



PRESS RELEASE

Quarterly information – Third quarter 2013

2013 recurring EBIT⁽¹⁾ from Media activities guidance confirmed
Accelerated implementation of strategic priorities

Net sales as of September 30, 2013: €5,282m, down 1.1% on a like-for-like basis⁽²⁾

Paris, November 12, 2013

The Lagardère group accelerated the implementation of its three strategic axes: disposal of minority stakes (Canal+ France), investment in growing activities (acquisition of Travel Retail activities in Venice) and reduced exposure to print products (reorganisation of French Magazine Publishing).

During the third quarter 2013, mixed evolution of Group's activities: Travel Retail, General Literature in the United States, Partworks and Radio posted strong performance. By contrast, the pre-announced slowdown in Education (tied to a lack of renewal of school curricula) and the on-going decline in print media circulation dragged the activity down.

Third-quarter net sales came in at €1,877m, down by 2.9% on a like-for-like basis (by 4.4% on a reported basis). The differential between reported and like-for-like performance is attributable to a negative foreign exchange effect (of -€43m, associated primarily with Lagardère Publishing and Lagardère Services), partially offset by a positive scope effect (of +€13m, mainly at Lagardère Services).

Of particular significance this quarter was the negative impact of the end of tobacco sales at Lagardère Services in Hungary due to a regulatory change. Excluding this item, activity would be up +0.2% like-for-like in the third quarter at Lagardère Services, and Group's activity decrease reduced to -1.9%.

- **Lagardère Publishing:** good performance in General Literature in the United States (+11%) as well as by Illustrated Books (+11.9%) and Partworks (+11.7%). As expected, total revenue was down with, in particular, a slowdown in Education in both France (-16%) and Spain, and in General Literature in France (-10.3%) due to an unfavourable comparison effect with the third quarter of 2012.
- **Lagardère Active:** during this quarter a good performance in Radio (+8.4%) and Audiovisual Production, which continues to grow, at +4.4%. A highlight was a smaller decline in advertising (-5.3%) and in circulation (-5.2%), in line with the market.
- **Lagardère Services:** the Travel Retail business is continuing to grow (+5.2 % reported and +2.6% like-for-like), particularly in Duty-Free and Food Services. Other than the decline in print products, the Distribution business was primarily impacted this quarter (-8.1% like-for-like) by the end of tobacco sales in Hungary due to a regulatory change. Excluding this item, Distribution business would be down -3.1%, slightly better than the previous quarters.
- **Lagardère Unlimited:** Net sales totalled €98m, down 8.1%. Activity was negatively impacted by a less favourable event schedule.

⁽¹⁾Recurring EBIT before associates. See definition at the end of the press release.

⁽²⁾Constant scope and exchange rates.

At September 30, 2013

Net sales stood at €5,282m, down slightly on a like-for-like basis (-1.1%), and on a reported basis (-1.3%). The differential between reported and like-for-like performance is mainly due to a negative foreign exchange effect (of -€67m, primarily tied to the pound sterling, the US dollar and the Australian dollar). This was partially offset by a positive scope effect (of +€53m), mainly related to acquisitions of Travel Retail businesses (Aeroporti di Roma, DFS Wellington in Australia/New Zealand) and LeGuide group.

I. GROUP NET SALES AND ACTIVITY

	Cumulated net sales at Sept. 30 (in €m)		Change	
	At September 30, 2012	At September 30, 2013	Reported 2013/2012	Like-for-like 2013/2012
LAGARDÈRE	5,352	5,282	-1.3%	-1.1%⁽¹⁾
Lagardère Publishing	1,531	1,497	-2.2%	0.2%
Lagardère Active	672	687	2.3%	-0.4%
Lagardère Services	2,829	2,796	-1.2%	-1.2% ⁽²⁾
Lagardère Unlimited	320	302	-5.9%	-7.5%

⁽¹⁾-0,7% excluding end of tobacco sales in Hungary.

⁽²⁾-0,4% excluding end of tobacco sales in Hungary.

	Q3 net sales (in €m)		Change	
	Q3 2012	Q3 2013	Reported 2013/2012	Like-for-like 2013/2012
LAGARDÈRE	1,963	1,877	-4.4%	-2.9%⁽³⁾
Lagardère Publishing	626	580	-7.4%	-4.1%
Lagardère Active	222	216	-2.7%	-1.7%
Lagardère Services	1,008	983	-2.5%	-1.9% ⁽⁴⁾
Lagardère Unlimited	107	98	-8.4%	-8.1%

⁽³⁾-1.9% excluding end of tobacco sales in Hungary.

⁽⁴⁾+0.2% excluding end of tobacco sales in Hungary.

> Lagardère Publishing

Net sales came to €1,497m on September 30, 2013, up 0.2% on a like-for-like basis: General Literature's excellent performance (+23% in France and +9% in the United States) offset the expected slowdown in the Education business in France and Spain and a weaker schedule of new releases in General Literature in France in the third quarter. The unfavourable foreign exchange effect stands at -€36m and is essentially related to the pound sterling, the US dollar and the Japanese yen.

Third quarter 2013:

Sales decreased 7.3% on a reported basis and 4.1% on a like-for-like basis. The differential is mainly due to a negative foreign exchange effect of €20m.

The quarter was marked by the end of the cycle of school curricula renewal, which impacted Education sales in France and in Spain.

General Literature performance was uneven: activity in France and in the United-Kingdom suffered from a negative comparison effect while activity in the United States enjoyed a particularly dynamic quarter.

In France: the excellent performance in Illustrated Books (+11.9%) did not enable to offset the less buoyant Education market (-16.0%), as school curricula were not renewed this year. General Literature activity (-10.3%) was hurt by the effects of negative comparison with the success of J.K. Rowling's novel, *The Casual Vacancy*, in the third quarter 2012, partially offset by the significant contribution of the second and third instalments of the *Fifty Shades* trilogy and the launch of Dan Brown's *Inferno*.

In English-speaking countries: General Literature sales in the United States continued to soar (+11.0%), particularly with the success of Nicholas Sparks' *The Longest Ride*. The United Kingdom (-3.9%) was impacted by the sharp downturn in International activities (New Zealand and Australia), as well as a negative comparison effect tied to the release of J.K. Rowling's novel in 2012.

In Spain: activity declined (-21.2%) with the lack of curricular reform in Education and the lingering effects of the economic crisis.

A highlight was the very strong performance in Partworks (+11.7%), which continue to enjoy strong growth in France and Russia notably, boosted by a series of successful launches.

E-book sales still enjoy strong growth and in the third quarter represented 27% of the trade⁽³⁾ market in the United States (compared to 20% in the third quarter of 2012), 30% of the Adult trade market in the United Kingdom (compared to 20% in the third quarter of 2012), that is, 9.4% of Lagardère Publishing's total net sales (compared to 6.4% in the third quarter of 2012).

> Lagardère Active

Net sales at the end of September 2013 stood at €687m, up 2.3% on a reported basis and down slightly by 0.4% on a like-for-like basis. The differential is mainly attributable to a positive scope effect (+€18m, stemming mainly from the acquisition of the LeGuide group).

The activity over the first nine months of the year remained almost stable, largely due to an increase in Audiovisual Production (up 28%), which occurred mainly in the first quarter and cannot be extrapolated over the entire year. These items are offset by the decline in Press Magazine circulation (-6.8% over the period), and, consequently, in related advertising sales.

Third quarter 2013:

Net sales came out to €216m, down 1.7% on a like-for-like basis. This quarter there was a less pronounced decline in advertising (-5.3%) and circulation (-5.2%), in line with the market. By contrast, Radio performed very well, and Audiovisual Production continued to climb.

Magazine Publishing: the decrease in net sales (-5.7%) is mainly due to the decline in revenue from advertising (-11.2%) and circulation (-5.2%).

Radio: Radio revenue is up sharply (+8.4%), particularly at Europe 1 (+19.7%, thanks to good advertising sales and diversification); music radio also turned in solid performance (+4.5%), as did Central Europe (+3.3%) thanks to a better audience. Radio confirms thus its resilient business model, suited to the current advertising environment.

TV Production: activity is up (+4.4%). A return to normal standards is expected at the end of the year after the trends observed in the first half of the year, which had been exceptionally robust.

Digital business was down (-4.4% on a like-for-like basis) due to unfavourable changes in the advertising market and a slowdown at LeGuide: the highly competitive environment in Germany (Ciao) was not offset by the increase in the site's traditional businesses.

> Lagardère Services

Net sales stood at €2,796m at September 30, 2013, down 1.2% both on a reported basis and on a like-for-like basis. The negative foreign exchange effect (of -€29m) was offset by a positive scope effect, due to the consolidation of activities at Aeroporti di Roma, DFS Wellington and distribution in Hungary, partially counterbalanced by the deconsolidation of OLF (Distribution in Switzerland) and the impact (-€40m) previously mentioned of the transformation of a telephony sales contract in Hungary into a commission contract.

Over the first nine months of the year, activity was boosted by the **momentum in Travel Retail** (+6.1% reported), driven by the growth in Duty Free and Food Services like-for-like, activity is enjoying strong growth in Asia (+ 29.6%), in Romania (+11.5%), in the Czech Republic (+5.2%) and in Poland (+4.8%). These positive items were mitigated by a sharp decrease in print products and by the slowdown in air traffic growth. At end July (latest figures), air traffic was slightly up worldwide by 2.9%: +1.8% in Europe, +0.6% in North America and +5.5% in Asia-Pacific.

Distribution is still feeling the effects of the decline in press. Revenues were also hard hit by the end of tobacco sales in Hungary following a regulatory change in July 2013. Without this effect, revenue would have been down by -4% like-for-like for the first 9 months (versus -5.8% without adjustment for this item).

⁽³⁾Adult trade works.

Third quarter 2013:

Net sales came out to €983m, down 2.5% on a reported basis and down 1.9% on a like-for-like basis. The division's business mix continues to evolve: Travel Retail now represents 61% of the mix (up 5% relative to the third quarter of 2012) compared to 39% for LS distribution (Integrated Retail and Press Distribution). **Without the impact of the end of tobacco sales in Hungary, performance would be up by 0.2% this quarter (like-for-like).**

LS travel retail

Travel Retail posted +5.2% growth on a reported basis and +2.6% growth like-for-like, driven by the development of Duty Free and Food Services activities in Europe and network expansion in Asia. In France, the decline in print product sales at Relay, down -0.9% overall, was offset by brisk Duty Free sales and diversification initiatives. Duty Free continued to grow in Central Europe: +6.2% in Poland and +8.4% in the Czech Republic, where growth was also fuelled by Food Services activities. Business is up sharply in Asia (+37.7%), driven by new concepts, strong business momentum in Singapore and Hong Kong as well as network development in China (fashion) and Malaysia.

Activities at Aeroporti di Roma were marked this quarter by the completion of renovation and expansion works. They should achieve their full potential starting from the fourth quarter of 2013 and in 2014 as expected.

LS distribution

Distribution activities are down 12.4% on a reported basis, -8.1% like-for-like and -3.1% excluding the effect of the end of tobacco sales in Hungary. Revenues remained negatively impacted by the structural erosion of print products and the lingering crisis in Spain.

In contrast, a highlight was the positive contribution of diversification activities with the strong performance turned in by Euro-Excellence (importer and distributor of upscale grocery products, +29.1%) in North America, and the integration of convenience products distribution activities as well as of services to e-merchants in Hungary and in Spain.

> Lagardère Unlimited

Net sales at September 30, 2013 stood at €302m, down on a reported basis (-5.9%) and on a like-for-like basis (-7.5%). The differential is attributable to a positive scope effect, somewhat offset by a negative foreign exchange effect.

The decline in revenue is due primarily to the transformation of the AFC⁽⁴⁾ contract into a commission contract (vs. the previous buy-out) at **World Sport Group**, which reduced net reported sales. Of particular note was the unfavourable seasonality effect on the UAFA⁽⁵⁾ contract, which was only partially offset by the Gulf Cup of Nations.

In contrast, **revenue is up at Sportfive** due to the good performance of German football club marketing rights and the ACN⁽⁶⁾ media and marketing rights in 2013, as well as the qualifying rounds for football's World Cup. These positive items were partially offset by the expiration of contracts for media rights to certain football leagues in Europe.

Third quarter 2013:

Net sales came out to €98m, down on a reported basis (-8.4%) and down on a like-for-like basis (-8.1%).

Business in Europe was negatively impacted by a weak contribution of qualifying matches for football's World Cup in 2014 due notably to an unfavourable draw (lower market value of matches) and by the non-renewal of contracts with European football federations and certain European clubs.

World Sport Group activity is impacted, as expected, by an unfavourable calendar effect due to a weaker event schedule for the AFC contract.

⁽⁴⁾Asian Football Cup.

⁽⁵⁾Union of Arab Football Associations.

⁽⁶⁾Africa Cup of Nations.

II. Key events since 30 June 2013

- On October 28, 2013 Lagardère and Vivendi announced an agreement on **Vivendi's purchase of the 20% stake in Canal+ France owned by Lagardère for €1,020m in cash**. The transaction was completed on November 5, 2013.
- On October 17, 2013, **Lagardère Active** announced its plan to **reorganise its Magazine Publishing business around its strongest brands**, with the disposal of 10 print media titles in France. The purpose of the plan is to return to growth by concentrating on leading brands that have key potential for digital development.
- On September 19, 2013, **Lagardère Services** announced the **establishment of an industrial partnership and business combination with Airst** (affiliate of the Italian group Save) including Food and Beverage (82% of activity) and Travel Retail (18%) activities. This is aimed at creating important synergies and developing activities, mainly at the Venice airport.

III. Outlook

➤ Profitability

TARGET FOR RECURRING EBIT FROM MEDIA ACTIVITIES IS MAINTAINED

The good results over the first half and the outlook for the end of the year allow to maintain our guidance on Recurring EBIT from Media activities for 2013 as announced in March.

In 2013, recurring EBIT from Media activities is expected to grow between 0% and 5% compared to 2012 at constant exchange rates. This target is primarily based on the expected decline in advertising sales of approximately 7% at Lagardère Active.

➤ Financial Position

The Group's financial position remains sound with good liquidity and a variety of sources of financing. Net debt-to-equity is set to decline substantially at year-end, due to the disposal of our stake in Canal+ France.

Investor calendar

- **Announcement of 2013 net sales**

2013 net sales will be released on February 11, 2014, at 8 a.m.

- **Announcement of 2013 results**

2013 full-year results will be released on March 12, 2014 at 5:35 p.m.

FOR THE RECORD – DEFINITION OF RECURRING MEDIA EBIT

Recurring Media EBIT of consolidated companies is defined as the difference between the 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;
 - amortisation 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).
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.

Lagardère SCA disclaims any intention or obligation to update or review the forward-looking statements referred to above. Consequently Lagardère SCA is not responsible for any consequences that could result from the use of any of the above statements.

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