Lagardère

FULL-YEAR 2019 RESULTS

27 February 2020

Lagardère

DISCLAIMER

Certain statements contained in this document are forward-looking statements (including objectives and trends), which address our vision of the financial condition, results of operations, strategy, expected future business and financial performance of Lagardère SCA. These data do not represent forecasts regarding Lagardère SCA's results or any other performance indicator, but rather trends or targets, as the case may be.

When used in this document, words such as "anticipate", "believe", "estimate", "expect", "may", "intend", "predict", "hope", "can", "will", "should", "is designed to", "with the intent", "potential", "plan" and other words of similar import are intended to identify forward-looking statements. Such statements include, without limitation, projections for improvements in process and operations, revenues and operating margin growth, cash flow, performance, new products and services, current and future markets for products and services and other trend projections as well as new business opportunities.

Although Lagardère SCA believes that the expectation reflected in such forward-looking statements are reasonable, such statements are not guarantees of future performance. Actual results may differ materially from the forward-looking statements as a result of a number of risks and uncertainties, many of which are outside our control, including without limitations:

- general economic conditions;
- legal, regulatory, financial and governmental risks related to the businesses;
- certain risks related to the media industry (including, without limitation, technological risks);
- the cyclical nature of some of the businesses.

Please refer to the most recent Universal Registration Document (*Document d'enregistrement universel*) filed by Lagardère SCA with the French *Autorité des marchés financiers* for additional information in relation to such factors, risks and uncertainties.

No representation or warranty, express or implied, is made as to, and no reliance should be placed upon, the fairness, accuracy, completeness or correctness of such forward-looking statements and Lagardère SCA, as well as its affiliates, directors, advisors, employees and representatives accept no responsibility in this respect.

Accordingly, we caution you against relying on forward-looking statements. The forward-looking statements abovementioned are made as of the date of this document and neither Lagardère SCA nor any of its subsidiaries undertake any obligation to update or review such forward-looking statements whether as a result of new information, future events or otherwise. Consequently neither Lagardère SCA nor any of its subsidiaries are liable for any consequences that could result from the use of any of the above statements.

HIGHLIGHTS

Full-year 2019 results
27 February 2020

Lagardère

HIGHLIGHTS

(€m)	2018*	2019
Revenue***	6,868	7,211
Group recurring EBIT**/***	385	378
*Operating margin**/****	*5.6%*	*5.2%*
Profit – Group share [including net income/(loss) from Lagardère Sports]	177	(15)
Adjusted profit – Group share**/***	200	200
Free cash flow**/***	424	294
Net debt at end of year**/***	(1,367)	(1,461)
Earnings per share (in €)	1.36	(0.12)
Adjusted earnings per share	1.54	1.55
Ordinary dividend per share (in €)	1.30	1.30****

Lagardère Sports activity reclassified within discontinued operations in FY 2019 and FY 2018 restated.

* Restated for IFRS 16 using the full retrospective method, and for IFRS 5 in respect of Lagardère Sports.
** Alternative Performance Measure (APM) – See Glossary on slides 41 to 43.
*** Excluding Lagardère Sports which has been classified within discontinued operations in accordance with IFRS 5.
**** Ordinary dividend to be recommended at the General Meeting of 5 May 2020.

Lagardère

MOVING TO TARGET SCOPE 2019

2019 AS PER 2018 SEGMENT REPORTING

(€m)	Revenue	Recurring EBIT
Lagardère Publishing	2,384	220
Lagardère Travel Retail	4,264	152
Lagardère Active	509	13
Lagardère Sports and Entertainment	523	66
Other Activities (corporate and eliminations)	-	(9)
Total as per 2018 segment reporting	7,680	442

2019 REPORTED

(€m)	Revenue	Recurring EBIT
Lagardère Publishing	2,384	220
Lagardère Travel Retail	4,264	152
Other Activities*	288	(11)
Assets sold/held for sale (Lagardère Active)	275	17
Total reported	7,211	378

2019 TARGET SCOPE

(€m)	Revenue	Recurring EBIT
Lagardère Publishing	2,384	220
Lagardère Travel Retail	4,264	152
Other Activities*	288	(11)
Target scope	6,936	361

Lagardère Sports disposal**

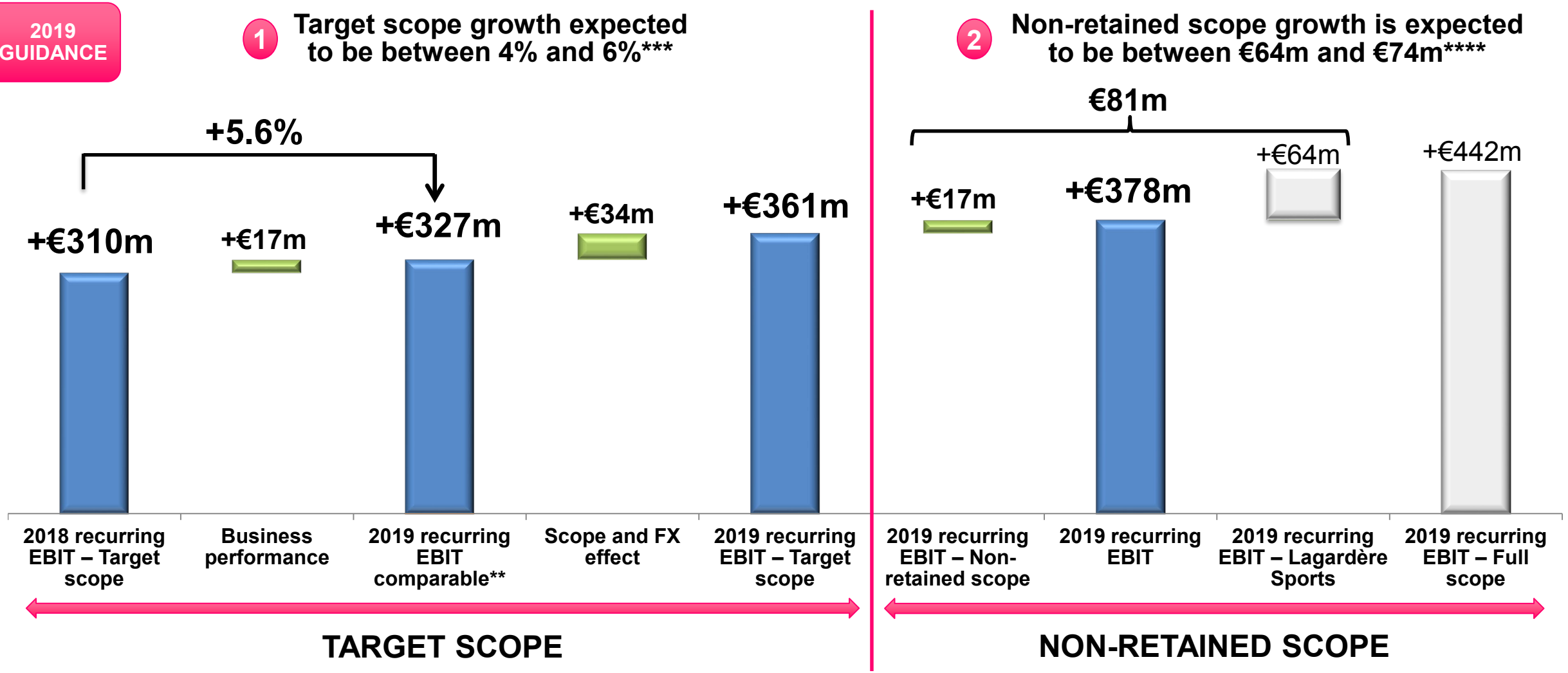
Lagardère Active asset disposals*
Lagardère Studios held for sale

* "Other Activities" scope: Other Activities includes Press (*Paris Match*, *Le Journal du Dimanche*, the Elle brand licence), French radio, the Entertainment businesses including Lagardère Paris Racing, the Group Corporate function and the Lagardère Active Corporate function (whose costs will be wound down by 2020).
** Closing expected in Q1 2020 – Lagardère Sports has been classified within discontinued operations, in accordance with IFRS 5.
*** Assets disposed of in 2019 o/w Press, TV channels and Mezzo.

Lagardère

2019 RECURRING EBIT* AT THE UPPER END OF THE GUIDANCE RANGE

2019 GUIDANCE



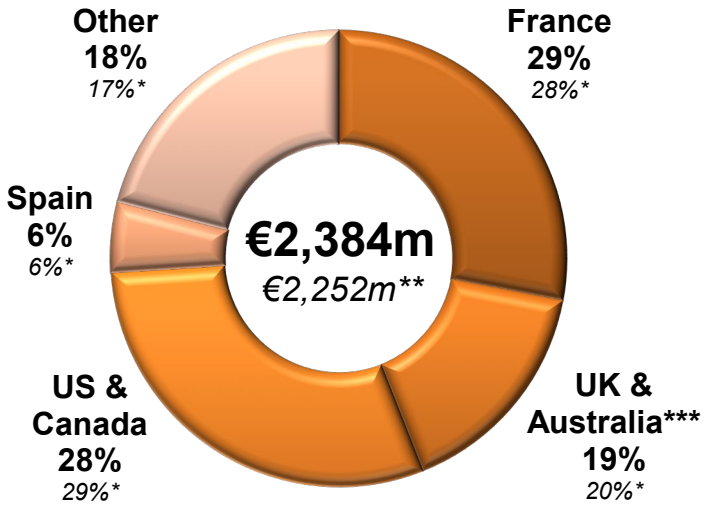
* Alternative Performance Measure (APM) – See Glossary on slide 41.
** Calculated using 2018 exchanges rates.
*** At constant exchange rates and excluding the acquisitions of HBF and IDF.
**** On a full-year basis, taking into account the impact of the disposal of the TV channels as of 2 September 2019.

PERFORMANCE BY DIVISION

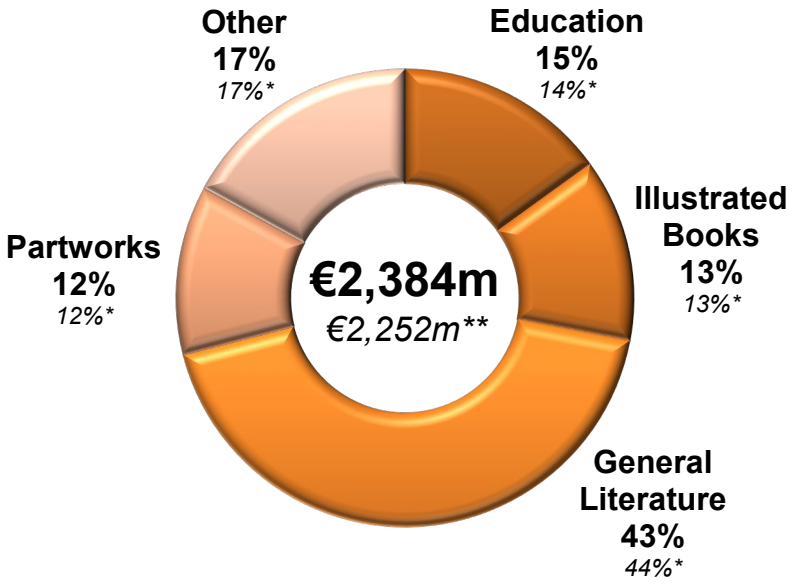
Full-year 2019 results
27 February 2020

LAGARDÈRE PUBLISHING: ACTIVITY

2019 revenue by geographic area



2019 revenue by activity



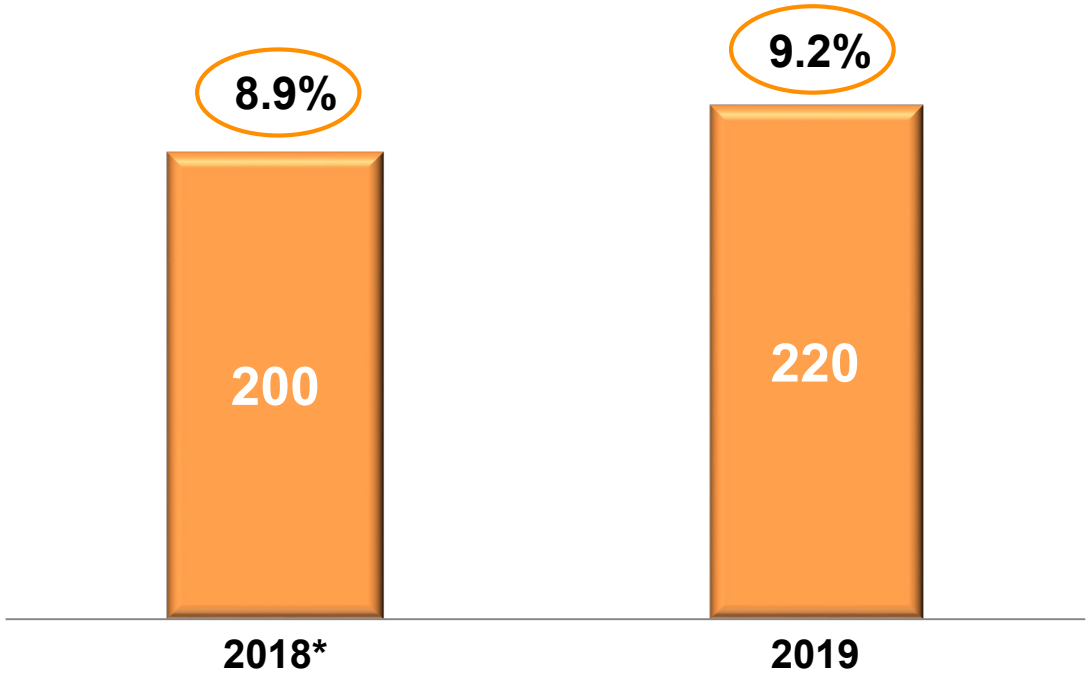
€2,384m (up 5.9% on a consolidated basis and up 2.8% like-for-like).

- *€45m positive currency impact and €23m positive scope effect.*
- Good business performance, lifted by the curriculum reforms in France and Spain, the release of a new Asterix album for Illustrated Books, and growth in Partworks.

* % of revenue in FY 2018.
** FY 2018 revenue.
*** Including Ireland and New Zealand.

LAGARDÈRE PUBLISHING: PROFITABILITY

Change in recurring EBIT (€m) and operating margin (%)



- Lagardère Publishing recurring EBIT is up by €20 million, buoyed mainly by educational reforms in France and Spain, the release of the new Asterix album and a good performance from US operations (driven by audiobooks, business streamlining plan).

* Restated for IFRS 16 using the full retrospective method.

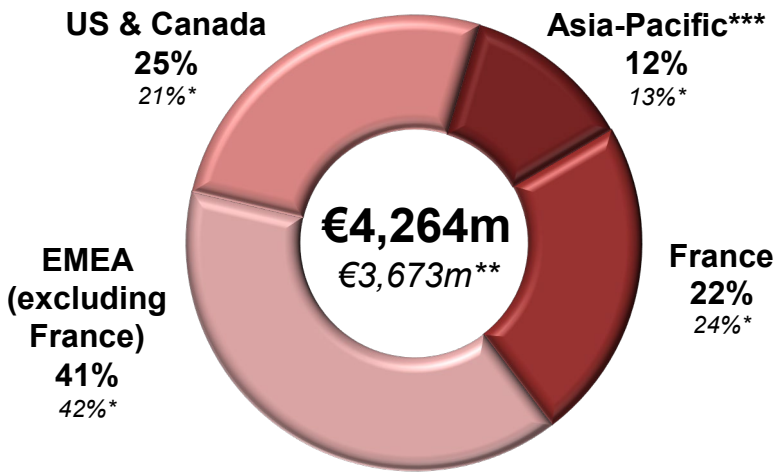
LAGARDÈRE PUBLISHING – CASH FLOW STATEMENT

(€m)	2018*	2019
Cash flow from operations before changes in working capital	197	229
Changes in working capital	(14)	35
Income taxes paid	(40)	(43)
Cash flow from operations	**143**	**221**
Purchases/disposals of PP&E and intangible assets	(42)	(35)
Free cash flow**	**101**	**186**
Purchases/disposals of investments	(12)	(28)
Cash flow from operations and investing activities	**89**	**158**
Free cash flow before changes in working capital	**115**	**151**

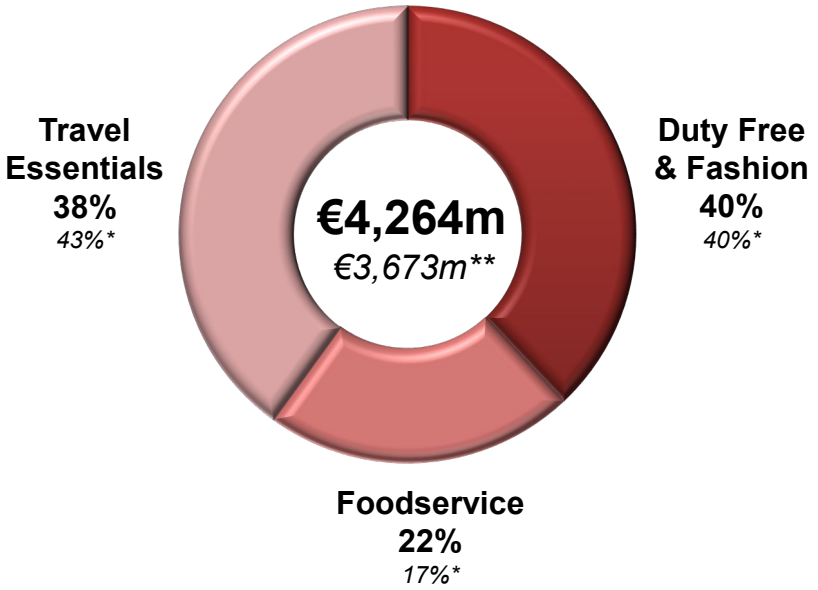
* Restated for IFRS 16 using the full retrospective method.
** Alternative Performance Measure (APM) – See Glossary on slide 42.

LAGARDÈRE TRAVEL RETAIL: ACTIVITY

2019 revenue by geographic area



2019 revenue by activity



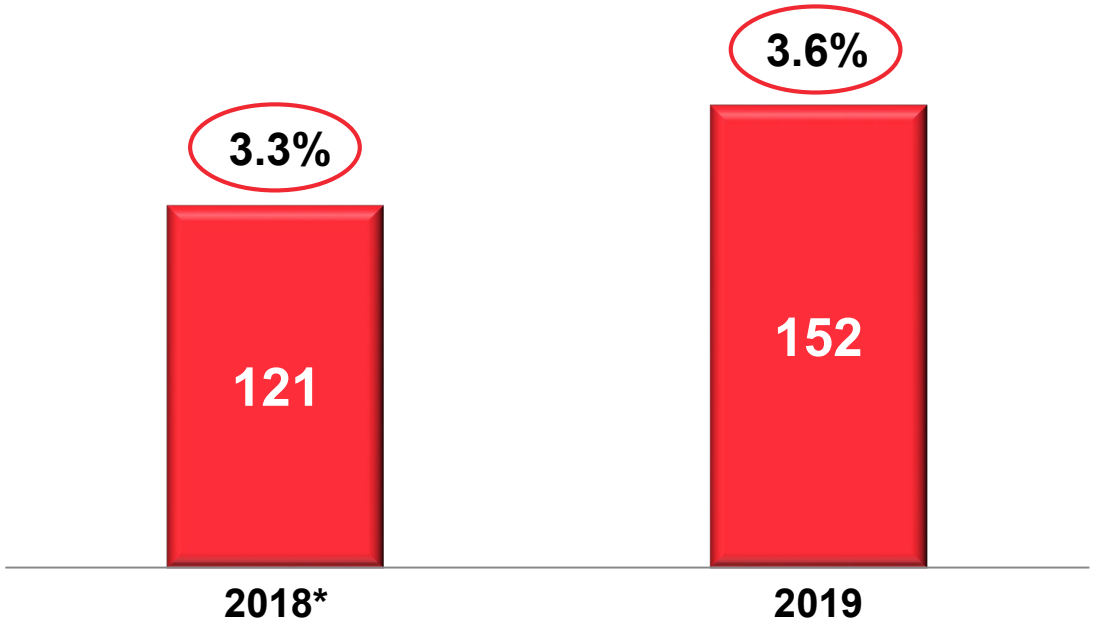
€4,264m (up 16.1% on a consolidated basis and up 6.3% like-for-like).

- *€46m positive currency effect and €315m positive scope effect.*
- Strong growth in France, EMEA and ASPAC, as well as a good performance in North America, driven by good sales momentum, network expansion and store openings.

* % of revenue in FY 2018.
** FY 2018 revenue.
*** o/w China and Hong Kong: 4.7% in 2019 and 4.1% in 2018.

LAGARDÈRE TRAVEL RETAIL: PROFITABILITY

Change in recurring EBIT (€m) and operating margin (%)



- Lagardère Travel Retail recurring EBIT up by €31 million mainly due to the impact of the HBF and IDF acquisitions and by good performances in North America and Italy. Despite strikes and protests, France performed very well in 2019.

* Restated for IFRS 16 using the full retrospective method.

LAGARDÈRE TRAVEL RETAIL – CASH FLOW STATEMENT

(€m)	2018*	2019
Cash flow from operations before changes in working capital	221	269
Changes in working capital	59	(13)
Income taxes paid	(21)	(26)
Cash flow from operations	**259**	**230**
Purchases/disposals of PP&E and intangible assets	(127)	(156)
Free cash flow**	**132**	**74**
Purchases/disposals of investments	(304)	(241)
Cash flow used in operations and investing activities	**(172)**	**(167)**
Free cash flow before changes in working capital	**73**	**87**

* Restated for IFRS 16 using the full retrospective method.
** Alternative Performance Measure (APM) – See Glossary on slide 42.

COVID-19

- Lagardère Travel Retail operate 43 PoS in Hong Kong and 279 in Mainland China (9 cities including Wuhan, Beijing, Shanghai, Kunming).
- Lagardère Travel Retail worldwide sales' exposure to Chinese passengers spending is estimated to be around 12%.
- Singapore and other countries in the Pacific region are also directly impacted by the situation.
- Estimated impact on Q1 recurring EBIT, before action plan, is around -€20m based on activity slow down to date.
- Corrective actions already launched should allow to reduce impact by circa 50% over the course of 2020, including:
  - optimisation of PoS management (opening hours, rents) in agreement with our landlords;
  - operating costs optimisation.
- Constant monitoring of the situation in order to implement any other measures as and when appropriate.

Lagardère

FREE CASH FLOW BEFORE CHANGES IN WORKING CAPITAL

	Lagardère Publishing			Lagardère Travel Retail		
	2017	2018	2019	2017	2018*	2019
Free cash flow before changes in WC *(€m)*	121	115	151	46	73	87
Cash conversion *(FCF before changes in WC/Recurring EBIT)*	58%	58%	68%	41%	60%	57%
Changes in WC *(€m)*	(63)	(14)	35	1	59	(13)

* Restated for IFRS 16 using the full retrospective method.

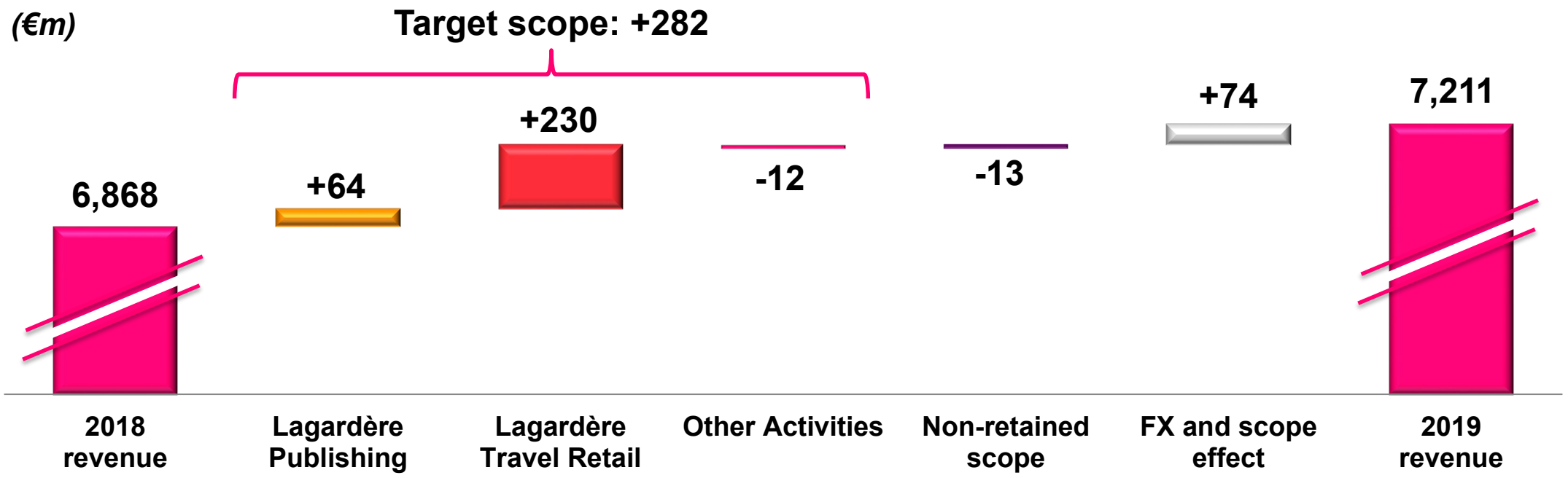
GROUP RESULTS

Full-year 2019 results
27 February 2020

Lagardère

CHANGES IN REVENUE

(EXCLUDING LAGARDÈRE SPORTS, CLASSIFIED WITHIN DISCONTINUED OPERATIONS IN ACCORDANCE WITH IFRS 5)



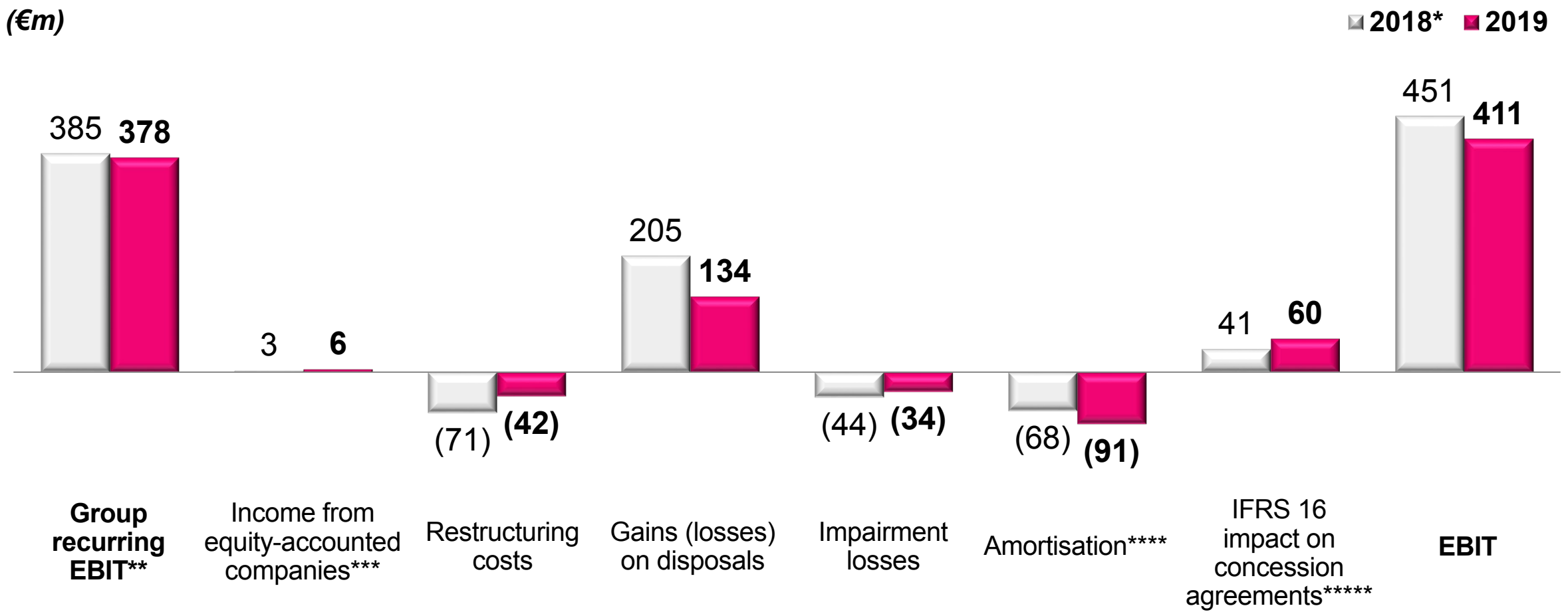
Revenue up 5.0% on a consolidated basis, up 4.1% like-for-like.

- *€18m negative scope effect and €92m positive currency effect.*

Lagardère

GROUP RECURRING EBIT TO EBIT

(EXCLUDING LAGARDÈRE SPORTS, CLASSIFIED WITHIN DISCONTINUED OPERATIONS IN ACCORDANCE WITH IFRS 5)



* Restated for IFRS 16 using the full retrospective method.
** Alternative Performance Measure (APM) – See Glossary on slide 41.
*** Before impairment losses.
**** Amortisation of acquisition-related intangible assets and acquisition-related expenses.
***** Cancellation of depreciation of right-of-use assets and add-back of fixed rental expense for concession agreements. Includes gains and losses on lease modifications for concessions agreements.

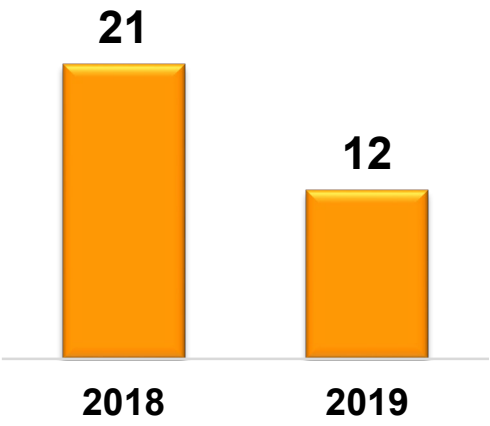
Lagardère

RESTRUCTURING EFFORT TO INTEGRATE M&A AND DRIVE EFFICIENCY

Restructuring costs (€m) as a % of revenue

Lagardère Publishing

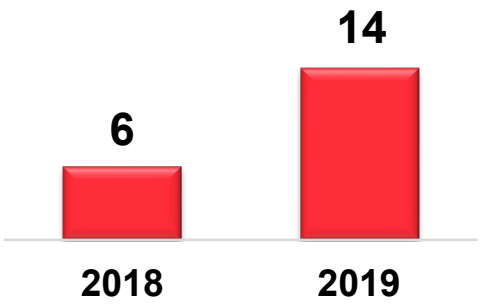
0.9 | 0.5



Distribution centre overhaul

Lagardère Travel Retail

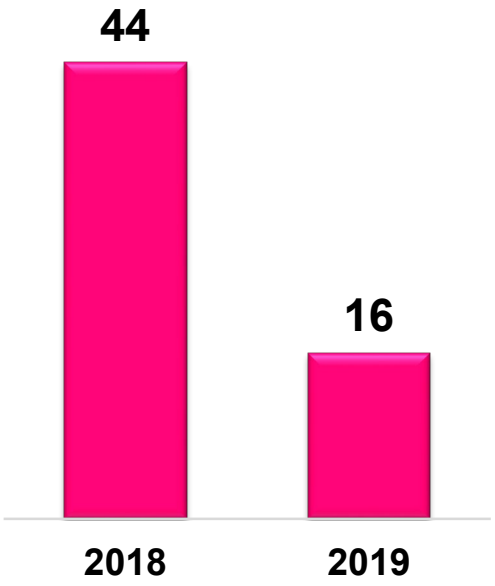
0.2 | 0.3



Concept closures and integration of M&A

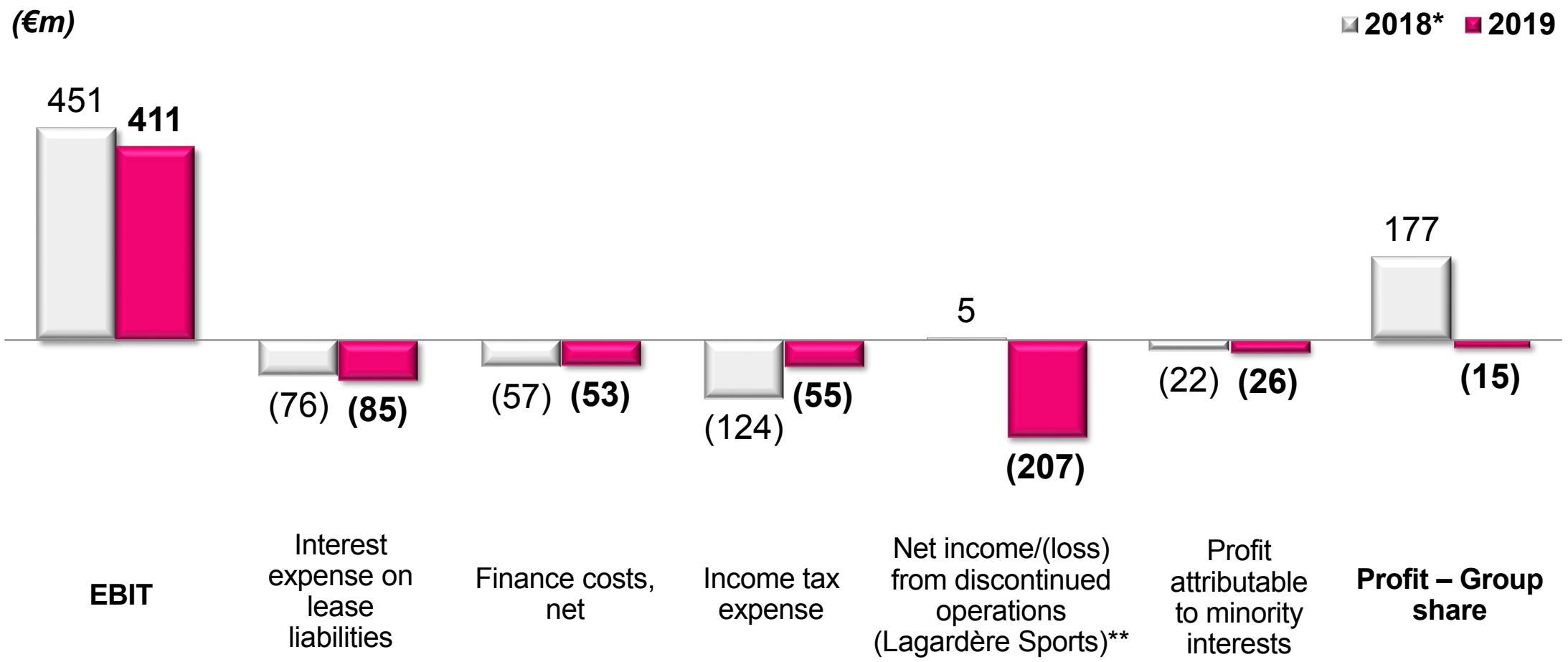
Other Activities/ Non-retained assets

4.7 | 2.9



Corporate restructuring

EBIT TO PROFIT – GROUP SHARE

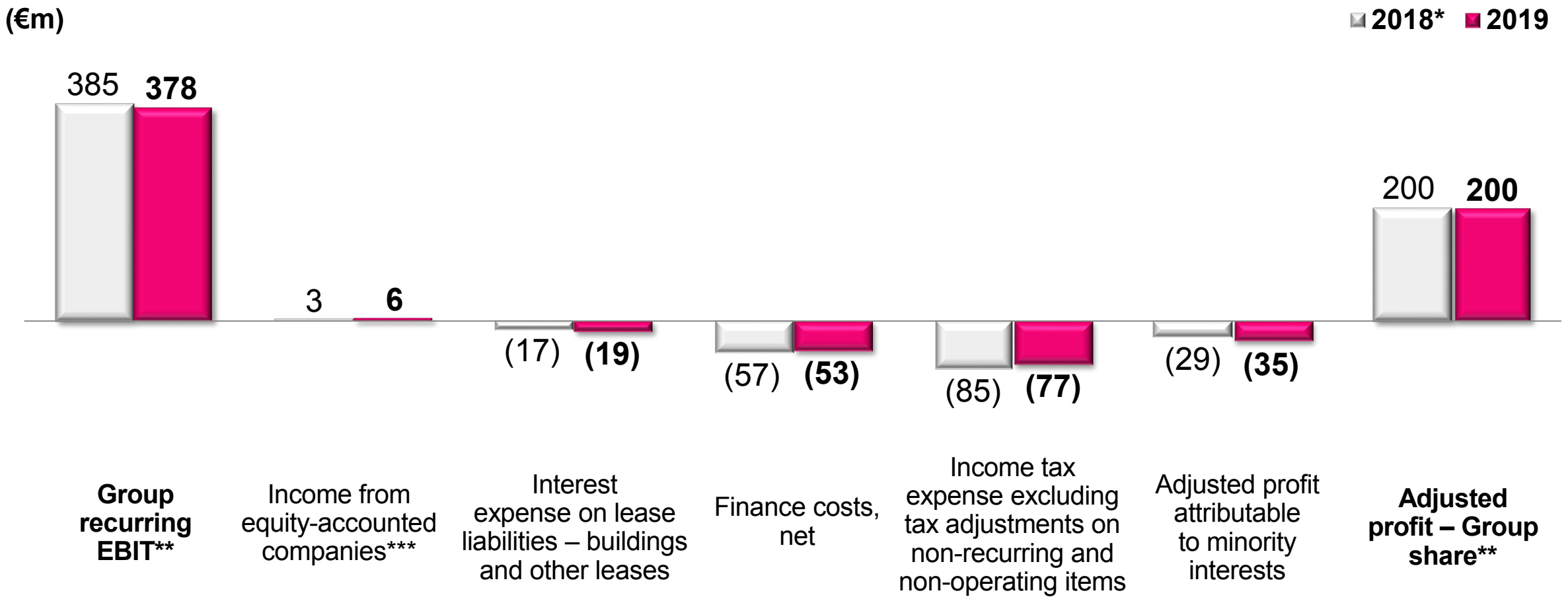


* Restated for IFRS 16 using the full retrospective method.
** See appendices on slide 36 for Lagardère Sports income statement.

Lagardère

GROUP RECURRING EBIT TO ADJUSTED PROFIT – GROUP SHARE

(EXCLUDING LAGARDÈRE SPORTS, CLASSIFIED WITHIN DISCONTINUED OPERATIONS IN ACCORDANCE WITH IFRS 5)



* Restated for IFRS 16 using the full retrospective method.
** Alternative Performance Measure (APM) – See Glossary on slides 41 to 43.
*** Before impairment losses.

Lagardère

CONSOLIDATED STATEMENT OF CASH FLOWS

(EXCLUDING LAGARDÈRE SPORTS, CLASSIFIED WITHIN DISCONTINUED OPERATIONS IN ACCORDANCE WITH IFRS 5)

(€m)	2018*	2019
Cash flow from operations before changes in working capital**	**439**	**495**
Changes in working capital	18	34
Taxes paid excluding taxes on property disposals	(30)	(52)
Net cash from operations**	**427**	**477**
Purchases/disposals of PP&E and intangible assets***	(186)	(197)
Free cash flow excluding property disposals	**241**	**280**
Proceeds from property disposals net of tax paid and related refitting costs	183	14
Free cash flow****	**424**	**294**
Purchases of investments	(339)	(287)
Disposals of investments	148	323
Net cash from operations and investing activities	**233**	**330**
Dividend paid	(198)	(201)
Interest paid	(56)	(65)
Other items [including net cash from Lagardère Sports in 2019: €(99)m]	21	(158)
Change in net debt	**-**	**(94)**
Net debt****	**(1,367)**	**(1,461)**

* Restated for IFRS 16 using the full retrospective method.
** Before taxes paid on property disposals.
*** Excluding property disposals and refitting costs.
**** Alternative Performance Measure (APM) – See Glossary on slide 42.

Lagardère

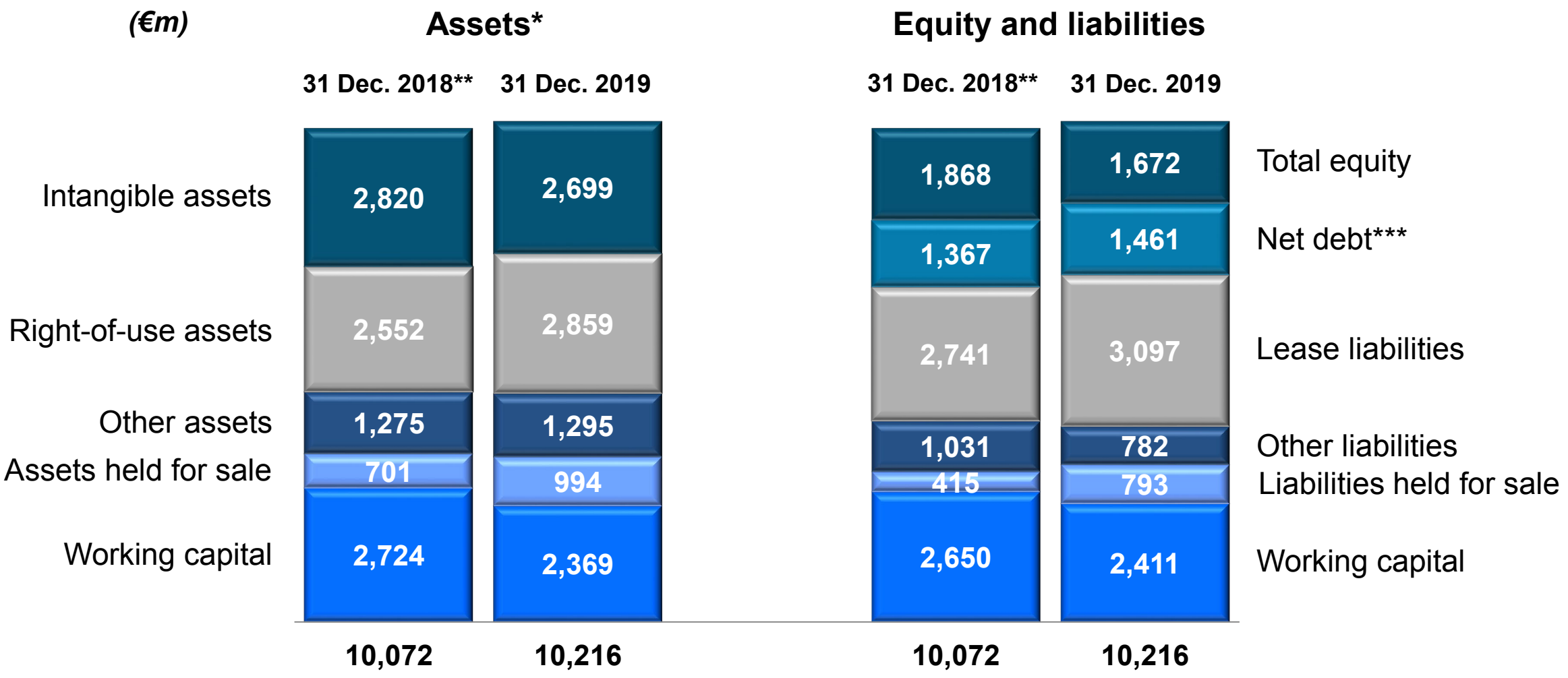
TARGET SCOPE FREE CASH FLOW

(EXCLUDING LAGARDÈRE SPORTS, CLASSIFIED WITHIN DISCONTINUED OPERATIONS IN ACCORDANCE WITH IFRS 5)

(€m)	2018*	2019
Cash flow from operations before changes in working capital**	402	491
Taxes paid excluding taxes on property disposals	(14)	(46)
Purchases/disposals of PP&E and intangible assets***	(180)	(195)
Target scope free cash flow before changes in WC	**208**	**250**
Changes in working capital	38	28
Target scope free cash flow (A)	246	278
Proceeds from property disposals net of tax paid and related refitting costs	183	14
Corporate restructuring costs related to strategic refocusing	-	(19)
Other cash flow from operations – Non-retained scope	(5)	21
Non-retained scope free cash flow (B)	178	16
Free cash flow (A)+(B)****	**424**	**294**

* Restated for IFRS 16 using the full retrospective method.
** Before taxes paid on property disposals.
*** Excluding property disposals and refitting costs.
**** Alternative Performance Measure (APM) – See Glossary on slide 42.

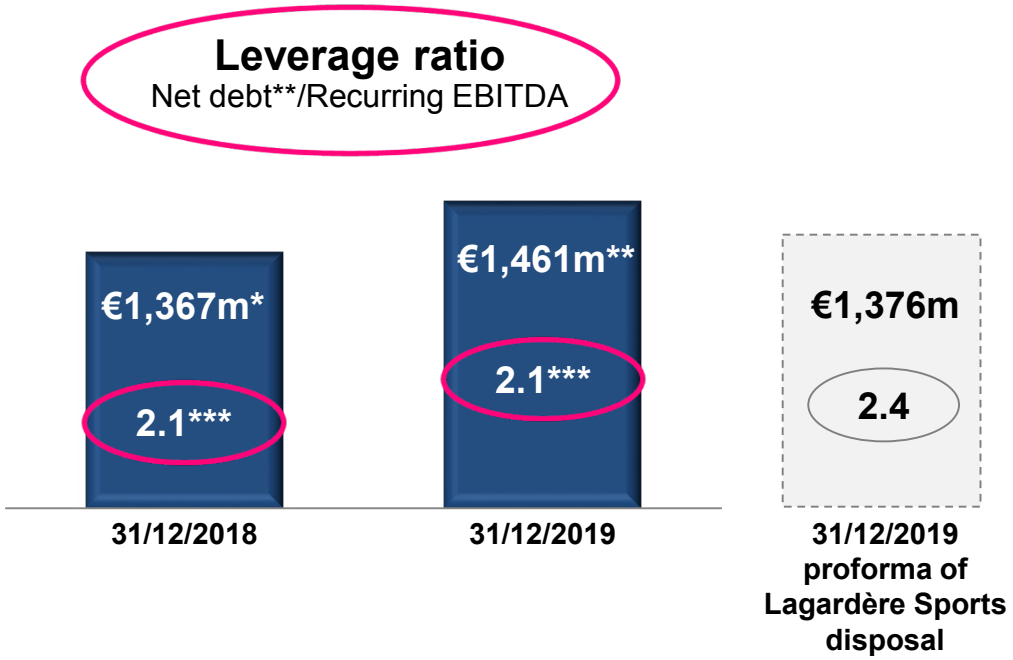
CONSOLIDATED BALANCE SHEET



* Excluding assets included in net debt.
** Restated for IFRS 16 using the full retrospective method.
*** Net of cash, cash equivalents, short-term investments and derivative instruments designated as hedges of debt.
Alternative Performance Measure (APM) – See Glossary on slide 42.

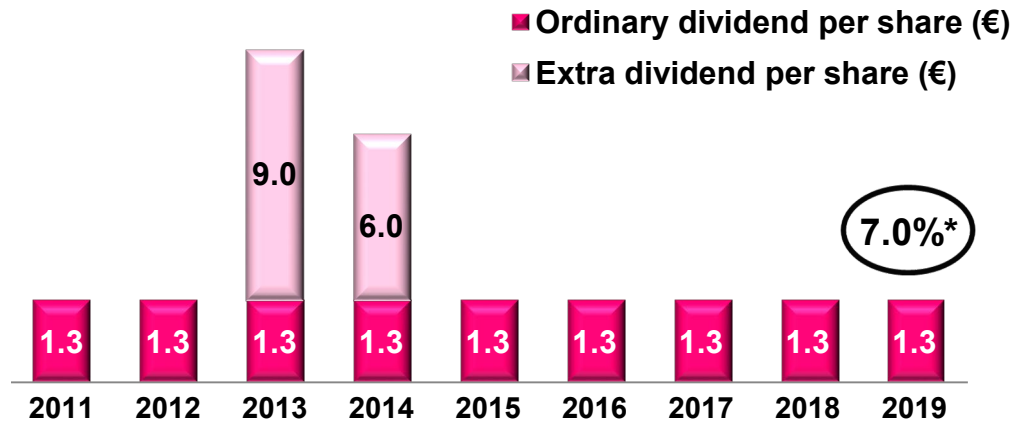
FINANCING POLICY

- **Stable leverage of 2.1x as per RCF covenant definition.**
- **Proforma of Lagardère Sports disposal, leverage would be of 2.4x.**



- **Stable dividend of €1.30 per share proposed.**

Historical dividends (€/share)



* Restated for IFRS 16 using the full retrospective method.
** Excluding net cash attributable to Lagardère Sports at 31 December 2019.
*** On a proforma basis (as per credit facility covenant), including 12 months of HBF recurring EBITDA in 2018 and 12 months of IDF recurring EBITDA in 2019. On a reported basis, ratio is 2.2x in 2018 and 2.1x in 2019.

* Dividend yield based on €18.50 closing price on 26 February 2020.

GUIDANCE

2020 RECURRING EBIT GROWTH TARGET

The Lagardère group expects 2020 recurring EBIT growth for the target scope to be between 4% and 6% at constant exchange rates and excluding the acquisition of IDF and the impact of the coronavirus.

Lagardère

DIVIDEND

As for 2018, shareholders at the Annual General Meeting will be asked to approve a €1.30 per share dividend for the 2019 fiscal year.

Shareholders will be given the option of receiving the dividend in shares, allowing the Group to strengthen its financial flexibility in supporting the development of its two priority areas while maintaining shareholder return.

APPENDICES TO THE CONSOLIDATED ACCOUNTS

Full-year 2019 results
27 February 2020

Lagardère

CHANGES IN SCOPE: MAIN ITEMS

- **Lagardère Publishing**
  - Acquisition in February 2019 of Gigamic, a French board game publisher.

- **Lagardère Travel Retail**
  - Acquisition of International Duty Free in September 2019, Belgium's leading Travel Retail operator, also present in Luxembourg and Kenya.

- **Non-retained scope**
  - Lagardère Sports
    - Disposal of 60% stake in SIIS Development in March 2019, a sports club network including L'Usine in Paris.
  - Lagardère Active
    - Disposal of the Boursier.com website in January 2019.
    - Disposal of the minority stake (20%) in Jacaranda FM in February 2019.
    - Disposal of magazine publishing titles in France in February 2019.
    - Disposal of Billetreduc.com in February 2019.
    - Disposal of Plurimedia in February 2019.
    - Disposal of TV channels in September 2019.

CONSOLIDATED INCOME STATEMENT

(EXCLUDING LAGARDÈRE SPORTS, CLASSIFIED WITHIN DISCONTINUED OPERATIONS IN ACCORDANCE WITH IFRS 5)

(€m)	2018*	2019
Revenue	**6,868**	**7,211**
Group recurring EBIT**	**385**	**378**
Income from equity-accounted companies***	3	6
Non-recurring/non-operating items	63	27
O/w IFRS 16 impacts on concession agreements	*41*	*60*
Total EBIT	**451**	**411**
Finance costs, net	(57)	(53)
Interest expense on lease liabilities	(76)	(85)
Profit before tax	**318**	**273**
Income tax expense	(124)	(55)
Profit for the period from continuing activities	**194**	**218**
Net income (loss) from discontinued operations (Lagardère Sports)	5	(207)
Profit for the period	**199**	**11**
Attributable to minority interests	22	26
Profit (loss) – Group share	**177**	**(15)**

* Restated for IFRS 16 using the full retrospective method.
** Alternative Performance Measure (APM) – See Glossary on slide 41.
*** Before impairment losses.

Lagardère

CONSOLIDATED STATEMENT OF CASH FLOWS

(EXCLUDING LAGARDÈRE SPORTS, CLASSIFIED WITHIN DISCONTINUED OPERATIONS IN ACCORDANCE WITH IFRS 5)

(€m)	2018*	2019
Cash flow from operations before changes in working capital	**439**	**495**
Changes in working capital	18	34
Income taxes paid	(72)	(52)
Cash flow from operations	**385**	**477**
Purchases of property, plant & equipment and intangible assets	*(215)*	*(215)*
Disposals of property, plant & equipment and intangible assets	*254*	*32*
Free cash flow**	**424**	**294**
Purchases of investments	*(339)*	*(287)*
Disposals of investments	*148*	*323*
Cash flow from operations and investing activities	**233**	**330**
Dividend paid	*(198)*	*(201)*
Interest paid	*(56)*	*(65)*
Other items	*21*	*(59)*
Net cash used in discontinued operations (Lagardère Sports)	-	*(99)*
Change in net debt	**-**	**(94)**

* Restated for IFRS 16 using the full retrospective method.
** Alternative Performance Measure (APM) – See Glossary on slide 42.

Lagardère

FREE CASH FLOW RECONCILIATION

(EXCLUDING LAGARDÈRE SPORTS, CLASSIFIED WITHIN DISCONTINUED OPERATIONS IN ACCORDANCE WITH IFRS 5)

(€m)	2018*	2019
Cash flow from operating activities before changes in working capital	**960**	**1,099**
Repayment of lease liabilities	(443)	(518)
Interest paid on lease liabilities	(76)	(77)
Changes in working capital of lease liabilities	(2)	(9)
Cash flow from operations before changes in working capital	**439**	**495**
Changes in working capital	18	34
Income taxes paid	(72)	(52)
Cash flow from operations	**385**	**477**
Purchases of property, plant & equipment and intangible assets	*(215)*	*(215)*
Disposals of property, plant & equipment and intangible assets	*254*	*32*
Free cash flow**	**424**	**294**

* Restated for IFRS 16 using the full retrospective method.
** Alternative Performance Measure (APM) – See Glossary on slide 42.

Lagardère

ANALYSIS OF NON-RECURRING/NON-OPERATING ITEMS IN 2019

(EXCLUDING LAGARDÈRE SPORTS, CLASSIFIED WITHIN DISCONTINUED OPERATIONS IN ACCORDANCE WITH IFRS 5)

(€m)	Lagardère Publishing	Lagardère Travel Retail	Other Activities	Total target scope	Non-retained scope (former Lagardère Active)	Total 2019	Total 2018*
Recurring EBIT**	220	152	(11)	361	17	378	385
Income from equity-accounted companies	1	4	1	6		6	3
Restructuring costs	(12)	(14)	(15)	(41)	(1)	(42)	(71)
Gains (losses) on disposals		(1)	142	141	(7)	134	205
Impairment losses		(6)	(2)	(8)	(26)	(34)	(44)
Amortisation of acquisition-related intangible assets and expenses	(8)	(82)		(90)	(1)	(91)	(68)
IFRS 16 impact on concession agreements		60		60		60	41
EBIT	201	113	115	429	(18)	411	451

* Restated for IFRS 16 using the full retrospective method.
** Alternative Performance Measure (APM) – See Glossary on slide 41.

Lagardère

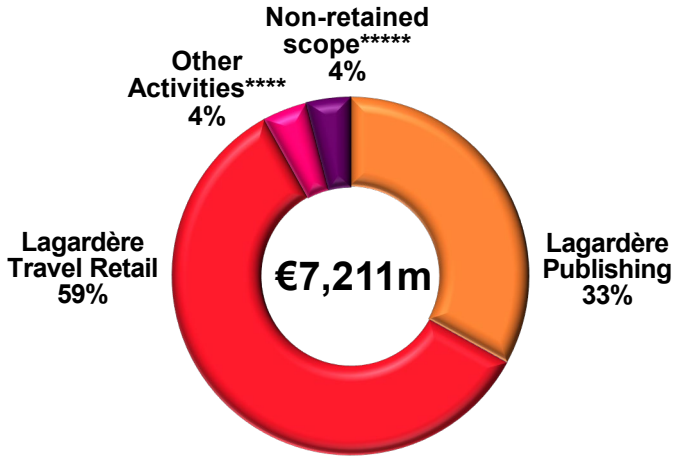
ADJUSTED PROFIT – GROUP SHARE

(€m)	2018*	2019
Profit for the period	**199**	**11**
Restructuring costs	+71	+42
Gains/losses on disposals	-205	-134
Impairment losses on goodwill, PP&E, intangible assets and investments in equity-accounted companies	+44	+34
Amortisation of acquisition-related intangible assets and expenses	+68	+91
IFRS 16 impact on concession agreements	+18	+6
Tax effects on the above transactions	+39	-22
Net income/loss from discontinued operations	-5	+207
Adjusted profit	**229**	**235**
Attributable to minority interests	-29	-35
Adjusted profit – Group share**	**200**	**200**

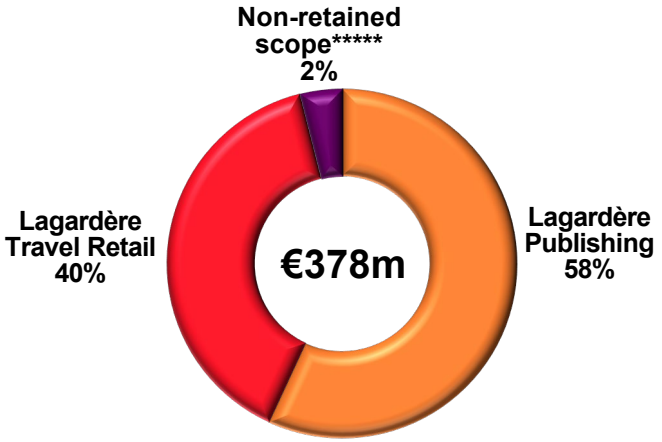
* Restated for IFRS 16 using the full retrospective method.
** Alternative Performance Measure (APM) – See Glossary on slide 43.

GROUP PROFILE - 2019 – EXCLUDING LAGARDÈRE SPORTS

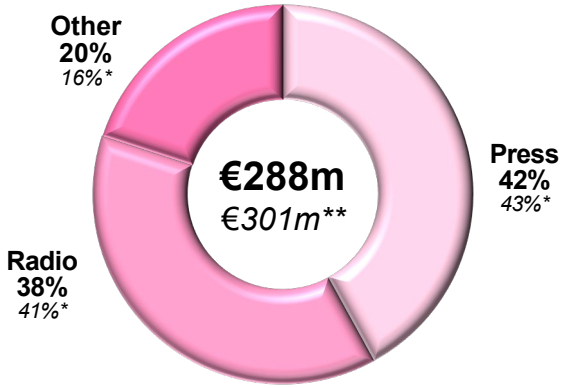
2019 revenue by division



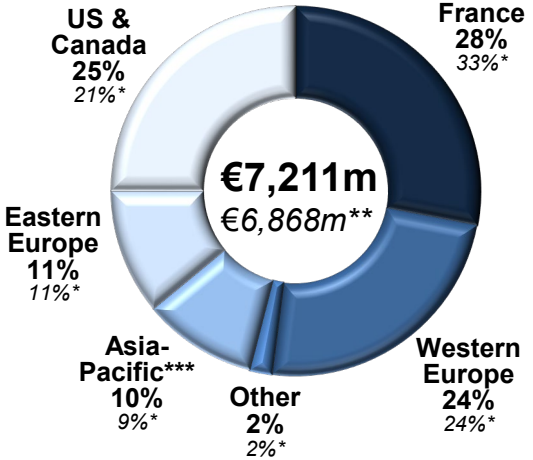
2019 recurring EBIT by division



2019 breakdown of Other Activities**** revenue



2019 revenue by geographic area



* % of 2018 revenue.
** FY 2018 revenue.
*** o/w China and Hong Kong: 2.3% in 2018 and 2.9% in 2019.
**** Other Activities includes Press (*Paris Match*, *Le Journal du Dimanche*, the Elle brand licence), French radio, the Entertainment businesses including Lagardère Paris Racing, the Group Corporate function and the Lagardère Active Corporate (whose costs will be wound down by 2020).
***** Assets disposed of in 2019 o/w Press, TV channels and Mezzo – Lagardère Studios held for sale.

Lagardère

CONSOLIDATED INCOME STATEMENT OF LAGARDÈRE SPORTS (DISCONTINUED OPERATIONS)

(€m)	2018*	2019
Revenue	**390**	**470**
Recurring EBIT**	**32**	**64**
Income from equity-accounted companies	-	-
Impairment	(3)	(234)
Restructuring costs and other	(15)	(29)
Total EBIT	**14**	**(199)**
Finance costs, net	(3)	(1)
Interest expense on lease liabilities	(1)	(1)
Profit (loss) before tax	**10**	**(201)**
Income tax expense	(5)	(6)
Profit for the period	**5**	**(207)**
Attributable to minority interests	1	(1)
Profit – Group share	**4**	**(206)**

* Restated for IFRS 16 using the full retrospective method.
** Alternative Performance Measure (APM) – See Glossary on slide 41.

SUMMARY OF PERFORMANCE BY DIVISION – 2019

(EXCLUDING LAGARDÈRE SPORTS, CLASSIFIED WITHIN DISCONTINUED OPERATIONS IN ACCORDANCE WITH IFRS 5)

Revenue

(€m)	2019	Consolidated change	Consolidated change	Like-for-like change*
Lagardère Publishing	**2,384**	+€132m	+5.9%	+2.8%
Lagardère Travel Retail	**4,264**	+€591m	+16.1%	+6.3%
Other Activities	**288**	-€13m	-4.3%	-4.2%
Target scope	**6,936**	+€710m	+11.4%	+4.5%
Non-retained scope (former Lagardère Active)	**275**	-€367m	-57.2%	-4.6%
Total	**7,211**	+€343m	+5.0%	+4.1%

Recurring EBIT

(€m)	2019	Consolidated change	Consolidated change	Like-for-like change*
Lagardère Publishing	**220**	+€20m	+9.9%	+7.7%
Lagardère Travel Retail	**152**	+€31m	+26.0%	+1.3%
Other Activities	**(11)**	-	-3.5%	-4.9%
Target scope	**361**	+€51m	+16.7%	+5.6%
Non-retained scope (former Lagardère Active)	**17**	-€58m	-78.0%	
Total	**378**	-€7m	-1.8%	

* At constant scope and exchange rates.

Lagardère

CONSOLIDATED BALANCE SHEET

(€m)	31 Dec. 2018*	31 Dec. 2019
Non-current assets	6,572	6,733
Investments in equity-accounted companies	70	73
Current assets	2,729	2,416
Short-term investments and cash	710	913
Assets held for sale	701	994
TOTAL ASSETS	10,782	11,129
Total equity	1,868	1,672
Non-current liabilities	3,089	3,118
Non-current debt**	1,015	1,840
Current liabilities	3,333	3,172
Current debt***	1,062	534
Liabilities associated with assets held for sale	415	793
TOTAL EQUITY AND LIABILITIES	10,782	11,129

Net debt**** of €1,461m
(vs. €1,367m at 31 Dec. 2018)

* Restated for IFRS 16 using the full retrospective method.
** Including €5m in long-term derivative assets and €1m in long-term derivative liabilities at 31 December 2018, and €8m in long-term derivative liabilities at 31 December 2019.
*** Including €3m in short-term derivative assets at 31 December 2018.
**** Alternative Performance Measure (APM) – See Glossary on slide 42.

Lagardère

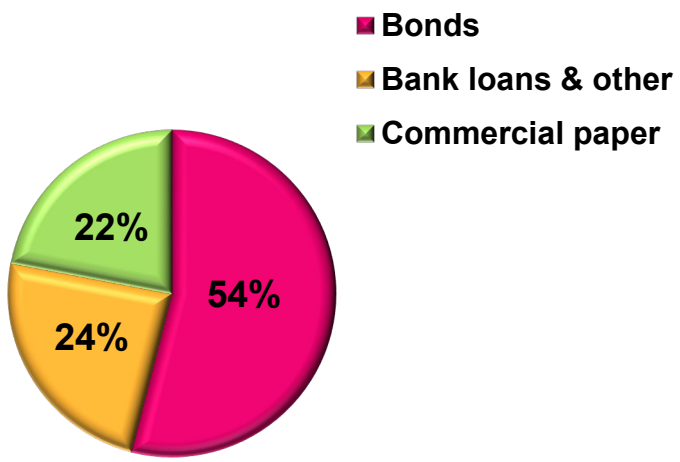
RECURRING EBITDA – OVER 12 ROLLING MONTHS

(€m)	2018*	2019
Group recurring EBIT**	**385**	**378**
Recurring EBIT of Lagardère Sports	*+32*	*+64*
Depreciation & amortisation of property, plant and equipment and intangible assets	*+200*	*+240*
Signing fee amortisation	*+17*	*+18*
Add-back of fixed rental expense – buildings and other leases	*-93*	*-100*
Cancellation of depreciation of right-of-use assets – buildings and other leases	*+77*	*+83*
Dividends received from equity-accounted companies	*+4*	*+6*
Recurring EBITDA**	**622**	**689**
Recurring EBITDA** including proforma IDF		704

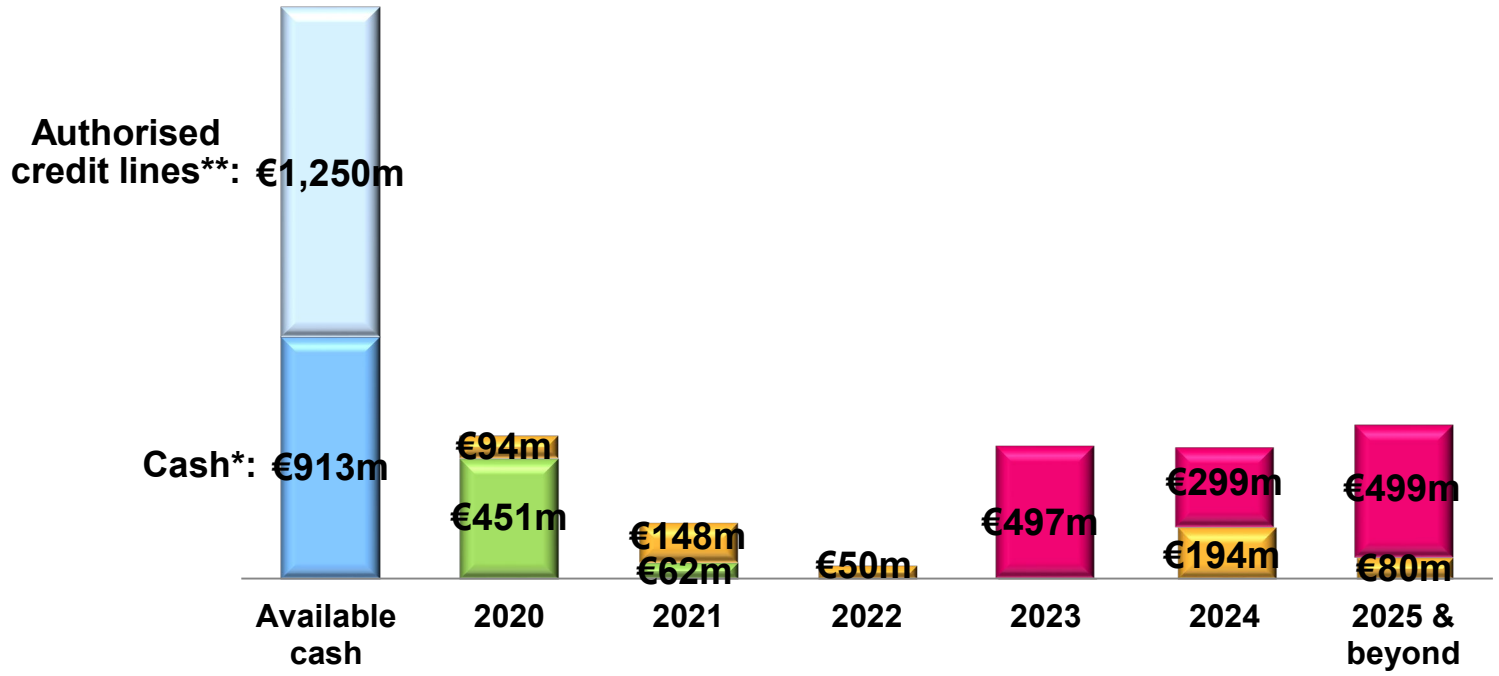
* Restated for IFRS 16 using the full retrospective method.
** Alternative Performance Measure (APM) – See Glossary on slides 41 to 42.

FINANCING POLICY

- **78% of gross debt funding contracted directly with credit investors.**



- **Very healthy year-end liquidity of over €2bn.**
- **After 2019 refinancing, earliest bond maturities in 2023.**



* Short-term investments and cash.
** Undrawn Group credit facility excluding authorised credit lines at divisional level.

Lagardère

GLOSSARY (1/3)

Lagardère uses alternative performance measures 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. 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 concession's businesses. From 1 January 2019, these indicators are monitored by the Executive Committee to assess operating performance and manage the business, 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 either in this presentation or in the press release or in the notes to the consolidated financial statements. A dedicated presentation relating to the impacts of IFRS 16 on the alternative performance indicators was held on 12 February 2019 and is available on the Lagardère website (http://www.lagardere.com/fichiers/fckeditor/File/Relations_investisseurs/Publications/2019/IFRS16/2019_Session_IFRS_16.pdf).

- **Recurring EBIT. The Group's main performance indicator is recurring operating profit of fully consolidated companies, which is calculated as follows:**
  Profit before finance costs and tax excluding:
  - Income (loss) from equity-accounted companies before impairment losses
  - Gains (losses) on disposals of assets
  - Impairment losses on goodwill, property, plant and equipment, intangible assets and investment 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 adjustment 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 sub-leases:
    - Cancellation of fixed rental expense* on concessions agreements
    - Depreciation of right-of-use assets on concessions agreements
    - Gains and losses on lease modifications

(See reconciliation on slide 18)

* 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.

Lagardère

GLOSSARY (2/3)

- **The like-for-like change in revenue is calculated by comparing:**
  - 2019 revenue to exclude companies consolidated for the first time during the period, and 2018 revenue to exclude companies divested in 2019;
  - 2019 and 2018 revenue based on 2018 exchange rates.

  (See reconciliation in note 6 to the consolidated financial statements at 31 December 2019)

- **Operating margin** is calculated by dividing recurring EBIT of fully consolidated companies (recurring EBIT) by revenue.

- **Recurring EBITDA over a rolling 12-month period** is calculated as recurring EBIT of fully consolidated companies (recurring EBIT) plus dividends received from equity-accounted companies, less amortisation and depreciation charged against intangible assets and property, plant and equipment, less amortisation of signing fees, less depreciation of right-of-use assets for buildings and other leases, less cancellation of fixed rental expense* for buildings and other leases, plus recurring EBITDA of discontinued operations.

  (See slide 39 for reconciliation with recurring EBIT of fully consolidated companies)

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

  (See reconciliation on slide 32)

- **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 and current debt.

  (See reconciliation in note 29 to the consolidated financial statements at 31 December 2019)

* 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.

Lagardère

GLOSSARY (3/3)

- **Adjusted profit – Group share** is calculated on the basis of profit for the period, excluding non-recurring/non-operating items, the related tax effect and 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
  - Items related to leases:
    - Cancellation of fixed rental expense* on concessions agreements
    - Depreciation of right-of-use assets on concessions agreements
    - Interest expense on lease liabilities on concessions agreements
    - Gains and losses on lease modifications
  - Tax effects of the above items, including the tax on dividends paid in France
  - Non-recurring changes in deferred taxes
  - Net income/loss from discontinued operations
  - Adjusted profit attributable to minority interests (Profit for the period attributable to minority interests plus minority interests on the above items)

  (See slide 34 for reconciliation with Profit for the period)

* 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.

IMPACTS OF IFRS 16 ON THE CONSOLIDATED ACCOUNTS

Full-year 2019 results
27 February 2020

Lagardère

IMPACT OF IFRS 16 ON THE CONSOLIDATED INCOME STATEMENT AND RELATED INDICATORS

(€m)	FY 2018	FY 2019
Recurring EBITDA*	**-**	**-**
Group recurring EBIT*	**+14**	**+13**
Income from equity-accounted companies**	-1	-
Non-recurring/non-operating items	+41	+60
*Of which cancellation of fixed rental expense*** - concession stores*	+444	+532
Of which depreciation of right-of-use assets - concession stores	-399	-475
Of which gains and losses on lease modifications	-4	+3
Total EBIT	**+54**	**+73**
Of which impact from concession stores	***+40***	**+60**
Of which impact from buildings and other	***+14***	**+13**
Finance costs, net	-	+2
Lease interest expense	-76	-85
Of which impact from concession stores	*-58*	*-66*
Of which impact from buildings and other	*-18*	*-19*
Profit before tax	**-22**	**-10**
Income tax expense	+5	-1
Net income from discontinued operations	-	-
Profit for the period	**-17**	**-11**
Of which impact from concession stores	***-14***	**-6**
Of which impact from buildings and other	***-3***	**-5**
Attributable to minority interests	-	-
Profit – Group share	**-17**	**-11**
Adjusted profit – Group share*	**-3**	**-5**

* Alternative Performance Measure (APM) – See Glossary on slides 41 to 43. / ** Before impairment losses.
*** 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.

Lagardère

IMPACT OF IFRS 16 ON THE CONSOLIDATED STATEMENT OF CASH FLOWS

(€m)	FY 2018	FY 2019
Cash flow from operating activities before changes in working capital	**+521**	**+616**
Repayment of lease liabilities	-444	-519
Interest paid on lease liabilities	-75	-77
Changes in working capital from lease liabilities	-1	-9
Cash flow from operations before changes in working capital	**+1**	**+11**
Changes in working capital	-3	-14
Income taxes paid	-	-
Cash flow from operations	**-2**	**-3**
Purchases of property, plant & equipment and intangible assets	-	-
Disposals of property, plant & equipment and intangible assets	-	-
Free cash flow*	**-2**	**-3**
Purchases of investments	-	-
Disposals of investments	-	*+3*
Cash flow from operations and investing activities	**-2**	**-**
Dividend paid and other	*+10*	-
Net cash from discontinued operations	-	-
Interest paid	-	-
Change in net debt	**+8**	**-**
Net debt*	**+8**	**-**

* Alternative Performance Measure (APM) – See Glossary on slide 42.

Lagardère

IMPACT OF IFRS 16 ON THE CONSOLIDATED BALANCE SHEET

(€m)	31 Dec. 2018	31 Dec. 2019
Non-current assets	**+2,589**	**+2,934**
Right-of-use asset NEW	*+2,552*	*+2,859*
o/w concession stores	+2,009	*+2,404*
o/w buildings and other	+543	+455
Deferred tax asset	*+45*	*+51*
Other non current assets	*-5*	+27
Investments in equity-accounted companies	*-3*	-3
Current assets	**-13**	**-3**
Short-term investments and cash	**-**	**-**
Assets held for sale	**+2**	**+34**
TOTAL ASSETS	**+2,578**	**+2,965**

(€m)	31 Dec. 2018	31 Dec. 2019
Total equity	**-133**	**-134**
Non-current liabilities	**+2,286**	**+2,535**
Lease liability – non-current NEW	*+2,283*	*+2,527*
o/w concession stores	+1,730	+2,032
o/w buildings and other	+553	+495
Deferred tax liabilities	*+3*	*+8*
Non-current debt	**-4**	**-**
Current liabilities	**+431**	**+529**
Lease liability – current NEW	*+458*	*+570*
o/w concession stores	+395	+512
o/w buildings and other	+63	+58
Other current liabilities	*-27*	*-41*
Current debt	**-4**	**-**
Liabilities associated with assets held for sale	**+2**	**+35**
TOTAL EQUITY AND LIABILITIES	**+2,578**	**+2,965**

SIGNIFICANT EVENTS

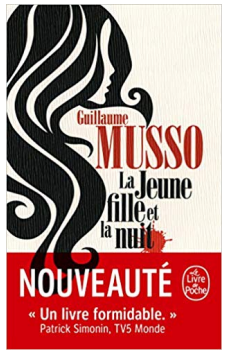
Full-year 2019 results
27 February 2020

BACKGROUND AND OVERALL PERFORMANCE

- **Worldwide revenue up 5.9% vs. 2018, up 2.8% like-for-like, at €2,384m.**
- **Acquisitions of Worthy Publishing Group (US), La Plage (France, Illustrated Books), Gigamic (France, Board games) and Short Books (UK) contributed €23m in revenue.**
- **Positive forex effect added €45m to revenue.**
- **Recurring EBIT at €220m, up €20m:**
  - profit up in France, thanks to the good performance of Education driven by high school curricular reform and to the success of the new Asterix album;
  - profit up in Spain, thanks to a renewal of primary school textbooks;
  - improved profitability in the US, buoyed by the solid growth of downloadable audiobooks and the effects of cost-control initiatives;
  - overall, operating margin up 0.3pt at 9.2%.

FRANCE

- **Revenue up 6.3%.**
- **Strong growth in Education revenues, driven by the first year of high school curriculum reform. Supplementals also contributing to the performance of the year.**
- **Trade revenues boosted by:**
  - huge success of the new Asterix album, growth at Hachette Pratique and Hachette Jeunesse imprints, and at Larousse;
  - good momentum for General Literature, driven by the ongoing success of Guillaume Musso, the outstanding performance of Le Livre de Poche and several literary prizes;
  - the three best-selling titles* in France in 2019 were published by Hachette Livre:



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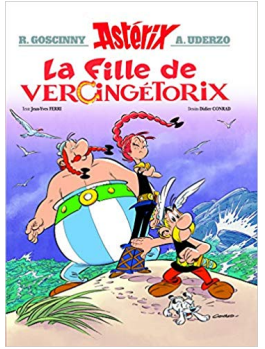

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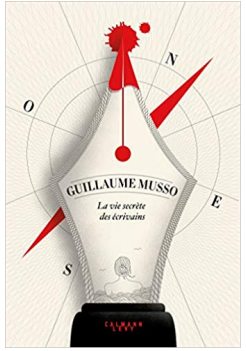
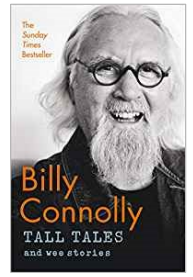


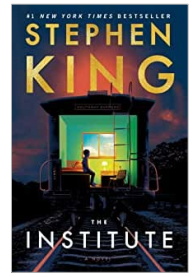
#3

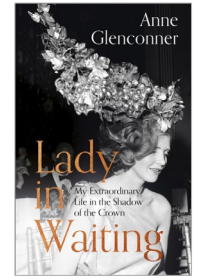
* Source: GfK – Print format only, excluding e-books and audiobooks.

INTERNATIONAL MARKETS

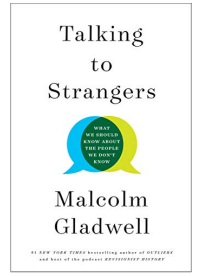
- **United Kingdom slightly down compared to 2018, due to the comparison effect with the huge bestseller *Fire and Fury* (Michael Wolff) and the release of J.K. Rowling / Robert Galbraith titles, partly offset by strong backlist sales, the 31% growth of downloadable audiobooks and the good performance of Bookouture.**
  2019 bestsellers:
  - *Tall Tales and Wee Stories* (Billy Connolly);
  - *The Institute* (Stephen King);
  - *Lady in Waiting* (Anne Glenconner);
  - *The Guardians* (John Grisham);
  - *No Mercy* (Martina Cole).

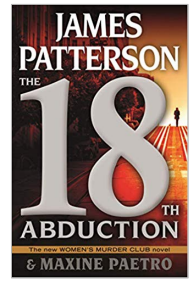


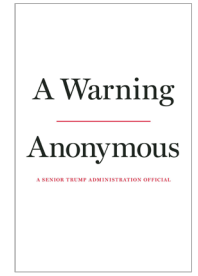




- **United States successfully filled void created by *The President is Missing* (Bill Clinton and James Patterson) and *Every Breath* (Nicholas Sparks) in 2018 with the spectacular growth (+27%) of downloadable audiobooks and strong sales across all imprints:**
  - *Talking to Strangers* (Malcolm Gladwell);
  - *Redemption* (David Baldacci);
  - *The 18th Abduction* (James Patterson);
  - *Catch and Kill* (Ronan Farrow);
  - *Run Away* (Harlan Coben);
  - *A Warning* (Anonymous).







- **Upturn in Spain thanks to the renewal of primary school textbooks and, to a lesser extent, the release of the new Asterix album.**

PARTWORKS AND DIVERSIFICATION

- **Partworks revenue and EBIT up, thanks to successful collections launched in France, Japan and Germany.**
- **Games studios growing fast, both in digital and physical.**
- **Acquisition of Blackrock Games (France's third-largest board game distributor) completed in November 2019.**

SIGNIFICANT EVENTS

Full-year 2019 results
27 February 2020

BACKGROUND AND OVERALL PERFORMANCE

- At constant scope and exchange rates, in a context of **slowdown** of passenger **traffic increase**, **network development**, **concept modernisation** and **successful commercial initiatives** generated sustained growth in **Travel Retail revenue**, up 6.3% like-for-like and up 16.1% on a consolidated basis.
  The difference can be explained by (i) acquisitions (mainly full-year effect of HBF in North America, International Duty Free in Belgium, and Smullers in the Netherlands), and (ii) a favourable FX effect on currencies against euro.

- **Acquisition of International Duty Free (IDF), Belgium's leading Travel Retail operator on 19 September 2019. HBF and Vino Volo integration plan on track and delivering the expected synergies.**

- **Positive dynamic in terms of business development:**
  - The Netherlands: takeover of Smullers, 28 Foodservice units operating in the rail network nationwide;
  - Czech Republic: acquisition of a Foodservice business operating mainly at the main rail station;
  - expansion in Africa with the gain of the Duty Free concession at the Gabon capital airport (Libreville);
  - numerous gain of new contracts in North America, Italy, Spain, France and China.

- **Solid like-for-like revenue growth (up 6.3%)** driven by a combination of traffic growth, the success of new concepts and very dynamic commercial initiatives.

- **Margins higher as a % of sales** thanks to the acquisition of accretive businesses.

- **Pressure on labour cost** in Central Europe and in the United States of America; impact of the **strikes** in France and **social incidents** in Hong Kong.

- **Solid traffic growth (+3.0%** YTD Nov. 2019 as per ACI*) **driven mainly by low cost carriers.**

* Out of which Europe is +3.3% (vs. +6.3% in 2018), North America +3.2% (vs. +5.2% in 2018) and Asia-Pacific +2.3% (vs. +8% in 2018).

FRANCE AND EMEA

- **France**
  - **Travel Essentials: 100% revenue up 4.2%.**
    - +3.1% for the LFL network, fueled by development in airports (+4.5% LFL) and long-haul stations (despite the net unfavorable impact of the 2019 strikes) while the non-LFL growth is driven by the full-year impact of 2018 openings (Toulouse and Brest airports, Marks & Spencer in CDG airports) and the 2019 openings (Orly 3 new terminal, Marks & Spencer and Fnac in Gare Montparnasse).
  - **Foodservice: 100% revenue up 7.8%.**
    - +2.8% LFL performance, impacted by the strikes. Non-LFL growth is composed of (i) the full-year impact of successful 2018 openings (Toulouse airport, Teppan restaurant in Paris airport, etc.) and (ii) 2019 new contracts (Clermont-Ferrand, Nantes, etc.).
  - **Duty Free & Fashion: 100% revenue up 7.6%.**
    - The growth is driven by the stores refit of Paris airport Terminal 2E Hall L (Core and Fashion) and the opening of Paris Orly 3 new terminal combined with the strong performance of the regional platforms (Lyon, Marseille, etc.) fueled by dynamic traffics and very dynamic new commercial initiatives.

- **EMEA (excl. France)**
  - **Italy**
    - Strong revenue growth (+9% vs. 2018) driven by new commercial developments in Rome and Venice airports and the network development in (i) Foodservice in Catania, Cagliari, Naples, Firenze and in (ii) Travel Essentials in Firenze, Rome, Bari and Bologna.
  - **Poland**
    - Negatively impacted by the closing of Warsaw T2 in June 2018, but excluding this impact, robust growth in all platforms (Warsaw T1 and regional airports) and in all business lines benefitting from strong economic growth and new commercial initiatives.
  - **Czech Republic**
    - 7-months impact of the acquisition of Autogrill in Foodservice.
    - Successful renewals of the Duty Free and Travel Essentials concessions at Prague airport.
  - **Other EMEA countries also posted strong revenue growth.**

NORTH AMERICA, ASIA AND PACIFIC

- **North America**
  - Full-year impact of the HBF and Vino Volo acquisition, the integration plan is well advanced and delivering the expected synergies.
  - Overall sustained traffic growth and robust economy.
  - Major contract renewals (JFK, Phoenix, Savannah, Providence, Milwaukee).
  - Favorable impacts on margins of the commercial initiatives as well as developments in concepts and the mix.
- **Asia**
  - **Mainland China** delivers solid revenue growth thanks to the good performances of the fashion stores at Shenzhen (contract renewed in 2019) and of the 2018 openings in Hongqiao and Beijing Capital; as well as the impact of the 2019 openings in Hongqiao, Daxing, Pudong and Zhengzhou. In **Hong Kong**, the new openings helped maintain solid revenue growth despite social incidents strongly impacting the H2 performances.
  - **Singapore**: unfavorable impacts from Jewel opening (commercial center located in the airport precinct) and airlines terminal shifts.
- **Pacific**
  - Australian operations negatively impacted by the economic crisis as well as the closure of few stores.
  - Solid New Zealand sales growth, benefitting from the Christchurch Duty Free concession opening in November 2018.

SIGNIFICANT EVENTS

Full year 2019 results
27 February 2020

LAGARDÈRE NEWS: MAGAZINE PUBLISHING

- In 2019, *Paris Match* celebrated its 70th anniversary. On this occasion, the magazine reaffirmed its values and proved it succeeded in transforming into a global media:
  - development of special editions and web series;
  - launch of Discover channel on Snapchat;
  - organisation of conferences, cruises or events such as the Grand Prix Paris Match du Photoreportage Étudiant;
  - launch of video production (Match Prod);
  - opening of a webshop to sell *Paris Match* photographies.

- In a depressed **print advertising market**, *Paris Match* and *Le Journal du Dimanche* performed well. Both titles advertising revenue increased versus 2018.

- **In a declining circulation market**, the total circulation revenue went down by -12%. This trend is mainly due to a less favorable news context for *Paris Match* which benefitted in 2018 from a huge success on special issues on celebrities.

- **Digital audience**: more than 4,7 million unique visitors a month have been welcomed by *Paris Match* website and 2,1 million by *Le Journal du Dimanche* website*.

* Médiamétrie-NetRatings Internet Global; Septembre 2019.

LAGARDÈRE NEWS: LICENSING ACTIVITIES

- **Elle media licenses**
  - New partner for *Elle Singapore*: Atlas Press.
  - Take over of *Elle Canada* and *Elle Québec* by KO Média and *Elle Middle East* by Patrimony Media.
  - Development of international events: Elle Active (Japan, Italy, China, etc), Elle Weekender UK, Elle Women in Tech (USA, Norway), Elle International Beauty Awards, Elle Deco International Design Awards.
  - Launches of strategic projects: Elle x MIT Education Program Year 2, *Elle Décoration Portugal*, Elle Behind the Seams video programme, Elle Fictions TV channel in Canada by V Média.

- **Elle off-media licenses**
  - Opening of two Elle Café in Shanghai and Bangkok, and two make up corners in Shanghai.
  - Opening of the first pop-up Elle Décor Café at the Plaza Hotel in New York.
  - Launches of new product lines: Elle Homme in China, Elle Sport and Elle Kids in Europe, Elle watches line by Fossil group worldwide.

LAGARDÈRE NEWS: RADIO IN FRANCE

- **Europe 1**
  - Europe 1 is listened by more than 3,2 million auditors*.
  - In order to reposition the station, a new programme grid was put in place by the new management team appointed in June 2019.
- **Music radio in France**
  - Despite a low music radio market, the two music stations of the Group show solid positions:
    - Virgin Radio reaches 2,1 million listeners and a cumulative audience of 4.0%*. It fills the position of second music radio station in France on the 25-49 years old, thanks to its successful prime talk show;
    - RFM reaches 2,1 million listeners and a cumulative audience of 3.9%*.

* Médiamétrie; November-December 2019.

LAGARDÈRE LIVE ENTERTAINMENT: ACTIVITY

- **The success of the *Fashion Freak Show* from Jean-Paul Gaultier at the Folies Bergère (Paris, France).**
- **A full operating year of the Arkéa Arena in Bordeaux (France).**
- **The executive production of five artists of which Phil Collins, Jean-Louis Aubert and -M-.**