FULL-YEAR 2018 RESULTS

Gérard Adsuar
Chief Financial Officer

Annual Ordinary
and Extraordinary
General Meeting
10 May 2019

CONTENTS

KEY FIGURES
FOR THE GROUP

Annual Ordinary and Extraordinary General Meeting
10 May 2019

Lagardère

HIGHLIGHTS

- Solid performance from Lagardère Travel Retail and Lagardère Sports and Entertainment
- Due to the absence of curriculum reform, lower performance from Lagardère Publishing
- Free cash flow substantially improved

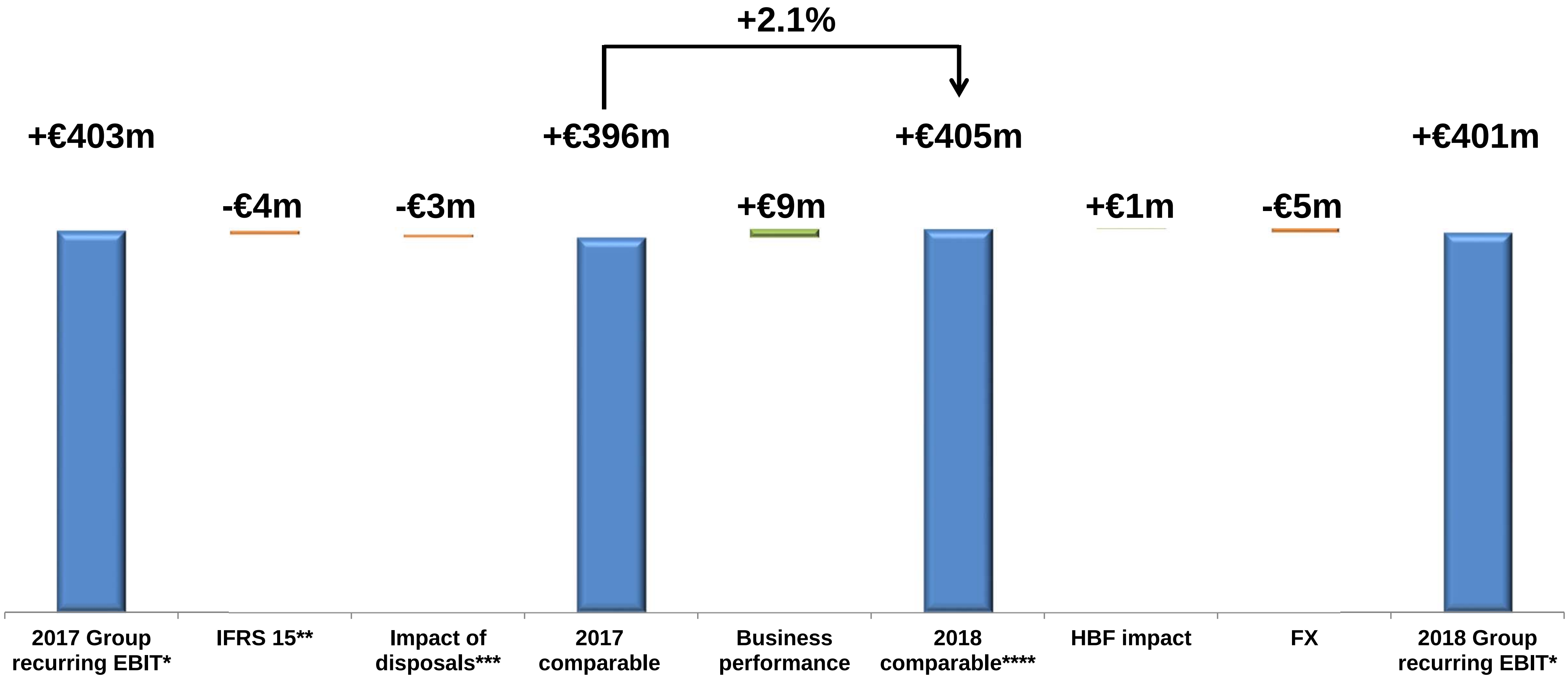
(€m)	2017*	2018
Revenue	7,084	7,258
Group recurring EBIT**	399	401
*Group operating margin***	*5.6%*	*5.5%*
Profit – Group share	176	194
Adjusted profit – Group share**	214	222
Free cash flow**	283	471
Net debt at end of year**	(1,368)	(1,375)
Earnings per share (in €)	1.36	1.49
Ordinary dividend per share (in €)	1.30	1.30***

+2.5% consolidated
+3.3% like-for-like**

* Restated for IFRS 15 using the retrospective method.
** Alternative Performance Measure (APM) – See glossary on slides 22/23.
*** Ordinary dividend submitted for approval for 2018.

Lagardère

GROUP RECURRING EBIT



* Alternative Performance Measure (APM) – See glossary on slides 22/23.
** Impact of IFRS 15.
*** Disposals in 2018: radio businesses in Eastern Europe, MonDocteur and Doctissimo.
**** Calculated using 2017 exchanges rates.

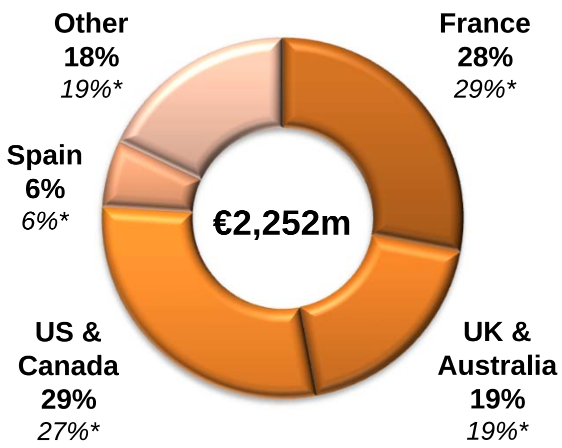
2018 PERFORMANCE
BY DIVISION

Annual Ordinary and Extraordinary General Meeting
10 May 2019

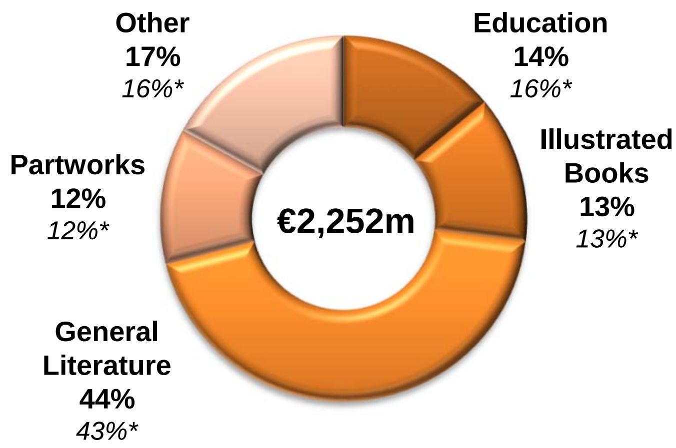
LAGARDÈRE PUBLISHING

Lagardère PUBLISHING

2018 revenue by geographic area

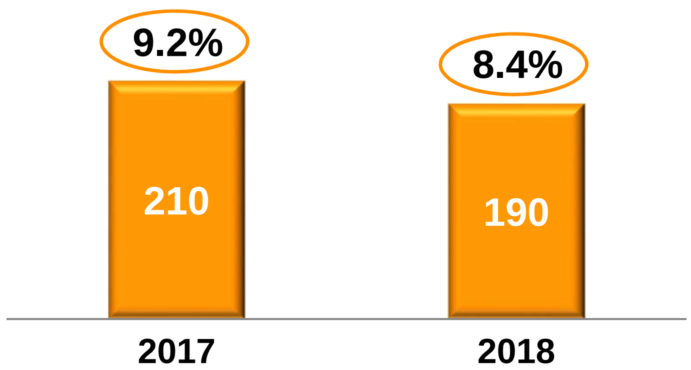


2018 revenue by activity



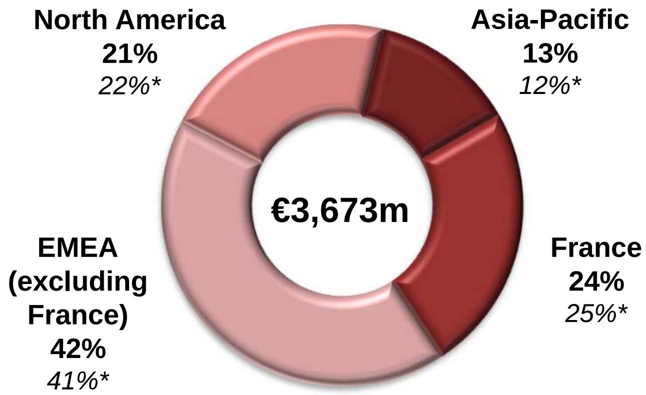
* % of revenue in 2017.

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

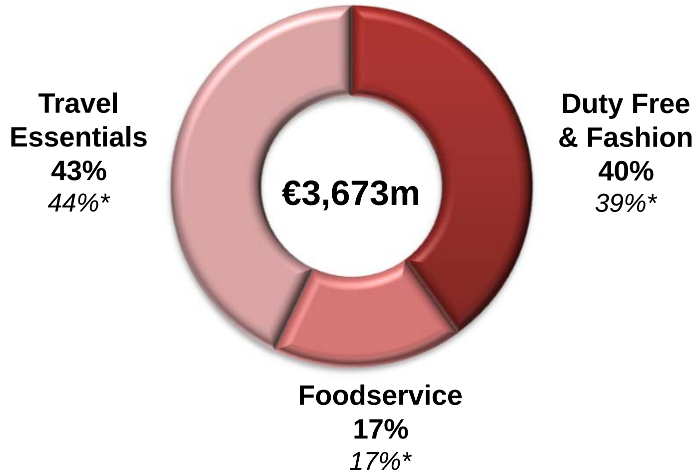


LAGARDÈRE TRAVEL RETAIL

2018 revenue by geographic area

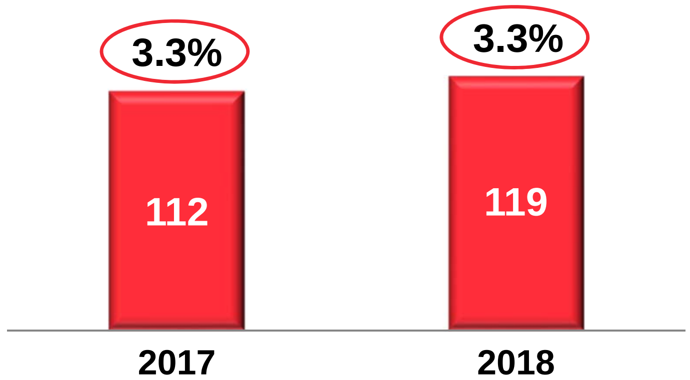


2018 revenue by activity



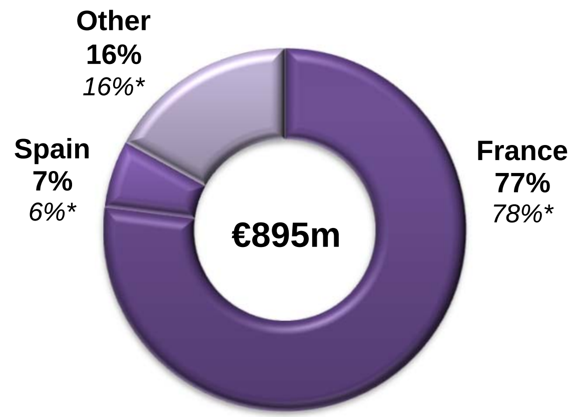
* % of revenue in 2017.

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



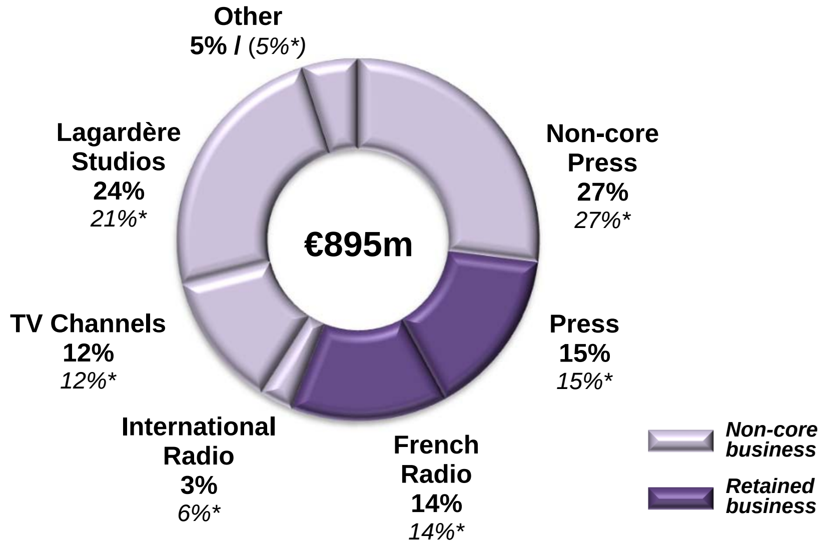
LAGARDÈRE ACTIVE

2018 revenue by geographic area

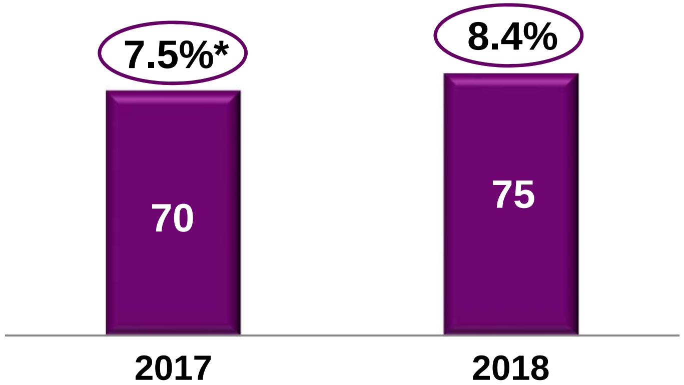


* % of revenue in 2017 restated for IFRS 15 using the retrospective method.

2018 revenue by activity



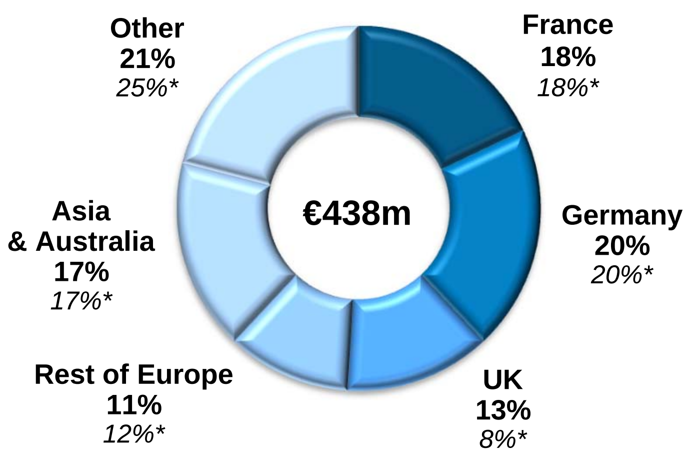
Change in recurring EBIT (€m) and operating margin (%)



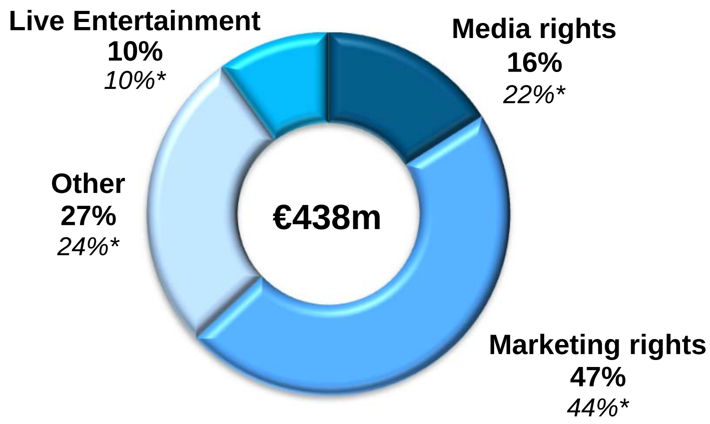
* % margin in 2017 restated for IFRS 15 using the retrospective method.

LAGARDÈRE SPORTS AND ENTERTAINMENT

2018 revenue by geographic area

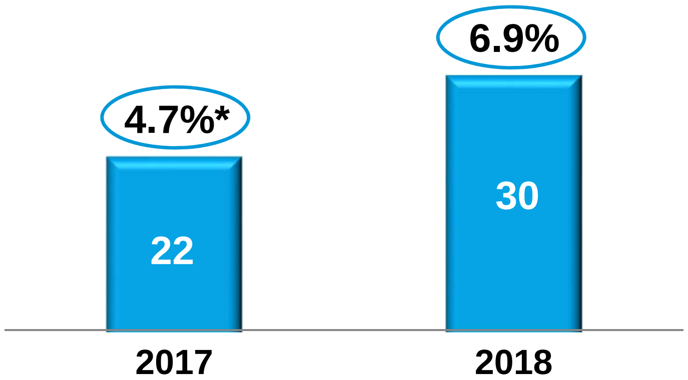


2018 revenue by activity



* % of revenue in 2017 restated for IFRS 15 using the retrospective method.

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

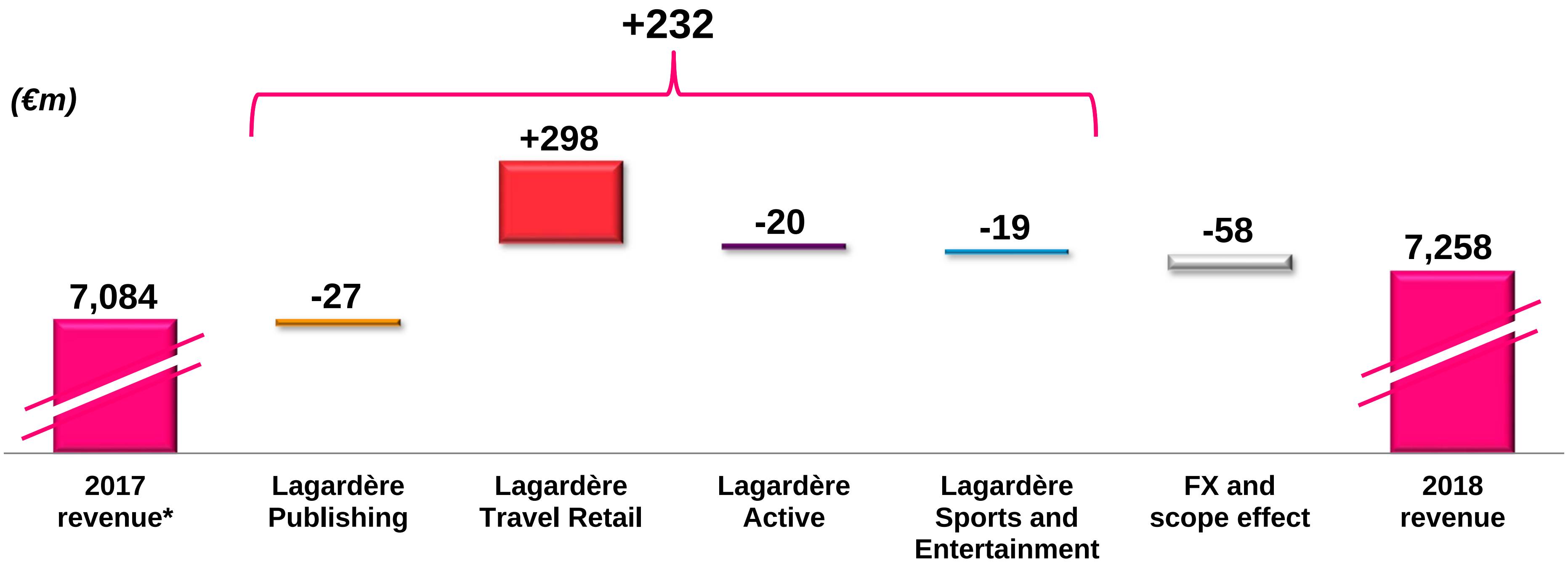


* % margin in 2017 restated for IFRS 15 using the retrospective method.

2018 GROUP FINANCIAL RESULTS

Annual Ordinary and Extraordinary General Meeting
10 May 2019

CHANGES IN REVENUE – 2018

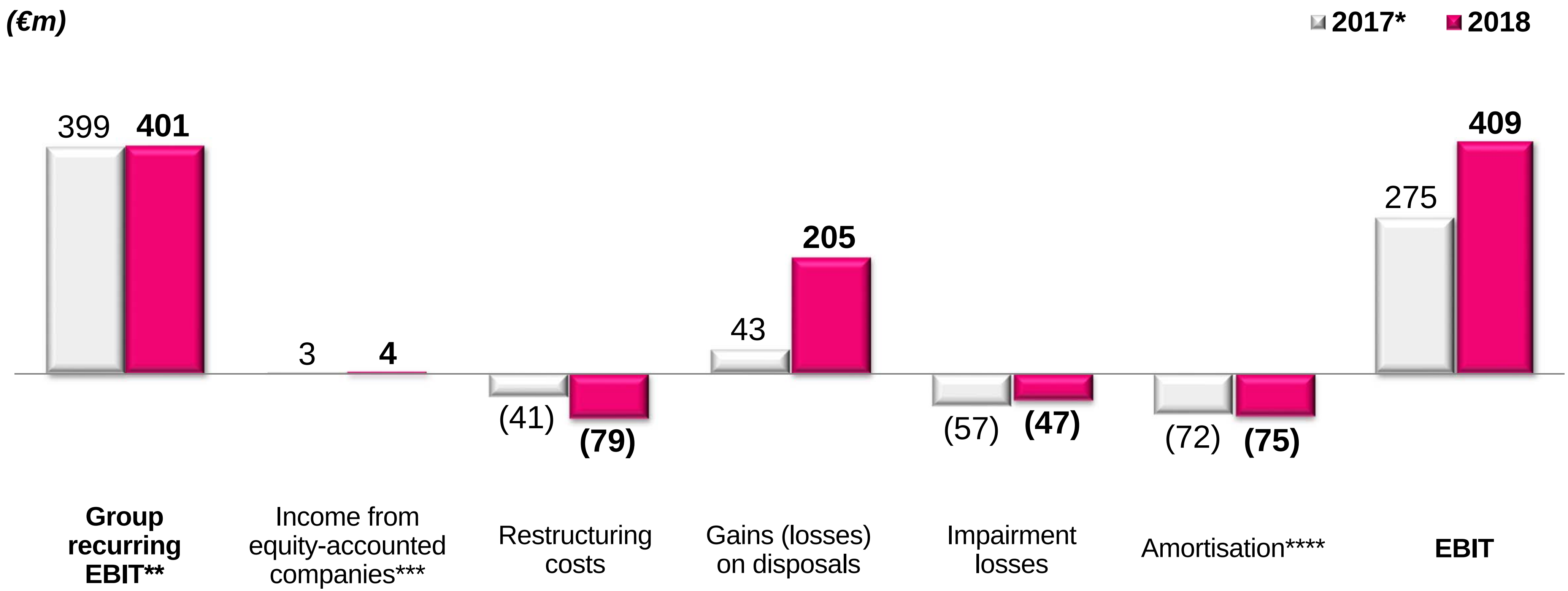


Revenue up 2.5% on a consolidated basis, up 3.3% like-for-like.

- *€52m positive scope effect and €110m negative currency effect.*
- Continued growth momentum powered by a solid performance at Lagardère Travel Retail, and achieved despite lacklustre business cycles at Lagardère Publishing and Lagardère Sports and Entertainment.

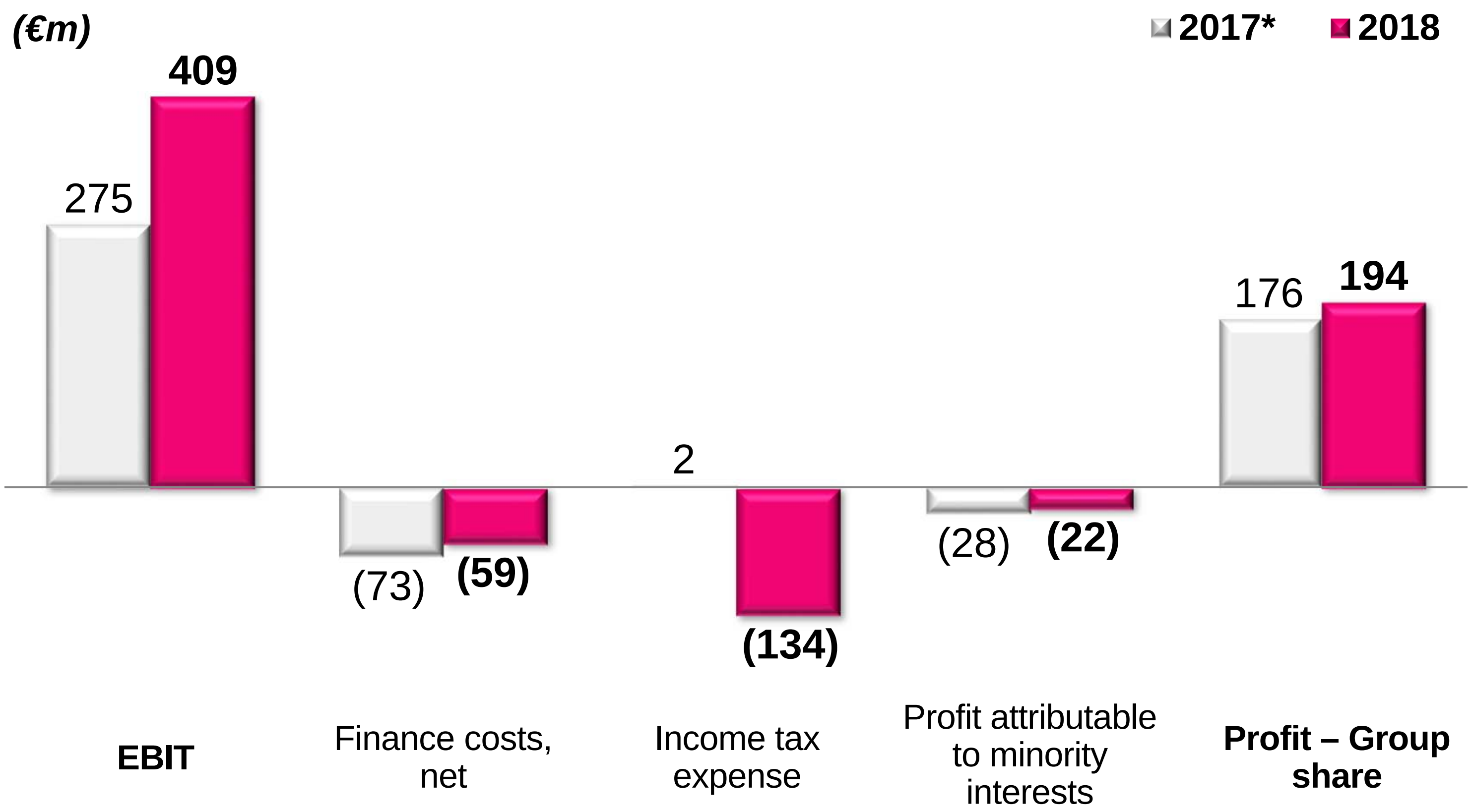
* Restated for IFRS 15 using the retrospective method.

GROUP RECURRING EBIT TO EBIT



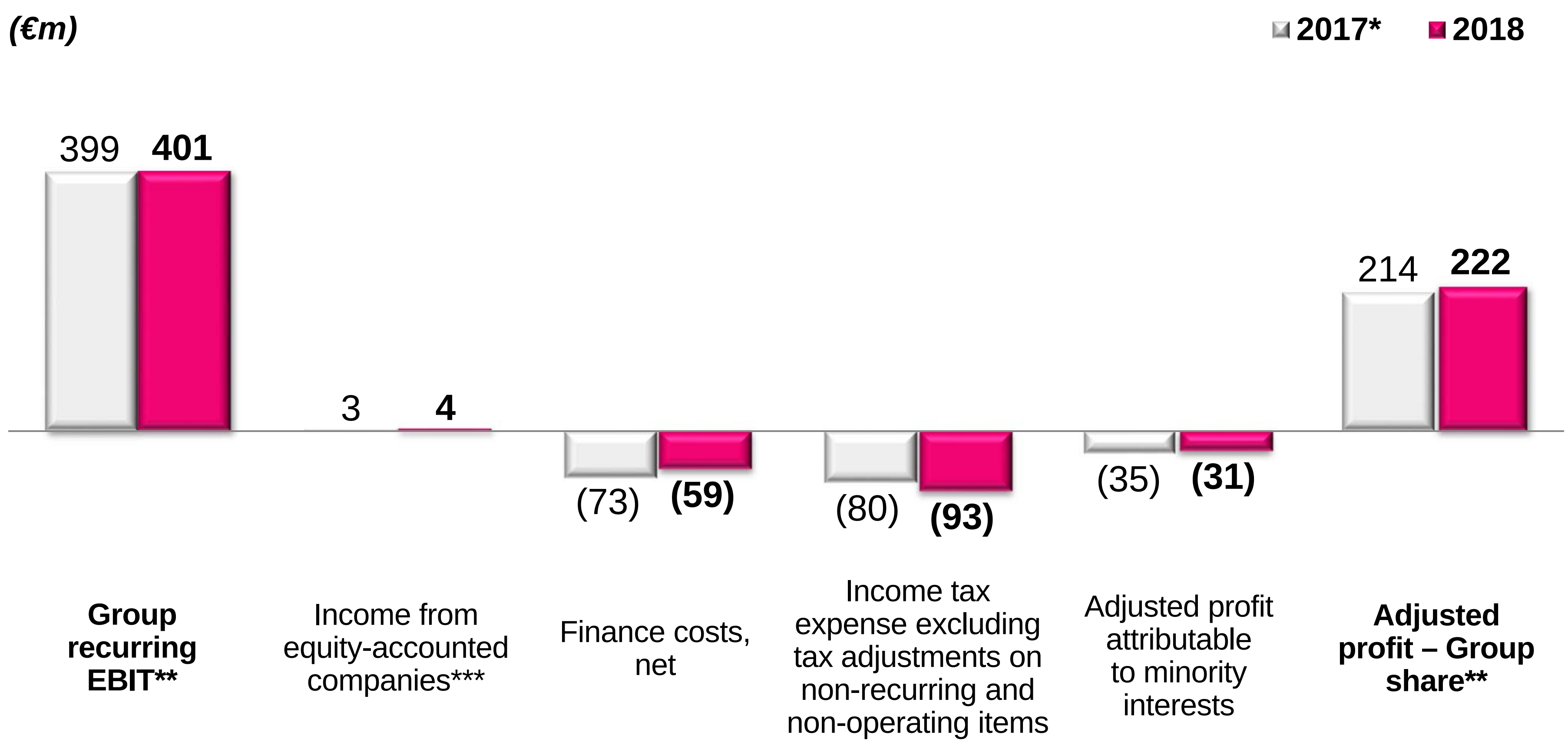
* Restated for IFRS 15 using the retrospective method.
** Alternative Performance Measure (APM) – See glossary on slides 22/23.
*** Before impairment losses.
**** Amortisation of acquisition-related intangible assets and expenses.

EBIT TO PROFIT – GROUP SHARE



* Restated for IFRS 15 using the retrospective method.

GROUP RECURRING EBIT TO ADJUSTED PROFIT – GROUP SHARE



* Restated for IFRS 15 using the retrospective method.
** Alternative Performance Measure (APM) – See glossary on slides 22/23.
*** Before impairment losses.

Lagardère

CONSOLIDATED STATEMENT OF CASH FLOWS

(€m)	2017*	2018
Cash flow from operations before changes in working capital	**536**	**505**
Changes in working capital	(71)	55
Taxes paid excluding taxes on property disposals	(61)	(35)
Net cash from operating activities**	**404**	**525**
Purchases/disposals of tangible and intangible assets***	(246)	(237)
Free cash flow excluding property disposals	**158**	**288**
Proceeds from property disposals net of tax paid and related refitting costs	125	183
Free cash flow******	**283**	**471**
Purchases of investments	(68)	(340)
Disposals of investments	19	148
Net cash from operating and investing activities	**234**	**279**
Dividend paid and other	(143)	(229)
Interest paid	(70)	(57)
Change in net debt	**21**	**(7)**
Net debt**	**(1,368)**	**(1,375)**

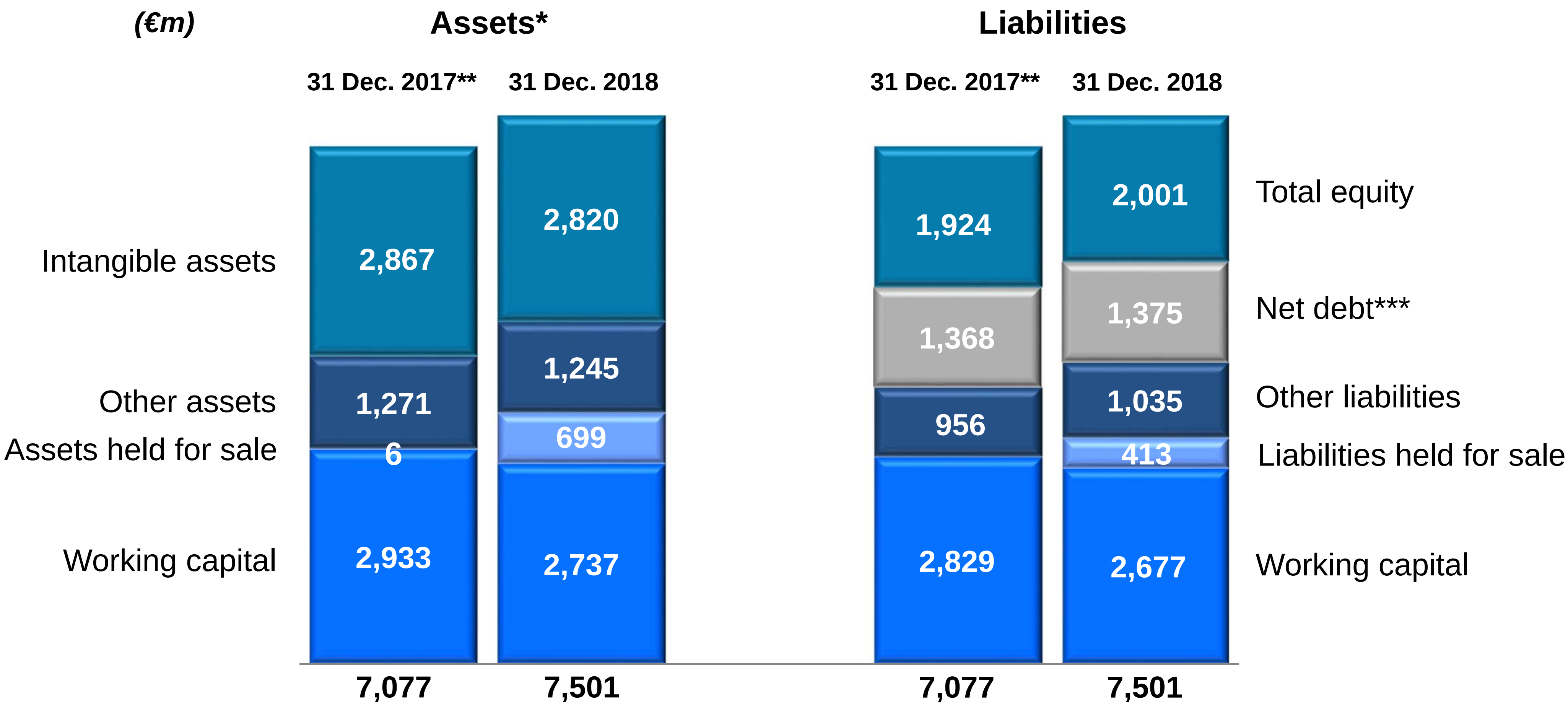
Substantial improvement attributable to Lagardère Publishing and Lagardère Travel Retail

Including €130m at Lagardère Travel Retail with a significant portion relating to new stores/concessions

In 2018, HBF acquisition covered by proceeds from non-core assets disposals

* Restated for IFRS 15 using the retrospective method.
** Before tax paid on property disposals.
*** Excluding property disposals and refitting costs.
**** Alternative Performance Measure (APM) – See glossary on slides 22/23

CONSOLIDATED BALANCE SHEET

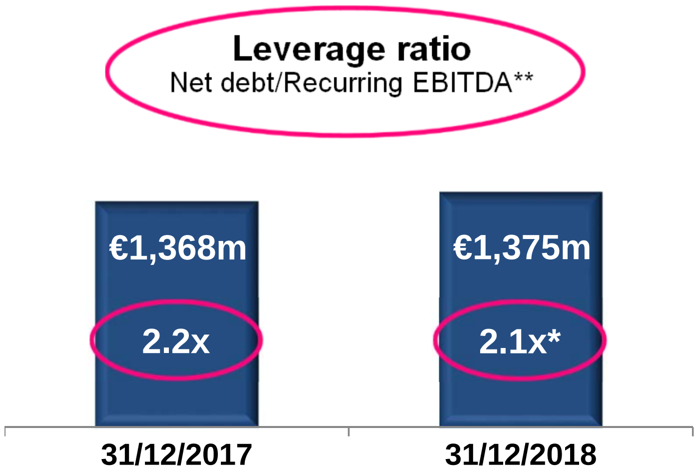


* Excluding assets included in net debt.
** Restated for IFRS 15 using the retrospective method.
*** Net of cash, cash equivalents, short-term investments and derivative instruments documented as hedges of debt.
Alternative Performance Measure (APM) – See glossary on slides 22/23.

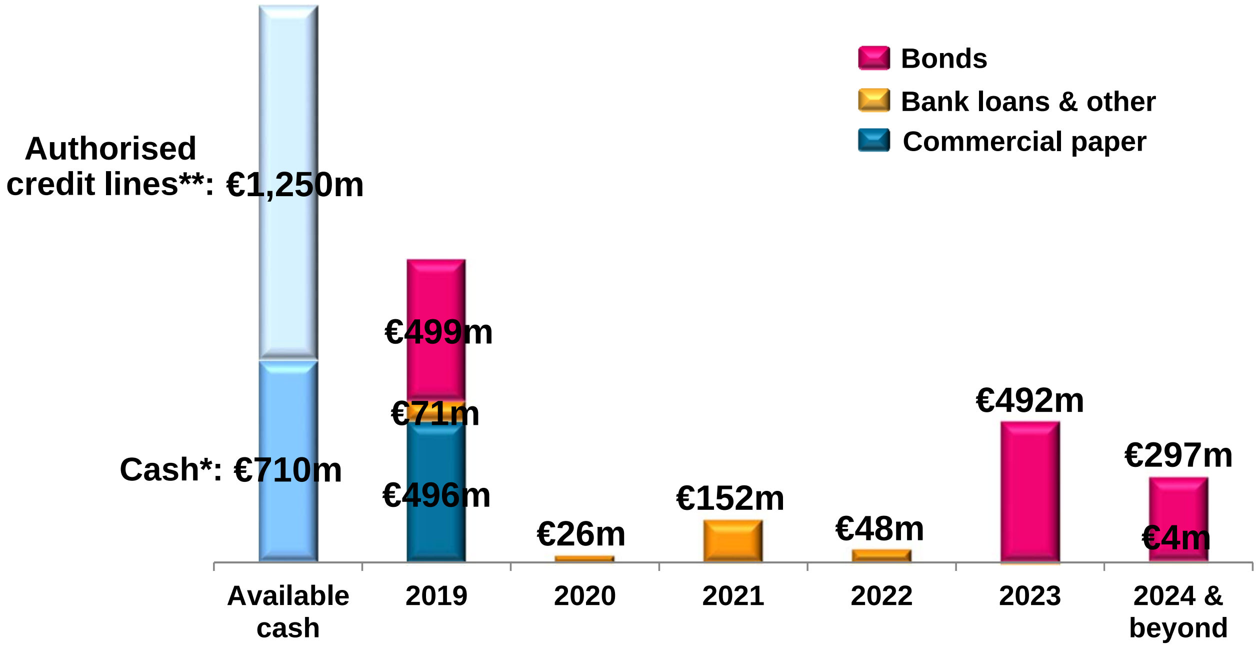
Lagardère

FINANCING POLICY

- **A stable debt level.**
- **HBF acquisition funded by non-core asset disposals (Lagardère Active assets and office buildings).**



- **2019 bond refinancing will reshuffle repayment schedule positively.**



* On a proforma basis (as per credit facility covenant), including 12 months of HBF recurring EBITDA. On a reported basis, ratio is 2.2x.
** Alternative Performance Measure (APM) – See glossary on slide 22/23.

* Short-term investments and cash, excluding €8m of derivative assets.
** Undrawn Group credit facility excluding authorised credit lines at divisional level.

GUIDANCE

Annual Ordinary and Extraordinary General Meeting
10 May 2019

OUTLOOK

2019 RECURRING EBIT* GROWTH TARGET BASED ON TARGET SCOPE**:

The Lagardère group expects 2019 recurring EBIT growth based on the target scope to be between 4% and 6% at constant exchange rates and excluding the acquisition of HBF.

The contribution to 2018 recurring EBIT based on the target scope represented €310 million.

NON-RETAINED SCOPE – NOT DISPOSED TO DATE***:

Based on constant exchange rates, the contribution to recurring EBIT in 2019 for businesses not disposed to date (which represented €78 million in 2018) is expected to be between €80 million and €90 million on a full-year basis.

* Including IFRS 16 impact on buildings and other only. Impact on concession contracts of Travel Retail is neutralised in REVISED Recurring EBIT. See glossary on slide 24.
** Lagardère Publishing and Lagardère Travel Retail (core businesses), as well as Other Activities including Lagardère News (*Paris Match*, *Le Journal du Dimanche*, Europe 1, Virgin Radio, RFM and the Elle brand licence), the Entertainment businesses, the Group Corporate function, and the Lagardère Active Corporate function whose costs will be wound down by 2020.
*** Recurring EBIT of operations disposed between 1 January 2019 and 13 March 2019 is minimal, since the Press business was deconsolidated with effect from 1 January 2019 and the amounts corresponding to the other assets are not significant.

GLOSSARY

Annual Ordinary and Extraordinary General Meeting
10 May 2019

GLOSSARY (1/3)

Lagardère uses alternative performance measures 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 accounting items taken from the consolidated financial statements prepared under IFRS and a reconciliation with those items is provided either in this presentation or in the notes to the consolidated financial statements.

- **The like-for-like change in revenue is calculated by comparing:**
  - 2018 revenue to exclude companies consolidated for the first time during the period, and 2017 revenue to exclude companies divested in 2018;
  - 2018 and 2017 revenue based on 2017 exchange rates.

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

  Profit before finance costs and tax excluding:
  - Income (loss) from equity-accounted companies before impairment losses
  - Gains (losses) on disposals of assets
  - Impairment losses on goodwill, property, plant and equipment, intangible assets and investment 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 adjustment due to changes in control
    - Amortisation of acquisition-related intangible assets
  - Specific major disputes unrelated to the Group's operating performance

Lagardère

GLOSSARY (2/3)

- **Operating margin** is calculated by dividing recurring EBIT of fully consolidated companies (Group recurring EBIT) by revenue.
- **Recurring EBITDA over a rolling 12-month period** is calculated as recurring EBIT of fully consolidated companies (Group recurring EBIT) plus dividends received from equity-accounted companies, less amortisation and depreciation charged against intangible assets and property, plant and equipment, less amortisation of signing fees.
- **Adjusted profit – Group share** is calculated on the basis of profit for the period, excluding non-recurring/non-operating items, the related tax effect and minority interests, as follows:

  Profit for the period 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
  - Tax effects of the above items, including the tax on dividends paid in France
  - Non-recurring changes in deferred taxes
  - Adjusted profit attributable to minority interests (Profit for the period attributable to minority interests plus minority interests on the above items)
- **Free cash flow** is calculated as cash flow from operations plus net cash flow relating to acquisitions and disposals of intangible assets and property, plant and equipment.
- **Net debt** is calculated as the sum of the following items: short-term investments and cash and cash equivalents, financial instruments designated as hedges of debt, non-current debt and current debt.

Lagardère

GLOSSARY (3/3)

In the context of the first-time application of IFRS 16 – Leases, effective 1 January 2019, the Group has elected to retain its existing alternative performance measures with certain modifications, in particular the neutralisation of pure accounting effects and distortions created by the new standard on the concessions businesses. From 1 January 2019, these indicators will be monitored by the Executive Committee to assess operating performance and manage the business, along with the financial metrics defined by the IASB. These indicators will be calculated based on accounting items taken from the consolidated financial statements prepared under IFRS and a reconciliation with those items will be provided.

To prevent any <u>confusion during the transition period</u> between the alternative performance measures before and after the application of IFRS 16, each corresponding definition is preceded with "REVISED".

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

  Profit before finance costs and tax excluding:

  - Income (loss) from equity-accounted companies before impairment losses
  - Gains (losses) on disposals of assets
  - Impairment losses on goodwill, property, plant and equipment, intangible assets and investment 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 adjustment due to changes in control
    - Amortisation of acquisition-related intangible assets
  - Specific major disputes unrelated to the Group's operating performance
  - Items related to leases: **(NEW)**
    - Cancellation of fixed rental expense* on concessions
    - Depreciation of right-of-use assets on concessions
    - Gains and losses on lease modifications

* Cancellation of fixed rental expense is equal to the repayment of the lease liability, the associated change in working capital and interest paid in the statement of cash flows.