

# Introduction to Lagardère Travel Retail

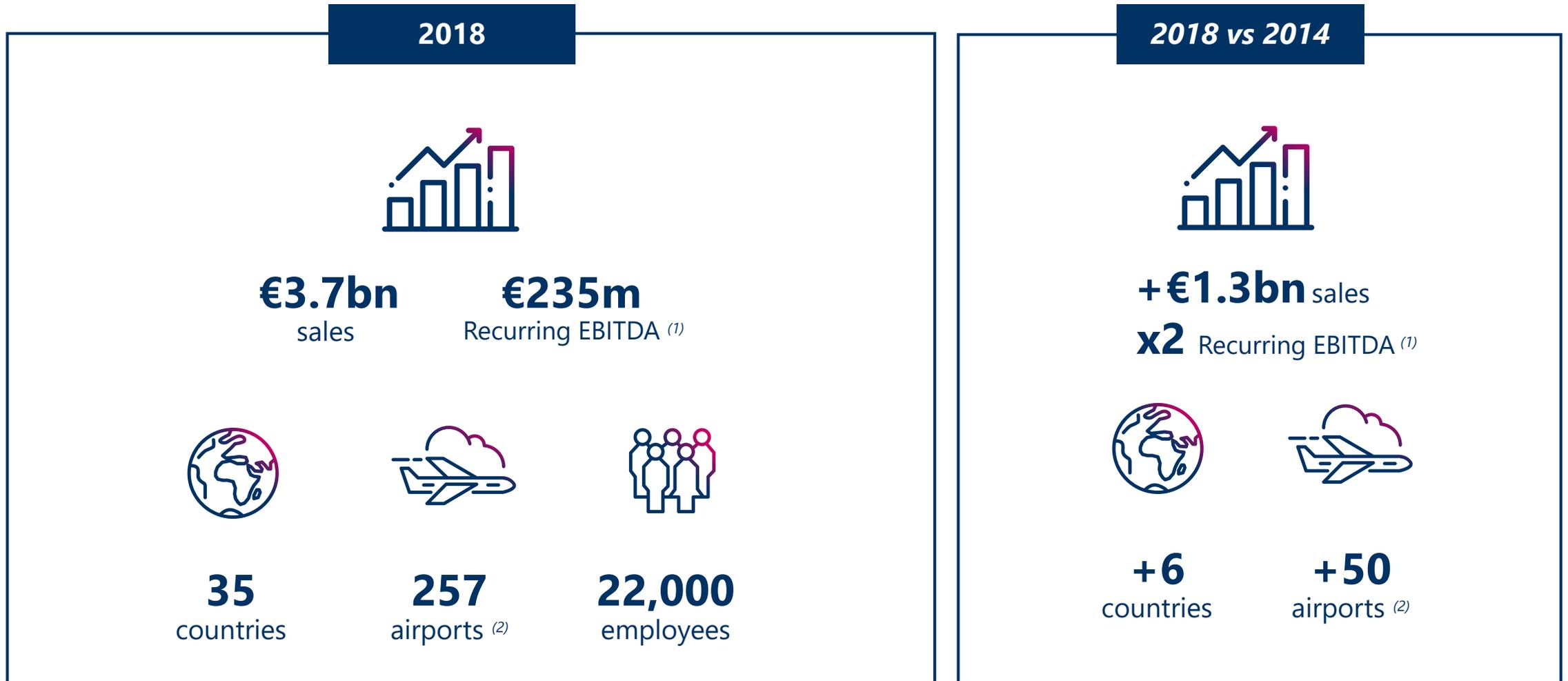
---

04/06/2019

Investor Meeting



# Lagardère Travel Retail is a leading global travel retail operator delivering its 2015-2019 Strategic Plan financial objectives



Travel retail perimeter only, IFRS view. Data including HBF.

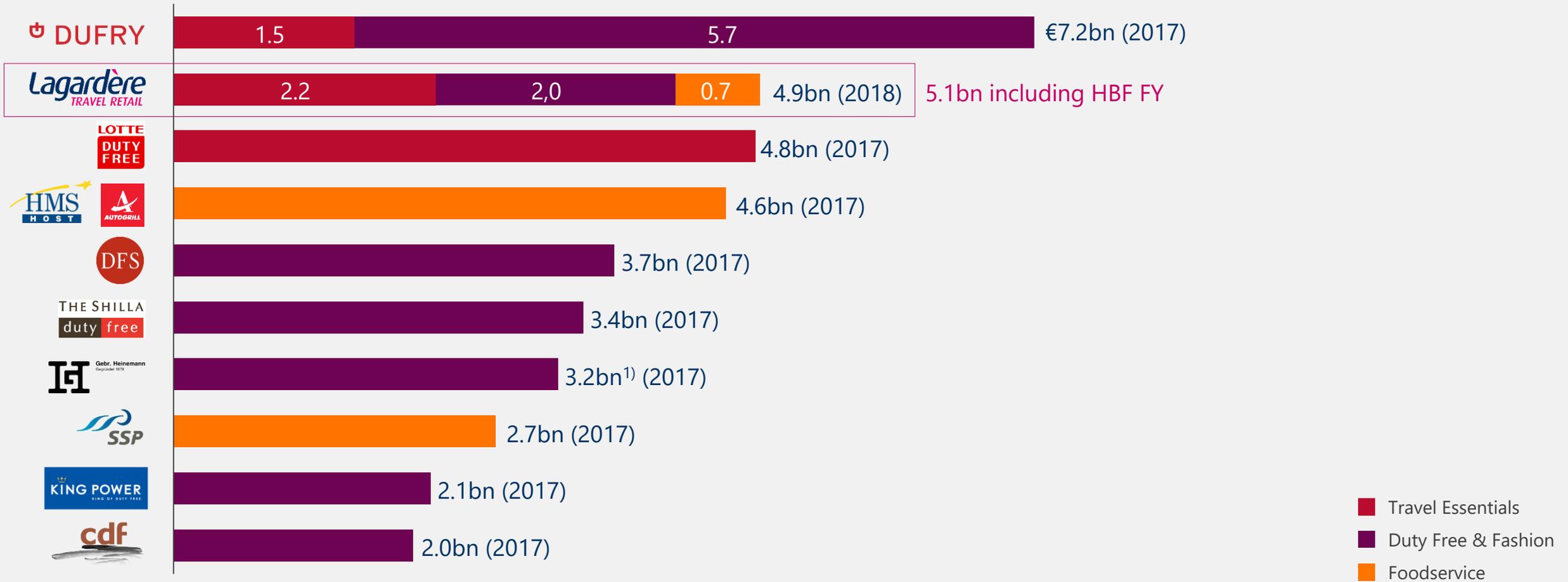
<sup>(1)</sup> After Head Office costs (incl. management fees)

<sup>(2)</sup> Including franchises

Source: Lagardère Travel Retail internal data

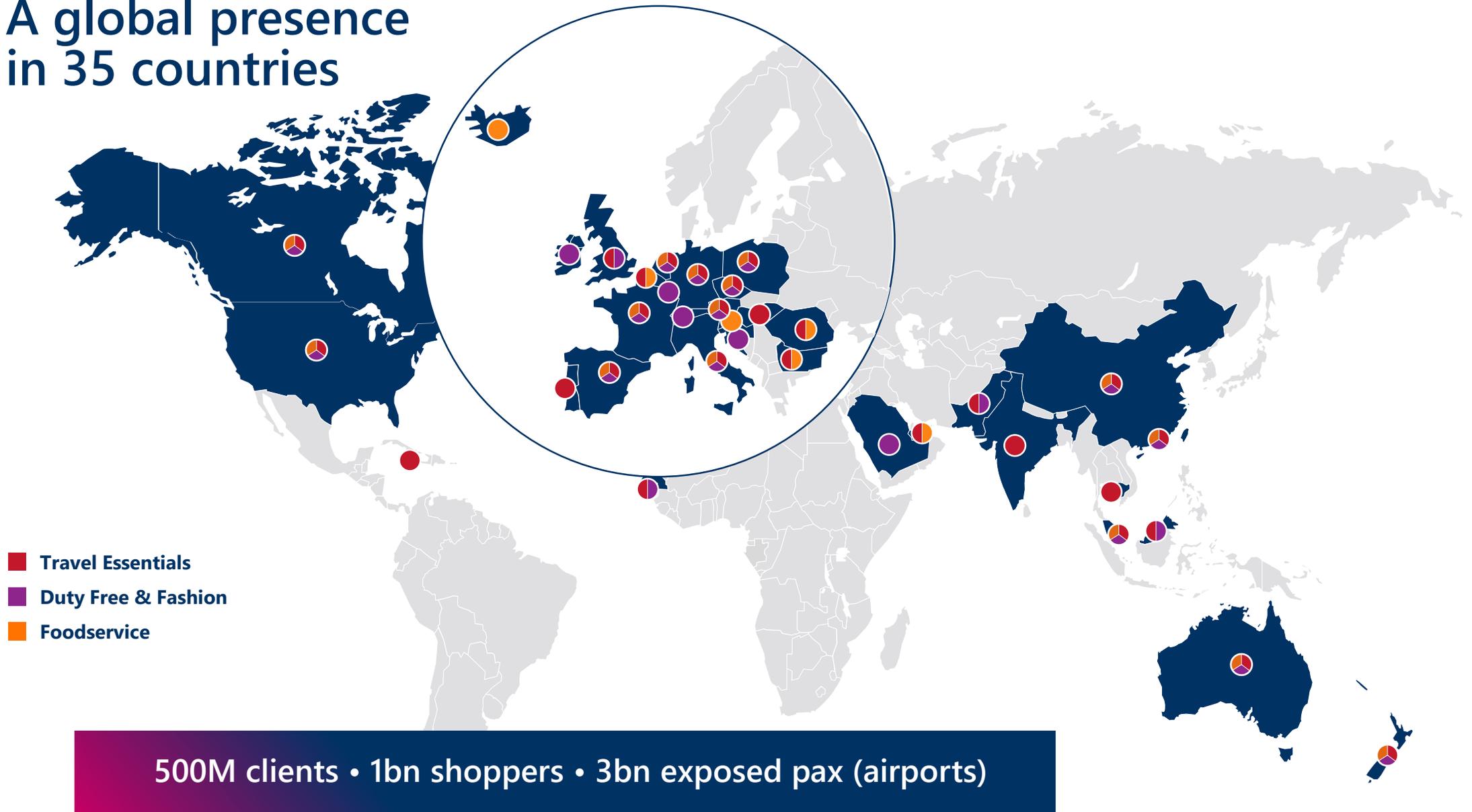
# Lagardère Travel Retail is a leading global travel retailer

We cover all segments of travel retail



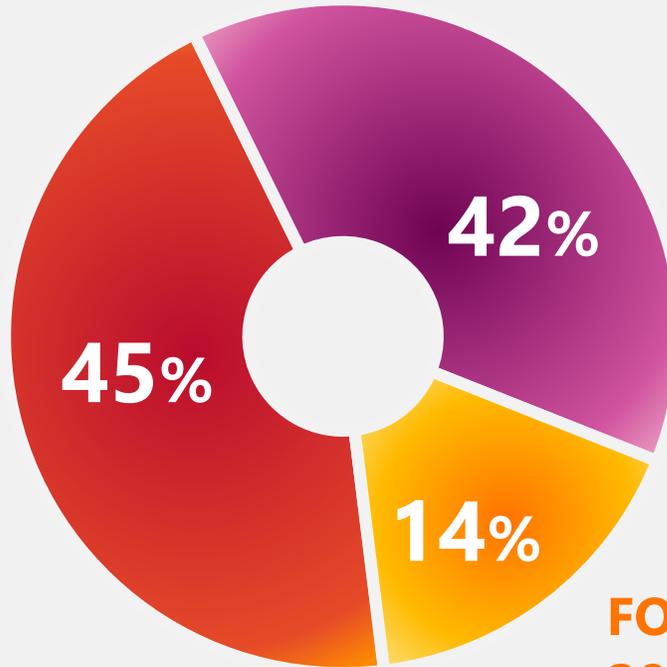
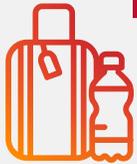
Top Travel Retailers by sales (Sales @100%, €bn) 1) excluding €900m distribution activities  
 Note: fx at 31/12/2017 (source Oanda). Sources: Companies' reports, The Moodie Davitt Report, Lagardère Travel Retail estimates

# A global presence in 35 countries



# We cover all segments of travel retail

**TRAVEL ESSENTIALS**  
29 countries  
3,000 outlets



**DUTY FREE & FASHION**

24 countries  
700 outlets



**FOODSERVICE\***

20 countries  
900 outlets



€4.9bn<sup>(1)</sup>

(1) Sales @ 100% 2018

# The global leader and expert in Travel Essentials



€2.2bn<sup>(1)</sup>  
sales

(1) Sales @100% 2018



29  
countries



3,000  
stores



190  
airports



750  
railway & metro  
stations



# RELAY.



# RELAY.



RELAY, Sydney Airport T2, Australia



*RELAY, Bari Airport (Italy)*

# Other own brands



1 Minute  
Warsaw Airport, Poland



Discover Glasgow  
Glasgow Airport, United Kingdom



World of Venice  
Venice Airport, Italy



Tech2go  
Phnom Pehn Airport, Cambodia



Case-bi  
Dakar Airport, Senegal

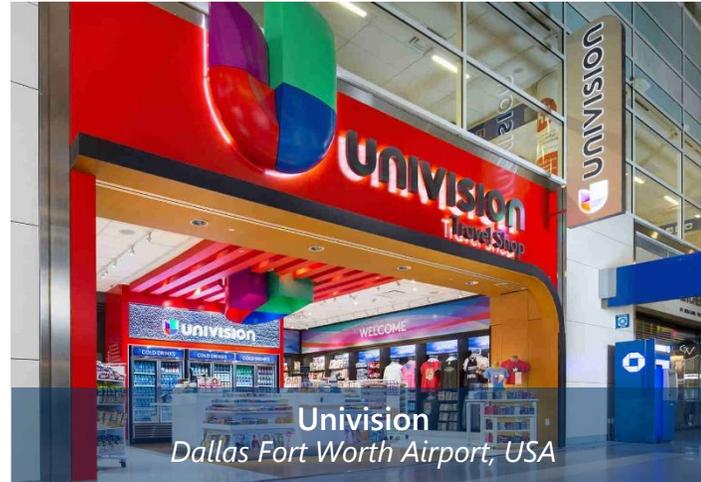


Air de Paris  
Paris CDG Airport, France

# Partner brands



Marks & Spencer  
*Paris Gare de l'Est station, France*



Univision  
*Dallas Fort Worth Airport, USA*



Lego  
*Sydney Airport T2, Australia*



The Official All Blacks store  
*Auckland Airport, New Zealand*



Trip Advisor  
*Houston Airport, USA*



Fnac  
*Paris CDG Airport, France*

# A global leading position in Duty Free & Fashion



€2.0bn<sup>(1)</sup>  
sales

(1) Sales @100% 2018



24  
countries



700  
stores

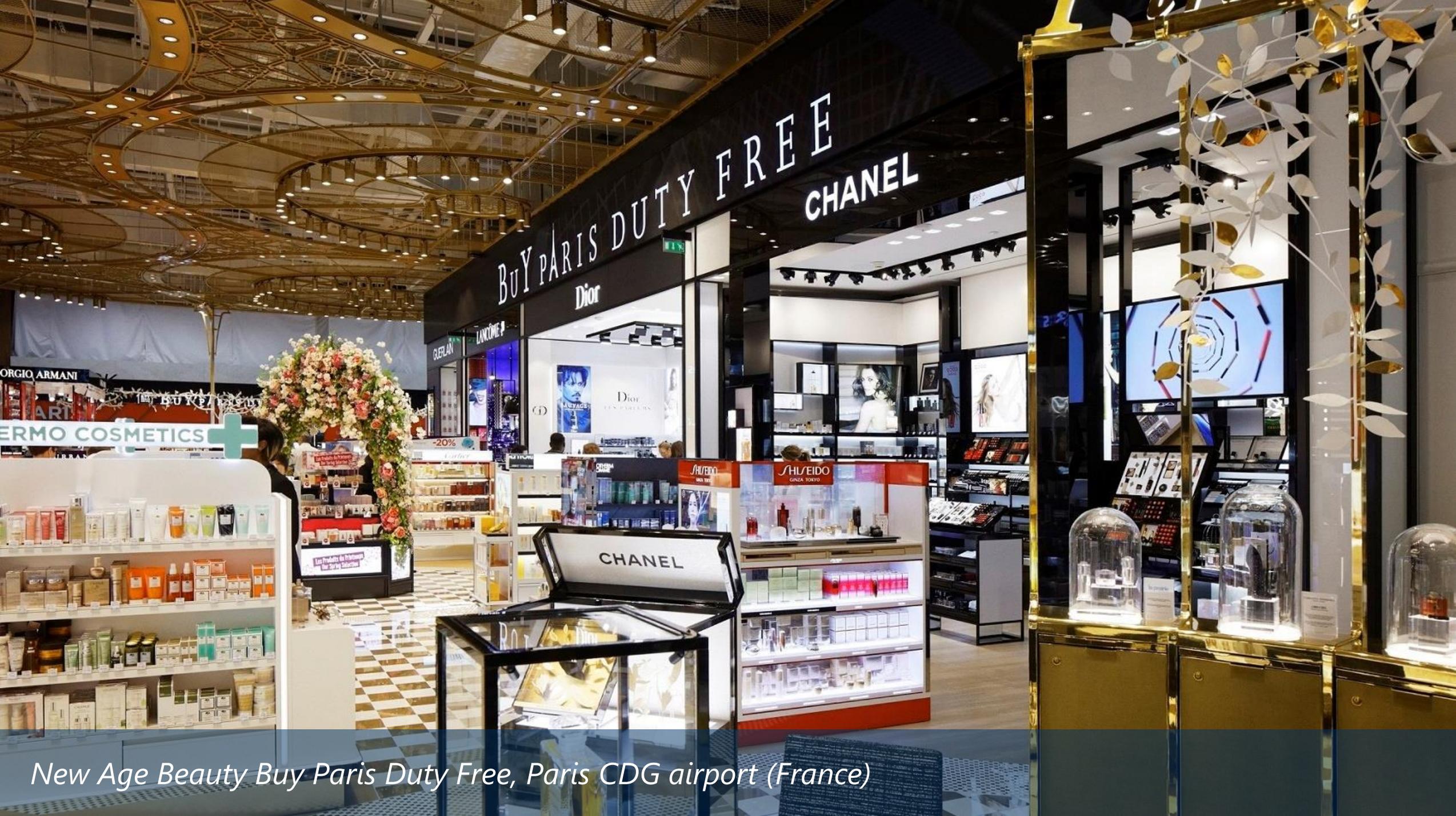


135  
airports



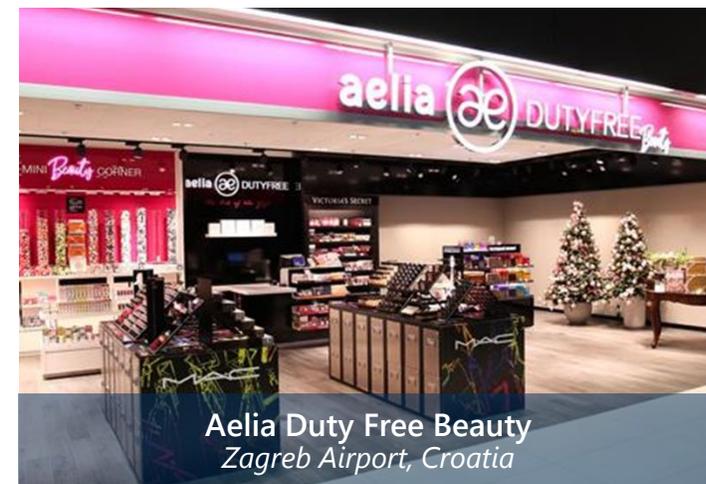
11  
airlines





*New Age Beauty Buy Paris Duty Free, Paris CDG airport (France)*

# Other brands



# Partner brands



**Hermès**  
*Paris CDG Airport, France*



**Victoria's Secret**  
*Prague Airport, Czech Republic*



**Nespresso**  
*Paris Orly Airport, France*



**Rituals**  
*Prague Airport, Czech Republic*



**M&M's**  
*Paris CDG Airport, France*



**Tiffany & Co.**  
*Paris CDG Airport, France*

# A global leader in Foodservice



€700m\*  
2018 sales

+€200m  
with HBF



20  
countries

+3  
SK / NL / GA



900  
outlets

+150  
with HBF + NL



90  
airports

+30  
with HBF



150  
railway & metro  
stations

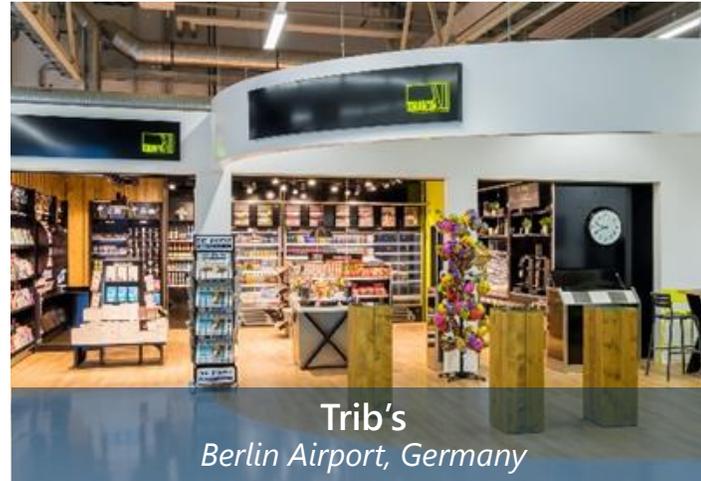
+26  
with NL



# Own brands



Vino Volo  
Sacramento Airport, US



Trib's  
Berlin Airport, Germany



The Daily DXB  
Dubai Airport, UAE



So!Coffee  
Krakow Airport, Czech Republic



Emporio del Grano  
Venice Airport, Italy



Bread & Co.  
Nice Airport, France

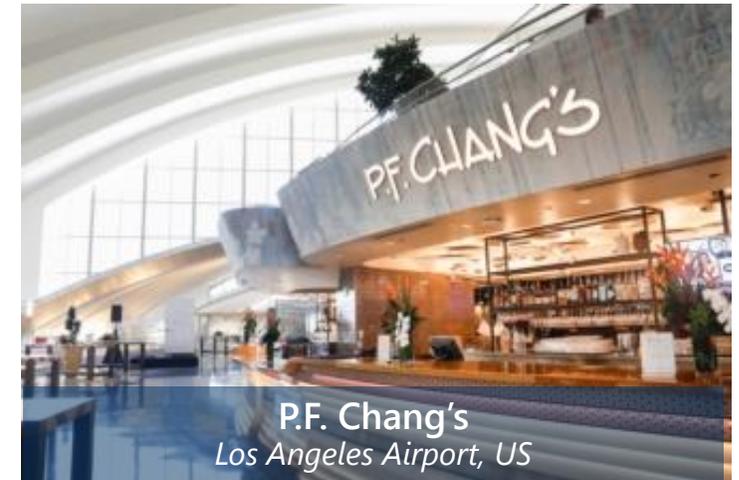
# Partner brands



**Burger King**  
*Frankfurt train station, Germany*



**Dean & DeLuca**  
*Hong Kong International Airport*



**P.F. Chang's**  
*Los Angeles Airport, US*



**Costa Coffee**  
*Prague Downtown, Czech Republic*



**Prêt à Manger**  
*Nice Airport, France*



**Eric Kayser**



**Starbucks**  
*Nice Airport, France*

# Achieving many structural improvements

**Pure player  
in Travel Retail:**  
sale of the  
Distribution activities

**Rebalanced  
geographical mix**  
with the acquisition  
and integration of Paradies  
& HBF in North America

**Sustained business  
development**  
in both existing countries and  
new territories while **improving  
profitability  
and cash generation**

**Organization  
transformation**

**Concepts and product  
reinvention and extension**

**Launch of the Innovation  
and Digital initiatives**

# We operate in a dynamic growing market despite challenging marginal SPP in duty free

ILLUSTRATIVE

Travel retail market growth



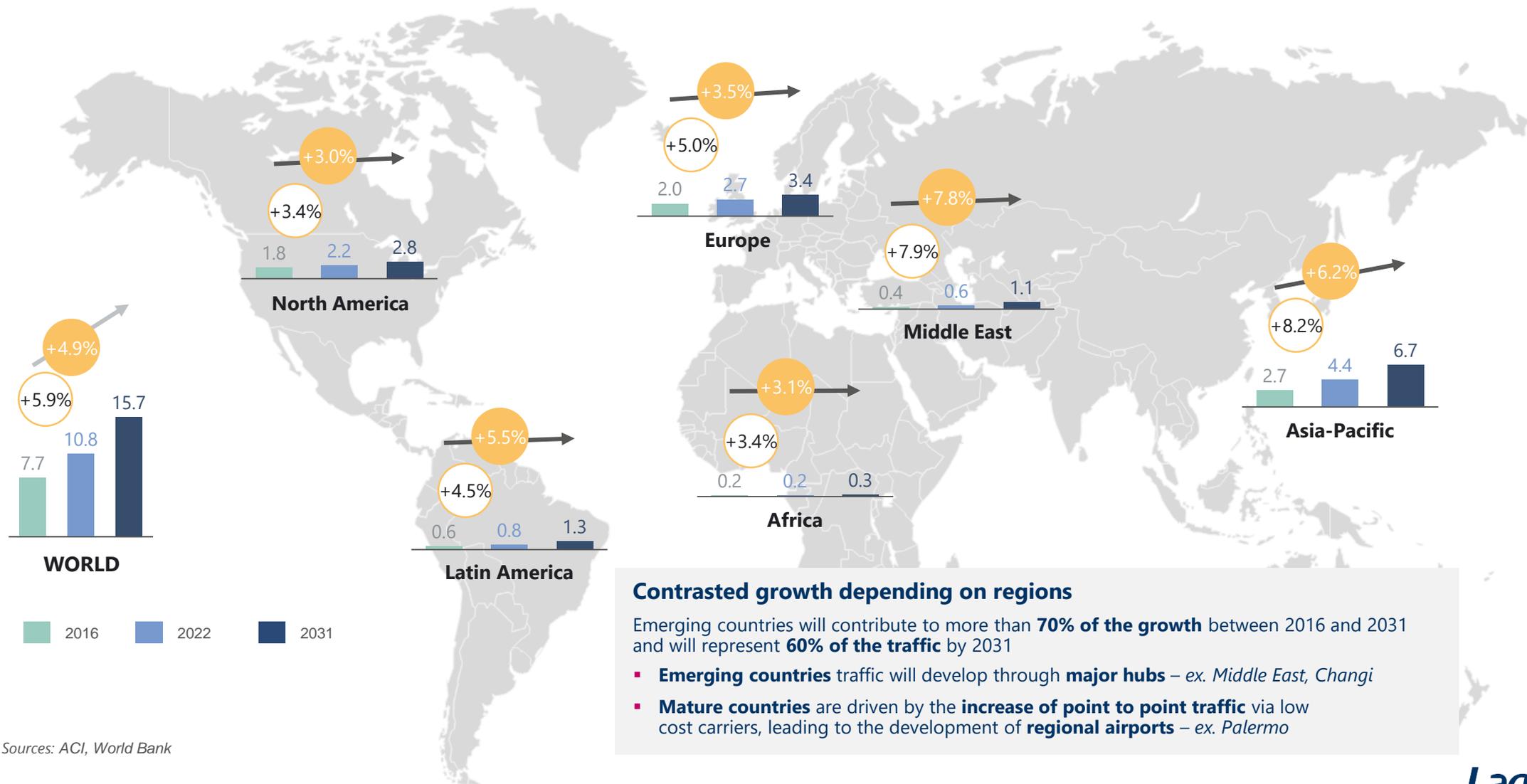
1) Passenger

2) Source ACI for Airports traffic. Market consensus for Rail traffic, incl. UIC

3) Customer mix: passenger nationality, profile (legacy vs. low cost carriers) and tax regime (Duty Free vs. Duty Paid)

# Air traffic will double in the 15 next years, driven by emerging markets

Air traffic forecast by region [# bn PAX; CAGR; 2016-2022-2031]



**Contrasted growth depending on regions**

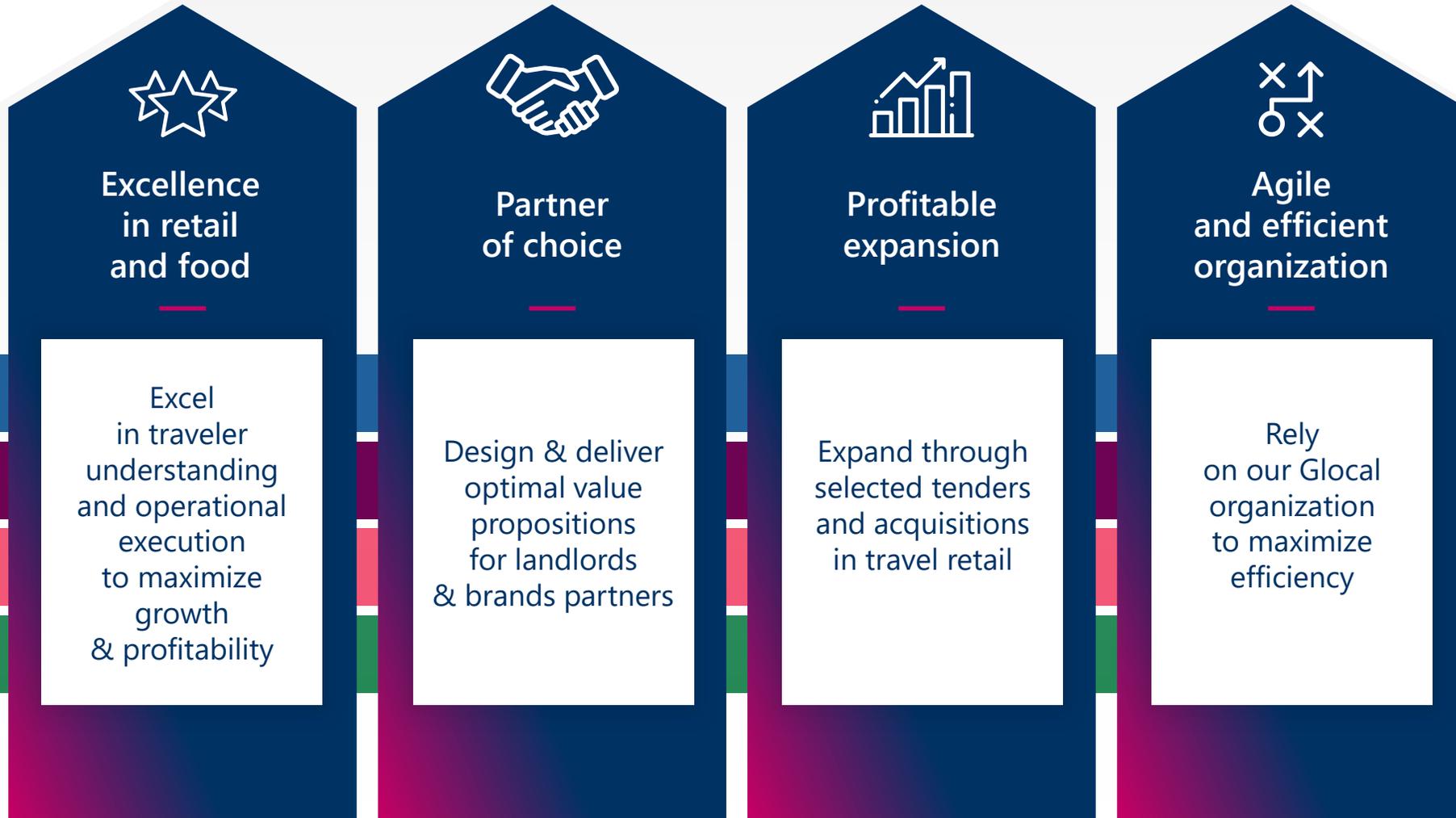
Emerging countries will contribute to more than **70% of the growth** between 2016 and 2031 and will represent **60% of the traffic** by 2031

- **Emerging countries** traffic will develop through **major hubs** – ex. *Middle East, Changi*
- **Mature countries** are driven by the **increase of point to point traffic** via low cost carriers, leading to the development of **regional airports** – ex. *Palermo*

Sources: ACI, World Bank

# A clear mission driven by 4 strategic pillars and supported by 4 ambitious enablers

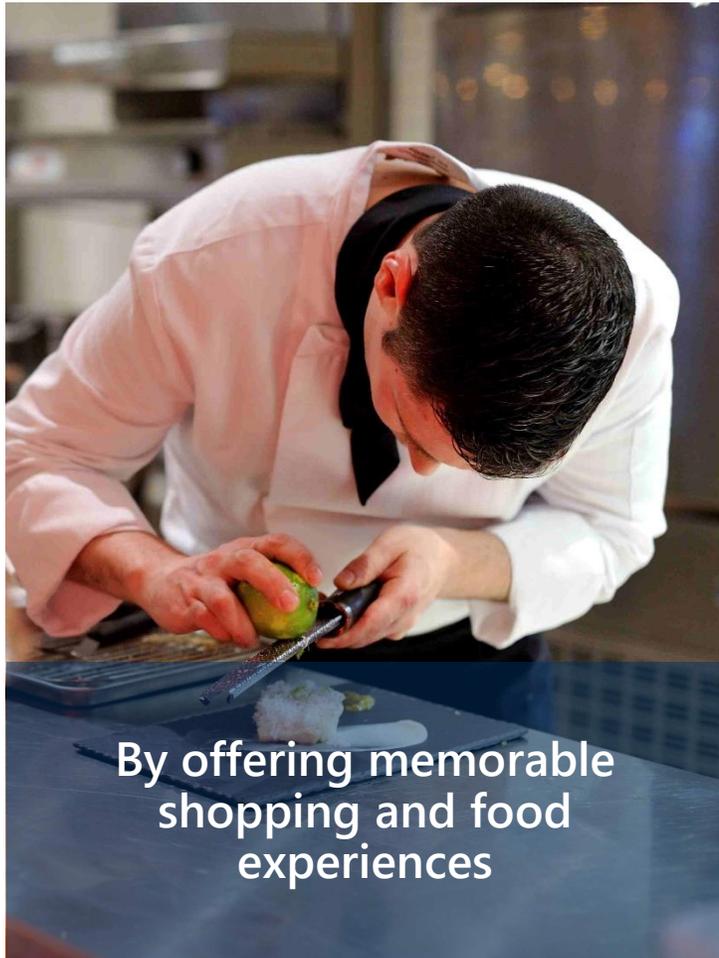
A team committed to exceeding travelers' and partners' expectations, every day





# Excellence in retail and food

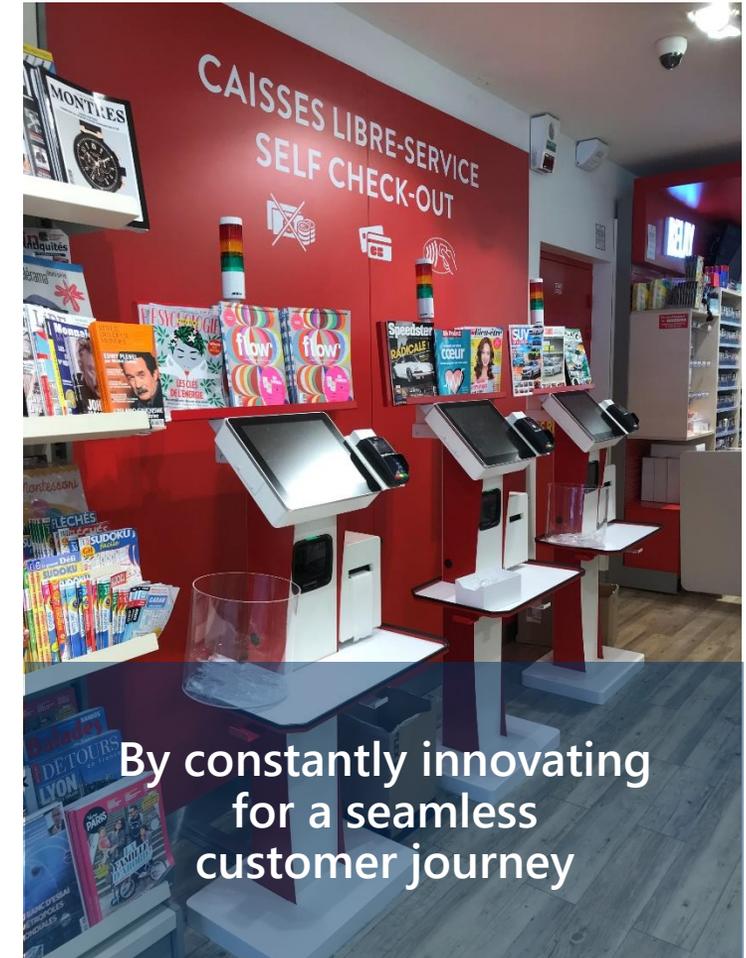
Be recognized as travelers' preferred retailer



By offering memorable shopping and food experiences



By adapting to each environment & to each traveler profile



By constantly innovating for a seamless customer journey

# Partner of choice



The widest & most diverse portfolio in Travel Retail

## TRAVEL ESSENTIALS

## DUTY FREE & FASHION

## FOODSERVICE

Own brands



Partner brands

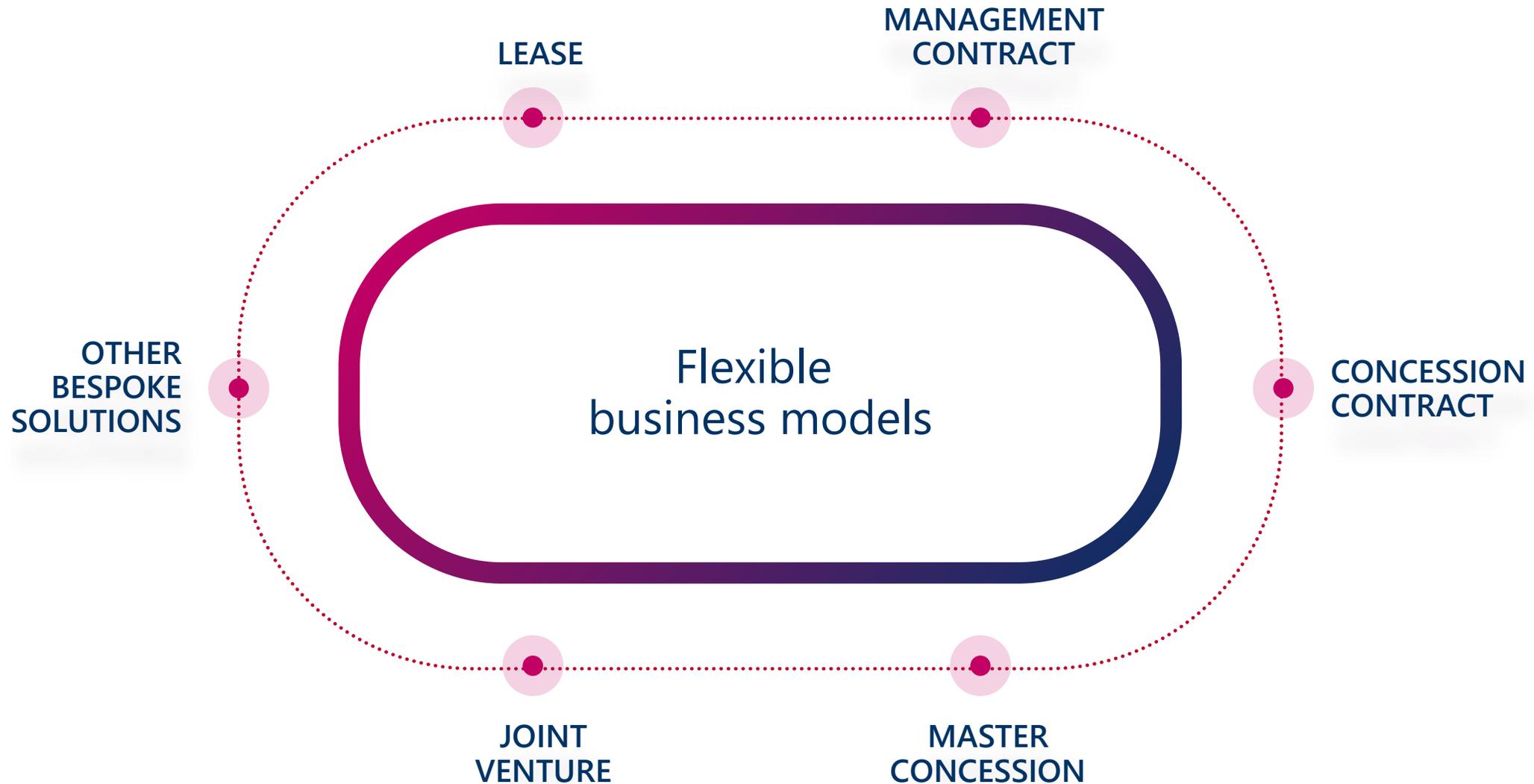


Bespoke brands



Non-exhaustive list

# Partner of choice



# Partner of choice



A long standing experience of successful joint ventures with international strategic partners



- JV allow for a combination of expertise and alignment of interest between parties.
- Its main benefits are the ability to better anticipate and activate strategic planning, commercial development and day-to-day operations

Our JV operations show our ability to build **long term partnerships**, based on a **shared vision** and **successful results**.



# Profitable expansion

Major openings and successes in 2019



Openings & Inaugurations | *Opening soon or tenders won* | **New countries**

# We have a clear path for a 3BLs Global expansion, through new tenders & M&A:

## WHERE to expand?

### Geographies



#### 1. Existing Countries

- **Strengthen positions** in existing activities through tenders and M&A
- Develop **new BL in existing countries**
- Expand in **new channels**

#### 2. New Territories

- **Strategic development** that changes the Group profile because of its size or because it opens opportunities for growth
- **Tactical development:** opportunistic approach

### Channels



#### Strategic

- | Existing  | To investigate  |
|---|---|
| <ul style="list-style-type: none"> <li>• Airports</li> <li>• Stations</li> <li>• Touristic sites / Museums</li> </ul> | <ul style="list-style-type: none"> <li>• Downtown DF</li> <li>• Cruise</li> </ul>                           |
| <h4>Tactic</h4> <ul style="list-style-type: none"> <li>• Motorways (if capex light)</li> </ul>                        | <ul style="list-style-type: none"> <li>• Ferries (DF)</li> <li>• Diplomatic</li> <li>• Wholesale</li> </ul> |

#### Tactic








## HOW to expand?

### Tenders

offer competitive rents & attractive commercial offer; improved takeover/ start-up process

### M&A

reach critical size in some businesses / countries



### Franchise

Relay being the first priority, other internal brands such as Aelia or Tech2go may be considered

# A locally-empowered organization supported by central functions

## LAGARDÈRE TRAVEL RETAIL EXCOM



### COUNTRIES

#### FRANCE & MIDDLE EAST

FRANCE & LUXEMBOURG
KSA
UAE

#### EUROPE, MIDDLE EAST & AFRICA

ITALY	SWITZERLAND	POLAND
SPAIN & PORTUGAL	UK & IRELAND	CZECH REPUBLIC
GERMANY	ICELAND	ROMANIA & BULGARIA
AUSTRIA & SLOVENIA	NETHERLANDS	SENEGAL
		GABON

#### ASIA PACIFIC

GREATER CHINA
SINGAPORE & MALAYSIA
PACIFIC

#### NORTH AMERICA

USA
CANADA



### BUSINESS LINES

### CENTRAL FUNCTIONS



Support, coordination and best practice sharing via

- Management meetings
- Management Board
- Hermès Leadership Forum
- Business reviews
- Strategic planning
- ...

# This ambitious strategy is supported by 4 enablers

A team committed to exceeding travelers' and partners' expectations, every day



Excellence  
in retail  
and food



Partner  
of choice



Profitable  
expansion



Agile  
and efficient  
organization

INNOVATION

DIGITAL

PROCESSES  
& SYSTEMS

TALENTS  
& CSR



# Our innovation approach



Unleash *innovation*

We strive to ensure a **strong innovation commitment** to our partners and customers

**Landlords & Partner brands**

**Stand out** as the **partner of choice** for bringing innovative solutions to life

**Travelers**

**Re-enchanted** travelers' experiences throughout their journey

**Employees**

**Empower** each collaborator to **take risks** and **explore new projects**

**Open-innovation partners**

**Provide agile and impactful playgrounds** to test and roll-out innovative solutions

# The digital transformation will be a key priority for the Group in the 5 next years



We have defined our **Digital priorities**

- ✓ Provide frictionless and highly simplified **digital stores**
- ✓ Build **targeted customer activation** capabilities
- ✓ Develop **omni-channel** in Duty Free and Food
- ✓ Further digitalize our **core business processes**



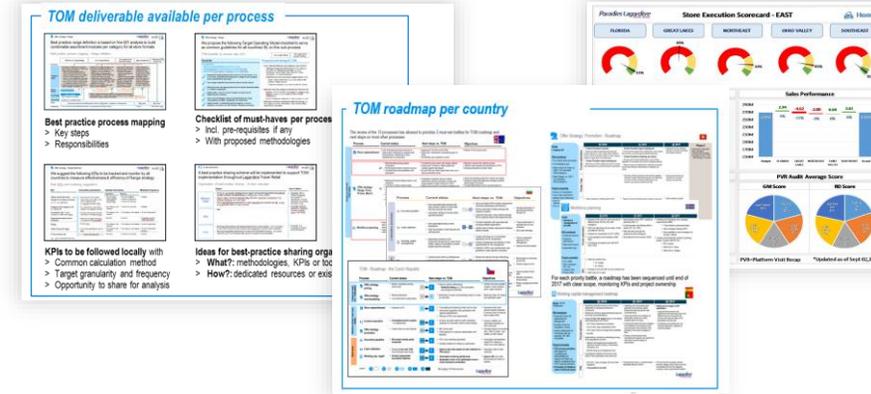
**Key Success Factors**

- ✓ Ability to **industrialize and roll-out**
- ✓ Adapted **organization**
- ✓ Structured **communication** on digital vision for B2B, B2C and B2E

# Continue to optimize and harmonize our processes and systems is crucial to gain efficiency

## TOM project

maximize our operational performance through the development of shared best practices, methodologies & KPIs



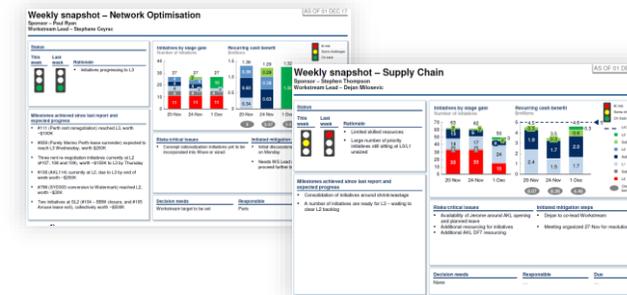
## IT strategy

implement common IT strategy, strengthen IT security and gain in agility



## BOOST

optimize all aspects of the efficiency (costs & productivity, organization model, health & culture, revenue streams and supply chain)



# Strong group CSR commitments, through our PEPS program

## Planet

- Reduce energy consumption of POS
- 50% food waste by 2025
- Ban of non-reusable plastics in all our POS by 2025
- 100% cage-free eggs by 2015
- Develop local food/products in all restaurants and stores

## Ethics

- Specific commitments TBD on:
- *Anti-bribery*
  - *Personal data protection*
  - *Fair trade practice*

## People

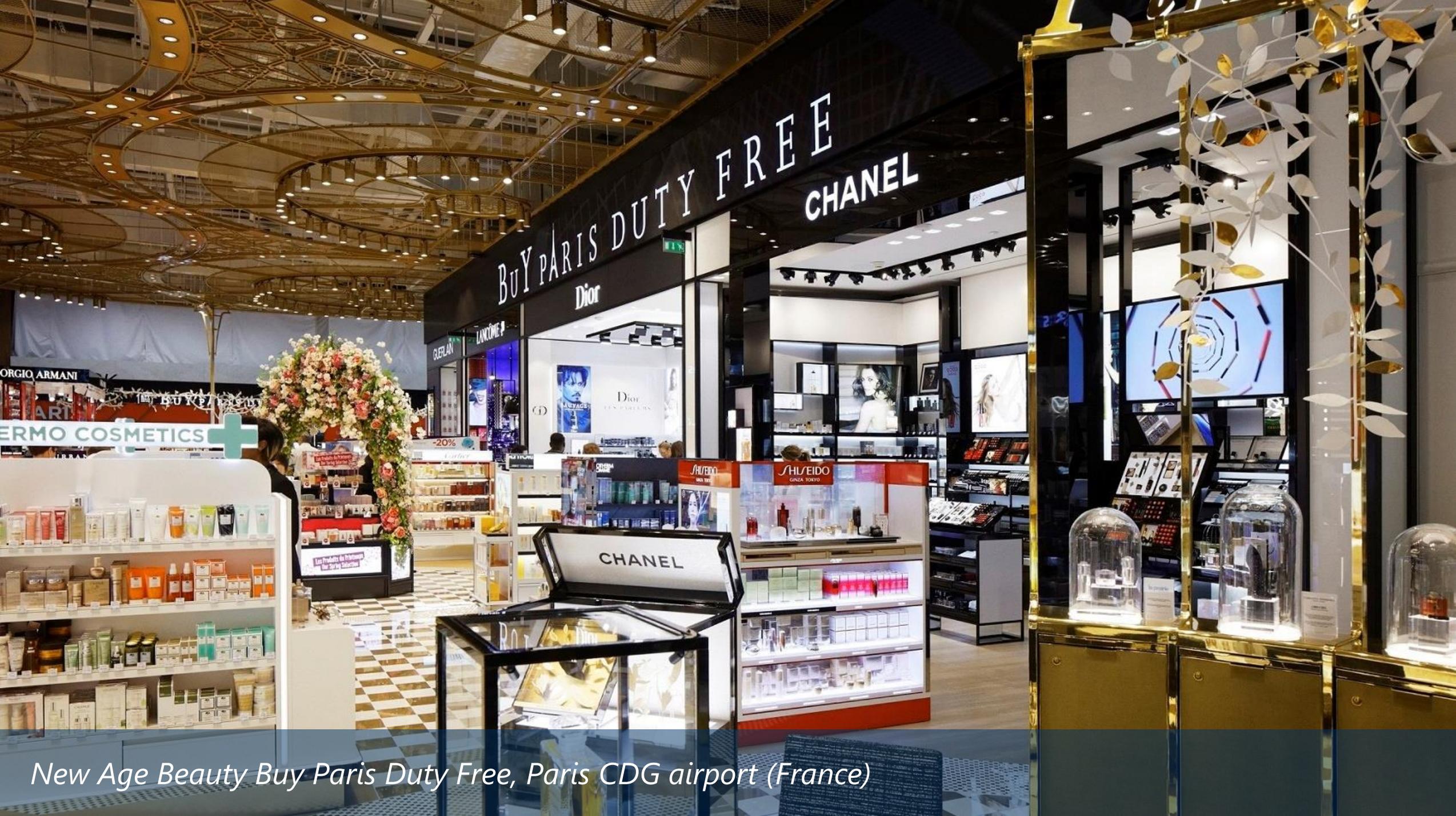
- Specific commitments TBD on:
- *Equal opportunities*
  - *Diversity and gender balance*
  - *Disabled persons*
  - *Employee engagement*
  - *Employee recognition*
  - *Trainings*
  - *Employees health & safety*

## Social

- Specific commitments TBD on:
- *Charity*
  - *Local / Community programs*

# Make employee experience unique and become the most attractive employer brand





*New Age Beauty Buy Paris Duty Free, Paris CDG airport (France)*



VINO VOLO  
*Discover great wines*  
A PARADIES LAGARDÈRE COMPANY

An elevated airport experience



47 stores in 34 airports across the US and Canada



Experience  
new horizons,  
every day

---