



**PRESS RELEASE**

**Lagardère**

**First quarter 2014 Net sales: €1,526 million (-5.6% like-for-like<sup>(1)</sup>)**

**Lagardère maintains its 2014 Recurring EBIT<sup>(2)</sup> target from Media activities**

**Paris, May 13, 2014**

**Net sales for the first quarter of 2014 stood at €1,526 million**, compared to €1,627 million in the first quarter of 2013, **-6.2% on a reported basis, and -5.6% like-for-like.**

The difference between reported and like-for-like was due to a currency effect (-€27 million) related to the decline in the Australian, American and Canadian dollars, partially offset by a positive scope effect (+€16 million), due mainly to acquisitions made by Lagardère Services in Schiphol Airport (Amsterdam) and, to a lesser extent, by Lagardère Active (Groupe Réservoir).

**By division:**

- **Lagardère Publishing:** net sales of €393 million (-6.3% on a reported basis and -5.3% like-for-like). The drop in the first quarter of 2014 is due to the very high level of sales in the first quarter of 2013, (spectacular success of the Fifty Shades trilogy in France). Sales were stable compared with the first quarter of 2012.
- **Lagardère Services:** net sales of €858 million (-2.1% on a reported basis, -0.9% like-for-like). Excluding the impact of the end of tobacco sales in Hungary, activity rose 1.5%. Travel Retail was still growing (+5.4% at constant exchange rates).
- **Lagardère Active:** net sales of €202 million (-8.9% on a reported basis and -10.7% like-for-like). The trend is largely due to a comparison effect in TV Production, following an exceptionally strong first quarter of 2013 (+82.1% vs the first quarter of 2012). **Excluding TV Production, the change in net sales was limited to -5.6%**, due essentially to advertising being down -6.5%, while magazine's circulation had a much smaller decrease this quarter, at -1.6%.
- **Lagardère Unlimited:** net sales of €73 million (-33% on a reported basis and like-for-like), as expected, in relation to the absence of the Africa Cup of Nations (ACN) and the shrinking of the Media rights trading business in Europe.

<sup>(1)</sup>At constant scope and exchange rates.

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

## I. GROUP NET SALES AND ACTIVITY

	Net sales (in €m)		2014/2013 Change	
	Q1 2013	Q1 2014	on a reported basis	like-for-like
<b>LAGARDÈRE</b>	<b>1,627</b>	<b>1,526</b>	<b>-6.2%</b>	<b>-5.6%*</b>
Lagardère Publishing	419	393	-6.3%	-5.3%
Lagardère Services	876	858	-2.1%	-0.9%**
Lagardère Active	222	202	-8.9%	-10.7%
Lagardère Unlimited	110	73	-33.0%	-32.9%

\*-4.3%, excluding the end of tobacco sales in Hungary.

\*\*+1.5%, excluding the end of tobacco sales in Hungary.

### > Lagardère Publishing

#### Performance marked by the Fifty Shades impact in first quarter of 2013.

In the first quarter of 2014, business was down -6.3% on a reported basis (-5.3% like-for-like), due mostly to the comparison effect with a first quarter 2013 that benefited from many best-sellers (specifically the Fifty Shades trilogy, which had sold 1.8 million copies in France). Sales were stable compared with the first quarter of 2012.

The difference between reported and like-for-like net sales was mainly due to a negative currency effect of €6 million, primarily associated with the US dollar and the rouble.

**In France**, business trend reflects the absence of the Fifty Shades effect in the first quarter 2013. This decrease is partially offset by the growth in Illustrated books.

In the **English-speaking** countries, business was down slightly due to a lower programme of titles and to some postponements of releases.

The variation of net sales of the **Spain/Latin America** zone (-8.6%) was marked by delayed orders in Education in Argentina, while Spain benefited from the beginnings of a recovery amid the improving economic environment.

**Partworks** continued its solid growth over all markets, at +10.9%, thanks to the success of launches in the second half of 2013 in Russia, Japan and France.

The momentum of **e-books** continued for Lagardère Publishing, which outperformed a stabilizing market. E-books now represent 13.4% of net sales for the division (vs. 12.4% in the first quarter of 2013). This is still concentrated in English-speaking countries, though in a mixed position:

- in the United States, Lagardère Publishing's net e-book sales are now stabilising (34% of net Trade sales, as in the first quarter of 2013), in a market that is contracting slightly;
- in the United Kingdom, the e-book continued to grow, making up 40% of net sales in Adult trade<sup>(3)</sup> in the first quarter of 2014 (vs. 31% for the same period last year).

Note that the first quarter, excluding special publication programme, always represent a relatively low weight on the year as a whole.

### > Lagardère Services

#### Continued momentum in Travel Retail.

Net sales of the division stood at €858 million, down slightly (-2.1% on a reported basis and -0.9% like-for-like), with a very unfavourable currency effect this quarter of -€19 million (decline in the Australian and Canadian dollars), partly counterbalanced by a positive scope effect of +€9 million, primarily related to the acquisition of Schiphol Airport (Amsterdam) fashion operations.

**As in the 2<sup>nd</sup> half of 2013, the ban of tobacco sales in Hungary had a significant impact on sales. Without this item, growth in net sales for the division was positive (+1.5% like-for-like).**

**Like-for-like, growth in Travel Retail (+3.3%) continued and virtually offset the decrease in Distribution (-7.1% or -1.3% excluding the effect of the end of tobacco sales in Hungary).**

**Travel Retail now represents 61.8% of net sales for the division, vs. 59% in the first quarter of 2013.**

<sup>(3)</sup>Adult trade works.

## **LS travel retail: +3.3% on a like-for-like basis and +5.4% at constant exchange rate**

Business is still being carried by **growth in traffic, improved product mix, the development of Duty Free and Food Services networks, the modernisation of sales outlets and the development of new concepts.**

However, the momentum has been allayed by a difficult economic context, the continued decline of the press, the severe devaluation of the rouble, and new regulations in China – these two last factors impact spendings by Russian and Chinese passengers. Finally, the quarter was also affected in Europe and the Pacific by the lag time of Easter vacation over April.

In **France**, business was almost stable (-0.9%) with a rise in Duty Free and a weaker momentum at Relay, which is suffering from the decline of printed products.

In **Western Europe**, business rose sharply in Italy (+18%), which benefited from actions carried out in the Rome airport (increasing retail space, modernising and designing sales outlets, training teams), but also in Germany (+5.2%), driven by growth in the Food Services segment.

Business **advanced** in **Central Europe**, thanks to growth in the Food Services and Duty Free segments: +5.6% in the Czech Republic, +14.6% in Bulgaria.

In **North America**, business posted a sharp increase (+10.7%), due in particular to growth of the network (sales outlets opened in the Los Angeles, Houston and New York JFK airports).

**Asia-Pacific** continued its strong growth (+10.5%), with notably excellent performance from fashion operations in China.

Note that the first quarter of the year does not weigh heavily in the annual net sales figure.

## **LS distribution (Distribution and Integrated Retail): -7.1% like-for-like, -1.3% excluding the end of tobacco sales in Hungary**

As expected, the trend improved with a downturn in activity limited to -1.3% (excluding the tobacco effect in Hungary), due to **ongoing diversification initiatives**, notably in Switzerland, where business grew very slightly (+0.2%), and a **slower decline in printed products than in 2013**. In North America, the start of the year was marked by harsh weather, which had a strong impact on press distribution.

## **> Lagardère Active**

**The change in net sales, at €202 million (-8.9% on a reported basis and -10.7% like-for-like), is essentially explained by the unfavourable calendar effect of TV Production deliveries, which had been extremely strong in the first quarter of 2013.**

The difference between reported and like-for-like sales is mainly due to a positive scope effect (+€4 million), associated with the acquisition of Groupe Réservoir (TV Production in France).

**Excluding TV Production, the negative trend of net sales was limited to -5.6%**, due essentially to Advertising at -6.5%, while the situation improved for circulation.

**Magazine Publishing in France** posted a drop of -6%, due to a difficult advertising market. Circulation trends posted a lesser decrease of -1.6%, thanks to a positive price effect (rise in prices per issue).

**In Radio**, trends are mixed, at -2.4% overall, with gains in Europe 1 (+0.4%) and internationally (+0.4%), offset by poorer performances on music radio.

As expected, **TV Production** was down sharply at the beginning of the year (-49.5%), in comparison with an exceptional first quarter of 2013 (+82.1% compared with the first quarter of 2012), which had seen major deliveries of both scripted programme (*Clem, Odysseus, Famille d'accueil, Nos chers voisins*) and non-scripted programmes (*Si près de chez vous*). **TV Channels** were down slightly (-2.3%).

**Digital** had mixed trends, with the good performance of BilletReduc.com, Doctissimo and Newsweb. The LeGuide group was affected by Google's offensive on the shopping guides market. A case is under way at the European Commission who is waiting for Google to restore a balanced competitive environment.

## > Lagardère Unlimited

**As expected, business was affected by the absence of the ACN competition and by a strong decrease of the Media rights trading activity in Europe, in line with the strategy implemented.**

Net sales stood at €73 million (-33% on a reported basis and like-for-like).

The level of activity in the first quarter of 2014 is explained by a calendar effect at **Sportfive**, due to the non-occurrence of qualifying matches (European federations) for the Football World Cup in 2014 as well as the non-occurrence of the Africa Cup of Nations, which had significantly contributed to performance in the first quarter of 2013.

**World Sport Group's** business is on the rise (+2.6%). The other subsidiaries performed as expected.

## II. Key events since January 1, 2014

**On April 2, 2014**, the Group entered into an agreement to **sell its 10 print titles** to a consortium of media and digital entrepreneurs. Under the new owners, magazine operations should resume between now and end-August 2014.

**On April 16, 2014**, **Lagardère Services and SAVE (Venice Airport) announced that Lagardère Services' acquisition of 50% of the Groupe Airst's capital was completed.** This industry partnership had already been announced on September 19, 2013.

**On May 6, 2014, at the Annual General Meeting**, shareholders approved all proposed resolutions, specifically those relating to the special distribution of €6, management compensation, the renewal of members of the Supervisory Board and the appointment of one new member (Yves Guillemot).

## III. Outlook

### > Profitability

Lagardère maintains its recurring EBIT from Media activities guidance announced on March 12: in 2014, it is expected to grow another 0% to 5% compared to 2013, at constant exchange rates and excluding the effect of the potential disposal of Distribution activities.

### > Financial position

The Group's financial position is still solid, and should move from a positive net cash position at end-2013 to a net debt position at June 30, 2014, after payment of the ordinary dividend and the special distribution, as well as the usual negative seasonal effect of the first half.

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## Investor calendar

- **Lagardère Investor Day**

An Investor Day event dedicated to the Group's strategy will take place on May 28, 2014 in Paris.

- **Announcement of H1 2014 results**

Half-year results will be released on July 31, 2014 at 5:35 p.m. A conference call will be held at 5:45 p.m. on the same day.

- **Announcement of Q3 2014 net sales**

Third-quarter results will be released on November 13, 2014 at 5:35 p.m. A conference call will be held at 5:45 p.m. on the same day.

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## **DEFINITION OF RECURRING MEDIA EBIT**

Recurring Media EBIT of consolidated companies is defined as the difference between income before interest and tax and the following items of the income statement:

- contribution of associates;
- gains or losses on disposals of assets;
- impairment losses on goodwill, property, plant and equipment and intangible assets;
- restructuring costs;
- items related to business combinations:
  - expenses on acquisitions;
  - gains and losses resulting from acquisition price adjustments;
  - amortisation of acquisition-related intangible assets.

*Lagardère is a world-class diversified media group (Book and e-Publishing; Travel Retail and Distribution; Press, Audiovisual, Digital and Advertising Sales Brokerage; Sports and Entertainment).  
Lagardère shares are listed on Euronext Paris.  
[www.lagardere.com](http://www.lagardere.com)*

### **Important Notice:**

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*Please refer to the most recent Reference Document (Document de référence) filed by Lagardère SCA with the French Autorité des marchés financiers for additional information in relation to such factors, risks and uncertainties.*

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