



Lagardère

**THIRD-QUARTER 2021
REVENUE**

Paris, 28 October 2021, 8:00 a.m.

**The Lagardère group steps up the pace of its recovery
and confirms its development ambitions**

**Lagardère Publishing: revenue growth of 9.5%¹ over the first nine months of the year
and acquisition of Workman Publishing**

**Lagardère Travel Retail: continued improvement in sales (up 17.4%)¹
driven by growth in passenger traffic in most geographic areas
and strategic partnership concluded in North Asia**

I. REVENUE

Revenue for the Lagardère group came in at €3,539 million in the first nine months of 2021, up 8% on a reported basis and up 13% like for like. The difference between reported and like-for-like figures is mainly attributable to a €56 million unfavourable currency impact (due mainly to the US dollar) and an €83 million negative scope effect, chiefly related to the non-retained scope.

	Revenue (€m)		Change vs. 2020 (%)		Change vs. 2019 (%)
	30 September 2020 (9 months)	30 September 2021 (9 months)	reported	like for like	like for like
Lagardère Publishing	1,675	1,826	+9.0	+9.5	+6.9
Lagardère Travel Retail	1,340	1,541	+15.0	+17.4	-51.0
Other Activities*	164	172	+4.9	+5.3	+5.3
Target scope	3,179	3,539	+11.3	+12.6	-30.1
Non-retained scope**	97	-	N/A	N/A	-
LAGARDÈRE	3,276	3,539	+8.0	+12.6	-30.1

* 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.

** Operations disposed (Lagardère Studios, excluding Lagardère Sports, classified as a discontinued operation in accordance with IFRS 5).

¹ Like-for-like change over the first nine months of 2021 versus the same period in 2020.

	Revenue (€m)		Change vs. 2020 (%)		Change vs. 2019 (%)
	Q3 2020	Q3 2021	reported	like for like	like for like
Lagardère Publishing	704	696	-1.2	-3.0	+3.6
Lagardère Travel Retail	393	710	+80.7	+81.5	-39.1
Other Activities*	57	57	-	+0.3	-9.3
Target scope	1,154	1,463	+26.7	+25.9	-23.0
Non-retained scope**	34	-	N/A	N/A	-
LAGARDÈRE	1,188	1,463	+23.1	+25.9	-23.0

* 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.

** Operations disposed (Lagardère Studios, excluding Lagardère Sports, classified as a discontinued operation in accordance with IFRS 5).

The third-quarter 2021 figures below are presented on a like-for-like basis.

● Lagardère Publishing

Revenue for the nine months ended 30 September 2021 totalled €1,826 million, up 9% as reported and up 10% like for like compared to the first nine months of 2020. This increase reflected a favourable base effect, and the division's good performance over the first nine months of 2021, with revenue up a sharp 7% on a like-for-like basis compared with the first nine months of 2019. The difference between reported and like-for-like revenue is attributable to a €15 million positive scope effect resulting mainly from the acquisitions of Laurence King Publishing and board game publisher Hiboutatillus, and to a €24 million negative currency impact essentially in connection with the US dollar.

In the third quarter of 2021, revenue totalled €696 million, down 3% compared to the third quarter of 2020, primarily reflecting an unfavourable comparison basis.

In France, revenue for the division moved back by 3% due to the absence of curriculum reform in 2021 and the unfavourable comparison basis linked to the sharp rebound in sales following the lockdowns in the third quarter of 2020. Consumer appetite for reading – in particular for Illustrated books and especially Youth Works on the back of France's *Pass Culture* incentive scheme for young readers – remained elevated throughout the quarter.

In the United Kingdom, the 3% decline in revenue reflected the unfavourable comparison basis with the third quarter of 2020 during which bestsellers such as Stephenie Meyer's *Midnight Sun* posted strong sales performances. Sales momentum remained sustained however, particularly in the Youth Works segment.

In the United States, the 9% contraction in revenue reflected the unfavourable comparison basis with a strong third-quarter 2020 which was driven by bestsellers such as *Midnight Sun* and various releases related to the Black Lives Matter movement. In third-quarter 2021, sales were nonetheless lifted by General Literature releases and growth in Distribution for third-party publishers.

In Spain/Latin America, revenue grew by 4% on the back of a recovery in Mexico, which had been severely impacted by the health crisis in 2020, and a stable performance in Spain supported by the performance of General Literature.

Revenue for Partworks jumped by 9%, driven by good backlist performances in France and the United Kingdom in particular, and by collections launched over the past few months.

In the third quarter of 2021, demand among readers for digital formats was sustained across the various geographic areas, despite an unfavourable comparison basis. E-books accounted for 8.4% of total Lagardère Publishing revenue, versus 9.9% in first-half 2020, while digital audio books represented 3.6% of revenue versus 3.7% in the third quarter of 2020.

● Lagardère Travel Retail

Revenue for the nine months ended 30 September 2021 totalled €1,541 million, up 15% as reported and up 17% like for like versus the same year-ago period. The difference between reported and like-for-like revenue is attributable to a €32 million negative currency impact.

Revenue for the third quarter of 2021 came to €710 million, up 82% compared to the same period in 2020, mainly reflecting a favourable comparison basis in the third quarter of 2020, which was severely affected by travel restrictions amid the health crisis.

In France, revenue for the division leapt 78% on the back of growth in passenger traffic at stations and airports over the summer.

Revenue for the EMEA region (excluding France) jumped 53% in the wake of the easing of travel restrictions across the continent. Sales growth in the region was also lifted by healthy city centre sales.

North America posted stellar revenue growth of 172% driven by the sustained recovery of domestic flights in the United States from the second quarter of 2021.

Asia-Pacific revenue was up by 52%, driven by strong sales momentum in Greater China (up 65%), despite lockdowns in certain regions of the country in August and September. The Pacific region remained broadly closed over the quarter.

● Other Activities

Revenue for the nine months ended 30 September 2021 totalled €172 million, up 5% as reported and up 5% like for like versus the same year-ago period.

Revenue for the third quarter of 2021 came to €57 million and remained stable compared to the third quarter of 2020.

Lagardère News sales remained broadly stable, moving back by 1%. The 16% decline in Radio revenues was mainly attributable to a decrease in advertising revenues as a result of a more subdued radio advertising market environment and lower audience figures. The Press segment posted growth of 1% driven by good advertising momentum at *Paris Match* and *Le Journal du Dimanche*, despite slower Circulation activity.

Elle licensing activities recorded growth of 23% and continued to benefit from the easing of restrictions in various countries.

II. KEY EVENTS SINCE 26 JULY 2021

Acquisition of Workman Publishing

On 16 August 2021, Hachette Livre's US subsidiary Hachette Book Group entered into an agreement to acquire the entire share capital of independent US publisher Workman Publishing, a specialist in Children and Young Adult titles and Non-Fiction titles.

The USD 240 million acquisition was completed on 23 September 2021, following clearance from the competition authorities.

In the context of strong market consolidation, this acquisition is set to enable Hachette Livre to significantly boost Hachette Book Group's US footprint, strengthen its positions in Youth Works and thereby create growth opportunities in expanding markets.

Strategic partnership for Lagardère Travel Retail in Asia

On 1 September 2021, Lagardère Travel Retail signed an agreement between several investors including leading e-commerce specialist JD.com for the acquisition of a stake in Lagardère Travel Retail Asia, representing 22.36% the total share capital (of which 18.63% for JD.com). The transaction, which was completed on 30 September 2021, is part of a strategic partnership that will ramp up Lagardère Travel Retail's development in Asia, particularly through digital distribution channels.

Proposed acquisition by Vivendi SE of Amber Capital's entire interest in Lagardère SA

On 15 September 2021, Vivendi SE announced that it had entered into an agreement with Amber Capital on 14 September 2021 to acquire Amber Capital's entire interest in Lagardère SA, representing 17.93% of the share capital, at a price of €24.10 per share (ex-dividend), by 15 December 2022, subject to obtaining the necessary regulatory clearance, in particular from the European Commission and the French broadcasting authority (*Conseil supérieur de l'audiovisuel*).

The completion of this acquisition would increase Vivendi SE's interest in the share capital and voting rights of Lagardère SA to above the 30% thresholds, and would be followed by a mandatory filing by Vivendi SE of a public offer for all Lagardère SA shares, at the same price.

The Board of Directors of Lagardère SA is setting up an ad hoc committee in accordance with stock market regulations, comprising a majority of independent members, responsible for monitoring the process and preparing the draft opinion that the Board of Directors will be invited to issue, in due course, on the planned public offer.

2022-2024 strategic plan

On 24 September 2021, the Board of Directors of Lagardère SA was convened by Arnaud Lagardère for the presentation of the 2022-2024 strategic plan. The plan is aligned with the model set out at the time of Lagardère's conversion into a joint-stock company, based on complementary businesses and enhanced operational performance.

Bond issue

On 30 September 2021, Lagardère SA successfully issued €500 million worth of six-year bonds maturing in October 2027 and paying an annual coupon of 1.75%. The successful launch of this bond issue underlines market confidence in the Group's solid financial profile.

€150 million of the proceeds was used to reduce the nominal amount of the €500 million bond maturing in April 2023. The remaining proceeds of the 2027 bond issue will be used to pay down a portion of the state-backed loan contracted by Lagardère SA, as well as for general corporate purposes. These transactions are aligned with the Group's prudent financial strategy, aimed in particular at extending the average maturity of its debt.

III. LIQUIDITY

The Group's liquidity position remains solid, with €1,914 million in available liquidity (available cash and short-term investments reported on the balance sheet totalling €812 million and an undrawn amount on the revolving credit facility of €1,102 million).

The covenants of the revolving credit facility were therefore met at 30 September 2021.

IV. OUTLOOK

The effects of the health crisis and gradual easing of restrictions have had differing effects on Lagardère Publishing and Lagardère Travel Retail. The environment remains uncertain for the final quarter of 2021, in light of the various emerging Covid-19 variants. Lagardère is pressing ahead with its Group-wide cost cutting and cash control efforts.

● Lagardère Publishing

In the context of the health crisis, the increased appeal of reading is reflected in Lagardère Publishing's sales performance. In addition, the release of an *Asterix* album is expected to partially counter the absence of curriculum reform in 2021.

Lagardère Publishing's profitability continues to be driven by strong sales momentum and a favourable product mix, and the division now expects to post an operating margin² close to 12% for full-year 2021³.

● Lagardère Travel Retail

Trading at Lagardère Travel Retail closely mirrors air passenger traffic in the different geographic areas, amid a still-uncertain – albeit improving – context. Due to the diversity of the division's footprint and operating segments, it is benefiting from the momentum of national and regional flights in the United States, Europe and Greater China, and is preparing for the forthcoming reopening of international Europe-US air routes.

Lagardère Travel Retail is actively pressing ahead with its operational excellence drive launched in 2020, enabling it to further minimise flow through in 2021 to within a range of 12% to 15%⁴.

Lagardère Travel Retail is also continuing efforts to control cash, especially as regards working capital and capital expenditure.

² Recurring EBIT as a percentage of revenue, see Glossary for definition.

³ Excluding Workman Publishing.

⁴ Negative impact on recurring EBIT of the decrease in 2021 revenue versus 2019.

V. INVESTOR CALENDAR

- **Full-year 2021 results:** Thursday, 17 February 2022 after market close.

VI. APPENDICES

CHANGES IN SCOPE OF CONSOLIDATION AND EXCHANGE RATES

At 30 September 2021:

The difference between reported and like-for-like data is mainly attributable to a €56 million negative currency impact resulting essentially from the depreciation of the US dollar, and to a €83 million negative scope effect, breaking down as:

- a €17 million positive impact of external growth transactions, chiefly reflecting the acquisition of Laurence King Publishing at Lagardère Publishing;
- a €100 million negative scope effect attributable to the impact of disposals, mainly concerning Lagardère Studios for €93 million and Brainbow for €3 million at Lagardère Publishing.

Third-quarter 2021:

The difference between reported and like-for-like data is largely attributable to a €3 million positive currency impact and to a €28 million negative scope effect, breaking down as:

- a €7 million positive impact of external growth transactions, chiefly reflecting the acquisition of Laurence King Publishing at Lagardère Publishing;
- a €35 million negative scope effect attributable to the impact of disposals, mainly concerning Lagardère Studios for €33 million and Brainbow for €1 million at Lagardère Publishing.

VII. GLOSSARY

Lagardère uses alternative performance measures which serve as key indicators of the Group's operating and financial performance. These indicators are tracked by the Executive Committee in order to assess performance and manage the business, as well as by investors in order to monitor the Group's operating performance, along with the financial metrics defined by the IASB. These indicators are calculated based on accounting items taken from the consolidated financial statements prepared under IFRS and a reconciliation with those items is provided in this press release or in the Third-quarter 2021 Revenue presentation.

➤ **Like-for-like revenue**

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

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

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

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

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

➤ Recurring EBIT (Group recurring EBIT)

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

Profit (loss) 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 investments in equity-accounted companies
- Net restructuring costs
- Items related to business combinations:
 - Acquisition-related expenses
 - Gains and losses resulting from purchase price adjustments and fair value adjustments due to changes in control
 - Amortisation of acquisition-related intangible assets
- Specific major disputes unrelated to the Group's operating performance
- Items related to leases and finance sub-leases:
 - Cancellation of fixed rental expense* on concession agreements
 - Depreciation of right-of-use assets on concession agreements
 - Gains and losses on leases

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

➤ Flow-through ratio

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.

➤ Operating margin

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

A live webcast of the third-quarter 2021 revenue presentation will be available today at 10:00 a.m. (CET) on the Group's website (www.lagardere.com).

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

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

Created in 1992, Lagardère is an international group with operations in more than 40 countries worldwide. It employs some 28,000 people and generated revenue of €4,439 million in 2020.

The Group focuses on two priority divisions: Lagardère Publishing (Book and e-Publishing, Mobile and Board games) and Lagardère Travel Retail (Travel Essentials, Duty Free & Fashion, Foodservice).

The Group's operating assets also include Lagardère News and Lagardère Live Entertainment.

Lagardère shares are listed on Euronext Paris.

www.lagardere.com

Important notice:

Some of the statements contained in this document are not historical facts but rather are statements of future expectations and other forward-looking statements that are based on management's beliefs. These statements reflect such views and assumptions prevailing as of the date of the statements and involve known and unknown risks and uncertainties that could cause future results, performance or future events to differ materially from those expressed or implied in such statements.

Please refer to the most recent Universal Registration Document filed in French by Lagardère SA with the Autorité des marchés financiers for additional information in relation to such factors, risks and uncertainties.

Lagardère SA has no intention and is under no obligation to update or review the forward-looking statements referred to above. Consequently, Lagardère SA accepts no liability for any consequences arising from the use of any of the above statements.

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