

Lagardère

INVESTOR PRESENTATION

January 2021

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Although Lagardère SCA believes that the expectations 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 (as notably caused by the Covid-19 pandemic health crisis);
- 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.

These risks factors and uncertainties are further developed in the “risk factors” section of the Universal Registration Document (the current version of which is available on the website of Lagardère SCA, in the investor relations’ section, and on the AMF 's website).

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This presentation may include certain information on specific transactions that shall be considered as projects only and may remain subject to certain approvals and other conditions.

Disclosure of monthly revenue trends and flow-through does not indicate a change in Lagardère's communication but is intended to provide investors with more detailed information in light of the current general economic conditions due to the pandemic health crisis. Going forward, Lagardère intends to continue to communicate on quarterly earnings.

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Lagardère

**OVERVIEW &
RECENT
HIGHLIGHTS**

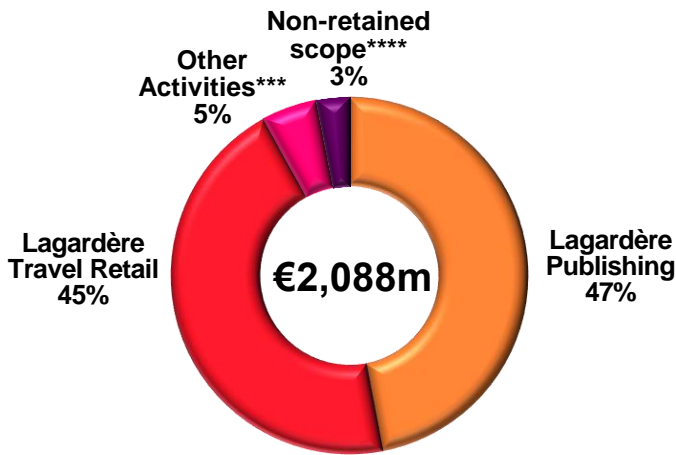
A FOCUSED GROUP WITH TWO CORE BUSINESSES

	Lagardère PUBLISHING		Lagardère TRAVEL RETAIL	
Revenue	FY 2019: €2.4bn 33% of total revenue	H1 2020: €971m 47% of total revenue	FY 2019: €4.3bn 59% of total revenue	H1 2020: €947m 45% of total revenue
Recurring EBIT	FY 2019: €220m 58% of total recurring EBIT	H1 2020: €27m N.A	FY 2019: €152m 40% of total recurring EBIT	H1 2020: -€209m N.A
Like-for-like revenue growth	FY 2019: +2.8%	H1 2020: -8.3%	FY 2019: +6.3%	H1 2020: -54.5%
Key brands				
Perspectives	<ul style="list-style-type: none"> ✓ Resilience in an uncertain Covid context ✓ Strategic positioning at the heart of industry-leading content creation 		<ul style="list-style-type: none"> ✓ Diversified geographies enabling various opportunities ✓ Industry linked to passenger traffic in a Covid context 	

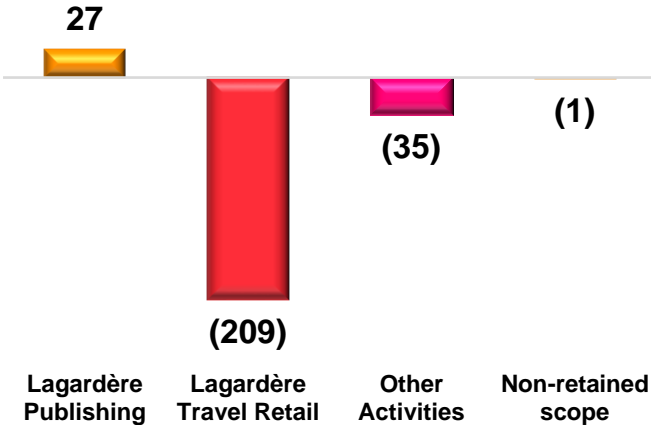
Two complementary core businesses operating globally, with different dynamics in an environment impacted by Covid

GROUP PROFILE – H1 2020

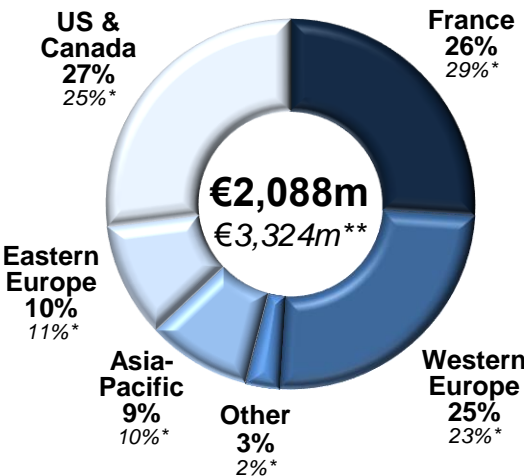
H1 2020 revenue by division



H1 2020 recurring EBIT by division



H1 2020 revenue by geographic area



* % of H1 2019 revenue.

** H1 2019 revenue.

*** Other Activities includes 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.

**** Assets disposed of in 2019 o/w Press, TV channels and Mezzo – Lagardère Studios sale completed on 30th October 2020

Q3 2020 REVENUE: IN LINE WITH H1 2020 TREND

€m	2019	Scope	FX	Like-for-like performance*	2020	
9 months	5,249	+0.2%	-0.2%	-38.0%	3,276	-37.6%
Q3	1,925	+1.0%	-1.0%	-38.3%	1,188	-38.3%

Lagardère Q3 2020 revenue steady vs. H1 2020 thanks to business mix

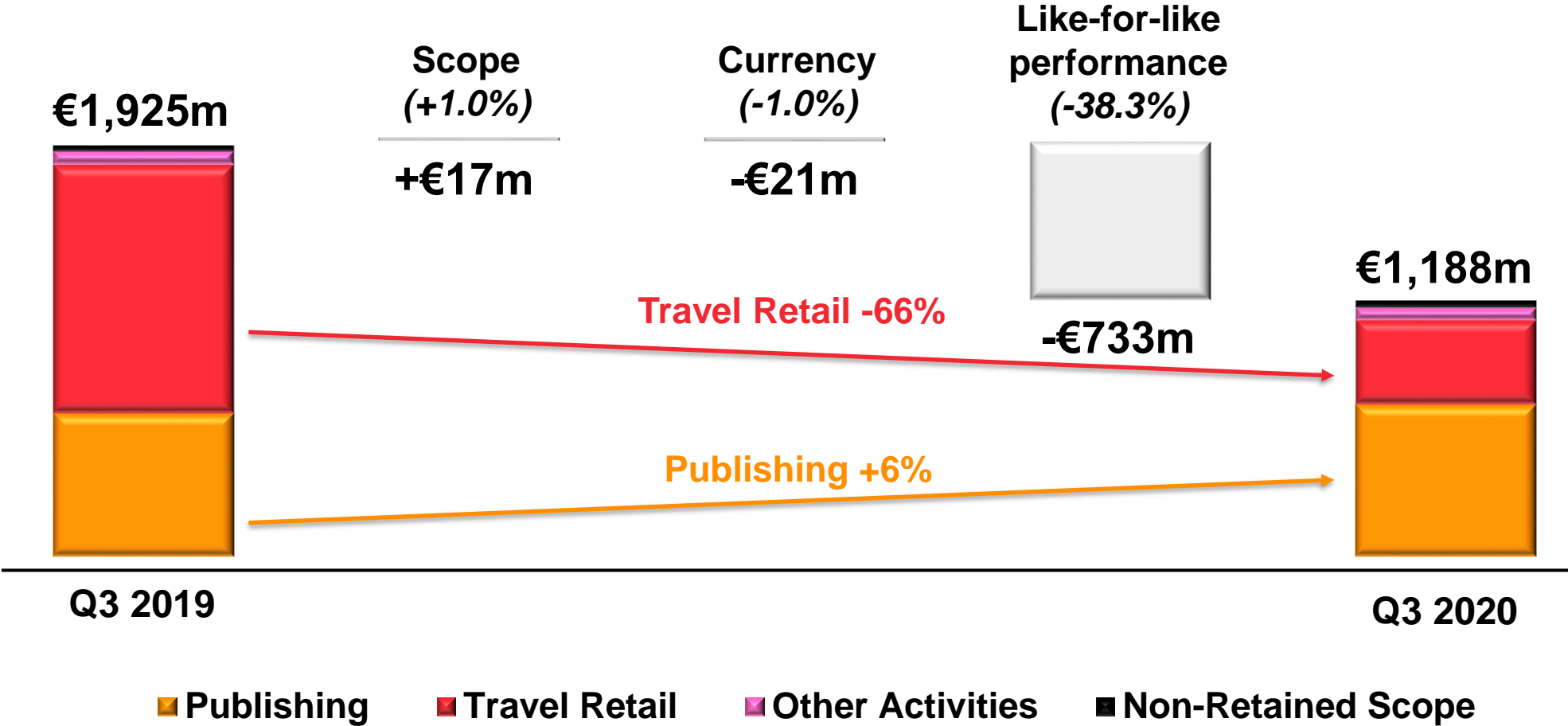
Lagardère Publishing: sales rebound continued over the summer

Lagardère Travel Retail: Covid-19 second wave impact

Other Activities: radio perceived as an attractive media by announcers over the summer

* Alternative Performance Measure (APM).

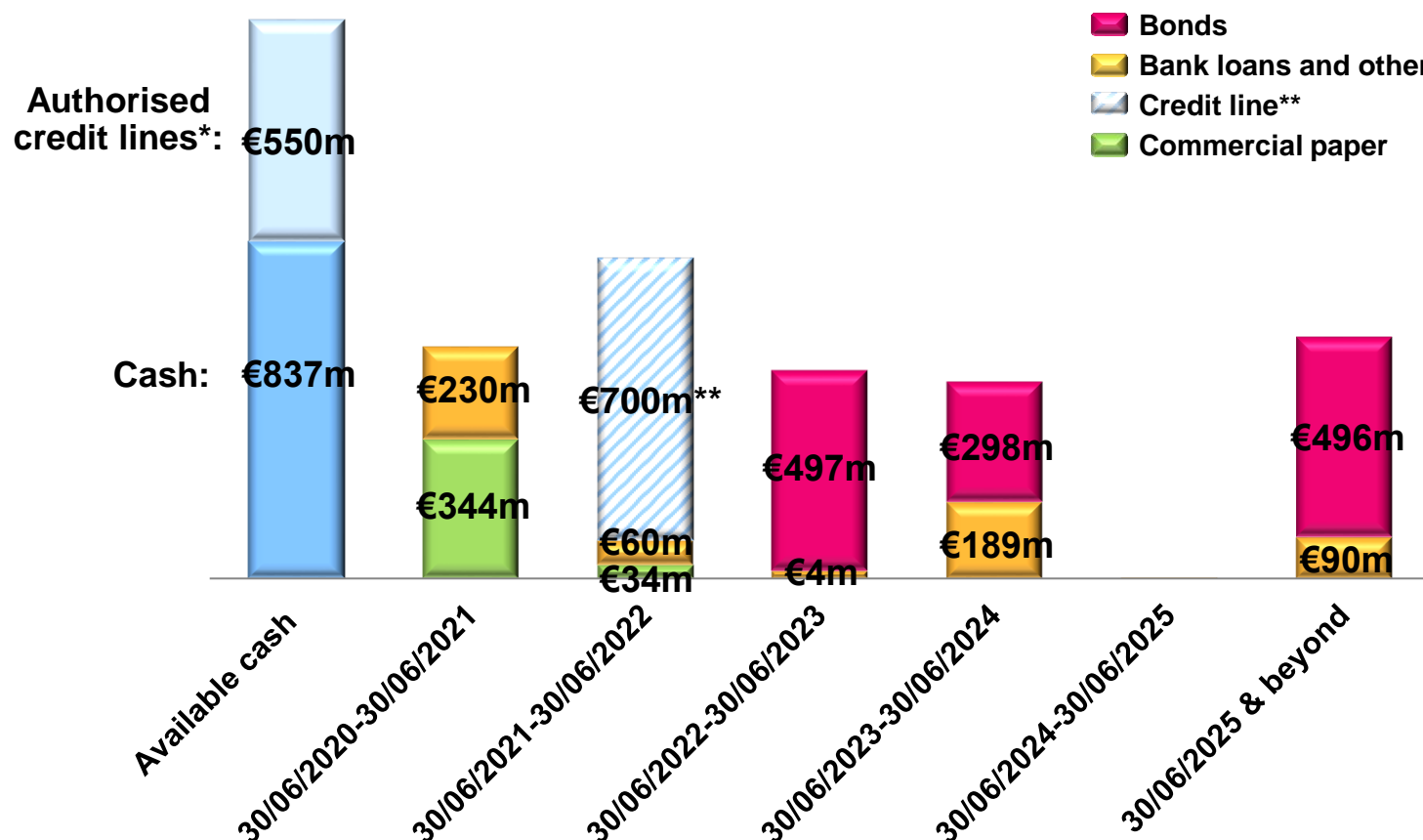
COVID IMPACT ON TRAVEL RETAIL MITIGATED BY GROWTH IN PUBLISHING REVENUE IN Q3 2020



MATURITY PROFILE OVERVIEW

- As of 30 September 2020, strong liquidity with nearly €1.4bn available
- €465m State-guaranteed loan and RCF extension & amendment announced on 4th January 2021

As of 30/06/20, except available cash as of 30/09/20



- In addition to the position as at 30/09/20 (Maturity profile as of 30 June 2020, as communicated in H1 2020 Results, except for available cash as of 30 September 2020, as communicated in Q3 2020 Results):
- €465m State-guaranteed loan ('PGE') with an initial one-year maturity, extendable at the Company's discretion for a maximum five additional years (announced on 4th January 2021)
- RCF adjusted at €1.1bn until May 2022 and extended at €1.0bn until March 2023
 - Covenants amended as per current Covid context until December 2022

* Undrawn Group credit facility excluding authorised credit lines at divisional level.

** Syndicated credit line (RCF) 56% drawn down as of 30 September 2020 under the RCF agreement maturing 11 May 2022.

LIQUIDITY AND OUTLOOK

- **Robust liquidity** of €1,387m as of 30 September 2020
 - **Agreements with banks on extended RCF and amended covenants** in December 2020
 - **€465m State-guaranteed loan** ('PGE') signed in December 2020, with early January 2021 closing
-
- **Lagardère Publishing** revenue rebound expected to soften towards year end (lockdown in France/UK and no Astérix release)
 - Expected **flow-through** in the 20%-30% range, due to engaged cost savings and sales mix
-
- **Lagardère Travel Retail** October activity similar to Q3 2020
 - Year-end activity depending on the extent of lockdowns in various countries
 - In light of implemented cost reductions, expected **flow-through** in the 20%-25% range



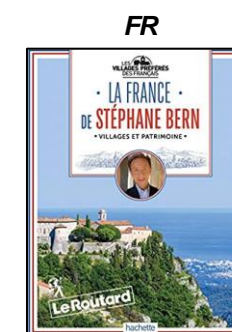
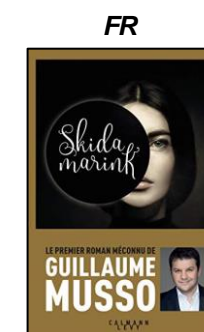
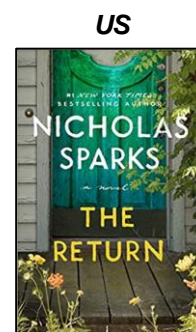
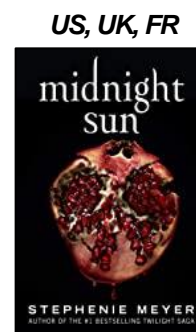
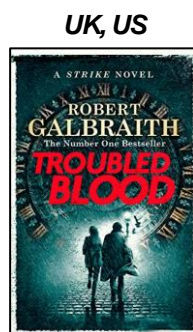
Q3 2020 PERFORMANCE BY DIVISION

LAGARDÈRE PUBLISHING

€m	2019	Scope	FX	Like-for-like performance*	2020	
9 months	1,707	+1.1%	-0.2%	-2.8%	1,675	-1.9%
Q3	663	+1.9%	-1.6%	+6.0%	704	+6.3%

Solid performance confirming the market rebound and the strength of Lagardère Publishing book releases

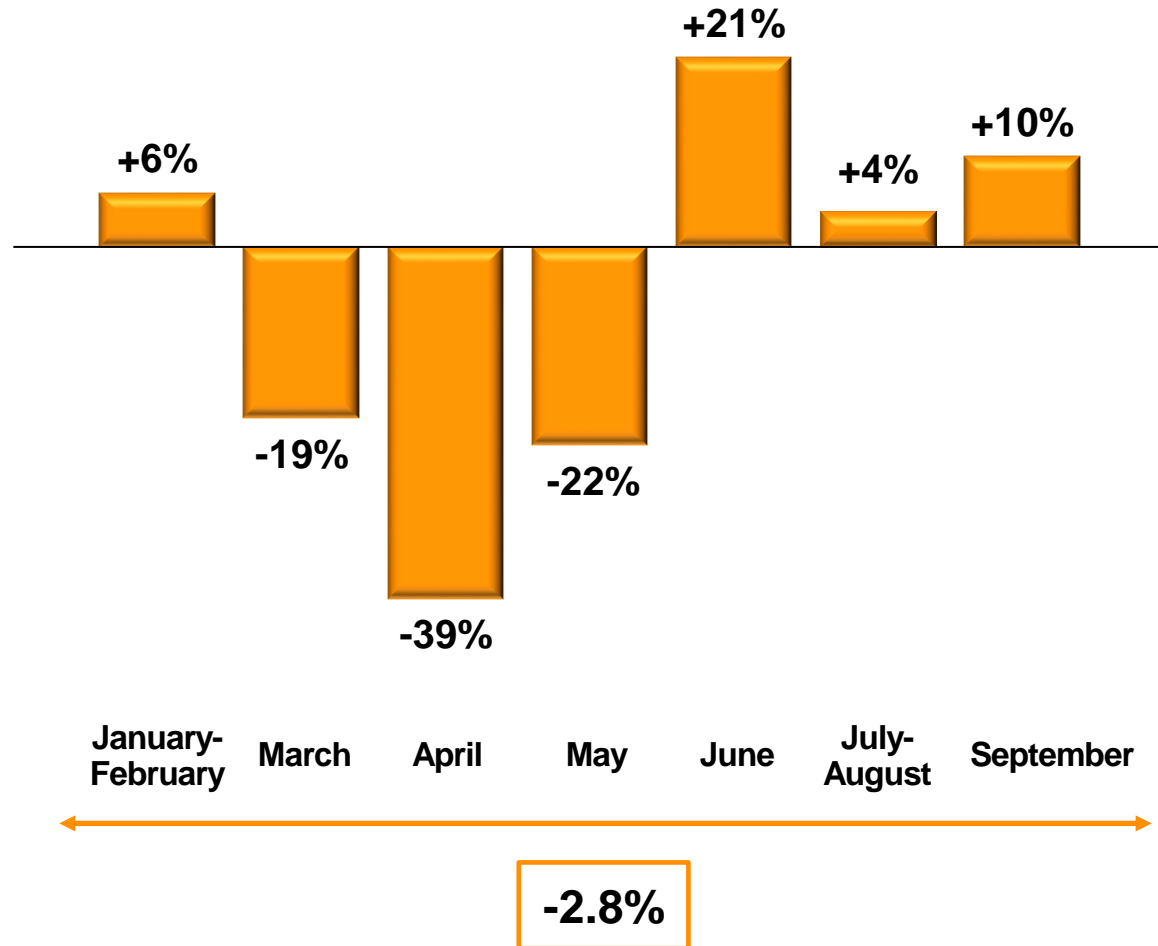
- General Literature and Illustrated Books segments driving Q3 2020 growth
- Despite softness in Education in various regions, as well as in the Partworks segment



* Alternative Performance Measure (APM).

PUBLISHING KEEPING UP POSITIVE TREND AFTER SHARP REBOUND IN JUNE 2020

Lagardère Publishing revenue (vs. 2019)



- Benefiting from diversified channel and format mix
- General Literature best sellers: success of *Midnight Sun* (Stephenie Meyer) in several countries (US, UK, France)
- Education: only one level of high school curriculum reform in France in 2020; decrease in Spain and Mexico due to pandemic
- Partworks affected by fewer launches in H1 2020
- Travel restrictions impacted tourism guides in France, the US and Spain

LAGARDÈRE TRAVEL RETAIL

€m	2019	Scope	FX	Like-for-like performance*	2020	
9 months	3,147	+1.6%	-0.3%	-58.8%	1,340	-57.4%
Q3	1,152	+1.1%	-0.9%	-66.1%	393	-65.9%

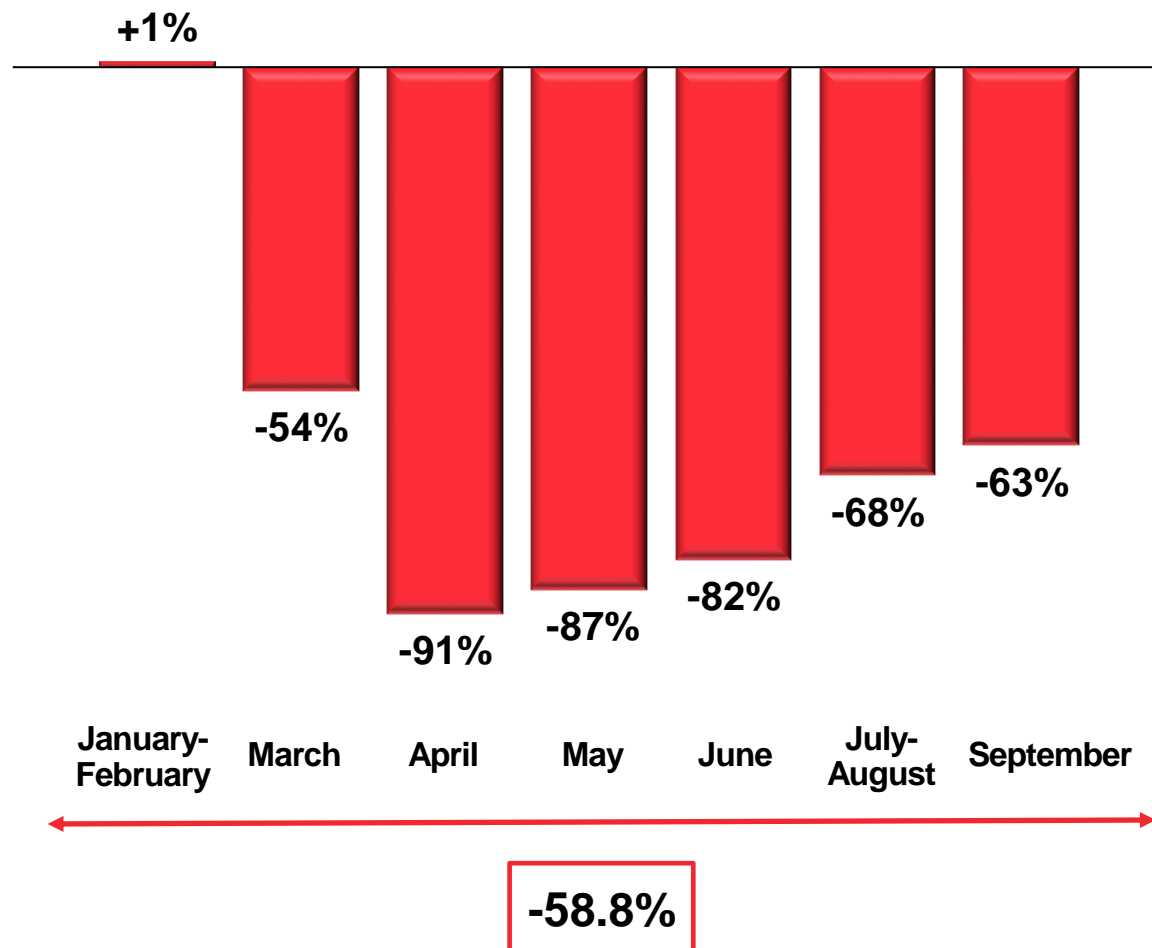
Business affected by Covid-19 second wave after modest recovery post-lockdown

- Europe: mainly regional leisure travel
- North America: mainly domestic travel, with fewer business events
- Pacific: virtually closed
- Mainland China: exception with local dynamics

* Alternative Performance Measure (APM).

TRAVEL RETAIL TREND IN LINE WITH MODERATE PASSENGER MOBILITY

Lagardère Travel Retail revenue (vs. 2019)



Diversified distribution channels and business segments drove Q3 2020 performance

- International travel strongly affected by restrictive government travel-related measures
- In Europe: low air traffic levels somewhat mitigated by domestic purchases in other locations (railways, malls, hospitals)
- Travel Essentials more resilient than Duty Free or Foodservice

OTHER ACTIVITIES**

€m	2019	Scope	FX	Like-for-like performance*	2020
9 months	208	-0.5%	-	-21.1%	164
Q3	63	-	-	-9.6%	57

Revenue from Radio, Press, Licensing and Entertainment in performance venues impacted by lockdown in France and by announcer decisions to reduce their advertising spending

- Radio attracted announcers' advertising budgets over the summer

* Alternative Performance Measure (APM).

** Lagardère News (*Paris Match*, *Le Journal du Dimanche*, Europe 1, Virgin Radio, RFM and the Elle brand licence), the Entertainment businesses and the Group Corporate function.



H1 2020 PERFORMANCE BY DIVISION

H1 2020 HIGHLIGHTS

(€m)	H1 2019	H1 2020
Revenue*	3,324	2,088
Group recurring EBIT**	88	(218)
Profit (loss) – Group share [including net income/(loss) from Lagardère Sports]	52	(481)
Adjusted profit (loss) – Group share**	6	(278)
Free cash flow**	(34)	(511)
<i>o/w free cash flow before changes in WC***</i>	46	(242)
Net debt at end of period**	(1,461)****	(2,048)

Lagardère Sports reclassified within discontinued operations in 2019 and 2020.

* Excluding Lagardère Sports which has been classified within discontinued operations in accordance with IFRS 5.

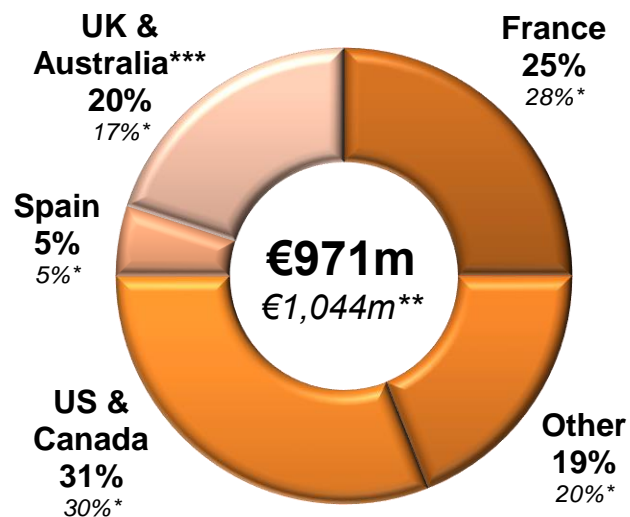
** Alternative Performance Measure (APM) – See Glossary.

*** o/w €38m for the Target scope and €9m for the Non-retained scope at 30 June 2019, and €(237)m for the Target scope and €(7)m for the Non-retained scope at 30 June 2020.

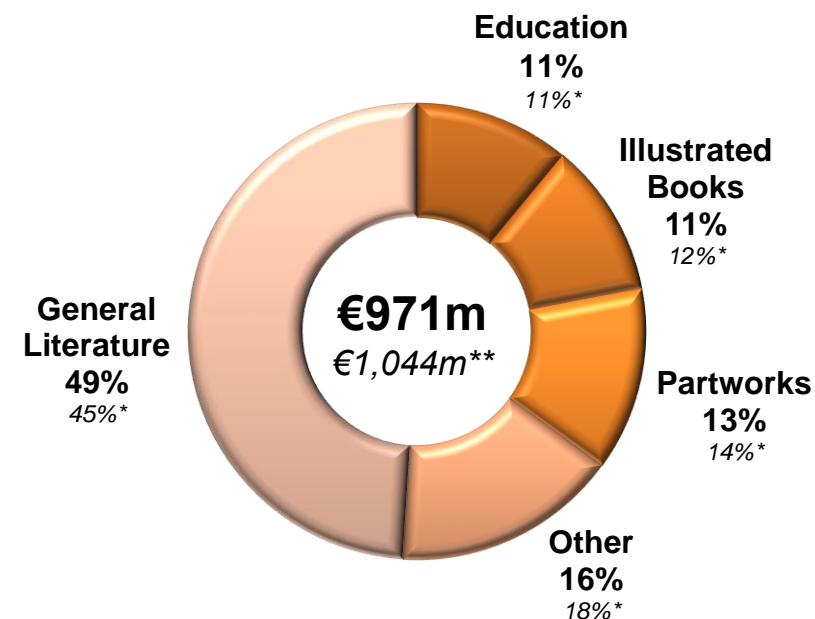
**** Net debt as of 31 December 2019.

LAGARDÈRE PUBLISHING: ACTIVITY

H1 2020 revenue by geographic area



H1 2020 revenue by activity



€971m (down 7.0% on a consolidated basis and down 8.3% like-for-like).

- €8m positive currency effect and €6m positive scope effect.
- Strong recovery as lockdowns were lifted, acceleration in digital formats.

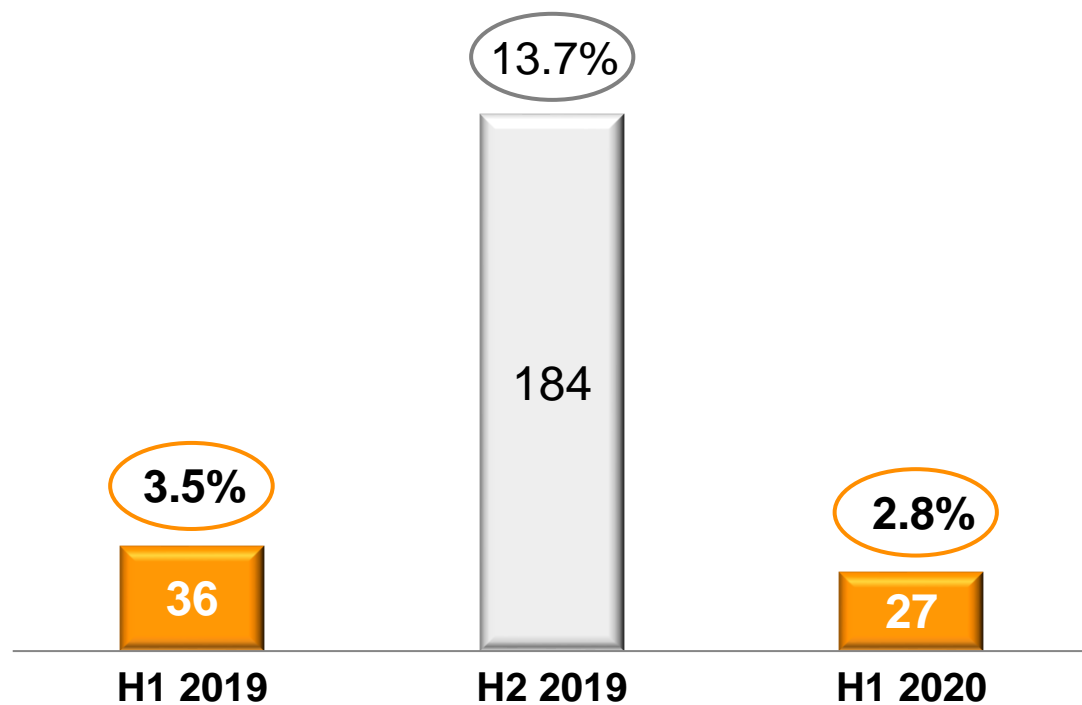
* % of revenue in H1 2019.

** H1 2019 revenue.

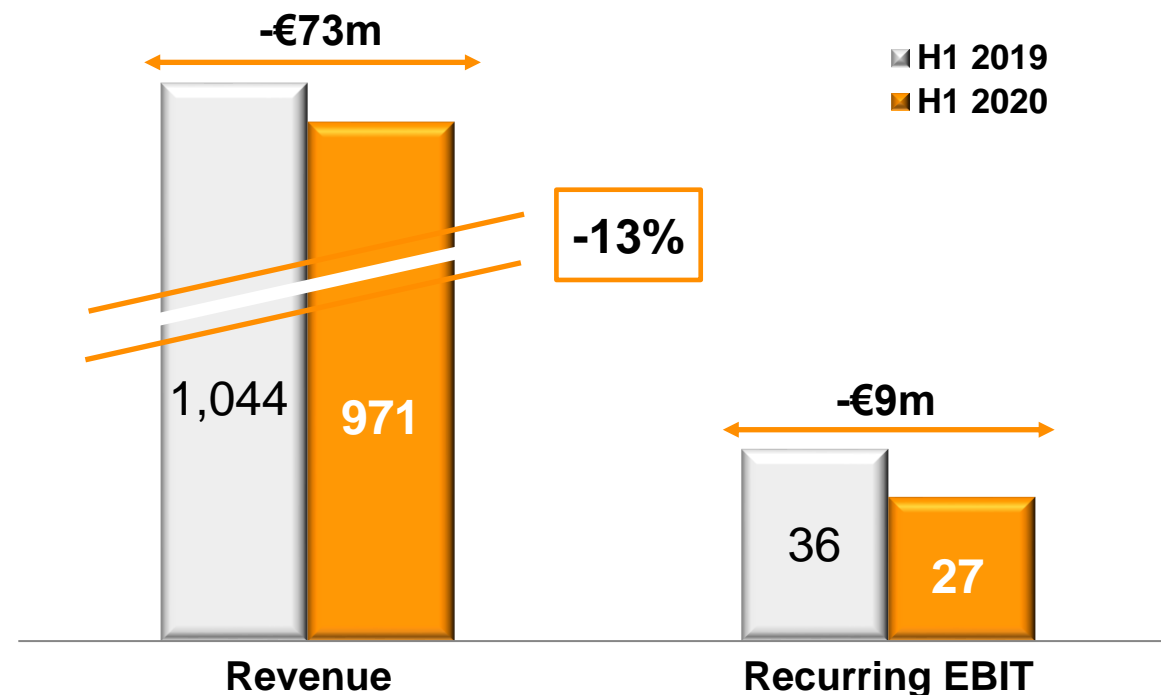
*** Including Ireland and New Zealand.

LAGARDÈRE PUBLISHING: PROFITABILITY

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



Flow through* (change in recurring EBIT/change in revenue)



- Broadly stable profitability versus H1 2019 with flow through limited to 13% due to a favourable sales format mix and also to corrective measures.
- Flow through of 34% in April and May, when revenue decline was the steepest.

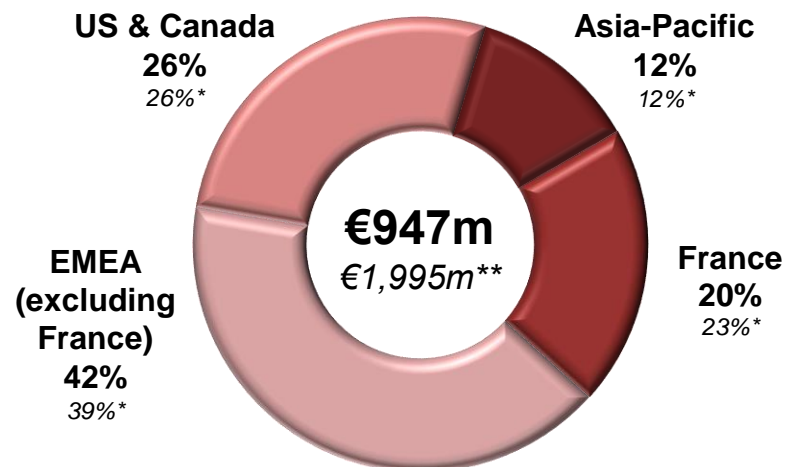
LAGARDÈRE PUBLISHING: CASH FLOW STATEMENT

(€m)	H1 2019	H1 2020
Cash flow from operations before changes in working capital	37	33
Changes in working capital	(100)	(114)
Income taxes paid	(19)	(22)
Cash flow used in operations	(82)	(103)
Purchases/disposals of PP&E and intangible assets	(17)	(14)
Free cash flow*	(99)	(117)
Purchases/disposals of investments	(25)	(15)
Cash flow used in operations and investing activities	(124)	(132)
Free cash flow before changes in working capital	1	(3)

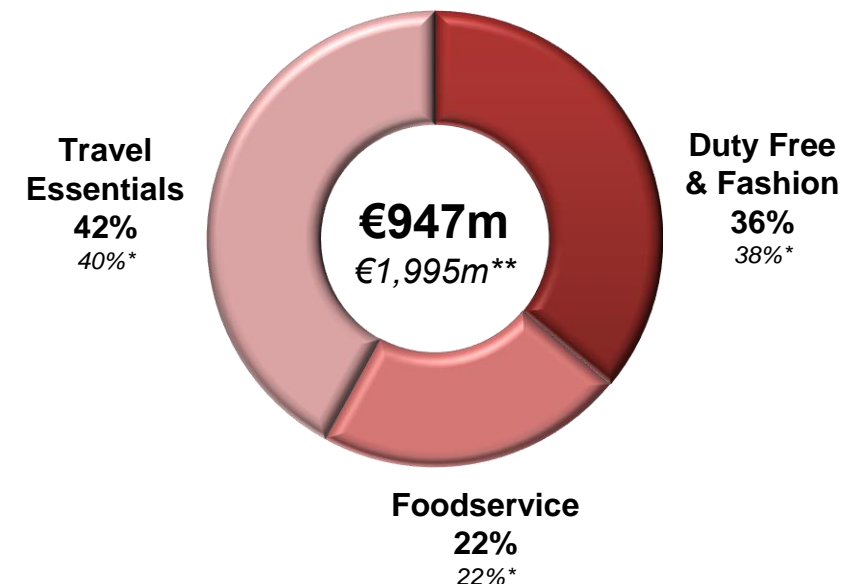
* Alternative Performance Measure (APM) – See Glossary.

LAGARDÈRE TRAVEL RETAIL: ACTIVITY

H1 2020 revenue by geographic area



H1 2020 revenue by activity



€947m (down 52.5% on a consolidated basis and down 54.5% like-for-like).

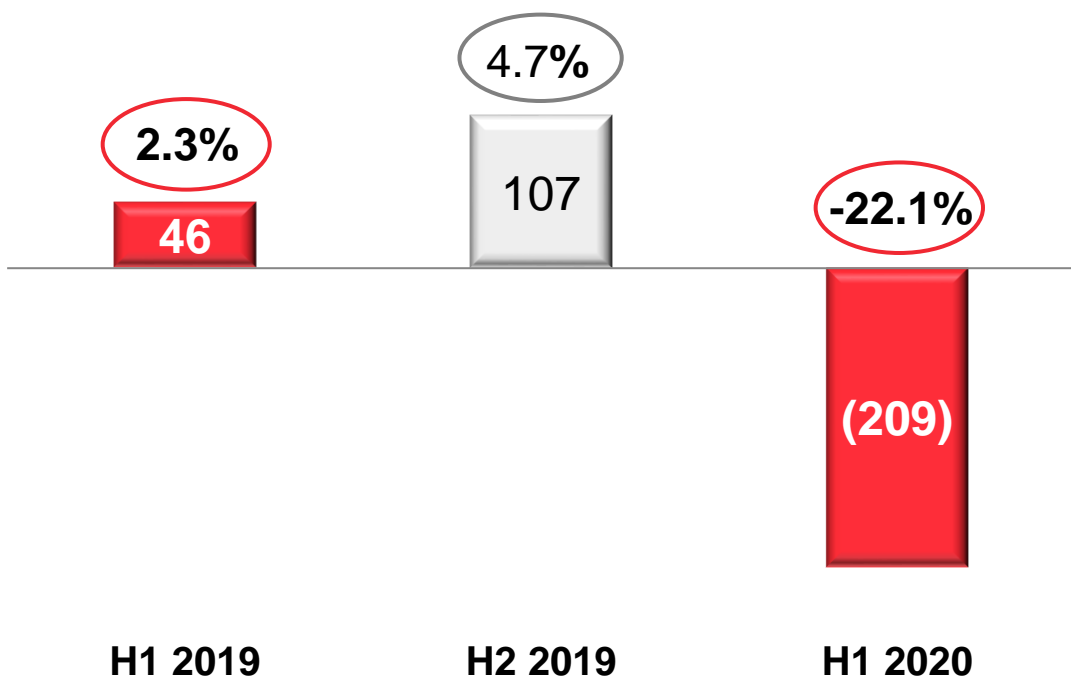
- *€2m positive currency effect and €38m positive scope effect.*
- Significant decline in revenue due to lockdowns and travel restrictions implemented worldwide in response to Covid-19.

* % of revenue in H1 2019.

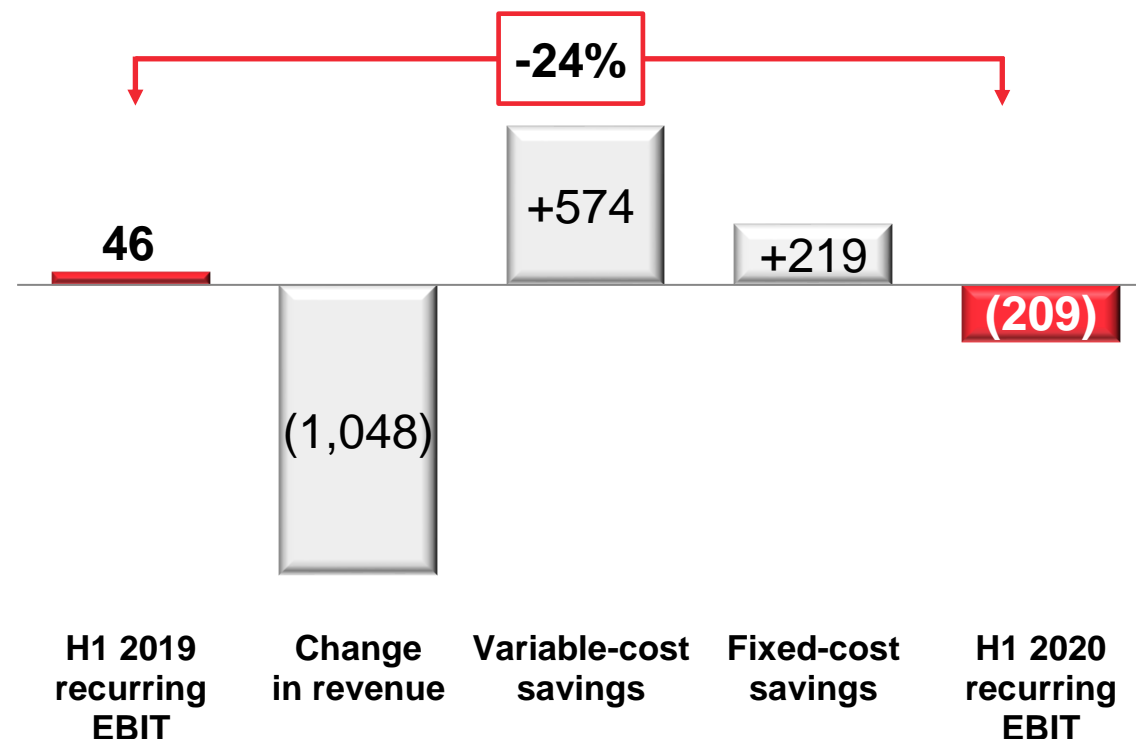
** H1 2019 revenue.

LAGARDÈRE TRAVEL RETAIL: PROFITABILITY

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



Flow through* (change in recurring EBIT/change in revenue)



- Flow through rate of 24% in H1 2020 in line with the 20%-25% range.
- Implementation of systematic corrective action plans to limit the impact of the revenue decline on profitability: rent renegotiations, limited store openings and opening hours, staff cost optimisation, and broad cost reduction across the board.

* Alternative Performance Measure (APM) – See Glossary.

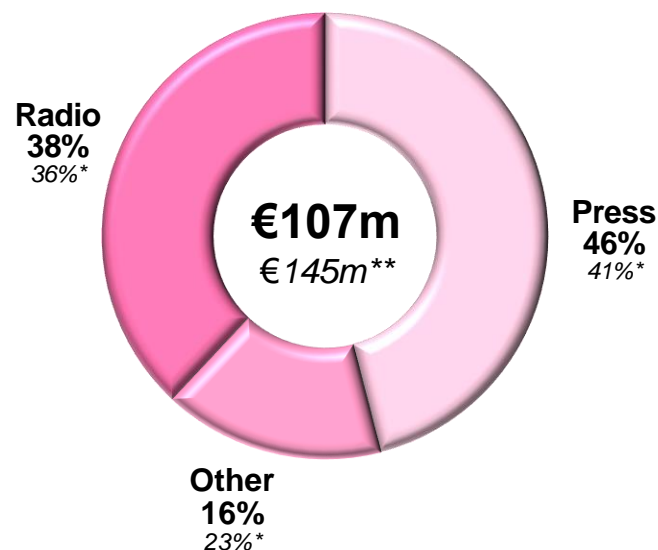
LAGARDÈRE TRAVEL RETAIL: CASH FLOW STATEMENT

(€m)	H1 2019	H1 2020
Cash flow from operations before changes in working capital	102	(136)
Changes in working capital	(7)	(201)
Income taxes paid	(7)	(2)
Cash flow from (used in) operations	88	(339)
Purchases/disposals of PP&E and intangible assets	(72)	(71)
Free cash flow*	16	(410)
Purchases/disposals of investments	(14)	7
Cash flow from (used in) operations and investing activities	2	(403)
Free cash flow before changes in working capital	23	(209)

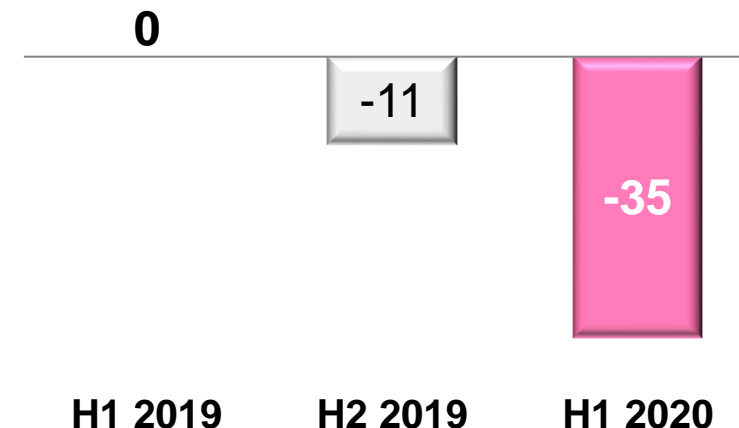
* Alternative Performance Measure (APM) – See Glossary.

OTHER ACTIVITIES

H1 2020 revenue by activity



Change in recurring EBIT (€m)



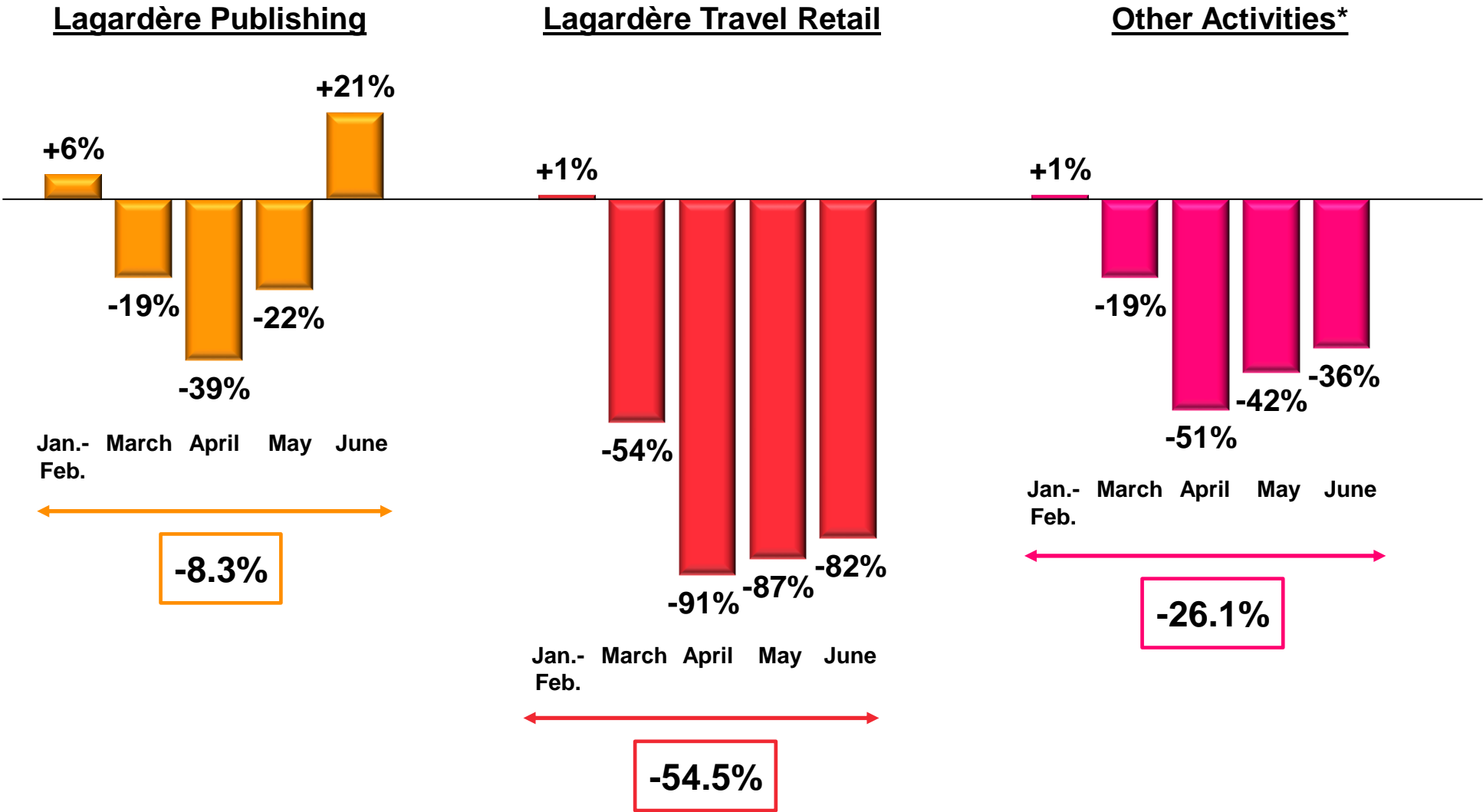
€107m (down 26.2% on a consolidated basis and down 26.1% like-for-like).

- *€1m negative scope effect.*
- Other Activities, including theatre venues, were impacted by lockdowns and advertising budget cuts, especially in France.

* % of revenue in H1 2019.

** H1 2019 revenue.

LIKE-FOR-LIKE REVENUE GROWTH BY SEGMENT



* Other Activities includes 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.

VIGOROUS CORRECTIVE MEASURES IMPLEMENTED TO LIMIT THE IMPACT OF COVID-19

- Protecting employees, customers and partners.
- Creating and activating a Covid-19 solidarity fund with an endowment of (i) €5m out of the cash initially allocated to the dividend payment, (ii) amounts corresponding to the waiver of Executive Committee remuneration and (iii) additional amounts voluntarily contributed by members of the Supervisory Board.
- Optimising sales and prices where possible.
- Maintaining adequate distribution solutions and links with customers.
- Systematically reducing costs across all activities:
 - staff costs through furlough, hiring freeze, salary adjustments;
 - external spending (travelling, marketing, advertising, consulting, maintenance, utilities);
 - systematic lease rental negotiations.
- Reviewing capex and optimising working capital to preserve cash.
- Cancelling the proposed 2019 dividend (to be paid in 2020).

CONSOLIDATED STATEMENT OF CASH FLOWS

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

(€m)	H1 2019	H1 2020
Cash flow from (used in) operations before changes in working capital	139	(138)
Changes in working capital	(80)	(269)
Income taxes paid	(16)	(15)
Net cash from (used in) operations	43	(422)
Purchases/disposals of PP&E and intangible assets	(77)	(89)
Free cash flow*	(34)	(511)
<i>o/w free cash flow before changes in WC**</i>	46	(242)
Purchases of investments	(50)	(14)
Disposals of investments	91	30
Net cash from (used in) operations and investing activities	7	(495)
Dividend paid	(192)	(4)
Interest paid	(34)	(34)
Other items	(24)	(54)
Change in net debt	(243)	(587)
Net debt*	(1,610)	(2,048)

* Alternative Performance Measure (APM) – See Glossary.

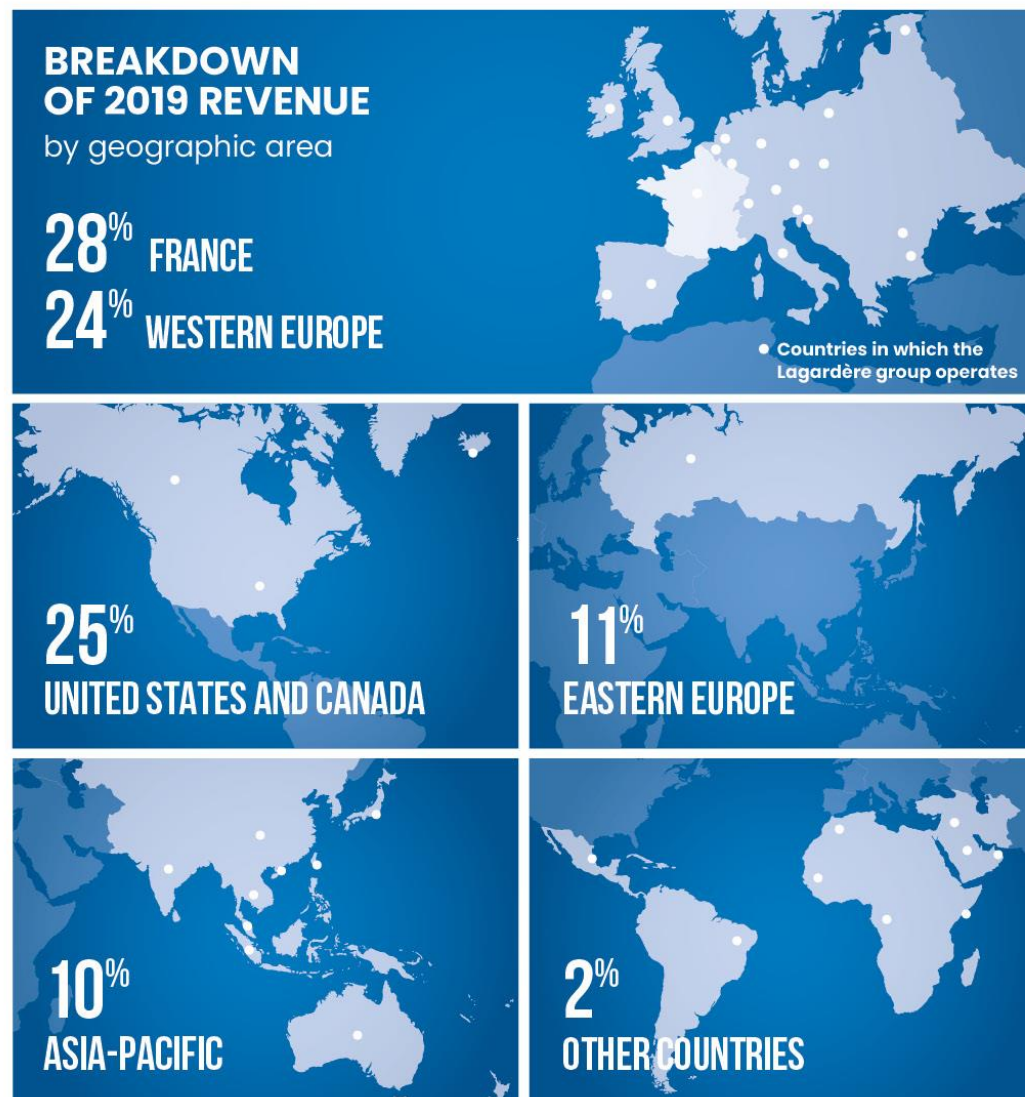
** o/w €38m for the Target scope and €8m for the Non-retained scope at 30 June 2019, and €(236)m for the Target scope and €(6)m for the Non-retained scope at 30 June 2020.



Lagardère

GROUP PROFILE

WORLDWIDE PRESENCE



Lagardère
PUBLISHING

Lagardère
TRAVEL RETAIL

FRANCE



EUROPE



AFRICA AND MIDDLE EAST



NORTH AMERICA



LATIN AMERICA



ASIA-PACIFIC



A GLOBAL LEADER IN PUBLISHING

■ Activities

- One of the world’s oldest publishing groups with deep expertise in acquiring and integrating publishing houses, now the number three publisher worldwide*.
- A diversified, international publisher offering readers the very best in literature across a variety of formats, leveraging a major presence in three core language groups (French, English and Spanish).
- A unique combination of four business models (Trade, Partworks, Education and Distribution) and strong positions in four geographies (France, the United Kingdom, Spain and the United States).
- A constellation of more than 150 standalone publishing brands with the power to attract, promote and develop the best talent.
- Operational excellence driving the creativity that is essential to developing new offerings: innovative formats (box sets), collections (Simplissime, etc.) and concepts (art therapy albums).
- Sustained investment in digital technologies to bring readers leading-edge solutions across all distribution channels, media and formats (e-books, audiobooks, digital marketing, adaptive learning platforms, etc.).
- A successful strategy of diversifying into adjacent businesses such as Mobile Games (from 2016) and Board Games (from 2019), through targeted acquisitions.

* Number three private-capital publisher in the trade and educational markets.

2019 KEY FIGURES

211 TITLES published by Hachette Book Group featured in *The New York Times* bestseller list, 29 of which reached first place.

92 LAUNCHES of new partworks worldwide.

17,160 NEW TITLES published by Lagardère Publishing worldwide.

4th Scope 3 Bilan Carbone® audit conducted in France.

6,879 PERMANENT EMPLOYEES worldwide at Hachette Livre.

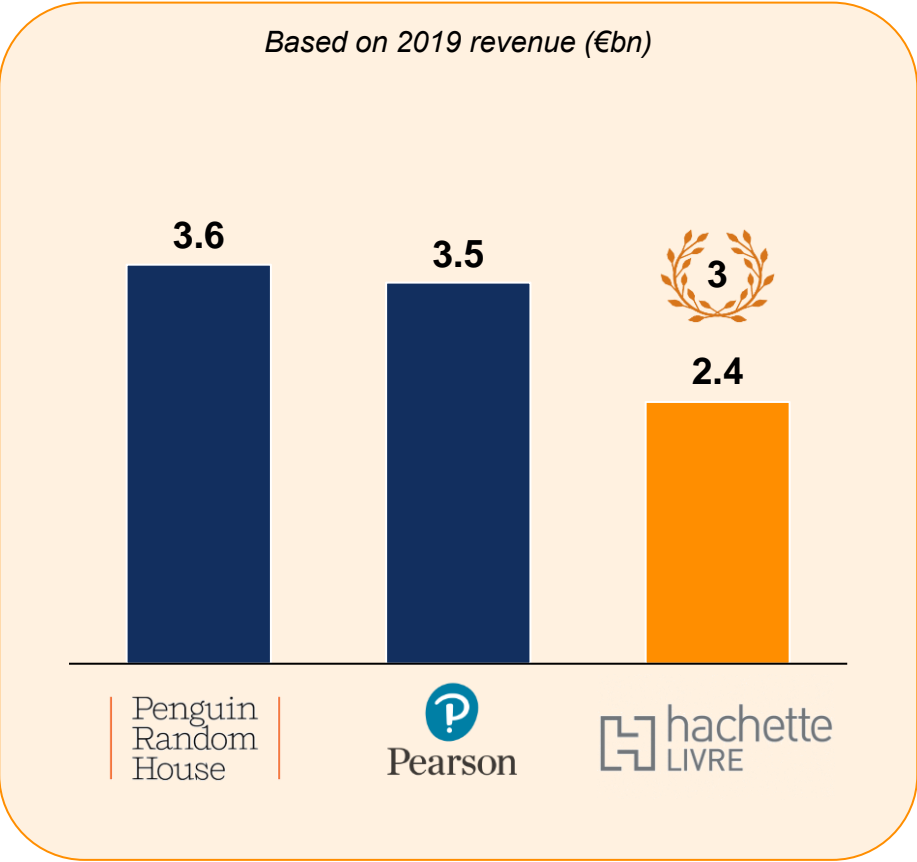
1 MILLION COPIES of *Talking to Strangers*, Malcolm Gladwell’s book published in September 2019, sold across all formats.

LEADING POSITIONS

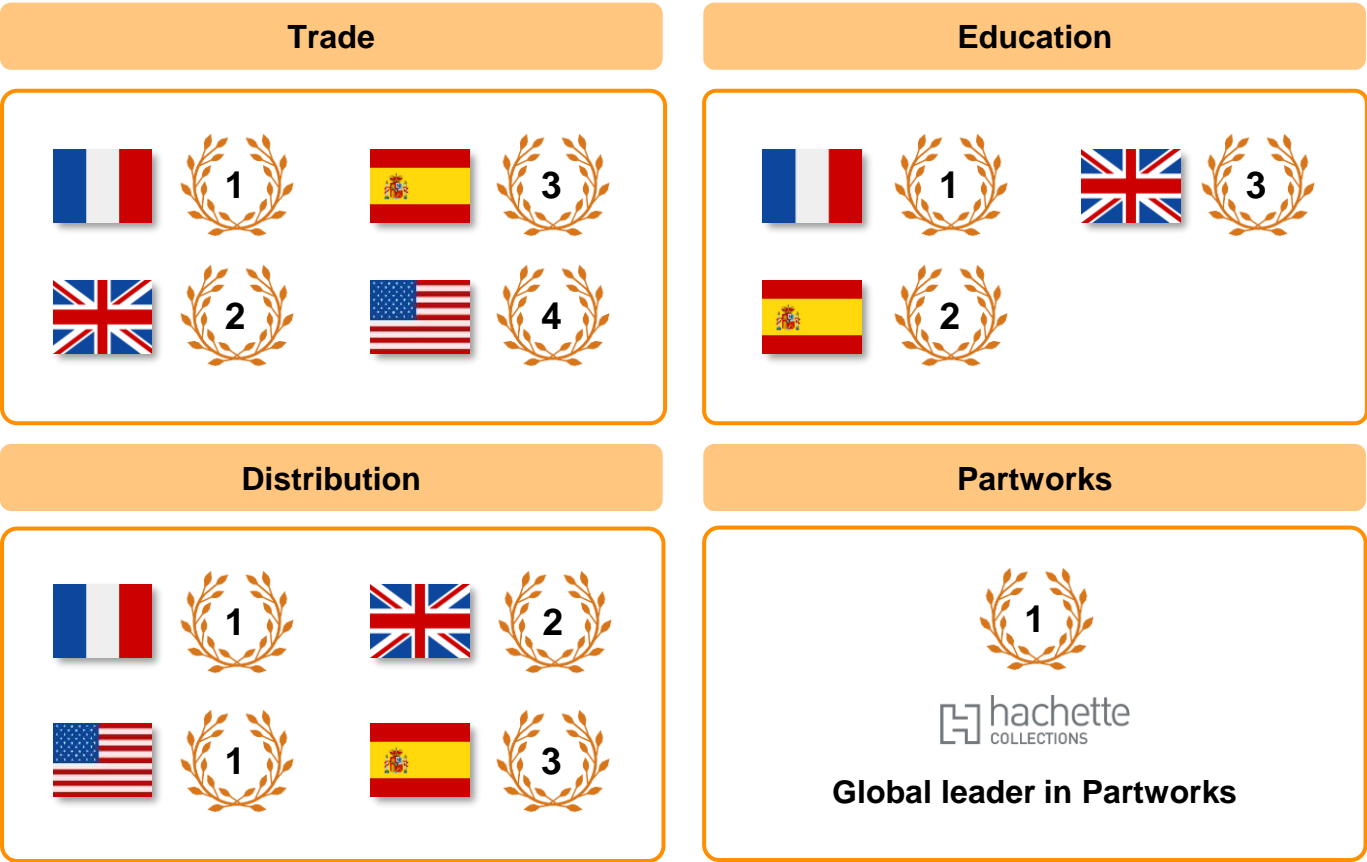
No. 1 publisher in France	No. 2 publisher in the United Kingdom
No. 1 publisher of partworks worldwide	No. 3 private-capital publisher in the trade and educational markets
No. 1 book distributor in France	No. 4 publisher in the United States

LAGARDÈRE PUBLISHING: THE WORLD #3 PRIVATE-SECTOR CONSUMER BOOK PUBLISHER

Top 3 Consumer Publishing players worldwide



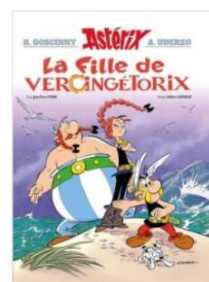
Top rankings in core markets across main businesses



Note: 2019. Trade and Education business including Higher Education, excluding Professional; Penguin Random House including Germany's Verlagsgruppe Random House.
Source: Hachette Livre, Companies.

LAGARDÈRE PUBLISHING: 2019 KEY FACTS

Top 20 sales of cultural goods



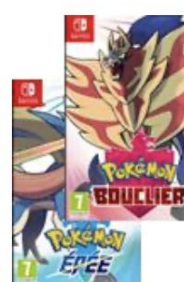
1 574



1 196



672



660



565



517



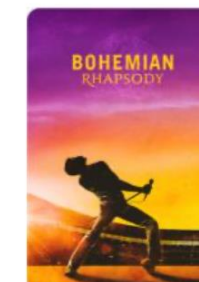
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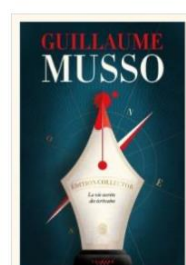
424



404



401



391



385



368



363



352



321



320



314



293



283

CREATING NEW OPPORTUNITIES OUT OF EMERGING CONSUMER BEHAVIORS AND NEW FORMS OF READING

E-books

E-books contribution to Lagardère Publishing's overall revenue:
7.7% in FY 2019 / 10.6% in H1 2020 (vs. 8.2% in H1 2019).

Audiobooks

Audiobooks contribution to Lagardère Publishing's overall revenue:
3.4% in FY 2019 / 5.3% in H1 2020 (vs. 3.4% in H1 2019).

E-publishing

Reinforcing leadership: Bookouture / acquisition of Britain's leading independent e-publisher.

E-education

Spearheading new educational practices: from the digital multi-support version of a textbook to enhanced classroom content including game-changing self-assessment solutions: acquisition of Rising Stars.

Consumer games

Exploring leisure activities adjacent to the world of publishing for cross-fertilisation with all imprints, including consumer games in all their components:

- Mobile gaming (Neon Play / Brainbow-Peak / Is Cool)
- Board Games (Gigamic, Blackrock Games)

bookouture

RISING STARS
KWYK

is cool **neonplay**
ENTERTAINMENT

PEAK

GiGamic

Blackrock GAMES

A GLOBAL LEADER IN TRAVEL RETAIL

■ Activities

- Retail operations in travel hubs on three segments:
 - Travel Essentials;
 - Duty Free & Fashion;
 - Foodservice.
- These activities are located in three geographic areas: Europe, Middle East and Africa (EMEA), Asia-Pacific (ASPAC) and North America.
- An international store network operated:
 - under its own banners:
 - either internationally, with Relay, Hubiz, 1Minute, Hub Convenience, Tech2go, Aelia Duty Free, The Fashion Gallery, The Fashion Place, Eye Love, So Chocolate, Bread&Co., Hello!, So! Coffee, Trib's, Vino Volo, Natoo, etc.;
 - or with a strong local identity, with BuY Paris Duty Free, Discover, Casa Del Gusto, The Belgian Chocolate House.
 - under franchise or licence, with retail partners such as TripAdvisor, Fnac, iStore, Marks & Spencer, Hermès, Victoria's Secret, Nespresso, Costa Coffee, Burger King, Dean & DeLuca, Eric Kayser and Paul.
- As part of the reinvestment of the proceeds of disposals under the strategic refocusing plan, the division has acquired Hojeij Branded Foods (HBF), a leading Foodservice operator in North America, and International Duty Free (IDF), Belgium's leading Travel Retail operator, which also has operations in Luxembourg and Kenya.

2019 KEY FIGURES

€4,264 MILLION

in consolidated revenue for Lagardère Travel Retail.

Lagardère Travel Retail has operations in

**270 AIRPORTS AND 750 URBAN
AND MAINLINE TRAIN STATIONS.**

OVER 4,800 STORES

in 39 countries and territories.

OVER 120 CSR INITIATIVES

launched by Lagardère Travel Retail employees.

LEADING POSITIONS

No. 1 operator in Travel Essentials
worldwide

No. 1 Travel Retail operator
in France, Poland and
the Czech Republic

No. 1 operator in Fashion
in travel areas in Europe

No. 4 Travel Retail operator
worldwide

No. 1 international retail operator
in airports in China

No. 4 Foodservice operator
in travel areas worldwide

LAGARDÈRE TRAVEL RETAIL: A LEADING GLOBAL TRAVEL RETAIL OPERATOR



39
countries



4,850
stores



530m
clients



Travel Retail
in airports



in Travel
Essentials



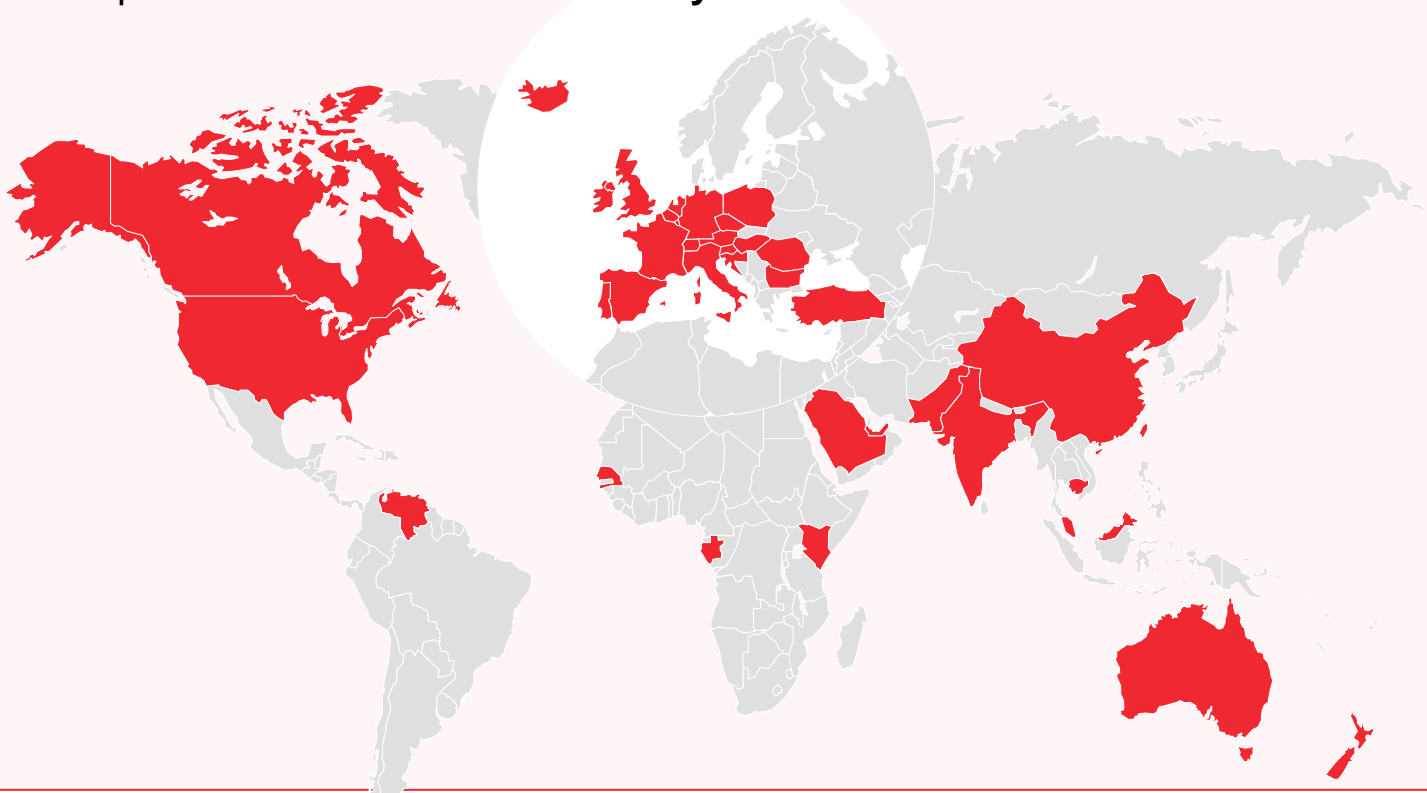
in Airport
Duty Free*



in
Foodservice**



in Fashion



750
railway & metro
stations



270
airports



80%
of sales in airports

Notes:
Number of countries, employees, stores, airports, stations and clients @100% (incl. joint ventures) in 2019.
* Duty Free in airport concessions (excl. downtown) after Dufry, Heinemann and China Duty Free Group.
** After Autogrill, SSP and Areas.

PARTNER OF CHOICE

▪ Diverse portfolio in Travel Retail



KEY FEATURES AND RATIOS OF TENDER OFFERS IN THE AIRPORT TRAVEL RETAIL ENVIRONMENT (2019)

- ✓ **Contracts are awarded through tender offer processes where travel retail operators answer RFPs on “packages” depending on the retail space location and / or the product line targeted**

Business line Main ratios*	Duty Free & Fashion	Travel Essentials	Foodservice
Surface (sq.m.)	500 – 10,000	30 – 200	50 – 300
Capex (€/sq.m.)	3,000 – 5,000 (incl. brand contrib.)	1,000 – 3,000	2,000 – 5,000 (incl. kitchen)
Length (years)	5 – 10	5 – 7	7 – 10
Rent (% of revenue)	15 – 40	8 – 30	10 – 35
	Most of the time supported by a Minimum Guaranteed**		
Exclusivity	Rare (de facto in some cases)		

* Ratios 90% within standard deviation from the mean.

** MG could be fixed, indexed on traffic and/or inflation, monthly or annual.

Source: Lagardère Travel Retail estimates.



CSR POLICY

THE 3 STRATEGIC PILLARS OF OUR CSR POLICY

**Place the human
at the heart of our
strategy**

**Limit the
environmental
footprint of our
products and
services**

**Share our social
and cultural
diversity**

SUSTAINABLE DEVELOPMENT / CSR

By making workforce-related, environmental and ethical issues a central part of its strategy, the Lagardère group intends to support the company's value-creation efforts along with its sustainable and inclusive growth. Its commitments in terms of promoting diversity, access to education and environmental responsibility are intended to be performance drivers.

The Group's CSR strategy is based on three pillars.

- **Placing people at the heart of its strategy**, by making attention to human resources a priority. To this end, action plans are regularly rolled out across all Group entities to promote diversity and gender balance, as well as attract and retain talented staff.
- **Limiting the environmental impact of its products and services**. In addition to common measures across all companies to combat global warming, the Lagardère group has made a particular commitment to addressing two issues specific to its activities: responsible management of paper associated with its publishing operations, and of the food chain in connection with its foodservice operations at transport hubs.
- **Sharing the social and cultural diversity of its activities**. By means of the content published and distributed by the Group, as well as its various partnerships and cultural and charitable programmes, Lagardère promotes access to education and knowledge while also defending freedom of expression, pluralism of ideas and cultural diversity.

The Group's commitment to CSR is recognised by specialist rating agencies. Lagardère now features in six ESG indexes: Vigeo Euronext Europe 120 and Eurozone 120, FTSE4Good Index Series, MSCI Global Sustainability Index Series, ESI Excellence Europe and STOXX® Global ESG Leaders Index. The Lagardère group is also included in the Sustainability Yearbook 2020.

2019 KEY FIGURES

34,691

permanent employees.

30 "LOCAL HEROES"

investing in the rollout of Lagardère Travel Retail's PEPS strategy.

75% EMPLOYEES

based outside France.

50%

Food waste reduction target for Lagardère Travel Retail's foodservice outlets by 2025.

44% FEMALE

executive managers at the Group.

16 COUNTRIES

audited by Lagardère Travel Retail for food safety and hygiene.

500 MEMBERS

joined the LL Network in 2019.

33,000

Hachette UK educational titles accessible for free via the RNIB Bookshare platform.

70%

of the Group's workforce have employee representation.

80,000 TEENAGERS

hosted over 10 years at Studio 13/16 at the Centre Pompidou with the support of the Jean-Luc Lagardère Foundation.

MORE THAN 87%

of paper bought in 2019 was certified.

1,000

Hachette UK employees committed to solidarity actions deducted from their working hours in 2019.

PLACE THE HUMAN AT THE HEART OF OUR STRATEGY: GENDER EQUALITY, A YEAR OF PROGRESS

Increasing number of women in senior management positions

Share of women at Group's executive management positions

42%
2018

44%
2019

Publication of the Gender Equal Pay Index (2019)*

89/100
Average

Lagardère
PUBLISHING

86/100
Average

Lagardère
TRAVEL RETAIL

*Minimum required under French law: 75/100.

LIMIT THE ENVIRONMENTAL FOOTPRINT OF OUR PRODUCTS AND SERVICES

▶ **Fight against climate change:** optimising our energy consumption, carrying out carbon footprint assessments

▶ **Ensure responsible paper life cycle management:** supply, production, unsold goods management

▶ **Encourage eco-responsibility of Foodservice activities:** local supply, fight against food waste

97% of certified or recycled paper (books, newspapers, magazines)

SHARE OUR SOCIAL AND CULTURAL DIVERSITY



Enhance access to education and knowledge and promote cultural diversity



Defend freedom of expression, pluralism of ideas and accessibility of content



Raise awareness on social issues and sustainable development



APPENDIX 1: H1 2020 RESULTS

SUMMARY OF PERFORMANCE BY DIVISION – H1 2020

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

■ Revenue

(€m)	H1 2020	Consolidated change	Consolidated change	Like-for-like change*
Lagardère Publishing	971	-€73m	-7.0%	-8.3%
Lagardère Travel Retail	947	-€1,048m	-52.5%	-54.5%
Other Activities	107	-€38m	-26.2%	-26.1%
Target scope	2,025	-€1,159m	-36.4%	-38.1%
Non-retained scope (former Lagardère Active)	63	-€77m	-55.0%	-29.0%
Total	2,088	-€1,236m	-37.2%	-37.8%

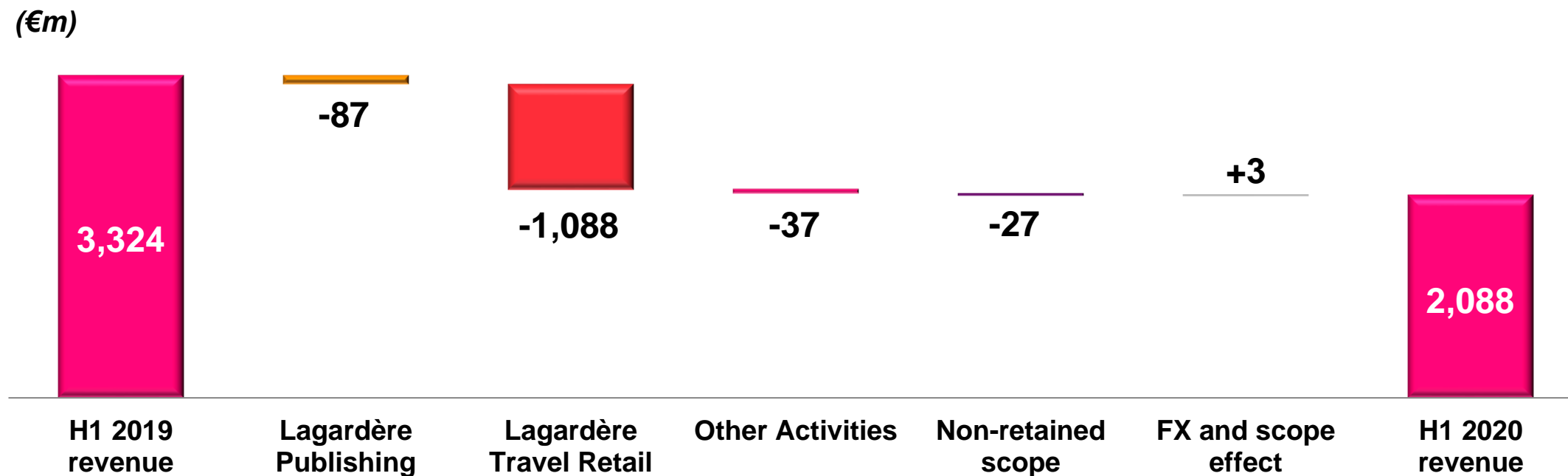
■ Recurring EBIT

(€m)	H1 2020	Consolidated change	Consolidated change	Flow through
Lagardère Publishing	27	-€9m	-25%	-13%
Lagardère Travel Retail	(209)	-€255m	-554%	-24%
Other Activities	(35)	-€35m	n.a.	-91%
Target scope	(217)	-€299m	-365%	-26%
Non-retained scope (former Lagardère Active)	(1)	-€7m	-117%	n.a.
Total	(218)	-€306m	-348%	n.a.

* At constant scope and exchange rates.

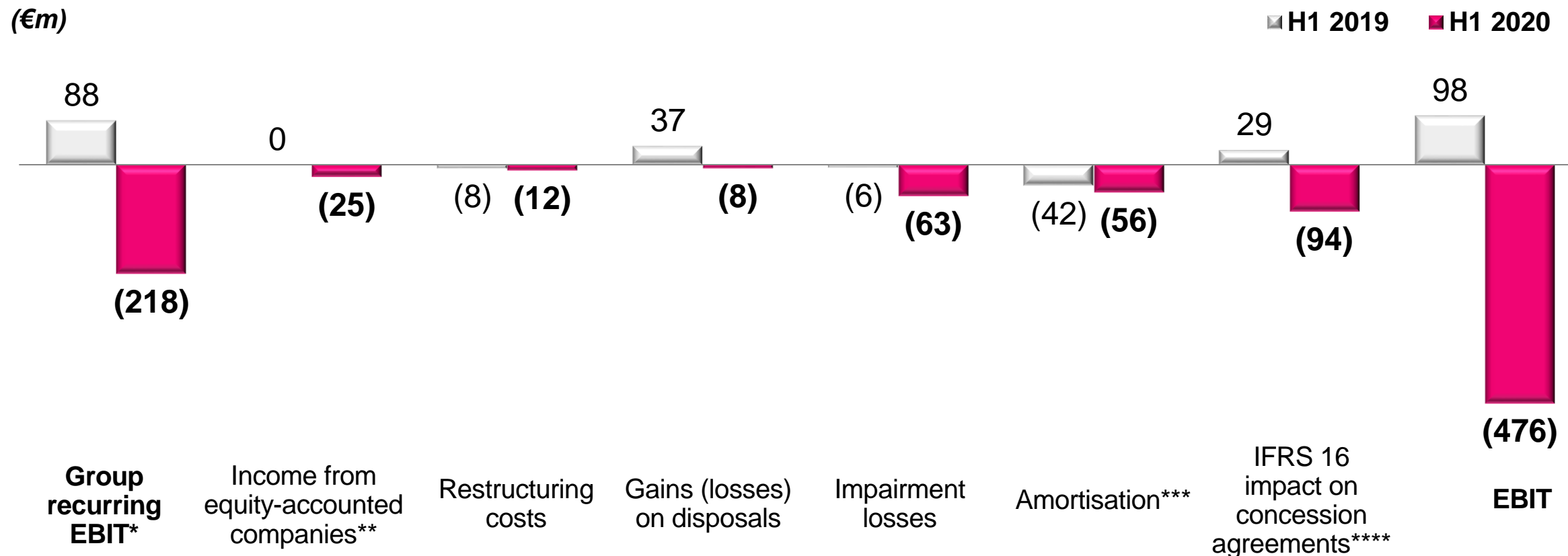
CHANGES IN REVENUE

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



Revenue down 37.2% on a consolidated basis, down 37.8% like-for-like.

- €7m negative scope effect and €10m positive currency effect.

GROUP RECURRING EBIT TO EBIT*(EXCLUDING LAGARDÈRE SPORTS, CLASSIFIED WITHIN DISCONTINUED OPERATIONS IN ACCORDANCE WITH IFRS 5)*

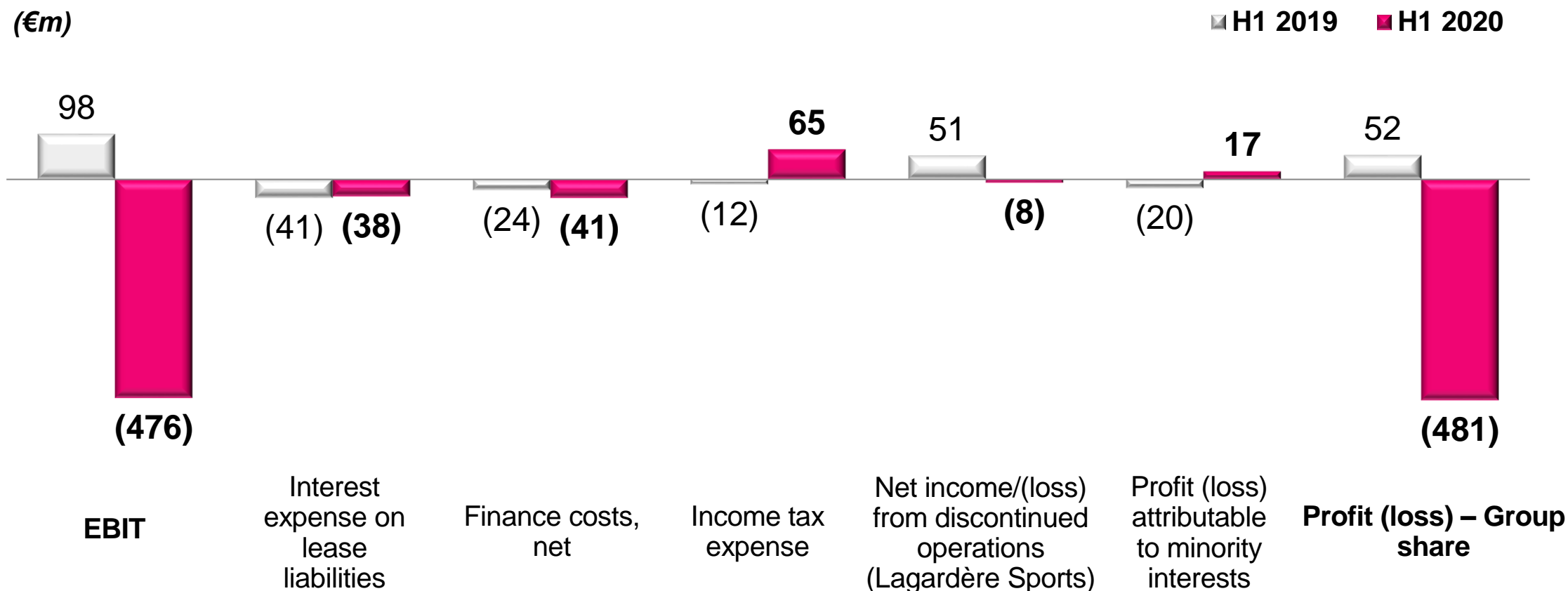
* Alternative Performance Measure (APM) – See Glossary.

** Before impairment losses.

*** Amortisation of acquisition-related intangible assets and acquisition-related expenses.

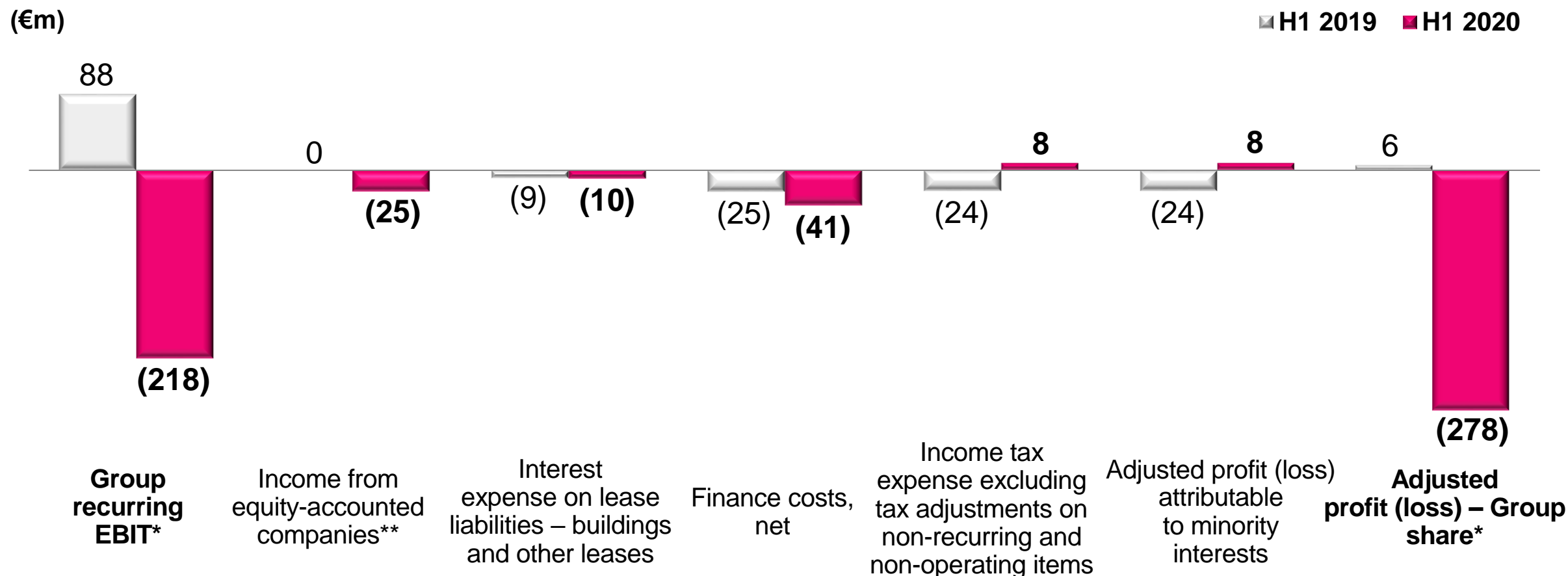
**** Cancellation of depreciation of right-of-use assets and add-back of fixed rental expense for concession agreements. Includes gains and losses on lease modifications for concessions agreements.

EBIT TO PROFIT (LOSS) – GROUP SHARE



GROUP RECURRING EBIT TO ADJUSTED PROFIT (LOSS) – GROUP SHARE

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



* Alternative Performance Measure (APM) – See Glossary.

** Before impairment losses.

CONSOLIDATED INCOME STATEMENT*(EXCLUDING LAGARDÈRE SPORTS, CLASSIFIED WITHIN DISCONTINUED OPERATIONS IN ACCORDANCE WITH IFRS 5)*

(€m)	H1 2019	H1 2020
Revenue	3,324	2,088
Group recurring EBIT*	88	(218)
Income (loss) from equity-accounted companies**	-	(25)
Non-recurring/non-operating items	10	(233)
<i>o/w IFRS 16 impacts on concession agreements</i>	29	(94)
Total EBIT	98	(476)
Finance costs, net	(24)	(41)
Interest expense on lease liabilities	(41)	(38)
Profit (loss) before tax	33	(555)
Income tax expense	(12)	65
Profit (loss) for the period from continuing activities	21	(490)
Net income (loss) from discontinued operations <small>(Lagardère Sports)</small>	51	(8)
Profit (loss) for the period	72	(498)
Attributable to minority interests	20	(17)
Profit (loss) – Group share	52	(481)

* Alternative Performance Measure (APM) – See Glossary.

** Before impairment losses.

CONSOLIDATED STATEMENT OF CASH FLOWS*(EXCLUDING LAGARDÈRE SPORTS, CLASSIFIED WITHIN DISCONTINUED OPERATIONS IN ACCORDANCE WITH IFRS 5)*

(€m)	H1 2019	H1 2020
Cash flow from (used in) operations before changes in working capital	139	(138)
Changes in working capital	(80)	(269)
Income taxes paid	(16)	(15)
Cash flow from (used in) operations	43	(422)
Purchases of property, plant & equipment and intangible assets	(104)	(90)
Disposals of property, plant & equipment and intangible assets	27	1
Free cash flow*	(34)	(511)
Purchases of investments	(50)	(14)
Disposals of investments	91	30
Cash flow from (used in) operations and investing activities	7	(495)
Dividend paid	(192)	(4)
Interest paid	(34)	(34)
Other items	14	(54)
Net cash used in discontinued operations (Lagardère Sports)	(38)	-
Change in net debt	(243)	(587)

* Alternative Performance Measure (APM) – See Glossary.

FREE CASH FLOW RECONCILIATION*(EXCLUDING LAGARDÈRE SPORTS, CLASSIFIED WITHIN DISCONTINUED OPERATIONS IN ACCORDANCE WITH IFRS 5)*

(€m)	H1 2019	H1 2020
Cash flow from operating activities before changes in working capital	422	28
Repayment of lease liabilities	(225)	(109)
Interest paid on lease liabilities	(40)	(37)
Changes in working capital of lease liabilities	(18)	(21)
Cash flow from (used in) operations before changes in working capital	139	(138)
Changes in working capital	(80)	(269)
Income taxes paid	(16)	(15)
Cash flow from (used in) operations	43	(422)
Purchases of property, plant & equipment and intangible assets	(104)	(90)
Disposals of property, plant & equipment and intangible assets	27	1
Free cash flow*	(34)	(511)

* Alternative Performance Measure (APM) – See Glossary.

TARGET SCOPE FREE CASH FLOW*(EXCLUDING LAGARDÈRE SPORTS, CLASSIFIED WITHIN DISCONTINUED OPERATIONS IN ACCORDANCE WITH IFRS 5)*

(€m)	H1 2019	H1 2020
Cash flow from (used in) operations before changes in working capital*	142	(136)
Income taxes paid	(11)	(14)
Purchases/disposals of PP&E and intangible assets**	(93)	(86)
Target scope free cash flow before changes in WC	38	(236)
Changes in working capital	(95)	(294)
Target scope free cash flow (A)	(57)	(530)
Non-retained scope free cash flow (B)	23	19
Free cash flow (A)+(B)***	(34)	(511)

* Before taxes paid on property disposals.

** Excluding property disposals and refitting costs.

*** Alternative Performance Measure (APM) – See Glossary.

ANALYSIS OF NON-RECURRING/NON-OPERATING ITEMS IN H1 2020

(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 H1 2020	Total H1 2019
Recurring EBIT*	27	(209)	(35)	(217)	(1)	(218)	88
Income (loss) from equity-accounted companies	-	(24)	(1)	(25)	-	(25)	-
Restructuring costs	(3)	(9)	-	(12)	-	(12)	(8)
Gains (losses) on disposals	-	-	(7)	(7)	(1)	(8)	37
Impairment losses	-	(38)	(6)	(44)	(19)	(63)	(6)
Amortisation of acquisition-related intangible assets and expenses	(4)	(51)	-	(55)	(1)	(56)	(42)
IFRS 16 impact on concession agreements	-	(94)	-	(94)	-	(94)	29
EBIT	20	(425)	(49)	(454)	(22)	(476)	98

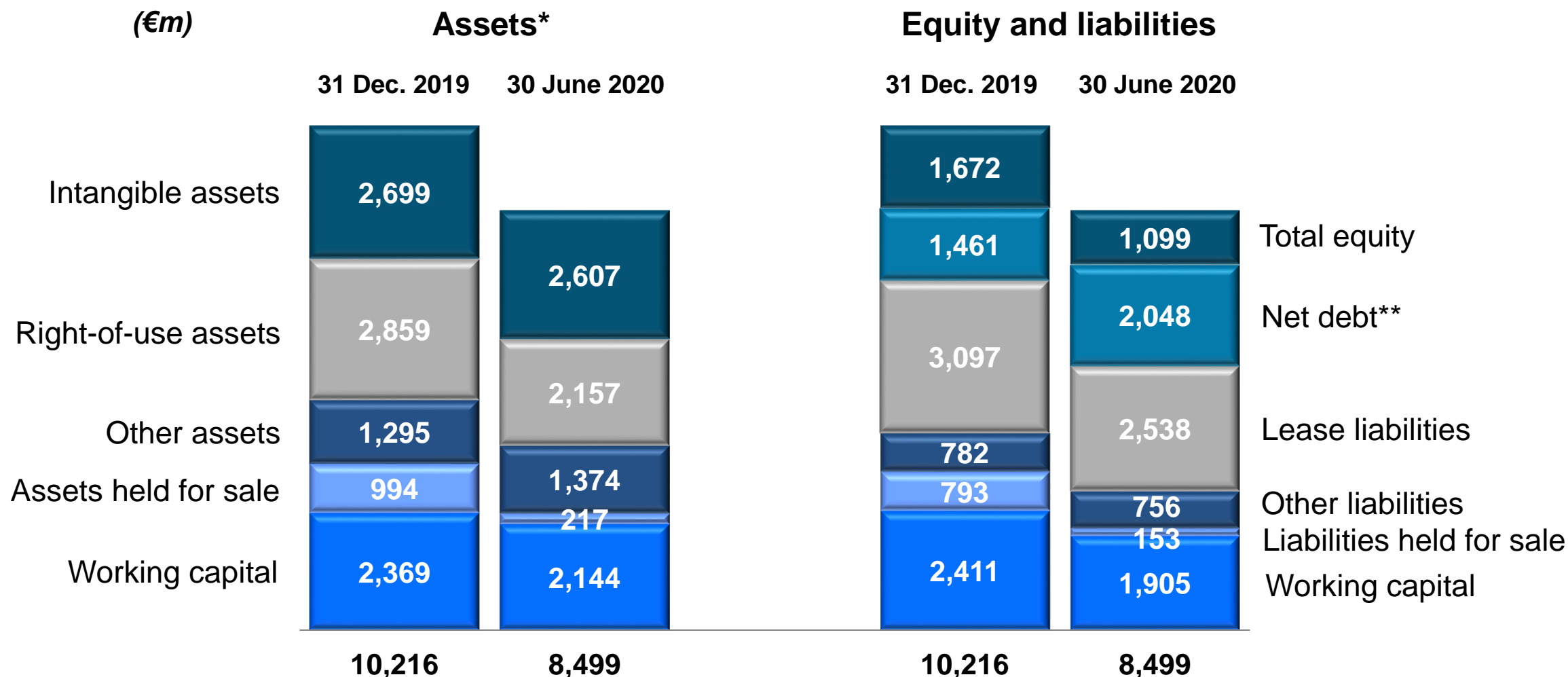
* Alternative Performance Measure (APM) – See Glossary.

ADJUSTED PROFIT – GROUP SHARE

(€m)	H1 2019	H1 2020
Profit (loss) for the period	72	(498)
Restructuring costs	+8	+12
Gains/losses on disposals	-37	+8
Impairment losses on goodwill, PP&E, intangible assets and investments in equity-accounted companies	+6	+63
Amortisation of acquisition-related intangible assets and expenses	+42	+56
IFRS 16 impact on concession agreements	+2	+122
Tax effects on the above transactions	-12	-57
Net (income)/loss from discontinued operations	-51	+8
Adjusted profit (loss)	30	(286)
Attributable to minority interests	-24	+8
Adjusted profit (loss) – Group share*	6	(278)

* Alternative Performance Measure (APM) – See Glossary.

CONSOLIDATED BALANCE SHEET



* Excluding assets included in net debt.

** Net of cash and cash equivalents, short-term investments and derivative instruments designated as hedges of debt.

Alternative Performance Measure (APM) – See Glossary.

CHANGES IN SCOPE: MAIN ITEMS

▪ **Lagardère Publishing**

- Acquisition in December 2019 of Blackrock Games, a French board game distributor.
- Acquisition in January 2020 of Le Livre Scolaire, a French textbook publisher.

▪ **Non-retained scope**

- Lagardère Sports
 - Disposal of Lagardère Sports in April 2020 to H.I.G. Capital.
- Lagardère Active
 - The Lagardère group received a firm and final offer from Mediawan to acquire the entire share capital of Lagardère Studios in June 2020. The sale was completed on 30th October 2020.

CONSOLIDATED BALANCE SHEET

(€m)	31 Dec. 2019	30 June 2020
Non-current assets	6,733	6,033
Investments in equity-accounted companies	73	56
Current assets	2,416	2,193
Short-term investments and cash	913	1,021
Assets held for sale	994	217
TOTAL ASSETS	11,129	9,520
Total equity	1,672	1,099
Non-current liabilities	3,118	2,657
Non-current debt*	1,842	1,697
Current liabilities	3,172	2,542
Current debt**	532	1,372
Liabilities associated with assets held for sale	793	153
TOTAL EQUITY AND LIABILITIES	11,129	9,520

Net debt*** of €2,048m
(vs. €1,461m at 31 Dec. 2019)

* Including €26m in long-term derivative liabilities at 30 June 2020 and €8m at 31 December 2019.

** Including €2m in short-term derivative liabilities at 30 June 2020.







*** Alternative Performance Measure (APM) – See Glossary.



Lagardère

APPENDIX 2: IMPACTS OF IFRS 16 ON THE CONSOLIDATED ACCOUNTS

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

(€m)	H1 2019	FY 2019	H1 2020
Recurring EBITDA*	-1	-	-1
Group recurring EBIT*	+8	+13	+6
Income from equity-accounted companies**	-	-	-
Non-recurring/non-operating items	+29	+60	-94
<i>Of which cancellation of fixed rental expense*** - concession stores</i>	+246	+532	+130
<i>Of which depreciation of right-of-use assets - concession stores</i>	-218	-475	-226
<i>Of which gains and losses on lease modifications</i>	+1	+3	+2
Total EBIT	+37	+73	-88
<i>Of which impact from concession stores</i>	 +30	+60	-94
<i>Of which impact from buildings and other</i>	 +7	+13	+6
Finance costs, net	-	+2	-1
Lease interest expense	-41	-85	-38
<i>Of which impact from concession stores</i>	 -32	-66	-29
<i>Of which impact from buildings and other</i>	 -9	-19	-9
Profit before tax	-4	-10	-127
Income tax expense	+1	-1	+29
Net income from discontinued operations	-	-	-
Profit for the period	-3	-11	-98
<i>Of which impact from concession stores</i>	 -2	-6	-95
<i>Of which impact from buildings and other</i>	 -1	-5	-3
Attributable to minority interests	-	-	-
Profit – Group share	-3	-11	-98
Adjusted profit – Group share*	-1	-5	-3

* Alternative Performance Measure (APM) – See Glossary. / ** 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.





IMPACT OF IFRS 16 ON THE CONSOLIDATED STATEMENT OF CASH FLOWS

(€m)	H1 2019	FY 2019	H1 2020
Cash flow from operating activities before changes in working capital	+289	+616	+172
Repayment of lease liabilities	-225	-519	-109
Interest paid on lease liabilities	-40	-77	-37
Changes in working capital from lease liabilities	-18	-9	-21
Cash flow from operations before changes in working capital	+6	+11	+5
Changes in working capital	-6	-14	-7
Income taxes paid	-	-	-
Cash flow from operations	-	-3	-2
Purchases of property, plant & equipment and intangible assets	-	-	-
Disposals of property, plant & equipment and intangible assets	-	-	-
Free cash flow*	-	-3	-2
Purchases of investments	-	-	-
Disposals of investments	-	+3	+2
Cash flow from operations and investing activities	-	-	-
Dividend paid and other	-	-	-
Net cash from discontinued operations	-	-	-
Interest paid	-	-	-
Change in net debt	-	-	-
Net debt*	-	-	-

* Alternative Performance Measure (APM) – See Glossary.

IMPACT OF IFRS 16 ON THE CONSOLIDATED BALANCE SHEET

(€m)	31 Dec. 2019	30 June 2020
Non-current assets	+2,934	+2,259
<i>Right-of-use asset</i>	<i>+2,859</i>	<i>+2,157</i>
o/w concession stores 	+2,404	+1,719
o/w buildings and other 	+455	+438
<i>Deferred tax asset</i>	<i>+51</i>	<i>+81</i>
<i>Other non-current assets</i>	<i>+27</i>	<i>24</i>
<i>Investments in equity-accounted companies</i>	<i>-3</i>	<i>-3</i>
Current assets	-3	+14
Short-term investments and cash	-	-
Assets held for sale	+34	+34
TOTAL ASSETS	+2,965	+2,307

(€m)	31 Dec. 2019	30 June 2020
Total equity	-134	-228
Non-current liabilities	+2,535	+2,093
<i>Lease liability – non-current</i>	<i>+2,527</i>	<i>+2,083</i>
o/w concession stores 	+2,032	+1,607
o/w buildings and other 	+495	+476
<i>Deferred tax liabilities</i>	<i>+8</i>	<i>+10</i>
Non-current debt	-	-
Current liabilities	+529	+408
<i>Lease liability – current</i>	<i>+570</i>	<i>+455</i>
o/w concession stores 	+512	+382
o/w buildings and other 	+58	+73
<i>Other current liabilities</i>	<i>-41</i>	<i>-47</i>
Current debt	-	-
Liabilities associated with assets held for sale	+35	+34
TOTAL EQUITY AND LIABILITIES	+2,965	+2,307



GLOSSARY

GLOSSARY (1/3)

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 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 concession agreements
 - Depreciation of right-of-use assets on concession agreements
 - Gains and losses on lease modifications under 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.

GLOSSARY (2/3)

- **Flow through** is calculated by dividing the change in recurring operating profit of fully-consolidated companies (recurring EBIT) by the change in revenue. This indicator is used by the Group in the context of the Covid-19 pandemic to measure the effect of the decline in revenue on recurring EBIT.
- **The like-for-like change in revenue is calculated by comparing:**
 - Q3 2020 / H1 2020 revenue to exclude companies consolidated for the first time during the period, and Q3 2019 / H1 2019 revenue to exclude companies divested in Q3 2020 / H1 2020;
 - Q3 2020 / H1 2020 and Q3 2019 / H1 2019 revenue based on Q3 2019 / H1 2019 exchange rates.
- **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 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, amortisation of the cost of obtaining contracts, and the cancellation of fixed rental expense* on property and other leases, plus recurring EBITDA from discontinued operations.
- **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.
- **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.

* 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.

GLOSSARY (3/3)

- **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
- Non-recurring changes in deferred taxes
- Items related to leases and finance sub-leases:
 - Cancellation of fixed rental expense* on concession agreements
 - Depreciation of right-of-use assets on concession agreements
 - Interest expense on lease liabilities under concession agreements
 - Gains and losses on lease modifications under concession agreements
- Adjusted profit attributable to minority interests: profit attributable to minority interests adjusted for minorities' share in the above items

* 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.

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