

Lagardère Travel Retail's FY2019 revenue grows by 6.3%



Dag Rasmussen, the CEO of Lagardère Travel Retail is confident that its three business lines strategy and global footprint ensure that the company can remain resilient in the face of the COVID-19 health crisis

Lagardère Travel Retail has announced that its revenue reached €4,264 million (US\$4,629 million) for 2019. This represents a growth of 6.3% like for like and an increase of 16.1% on a consolidated basis.

In a press release, the retailer said that its fourth-quarter performance was primarily driven by dynamic trading for EMEA (excluding France) and continental China. North America too, performed well in the fourth quarter. However, these gains were dampened by social incidents in France and Hong Kong.

Asia-Pacific results

In terms of Asia-Pacific, the region's revenue grew by 7.2% due to the growth in China (continental China and Hong Kong). This was buoyed by new openings and modernisation initiatives conducted in 2018 and 2019. However, business in the Pacific region contracted due to the economic slowdown in Australia and an unfavourable network effect, despite the full-year impact of new outlets in Christchurch, New Zealand.

Other regions

Lagardère's North America business grew by 2.9% (by 3.6% on a same-store basis). This was

bolstered by a dynamic performance for its Travel Essentials, which were driven by sales initiatives and Food service operations.

France saw a sharp 7.6% increase in revenue due to good Duty Free trading, growth in the food service network in Toulouse and the success of new Relay concept at Travel Essentials.

In EMEA (excluding France), there was robust momentum (growth of 6.9%) due to Italy's good performance and duty free operations (Rome, Venice and regional airports) and Travel Essentials (favourable network impact).

Commenting on the results, Dag Rasmussen, the CEO of Lagardère Travel Retail said: "2019 has been another strong year for us, driven by the good performance of our existing operations, the addition of four new markets to our global network and the successful integration of our two latest acquisitions: Hojeij Branded Foods (HBF) in the US in 2018, and International Duty Free (IDF), the leading travel retailer in Belgium, in 2019. The acquisition of IDF has consolidated our position as a leading travel retailer."

He added that: "We consolidated our number one position in Travel Essentials with strong sales dynamic on existing stores thanks to our constant anticipation and adaptation to customers' needs, and the successful expansion of our network in Gabon and Turkey."

"In Duty Free & Fashion, we have continued to work on improving both retail concepts and product offering in key categories to adapt to different profiles of travelers. This has generated positive trends in both the stop ratio and average spent per passenger."

"Our Foodservice division has passed the €1 billion mark in managed sales, doubling its revenues in just three years. This is testament to our efforts to build our leadership position in this activity. Our expertise and solutions have been widely recognised by the industry with 8 FAB awards won this year, making us the most-awarded Foodservice company in Travel Retail."

Despite the strong performance in 2019, Rasmussen acknowledged the impact of the COVID-19 health crisis of the industry.

"Undeniably, the Covid-19 health crisis is creating headwinds for all players in our industry, but our three business lines strategy and global footprint ensure the resilience of our model in the face of such events. We are also confident that the long-term fundamentals underpinning future growth are still in place. More individuals are hungry for international mobility and this leads to a steady growth in both air and rail traffic. With a culture of innovation and local empowerment, a commitment to deliver operational excellence and the close partnerships we have with landlords and brands, Lagardère Travel Retail is uniquely placed to continue its growth in 2020 and beyond."