DYNASTY TRUST

"a portfolio of quality businesses under the aegis of controlling shareholders"

QUARTERLY REPORT #15: PERIOD TO 30 SEPTEMBER 2026 ©

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Performance and net asset value

Quarterly return†:	**-2.66%**	**NET ASSET VALUE PER UNIT AT 30 SEPTEMBER 2026†:**		**A$1.2674**
Rolling 12 months†:	**-2.73%**	**Two years pa†: 7.71%**	**Three years pa†: 10.29%**	**Inception†: 36.11%**
US$ equivalents†:	**2.32%**	**Two years pa†: 9.28%**	**Three years pa†: 11.46%**	**Inception†: 40.44%**

† after all ongoing management and performance fees and withholding taxes. Inception not pa.

Substack

We now run a substack **https://substack.com/@andrewbrown174150** which allows us to write (with full disclosure and disclaimer) about companies and other issues where the content is at greater length than other social platforms **but not to the depth of our quarterly reports.** In recent weeks since QR#14, we have commented on Bolloré, Exor, Softbank Group Corp, D'Ieteren, Vivendi, HAL Trust, EVT Limited, Manchester United PLC, CK Hutchison, E-L Financial Corp, HBX Group International, Virtu Financial and Universal Music Group.

Dynasty Trust NAV declined by 2.66% after all fees in the September 2026 quarter with an approximate negative impact of 0.85% arising from strength in the A$, specifically versus Euro. The major contributors to performance in the quarter were:

Positive contribution			**Negative Contribution**		
	A$ Contribution	LoC Return		A$ Contribution	LoC Return
AKER BP	70bp	+12.2%	Avolta	-138bp	-18.6%
Frasers Group	42bp	+12.0%	Compagnie de L'Odet	-78bp	(adj) -11.5%
EVT Limited	34bp	+10.6%	Virtu Financial	-62bp	-7.4%
MFF Capital Investments	26bp	+8.3%	Swatch Group	-46bp	-6.8%
HBX International	26bp	+8.8%	Laurent Perrier	-36bp	-10.6%
Avation PLC	22bp	+6.0%	Lagardère	-35bp	-5.9%

At 30 September 2026, Dynasty Trust's ten largest portfolio positions as a percentage of net asset value were as follows:

Virtu Financial	7.74%	CK Hutchison	4.91%
HAL Trust	5.59%	Lagardère	4.75%
AKER-BP ASA	5.46%	E-L Financial Corp	4.66%
Avolta	5.17%	Swatch Group	4.26%
Fairfax Financial Holdings	5.03%	Avation PLC	4.23%

At quarter end, we held 18 exposures and retained 15.2% net cash weighting after all accruals. However, in light of the many opportunities outside of the AI-related space which have been de-rated as capital has shifted to participate in the emergent technology, at any price, **we have put money to work in a meaningful way since the end of September**.

DYNASTY TRUST

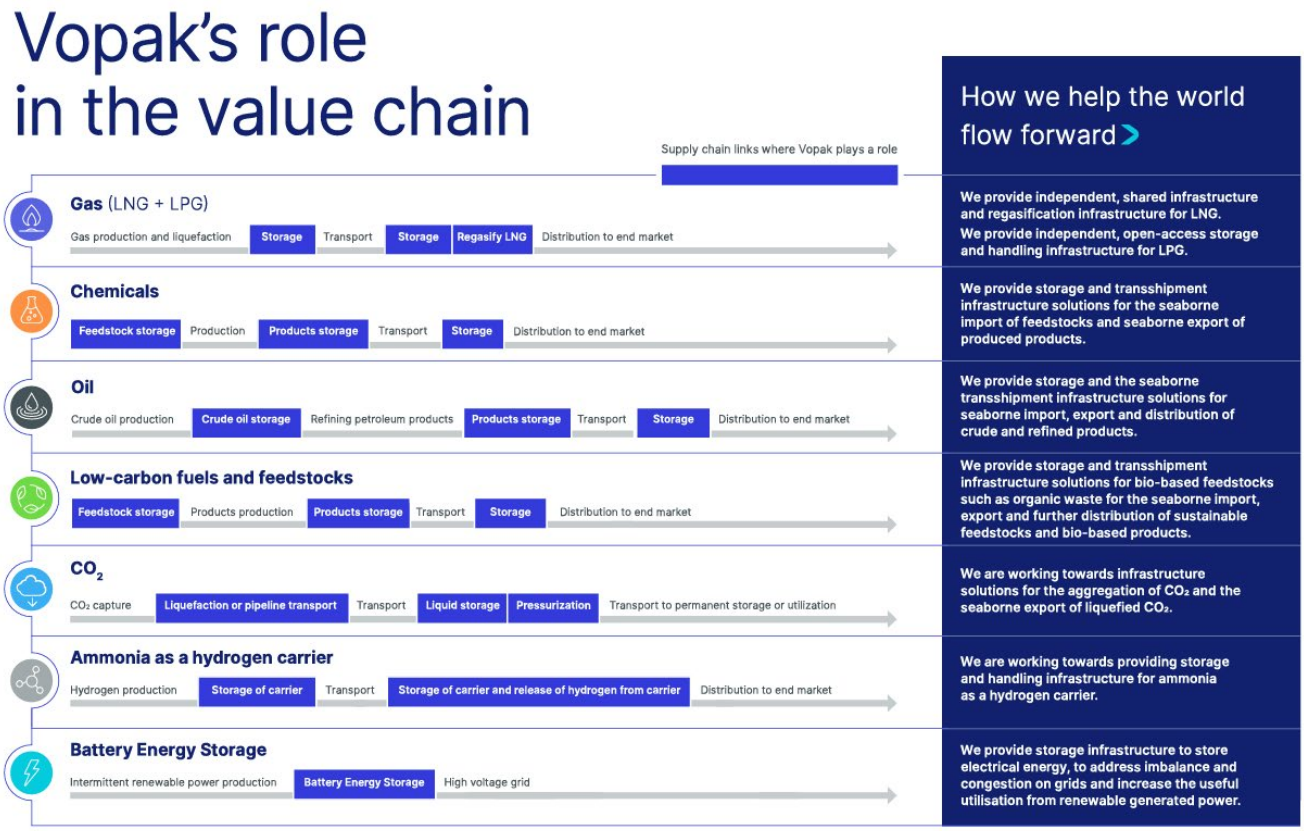
"a portfolio of quality businesses under the aegis of controlling shareholders"

Recent and post-quarter activity

In the September quarter, we divested two long held securities – **MFF Capital Investments** and **Viel et Cie**. MFF moved to trade at a 22% premium to post-tax NAV, and 40% of our excellent return of 109% was brought by beneficial movement in the NAV discount rather than NAV growth (not that it was to be sneezed at). We evaluated Viel's major asset – its 71% holding of Compagnie Financière Tradition – as starting to become expensive versus its immediate peers (TP ICAP and BGC); from our initial purchases Viel returned 101% in 27 months. We also profitably sold our holding of **Frasers Group.** We are concerned that the company is **extraordinarily** pre-occupied with a myriad of acquisitions (Hugo Boss, HN) and potential acquisitions in the lower end of the luxury sector, bought using debt (and its cash flow) to add to the acquisitions of retail parks. Last we counted, a day only had 24 hours.

Australia's onerous withholding tax regime makes life awkward when European companies pay large special dividends, often requiring us to divest. We did so with **Compagnie de L'Odet** which has fallen away after the payment and now trades at a significant discount to Bolloré. We discuss our views on the Bolloré galaxy in more detail below.

Before quarter end, we purchased the Dutch listed liquids storage business **Vopak** to which we already have an indirect exposure through its largest holder, **HAL Trust**. In October, HAL has announced it intends to relinquish the Bermuda Trust "wrap-around" and just become a Dutch corporation, HAL Holding NV; in theory this would widen the cohort of investors able to purchase exposure to HAL which continues to become a little less opaque. Who knows – results conference calls and non-AGM presentations might be next.



HAL's controlling 53% stake in Vopak makes up about 16% of **our HAL valuation** (22% of market capitalisation) so the overlap between the two is very manageable. Vopak is a complex business to evaluate since ***it has proportional holdings*** in various locations housing its 76 terminals in 21 countries. It is the type of business beloved by private equity/infrastructure investors – its main competitor in Australia, Quantem, was formerly owned by Macquarie but is now majority owned by Australian superannuation funds (via a fund of Palisade Investment Partners, part of Pinnacle Investments). The two businesses are similar sizes in terms of straight capacity (685,000m^3 versus Vopak 650,000 m^3) but with Quantem having 11 locations versus two for Vopak. One of Quantem's stockholders is rumoured to be a seller of its stake with an enterprise value of some A$1.1bn (€680million). Given that Vopak has an enterprise value of €9.2billion (23 October) a 42% stake in the listed Aegis Vopak Terminal in India priced at €1.13bn and Australia represents less than 2% of Vopak's global capacity, there is clearly a disconnect between Australian superfund investors and public market valuations in the space.

Vopak has significant growth from new projects but has a strong focus on capital discipline, via "proportional cash return on invested capital" allowing both scale capex but returns of capital from a business with ~59% EBITDA margins. Vopak currently trades at around 7.6x proportional upgraded 2026 EV/EBITDA (the terminals are NOT structured as leases under AASB 16) **excluding** any valuation adjustment for the Indian subsidiary. We view that as being cheap in a world where it is volume, desire for storage and increased difficulty of obtaining permission to build these monopolistic/low competitive structures. Note that Vopak do not directly benefit from higher liquids prices.

In October, we repurchased **Exor** given the discount to NAV had reached the very high 50% area but moreover that the entity divested three meaningful unlisted assets and announced a further €500million equity retirement program[1]. We are critical of Exor's selective commentary and believe the company should further pare back its unlisted holdings and be prepared to attack some listed sacred cows. We are not opposed to further investment in Lingotto but view disclosure as inadequate and requiring enhancement. A further restructure of the company – whilst preserving Agnelli control of Ferrari – over the next 2-3 years cannot be ruled out. It's a shame Juve is so sacred that the board won't divest to some of the maniacs running around association football[2] with fat chequebooks before they catch a plane to Old Trafford. If Mr. Elkann thinks a few Spurs cast-offs and Newcastle reject are going to get Juve to the promised land, he must have given up watching.

In October we have added four new holdings of which one will remain undisclosed for the time being. The other three are all family controlled - two European brewing companies – **Carlsberg A/S** (Denmark) and **Heineken** (HEIA – the "operating" company not the "Holding" company HEIO) together with **Prada SpA**, the Italian luxury house, listed in Hong Kong (1913.HK) but accounting in €uros.

The two brewing companies are quite different despite their shares trading at relatively similar parameters in respect of current and 2027-year outlooks – around 14.3x forward P/E and ~9x EV/EBITDA. **Carlsberg** (market cap equivalent US$19.2billion) is the riskier growth proposition coming from a narrow beer offering to recent acquisition and "step-out" initiatives in soft drinks. Carlsberg acquired the UK soft-drink maker for US$4.2bn in early 2025 after a drawn-out takeover battle but is now securing above expected synergies, building out further Pepsi bottling and distribution franchises in 17 markets, across the Nordics, UK, Eastern Europe and Asia. In beer, the company formed a 75/25 JV with Sapporo to cover operations in Vietnam, Laos and Cambodia along with existing business in HK, Singapore and Malaysia. The Pepsi and Sapporo moves are stimulating investors who thought the major/sole focus would be debt repayment of the peak DKK65billion (US$9.8billion) exposure immediately post Britvic. These moves have upgraded operating profit growth to a mid-point 5% for the current year.

[1] https://substack.com/home/post/p-217340886
[2] https://substack.com/home/post/p-211538952

Heineken (market cap equivalent US$47.4billion) is a more traditional workout from slower trends with a focus on 18 markets to provide growth, significant cost-outs and the use of robust cash flow for capital management and equity retirement. Heineken has a stronger focus on its five key global beers brands (Heineken, Amstel, Moretti, Desperados and Tiger) along with 25 international (local) brands. At an equity free cash flow yield of 5.7% with respectable levels of emerging market growth, and overall operating profit growth around 4%, we view the company as attractive at prevailing levels. The family influence is exercised through control of the listed Heineken Holding which regulates its shareholding in Heineken NV at 50.05%.

Prada SpA – market capitalisation €10.9billion but listed in Hong Kong - is 80% controlled by Prada Holding SpA – a 65/35 venture controlled by the granddaughter (Miuccia Prada) of Mario Prada – the founder in 1913 with brother Martino –her husband and ex-CEO Patrizio Bertelli. Ms Prada followed her mother as CEO; her son Lorenzo Bertelli also works at Prada.

Prada is intriguing with a small number of exceptional brands – Prada itself, but Church's (acquired 1999) and Miu Miu (the childhood nickname of Ms Prada) and acquired the ailing Versace brand from listed Capri Holdings in late 2025 for €1.25billion. This moved the company from a net cash position of €608million to net debt at 30 June 2026 of €692million. Prada shares are now over 40% below their record high of HK$66 reached in early 2025. Investors often forget that with major luxury brands, the designer is a quintessential component of the offer, which explains some of the difficulties encountered by Kering over recent years. The attraction of Prada is the proximity of Miuccia Prada so design is not just on the periphery of the board, but front and centre. In this respect, the fashion platform "Lyst" produces quarterly rankings of the "hottest brands" from 160 million shoppers, with a distinct recency bias[3]. In the latest Q2 survey, the Prada brand "MiuMiu" ranks #2 behind Chanel, Prada #6 (both advancing) and Versace still #13.

Moreover, at current prices Prada a shares trade at a forward P/E of ~14x with estimates in calendar 2027 still below the 2024 outturn. That looks very attractive against the peer group with a remake of Versace still to come. There's always a possibility of the company relisting in Europe away from Hong Kong which, in this specific case, could be advantageous.

The remainder of this quarterly is dedicated to a discussion of various aspects of the Bolloré "Galaxy" which has been a notable drag on our performance once again in 2026.

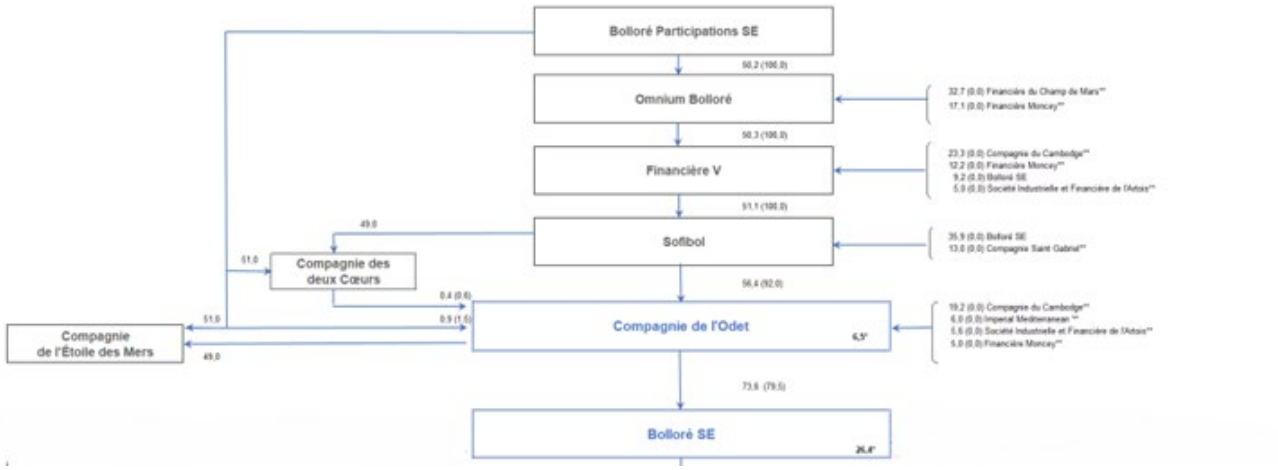
Bolloré: refining our exposures to an underpriced group

We first wrote about Bolloré in June 2023 (Dynasty Trust QR#2) from whence the "Galaxy" has broadly moved in the desired direction, if not reflected in the share prices of its members. However, rather than the «Autoroute» it has diverted via several «Routes Nationales» and even – when directed by the "corporate Gendarmes" - via «Routes Departementales». To round out the analogy, the vehicle appears to have been fuelled by low octane petrol, not capable of 130kph in the outside lane of A1. Our **maximum** valuation, fully adjusting out the self-control loop (explained below), has fallen from ~€13.15 per share to around €10.70. Of the ~€2.45/share reduction, €1.50 is the special dividend and ~€1.20 is the decline in price of Universal Music Group from over €20/share with the difference from other adjustments.

The basic Bolloré story has been to see a compounding return from UMG **and** simplification of the group after the sale of the two logistics businesses in Africa in December 2022 to MSC and Europe in February 2024 to CMA CGM. In essence, some form of collapse of the 'downstream' cascade structure which confers control in the Bolloré family with an effective 8.4% stake in the listed holding company, Compagnie de l'Odet.

[3] "The Lyst Index is a quarterly ranking of fashion's hottest brands and products online. Its proprietary methodology combines demand data from 160million annual shoppers using the Lyst platform with a curated set of signals across social, search editorial, and emerging AI discovery channels. Brands are evaluated across three dimensions of data - Desire, Demand, and Discovery - capturing the full arc of how fashion attention forms, converts, and spreads online. The model prioritises aspiration-led demand, applies recency weighting, and excludes activity driven purely by discounting or negative attention, to track fashion brand heat over a three-month period." (courtesy of lyst.com)

(*The 8.4% arises from* Participations 50.2% x Omnium *Bolloré x 50.3% of Financière V x 51.1% of Sofibol x 56.4% of Odet. These multiply out to 7.28% to which should be added a direct stake of 0.9% and 51% of the Compagnie des deux Coeurs which directly owns 0.4%. This adds to 8.36%.*) The «Breton Pulley» which locks the structure is created by the upstream holdings in the private entities by Bolloré and its (listed) Rivaud group subsidiaries – Compagnie du Cambodge, Financière Moncey and 'Artois'.



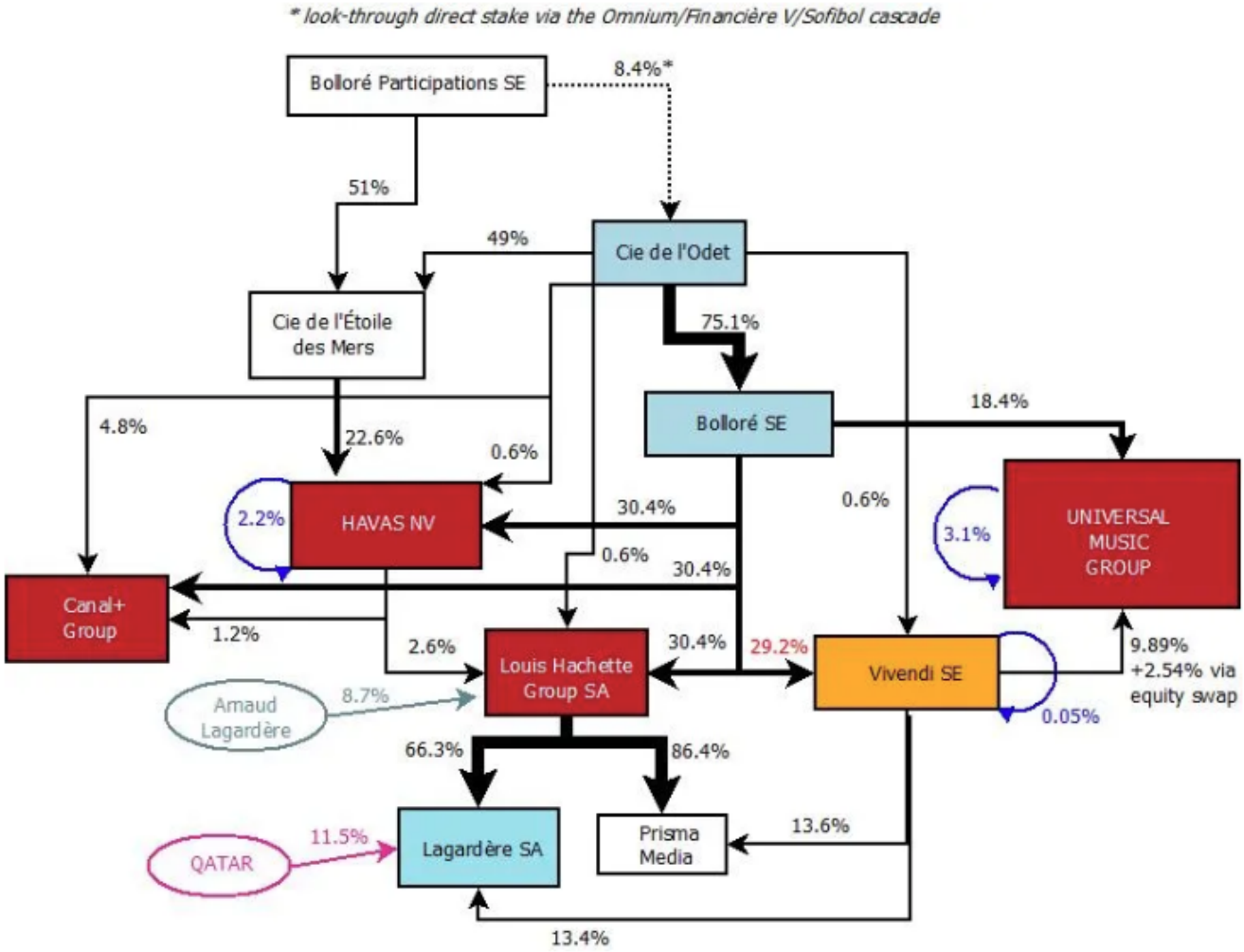
This desired direction of simplification is shown by the recent dividend payments of Bolloré (€4.2billion gross) and Odet (€2.5billion gross); Odet's upper-level shareholders have reinvested their dividend to some extent with Sofibol purchasing €29million of Odet shares, Odet buying €68million of Bolloré stock since receiving its dividend and Bolloré has conducted a buy back. Cycling the dividend money up and down the structure makes enormous sense since the valuations of Bolloré and especially Odet are relatively cheap.

The voluntary and involuntary diversions have been brought about as follows:

INVOLUTARY	**VOLUNTARY**
Decline in UMG share price & Ackman distraction	Creation of inefficient Louis Hachette (ALHG) structure
Legal opposition to Vivendi spin offs	Not solving Lagardère minorities (Qatar, public)
"Gun-jumping" investigation of Vivendi pre-emptively dealing with Lagardère assets	Not acting appropriately towards Rivaud (Cambodge, Moncey, Artois) minorities in squeeze out
	New cross shareholdings (Havas in Canal+ and Louis Hachette)

These are illustrated beautifully in the schematic below produced by substack author "Graoully" which we have used with his permission.

It's tempting to characterise Bolloré as taking a Sunday drive in the woods just off the Autoroute, albeit into familiar territory with various of the Galaxy now investing in each other. This has served to create yet more intermediate holding companies with a portfolio attached to a business, most notably in the cases of Havas, Vincent Bolloré's favourite historical plaything. **So we now have Havas, Vivendi and ALHG acting as intermediate holding or investment companies**, as well as the Rivaud structure remaining unresolved and leaking cash (and corporate costs) out of the group.



Source: "Graoully" substack 16 October 2026

In our view, these "horizontal" diversions not only make little sense, illustrate the three "investing companies" have little attraction to public investors and will inevitably trade at heavily discounted values **over time** (ALHG does not) and serve to impose a discount on the whole Bolloré Group as offering few initiatives.

With Odet having formed a JV company (Compagnie de l'Étoile des Mers)[4] with the family itself (49/51) to acquire nearly 23% of Havas, bringing the group's holding of the low growth advertising agency which has been left behind in the global consolidation of the sector up to 54%.

We have refined our approach to investing in the Bolloré Galaxy. We continue to view the two major listed entities as cheap and likely to merge at some stage, but merger is not a pre-requisite for performance. We have no interest in the intermediate "investment/holding companies". We have a small position in one of the Rivaud companies – Compagnie du Cambodge – given its strategic place within the group and a massive cash pile.

[4] Star of the Seas Company

Our largest position, discussed later in detail, is **Lagardère** where we own an unsullied operating company at a P/E below 10x, where Bolloré have shown excellent management since acquiring control, with a share register unlikely to be sustained in the long term and where the shares are very cheap on an earnings basis as a result of the impact of Middle East/oil price fears.

Based on **market prices** of Bolloré's portfolio plus attributable value for the fuel distribution business – but net zero for other assets – we value the shares at €10.76 if the self-control loop is fully collapsed, or €5.37 if retained:

BOLLORÉ VALUATIONS		23-Oct-26		
€millions	**shares**	**price**	**value**	
UMG	338.1	€ 16.05	5,426.5	
Canal +	301.9	€ 2.76	833.0	
Havas	30.2	€ 17.10	516.4	
ALHG	301.9	€ 1.75	529.5	
Vivendi	292.3	€ 1.59	464.2	
Rubis	6.2	€ 35.00	217.0	
Other			66.7	based on 30 June 2026
TOTAL SECURITIES			**8,053.4**	
Cash (net)			1,295.3	
Odet dividend			1,979.0	consolidated basis
Business assets			346.8	
TOTAL			11,674.5	
minorities	Rivaud		(280.0)	premium to assume acquisition of minorities
ADJUSTED			11,394.46	
shares			1,058.7	removes self-control loop
Maximum "Value"			**€ 10.76**	
adjust in Upstream assets	3,685		15,079.5	adjusted for Odet dividend leakage from 30 June 2026
Shares			2,809.7	full share capital
Value			**€ 5.37**	

The table illustrates an obvious issue: that Bolloré needs to ensure that the underlying business strength of UMG is reflected in the share price. The largest UMG holder appeared surprisingly passive during the Ackman/Pershing Square escapade in April 2026 since when it has emerged that UMG was approached by private equity (Apollo, Blackstone, TPG) to go private.

We have a schizophrenic view on UMG; we are happy to "hold" (via Bolloré) at a significant discount to the publicly quoted UMG price but would not do so directly at prevailing levels. We published a substack on 31 July 2026[5] suggesting that buying the Ackman stake at ~ €18 was no bargain, citing debate over **what constitutes free cash flow for UMG.** We have felt that UMG HAS to permanently hunt down new catalogue investments which many characterise as acquisitions. We viewed them more as ongoing "capex" and had a few debates with other investors on the matter. It's clearly subjective but we would rather take the conservative view. Based on UMG's forecast equity free cash flow and applying a 4.25% - 4.5% yield, we suggested a price around €12 to be fairer. If we apply the low 30's percent discount to NAV embedded in Bolloré across the asset base, we are effectively buying UMG at ~ €11.

[5] https://andrewbrown174150.substack.com/p/universal-music-group

Bluntly we want to see Bolloré take the initiative to add real value to UMG, with stronger cost outs and improved capital management and recognition of where the shares are "cheap" and "expensive". UMG dusting much of its firepower on buying back chunks of Ackman's stake at €18 was lazy thinking in our view and should have been opposed by Bolloré.

Odet has slithered to a significant discount to Bolloré

More intriguingly, the shares of Odet which have historically traded at small discounts to assessed NAV when using the market price of Bolloré, on our assessment have **now slid out to an 18% differential**:

Deconsolidated COMPAGNIE DE L'ODET VALUATION					
			23-Oct-26		
€millions	**shares**		**price**	**value**	
Canal +	47.6	€	2.76	131.3	
Havas	0.6	€	17.10	10.3	
ALHG	6	€	1.75	10.5	
VIV	5.9	€	1.59	9.4	
Other	53	€	1.00	53.0	
TOTAL SECURITIES				**214.5**	
Current financial assets				1,439.3	
Cash				1,662.7	
debt				(592.1)	
current debt				(58.1)	
post 30 June adjustments				(2,529.8)	adjusts for special dividend and purchase of BOL shares
NET CASH				**(78.0)**	
BOL shares	2067.942		3.64	7,527.3	
post 30 June Bollore	9.058		3.64	33.0	
ASSET VALUE				**7,696.8**	
Issued Shares				6.568	
NAV/share		**€**	**960.00**	**€ 1,172**	
discount				-18.1%	
NAV/share excluding self control loop				€ 1,341	
discount				-28.4%	

As a consequence, we have replenished part of our shareholding in Odet after the quarter end and special dividend payment.

The Rivaud structure: outlived its purpose

The Rivaud structure of four residual public companies (excluding Socfin) is illustrated in matrix format below. The total pricing of the public float (greyed area in RHS column) is around €180million and approximates the pricing – adjusted for dividends – offered in the aborted Bolloré squeeze out exercise in September – December 2024. All six companies lodge annual reports with the four publicly traded (shaded) – all on Paris exchange - subject to full public company disclosure. Plantation des Terre Rouges (PTR) and Societe Bordelaise Africaine (SBA) – both of which used to be publicly traded and were subject to squeeze outs – lodge reports with the Luxembourg regulator.

		RIVAUD MATRIX									
			INVESTOR COMPANY								
			BOL	PTR	CBDG	FMONC	ARTO	FORE	SBA	PUBLIC	float € mn
INVESTEE	COMPANY	PTR	67.2%				32.8%			0.0%	
		CBDG	34.6%	56.9%					7.4%	1.1%	56
		FMONC	15.0%	17.3%	64.7%					3.0%	62
		ARTO	9.3%		9.0%	42.1%			37.0%	2.6%	61
		FORE	28.8%		68.9%					2.3%	0.5
		SBA	71.7%		8.8%	5.2%	7.3%	7.0%		0.0%	

Both Artois and Cambodge operate cash pooling functions with Bolloré where the cash is used by the "parent" for its purposes, so that the "consolidated" dividend paid by Compagnie de L'Odet of €2billion **IS** largely "available to Bolloré" but the minorities within the Rivaud companies effectively have a call on that cash.

We would not be surprised if there are further - but smaller - special dividends within the group. We feel this dividend strategy illustrated the wholly avoidable error in Bolloré not paying sensible prices in the aborted squeeze-out exercise. Add in the use of an (initial) independent expert they are experienced enough to know was "tainted" in a squeeze-out offer to smart shareholders, and to procure a second report (in the author's opinion) so poor as to annoy the regulator (AMF) sufficiently for them to disallow it.

The aborted Rivaud offers started 2025's "annus horribilis" for Bolloré, the reputation of the group for smart financial engineering and corporate tactics being damaged, and reflected in widened discounts to NAV across the group.

We believe it is sensible for Bolloré to return to mop up the Rivaud companies with a proper bid, perhaps after hoovering up some ex-dividend shares. That gives them **unfettered** access to the €3.2billion of cash - existing plus dividend receipts minus a generous bid for the ex-dividend Rivaud shares. The one advantage of the last eighteen months of mediocrity within the "Galaxy" is to reduce the implied **nominal** value for the holdout Rivaud shares, with any sensible expert measuring them off a value for Odet, now ex-dividend. Relative to the tinkering around elsewhere in the group, the value of spending a total (say) ~€250 million against current market capitalisation of the floats of €180million is far greater.

In the author's view, the next twelve months are vital for Bolloré to "clean house" within the group, leveraging the lower priced opportunity afforded by its own mistakes and the UMG decline. **We isolate Rivaud and cleaning the Lagardère structure** (discussed below) **as easier value creating win**s. Privatising the Rivaud structure does not interfere with the self-control loop which preserves leverage via a cascade and the Bolloré family control with minimal equity.

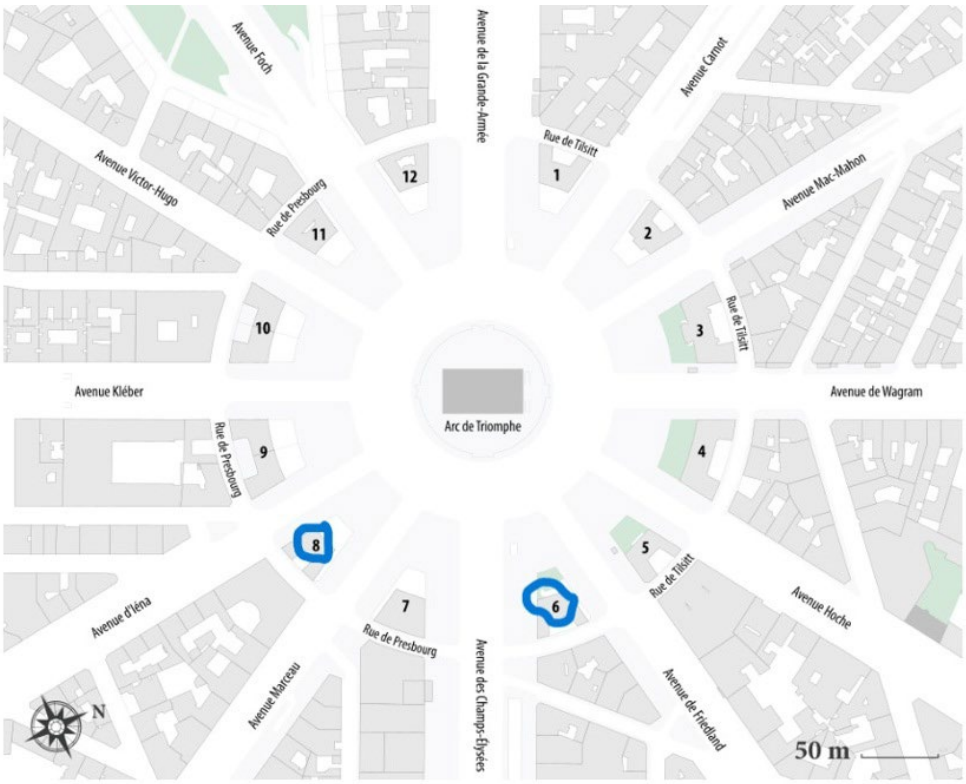
Our small investment in this grouping is via the company with most direct exposure to "home" (Odet) being **Compagnie du Cambodge** (CBDG). CBDG directly owns 19.2% of Odet but also 23.3% of the next "available" company up the cascade (Financière V) since Sofibol is totally controlled by Financière V and Bolloré itself. CBDG also holds 64% of Moncey, varied interests of 5.1% – 12.3% in the Socfin plantation assets carried at €118million and over €1.1billion of cash.

Lagardère: face off across l'Étoile?

In QR#6 (June 2024) we presented a potted history of **Lagardère**, from its conglomerate days (including owning a Formula 1 team). It is now a **very tightly held** French company with market capitalisation of €2.57billion[6] which is:

- the world's second largest and largest French language book publisher;
- third largest travel retail business but largest airport convenience retail outfit;
- a radio broadcaster and live events stage manager, including the famous "Folies Bergère", and;
- owner of Lagardère News which publishes the "Journal du Dimanche" newspaper/spinoffs plus owns the "Elle" brand licence.

In the mid 1850's under Napoléon III's "Second Empire" the German born French architect Jacques-Ignace Hittorff designed twelve private mansions to fit into the "stars" of Place de l'Étoile (now Place Charles de Gaulle); they became known as Hôtels des maréchaux (Marshal's houses).



Rue de Presbourg

- 7: Hôtel du 2 rue de Presbourg
- 8: Hôtel du 4 rue de Presbourg
- 9: Hôtel du 6-6bis rue de Presbourg
- 10: Hôtel du 8-8bis rue de Presbourg
- 11: Hôtel du 10 rue de Presbourg
- 12: Hôtel du 12 rue de Presbourg

Rue de Tilsitt

- 1: Hôtel du 11 rue de Tilsitt
- 2: Belgian Embassy
- 3: Hôtel de Gunsburg
- 4: Hôtel du 5 rue de Tilsitt
- 5: Hôtel du 3 rue de Tilsitt
- 6: Hôtel Landolfo-Carcano

[6] 142.9million shares x €18.00

The head office of **Lagardère** (MMB.PA) - occupying a plot size of 948sq m is #8 on the map at 4 Rue de Presbourg - and is owned 100% within the Lagardère Live segment – we postulate it's worth a minimum €25million. It sits two spokes along from Hotel Landolfo-Carcano at 1 Rue de Tilsitt, privately owned but occupied by the Embassy of Qatar. **Qatar Investment Authority owns 11.5% of MMB's share capital (voting rights are different), is by far the largest non-Bolloré stockholder** and **will have a real say in how value is liberated from underpriced securities**. Through Louis Hachette Group, Bolloré owns 66.3% and via Vivendi a further 13.4%. A few intrepid souls like ourselves own the 7% residual minority interest since 1.9% is also owned by MMB employee plans. That leaves ~9.9million liquid shares for a ~€178million free float.

The current share register has emerged through three events:

- the March/April 2022 takeover offer by Vivendi for MMB which with extended transfer rights (€24.10/share) lurched on to June 2025; (since the offer by Vivendi was subject to EU regulatory approval in respect of the French magazine market. Anti-trust regulators have alleged that Vivendi "jumped the gun" in its offer and exercised control over MMB's magazines before approval. This EU investigation looks like being ongoing for some time yet;
- the decision by Vivendi to spin off its "advertising", tv/media and MMB businesses into three new entities - Havas, Canal+ and Louis Hachette Group (ALHG.PA). ALHG owns the stake in MMB but since Vivendi, at the time, only owned 66% of MMB, we hoped the book publishing business would be separately spun into ALHG to separate the two major arms of the company. Not to be, so ALHG sits as an intermediate holding company (see prior Bolloré analysis). The move by Bernard Arnault to accept the offer for his (personal/Agache) MMB shares - after he had extracted *Paris Match* for LVMH for €120million meant that Vivendi now has a new 13%+ holding; and
- the unwillingness of Qatar Investment Authority to accept the takeover offer or sell out.

Why would you even bother?

When we previously discussed MMB we noted **some** of the accounting difficulties of the travel retail business. With the minority float so small, why would an analyst bother to dig through the myriad issues of:

- **three sets of leasing structures** which the company attempts to negate with amortisations and other mechanisms;
- perennial restructuring costs (and profits) as a result of lease expiries, and departures;
- **significant minority interests** - which cost cash in the form of dividends - and which account for ~25% of the profit from the US travel retail business due to the 247 entities with different minorities sat under the Paradies Holdings structure which operates the 813 Americas stores[7];
- the two equity-accounted (45 - 50%) Extime entities which yield no identifiable account profit from duty free and travel essentials within the Aeroports de Paris group but turned over €1,043million in 2025;
- joint ventures in significant businesses with French railways (SNCF), Australia and NZ duty free with AWPL (Kouros family) which in combination turn over more than €800million;
- the significant 30% minority with the airport itself on the "new" €200million turnover duty-free set up at Schipol where MMB invested €72million over time; and
- continued lack of bottom-line profitability - albeit with significantly reduced losses from radio, and staging ("Live") although there is a respectable EBITDA contribution.

[7] MMB's larger competitor Avolta (AVOL.SW) notes the following in its 2025 annual report:
"In 2025, Avolta allocated CHF 140 million (2024: CHF 157 million) of net profit to non-controlling interests (NCI), predominantly relating to US subsidiaries. **Airport authorities in the United States frequently require companies to partner with local business partners** based on Airport Concession Disadvantaged Business Enterprise ("ACDBE") regulation. Avolta may partner with third parties to win new business opportunities and maintain existing ones. Consequently, Avolta's business model contemplates the involvement of local partners. Net profits from these operating subsidiaries attributed to Avolta and to non-controlling interests' holders reflect the applicable ownership structure. The net profits and dividend payments attributable to non-controlling interests exclude expenses incurred by Avolta at the acquisition of these businesses, which are not attributable to the local partners, such as acquisition related interest expenses, income taxes and amortization of intangible assets from acquisitions, and may be a pre-tax profit amount where income tax is payable by each partner on the respective share."

Why? Because with some innovative analytical thinking, we can cut through the bean-counting mumbo-jumbo and get to the real heart of what investing in Lagardère is about. Cash flow, excellent development under Bolloré's stewardship and securities which trade at a prospective P/E ratio of below 9.5x consensus 2026 NPAT of €1.93/share, a 43% discount to our assessed value of ~ €31.80/share with an untenable long term shareholder structure providing inefficient access to the cash flow goodies. The shares – like those of Avolta - are trading at low valuations reflecting the **short term uncertainties** of airport/airline passenger growth slowing in the wake of higher oil prices, widened avgas spreads, increased airline ticket prices and general increased retail stress from higher interest rates. Investors feel these multi-level factors override the beneficial long-term trend of passenger growth. There is little doubt the onset of heightened hostilities in the Middle East has either had specific impacts on busy hubs (Dubai et al) though these are a small part of Avolta/Lagardère business, but dampened near term global passenger growth – more so in USA than Europe or certainly Asia (excluding India). If short term factors brought about by US/Israeli military action in March 2026 duly dissipate, **travel retail can be postulated as a classic time arbitrage investment with perceived significant value gaps in both global leaders.** As well as Lagardère, we own Avolta.

In the case of Lagardère, we derive our assessed value from a sum of the parts calculation which we believe is relevant given:

- the different capital characteristics of the main businesses;
- the potential corporate buyers for travel retail – we don't believe MMB would sell book publishing; and
- other extraneous assets

The mid-point assessed value of ~ €31.80/share – 77% above the prevailing €18.00/share price – is tabulated below:

	€million	**Comments**
Travel retail	2,780	Amalgam of EV/revenue, free cash flow yield and EV/OCF versus peers (see analysis)
Book publishing	3,215	8.3 – 9x EV/EBITDA mid-point (see analysis)
Other assets	20	Radio, Journal du Dimanche assets, events
Elle International	250	
HQ asset	25	
Capitalised costs	(144)	9x EBITDA
Net debt	(1,600)	Year-end estimate – interim is seasonal peak (>€1.8billion). New €500million bond issue partly used (€250m) to repay Vivendi loan , now stands at €200million.
EQUITY VALUE	**4,546**	
per share	**€31.80**	142.9million shares

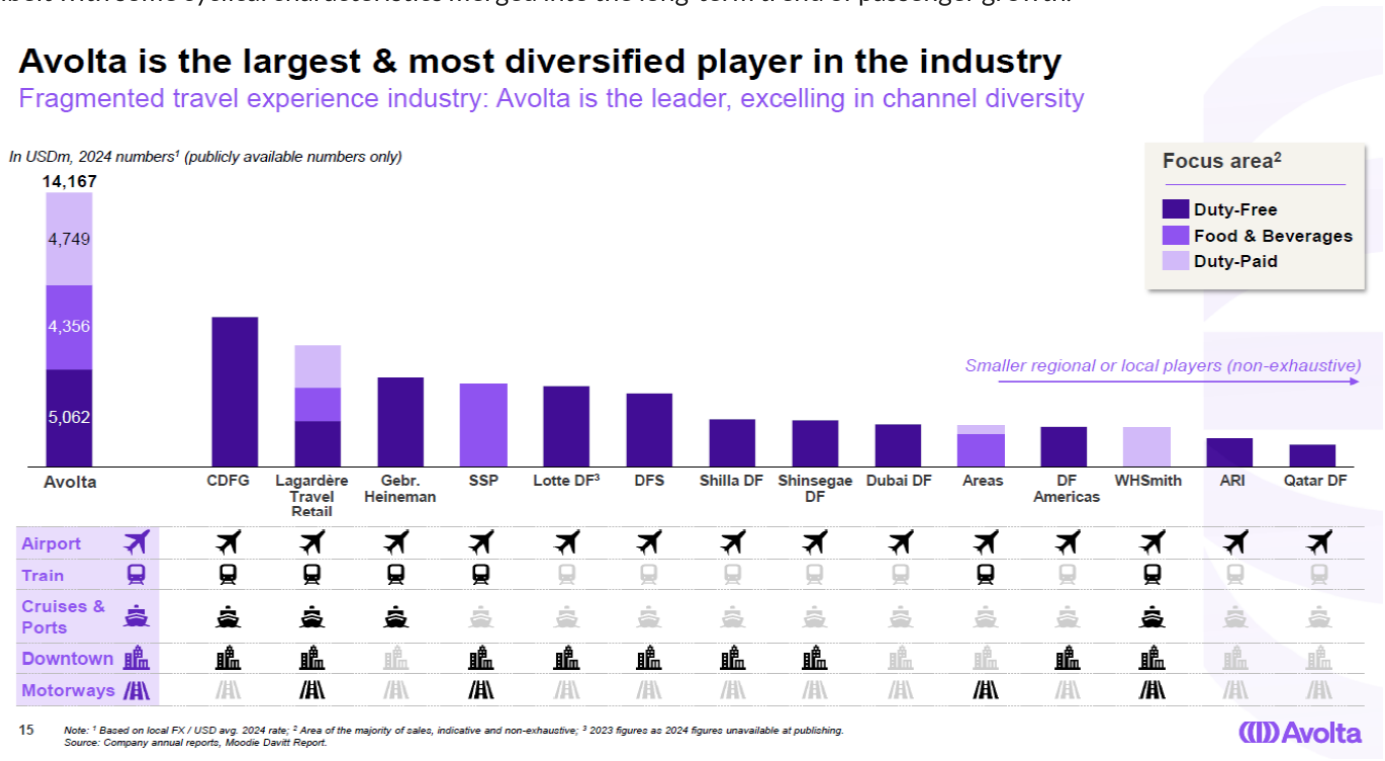
Travel retail: careful expansion strategy paying dividends

We intrinsically like travel retail as a business. It has certain monopolistic attributes, which the operator has to pay for in the shape of a concession with the (airport) manager, but as a counterpoint, has the intellectual property and expertise to maximise the benefits to all parties of utilising this valuable real estate – over an enshrined lengthy 10, 15 or even 20 year time frame It's a **three-sided relationship** for the major players given:

- they are often in partnership with the airport or a local partner – see above;
- they run airport operations on behalf of branded retailers whether in fast food – as franchisees of Starbucks, Costa Coffee[8], Burger King amongst others - or retail concepts including partnerships with Hermes, Boss and others; and
- they operate as a "principal" with their own brands and developed concepts, especially more hybrid dining/retail set-ups.

[8] Outlets the author does not visit except under the most extenuating circumstances

Travel retail is increasingly a sophisticated data driven business with numerous datapoints available as a result of requisite (mandatory) statistical monitoring of passengers and their attributes. Moreover, each concession can be boiled down to an IRR style analysis - properly executed, travel retail is a strong cash flow, acceptable return on funds employed business, albeit with some cyclical characteristics merged into the long-term trend of passenger growth.



As the schematic above (just over a year old) illustrates, most of the industry is focused on a specific area of duty free or food/beverage with only the two leaders having diversified offerings across the three main categories. Lagardère is around 40% of the size of Avolta, the global leader, measured by stated turnover excluding the JV's noted above which are not consolidated into the profit and loss account. across duty free. **There are significant scale benefits** which marginally disadvantage Lagardère against its peer, but which we will show, that under Bolloré's control, have been improved.

COMPARATIVE TRAVEL RETAIL TURNOVER (Euro)							
	CY24	CY25	H1 25	H2 25	H1 26	LTM	LTM %
Avolta (euro)							
Duty free	5,061	5,571	2,674	2,898	2,611	5,508	37.5%
Duty paid	4,356	4,383	2,061	2,324	2,116	4,440	30.2%
F&B	4,749	4,736	2,305	2,431	2,301	4,733	32.2%
	14,166	14,690	7,039	7,653	7,028	14,681	
Lagardere							
Duty free	2193	2411	1081	1,330	1170	2,500	40.2%
Duty paid	1952	2017	979	1,038	1001	2,039	32.8%
F&B	1667	1705	827	878	806	1,684	27.1%
	5,812	6,133	2,887	3,246	2,977	6,223	
Avolta converted from Swiss Francs at average period exchange rate							

Lagardère have just over 4,800 stores against Avolta's 5,100 but with a stronger emphasis on travel essentials – and hence smaller sales per store – versus the stronger Avolta emphasis on food and beverage. Note the major seasonality.

Evaluating travel retail: equity free cash flow focus

COMPARATIVE AVOLTA & LAGARDERE TRAVEL RETAIL OPERATING METRICS						
AVOLTA (euro)	**CY24**	**CY25**	**H1 25**	**H2 25**	**H1 26**	**LTM**
revenue	14,409	14,928	7,156	7,775	7,157	14,932
GCFXWC	2,950	3,275	1,531	1,745	1,505	3,250
add finance	635	622	332	291	315	606
leases	(1,796)	(2,121)	(1,073)	(1,048)	(1,024)	(2,072)
operating cash flow	1,789	1,776	790	988	795	1,783
margin	12.4%	11.9%	11.0%	12.7%	11.1%	11.9%
capex	(507)	(544)	(264)	(281)	(238)	(519)
minorities	(150)	(171)	(90)	(80)	(94)	(174)
FCF (before interest/tax)	1,132	1,061	436	626	464	1,090
capex/GCF	28%	31%	33%	28%	30%	29%
Capex/sales	3.5%	3.6%	3.7%	3.6%	3.3%	3.5%
LAGARDERE	**CY24**	**CY25**	**H1 25**	**H2 25**	**H1 26**	**LTM**
revenue	5,812	6,133	2,899	3,234	2,988	6,222
GCFXWC	973	1,016	454	562	485	1,047
leases	(503)	(577)	(278)	(299)	(291)	(590)
GCF	470	439	176	263	194	457
margin	8.1%	7.2%	6.1%	8.1%	6.5%	7.3%
capex	(250)	(215)	(94)	(121)	(90)	(211)
minorities	(55)	(45)	(31)	(14)	(32)	(46)
FCF (before interest/tax)	165	179	51	128	72	200
Capex/GCF	53%	49%	53%	46%	46%	46%
Capex/sales	4.3%	3.5%	3.2%	3.7%	3.0%	3.4%

To line up the two companies, we have placed them both in euro, removed the impact of financing and tax – as Lagardère has other businesses - and moved the comparison to a "free cash flow" basis. This removes the impact of IFRS lease accounting and also takes proper account of capital expenditure -a recurrent issue for these businesses – and minority interests, especially prevalent in the USA.

The comparative table at left illustrates the scale advantage of Avolta in respect of operating margin, measured this way at ~12% versus ~8%, and its consequential impact on cash flow. It also shows that capex has historically chewed up around half of Lagardère's gross cash flow but with both companies, runs at ~3.5% of sales.

It does illustrate that Lagardère has been disciplined in building up the network and not taking on tenders which don't work financially at a time of significant airport expansions – especially in North America.

Lagardère's profitability and return profile has improved sharply since the post-COVID rebound. This reflects strong growth in the Paradies Lagardère business in the US, which is a $1.6billion (€1.4bn) turnover enterprise with nearly 800 outlets (~560 retail; ~220 restaurants) at 92 US airports. USA represents ~23% of sales; combined with the strong (but low growth) French network, these two arenas are 44% of travel retail sales.

The company has a strong but different business in the fast-growing Polish market where the main company makes around €11m a year on turnover of €325million. However, Lagardère has a 49/51 JV with Eurocash, a Polish listed company around Inmedio, a retail convenience store concept developed by Lagardère which has ~450 stores in Poland and a further 230+ in Romania and a small network in Bulgaria. Poland also has a loyalty app (Kameleon) which has not been rolled out elsewhere. The Inmedio business is not consolidated and appears as another equity accounted investment.

The past two full years have also had to absorb €56 million in restructuring costs, mainly in Greater China, as well as €39million of impairments (NOT included in our figures below) as Lagardère has effectively exited the market. The company had a number of fashion-oriented stores in smaller travel locations.

The segment has grown returns sharply over the past few years (see table below) with a number of exits – Iceland as well as the China moves, replaced with larger turnover operations such as Schipol (Amsterdam) duty free – a €200million turnover enterprise, 70% owned in tandem with the airport itself.

A long-term tabulation of cash flow from travel retail is given below, which excludes restructuring costs and gains and losses from exits which are part and parcel of these types of businesses:

LAGARDERE TRAVEL RETAIL - CASH FLOW RETURN METRICS												
calendar year (€million)	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**CY24**	**CY25**	**LTM**
revenue	3,510	3,695	3,412	3,673	4,264	1,720	2,290	3,927	5,018	5,812	6,133	6,222
GCFXWC	211	201	208	283	797	(102)	284	566	811	973	1,016	1,047
leases					(541)	(224)	(166)	(255)	(374)	(503)	(577)	(590)
working capital					13	108	78	(46)	(64)	(14)		
BUSINESS CASH FLOW (A)	211	201	208	283	269	(218)	196	265	373	456	439	457
capex	(115)	(140)	(137)	(127)	(156)	(102)	(88)	(123)	(194)	(250)	(215)	(211)
minorities	3	(21)	(18)	(18)	(21)	37	(16)	(28)	(31)	(55)	(45)	(46)
FREE CASH FLOW	99	40	53	138	92	(283)	92	114	148	151	179	200
margin (using A)	6.0%	5.4%	6.1%	7.7%	6.3%	-12.7%	8.6%	6.7%	7.4%	7.8%	7.2%	7.3%
Capex/GCF	55%	70%	66%	45%	58%	-47%	45%	46%	52%	55%	49%	46%
Capex/sales	3.3%	3.8%	4.0%	3.5%	3.7%	5.9%	3.8%	3.1%	3.9%	4.3%	3.5%	3.4%
capital employed	1,341	1,302	1,219	1,469	1,591	1,313	1,167	1,120	1,357	1,335	1,211	1,211
ROFE (A - mins)	16.0%	13.8%	15.6%	18.0%	15.6%	-13.8%	15.4%	21.2%	25.2%	30.0%	32.5%	33.9%
FCF return	7.4%	3.1%	4.3%	9.4%	5.8%	-21.6%	7.9%	10.2%	10.9%	11.3%	14.8%	16.5%

Placing a value on travel retail is a more challenging exercise than with books given the lack of cohort group securities; WH Smith PLC has had issues with accounting restatements and others are Chinese operations. We have lined up the business against Avolta assessing free cash (before debt), EV/revenue and versus business cash flow before capex. These metrics exclude the significant off balance sheet revenues in Asia (including Australia), the ADP locations and Poland. The mid point of these gives a value of ~€2,780million, slightly lower than our prior valuation which didn't fully acknowledge the minority interests.

Books: consistency and cash

Things don't move quickly in the world of book publishing. Simply put, if you are in the business and performing at around the average, it's a slow growth, stable margin, high return on capital enterprise with prodigious cash flow. As the second largest global player, with real strength in French and Spanish language publishing, Lagardère Publishing exhibits these traits in a major way. The industry is dominated by five players – two of the largest three being subsidiaries of public companies – two – including the largest, Bertelsmann, being (effectively) controlled by private German families and the fifth, Simon and Schuster by private equity investor KKR.

It's somewhat surprising that private equity doesn't get more involved given the relatively stable margins and predictable (if slow) growth but hefty returns on invested capital. As a guide, in CY2025, Lagardère generated €291million of free cash flow, easily facilitating its previous year acquisition of Sterling Publishing from Barnes and Noble (we estimate at ~$70million). With net assets of less than €1.5billion, free cash flow returns are over 20%pa.

As the table below illustrates, Lagardère Publishing has performed up to the cohort over a lengthy period in respect of growth and margin:

	Lagardere (Hachette)			News Corp (Harper Collins)			Bertelsmann (Penguin RH)			Combined		
€ million	Revenue	EBITDA	margin	Revenue	EBITDA	margin	Revenue	EBITDA	margin	Revenue	EBITDA	margin
2018	2,252	263	11.7%	1,529	229	15.0%	3,424	528	15.4%	7,205	1,020	14.2%
2019	2,384	287	12.0%	1,507	187	12.4%	3,636	561	15.4%	7,527	1,035	13.8%
2020	2,375	314	13.2%	1,591	240	15.1%	3,802	691	18.2%	7,768	1,245	16.0%
2021	2,598	424	16.3%	1,818	272	15.0%	4,030	755	18.7%	8,446	1,451	17.2%
2022	2,748	373	13.6%	1,944	193	9.9%	4,223	666	15.8%	8,915	1,232	13.8%
2023	2,809	373	13.3%	1,884	210	11.1%	4,532	664	14.7%	9,225	1,247	13.5%
2024	2,882	389	13.5%	1,996	278	13.9%	4,917	739	15.0%	9,795	1,406	14.4%
2025	3,012	387	12.8%	1,926	240	12.5%	4,981	704	14.1%	9,919	1,331	13.4%
LTM	3,005	387	12.9%	1,962	246	12.5%	5,034	700	13.9%	10,001	1,333	13.3%
CAGR/av.	3.9%		13.3%	3.4%		13.0%	5.3%		15.6%	4.5%		14.3%

Harper Collins converted to euros and installed on calendar year basis for comparison (sourced from News Corp quarterly results)

The three publicly listed smaller specialty publishing companies[9] currently trade at an average of 8.33x forward EV/EBITDA – a metric we are happier to use as a low bound in this part of MMB's business. Over the past year, Scholastic has sold over $400million of real estate assets and used half of the proceeds to repurchase nearly 30% of its equity via a Dutch-auction process, optimising its capital structure. We don't see any such possibilities for Lagardère, more likely further small acquisitions or a potential "big-bang" acquisition.

Large scale acquisitions are inhibited by the industry structure running up against regulatory interference in individual markets (see Bertelsmann aborted acquisition of Simon and Schuster) and the presence of two known tough media personalities as patriarchal owners – Rupert Murdoch and Vincent Bolloré.

The differential growth and cash flow profile plus other potential industry movements is one of the reasons why we regard the Lagardère/Louis Hachette situation as sub-optimal. We believe investors would welcome an enlarged "pure" publishing play providing capital management was a key feature of the focused business.

At the lower end, based on the smaller company cohort, we value book publishing at around €3.22billion up to €3.48billion using a 9x EV/EBITDA, with the €3.35billion mid-point identical to the valuation two years ago. As a substantive cross check, the valuation would equate to a (pre-tax) free cash flow yield of around 8.7%, which we regard as reasonable.

Other assets: one especially valuable hidden treasure

Lagardère's other media and entertainment related assets are grouped in with corporate costs which we estimate at ~€16million per annum. The businesses have significant turnover and estimated EBITDA (after rental costs) of around €22million. We regard the radio and "JD" businesses as holding relatively little financial, as opposed to political value. The live entertainment business is effectively a management of venue exercise for Racing Club of Paris and Folies Bergeres and well as some live event promotion.

The remaining asset, the «Elle» brand and trademark is especially interesting and generated most (>75%) of the revenue between it and the JD assets, suggesting it may be up to a €30million revenue business. Given it is effectively a licensing vehicle, it could be assumed this is an especially high margin income stream and may comprise the bulk of the profit of the residual assets. We are aware that fifteen years ago, Hearst contracted the brand in 15 countries and it was generating €8million pa at that stage in those markets. Elle is utilised across 70 countries and is used on an estimated $300million of goods aside from the media. If our numbers are correct, we believe the Elle royalty business could be worth up to €250million.

[9] Scholastic (SCHL), John Wiley and Sons (WLY) and Bloomsbury (BMY.L)

So how does the value get liberated?

We started with a map featuring the Qatari embassy located around the corner from Lagardère HQ. Bluntly, if Qatar Holding LLC – part of Qatar Investment Authority – wishes to divest its Lagardère stake (11.4%), this should set in motion an exercise where other minorities would be able to exit on the same terms. Since the Vivendi takeover offer at €24.10 per share, Qatar has shown no inclination to accept cash for its stake at that price, despite holding transfer rights valid until June 2025.

Qatar has genuine expertise in the travel industry, having held a small stake in Avolta at one stage and with practical expertise of building the country as a "hub" through its award-winning airline. The lack of share price recognition of management's success at building a better, stronger Lagardère is unfortunate in that it gives Qatar no incentive to investigate a transaction, other than at a very hefty premium to prevailing prices, given our evaluation of Lagardère being worth nearly €32/share.

We know the broad Bolloré Galaxy believe Lagardère shares are undervalued. How? Havas has recently been acquiring Louis Hachette (ALHG) shares. Louis Hachette has only two assets: 93.935million shares of Lagardère worth €1,691million (€1.70 per ALHG) plus its remaining 84.6% of Prisma Media (magazines) which the internal group value at €220million. We don't. ALHG shares at €1.78/share are virtually trading at "line ball" attributing a value to Prisma of €84million. We acknowledge with the lack of free float in Lagardère, it would be virtually impossible for Bolloré to spend real investment dollars.

To liberate the value, all options require Qatar to accept a transaction – even at our valuation the 28.8million total minority shares (including employees) would be worth ~ €915million. With the assistance of Bolloré itself, could the group construct a cash and share alternative to give ALHG 100% of Lagardère – remembering the Vivendi stake of 13.4% - whilst maintaining control of ALHG at ~32.6%? There are a myriad of permutations, but we believe there is an affirmative answer. Does Qatar want the travel retail operations facilitating an easier avenue to a transaction?

A transaction is only likely once Vivendi/Bolloré resolve the EU "gun jumping" allegations, alleging Vivendi exercised control of Lagardère prior to actually obtaining control, a case replete with complex legal procedural issues.

However, for shareholders of Lagardère with over five years since the original takeover offer, the time for an agreement in the middle of L'Étoile, perhaps under the Arc, must be getting closer.

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