



**Sustained growth in revenue, up 6.7% like-for-like<sup>(1)</sup> and in Group recurring EBIT<sup>(1)</sup>, up €14 million to €153 million**

**Lagardère confirms its 2019 Group recurring EBIT growth target<sup>(1)</sup> of between 4% and 6%, based on the target scope**

**Strategic refocusing in active progress**

Paris, 25 July 2019,

*The Lagardère group maintained solid growth momentum in first-half 2019. Robust increases in revenue and recurring EBIT were mainly driven by growth at Lagardère Travel Retail as well as by a good performance from Lagardère Sports and Entertainment, thanks to a favourable sporting calendar.*

*The Group is actively pressing ahead with its strategic refocusing, shaped in the period by in particular the removal of the suspensive conditions for the disposal of the TV Channels and the closing of the Mezzo sale at Lagardère Active. The reinvestment of disposal proceeds is continuing apace, with the signature of an agreement to acquire International Duty Free (IDF), Belgium's leading Travel Retail operator.*

#### **Continued growth momentum**

- > The Lagardère group reported revenue of €3,612 million in first-half 2019, up 6.7% like-for-like<sup>(1)</sup>. This growth momentum was powered by a solid performance at Lagardère Travel Retail, which delivered a 6.5% increase in revenue, and by growth at Lagardère Publishing. Lagardère Sports and Entertainment also made a positive contribution to revenue growth, thanks to a favourable calendar effect.

#### **As expected, Group recurring EBIT was lifted by a busy sporting calendar**

- > Group recurring EBIT came in at €153 million for first-half 2019 versus €139 million one year earlier, owing mainly to business growth at Lagardère Travel Retail as well as a busy sporting calendar for Lagardère Sports and Entertainment, which more than offset the impact disposals at Lagardère Active.
- > Profit before finance costs and tax was €158 million for the period, compared with €269 million in first-half 2018 which had included the capital gain on the sale of the office building in the eighth *arrondissement* of Paris.
- > Adjusted profit - Group share increased to €63 million for the first six months of the year, from €59 million one year earlier.

#### **Solid financial position**

At 30 June 2019, net debt stood at €1,590 million. The leverage ratio (net debt<sup>(1)</sup>/recurring EBITDA<sup>(1)</sup>) remained stable year on year, at 2.3.

<sup>(1)</sup> Alternative performance measure. See the glossary at the end of this press release.

## I- REVENUE AND RECURRING EBIT

In the first half of 2019, revenue totalled €3,612 million, up 7.3% on a consolidated basis and up 6.7% like-for-like. The difference between consolidated and like-for-like revenue is essentially attributable to a €56 million positive foreign exchange effect resulting mainly from the appreciation of the US dollar. The €23 million negative scope impact is mainly due to the disposals at Lagardère Active carried out as part of the Group's strategic refocusing, which were partially offset by the consolidation of HBF at Lagardère Travel Retail.

	Revenue (€m)		Change	
	First-half 2018*	First-half 2019	on a consolidated basis	on a like-for-like basis
Lagardère Publishing	1,000	1,044	+4.4%	+1.3%
Lagardère Travel Retail	1,724	1,995	+15.8%	+6.5%
Lagardère Sports and Entertainment	213	319	+49.6%	+47.3%
Lagardère Active	429	254	-40.9%	-4.6%
<b>LAGARDÈRE</b>	<b>3,366</b>	<b>3,612</b>	<b>+7.3%</b>	<b>+6.7%</b>

\* Data for first-half 2018 restated for the retrospective application of IFRS 16. See slides 44 to 46 of the 2019 interim results presentation.

Group recurring EBIT was up €14 million year on year at €153 million from €139 million in first-half 2018. Lagardère Active assets disposed to date within the scope of the Group's strategic refocusing had a negative €21 million impact on Group recurring EBIT.

	Group recurring EBIT (€m)		Change (€m)
	First-half 2018*	First-half 2019	
Lagardère Publishing	45	36	-9
Lagardère Travel Retail	34	46	+12
Lagardère Sports and Entertainment	30	67	+37
Lagardère Active	33	7	-26
Other Activities	(3)	(3)	-
<b>LAGARDÈRE</b>	<b>139</b>	<b>153</b>	<b>+14</b>

\* Data for first-half 2018 restated for the retrospective application of IFRS 16. See slides 44 to 46 of the 2019 interim results presentation.

As part of the Group's strategic refocusing around two priority areas, Lagardère Publishing and Lagardère Travel Retail, the following scopes have been defined:

- a target scope, comprising Lagardère Publishing and Lagardère Travel Retail (core businesses), as well as Other Activities<sup>(2)</sup>;
- a non-retained scope, including businesses disposed to date and businesses not yet disposed<sup>(3)</sup>.

<sup>(2)</sup> Lagardère News (*Paris Match*, *Le Journal du Dimanche*, Europe 1, Virgin Radio, RFM and the Elle brand licence), the Entertainment businesses, the Group Corporate function and the Lagardère Active Corporate function, whose costs will be wound down by 2020.

<sup>(3)</sup> Mainly comprising Lagardère Sports and Entertainment (excluding the Entertainment businesses), Lagardère Studios, the TV Channels, the digital assets and Disney Hachette Presse.

	Revenue (€m)		Change	
	First-half 2018*	First-half 2019	on a consolidated basis	on a like-for-like basis
Lagardère Publishing	1,000	1,044	+4.4%	+1.3%
Lagardère Travel Retail	1,724	1,995	+15.8%	+6.5%
Other Activities <sup>(4)</sup>	145	145	-0.3%	-0.7%
<b>Target scope</b>	<b>2,869</b>	<b>3,184</b>	<b>+11.0%</b>	<b>+4.3%</b>
Non-retained scope – disposed to date	179	11	-93.7%	-12.8%
Non-retained scope – not yet disposed <sup>(5)</sup>	318	417	+30.8%	+28.6%
<b>LAGARDÈRE</b>	<b>3,366</b>	<b>3,612</b>	<b>+7.3%</b>	<b>+6.7%</b>

	Group recurring EBIT (€m)		Change (€m)
	First-half 2018*	First-half 2019	
Lagardère Publishing	45	36	-9
Lagardère Travel Retail	34	46	+12
Other Activities <sup>(4)</sup>	0	(3)	-3
<b>Target scope</b>	<b>79</b>	<b>79</b>	<b>-</b>
Non-retained scope – disposed to date (incl. Mezzo)	22	1	-21
Non-retained scope – not yet disposed <sup>(5)</sup>	38	73	+35
<b>LAGARDÈRE</b>	<b>139</b>	<b>153</b>	<b>+14</b>

\* Data for first-half 2018 restated for the retrospective application of IFRS 16. See slides 44 to 46 of the 2019 interim results presentation.

## ● Lagardère Publishing

### Revenue

Revenue totalled €1,044 million, up 4.4% on a consolidated basis and up 1.3% like-for-like. The difference between consolidated and like-for-like data is attributable to a €23 million positive foreign exchange effect primarily resulting from the appreciation of the US dollar, and to a €9 million positive scope effect, linked mainly to the acquisitions of Gigamic and Worthy Publishing Group.

Business was up in the first-half of 2019, buoyed chiefly by growth in General Literature in France, a good performance in Partworks, and momentum in Mobile Games. These positive factors helped offset the year-on-year decline in Spain, the United Kingdom and the United States, affected by a strong comparative first-half 2018 performance.

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

In France, growth of 4.7% was driven by General Literature, thanks notably to the success of the Le Livre de Poche paperback edition of Guillaume Musso's *La Jeune Fille et la Nuit*, and to a lesser extent, an increase in the Mobile Games business (IsCool Entertainment). The United Kingdom edged back by 0.8%, as a good backlist performance and growth in digital sales at Bookouture failed to offset an unfavourable comparison effect resulting from the success of Michael Wolff's *Fire and Fury* at Little, Brown Book Group in first-half 2018 and slower sales of Illustrated Books.

Business in the United States also contracted by a slight 1.5%, with a solid advance in Digital Audiobooks and the success of new titles – particularly at Grand Central Publishing (Thomas Harris and Harlan Coben), Perseus (Victor Davis Hanson's *The Case for Trump*) and Little, Brown Books for Young Readers (*Fortnite* titles) – only partially offsetting an unfavourable comparison effect linked to the success of the James Patterson and Bill Clinton novel, *The President is Missing*, in first-half 2018.

The 7.2% decline in business in the Spain/Latin America region reflects delayed billings in Education compared to first-half 2018, which had been lifted by the early impacts of curriculum reform in Spain and Mexico.

<sup>(4)</sup> Lagardère News (*Paris Match*, *Le Journal du Dimanche*, Europe 1, Virgin Radio, RFM and the Elle brand licence), the Entertainment businesses, the Group Corporate function and the Lagardère Active Corporate function, whose costs will be wound down by 2020.

<sup>(5)</sup> Mainly comprising Lagardère Sports and Entertainment (excluding the Entertainment businesses), Lagardère Studios, the TV Channels, the digital assets and Disney Hachette Presse.

Partworks maintained its positive trend (up 5.1%), driven by a greater number of more successful new titles – mainly in Japan and Germany, as well as a good performance in Italy.

E-books accounted for 8.2% of total Lagardère Publishing revenue in the first half of 2019 (8.4% in first-half 2018), while Digital Audiobooks represented 3.4% of revenue (2.5% in first-half 2018).

### Recurring EBIT

**Lagardère Publishing reported €36 million in recurring EBIT, down €9 million on first-half 2018.** This decline chiefly reflects higher launch costs for Partworks and a negative timing effect in France linked to costs incurred to prepare the curriculum reform.

## ● **Lagardère Travel Retail**

### Revenue

**Revenue totalled €1,995 million, up 15.8% on a consolidated basis and up 6.5% like-for-like.** The difference between consolidated and like-for-like data was attributable to a €134 million positive scope effect resulting mainly from the acquisition of HBF and of Smullers in the Netherlands<sup>(6)</sup>, and to a €26 million positive foreign exchange impact chiefly resulting from the appreciation of the US dollar.

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

**Lagardère Travel Retail delivered robust 6.5% revenue growth in first-half 2019, chiefly led by a good sales performance and by store openings in France and the EMEA region.**

Strong 11.0% revenue growth in France was driven by good Duty Free trading, especially at regional platforms, and by growth in the Foodservice and Travel Essentials networks (Toulouse airport).

Revenue growth of 5.1% in the EMEA region (excluding France) was mainly attributable to (i) a good performance in Italy on the back of a positive network effect among other factors, (ii) growth in air traffic and a solid sales performance in Eastern Europe – particularly in Romania, and (iii) network expansion in the Middle East with the opening of the Dubai Foodcourt.

Business was up 4.4% in North America, propelled by sales initiatives and growth in the Foodservice and Travel Essentials networks. Revenue growth of 6.5% in the Asia-Pacific region essentially reflects good momentum in Asia, spurred in particular by sustained network effects and organic growth in China. Business was down slightly in the Pacific region, with new openings at Christchurch airport not fully offsetting the unfavourable network effect in Australia.

### Recurring EBIT

**Recurring EBIT amounted to €46 million in first-half 2019, up €12 million.** This mainly reflects a good performance from the North America region, lifted by strong business momentum and by sales initiatives, as well as the impact of the HBF acquisition.

## ● **Lagardère Sports and Entertainment**

### Revenue

**Revenue totalled €319 million, up 49.6% on a consolidated basis and up 47.3% like-for-like.** The difference between consolidated and like-for-like figures is primarily attributable to a €7 million positive foreign exchange effect due to the appreciation of the US dollar.

As expected, the sharp increase in revenue was essentially due to a favourable calendar effect in Asia and Africa (AFC Asian Cup and Total African Cup of Nations football tournaments, respectively) and in Europe (World Men's Handball Championship).

### Recurring EBIT

**Lagardère Sports and Entertainment's recurring EBIT came out at €67 million, €37 million higher than in first-half 2018.** This sharp increase chiefly reflects the impact of a favourable sporting calendar, with the staging of the AFC Asian Cup during the period, and to a lesser extent, the Total African Cup of Nations and the World Men's Handball Championship.

<sup>(6)</sup> Consolidated as from February 2019.

## ● Lagardère Active

### Revenue

Revenue for Lagardère Active totalled €254 million, down 40.9% on a consolidated basis and down 4.6% like-for-like. The difference between consolidated and like-for-like figures is due to a €163 million negative scope effect, mainly resulting from the disposal of most of the magazine publishing titles in France to Czech Media Invest (CMI), of international radio operations (LARI) and of digital activities (including e-Health) within the scope of the Group's strategic refocusing.

The downturn in business in first-half 2019 is attributable to a drop in audience figures for the Europe 1 radio station and a decline in circulation revenues for press titles, affected by a more subdued news output than in first-half 2018.

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

The year-on-year decline in advertising revenue was contained at 8.3%, helped by positive momentum in advertising revenues from press titles in a tougher market environment.

The 8.0% decline in revenue at Lagardère News<sup>(7)</sup> is chiefly the result of a 10.5% fall in Radio revenue owing to lower audience figures for Europe 1. Revenue also contracted for Lagardère News press titles (down 6.6%), as upbeat advertising revenues did not fully offset the dip in circulation revenues, chiefly on the back of an unfavourable first-half 2018 comparison effect.

Lagardère Studios reported 2.1% revenue growth, with a good performance in international production offsetting the slowdown of non-scripted programmes in France caused notably by a lower level of deliveries than in first-half 2018.

TV Channels also contracted (down 5.2%), mainly as a result of lower advertising revenue over the period.

### Recurring EBIT

Lagardère Active reported €7 million in recurring EBIT, down €26 million on first-half 2018. The decrease chiefly reflects businesses disposed to date in connection with the Group's strategic refocusing, and to a lesser extent the downbeat trends observed for the Europe 1 radio station.

## ● Other Activities

Recurring EBIT for Other Activities was a negative €3 million and was stable compared to first-half 2018.

## II- MAIN INCOME STATEMENT ITEMS

€m	First-half 2018*	First-half 2019
Revenue	3,366	3,612
<b>Group recurring EBIT</b>	<b>139</b>	<b>153</b>
Income (loss) from equity-accounted companies**	(5)	-
Non-recurring/non-operating items	116	(24)
Impact of IFRS 16 on concession agreement	19	29
<b>Profit before finance costs and tax</b>	<b>269</b>	<b>158</b>
Finance costs, net	(27)	(24)
Interest expense on lease liabilities	(38)	(42)
Income tax expense	(84)	(20)
<b>Profit for the period</b>	<b>120</b>	<b>72</b>
Minority interests	14	20
<b>Profit - Group share</b>	<b>106</b>	<b>52</b>

\* Data for first-half 2018 restated for the retrospective application of IFRS 16.

See slides 44 to 46 of the 2019 interim results presentation.

\*\* Before impairment losses.

<sup>(7)</sup> Paris Match, Le Journal du Dimanche, Europe 1, Virgin Radio, RFM and the Elle brand licence.

- **Income (loss) from equity-accounted companies**

Income from equity-accounted companies (before impairment losses) was nil in the first half of 2019, versus a loss of €5 million in the same year-ago period, which was notably penalised by start-up costs incurred in respect of jointly controlled companies at Lagardère Travel Retail.

- **Non-recurring/non-operating items**

**Non-recurring/non-operating items represented a net negative amount of €24 million, compared with a net positive amount of €116 million in first-half 2018, and mainly included:**

- €37 million in net gains on disposals, including a €32 million gains on disposals of Lagardère Active businesses to date, in particular the sale of most of the magazine publishing titles in France to Czech Media Invest (CMI), of BilletReduc, of international radio operations in Africa and of digital activities. This amount also includes a €5 million additional disposal gain on the 2017 sale of an office building in Levallois-Perret (France). In the first half of 2018, net disposal gains amounted to €206 million, including a gain of €245 million on the sale of the rue François 1<sup>er</sup> (Paris) office building and a loss of €40 million on the sale of the interest in Marie Claire group;
- €12 million in restructuring costs, including €7 million at Lagardère Publishing relating mainly to the completion of the project to streamline distribution centres in the United Kingdom slated for end-2019, and €6 million at Lagardère Travel Retail resulting partly from the consolidation of HBF;
- €43 million in amortisation of intangible assets and costs relating to the acquisition of consolidated companies, including €37 million for Lagardère Travel Retail and €4 million for Lagardère Publishing;
- €6 million in impairment losses against property, plant and equipment and intangible assets, including €4 million attributable to Lagardère Active resulting from the writedown of LabelBox goodwill and €2 million for Lagardère Travel Retail.

- **Impact of IFRS 16 on concession agreements**

The impact of applying IFRS 16 on concession agreements amounted to a positive €29 million in first-half 2019, versus a positive €19 million in first-half 2018.

- **Finance costs, net**

**Net finance costs amounted to €24 million in first-half 2019, a slight improvement on the prior-year period.**

- **Interest expense on lease liabilities**

**Interest expense on lease liabilities represented €42 million in first-half 2019 versus €38 million in the prior-year period, with the increase attributable to the inclusion of new leases, notably in respect of the HBF group acquired in November 2018.**

- **Income tax expense**

**Income tax expense for first-half 2019 came to €20 million, a decrease of €64 million compared with first-half 2018.** Income tax expense of €84 million for first-half 2018 notably included the tax payable on the disposal by Lagardère Active of the rue François 1<sup>er</sup> office building (Paris) in an amount of €83 million, along with €13 million in recognised future tax savings resulting from the cost of restructuring Lagardère Active into standalone units.

- **Profit**

**Taking account of all these items, profit came out at €72 million, including €52 million attributable to the Group.**

The portion of profit attributable to minority interests was €20 million in first-half 2019 compared to €14 million for the first six months of 2018, with the change attributable mainly to earnings generated in Asia (AFC Asian Cup) in first-half 2019 at Lagardère Sports Asia (80%-owned).

## ADJUSTED PROFIT - GROUP SHARE

Adjusted profit - Group share (excluding non-recurring/non-operating items) was **€63 million**, versus €59 million in first-half 2018.

(€m)	First-half 2018*	First-half 2019
<b>Profit</b>	<b>120</b>	<b>72</b>
Restructuring costs	+45	+12
Gains/losses on disposals	-206	-37
Impairment losses on goodwill, property, plant and equipment, intangible assets and investments in equity-accounted companies	+12	+6
Amortisation of acquisition-related intangible assets and expenses	+32	+43
Neutralisation of the impact of IFRS 16 on concession agreements	+14	+3
Tax effects on the above items in France	+57	-10
<b>Adjusted profit</b>	<b>74</b>	<b>89</b>
o/w attributable to minority interests	15	26
<b>Adjusted profit - Group share**</b>	<b>59</b>	<b>63</b>

\* Data for first-half 2018 restated for the retrospective application of IFRS 16.

See slides 44 to 46 of the 2019 interim results presentation.

\*\* Alternative performance measure.

## III- OTHER FINANCIAL INFORMATION

### CASH FLOW FROM (USED IN) OPERATIONS AND INVESTING ACTIVITIES

(€m)	First-half 2018*	First-half 2019
<b>Cash flow from operations before changes in working capital and income taxes paid***</b>	<b>186</b>	<b>237</b>
Changes in working capital	(111)	(173)
Income taxes paid	(11)	(23)
<b>Cash flow from operations***</b>	<b>64</b>	<b>41</b>
Purchases of property, plant and equipment and intangible assets	(119)	(127)
Disposals of property, plant and equipment and intangible assets	202	27
<b>Free cash flow**</b>	<b>147</b>	<b>(59)</b>
Purchases of investments	(18)	(51)
Disposals of investments	23	101
<b>Cash flow from (used in) operations and investing activities***</b>	<b>152</b>	<b>(9)</b>

\* Data for first-half 2018 restated for the retrospective application of IFRS 16.

See slides 44 to 46 of the 2019 interim results presentation.

\*\* Alternative performance measure.

\*\*\* Including cash flows relating to lease liabilities.

#### ● **Cash flow from operations**

In first-half 2019, **cash flow from operations before changes in working capital and income taxes paid** (operating cash flow) amounted to €237 million, up €51 million on the prior-year period. The increase in this item during the period is primarily attributable to Lagardère Sports and Entertainment (positive €62 million impact) thanks to significantly higher earnings on the back of the sporting calendar effect, with the €21 million increase in operating cash flow at Lagardère Travel Retail offset by a €24 million decrease at Lagardère Active, mainly due the impact of the disposals in this division.

**Changes in working capital** (typically negative in the first half) deteriorated during the period, representing an outflow of €173 million in first-half 2019 compared to an outflow of €111 million in the six months to 30 June 2018. The year-on-year change reflects an outflow of €74 million at Lagardère Sports and Entertainment, with the significant earnings made in the first half, particularly on the AFC Asian Cup, to be mostly collected in 2020. This item also represented an outflow of €49 million at Lagardère Travel Retail, as first-half 2018 had benefited from a favourable one-off impact linked to the working capital optimisation drive, and a €47 million increase at Lagardère Active, of which €22 million in respect of the collection of a portion of the sale price for the bulk of the press titles sold to Czech Media Invest (CMI).

**Income taxes paid** during the period totalled €23 million versus €11 million in first-half 2018. The increase in this item is primarily attributable to changes in tax settlements in connection with tax consolidation in France, and to the impact of higher taxation on cross-border trade in the United States (base erosion and anti-abuse tax – BEAT).

Taking account of the above items, **cash flow from operations** represented an inflow of €41 million in first-half 2019 compared to an inflow of €64 million in first-half 2018.

- **Net purchases of property, plant and equipment and intangible assets**

**Purchases of property, plant and equipment and intangible assets** totalled €127 million, of which €72 million relating to Lagardère Travel Retail in line with its ongoing Travel Retail growth strategy, €25 million to Lagardère Sports and Entertainment (payments in respect of sports rights) and €17 million to Lagardère Publishing (namely the final stage of a logistics project in the United Kingdom and the purchase of lists). In the first-half of 2018, these items represented an outflow of €119 million and concerned the same divisions.

**Disposals of property, plant and equipment and intangible assets** represented an inflow of €27 million in first-half 2019, and essentially concerned the collection of the balance of the amount owed on the 2017 sale of an office building in Levallois-Perret (France). Disposals also include the sale of Boursier.com. In first-half 2018, disposals amounted to an inflow of €202 million, resulting primarily from the sale of the rue François 1<sup>er</sup> building (Paris).

- **Free cash flow**

**The Group's free cash flow was a negative €59 million in first-half 2019 versus a positive €147 million in the same prior-year period.** In first-half 2018, free cash flow included €183 million in proceeds from the disposal of the rue François 1<sup>er</sup> building (Paris) at Lagardère Active (net of taxes and the costs of fitting out new premises).

- **Net cash from financing activities**

**Purchases of investments represented a cash outflow of €51 million in first-half 2019**, including €27 million at Lagardère Publishing further to the acquisition of Gigamic and Bragelonne in France, and Octopus' acquisition of Short Books in the United Kingdom. Purchases of investments at Lagardère Travel Retail represented a cash outflow of €21 million and notably include the acquisition of Autogrill Czech in the Czech Republic and Smullers in the Netherlands.

**Disposals of investments represented an inflow of €101 million in first-half 2019**, principally concerning disposals at Lagardère Active and including the sale of most of the magazine publishing titles in France to Czech Media Invest (CMI), of BilletReduc, of international radio operations in Africa and of Plurimedia.

- **Cash flow from (used in) operations and investing activities**

In all, **operations and investing activities** represented a net cash outflow of €9 million in first-half 2019, compared with a net cash inflow of €152 million in first-half 2018.

## **FINANCIAL POSITION**

At 30 June 2019, net debt stood at €1,590 million, an increase of €223 million compared to 31 December 2018, reflecting the typically adverse impact of seasonal fluctuations on working capital.

- **The Group's liquidity position remains very solid**, with €2,292 million in available liquidity (available cash reported on the balance sheet totalling €1,042 million and an undrawn amount on the syndicated credit line of €1,250 million).
- **The Group continues to enjoy a healthy financial position, with the leverage ratio (net debt<sup>(1)</sup>/recurring EBITDA<sup>(1)</sup>) remaining stable year on year, at 2.3.**

## **IV- KEY EVENTS SINCE 7 MAY 2019**

As announced by Arnaud Lagardère and within the scope of the strategic refocusing plan:

- **Removal of suspensive conditions for the sale of the Television business to M6 group**  
On 24 May 2019, Lagardère and the M6 group signed a sale contract for the Lagardère group's Television business (excluding Mezzo) under suspensive conditions. All of the suspensive conditions attached to the sale were satisfied on 17 July 2019 and the sale is expected to be finalised on 2 September 2019. The amount of the transaction, due on the final completion date, is €215 million (enterprise value).
- **Disposal of the stake in Mezzo**  
On 17 July 2019, the Lagardère group sold its 60% interest in the share capital of Mezzo to a consortium comprising Les Échos-Le Parisien and Canal+, for an enterprise value of €12 million.
- **Agreement to sell the stake in Disney Hachette Presse**  
On 21 June 2019, the Lagardère group signed an agreement with the Unique Heritage Media group to sell its 49% stake in Disney Hachette Presse.
- **Disposal of the stake in L'Usine**  
The Lagardère group sold its 60% stake in the L'Usine group to the 123 Investment Management fund. This transaction had a positive cash impact of €8 million.
- **Signature of an agreement to purchase International Duty Free (IDF), Belgium's leading Travel Retail operator**  
Lagardère Travel Retail has signed an agreement for the acquisition of 100% of IDF, Belgium's leading Travel Retail operator, with operations also in Luxembourg as well as in Kenya. IDF generated total revenue of €183 million in 2018. The completion of this transaction for an enterprise value set at €250 million is subject to the customary conditions, including regulatory approval.  
Consolidation of IDF's businesses would bring Lagardère Travel Retail's annual revenue to **€5.3 billion<sup>(8)</sup>**, cementing its position as the world's second-largest Travel Retail operator and third-largest operator of Duty Free & Fashion airport points of sale. This transaction once again illustrates the reinvestment of proceeds from disposals in activities that provide significant operating synergies and are therefore accretive to Group recurring EBIT, and ensure solid cash generation.
- **Successful Schuldscheindarlehen issue raising over €250 million**  
On 26 June 2019, Lagardère SCA announced its first Schuldscheindarlehen issue, a German Law private placement, raising over €250 million in financing. The placement consisted of several euro-denominated tranches issued with 5- and 7-year maturities at fixed and floating rates. This successful debt issue in a market with historically low interest rates confirms the confidence investors place in Lagardère's strategy and enables the Group to diversify its sources of financing.

## **V- OUTLOOK**

### **2019 GROUP RECURRING EBIT GROWTH TARGET BASED ON TARGET SCOPE**

The Lagardère group expects 2019 recurring EBIT<sup>(9)</sup> growth based on the target scope<sup>(10)</sup> to be between 4% and 6% at constant exchange rates and excluding the acquisition of HBF.

### **NON-RETAINED BUSINESS SCOPE<sup>(11)</sup>**

Based on constant exchange rates, the contribution to recurring EBIT in 2019 for businesses not yet disposed as of 13 March 2019 (which represented €78 million in 2018) is expected to be between €80 million and €90 million on a full-year basis, despite the disposal of Mezzo since that date.

\*\*\*

## **VI- INVESTOR CALENDAR<sup>(12)</sup>**

- **Third-quarter 2019 revenue**  
Quarterly revenue will be released on 7 November 2019 at 8:00 a.m. A conference call will be held at 10:00 a.m.

\*\*\*

## **VII- APPENDICES**

### **SECOND-QUARTER 2019 REVENUE:**

<sup>(8)</sup> Based on 100% of 2018 pro forma revenue, including HBF on a full-year basis. This would translate by a 4,1 billion euros consolidated revenue based IFRS, 2018 pro-format, including HBF on a full-year basis.

<sup>(9)</sup> See the glossary at the end of the press release (restated for the impact of IFRS 16 on concession agreements at Lagardère Travel Retail).

<sup>(10)</sup> Lagardère Publishing and Lagardère Travel Retail (core businesses), as well as Other Activities including Lagardère News (*Paris Match*, *Le Journal du Dimanche*, Europe 1, Virgin Radio, RFM and the Elle licence), the Entertainment businesses, the Group Corporate function, and the Lagardère Active Corporate function whose costs will be wound down by 2020.

<sup>(11)</sup> Recurring EBIT of operations disposed between 1 January 2019 and 24 July 2019 is minimal, since the Press business was deconsolidated with effect from 1 January 2019 and the amounts corresponding to the other assets are not significant.

<sup>(12)</sup> These dates may be susceptible to change.

	Revenue (€m)		Change on a consolidated basis	Change on a like-for-like basis
	Second-quarter 2018*	Second-quarter 2019		
Lagardère Publishing	558	584	+4.7%	+1.6%
Lagardère Travel Retail	922	1,066	+15.6%	+6.2%
Lagardère Sports and Entertainment	110	118	+6.6%	+8.8%
Lagardère Active	221	137	-37.9%	+4.0%
<b>TOTAL REVENUE</b>	<b>1,811</b>	<b>1,905</b>	<b>+5.2%</b>	<b>+4.7%</b>

\* Data restated for the retrospective application of IFRS 16. See slides 44 to 46 of the 2019 interim results presentation.

\*\*\*

## **CHANGES IN SCOPE OF CONSOLIDATION AND EXCHANGE RATES**

### First-half 2019

The difference between consolidated and like-for-like data is attributable to a €56 million positive foreign exchange effect linked mainly to the appreciation of the US dollar, and to a €23 million negative scope impact, breaking down as:

- a €168 million negative impact from disposals, mainly resulting from the disposal by Lagardère Active of most of the magazine publishing titles in France to Czech Media Invest (CMI), of international radio operations (LARI) and of digital activities (including e-Health) within the scope of the Group's strategic refocusing, representing a negative €166 million;
- a €145 million positive impact from acquisitions, carried out mainly at Lagardère Travel Retail (acquisition of HBF representing a positive €122 million and of Smullers in the Netherlands representing a positive €10 million), Lagardère Publishing (acquisition of Gigamic representing a positive €5 million and of Worthy Publishing Group representing a positive €3 million), and at Lagardère Active (acquisition of Skyhigh TV representing a positive €2 million).

## **BUSINESSES DISPOSED TO DATE, PENDING COMPLETION AND NOT YET DISPOSED**

Disposals to date	FY 2018 Group recurring EBIT*	H1 2018 Group recurring EBIT*	H1 2019 Group recurring EBIT	Date
LARI – Eastern Europe	7	7	-	July 2018
Marie Claire	-	-	-	June 2018
MonDocteur	(4)	(4)	-	July 2018
Doctissimo				October 2018
Boursier				January 2019
BilletReduc	3	1	-	February 2019
Plurimedia				February 2019
Doctipharma				February 2019
LARI - Africa (Jacaranda, Mediamark, Vibe Radio [Senegal and Côte d'Ivoire])	1	1	-	Jacaranda and Vibe Radio: transactions closed in February 2019 Mediamark: closing subject to regulatory clearance
Magazine Publishing titles (excluding <i>Paris Match</i> , <i>Le Journal du Dimanche</i> and the Elle licence).	22	14	-	February 2019
<b>Sub-total – assets disposed as of 13 March 2019</b>	<b>29</b>	<b>20</b>	<b>-</b>	
Mezzo	3	2	1	July 2019
<b>Total assets disposed to date</b>	<b>32</b>	<b>22</b>	<b>1</b>	

\* Data restated for the retrospective application of IFRS 16. See slides 44 to 46 of the 2019 interim results presentation.

Disposals pending completion	FY 2018 Group recurring EBIT*	H1 2018 Group recurring EBIT*	H1 2019 Group recurring EBIT
TV Channels, excluding Mezzo	23	3	3
DHP, Other	1	-	-
<b>Not yet disposed</b>			
Lagardère Sports and Entertainment (excluding the Entertainment businesses)	32	29	65
Lagardère Studios	19	6	5
<b>Total</b>	<b>75</b>	<b>38</b>	<b>73</b>

\* Data restated for the retrospective application of IFRS 16. See slides 44 to 46 of the 2019 interim results presentation.

## VIII-GLOSSARY

Lagardère uses alternative performance measures which serve as key indicators 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. In the context of the first-time application of IFRS 16 - Leases, effective 1 January 2019, the Group has elected to retain its existing alternative performance measures with certain modifications, in particular the neutralisation of pure accounting effects and distortions created by the new standard on the concessions businesses. From 1 January 2019, these indicators will be monitored by the Executive Committee to assess operating performance and manage the business, along with the financial metrics defined by the IASB. The Group set out the impacts of IFRS 16 on its alternative performance indicators in a presentation on 12 February 2019 (available on the Lagardère website: [http://www.lagardere.com/fichiers/fckeditor/File/Relations\\_investisseurs/Publications/2019/IFRS16/2019\\_Session\\_IFRS\\_16.pdf](http://www.lagardere.com/fichiers/fckeditor/File/Relations_investisseurs/Publications/2019/IFRS16/2019_Session_IFRS_16.pdf)).

The impacts of the application of IFRS 16 on the 2018 and 2019 consolidated financial statements are set out in the 2019 interim results presentation, on slides 44 to 46.

### ➤ 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 relinquished 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 VII - Appendices of this press release.

### ➤ Recurring EBIT (Group 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:

- Income from equity-accounted companies before impairment losses
- Gains (losses) on disposals of assets
- Impairment losses on goodwill, property, plant and equipment, intangible assets and investments in equity-accounted companies
- Net restructuring costs
- Items related to business combinations:
  - Acquisition-related expenses
  - Gains and losses resulting from purchase price adjustments and fair value adjustments due to changes in control
  - Amortisation of acquisition-related intangible assets
- Specific major disputes unrelated to the Group's operating performance
- Items related to leases:
  - Cancellation of fixed rental expense\* on concessions
  - Depreciation of right-of-use assets on concessions

- Gains and losses on concession agreements

\* Cancellation of fixed rental expense is equal to the repayment of the lease liability, the associated change in working capital and interest paid in the statement of cash flows.

The reconciliation between recurring operating profit of fully consolidated companies (Group recurring EBIT) and profit before finance costs and tax is set out in the 2019 interim results presentation, on slide 16.

#### ➤ **Operating margin**

Operating margin is calculated by dividing recurring operating profit of fully consolidated companies (Group recurring EBIT) by revenue.

#### ➤ **Recurring EBITDA over a rolling 12-month period**

Recurring EBITDA is calculated as recurring operating profit of fully consolidated companies (Group recurring EBIT) plus dividends received from equity-accounted companies, less depreciation and amortisation charged against property, plant and equipment and intangible assets, contract signing fees, right-of-use assets relating to buildings and other leases, and after deducting the cancellation of fixed rental expense on buildings and other leases.

The reconciliation between recurring EBITDA and recurring operating profit of fully consolidated companies (Group recurring EBIT) is set out in the 2019 interim results presentation, on slide 39.

#### ➤ **Adjusted profit - Group share**

Adjusted profit - Group share is calculated on the basis of profit for the period, excluding non-recurring/non-operating items, net of the related tax and of minority interests, as follows:

Profit for the period

Excluding:

- Gains (losses) on disposals of assets
- Impairment losses on goodwill, property, plant and equipment, intangible assets and investments in equity-accounted companies
- Net restructuring costs
- Items related to business combinations:
  - Acquisition-related expenses
  - Gains and losses resulting from purchase price adjustments and fair value adjustments due to changes in control
  - Amortisation of acquisition-related intangible assets
- Specific major disputes unrelated to the Group's operating performance
- Tax effects of the above items, including the tax on dividends paid in France
- Non-recurring changes in deferred taxes
- Items related to leases:
  - Cancellation of fixed rental expense\* on concessions
  - Depreciation of right-of-use assets on concessions
  - Interest expense on lease liabilities under concession agreements
  - Gains and losses on lease modifications
- Adjusted profit attributable to minority interests: profit attributable to minority interests adjusted for minorities' share in the above items.

**= Adjusted profit - Group share**

\* Cancellation of fixed rental expense is equal to the repayment of the lease liability, the associated change in working capital and interest paid in the statement of cash flows.

The reconciliation between profit and adjusted profit - Group share is set out in section II - Main income statement items of this press release.

#### ➤ **Free cash flow**

Free cash flow is calculated as cash flow from operations before changes in working capital, the repayment of lease liabilities and related interest paid, changes in working capital and interest paid plus net cash flow relating to acquisitions and disposals of property, plant and equipment and intangible assets.

The reconciliation between cash flow from operations and free cash flow is set out in the 2019 interim results presentation, on slide 36.

#### ➤ **Net debt**

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**

The reconciliation between balance sheet items and net debt is set out in note 16 to the consolidated financial statements for the six months ended 30 June 2019.

\*\*\*

A live webcast of the presentation of 2019 interim results will be available today at 18:45 p.m. (CET) on the Group's website ([www.lagardere.com](http://www.lagardere.com)).

The presentation slides will be made available at the start of the webcast.

A replay of the webcast will be available online later in the evening.

\*\*\*

*Until recently, the Lagardère group was structured into four business divisions: Lagardère Publishing, Lagardère Travel Retail, Lagardère Sports and Entertainment and Lagardère Active.  
In 2018, the Group launched its strategic refocusing around two priority divisions: Lagardère Publishing and Lagardère Travel Retail.  
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.*

**Press Contacts**

Thierry Funck-Brentano

Tel: +33 1 40 69 16 34

[tfb@lagardere.fr](mailto:tfb@lagardere.fr)

Ramzi Khiroun

Tel: +33 1 40 69 16 33

[rk@lagardere.fr](mailto:rk@lagardere.fr)

**Investor Relations Contact**

Florence Lonis

Tel. +33 1 40 69 18 02

[flonis@lagardere.fr](mailto:flonis@lagardere.fr)