Lagardère

FULL-YEAR 2020 RESULTS

25 February 2021

Lagardère

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- general economic conditions (notably due to the Covid-19 pandemic health crisis);
- legal, regulatory, financial and governmental risks related to the businesses;
- certain risks related to the media industry (including, without limitation, technological risks);
- the cyclical nature of some of the businesses.

These risks factors and uncertainties are further developed in the "risk factors" section of the Universal Registration Document (the current version of which is available on the website of Lagardère SCA, in the investor relations' section, and on the AMF 's website).

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Lastly, disclosure of monthly revenue trends and flow through does not indicate a change in Lagardère SCA's communication but is intended to provide investors with more detailed information in light of the current general economic conditions due to the pandemic health crisis. On a going forward basis, Lagardère SCA intends to continue to communicate on quarterly earnings.

HIGHLIGHTS

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2020 HIGHLIGHTS:
STRONG BUSINESS ADAPTABILITY AND EFFICIENT CRISIS MANAGEMENT OVER 2020

Action plans delivering strong results in H2 2020, after H1 2020 initial impact

- **Lagardère Publishing very strong H2 2020**, with +5% revenue growth, exceptional Recurring EBIT & Free cash-flow
- **Lagardère Travel Retail proactively preserving profitability and cash** in H2 2020: achieving **best-in-class flow through**, agile inventory management & capex arbitrage
- Implementing **flexible cost structure across branches** in the current context & **rationalising costs** at corporate level

- **Deleveraging significantly** in H2 2020 thanks to favourable FCF**: net debt down to €1.7bn**, from €2.0bn (30/06/20)
- **Achieved strong available liquidity** of €1.6bn at year end
- **Liquidity secured going forward**: €465m State-guaranteed loan (PGE) implemented and RCF successfully extended until March 2023*

- **Successfully executed** Lagardère Studios and Lagardère Sports **disposals** in 2020

* Signed December 2020 and closed January 2021

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2020 GROUP PERFORMANCE MARKED BY COVID CRISIS EFFECT ON TRAVEL RETAIL

(€m)	2019	2020
Revenue*	**7,211**	**4,439**
Group recurring EBIT*/**	**378**	**(155)**
Operating margin*/*	***5.2%***	***-3.5%***
Free cash flow*/**	**294**	**(256)**
o/w free cash flow before changes in WC*/*	***260***	***(239)***
Net debt at end of year*/**	**(1,461)**	**(1,733)**

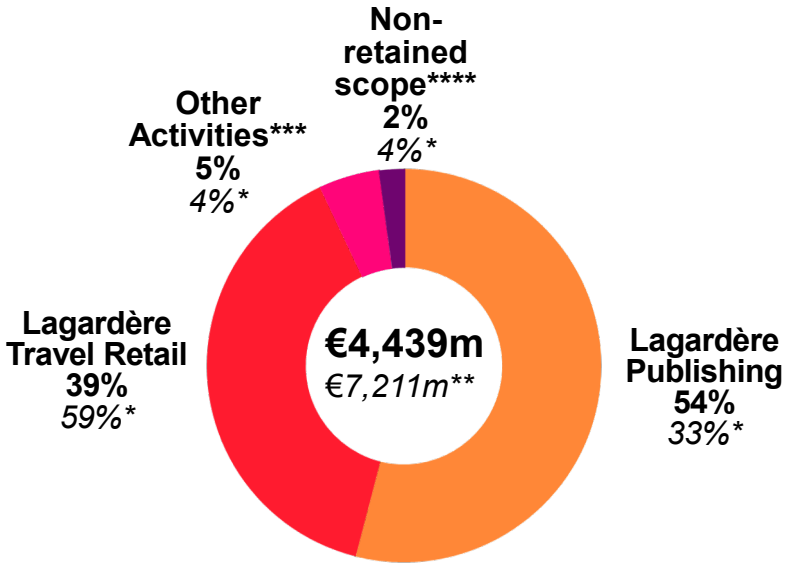
Lagardère Sports reclassified within discontinued operations in 2019 and 2020

* Excluding Lagardère Sports which has been classified within discontinued operations in accordance with IFRS 5
** Alternative Performance Measure (APM) – See Glossary

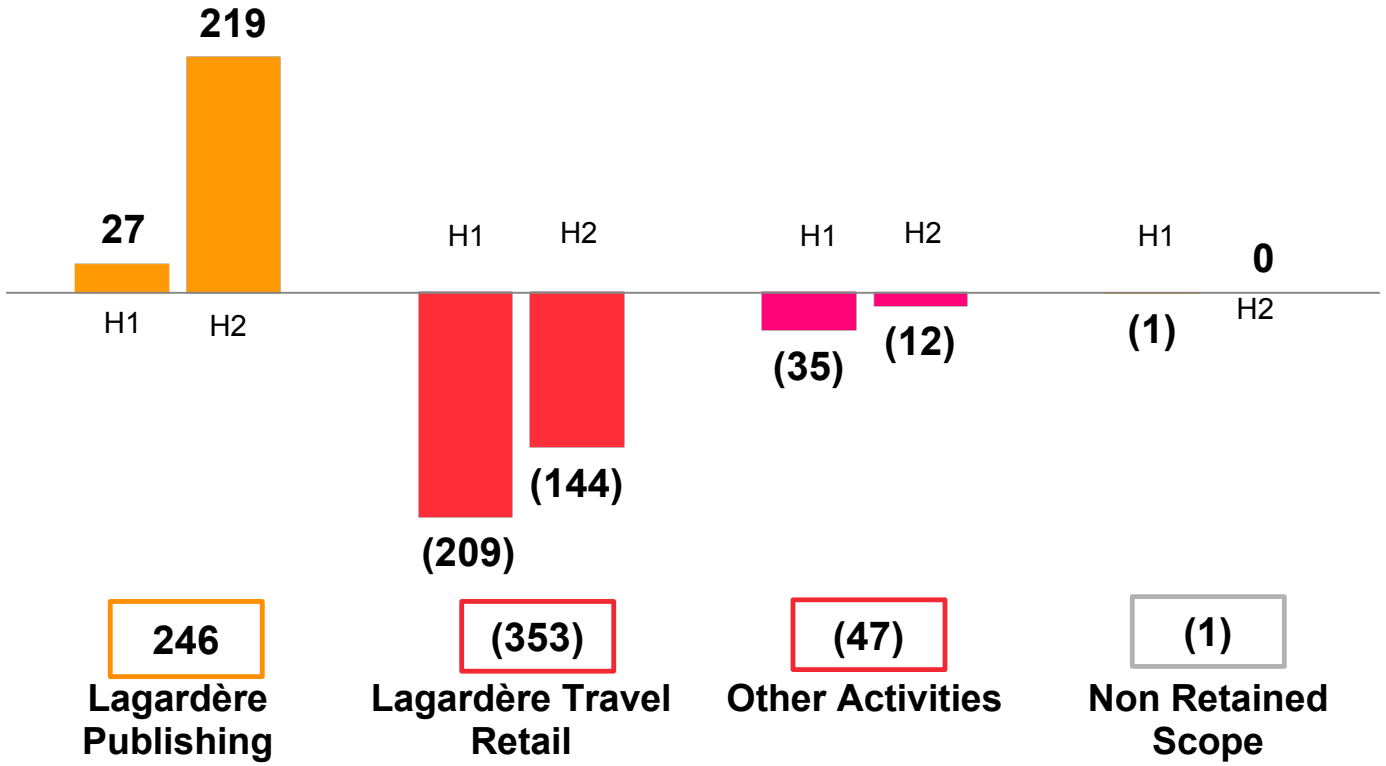
Lagardère

LAGARDÈRE PUBLISHING OUTSTANDING RESULTS PROVIDING SOLID GROUND TO THE GROUP IN A COVID CONTEXT

2020 Revenue by division



2020 Recurring EBIT by division



* % of 2019 revenue
** 2019 revenue
*** Other Activities include 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
**** Assets disposed of in 2019 o/w Press, TV channels and Mezzo and in 2020: Lagardère Studios
Note: excluding Lagardère Sports

Lagardère

2020 SIGNIFICANT ESG ACHIEVEMENTS

ENVIRONMENT
Reducing the environmental footprint of our products and services

Ensuring responsible paper cycle management:
98% certified and recycled paper (purchased and supplied)

Managing plastic reduction at Lagardère Travel Retail: in Europe, banning 100% of non-recyclable disposable plastic supplies for Lagardère foodservice brands

PEOPLE
Placing people at the heart of Group strategy

Promoting gender equality:
51% women executives: 300+ out of c. 600 executives

Promoting Diversity & Inclusion:

Paradies Lagardère: creation of a Diversity & Inclusion network

Hachette UK: membership growth and multiple initiatives at Thrive (BAME* Network at 'Changing the Story' D&I programme)

SOCIAL
Sharing our social and cultural diversity

Creation of **a Covid solidarity fund** to support our most severely affected employees

Solidarity at Lagardère Travel Retail : partnership with Phenix in France – equivalent of **€240k of unsold food** distributed to 13+ charities

ETHICS
Ensuring ethical and responsible governance

Updating Lagardère's Code of Ethics

Implementation of Ethics Line: a Group-wide, cross-business, whistleblowing platform, for all Lagardère employees and stakeholders

*Black, Asian & Minority Ethnic

PERFORMANCE BY DIVISION

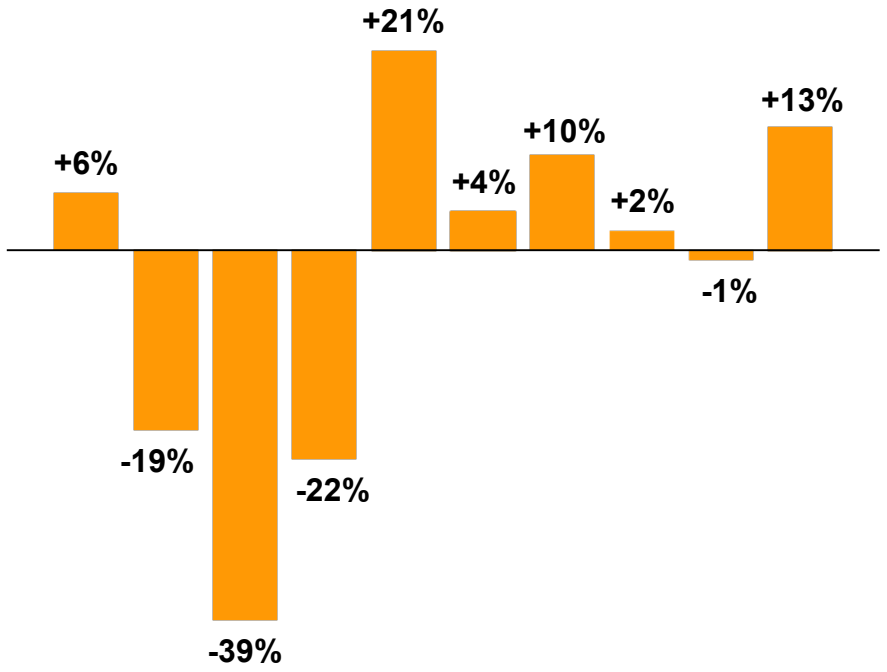
Lagardère PUBLISHING

2020 PERFORMANCE

Lagardère PUBLISHING

CAPTURING REVENUE GROWTH OVER H2 2020 DESPITE LOCKDOWN

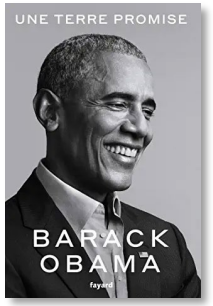
2020 monthly like-for-like revenue

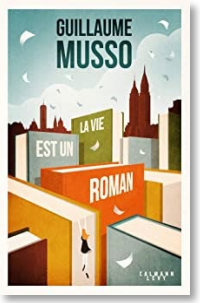


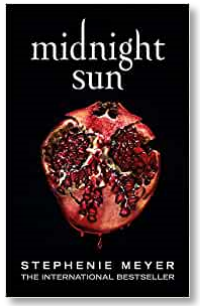
-0.8%

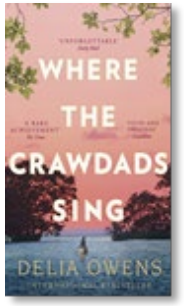
€2,375m

- **Attractive book offering** allowing to capture exceptional demand for General Literature over the year
- **Strong adapting curve post-H1 2020 lockdown**: swifter anticipation including supply chain, over H2 2020
- **+5% revenue growth in H2 2020** despite volatile monthly revenue trend (due to lockdowns in various regions)
- Online sales and click & collect enabling to **mitigate second wave negative impact in November 2020**



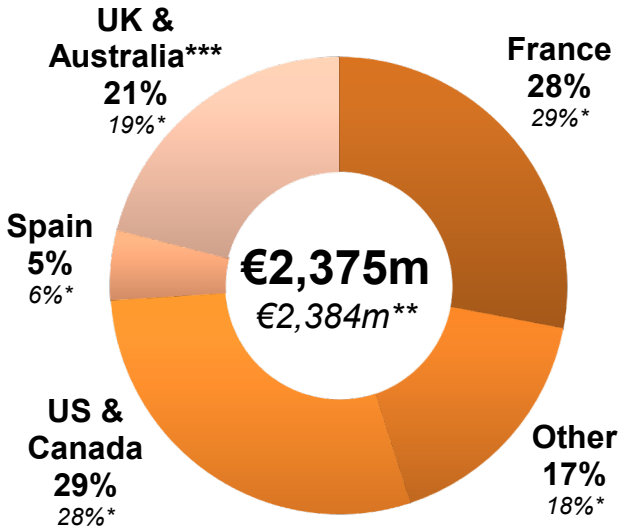




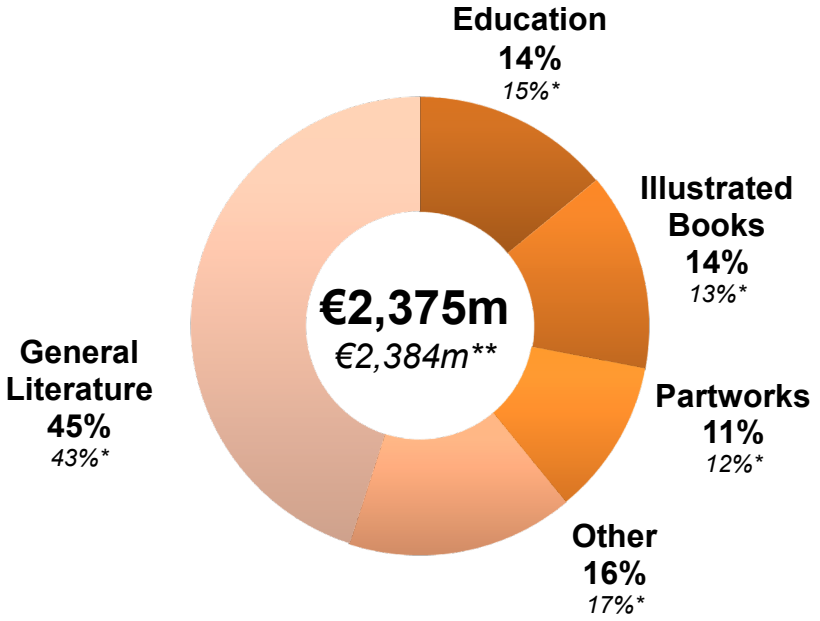


STRONG YEAR IN GENERAL LITERATURE ACROSS GEOGRAPHIES, BOOSTED BY FORMAT MIX, MITIGATING SOFTER PERFORMANCE IN OTHER SEGMENTS

2020 revenue by geographic area



2020 revenue by activity

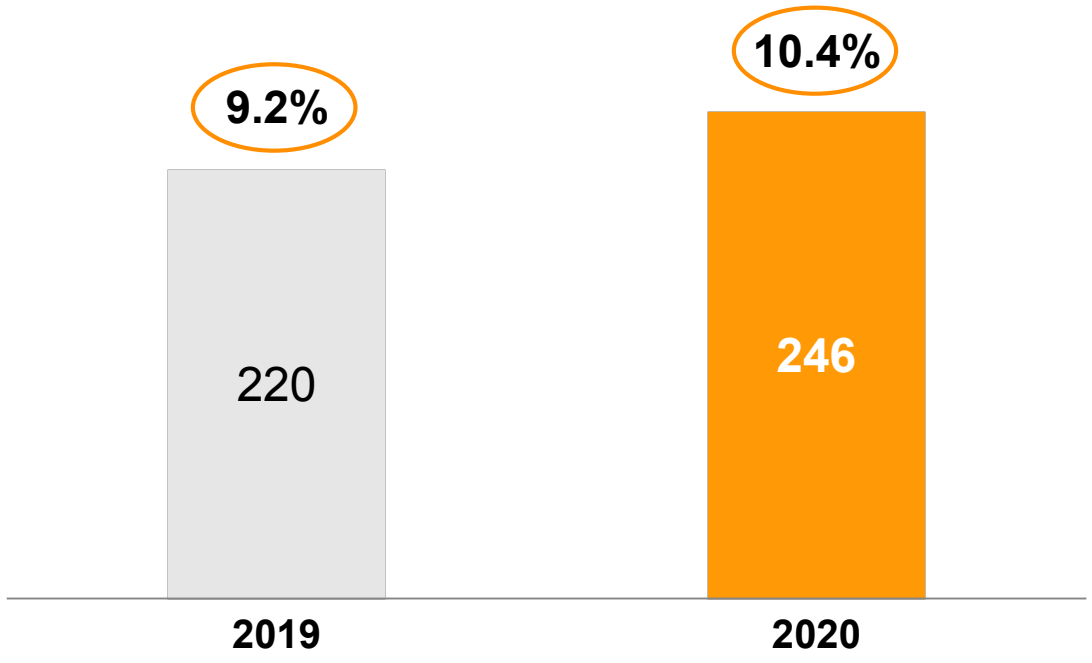


- **General Literature** performance led by bestsellers in different regions (*The Witcher*, *Midnight Sun*, *A Promised Land* by Barack Obama, Guillaume Musso's new releases) and boosted by format mix
- **Education** segment affected by single reform level in France and school budget control in Spain & Mexico
- Fewer launches in **Partworks** and low demand for tourism guides

* % of revenue in 2019
** 2019 revenue
*** Including Ireland and New Zealand

INCREASE IN PROFITABILITY DRIVEN BY EXCEPTIONAL CONTEXT

Change in recurring EBIT (€m) and operating margin (%)



- Favourable **format and distribution channel mix** in General Literature across geographies
  - Ebooks: +22% revenues vs. 2019
  - Audiobooks: +25% revenues vs. 2019
- Strong favourable impact of **backlist**, including *The Witcher*, *Where the Crawdads Sing*, Black Lives Matter-related books
- **Optimising costs** in the current environment
  - Adjusting marketing & promotion actions
  - Reducing overheads

Lagardère PUBLISHING

MAINTAINING HIGH CASH CONVERSION RATE AND FAVOURABLE WORKING CAPITAL

(€m)	2019	H1 2020	H2 2020	2020
Cash flow from operations before changes in working capital	229	33	211	244
Changes in working capital	35	(114)	182	68
Income taxes paid	(43)	(22)	(28)	(50)
Cash flow from (used in) operations	**221**	**(103)**	**365**	**262**
Purchases/disposals of PP&E and intangible assets	(35)	(14)	(25)	(39)
Free cash flow**	**186**	**(117)**	**340**	**223**
Purchases/disposals of investments	(28)	(15)	(12)	(27)
Cash flow from (used in) operations and investing activities	**158**	**(132)**	**328**	**196**
Free cash flow before changes in working capital**	**151**	**(3)**	**158**	**155**
Cash conversion rate*	**69%**	**-**	**-**	**63%**

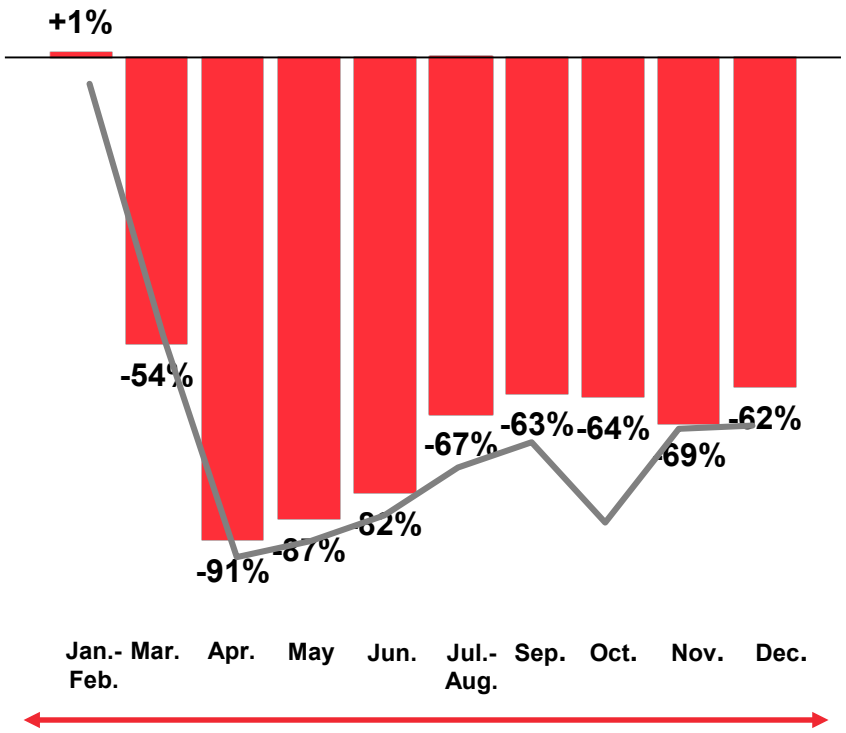
* Free cash flow before changes in working capital, divided by Recurring EBIT
** Alternative Performance Measure (APM) – See Glossary

Lagardère TRAVEL RETAIL

2020 PERFORMANCE

REVENUE IN LINE WITH PASSENGER AIR TRAFFIC LEVELS

2020 monthly like-for-like revenue vs. passenger traffic



2020 like-for-like revenue: **-60.4%**

Global passenger traffic: **-65.9%**

- Revenue **correlated with global passenger air traffic**
  - In Q4 2020, travel restrictions in several countries affected performance in Europe (second wave of lockdowns) and North America, which remained at same level as Q3 2020 (-66% yoy)
- FY2020 revenue down -60% vs. 2019, at €1,720m

Relay Next Generation store (France)

Duty Free operations (China)

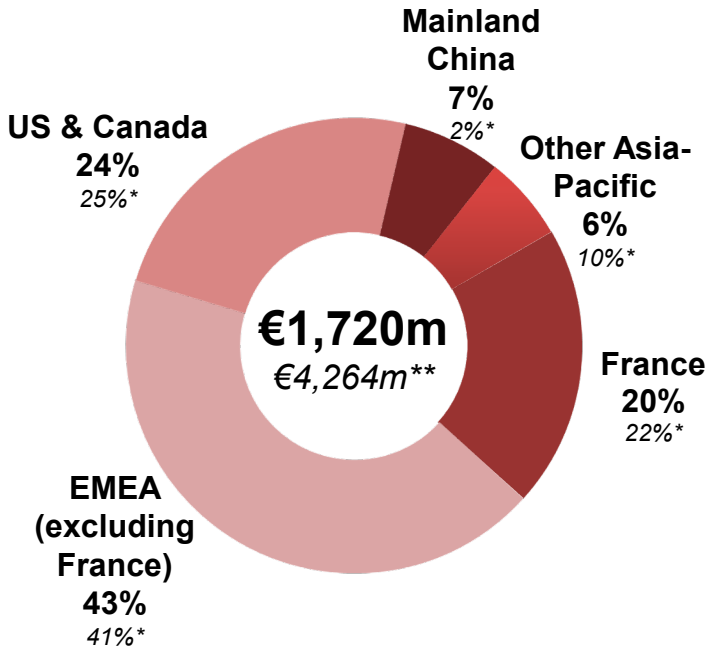
Pierre Hermé store (Japan)

Relay H Café store

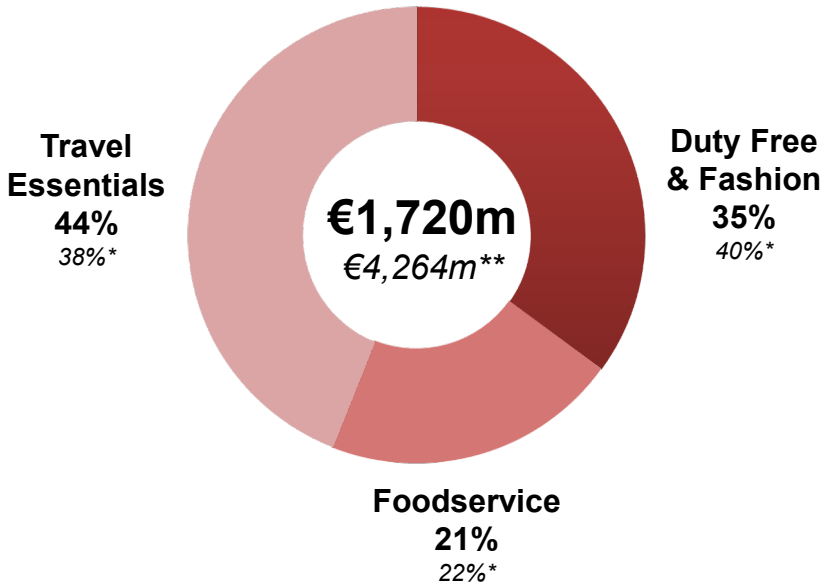
IATA monthly global passenger traffic figures (RPK 'Revenue Passenger Kilometres'); arithmetic mean for January-February and July-August

MAINLAND CHINA OUTPERFORMANCE & TRAVEL ESSENTIALS RESILIENCE AMID TRAVEL RESTRICTIONS

2020 revenue by geographic area



2020 revenue by activity

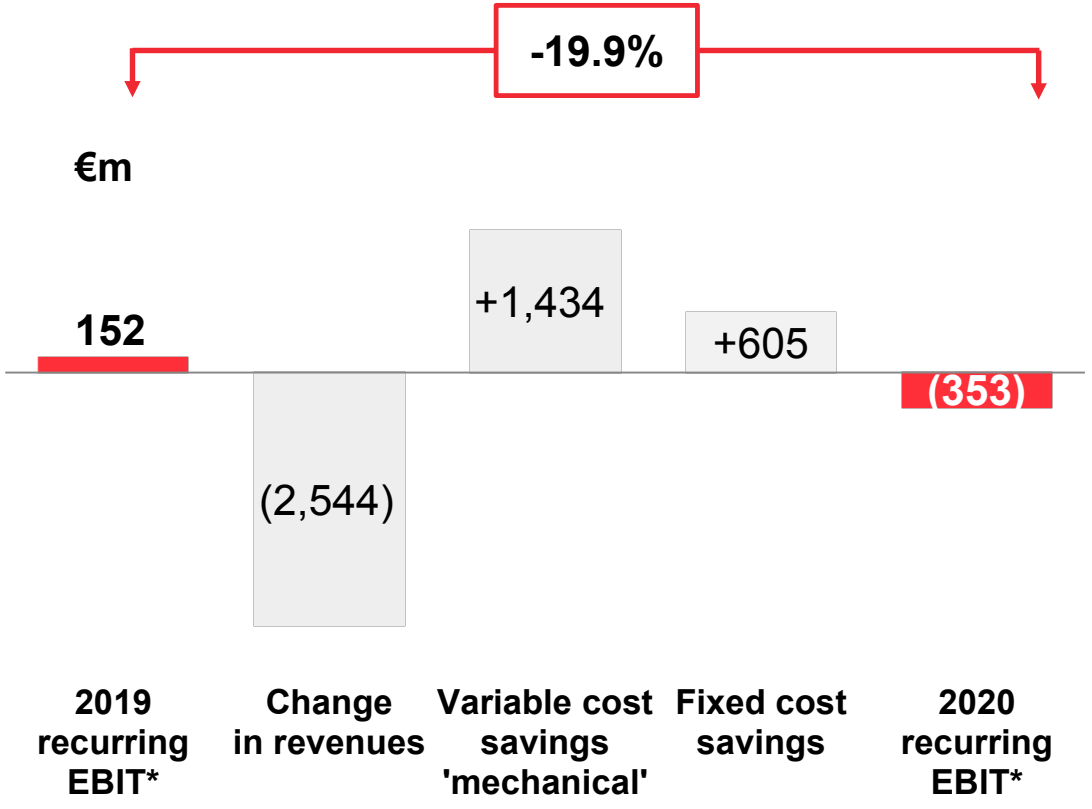


- **All regions affected by Covid crisis**, with the **exception of Mainland China**: +22% revenue growth on the back of strong domestic traffic. Hainan contract win in 2020
- **Duty Free segment strongly affected** by lack of international passenger traffic: -67% vs. 2019***
- **Travel Essentials segment benefiting from diversified distribution channels**: -53% vs. 2019***

* % of revenue in 2019
** 2019 revenue
*** like-for-like

PROFITABILITY: FLOW THROUGH AT BETTER END OF GUIDANCE

Flow through* (change in recurring EBIT/change in revenue)

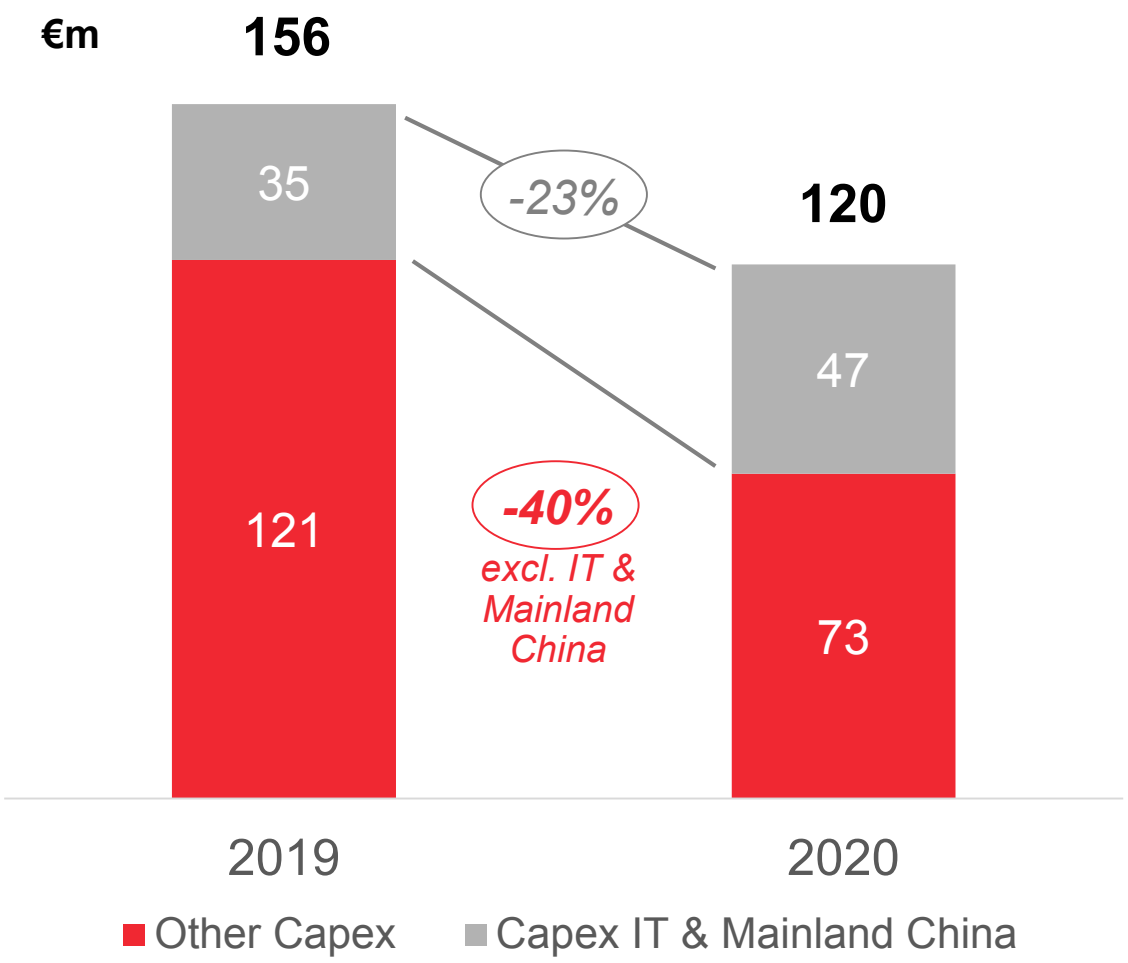


- **Massive efforts to reduce costs in a crisis context**: swift implementation of cost saving measures to deliver 19.9% flow through
  - Limiting impact of revenue decline on profitability, while still delivering optimal service to passengers
- **Significant variabilisation of fixed costs** for the current period
  - **Rent decrease aligned with revenue decrease** (through renegotiations)
- **Improved flow through in H2 2020** vs. H1 2020: flow through at 17% in H2 2020, vs. 24% in H1 2020

* Alternative Performance Measure (APM) – See Glossary

STRICT CAPEX CONTROL WITH FOCUS ON RELEVANT PROJECTS

Capex breakdown



- Excluding Capex for IT & Mainland China: **Capex reduced by -40%** (vs. 2019)
- **IT projects** mainly carried on as planned to **avoid further costs** related to a stop & go process
- **Focus on Mainland China** development
- **Strong total Capex reduction efforts in H2 2020** (-42% yoy), vs. H1 2020 (-1% yoy)
- **Prioritising Capex** for recovery

Lagardère TRAVEL RETAIL

CASH FLOW STATEMENT: STRONG IMPROVEMENT IN H2 2020 VS. H1 2020

- **Significant improvement in free cash flow management in H2 2020 (vs. H1 2020) despite ongoing low air traffic levels, thanks to working capital management and Capex arbitrage in H2 2020**

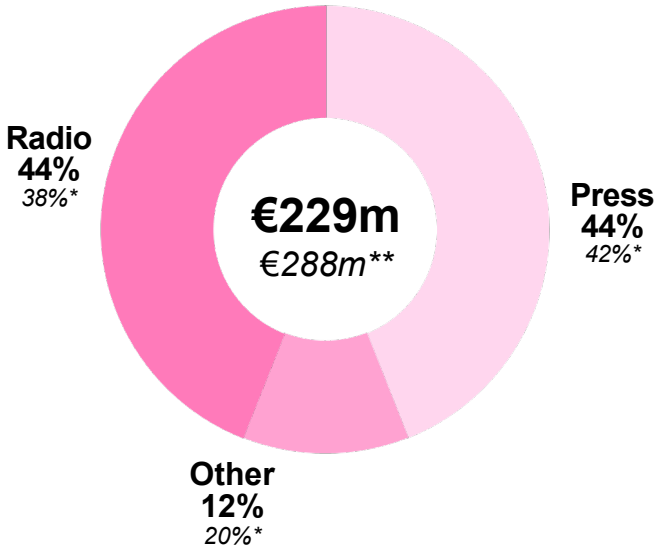
(€m)	2019	H1 2020	H2 2020	2020
Cash flow from operations before changes in working capital	269	(136)	(82)	(218)
Changes in working capital	(13)	(201)	93	(108)
Income taxes paid	(26)	(2)	(4)	(6)
Cash flow from (used in) operations	**230**	**(339)**	**7**	**(332)**
Purchases/disposals of PP&E and intangible assets	(156)	(71)	(49)	(120)
Free cash flow*	**74**	**(410)**	**(42)**	**(452)**
Purchases/disposals of investments	(241)	7	(3)	4
Cash flow used in operations and investing activities	**(167)**	**(403)**	**(45)**	**(448)**
Free cash flow before changes in working capital*	**87**	**(209)**	**(135)**	**(344)**

* Alternative Performance Measure (APM) – See Glossary

OTHER ACTIVITIES

RADIOS & PRESS LESS IMPACTED BY CRISIS THAN LICENSES & VENUES

2020 revenue by activity



- **Radios and Press affected by decrease in advertising revenues** due to successive lockdowns, despite a slight recovery over summer (Q3 2020) and toward year end (December 2020)
- **ELLE brand licence** impacted by Covid crisis
- **Event venues** closed for the bulk of the year due to government measures
- **Recurring EBIT** less affected in H2 2020 (vs. H2 2019) than in H1 2020, thanks to ongoing work on cost savings at Lagardère News and corporate levels

* % of revenue in 2019
** 2019 revenue

GROUP RESULTS

Lagardère

2020 CONSOLIDATED INCOME STATEMENT

(€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	27	(336)
o/w IFRS 16 impacts on concession agreements	*60*	*(17)*
EBIT	**411**	**(549)**
Finance costs, net	(53)	(76)
Interest expense on lease liabilities	(85)	(74)
Profit (loss) before tax	**273**	**(699)**
Income tax (expense) benefit	(55)	31
Profit (loss) for the period from continuing activities	**218**	**(668)**
Loss from discontinued operations***	(207)	(20)
Profit (loss) for the period	**11**	**(688)**
Attributable to minority interests	26	(28)
Profit (loss) – Group share****	**(15)**	**(660)**
Earnings per share (in €) *(total #129m)*	(0.12)	(5.11)
Adjusted profit (loss) – Group share*/******	**200**	**(330)**
Adjusted earnings per share (in €)	1.55	(2.56)

- **Group Recurring EBIT** significant improvement in H2 at €63m (vs. -€218m in H1)
- **EBIT** affected by
  - €59m **losses incurred by Travel Retail JVs**
  - €151m **impairment losses** mainly on Travel Retail concessions and goodwill (Italy, Belgium)
- **Profit – Group share** impacted by
  - €76m financing costs (vs. €53m in 2019)
  - Mitigated by positive €31m tax benefit (vs. €55m tax expenses in 2019)

* Alternative Performance Measure (APM) – See Glossary
** Before impairment losses
*** Lagardère Sports
**** Including net income/(loss) from Lagardère Sports
***** Excluding Lagardère Sports which has been classified within discontinued operations in accordance with IFRS 5

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2020 CONSOLIDATED STATEMENT OF CASH FLOWS

(EXCLUDING LAGARDÈRE SPORTS, CLASSIFIED WITHIN DISCONTINUED OPERATIONS IN ACCORDANCE WITH IFRS 5)

(€m)	2019	H1 2020	H2 2020	2020
Cash flow from (used in) operations before changes in working capital	**495**	**(138)**	**106**	**(32)**
Changes in working capital	34	(269)	252	(17)
Income taxes paid	(52)	(15)	(23)	(38)
Net cash from (used in) operations	**477**	**(422)**	**335**	**(87)**
Purchases/disposals of PP&E and intangible assets	(183)	(89)	(80)	(169)
Free cash flow*	**294**	**(511)**	**255**	**(256)**
o/w free cash flow before changes in WC	***260***	***(242)***	***3***	***(239)***
Purchases of investments	(287)	(14)	(22)	(36)
Disposals of investments	323	30	71	101
Net cash from (used in) operations and investing activities	**330**	**(495)**	**304**	**(191)**
Dividend paid	(201)	(4)	(9)	(13)
Interest paid	(65)	(34)	(30)	(64)
Other items**	(158)	(54)	50	(4)
Change in net debt	**(94)**	**(587)**	**315**	**(272)**
Net debt*	**(1,461)**	**(2,048)**	**(1,733)**	**(1,733)**

* Alternative Performance Measure (APM)
** Of which net cash used in discontinued operations (Lagardère Sports) of €99m in 2019.

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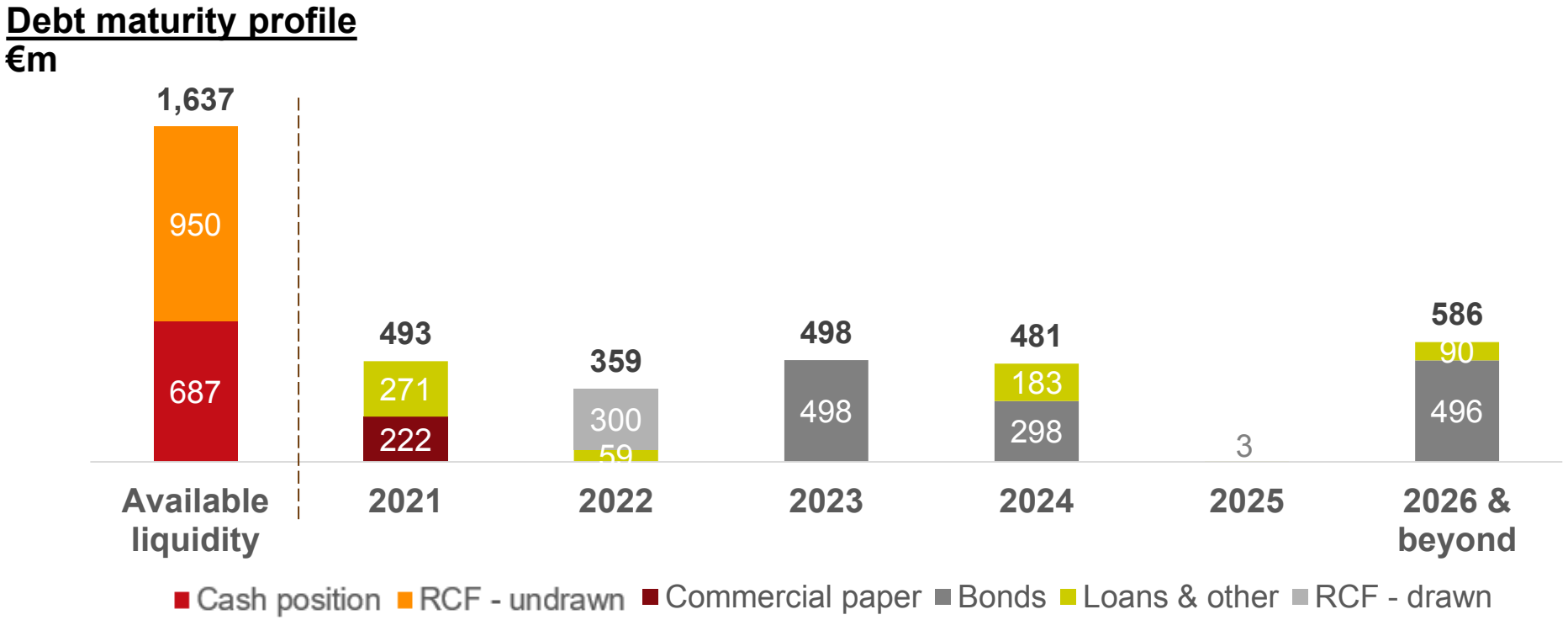
STRONG LIQUIDITY AT YEAR-END WITH €1.6BN AVAILABLE

- **€1.6bn available liquidity (as of 31/12/20) including €687m cash position and €950m undrawn RCF amount**



- **€465m State-guaranteed loan** implemented in January 2021: initial 1-year maturity with possible extension until 2027
- **€1.1bn RCF extended until March 2023**
  - Covenants adjusted to the current environment until December 2022

* Undrawn Group credit facility excluding authorised credit lines at divisional level
** Revolving credit facility 24% drawn down at year-end under the RCF agreement maturing 11 May 2022

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OUTLOOK

- **Lagardère Publishing**
  - In light of exceptional 2020 year, 2021 revenue expected to normalise, taking into account:
    - New Astérix release in Q4 2021, mitigated by lack of school reform
    - Book sales to be impacted by progressive reopening of leisure and event venues, after exceptional 2020 year which benefited from boosted demand in a lockdown context & exceptional stream of successful book releases
  - Reduced demand for digital formats expected to slightly impact profitability
- **Lagardère Travel Retail**
  - Revenue recovery dependent on air traffic trends: adjusting operational capacity to recovery pace
  - Pursuing contract negotiations on rent, optimising staff costs
  - LEAP project-related savings: total run rate of around €100m, with first phase implemented in 2021
  - Containing Capex and proactively managing Working capital while being ready for recovery
  - Lagardère Travel Retail remains focused on minimising flow-through vs. 2019
- Cost structure for **Other Activities** to be reviewed and streamlined
- Benefits from implemented measures and continued efforts on **Corporate** cost reduction

APPENDICES TO THE CONSOLIDATED ACCOUNTS

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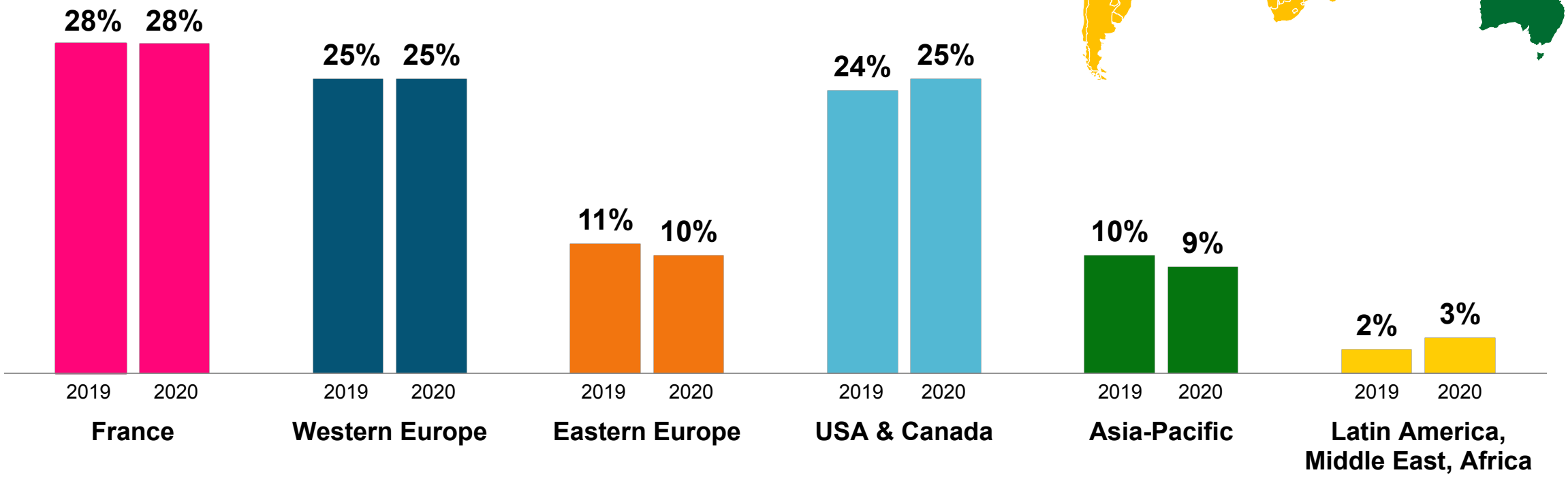
CHANGES IN SCOPE: MAIN ITEMS

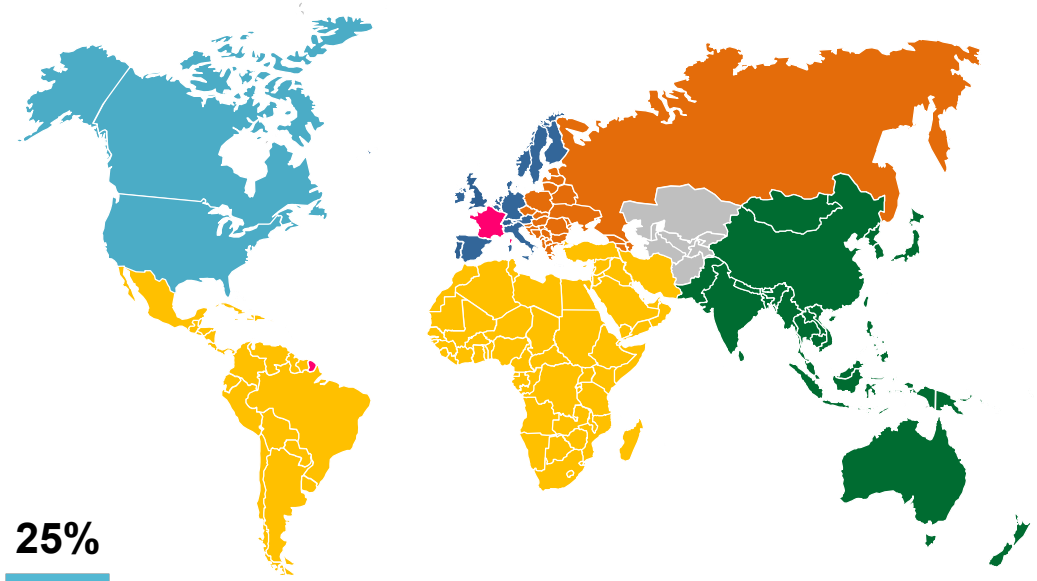
- **Lagardère Publishing**
  - Acquisition in December 2019 of Blackrock Games, a French board game distributor
  - Acquisition in January 2020 of Le Livre Scolaire, a French textbook publisher
  - Acquisition in September 2020 of Laurence King Publishing the UK's leading gift publisher and one of the country's top three art publishers

- **Lagardère Travel Retail**
  - Acquisition of International Duty Free in September 2019, Belgium's leading Travel Retail operator, also present in Luxembourg and Kenya

- **Non-retained scope**
  - Lagardère Sports: disposal of Lagardère Sports in April 2020 to H.I.G. Capital
  - Lagardère Active:
    - disposal of TV channels in September 2019
    - disposal of Lagardère Studios in October 2020 to Mediawan

REVENUE BY GEOGRAPHIC AREA





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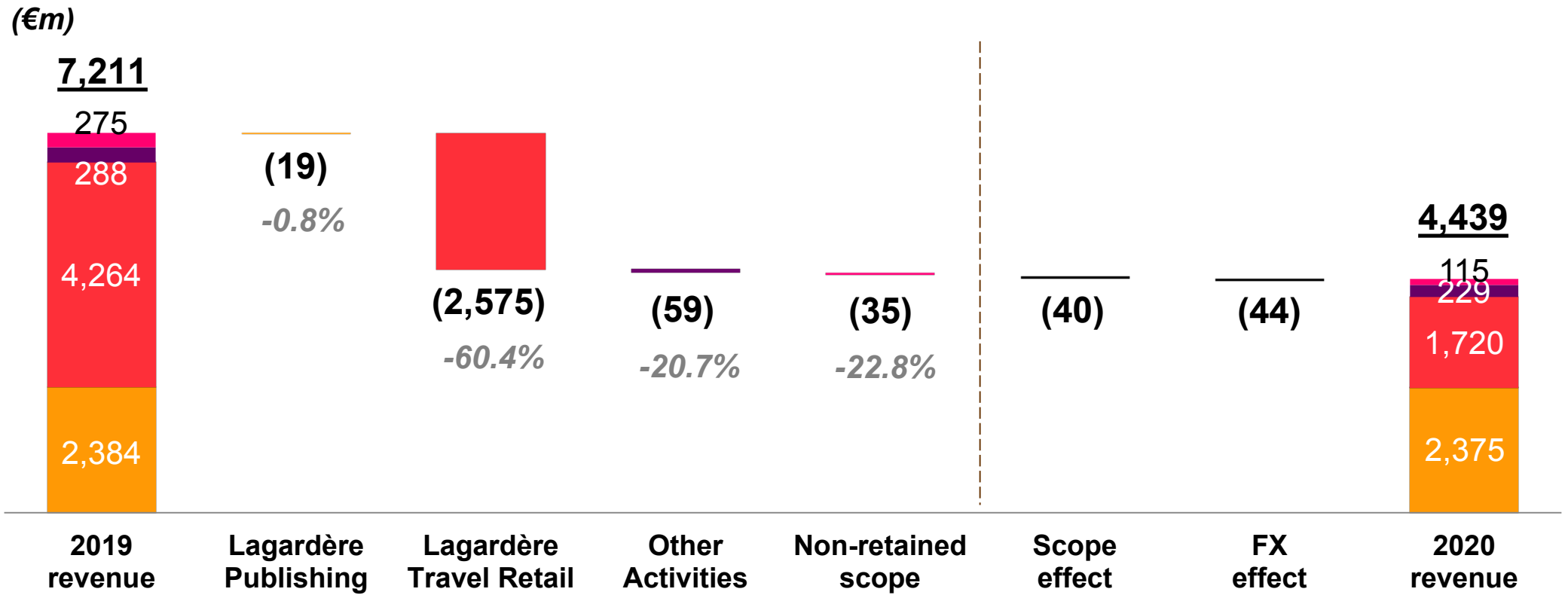
CHANGE IN REVENUE

(EXCLUDING LAGARDÈRE SPORTS, CLASSIFIED WITHIN DISCONTINUED OPERATIONS IN ACCORDANCE WITH IFRS 5)



Revenue down 38.4% on a consolidated basis, down 37.9% like-for-like*

- *€40m negative scope effect and €44m negative currency effect*
- *Non-retained scope comprises Lagardère Studios (sale finalised on 30th October 2020)*

* Alternative Performance Measure (APM) – See Glossary

Lagardère

SUMMARY OF PERFORMANCE BY DIVISION – 2020

Revenue

(€m)	2020	Consolidated change	Consolidated change (%)	Like-for-like change* (%)
Lagardère Publishing	**2,375**	(9)	(0.4)	(0.8)
Lagardère Travel Retail	**1,720**	(2,544)	(59.7)	(60.4)
Other Activities	**229**	(59)	(20.5)	(20.7)
Target scope	**4,324**	(2,612)	(37.7)	(38.3)
Non-retained scope (former Lagardère Active)	**115**	(160)	(58.2)	(22.8)
Total	**4,439**	(2,772)	(38.4)	(37.9)

Recurring EBIT**

(€m)	2020	Consolidated change	Consolidated change (%)	Flow through (%)
Lagardère Publishing	**246**	+26	+12	n.a.
Lagardère Travel Retail	**(353)**	(505)	(332)	*(19.9)*
Other Activities	**(47)**	(36)	(327)	n.a.
Target scope	**(154)**	(515)	(136)	n.a.
Non-retained scope (former Lagardère Active)	**(1)**	(18)	(106)	n.a.
Total	**(155)**	(533)	(141)	n.a.

* At constant scope and exchange rates

** Alternative Performance Measure (APM) – See Glossary

Lagardère

ANALYSIS OF NON-RECURRING/NON-OPERATING ITEMS

(€m)	Lagardère Publishing	Lagardère Travel Retail	Other Activities	Total target scope	Non-retained scope (former Lagardère Active)	Total 2020	Total 2019
Recurring EBIT*	**246**	**(353)**	**(47)**	**(154)**	**(1)**	**(155)**	**378**
Income (loss) from equity-accounted companies	2	(59)	(1)	(58)	-	(58)	6
Restructuring costs	(9)	(36)	(10)	(55)	-	(55)	(42)
Gains (losses) on disposals	-	-	(6)	(6)	(1)	(7)	134
Impairment losses	(20)	(106)	(6)	(132)	(19)	(151)	(34)
Amortisation of acquisition-related intangible assets and other acquisition-related expenses	(11)	(94)	(1)	(106)	-	(106)	(91)
IFRS 16 impact on concession agreements	-	(17)	-	(17)	-	(17)	60
EBIT	**208**	**(665)**	**(71)**	**(528)**	**(21)**	**(549)**	**411**

* Alternative Performance Measure (APM) – See Glossary

Lagardère

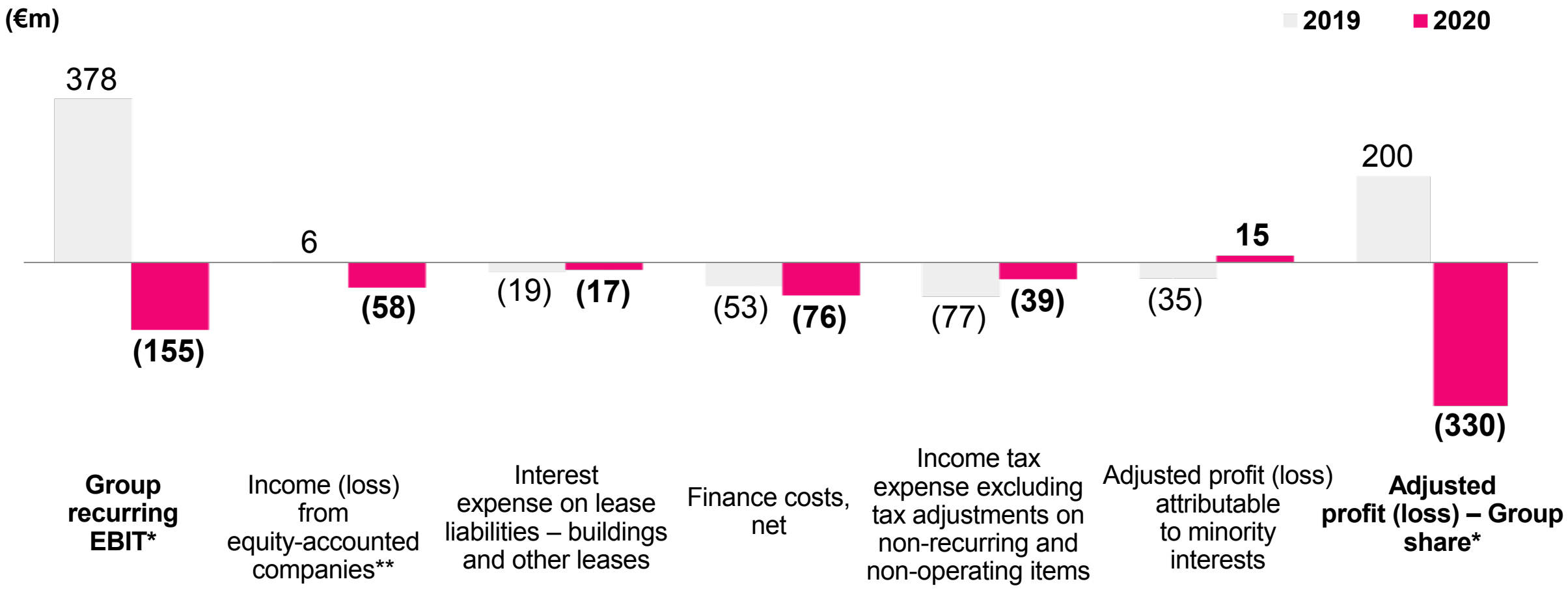
ADJUSTED PROFIT – GROUP SHARE

(€m)	2019	2020
Profit (loss) for the period	**11**	**(688)**
Restructuring costs	+42	+55
Gains/losses on disposals	(134)	+7
Impairment losses on goodwill, PP&E, intangible assets and investments in equity-accounted companies	+34	+151
Amortisation of acquisition-related intangible assets and other acquisition-related expenses	+91	+106
IFRS 16 impact on concession agreements	+6	+74
Tax effects on the above transactions	(22)	(70)
Net (income)/loss from discontinued operations	+207	+20
Adjusted profit (loss)	**235**	**(345)**
Attributable to minority interests	(35)	+15
Adjusted profit (loss) – Group share*	**200**	**(330)**

* Alternative Performance Measure (APM) – See Glossary

Lagardère

GROUP RECURRING EBIT TO ADJUSTED PROFIT (LOSS) – GROUP SHARE



* Alternative Performance Measure (APM) – See Glossary
** Before impairment losses

Lagardère

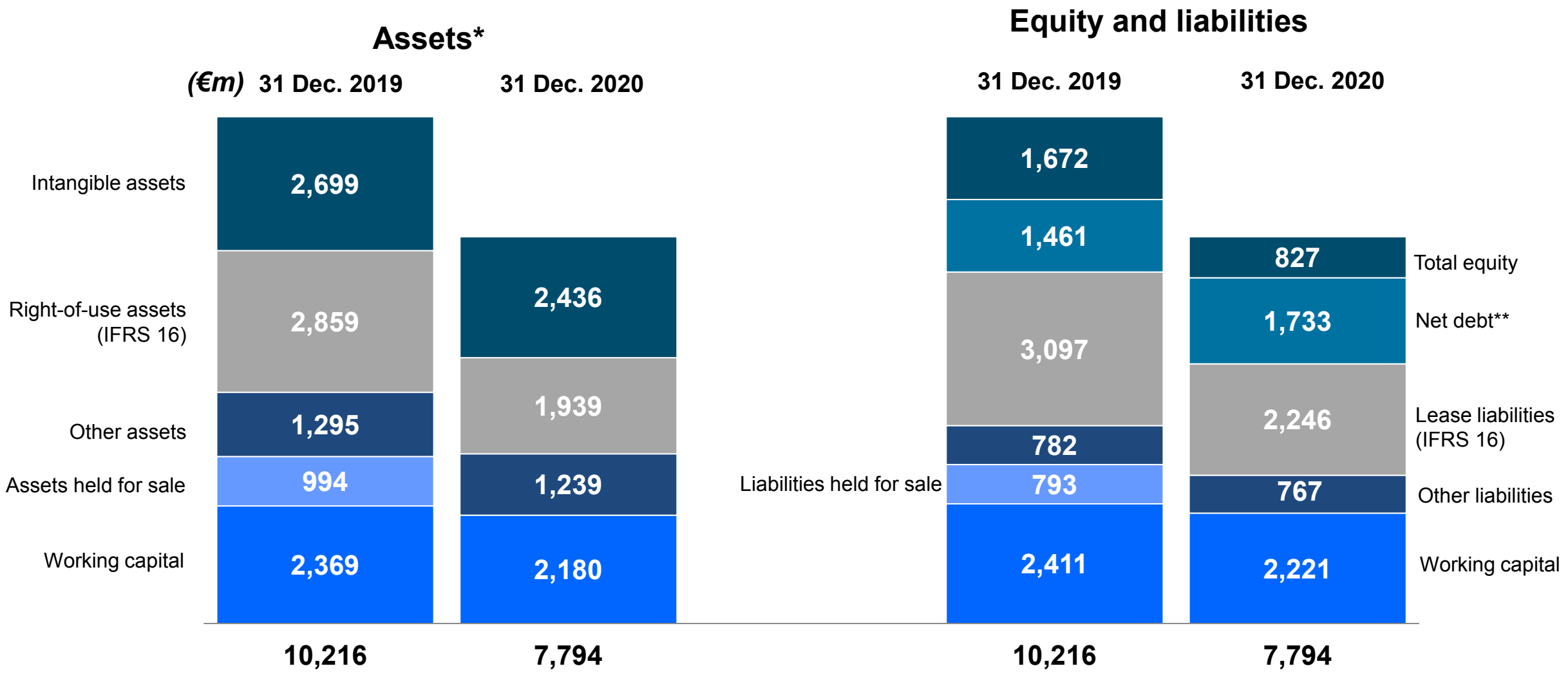
FREE CASH FLOW RECONCILIATION

(€m)	2019	2020
Cash flow from operating activities before changes in working capital	**1,099**	**257**
Repayment of lease liabilities	(518)	(236)
Interest paid on lease liabilities	(77)	(49)
Changes in working capital of lease liabilities	(9)	(4)
Cash flow from (used in) operations before changes in working capital	**495**	**(32)**
Changes in working capital	34	(17)
Income taxes paid	(52)	(38)
Cash flow from (used in) operations	**477**	**(87)**
Purchases of property, plant & equipment and intangible assets	(215)	(170)
Disposals of property, plant & equipment and intangible assets	32	1
Free cash flow*	**294**	**(256)**

* Alternative Performance Measure (APM) – See Glossary

Lagardère

CONSOLIDATED BALANCE SHEET



* Excluding assets included in net debt
** Net of cash and cash equivalents, short-term investments and derivative instruments designated as hedges of debt
Alternative Performance Measure (APM) – See Glossary

Lagardère

CONSOLIDATED BALANCE SHEET

(€m)	31 Dec. 2019	31 Dec. 2020
Non-current assets	6,733	5,519
Investments in equity-accounted companies	73	52
Current assets	2,416	2,223
Short-term investments and cash	913	687
Assets held for sale	994	-
TOTAL ASSETS	**11,129**	**8,481**
Total equity	1,672	827
Non-current liabilities	3,118	2,413
Non-current debt*	1,842	1,627
Current liabilities	3,172	2,821
Current debt	532	793
Liabilities associated with assets held for sale	793	-
TOTAL EQUITY AND LIABILITIES	**11,129**	**8,481**

Net debt of €1,733m (vs. €1,461m at 31 Dec. 2019)**

* Including €16m in long-term derivative assets at 31 December 2020 and €8m in long-term derivative liabilities at 31 December 2019
** Alternative Performance Measure (APM) – See Glossary

Lagardère

GLOSSARY (1/3)

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. In the context of the first-time application of IFRS 16 – Leases, effective 1 January 2019, the Group has elected to retain its existing alternative performance measures with certain modifications, in particular the neutralisation of pure accounting effects and distortions created by the new standard on the concession's businesses. From 1 January 2019, these indicators are monitored by the Executive Committee to assess operating performance and manage the business, 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 either in this presentation or in the press release or in the notes to the consolidated financial statements. A dedicated presentation relating to the impacts of IFRS 16 on the alternative performance indicators was held on 12 February 2019 and is available on the Lagardère website (http://www.lagardere.com/fichiers/fckeditor/File/Relations_investisseurs/Publications/2019/IFRS16/2019_Session_IFRS_16.pdf).

- **Recurring EBIT. The Group's main performance indicator is recurring operating profit of fully consolidated companies, which is calculated as follows:**
  Profit before finance costs and tax excluding:
  - Income (loss) from equity-accounted companies before impairment losses
  - Gains (losses) on disposals of assets
  - Impairment losses on goodwill, property, plant and equipment, intangible assets and investment 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 adjustment 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

  (See reconciliation on page 32)

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

Lagardère

GLOSSARY (2/3)

- **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

(See reconciliation on page 17)

- **The like-for-like change in revenue is calculated by comparing:**
  - 2020 revenue to exclude companies consolidated for the first time during the period, and 2019 revenue to exclude companies divested in 2020;
  - 2020 and 2019 revenue based on 2019 exchange rates

(See reconciliation in note 6 to the consolidated financial statements at 31 December 2020)

- **Operating margin** is calculated by dividing recurring EBIT of fully consolidated companies (recurring EBIT) by revenue

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

- **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

(See reconciliation on page 35)

- **Free cash flow before changes in working capital** is calculated as free cash flow deducted from the change in working capital

- **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 and current debt

(See reconciliation on page 37)

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

Lagardère

GLOSSARY (3/3)

- **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 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

  (See page 33 for reconciliation with Profit for the period)

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

IMPACTS OF IFRS 16 ON THE CONSOLIDATED ACCOUNTS

Lagardère

IMPACT OF IFRS 16 ON THE CONSOLIDATED INCOME STATEMENT AND RELATED INDICATORS

(€m)	FY 2019	FY 2020
Recurring EBITDA*	**-**	**(2)**
Group recurring EBIT*	**+13**	**+13**
Income from equity-accounted companies**	-	-
Non-recurring/non-operating items	+60	(17)
*Of which cancellation of fixed rental expense*** - concession stores*	+532	+213
Of which depreciation of right-of-use assets - concession stores	(475)	(401)
Of which gains and losses on leases	+3	+171
Total EBIT	**+73**	**(4)**
Of which impact from concession stores	**+60**	**(17)**
Of which impact from buildings and other	**+13**	**+13**
Finance costs, net	+2	(1)
Lease interest expense	(85)	(74)
Of which impact from concession stores	*(66)*	*(57)*
Of which impact from buildings and other	*(19)*	*(17)*
Profit before tax	**(10)**	**(79)**
Income tax expense	(1)	+18
Net income from discontinued operations	-	-
Profit for the period	**(11)**	**(61)**
Of which impact from concession stores	**(6)**	**(57)**
Of which impact from buildings and other	**(5)**	**(4)**
Attributable to minority interests	-	-
Profit – Group share	**(11)**	**(61)**
Adjusted profit – Group share*	**(5)**	**(4)**

* Alternative Performance Measure (APM) – See Glossary / ** Before impairment losses.
*** Cancellation of fixed rental expense is equal to the repayment of the lease liability, the associated change in working capital and interest paid in the statement of cash flows.

Lagardère

IMPACT OF IFRS 16 ON THE CONSOLIDATED STATEMENT OF CASH FLOWS

(€m)	FY 2019	FY 2020
Cash flow from operating activities before changes in working capital	**+616**	**+295**
Repayment of lease liabilities	(519)	(236)
Interest paid on lease liabilities	(77)	(49)
Changes in working capital from lease liabilities	(9)	(5)
Cash flow from operations before changes in working capital	**+11**	**+5**
Changes in working capital	(14)	(8)
Income taxes paid	-	-
Cash flow from operations	**(3)**	**(3)**
Purchases of property, plant & equipment and intangible assets	-	-
Disposals of property, plant & equipment and intangible assets	-	-
Free cash flow*	**(3)**	**(3)**
Purchases of investments	-	-
Disposals of investments	*+3*	*+3*
Cash flow from operations and investing activities	**-**	**-**
Dividend paid and other	-	-
Net cash from discontinued operations	-	-
Interest paid	-	-
Change in net debt	**-**	**-**
Net debt*	**-**	**-**

* Alternative Performance Measure (APM) – See Glossary

Lagardère

IMPACT OF IFRS 16 ON THE CONSOLIDATED BALANCE SHEET

(€m)	31 Dec. 2019	31 Dec. 2020
Non-current assets	**+2,934**	**+2,022**
Right-of-use asset	*+2,859*	*+1,939*
o/w concession stores	*+2,404*	*+1,541*
o/w buildings and other	+455	+398
Deferred tax asset	*+51*	*+68*
Other non-current assets	*+27*	*+18*
Investments in equity-accounted companies	*(3)*	*(3)*
Current assets	**(3)**	**(2)**
Short-term investments and cash	**-**	**-**
Assets held for sale	**+34**	**-**
TOTAL ASSETS	**+2,965**	**+2,020**

(€m)	31 Dec. 2019	31 Dec. 2020
Total equity	**(134)**	**(187)**
Non-current liabilities	**+2,535**	**+1,843**
Lease liability – non-current	*+2,527*	*+1,833*
o/w concession stores	+2,032	+1,400
o/w buildings and other	+495	+433
Deferred tax liabilities	*+8*	*+10*
Non-current debt	**-**	**-**
Current liabilities	**+529**	**+364**
Lease liability – current	*+570*	*+413*
o/w concession stores	+512	+342
o/w buildings and other	+58	+71
Other current liabilities	*(41)*	*(49)*
Current debt	**-**	**-**
Liabilities associated with assets held for sale	**+35**	**-**
TOTAL EQUITY AND LIABILITIES	**+2,965**	**+2,020**