



PRESS RELEASE

Quarterly Information

First-quarter 2013 net sales up noticeably: €1,627m, up 2.3% on a like-for-like basis⁽¹⁾

Recurring EBIT target for Media activities⁽²⁾ in 2013 maintained

Paris, 14 May 2013

Strong business growth in Q1: impressive performance of **General Literature** (Lagardère Publishing), **TV Production** (Lagardère Active) and **Travel Retail** (Lagardère Services), setting the stage for the Lagardère group to report **2.3% growth in its net sales on a like-for-like basis**.

First Quarter 2013:

Q1 net sales came in at €1,627m, compared to €1,579m in Q1 2012, **i.e. up 3% on a reported basis and up 2.3% on a like-for-like basis**. The differential between reported and like-for-like performance is attributable to a negative foreign exchange effect (of -€8.3m), associated primarily with the decrease in the British pound and the Japanese yen, and to the favourable scope effect (of +€20.3m) due essentially to acquisitions performed in 2012.

- **Lagardère Publishing:** net sales of €419m, up 6.6% on a reported basis and up 7.9% on a like-for-like basis. Business activity is being driven by the impressive performance of **General Literature**, primarily in **France** and in the **United States**, as well as by **Partworks**.
- **Lagardère Active:** net sales of €222m, up 6.9% on a reported basis and up 1.6% on a like-for-like basis, due to very strong performance by **TV Production**, which offset the negative direction of the advertising market and the continuing downtrend in magazine circulation.
- **Lagardère Services:** net sales of €876m, stable at -0.1% on a reported basis and -0.4% on a like-for-like basis. Revenue growth in **Travel Retail** (up 7.4% on a reported basis and up 3% like-for-like), driven primarily by the steady development of **Duty Free**, was offset by the continuation of the downtrend in print products in the Distribution division (down 9.4% on a reported basis and down 4.8% like-for-like).
- **Lagardère Unlimited:** net sales of €110m, up 8.3% on a reported basis and up 4.5% on a like-for-like basis, due primarily to the timely good performance in TV rights activities (the Africa Cup of Nations notably) and to the good contribution from football club marketing activities in Germany.

⁽¹⁾Constant scope and exchange rates.

⁽²⁾Recurring EBIT before associates. See definition at the end of the press release.

I. GROUP CONSOLIDATED NET SALES AND ACTIVITY

	Net sales (in €m)		Change 2013/2012	
	Q1 2012	Q1 2013	Reported change	Like-for-like change
LAGARDÈRE	1,579	1,627	3.0%	2.3%
Lagardère Publishing	394	419	6.6%	7.9%
Lagardère Active	207	222	6.9%	1.6%
Lagardère Services	877	876	-0.1%	-0.4%
Lagardère Unlimited	101	110	8.3%	4.5%

> Lagardère Publishing

Good performance by Lagardère Publishing, which reported strong business growth (up 6.6% on a reported basis and up 7.9% on a like-for-like basis), primarily in General Literature in France and the United States.

The differential between reported and like-for-like performances is essentially due to a negative foreign exchange effect (- €5.6m).

In France, business activity was up sharply (up 8.9%), due mainly to **the strong performance of General Literature (up 40%)**, which was boosted by the release of the last two instalments of the Fifty Shades trilogy by E L James, the biography of Zlatan Ibrahimovic and the latest novel by Grégoire Delacourt, *La première chose qu'on regarde*. These successes also helped the distribution business, which is experiencing strong growth (up 11%).

In the United States, there was **strong business growth (up 14.9%)**, with General Literature driven by a host of new works, supplemented by current releases of films tied to novels published by the Group, in particular *Safe Haven* by Nicholas Sparks, *Beautiful Creatures* by Kami Garcia and Margaret Stohl and *A Story Of God And All Of Us* by Mark Burnett and Roma Downey.

Activity is virtually stable in the **United Kingdom/Commonwealth** (-0.2%), with ongoing difficulties internationally (Australia and New Zealand) offset **by strong General Literature sales in the United Kingdom**.

Business activity in **Spain/Latin America** is slightly up (+1.5%) with the ongoing economic crisis in Spain offset by **strong sales in Latin America**.

Partworks are up sharply (up 10.5%), with publishing successes in Russia, Japan and France.

As usual, sales of **e-books** were brisk at the beginning of the year. E-books now account for 12.4% of the division's revenue, compared to 9.5% in Q1 2012. This stunning e-book sales performance remains concentrated primarily in English-speaking countries, both in the United Kingdom, where e-book sales now account for 31% of all Adult trade⁽³⁾ net sales (versus 24% for the same period last year), and in the United States, where they represent 34% of Trade books, compared to 30% at the end of March 2012.

> Lagardère Active

Net sales came at €222m (up 6.9% on a reported basis and up 1.6% on a like-for-like basis), thanks to the solid performance by TV Production.

The difference between reported and like-for-like performance is primarily due to a positive scope effect of €11m associated with the acquisition of LeGuide.com and BilletReduc.com.

Growth in net sales stems mainly from **solid performance by TV Production**, which offset the negative trend in the advertising market and the continuing decline in magazine circulation. Net advertising sales for the whole Lagardère Active division are down 7.7%.

⁽³⁾Books intended for the general public – adult.

Magazines in France reported a drop in revenue of 6.6% due to the continuing downtrend in advertising sales. Despite stable subscriptions, circulation was down 8.4%, compounded by the turmoil in print product distribution in France, which impacted sales.

Radio was up 1.3% in France, confirming its status as a “defensive medium” suited to times of crisis in light of its responsiveness and also thanks to efforts to diversify (coproduction of musical shows). The trend was less encouraging in **Eastern Europe** (down 3.8%).

As expected, **TV Production** got off to a strong start this year (up 82.1%), with a number of important deliveries, including stock programmes (*Clem, Odysseus, Famille d'accueil, Nos chers voisins*) and flow programmes (*Si près de chez vous*). However, this performance cannot be extrapolated to the rest of the year. **TV Channel** business activity was also up (by 3.5%), with solid performance in subscriptions and in the international segment.

Digital business performance was up significantly on a reported basis due to the acquisition of LeGuide.com and BilletReduc.com, whose net sales are up 19% and 27%, respectively.

> **Lagardère Services**

Overall business activity is stable amidst difficult market conditions.

Net sales were relatively unchanged at €876m, down 0.1% on a reported basis and down 0.4% on a like-for-like basis, with a negative foreign exchange effect of €2.9m, offset by a positive scope effect of €5.4m, which breaks down as follows:

- the positive effects of acquisitions (mainly activity for Rome airports and DFS WL in the Pacific);
- partially offset by the disposal of OLF (book distribution in Switzerland) and the impact of the transformation of a telephony sales contract into a commission contract, amounting to €12.6m (with no effect on result).

The strong growth in Travel Retail (up 7.4%) offsets the **decrease in Distribution** (down by 9.4% or by 6.9% excluding the impact of the contract change in Hungary).

Activity for Rome airports, acquired on 1 October 2012, **exceeded expectations**, thanks to tangible growth in sales performance despite lower than expected domestic and intra-European community passenger traffic.

The Travel Retail business now accounts for 59% of the division's net sales, compared to 55% in Q1 2012.

LS travel retail: up 3% on a like-for-like basis

Business activity continues to be driven **by network expansion, sales campaigns, and diversification**. However, growth is slower than in previous periods due to a **decline in domestic and intra-European community passenger traffic in Europe. International passenger traffic continues to grow but at a slower pace due to the effects of the economic crisis.**

In **France**, business activity was up slightly (by 1%) with higher Duty Free sales (up 2.9%), which were slightly offset by slower sales at Relay (down 0.2%), which is experiencing a decline in print product sales compounded by interruptions in press distribution (strikes at Presstalis), unfavourable weather conditions and lower passenger traffic. The SNCF network is particularly impacted, with press net sales down by 8% like-for-like.

Strong business growth in Central Europe: up by 5.4% in Poland, due to traffic migration to Warsaw Airport, 19.6% in Romania and 20.6% in Bulgaria, with fast-growing networks.

The **United Kingdom** also posted good performance (up 10.3%).

In **North America**, activity is slightly down (-1.1%), in a lacklustre environment (decline in print products and works at the Toronto airport).

Asia-Pacific performance is up sharply (by 7.4%), with the opening of new stores in Singapore and growth in all sales networks, especially in China. Slower growth trends in passenger traffic is to be noticed.

LS distribution (Distribution and Integrated Retail): down 4.8% on a like-for-like basis

The downturn continues, with **the decline in print product sales**, compounded by the persistent negative effects of the **economic crisis**, particularly in Spain. However, despite this unfavourable backdrop, **business activity in Hungary was up 5.6%**, thanks to strong performance by the retail network and efforts to diversify Distribution.

> Lagardère Unlimited

Revenue is up, due essentially to the timely good performance in TV Rights activities and to the good contribution from football club marketing activities in Germany.

Net sales totalled €110m, up 8.3% on a reported basis and up 4.5% on a like-for-like basis. The difference between reported and like-for-like data is attributable to a positive scope effect subsequent to the acquisition of Zaechel in Germany (hospitality services) and SMAM in Australia (sports marketing consultancy) as part of the division's strategic development.

This increase in business activity in Q1 is due mainly at Sportfive to a positive calendar effect, associated with the 2014 World Cup qualifying matches held in March 2013 (European football federations). Also noteworthy is the strong performance attributable to the Africa Cup of Nations and football club Marketing activities in Germany (mainly Borussia Dortmund and Bayer Leverkusen).

This positive data was in part offset by lower net sales at **World Sport Group**, tied to two factors: the absence of qualifying matches in 2013 for the Olympic Games and the transformation of the AFC⁽⁴⁾ contract into a commission contract (vs. buy-out previously), which lowered booked net sales. The positive impact of the new Gulf Cup of Nations⁽⁵⁾ contract does not entirely offset this decline.

II. Significant events since 1 January 2013

On 13 February 2013, Lagardère sued Vivendi and Groupe Canal+ to recover €1.6 billion of cash generated for Canal+ France. Lagardère believes that Vivendi Group is making permanent use of Canal+ France's entire cash surplus via a cash-management agreement whose legality Lagardère is disputing.

On 2 April 2013, the Group signed an agreement to sell its 25% stake in the Amaury Group for €91.4m.

On 9 April 2013, Lagardère sold its entire stake in EADS (61 million shares, representing approximately 7.4% of the share capital of the company) for a total of €2,283m by means of a private placement, through an accelerated bookbuilding with qualified investors. The capital gain, net of taxes and transaction costs, is €1.8 billion.

On 29 April 2013, the Group decided to allocate a portion of the proceeds from the disposal of its stake in EADS as an advance on the 2013 dividend in the amount of €9 per share. Shares will go ex-dividend on 28 May and dividend will be payable as from 31 May 2013.

III. Outlook

> Profitability

Thanks to a good start to the year, Lagardère maintains the target announced on 7 March: in 2013, recurring EBIT from Media activities is expected to grow between 0% and 5% compared to 2012 at constant exchange rates.

This target is based on an expected decline in advertising sales of circa 5% to 7% at Lagardère Active.

> Financial Position

The Group's financial position remains sound. A substantial improvement in gearing (net debt-to-equity) ratios and financial leverage (net debt-to-EBITDA) ratios is expected this year due to lower indebtedness as a result of the disposal of EADS shares.

Investor Calendar

- **Special dividend of €9 per share**
 - Shares go ex-dividend on 28 May 2013
 - Dividend will be payable as from 31 May 2013
- **Announcement of half-year results for 2013** on 29 August 2013 at 5:40 p.m.

⁽⁴⁾Asian Football Cup.

⁽⁵⁾A football contest held every other year in which Middle Eastern teams compete.

FOR THE RECORD - DEFINITION OF RECURRING MEDIA EBIT

Recurring Media EBIT of consolidated companies is defined as the difference between result before financial charges and tax and the following items of the profit and loss statement:

- contribution of associates;
- gains or losses on disposals of assets;
- impairment losses on goodwill, property, plant and equipment and intangible assets;
- restructuring costs;
- items related to business combinations:
 - expenses on acquisitions;
 - gains and losses resulting from acquisition price adjustments;
 - amortization of acquisition-related intangible assets.

*Lagardère is a world-class pure-play media group (Book and e-Publishing; Press, Audiovisual, Digital and Advertising Sales Brokerage; Travel Retail and Distribution; Sport Industry and Entertainment).
Lagardère shares are listed on Euronext Paris.*

Important Notice:

Some of the statements contained in this document are not historical facts but rather are statements of future expectations and other forward-looking statements that are based on management's beliefs. These statements reflect such views and assumptions as of the date of the statements and involve known and unknown risks and uncertainties that could cause future results, performance or future events to differ materially from those expressed or implied in such statements.

Please refer to the most recent Reference Document (Document de référence) filed by Lagardère SCA with the French Autorité des marchés financiers for additional information in relation to such factors, risks and uncertainties.

Lagardère SCA disclaims any intention or obligation to update or review the forward-looking statements referred to above. Consequently Lagardère SCA is not responsible for any consequences that could result from the use of any of the above statements.

Press Contacts

Thierry FUNCK-BRENTANO tel. +33 (1) 40 69 16 34 tfb@lagardere.fr

Ramzi KHIROUN tel. +33 (1) 40 69 16 33 rk@lagardere.fr

Investor Relations Contact

Anthony MELLOR tel. +33 (1) 40 69 18 02 amellor@lagardere.fr