Lagardère

GENERAL MEETING DOCUMENT

Annual Ordinary and Extraordinary General Meeting of 3 May 2018

3 May 2018

GENERAL MEETING DOCUMENT

Annual Ordinary and Extraordinary General Meeting

Fiscal year 2017

Lagardère SCA
French partnership limited by shares (*société en commandite par actions*) with a share capital of €799,913,044.60
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Registered with the Paris Trade and Companies Registry under number 320 366 446
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AGENDA

AGENDA

- Reports of the Managing Partners, the Supervisory Board, the Statutory Auditors and the independent third-party entity.
- Approval of the Company's financial statements for the year ended 31 December 2017.
- Approval of the consolidated financial statements for the year ended 31 December 2017.
- Allocation of the Company's results and dividend distribution.
- Issuing of an opinion on the components of remuneration payable or granted to Arnaud Lagardère, Managing Partner, in respect of 2017.
- Issuing of an opinion on the components of remuneration payable or granted to the representatives of the other Managing Partner in respect of 2017.
- Issuing of an opinion on the components of remuneration payable or granted to Xavier de Sarrau, Chairman of the Supervisory Board, in respect of 2017.
- Re-appointment of Xavier de Sarrau as a member of the Supervisory Board for a term of four years.
- Re-appointment of Yves Guillemot as a member of the Supervisory Board for a term of four years.
- Re-appointment of Patrick Valroff as a member of the Supervisory Board for a term of four years.
- Authorisation to be given to the Managing Partners, for a period of eighteen months, to trade in the Company's shares.
- Amendment of articles 12-1 and 14 A of the Company’s Articles of Association.
- Amendment, subject to a condition precedent, of articles 12-1 and 14 A of the Company’s Articles of Association.
- Powers for formalities.

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MESSAGE FROM THE MANAGING PARTNERS

MESSAGE FROM THE MANAGING PARTNERS

2017 was a good year for our Group, in which we maintained our growth momentum. We reported a 4% increase in like-for-like revenue and our profitability continued on its upward trend, enabling us to meet our objectives with Group recurring EBIT up by 6.7%.

These results reward our efforts and investments over several years, particularly at Lagardère Publishing and Lagardère Travel Retail. They are encouraging us to move forward with our transformation plan to take the necessary decisions concerning our media activities, and to consolidate our growth drivers. This will enable us to continue to strengthen our fundamentals and our financial solidity.

Lagardère Publishing recorded a very good performance, with continually improving results despite challenging conditions in the United Kingdom, Spain and Latin America. On the external growth front, Lagardère Publishing acquired publishing house Summersdale and digital publisher Bookouture during the year. Lagardère Publishing also pressed ahead with its diversification into adjacent activities by acquiring IsCool Entertainment, a company specialising in mobile games.

As planned, Lagardère Travel Retail is now a pure player focused on its core business. Lagardère Travel Retail reported like-for-like revenue growth of 9.1% and further boosted its profitability this year, demonstrating that our strategy is paying off. These strong results were mainly powered by good overall momentum in the EMEA and Asia-Pacific regions as well as the successful integration of Paradies in North America.

Lagardère Active stepped up its international expansion in the audiovisual segment by acquiring Finland's Aito Media Group and, more recently, Skyhigh TV in the Netherlands, as well as by launching Gulli Bil Arabi. Lagardère Active also strengthened its position in the digital domain with the addition of startups Shopcade and Animalbox, specialising in e-commerce and subscription gift boxes, respectively. In addition, lower advertising revenues in the magazine publishing segment were partially offset by a stable year-on-year performance from circulation.

Lastly, Lagardère Sports and Entertainment improved its operating margin for the second consecutive year and strengthened its consulting business with the launch of Lagardère Plus. The year was also characterised by the start of operations at the Bordeaux Métropole Arena.

Overall, our financial position remains solid. The proposed 2017 dividend of €1.30 per share represents an attractive return.

I would like to pay tribute to the commitment of the women and men of our Group. It is thanks to their passion, dedication and talent that we have, once again, been able to meet our objectives.

And I would like to thank you, dear Shareholders, for your loyalty and your support.

Arnaud Lagardère

General and Managing Partner of Lagardère SCA

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REPORTS OF THE MANAGING PARTNERS

3.1 MANAGEMENT REPORT OF THE MANAGING PARTNERS

Dear Shareholders,

We have convened this Annual Ordinary and Extraordinary General Meeting primarily to:

- report to you on the operations, position and outlook of the Company and of the Lagardère group as a whole;
- submit for your approval the Company's financial statements and the consolidated financial statements for the year ended 31 December 2017;
- allocate the Company's results for the year and propose the payment of a dividend of €1.30 per share;
- issue an opinion on the components of remuneration payable or granted to the executive corporate officers and the Chairman of the Supervisory Board in respect of 2017, in accordance with the recommendations of the Afep-Medef Corporate Governance Code;
- re-appoint three members of the Supervisory Board;
- renew the Company's share buyback programme; and
- make two amendments to the Articles of Association in order to reduce the size of the Supervisory Board.

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Pursuant to the provisions of the French Commercial Code (*Code de commerce*) and stock market regulations, we hereby present the following two documents which contain all the reports and information we are required to provide for your Annual General Meeting:

- the General Meeting Document, sent with the convening notice and posted online on the Company's website;
- the Reference Document, also posted online on the Company's website and made available to you at the same time.

In addition to the Message from the Managing Partners, the **General Meeting Document** includes:

- the agenda;
- this management report of the Managing Partners, which contains:
  - a summary of the position, operations and results of the Lagardère group in 2017,
  - a presentation of the purpose and reasons for the resolutions submitted to you for approval;
- the special report of the Managing Partners on free share awards;
- the reports of the Supervisory Board prepared in accordance with article L. 226-9 of the French Commercial Code;
- the reports of the Statutory Auditors on the Company's financial statements, the consolidated financial statements and the agreements governed by article L. 226-10 of the French Commercial Code;
- the Report of Ernst & Young et Associés on consolidated social, environmental and societal information;
- the proposed resolutions submitted to you for approval.

The **Reference Document** contains the Annual Financial Report within the meaning of the stock market regulations. This document is structured based on the format required by European regulations on the contents of prospectuses. Apart from providing information to the markets, the Reference Document also forms an integral part of the management report of the Managing Partners, in as much as it contains information on:

- the operations, position and outlook of the Company and the Group:

  Chapter 1

  Chapter 6
- the financial statements, results and financial position:

  Chapter 5
- key risks:

  Chapter 3
- internal control and risk management procedures relating to the preparation and processing of financial and accounting information:

  Chapter 3.2
- labour, environmental and social information:

  Chapter 4

The Reference Document also contains the new Corporate Governance Report of the Supervisory Board, pursuant to article L. 226-10-1 of the French Commercial Code in application of French Government order no. 2017-1162 of July 12, 2017.

We shall therefore confine ourselves below to a summary of the Lagardère group's results and operations in 2017 and a presentation of the resolutions submitted to you for approval. Please refer to the Reference Document for more comprehensive information on each of these subjects.

3.1.1 RESULTS AND ACTIVITIES IN 2017

3.1.1.1 PRESENTATION OF THE 2017 CONSOLIDATED FINANCIAL STATEMENTS

Sharp rise in Group recurring EBIT[1]: up 6.7%[2] to €403 million

Operating margin up to 5.7% from 5.3% in 2016

Solid financial position

Proposed ordinary dividend unchanged at €1.30 per share

2018 Group recurring EBIT[1] target stable[3]

In 2017, the Lagardère group delivered a further increase in operating profit, fuelled by stellar organic growth from Travel Retail and a strong performance from Lagardère Publishing.

Continued growth dynamic

The Lagardère group recorded revenue of €7,069 million in 2017, up 4.0% on a like-for-like basis, notably reflecting an outstanding contribution from Travel Retail and good momentum at Lagardère Publishing, which posted growth of 9.1% and 1.9% respectively.

Continued rise in Group recurring EBIT

Lagardère achieved its Group recurring EBIT target with growth of 6.7%[2] compared to 2016.

Group recurring EBIT came in at €403 million versus €395 million in 2016, powered by good performances from Travel Retail and Lagardère Sports and Entertainment as well as by a solid contribution from Lagardère Publishing.

Profit before finance costs and tax was €279 million versus €314 million in 2016, owing to a decrease in disposal gains which was partially offset by lower restructuring costs.

Accordingly, profit - Group share improved slightly to €179 million from €175 million in 2016.

Solid financial position

At end-2017, the Group's net debt remained stable at €1,368 million in the context of a sustained investment effort. The disposal of an asset offset an unfavourable year in terms of the change in working capital.

At end-2017, the leverage ratio (net debt[3]/recurring EBITDA[4]) was stable year on year at 2.2x.

A) REVENUE AND RECURRING EBIT

Revenue

Revenue totalled €7,069 million, up 4.0% like-for-like (down 4.4% on a consolidated basis). The difference between like-for-like and consolidated figures is essentially related to a negative scope effect resulting from the divestment of Press Distribution activities by Lagardère Travel Retail, partially offset by acquisitions at Lagardère Publishing. The negative foreign exchange effect resulted primarily from the depreciation of the pound sterling and the US dollar.

(1) Recurring operating profit of fully consolidated companies (recurring EBIT) 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 due to changes in control
- Amortisation of acquisition-related intangible assets
• Specific major disputes unrelated to the Group's operating performance
= Recurring operating profit
Less:
• Income (loss) from equity-accounted companies before impairment losses
= Recurring operating profit of fully consolidated companies (Group recurring EBIT)

(2) At constant exchange rates and excluding the impact from disposals of Distribution activities.

(3) Net debt is calculated as the sum of the following items:
• Short-term investments and cash and cash equivalents
• Financial instruments designated as hedges of debt
• Non-current debt
• Current debt
= Net debt

(4) Recurring EBITDA is calculated as recurring operating profit of fully consolidated companies (Group recurring EBIT) plus dividends received from equity-accounted companies, less amortisation and depreciation charged against intangible assets and property, plant and equipment.

	Revenue (€m)		Change	
	2016	**2017**	on a consolidated basis	on a like-for-like basis
Lagardère Publishing	2,264	**2,289**	+1.1%	+1.9%
Lagardère Travel Retail	3,695	**3,412**	-7.7%	+9.1%
o/w Travel Retail	*3,132*	***3,401***	*+8.6%*	*+9.1%*
o/w Distribution	*563*	***11***	*-98.2%*	*-1.0%*
Lagardère Active	915	**872**	-4.7%	-4.1%
Lagardère Sports and Entertainment	517	**496**	-3.9%	-3.4%
LAGARDÈRE	7,391	**7,069**	-4.4%	+4.0%

Group recurring EBIT

Group recurring EBIT advanced 2.1% on a consolidated basis to €403 million.

The divestment of Press Distribution activities by Lagardère Travel Retail (Belgium, Hungary and Spain) represented a €13 million negative scope effect. Changes in exchange rates had a €4 million negative impact.

Stripping out these effects, **Group recurring EBIT growth was 6.7%, in line with the target announced in March 2017** (*"growth between 5% and 8% versus 2016, at constant exchange rates and excluding the impact from disposals of Distribution activities"*).

	Group recurring EBIT (€m)		Change
	2016	**2017**	€m
Lagardère Publishing	208	**210**	+2
Lagardère Travel Retail	108	**112**	+4
o/w Travel Retail	*95*	***112***	*+17*
o/w Distribution	*13*	***0***	*-13*
Lagardère Active	78	**70**	-8
Lagardère Sports and Entertainment	20	**26**	+6
Other Activities	(19)	**(15)**	+4
LAGARDÈRE	395	**403**	+8

Lagardère Publishing

Revenue

Revenue for 2017 came in at €2,289 million, up 1.9% like-for-like (up 1.1% on a consolidated basis).

Business growth in 2017 was mainly driven by the good performance from Partworks (up 8.8%), particularly in Argentina and Japan, and by gains in France (up 3.4%), which was boosted by the success of best-selling titles (including *Astérix et la Transitalique* and Dan Brown's *Origin*), by a record year for Le Livre de Poche paperbacks and by the success of textbook publishers amid curriculum reform.

Business in the United States also delivered solid 2.7% growth, lifted by a busy release schedule, especially at Perseus and Nashville.

These positive factors helped offset declines in the United Kingdom (down 3.9%) and the Spain/Latin America region (down 5.2%), which suffered an unfavourable comparison effect resulting primarily from the success of *Harry Potter and the Cursed Child* in the United Kingdom and Spain's curriculum reform in 2016.

In 2017, the contribution of e-books to Lagardère Publishing's overall revenue was 7.9% (8.0% in 2016).

Recurring EBIT

At 9.2%, the operating margin was stable, with recurring EBIT at €210 million, representing an increase of €2 million on 2016. The increase was mainly attributable to a strong performance in the United States, underpinned by successful releases as well as continued profitability gains as a result of the ongoing cost-cutting plan. These positive factors were partially offset by a decline in Partworks due to a richer launch programme, especially in Japan, and the unfavourable comparison basis in the United Kingdom in connection with the releases of *Harry Potter and the Cursed Child* and *Fantastic Beasts* in 2016.

Lagardère Travel Retail

Revenue

2017 revenue totalled €3,412 million, up 9.1% like-for-like (down 7.7% on a consolidated basis).

Lagardère Travel Retail posted very solid organic revenue growth in 2017, propelled especially by strong performances in the EMEA and ASPAC regions.

In France, the business generated solid 8.0% growth, led by Foodservice activities on the back of network expansion and the development of the platform in Nice, as well as by very good momentum in the Duty Free segment, focused mainly around the regional platforms.

EMEA (excluding France) once again posted strong growth (up 13.6%), spurred by network development, especially in Switzerland, Eastern Europe and Italy, as well as by a rise in passenger traffic and the modernisation of concepts.

Despite an unfavourable calendar effect and the impact of the hurricane season in the second half of the year, North America delivered a resilient performance and remained on the growth track (up 2.7%), lifted by network expansion.

The Asia-Pacific region delivered bullish 9.8% revenue growth, propelled by the new Hong Kong concession, strong performances by fashion stores in China and the upturn in the Pacific region on the back of the modernisation of the Duty Free store in Auckland, New Zealand.

Distribution operations saw revenue dip by 1.0% prior to their full disposal in February 2017.

Recurring EBIT

The division's operating margin was 3.3%, with recurring EBIT up to €112 million. The operating margin for Travel Retail edged up 0.3 percentage points to 3.3%.

Travel Retail recurring EBIT was up by €17 million or 18.0%, buoyed mainly by good performances in the EMEA region attributable to organic growth in Italy and the Czech Republic. France also enjoyed good momentum on the back of the Travel Essentials and Foodservice activities. Recurring EBIT growth in North America was lifted by business integration synergies and growth, which offset the impact of the hurricane season and the unfavourable calendar effect compared to 2016.

Distribution operations, which represented €13 million in recurring EBIT in 2016, made no contribution to Lagardère Travel Retail's 2017 recurring EBIT following the completion of the divestment process in February.

Lagardère Active

Revenue

2017 revenue totalled €872 million, down 4.1% like-for-like (down 4.7% on a consolidated basis). The downturn in business is mainly attributable to a drop in audience figures for the Europe 1 radio station, a decline at Lagardère Studios with the absence of deliveries of prime time series in Spain. The decline in Magazine Publishing was contained, with the fall in advertising revenues partially offset by a stable year-on-year performance from circulation.

The contraction in B2B revenue was offset by Pure Digital activities, thanks in particular to good performances at BilletRéduc ticketing services and e-health, with expansion at MonDocteur.

Advertising revenues fell 6.4% year-on-year for the division as a whole.

Recurring EBIT

At 8.0%, Lagardère Active's operating margin contracted by 0.5 percentage points, while recurring EBIT amounted to €70 million owing to the decline in advertising revenues at Europe 1. TV activities and international radio posted gains for the year. Lower advertising revenues at Magazine Publishing were offset by cost-cutting plans.

Lagardère Sports and Entertainment

Revenue

2017 revenue totalled €496 million, down 3.4% like-for-like (down 3.9% on a consolidated basis). The reduction in revenue reflects both the termination of the Friends Arena contract in Sweden and an unfavourable calendar effect, mainly linked to the 2016 AFF Suzuki Cup and AFC Olympic qualifiers (U23) in Asia. This is partially offset by the successful rollout of the contract for the 2017 Total African Cup of Nations in Gabon. However, football activities in Europe (particularly in Germany) as well as consulting activities turned in good performances.

Recurring EBIT

Lagardère Sports and Entertainment's recurring EBIT rose 30% to €26 million, with operating margin up 1.4 percentage points to 5.2%.

Whilst the sporting calendar effect was neutral in 2017, sales and business development efforts, especially in Football activities in Europe and Asia, contributed to an improved performance.

Other Activities

Recurring EBIT from **Other Activities** was a negative €15 million, a €4 million improvement on the year-earlier figure. This mainly reflects the favourable impact attributable to the recovery of VAT (including an adjustment in 2016), along with the beneficial effects of the plan to reduce overhead costs.

B) MAIN INCOME STATEMENT DATA

(€m)	2016	2017
Revenue	7,391	**7,069**
Group recurring EBIT	395	**403**
Income from equity-accounted companies*	10	**3**
Non-recurring/non-operating items	(91)	**(127)**
Profit before finance costs and tax	314	**279**
Finance costs, net	(49)	**(73)**
Profit before tax	265	**206**
Income tax benefit (expense)	(69)	**1**
Profit for the period	196	**207**
Minority interests	(21)	**(28)**
Profit - Group share	175	**179**

* Before impairment losses.

Income from equity-accounted companies

Income from equity-accounted companies (before impairment losses) came in at €3 million in 2017, compared with €10 million one year earlier, due mainly to start-up costs for jointly-controlled companies at Lagardère Travel Retail and to a lower contribution from the Marie Claire group.

Non-recurring/non-operating items

Non-recurring/non-operating items represented a net negative amount of €127 million, compared with a net negative amount of €91 million in 2016, and mainly included:

- **€72 million in amortisation of intangible assets and costs relating to the acquisition of consolidated companies,** including €60 million for Lagardère Travel Retail, €7 million for Lagardère Publishing and €4 million for Lagardère Sports and Entertainment.
- **€41 million in restructuring costs,** including €23 million at Lagardère Active, corresponding primarily to costs incurred in connection with the reorganisation of Europe 1, with relocations further to voluntary redundancy plans rolled out in 2016 and the discontinuation of the core operations of an audiovisual production company. The remaining balance concerns Lagardère Sports and Entertainment (€10 million) owing to costs incurred for the discontinuation of activities in Sweden, and at Lagardère Travel Retail (€9 million), chiefly due to the division's reorganisation in North America following the acquisition of Paradies in late 2015.
- **€33 million in impairment losses on property, plant and equipment and intangible assets,** including €10 million concerning the impairment of goodwill and property, plant and equipment of an entity at Lagardère Travel Retail in New Zealand, €6 million at Lagardère Publishing relating to the impairment of goodwill of entities in Spain and the United Kingdom, and €3 million at Lagardère Active for the goodwill of an audiovisual production company whose core operations have been discontinued. The balance mainly concerns property, plant and equipment.
- **€24 million in impairment losses on investments in equity-accounted companies**, including against the equity-accounted shares held in the Marie Claire group amid a downturn in the French and international advertising markets.
- **€43 million in net gains on asset disposals,** chiefly including €40 million in gains on the disposal of an office building in Levallois-Perret (France) at Other Activities, and €2 million at Lagardère Travel Retail further to the disposal of Press Distribution activities in Hungary.

Finance costs, net

Net finance costs amounted to €73 million for 2017, a rise of €24 million on the prior year which had benefited from €22 million in gains on the disposal of Deutsche Telekom shares.

Income tax

The **income tax benefit** booked in 2017 amounted to €1 million, an improvement of €70 million compared to 2016. In addition to the reimbursement of the 3% tax on dividends in France (positive impact of €16 million) and to the non-recurring corporate surtax in France in 2017 (negative impact of €5 million), the year-on-year decrease is attributable to changes in deferred taxes with a positive impact of around €59 million, mainly in connection with the recognition of tax loss carryforwards in France in view of the planned sale of a building and adjustments to deferred taxes to reflect new federal tax rates in the United States.

Profit

Taking account of all these items, profit came out at €207 million, including €179 million attributable to the Group.

Profit attributable to minority interests was €28 million for 2017, versus profit of €21 million attributable to minority interests in 2016. The increase in this item is attributable to Lagardère Travel Retail, chiefly reflecting the increase in profit at its Italian entity Airest.

Adjusted profit - Group share

Adjusted profit - Group share (excluding non-recurring/non-operating items) was **€217 million**, versus €238 million in 2016.

(€m)	2016	2017
Profit - Group share	175	**179**
Restructuring costs	+113	**+41**
Gains/losses on disposals	-193	**-43**
Impairment losses on goodwill, property, plant and equipment, intangible assets and investments in equity-accounted companies	+88	**+56**
Amortisation of acquisition-related intangible assets and expenses	+71	**+63**
Tax effects on the above items	-21	**-14**
Taxes paid on dividends, reimbursements and surtax in France	+5	**-6**
Recognition of tax loss carryforwards in France*	-	**-40**
Remeasurement of deferred taxes in the United States (new federal tax rates)	-	**-19**
Adjusted profit - Group share**	238	**217**
of which disposal of Deutsche Telekom shares	*22*	**-**

* Due to the planned disposal of a real estate complex.
** Alternative performance indicator.

Earnings per share

Earnings per share - Group share totalled €1.38, versus €1.36 in 2016.

Adjusted earnings per share - Group share was €1.68, versus €1.84 in 2016.

The number of shares comprising the share capital was unchanged from the previous year.

C) OTHER FINANCIAL INFORMATION

Net cash from operating and investing activities

(€m)	2016	2017
Cash flow from operations before changes in working capital	557	**563**
Changes in working capital	26	**(90)**
Income taxes paid	(77)	**(89)**
Net cash from operating activities*	506	**384**
Purchases of property, plant and equipment and intangible assets	(253)	**(261)**
Disposals of property, plant and equipment and intangible assets	211	**160**
Free cash flow*/**	464	**283**
Purchases of investments	(108)	**(68)**
Disposals of investments***	139	**19**
Net cash from operating and investing activities	495	**234**

* Including positive impacts of €48 million and €66 million respectively in 2016 and 2017 attributable to interest paid/received following a change in presentation of the consolidated statement of cash flows (see note 1.1 to the consolidated financial statements for the year ended 31 December 2017 in section 5.3 of the Reference Document).
** Alternative performance indicator.
*** Including €6 million of interest received in 2016 and €4 million in 2017 (see note 1.1 to the consolidated financial statements for the year ended 31 December 2017).

Net cash from operating activities

In 2017, **cash flow from operations before changes in working capital** amounted to €563 million, compared to €557 million in 2016. The higher figure in 2017 mainly reflects growth in EBIT (up €8 million).

Changes in **working capital** represented a negative €90 million over the year, after a positive €26 million impact in 2016. The year-on-year change is attributable to Lagardère Publishing, chiefly due to a rise in trade receivables amid a more favourable release schedule in 2016 as well as an increase in the settlement of amounts owed to authors in the United States and United Kingdom, the latter owing in particular to royalties earned on successful titles in 2016.

Income taxes paid totalled €89 million in 2017 compared to €77 million in 2016. This increase is primarily due to a rise in taxes paid outside of France in view of the refund of a tax credit in the United States in 2016. In France, however, income taxes paid decreased year on year owing to the refund of the 3% tax on dividends (positive impact of €16 million), offset in part by the payment of the non-recurring corporate surtax in 2017 (negative impact of €5 million).

Purchases of property, plant and equipment and intangible assets

Purchases of property, plant and equipment and intangible assets represented an outflow of €261 million, versus €253 million in 2016, mainly concerning 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).

Disposals of property, plant and equipment and intangible assets represented an inflow of €160 million in 2017, versus €211 million in 2016, and essentially concern the sale of an office building in Levallois-Perret (France).

Free cash flow

The Group's free cash flow totalled €283 million in 2017 (versus €464 million in 2016). The difference mainly reflects the increase in working capital and the smaller net-of-tax impact of property sales (€125 million in 2017 versus €185 million in 2016).

Purchases of investments

Purchases of investments represented an outflow of €68 million and mainly related to acquisitions carried out by Lagardère Publishing, in particular Bookouture, IsCool Entertainment, Jessica Kingsley and Summersdale, as well as to the acquisition by Lagardère Active of a majority stake in Aito Media Group. The remaining balance corresponds to smaller-scale acquisitions and earn-outs paid by Lagardère Travel Retail, Lagardère Active and Lagardère Sports and Entertainment.

Disposals of investments, which include interest received, represented an inflow of €19 million in 2017, including €12 million at Lagardère Publishing attributable mainly to the sale of Delcourt shares and of business assets in the United States.

Total cash flows from operating and investing activities

In all, **operating and investing activities represented a net cash inflow of €234 million**, versus €495 million in 2016.

Financial position

At end-December 2017, the Group's net debt remained stable at €1,368 million in the context of a sustained investment effort. The disposal of an asset offset an unfavourable change in working capital.

D) KEY EVENTS SINCE 8 FEBRUARY 2018

Disposal of headquarters of Europe 1

On 20 February 2018, the Lagardère group entered into a sale agreement with the Ardian Real Estate group, for the headquarters of French radio station Europe 1, located at rue François 1er in central Paris, for a sale price of €253 million. Four-fifths of this amount – representing fair market value negotiated with a high quality investor – will be paid without conditions precedent on the signing date of the final deed of sale by 25 June 2018, with the balance to be paid at the end of the year.

E) OUTLOOK

2018 Recurring EBIT guidance

The Lagardère group expects Group recurring EBIT in 2018 to remain stable versus 2017[1], at constant exchange rates.

(1) Restated for IFRS 15.

3.1.1.2 PARENT COMPANY RESULTS

INCOME STATEMENT

The condensed income statement is as follows:

(€m)	2016	2017
Operating revenues	59	**60**
Operating loss	(29)	**(13)**
Net financial income (expense)	(7)	**90**
Earnings (loss) before tax and exceptional items	(36)	**77**
Net exceptional income (expense)	4	**(3)**
Income tax benefit	63	**88**
Profit for the year	31	**162**

BALANCE SHEET

The condensed balance sheet is as follows:

(€m)	2016	2017
Assets		
Fixed assets	5,134	**5,066**
– of which investments in subsidiaries and affiliates	4,561	**4,561**
Current assets	77	**115**
Deferred charges and translation adjustments	2	**30**
Total assets	5,213	**5,211**
Liabilities and shareholders' equity		
Shareholders' equity	2,918	**2,898**
– of which share capital	800	**800**
– share premiums and reserves	1,840	**1,828**
– retained earnings	247	**108**
– profit for the year	31	**162**
Provisions for risks and liabilities	23	**36**
Liabilities	2,272	**2,277**
– of which borrowings	2,184	**2,179**
Total liabilities and shareholders' equity	5,213	**5,211**

Lagardère SCA is the holding company of the Lagardère group and had eight employees at 31 December 2017.

3.1.1.3 BUSINESS OVERVIEW

A) LAGARDÈRE PUBLISHING

The world's third-largest private-capital publisher in the trade and educational markets, operating under the Hachette Livre imprint, Lagardère Publishing is a federation of publishing companies with a large degree of editorial independence. They are united by common management rules, a concerted effort to expand in digital activities, a coordinated strategy in respect of the global distribution giants, and the same high standards required of the people appointed to positions of responsibility in each company.

2018 challenges

What were the key highlights for Lagardère Publishing in 2017?

"I am delighted by the continued good health of printed books in all of our markets, and the stabilisation of digital formats in the United States and the United Kingdom, where lower e-book sales are being offset by strong growth in audiobooks. In France, the second year of curriculum reform and a number of very popular releases more than made up for a sluggish first half.

We also acquired more small and innovative companies in the United Kingdom, which are opening up new markets for us on the fringes of our traditional businesses. They will enable us to continue to diversify Lagardère Publishing without forsaking our know-how or our business model."

What are your challenges and priorities for 2018?

"2018 will be a more challenging year, due to the high comparison basis with 2017 and the lack of curriculum reform in France.

So our priority will be to ensure management discipline without stifling the creativity of our teams, on which our future prosperity depends.

And we will give each and every book the support needed to fulfil its potential, above all eagerly-awaited titles such as the Bill Clinton and James Patterson novel *The President is Missing*, due out in the spring, and *La jeune fille et la nuit* by Guillaume Musso, the most widely read French novelist in the world, who has just joined Calmann-Lévy.

On top of that, we will remain attentive to any acquisition opportunities that allow us to add scale and efficiency."

Arnaud Nourry

Chairman and Chief Executive Officer of Hachette Livre

2017 overview

A bumper crop of bestsellers

In broadly stable markets (down 0.8% in France[1]; up 0.2% in the United Kingdom[2] and 1.9% in the United States[3]) Lagardère Publishing delivered revenue of €2,289 million, an increase of 1.1% compared with 2016, and recurring EBIT of €210 million (up €2 million) thanks above all to a bumper crop of bestsellers, and the division's ability to take advantage of the second year of curriculum reform in France.

As such, in France, after a first half dominated by election campaigning, the back-to-work period saw an exceptional harvest of literary prizes (Renaudot prize, Femina essay prize, French Academy novel prize, Medicis foreign book prize, among others), not to mention international bestsellers including *Origin*, by Dan Brown, and *Astérix et la Transitalique*. In addition, the textbook publishing houses – Hatier, Hachette Education and Didier – posted excellent results amidst curriculum reform affecting the first four years of secondary school, claiming first, second and fifth place respectively in the market.

In the United Kingdom, Hachette UK all but matched its 2016 record (when sales surged thanks to the release of *Harry Potter and the Cursed Child*), with no fewer than 122 titles on *The Sunday Times* bestseller list, 24 of which made it to first place (up 10%), and a textbook market share of 23.4% (up 1%).

It was a stellar year for Hachette Book Group in the United States, which saw 34 titles reach the top spot on *The New York Times* bestseller list, and whose quality was reflected in numerous literary awards, not to mention the presence of two of its titles in the 10 Best Books list published each year by the same newspaper.

In Spain, however, the division suffered from the end of curricular reform and a certain wait-and-see attitude in many regions.

Lastly, Partworks experienced a fresh year of growth, with 76 new collections and an impressive loyalty rate, particularly in France, Japan, Spain, Poland and Argentina.

Digital: a springboard for audiobooks

In 2017, while the market share of e-books continued to decline in value terms in the United States and the United Kingdom, audiobooks experienced spetacular growth.

This success gathered pace as titles initially available on CD became downloadable on smartphones, thereby allowing pretty much anyone to listen to professional actors read a book while waiting at an airport, during a daily car or train trip, or when working out. To meet this demand, Hachette Book Group has set up two recording studios in its New York offices, and is preparing to open a third in 2018.

By offsetting the erosion of e-book sales, audiobooks stabilised the share of digital formats in market statistics, as well as in Lagardère Publishing's accounts.

Leading positions

- No. 1 publisher in France.
- No. 1 publisher of digital bestsellers in the United Kingdom.
- No. 1 textbook publisher in Spain.
- No. 3 private-capital publisher in the trade and educational markets.
- No. 4 publisher in the United States.

2017 key dates

- 6 March: Hachette UK announces the acquisition of Bookouture, a British start-up specialising in the publication of original e-books.

(1) Source: GfK (in value).
(2) Source: Nielsen BookScan (in value).
(3) Source: Nielsen BookScan (in volumes).

- 8 May: Hachette UK wins prizes in three categories at the British Book Awards: Best Document (*East West Street*, by Philippe Sands), Best Publishing House (John Murray) and Bestseller of the Year (*Harry Potter and the Cursed Child*, by J.K. Rowling).
- 26 September: Guillaume Musso, the most widely read French novelist in the world, joins publishing house Calmann-Lévy.
- 6 October: Hachette Livre announces that it has become a shareholder of the Educapital fund dedicated to education and training.
- 19 October: release of *Astérix et la Transitalique*, the 37th instalment of the series, which went on to sell 2 million copies before the end of the year.
- 30 November: *The New York Times* publishes its list of the "10 Best Books of 2017", featuring two titles published by Hachette Book Group: *Pachinko*, by Min Jin Lee, and *The Power*, by Naomi Alderman.

2017 key figures

- 7,800 new releases published by Lagardère Publishing in France.
- 6,877 permanent employees worldwide.
- 167 titles published by Hachette Book Group featured in *The New York Times* bestseller list, 34 of which reached first place.
- 30% share of the English-language e-book market claimed by Hachette UK.
- 2,000,000 copies of *Astérix et la Transitalique* sold in France.
- 76 new partworks collections launched in 28 countries.
- 29% of Hachette Book Group employees belong to visible minorities.

B) LAGARDÈRE TRAVEL RETAIL

Operating in 33 countries on five continents, Lagardère Travel Retail is one of the sector's global leaders. It is recognised as a major player in the three segments of travel area retail (Travel Essentials, Duty Free & Fashion and Foodservice), with international brands such as Relay and Aelia Duty Free, and numerous restaurant and selective distribution brands either under licence or directly operated.

2018 challenges

What were the key highlights for Lagardère Travel Retail in 2017?

"Overall momentum was excellent in 2017. Lagardère Travel Retail's flagship Relay and Aelia Duty Free concepts notched up particularly remarkable performances driven by significant growth in air traffic and numerous initiatives to boost margins and efficiency.

Lagardère Travel Retail also continued to grow in a very competitive market, winning numerous tenders on five continents in Travel Essentials, Duty Free & Fashion and Foodservice."

What are your challenges and priorities for 2018?

"We need to build on our early successes in new markets, including Switzerland, Senegal and Hong Kong, where operations have now begun.

We also want to continue our strategy of conquest by strengthening our Retail expertise and our operational excellence, notably through best-in-class employee training.

We also hope to reinforce our profitable growth and generate the financial leverage to keep up the pace. This is particularly the case in Foodservice, where we are expanding rapidly in France and in other countries. With this in mind, strengthening our brand portfolio is a priority.

We also need to secure our large concession agreements while continuing to win new tenders, all over the world.

Lastly, we are committed to accelerating innovation in concepts, products and services."

Dag Rasmussen

Chairman and Chief Executive Officer of Lagardère Travel Retail

2017 overview

The new Relay concept has proved a great success

Relay stores have increased revenue per passenger significantly after extensively refurbishing their stores in France and extending their offering to include new ranges of products and services over the last two years.

The latest version of the concept has now been successfully rolled out in all of the countries where Lagardère Travel Retail operates.

Business is growing rapidly in new markets

In Switzerland, Lagardère Travel Retail won a major concession covering seven Duty Free stores at Geneva international airport, five of which opened in 2017.

Moreover, in Saudi Arabia, the division opened Duty Free stores in three major airports: Riyadh, Jeddah and Dammam. As it already operated in Foodservice at Dubai airport, this shows that Lagardère Travel Retail is consolidating its interest in the Middle East.

In Asia, the division opened four Travel Essentials stores at newly refurbished airports in Phnom Penh and Siem Reap (Cambodia). In addition, Lagardère Travel Retail won the very substantial liquor and tobacco concession at Hong Kong international airport, covering eight stores in an area of 3,400 sq.m., in partnership with China Duty Free Group.

Lastly, in Senegal, the division opened two Duty Free stores and one Travel Essentials outlet at Blaise-Diagne international airport in Dakar. These openings represent Lagardère Travel Retail's first operations in Africa.

Lagardère Travel Retail won numerous tenders in 2017

In Foodservice, the division won a large number of new concessions: eight stores at Toulouse-Blagnac airport (France), three each at Venice and Rome-Fiumicino international airports (Italy), as well as seven foodservice concepts at Denver, Phoenix, Dallas-Fort Worth, Dulles, Palm Beach and San Francisco airports (United States).

Lagardère Travel Retail also considerably expanded its activities in Duty Free & Fashion, through the opening or modernisation of Aelia Duty Free stores in Geneva (Switzerland), Rome (Italy), Zagreb (Croatia), Prague (Czech Republic), Gdansk (Poland), Luxembourg, Lyon-Saint-Exupéry airport, Paris-Gare du Nord and Reunion-Roland-Garros airport (France), Cairns (Australia) and Auckland (New Zealand). In addition, the division successfully tendered for the concessions to operate the Saint Laurent, Bulgari and Tiffany & Co brands at Paris-Charles-de-Gaulle (France), MAC in Belfast (Ireland) and Adelaide (Australia), and Victoria's Secret Beauty & Accessories at Amsterdam-Schiphol airport (Netherlands). Lagardère Travel Retail also opened a cosmetics and skin care store at Wuhan international airport (China).

Lastly, the division strengthened its positions in Travel Essentials in the United States (Phoenix, Louisville and New York-John F. Kennedy airports), France (Paris-Charles-de-Gaulle, Toulouse-Blagnac, Marseille-Provence, Lyon-Saint-Exupéry and Nice-Côte d'Azur airports), Germany (Berlin-Schönefeld airport and Cologne railway station), Portugal (Porto airport) and lastly the Pacific (Sydney, Melbourne and Gold Coast airports).

Leading positions

- No. 4 Travel Retail operator worldwide.
- No. 2 Travel Essentials operator in North America.
- No. 4 Foodservice operator in travel areas worldwide.
- Largest international chain of Travel Essentials outlets.
- No. 1 Travel Retail operator in France, Poland and the Czech Republic.

2017 key dates

- February: completion of the sale of Lagardère Travel Retail's Distribution operations.
- March: opening of a wide range of Duty Free, Fashion and Foodservice outlets in the new Avancorpo terminal at Rome-Fiumicino airport (Italy).
- March: Lagardère Travel Retail wins a major Duty Free concession at Geneva international airport (Switzerland).
- April: Lagardère Travel Retail, in partnership with China Duty Free Group, wins a major tender at Hong Kong international airport (China).
- May: Paradies Lagardère wins new concessions at Sky Harbor international airport in Phoenix (United States).
- September: Lagardère Travel Retail wins a contract at Blaise-Diagne international airport in Dakar (Senegal).
- October: opening of Relay and Tech2Go stores in Cambodia.
- November: inauguration of 4,900 sq.m. of retail space in Travel Essentials, Duty Free & Fashion and Foodservice at Gdansk airport (Poland).

2017 key figures

- More than 17,000 permanent employees worldwide.
- €1.8 billion in revenue for Lagardère Travel Retail in Duty Free & Fashion[1].
- More than 230 international airports hosting Lagardère Travel Retail stores.
- More than 4,200 stores in 33 countries.
- 1,180 Relay stores.
- Around 850 Foodservice outlets in 19 countries.

C) LAGARDÈRE ACTIVE

Lagardère Active plays a central role in the French media, with power built on such iconic premium brands as Elle, Paris Match, Europe 1, Gulli and Doctissimo.

It is a major player in television and radio, with 26 radio stations worldwide, 17 TV channels and the number one audiovisual production company in France and Spain. One of France's premier mainstream magazine publishers, with 13 press titles on the domestic market and a further 80 under licence worldwide, Lagardère Active is also among the leaders in terms of digital audiences on fixed-line and mobile Internet.

2018 challenges

What were the key highlights for Lagardère Active in 2017?

"By restoring its results, modernising its activities, reforming its editorial approach and defending its values of independence, determination and humanity, Lagardère Active has completed a successful transformation cycle.

This sixth year crowns steady improvement in the results of our brands: television channels, audiovisual production, international radio and magazine publishing all delivered pleasing performances.

We also continued our international expansion, with the launch of Gulli in the Arab world and the acquisition of Finnish audiovisual production company Aito Media Group.

And we stepped up the pace of our digital development with the acquisition of start-ups Shopcade and Animalbox, respectively specialised in e-commerce and subscription-based boxes, while notching up excellent performances among our pure digital players, particularly MonDocteur.fr and BilletRéduc.

Lastly, we increased our marketing capacity by repositioning Lagardère Publicité and creating the Gravity alliance with 25 French companies in the field of data science in order to achieve reach critical mass and compete with the major global platforms."

What are your challenges and priorities for 2018?

"2018 will be a pivotal year for Lagardère Active, as we embark upon a growth and development plan for our audiovisual production activities, structure and streamline our news media businesses, and review our business portfolios in other areas.

Our ambition is to extend the scope of action of Lagardère Studios in Europe, where we hold strong positions, by pressing ahead with our external growth dynamic and by developing organically. We also intend to maintain our presence in news media over the long term, underpinned by strong brands such as Europe 1, Paris Match and Le Journal du Dimanche. The quality of our content, the independence of our editorial offices, and the search for synergies between brands will spearhead our work in this regard.

Lastly, we are aiming to give greater strategic flexibility to our other businesses. In order to prepare the ground for this transformation, our division will be structured going forward into autonomous business units, each with their own operational and functional resources. Within specialist groups, where applicable, they will be equipped to take advantage of the investments and synergies that will enable them to continue to develop, confirming our historical ability to incubate and bring through new businesses and fresh talent."

Denis Olivennes

Chairman of Lagardère Active

(1) Managed sales at directly operated stores.

2017 overview

Success and international expansion for the Audiovisual division

- Radio: RFM, which attracts 2.3 million daily listeners, confirmed its status as the top-ranking adult music station, boasting the best listening time for a music station in France (1 hour and 44 minutes). In addition, Virgin Radio logged 2.6 million listeners each day and established itself in Romania, while Europe 1 recorded 3.9 million daily listeners and repositioned itself on information, debate and entertainment. Lastly, with 23 radio stations in 9 countries, Lagardère Active Radio International recorded a cumulative audience of more than 12 million listeners each day.
- Television: launched in 18 Arab countries, Gulli logged record audience share of 17.8%, reaching an average of 29 million viewers aged 4 and over each month in France. In addition, music channels averaged more than 5 million viewers each month, and Elle Girl celebrated its first birthday. Lastly, Mezzo is now broadcast in South Korea and brought out 350 hours of co-productions.
- Audiovisual production: Lagardère Studios, the leading independent audiovisual production company in France and Spain, produced nearly 2,075 hours of programmes in 2017, winning 30 awards and enjoying great success, including a record audience for *C dans l'air* (1.9 million viewers, or 17% of audience share). International expansion also continued apace, with the acquisition of the Finnish production company Aito Media Group.

Refreshed and diversified: powerful press brands

With new looks for *Elle à Table* and *Public*, a new layout for *Version Femina*, the launch of *Paris Match Afrique* and editorial triumphs, Lagardère Active's press brands reinvented themselves and performed well, especially *Paris Match* and *Le Journal du Dimanche* – voted Best Daily Press Title – which saw their circulation revenue increase.

The world's pre-eminent fashion brand, Elle once again organised the Elle Active forums and the Elle Run race, while also launching the *Super Elle* quarterly in China and the Elle Zen event in France.

Lastly, *Art & Décoration* celebrated 120 years of existence, while *Elle Décoration*'s 30th anniversary issue generated record sales on newsstands (63,000 copies).

Record growth in digital activities

Elle.fr is the leading high-end women's press website, with 4.9 million unique visitors across all devices in October 2017.

The leading publisher on Discover, Paris Match saw its audience surge to 7 million active users per month. In addition, Public enjoyed a marked increase in traffic, logging 193 million visits in 2017.

Pure digital players also recorded impressive growth, with 2.5 million medical consultations each month on MyDocteur.fr and nearly 3.4 million tickets sold by BilletRéduc.

Lastly, Lagardère Active Radio International enjoyed a sharp increase in its digital audience, with 13 million unique monthly visitors and 58 million page views.

Leading positions

- No. 1 high-end women's press brand with Elle.
- No. 1 adult radio station in audience share on the 35-59 age group with RFM.
- No. 1 independent audiovisual producer in France and Spain with Lagardère Studios.

2017 key dates

- February: organisation of the second edition of the Art & Décoration exhibition and the third edition of the Europe 1 Future Awards.
- May: acquisition of Animalbox by Doctissimo. Record audience for *C dans l'air*, with 1.9 million viewers.
- May-November: multiple launches for the Elle brand, including the Elle International Fashion and Luxury Management Program at MIT in Boston (United States), the *Elle Zen* app and the 15th Elle Deco International Design Awards.
- October: launch of the Elle Shop Marketplace by Shopcade. Acquisition of Finnish audiovisual production company Aito Media Group.
- November: launch of the Doctissimo Baby Box, the second edition of €.Day Paris by *Le Journal du Dimanche* and the 11th edition of Virgin Radio's Electroshock concerts.

2017 key figures

- 52.3 million podcasts downloaded from Europe 1.
- 20.4 million French people aged 15 and over read at least one press title related to Lagardère Publicité.
- 7 million active users per month on Paris Match Discover.
- 3.5 million print/digital readers for the Journal du Dimanche brand.

D) LAGARDÈRE SPORTS AND ENTERTAINMENT

Lagardère Sports and Entertainment is a leading sports and entertainment agency with a global network of local experts dedicated to delivering innovative solutions to its clients. Sport and entertainment inspire emotions and passion that are essential to enrich people's lives and generate powerful collective experiences. Lagardère Sports and Entertainment dedicates its expertise and passion to provide its clients with privileged access to the infinite opportunities offered by the world of sport and entertainment.

2018 challenges

What were the key highlights for Lagardère Sports and Entertainment in 2017?

"2017 was a year that further highlighted our company's worldwide reach and innovative approach.

In football, we successfully delivered the 2017 Africa Cup of Nations (AFCON) on behalf of the Confédération Africaine de Football (CAF), whilst in Asia and Europe we extended partnerships with the Asian Football Federation (AFF) and Borussia Dortmund respectively.

In the major events space, we cemented our commitment to the Commonwealth Games by launching CGF Partnerships, which will see us help host cities through a new event delivery model.

2017 also marked the perfect opportunity for us to increase our operations in China with the opening of our Shanghai office. Finally, we launched our new global partnership marketing agency, Lagardère Plus."

What are your challenges and priorities for 2018?

"Due to the cyclical nature of our activities, we will use this year to focus on the diversification of our portfolio and look for growth in areas outside our core business. As the industry develops and the media landscape changes, we'll look to meet the challenges and opportunities presented by the growing demand for over-the-top (OTT) content.

In addition to this, we will look further at how insights driven through using consumer data can help us when advising clients as well as exploring the role creative content can have on engaging fans.

Another challenge faced within the industry is the high bidding costs for major events. Through our specialist agency EKS, and our partnership with the Commonwealth Games Federation, we'll provide potential host cities with long-term commercial strategies.

Overall, we expect 2018 to be another good year for the company. The market continues to remain strong and we are well placed within the market segment."

Andrew Georgiou

Chief Executive Officer
of Lagardère Sports and Entertainment

2017 overview

Global partnership marketing agency, Lagardère Plus launched

Lagardère Sports and Entertainment launched Lagardère Plus, a global agency with a mission to transform traditional brand sponsorships into highly inventive and impactful marketing platforms.

With new strategic, creative, digital and analytics capabilities, Lagardère Plus will move beyond Lagardère Sports and Entertainment's long-established strength in the worlds of sports and entertainment, connecting clients to partnership opportunities of all kinds.

Gearing up for growth in China

As China's importance in the global economy and the sports industry continued to rise, Lagardère Sports expanded its Chinese operations to support the growing ambitions of international and domestic clients.

The agency bolstered its capabilities and resources at its office in Jing'an – Shanghai's vibrant central district.

Reaching the next level with e-sports

Lagardère Sports stepped in to the booming e-sports industry and led the way in professionalising and commercialising the sport by partnering with six teams, as well as distributing media rights to an international e-sports event. It identified how traditional and modern sports could complement and benefit from one another and successfully transferred its knowledge and expertise into the market.

New sneaker design series with YouTube Red

Lagardère Sports launched an exciting new streaming television series called *Lace Up: The Ultimate Sneaker Challenge*, the first-ever unscripted sneaker design competition. The series was available to watch on YouTube Red, the YouTube digital subscription challenge.

Success for Live Entertainment

The construction of the Bordeaux Métropole Arena (France), designed and operated by Lagardère Live Entertainment, was completed in December 2017, and the venue was inaugurated in January 2018. The agency has also been entrusted with the operation of the Pays d'Aix Arena (France).

Lastly, Lagardère Live Entertainment was a great success with the promotion of the five dates of the Phil Collins tour in Paris (63,000 seats sold).

Leading positions

- Leader in football in Africa, Asia and Europe.
- Leader in golf talent management: Phil Mickelson, whom we have represented since 1992, has ranked as one of Forbes' highest paid athletes for 11 consecutive years.

2017 key dates

- January: Total Africa Cup of Nations in Gabon sees a historic digital reach across official online platforms.
- March: ASEAN Football Federation renews exclusive rights deal for ASEAN football championship with Lagardère Sports.
- July: Commonwealth Games Federation launches pioneering new Games delivery model in partnership with Lagardère Sports.
- August: Lagardère Sports officially launches Shanghai office to help brands and rights holders achieve long-term value in China.
- October: global partnership marketing agency Lagardère Plus launched with a mission to help brands transform traditional sponsorships to highly impactful marketing platforms.

2017 key figures

- More than 100 football club partners in Europe.
- Revenues of over $6 billion generated for our clients over the past 10 years.

3.1.2 PRESENTATION OF THE PROPOSED RESOLUTIONS

1ST RESOLUTION:

APPROVAL OF THE COMPANY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

The first resolution concerns the approval of the Company's financial statements for the year ended 31 December 2017, showing a profit of €162.3 million compared with €31.4 million in 2016.

2ND RESOLUTION:

APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

The second resolution concerns the approval of the consolidated financial statements for the year ended 31 December 2017, showing a profit attributable to owners of €178.8 million, compared with €175.6 million in 2016.

3RD RESOLUTION:

ALLOCATION OF THE COMPANY'S RESULTS AND DIVIDEND DISTRIBUTION

The Company's profit for the year ended 31 December 2017 amounts to:	€162,281,840.79
which, in addition to retained earnings of:	€108,557,782.05
makes a distributable profit of:	€270,839,622.84

We are proposing, in agreement with the Supervisory Board, to allocate this distributable profit as follows:

1. Payment of the dividend to the General Partners in accordance with the Articles of Association

In accordance with the provisions of the Articles of Association, it is proposed that an amount of €1,787,729.79, equal to 1% of consolidated profit for the year attributable to owners, should be deducted from distributable profit for payment to the General Partners.

2. Payment of a dividend to shareholders

We are proposing to pay a dividend of €1.30 per share, i.e., a maximum aggregate amount of €170,473,271.80 based on the number of shares currently comprising the share capital.

The ex-dividend date would be Monday, 7 May 2018, and the dividend would be paid as of Wednesday, 9 May 2018, to holders of registered shares (for *nominatif pur* shares) or their duly appointed representatives (for *nominatif administré* shares), by cheque or by bank transfer.

Treasury shares held on the ex-dividend date would not be eligible for the dividend payment.

Shares created before the ex-dividend date would be eligible for the dividend payment.

The dividend would be eligible for the 40% tax relief available to individual shareholders who are French tax residents, pursuant to article 158.3.2 of the French Tax Code (*Code général des impôts*), for persons who elect not to apply the new flat tax.

3. Allocation of the balance of distributable profit to retained earnings

We propose to allocate the balance of distributable profit – corresponding to a minimum of €98,578,621.25 – to retained earnings.

In accordance with the requirement in article 243 *bis* of the French Tax Code, we remind you that dividends paid over the three fiscal years prior to 2017 correspond to the amounts shown in the table below, and that all of these amounts were eligible for the 40% tax relief available to individual shareholders who are French tax residents, pursuant to article 158.3.2 of the French Tax Code:

(in euros)/Fiscal year	2014	2015	2016
Dividends paid to shareholders			
Dividend per share	1.30	1.30	1.30
Total dividend payout	166,782,744.70	167,345,521.20	168,269,663.90
Dividends paid to General Partners	414,180.00	742,702.45	1,755,816.74
Total	**167,196,924.70**	**168,088,223.65**	**170,025,480.64**

We also remind you that, as decided at the Annual General Meeting of 6 May 2014, an extra dividend of €6 per share was paid in 2014, corresponding to the payment to shareholders of an aggregate amount of €765,380,544 deducted from “Share premiums” and fully eligible for the 40% tax relief available to individual shareholders who are French tax residents, pursuant to article 158.3.2 of the French Tax Code.

4TH TO 6TH RESOLUTIONS:

ISSUING OF AN OPINION ON THE COMPONENTS OF REMUNERATION PAYABLE OR GRANTED TO THE EXECUTIVE CORPORATE OFFICERS AND THE CHAIRMAN OF THE SUPERVISORY BOARD IN RESPECT OF 2017

Articles L. 225-37-2, L. 225-82-2 and L. 225-100, II of the French Commercial Code introduced by act no. 2016-1691 of 9 December 2016 (*loi Sapin 2*) concerning the approval by the General Meeting of the remuneration policy for executive corporate officers and components of remuneration paid or granted in respect of the previous fiscal year, are not applicable to French partnerships limited by shares (*sociétés en commandite par actions* – SCA).

However, in application of the recommendation set out in section 26 of the Afep-Medef Corporate Governance Code – which the Company uses as its corporate governance framework – in the fourth to sixth resolutions, shareholders are invited to issue their opinion on the components of remuneration payable or granted in respect of 2017 to each of the Company's corporate officers, namely:

- Arnaud Lagardère, in his capacity as Managing Partner of Lagardère SCA and Chairman and Chief Executive Officer of Arjil Commanditée-Arco, Managing Partner of Lagardère SCA (fourth resolution);
- Pierre Leroy and Thierry Funck-Brentano, in their capacity as Chief Operating Officers of Arjil Commanditée-Arco, Managing Partner of Lagardère SCA (fifth resolution);
- Xavier de Sarrau, in his capacity as Chairman of the Supervisory Board of Lagardère SCA (sixth resolution).

Shareholders are invited to issue a favourable opinion on the components of remuneration shown below (presentation based on the recommendation set out in the Application Guide of the Afep-Medef Corporate Governance Code).

We remind you that these components of remuneration are also presented in detail in section 2.2 of the Reference Document.

ARNAUD LAGARDÈRE:

Components of remuneration payable or granted for 2017	Gross amount or accounting value	Comments
Annual fixed remuneration	€1,140,729	► The gross amount of Arnaud Lagardère's annual fixed remuneration has not changed since 2009.
Annual variable remuneration	€1,304,800	► Arnaud Lagardère's annual variable remuneration is based solely on quantitative criteria related to the Group's performance in 2017 (growth rate for Group recurring operating profit compared with the target growth rate for Group recurring operating profit communicated as market guidance, and net cash from operating activities of fully consolidated companies compared with the budget prepared at the start of the year. The average figures calculated based on these two criteria may be reduced, where appropriate, by applying the ratio between Group recurring operating profit in 2017 and that generated in 2016) (see section 2.2.1 of the Reference Document). ► The achievement rate for the above criteria is applied to a benchmark amount of €1,400,000. ► Arnaud Lagardère's annual variable remuneration may not exceed 150% of his annual fixed remuneration. ► In light of the achievement rate attained in 2017 (0.932 versus 1.37 in 2016 and 1.47975 in 2015), Arnaud Lagardère's annual variable remuneration amounted to 114.38% of his annual fixed remuneration in 2017.
Multi-annual cash-settled variable remuneration	N/A	► Arnaud Lagardère does not receive any multi-annual cash-settled variable remuneration.
Share options, performance shares and other grants of securities	N/A	► Arnaud Lagardère has not received any share options, performance shares, or other grants of securities since his appointment as Managing Partner in 2003.
Extraordinary remuneration	N/A	► Arnaud Lagardère did not receive any extraordinary remuneration for 2017.
Attendance fees	N/A	► Arnaud Lagardère was not entitled to and did not receive any attendance fees for 2017.
Benefits in kind	€18,616	► This corresponds to Arnaud Lagardère's potential personal use of his company car.
Benefits linked to taking up or terminating office	N/A	► Arnaud Lagardère is not entitled to any benefits of this nature.
Benefits linked to non-competition agreements	N/A	► Arnaud Lagardère is not entitled to any benefits of this nature.
Supplementary pension plan	€0	► Arnaud Lagardère is a beneficiary of the defined benefit supplementary pension plan set up by Lagardère Capital & Management for members of the Executive Committee. ► The plan is a conditional benefit plan, and the pension will only be payable if the beneficiary is still with the company at retirement age, except in the event of (i) termination (other than for serious misconduct) after the age of 55 if the beneficiary does not take up another post, (ii) long-term disability, or (iii) early retirement. ► Arnaud Lagardère's pension benefit entitlements vest at a rate of 1.75% of the Benchmark Remuneration per year of membership of the plan. ► The Benchmark Remuneration corresponds to the average gross annual remuneration over the last five years (fixed and variable up to a maximum of 100% of the fixed portion) and cannot exceed 50 times the annual ceiling used to calculate social security contributions (corresponding to a maximum of €1,961,400 in 2017). ► As the number of years of plan membership used to calculate the benefit entitlements is capped at 20, the supplementary pension cannot exceed 35% of the Benchmark Remuneration, i.e., a maximum amount of €686,490 in 2017. ► At 31 December 2017, the estimated amount of Arnaud Lagardère's annuity, calculated in accordance with the applicable regulations, would represent approximately 24.07% of his total gross remuneration (fixed and variable) paid in 2017. ► No benefits were due or paid to Arnaud Lagardère under this plan for 2017.

PIERRE LEROY:

Components of remuneration payable or granted for 2017	Gross amount or accounting value	Comments
Annual fixed remuneration	€1,474,000	► The gross amount of Pierre Leroy's annual fixed remuneration has not changed since 2011.
Annual variable remuneration	€629,400	► Pierre Leroy's annual variable remuneration includes: – a portion based on quantitative criteria, determined by reference to the Group's performance in 2017 (growth rate for Group recurring operating profit compared with the target growth rate for Group recurring operating profit communicated as market guidance, and net cash from operating activities of fully consolidated companies compared with the budget prepared at the start of the year. The average of the figures calculated based on these two criteria may be reduced, where appropriate, by applying the ratio between Group recurring operating profit in 2017 and that generated in 2016) (see section 2.2.1 of the Reference Document); – a portion based on qualitative criteria, corresponding to a set of priority targets related to three domains, each of which are given an equal weighting: the rollout of the Group's strategic plan, the quality of governance and management, and the implementation of the Group's CSR policy (see section 2.2.1 of the Reference Document). ► The achievement rates for the above objectives are applied to a total benchmark amount of €600,000 (€300,000 for the qualitative portion and €300,000 for the quantitative portion). ► Pierre Leroy's annual variable remuneration may not exceed 75% of his annual fixed remuneration, and the amount of the qualitative portion is capped at 33% of his annual fixed remuneration. Consequently, the qualitative portion may not represent more than 44% of his maximum annual variable remuneration. ► In light of the achievement rates for these objectives in 2017 (0.932 for the quantitative objectives versus 1.37 in 2016 and 1.47975 in 2015; and 1.166 for the qualitative objectives versus 1.166 in 2016 and 1.083 in 2015), Pierre Leroy's annual variable remuneration amounted to 42.70% of his annual fixed remuneration in 2017.
Multi-annual cash-settled variable remuneration	N/A	► Pierre Leroy does not receive any multi-annual cash-settled variable remuneration.
Share options, performance shares and other grants of securities	€724,480	► In 2017, Pierre Leroy was awarded 32,000 rights to performance shares, representing 0.024% of the Company's share capital. ► These performance shares will vest after three years, in 2020, provided that (i) Pierre Leroy is still an executive corporate officer of the Company on the vesting date, and (ii) the following performance conditions have been met for the period from 2017-2019: – for 50% of the shares, the average annual growth rate for Group recurring operating profit must be equal to or more than 11.16% (representing an increase of at least one-third compared with the average rate for 2014-2016); – for 50% of the shares, the average annual amount of consolidated net cash from operating activities must be equal to or more than €529.6 million (representing an average amount at least one-third higher than the average amount for 2014-2016). ► For each of these two objectives a minimum performance level has been set corresponding to a 66% achievement rate for the objective. If this minimum level is not reached, all of the rights to performance shares contingent on that objective will be forfeited. If the performance level for an objective is equal to or higher than this 66% threshold, the shares actually allocated will be calculated on a linear proportional basis (ranging from 0% to 100% of the shares concerned). ► Vested performance shares must be held for at least two years. Subsequently, a quarter of the shares must be held until Pierre Leroy has constituted a portfolio of Lagardère shares whose value is at least equal to one year's worth of his remuneration, and another quarter must be held until he leaves his position within the Group. ► This performance share grant – which complied with the framework set by the Supervisory Board on 8 March 2017 – was carried out by the Managing Partners on 6 April 2017 using the authorisation given at the 3 May 2016 Annual General Meeting (12th resolution). ► Pierre Leroy did not receive any share options in 2017 and was not granted any securities other than the above-described performance shares.
Extraordinary remuneration	N/A	► Pierre Leroy did not receive any extraordinary remuneration for 2017.
Attendance fees	N/A	► Pierre Leroy was not entitled to and did not receive any attendance fees for 2017.
Benefits in kind	€16,281	► This corresponds to Pierre Leroy's potential personal use of his company car.
Benefits linked to taking up or terminating office	N/A	► Pierre Leroy is not entitled to any benefits of this nature.
Benefits linked to non-competition agreements	N/A	► Pierre Leroy is not entitled to any benefits of this nature.
Supplementary pension plan	€0	► Pierre Leroy is a beneficiary of the defined benefit supplementary pension plan set up by Lagardère Capital & Management for members of the Executive Committee. ► The plan is a conditional benefit plan, and the pension will only be payable if the beneficiary is still with the company at retirement age, except in the event of (i) termination (other than for serious misconduct) after the age of 55 if the beneficiary does not take up another post, (ii) long-term disability or (iii) early retirement. ► Pierre Leroy's pension benefit entitlements vest at a rate of 1.75% of the Benchmark Remuneration per year of membership of the plan. ► The Benchmark Remuneration corresponds to the average gross annual remuneration over the last five years (fixed and variable) and cannot exceed 50 times the annual ceiling used to calculate social security contributions (corresponding to a maximum of €1,961,400 in 2017). ► As the number of years of plan membership used to calculate the benefit entitlements is capped at 20, the supplementary pension cannot exceed 35% of the Benchmark Remuneration, i.e., a maximum amount of €686,490 in 2017. ► At 31 December 2017, the estimated amount of Pierre Leroy's annuity, calculated in accordance with the applicable regulations, would represent approximately 30.72% of his total gross remuneration (fixed and variable) paid in 2017. ► No benefits were due or paid to Pierre Leroy under this plan for 2017.

THIERRY FUNCK-BRENTANO:

Components of remuneration payable or granted for 2017	Gross amount or accounting value	Comments
Annual fixed remuneration	€1,206,000	► The gross amount of Thierry Funck-Brentano's annual fixed remuneration has not changed since 2011.
Annual variable remuneration	€629,400	► Thierry Funck-Brentano's annual variable remuneration includes: – a portion based on quantitative criteria, determined by reference to the Group's performance in 2017 (growth rate for Group recurring operating profit compared with the target growth rate for Group recurring operating profit communicated as market guidance, and net cash from operating activities of fully consolidated companies compared with the budget prepared at the start of the year. The average of the figures calculated based on these two criteria may be reduced, where appropriate, by applying the ratio between Group recurring operating profit in 2017 and that generated in 2016) (see section 2.2.1 of the Reference Document); – a portion based on qualitative criteria, corresponding to a set of priority targets related to three domains, each of which are given an equal weighting: the rollout of the Group's strategic plan, the quality of governance and management, and the implementation of the Group's CSR policy (see section 2.2.1 of the Reference Document). ► The achievement rates for the above objectives are applied to a total benchmark amount of €600,000 (€300,000 for the qualitative portion and €300,000 for the quantitative portion). ► Thierry Funck-Brentano's annual variable remuneration may not exceed 75% of his annual fixed remuneration, and the amount of the qualitative portion is capped at 33% of his annual fixed remuneration. Consequently, the qualitative portion may not represent more than 44% of his maximum annual variable remuneration. ► In light of the achievement rates for these objectives in 2017 (0.932 for the quantitative objectives versus 1.37 in 2016 and 1.47975 in 2015; and 1.166 for the qualitative objectives versus 1.166 in 2016 and 1.083 in 2015), Thierry Funck-Brentano's variable remuneration amounted to 52.19% of his annual fixed remuneration in 2017.
Multi-annual cash-settled variable remuneration	N/A	► Thierry Funck-Brentano does not receive any multi-annual cash-settled variable remuneration.
Share options, performance shares and other grants of securities	€724,480	► In 2017, Thierry Funck-Brentano was awarded 32,000 rights to performance shares, representing 0.024% of the Company's share capital. ► These performance shares will vest after three years, in 2020, provided that (i) Thierry Funck-Brentano is still an executive corporate officer of the Company on the vesting date, and (ii) the following performance conditions have been met for the period from 2017-2019: – for 50% of the shares, the average annual growth rate for Group recurring operating profit must be equal to or more than 11.16% (representing an increase of at least one-third compared with the average rate for 2014-2016); – for 50% of the shares, the average annual amount of consolidated net cash from operating activities must be equal to or more than €529.6 million (representing an average amount at least one-third higher than the average amount for 2014-2016). ► For each of these two objectives a minimum performance level has been set corresponding to a 66% achievement rate for the objective. If this minimum level is not reached, all of the rights to performance shares contingent on that objective will be forfeited. If the performance level for an objective is equal to or higher than this 66% threshold, the shares actually allocated will be calculated on a linear proportional basis (ranging from 0% to 100% of the shares concerned). ► Vested performance shares must be held for at least two years. Subsequently, a quarter of the shares must be held until Thierry Funck-Brentano has constituted a portfolio of Lagardère shares whose value is at least equal to one year's worth of his remuneration, and another quarter must be held until he leaves his position within the Group. ► This performance share grant – which complied with the framework set by the Supervisory Board on 8 March 2017 – was carried out by the Managing Partners on 6 April 2017 using the authorisation given at the 3 May 2016 Annual General Meeting (12th resolution). ► Thierry Funck-Brentano did not receive any share options in 2017 and was not granted any securities other than the above-described performance shares.
Extraordinary remuneration	N/A	► Thierry Funck-Brentano did not receive any extraordinary remuneration for 2017.
Attendance fees	N/A	► Thierry Funck-Brentano was not entitled to and did not receive any attendance fees for 2017.
Benefits in kind	€13,644	► This corresponds to Thierry Funck-Brentano's potential personal use of his company car.
Benefits linked to taking up or terminating office	N/A	► Thierry Funck-Brentano is not entitled to any benefits of this nature.
Benefits linked to non-competition agreements	N/A	► Thierry Funck-Brentano is not entitled to any benefits of this nature.
Supplementary pension plan	€0	► Thierry Funck-Brentano is a beneficiary of the defined benefit supplementary pension plan set up by Lagardère Capital & Management for members of the Executive Committee. ► The plan is a conditional benefit plan, and the pension will only be payable if the beneficiary is still with the company at retirement age, except in the event of (i) termination (other than for serious misconduct) after the age of 55 if the beneficiary does not take up another post, (ii) long-term disability, or (iii) early retirement. ► Thierry Funck-Brentano's pension benefit entitlements vest at a rate of 1.75% of the Benchmark Remuneration per year of membership of the plan. ► The Benchmark Remuneration corresponds to the average gross annual remuneration over the last five years (fixed and variable) and cannot exceed 50 times the annual ceiling used to calculate social security contributions (corresponding to a maximum of €1,961,400 in 2017). ► As the number of years of plan membership used to calculate the benefit entitlements is capped at 20, the supplementary pension cannot exceed 35% of the Benchmark Remuneration, i.e., a maximum amount of €686,490 in 2017. ► At 31 December 2017, the estimated amount of Thierry Funck-Brentano's annuity, calculated in accordance with the applicable regulations, would represent approximately 33.40% of his total gross remuneration (fixed and variable) paid in 2017. ► No benefits were due or paid to Thierry Funck-Brentano under this plan for 2017.

XAVIER DE SARRAU:

Components of remuneration payable or granted for 2017	Gross amount or accounting value	Comments
Annual fixed remuneration	€240,000	► This remuneration – which does not constitute a salary – is awarded to Xavier de Sarrau on the recommendation of the Appointments, Remuneration and Governance Committee in return for the numerous specific tasks that he carries out in addition to and in connection with his duties as Chairman of the Board. ► The amount of this remuneration has not changed since Xavier de Sarrau took up office on 27 April 2010.
Annual variable remuneration	N/A	► Xavier de Sarrau does not receive any annual variable remuneration.
Multi-annual cash-settled variable remuneration	N/A	► Xavier de Sarrau does not receive any multi-annual cash-settled variable remuneration.
Share options, performance shares and other grants of securities	N/A	► Xavier de Sarrau does not receive any share options, performance shares or grants of other securities.
Extraordinary remuneration	N/A	► Xavier de Sarrau has not received any extraordinary remuneration since he took up office on 27 April 2010.
Attendance fees	€92,715.23	► This amount – which is subject to withholding tax – corresponds to the attendance fees due to Xavier de Sarrau in 2018 for the duties he performed as Chairman of the Supervisory Board and the Audit Committee in 2017. ► The aggregate amount of attendance fees allocated among Supervisory Board members was set by the shareholders at €700,000 at the Annual General Meeting of 10 May 2011. Each member of the Supervisory Board receives a basic portion of attendance fees. The following members also receive an additional portion of attendance fees corresponding to a multiple of the basic portion: members of the Board Committees (twice the basic portion) and the Chairman of the Supervisory Board and the Committee Chairmen (one basic portion). The basic portion of attendance fees is equal to the total attendance fees divided by the total number of portions to which Board members are entitled. The variable portion of the fees, which is determined based on actual attendance at meetings, represents 60% of the total amount received. ► The amount due to Xavier de Sarrau for 2017 corresponds to five basic portions of attendance fees with an attendance rate of 100%.
Benefits in kind	N/A	► Xavier de Sarrau does not receive any benefits in kind.
Benefits linked to taking up or terminating office	N/A	► Xavier de Sarrau is not entitled to any benefits of this nature.
Benefits linked to non-competition agreements	N/A	► Xavier de Sarrau is not entitled to any benefits of this nature.
Supplementary pension plan	N/A	► Xavier de Sarrau is not a member of a supplementary pension plan.

7TH TO 9TH RESOLUTIONS:

RE-APPOINTMENT OF THREE MEMBERS OF THE SUPERVISORY BOARD

The terms of office as Supervisory Board members of Xavier de Sarrau, Yves Guillemot, Jean-Claude Magendie and Patrick Valroff are due to expire at the close of this Annual General Meeting. Shareholders are invited to re-appoint the following Supervisory Board members:

Proposed re-appointments	Term	Resolution
Xavier de Sarrau	4 years	7th
Yves Guillemot	4 years	8th
Patrick Valroff	4 years	9th

Profiles of these Supervisory Board members are provided hereafter:

XAVIER DE SARRAU

Date of birth: 11 December 1950

Nationality: Swiss

First appointed: 10 March 2010

Positions within Lagardère SCA: Chairman of the Supervisory Board and the Audit Committee

Number of Lagardère SCA shares held: 750

Professional background and education:

Xavier de Sarrau is a graduate of the HEC business school and holds a doctorate in tax law. He is a lawyer registered with the Bars of Paris and Geneva and specialises in issues concerning the governance and organisational structure of family-owned companies and private holdings.

Xavier de Sarrau worked with the Arthur Andersen Group from 1978 to 2002, serving as Managing Partner for France, Managing Partner for EMEIA, and Managing Partner for Worldwide Global Management Services, and was also a member of the firm's World Executive Committee.

After founding his own law firm outside France, in 2005 Xavier de Sarrau was one of the founders of the Paris law firm Sarrau Thomas Couderc. In 2008, he left Sarrau Thomas Couderc (which was subsequently renamed STC Partners) and since that date he has not held any interests in the firm.

Directorships and other positions currently held by Xavier de Sarrau:

In France

- Member of the Supervisory Board, JC Decaux[1]
- Chairman of the Audit Committee and Ethics Committee, JC Decaux[1]

Outside France

- Chairman of the Board, Thala SA (Switzerland)
- Director, Verny Capital (Kazakhstan)
- Director, Gordon S. Blair (Monaco)
- General and Managing Partner of SCS Sarrau et Cie (Monaco)

Directorships and other positions held during the last five years:

- Director, Oredon Associates (United Kingdom)
- Member of the Board, Dombes SA (Switzerland)
- Director, IRR SA (Switzerland)
- Member of the Board, FCI Holding SA
- Member of the Supervisory Board, Bernardaud SA
- Member of the Supervisory Board, Continental Motors Inns SA (Luxembourg)

YVES GUILLEMOT

Date of birth: 21 July 1960

Nationality: French

First appointed: 6 May 2014

Positions within Lagardère SCA: Member of the Supervisory Board

Number of Lagardère SCA shares held: 600

Professional background and education:

Yves Guillemot is a graduate of the Institut des Petites et Moyennes Entreprises. He co-founded Ubisoft along with his four brothers in 1986, before becoming Chairman. Ubisoft expanded rapidly in France as well as on the main international markets. Yves Guillemot, now Chairman and Chief Executive Officer of the company, led Ubisoft to become one of the world's biggest video game publishers. Ubisoft employs 12,000 talented people across 30 countries, who create and sell video games published by Ubisoft and its partners across all five continents.

In 2009, Yves Guillemot was named "Entrepreneur of the Year" by audit firm Ernst & Young. He also won the "Franco-Québécois Company Manager of the Year Award" in France in 2012, the "Personality Award" at the European Games Awards in Germany in 2011 and the "Grand Prix" at the MCV Awards in the United Kingdom in 2011.

Directorships and other positions currently held by Yves Guillemot:

In France

- Chairman and Chief Executive Officer and Director, Ubisoft Entertainment SA[1]
- Deputy Chief Executive Officer, Guillemot Corporation SA[1]
- Director, Rémy Cointreau SA, AMA SA[1]

Outside France

- Director and Deputy Chief Executive Officer, Guillemot Brothers SE (United Kingdom)

Yves Guillemot also holds the following positions within the Ubisoft, Guillemot Corporation and Guillemot Brothers SE groups, both in France and abroad.

In France:

– Chairman of Ubisoft Annecy SAS, Ubisoft Emea SAS, Ubisoft France SAS, Ubisoft International SAS, Ubisoft Montpellier SAS, Ubisoft Motion Pictures Rabbids SAS, Ubisoft Paris SAS, Ubisoft Production Internationale SAS, Nadéo SAS, Owlient SAS, Ubisoft Création SAS, Ivory Tower SAS, Ubisoft Bordeaux SAS

(1) Listed company.

– Chief Executive Officer, Guillemot Brothers SAS
– General Manager of Ubisoft Learning & Development SARL, Ubisoft Motion Pictures SARL, Script Movie SARL, Ubisoft Mobile Games SARL, Ubisoft Paris – Mobile SARL, Ivory Art & Design SARL

Outside France:

– General Manager of Blue Byte GmbH (Germany), Ubisoft GmbH (Germany), Ubisoft EooD (Bulgaria), Ubisoft Studios Srl (Italy), Ubisoft Sarl (Morocco)
– Chairman and Director of Ubisoft Divertissements Inc. (Canada), Ubisoft Editions Musique Inc. (Canada), Hybride Technologies Inc. (Canada), Ubisoft Toronto Inc. (Canada), Ubisoft Nordic A/S (Denmark), Ubisoft Entertainment India Private Ltd (India), Ubi Games SA (Switzerland), Red Storm Entertainment Inc. (United States), Script Movie Inc. (United States), Ubisoft CRC Ltd (United Kingdom), Ubisoft L.A. Inc. (United States)
– Vice-Chairman and Director of Ubisoft Inc. (United States)
– Chief Executive Officer and Director of Ubisoft Emirates FZ LLC (United Arab Emirates)
– Director of Playwing Ltd (United Kingdom), AMA Corporation Ltd (United Kingdom)
– Executive Director of Shanghai Ubi Computer Software Co. Ltd (China), Chengdu Ubi Computer Software Co. Ltd (China)
– Director of Ubisoft Pty Ltd (Australia), Ubisoft SA (Spain), Ubi Studios SL (Spain), Ubisoft Barcelona Mobile SL (Spain), Ubisoft Ltd (Hong Kong), Ubisoft SpA (Italy), Ubisoft KK (Japan), Ubisoft Osaka KK (Japan), Ubisoft BV (Netherlands), Ubisoft Srl (Romania), Ubisoft Ltd (United Kingdom), Ubisoft Reflections Ltd (United Kingdom), Red Storm Entertainment Ltd (United Kingdom), Future Games of London Ltd (United Kingdom), Ubisoft Singapore Pte Ltd (Singapore), Ubisoft Entertainment Sweden A/B (Sweden), RedLynx Oy (Finland), Ubisoft Fastigheter AB (Sweden), Ubisoft DOO Beograd (Serbia), Guillemot Inc. (Canada), Guillemot Inc. (United States), Guillemot Ltd (United Kingdom)

Other positions held during the last five years within the Ubisoft, Gameloft, Guillemot Corporation and Guillemot Brothers groups.

In France:

– Chairman of Ubisoft Motion Pictures Far Cry SAS, Ubisoft Motion Pictures Ghost Recon SAS, Ubisoft Motion Pictures Assassin's Creed SAS, Ubisoft Motion Pictures Splinter Cell SAS, Ketchapp SAS, Krysalide SAS
– Executive Vice President and Director of Guillemot Brothers SE, Gameloft SE
– Director of Guillemot Corporation SA

Outside France:

– Chairman and Director of Technologies Quazal Inc. (Canada), Ubisoft Canada Inc. (Canada), L'Atelier Ubi Inc. (Canada), Ubisoft Musique Inc. (Canada), 9275-8309 Québec Inc. (Canada), Studio Ubisoft Saint-Antoine Inc. (Canada)
– Chairman of Ubisoft LLC (United States)
– General Manager of Spieleentwicklungskombinat GmbH (Germany), Related Designs Software GmbH (Germany), Ubisoft Entertainment SARL (Luxembourg)
– Director of Ubisoft Sweden AB (Sweden), Gameloft Divertissements Inc. (Canada), Gameloft Live Développements Inc. (Canada)

PATRICK VALROFF

Date of birth: 3 January 1949

Nationality: French

First appointed: 27 April 2010

Positions within Lagardère SCA: Member of the Supervisory Board and the Audit Committee

Number of Lagardère SCA shares held: 600

Professional background and education:

Patrick Valroff holds a degree in law and is a graduate of the Institut d'Études Politiques de Paris and École Nationale d'Administration. He began his career in the French civil service. In 1991, he joined the specialist consumer credit company Sofinco as Deputy Chief Executive Officer. In 2003, he was appointed Head of Specialised Financial Services at Crédit Agricole SA Group, which comprises Sofinco, Finaref, Crédit Agricole Leasing and Eurofactor, and subsequently served as Chairman and CEO of Sofinco. From May 2008 to December 2010, Patrick Valroff was Chief Executive Officer of Crédit Agricole Corporate and Investment Bank.

Patrick Valroff is an honorary magistrate at the French National Audit Office (*Cour des Comptes*).

Directorships and other positions currently held by Patrick Valroff:

In France

- Senior Advisor to Omnes Capital
- Director of not-for-profit association *La protection sociale de Vaugirard*
- Director of Néovacs[1]
- Member of the Financial Committee of the International Chamber of Commerce

Outside France

None

Directorships and other positions held during the last five years:

None

10TH RESOLUTION:

AUTHORISATION TO BE GIVEN TO THE MANAGING PARTNERS, FOR A PERIOD OF EIGHTEEN MONTHS, TO TRADE IN THE COMPANY'S SHARES

During 2017, the Company carried out the following transactions related to its shares, pursuant to authorisations given by the shareholders:

- 677,231 shares representing 0.52% of the share capital were purchased under a liquidity agreement intended to promote liquidity and stabilise the market for the Company's shares;
- 631,231 shares were sold on the market under the liquidity agreement;
- 423,357 shares were cancelled.

Accordingly, on 31 December 2017, the Company held 1,575,218 treasury shares representing 1.20% of the share capital, including 1,510,218 held for future awards to employees and 65,000 allocated to the liquidity agreement.

Please refer to section 2.1.3 of the Reference Document for a breakdown of all of the transactions carried out by the Company related to its shares during 2017, including those carried out pursuant to the authorisation currently in force which was given at the Annual General Meeting of 4 May 2017.

(1) Listed company.

In the tenth resolution submitted for your approval, we are seeking renewal of our authorisation to trade in the Company's shares. This authorisation is now subject to EU Regulation 596/2014 on market abuse, which came into force on 3 July 2016.

The applicable terms and conditions for the use of this authorisation would be as follows:

- the number of shares purchased would not be able to exceed 10% of the share capital and could not result in the Company directly or indirectly holding more than 10% of its capital. Based on the share capital at 28 February 2018 and taking into account shares held directly by the Company at that date, the maximum number of shares that could be purchased under this authorisation would be 11,452,831, representing 8.73% of the share capital, assuming that the Company does not cancel or transfer any of the shares it currently holds;
- the maximum per-share purchase price would be set at €40, excluding transaction expenses, and the maximum aggregate acquisition amount would be set at €500 million. The first amount could, however, be adjusted by the Managing Partners to take into account the impact on the share price of any corporate actions carried out by the Company;
- the authorisation could only be used for the purposes for which it was originally granted, namely: to reduce the share capital; to award free shares or share options; to implement employee share ownership schemes; to allocate shares on the exercise of rights attached to securities that give access to the Company's share capital; to tender shares in exchange or as consideration for external growth transactions, a merger, demerger or asset contribution; and to promote liquidity in the Company's shares under liquidity contracts that comply with the rules set down by the French financial markets authority (*Autorité des marchés financiers* – AMF);
- the shares could be purchased, sold or otherwise transferred in one or several transactions at any time – apart from during the blackout periods provided for in paragraphs b) and c) of article 4.1 of the EU Commission Delegated Regulation 2016/1052 or during a public tender offer for the Company's shares – on any market (including multilateral trading facilities or via a systematic internaliser) or off-market or over the counter, by any means permitted under the applicable laws and regulations, including through block purchases or sales and the use of derivatives (only calls);
- this new authorisation would be valid for a period of eighteen months and would cancel and supersede the authorisation for the same purpose given at the Annual General Meeting of 4 May 2017.

11TH RESOLUTION:

AMENDMENT OF ARTICLES 12-1 AND 14 A OF THE COMPANY'S ARTICLES OF ASSOCIATION

In the eleventh resolution, shareholders are invited to reduce the number of Supervisory Board members from fifteen to thirteen. This reduction is in line with corporate governance best practices, further to the resignation of Javier Monzón and the non-re-appointment of Jean-Claude Magendie.

12TH RESOLUTION:

AMENDMENT, SUBJECT TO A CONDITION PRECEDENT, OF ARTICLES 12-1 AND 14 A OF THE COMPANY'S ARTICLES OF ASSOCIATION

In the twelfth resolution, shareholders are invited to continue reducing the size of the Supervisory Board to a maximum of twelve members, when one or more additional vacancies arise, such that the total number of Supervisory Board members is twelve or less.

The correlative amendment to the maximum number of Supervisory Board members as provided for by the Articles of Association, would take effect when the first vacancy arises that brings the total number of members to twelve, whichever member's departure is the cause of the vacancy (woman or man, Chairman or member of one or several Board Committees) and for whatever reason (non-re-appointment, resignation, or personal incapacity).

The automatic amendment of the Articles of Association would be subject to the condition that this first vacancy is not filled by a co-optation decided by the Supervisory Board and confirmed by the General Meeting.

Accordingly, the maximum number of Supervisory Board members as provided for by the Articles of Association would automatically be reduced to twelve, without requiring a further resolution to be adopted by the shareholders in an Extraordinary General Meeting, with effect from:

- the end of the General Meeting during which the term of office expires, in the event of a non-re-appointment;
- the General Meeting during which the Supervisory Board's power to co-opt members expires (or, where applicable, the decision not to confirm the co-optation by the General Meeting), in the event that the vacancy arises for another reason.

13TH RESOLUTION:

POWERS FOR FORMALITIES

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The special report of the Managing Partners on free share awards will now be presented to you, followed by the report of the Supervisory Board pursuant to article L. 226-9 of the French Commercial Code and the various reports of the Statutory Auditors, and lastly, the report of the independent third-party entity on consolidated social, environmental and societal information.

We consider that the information contained in these reports and in the Managing Partners' and Supervisory Board's reports included in the Reference Document, should be sufficient for you to form a full opinion on the position and operations of your Company and the Lagardère group over the past year, and on the resolutions you are being asked to approve.

The resolutions to be put to the vote accurately reflect the content of these various reports and we believe that they are in the interests of the Company.

We therefore ask you to adopt these resolutions, and we would like to thank you once again for your valuable support.

The Managing Partners

APPENDIX

to the management report of the Managing Partners

Lagardère SCA – Five-year financial summary (Article R. 225-102 of the French Commercial Code)

	Type of indications	2013	2014	2015	2016	**2017**
I	**Share capital at 31 December *(in euros)***					
a)	Share capital	799,913,045	799,913,045	799,913,045	799,913,045	**799,913,045**
b)	Number of ordinary shares outstanding	131,133,286	131,133,286	131,133,286	131,133,286	**131,133,286**
c)	Maximum number of shares to be issued upon exercise of share subscription options	-	-	-	-	**-**
d)	Maximum number of shares to be issued upon conversion of bonds	-	-	-	-	**-**
e)	Maximum number of shares to be issued upon exercise of subscription warrants	-	-	-	-	**-**
II	**Results of operations *(in thousands of euros)***					
a)	Sales	7,239	52,028	56,327	59,453	**59,546**
b)	Earnings before tax, depreciation, amortisation and provisions	1,976,989	(75,353)	(13,960)	(40,470)	**82,873**
c)	Income tax	23,410[1]	43,467[1]	74,308[1]	63,132[1]	**87,805[1]**
d)	Earnings after tax, depreciation, amortisation and provisions	2,006,615	(57,052)	41,082	31,440	**162,282**
e)	Dividends paid	2,100,928	167,197	168,088	170,025	[2]
III	**Earnings per share *(in euros)***					
a)	Earnings per share after tax, but before depreciation, amortisation and provisions	15.25	(0.91)	(0.67)	0.17	**1.30**
b)	Earnings per share after tax, depreciation, amortisation and provisions	15.30	(0.44)	0.31	0.24	**1.24**
c)	Dividend per share	16.30	1.30	1.30	1.30	[3]
IV	**Personnel**					
a)	Average employee headcount	-	9	9	9	**8**
b)	Total wages and salaries	-	3,178,984	2,509,884	2,944,590	**2,607,183**
c)	Total employee benefit expense	-	1,837,379	1,038,059	1,025,805	**1,275,889**

(1) Mainly the tax gain resulting from tax consolidation.
(2) The Annual General Meeting on 3 May 2018 will be asked to approve (i) the deduction of an amount of €1,787,729.79, equal to 1% of consolidated profit for the year attributable to owners, for payment to the General Partners in accordance with the provisions of the Articles of Association, and (ii) the payment of a dividend of €1.30 per share.
(3) The Annual General Meeting on 3 May 2018 will be asked to approve a dividend of €1.30 per share.

3.2 SPECIAL REPORT OF THE MANAGING PARTNERS ON FREE SHARE AWARDS

Dear Shareholders,

Pursuant to the provisions of article L. 225-197-4 of the French Commercial Code (*Code de commerce*), please find below the required information related to transactions in free share awards carried out in 2017.

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The policy on the award of free shares is intended to give the Lagardère group's executives worldwide a stake in the Group's growth and consequent rise in value.

It also offers a means of singling out executives who have made a notable contribution to the Group's results through their positive action.

In addition, it instils loyalty among those whom the Company wishes to retain for many years, specifically young executives with strong potential for professional growth, through whose efforts the Group will secure its growth as part of an established long-term strategy.

For Lagardère SCA's executive corporate officers, the members of the Enlarged Committee and the Group's executives, free share awards – which are all subject to performance conditions – are also an important way of incentivising and providing long-term compensation.

3.3.1 GENERAL INFORMATION

3.3.1.1 FREE SHARE AWARDS GRANTED BY THE COMPANY

1. VESTING OF FREE SHARES IN 2017

In the course of 2017, 423,357 free shares vested. All of these shares were issued through a share capital increase carried out by capitalising reserves, which was followed by a share capital reduction by cancelling the same number of treasury shares, as part of the Company's share buyback programme.

- 250,992 shares vested in April 2017 for beneficiaries of the 26 December 2013 performance share plan.
- 172,365 shares vested on 27 December 2017 for beneficiaries of the 26 December 2013 free share plan residing overseas for tax purposes, and for the heirs of a deceased beneficiary of the 9 May 2016 free share plan.

2. RIGHTS TO FREE SHARES AWARDED IN 2017

Based on the authorisations given by the General Meeting of 3 May 2016 (12th and 13th resolutions), on 6 April 2017, the Managing Partners of the Company carried out the following awards:

- 374,950 rights to free shares (representing 0.286% of the total number of shares comprising the share capital) to 428 beneficiaries, employees and executive corporate officers of entities related to the Company;
- 442,710 rights to performance shares (representing 0.338% of the total number of shares comprising the share capital) to 41 beneficiaries, employees and executive corporate officers of entities related to the Company.

The performance conditions for the second plan are as follows:

– *Objective relating to growth in Group recurring operating profit:*

Vesting for 50% of the shares awarded is subject to the average annual growth rate for Group recurring operating profit over the 2017-2019 period being equal to or more than 11.16% (representing an increase of at least one-third compared with the average annual growth rate for 2014-2016).

No shares will vest in the event that the average annual growth rate for Group recurring operating profit over the 2017-2019 period is less than 7.36% (representing less than 66% of the objective relating to growth in Group recurring operating profit).

Shares will vest proportionally on a linear basis (from 0% to 100% of the shares awarded) in the event that the average annual growth rate for Group recurring operating profit over the 2017-2019 period is between 7.36% and 11.16% (representing between 66% and 100% of the objective relating to growth in Group recurring operating profit).

– *Objective relating to net cash from operating activities of fully consolidated companies:*

Vesting for 50% of the shares awarded is subject to the average annual amount of Group net cash from operating activities of fully consolidated companies over the 2017-2019 period being equal to or more than €529.6 million (representing an increase of at least one-third compared with the average amount for 2014-2016).

No shares will vest in the event that the average amount of Group net cash from operating activities of fully consolidated companies over the 2017-2019 period is less than €349.5 million (representing less than 66% of the objective relating to Group net cash from operating activities of fully consolidated companies).

Shares will vest proportionally on a linear basis (from 0% to 100% of the shares awarded) in the event that the average annual amount of Group net cash from operating activities of fully consolidated companies over the 2017-2019 period is between €349.5 million and €529.6 million (representing between 66% and 100% of the objective relating to Group net cash from operating activities of fully consolidated companies).

The shared characteristics of these two free share plans are as follows:

- Three-year presence condition:

  The shares will only vest on the condition that at midnight on 6 April 2020, the beneficiaries have neither resigned nor been terminated or dismissed for serious or gross misconduct.

  Similarly, the executive corporate officers of the four divisional holding companies of Lagardère Publishing, Lagardère Active, Lagardère Travel Retail and Lagardère Sports and Entertainment who are members of the Enlarged Committee must still be in their positions at midnight on 6 April 2020, except in cases of forced termination for reasons other than misconduct.

  For information regarding Lagardère SCA's executive corporate officers, please see the relevant section below.

- Vesting periods:

  For beneficiaries residing in France for tax purposes at 6 April 2017, the shares will vest on 7 April 2020 following a three-year vesting period.

  For beneficiaries residing in overseas for tax purposes at 6 April 2017, the shares will vest on 7 April 2021 following a four-year vesting period.

- Holding periods:

  For beneficiaries residing in France for tax purposes at 6 April 2017, the holding period has been set at two years (i.e., the shares must be kept in a registered account until 7 April 2022 inclusive).

  Beneficiaries residing overseas for tax purposes at 6 April 2017 are not subject to a holding period once their shares have vested.

  At the close of the mandatory holding periods, the shares will become transferable and can be traded under the terms and conditions established by law and regulations and in accordance with the black-out periods established by Lagardère SCA in its Confidentiality and Market Ethics Charter.

  For information regarding the additional lock-up conditions applicable to Lagardère SCA's executive corporate officers pursuant to the applicable laws and the recommendations in the Afep-Medef Corporate Governance Code, please see the relevant section below.

- Death or disability of a beneficiary:

  In the event that a beneficiary is deemed to have a disability that falls within the second or third categories provided for by article L. 341-4 of the French Social Security code (*Code de la sécurité sociale*) during the vesting period, or in the event of death, the beneficiary, or the representatives or heirs of such beneficiary depending on the circumstances, may request that the shares be vested in accordance with the terms and conditions provided for in the applicable laws and regulations.

  The shares of a beneficiary who dies or is deemed to have a disability will become immediately transferable.

- Value of the shares awarded:

  The value of the free shares awarded was €27.22 per share at the opening of trading on the Paris stock exchange on 6 April 2017. In accordance with IFRS, this same value was €22.64 per share for the shares vesting on 7 April 2020, and €21.48 per share for the shares vesting on 7 April 2021.

3. FREE SHARE AWARD PLANS IN FORCE IN 2017

The main characteristics of all of the free share award plans which expired in 2017 or were in force as of 31 December 2017 are summarised in the table below.

Date of the plan	Total number of rights awarded	Total number of rights eliminated	Total number of shares vested	Number of outstanding rights
26 December 2013	712,950*	18,230**	836,209**	-
22 December 2014	306,120	16,900	201,420	87,800
1 April 2015	444,440	-	-	444,440
9 May 2016	829,660	6,500	1,200	821,960
6 April 2017	817,660	6,850	-	810,810
Total	**3,110,830**	**48,480**	**1,038,829**	**2,165,010**

* Before the adjustment of 20 June 2014.
** After the adjustment of 20 June 2014.

3.3.1.2 FREE SHARE AWARDS GRANTED BY ENTITIES OR GROUPS RELATED TO THE COMPANY

1. On 4 December 2017, Moneytag, an entity in the Lagardère Active division, granted two beneficiaries a total of 255 free shares subject to a two-year vesting period and a one-year holding period.
2. On 19 December 2017, Ice Participations, an entity in the Lagardère Publishing division, granted its two chief operating officers a total of 1,060,134 free shares, subject to performance and presence conditions, as well as a minimum two-year vesting period.
3. In the course of 2017, no other free shares were granted by entities or by groups related to Lagardère SCA within the meaning of article L. 225-197-2 of the French Commercial Code, or by entities controlled by Lagardère SCA within the meaning of article L. 233-16 of said code.

3.3.2 SPECIFIC INFORMATION ON THE EXECUTIVE CORPORATE OFFICERS AND EMPLOYEES OF LAGARDÈRE SCA

1. In 2017, Pierre Leroy and Thierry Funck-Brentano, employees of Lagardère Capital & Management and Lagardère SCA executive corporate officers, were each awarded 32,000 rights to performance shares under the 6 April 2017 plan described above (representing 0.024% of the total number of shares comprising the share capital and a carrying amount of €724,480 under IFRS).

   In accordance with the recommendations in the Afep-Medef Corporate Governance Code, the performance shares were granted in compliance with the framework laid down by Lagardère SCA's Supervisory Board which, in its meeting on 8 March 2017, confirmed the terms and conditions governing the ceilings, performance conditions and lock-up conditions applicable to free shares awarded to the executive corporate officers.

   In addition to the performance conditions described above, in order for the shares to fully vest, each executive corporate officer must still be in his position three years after the award (i.e., at midnight on 6 April 2020), except in cases of forced termination for reasons other than misconduct.

   On top of the standard holding period applicable from 7 April 2020 to 7 April 2022 inclusive, each executive corporate officer would be required to keep in a registered share account (*nominatif pur*) (i) 25% of the fully vested shares until such time as he ceases to be an executive corporate officer of Lagardère SCA, and (ii) an additional 25% of the fully vested shares until such time as the value of the Lagardère SCA shares held by the executive corporate officer concerned equals at least one year's worth of his gross fixed and variable salary (calculated each year based on a) the average share price for the month of December of the previous year and b) the executive corporate officer's fixed and variable salary for the past year, with the maximum potential amount used for the variable portion). At the close of the mandatory holding periods, the corresponding shares will become transferable and can be traded under the terms and conditions established by law and regulations and in accordance with the black-out periods established by Lagardère SCA in its Confidentiality and Market Ethics Charter. In accordance with the recommendations of the Afep-Medef Corporate Governance Code, Lagardère SCA's two executive corporate officers have formally undertaken not to hedge the risks related to the value of the performance shares awarded to them.
2. In 2017, Lagardère SCA's executive corporate officers were not awarded any other free shares by the entities and groups related to Lagardère SCA within the meaning of article L. 225-197-2 of the French Commercial Code, or the companies that it controls within the meaning of article L. 233-16 of said Code.
3. In 2017, Lagardère SCA's eight employees were awarded a total number of 35,670 rights to performance shares under the 6 April 2017 plan described above (representing 0.027% of the total number of shares comprising the share capital and a carrying amount of €807,568.80 under IFRS), i.e., an average number of 4,459 rights to shares awarded per person (representing 0.003% of the total number of shares comprising the share capital and a carrying amount of €100,952 under IFRS).
4. In 2017, Lagardère SCA's employees were not awarded any free shares by the companies and groups related to Lagardère SCA within the meaning of article L. 225-197-2 of the French Commercial Code, or by companies that it controls within the meaning of article L. 233-16 of said Code.

The Managing Partners

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4

REPORT OF THE SUPERVISORY BOARD

REPORT OF THE SUPERVISORY BOARD

Ladies and Gentlemen,

The purpose of this report is to inform you of the work carried out by the Supervisory Board during the year ended 31 December 2017, in accordance with legal provisions and the Company's Articles of Association.

It includes a description on how the members of the Supervisory Board of Lagardère SCA performed their analyses and investigations in order to give you their judgement on the manner in which the Company's business was conducted during the year ended 31 December 2017 and on the resulting financial statements.

Lastly, this report contains the Supervisory Board's opinions on the main resolutions which will be submitted to your vote.

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During 2017, the Supervisory Board met four times with an average attendance rate of 95%.

In addition to reviewing the annual and interim financial statements, at each of its meetings the Supervisory Board was informed of the Group's general business position and outlook. It also discussed the strategic vision for Lagardère Publishing and Lagardère Travel Retail. In addition, one of the Supervisory Board's members monitored developments in the Group's Compliance approach during the year and together with the Compliance teams, reported back to the Board on the matter. The Board also received presentations on the Group's IT security processes as well as on the organisation of its financial communications.

In preparation for the General Meeting, the Supervisory Board approved the report of the Chairman, finalised its report to the shareholders and proposed the re-appointment of the five members whose terms of office were set to expire.

In terms of its operation, the Board conducted a self-assessment and considered the findings. It also accepted the resignation of one of its members.

As it does on an annual basis, the Supervisory Board met once without the Managing Partners in attendance, and convened for a seminar during which its members discussed the Group's strategy and certain business lines.

Informal meetings on strategy and other specific matters continued to be held between certain Board members, the executive corporate officers and the main division executives.

The Audit Committee and the Appointments, Remuneration and Governance Committee prepared the work of the Supervisory Board on the subjects within their remit.

To this end, the Audit Committee reviewed the interim and annual financial statements, the impairment tests carried out on intangible assets, the main disputes and claims involving the Group, risks relating to significant off-balance sheet commitments, IT security processes implemented, internal audit activities, the fees of the Statutory Auditors and relations with Lagardère Capital & Management concerning the agreement between this company and the Group. The risk map and the findings of the internal control self-assessment were also presented to the Audit Committee.

The non-recurring matters handled by the Audit Committee in 2017 concerned the Group's return on equity and tax policy, identifying key personnel and reviewing succession plans within the Finance Department as well as the challenges related to changes in European copyright regulations.

The Appointments, Remuneration and Governance Committee performed an annual review of the membership of the Board and the independence of its members, prepared the re-appointment of the members whose term of office was set to expire, reviewed the main comments of the principal proxy advisors and investors in preparation for the General Meeting, and managed the self-assessment of the membership and operation of the Supervisory Board and its Committees. The Committee also commissioned a study on millennials to be carried out by two Committee members who will report back to the Board at the end of 2018.

As regards remuneration, the Committee reviewed the performance conditions relating to free share awards to Group executives and discussed the remuneration policy for Lagardère SCA's executive corporate officers.

In terms of corporate social responsibility (CSR), the Committee reviewed the CSR roadmap and examined Lagardère SCA's rankings attributed by ESG rating agencies.

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Having reviewed the financial statements and results for the year ended 31 December 2017, and without going back to the Managing Partners' detailed comments in this respect, we remind you that:

- the Group's consolidated revenue amounted to €7,069 million;
- recurring operating profit of fully consolidated companies stood at €403 million;
- consolidated profit for the year totalled €207 million.

We consider the comments made by the Managing Partners to be sufficient and therefore have nothing in particular to add. We recommend approving the financial statements for the year ended 31 December 2017.

We also propose to approve the allocation of results, as presented in the draft resolutions, which recommend a dividend payment of €1.30 per share.

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The other main resolutions on the agenda concern:

- opinions on the components of remuneration payable or granted to Arnaud Lagardère and the representatives of the other Managing Partner as well as to the Chairman of the Supervisory Board in respect of 2017;
- the renewal, for a period of eighteen months, of the authorisation given to the Managing Partners to trade in the Company's shares, under conditions similar to those adopted by the General Meeting of 4 May 2017;
- two amendments to the Articles of Association, reducing the number of Supervisory Board members. The Supervisory Board is considerably larger than those in other comparable groups listed on the SBF120 index, and a smaller, tighter-knit Board was one of the suggested improvements that arose from assessments of its membership. The Board therefore decided not to replace Javier Monzón, who has resigned, or Jean-Claude Magendie, who will not be re-appointed. Accordingly, the resolutions provide for the reduction as from the General Meeting in the number of Supervisory Board members to a maximum of thirteen, and to further reduce this number to twelve as and when one or more additional vacancies on the Board may arise.

We do not have any observations regarding these resolutions and we therefore invite you to approve them.

Several resolutions concern the re-appointment of Supervisory Board members Xavier de Sarrau, Yves Guillemot and Patrick Valroff.

After reviewing the situation of each of the above members with regard to their skills, experience and value for the Board, as well as their independence, we recommend approving their re-appointment.

It is proposed that these members be re-appointed for terms of four years.

The Supervisory Board

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5

REPORTS OF THE STATUTORY AUDITORS

5.1 STATUTORY AUDITORS' REPORT ON THE COMPANY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

To the annual general meeting of Lagardère S.C.A.,

OPINION

In compliance with the engagement entrusted to us by your annual general meetings, we have audited the accompanying financial statements of Lagardère S.C.A. for the year ended 31 December 2017.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the company as at 31 December 2017 and of the results of its operations for the year then ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the Audit Committee.

BASIS FOR OPINION

AUDIT FRAMEWORK

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the Statutory auditors' responsibilities for the audit of the financial statements section of our report.

INDEPENDENCE

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from 1 January 2017 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) N°537/2014 or in the French Code of Ethics (*Code de déontologie*) for statutory auditors.

EMPHASIS OF MATTER

We draw attention to note 1 to the financial statements which describes the change in accounting method related to the first application of ANC 2015-05 Regulation about financial futures instruments and hedging transactions. Our opinion is not modified in respect of this matter.

JUSTIFICATION OF ASSESSMENTS - KEY AUDIT MATTERS

In accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we inform you of the key audit matter relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the financial statements.

VALUATION OF INVESTMENTS IN SUBSIDIARIES AND ASSOCIATED RECEIVABLES

Risk identified

As at 31 December 2017, investments in subsidiaries are included in the balance sheet at a carrying amount of €4,561 million or 88% of total assets. The associated receivables amount to €447 million or 9% of total assets.

As indicated in note 2 to the financial statements, investments in subsidiaries are measured at their historical cost or subscription value less an impairment allowance for any excess of those amounts over value in use. Value in use is generally estimated on the basis of a review of the situation at the year-end and of the outlook for future years, as well as of any other elements contributing to the formulation of a pertinent assessment. Recoverability of receivables related to equity interests is assessed on loans characteristics and on expected growth and profitablity of the related entity. In principle the receivables are depreciated only after the full depreciation of related investiments in subsidiaries.

The estimation of the value in use of the investments requires the exercise of judgement by management for the choice of the criteria to be taken into account in assessing each investment. (these criteria may equate with historical data or with forecast data).

In this context and given the inherent uncertainty associated with certain criteria such as, in particular, the accomplishment of forecasts, we consider the proper valuation of investments in subsidiaries and associated receivables as a key audit matter.

Our audit response

Our audit procedures involved in particular:

- obtaining an understanding of the bases of performance of the impairment tests implemented by management;
- verifying that values in use are estimated on an appropriate basis;
- comparing the carrying amounts of investments to their value in use;
- assessing the recoverability of the associated receivables.

VERIFICATION OF THE MANAGEMENT REPORT AND OF THE OTHER DOCUMENTS PROVIDED TO THE SHAREHOLDERS

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

INFORMATION PROVIDED IN THE MANAGEMENT REPORT AND IN THE OTHER DOCUMENTS PROVIDED TO THE SHAREHOLDERS WITH RESPECT TO THE FINANCIAL POSITION AND THE FINANCIAL STATEMENTS

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Managing Partners and in the other documents provided to the Shareholders with respect to the financial position and the financial statements.

REPORT ON CORPORATE GOVERNANCE

We attest that the Supervisory Board's report on corporate governance sets out the information required by Articles L.225-37-3 and L.225-37-4 of the French Commercial Code (*Code de commerce*).

Concerning the information given in accordance with the requirements of Article L.225-37-3 of the French Commercial Code (*Code de commerce*) relating to remunerations and benefits received by the corporate officers and any other commitments made in their favour, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your company from controlling and controlled companies. Based on these procedures, we attest the accuracy and fair presentation of this information.

With respect to the information relating to items that your company considered likely to have an impact in the event of a public purchase or exchange offer, provided pursuant to Article L. 225-37-5 of the French Commercial Code (*Code de commerce*), we have verified their conformity with the source documents communicated to us. Based on our work, we have no observations to make on this information.

OTHER INFORMATION

In accordance with French law, we have verified that the various details regarding the identity of the shareholders and holders of the voting rights have been properly disclosed in the management report.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

APPOINTMENT OF THE STATUTORY AUDITORS

We were appointed, as statutory auditors of Lagardère S.C.A., by the annual general meeting held on 29 June 1987 for ERNST & YOUNG et Autres and on 20 June 1996 for MAZARS.

As at 31 December 2017, ERNST & YOUNG et Autres and MAZARS were in the 31st year and 22nd year of total uninterrupted engagement respectively.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The financial statements were approved by the Managing Partners.

STATUTORY AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

OBJECTIVES AND AUDIT APPROACH

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified in Article L.823-10-1 of the French Commercial Code (*Code de commerce*), our statutory audit does not include assurance on the viability of the company or the quality of management of the affairs of the company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the financial statements.

- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.
- Evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

REPORT TO THE AUDIT COMMITTEE

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) N°537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L.822-10 to L.822-14 of the French Commercial Code (*Code de commerce*) and in the French Code of Ethics (*Code de déontologie*) for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

French language original signed at Paris - La Défense and Courbevoie, on 30 March 2018

The Statutory Auditors

ERNST & YOUNG et Autres	**MAZARS**
Bruno Bizet	Thierry Blanchetier

5.2 STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

To the annual general meeting of Lagardère S.C.A.,

OPINION

In compliance with the engagement entrusted to us by your annual general meetings, we have audited the accompanying consolidated financial statements of Lagardère S.C.A. for the year ended 31 December 2017.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at 31 December 2017 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit Committee.

BASIS FOR OPINION

AUDIT FRAMEWORK

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

INDEPENDENCE

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from 1 January 2017 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 or in the French Code of Ethics *(Code de déontologie)* for statutory auditors.

EMPHASIS OF MATTER

We draw attention to the Note 1 to the 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. Our opinion is not modified in respect of this matter.

JUSTIFICATION OF ASSESSMENTS - KEY AUDIT MATTERS

In accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code *(Code de commerce)* relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the consolidated financial statements.

GOODWILL AND INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIVES VALUATION

Risk identified

Goodwill and other intangible assets with indefinite useful life, which have a net book value of M€ 1.809 and M€ 200 respectively, are recorded according to notes 3.8 and 3.9 to the consolidated financial statements.

Management assesses once a year that the recoverable amount of goodwill and intangible assets with indefinite useful lives is higher than their carrying amount, and that there is no indication of impairment loss. The estimated future cash flows used for the impairment test are based on the internal budgets drawn up at the end of the year. They are determined using key assumptions and assessments that take into consideration potential effects of the economic environment, as identified at the date of the budget, on forecast future cash flows for the coming three years, apart from the specific area of sporting events for which forecasted cash flows are calculated beyond three years.

The cash flows are discounted using a post-tax discount rate specific to each business. A perpetuity growth rate, which is also specific to each business, is used for periods subsequent to those covered in the budgets. The terms and conditions of impairment tests implementation, at the level of the cash generating units ("CGUs") for which assets have been allocated, are described in note 3.10 and the assumptions used are indicated in note 10 to the consolidated financial statements.

Regarding goodwill and intangible assets with indefinite useful lives for Lagardère Sports and Entertainment division (net book value of M€ 186), the achievement of the assumptions used by management in determining the cash flow forecasts depends on the conditions in which current contracts will be completed, the ability to renew these contracts, including AFC contract for which a tender was launched in February 2018, or to win new ones as well as related margin conditions.

Because of the importance of management judgment and of uncertainties associated to the assumptions used, we have considered goodwill and intangible assets with indefinite useful life valuation as a key audit matter.

Our response

We have analyzed the method applied and made sure it complies with the accounting standards in force.

We have discussed with management in order to assess the assumptions used; we have challenged the terms and conditions of the method implemented and have analyzed in particular:

- the completeness of figures included in the book values of CGUs that are tested, and the consistency of such values calculation with the cash flows forecasts used for the recoverable values;

- the reasonableness of the cash flows forecasts compared to the economic and financial environment for sensitive CGUs, and the estimates process reliability;
- the consistency of those cash flows forecasts with the last estimates established by the management, under the supervision of the Managing Partners in the context of the budget process;
- the consistency of growth rate and discount rate used for cash flow projections, with the assistance of our valuation experts;
- the calculation of the discount effects applied to future cash flows;
- the sensitivity calculation performed by Management with the main assumptions used.

Finally, we have assessed the reasonableness of the information included in note 10 to the consolidated financial statements.

SPORTS RIGHTS MARKETING CONTRACTS ACCOUNTING

Risk identified

As part of its sports rights marketing activity, Lagardère Sports and Entertainment division deals multi-annual contracts with some right-holders, ensuring a minimum income for some of them. Obligations in that matter amount to M€ 1.064 as of 31 December 2017 as described in note 31 to the consolidated financial statements.

In that context, the division has to make some estimates related in particular to:

- the annual allocation of revenue generated by each event as part of these contracts;
- its capacity to generate a total revenue higher than the obligations granted to right-holders, and the determination of global margin level that will be generated by the contract.

In case expected revenue is lower than the guaranteed minimum agreed or does not cover direct costs associated with the contract execution, the division records a provision for loss.

The accounting methods related to those contracts are described in note 3.1 and 3.19 to the consolidated financial statements.

Because of management judgement on expected revenue determination and on the allocation of such revenue to events, we consider accounting of sports rights marketing contracts as a key audit matter.

Our response

We have performed the following procedures:

- read the process implemented through the division to identify all commitments given, that are recorded in the balance sheet or off-balance sheet, related to these contracts and determine revenue recognition criteria (including allocation by event);
- analyze, for a selection of contracts, assumptions used for revenue and expected margin compared with contracted sales and direct costs projections related to those contracts;
- analyze provision for losses recorded for some contracts;

Assess the reasonableness of the information included in notes to the consolidated financial statements, regarding commitments given that are recorded in the balance sheet or off-balance sheet related to these contracts, and regarding commitments received related to contracted sales.

REVENUE RECOGNITION IN LAGARDERE PUBLISHING DIVISION – RETURNS ESTIMATES

Risk identified

Revenue recognition for Lagardère Publishing is subject to management estimates mainly in respect of returns estimates.

The bases of revenue recognition are described in notes 3.1 and note 22 to the consolidated financial statements; returns estimates recorded as a deduction from revenue amount to €279 million as at 31 December 2017.

That amount represents distributors' entitlement to return unsold copies to Lagardère Publishing in its capacity as publisher. The entitlement is recognised as a deduction from revenue and estimated on the basis of forecasted sales during the year and of historical return data. The calculation is statistical and reflects the return rate for the prior year adjusted with sales fluctuations and with economic climate of the current year.

Given the importance of the estimated returns estimates, and of the assumptions and areas of judgement involved in the calculation, we consider revenue recognition for Lagardère Publishing as a key audit matter.

Our response

Our audit procedures involved in particular:

- describing and testing the sales process including the treatment of returns;
- obtaining an understanding of the basis of calculation of returns and of the main assumptions retained for estimating the amount of returns at the year-end;
- performing a critical review of the return rates applied and of the applicable calculation assumptions including in particular the corresponding margin rates;
- comparing the estimated return rates with the corresponding historical rates;
- testing the reality of the flows of sales and returns retained for calculation purposes;
- verifying the arithmetical accuracy of the statistical method applied;
- identifying any specific factors resulting in manual adjustments.

MAIN LITIGATIONS AND DISPUTES

Risk identified

As described in note 33 to the consolidated financial statements, the Group is party to a certain number of (mainly contractual) disputes arising in the normal course of its business. If necessary, the Group recognises appropriate provisions to cover the risks associated with general or specific disagreements.

The decision as to whether to disclose any particular dispute in the notes to the consolidated financial statements, and to recognise any provision, implies the formulation of certain assumptions by management in respect of the expected outcome, which is inherently subject to uncertainty.

We consider the Group's provisions for disputes, and any associated contingent liabilities, as a key audit matter given the importance in their respect of the exercise of management judgement.

Our response

We engaged in discussion with divisions' legal departments in order to obtain an understanding of the procedures implemented to identify current and potential disputes and assess the associated risks.

The Group's legal director and managers updated us on the status of the proceedings in progress in respect of known disputes.

We questioned the Group's external legal advisors directly in respect of material potential disputes submitted to them, with the aim of comparing their own assessments of required provisions with those of management and verifying the completeness of the disputes identified.

We have assessed the reasonableness of the information in respect of disputes included in note 33 to the consolidated financial statements.

VERIFICATION OF THE INFORMATION PERTAINING TO THE GROUP PRESENTED IN THE MANAGEMENT REPORT

As required by law we have also verified in accordance with professional standards applicable in France the information pertaining to the Group presented in the management report of the Managing Partners.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

APPOINTMENT OF THE STATUTORY AUDITORS

We were appointed as statutory auditors of Lagardère S.C.A. by the annual general meeting held on 20 June 1996 for Mazars and on 29 June 1987 for ERNST & YOUNG et Autres.

As at 31 December 2017, Mazars and ERNST & YOUNG et Autres were in the 22nd year and 31st year of total uninterrupted engagement.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The consolidated financial statements were approved by the Managing Partners.

STATUTORY AUDITORS'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSILDATED FINANCIAL STATEMENTS

OBJECTIVES AND AUDIT APPROACH

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As specified in Article L.823-10-1 of the French Commercial Code (*Code de commerce*), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements.
- assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.
- evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

- obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

REPORT TO THE AUDIT COMMITTEE

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) N° 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L.822-10 to L.822-14 of the French Commercial Code *(Code de commerce)* and in the French Code of Ethics *(code de déontologie)* for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

French language original signed at Courbevoie and Paris - La Défense, on 30 March 2018

The Statutory Auditors

MAZARS	**ERNST & YOUNG et Autres**
Thierry Blanchetier	Bruno Bizet

5.3 STATUTORY AUDITORS' SPECIAL REPORT ON REGULATED AGREEMENTS AND COMMITMENTS

To the annual general meeting of Lagardère S.C.A.,

In our capacity as Statutory Auditors of your company, we hereby present our report on regulated agreements and commitments.

We are required to inform you, on the basis of the information provided to us, of the terms and conditions of the agreements and commitments of which we were informed or which may have come to our attention during our assignment, without pronouncing on their utility and merits, or seeking the existence of other agreements and commitments. It is your responsibility, pursuant to Article R. 226-2 of the Commercial Code, to assess the merit of these agreements and commitments with a view to approving them.

We are also required to provide you with the information required under Article R. 226-2 of the Commercial Code in respect of the execution during the past year of any agreements and commitments already approved by the general meeting.

We carried out the work we deemed necessary in light of the professional standards of the *Compagnie Nationale des Commissaires aux Comptes* applicable to this responsibility. These standards require that we perform procedures to verify that the information given to us is coherent with the underlying documents.

AGREEMENTS AND COMMITMENTS SUBJECT TO THE APPROVAL OF THE GENERAL MEETING

AGREEMENTS AND COMMITMENTS AUTHORISED DURING THE PAST YEAR

We have not been informed of any agreement or commitment authorised during the past year to be submitted to the general meeting for approval in accordance with Article L. 226-10 of the Commercial Code.

AGREEMENTS AND COMMITMENTS ALREADY APPROVED BY THE GENERAL MEETING

In application of Article R. 226-2 of the Commercial Code, we have been informed of the following agreements and commitments, already approved by the general meeting during previous years and applicable during the period.

AGREEMENTS WITH LAGARDÈRE CAPITAL & MANAGEMENT, SHAREHOLDER OF THE COMPANY

Service Agreement

Under an agreement signed in 1988 by Lagardère Capital & Management with Matra and Hachette, Lagardère Capital & Management provides a range of resources and skills specific to general strategy, international development, company operations, and management of financial capacity, human potential and corporate image. All top management working at Lagardère Capital & Management are members of the management bodies of the Group and its principal subsidiaries.

Following the various reorganizations that have taken place since 1988, this agreement is now between Lagardère Capital & Management and Lagardère Ressources.

The remuneration of Lagardère Capital & Management was modified with effect from 1 July 1999 by an amendment approved in principle by the Supervisory Board on 22 September 1999 and in its final version on 22 March 2000. It was modified again by an amendment approved by the Supervisory Board on 12 March 2004, with effect from 1 January 2004.

Starting from that date, the remuneration payable by Lagardère Ressources to Lagardère Capital & Management for any given year is equal to the total expenses incurred by Lagardère Capital & Management during that year in execution of the services rendered under the Service Agreement, plus a 10% margin, with an absolute upper limit of €1 million for that margin. For 2017, the amount of this margin is €1 million.

Additional pension plan for certain Lagardère Capital & Management employees who are members of Lagardère group's Executive Committee

At its meeting of 14 September 2005, your Supervisory Board approved the introduction of an additional pension plan by Lagardère Capital & Management to complement the basic pension system for certain employees who are members of the Executive Committee. The maximum benefit entitlement under this plan is an additional pension, upon retirement at the age of 65, equal to 35% of the benchmark remuneration, which cannot exceed 50 times the annual limit defined by the French social security system.

The employees of Lagardère Capital & Management who are members of the Executive Committee are beneficiaries of this plan.

The plan came into effect at 1 July 2005, and benefits vest at the rate of 1.75% of the benchmark remuneration per year of seniority in the Executive Committee, up to a limit of 20 years' seniority. The pension earned under this plan is payable on condition the beneficiary is still with the company at retirement age, or when he takes early retirement. It also remains payable in the event of termination after the age of 55 or invalidity.

For 2017, the amount billed by Lagardère Capital & Management in accordance with those agreements amounted to 23.8 million euros, compared to 26.0 million euros in 2016.

French language original signed at Paris - La Défense and Courbevoie, on 30 March 2018

The Statutory Auditors

ERNST & YOUNG et Autres	**MAZARS**
Bruno Bizet	Thierry Blanchetier

5.4 REPORT OF THE INDEPENDENT THIRD PARTY ENTITY ON CONSOLIDATED SOCIAL, ENVIRONMENTAL AND SOCIETAL INFORMATION PRESENTED IN THE MANAGEMENT REPORT

To the Shareholders,

In our quality as an independent verifier, accredited by the COFRAC[1] under the number n° 3-1050, and as a member of the network of one of the statutory auditors of the company Lagardère SCA (hereafter referred to as the "company"), we present our report on the consolidated social, environmental and societal information established for the year ended on the 31 December 2017, presented in the management report[2], hereafter referred to as the "CSR Information," pursuant to the provisions of article L.225-102-1 of the French Commercial code (*Code de commerce*).

RESPONSIBILITY OF THE COMPANY

It is the responsibility of the Managing Partners to establish a management report including CSR Information referred to in article R. 225-105 of the French Commercial code (*Code de commerce*), in accordance with the protocols used by the company (hereafter referred to as the "Criteria"), and of which a summary is included in the management report and available on request at the company's headquarters.

INDEPENDENCE AND QUALITY CONTROL

Our independence is defined by regulatory requirements, the Code of Ethics of our profession as well as the provisions of article L. 822-11-3 of the French Commercial code (*Code de commerce*). In addition, we have implemented a quality control system, including documented policies and procedures to ensure compliance with ethical standards, professional standards and applicable laws and regulations.

RESPONSIBILITY OF THE INDEPENDENT VERIFIER

It is our role, based on our work:

- to attest whether the required CSR Information is present in the management report or, in the case of its omission, that an appropriate explanation has been provided, in accordance with the third paragraph of article R. 225-105 of the French Commercial code (*Code de commerce*) (Attestation regarding the completeness of CSR Information);
- to express a limited assurance conclusion, that the CSR Information, overall, is fairly presented, in all material aspects, in accordance with the Criteria (Conclusion on the fairness of CSR Information);

Nonetheless, it is not our role to give an opinion on the compliance with other legal provisions where applicable, in particular those provided for in article L. 225-102-4 of the French Commercial Code (vigilance plan) and in the Sapin II law n°2016-1691 of 9 December 2016 (anti-corruption).

Our verification work mobilized the skills of six people between November 2017 and March 2018 for an estimated duration of seven weeks.

We conducted the work described below in accordance with the professional standards applicable in France and the Order of 13 May 2013 determining the conditions under which an independent third-party verifier conducts its mission, and in relation to the opinion of fairness, in accordance with the international standard ISAE 3000[3].

1. ATTESTATION REGARDING THE COMPLETENESS OF CSR INFORMATION

NATURE AND SCOPE OF THE WORK

We obtained an understanding of the company's CSR issues, based on interviews with the management of relevant departments, a presentation of the company's strategy on sustainable development based on the social and environmental consequences linked to the activities of the company and its societal commitments, as well as, where appropriate, resulting actions or programmes.

We have compared the information presented in the management report with the list provided in article R. 225-105-1 of the French Commercial code *(Code de commerce).*

In the absence of certain consolidated information, we have verified that the explanations were provided in accordance with the provisions in Article R. 225-105-1, paragraph 3, of the French Commercial code (*Code de commerce*).

We verified that the information covers the consolidated perimeter, namely the entity and its subsidiaries, as defined by article L.233-1 and the entities which it controls, as defined by article L.233-3 of the French Commercial code *(Code de commerce)* with the limitations specified in the Methodological Note presented in the management report[4].

CONCLUSION

Based on this work and given the limitations mentioned above, we attest that the required CSR information has been disclosed in the management report.

2. CONCLUSION ON THE FAIRNESS OF CSR INFORMATION

NATURE AND SCOPE OF THE WORK

We conducted about ten interviews with the persons responsible for the preparation of the CSR Information in the different departments, in charge of the data collection process and, if applicable, the persons responsible for internal control processes and risk management, in order to:

- assess the suitability of the Criteria for reporting, in relation to their relevance, completeness, reliability, neutrality, and understandability, taking into consideration, if relevant, industry standards;

(1) Scope available at www.cofrac.fr
(2) Chapter 4 of the Reference Document.
(3) ISAE 3000 – Assurance engagements other than audits or reviews of historical information.
(4) Paragraph "4.5.2 Indicator standards and reporting methods" of the Reference Document.

- verify the implementation of the process for the collection, compilation, processing and control for completeness and consistency of the CSR Information and identify the procedures for internal control and risk management related to the preparation of the CSR Information.

We determined the nature and extent of our tests and inspections based on the nature and importance of the CSR Information, in relation to the characteristics of the company, its social and environmental issues, its strategy in relation to sustainable development and industry best practices.

For the CSR Information which we considered the most important[1]:

- at the level of the consolidated entity, we consulted documentary sources and conducted interviews to corroborate the qualitative information (organisation, policies, actions, etc.), we implemented analytical procedures on the quantitative information and verified, on a test basis, the calculations and the compilation of the information, and also verified their coherence and consistency with the other information presented in the management report;
- at the level of the representative selection of entities that we selected[2], based on their activity, their contribution to the consolidated indicators, their location and a risk analysis, we undertook interviews to verify the correct application of the procedures and undertook detailed tests on the basis of samples, consisting in verifying the calculations made and linking them with supporting documentation. The sample selected therefore represented on average 15% of the total workforce and 21% of the group energy consumption, that were considered as representative characteristics of the labour and environmental domains.

For the other consolidated CSR Information, we assessed their consistency in relation to our knowledge of the company.

Finally, we assessed the relevance of the explanations provided, if appropriate, in the partial or total absence of certain information.

We consider that the sampling methods and sizes of the samples that we considered by exercising our professional judgment allow us to express a limited assurance conclusion; an assurance of a higher level would have required more extensive verification work. Due to the necessary use of sampling techniques and other limitations inherent in the functioning of any information and internal control system, the risk of non-detection of a significant anomaly in the CSR Information cannot be entirely eliminated.

CONCLUSION

Based on our work, we have not identified any significant misstatement that causes us to believe that the CSR Information, taken as a whole, has not been fairly presented, in compliance with the Criteria.

French language original signed at Paris - La Défense, on 30 March 2018

The independent verifier

ERNST & YOUNG et Associés

Eric Duvaud	**Bruno Perrin**
Partner, Sustainable Development	Partner

(1) **Social information:**
- *Indicators (quantitative information):* permanent workforce at 31 December, permanent workforce by gender, by age group and by geographic area at 31 December, staff recruitments and separations by type and by gender, number of hours of training;
- *Qualitative information:* measures undertaken for gender equality employment, inclusion of disabled people, anti-discrimination policies, training policies and skills development.

Environmental and societal information:
- *Indicators (quantitative information):* total weight of paper purchased directly and its breakdown between certified and recycled paper, total weight of paper supplied by printers and its breakdown between certified and recycled paper, tertiary energy consumptions (electricity, gas, fuel, district heating);
- *Qualitative information:* the relationships with the stakeholders (conditions for dialogue, partnership or sponsorship), the consumer health and safety protection initiatives undertaken, consideration of environmental and social issues in purchasing policy and relationships with suppliers and subcontractors, importance of subcontracting, raw material consumption and measures undertaken to enhance resource efficiency, measures undertaken to improve energy efficiency and to promote the use of renewable energy, significant sources of greenhouse gas emissions generated by the company's activity.

(2) Hachette Livre SA (France), Hachette Filipacchi Associés (France), Lagardère Sports and Entertainment UK Ltd (UK), Lagardère Travel Retail France and LSTR Italia.

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PROPOSED RESOLUTIONS PRESENTED BY THE MANAGING PARTNERS

PROPOSED RESOLUTIONS PRESENTED BY THE MANAGING PARTNERS

FIRST RESOLUTION

APPROVAL OF THE COMPANY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

Voting under the quorum and majority conditions required for Ordinary General Meetings, and having considered the reports of the Managing Partners, the report of the Supervisory Board and the Statutory Auditors' report on the Company's financial statements for the year ended 31 December 2017, the shareholders approve those financial statements as set out and presented to them, showing a profit of €162,281,840.79.

In accordance with article 223 *quater* of the French Tax Code (*Code général des impôts*), the shareholders also approve the aggregate amount of non-deductible costs and expenses referred to in paragraph 4 of article 39 of said Code, which amounted to €30,718.67 for the year ended 31 December 2017, and the tax charge borne as a result of these costs and expenses, which amounted to €6,825.

SECOND RESOLUTION

APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

Voting under the quorum and majority conditions required for Ordinary General Meetings, and having considered the management report of the Managing Partners, the report of the Supervisory Board and the Statutory Auditors' report on the consolidated financial statements for the year ended 31 December 2017, the shareholders approve those consolidated financial statements as set out and presented to them, showing a profit attributable to owners of €178.8 million.

THIRD RESOLUTION

ALLOCATION OF THE COMPANY'S RESULTS AND DIVIDEND DISTRIBUTION

Voting under the quorum and majority conditions required for Ordinary General Meetings, the shareholders duly acknowledge that the Company's profit for the year amounts to	€162,281,840.79
which, in addition to retained earnings of	€108,557,782.05
makes a distributable profit of	€270,839,622.84

In accordance with the provisions of the Articles of Association, the shareholders resolve to deduct an amount of €1,787,729.79 from this distributable profit, equal to 1% of consolidated profit for the year attributable to owners, for payment to the General Partners. This dividend will be eligible for the 40% tax relief available to individual shareholders who are French tax residents, pursuant to article 158.3.2 of the French Tax Code, for persons who elect not to apply the new flat tax.

The shareholders then resolve, on the recommendation of the Managing Partners and in agreement with the Supervisory Board, to pay an annual dividend of €1.30 per share, it being specified that:

- treasury shares held on the ex-dividend date are not eligible for the dividend payment;
- shares created before the ex-dividend date will be eligible for the dividend payment.

The ex-dividend date will be Monday, 7 May 2018 and the dividend will be paid as of Wednesday, 9 May 2018, to holders of registered shares (for *nominatif pur* shares) or their duly appointed representatives (for *nominatif administré* shares), by cheque or by bank transfer.

This dividend will be eligible for the 40% tax relief available to individual shareholders who are French tax residents, pursuant to article 158.3.2 of the French Tax Code (*Code général des impôts*), for persons who elect not to apply the new flat tax.

The shareholders resolve to transfer the balance of the distributable profit to retained earnings.

In accordance with the requirement in article 243 *bis* of the French Tax Code, the shareholders note that dividends distributed over the three fiscal years prior to 2017 correspond to the amounts shown in the table below, and that all of these amounts were eligible for the 40% tax relief available to individual shareholders who are French tax residents, pursuant to article 158.3.2 of the French Tax Code:

(in euros)/Fiscal year	2014	2015	2016
Dividends paid to shareholders			
Dividend per share	1.30	1.30	1.30
Total dividend payout	166,782,744.70	167,345,521.20	168,269,663.90
Dividends paid to General Partners	414,180.00	742,702.45	1,755,816.74
Total	**167,196,924.70**	**168,088,223.65**	**170,025,480.64**

The shareholders also note that, as decided at the Annual General Meeting of 6 May 2014, an extra dividend of €6 per share was paid in 2014, corresponding to the payment to shareholders of an aggregate amount of €765,380,544 deducted from "Share premiums" and fully eligible for the 40% tax relief available to individual shareholders who are French tax residents, pursuant to article 158.3.2 of the French Tax Code.

FOURTH RESOLUTION

ISSUING OF AN OPINION ON THE COMPONENTS OF REMUNERATION PAYABLE OR GRANTED TO ARNAUD LAGARDÈRE, MANAGING PARTNER, IN RESPECT OF 2017

Voting under the quorum and majority conditions required for Ordinary General Meetings and in application of the recommendation set out in section 26 of the Afep-Medef Corporate Governance Code which the Company uses as its corporate governance framework, the shareholders, having considered the components of remuneration payable or granted to Arnaud Lagardère, Managing Partner of the Company, in respect of 2017, as described and set out in the various reports presented to the Meeting (particularly section 2.2 of the 2017 Reference Document), issue a favourable opinion on these components of remuneration.

FIFTH RESOLUTION

ISSUING OF AN OPINION ON THE COMPONENTS OF REMUNERATION PAYABLE OR GRANTED TO THE REPRESENTATIVES OF THE OTHER MANAGING PARTNER IN RESPECT OF 2017

Voting under the quorum and majority conditions required for Ordinary General Meetings and in application of the recommendation set out in section 26 of the Afep-Medef Corporate Governance Code which the Company uses as its corporate governance framework, the shareholders, having considered the components of remuneration payable or granted to Pierre Leroy and Thierry Funck-Brentano, Chief Operating Officers of Arjil Commanditée-Arco, Managing Partner of the Company, in respect of 2017, as described and set out in the various reports presented to the meeting (particularly section 2.2 of the 2017 Reference Document), issue a favourable opinion on these components of remuneration.

SIXTH RESOLUTION

ISSUING OF AN OPINION ON THE COMPONENTS OF REMUNERATION PAYABLE OR GRANTED TO XAVIER DE SARRAU (CHAIRMAN OF THE SUPERVISORY BOARD) IN RESPECT OF 2017

Voting under the quorum and majority conditions required for Ordinary General Meetings and in application of the recommendation set out in section 26 of the Afep-Medef Corporate Governance Code which the Company uses as its corporate governance framework, the shareholders, having considered the components of remuneration payable or granted to Xavier de Sarrau, Chairman of the Company's Supervisory Board, in respect of 2017, as described and set out in the various reports presented to the Meeting (particularly section 2.2 of the 2017 Reference Document), issue a favourable opinion on these components of remuneration.

SEVENTH RESOLUTION

RE-APPOINTMENT OF XAVIER DE SARRAU AS A MEMBER OF THE SUPERVISORY BOARD FOR A TERM OF FOUR YEARS

Voting under the quorum and majority conditions required for Ordinary General Meetings, having considered the reports of the Managing Partners and the Supervisory Board and having noted that Xavier de Sarrau's term of office as a member of the Supervisory Board is due to expire at the close of this Meeting, the shareholders re-appoint Xavier de Sarrau as a member of the Supervisory Board for a term of four years, expiring at the close of the 2022 Annual General Meeting to be called to approve the financial statements for the year ending 31 December 2021.

EIGHTH RESOLUTION

RE-APPOINTMENT OF YVES GUILLEMOT AS A MEMBER OF THE SUPERVISORY BOARD FOR A TERM OF FOUR YEARS

Voting under the quorum and majority conditions required for Ordinary General Meetings, having considered the reports of the Managing Partners and the Supervisory Board and having noted that Yves Guillemot's term of office as a member of the Supervisory Board is due to expire at the close of this Meeting, the shareholders re-appoint Yves Guillemot as a member of the Supervisory Board for a term of four years, expiring at the close of the 2022 Annual General Meeting to be called to approve the financial statements for the year ending 31 December 2021.

NINTH RESOLUTION

RE-APPOINTMENT OF PATRICK VALROFF AS A MEMBER OF THE SUPERVISORY BOARD FOR A TERM OF FOUR YEARS

Voting under the quorum and majority conditions required for Ordinary General Meetings, having considered the reports of the Managing Partners and the Supervisory Board and having noted that Patrick Valroff's term of office as a member of the Supervisory Board is due to expire at the close of this Meeting, the shareholders re-appoint Patrick Valroff as a member of the Supervisory Board for a term of four years, expiring at the close of the 2022 Annual General Meeting to be called to approve the financial statements for the year ending 31 December 2021.

TENTH RESOLUTION

AUTHORISATION TO BE GIVEN TO THE MANAGING PARTNERS, FOR A PERIOD OF EIGHTEEN MONTHS, TO TRADE IN THE COMPANY'S SHARES

Voting under the quorum and majority conditions required for Ordinary General Meetings, having considered the reports of the Managing Partners and the Supervisory Board and in compliance with the applicable laws and regulations, the shareholders authorise the Managing Partners to purchase Lagardère SCA shares on behalf of the Company in accordance with the terms and conditions set out below.

The number of shares purchased under this authorisation may not at any time represent more than 10% of the Company's capital (i.e., a maximum number of 13,113,328 shares based on the share capital at 28 February 2018, excluding shares held in treasury by the Company at that date). The amount of the Company's capital to which this ceiling applies may be adjusted for any corporate actions carried out subsequent to this Meeting. In accordance with article L. 225-209 of the French Commercial Code, when shares are bought back to maintain a liquid market in Lagardère SCA shares in accordance with the conditions defined in the General Regulations of the French financial markets authority (*Autorité des marchés financiers* – AMF), the number of shares taken into account for the purpose of calculating the 10% ceiling will correspond to the number of shares purchased less the number of shares sold during the period covered by this authorisation. The use of this authorisation may not in any circumstances result in the Company directly or indirectly holding more than 10% of its capital.

The total amount that may be invested in the share purchases may not exceed five hundred million euros (€500,000,000) and the maximum per-share purchase price, excluding transaction expenses, is set at forty euros (€40) (or the equivalent of this amount at the date of the transaction for transactions denominated in foreign currency or a monetary unit determined by reference to a basket of currencies). The shareholders give the Managing Partners full powers to adjust this amount to take into account the impact on the share price of any corporate actions, such as the capitalisation of reserves, profit or share premiums and the issue of bonus shares, or a change in the par value of existing shares or a reverse stock split.

The Managing Partners may use this authorisation for the following purposes:

- to reduce the share capital by cancelling all or some of the shares purchased;
- to award free shares to employees and officers of the Company and of entities or groups related to it within the meaning of articles L. 225-197-1 *et seq.* of the French Commercial Code;
- to allocate shares upon the exercise of share options;
- to set up any company or group savings scheme (or similar plan) under the conditions provided for by law, notably articles L. 3332-1 *et seq.* of the French Labour Code (*Code du travail*), including by way of awarding the shares free of consideration as part of the Company's employer contribution and/or in replacement of the discount, in accordance with the applicable laws and regulations;
- to award or transfer shares to employees as part of a profit-sharing scheme;
- to award shares to employees and corporate officers of the Company and of entities or groups related to it for any other purpose permitted by the applicable law and regulations;
- to allocate shares upon the exercise of rights attached to securities that give access, by any means whatsoever, to the Company's share capital;
- to promote liquidity in the Company's shares under liquidity contracts that comply with a code of conduct recognised by the AMF entered into with independent investment services providers;
- to hold the shares for subsequent exchange or payment as consideration for external growth transactions, a merger, demerger or asset contribution;
- and, more generally, to carry out any other transaction permitted by the applicable laws and regulations and, in particular, the market practices accepted by the AMF.

The shares may be purchased, sold or otherwise transferred in one or several transactions at any time – apart from during the blackout periods provided for in paragraphs b) and c) of article 4.1 of the EU Commission Delegated Regulation 2016/1052 or during a public tender offer for the Company's shares – on or off-market or over the counter, by any means permitted under the applicable laws and regulations, including through block purchases or sales and the use of derivatives.

The shareholders give the Managing Partners full powers, including the power of delegation, to use this authorisation in accordance with the applicable laws and regulations, including to place any and all buy and sell orders, enter into any and all agreements, fulfil all formalities and more generally do all things they consider necessary and expedient to implement this resolution.

This authorisation is valid for a period of eighteen months as of the date of this Meeting. It cancels and supersedes the authorisation given in the fifteenth resolution of the 4 May 2017 Annual General Meeting.

ELEVENTH RESOLUTION

AMENDMENT OF ARTICLES 12-1 AND 14 A OF THE COMPANY'S ARTICLES OF ASSOCIATION

Voting under the quorum and majority conditions required for Extraordinary General Meetings, and having considered the reports of the Managing Partners and the Supervisory Board, the shareholders resolve to amend the Articles of Association, as follows:

- Article 12-1 of the Articles of Association: "*The Company has a Supervisory Board composed of a maximum of **thirteen** members, selected exclusively among shareholders who are neither general nor managing partners.*"
- First paragraph of article 14 A: the beginning of the sentence shall be replaced by "*In addition to the **thirteen** members*" (the rest of the paragraph remains unchanged).

TWELFTH RESOLUTION

AMENDMENT, SUBJECT TO A CONDITION PRECEDENT, OF ARTICLES 12-1 AND 14 A OF THE COMPANY'S ARTICLES OF ASSOCIATION

Voting under the quorum and majority conditions required for Extraordinary General Meetings, and having considered the reports of the Managing Partners and the Supervisory Board, the shareholders resolve to amend as follows article 12-1 and the first paragraph of article 14 A of the Articles of Association, subject to the condition precedent of the end of term of office of one or more members of the Supervisory Board, for whatever reason, such that the total number of Supervisory Board members is reduced to twelve or less, and provided that the Supervisory Board has not made one or more provisional appointments that would result in the number of Supervisory Board members exceeding twelve, or that this or these provisional appointments are not confirmed by the General Meeting in accordance with article 12-5 of the Articles of Association:

- Article 12-1: "*The Company has a Supervisory Board composed of a maximum of **twelve** members, selected exclusively among shareholders who are neither general nor managing partners.*"
- First paragraph of article 14 A: the beginning of the sentence shall be replaced by "*In addition to the **twelve** members*" (the rest of the paragraph remains unchanged).

THIRTEENTH RESOLUTION

POWERS FOR FORMALITIES

Voting under the quorum and majority conditions required for Ordinary General Meetings, and having considered the reports of the Managing Partners and the Supervisory Board, the shareholders grant full powers to the bearer of an original or a certified copy or extract of the minutes of this Meeting to fulfil all of the necessary filing and other formalities.

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