

PROPOSED ACQUISITION OF LAGARDERE GROUP TV BUSINESS BY M6 GROUP

M6 Group has today entered into exclusive negotiations with Lagardère Active for the **acquisition of Lagardère's Television Business** (excluding Mezzo), **the French leader in live and on-demand children's TV**.

This project represents a unique opportunity for M6 Group to complement its audiovisual offering for families and to strengthen its overall position in the French media market, both in TV advertising and digital, by leveraging the power of the Gulli brand in on-demand TV (replay and SVOD). Established in more than 91 countries via distribution agreements, the division will also provide M6 Group with the opportunity to continue to expand its operations at international level.

The project will be subject to consultation with the employee representative bodies of both Lagardère Group's Television Business and M6 Group, as well as to approval of the *Conseil Supérieur de l'Audiotvisuel* (French broadcasting authority) and the Competition Authorities.

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The project provides for the acquisition of the entire capital in Lagardère Group's Television Business (excluding Mezzo), which includes:

- Gulli, the leading free-to-air digital channel for children, which had a 16.3%¹ share of its target audience in 2018 (1.7% of 4+ year-old viewers) and an advertising market share of almost 40% on said target in 2018;
- The two pay-TV channels dedicated to younger viewers, Canal J (the first children's channel created in France, dedicated to viewers aged 6 to 12) and Tiji (dedicated to children aged 3 to 6).
- Lagardère's other entertainment and music pay-TV channels: Elle Girl TV, MCM, RFM TV and MCM Top;
- The catch-up TV platforms of the various channels, with a total of more than 300 million videos viewed in 2018, including Gulli Replay – the leading catch-up TV service for children – and Gulli Max, an S-VOD service offering children more than 4,000 TV show episodes and films;
- International distribution activities, which notably include the channels Gulli Africa, Gulli Bil Arabi, Gulli Girl and Tiji Russia, distributed in French-speaking Africa, the Middle East and within Russian-speaking countries respectively;

¹ 4-10 year-old target, Médiamétrie data

- The TV sales house business.

In 2017, Lagardère's TV Business (excluding Mezzo) posted proforma consolidated revenue and proforma recurring EBIT of € 98 million and € 20.6 million respectively.

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This project is a **genuine strategic opportunity for M6 Group**, which would add a fourth channel to its portfolio of free-to-air DTT channels made up of M6, W9 and 6ter, and would as a result significantly expand its media offering for the whole family. The Gulli channel has established itself as the most powerful and most trusted French children's brand with leading content such as *Tahiti Quest*, *Oggy and the Cockroaches* and *The Loud House*.

The project would also significantly strengthen the Group's position in on-demand TV, making it the leader in the rapidly growing segment of on-demand content for younger viewers.

The growth drivers identified primarily include:

- Increased power of the programmes due to M6 Group's comprehensive positioning in the content market and its capacity to create programmes that appeal to the whole family;
- Strengthening of M6 Group's sales house;
- Increased momentum for the Group in on-demand digital broadcasting and enhanced distribution of channels thanks to M6 Group's platforms and expertise;
- Shared competences in support functions;
- Increased diversification for the Group, particularly in international markets, drawing on the distribution experience gained in high-growth countries.

M6 Group is targeting EBITA of €40 million for this division by 2023.

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Nicolas de Tavernost, Chairman of the Executive Board of M6 Group, said, *"Following the acquisition of the radio stations RTL, RTL2 and Fun Radio, and the disposal of non-strategic assets last year (Girondins de Bordeaux and MonAlbumPhoto.fr), this project marks another significant milestone for the Group. It will cement M6's position in the audiovisual market, making it the leader among younger viewers, while bolstering its status in on-demand TV and providing it with international exposure."*

Neuilly-sur-Seine, 31 January 2019