PRESS RELEASE

2012 FULL-YEAR RESULTS

2012 Recurring EBIT from Media activities[1] slightly above announced guidance

- **Stable net sales: €7,370 million**
- **Recurring EBIT from Media activities: €358 million**
- **Net income - Group share: back to profitability at €89 million** vs. -€707 million in 2011

A solid financial position

- **Cash from operating activities significantly improved: €391 million (+52%)**
- **Excellent liquidity position**: €1.7 billion in available liquidity[2]

Proposal to maintain dividend at €1.30 per share

2013 Recurring EBIT from Media activities target: increase by 0% to 5%

Paris, March 7, 2013

The Lagardère group's results demonstrated its resilience, with healthy business activity and Media recurring EBIT before associates slightly above the announced guidance.

> **Net sales were stable on a like-for-like basis (€7,370 million).** The expansion plan for our growing businesses (in particular Digital and Travel Retail) yielded results, making up for persistently difficult economic conditions and the structural decline of print products.

> **Recurring Media EBIT came out at €358 million, slightly above (+€3 million, i.e. +0.8%) the announced guidance,** that excluded scope effects (-€49 million) related to the disposal of International Magazine Publishing (PMI) and Russian radios, partially offset by the acquisition of LeGuide.com (+€5m), foreign exchange effects (+€7 million), and provisions for the IOC contract[3](-€22 million).
Key points:
- profitability remains high (10.7%) at Lagardère Publishing;
- recurring EBIT up sharply (+€18 million, excluding the impact of PMI and Russian radios) at Lagardère Active, thanks to effective cost control; operating margin increased by 1.9 pt;
- recurring EBIT at Lagardère Services virtually unchanged (€104 million);
- recurring EBIT affected by the IOC provision at Lagardère Unlimited.

> **Net income - Group share came out at €89 million,** versus -€707 million in 2011, which included impairment losses of €895 million. **Adjusted net income - Group share** (excluding the EADS contribution and non-operating items) **stood at €207 million, i.e. down €19 million** relative to 2011, due mainly to the impact of PMI and Russian radios disposals.

> **Cash from operating activities up sharply (€391 million, i.e. +€134 million),** thanks to a significant improvement in the trend in Working Capital Requirement (WCR).

> **Net debt at the end of the year was up (€1,700 million,** compared to €1,269 million at the end of 2011), owing to acquisitions completed in 2012.

(1) Lagardère Media division's recurring EBIT before associates. See definition at the end of the press release.
(2) Cash and short-term investments on the balance sheet and undrawn credit line.
(3) International Olympic Committee.

I- NET SALES AND RECURRING EBIT BEFORE ASSOCIATES

Net sales totalled €7,370 million and were stable on a like-for-like basis (-0.2%) but down on a reported basis (-3.7%). The difference between reported and like-for-like data is primarily due to a negative scope effect of -€392 million, notably caused by Lagardère Active's disposals of PMI and Russian Radio activities and, to a lesser extent, the switch in the accounting of Relay's activities at Aéroports de Paris to the equity method. This scope effect was partially offset by a positive foreign exchange effect (+€119 million).

Net sales (in €m)

	2011	2012	Reported change 2012/2011	Like-for-like change 2012/2011
LAGARDÈRE	7,657	7,370	-3.7%	-0.2%
Lagardère Publishing	2,038	2,077	1.9%	-1.2%
Lagardère Active	1,441	1,014	-29.6%	-3.9%
Lagardère Services	3,724	3,809	2.3%	2.2%
Lagardère Unlimited	454	470	3.5%	-5.9%

Recurring EBIT from Media activities came out at €358 million. Excluding PMI and Russian radio, recurring EBIT from Media activities was €366m in 2011. The decrease on a reported basis (-€56 million) is primarily due to a negative scope effect (-€49 million), associated with the disposal of PMI and Russian radio activities in 2011 and was partially offset by the acquisition of LeGuide.com (+€5 million). The provision for risk recognised at June 30 by Lagardère Unlimited (contract with the IOC) was -€22 million. The foreign exchange effect was slightly positive (+€7 million).

Excluding these scope effects, foreign exchange effects and the IOC provision, recurring EBIT from Media activities was up by +€3 million (i.e. +0.8%) and exceeded slightly the announced stability target.

	Recurring EBIT before associates		Difference between 2012 and 2011 on a reported basis (in € millions)
	2011	2012	
LAGARDÈRE	**414**	**358**	**(56)**
Lagardère Publishing	221	223	+2
Lagardère Active	95*	64	(31)**
Lagardère Services	105	104	(1)
Lagardère Unlimited	(6)	(33)	(27)

*€46 million pro forma - excluding the major assets sold (PMI and Russian radio activities).

**+€18 million pro forma - excluding the major assets sold (PMI and Russian radio activities).

> Lagardère Publishing: increase of recurring EBIT

Net sales came out at €2,077 million in 2012, up 1.9% on a reported basis and down slightly (-1.2%) on a like-for-like basis, with the difference being due primarily to a positive foreign exchange effect (€73 million, primarily against the US dollar and the GB pound). The year was marked by continued growth momentum in **Digital Books**, which now accounts for 8% of net sales, and by editorial successes in trade[4] publishing.

As expected, **the second half of the year was marked by a substantial rise in profitability**, enabling to maintain a **high operating margin level of 10.7% throughout 2012.** The **division's recurring EBIT before associates was €223 million, higher** than 2011 (+€2 million).

In **France**, recurring EBIT before associates was up slightly: the solid performance of General Literature (in particular, novels by J.K. Rowling and E L James), Illustrated Books and Larousse activities was partially offset by the expiry of the renewal of school curricula in Education.

In the **United Kingdom,** recurring EBIT before associates was significantly higher thanks to commercial successes recognised at the end of the year, the dramatic growth of Digital market share, and effective cost control.

Partworks activities reported very strong recurring EBIT before associates increase, primarily in Japan.

Momentum in the **United States** was more uneven, due to lower sales relative to 2011.

Finally, Business in **Spain** saw a marked slowdown, due to the economic crisis which is hitting Trade and Education activities.

[4] Books meant for the general public.

> **Lagardère Active**: strong improvement of the operating margin in a difficult environment

Net sales in 2012 (€1,014 million) were down 3.9% on a like-for-like basis and 29.6% on a reported basis. The difference between reported and like-for-like data is mainly due to a negative scope effect of -€386 million, primarily associated with the sale of PMI and Russian Radio activities.

With recurring EBIT before associates of €64 million, Lagardère Active's operating margin came out at 6.4% in 2012, up by 1.9 point compared to the pro forma margin for 2011 (excluding PMI and Russian radio activities). The division successfully offset the drop in business, in particular in advertising and circulation, thanks in part to a cost control initiative (structural and operating costs) and to greater profitability in TV channels and international licences businesses.

> **Lagardère Services**: a business shift towards travel retail bearing fruits

Net sales totalled €3,809 million in 2012, up 2.3% on a reported basis and 2.2% on a like-for-like basis. The difference is due to a positive foreign exchange effect (+€33 million), partially offset by a negative scope effect (-€27 million), notably attributable to the switch in the accounting of Relay's businesses at Aéroports de Paris to the equity method, and, to a lesser extent, Duty Free in Lyon, and to the disposal of OLF's activities (distribution of books in Switzerland), removed from the scope on consolidation on October 1, 2012.
Business in 2012 continued to be boosted by the strong dynamics of the **Travel Retail** business, up 8.2% on a like-for-like basis. The **Distribution** was down -4.5% on a like-for-like basis due to the significant drop in the print media business.
The division's business mix continues to evolve in line with the strategic change introduced several years ago: the Travel Retail business now represents 56% of the mix (up 3 points relative to 2011), compared to 44% for LS distribution (Integrated Retail and Wholesale).

Profitability is virtually stable, with recurring EBIT before associates of €104 million.
The profitability of **Travel Retail** activities has dramatically increased thanks to the solid performance turned in by Duty Free in France and in Central Europe, but also thanks to the development of food services activities in Europe and to the favourable evolution of the mix (products and concepts) of the Travel essentials business line.
On the other hand, profitability has fallen in **Distribution** due to the decline in the press market, not only in the United States but also in Switzerland and Spain, which diversification efforts and continued operational cost cutting did not completely offset.

> **Lagardère Unlimited**: a year marked by exceptional items

2012 net sales came out at €470 million, up on a reported basis (+3.5%) but down on a like-for-like basis (-5.9%), with the difference stemming primarily from positive scope effects (€30 million) following 2012 acquisitions: Gaylord Sports Management in the United States (talent representation, primarily in golf), Sports Marketing and Management in Australia (SMAM, consultancy in marketing sport rights) and Zaechel in Germany (hospitality). The foreign exchange effect was also positive (€14 million).

Recurring EBIT (-€33 million) is down, due mainly to the provision recognised for the IOC contract on June 30, 2012 (-€22 million). Also noteworthy at Sportfive was the negative effect of the unfavourable draws for European federation qualifying matches for the football World Cup in 2014 and a less favourable sport event calendar.
The solid financial performance delivered by World Sport Group, with the contribution of the AFC[5] contract and the new UAFA[6] contract were unable to offset these trends.

The recurring EBIT before associates of Non-Media activities came out at -€19 million (compared to -€12 million in 2011) due to two negative effects: falling revenue (management fees) contributed by the divisions (lower net sales due to the disposal of PMI and Russian radio activities), as well as the declining profitability of the spare parts business (Matra Manufacturing & Services).

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(5) Asian Football Cup.
(6) Union of Arab Football Associations.

II- OTHER INCOME STATEMENT DATA

CONTRIBUTION FROM ASSOCIATES[7]

Net income from associates came out at €105 million, down slightly compared to 2011 by €7 million. Improved revenues at EADS (contribution of €89 million compared to €79 million in 2011) did not offset the smallest income contribution from associates at Lagardère Active due to scope effects (disposal of PMI activities) and to a lower contribution from Amaury.

NON-RECURRING/NON-OPERATING ITEMS

Non-recurring/non-operating items came out at -€216 million in 2012 compared to -€1,003 million in 2011, an amount that included impairment losses, particularly at Lagardère Unlimited and at Lagardère Active as well as the ownership interest in Canal+ France.
In 2012, non-recurring/non-operating items break down as follows:

- **-€95 million** in impairment losses on tangible and intangible assets related primarily to **Lagardère Unlimited (-€49 million)** following the loss of the UEFA tender offer, and to **Lagardère Active (-€34 million)** notably on Doctissimo and NextIdea;
- **-€43 million in impairment losses on Canal+ France**, taking into account the new business plan prepared by the company, that includes notably the impact of the increase in VAT rate expected for January, 1, 2014;
- **-€40 million in restructuring costs,** including €28 million at Lagardère Active following the ramp-up of the cost-cutting campaign;
- **-€35 million in amortisation of acquisition-related intangible assets and other acquisition-related expenses**, mainly at Lagardère Unlimited and at Lagardère Services.

INCOME BEFORE INTEREST AND TAX

This came out at €228 million, compared to -€489 million in 2011, up €717 million in spite of lower recurring EBIT before associates; this was due to lower non-recurring/non-operating items.

NET INTEREST EXPENSE

Net interest expense stood at €82 million, down €13 million relative to 2011 owing notably to lower average indebtedness (€1,570 million compared to €1,734 million in 2011).

INCOME TAX EXPENSE

Income tax expense came out at €40 million, compared to €105 million in 2011. This difference is primarily due to the 3 following items:

- a decrease in taxable profit, i.e. earnings before tax adjusted from the contribution from associates (that have already paid tax) as well as impairment losses (non eligible for tax deduction);
- the partial activation of Lagardère SCA's tax loss carryforwards;
- non-recurring tax expense in 2011 associated with the disposal of PMI.

Factoring in all these items, total net income for the year becomes positive again at €106 million, including €89 million attributable to the Group and €17 million attributable to minority interests.

[7] Before impairment losses.

INCOME STATEMENT

	2011			2012		
(€m)	Lagardère Media	Other activities*	Total	Lagardère Media	Other activities*	Total
Net sales	7,657	/	7,657	7,370	/	7,370
Recurring EBIT before associates**	**414**	**(12)**	**402**	**358**	**(19)**	**339**
Income (loss) from associates***	33	79****	112	16	89****	105
Non-recurring/non-operating items	(692)	(311)	(1,003)	(173)	(43)	(216)
Income before interest and tax	**(245)**	**(244)**	**(489)**	**201**	**27**	**228**
Net interest expense	(44)	(51)	(95)	(25)	(57)	(82)
Income before tax	**(289)**	**(295)**	**(584)**	**176**	**(30)**	**146**
Income tax expense	(150)	45	(105)	(143)	103	(40)
Total net income	(439)	(250)	(689)	33	73	106
attributable to minority interests	(18)	/	(18)	(17)	/	(17)
Net income - attributable to the Group	**(457)**	**(250)**	**(707)**	**16**	**73**	**89**

* Non-Media, Canal+ France and EADS.
** See definition at end of the press release.
*** Before impairment losses.
**** EADS contribution.

ADJUSTED NET INCOME - ATTRIBUTABLE TO THE GROUP

Adjusted net income - attributable to the Group (excluding the EADS contribution and non-operating items) **stood at €207 million,** i.e. down €19 million relative to 2011.

(€m)	2011	2012
Net income - attributable to the Group	**(707)**	**89**
Equity accounted contribution from EADS	(79)	(89)
Amortisation of acquisition-related intangible assets and other acquisition-related expenses*	71	27
Impairment losses on goodwill and tangible and intangible fixed assets*	895	138
Restructuring costs*	36	37
Gains/(losses) on disposals*	10	5
Adjusted net income - attributable to the Group	**226****	**207**

* Net of tax.
**2011 adjusted net income included €46m of net income from consolidated activities of PMI and radio in Russia prior to their disposal.

NET INCOME PER SHARE

Net income per share - attributable to the Group came out at €0.70 compared to -€5.56 in 2011. Adjusted net income per share - attributable to the Group was €1.62 compared to €1.78 in 2011.

III- OTHER FINANCIAL ITEMS

TOTAL CASH FROM OPERATING AND INVESTING ACTIVITIES

(€m)	2011	2012
Cash flow from operations before interest and tax	597	552
Change in working capital	(170)	(21)
Cash flow from operations	**427**	**531**
Interest paid and received, income taxes paid	(170)	(140)
Cash generated by operating activities	**257**	**391**
Acquisition of property, plant & equipment and intangible assets	(253)	(264)
Disposal of property, plant & equipment and intangible assets	26	20
Free cash flow	**30**	**147**
Acquisition of financial assets	(99)	(384)
Disposal of financial assets	814	65
(Increase)/decrease in short-term investments	21	28
Net cash from operating & investing activities	**766**	**(144)**

Cash flow from operating activities came out at €391 million in 2012.

- **Cash flow from operations before interest and tax was down slightly to €552 million,** reflecting lower recurring EBIT before associates due to the disposal of PMI activities.
- The change in **working capital requirement** (WCR) stood at -€21 million and improved very noticeably (+€149) million compared to 2011 due to favourable trends for all divisions, especially for Lagardère Active (effect of PMI activities disposal and significant cash inflows for Lagardere Entertainment) and for Lagardère Unlimited.
- **Interest paid** (net of interest received) was down -€87 million to -€76 million owing notably to lower average indebtedness (€1,570 million compared to €1,734 million in 2011).
- **Income taxes paid** were also down (€64 million vs. €83 million in 2011).

Investing cash flows came out at €563 million.

- **Investments in property, plant and equipment and intangible assets stood at €264 million, up slightly** compared to 2011, and related mainly to the Lagardère Services division (pushing ahead with growth by creating sales outlets and winning new concessions) and Lagardère Unlimited (acquisition of sports rights).
- **Financial investments came out at €384 million,** and mainly related to the acquisition of LeGuide.com by Lagardère Active, continued growth of the Travel Retail activities at Lagardère Services (with, in particular, Prague, Geneva and Rome airports) and to acquisitions made by Lagardère Unlimited (Gaylord and SMAM).

Total disposals of financial assets stood at €65 million, and are mainly related to the sale of the joint venture with Marie Claire in China to Hearst (the curtailment of PMI sales) and the sale of Publications Groupe Loisirs, the publishers of *TV Magazine* in partnership with Socpresse.

Total cash from operating and investing activities amounted to a net outflow of €144 million compared to a net inflow of €766 million in 2011, an exceptional amount linked to the disposal of PMI and Russian radio activities in 2011.

FINANCIAL POSITION

Net debt came out at €1,700 million as of the end of December 2012, up €431 million relative to 2011. This difference is primarily due to strategic acquisitions (Travel Retail in Rome, LeGuide.com).

The Group's liquidity position is still solid, with €1,678 million in available liquidity (cash and short-term investments on the balance sheet, totalling €703 million, and authorised but undrawn credit line of €975 million). The debt repayment schedule is well-balanced and the first major repayment date will occur in October 2014 (redemption of the bond issued in late 2009 of €874 million).

In October 2012, the Group launched a **€500 million bond issue** maturing in five years (October 2017) and an annual coupon of 4.125%.
The success of the bond issue demonstrated investor confidence in the strategy pursued by Lagardère group and the strength of its financial position. This issue enabled Lagardère SCA to continue to diversify its sources of funding, extend the average maturity of its debt issues and to maintain its long-term liquidity.

IV- OUTLOOK/DIVIDEND

2013 GUIDANCE ON MEDIA RECURRING EBIT BEFORE ASSOCIATES

In 2013, the Media recurring EBIT before associates is expected to increase by 0% to 5% at constant exchange rates, compared to 2012.
This guidance is based notably on the assumption of a circa 5% decrease of advertising sales for Lagardère Active.

DIVIDEND

The proposed dividend for the 2012 fiscal year is €1.30 per share, maintained at last year's level.
This amount is consistent with the Group's dynamic shareholders remuneration policy combining stability on ordinary share dividends since 2007, and occasional operations such as share buyback (in 2006, 2007 and 2008) and extraordinary dividends (in 2005).

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Calendar

- **2013 General Meeting**
  The General Meeting of Shareholders will be held on May 3, 2013 at 10:00 a.m. at the Carrousel du Louvre in Paris.

- **Dividend**
  The ex-dividend date is Tuesday, May 7, 2013 (morning) and the dividend will be paid as of Friday, May 10, 2013.

- **Announcement of Q1 2013 sales**
  First-quarter net sales will be released on May 14, 2013 at 8:00 a.m. A conference call will be held at 10:00 a.m. on the same day.

- **Announcement of H1 2013 results**
  First-half results will be released on August 29, 2013 at 5:45 p.m. A conference call will be held at 6:00 p.m. on the same day.

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Definitions

Definition of Recurring Media EBIT

Recurring Media EBIT of consolidated companies is defined as the difference between result before financial charges and tax and the following items of the profit and loss 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;
  - amortization of acquisition-related intangible assets.

Lagardère is a world-class pure-play media group (Book and e-Publishing; Press, Audiovisual, Digital and Advertising Sales Brokerage; Travel Retail and Distribution; Sport Industry and Entertainment).
With a holding of around 7.5%, Lagardère jointly controls EADS.
Lagardère shares are listed on Euronext Paris.

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 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.
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