



Lagardère

**FOURTH-QUARTER 2018
REVENUE**

Sustained revenue growth in 2018, up 3.3% like-for-like⁽¹⁾ at €7,258 million

Fourth-quarter 2018: €1,997 million, up 2.1% like-for-like⁽¹⁾

**Lagardère confirms its Group recurring EBIT growth target⁽¹⁾ for 2018
at between 1% and 3%⁽²⁾**

Paris, 7 February 2019,

The Group is actively pressing ahead with rolling out the strategy to refocus its operations around Lagardère Publishing and Lagardère Travel Retail, with the completion of significant new transactions on both the acquisitions and disposals sides of the equation. As part of the plan, the acquisition of HBF, a transformational acquisition for Lagardère Travel Retail's US-based Foodservice activities, was completed in November 2018, and exclusive negotiations have been initiated for the sale of the Television business (excluding Mezzo) in January 2019.

Full-year 2018:

The Lagardère group's continued growth momentum was powered by a solid performance at Lagardère Travel Retail, and was achieved despite lacklustre business cycles at Lagardère Publishing and Lagardère Sports and Entertainment.

Revenue totalled €7,258 million, up 3.3% like-for-like and up 2.5% on a consolidated basis. The difference between consolidated and like-for-like revenue is essentially attributable to a negative foreign exchange effect resulting mainly from the depreciation of the US dollar. Changes in the scope of consolidation had a positive impact on revenue, due chiefly to acquisitions at Lagardère Publishing and Lagardère Travel Retail, partially offset by the divestment of LARI, Doctissimo and MonDocteur by Lagardère Active.

Fourth-quarter 2018:

Group revenue came in at €1,997 million versus €1,918 million in fourth-quarter 2017⁽³⁾, a rise of 2.1% like-for-like and of 4.1% on a consolidated basis.

By division (like-for-like basis):

- **Lagardère Publishing:** revenue edged up 1.4%, buoyed mainly by the success of General Literature in the United Kingdom and United States, which offset the decline in Partworks and the unfavourable comparison basis linked to the success of *Astérix et la Transitalique* in 2017.
- **Lagardère Travel Retail** kept up its growth momentum during the period (up 5.6%), driven mainly by expansion of the store network and good sales performances in the EMEA region and in France.
- **Lagardère Active** saw revenue fall 6.6%, due mainly to the decline in advertising and circulation revenues at Magazine Publishing.
- **Lagardère Sports and Entertainment:** revenue was up slightly by 0.9% due to strong performances from the Olympics division and Football activities in Europe, offsetting the disposal of Tennis activities in Sweden.

⁽¹⁾ Alternative performance indicators. See the glossary at the end of this press release.

⁽²⁾ Versus 2017 Group recurring EBIT, restated for IFRS 15, at constant exchange rates, excluding the impact of disposals at Lagardère Active and of the acquisition of HBF by Lagardère Travel Retail.

⁽³⁾ Restated for IFRS 15. See appendices at the end of the press release.

I. REVENUE AND ACTIVITY BY DIVISION

	Revenue (€m)		Change	
	Full-year 2017*	Full-year 2018	on a consolidated basis	on a like-for-like basis
Lagardère Publishing	2,289	2,252	-1.6%	-1.2%
Lagardère Travel Retail	3,412	3,673	+7.7%	+8.8%
<i>o/w Travel Retail</i>	3,401	3,673	+8.0%	+8.8%
<i>o/w Distribution</i>	11	0	-100.0%	N/A
Lagardère Active	929	895	-3.6%	-2.3%
Lagardère Sports and Entertainment	454	438	-3.6%	-4.1%
LAGARDÈRE	7,084	7,258	+2.5%	+3.3%

* Restated for IFRS 15. See appendices at the end of the press release.

	Revenue (€m)		Change	
	Q4 2017*	Q4 2018	on a consolidated basis	on a like-for-like basis
Lagardère Publishing	624	645	+3.4%	+1.4%
Lagardère Travel Retail	866	947	+9.4%	+5.6%
<i>o/w Travel Retail</i>	866	947	+9.4%	+5.6%
<i>o/w Distribution</i>	0	0	N/A	N/A
Lagardère Active	300	270	-10.2%	-6.6%
Lagardère Sports and Entertainment	128	135	+5.1%	+0.9%
LAGARDÈRE	1,918	1,997	+4.1%	+2.1%

* Restated for IFRS 15. See appendices at the end of the press release.

● Lagardère Publishing

Revenue for 2018 totalled €2,252 million, down 1.2% like-for-like and down 1.6% on a consolidated basis. The difference between consolidated and like-for-like figures is attributable to a €40 million negative foreign exchange effect resulting mainly from the depreciation of the US dollar, partially offset by a €30 million positive scope impact, chiefly relating to the acquisitions of Jessica Kingsley, Summersdale, Kyle Cathie, Worthy Publishing and Bookouture.

As expected, the slight decline in business in 2018 essentially reflects the absence of curriculum reform in France and to a lesser extent in Spain, as well as an unfavourable comparison effect linked to the success of *Astérix et la Transitalique* in 2017 in these same regions. These factors were partly countered by good momentum in the United States, driven by the success of best-selling titles such as the Bill Clinton and James Patterson novel *The President is Missing* and Nicholas Sparks' *Every Breath*, along with good performances at Perseus. Over the year as a whole, Education was down 13.4% or €49 million, with the decline offset in part by a strong performance from General Literature, which gained 2.2% or €22 million.

E-books accounted for 7.9% of total Lagardère Publishing revenue in 2018, with the proportion remaining stable versus 2017, while Digital audio books represented 2.7% of revenue versus 2.0% in 2017.

Fourth-quarter 2018:

Fourth-quarter revenue totalled €645 million, up 1.4% like-for-like and up 3.4% on a consolidated basis. The difference between consolidated and like-for-like figures is due primarily to a €10 million positive scope effect, which includes the Worthy Publishing, Kyle Cathie, Jessica Kingsley and Summersdale acquisitions.

On a like-for-like basis, the main changes in each geographic area can be explained as follows:

In France, business held firm (down 0.7%) due mainly to the success of Michelle Obama's *Becoming* and to a good performance for Livre de Poche paperbacks, which more than offset an unfavourable prior-year comparison effect (*Astérix et la Transitalique*, Dan Brown's *Origin* and E.L. James' *Darker*).

Strong 6.3% growth in the United States essentially reflects a good backlist performance, in particular further success for Jen Sincero's *You are a Badass* at Perseus. A busy schedule of new title releases also helped lift growth, particularly Nicholas Sparks' *Every Breath* at Grand Central Publishing.

Good business momentum in the United Kingdom (up 8.9%) was mainly driven by the success of General Literature, particularly J.K. Rowling's *Fantastic Beasts: The Crimes of Grindelwald*, and Stephen Hawking's *Brief Answers to the Big Questions*.

The Spain/Latin America region was up slightly, gaining 2.3%.

Partworks fell 4.6% due to a limited number of new launches compared to 2017 and to the slowdown in business in Argentina following the devaluation of the peso.

● Lagardère Travel Retail

2018 revenue totalled €3,673 million for the division, a rise of 8.8% like-for-like and of 7.7% based on consolidated figures. The difference between consolidated and like-for-like data is attributable to a €62 million negative foreign exchange effect resulting mainly from the depreciation of the US dollar, and to a €25 million positive scope effect, breaking down as follows:

- a €40 million positive impact from acquisitions, relating mainly to HBF and to a lesser extent Duty Free operations in Poland and of Travel Essentials activities in the Czech Republic;
- a €15 million negative impact from deconsolidations, mainly resulting from the divestment of Press Distribution activities in Hungary.

Fourth-quarter 2018:

Fourth-quarter revenue was €947 million, a rise of 5.6% like-for-like and of 9.4% on a consolidated basis versus 2017, with the difference between the two figures mainly reflecting a €29 million positive scope impact, essentially attributable to the HBF acquisition.

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

France delivered a solid 6.5% increase in revenue, buoyed notably by continued growth in regional Duty Free platforms (particularly Nice), the success of new Aelia Duty Free and Relay concepts, and network expansion in Foodservice.

The EMEA region (excluding France) delivered 4.5% growth, buoyed chiefly by good sales performances and a positive network effect in Eastern Europe (Romania, Bulgaria, Czech Republic) and by vigorous growth of regional platforms in Italy. The concessions opened in Geneva and Dakar in fourth-quarter 2017 are now fully comparable, explaining the slowdown in growth this quarter.

North America reported 5.6% growth attributable to network expansion in Foodservice, and to a combination of successful sales initiatives and a continued robust passenger traffic.

The Asia-Pacific region turned in another good performance, with revenue up 7.6% on the back of bullish growth in Asia driven by a sustained network effect in China (Beijing, Shanghai, Wuhan), which more than offset contrasting performances in the Pacific region. The fourth quarter marks one year since the launch of the liquor and tobacco concession at Hong Kong airport in partnership with China Duty Free Group.

● Lagardère Active

Revenue for 2018 totalled €895 million, down 2.3% like-for-like and down 3.6% on a consolidated basis. The difference between consolidated and like-for-like figures is mainly due to a €13 million negative scope effect, primarily linked to the divestment of LARI, MonDocteur and Doctissimo, which was partially offset by the acquisition of Skyhigh TV and Aito Media Group.

2018 revenue was down slightly year-on-year, with a good performance from TV channels and audiovisual production partially countering a drop in advertising and circulation revenues at Magazine Publishing, as well as lower audience figures for the Europe 1 radio station.

The fall in advertising revenue for the division as a whole was contained over the year at 1.8%, thanks mainly to upbeat trends in advertising revenues from TV channels.

Circulation revenue fell 4.5% for the year as a whole, mainly stemming from a decline in news-stand sales.

Fourth-quarter 2018:

Revenue for the quarter came in at €270 million, down 6.6% like-for-like and down 10.2% on a consolidated basis. The difference between consolidated and like-for-like figures is mainly due to a €12 million negative scope effect, primarily linked to the divestment of LARI, MonDocteur and Doctissimo, which was partially offset by the acquisition of Skyhigh TV and Aito Media Group.

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

Magazine Publishing declined 8.6% on the back of falling advertising revenues (down 10.5%) in a deteriorating market, and lower circulation revenues (down 4.9%), reflecting a more subdued news output than in 2017.

Revenues for the Radio segment slipped 2.7%, due mainly to the impact of lower audience figures for the Europe 1 radio station.

TV activities retreated 6.1%, with a slowdown in audiovisual production in the fourth quarter due to especially strong programme delivery flows in the previous quarter. Audiovisual production posted revenue growth overall in the second half of the year. TV channel advertising revenues remained upbeat.

● **Lagardère Sports and Entertainment**

2018 revenue totalled €438 million, down 4.1% like-for-like and down 3.6% on a consolidated basis. The difference between these two figures is due to a €10 million positive scope impact relating to the acquisition of Brave Marketing in 2017 and a €8 million negative foreign exchange impact primarily linked to the depreciation of the US dollar.

As expected, 2018 marked the lowest point of the four-year sporting events cycle and the decrease in revenue is primarily linked to an unfavourable calendar effect, with the non-occurrence of the 2017 Total Africa Cup of Nations and the 2017 Asian qualifiers for the 2018 FIFA World Cup. This was partially offset by good performances from the Olympics division and from Football activities in Europe.

Fourth-quarter 2018:

Fourth-quarter revenue totalled €135 million, up 0.9% like-for-like and up 5.1% on a consolidated basis. The difference between like-for-like and consolidated figures is primarily due to a positive scope impact relating to the acquisition of Brave Marketing.

The slight increase in revenue is mainly attributable to strong performances from the Olympics division and Football activities in Europe, offsetting the disposal of Tennis activities in Sweden.

II. KEY EVENTS SINCE 8 NOVEMBER 2018

As part of the Group's strategy to refocus its operations around Lagardère Publishing and Lagardère Travel Retail and further to the announcement by Arnaud Lagardère:

Acquisitions:

- **Completion of the acquisition of Hojeij Branded Foods (HBF), a leading Foodservice operator in North America**
On 20 November 2018, Lagardère Travel Retail announced that it had closed the acquisition of Hojeij Branded Foods (and its subsidiary Vino Volo), a leading Foodservice travel retail operator in North America. HBF revenue for 2018 is expected to be between USD 240 million and USD 250 million, with recurring EBIT at around 10% of revenue. This acquisition was valued at USD 330 million⁽⁴⁾. Recurring annual synergies should represent approximately USD 10 million as of the fourth year after the acquisition. HBF was consolidated in Lagardère's financial statements with effect from 1 December 2018.
- **Exclusive negotiations for the acquisition of Gigamic**
On 25 January 2019, Lagardère Publishing announced that it had entered into exclusive negotiations with the management of Gigamic with a view to acquiring all of the company's shares. Gigamic, a creator, publisher and distributor of board games, brings out over a dozen new games every year and has over €15 million in revenue.

⁽⁴⁾ Based on a cash-free and debt-free valuation, net of partners' share in operating JVs (ACDBE programmes) estimated to be 16% over the period of the business plan.

Disposals:

- **Exclusive negotiations for the sale of Billetreduc.com**

On 17 January 2019, Lagardère announced that it had entered into exclusive negotiations with the Fnac Darty group for the sale of Billetreduc.com to Fnac Darty subsidiary France Billet. The agreement is expected to be finalised in the first quarter of 2019 and is to be submitted for review to the relevant employee representative bodies.

Billetreduc.com is a leading distributor of “last minute” event tickets in France, with two million customers and almost €8 million in revenue.

- **Exclusive negotiations for the sale of the Television business (excluding Mezzo)**

On 31 January 2019, the Lagardère group announced that it had entered into exclusive negotiations with the M6 group to finalise an agreement to sell the channels making up its Television business (excluding Mezzo) – Gulli and its international extensions, Canal J, TiJi, Elle Girl TV, MCM, MCM Top, RFM TV – and the related advertising sales brokerages. In 2017, the pro forma consolidated revenue and recurring EBIT of the Television business (excluding Mezzo) amounted to €98 million and €20.6 million, respectively.

The project will be submitted to the relevant employee representative bodies and will be subject to clearance by France's media regulator (CSA) and the competition authorities.

- **Sale of the Boursier.com business**

On 4 February 2019, the Lagardère group announced the sale of the Boursier.com website and its financial markets information and publishing activities to the Les Échos – Le Parisien group, effective 31 January 2019. The amount of the transaction was €3.5 million.

III. OUTLOOK

GUIDANCE FOR 2018 GROUP RECURRING EBIT

The Lagardère group confirms its recurring EBIT target. For 2018, Group recurring EBIT growth is expected to be between 1% and 3% versus 2017⁽⁵⁾, at constant exchange rates, excluding the impact of disposals at Lagardère Active and the acquisition of HBF by Lagardère Travel Retail, i.e., between €397 million and €405 million.

IV. INVESTOR CALENDAR

- **IFRS 16 applied to Lagardère**

The Group will publish a presentation showing the impact of the application of IFRS 16 to its consolidated financial statements at 1 January 2019, at 5:45 p.m. on 12 February 2019 (conference call at 6:00 p.m.).

- **Full-year 2018 results**

Full-year 2018 results will be released on 13 March 2019 at 5:35 p.m.

- **General Meeting – Fiscal year 2018**

The General Meeting of Shareholders will be held on 10 May 2019 at 10:00 a.m. at the Carrousel du Louvre in Paris.

- **First-quarter 2019 revenue**

First-quarter 2019 revenue will be released on 16 May 2019 (conference call at 10 a.m.).

V. APPENDICES

CHANGES IN SCOPE OF CONSOLIDATION AND EXCHANGE RATES

Fourth-quarter 2018:

The difference between consolidated and like-for-like data is attributable to a €5 million positive foreign exchange effect resulting mainly from the appreciation of the US dollar, and to a €33 million positive scope effect, breaking down as:

- a €49 million positive scope effect, relating mainly to the acquisition of HBF by Lagardère Travel Retail (positive €23 million), of Worthy Publishing (positive €3 million), and of Kyle Cathie, Jessica Kingsley and Summersdale (positive €2 million each) by Lagardère Publishing; of Skyhigh TV by Lagardère Active (positive €8 million); and of Brave Marketing by Lagardère Sports and Entertainment (positive €5 million);

⁽⁵⁾ Restated for IFRS 15. See appendices at the end of the press release.

- a €17 million negative scope effect, relating mainly to the divestment of LARI (negative €17 million) and of Doctissimo and MonDocteur (negative €4 million) by Lagardère Active.

Full-year 2018:

The difference between consolidated and like-for-like data is attributable to a negative foreign exchange effect of €110 million resulting mainly from the depreciation of the US dollar, and to a €52 million positive scope effect, breaking down as:

- a €102 million positive impact from acquisitions, including the acquisition of HBF (positive €23 million) and the consolidation of Citi Tabak in the Czech Republic (positive €5 million) and IFS Duty Free outlets in Poland (positive €4 million) by Lagardère Travel Retail; the acquisition by Lagardère Publishing of Jessica Kingsley (positive €8 million), Summersdale (positive €7 million), Kyle Cathie (positive €5 million), Worthy Publishing (positive €4 million) and Bookouture (positive €3 million); the acquisition by Lagardère Active of Skyhigh TV (positive €12 million) and Aito Media Group (positive €6 million); and the acquisition by Lagardère Sports and Entertainment of Brave Marketing (positive €10 million);
- a €50 million negative impact from disposals, essentially relating to the divestment by Lagardère Active of LARI (negative €30 million) and of Doctissimo and MonDocteur (negative €5 million), and the divestment by Lagardère Travel Retail of Press Distribution activities in Hungary (negative €11 million).

IFRS 15 RESTATEMENTS

The application of IFRS 15 had a positive impact of €57 million on Lagardère Active revenue for 2017 and a negative impact of €42 million on revenue for Lagardère Sports and Entertainment. The overall impact on consolidated 2017 revenue is a positive €15 million.

	Revenue (€m)		
	2017 - reported	2017 - restated for IFRS 15	IFRS 15 impact
Lagardère Publishing	2,289	2,289	0
Lagardère Travel Retail	3,412	3,412	0
Lagardère Active	872	929	+57
Lagardère Sports and Entertainment	496	454	-42
LAGARDÈRE	7,069	7,084	+15

The difference between 2017 revenue restated for IFRS 15 and 2017 revenue as published on 8 February 2018 can be explained as follows:

- restatements at Lagardère Active representing a positive €57 million, attributable to:
 - commissions paid to third parties for distributing magazines and collecting subscriptions, which were previously deducted from revenue and are now recognised as an expense, with a positive impact of €36 million,
 - the portion of revenue received by co-producers in the audiovisual production business, which was previously recorded as “Other income from ordinary activities” and is now recognised in revenue, with a positive impact of €21 million;
- restatements at Lagardère Sports and Entertainment representing a negative €42 million, attributable mainly to:
 - signing fees for certain contracts, which were previously capitalised as sports rights assets and amortised and are now recognised in the balance sheet under advances paid and amortised as a deduction from revenue over the life of the contract, with a negative impact of €23 million,
 - income received from sales of entertainment venue tickets, which was previously recognised for its total amount and is now only recognised for the commission invoiced by the Group in its capacity as agent, with a negative impact of €14 million,
 - revenue generated under contracts for the sale of marketing rights with no other associated services, which was previously deferred over the life of the contract and is now recognised in full when the rights are actually sold, with a negative €3 million impact.

VI. GLOSSARY

Lagardère uses alternative performance indicators which serve as key measures 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 elements taken from the consolidated financial statements prepared under IFRS.

➤ 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 ceased to exercise 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 consolidated and like-for-like figures is explained in section V - Appendices of this press release.

➤ Recurring EBIT

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

Profit before finance costs and tax

Excluding:

- 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

= Recurring operating profit

Less:

- Income (loss) from equity-accounted companies before impairment losses

= Recurring operating profit of fully consolidated companies (Group recurring EBIT)

A live webcast of the fourth-quarter 2018 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.

*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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