
**2013 FULL-YEAR RESULTS**

**Significant improvement of recurring EBIT from Media activities[(1)] (+5.9%[(2)])**
**in a difficult global economy**
**Net income – Group share: €1,307 million**

- **Net sales: €7,216 million, down 1.3% on a like-for-like basis[(3)]**
- **Recurring EBIT from Media activities: €372 million, up 5.9% at constant exchange rates**
- **Net income – Group share: €1,307 million thanks to the gain on EADS disposal.**

**Proposals to maintain the ordinary dividend at €1.3 per share**
**and of an exceptional distribution of 6€/share**

**2014 Recurring EBIT from Media activities target: growth between 0% and +5%[(4)]**

**Paris, March 12, 2014**

**2013 saw significant progress in the continuing implementation of the Lagardère Group re-focus strategy:**
- **Disposal of minority stakes (EADS, Canal+ France and Amaury);**
- **Development of growing businesses (Travel Retail and TV Production);**
- **Reducing exposure to declining activities (restructuring the Magazines Publishing business and initiating a divestiture process for LS distribution).**

**For the first time, activities related to print products accounted only for 49% of the Group's net sales (down two percentage points relative to 2012).**

**In a difficult global economy, the Lagardère Group reported good performances with, of particular note, an exceptional net income and a 5.9% increase in recurring EBIT from Media activities at constant exchange rates, performing just above announced guidance** (growth between 0% and 5% at constant exchange rates).

> **Net sales totalled €7,216 million,** down -1.3% on a like-for-like basis, with an upward momentum at the end of the year.

> **Recurring Media EBIT came out to €372 million, up 4.0% on 2012 at current exchange rates, on the back notably of:**
- strong recurring EBIT (€223 million) and good performance turned in by **Lagardère Publishing**, with a slight increase in profitability (10.8%, up 0.1 pt), thanks to good results in General Literature and Partworks;
- a €96 million Recurring EBIT at **Lagardère Services** (compared to €104 million in 2012). Brisk Travel Retail sales still do not offset the decline in press products;
- resilient recurring EBIT at **Lagardère Active** (€64 million). Effective cost control and good performance by Radio and TV Production offset the negative trends in Magazines.
- improving recurring EBIT at **Lagardère Unlimited** (-€11 million compared to -€33 million in 2012). Stable excluding the impact of the provision for the IOC[(5)] contract recognised in 2012.

> **Net income – Group share at €1,307 million,** compared to €89 million in 2012, thanks to the gain on EADS stake disposal. **Adjusted net income – Group share** (excluding the EADS contribution and non-operating items) **came in at €172 million, down €35 million** relative to 2012, attributable mainly to higher tax charges.

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[(1)] Lagardère Media division's recurring EBIT before associates. See definition at the end of the press release.
[(2)] At constant exchange rates
[(3)] At constant exchange rates and perimeter.
[(4)] At constant exchange rates and excluding the effect of the potential disposal of Distribution activities.
[(5)] International Olympic Committee.

- **Cash flow from operations rose (€570 million, up €39 million),** notably due to a very significant improvement in change in Working Capital Requirement (WCR). **Total net cash provided by operating and investing activities accounted for a net cash inflow of €3,445 million.**

- **The Group shows at the end of the year a net cash surplus of €361 million, compared to a net debt at year-end 2012 of €1,700 million**. This improvement is mainly attributable to the disposals of non-strategic assets.

## I- NET SALES AND RECURRING EBIT BEFORE ASSOCIATES

**Net sales totalled €7,216 million, down slightly on a like-for-like basis (-1.3%),** and on a reported basis (-2.1%). The difference between reported and like-for-like data is due essentially to a negative foreign exchange effect (-€112 million, in particular on the pound sterling, the US dollar and the Australian dollar), partially offset by a positive scope effect (+€55 million), primarily attributable to acquisitions in Travel Retail (Rome airports and DFS Wellington in Australia/New Zealand) and the LeGuide group.

**Net sales (€m)**

| | 2012 | 2013 | Reported change 2013/2012 | Like-for-like change 2013/2012 |
|---|---|---|---|---|
| **LAGARDÈRE** | 7,370 | 7,216 | -2.1% | -1.3%[1] |
| Lagardère Publishing | 2,077 | 2,066 | -0.5% | +1.9% |
| Lagardère Services | 3,809 | 3,745 | -1.7% | -0.9%[2] |
| Lagardère Active | 1,014 | 996 | -1.9% | -3.8% |
| Lagardère Unlimited | 470 | 409 | -13.0% | -13.6% |

(1) -0.7%, excluding the end of tobacco sales in Hungary.
(2) +0.3%, excluding the end of tobacco sales in Hungary.

**Recurring EBIT from Media activities stood at €372 million, up 4.0%.** Stripping out the negative foreign exchange effect (-€7m), recurring EBIT stands at €379 million, up €21 million (+5.9%) relative to 2012 and slightly above initially announced guidance (growth between 0% and 5% at constant exchange rates).

| | Recurring EBIT before associates (€m) | | Difference between 2013/2012 on a reported basis (€m) |
|---|---|---|---|
| | 2012 | 2013 | |
| **LAGARDÈRE Media** | **358** | **372** | **+14** |
| Lagardère Publishing | 223 | 223 | 0 |
| Lagardère Services | 104 | 96 | -8 |
| Lagardère Active | 64 | 64 | 0 |
| Lagardère Unlimited | -33 | -11 | +22 |

### > **Lagardère Publishing**: stable recurring EBIT before associates and an improvement in the operating margin thanks to good performances in General Literature and Partworks.

**Activity**
**2013 was a good year with net sales at €2,066 million, up 1.9% on a like-for-like basis.**

**Profitability**
**Lagardère Publishing successfully raised its operating margin to 10.8% in 2013, up from 10.7% in 2012**, thanks to the excellent performance turned in by General Literature and Partworks. The division's recurring EBIT before associates was €223 million, up €6m vs. 2012 at constant exchange rate. This result is achieved despite the anticipated decline in Education attributable to the absence of curriculum reform and the negative comparison effects (number of best-sellers in 2012). The negative foreign exchange impact brings the recurring EBIT evolution back to stability relative to 2012.

In **France**, recurring EBIT before associates edged up slightly: the good performance turned in by General Literature (notably, the publication of novels by E L James and Dan Brown) and Illustrated Books (*Asterix and the Picts*) offset the sharp decline in Education linked to the absence of curriculum reform.

In the **United States**, recurring EBIT before associates was significantly higher thanks to several best-sellers and the positive effects of growth momentum in Digital Books.

In the **United Kingdom,** recurring EBIT before associates was down slightly: the commercial successes recognised at the end of the year were offset by continuing difficulties internationally and the unfavourable comparison effect with 2012, that was marked by the release of numerous best sellers.

**Partworks** posted solid recurring EBIT before associates, with successful launches in Japan and in Russia.

Finally, recurring EBIT in **Spain/Latin America** was down, with, in particular, the absence of curriculum reform in Spain and the lingering effects of the economic crisis, partially offset by cost-cutting programmes.

## > **Lagardère Services**: fast-paced growth in Travel Retail, partly offset by declining press product sales.

**Activity**
2013 net sales totalled €3,745 million, down 0.9% on a like-for-like basis (up 0.3%, stripping out the impact of the end of tobacco sales in Hungary).
For 2013 as a whole, Travel Retail continued its solid trend, accounting now for 60% of Lagardère Services' sales compared to 56% in 2012.

**Profitability**
**The operating margin came out at 2.6%, with recurring EBIT before associates down slightly to €96 million.**
Travel Retail's recurring EBIT before associates rose €3 million due to the positive effects of acquisitions and extension and modernisation of networks and concepts and to the solid performance turned in by Duty Free and Food Services. Nonetheless, these factors were partially overshadowed by the decline in press products in travel essentials (Relay).
**Distribution** activities benefit from diversification efforts and continuing operational cost control that do not entirely offset the structural difficulties in print press products. Recurring EBIT before associates was down €11 million, including a loss and provision related to the bankruptcy of a customer (regional wholesaler) at Curtis (United States).

## > **Lagardère Active**: effective cost control and good performance by Radio and TV Production, offsetting the negative trend in Magazines.

**Activity**
2013 net sales totalled €996 million, down 1.9% on a reported basis and down 3.8% on a like-for-like basis.

**Profitability**
**The division successfully maintained its operating margin at 6.4%, with a recurring EBIT before associates of €64 million, virtually stable** relative to 2012. Thanks to continued structural and operational cost savings plan and the good performance of Radio and Television, the division successfully offset the decline in magazine circulation and, therefore, the associated advertising revenue.

## > **Lagardère Unlimited**: recurring EBIT before associates was up sharply but stable excluding the impact of the provision for the IOC contract recognised in 2012.

**Activity**
Net sales came out to €409 million, down on a reported basis (-13%) and on a like-for-like basis (-13.6%).

**Profitability**
**Recurring EBIT before associates came out at -€11 million, up €22 million relative to 2012,** when the provision on the contract signed with the IOC was recognised (-€22 million). Stripping out this item, recurring EBIT before associates was stable, with good performance by Sportfive (marketing of German football club rights and, to a lesser extent, those of the ACN[6]) and a reduction this year in the loss in European media rights activities, that offset the negative seasonality of the AFC[7] contract at World Sport Group.

**Recurring EBIT before associates of Non-Media activities stood at -€45 million** (compared to -€19 million in 2012) primarily due to the profit-sharing bonus paid to employees subsequent to the exceptional dividend linked to the disposal of EADS stake.

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[6] Africa Cup of Nations.
[7] Asian Football Confederation.

## II- OTHER INCOME STATEMENT DATA

### CONSOLIDATED INCOME STATEMENT

| (€m) | FY 2012 | FY 2013 |
|---|---|---|
| Net sales | 7,370 | 7,216 |
| **Media Recurring EBIT before associates** | **358** | **372** |
| **Total recurring EBIT before associates** | **339** | **327** |
| Income (loss) from associates* | 105** | 7 |
| Non-recurring/non-operating items | (216) | 1,193 |
| **Income before interest and tax** | **228** | **1,527** |
| Net interest expense | (82) | (91) |
| **Income before tax** | **146** | **1,436** |
| Income tax expense | (40) | (117) |
| Total net income | 106 | 1,319 |
| attributable to minority interests | (17) | (12) |
| **Net income – Group share** | **89** | **1,307** |

*Before impairment losses.
**Of which €89m contribution from EADS.

### CONTRIBUTION FROM ASSOCIATES(8)

Net income from associates stood at €7 million, down sharply from 2012 (€105 million), when the Group received an €89 million contribution from EADS, €5 million from Marie Claire and €1 million from Amaury.

### NON-RECURRING/NON-OPERATING ITEMS

**Non-recurring/non-operating items totalled €1,193 million, compared to -€216 million in 2012**. They mainly comprise:

- **the €1,671 million** gain on the sale of the ownership interest in EADS (+€1,823 million) and the losses on Canal+ France (-€137 million) and Amaury (-€9 million);
- **-€328 million** in impairment losses on property, plant & equipment and intangible assets at Lagardère Publishing (€24 million), especially on Partworks in Spain, at Lagardère Services on Payot Naville Distribution in Switzerland (€29 million), and at Lagardère Active (€272 million, including €219m on Magazine Publishing and €35m on the ownership interest in Marie Claire);
- **-€122 million in restructuring costs,** with €91 million at Lagardère Active, including estimated costs for the restructuring of the Magazine division;
- **-€28 million on the amortisation of acquisition-related intangible assets and costs**, including €14 million on concessions at Lagardère Services and €9 million at Lagardère Unlimited.

### INCOME BEFORE INTEREST AND TAX

**This item rose sharply to €1,527 million** compared to €228 million in 2012, mainly reflecting the capital gain on the disposal of EADS.

### NET INTEREST EXPENSE

**Net interest expense stood at €91 million,** up €9 million relative to 2012, stemming primarily from the cost of the partial redemption in the first half of 2013 of the bonds maturing in 2014 aimed at reducing the amount to be redeemed in October 2014. This transaction will translate into lower interest expenses in 2014.

### INCOME TAX EXPENSE

**Income tax expense stood at €117 million** versus €40 million in 2012 and includes notably:

- the additional 3% tax in France on dividends paid (€40 million);
- the capital gain tax on the disposal of EADS;
- the cancellation of a deferred tax asset, used in 2013 (€24 million).

(8)Before impairment losses.

**Factoring in all these items, net income came out at €1,319 million, of which €1,307 million is attributable to the Group and €12 million to minority interests.**

## ADJUSTED NET INCOME – GROUP SHARE

**Adjusted net income** (excluding the contribution from EADS and non-operating items) **came in at €172 million**, down €35 million relative to 2012, mainly attributable to a higher tax charge and by the cost of the partial redemption of the bonds maturing in 2014.

| (€m) | 2012 | 2013 |
|---|---|---|
| **Net income – Group share** | **89** | **1,307** |
| Equity-accounted contribution from EADS | (89) | - |
| Amortisation of acquisition-related intangible assets & other acquisition-related expenses* | 27 | 20 |
| Impairment losses on goodwill, property, plant & equipment and intangible fixed assets* | 138 | 298 |
| Restructuring costs* | 37 | 117 |
| Gains/(losses) on disposals* | 5 | (1,624) |
| Tax contribution on dividends | - | 40 |
| Exceptional bonus for employees employees* | - | 14 |
| **Adjusted net income excluding EADS** | **207** | **172** |

*Net of tax.

## NET INCOME PER SHARE

Net income per share – attributable to the Group came out at €10.22 versus €0.70 in 2012. Adjusted earnings per share attributable to the Group came out at €1.34 compared to €1.62 in 2012.

## III- OTHER FINANCIAL INFORMATION

### TOTAL CASH FLOWS FROM OPERATING AND INVESTING ACTIVITIES

| (€m) | 2012 | 2013 |
|---|---|---|
| Cash flow from operations before interest and tax | 552 | 454 |
| Changes in working capital | (21) | 116 |
| **Cash flow from operations** | **531** | **570** |
| Interest paid and received, income taxes paid | (140) | (235) |
| **Cash generated by/(used in) operating activities** | **391** | **335** |
| Acquisition of property, plant & equipment and intangible assets | (264) | (296) |
| Disposal of property, plant & equipment and intangible assets | 20 | 8 |
| **Free cash flow** | **147** | **47** |
| Acquisition of financial assets | (384) | (41) |
| Disposal of financial assets | 65 | 3,410 |
| (Increase)/decrease in short-term investments | 28 | 29 |
| **Net cash from operating & investing activities** | **(144)** | **3,445** |

**2013 cash flows from operations stand at €570 million**, up €39 million relative to 2012.

- **Drop in cash flow to €454 million,** reflecting the decline in recurring EBIT before associates, lower depreciation and amortisation expenses and provisions (for the record, a -€22 million provision for impairment on the IOC contract was recognised on the 2012 financial statements), the effect of restructuring costs and the profit-sharing bonus to employees during the period, and the decline in dividends received (specifically from EADS).
- At +€116 million, change in **Working Capital Requirements** (WCR) rose sharply (+€137m) compared to 2012, notably attributable to the substantial improvement posted by Lagardère Publishing relative to 2012, when advances to authors were high. In 2013, Lagardère Unlimited also posted higher cash inflows linked to the AFC contract while Lagardère Active enjoyed a favourable inventory trend associated with TV Production.

**Interest paid** (net of interest received) rose €10 million to €86 million, due to expenses linked to the partial redemption of the debt issue maturing in 2014.
**Income taxes paid** were also up (€149 million in 2013 versus €64 million in 2012), and include notably €40 million in taxes linked to the dividends.

**Cash flow used in investing activities stands at -€337 million.**

- **Investments in property, plant & equipment and intangible assets, net of disposals, came in at €288 million, up** (+€44 million) relative to 2012, and mainly concern Lagardère Services (continuing development by setting up Travel Retail sales outlets) and to Lagardère Unlimited (regular purchases of sports rights).
- **Financial investments stood at €41 million,** and mainly relate to small acquisitions in the Lagardère Publishing, Lagardère Services and Lagardère Unlimited divisions.

**Total disposals of financial assets stand at €3,410 million,** and mainly concern the disposal of non-core stakes (EADS, Canal+ France and Amaury) in the amounts net of costs of €2,272 million, €1,017 million and €91 million, respectively.

**Total cash flow from operating and investing activities amounted to a net inflow of €3,445 million,** compared to a net outflow of €144 million in 2012 in connection notably with the significant disposals of financial assets and smaller investments in 2013.

### FINANCIAL POSITION

**The Group shows at the end of the year a €361 million cash surplus** compared to a net debt at year-end 2012 of €1,700 million. The difference is mainly attributable to the disposal of non-core stakes in EADS, Canal+ France and Amaury, partially offset by the payment of dividends (€1 156m in exceptional dividend, €167 million in ordinary dividend and a €16 million to minority interests).
**The Group's liquidity position is still very solid**, with €3,429 million in available liquidity (available cash and short-term investments reported on the balance sheet totalling €1,784 million, and €1,645 million undrawn from the authorised syndicated credit). The debt repayment schedule presents a cautious profile, as the current financial debt in 2014 is limited to €806 million, corresponding principally to the redemption for an amount of €640m in October 2014 of the bond issued in late 2009, which was partially redeemed in the first half of 2013.

## IV- OUTLOOK/DIVIDENDS

**2014 GUIDANCE ON RECURRING MEDIA EBIT BEFORE ASSOCIATES**

In 2014, the Media recurring EBIT before associates is expected to increase again by 0% to 5% compared to 2013, at constant exchange rates and excluding the effect of the potential disposal of Distribution activities.

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**DIVIDENDS**

Annual dividend:
The ordinary dividend proposed to the General Meeting of Shareholders to allocate income from the 2013 fiscal year is €1.3 per share, maintained at last year's level.

In light of the extraordinary interim dividend of €9 per share paid on May 30, 2013, the total annual dividend paid to allocate income from the 2013 fiscal year will be €10.3 per share.

Exceptional distribution:
Following the disposal of Lagardère's minority stake in Canal+ France, a proposal to distribute a portion of the proceeds from this sale, i.e. €6 per share, will be submitted to the General Meeting of Shareholders on May 6.

These amounts are consistent with the Group's dynamic shareholder remuneration policy combining stability on ordinary share dividends since 2007, and occasional operations such as share buybacks (in 2006, 2007 and 2008) and extraordinary distributions (in 2005, 2013 and 2014).
Note: the total amount of exceptional dividends distributed following 2013 assets disposals (EADS, Canal Plus and Amaury) represents 57% of the amount of the corresponding disposals.

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## Calendar

- **2014 Annual General Meeting**
  The General Meeting of Shareholders will be held on May 6, 2014 at 10:00 a.m. at the Carrousel du Louvre in Paris.

- **Ordinary Dividend and exceptional distribution**
  Both the ordinary dividend (proposed at €1.3 per share) and the exceptional distribution (proposed at €6 per share) will be paid as of May 13, 2014. The ex-dividend date is May 8, 2014.

- **Announcement of Q1 2014 sales**
  First quarter net sales will be released on May 13, 2014 at 8:00 a.m. A conference call will be held at 10:00 a.m. on the same day.

- **Lagardère Investor Day**
  An Investor Day event dedicated to the Group's growth strategy will take place on May 28, 2014.

- **Announcement of H1 2014 results**
  First-half 2014 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.

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## Definitions

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

***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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