

24 March 2016

# Lagardère Travel Retail 2016 Investor Day



**- AGENDA -**

- |   |                                      |               |
|---|--------------------------------------|---------------|
| ▪ <i>Welcome speech</i>   | Arnaud Lagardère                     | 9.00 – 9.10   |
| ▪ <a href="#"><u>We deliver</u></a>                                 | Dag Rasmussen                        | 9.10 – 9.15   |
| ▪ <a href="#"><u>An attractive travel retail market</u></a>         | Dag Rasmussen & Frédéric Chevalier   | 9.15 – 9.35   |
| ▪ <a href="#"><u>A winning positioning and a clear strategy</u></a> | Dag Rasmussen & Frédéric Chevalier   | 9.35 – 10.05  |
| ▪ <i>Break</i>  |                                      | 10.05 – 10.25 |
| ▪ <a href="#"><u>A compelling financial performance</u></a>         | Luc Mansion                          | 10.25 – 10.40 |
| ▪ <a href="#"><u>A major step forward in North America</u></a>      | Jean-Baptiste Morin & Gregg Paradies | 10.40 – 11.10 |
| ▪ <a href="#"><u>The plan towards profitable growth</u></a>         | Vincent Romet & Emmanuel de Place    | 11.10 – 11.40 |
| ▪ <a href="#"><u>2015-2019 guidance</u></a>                         | Dag Rasmussen                        | 11.40 – 11.45 |
| ▪ <a href="#"><u>Q&amp;A session</u></a>                            |                                      | 11.45 – 12.30 |
| ▪ <i>Buffet lunch</i>   |                                      | 12.30 – 14.00 |

## Agenda

- I. We deliver
- II. An attractive travel retail market
- III. A winning positioning and a clear strategy
- IV. A compelling financial performance
- V. A major step forward in North America
- VI. The plan towards profitable growth
- VII. 2015-2019 guidance

# Agenda



## **I. We deliver**

- II. An attractive travel retail market
- III. A winning positioning and a clear strategy
- IV. A compelling financial performance
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## Lagardère Travel Retail has experienced a strong growth in the past four years

2015

**€3.1bn**

proportional sales<sup>1)</sup>

**€165m**

proportional recurring  
EBITDA<sup>2)</sup>

**31** countries

**220** airports

**16,000** employees

2015 vs 2011



**+ €1bn** prop. sales

**x 2** prop. recurring EBITDA



**+ 12** countries



**+ 100** airports

1) Travel retail perimeter only, proportional view includes Lagardère Travel Retail share in joint ventures

2) After Head Office costs

Source: Lagardère Travel Retail internal data

A pure travel retail player

**Distribution  
almost  
divested**



**Achieved  
financial  
guidance**



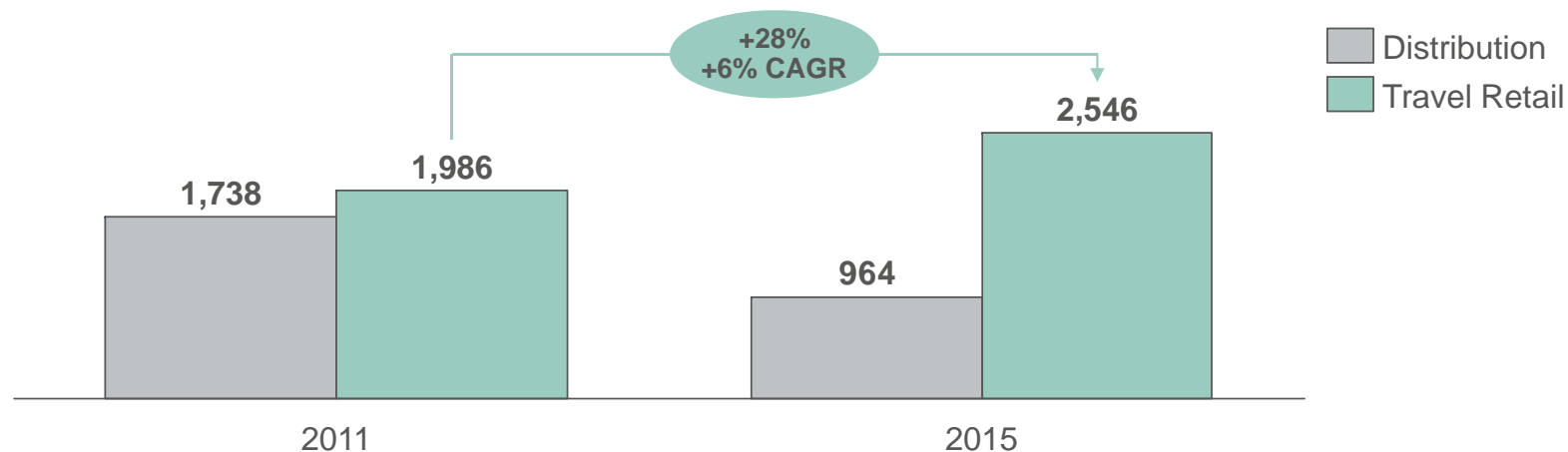
**New  
corporate  
identity**

***Lagardère***  
**TRAVEL RETAIL**

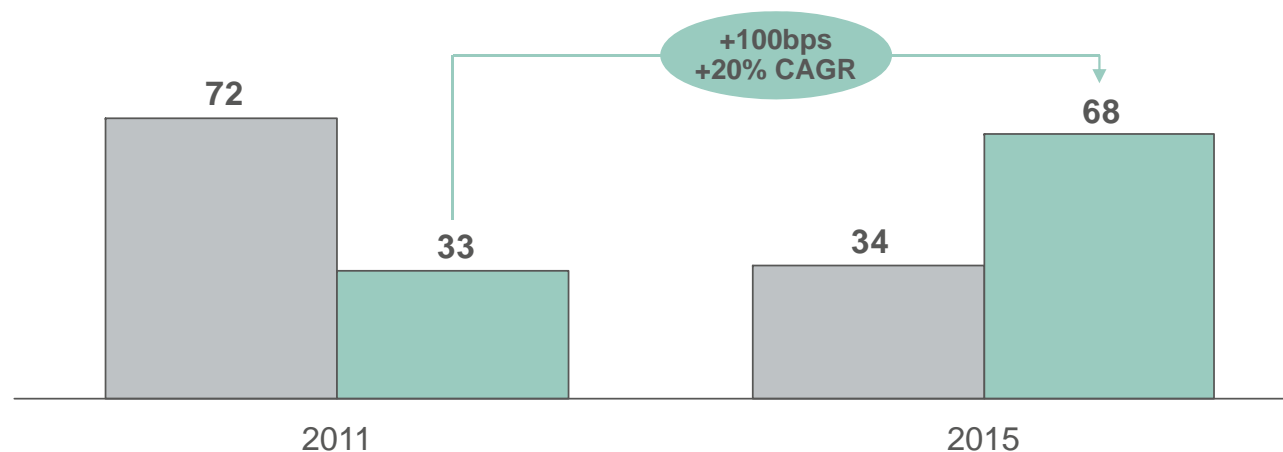
## A remodeled group following the sale of the distribution business

IFRS consolidated sales and recurring EBIT (€m, 2011-2015)

IFRS  
Consolidated  
sales



Recurring  
EBIT



# We are delivering our financial commitment

2012 and 2014 Investor Days' guidances

	2011	Guidance June 2012 (2011 to 2016)	2013	Guidance May 2014 (2013 to 2016)	2015
Proportional sales <sup>1)</sup>	2,127	+10% per annum	10.5% CAGR 2011 - 2013	+5% to +10% per annum	8.6% CAGR 2013 - 2015
Proportional recurring EBITDA margin <sup>1)</sup>	4.6%	+0.5 pt to +1.0 pt over five years	4.9%	+1.0 pt vs. 2013	6.1%

✓  
Guidance achieved

✓  
Guidance exceeded

<sup>1)</sup> Figures based on proportional sales and recurring operating EBITDA before Head Office costs

Source: Lagardère Travel Retail internal data

# A new corporate identity to materialize our positioning as pure travel retail player



New  
mission  
statement

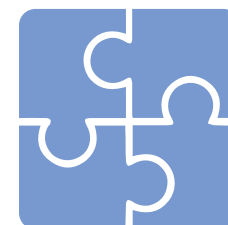
*"We are committed to exceeding the expectations of the travelers we serve, every day.*

*Our team is passionate about developing and executing innovative solutions, tailored to optimize our landlords' assets and partners' brands."*



New  
signature

*Experience new horizons, every day.*



**Lagardère**  
TRAVEL RETAIL



Updated  
values



Team spirit

Enthusiasm

Ethics



Innovation

Agility

Excellence

## Agenda

I. We deliver

**II. An attractive travel retail market**

III. A winning positioning and a clear strategy

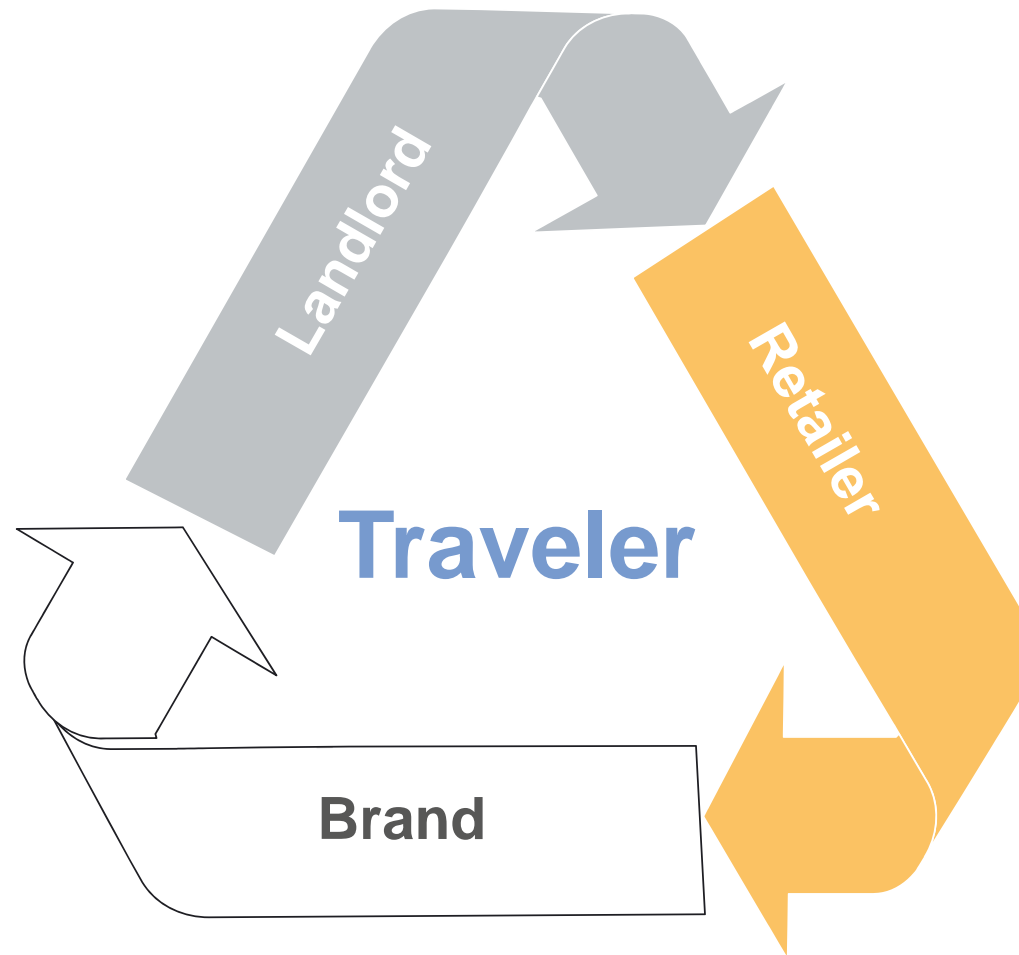
IV. A compelling financial performance

V. A major step forward in North America

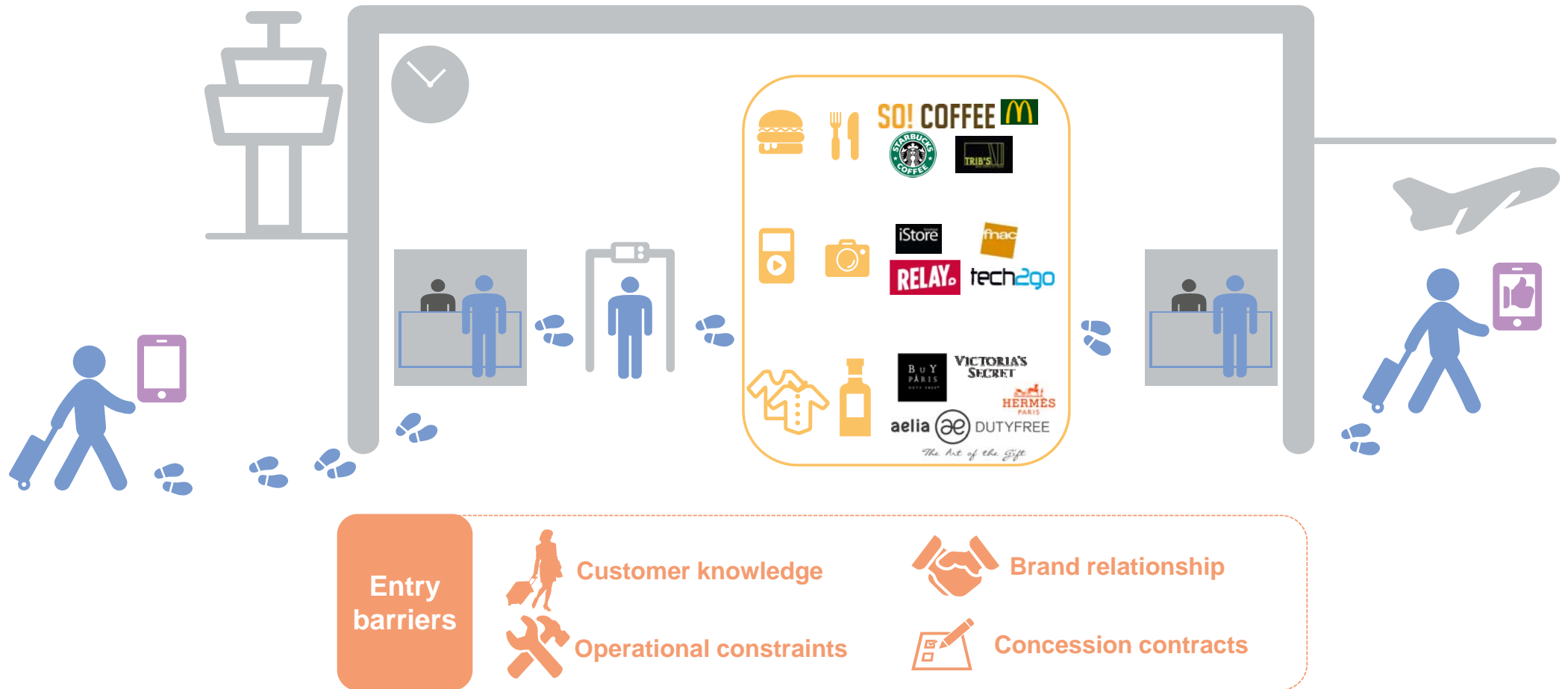
VI. The plan towards profitable growth

VII. 2015-2019 guidance

## Travel retail industry is structured around 4 stakeholders

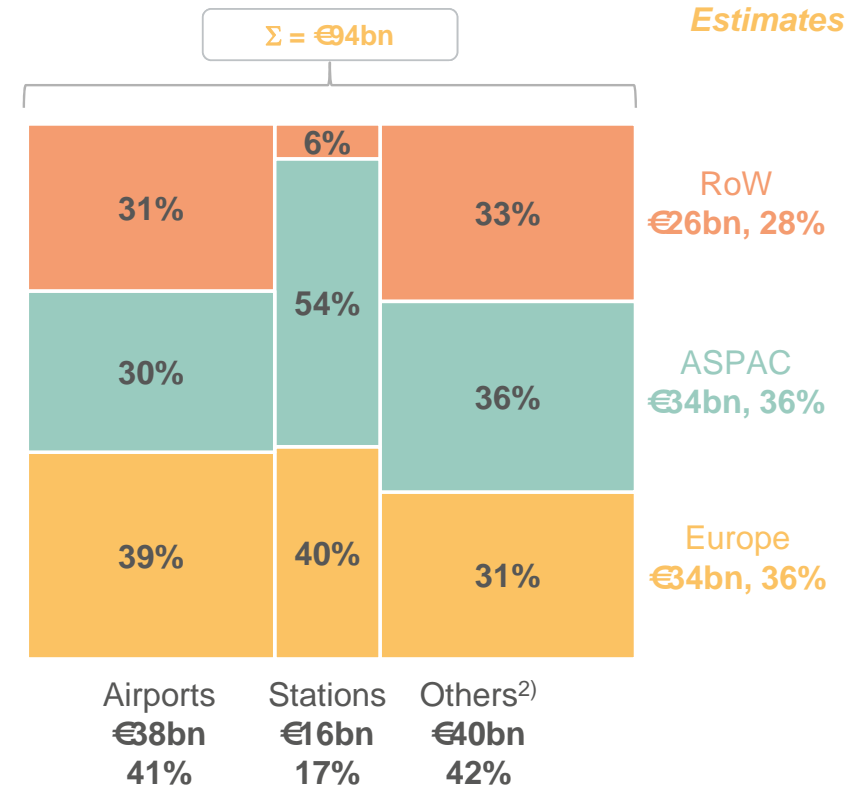
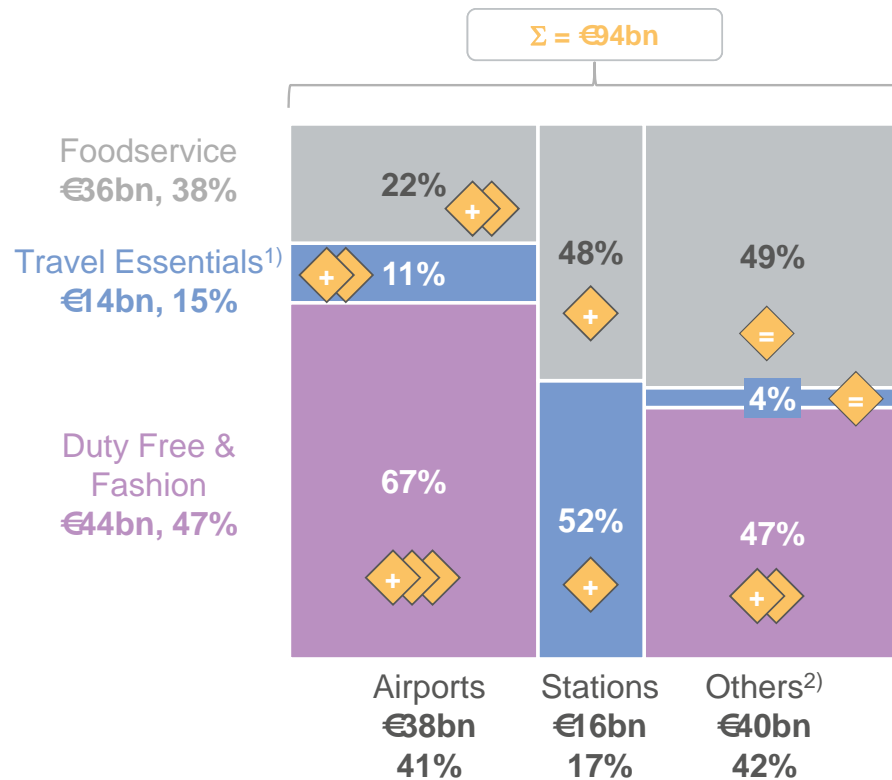


# Travel retail is a niche with unique market drivers and a specific operating model



# A market experiencing strong growth

Travel retail market size (€bn, 2014)



1) Incl. electronics and gifts

2) Incl. ferries, inflight, downtown stores for Duty Free & Fashion, highways, hospitals, museums for Foodservice

Sources: Generation Research, Company reports, Lagardère Travel Retail estimates


## Key trends of the global travel retail market




## Global travel retail market growth is fueled by sound drivers

Travel retail  
market  
growth

=

 PAX<sup>1)</sup>  
growth

×

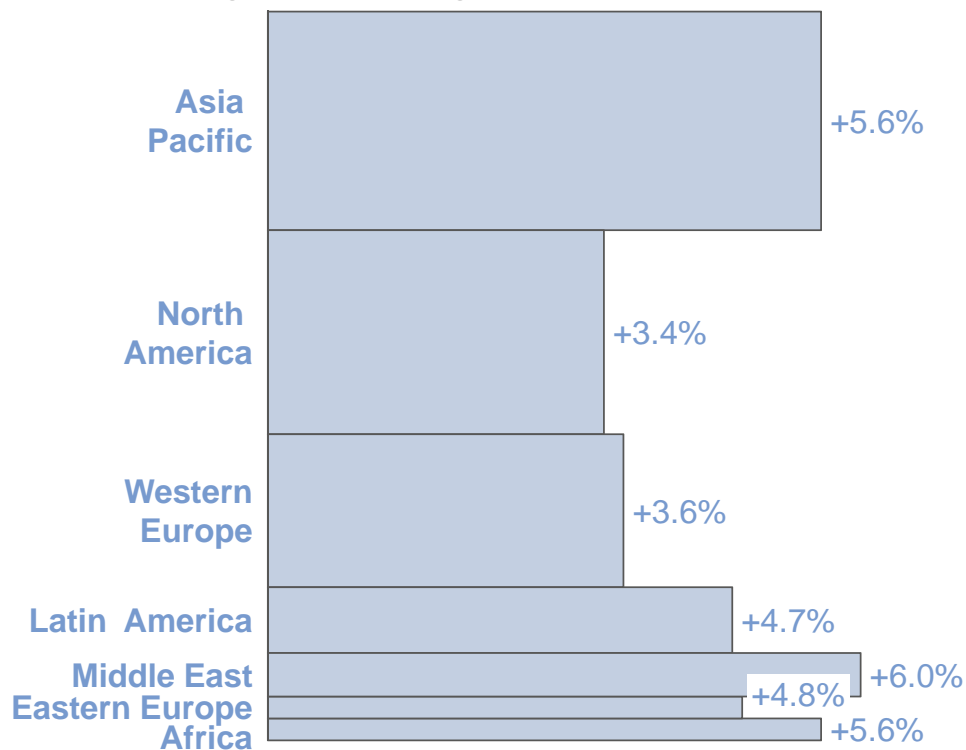
 Spend Per Pax  
growth

# Air traffic PAX growth will remain strong in the next 20 years



## 4.6% global PAX growth in the next 20 years...

Air traffic growth<sup>1)</sup> by region (% CAGR, 2014-2034)



Box height reflects regional share of 2014 traffic

1) Traffic measured by revenue passenger-kilometres  
Source: 2015-2034 Airbus Global Market Forecast

## Additional capacities



Abu Dhabi Midfield Terminal



Beijing Daxing International Airport T1

x2

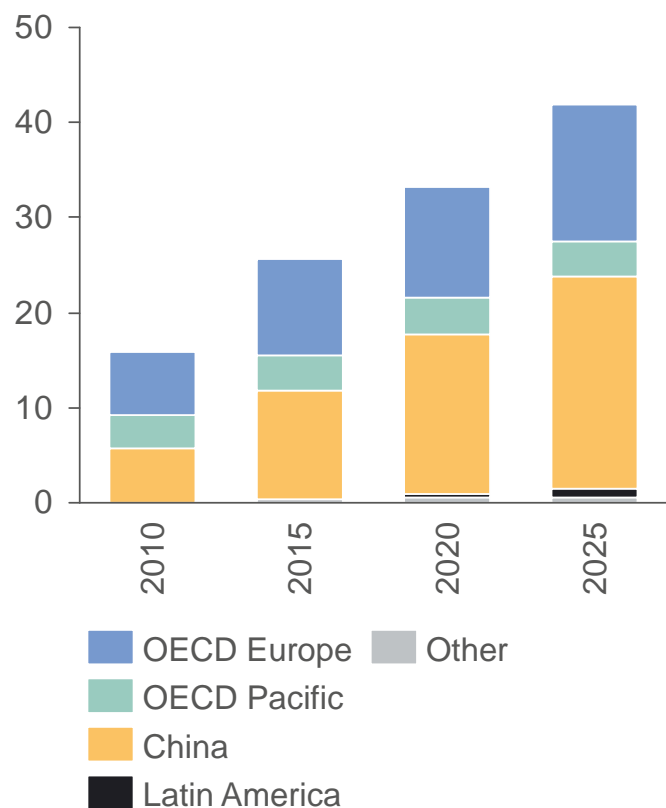
Passenger aircraft fleet (2034 vs 2014)

# Rail PAX growth will be supported by strong investments



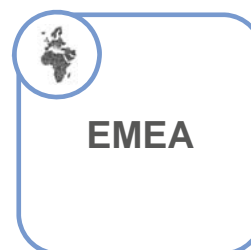
## Future investments in HSR<sup>1)</sup>

Thousand km new track (2010-2025)



1) High Speed Rail  
Sources: International Energy Agency, UNIFE

## Selection of major rail projects



### EMEA

- Bolloré Group project in West Africa
- HSR<sup>1)</sup> project between Algeria, Morocco and Tunisia
- London Tube
- Berlin S-Bahn



### Americas

- Toronto light rail
- Bogotá metro
- Buenos Aires metro
- NYC Metro



### ASPAC

- Hong Kong express rail link
- China Global HSR<sup>1)</sup> network
- Beijing metro
- Delhi metro

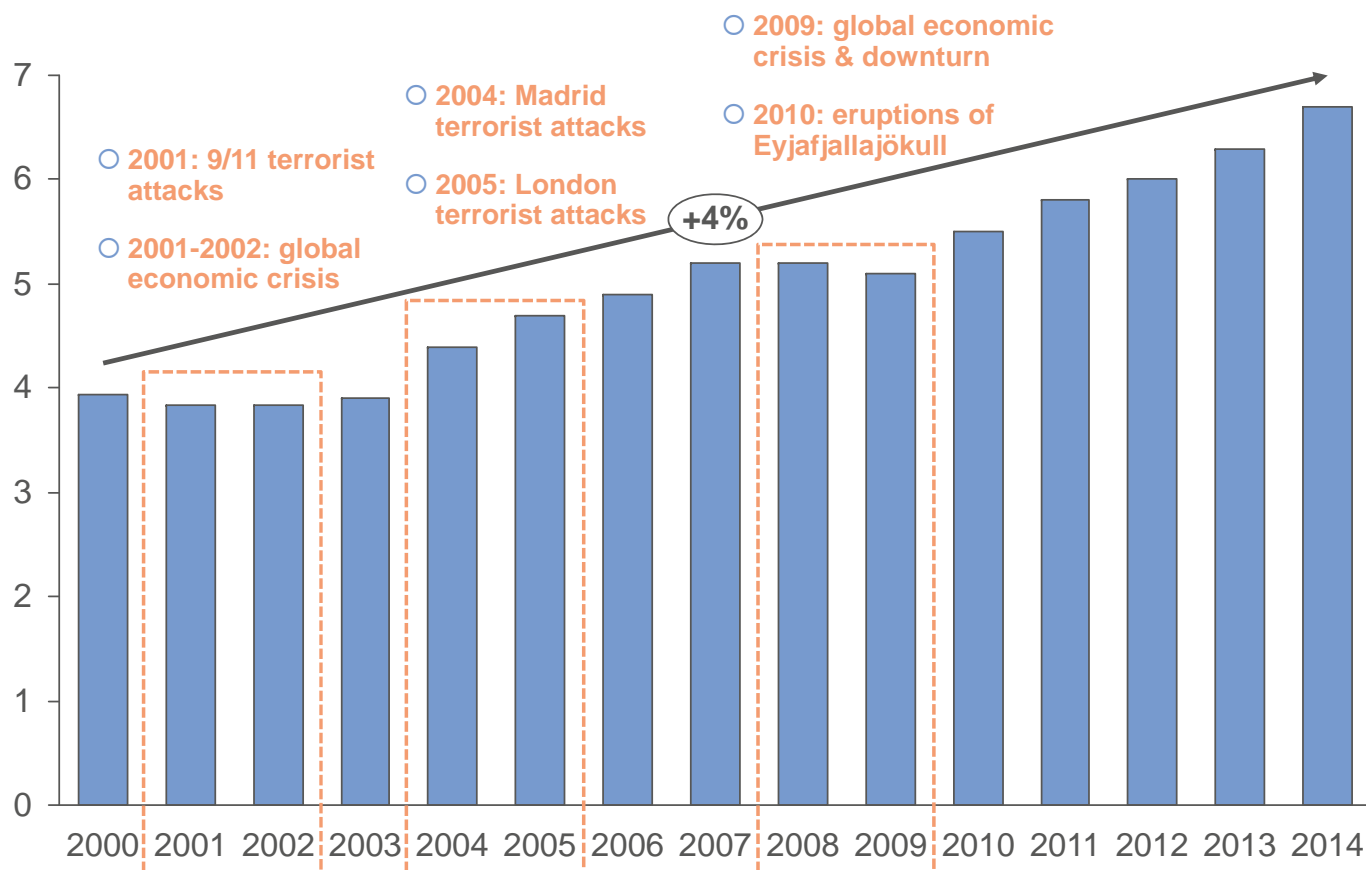
Network expansion/ creation  
Fleet expansion/ renewal



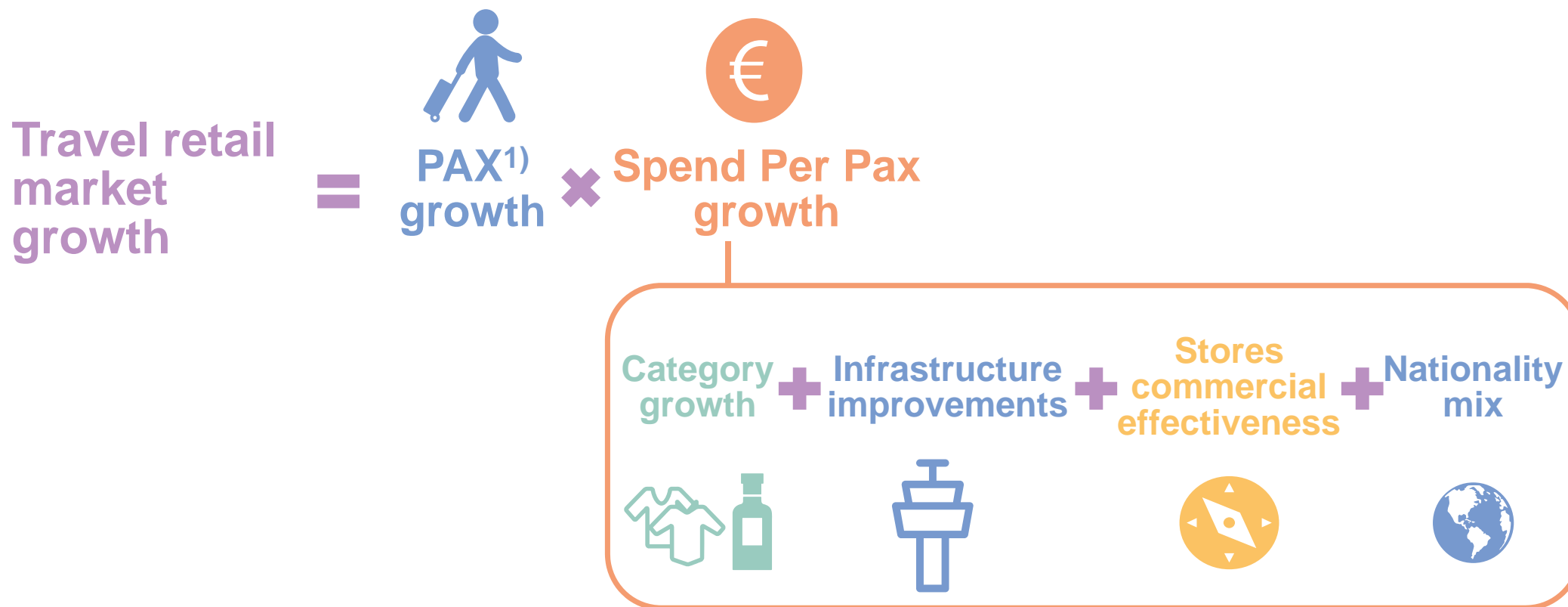
Hong Kong express rail link

# Despite short-term bumps, air traffic shows its resilience

World airport traffic (bn pax, 2000-2014)



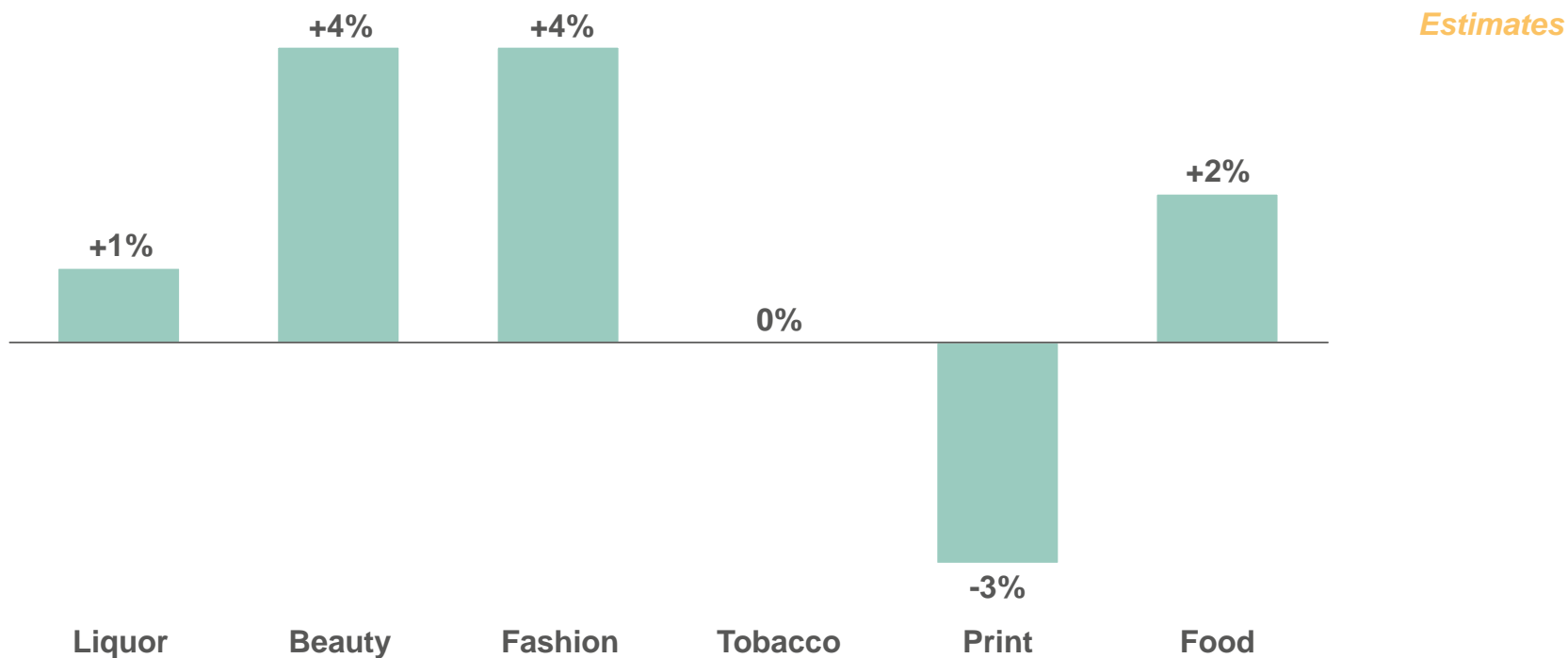
## Global travel retail market growth is fueled by sound drivers



## We are positioned on categories that on average will enjoy a slightly positive growth globally<sup>1)</sup>



Global retail category growth outlooks (World, %, 2015-2020 CAGR forecast)



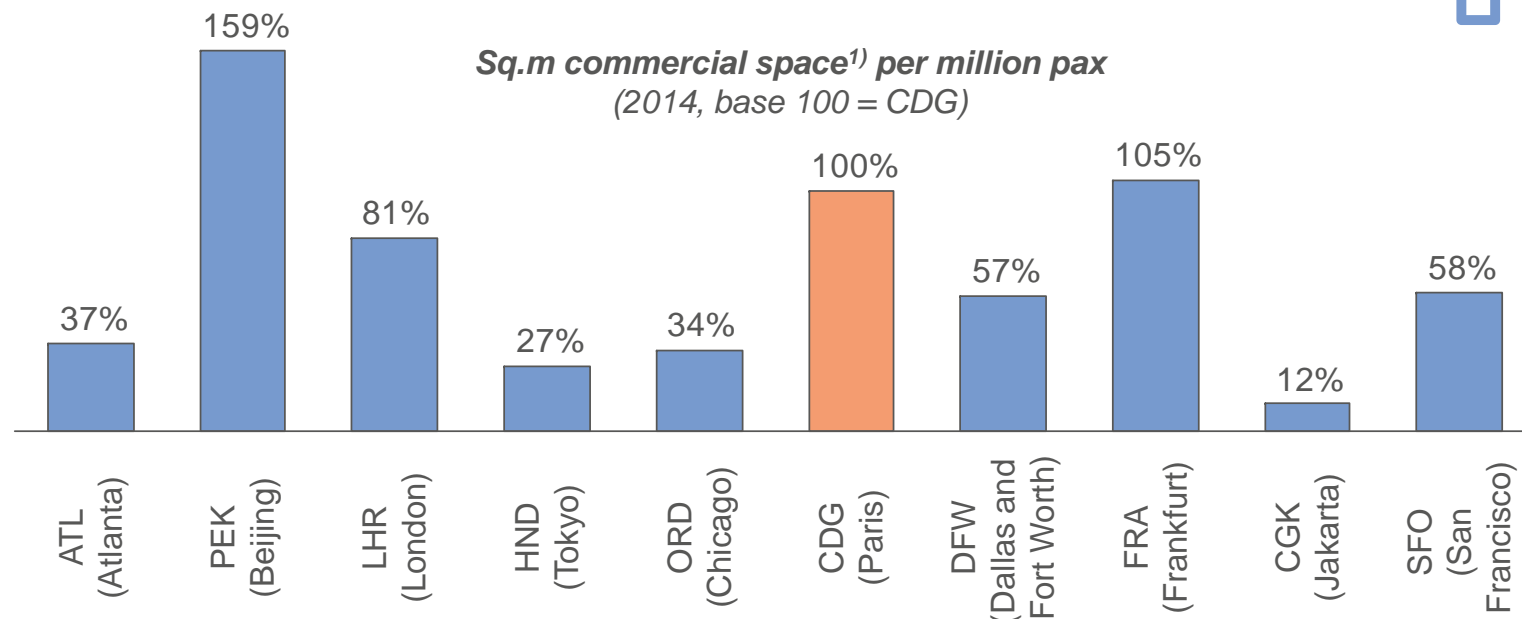
<sup>1)</sup> All geographies, but also all channels including high-street and e-commerce

Sources: Industry experts and Lagardère Travel Retail estimates

## SPP growth will be supported by further infrastructure investments



### Existing retail spaces



### Future investments

#### ADP illustration: “one roof” strategy

- Paris Orly: junction of the South and West Terminals
- Paris CDG: connection of Terminals 2B and 2D
- Paris CDG: merger of the international satellites in Terminal 1



Paris Orly junction

<sup>1)</sup> Including Foodservice

Sources: Company and airport reports, press, Lagardère Travel Retail estimates

## Store commercial effectiveness will remain a key lever to boost SPP



New So! Coffee at Prague airport

**+20%** SPP increase<sup>1)</sup>

1) August-December 2015 vs August-December 2014  
2) October-December 2015 vs October-December 2014  
Source: Lagardère Travel Retail internal data

New aeliadutyfree store at Nice airport

**+25%** SPP increase<sup>2)</sup>

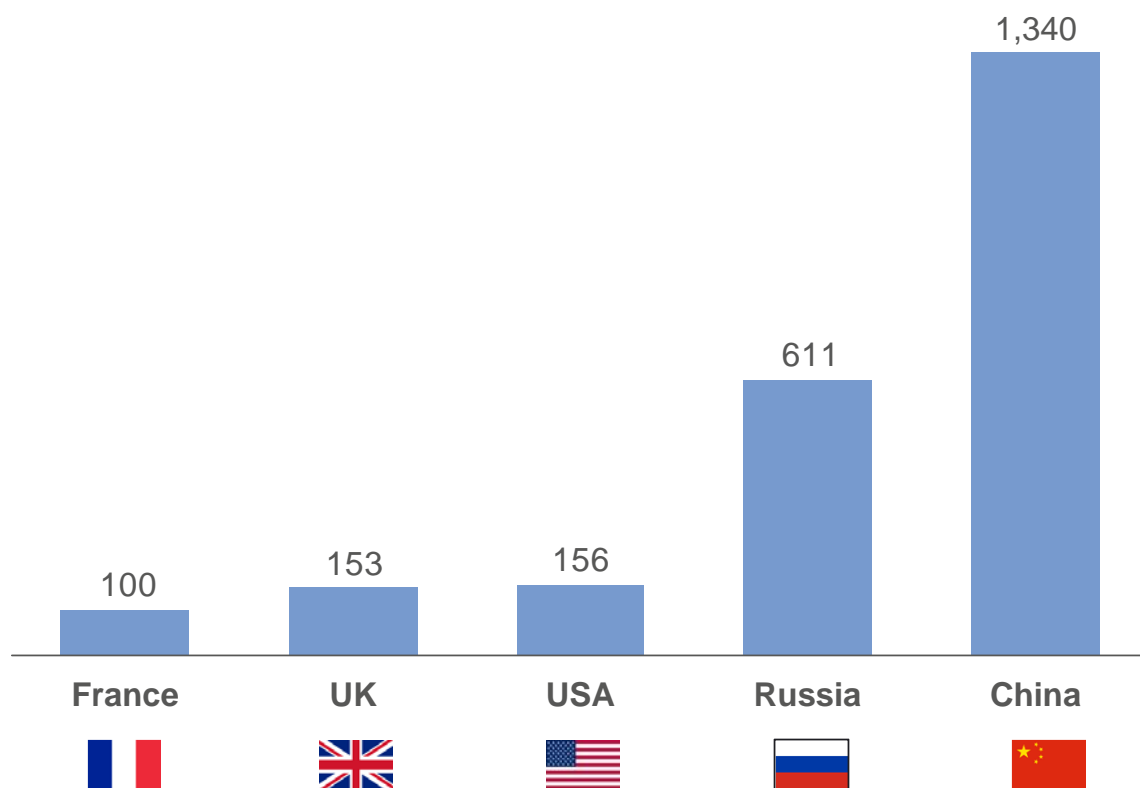


**Lagardère**  
TRAVEL RETAIL

## SPP will continue to be boosted by favorable evolutions of the passengers nationality mix



SPP by destination – Analysis based on a sample of European airports (€, rebased, 2015)



### Other impacts on SPP



Currency effects



Regulation effects

## Growth drivers are solid

Travel retail product category growth outlooks by growth driver



### High Street and Travel retail growth drivers

 Store commercial effectiveness

### Travel retail growth drivers

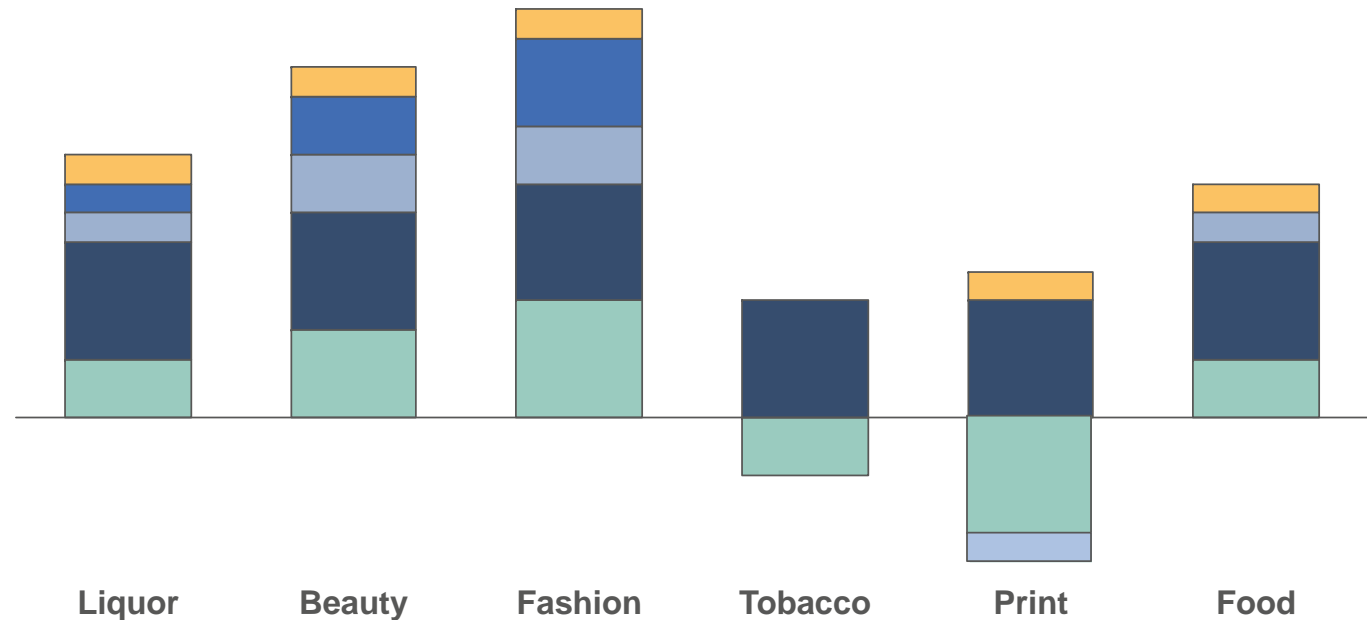
 Nationality mix

 Infrastructure improvements

 Pax growth

### Global Retail growth driver

 Category growth



Structurally, airport retail will grow substantially faster than High Street retail. We built a unique positioning to benefit from this strong growth.

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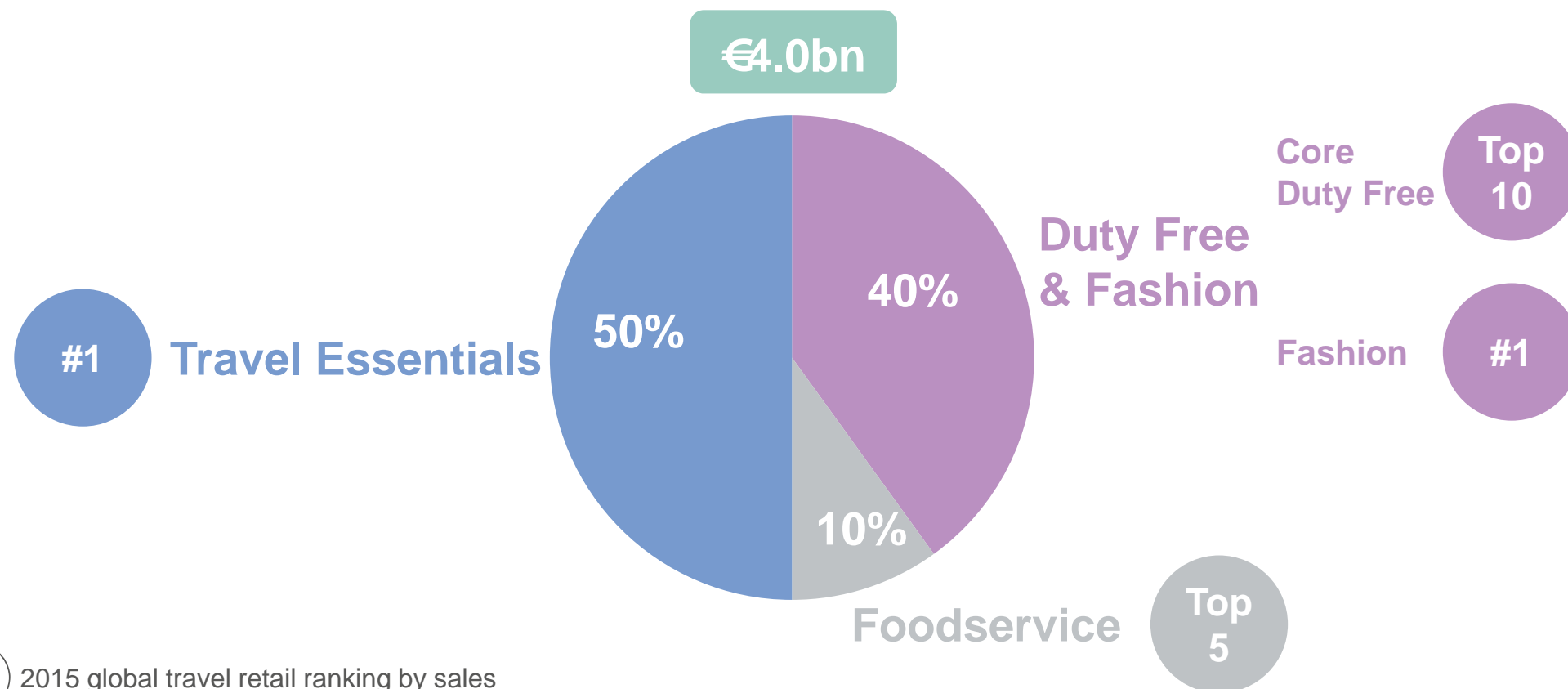
# In this competitive and evolving market, we built a unique and winning positioning

Unique Selling Proposition



## It contributed to create a global leader in the three businesses

Lagardère Travel Retail sales and ranking by business (sales @100% pro-forma<sup>1)</sup>, 2015)



1) Paradies acquisition consolidated at 100% for the full year  
Source: Lagardère Travel Retail internal data

# Our strategy will strengthen this positioning and deliver growth

## Overall strategy

- ✓ Maintain the **growth momentum**
- ✓ Further develop **like for like sales**, especially through **operational excellence** and **retail expertise**
- ✓ Strengthen **brand portfolio**, especially through **innovation** on concepts, products and services
- ✓ Train and motivate all **our people**
- ✓ Improve **cash generation**

## Duty Free & Fashion

- Further develop **innovative and differentiated concepts**
- Accelerate **digital initiatives**

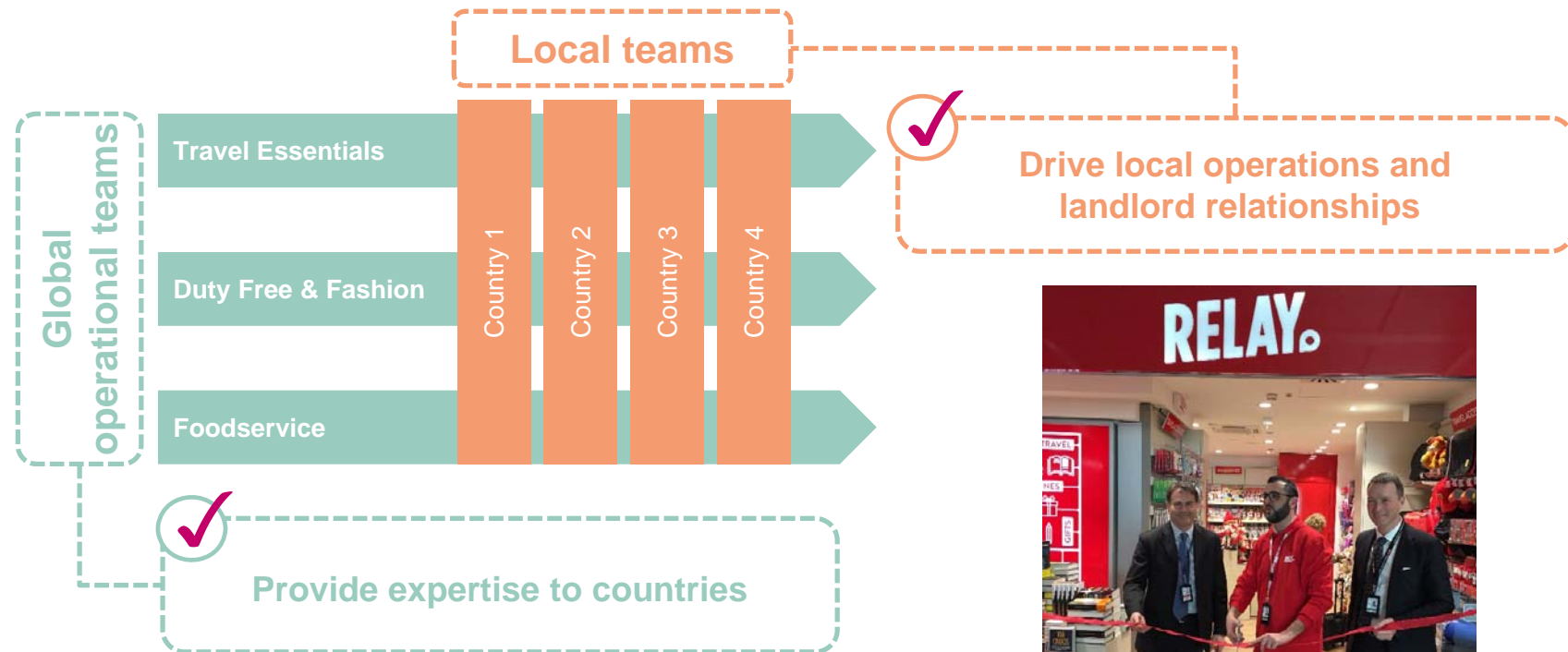
## Travel Essentials

- **Innovate and invest in Relay** to maintain its leadership
- Further **diversify concepts** and **product mix**

## Foodservice

- Reinforce **brand portfolio**
- Continue to deliver **unique and high quality offer**

## A truly “glocal” organization with the right balance between local empowerment and global expertise



*First Relay in Italy: Rome Fiumicino*

# Overview of Duty Free & Fashion business

## Snapshot



40% of 2015 sales @ 100% pro-forma<sup>1)</sup>



21 countries



600 PoS



Top 4 product category

- Perfume & Cosmetics
- Liquors & Tobacco
- Fashion
- Gastronomy & Confectionary

<sup>1)</sup> Paradies acquisition consolidated at 100% for the full year  
Source: Lagardère Travel Retail internal data

## Brand portfolio

Proprietary concepts	Global	aelia  DUTYFREE THE FASHION GALLERY THE FASHION PLACE EYE LOVE sunglasses Casa del gusto Bottega dei Sapori AMUSE merino® Premium Food Gate BUY PARIS DUTY FREE® Abu Dhabi Duty Free
	Local / bespoke	
Partner brands	Global	HERMÈS PARIS BOSS HUGO BOSS VICTORIA'S SECRET K&C KENT & CURWEN 1926 NESPRESSO LONGCHAMP PARIS MAC GODIVA Chocolatier INGLOT Brooks Brothers BIMBA Y LOLA
	Local / bespoke	

## We deliver innovative and unique retail concepts



**aeliadutyfree**  
Auckland airport



**Casa del Gusto**  
Rome airport



**The Fashion Gallery**  
Singapore airport

# Overview of Foodservice business

## Snapshot



10% of 2015 sales @ 100% pro-forma<sup>1)</sup>



17 countries



800 PoS



82% proprietary brands

<sup>1)</sup> Paradies acquisition consolidated at 100% for the full year  
Source: Lagardère Travel Retail internal data

## Brand portfolio

Proprietary concepts	Global	
	Local / bespoke	
Partner brands	Global	
	Local / bespoke	

## We operate world-class tailor-made restaurants



**4th Street Vine**  
*Long Beach Airport*



**Loksins bar**  
*Reykjavik Airport*



**La Plage de Thierry Marx**  
*Nice Airport*

# Overview of Travel Essentials business

## Snapshot



50% of 2015 sales @ 100% pro-forma<sup>1)</sup>



22 countries



2,700 PoS



### Top 4 product category

- Food & Beverage
- Gift, Souvenir & Travel Accessories
- Readables
- Tobacco

<sup>1)</sup> Paradies acquisition consolidated at 100% for the full year  
Source: Lagardère Travel Retail internal data

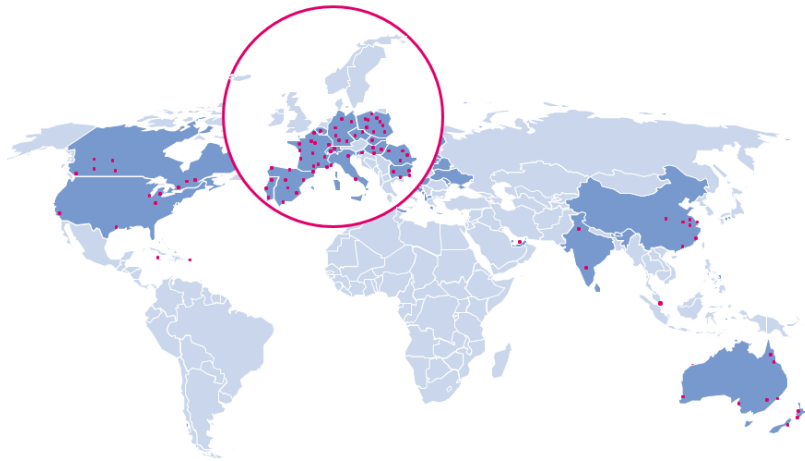
## Brand portfolio

Proprietary concepts	Global	
	Local / bespoke	
Partner brands	Global	
	Local / bespoke	

# Consolidate global leadership in Travel Essentials: innovate and invest in Relay

Relay, one of the very few global travel retail brands<sup>1)</sup>...

...in which we invest to maintain leadership



**95**  
airports



**700**  
train & metro stations



**1,200** outlets across **22** countries



Over **30** years of experience

*A new positioning  
and reinforced  
brand identity*



*Rely on Relay:  
upgrade your journey!*

- Stay **in tune** with landlords and travelers needs
- Highlight **Relay diversified product offer**
- Further focus on **higher-margin products**



1) Data as of end 2015

Source: Lagardère Travel Retail internal data

## Consolidate global leadership in Travel Essentials: innovate with new proprietary concepts such as tech2go



Launched in **Sydney** in 2012



Opportunity for  
concept  
expansion

- Leverage Australian know-how worldwide

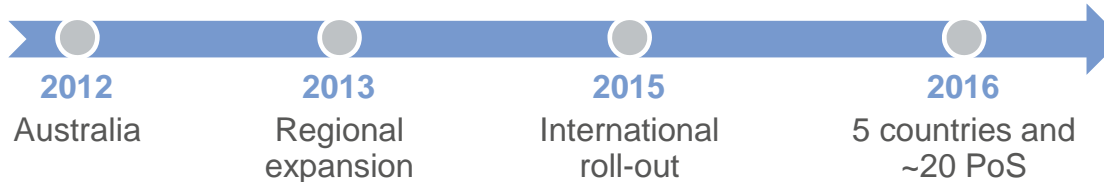


Solution for  
concept expansion

- Create plug & play solutions



Results

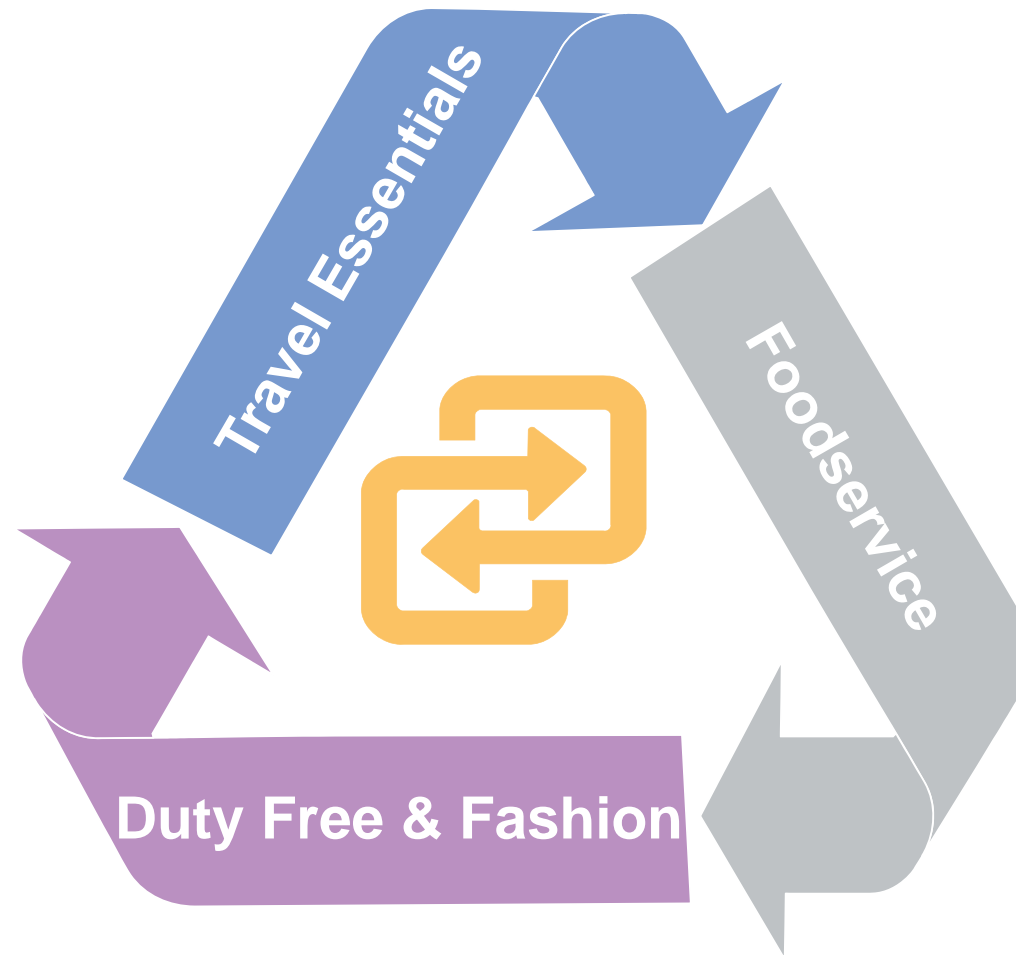


# An operational excellence recognized globally

## Selection of awards (2011-2015)

	Foodservice	Travel Essentials	Duty Free & Fashion
 <b>EMEA</b>	   Quattroroute awards: 5-star score <i>Ristop - Italy</i>  Best launching of a food concept <i>Bread &amp; Co - Poland</i>  Best Italian Bar <i>BriccoCafé - Italy</i>	  Best new store Gifts & Electronics <i>Lonely Planet - UK</i>  Honoree Webby awards <i>Relay.com - France</i>  Best concept of Shopping in Train <i>Discover - Spain</i>	 Best new store beauty <i>Buy Paris - France</i>  DFNI Congratulated <i>aeliadutyfree - Poland</i>  DFNI Highly recommended <i>The Fashion Place - UK</i>
 <b>North America</b>	 Best F&B program <i>Paradies- USA</i>  Best Chef-Driven, Local or Regional Restaurant <i>Bar Symon - USA</i>  Best store design <i>Dylan's Candy Bar - USA</i>	 Excellence in Customer Service <i>iStore - Canada</i>  Best New Specialty Retail Concept <i>7-Eleven- USA</i>  Best News and Gift Operator <i>Paradies - North America</i>	 Best specialty retail brand operator <i>Brook Brothers - USA</i>  US best airport retailer for 21 years <i>Paradies - North America</i>  100 best golf shops for 17 years <i>PGA Tour shops - USA</i>
 <b>ASPAC</b>	  Shanghai Best Happy Hour <i>Airest - China</i>  Top 6 best company in Italian Food <i>Airest - China</i>	 Customer service excellence <i>Relay - Hong Kong</i>  Best Retail Shop <i>Discover - China</i>  Retailer of the year <i>Newslink - Australia</i> 	 Best use of social media <i>Duty Free Stores - New Zealand</i>  Excellence service <i>Fashion stores - Singapore</i>  Retailer of the year <i>Australian made - Australia</i>

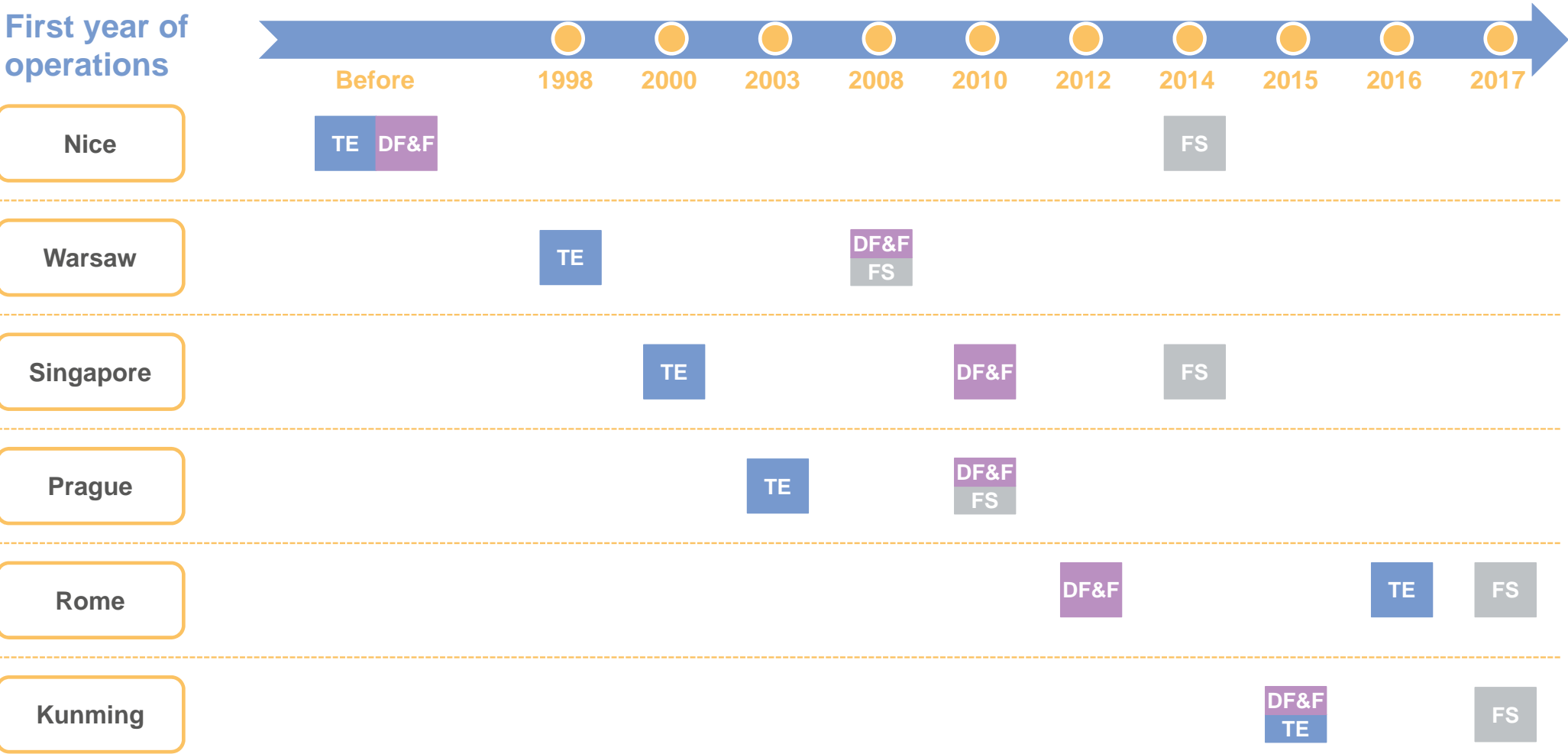
## Operating the three businesses creates unique opportunities



# B2B synergies are generated through the capitalization of landlord relationships

First year of operations

Illustration – Non exhaustive



## Cross business promotions drive sales up



 **aella**  DUTYFREE



- perfumy fragrance
- kosmetyki pielęgnacyjne skin care products
- make-up





delikatesy z produktami regionalnymi z Polski i świata  
delicatessen with regional products from Poland and the world

 **Chief's**  
quick service restaurant

dania kuchni polskiej  
Polish cuisine

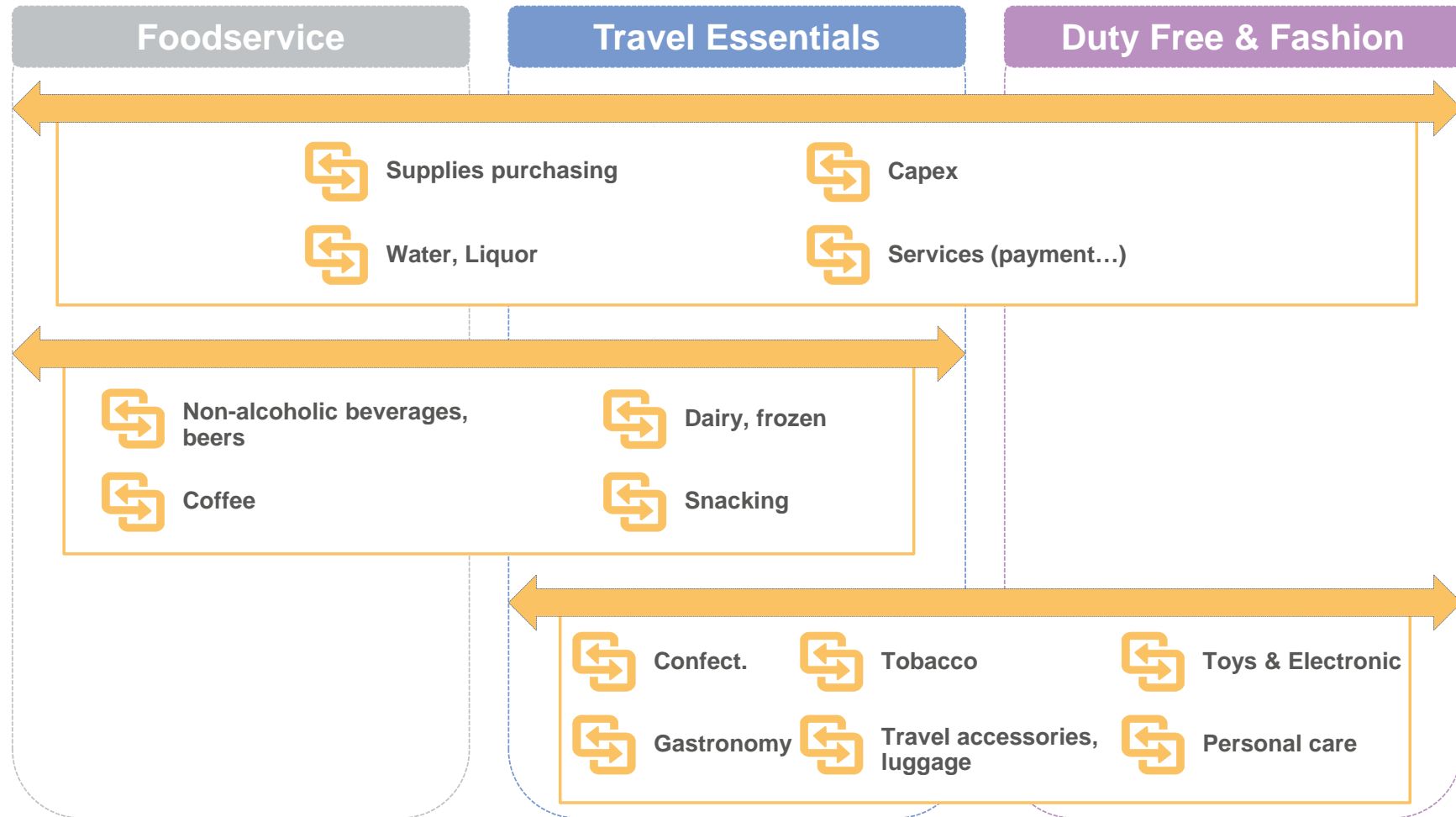
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 **BriccoCafe**  
daniania kuchni włoskiej  
Italian cuisine



***Warsaw airport cross promotions***

## Purchasing synergies are extracted across businesses



## Know-how synergies for higher agility

?

How to sell?

Evolving store concepts

Bread&Co.  
SANDWICH · COFFEE · SALAD

RELAY

aelia  DUTYFREE  
The Art of the Gift



Auckland Top Shelf Bar

Advanced selling techniques



?

What to sell?

Optimized category management



Targeted promotions

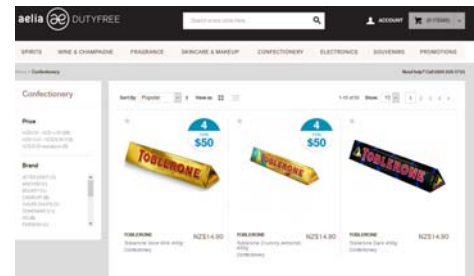


Venice airport cross promotions

# Know-how synergies to find the winning digital model

## E-commerce

- Web & Mobile platform
- Pre-ordering (Click & Collect)



## Digital experience



Social media



Beacon pilot technology for geo-located promotions

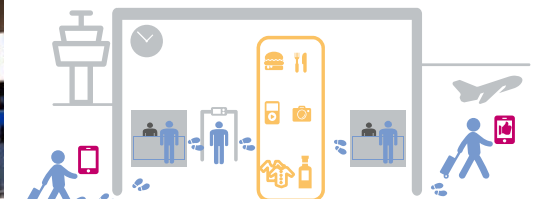


Robot assistance & in-store experience



## CRM

- Personalized relationship through loyalty programs
- Customer database build-up

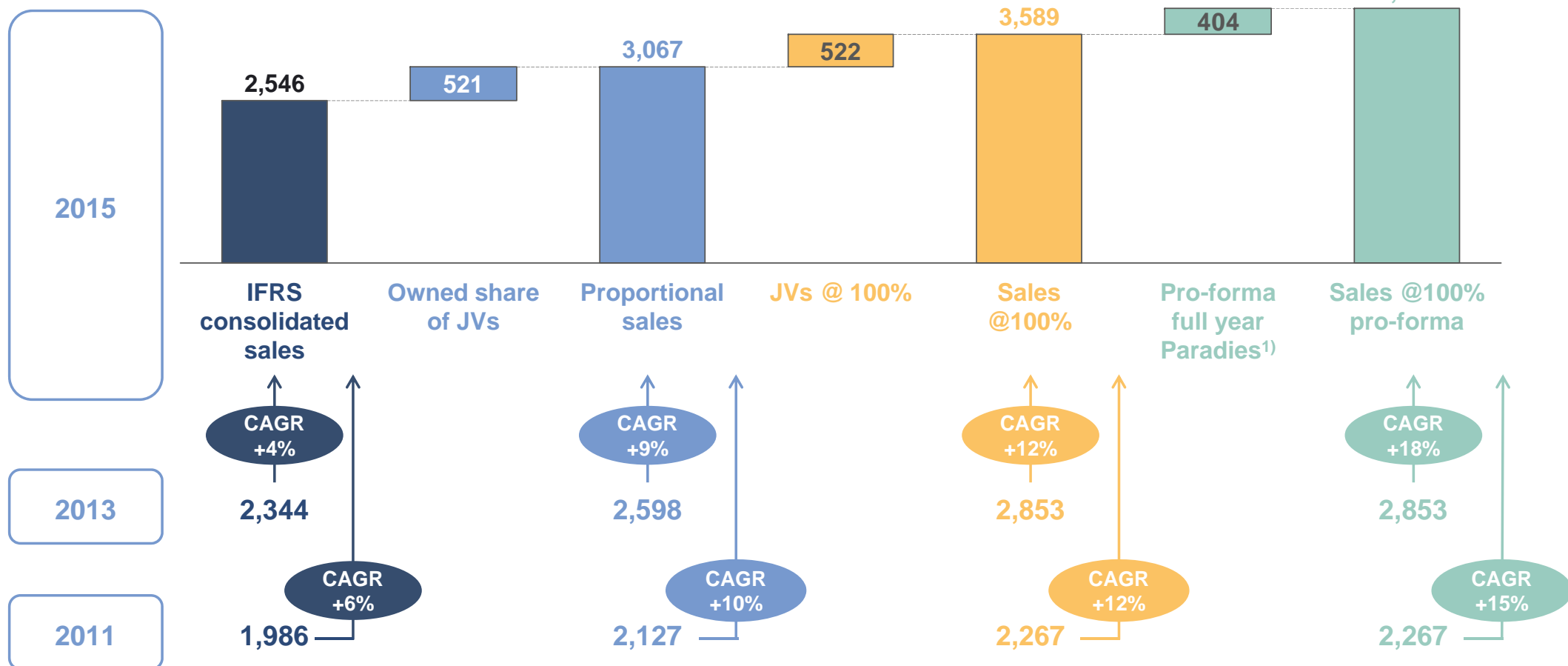


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# Sales bridge: from IFRS to Proportional and 100% views

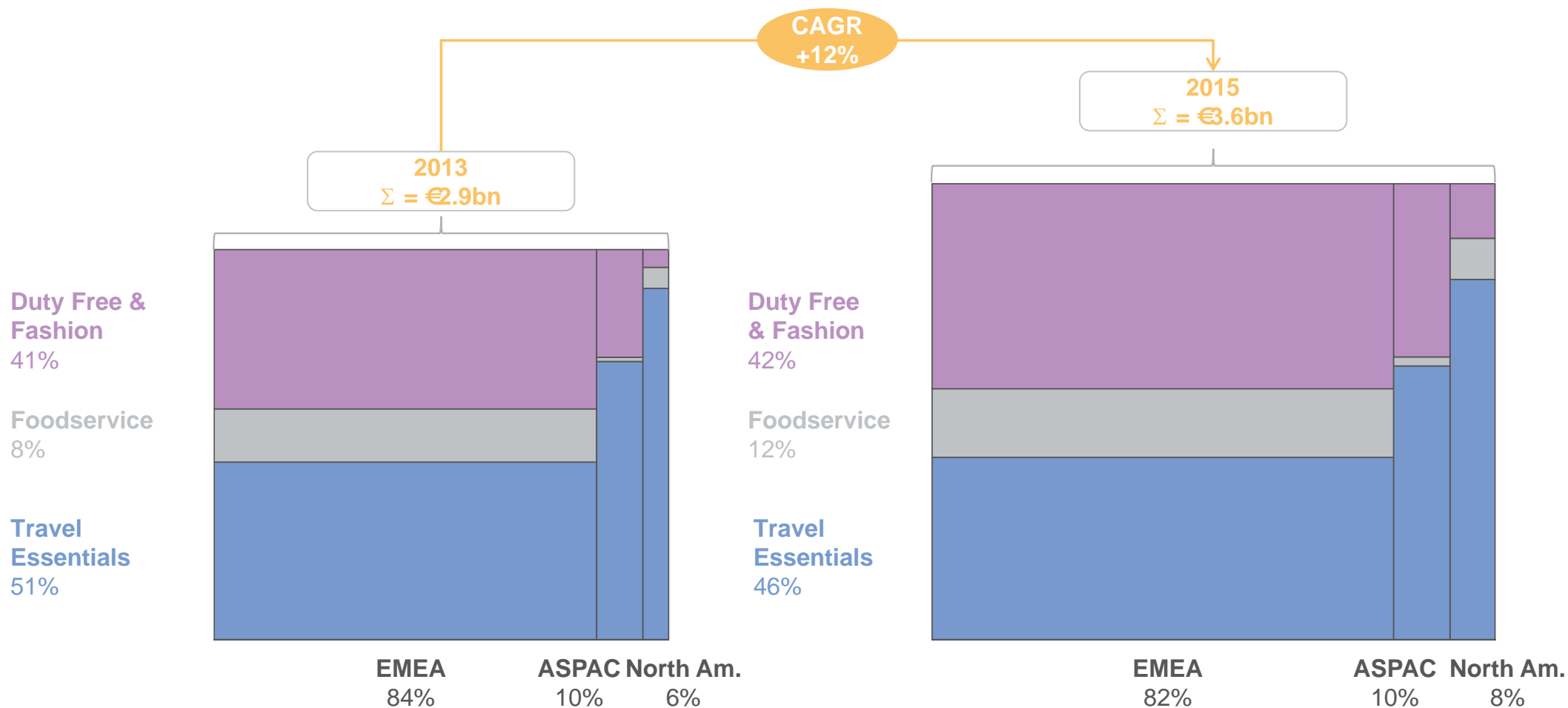
(€m, 2011-2015)



1) Paradies' acquisition consolidated at 100% for the full year  
Source: Lagardère Travel Retail internal data

# A pure travel retail player experiencing sales growth with a more balanced sales mix

Sales evolution by BL and region between 2013 and 2015 (€m, sales @ 100%)



## A strong development driven both by organic growth and M&A

Bridge sales growth (€m, sales @100%, 2013-2015)



1) Net of contracts terminated over the period  
Source: Lagardère Travel Retail internal data

# Growth has been driven by M&A operations...

Focus on M&A operations performed in 2014 and 2015

## Paradies

- Closed in **October 2015**
- 520 PoS located in **75 airports**
- Operations in the **3 businesses**
- Annual sales: **€480m**



## Gerzon

- Closed in **January 2014**
- 12 PoS in **Schiphol airport**
- Operations in **Fashion**
- Annual sales: **€55m**



## Coffee Fellows

- Closed in **January 2014**
- 18 PoS in **German train stations**
- Operations in **Foodservice**
- Annual sales: **€10m**



## Saveria

- Closed in **April 2015**
- 17 PoS located at **JFK T4**
- Operations in **Fashion & Conf.**
- Annual sales: **€20m**



## Airest

- Closed in **April 2014**
- 200 PoS in **11 countries**
- Operations mainly in **Foodservice**
- Annual sales: **€200m**



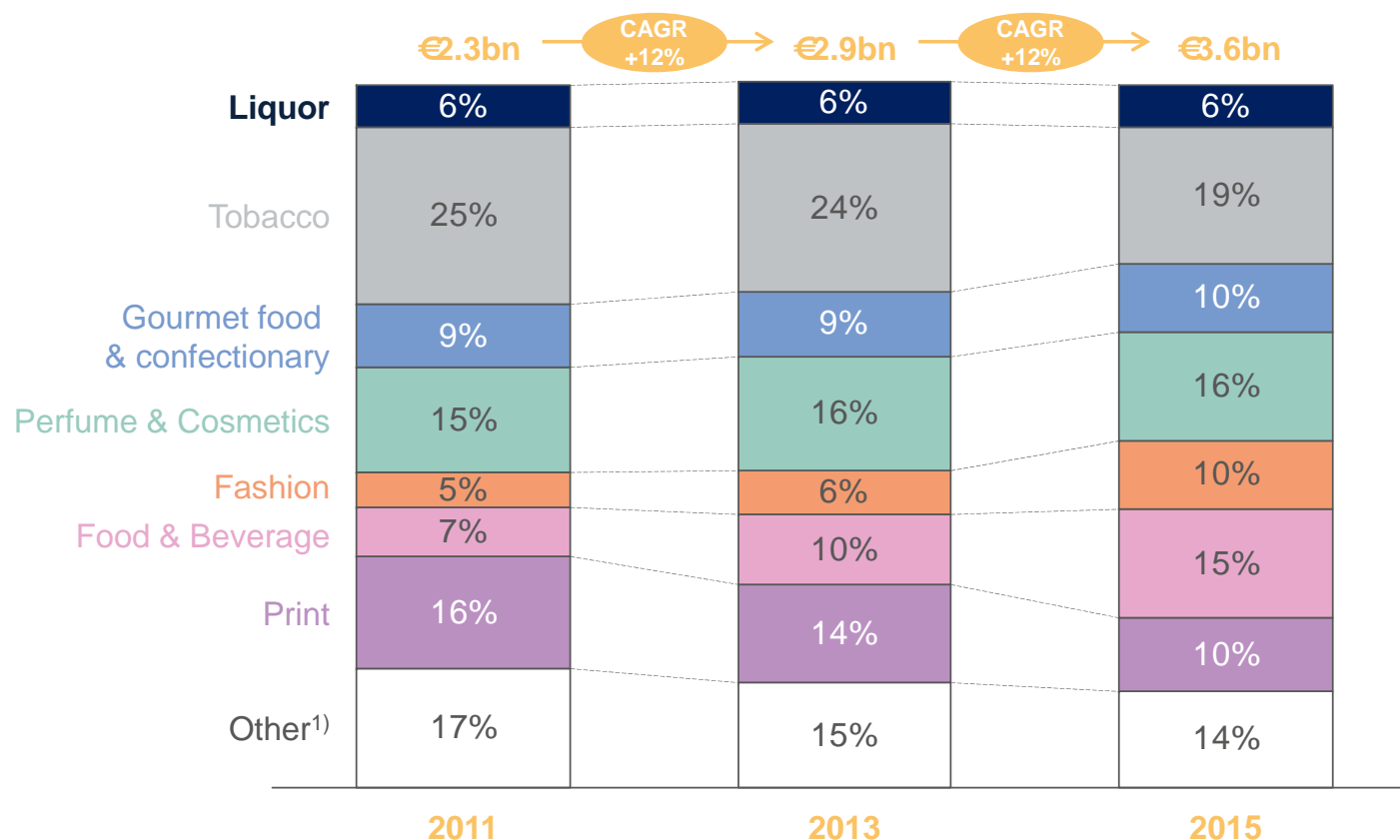
## ... and by the award of major tender offers in all three businesses

Focus on airport tender offers won in 2014 and 2015



## Growth was in particular spectacular on high-margin categories

Breakdown sales by product (€m, sales @100%, 2011-2015)

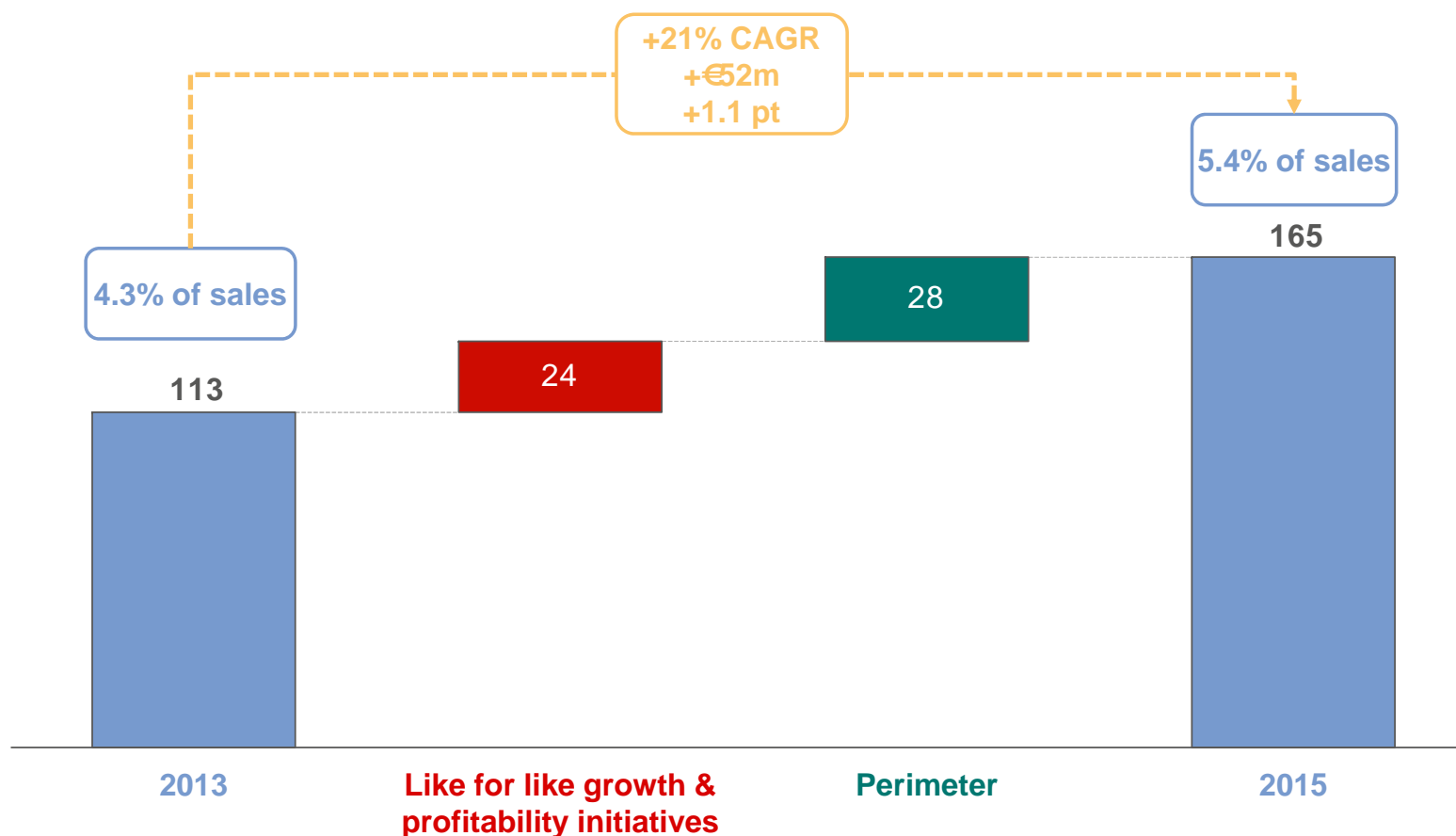


1) Other mainly includes: travel accessories, gifts & souvenirs and convenience products (phone cards, lottery, ...)

Source: Lagardère Travel Retail internal data

## Proportional recurring EBITDA grew faster than sales showing strong profitability improvement

(€m, proportional recurring EBITDA, 2013-2015)



Note: proportional recurring EBITDA after Head Office costs

Source: Lagardère Travel Retail internal data

## Improvement of the free cash flow while continuing to invest in development

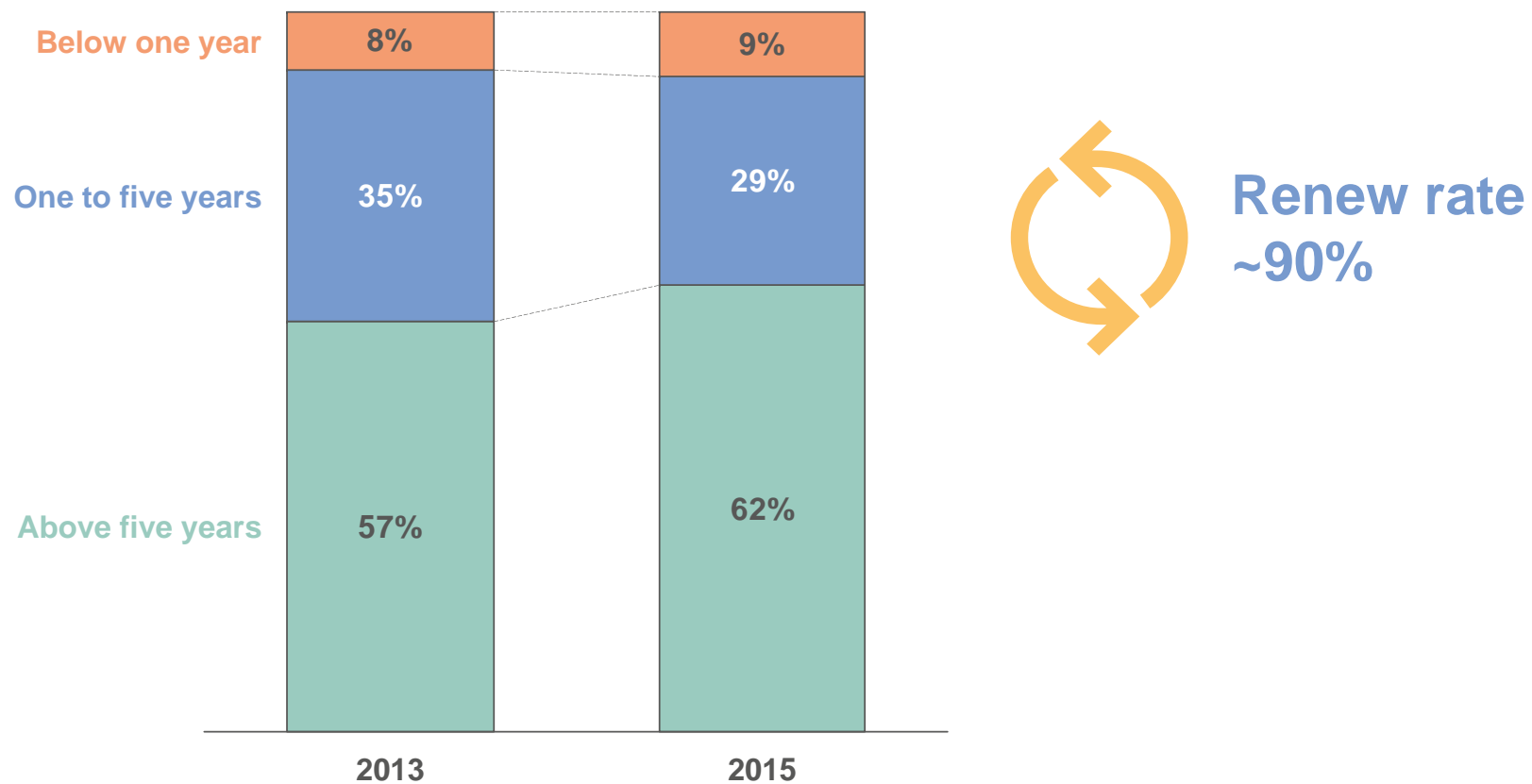
(€m, IFRS view, 2013-2015, travel retail business only)

€m	2013	2015	Delta
<b>Recurring EBITDA</b>	<b>98</b>	<b>148</b>	<b>+50</b>
<i>Other non-recurring</i>	(1)	(13)	(12)
<i>Interests and income taxes</i>	(24)	(32)	(8)
<i>Change in working capital</i>	(12)	36	+48
<b>Cash Flow from operations</b>	<b>61</b>	<b>138</b>	<b>+77</b>
<i>Acq. and disp. of tangible and intangible assets</i>	(94)	(105)	(11)
<b>Free cash flow</b>	<b>(33)</b>	<b>33</b>	<b>+66</b>
<b>ROCE after tax</b>	<b>9%</b>	<b>10%<sup>1)</sup></b>	<b>+1pt.</b>

1) Including Paradises full year pro-forma, market comparable standalone basis calculated as: recurring EBIT after tax divided by long term fixed assets including goodwill and net working capital  
Source: Lagardère Travel Retail internal data

## A solid concession contracts tenure and a renewal rate around 90%

(Sales @ 100%)



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# A large, resilient and mature market

## North American airport travel retail market overview

### Market specificity

#### Global airport travel retail

- Highly **competitive** and mainly driven by **resilient domestic traffic**
- Increasing **airport retail development** and **sophistication**

### Competitive landscape

- Paradies Lagardère is the **only player across the 3 businesses**

### 2014 market size

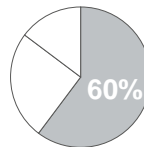
~\$8bn

### Growth outlook

~ + 4%

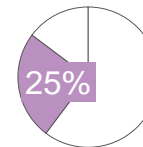
#### Foodservice

- Larger market driven by **domestic traffic**
- Appetite for **innovation and new entrants**



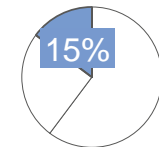
#### Duty Free & Fashion

- More **limited core duty free offer**
- Growth potential mainly in **fashion**



#### Travel Essentials

- Concept and product mix evolution**
- Increasing **concept sophistication**



# The Paradies acquisition: a game changer in North America



## Key financial terms

- **Purchase price:** \$530m for 100% of the equity net of minority partners<sup>1)</sup>
- **7.5x EV/EBITDA** post run rate synergies<sup>2)</sup>
- **Double digit EBITDA margin**



## Significant expected synergies

- **Expected \$15m synergies per year as of 2019:**
  - ⊙ **Margin synergies**
  - ⊙ **G&A synergies**
- **Other potential synergies** (not quantified): Sales and marketing/ best practices/ international development of owned and franchised brands

1) On a debt and cash free basis

2) Pre-tax, full potential of recurring synergy expected to be reached in 2019

Source: Lagardère Travel Retail internal data

# A historical leading operator strongly renowned in North America

## Overview of Paradies

Paradies  
2015 key  
figures

**#3**  
in North  
America

**75**  
airports

**4,000**  
employees

**\$540m**  
sales



A historical player  
experiencing strong  
growth



A diversified product  
portfolio across the 3  
businesses



An extensive US  
footprint



A renowned and  
acclaimed operator

# Paradies Lagardère: creating a regional leader

## Overview of Paradies Lagardère

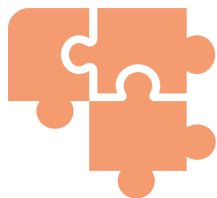
Paradies  
Lagardère  
2015 key  
figures

**#3**  
in North  
America

**100**  
airports

**6,000**  
employees

**\$770m**  
sales



A new entity managed  
by an experienced  
leadership team



A unique and  
complementary North  
American footprint

**Paradies Lagardère**  
TRAVEL RETAIL



A brand portfolio  
tailor-made for the North  
American market



A strong and long-  
lasting relationship with  
landlords

## A strong and experienced leadership team



**Gregg Paradies**  
Chief Executive  
Officer



**Gerry Savaria**  
Executive  
VP



**Karen Lieberman**  
Senior VP Merch.  
& Visual



**Bill Casey**  
Senior VP Food  
& Beverage



**Karen Suttle**  
Senior VP Legal and  
General Counsel



**Jeff Flowers**  
Senior VP Operations  
& Loss Prevention



**Nikki Harland**  
Senior VP HR



**Chuck Kersey**  
Senior VP Finance  
& Accounting



**A unique and  
successful  
management  
style**



**Quality of execution and processes**



**Strong relationship with airport concession managers and airport leadership**



**Efficient and collaborative local partners management**



**Strict retail management processes driven by clarity in responsibilities**

## The integration project just passed the 100 days mark and is on track



Focus



### Strong and integrated management to keep momentum

- ⦿ Immediate integration of senior leadership team
- ⦿ Decision to have main HQ in Atlanta



### Focusing on quick wins

- ⦿ Margins and trade negotiations
- ⦿ Business development integration



Integration



### A clearly defined path towards full integration

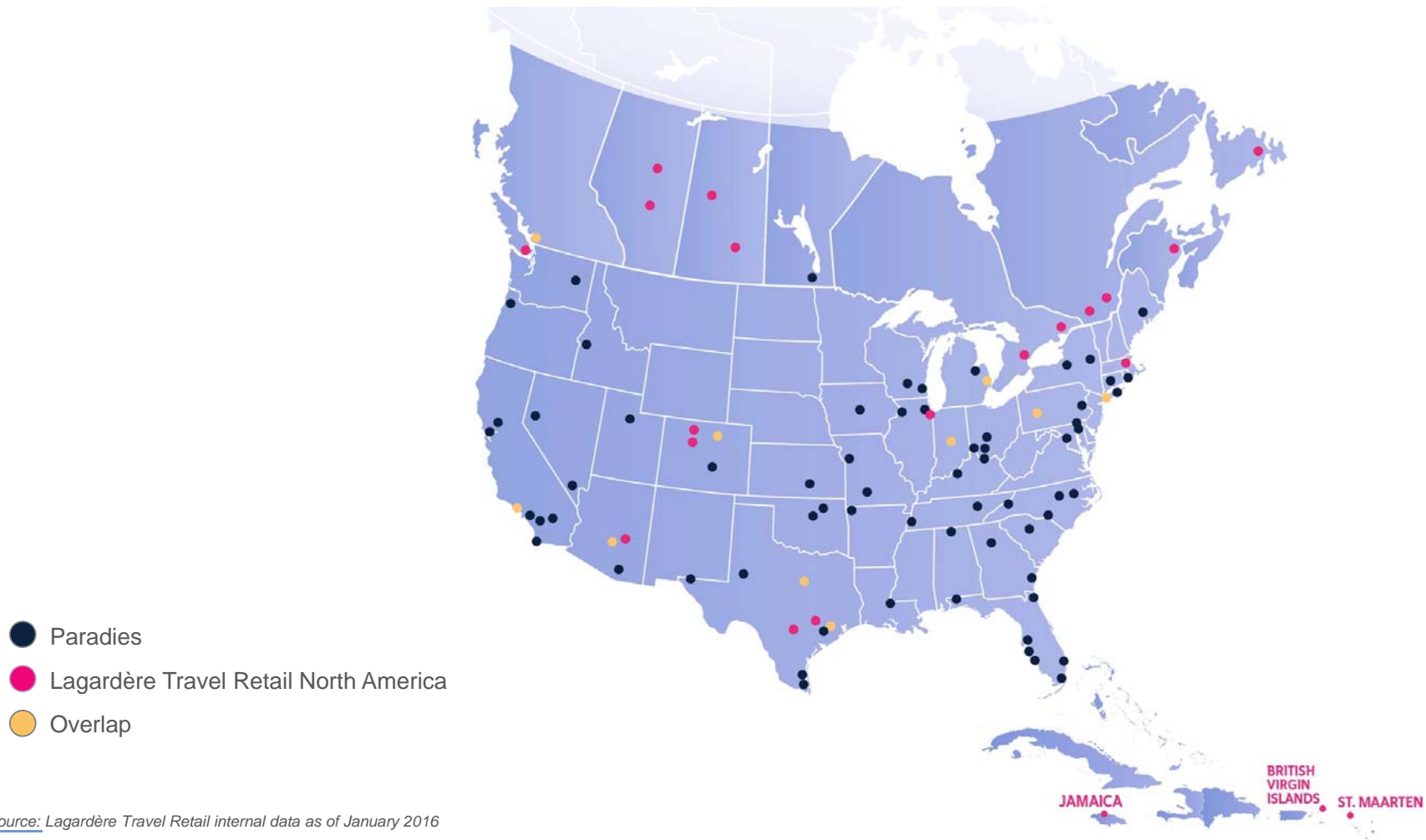
- ⦿ Target organization with progressive integration (Platforms and Corporate)
- ⦿ Margin and topline upsides



Expected synergies will be reached after full integration is completed (2019)

## Paradies Lagardère has the widest North American footprint

Paradies Lagardère services most top airports



# A large and diverse brand portfolio for North America

## Retail

### Partner brands

#### Local



#### National



### Proprietary concepts



## Foodservice

### Partner brands

#### Local



#### National



### Signature chefs



## A renowned operational excellence triggering lasting landlords' relationships

Key figures on  
current Paradies  
Lagardère  
contract portfolio

**18 years**  
of average tenure

**6 years**  
of average  
contract life  
remaining

**90%**  
of average renewal  
rate



**“US best overall airport retailer”  
for 21 consecutive years**

**“Retailer with the highest regard for  
Customer Service”  
19 times in 20 years**

**“Best Store Design, Best Specialty Retail  
Brand Operator”  
(for iStore Boutique)**

**“Best New Specialty Retail Concept”  
(for 7-Eleven)**

**“Best Chef-Driven, Local or  
Regional Restaurant”  
(for Bar Symon-Pittsburgh airport)**

**QMiAGENCY**  
Top 10 celebrity chef airport  
restaurants (worldwide)  
*Bar Symon (Pittsburgh airport)*



**Best Airport for Dining  
Long Beach Airport**

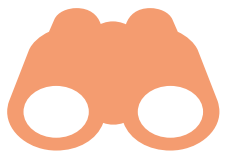


**Best F&B Program  
Long Beach Airport**



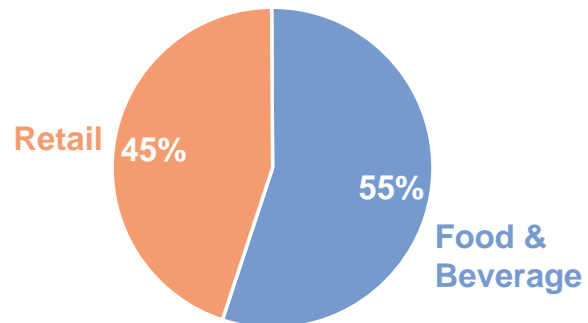
**for 2013-2014-2015**

## Exciting projects for business development, with a robust RFP pipeline

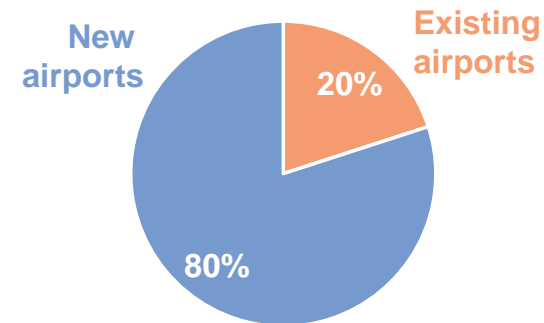


**Robust  
upcoming RFP  
pipeline in  
2016 and  
beyond**

**~\$300m** total 2016 RFP pipeline



**2016 upcoming RFP Pipeline**  
*Retail vs. Foodservice*

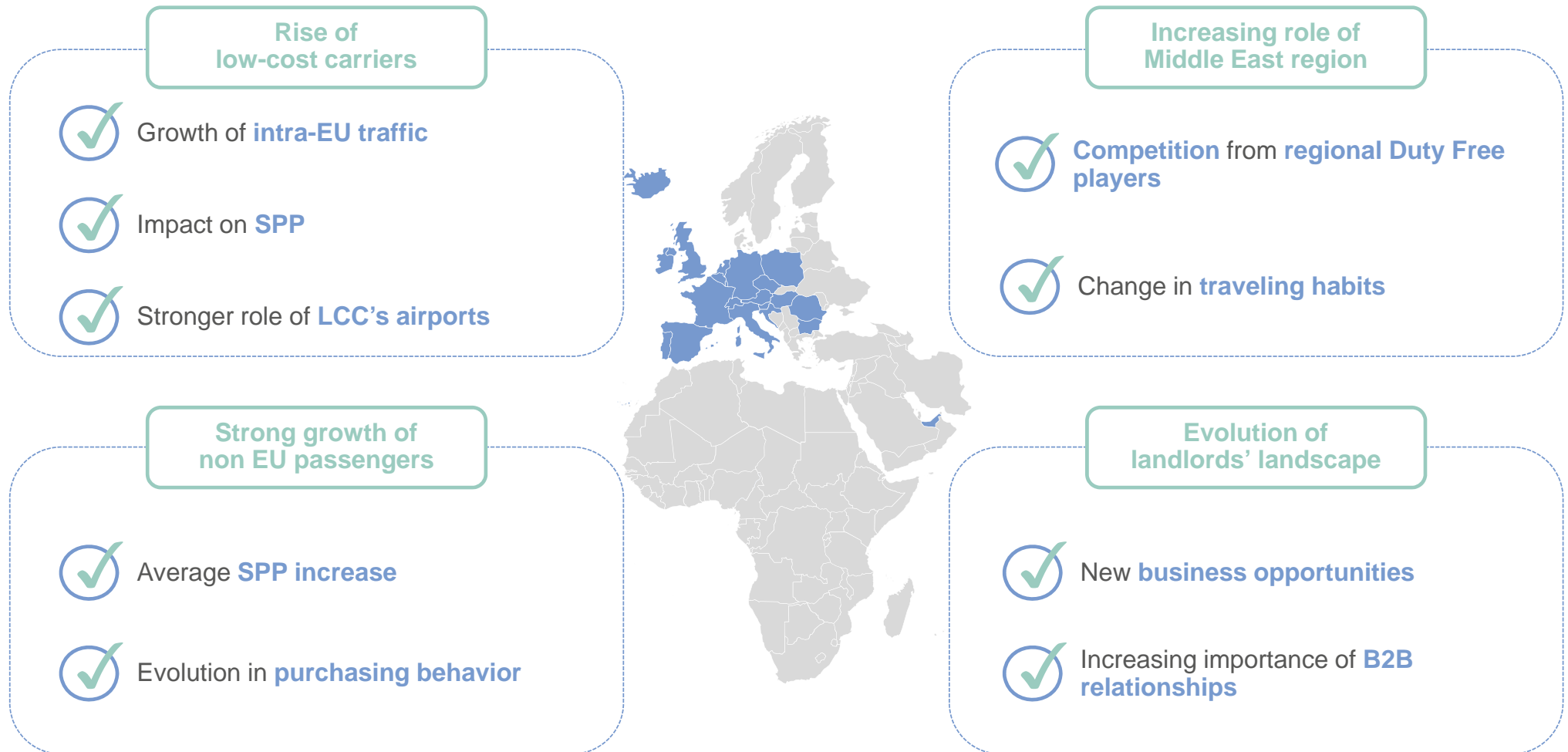


**2016 upcoming RFP Pipeline**  
*New vs. existing Paradies Lagardère Airports*

## Agenda

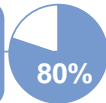
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# EMEA travel retail market trends and their impacts on Lagardère Travel Retail



# EMEA initiatives to ensure profitable growth in the next coming years

## Existing countries



Optimize **retail planning** on main European platforms in cooperation with landlords



Consolidate **presence in Foodservice**



Push **innovation** especially in the Duty Free business



Optimize **organizational structure**



Further **diversify Travel Essential activities**



Ensure **successful future launch** such as Abu Dhabi

## Potential new countries

20%



Consolidate **presence in the Middle East region**



Address **opportunities** on a case by case basis **in African markets**



**Abu Dhabi Midfield terminal**



% of additional 2015-2019 forecasted incremental sales in EMEA region

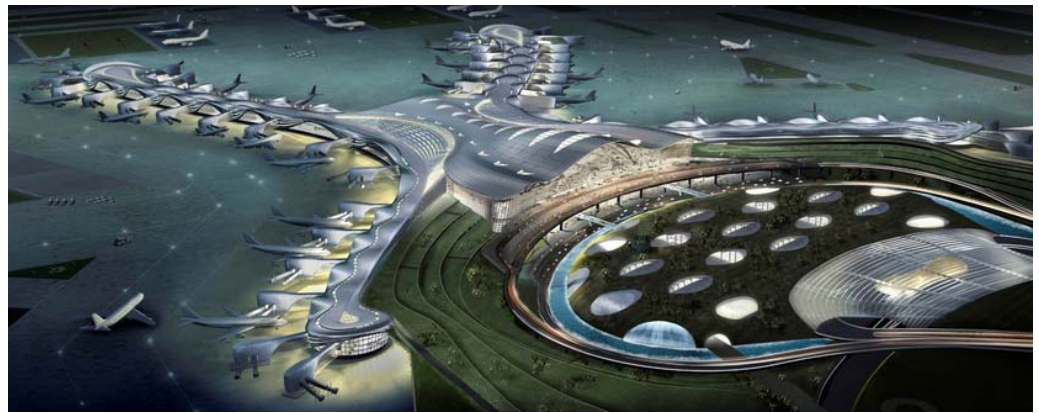
Source: Lagardère Travel Retail internal data

# Abu Dhabi International Airport will become one of the largest hubs in the Middle East



## Overview

- The new Midfield Terminal is designed to:
  - ⦿ Enlarge the existing Abu Dhabi airport
  - ⦿ Become the hub of **Etihad Airways**
- Forecasted opening date: **December 2017**
- **7.4% passenger growth p.a.** expected between 2017 and 2021
- Reaching over **40m passengers in 2021**



# A major tender offer was won through Lagardère Capital joint venture

## Overview of Lagardère Capital joint venture

Abu Dhabi  
Capital Group | أبو ظبي  
كابيتال جروب

**Lagardère**  
TRAVEL RETAIL

*50/50 joint venture created to bid and run operations*



*10-year Duty Free contract*



**Key success  
factors**

- Strong **local knowledge** combined with **global retail expertise**
- **Bespoke and innovative concepts** along with unique sense of place
- **Multi business** unique positioning

# Bringing a multi-sensory shopping experience with a unique Abu Dhabi touch

Overview of Abu Dhabi core Duty Free contract awarded



Key  
figures

- 10-year contract on core duty free categories, confectionery and fine foods
- 13 PoS over 3,000 sqm
- 10-year estimated cumulated sales: €3bn



Multi-category shops



Le Club iconic shop

Lagardère  
TRAVEL RETAIL

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

A strong experience in operating under joint venture model with strategic partners



## Two joint ventures on Duty Free & Fashion and Travel Essentials

- Since 2003, Lagardère Travel Retail and Aéroports de Paris have built the **world's largest airport joint venture retail concession** through **SDA**:
    - ⦿ Duty Free & Fashion concessions at Roissy and Orly airports
    - ⦿ 130+ shops
  - The two companies have also joined forces in 2011 in Travel Essentials with **Relay@ADP**
- ## A win-win partnership that delivers strong financial results
- **Specific governance** based on a **collaborative approach** to:
    - ⦿ Ensure strategic alignment
    - ⦿ Develop a long-term vision
  - **€782m sales** generated by the two joint ventures in 2015

# Asian travel retail market trends and their impacts on Lagardère Travel Retail

## Booming travel retail market

- ✓ Fuel for growth by **addressing first-time travelers**
- ✓ Opportunities coming from **growing infrastructure investments**

## Heterogeneous airport maturity

- ✓ Need for **differentiation in mature international airports**
- ✓ Growth **potential in smaller and regional airports**

## Heterogeneous Duty Free & Fashion segment

- ✓ Significant growth in **Luxury Fashion**
- ✓ Limited scalable opportunities in **Core Duty Free**

## Non mature Foodservice segment

- ✓ Fragmented market offering **opportunities for experienced international operators**
- ✓ Ability to address **demand for both international and local brands**



# Asian initiatives to ensure profitable growth in the next coming years

## Singapore and Hong Kong



Innovate with **new lines of products and new concepts**



Accelerate **growth in Foodservice**



Consider **development in new channels**

65%

## China



Consolidate **leading positions in Duty Paid and Luxury Fashion**



**Grow in Foodservice**



Monitor recent **changes in Duty Free market regulation**



**Franchise the Travel Essentials network**



Further **push commercial master concession model**

## Potential new countries

35%



Develop **master concession model in small or regional airports**



Consider **strategic alliances to unlock markets**



Evaluate **M&A opportunities**



% of additional 2015-2019 forecasted incremental sales in Asian region

Source: Lagardère Travel Retail internal data

# Pacific travel retail market trends and their impacts on Lagardère Travel Retail

## Dual customer profile market

- ✓ Ability to answer **different customer needs: domestic and Asian**
- ✓ Agility to **work with both large and small landlords**

## Globally mature travel retail environment

- ✓ Need for **innovation**
- ✓ Necessity to **diversify activities**

## Opportunities in Core Duty Free

- ✓ Ability to grasp **growing opportunities in the online business**
- ✓ Capacity to bring **sophistication in brand assortment**

## Sophisticated Foodservice segment

- ✓ Need for **localization and sense of place**
- ✓ Ability to offer **strong local and international brands**



# Pacific initiatives to ensure profitable growth in the next coming years

## New routes



Strengthen **presence** in “**alternative**” channels



Further grow with the **master concession model**

## Innovation



Push **new concepts** in the 3 businesses



**Invest in digital and CRM** to strengthen current leadership



## Current position strengthening



Maintain **leadership position** in **Travel Essentials** in airports



Consolidate operations in **Duty Free & Fashion**

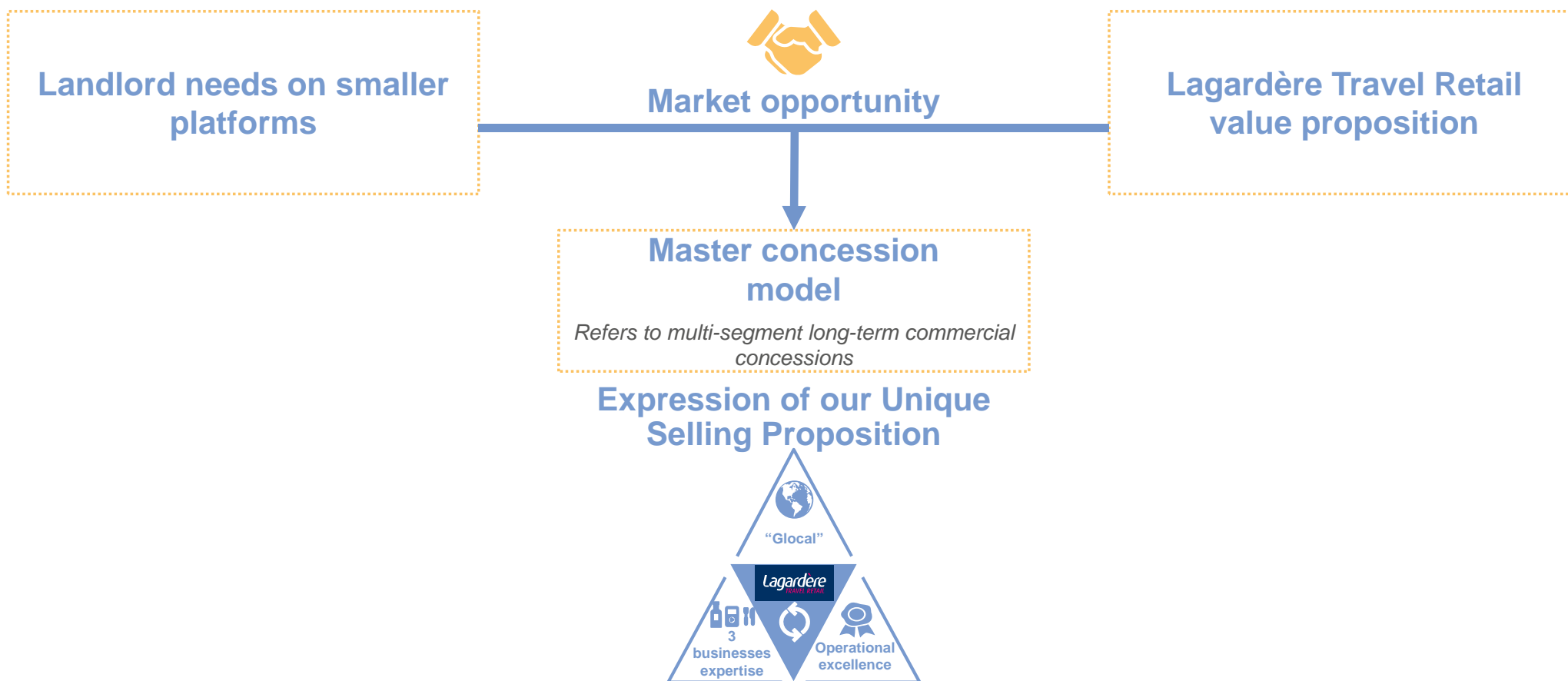


Grow in **Foodservice**



# Our USP helps us capture master concession business opportunities

Overview of commercial master concession model



## First two master concession contracts were awarded in 2015

Master concession model illustration: Karratha and Kunming



### Karratha airport - Australia

Opened in November 2015

Foodservice and Travel Essentials master concession



### Kunming airport

Phase 1 opened in August 2015: Luxury and Travel Essentials

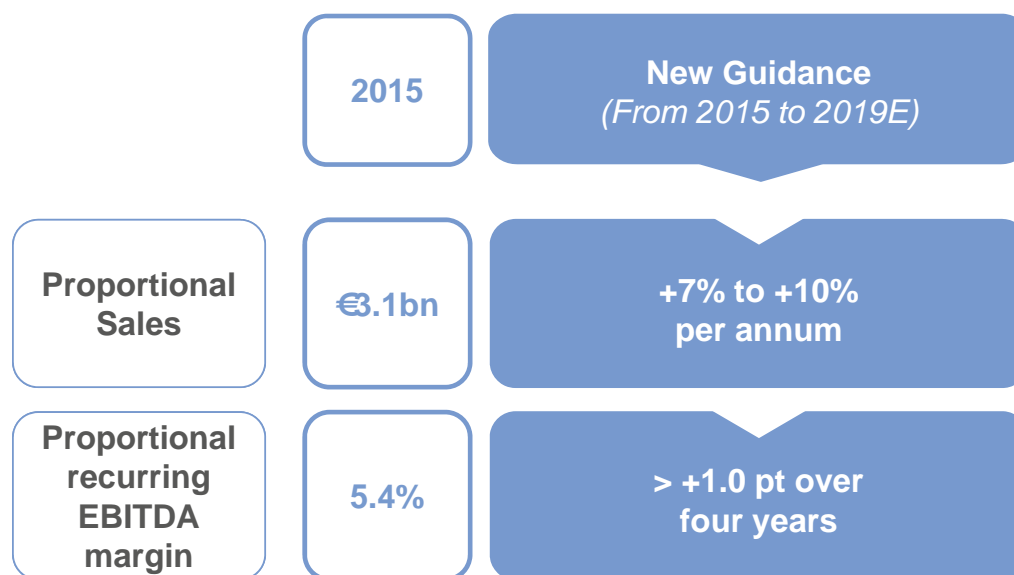
Phase 2 to open in August 2016: Luxury and Travel Essentials and Foodservice

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## A new guidance

2015-2019 guidance (proportional sales and recurring EBITDA)



Notes:

1) Figures based on proportional sales and proportional recurring EBITDA after Head Office costs

2) Overall guidance subject to external crisis or major economic downturn impacting travel retail market

Source: Lagardère Travel Retail internal data

*Experience  
new horizons,  
every day.*

**Lagardère**  
TRAVEL RETAIL