Sharp rise in Group recurring EBIT[1]: up 6.7%[2] to €403 million

Operating margin up to 5.7% from 5.3% in 2016

Solid financial position

Proposed ordinary dividend unchanged at €1.30 per share

2018 Group recurring EBIT[1] target stable[3]

Paris, 8 March 2018

In 2017, the Lagardère group delivered a further increase in operating profit, fuelled by stellar organic growth from Travel Retail and a strong performance from Lagardère Publishing.

Continued growth dynamic

- The Lagardère group recorded revenue of €7,069 million in 2017, up 4.0% on a like-for-like basis, notably reflecting an outstanding contribution from Travel Retail and good momentum at Lagardère Publishing, which posted growth of 9.1% and 1.9% respectively.

Continued rise in Group recurring EBIT

- **Lagardère achieved its Group recurring EBIT target with growth of 6.7%[2] compared to 2016.**
- Group recurring EBIT came in at €403 million versus €395 million in 2016, powered by good performances from Travel Retail and Lagardère Sports and Entertainment as well as by a solid contribution from Lagardère Publishing.
- Profit before finance costs and tax was €279 million versus €314 million in 2016, owing to a decrease in disposal gains which was partially offset by lower restructuring costs.
- Accordingly, profit - Group share improved slightly to €179 million from €175 million in 2016.

Solid financial position

- At end-2017, the Group's net debt remained stable at €1,368 million in the context of a sustained investment effort. The disposal of an asset offset an unfavourable year in terms of the change in working capital.
- At end-2017, the leverage ratio (net debt[4]/recurring EBITDA[4]) was stable year on year at 2.2x.

[1] Recurring EBIT of fully consolidated companies. See details at the end of the press release.
[2] At constant exchange rates and excluding the impact from disposals of Distribution activities.
[3] Versus 2017 Group recurring EBIT, restated for IFRS 15 and at constant exchange rates.
[4] See definition at the end of the press release.

I- REVENUE AND RECURRING EBIT[5]

REVENUE

Revenue totalled €7,069 million, up 4.0% like-for-like (down 4.4% on a consolidated basis). The difference between like-for-like and consolidated figures is essentially related to a negative scope effect resulting from the divestment of Press Distribution activities by Lagardère Travel Retail, partially offset by acquisitions at Lagardère Publishing. The negative foreign exchange effect resulted primarily from the depreciation of the pound sterling and the US dollar.

	Revenue (€m)		Change	
	2016	2017	on a consolidated basis	on a like-for-like basis
Lagardère Publishing	2,264	2,289	+1.1%	+1.9%
Lagardère Travel Retail	3,695	3,412	-7.7%	+9.1%
o/w Travel Retail	*3,132*	*3,401*	*+8.6%*	*+9.1%*
o/w Distribution	*563*	*11*	*-98.2%*	*-1.0%*
Lagardère Active	915	872	-4.7%	-4.1%
Lagardère Sports and Entertainment	517	496	-3.9%	-3.4%
LAGARDÈRE	**7,391**	**7,069**	**-4.4%**	**+4.0%**

GROUP RECURRING EBIT

Group recurring EBIT advanced 2.1% on a consolidated basis to €403 million.

The divestment of Press Distribution activities by Lagardère Travel Retail (Belgium, Hungary and Spain) represented a €13 million negative scope effect. Changes in exchange rates had a €4 million negative impact.

Stripping out these effects, **Group recurring EBIT growth was 6.7%, in line with the target announced in March 2017** (*"growth between 5% and 8% versus 2016, at constant exchange rates and excluding the impact from disposals of Distribution activities").*

	Group recurring EBIT (€m)		Change (€m)
	2016	2017	
Lagardère Publishing	208	210	+2
Lagardère Travel Retail	108	112	+4
o/w Travel Retail	*95*	*112*	*+17*
o/w Distribution	*13*	*0*	*-13*
Lagardère Active	78	70	-8
Lagardère Sports and Entertainment	20	26	+6
Other Activities	(19)	(15)	+4
LAGARDÈRE	**395**	**403**	**+8**

- **Lagardère Publishing**

Revenue

Revenue for 2017 came in at €2,289 million, up 1.9% like-for-like (up 1.1% on a consolidated basis).

Business growth in 2017 was mainly driven by the good performance from Partworks (up 8.8%), particularly in Argentina and Japan, and by gains in France (up 3.4%), which was boosted by the success of best-selling titles (including *Astérix et la Transitalique* and Dan Brown's *Origin*), by a record year for Le Livre de Poche paperbacks and by the success of textbook publishers amid curricular reform.

Business in the United States also delivered solid 2.7% growth, lifted by a busy release schedule, especially at Perseus and Nashville. These positive factors helped offset declines in the United Kingdom (down 3.9%) and the Spain/Latin America region (down 5.2%), which suffered an unfavourable comparison effect resulting primarily from the success of *Harry Potter and the Cursed Child* in the United Kingdom and Spain's curricular reform in 2016.

In 2017, the contribution of e-books to Lagardère Publishing's overall revenue was 7.9% (8.0% in 2016).

Recurring EBIT

At 9.2%, the operating margin was stable, with recurring EBIT at €210 million, representing an increase of €2 million on 2016.

The increase was mainly attributable to a strong performance in the United States, underpinned by successful releases as well as continued profitability gains as a result of the ongoing cost-cutting plan. These positive factors were partially offset by a decline in Partworks due to a richer launch programme, especially in Japan, and the unfavourable comparison basis in the United Kingdom in connection with the releases of *Harry Potter and the Cursed Child* and *Fantastic Beasts* in 2016.

[5] The Group's consolidated financial statements have been audited. The audit report will be signed off once the specific verifications have been completed.

Lagardère Travel Retail

Revenue

2017 revenue totalled €3,412 million, up 9.1% like-for-like (down 7.7% on a consolidated basis).
Lagardère Travel Retail posted very solid organic revenue growth in 2017, propelled especially by strong performances in the EMEA and ASPAC regions.

In France, the business generated solid 8.0% growth, led by Foodservice activities on the back of network expansion and the development of the platform in Nice, as well as by very good momentum in the Duty Free segment, focused mainly around the regional platforms.
EMEA (excluding France) once again posted strong growth (up 13.6%), spurred by network development, especially in Switzerland, Eastern Europe and Italy, as well as by a rise in passenger traffic and the modernisation of concepts.
Despite an unfavourable calendar effect and the impact of the hurricane season in the second half of the year, North America delivered a resilient performance and remained on the growth track (up 2.7%), lifted by network expansion.
The Asia-Pacific region delivered bullish 9.8% revenue growth, propelled by the new Hong Kong concession, strong performances by fashion stores in China and the upturn in the Pacific region on the back of the modernisation of the Duty Free store in Auckland (New Zealand).

Distribution operations saw revenue dip by 1.0% prior to their full disposal in February 2017.

Recurring EBIT

The division's operating margin was 3.3%, with recurring EBIT up to €112 million. The operating margin for Travel Retail edged up 0.3 percentage points to 3.3%.
Travel Retail recurring EBIT was up by €17 million or 18.0%, buoyed mainly by good performances in the EMEA region attributable to organic growth in Italy and the Czech Republic. France also enjoyed good momentum on the back of the Travel Essentials and Foodservice activities. Recurring EBIT growth in North America was lifted by business integration synergies and growth, which offset the impact of the hurricane season and the unfavourable calendar effect compared to 2016.

Distribution operations, which represented €13 million in recurring EBIT in 2016, made no contribution to Lagardère Travel Retail's 2017 recurring EBIT following the completion of the divestment process in February.

Lagardère Active

Revenue

2017 revenue totalled €872 million, down 4.1% like-for-like (down 4.7% on a consolidated basis). The downturn in business is mainly attributable to a drop in audience figures for the Europe 1 radio station, a decline at Lagardère Studios with the absence of deliveries of prime time series in Spain. The decline in Magazine Publishing was contained, with the fall in advertising revenues partially offset by a stable year-on-year performance from circulation.
The contraction in B2B revenue was offset by Pure Digital activities, thanks in particular to good performances at BilletRéduc ticketing services and e-health, with expansion at MonDocteur.
Advertising revenues fell 6.4% year-on-year for the division as a whole.

Recurring EBIT

At 8.0%, Lagardère Active's operating margin contracted by 0.5 percentage points, while recurring EBIT amounted to €70 million owing to the decline in advertising revenues at Europe 1. TV activities and international radio posted gains for the year. Lower advertising revenues at Magazine Publishing were offset by cost-cutting plans.

Lagardère Sports and Entertainment

Revenue

2017 revenue totalled €496 million, down 3.4% like-for-like (down 3.9% on a consolidated basis). The reduction in revenue reflects both the termination of the Friends Arena contract in Sweden and an unfavourable calendar effect, mainly linked to the 2016 AFF Suzuki Cup and AFC Olympic qualifiers (U23) in Asia. This is partially offset by the successful rollout of the contract for the 2017 Total African Cup of Nations in Gabon. However, football activities in Europe (particularly in Germany) as well as consulting activities turned in good performances.

Recurring EBIT

Lagardère Sports and Entertainment's recurring EBIT rose 30% to €26 million, with operating margin up 1.4 percentage points to 5.2%.
Whilst the sporting calendar effect was neutral in 2017, sales and business development efforts, especially in Football activities in Europe and Asia, contributed to an improved performance.

Other Activities

Recurring EBIT from **Other Activities** was a negative €15 million, a €4 million improvement on the year-earlier figure. This mainly reflects the favourable impact attributable to the recovery of VAT (including an adjustment in 2016), along with the beneficial effects of the plan to reduce overhead costs.

II- MAIN INCOME STATEMENT DATA

€m	2016	2017
Revenue	7,391	7,069
Group recurring EBIT	**395**	**403**
Income from equity-accounted companies*	10	3
Non-recurring/non-operating items	(91)	(127)
Profit before finance costs and tax	**314**	**279**
Finance costs, net	(49)	(73)
Profit before tax	**265**	**206**
Income tax (benefit) expense	(69)	1
Profit for the period	196	207
Minority interests	(21)	(28)
Profit - Group share	**175**	**179**

**Before impairment losses.*

- **Income from equity-accounted companies**

Income from equity-accounted companies (before impairment losses) came in at €3 million in 2017, compared with €10 million one year earlier, due mainly to start-up costs for jointly-controlled companies at Lagardère Travel Retail and to a lower contribution from the Marie Claire group.

- **Non-recurring/non-operating items**

Non-recurring/non-operating items represented a net negative amount of €127 million, compared with a net negative amount of €91 million in 2016, and mainly included:

- **€72 million in amortisation of intangible assets and costs relating to the acquisition of consolidated companies,** including €60 million for Lagardère Travel Retail, €7 million for Lagardère Publishing and €4 million for Lagardère Sports and Entertainment.
- **€41 million in restructuring costs,** including €23 million at Lagardère Active, corresponding primarily to costs incurred in connection with the reorganisation of Europe 1, with relocations further to voluntary redundancy plans rolled out in 2016, and with the discontinuation of the core operations of an audiovisual production company. The remaining balance concerns Lagardère Sports and Entertainment (€10 million) owing to costs incurred for the discontinuation of activities in Sweden, and at Lagardère Travel Retail (€9 million), chiefly due to the division's reorganisation in North America following the acquisition of Paradies in late 2015.
- **€33 million in impairment losses on property, plant and equipment and intangible assets,** including €10 million concerning the impairment of goodwill and property, plant and equipment of an entity at Lagardère Travel Retail in New Zealand, €6 million at Lagardère Publishing relating to the impairment of goodwill of entities in Spain and the United Kingdom, and €3 million at Lagardère Active for the goodwill of an audiovisual production company whose core operations have been discontinued. The balance mainly concerns property, plant and equipment.
- **€24 million in impairment losses on investments in equity-accounted companies**, including against the equity-accounted shares held in the Marie Claire group amid a downturn in the French and international advertising markets.
- **€43 million in net gains on asset disposals,** chiefly including €40 million in gains on the disposal of an office building in Levallois-Perret (France) at Other Activities, and €2 million at Lagardère Travel Retail further to the disposal of Press Distribution activities in Hungary.

- **Finance costs, net**

Net finance costs amounted to €73 million for 2017, a rise of €24 million on the prior year which had benefited from €22 million in gains on the disposal of Deutsche Telekom shares.

- **Income tax expense**

The **income tax benefit** booked in 2017 amounted to €1 million, an improvement of €70 million compared to 2016. In addition to the reimbursement of the 3% tax on dividends in France (positive impact of €16 million) and to the non-recurring corporate surtax in France in 2017 (negative impact of €5 million), the year-on-year decrease is attributable to changes in deferred taxes with a positive impact of around €59 million, mainly in connection with the recognition of tax loss carryforwards in France in view of the planned sale of a building and adjustments to deferred taxes to reflect new federal tax rates in the United States.

- **Profit**

Taking account of all these items, profit came out at €207 million, including €179 million attributable to the Group.

Profit attributable to minority interests was €28 million for 2017, versus profit of €21 million attributable to minority interests in 2016. The increase in this item is attributable to Lagardère Travel Retail, chiefly reflecting the increase in profit at its Italian entity Airest.

ADJUSTED PROFIT - GROUP SHARE

Adjusted profit - Group share (excluding non-recurring/non-operating items) was **€217 million,** versus €238 million in 2016.

(€m)	2016	2017
Profit - Group share	**175**	**179**
Restructuring costs	+113	+41
Gains/losses on disposals	-193	-43
Impairment losses on goodwill, property, plant and equipment, intangible assets and investments in equity-accounted companies	+88	+56
Amortisation of acquisition-related intangible assets and expenses	+71	+63
Tax effects on the above items	-21	-14
Taxes paid on dividends, reimbursements and surtax in France	+5	-6
Recognition of tax loss carryforwards in France*	-	-40
Remeasurement of deferred taxes in the United States (new federal tax rates)	-	-19
Adjusted profit - Group share**	**238**	**217**
of which disposal of Deutsche Telekom shares	*22*	*-*

**Due to the planned disposal of a real estate complex.*
***Alternative performance indicator.*

EARNINGS PER SHARE

Earnings per share - Group share totalled €1.38, versus €1.36 in 2016.
Adjusted earnings per share - Group share was €1.68, versus €1.84 in 2016.
The number of shares comprising the share capital was unchanged from the previous year.

III- OTHER FINANCIAL INFORMATION

NET CASH FROM OPERATING AND INVESTING ACTIVITIES

(€m)	2016	2017
Cash flow from operations before changes in working capital	557	563
Changes in working capital	26	(90)
Income taxes paid	(77)	(89)
Net cash from operating activities*	**506**	**384**
Purchases of property, plant and equipment and intangible assets	(253)	(261)
Disposals of property, plant and equipment and intangible assets	211	160
Free cash flow*/**	**464**	**283**
Purchases of investments	(108)	(68)
Disposals of investments***	139	19
Net cash from operating and investing activities	**495**	**234**

**Including positive impacts of €48m and €66m respectively in 2016 and 2017 attributable to interest paid/received following a change in presentation of the consolidated statement of cash flows (see note 1.1 to the consolidated financial statements for the six months ended 30 June 2017).*
***Alternative performance indicator.*
****Including €6m of interest received in 2016 and €4m in 2017 (see note 1.1 to the consolidated financial statements for the six months ended 30 June 2017).*

- **Net cash from operating activities**

In 2017, **cash flow from operations before changes in working capital** amounted to €563 million, compared to €557 million in 2016. The higher figure in 2017 mainly reflects growth in EBIT (up €8 million).

Changes in **working capital** represented a negative €90 million over the year, after a positive €26 million impact in 2016. The year-on-year change is attributable to Lagardère Publishing, chiefly due to a rise in trade receivables amid a more favourable release schedule in 2016 as well as an increase in the settlement of amounts owed to authors in the United States and United Kingdom, the latter owing, in particular, to royalties earned on successful titles in 2016.

Income taxes paid totalled €89 million in 2017 compared to €77 million in 2016. This increase is primarily due to a rise in taxes paid outside of France in view of the refund of a tax credit in the United States in 2016. In France, however, income taxes paid decreased year on year owing to the refund of the 3% tax on dividends (positive impact of €16 million), offset in part by the payment of the non-recurring corporate surtax in 2017 (negative impact of €5 million).

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

Purchases of property, plant and equipment and intangible assets represented an outflow of €261 million, versus €253 million in 2016, mainly concerning Lagardère Travel Retail (in line with its Travel Retail growth strategy), Lagardère Sports and Entertainment (acquisition of sports rights) and Lagardère Publishing (namely logistics projects in the United Kingdom and United States).

Disposals of property, plant and equipment and intangible assets represented an inflow of €160 million in 2017, versus €211 million in 2016, and essentially concern the sale of an office building in Levallois-Perret (France).

- **Free cash flow**

The Group's free cash flow totalled €283 million in 2017 (versus €464 million in 2016), the difference mainly reflecting the increase in working capital and the smaller net-of-tax impact of property sales (€125 million in 2017 versus €185 million in 2016).

- **Purchases of investments**

Purchases of investments represented an outflow of €68 million and mainly related to acquisitions carried out by Lagardère Publishing, in particular Bookouture, IsCool Entertainment, Jessica Kingsley and Summersdale, as well as to the acquisition by Lagardère Active of a majority stake in Aito Media Group. The remaining balance corresponds to smaller-scale acquisitions and earn-outs paid by Lagardère Travel Retail, Lagardère Active and Lagardère Sports and Entertainment.
Disposals of investments, which include interest received, represented an inflow of €19 million in 2017, including €12 million at Lagardère Publishing attributable mainly to the sale of Delcourt shares and of business assets in the United States.

- **Total cash flows from operating and investing activities**

In all, **operating and investing activities represented a net cash inflow of €234 million**, versus €495 million in 2016.

FINANCIAL POSITION

At end-December 2017, the Group's net debt remained stable at €1,368 million in the context of a sustained investment effort. The disposal of an asset offset an unfavourable change in working capital.

- **The Group's liquidity position remains very solid,** with €1,796 million in available liquidity (available cash and short-term investments reported on the balance sheet totalling €546 million and an undrawn amount on the syndicated credit line of €1,250 million). The debt repayment profile is well-balanced, with an amount of €375 million due for repayment in 2018 (including €276 million in commercial paper), €531 million in 2019 (mainly corresponding to the €500-million, 5-year bonds issued in September 2014), €501 million in 2023 (€500-million, 7-year bonds issued in April 2016) and €302 million in 2024 (including the €300-million, 7-year bonds issued in June 2017).
- The Group continues to enjoy a **healthy financial position**, with a leverage ratio (net debt(6)/recurring EBITDA(6)) of 2.2x.

IV- KEY EVENTS SINCE 8 FEBRUARY 2018

Disposal of headquarters of Europe 1.
On 20 February 2018, the Lagardère group entered into a sale agreement with the Ardian Real Estate group, for the headquarters of French radio station Europe 1, located at rue François 1er in central Paris for a sale price of €253 million. Four-fifths of this amount – representing fair market value negotiated with a high quality investor – will be paid without conditions precedent on the signing date of the final deed of sale by 25 June, with the balance to be paid at the end of the year.

V- OUTLOOK/DIVIDEND

2018 RECURRING EBIT GUIDANCE

The Lagardère group expects Group recurring EBIT in 2018 to remain stable versus 2017(7), at constant exchange rates.

DIVIDEND

As for 2016, shareholders at the Annual General Meeting will be asked to approve a €1.30 per share dividend for the 2017 fiscal year.

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(6)See definition at the end of the press release.
(7)Restated IFRS 15.

VI- CALENDAR

- **Supervisory Board Meeting**
  The Supervisory Board meeting was held on 8 March 2018 to review the parent company and consolidated financial statements for 2017.

- **2017 General Meeting**
  The General Meeting of Shareholders will be held on 3 May 2018 at 10:00 a.m. at the Carrousel du Louvre in Paris.

- **Ordinary dividend**
  The ex-dividend date for the ordinary dividend (proposed at €1.30 per share) for 2017 should be 7 May 2018, with a payment date for 9 May 2018.

- **First-quarter 2018 revenue**
  Quarterly revenue will be released on 17 May 2018 at 8:00 a.m. A conference call will be held at 10:00 a.m.

- **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.

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VII- APPENDICES

CHANGES IN SCOPE OF CONSOLIDATION AND EXCHANGE RATES

Full-year 2017:
The difference between consolidated and like-for-like revenue data is attributable to a €64 million negative foreign exchange effect resulting from the depreciation of the pound sterling and the US dollar, and to a €528 million negative scope effect, breaking down as:

- the negative impact of disposals (€595 million), primarily relating to the divestment of Press Distribution activities in Belgium (negative €391 million), Hungary (negative €128 million), Spain (negative €17 million) and Canada (negative €16 million) by Lagardère Travel Retail, and to the sale of LeGuide.com by Lagardère Active (negative €14 million);

- a €67 million positive impact from acquisitions carried out mainly by Lagardère Publishing (consolidation of Perseus representing a positive €17 million, acquisitions of Brainbow representing a positive €8 million, Bookouture representing a positive €8 million, and IsCool Entertainment representing a positive €2 million), by Lagardère Travel Retail (including in particular the consolidation of IFS Duty Free stores in Poland representing a positive €11 million), and by Lagardère Active (acquisition of Aito Media Group representing a positive €4 million).

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VIII-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 elements taken from the consolidated financial statements prepared under IFRS and a reconciliation with those accounting items is provided either in this press release 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 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 VII - Appendices of this press release.

➢ **<u>Recurring EBIT (Group recurring EBIT)</u>**

The Group's main performance indicator is recurring operating profit of fully consolidated companies (**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)

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 2017 full-year results.

➢ **<u>Operating margin</u>**

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

➢ **<u>Recurring EBITDA over a rolling 12-month period</u>**

Recurring EBITDA is calculated as recurring operating profit of fully consolidated companies (Group recurring EBIT) plus dividends received from equity-accounted companies, less amortisation and depreciation charged against intangible assets and property, plant and equipment.

The reconciliation between recurring EBITDA and recurring operating profit of fully consolidated companies (Group recurring EBIT) is set out in the presentation of the 2017 full-year results.

➢ **<u>Adjusted profit - Group share</u>**

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

Profit - Group share

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, including the tax on dividends paid in France
- Non-recurring changes in deferred taxes

= Adjusted profit - Group share

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

➢ **<u>Free cash flow</u>**

Free cash flow is calculated as cash flow from operations plus net cash flow relating to acquisitions and disposals of intangible assets and property, plant and equipment.

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

➢ **<u>Net debt</u>**

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 2017 full-year results.

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A live webcast of the presentation of the 2017 annual 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 in the evening.

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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

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.

Press Contacts

Thierry Funck-Brentano	Tel: +33 1 40 69 16 34	tfb@lagardere.fr
Ramzi Khiroun	Tel: +33 1 40 69 16 33	rk@lagardere.fr

Investor Relations Contact

Florence Lonis	Tel. +33 1 40 69 18 02	flonis@lagardere.fr