



PRESS RELEASE

Lagardère

**2014 Net sales: €7,170m; -0.6% on a reported basis.
On a like-for-like basis⁽¹⁾: -1.8% for 2014, and -0.9% in the fourth quarter.**

Lagardère is confident in meeting its recurring Media⁽²⁾ EBIT target in 2014⁽³⁾

Paris, February 10, 2015

At the end of the year, the Lagardère group enjoyed an improvement in trends thanks to Travel Retail, which kept up its growth; TV Production, which caught up on programme deliveries; and good performance by Lagardère Unlimited.

On the other hand, the unfavourable comparison effect at Lagardère Publishing (many best-sellers in the fourth quarter of 2013) explains the slightly negative change in the Group's net sales over the fourth quarter.

Fourth-quarter 2014:

Net sales totalled €1,903 million, down 0.9% on a like-for-like basis (-1.6% on a reported basis). The difference between reported and like-for-like data is due to a negative scope effect (-€31 million), due to the deconsolidation of Relay operations in railway stations in France (creation of a joint venture with SNCF), the disposal of Payot (book stores in Switzerland) and the disposal of the 10 media titles at Lagardère Active, partially offset by a positive foreign exchange effect (+€17 million, essentially at Lagardère Publishing).

- **Lagardère Publishing:** activity down (-8.7% on a like-for-like basis), due to an unfavourable comparison effect, with the end of 2013 having been marked by many commercial successes in France, the United Kingdom and the United States.
- **Lagardère Services:** acceleration in growth of Travel Retail activities (+6.9% on a like-for-like basis), with marked progress in most of the countries, driven by passenger traffic and the development strategy.
- **Lagardère Active:** net sales virtually stable (-0.6% on a like-for-like basis). Catching up on deliveries in TV Production and good performance in Radio offset the negative trend in Magazine Publishing.
- **Lagardère Unlimited:** net sales were up +8.3% on a like-for-like basis with the good performance of competitions organised in Asia (BNP Paribas WTA Finals Singapore presented by SC Global in tennis and AFF Suzuki Cup in football).

Full Year 2014:

Net sales totalled €7,170 million, at -1.8% on a like-for-like basis, and -0.6% on a reported basis. The difference between reported and like-for-like data is essentially due to a positive scope effect (+€108 million) related to the strategic acquisitions carried out in airport Travel Retail (mainly Airster in Italy and Gerzon in Amsterdam). The foreign exchange effect was negative (-€27 million).

⁽¹⁾At constant exchange rates and consolidation scope.

⁽²⁾Current operating income of consolidated companies in the four operating divisions. See definition at the end of the press release.

⁽³⁾See details in p.5.

I. GROUP CONSOLIDATED NET SALES AND ACTIVITY

	Net sales in Q4 (in €m)		Change	
	Q4 2013	Q4 2014	2014/2013 on a reported basis	2014/2013 like-for-like
LAGARDÈRE	1,934	1,903	-1.6%	-0.9%
Lagardère Publishing	569	537	-5.5%	-8.7%
Lagardère Services	949	926	-2.4%	+3.1%
Lagardère Active	309	315	+2.1%	-0.6%
Lagardère Unlimited	107	125	+16%	+8.3%

	Net sales for the fiscal year (in €m)		Change	
	2013	2014	2014/2013 on a reported basis	2014/2013 like-for-like
LAGARDÈRE	7,216	7,170	-0.6%	-1.8% ⁽¹⁾
Lagardère Publishing	2,066	2,004	-3.0%	-4.5%
Lagardère Services	3,745	3,814	+1.8%	+1.3% ⁽²⁾
Lagardère Active	996	958	-3.8%	-5.4%
Lagardère Unlimited	409	394	-3.8%	-6.6%

⁽¹⁾-1.2%, excluding the end of tobacco sales in Hungary.

⁽²⁾+2.6% excluding the end of tobacco sales in Hungary.

> **Lagardère Publishing**

Fourth-quarter 2014:

Activity was down as expected (-5.5% on a reported basis and -8.7% on a like-for-like basis), with the difference due to positive foreign exchange (+€14 million) and scope (+€4 million) effects.

This quarter was marked by an unfavourable comparison effect with a fourth quarter 2013 that had been very solid (+6.7% compared to fourth-quarter 2012) and especially rich in best-sellers.

NB: the above data are on a like-for-like basis.

In France: activity was down overall (-9.9%), due to the unfavourable comparison effect with year-end 2013, which had posted many top sellers in General Literature (*The Cuckoo's Calling* by Robert Galbraith, *The Fifty Shades* trilogy) and Illustrated (mainly *Asterix and the Picts*).

In the United Kingdom: net sales were down (-10%) compared to a fourth-quarter 2013 that had gained from the strong success of the autobiography of Sir Alex Ferguson, which sold 1.4 million copies.

In the United States: the sales trend (-8.4%) can be explained by the comparison with a year-end 2013 marked by a very promising release schedule, and by the decline in sales of digital, since the agreement with Amazon came only at the very end of the year.

Spain/Latin America: over this 4th quarter, where the activity of the Spanish-speaking division is traditionally fairly low, activity (-18.5%) saw a downturn in Trade because of the 2013 release of the new Asterix, and a one-off export operation in Latin America last year.

Digital: in the US, where the market is stabilising, net sales of e-books made up 19% of net sales for Trade in the fourth quarter of 2014, compared with 27% in the fourth quarter of 2013, with this decline being due to weaker publications than in 2013, and to the trade-related issues with Amazon. In the UK (where e-books had taken off two years after the US), net sales continued to advance (25% of net sales for Adult Trade compared to 21% in the fourth-quarter 2013).

Thus, in the fourth-quarter of 2014, Digital accounted for 8.9% of total sales for Lagardère Publishing (vs. 9.6% in the fourth-quarter of 2013).

For 2014:

Net sales for 2014 stood at €2,004 million, -3% on a reported basis and -4.5% on a like-for-like basis, with the difference due to positive scope (+€24 million) and foreign exchange (+€8 million) effects.

It was a year of transition for the division, where activities were, as expected, marked by an unfavourable comparison effect related to the large number of best-sellers released in 2013. Also of note was the significant decline in Education, due to the lack of renewal for Textbook programmes, particularly in France.

In France, activity was down 8.6% on a like-for-like basis, specifically in General Literature, due to the unfavourable comparison effect with 2013 which was unusually high in best-sellers (*Asterix*, *Fifty Shades of Grey*, *Inferno*), and in Education, due to the lack of renewal for Textbook programmes, which had a higher-than-expected impact.

The United States had a mixed year (-4.8%), with a slower publishing schedule than the previous year (which had benefited from releases of films tied to novels published by the Group), and a backdrop of trade tensions with Amazon.

The United Kingdom also saw a downturn (-4.6%) compared to 2013 which had gained from the exceptional success of Sir Alex Ferguson's autobiography as well as *The Cuckoo's Calling* by Robert Galbraith.

The Spain/Latin America region (-1.1%) was affected in Spain by the low renewal rate on textbooks, in a stabilising market environment (General Literature).

There were good performances in Partworks (+3%), which continued to grow thanks to the success of collections launched at the end of 2013.

Digital: For now, the digital transition remains essentially limited to the English-speaking markets, and only on the General Literature segment (about 40% of total net sales for the division). In the United States, in a stabilising market, Digital net sales for Lagardère Publishing were down, now making up 26% of Trade compared to 30% in 2013. In the United Kingdom, where the Digital market continues to grow (though at a less brisk pace), net sales of e-books accounted for 31% of Adult Trade sales, vs. 27% in 2013 and 20% in 2012. In France, where the development of the digital market remains modest, e-books accounted for 3.8% of sales in General Literature.

Overall, e-books accounted for 10.3% of net sales for the division in 2014 (vs. 10.4% in 2013).

> **Lagardère Services**

Fourth-quarter 2014:

There was a year-end improvement in trends, specifically in Travel Retail, where growth was accelerating. The division's total net sales stood at €926 million, or -2.4% on a reported basis and +3.1% like-for-like, with the difference explained essentially by a highly negative net scope effect (-€52 million), related to the deconsolidation of Relay/SNCF operations in France (consolidated using the equity method by creating a joint venture) and Payot in Switzerland (disposal), offset by the integration of Airst's and Gerzon's activities. The foreign exchange effect was very slightly positive.

LS travel retail:

In the fourth-quarter, growth in Travel Retail accelerated: +6.9% on a like-for-like basis (vs. +4.8% at the end of September).

NB: the above data are on a like-for-like basis.

In France, activity was up sharply at +9%, with the Travel Essentials and Food Services segments up 9.7% (a consequence on the one hand of successful bids for concessions and changes in product mix, thanks to efforts at modernising and diversifying concepts, and, on the other hand, of the deconsolidation of Relay's weaker-growth activities). The Duty Free segment grew 8.6%.

In Western Europe (excluding France), growth remained steady (+7.9%): Italy posted excellent performances (+14.3%), in line with forecasts, with the ramping-up of activities in the Rome airports. The United Kingdom gained +14.3% thanks to the recovery of passenger traffic, a favourable economic environment and a dynamic sales and marketing policy.

In Central Europe, sales were also up significantly (+6.4%), specifically in Romania and Bulgaria, driven by growth in the networks.

Activity was stable in North America (-0.7%) due to the disposal of downtown sales outlets, not entirely offset by the many airport openings, particularly in Food Services (Los Angeles, Houston).

In Asia-Pacific, the increase (+5.1%) was significant, specifically in China thanks to steady growth in fashion operations. In the Pacific region, the strong growth of Duty Free was offset by the decline in printed products which affected the Travel Essentials segment.

LS distribution:

Activity was down slightly in the fourth quarter 2014, at -2.1% like-for-like, an improvement on the figure reported at the end of September (-5.4%). **This performance was the result of the continued ramp-up of the diversification strategy, particularly in Hungary (+5.7%).**

Note also that activity is no longer being affected by the ban on tobacco sales in Hungary, which had dragged down performance mainly in the first semester.

Recent development:

On November 10, it was announced that an agreement to dispose of Press Distribution and Integrated Retail operations in Switzerland had been signed. The transaction is expected to be concluded at end-February, as authorisation has been received from the Swiss competition authorities.

For 2014:

2014 net sales totalled €3,814 million, up 1.8% on a reported basis and up 1.3% like-for-like (up 2.6%, stripping out the impact of the end of tobacco sales in Hungary). The difference between these two changes is due to a positive scope effect of +€55 million, broken down as follows: +€215 million from strategic acquisitions in airport Travel Retail (primarily Airst in Italy and Gerzon in Amsterdam). Conversely, €160 million in net sales were deconsolidated, a result of both the deconsolidation, beginning in September 2014 (impact of -€105 million), of Relay activities in the majority of railway stations in France following the creation of a joint venture with SNCF, and the disposal in July 2014 of Payot book store operations in Switzerland (impact of -€33 million). The foreign exchange consolidation was negative (-€32 million) for the division. The impact of the changeover to equity method consolidation of the joint venture in France with SNCF is expected to be around €320 million over one full year in net sales.

The strategic transformation of the division continued, with Travel Retail now representing 63.4% of total consolidated net sales, compared to 60.1% in 2013.

The market environment in 2014 was marked by growth in air traffic at a significantly more sustained pace than in 2013, and by the continued downturn of the press market. Despite the economic and geopolitical environment, the development strategy of Lagardère Services reaped rewards with an acceleration of organic growth in Travel Retail.

Indeed, during the fiscal year, sales for LS travel retail grew sharply, rising 7.4% on a reported basis, and 5.3% like-for-like. This strong growth is driven by passenger traffic, integration of acquisitions, and development of networks through the modernisation of stores and the roll-out of new concepts. This growth especially benefits the Duty Free and Food Service segments. On a like-for-like basis, activity was up significantly in Italy (+18.5%), Asia-Pacific (+8.8%), North America (+6.5%), the United Kingdom (+8.2%), and Central Europe (4.3%).

Global passenger traffic at end-October 2014 (last available data) showed solid growth of +4.9%: +5.2% in Europe, +3.2% in North America, and +5.4% in Asia-Pacific.

In 2014, LS distribution operations were, on a like-for-like basis, down -4.6%, but by only -1.5% when stripping out the end of tobacco sales in Hungary (started in July 2013): this lesser decline was the result of the market's diversification and consolidation efforts which reduced the impact of the press market's decline.

> **Lagardère Active**

Fourth-quarter 2014:

Net sales stood at €315 million, -0.6% on a like-for-like basis, which is an improvement from September 30, thanks to the catch-up on deliveries in TV Production at year's end and to good performance by Radio. The quarter showed an improved trend in advertising (-2.6% vs. -4.9% at end-September) while circulation posted a more marked decline (-7.1%) with the end of the price-raising effects that played positively over the start of the year, and a comparison effect with a number of additional releases in 2013.

Magazine Publishing: the decline in sales (-8.8%) was due to the slump in advertising revenue (-11.4%) and circulation (-7.1%).

Radio: Radio had a good quarter (+2.8%), with strong growth in international radio (+6.9%) and music radio in France (+4.4%). At Europe 1 (+0.3%), good advertising performance is partially offset by the decline in diversification activities.

TV: activity was up 9.9% due to the catch-up on deliveries in TV Production over year's end (specifically the season 2 of *Transporter, the series*).

Digital activities had a difficult quarter due to the situation of the LeGuide Group, affected by Google's offensive on the shopping guide market. An investigation is currently being conducted by the European Commission, which expects Google to re-establish a more balanced competitive environment. Conversely, BilletReduc.coml continued to grow (+14%), and Doctissimo also did well (+8.2%).

For 2014:

Net sales of €958m in 2014, down 3.8% on a reported basis and -5.4% like-for-like, with the difference due to a positive scope effect (+€16 million), essentially from the acquisition of the Groupe Réservoir and the full consolidation of Gulli in November 2014, mitigated by the disposal of 10 print titles in July.

The contraction of activity came primarily from the decline in Magazine Publishing (-6.4% in 2014). Radio showed its defensive side, posting stable performance overall, and growth internationally. All in all, advertising was down 4.2% and circulation by 3.5%.

> Lagardère Unlimited

Fourth-quarter 2014:

Net sales came out to €125 million, up on a reported basis (+16%) and like-for-like (+8.3%), with the difference between these two figures being the result of a positive scope effect (new business acquisitions for €8 million).

This positive change is due to the good performance of competitions organised in Asia (BNP Paribas WTA Finals Singapore presented by SC Global, held for the first time in the new Singapore Sports Hub, and the AFF Suzuki Cup in football), and to the development of new activities (stadium management consulting and entertainment), which offsets a less-promising football schedule of qualifying matches for the FIFA World Cup.

For 2014:

Net sales in 2014 were €394m, down on a reported basis (-3.8%) and like-for-like (-6.6%), with the difference between these two figures being the result of a positive scope effect (new business acquisitions for €14 million).

The expected impact of the football calendar, mainly driven by no Africa Cup of nations in 2014 and the continued phasing out of the media rights trading activities from Sportfive International explains the reduction in sales volume.

These factors are partly offset by the good performances of competitions organised in Asia (BNP Paribas WTA Finals Singapore presented by SC Global, and the AFF Suzuki Cup in football), and Hospitality operations related to the FIFA World Cup in Brazil.

II. 2014 RECURRING MEDIA EBIT BEFORE ASSOCIATES

GUIDANCE ON RECURRING MEDIA EBIT BEFORE ASSOCIATES CONFIRMED

The Group's performance enables to confirm the target in Recurring Media EBIT before associates for 2014 as reported last March (growth of between 0%-5% compared to 2013, at constant exchange rate and excluding the effect of the potential disposal of Distribution activities).

As previously announced, growth in Recurring Media EBIT should be around the middle of the indicated range. The exchange rates effect should be non-significant this year and Payot book stores in Switzerland, disposed in July 2014, represented a €3m recurring EBIT contribution between July and December 2013.

Investor calendar

- **Announcement of 2014 Full-Year results** on March 11, 2015 at 5:35 p.m.
- **2014 Fiscal Year Annual General Meeting**
The General Meeting of Shareholders will be held on May 5, 2015 at 10:00 a.m. at the Carrousel du Louvre in Paris.
- **Announcement of Q1 2015 sales**
First-quarter net sales will be released on May 12, 2015 at 5:35 p.m.

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 (Books 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:

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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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