largely outperformed passenger air traffic growth in the United States** thanks to its recognized operational excellence, the increased diversification of its activities and the development of new concepts. This growth has also been driven by the development and continuous expansion of retail space in airports.
In its fiscal year ended 28 June 2015[3], Paradies generated sales of USD 515 million (€471 million).
Paradies is renowned for the quality of its operations and teams, as attested by the "*Best Airport Retailer*" award bestowed upon the company for 20 consecutive years by ARN[4], an award considered as the most prestigious in the North American industry. Having started out with a comprehensive range of convenience products and travel essentials, Paradies underwent major diversification into other segments including fashion, accessories and specialty products through a portfolio of strong and recognized brands. In addition, during the last few years, Paradies has expanded its activities into the food services segment, which represents another major driver of future growth.
Its nationwide coverage is highly complementary with that of Lagardère Travel Retail, which has a stronger presence in Canada and a number of international US airports including New York-JFK and Los Angeles.

The US: a market with strong prospects
The airport travel retail market in North America (91% of it concentrated in the United States) is estimated to be USD 7.7 billion (€7 billion). The market is characterised by a shifting competitive environment and a segmentation that differs from that of other continents. Its growth potential resides primarily in the expansion of the food services and specialty segments as well as in the modernisation of airport terminals, which expands the space available to retail shops, a key differentiating factor for airports.
Traffic growth, linked to economic growth in the United States, is projected to be approximately 3% per year between 2015 and 2021, and 2% during the decade thereafter. The North American travel retail market also has favourable

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[1] Based on debt- and cash-free valuation
[2] All USD figures are converted at the 6 August 2015 exchange rate of 1.0929 USD for 1 EUR.
[3] Consolidated figures at 100%. Unaudited US GAAP figures.
[4] Airport Revenue News

prospects in terms of increased sophistication and development, taking inspiration from European, Middle Eastern and Asian models.

A new player with numerous assets

Combining Lagardère Travel Retail in North America with Paradies would create a new major player in the North American industry, covering most of the top US and Canadian airports with complementary concepts (combination of global brands and "American" local and national concepts) and solid assets. The rollout of commercial and marketing synergies would help seize numerous development opportunities in a dynamic and growing marketplace.

Sales at the newly-combined company would be close to USD 800 million (€730 million).

In addition to sales synergies, significant cost synergy potential (purchase conditions, structure costs, etc.) would be generated starting the first year of integration. Recurring synergies could reach approximately USD 15 million a year as of the fourth year after the acquisition. Gregg Paradies, President and CEO, would remain at the helm of the new company, facilitating its successful integration.

Transaction financing

The acquisition value amounts to USD 530 million (€485m), which would be paid in cash by Lagardère Travel Retail via a bridge loan and then refinanced according to market conditions.

The additional debt would bring the Lagardère Group's net debt to recurring EBITDA ratio[5] to approximately slightly below 3x at the end of 2016.

The transaction is expected to be finalised during the fourth quarter of 2015.

A strategic interest for Lagardère Travel Retail

This major acquisition would enable Lagardère Travel Retail to enter a new phase in its growth strategy by:

- acquiring a major presence in North America, a highly resilient market driven by traffic growth and the addition of new retail space in airports;
- creating a major player on the North American travel retail market, with a strong competitive position (combined presence in approximately 100 airports) in a market that remains relatively fragmented;
- seizing growth opportunities through the critical mass attained across all market segments and throughout all of the United States and Canada;
- strengthening its management teams in North America, notably with the arrival of Gregg Paradies who has successfully led Paradies' growth;
- bringing to North America the same ambition for excellence that it puts into practice in the other regions where it operates, particularly in Europe and the Asia-Pacific region.

This transaction is in line with the Lagardère Group's strategy of expanding in growth businesses.

Dag Rasmussen, Chairman and CEO of Lagardère Travel Retail, made the following comments: *"This acquisition transforms the presence of Lagardère Travel Retail in North America. It significantly strengthens our business and allows us to expand our concession portfolio and to develop relationships with our brand partners and suppliers. We are very pleased to welcome Gregg Paradies and all his employees to the Group. Together, we will aim to create a regional leader and break new ground."*

Gregg Paradies, President and CEO of Paradies, added: *"We at Paradies are very excited to join a company of Lagardère's reputation and international experience. Paradies and the Lagardère group share many similarities including our strong family cultures. The combination of resources and experience will help accelerate our growth and competitiveness in this very dynamic industry."*

Lagardère was advised by JP Morgan and Willkie Farr provided legal representation. Paradies was advised by Barclays and Morgan Lewis provided legal representation.

The Lagardère group is a global leader in content production and distribution whose powerful brands leverage its virtual and physical networks to attract and enjoy qualified audiences.
It is structured around four business lines: Books and e-Books; Travel Retail; Press, Audiovisual, Digital and Advertising Sales Brokerage; Sports and Entertainment.
Lagardère shares are listed on Euronext Paris.
www.lagardere.com

[5] Recurring EBITDA is defined as the sum of recurring EBIT, the amortisation of intangible assets, the depreciation of tangible assets and dividends received from equity affiliates.

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