



## Lagardère Services, a leader for growth

**Investor Day**

Paris – June 12, 2012

## Previous Investor Days

- **June 2006:** strategic presentations of the four divisions and EADS
- **January 2007:** Lagardère Active
- **June 2008:** Lagardère group, "Ten years of transformation"
- **February 2009:**
  - Lagardère Publishing
  - Lagardère Services
- **June 2010:** Lagardère Publishing
- **January 2011:** Lagardère Unlimited
- **June 2012:** Lagardère Services, "A leader for growth"

## 4 divisions...

**Lagardère**  
PUBLISHING

 hachette  
BOOK GROUP

 Le Livre  
de Poche

 headline  
publishing group

 LAROUSSE

Grasset

 Hatier

 L B  
LITTLE, BROWN AND COMPANY



**Lagardère**  
ACTIVE

E L L E

 Europe1

 PARIS  
MATCH

PREMIERE.FR

 gulli

Doctissimo.fr



**Lagardère**  
SERVICES

 ACHA  
DUTY FREE

 BUY  
PARIS  
DUTY FREE

 RELAY

 hubiz  
e rendez-vous matin du trajet quotidien

 discover

 TRIB'S

 inmedio N NAVILLE

**Lagardère**  
UNLIMITED

 Lagardère  
Unlimited

 SPORTFIVE

 worldsportgroup  
BEIJING BANGKOK DELHI HONG KONG  
MUMBAI SINGAPORE TOKYO

 IEC  
IN SPORTS

 Prevent

 upsolut

 Lagardère  
Unlimited  
LIVE ENTERTAINMENT

 Lagardère  
Unlimited  
STADIUM SOLUTIONS



## ... across the whole media value chain...



**Lagardère**  
PUBLISHING



**Lagardère**  
ACTIVE



**Lagardère**  
SERVICES



**Lagardère**  
UNLIMITED®





## ... with complementary profiles

**Lagardère**  
PUBLISHING

Largest **EBIT contribution** (53% in 2011) with **high margins**

Strong **resilient** base

Worldwide **leader**, with high growth in **digital** (ebooks)



**Lagardère**  
ACTIVE

**Good operating margins**, thanks to efficient cost control, and with strong potential upside when advertising cycle is up

**Amazing brand portfolio**

**Growth opportunities** in digital and TV production



**Lagardère**  
SERVICES

Strong **cash contribution**  
Low capex and **high return on capital**

**Growth engine**  
(Travel Retail)

Worldwide presence, exposure to **emerging markets**



**Lagardère**  
UNLIMITED®

**Countercyclical effect**, relying on sports event calendar

High growth sector

Exposure to **emerging markets**



## Lagardère Services is the largest division by sales and the most international one

**5**  
continents

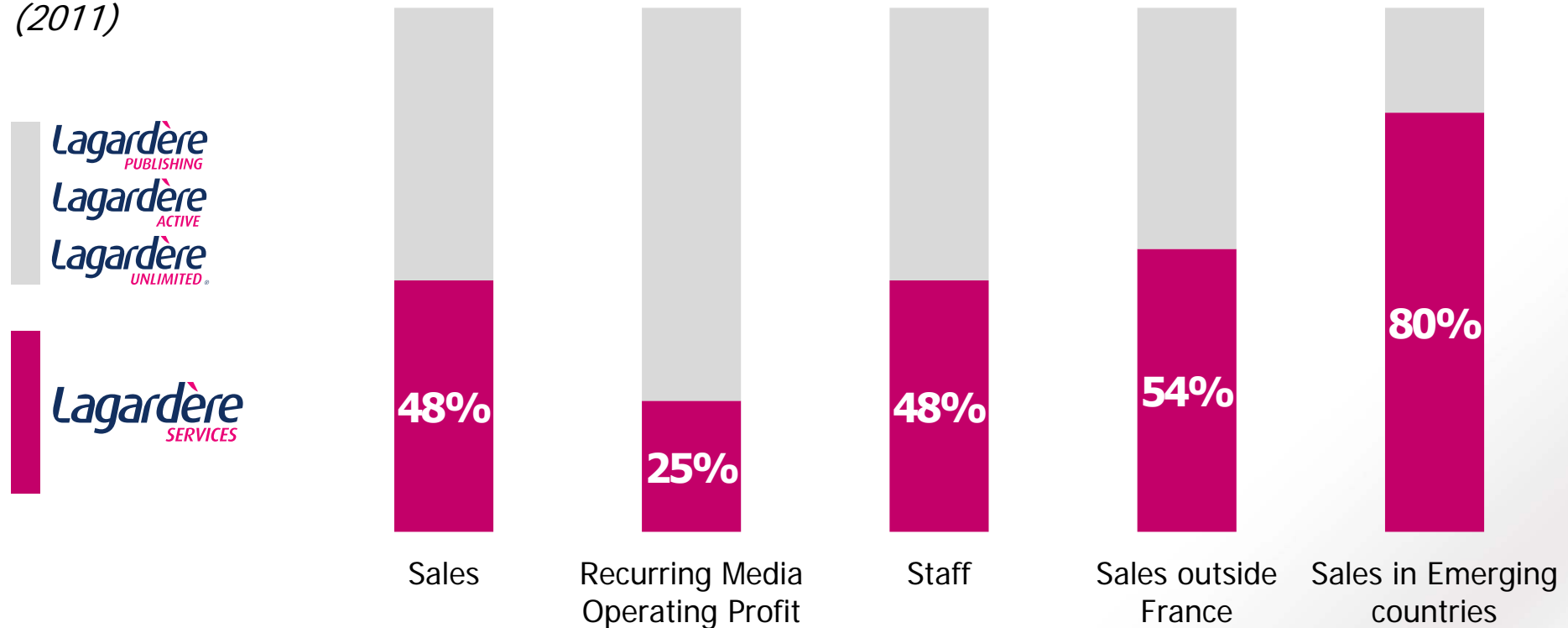
**26**  
countries

**4k**  
sales outlets

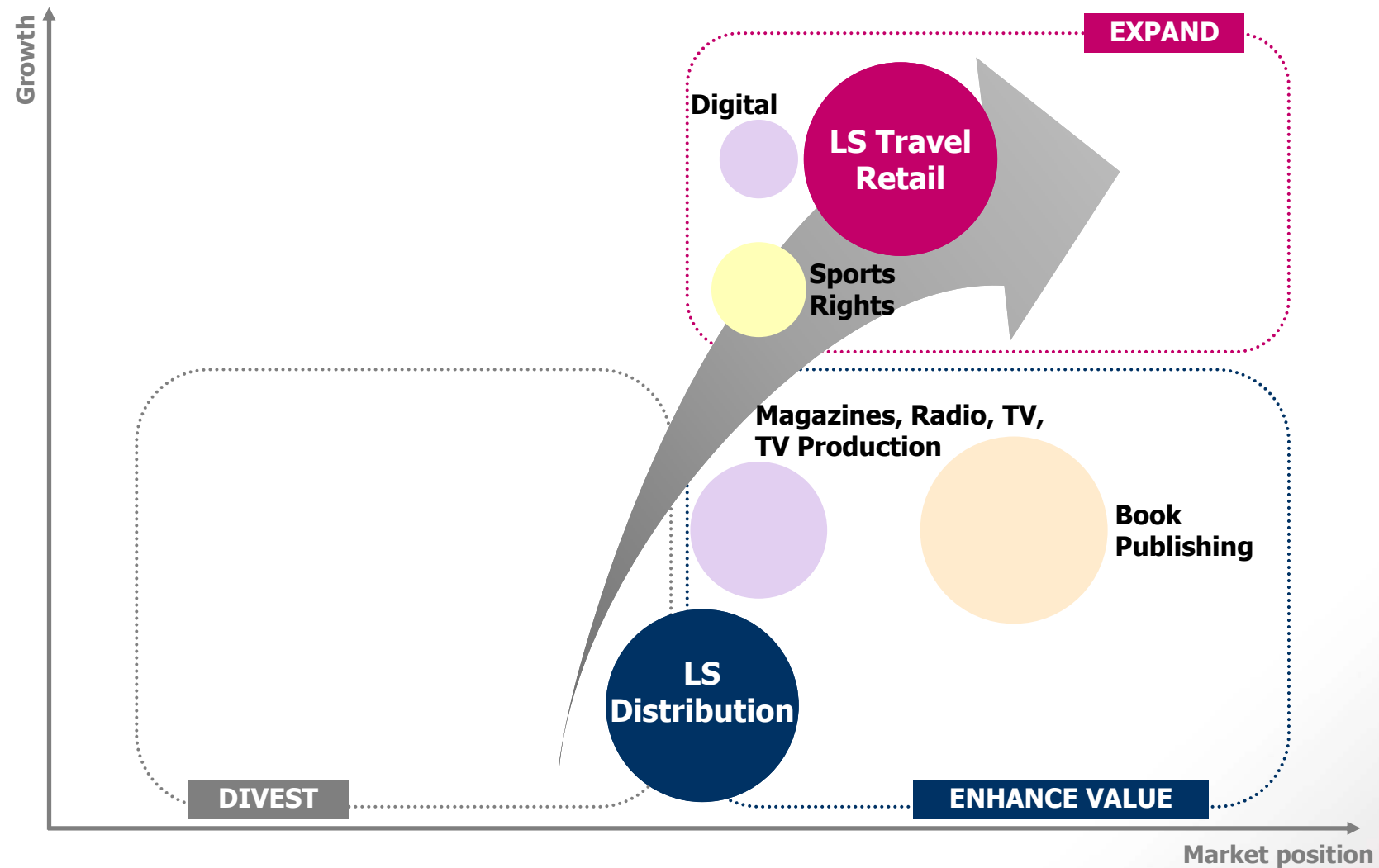
**130**  
airports

**700**  
train stations

### Key metrics by division (2011)



## Travel retail ranks among top Lagardère development areas



## 2012 guidance maintained

### ▪ Trends

- The environment is still difficult in Europe, in advertising as well as household consumption, notably in France

### ▪ However, the Group maintains its guidance

- For 2012, at constant perimeter (PMI<sup>1</sup> and Russian radio excluded) and exchange rates, the **recurring EBIT before associates from media activities should remain stable** compared to 2011.
- This guidance is now based on a -3% to -5% advertising sales assumption for the full year, versus a stable advertising sales assumption previously
- Also, this guidance does not integrate the three following items for the Lagardère Unlimited division, still not foreseeable as of today:
  - settlement of the claim with the French Football Federation;
  - settlement of the litigation with the Board of Control for Cricket in India;
  - negotiations related to the contract with the International Olympic Committee.

(1) International Magazine business



Welcome to

*Lagardère*  
**SERVICES**

## A new strategy led by a new management

**Emmanuel  
de PLACE**

COO LS Travel Retail  
ASPAC

**Frédéric  
RENAULT**

EVP HR  
& Communication

**Dag  
RASMUSSEN**

Chairman & CEO

**Vincent  
ROMET**

COO LS Travel Retail  
EMEA

**Jean-Baptiste  
MORIN**

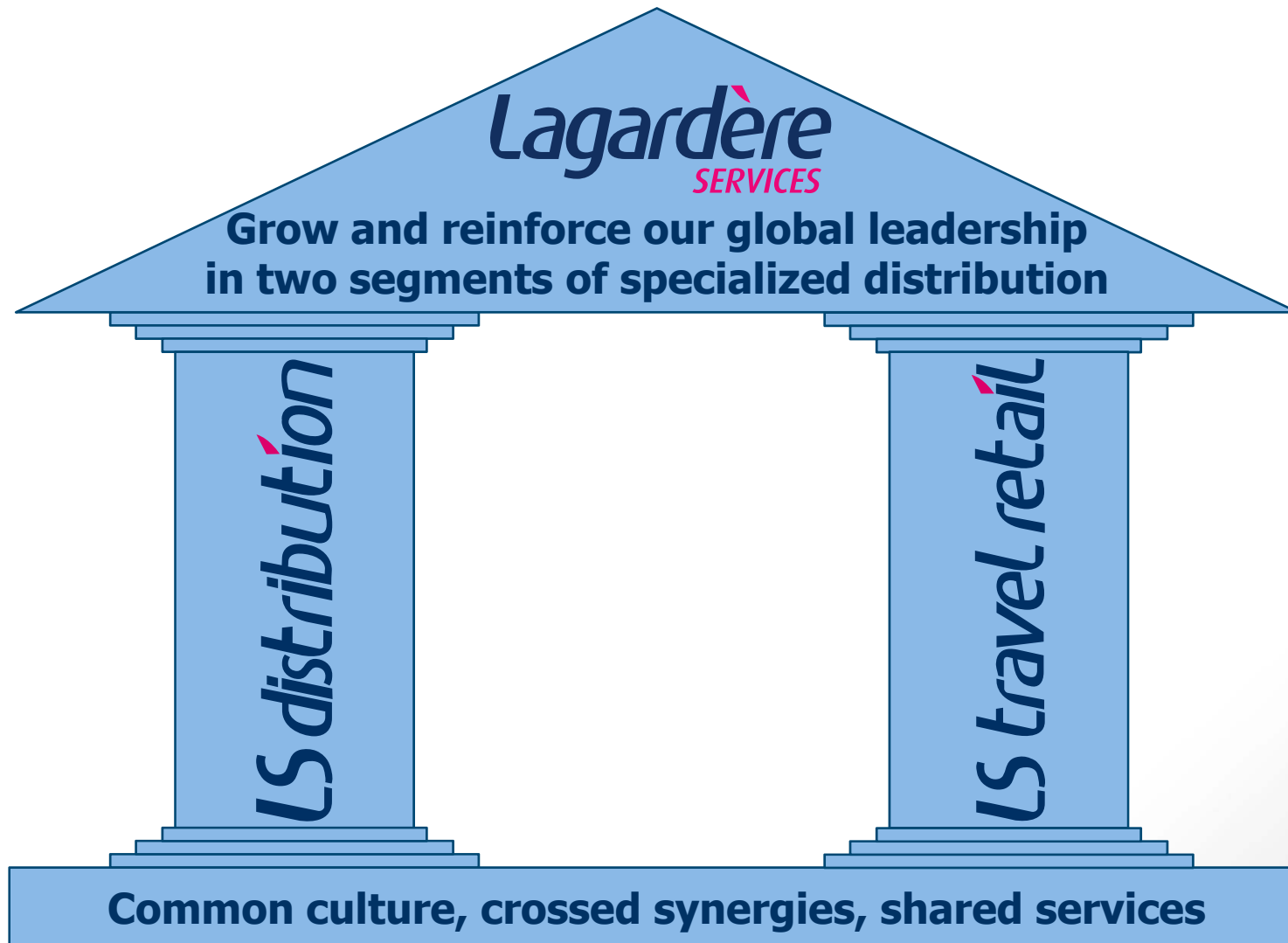
CEO LS Distribution

**Luc  
MANSION**  
CFO

**Frédéric  
CHEVALIER**  
EVP Strategy



## A leader in two businesses of specialized distribution



## An agenda essentially focused on travel retail

Topic	Starting time	Duration	Speakers
LS Distribution, an asset to reinvent	9h10	20'	J.B. Morin
The travel retail business, an appealing niche in the retail industry	9h30	30'	F. Chevalier
External perspective on travel retail	10h00	10'	<i>D. Davitt (The Moodie Report)</i>
Coffee break	10h10	20'	All
LS Travel Retail a global and leading player	10h30	40'	L. Mansion, V. Romet
Testimonials from industry partners on travel retail perspectives	11h10	30'	<i>F. Rubichon (AdP), O. Benamou (L'Oréal), H. Mutsch (Deutsche Bahn)</i>
Vision for the future	11h40	20'	D. Rasmussen
Q&A	12h00	30'	Lagardère Services Executive Committee
Cocktail	12h30	60'	All

*Italic: external guests*

## Agenda

### LS Distribution, an asset to reinvent

*Jean-Baptiste Morin*

The travel retail business, an appealing niche in retail

*Frédéric Chevalier*

External perspective on travel retail

*Dermot Davitt*

Coffee break

*All*

LS Travel Retail, a global and leading player

*Luc Mansion + Vincent Romet*

Testimonials from industry partners

*External guests*

Vision for the future




*Dag Rasmussen*

Questions and Answers

*All*



## LS Distribution, a distribution and services company dedicated to proximity and convenience retailing

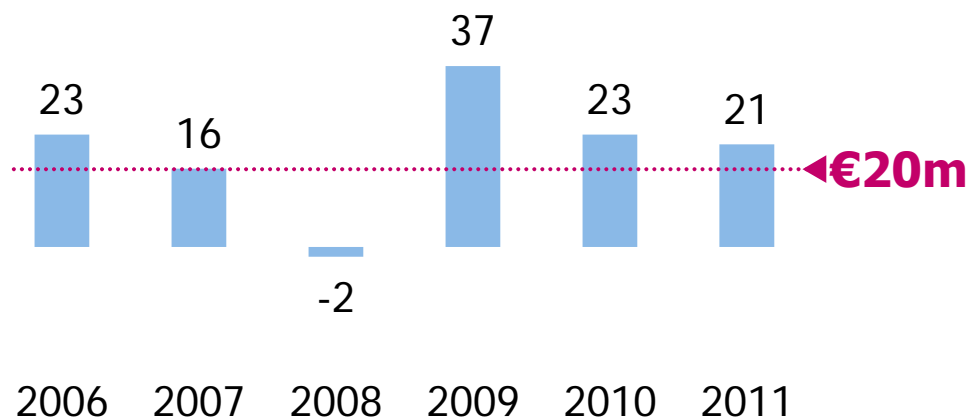
	 <b>BE</b>	 <b>CH</b>	 <b>HU</b>	 <b>SP</b>	 <b>CA</b>	 <b>US</b>
Press national distribution						
Press wholesale						
FMCG <sup>1</sup> distribution						
Third-party logistics						
Marketing services						
Convenience retailing						

(1) Fast-moving consumer goods

## A cash generator with a significant Ebitda

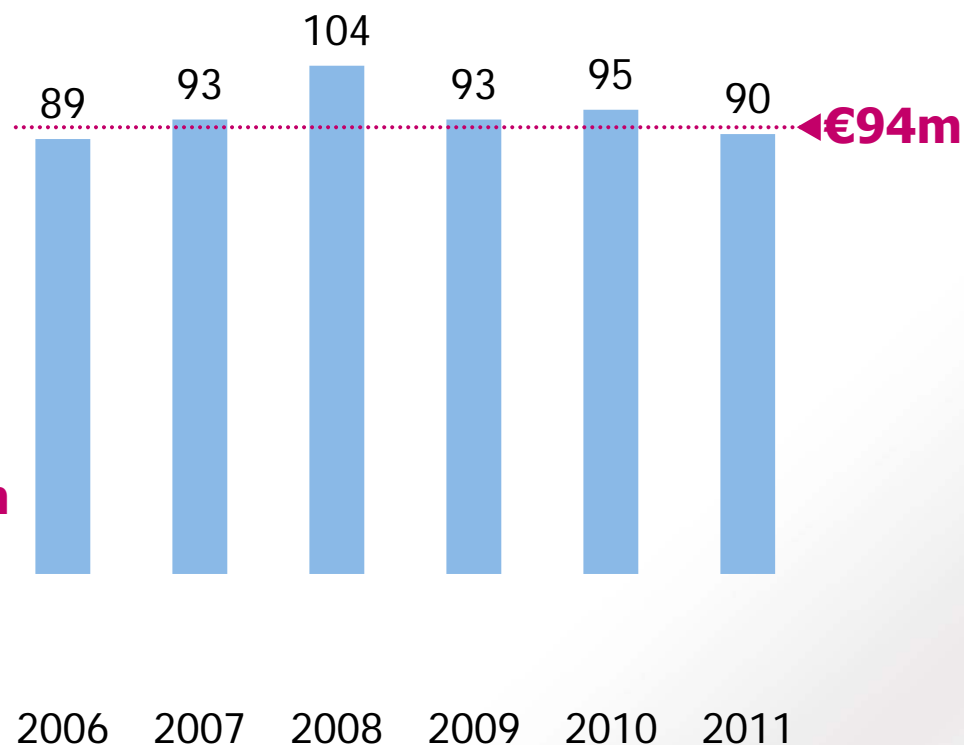
### Annual total capital expenditures in LS Distribution

(€ m, 2006-2011)



### LS Distribution normalized<sup>1</sup> Ebitda

(€ m, 2006-2011)

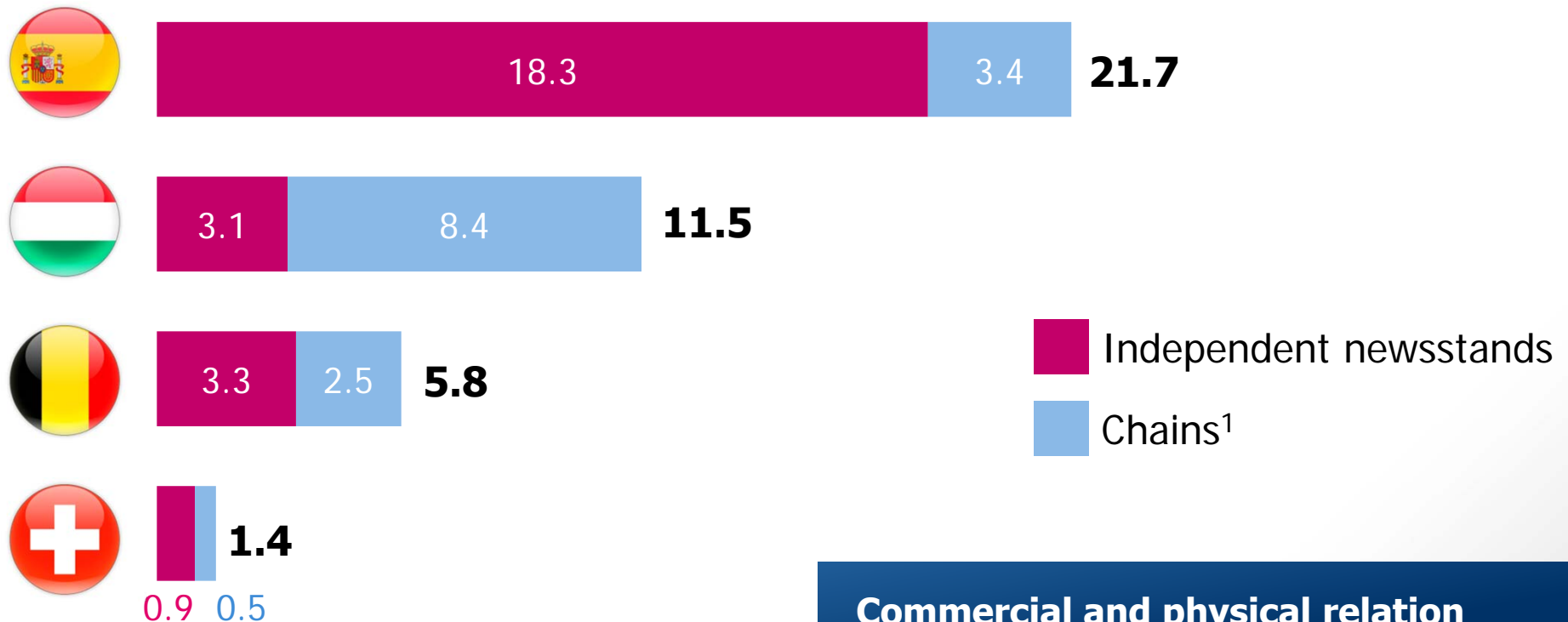


(1) Restated from exceptional items  
Source: Lagardère Services

## LS Distribution, a leader in the proximity retail business

### Outlets served several times a week by country and by segment

(Thousands of outlets, 2011)



**Commercial and physical relation  
with more than 40,000 outlets**

(1) Petrol stations, convenience stores, etc...

Source: Lagardère Services

## LS Distribution, a leader in the proximity retail business

LS Distribution operates directly c. **1,300** proximity outlets

 NAVILLE

*Press Shop*



**inmedio**

A **highly valuable** network for a distributor

- Superior customer understanding for the benefit of suppliers and retailers
- Speed and reliability to suppliers when promoting products

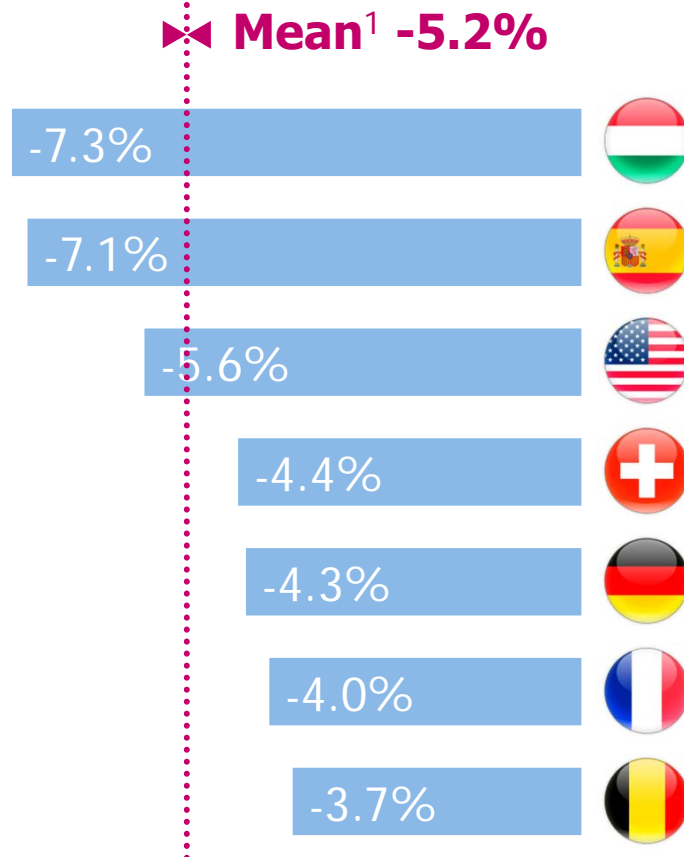
**This translates into  
better margins**

- In addition, LS Distribution operates in travel retail, essentially Relay stores

## Printed press decline will continue, a reshaped market will remain

### Magazines market – Single copy sales evolution in volume by country

(CAGR, 2006-2010)



- A **market** for printed magazines will remain
- Our working assumption is that market will be **divided by two in volumes** between 2010 and 2015
- Many small titles will disappear... and inefficiencies attached. There is a **need for a distributor**, yet operating in a **quite different market environment**
- **Price increase** so far compensated decline in volumes. Evolution in value remains a question mark

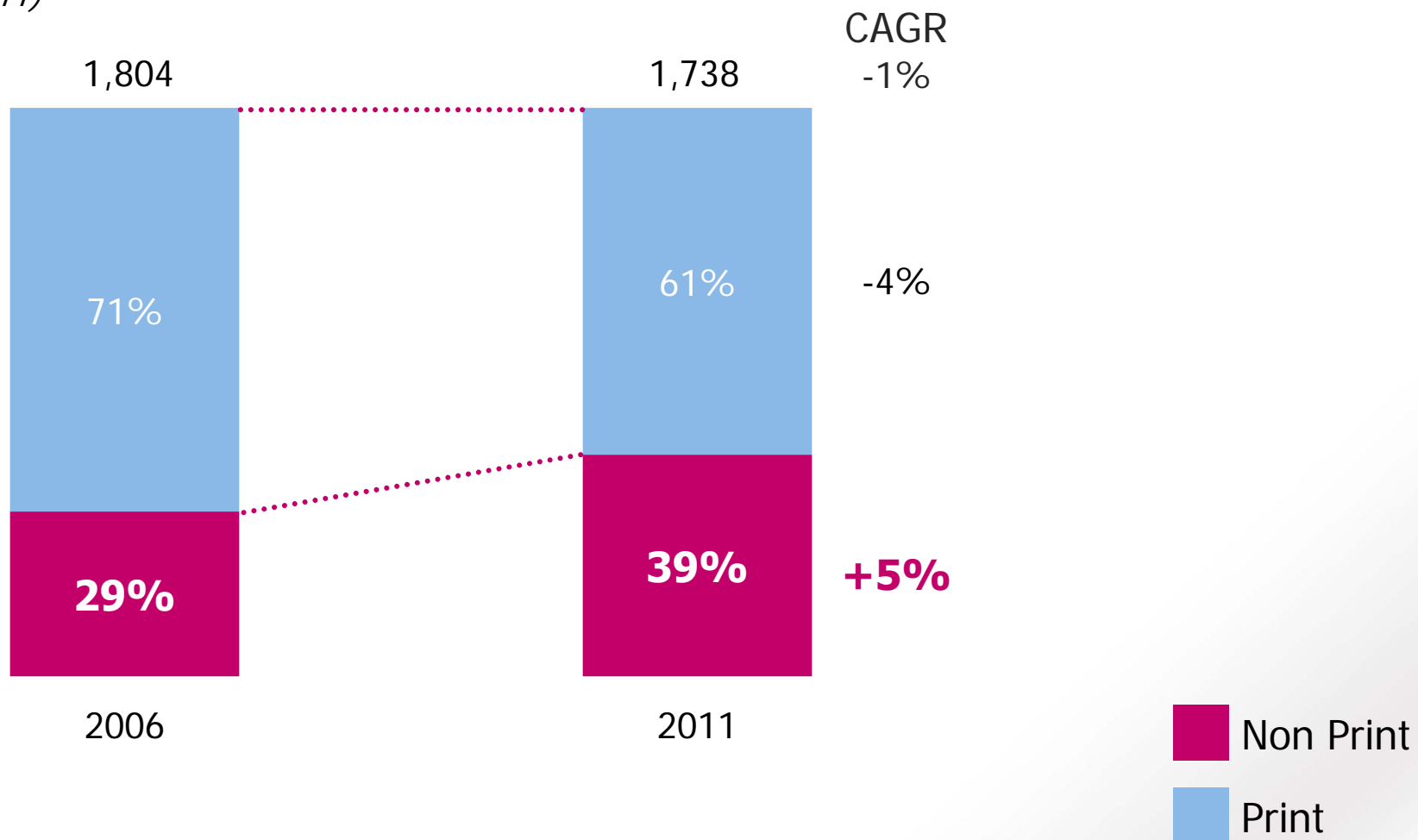
(1) Linear mean, i.e. not weighted by market size  
Source: Lagardère Services



## A reduced dependency on print

### LS Distribution non-print consolidated sales

(€ m, 2006-2011)



Source: Lagardère Services

## Reinventing LS Distribution with a two-axis strategy

*LS distribution*

Reinvent LS Distribution

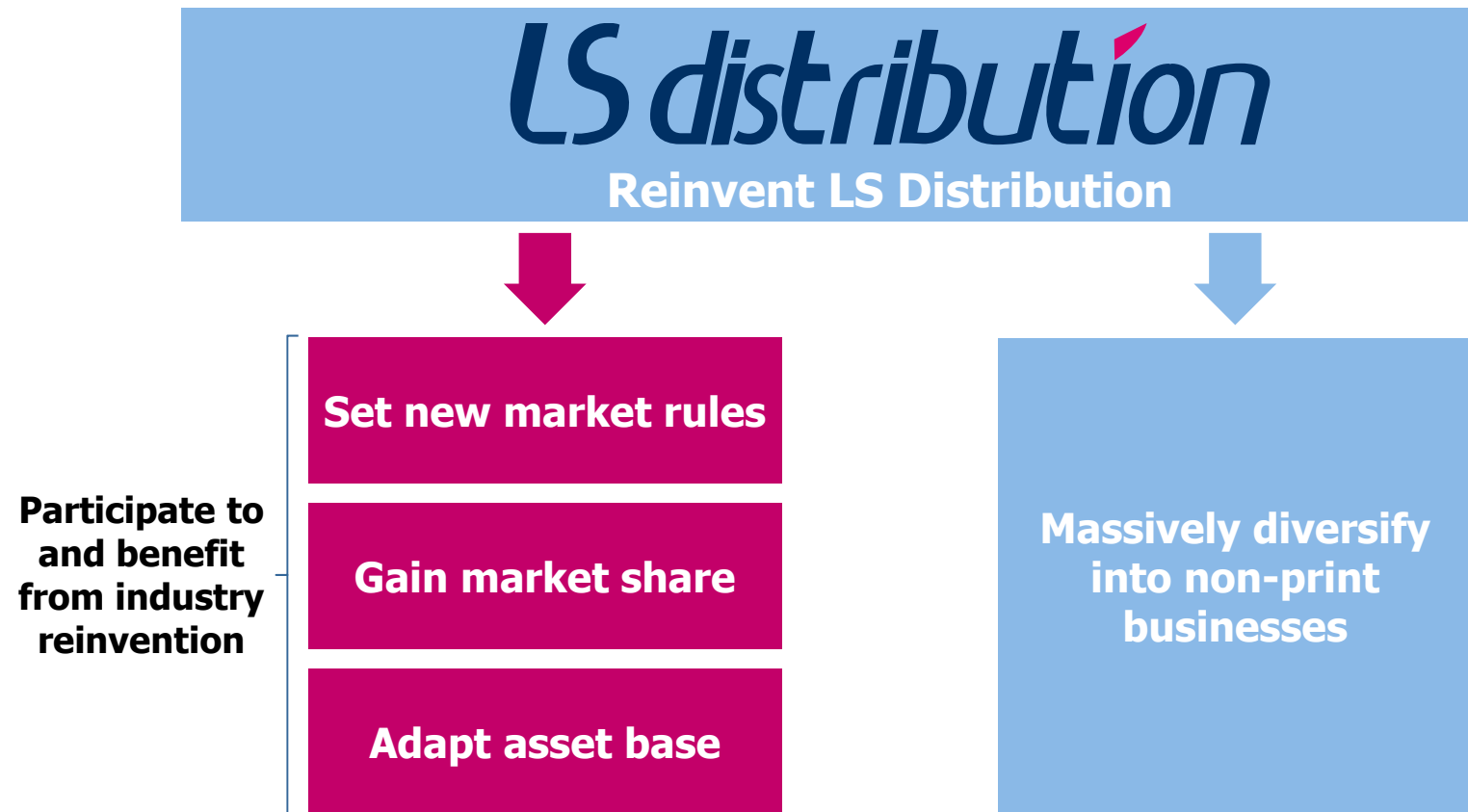


**Participate to and  
benefit from industry  
reinvention**



**Massively diversify  
into non-print  
businesses**

**Three initiatives – strongly interdependent –  
constitute the core of the industry reinvention**



**At least three initiatives will allow to diversify LS Distribution**

***LS distribution***

**Reinvent LS Distribution**



**Participate to and  
benefit from industry  
reinvention**



**Provide a full last-  
mile logistics offer**

**Import / Distribute  
Brands**

**Drive independent  
newsstands evolution**

**Massively  
diversify into  
non-print  
businesses**

## Lagardère Services is ready to be diluted in LS Distribution to forge alliances

- Travel retail is Lagardère Services' core focus. LS Distribution is managed as a cash-generator
- Strategic moves to reinforce diversification and drive market consolidation will be structured through alliances
  - **Peers** to consolidate the European industry. LS Distribution is in the best position to do so
  - **Industry partners** to accelerate diversification
- Lagardère Services pursues two objectives
  - **Move financed only with assets**, no additional financial resources will be allocated
    - Potential dilution in LS Distribution with no cash-out
    - Strategic moves financed with marginal assets disposals or alliances with funds
  - Increase of **Net Result Group Share**



## Agenda

LS Distribution, an asset to reinvent

*Jean-Baptiste Morin*

**The travel retail business, an appealing niche in retail**

***Frédéric Chevalier***

- **Travel retail market: definition and sizing**

- Trends and strategic outlooks

External perspective on travel retail

*Dermot Davitt*

Coffee break

*All*

LS Travel Retail, a global and leading player

*Luc Mansion + Vincent Romet*

Testimonials from industry partners

*External guests*

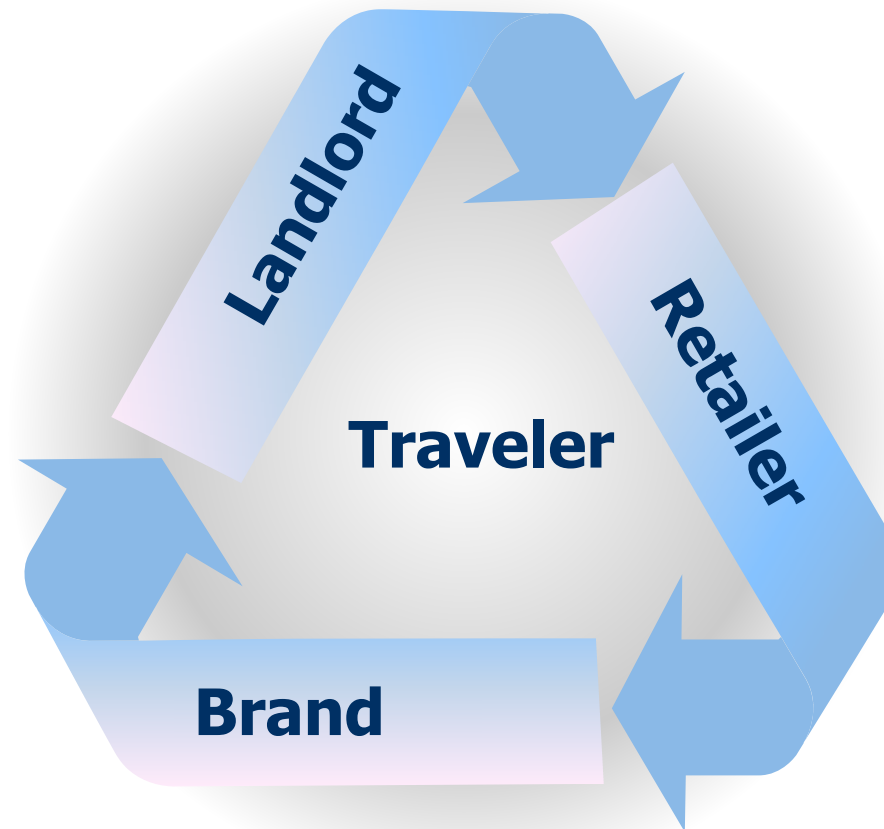
Vision for the future

*Dag Rasmussen*

Questions and Answers

*All*

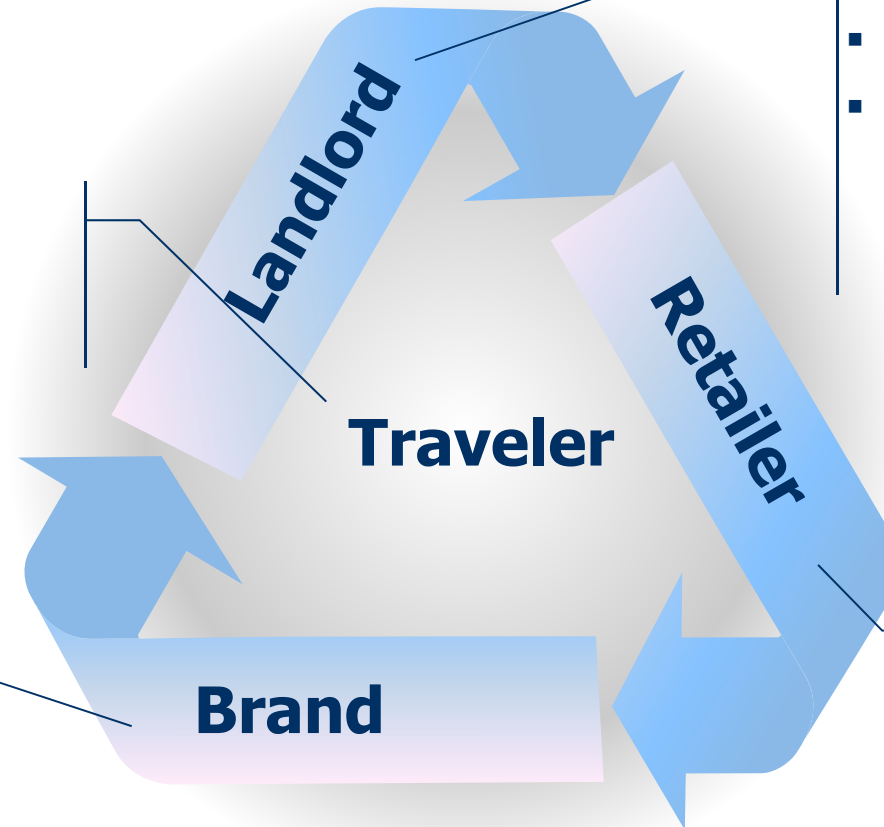
## Travel retail is an ecosystem



## Many specificities, a niche in the retail world

- **Specific mindset**
- **Strong constraints** associated to travel

- **Highly segmented** customer base
- Remarkable situation to **engage with customers**



- **Landlord**: space allocation, use clause definition
- **Pax** provider
- **Shopping enabler**: retail planning, pax processing, retail promotion, etc.

- Highly specific **operational constraints**
- Atypical **commercial productivity...** and **rent structure**

## From an operator perspective, Travel Retail is actually a multi-channel and multi-products market

### Travel retail market segmentation

	Duty Free & Luxury Fashion	Travel essentials <sup>1</sup>	Foodservice
Others <sup>3</sup>			
Stations <sup>2</sup>			
Airport			

(1) News, gifts, convenience, souvenirs, electronics, etc.

(2) Railway and subway stations

(3) Ferry, border, in-flight, diplomatic stores, downtown duty free, highways, hospitals, museums, touristic sites, etc.

Source: Lagardère Services estimates

## From an operator perspective, travel retail is actually a multi-channel and multi-products market

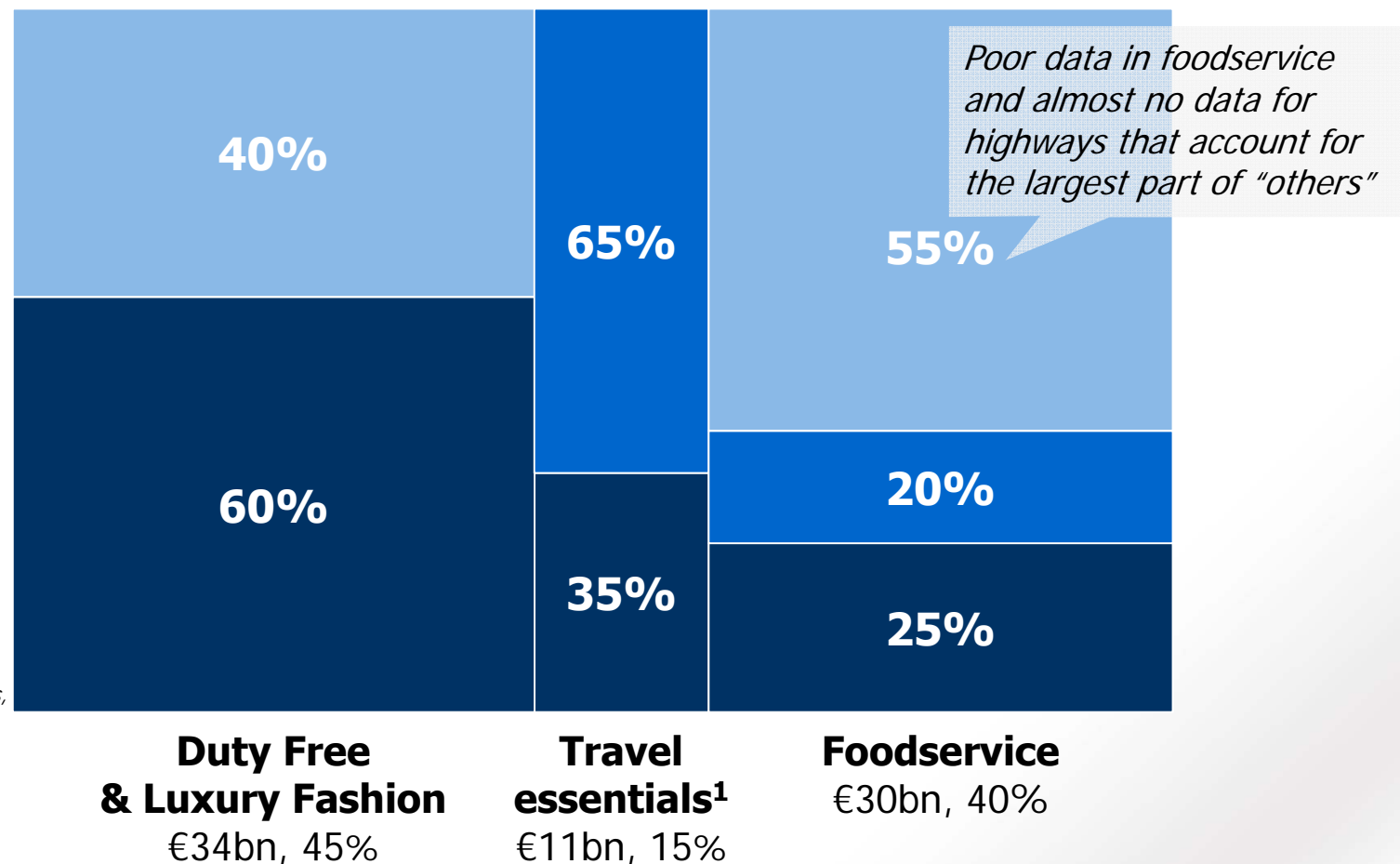
Estimates

### Travel retail market size

(€ bn, %, 2011)

$\Sigma = \text{€}75\text{bn}$

- **Others<sup>3</sup>**  
€30bn, 40%
- **Stations<sup>2</sup>**  
€13bn, 17%
- **Airports**  
€32bn, 43%



(1) News, gifts, convenience, souvenirs, electronics, etc.

(2) Railway and subway stations

(3) Ferry, border, in-flight, diplomatic stores, downtown duty free, highways, hospitals, museums, touristic sites, etc.

Source: Lagardère Services estimates



## The industry is exposed to several kind of unpredictable events

- Airport retail is closely correlated with pax hence global **GDP growth**: however a cyclical air traffic is compensated by a very resilient rail traffic
- A business exposed to **external events** disruptive in the airport environment
- Exposure to **regulation changes**
  - C. ½ of market is duty free retail, i.e. business partly created by tax exemptions granted by states
  - Some threats exists: tobacco ban in airports, one-bag policy, etc.

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***Frédéric Chevalier***

- Travel retail market: definition and sizing

#### **▪ Trends and strategic outlooks**

External perspective on travel retail

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*All*

## A fast growing market

Estimates

### Travel retail market size and growth perspectives

(€ bn, %, 2011)

Σ = €75bn

■ **Others<sup>1</sup>**  
€30bn, 40%

■ **Stations**  
€13bn, 17%

■ **Airports**  
€32bn, 43%

### Annual growth until 2020

(% p.a.)

◊ = 0% - 2%

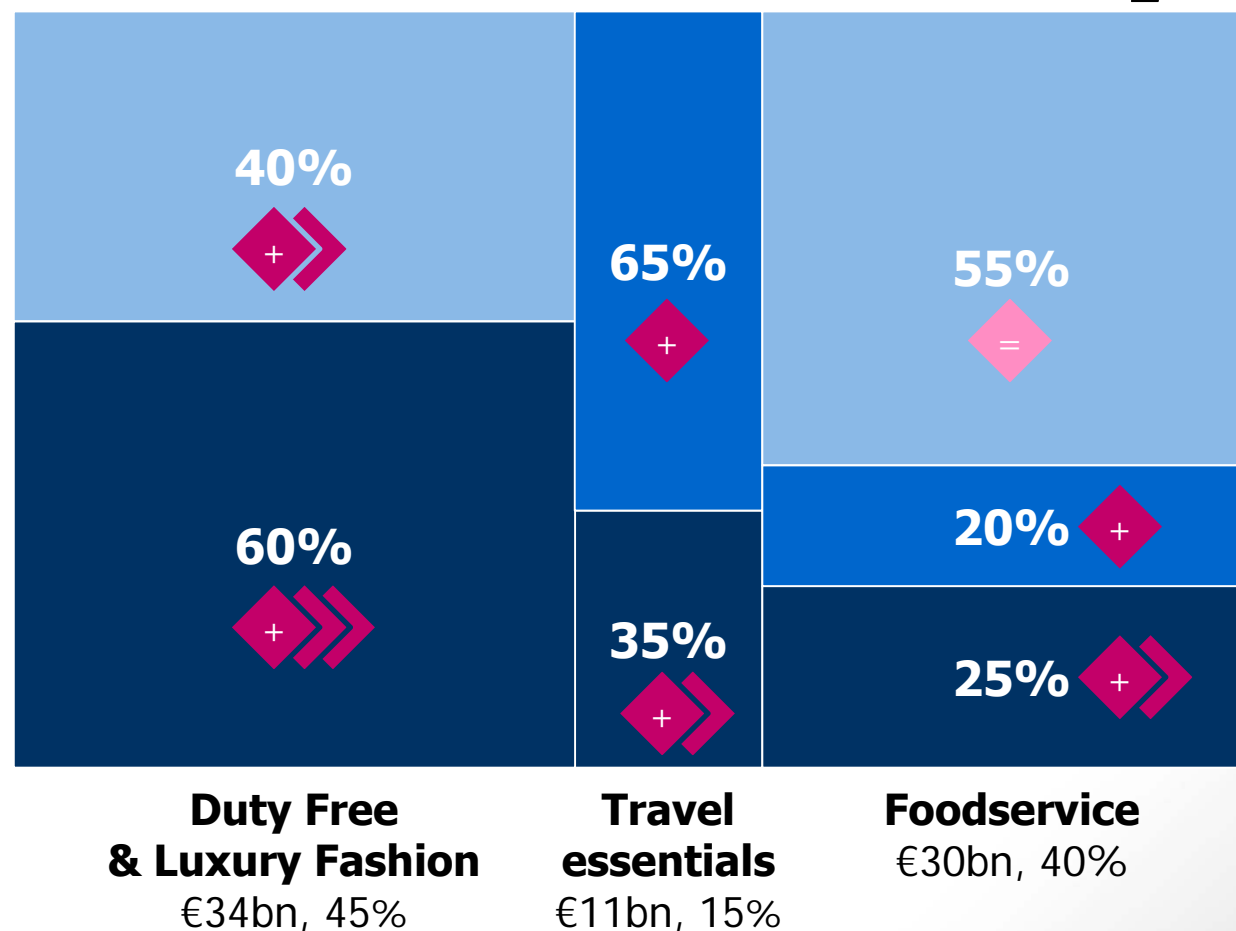
◊+ = 2% - 4%

◊+> = 4% - 8%

◊+>> = > 8%

(1) Incl. ferries, inflight, downtown stores for duty free & luxury fashion; highways, hospitals, museums for foodservice

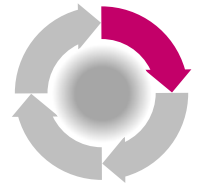
Source: Lagardère Services estimates



## Reinvention of the industry benefits to the largest players

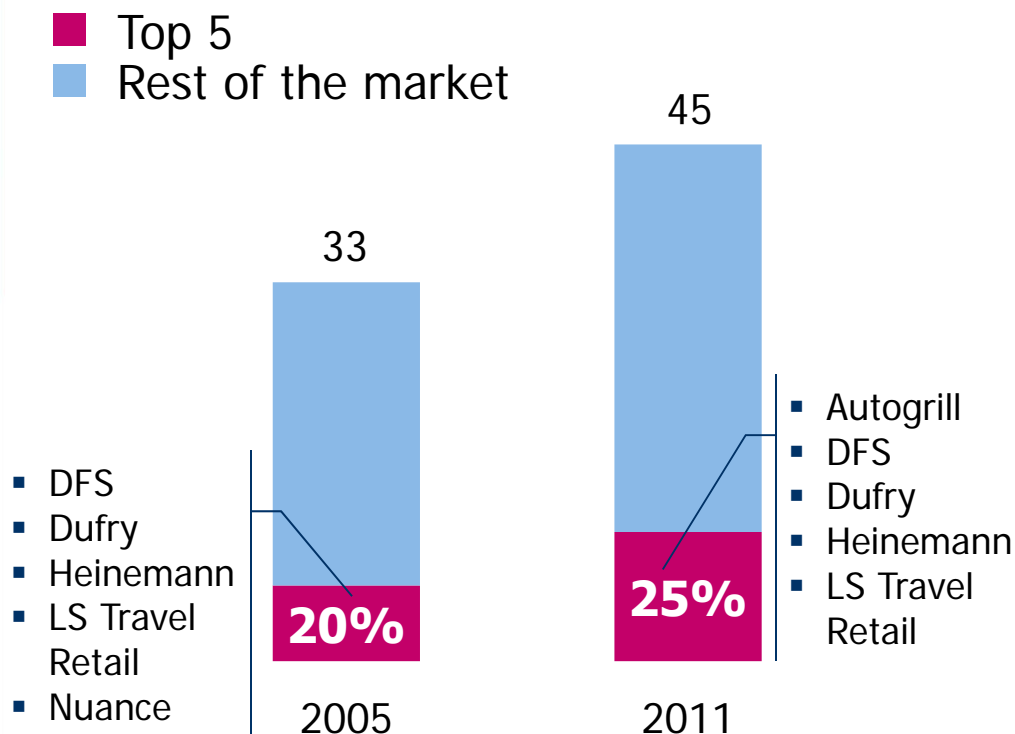


## Consolidation is under way but is far from being achieved

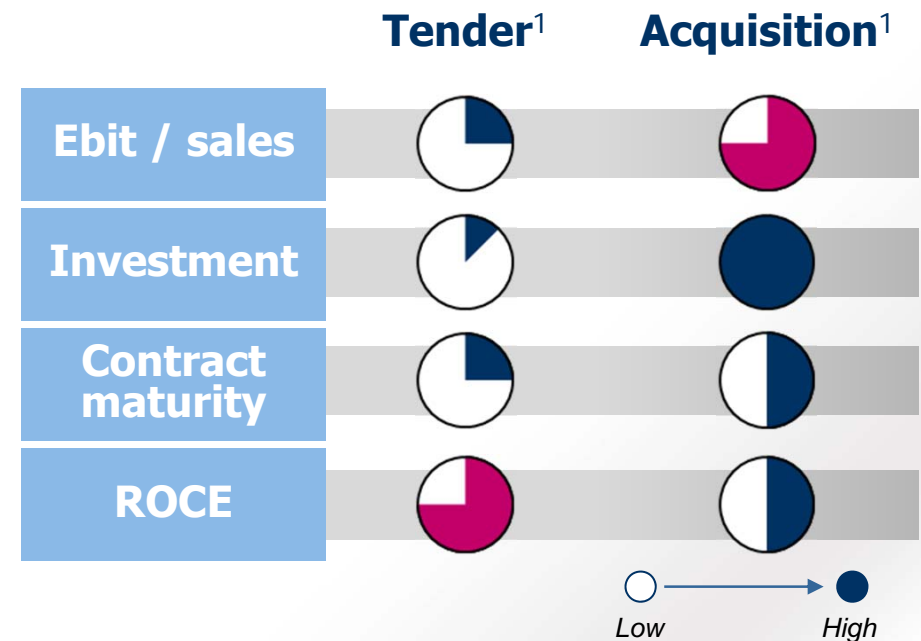


### Five largest players market share in travel retail – Foodservice excluded

(€ bn, %, 2005, 2011)

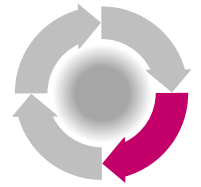


- Winning **tenders** and performing some **acquisitions** is mandatory as well
- Both routes are **equally appealing** financially speaking



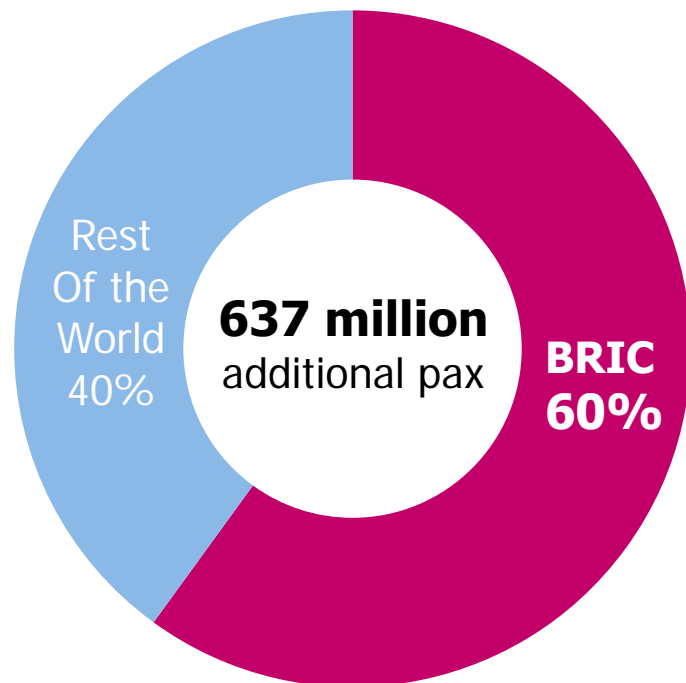
(1) Based on recent tenders and recent acquisitions  
Source: Lagardère Services estimates

## Emerging countries heavily contribute to growth worldwide, driving industry's globalization



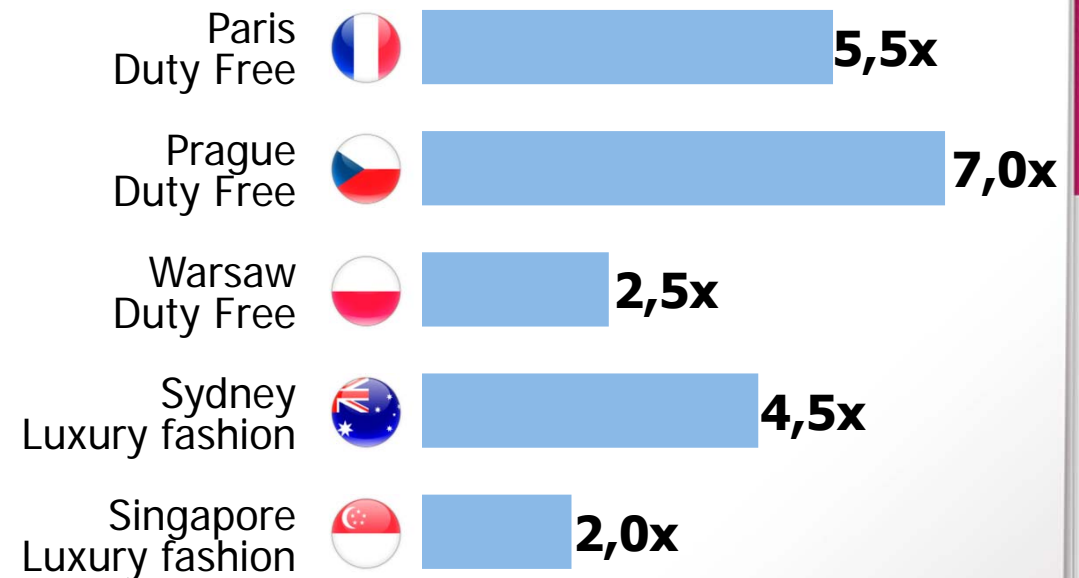
### Increase<sup>1</sup> in total air traffic between 2006 and 2011

(€ bn, %, 2006-2011)



### Sales Per Pax for BRIC destinations

(As a multiple of the SPP of the remaining pax, 2011)

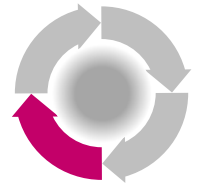


(1) Total air traffic increased from 4.4 bn pax in 2006 up to 5.0 bn in 2011. BRIC represented 10% of total traffic in 2006 and 16% in 2011

Source: ACI World Statistics, Lagardère Services



# Sophistication is a growing expectation in the industry



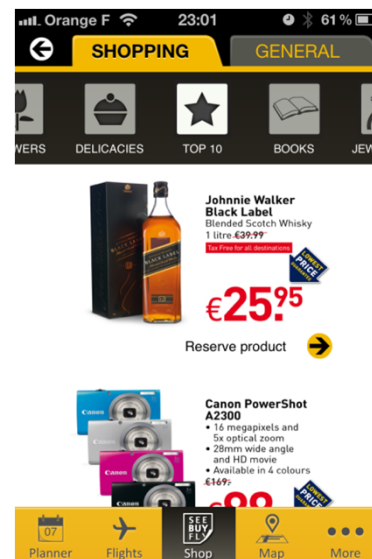
## Travelers



*"Airports are special places. I expect new products, I want expert advice, I would like to be pampered"*

Woman - frequent traveler - Asia

## Landlords



Amsterdam Schiphol mobile app

*"I must define a unique value proposition to differentiate from other airports. Retail is critical in supporting it"*

National airport - North America

## Brands

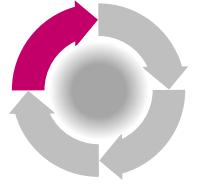


London Heathrow Terminal 5

*"Stations give me a unique place to showcase my innovations to urban customers, my core target"*

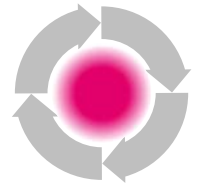
Global beverage company

## Convergence requires the ability to bundle multiple concepts on a given location



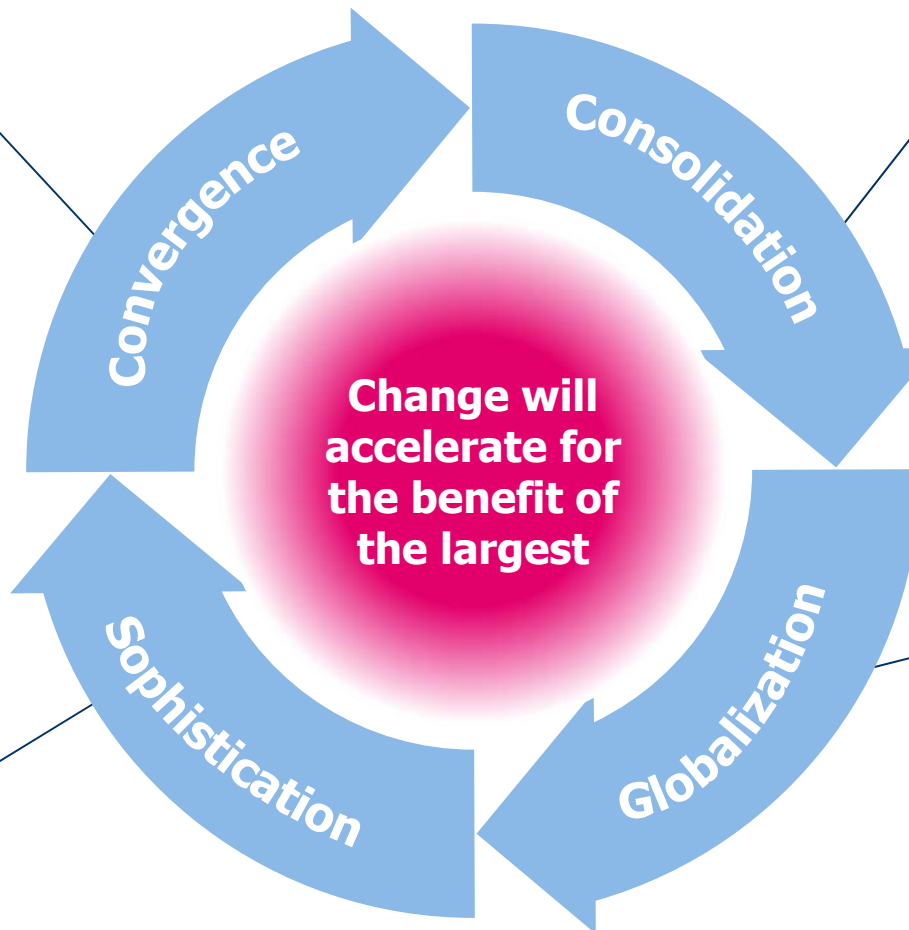
- LS Travel Retail doesn't believe that market will evolve towards a small bunch of master retailers, each operating alone in a given airport
- **However** retailers will **more and more bundle multiple categories** in their offer to landlords
  - Deliver more sophisticated retail to the travelers
  - Better serve the landlord, i.e. our primary customer
- **The growing need** to assist landlords in their retail planning demonstrates this convergence

## Industry deeply reshaped by 2020: more attractive for largest players



- Fewer and fewer **pure players**
- Consumer trend towards hybrid concepts

- **State-of-the-art high street** techniques
- Travel-specific actions to grow **uniqueness** of the channel



- **Economies of scale** will fuel consolidation
- Emergence of **M&A between large players**

- Race for relative size implies strong focus on **large current markets** and more exposure to **emerging markets**
- **Marketing** (B2B and B2C)
- Risk management

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The travel retail business, an appealing niche in retail

*Frédéric Chevalier*

### External perspective on travel retail

***Dermot Davitt***

Coffee break

*All*

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Testimonials from industry partners

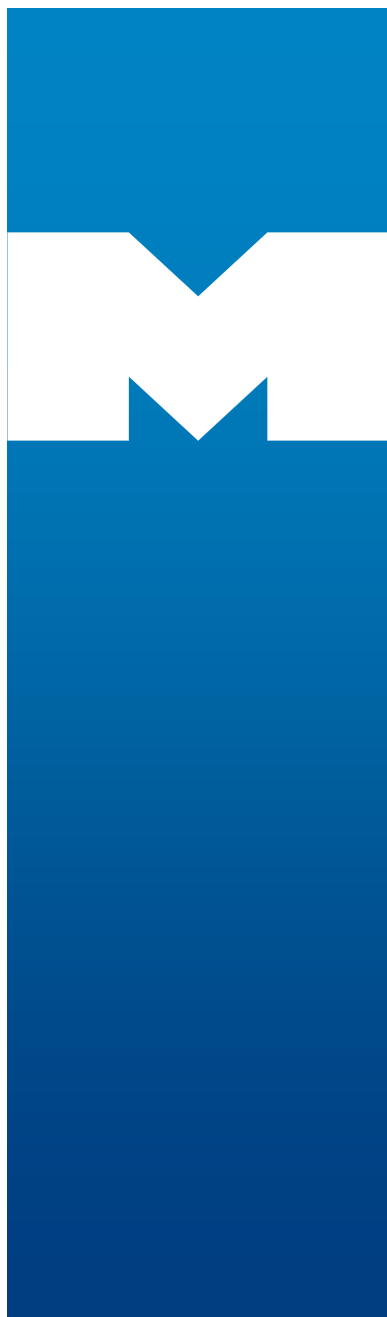
*External guests*

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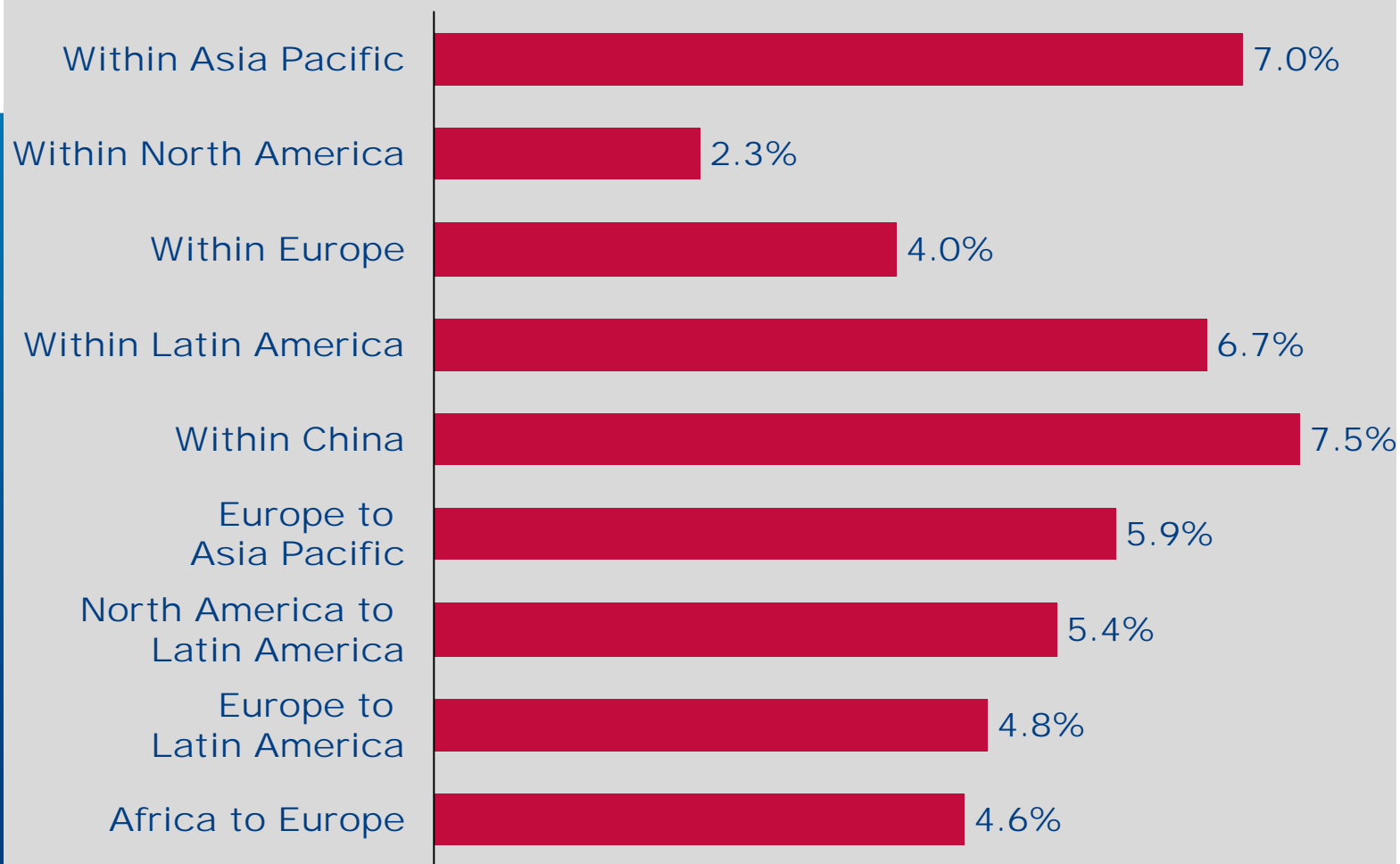
*All*



CELEBRATING  
**10** YEARS  
IN  
TRAVEL  
RETAIL

Dermot Davitt  
Deputy Publisher, The Moodie Report

## Forecast annual traffic growth by route 2010-2030: Asia Pacific leads the way

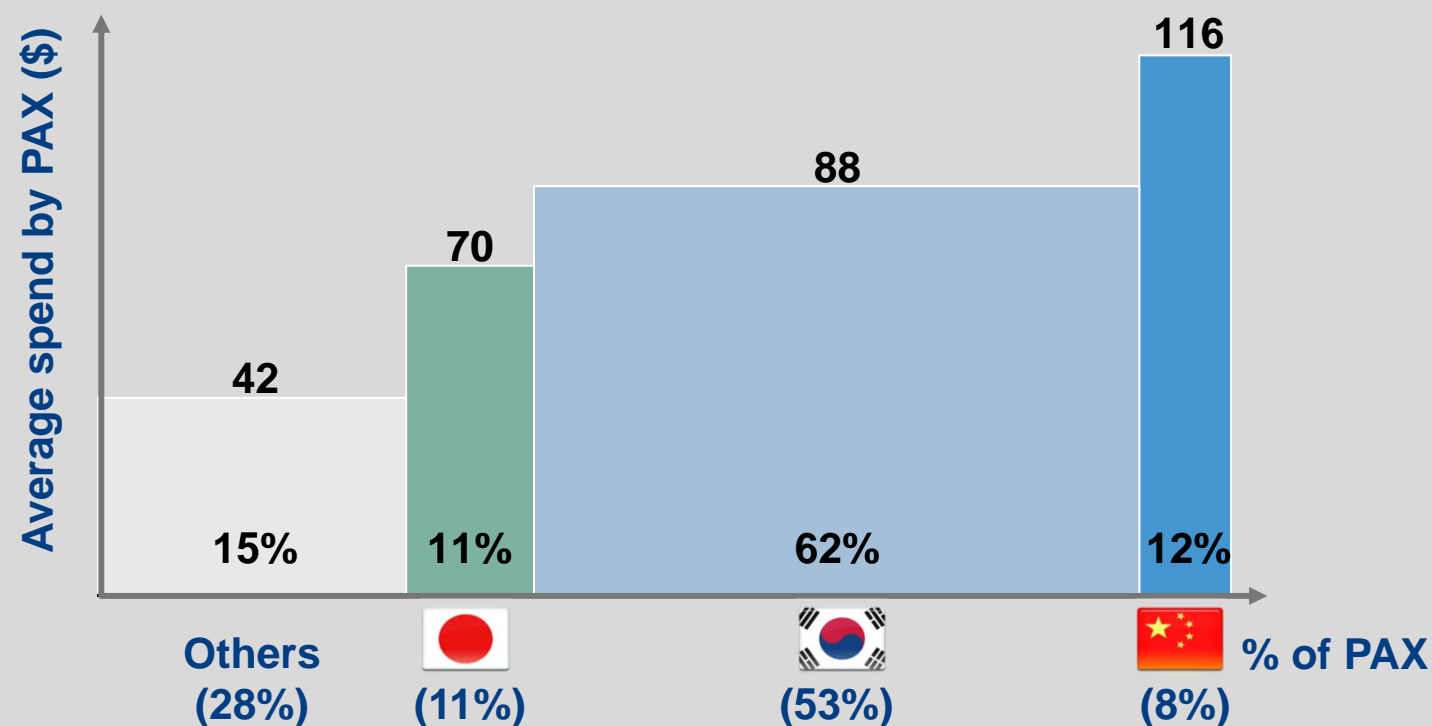


Source: Boeing



# Power of the Chinese travelling spend

Incheon Sales Contribution of Duty free by nationality (%)



Source: IIAC

## Key themes and influences...

- A highly fragmented industry...but changing
- The key players growing through acquisition and extending their control of the major concessions

## Key themes and influences...

- Competition, consumers and the concession model
- The commercial challenge at airports
- Long-term thinking trumps short-term interest...though not always...
- Airports seek a more direct role through JV or owned retail

## Key themes and influences...

- New travel patterns & trends
- Changing expectations of the travel retail environment
- Category winners and losers

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### **LS Travel Retail, a global and leading player**

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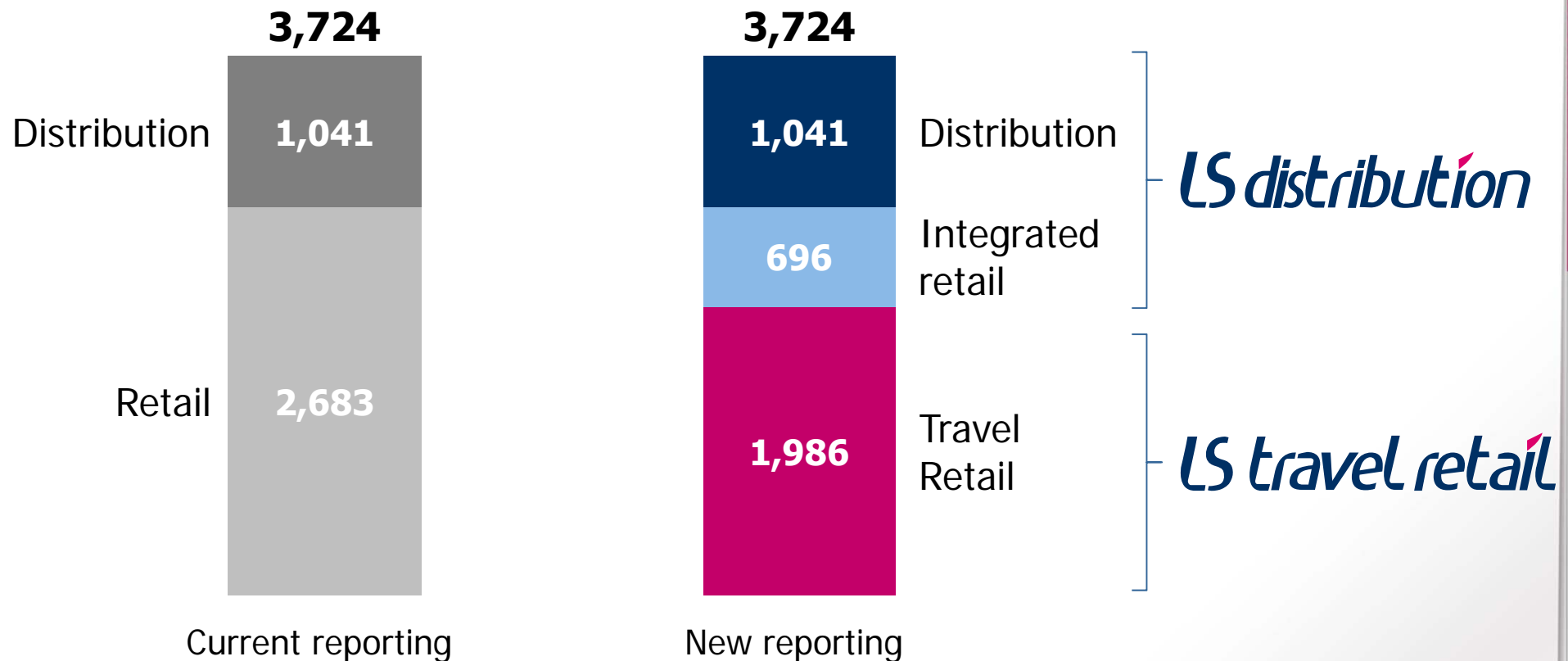
*All*



## LS Travel Retail accounts for €2.0bn consolidated sales

### Sales breakdown

(€ m, 2011)

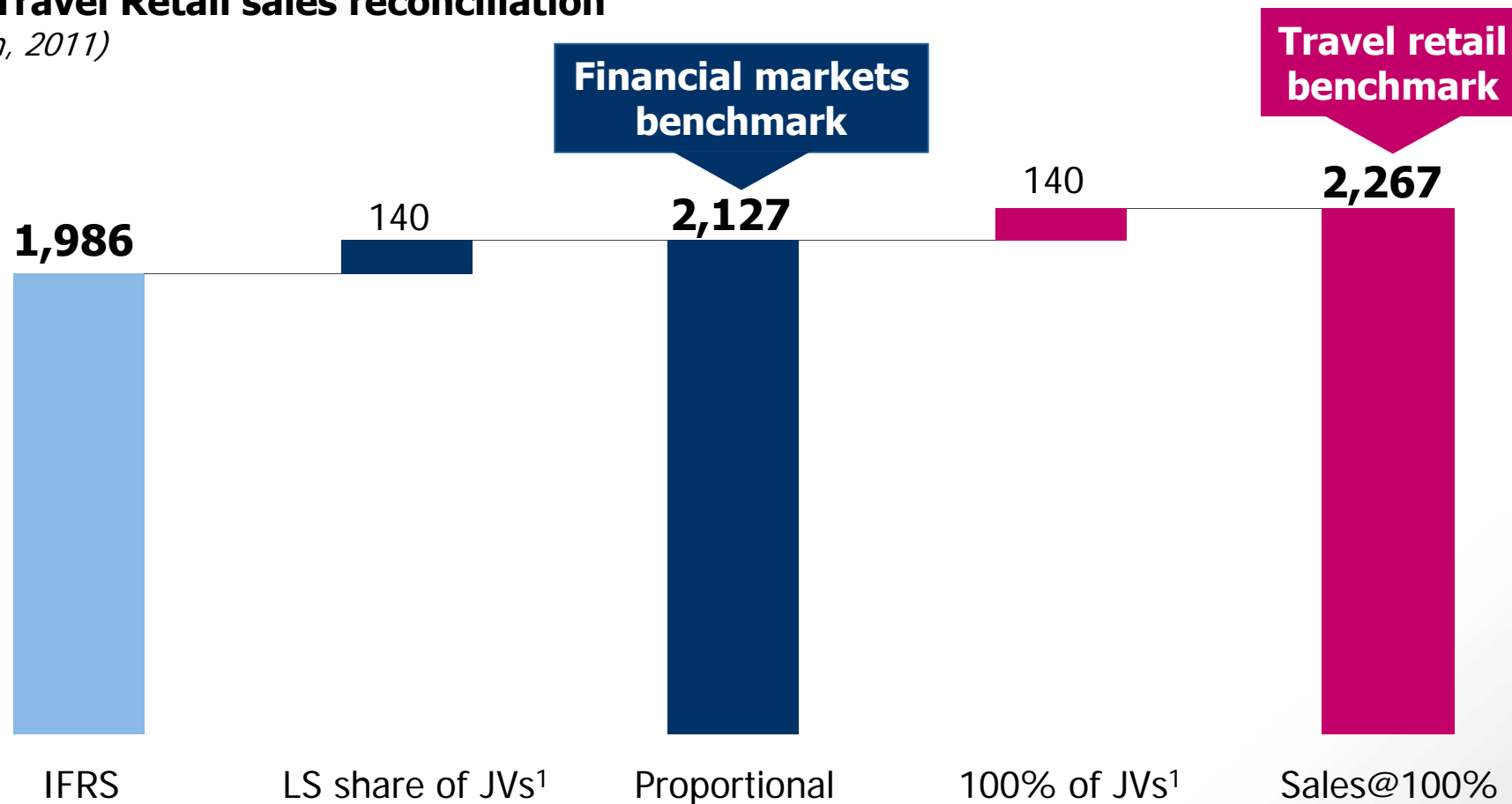


Source: Lagardère Services

## Sales reached €2.3bn in economic terms

### LS Travel Retail sales reconciliation

(€ m, 2011)



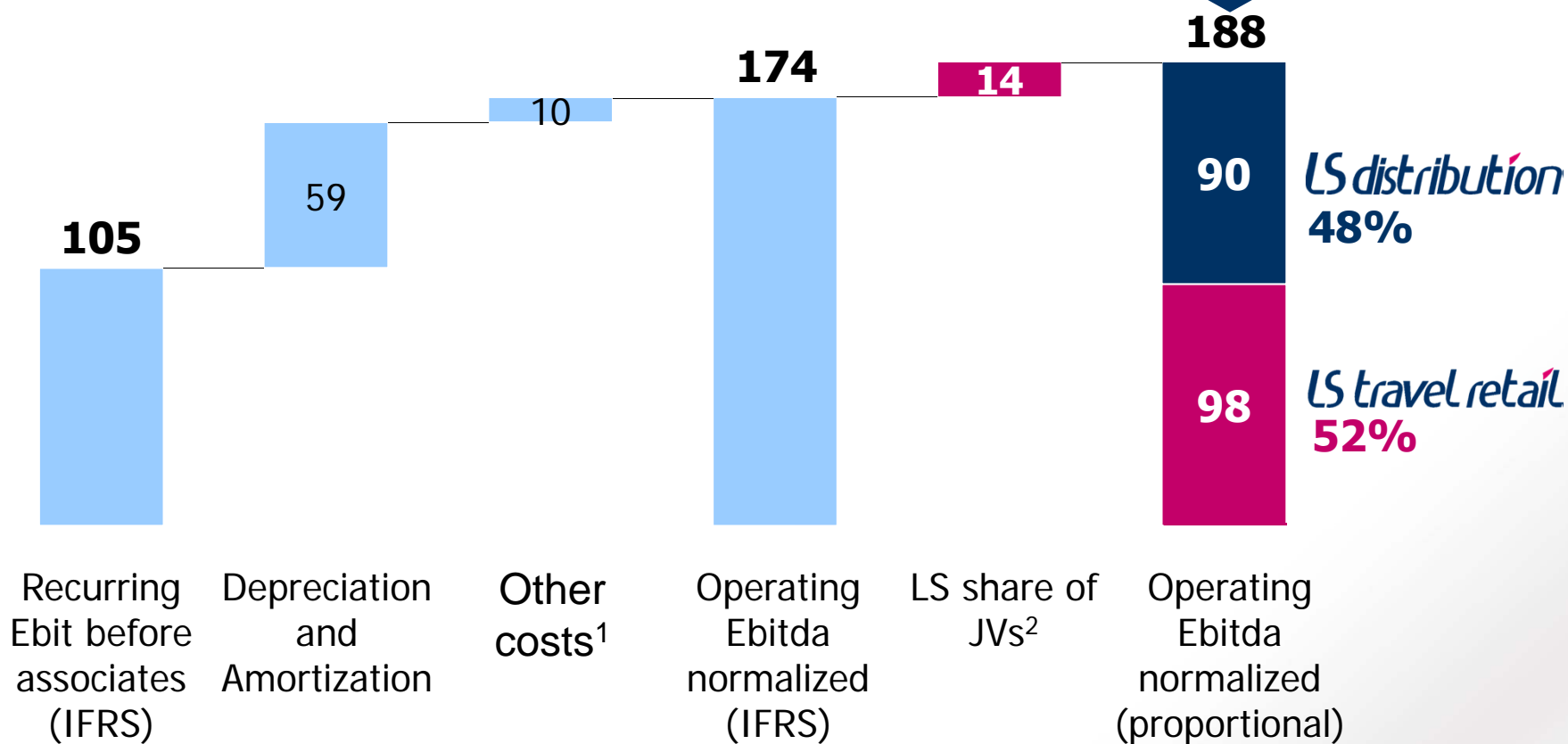
(1) SDA and Relay@ADP (JV with Aéroport de Paris), Aéroport de Lyon, Dutyfly, etc. – Figures net from intercos

Source: Lagardère Services

## LS Travel Retail contributes to half of Lagardère Services Ebitda

### Lagardère Services profitability breakdown and reconciliation (€ m, 2011)

#### Financial markets benchmark



(1) Incl. corporate costs and exceptional items

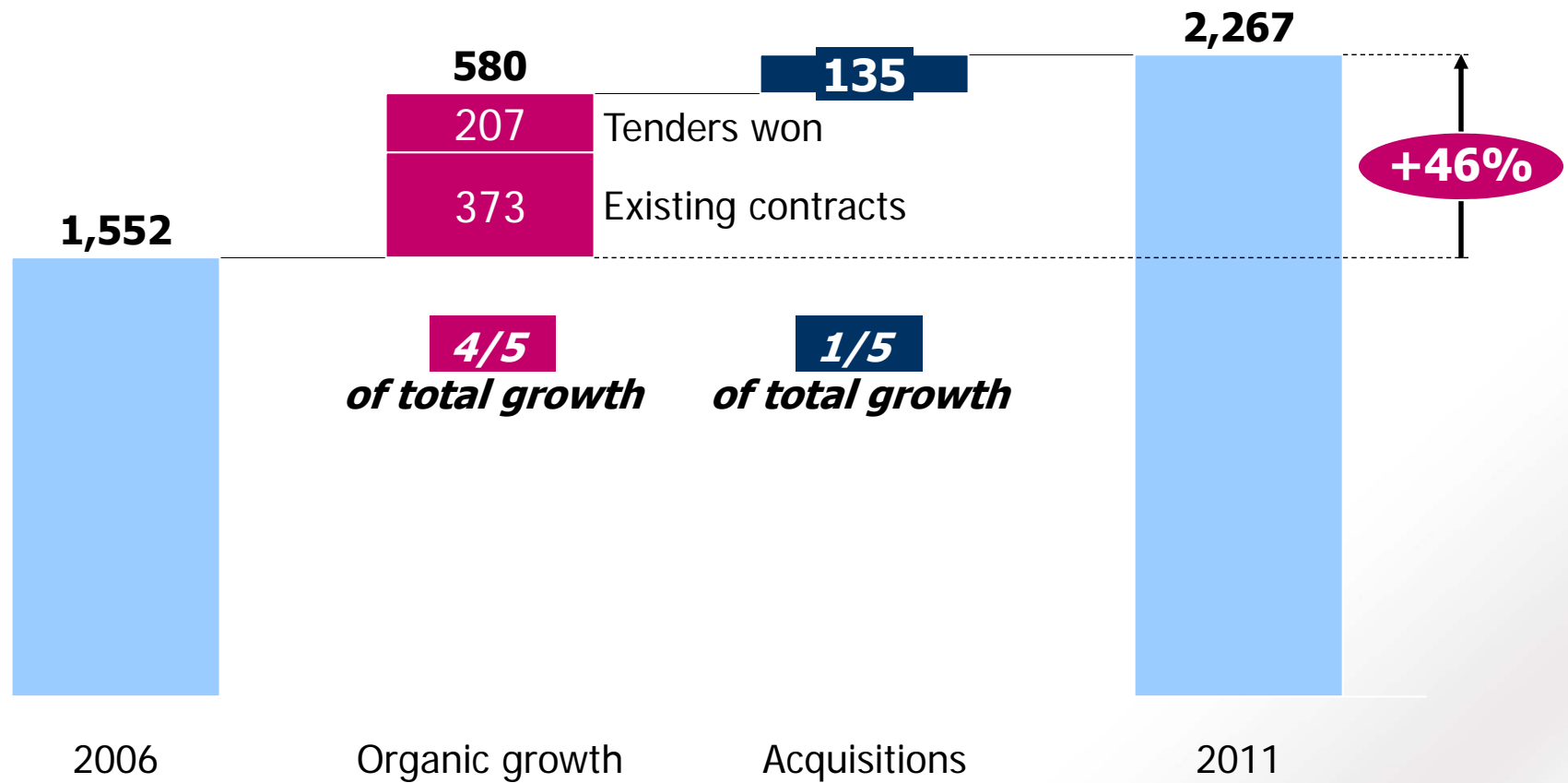
(2) SDA and Relay@ADP (JV with Aéroport de Paris), Dutyfly, etc. – Figures net from intercos

Source: Lagardère Services

## Organic growth as main past development path

### Sales@100% growth breakdown by nature

(€ m, 2006-2011)

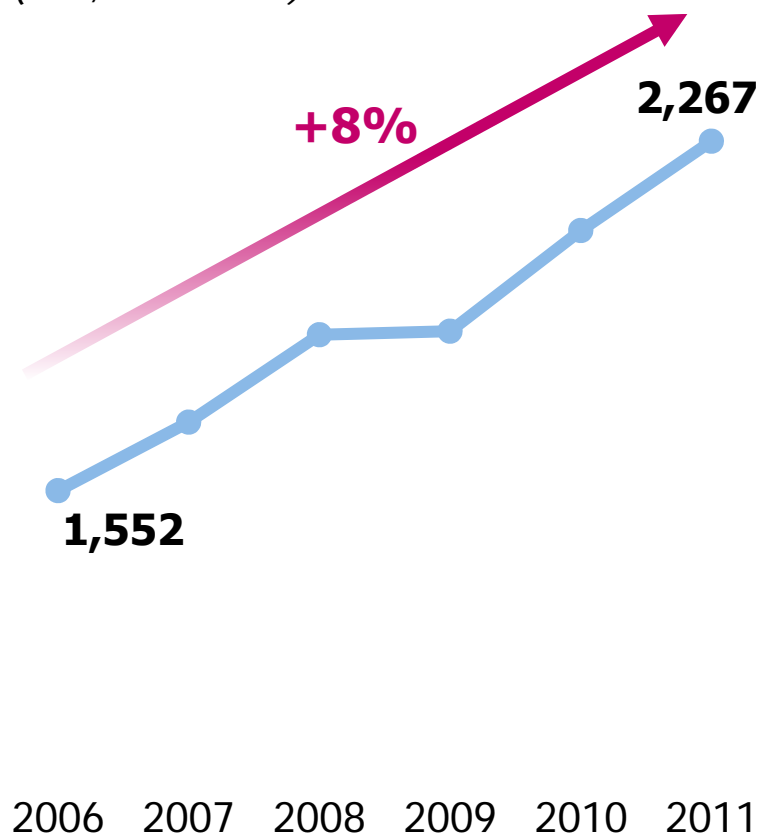


Source: Lagardère Services

## A robust growth profile fueled with a moderated flow of investments

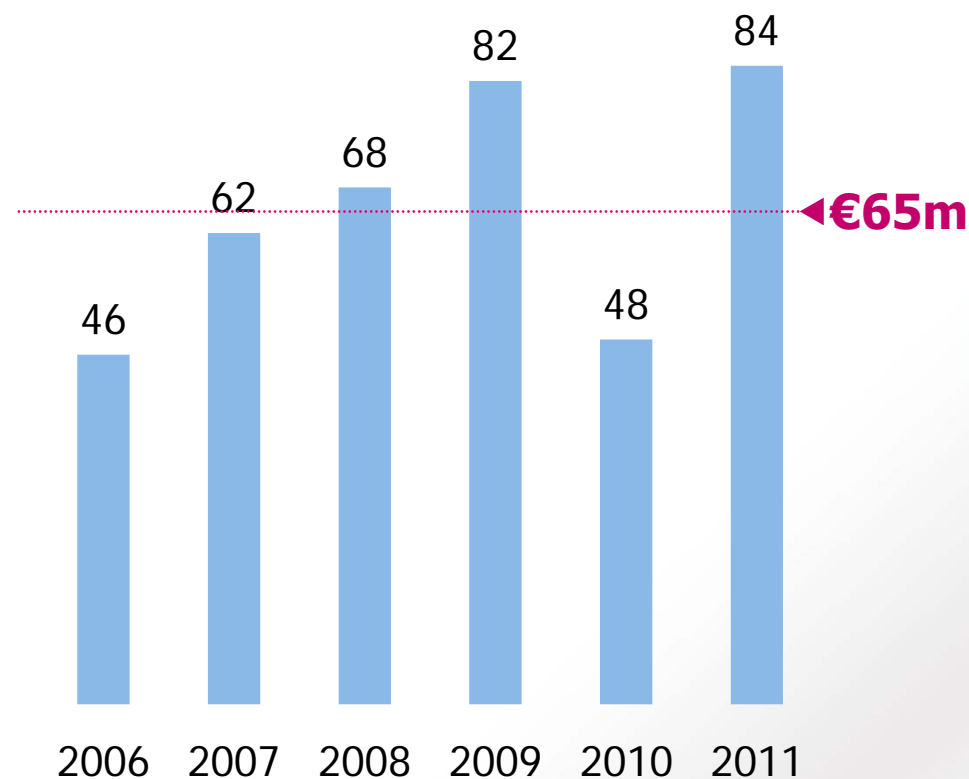
### Annual consolidated sales@100% growth

(€ m, 2006-2011)



### Annual total capital expenditures incl. acquisitions in LS Travel Retail

(€ m, 2006-2011)



Source: Lagardère Services

## An international player operating across all territories and all channels

### LS Travel Retail sales@100% breakdown by geography and channel

(€ bn, %, 2011)

100% = €2.3bn

#### Others<sup>1</sup>

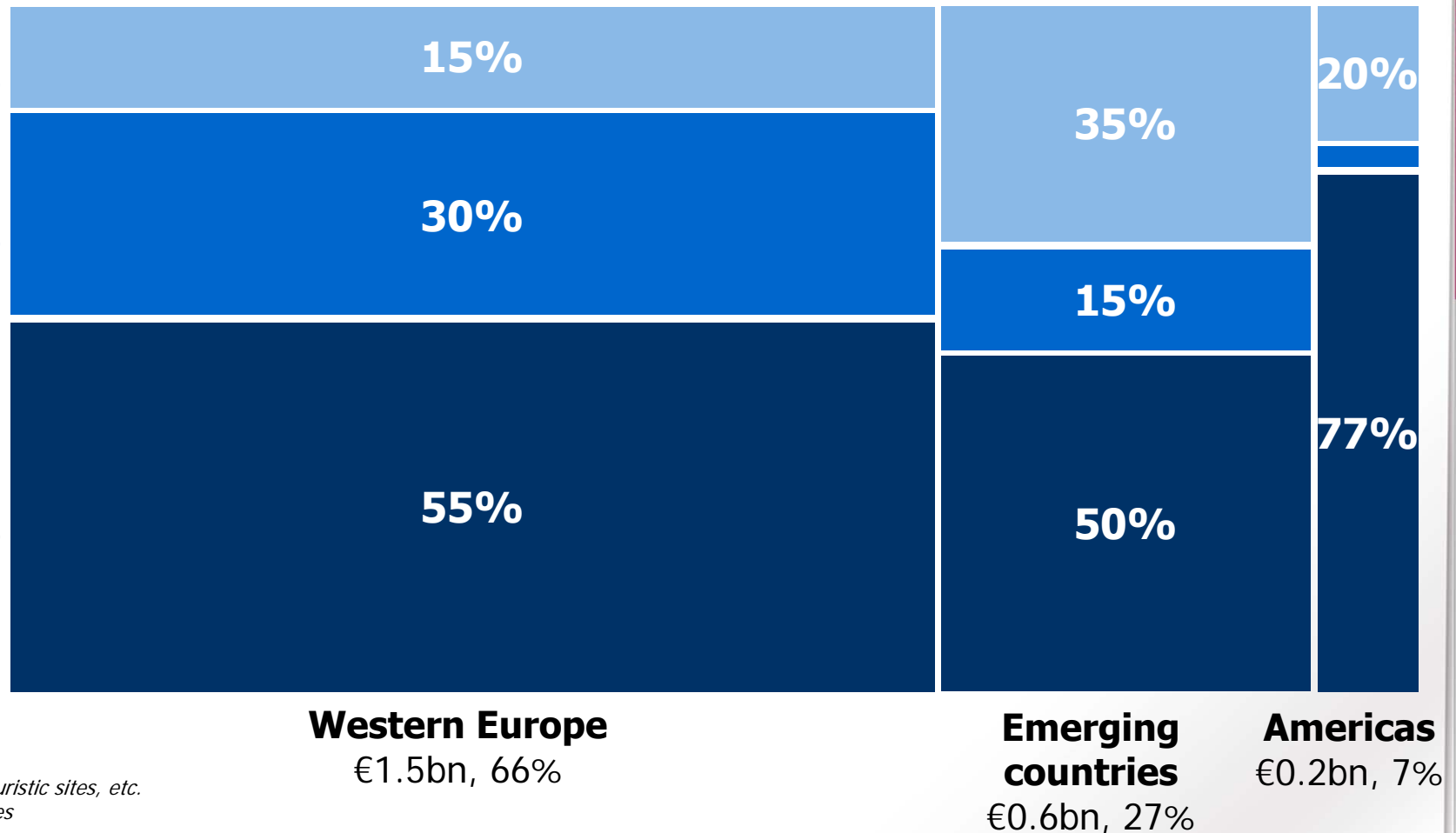
€0.5bn, 21%

#### Stations

€0.5bn, 24%

#### Airports

€1.3bn, 55%



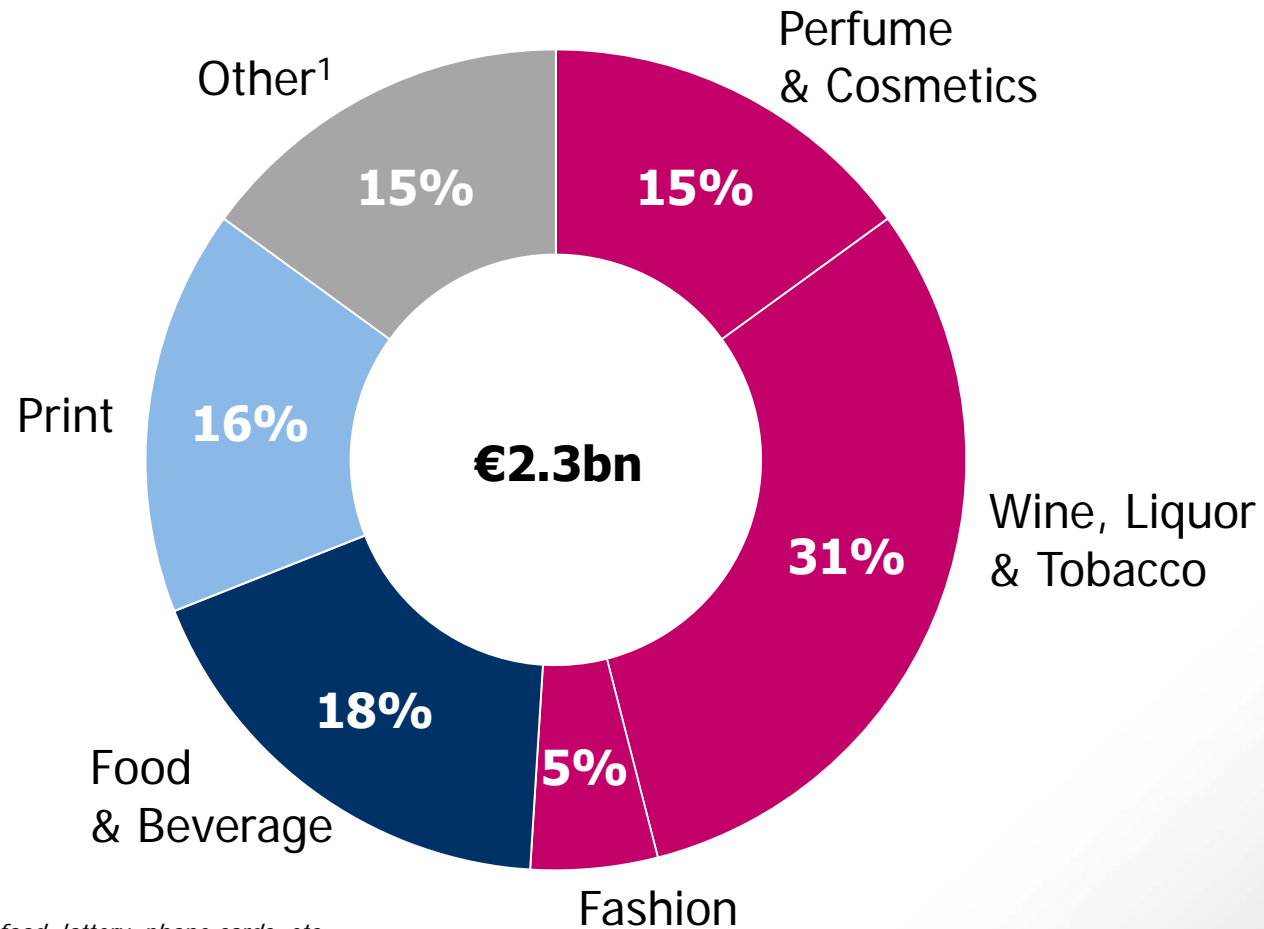
(1) In-flight, hospitals, touristic sites, etc.  
Source: Lagardère Services



## A balanced mix of products

### LS Travel Retail sales@100% breakdown by product

(€ bn, %, 2011)



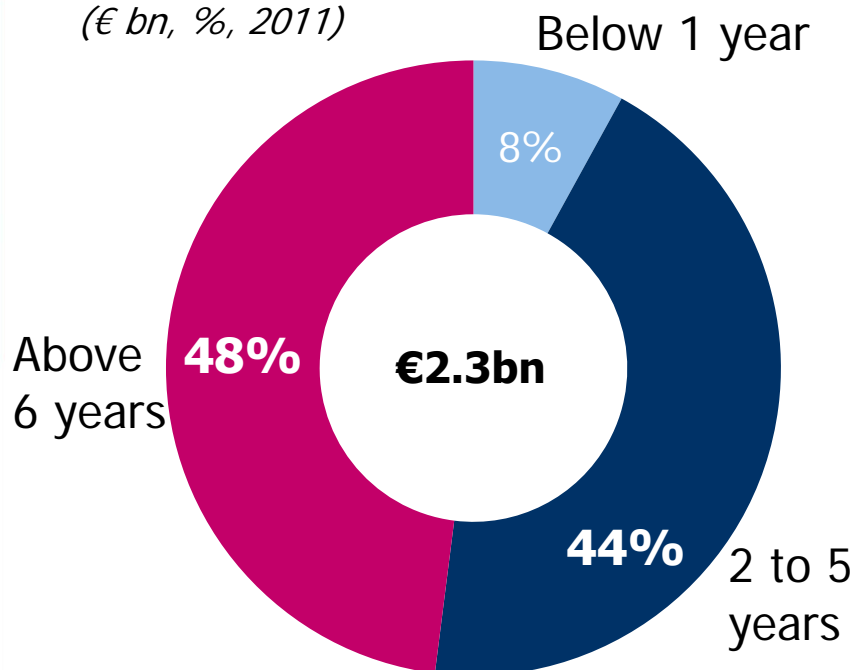
(1) Gifts, souvenirs, electronics, gourmet food, lottery, phone cards, etc.

Source: Lagardère Services

## A solid portfolio of contracts combined with a healthy balance sheet

### Sales@100% breakdown by contract maturity

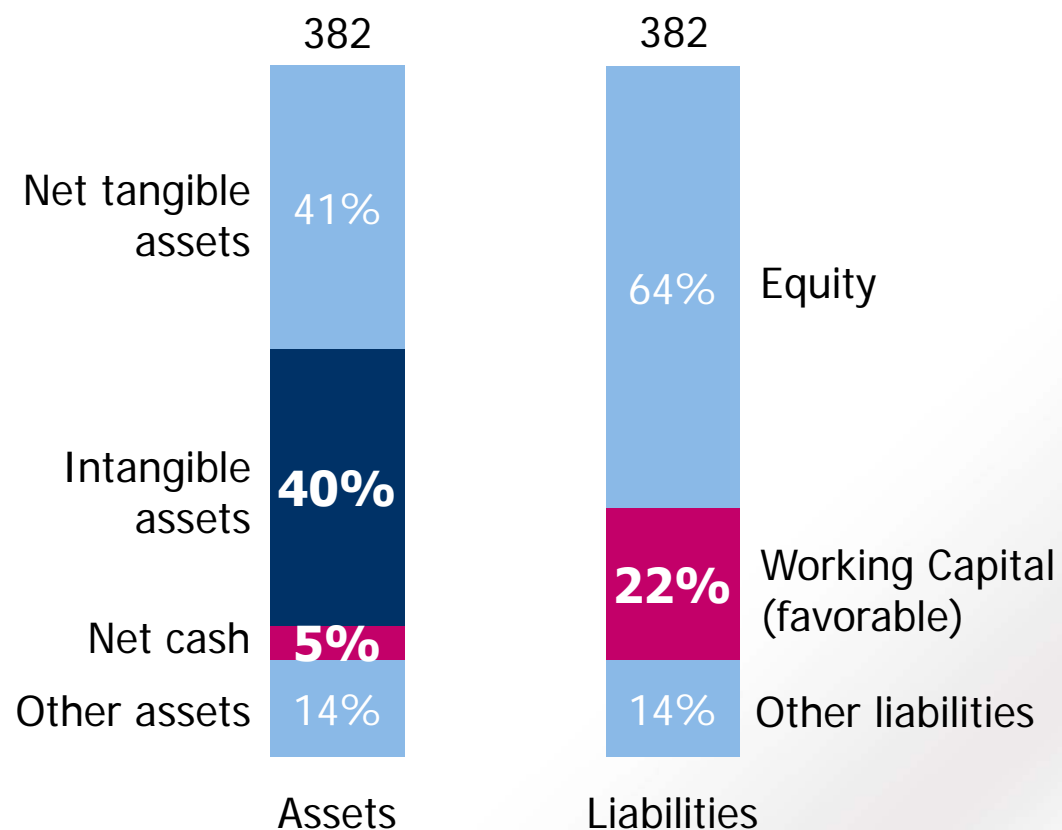
(€ bn, %, 2011)



**LS Travel Retail renewed 99% of its contracts in Duty Free, renewal rate exceeds 90% overall**

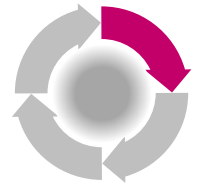
### Simplified balance sheet for LS Travel Retail – proportional view

(€ m, %, 2011)



Source: Lagardère Services

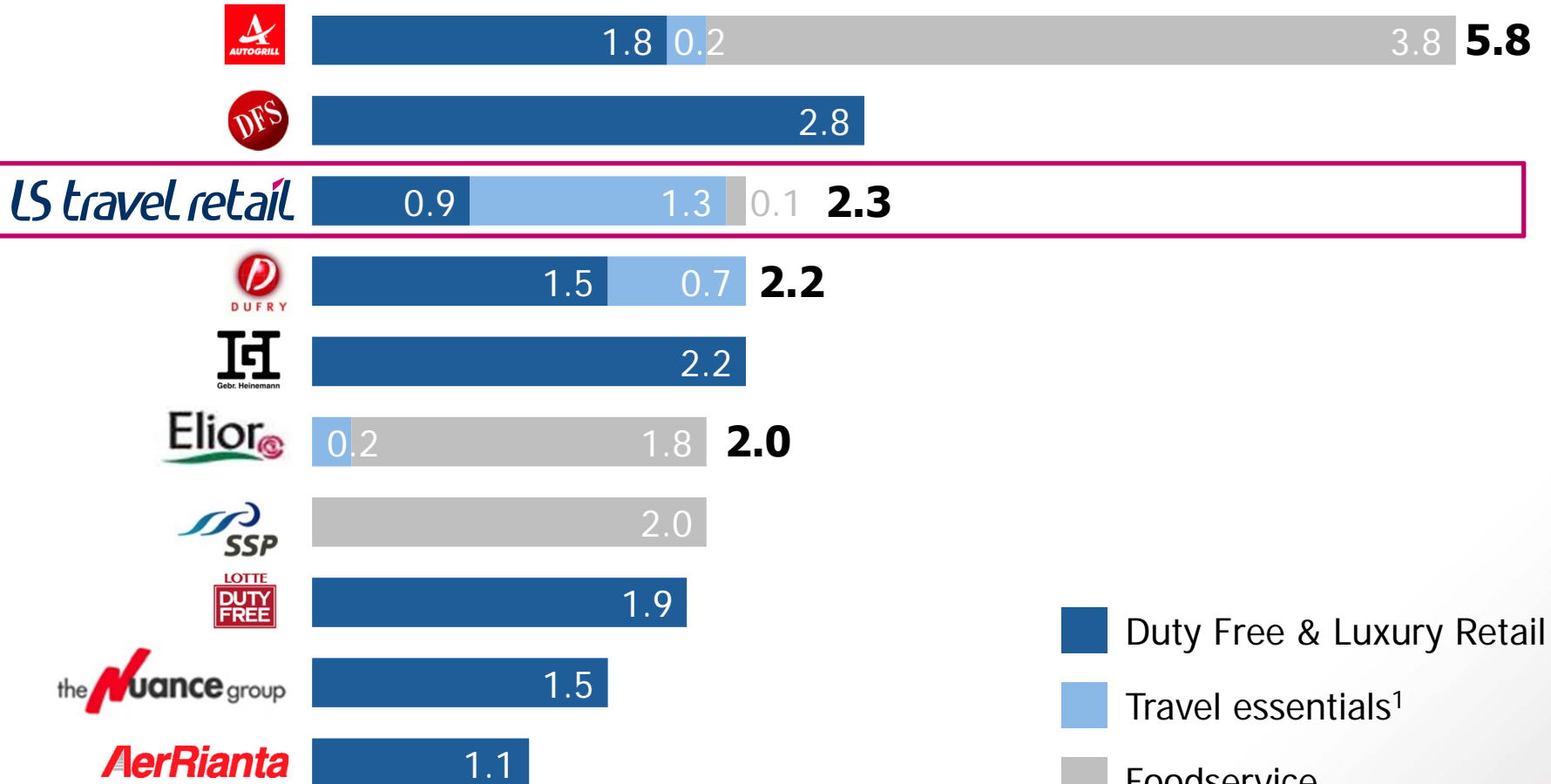
## Third player worldwide in the race for consolidation



Estimates

### Largest travel retail operators by sales

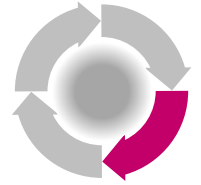
(€ bn, 2011)



(1) News, gifts, convenience, souvenirs, electronics, etc.

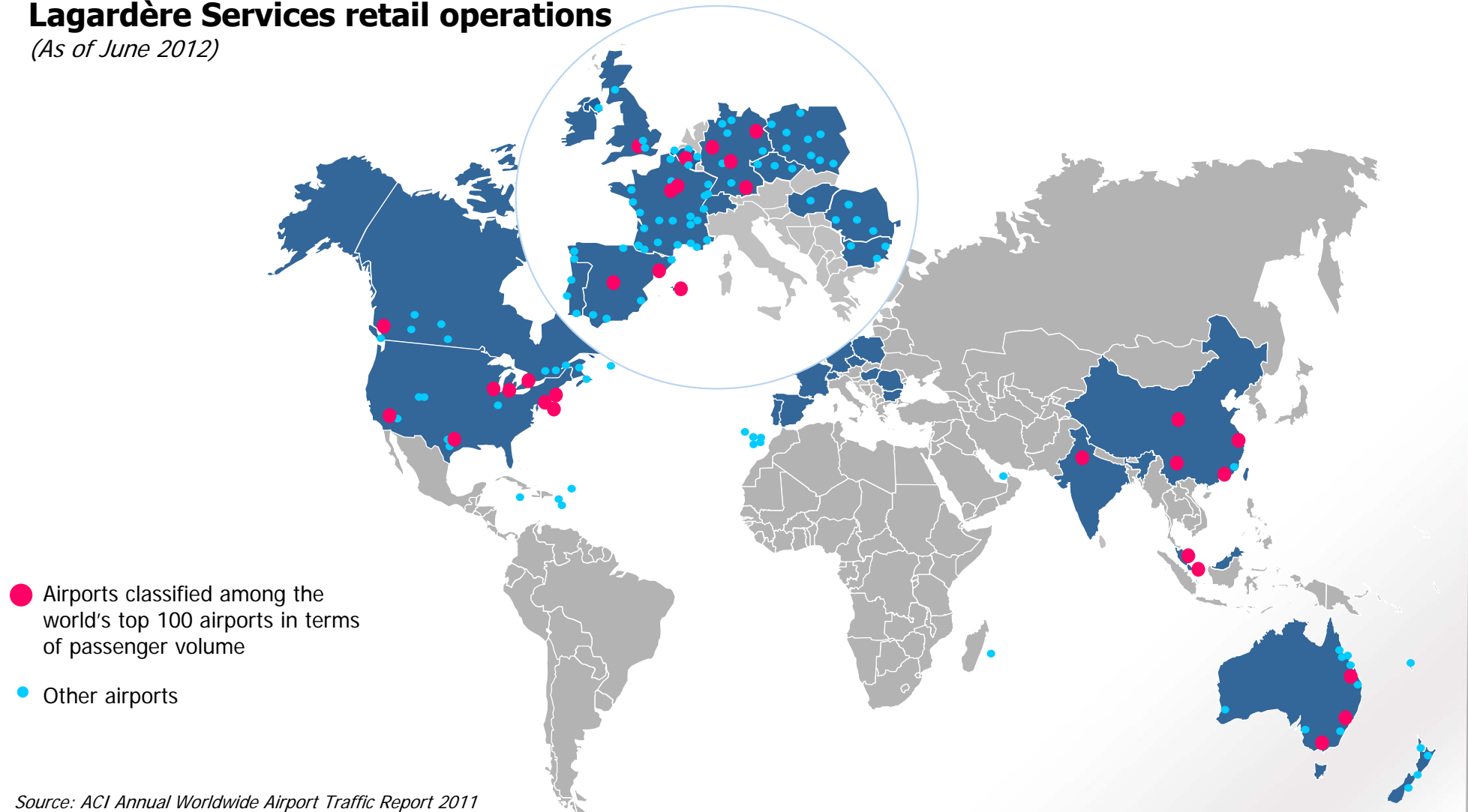
Source: Lagardère Services estimates

**Beyond size, we are truly global with operations in 26 countries and more than 130 airports worldwide**



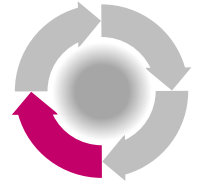
## **Lagardère Services retail operations**

*(As of June 2012)*



Source: ACI Annual Worldwide Airport Traffic Report 2011

Investing in excellence and innovation...



Lonely Planet – Sydney Airport



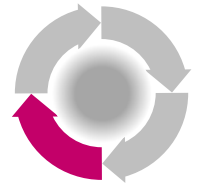
So Chocolate – Singapore Airport

breeam

Lagardère  
Innovation



... pays off since our operations win awards throughout the World



### Hong Kong



2010

### Heathrow Airport T1

Longchamp



Best score in the Mystery Shopping customer satisfaction

### Singapore Airport

The Fashion Gallery  
"Best New Shop Opening in Asia/Pacific"  
*DFNI*



### Glasgow Airport

Discover Glasgow  
Best News, Gifts and Electronic store  
*DFNI*



2011

### Frankfurt Airport

Virgin



Shop stars 2011 for Customer Service  
*Frankfurt Airport*

### Hong-Kong

LS Travel Retail



"Outstanding *Quality Tourism Services* Merchant"  
*HK Productivity Council*

2012

### Singapore Airport

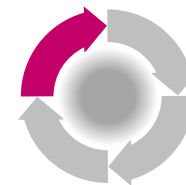
So Chocolate

"Best confectionery store worldwide (Dreamstore)"  
*The Moodie Report*





## Growth supported by our ability to bundle various retail concepts



### Singapore Airport

From Souvenirs to Luxury Fashion



### Xi'an Airport

From Souvenirs to Luxury Fashion



### Paris CDG Airport

From Duty Free to Specialty

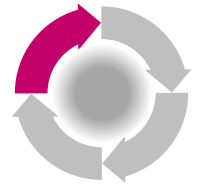


### Frankfurt Main Station

From Travel essentials to a Food court



## A rich portfolio of concepts to operate across the segments in travel retail



### LS Travel Retail brands

#### Duty Free & Luxury

alpha DUTY FREE

THE FASHION GALLERY

BUY  
PARIS  
DUTY FREE®

#### Travel essentials

RELAY

minute

hubiz

hub CONVENIENCE

#### Foodservice

TRIB'S  
SON SIMPLE ET FRAIS

THE FLAME  
RESTAURANT & BAR

Bread & Butter  
SANDWICH COFFEE SALAD

Mr. Baker

### Franchised brands

HERMÈS  
PARIS

Cartier

BVLGARI

BOSS  
HUGO BOSS

TOD'S

N

BOTTEGA VENETA

NESPRESSO

Salvatore Ferragamo

fnac

lonely planet

7  
ELEVEN

iStore  
boutique

SUBWAY

Kamps

PAUL  
MAISON DE QUALITÉ  
FONDÉE EN 1889

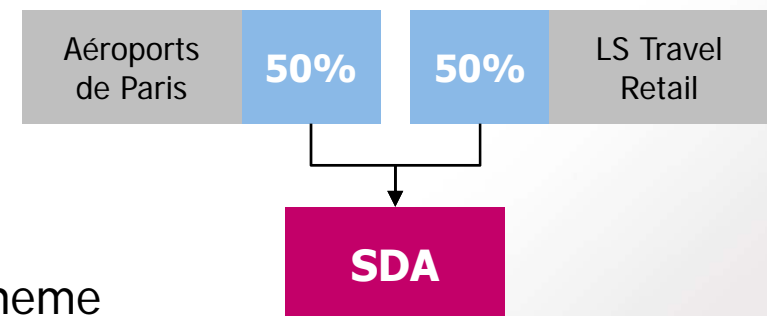
La  
BRIOCHE  
DOREE

COSTA  
COFFEE  
SINCE 1971

## A know-how to manage complex transformations through JVs with landlords

### Structure of the JV for duty free retail in Parisian airports

- The primary mission of travel retailers is to maximize the value from the flow of travelers provided by the airport. Delivering this mission requires a **close alignment of interests**
- Airport environments sometimes require **heavy transformations** that deeply impact retail activities
- In such situations, alignment of interests is critical to the global retail performance. A JV structure is a powerful **tool to drive performance**
- Over the past four years SDA sales growth has beaten traffic by **9 points** each year. Recent extension to Luxury Fashion and Travel essentials proves the success of the collaboration
- Lagardère Services systematically proposes this scheme to airports where heavy transformations are planned



Source: Aéroports de Paris, Lagardère Services



## A bold claim... delivered to landlords



### LFL<sup>1</sup> SPP growth after takeover/ renovation (%)

Regional airport  
France

45%

Capital airport  
Central Europe

30%

Asian hub

24%

European hub

22%

Regional airport  
UK

18%

(1) Like-For-Like  
Source: Lagardère Services

## Agenda

LS Distribution, an asset to reinvent

*Jean-Baptiste Morin*

The travel retail business, an appealing niche in retail

*Frédéric Chevalier*

External perspective on travel retail

*Dermot Davitt*

Coffee break

*All*

LS Travel Retail, a global and leading player

*Luc Mansion + Vincent Romet*

## Testimonials from industry partners

## External guests

Vision for the future

*Dag Rasmussen*

Questions and Answers

*All*

## Roundtable – External guests



**François RUBICHON**  
Deputy CEO,  
Aéroports de Paris



**Horst MUTSCH**  
Head of  
Letting/Marketing/ServiceStore,  
DB Station&Service AG



**Olivier BENAMOU**  
Global Travel Retail  
Managing Director,  
L'Oréal Consumer Products



## Agenda

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## **LS Travel Retail will accelerate its development and improve its operational margin**

**LS Travel Retail sales and Ebitda margin evolution – Proportional view**  
(2011-2016)

**Sales**

**+10%**  
**per annum**

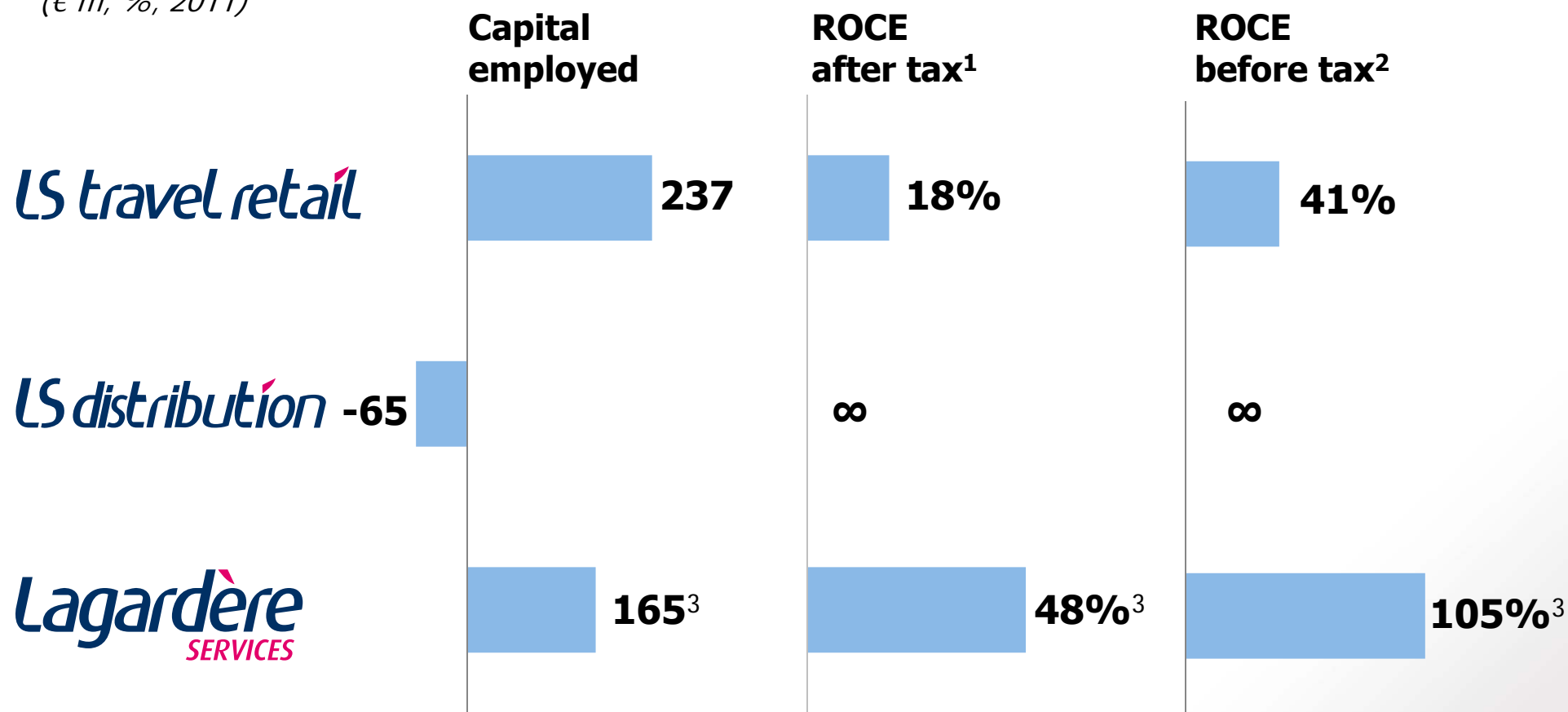
**Ebitda margin**

**+0.5 pt to +1.0 pt**  
**over the period**

## Building future growth on a strong foundation

### ROCEs -Proportional view

(€ m, %, 2011)



(1) Recurring EBIT before associates after tax / Capital Employed including Goodwill

(2) EBITDA / Capital Employed including Goodwill

(3) Incl. Corporate

Source: Lagardère Services

## A high ambition in travel retail

### Consolidation

Reach  
**#2 worldwide**  
in TR including  
large acquisitions

### Convergence

Reach  
**Top 5 worldwide**  
in each segment

Further innovate  
in **concepts**  
**portfolio**

### Globalization

Become a leading  
player in  
**3 continents**  
(with a special focus on  
Europe, Asia, Middle-East  
and Africa)

Reinforce  
leadership in  
**airports** and **rail**  
channels

Grow LS Travel  
Retail  
**awareness**

### Sophistication

Deliver, measure  
and communicate  
on **excellence**

## An ambitious plan in Duty Free & Luxury

### Current LS Travel Retail position

**Large player,  
mostly European**

### Strategic initiatives

	Market requirements	LS initiatives
<b>Consolidation</b>	Relative size to negotiate with suppliers	Grow by <b>acquisitions</b> and through <b>tenders</b>
<b>Convergence</b>	Lower break-even point on smaller platforms	<b>Leverage expertise</b> in other segments to speed-up development
<b>Globalization</b>	Diversified geographies to capture growth, reduce risk and build B2B awareness	<b>Expand globally</b> with a focus on EMEA and Asia Make <b>LS Travel Retail</b> a top <b>B2B brand</b>
<b>Sophistication</b>	Size and global reach needed to finance innovation and marketing	Deliver <b>insights</b> and <b>innovation</b> to our business partners

### Target LS Travel Retail position

**One of the five  
largest players  
operating  
globally**

## An entry in Foodservice

**Current  
LS Travel Retail  
position**

**Few strong local  
positions,  
marginal  
globally**

**Strategic  
initiatives**

	Market requirements	LS initiatives
<b>Consolidation</b>	Increasingly global to sign top brands and to negotiate with few suppliers	Grow essentially through <b>tenders</b> , local small acquisitions possible
<b>Convergence</b>	More and more hybrid concepts: retail and foodservice	<b>Leverage expertise</b> in retail to develop unique concepts
<b>Globalization</b>	Diversified geographies to capture growth, reduce risk and build B2B awareness	<b>Leverage existing platforms to expand</b> to foodservice Make <b>LS Travel Retail a top B2B brand</b>
<b>Sophistication</b>	Size needed to finance innovation and marketing	Develop a portfolio of winning <b>in-house</b> and <b>franchised</b> concepts

**Target  
LS Travel Retail  
position**

**One of the  
five largest  
players**



## A preserved and undisputed leadership in Travel essentials

**Current  
LS Travel Retail  
position**

**Strategic  
initiatives**

**Target  
LS Travel Retail  
position**

**Undisputed  
World leader**

**Consolidation**

**Market  
requirements**

Local market share  
more important than  
global market share

**LS initiatives**

Grow essentially  
through **tenders**

**Undisputed  
World leader**

**Convergence**

More and more hybrid  
concepts: retail and  
foodservice

**Leverage expertise**  
in foodservice to  
develop unique  
concepts

**Globalization**

Diversified geographies  
to capture growth and  
build B2B awareness

Leverage **Relay**  
awareness to introduce  
**LS Travel Retail**

**Sophistication**

Size needed to finance  
innovation and  
marketing

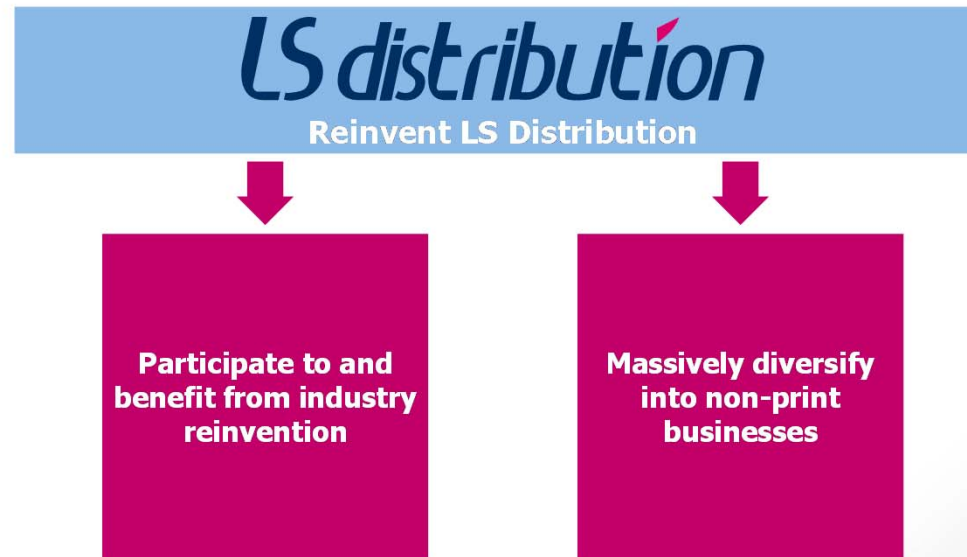
Develop **top  
understanding of  
travelers** due to Relay  
reach  
Adapt concept to  
consumer needs, grow  
**relay.com**

## Caveat

- The ambition provided in the following slides is valid at current market conditions. A major disruption in the global economy and / or a significant change in the competitive environment and / or unfavorable changes in passenger traffic and / or unfavorable changes in taxation and restrictions on the duty-free sale in countries where the company operates would affect negatively this ambition
- It shall be interpreted without any transformational acquisition that could be achieved in travel retail

## Distribution will remain a cash-generator and will be reinvented through alliances

### Reinventing LS Distribution with a two-axis strategy



## LS Travel Retail will accelerate its development and improve its operational margin

### LS Travel Retail sales and Ebitda margin evolution – Proportional view (2011-2016)

#### Sales

**+10%**  
per annum

- 2/3 by organic growth
- 1/3 through small / medium acquisitions

#### Ebitda margin

**+0.5 pt to +1.0 pt**  
over the period

- Favorable mix evolution
- Development acceleration with emphasis on M&A
- Fixed costs squeezed

#### An accelerated development that implies

- Lower ROCE
- Faster top-line growth
- Higher margin

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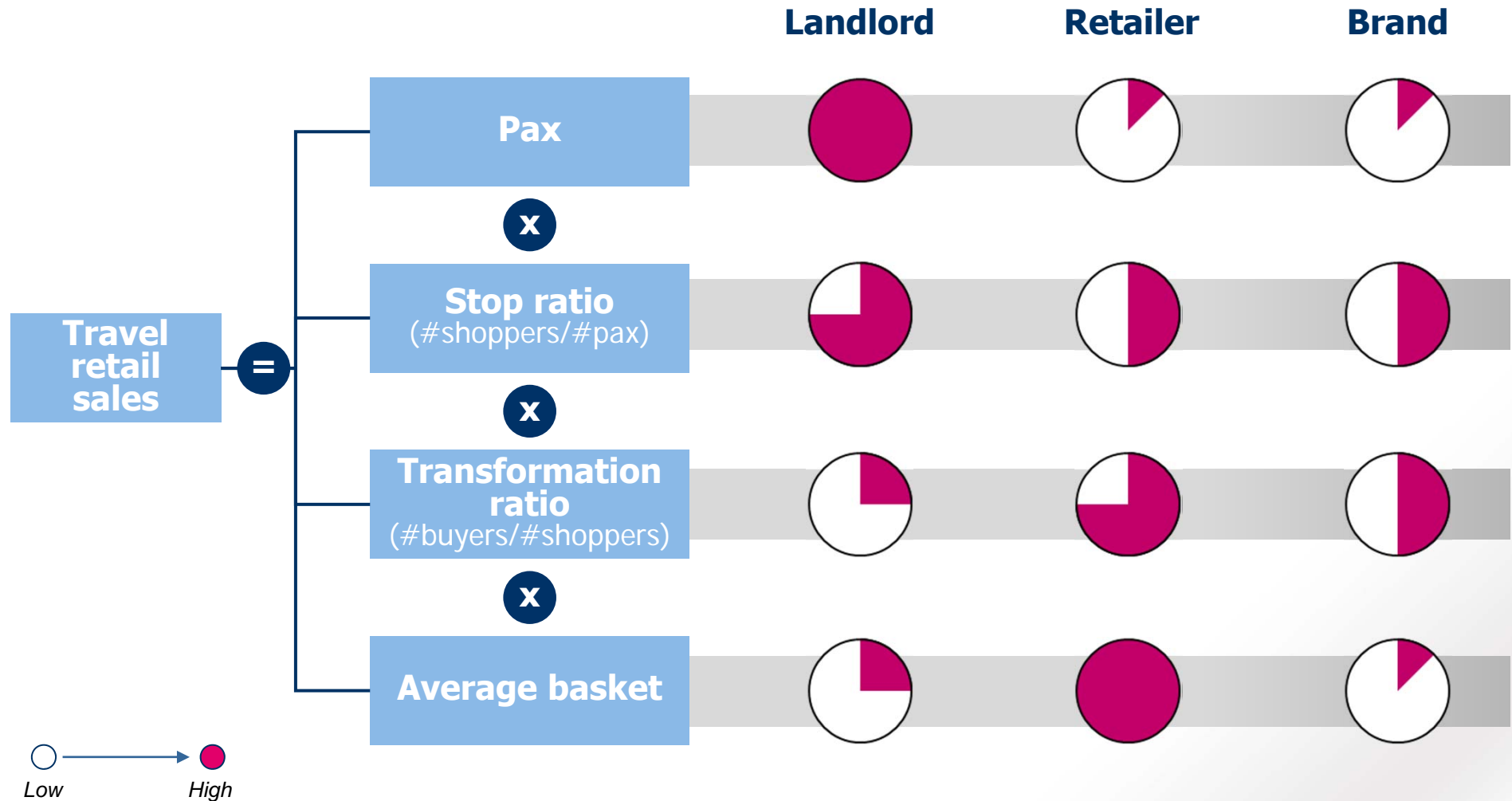


## Appendices

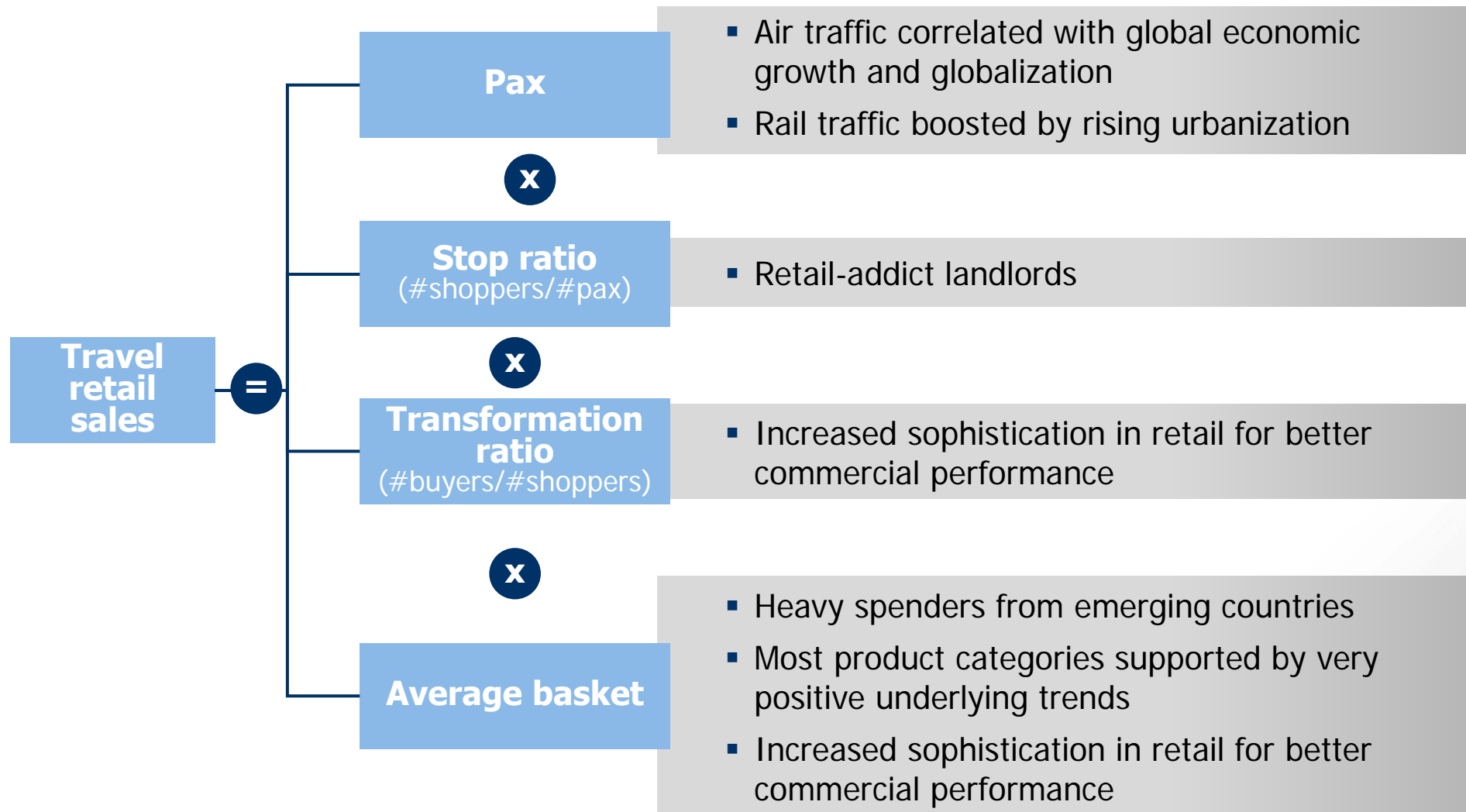


## Each stakeholder plays a critical role to monetize the flow of travelers

### Influence on monetization by stakeholder



## Healthy long-term underlying trends





**END OF THE DOCUMENT**