


PRESS RELEASE

2013 FIRST-HALF RESULTS

Guidance maintained for 2013 recurring Media EBIT[(1)]

Strong increase in recurring Media EBIT

- **Net sales: €3,406 million,** stable on a like-for-like basis[(2)]
- **Growth in recurring Media EBIT: €138 million**, up 23%
- **Net income attributable to the Group: €1,483 million**

A stronger financial situation

- **A sharp decline in net debt to €900 million,** primarily due to the disposal of EADS stake
- **Very strong liquidity position (€2,272 million in available cash[(3)])**

Paris, August 29, 2013

The Lagardère group proved during the first half of 2013 its **resilience** in **challenging conditions**.
A strong performance in General Literature, TV Production and Travel Retail allowed to offset the economic difficulties in Europe and the negative trend in printed products in Press and Distribution. **At €3,406 million net sales grew (+0.5%) on a reported basis**, and were stable on a like-for-like basis.

> **Recurring Media EBIT increased by 23%, up €26 million, at €138 million**.
- **Lagardère Publishing** recorded a €14 million increase, while profitability improved by 1.4 point on the back of a very strong performance in General Literature.
- **Lagardère Active** posted a slight €2 million increase, bolstered by the contribution of new digital activities and tight cost control.
- **Lagardère Services**: despite the strong performance in Travel Retail on the Duty Free & Luxury and Food Services segments as well as in emerging countries the division posted a declining EBIT (-€8 million) due to a higher than expected decrease in printed products at LS distribution. Travel Retail represents now 59% of total activity.
- **Lagardère Unlimited** recorded a positive and increasing (+€18 million) EBIT due to a favorable basis for comparison arising from the €22 million provision for risk related to the IOC contract[(4)] in the first half of 2012. Excluding this item, the variation of recurring EBIT reflects mainly an adverse calendar effect.

> **Net income attributable to the Group** amounted to **€1,483 million.** This includes in particular the profit on the disposal of EADS.

> **Adjusted net income**[(5)] rose slightly, to €33 million.

> **Net debt fell sharply, to €900 million,** primarily as a result of proceeds received on the disposal of EADS.

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(1) Recurring EBIT before associates: see definition at the end of the press release.
(2) At constant scope and exchange rates.
(3) Net cash and short-term investments on the balance sheet and undrawn authorised credit lines.
(4) International Olympic Committee.
(5) Excluding the contribution of EADS and non-recurring and non-operating items.

I- GROUP NET SALES AND BUSINESS ACTIVITY

Lagardère SCA's net sales in the first half of 2013 amounted to €3,406 million – an increase on a reported basis (+0.5%) and stable in like-for-like terms.

	Net sales (€m)		Reported change 2013/2012	Like-for-like change 2013/2012
	H1 2012	H1 2013		
LAGARDÈRE	**3,389**	**3,406**	**0.5%**	**0%**
Lagardère Publishing	905	917	1.4%	3.1%
Lagardère Active	450	471	4.7%	0.3%
Lagardère Services	1,821	1,814	-0.4%	-0.8%
Lagardère Unlimited	213	204	-4.6%	-7.1%

The difference between reported and like-for-like data is mainly due to the positive impact of changes in consolidation scope, for €40 million (essentially related to acquisitions in Travel Retail and Digital), which was partially offset by an adverse exchange rate effect of -€24 million caused by the decline in the pound sterling, the yen, the Swiss franc and the US dollar.

> Lagardère Publishing

Net sales amounted to €917 million, up by 1.4% in reported terms and by 3.1% like-for-like. The difference is mainly attributable to negative exchange rate movements (-€15.5 million).
Activity in the first half of 2013 was mainly driven by the very strong performance in General Literature in France, the United Kingdom and the United States, and in Partworks.

In France and other French-speaking countries, sales were up 5.5% in a weak market, with in particular a strong increase in General Literature bolstered by the publication of Volumes 2 and 3 in the *Fifty Shades of Grey* series, the *Moi Zlatan Ibrahimović* biography, Grégoire Delacourt's *La première chose qu'on regarde* and the release in May of Dan Brown's *Inferno*.

Business was also up in the United States (+7%) thanks to a stronger publication schedule that was underpinned by the cinema release of films based on Nicholas Sparks' books published by the Group.

In the United Kingdom, the Adult Trade segment was up (+1%), but this positive trend was countered by difficulties in overseas markets (New Zealand and Australia).

In Spain/Latin America, activity declined (-7.7%) due to the spanish economic problems, which were not offset by growth in Latin America.

Partworks sales grew sharply (+12.1%) with a very strong performance in the UK, Russia and Japan.

Digital books continued their rise in English-speaking countries, accounting for 34% of Adult Trade sales in the United States (vs. 27% at end-June 2012) and 31% in the United Kingdom (vs. 22% at end-June 2012). Digital books now account for 11.3% of Lagardère Publishing's total net sales, compared with 8.4% at the end of June 2012. In France, the contribution of digital sales to Adult Trade sales remains low (3.2%), although rising sharply.

> Lagardère Active

Net sales totalled €471 million, up 4.7% on a reported basis or 0.3% on a like-for-like basis. The difference between reported and like-for-like figures is essentially due to the positive impact of changes in consolidation scope (€20 million) following the acquisitions made in Digital in 2012 (BilletRéduc.com and LeGuide.com). Sales were mainly underpinned by the strong performance in Audiovisual Production, partially offset by the 6.2% decline in advertising sales across all businesses within the division and by the continuing fall in circulation revenue.

Sales for Magazines in France fell by 5.6%, with a contraction in the advertising market and a decline in circulation (-7.6%).

Radio turned in a strong performance in France, in particular at Europe 1 (+3.7%), while international activity slowed. Radio confirmed its role as a defensive media suited to the current period of crisis.

The Audiovisual Production enjoyed strong growth (+43%) which cannot be extrapolated to the whole year. This performance is attributable to a high volume of deliveries in the first half of the year (*Borgia* season 2 and *Jo* notably).

Digital activities achieved a strong increase due to the Group's strategic expansion policy. Sales at LeGuide.com were up 8% on a like-for-like basis.

Lagardère Services

Net sales of €1,814 million in the first half of 2013, down slightly (-0.4% in reported terms and -0.8% like-for-like). The gap between reported and like-for-like figures was due to the positive impact of changes in consolidation scope (+€14.8 million) following the positive effects (€62 million) of the acquisitions in Travel Retail (mainly Rome airports and DFS Wellington in the Pacific), which were partially offset (impact of -€21 million) by the sale of OLF (book distribution in Switzerland) and the impact (-€26 million) of the transformation of a telephony sales contract in Hungary into a commission contract which decreases the amount of sales booked. Exchange rate movements had an adverse impact of -€8.7 million.

The transformation of the division's business mix continued, with Travel Retail now accounting for 59% of total sales (+3 points from the first half of 2012) and LS distribution (Integrated Retail and Press Distribution) generating 41%.

In the first half of 2013, LS travel retail's activities continued to grow (+ 6.6% on a reported basis and +2% like for like) despite unfavorable environment (air traffic and consumption trends) and poor weather conditions particularly in Europe. In France, the strong performance of the Duty Free & Luxury businesses (Aelia) were undermined by the sharp decline in press sales at Relay.

The integration of the Duty Free outlets at Rome's airports over the first half was satisfactory, with notably a major network renovation program and training of the sales force. Sales per passenger have risen sharply despite the renovation work and the outlook is very encouraging.

In Central Europe, sales continued to grow strongly (+4.1% in Poland, +11.5% in Romania and +23.5% in Bulgaria), as well as in the Asia-Pacific region (+6.3%), with an increase in traffic and the opening of new stores in Singapore, China and Malaysia.

LS distribution continued to decline (-4.5% on a like for like basis) owing to negative trends in the press market and the economic crisis in Spain.

In July, Relay was selected by SNCF to continue operating over 300 outlets in French railway stations.

Lagardère Unlimited

Net sales totalled €204 million, down 4.6% on a reported basis or 7.1% on a like-for-like basis. The difference between the two figures is due to positive changes in scope (+€5.7 million), which was offset by a negative foreign exchange impact (-€0.3 million).
The decline in sales at World Sport Group was essentially due to the transfer of the AFC(6) contract to a commission-based agreement (previously a buy-out contract) which reduced the amount of sales booked. It is also to be noted the unfavorable seasonality with the absence of Olympic Games qualifying matches in football, which was only partially offset by new events, in particular the Gulf Cup.
In contrast, **sales rose at Sportfive (+12%)**, thanks to strong sales of marketing rights for German football clubs and AFCON(7) 2013 as well as the holding of qualification matches for the World football cup. These positive items were partly offset by the discontinuation of marketing rights for certain football leagues in Europe.

(6)Asian Football Cup.
(7)Africa Cup of Nations.

II- KEY INCOME STATEMENT DATA

(€m)	H1 2012 Media	H1 2012 Other activities*	H1 2012 Total	H1 2013 Media	H1 2013 Other activities*	H1 2013 Total
Net sales	3,389	/	3,389	3,406	/	3,406
Recurring EBIT before associates	**112**	**(6)**	**106**	**138**	**(33)**	**105**
(Income) loss from associates**	3	42	45	(2)	/	(2)
Non-recurring/non-operating items	(39)	/	(39)	(334)	1,823	1,489
Income before interest and tax	**76**	**36**	**112**	**(198)**	**1,790**	**1,592**
Net interest expense	(11)	(29)	(40)	(15)	(40)	(55)
Income before tax	**65**	**7**	**72**	**(213)**	**1,750**	**1,537**
Income tax expense	(44)	20	(24)	(22)	(24)	(46)
Total net income	21	27	48	(235)	1,726	1,491
attributable to minority interests	(12)	/	(12)	(8)	/	(8)
Net income - attributable to the Group	**9**	**27**	**36**	**(243)**	**1,726**	**1,483**

*Non-media, Canal+ France and EADS.
**Before impairment losses.

RECURRING EBIT BEFORE ASSOCIATES[8]

Recurring Media EBIT before associates amounted to €138 million, up 23%.

	Recurring Media EBIT before associates (€m)		Reported change 2013/2012 (€m)
	H1 2012	H1 2013	
LAGARDÈRE MEDIA	**112**	**138**	**26**
Lagardère Publishing	57	71	14
Lagardère Active	31	33	2
Lagardère Services	37	29	-8
Lagardère Unlimited	(13)	5	18

> Lagardère Publishing

Lagardère Publishing recorded a €14 million increase in recurring EBIT and a 1.4 point rise in operating margin.
This positive trend was driven by a very strong performance in General Literature in France and the United States, a solid contribution from Partworks following major editorial successes, and by the growth of Digital sales. It is to be noticed that due to seasonality, 1st half results are not to be extrapolated to the full year.

> Lagardère Active

Recurring EBIT rose slightly on the back of acquisitions in the Digital segment. Radio also improved in France, in particular Europe 1, which achieved a high level of business. These positive achievements and ongoing cost savings offset the difficulties encountered in Magazine Publishing.

> Lagardère Services

Recurring EBIT declined by €8 million, mainly as a result of the negative performance of LS distribution. In Travel Retail, the strong increase in the Duty Free & Luxury and Food Services segments as well as in emerging countries was undermined by the decline in press and books for the Travel Essentials segment (Relay France, Australia and North America mainly). Major work programs are also to be noticed over the 1st half (Rome, Toronto, Montreal, Eiffel Tower, Terminal F in Paris).

(8)See definition at the end of the press release.

> **Lagardère Unlimited**

Recurring EBIT increased owing to a favorable basis for comparison against the first half of 2012, which had recorded a €22 million provision on the IOC contract.

Excluding this effect, the change in recurring EBIT reflects expected negative seasonal effects and the reduced exposure to media rights in Europe, which was partially offset by strong performance in the sale of marketing rights for German football clubs.

Non-media activities recorded recurring EBIT before associates of -€33 million, down €27 million, primarily due to provisions recorded for bonuses to be paid to employees in the second half of 2013 (following the special dividend related to the sale of EADS stake).

CONTRIBUTION FROM ASSOCIATES (excluding impairment losses)

The contribution from associates amounted to -€2 million, compared with €45 million in the first half of 2012. This was due to the deconsolidation of the Group's stake in EADS. The latter contributed €42 million to this item in the 1st half 2012. The contribution of subsidiaries and affiliates in the Media activities declined due to weak results for Marie Claire group and Gulli.

NON-RECURRING/NON-OPERATING ITEMS

Non-recurring/non-operating items came out at €1,489 million, including:

- gains (losses) on disposals of assets for +€1,810 million net of fees, including the net capital gain on the sale of the stake in EADS for €1,823 million;
- impairment losses on intangible assets amounting to -€249 million, including -€209 million for Lagardère Active, essentially arising from its Magazine Publishing assets. These impairment losses reflect the downward revision to the future cash flow forecasts for these activities and the perpetual growth rate, which has been lowered from 1.5% at the end of 2012 to 0% for Magazine Publishing. An impairment loss of -€30 million was recorded on Lagardère Services' Press Distribution business in Switzerland, which is also being affected by the decline in press circulation;
- an impairment loss of -€35 million was booked on the holding in Marie Claire group which, like Lagardère Active's Magazine business, is suffering from declining press sales;
- restructuring costs of -€14 million, including -€8 million at Lagardère Active, related to ongoing cost-saving plans;
- the amortisation of intangible assets and expenses related to the acquisition of associates, for -€12 million, including -€7 million at Lagardère Services and -€4 million at Lagardère Unlimited.

INCOME BEFORE INTEREST AND TAX

At 30 June 2013, income before interest and tax amounted to €1,592 million, up €1,480 million against 30 June 2012, essentially reflecting the profit made on the sale of EADS stake.

NET INTEREST EXPENSE

The net interest expense amounted to -€55 million at end-June 2013, up €15 million on the first half of 2012. Most of this increase can be attributed to the partial redemption of the bond maturing in 2014 in the first half of 2013, intended to reduce the amount repayable in October 2014. This transaction will reduce the amount of financial expenses payable in 2014.

INCOME TAX EXPENSE

Income tax amounted to €46 million, including:
- the additional 3% contribution payable on dividends in France, amounting to €40 million;
- a tax profit of €31 million corresponding to the reversal of a deferred tax liability relating to the impairment of publications in the Magazine Publishing business.

In view of all these items, total net income amounted to €1,491 million, including €1,483 million attributable to the Group and €8 million for minority interests.

ADJUSTED NET INCOME - ATTRIBUTABLE TO THE GROUP

Adjusted net income - attributable to the Group (excluding the contribution of EADS and non-recurring and non-operating items) **came out at €33 million**, up €3 million on the first half of 2012.

(€m)	H1 2012	H1 2013
Net income - attributable to the Group	**36**	**1,483**
Equity accounted contribution from EADS	(42)	-
Amortisation of intangible assets and acquisition-related expenses*	13	10
Impairment losses on goodwill and tangible & intangible assets*	10	263
Restructuring costs*	13	12
Gains/(losses) on disposals*	-	(1,788)
Taxes on dividends paid	-	40
Exceptional employee bonus*	-	13
Adjusted net income - attributable to the Group	**30**	**33**

*Net of tax.

III- OTHER FINANCIAL ITEMS

NET CASH GENERATED BY OPERATING AND INVESTMENT ACTIVITIES

(€m)	H1 2012	H1 2013
Cash flow from operations before interest and tax	237	178
Change in working capital	(191)	(91)
Cash flow from operations	**46**	**87**
Interest paid & received, income taxes paid	(44)	(98)*
Cash generated by/(used in) operating activities	**2**	**(11)***
Acquisition of property, plant & equipment and intangible assets	(103)	(163)
Disposal of property, plant & equipment and intangible assets	4	1
Free cash flow	**(97)**	**(173)**
Acquisition of financial assets	(107)	(47)
Disposal of financial assets	16	2,381
(Increase)/decrease in short-term investments	**10**	**14**
Net cash generated by/(used in) operating & investing activities	**(178)**	**2,175**

*Including €40m tax on dividends.

Cash flow from operating activities came out at -€11 million in the first half of 2013.

- **Cash flow from operations before interest and tax came out at €178 million**, reflecting the decline in amortization and provisions and the fall in dividends received from associates (€28 million in 2012, essentially EADS).
- The change in the **working capital requirement** (WCR), which is traditionally negative in the first half of the year, improved considerably (+€100 million) compared to the first half of 2012 thanks to inflows on the IOC contract at Lagardère Unlimited and an improvement in the United States at Lagardère Publishing. These positive items were, however, partially offset by a decline in the change in working capital at Lagardère Active, which had a large number of audiovisual production deliveries at the start of 2013, recorded in trade receivables as at 30 June.

- **Interest paid** (net of interest received) rose by €16 million to -€28 million, notably due to the partial redemption of the bond maturing in October 2014.
- **Income taxes paid** also increased (-€70 million, compared to -€32 million in the first half of 2012). This reflected -€40 million in additional taxes on the dividends paid out.

Investment flows were stable at €210 million.

- **Investments in property, plant & equipment and intangible assets amounted to €163 million**, up on the first half of 2012. These investments mainly concern Lagardère Services (ongoing expansion by opening new outlets) and Lagardère Unlimited (acquisition of sports rights).
- **Financial investments totaled €47 million**, down €60 million on the previous year, essentially comprising minor acquisitions at Lagardère Publishing and Lagardère Services.

Disposals of financial assets amounted to €2,381 million and primarily relate to the disposal of the stake in EADS for €2,272 million net of expenses, and of the 25% holding in Amaury group for €91 million.

Overall, **total cash from operating & investing activities represented a net inflow of €2,175 million**, compared with a net outflow of €178 million at 30 June 2012.

FINANCIAL SITUATION

Net debt came out at €900 million at 30 June 2013, down sharply relative to both 30 June 2012 (€1,729 million) and 31 December 2012 (€1,700 million). This is mainly due to the disposal of EADS stake, which was partially offset by the payment of an exceptional dividend.

The Group's liquidity position remains solid, with available cash totaling €2,272 million (cash and short-term investments on the balance sheet of €627 million and undrawn approved credit lines of €1,645 million). The debt repayment schedule is well-balanced and the first major repayment date will occur in October 2014 (redemption of the bond issued in late 2009; following the partial redemptions in the second half of 2012 and in the first half of 2013, the remaining amount repayable is €657 million).

IV- OUTLOOK - GUIDANCE

GUIDANCE MAINTAINED ON RECURRING MEDIA EBIT

The strong performance at Lagardère Publishing and Lagardère Active (Audiovisual Production) cannot be extrapolated to the whole year. Over the 2nd half, Lagardère Publishing will face a difficult comparison effect (strong activity in the 2nd half 2012), especially due to the expected slowdown in Education.

However, thanks to the first-half results and the outlook for the second half of the year, the guidance announced in March for full-year recurring Media EBIT is maintained.
In 2013, recurring Media EBIT should increase by between 0% and 5% relative to 2012, at constant exchange rates.
This guidance is based on an expected decline in advertising revenue of around 7% at Lagardère Active.

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INVESTOR CALENDAR

- **Net sales for the third quarter of 2013,** to be announced at 8:00 a.m. on 12 November 2013.

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DEFINITION OF RECURRING EBIT BEFORE ASSOCIATES

Recurring EBIT before associates is defined as the difference between income before interest and tax and the following items of the income statement:

- contribution of associates;
- gains or losses on the disposal of assets;
- impairment losses on goodwill, property, plant and equipment and intangible assets;
- restructuring costs;
- items related to business combinations:
  - expenses on acquisitions;
  - gains and losses resulting from acquisition price adjustments;
  - amortisation of acquisition-related intangible assets.

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A recording of the results presentation conference call is available today on the website: www.lagardere.com

Lagardère is a pure media group (Book and e-Publishing; Press, Audiovisual, Digital and Advertising Sales Brokerage; Travel Retail and Distribution; Sports and Entertainment) and is among the world leaders in the sector.
Lagardère shares are listed on Euronext Paris.

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 opinions 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 reference") 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 modify 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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