



Lagardère

PRESS RELEASE

Strong growth in 2015 with Group recurring EBIT⁽¹⁾ expected above target⁽²⁾

2015 sales: €7,193 million, +3.0% on a like-for-like basis⁽³⁾ and +0.3% on a reported basis

Fourth quarter 2015: €2,043 million, +3.5% on a like-for-like basis and +7.4% on a reported basis

Paris, 10 February 2016

The Lagardère group had a fine end of the year, particularly at Lagardère Publishing and Lagardère Sports and Entertainment. Lagardère Active trends improved in advertising and circulation. Growth momentum of Lagardère Travel Retail is ongoing despite a slowdown in France (consequence of the November attacks).

Fourth-quarter 2015:

Sales totalled €2,043 million, up 7.4% on a reported basis (+3.5% on a like-for-like basis). The difference between the reported and like-for-like data is due to a positive scope effect (+€28 million), mainly from the acquisition of Paradies in the US (at Lagardère Travel Retail) and Grupo Boomerang TV (at Lagardère Active), plus a +€50 million currency effect (mainly attributable to euro depreciation).

- **Lagardère Publishing:** sales up sharply (+9.2% on a like-for-like basis), driven by the good performance of Illustrated Books in France with Asterix, as well as General Literature which benefited from many literary prizes. The United States, Partworks and Spain also posted growth.
- **Lagardère Travel Retail:** continued momentum in Travel Retail (+3.3% on a like-for-like basis) despite the impact in France of the November attacks. There was a sustained increase in all other geographic areas.
- **Lagardère Active:** sales down (-10.6% on a like-for-like basis) due to an unfavourable comparison effect at Lagardère Studios. However, this trend was partially offset by the turnaround in advertising revenue (+1.3%) and the good performance of press and radio.
- **Lagardère Sports and Entertainment:** sales up sharply at +16.3% on a like-for-like basis with the development of stadium management activities and the good performance of football competitions in Asia.

Full-year 2015:

Lagardère is generating solid growth in 2015, driven by positive momentum in Travel Retail, as well as Lagardère Sports and Entertainment and major best-sellers at Lagardère Publishing.

Sales totalled €7,193 million, up 0.3% on a reported basis and up 3.0% like-for-like, with a positive currency effect of +€222 million, primarily due to increases of the US dollar and pound sterling.

⁽¹⁾Recurring operating profit of fully consolidated companies (four operating divisions and other activities). See details at the end of the press release.

⁽²⁾See detail on page 6.

⁽³⁾At constant exchange rates and consolidation scope.

As expected, the scope effect was negative by -€393 million, broken down as follows:

- Miscellaneous effects of sales deconsolidation, amounting to -€671 million, essentially comprising:
 - the deconsolidation of Relay activities in train stations in France (now consolidated using the equity method through the creation of a joint venture with SNCF in September 2014) for -€222 million, as well as high-street Retail activities in Poland (now consolidated using the equity method after disposal of 51% of Inmedio in December 2014) for -€103 million;
 - the disposal in Switzerland of Distribution activities in February 2015, with an impact of -€266 million, and of Payot book stores in July 2014 with an impact of -€28 million.
- And €277 million in acquisitions at Lagardère Travel Retail (consolidation of Paradies operations in November 2015 and Airst operations in April 2014), Lagardère Active (acquisition of Grupo Boomerang TV in May 2015 and consolidation of the sales of Gulli in November 2014) and Lagardère Publishing (Quercus and Rising Stars in the United Kingdom).

I. GROUP CONSOLIDATED SALES AND ACTIVITY

	Sales (in € million)		Change	
	Q4 2014	Q4 2015	on a reported basis	on a like-for-like basis
Lagardère Publishing	537	631	+17.5%	+9.2%
Lagardère Travel Retail	926	937	+1.2%	+3.3%
Lagardère Active	315	319	+1.1%	-10.6%
Lagardère Sports and Entertainment	125	156	+25.6%	+16.3%
LAGARDÈRE	1,903	2,043	+7.4%	+3.5%

	Sales (in € million)		Change	
	2014	2015	on a reported basis	on a like-for-like basis
Lagardère Publishing	2,004	2,206	+10.1%	+1.7%
Lagardère Travel Retail	3,814	3,510	-8.0%	+4.3%*
Lagardère Active	958	962	+0.5%	-5.8%
Lagardère Sports and Entertainment	394	515	+30.9%	+19.6%
LAGARDÈRE	7,170	7,193	+0.3%	+3.0%

*+8.2% for Travel Retail excluding Distribution.

● Lagardère Publishing

Fourth-quarter 2015:

This quarter stood out for a very good performance by Illustrated Books, the commercial success of Asterix, and General Literature in France, which benefited from a number of literary prizes.

At €631 million, sales rose very sharply: +17.5% on a reported basis and +9.2% like-for-like, with the difference due to a positive currency effect (+€38 million due to the increase in the US dollar and pound sterling) and scope effect (+€7 million from the acquisition of publisher Rising Stars in the UK).

Figures below are presented on a like-for-like basis.

In France (+15.2%), operations were essentially driven by a very solid showing from Illustrated Books with the success of the latest volume of *Asterix and the Missing Scroll*, and from General Literature with many best-sellers, including *D'après une histoire vraie* by Delphine de Vigan and *La Cache* by Christophe Boltanski. The division's authors were awarded six of the autumn's eight major literary prizes. On the other hand, Education faced a declining market (the year before a curricular reform).

In the United States, the jump in activity (+15.2%) was linked to a favourable publishing calendar during the quarter, specifically *See Me* by Nicholas Sparks. E-book sales saw a slight decline.

In the United Kingdom, sales trend (-6.7%) was due to the decline in e-books sales, in a market affected by the VAT hike from 3% to 20% on 1 January 2015 and to a slower release schedule than the fourth quarter 2014.

The Spain/Latin America region posted an excellent performance (+19.0%), notably thanks to the success of Asterix.

Partworks posted a very positive trend (+11.6%), driven by the marketing approach of the launches of new partworks over the previous quarters.

E-books: the weighting of e-books decreased, making up 7.5% of total sales for Lagardère Publishing in the fourth quarter 2015, compared to 10.0% in the fourth quarter 2014. See comments below for the full year.

Full-year 2015:

Sales for 2015 stood at €2,206 million, up 10.1% on a reported basis and up 1.7% like-for-like, difference is due to positive scope (+€28 million) and currency (+€140 million) effects.

2015 was driven by the excellent performance in France in Illustrated Books and General Literature, and to a lesser extent to the positive momentum in Education in Spain and to the growth in Partworks.

Figures below are presented on a like-for-like basis.

In France, in a market that is growing gently, sales enjoyed a sustained increase of 5.5%, specifically in General Literature, with 2015 especially ample in best-sellers (notably the *Fifty Shades of Grey* saga by E.L. James, and *D'après une histoire vraie* by Delphine de Vigan) and Illustrated Books, which had a real hit with colouring books for adults, the release of the latest volume of Asterix; and *Simplissime* (cookbook).

The United States posted stable operations (-0.3%). The stand-out for the year was a rebalancing of the printed book market, to the detriment of e-books: the increase of printed books sales has almost offset the decline of e-books sales.

The United Kingdom is in a slowdown (-3.3%), due to the decrease of e-books sales in a market affected by the VAT hike. Good performances in Education and Illustrated Books did not offset a slower release schedule than 2014 in non-fiction.

The good performance in Spain/Latin America region (+7.5%) was driven by rising sales in Education (curricular reforms in some Spanish provinces) and by the success of Asterix at the end of the year.

Partworks continued their rise (+3.0%), thanks to successful launches of collections in late 2014 and 2015.

E-Books: in 2015 market trends have been reversed in the US and UK, with a rebound in volumes of printed books to the detriment of e-books, due to new contract terms with Amazon. For the time being, this digital transition remains essentially confined to the English-speaking markets, and only in the General Literature segment (which represents about 40% of total sales of the division).

- In the US, Lagardère Publishing digital sales now account for 22% of Trade⁽⁴⁾ sales compared to 26% in 2014.
- In the UK, Lagardère Publishing digital sales represent 26% of Adult Trade⁽⁵⁾, compared to 31% in 2014.

Overall in 2015, e-books totalled 9.0% of the division sales (vs. 10.3% in 2014).

● **Lagardère Travel Retail**

Fourth-quarter 2015:

The end of the year showed a continued growth momentum in Travel Retail. However, there has been a slowdown in France in the wake of Paris attacks in November.

Sales for the division totalled €937 million, up 1.2% on a reported basis and up 3.3% like-for-like, with the difference essentially due to a negative scope effect (-€22 million) due to the deconsolidation of Distribution activities in Switzerland, offset by the consolidation of Paradies' operations. The currency effect was slightly positive (+€7 million).

Figures below are presented on a like-for-like basis.

Travel Retail:

In the fourth quarter the pace of growth in Travel Retail remained high (+7.9%, compared to +7.7% at end September). The growth gap compared to the excellent third quarter (+9.9%) is due primarily to the impact of the attacks in Paris in November (lower traffic).

In France, activity contracted slightly at -0.4%. The slowdown in passenger traffic in French airports after the Paris attacks in November primarily affected the Duty Free segment.

Europe (excluding France) posted excellent growth (+12.5%), driven by Italy (+8.4%), which delivered good performance in Rome and Venice, Iceland (shops opened in Reykjavik), Luxembourg (winning Duty Free bid,

⁽⁴⁾Trade titles.

⁽⁵⁾Adult Trade titles.

opening on 1 November) and the Netherlands (network extension). In Central Europe, sales also rose significantly, specifically in Poland and Romania (network development).

Activity was up in North America (+4.5%) thanks to network expansion in airports, especially in Los Angeles and Dallas.

In Asia-Pacific, growth (+17%) was very sharp, particularly in New Zealand (opening of Duty Free sales outlets in Auckland airport since July). China posted satisfactory activity due to the sustained development of fashion operations (Kunming and Xi'an).

Distribution:

Activity in the fourth quarter 2015 was down significantly at -7.8%. This negative trend was caused by Hungary, where export operations were temporarily interrupted due to regulatory uncertainties, and Belgium (impact of curfews in Brussels after the attacks in Paris) for Integrated Retail.

Recent developments:

- On 22 December 2015 was announced the winning of Duty Free bid (as a joint-venture) at the **Abu Dhabi** airport. The new terminal, which will be the Etihad Airways hub, should be opening in late 2017 and will have a 30 million passenger capacity. This contract is a major step in the development of the division in the Middle East.
- On 5 February 2016, the signature of an agreement to sell Distribution and Retail operations in **Belgium** was announced, marking the continuation of the strategic refocusing on Travel Retail.

Full-year 2015:

The market environment in 2015 was marked by the brisk pace of growth in air traffic, the continued downturn in the press market, and an unsettled geopolitical and macroeconomic situation. The development strategy of Lagardère Travel Retail was a success, with accelerated organic growth in Travel Retail and the completion of acquisitions in a growing North American market (primarily Paradies). However, the end of the year was marked by the negative effect of the attacks in Paris.

In 2015, sales totalled €3,510 million, down 8.0% on a reported basis and up 4.3% like-for-like. The currency effect for the division was positive (+€57 million), due to the appreciation of the US dollar, the Swiss franc, and the pound sterling.

As expected, the scope effect was negative by -€498 million, broken down as follows:

- Miscellaneous effects of sales deconsolidation, amounting to -€644 million, with, essentially:
 - the deconsolidation of Relay activities in train stations in France (now consolidated using the equity method through the creation of a joint venture with SNCF in September 2014) for -€222 million, as well as high-street Retail activities in Poland (now consolidated using the equity method after disposal of 51% of Inmedio in December 2014) for -€103 million;
 - the disposal in Switzerland of Press Distribution activities in February 2015, with an impact of -€266 million, and of Payot book stores in July 2014 with an impact of -€28 million.
- €146 million in acquisitions, primarily Paradies in the US in November 2015, and Airst in Italy in April 2014.

The strategic transformation of the division is still ongoing. Travel Retail now represents 73% of total consolidated sales, vs. 66% in 2014.

Figures below are presented on a like-for-like basis.

In 2015, **Travel Retail** sales were up sharply: +8.2%. This solid growth was driven by passenger traffic, proper consolidation of acquisitions and development of networks (modernised stores, winning bids, and the rollout of new concepts). All geographic areas posted positive trends: in France (+5.8%), Europe outside France (+9.9%), North America (+5.5%), and Asia-Pacific (+10.4%).

Global passenger traffic at the end of October 2015 (latest available figures from ACI) posted solid growth of +6.0%: +5.2% in Europe, +5.0% in North America, and +8.0% in Asia-Pacific.

In 2015, **Distribution** was down -4.2% due to the continued decline of the press market, the suspension of export operations in Hungary, and a bumpy end to the year in Belgium.

During the fiscal year, the strategy to dispose the Distribution activity continued:

- on 27 February 2015, disposal of the Swiss Press Distribution and Integrated Retail subsidiary LSDS;
- on 26 June 2015, disposal of the US Magazine Distribution subsidiary Curtis;
- on 27 October 2015, an agreement was signed to sell the Spanish Distribution subsidiary SGEL;
- on 5 February 2016, an agreement was signed to sell the Belgian Press Distribution and Integrated Retail subsidiary.
- the process of selling the other Press Distribution and Integrated Retail entities (Hungary and Canada) is still underway.

● Lagardère Active

Fourth-quarter 2015:

Sales totalled €319 million, up 1.1% on a reported basis and down 10.6% like-for-like. The scope effect was positive (+€37 million) due to the acquisition of Grupo Boomerang TV in May 2015 and of Gulli in November 2014. Figures below are presented on a like-for-like basis.

The contraction of the activity was primarily attributable to an unfavourable comparison effect for Lagardère Studios. Excluding Lagardère Studios, the decline in sales was limited to -1.2%, notably driven by the turnaround for advertising revenues (+1.3%) and an improved trend for magazines.

The trend in Magazine Publishing (-1.4%) is tied to the relative strength in its advertising revenue (-0.5%), improved circulation trend (-2.1% vs. -6.2% at end September), and sharp increase in Digital (+32.6%).

Radio had a good quarter (+1.6%), the decline in diversification operations revenues is more than offset by the growth in advertising revenues (+2.9%) both in international radios (+8.3%) and radios in France (+1.2%).

TV activities were down steeply (-24.9%), owing specifically for Lagardère Studios to an unfavourable delivery schedule for international productions (delivery in the fourth quarter 2014 of Season 2 of *Transporter – The Series*).

In pure digital activities, the downturn (-12.2%) was attributable to LeGuide.com. Stripping out the latter, these pure Digital activities posted +4.4% growth.

Full-year 2015:

Lagardère Active implements its strategy of rebalancing its portfolio of activities toward broadcasting, primarily thanks to the acquisition of Gulli in November 2014 and Grupo Boomerang TV in May 2015.

Sales of €962 million in 2015, up 0.5% on a reported basis and down 5.8% like-for-like, with the difference due to a positive scope effect (+€59 million).

Figures below are presented on a like-for-like basis.

The contraction of the activity was mostly attributable to the loss in Magazine Publishing (-3.9%) and an unfavourable comparison effect for TV activities (-8.9%) with fewer deliveries of international productions for Lagardère Studios; however, the more-profitable programme distribution operations posted better performance. Like-for-like figures for TV activities do not totally include the strong performance of Gulli (advertising revenues up 7.4% in 2015), as the consolidation was only accounted starting 1 November 2014.

Radio demonstrated its defensiveness (-1.4%) with activity up internationally.

In all, advertising was down a mere -1.6%, thanks to a strong end of the year. Magazine circulation posted a decline of -5.3%.

The evolution of pure digital activities was at -19.5% (growth of +4.9% excluding LeGuide.com).

● Lagardère Sports and Entertainment

Fourth-quarter 2015:

Sales totalled €156 million, up 25.6% on a reported basis and up 16.3% on a like-for-like basis, the difference between these two numbers reflecting positive scope (+€6 million) and currency (+€6 million) effects.

Figures below are presented on a like-for-like basis.

The very good performance in the fourth quarter was driven mainly by the development of new stadium management operations as well as in Asia the preliminary rounds of qualifiers for the 2018 FIFA World Cup.

Full-year 2015:

Sales in 2015 totalled €515 million, with solid growth both on a reported basis (+30.9%) and like-for-like (+19.6%), the difference between these two numbers reflecting positive scope (+€17 million) and currency effects (+€27 million, mostly due to the US dollar).

Figures below are presented on a like-for-like basis.

The sharp increase in activity was attributable to the favourable calendar effect in football, as expected, mainly because of continental competitions held in Africa (Orange Africa Cup of Nations held in Equatorial Guinea) and Asia (AFC⁽⁶⁾ Asian Cup held in Australia), as well as the good start of stadium management operations. Moreover, the good performance of marketing operations in Europe as well as services (ticketing, marketing rights and media) for the organisation of the 2015 African Games in Brazzaville boosted growth.

⁽⁶⁾Asian Football Confederation.

