



## News Release

1 September 2011

### LS travel retail drives sales and growth in first half 2011

*LS travel retail reports a strong first half performance that demonstrates that its global growth strategy remains firmly on course.*

*Total travel retail sales reached € 1 153,6M for H1-2011, growing by +8.1% vs 2010 and +5.9% on a like for like basis compared with H1-2010. These figures demonstrate LS travel retail's ability to deliver exceptional performance across a broad range of product categories and travel retail locations, including airports and rail and subway stations.*

The robust performance has been driven by sustained expansion - with numerous new concessions being won in airports and train stations, as well as the acquisition of new activities in Asia-Pacific and in Europe – and, despite the highly challenging market conditions, a strong increase in sales per passenger (SPP).

LS travel retail's ambitious growth strategy has been underpinned by a holistic programme of enhanced support to drive performance, including marketing, category management, promotion planning and staff training. In addition, the organisational restructuring programme that was carried out at the start of 2011, creating regional divisions, has helped to further consolidate the group's performance, as has the strengthening of long-term partnerships with a number of landlords.

Against a backdrop of continuing global downturn, the market conditions were volatile in the period being impacted by extreme weather, upheaval in the Arab region and natural disasters in Japan, Australia, New Zealand and Chile.

**Dag Rasmussen, Chairman and CEO of Lagardère Services**, comments: "I'm delighted that we continue to demonstrate our exceptional ability to drive stronger performance across our Travel Retail operations, not only in our established operations



but also in the way in which we have created a powerful sales impact right from day 1 across a number of significant new contracts and locations in Europe and Asia-Pacific. I'm particularly pleased that we are regularly winning new contracts across the product categories, in everything from F&B to Luxury, and across our geographical spread of operations."

"Our new operating model has already developed a strong momentum and our regional focus is supporting stronger relationships, particularly with our airport partners, and is driving better performance. Market conditions remain challenging but we are confident that we can continue to deliver an exceptional performance for our landlords and ourselves and maintain our growth strategy in the second half of the year."

The highlights of the group's performance included:

### Europe:

#### France

**LS travel retail EMEA** delivered strong growth across its operations in France, with a rise of 12.8% in duty free & luxury sales, including a particularly strong contribution from Fashion. Also, an ambitious policy of improvement of the product mix ensured a 5.6% increase in the news & gifts turnover on a like-for-like basis.

Landlord relations in France were strengthened by a number of new agreements. The start of the year was marked also by the renewal of the partnership between Aéroports de Paris and **Aelia** until 2019 and by the creation of a new common company for the operation of news, convenience & souvenirs points of sale. The first of these, under the Air de Paris banner, opened on April 1<sup>st</sup> and a further dozen openings are scheduled by the end of 2013.

Additionally, the duty free concessions in Lyon and Grenoble airports have been renewed for 10 years.

Profiting from its considerable know-how acquired in other types of concession, **LS travel retail France** has also developed a significant and original food service offer by presenting several concepts, including the TRIB'S banner, which will appear on the front of four forthcoming points of sale on the new Rhine-Rhône high-speed railway line. LS travel retail France has also won the foodservice call for tender in Montpellier airport.

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### **Poland**

In Poland, the 11 duty free & luxury stores grew sales by 14.1%, mainly in Warsaw airport.

### **Germany**

In Germany, LS travel retail won the concession for 7 new stores at Frankfurt airport, bringing the total number of stores to 36, including a new Virgin Media. The openings are planned to take place in 2012. A DISCOVER Bavaria souvenirs shop also opened in Munich airport.

### **UK & Ireland**

A new store (*Aelia Duty Free*) opened in London City Airport on June 1<sup>st</sup>, reinforcing the group's presence in the United Kingdom.

### **Czech Republic**

In the Czech Republic, Travel Retail sales across airports, railways and the metro rose by 15.3%. SPP for duty free and luxury in airports grew by 27% compared with the previous period.

### **Hungary**

In Budapest, three new points of sale opened in the new airport extension: a RELAY point of sale, a One Minute convenience store and a COSTA COFFEE store.

### **Bulgaria**

In Bulgaria, there were three new notable openings: a RELAY point of sale in Sofia airport, two One Minute convenience points of sale in Burgas airport and in the Sofia metro.

### **Spain**

Following recent tender wins in Spain, a second fashion outlet (180 m<sup>2</sup>) opened in the new terminal at Alicante airport in spring 2011, following the opening of a first multi-brand airport fashion outlet in Malaga T3.



## **Asia Pacific:**

### **Asia**

In Asia, LS travel retail is developing rapidly, with the addition of 14 new outlets bringing the total number of stores in the region to 67.

Both new and existing operations received recognition for excellence:

- The Fashion Gallery – our new 764 sqm store offering 14 luxury fashion brands at Changi International Airport Terminal 2 - was awarded Best New Shop Opening in Asia/Pacific at the DFNI Awards for Travel Retail Excellence in May 2011.
- Similarly, our staff at our Hong Kong International airport stores won four Awards, decided by the Airport Authorities, for Service Excellence.

Other store openings and tenders won in Asia in H1 include:

- So Chocolate: a 310 sqm specialist store dedicated to chocolate retailing, opened in May 2011 at Changi International Airport terminal 1
- 14 News and Books outlets will soon open on the new high-speed railway line between Shanghai and Beijing.
- 27 News and gifts outlets will open by the end of 2011 in the Shenzhen metro.

### **Pacific**

In spite of the various very unfavorable climatic and telluric events in the zone and a high Australian dollar, turnover in the region rose by 2.3% on a like-for-like basis.

In April 2011, LS travel retail Pacific acquired the Travel Retail outlets of REDGroup, including 11 news and gifts stores in the four main airports in New Zealand: Auckland, Wellington, Christchurch, and Rotorua.

Other store openings and tenders won in the Pacific in H1 include:

- DISCOVER Australia: a 180 sq m store recently opened in Melbourne, Australia.
- Two duty-free stores at Nouméa International Airport which have been operated by LS travel retail since January 2011. After reconstruction, the stores will be 470 sqm in the departures area and 100 sqm in the arrivals area.



### **North America:**

In North America, the concession recently won in Edmonton airport and the concession comprising 3 points of sale in Dallas airport, contribute an additional turnover of almost 11 M€. Openings are scheduled in 2012 and 2013.

### **ENDS**

### **Notes to editors**

Operating in more than twenty countries throughout Europe, North America, Asia and the Pacific, Lagardère Services is a world leader in Travel Retail and Press Distribution. In Distribution, it offers innovative and efficient distribution solutions to magazines and various consumer goods industries. In Travel Retail, Lagardère Services operates nearly 2,000 stores across the world, including a presence at over 120 airports and 700 stations, and is a major Duty-Free and Luxury player and the channel's leading News and Convenience retailer.

### **Media contacts**

Dag Inge Rasmussen  
Chairman and CEO, Lagardère Services  
Tel: +33 1 42 99 07 09  
Email: [rasmussen@lsnet.fr](mailto:rasmussen@lsnet.fr)  
<http://www.lagardereservices.com>

Jane Sell, Kavanagh Communications  
Tel: +44 1483 238840  
Email: [jane@kavanaghcommunications.com](mailto:jane@kavanaghcommunications.com)