Lagardère posts a resilient performance in the first quarter of 2020

Revenue at €1,361 million, down 12.5% like for like(1)
in the wider context of the Covid-19 health crisis

Lagardère Publishing reports revenue growth in the United States
Lagardère Travel Retail down 18% like for like

The Group is taking firm corrective action to mitigate the impacts of the crisis

Paris, 30 April 2020

Revenue fell 12.5% in first-quarter 2020, mainly as a result of the impacts of the Covid-19 crisis on Lagardère Travel Retail's operations from mid-February, and despite a good performance at Lagardère Publishing for the first two months of the quarter.

Target scope highlights(2) (like-for-like basis):

- **Lagardère Publishing**: the drop in revenue (down 3.3%) is mainly attributable to France following the closure of most points of sale in the second half of March owing to the health crisis.
  However, the business delivered growth in the United States, buoyed by good momentum in digital formats and by the success of *The Witcher* series.

- **Lagardère Travel Retail**: the decrease in revenue (down 18.0%) for the first quarter was attributable to the impacts of the Covid-19 pandemic as from mid-February. These were initially felt in China, where the virus first emerged, and Asia-Pacific, before spreading to its operations around the world and leading to strict confinement measures and the gradual closure of many airports and railway stations, along with an unprecedented collapse in passenger traffic.

Group revenue totalled €1,361 million versus €1,520 million in first-half 2019, **representing a decrease of 10.4% on a consolidated basis and of 12.5% like for like.**
The difference between consolidated and like-for-like revenue is attributable to a €13 million favourable foreign exchange effect resulting chiefly from the appreciation of the US dollar and pound sterling. The €14 million positive scope effect is mainly due to the acquisition of International Duty Free in Belgium, partly countered by the disposal of TV channels and digital activities as part of the Lagardère group's strategic refocusing.

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(1) Alternative performance indicators. See the glossary at the end of this press release.
(2) Lagardère Publishing, Lagardère Travel Retail, Lagardère News (*Paris Match*, *Le Journal du Dimanche*, Europe 1, Virgin Radio, RFM, the Elle brand licence), the Entertainment business, the Group Corporate function and the Lagardère Active Corporate function, whose costs are being wound down by end 2020.

I. REVENUE AND ACTIVITY BY DIVISION

	Revenue (€m)		Change	
	Q1 2019	Q1 2020	on a consolidated basis	on a like-for-like basis
Lagardère Publishing	460	457	-0.8%	-3.3%
Lagardère Travel Retail	930	804	-13.5%	-18.0%
Other Activities*	65	60	-7.7%	-6.3%
Target scope	**1,455**	**1,321**	-9.2%	-12.8%
Non-retained scope**	65	40	-38.5%	+0.8%
LAGARDÈRE	**1,520**	**1,361**	**-10.4%**	**-12.5%**

** 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 are being wound down by end 2020.*
*** Operations disposed of/disposals pending completion (Lagardère Active), excluding Lagardère Sports, classified as a discontinued operation in accordance with IFRS 5.*

Lagardère Publishing

Revenue for first-quarter 2020 totalled €457 million, down 0.8% on a consolidated basis and down 3.3% like for like.
The difference between consolidated and like-for-like revenue is attributable to a €7 million positive foreign exchange effect resulting primarily from the appreciation of the US dollar and pound sterling and, to a lesser extent, a €5 million positive scope effect linked to the acquisitions of Gigamic and Short Books in 2019.

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

The 9.4% revenue decline in France reflects the confinement measures introduced by the French government in March amid the health crisis. Trade segments accounted for most of the decline. Distribution activities were also disrupted, with the moderate proportion of digital operations failing to offset the sales downturn at brick-and-mortar stores.

In the United States, the significant 6.8% increase in business was led by the success of Andrzej Sapkowski's *The Witcher* series (both print and e-book formats) and by the sharp rise in downloadable audiobooks fuelled by the success of Malcolm Gladwell's *Talking to Strangers* and *The Witcher* series. E-books accounted for 16.8% of total US revenue in first-quarter 2020 versus 17.4% in first-quarter 2019. Downloadable audiobooks as a percentage of total US revenue increased by almost 4.5 percentage points, to 14.4% in first-quarter 2020 from 10.0% one year earlier.

Revenue in the United Kingdom contracted 5.5% owing to a more subdued literary release schedule, although this was partly countered by the success in all formats of *The Witcher* series at Orion. E-books accounted for 17.8% of total UK revenue in first-quarter 2020 versus 16.8% in first-quarter 2019, while downloadable audiobooks accounted for 6.2% versus 3.8% in first-quarter 2019.

Revenue in the Spain/Latin America region slipped 2.3%, as March figures were affected by the state of emergency and confinement measures introduced in Spain. Mexico saw slight growth.

Partworks fell 6.1%, hit by a combination of fewer launches in the quarter, a strong performance in the comparative first-quarter 2019 period – with successful titles in Japan and France – and the impacts of the health crisis in March, which primarily affected sales at newsstands, especially in France.

E-books accounted for 9.7% of total Lagardère Publishing revenue in the first quarter of 2020, versus 9.1% in first-half 2019, while downloadable audiobooks represented 5.9% of revenue compared to 3.8% one year earlier.

- **Lagardère Travel Retail**

Lagardère Travel Retail revenue for first-quarter 2020 totalled €804 million, down 13.5% on a consolidated basis and down 18.0% like for like.
The difference between consolidated and like-for-like data is attributable to a €6 million positive foreign exchange effect primarily resulting from the appreciation of the US dollar, and to a €35 million positive scope effect, due mainly to the acquisition of International Duty Free in Belgium.

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

France saw a 20.7% decline in business, prompted both by the strikes which continued into the first few months of 2020, and then by the impacts of the Covid-19 pandemic, with the containment measures introduced by the French government leading to the rapid shutdown of virtually the entire network.

The EMEA region (excluding France) retreated 14.7%, affected by travel restrictions and border closures introduced as from March in every country in order to halt the spread of Covid-19.

Revenue was also down in North America, contracting 15.2% on account of the repercussions from the Covid-19 pandemic in North America, even though lockdowns and travel restrictions were introduced later than in the ASPAC and EMEA regions.

Asia-Pacific, the epicentre of the pandemic, was the hardest hit geographic area with revenue down 28.0%, the biggest regional decline over the quarter.

- **Other Activities**

First-quarter 2020 revenue for Other Activities came in at €60 million, down 7.7% on a consolidated basis and down 6.3% like for like.

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

Despite a good performance from both press and radio advertising in the first two months of the year, Lagardère News[3] revenue was down 3.5% over the quarter, with the impacts of the Covid-19 pandemic taking a heavy toll on the radio (down 1.5%), press (down 2.8%), and licensing (down 8.5%) businesses.

- **Non-retained scope**

First-quarter 2020 revenue for the non-retained scope came in at €40 million, down 38.5% on a consolidated basis and up 0.8% like for like.

Lagardère Studios saw a slight 0.8% rise in the first quarter, buoyed by a good delivery schedule in France and an upbeat start to the year in distribution, partly offset by an unfavourable catalogue effect at international subsidiaries.

II. KEY EVENTS SINCE 27 FEBRUARY 2020

13 March: following the new measures taken by the French government limiting public gatherings and events, the Group postponed its Investor Day initially planned for 25 March 2020.

25 March: the Group suspended its market guidance and changed the dividend to be proposed to the Annual General Meeting of 5 May 2020 in light of the Covid-19 pandemic.

7 April: Lagardère cancelled the dividend to be proposed to the Annual General Meeting of 5 May 2020 and created a Covid Solidarity Fund for employees.

22 April: Lagardère finalised the sale of Lagardère Sports to H.I.G. Capital.

[3] *Paris Match*, *Le Journal du Dimanche*, Europe 1, Virgin Radio, RFM and the Elle brand licence.

III. COVID-19: OUTLOOK AND LIQUIDITY

Over the first quarter of 2020, the Group experienced a gradual deterioration in its businesses as the Covid-19 pandemic took hold and governments across the globe introduced restrictions. Owing to its exposure to the Asia-Pacific region, the Travel Retail business was the first to feel the impact and was the hardest hit. Revenue growth for Lagardère Travel Retail initially slowed to 1.3% over January-February 2020, with the epidemic mainly affecting the Asia-Pacific region, before falling 54% in March as the virus gradually spread across Europe and North America.

Lagardère Publishing was primarily affected as from the second half of March 2020, when its brick-and-mortar points of sale closed in Europe and North America following government-imposed restrictions. After a very good start to the year in January-February 2020 with 5.6% growth, Lagardère Publishing revenue fell 19% in March.

Revenue for the Group's Other Activities edged up 1.4% in the first two months of the year, but contracted 19% in March due to the impacts of the health crisis on the advertising market and the enforced closure of performance venues on the Lagardère Live Entertainment business.

Lagardère Studios (non-retained scope) was also heavily impacted from mid-March due to the virtual standstill in production since confinement measures were introduced in France and Spain.

April 2020 is the first month in which the impacts of the measures taken by governments to halt the spread of the Covid-19 pandemic will be felt across all of the Lagardère group's businesses and over the entire month. Compared to the same period in 2019, the Group expects April 2020 revenue to be down in the region of 45% for Lagardère Publishing, 90% for Lagardère Travel Retail and 40% for Other Activities.

In this context, the Group is continuing to put in place corrective measures in all of its businesses and at the corporate level to mitigate the impacts of the Covid-19 pandemic as far as possible. These include:

- protecting the health of employees, customers and partners;
- adapting sales and pricing wherever possible;
- systematically reducing costs across all of the Group's business in order to curb the impact of the decline in revenue on operating profit;
- adjusting investment programs and optimising working capital in order to preserve the Group's cash resources;
- cancelling the proposed 2019 dividend to be paid in 2020, on the initiative of Arnaud Lagardère and unanimously approved by the Supervisory Board;
- reducing the remuneration payable to the Executive Committee by 20% until the summer and for as long as the situation continues, on the initiative of its members;
- creating a Covid-19 Solidarity Fund to finance the Group's initiatives in support of its employees and partners worldwide. The fund is to be endowed with (i) €5 million deducted from the cash initially set aside to pay the dividend, (ii) the full amount of the reduction in Executive Committee remuneration, and (iii) additional sums voluntarily contributed by Supervisory Board members.

In view of the uncertainty over the duration and scale of the epidemic and the government lockdowns and closures, the Group is currently unable to assess the impacts of the crisis accurately and reliably in terms of the decrease in revenue and operating profit of fully-consolidated companies (**recurring EBIT**).

However, taking these corrective measures into account, the Lagardère group estimates that the adverse impact on the full-year 2020 recurring EBIT of Lagardère Travel Retail could be in the region of 20% to 25% of the decrease in its revenue. For Lagardère Publishing, the Group estimates that the adverse impact on full-year 2020 recurring EBIT could be in the region of 35% to 40% of the decrease in its revenue.

At 31 March 2020, the Group's liquidity stood at €1,940 million, comprising €690 million in cash and cash equivalents and a renewable credit facility for €1,250 million granted by a syndicate of the Group's banking partners and available in full. To consolidate its liquidity, the Lagardère group has reached an agreement with the banking syndicate granting the €1,250 million renewable credit line to waive the covenant for June 2020 and December 2020. The Group considers that it has sufficient liquidity for full-year 2020, including in a pessimistic scenario as simulated by Lagardère using the following main assumptions:

- Lagardère Travel Retail: operations remaining severely disrupted for the rest of 2020, in line with the April 2020 situation;
- Lagardère Publishing and Other Activities: gradual return to 2019 business levels starting early in the second half of 2020;
- repayment of debt (with no refinancing) falling due over the next 12 months, representing €681 million at 31 March 2020, of which 78% corresponds to commercial paper.

The Group remains confident in its business model as refocused on Lagardère Publishing and Lagardère Travel Retail. Thanks to its liquidity position and to the corrective measures taken, the Lagardère group expects to weather the Covid-19 crisis and to be well placed to proactively benefit from the upturn in its markets.

IV. INVESTOR CALENDAR[4]

2020 Annual General Meeting
The 2020 Annual General Meeting will be held on 5 May 2020 at 10:00 a.m.

First-half 2020 results
First-half 2020 results will be released on 30 July 2020 at 5:35 p.m.

Third-quarter 2020 revenue
Third-quarter 2020 revenue will be released on 5 November 2020 at 8:00 a.m.

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V. APPENDICES

CHANGES IN SCOPE OF CONSOLIDATION AND EXCHANGE RATES

First-quarter 2020

The difference between consolidated and like-for-like data is mainly attributable to a €13 million positive foreign exchange effect resulting chiefly from the appreciation of the US dollar and pound sterling, and to a €14 million positive scope effect breaking down as:

- a €26 million negative impact from disposals, essentially TV channels and digital activities within the scope of the Group's strategic refocusing;

- a €40 million positive impact from acquisitions, carried out mainly at Lagardère Travel Retail (acquisition of IDF representing a positive €32 million and of Smullers representing a positive €2 million) and at Lagardère Publishing (acquisition of Gigamic representing a positive €4 million and of Short Books representing a positive €1 million).

VI. 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. These indicators are calculated based on accounting items taken from the consolidated financial statements prepared under IFRS and a reconciliation with those items is provided in this press release, in the full-year 2019 results presentation, or in the notes to the consolidated financial statements.

➢ **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 V - Appendices of this press release.

[4] These dates may be susceptible to change.

➢ **Recurring EBIT**

The Group's main performance indicator is recurring operating profit of fully consolidated companies (**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 and finance lease arrangements:
  - Cancellation of fixed rental expense* on concessions
  - Depreciation of right-of-use assets on concession agreements
  - Gains and losses on lease modifications under concession agreements

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

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A live webcast of the first-quarter 2020 revenue presentation will be available today at 10:00 a.m. (CET) on the Group's website (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 afternoon.

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Created in 1992, Lagardère is an international group with operations in more than 40 countries worldwide. It employs over 30,000 people and generated revenue of €7,211 million in 2019.
In 2018, the Group launched its strategic refocusing around two priority divisions: Lagardère Publishing (Book and e-Publishing, Mobile and Board games) and Lagardère Travel Retail (Travel Essentials, Duty Free & Fashion, Foodservice).
The Group's operating assets also include Lagardère News and Lagardère Live Entertainment.
Lagardère shares are listed on Euronext Paris.
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