THIRD-QUARTER 2018 REVENUE

Revenue up 2.6% on a like-for-like basis(1) at €1,895 million

Lagardère confirms its 2018 Group recurring EBIT growth target at between 1% and 3%(2)

Paris, 8 November 2018,

The Lagardère group kept up its growth momentum during the third quarter of 2018, with revenue up 2.6% on a like-for-like basis on the back of a good performance from Lagardère Travel Retail, despite the absence, this year, of curriculum reform at Lagardère Publishing and an unfavourable calendar effect for Lagardère Sports and Entertainment.

By division (like-for-like basis):

- **Lagardère Publishing**: as announced, business retreated (down 6.3%) due to the absence of curriculum reform in France, Spain and the United Kingdom. However, the United States posted a healthy performance on the back of a sustained release schedule.
- **Lagardère Travel Retail** kept up its growth momentum during the period (up 9.8%), driven by solid sales performances across all geographies, and by network expansion in the ASPAC and EMEA regions.
- **Lagardère Active** saw revenue increase (up 2.3%) due mainly to strong programme delivery flows over the quarter for the TV Production businesses.
- **Lagardère Sports and Entertainment**: as announced, the 4.9% decline in revenue was the result of an unfavourable sporting calendar mainly linked to the non-occurrence of the Asian qualifiers for the 2018 FIFA World Cup.

Group revenue totalled €1,895 million, versus €1,858 million in third-quarter 2017(3), **representing an increase of 2.6% like-for-like and of 2.0% on a consolidated basis.**
The difference between consolidated and like-for-like revenue reflects a negative foreign exchange effect of €4 million, primarily attributable to the depreciation of the Australian and New Zealand dollars.
The €6 million negative scope effect mainly relates to the divestment of LARI by Lagardère Active, offset in part by acquisitions at Lagardère Publishing.

At 30 September 2018:

Over the first nine months of the year, the Lagardère group's continued revenue growth momentum was powered by a good performance at Lagardère Travel Retail, and was achieved despite lacklustre business cycles at Lagardère Publishing and Lagardère Sports and Entertainment.

Revenue for the nine months ended 30 September 2018 totalled €5,261 million, up 3.7% like-for-like and up 1.9% on a consolidated basis.
The difference between consolidated and like-for-like figures is essentially attributable to a positive scope effect resulting from acquisitions at Lagardère Publishing and Lagardère Travel Retail, partially offset by the divestment of LARI by Lagardère Active and of the Press Distribution activities in Hungary by Lagardère Travel Retail. The negative foreign exchange effect resulted primarily from the depreciation of the US dollar.

(1) Alternative performance indicators. See the glossary at the end of the press release.
(2) Versus 2017 Group recurring EBIT, restated for IFRS 15, at constant exchange rates and excluding the impact of disposals at Lagardère Active.
(3) Restated for IFRS 15. See appendices at the end of the press release.

I. REVENUE AND ACTIVITY BY DIVISION

	Revenue (€m)		Change	
	30 September 2017* (9 months)	30 September 2018 (9 months)	on a consolidated basis	on a like-for-like basis
Lagardère Publishing	1,665	1,607	-3.5%	-2.2%
Lagardère Travel Retail	2,545	2,725	+7.1%	+9.9%
o/w Travel Retail	*2,534*	*2,725*	*+7.5%*	*+9.9%*
o/w Distribution	*11*	*0*	*-100.0%*	*N/A*
Lagardère Active	629	625	-0.5%	-0.3%
Lagardère Sports and Entertainment	327	304	-7.0%	-6.0%
LAGARDÈRE	**5,166**	**5,261**	**+1.9%**	**+3.7%**

** Restated for IFRS 15. See appendices at the end of the press release.*

	Revenue (€m)		Change	
	Q3 2017*	Q3 2018	on a consolidated basis	on a like-for-like basis
Lagardère Publishing	646	607	-6.1%	-6.3%
Lagardère Travel Retail	917	1,002	+9.2%	+9.8%
o/w Travel Retail	*917*	*1,002*	*+9.2%*	*+9.8%*
o/w Distribution	*0*	*0*	*N/A*	*N/A*
Lagardère Active	202	196	-2.6%	+2.3%
Lagardère Sports and Entertainment	93	90	-2.9%	-4.9%
LAGARDÈRE	**1,858**	**1,895**	**+2.0%**	**+2.6%**

** Restated for IFRS 15. See appendices at the end of the press release.*

- ## Lagardère Publishing

Revenue for the nine months ended 30 September 2018 totalled €1,607 million, down 2.2% like-for-like and down 3.5% on a consolidated basis. The difference between consolidated and like-for-like figures can be explained by a €42 million negative foreign exchange effect resulting mainly from the depreciation of the US dollar, partially offset by a €20 million positive scope impact mainly associated with the acquisitions of Jessica Kingsley, Summersdale, Kyle Cathie, Bookouture and IsCool Entertainment.

Over the first nine months of the year, business was affected as expected by the decline in the Education segment in France, Spain and the United Kingdom, which was partially offset by good performances in General Literature and especially the success of best-selling titles such as the Bill Clinton and James Patterson novel *The President is Missing* in the United States, Michael Wolff's *Fire and Fury* in the United Kingdom and Guillaume Musso's *La Jeune Fille et la Nuit* in France.

Third-quarter 2018:

Third-quarter revenue totalled €607 million, down 6.3% like-for-like and down 6.1% on a consolidated basis. The difference between consolidated and like-for-like figures is due to a positive scope effect of €2 million, mainly reflecting the acquisitions of Jessica Kingsley and Summersdale. The currency effect was neutral for the quarter.

On a like-for-like basis, the main changes in each geographic area can be explained as follows:

In France (down 14.7%), the slowdown was chiefly attributable to the absence of curriculum reform compared to a third-quarter 2017 which benefited from a second year of reform (particularly in the middle school segment).
The United States delivered a sparkling performance, with growth of 5.1% driven by the continued success of the Perseus backlist, especially Jen Sincero's *You are a Badass*, and by a strong release schedule at Grand Central Publishing, including Sally Field's *In Pieces*. The third-quarter performance was also lifted by the success of the Bill Clinton and James Patterson novel *The President is Missing* across all formats, especially e-books and digital audio.

The decline in business in the United Kingdom (down 6.7%) was due mainly to the retreat in the Education segment and, to a lesser extent, a lighter release schedule than in 2017 which included successful titles such as Martina Cole's *Damaged* and four new *Famous Five* releases.
The Spain/Latin America region was down 8.2%, owing to an unfavourable comparison effect in the Education business after a less extensive textbook campaign in 2018. However, Mexico posted a good performance.
Partworks remained broadly flat (down 0.4%), with continued solid momentum in core collections offsetting the decline observed in Europe, with the exception of Italy.

E-books accounted for 7.7% of total Lagardère Publishing revenue in third-quarter 2018, versus 7.2% in the same period in 2017; Digital audio books represented 2.8% of revenue versus 1.8% in the third quarter of 2017.

Lagardère Travel Retail

Revenue for the nine months ended 30 September 2018 totalled €2,725 million, up 9.9% like-for-like and up 7.1% on a consolidated basis. The difference between consolidated and like-for-like data is attributable to a €65 million negative foreign exchange effect resulting essentially from the depreciation of the US dollar, and to a €4 million negative scope effect, breaking down as follows:

- a €19 million negative impact from deconsolidations, essentially reflecting the divestment of Press Distribution activities in Hungary;
- a €15 million positive impact from acquisitions, relating mainly to the acquisition of Duty Free operations in Poland and of Travel Essentials activities in the Czech Republic, together with new stores in Austria.

Third-quarter 2018:

Third-quarter revenue totalled €1,002 million, up 9.8% like-for-like and up 9.2% on a consolidated basis, with the difference between the two figures mainly reflecting a €5 million negative foreign exchange effect.

The figures below are presented on a like-for-like basis.

France enjoyed positive business momentum (up 6.2%) on the back of successful new concepts rolled out in Travel Essentials, network expansion in Foodservice and sustained growth for the regional Duty Free hubs (Nice and Bordeaux airports, in particular).

The EMEA region (excluding France) posted solid growth (up 9.3%) thanks to the lingering impact of new store openings in Geneva (Switzerland), Gdansk (Poland) and Dakar (Senegal), and to good performances in Central Europe and Italy (expansion of Travel Essentials and brisk momentum in Foodservice). These positive performances more than offset the non-renewal of the Terminal 2 concession at Warsaw airport (Poland).

North America reported a sharp increase (up 8.5%), powered by upbeat sales momentum, the pickup in network expansion and a favourable comparison basis after the hurricane season in 2017.

The Asia-Pacific region delivered another quarter of robust growth (up 22.5%) with Asia reaping the benefits of the launch of the new Hong Kong concession and a favourable network effect in China, which together offset contrasting performances in the Pacific region.

Lagardère Active

Revenue for the nine months ended 30 September 2018 totalled €625 million, down 0.3% like-for-like and down 0.5% on a consolidated basis. The difference between consolidated and like-for-like figures is mainly due to a negative scope effect of €1 million, primarily linked to the divestment of LARI and MonDocteur, which was partially offset by the acquisition of Aito Media Group and Skyhigh TV.
Over the nine months, the fall in Advertising revenue for the division as a whole was contained, at 2.6%.

Third-quarter 2018:

Third-quarter revenue totalled €196 million, up 2.3% like-for-like and down 2.6% on a consolidated basis.

The figures below are presented on a like-for-like basis.

Magazine Publishing revenue declined by 9.2%, due to a decrease in circulation revenues (down 10.4%) linked mainly to the unfavourable comparison basis with the third quarter of 2017 which was boosted by successful publications, as well as by the contraction in Advertising revenue (down 7.4%) amid a sharp market downturn.

Revenue for the Radio segment was up 3.8% for the quarter, with good momentum at music radio stations offsetting the decline at Europe 1.

TV activities reported strong growth of 22.0%, driven by well-executed programme deliveries in France and abroad for Lagardère Studios, and by continued upbeat advertising trends for TV channels.

Pure Digital and B2B revenue moved back slightly by 2.2%.

- **Lagardère Sports and Entertainment**

Revenue for the nine months ended 30 September 2018 totalled €304 million, down 6.0% like-for-like (down 7.0% on a consolidated basis). The difference between these two figures is due to a €8 million negative foreign exchange impact primarily linked to the depreciation of the US dollar, and partially offset by a €4 million positive scope impact associated with the acquisition of Brave Marketing in 2017.

Considering 2018 as the lowest point of the four-year sporting events cycle, revenue was affected by the non-occurrence of the 2017 Total Africa Cup of Nations and the 2017 Asian qualifiers for the 2018 FIFA World Cup. This was partially offset by the successful delivery of the Gold Coast 2018 Commonwealth Games and by strong performances from Consulting businesses.

Third-quarter 2018:

Third-quarter revenue totalled €90 million, down 4.9% like-for-like (down 2.9% on a consolidated basis). The difference between like-for-like and consolidated figures is primarily due to a positive scope impact associated with the acquisition of Brave Marketing.

As expected, the fall in revenue is mainly attributable to the non-occurrence of the Asian qualifiers for the 2018 FIFA World Cup and, to a lesser extent, to the disposal of the ATP Bastad tennis tournament in Sweden. However, Golf activities posted a good performance, driven by the successful delivery of the Nordea Masters 2018 in Sweden.

II. KEY EVENTS SINCE 26 JULY 2018

- **Agreement signed for the acquisition of Hojeij Branded Foods (HBF), a leading Foodservice operator in North America**
  On 15 August 2018, Lagardère Travel Retail signed an agreement for the acquisition of 100% of HBF, a leading Foodservice travel retail operator in North America. With an acquisition value of USD 330 million[(4)], the transaction is expected to be finalised during the fourth quarter of 2018.

- **The International Handball Federation (IHF) and Lagardère Sports sign long-term agreement**
  On 26 September 2018, Lagardère Sports announced the signing of an agreement with IHF, to become the exclusive global media distribution partner and signal production broadcaster to cover men's and women's World Championships from 2019 to 2025.

- **Exclusive negotiations for the sale of the Boursier.com business**
  Boursier.com, comprising the eponymous stock market news website, the sale of financial information and the web agency business, is subject to exclusive negotiations with the Les Échos-Le Parisien group aimed at concluding an agreement in the coming months. The agreement will be submitted for review by the relevant employee representative bodies.

III. OUTLOOK

GUIDANCE FOR 2018 GROUP RECURRING EBIT

The Lagardère group confirms its target for Group recurring EBIT announced on 26 July 2018.
For 2018, Group recurring EBIT growth is expected to be between 1% and 3% versus 2017[(5)], at constant exchange rates and excluding the impact of disposals at Lagardère Active.

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IV. INVESTOR CALENDAR

- **Fourth-quarter 2018 revenue**
  Fourth-quarter 2018 revenue will be released on 7 February 2019 at 8:00 a.m. (conference call at 10:00 a.m.).

- **Full-year 2018 results**
  Full-year 2018 results will be released on 13 March 2019 at 5:35 p.m.

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(4) Based on a cash-free and debt-free valuation, net of partners' share in operating JVs (ACDBE programmes) estimated to be 16% over the period of the business plan.
(5) Restated for IFRS 15. See appendices at the end of the press release.

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V. APPENDICES

CHANGES IN CONSOLIDATION SCOPE AND EXCHANGE RATES

Third-quarter 2018:

The difference between consolidated and like-for-like data is mainly attributable to a negative foreign exchange effect of €4 million resulting primarily from the depreciation of the Australian and New Zealand dollars, and to a €6 million negative scope effect, breaking down as follows:

- an €18 million negative scope effect linked mainly to the divestment by Lagardère Active of LARI (negative €13 million) and MonDocteur (negative €1 million);
- a €12 million positive scope effect, including the acquisition by Lagardère Publishing of Jessica Kingsley (positive €2 million) and Summersdale (positive €2 million); the consolidation by Lagardère Travel Retail of Citi Tabak in the Czech Republic (positive €2 million) and new stores in Austria (positive €2 million); and the acquisition by Lagardère Active of Skyhigh TV (positive €2 million) and Aito Media Group (positive €2 million).

At 30 September 2018:

The difference between consolidated and like-for-like data is attributable to a negative foreign exchange effect of €114 million resulting mainly from the depreciation of the US dollar, and to a €19 million positive scope effect, breaking down as follows:

- a €52 million positive impact from acquisitions, including the acquisition by Lagardère Publishing of Jessica Kingsley (positive €6 million), Summersdale (positive €5 million), Kyle Cathie (positive €3 million), Bookouture (positive €3 million) and IsCool Entertainment (positive €2 million); the consolidation by Lagardère Travel Retail of Citi Tabak in the Czech Republic (positive €5 million), IFS Duty Free stores in Poland (positive €4 million) and new stores in Austria (positive €4 million); the acquisition by Lagardère Active of Aito Media Group (positive €6 million) and Skyhigh TV (positive €5 million); and the consolidation of Brave Marketing (positive €4 million) by Lagardère Sports and Entertainment;
- a €33 million negative scope effect essentially relating to the divestment by Lagardère Active of LARI (negative €13 million) and MonDocteur (negative €1 million), and the divestment by Lagardère Travel Retail of Press Distribution activities in Hungary (negative €11 million).

IFRS 15 RESTATEMENTS

The application of IFRS 15 had a positive €39 million impact on the reported third-quarter 2017 revenue of Lagardère Active and a negative €31 million impact on that of Lagardère Sports and Entertainment. The overall impact on consolidated third-quarter 2017 revenue was a positive €8 million.

Revenue (€m)

	Q3 2017 - reported	Q3 2017 - restated for IFRS 15	IFRS 15 impact
Lagardère Publishing	1,665	1,665	0
Lagardère Travel Retail	2,545	2,545	0
Lagardère Active	590	629	+39
Lagardère Sports and Entertainment	358	327	-31
LAGARDÈRE	5,158	5,166	+8

The difference between third-quarter 2017 revenue restated for IFRS 15 and third-quarter 2017 revenue as reported on 9 November 2017 can be explained as follows:

- restatements at Lagardère Active amounting to a positive €39 million, attributable to:
  - commissions paid to third parties for distributing magazines and collecting subscriptions, which were previously deducted from revenue, are now recognised as an expense, with a positive impact of €26 million,
  - the portion of revenue received by co-producers in the audiovisual production business, which was previously recorded as "Other income from ordinary activities", is now recognised in revenue, with a positive impact of €13 million;
- restatements at Lagardère Sports and Entertainment amounting to a negative €31 million, attributable mainly to:
  - signing fees for certain contracts, previously capitalised as sports rights assets and amortised, are now recognised in the balance sheet under advances paid and amortised as a deduction from revenue over the life of the contract, with a negative impact of €16 million,
  - income received from sales of entertainment venue tickets, which was previously recognised for its total amount, is now only recognised for the commission invoiced by the Group in its capacity as agent, with a negative impact of €9 million,
  - revenue generated under contracts for the sale of marketing rights with no other associated services, previously deferred over the life of the contract, is now recognised in full when the rights are actually sold, with a negative €4 million impact.

VI. GLOSSARY

Lagardère uses alternative performance indicators 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 elements taken from the consolidated financial statements prepared under IFRS.

➢ Like-for-like revenue

Like-for-like revenue is used by the Group to analyse revenue trends excluding the impact of changes in the scope of consolidation and in exchange rates.

The like-for-like change in revenue is calculated by comparing:
- revenue for the period adjusted for companies consolidated for the first time during the period and revenue for the prior-year period adjusted for consolidated companies divested during that period;
- revenue for the prior-year period and revenue for the current period adjusted based on the exchange rates applicable in the prior-year period.

The scope of consolidation comprises all fully-consolidated entities. Additions to the scope of consolidation correspond to businesses combinations (acquired investments and businesses), and deconsolidations correspond to entities over which the Group has relinquished control (full or partial disposals of investments and businesses, such that the entities concerned are no longer included in the Group's financial statements using the full consolidation method).
The difference between consolidated and like-for-like figures is explained in section V - Appendices of this press release.

➢ Recurring EBIT

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

Profit before finance costs and tax
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

= Recurring operating profit
Less:
- Income (loss) from equity-accounted companies before impairment losses

= Recurring operating profit of fully consolidated companies (Group recurring EBIT)

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A live webcast of the third-quarter 2018 revenue presentation will be available today at 10:00 a.m. (CET) on the Group's website (www.lagardere.com).

The presentation slides will be made available at the start of the webcast.

A replay of the webcast will be available online later in the afternoon.

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The Lagardère group is a global leader in content publishing, production, broadcasting 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.

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