



The Lagardère group confirms its resilience in the face of the health crisis thanks to the complementarity of its two divisional drivers and other activities

**Lagardère Publishing: revenue up sharply by 14% year on year
Successful editorial decisions amid extended lockdowns**

**Lagardère Travel Retail: trading remains affected by the health crisis
(down 56% year on year)**

Its business and geographical diversity is enabling the Group to capture nascent tailwinds

Paris, 27 April 2021, 8:00 a.m.

- ***Lagardère Publishing***

Continued solid revenue performance in first-quarter 2021, driven by successful frontlist and backlist releases in General Literature and Illustrated Books in France, the United Kingdom and the United States. Sales were driven by successful editorial decisions in the various regions as well as by the increased appeal of reading among consumers during extended lockdowns, notably in France and the United Kingdom.

- ***Lagardère Travel Retail***

Pending the beneficial effects of the vaccination campaigns, first-quarter 2021 revenue closely mirrored trends in air passenger traffic, with different dynamics depending on the region. While Europe suffered a third wave of the virus and was locked down, China saw continued growth and the United States showed signs of a nascent recovery in domestic air traffic towards the end of the quarter.

- ***Liquidity***

The Group's liquidity was strengthened at 31 March 2021 (versus 31 December 2020) thanks to new financing arrangements – especially the state-backed loan – and the Group's tightly controlled cash generation.

I. REVENUE

| | Revenue (€m) | | Change vs. 2020 (%) | | Change vs. 2019 (%) |
|-------------------------|--------------|------------|---------------------|---------------|---------------------|
| | Q1 2020 | Q1 2021 | reported | like-for-like | like-for-like |
| Lagardère Publishing | 457 | 509 | +11.6 | +13.9 | +10.1 |
| Lagardère Travel Retail | 804 | 341 | -57.6 | -56.1 | -63.1 |
| Other Activities* | 60 | 55 | -8.3 | -10.4 | -16.0 |
| Target scope | 1,321 | 905 | -31.5 | -29.8 | -37.8 |
| Non-retained scope** | 40 | - | N/A | N/A | N/A |
| LAGARDÈRE | 1,361 | 905 | -33.5 | -29.8 | -37.8 |

* 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 Studios, excluding Lagardère Sports, classified as a discontinued operation in accordance with IFRS 5).

● Lagardère Publishing

Revenue for the division totalled €509 million in the first quarter of 2021, up 11.6% as reported and up 13.9% like for like. Scope effects added €6 million to revenue, while currency effects reduced revenue by €17 million.

The year-on-year changes below are presented on a like-for-like basis.

France reported revenue growth of 22.2% on the back of advances in all segments benefiting from the increased appeal of reading among consumers during lockdown, and from the extended closure of restaurants and cultural venues. Growth was driven in particular by a strong performance from General Literature, Larousse and Illustrated Books, led by momentum in Lifestyle and the successful reissues of *Lupin* and *Attack on Titan* alongside their television series adaptations. Distribution revenue benefited from this brisk sales momentum over the quarter. However, tourism guide sales retreated.

Revenue in the United States increased by 9.1%, with strong momentum in Young Readers books, mainly on the backlist, and by a rich Commercial Fiction programme. Digital formats continued to perform well, despite a slowdown in audiobooks following the 2020 success of *The Witcher* in this format.

Revenue in the United Kingdom also grew sharply in the quarter by 19.8%, thanks to a good performance in General Literature, led in particular by Julia Quinn's *Bridgerton* backlist in the wake of the successful television series aired from December 2020. Business also benefited from still-buoyant digital sales, which posted double-digit growth.

Revenue in Spain/Latin America was down 11.7%, with growth in Trade and Education in Spain offset by the severe adverse impact of the health crisis in Mexico.

Partworks posted growth of 4.8%, led notably by the success of collections in Japan and in France.

E-books accounted for 9.0% of total Lagardère Publishing revenue in the first quarter of 2021, versus 9.7% in first-quarter 2020, while downloadable audiobooks represented 4.6% of revenue compared to 5.9% one year earlier.

● Lagardère Travel Retail

Revenue for the division totalled €341 million in first-quarter 2021, down 57.6% as reported and down 56.1% like for like. The scope effect was neutral, while the currency effect reduced revenue by €12 million.

As a reminder, in 2020, the health crisis started to impact revenue as from March. The year-on-year changes below are presented on a like-for-like basis.

France reported a 59.7% contraction in business, reflecting a strengthening of government-ordered domestic travel restrictions.

The EMEA region (excluding France) retreated by 63.8%, with revenue impacted by the introduction of more stringent travel restrictions in most countries. Central Europe performed relatively better, supported by city-centre shops operated by the division in that region.

Revenue in North America contracted by 51.6%. The sales trend for the first two months remained broadly in line with the fourth quarter of 2020, but momentum showed signs of a slight improvement in March 2021 as the vaccination campaign gathered pace and restrictions were gradually eased on domestic travel.

Revenue in Asia-Pacific was down 31.9%, with the Pacific region (Australia and New Zealand) and Singapore all experiencing sharp declines in sales as a result of border closures. However, revenue in China¹ was up 37.1%, highlighting the pertinence of the Lagardère Travel Retail offering amid favourable air passenger traffic conditions in mainland China.

● Other Activities

Revenue for Other Activities totalled €55 million in first-quarter 2021, down 8.3% as reported and down 10.4% like for like.

The year-on-year changes below are presented on a like-for-like basis.

Revenue for Lagardère News² in the first quarter of 2021 was down 3.5%. The Radio segment remained relatively stable, up 1.5%, thanks especially to firm business levels with advertisers in March 2021. Revenue for the Press segment was down 3.4% due to a decline in circulation revenues as a result of the closure of numerous points of sale during lockdown. International licensing sales were down 14.3% due to the health crisis.

Lagardère Live Entertainment posted a 96.2% decline in revenue during the period, impacted by the enforced closure of live performance venues as required by the health measures in force.

II. KEY EVENTS SINCE 25 FEBRUARY 2021

29 March 2021: Appointment of Pierre Leroy, Co-Managing Partner of Lagardère SCA as Chairman and Chief Executive Officer of Hachette Livre. Appointment of Fabrice Bakhouché as Deputy Chief Executive Officer.

Acting on the proposal of Arnaud Lagardère, the board of directors of Hachette Livre, the holding company of the Lagardère Publishing division, appointed Pierre Leroy as Chairman and Chief Executive Officer. Pierre Leroy succeeds Arnaud Nourry, who has decided to part ways with the Group on an amicable basis.

Acting on the proposal of Pierre Leroy, the board of directors of Hachette Livre appointed Fabrice Bakhouché as Deputy Chief Executive Officer.

26 April 2021: Following recent rumors appeared in the press on Saturday April 24, 2021, Lagardère SCA confirms that it is currently studying a project to change its corporate form into a joint-stock company. Discussions are ongoing in this respect between the company and its main shareholders. There can be no certainty as to the outcome of the current discussions. Lagardère SCA will not comment further and will communicate in due course in accordance with applicable regulations.

III. COVID-19: OUTLOOK AND LIQUIDITY

The impacts of the health crisis are considerably different for Lagardère Publishing and Lagardère Travel Retail. For full-year 2021, the environment remains uncertain amid a third wave of the pandemic. Lagardère is pressing ahead with its Group-wide cost cutting and cash control efforts.

● Lagardère Publishing

The increased appeal of reading among consumers in the context of the health crisis has boosted sales, highlighting the pertinence of Lagardère Publishing's editorial offering. The Group considers that the division's sales momentum will return to normal in 2021 as leisure and cultural 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.

¹ Mainland China and Hong Kong.

² *Paris Match*, *Le Journal du Dimanche*, Europe 1, Virgin Radio, RFM and the Elle brand licence.

● Lagardère Travel Retail

Trading at Lagardère Travel Retail closely mirrors air passenger traffic in the different regions, both in Europe, in the context of the prolonged lockdown, and in the United States, where there are signs of a nascent recovery in domestic air traffic.

In 2021, the division will press ahead with the earnings protection initiatives launched in 2020, enabling Lagardère Travel Retail to minimise flow through in 2021 versus 2019¹, 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.

Liquidity

At 31 March 2021, the Group's liquidity stood at €1,990 million, comprising €890 million in cash and cash equivalents and the €1,100 million renewable credit facility, which remains entirely undrawn.

IV. INVESTOR CALENDAR²

- **General Meeting – Fiscal year 2020:** 30 June 2021
- **First-half 2021 results:** 29 July 2021 after market close

V. APPENDICES

CHANGES IN SCOPE OF CONSOLIDATION AND EXCHANGE RATES

First-quarter 2021:

The difference between reported and like-for-like data is largely attributable to a €29 million negative currency effect and to a €34 million negative scope impact, breaking down as:

- a €40 million negative impact from disposals, relating to the disposal of Lagardère Studios within the scope of the Group's strategic refocusing;
- external growth transactions, including €6 million at Lagardère Publishing, chiefly reflecting the acquisition of Laurence King Publishing for €5 million.

VI. GLOSSARY

Lagardère uses alternative performance measures 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 accounting items taken from the consolidated financial statements prepared under IFRS and a reconciliation with those items is provided in this press release or in the first-quarter 2021 revenue presentation.

➤ **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 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;

¹ Negative impact on recurring EBIT of the decrease in 2021 revenue versus 2019.

² Dates susceptible to change.

- 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 ceased to exercise 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 reported and like-for-like figures is explained in section V - 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.

➤ **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.

A live webcast of the first-quarter 2021 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.

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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