Lagardère

General Meeting 2015

Full-Year 2014 Results

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Co-Managing Partner of Lagardère SCA

5 MAY 2015

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Key figures for the Group

General Meeting
5 May 2015

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Key figures for the Group – 2014

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(€m)	2013	2014	Reported change
Sales	7,216	7,170	-0.6%*
Recurring EBIT of fully consolidated companies**	327	342	+4.7%
Operating margin	*4.5%*	*4.8%*	*+0.3 pt*
Profit – Group share	1,307	41	-€1,266m
Adjusted profit*** – Group share	172	185	+7.6%
Net cash (debt)	361	(954)	-€1,315m
Earnings per share (in €)	10.22	0.32	/
Ordinary dividend per share (in €)	1.30	1.30****	=

*-1.8% like-for-like.
**Recurring EBIT of fully consolidated companies (four operating divisions + other activities). See definition in slide 25.
***Excluding non-recurring/non-operating items.
****Ordinary dividend submitted for approval for 2014.

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2014 Media Recurring EBIT, slightly above the full-year guidance

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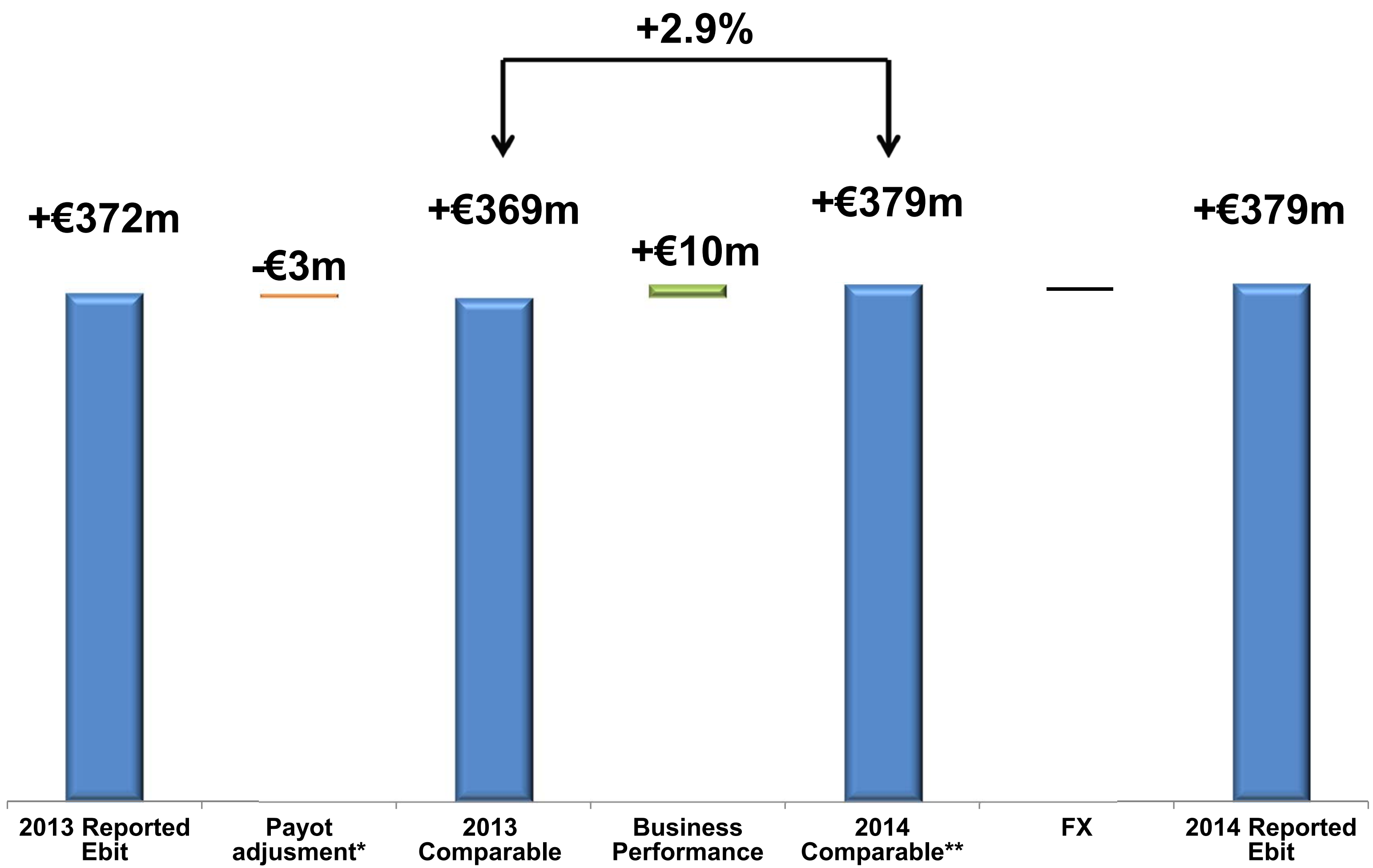

*Effect of disposal of Payot bookstores in July 2014 (contribution from July to December 2013). / **Calculated using 2013 exchange rates.

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Performance by division

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Lagardère PUBLISHING

Lagardère Publishing: activity

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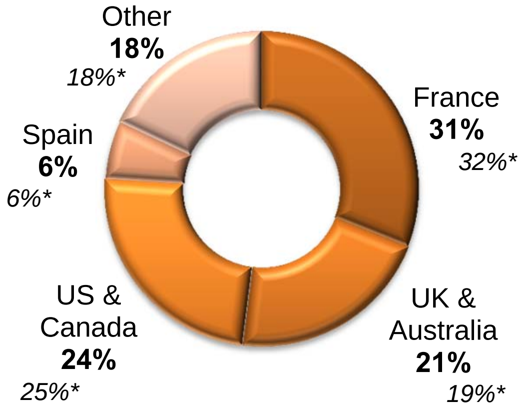
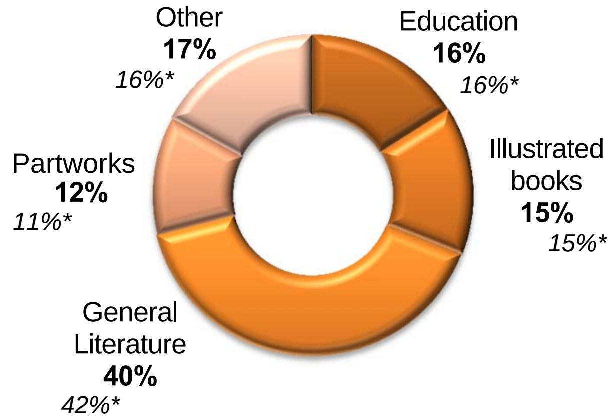
2014 sales by geographical area



2014 sales by activity



- **2014 sales: €2,004m (-4.5% like-for-like).**
  - **Activity was, as expected, marked by an unfavorable comparison effect with a strong year 2013, with an unusual high number of best-sellers.**
  - In **France**, activity is down (-8.6%) specifically in General Literature, which benefited last year from many commercial successes, and in Education due to the lack of renewal in programs.
  - Performance is also negative in the **US** (-4.8%), and in the **UK** (-4.6%), versus a year 2013 with a strong best-seller offering.
  - Activity is almost stable in **Spain** and **Latin America** (-1.1%), in a stabilising market environment.
  - Good performance of **Partworks** (+3%).

*% of sales in 2013.

Lagardère PUBLISHING

Lagardère Publishing: focus on e-book

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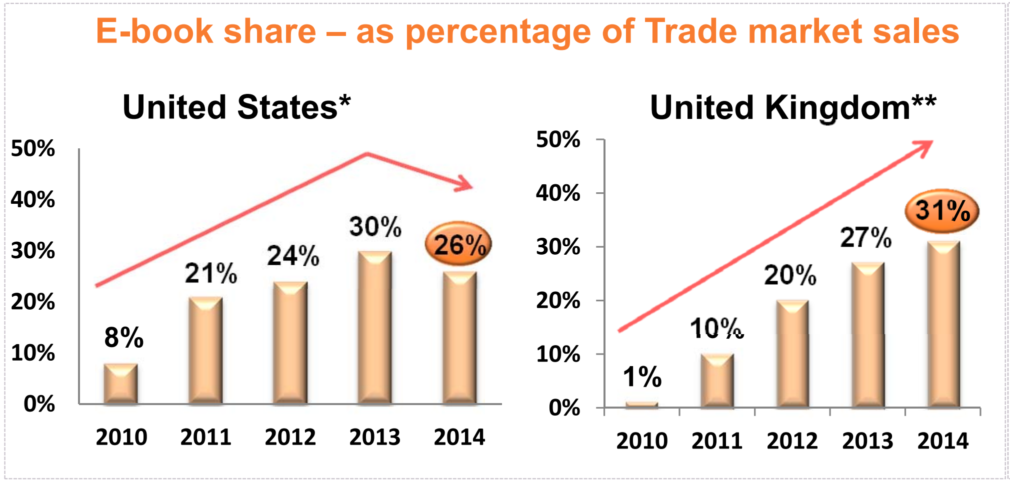
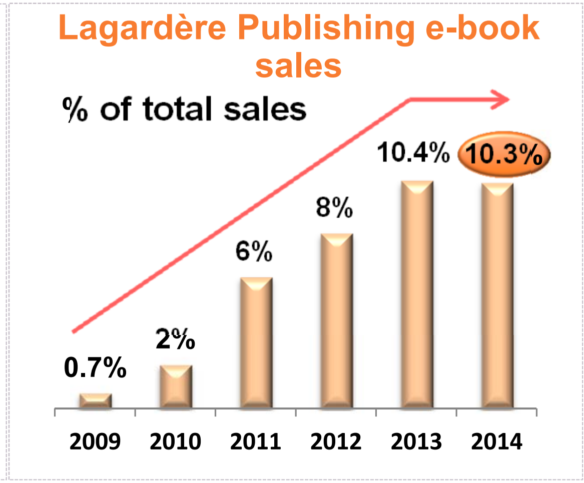
- **As expected, the pace of digital transition has slowed down: e-books accounted for 10.3% of total division sales in 2014 (vs. 10.4% in 2013).**
- **Digital for the time remains essentially limited to the English-speaking markets, and only on the General Literature segment, with diverging market trends:**
  - in the **US**, in a zero growth market (which confirms the slowdown noticed since 2013), Lagardère Publishing digital sales dropped from 30% of Trade sales in 2013 to 26% in 2014, reflecting market trend, fewer best-sellers vs. 2013, and trade tensions with Amazon;
  - in the **UK**, where the market is still growing (but at a less brisk pace), e-book sales account for 31% of Adult trade sales vs. 27% in 2013;
  - **French** and **Spanish** markets still at an early stage.





*Trade. / **Adult trade.

Lagardère PUBLISHING

Lagardère Publishing: profitability

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(€m)	2013	2014	Change
Sales (a)	2,066	2,004	-3.0%
Recurring EBIT of fully consolidated companies (b)	223	197	-€26m
Operating margin (b)/(a)	*10.8%*	*9.8%*	*-1.0 pt*
Income (loss) from equity-accounted companies	(2)	2	/
Non-recurring/non-operating items	(29)	(30)	/
EBIT	192	169	-€23m

- **2014 operating profitability**
  - Profitability trend is mainly attributable to the decrease of activity in France and in anglo-saxon countries.
  - The implementation of cost cutting measures enabled to limit the margin decrease.
- **Non-recurring/non-operating items mostly due in 2014 to restructuring costs.**

Lagardère SERVICES

Lagardère Services: activity

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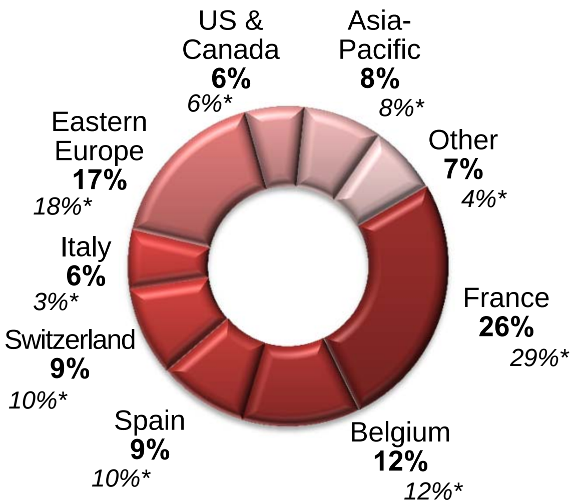
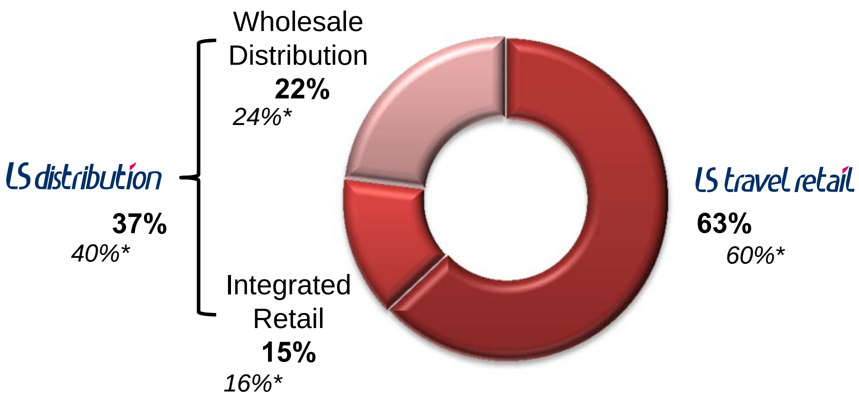
2014 sales by geographical area



2014 sales by activity



- **2014 sales: €3,814m (+1.3% like-for-like and +2.6% excluding the tobacco impact in Hungary).**
  - The **market environment** was marked by a faster growth in air traffic, and by the continued downturn of the press market. Despite the economic and geopolitical environment, the development strategy of Lagardère Services reaped rewards with an acceleration of organic growth in Travel Retail.
  - **Travel Retail** grew strongly (+7.4% reported, +5.3% like-for-like). See details next page.
  - **Distribution** is down -4.6% like-for-like, but much less (-1.5%) excluding the end of tobacco sales in Hungary, with improving trends thanks to diversification initiatives.

*% of sales in 2013.

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Lagardère Services: focus on Travel Retail

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- **The development strategy of LS travel retail is bearing fruits: Strong growth on all markets, with an acceleration in H2, fuelled by improving traffic trends and the good performance of acquisitions.**

On a comparable basis:

- in **France**, activity is up 3.4% thanks to the good performances in Duty Free and Food Services, and a better performance from Travel Essentials despite the SNCF & Air France strikes, as well as the heavy modernisation program of the Relay stores in the French rail network;
- in the **rest of Europe**, activity is up (+6.2%), especially in Italy (+18.5%) with the ramping up of the Rome airport, in the UK (+8.2%), and in Central Europe (+4.3%) thanks to traffic growth and network expansion;
- in **North America**, activity is buoyant (+6.5%), driven by network increase, as well as in **ASPAC** (+8.8%) with strong Duty Free performance (fashion & specialty).

- **Improving passenger traffic trends*:**

Worldwide	Europe	North America	Asia-Pacific
+5.1%	**+5.2%**	**+3.3%**	**+5.9%*** **
*+3.9%***	*+2.9%***	*+1.1%***	*+7.4%*

*At the end of December 2014, year-on-year increase, source: ACI. / **Full -Year 2013. / ***Traffic has been affected by the plane crashes and by the economic slowdown.

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Lagardère Services: profitability

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(€m)	2013	2014	Change
Sales (a)	**3,745**	**3,814**	**+1.8%**
Recurring EBIT of fully consolidated companies (b)	**96**	**105**	**+€9m**
Operating margin (b)/(a)	***2.6%***	***2.7%***	***+0.1 pt***
Income from equity-accounted companies	**8**	**6**	**/**
Non-recurring/non-operating items	**(62)**	**(64)**	**/**
EBIT	**42**	**47**	**+€5m**

- **2014 operation profitability**
  - Good performance of **LS travel retail** (+€14m) in line with activity trends, improving product mix, the successful development of new concepts and the contribution of acquisitions.
  - Decrease of profitability in **LS distribution** (-€5m) due to the weak activity trends in North America, partly compensated by the improving trend in Europe supported by the diversification strategy and cost control.
- Non-recurring and non-operating items comprise restructuring costs, gains on disposals, impairment losses and amortisation of intangible assets (due to recent acquisitions).

Lagardère Active: activity

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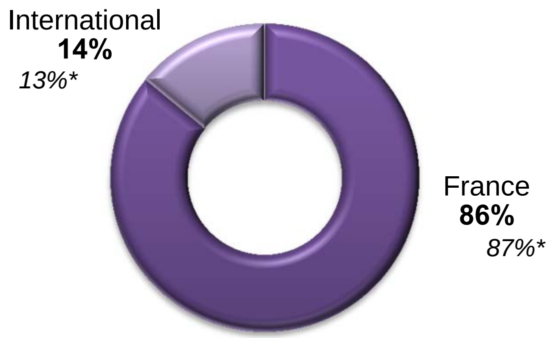
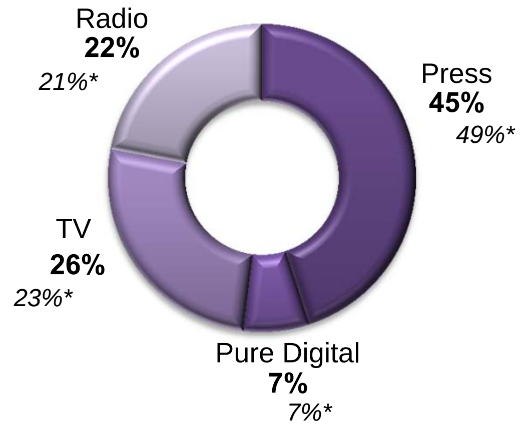
2014 sales by geographical area



2014 sales by activity



- **2014 sales: €958m (-5.4% like-for-like).**
  - **The decrease in activity is still mainly related to the Magazine decline. Overall, advertising trend is still negative (-4.2%).**
  - **Magazine** activities declined (-6.4%), with a drop in advertising (-9.8%), and a decrease in circulation (-3.5%) limited by cover prices increases.
  - **Radio** showed its defensive side, posting stable performance overall, and growth internationally.
  - **TV**: revenues are down (-6.1%), the catching up in TV Production deliveries at the end of the year did not offset the negative comparison effect with 2013.
  - **Digital** activities are up 3.2%, excluding the negative performance of LeGuide Group (affected by Google's offensive on the shopping guide market) and the closure of e-commerce activities.

*% of sales in 2013.

Lagardère ACTIVE

Lagardère Active: profitability

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(€m)	2013	2014	Change
Sales (a)	**996**	**958**	**-3.8%**
Recurring EBIT of fully consolidated companies (b)	**64**	**73**	**+€9m**
Operating margin (b)/(a)	***6.4%***	***7.6%***	***+1.2 pt***
Income from equity-accounted companies	**2**	**4**	**/**
Non-recurring/non-operating items	**(375)**	**(21)**	**/**
EBIT	**(309)**	**56**	**+€365m**

- **2014 operating profitability**
  - Profitability is up: the cost cutting plans enabled to offset negative trends in advertising and circulation.
- Non-recurring and non-operating items comprise mainly restructuring costs, gains/(losses) on disposals, fair value adjustment resulting from changes in control, and impairment losses on intangible assets.

Lagardère UNLIMITED

Lagardère Unlimited: activity

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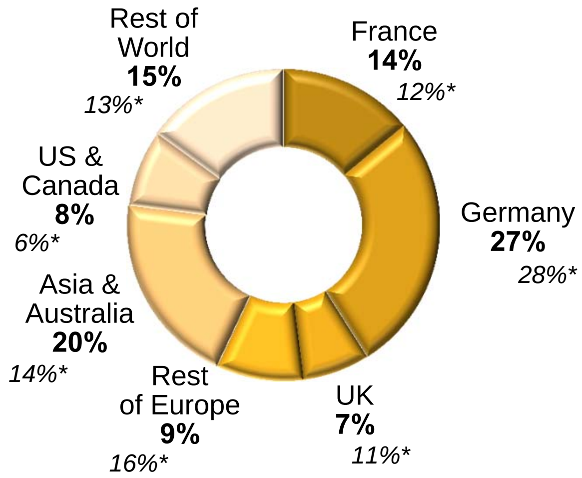
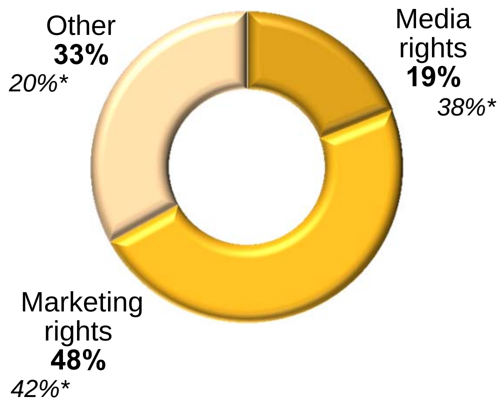
2014 sales by geographical area



2014 sales by activity



- **2014 sales: €394m (-6.6% like-for-like).**
  - The expected impact of the football calendar, mainly driven by no Africa Cup of Nations in 2014 and the continued phasing out of the media rights trading activities from Sportfive International explains the reduction in sales volume.
  - These factors are partly offset by the good performances of competitions organised in Asia (tennis and soccer events), and of hospitality operations related to the FIFA World Cup in Brazil.
  - The strategic transformation is well on-track with the development of new activities (consulting, stadium management, entertainment).

*% of sales in 2013.

Lagardère UNLIMITED

Lagardère Unlimited: profitability

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(€m)	2013	2014	Change
Sales (a)	**409**	**394**	**-3,8%**
Recurring EBIT of fully consolidated companies (b)	**(11)**	**4**	**+€15m**
Operating margin (b)/(a)	***/***	***1.0%***	***/***
Loss from equity-accounted companies	**(1)**	**(3)**	**/**
Non-recurring/non-operating items	**(23)**	**(19)**	**/**
EBIT	**(35)**	**(18)**	**+€17m**

- **2014 operating profitability**
  - The recovery plan of the division is well on track.
  - Despite a year with few significant sport events for the division, the cost saving plan, implemented following the phasing out of the media rights activities in Sportfive International, in addition to the closure of loss making activities, have enabled the division to be profitable.
- Non-recurring/non-operating items mostly due to restructuring costs and amortisation of intangible assets.

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Group financial results

General Meeting
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Consolidated income statement (1/2)

General Meeting
5 May 2015

(€m)	2013	2014
Sales	**7,216**	**7,170**
Total recurring EBIT of fully consolidated companies*	**327**	**342**
Media activities	*372*	*379*
Other activities	*(45)*	*(37)*
Income from equity-accounted companies**	**7**	**9**
Non-recurring/non-operating items	**1,193**	**(142)**
Restructuring costs	*(122)*	*(66)*
Gains/(losses) on disposals	*1,671*	*(5)*
Fair value adjustment resulting from changes in control	-	*25*
Impairment losses	*(328)*	*(41)*
Amortisation of acquisition-related intangible assets and other acquisition-related expenses	*(28)*	*(55)*
EBIT	**1,527**	**209**

*See definition slide 25. / **Before impairment losses.

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Consolidated income statement (2/2)

(€m)	2013	2014
EBIT	**1,527**	**209**
Net interest expense	(91)	(73)
Profit before tax	**1,436**	**136**
Income tax expense	(117)	(87)
Total profit	**1,319**	**49**
Attributable to minority interests	*(12)*	*(8)*
Profit – Group share	**1,307**	**41**

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Adjusted profit – Group share

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(€m)	2013	2014
Profit – Group share	**1,307**	**41**
Amortisation of acquisition-related intangible assets and other acquisition-related expenses*	+20	+42
Impairment losses on goodwill, tangible and intangible fixed assets*	+298	+41
Restructuring costs*	+117	+53
Gains/losses on disposals*	-1,624	+5
Fair value adjustment resulting from changes in control*	-	-25
Tax contribution on dividends paid	+40	+28
Exceptional bonus for employees*	+14	-
Adjusted profit - Group share	**172**	**185**

*Net of taxes.

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Consolidated statement of cash flows

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(€m)	2013	2014
Cash flow from operations before interest, taxes	454	403
Changes in working capital	116	(49)
Cash flow from operations	**570**	**354**
Interest paid & received, income taxes paid	(235)	(144)
Cash generated by operating activities	**335**	**210**
Acquisition of property, plant & equipment and intangible assets	*(296)*	*(249)*
Disposal of property, plant & equipment and intangible assets	*8*	*16*
Free cash flow	**47**	**(23)**
Acquisition of financial assets	*(41)*	*(282)*
Disposal of financial assets	*3,410*	*34*
(Increase)/decrease in short-term investments	29	-
Net cash from operating & investing activities	**3,445**	**(271)**

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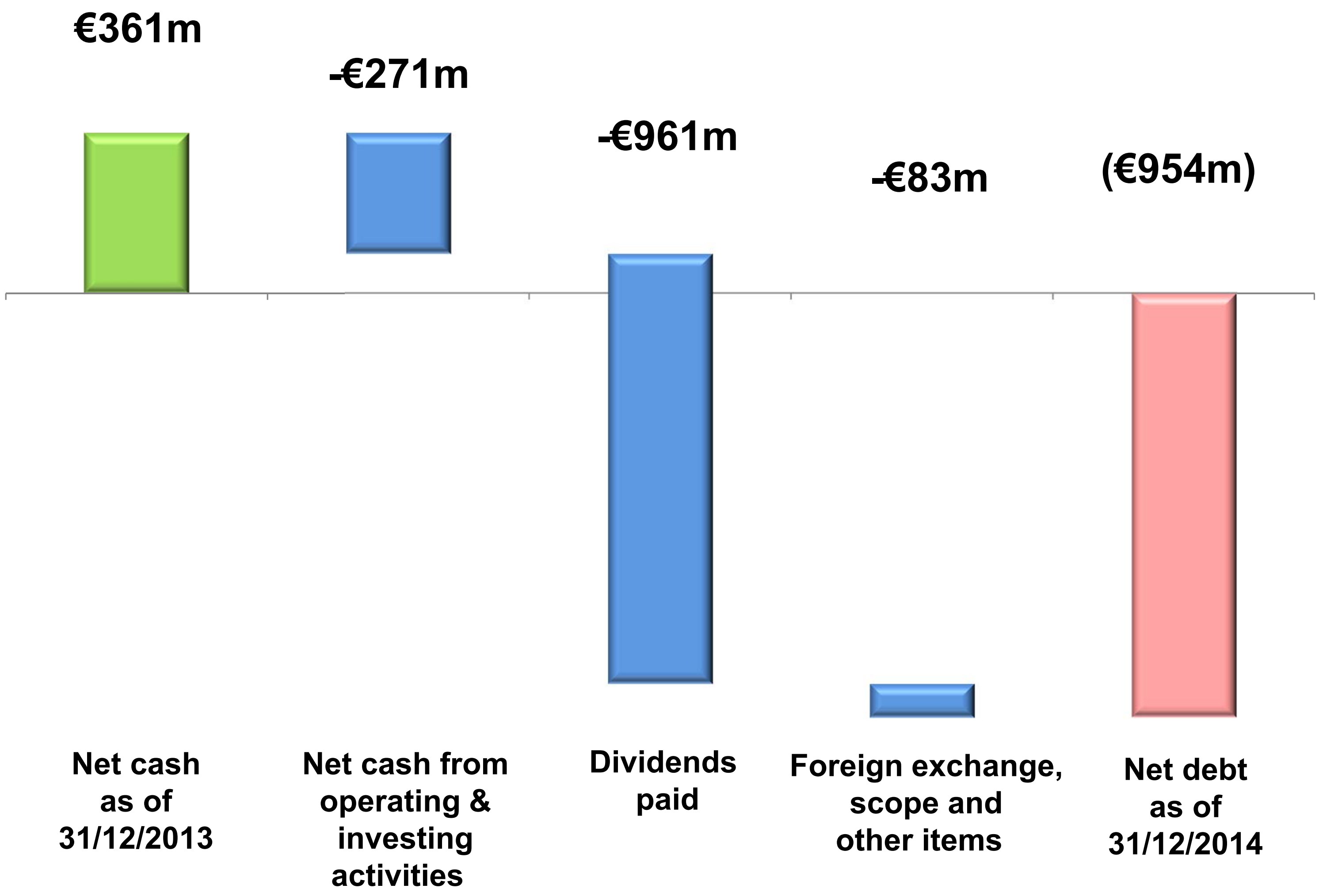
Change in net debt in 2014



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Consolidated balance sheet

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(€m)	31 Dec. 2013	31 Dec. 2014
Non-current assets (excl. investments in associates and joint ventures)	3,579	3,949
Investments in associates and joint ventures	152	159
Current assets (other than short-term investments and cash)	2,817	2,834
Short-term investments and cash	1,784	566
TOTAL ASSETS	8,332	7,508
Stockholders' equity	2,927	2,081
Non-current liabilities (excl. debt)	628	714
Non-current debt	617	1,030
Current liabilities (excl. debt)	3,354	3,193
Current debt	806	490
TOTAL LIABILITIES AND EQUITY	8,332	7,508

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Sound financial position

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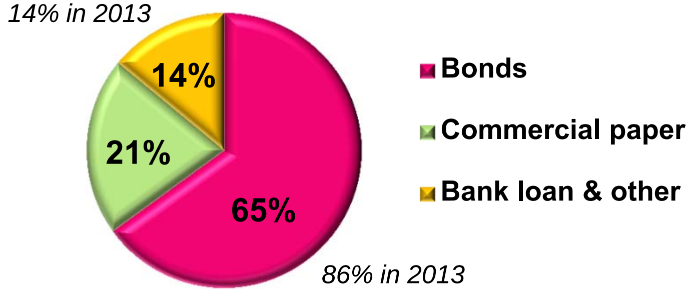
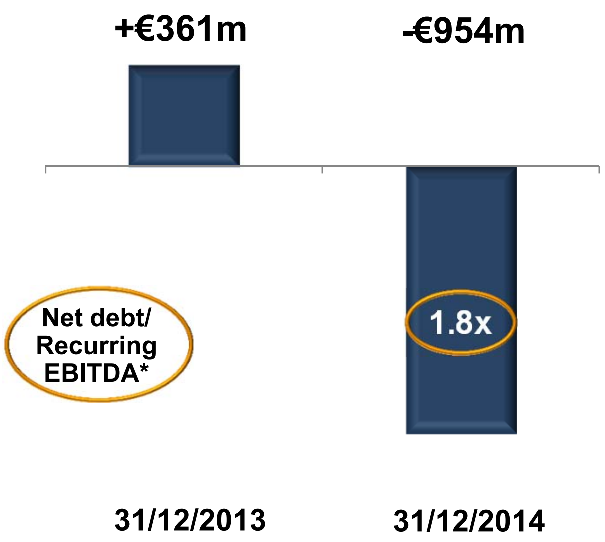
2014

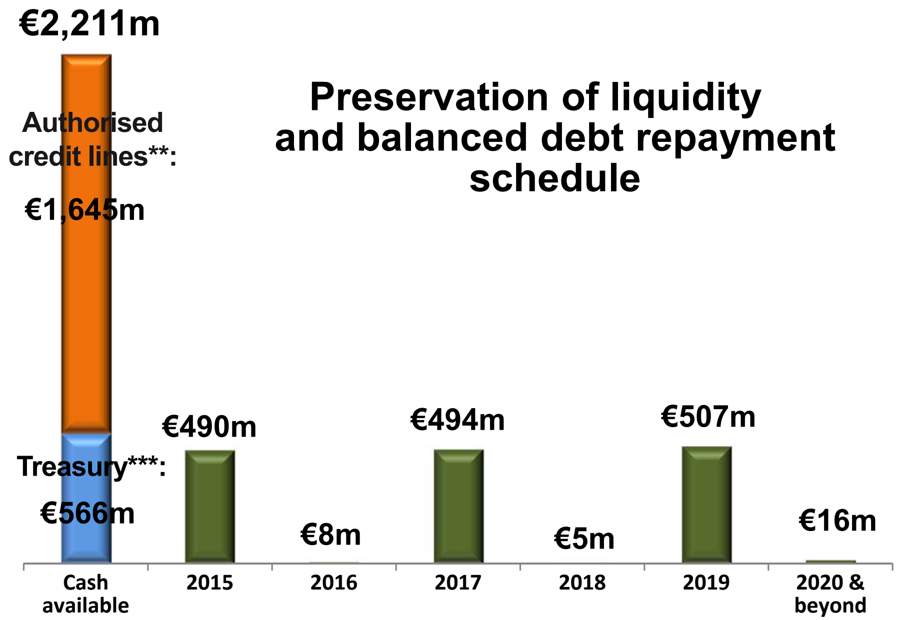
- Strong liquidity.
- Reduced funding costs thanks to the new bond issued in September 2014 (2% coupon, maturing in September 2019) and the use of short term commercial paper.
- Gross debt centered on bond market.

Gross debt breakdown: well-balanced funding sources





Preservation of liquidity and balanced debt repayment schedule



*See definition slide 25.

**Group credit facility excluding authorised credit lines at divisions level.
***Short-term investments and cash.

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Appendices

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For the records: definitions of Recurring EBIT of fully consolidated companies and EBITDA

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- **Recurring EBIT of fully consolidated companies is defined as the difference between profit before finance costs and tax and the following items of the profit and loss statement:**
  - Income (loss) from equity-accounted companies;
  - gains (losses) on disposals of assets;
  - impairment losses on goodwill, property, plant and equipment and intangible assets;
  - 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.

- **Recurring EBITDA**: Recurring EBIT of fully consolidated companies + depreciation & amortisation of tangible and intangible assets (other than acquisitions-related intangible assets) + dividends received from equity-accounted companies.

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Disclaimer

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Certain statements contained in this document are forward-looking statements (including objectives and trends), which address our vision of the financial condition, results of operations, strategy, expected future business and financial performance of Lagardère SCA. These data do not represent forecasts within the meaning of European Regulation No. 809/2004.

When used in this document, words such as “anticipate”, “believe”, “estimate”, “expect”, “may”, “intend”, “predict”, “hope”, “can”, “will”, “should”, “is designed to”, “with the intent”, “potential”, “plan” and other words of similar import are intended to identify forward-looking statements. Such statements include, without limitation, projections for improvements in process and operations, revenues and operating margin growth, cash flow, performance, new products and services, current and future markets for products and services and other trend projections as well as new business opportunities.

Although Lagardère SCA believes that the expectation reflected in such forward-looking statements are reasonable, such statements are not guarantees of future performance. Actual results may differ materially from the forward-looking statements as a result of a number of risks and uncertainties, many of which are outside our control, including without limitations:

- general economic conditions, including in particular growth in Europe and North America;
- 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.

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.

Accordingly, we caution you against relying on forward-looking statements. The forward-looking statements abovementioned are made as of the date of this document and neither Lagardère SCA nor any of its subsidiaries undertake any obligation to update or review such forward-looking statements whether as a result of new information, future events or otherwise. Consequently neither Lagardère SCA nor any of its subsidiaries are liable for any consequences that could result from the use of any of the above statements.