



**Lagardère**

**FOURTH  
QUARTER 2016  
REVENUE**

**Lagardère revises upwards its recurring EBIT<sup>(1)</sup> for 2016:  
growth expected around 13% compared to 2015<sup>(2)</sup>**

**2016 revenue: €7,391 million versus €7,193 million in 2015,  
up 2.5% like-for-like<sup>(3)</sup>, up 2.7% on a consolidated basis**

**Fourth-quarter 2016: €1,984 million, up 2.4% like-for-like, down 2.9% on a consolidated basis**

Paris, 9 February 2017

**Fourth-quarter 2016:**

*The fourth quarter ended very positively, with business shaped by strong growth in Travel Retail and a busy sporting calendar for Lagardère Sports and Entertainment.*

Revenue for the Group came in at €1,984 million, up 2.4% like-for-like (down 2.9% on a consolidated basis). The difference between like-for-like and consolidated figures is due to a €77 million negative scope effect, mainly resulting from disposals of Press Distribution activities, and to a €28 million negative foreign exchange impact, mainly attributable to the depreciation of the pound sterling.

**By division (like-for-like basis):**

- **Lagardère Publishing:** revenue was down 1.4%, as expected, owing to an unfavourable comparison effect linked to the success of Astérix in fourth-quarter 2015, partly offset by a good performance from General Literature releases in the United Kingdom.
- **Lagardère Travel Retail:** revenue was up 7.2%, spurred by robust momentum in North America and a slight rally towards the end of the year with a favourable comparison effect in Europe.
- **Lagardère Active:** revenue was down 2.4%, with, as expected, Press activities following the market's downward trend, partly offset by growth at Lagardère Studios. Music radio in France performed well and e-health activities continued to expand.
- **Lagardère Sports and Entertainment:** revenue up 11.6%, primarily driven by a favourable calendar of football competitions in Asia and Africa.

**Full-year 2016:**

**Organic growth in Travel Retail coupled with a very strong performance from Lagardère Publishing helped sustain our growth momentum.**

**Revenue totalled €7,391 million, up 2.5% like-for-like and up 2.7% on a consolidated basis.** The difference between like-for-like and consolidated figures reflects a €95 million negative foreign exchange effect due mainly to the depreciation of the pound sterling, and a €124 million positive scope impact linked to external growth transactions, partly offset by the impact of disposals in the Press Distribution business.

<sup>(1)</sup> Recurring operating profit of fully consolidated companies (four operating divisions and other activities). See details at the end of the press release.

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

<sup>(3)</sup> At constant exchange rates and consolidation scope. See appendices at the end of the press release.

## I- REVENUE AND ACTIVITY BY DIVISION

	Revenue (€m)		Change	
	Q4 2015	Q4 2016	on a consolidated basis	on a like-for-like basis
Lagardère Publishing	631	619	-2.0%	-1.4%
Lagardère Travel Retail	937	911	-2.8%	+5.5%
<i>o/w Travel Retail</i>	715	803	+12.3%	+7.2%
<i>o/w Distribution</i>	222	108	-51.3%	-5.1%
Lagardère Active	319	284	-10.8%	-2.4%
Lagardère Sports and Entertainment	156	170	+8.8%	+11.6%
<b>LAGARDÈRE</b>	<b>2,043</b>	<b>1,984</b>	<b>-2.9%</b>	<b>+2.4%</b>

	Revenue (€m)		Change	
	2015	2016	on a consolidated basis	on a like-for-like basis
Lagardère Publishing	2,206	2,264	+2.6%	+2.5%
Lagardère Travel Retail	3,510	3,695	+5.3%	+5.0%
<i>o/w Travel Retail</i>	2,546	3,132	+23.0%	+7.1%
<i>o/w Distribution</i>	964	563	-41.6%	-3.8%
Lagardère Active	962	915	-4.9%	-5.4%
Lagardère Sports and Entertainment	515	517	+0.3%	+1.5%
<b>LAGARDÈRE</b>	<b>7,193</b>	<b>7,391</b>	<b>+2.7%</b>	<b>+2.5%</b>

### ● Lagardère Publishing

**Revenue for 2016 came in at €2,264 million, up 2.5% like-for-like and up 2.6% on a consolidated basis.** The difference reflects a €70 million positive scope effect due mainly to the acquisition of Perseus in the United States, and a €68 million negative foreign exchange effect, relating chiefly to the depreciation of the pound sterling.

Business growth in 2016 was driven by the United Kingdom (up 11.0%), thanks to the success of *Harry Potter and the Cursed Child* in English worldwide (excluding the United States and Canada), and by the solid performance of Partworks (up 5.7%), especially in Japan, Spain and Argentina.

In France (up 1.5%), the good performance of Education driven by curricular reform was partly offset by an unfavourable comparison effect linked to the success of *Astérix* in 2015, and by a less intensive release schedule in General Literature.

#### **Fourth-quarter 2016:**

**At €619 million, business slowed slightly on a like-for-like basis, down 1.4% (down 2.0% on a consolidated basis).** The difference between like-for-like and consolidated figures reflects chiefly a €22 million positive scope impact and a €26 million negative foreign exchange effect.

Figures below are presented on a like-for-like basis.

In France (down 6.4%), the decline in activity was mainly attributable to Illustrated Books, hit by an unfavourable comparison effect owing to the publication of *Astérix* in fourth-quarter 2015 and to Distribution.

In the United States, business was down 12.4%, held back by a less intensive release schedule than in fourth-quarter 2015, despite further growth in audiobooks and Distribution.

In the United Kingdom, the business continued to enjoy strong 17.5% growth, spurred by the success of new titles such as *Harry Potter and the Cursed Child* and *Fantastic Beasts*, and by the youth segment, which saw the release of *Pokémon*.

The Spain/Latin America region was stable in the period (up 0.7%), despite the unfavourable comparison effect owing to the publication of *Astérix* in fourth-quarter 2015, offset by a one-off export transaction in Latin America.

Partworks increased by 4.7%, driven by the success of *Disney Tsum Tsum* releases in Japan and to the good performance of the business in Spain and Argentina.

E-books accounted for 7.6% of total Lagardère Publishing revenue in fourth-quarter 2016, versus 7.5% in fourth-quarter 2015.

## ● Lagardère Travel Retail

**2016 revenue for the division totalled €3,695 million, up 5.0% like-for-like and up 5.3% on a consolidated basis.** The difference results from a €21 million negative foreign exchange effect linked mainly to the depreciation of the pound sterling, Polish zloty and Canadian dollar, and from a €50 million positive scope impact, breaking down as:

- A €395 million negative impact of disposals and changes in the consolidation method relating mainly to the disposal of Press Distribution activities in Spain, Switzerland, Canada and Belgium.
- A €445 million positive impact from acquisitions, primarily relating to the consolidation of Paradies' North American operations and fashion and confectionery stores at JFK airport (New York).

### Fourth-quarter 2016:

**Revenue for the division totalled €911 million, up 5.5% like-for-like (down 2.8% on a consolidated basis).**

This difference chiefly results from a €71 million negative scope impact following disposals of Press Distribution activities; Paradies has been on a like-for-like basis since 1 November.

The figures below are presented on a like-for-like basis.

#### - Travel Retail business up 7.2%

In France, the business swung back into growth, gaining 2.3% on the back of a favourable comparison effect after the weak fourth-quarter 2015 shaped by the Paris terrorist attacks. This performance was spurred by expansion of the Foodservice segment and by the return of the Duty Free segment to growth towards the end of the year.

EMEA (excluding France) posted a vigorous 9.1% increase: the United Kingdom enjoyed strong 27.9% growth, led by the rise in traffic fuelled by the foreign exchange effects in the wake of the Brexit decision, and by the success of the modernisation of the Duty Free concession at Luton airport. Poland (up 18.9%) and the Netherlands (up 14.4%) were boosted by network development and by the resounding success of new concepts. Romania also posted robust 11.3% growth, buoyed by the development of the Foodservice business and the impact of the rise in tobacco prices.

Revenue jumped 14.3% in North America, boosted by network extensions, the impact of sales synergies arising from the consolidation of Paradies, and a favourable calendar impact (53<sup>rd</sup> week).

The Asia-Pacific region continued on an uptrend, rising 1.8% thanks to the good performance of fashion stores in China and of Duty Free activities in New Zealand, which offset the loss of Travel Essentials concessions at Sydney airport (Terminal 1).

#### - Distribution business down 5.1%

In fourth-quarter 2016, the decline in Distribution was mainly attributable to Belgium. The situation is improving in Hungary, despite a shrinking press market. The divestment process for the Distribution business was completed on 7 February 2017 with the sale of holding company LS Distribution SAS.

## ● Lagardère Active

**2016 revenue totalled €915 million, down 5.4% like-for-like and down 4.9% on a consolidated basis.**

The difference between like-for-like and consolidated figures primarily reflects a €6 million positive scope impact relating to the acquisition of Grupo Boomerang TV in May 2015, partly offset by the disposals of LeGuide.com and *Parents* magazine.

The downturn in business is chiefly related to the decline in Magazine Publishing in line with market trends, and to an unfavourable comparison effect for Lagardère Studios owing to strong rights sales in 2015.

Music radio enjoyed good momentum both in France and internationally, with advertising revenue up 5.5%.

Pure-play digital and B2B revenue rose 9.7% (excluding LeGuide.com), driven by growth in the e-health segment (especially at MonDocteur) and a good performance from BilletRéduc ticketing services.

Full-year Advertising revenue fell back 4.0% compared to 2015 across the entire division.

### Fourth-quarter 2016:

**Revenue came in at €284 million, down 2.4% like-for-like (down 10.8% on a consolidated basis).**

The figures below are presented on a like-for-like basis.

The 7.6% contraction in Magazine Publishing is linked to the fall in circulation and advertising revenues.

Revenue from the Radio segment was down 6.4% over the period, due chiefly to the decrease in advertising revenue at Europe 1. However, music radio in France and internationally posted a good advertising performance (up 2.1%).

Television revenue increased by 2.1%, owing to good momentum at Lagardère Studios (TV Production) over the period, particularly for production flows. TV Channel revenue slipped 2.9%, with revenue from pay channels affected by renegotiations with distributors.

Pure-play digital and B2B revenue increased by 12.2%, mainly driven by diversification into e-health and by a good performance from BilletRéduc.

## ● Lagardère Sports and Entertainment

**In 2016, revenue totalled €517 million, up 1.5% on a like-for like basis and up 0.3% on a consolidated basis.** The difference between these two figures is due to a negative foreign exchange effect (-€4.3 million), primarily linked to the depreciation of the pound sterling.

### **Fourth quarter 2016:**

**In the fourth quarter, revenue totalled €170 million, up 11.6% on a like-for-like basis (up 8.8% on a consolidated basis).** The difference between these two figures is essentially due to the disposal of the endurance division and merchandising activities in Germany, partly offset by acquisition of a consulting business in the United States (Rooftop2 Productions).

The increase in the fourth quarter performance is attributable to a favourable calendar effect, namely the Asian and African qualifiers for the 2018 FIFA World Cup, and the ASEAN Football Federation (AFF) Suzuki Cup.

## II- **KEY EVENTS SINCE 30 SEPTEMBER 2016**

- **Lagardère Travel Retail awarded three Duty Free concessions in Saudi Arabia in partnership with Saudi Airlines Catering Company (SACC) and Arabian Ground Handling Logistic Company**
  - A 2,040 sq.m. concession in **Riyad's** King Khaled international airport (Terminals 1 and 2) on 19 October 2016
  - A 1,834 sq.m. concession in **Dammam's** King Fahd international airport on 14 November 2016
  - A 3,900 sq.m. concession in **Djeddah's** King Abdulaziz international airport on 28 November 2016
- **Lagardère Travel Retail withdraws definitively from the Distribution business and confirms its announced refocusing as a Travel Retail pure player**
  - On 1 December 2016, Lagardère Travel Retail completed the disposal of the Belgian business to bpost SA/NV of Lagardère Services Distribution Benelux ("LSDB") including AMP's Press Distribution business and the integrated retail network operating in particular the Press Shop and Relay brands in Belgium (218 stores).
  - On 7 February 2017, Lagardère Travel Retail completed the sale of holding company LS Distribution SAS, including the operating activities in Hungary (Press Distribution and integrated retail network with 374 stores).

As part of the transaction, Lagardère Travel Retail signed a franchise agreement allowing it to continue to develop the division's Travel Retail concepts in Belgium and Hungary.
- **Acquisition of a majority stake in Peak publisher Brainbow Ltd by Lagardère Publishing**

On 19 December 2016, Lagardère Publishing announced that it had acquired a majority stake in UK mobile app company Brainbow Ltd.

## III- **OUTLOOK**

### **GUIDANCE FOR 2016 GROUP RECURRING EBIT**

In light of the strong year-end performance, we are revising upwards Group recurring EBIT growth for 2016 to around 13%, versus a target of slightly above 10% previously (at constant exchange rates and excluding the impact from disposals of Distribution activities).

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## IV- **INVESTOR CALENDAR**

- **Publication of full-year 2016 results** on 8 March 2017 at 5:35 p.m.
- **2016 Annual General Meeting** on 4 May 2017 at 10:00 a.m.
- **Publication of first-quarter 2017 revenue** on 11 May 2017 at 8:00 a.m.

## V- APPENDICES

### CHANGES IN CONSOLIDATION SCOPE AND EXCHANGE RATES

#### Full-year 2016

The difference between consolidated and like-for-like data results from a €95 million negative foreign exchange effect, offset by a €124 million positive scope impact, breaking down as:

- A €433 million negative impact resulting from disposals, chiefly relating to (i) the divestment of Press Distribution activities in Spain for €269 million, in Switzerland for €54 million, in Canada for €12 million and in Belgium for €35 million with respect to the Lagardère Travel Retail scope; (ii) the disposal of *Parents* magazine for €7 million and of LeGuide.com for €6 million at Lagardère Active; and (iii) the disposal of endurance sport and merchandising activities for €26 million at Lagardère Sports and Entertainment.
- A €557 million positive impact resulting from acquisitions, concerning in particular Lagardère Travel Retail (consolidation of Paradies' operations for €436 million and stores at JFK airport in New York for €4 million), Lagardère Active (consolidation of Grupo Boomerang TV's Audiovisual Production activities in Spain for €27 million), Lagardère Publishing (consolidation of Perseus in the United States for €62 million) and Lagardère Sports and Entertainment (consolidation of UFA Sports for €7 million, Sponsorship 360 for €5 million, EKS for €4 million, akzio! ajoint for €4 million, and Rooftop2 Productions for €5 million).

#### Fourth-quarter 2016

The difference between consolidated and like-for-like data primarily reflects:

- A positive scope effect including the acquisitions of Neon Play and Perseus for Lagardère Publishing and the consolidation of Paradies for Lagardère Travel Retail.
- A negative scope effect linked to the disposal of Press Distribution activities in Spain, Canada and Belgium for Lagardère Travel Retail, of LeGuide.com for Lagardère Active, and of endurance sports and merchandising activities for Lagardère Sports and Entertainment.

### DEFINITION OF GROUP RECURRING EBIT

Recurring EBIT of fully consolidated companies is defined as earnings before interest and tax excluding the following income statement items:

- income (loss) from equity-accounted companies;
- gains (losses) on disposals of assets;
- impairment losses on goodwill, property, plant and equipment and intangible assets;
- restructuring costs;
- items related to business combinations:
  - acquisition-related expenses,
  - gains and losses resulting from acquisition price adjustments and fair value adjustments due to changes in control,
  - amortisation of acquisition-related intangible assets.

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*The Lagardère group is a global leader in content publishing, production, broadcasting and distribution, whose powerful brands leverage its virtual and physical networks to attract and enjoy qualified audiences.*

*It is structured around four business lines: Books and e-Books; Travel Retail; Press, Audiovisual, Digital and Advertising Sales Brokerage; Sports and Entertainment.*

*Lagardère shares are listed on Euronext Paris.*

[www.lagardere.com](http://www.lagardere.com)

#### **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 prevailing 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 has no intention and is under no obligation to update or review the forward-looking statements referred to above. Consequently Lagardère SCA accepts no liability for any consequences arising from the use of any of the above statements.*

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