



Lagardère

**PRESS
RELEASE**

Strong growth of consolidated revenue, Q3 2016:

**at €1,976 million compared to €1,846 million in Q3 2015,
up 7.0% on a consolidated basis, up 6.1% like-for-like⁽¹⁾**

**Lagardère confirms its Recurring EBIT⁽²⁾ growth target for 2016
slightly above 10% compared to 2015⁽³⁾**

Paris, 10 November 2016

The Lagardère group strengthened its growth during the third quarter, in an environment that remained difficult in Europe, buoyed by the continued performance for Lagardère Travel Retail and by the substantial increase in activity for Lagardère Publishing.

Revenue for the Group in the third quarter of 2016 came to €1,976 million, up significantly by 6.1% on a like-for-like basis. The difference with consolidated figures (+7.0%) is explained primarily by a positive scope effect (+€49 million), mainly related to external growth for Lagardère Publishing and Lagardère Travel Retail, partly offset by a negative foreign exchange effect (-€25 million), primarily linked to pound sterling.

By division (like-for-like basis):

- **Lagardère Publishing:** a strong quarter with double-digit growth, driven by the success of the new Harry Potter release and the effects of curricular reform in France.
- **Lagardère Travel Retail:** Travel Retail (excluding Distribution) saw continued growth (up 5.7%) supported by the development of the store networks and the deployment of new concepts, despite the difficult geopolitical and economic environment. The integration of Paradies is progressing as planned and the level of synergies remains in line with the Group's expectations.
- **Lagardère Active:** Press activities followed the market's downward trend. However, musical radio in France performed well, and e-health activities continued to expand.
- **Lagardère Sports and Entertainment:** strong third quarter, as expected, thanks to a favourable football calendar effect.

At 30 September 2016:

Revenue for the first nine months of 2016 totalled €5,407 million, up 5.0% on a consolidated basis and up 2.5% like-for-like. The difference between the consolidated and like-for-like figures is attributable to a negative foreign exchange effect of -€67 million, offset by a positive scope effect of +€201 million, primarily linked to the disposal of Press Wholesale Distribution activities and to external growth transactions.

Over the first nine months of the year, growth in revenue was chiefly driven by good performances from Travel Retail and Lagardère Publishing.

⁽¹⁾ At constant exchange rates and consolidation scope. See appendixes at the end of the press release.

⁽²⁾ Recurring operating profit of fully consolidated companies (four operating divisions and other activities). See definition at the end of the press release.

⁽³⁾ At constant exchange rates and excluding any impact from any disposal of Distribution activities.

I- CONSOLIDATED REVENUE AND ACTIVITY PER DIVISION

	Revenue (in €m)		Change	
	At 30 September 2015	At 30 September 2016	on a consolidated basis	on a like-for-like basis
Lagardère Publishing	1,575	1,645	+4.5%	+4.1%
Lagardère Travel Retail	2,572	2,784	+8.2%	+4.9%
<i>o/w Travel Retail</i>	1,831	2,329	+27.2%	+7.0%
<i>o/w Distribution</i>	741	455	-38.7%	-3.5%
Lagardère Active	644	631	-2.0%	-6.8%
Lagardère Sports and Entertainment	359	347	-3.4%	-3.1%
LAGARDÈRE	5,150	5,407	+5.0%	+2.5%

	Revenue (in €m)		Change	
	Q3 2015	Q3 2016	on a consolidated basis	on a like-for-like basis
Lagardère Publishing	607	675	+11.2%	+10.9%
Lagardère Travel Retail	933	994	+6.6%	+3.9%
<i>o/w Travel Retail</i>	687	853	+24.2%	+5.7%
<i>o/w Distribution</i>	246	141	-42.5%	-4.2%
Lagardère Active	206	196	-5.2%	-5.5%
Lagardère Sports and Entertainment	100	111	+11.0%	+20.6%
LAGARDÈRE	1,846	1,976	+7.0%	+6.1%

● Lagardère Publishing

Revenue at 30 September 2016 came to €1,645 million, up 4.5% on a consolidated basis and up 4.1% like-for-like. This difference can be explained by a positive scope effect (+€47 million) primarily related to the acquisition of Perseus in the United States, and by a negative foreign exchange effect (-€42 million) mostly linked to the depreciation of the pound sterling.

The growth of the business in the first nine months was driven by the United Kingdom (up 8.3%), thanks to the success of *Harry Potter and the Cursed Child* in english worldwide (except in the United States and Canada), by France (up 4.6%) due to the strength of its Education activity, and by the solid performance of Partworks (up 6.1%), especially in Japan and Spain.

Third quarter 2016:

At €675 million, the business posted substantial growth on a like-for-like basis, up 10.9% (up 11.2% on a consolidated basis). The difference between these two changes is mainly due to a positive scope effect (+€26 million) offsetting a negative foreign exchange effect (-€24 million). The figures below are presented on a like-for-like basis.

In France (up 7.8%), the high level of activity was mostly driven by curricular reform (primarily secondary school level) and by the growth of Illustrated Books, thanks to the success of the different editions of *Simplissime* by Jean-François Mallet. This performance has been achieved despite an unfavourable comparison effect in General Literature, due to a less unreached release schedule.

In the United States, activity is up significantly (by 12.9%), thanks to the positive impact of a stronger release schedule, with the success of *Two by Two* by Nicholas Sparks and *A Woman of God* by James Patterson.

In the United Kingdom, business climbed substantially (up 30.1%), driven partly by the successful release of *Harry Potter and the Cursed Child* and partly by the solid performance of Education, especially at the secondary school level.

Business fell in the Spanish/Latin American region (down 8.4%), due to early orders for the school books season in the first half of this year.

Partworks' performance was stable (up 0.4%).

In the third quarter, e-books accounted for 6.8% of total Lagardère Publishing revenue, compared to 7.9% in the third quarter of 2015.

● Lagardère Travel Retail

At €2,784 million, revenue at 30 September 2016 were up 8.2% on a consolidated basis and up 4.9% on a like-for-like basis. This difference can be explained by a negative foreign exchange effect (-€22 million), primarily from the fall in the Polish zloty, the pound sterling, the Canadian and Australian dollars, and favourable scope effects (up €121 million), broken down as follows:

- Effect of disposals (-€278 million), related primarily to disposals of Press Distribution activities in Spain (SGEL), Switzerland (Naville), the United States (Curtis) and Canada (LMPI).
- External growth transactions (up €399 million), mainly linked to the integration of Paradies North American operations and fashion and confectionery stores at JFK Airport (New York).

Third quarter 2016:

The division's activity amounted to €944 million, an increase of 3.9% on a like-for-like basis (up 6.6% on a consolidated basis). This difference is mainly attributable to a favourable scope effect (up €29 million).

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

- **Travel Retail business is up 5.7%.**

In France, the slight drop in activity (-0.9%) is primarily due to the decline in the Duty Free and Fashion segment related to the effects on tourism from the Paris and Nice terrorist attacks. However, this effect was mitigated by the resilience of the Foodservice segment.

Europe (excluding France) saw very strong momentum (up 11.2%): the growth in traffic and the development of the networks led to a sustained increase in revenue in Poland (up 24.2%), Italy (up 6.7%) with particularly strong performance in the Foodservice segment and the United Kingdom (up 18.9%) with the modernisation and extension of the Duty Free concession at Luton Airport. There was also strong activity growth in Romania (up 20.3%) thanks to the development of the Foodservice business and the impact of higher tobacco prices.

Activity was up in North America (up 6.9%), boosted by the extension of networks and the effect of sales synergies generated from the integration of Paradies.

The Asia-Pacific region showed a positive trend (up 1.8%) thanks to the strong performance of the fashion stores in China and Duty Free activities in Australia and New Zealand, which offset the reduction in network's size.

- **Distribution business down 4.2%**

In the third quarter of 2016, activities were impacted notably by discontinued export sales in Hungary.

● Lagardère Active

Revenue totalled €631 million, down 2% on a consolidated basis and down 6.8% on a like-for-like basis. The difference between these two changes is due to a positive scope effect (up €32 million), primarily associated with the acquisition of Grupo Boomerang TV in May 2015.

Revenue for Advertising over the first nine months of the year were 3.1% lower than in the same period of 2015 across the entire division.

Third quarter 2016:

Revenue totalled €196 million, down 5.5% on a like-for-like basis (down 5.2% on a consolidated basis).

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

The negative performance of Magazine Publishing (-8.2%) is linked to the decline in circulation revenues over the period (-9.1%). Meanwhile, advertising revenue (-5.1%) saw an improvement compared to the first half of the year.

The Radio segment posted stable activity, with growth in France (up 4.3%) linked to very strong momentum in musical radio. Revenue in international radio activities benefited from strong performance in advertising (up 2.8%); however, they were down overall as a result of lower revenue from events activities in Poland.

Television activities saw a less severe decline (-5.2%) than in previous quarters, thanks to Lagardère Studios (TV Production), which was stable over the period. Revenue from TV channels were down, as sales on pay-TV channels were impacted by renegotiations with their distributors.

Excluding LeGuide.com, pure digital and B2B activities rose 8.7%, primarily driven by diversification into e-health. LeGuide.com was sold to Kelkoo on 30 September 2016.

● Lagardère Sports and Entertainment

Revenue totalled €347 million for the first nine months of the year, down 3.4% on a consolidated basis and down 3.1% on a like-for-like basis. The difference between these two figures is due to a negative foreign exchange effect (-€2 million), primarily linked to the depreciation of the pound sterling.

Third quarter 2016:

In the third quarter, revenue totalled €111 million, up 20.6% on a like-for-like basis (up 11.0% on a consolidated basis). The difference between these two changes is essentially due to the disposal of endurance sport and merchandising activities.

This performance is attributable to a favourable calendar effect in the third quarter, namely the Asian qualifiers for the 2018 FIFA World Cup, the qualification phase for the Total Africa Cup of Nations Gabon 2017 and hospitality sales for the Rio 2016 Olympic Games.

There was an unfavourable comparison effect related to the 2015 African Games in Brazzaville.

II- KEY EVENTS SINCE 30 JUNE 2016

- **Arnaud Lagardère appoints Andrew Georgiou as Chief Executive Officer of Lagardère Sports and Entertainment**
On 22 September 2016, Arnaud Lagardère, General and Managing Partner of Lagardère SCA, has appointed Andrew Georgiou as Chief Executive Officer of Lagardère Sports and Entertainment. Andrew Georgiou has served as Chief Operating Officer of Lagardère Sports and Entertainment since 2014.
- **Lagardère Travel Retail wins a 2,040 m² duty free concession at Riyadh's King Khaled International Airport.**
On 19 October 2016, a consortium led by Lagardère Travel Retail together with Saudi Airlines Catering Company (SACC) and Arabian Ground Handling Logistic Company was awarded a concession contract to operate 2,040 m² of commercial space in Terminals 1 and 2 of King Khaled International Airport in Riyadh.
- **Lagardère Travel Retail signs an agreement for the acquisition of businesses in Poland and Estonia.**
On 2 November 2016, the signature of an agreement to acquire the business of Inflight Service Group in Poland (5 stores at Modlin airport, duty free operations on Polish Unity Line ferries) was announced. The IFS business in Estonia (3 stores at Tallin airport and 1 store at seaport) was taken over on the same date.

III- GUIDANCE – FINANCIAL POSITION

TARGET FOR GROUP RECURRING EBIT CONFIRMED

In view of the Group performance as of the end of September and the outlook for the full year, the Group recurring EBIT target for 2016, that was announced last March, is confirmed.

Accordingly, in 2016, Group recurring EBIT is expected to be slightly above 10% compared to 2015 at constant exchange rates and excluding any impact from any disposal of Distribution activities.

FINANCIAL POSITION

The Group's financial position remains solid, with good liquidity and a balanced repayment schedule.

IV- INVESTOR CALENDAR

- **Publication of FY 2016 revenue** on 9 February 2017 at 8:00 a.m. (conference call at 10:00 a.m.).
- **Publication of FY 2016 results** on 8 March 2017 at 5:35 p.m.

V- APPENDIXES

CHANGES IN CONSOLIDATION SCOPE AND OTHER

At 30 September:

The difference between the consolidated and like-for-like figures is attributable to a negative foreign exchange effect of -€67 million, offset by a positive scope effect of +€201 million, broken down as follows:

- Impact of disposals, amounting to -€299 million, chiefly relating to the divestment of Press Distribution activities in Spain (SGEL) for €201 million, Switzerland (Naville) for €54 million, the United States (Curtis) for €8 million and Canada (LMPI) for €7 million, with respect to Lagardère Travel Retail scope, as well as the disposal of endurance sport and merchandising activities for €22 million by Lagardère Sports and Entertainment.
- External growth transactions amounting to €500 million, especially for Lagardère Travel Retail (integration of Paradies activities for €392 million and stores at JFK Airport in New York for €4 million), for Lagardère Active (integration of Grupo Boomerang TV's Audiovisual Production activities in Spain for €27 million), for Lagardère Publishing (integration of Perseus in the United States for €40 million) and for Lagardère Sports and Entertainment (integration of UFA Sports for €7 million, Sponsorship 360 for €5 million, EKS for €4 million, akzio! ajoint for €4 million and Rooftop2 for €3 million).

Third quarter 2016

The difference between the consolidated and like-for-like figures includes primarily:

- A positive scope effect including the acquisitions of Neonplay and Perseus for Lagardère Publishing ; the integration of Paradies for Lagardère Travel Retail and the acquisitions of EKS and akzio! ajoint for Lagardère Sports and Entertainment.
- A negative scope effect linked to the disposal of Distribution activities in Spain and Canada for Lagardère Travel Retail and the disposal of endurance and merchandising activities for Lagardère Sports and Entertainment.

DEFINITION OF GROUP RECURRING EBIT

Recurring EBIT of fully consolidated companies is defined as earnings before interest and tax, excluding the following income statement items:

- income (loss) from equity-accounted companies;
- gains (losses) on disposals of assets;
- impairment losses on goodwill, property, plant and equipment and intangible assets;
- restructuring costs;
- items related to business combinations:
 - acquisition-related expenses,
 - gains and losses resulting from acquisition price adjustments and fair value adjustments due to changes in control,
 - amortisation of acquisition-related intangible assets.

The Lagardère group is a global leader in content publishing, production, broadcasting and distribution, whose powerful brands leverage its virtual and physical networks to attract and enjoy qualified audiences.

It is structured around four business lines: Books and e-Books; Travel Retail; Press, Audiovisual, Digital and Advertising Sales Brokerage; Sports and 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 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.

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

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