



**Sustained revenue growth in 2017: €7,069 million,  
up 4.0% like-for-like<sup>(1)/(2)</sup>**

**Fourth-quarter 2017: up 3.3% like-for-like at €1,911 million**

**Lagardère confirms its recurring EBIT growth target<sup>(2)</sup> for 2017**

Paris, 8 February 2018,

**Full-year 2017:**

*The Lagardère group delivered robust growth, fuelled mainly by organic growth at Lagardère Travel Retail and a strong performance from Lagardère Publishing.*

**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 operations by Lagardère Travel Retail, partly offset by acquisitions at Lagardère Publishing. The negative foreign exchange effect resulted primarily from the depreciation of the pound sterling and the US dollar.

**Fourth-quarter 2017:**

*The Lagardère group ended the year with continued momentum in like-for-like growth, driven mainly by a robust performance from Lagardère Travel Retail.*

**Revenue for the Group came in at €1,911 million, up 3.3% like-for-like (down 3.7% on a consolidated basis).** The difference between like-for-like and consolidated figures is primarily attributable to the divestment of Press Distribution operations by Lagardère Travel Retail. The foreign exchange effect for the period resulted chiefly from the US dollar and the pound sterling.

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

- **Lagardère Publishing:** revenue was up 2.8%, buoyed mainly by a good performance from Partworks and by the success of best-selling titles in Illustrated Books and General Literature which offset an unfavourable comparison effect in the United Kingdom.
- **Lagardère Travel Retail:** growth in business accelerated (up 10.3%), led by a favourable network impact, a strong sales momentum and a rise in passenger traffic, especially in the ASPAC and EMEA regions.
- **Lagardère Active:** revenue was down 2.7%, hit by the decline in audience figures at the Europe 1 radio station and the downturn in TV Production activities, partly offset by a good performance from e-health and Magazine Publishing in the period.
- **Lagardère Sports and Entertainment:** as expected, the 17.6% decline in revenue was mainly the result of the sporting calendar.

<sup>(1)</sup>At constant exchange rates and consolidation scope. See appendices at the end of the press release.

<sup>(2)</sup>Alternative performance indicators. See the glossary at the end of this press release.

## I- REVENUE AND ACTIVITY BY DIVISION

	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%
<i>o/w Travel Retail</i>	3,132	3,401	+8.6%	+9.1%
<i>o/w Distribution</i>	563	11	-98.2%	-1.0%
Lagardère Active	915	872	-4.7%	-4.1%
Lagardère Sports and Entertainment	517	496	-3.9%	-3.4%
<b>LAGARDÈRE</b>	<b>7,391</b>	<b>7,069</b>	<b>-4.4%</b>	<b>+4.0%</b>

	Revenue (€m)		Change	
	Q4 2016	Q4 2017	on a consolidated basis	on a like-for-like basis
Lagardère Publishing	619	624	+0.8%	+2.8%
Lagardère Travel Retail	911	866	-4.9%	+10.3%
<i>o/w Travel Retail</i>	803	866	+7.9%	+10.3%
<i>o/w Distribution</i>	108	-	-100%	-
Lagardère Active	284	282	-0.8%	-2.7%
Lagardère Sports and Entertainment	170	139	-18.4%	-17.6%
<b>LAGARDÈRE</b>	<b>1,984</b>	<b>1,911</b>	<b>-3.7%</b>	<b>+3.3%</b>

### ● Lagardère Publishing

**Revenue for 2017 came in at €2,289 million, up 1.9% like-for-like (up 1.1% on a consolidated basis).** The difference can be explained by (i) a €50 million negative foreign exchange effect due chiefly to the depreciation of the pound sterling, and (ii) a €33 million positive scope effect, primarily linked to the consolidation of Perseus in the United States and to the acquisitions of Brainbow and Bookouture in the United Kingdom.

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 curricular reform.

These positive factors helped offset the unfavourable comparison effect resulting primarily from the success of *Harry Potter and the Cursed Child* in the United Kingdom and Spain's curricular reform in 2016.

#### Fourth-quarter 2017:

**At €624 million and despite an unfavourable comparison effect, revenue moved up 2.8% like-for-like (up 0.8% on a consolidated basis).** The difference between like-for-like and consolidated figures chiefly reflects a €19 million negative foreign exchange effect and a €7 million positive scope effect.

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

In France (up 11.0%), business was chiefly buoyed by the success of best-selling titles in Illustrated Books (*Astérix et la Transitalique*) and in General Literature (Dan Brown's *Origin*). Business in France was also driven by a good performance in Distribution.

In the United States, the 3.6% rise in business reflects a good performance from Little, Brown Adult's books spurred by the success of Pete Souza's *Obama: An Intimate Portrait*, and from Nashville, buoyed by sales of William Paul Young's *The Shack* series.

As expected, business continued to contract in the United Kingdom, declining 14.3% on the back of an unfavourable comparison effect, with fourth-quarter 2016 having been boosted not only by the release of *Fantastic Beasts*, but also by the restocking of *Harry Potter and the Cursed Child* and a spike in sales of the *The Famous Five* series.

The Spain/Latin America region delivered a 1.7% revenue growth, notably thanks to the success of *Astérix*.

Partworks posted bullish 7.3% growth, fuelled by a busy programme of new title launches and a good backlist performance, especially in Argentina and Japan.

E-books accounted for 7.1% of total Lagardère Publishing revenue in fourth-quarter 2017, versus 7.6% in fourth-quarter 2016.

## ● Lagardère Travel Retail

**2017 revenue totalled €3,412 million, up 9.1% like-for-like (down 7.7% on a consolidated basis).** The difference essentially reflects a €9 million negative foreign exchange effect and especially a €556 million negative scope effect, breaking down as follows:

- a €576 million negative impact from deconsolidations, essentially relating to the divestment of Press Distribution activities in Belgium, Hungary, Canada and Spain;
- a €20 million positive impact from acquisitions, relating mainly to the acquisition of Duty Free operations in Poland and Estonia.

### **Fourth-quarter 2017:**

**Revenue for the division totalled €866 million, up 10.3% like-for-like (down 4.9% on a consolidated basis).** The difference between these two figures reflects a €107 million negative scope effect and a €20 million negative foreign exchange effect.

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

In France, the business posted brisk 7.3% growth, led by the network expansion in Foodservice activities, the success of the new concept for Relay stores and a good performance from the Duty Free segment spurred mainly by the modernisation of stores at Nice airport.

EMEA (excluding France) posted a vigorous 17.2% increase, buoyed chiefly by network expansion in Switzerland – with store openings in Geneva airport – as well as in Poland and Czech Republic (Duty Free). Activity was also driven by the launch of Duty Free operations at Dakar airport (Senegal) in early December.

In North America, revenue was down 3.6%, essentially reflecting an unfavourable calendar impact (53<sup>rd</sup> week in 2016). Adjusted for this impact, revenue for this region advanced 3.1%.

The Asia-Pacific region delivered bullish 22.7% revenue growth, with strong momentum in Asia (up 52.7%) led primarily by the new Hong Kong concession and China, but also by a 7.2% upturn in the Pacific region on the back of a favourable network impact in Australia and the modernisation of the Duty Free store in Auckland (New Zealand).

## ● Lagardère Active

**2017 revenue totalled €872 million, down 4.1% like-for-like (down 4.7% on a consolidated basis).** The difference between like-for-like and consolidated figures is attributable to an €8 million negative scope effect primarily resulting from the combined impact of the disposal of LeGuide.com in September 2016 and the acquisition of Aito Media Group in October 2017.

In 2017, 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, and to the fall in advertising revenues for Magazine Publishing. However, circulation remained stable year-on-year.

The e-health segment continued to expand, spurred mainly by a good performance from MonDocteur. Advertising revenues fell 6.4% year-on-year for the division as a whole.

### **Fourth-quarter 2017:**

**Fourth-quarter 2017 revenue totalled €282 million, down 2.7% like-for-like (down 0.8% on a consolidated basis).**

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

Growth of 1.3% in Magazine Publishing is attributable to the 3.9% rise in circulation revenues, which were boosted by particularly attractive news output over the quarter.

Revenue for the Radio segment retreated 6.7%, as a good performance from international radio failed to offset lower audience figures for the Europe 1 station over the period.

TV activities were down 4.9% over the period owing to the absence of prime time series in Spain at Lagardère Studios. However, TV Channels, up 4.0%, showed good momentum, chiefly as a result of higher advertising revenues.

Pure digital and B2B revenue gained 4.0%, buoyed mainly by positive momentum from e-health activities (MonDocteur).

## ● Lagardère Sports and Entertainment

**2017 revenue totalled €496 million, down 3.4% like-for-like (down 3.9% on a consolidated basis).** The difference between these two figures is due to a €6 million negative foreign exchange effect primarily linked to the depreciation of the US dollar and the pound sterling, partly offset by a €3 million positive scope effect chiefly related to the acquisition of Brave Marketing in October 2017.

The reduction in revenue in 2017 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 partly 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 a good performance.

### **Fourth quarter 2017:**

**In the fourth quarter, revenue totalled €139 million, down 17.6% on a like-for-like basis (down 18.4% on a consolidated basis).** The difference between like-for-like and consolidated figures is primarily due to the fall in the US dollar.

The comparatively lower revenues are chiefly related to a quieter fourth-quarter sporting calendar than in 2016, which benefited from the FIFA 2018 World Cup qualifying matches and the AFF Suzuki Cup in Asia and, to a lesser extent, to the termination of the Friends Arena contract in Sweden. Moreover, consulting activities enjoyed a good momentum.

## II- **HIGHLIGHTS SINCE 30 SEPTEMBER 2017**

- **Hachette Livre, founding member of Educapital.**  
On 6 October 2017, Hachette Livre, a Lagardère Publishing subsidiary, helped set up Educapital. The fund will identify and partner innovative start-ups in the education and training sectors, particularly in primary, secondary and higher education and extra-curricular activities.
- **Acquisition of production company Aito Media Group.**  
On 17 October 2017, Lagardère Active announced that it had taken a majority stake in Finnish production company Aito Media Group, which specialises in factual and unscripted entertainment. This transaction is consistent with Lagardère Active's strategy of ramping up the international presence of Lagardère Studios.
- **Acquisition of Summersdale, a UK-based independent Trade Publisher.**  
On 31 October 2017, Lagardère Publishing's subsidiary Octopus Publishing Group acquired Summersdale, an independent trade publisher of gift and humour titles.

## III- **OUTLOOK**

### **GUIDANCE FOR 2017 GROUP RECURRING EBIT**

Based on the performance, the Group confirms its recurring EBIT growth target for 2017, as announced last March. Accordingly, **Group recurring EBIT growth in 2017 is expected to be between 5% and 8%** versus 2016, at constant exchange rates and excluding the impact from disposals of Distribution activities.

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## IV- **INVESTOR CALENDAR**

- **Publication of full-year 2017 results** on 8 March 2018 at 5:35 p.m.
- **2017 Annual General Meeting** on 3 May 2018 at 10:00 a.m.
- **Publication of first-quarter 2018 revenue** on 17 May 2018 at 8:00 a.m.

## V- APPENDICES

### CHANGES IN SCOPE OF CONSOLIDATION AND EXCHANGE RATES

#### Fourth-quarter 2017:

The difference between consolidated and like-for-like data is mainly attributable to a €42 million negative foreign exchange effect resulting from the depreciation of the US dollar and the pound sterling, and to a €93 million negative scope effect, breaking down as:

- a negative scope effect linked to the divestment of Press Distribution activities in Belgium, Hungary and Canada for Lagardère Travel Retail;
- a positive scope effect related mainly to the acquisitions of Aito Media Group for Lagardère Studios and of Brainbow and Bookouture for Lagardère Publishing, and to the consolidation of IFS Duty Free stores in Poland for Lagardère Travel Retail.

#### Full-year 2017:

The difference between consolidated and like-for-like data is attributable to a €64 million negative foreign exchange effect resulting from the depreciation of the pound sterling and the US dollar, and to a €528 million negative scope effect, breaking down as:

- the negative impact of disposals (€595 million), primarily relating to the divestment of Press Distribution activities in Belgium (negative €391 million), Hungary (negative €128 million), Spain (negative €17 million) and Canada (negative €16 million) by Lagardère Travel Retail, and to the sale of LeGuide.com by Lagardère Active (negative €14 million);
- a €67 million positive impact from acquisitions carried out mainly by Lagardère Publishing (consolidation of Perseus representing a positive €17 million, acquisitions of Brainbow representing a positive €8 million, Bookouture representing a positive €8 million, and IsCool Entertainment representing a positive €2 million), by Lagardère Travel Retail (including in particular the consolidation of IFS Duty Free stores in Poland representing a positive €11 million), and by Lagardère Active (acquisition of Aito Media Group representing a positive €4 million).

## VI- GLOSSARY

Lagardère uses alternative performance indicators which serve as key measures of the Group's operating and financial performance. These indicators are tracked by the Executive Committee in order to assess performance and manage the business, as well as by investors in order to monitor the Group's operating performance, along with the financial metrics defined by the IASB. These indicators are calculated based on elements taken from the consolidated financial statements prepared under IFRS.

### ➤ Like-for-like revenue

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

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

- revenue for the period adjusted for companies consolidated for the first time during the period and revenue for the prior-year period adjusted for consolidated companies divested during the period;
- revenue for the prior-year period and revenue for the current period adjusted based on the exchange rates applicable in the prior-year period.

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

The difference between consolidated and like-for-like figures is explained in section V - Appendices of this press release.

### ➤ Recurring EBIT

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

#### **Profit before finance costs and tax**

Excluding:

- Gains (losses) on disposals of assets

