

Lagardère publishes 2021 results, releases statement on TR

Lagardère has published its annual results, and not surprisingly the pandemic has continued to hamper the company's financial performance in its travel retail channel.

Lagardère Travel Retail's total consolidated revenue was €2,290m, down 46% on 2019. While this continued lower than pre-pandemic, the company delivered beyond expectations.

REVENUE

Revenue for the Lagardère group came in at €5,130 million for 2021, up 15.6% as reported and up 18.6% like for like. The difference between consolidated and like-for-like data is essentially attributable to a €29 million unfavourable currency impact, mainly in connection with the US dollar. The €78 million negative scope effect relates chiefly to the impact of the disposal of Lagardère Studios and the acquisitions of Workman Publishing and Laurence King Publishing.

	Revenue (€m)		Change vs. 2020 (%)		Change vs. 2019 (%)
	2020	2021	reported	like for like	like for like
Lagardère Publishing	2,375	2,598	+9.4	+8.1	+7.3
Lagardère Travel Retail	1,720	2,290	+33.1	+34.3	-46.1
Other Activities*	229	242	+5.7	+6.9	-15.2
Target scope	4,324	5,130	+18.6	+18.6	-26.5
Non-retained scope**	115	-	N/A	-	-
LAGARDÈRE	4,439	5,130	+15.6	+18.6	-26.5

* Lagardère News (Paris Match, Le Journal du Dimanche, Europe 1, Virgin Radio, RFM and the Elle brand licence), the Entertainment businesses, and the Group Corporate function.

** Including Lagardère Studios and excluding Lagardère Sports, classified as a discontinued operation in accordance with IFRS 5.

GROUP RECURRING EBIT

Group recurring EBIT totalled €249 million, a €404 million improvement on the figure recorded in 2020.

	Group recurring EBIT (€m)		
	2020	2021	Change
Lagardère Publishing	246	351	+105
Lagardère Travel Retail	(353)	(81)	+272
Other Activities*	(47)	(21)	+26
Target scope	(154)	249	+403
Non-retained scope**	(1)	-	+1
LAGARDÈRE	(155)	249	+404

The company's negative operational result of €81 million (US\$92.03 million) is a €272 million (US\$ 309.05 million) increase compared to 2020.

This strong performance has been helped by positive domestic markets such as US and China, despite the Omicron variant causing travel implications in the later part of the year.

Lagardère Travel Retail reached an exceptional flow-through of 11.8%, "testament to the outstanding efforts our teams have delivered in managing both our cost structure and the reopening of our

network,” according to the company. “Very close partnerships with landlords have allowed us to extend a large number of contracts and to manage operations with a great balance between flexibility to adjust to landlords’ needs and our commitment to deliver the highest standards of customer service.”

II. MAIN INCOME STATEMENT ITEMS

€m	2020	2021
Revenue	4,439	5,130
Group recurring EBIT	(155)	249
Income (loss) from equity-accounted companies*	(58)	1
Non-recurring/non-operating items	(319)	(159)
Impact of IFRS 16 on concession agreements**	(17)	(25)
Profit (loss) before finance costs and tax	(549)	66
Finance costs, net	(76)	(64)
Interest expense on lease liabilities	(74)	(68)
Profit (loss) before tax	(699)	(66)
Income tax benefit (expense)	31	(22)
Profit (loss) from discontinued operations	(20)	2
Profit (loss) for the year	(688)	(86)
Minority interests	(28)	15
Profit (loss) – Group share	(660)	(101)

* Before impairment losses.

** Including gains and losses on leases.

The company’s strategic vision and positioning combined with its organizational model enabled the company to excel in crisis management as well as laying the foundations to future growth, winning new contracts and starting new operations, notably in South America and in Africa, and by pursuing our dynamic development in China.

ADJUSTED PROFIT (LOSS) – GROUP SHARE

Adjusted profit – Group share (excluding non-recurring/non-operating items) was €62 million, versus an adjusted loss – Group share of €330 million in 2020.

(€m)	2020	2021
Profit (loss) for the year	(688)	(86)
Restructuring costs	+55	+44
Gains/losses on disposals	+7	-17
Impairment losses on goodwill, property, plant and equipment, intangible assets and investments in equity-accounted companies	+151	+17
Amortisation of acquisition-related intangible assets and other acquisition-related expenses	+106	+115
Impact of IFRS 16 on concession agreements	+74	+78
Tax effects on the above items	-70	-58
Profit (loss) from discontinued operations	+20	-2
Adjusted profit (loss)	-345	91
o/w attributable to minority interests	+15	-29
Adjusted profit (loss) – Group share*	(330)	62

* Alternative performance measure, see definition at the end of the press release.

III. OTHER FINANCIAL INFORMATION

CASH FLOW FROM (USED IN) OPERATIONS AND INVESTING ACTIVITIES

(€m)	2020	2021
Cash flow from (used in) operations before changes in working capital and income taxes paid	(32)	337
Changes in working capital	(17)	280
Income taxes paid	(38)	(38)
Cash flow from (used in) operations	(87)	579
Purchases/disposals of property, plant and equipment and intangible assets	(169)	(123)
Free cash flow*	(256)	456
o/w free cash flow excluding changes in working capital*	(239)	176
Purchases of investments	(36)	(279)
Disposals of investments	101	89
Cash flow from (used in) operations and investing activities	(191)	266

* Alternative performance measure, see definition at the end of the press release.

Lagardère's new strategic partnership with JD.com in particular is fueling growth and helping the company's digital approach, thus benefiting not only the operation in China but the entire company.

Additionally, Lagardère focused on its efforts in sustainability during 2021, and will detail its new CSR strategy in March, 2022.

"All in all, I would say that sticking to numbers, 2021 may not have been our best year, but it has been the greatest in terms of seeing our teams go the extra mile to protect the company, consolidate our partnerships, and prepare for our stronger future."