



**Lagardère**

**FIRST-QUARTER 2018  
REVENUE**

**Revenue up 5% like-for-like<sup>(1)/(2)</sup> to €1,555 million**

**The Lagardère group confirms its recurring EBIT target<sup>(2)</sup> for 2018**

**Paris, 17 May 2018**

*The Lagardère group delivered 5% growth in revenue for first-quarter 2018, fuelled by organic growth momentum at Lagardère Travel Retail and a good performance from Lagardère Publishing. This growth performance was achieved while working actively towards the Group's strategic redeployment.*

**By division (like-for-like basis):**

- **Lagardère Publishing:** a solid first quarter with growth of 2.9% driven by vigorous expansion in Partworks and good business momentum in the United States.
- **Lagardère Travel Retail** strengthened its market position with revenue growth of 11% underpinned mainly by a good sales performance and network expansion in the ASPAC and EMEA regions.
- **Lagardère Active:** revenue was virtually stable (down 0.9%), with the solid performance of TV Production operations, resilient TV channel activities and a limited contraction in Magazine Publishing, despite the decline at the Europe 1 radio station.
- **Lagardère Sports and Entertainment:** as expected, the 14.3% decline in revenue was the result of an unfavourable calendar effect linked mainly to the non-occurrence of the 2017 Total Africa Cup of Nations and the 2017 Asian qualifiers for the 2018 FIFA World Cup.

**Group revenue totalled €1,555 million** for the quarter versus €1,533 million in first-quarter 2017<sup>(3)</sup>, **representing a rise of 5.0% like-for-like and of 1.5% on a consolidated basis.**

The difference between consolidated and like-for-like revenue reflects a negative foreign exchange effect of €63 million, primarily attributable to the depreciation of the US dollar.

The positive €10 million scope effect essentially relates to acquisitions carried out by Lagardère Publishing, partially offset by the divestment of Press Distribution activities by Lagardère Travel Retail in Hungary.

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

<sup>(2)</sup>Alternative performance indicators. See glossary at the end of the press release.

<sup>(3)</sup>Restated IFRS 15. See appendices at the end of the press release.

## I- REVENUE AND ACTIVITY BY DIVISION

	Revenue (€m)		Change	
	Q1 2017*	Q1 2018	on a consolidated basis	on a like-for-like basis
Lagardère Publishing	440	442	+0.5%	+2.9%
Lagardère Travel Retail	763	802	+5.2%	+11.0%
<i>o/w Travel Retail</i>	752	802	+6.6%	+11.0%
<i>o/w Distribution</i>	11	0	-100%	N/A
Lagardère Active	206	208	+0.9%	-0.9%
Lagardère Sports and Entertainment	124	103	-16.9%	-14.3%
<b>LAGARDÈRE</b>	<b>1,533</b>	<b>1,555</b>	<b>+1.5%</b>	<b>+5.0%</b>

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

### ● Lagardère Publishing

Revenue for the division totalled €442 million, up 2.9% like-for-like (up 0.5% on a consolidated basis). The difference between consolidated and like-for-like data is attributable to a negative €23 million foreign exchange effect resulting mainly from the depreciation of the US dollar and pound sterling, and a positive €12 million scope effect, due notably to the Group's 2017 acquisitions of Brainbow, Bookouture, Summersdale and Jessica Kingsley.

As in previous years, we emphasise that the first quarter traditionally makes a relatively low contribution to the year as a whole.

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

France had a positive start to the year (up 1.7%), particularly buoyed by Larousse, Le Livre de Poche paperbacks and Illustrated Books.

Business in the United States also delivered solid growth (up 5.4%), lifted by the continued success of the backlist, especially Pete Souza's *Obama: An Intimate Portrait*, and by a busy release schedule at Grand Central Publishing and Perseus.

Good business momentum in the United Kingdom (up 1.4%) was spurred by Michael Wolff's bestseller *Fire and Fury* at Little, Brown Book Group.

The Spain/Latin America region reported 4.3% growth, driven by Education in Spain (nursery school segment).

Partworks continued to enjoy vigorous growth (up 6.3%), fuelled mainly by the strong performance of France and Italy.

E-books accounted for 9.1% of total Lagardère Publishing revenue in first-quarter 2018, versus 10.0% in the same period in 2017.

### ● Lagardère Travel Retail

Revenue for the division totalled €802 million, up 11.0% like-for-like (up 5.2% on a consolidated basis). The difference between like-for-like and consolidated figures reflects a negative €36 million foreign exchange effect due mainly to the depreciation of the US dollar, and a negative €8 million scope effect, chiefly attributable to the divestment of Distribution activities in Hungary, partially offset by the consolidation of IFS Duty Free stores in Poland.

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

Business in France reported good momentum (up 2.1%), despite the negative impact of foreign exchange rates on spending by international passengers in the Duty Free segment. Growth was led mainly by the regional platforms, boosted by the modernisation of stores, particularly at Nice airport, as well as by a good performance from Foodservice activities.

The EMEA region (excluding France) posted further solid growth (up 15.6%), thanks notably to the impact of new stores opened in Geneva (Switzerland), Gdansk (Poland) and Dakar (Senegal), and to good sales performances in Eastern Europe.

North America reported further growth (up 1.7%), powered by upbeat momentum in Travel Essentials and Foodservice despite a negative network impact.

The Asia-Pacific region delivered robust growth (up 34.4%): Asia continued to benefit from the launch of the new Hong Kong concession and from good performances at fashion stores in China, while the Pacific region was buoyed by growth in the Duty Free segment in New Zealand.

Distribution activities, which were wholly divested on 7 February 2017, no longer contributed to division revenue in 2018.

## ● Lagardère Active

Revenue for the division totalled €208 million, down 0.9% like-for-like (up 0.9% on a consolidated basis). The difference between consolidated and like-for-like figures is mainly due to a positive scope effect of €4 million, primarily linked to the acquisition of Aito Media Group in October 2017.

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

Advertising revenues fell 5.6% year-on-year for the division as a whole.  
The first quarter represents a fairly low proportion of annual advertising revenues.

The limited decline in Magazine Publishing (down 4.5%) reflected a fall in advertising revenues, partially offset by a rise in circulation revenues (up 1.3%).

Revenue for the Radio segment retreated 7.2%, as the good momentum in international radio failed to offset lower audience figures for the Europe 1 station over the period.

Bullish growth in TV revenue (up 8.1%) results from a strong performance by Lagardère Studios, due primarily to the delivery of fiction programmes in France, and from increasing TV channel advertising revenues.

Positive trends in Pure Digital and B2B revenue (up 1.1%) were mainly driven by good momentum in e-Health operations (MonDocteur) and BilletRéduc ticketing services.

## ● Lagardère Sports and Entertainment

As anticipated, revenue declined to €103 million, down 14.3% like-for-like (down 16.9% on a consolidated basis). The difference between consolidated and like-for-like revenue can be explained by a €5 million negative foreign exchange impact linked primarily to the depreciation of the US dollar, offset by a €2 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, first quarter 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 stronger performances in the Olympics and Consulting businesses, together with the opening of Bordeaux Metropole Arena in January 2018.

## II- KEY EVENTS SINCE 8 MARCH 2018

### ● **Strategic redeployment**

- On 17 April 2018, the Lagardère group announced the sale of its Radio assets in the Czech Republic, Poland, Slovakia and Romania to Czech Media Invest for €73 million.
- On 18 April 2018, the Lagardère group announced that it had entered into exclusive negotiations with Czech Media Invest in order to sell its magazine titles in France (*Elle* and its various extensions, including the online presence of *Elle France*, *Version Femina*, *Art & Décoration*, *Télé 7 Jours* and its various extensions, *France Dimanche*, *Ici Paris* and *Public*). The News unit (including Europe 1, *Paris Match*, and *Le Journal du Dimanche*), as well as the Elle brand together with all of its international licenses, are outside the scope of this transaction.

### ● **Acquisition of the independent audiovisual production company Skyhigh TV**

On 12 March 2018, Lagardère Active announced that it had taken a majority stake in Skyhigh TV, the leading independent audiovisual production company in the Netherlands specialised in the production and distribution of entertainment, factual and documentary shows. This transaction is consistent with Lagardère Active's strategy of ramping up the international presence of Lagardère Studios.

### III- OUTLOOK

#### GUIDANCE FOR 2018 GROUP RECURRING EBIT

The Lagardère group confirms its target for Group recurring EBIT announced on 8 March 2018. For 2018, Group recurring EBIT is expected to remain stable versus 2017<sup>(4)</sup>, at constant exchange rates.

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### IV- INVESTOR CALENDAR

- **First-half 2018 results**  
The first-half results will be released on 26 July 2018 at 5:35 p.m. A conference call will be held at 6:00 p.m. on the same day.
- **Third-quarter 2018 revenue**  
Third-quarter revenue will be released on 8 November 2018 at 8:00 a.m. A conference call will be held at 10:00 a.m. on the same day.

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### V- APPENDICES

#### CHANGES IN CONSOLIDATION SCOPE AND EXCHANGE RATES

##### First-quarter 2018

The difference between consolidated and like-for-like data is mainly attributable to a negative €63 million foreign exchange effect resulting chiefly from the depreciation of the US dollar, and to a positive €10 million scope effect breaking down as:

- a €12 million negative impact from disposals, essentially Press Distribution operations in Hungary (negative €11 million);
- a €22 million positive impact from acquisitions, carried out mainly by Lagardère Publishing (acquisition of Brainbow representing a positive €3 million, Bookouture representing a positive €3 million, Summersdale representing a positive €3 million and Jessica Kingsley representing a positive €2 million), by Lagardère Active (acquisition of Aito Media Group representing a positive €3 million) and by Lagardère Travel Retail (consolidation of IFS Duty Free stores in Poland representing a positive €2 million).

#### IFRS 15 RESTATEMENTS

The application of IFRS 15 had a positive €12 million impact on the reported first-quarter 2017 revenue of Lagardère Active and a negative €11 million impact on that of Lagardère Sports and Entertainment. The overall impact on consolidated first-quarter 2017 revenue was a positive €1 million.

	Revenue (€m)		
	Q1 2017 reported	Q1 2017 restated IFRS 15	IFRS 15 impact
Lagardère Publishing	440	440	0
Lagardère Travel Retail	763	763	0
Lagardère Active	194	206	+12
Lagardère Sports and Entertainment	135	124	-11
<b>LAGARDÈRE</b>	<b>1,532</b>	<b>1,533</b>	<b>+1</b>

The difference between first-quarter 2017 revenue restated IFRS 15 and first-quarter 2017 revenue as published on 11 May 2017 can be explained as follows:

- restatements at Lagardère Active amounting to a positive €12 million, attributable to:

<sup>(4)</sup> Restated IFRS 15. See appendices at the end of the press release.

- 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 €8 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 €4 million.
- restatements at Lagardère Sports and Entertainment amounting to a negative €11 million, attributable notably to:
  - 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 €5 million;
  - 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 €5 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 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 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 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 presentation of revenue for first-quarter 2018 will be available today at 10:00 a.m. (CET) on the Group's website ([www.lagardere.com](http://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](http://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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