Lagardère group restores profitability and cash generation in second-half 2020, despite the health crisis thanks to the adaption of its model focused on its two strategic activities

Lagardère Publishing: revenue stable (down 0.4% year on year)[1]
Strong increase in recurring EBIT, up 11.8% year on year to €246 million in 2020

Lagardère Travel Retail: revenue down 59.7%[1] year on year, reflecting the fall in air traffic passengers[2]; best-in-class flow-through ratio of 19.9% (exceeding the 2020 target)[3]

Ongoing Group-wide cost-cutting plans, thanks to the strong mobilisation of all of the teams

Positive Group recurring EBIT and free cash flow in second-half 2020
Net debt at €1.7 billion at end-2020 (down €315 million versus 30 June 2020)
Solid liquidity, at €1.6 billion

Paris, 25 February 2021, 5.45 p.m.

Key figures

The Lagardère group reported **revenue** of €4,439 million in 2020, down 38% like for like.

Group **recurring EBIT** was a negative €155 million versus a positive €378 million in 2019. In the second half, Group recurring EBIT was a positive €63 million, a steep €281 million improvement on the first-half figure. This reflects both the cost-cutting efforts undertaken since the outset of the health crisis along with profitability at Lagardère Publishing.

The Group reported a **loss before finance costs and tax** of €549 million in 2020 (profit of €411 million in 2019), including non-recurring/non-operating items for a net negative amount of €336 million.

Lagardère posted a **loss - Group share** of €660 million, versus a loss - Group share of €15 million in 2019. Adjusted loss - Group share came in at €330 million for the year.

The Group had negative **free cash flow excluding changes in working capital**, at €239 million in 2020. It broke even in the second half, up €245 million on the first half to a positive €3 million.

Changes in working capital represented an outflow of €17 million in the year, compared to an inflow of €34 million in 2019. The working capital position improved sharply in the second half, representing an inflow of €252 million versus an outflow of €269 million in the six months to 30 June 2020.

Net debt fell by €315 million in the second half, down to €1,733 million at 31 December 2020 from €2,048 million at 30 June 2020.

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[1] On a consolidated basis.
[2] 2020 Revenue Passenger Kilometres ("RPK") down 65.9% (source: IATA)
[3] Publication of 5 November 2020: "Adverse impact on full-year 2020 recurring EBIT in the region of 20% to 25% of the decrease in its 2020 revenue".

The Group's consolidated financial statements have been audited. The audit report will be signed off once the specific verifications have been completed.
The Supervisory Board met on 25 February 2021 to review the financial statements.

I. REVENUE AND RECURRING EBIT

REVENUE

Lagardère group revenue came in at €4,324 million for the target scope in 2020, down 37.7% on a consolidated basis and 38.3% like for like. The difference between consolidated and like-for-like revenue is attributable to a negative €43 million currency impact (mainly the US dollar, representing a negative impact of €19 million) and to a positive €84 million scope effect resulting from the acquisition of the International Duty Free (IDF) group by Lagardère Travel Retail, and of Le Livre Scolaire and Laurence King Publishing by Lagardère Publishing.

	Revenue		Change (%)	
€m	**2019**	**2020**	**consolidated**	**like for like**
Lagardère Publishing	2,384	2,375	-0.4	-0.8
Lagardère Travel Retail	4,264	1,720	-59.7	-60.4
Other Activities*	288	229	-20.5	-20.7
Target scope	**6,936**	**4,324**	**-37.7**	**-38.3**
Non-retained scope**	275	115	-58.2	-22.8
LAGARDÈRE	**7,211**	**4,439**	**-38.4**	**-37.9**

* *Lagardère News (*Paris Match, Le Journal du Dimanche*, Europe 1, Virgin Radio, RFM and the Elle brand licence), the Entertainment businesses, and the Group Corporate function.*
*** Operations disposed (Lagardère Active), excluding Lagardère Sports, classified as a discontinued operation in accordance with IFRS 5.*

GROUP RECURRING EBIT

Group recurring EBIT totalled a negative €155 million, down €533 million on 2019.

Recurring EBIT was a negative €154 million for the target scope, down €515 million on 2019.

	Group recurring EBIT		Change
€m	**2019**	**2020**	
Lagardère Publishing	220	246	+26
Lagardère Travel Retail	152	(353)	-505
Other Activities*	*(11)*	(47)	-36
Target scope	**361**	**(154)**	**-515**
Non-retained scope**	17	(1)	-18
LAGARDÈRE	**378**	**(155)**	**-533**

* *Lagardère News (*Paris Match, Le Journal du Dimanche*, Europe 1, Virgin Radio, RFM and the Elle brand licence), the Entertainment businesses, and the Group Corporate function.*
*** Operations disposed (Lagardère Active), excluding Lagardère Sports, classified as a discontinued operation in accordance with IFRS 5.*

● Lagardère Publishing

Revenue

Lagardère Publishing revenue was €700 million in fourth-quarter 2020, a rise of 3.2% on a consolidated basis and of 4.0% like for like, led by positive sales trends in the United Kingdom and the post-lockdown catch-up effect in France in December.

Revenue totalled €2,375 million for the year, down 0.4% on a consolidated basis and down 0.8% like for like. Sales at Lagardère Publishing remained stable during the crisis, testifying to the strong resilience of the business, supported mainly by a solid performance from General Literature in its different regions.

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

In France, revenue retreated 4.3%, hit by the marked decrease in sales during the first-half lockdown. Business was also affected by a smaller impact from curriculum reform versus 2019. However, despite several weeks when bookshops were closed, General Literature reported growth, driven by the first volume of Barack Obama's memoires, *A Promised Land*, two titles from Guillaume Musso, *La vie est un roman* and *Skidamarink*, Vanessa Springora's novel *Le consentement*, the success of titles from Virginie Grimaldi and Aurélie Valognes, and good momentum at Le Livre de Poche.
Launched in 2019, Lagardère Publishing's Board Games division turned in an upbeat performance, buoyed by Gigamic and Blackrock Games. It should be noted that *Oriflamme*, the first game to be published by Studio H, picked up the prestigious "Game of the Year" prize at the 2020 *As d'Or* awards.

In the United Kingdom, revenue increased by 9.9% despite the lockdowns. Revenue growth can be explained by the large number of best-selling titles including J.K. Rowling's *The Ickabog,* Stephenie Meyer's *Midnight Sun*, the backlist title from Delia Owens, *Where the Crawdads Sing*, and Andrzej Sapkowski's *The Witcher* series. There was vigorous growth in digital formats (e-books and audiobooks) during the year, partly attributable to the repeated closures of brick-and-mortar points of sale.

In the United States, revenue was up 3.9%, powered by the success of several novels in the second half, including Stephenie Meyer's *Midnight Sun* and Nicholas Sparks' *The Return*, along with various titles from well-known authors. The success of titles from *The Witcher* series and publications linked to the Black Lives Matter movement also contributed to the year's good performance. Sales of digital formats enjoyed fast-paced growth.

In Spain/Latin America, revenue contracted 16.4%, hit by less extensive school reform and the absence of a new Asterix album in Spain, and by the impacts of the health crisis on the Education and General Literature segments in Mexico.

Revenue from sales of Partworks fell 9.5%, affected by a reduction in the number of launches due to the health crisis, and an unfavourable comparison basis in the first half, with a string of successes in 2019 that were not repeated in 2020. Difficulties encountered by Presstalis took a toll on business in France in the first three quarters of 2020.

E-books accounted for 9.5% of total Lagardère Publishing revenue in 2020 versus 7.7% in 2019, while digital audiobooks represented 4.3% of revenue versus 3.4% in 2019.

Recurring EBIT

Lagardère Publishing reported €246 million in recurring EBIT, up €26 million year on year and above target[4]. Recurring EBIT increased especially strongly in the second half of the year, by 19% to €219 million, following a 25% decline to €27 million in the six months to 30 June 2020. The year-on-year increase was driven by a more favourable format mix (strong growth in e-books and audiobook sales) in the context of the health crisis, and by a stellar rise in backlist sales due to the success of *The Witcher* series, among others.
Recurring EBIT growth was also attributable to the measures taken to reduce costs, notably payroll and sales and marketing expenditure.

● Lagardère Travel Retail

Revenue

Fourth-quarter 2020 revenue for the Travel Retail business fell 64.9% like for like to €380 million compared with the same period in 2019, on a par with the decline in the third quarter, with the health crisis continuing to take a heavy toll on air traffic.

Revenue came in at €1,720 million in 2020, down 59.7% on a consolidated basis and down 60.4% like for like. The positive €51 million scope effect was mainly attributable to the acquisition of International Duty Free (IDF) in Belgium. The currency impact reduced revenue by €20 million.

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

In France, the division reported a 64.5% contraction in business, reflecting the impact of the government's measures restricting mobility, and in particular air traffic and international travel. The marked fall in sales at airports was partly countered by a smaller decline in sales at railway stations (down 54.0%).

The EMEA region (excluding France) retreated 59.3%, affected by travel restrictions and border closures introduced in several countries including Italy, Belgium and the United Kingdom.

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[4] Publication of 5 November 2020: "Adverse impact on full-year 2020 recurring EBIT in the region of 20% to 30% of the decrease in its 2020 revenue."

North America also reported lower revenue (down 60.4%), with fewer people travelling due to the lockdown measures introduced by various states.

Asia-Pacific revenue was down 56.2%. Revenue trends varied widely across the region, with the Pacific countries starkly affected by the full, prolonged closure of their borders. In contrast, mainland China posted 18.2% revenue growth over the year, led by a significant rally in domestic traffic and strong online sales momentum. Lagardère Travel Retail's new contract in Hainan's Duty Free zone took effect as from mid-December 2020.

Recurring EBIT

Lagardère Publishing reported negative recurring EBIT of €353 million, down €505 million on 2019. This represents a flow-through ratio (impact of the decrease in revenue on recurring EBIT) of 19.9%, at the more favourable end of the range previously announced. In the second half, the flow through was limited to 17%, thanks to cost-cutting measures.

Over the full year, these actions plans led to a €605 million reduction in overheads, mainly concerning:

- renegotiation of contractual terms, essentially for concession agreements (decrease in fixed rental payments, reduction in the rate of variable payments);
- reduction in the number of points of sale opened and adjusted opening times in line with traffic flows and the health situation;
- adjustments to payroll costs, with the introduction of furlough in countries where these were available, or failing this, redundancies;
- reduction in incidental overheads as a result of either cost savings or negotiations (as appropriate), including marketing costs, travel expenses, consulting fees, maintenance and cleaning costs, and royalties paid.

Other Activities

Revenue

Revenue came in at €65 million for fourth-quarter 2020, down 18.8% on a consolidated basis and down 19.6% like for like.

Revenue for the year totalled €229 million, a decline of 20.5% on a consolidated basis and down 20.7% like for like.

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

Lagardère News revenue contracted 14.2% in 2020, due mainly to the 27.3% fall in licensing revenue owing to the pandemic. The decline in revenue from Radio (9.4%) and Press (11.9%) activities eased in the second half (after being significantly impacted in the first half by the fall in advertising revenues), thanks to the appeal of radio media for advertisers, along with good demand for press titles.

Recurring EBIT

Other Activities posted negative recurring EBIT of €47 million, down €36 million on 2019 due mainly to lower Radio and Press advertising revenues, and to the adverse impact of one-off-items including Presstalis and temporarily vacant premises following divestments.

Non-retained scope

Revenue for the non-retained scope in 2020 was €115 million, down 58.2% on a consolidated basis and down 22.8% like for like. The €124 million negative scope effect was linked to the sale of TV channels in September 2019 and Lagardère Studios in October 2020. Lagardère Studios saw its revenue decline in the year as most production activities were stopped in light of the health crisis.
Recurring EBIT was down €18 million year on year to a negative €1 million, reflecting the impact of the business downturn on Lagardère Studios earnings, and the various divestments carried out.

II. MAIN INCOME STATEMENT ITEMS

€m	2019	2020
Revenue	7,211	4,439
Group recurring EBIT	**378**	**(155)**
Income (loss) from equity-accounted companies*	6	(58)
Non-recurring/non-operating items	(33)	(319)
Impact of IFRS 16 on concession agreements	60	(17)
Profit (loss) before finance costs and tax	**411**	**(549)**
Interest expense on lease liabilities	(85)	(74)
Finance costs, net	(53)	(76)
Profit (loss) before tax	**273**	**(699)**
Income tax benefit (expense)	(55)	31
Profit (loss) from discontinued operations	(207)	(20)
Profit (loss) for the period	**11**	**(688)**
Minority interests	26	(28)
Profit (loss) - Group share	**(15)**	**(660)**

** Before impairment losses.*

- ### Income (loss) from equity-accounted companies

The loss from equity-accounted companies (before impairment losses) came in at €58 million in 2020, versus income of €6 million in 2019, This decline reflects the downturn in trading at Lagardère Travel Retail owing to the health crisis, in particular at Société de Distribution Aéroportuaire, Relay@ADP and Lagardère & Connexions.

- ### Non-recurring/non-operating items

Non-recurring/non-operating items included in profit before finance costs and tax represented a net loss of €319 million in 2020, comprising:

- €151 million in impairment losses against property, plant and equipment and intangible assets, including €106 million for Lagardère Travel Retail relating mainly to write-downs of its concessions in Rome (€55 million) and Belgium (€31 million), and to a lesser extent, to closures of points of sale. These represented €20 million for Lagardère Publishing, relating mainly to Mexico and Spain. In the non-retained scope, Lagardère Studios goodwill was written down by €19 million;

- €106 million in amortisation of intangible assets and expenses relating to acquisitions and disposals, including €94 million for Lagardère Travel Retail and €11 million for Lagardère Publishing;

- €55 million in restructuring costs, relating mainly to the health crisis and to cost-cutting plans, including €36 million for Lagardère Travel Retail, €10 million for Other Activities and €9 million for Lagardère Publishing;

- €7 million in net losses on disposals.

- ### Impact of IFRS 16 on concession agreements

The impact of applying **IFRS 16** on concession agreements at Lagardère Travel Retail represented a negative €17 million, and includes the straight-line amortisation of right-of-use assets, partially offset by the favourable effect of renegotiating fixed rental payments in 2020.
Fixed rental payments recognised in recurring EBIT decreased by €319 million in 2020 compared to 2019.

- **Finance costs, net**

Net finance costs came in higher year on year, at €76 million, chiefly reflecting €17 million in write-downs of financial assets at Lagardère Travel Retail and a rise in total debt during 2020.

- **Interest expense on lease liabilities**

Interest expense on lease liabilities represented €74 million in 2020 versus €85 million in the prior-year period. The €11 million decrease results from lower lease liabilities at Lagardère Travel Retail following the renegotiation of its lease terms.

- **Income tax**

The Group booked a positive **income tax** figure of €31 million, an improvement of €86 million compared to 2019. This figure reflects tax income generated by Lagardère Travel Retail's losses in the period, as well as the lower income tax charge linked to the downturn in business.

- **Profit (loss) from discontinued operations**

The loss from discontinued operations amounted to €20 million and includes the disposal losses and negative earnings at Lagardère Sports up until its sale in April 2020.

- **Profit (loss)**

Taking account of all these items, the loss for the year was €688 million, including a loss of €660 million attributable to the Group.
The loss attributable to minority interests was €28 million in 2020 versus a profit of €26 million in 2019. The swing into negative territory was chiefly due to the marked decrease in earnings at Lagardère Travel Retail.

ADJUSTED PROFIT (LOSS) - GROUP SHARE

Adjusted loss - Group share (excluding non-recurring/non-operating items) was **€330 million,** versus adjusted profit - Group share of **€200 million** in 2019.

€m	2019	2020
Profit (loss)	**11**	**(688)**
Restructuring costs	42	55
Gains/losses on disposals	(134)	7
Impairment losses on goodwill, property, plant and equipment, intangible assets and investments in equity-accounted companies	34	151
Amortisation of acquisition-related intangible assets and other acquisition-related expenses	91	106
Impact of IFRS 16 on concession agreements	6	74
Tax effects on the above items	(22)	(70)
Profit (loss) from discontinued operations	207	20
Adjusted profit (loss)	**235**	**(345)**
o/w attributable to minority interests	(35)	15
Adjusted profit (loss) - Group share*	**200**	**(330)**

** Alternative performance measure, see definition at the end of the press release.*

III. OTHER FINANCIAL INFORMATION

CASH FLOW FROM (USED IN) OPERATIONS AND INVESTING ACTIVITIES

€m	2019	2020
Cash flow from (used in) operations before changes in working capital and income taxes paid	**495**	**(32)**
Changes in working capital	34	(17)
Income taxes paid	(52)	(38)
Cash flow from (used in) operations	**477**	**(87)**
Purchases/disposals of property, plant and equipment and intangible assets	(183)	(169)
Free cash flow*	**294**	**(256)**
*o/w free cash flow excluding changes in working capital**	260	(239)
Purchases of investments	(287)	(36)
Disposals of investments	323	101
Cash flow from (used in) operations and investing activities	**330**	**(191)**

** Alternative performance measure, see definition at the end of the press release.*

- **Cash flow from (used in) operations**

Cash flow used in operations amounted to €32 million, compared to cash flow from operations of €495 million in 2019. Operating cash flow was a negative €138 million in first-half 2020 and a positive €106 million in the second half. These figures are primarily a reflection of the adverse impact of the health crisis on Lagardère Travel Retail, partly countered by the good second-half performance at Lagardère Publishing.

Changes in working capital represented an outflow of €17 million (inflow of €34 million in 2019), hit by the contraction at Lagardère Travel Retail.
The €95 million deterioration in Lagardère Travel Retail's working capital position results from a sharp drop in trade payables, partly countered by lower inventories. The €33 million improvement at Lagardère Publishing reflects a rise in trade payables in line with the business upturn in the second half of the year.

Income taxes paid were €14 million lower, totalling €38 million in 2020 versus €52 million in 2019 on account of the trading slump at Lagardère Travel Retail.

- **Purchases/disposals of property, plant and equipment and intangible assets**

Purchases and disposals of property, plant and equipment and intangible assets represented a net outflow of €169 million. **Purchases** represented an outflow of €170 million, a difference of €45 million versus 2019. Purchases chiefly relate to Lagardère Travel Retail (outflow of €121 million), a significant portion of which corresponds to commitments undertaken in 2019 as well as investments in information systems and developments in China. **Disposals** represented a net inflow of €1 million.

- **Free cash flow**

The Group's free cash flow was a negative €256 million in 2020, compared to a positive €294 million in 2019. The sharp decline in free cash flow is mainly a result of the impact of the health crisis on the Group's businesses, particularly in the first half of the year. The Group generated free cash flow of €255 million in second-half 2020, led by the various initiatives rolled out at Lagardère Travel Retail and a good performance from Lagardère Publishing.

- **Cash from (used in) financing activities**

Purchases of investments represented an outflow of €36 million in 2020 and relate mainly to Lagardère Publishing's acquisition of Le Livre Scolaire and Laurence King Publishing.
Disposals of investments represented an inflow of €101 million, principally concerning the sale of Lagardère Studios and Lagardère Sports.

FINANCIAL POSITION

Net debt fell by €315 million in the second half, down to €1,733 million at 31 December 2020 from €2,048 million at 30 June 2020.

The Group's liquidity position is robust, with €1,637 million in available liquidity at end-2020, including €687 million in cash and short-term investments and €950 million relating to the undrawn amount on the syndicated credit line.

IV. LIQUIDITY

The Group had liquidity of €1,637 million at 31 December 2020.

In order to consolidate its financial position, in early January 2021 Lagardère set up a **state-backed loan** ("PGE") and also **amended and extended its revolving credit facility**.

Lagardère arranged a loan of €465 million with its main French and European banking partners, 80% of which is backed by the French state:

- the maturity of the state-backed loan is 12 months, with an extension option for up to five additional years;
- this option may be exercised at the Company's discretion at the end of the initial one-year term.

At the same time, Lagardère **amended and extended the maturity of its revolving credit facility** with its banking partners, which involved:

- adjusting the amount of the facility to €1.1 billion;
- extending the term of a €1.0 billion tranche from May 2022 to March 2023;
- redefining the covenants over this period to take account of the impacts of the health crisis on all of the Lagardère group's businesses:
  - a quarterly liquidity test will be carried out based on cumulative available cash plus the undrawn portion of the revolving credit facility. This test will focus on amounts equal to or above a predefined range, from €750 million in March 2021 to €1,000 million in September 2022;
  - a test on the leverage ratio (excluding IFRS 16) will be carried out as from December 2022, based on an initial ratio of 4.5x.

The Group considers that it has sufficient liquidity to cover its financing requirements in 2021, both in relation to funding its operations and to repaying €493 million in debt falling due (including €158 million in commercial paper at 31 December 2020). Its analysis adopted a conservative scenario for Lagardère Travel Retail which factors in IATA forecasts as of 3 February 2021 of a 13% year-on-year rise in passenger traffic in 2021.

V. KEY EVENTS SINCE 5 NOVEMBER 2020

17 December 2020: **Lagardère SCA welcomed the decision handed down by the Paris Commercial Court** (*Tribunal de Commerce de Paris*) rejecting the request by Amber Capital and Vivendi to call an extraordinary general meeting and reiterated its desire to engage in a dialogue with the shareholders.

4 January 2021: **the Lagardère group secured and strengthened its liquidity position** through a state-backed loan for €465 million and by amending and extending the maturity of its revolving credit facility to March 2023. Against this backdrop, its covenants were redefined over this period to take account of the impacts of the health crisis on all of the Lagardère group's businesses.

VI. OUTLOOK

Further to its strategic refocusing, the Group's balance is based on two main divisions – Lagardère Publishing and Lagardère Travel Retail – for which the effects of the health crisis diverge sharply. For 2021, the environment remains uncertain against the backdrop of a gradual easing of the intensity of the pandemic. Lagardère is pressing ahead with its Group-wide cost cutting efforts.

● Lagardère Publishing

In 2020, the division benefited from the favourable impact of the health crisis on the consumer appeal of reading, the extent of curriculum reform in France, and the release of several publishing sensations selling over a million copies. The Group considers that the positive impacts on its sales will diminish in 2021 as leisure and cultural establishments such as restaurants, museums, cinemas and other venues reopen for business. The absence of any curriculum reform in 2021 will counter the positive impacts of the release of the new Asterix album in the fourth quarter of 2021.

The favourable mix effect in 2020, led by digital media sales, is expected to diminish and slightly affect profitability in 2021.

Lagardère Travel Retail

Trading at Lagardère Travel Retail closely mirrors trends in air passenger traffic. As of 3 February 2021, forecasts published by various organisations including IATA indicate growth in air passenger traffic in 2021 at between 13% and 50% versus 2020.

In 2021, Lagardère Travel Retail will press ahead with the earnings protection initiatives launched in 2020, which resulted in a very favourable flow-through ratio of 19.9% in 2020, a benchmark in its industry. These cost-cutting actions will allow Lagardère Travel Retail to minimise flow through in 2021 versus 2019[5], depending on the pace of the recovery. Lagardère Travel Retail is also actively continuing efforts to control cash, especially as regards working capital and capital expenditure in 2021.

VII. INVESTOR CALENDAR[6]

- **First-quarter 2021 revenue**: 27 April 2021 before market opening
- **General Meeting – Fiscal year 2020**: 14 June 2021
- **First-half 2021 results**: 29 July 2021 after market close

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VIII. APPENDICES

FOURTH-QUARTER 2020 REVENUE

€m	Revenue		Change (%)	
	Q4 2019	**Q4 2020**	**consolidated**	**like for like**
Lagardère Publishing	677	700	+3.2	+4.0
Lagardère Travel Retail	1,117	380	-66.0	-64.9
Other Activities*	80	65	-18.8	-19.6
Target scope	**1,874**	**1,145**	**-39.0**	**-38.0**
Non-retained scope**	88	18	-79.5	-11.6
LAGARDÈRE	**1,962**	**1,163**	**-40.7**	**-37.7**

* *Lagardère News (*Paris Match, Le Journal du Dimanche*, Europe 1, Virgin Radio, RFM and the Elle brand licence), the Entertainment businesses, and the Group Corporate function.*
*** Operations disposed (former Lagardère Active division), excluding Lagardère Sports, classified as a discontinued operation in accordance with IFRS 5.*

Consolidated revenue

€m	October 2020		November 2020		December 2020		Total
	Revenue	**Change* (%)**	**Revenue**	**Change* (%)**	**Revenue**	**Change* (%)**	
Lagardère Publishing	272	+2.4	228	-0.7	200	+12.9	700
Lagardère Travel Retail	138	-63.9	108	-69.2	134	-61.7	380
Other Activities**	23	-10.4	20	-24.4	22	-24.1	65
Target scope	**433**	**-35.9**	**356**	**-41.6**	**356**	**-36.8**	**1,145**
Non-retained scope***	18	-12.1	-	N/A	-	N/A	18
LAGARDÈRE	**451**	**-35.2**	**356**	**-41.6**	**356**	**-36.8**	**1,163**

** Like-for-like basis.*
** *Lagardère News (*Paris Match, Le Journal du Dimanche*, Europe 1, Virgin Radio, RFM and the Elle brand licence), the Entertainment businesses, and the Group Corporate function.*
**** Operations disposed (former Lagardère Active division), excluding Lagardère Sports, classified as a discontinued operation in accordance with IFRS 5.*

[5] Negative impact on recurring EBIT of the decrease in 2021 revenue versus 2019.
[6] Dates susceptible to change.

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CHANGES IN SCOPE OF CONSOLIDATION AND EXCHANGE RATES

Full-year 2020:

The difference between consolidated and like-for-like revenue data is attributable to a €44 million negative currency impact resulting chiefly from fluctuations in the US dollar and pound sterling, and to a €40 million negative scope effect, breaking down as:

- a €124 million negative impact from disposals, relating mainly to Lagardère Studios and TV channels within the scope of the Group's strategic refocusing;
- an €84 million positive impact from acquisitions, carried out at Lagardère Travel Retail (acquisition of IDF representing a positive €47 million and of Smullers representing a positive €2 million) and at Lagardère Publishing (mainly Le Livre Scolaire representing a positive €14 million, Laurence King Publishing representing a positive €10 million and Blackrock Games representing a positive €6 million).

IX. GLOSSARY

Lagardère uses alternative performance measures which serve as key indicators 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 accounting items taken from the consolidated financial statements prepared under IFRS and a reconciliation with those items is provided in this press release, in the annual 2020 results presentation, or in the notes to the consolidated financial statements.

➢ **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 the 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 business 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 VIII – Appendices of this press release.

➢ **Recurring EBIT (Group recurring EBIT)**

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

Profit (loss) before finance costs and tax
Excluding:

- Income from equity-accounted companies before impairment losses
- 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
- Items related to leases and finance sub-leases:

- Cancellation of fixed rental expense* on concession agreements
- Depreciation of right-of-use assets on concession agreements
- Gains and losses on leases

* Cancellation of fixed rental expense on concession agreements is equal to the repayment of the lease liability, the associated change in working capital and interest paid in the statement of cash flows.

The reconciliation between recurring operating profit of fully-consolidated companies and profit before finance costs and tax is set out in the presentation of the 2020 full-year results.

➢ **Flow-through ratio**

Flow through is calculated by dividing the change in recurring operating profit of fully-consolidated companies (recurring EBIT) by the change in revenue. This indicator is used by the Group in the context of the Covid-19 pandemic to measure the effect of the decline in revenue on recurring EBIT.

➢ **Operating margin**

Operating margin is calculated by dividing recurring operating profit of fully consolidated companies (recurring EBIT) by revenue.

➢ **Recurring EBITDA over a rolling 12-month period**

Recurring EBITDA is calculated as recurring operating profit of fully consolidated companies (Group recurring EBIT) plus dividends received from equity-accounted companies, less depreciation and amortisation charged against property, plant and equipment and intangible assets, amortisation of the cost of obtaining contracts, and the cancellation of fixed rental expense** on property and other leases, plus recurring EBITDA from discontinued operations.

** Cancellation of fixed rental expense on concession agreements is equal to the repayment of the lease liability, the associated change in working capital and interest paid in the statement of cash flows.

➢ **Adjusted profit (loss) - Group share**

Adjusted profit - Group share is calculated on the basis of profit for the period, excluding non-recurring/non-operating items, net of the related tax and of minority interests, as follows:

Profit (loss) for the period

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
- Tax effects of the above items
- Non-recurring changes in deferred taxes
- Items related to leases and finance sub-leases:
  - Cancellation of fixed rental expense*** on concession agreements
  - Depreciation of right-of-use assets on concession agreements
  - Interest expense on lease liabilities under concession agreements
  - Gains and losses on leases
- Adjusted profit attributable to minority interests: profit attributable to minority interests adjusted for minorities' share in the above items

= Adjusted profit - Group share

*** Cancellation of fixed rental expense on concession agreements is equal to the repayment of the lease liability, the associated change in working capital and interest paid in the statement of cash flows.

The reconciliation between profit and adjusted profit - Group share is set out in section II - Main income statement items of this press release.

➢ **Free cash flow**

Free cash flow is calculated as cash flow from operations before changes in working capital, the repayment of lease liabilities and related interest paid, changes in working capital and interest paid plus net cash flow relating to acquisitions and disposals of property, plant and equipment and intangible assets.

The reconciliation between cash flow from operations and free cash flow is set out in section III - Other financial information of this press release.

➢ **Free cash flow excluding changes in working capital**

Free cash flow excluding changes in working capital is calculated by deducting changes in working capital from free cash flow.

➢ **Net debt**

Net debt is calculated as the sum of the following items:

- Short-term investments and cash and cash equivalents
- Financial instruments designated as hedges of debt
- Non-current debt
- Current debt

= Net debt

The reconciliation between balance sheet items and net debt is set out in the presentation of the 2020 full-year results.

***

A live webcast of the presentation of the full-year 2020 results will be available today at 6:00 p.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.

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Created in 1992, Lagardère is an international group with operations in more than 40 countries worldwide. It employs some 28,000 people and generated revenue of €4,439 million in 2020.
In 2018, the Group launched its strategic refocusing around two priority divisions: Lagardère Publishing (Book and e-Publishing, Mobile and Board games) and Lagardère Travel Retail (Travel Essentials, Duty Free & Fashion, Foodservice).
The Group's operating assets also include Lagardère News and Lagardère Live 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 Universal Registration Document filed in French by Lagardère SCA with the 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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