

Lagardère Group reports sharp revenue growth in first-half 2022



Dag Rasmussen, Chairman and Chief Executive Officer of Lagardère Travel Retail

Today Lagardère Group has published its financial results for the first half of this year, reporting sharp revenue growth and high level of recurring EBIT (Earnings Before Interest and Taxes).

Group revenue totalled €3,027 million (US\$3,046 million), up 38.6% on a like-for-like basis.

Group recurring EBIT in the first half of the year totalled €107 million (US\$108 million), up sharply by €104 million (US\$105 million) compared to recurring EBIT of €3 million (US\$3 million) in first-half 2021.

Lagardère Publishing recorded recurring EBIT of €81 million (US\$82 million) (€110 million [US\$111 million] in first-half 2021), and Lagardère Travel Retail reported recurring EBIT of €26 million (US\$26 million) (versus a negative €96 million [US\$97 million] in first-half 2021).

The Group reported profit before finance costs and tax of €32 million (US\$32 million) in first-half 2022 (loss before finance costs and tax of €91 million (US\$92 million) in first-half 2021), including non-recurring/non-operating items representing a net expense of €70 million (US\$70 million).

Lagardère reported adjusted profit – Group share of €25 million (US\$25 million), versus an adjusted loss – Group share of €86 million (US\$87 million) in first-half 2021.

For the six months to June 30 2022, the Group's free cash flow excluding changes in working capital improved sharply, amounting to an inflow of €54 million (US\$54 million) compared to an outflow of €12 million (US\$12 million) for the six months to end-June 2021.

Changes in working capital amounted to an outflow of €170 million (US\$172 million) for the six months to end-June 2022, with a strong seasonal effect for Lagardère Publishing, versus an inflow of €88 million (US\$89 million) in the first half of 2021.

Net debt stood at €1,961 million (US\$1,985 million) at June 30 2022, compared to €1,535 million (US\$1,554 million) at December 31 2021, and the 3.69x leverage ratio remains close to the 3.64x recorded at end-December 2021.

In a July 26 release from the company, Dag Rasmussen, Chairman and Chief Executive Officer of Lagardère Travel Retail, said, "Testament to the dynamic recovery of air travel and to the continued mobilization of our teams to create efficiency gains everywhere, we are thrilled to announce an exceptional consolidated revenue of €1,688 million (US\$1,708 million), twice as much as H1 2021. This is largely due to the strong rebound of traffic in the US and in Europe, both on regional and international scales. We've posted double to triple-digit growth in each region where we operate, with the exception of China where COVID and related sanitary measures have continued to severely hamper business performance in the first quarter. We have also achieved an operational result of €26 million (US\$26 million), up €122 million (US\$123 million) compared to the first half of last year, and have managed to bring our flow-through (impact of sales decrease over operational result) down to an unprecedentedly low level: 6.7%.

The remarkable performance in the first semester fuels our confidence for a strong rest of the year, even if uncertainty remains the name of the game. Most notably, we must be careful about the consequences the economic crisis and the war in Ukraine could create in months to come. We must also look closely at how the Travel Retail market is reshaping. There are certainly very interesting times ahead for our industry and we are confident that Lagardère Travel Retail is equipped to continue its steady development and growth. Our long-standing expertise to developing holistic customer journeys, via a three business lines model, is the right strategy - one we have been pursuing since 2012 - and we believe changing market dynamics will open up more opportunities for us to seize, not less.

Our teams have continued to deliver remarkable efforts to realize the ambitions of our large-scale business transformation program – LEaP – and we are fully on track to achieve the objectives we have

set ourselves in terms of efficiency and productivity gains. We have renewed our contract with ADP to continue to deliver our operational excellence to passengers in Paris for the next decade, we have joined forces with AWPL in the Pacific to become the undisputed leader in Travel Essentials across the Pacific region, are seeking F&B leadership in the Middle East with a new partnership with HWH, and are continuing the dynamic development of our network across all three business lines. All these are some of the seeds which will fuel our growth for many years to come. Finally, we are becoming more bullish in terms of achieving CSR leadership, and have announced a market-leading ambition to be contributing to carbon neutrality by the end of 2023.

I am very grateful to all the teams who have once again gone above and beyond to help the company achieve such performance, and I look forward to working with all of them to deliver a similar set of excellent results for the full year."