



Lagardère

**GENERAL MEETING
3 MAY 2018**

Arnaud Lagardère
*General and Managing
Partner*





CONTENTS

1

OUR MARKETS AND THEIR TRENDS

2

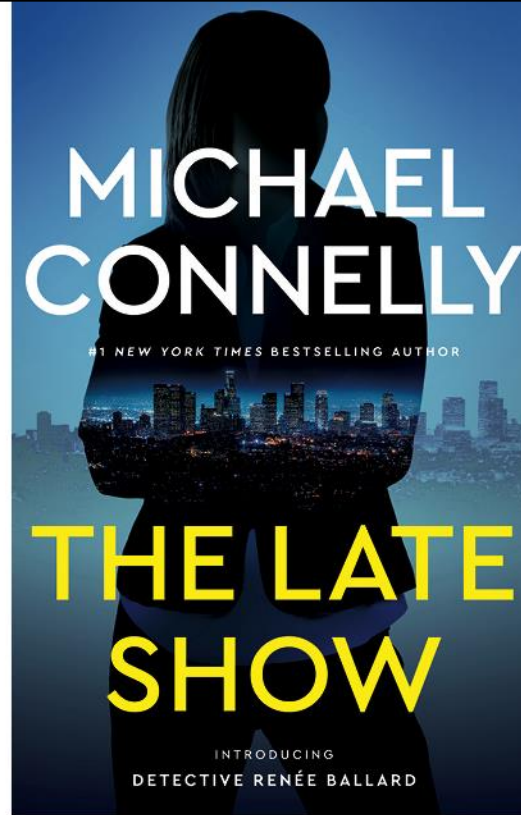
OUR GROUP TODAY

3

OUR STRATEGIC VISION AND AMBITION

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**OUR MARKETS AND
THEIR TRENDS**

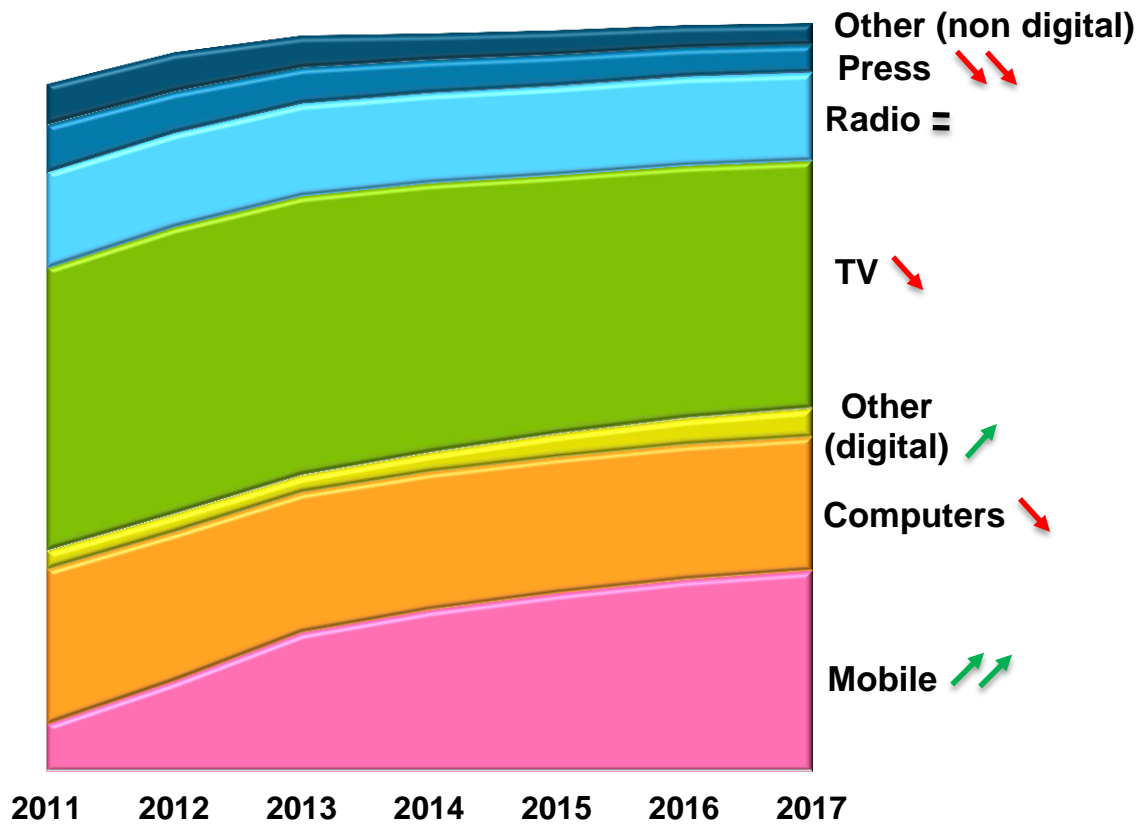




OUR GROUP OPERATES IN A BROADLY EXPANDING MARKET THAT IS NOW UNDERGOING A TRANSFORMATION

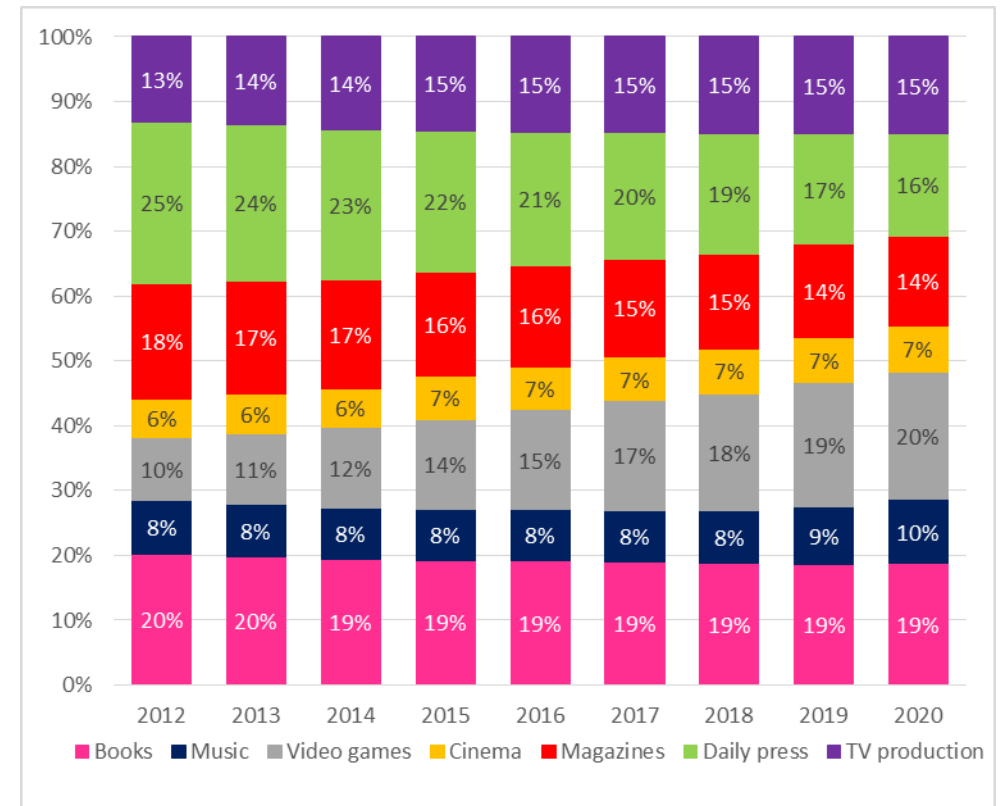
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Daily media consumption



Change in content production industry

Market share of different media in worldwide entertainment content



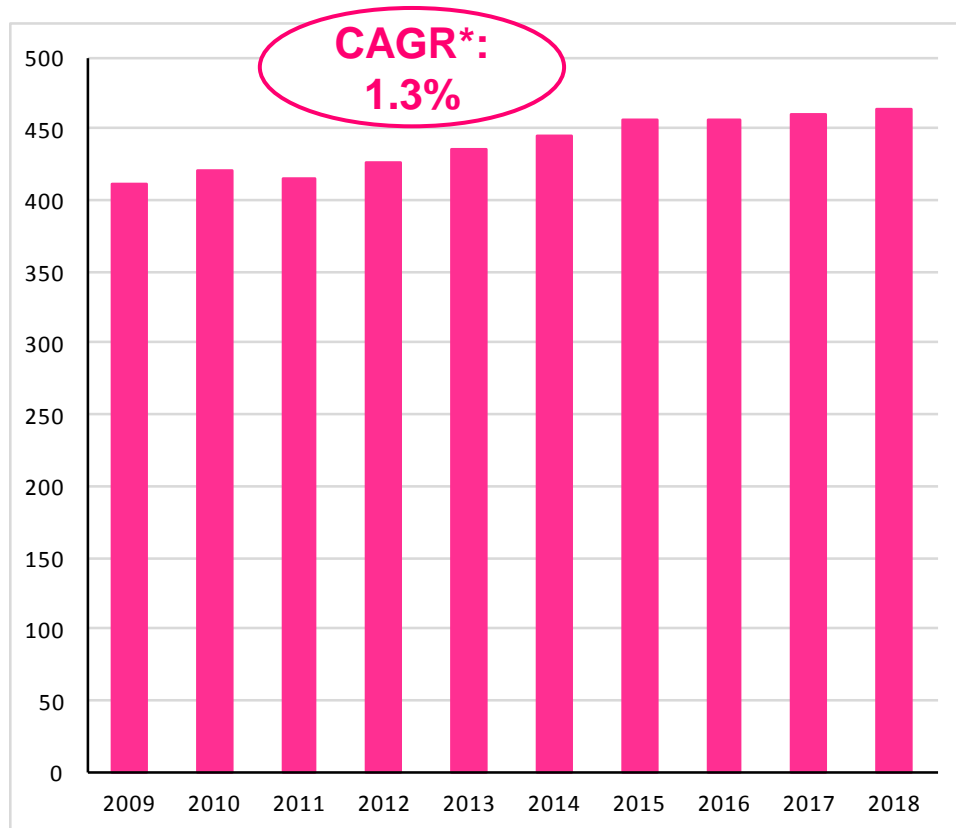


GROWTH IN MEDIA CONSUMPTION IS NOW DRIVEN EXCLUSIVELY BY MOBILE

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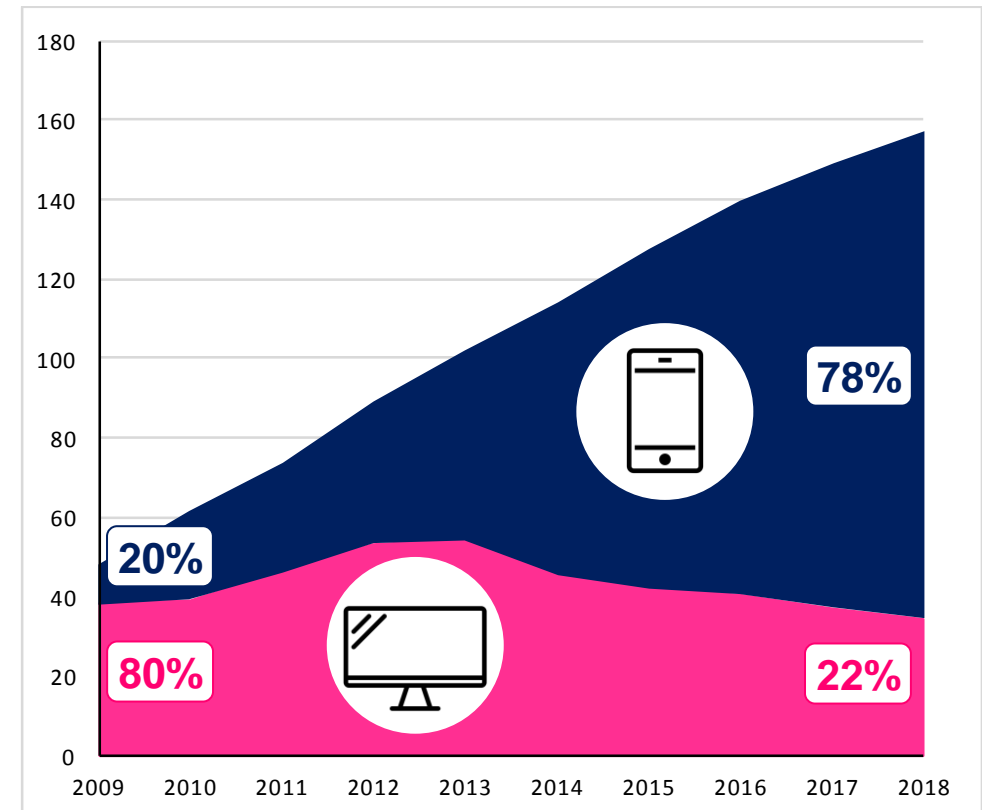
Media consumption per person

Time spent per day and per person worldwide (in minutes)



Media consumption (fixed vs mobile)

Time spent per day and per person worldwide (in minutes)



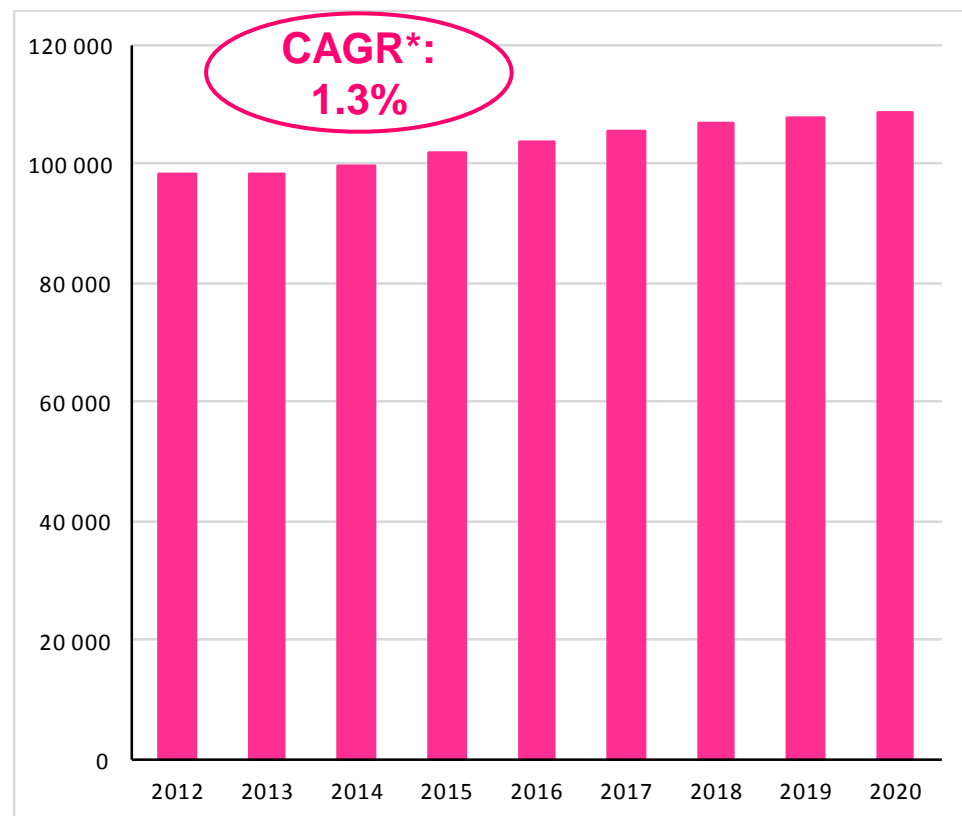
Source: Zenith.
* CAGR: compound annual growth rate.



A STRONG, RESILIENT AND ATTRACTIVE GLOBAL BOOK MARKET

Global book market

Global revenue (\$m)



Trends

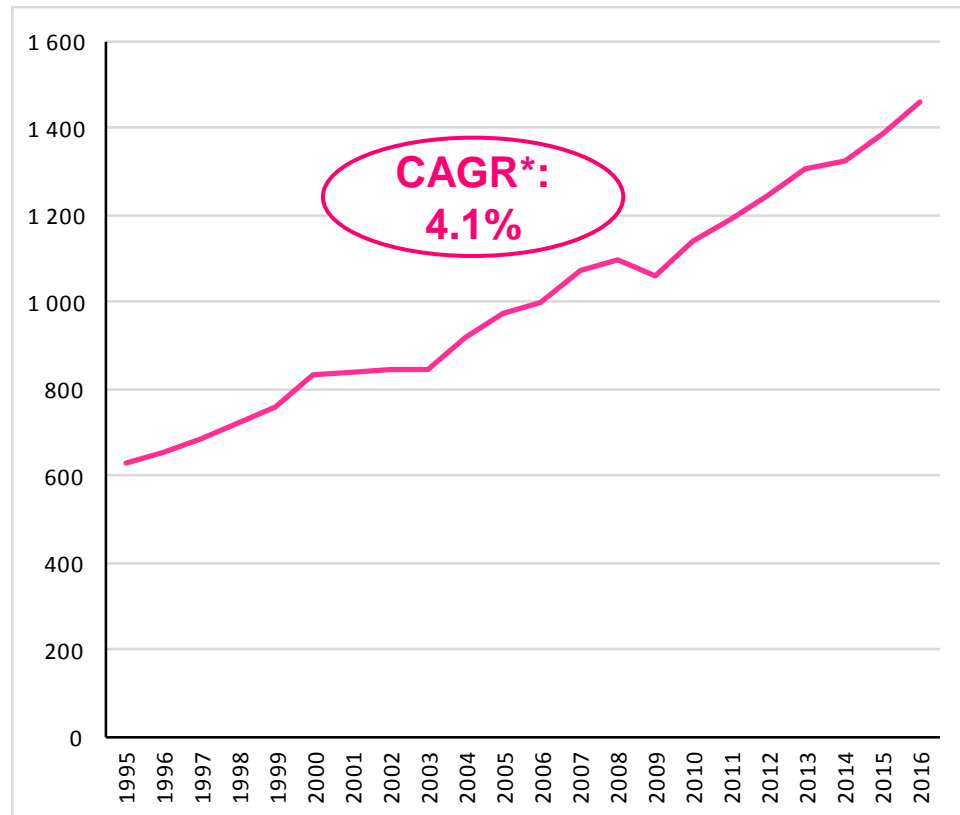
- Revenue stable over the past few years.
- Young people are still reading.
- “Big readers” are primarily older people, a demographic that is growing.
- The “best seller” phenomenon increases the number of casual readers.
- Digitalisation presents a growth opportunity.



TRAVEL RETAIL IS BOOMING, DRIVEN BY GROWTH IN AIR TRAFFIC

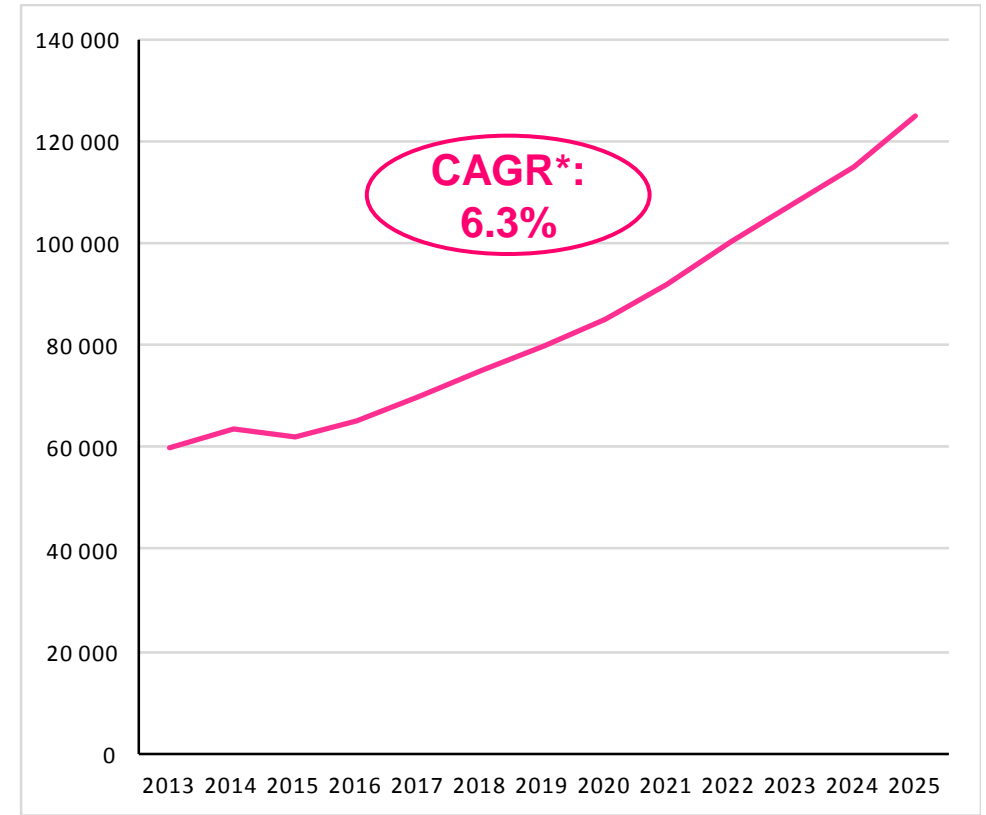
International tourism

Number of departures per year (in millions)



Outlook for the Travel Retail market

Global Duty Free and Travel Retail sales (\$m)



Sources: The World Bank, Duty Free World Council.

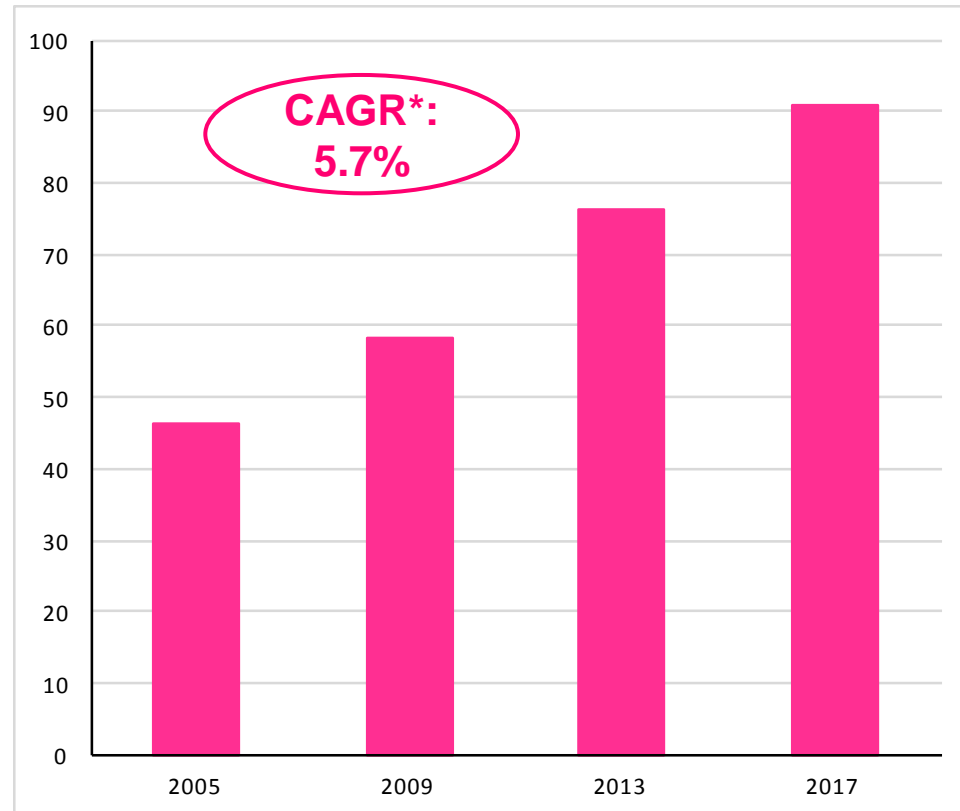
* CAGR: compound annual growth rate.



CONTINUED RISE IN SPORT AND SPORTS BROADCASTING

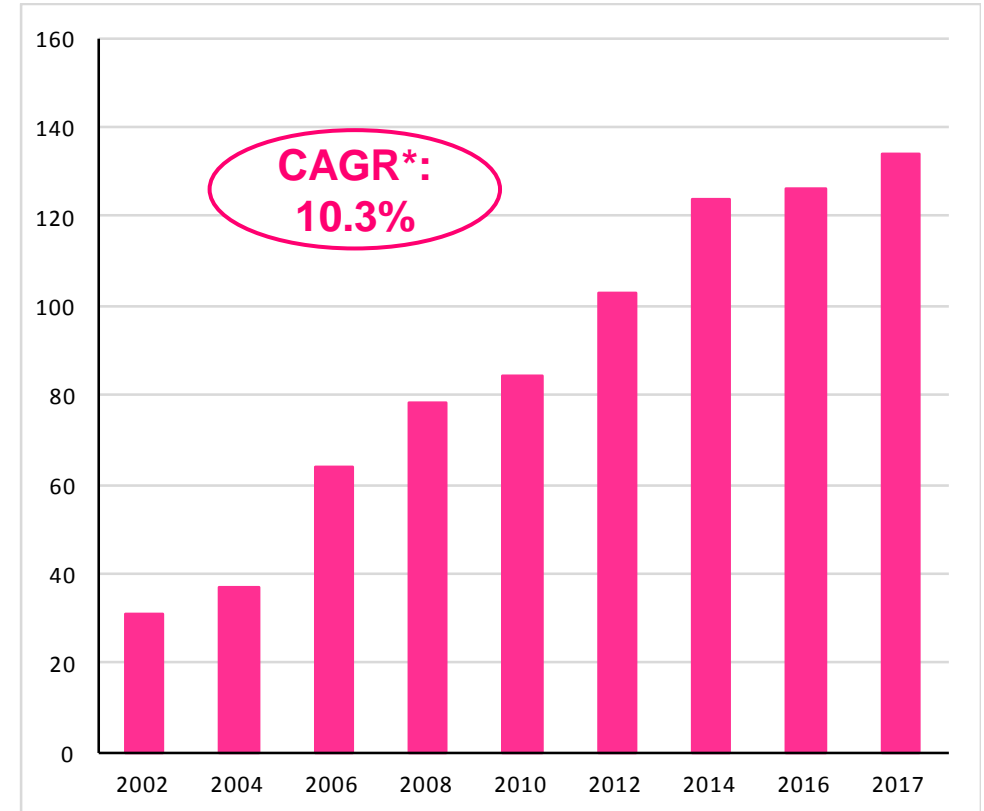
Global sports market

Global revenue (\$bn)



Sport broadcast on TV in the United States

Quantity of sports programmes broadcast on US TV (in thousands of hours)




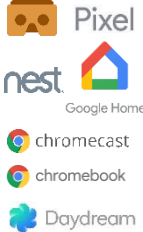
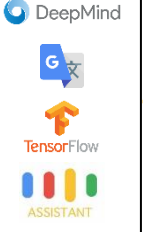



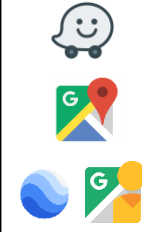

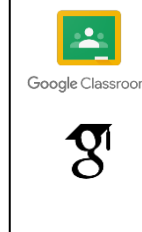
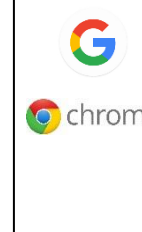




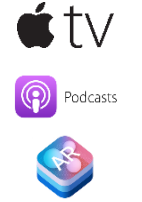

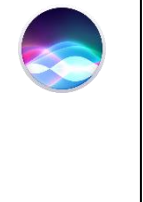
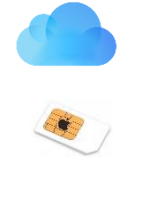
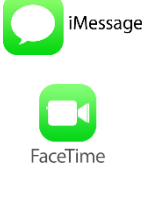
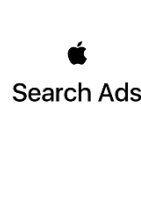
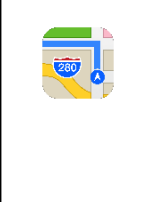




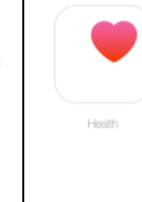
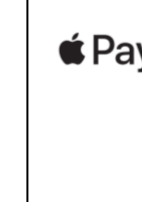

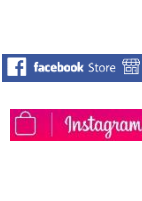
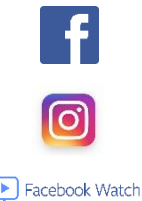

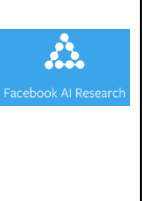





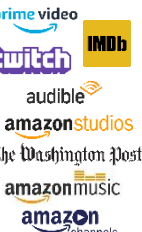




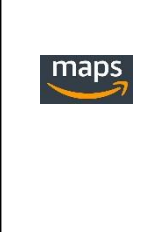


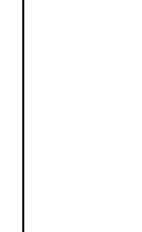



Sources: A.T. Kearney, Nielsen.

* CAGR: compound annual growth rate.

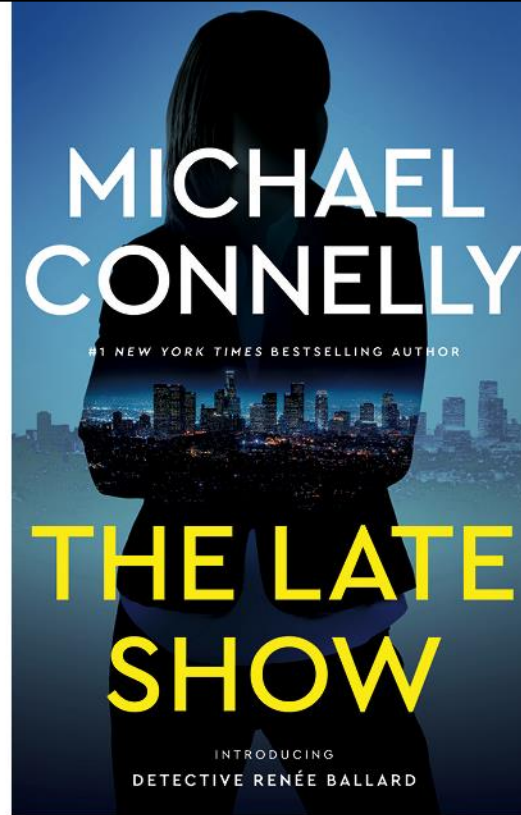


DRIVEN BY EVER GREATER COMPETITION BETWEEN THEIR OFFERINGS, THE GAFA ARE TRANSFORMING AN INCREASING NUMBER OF SECTORS

	E-commerce, marketplace	Content	Hardware	Artificial intelligence	Cloud, IT, telecoms	Communication	Advertising	Maps	Cars	Education	Search engines, browsers	Operating systems	Health	Finance	Retail
															
															
															
															

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OUR GROUP TODAY





A BROADLY DIVERSIFIED GROUP, WITH GLOBAL PLAYERS WHO ARE LEADERS IN THEIR SECTORS...

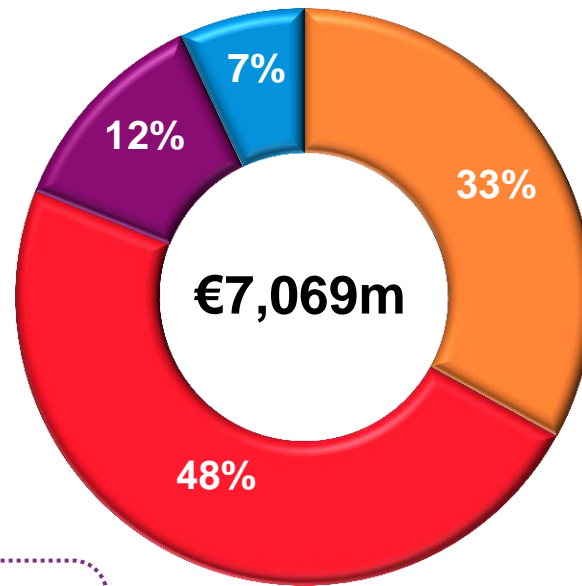
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2017 revenue by division

2017 recurring EBIT by division

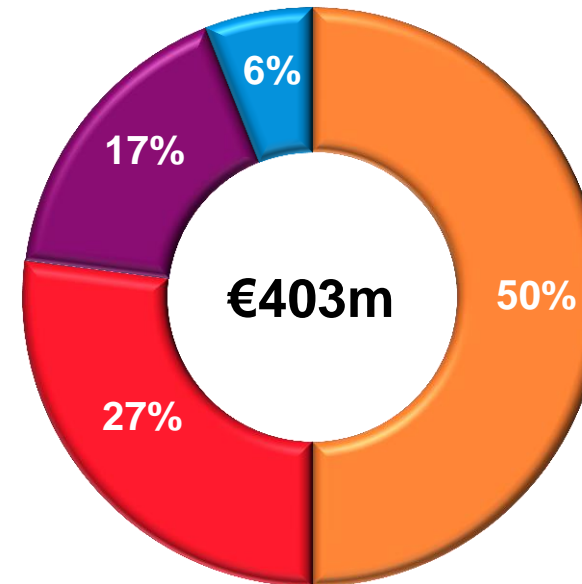
Lagardère
TRAVEL RETAIL

- No. 4 worldwide in Travel Retail
- Robust expertise in three business lines



Lagardère
PUBLISHING

- No. 3 worldwide (Trade)
- A multi-segment publisher
- A major player in the digital sector



Lagardère
ACTIVE

- No. 1 in scripted TV Production in France
- One of France's leading Internet and mobile media groups
- Major player in Radio in France

Lagardère
SPORTS AND ENTERTAINMENT

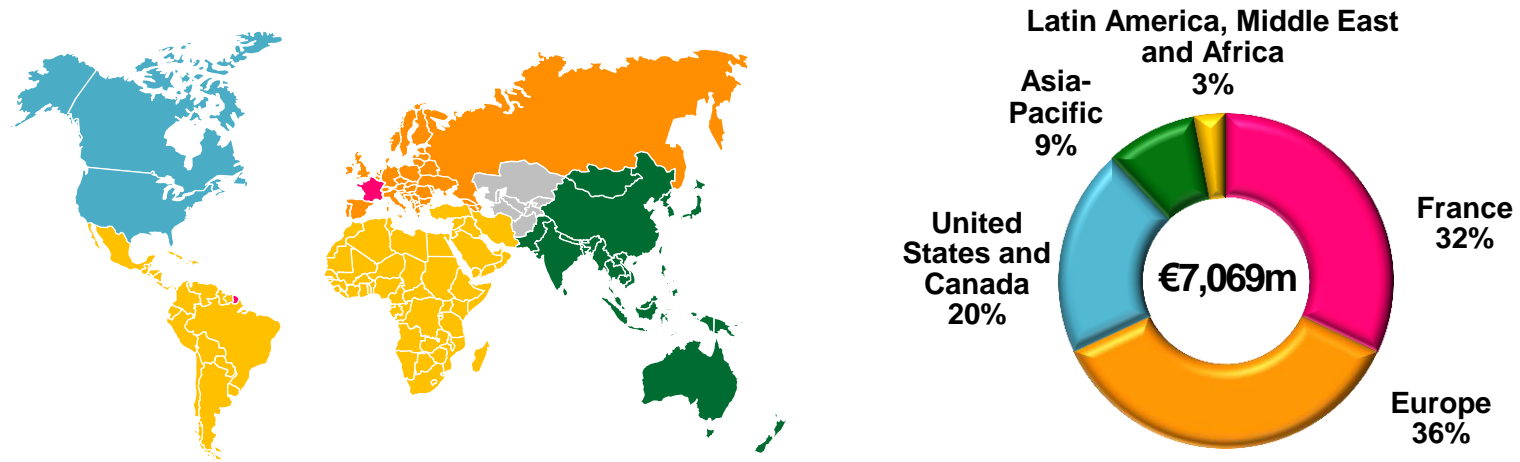
- Leader in football in Africa, Asia and Europe
- Leader in sponsorship and media rights globally
- Leader in golf talent management



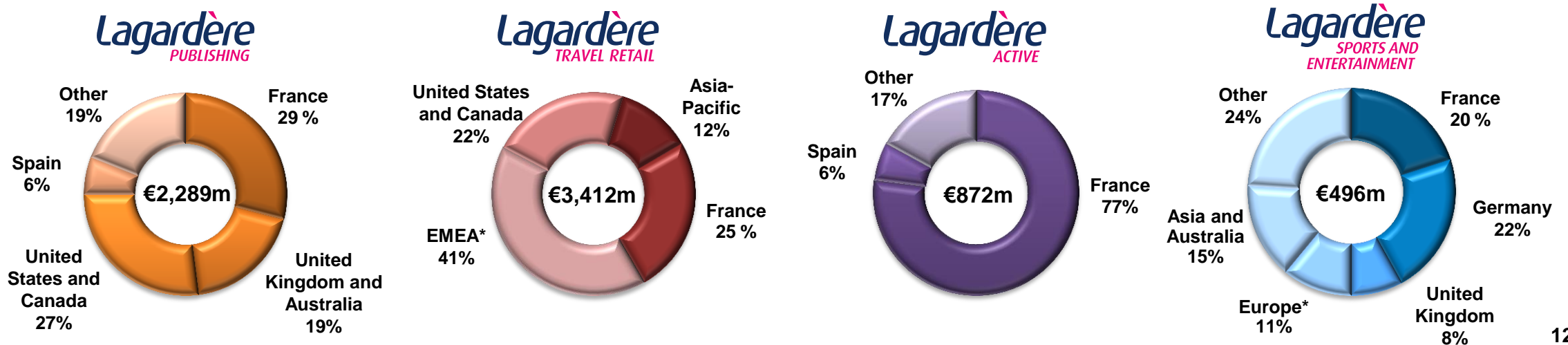
A GROUP WITH A WORLDWIDE GEOGRAPHIC FOOTPRINT

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Breakdown of 2017 revenue by region



Breakdown of 2017 revenue by division and region



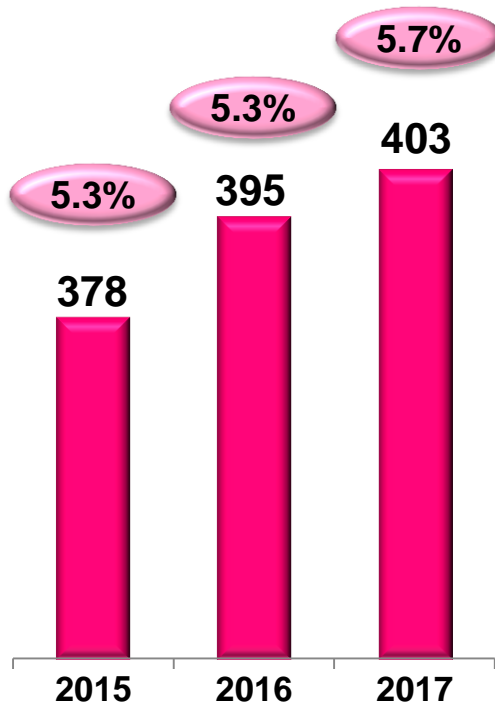
* Excl. France.



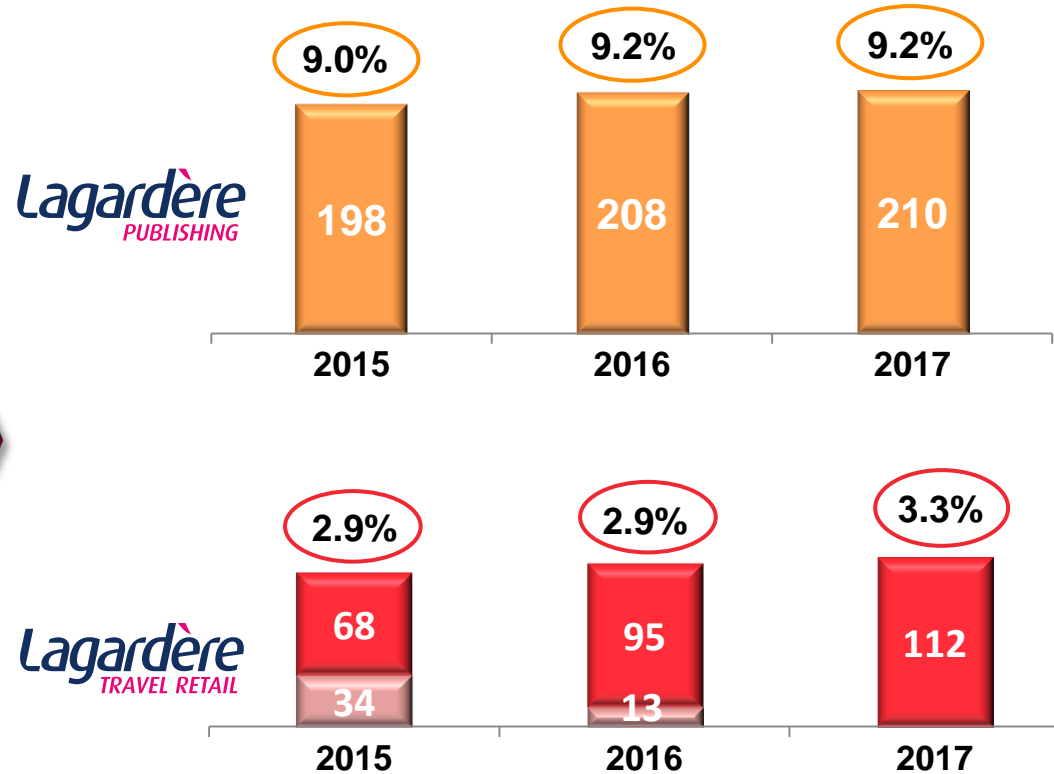
INCREASING THE PROFITABILITY OF THE BUSINESSES IS OUR PRIORITY

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Consolidated recurring EBIT (€m) and Group operating margin (%)



Change in recurring EBIT (€m) and operating margin (%)



Main factors and measures

- **Strict cost control.**
- **Organisational optimisation of warehouses and other premises in France, UK and US.**
- **Cost synergies resulting from acquisitions.**

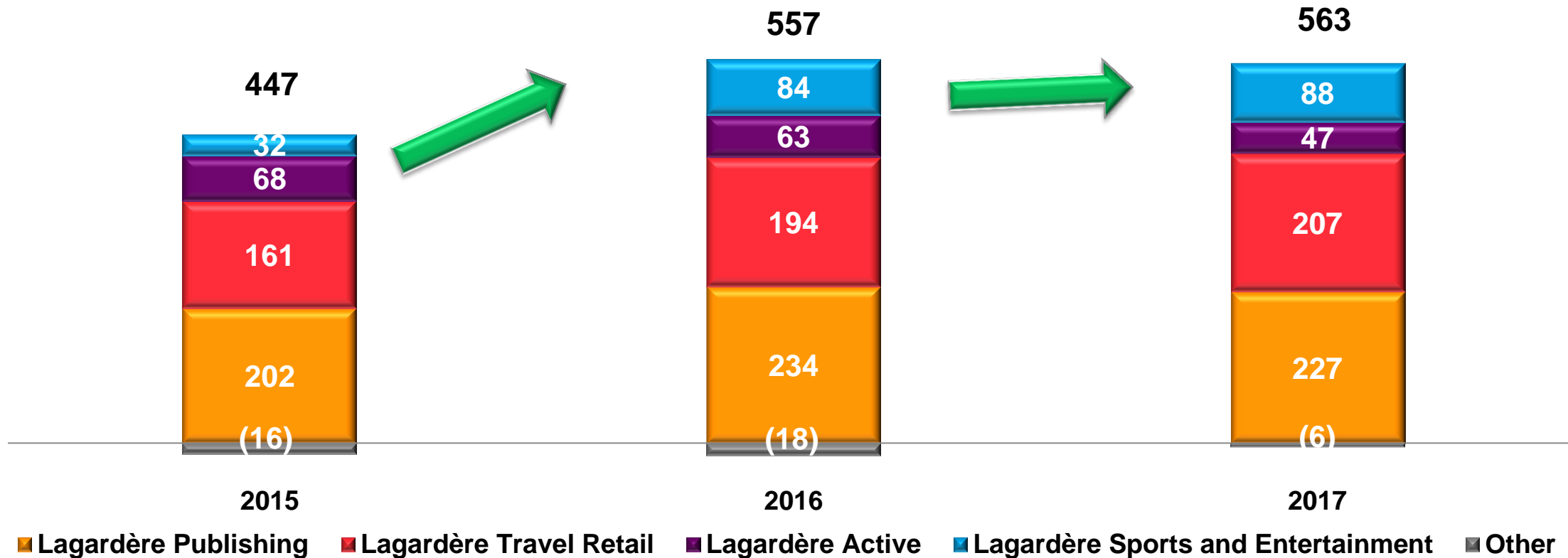
- **Improved product mix and purchasing conditions.**
- **Positive impact of synergies resulting from acquisitions.**



AFTER A RISE OF 25% IN 2016, CASH FLOW GENERATION WAS STABLE IN 2017

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Cash flow from operations before changes in working capital (€m)*



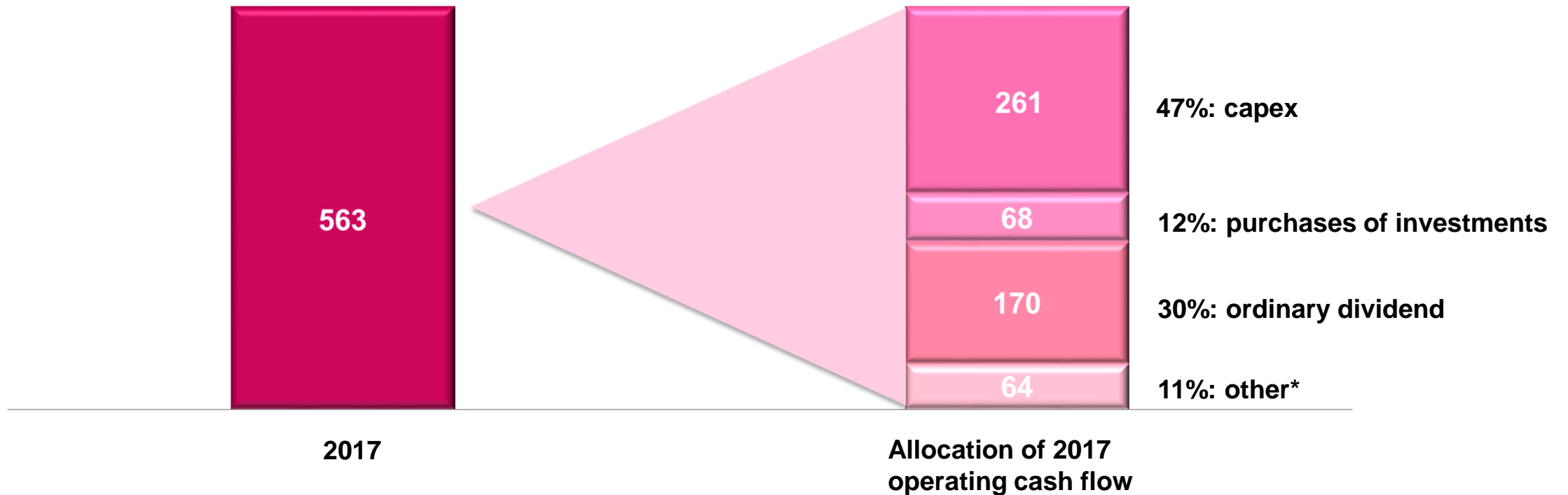
- Cash flow from operations before changes in working capital stable in 2017 after a rise of 25% in 2016.
- 80% generated by Lagardère Publishing and Lagardère Travel Retail.

*Net basis, excluding one-off sales of buildings in 2017.



AROUND 60% OF CASH FLOW FROM OPERATIONS BEFORE CHANGES IN WORKING CAPITAL WAS USED TO FUND BUSINESS INVESTMENTS IN 2017

Allocation of cash flow from operations before changes in working capital in 2017 (€m)



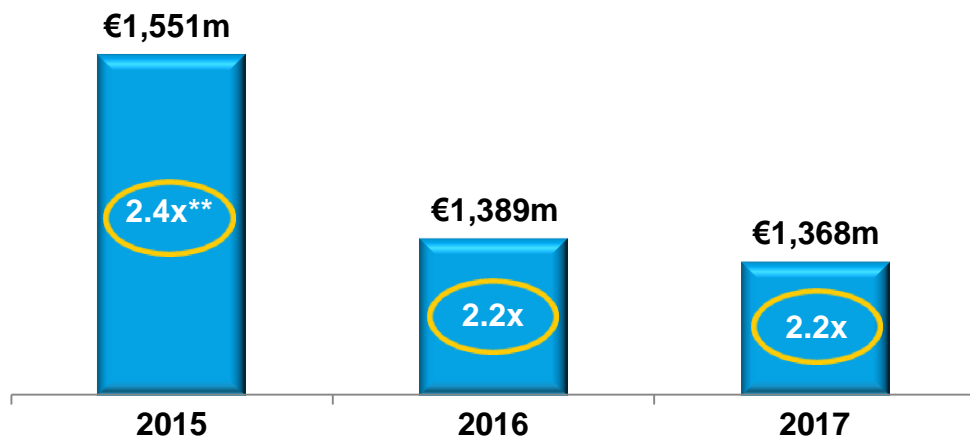
- Around 60% of cash flow before changes in working capital used to fund investments in 2017.
- Stable net debt.

* Includes mainly translation adjustments and payments of taxes and interest.



A MEASURED, WELL-BALANCED FINANCIAL STRATEGY

A tight rein on net debt...

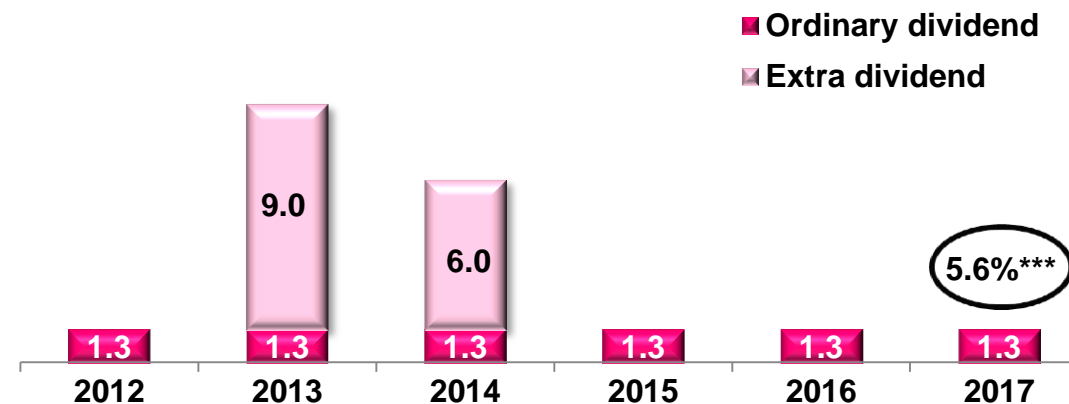


 **Leverage ratio**
Net debt/recurring EBITDA*

- Investment capacity of €500m assuming a leverage ratio of 3x.

... providing long-term viability for an attractive dividend payout policy

Historical dividends (€/share)



*** Yield based on the closing share price of €23.32 at 25 April 2018.

- Ordinary dividend stable over the long term (€ per share).
- Large payouts to shareholders following the one-off sales of non-strategic shareholdings.
- Attractive ordinary dividend yield given the current low interest rate environment.

* Defined as the sum of (i) recurring EBIT of fully consolidated companies, (ii) depreciation and amortisation, and (iii) dividends received from equity-accounted companies.

** On a pro forma basis (as per credit facility covenant), i.e., taking into account 12 months' recurring EBITDA for Paradies.



IN 2017: STRONG OVERALL PERFORMANCE, WITH ROOM FOR IMPROVEMENT IN A FEW AREAS

Lagardère

- ▶ **Growth in recurring EBIT for the fourth consecutive year.**
- ▶ **A measured financial strategy, maintaining a healthy balance between business investment, net debt and shareholder return.**
- ▶ **Lagardère Publishing confirmed its role as the power engine and Lagardère Travel Retail as the growth engine.**
- ▶ **A resilient press business in a challenging market.**
- ▶ **Room for improvement in certain areas...**



GROUP CSR: STRATEGIC PRIORITIES AT THE HEART OF OUR CORPORATE RESPONSIBILITY

Lagardère

SOCIAL

Promoting **diversity** and **gender balance** in the workplace

Strengthening **employer attractiveness** and **talent retention**

SOCIETAL

Promoting **access** to **education, culture** and **entertainment**

Defending **pluralism** and **cultural diversity**

ENVIRONMENTAL

Ensuring **responsible paper cycle management**

Fighting climate change



A NEW NETWORK FOR PROMOTING GENDER BALANCE



- Promoting gender balance in the workplace.
- Encouraging women to advance in their careers.
- Fostering constructive dialogue within the divisions.

Workshops for personal and professional development

Pilot mentoring programme

Inspirational conferences

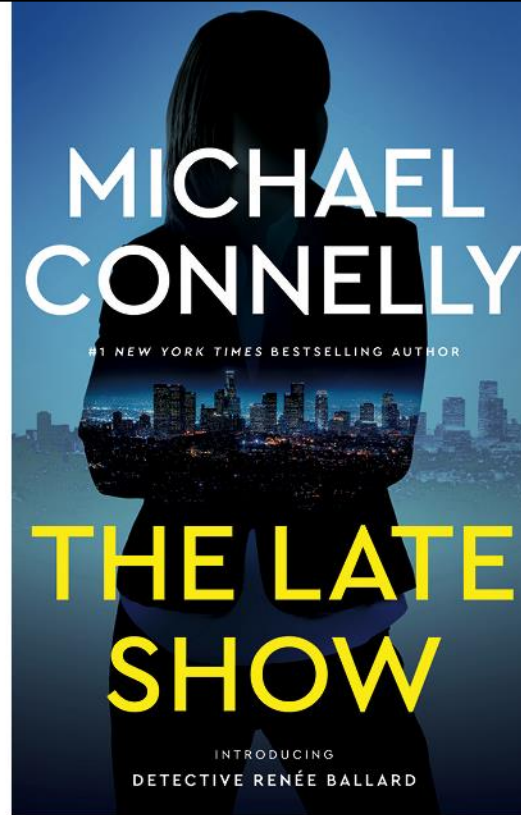
Networking (breakfasts, afterwork events)

L for Elle (She)
L for Lui (He)
L for Lagardère



Lagardère

**OUR STRATEGIC
VISION AND
AMBITION**





A SIMPLER, MORE AMBITIOUS AND MORE FOCUSED BUSINESS PROFILE

- A Group structured around two priority pillars, to ensure each one is given all the necessary resources to dominate their sectors:

Power engine

Lagardère
PUBLISHING

Growth engine

Lagardère
TRAVEL RETAIL

- ▶ Aim: to change the size and scale of the two pillars.
- ▶ Selling assets which no longer benefit from the strategic support of the Group for their development.
- ▶ Reinvesting the proceeds from the disposals in the two pillars.



A NEW AND MORE EFFICIENT FINANCIAL PROFILE

- **Improved cash generation to finance the growth of our businesses.**
 - **Reduced growth capex, thanks to the new business profile.**
 - **Lower restructuring costs, thanks to the new business profile.**
-
- ▶ **Structurally improved profitability.**
 - ▶ **Group fundamentals maintained with regard to prudent balance sheet management.**



TRANSFORMATION METHOD

1

A strategy to drive growth and improve profitability and cash generation, while maintaining a long-term vision.

2

Choice and objective of the timing of disposals and reinvestments.

3

Reinvestments broadly accretive in terms of recurring EBIT, cash generation and acquisition multiples.

4

Launched in June 2017, our transformation has resulted in disposals in progress, with the Group currently exploring avenues for reinvestment.