

## Strategy

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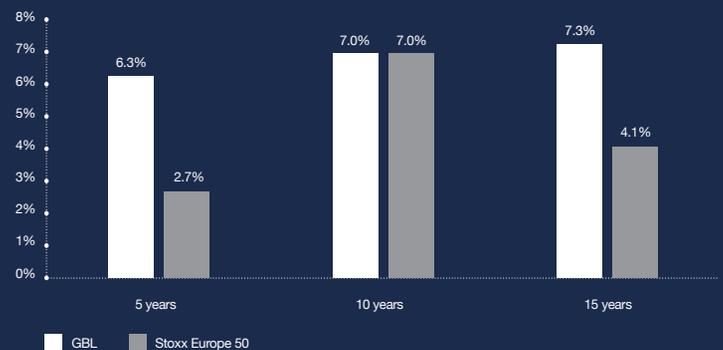
### Our strategic objective

#### Value creation through continuous and sustainable growth of our intrinsic value and dividend distribution

This objective encompasses the need for GBL to maintain an appropriate balance between an attractive dividend yield and a long-term growth of its intrinsic value.

GBL's objective is to continue to deliver a Total Shareholder Return outperforming its reference index over the long term through share price performance and continuous dividend growth throughout the cycle.

**Annualized Total Shareholder Return as of December 31, 2018**  
(with reinvested dividends)

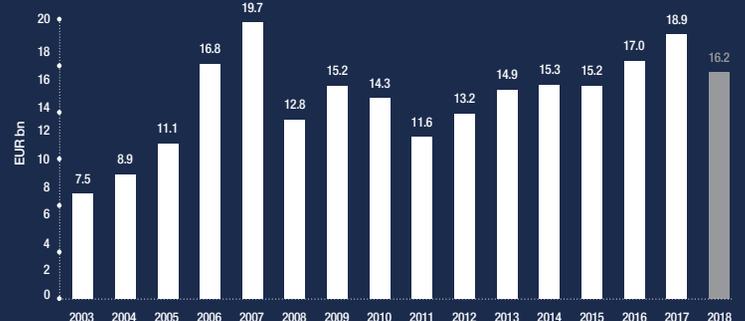


### Delivering continuous and sustainable growth of our intrinsic value over the long term

Over the last 15 years, GBL's net asset value has increased by 5.2% per year which strongly supported the 7.3% total shareholder return over this period.

The growth of the intrinsic value is pursued by GBL through an efficient portfolio rotation and a long-term involvement in the Boards of its portfolio companies as an active and responsible investor.

**Net asset value**



## Deploying capital in high-quality assets, leaders in their sector

	Sector ranking	EPS 2-years growth <sup>(1)</sup>	Dividend yield <sup>(2)</sup>
<b>adidas</b>	# 2	+ 13.2%	1.8%
 Pernod Ricard	# 2	+ 10.4%	1.8%
 SGS	# 1	+ 7.0%	3.5%
 LafargeHolcim	# 1	+ 8.9%	4.9%
 IMERYS	# 1	+ 8.2%	5.1%
 umicore	Top 3	+ 18.0%	2.2%
 TOTAL	Top 5	+ 11.4%	5.6%
<b>GEA</b>	# 1	+ 57.0%	3.8%
 Ontex	Top 3	+ 8.7%	2.3%
 Parques Reunidos	Top 3	n.a.	2.3%
<b>Weighted average</b>			<b>3.2 %</b>

GBL has initiated the rebalancing of its portfolio in 2012 with a view to strengthen its portfolio's growth profile and consequently optimise its potential for long-term value creation.

This transformation has been pursued through a significant portfolio rotation, with disposals and acquisitions totaling EUR 16 billion. It has led to a substantial shift from high-yielding cyclical assets in the energy and utilities sectors into growth assets in the industry, business services and consumer good sectors which:

- are more exposed to long-term growth trends; and
- have rebalanced GBL's asset profile towards increased resilience to an economic backdrop (with half of the portfolio being resilient or counter-cyclical).

GBL seeks to invest into companies with a leading positioning in their sector and robust business models:

- focused on both organic and external growth as an important lever to long-term value creation;
- developed in a sustainable manner by high-quality management teams driven by a strategic vision; and
- supported by a sound financial structure.

(1) Earnings per share CAGR computed from FY18 results (actuals or forecast) to forecasted FY20 results (Source: "EPS Adj.+" of Bloomberg consensus as of March 15, 2019)

(2) Gross dividend yield as of December 31, 2018 (Source: Bloomberg consensus as of March 15, 2019), calculated on a weighted average basis based on the assets' value as of December 31, 2018

## Being an active and responsible professional investor

	Board of Directors	Audit Committee	Nomination and / or Remuneration Committee	Strategic Committee
<b>adidas</b>	1/16	1/4	0/3	n.a.
 Pernod Ricard	2/15	1/3	0/3 1/5	1/6
 SGS	3/9	1/3	1/3	n.a.
 LafargeHolcim	2/10	1/4	1/5	n.a.
 IMERYS	3/14	1/4	2/5 2/6	3/8
 umicore	2/10	1/3	0/3	n.a.
 TOTAL	1/12	1/4	1/5	0/6
<b>GEA</b>	1/12	0/4	0/3	1/6
 Ontex	1/7	1/3	1/4	n.a.
 Parques Reunidos	2/9	0/3	1/4	n.a.

Note: information as of December 31, 2018

GBL is an investment holding company with a long-term investment horizon. It aims at holding significant stakes in order to play an active role within its portfolio companies.

GBL's objective is to contribute to unlocking value through its involvement in the key decision-making governance bodies of its portfolio companies. Acting like owner in its capacity as an active board member, GBL focuses on:

- the strategic roadmap with a particular focus on organic growth and M&A;
- the selection, nomination and remuneration of the key Executive Management; and
- the shareholder remuneration (dividend policy and share buyback programs) and the capital structure adequacy.

In this context, GBL seeks to bring added value by sharing its experience, expertise and network across portfolio companies, in order to fully leverage on value creation. GBL thus positions as an active professional shareholder, without ever being involved in the daily management of its participations.

In accordance with its long-term approach and as a responsible investor, GBL requires ESG practices to be ensured at portfolio companies' level, consistently with best international standards (see the ESG section in pages 54 to 67 for more details).

## Maintaining continued dividend growth over the long term

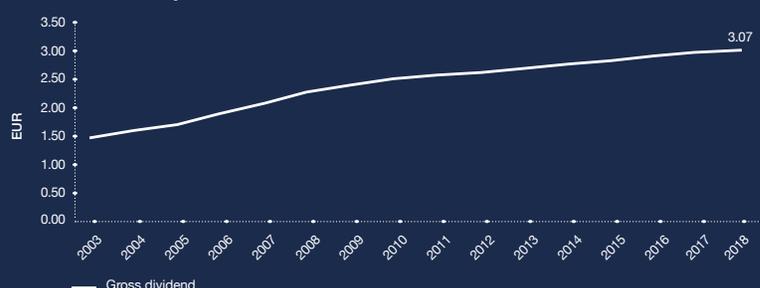
Over the last 15 years, GBL has:

- more than doubled its gross dividend per share, which corresponds to a 4.9% CAGR over this period; and
- returned EUR 5.6 billion to its shareholders.

Based on the proposed dividend for 2018, GBL delivers a dividend yield of 4.0%. Distributable reserves amount to EUR 8.9 billion <sup>(1)</sup> at year-end 2018.

**GBL's dividend policy is to deliver stable or gradually increasing dividends over time, as well as an attractive dividend yield to its shareholders.**

### Dividend per share



(1) Before FY2018 dividend distribution subject to the approval of the General Shareholders' Meeting of April 23, 2019

# Asset rotation strategy and orientations

## Further rotating our portfolio, with a flexible mandate

### Clear investment criteria

GBL conducts significant work and extensive analysis on the way in, focusing as much on the potential upside as on the downside protection.

GBL's investment assessment aims at performing a strict selection of opportunities based on the following grid of qualitative and quantitative investment criteria:

#### Sector

- Exposure to long-term growth drivers
- Resilience to economic downturn
- Favorable competitive industry dynamics
- Barriers to entry
- Build-up opportunities

#### Company

- Market leader with clear business model
- Foreseeable organic growth
- Strong cash flow generation capabilities
- Return on capital employed higher than WACC
- Low financial gearing
- Appropriate positioning vis-à-vis digital disruption

#### Valuation

- Attractive valuation
- Potential for shareholder return

#### Governance

- Potential to become first shareholder, with influence
- Potential for Board representation
- Seasoned management

#### ESG

- ESG strategy, reporting and relevant governance bodies being in place for listed investment opportunities

**GBL's asset rotation is based on a continuous assessment of the long-term return potential of the existing investments in portfolio, in comparison with new investment alternatives.**

### Divestment guidelines

As an investment vehicle deploying permanent capital, GBL is not constrained by an investment horizon. Investments are therefore held for as long as needed to optimise their value.

Continuous assessment of the portfolio assets is conducted in order to monitor risks in a rigorous and constant manner and potentially define a disposal strategy. This assessment focuses on capital preservation and limiting the downside risk by analyzing the following areas:

#### Potential for further value creation

##### Valuation risk

- Multiples above historical average
- Prospective TSR below internal targets

##### Specific company risk

- Business model's disruption risk related to digital or technological evolutions
- Other company risks including competition, geopolitics and ESG

##### Portfolio concentration risk

Objective not to exceed around 15-20% in terms of:

- portfolio's exposure to a single asset
- cash earnings' contribution from a single asset

### Investment universe

GBL carries out investments within the following universe:

- Target companies are headquartered in Europe and may be listed or private;
- Equity investments range primarily between EUR 250 million and EUR 2 billion, potentially in co-investment alongside other leading investment institutions;
- GBL aspires to hold a position of core shareholder in the capital of its portfolio companies and play an active role in the governance, through majority stakes or minority positions with influence;
- GBL intends to reinforce the diversification of its portfolio by pursuing the development of its alternative investments through its subsidiary Sienna Capital.

## Seeking exposure to major long-term growth trends

GBL's investment mandate is broad and flexible, making it possible to build a focused portfolio of companies that are able to take advantage of long-term megatrends and be less vulnerable to upcoming disruptions.



- Health & lifestyle
- Technology & digital
- Demographic shifts (e.g. ageing population)
- Sustainability & resource scarcity
- Shift in global economic power towards developing markets
- Accelerating urbanization