



Paris, 25 July 2019

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

This new acquisition will enable the Lagardère group to strengthen its leading 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.

The 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 global Duty Free & Fashion operator in airports.

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

The amount of the transaction is €250 million.

IDF is a fully-owned by Compagnie Nationale à Portefeuille (CNP) . Founded in 1958 as Belgian Sky Shops (renamed in 2015), IDF is the historical operator of the first Duty Free shop at Brussels airport, and the Belgian Duty Free & Fashion leading operator.

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

IDF generated a 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.

Aside from The Belgian Chocolate House, IDF's portfolio is mostly composed of owned brands, including The Fashion Studio, The Luxury Hall, Summer Time, Precious Time (Fashion and Watches) and Epicure (Fine Food). The portfolio also includes prestigious partner brands such as Longchamp, Tumi and Hugo Boss in the Fashion segment and MAC, Jo Malone and Rituals in Perfumes and Cosmetics.

The cultural and strategic fit between the two companies will ensure a smooth integration and the success of the acquisition.

The acquisition of IDF will enhance Lagardère Travel Retail's strategy, as IDF's culture and operational standards are perfectly aligned with the four pillars of Lagardère Travel Retail's approach:

- Operational excellence: IDF brings a high-quality portfolio of stores that have been recently refitted or are currently under refurbishment, as well as the highest operational standards, in line with Lagardère Travel Retail's requirements.
- Partner of choice: IDF maintains a close collaboration with both its landlords and suppliers.
- Profitable growth: IDF's businesses are profitable and will be relative to all of the division's financial ratios, with long-term contracts and an effective operational management team.
- Agile and efficient organisation: IDF's culture is based on entrepreneurship and innovation, in line with Lagardère Travel Retail's, and allows great operational agility.

IDF's experienced, high-profile management team will stay on board, to facilitate the success of the acquisition and IDF's integration into the Lagardère group.

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 to be relative to all Lagardère Travel Retail's financial ratios, as well as to extend the average remaining life of the Group's concession agreements.

The combination of IDF and Lagardère Travel Retail's expertise should significantly boost sales and help unlock the recurring synergies.

IDF acquisition will help Lagardère Travel Retail reinforce its presence in the fast-growing segment of premium Chocolate at a global scale, by capitalising on the experience and privileged contacts of IDF with suppliers on this segment, as well as on the premium concept "The Belgian Chocolate House", which could be rolled out 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 handing over the baton to Lagardère Travel Retail, convinced that this is the right partner to maintain 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:

“This acquisition cements our position as number three global operator in Duty Free in airports and a leader on the European travel retail market. We are thrilled to be entering both the Belgian and Kenyan market, which offer great opportunities – while strengthening our operations in Luxembourg. Finally, we are confident that IDF’s operational know-how and entrepreneurial mindset will ensure a smooth 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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