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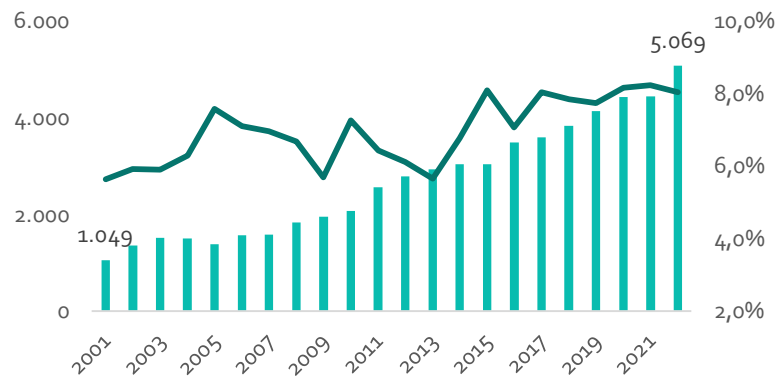
LDC : FR0013204336

A very clean track-record both operationally and financially

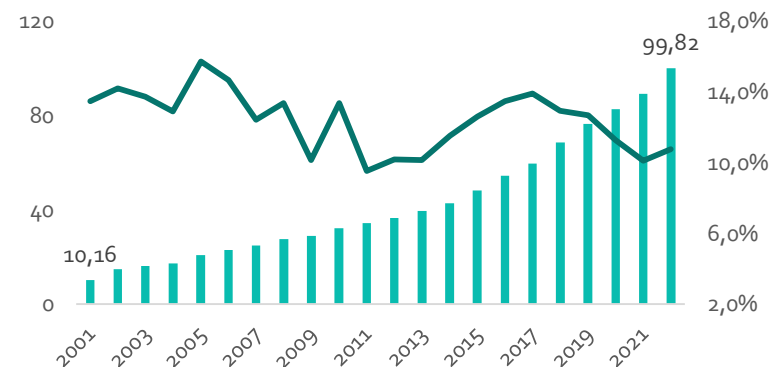
Short history :

1970 creation of LDC, merger of 2 families businesses (Lambert & Dodard Chancereul) active in chicken meat production, 1 slaughterhouse 12Mio in sales, 90 people. From the beginning they had a focus on innovation (pre-cut products) and free range chicken. Numerous acquisitions (Maître Coq, Marie ..) now market leader in FR (> 40% MS) and in some segment in EU (% MS for duck), 5,1bn€ sales and 23.500 people, clearly the dominant player in the industry.

LDC - Sales and EBITDA Margin



LDC - Equity per share and ROE



Source: Company, CIQ, Author

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Why is it currently interesting ?

LDC - Price to book



Source: Company, CIQ, Author

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High Uncertainty ?

Bird flu : short term impact on production volumes

- 19,2mio animals have been killed August 2021-May 2022
- FR poultry production down 10% overall in 2022

Inflation: potential squeeze on margin and volume impact

- Chicken production costs increased more than 35% in 2 years (incl. grains, energy and labour)
- Eggs production costs more than doubled in 1 y

Veganism : Long term threat on volume

- Beef meat consumption per capita in decline since years
- Vegan is trendy (lots of VC funding ...)
- ESG : animal well being and CO₂ emissions

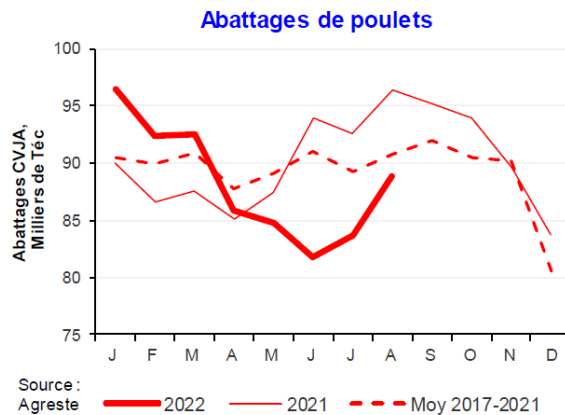
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Bird Flue – have we past the peak ?



LDC Volumes	Q3	Q4	Q1	Q2
FR	2,2%	4,3%	-3,0%	-10,0%
Poland + Hungria	8,6%	6,5%	-1,8%	10,5%
Group level	3,5%	3,5%	-2,7%	-5,8%

Ceva animal health and Boehringer Ingelheim are developing vaccines:

- Test started in may 22
- EU approval possibly in 23

Production Cycle:

- Chicken 8 to 12 weeks
- Turkey 12 to 17 weeks

Quick recovery for chicken, lingering impact for turkey and ducks till 2023 (genetic pool).

Source: Company, CIQ, Author

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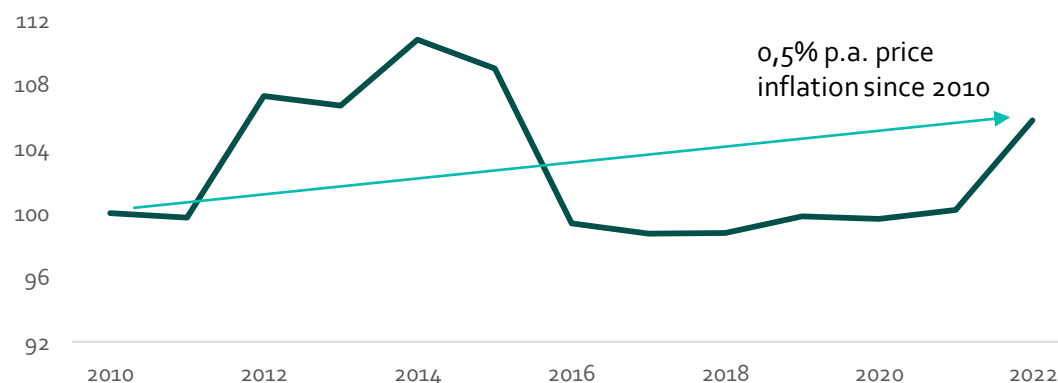
Inflation – almost fully passed through

Matières premières 2020 - 2022	Impacts
Soja	+65%
Maïs	+113%
Blé	+120%
Recette aliment poulet	+98%
Impact vif	+52%
Impact sur nos prix de revient	31%

Hausses obtenues	Impacts
Hausses obtenues S1 21	9%
Hausses obtenues S2 21	6%
Hausses obtenues T1 22	10%
Hausses totales déjà obtenues	25%

LDC Price YoY	5/21	8/21	11/21	02/22	05/22	08/22
FR	+5,3%	+6,1%	+7,6%	+7,2%	+12,4%	+24,4%
PL+HU	+7,6%	+16,9%	+24,8%	+26,1%	+31,2%	+37,0%
Groupe level	+4,6%	+5,9%	+8,7%	+9,1%	+13,5%	+22,8%

LDC - Price Index FR Chicken



Source: Company, CIQ, Author

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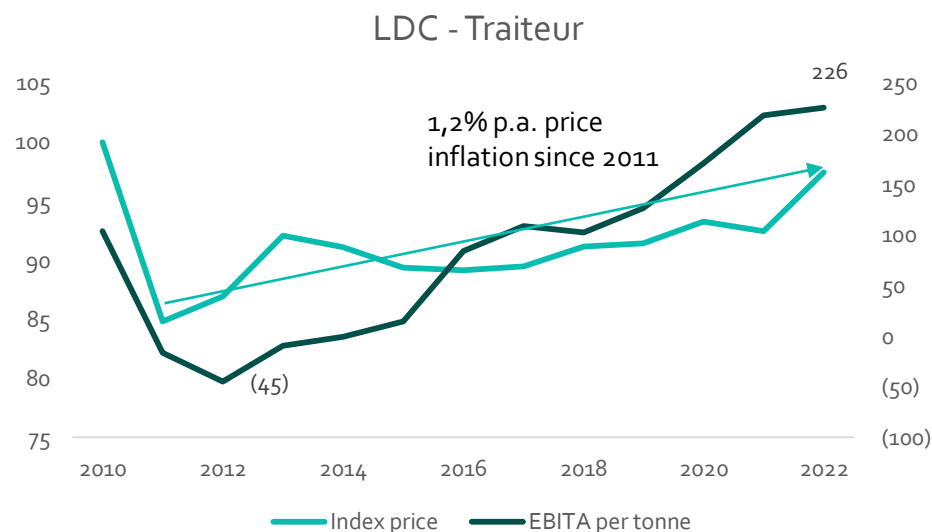
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Inflation – The ready-meal division is suffering though

Charges 2020 - 2022	Valeur	Impacts
Impact Mat. premières		+29%
Impact Px de Revient MP		13%
Emballage	+20M€	+33%
Energie	+10M€	+62%
Transport	+7M€	+12%
MO	+10M€	+7%
Impact Px de revient	+47M€	7%
TOTAL besoin TRAITEUR		20%

LDC EBITA Split	2021-22
Poultry FR	67%
Poultry RoW	14%
Traiteur	18%

LDC Price YoY	5/21	8/21	11/21	02/22	05/22	08/22
Traiteur	+6,5%	+1,9%	+3,2%	+3,5%	+7,0%	+11,7%



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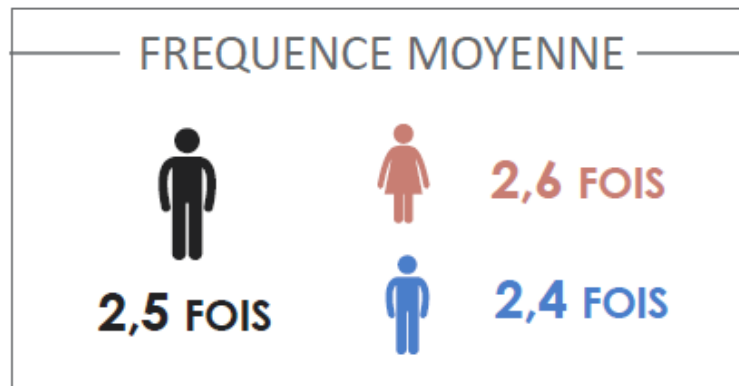


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Veganism – a slow moving trend balanced by changes in meat consumption mix

Ipsos study 01/2019

- 4% of population is vegan and an additional 3% would image becoming vegan over the next 5 years
- There is a clear trend towards premium products (core of LDC)
- Younger generation eat more chicken than older ones



> MOINS DE 35 ANS : 2,7 FOIS

> 35-59 ANS : 2,6 FOIS

> 60 ANS ET PLUS : 2,1 FOIS

Source: Company, CIQ, Author, IPSOS

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ESG – Lower CO₂ emission and animal well being

Source	Enteric Fermentation Only									Total Estimated Emissions MtCO _{2e} yr ⁻¹					
	Number (Millions)			Emission Factor EF_s			CH ₄ Emissions Mtyr ⁻¹			CO ₂ Emissions MtCO _{2e} yr ⁻¹			Global	UK	US
	Global	UK	US	Global	UK	US	Global	UK	US	Global	UK	US			
	[18]	[40,51]	[41,47,48,52]	[15]	[8,18]	[8,18]									
Cattle	1511			57			86			2412			5481		
Beef		7.2	94.4		52	64		0.4	6.0		10	169		24	384
Dairy		1.9	9.4		126	138		0.2	1.3		7	36		15	83
Pigs	850	5.1	79.1	5.5	7	12	1	0.0	0.1	131	1	3	298	2	60
Sheep	2333	33.1	5	7	7	7	16	0.2	0.0	457	6	1	1039	15	2
Chickens	27,833	187	8500	0.26	0.26	0.26	7	0.0	2.2	203	1	62	461	3	141
Total							111	0.9	9.7	3107	26	272	7278	59	670

Animal well-being

- No scandal in LDC slaughter house (they are highly mechanised)
- 1 scandal in Nov 2021 with a producer of chicken which works for LDC (NGO L214)
- The group follows this very carefully but has to find a balance between prices customer want to pay and the production costs. 20% of production is free-range and it is the sector where the family come from.

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But low risk?

Chicken consumption is not in terminal decline

- Consumption per capital increased over the last 10 years
- Chicken is cheaper than other meat
- Value increased faster than volume due to "innovation"

LDC has a strong DNA and is run by managers with skin in the game

- Dominant player
- Clean historical track record
- Marie turnaround
- Shareholder structure

Source: Company, CIQ, Author

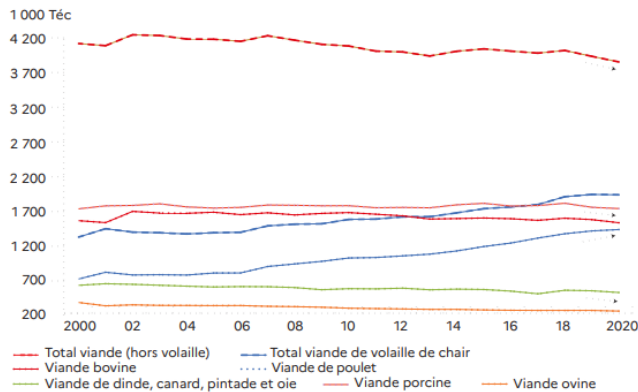
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Chicken consumption is still growing

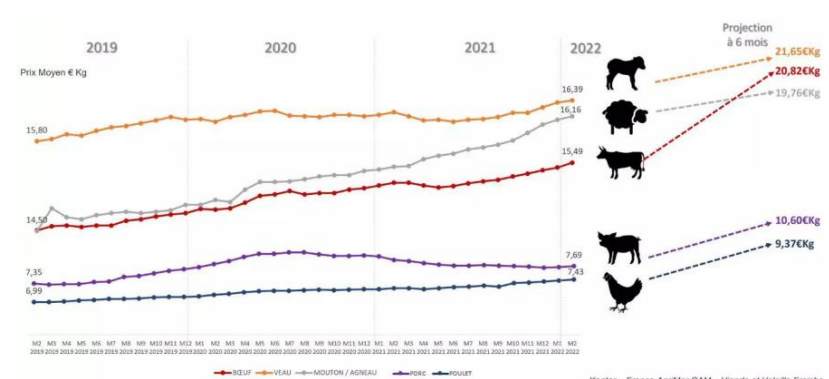
Graphique 8
Depuis vingt ans, la consommation de viande de poulet gagne du terrain sur celle des autres viandes



Sources : Agreste, DGDDI

FR poultry consumption per capita grew 2,2% p.a. since 2007 (chicken faster while Turkey declined) to 28,1 kgec/hab which is above the European average of 24kgec/hab.

Future growth is expected to be slightly below 1% p.a in kgec/hab.



Kantar - France AgriMer CAM - Viande et Volaille Fraiche

Chicken still the cheapest meat !

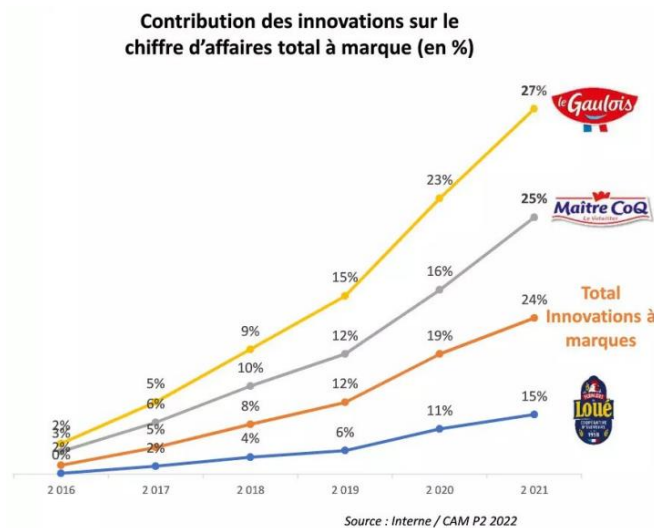
Source: Company, CIQ, Author, Agreste

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Market value growth is driven by “innovation”



ÉLABORÉS CRUS	ÉLABORÉS CUITS	SURGELÉS
<p>Découpes crues et marinées +44%</p> <p>Les Milanaises +2%</p> <p>Partenaire solidaire de Nos Régions</p>	<p>Aides culinaires Charcuterie LS +13,8%</p> <p>Snacking +2,6%</p> <p>Panés Maxis +4,4%</p>	<p>Emincés +87%</p> <p>Panés Sachets +14,6%</p> <p>Haché de Poulet</p>

Source : Kantar IRI | Circuits Généralistes / Evolution volumes - Moyenne annuelle 12 mois à fin février 2022

Source: Company, CIQ, Author,

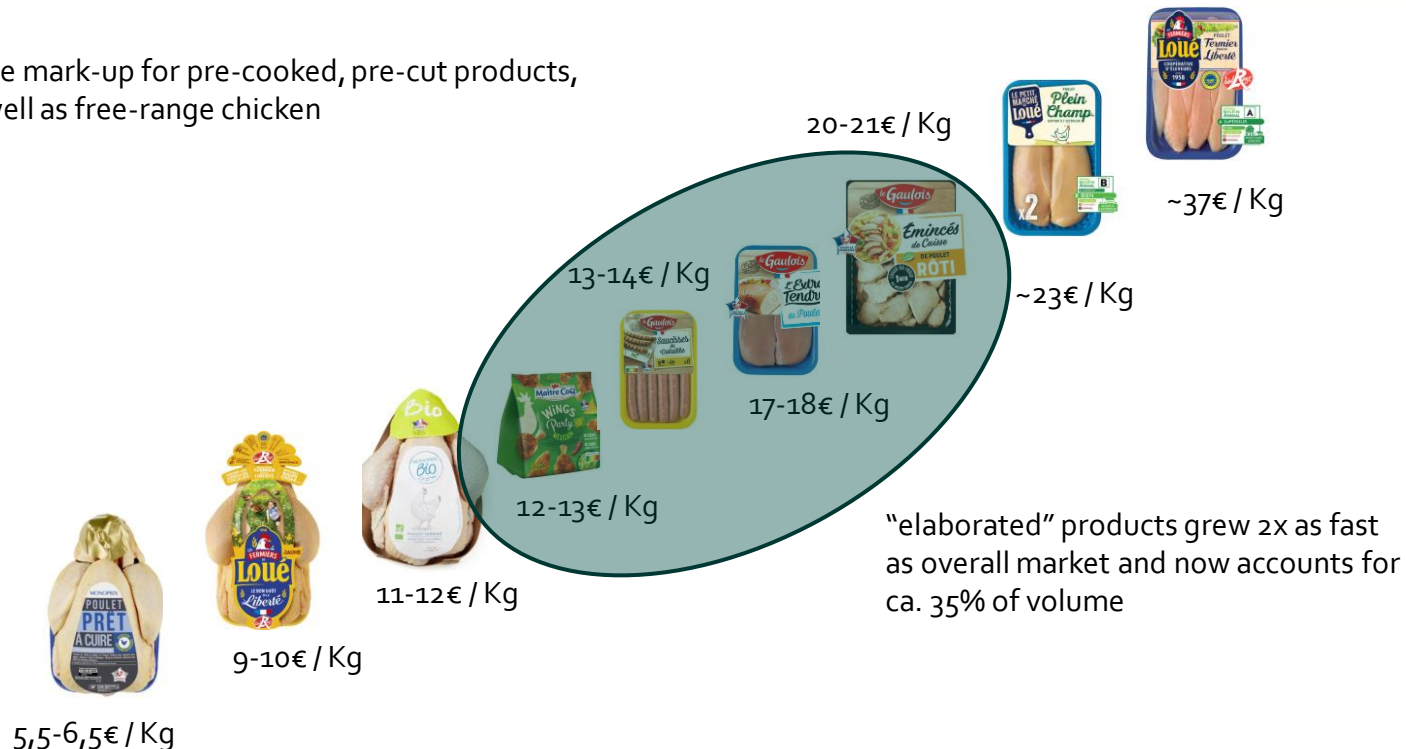
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Market value growth is driven by “innovation”

Huge mark-up for pre-cooked, pre-cut products, as well as free-range chicken



Source: Company, CIQ, Author, Monoprix drive

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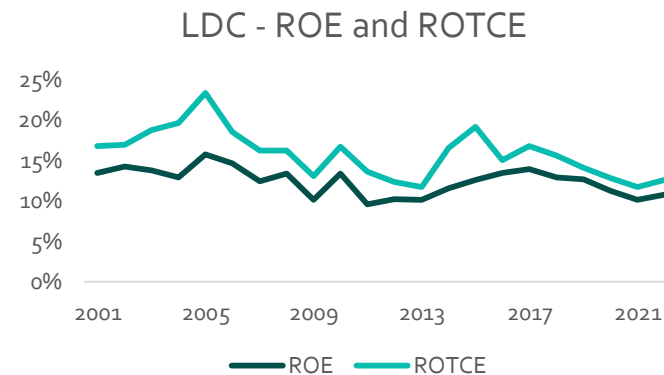
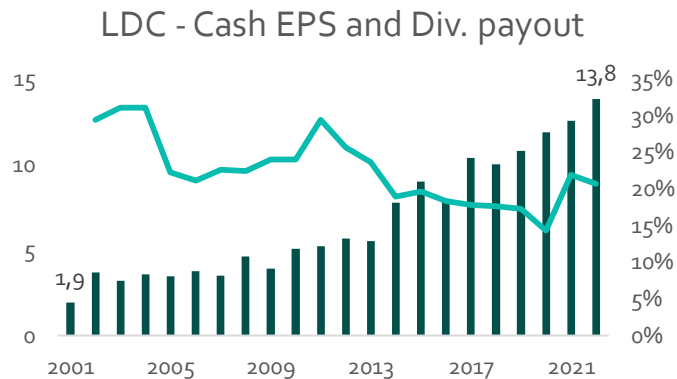
LDC a dominant player with a very clean financial track record

Strong market share and strong brands

- FR market shares 60% in production and 40% in consumption. 99% of production from local chicken and 20% from free-range.
- 50% of sales from branded products, 30% MDD and 20% bulk
- Leading brand in the sector (90% brand awareness)



Clean financial track record



Source: Company, CIQ, Author

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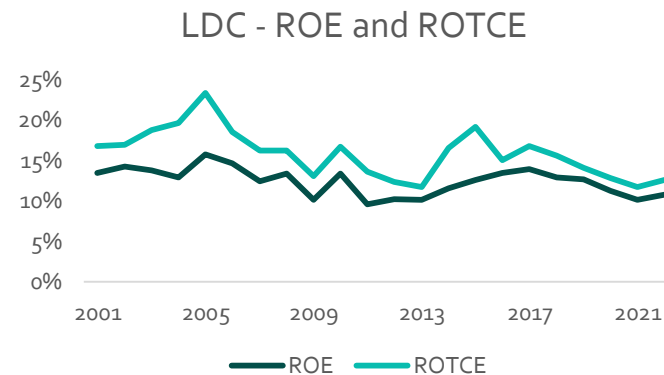
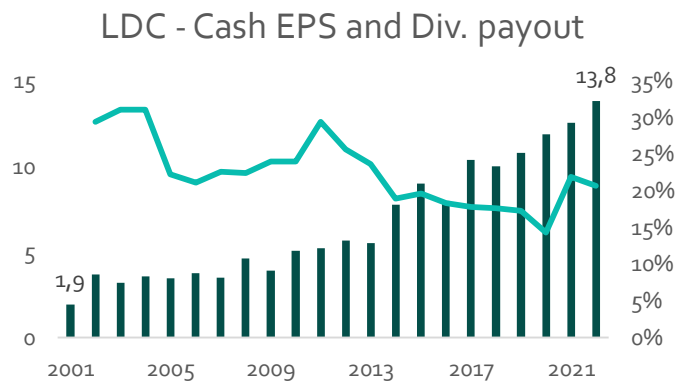
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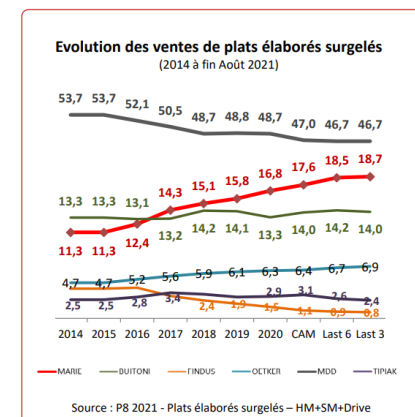
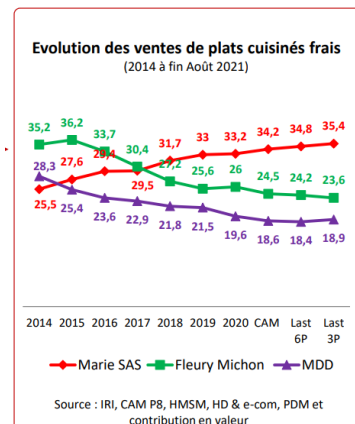
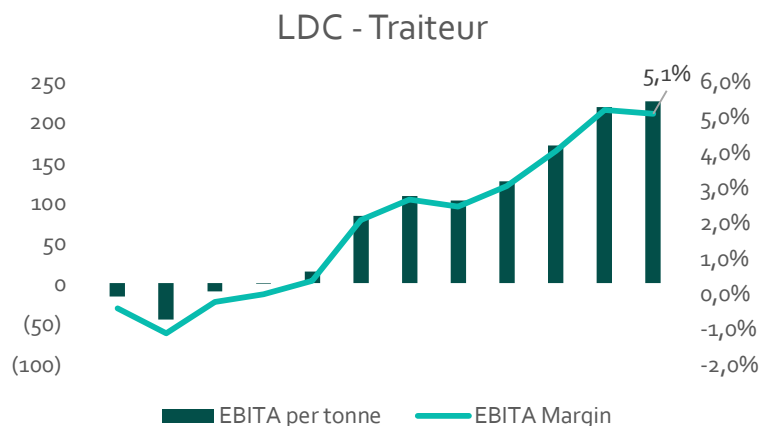
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LDC : FR0013204336

LDC acquired Marie in 2009

- Marie is a fresh and frozen ready meal brand in France
- Marie belonged to Uniq plc, it had 270m€ in sales but had been loss making for years but the brand was strong (96% awareness) despite a large share of MDD (85%)
- LDC paid 73m€ in EV
- It took many years of investment but it became one of the group most profitable business



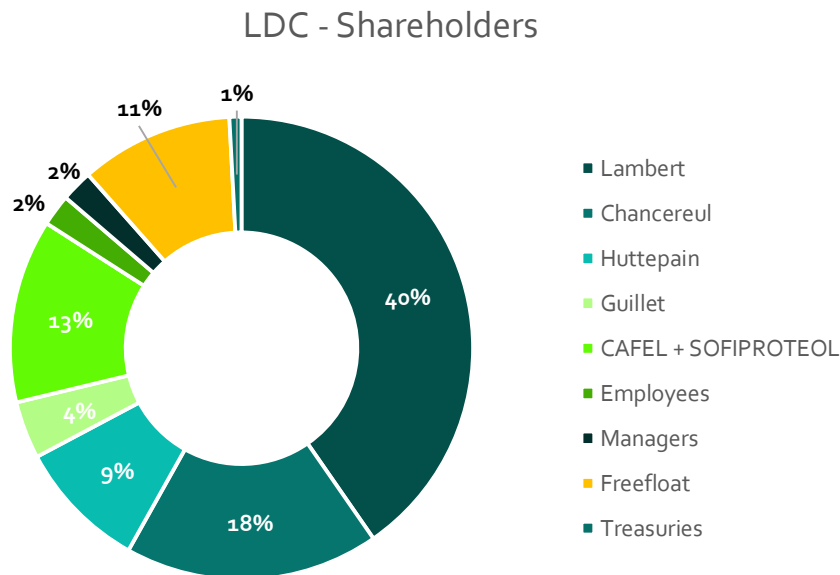
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LDC : FR0013204336

LDC shareholder structure



The key managers of the group acquired shares last year (400k shares @ 80€ in a reserved capital increase). They own it through a special vehicle with some leverage

Chairman Denis Lambert acquired 2mio worth of shares this summer. (it is less than what he received as div.)

Source: Company, CIQ, Author

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LDC : FR0013204336

What level of IRR can we expect ?

LDC has issued a 2026-27 "ambition":

- 7bn in sales (vs 5,8-5,9bn in 22-23)
- 8% EBITDA Margin (560mio€ vs 440m€ in 22-23)
- EBIT should increase faster than EBITDA as investments should stabilise maybe around 230mio p.a.

If achieved it will translate into 7% topline growth p.a. and 9% EPS growth p.a.

Depending on the exit PvB in 5 years (between 1x and 2x) IRR could reach >20% p.a. including dividend

Source: Company, CIQ, Author

Contact

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