

Bonus issues

REWARD YOUR LONG-TERM INVESTORS AND SEND A POSITIVE SIGNAL TO THE MARKET

Bonus Issues offer free additional shares to existing shareholders (or to dedicated persons such as management or employees) according to a decided proportion of their holdings. It can be done as an alternative to increasing the dividend payout, in order to fulfill shareholder's desire for a regular income. Bonus shares give a positive sign to the market and enhance the confidence of investors in the companies' projects.

Increase the participation of smaller investors and enhance the liquidity of your stock

- When the bonus shares are issued, it leads to an increase in the number of outstanding shares which impacts the liquidity favourably
- In addition, increasing the number of outstanding shares decreases the stock price without affecting market value, making the stock more affordable for retail investors, and thus attracting new entrants to the share capital

Build loyalty and reward your shareholders

- Receiving additional shares increases the dividend per share received, meeting the need of the shareholders for a regular income. Besides, a bonus issue can also be made in addition to an increased cash dividend, amplifying the bonus issue effect
- The long-term investor can be rewarded by additional shares, receiving more dividends in the subsequent years, as the payout policy usually remains constant;
- A favorable tax regime is in general applied

Give a positive sign to the market about your long-term strategy

- A bonus issue can only be declared when the company has been making profits over the years, therefore being able to swap retained earnings for equity capital. Such a demonstration of strength is often welcomed by investors as their confidence in the firm's business operations grows

Average stock performance of companies on Euronext that have been attributing free shares



+24% in 5 years

(vs. **+18%** for the Stoxx Europe 600)

404 bonus issues

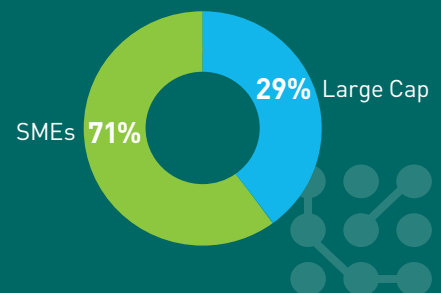
from 155 issuers

since 2016

have been issued and more than

€21bn

distributed on Euronext by a varied number of issuers and heavily used by Tech companies.



BONUS ISSUE VS STOCK SPLIT: The differences

A stock split consists in dividing shares into multiple ones to adjust the stock price, whereas a bonus issue consists in offering free shares to the existing shareholders.

IN ACCOUNTING TERMS: In a stock split, there is no change in the company's cash reserve whereas in a bonus issue, the company pays the shares issued using its cash reserves. The face value of the stock in a stock split is adjusted according to the split ratio, but in a bonus issue, the face value of the share remains unchanged.

ADMINISTRATIVELY: In general, a stock split is administratively a lesser burden than a stock split project.

CASE STUDIES



Rewarding loyalty

Listed on Euronext Paris

Air Liquide, a world leader in gases, technologies and services for Industry and Health, distributes free shares to existing shareholders every two years on average. These deals aim to reward shareholders by giving them 1 share for every 10 shares owned (the 1 for 10 ratio is usually used but it can vary). Indeed, historically, the company has maintained at least the same face value for its dividend per share, so the dividend income has increased by a minimum of 10% for investors the year following the free share attribution (in the case of attributions of one free share for every 10 held). In addition, the company offers a 10% loyalty bonus for registered shareholders who own their shares for more than two years.¹

30th free share attribution in Oct. 2019,

1 distribution every 2 years, on average.

At the end of 2019, **+8.7%** CAGR of dividend* growth over 30 years.

*in € / share

interparfums •

Listed on Euronext Paris

In addition to the growing dividends it distributes every year, Interparfums, the firm specialised in prestige fragrances, has distributed bonus shares for the last consecutive 20 years. It has brought substantial confidence to the company investors, and the stock has increased by 169% throughout the last five years.²

2014		0.44
2015		0.50
2016		0.55
2017		0.67
2018		0.91

Dividend payout per share (€)

For the **20th** consecutive year:
€521M distributed since 2016.

CONTACTS

Your dedicated Listing contact

Euronext's dedicated listing specialists are happy to answer any questions your company may have regarding your day-to-day life as a listed company on Euronext markets and your financing projects.

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Sources: [1] On 31 December 2018. Source: Annual Report 2018; [2] Source: Annual reports 2017-2018; [3] Average over the 2013-2019 period. Source: Annual reports 2014-2018; [4] Source: Annual Reports 2012-2017

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