Lagardère

INTERIM FINANCIAL REPORT

2017

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This English version has been prepared for the convenience of English speaking readers.
It is a translation of the original French Rapport financier semestriel 2017.
It is intended for general information only and in case of discrepancies the French original shall prevail.

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2017 INTERIM MANAGEMENT REPORT

The Lagardère group is a global leader in content publishing, production, broadcasting and distribution, whose powerful brands leverage its virtual and physical networks to attract and enjoy qualified audiences. Operating in around 40 countries, Lagardère has four business divisions: Books and e-Books; Travel Retail; Press, Audiovisual, Digital and Advertising Sales Brokerage; Sports and Entertainment.

Lagardère Publishing includes the Group's Book Publishing and e-Publishing businesses, which cover the areas of Education, General Literature, Illustrated Books, Partworks, Dictionaries, Youth Works and Distribution.

Lagardère Travel Retail consists of retail operations in travel areas and concessions in three fields: Travel Essentials, Duty Free & Fashion, and Foodservice.

Lagardère Active encompasses the Press, Audiovisual (Radio, Television, Audiovisual Production and Distribution), Digital and Advertising Sales Brokerage businesses.

Lagardère Sports and Entertainment is a globally integrated Sports and Entertainment marketing agency delivering a full range of services for sports rights holders, brands, athletes and media companies.

1.1 SIGNIFICANT EVENTS OF THE FIRST HALF OF 2017

Any existing or significant link between these events and their impact on the financial statements is presented in section 1.3 below, or in note 2 to the consolidated financial statements for the six months ended 30 June 2017.

1.1.1 MAIN CHANGES IN THE SCOPE OF CONSOLIDATION

See note 2 to the consolidated financial statements for the six months ended 30 June 2017.

1.1.2 COMPLETION OF THE SALE OF LAGARDÈRE TRAVEL RETAIL'S DISTRIBUTION OPERATIONS

On 7 February 2017, Lagardère Travel Retail completed its full-scale exit from Distribution by selling its remaining Distribution business in Hungary. The divestment was carried out through the sale of Lagardère Services Distribution SAS, the holding company for its Distribution business. The Distribution business was deconsolidated with effect from 1 February 2017.

Lagardère Travel Retail is now a pure player on its segment.

1.1.3 SUCCESSFUL BOND ISSUE LAUNCH BY LAGARDÈRE

On 14 June 2017, Lagardère successfully launched a €300 million, seven-year bond issue due in June 2024 and paying an annual coupon of 1.625%.

The order book reached an amount above €1 billion, with the issue more than 3.3 times oversubscribed.

The success of the launch illustrates investor confidence in the Lagardère group's strategy and in the soundness of the company's financial profile. The 1.625% coupon is the lowest ever printed by the company since it started to issue on the European bond market in 2009.

The proceeds of this issue will be used for general corporate purposes, notably the reimbursement of the bond issued in 2012 and due in October 2017.

This new bond issue enables Lagardère to lengthen the maturity of its debt profile, to decrease the cost of its long-term debt and to maintain its liquidity.

1.2 MAIN RISKS AND UNCERTAINTIES FOR THE REMAINING SIX MONTHS OF THE YEAR

A general presentation of risks and uncertainties can be found in Chapter 3, "Risk factors", of the 2016 Reference Document, which includes the 2016 financial statements and was filed with the AMF on 3 April 2017 (the "Reference Document").

Significant developments in disputes since the 2016 Reference Document was filed are set out, in particular, in note 18 to the consolidated financial statements for the six months ended 30 June 2017.

1.3 COMMENTS ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2017

Lagardère's Operating Activities are carried out through four divisions: Lagardère Publishing, Lagardère Travel Retail, Lagardère Active and Lagardère Sports and Entertainment.

Business is also carried out through "Other Activities", which correspond to activities not directly related to the four operating divisions.

The main changes in the scope of consolidation during the first half of 2017 are described in note 2 to the consolidated financial statements.

1.3.1 INCOME STATEMENT

(in millions of euros)	First-half 2017	First-half 2016	Full-year 2016
Revenue	**3,306**	**3,431**	**7,391**
Recurring operating profit of fully consolidated companies(*)	**136**	**101**	**395**
Income from equity-accounted companies(**)	1	4	10
Non-recurring/non-operating items	(38)	(11)	(91)
Profit before finance costs and tax	**99**	**94**	**314**
Finance costs, net	(38)	(16)	(49)
Income tax expense	(17)	(23)	(69)
Profit for the period	**44**	**55**	**196**
Attributable to:			
- Owners of the Parent	29	44	175
- Minority interests	15	11	21

(*) Recurring operating profit of fully consolidated companies is an alternative performance indicator taken from the segment information section of the consolidated financial statements (see the reconciliation in note 3 to the consolidated financial statements), and is defined as the difference between profit before finance costs and tax and the following income statement items:

- income (loss) from equity-accounted companies;
- gains (losses) on disposals of assets;
- impairment losses on goodwill, property, plant and equipment, intangible assets and investments in equity-accounted companies;
- net restructuring costs;
- items related to business combinations:
  - acquisition-related expenses,
  - gains and losses resulting from purchase price adjustments and fair value adjustments due to changes in control,
  - amortisation of acquisition-related intangible assets;
- specific major disputes unrelated to the Group's operating performance.

(**) Before impairment losses.

In the first half of 2017, the Lagardère group delivered consolidated revenue of €3,306 million, down 3.6% on a consolidated basis and up 5.4% based on constant Group structure and exchange rates (like-for-like)[1]. The like-for-like consolidated revenue growth over the period was mainly driven by the continued growth momentum in Travel Retail. Lagardère Publishing, buoyed by good performances in the United Kingdom and the United States, and Lagardère Sports and Entertainment, buoyed by the cyclical impact related to the football tournament calendar in Africa and Asia, also delivered growth. Lagardère Active alone turned in a subdued performance, hurt by the contraction in Press and Radio advertising revenues and by unfavourable programme delivery scheduling for Lagardère Studios.

The difference between consolidated and like-for-like revenue mainly reflects a €301 million negative Group structure impact. This essentially relates to the divestment of Press Distribution operations by Lagardère Travel Retail (in Spain, Canada, and Belgium in 2016, and in Hungary in February 2017), and to the sale of LeGuide.com by Lagardère Active. These divestments were partly offset by acquisitions carried out by Lagardère Publishing, in particular the North American publisher Perseus Books in April 2016.

The foreign exchange effect (calculated based on an average exchange rate for the period) added €8 million to revenue and resulted mainly from gains in the US, Australian and New Zealand dollars and Polish zloty, which countered weakness in the pound sterling against the euro.

[1] See the definition in note 1.2 to the consolidated financial statements.

First-half 2017 revenue at Lagardère Publishing came in at €1,019 million, up 5.1% on a consolidated basis and up 4.0% like-for-like. Relative to first-half 2016, data on a consolidated basis should be adjusted for (i) a €14 million negative foreign exchange impact mainly related to depreciation in the pound sterling, and (ii) a €24 million positive Group structure impact, related primarily to the consolidation of Perseus Books.

In France, where the market was affected by the electoral climate, business retreated 3.1%. The rise in returns was only partially offset by a resilient performance from General Literature which enjoyed success, for example with Virginie Despentes' *Vernon Subutex 3* and Laetitia Colombani's *La Tresse*.

Business surged 10.2% in the United Kingdom led by Adult Trade, which saw growth in its frontlist with titles such as John Grisham's *Camino Island* and Clare Mackintosh's *I See You*, as well as in its backlist. Business was also lifted by an additional billing week in the period.

The United States performed well, with business up 5.4% thanks mainly to the Nashville division and to the success of titles such as David Baldacci's *The Fix* and James Patterson's *The Black Book*.

Business in the Spain/Mexico region was down 1.1% owing to a one-off export transaction in Latin America in the comparative prior-year period.

Partworks continued on an upward trend, with revenue up 8.0%, driven by a good performance of the catalogue in Spain and Japan and by the launch of new collections over the period.

The contribution of e-books to Lagardère Publishing's overall revenue fell to 8.8% in first-half 2017, versus 9.2% in first-half 2016.

Lagardère Travel Retail posted €1,628 million in revenue in first-half 2017, down 9.0% on a consolidated basis and up 9.0% like-for-like. The difference between consolidated and like-for-like data reflects the €316 million strong negative Group structure impact described above, partially offset by a €21 million positive foreign exchange impact related primarily to the appreciation in the US, Australian, and New Zealand dollars and Polish zloty against the euro.

Travel Retail delivered robust 9.1% growth in first-half 2017 revenue, powered by changes in traffic, ambitious sales initiatives, the launch of new points of sale, the success of innovative concepts and network modernisation.

In France, business continued to enjoy strong momentum (up 8.1%), lifted by network expansion (particularly in foodservice) and the success of new concepts (Relay, Aelia Duty Free), as well as a favourable basis for comparison (terrorist attacks in 2016 had led to a weaker prior-year performance). This robust growth was partly countered by the introduction of plain packaging (tobacco revenue down 15%), lower spending by British passengers (owing to Brexit), and stricter passport controls.

The EMEA region (excluding France) reported bullish momentum (up 12.7%), buoyed by the revamped Luton airport concession and upbeat traffic trends in the UK (up 22.2%), additional sales space and the return of Russian passengers in the Czech Republic (up 19.7%), the increase in passenger traffic and new points of sale opened in Poland (up 18.4%) and the success of new stores in Rome's airport (Avancorpo terminal) in Italy (up 13.9%).

Business was also brisk in North America (up 6.9%) on the back of trade synergies arising on the consolidation of Paradies and network expansion.

Business was once again mixed in Asia-Pacific (up 4.6%), with continued strong momentum thanks to Fashion concepts and the growth of the Foodservice network in China (up 21.8%), and advances in New Zealand Duty Free operations offsetting the unfavourable network impact in Australia for the Pacific region.

Distribution operations (comprising Hungary up to end-January only) were down 1.0%.

Lagardère Active posted revenue totalling €402 million for first-half 2017, down 7.8% on a consolidated basis and down 5.8% like-for-like. The difference between consolidated and like-for-like revenue is attributable to a €10 million negative impact of changes in Group structure resulting primarily from the sale of LeGuide.com in September 2016.

The 4.2% contraction in Magazine Publishing is related to the 6.3% fall in advertising revenues, despite circulation proving resilient (down 3.4%) thanks chiefly to the electoral climate.

Revenue for the Radio segment retreated 6.8%, as good momentum in music radio failed to offset lower audience figures for the Europe 1 station over the period. International radio revenue was hit by the decline in advertising revenues in Poland and the Czech Republic.

Television (Special-interest channels and TV Production) were down 8.1%, hit by the contraction in production flows at Lagardère Studios in the first half.

Pure-play digital and B2B revenue slipped 2.7%; the decline in B2B operations weighed on the good performance of e-health (MonDocteur) and BilletRéduc ticketing services.

Advertising revenues fell 6.2% for the division as a whole.

Lagardère Sports and Entertainment posted revenue totalling €257 million for first-half 2017, up 9.3% on a consolidated basis and up 9.0% like-for-like. The difference between consolidated and like-for-like figures primarily results from a positive impact of changes in Group structure attributable to the April 2016 acquisition of Rooftop2 Productions, a North American consulting company.

Vigorous business growth reflects a favourable calendar impact over the period, resulting from the Total African Cup of Nations held in Gabon and the FIFA 2018 World Cup qualifying matches in Asia. Football activities in Europe (Germany and the UK) also performed well in the first half, as did Lagardère Live Entertainment, especially in executive production (thanks in particular to Phil Collins' French tour).

Recurring operating profit of fully consolidated companies amounted to €136 million, up €35 million on first-half 2016 (€101 million). Movements in this item can by analysed as follows for each division:

- Lagardère Publishing reported €41 million in recurring operating profit of fully consolidated companies, up €5 million on first-half 2016. Strong profitability gains in the UK spurred by the success of the catalogue more than offset the expected decline in France over the period.

- Lagardère Travel Retail reported €32 million in recurring operating profit of fully consolidated companies in first-half 2017, versus €36 million in first-half 2016. Distribution operations, which represented €9 million in recurring operating profit in first-half 2016, are no longer included in Lagardère Travel Retail's figures, following the completion of the divestment process in February 2017. Recurring operating profit of fully consolidated companies for Travel Retail climbed €5 million, buoyed by organic business growth, especially in Europe and North America, partly offset by the start-up costs of new operations.

- Lagardère Active reported €32 million in first-half recurring operating profit of fully consolidated companies, virtually stable compared to first-half 2016. The underperformance of Europe 1 on the back of a decline in its audience figures was offset by an improvement in the results of the Press business owing to the cost-cutting measures rolled out, and in those of Lagardère Studios thanks to a favourable business mix.

- Lagardère Sports and Entertainment reported a €30 million year-on-year rise in recurring operating profit of fully consolidated companies, at €35 million, boosted by the impact of the very busy sporting calendar described above.

- Other Activities recorded a recurring operating loss of fully consolidated companies of €4 million, compared to a loss of €9 million in first-half 2016. This mainly reflects the favourable impact resulting from the recovery of VAT (including an adjustment in 2016), along with the first beneficial effects of the plan to reduce overhead costs.

Income from equity-accounted companies (before impairment losses) came in at €1 million in first-half 2017, compared to €4 million in the prior-year period, due to a lower contribution from the Marie Claire group.

Non-recurring/non-operating items included in profit before finance costs and tax represented a net loss of €38 million in the first half of 2017, comprising:

- €10 million in restructuring costs, including €6 million for Lagardère Travel Retail corresponding primarily to costs incurred in reorganising the North American business following the acquisition of Paradies in late 2015, and €4 million for Lagardère Active, relating chiefly to the cost of discontinuing the core operations of an audiovisual production company;
- €7 million in impairment losses recognised against property, plant and equipment and intangible assets, including €1 million for Lagardère Active relating to impairment charged against the goodwill of an audiovisual production company whose core operations were discontinued, and €6 million relating to impairment charged against property, plant and equipment at Lagardère Travel Retail and Lagardère Active;
- €24 million in impairment losses on equity-accounted investments in the Marie Claire group;
- €36 million in amortisation of intangible assets and costs relating to the acquisition of consolidated companies, including €31 million for Lagardère Travel Retail, €3 million for Lagardère Publishing and €2 million for Lagardère Sports and Entertainment;
- gains and losses on asset disposals, representing a net gain of €39 million, including €40 million in gains on the disposal of an office building in Levallois-Perret (France) in June 2017 by Compagnie Immobilière Europa (Other Activities), €2 million in gains on the disposal of Press Distribution operations in Hungary through the sale of the subsidiary Lagardère Services Distribution by Lagardère Travel Retail, and €3 million in losses on the disposal of property, plant and equipment by Lagardère Publishing and Lagardère Active.

In first-half 2016, non-recurring/non-operating items represented a net loss of €11 million, comprising (i) €74 million in restructuring costs, including €52 million for Lagardère Active essentially relating to voluntary redundancy plans rolled out in that period, (ii) €39 million in impairment losses recognised against LeGuide group goodwill by Lagardère Active, (iii) €37 million in amortisation of intangible assets and costs relating to the acquisition of consolidated companies, (iv) €10 million in fair value adjustments due to a change of control, including €8 million relating to Lagardère Publishing following the sale of part of its holding in Yen Press, and (v) €129 million in net gains on asset disposals, including €106 million in gains on the sale by Lagardère Media (Other Activities) of an office building.

As a result of the above, consolidated profit before finance costs and tax came out at €99 million for the first half of 2017, versus €94 million in first-half 2016.

Net finance costs amounted to €38 million for first-half 2017, a rise of €22 million on the prior-year period which had benefited from €22 million in gains on the disposal of Deutsche Telekom shares.

Income tax expense for first-half 2017 came to €17 million versus €23 million in first-half 2016. This decrease is mainly attributable to a tax base effect resulting from a decline in profit before tax between first-half 2016 and first-half 2017. The income tax expense recognised in first-half 2016 included taxes on disposals, in particular Yen Press in the United States. Income tax expense on property sales was the same in both first-half 2016 and first-half 2017.

The portion of profit attributable to minority interests was €15 million in first-half 2017 compared to €11 million for the first six months of 2016. The increase in minority interests in profit chiefly reflects higher earnings reported by Lagardère Sports Asia after a busier sporting calendar in the period.

1.3.2 CONSOLIDATED STATEMENT OF CASH FLOWS

Cash flows

(in millions of euros)	**First-half 2017**	**First-half 2016(*)**	**Full-year 2016(*)**
Cash flows from operations before changes in working capital	196	181	557
Changes in working capital	(231)	(153)	26
Cash flows from (used in) operations	**(35)**	**28**	**583**
Income taxes paid	(50)	(27)	(77)
Net cash from (used in) operating activities(*)	**(85)**	**1**	**506**
Cash flows used in investing activities	(168)	(222)	(361)
- Purchases of intangible assets and property, plant and equipment	*(131)*	*(133)*	*(253)*
- Purchases of investments	*(37)*	*(89)*	*(108)*
Proceeds from disposals	149	241	299
- Disposals of intangible assets and property, plant and equipment	*149*	*188*	*211*
- Disposals of investments	-	*53*	*88*
Interest received	3	2	6
(Increase)/decrease in short-term investments	0	45	45
Net cash from (used in) investing activities(*)	**(16)**	**66**	**(11)**
Total cash from (used in) operating and investing activities(*)	**(101)**	**67**	**495**
Net cash from (used in) financing activities(*)	**343**	**(235)**	**(540)**
Other movements	36	(2)	(29)
Change in cash and cash equivalents	**278**	**(170)**	**(74)**

(*) The Group elected to change its accounting method regarding the classification of interest paid and received as of 1 January 2017 (see note 1.1 to the consolidated financial statements).

1.3.2.1 CASH FROM (USED IN) OPERATING AND INVESTING ACTIVITIES

In first-half 2017, cash flows from operations before changes in working capital totalled €196 million, up €15 million on the prior-year period. This reflects the €35 million rise in recurring operating profit of fully consolidated companies, partly offset by an increase in net reversals of provisions and a fall in dividends received from equity-accounted companies, essentially at Lagardère Travel Retail and Lagardère Active.

Changes in working capital (typically negative in the first half), represented a negative €231 million, compared to a negative €153 million in first-half 2016. The year-on-year decline is attributable to Lagardère Publishing in particular, with first-half 2017 witnessing a reversal of the bullish trends enjoyed in full-year 2016, a rise in advances paid to authors in the US (renewal of multi-title contracts) and in France, and the settlement of amounts owed to authors in the United Kingdom (corresponding to royalties earned on successful titles in 2016).

Income taxes paid totalled €50 million compared to €27 million in first-half 2016. This increase is primarily due to a rise in prepayments made in connection with tax consolidation in France owing to higher taxable earnings in 2016 compared to 2015, and the refund of a tax credit in the United States in early 2016.

Operating activities therefore represented a net cash outflow of €85 million in the six-month period compared with a net inflow of €1 million in first-half 2016.

In the first half of 2017, purchases of property, plant and equipment and intangible assets totalled €131 million, primarily relating to Lagardère Travel Retail in line with its Travel Retail growth strategy, Lagardère Sports and Entertainment (acquisition of sports rights) and Lagardère Publishing (namely logistics projects in the United Kingdom and United States). In first-half 2016, these items represented an outflow of €133 million and also chiefly concerned Lagardère Travel Retail, Lagardère Sports and Entertainment and Lagardère Publishing.

Purchases of investments represented an outflow of €37 million in the six months to 30 June 2017 and mainly related to acquisitions carried out by Lagardère Publishing, in particular Bookouture, an e-book publisher in the UK, and IsCool Entertainment, a developer of social games for web and mobile. The remaining balance corresponds to smaller-scale acquisitions carried out by Lagardère Travel Retail and Lagardère Active and to a lesser extent, miscellaneous earn-outs paid by Lagardère Sports and Entertainment.

Disposals of intangible assets and property, plant and equipment represented cash inflows of €149 million in first-half 2017, essentially relating to the sale by Compagnie Immobilière Europa (Other Activities) of an office building in Levallois.

Disposals of investments, which include interest received, represented an inflow of €3 million in first-half 2017.

In all, operating and investing activities represented a net cash outflow of €101 million in first-half 2017, compared with a net cash inflow of €67 million in first-half 2016.

1.3.2.2 CASH FROM (USED IN) FINANCING ACTIVITIES

In the first half of 2017, net cash from (used in) financing activities totalled €343 million, reflecting:

- €180 million in dividends paid, of which €170 million by Lagardère SCA;
- a €555 million net increase in debt, which includes the €300 million bond issue due in 2024, commercial paper issues for €256 million, and a first €3 million issue of two-year negotiable European commercial paper (NEU MTN) after the programme was set up in June 2017;
- €26 million in interest paid, including payment of a €14 million coupon on the April 2016 €500 million bond issue;
- €5 million in purchases of minority interests, mainly at Lagardère Sports and Entertainment and Lagardère Active;
- purchases and sales of treasury shares under the liquidity agreement, representing a net cash outflow of €2 million.

1.3.3 NET DEBT

Net debt is an alternative performance indicator and is calculated based on elements taken from the consolidated financial statements. A reconciliation with those accounting items is presented below:

(in millions of euros)	30 June 2017	31 Dec. 2016
Short-term investments and cash and cash equivalents	756	481
Financial instruments allocated as hedges of debt with a positive fair value(*)	3	3
Non-current debt(**)	(1,338)	(1,041)
Current debt	(1,098)	(832)
Net debt	**(1,677)**	**(1,389)**

(*) Financial instruments allocated as hedges of debt with a positive fair value are included in "Other non-current assets" on the balance sheet.

(**) Non-current debt includes financial instruments allocated as hedges of debt with a negative fair value, representing €15 million at 31 December 2016.

Changes in net debt in first-half 2017 and first-half 2016 were as follows:

(in millions of euros)	First-half 2017	First-half 2016
Net debt at 1 January	**(1,389)**	**(1,551)**
Total cash from (used in) operating and investing activities(*)	(101)	67
Interest paid(*)	(26)	(11)
(Acquisitions) disposals of treasury shares	(2)	(3)
(Acquisitions) disposals of minority interests	(5)	(2)
Dividends	(180)	(181)
Increase (decrease) in short-term investments	-	(45)
Debt related to put options granted to minority shareholders	(7)	6
Changes in scope of consolidation	7	(5)
Effect on cash of changes in exchange rates and other	26	(14)
Net debt at 30 June	**(1,677)**	**(1,739)**

(*) The Group elected to change its accounting method regarding the classification of interest paid and received as of 1 January 2017 (see note 1.1 to the consolidated financial statements).

1.4 RELATED PARTIES

See note 19 to the consolidated financial statements for the six months ended 30 June 2017.

1.5 EVENTS AFTER THE REPORTING PERIOD

No events that could have a material impact on the consolidated financial statements occurred after the end of the interim reporting period.

1.6 UPDATE TO 2017 GUIDANCE

Based on our first-half performance in line with forecasts and our outlook for the second half, we can confirm our target on Group recurring EBIT for 2017 as announced in March.

Group recurring EBIT growth in 2017 is expected to be between 5% and 8% versus 2016, at constant exchange rates and excluding the impact from disposals of Distribution activities.

2

CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2017

Consolidated income statement

(in millions of euros)		First-half 2017	First-half 2016	Full-year 2016
Revenue	*(Notes 3 and 4)*	3,306	3,431	7,391
Other income from ordinary activities		101	130	267
Total income from ordinary activities		**3,407**	**3,561**	**7,658**
Purchases and changes in inventories		(1,224)	(1,396)	(2,896)
Capitalised production		0	1	1
Production transferred to inventories		53	61	101
External charges		(1,205)	(1,227)	(2,532)
Payroll costs		(817)	(819)	(1,697)
Depreciation and amortisation other than on acquisition-related intangible assets		(95)	(98)	(225)
Amortisation of acquisition-related intangible assets and other acquisition-related expenses		(36)	(37)	(84)
Restructuring costs	*(Note 5)*	(10)	(74)	(113)
Gains (losses) on:	*(Note 6)*			
- Disposals of assets		*39*	*129*	*180*
- Fair value adjustments due to changes in control		*0*	*10*	*14*
Impairment losses on goodwill, property, plant and equipment and intangible assets	*(Note 7)*	(7)	(35)	(72)
Other operating expenses	*(Note 8)*	(17)	(7)	(38)
Other operating income	*(Note 9)*	34	25	25
Income (loss) from equity-accounted companies	*(Note 13)*	(23)	0	(8)
Profit before finance costs and tax	*(Note 3)*	**99**	**94**	**314**
Financial income	*(Note 10)*	13	30	41
Financial expenses	*(Note 10)*	(51)	(46)	(90)
Profit before tax		**61**	**78**	**265**
Income tax expense	*(Note 11)*	(17)	(23)	(69)
Profit for the period		**44**	**55**	**196**
Attributable to:				
Owners of the Parent		29	44	175
Minority interests		15	11	21
Earnings per share – Attributable to owners of the Parent				
Basic earnings per share (in €)	*(Note 12)*	*0.23*	*0.34*	*1.36*
Diluted earnings per share (in €)	*(Note 12)*	*0.22*	*0.34*	*1.34*

Consolidated statement of comprehensive income

(in millions of euros)	First-half 2017	First-half 2016	Full-year 2016
Profit for the period (1)	**44**	**55**	**196**
Actuarial gains and losses on pensions and other post-employment benefit obligations	6	(31)	(34)
Tax relating to actuarial gains and losses on pensions and other post-employment benefit obligations	(2)	9	7
Other comprehensive income (expense) for the period, net of tax, that will not be reclassified subsequently to profit or loss (2)	**4**	**(22)**	**(27)**
Currency translation adjustments	**(84)**	**(81)**	**(47)**
Change in fair value of derivative financial instruments:	**12**	**(12)**	**(15)**
- Unrealised gains and losses recognised directly in equity	12	(12)	(15)
- Amounts reclassified from equity to profit or loss	-	-	-
Change in fair value of investments in non-consolidated companies:	**-**	**(24)**	**(23)**
- Unrealised gains and losses recognised directly in equity	-	-	1
- Amounts reclassified from equity to profit or loss	-	(24)	(24)
Share of other comprehensive income of equity-accounted companies, net of tax:	**-**	**4**	**5**
- Unrealised gains and losses recognised directly in equity	**-**		-
- Amounts reclassified from equity to profit or loss	-	4	5
Translation reserve	-	4	5
Valuation reserve	-	-	-
Tax relating to components of other comprehensive income (expense)	**(5)**	**6**	**6**
Other comprehensive income (expense) for the period, net of tax, that may be reclassified subsequently to profit or loss (3)	**(77)**	**(107)**	**(74)**
Other comprehensive income (expense) for the period, net of tax (2)+(3)	**(73)**	**(129)**	**(101)**
Total comprehensive income (expense) for the period (1)+(2)+(3)	**(29)**	**(74)**	**95**
Attributable to:			
Owners of the Parent	**(38)**	**(84)**	**73**
Minority interests	**9**	**10**	**22**

Consolidated statement of cash flows

(in millions of euros)		First-half 2017	First-half 2016(*)	Full-year 2016(*)
Profit for the period		**44**	**55**	**196**
Income tax expense	*(Note 11)*	17	23	69
Finance costs, net	*(Note 10)*	38	16	49
Profit before finance costs and tax		**99**	**94**	**314**
Depreciation and amortisation expense		131	134	306
Impairment losses, provision expense and other non-cash items		(23)	73	103
(Gains) losses on disposals of assets		(39)	(139)	(193)
Dividends received from equity-accounted companies		5	19	19
(Income) loss from equity-accounted companies	*(Note 13)*	23	-	8
Changes in working capital	*(Note 14)*	(231)	(153)	26
Cash flows from (used in) operations		**(35)**	**28**	**583**
Income taxes paid		(50)	(27)	(77)
Net cash from (used in) operating activities(*)	*(A)*	**(85)**	**1**	**506**
Cash flows from (used in) investing activities				
- Purchases of intangible assets and property, plant and equipment	*(Note 3)*	(131)	(133)	(253)
- Purchases of investments	*(Note 3)*	(40)	(87)	(108)
- Cash acquired through acquisitions	*(Note 3)*	9	-	3
- Purchases of other non-current assets	*(Note 3)*	(6)	(2)	(3)
Total cash used in investing activities	*(B)*	**(168)**	**(222)**	**(361)**
Cash from (used in) investing activities				
Proceeds from disposals of non-current assets				
- Disposals of intangible assets and property, plant and equipment	*(Note 3)*	149	188	211
- Disposals of investments	*(Note 3)*	14	67	151
- Cash transferred on disposals	*(Note 3)*	(15)	(17)	(70)
Decrease in other non-current assets	*(Note 3)*	1	3	7
Total cash from investing activities	*(C)*	**149**	**241**	**299**
Interest received(*)	*(D)*	3	2	6
(Increase)/decrease in short-term investments	*(E)*	-	45	45
Net cash from (used in) investing activities(*)	*(F)=(B)+(C)+(D)+(E)*	**(16)**	**66**	**(11)**
Total cash from (used in) operating and investing activities(*)	*(G)=(A) + (F)*	**(101)**	**67**	**495**
Capital transactions				
- Proceeds from capital increase by the Parent		-	-	-
- Minority interests' share in capital increases by subsidiaries		1	1	-
- (Acquisitions) disposals of treasury shares		(2)	(3)	1
- (Acquisitions) disposals of minority interests		(5)	(2)	(3)
- Dividends paid to owners of the Parent(**)		(170)	(168)	(168)
- Dividends paid to minority shareholders of subsidiaries		(10)	(13)	(19)
- Indemnities paid to holders of free shares		-	-	-
Financing transactions				
- Increase in debt		637	568	680
- Decrease in debt		(82)	(607)	(977)
- Interest paid(*)		(26)	(11)	(54)
Net cash from (used in) financing activities(*)	*(H)*	**343**	**(235)**	**(540)**
Other movements				
- Effect on cash of changes in exchange rates		24	(1)	(16)
- Effect on cash of other movements		12	(1)	(13)
Total other movements	*(I)*	**36**	**(2)**	**(29)**
Change in cash and cash equivalents	*(J)=(G)+(H)+(I)*	278	(170)	(74)
Cash and cash equivalents at beginning of period		**405**	**479**	**479**
Cash and cash equivalents at end of period	*(Note 14)*	**683**	**309**	**405**

(*) The Group elected to change its accounting method regarding the classification of interest paid and received as of 1 January 2017 (see note 1.1 to the consolidated financial statements).
(**) Including the portion of profit for the period paid to the General Partners.

Consolidated balance sheet

ASSETS (in millions of euros)		30 June 2017	31 Dec. 2016
Intangible assets		1,215	1,253
Goodwill		1,828	1,856
Property, plant and equipment		721	732
Investments in equity-accounted companies	*(Note 13)*	119	145
Other non-current assets		126	118
Deferred tax assets		216	224
Total non-current assets		**4,225**	**4,328**
Inventories		625	600
Trade receivables		1,059	1,268
Other current assets		982	914
Short-term investments		0	0
Cash and cash equivalents	*(Note 14)*	756	481
Total current assets		**3,422**	**3,263**
Assets held for sale	*(Note 2.3)*	**0**	**162**
Total assets		**7,647**	**7,753**

Consolidated balance sheet

EQUITY AND LIABILITIES (in millions of euros)		30 June 2017	31 Dec. 2016
Share capital		800	800
Reserves		862	927
Profit attributable to owners of the Parent		29	175
Equity attributable to owners of the Parent		**1,691**	**1,902**
Minority interests	*(Note 16)*	132	133
Total equity		**1,823**	**2,035**
Provisions for pensions and other post-employment benefit obligations		160	166
Non-current provisions for contingencies and losses		214	222
Non-current debt	*(Note 15)*	1,338	1,041
Other non-current liabilities		103	80
Deferred tax liabilities		309	326
Total non-current liabilities		**2,124**	**1,835**
Current provisions for contingencies and losses		159	188
Current debt	*(Note 15)*	1,098	832
Trade payables		1,290	1,439
Other current liabilities		1,153	1,395
Total current liabilities		**3,700**	**3,854**
Liabilities related to assets held for sale	*(Note 2.3)*	**0**	**29**
Total equity and liabilities		**7,647**	**7,753**

Consolidated statement of changes in equity

(in millions of euros)	Share capital	Share premiums	Other reserves	Treasury shares	Translation reserve	Valuation reserve	Equity attributable to owners of the Parent	Minority interests	Total equity
At 1 January 2016	**800**	**54**	**1,144**	**(118)**	**96**	**19**	**1,995**	**140**	**2,135**
Profit for the period	-	-	44	-	-	-	**44**	11	**55**
Other comprehensive income (expense) for the period[a]	-	-	(23)	-	(75)	(30)	**(128)**	(1)	**(129)**
Total comprehensive income (expense) for the period	**-**	**-**	**21**	**-**	**(75)**	**(30)**	**(84)**	**10**	**(74)**
Dividends paid	-	-	(168)	-	-	-	**(168)**	(13)	**(181)**
Parent company capital increase/reduction[b]	-	(3)	(2)	5	-	-	**-**	-	**-**
Minority interests' share in capital increases	-	-	-	-	-	-	**-**	1	**1**
Changes in treasury shares	-	-	-	(3)	-	-	**(3)**	-	**(3)**
Share-based payments	-	-	5	-	-	-	**5**	-	**5**
Effect of transactions with minority interests	-	-	-	-	-	-	**-**	(1)	**(1)**
Changes in scope of consolidation and other	-	-	(3)	-	-	(1)	**(4)**	(9)	**(13)**
At 30 June 2016	**800**	**51**	**997**	**(116)**	**21**	**(12)**	**1,741**	**128**	**1,869**
At 1 January 2017	**800**	**46**	**1,122**	**(105)**	**52**	**(13)**	**1,902**	**133**	**2,035**
Profit for the period	-	-	29	-	-	-	**29**	15	**44**
Other comprehensive income (expense) for the period[a]	-	-	4	-	(79)	7	**(68)**	(5)	**(73)**
Total comprehensive income (expense) for the period	**-**	**-**	**33**	**-**	**(79)**	**7**	**(39)**	**10**	**(29)**
Dividends paid	-	-	(170)	-	-	-	**(170)**	(10)	**(180)**
Parent company capital increase/reduction[b]	-	(7)	(1)	8	-	-	**-**	-	**-**
Minority interests' share in capital increases	-	-	-	-	-	-	**-**	1	**1**
Changes in treasury shares	-	-	-	(2)	-	-	**(2)**	-	**(2)**
Share-based payments	-	-	6	-	-	-	**6**	-	**6**
Effect of transactions with minority interests			2				**2**	(2)	**-**
Changes in scope of consolidation and other	-	-	(8)	-	-	-	**(8)**	-	**(8)**
At 30 June 2017	**800**	**39**	**984**	**(99)**	**(27)**	**(6)**	**1,691**	**132**	**1,823**

(a) See note 16 to the consolidated financial statements.
(b) Capital increase carried out by capitalising reserves and capital reduction carried out by cancelling treasury shares.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2017

(All figures are expressed in millions of euros unless otherwise specified)

NOTE 1 ACCOUNTING POLICIES

The interim consolidated financial statements at 30 June 2017 have been prepared in compliance with IAS 34 – Interim Financial Reporting. The accompanying notes do not contain all the disclosures required for annual financial statements. These condensed consolidated financial statements should therefore be read in conjunction with the annual consolidated financial statements published for 2016.

No new standards, interpretations and/or amendments to IFRSs effective for periods beginning on or after 1 January 2017 were adopted by the European Union during the first half of 2017.

The new standards, interpretations and/or amendments to IFRSs adopted by the European Union that are effective for periods beginning on or after 1 January 2017 are as follows:

- Amendments to IAS 7 – Disclosure Initiative. Entities are required to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes;
- Amendments to IAS 12 – Recognition of Deferred Tax Assets for Unrealised Losses;
- Amendment to IFRS 12 (included in the Annual Improvements to IFRS Standards 2014-2016 Cycle) – Clarification of the scope of the standard, which specifies that the disclosure requirements apply to interests in entities that are classified as held for sale or discontinued operations in accordance with IFRS 5.

The Group will apply these amendments once they have been adopted by the European Union.

The new standards and amendments to existing standards published by the International Accounting Standards Board (IASB) at 30 June 2017 that have been adopted by the European Union but which are not effective for periods beginning on or after 1 January 2017 are as follows:

- IFRS 15 – Revenue from Contracts with Customers;
- IFRS 9 – Financial Instruments.

The new standards and amendments to existing standards published by the International Accounting Standards Board (IASB) at 30 June 2017 which have not yet been endorsed by the European Union and which will be effective subsequent to 2017 are as follows:

- IFRS 16 – Leases;
- Clarifications to IFRS 15 published in April 2016;
- Amendments to IFRS 10 and IAS 28 – Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture;
- Amendments to IFRS 2 – Classification and Measurement of Share-based Payment Transactions;
- IFRIC 22 – Foreign Currency Transactions and Advance Consideration;
- IFRIC 23 – Uncertainty over Income Tax Treatments.

The condensed consolidated financial statements were approved for issue by the Managing Partners of Lagardère SCA on 26 July 2017.

Preparation for the application of the new standards IFRS 15, IFRS 9 and IFRS 16

The Group is currently finalising its analyses and estimates of the impacts of **IFRS 15 – Revenue from Contracts with Customers** on the consolidated financial statements. The work carried out to date is described in note 1 to the consolidated financial statements for the year ended 31 December 2016. The Group has not identified any major impacts on the consolidated financial statements and has confirmed the revenue recognition methods used in most divisional sales models.

An analysis of the impacts of **IFRS 9 – Financial Instruments** was in progress at 30 June 2017. The work carried out to date focusing on the recognition of hedging instruments and on the type of hedging relationships did not identify any material impacts compared to the existing accounting treatment. An analysis of the classification and measurement of financial assets and liabilities and of trade receivables impairment is in progress.

As stated in note 1 to the consolidated financial statements for the year ended 31 December 2016, to prepare for the application of **IFRS 16 – Leases**, task forces were set up within each division in 2016. In 2017 these task forces are analysing lease agreements by type of underlying physical asset as well as concession agreements in Lagardère Travel Retail. These agreements give rise to variable or fixed rental payments in consideration of a right to use the concession grantor's premises (airports, railway stations, hospitals, etc.) and to the resulting revenue. The initial impacts will be estimated upon completion of this analysis by the end of 2017.

The Group is currently analysing the potential impact on its consolidated financial statements of applying the other new standards and amendments.

1.1 VOLUNTARY CHANGE IN ACCOUNTING METHOD

In financial years up to and including 2016, the Group presented interest paid and interest received in the statement of cash flows under cash flows from operating activities.

IAS 7 – Statement of Cash Flows permits entities to classify interest paid and interest received within cash flows from financing activities and cash flows from investing activities, respectively, because they are costs of obtaining financial resources or returns on investments.

In order to improve the clarity of the Group's statement of cash flows, and to make it easier to perform segment comparisons, particularly as regards Lagardère Travel Retail, the Group has decided to change the way it presents interest paid and interest received. As of 1 January 2017, these items are classified in cash flows from financing activities and cash flows from investing activities, respectively. The statement of cash flows has been restated for each comparative period presented (first-half 2016 and full-year 2016). The impacts on the main cash flow categories are as follows:

	First-half 2016 published	Interest paid	Interest received	First-half 2016 restated
Net cash from (used in) operating activities	(8)	11	(2)	1
Net cash from (used in) investing activities	64		2	66
Net cash from (used in) financing activities	(224)	(11)		(235)
Other movements	(2)			(2)
Change in cash and cash equivalents	**(170)**	**-**	**-**	**(170)**

	Full-year 2016 published	Interest paid	Interest received	Full-year 2016 restated
Net cash from (used in) operating activities	458	54	(6)	506
Net cash from (used in) investing activities	(17)		6	(11)
Net cash from (used in) financing activities	(486)	(54)		(540)
Other movements	(29)			(29)
Change in cash and cash equivalents	**(74)**	**-**	**-**	**(74)**

Under this new presentation, the Group will also be able to present the following items within cash flows from financing activities: interest paid, increases and decreases in debt, as well as interest paid and payments relating to lease liabilities under IFRS 16 when it takes effect on 1 January 2019.

This voluntary change in accounting method will have no impact on the income statement, statement of comprehensive income, balance sheet or statement of changes in equity.

1.2 PERFORMANCE INDICATORS USED BY THE GROUP

Lagardère uses alternative performance indicators which serve as key measures of the Group's operating and financial performance. These indicators are tracked by the Executive Committee in order to assess performance and manage the business, as well as by investors in order to monitor the Group's operating performance, along with the financial metrics defined by the IASB. These indicators are calculated based on elements taken from the consolidated financial statements prepared under IFRS and a reconciliation with those accounting items is provided either in this financial report or in any other documents in which they are presented.

Recurring operating profit of fully consolidated companies

The Group's main performance indicator is recurring operating profit of fully consolidated companies, which is calculated as follows:

Profit before finance costs and tax

Excluding:

- Gains (losses) on disposals of assets
- Impairment losses on goodwill, property, plant and equipment, intangible assets and investments in equity-accounted companies
- Net restructuring costs
- Items related to business combinations:
  - Acquisition-related expenses
  - Gains and losses resulting from purchase price adjustments and fair value adjustments due to changes in control
  - Amortisation of acquisition-related intangible assets
- Specific major disputes unrelated to the Group's operating performance

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= Recurring operating profit

Less:

- Income (loss) from equity-accounted companies before impairment losses

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= Recurring operating profit of fully consolidated companies

Profit before finance costs and tax includes amortisation of certain intangible assets with finite useful lives which resulted from allocation of the acquisition price of business combinations. The Group neutralises the effects of these items when calculating recurring operating profit and recurring operating profit of fully consolidated companies, so that book amortisation with no effect on cash generated by the businesses acquired is eliminated from the measurement of performance.

The application from 1 January 2010 of the revised versions of IFRS 3 and IAS 27 on business combinations resulted in the recognition in the income statement of the following items that were previously charged to goodwill: acquisition-related expenses and changes in liabilities corresponding to earn-out clauses when such changes occur more than 12 months after the acquisition date. These items are excluded from the calculation of recurring operating profit.

The reconciliation of recurring operating profit of fully consolidated companies to profit before finance costs and tax for first-half 2017 and first-half 2016 is presented in note 3.

Like-for-like revenue

Like-for-like revenue is used by the Group to analyse revenue trends excluding the impact of changes in the scope of consolidation and in exchange rates.

The like-for-like change in revenue is calculated by comparing:

- revenue for the period adjusted for companies consolidated for the first time during the period and revenue for the previous period adjusted for consolidated companies divested during the period;
- revenue for the previous period and revenue for the current period adjusted on the basis of exchange rates applicable in the previous period.

The scope of consolidation comprises all fully consolidated entities. Additions to the scope of consolidation correspond to business combinations (acquired investments and businesses), and deconsolidations correspond to entities over which the Group has ceased to exercise control (full or partial disposals of investments and businesses, such that the entities concerned are no longer included in the Group's financial statements using the full consolidation method).

Like-for-like revenue is set out in note 4.

Free cash flow

Free cash flow is calculated as cash flow from operations plus net cash flow relating to acquisitions and disposals of intangible assets and property, plant and equipment.

The reconciliation between cash flow from operations and free cash flow is set out in note 3.

Net debt

Net debt is calculated as the sum of the following items:

- Short-term investments and cash and cash equivalents
- Financial instruments allocated as hedges of debt
- Non-current debt
- Current debt

= Net debt

The reconciliation between balance sheet items and net debt is set out in note 15.

NOTE 2 MAIN CHANGES IN THE SCOPE OF CONSOLIDATION

2.1 FIRST-HALF 2017

The main changes in scope of consolidation in first-half 2017 were as follows:

Lagardère Publishing

- Full consolidation by Hachette UK over a six-month period in 2017 of the 75.06% interest in Brainbow Limited, the creator of the brain training mobile application Peak, acquired in December 2016.

Lagardère Travel Retail

- Sale by Lagardère Travel Retail of its Press Distribution operations in Hungary in February 2017 as part of the sale to Adriatic Media Investors LLC of the French Distribution holding company Lagardère Services Distribution SAS.

  The impact of this transaction on the Group's first-half 2017 financial statements is a pre-tax capital gain of €2 million (see note 6).

Lagardère Active

- Full consolidation by Lagardère Active over a five-month period in 2017 of the 55% interest in Shopvolution Ltd, developer of the Shopcade marketplace which uses algorithms to monitor fashion and beauty trends and allow its users to make purchases, acquired at end-January 2017.

Lagardère Sports and Entertainment

- Sale by Lagardère Sports and Entertainment of Lagardère Sports Arena Sweden AB, operator of Friends Arena in Stockholm, which was deconsolidated in May 2017.

2.2 BUSINESS COMBINATIONS

Perseus

On 1 April 2016, Hachette Book Group, a subsidiary of Lagardère Publishing, acquired the publishing business of Perseus Books, a US publishing group.

At 30 June 2017, the allocation of the purchase price based on the estimated fair value of the assets acquired and liabilities assumed, gave rise to €46 million in goodwill (euro-equivalent amount at 30 June 2017).

2.3 ASSETS HELD FOR SALE AND ASSOCIATED LIABILITIES

Press Distribution operations in Hungary

Lagardère Travel Retail's Press Distribution operations in Hungary were sold on 7 February 2017 as part of the sale to Adriatic Media Investors LLC of the French Distribution holding company Lagardère Services Distribution SAS. The assets and associated liabilities were classified as assets held for sale and liabilities associated with assets held for sale in the Group's balance sheet at 31 December 2016.

At 30 June 2017, the pre-tax capital gain relating to the sale of these operations amounted to €2 million (see note 6).

Property complex in France

An office property complex in France was classified within assets held for sale for its carrying amount at 31 December 2016 (Other Activities).

The complex was sold on 28 June 2017, generating a pre-tax capital gain of €40 million in the consolidated financial statements for the period ended 30 June 2017 (see note 6).

NOTE 3 SEGMENT INFORMATION

Lagardère's operating activities are carried out through the four following business divisions:

- Lagardère Publishing: publication of works in the General Literature, Education, Illustrated Books and Partworks markets.
- Lagardère Travel Retail: Travel Essentials, Duty Free & Fashion, and Foodservice.
- Lagardère Active, which comprises:
  - Audiovisual and Digital businesses including special interest television channels, Audiovisual Production and Distribution, Radio and Advertising Sales Brokerage;
  - Press activities, principally mainstream Magazine Publishing.
- Lagardère Sports and Entertainment: marketing rights management, organisation and management of events, consulting in the management and operation of stadiums and multipurpose venues, content production and media rights management, athlete management and brand consulting.

In addition to the above divisions, the Group has a "corporate" reporting unit ("Other Activities") used primarily to report the effect of financing obtained by the Group, the net operating costs of Group holding companies, and the activities of Matra Manufacturing & Services (whose revenues are reported under "Other income from ordinary activities").

Transactions between business divisions are generally carried out on arm's length terms.

First-half 2017 income statement

	Lagardère Publishing	Lagardère Travel Retail	Lagardère Active	Lagardère Sports and Entertainment	Other Activities	Total
Revenue	1,025	1,628	402	257	-	3,312
Inter-segment revenue	(6)	-	-	-	-	(6)
Consolidated revenue	**1,019**	**1,628**	**402**	**257**	**-**	**3,306**
Other income from ordinary activities	6	57	35	1	2	101
Total income from ordinary activities	**1,025**	**1,685**	**437**	**258**	**2**	**3,407**
Recurring operating profit (loss) of fully consolidated companies	**41**	**32**	**32**	**35**	**(4)**	**136**
Income from equity-accounted companies before impairment losses	-	-	1	-	-	1
Recurring operating profit (loss)	**41**	**32**	**33**	**35**	**(4)**	**137**
Restructuring costs	(1)	(6)	(4)	(2)	3	(10)
Gains (losses) on disposals	(1)	2	(2)	-	40	39
Disposals of assets	*(1)*	*2*	*(2)*	-	*40*	*39*
Fair value adjustments due to change in control	-	-	-	-	-	-
Impairment losses(*)	-	(3)	(27)	-	(1)	(31)
Fully consolidated companies	-	*(3)*	*(3)*	-	*(1)*	*(7)*
Equity-accounted companies	-	-	*(24)*	-	-	*(24)*
Amortisation of acquisition-related intangible assets	(2)	(31)	-	(2)	-	(35)
Acquisition-related expenses	(1)	-	-	-	-	(1)
Profit (loss) before finance costs and tax	**36**	**(6)**	**-**	**31**	**38**	**99**
Items included in recurring operating profit (loss)						
Depreciation and amortisation of property, plant and equipment and intangible assets	(14)	(52)	(5)	(23)	(1)	(95)
Cost of share option plans	(2)	(1)	(1)	-	(2)	(6)

(*) Impairment losses on goodwill, property, plant and equipment and intangible assets.

First-half 2016 income statement

	Lagardère Publishing	Lagardère Travel Retail	Lagardère Active	Lagardère Sports and Entertainment	Other Activities	Total
Revenue	978	1,790	437	235	-	3,440
Inter-segment revenue	(8)	-	(1)	-	-	(9)
Consolidated revenue	**970**	**1,790**	**436**	**235**	**-**	**3,431**
Other income from ordinary activities	8	72	38	2	10	130
Total income from ordinary activities	**978**	**1,862**	**474**	**237**	**10**	**3,561**
Recurring operating profit (loss) of fully consolidated companies	**36**	**36**	**33**	**5**	**(9)**	**101**
Income from equity-accounted companies before impairment losses	-	-	3	1	-	4
Recurring operating profit (loss)	**36**	**36**	**36**	**6**	**(9)**	**105**
Restructuring costs	2	(10)	(52)	(2)	(8)	(74)
Gains (losses) on disposals	28	(1)	6	2	104	139
Disposals of assets	*20*	*(1)*	*6*	*-*	*104*	*129*
Fair value adjustments due to change in control	*8*	*-*	*-*	*2*	*-*	*10*
Impairment losses(*)	-	(3)	(32)	(4)	-	(39)
Fully consolidated companies	*-*	*(3)*	*(32)*	*-*	*-*	*(35)*
Equity-accounted companies	*-*	*-*	*-*	*(4)*	*-*	*(4)*
Amortisation of acquisition-related intangible assets	(2)	(32)	-	(2)	-	(36)
Acquisition-related expenses	(1)	-	-	-	-	(1)
Profit (loss) before finance costs and tax	**59**	**(10)**	**(42)**	**-**	**87**	**94**
Items included in recurring operating profit	**-**	**-**	**-**	**-**	**-**	**-**
Depreciation and amortisation of property, plant and equipment and intangible assets	(13)	(52)	(6)	(24)	(3)	(98)
Cost of share option plans	(1)	(1)	(1)	-	(2)	(5)

(*) Impairment losses on goodwill, property, plant and equipment and intangible assets.

First-half 2017 statement of cash flows

	Lagardère Publishing	Lagardère Travel Retail	Lagardère Active	Lagardère Sports and Entertainment	Other Activities and eliminations	Total
Cash flows from (used in) operations	(106)	65	(3)	18	(9)	(35)
Income taxes paid	(24)	(14)	(16)	(2)	6	(50)
Net cash from (used in) operating activities	**(130)**	**51**	**(19)**	**16**	**(3)**	**(85)**
Net cash from (used in) investing activities relating to intangible assets and property, plant and equipment	(21)	(69)	(4)	(35)	147	18
- Purchases	*(21)*	*(70)*	*(4)*	*(35)*	*(1)*	*(131)*
- Proceeds from disposals	*-*	*1*	*-*	*-*	*148*	*149*
Free cash flow	**(151)**	**(18)**	**(23)**	**(19)**	**144**	**(67)**
Net cash from (used in) investing activities relating to investments	(11)	(13)	(5)	(7)	(1)	(37)
- Purchases	*(17)*	*(10)*	*(6)*	*(3)*	*(1)*	*(37)*
- Proceeds from disposals	*6*	*(3)*	*1*	*(4)*	*-*	*-*
Interest received	-	1	1	-	1	3
(Increase)/decrease in short-term investments	-	-	-	-	-	-
Net cash from (used in) operating and investing activities	**(162)**	**(30)**	**(27)**	**(26)**	**144**	**(101)**

First-half 2016 statement of cash flows

	Lagardère Publishing	Lagardère Travel Retail	Lagardère Active	Lagardère Sports and Entertainment	Other Activities and eliminations	Total
Cash flows from (used in) operations	(50)	73	22	(16)	(1)	28
Income taxes paid	(29)	(6)	(23)	(13)	44	(27)
Net cash from (used in) operating activities(*)	**(79)**	**67**	**(1)**	**(29)**	**43**	**1**
Net cash from (used in) investing activities relating to intangible assets and property, plant and equipment	(1)	(76)	(8)	(31)	171	55
- Purchases	*(13)*	*(78)*	*(9)*	*(31)*	*(2)*	*(133)*
- Proceeds from disposals	*12*	*2*	*1*	*-*	*173*	*188*
Free cash flow(*)	**(80)**	**(9)**	**(9)**	**(60)**	**214**	**56**
Net cash from (used in) investing activities relating to investments	(53)	7	10	1	(1)	(36)
- Purchases	*(76)*	*(1)*	*(2)*	*(8)*	*(2)*	*(89)*
- Proceeds from disposals	*23*	*8*	*12*	*9*	*1*	*53*
Interest received(*)	-	1	1	-	-	2
(Increase)/decrease in short-term investments	-	-	-	-	45	45
Total cash from (used in) operating and investing activities(*)	**(133)**	**(1)**	**2**	**(59)**	**258**	**67**

(*) The Group elected to change its accounting method regarding the classification of interest paid and received as of 1 January 2017 (see note 1.1 to the consolidated financial statements).

The above information is presented using the new method. A reconciliation with the data published at 30 June 2016 is provided below:

	Lagardère Publishing	Lagardère Travel Retail	Lagardère Active	Lagardère Sports and Entertainment	Other Activities and eliminations	Total
Net cash from (used in) operating activities as published *(A)*	**(80)**	**64**	**(3)**	**(32)**	**43**	**(8)**
Free cash flow as published *(B)*	**(81)**	**(12)**	**(11)**	**(63)**	**214**	**47**
Net cash from (used in) operating and investing activities as published *(C)*	**(134)**	**(5)**	**(1)**	**(62)**	**258**	**56**
Interest paid reclassified to net cash from (used in) financing activities *(D)*	1	4	3	3	-	11
Net cash from (used in) operating and investing activities restated *(E)=(C)+(D)*	**(133)**	**(1)**	**2**	**(59)**	**258**	**67**
Interest received reclassified to net cash from (used in) investing activities *(F)*	-	(1)	(1)	-	-	(2)
Net cash from (used in) operating activities restated *(G)=(A)+(D)+(F)*	**(79)**	**67**	**(1)**	**(29)**	**43**	**1**
Free cash flow restated *(H)=(B)+(D)+(F)*	**(80)**	**(9)**	**(9)**	**(60)**	**214**	**56**

Balance sheet at 30 June 2017

	Lagardère Publishing	Lagardère Travel Retail	Lagardère Active	Lagardère Sports and Entertainment	Other Activities and eliminations	Total
Segment assets	2,494	2,247	1,165	889	(26)	6,769
Investments in equity-accounted companies	27	29	57	5	1	119
Segment liabilities	(1,161)	(994)	(775)	(509)	51	(3,388)
Capital employed	**1,360**	**1,282**	**447**	**385**	**26**	**3,500**
Assets held for sale and associated liabilities						**-**
Net cash and cash equivalents (net debt)						**(1,677)**
Equity						**1,823**

Balance sheet at 31 December 2016

	Lagardère Publishing	Lagardère Travel Retail	Lagardère Active	Lagardère Sports and Entertainment	Other Activities and eliminations	Total
Segment assets	2,593	2,262	1,205	961	(59)	6,962
Investments in equity-accounted companies	28	30	81	5	1	145
Segment liabilities	(1,391)	(990)	(860)	(621)	46	(3,816)
Capital employed	**1,230**	**1,302**	**426**	**345**	**(12)**	**3,291**
Assets held for sale and associated liabilities						**133**
Net cash and cash equivalents (net debt)						**(1,389)**
Equity						**2,035**

NOTE 4 REVENUE

Revenue breaks down as follows:

	First-half 2017	First-half 2016
Sales of goods and services	3,134	3,249
Advertising revenue	167	176
Barter transactions	5	6
Total	**3,306**	**3,431**

Consolidated revenue contracted by 3.6% in first-half 2017 on a consolidated basis and rose by 5.4% like for like (see definition in note 1.2).

The difference between like-for-like and consolidated figures reflects an €8 million positive foreign exchange impact and a €301 million negative scope impact, mainly relating to the divestment of Press Distribution operations.

NOTE 5 RESTRUCTURING COSTS

In first-half 2017, restructuring costs amounted to €10 million and chiefly related to the implementation of streamlining programmes and cost reduction plans in the operating divisions, as follows:

- €6 million at Lagardère Travel Retail, primarily in the United States and Canada (down €4 million), corresponding to the division's reorganisation in North America following the acquisition of Paradies at end-2015;
- €4 million at Lagardère Active, mainly in relation to the discontinuation of the core operations of an audiovisual production company.

In first-half 2016, restructuring costs amounted to €74 million, of which (i) €52 million at Lagardère Active, mainly concerning voluntary redundancy plans rolled out as part of the reorganisation of the editorial and Advertising Sales Brokerage teams in France, and (ii) €10 million at Lagardère Travel Retail, primarily corresponding to the division's reorganisation in North America following the acquisition of Paradies at end-2015. The balance was divided between Lagardère Publishing and Other Activities for €3 million and €8 million, respectively, and mainly resulted from the implementation of cost-cutting measures and the winding up of a non-operating entity.

NOTE 6 CAPITAL GAINS AND LOSSES

In the first half of 2017, the Group recorded a net gain of €39 million relating to the following major transactions:

- a €40 million pre-tax gain on the disposal by Compagnie Immobilière Europa (Other Activities) of an office building in Levallois-Perret (France) in June 2017;
- a €2 million pre-tax gain on the sale by Lagardère Travel Retail of the Press Distribution operations in Hungary via the disposal of the Lagardère Services Distribution subsidiary;
- a €3 million loss on the sale of property, plant and equipment at Lagardère Publishing and Lagardère Active.

In first-half 2016, this item represented a net gain of €129 million, of which €106 million by Other Activities following the sale of an investment property in France, €15 million pursuant to the application of IFRS 10 following the loss of control of Yen Press by Lagardère Publishing, and €12 million following the sale of Hachette Livre's 50% interest in Harlequin (Lagardère Publishing).

NOTE 7 IMPAIRMENT LOSSES ON GOODWILL, PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

At 30 June 2017, impairment tests were carried out only on those assets for which an indication of impairment had been identified at that date.

Total impairment losses recognised by consolidated companies in first-half 2017 amounted to €7 million, including €1 million for goodwill and €6 million for property, plant and equipment at Lagardère Travel Retail and Lagardère Active. Impairment losses on goodwill in an amount of €1 million relate to the discontinuation of the core operations of an audiovisual production company at Lagardère Active.

Lagardère Sports and Entertainment

As stated in note 10 to the consolidated financial statements for 2016, the value of Lagardère Sports and Entertainment's assets remains subject to performance conditions for contracts in progress based on the advertising environment and the sporting context specific to each event, the ability to renew current contracts or win new ones and the related profit margins.

At 30 June 2016, impairment tests were carried out only on those assets for which an indication of impairment had been identified at that date. Accordingly, the Group recorded total impairment losses of €35 million, of which €32 million relating to the LeGuide group and €3 million relating to individual Lagardère Travel Retail assets.

NOTE 8 OTHER OPERATING EXPENSES

	First-half 2017	First-half 2016
Net change in asset impairment losses	(12)	(6)
Financial expenses other than interest	-	(1)
Other operating expenses	(5)	-
Total	**(17)**	**(7)**

The net change in asset impairment losses includes write downs at Lagardère Publishing against advances paid to writers totalling €25 million in first-half 2017 and €21 million in first-half 2016. The balance mainly concerns net reversals of allowances on trade receivables and inventories at Lagardère Publishing and Lagardère Travel Retail.

NOTE 9 OTHER OPERATING INCOME

	First-half 2017	First-half 2016
Foreign exchange gains	3	2
Net reversals of provisions for contingencies and losses	18	7
Other operating income	13	16
Total	**34**	**25**

Other operating income mainly comprises income generated by Lagardère Travel Retail from subletting retail premises in an amount of €4 million in first-half 2017 compared with €3 million in first-half 2016.

Net changes in provisions for contingencies and losses reflect net reversals in an amount of €9 million at Lagardère Active and €5 million at Lagardère Publishing in first-half 2017. In first-half 2016, net changes in provisions for contingencies and losses related to net reversals of provisions at Lagardère Active, Lagardère Publishing and Other Activities in an amount of €2 million, €2 million and €3 million, respectively.

NOTE 10 FINANCIAL INCOME AND EXPENSES

Financial income and expenses break down as follows:

	First-half 2017	First-half 2016
Interest income on loans	2	1
Investment income and gains on sales of marketable securities	1	22
Gains on derivative financial instruments acquired as hedges of net debt	5	5
Other financial income	5	2
Financial income	**13**	**30**
Interest expense on borrowings	(36)	(32)
Loss on derivative financial instruments acquired as hedges of net debt	(6)	(10)
Other financial expenses	(9)	(4)
Financial expenses	**(51)**	**(46)**
Total	**(38)**	**(16)**

In first-half 2016, investment income and gains on sales of marketable securities included a gain of €22 million relating to the sale of Deutsche Telekom shares on 17 June 2016.

NOTE 11 INCOME TAX EXPENSE

Income tax expense breaks down as follows:

	First-half 2017	First-half 2016
Current taxes	(29)	(39)
Deferred taxes	12	16
Total	**(17)**	**(23)**

Income tax expense for first-half 2017 came to €17 million, down €6 million compared with first-half 2016. This decrease is mainly attributable to a tax base effect resulting from a decline in profit before tax between first-half 2016 and first-half 2017. The income tax expense recognised in first-half 2016 included taxes on disposals, in particular Yen Press in the United States. Income tax expense on property sales was the same in both first-half 2016 and first-half 2017.

NOTE 12 EARNINGS PER SHARE

Basic earnings per share

Earnings per share is calculated by dividing profit attributable to owners of the Parent by the weighted average number of ordinary shares outstanding during the period, excluding treasury shares. Changes in the number of shares as a result of employees exercising their share options (movements throughout the year) are included using the average of opening and closing balances for the period.

Diluted earnings per share

The only dilutive ordinary shares are (i) unexercised employee share options which are not covered by hedging contracts and whose exercise prices are lower than the average quoted price of the Lagardère SCA share over the reference period ("in-the-money" options), and (ii) free shares, when it is probable that they will vest at the vesting date set in the plan (specific case of performance shares).

	First-half 2017	First-half 2016
Profit for the period attributable to owners of the Parent (in millions of euros)	**29**	**44**
Number of shares making up the share capital at 30 June	131,133,286	131,133,286
Treasury shares	(1,770,583)	(2,335,995)
Number of shares outstanding at 30 June	**129,362,703**	**128,797,291**
Number of shares outstanding at 1 January	129,180,711	128,809,129
Average number of shares outstanding during the period	**129,271,707**	**128,803,210**
Basic earnings per share attributable to owners of the Parent (in euros)	**0.23**	**0.34**
Dilutive share options and free shares:		
- Share options	-	-
- Free shares	2,348,725	1,999,575
Average number of shares including dilutive share options and free shares	**131,620,432**	**130,802,785**
Diluted earnings per share attributable to owners of the Parent (in euros)	**0.22**	**0.34**

NOTE 13 INVESTMENTS IN EQUITY-ACCOUNTED COMPANIES

Investments in **associates and joint ventures** are accounted for under the equity method in the Group's consolidated financial statements. The Group's main equity-accounted companies are as follows:

	Joint shareholder	Main business	% interest 30 June 2017	% interest 31 Dec. 2016	Balance sheet 30 June 2017	Balance sheet 31 Dec. 2016	Income statement First-half 2017	Income statement First-half 2016
S.D.A. (Société de Distribution Aéroportuaire)	Aéroport de Paris	Travel Retail	45%	45%	10	10	2	1
Relay@ADP	Aéroport de Paris	Travel Retail	50%	50%	3	3	1	-
Société des Commerces en Gares	SNCF Participations	Travel Retail	50%	50%	2	2	-	-
Other					4	5	-	(4)
Total joint ventures					**19**	**20**	**3**	**(3)**
Marie Claire (Holding Evelyne Prouvost)(*)		Magazine Publishing	42%	42%	53	77	(24)	3
Éditions J'ai Lu		Publishing	35%	35%	17	17	-	-
Inmedio		Travel Retail	49%	49%	12	12	-	-
Yen Press		Publishing	49%	49%	9	10	-	-
Saddlebrook International Sports		Sports	30%	30%	4	5	-	-
Other					5	4	(2)	-
Total associates					**100**	**125**	**(26)**	**3**
Total investments in equity-accounted companies					**119**	**145**	**(23)**	**0**

(*) An additional impairment loss was recognised at 30 June 2017 in an amount of €24 million. In 2016, impairment losses recognised in respect of this item totalled €13 million.

Joint ventures

As part of its business operations, Lagardère Travel Retail manages certain travel retail contracts in the form of 50/50 joint ventures entered into with concession grantors. The main joint ventures set up by Lagardère Travel Retail with its partners are (i) Société de Distribution Aéroportuaire and Relay@ADP, with Aéroport de Paris, (ii) Société des Commerces en Gares, with SNCF Participations, (iii) SVRLS@LAREUNION, with Servair, and (iv) Lyon Duty Free, with Lyon airport authorities.

Total revenue generated by these Travel Retail joint ventures (on a 100% basis) amounted to €580 million in first-half 2017 versus €571 million in first-half 2016. Fully consolidated entities invoiced joint ventures amounts of €206 million in first-half 2017 and €155 million in first-half 2016.

	Figures on a 100% basis		Lagardère's share (50%)	
	First-half 2017	First-half 2016	First-half 2017	First-half 2016
Total revenue	**580**	**571**	**290**	**286**
Group revenue with joint ventures	*(206)*	*(155)*	*(103)*	*(78)*
Adjusted revenue	374	416	187	208
Recurring operating profit	**9**	**3**	**5**	**2**
Profit before finance costs and tax	7	2	4	1
Profit before tax	7	1	4	1
Profit for the period	**6**	**1**	**3**	**1**
Net debt	**(88)**	**(94)**	**(44)**	**(47)**

Associates

Marie Claire

At end-2016, a €13 million impairment loss was recognised against the shares held in Marie Claire, reducing their carrying amount to €77 million.

During the first half of 2017, the Marie Claire group saw a sharp decline in business – notably in advertising revenue – as compared to the assumptions used to draw up the budget at end-2016. The budget prepared in 2016 was revised downwards accordingly, particularly as regards projected profit margins. In light of these changes in assumptions, Lagardère's interest in the Marie Claire group was revalued at €53 million, leading to the recognition of a €24 million impairment loss in the first half of the year.

Beyond the years covered by the revised budget, a change corresponding to an annual decrease of 1% in circulation revenue compared to the assumptions used at 30 June 2017, would result in an additional €16 million impairment loss, excluding the impact of any corporate cost reduction measures that would necessarily be implemented.

NOTE 14 CASH AND CASH EQUIVALENTS

Cash and cash equivalents reported in the statement of cash flows are calculated as follows:

	30 June 2017	31 Dec. 2016
Cash and cash equivalents	756	481
Short-term bank loans and overdrafts	(73)	(76)
Cash and cash equivalents, net	**683**	**405**

Cash and cash equivalents break down as follows:

	30 June 2017	31 Dec. 2016
Bank accounts	277	360
Money market funds	419	61
Term deposits and current accounts maturing in less than three months	60	60
Cash and cash equivalents	**756**	**481**

Changes in working capital as reported in the statement of cash flows can be analysed as follows:

	First-half 2017	First-half 2016
Change in inventories	(36)	(48)
Change in trade receivables	170	82
Change in trade payables	(123)	(57)
Change in other receivables and payables	(242)	(130)
Changes in working capital(*)	**(231)**	**(153)**

(*) Increase/(decrease) in cash and cash equivalents

NOTE 15 DEBT

15.1 BREAKDOWN OF DEBT

The **Group's debt** breaks down as follows:

	30 June 2017	31 Dec. 2016
Bonds	1,287	989
Bank loans	-	3
Finance lease liabilities	6	6
Debt related to put options granted to minority shareholders	34	24
Medium term notes (NEU MTN)(**)	3	-
Other debt	8	4
Non-current debt excluding financial instruments allocated as hedges of debt	**1,338**	**1,026**
Financial instruments allocated as hedges of debt	-	15
Non-current debt	**1,338**	**1,041**
Bonds	497	497
Bank loans	6	-
Finance lease liabilities	5	5
Debt related to put options granted to minority shareholders	15	17
Commercial paper (NEU CP)(*)	469	213
Other debt	106	100
Current debt excluding financial instruments allocated as hedges of debt	**1,098**	**832**
Financial instruments allocated as hedges of debt	-	-
Current debt	**1,098**	**832**
Total debt	**2,436**	**1,873**

(*) Negotiable European Commercial Paper.

(**) Negotiable European Medium Term Notes.

The main movements in debt during first-half 2017 were as follows:

- In June 2017, the issue of €300 million worth of bonds maturing in June 2024 and paying an annual coupon of 1.625%, to be used for general corporate purposes. The effective interest rate is 1.81%.
- Continuation of the commercial paper programme with a ceiling raised to €850 million (versus €700 million in 2016). Debt issues represented €469 million at 30 June 2017 compared with €213 million at 31 December 2016.
- Implementation in June 2017 of a Negotiable European Medium Term Notes programme with a ceiling of €200 million. At 30 June 2017, the first issue carried out under the programme was for an amount of €3 million, maturing in two years.

Net debt breaks down as follows:

(in millions of euros)	First-half 2017	31 Dec. 2016
Short-term investments and cash and cash equivalents	756	481
Financial instruments allocated as hedges of debt with a positive fair value (*)	3	3
Non-current debt (**)	(1,338)	(1,041)
Current debt	(1,098)	(832)
Net debt	**(1,677)**	**(1,389)**

(*) Financial instruments allocated as hedges of debt with a positive fair value are included in "Other non-current assets" on the balance sheet.

(**) Non-current debt includes financial instruments allocated as hedges of debt with a negative fair value, representing €15 million at 31 December 2016.

15.2 ANALYSIS OF DEBT BY MATURITY

Debt can be analysed as follows by maturity at **30 June 2017**:

	30 June 2018(*)	30 June 2019	30 June 2020	30 June 2021	30 June 2022	Beyond 5 years	Total
Bonds	497	-	496	-	-	791	**1,784**
Bank loans	6	-	-	-	-	-	**6**
Financial instruments allocated as hedges of debt	-	-	-	-	-	-	**-**
Finance lease liabilities	5	6	-	-	-	-	**11**
Debt related to put options granted to minority shareholders	15	1	1	3	14	15	**49**
Commercial paper	469	3	-	-	-	-	**472**
Other debt	106	3	-	3	-	2	**114**
At 30 June 2017	**1,098**	**13**	**497**	**6**	**14**	**808**	**2,436**

(*) Debt due within one year is reported in the consolidated balance sheet under "Current debt".

NOTE 16 OTHER COMPREHENSIVE INCOME (EXPENSE) FOR THE PERIOD

The components of **other comprehensive income (expense)** can be analysed as follows:

	First-half 2017			First-half 2016		
	Attributable to owners(*)	Minority interests	Total equity	Attributable to owners(*)	Minority interests	Total equity
Translation reserve	**(79)**	**(5)**	**(84)**	**(76)**	**(1)**	**(77)**
- Currency translation adjustments	(79)	(5)	(84)	(80)	(1)	(81)
- Share of other comprehensive income of equity-accounted companies, net of tax	-	-	-	4	-	4
Valuation reserve	**7**	**-**	**7**	**(30)**	**-**	**(30)**
Change in fair value of derivative financial instruments	**7**	**-**	**7**	**(9)**	**-**	**(9)**
- Unrealised gains (losses) recognised directly in equity	12	-	12	(12)	-	(12)
- Amounts reclassified from equity to profit or loss	-	-	-	-	-	-
- Tax effect	(5)	-	(5)	3	-	3
Change in fair value of investments in non-consolidated companies	**-**	**-**	**-**	**(21)**	**-**	**(21)**
- Unrealised gains (losses) recognised directly in equity	-	-	-	-	-	-
- Amounts reclassified from equity to profit or loss	-	-	-	(24)	-	(24)
- Tax effect	-	-	-	3	-	3
Other reserves	**4**	**-**	**4**	**(22)**	**-**	**(22)**
- Actuarial gains and losses on pensions and other post-employment benefit obligations	6	-	6	(31)	-	(31)
- Tax effect	(2)	-	(2)	9	-	9
Other comprehensive income (expense) for the period, net of tax	**(68)**	**(5)**	**(73)**	**(128)**	**(1)**	**(129)**

(*) Equity attributable to owners of the Parent.

Currency translation adjustments recognised within other comprehensive income (expense) relate mainly to the following currencies:

	First-half 2017	First-half 2016
US dollar:	€(79)m	€(6)m
Pound sterling:	€(14)m	€(66)m
Other:	€9m	€(5)m
Total	**€(84)m**	**€(77)m**

NOTE 17 OFF-BALANCE SHEET COMMITMENTS AND CONTRACTUAL OBLIGATIONS

The main changes in first-half 2017 compared to the commitments presented in notes 32 and 33 to the consolidated financial statements at 31 December 2016 were as follows:

Contractual obligations

Lagardère Sports and Entertainment

- At 30 June 2017, the minimum payments guaranteed under long-term contracts for sports rights sales totalled €1,146 million, compared to €1,326 million at 31 December 2016.
- At 30 June 2017, commitments received under contracts signed with distributors and partners totalled €1,751 million compared to €1,780 million at 31 December 2016.

Lagardère Travel Retail

- At 30 June 2017, the minimum payments guaranteed under long-term contracts for concession agreements totalled €1,845 million, compared to €1,859 million at 31 December 2016.

Off-balance sheet commitments

Confirmed, unused lines of credit

On 11 May 2015, Lagardère SCA signed a five-year multicurrency syndicated loan with two possible one-year extensions for €1,250 million.

On 26 April 2016 and 27 April 2017, Lagardère SCA used the two possible extensions and on each occasion received the unanimous approval of the thirteen syndicated banks to extend its credit facility by one year.

Following these extensions, the facility will now fall due on 11 May 2022.

At 30 June 2017, the amount of undrawn credit on the syndicated loan amounted to €1,250 million.

At 30 June 2017, Lagardère SCA also signed three bilateral bank credit facilities for a total amount of €200 million. These facilities can be drawn down in an amount of up to €50 million until 31 July 2017, and an amount of €150 million until 15 November 2017, and have maturities of between four and five years.

At 30 June 2017, the amount of undrawn credit on these bilateral credit facilities amounted to €200 million.

NOTE 18 LITIGATION

Monla/Lagardère Travel Retail & Chalhoub arbitration

Between end-2016 and early 2017, Lagardère Travel Retail ("LTR"), Monla Group SAL Holding ("Monla") and Chalhoub Group Limited ("Chalhoub") began talks regarding a possible joint response to a request for proposals for a duty free concession at Beirut airport. LTR and Chalhoub ultimately submitted a proposal without Monla, but were not selected.

On 10 May 2017, Monla filed an arbitration claim against LTR and Chalhoub with the International Chamber of Commerce, asserting wrongful behaviour in the conduct and suspension of their three-party discussions. Monla is seeking damages in a minimum amount of USD 10 million (plus miscellaneous expenses) from the respondents for the alleged harm caused, in particular to its image, and for loss of opportunity. The proceedings are still in the preliminary stage and the arbitration tribunal is still being constituted. LTR disputes the validity of the claims and the damages.

Other litigation

There have been no significant developments regarding the other litigation described in note 34 to the consolidated financial statements for the year ended 31 December 2016.

NOTE 19 RELATED PARTIES

During the first half of 2017, no new transactions were undertaken by the Lagardère group with related parties other than those described in note 35 to the consolidated financial statements at 31 December 2016.

NOTE 20 EVENTS AFTER THE REPORTING PERIOD

No events that could have a material impact on the consolidated financial statements occurred after the end of the interim reporting period.

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STATUTORY AUDITORS' REVIEW REPORT ON THE FIRST HALF-YEARLY FINANCIAL INFORMATION

To the Partners,

In compliance with the assignment entrusted to us by your general shareholders' meetings and in accordance with the requirements of article L.451-1-2 III of the French monetary and financial code, we hereby report to you on:

- the limited review of the accompanying condensed half-yearly consolidated financial statements of Lagardère S.C.A., for the period from 1 January to 30 June 2017, and
- the verification of the information contained in the interim management report.

These condensed half-yearly consolidated financial statements were drawn up under the responsibility of the Managing Partners. Our role is to express a conclusion on these financial statements based on our limited review.

1. Conclusion on the financial statements

We conducted our limited review in accordance with professional standards applicable in France. A limited review mainly consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A limited review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our limited review, nothing has come to our attention that causes us to believe that the condensed half-yearly consolidated financial statements are not prepared in all material respects in accordance with IAS 34 – standard of the IFRSs as adopted by the European Union applicable to interim financial information.

Without calling into question the conclusion expressed above, we draw your attention to the following notes:

- note 7 to the condensed half-yearly consolidated financial statements, which describes that the value of the assets of the Lagardère Sports and Entertainment division still depends on the conditions in which current contracts will be completed, the ability to renew these contracts or to win new ones, as well as the related margin conditions;

- note 1 to the condensed half-yearly consolidated financial statements, which describes the voluntary change in accounting method related to the classification of interests paid and interests received within cash flows from financing activities and cash flows from investing activities respectively.

2. Specific verification

We have also verified the information presented in the interim management report in respect of the condensed half-yearly financial statements subject to our limited review.

We have no matters to report as to its fair presentation and its consistency with the condensed half-yearly financial statements.

French original signed at Courbevoie and Paris-La Défense on 26 July 2017

The Statutory Auditors

MAZARS

Thierry Blanchetier

ERNST & YOUNG et Autres

Bruno Bizet

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PERSONS RESPONSIBLE FOR THE INTERIM FINANCIAL REPORT – DECLARATION BY THE MANAGING PARTNERS

We hereby declare that, to the best of our knowledge, the condensed interim consolidated financial statements for the first half of 2017 have been prepared in accordance with the applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and results of the company and all the entities included in the consolidation, and that the accompanying interim management report presented on pages 4 to 15 provides a fair view of the significant events of the first six months of the year, their impact on the financial statements and the principal related-party transactions, and that it provides a description of the main risks and uncertainties for the remaining six months of the year.

Paris, 26 July 2017

For Arjil Commanditée-Arco:

Pierre Leroy

Lagardère SCA

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