

# Lagardère to acquire International Duty Free as first-half profit leaps

Lagardère Travel Retail has announced a 15.8% first-half upswing in 2019 revenue and signed a deal to acquire International Duty Free (IDF), the leading travel retail operator in Belgium.

Lagardère Travel Retail revenue hit €1,995 million (US\$2,222 million) in the first half of 2019, up 15.8% on a consolidated basis (up 6.5% organic). Recurring EBIT totaled €46 million, up €12 million vs. 2018.

The difference between the two growth figures is attributed mainly to the acquisition of HBF in North America and to a positive foreign exchange effect, essentially due to the appreciation of the US dollar.

The travel retailer said it maintains a healthy organic growth in H1 “notably thanks to a dynamic commercial performance and openings of new points of sale”.

The strong growth of France (+11%) was propelled by the dynamism of the duty free segment, in particular in regional platforms, and the growth of the network in Foodservice and Travel Essentials, including Toulouse Airport. Last year’s 2018 figures were also impacted by transport strikes.

The EMEA region, excluding France, posted solid growth (+5.1%) amid rising air traffic and good sales performances in Italy and Eastern Europe, as well as in the Middle East with openings like The Daily DXB food hall in Dubai.

The growth in North America (+4.4%) was aided by an expansion of the network in Foodservice and Travel Essentials.

## **Asia region boosted by China**

The Asia Pacific region (+6.5%) was powered by enhanced network and organic expansion in China. The Pacific region is slightly behind, as recent openings in Christchurch, New Zealand, were not able to offset the unfavorable network effect in Australia.

During the first half of 2019, Lagardère Travel Retail expanded into three new markets – Slovakia in Foodservice, Gabon in Duty Free & Foodservice (after a successful launch in Senegal), and Turkey in Franchise. Lagardère Travel Retail operates in 38 countries.

Lagardère Travel Retail has won many awards in 2019, including the AXN Best Overall Retailer for 24 consecutive years in North America.

During the second half of 2019, Lagardère Travel Retail will continue to see a strong development in fashion, with an 800 square meter multi-fashion store to open early August in Vienna.

Beijing Daxing and Shanghai Pudong will begin trading in the fall, along with an expanded 500 square meter concession in Geneva.

In Foodservice, several openings are planned in Q2, in the US (Bourbon Pub with Chef Michael Mina) and in Hong Kong (The Kitchen with Chef Wolfgang Puck), as well as in Beijing Daxing and Shanghai Pudong.

## **Renewal and expansion**

Also in 2019, Lagardère Travel Retail renewed and expanded several duty free concessions: Adelaide in Australia (1,700 square meters) in March, and more recently in Prague (4,300 square meters).

In addition, Lagardère Travel Retail acquired the foodservice concession at Prague main station, effective since June 1, strengthening its position as the number one travel retail operator in the Czech Republic.

Dag Rasmussen, Chairman and CEO, Lagardère Travel Retail, said: “I am pleased with the superior growth we were able to generate throughout our network and confident for the months to come as the business dynamic continues to come fueled by increasing passengers and our ability to adapt our offer to their evolving needs.

“It is also satisfying to see that our three-business line [Travel Essentials, Duty Free & Fashion, and Foodservice] strategy is paying off and that our investments on concepts, innovation, and customer services are being increasingly recognized by the industry and customers.”

In parallel, Lagardère Travel Retail has signed an agreement to acquire 100% of International Duty Free (IDF).

IDF is a 100%-owned subsidiary of Compagnie Nationale à Portefeuille (CNP), which is in turn owned by the Frère group.

It operated the first tax free stores at Brussels Airport, and leads the duty free and fashion market in Belgium.

Generating a total revenue of €183 million (US\$204 million) in 2018, IDF holds long-term contracts and operates more than 30 stores, including 25 duty free, fashion and confectionery points of sale at Brussels Airport, the two duty free stores at Charleroi Airport, premium chocolate stores under the brand The Belgian Chocolate House at Brussels South Station, in downtown Antwerp and in Luxembourg. It also operates a point of sale in Kenya.

The completion of this transaction is subject to regulatory approval and third-party consents.