

Lagardère

Quick Info Memo

April 2024



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Lagardère – Strictly confidential – April 2024

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01 Executive Summary

Lagardère is an international group delivering high levels of activity and profitability thanks to its leading positions and disciplined operational management

The company places people at the heart of its strategy

€8 081m

Revenues
2023A

c.22%

Revenue CAGR
2020 – 2023A

€1 160m

2023 EBITDA

c.14%

EBITDA margin

31 300

FTEs
2023A

40

countries
2023A

- Created in 1992, **Lagardère has positioned itself as a pioneer** in the media and travel retail markets

- #3 largest book publisher** for the general public and educational market in the world

- #2 in airports** with operations in 3 business segment: travel essentials, Duty Free & Fashion and Foodservice

- Strong positioning in digital businesses** in response to the rapid changes in customers' consumption habits

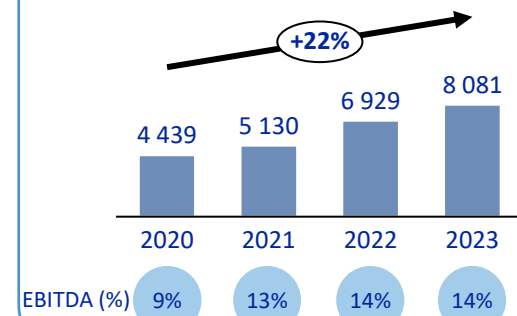
- Strategy on **multi-channel distribution approach**, product mix and cost reduction initiatives

- Resilient business model** with consistent revenue growth

A strong portfolio



Steady growth and profitability (€m)



The last 4 years dedicated to improve operations

1 Establishing new fundamentals

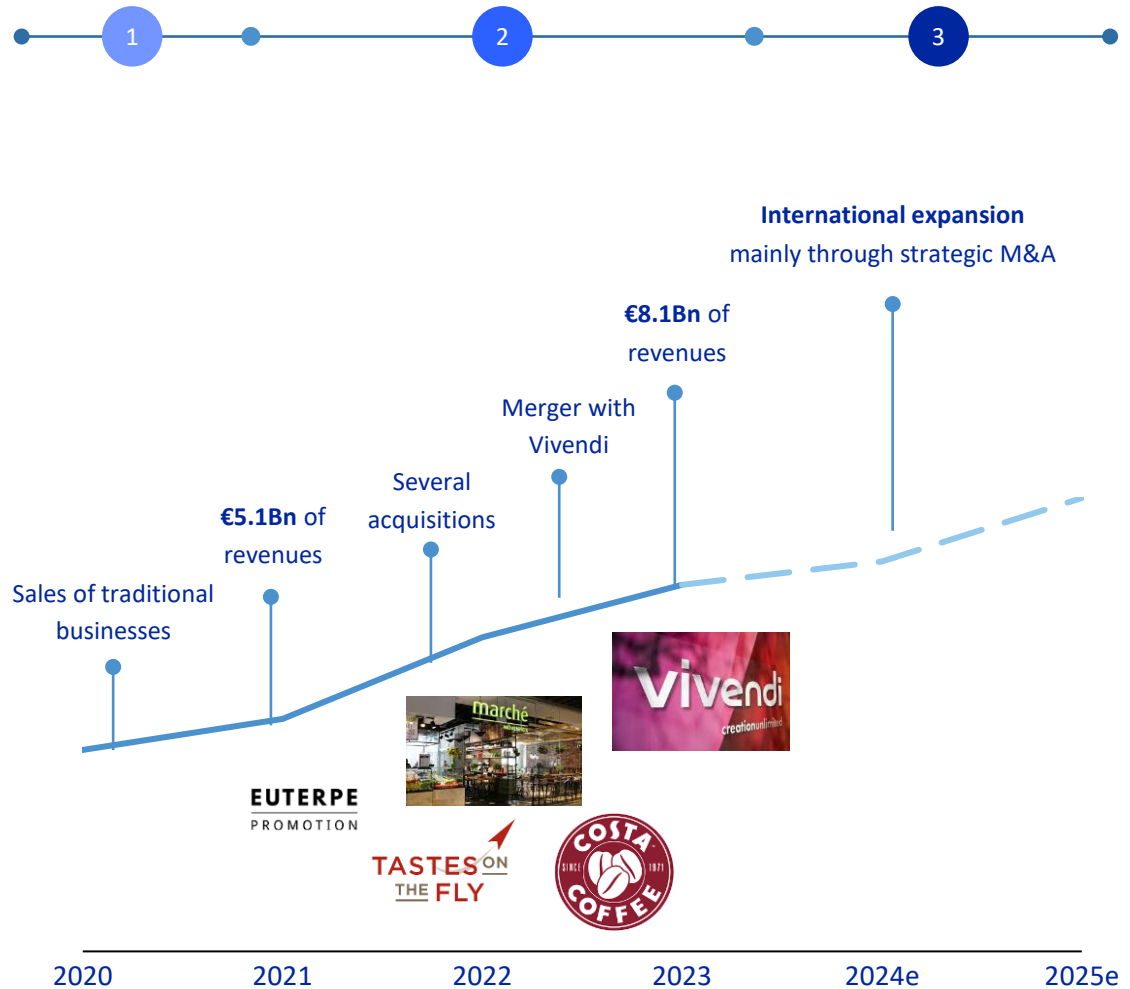
- Lagardère completes the strategic refocusing around 2 divisions: Publishing and Travel retail

2 Growth phase

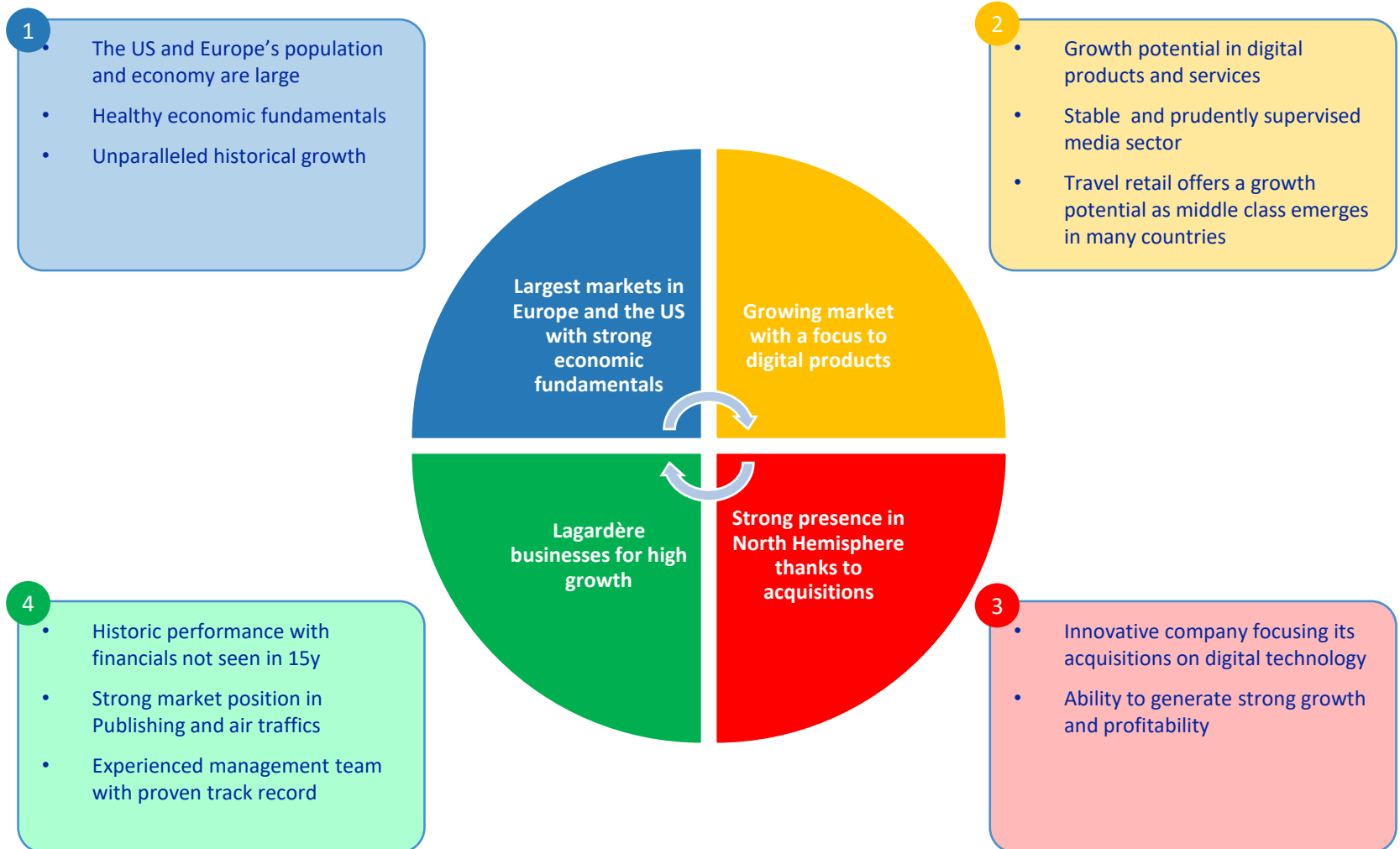
- With the recovery of air traffic started in 2022, Lagardère expands its global store network and strengthens its position in the foodservice
- Several acquisitions enabled Lagardère
- Historic performance demonstrating the relevance and power of Lagardère strategic model

3 Consolidation of its positioning worldwide

- Expand international footprint, especially through M&A
- Client up-sell on both segments
- New partnerships in distribution



Lagardère – Confidential – April 2024

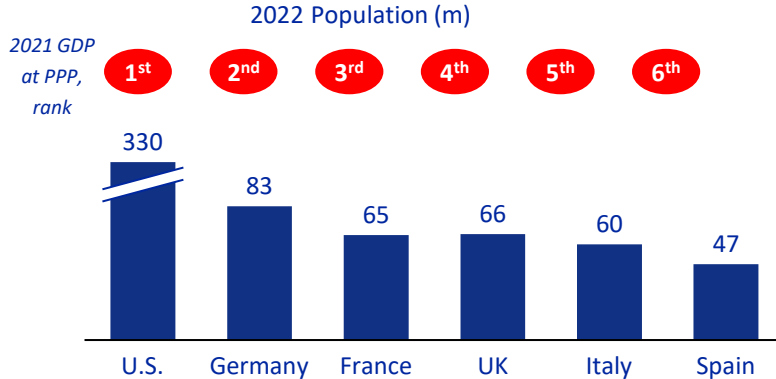


02 Macro & Market overview

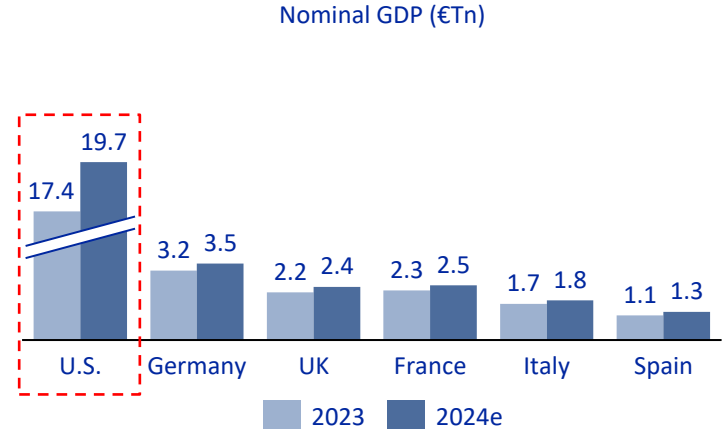


NorAm and Europe present large and attractive economies...

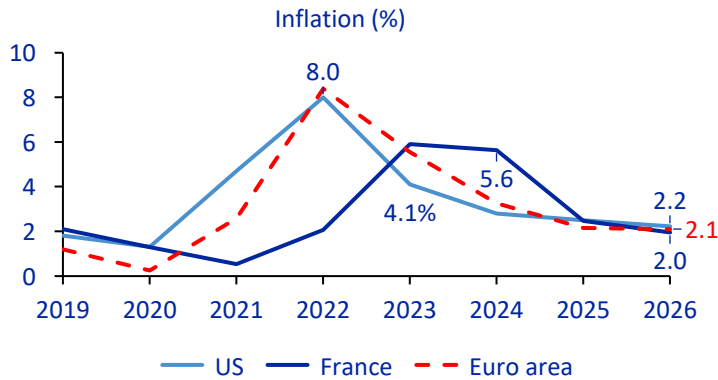
A sizeable market in Europe and NorAm...



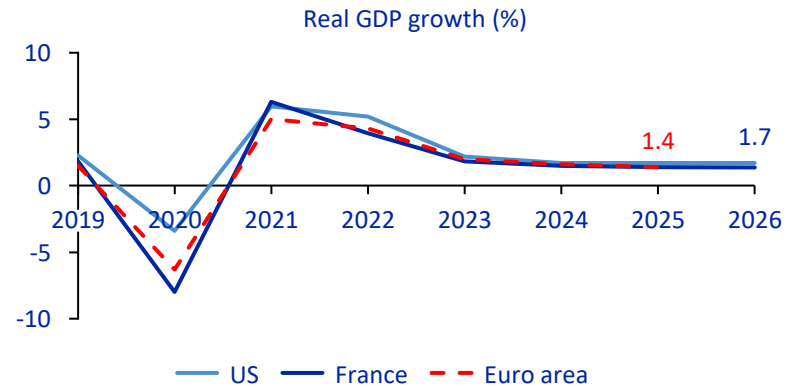
...with the U.S. the largest economy



Poor economic fundamentals...



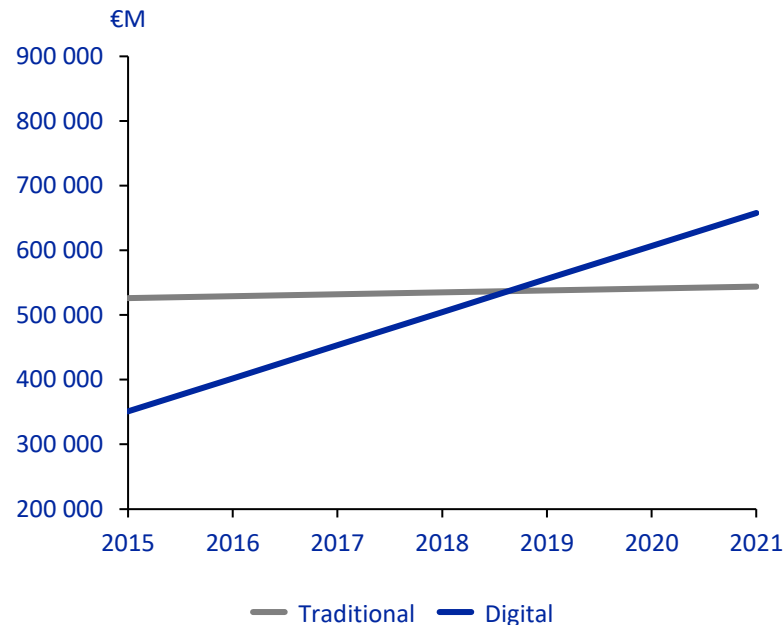
... with satisfactory underlying growth



Source: IMF data as of April 2024

... where Media shows a continuous shift from traditional to digital products and services

Consumer spending: traditional⁽²⁾ vs digital⁽¹⁾

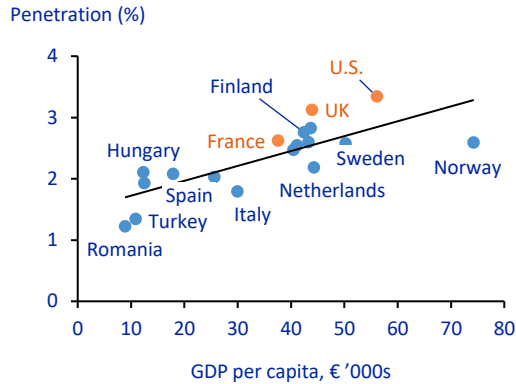


Market driven by Television and Internet

- Media revenues driven by digital adoption
 - Shift from publishing business to video and Internet business
- Focus on the middle classes...
 - Young people adopt rapidly digital behaviours and therefore more open to digital spending
- ... But pushing new technology too hard could isolate odder consumers
- A need for understanding how local markets are impacted by the changing leap
- This development creates opportunities for new entrants and traditional players
- Netflix and Verizon: among the top technology-driven platforms

1. Digital consists of spending on broadband, OTT transactional digital video, OTT subscription digital video, digital recorded music downloads, digital recorded music-streaming subscriptions, magazine and newspaper digital circulation, e-books. 2. Traditional consists of spending on pay TV subscriptions, transactional video on demand through TV subscription providers, physical home video sales and rentals, public-service TV and radio broadcasting, physical recorded music festivals, magazine print.
Source: McKinsey & Company – 2015 to 2021, MGT – projection

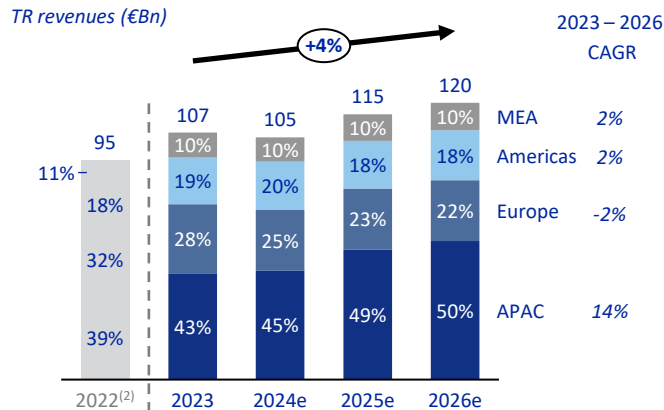
Entertainment and M⁽¹⁾



Factors supporting growth potential

- Internet access development: new services proposed by network players
- Increase in the number of mobiles and tablets sold with new applications : demographics make a difference in ownership
- Strong regulatory framework
- Change in behaviour: consumers want more content faster, easier and cheaper

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- An increase in the numbers of travellers, specially from Asia Pacific : china is the largest source of outbound tourists
- Emerging middle class in many countries
- Increase in the level of investments in order to optimize the capacity and quality of outlets
- A continuous differentiated product offering such as cigarettes, Skincare and women's fragrances

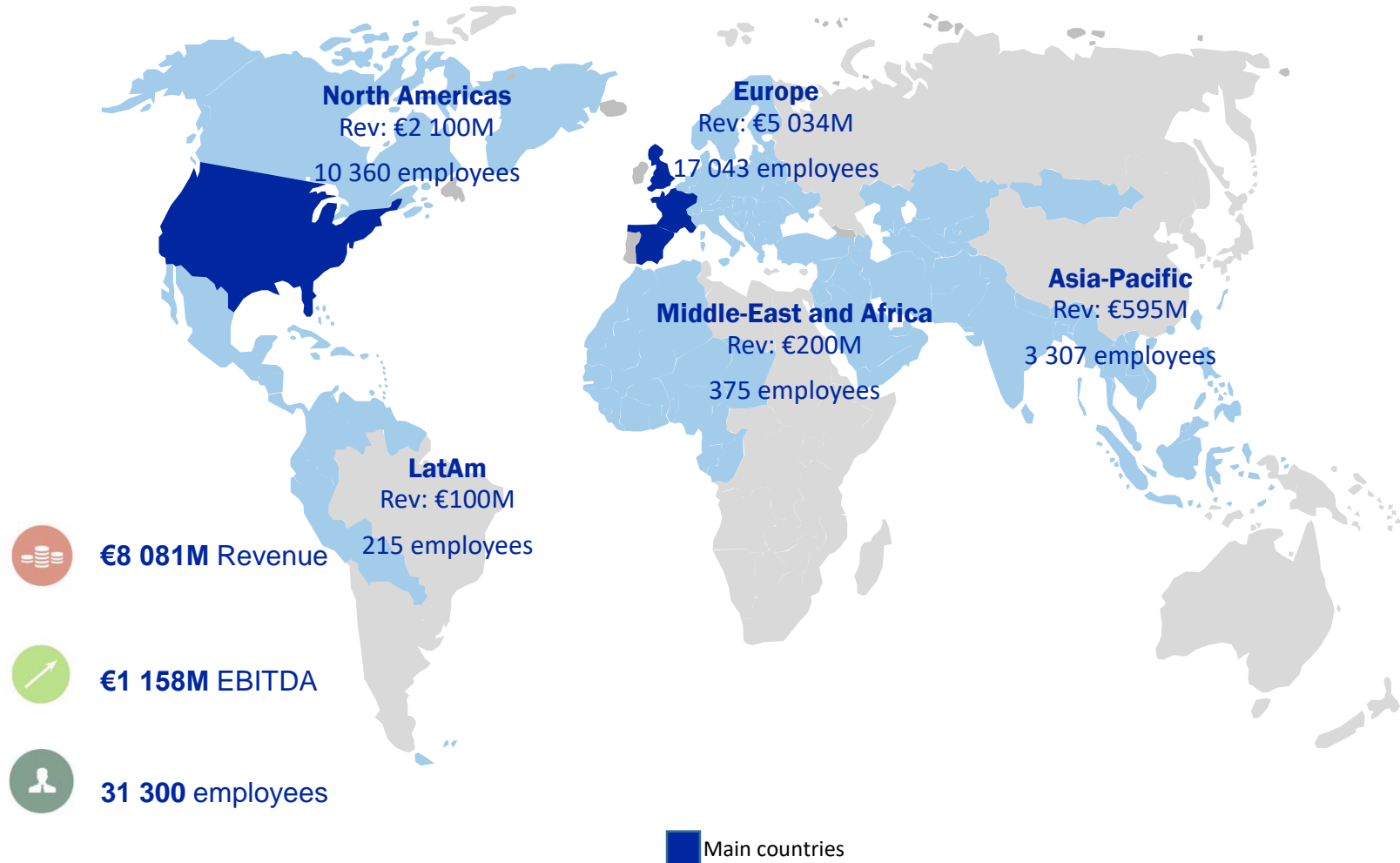
Source: (1) Data from IMF and PwC Global Entertainment and M Outlook. (2) Data from Fung Business Intelligence Centre

Abu Dhabi duty free
السوق الحرة
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03 Lagardère overview

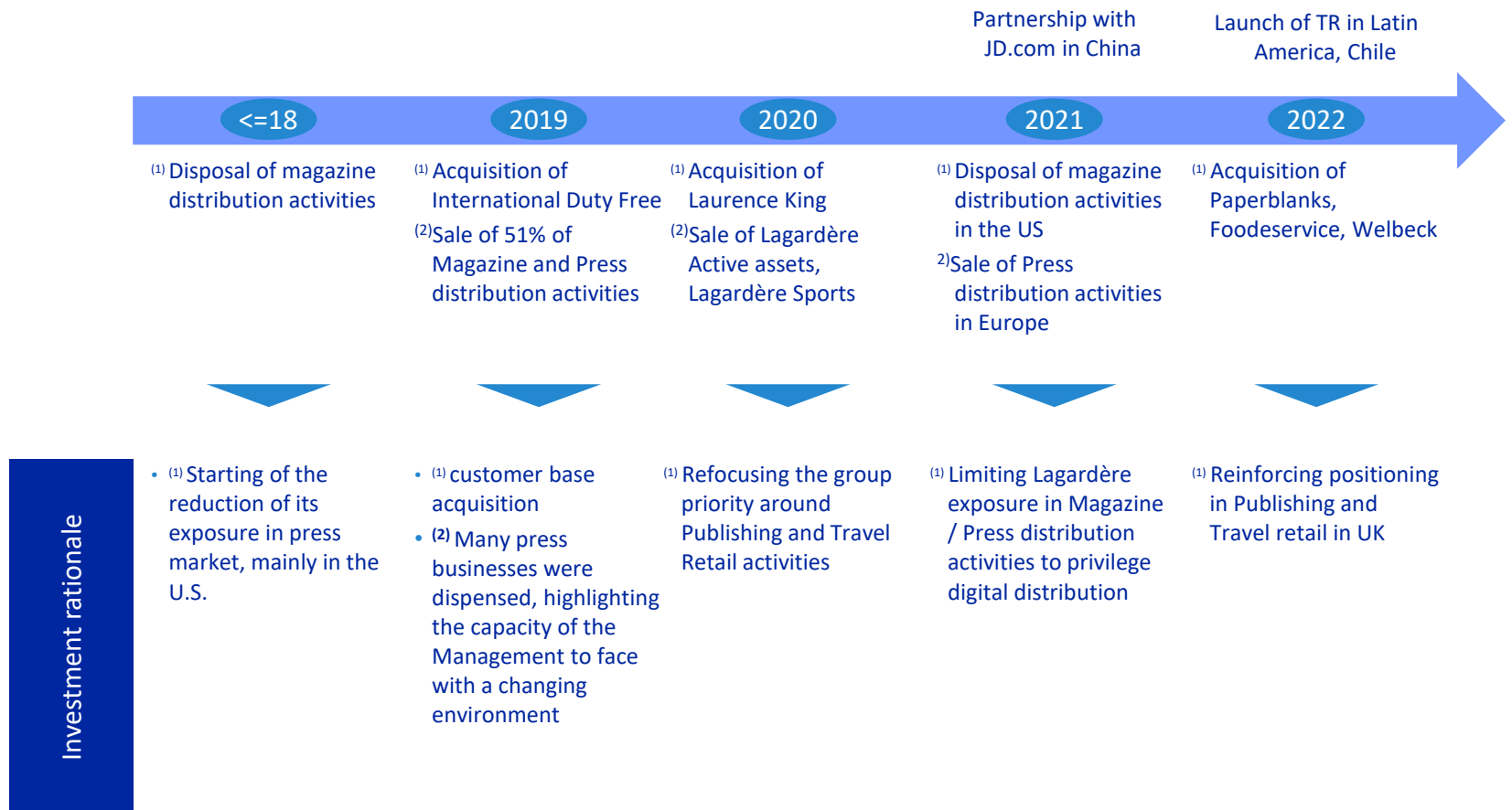


Lagardère, a global position with a strong presence in the North Hemisphere

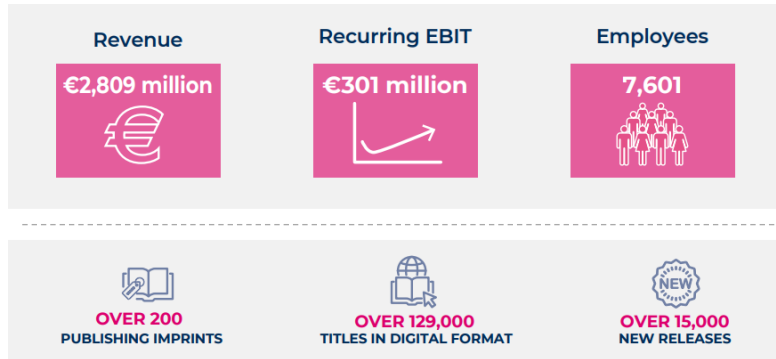


Source: 2023 annual report

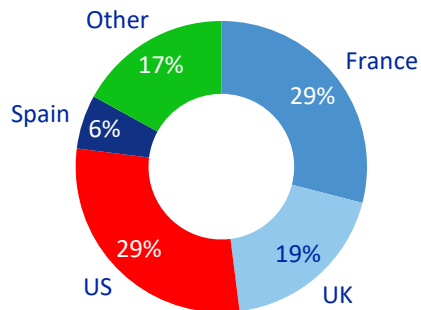
A strategy refocusing on Publishing and Travel Retail *Lagardère*



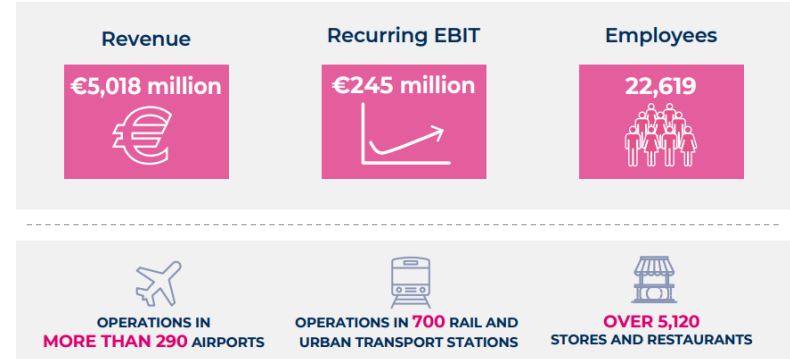
Lagardère PUBLISHING



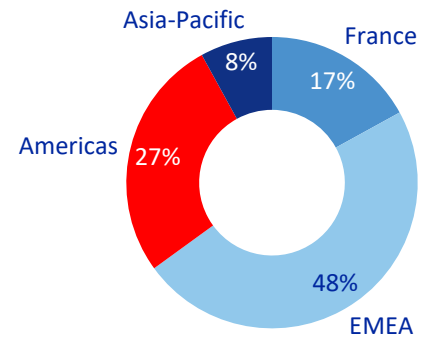
Revenue by countries



Lagardère TRAVEL RETAIL



Revenue by regions



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MÖVENPICK

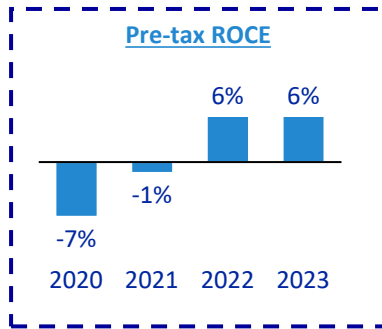
04 Financials

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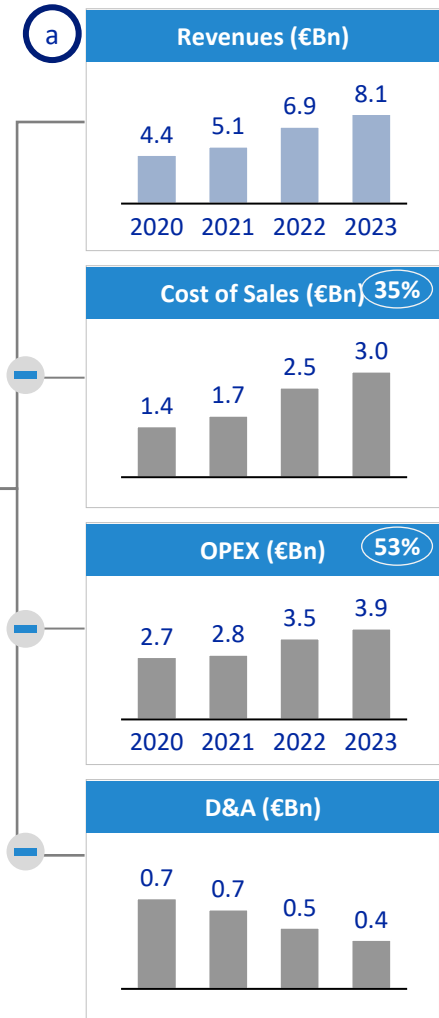
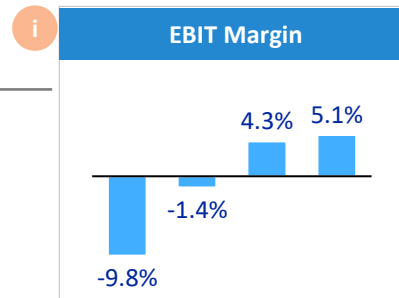
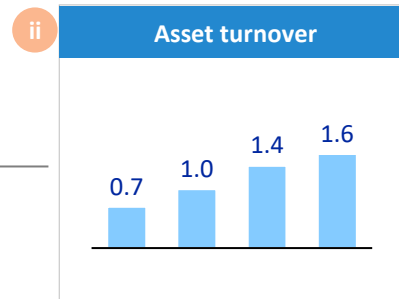


Positive pre-tax ROCE over the last 2 years



Stable 6% pre-tax ROCE in 2023

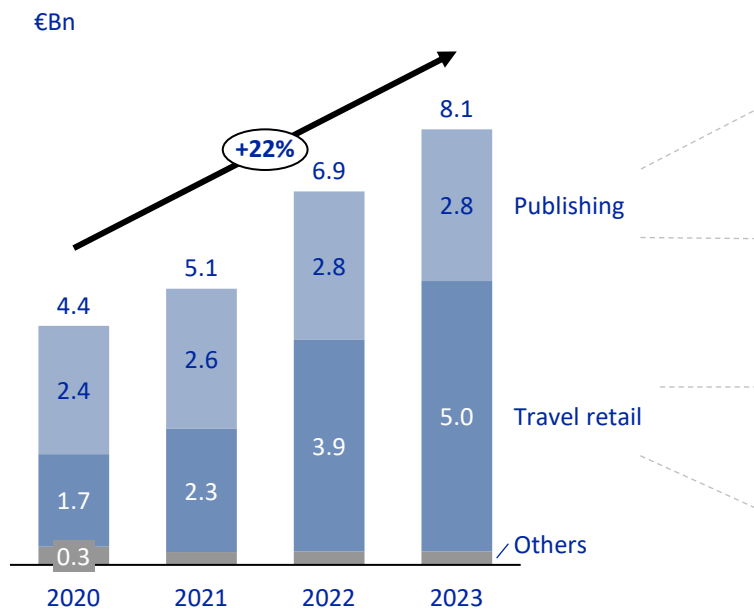
- i** Lagardère was profitable over the last 2 years thanks to the recovery in traffic, dynamic sales policies and innovation
 - 2023 growth driven by the acquisitions of Marché International (€149M), Costa Coffee (€36M) and Tastes on the Fly (€27M)
 - Stable cost of sales at 35% of revenue thanks to a limited exposure to the traditional market
- ii** Increase in asset turnover since 2020 thanks to several disposals of magazine distribution activities



% of Revenues over the 2020 – 2023 period

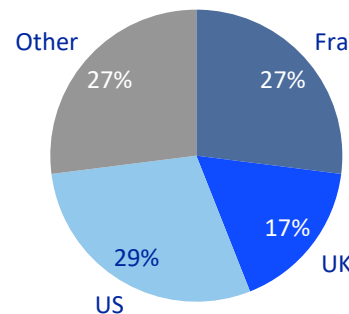
22% CAGR driven by the travel retail segment, mainly in the NorAm and EMEA regions

Continuous growth since 2020 thanks to Travel retail business



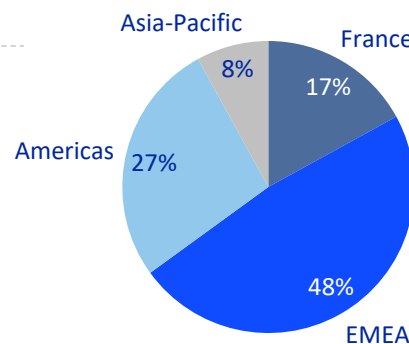
50% of turnover registered in France and in the US

Zoom on main activities of the Group



2023 Sales: €2.8Bn

- Continued development in attractive country markets
- Strong position worldwide: #1 in France, #2 in the UK, #4 in the US



2023 Sales: €5Bn

- Renewal of several concession agreements
- Fast-growing operator in Foodservice
- Award of numerous tenders and extensions of existing contracts

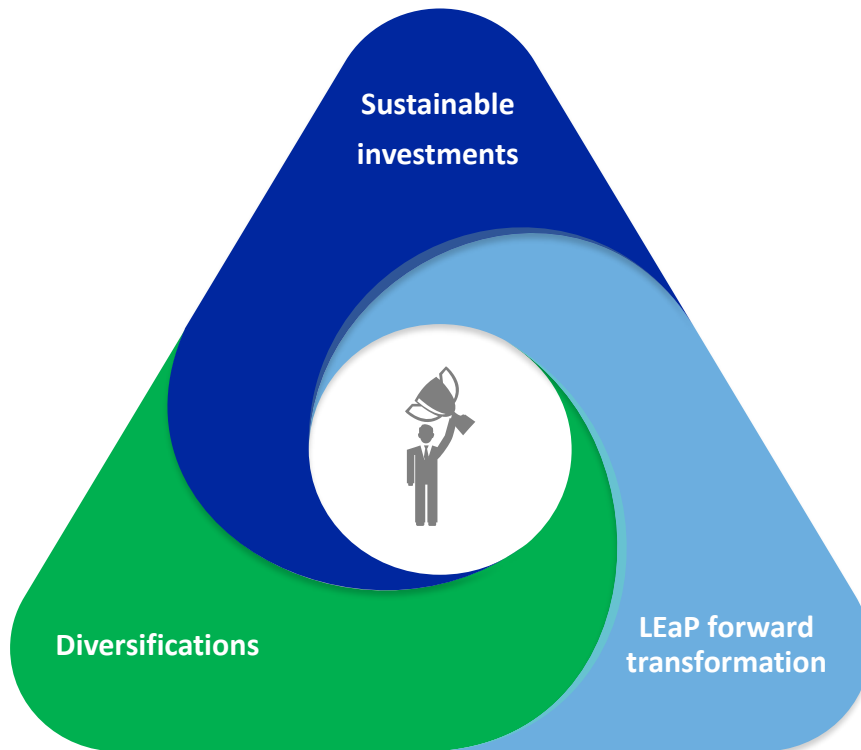
TRAVEL & CO  RELAY.

05 Development strategy

 TRAVEL & CO
BY RELAY.

Have a nice trip!

Bon voyage!



1 Sustainable investments in digital technology

- To offer products resonant with emerging market trends and suited to multiple distribution channels, media and formats (e-books, audiobooks, digital marketing, adaptive learning platforms)

2 Diversification: exploring new markets

- Lagardère will continue to diversify in the next years by acquiring several companies. These investments reflects a strategic commitment to exploring adjacent growth markets with business models similar to book publishing

3 Pursuing the LEaP forward transformation

- Priorities are to: forward transformation and optimisation programme and optimally manage store reopening depending on pandemic conditions in each country

Strengthens

- #3 global player with the capacity to accelerate innovation with new offers, concepts and services
- Strong positions in e-publishing and transit zones
- Placing people at the heart of Lagardère strategy
- Decentralized organization, giving a large degree of autonomy to its different entities

Weaknesses

- Strong exposition to the advertising market, which is correlated with economic conditions
- Dependence on the Sing calendar and literacy successes

Opportunities

- Rebound in air traffic
- Nordic area (including Denmark, Finland, Norway and Sweden) shows a dynamic digital region with pockets of opportunities

Threats

- Uncertain economic environment
- Pressure on publishing costs

Conservative assumptions: c.10% CAGR over the next 4 years, 14% EBITDA margin

Market & Top Line

- **We expect Publishing and Travel Retail markets to grow respectively at c.6% and 9% p.a.**
 - Market penetration rate: 0.2% in Media and 5% in Travel retail
 - 3.7% nominal GDP growth driven by a fast adoption of digital technology (IMF)
- **Overall market share stable at 0.5%, resulting in a top line growth of 10% p.a.**
 - As we believe Lagardère would overperform its total addressable market's growth (2%), as it maintained its strategy on digital market in the most attractive areas
 - Acquisitions would be the main source of growth in Publishing and travel retail
 - Travel retail business will continue to benefit with the rebound in air traffic

Profitability

- **EBITDA margin is at c.14% by 2027** (macro-assumption)
 - We assume a conservative EBITDA margin per line of business
 - No detail on the evolution of the operating costs per line of business
- **After-tax ROCE at 10.3% by 2027**
 - Increase in NOPAT from €272M in 2023 to €490M in 2027
 - On average asset turnover at 1.5

Financial Structure

- **Solid financial structure**
 - Decrease in gearing from 3.7 in 2022 to 0.8 by 2027
 - Net Debt to EBITDA ratio stands at 1.4 by 2027

Others

- **We exclude production transferred to inventories**
- **We compute D&A per line of business, and we maintain the Capex to sales ratio at 2%**

Business Plan: P&L

P&L	M€	2021	2022	2023	2024	2025	2026	2027
					YR0	YR1	YR2	YR3
Revenue		5 130	6 929	8 081	8 597	10 002	11 150	11 808
	<i>Total market share</i>	0.3%	0.3%	0.4%	0.4%	0.5%	0.5%	0.5%
o/w P		2 604	2 757	2 819	2 826	2 983	3 276	3 440
o/w TR		2 290	3 927	5 018	5 503	6 749	7 590	8 070
o/w OA		236	254	254	269	270	283	297
Other income from X		41	48	50	44	44	44	44
Gross Profit		3 431	4 447	5 150	5 470	6 356	7 080	7 496
	Margin (%)	66.9%	64.2%	63.7%	63.6%	63.5%	63.5%	63.5%
EBITDA		645	948	1 158	1 257	1 434	1 559	1 622
	Margin (%)	12.6%	13.7%	14.3%	14.6%	14.3%	14.0%	13.7%
EBIT		(71)	298	415	508	627	709	747
Working Capital		(493)	(382)	(571)	(608)	(707)	(788)	(835)
Non-current Assets		5 472	5 503	5 509	5 528	5 538	5 556	5 585
Capital employed		4 979	5 121	4 937	4 920	4 831	4 768	4 750
ROCE (after tax)		(0.9%)	3.9%	5.5%	6.6%	8.4%	9.8%	10.3%
ROE		(3.2%)	19.0%	21.4%	18.6%	20.5%	19.9%	17.4%

Market s. at 0.5%, reflecting business extension in attractive markets

Margins assumptions in line with historical performance



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