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EUROPEAN CHAMPIONS

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This summer Europe will play host to the Paris Olympics, Uefa's European football championship and the phenomenon that has become Taylor Swift's New Eras tour. These events will bring tourists from around the world and offer compelling marketing opportunities from sporting stadium to concert stage. Europe's global champions across luxury goods, consumer products and travel sectors aren't always recognised, or celebrated, but they too will be on show this summer, and in sporting terms, many of these companies are well placed for podium positions.



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As seems customary ahead of any Olympic games, reports from France in advance of its games in July are of disgruntled Parisians concerned about traffic and congestion alongside the all-too-familiar reports of venues that are not quite ready. Whether the River Seine will be clean enough for the open water swimming events has also become the centre of much speculation.

Amidst that chatter, it is easy to forget that it is no mean feat that Paris is nearly ready to stage its games having largely adopted a strategy of using either existing or temporary infrastructure. Whether the Seine meets stringent water safety standards remains to be seen, but that swimming in the river is even a possibility does seem worthy of credit, following an estimated €1.4 billion investment in a project of unprecedented scale and with a number of engineering firsts. It is perhaps characteristically European to be reluctant to celebrate success but here it does seem warranted.

Similarly, investors often, erroneously in our view, express dismay that Europe is absent leading companies in key areas of global growth. Celebrating national champions with international scale and success might feel like something consigned to the history books, but over the course of the Olympics and other summer events, numerous European brands, with global appeal and market positions, will not only be showcased but also look poised to benefit.

PREMIUM SPONSORSHIP

European nations are unlikely to top the medal table in Paris but the region can make claim to have many of the world's greatest brands, and those will be very much on show. In July last year, LVMH announced its role as a premium sponsor of the Olympics and Paralympics. Whilst there may be some truth in the view that this was a form of 'national service' in plugging a funding gap, that does not mean this partnership is without strategic merit.

“LVMH will have control of almost all the advertising space in Paris over the course of July”

Eleven million spectators are expected to arrive in Paris, with an estimated 1.7 million coming from outside the country. The global television audience is forecast to be around four billion and it has been reported that LVMH will have control of almost all the advertising space in Paris over the course of July. Through its past acquisitions, growth and development, we know that LVMH is a master at brand development, not only growing its brands but at the same time protecting their prestige. It is also a company where long-term strategy is central and it has extensive plans across many of its individual brands this summer that will then be folded into longer-term brand building; jewellery house, Chaumet, founded in 1780, is responsible for all medals that will be awarded, Moët Hennessey will supply drinks at all the hospitality venues, Sephora is partnering with the Olympic torch relay and Berluti has designed the formal uniform for the French team.

Adidas is not an official games sponsor but it too is, unsurprisingly, well-positioned to maximise the marketing potential of the Paris Olympics. In April, the company unveiled new shoes covering 41 Olympic disciplines. When CEO Bjørn Gulden joined the company last year, part of his stated turnaround plan was to return to Adidas's sporting roots and so this Olympic range was very much in line with that strategy to expand the number of sports represented and, in doing so, tap into some of the fastest growing sports around the world.

THE EXPERIENCE ECONOMY

Much has been written about shifting consumer spending patterns and the appetite for experiences, with increased sums being put aside for

experiential spending. Events like the Olympics aren't only an opportunity for consumer product brands. It is estimated that sports tourism now accounts for around 10% of the world's expenditure on tourism with future projections making it one of the fastest growing areas of this market.

“Amadeus IT is central to the functioning of the global travel and tourism industry”

It might not be a household name but Amadeus IT is, in our view, very well placed to benefit from this growth. The company is central to the functioning of the global travel and tourism industry. Within its Air IT Solutions division, the company's Passenger Service Systems enable airlines to outsource and automate key processes including reservations, inventory management and departure control. That division saw a 22% increase in revenues in the company's full year 2023 results issued back in February. In Air Distribution, Amadeus has an equally strong position as one of the world's leading global distribution system (GDS) providers. The company aggregates airline inventory, thereby widening distribution for individual airlines, and then makes that information available to travel buyers – predominantly offline and online travel agencies – in a real-time, comprehensive, secure, reliable, and unbiased manner. The company's 2023 results saw Air Distribution revenues increase 24% with booking volume growth of 14% and the average revenue per booking up 9%.

Music tourism is another area of expected growth. Estimates of the size of the global music tourism market today vary yet there seems little doubt around growth projections and the appetite of these tourists to spend. In early May, the Taylor Swift phenomenon comes to Europe with



her Eras Tour kicking off in Paris. That tour and others, alongside renowned festivals, bring committed fans not only prepared to travel but willing to spend. Pursuit of these superfans is something we discussed with Universal Music Group - whose labels represent Taylor Swift and six of the top ten global artists on Spotify in 2023 – during a meeting in March. This audience is a strategic priority for the company with plans to monetise this superfan demand through tailored streaming services with early access to album releases, unique behind-the-scenes content as well as limited access to vinyl releases, merchandise and other collectibles.

“Over 300 million tickets marketed annually”

CTS Eventim is also well positioned to benefit from the growth in demand

for spectacular concerts and headline acts. Reflecting the company’s number one market position in ticketing and live entertainment in Europe, and second place globally, with over 300 million tickets marketed annually using the company’s systems, the company reported a 32% increase in EBITDA in its full year results announced in March. Those results saw ticketing revenue up 32% and live entertainment revenue increase 19% over the year. Thanking the creativity of artists and the promoters who stage events and create unforgettable experiences, in commentary around these results, management also pointed to continued investment in its venues including Waldbühne in Berlin, Cologne’s LANXESS, the Apollo in London and the under-construction ARENA in Milan as best-in-class destinations for artists, promoters and fans. In April, the company also announced its

intent to acquire Vivendi’s international ticketing business, See Tickets and its festival activities. See Tickets is the number two provider in the UK and also has a good presence in the US, both large markets to which CTS is currently underexposed.

SUMMER 2024

In his letter accompanying Adidas’s full year results in March, CEO Bjørn Gulden wrote, “2024 will also be a great year to showcase our brand with the Olympics, Paralympics, EURO 24, Copa and all the other sports events. I really look forward to celebrating live sport with a lot of fans. I think a lot of people all over the world look forward to sport parties ... this will also support our business”.

A summer of sport, music and parties should also be good news for Diageo and Nestlé amongst others. Bring on the summer and Europe’s leading brands!

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