



**Revenue for Q3 2017: €1,852 million,
up 2.2% like-for-like^{(1)/(2)}**

**Lagardère confirms its recurring EBIT growth target⁽²⁾ for 2017
at between 5% and 8%⁽³⁾**

Paris, 9 November 2017

After a solid first-half performance, the Lagardère group continued its like-for-like growth momentum, buoyed by good results at Lagardère Travel Retail.

Revenue for the Group in the third quarter of 2017 came to €1,852 million, up 2.2% like-for-like and down 6.3% on a consolidated basis. The difference between like-for-like and consolidated figures is primarily attributable to the divestment of Press Distribution operations by Lagardère Travel Retail. Changes in foreign exchange rates over the period, are chiefly linked to the US dollar and pound sterling.

By division (like-for-like basis):

- **Lagardère Publishing:** revenue was down 2.1%, as expected, primarily linked to the success of *Harry Potter and the Cursed Child* in third-quarter 2016. However, Education posted a good performance, driven by curricular reform in France.
- **Lagardère Travel Retail:** continued business growth (up 7.9%), buoyed by the extension of networks and by the rise in passenger traffic, especially in the EMEA region.
- **Lagardère Active:** revenue was down 2.1% due to Press and Radio activities that followed the market's downward trend. However, Press circulation turned in a good performance and TV operations rallied.
- **Lagardère Sports and Entertainment:** the 8.0% decline in revenue was mainly the result of the sporting calendar.

At 30 September 2017:

Revenue for the first nine months of 2017 totalled €5,158 million, up 4.2% like-for-like and down 4.6% on a consolidated basis.

The difference between like-for-like and consolidated figures is essentially related to the divestment of Press Distribution operations by Lagardère Travel Retail, which was partly offset by acquisitions at Lagardère Publishing. Changes in foreign exchange rates are primarily linked to the depreciation of the pound sterling.

Over the first nine months of the year, revenue growth was powered by good performances at Lagardère Travel Retail and Lagardère Publishing and by a favourable calendar effect at Lagardère Sports and Entertainment.

⁽¹⁾At constant exchange rates and consolidation scope. See appendices at the end of the press release.

⁽²⁾Alternative performance indicators. See the glossary at the end of this press release.

⁽³⁾At constant exchange rates and excluding the impact from disposals of Distribution activities.

I- REVENUE AND ACTIVITY BY DIVISION

	Revenue (€m)		Change	
	At 30 September 2016	At 30 September 2017	on a consolidated basis	on a like-for-like basis
Lagardère Publishing	1,645	1,665	+1.2%	+1.5%
Lagardère Travel Retail	2,784	2,545	-8.6%	+8.6%
<i>o/w Travel Retail</i>	2,329	2,534	+8.8%	+8.7%
<i>o/w Distribution</i>	455	11	-97.7%	-1.0%
Lagardère Active	631	590	-6.5%	-4.7%
Lagardère Sports and Entertainment	347	358	+3.1%	+3.5%
LAGARDÈRE	5,407	5,158	-4.6%	+4.2%

	Revenue (€m)		Change	
	Q3 2016	Q3 2017	on a consolidated basis	on a like-for-like basis
Lagardère Publishing	675	646	-4.3%	-2.1%
Lagardère Travel Retail	994	917	-7.7%	+7.9%
<i>o/w Travel Retail</i>	853	917	+7.6%	+7.9%
<i>o/w Distribution</i>	141	-	-100%	-
Lagardère Active	196	189	-3.5%	-2.1%
Lagardère Sports and Entertainment	111	100	-9.9%	-8.0%
LAGARDÈRE	1,976	1,852	-6.3%	+2.2%

● Lagardère Publishing

Revenue at 30 September 2017 came in at €1,665 million, up 1.5% like-for-like (up 1.2% on a consolidated basis). The difference between these two figures reflects a €27 million positive scope impact resulting mainly from the acquisitions of Perseus, Brainbow, Bookouture and IsCool Entertainment, and a €31 million negative foreign exchange effect, relating chiefly to the depreciation of the pound sterling.

Over the first nine months of the year, the activity delivered a good performance in Partworks (up 9.3%) and in the United States (up 2.2%). This offset lacklustre activity in the United Kingdom resulting from an unfavourable comparison effect linked to the huge success of *Harry Potter and the Cursed Child*, which was published in third-quarter 2016.

Third-quarter 2017:

At €646 million for the quarter, revenue declined as expected, hit by an unfavourable comparison effect (down 2.1% like-for-like and down 4.3% on a consolidated basis). The difference between like-for-like and consolidated figures chiefly reflects a €2 million positive scope impact and a €17 million negative foreign exchange effect.

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

In France (up 6.0%), revenue was mainly driven by educational publishers' successful implementation of the second year of curricular reform (particularly in the middle school segment). General Literature was boosted by a strong performance from Livre de Poche paperbacks over the summer, and by the success of Laetitia Colombani's *La tresse* (Grasset) and Erik Orsenna's *La Fontaine : une école buissonnière* (Stock).

In the United States, the 2.8% drop in revenue reflects a lighter release schedule. Perseus's good results failed to offset the unfavourable comparison effect resulting from the strong third-quarter 2016 performance, which had been boosted by the success of new titles such as Nicholas Sparks' *Two by Two* and James Patterson's *Woman of God*.

The United Kingdom saw a significant fall in revenue as expected, down 13.5% owing to an unfavourable comparison effect, with third-quarter 2016 having been boosted by the success of *Harry Potter and the Cursed Child*. Adult Trade turned in a strong performance thanks to releases including Martina Cole's *Damaged* and four new *Famous Five* titles.

As expected, revenue was down in the Spain/Latin America region, retreating 11.5% on the back of an unfavourable comparison effect linked to curricular reform in third-quarter 2016.

Partworks delivered bullish growth (up 12.1%), led by a record number of new titles in July and August and by a good backlist performance, especially in Japan and Spain.

E-books accounted for 7.2% of total Lagardère Publishing revenue in third-quarter 2017, versus 6.8% in third-quarter 2016.

● Lagardère Travel Retail

Revenue for the division totalled €2,545 million at 30 September 2017, up 8.6% like-for-like (down 8.6% on a consolidated basis). The difference between like-for-like and consolidated figures results from an €11 million positive foreign exchange effect linked primarily to a rise in the Polish zloty, Australian dollar and Icelandic krona, and from a €450 million negative scope impact, breaking down as:

- a €464 million negative impact from deconsolidations, essentially Press Distribution operations in Belgium, Hungary, Spain and Canada;
- a €14 million positive impact from acquisitions, relating mainly to the consolidation of Duty Free operations in Poland (Warsaw Modlin airport) and Estonia.

Third-quarter 2017:

Revenue for the division totalled €917 million, up 7.9% like-for-like (down 7.7% on a consolidated basis). The difference between these two figures reflects a €134 million negative scope impact and an €11 million negative foreign exchange effect.

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

In France, the activity posted brisk 8.4% growth, led by network expansion (particularly in Foodservice) and by favourable trends in the product mix, particularly for Relay stores. The Duty Free segment delivered a good performance, driven in particular by the modernisation of stores at Nice airport.

The EMEA region (excluding France) reported bullish momentum (up 12.0%), with rising traffic and network expansion providing a substantial boost to revenue in Poland and Italy – especially in the Duty Free and Foodservice segments – as well as in the Czech Republic.

North America (up 1.4%) witnessed a slowdown in growth due to the impact of hurricanes during the period which led to the temporary closure of some airports.

Activity was once again mixed in Asia-Pacific (up 5.6%), with strong momentum in Asia (up 15.4%) led primarily by the growth of fashion stores in China and Hong Kong, but a disappointing performance from the Duty Free segment in New Zealand owing to the passenger mix, the organisation of retail spaces and a sharply negative foreign exchange effect.

● Lagardère Active

Revenue at 30 September 2017 totalled €590 million, down 4.7% like-for-like (down 6.5% on a consolidated basis). The difference between like-for-like and consolidated figures is attributable to a €13 million negative scope effect primarily resulting from the sale of LeGuide.com in September 2016.

Advertising revenue over the nine months fell 6.5% for the division as a whole.

Third-quarter 2017:

Revenue totalled €189 million, down 2.1% like-for-like (down 3.5% on a consolidated basis).

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

Magazine Publishing revenue retreated 2.6%, an improvement on the first half of the year. This was the result of a 2.4% rise in circulation revenue and an 11.9% decrease in advertising revenue over the period.

Revenue for the Radio segment was down 7.9% owing to the fall in advertising revenue, mainly reflecting the continued decline in audience figures for the Europe 1 station over the period.

Television activities reported 2.9% growth, driven by well-executed programme deliveries for Lagardère Studios and more upbeat trends for TV channels.

Pure-play digital and B2B revenue improved, dipping 0.7%, with the decline in B2B activities offset by the good performance of e-health activities (MonDocteur) and BilletRéduc ticketing services.

● Lagardère Sports and Entertainment

Revenue totalled €358 million at 30 September 2017, up 3.5% like-for-like (up 3.1% on a consolidated basis). The difference between these two figures is due to a €2 million negative foreign exchange effect linked primarily to the depreciation of the pound sterling.

Operations advanced on the back of a favourable calendar effect, with the successful rollout of the contract for the 2017 Total African Cup of Nations in Gabon and the FIFA 2018 World Cup qualifying matches in Asia, as well as a good performance from football activities in Europe (particularly in Germany), which offset the termination of the Friends Arena contract in Sweden over the period.

Third-quarter 2017:

Third-quarter revenue totalled €100 million, down 8.0% like-for-like (down 9.9% on a consolidated basis). The difference between like-for-like and consolidated figures is primarily due to the fall in the US dollar.

The downtrend reflects both a quieter sporting calendar than in third-quarter 2016, which had been boosted by hospitality sales for the Rio 2016 Olympic Games and qualifying matches for the 2017 Total African Cup of Nations in Gabon, as well as the termination of the Friends Arena contract in Sweden.

II- HIGHLIGHTS SINCE 27 JULY 2017

- **Lagardère Travel Retail wins the Duty Free concession at Dakar's new airport (Senegal).**
The Group is scheduled to open this concession in fourth-quarter 2017.
- **Hachette Livre, founding member of Educapital.**
On 6 October 2017, Hachette Livre, a Lagardère Publishing subsidiary, helped set up Educapital. The fund will identify and partner innovative start-ups in the education and training sectors, particularly in primary, secondary and higher education and extra-curricular activities.
- **Acquisition of production company Aito Media Group.**
On 17 October 2017, Lagardère Active announced that it had taken a majority stake in Finnish production company Aito Media Group, which specialises in factual and unscripted entertainment. This transaction is consistent with Lagardère Active's strategy of ramping up the international presence of Lagardère Studios.
- **Acquisition of Summersdale, a UK-based independent Trade Publisher.**
On 31 October 2017, Lagardère Publishing's subsidiary Octopus Publishing Group acquired Summersdale, an independent trade publisher of gift and humour titles.

III- OUTLOOK – FINANCIAL POSITION

GUIDANCE FOR 2017 GROUP RECURRING EBIT CONFIRMED

Lagardère confirms its target for Group recurring EBIT growth announced on 8 March.

Based on the Group's performance over the first nine months of 2017 and the outlook for the full year, the Group recurring EBIT target for 2017, that was announced last March, is confirmed.

Accordingly, **Group recurring EBIT growth in 2017 is expected to be between 5% and 8%** versus 2016, at constant exchange rates and excluding the impact from disposals of Distribution activities.

FINANCIAL POSITION

The Group's financial position remains solid, with healthy liquidity and a balanced repayment schedule.

IV- INVESTOR CALENDAR

- **Publication of full-year 2017 revenue** on 8 February 2018 at 8:00 a.m. (conference call at 10:00 a.m.).
- **Publication of full-year 2017 results** on 8 March 2018 at 5:35 p.m.

V- APPENDICES

CHANGES IN SCOPE OF CONSOLIDATION AND EXCHANGE RATES

Third-quarter 2017:

The difference between consolidated and like-for-like data is mainly attributable to a €30 million negative foreign exchange impact resulting from the depreciation in the US dollar and pound sterling, and to a €134 million negative scope effect, breaking down as:

- a negative scope effect linked to the divestment of Press Distribution activities in Belgium, Hungary and Canada for Lagardère Travel Retail and of LeGuide.com for Lagardère Active;
- a positive scope effect including the acquisitions of Brainbow and Bookouture for Lagardère Publishing and in particular the consolidation of Duty Free stores at Warsaw Modlin airport for Lagardère Travel Retail.

At 30 September 2017:

The difference between consolidated and like-for-like data is attributable to a €22 million negative foreign exchange impact resulting mainly from the depreciation in the pound sterling, and to a €435 million negative scope effect, breaking down as:

- a €482 million negative impact from disposals, primarily relating to the divestment of Distribution activities in Belgium (negative €321 million), Hungary (negative €93 million), Spain (negative €17 million) and Canada (negative €13 million) by Lagardère Travel Retail, and to the sale of LeGuide.com by Lagardère Active (negative €14 million) and of Yen Press by Lagardère Publishing (negative €4 million);
- a €47 million positive impact from acquisitions carried out mainly by Lagardère Publishing (consolidation of Perseus representing a positive €17 million, Brainbow representing a positive €5 million, Bookouture representing a positive €5 million, and IsCool Entertainment representing a positive €1 million), and by Lagardère Travel Retail (including in particular the consolidation of Duty Free stores at Warsaw Modlin airport in Poland representing a positive €8 million).

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 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 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 material 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)**

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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