



PRESS RELEASE

Net sales for FY 2013: €7,216m, down 1.3% on a like-for-like⁽¹⁾ basis

Trends improved in Q4 for Lagardère Publishing and Lagardère Services divisions

**2013 Recurring Media EBIT⁽²⁾ increase expected slightly above 5%,
exceeding the announced guidance**

Paris, February 11, 2014

At year's end, the Lagardère group benefited from improved trends in General Literature, Illustrated books, Partworks and Travel Retail, which posted fine performances. Offsetting this, an unfavourable calendar effect at Lagardère Active in Audiovisual Production and at Lagardère Unlimited is behind the decrease in sales in the fourth quarter for these two divisions.

In addition, the Lagardère group has pursued the deployment of its development strategy in high-growth business lines – in Travel Retail, acquiring fashion activities in Amsterdam Airport, and winning a bid in Warsaw Airport, and in TV Production, the acquisition of Groupe Réservoir. These companies will be integrated in 2014.

Fourth-quarter 2013:

Net sales totalled €1,934 million, down 2.1% on a like-for-like basis (-4.2% on a reported basis). The difference between like-for-like and reported bases is related to a very negative currency effect due to the rise of the euro (-€45m, mainly at Lagardère Publishing and Lagardère Services). The scope effect is insignificant (+€2m).

To be noticed at Lagardère Services the continued unfavourable effect of the end of tobacco sales in Hungary, subsequent to a change in regulations in July 2013. Stripping out this factor, activity at Lagardère Services would be up +2.5% like-for-like for the fourth quarter, and the evolution for the Group as a whole would be reduced to -1%.

- **Lagardère Publishing:** activity up sharply at +6.7% on a like-for-like basis, thanks to good performance on almost all markets, in particular in the UK (+12.6%), in France (+2.6%) and in Partworks (+25.1%).
- **Lagardère Services:** Travel Retail activity continued its growth trend (+4.6% like-for-like), with improvement in all countries, specifically in the Travel Essentials segment. The contribution from Rome airports was very positive, in line with expectations. LS distribution's activities improved sharply: stripping out the impact of the end of tobacco sales in Hungary, activity was virtually stable (-0.8%), a significant improvement over previous quarters.
- **Lagardère Active:** net sales of €309m, down 10.4% on a like-for-like basis, due mainly to the atypical delivery schedule of TV Production, concentrated in the first nine months of 2013. Stripping out this factor, trends were better in distribution and more difficult in advertising.
- **Lagardère Unlimited:** Net sales stood at €107m, down 26.8% on a like-for-like basis. Activity was as expected negatively impacted by a less-promising events calendar.

⁽¹⁾Constant scope and exchange rates.

⁽²⁾Recurring EBIT before associates. See definition at the end of the press release.

2013 Full year:

Net sales totalled €7,216 million, down slightly on a like-for-like basis (-1.3%), and on a reported basis (-2.1%). The difference between reported and like-for-like figures is due essentially to a negative currency effect (-€112m on the pound sterling, the US dollar and the Australian dollar), partially offset by a positive scope effect (+€55m), related primarily to acquisitions in Travel Retail (Rome airports, DFS Wellington in Australia/New Zealand) and the LeGuide group.

I. GROUP NET SALES AND ACTIVITY

	Net sales for the fiscal year (€m)		Change	
	2012	2013	Reported change 2013/2012	Like-for-like change 2013/2012
LAGARDÈRE	7,370	7,216	-2.1%	-1.3% ⁽¹⁾
Lagardère Publishing	2,077	2,066	-0.5%	1.9%
Lagardère Services	3,809	3,745	-1.7%	-0.9% ⁽²⁾
Lagardère Active	1,014	996	-1.9%	-3.8%
Lagardère Unlimited	470	409	-13.0%	-13.6%

⁽¹⁾ -0.7% excluding end of tobacco sales in Hungary.

⁽²⁾ +0.3% excluding end of tobacco sales in Hungary.

	Net sales in Q4 (in €m)		Change	
	Q4 2012	Q4 2013	Reported change 2013/2012	Like-for-like change 2013/2012
LAGARDÈRE	2,018	1,934	-4.2%	-2.1% ⁽³⁾
Lagardère Publishing	546	569	4.3%	6.7%
Lagardère Services	980	949	-3.2%	-0.2% ⁽⁴⁾
Lagardère Active	342	309	-10.0%	-10.4%
Lagardère Unlimited	150	107	-28.2%	-26.8%

⁽³⁾ -1% excluding end of tobacco sales in Hungary.

⁽⁴⁾ +2.5% excluding end of tobacco sales in Hungary.

> Lagardère Publishing

2013 was a very good year with net sales up 1.9% on a like-for-like basis, standing at €2,066m. Outstanding performances in General Literature in France, in the US, in the UK and in Partworks (+15.4%) offset the expected decline in activity in Education in France and Spain. The negative currency effect was -€54m, essentially on the pound sterling, the US dollar and the Japanese yen.

In France, activity was slightly up (+0.8%), with a high increase in General Literature (+13.3%) and Illustrated books, partially offset by the expected decrease in Education due to the end of renewal of school curricula.

In the US, activity is up 6%, driven by outstanding performance in General Literature as in the UK (+1.5%). Spain is impacted by the non-renewal of school curricula (as expected), in a context of economic crisis.

E-books represent 10.4% of the division's sales in 2013 (vs. 7.8% in 2012). The digital transition remains for the time being essentially limited to the US and UK markets. In the US, in a stabilising market, Lagardère Publishing digital sales posted a strong increase (+33%) on the back of numerous best sellers, and represents 30% of Trade⁽³⁾ sales (vs. 24% in 2012). In the UK, where the market is still rising, e-book sales increases by 42% and represent 27% of Adult trade sales vs. 20% in 2012.

⁽³⁾Trade works.

Fourth-quarter 2013:

Activity is up significantly (+6.7% on a like-for-like basis and +4.3% on a reported basis), with the difference due to a negative currency effect of €18m.

This quarter was marked by an excellent performance in Partworks, Illustrated Books and General Literature.

In France: good performance especially in General Literature (+13.6%), Distribution (+5.8%) and Illustrated books (+1.9%). For the record, regarding literature, activity had been very solid in the 4th quarter of 2012 that benefited from the hit novel by J.K. Rowling, *The Casual Vacancy*, and the first volume of the Fifty Shades trilogy. Regarding Illustrated books, activity level remains high, thank notably to the smash success of the new book, *Asterix and the Picts*, created by a new team (J.-Y. Ferri and D. Conrad), that was the top-selling book in France in 2013. Overall, France is up 2.6% on a like-for-like basis.

In the English-speaking countries: exceptional performance by the UK (+12.6%) which benefited from the publication of some best-sellers in fiction and non-fiction (6 of 10 in the *Sunday Times* top 10 Adult fiction best-seller list, and the year's non-fiction top seller, Sir Alex Ferguson's autobiography, with 1.4m copies sold). The US also showed growth (+0.7%) with, among other titles, the success of *The Goldfinch*, by D. Tarrt, *I Am Malala*, by M. Yousafzai, and *David and Goliath*, by M. Gladwell.

In Spain/Latin America: activity was up over the fourth quarter of 2012 marked by large provisions for returns. Spain is still being penalised for the persistent effects of the economic crisis and, in Education, the lack of reform of curricula.

Note the very good performance of Partworks (+25.1%), which grew on all markets excluding Spain, with major commercial successes in Russia, Japan and the United Kingdom.

E-books: in the US, e-books made up 27% of net sales in trade in the 4th quarter of 2013 versus 23% in Q4 2012. In the UK (where e-books had taken off two years after the US), digital sales also continue to advance (22% of net sales for Adult Trade, vs. 19% in the fourth quarter 2012). Thus in the fourth quarter 2013, e-books made up 9.6% of total net sales for Lagardère Publishing (vs. 8.4% in Q4 2012).

> Lagardère Services

In 2013, net sales totalled €3,745m, down 1.7% on a reported basis.

On a like-for-like basis net sales are down 0.9% (up +0.3% when stripping out the impact of the end of tobacco sales in Hungary). The euro's appreciation caused a strong negative currency effect (-€53m, i.e. -1.5 point) which especially affected the Australian and Canadian dollars, as well as the Swiss franc. This change in currencies was partly offset by a positive scope effect (+€113m, i.e. +3.1 points) including the consolidation of activities for the Rome airports, DFS Wellington (New Zealand and Australia) and Distribution in Hungary, offset by a negative scope effect (-€89m, i.e. -2.4 points) related to the impact (-€55m) of telephony sales in Hungary moving to commission contracts (already communicated), as well as the deconsolidation of OLF (Distribution in Switzerland).

Activity benefited from the momentum of Travel Retail (+ 5% reported, +2.9% like-for-like), fuelled by growth in the Duty Free and Food Services segments. On a like-for-like basis, activity posted significant growth in Asia (+29.5%), Romania (+7.5%), Czech Republic (+5.6%) and Poland (+4.9%). These positive factors were attenuated by a distinct decline (though less distinct at year's end) of printed products, and a slowdown in growth for air traffic, though with an improvement at year's end. At end-October (last known figures), global air traffic was up 3.4%: +2.3% in Europe, +0.7% in North America, and +6.8% in Asia-Pacific.

Despite an improvement at year's end and the success of diversification activities, **Distribution** was still being affected by the decline of the press. Note, too, that activity was hit hard by the end of tobacco sales in Hungary in response to a change in regulations in July 2013. Stripping out this factor, activity would have fallen -3.2% on a like-for-like basis for the year as a whole (-6% without restating this outside component).

In 2013, Travel retail represents 60% of Lagardère Services activity, versus 56% in 2012.

Fourth-quarter 2013:

There was a year-end improvement in trends, both in Travel Retail and in Distribution/Integrated Retail. Net sales stood at €949m, down 3.2% on a reported basis and down 0.2% on a like-for-like basis, with the difference caused essentially by a very negative currency effect (-€24m). **Excluding the impact of the end of tobacco sales in Hungary** (representing €23m), **activity was up +2.5% for the quarter (on a like-for-like basis).**

The activity mix continued to shift, with Travel Retail representing 61% of the total vs. 39% for LS distribution (Distribution and Integrated Retail).

LS travel retail

Travel Retail posted solid growth of 4.6% on a like-for-like basis, thanks to an improvement in all countries, the growth in the Duty Free and Food Services segments in Europe, the growth of the networks in Asia and to better trends in Travel Essentials.

In France: the rise in net sales (+2.3%) was driven by the good performance of Duty Free and by the recovery of Relay, whose activity is on the rise again thanks to commercial initiatives and the success of new concepts.

In Europe: Duty Free continued its positive momentum, especially in Central Europe: +5.2% in Poland, +6.6% in Czech Republic. **Activities at Rome's airports were up sharply (+17.6%),** supported by the modernisation of sales outlets and by the new commercial dynamic implemented. These activities should continue to show very positive trends in 2014.

In Asia-Pacific: activity is good, primarily in Asia (very strong increase at +29.2%), driven by the launch of new concepts, the increase in sales per passenger in Singapore and Hong Kong, and the development of networks in China (fashion in Shenzhen) and Malaysia.

In North America: trends are also positive (+8.1%), driven by the opening of several airport sales outlets in the US.

LS distribution

Distribution and Integrated Retail are virtually stable (-0.8% excluding the impact of the end of tobacco sales in Hungary and -6.8% like-for-like). **This performance is the result of the improved printed product market (a much less pronounced decline), and by the increasing impact of the diversification strategy:** thus, we see that business is good for Euro-Excellence (import/distribution of deli products) in North America, as well as the solid development of convenience product distribution and service to e-merchants in Hungary and Spain.

Recent developments:

- In the fourth quarter, **13 fashion sales outlets were opened in the new domestic airport in Shenzhen (China).**
- On December 4, 2013, it was announced **that fashion activities in Schiphol Airport** (Amsterdam) would be acquired, counting 12 sales outlets spread over 2,400 m², with net sales of €54m in 2012.
- On January 15, 2014, it was announced **that a bid in the Warsaw Airport had been won** including 25 sales outlets in Duty Free & Luxury, Travel Essentials and Food Service, spread over 3,000 m².

> Lagardère Active

Net sales of €996m in 2013, down 1.9% on a reported basis and -3.8% on a like-for-like basis, with the difference due to a positive scope effect (+€20m essentially from the acquisition of LeGuide group in mid-2012).

This contraction of activity came primarily from the decline in magazine circulation (-5.4% in 2013) and, therefore, the associated advertising revenue. Radio demonstrated its defensiveness with a slight upturn in its activity (+0.3%). Overall, advertising is down 6.6%.

Fourth-quarter 2013:

Net sales stood at €309m, down 10.4% on a like-for-like basis, due primarily to TV Production (-23.4%), which in 2013 had an atypical delivery schedule, concentrated in the first nine months of the year. The quarter posted an improved trend in circulation (-1%, versus -7% at end-September) while advertising showed a more marked slowdown (-8%).

Magazine Publishing: the decline in sales (-5.6%) is due to the slump in advertising revenue (-10.9%), while net sales from circulation (-1%) benefited from price increases.

Radio: radio racked up a mixed performance this quarter (-3.5%), with growth in activity for Europe 1 (+1.8%), and a downturn in music radio.

TV Production: as expected, activity was down (-23.4%), due to an unfavourable calendar effect in programme delivery.

Digital activities had a difficult quarter (-8.6% on a like-for-like basis) due to the unfavourable developments in the advertising market and the situation of the LeGuide group, affected by Google's offensive on the shopping guide market. A Case is under way at the European Commission who is waiting for Google to restore a balanced competitive environment.

> Lagardère Unlimited

Net sales in 2013 were €409m, down on a reported basis (-13%) and on a like-for-like basis (-13.6%), with the difference explained by a positive scope effect, slightly offset by a negative currency impact.

The downturn in activity is essentially explained by World Sport Group with two negative factors: first, the AFC⁽⁴⁾ contract turning into a commission contract (vs. a *buy-out* previously), which reduces the total net sales recognised; second, an unfavourable seasonal effect on that same contract (no qualifying matches for the Olympic Games), as well as by the non-occurrence of competitions such as the AFF⁽⁵⁾ Suzuki Cup (football).

Activity is down slightly at Sportfive, due to an unfavourable comparison effect for hospitality activity by Zaechel (with high billing in 2012 due to the Summer Olympics in London and the Euro 2012) and to the non-renewal of contracts with certain football leagues in Europe. This is partially offset by the good performances in the sale of marketing rights for the German football teams, and of media and marketing rights for the ACN⁽⁶⁾ 2013.

Fourth-quarter 2013:

Net sales totalled €107m, down slightly on a reported basis (-28.2%), and on a like-for-like basis (-26.8%).

This evolution comes as no surprise and is essentially tied to World Sport Group, whose activity is affected by an unfavourable calendar effect: a smaller number of matches on the AFC contract, and the non-occurrence of some events like the Singapore Open (golf) and the AFF Suzuki Cup (football).

Activity at Sportfive is down due to the unfavourable comparison effect on hospitality activity (Zaechel), with high billing at end-2012, and to a lesser contribution of qualifying matches for the 2014 Football World Cup. The items are partially offset by the good momentum on German clubs.

II. 2013 Recurring Media EBIT

With sales above forecasts over the end of the year at Lagardère Publishing and in Travel Retail, the increase in Recurring Media EBIT for 2013 is expected slightly above 5%, exceeding the guidance announced previously.

⁽⁴⁾ Asian Football Confederation.

⁽⁵⁾ Asian Football Federation.

⁽⁶⁾ Africa Cup of Nations.

