



Paris, 25 July 2019

Lagardère Travel Retail signs an agreement to acquire International Duty Free (IDF), Belgium's leading Travel Retail operator also present in Luxembourg and Kenya

This new acquisition will enable the Lagardère group to strengthen its leadership position on the Travel Retail market by reinvesting proceeds from disposals.

The completion of this transaction is subject to a number of customary conditions, including regulatory approval.

Consolidation of IDF's businesses would bring Lagardère Travel Retail's annual revenue to €5.3 billion⁽¹⁾, cementing its position as the world's second-largest Travel Retail⁽²⁾ operator and third-largest operator of Duty Free & Fashion airport points of sale.

The acquisition of IDF enables Lagardère Travel Retail to extend its presence to a further leading European hub in Brussels with high-quality operations and recently refurbished stores. It also helps the Group strengthen its positions in Luxembourg and in Africa with its entry into Kenya.

The amount of the transaction is €250 million.

IDF is a wholly-owned subsidiary of Compagnie Nationale à Portefeuille (CNP) and since its creation in 1958 has been the operator of Belgian Sky Shops, the first "tax free" store at Brussels airport, and leader of the Duty Free & Fashion market in Belgium.

IDF holds long-term contracts and currently operates more than 30 boutiques, including 25 Duty Free, Fashion and Confectionery points of sale at Brussels airport, two Duty Free stores at Charleroi airport, and The Belgian Chocolate House premium confectionery stores at the principal Gare du Midi rail station in Brussels, in the centre of Antwerp and in Luxembourg. It also operates a boutique in Kenya.

IDF generated total revenue of €183 million in 2018.

⁽¹⁾ Based on 100% of 2018 revenue, including the pro forma contribution of HBF on a full-year basis, which would translate into consolidated pro forma revenue of €4.1 billion.

⁽²⁾ Excluding Downtown Duty Free.

Besides The Belgian Chocolate House, IDF's portfolio chiefly comprises its own brands, including Fashion Studio, The Luxury Hall, Summer Time and Precious Time (Fashion and Watches) and Epicure (Gastronomy). The portfolio also includes partnerships with premium brands such as Longchamp, Tumi and Hugo Boss in the Fashion segment and MAC, Jo Malone and Rituals in Perfumes and Cosmetics.

The close affinity between the two companies in terms of culture and strategy will help ensure the acquisition's success

The IDF acquisition will enhance Lagardère Travel Retail's strategy, with IDF's culture and operating standards fully aligned with the four pillars of the division's approach:

- Operational excellence: IDF brings a high-quality portfolio of stores that have been recently refurbished or are currently in refurbishment, along with the highest operating standards, in line with Lagardère Travel Retail's requirements.
- Partner of choice: IDF has a close working relationship with both its concession grantors and its suppliers.
- Profitable growth: IDF's businesses are profitable and will be accretive to all of the division's financial ratios, with long-term contracts and an effective operational management team.
- Agile and efficient organisation: IDF's entrepreneurial and innovative culture is closely aligned with Lagardère Travel Retail's own, which allows greater operating agility.

To facilitate the acquisition's success and IDF's integration into the Lagardère group, IDF's experienced, high-profile management team will remain in the driving seat of the company.

A value-generating transaction

This acquisition has been valued at €250 million⁽³⁾, or around 8x IDF's pro forma EBITDA⁽⁴⁾ for 2020, factoring in €7 million in recurring synergies expected to be unlocked through to 2022. It is expected to deliver solid cash generation and be accretive to Lagardère Travel Retail's recurring EBIT, as well as extending the average life of the Group's concession agreements.

The combination of the operating and sales expertise of both IDF and Lagardère Travel Retail should significantly boost sales and help to unlock the recurring synergies.

The IDF acquisition will help Lagardère Travel Retail bolster its presence in the fast-growing international premium chocolate segment by leveraging IDF's experience and privileged contacts with suppliers in this segment as well as the premium The Belgian Chocolate House concept, which can be developed on new markets.

The financing of this acquisition falls within the scope of the re-use of the proceeds from disposals, as part of the Group's strategic refocusing launched in 2018.

The transaction is expected to be finalised during the fourth quarter of 2019.

⁽³⁾ Enterprise value based on zero cash and debt.

⁽⁴⁾ Pro forma EBITDA corresponds to estimated budgeted EBITDA for 2020 (first year of operation), plus recurring run-rate synergies of €7 million.

Xavier Le Clef, Managing Director of CNP and Chairman of IDF:

"IDF is special to us at CNP because we have supported its development since 1991. We're now passing the baton to Lagardère Travel Retail, convinced that they will be a great partner in maintaining IDF's growth over the long term while preserving its unique DNA as well as its strong commitment to its employees and partners. I'd like to thank the IDF teams wholeheartedly for their amazing work all these years as they built the company up to occupy the leadership position it now enjoys in the Travel Retail market."

Dag Rasmussen, Chairman and Chief Executive Officer of Lagardère Travel Retail:

"The acquisition has cemented our position as the world's third-largest operator of Duty Free airport points of sale and as the European leader in Travel Retail. We're delighted to be entering both the Belgian and Kenyan markets, which offer wonderful development opportunities, and at the same time stepping up our operations in Luxembourg. Above all, we are confident that IDF's operational expertise and entrepreneurial mind-set will ensure its successful integration into Lagardère Travel Retail and contribute to the achievement of our strategic objectives."

*Until recently, the Lagardère group was structured into four business divisions: Lagardère Publishing, Lagardère Travel Retail, Lagardère Sports and Entertainment and Lagardère Active.
In 2018, the Group launched its strategic refocusing around two priority divisions: Lagardère Publishing and Lagardère Travel Retail.
Lagardère shares are listed on Euronext Paris.
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