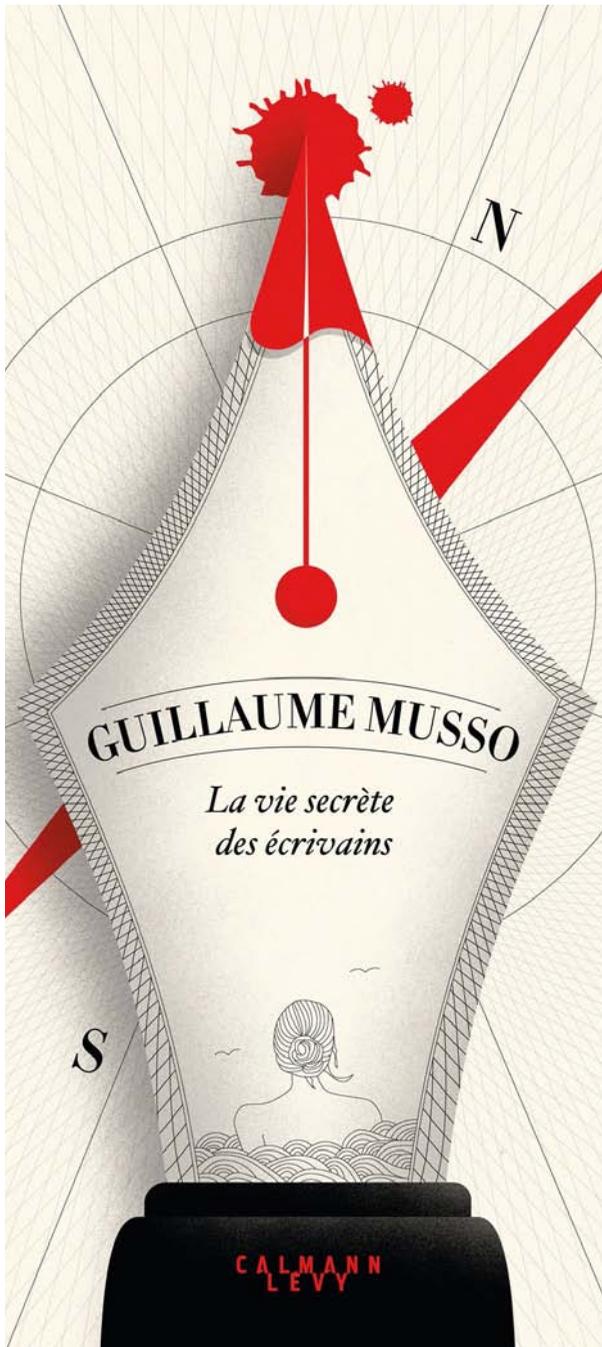


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# 2019-2020 MILESTONES



**Lagardère**

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# PROFILE

Created in 1992, Lagardère is an international group with operations in more than 40 countries worldwide. It employs over 30,000 people and generated revenue of €7,211 million in 2019.

Under the impetus of the Group's General and Managing Partner, Arnaud Lagardère, the Group launched a strategic refocusing around two priority divisions:

**Lagardère Publishing** is the world's third-largest book publisher for the general public and educational markets, and the leader in France. Alongside some 6,900 employees, it creates 17,000 original publications each year as well as contributing to their broader circulation by innovating with digital and mobile reading formats. Lagardère Publishing's activities also extend to adjacent businesses such as Mobile Games and Board Games.

**Lagardère Travel Retail** is the world's fourth largest travel retail merchant, with operations in three segments of this very dynamic field: Travel Essentials, Duty Free & Fashion, and Foodservice. Lagardère Travel Retail has 25,000 employees across an international network of more than 4,800 points of sale in around one thousand airports, mainline and urban train stations.

The Group's business scope also includes Lagardère News (*Paris Match*, *Le Journal du Dimanche*, Europe 1, RFM, Virgin Radio and the Elle brand licence) together with Lagardère Live Entertainment. The Lagardère Studios unit is in the process of being sold.

Through this strategic refocusing, the Lagardère group is investing in its two strategic divisions with the aim of creating global leaders over the long term.

Lagardère shares are listed on Euronext Paris.



# WORLDWIDE PRESENCE

## BREAKDOWN OF 2019 REVENUE

by geographic area

**28%**  
FRANCE

**24%**  
WESTERN EUROPE



**25%**  
UNITED STATES AND CANADA



**11%**  
EASTERN EUROPE



**10%**  
ASIA-PACIFIC



**2%**  
OTHER COUNTRIES





FRANCE



EUROPE



AFRICA AND MIDDLE EAST



NORTH AMERICA



LATIN AMERICA



ASIA-PACIFIC



# MESSAGE FROM ARNAUD LAGARDÈRE

Ladies and Gentlemen, dear Shareholders,

2019 was a year of transformation and refocusing for the Lagardère group.

Our strategy is now concentrated on two priority areas: Lagardère Publishing, our power engine, and Lagardère Travel Retail, our growth engine.

These two divisions are highly complementary in terms of growth and profitability and will give the Group a more coherent profile, as regards both industry leadership and market development.

Even though it has involved some painful decisions, this deep-seated transformation means that we can continue expanding our two businesses – among the leaders in their industries – thereby guaranteeing the Group's robustness and staying power.

The disposals carried out as part of our strategic refocusing have given us the resources we needed to strengthen our divisions on their respective markets, with several large-scale acquisitions finalised in 2019. These included Gigamic, Short Books and Blackrock Games at Lagardère Publishing, and International Duty Free (IDF) at Lagardère Travel Retail.

"THESE TWO DIVISIONS ARE HIGHLY COMPLEMENTARY IN TERMS OF GROWTH AND PROFITABILITY AND WILL GIVE THE GROUP A MORE COHERENT PROFILE"

Revenue for Lagardère Publishing came in at €2,384 million for 2019, up 5.9% on a consolidated basis and up 2.8% like for like. Recurring EBIT climbed 10% to €220 million. Lagardère Travel Retail also delivered growth, with revenue up 16.1% on a consolidated basis (up 6.3% like for like) at €4,264 million, and recurring EBIT €31 million higher at €152 million. We emerged from 2019 with a streamlined profile and having delivered on our

forecasts, posting recurring EBIT of €361 million for the target scope.

Within the context of this transformation, I would like to emphasise the importance I place on our CSR policy, which is now integral to how businesses are assessed and valued. We have identified three priorities which will continue to guide our efforts in this area: placing people at the heart of our strategy, reducing the environmental impact of our products and services, and sharing the social and cultural diversity of our businesses.

Our efforts over the past few years to give our Group a renewed attractiveness and to create value for our shareholders will continue apace despite the current crisis. Our achievements would not have been possible without the unwavering commitment and talent of all of our employees, to whom I am sincerely grateful.

The Covid-19 epidemic which first emerged in China at the beginning of 2020 before spreading to the rest of the world is having a significant impact on our businesses, and particularly Travel Retail. At the date of this document, it is not currently possible to foresee how this unprecedented crisis will develop going forward. Given this context, we have decided to suspend the guidance announced on 27 February 2020, and have rolled out a cost-cutting plan in agreement with our customers and partners.

I would like to stress that since the early days of the epidemic, the Group's primary concern has been how best to protect our employees, whose dedication and adaptability has been outstanding throughout this challenging period.

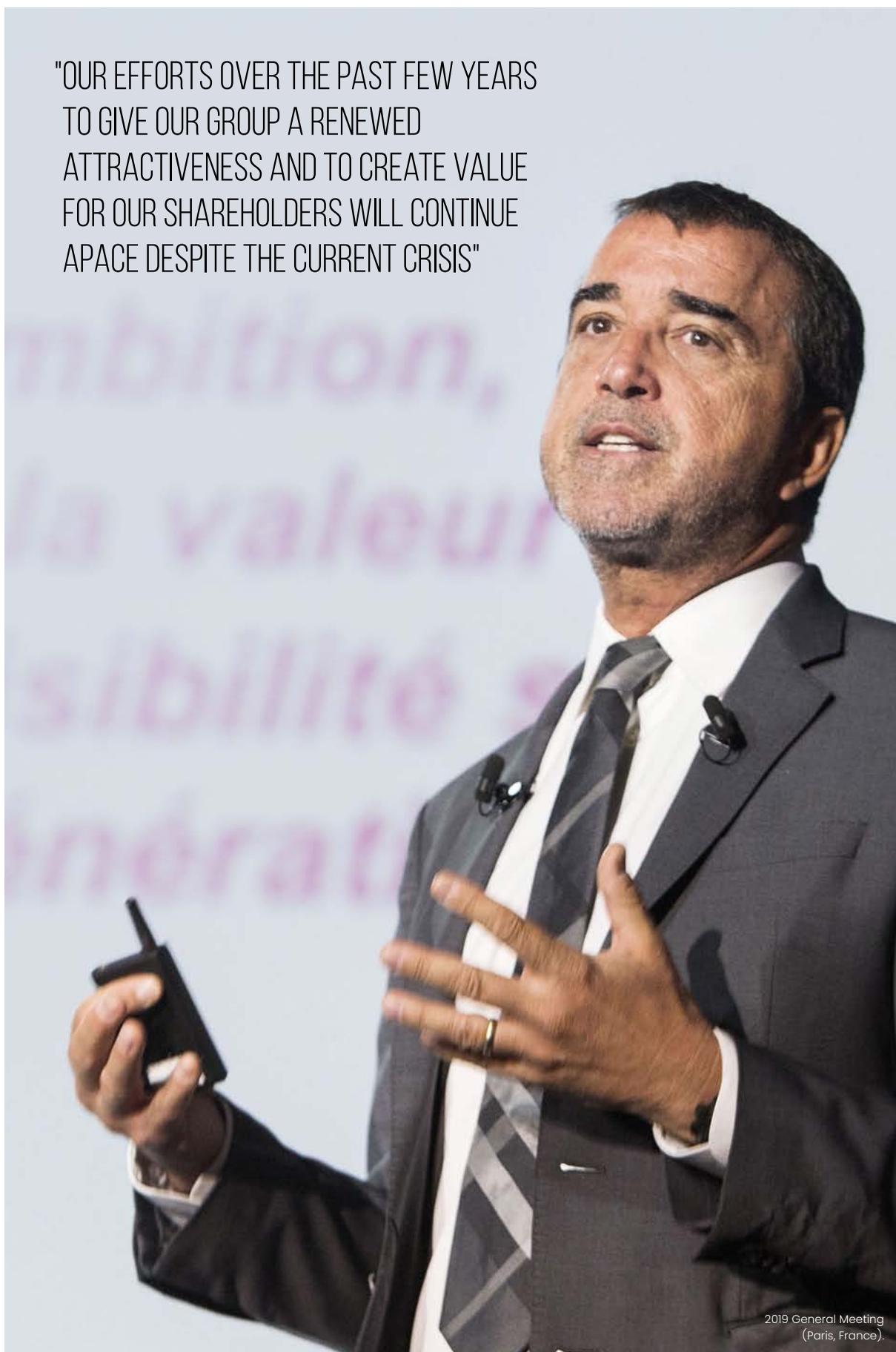
For these reasons, and in order to reflect the appropriate solidarity and corporate responsibility in the current climate, the Managing Partners, in agreement with the Supervisory Board, have decided to withdraw the proposed dividend in respect of 2019.

I would like to thank all of our shareholders for their loyalty and support.

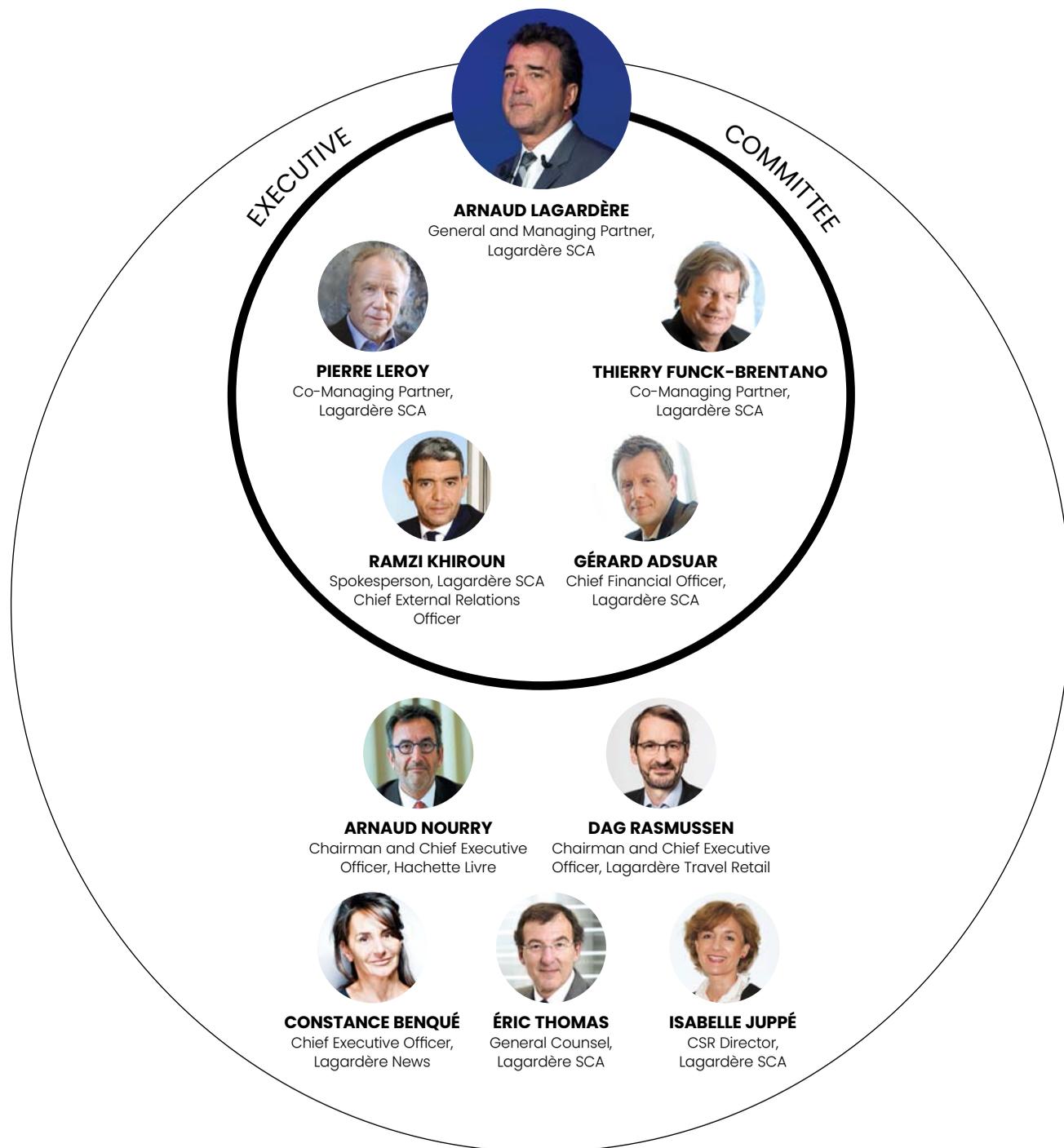
**Arnaud Lagardère**



"OUR EFFORTS OVER THE PAST FEW YEARS TO GIVE OUR GROUP A RENEWED ATTRACTIVENESS AND TO CREATE VALUE FOR OUR SHAREHOLDERS WILL CONTINUE APACE DESPITE THE CURRENT CRISIS"



2019 General Meeting  
(Paris, France).



**COMEL\***

\*Enlarged Committee.

**2020  
MANAGEMENT TEAM**

**The Executive Committee's role is to share information and coordinate actions taken by the Managing Partners.**

It assists the Managing Partners, who are members of the Committee, in their duties, which are:

- determining the Group's strategy;
- guiding its development and control;
- taking the major management decisions required for this and ensuring those decisions are implemented both at the level of the parent company and in the various divisions.

The Managing Partners are also supported by the Enlarged Committee, which is made up of the members of the Executive Committee plus the division senior executives, the Chief Executive Officer of Lagardère News and the General Counsel and Corporate Social Responsibility Director of Lagardère SCA. It meets every month.

# STRATEGY



2019 General Meeting  
(Paris, France).

**Value creation is central to the Lagardère group's strategic refocusing and leads to better strategic readability in pursuit of higher cash flow generation and significant savings. The Group's strategy has also been devised to build the global leader in each of its two business segments of Publishing and Travel Retail.**

## A GROUP REFOCUSED AROUND TWO PILLARS

As announced by Arnaud Lagardère at the annual results presentation on 8 March 2018 and at the Annual General Meeting of 3 May 2018, the Group has been refocusing around its two priority divisions: Lagardère Publishing, the power engine, and Lagardère Travel Retail, the growth engine. These two divisions are each among the world leaders in their respective businesses and accounted for more than 90% of Group revenue in 2019.

The main objectives of the strategic refocusing are as follows:

- to endow the Group with an improved, simpler, more ambitious and more focused business profile;
- to improve cash generation in order to fund the growth of the Group's two priority divisions.

## IMPLEMENTATION OF THE ASSET DISPOSAL PLAN

As part of the refocusing process, the Group has been divesting the assets making up Lagardère Active, excluding Lagardère News. Since 2018, it has sold:

- the stake in Marie Claire in June 2018;
- the radio businesses in the Czech Republic, Poland, Slovakia, Romania (July 2018) and Africa (February 2019);
- the e-Health unit with MonDocteur (July 2018), Doctissimo (October 2018) and Doctipharma (February 2019);
- the digital businesses with Boursier.com (January 2019), Plurimedia and Billetreduc.com (February 2019);
- the press titles in France in February 2019;
- the stake in Mezzo in July 2019;
- the Television businesses in September 2019;
- the stake in Disney Hachette Presse in October 2019.

These disposals were carried out within a very short time-frame and on broadly satisfactory financial terms.



2019 General Meeting  
(Paris, France).

In addition, the Audiovisual Production and Distribution division (Lagardère Studios) is in the process of being sold.

Lastly, the Group has received an offer to purchase 75% of Lagardère Sports (excluding Lagardère Live Entertainment).

## DEVELOPMENT OF THE PRIORITY DIVISIONS

The proceeds from these disposals are reinvested first and foremost in Lagardère Publishing and Lagardère Travel Retail, to provide them with the means to become fixtures among the global leaders in their respective segments.

For Lagardère Publishing, these investments include the acquisitions of La Plage (France), Worthy Publishing Group (United States) and Short Books (United Kingdom). Lagardère Publishing has also pressed ahead with its diversification, a process that started in 2016 and Mobile Games, with the acquisition of Gigamic and Blackrock Games, which are specialised in Board Games in France.

Lagardère Travel Retail has also carried out a number of major acquisitions to consolidate its positions on high-growth potential markets, including Hojeij Branded Foods (HBF), a Foodservice leader in the travel retail market in North America, and International Duty Free (IDF), a travel retail market leader in Belgium, which also has operations in Luxembourg and Kenya.

## OTHER ACTIVITIES

The Group's business scope also comprises "Other Activities", mainly including Lagardère News (*Paris Match*, *Le Journal du Dimanche*, Europe 1, Virgin Radio, RFM and the Elle brand licence) together with Lagardère Live Entertainment.

### Lagardère News

#### Press

*Paris Match*, France's leading news magazine in terms of both audience and circulation, celebrated its 70<sup>th</sup> anniversary in 2019 with 13.5 million weekly readers across its various formats<sup>1</sup>. *Paris Match* also pressed ahead with its diversification into event organisation, new webseries and videos. *Le Journal du Dimanche*: France's "must-read" weekend paper, totalled 3.8 million weekly readers across its various formats. In 2019, it launched a small-format daily, *Le Journal de Demain*, which gained more than 80,000 subscribers in a matter of weeks.

<sup>1</sup> Source: ACPM Brand One Next Global 2019 V1.



2019 General Meeting  
(Paris, France).

### Radio

In 2019, 3.2 million listeners<sup>2</sup> tuned into Europe 1 each day, and listeners downloaded more than 20.3 million of the station's podcasts.

With 2.1 million daily listeners<sup>3</sup>, Virgin Radio is the number two music radio station in France<sup>3</sup>.

RFM also boasts 2.1 million daily listeners, and has the second-highest audience share in the 35+ age bracket as well as a very solid position on the adult music scene<sup>4</sup>.

### Elle brand licence

Elle International, the world's leading women's media network, continued its development with highlights including the publication of *Elle Décoration* in Portugal and the signing of the launch agreement for *Elle* in Brazil. In the non-media licensing business, the Elle network launched a number of new lines including Elle Homme in China and Elle watches with the Fossil group worldwide, as well as inaugurating new Elle Café stores in China and Thailand.

### Lagardère Live Entertainment

Lagardère Live Entertainment, a leading show producer in France, had an outstanding year in 2019 with almost one million spectators turning up to see its touring artists (including -M-, Kev Adams, Jean-Louis Aubert, etc.) and the organisation of a version of the musical *Les Choristes* in China.

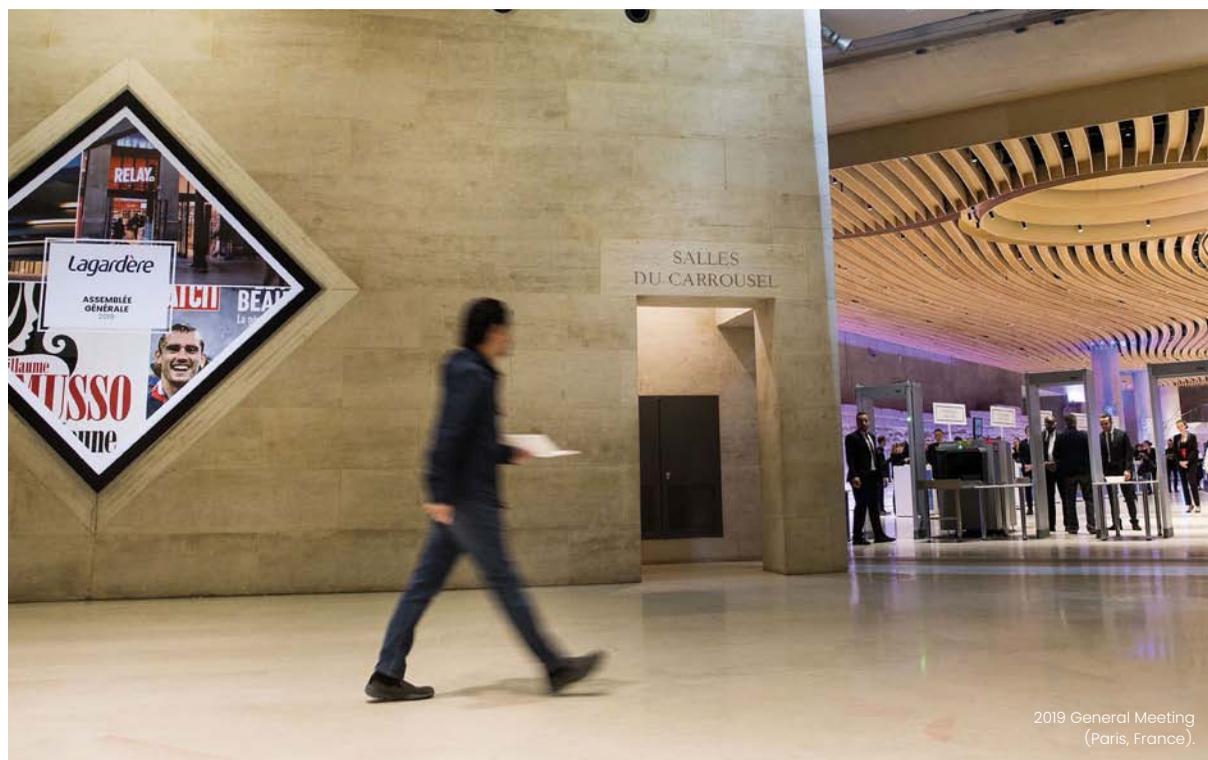
In 2019, Lagardère Live Entertainment also welcomed more than one million spectators to 743 shows across its various venues (Folies Bergère, Casino de Paris, Bataclan, Arkéa Arena and Arena du Pays d'Aix).

<sup>2</sup> Source: Médiamétrie 126,000 Radio; 13+; Monday-Friday, 5 a.m.-midnight; November-December 2019; cumulative audience.

<sup>3</sup> Source: Médiamétrie 126,000 Radio; 13+ and 25-49; average Monday-Friday, 5 a.m.-midnight and 7 a.m.-10 a.m.; November-December 2019; cumulative audience, audience share and quarter-hour average.

<sup>4</sup> Source: Médiamétrie 126,000 Radio; 13+, 35+; upper occupational groups; average Monday-Friday; 5 a.m.-midnight; November-December 2019; cumulative audience, audience share and listening time per listener.

# PRESENTATION OF FRENCH PARTNERSHIPS LIMITED BY SHARES



Lagardère is a French partnership limited by shares (*société en commandite par actions* – SCA) and has two categories of partners:

- General Partners (*Associés Commandités*, of which there are two), who are indefinitely personally liable for the Company's debts; and
- Limited Partners (*Associés Commanditaires*, or shareholders), whose situation is the same as that of shareholders in a joint-stock corporation (*société anonyme*): they are liable for the Company's debts only to the extent of their contribution to the partnership. Members of the Supervisory Board are appointed by the Limited Partners alone, and General Partners may not take part in the vote.

Because of the two categories of partners, collective decisions require consultation of the shareholders at General Meetings, and of the General Partners.

The Managing Partners are responsible for running the Company under the oversight of the Supervisory Board, which represents the shareholders.

## **FRENCH PARTNERSHIP LIMITED BY SHARES: A MODERN CORPORATE STRUCTURE PERFECTLY IN STEP WITH CORPORATE GOVERNANCE REQUIREMENTS**

French partnerships limited by shares provide for a clear separation of powers between management (Managing Partners and General Partners) and supervisory bodies (Supervisory Board).

Members of management may not also be members of the Supervisory Board.

Furthermore, Lagardère SCA encourages the management bodies to run the Company responsibly and prudently with a long-term perspective. Since the Managing Partners are also General Partners, they have indefinite liability for the Company's debts.

## LAGARDÈRE SCA: ENHANCED SHAREHOLDER RIGHTS

Lagardère SCA has adapted its Articles of Association to enhance shareholders' rights by granting them specific powers:

### Veto on the appointment of Managing Partners

The Supervisory Board, which represents the shareholders, must give its consent to the appointment of the Managing Partners by the General Partners.

In the event of any unresolved disagreements between the General Partners and the Supervisory Board, the shareholders have the ultimate say in the General Meeting.

### Right of approval in the event of a change of control of Arjil Commanditée-Arco (General and Managing Partner)

The Supervisory Board must give its prior approval for:

- any transfer, sale or issue of shares resulting in a change of control of Arjil Commanditée-Arco, unless the transaction is accompanied by a valid takeover bid for all of Lagardère SCA's shares;
- any new shareholders in Arjil Commanditée-Arco.

### GENERAL PARTNERS

- Arnaud Lagardère
- Arjil Commanditée-Arco

### MANAGING PARTNERS

- Arnaud Lagardère
- Arjil Commanditée-Arco represented by:

Arnaud Lagardère  
Chairman and Chief Executive Officer

Pierre Leroy  
Deputy Chairman  
and Chief Operating Officer

Thierry Funck-Brentano  
Chief Operating Officer

### STATUTORY AUDITORS

- Ernst & Young et Autres
- Mazars



2019 General Meeting  
(Paris, France).

# SUPERVISORY BOARD



The Supervisory Board is appointed by the shareholders. Its main duties are:

- ensuring the ongoing supervision of the Company; and
- verifying that the Company has the resources to assess and monitor its risk exposure, and more generally to guard against risks to the extent possible.

To fulfil its duties, the Supervisory Board meets regularly (in 2019, it held four meetings) to review the financial position and operations of the Company and its subsidiaries, the annual and interim financial statements and the broad outlook for each of the business activities. The Board is also informed of the work undertaken by its committees.

## **AN INDEPENDENT BOARD WITH A STAGGERED AND FLEXIBLE APPOINTMENT PROCESS**

All Board members are independent.

Approximately one-quarter of Board members are replaced or re-appointed each year, for a maximum term of four years.

## **A COMPETENT SUPERVISORY BOARD WITH COMBINED EXPERTISE ENCOMPASSING THE GROUP'S MAIN BUSINESSES**

The Supervisory Board has always been committed to ensuring that its members are chosen first and foremost based on their expertise and experience (managerial, financial, strategic and legal) as well as their professional ethics, so as to be able to respond appropriately and comprehensively in the performance of its supervisory duties.

Consequently, the Board comprises members with varied and complementary professional backgrounds and expertise (see chart on page 15), enabling them to discharge their duties while complying with best corporate governance practices (independence, diversity, etc.). Its Chairman is Patrick Valroff, who is an independent member.



## MEMBERS OF THE SUPERVISORY BOARD

1. Patrick Valroff – Chairman
2. Nathalie Andrieux<sup>1</sup>
3. Jamal Benomar
4. Martine Chêne
5. Yves Guillemot
6. Soumia Malinbaum
7. Hélène Molinari<sup>1</sup>
8. Guillaume Pepy
9. Gilles Petit
10. Nicolas Sarkozy
11. Aline Sylla-Walbaum
12. Susan M. Tolson

<sup>1</sup> The terms of office of Nathalie Andrieux and Hélène Molinari will not be renewed at the General Meeting on 5 May 2020.



2019 General Meeting  
(Paris, France).

## STANDING COMMITTEES TO HELP PREPARE AND ORGANISE THE BOARD'S WORK

Three committees have been set up to prepare and organise the Board's work:

### Audit Committee

The Audit Committee carries out preparatory work for Board meetings, particularly reviewing the financial statements and verifying the reliability and understandability of the information provided to shareholders and to the markets, as well as monitoring the effectiveness of the internal control systems and risk management procedures.

All of the Audit Committee members have expertise in finance or accounting, and are independent members. The Audit Committee has four members and is chaired by Patrick Valroff. Its operation complies with the applicable standards and regulations. Most Audit Committee meetings take place a few days in advance of Supervisory Board meetings, to ensure that they are efficiently prepared.

### Appointments, Remuneration and CSR Committee

The Appointments, Remuneration and CSR Committee also carries out preparatory work for the Board, but on matters dealing with its membership – including identifying and selecting Board candidates – remuneration, governance and sustainable development/CSR.

Under its oversight, the Appointments, Remuneration and CSR Committee is supported by an independent recruitment firm to identify and select candidates for appointment to the Supervisory Board, as well as by an external consultant to conduct formal assessments of the Board every three years. This external assessment was carried out in 2019.

It comprises four members, all of whom are independent, and is chaired by Gilles Petit.

### Strategy Committee

The Supervisory Board decided on 27 February 2020 to create a Strategy Committee in order to prepare and clarify its work relating to ex-post checks of business conduct.

It comprises four members, all of whom are independent, and is chaired by Guillaume Pepy.

## COMPLIANCE WITH THE AFEP-MEDEF CORPORATE GOVERNANCE CODE

Lagardère SCA's Supervisory Board is committed to meeting French corporate governance best practices in the form of the recommendations of the Afep-Medef Corporate Governance Code, which the Company has decided to adopt.

This is illustrated by:

- the Supervisory Board's pronounced independence;
- the existence of Board committees to efficiently prepare its work;
- the annual self-assessment of the Board, and an external assessment every three years;
- the maximum term of office of four years;
- remuneration of Board members based on attendance at meetings; and
- at least one Board meeting each year that is not attended by the Managing Partners.

## SUPERVISORY BOARD KEY FIGURES<sup>1</sup>

**100%** PERCENTAGE OF INDEPENDENT MEMBERS ON THE BOARD

**98%** AVERAGE ATTENDANCE RATE AT BOARD MEETINGS

**50%** PERCENTAGE OF WOMEN ON THE BOARD

<sup>1</sup> Data for fiscal year 2019.

## INTERNATIONAL EXPERIENCE

**Jamal Benomar**  
Special Adviser to the  
UN Secretary-General –  
Under-Secretary-General

## SENIOR EXECUTIVE EXPERIENCE OR FINANCIAL EXPERTISE

**Patrick Valroff**  
Chairman of  
the Supervisory Board

Former Chief Executive Officer  
of Crédit Agricole CIB

**Yves Guillemot**  
President and Chief Executive Officer  
and co-founder, Ubisoft

**Guillaume Pepy**  
Former Chairman of the  
Management Board, SNCF

**Gilles Petit**  
Former Managing Director of Carrefour, and  
CEO of the Elior and Maisons du Monde groups

**Nicolas Sarkozy**  
Sixth President of the Fifth French Republic

**Aline Sylla-Walbaum**  
International Managing Director (Luxury),  
Christie's

**Susan M. Tolson**  
Former Senior Vice-President, Capital Group

**Nathalie Andrieux**  
Chief Executive Officer, Geolid

Former Deputy  
Chief Executive Officer –  
Digital, La Poste group

Former member of the  
French Digital Council

**Hélène Molinari**  
Former Chief Operating  
Officer, Medef

Member of the Strategy  
Committee, Be-Bound

## BUSINESS\* AND OTHER EXPERTISE\*\*

**Martine Chêne**  
Former CFDT union representative  
on the Group Employees' Committee

**Soumia Malinbaum**  
Deputy Chief Executive Officer, Keyrus

\* Media/Distribution/Innovation/New technologies/Travel Retail.

\*\* Legal/Governance/Social relations/Diversity.

# MEETING THE SHAREHOLDERS



2019 General Meeting  
(Paris, France)

## SHARE OWNERSHIP STRUCTURE AND VOTING RIGHTS AT 31 DECEMBER 2019

	% OF CAPITAL	% OF VOTING RIGHTS
Lagardère Capital & Management	7.26%	11.03%
Treasury shares	1.79%	–
Employees and Group Savings Plan investment funds	2.26%	2.66%
Individual shareholders	10.46%	12.21%
French institutional investors	11.82%	12.61%
Non-French institutional investors	66.41%	61.49%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>

## KEY FIGURES

	2015	2016	2017	2018	2019
Earnings per share	€0.58	€1.36	€1.38	€1.49	<b>-€0.12</b>
Adjusted* earnings per share	€1.87	€1.84	€1.68	€1.71	<b>€1.55</b>
Ordinary and extra dividends per share	€1.30	€1.30	€1.30	€1.30	<b>€0**</b>
Share price at 31 December	€27.51	€26.39	€26.73	€22.02	<b>€19.43</b>
Yield***	4.72%	4.93%	4.86%	5.90%	–
Market capitalisation (€m) at 31 December	3,607	3,461	3,505	2,888	<b>2,548</b>

\* Excluding non-recurring/non-operating items.

\*\* In view of the solidarity and corporate responsibility required by the unprecedented context of the Covid-19 pandemic crisis, the Managing Partners, in agreement with the Supervisory Board, have decided to modify the proposed allocation of the Company's results for the year submitted to the General Meeting of 5 May 2020, and not to pay a dividend.

\*\*\* Theoretical yield for proposed ordinary dividend/share price at 31 December.

## INFORMATION ABOUT LAGARDÈRE SHARES

- Codes: ISIN (FR0000130213), Ticker (MMB), Bloomberg (MMB:FP), Reuters (LAGAPA).

- Listing market: Euronext Paris (compartment A).

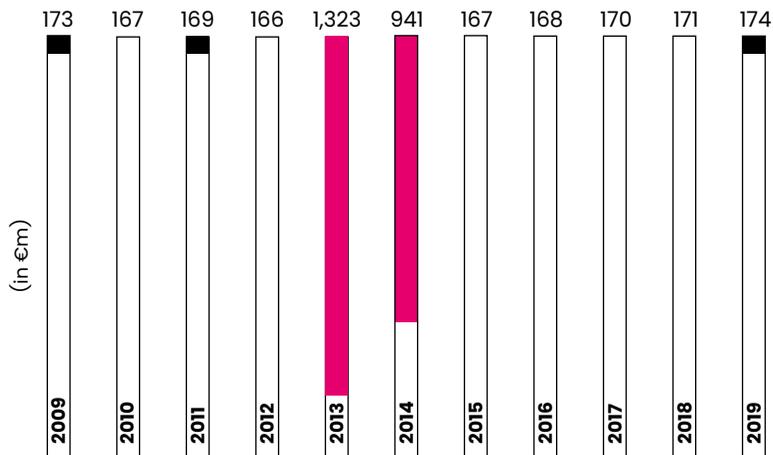
- Member of: SBF 120, MSCI Small Cap Index, STOXX® Europe 600 Media.

- At 31/12/2019, Lagardère was included in the following ESG indices: Vigeo Euronext Europe 120, Vigeo Euronext Eurozone 120, FTSE4Good Index series, MSCI Global Sustainability Index series, Ethibel Sustainability Index (ESI) Excellence Europe and STOXX® Global ESG Leaders Index. The Lagardère group is also included in SAM's 2020 Sustainability Yearbook for the media sector.

- Shares eligible for the Deferred Settlement Service (SRD) and French "PEA" share savings plans.

## PAYMENTS TO SHAREHOLDERS SINCE 2009

Payments made to shareholders each year in respect of the previous financial year



# €3.8bn

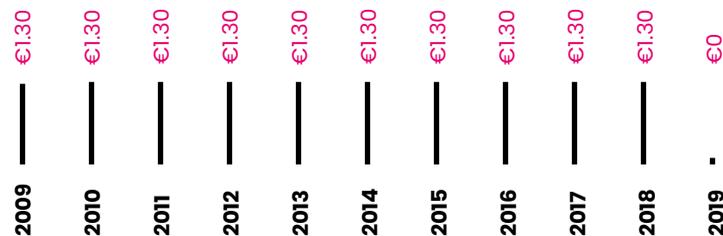
paid out to shareholders

- Ordinary dividend
- Extra dividend\*
- Share buyback

\* In 2014, Lagardère paid an extra dividend of €6 per share for 2013 following the sale of its interest in Canal+ France. In 2013, Lagardère paid an extra dividend of €9 per share following the sale of its interest in EADS.

## DIVIDEND

Proposed ordinary dividend per share since 2009



In view of the solidarity and corporate responsibility required by the unprecedented context of the Covid-19 pandemic crisis, the Managing Partners, in agreement with the Supervisory Board, have decided to modify the proposed allocation of the Company's results for the year submitted to the General Meeting of 5 May 2020, and not to pay a dividend.

## SHAREHOLDERS' CONSULTATIVE COMMITTEE

In 1997, the Lagardère group formed a Shareholders' Consultative Committee representing individual shareholders.

### The Committee's objectives are to:

- improve financial communications between the Group and its shareholders;
- reflect on shareholders' expectations and their perception of the Group and its investor relations policy (financial results, strategy, the Annual General Meeting etc.).

The Committee consists of representatives of individual shareholders along with representatives of Lagardère.

### The Committee considers primarily themes such as:

- financial communication via the Group's website;
- sustainable development;
- the annual report;
- the Group's business development and strategy.

Anyone interested in becoming a member and participating in the Committee's work should contact the Investor Relations Department via the Investor Relations section of the [Lagardere.com](http://Lagardere.com) website.

## SHAREHOLDER RELATIONS

### Information for shareholders

The Group provides its shareholders with comprehensive and easily accessible financial information on a regular basis and in various ways including the distribution of financial press releases by an AMF-approved provider, publications on its website, and live broadcasts of financial results presentations and the Annual General Meeting.

The Lagardere.com website includes two sections especially for investors and individual shareholders, including documents relating to the Annual General Meeting, answers to frequently asked questions and information about how to become a shareholder.

Specific sections are also provided on particular topics such as sustainable development, corporate governance, regulated information and debt.

### Meetings with investors and financial analysts

In 2019, the Group organised face-to-face meetings or conference calls with investors (holding shares and bonds) and financial analysts and took part in roadshows and sector-specific conferences in Europe and North America. The Group also carried out specific communications relating to its strategy within the framework of Investor Days, intended to improve understanding of certain business activities by the financial community: **the Group's growth strategy in 2014, Lagardère Travel Retail in 2016 and Lagardère Publishing in 2017.**

The Group maintains close and regular relations with financial analysts, particularly when reporting earnings or revenue (conference calls).

Information meetings for individual shareholders are also organised across the French regions.

## SECURITIES SERVICES AND REGISTERED SHARES

The shares that make up Lagardère SCA's share capital are all registered shares, held either in administered form (via a financial intermediary) or in directly registered form (via BNP Paribas Securities Services).

Thanks to this form of shares, all shareholders:

- are systematically invited to Annual General Meetings and can vote more easily by post or online;
- benefit from double voting rights once they have held shares on a continuous basis for four years.

Practical information about how to transfer directly registered shares to BNP Paribas Securities Services can be found on the Lagardère website.

The main advantages of holding shares in directly registered form are:

- no custodian fees (details of other fees relating to ownership of directly registered shares are given on the Lagardère website);
- dividends paid directly on the date of payment decided by the Annual General Meeting;
- free handling of standard instructions relating to the ordinary running of the securities account: transfers, donations, adjustments etc.;
- taking care of communicating instructions from the shareholder to sell securities;
- guaranteed receipt of documents relating to the running of the account periodically or on request, as soon as possible and free of charge, with the possibility of opting for electronic communications.

## FINANCIAL CALENDAR<sup>1</sup>

**30 APRIL 2020**

First-quarter 2020 revenue

**5 MAY 2020**

General Meeting, fiscal year 2019

**30 JULY 2020**

First-half 2020 results

<sup>1</sup> Dates may be susceptible to change.

# BUSINESS MODEL

## A sustainable value creation model

### INPUTS AND RESOURCES<sup>(1)</sup>

#### HUMAN CAPITAL

34,691 employees  
44% of women executives  
43% of managers and executives with more than ten years' service

#### FINANCIAL CAPITAL

€502 million in business investment  
€2,163 million in available liquidity  
Leverage ratio<sup>(2)</sup> of 2.1

#### ENVIRONMENTAL AND SOCIETAL CAPITAL

319 GWh tertiary power consumption<sup>(3)</sup>  
153 kilotons of paper purchased and supplied  
14,203 audiobooks available in the Lagardère Publishing catalogue at year-end

### BUSINESSES

Lagardère is an international group with operations in more than 40 countries worldwide. It ranks among the world leaders in publishing (Lagardère Publishing) and travel retail (Lagardère Travel Retail).

#### LAGARDÈRE PUBLISHING

Books  
e-Books  
Mobile Games and Board Games

#### LAGARDÈRE TRAVEL RETAIL

Travel Essentials  
Duty Free & Fashion  
Foodservice

#### OTHER ACTIVITIES<sup>(4)</sup>

### VALUE CREATION<sup>(1)</sup>

#### EMPLOYEE VALUE

15,142 permanent recruitments  
291,994 training hours Group-wide  
36% of employees with a portion of variable remuneration  
70% of workforce with employee representation

#### FINANCIAL VALUE

€7,211 million in revenue  
€378 million in recurring operating profit of fully consolidated companies  
€294 million in free cash flow

#### SOCIETAL AND ECONOMIC VALUE

97% of paper purchased and supplied certified or recycled  
15.6 tCO<sub>2</sub> eq of emissions per €m of revenue  
Lagardère features in six ESG indices

(1) Data at 31 December 2019.

(2) Leverage ratio: Net debt/recurring EBITDA.

(3) Oil, gas, electricity and district heating.

(4) Mainly comprising Lagardère News (*Paris Match*, *Le Journal du Dimanche*, Europe 1, Virgin Radio, RFM and the Elle brand licence) together with Lagardère Live Entertainment.

# FINANCIAL PERFORMANCE

## 2019: FURTHER STRONG GROWTH IN REVENUE AND IN RECURRING EBIT BASED ON THE TARGET SCOPE

The Lagardère group recorded revenue of €7,211 million in 2019, up 5% on a like-for-like basis and 4.1% based on consolidated figures, propelled by good momentum at Lagardère Publishing and Lagardère Travel Retail.

Recurring EBIT was 5.6% higher than in 2018, meeting the recurring EBIT target for the target scope as confirmed on 7 November 2019 ("Restated for the impact of IFRS 16 on concession agreements at Lagardère Travel Retail, at constant exchange rates and excluding Lagardère Travel Retail's acquisitions of Hojeij Branded Foods (HBF) and International Duty Free (IDF)"). Recurring EBIT for the target scope came in at €361 million versus €310 million in 2018, buoyed by good performances from Lagardère Travel Retail and Lagardère Publishing, and by the consolidation of HBF.

Profit for the period was €11 million, down from €199 million in 2018 owing to the adverse impact of discontinued operations. Restated for non-recurring/non-operating items, adjusted profit - Group share was €200 million, stable year on year.

Against the backdrop of continuing brisk investment, net debt stabilised at €1,461 million at end-2019.

The leverage ratio (net debt<sup>2</sup>/recurring EBITDA<sup>3</sup>) was 2.1 at end-2019, stable relative to 2018.

## 2020 OUTLOOK

At the time of the publication of the full-year 2019 results on 27 February 2020, the impacts of the Covid-19 epidemic were mainly being felt at Lagardère Travel Retail, and specifically in the Asia-Pacific zone and international travel hubs. The effects of the epidemic have since extended to Lagardère Travel Retail's other operations and, to a lesser extent, to the rest of the Group's activities, given both the rapid spread of the virus and the government lockdowns and closures that have been ordered in many of the countries in which the Group has operations.

As stated in its initial response, the Group is continuing to implement significant measures to mitigate the financial impacts in the following four areas: adapting sales and prices where possible, reducing overheads, reviewing investments, and reducing working capital.

Against this backdrop, the Group has suspended the guidance announced on 27 February 2020.

## CONDENSED CONSOLIDATED INCOME STATEMENT

(€m)	2018*	2019
<b>Revenue</b>	<b>6,868</b>	<b>7,211</b>
<b>Group recurring EBIT</b>	<b>385</b>	<b>378</b>
Income from equity-accounted companies**	3	6
Non-recurring/ non-operating items	22	(33)
Finance costs, net	(57)	(53)
Income tax benefit (expense)	(124)	(55)
<b>Profit for the period</b>	<b>199</b>	<b>11</b>
<b>Profit (loss) - Group share</b>	<b>177</b>	<b>(15)</b>
<b>Adjusted profit - Group share***</b>	<b>200</b>	<b>200</b>

\* Restated for IFRS 16.

\*\* Before impairment losses.

\*\*\* Excluding non-recurring/non-operating items.

**The consolidated financial statements were prepared in accordance with IFRS.**

<sup>1</sup> Lagardère Publishing, Lagardère Travel Retail, Lagardère News (*Paris Match*, *Le Journal du Dimanche*, Europe 1, Virgin Radio, RFM and the Elle licence), the Entertainment businesses, the Group Corporate function, and the Lagardère Active Corporate function whose costs will be wound down by 2020.

<sup>2</sup> Net debt corresponds to the sum of short-term investments and cash and cash equivalents, financial instruments designated as hedges of debt, non-current debt and current debt.

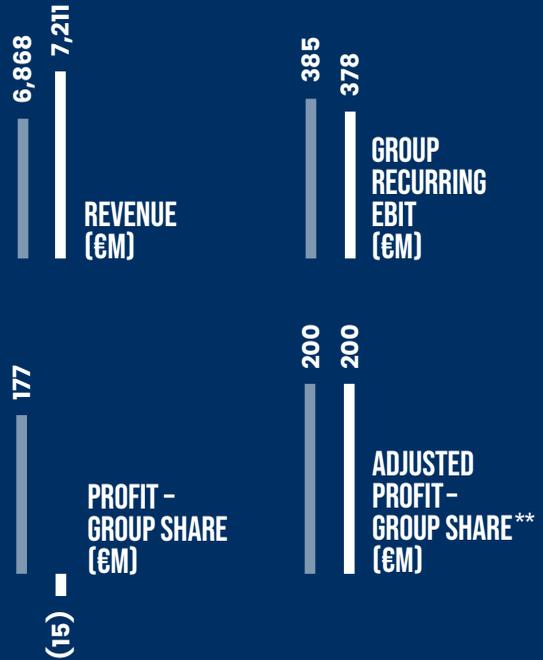
<sup>3</sup> Recurring EBITDA is calculated as recurring operating profit of fully consolidated companies plus dividends received from equity-accounted companies, less amortisation and depreciation charged against intangible assets and property, plant and equipment.



2019 General Meeting  
(Paris, France).

## FINANCIAL DATA

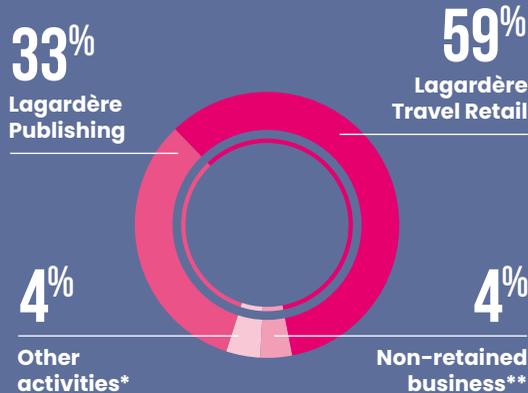
● 2018\* ● 2019



\* Restated for IFRS 16.

\*\* Excluding non-recurring/non-operating items.

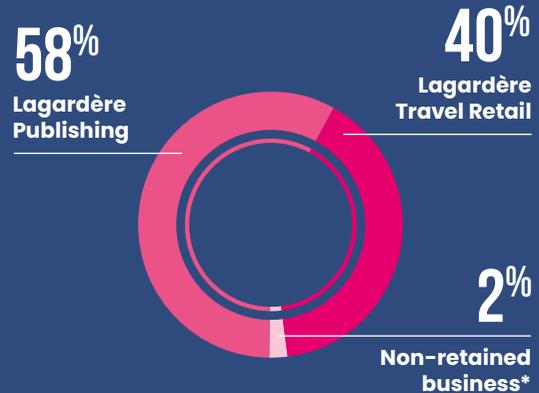
## BREAKDOWN OF 2019 REVENUE BY DIVISION



\* Lagardère News (*Paris Match*, *Le Journal du Dimanche*, Europe 1, Virgin Radio, RFM and the Elle licence), the Entertainment businesses, the Group Corporate function, and the Lagardère Active Corporate function whose costs will be wound down by 2020.

\*\* Operations disposed of/disposals pending completion (Lagardère Active), excluding Lagardère Sports, classified as a discontinued operation in accordance with IFRS 5.

## BREAKDOWN OF 2019 RECURRING EBIT BY DIVISION



\* Operations disposed of/disposals pending completion (Lagardère Active), excluding Lagardère Sports, classified as a discontinued operation in accordance with IFRS 5.

# SUSTAINABLE DEVELOPMENT / CSR



Divertimento orchestra, supported by the Jean-Luc Lagardère Foundation, at the Philharmonie de Paris with the Hachette and Hatier choirs, June 2019 (Paris, France).

**BY MAKING WORKFORCE-RELATED, ENVIRONMENTAL AND ETHICAL ISSUES A CENTRAL PART OF ITS STRATEGY, THE LAGARDÈRE GROUP INTENDS TO SUPPORT THE COMPANY'S VALUE-CREATION EFFORTS ALONG WITH ITS SUSTAINABLE AND INCLUSIVE GROWTH. ITS COMMITMENTS IN TERMS OF PROMOTING DIVERSITY, ACCESS TO EDUCATION AND ENVIRONMENTAL RESPONSIBILITY ARE INTENDED TO BE PERFORMANCE DRIVERS.**

## **CORPORATE RESPONSIBILITY AS A PERFORMANCE DRIVER**

The Lagardère group's CSR policy is adapted to developments in its activities and changes in society, while also putting the emphasis on its identity and its own values.

It responds to its stakeholders' growing expectations with regard to protecting the environment, meaning, diversity and inclusion, as well as increasing regulatory constraints on a national and European level concerning non-financial information and matters relating to ethics, vigilance and compliance.

The three core principles of the Lagardère group's CSR strategy are:

**Placing people at the heart of its strategy**, by making attention to its human resources a priority. To this end, promoting diversity and gender balance, as well as attracting and retaining talented staff, are the object of regular action plans across all Group entities.

**Limiting the environmental impact** of its products and services. In addition to common measures across all companies to combat global warming, the Lagardère group has made a particular commitment to addressing two issues specific to its activities: responsible management of paper associated with its publishing operations and responsibility for the food chain in connection with its foodservice operations at transportation hubs.

**Sharing the social and cultural diversity of its activities.** By means of the content published and distributed by the Group, as well as its various partnerships or cultural and charitable programmes, Lagardère promotes access to education and knowledge while also defending freedom of expression, a wide range of ideas and cultural diversity.

## HUMAN RESOURCES: RESPONSIBLE AND LOCAL MANAGEMENT

Lagardère has 34,691 employees. It manages its human resources and relations through a network of local HR units, enabling it to address the diversity of the Group's businesses and locations as effectively as possible, and through a responsible and well-trained management team.

The Group ensures that it manages human resources in a consistent way by creating the frameworks needed to fulfil its workforce-related obligations:

- determining the basic rules of its workforce-related commitment through its Code of Conduct which will be updated in 2020;
- supporting equality between men and women by signing up to charters and expanding the Group's gender balance network;

- combating all forms of discrimination by raising managers' awareness regarding decisional bias linked to stereotypes as well as ongoing recruitment testing operations;
- pursuing management-employee dialogue in relation to changes taking place within the Group;
- permanently overseeing working conditions and relations with employees.

The Group is also securing its future by setting up the procedures needed to:

- make it more attractive by highlighting the diversity of its activities and business lines, as well as making employees responsible on all levels;
- retain talent by means of compensation and training programmes, as well as encouraging internal networking.

## THE LL NETWORK: A LABORATORY FOR EQUALITY AND SOCIAL DEBATE

More than 500 Group employees from all business lines joined the LL Network in 2019 and encourage it to develop its three main objectives.

Firstly, the reason for creating the network was to promote diversity and equality between men and women as a way of boosting creativity and performance. A number of conferences have allowed for discussion about combating sexism, as well as the role and place of men within the framework of gender equality. The network also offered new workshops such as voice coaching or setting up an academy to learn coding, while also extending its mentoring programme with more than 40 mentoring pairs put together since it was launched.

Secondly, networking between divisions has been developed through "Learn about the business lines" breakfasts, which have allowed a number of personalities from the Group (such as Sophie de Closets, CEO of Éditions Fayard and Mélanie Guilloud, Executive Vice-President Foodservice Global at Lagardère Travel Retail) to discuss their business lines and their passions with members of the network.

Lastly, this involves playing the role of an ideas laboratory in order to pass on social changes and share best practices in terms of millennials' new ways of working or environmental commitments, for example.

**Lagardère**

**ISABELLE JUPPÉ**

Corporate Social  
Responsibility Director,  
Lagardère group



[www.lagardere.com](http://www.lagardere.com)

## COMMITMENT TO ENVIRONMENTAL RESPONSIBILITY

2019 was characterised by growing awareness about the climate emergency, spearheaded chiefly by the younger generations. At the same time, demands have increased with regard to sustainable and responsible consumption. In order to respond to these various expectations, the Lagardère group has stepped up its efforts in activities relating to publishing and Travel Retail.

As well as carrying out carbon footprint assessments and purchasing paper from certified sources, Hachette Livre has decided to address the issues relating to reducing use of plastic.

Furthermore, as part of its new PEPS (Planet, Ethics, People, Social) strategy, Lagardère Travel Retail has made a number of commitments concerning the environmental responsibility of its sales outlets, particularly in its foodservice operations.

Lastly, *Paris Match*, *Le Journal du Dimanche* and Europe 1 have reported on current social and environmental debates, while the Group's employees have also committed to a number of environmental initiatives at their workplaces.

## A NETWORK OF "HEROES" IN ORDER TO BETTER FACTOR IN LOCAL ENVIRONMENTAL ISSUES

With its PEPS strategy, Lagardère Travel Retail has set itself ambitious targets to improve the company's impact on the environment and its communities. Because we firmly believe that the success of this strategy depends on our employees, their local presence and the diversity of their viewpoints, we have developed an international network of "Local Heroes". True ambassadors of our commitment, more than 30 employees endeavour to achieve concrete progress in terms of responsibility across the entire company by adapting the PEPS strategy to the specific issues of their market.

The role of these "Local Heroes" is to be a real driving force in change by activating initiatives aiming to improve our environmentally-friendly practices. They are also invited to promote their commitment within the subsidiaries in order to foster the support of the entire company. Lastly, an online bank of best practices allows them to provide information about and assess the impact of their projects.

The motivation of this network – which I have the privilege of leading – is remarkable. Launched in 2019 with the support of Lagardère Travel Retail's Executive Committee, it has allowed for the emergence of more than 120 initiatives relating to all issues concerning sustainable development.

[www.lagardere-tr.com](http://www.lagardere-tr.com)

**Lagardère**  
TRAVEL RETAIL



**AMBROISE FONDEUR**

Chief Business Officer,  
Lagardère Travel Retail



Presentation of the PEPS strategy during the Lagardère Travel Retail top managers annual seminar, June 2019 (Paris-La Défense, France).

## SOCIAL AND CULTURAL RESPONSIBILITY

The Lagardère group shows its social responsibility in many ways. These include:

- the corporate philanthropy activities of the Jean-Luc Lagardère Foundation and charitable efforts of its entities;
- the Group's relationships and partnerships with stakeholders in the wider community;
- the Group's impact on employment in the various countries in which it operates;
- relations with its partners and suppliers.

This social responsibility also extends to two key areas of action.

The first concerns its responsibility as a producer of cultural content. The aim is to promote access to education, culture and entertainment, as well as to defend cultural diversity and a wide range of ideas.

The second relates to the increasingly important role of digital technology in all of the Group's activities, and is expressed through its specific attention to training employees in this regard, as well as the ethical issues involved in the development of social media, big data and artificial intelligence.



Conference on book accessibility for the visually impaired at the Hachette Livre head office, February 2020 (Vanves, France).

### MAKING OUR BOOKS DIGITALLY ACCESSIBLE: AN ETHICAL OBLIGATION

Hachette Livre uses digital technologies to make its books accessible to people who have difficulty reading.

Since 2018, "natively accessible" digital versions of novels or essays published in France have been available, meaning that they can be used by readers with a Braille keyboard or the audio transcription function on a device (smartphone, PC or e-reader).

In order to extend this digital book protocol as widely as possible, Hachette Livre – with its subsidiaries Hachette UK and Hachette Book Group – signed up to the Accessible Books Consortium's Charter for Accessible Publishing in 2019.

In addition, initiatives are also emerging within our publishing houses and helping to enhance the range of accessible content. In 2019, Hachette UK partnered with the Royal National Institute of Blind

**Lagardère**  
PUBLISHING

**SOPHIE NICOLET**

Senior Vice-President,  
Corporate  
Communications,  
Hachette Livre



People (RNIB) to make 33,000 educational titles from its catalogue accessible for free to people who are blind, partially-sighted or have dyslexia via the RNIB Bookshare platform.

Lastly, Hachette Romans – which publishes French-language young adult literature – signed a partnership agreement with Mobidys to convert around 30 titles from its catalogue into FROG format and thereby make them accessible to dyslexic readers in audio, digital or print version.

[www.hachette.com](http://www.hachette.com)



Art workshop at the Centre Pompidou's Studio 13/16, supported by the Jean-Luc Lagardère Foundation (Paris, France).

## 2019 KEY FIGURES

**34,691** permanent employees.

**75% EMPLOYEES**

based outside France.

**44% FEMALE**

executive managers at the Group.

**500 MEMBERS** joined the LL Network in 2019.

**70%** of the Group's workforce have employee representation.

**MORE THAN 87%**

of paper bought in 2019 was certified.

**30 "LOCAL HEROES"**

investing in the rollout of Lagardère Travel Retail's PEPS strategy.

**50%** Food waste reduction target for Lagardère Travel Retail's foodservice outlets by 2025.

**16 COUNTRIES**

audited by Lagardère Travel Retail for food safety and hygiene.

**33,000**

Hachette UK educational titles accessible for free via the RNIB Bookshare platform.

**80,000 TEENAGERS**

received in 10 years at Studio 13/16 at the Centre Pompidou with the support of the Jean-Luc Lagardère Foundation.

**1,000**

Hachette UK employees committed to solidarity actions deducted from their working hours in 2019.

# THE JEAN-LUC LAGARDÈRE FOUNDATION



Pierre Leroy with 2019 grant recipients, January 2020 (Paris, France).

**SINCE 1989, THE JEAN-LUC LAGARDÈRE FOUNDATION HAS SUPPORTED AND ENCOURAGED THE DEVELOPMENT OF YOUNG TALENT. IT DEVELOPS AMBITIOUS, LONG-TERM PROGRAMMES THAT MAKE IT FULLY ENGAGED IN THE FIELDS OF CULTURE, EDUCATION AND COMMUNITY.**

## COMMITTED TO SUPPORTING CREATIVITY AND CULTURAL DIVERSITY

For the 30<sup>th</sup> consecutive year, the Jean-Luc Lagardère Foundation awarded 11 grants<sup>1</sup> to young creatives from the worlds of culture and media. They join the 307 talented young people who have already received grants from the Foundation, some of whom enjoyed remarkable success in 2019, such as Christophe Barral (Film producer winner 2011), who produced *Les Misérables*, attracting an audience of around 2 million in France in 2019.

Because encouraging creativity is central to what it does, the Foundation is a loyal partner of the Académie de France in Rome – Villa Médicis, which provides residential stays for artists and researchers, and Studio 13/16 at the Centre Pompidou, an arts space exclusively for teenagers.

Lastly, the Foundation has reasserted its commitment to supporting cultural diversity, in particular by means of the literary prize it has awarded jointly with the Institut du Monde Arabe (IMA) since 2013.

<sup>1</sup>One grant per category: Documentary Filmmaker, Animated Filmmaker, Digital Artist, Writer, Print Journalist, Bookseller, Musician (jazz and classical, contemporary music), Photographer, Film Producer and Television Scriptwriter.

## L'ABBAYE AUX DAMES: SUPPORTING ARTS EDUCATION



In 2019, the Jean-Luc Lagardère Foundation supported the Abbaye aux Dames "cité musicale" music centre in Saintes and its "Place aux jeunes!" scheme, which helps children and teenagers to fulfil their musical potential and acquire cultural reference points.

During the journalism internship programme, offered as part of the Festival de Saintes, two of the Foundations' grant winners gave around 15 young people the opportunity to find out about classical and baroque music through the prism of journalism and broadcasting.

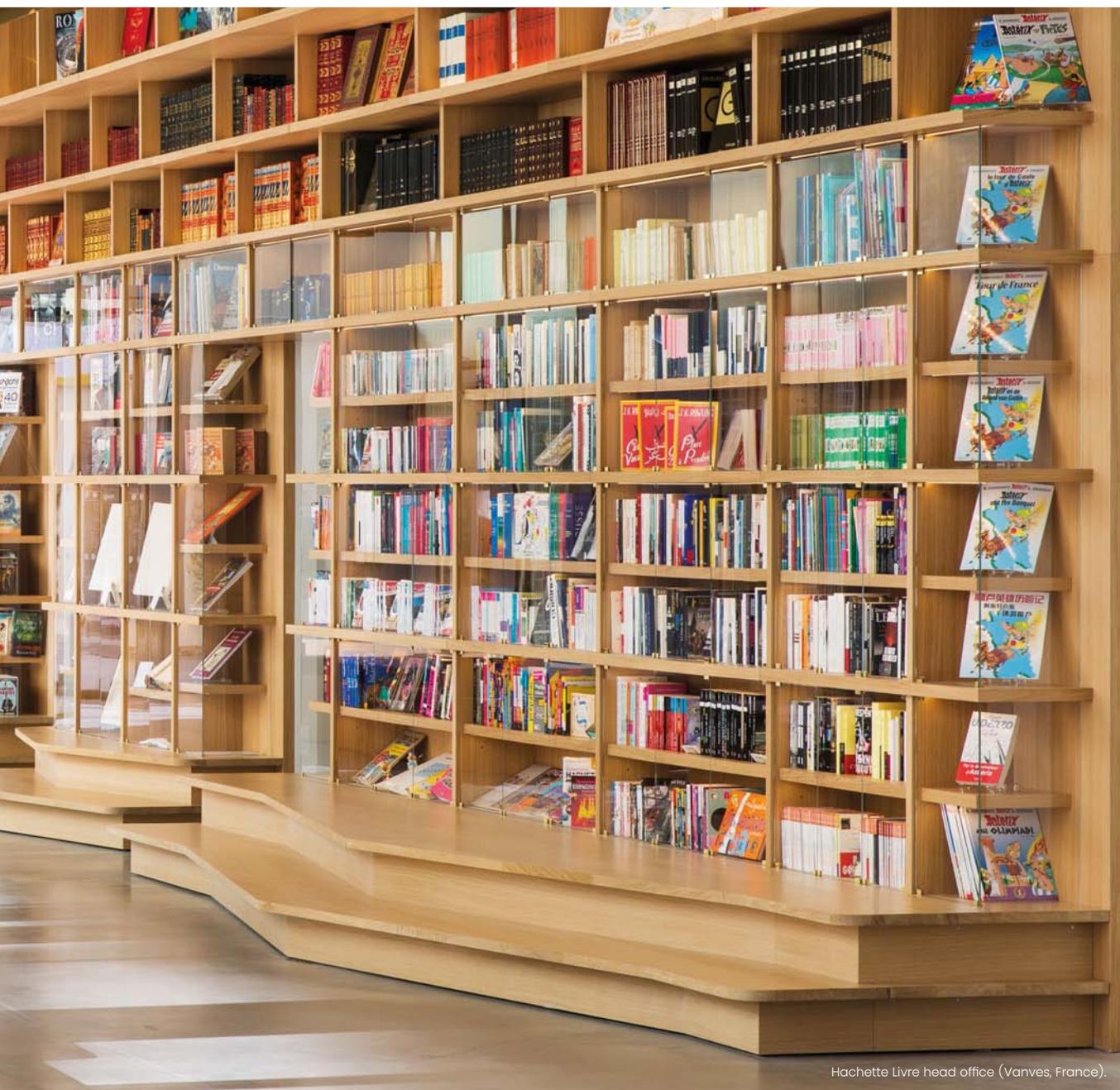
[www.fondation-jeanlucagardere.com](http://www.fondation-jeanlucagardere.com)



**Lagardère**  
PUBLISHING

The world's third-largest private-capital publisher in the trade and educational markets, operating under the Hachette Livre imprint, Lagardère Publishing is a federation of publishing companies with a large degree of editorial independence.

They are united by common management rules, a concerted effort to expand in digital activities, a coordinated strategy in respect of the global distribution giants, and the same high standards required of the people appointed to positions of responsibility in each company.



Hachette Livre head office (Varves, France).



# 2020 CHALLENGES



**ARNAUD NOURRY**

Chairman and Chief Executive  
Officer of Hachette Livre

## WHAT WERE THE KEY HIGHLIGHTS FOR LAGARDÈRE PUBLISHING IN 2019?

2019 was a good year for Lagardère Publishing, characterised by solid performances right across the world. Large-scale high school curriculum reform, a new Asterix album, successful youth licences, an impressive programme in practical titles and a firm performance in literature crowned by numerous awards, combined to drive our growth in France. Internationally, the United States enjoyed traction from successful releases in adult literature, youth and science fiction. Meanwhile, acquisitions continued in the United Kingdom and the growth of the audio format was confirmed in all markets, as was the success of Partworks. Lastly, we launched a new activity in the field of Board Games, extending the diversification dating back to the arrival of Mobile Games in 2016, without losing touch with our know-how or our business model.

## WHAT ARE YOUR CHALLENGES AND PRIORITIES FOR 2020?

In the context of the coronavirus epidemic, we are adopting a cautious approach to 2020. The crisis triggered by the epidemic is unprecedented, and has caused everyone to redefine their priorities, lifestyle and consumption habits. As a business, our first concern is to protect our employees and to take the necessary measures to address the developments in the situation. Owing to the uncertainties inherent to a crisis of this magnitude, it is still too early to foresee the impact of this situation on the markets for our businesses in 2020. Otherwise, comparing it with 2019, the year will be a little slower without a new Asterix album and with a less abundant Partworks programme, not to mention a smaller boost from curriculum reform in France. However, we will be able to count on the acquisitions made in 2019, our teams' ability to innovate and the growth of the audio book segment to make the year a success. In light of the exceptional circumstances caused by Covid-19, we will continue to rigorously manage our business and our investments in modernising Lagardère Publishing's assets.

We will also continue to monitor our environmental footprint and place people at the heart of our strategy. Signatory of the French government's Manifesto for the inclusion of people with disabilities in economic life, and a committed force for several years in initiatives designed to make our books accessible to all, we believe more firmly than ever that diversity is a source of richness and that it should be encouraged. To conclude, we will pursue our external growth strategy guided by the same rigorous management practices, remaining on the lookout for any acquisition opportunities that would allow us to expand further in our diversification segments as well as in our traditional stamping ground of publishing.



 **hachette**  
BOARDGAMES

### **BOARD GAMES: PUBLISHER EXPERTISE**

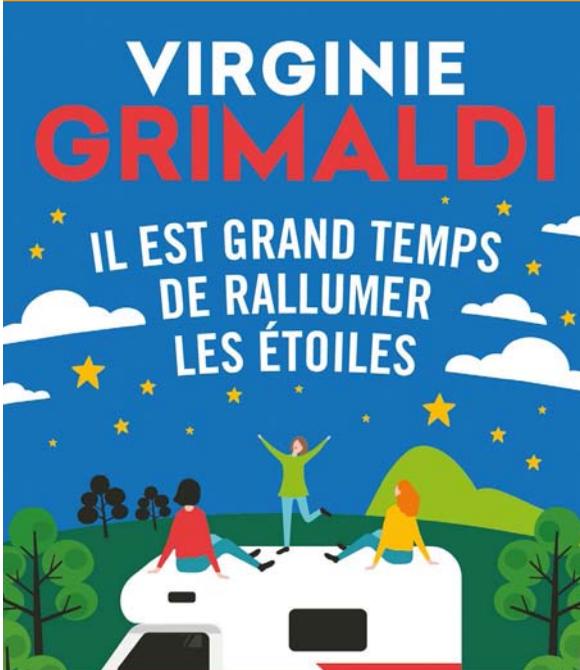
Books are central to family leisure activities and go alongside board games, an activity that has seen strong growth over the last few years. Publishing board games is therefore an interesting diversification for a publishing group.

In 2019, Hachette Livre – already a publisher of party games through its illustrated book publishing houses – firmly entered this segment with the acquisition of Gigamic, a company specialising in the creation, publishing and distribution of board games for all audiences. In addition, Hachette Livre created Studio H, a board game publishing house, and appointed Hicham Ayoub Bedran, a publisher known for his expertise and creativity, as director. Lastly, the division also acquired a majority stake in Blackrock Games, France’s third-largest board game distributor.

[www.hachette.com](http://www.hachette.com)

# 2019 OVERVIEW

A GOOD YEAR FOR BESTSELLERS



**VIRGINIE GRIMALDI**

IL EST GRAND TEMPS DE RALLUMER LES ÉTOILES

**NOUVEAUTÉ** 

Hachette Livre occupied six of the top 10 places in the 2019 bestseller awards for France with the latest Asterix album (*La Fille de Vercingétorix*) published by Éditions Albert René, *La jeune fille et la nuit* and *La Vie secrète des écrivains* by Guillaume Musso, published by Le Livre de Poche and Calmann-Lévy respectively, as well as *Changer l'eau des fleurs* by Valérie Perrin, *La Tresse* by Laetitia Colombani and *Il est grand temps de rallumer les étoiles* by Virginie Grimaldi, published by Le Livre de Poche.

Source: GfK 2019 bestsellers (Trade).

**2019 WAS A FINE YEAR DRIVEN BY THE MOMENTUM OF OUR VARIOUS ACTIVITIES IN FRANCE AND INTERNATIONALLY, AMPLY ILLUSTRATING THAT WE HAVE THE RIGHT BUSINESS MODEL AND UNDERSCORING OUR ABILITY TO SEIZE GROWTH OPPORTUNITIES.**

In a global publishing market characterised by an upswing in growth in France (up 1.3%)<sup>1</sup> and continued expansion in the United States, the United Kingdom (up 2.4%)<sup>2</sup> and Spain (up 1.1%)<sup>1</sup>, Lagardère Publishing delivered revenue of €2,384 million (including acquisitions), an increase of 2.8% on a like-for-like basis compared with 2018, and recurring EBIT of €220 million, up 10%<sup>3</sup>.

Hachette Livre's sterling performances in France and Spain, and growth in Partworks and Mobile Games were the driving force behind the increase in our earnings.

In France, the autumn saw a slew of literary awards (Grand Prix du roman de l'Académie française, Médicis prize, Femina essay prize, Giono prize, Décembre prize, etc.), while Guillaume Musso held a firm grip on the two top spots on the bestseller list. At the same time, large-scale curriculum reform simultaneously affecting two senior secondary classes was reflected in excellent results for Hatier and Hachette Éducation, which consolidated their respective market shares.

In the United States, Hachette Book Group placed 211 titles in *The New York Times* bestseller list, 29 of which reached first place, and its authors won an array of literary awards. Two new imprints also emerged, Voracious at Little, Brown and Company, and Hachette Go at Hachette Books. Lastly, the arrival of publisher Lonely Planet as a distribution partner will allow Hachette Book Group to distribute roughly half the travel guides sold in the United States in the first half of 2020.

<sup>1</sup>Source: GfK (by value).

<sup>2</sup>Source: Nielsen BookScan (by value).

<sup>3</sup>2018 data restated for the retrospective application of IFRS 16.

## FOCUS

**THE NEW OPUS FROM MALCOLM GLADWELL AT LITTLE, BROWN AND COMPANY AND HACHETTE AUDIO: A NEW BESTSELLER AND EXCEPTIONAL AUDIOBOOK**

In September 2019, Malcolm Gladwell, who has already written five bestsellers (*The Tipping Point*, *Blink*, *Outliers*, *What the Dog Saw* and *David and Goliath*) at Little, Brown and Company, published his sixth opus: *Talking to Strangers*.

Like his previous works, the book immediately entered *The New York Times* bestseller list.

Meanwhile, the audiobook version – released simultaneously by Hachette Audio – mixes the voice of the author with those of the scientists and military psychologists interviewed, in addition to historical audio files, court re-enactments and fictional extracts. This version also came top of *The New York Times* audiobook bestsellers list, thereby demonstrating that the audiobook experience can join the ranks of the best podcasts.

**[www.hachettebookgroup.com](http://www.hachettebookgroup.com)**

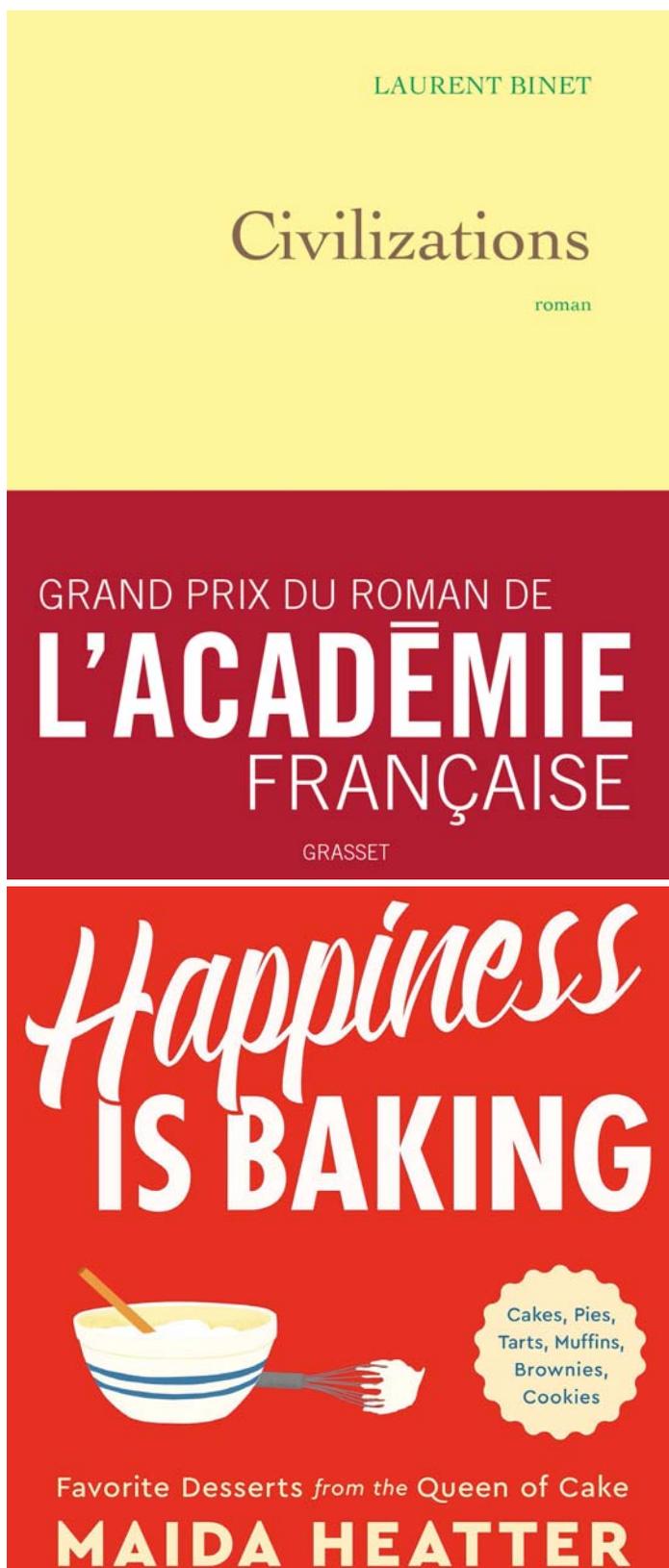
# 2019 OVERVIEW

Elsewhere, 108 Hachette UK titles made it into *The Sunday Times* bestseller list in the United Kingdom, eight of which making it to the top spot. In addition, the e-book and audio formats once again contributed significantly to the overall performance. And the new Hachette UK distribution centre in Didcot was rated "Very Good" by BREEAM (Building Research Establishment Environmental Assessment Method), a method for assessing the environmental performance of buildings.

In Spain, the division had a good year, with new programmes in six primary levels in Andalusia and the stellar performance of the latest Asterix album.

Partworks also experienced a fresh year of growth, with 92 new collections launched in 36 countries, thereby consolidating the division's global number one position in that market.

Lastly, while sales of e-books contracted slightly in the United States, audio books continued to enjoy spectacular growth across all geographies. The proportion of digital activities grew year on year, accounting for 11.1% of Lagardère Publishing's revenue in 2019.





## LEADING POSITIONS

**No. 1** publisher in France

**No. 1** publisher of partworks worldwide

**No. 1** book distributor in France

**No. 2** publisher in the United Kingdom

**No. 3** private-capital publisher in the trade and educational markets

**No. 4** publisher in the United States

## 2019 KEY DATES

### 31 JANUARY

Hachette Livre acquires Gigamic, a company specialising in developing, publishing and distributing board games.

### 28 FEBRUARY

The *Roller Splat!* game, developed by the Neon Play studio (Hachette Mobile Studios), takes first place in the charts of the world's most downloaded games.

### 2 APRIL

Release of *La Vie secrète des écrivains* by Guillaume Musso, at Calmann-Lévy.

### 4 JUNE

Octopus Publishing Group, a Hachette UK subsidiary specialising in illustrated books, buys British publishing house Short Books.

### 13 AUGUST

Little, Brown and Company releases J.D. Salinger's novels in digital format.

### 14 OCTOBER

Abhijit V. Banerjee and Esther Duflo, authors at PublicAffairs (Hachette Book Group), receive the Nobel Prize in Economics.

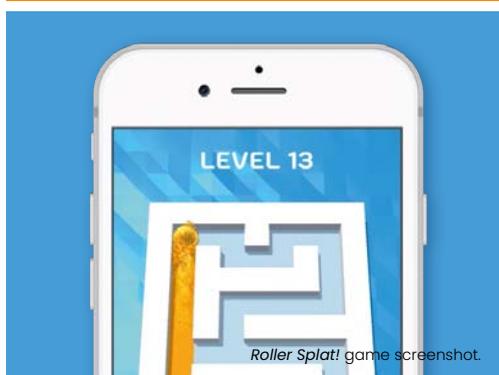
Raimon Portell, author at Barcanova (Hachette España), receives the Premio Nacional de Literatura Infantil y Juvenil 2019 for *Camins d'aigua*.

### 23 OCTOBER

Hachette Livre acquires Blackrock Games, the third-largest distributor of board games in France.

### 24 OCTOBER

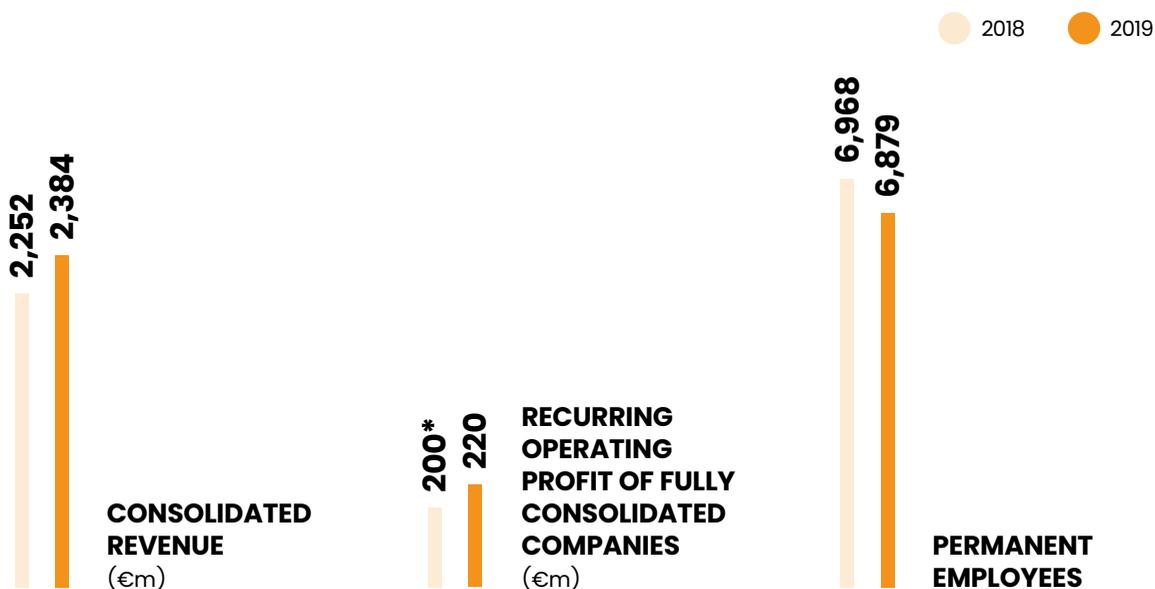
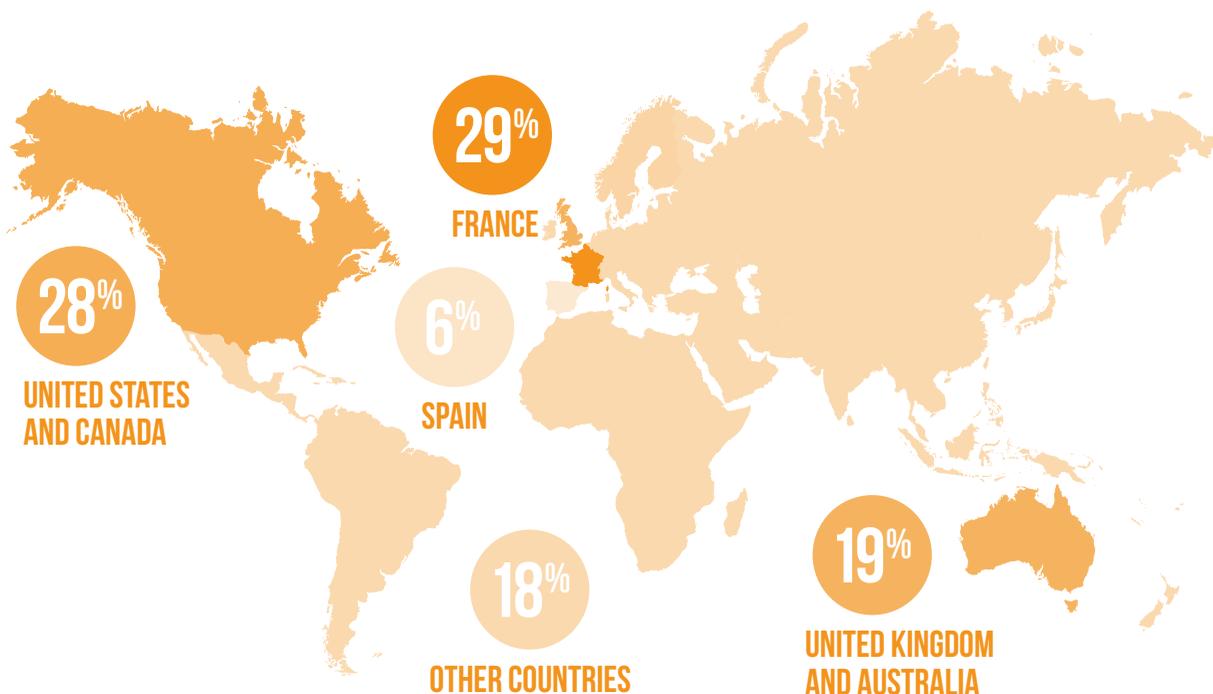
Release of the 38<sup>th</sup> Asterix album, *La Fille de Vercingétorix*, at Éditions Albert René.



# 2019 KEY FIGURES

## BREAKDOWN OF 2019 REVENUE

by geographic area



\* Restated for IFRS 16.



Hachette UK Distribution employees  
(Didcot, United Kingdom).

"If you read one policy book this year—heck, this decade—read this one."  
—**CASS R. SUNSTEIN**, Robert Walmsley University Professor,  
Harvard University, and author of *How Change Happens*

# Good Economics for Hard Times

Abhijit V. Banerjee  
and Esther Duflo



## 2019 KEY FIGURES

### 211 TITLES

published by Hachette Book Group featured  
in *The New York Times* bestseller list,  
29 of which reached first place.

### 92 LAUNCHES

of new partworks worldwide.

### 17,160 NEW TITLES

published by Lagardère Publishing worldwide.

### 4<sup>th</sup>

Scope 3 Bilan Carbone® audit in France.

### 6,879 PERMANENT EMPLOYEES

worldwide at Hachette Livre.

### 1 MILLION COPIES

of *Talking to Strangers*, Malcolm Gladwell's book  
published in September 2019, sold across all formats.



With operations in 39 countries and territories on five continents, Lagardère Travel Retail is a leading global Travel Retail company. The division covers all business segments (Travel Essentials, Duty Free & Fashion, and Foodservice), with international brands such as Relay, Aelia Duty Free and Vino Volo, and numerous restaurant and selective distribution brands either under licence or directly operated.



The Fashion Gallery store, Vienna airport (Austria).



# 2020 CHALLENGES



**DAG RASMUSSEN**

Chairman and Chief Executive  
Officer of Lagardère Travel Retail

## WHAT WERE THE KEY HIGHLIGHTS FOR LAGARDÈRE TRAVEL RETAIL IN 2019?

We enjoyed another year of growth, driven by:

- a good performance in existing stores thanks both to strong growth in traffic and the positive effects of our commercial strategy of keeping one step ahead of travellers' new needs;
- the success of network modernisations and openings;
- our entry into four new markets.

We also acquired International Duty Free, a major player in Travel Retail, with a leading position in Belgium and operations in Luxembourg and Kenya.

Lastly, we renewed some of our major contracts, notably the concessions at Prague's Václav-Havel airport (Czech Republic), and won new ones, including the concessions at the airports in New Orleans (United States), Adelaide (Australia) and Bahrain, which will fuel our growth in 2020 and beyond.

## WHAT ARE YOUR CHALLENGES AND PRIORITIES FOR 2020?

During the first six months of the year, our operations benefited from a rise in passenger traffic, network expansion and our September 2019 acquisition of IDF. However, the Covid-19 epidemic which first emerged in China followed by the Asia-Pacific region at the end of January, has now become a pandemic, affecting most countries across the globe, and in particular our operations in Europe and North America. Much of our Travel Retail sales network in both airports and railway stations is currently either closed or severely disrupted. Operations in continental China are gradually resuming. All of our teams are working to manage this major crisis, with action plans put in place to maximise revenue and to protect earnings and cash flow generation.

Once the crisis is under control, we will also work to prepare and ensure that our operations resume as quickly as possible, and we will continue our growth and innovation drive as well as all of our sustainability initiatives.

The Belgian Chocolate House store  
(Belgium).

## FOCUS

**Lagardère**  
TRAVEL RETAIL

### **ACQUISITION OF INTERNATIONAL DUTY FREE: DRIVING GROWTH**

Lagardère Travel Retail has acquired International Duty Free, Belgium's leading Travel Retail operator also present in Luxembourg and Kenya. This acquisition consolidates Lagardère Travel Retail's position as the world's third-largest airport Duty Free operator and European market leader in Travel Retail.

With this acquisition, the division has enhanced its brand portfolio with the addition of concepts like The Belgian Chocolate House, which offers products from the leading Belgian chocolate makers (Neuhaus, Godiva, Corné Port-Royal etc.). The retailer therefore contributes to the 800 tonnes of chocolate sold each year at Brussels airport, or 1.4 kilos per minute.

[www.lagardere-tr.com](http://www.lagardere-tr.com)

# 2019 OVERVIEW

## A RENOWNED EMPLOYER



#TECD19



Subsidiary Lagardère Travel Retail Italy certified by the Top Employers Institute, February 2019 (Venice, Italy).

Lagardère Travel Retail aims to become the most attractive employer in its sector and has made this commitment one of its major projects with the rollout of a survey spanning the entire division. In addition, its Italian subsidiary was recognised by the prestigious Top Employers Institute in 2019.

**BALANCED GROWTH IN OUR THREE BUSINESS SEGMENTS – TRAVEL ESSENTIALS, DUTY FREE & FASHION, AND FOODSERVICE – CONFIRMS THE UNDERLYING LOGIC OF OUR STRATEGY AMID THE FAVOURABLE TAILWIND OF GROWING AIR TRAFFIC.**

## GOOD ORGANIC GROWTH ACROSS ALL GEOGRAPHIC AREAS

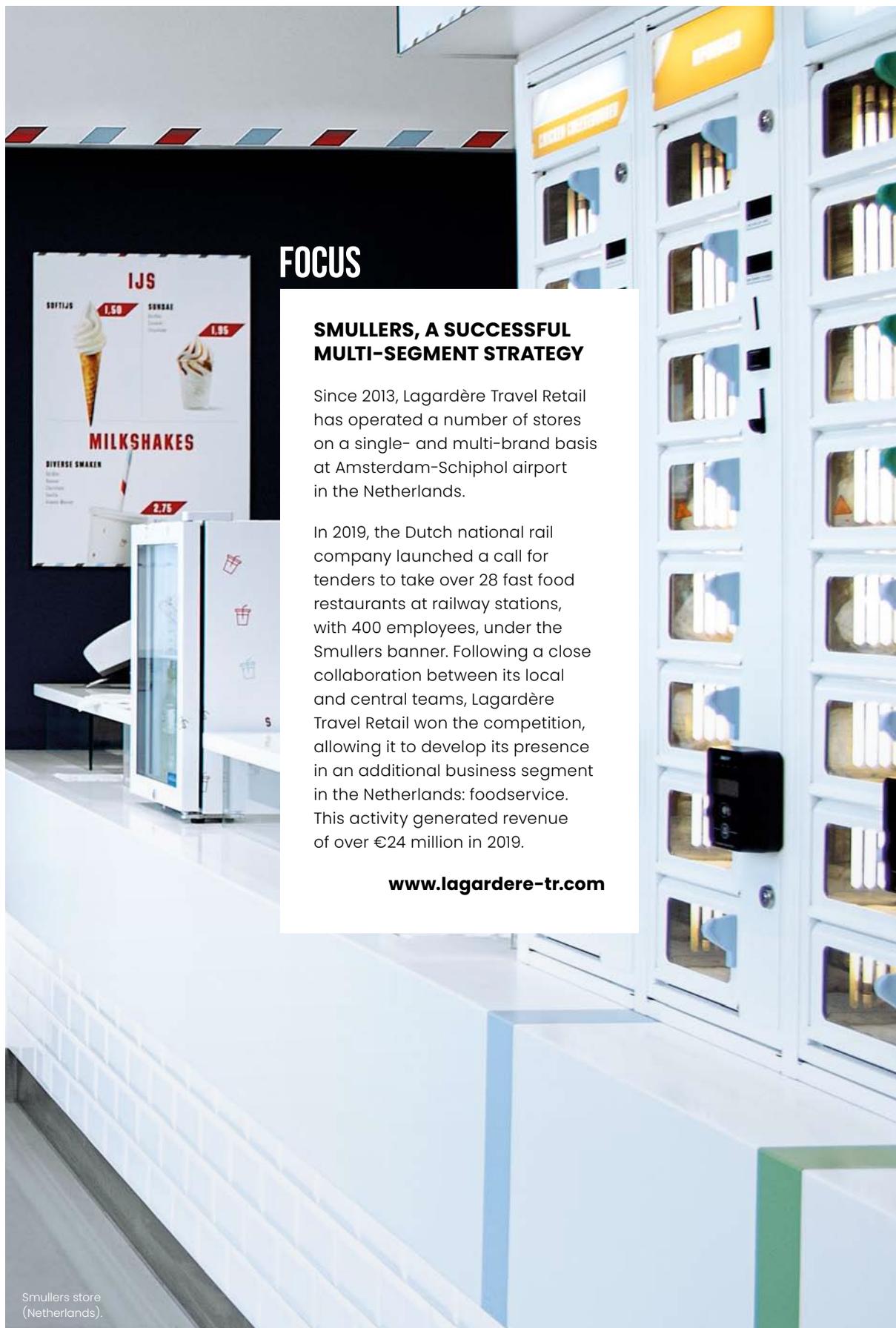
In France, the Travel Essentials, Duty Free & Fashion segments continued their strong growth in airports, with the opening of new retail areas covering more than 3,200 sq.m. in the new Terminal 3 at Paris-Orly and the creation of the Aelia Duty Free Smart Traveler concept in Beauvais.

In Europe, Lagardère Travel Retail continued its organic growth, with the opening of 12 Relay stores in the Canary Islands, four restaurants at Malaga airport (Spain) and two points of sale with strong local identities (The Fashion Gallery and an Aida restaurant) in Vienna, Austria. The division was also able to adapt its Aelia Duty Free concept in Geneva (Switzerland), with the opening of a dedicated store for diplomats. Lastly, 28 Smullers fast food restaurants have been taken over and modernised at Dutch railway stations, where they have been a resounding success.

In Africa, following an initial establishment in Senegal, development continued in Gabon, where operations in Travel Essentials (Relay), Duty Free (Aelia Duty Free) and Foodservice (Trib's) stores were opened on more than 600 sq.m. at Léon-Mba airport in Libreville.

Many Travel Essentials stores have also been opened in the United States, notably in the airports of New Orleans, Milwaukee, Cincinnati, San Francisco and Atlanta, and in Foodservice in Orlando, Greenville and Austin.

In China, Lagardère Travel Retail once again demonstrated its ability to meet all the needs of airport licensors with the opening of more than 30 stores covering more than 2,100 sq.m. in Beijing-Daxing, plus more than 30 stores on more than 3,000 sq.m. in Shanghai-Pudong. In addition, two fashion stores and a restaurant were opened in Hong Kong.



## FOCUS

### SMULLERS, A SUCCESSFUL MULTI-SEGMENT STRATEGY

Since 2013, Lagardère Travel Retail has operated a number of stores on a single- and multi-brand basis at Amsterdam-Schiphol airport in the Netherlands.

In 2019, the Dutch national rail company launched a call for tenders to take over 28 fast food restaurants at railway stations, with 400 employees, under the Smullers banner. Following a close collaboration between its local and central teams, Lagardère Travel Retail won the competition, allowing it to develop its presence in an additional business segment in the Netherlands: foodservice. This activity generated revenue of over €24 million in 2019.

[www.lagardere-tr.com](http://www.lagardere-tr.com)

Smullers store  
(Netherlands).

# 2019 OVERVIEW

## STRONG EXTERNAL GROWTH THANKS TO SUCCESSFUL ACQUISITIONS

Expansion was stepped up a notch in the Duty Free activity with the acquisition of International Duty Free (IDF), Belgium's leading Travel Retail operator. IDF also has operations in Luxembourg and Kenya.

In addition, following the acquisition of Autogrill's activities in the Czech Republic, the Foodservice segment was strengthened by the takeover of ten restaurants located in Prague's central railway station.

Lastly, in the United States, the integration of Hojeij Branded Foods (American leader in Foodservice in airports) continued apace, with the opening of numerous restaurants, including the first Louie Bar in the airport area at Dallas-Fort Worth.

## WINNING TENDERS TO DRIVE GROWTH

A large number of tenders were won in 2019, including Václav-Havel airport in Prague (Czech Republic), with 18 stores in Duty Free and seven in Travel Essentials. In France, the contract for the operation of the eight Eiffel Tower souvenir shops has been renewed. In addition, in Germany, the contract for the operation of 15 Foodservice outlets at Frankfurt airport has also been renewed.



Discover store, Hong Kong airport (China).



Aida store, Vienna airport (Austria).



The Daily DXB store,  
Dubai airport (United Arab Emirates).

## LEADING POSITIONS

**No. 1** operator in Travel Essentials worldwide

**No. 1** operator in Fashion in travel areas in Europe

**No. 1** international Retail operator in airports in China

**No. 1** Travel Retail operator in France, Poland and the Czech Republic

**No. 4** Travel Retail operator worldwide

**No. 4** Foodservice operator in travel areas worldwide

## 2019 KEY DATES

### FEBRUARY

Launch of the Foodservice activity in the Netherlands with the takeover of 28 Smullers restaurants.

Renewal of the Duty Free & Fashion concession agreement at Adelaide airport (Australia).

### MARCH

Launch of the Aelia Duty Free Smart Traveler concept at Beauvais airport (France).

### APRIL

Opening of 3,200 sq.m. of retail space in Travel Essentials (six stores) and Duty Free & Fashion (five stores) in the new Terminal 3 at Paris-Orly airport (France).

Start of activity in Gabon with the opening of a Relay store and an Aelia Duty Free store at Léon-Mba airport in Libreville.

### MAY

Finalisation of the acquisition of ten restaurants in the central railway station in Prague (Czech Republic).

### JUNE

Renewal and extension of the Duty Free & Fashion concession at Prague's Václav-Havel airport (Czech Republic).

Lagardère Travel Retail comes away from the Airport Food & Beverage Awards (FAB) as the most highly awarded Airport Foodservice operator, with eight prizes.

### JULY

Launch of the Fashion activity in Austria with the opening of The Fashion Gallery at Vienna airport.

### SEPTEMBER

Opening of 30 stores in Travel Essentials, Duty Free & Fashion and Foodservice spanning more than 3,000 sq.m. at Shanghai-Pudong airport (China).

Opening of 30 stores on more than 2,100 sq.m. in the new Beijing-Daxing airport (China).

Completion of the acquisition of Belgian company International Duty Free (IDF).

### OCTOBER

Opening of a store for diplomats in Geneva (Switzerland).

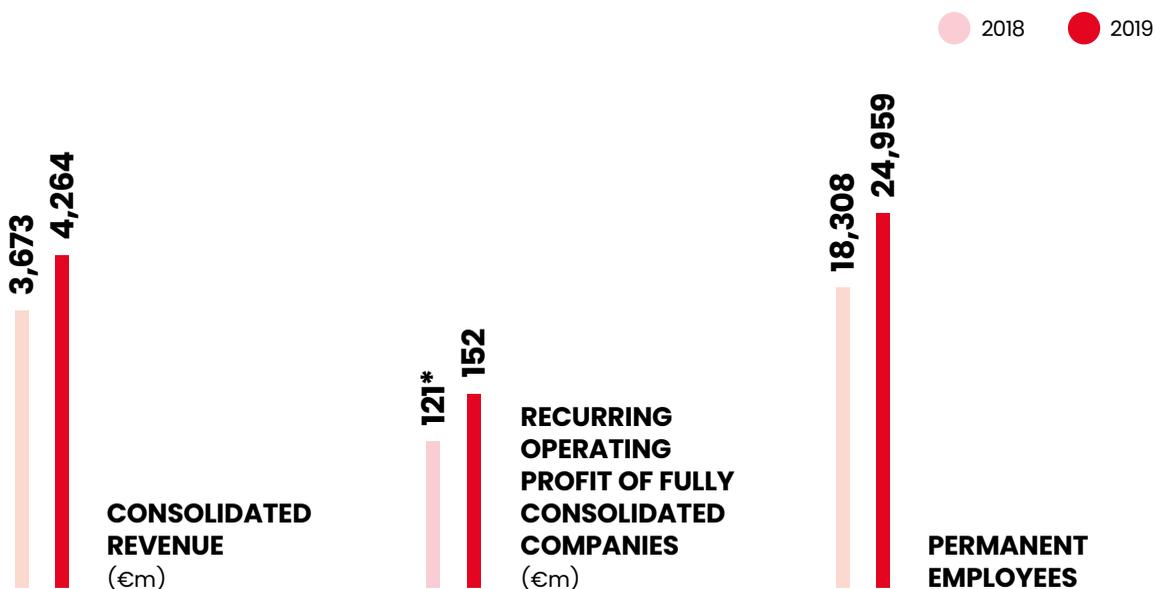
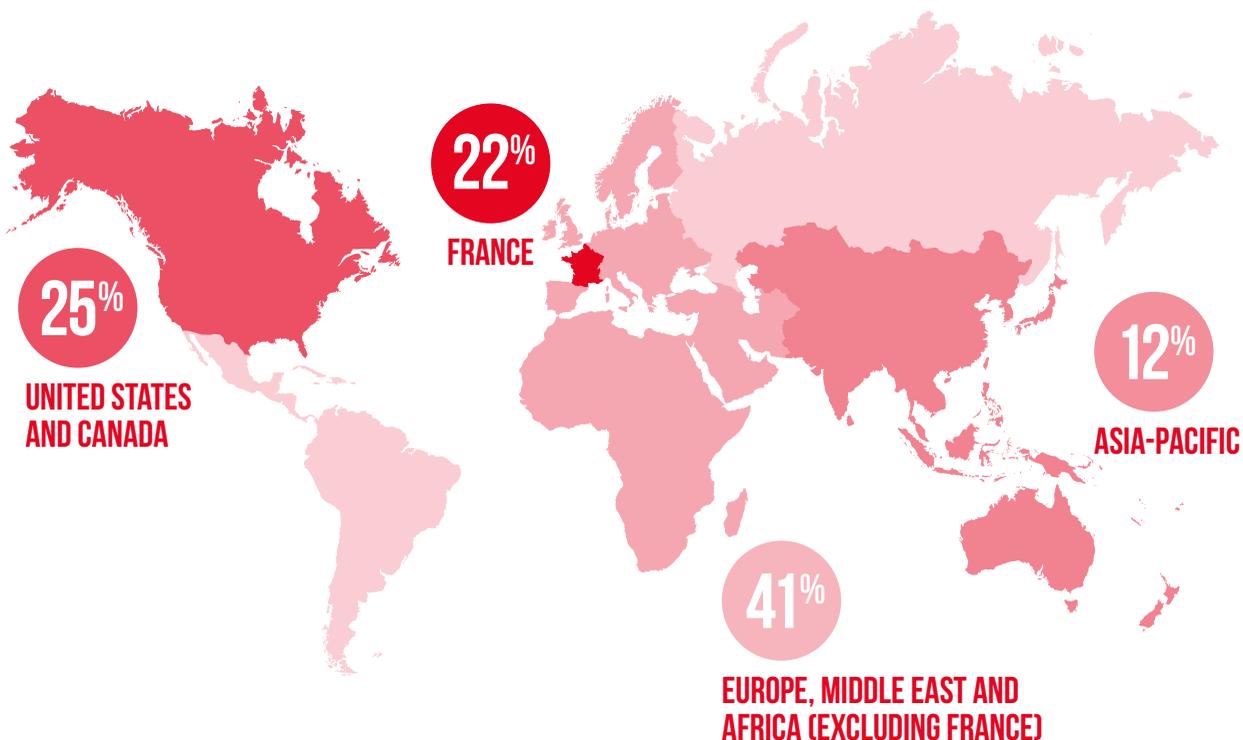
### NOVEMBER

Renewal of the Fashion concession agreement at Shenzhen airport (China).

# 2019 KEY FIGURES

## BREAKDOWN OF 2019 REVENUE

by geographic area



\* Restated for IFRS 16.



Trib's store, Cairns airport (Australia).

Aelia Duty Free store,  
Václav-Havel airport (Prague, Czech Republic).Aelia Duty Free employees,  
Léon-Mba airport (Libreville, Gabon).

## 2019 KEY FIGURES

**€4,264 MILLION**

in consolidated revenue  
for Lagardère Travel Retail.

**24,959**

permanent employees worldwide.

**OVER  
4,800 STORES**

in 39 countries and territories.

**OVER 120 CSR  
INITIATIVES**

launched by Lagardère  
Travel Retail employees.

# OUR STORY

## 1945

At the end of World War II, Marcel Chassagny founds Matra (Mécanique Aviation TRAction), a company focused on the defence industry.

## 1963

Jean-Luc Lagardère becomes Chief Executive Officer of Matra, which has diversified into aerospace and automobiles.

## 1974

Sylvain Floirat asks Jean-Luc Lagardère to head the Europe 1 radio network.

## 1977

Jean-Luc Lagardère is appointed Chairman and Chief Executive Officer of Matra.

## 1980

Matra acquires the Hachette group, specialised in book publishing (Grasset, Fayard, Stock, etc.), magazines and newspapers (*Elle*, *Le Journal du Dimanche*, etc.) and distribution.

## 1981

The French State acquires a 51% interest in Matra (excluding Hachette). Europe 1 is sold to the French State via Sofirad. Jean-Luc Lagardère and Daniel Filipacchi are appointed Chairman and Vice-Chairman of the Board of Directors of Hachette.

## 1986

Hachette regains control of Europe 1.

## 10 FEBRUARY 1988

Matra is privatised.

## 30 DECEMBER 1992

Following the failure of French television channel La Cinq, Hachette is merged into Matra to form Matra-Hachette, and Lagardère Groupe, a French partnership limited by shares, is created as the umbrella company for the entire ensemble.

## 1996

Matra-Hachette is absorbed into Lagardère Groupe, which changes its name to Lagardère SCA.

## 1999

Aérospatiale Matra is created following the merger of Aérospatiale and Matra Hautes Technologies.

## 2000

The EADS consortium is formed following the merger of Aérospatiale Matra, CASA and DaimlerChrysler Aerospace.

## 14 MARCH 2003

Death of Jean-Luc Lagardère.

## 26 MARCH 2003

Arnaud Lagardère is appointed Managing Partner of Lagardère SCA.

## 2004

The Group acquires a portion of Vivendi Universal Publishing's French and Spanish assets.

## 2007

The Group reorganises around four major institutional brands: Lagardère Publishing, Lagardère Services (which became Lagardère Travel Retail in 2015), Lagardère Active and Lagardère Sports (which became Lagardère Sports and Entertainment in 2015).

## 2011

The Group sells its international magazine operations.

## 2013

The Group divests its remaining interest in EADS.

## 2015-2019

Acquisition of Paradies, Hojeij Branded Foods and International Duty Free (Travel Retail), and of Perseus Books, Bookouture, La Plage, Worthy Publishing Group and Short Books (Publishing), etc.

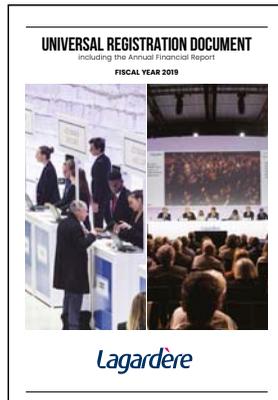
## 2018-2020

Rollout of the Group's strategic refocusing around two priority divisions, Lagardère Publishing and Lagardère Travel Retail.

# PUBLICATIONS



## CSR at Lagardère in 2019-2020



## Universal Registration Document

including the Annual Financial  
Report - Fiscal Year 2019



## 2019-2020 Milestones

Corporate Brochure

These publications  
are also available  
in accessible format  
and in French.

[www.lagardere.com](http://www.lagardere.com)

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# Lagardère

Lagardère  
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Lagardère  
TRAVEL RETAIL

ANAYA

hachette  
ÉDUCATION

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aella DUTYFREE  
*The Art of the Gift*

THE GALLERY



Le  
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de  
Poche

L B  
LITTLE, BROWN AND COMPANY

TRIB'S

Bread&Co.

RELAY.

LAROUSSE

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Publishing Group

GC  
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PUBLISHING

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