



Lagardère

PRESS RELEASE

**Lagardère Travel Retail signs an agreement for the acquisition
of Hojeij Branded Foods (HBF), a leading Foodservice travel retail operator
in North America
A major step for its development in North America**

Paris, 15 August 2018

Lagardère Travel Retail announces the signing of an agreement for the acquisition of 100% of Hojeij Branded Foods (HBF), which will be combined with Paradies Lagardère, the organisation's North American division.

The completion of this transaction is subject to a number of customary conditions, including regulatory approval and third-party consents.

Combining the activities of Lagardère Travel Retail and HBF would create a USD 1.1 billion player, the third largest player in the North American Travel Retail and Foodservice industry. The price for the acquisition, payable in cash, is USD 330 million¹.

Hojeij Branded Foods, a leading Foodservice operator in North America

Founded in 1996 by Wassim and Kathy Hojeij, HBF is one of the leading airport Foodservice operators in North America. Headquartered in Atlanta, it operates more than 124 bars and restaurants in 38 airports across the US and Canada.

HBF generated total sales of USD 225 million in 2017 and also benefits from a sound portfolio of awarded contracts (opened in 2018 and some to open in 2019). Its strong development over the past few years is attributable to its recognised operational excellence, the award of new concessions, and the successful acquisition in 2017 of Vino Volo, the largest airport wine bar chain in the US and Canada.

Its portfolio includes over 40 brand relationships and proprietary concepts ranging from full service to fast casual and quick serve – among which illy Caffè, LongHorn Steakhouse, Chick-Fil-A, P.F. Chang's, Pei Wei and Cat Cora. HBF operates in several of the largest North American airports such as Atlanta, Dallas Ft. Worth, Detroit, Newark, Orlando, Salt Lake City, and San Francisco with an average contract maturity of over seven years. Vino Volo's footprint includes operations in 33 airports in the US and Canada.

¹Based on debt and cash free valuation, net of partners' share in operating JVs (ACDBE programmes) estimated to be 16% over the period of the business plan.

Arnaud Lagardère, General and Managing Partner of Lagardère SCA, commented: *“This transaction is fully in line with the Lagardère group's strategic refocusing, with priority given to developing the Lagardère Publishing and Lagardère Travel Retail businesses. In particular, it illustrates the re-use of proceeds from disposals in activities that provide significant operating synergies and are therefore accretive to Group recurring EBIT and cash. Lagardère Travel Retail is continuing on its growth path in the United States with a proven and effective team.”*

Reinforcing Lagardère Travel Retail in North America

Combining Lagardère Travel Retail with HBF would craft a USD 1.1 billion player in North America - ranking third overall largest operator in airport concessions as well as in the Foodservice segment. The acquisition would round out Lagardère Travel Retail's portfolio of concepts with strong complementary brands (combination of national and global brands as well as local concepts) and provide it with new long-term store locations in major airports. The rollout of commercial and marketing synergies would help numerous development opportunities to be seized in terms of new concessions as well as improve revenue generation.

In addition to top line synergies, the transaction would generate significant costs and operating synergies starting from the first year of integration. Recurring synergies could reach approximately USD 10 million a year as of the fourth year after the acquisition.

The very strong and experienced management team of HBF will remain at the helm of the company, facilitating its successful integration.

A value-generating transaction

The acquisition value amounts to USD 330 million² (or USD 393 million gross of partners' share) implying a multiple of seven times HBF's estimated Full-Year 2018 Pro Forma EBITDA³ including recurring synergies.

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

The transaction is expected to be finalised during the fourth quarter of 2018.

A strategic interest for Lagardère Travel Retail

This major acquisition would enable Lagardère Travel Retail to enter a new phase in its growth strategy by:

- reinforcing its presence in North America, a strategic and highly resilient market driven by traffic growth and the addition of new retail space in airports;
- strengthening a major player in Foodservice on the North American travel retail market, with a strong competitive position (combined presence in approximately 110 airports);
- seizing growth opportunities through the critical mass attained across all market segments and throughout the United States and Canada.

²Based on debt and cash free valuation, net of partners' share in operating JVs (ACDBE programmes) estimated to be 16% over the period of the business plan.

³Pro Forma EBITDA is defined as Reported EBITDA adjusted for the run-rate performance of shops opening and closing in 2018 as well as the USD 10 million run-rate impact of recurring synergies.

