

Avolta reports strong H1 turnover growth, uninterrupted positive momentum into H2



Avolta has reported strong H1 turnover growth of +11% with uninterrupted positive momentum into H2.

Supported by a strong global business model, Avolta noted, for the sixth consecutive quarter a strong performance across all KPIs. In H1, the company delivered an impressive CORE turnover growth of +11.0%, organic growth of +7.1%, with EBITDA margin increasing by +40bps year-on-year to 9.0% and an EFCF of CHF 213.5 million. The strong H1 performance reinforces Avolta's confidence for H2 and beyond as it delivers on its Destination 2027 strategy.

H1 2024 highlights include:

- Avolta's CORE turnover at CHF 6,342.6 million, increased +11.0% year-on-year (YoY).
- CORE organic growth rose +7.1% while reported turnover increased to CHF 6,462.7 million over the period.
- CORE EBITDA increased to CHF 568.3 million, with a CORE EBITDA margin of 9.0%, +40bps YoY.
- EFCF grew by +29.3% YoY to CHF 213.5 million, reflecting tight cost control.
- Leverage continues to materially decrease to 2.35x from 2.62x a year ago.
- Looking ahead, Avolta is confident in the continued delivery and strong execution of its Destination 2027 strategy and the outlook as provided previously.

CORE Turnover Growth	HY 2024 vs HY 2023	Q2 2024 vs Q2 2023	Q1 2024 vs Q1 2023
Like for Like	7.2%	6.1%	8.9%
New concessions, net	-0.1%	-0.1%	-0.3%
Organic Growth	7.1%	6.0%	8.6%
Change in Scope	5.7%	0.0%	13.8%
Growth (CER)	12.8%	6.0%	22.4%
FX Impact	-1.8%	0.0%	-4.4%
Growth (AER)	11.0%	6.0%	18.0%

Avolta CORE turnover growth

Xavier Rossinyol, CEO of Avolta, stated, “Today, in our sixth consecutive quarterly reporting as one group, we continue to deliver against our plan thanks to the strength of our proven, global business model, delivering strong financial performance across all key KPIs.

“Avolta’s half year tells the story of continued successful delivery of our Destination 2027 strategy. Across the board, our key performance indicators show a very positive development – from our reported CORE turnover growth of +11.0%, and organic growth rate of +7.1%, through to our CORE EBITDA margin of 9.0% and EFCF of CHF 213.5 million, +29.3% YoY, despite a more challenging base of comparison. Our focus on consistent cash-generative growth remains resolute. Market conditions continue to be favorable, and we see our strong performance continuing into H2 2024, reinforcing our confidence and positive outlook for 2024 and beyond.

“With strong business development across all regions delivering on our goal of consistent strong financial performance, we keep the traveler and their travel experience across our product and service offering at the centre of our attention.”

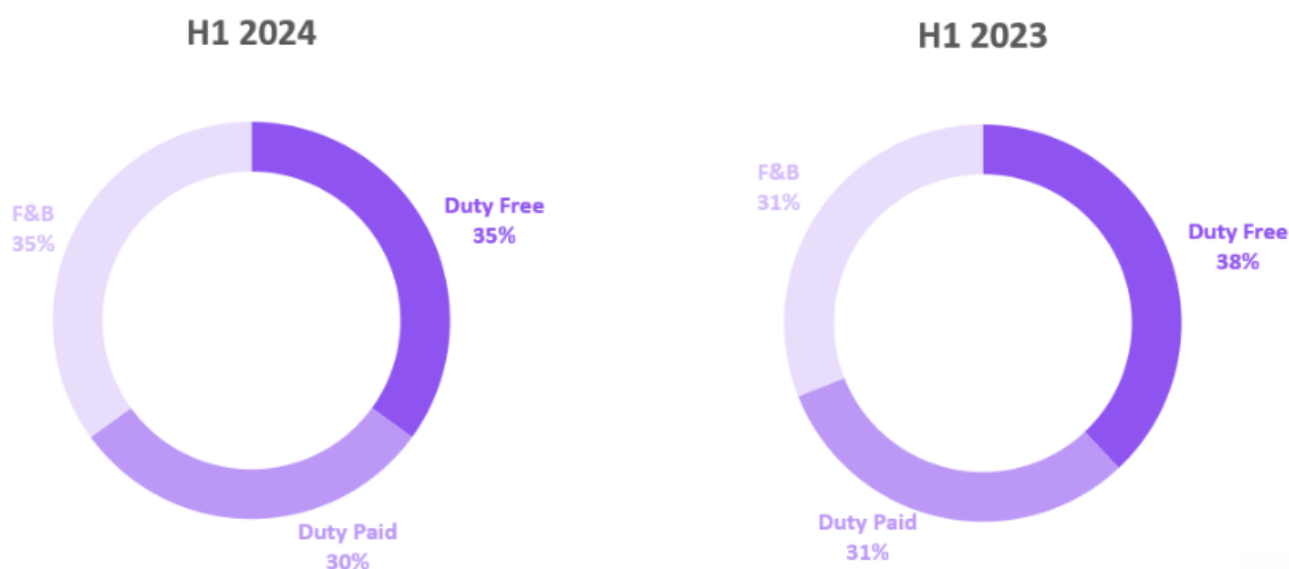
Rossinyol highlighted Avolta’s launch of an innovative pilot program in Milan with Utu where travelers can convert VAT refunds into vouchers redeemable exclusively in our duty-free shops. “With a global rollout, this VAT program presents the opportunity to unlock over a billion in estimated unclaimed VAT refunds and open up a new, substantial revenue and income stream for Avolta,” he said.

According to Rossinyol, “Avolta stands out with its diversified global platform, boasting more than 5,100 points of sale across 73 countries”. “Powered by our people, our half yearly results make 76,000 of us proud today, and I thank all our team members for their contributions around the world. Thank you for making the journeys of our travelers as rewarding as their destinations,” he added.

“With a global commitment to delivering best-in-class execution and performance, our teams continue to drive our operational improvement culture, integrating leading global systems and being recognized for both by the ACI North America Excellence in Airport Concession Awards as well as by the Moodie Davitt F&B Airport Awards. Avolta’s ESG house has established an important foundation,

honoring Eugenio Andrades, a leader in the travel industry, with the intention of supporting children with neurological disabilities. We have also partnered with DB Schenker to pioneer low-emission marine biofuel between Europe and the USA.

“We are delighted that our strong momentum continues into H2. We are confident of the way forward and in our ability to deliver strong results. While 2024 holds great promise, with long-term global air passenger traffic trends expected to grow 2.5x by 2050, the best is yet to come. Journey On!”



Year-on-year comparison of Avolta sales by channel

Recent Developments and Outlook

Avolta has continued to see strong demand into summer, especially across all key holiday destinations. Avolta continues to believe that these positive trends will persist throughout the remainder of 2024, underpinning expectations that 2024 organic growth and CORE EBITDA margin will come in at the top-end of mid-term trends.

In the medium-term, the company reiterates its previously stated goal for CORE turnover to grow at a constant exchange rate of 5%-7% annually on average, bolstered by its global diversification. Avolta remains dedicated to achieving an annual improvement of +20-40bps in CORE EBITDA margin as it enhances operational efficiency and aims to increase EFCF conversion by +100 to +150bps p.a., all the while reiterating its expectation of c. 4% CAPEX on CORE turnover annually.

At current rates, Avolta continues to expect 2024 currency translation on CORE turnover to be at the lower end of the -2% to -3% range, as previously communicated.

H1 2024 Financial Summary Core Turnover +11.0% actual exchange rate (AER)

H1 2024 reported turnover increased to CHF 6,462.7 million, +11.0% YoY, with CORE turnover also +11.0% at CHF 6,342.6 million. CORE organic growth totaled +7.1% and +6.0% in half year and second quarter respectively and bearing in mind the shift in the timing of Easter. The continued strong growth is underpinned by broad based customer demand. In H1 2024, new concessions (net)₃

contributed -0.1% as Avolta continues to grow and actively optimize its concession portfolio, while currency translation, mainly related to depreciation of USD, EUR and GBP against the Swiss Franc, was a -1.8% headwind. This headwind eased sequentially with Q2 flat vs. -4.4% in Q1.

STRONG H1 2024 PROFIT AND CASH GENERATION KPIs

IN CHF MILLION	Adjustments				CORE 6M 2024	CORE 6M 2023
	IFRS 6M 2024	Acquisition related	Leases	Fuel sales		
Net sales (IFRS) / (CORE)	6,354.6			-120.1	6,234.5	5,623.2
Advertising income	108.1				108.1	92.0
Turnover (IFRS) / (CORE)	6,462.7			-120.1	6,342.6	5,715.2
Cost of sales	-2,296.6			111.5	-2,185.1	-2,035.8
Gross profit (IFRS) / (CORE)	4,166.1			-8.6	4,157.5	3,679.4
<i>% Margin</i>	<i>64.5%</i>				<i>65.5%</i>	<i>64.4%</i>
Leases expenses (IFRS) / Concession expenses (CORE)	-903.8		-683.7		-1,587.5	-1,435.5
<i>% Turnover</i>	<i>-14.0%</i>				<i>-25.0%</i>	<i>-25.1%</i>
Personnel expenses	-1,359.3				-1,359.3	-1,167.9
<i>% Turnover</i>	<i>-21.0%</i>				<i>-21.4%</i>	<i>-20.4%</i>
Other expenses, net (IFRS) / Other expenses, net (CORE)	-622.5		-28.5	8.6	-642.4	-584.2
<i>% Turnover</i>	<i>-9.60%</i>				<i>-10.1%</i>	<i>-10.2%</i>
Operating profit bef D&A / CORE EBITDA	1,280.5		-712.2		568.3	491.8
<i>% Margin</i>	<i>19.8%</i>				<i>9.0%</i>	<i>8.6%</i>
Depreciation, amortization and impairment (CORE)	-146.6				-146.6	-129.9
Amortization & impairment of intangibles (IFRS) / (CORE)	-136.7	117.1			-19.6	-18.0
Depreciation & impairment right-of-use assets (IFRS)	-588.4		588.4		-	-
Operating profit / CORE EBIT	408.8	117.1	-123.8		402.1	343.9
<i>% Margin</i>	<i>6.3%</i>				<i>6.3%</i>	<i>6.0%</i>
Financial result	-286.8		206.4		-80.4	-82.9
Profit before Taxes/CORE Profit before Taxes	122.0	117.1	82.6		321.7	261.0
<i>% Margin</i>	<i>1.9%</i>				<i>5.1%</i>	<i>4.6%</i>
Income tax	-43.0	-23.3	-2.2		-68.5	-66.5
<i>% Profit before Taxes/CORE Profit before Taxes</i>	<i>-35.2%</i>				<i>-21.3%</i>	<i>-25.5%</i>
Net Profit/CORE Net Profit						

Avolta continues to benefit from a diversified global business mix. In total, duty-free accounted for 35.1% of net sales, duty-paid 30.3% and F&B 34.5%. By channel, airports continue to represent the lion's share of net sales at 82.0%, with motorways at 9.9%, while Avolta's other businesses (railways, ferries, cruise ships, ports, etc) represented 8.1% of net sales.