

# Pargesa

Holding SA



## **PUBLIC EXCHANGE OFFER BY PARJOINTCO FOR ALL PARGESA SHARES**

**16 MARCH 2020**

# WHAT HAS BEEN ANNOUNCED ON 11 MARCH 2020 (1/2)

- **Parjointco NV (“Parjointco”) is announcing a public exchange offer for all outstanding shares in Pargesa Holding SA (“Pargesa”) not already owned with an exchange ratio of 0.93x Groupe Bruxelles Lambert (“GBL”) share for each Pargesa bearer share, implying a premium of 16% based on the closing prices of Pargesa and GBL shares as of 11 March 2020**
  - Transaction supported by Pargesa's Board of Directors
  - Offer will be subject to (i) Parjointco holding or having received acceptances with respect to at least 90% of Pargesa's total voting rights<sup>1</sup> and (ii) conditional upon GBL shareholders approving the implementation of double-voting rights at a GBL Extraordinary Shareholders Meeting to be held on 28 April 2020
  - Pargesa is intended to be delisted upon successful completion of the offer in early Q3 2020
- **As a result of the strategic initiatives and restructuring implemented over the years, Pargesa's assets today almost exclusively consist of its 50% stake owned in GBL, representing nearly 100% of Pargesa's net asset value (“NAV”). The current holding structure results in a double holding discount for Pargesa shareholders, increasing the overall discount on Pargesa's shares compared to the net asset value of GBL's portfolio**
  - Pargesa currently trades at a 39%<sup>2</sup> discount to NAV and GBL at a 28%<sup>2</sup> discount to NAV
- **Exchange offer expected to be published on 22 April 2020; transaction closing expected by Q3 2020**

<sup>1</sup> Implying an acceptance level of the exchange offer of approximately 60%. <sup>2</sup> As of 11 March 2020.

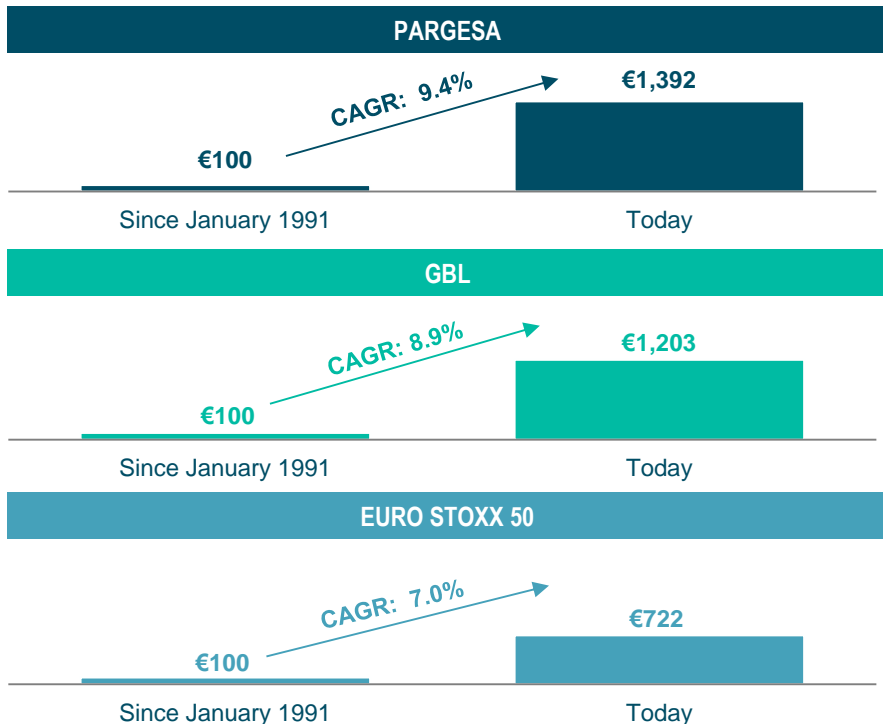
# WHAT HAS BEEN ANNOUNCED ON 11 MARCH 2020 (2/2)

## ■ Key benefits of the simplified group structure include:

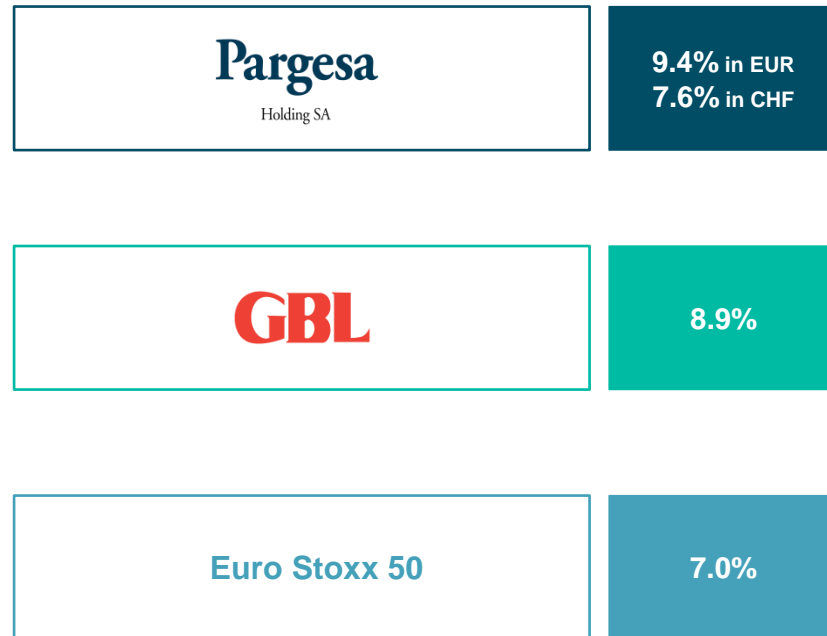
- Significant value creation for Pargesa shareholders with an exchange ratio implying a premium of 16% based on the closing prices of Pargesa and GBL shares as of 11 March 2020
- Attractive financial terms for all Pargesa shareholders. With an exchange ratio of 0.93x, Pargesa shareholders will receive GBL shares approximately equivalent to their current indirect ownership in GBL, adjusted for Pargesa net debt and transaction related costs
- Transaction expected to result in a double-digit DPS increase for Pargesa shareholders<sup>1</sup>
- Increase in public float and associated liquidity for shareholders

<sup>1</sup> GBL and Pargesa FY2019 dividends will be paid in ordinary course in May 2020. Illustratively, based on (i) an exchange ratio of 0.93x for the proposed transaction and (ii) proposed FY2019 dividend per share of €3.15 for GBL and CHF2.63 (~€2.49 based on EUR/CHF exchange rate of 1.0582) for Pargesa, transaction would represent a 18% DPS increase for Pargesa shareholders.

# GBL AND PARGESA HAVE DELIVERED ATTRACTIVE RETURNS COMPARED TO THE EURO STOXX 50 INDEX OVER THE LAST 30 YEARS



## ANNUALIZED TOTAL SHAREHOLDER RETURN SINCE JAN-1991<sup>1</sup>

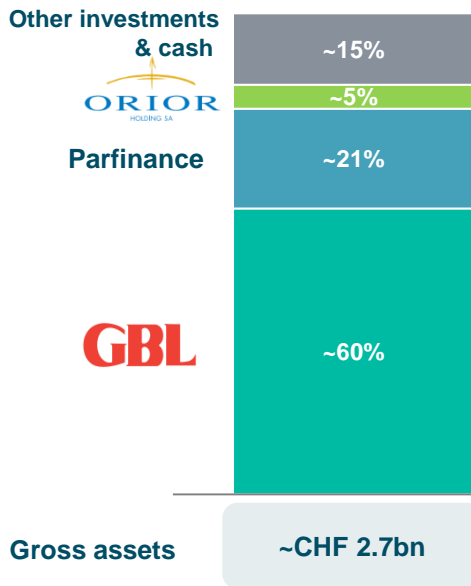


Source: Bloomberg and Refinitiv

<sup>1</sup> TSR from 01 January 1991 to 11 March 2020. Assuming dividends are reinvested.

# PARGESA'S ASSETS TODAY ALMOST EXCLUSIVELY CONSIST OF THE 50% STAKE OWNED IN GBL

PARGESA GROSS ASSETS – 30 YEARS AGO



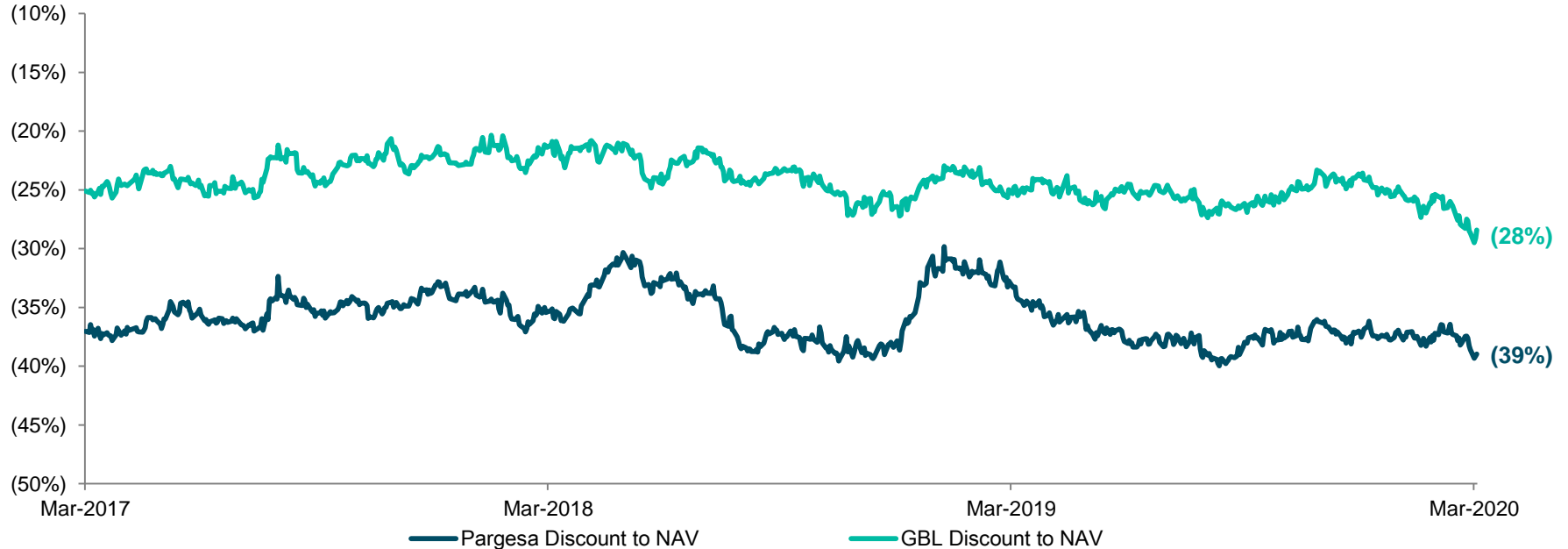
PARGESA GROSS ASSETS – TODAY<sup>1</sup>



Source: Company public information  
 Note: Charts illustrate breakdown of gross asset value.  
<sup>1</sup> Asset value on a "look-through" basis.

# HISTORICAL EVOLUTION OF GBL AND PARGESA DISCOUNT TO NAV

Over the past 3 years, GBL has traded at an average c.25% discount to NAV compared to c.35% for Pargesa



Source: Company information, Bloomberg as of 11 March 2020

# OVERVIEW OF PROPOSED REORGANIZATION

## Transaction structure

- Public exchange offer by Parjointco for all outstanding bearer shares in Pargesa not already owned with an exchange ratio of 0.93x GBL share for each Pargesa bearer share
- Pargesa is to be delisted after successful completion of the offer and subsequent cancellation of the remaining bearer shares of Pargesa

## Offer period

- Offer prospectus expected to be published on 22 April 2020
- Initial acceptance period planned to be from 8 May 2020 to 8 June 2020

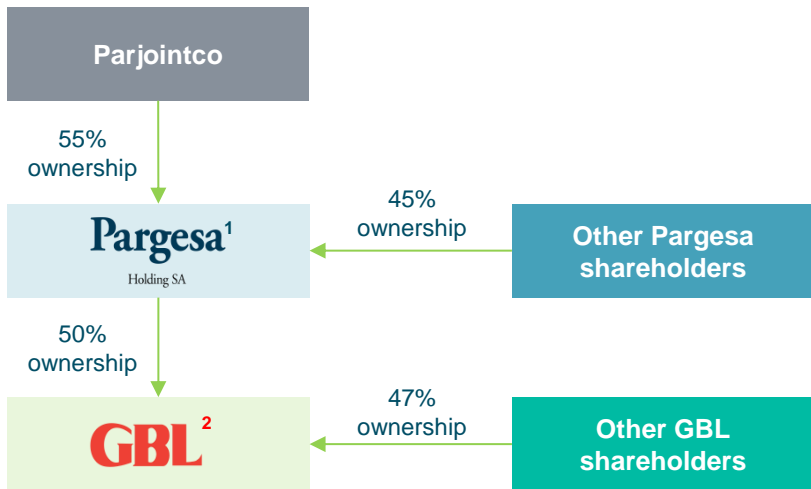
## Offer conditions and approvals

- Parjointco to hold or receive shareholder acceptances with respect to at least 90% of Pargesa's total voting rights
  - Implied acceptance level of the exchange offer of approximately 60%
- GBL shareholders to approve the implementation of double-voting rights at a GBL Extraordinary Shareholders Meeting to be held on 28 April 2020
  - In full alignment with the new Belgian Companies Code, double-voting rights would be granted to all GBL shareholders having held their shares in registered form for an uninterrupted period of at least two years

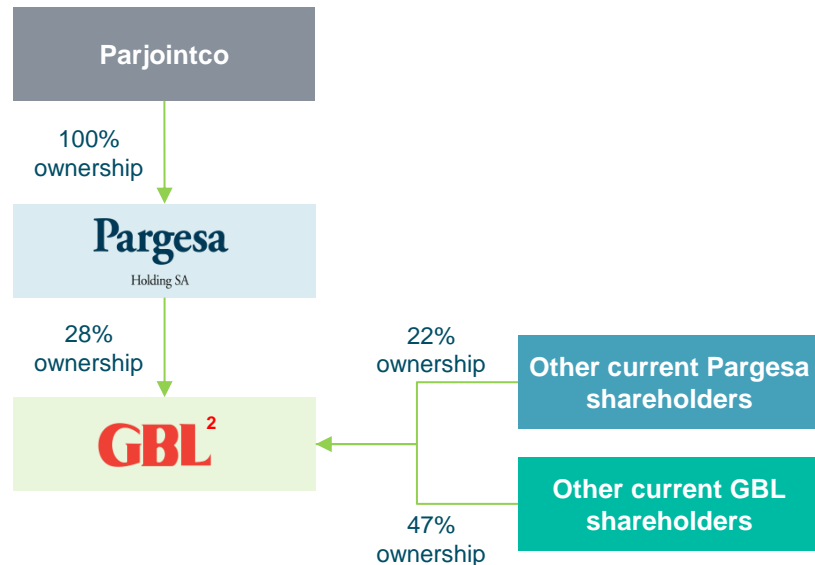
# OWNERSHIP STRUCTURE OF GBL WILL BE SIMPLIFIED AS RESULT OF THE TRANSACTION

Simplification of the existing dual holding structure by consolidating ownership of GBL and Pargesa

## CURRENT STRUCTURE



## STRUCTURE PRO-FORMA FOR THE TRANSACTION



<sup>1</sup> Pargesa share capital includes 0.3% treasury shares.

<sup>2</sup> GBL share capital includes 3% treasury shares.



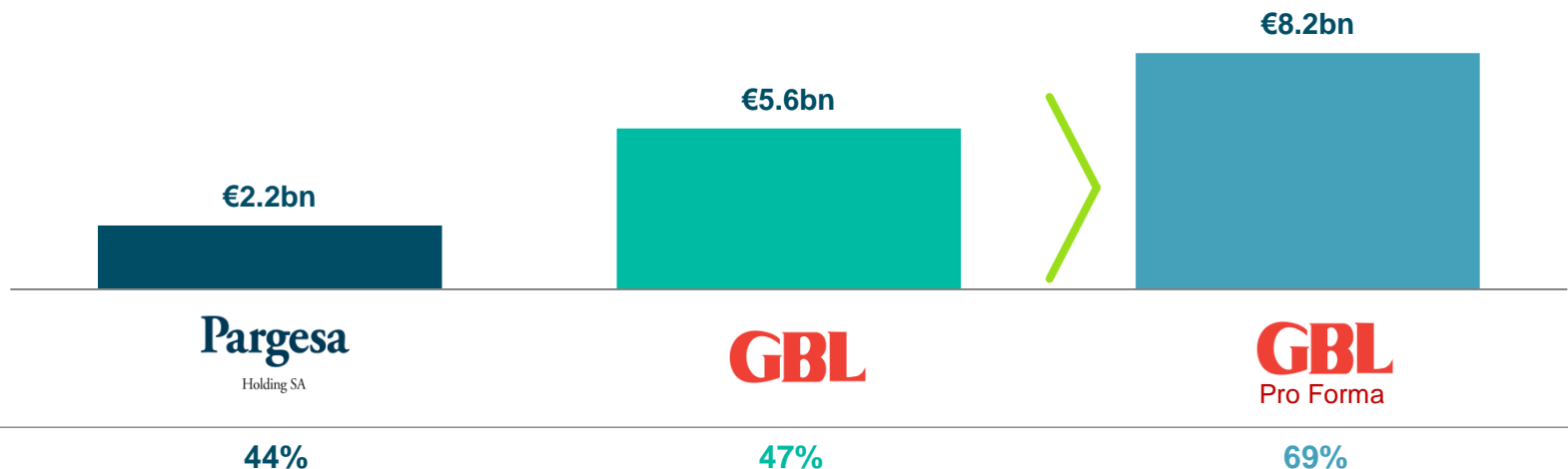
# DESMARAIS AND FRÈRE FAMILY GROUPS PARTNERSHIP TO CONTINUE

- Solid partnership between the Desmarais and Frère family groups to be preserved, providing GBL with stability, expertise and a solid financial position
  - The agreement between the two family groups was last extended in 2012 to 31 December 2029 with provision for further extension
- As a result of the transaction, Parjointco, jointly controlled by the Desmarais and Frère family groups, is expected to retain de facto control of GBL<sup>1</sup>

<sup>1</sup> Conditional to GBL shareholders approving the double-voting rights.

# SHAREHOLDERS WILL BENEFIT FROM A SIGNIFICANTLY INCREASED PUBLIC FLOAT FOLLOWING THE TRANSACTION

## PUBLIC FLOAT



Source: Bloomberg as of 11 March 2020. EUR/CHF exchange rate of 1.0582

Note: Pargesa float corresponding to total common shares excluding shares owned by Parjointco and treasury shares. GBL float corresponding to total common shares excluding shares owned by Pargesa and treasury shares.

# SUMMARY: REORGANIZATION DELIVERING FINANCIAL BENEFITS FOR ALL SHAREHOLDERS

## 1 Significant value creation

- **Significant value creation** for Pargesa shareholders with an exchange ratio implying a premium of 16% based on the closing prices of Pargesa and GBL shares as of 11 March 2020

## 2 Attractive financial terms

- **Attractive financial terms** for all Pargesa shareholders. With an exchange ratio of 0.93x, Pargesa shareholders will receive GBL shares approximately equivalent to their current indirect ownership in GBL, adjusted for Pargesa net debt and transaction related costs

## 3 Dividend per share increase

- Transaction expected to result in a **double-digit DPS increase** for Pargesa shareholders<sup>1</sup>

## 4 Increased public float and liquidity

- **Increase in public float and associated trading liquidity** for shareholders

<sup>1</sup> GBL and Pargesa FY2019 dividends will be paid in ordinary course in May 2020. Illustratively, based on (i) an exchange ratio of 0.93x for the proposed transaction and (ii) proposed FY2019 dividend per share of €3.15 for GBL and CHF2.63 (~€2.49 based on EUR/CHF exchange rate of 1.0582) for Pargesa, transaction would represent a 18% DPS increase for Pargesa shareholders.

# IMPORTANT INFORMATION

## General

The offer described in this presentation will not be made, directly or indirectly, in any country or jurisdiction, in which such an offer would be illegal or would otherwise violate any applicable law or ordinance, or which would require the offeror to change the terms or conditions of the offer in any way, to submit any additional filing to, or to perform any additional action in relation to, any governmental, regulatory or legal authority. It is not intended to extend the offer to any such country or jurisdiction. Documents relating to the offer must not be distributed in or sent to any such countries or jurisdictions. Any such documents must not be used for the purpose of soliciting the sale or purchase of securities of Pargesa by any person or entity resident or incorporated in any such country or jurisdiction.

## United States of America

Subject to certain exceptions, the public tender offer described in this presentation will not be made directly or indirectly in or by use of the mail of, or by any means or instrumentality of interstate or foreign commerce of, or any facilities of a national securities exchange of, the United States of America and may only be accepted outside the United States of America. This includes, but is not limited to, facsimile transmission, electronic mail, telex, telephone, the internet and other forms of electronic communication. This presentation and any other offering materials with respect to the public tender offer described in this presentation are not being, and must not be, directly or indirectly mailed or otherwise transmitted, distributed or forwarded (including, without limitation, by custodians, nominees or trustees) nor sent in or into the United States of America or to any persons located or resident in the United States of America and may not be used for the purpose of soliciting the sale or purchase of any securities of Pargesa from anyone in the United States of America. The offeror is not soliciting the tender of securities of Pargesa by any holder of such securities located or resident in the United States of America. Securities of Pargesa will not be accepted from holders of such securities located or resident in the United States of America. Any purported acceptance of the offer that the offeror or its agents believe has been made in or from the United States of America will be invalidated. The offeror reserves the absolute right to reject any and all acceptances determined by them not to be in the proper form or the acceptance of which may be unlawful. Notwithstanding the foregoing, holders of Pargesa securities who are both "qualified institutional buyers" and "qualified purchasers" as defined under the U.S. securities laws may participate in the offer contemplated hereby. The tender offer is being made for the securities of Pargesa, a Swiss stock corporation (société anonyme), and is subject to Swiss disclosure and procedural requirements, which are different from those of the United States of America. The tender offer will be made in the United States of America on a private placement basis to "qualified institutional buyers" and "qualified purchasers" in compliance with Section 14(e) of the U.S. Securities Exchange Act of 1934, as amended, and the applicable rules and regulations promulgated thereunder, including Regulation 14E (subject to any exemptions or relief therefrom, if applicable) and otherwise in accordance with the requirements of Swiss law. Accordingly, the tender offer will be subject to disclosure and other procedural requirements, including with respect to the tender offer timetable, settlement procedures, withdrawal, waiver of conditions and timing of payments, that are different from those applicable under U.S. domestic tender offer procedures and laws. In addition, any financial information provided with respect to Parjointco, Pargesa or GBL may have been prepared in accordance with non-US accounting standards that may not be comparable to the financial statements of US companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles in the United States.

The securities to be offered in exchange for Pargesa shares pursuant to the public tender offer described in this presentation have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act"), nor under any law of any state of the United States of America, and may not be offered, sold, resold or delivered, directly or indirectly, in or into the United States of America, except pursuant to an exemption from the registration requirements of the U.S. Securities Act and the applicable state securities laws. This presentation does not constitute an offer to sell or the solicitation of an offer to buy any securities in the United States of America. GBL will not register or make a public offer of its securities, or otherwise conduct the public tender offer, in the United States of America. In addition, none of Parjointco, Pargesa or GBL shall take any action in connection with the tender offer which would subject any of them to regulation under the US Investment Company Act of 1940, as amended, and the rules and regulations thereunder.

"United States of America" means the United States of America, its territories and possessions (including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands), any state of the United States of America and the District of Columbia.

## United Kingdom

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## Australia, Canada, Japan

The public tender offer described in this presentation is not addressed to shareholders of Pargesa whose place of residence, seat or habitual abode is in Australia, Canada or Japan, and such shareholders may not accept the offer.

## European Economic Area

The public tender offer described in this presentation is only being made within the European Economic Area ("EEA") pursuant to an exemption under Regulation (EU) 2017/1129 (as amended and together with any applicable adopting or amending measures in any relevant member state of the EEA, the "Prospectus Regulation"), from the requirement to publish a prospectus that has been approved by the competent authority in that relevant member state and published in accordance with the Prospectus Regulation or, where appropriate, approved in another relevant member state and notified to the competent authority in that relevant member state, all in accordance with the Prospectus Regulation. Accordingly, in the EEA, the offer and documents or other materials in relation to the offer and the shares in GBL are only addressed to, and are only directed at, (i) qualified investors ("qualified investors") in the relevant member state within the meaning of Article 2(1)(e) of the Prospectus Regulation and any relevant implementing measure in each relevant member state, and (ii) persons who hold, and will tender, the equivalent of at least EUR 100,000 worth of shares in Pargesa (the "Target Shares") in exchange for the receipt of GBL Shares (collectively, "permitted participants"). This presentation and the documents and other materials in relation to the offer may not be acted or relied upon by persons in the EEA who are not permitted participants, and each shareholder of Pargesa seeking to participate in the offer that is resident in the EEA will be deemed to have represented and agreed that it is a qualified investor or that it is tendering the equivalent of EUR 100,000 worth of Target Shares in exchange of GBL Shares.