



PRESS RELEASE

2015 FULL-YEAR RESULTS

Growth of recurring EBIT⁽¹⁾: +10.5%, at €378 million

Operating margin at 5.3% (vs 4.8% in 2014)

Rise of adjusted⁽²⁾ profit: +30% at €240 million

Free cash flow: €274 million versus -€23 million in 2014

2016 recurring EBIT target⁽¹⁾: growth slightly above +10% versus 2015⁽³⁾

Proposed ordinary dividend unchanged at €1.30 per share

Paris, 9 March 2016

In 2015, the Lagardère group achieved solid operating and financial performance, notably posting a 3% rise in like-for-like⁽⁴⁾ sales, an improvement in profitability (operating margin of 5.3% in 2015 vs 4.8% in 2014) and a significant increase in free cash flow generated (€274 million).

Group recurring EBIT growth was above announced target⁽⁵⁾.

- > Sales totalled €7,193 million, +0.3% on a reported basis and +3.0% like-for-like.
- > Group recurring EBIT totalled €378 million, +€36 million (+10.5%) on 2014:
 - **Lagardère Publishing:** recurring EBIT was steady at €198 million (+ €1 million);
 - **Lagardère Travel Retail:** recurring EBIT was €102 million. This division improved its profitability, thanks to the Travel Retail segment, stripping out the impact of the disposal of Distribution operations.
 - **Lagardère Active:** recurring EBIT increased by €6 million to €79 million, boosted by a good performance from Lagardère Studios and cost-efficiency plans.
 - **Lagardère Sports and Entertainment:** €16 million increase in recurring EBIT, to €20 million.
- > **Profit - Group share** rose to €74 million from €41 million in 2014, chiefly reflecting the rise in Group recurring EBIT and a reduction in income tax expense. **Adjusted profit⁽²⁾ - Group share** was €240 million, up 30% on 2014.
- > **The Group's financial position remains sound.** The higher net debt figure of €1,551 million at the end of the period, compared with €954 million in 2014, was mainly attributable to the acquisition of Paradies in the United States. The Group has a healthy liquidity position, with a leverage ratio (net debt/recurring EBITDA⁽⁶⁾) of 2.4 times⁽⁷⁾, thanks to a solid free cash flow generation.

⁽¹⁾Recurring operating profit before associates (four operating divisions and other activities). See definition at the end of the press release.

⁽²⁾Excluding non-recurring and non-operational items.

⁽³⁾See section at the end of the press release.

⁽⁴⁾At constant exchange rates and consolidation scope.

⁽⁵⁾As stated on 10 February 2016 when the 2015 annual sales were released.

⁽⁶⁾See definition at the end of the press release.

⁽⁷⁾On a pro forma basis, including the contribution of Paradies over 12 months. See page 6 for details.

I- SALES AND RECURRING EBIT⁽⁸⁾

• Group consolidated sales

Sales totalled €7,193 million, up 3.0% on a like-for-like basis (+0.3% on a reported basis).

The difference between data on a reported basis and like-for-like is explained in part by a positive currency effect of +€222 million, due primarily to appreciation by the US dollar and the pound sterling, and in part by a negative scope effect (-€393 million), broken down as follows:

- Miscellaneous effects of sales deconsolidation, amounting to -€671 million, essentially comprising:
 - the deconsolidation of sales from Relay in train stations in France (following the creation of a joint venture with SNCF in September 2014, now consolidated using the equity method), for -€222 million, and of high-street retail sales in Poland (consolidated using the equity method after the disposal of 51% of Inmedio in December 2014) for €103 million;
 - the disposal of Distribution assets in Switzerland in February 2015, with an impact of -€266 million, and of the Payot bookshops in July 2014, with an impact of -€28 million;
- €277 million in acquisitions at Lagardère Travel Retail (consolidation of Paradies in November 2015 and of Airst in April 2014), Lagardère Active (acquisition of Grupo Boomerang TV in May 2015 and consolidation of the sales of Gulli in November 2014) and Lagardère Publishing (Quercus and Rising Stars in the United Kingdom).

	Sales (€m)		Change	
	2014	2015	reported basis	like-for-like basis
Lagardère Publishing	2,004	2,206	+10.1%	+1.7%
Lagardère Travel Retail	3,814	3,510	-8.0%	+4.3%*
Lagardère Active	958	962	+0.5%	-5.8%
Lagardère Sports and Entertainment	394	515	+30.9%	+19.6%
LAGARDÈRE	7,170	7,193	+0.3%	+3.0%

*+8.2% for Travel Retail excluding Distribution.

• Group recurring EBIT

Group recurring EBIT rose by 10.5% to €378 million.

The main scope effect were: a -€15 million impact from the sale of Distribution operations (in Switzerland and the United States), +€11 million from the acquisitions of Paradies and Boomerang. Currency effect had a positive impact of +€11 million. Stripping out these effects, **Group recurring EBIT growth was +8.8%, ahead of announced target** ("growth of around +7% at constant exchange rates and excluding the sale of Distribution operations").

	Recurring EBIT (€m)		Change	
	2014	2015	€m	%
Lagardère Publishing	197	198	+1	+0.5%
Lagardère Travel Retail	105	102	-3	-2.9%
Lagardère Active	73	79	+6	+8.2 %
Lagardère Sports and Entertainment	4	20	+16	/
Recurring EBIT from operating activities	379	399	+20	+5.3%
Recurring EBIT from other activities	(37)	(21)	+16	/
Group recurring EBIT	342	378	+36	+10.5%

- Lagardère Publishing:** operating margin remains high at 9.0%.

Sales

Sales totalled €2,206 million, up 10.1% on a reported basis and up 1.7% like-for-like.

2015 was driven by the good performance in France in Illustrated Books and General Literature, and to the positive momentum in Education in Spain and the United Kingdom, in Illustrated Books in the United Kingdom, and to the growth in Partworks. The reversal of market trends and impact of new contractual conditions with digital retailers weighed on sales. In the United Kingdom, the rise in VAT affected the performance of this division.

Operating profit

At 9.0%, the operating margin remains at a high level, despite a dip of -0.8 points. Recurring EBIT, at €198 million, increased by +€1 million on 2014. This performance was attributable to three factors: lower sales of e-books in the United States, the VAT hike in the United Kingdom, and a decline in the Education segment in France (in a year preceding curriculum changes).

These factors were partly offset by positive momentum in France in General Literature and Illustrated Books, while sales of Partworks held up well.

⁽⁸⁾Group consolidated financial statements have been audited. Audit report will be signed off once specific checks under way have been completed.

- **Lagardère Travel Retail: operating margin stood at 2.9%**

Sales

In 2015, sales totalled €3,510m, down 8.0% on a reported basis and up 4.3% like-for-like.

The strategic transformation of the division is still ongoing. Travel Retail now represents 73% of total sales for this division, up from 63% in 2014.

The development strategy of Lagardère Travel Retail was a success, with accelerated organic growth in Travel Retail and the completion of acquisitions in a growing North American market (primarily Paradies). The market environment in 2015 was characterised by the brisk pace of growth in air traffic, the continued downturn in the press market, and an unsettled geopolitical and macroeconomic situation. In France, the end of the year was marked by the negative effect of the attacks in Paris.

Operating profit

The operating margin improved by 0.2 points to 2.9%, while recurring EBIT was €15 million lower at €102 million, due to the sale of Distribution operations in Switzerland and the United States. The consolidation of Paradies (starting 1st November 2015), meanwhile, contributed €4 million.

The Travel Retail segment posted a good performance (+€8 million), chiefly driven by further improvement in the product mix and in purchasing conditions, the success of sales initiatives and new concepts, the strong growth of Duty Free in Italy, and expansion of the sales network. On the other hand, the consolidation of Airstream had a negative impact (due to seasonal factors in Q1), of -€3 million. Excluding these scope items, the division substantially improved its profitability.

The positive results achieved by the Distribution segment (+€3 million) stemmed from cost efficiencies and diversification initiatives.

- **Lagardère Active: improvement of the operating margin at 8.2% (+0.6 points)**

Sales

Sales totalled €962 million, up 0.5% on a reported basis and down 5.8% on a like-for-like basis. The contraction in activity mainly derived from the decline of Magazine Publishing (-3.9% in 2015). Radio demonstrated its defensiveness with activity flat overall, but up internationally. Advertising was down 1.6%, while Circulation was down 5.3%.

Operating profit

Lagardère Active improved its operating margin to 8.2% (+0.6 points), while recurring EBIT rose by €6 million to €79 million. The performance of TV Production (consolidation of Grupo Boomerang TV and a positive contribution from Programme Distribution operations) and the continuation of cost-efficiency plans more than offset the negative trends affecting Magazine Publishing and LeGuide.com.

- **Lagardère Sports and Entertainment: growth momentum confirmed**

Sales

Sales totalled €515 million, up 30.9% on a reported basis and up 19.6% like-for-like. The sharp increase in activity was attributable partly to the favourable impact of the football calendar, as expected, mainly because of continental competitions in Africa (Orange Africa Cup of Nations held in Equatorial Guinea) and Asia (AFC⁽⁹⁾ Asian Cup held in Australia), and partly to the good start of stadium management operations. Another key factor in the period was the positive performance of marketing operations in Europe and services (ticketing, marketing rights and media) relating to the organisation of the 2015 African Games in Brazzaville.

Operating profit

The division continued to improve its profitability: recurring EBIT rose by €16 million to €20 million, thanks to the positive impact of the football calendar and an underlying improvement in operations.

- **Other activities**

Recurring EBIT from **Other activities** was -€21 million, an improvement of €16 million versus 2014, which included losses relating to the Matra Manufacturing & Services electric vehicle activity (which has now been sold) and the residual costs attached to disposals carried out in 2013 (EADS and Canal+ France).

⁽⁹⁾ Asian Football Confederation.

II- OTHER INCOME STATEMENT DATA

CONSOLIDATED INCOME STATEMENT

(€m)	FY 2014	FY 2015
Sales	7,170	7,193
Group recurring EBIT	342	378
Income (loss) from equity-accounted companies*	9	11
Non-recurring/non-operating items	(142)	(215)
EBIT	209	174
Net interest expense	(73)	(66)
Profit before tax	136	108
Net financial expense	(87)	(37)
Total profit	49	71
Minority interests	(8)	3
Profit – Group share	41	74

*Before impairment losses.

- Contribution from equity-accounted companies**

Profit from equity-accounted companies (before impairment losses) increased slightly, to €11 million versus 2014 (+€2 million), mainly due to the increase in the contribution of Lagardère Travel Retail joint ventures, which compensated the absence of the contribution from the Marie Claire group in 2015 (€4 million in 2014).

- Non-recurring/non-operating items**

Non-recurring/non-operating items totalled -€215 million, compared with -€142 million in 2014. These items mainly included:

- **-€77 million in restructuring costs**, including -€30 million relating to Lagardère Sports and Entertainment (in Asia/at WSG: closure of the cricket division in India and other loss-making activities; in Europe: restructuring of the division), -€20 million relating to Lagardère Active (half of which concerned regional brokerage activities) and -€19 million relating to Lagardère Travel Retail (mainly for the implementation of cost-efficiency plans for distribution operations in Canada and Belgium); and other restructuring costs relating to Lagardère Publishing, mainly in the United Kingdom and France.
- **-€69 million relating to the amortisation of acquisition-related intangible assets and other items**, including -€56 million relating to Lagardère Travel Retail (which includes amortisation for the consolidation of Paradies in the last two months of the year), -€6 million relating to Lagardère Sports and Entertainment and -€5 million relating to Lagardère Publishing.
- **-€62 million in impairment losses on property, plant and equipment**, including -€44 million for Lagardère Active, mainly relating to a portion of the impairment losses on goodwill concerning the LeGuide group (-€25 million) and the SPF magazine supplement operations (-€17 million), and -€16 million for Lagardère Travel Retail, mainly relating to impairment losses on goodwill concerning a distribution subsidiary in Hungary.
- **+€20 million in gains on asset disposals**, including +€17 million for Lagardère Travel Retail, which includes a capital gain on the sale of distribution operations in Switzerland and a capital loss on the sale of the US distribution subsidiary, Curtis.
- **-€27 million in costs recognised** by Lagardère Sports and Entertainment for a commercial dispute relating to cricket operations in India.

- Net finance costs**

Net financial expense totalled -€66 million in 2015, a reduction of €7 million versus the previous year, due to the drop in the Group's average financing costs.

- Income tax expense**

In 2015, an **income tax expense** of -€37 million was recognised, representing a reduction of €50 million versus 2014. This mainly reflected a significant fall relating to the additional 3% tax on dividends introduced in France (€5 million in 2015, compared with €28 million in 2014). Moreover, deferred tax assets benefitting from the amortisation of intangible assets (mainly relating to recent acquisitions by Lagardère Travel Retail) also contributed to the reduction in income tax expense.

- **Profit**

Factoring in all these items, profit came to €71 million, with €74 million being attributable to the Group (+80.5%).

The portion of net income attributable to minority interests was negative at -€3 million in 2015, compared with €8 million in 2014; this was mainly due to the sale of distribution operations in Switzerland at the start of 2015, and a deterioration in the results of WSG, which is part of Lagardère Sports and Entertainment.

ADJUSTED PROFIT - ATTRIBUTABLE TO THE GROUP

Adjusted profit - attributable to the Group (which excludes non-recurring/non-operating items) **totalled €240 million**, an increase of 30% or €55 million on 2014, chiefly reflecting a rise in recurring EBIT.

(€m)	2014	2015
Profit – Group share	41	74
Amortisation of acquisition-related intangible assets and other items*	+42	+48
Impairment losses on goodwill and property, plant and equipment and intangible assets*	+41	+62
Restructuring costs*	+53	+56
Gains/losses on disposals*	+5	-24
Fair value adjustments resulting from change-of-control*	-25	/
Tax contributions on dividends paid	+28	+5
Cricket dispute in India (WSG)*	/	+19
Adjusted profit - attributable to the Group	185	240

*Net of tax

PROFIT PER SHARE

Profit per share attributable to the Group totalled €0.58, versus €0.32 in 2014.

Adjusted profit per share attributable to the Group was €1.87, versus €1.45 in 2014.

The number of shares in share capital was unchanged from the previous year.

III- OTHER FINANCIAL ITEMS

TOTAL CASH FLOWS FROM OPERATING AND INVESTING ACTIVITIES

(€m)	2014	2015
Cash flow from operations before interest and tax	403	447
Changes in working capital	(49)	180
Cash flow from operations	354	627
Net interest paid and tax paid	(144)	(103)
Cash generated from operating activities	210	524
Acquisition of property, plant & equipment and intangible assets	(249)	(259)
Disposal of property, plant and equipment and intangible assets	16	9
Free cash flow	(23)	274
Acquisition of financial assets	(282)	(568)
Disposal of financial assets	34	(59)
Net cash from operating & investing activities	(271)	(353)

- **Cash flow from operations**

Cash flow from operating activities totalled €627 million in 2015, a substantial increase (+€273 million) on 2014.

- In 2015, **cash flow from operations** was €447 million, versus €403 million in 2014. The higher figure in 2015 reflected growth in operating profit (+€36 million).
- The change in **working capital** was extremely positive over the year, at +€180 million, after showing a negative change of -€49 million in 2014. The change in working capital was positive for all divisions, mainly as a result of two factors: the usual improvement of the change in working capital between favourable and unfavourable years and the efforts made to improve the working capital situation, mainly through a receivable securitization program implemented by Lagardère Active (+€75 million).

- **Tax and interest paid**

Net interest paid and income taxes paid totalled -€103 million in 2015, representing a considerable improvement of +€41 million compared with 2014. This was due to a fall in the Group's average financing costs, and a reduction relating to the additional contribution on tax on dividends paid (-€5 million in 2015, vs -€28 million in 2014).

- **Acquisition of property, plant and equipment and intangible assets**

Investments in property, plant and equipment and intangible assets (net of disposals) totalled -€250 million, compared with €233 million in 2014. These investments mainly concerned Lagardère Travel Retail (in relation to its Travel Retail growth strategy), Lagardère Sports and Entertainment (chiefly for the acquisition of sports rights) and Lagardère Publishing (notably for one-off property real-estate investments in the United Kingdom and France).

- **Free cash flow**

In 2015, the Group's free cash flow increased significantly, to €274 million, from -€23 million in 2014, mainly due to substantial improvement of the change in working capital and cash flow from operations, and to the fall in interest and tax paid.

- **Acquisition of financial assets**

Net investments in financial assets (i.e. net of disposals) totalled -€627 million, compared with -€248 million in 2014.

- **Investments in financial assets** came to -€568 million. These investments mainly related to Lagardère Travel Retail (acquisition of Paradies, a travel retail group operating in more than 75 airports in the United States and Canada, and of 17 fashion and confectionery outlets at JFK airport in New York) and Lagardère Active (the acquisition of Grupo Boomerang TV, a Spanish audiovisual production group).
- **Financial asset disposals** totalled -€59 million. These disposals mainly related to the sale by Lagardère Travel Retail of its Swiss Press Wholesale Distribution and Integrated Retail operations and the sale of Curtis (a national magazine distributor in the United States). The latter transaction had a negative impact on disposals, due to the deconsolidation of a structurally favourable source of working capital that was specific to this activity (an item that had been included in the first-half financial statements).

- **Net cash from operating and investing activities**

Total operating and investment cash flow came to a negative €353 million, compared with -€271 million in 2014.

FINANCIAL POSITION

At end-December 2015, the Group's net debt stood at €1,551 million, compared with €954 million at the end of the previous year. This change was mainly attributable to the financial investments (acquisition of Paradies).

- **The Group's liquidity position is still solid,** with €1,884 million in available liquidity (available cash and short-term investments reported on the balance sheet totalling €634 million and an undrawn amount of the syndicated credit line of €1,250 million). The debt repayment schedule is well-balanced, with an amount of €659 million due for repayment in 2016 (mainly commercial paper), €995 million in 2017 (chiefly relating to 5-year bonds issued in 2012) and €502 million in 2019 (5-year bonds issued in September 2014).
- **The financial position remains healthy,** with a leverage ratio (net debt/recurring EBITDA⁽¹⁰⁾) of 2.4 times on a pro forma basis, including the contribution of Paradies over 12 months. This ratio benefits from a strong cash flow generation and shows a good control of indebtedness.

IV- OUTLOOK/DIVIDEND

2016 GUIDANCE ON RECURRING EBIT

In 2016, **Group recurring EBIT growth is expected slightly above 10%** compared to 2015, at constant exchange rates and excluding any impact from any disposal of Distribution activities.

DIVIDEND

As in 2014, Shareholders at the Annual General Meeting will be asked to approve a €1.30 per share dividend for the 2015 fiscal year.

⁽¹⁰⁾ See definition at the end of the press release.

Investor calendar (CET)

- **Lagardère Travel Retail Investor Day**
An Investor Day for travel retail will be held in Paris on 24 March 2016 from 9:00 a.m. to 1:00 p.m.
- **2015 General Meeting**
The General Meeting of Shareholders will be held on 3 May 2016 at 10:00 a.m. at the Carrousel du Louvre in Paris.
- **Ordinary dividend**
The ex-dividend date for the ordinary dividend (proposed at €1.30 per share) for 2015 will be 6 May 2016, with the payment date set for 10 May 2016.
- **Announcement of Q1 2016 sales**
Quarterly results will be released on 12 May 2016 at 8:00 a.m. A conference call will be held at 11:00 a.m.
- **Announcement of H1 2016 results**
Half-year results will be released on 28 July 2016 at 5:35 p.m. A conference call will be held at 5:45 p.m.

DEFINITION OF GROUP RECURRING EBIT

Group recurring 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 and valuation adjustments related to changes in controlling interests;
 - amortisation of acquisition-related intangible assets.

Definition of recurring EBITDA

Recurring EBITDA is defined as the sum of total recurring EBIT and depreciation of intangible and tangible assets and dividends received from associates.

The webcast (live then on-demand) to present the 2015 full-year results will be available later that day, on our website:

www.lagardere.com

*The Lagardère group is a global leader in content production and distribution whose powerful brands leverage its virtual and physical networks to attract and enjoy qualified audiences.
It is structured around four business lines: Books and e-Books; Travel Retail; 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.*

Press Contacts

Thierry Funck-Brentano	tel. +33 1 40 69 16 34	tfb@lagardere.fr
Ramzi Khiroun	tel. +33 1 40 69 16 33	rk@lagardere.fr

Investor Relations Contact

Anthony Mellor	tel. +33 1 40 69 18 02	amellor@lagardere.fr
----------------	------------------------	--