UNIVERSAL REGISTRATION DOCUMENT

including the Annual Financial Report

Fiscal Year 2019

Lagardère SCA

French partnership limited by shares (*société en commandite par actions*) with share capital of €799,913,044.60
Registered office: 4, rue de Presbourg, 75016 Paris – France
Telephone: +33 (0)1 40 69 16 00
Registered with the Paris Trade and Companies Registry under number 320 366 446
Website: www.lagardere.com

The original version of this Universal Registration Document in French was filed on 26 March 2020 with the French financial markets authority (*Autorité des marchés financiers* – AMF) as competent authority under Regulation (EU) 2017/1129 without prior approval pursuant to Article 9 of said Regulation. The English version of the Universal Registration Document has been prepared for the convenience of English-speaking readers, and is a free translation of the original French. It is intended for general information only and in the event of discrepancies, the French original shall prevail. The Universal Registration Document may be used for the purposes of an offer to the public of securities or admission of securities to trading on a regulated market if approved by the AMF, together with any amendments, if applicable, and a securities note and summary approved in accordance with Regulation (EU) 2017/1129 .

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1.1 GENERAL INFORMATION ABOUT THE ISSUER

1.1.1 COMPANY NAME AND COMMERCIAL NAME

Company name: Lagardère SCA

Commercial name: Lagardère

1.1.2 REGISTERED OFFICE, ADDRESS, TELEPHONE, WEBSITE

Registered office:
4, rue de Presbourg – Paris 16e (75), France

Postal address:
4 rue de Presbourg, 75116 Paris, France

Website:
www.lagardere.fr

Telephone:
+33 (0)1 40 69 16 00

1.1.3 LEGAL FORM AND GOVERNING LAW

Lagardère is a French partnership limited by shares (*société en commandite par actions* – SCA).

1.1.4 PLACE OF REGISTRATION AND REGISTRATION NUMBER

Lagardère is registered with the Paris Trade and Companies Registry (*Registre du commerce et des sociétés*) under number 320 366 446.

Legal Entity Identifier: 969500VX2NV2AQQ65G45

1.1.5 DATE OF INCORPORATION AND TERM OF THE COMPANY

Lagardère was incorporated on 24 September 1980.

Its term will expire on 15 December 2079.

1.2 HISTORY

The original purpose of Lagardère SCA, named MMB up to the end of 1992, and subsequently Lagardère group until June 1996, was to unite all media sector assets held by the Matra group in 1982 prior to the French State's acquisition of an interest in Matra's capital, so that the State would not be in a position of control.

Under the initiative and management of Jean-Luc Lagardère, the Company then took control of Hachette, followed by Matra, which returned to the private sector in early 1988.

At the end of 1992, the activities of these two companies were combined when their two holding companies were merged to form Matra Hachette. At the same time, the Company changed its legal form and became a French partnership limited by shares.

The restructuring process was completed in June 1996, when Lagardère group absorbed Matra Hachette, and adopted its current name of Lagardère SCA.

Since then, the following changes have taken place in the Group's structure:

- Major alliances in the Defence and Space industries: this European alliance strategy was initiated in the early 1990s, and underwent an important development in 1999 when Aerospatiale Matra was formed through the contribution of Matra Hautes Technologies – which held all of Lagardère SCA's aerospace operations – to Aerospatiale. The process was completed on 10 July 2000 when all of Aerospatiale Matra's businesses were merged with those of DaimlerChrysler Aerospace AG and Spanish company CASA to form the European company EADS NV (renamed Airbus Group NV on 2 January 2014 and then Airbus Group SE following its change of corporate form to become a European Company (*societas Europaea*) on 27 May 2015), in which Lagardère SCA indirectly held an interest of approximately 15%.

This interest was reduced to 7.5% in 2009 following the sale of three 2.5% tranches of EADS' capital in June 2007, June 2008 and March 2009. Following a series of transactions carried out in concert with the other joint shareholders, on 12 April 2013 Lagardère sold its entire interest for €2,283 million (€37.35 per share) by means of private placements through accelerated bookbuilding with qualified investors. The Lagardère group no longer owns any interest in Airbus Group SE.

- Repositioning in the media and communication industries, by means of:
  - a takeover of businesses in these two sectors, with the bid for Europe 1 Communication (Audiovisual business) in 1999, and the share exchange offer for Hachette Filipacchi Médias (Magazine Publishing business) in 2000, followed by an offer to purchase all of the remaining minority interests;
  - several agreements signed, essentially in the audiovisual sector (acquisition of a 34% interest in CanalSatellite, replaced in early 2007 by a 20% interest in the pay television operator Canal+ France and the sale of this interest to the Vivendi group on 5 November 2013);
  - the development of the Book Publishing business, with the acquisition in 2002-2004 of Vivendi Universal Publishing's European assets in France and Spain, the purchase of Hodder Headline in the United Kingdom, and agreements in 2006 for the takeover of Time Warner Book Group and in April 2016 for the acquisition of Perseus Books;
  - the combination of the Magazine Publishing, Audiovisual and Digital businesses within a new entity, Lagardère Active, was completed in 2006. This division was formed as a result of the Group's ambition to become a leading international content publisher for all media as well as a worldwide "brand factory", and to accelerate its migration towards digital media.

    In line with this goal, Lagardère Active acquired Newsweb and Doctissimo, France's top online content publishers;
  - sale by Lagardère Active of its International Magazine Publishing business to Hearst in 2011 (102 publications in 15 countries);
  - sale by Lagardère of its Radio business in Russia on 23 December 2011;
  - sale by Lagardère Active of 10 French Magazine Publishing titles in July 2014.
- Development of the Lagardère Travel Retail division: the weight of the Travel Retail business has increased through organic growth and major acquisitions.

  Examples of some important transactions include: the acquisition of ADR Retail Srl (since renamed Lagardère Services Travel Retail Roma), an operator of 13 duty free/duty paid stores in two airports in Rome, in September 2012 by Lagardère Services Travel Retail; the acquisition of an operator of retail stores in Amsterdam Schiphol airport, the Netherlands, in January 2014 by Aelia SAS (since renamed Lagardère Duty Free), a subsidiary of Lagardère Travel Retail; the formation of a partnership between Lagardère Travel Retail and a company operating over 200 points of sale in 11 countries, including Venice and Treviso airports, in April 2014; the acquisition of Paradies, a leader in airport travel retail in North America with long-term concessions in more than 76 airports, in October 2015; the acquisition of Hojeij Branded Foods, a leader in Foodservice in the Travel Retail market in North America, in November 2018; and the acquisition in September 2019 of International Duty Free, Belgium's leading Travel Retail operator.

  Travel Retail has also completed the disposal of its Distribution business with the sales of its magazine distribution activities in the United States (Curtis, June 2015), and its Press Distribution businesses in Switzerland (February 2015), Spain (October 2015), Belgium (November 2016), and, lastly, Hungary (February 2017).
- Creation of a Sports division, named Lagardère Sports and Entertainment:
  - through the acquisitions of:
    - Sportfive (early 2007), which acts as a partner to sporting bodies and clubs,

helping them to extract maximum value from their broadcasting and marketing rights,

- IEC in Sports (2007), a Swedish company specialised in the marketing of sports rights,
- World Sport Group, which manages audiovisual broadcasting rights in Asia; Upsolut, which organises endurance sports events; and PR Event, the organiser of the Swedish Open Tennis tournament (all in 2008);

- and the combination in 2010 of all of the Sports division entities with the Best group (Blue Entertainment Sports Television), acquired in 2010, within the Lagardère Sports and Entertainment division. This gives Lagardère Sports and Entertainment strategic positioning along the entire sports rights value chain, comprising:
  - marketing, sponsorship and brand partnerships,
  - content creation, media rights, production and distribution,
  - brand consulting, activation and digital services,
  - stadium and arena management solutions,
  - athlete management,
  - event management,
  - live shows and production,
  - venue management.

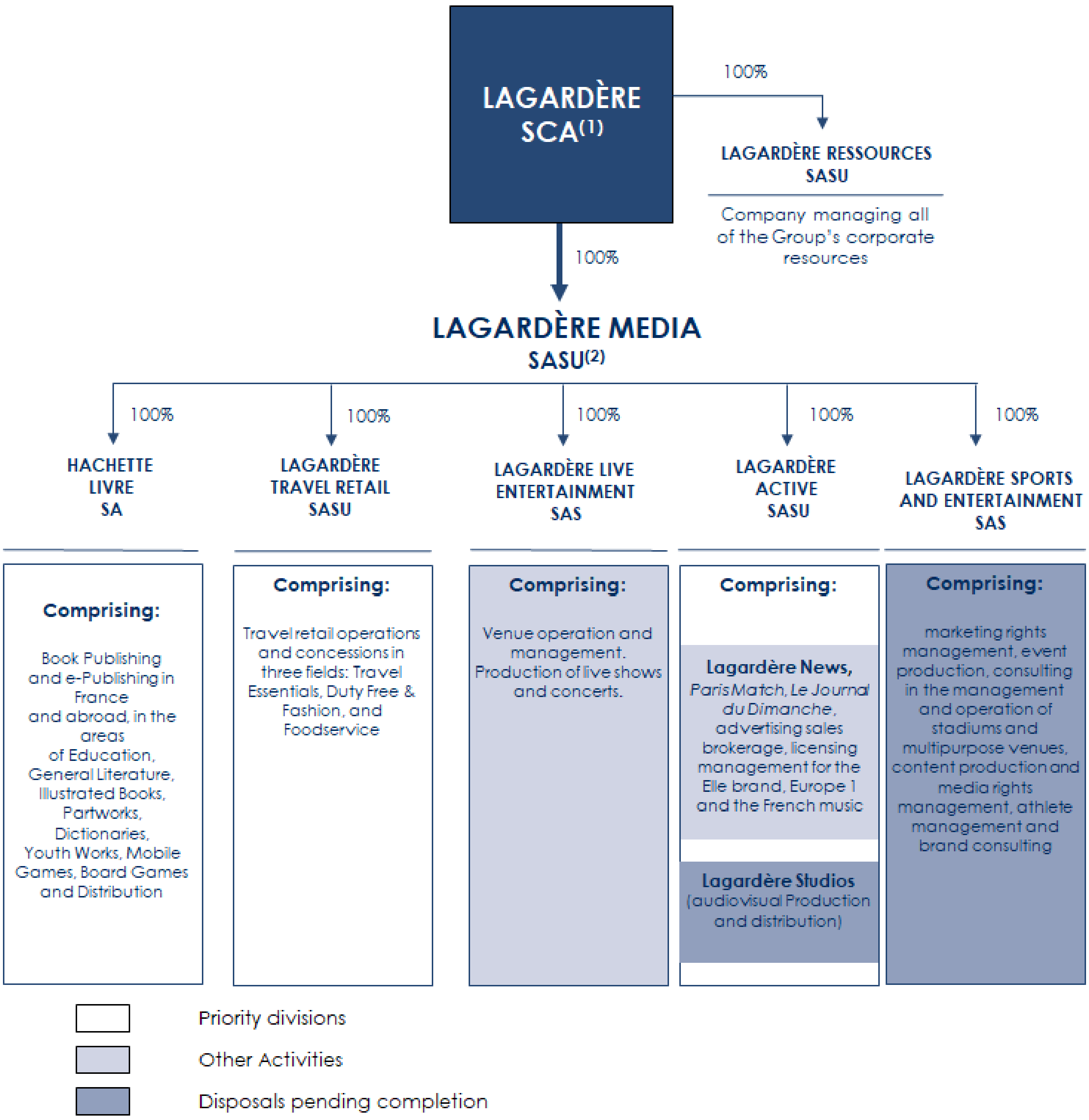
► In 2018, the Managing Partners decided to refocus the Group on its two strongest divisions, Lagardère Publishing and Lagardère Travel Retail, which are both world leaders in their respective markets (see section 1.4).

As a result, that same year, they began divesting the assets making up Lagardère Active (excluding Lagardère News) and Lagardère Sports.

1.3 ORGANISATION CHART – PRINCIPAL SUBSIDIARIES – RELATIONS BETWEEN THE PARENT COMPANY AND SUBSIDIARIES

Lagardère SCA’s role in respect of its subsidiaries is described in section 3.2, below, and in the Lagardère SCA Company financial statements (including the notes) in sections 5.4 and 5.5.

In addition, note 5 to Lagardère SCA's consolidated financial statements also includes segment information, by division and by geography.



(1) Organisation chart at 31 December 2019.

(2) Lagardère Media is the holding company for all Group operations.

Percentages correspond to share capital and voting rights.

As indicated in section 3.2 on the Group's organisational structure, Lagardère SCA is a holding company.

The Group operates through subsidiaries that are wholly owned by Lagardère Media, which is itself wholly owned by Lagardère SCA. These operating units are:

- Hachette Livre: a French holding company for the Lagardère Publishing division;
- Lagardère Travel Retail: a French holding company for the Lagardère Travel Retail division;
- Lagardère Live Entertainment: a French holding company for the Entertainment division;
- Lagardère Active: a French holding company consolidating the business operations of:
  - Lagardère News;
  - Lagardère Studios.
- Lagardère Sports and Entertainment: a French holding company for the sports-related activities.

A detailed list of the Group's 617 consolidated subsidiaries and their locations is provided in note

39 to the consolidated financial statements. Details of the positions held in these subsidiaries by Lagardère SCA corporate officers are presented in sections 2.3 and 2.4 of this Universal Registration Document.

The Group's economic organisation (i.e., the breakdown of business activities by segment) is described in section 1.4. There is no significant functional dependency between the Group's various entities.

Section 1.4 presents the businesses carried out by the principal Group subsidiaries and affiliates, and the key consolidated financial information concerning these companies is reported in the notes to the consolidated financial statements (note 5 – Segment information). The Group has not identified any cases where access to its consolidated subsidiaries' results is restricted.

Lastly, the amount and nature of the financial transactions between Lagardère SCA and Group subsidiaries are described in section 2.8 below.

1.4 BUSINESS ACTIVITIES AND STRATEGY

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 Arnaud Lagardère, General and Managing Partner, 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 main objectives of the strategic refocus 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.

The proceeds from all these disposals will primarily be reinvested in Lagardère Publishing and Lagardère Travel Retail, to provide them with all the resources they need to sustainably secure their positions among the world leaders in their respective markets.

As part of this process, in 2018, the Group began divesting the assets making up Lagardère Active, excluding Lagardère News (see summary table below), with the following main transactions completed during the year:

- the radio businesses in the Czech Republic, Poland, Slovakia, Romania and South Africa;
- the e-Health division (MonDocteur and Doctissimo);
- the digital businesses (Boursier.com, Plurimedia and Billetreduc.com);
- the press titles in France;
- the television unit.

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

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),

Summary table of assets sold, pending completion or not yet sold

Disposals to date	2018 revised recurring operating profit* in millions of euros	2019 recurring operating profit in millions of euros	Estimated sale value (€m)	Date of sale
LARI – Eastern Europe	7	-	73	July 2018
Marie Claire	-	-	14	June 2018
MonDocteur Doctissimo	(4)	-	55	July 2018 October 2018
Boursier BilletReduc Plurimedia Doctipharma	3	-	41	January 2019 February 2019 February 2019 February 2019
LARI - Africa (Jacaranda, Mediamark, Vibe Radio [Senegal and Côte d'Ivoire])	1	-	18	Jacaranda and Vibe Radio: transactions closed in February 2019 Mediamark: transaction closed in September 2019
Magazine Publishing titles (excluding *Paris Match*, *Le Journal du Dimanche* and the Elle brand licence).	22	-	52	February 2019
Mezzo	3	1	12	July 2019
DHP, other	1	0	1	July-October 2019
TV Channels, excluding Mezzo	23	2	215	September 2019
Total	**56**	**3**		

* Restated for IFRS 16.

Disposals pending completion	2018 revised recurring operating profit*	2019 recurring operating profit	Estimated sale value (€m)	Date of sale
Lagardère Sports	32	64	110	Signed 19 February 2020
Not yet sold				
Lagardère Studios	19	15		
Total	**51**	**79**		

* Restated for IFRS 16.

Further to these divestments, the Lagardère group is now organised around two divisions:

Lagardère Publishing[1], which includes the Group's **Book Publishing and e-Publishing businesses**, and areas such as Education, General Literature, Illustrated Books, Partworks, Dictionaries, Youth Works, Mobile Games, Board Games and Distribution. The division operates predominantly in the three main language groups: English, French and Spanish.

Hachette Livre is the world's third-largest trade book publisher for the general public and educational markets (number one in France, number two in the United Kingdom, number three in Spain, and number four in the United States).

There are several key success factors in Hachette Livre's strategy:

- well-balanced positioning (across geographic areas and publishing segments), allowing it to capitalise on the fastest-growing markets;
- decentralised organisation, giving a large degree of autonomy to its different entities and publishing houses;
- sustained investment in digital technologies.

In the field of digital technology and the Internet, Lagardère Publishing offers products suited to multiple formats, distribution channels and media, in line with emerging market trends.

The division continues to diversify, having acquired several companies specialising in mobile games and board games. These investments reflect the strategic aim of exploring leisure activities adjacent to the world of publishing, where the business model holds out the prospect of significant cross-fertilisation of content and know-how.

Lastly, as part of the strategy defined for the Group by Arnaud Lagardère, Lagardère Publishing plans to position itself for the potential acquisition of an English-language publisher – yet to be identified – to increase its weight in that linguistic market, where a large part of the economic future of global publishing is being played out.

Lagardère Travel Retail consists of retail operations in transit areas and concessions in three business segments: Travel Essentials, Duty Free & Fashion, and Foodservice.

Lagardère Travel Retail is a pure player and global leader in the travel retail market:

- the world's fourth largest travel retail operator;

[1] This Universal Registration Document refers to this business interchangeably as Hachette Livre or Lagardère Publishing.

- the world's largest international network of travel essentials stores;
- the European leader in the travel retail fashion segment;
- the world's fourth-largest foodservices provider in transit areas.

The division's strategy is focused on the following priorities:

- maintaining the pace of expansion so as to benefit from significant external growth opportunities;
- integrating new acquisitions and concessions (acquiring IDF in Belgium, completing the integration of HBF in the United States, opening the concession in Dubai, etc.);
- securing the renewal of key contracts;
- driving faster innovation in delivered products and services, and sharpening the focus on CSR issues;
- strengthening operational excellence and improving margins;
- deploying initiatives to optimise cash management and financing requirements.

In addition to Lagardère Sports and Lagardère Studios, the Group also owns the following core business units:

- **Lagardère News**, which comprises *Paris Match*, *Le Journal du Dimanche*, advertising sales brokerage, licensing management for the Elle brand, Europe 1 and the French music radio networks (Virgin Radio and RFM).

  Lagardère News is strategically committed to becoming a boutique source of important news, that is respected as agile, disciplined and reliable, and run like a start-up but with iconic brands to produce highly differentiated content as flexibly and efficiently as possible.

- **Lagardère Live Entertainment**, which is active in two segments:
  - operating and managing entertainment venues, including the Folies Bergère, Casino de Paris, Bataclan, the Arkéa Arena concession and the public service concession for the Arena du Pays d'Aix;
  - producing tours for concerts (Florent Pagny, -M-, Jean-Louis Aubert, etc.) and shows (*Salut les copains*, *DISCO*, *Love Circus*, *Les Choristes*, etc.).

  One of Lagardère Live Entertainment's primary objectives is to maintain its market leadership in show production.

1.4.1 LAGARDÈRE PUBLISHING

A) PRINCIPAL ACTIVITIES AND MAIN MARKETS

The world's third-largest trade book publisher for the general public and educational markets[1] (number one in France[2], number two in the United Kingdom[3], number three in Spain[4], and number four in the United States[5]), 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.

Since its foundation in 1826, Hachette Livre has consistently sought to publish, sell and distribute high-quality innovative books that satisfy its readers' thirst for knowledge, culture and entertainment. The company's employees, who contribute to the growth and ongoing success of this division, continue to pursue this goal.

Hachette Livre has a well-balanced, diversified portfolio that covers much of the editorial spectrum (Education, General Literature, Illustrated Books, Partworks, Dictionaries, Youth Works, Mobile Games, Board Games, Distribution, etc.). Publishing is predominantly in the three main language groups: English, Spanish and French. The portfolio offers new bases for expansion by geographic area and business line, allowing Lagardère Publishing to capitalise on the most buoyant segments and the most dynamic markets.

The division's business model is present throughout the entire book publishing/distribution value chain. Thanks to its highly reputed publishing houses and brand names, it is able to draw the fullest benefit from its close relationships with authors, the expertise of its sales force, the rigorous logistics organisation of its distribution network and the commitment of its highly trained employees.

The autonomy of the publishing houses, which are independent and fully responsible for their own creative processes and editorial decisions, encourages both creativity and internal competition. The large degree of autonomy that Hachette Livre allows each of its operating divisions is one of the key factors of its success, since each division of Lagardère Publishing forms a federation of small and medium-sized independent publishing houses with their own corporate culture and specific – not to mention unique – editorial tone.

Each publishing house is responsible for relations with its own authors. Excellent individual relationships enable publishers to control the copyright portfolio and offer seamless supply to the paperback sector. In France, they also give rise to merchandising opportunities.

Central management functions in turn enable Hachette Livre to devise an aligned strategy in digital technologies, negotiate from a better position with large accounts and suppliers, and leverage economies of scale.

These combined assets make Hachette Livre France's leading publishing group, ahead of such prominent competitors as Editis, Gallimard-Flammarion, Albin Michel and Média-Participations. Hachette Livre ranks number one in the fragmented General Adult Literature market, and first in literature for Youth and Illustrated Books, as well as in the traditionally more concentrated Textbook and Dictionaries segments.

Outside France, Hachette Livre conducts its business alongside competitors such as Pearson, Penguin Random House, Scholastic, Simon & Schuster, HarperCollins, Planeta and Holtzbrinck. In just a few years, it has succeeded in moving up

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[1] World publishing rankings prepared internally by Hachette Livre based on:
- the annual financial reports of the groups in question (most cases);
- rankings appearing each year in *Livres Hebdo* (rankings prepared with Rüdiger Wischenbart Content and Consulting, and generally used subsequently in partnership with *The Bookseller*, *Publishers Weekly* and *Buchreport*), and which are sometimes based on direct contacts with the groups in question (i.e., when annual financial reports are not available);
- the ranking, which takes into account private publishing companies in the Textbook market (excluding professional, and scientific, technical and medical publishing) and general interest (Trade).

[2] Source: internal analyses based on statistics from the GfK survey panel and the data from the education group of the French publishers association.

[3] Source: internal data based on Nielsen BookScan in the United Kingdom.

[4] Source: internal estimates.

[5] Source: internal analyses based on Nielsen BookScan in the United States.

from thirteenth to third position among private-capital publishers worldwide.

Most of its new publications are also published in France, the United Kingdom and the United States in digital formats that are marketed in the form of e-books, on every platform, and sometimes downloadable audiobooks. Hachette Livre has begun to diversify into mobile and board games, to explore new, fast-growing entertainment territories.

A.1 In France[1]

General Literature comprises prestigious publishing houses such as Grasset, Fayard, Stock, Calmann-Lévy and Lattès. Each is prominent in a specific domain, but competes with the Group's other publishing houses and with rival publishing groups' brands. Le Livre de Poche, which releases paperback reprints for all of the division's publishing houses as well as for many non-Group publishers, is today France's leading source of general literature paperbacks.

Hachette Illustré covers the entire range of illustrated works. It is number one in France for both practical guides (Hachette Pratique and Marabout) and travel guides (Hachette Tourisme and Le Routard). Hachette Illustré is also number one in the high-quality illustrated book market with two prestigious publishers, Editions du Chêne and Hazan, and in youth works (Hachette JD, Hachette Jeunesse Roman, Deux Coqs d'Or, Gautier-Languereau and Le Livre de Poche Jeunesse). Hachette Livre boasts valuable editorial assets in this market, including characters such as Babar, Noddy, Asterix and Fantômette.

In Textbooks, Hachette Livre is the leading publisher in France[2] thanks to two separate entities: Hachette Éducation and the Alexandre Hatier group. These entities include such reputed publishers as Hachette, Hatier, Didier and Foucher and other strong brands (Bled, Bescherelle, Passeport, Littré and Gaffiot), enabling Hachette Livre to occupy a leading position on the extra-curricular book segment.

In Reference and Dictionaries, famous assets include the brands Larousse, Hachette and Harrap's. Hachette Livre is number one in France for both monolingual and bilingual dictionaries. With its international reputation, Larousse generates more than 40% of its revenue outside France, and is particularly well established as a brand in Spanish-language books.

The Academic and Professional activity includes Dunod-Armand Colin, the leader in France's higher education market.

Distribution for Hachette Livre and other non-Group publishing houses under exclusive contracts is carried out through a distribution network managed from the national centre in Maurepas. Hachette Livre handles 250 million copies per year and supplies more than 15,000 bookshops, newsagents, news stands and supermarkets in France. Hachette Livre Distribution, the number one distributor in France, also operates in Belgium, Switzerland and French-speaking Canada.

A.2 Outside France[3]

In 2019, Hachette UK was the United Kingdom's second-largest publisher, with 12.2%[4] of the print trade book market through eight divisions: Octopus for illustrated books; Orion; Hodder & Stoughton; Headline; Little, Brown and Quercus for general literature, plus Bookouture since 2017; and Hachette Children's Books in the youth works segment.

These divisions and their range of brand names have also enabled Hachette Livre to develop operations in Australia, New Zealand, Ireland, India (where it is number two in the market), Singapore and the English-speaking Caribbean.

Hachette Livre is also a key player in the textbook market with Hodder Education, which ranks third in the market.

Lastly, Hachette Livre has a distribution business in the United Kingdom and recently opened a new, highly automated warehouse in Didcot.

Hachette España has been the third-largest publisher in Spain since Santillana's acquisition by Penguin Random House, and ranks as the leading publisher of textbooks through Anaya and Bruño. These two publishing houses are key players in the Education market, as well as in the extra-curricular books, General Adult Literature and youth works

[1] Hachette Livre's competitive positions reflect data provided by the GfK panels to which the division subscribes.
[2] Source: internal estimates.
[3] Source: Internal data, based on Nielsen BookScan in the United Kingdom, internal sources in Spain and Nielsen BookScan data for the United States.
[4] Source: Nielsen.

segments. It is also very well established in Latin America, through its Larousse, Anaya, Bruño, Alianza, Algaida, Barcanova, Xerais and Salvat brands. In Mexico, Hachette Livre is one of the leading textbook publishers, under the Larousse and Patria brands.

In the United States, Hachette Book Group is the fourth-largest trade book publisher thanks to imprints such as Grand Central Publishing, Little, Brown and Company, as well as Little, Brown Books for Young Readers in the youth works segment; FaithWords and Worthy Books in the religious segment; Orbit in science fiction; Perseus in non-fiction; and Mulholland in crime fiction.

Hachette Livre also has distribution operations in the United States.

Partworks are published by the Collections division, and are sold per issue in news stands and by subscription. The Collections division has expanded internationally: Partworks are now published in 16 languages and 36 countries through subsidiaries based in France, the United Kingdom, Italy, Spain, Poland, Japan, Argentina and Russia. This activity's marketing skills and capacity to create new products rigorously tested for compatibility with each market have made it the world leader, and a driving force behind Hachette Livre's overall performance.

Worldwide, Hachette Livre is represented either directly or indirectly in more than 70 countries across its various business lines and its 150 brands.

B) OPERATIONS DURING 2019

Contribution to consolidated revenue in 2019: €2,384 million (€2,252 million in 2018).

Breakdown of revenue by activity

	2019	2018
Education	**14.6%**	14.1%
Illustrated Books	**13.1%**	12.8%
General Literature	**43.4%**	44.3%
Partworks	**12.3%**	12.2%
Other (including Reference)	**16.6%**	16.6%
Total	**100%**	100%

Breakdown of revenue by geographic area

	2019	2018
France	**29.3%**	28.1%
United Kingdom	**16.3%**	19.1%
United States	**25.5%**	25.8%
Spain	**6.0%**	5.7%
Other	**22.9%**	21.3%
Total	**100%**	100%

In 2019, the global publishing market saw growth of 1.3% in France[1] and of 1.1% in Spain[2]. In the English-speaking countries, the American market edged up slightly overall (all formats combined), while in the United Kingdom[3] and in Ireland[4], demand rose over the year in value, by 2.4% and 5.0% respectively.

In France, the first year of the new high school reform had a positive impact on educational publishers.

In Spain, the renewal of curricula in six primary grades in Andalusia and the introduction of a free textbook programme in Madrid had a positive impact on textbook sales.

E-book sales continued to decline in the English-speaking markets, while audiobooks extended their spectacular growth across all markets.

Against this backdrop, in 2019, Lagardère Publishing reported revenue of €2,384 million, up 5.9% as reported and 2.8% like-for-like, and recurring operating profit of €220 million, up 10%. The gains were led by the successful sales in France and Spain, the new Asterix album, the growth in Partworks and Mobile Games and the margin improvement plans, particularly in the English-speaking countries.

Lagardère Publishing's eight-pronged strategy is unchanged:

1) constant search for growth opportunities through value-creating acquisitions needed to keep Lagardère Publishing among the top-ranking publishing groups worldwide, which is an essential advantage conferring extra influence in negotiations with major customers. These acquisitions may also extend to related segments such as Mobile Games and Board Games, in a commitment to reaching consumers who are shifting from books to other sources of entertainment;

2) spreading risks across a significant number of markets and market segments in order to smooth out the cyclical effects specific to each one;

3) concentrating acquisitions and new subsidiaries in countries belonging to language areas that offer critical mass in terms of potential markets;

4) broad editorial independence for publishing subsidiaries, encouraging creativity, rapid responses and team motivation;

5) active search for international bestsellers able to attract an extensive readership in all markets where the division operates;

6) management of distribution both as a cost centre and a strategic link in the book value chain, in all the markets where the division operates;

7) sustained investment in digital technologies so as to better understand and satisfy authors, booksellers and readers;

8) selective investments in high-growth markets such as Russia and India.

Lagardère Publishing's success in the Digital segment is the result of a rigorously implemented strategy seeking to:

1) continue to digitise all new content and selected past works by formatting files so that they are compatible with all digital platforms in the market;

2) support as many new digital platforms selling e-books and audiobooks as possible;

3) strengthen ties between Lagardère Publishing imprints and their authors by offering a comprehensive range of digital services and unrivalled expertise in marketing and advertising online and on social media;

4) encourage Lagardère Publishing imprints to develop works that are not easily transferable to digital formats (coffee-table books, box sets, partworks, graphic novels, etc.);

5) fight piracy aggressively and methodically;

6) offer high-performance, targeted logistics services to attract partners to the Lagardère Publishing ecosystem, thereby maintaining the output and profitability of its distribution infrastructure without assuming any commercial risk or taking an equity stake in their business.

[1] Source: GfK (by value).
[2] Source: GfK (by value).
[3] Source: Nielsen BookScan.
[4] Source: Nielsen BookScan.

B.1 In France

In France, curriculum reform in two high school grades (years 11 and 12) drove higher revenue at Hachette Education and the Alexandre Hatier group, some of whose extra-curricular publications also sold well.

In addition, General Literature also had a good year, led by Le Livre de Poche, which enjoyed strong growth and consolidated its position as the French market leader with, in particular, the release of Guillaume Musso's *La Jeune Fille et la Nuit* and Valérie Perrin's *Changer l'eau des fleurs*. The year also saw a number of works garner literary awards, including two published by Grasset: *Civilizations* by Laurent Binet (Grand Prix du roman de l'Académie française) and *Les Grands Cerfs* by Claudie Hunzinger (Prix Décembre). As well, Stock won no less than three prizes: the Prix Médicis for *La Tentatio* by Luc Lang; the Prix Femina Essai for *Giono, furioso* by Emmanuelle Lambert; and the Prix Giono for *La Part du fils* by Jean-Luc Coatalem.

Lastly, in Illustrated Books, the year was marked by the success of the new Asterix album, *La Fille de Vercingétorix*, and the robust performance at Hachette Pratique in children's books and licensing.

B.2 Outside France

United States

In an American book market shaped by a slight 1.1% decline in the print segment but lifted by the spectacular growth in audiobook sales for the fifth year in a row, Hachette Book Group (HBG) reported revenue unchanged for the year.

This stability followed on from a strong performance in 2018, when HBG had the highest percentage of best-sellers per total number of titles published, including the year's best-selling novel, *The President is Missing*, by Bill Clinton and James Patterson.

The year 2019 saw the market success of books by Malcolm Gladwell (*Talking to Strangers*), Ronan Farrow (*Catch and Kill*) and Andrzej Sapkowski, whose *The Witcher* saga published by Orbit Books was developed into a Netflix series.

In addition, political books of all stripes remained highly popular, from the anonymously written exposé of the White House's inner workings (*A Warning*) to Donald Trump Jr.'s *Triggered*.

Lastly, audiobooks pursued their spectacular growth, gaining 22% in 2019, while e-book sales contracted slightly.

United Kingdom and the Commonwealth

In the United Kingdom, 108 Hachette UK titles made it into *The Sunday Times* bestseller list, including eight at number one. Among the most prominent were *Tall Tales and Wee Stories: The Best of Billy Connolly*, by Billy Connolly; *In a House of Lies*, by Ian Rankin; and *The Fast 800*, by Michael Mosley.

The year's performance was once again impelled by e-book and audio formats, with a slight 1% decline in e-books and a 31% surge in downloadable audiobook sales.

However, Trade revenue shrank somewhat after an exceptional year in 2018, which saw two J.K. Rowling titles and the massive success of Michael Wolff's *Fire and Fury*. As a result, Hachette UK lost a 0.3-point sliver of share in a market up 2.4%.

In addition, while the Education business edged its market share up to 22.9% from 22.6% in 2018, it failed to offset the contraction in the British textbook market.

Lastly, the new Hachette UK distribution centre in Didcot was rated "Very Good" in compliance with the Building Research Establishment Environmental Assessment Method (BREEAM) used to assess a building's environmental performance.

Spain and Latin America

With 3,269 new titles published in 2019, Hachette España once again proved its know-how in "tailored" publishing for a textbook market characterised by extreme fragmentation, with each of the 17 regions exercising broad sovereignty over language and curriculum.

The cycle of curriculum reform initiated by the Organic Law for Improvement of the Quality of Education (*Ley orgánica para la mejora de la calidad educativa*) was completed, and changes of government, at both the national and regional level, compounded by budgetary constraints in the regions, led to the questioning of several programmes and generated something of a wait-and-see attitude among the public authorities.

Nevertheless, in 2019, Hachette España capitalised on the renewal of curricula in six primary grades in Andalusia, where it consolidated its market leadership, and the introduction of a free textbook programme in Madrid.

In General Literature, Grupo Anaya's bestsellers were *El guardián entre el centeno* by J.D. Salinger; *Circé* by Madeline Miller; and *El naufragio de las civilizaciones* by Amin Maalouf. The Trade division also benefited from strong sales of the new Asterix album.

In Latin America, Larousse Mexico and Patria suffered from a decline in government sales, which was offset by the success of RED Larousse in Mexican private schools.

As a result, revenue in the Spain/Latin America region rose by 10.3% like-for-like in 2019.

Partworks

Partworks maintained their impressive growth trajectory, enabling Lagardère Publishing to consolidate its global market leadership[1], thanks in large part to 92 successful launches in 36 countries, such as Japan, Germany and France.

B.3 Objectives and achievements in 2019

Lagardère Publishing was looking forward to a year of growth in 2019 after seeing a decline in revenue and recurring operating profit during a challenging 2018.

This anticipation was indeed borne out, with the strongest organic growth since 2009 lifting recurring operating profit by nearly €20 million or 10%.

Among the reasons for satisfaction was the steady growth in Hachette Book Group margins despite flat revenue for the year. Hachette UK also improved its profitability, despite lower revenue and Brexit-related economic tensions.

Partworks, where the division is world leader, also demonstrated the resilience of their business model.

Lastly, the merit of the acquisition of mobile game start-ups in 2017 and 2018 was clearly reflected in those companies' average growth of more than 50% in 2019.

Hachette Livre also successfully entered the French board game market by acquiring publisher Gigamic and distributor Blackrock Games, both of which are expanding, and by creating two new design studios (Studio H and Funnyfox).

C) OUTLOOK

In 2020, Lagardère Publishing expects to see more modest growth, mainly because the high school reform program will impact only one grade instead of two in 2019.

In addition, 2020 will be a year "without Asterix."

In this environment, Lagardère Publishing will pursue its strategy of diversifying into mobile and board games, which are enjoying strong growth with a business model that is very similar to book publishing.

The division will also continue to make targeted acquisitions in its core publishing business, as was the case in January 2020 with the purchase of a majority stake in Le Livre Scolaire in France.

Lastly, as part of the strategy defined for the Group by Arnaud Lagardère, Lagardère Publishing plans to position itself for the potential acquisition of an English-language publisher – yet to be identified – to increase its weight in that linguistic market, where a large part of the economic future of global publishing is being played out.

[1] Source: internal estimates.

1.4.2 LAGARDÈRE TRAVEL RETAIL

A) PRINCIPAL ACTIVITIES AND MAIN MARKETS

With operations in 39 countries and on five continents, Lagardère Travel Retail has been a pure player and global leader in Travel Retail since the sale of its distribution activities in 2017.

At the end of 2019, Lagardère Travel Retail operated a total of 4,832 stores. The geographic breakdown is as follows: 3,525 in Europe, Middle East and Africa, 471 in Asia-Pacific and 836 in North America.

Lagardère Travel Retail, whose strategy is to become the leading travel retail and foodservice operator for passengers, and the preferred partner for licensors in every market segment, operates in transit areas and concessions in three business segments:

- Travel Essentials;
- Duty Free & Fashion;
- Foodservice.

And in four geographies:

- France
- EMEA, which covers Europe other than France and business developments in the Middle East and Africa;
- ASPAC, which covers the Asia-Pacific region;
- North America, which covers the retail businesses in Canada and the United States.

Travel Retail is one of the most attractive niches in retailing along with e-commerce. In the past few years, the market has undergone profound change, globalising, integrating, consolidating and becoming more sophisticated.

Lagardère Travel Retail is stepping up its expansion in this segment by:

- leveraging its current positions to increase effectiveness and brand awareness;
- expanding its concepts and commercial offerings in all markets;
- building on a unique competitive positioning through its expertise in three business segments;
- intensifying its organic growth, particularly in the most dynamic markets, led by business development and contract renewals. Compelling examples in 2019 include:
  - In France:
    - opening of the new Orly 3 Terminal, with the Travel Essentials and Duty Free businesses, as well as the renovation of Terminal 2E Hall L (Core Duty Free and Fashion) at Paris Charles de Gaulle airport;
    - opening of the Marks & Spencer and Fnac stores at the Paris-Montparnasse train station;
    - opening of the Relay store at the Reunion Island airport;
    - concession wins in hospitals in Clermont Ferrand, Nantes and Pontoise.
  - In EMEA:
    - award of a concession to operate new duty free stores dedicated to diplomats in Geneva, Switzerland;
    - concession wins in all three business segments in Italy, at the Rome, Brindisi, Bologna, Florence, Bari, Naples, Catania, Cagliari and other airports;
    - renewal of the Travel Essentials and Duty Free concessions at the Prague airport in the Czech Republic;
    - renewal of the master concession at the Modlin airport in Poland;
    - renewal of the concession to operate the Smullers restaurants in nearly 30 railway stations in the Netherlands.
  - In Asia-Pacific:
    - award of the Fashion and Foodservice concessions at the Shanghai-Pudong and Beijing-Daxing airports in China, as well as the opening of several points of sale and restaurants at the Hong Kong airport (including the first airport Monocle store).

- In North America:
  - new concessions in New Orleans, Vancouver, Cincinnati and Dallas in Travel Essentials and in Detroit, Dallas, Denver and Austin in Foodservice;
- faster, acquisition-led growth led by the recent purchases of International Duty Free (Belgium's leading travel retailer) in September 2019 and of foodservice operations in the Czech Republic in May 2019.

In a still consolidating market, Lagardère Travel Retail is now the fourth-largest travel retail operator[1], (second-largest in airport travel retail) and the biggest operating across the three business segments (Travel Essentials, Duty Free & Fashion and Foodservice). As such, Lagardère Travel Retail:

- runs the largest international network of stores dedicated to Travel Essentials;
- is the European leader[2] in the Travel Retail Fashion segment;
- is the fourth-largest[3] operator in airport Core Duty Free;
- is the fourth-largest[4] Foodservice operator in transit areas worldwide.

The network includes the following stores operated:

- under its own banners:
  - either internationally, with Relay, Hubiz, 1Minute, Hub Convenience, Discover, Tech2go, Aelia Duty Free, The Fashion Gallery, The Fashion Place, Eye Love, So Chocolate, Bread&Co., Hello!, So! Coffee, Trib's, Vino Volo, Natoo, etc.;
  - or with a strong local identity, with the Sydney Opera House, BuY Paris Duty Free and Frankfurter Markthalle;
- under franchise or licence, with retail partners such as TripAdvisor, Fnac, iStore, Marks & Spencer, Hermès, Victoria's Secret, Nespresso, Costa Coffee, Burger King, Dean & DeLuca, Eric Kayser and Paul.

a) World leader[5] in Travel Essentials

With the Relay, Hubiz, 1Minute and Hub Convenience stores, as well as local banners, Lagardère Travel Retail currently runs the world's largest international network of travel essentials stores located in transit areas, including in nearly 160 international airports. The segment counted 2,956 stores worldwide at the end of 2019.

Of these stores, 296 are operated by a network of franchisees in countries such as Belgium, Hungary, Poland, Romania, Turkey, China, India, Pakistan, the United Arab Emirates and Cambodia.

Carrying a full range of travel essentials, the new Relay concept is designed to offer every traveller a suitable selection of what they need to facilitate and enhance their journey. The merchandise offering is now built around five major product categories: food, reading materials, gifts and souvenirs, travel items and children.

In train stations and airports, Lagardère Travel Retail also operates a large number of stores selling electronic devices under the Fnac, iStore, Tech2go and eSavvy names.

Lastly, Lagardère Travel Retail is a souvenir store operator with the international Discover concept, as well as Air de Paris and other local brands related to concessions (Eiffel Tower, Sydney Opera House, etc.).

[1] Source: Moodie Report; Lagardère Travel Retail Strategy Department; company annual reports. The Moodie Report website (www.moodiereport.com) regularly publishes changes in the market share of Travel Retail operators and is recognised as a benchmark in the industry.
[2] Source: Moodie Report; Lagardère Travel Retail Strategy Department; company annual reports. The Moodie Report website (www.moodiereport.com) regularly publishes changes in the market share of Travel Retail operators and is recognised as a benchmark in the industry.
[3] Source: Moodie Report; Lagardère Travel Retail Strategy Department; company annual reports. The Moodie Report website (www.moodiereport.com) regularly publishes changes in the market share of Travel Retail operators and is recognised as a benchmark in the industry.
[4] Source: Moodie Report; Lagardère Travel Retail Strategy Department; company annual reports. The Moodie Report website (www.moodiereport.com) regularly publishes changes in the market share of Travel Retail operators and is recognised as a benchmark in the industry.
[5] Source: Moodie Report; Lagardère Travel Retail Strategy Department; company annual reports. The Moodie Report website (www.moodiereport.com) regularly publishes changes in the market share of Travel Retail operators and is recognised as a benchmark in the industry.

Competition in the sale of commodity products in transit areas, which was previously local, is becoming global. Dufry, for example, operates in 65 countries; WH Smith in 30; HMSHost (Autogrill) is primarily present in North America and 20 other countries, SSP has operations in 33 countries, Areas in 13; and Valora operates mainly in Germany, Austria, Switzerland, Luxembourg and the Netherlands.

b) A top player worldwide in Duty Free & Fashion

Lagardère Travel Retail also designs and operates stores that cover the classic categories of alcohol, tobacco, perfume, cosmetics and gastronomy, as well as specialised concepts:

- under its own store names including Aelia Duty Free, BuY Paris Duty Free, So Chocolate, The Fashion Gallery, etc.;
- or through licences for international brands including Hermès, Longchamp, Hugo Boss, Ferragamo, Victoria's Secret, etc.

In recent years, Lagardère Travel Retail has become the European leader[1] in transit area Fashion sales, led by successful bids in Geneva, Switzerland, the Netherlands, the Avancorpo terminal at the Rome-Fiumicino airport in Italy, the Vienna airport in Austria and the Toulouse airport in France. The segment counted 731 stores worldwide at the end of 2019.

Lagardère Travel Retail also handles onboard sales of high-end products on behalf of certain airlines, including Air France, Alitalia and Iberia, in partnership with the Servair group (acquired by Gategroup in 2016).

Aside from Lagardère Travel Retail, the leading duty-free and speciality retailers in transit locations are Dufry, DFS (LVMH), Lotte and Heinemann.

c) Fast-growing operator in Foodservice

Lagardère Travel Retail operates 1,145 Foodservice points of sale (including 13 operated by a network of franchisees) in 23 countries, including France, the Czech Republic, Poland, Italy, Austria, Iceland, North America, Gabon and Slovakia, as well as the Netherlands following the recent acquisition of Smullers:

- under its own store names, with So! Coffee, Bread&Co., Trib's, Vino Volo, deCanto, Natoo, Smullers, etc.;
- through concepts tailored to meet the specific needs of licensors and locations: La Plage and Pan Garni at Nice-Côte d'Azur airport and Teppan at Paris-Charles-de-Gaulle airport in partnership with Thierry Marx (France), Loksins Bar at Keflavik airport (Iceland), Bar Symon at the Pittsburgh airport (United States), etc.;
- under franchise agreements with major international brands including Starbucks, Costa Coffee, Prêt à Manger, Burger King, Ajisen Ramen, Eric Kayser, Paul, Dean & DeLuca, etc., or local brands such as SumoSalad, Java U, etc.

As such, this broad brand portfolio, balanced between brands designed specifically for Travel Retail and those operated through partnerships with leading brands offering unique and differentiating customised concepts, allows Lagardère Travel Retail to cover all the specific needs of its B2B and B2C customers with diversified and innovative product offerings.

The operational excellence demonstrated by Lagardère Travel Retail in Foodservice, together with a customised approach for each platform and skilful responses to tenders are major assets when bidding for new concessions in an environment where licensors worldwide are constantly raising the bar.

[1] Source: Moodie Report; Lagardère Travel Retail Strategy Department; company annual reports. The Moodie Report website (www.moodiereport.com) regularly publishes changes in the market share of Travel Retail operators and is recognised as a benchmark in the industry.

B) OPERATIONS DURING 2019

Contribution to consolidated revenue in 2019: €4,264 million (versus €3,673 million in 2018)

Breakdown of revenue by activity

	2019	2018
Travel Essentials	37.8%	42.0%
Duty Free & Fashion	39.7%	40.4%
Foodservice	22.5%	17.6%
Total	**100%**	**100%**

Breakdown of revenue by geographic area (Travel Retail)

	2019	2018
France	22.5%	24.3%
Europe (excluding France), Middle East and Africa	40.6%	41.9%
North America	25.0%	21.1%
Asia-Pacific	11.9%	12.7%
Total	**100%**	**100%**

Lagardère Travel Retail's revenue increased by 16.1% as reported and by 6.1% like-for-like in 2019.

The Travel Essentials business accounted for 37.8% of the total for the year, versus 42.0% in 2018, primarily due to firm growth in the Foodservice business. Travel Essentials revenue was buoyed by the strong performance in the existing network, mainly in the EMEA region and North America.

Duty Free & Fashion's relative contribution to the revenue stream remained stable in 2019, reflecting the steady award of new concessions and the good performance from the existing network. It also reflected the additional revenue from IDF since its acquisition on 20 September 2019.

Lastly, the Foodservice business represented 22.5% of revenue in 2019, compared with 17.6% in 2018, due to the full-year impact of the HBF acquisition in North America (completed in November 2018), the acquisitions in the Czech Republic and the Netherlands (Smullers), and the good performance in the existing network in every region.

All of the regions experienced significant growth in absolute terms. North America's increased contribution to the geographic revenue stream reflected the full-year impact of the HBF acquisition.

The 2019 market environment was characterised by a slowdown in the growth in air traffic in every region.

In addition, pace of business growth was dampened in a number of regions by such factors as currency volatility (especially in the yuan, the rouble and the US dollar), the uncertainty surrounding Brexit, strikes and the yellow vest movement in France, protests and demonstrations in Hong Kong, and the continuing decline in demand for print media.

- Slowing growth in air traffic

After rising 4.2% in 2012, 3.9% in 2013, 4.9% in 2014, 6.1% in 2015, 6.5% in 2016, 6.6% in 2017 and 6.3% in 2018, this past year saw air traffic growth slow to 2.9% worldwide, of which: 3.3% in Europe (6.3% in 2018), 3.1% in North America (5.2% in 2018) and 1.8% in Asia-Pacific (8% in 2018)[1].

- Further decline in print media revenue

The decline in the press market continued, with volumes down between 5% and 10% depending on the country. Lower volumes have been partially offset by higher prices.

In this environment, growth in Lagardère Travel Retail results was attributable to:

- network expansion (through organic and external growth) and the modernisation of stores;
- the ongoing strategy of modulating concepts and lines in favour of products enjoying growth (Duty Free, Foodservice and convenience stores, for example);
- growth in air traffic;
- the development of synergies and the continuous improvement in operational efficiency, which are considerably widening margins while offsetting the increase in rents (more favourable purchasing terms, optimised sales and cost discipline enabled by the worldwide Target Operating Model programme, converging information systems, lower investment costs, etc.).

B.1 France

In France, aggregate managed revenue[2] from the three segments was up 6.3% compared with 2018, with gains in every segment.

Beginning on 5 December, the year saw major social unrest in France, with non-stop strikes that had a serious impact on the Foodservice and Travel Essentials operations in mainline and urban train stations.

Despite this unfavourable environment, the Travel Essentials network delivered growth of 4.2%, while the Foodservice segment increased managed revenue by 7.8%, thanks to the start-up of points of sale at Toulouse airport (December 2018) and of new hospital concessions in Nantes and Clermont-Ferrand (2019). In addition, Food & Beverage products continued to increase their share of managed revenue during the year.

Duty Free & Fashion managed revenue climbed 7.6%, lifted by the 2.6% increase in air traffic in the Paris airports, the opening of the new Orly 3 Terminal, the renovation of Core Duty Free and Fashion operations in Terminal 2E Hall L at Paris-Charles-de-Gaulle airport, and the full-year contribution from the newly integrated Maison du Chocolat boutiques. Regional platforms also benefited from growth in air traffic, with gains of 13.0% at Marseille-Provence, 6.6% at Lyon-Saint-Exupéry, 4.8% at Nice-Côte d'Azur and 10.0% at Bordeaux.

B.2 Europe, Middle East and Africa (EMEA – excluding France)

In **Italy**, revenue rose by 8.8% as reported and by 7.8% like-for-like, mainly due to very robust 11.2% growth in Duty Free, particularly in Rome (wide range of sales initiatives and favourable impact of the passenger mix on average spend), but also in Venice (full-year impact of store upgrades) and in regional airports (rising traffic). Foodservices and Travel Essentials reported like-for-like growth of 2.3% and 3.1% for the year. Revenue gains were also driven by sustained network expansion following the award of a large number of concessions in 2019 and 2018 in all three business segments.

In **Poland,** consolidated revenue held steady over the year, despite the loss of contracts at Warsaw airport's Terminal 2 in June 2018. Like-for-like growth came in at a solid 8.7%, primarily thanks to the 11% and 8.4% gains, respectively, in Duty Free and Travel Essentials. The strong performance by the Foodservice business, up 6.5% as reported, reflected the 5% like-for-like increase in revenue and the large number of store openings.

In the **Czech Republic,** the 4.8% increase in revenue in 2019 was led by the robust 14.1% momentum in Foodservice, which in turn was fuelled by the 8% gain from an acquisition carried out in May 2019. Travel Essentials and Duty Free revenue was stable year-on-year, reflecting a significant decline in average spend per

[1] Source: ACI, at end-November 2019 and end-December 2018.
[2] Managed revenue corresponds to total revenue from business operations, regardless of Lagardère Travel Retail's percentage of control or ownership.

passenger due to unfavourable changes in currency rates and the passenger mix, despite the sharp increase in traffic at the Prague airport.

The rest of the region reported growth of 21%, supported by the acquisition of IDF in Belgium and the full-year impact of The Daily DXB foodservice concession in Dubai, which opened in September 2018. Other noteworthy developments include:

- Revenue in the **Netherlands** climbed 41.3% on the acquisition of the Smullers brand and start-up of the Foodservice operations. Fashion revenue held firm year-on-year thanks to the solid momentum of the Gucci and Hermès brands, which offset the reduction in retail space at the main Schiphol Airport store (Amsterdam);
- in **Romania,** the 19.9% increase in revenue was led by the 14.0% growth in the existing network and sustained strong sales of tobacco products;
- in **Bulgaria,** revenue rose by 15.2% thanks to the excellent 10.2% gain in the existing network;
- business in **Iceland** fell 23% following a similar drop in air traffic after WOW Air, the country's second largest airline, went bankrupt in late March 2019.
- in **Germany,** revenue contracted by 2.7% over the year. The Travel Essentials business saw a 1.7% decrease, attributable to the decline in writing products and the unfavourable impact after inbound Berlin flights were rerouted between Schönefeld and Tegel airports. The temporary closure of the food court in the Frankfurt railway station, from November 2018 to May 2019 due to water damage, dragged Foodservice revenue down by 9.6% for the year.

B.3 Asia-Pacific

In the **Pacific,** revenue eased back by 1.5% in 2019. In addition to the economic slowdown in Australia, the region suffered from cooling growth in air traffic, combined with an unfavourable passenger mix as demand shifted to domestic fliers from Chinese and other international passengers. In this environment, the Travel Essentials business, which is still exposed to the decline in writing product sales, turned in a limited 1.9% contraction (at constant scope of consolidation and exchange rates). Revenue for the year was also dampened by the closure of several stores in Perth, Brisbane and Melbourne. Lastly, Duty Free reported an 11.2% increase in sales, led by the full-year impact of the Christchurch airport Duty Free stores (opened in late November 2018) and the 3.1% growth in Duty Free sales at the Auckland airport.

In **Asia**, revenue continued to expand at a sustained pace, gaining 16.8% at constant exchange rates over the year. Sales in Hong Kong, for example, rose by 20.2%, led by the wholesale business set up in late 2017. Albeit low-margin, its revenue, derived from the supply of certain merchandise to the joint venture (with China Duty Free Group) that operates the airport's alcohol and tobacco concession, rose by 13% in 2019. The Retail business also delivered solid growth of 37%, despite the social unrest that has severely disrupted demand since July 2019. This performance was driven by the opening of new concepts, such as Monocle (Travel Essentials) and Wolfgang Puck Kitchen and Bless (Foodservice), as well as by the expansion of the Fashion store network (seven openings since August 2019). In addition, operations in China maintained their robust momentum with revenue surging 41.8%, notably in the Fashion segment, led by the openings of the Shanghai-Pudong, Beijing-Daxing, Zhengzhou and Xinzheng platforms, the full-year impact of the 2018 openings (Shanghai Hongqiao, Beijing Capital, etc.) and sustained growth in traffic on existing platforms (Shenzhen, etc.).

B.4 North America

Revenue in **North America** rose by 30.3% as reported and by 3.3% like-for-like in 2019. Like-for-like growth was attributable to the strong performance by the Travel Essentials business (up 1.7%), due in large part to the airports in Charlotte (up 13.5%), Phoenix (up 9.9%), Southwest Florida (up 10.4%) and Detroit (up 6.5%). The Foodservice business also delivered a solid performance, with like-for-like growth of 18.2% mainly driven by the airports in Austin (up 42%), Dallas (up 55%) and Denver (up 21%). In addition, HBF and Vino Volo (acquired in November 2018) were major contributors to the 231% reported increase in Foodservice revenue and the 28% growth in the entire North American region. On the other hand, Duty Free & Fashion saw a 1.3% decline due to closures in Pittsburgh and other cities. Lastly, revenue from the international Travel Essentials and Fashion platforms was impacted by the decline in

Chinese passenger traffic caused by the trade dispute with the United States.

Business in North America continued to expand with the opening of five new Travel Essentials stores in New Orleans, four at the Vancouver airport, five in Cincinnati and three in Dallas. In the Foodservice segment, restaurants were opened in Detroit, Denver, Dallas and Austin.

In all, Travel Essentials accounted for 59% of total revenue in North America in 2019, Duty Free & Fashion 9% and Foodservice 32%.

B.5 Objectives and achievements in 2019

The first objective for 2019 was to maintain the growth dynamic to capitalise on significant opportunities for expansion. In this regard, the year's most noteworthy achievements were:

- the acquisition in September of International Duty Free, the travel retail market leader in Belgium, with operations in Luxembourg and Kenya as well;
- the acquisition in May of Autogrill's foodservice assets in the Czech Republic;
- the opening in April of the Duty Free and Foodservice platform at Léon-Mba airport in Libreville, Gabon);
- the renewal in early February of the concession to operate Smullers restaurants in nearly 30 railway stations in the Netherlands;
- numerous concession wins in all regions, particularly North America, China, Hong Kong, Italy, Spain and Romania.

The second objective concerned the integration of new acquisitions and concessions (HBF in the United States, Smullers railway station stores in the Netherlands, Christchurch in New Zealand, etc.). The outcomes of this process were very satisfactory, and the performance delivered was in line with or exceeded expectations.

The third objective concerned the sustained enhancement of the product mix in Travel Essentials by rolling out the new Relay concept in every Lagardère Travel Retail host country. To meet this objective, the division focused its efforts on:

- continuing to roll out, in several countries, the new Relay concept bringing the five main categories of travel essentials (food, reading materials, gifts and souvenirs, travel items and children) together under one roof;
- modernising concepts to boost revenue.

The fourth objective concerned the acceleration of innovation in the division's products and services. In this regard, Moodies honoured Lagardère Travel Retail in 2019 with the Best Employee Engagement Award for its Innovation Booster programme, which supports the emergence of new projects to address a country's needs by taking an intrapreneurial or innovation-driven approach (working with start-ups, universities, etc.). In addition, Lagardère Travel Retail has driven initiatives such as Click & Collect and Shop & Collect to improve the quality and efficiency of the in-store customer journey. These services let customers either order online and pick up their purchases at the store, or buy in-store and pick up their purchases later (after their trip, for example).

The fifth objective concerned the development of the Duty Free & Fashion and Foodservice segments:

- in 2019, sales rose by 14% in the Duty Free & Fashion segment, reflecting a strong performance by existing networks in every region and new concession awards in France, Austria, the Middle East, New Zealand, China and Hong Kong. The business was also strengthened by the September acquisition of IDF;
- Sales in the Foodservice segment soared 48%, spurred by the acquisitions of Autogrill in the Czech Republic and Smullers in the Netherlands, the full-year impact of Hojeij Branded Foods (acquired in 2018), the numerous concessions won in every region, and the good performance in the existing networks in France, Italy, Poland and Austria.

The sixth objective was to take initiatives to improve profitability and cash generation. The division implemented a series of measures enabling it to track performance on a more granular basis, while maintaining the pace of improvement in its working capital requirement. It also optimised its cash management and successfully issued several tenders for banking services. Lastly, the acquisition of HBF in 2018 supported the mutually beneficial sharing of best practices with the Paradies

Lagardère teams in 2019 and enhanced their operational excellence.

C) OUTLOOK

Lagardère Travel Retail's 2020 trading outlook hinges primarily on changes in airport traffic and currencies, as well as broader economic and geopolitical trends.

Objectives are focused on:

- maintaining the pace of expansion so as to benefit from significant growth opportunities;
- integrating new acquisitions and concessions (acquiring IDF in Belgium, completing the integration of HBF in the United States, opening the concession in Dubai, etc.);
- securing the renewal of key contracts;
- driving faster innovation in delivered products and services, and sharpening the focus on CSR issues;
- strengthening operational excellence and improving margins;
- deploying initiatives to optimise cash management and financing requirements.

Lagardère Travel Retail, which is acknowledged for its leadership positions in its business lines, its operational discipline, its performance culture and its international brands, has many competitive strengths to help it meet these objectives.

1.4.3 OTHER ACTIVITIES

1.4.3.1 LAGARDÈRE NEWS

The following comments describe the position of Lagardère News based on its 2019 scope and business developments. Lagardère News comprises *Paris Match*, *Le Journal du Dimanche*, advertising sales brokerage, licensing management for the Elle brand, Europe 1 and the French music radio networks (Virgin Radio and RFM).

A) PRINCIPAL ACTIVITIES AND MAIN MARKETS

With three radio stations (Europe 1, Virgin Radio, RFM), two print media (*Paris Match*, *Le Journal du Dimanche*) and a global media imprint (*Elle*), Lagardère News brings together 7.2 million listeners[1] every day, more than 4.5 million readers[2] every week and nearly 12 million unique visitors[3] to its digital platforms.

A.1 Magazine Publishing

Following the sale of most of its magazine titles to Czech Media Invest in February 2019, Lagardère News now publishes *Paris Match* magazine and *Le Journal du Dimanche* weekly newspaper.

With 13.5 million readers every week[4] across its various formats, *Paris Match* is France's leading news magazine, as measured by both audience and circulation. It enjoys a unique market positioning, combining the professionalism of news weeklies, the excitement of photo magazines and stunning coverage of news, culture, lifestyles and people. It can assign seasoned journalists to get to the heart of the world's most spectacular events, while offering intimate insights into the lives of France's favourite newsmakers and celebrities.

Every Sunday, *Le Journal du Dimanche* reaches 3.8 million readers, including France's top opinion leaders, in a variety of formats. With its scoops and exclusive interviews with political, business and cultural leaders, as well as its hundreds of citations every week in other media, it is the French weekend newspaper of record and one of the country's most influential newspapers in the fields of politics, business and culture (film and book reviews).

Revenue is derived primarily from print and digital advertising sales, magazine distribution and diversification.

A.2 Radio

Following divestment of the international radio stations in 2018, Radio revenues are now generated mainly in France. Radio station revenues are largely made up of radio and digital advertising revenue, which depend greatly on audience ratings and the state of the advertising market.

With its three national networks, Lagardère News is a major player in the French radio broadcasting market.

Europe 1

Europe 1, France's benchmark general-interest radio station, offers high-quality programmes for the general public, with 3.2 million daily listeners[5].

Virgin Radio

Virgin Radio is a music station for 25 to 34-year-olds, blending creative programming and a dynamic, interactive format. Its mix of well-known pop, rock and electro hits and new tracks reaches 2.1 million listeners a day.[6]

RFM

Every day, RFM offers 2.1 million listeners[7] the very best of music in a general interest, family-friendly format, featuring a rich, distinctive blend of pop, disco, funk and rock.

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1 Source: Médiamétrie 126,000 Radio; Monday-Friday, 5 a.m.-midnight; 13 years and older; Europe 1, Virgin Radio and RFM; November-December 2019; cumulative audience.
2 Source: ACPM Brand One Next Global 2019 V1.
3 Source: Médiamétrie NetRatings, total Internet audience in France, September 2019, unduplicated audience: Europe 1 (B), *Le Journal du Dimanche* (B), *Paris Match* (B), Virgin Radio (B), RFM (B), Routard.com (B); basis: 2 years and older.
4 Source: ACPM Brand One Next Global 2019 V1.
5 Source: Médiamétrie 126,000 Radio; 13 years and older; Monday-Friday, 5 a.m.-midnight; November-December 2019; cumulative audience.
6 Source: Médiamétrie 126,000 Radio; 13 years and older; Monday-Friday, 5 a.m.-midnight; November-December 2019; cumulative audience.
7 Source: Médiamétrie 126,000 Radio; 13 years and older; Monday-Friday, 5 a.m.-midnight; November-December 2019; cumulative audience.

A.3 Elle International

Much more than just the leading fashion and lifestyle media brand, Elle International is the world's number one women's media network, with 33 million readers and 100 million unique visitors per month on 55 digital platforms (websites and social media).

It has no fewer than 78 international editions, including 45 *Elle* and 25 *Elle Décoration*, licensed in 45 countries with partners including Hearst, Burda and Aller.

And it also has a non-media licensing business (fashion, beauty, decoration, services, etc.) working with 140 licensees in 80 countries.

A.4 Advertising Sales Brokerage

In 2019, Lagardère Publicité News marketed a rich and varied media offering and smart media solutions closely matched to the needs of advertisers, media agencies and communications consultants.

It brokers advertising sales for five of the Group's iconic and complementary benchmark brands firmly rooted in the daily lives of French people for news, exclusive content and entertainment: Europe 1, Virgin Radio, RFM, *Le Journal du Dimanche* and *Paris Match*.

Lagardère Publicité News draws on the full extent of its business expertise, innovative media solutions and the power of its brands to amplify conventional media campaigns or design tailor-made communication solutions (media and non-media) aimed at qualified audiences.

Its offer spans radio, the press, digital formats, experiences and events to meet the specific needs of advertisers, media agencies and communications consultants:

- integrated studio;
- consulting in editorial strategy, design and creation of original content;
- 360-degree offers.

Lagardère Publicité News is a powerful name capable of reaching 31 million people, or 58% of the French population, over a three-week period[1].

B) OPERATIONS DURING 2019

Contribution to consolidated revenue in 2019: €236 million (versus €257 million in 2018 restated for IFRS 16).

The contribution to consolidated revenue corresponds to the Lagardère News scope, as described in section 1.4.3.1 above.

Breakdown of revenue by activity

	2019	2018 pro forma
Magazine Publishing (including advertising sales brokerage)	**33.8%**	33.4%
Radio (including advertising sales brokerage)	**46.4%**	48.7%
Other (essentially Elle International)	**19.8%**	17.9%
Total	**100%**	100%

[1] Source: 2019 Cross Media survey based on March 2019 data; Affimétrie, ACPM and Médiamétrie, base 15 years and older; three weeks exposure; radio, print, fixed, mobile and tablet Internet; Lagardère Publicité News brands: Europe 1, RFM, Virgin Radio, *Paris Match*, *Le Journal du Dimanche*, Routard.com, excluding unreleased FG and Oui FM results.

Breakdown of revenue by geographic area

	2019	2018 pro forma
France	**76.0%**	79.6%
International	**24.0%**	20.4%
Total	**100%**	100%

B.1 France Magazine Publishing

Following the sale of most of its magazine titles to Czech Media Invest in February 2019, Lagardère News' France Magazine Publishing business now comprises *Paris Match* and *Le Journal du Dimanche*.

The celebration of *Paris Match*'s 70th anniversary in 2019 offered an opportunity to reaffirm the values expressed in its slogan: "the weight of words, the shock of photos". Today the magazine has become a 360° media brand with:

- the development of special issues;
- the creation of a digital version on a Snapchat Discover page;
- the development of web series (seven in 2019);
- the organisation of conference cruises;
- events such as the 16th annual Student Photojournalism Grand Prize and the third and fourth Rendez-vous des Grands Aventuriers;
- broadcasts and podcasts in synergy with Europe 1, such as the new "Paris Match Stories" podcasts;
- monetising the outstanding *Paris Match* photo library, with the launch of an online store in summer 2019;
- producing video films with the Match Prod production teams.

In an environment characterised by extreme pressure on per-issue sales, **circulation** revenue declined by 12.6% like-for-like in 2019. This followed a 3.6% contraction in 2018, when sales were supported by highly *Paris Match*-friendly political and celebrity news.

- In 2019, *Paris Match* maintained its leading position in both per-issue sales and paid circulation in France, with an 8.99% decline from 2018. Competing titles include *Télérama*, *Le Figaro Magazine*, *M, le magazine du Monde*, *Le Point*, *L'Obs*, *L'Express*, *Point de Vue* and *Gala*.
- *Le Journal du Dimanche* reported per-issue sales down 9.4% year-on-year, outperforming the 10.5% decline in the daily newspaper market (comprising competitors *Libération*, *Le Monde*, *Les Échos*, *L'Équipe*, *Aujourd'hui en France/Le Parisien* and *Le Figaro*)[1].

On the **advertising** side, Lagardère News' two titles outperformed the market as a whole[2].

- *Paris Match* successfully gained 0.8 points of market share from the 14.3% reported in 2018, in a news market down 2% for the year.
- *Le Journal du Dimanche*'s market share edged down 0.1 point in 2019 from the 3.7% posted in 2018, in a market that contracted by 1.3%.

[1] Source: ACPM, DFP 2018-2019.
[2] Source: Médiamétrie NetRatings; January-December 2019.
Paris Match: total excluding miscellaneous advertising, infomedia excluding TV, trade shows and fairs, shows and events.
Le Journal du Dimanche: total excluding miscellaneous advertising, legal notices, humanitarian organisations, financial advertising and infomedia excluding TV.

In the **digital** segment:

- In 2019, *Paris Match* welcomed a total of more than 4.7 million unique visitors to its website every month,[1] while maintaining an extensive social media presence with 2.8 million followers.
- The *Journal du Dimanche* website attracted a total of 2.1 million unique visitors a month[2]. Since May 2019, the site has posted a daily newsletter, *Le Journal de Demain*, at 6:30 pm from Monday to Saturday, in the spirit of the print edition's editorial promise to give readers a head start on tomorrow's news. It topped 80,000 subscribers in a just few weeks with a very high 30% open rate.

B.2 Radio

Europe 1

Key figures:

In 2019, Europe 1 achieved a cumulative audience share of 5.5%[3], down 0.9 percentage points compared with 2018 and 1.7 percentage points compared with 2017.

Europe 1's audience share was 4.3%[4] in 2019, down 0.8 percentage points compared with 2018 and 1.5 percentage points compared with 2017.

On the commercial targets, Europe 1's 2019 results were as follows:

- 2.9% audience share among people aged 25-59[5], down 0.5 percentage points compared with 2018 and 1.3 percentage points compared with 2017;
- 3.9% audience share among upper occupational groups[6], down 1.0 percentage points compared with 2018 and 2 percentage points compared with 2017.

To restore its historic positioning and influence, Europe 1 was entirely revamped with a new look and feel in September 2019. It is being supported in this process by such in-house talents as Matthieu Belliard, who hosts the morning show, Matthieu Noël in the 4-6 p.m. slot and Sonia Mabrouk for the morning political interview, along with Christophe Hondelatte, Anne Roumanoff, Raphaëlle Duchemin, Émilie Mazoyer and Mélanie Gomez. There are also a number of newcomers like Nathalie Levy or returning stars like Philippe Vandel. In this way, Europe 1 is committed to becoming once more the radio station for a changing world and everyone who is excited to be in it.

This is reflected in a programming schedule that is wide open to the world, as well as more responsible and more sustainable, with shows that re-embrace the station's four pillars – information, entertainment, culture and storytelling – backed by musical programming resonant with its target audience. More specifically, the station is championing economic innovation, social progress and beneficial technological breakthroughs, as celebrated in such programmes as Raphaëlle Duchemin's *La France bouge*, or events like the *Trophées de l'avenir Europe 1*, which honour researchers, students, entrepreneurs, writers, citizens or elected officials who are actively striving to make a difference by helping to build a sustainable, harmonious society.

Lastly, Europe 1 continued to explore new ways of listening to the radio with the launch, in September 2018, of the Europe 1 Studio label to create original podcast content. So far, eight original programmes have been created, including "3h56", "Déclic", "En route avec" and "Les Attaquantes", which have been listened to 24 million times[7].

Music radio

Virgin Radio, second most popular music radio in France, in cumulative audience in the 25-49 demographic

In a very anaemic music radio market, Virgin Radio reported a cumulative audience of 4.3% and an

[1] Source: Médiamétrie NetRatings; Global Internet; September 2019.
[2] Source: Médiamétrie NetRatings; Global Internet; September 2019.
[3] Source: Médiamétrie 126,000 Radio; 13 years and older; Monday-Friday, 5 a.m.-midnight; January-December 2019; cumulative audience and audience share.
[4] Source: Médiamétrie 126,000 Radio; 13 years and older; Monday-Friday, 5 a.m.-midnight; January-December 2019; cumulative audience and audience share.
[5] Source: Médiamétrie 126,000 Radio; 25-59 years; Monday-Friday; 5 a.m.-midnight; January-December 2019; audience share.
[6] Source: Médiamétrie 126,000 Radio; upper occupational groups; Monday-Friday; 5 a.m.-midnight; January-December 2019; audience share.
[7] Source: internal data; first season.

audience share of 2.4%[1], corresponding to 2.1 million daily listeners[2].

With 1.5 million listeners between the ages of 25 and 49 during the day (5 a.m. to midnight), Virgin Radio ranks second in the world of music radio[3].

In the morning, Camille Combal's *Virgin Tonic* (7-10 a.m.) held both its cumulative audience (2.6%) and audience share (3%) firm in the targeted 13 years old and over demographic. He attracted a total of 1.4 million listeners to his slot every day[4].

From fifth-ranked in November-December 2018, Virgin Tonic rose in 2019 to France's third most popular morning show in cumulative audience among the 25-49 age group, all formats combined, and second among music stations[5].

<u>RFM: improved performance, led by gains in the 35-49 age group</u>

Listened to by 2.1 million people a day, RFM improved both its cumulative audience and audience share over the year, by 98,000 listeners and 0.1 points, respectively[6].

It also retained the second-highest audience share (3%) in the adult music segment's 35 and older demographic[7].

The station's popularity is also being buoyed by a strong morning line-up, with Élodie Gossuin and Albert Spano in the 6-9:30 am slot helping more than 1.1 million listeners to start the day. During the year, *Le Meilleur des Réveils* gained 128,000 new listeners, the strongest growth of any French music radio programme[8].

Changes in Lagardère News' cumulative radio audience in France are as follows (5 a.m.-midnight; 13 years and older; Monday-Friday):

Cumulative audience %	2013	2014	2015	2016	2017	2018	**2019**
Europe 1	9.0%	8.9%	9.0%	8.1%	7.2%	6.4%	**5.5%**
Virgin Radio	4.3%	4.2%	4.7%	5.0%	4.8%	4.5%	**4.3%**
RFM	4.4%	4.6%	4.5%	4.4%	4.2%	4.1%	**4.0%**

Source: Médiamétrie 126,000 Radio; 13 years and older; Monday-Friday, 5 a.m.-midnight; January-December; cumulative audience (%).

B.3 Elle International

For Elle's international licensing business, 2019 was shaped by:

In the media segment:

- the launch of *Elle Décoration* in Portugal;
- the acquisition of *Elle Canada* and *Elle Québec* by KO Média;

[1] Source: Médiamétrie 126,000 Radio; 13 years and older; 25-49 years; average Monday-Friday; 5 a.m.-midnight and 7-10 a.m.; November-December 2019; cumulative audience, audience share and quarter-hour average.
[2] Source: Médiamétrie 126,000 Radio; 13 years and older; 25-49 years; average Monday-Friday; 5 a.m.-midnight and 7-10 a.m.; November-December 2019; cumulative audience, audience share and quarter-hour average.
[3] Source: Médiamétrie 126,000 Radio; 13 years and older; 25-49 years; average Monday-Friday; 5 a.m.-midnight and 7-10 a.m.; November-December 2019; cumulative audience, audience share and quarter-hour average.
[4] Source: Médiamétrie 126,000 Radio; 13 years and older; 25-49 years; average Monday-Friday; 5 a.m.-midnight and 7-10 a.m.; November-December 2019; cumulative audience, audience share and quarter-hour average.
[5] Source: Médiamétrie 126,000 Radio; 13 years and older; 25-49 years; average Monday-Friday; 5 a.m.-midnight and 7-10 a.m.; November-December 2019; cumulative audience, audience share and quarter-hour average.
[6] Source: Médiamétrie 126,000 Radio; 13 years and older; 35 years and older; upper occupational individuals; average Monday-Friday; 5 a.m.-midnight; November-December 2019; cumulative audience, audience share and time spent listening.
[7] Source: Médiamétrie 126,000 Radio; 13 years and older; 35 years and older; upper occupational individuals; average Monday-Friday; 5 a.m.-midnight; November-December 2019; cumulative audience, audience share and time spent listening.
[8] Source: Médiamétrie 126,000 Radio; 13 years and older; 35 years and older; upper occupational individuals; average Monday-Friday; 5 a.m.-midnight; November-December 2019; cumulative audience, audience share and time spent listening.

- the launch of speciality TV channel Elle Fictions in Québec, by V Média;
- the acquisition of *Elle Middle East* by Patrimony Media;
- the signature of a licensing agreement to launch *Elle* in Brazil in 2020;
- sustained expansion in the events business, with Elle Active (Japan, Italy, China, etc.), Elle Weekender UK, Elle Women in Tech (United States and Norway), Elle International Beauty Awards, Elle Deco International Design Awards, etc.

In the non-media segment:

- the opening of two Elle Cafés, one in Shanghai, China, in a book store in Xintiandi Square, and the other in Bangkok, Thailand, in the Siam Takashimaya Department Store;
- the launch of the Elle Homme line in China;
- the worldwide launch of Elle watches with the Fossil Group;
- the launch of Elle Sport and Elle Kids Europe;
- the opening of the first Elle Decor Café pop-up in the Plaza Hotel in New York City, NY, United States.

B.4 Objectives and achievements in 2019

In 2019, Lagardère News, comprising Europe 1, Virgin Radio, RFM, *Paris Match*, *Le Journal du Dimanche*, the advertising sales brokerage and the Elle brand licensing business, endeavoured to structure and strengthen its news-related businesses, supported by its strong brands, high-quality content and independent editorial teams.

Over the year, Lagardère News also gradually structured its support functions, which were created when the Lagardère Active organization was spun off into separate, self-managing divisions.

Lastly, Lagardère News remained highly focused on measures designed to contain expenses in order to improve its overall operating performance.

C) OUTLOOK

Lagardère News' three core print media, radio and brand licensing businesses have a future to build together, in a shared commitment to becoming a boutique source of important news, respected as agile, disciplined and reliable, run like a start-up but with iconic brands to produce highly differentiated content as flexibly and efficiently as possible.

1.4.3.2 LAGARDÈRE LIVE ENTERTAINMENT

A) PRINCIPAL ACTIVITIES AND MAIN MARKETS

Since its creation in 2011, Lagardère Live Entertainment (LLE) has leveraged its expertise to grow two strategically related businesses:

- venue operation and management;
- production of live shows and concerts.

With its unrivalled capabilities and peerless infrastructure, Lagardère Live Entertainment now comprises seven companies operating in France:

- Lagardère Live Entertainment (holding company);
- L Productions (concert and show production);
- Théâtre des Folies Bergère;
- Casino de Paris;
- Bataclan;
- Arkéa Arena;
- Arena du Pays d'Aix.

In 2019, Lagardère Live Entertainment and its subsidiaries employed the full-time equivalent of 115 people across France (including occasional performers).

A.1 Production of live shows and concerts

Since its founding, Lagardère Live Entertainment has steadily expanded its artist roster. Alongside such established stars as Florent Pagny, Matthieu Chedid (-M-) and Jean-Louis Aubert, it has gradually built up an A-list of emerging artists with a new generation of talents like Leonie and Laurie Darmon.

Each strategy is different and intrinsic to the artist, which is why Lagardère Live Entertainment has to guarantee the excellence of all its artist services, in marketing, advertising, digital strategy, ticketing, technical support, budgeting, booking, etc.

At the same time, Lagardère Live Entertainment's success has been built on its experience in producing musical shows, with blockbuster hits like *Salut les copains*, *DISCO*, *Love Circus* and *Les Choristes*.

A.2 Venue management

The venue portfolio has also been enhanced over the years, both by acquiring iconic Parisian music halls and theatres, like the Folies Bergère, Casino de Paris and Bataclan, and by investing in major venues in the rest of France, such as the Arkéa Arena concession in Bordeaux and the public service concession for the Arena du Pays d'Aix in Aix-en-Provence.

The management system for these venues comprises support services centralised at the head office and operational services devolved to each self-managing venue. In addition, the system encourages skills synergies among the venues and the sharing of capabilities and practices. In this way, the expertise and experience of the company's assets can flow through to each unit, with the shared goal of driving growth.

B) LAGARDÈRE LIVE ENTERTAINMENT: AN EXCEPTIONAL YEAR IN 2019

Thanks to a year that saw outstanding attendance in its concert halls and record ticket sales for its artists, Lagardère Live Entertainment has taken a new step forward in cementing its position as the French market leader in show production.

B.1 Live shows and production

In 2019, nearly a million ticketholders attended concert and show tours by Lagardère Live Entertainment artists, at such noteworthy events as:

- Phil Collins at Groupama Stadium in Lyon: 35,000 spectators;
- -M-: a total of 700,000 spectators at more than 90 concerts, of which four at the AccorHotels Arena in Paris and five at La Seine Musicale in Boulogne-Billancourt;
- Kev Adams: 114 shows, including one broadcast on the TF1 television channel that was watched by 3.21 million people;
- Jean-Louis Aubert: 36 sold-out concerts in 2019 (including eight at the Bataclan) before a tour in the Zénith arenas in 2020.

The year also saw the start-up of marketing for the *Les Choristes* musical in China and the production of Tears for Fears' French concert dates.

At the same time, through its L Productions subsidiary, Lagardère Live Entertainment undertook a strategy of developing emerging artists by signing some very promising new talent.

Lagardère Live Entertainment offered exceptionally high-quality shows thanks to the major resources invested in delivering the finest possible experience. In addition, bold, responsible initiatives have been undertaken to conserve resources at a time when shows are becoming increasingly energy-intensive, in a commitment to transferring everyday practices to the performing arts:

- reducing a tour's carbon footprint by banning plastic;
- limiting travel by aeroplane and car;
- using recycled paper for promotional flyers.

B.2 Venue management

The venue management business had an excellent year in 2019, with 743 shows and a total of more than one million spectators.

In particular, the Arkéa Arena in Bordeaux continued to leverage the city's popularity and energy by deploying a strategy that appealed to both productions and the general public. In 2019, it was the busiest venue in France outside Paris, with more than 480,000 ticket buyers in all and a blockbuster hit with the *Enfoirés* show early in the year (60,000 spectators).

In addition, the Folies Bergère hosted Jean-Paul Gaultier's *Fashion Freak Show*, which attracted record attendance.

Lastly, the Bataclan completely revamped its visual identity and shifted its programming focus to new creations, residencies and other types of artistic expression. In this way, audiences will be able to experience the one-of-a-kind venue in a totally new way and reclaim it as their own. Since its reopening in 2016, the number of booking dates has steadily increased year after year.

C) OUTLOOK

One of primary objectives for 2020 is to maintain Lagardère Live Entertainment's market leadership in show production. The division will continue to expand through its subsidiary L Productions, by signing both leading stars and emerging artists discovered through its constant A&R search for the new talents who will make the music of tomorrow.

Lagardère Live Entertainment's presence in France may be broadened, thanks in particular to two major tenders for strategic venues, to which it has submitted ambitious bids aligned with the quality of the facilities.

Lastly, the 2020 tours by -M- and Jean-Louis Aubert, covering around 100 dates, will have a significant impact over the year.

1.4.4 DISPOSALS PENDING COMPLETION

1.4.4.1 LAGARDÈRE SPORTS

A) PRINCIPAL ACTIVITIES AND MAIN MARKETS

Lagardère Sports is an integrated global marketing agency offering a comprehensive range of services for sports rights holders, brands, athletes and the media:

- marketing, sponsorship and brand partnerships;
- content creation, media rights, production and distribution;
- stadium and arena management solutions;
- athlete management;
- event management;
- brand consulting, activation and digital services.

With more than 1,200 employees worldwide and over 50 years of experience in the industry, Lagardère Sports has a global network of experts dedicated to delivering innovative solutions.

A.1 Football

Europe

Lagardère Sports works with more than 100 football clubs across Europe.

In Germany, Lagardère Sports has exclusive marketing agreements with 13 football clubs in the top three divisions and is also a non-exclusive partner of many other clubs.

In France, Lagardère Sports has signed exclusive marketing agreements with six Ligue 1 and Ligue 2 clubs and is also a non-exclusive partner of many other clubs.

In the United Kingdom, it manages sales and advertising helping football clubs in the Premier League and the Football League maximise value from their commercial rights. Lagardère Sports is also an exclusive partner of the Football Association (FA).

Lastly, Lagardère Sports works with clubs, governing bodies and leagues in several other European countries, including Spain, Poland, Hungary, Denmark and the Netherlands.

Africa

In Africa, the agency manages the media and marketing rights of the Confederation of African Football (CAF), which includes events such as the Total African Cup of Nations (AFCON) and the CAF Champions League.

In November 2019, the CAF unilaterally decided to terminate its agency agreement with Lagardère Sports. Lagardère strongly contests this decision, which, in its view, is unlawful, unreasonable and unjustified. As provided under the contract, Lagardère has initiated arbitration proceedings on the merits before the International Chamber of Commerce (ICC) in Geneva, to order to obtain compensation from CAF for the losses incurred.

Asia

In Asia, the Lagardère Sports portfolio includes all the commercial media and marketing rights for the Asian Football Confederation (AFC), which includes events such as the AFC Asian Cup and the AFC Champions League.

The agency also works closely with the ASEAN Football Federation (AFF), managing the AFF Suzuki Cup, the most popular football championship in South-east Asia.

Lastly, Lagardère Sports also distributes the media rights for the Thai League.

Americas

Lagardère Sports markets the Confederation of North, Central America and Caribbean Association's (CONCACAF) media rights for all international territories.

A.2 Golf

The golf business of Lagardère Sports includes athlete and event management.

The agency manages a portfolio of more than 85 players and helps to organise golf events around the world, including:

- United States: two PGA events (Safeway Open and CareerBuilder Challenge), five Korn Ferry Tour tournaments and several charity events;

- Asia-Pacific: Emirates Australian Open, SMBC Singapore Open.

A.3 Olympic sports and major events

Lagardère Sports' Olympic sports and major events business includes sponsorship rights management, consulting services, marketing of media rights and managing bid processes for the Olympic Games and other events.

Lagardère Sports advises and represents a diverse portfolio of sports bodies at all levels of the Olympic movement: National Olympic Committees (NOCs), major international multi-sport events (including the Commonwealth Games) and Olympic sports federations.

Through its specialist agency Event Knowledge Services (EKS), Lagardère Sports manages bid processes for Olympic Games and major events, including creating bid strategies and supporting the development of detailed technical aspects of a Games plan. Involvement may begin at the earliest stages of bid preparation and continue well beyond the closing ceremony.

In addition, through CGF Partnerships, its innovative alliance with the Commonwealth Games Federation (CGF), Lagardère Sports advises the CGF on a new event delivery model whilst also developing new long-term marketing strategies and strengthening community relations in host cities.

A.4 Media

Lagardère Sports has established itself as a leading manager of sports media rights, with a portfolio of more than 7,000 hours of programming covering around a hundred rights holders. Lagardère Sports also provides rights-holders with production and post-production services globally and produces original content across multiple platforms.

Its media rights portfolio includes several international federations, such as the International Handball Federation (IHF), the International Swimming Federation (FINA), the International Table Tennis Federation (ITTF) the Badminton World Federation (BWF) and World Athletics.

A.5 Stadiums and arenas

Lagardère Sports advises its clients on the development, management and operation of stadiums and multi-purpose venues, as well as guiding them through the process of implementing once-in-a-lifetime projects. It also advises several rights-holders of European football stadiums and sports leagues.

Its approach to stadium and arena solutions spans the entire range of services needed to successfully design, finance, build, operate and market a modern and attractive venue.

Lagardère Sports is the exclusive commercial partner for the Singapore Sports Hub, the world's largest sports infrastructure project built through a public-private partnership (PPP). It manages the sale of all of the commercial rights, including sponsorships and corporate hospitality. Since the Singapore Sports Hub opened, Lagardère Sports has secured 24 partnerships for the venue and significantly exceeded the aggregate annual revenue targets.

A.6 Brand consulting and rights activation

Lagardère Sports transforms traditional brand sponsorships into highly inventive and high impact marketing platforms. It provides advisory and activation services for some of the largest and most recognised brands in the world, helping them to maximise their investments in sport, entertainment, and lifestyle properties.

It also offers innovative digital solutions and provides consulting to rights holders and brands to help them rethink their digital strategies and increase revenue in this area.

The agency's global consulting and activation offering to clients includes established offices in Berlin, Dallas, Frankfurt, Hamburg, London, Manchester, Munich, New York, Paris, Shanghai, Singapore and Tokyo.

Globally, Lagardère Sports has a huge range of experience in creating, managing and activating sponsorship and talent campaigns, a deep understanding of fans across the web, mobile and social media and a track record of innovative activation campaigns with premium properties and brands.

B) OPERATIONS DURING 2019

Contribution to consolidated revenue in 2019: €470 million (versus a restated* €395.6 million in 2018).

Breakdown of revenue by activity

	2019	2018*
TV rights and production	34.3%	18.0%
Marketing rights	45.4%	52.4%
Other	20.3%	29.6%
Total	100%	100%

Breakdown of revenue by geographic area

	2019	2018*
Europe	52.7%	58.5%
Asia-Pacific	17.9%	19.1%
United States and South America	13.0%	14.6%
Africa	15.8%	7.6%
Middle East	0.6%	0.2%
Total	100%	100%

* Restated 2018 revenue excludes Lagardère Live Entertainment and Lagardère Paris Racing.

The increased contribution from Media activities (34% of the total in 2019, versus 18% in 2018) was mainly attributable to seasonal factors and major events that occurred in 2019 but not in 2018 (especially the 2019 AFC Asian Cup, the 2019 Total AFCON and the Handball World Championship).

Revenue from Marketing activities rose slightly over the year. Activities in Europe (mainly football clubs in Germany and France, but also operations in the United Kingdom) and the staging of the 2019 AFC Asian Cup and the 2019 Total AFCON more than offset the absence of such prior-year events as the Commonwealth Games in Australia. The decrease in Marketing's relative contribution, from 52% to 45%, was primarily due to a base effect related to the increase in Media activities.

Lastly, the share of "Other" activities fell significantly, to 20% from 30% in 2018. These activities mainly relate to:

- athlete management;
- brand consulting;
- venue consulting and events organisation.

The decline in revenue and the relative contribution from "Other" activities reflected the sale or disposal of certain businesses and the non-recurrence of certain contracts.

Geographically speaking, the contribution from Africa rose sharply, to 16% from 7% in 2018, led by the staging in 2019 of the Total African Cup of Nations (held every two years) and the AFC Asian Cup, some of whose broadcasters are based in African countries, therefore generating business on the continent.

The relative contribution from Asia remained stable, at 18% compared to 19% in 2018. The favourable impact from the cyclical staging of AFC games (such as the AFC Asian Cup in 2019) was dampened by the absence of the Commonwealth Games, which were held in Australia in 2018, and by the fact that some of the activities are based in Africa. The stability of the region's relative weighting reflected the other major sports events held during the year.

The share of the United States and South America region contracted somewhat, to 13% from 15% in 2018. Revenue was up slightly for the year, but its relative share of the total declined due to the Lagardère Sports' strong performance in other regions.

The relative weighting of Europe decreased from 59% to 53% in 2019. Revenue rose in euro terms, lifted by the staging of the men and women's Handball World Championships during the year. However, given the overall increase in Lagardère Sports' revenue for the year, Europe's relative weighting in the total declined.

The cyclical nature of Lagardère Sports' activities and competitive environment

The world's major sporting events follow two to four-year cycles. This cyclical nature has an impact on all sports-related professions whose activity depends on the timing of these events. In view of Lagardère Sports' current portfolio, 2020 is a low point in the 2017-2020 sports cycle. Lagardère Sports' competitive environment mainly comprises a limited number of international agencies that operate in several businesses, sports and geographic areas, as well as more local players in each of its markets.

B.1 Football

Europe

In 2019, Lagardère Sports announced that its sales agency partnership with the English Football Association (FA) had been extended, thereby consolidating a successful year-long collaboration.

In France, Lagardère Sports and AS Saint-Etienne (ASSE) extended their partnership covering the negotiation of ASSE partnership contracts and the marketing of its hospitality rights, B2B ticketing and seminars until 2030.

In Germany, the agency renewed its exclusive marketing agency partnership with SG Dynamo Dresden until 2025.

Lagardère Sports, the official marketing partner of the Polish Football Association (PZPN) has linked up with Onefootball, one of Europe's most popular digital football platforms, to offer live streaming of Polish Cup fixtures to football fans around the world.

Lastly, Lagardère Sports continues to support leading football rights-holders throughout Europe.

Africa

In 2019, Lagardère Sports signed two major CAF sponsorship agreements, one with Continental for Total AFCON until 2023 and the other with 1xBet for all major CAF events.

In addition, Lagardère Sports enabled the 2019 Total AFCON to secure extensive media coverage that delighted fans around the world.

In November 2019, the CAF unilaterally decided to terminate the agency agreement with Lagardère Sports. The agency believes that the decision was unwarranted and is taking all the necessary steps to defend its interests.

Asia

As an official AFC partner, Lagardère Sports enabled the 2019 AFC Asian Cup to reach more than 836 million football fans across all of AFC's digital platforms.

The agency also helped to create the International Super Cup, a new international football tournament designed by Kaisa Culture Sports and Tourism Group that will provide an invaluable opportunity for premier football clubs to amplify their presence in China.

Lastly, as the exclusive media rights distributor for Japan's professional football league (J League), Lagardère Sports formed an innovative international distribution partnership for the league with Rakuten Inc., to support the launch of its new Rakuten Sports entertainment platform.

B.2 Golf

In 2019, Lagardère Sports continued its work as a golf talent agency, representing more than 85 players, including Phil Mickelson, Jon Rahm, Keegan Bradley and Brandt Snedeker.

In addition, the agency organised several tournaments in the United States, including PGA Tour events such as the Safeway Open and the American Express.

In Asia Pacific, Lagardère Sports organised the Singapore Open SMBC and the Emirates Australian Open, two of the most prestigious golf events in 2019. In particular, the tournament in Sydney attracted world-class golfers and major partners including Emirates, TAG Heuer, Fujitsu, HSBC and Yamaha.

B.3 Olympic sports and major events

As part of its exclusive long-term marketing partnership with the Australian Olympic Committee (AOC) and Paralympics Australia (PA), Lagardère Sports continued to develop the AOC's portfolio of partners for the Olympic cycle running until Tokyo 2020, expanding it to 30 partners and 10 suppliers by the end of 2019. During the year, Lagardère Sports was very active in signing new partnerships, with leading organisations such as Meat & Livestock Australia, Jockey, Royal Australian Mint, Optus (Unleashed), Mondelēz International, Danone (YoPRO), Elastoplast, XTM, Volley and others to be announced in 2020.

In addition, as a strategic partner of the New Zealand Olympic Committee (NZOC), Lagardère Sports facilitated partnerships with Sky, Griffin's Food Company, Mondelēz International and other top brands.

As the exclusive marketing agency of the British Olympic Association (BOA), Lagardère Sports signed new partnerships, including with Pladis Group, Purplebricks and British Airways, and secured law firm Gowling WLG's agreement to become the first official sponsor of the 2020 Commonwealth Games.

Lastly, as a strategic partner of the Paris 2024 Olympic Games, Lagardère Sports secured the agreement of BPCE banking group (Banque Populaire, Caisse d'Epargne, Banque Palatine and the Natixis brands) to become the first corporate to join the Paris 2024 partnership program. The six-year agreement came into effect at the beginning of January 2019.

B.4 Esports

In 2019, Lagardère Sports continued to broaden its footprint in the esports market by signing several partnerships with video game teams and publishers.

In particular, it inked an exclusive multi-year strategic marketing partnership with the new League of Legends European Championship (LEC), the official governing body for the League of Legends competition in Europe.

The agency has also signed a strategic cooperation agreement with video game publisher Riot Games and the Freaks 4U Gaming agency to organise and promote the 2019 Premier Tour, before developing a regional tournament series for League of Legends players in Germany, Austria and Switzerland starting in 2020.

In 2019, Lagardère Sports was also appointed as the exclusive agent to market commercial rights for the Playerunknown's Battlegrounds (PUBG) 2019 PUBG Nations Cup and the 2019 PUBG Global Championship, enabling the agency to up its ante in the Battle Royale genre.

In the same vein, Lagardère Sports is acting as the exclusive sales agent for T1 Entertainment & Sports, the three-time World League of Legends champion team, with responsibility for marketing the team's commercial rights, including managing all brand partnerships and sponsorship engagements.

Lastly, Lagardère Sports won best prize in the Games & Esports category at the 2019 IAB MIXX Awards in Poland, in recognition of its digital "Ekstraklasa Games" campaign, which enabled the best FIFA 20 players to compete with one another in online qualifying games.

B.5 Other sports

Lagardère Sports is partnering with the International Handball Federation (IHF) to distribute the media rights to the men's and women's World Championships from 2019 to 2025. The agreement spans eight global competitions beginning with the 26th IHF Men's World Championship in Germany and Denmark in January 2019.

Lagardère Sports is also the first agency ever to have signed an exclusive contract to represent the International Netball Federation (INF) in marketing and distributing its international media rights. The contract, which runs from 2018 to 2023, got under way with the 2019 World Cup in Liverpool in July 2019. The agreement also includes the 2023 World Cup, as well as Fast5 tournaments, the Youth World Cup and World Cup qualifiers.

Moreover, the agency continued to distribute the media rights for regular season and play-off games organised for the Kontinental Hockey League (KHL) for the 2019-2020 and 2020-2021 seasons.

In 2019, Lagardère Sports also renewed its partnership with the French Tennis Federation (FFT) covering the hospitality programme for the 2020 and 2021 French Open and Rolex Paris Masters.

Lastly, the agency also continued to grow its talent management business in 2019, expanding the portfolio to more than 130 American football players and more than 105 baseball players. Ten of its clients were chosen for the 2019 NFL Draft, including four in the first round.

B.6 Brand consulting and rights activation

In 2019, Lagardère Sports continued to support its long-term customers Citibank, Bridgestone, Epson, EA Sports and Danone.

The agency also advised Hyundai Motor France during the launch of the #HyundaiPreums promotion as part of its partnership with the Olympique Lyonnais (OL) football team. Launched on 3 December at the Groupama Stadium in Lyon, during the game between OL and Lille OSC (LOSC), the activation enabled the fastest fan to win two spots to watch the game on premium leather seats close to the pitch. It will be repeated throughout the 2019-2020 Ligue 1 Conforama season.

Separately, Volkswagen appointed Lagardère Sports as its new agency partner, in charge of guest management, ticketing and hospitality for the automaker's football sponsoring partnerships. The new relationship is focused on Volkswagen's partnerships with the German Football Association and UEFA, with an emphasis on the UEFA Euro 2020 tournament.

The agency also assisted French national power utility EDF in designing and producing the official partnership launch film for the Paris 2024 Olympic and Paralympic Games.

In addition, Lagardère Sports helped water technology company Xylem and Manchester City FC to launch a new marketing campaign called "Closer Than You Think." The agency and Xylem used creative, multimedia storytelling to show audiences how every country on earth faces serious – and escalating – water issues.

Lastly, during the FIFA Women's World Cup France 2019, Lagardère Sports launched the "True Passion" campaign for Hyundai to celebrate the excitement of football and promote women's football.

B.7 Objectives and achievements in 2019

In 2019, Lagardère Sports once again played a major role in world football, helping to deliver a record number of digital activations for the Total AFCON Cup, while continuing to manage leading AFC assets, such as the 2019 AFC Asian Cup.

Lagardère Sports also renewed its collaborative relationship with the English Football Association, as its official sales agency partner, and extended its strategic partnerships with three European clubs, ASSE, Ferencváros TC and SG Dynamo Dresden. The agency successfully developed new partnerships for its represented rights holders, such as the ones signed between Borussia Dortmund (BVB) and Deezer, Hamburger SV (HSV) and Emirates, and OL and Deliveroo.

Lagardère Sports remained one of the world's leading organisers of golf tournaments, including the Emirates Australian Open and the SMBC Singapore Open in Asia, as well as the American Express, the Safeway Open and the Korn Ferry Tour tournaments in the United States.

In addition, the agency continued to expand its presence in Esports by forging a long-term strategic partnership with Riot Games for the LEC competition, for which it has already secured a large number of partners.

Lastly, Lagardère Sports continued to broaden its mainly US-based portfolio of leading golf, tennis, American football and baseball athletes.

C) OUTLOOK

In late 2019, the Lagardère group announced its plan to sell 75% of the Lagardère Sports agency to H.I.G. Capital, a global private equity investment firm based in Miami, Florida, USA.

The Lagardère group will retain management of Lagardère Live Entertainment, which produces music events and shows in France.

The planned sale, which is subject to clearance from French competition authorities, will allow Lagardère to refocus its business base on its two priority divisions, Lagardère Publishing and Lagardère Travel Retail.

1.4.4.2 LAGARDÈRE STUDIOS

A) PRINCIPAL ACTIVITIES AND MAIN MARKETS

In the Audiovisual Production and Distribution segment, Lagardère Studios provides archive programmes (drama, documentaries) and programmes for immediate broadcast (features, light entertainment, etc.) to a large majority of broadcasters and digital platforms in France, Spain, Finland and the Netherlands, as well as, more marginally, in French-speaking Africa. Lagardère Studios also produces corporate and web videos.

In 2019, Lagardère Studios rose from the third to the second-largest producer of drama programming in France, with more than 59 hours of original drama broadcast in prime time between 1 September 2018 and 31 August 2019[1], compared with 45 hours the year before.

Lagardère Studios also remained the second-largest producer of programmes for immediate broadcast[2], with more than 1,012 hours broadcast over the same period on French channels, or nearly 200 hours more than in the 2018 period.

In Spain, Lagardère Studios is a leading independent audiovisual production group, with approximately 600 hours of programming delivered in 2019.

Revenue generated by the audiovisual production activity consists of broadcaster financing. Other sources of financing such as co-producers, local and regional authorities, and the French national cinema board (CNC) help fund production. In France, the audiovisual production business is also eligible for tax credits.

The audiovisual distribution activity is based on a portfolio of broadcasting rights for audiovisual works supplied, among others, by the Lagardère Studios production activity. In recent years, Lagardère Studios Distribution has increased its investments in minimum guarantees to broaden its third-party distribution contracts, particularly for French and European drama programming.

Audiovisual distribution revenue is derived from the sale of these broadcasting rights for audiovisual works for specific markets and a specific length of time.

B) OPERATIONS DURING 2019

In 2019, Lagardère Studios, through its Spanish subsidiary Boomerang TV, acquired the 50% of outstanding shares it did not already own in Barcelona-based Nova Veranda from Catalan media group Grupo Good. Nova Veranda has produced, in particular, the series *Merlí*, which was initially made for the local TV3 channel but has since won international acclaim after being picked up by Netflix. As a wholly-owned subsidiary, it offers Lagardère Studios a second drama and light entertainment production label in Spain, alongside Madrid-based Boomerang TV.

In December 2019, Lagardère Studios also sold Carson Prod to its founding executive. The company primarily produces entertainment programmes for France Télévisions and real-life documentaries (*Crimes*, *Héritages*, etc.) for NRJ 12.

In France, Lagardère Studios' recurring prime-time series continued to enjoy very good ratings, particularly *Caïn*, *Tandem*, *Joséphine, ange gardien* and *Clem*. Lagardère Studios also produced single-episode works and hit mini-series like *Paris-Brest*, *Une mort sans importance* and *Une île*. In addition, Save Ferris Studios, which was created in 2017, delivered its first drama production in 2019, *Meurtres à Tahiti*, which earned excellent ratings when it aired on France 3 on 28 December 2019[3]. Lastly, Atlantique Productions, working through US producer Endeavor Content, produced the Netflix series, *The Eddy*, whose first two episodes were directed by Damien Chazelle.

In programmes for immediate broadcast, Réservoir Prod's daily magazine *Ça commence aujourd'hui* saw its ratings improve in 2019, with audience share among viewers four years and older regularly exceeding 13%. Other such programmes, like *Maison à vendre*, *Recherche appartement ou maison* and *C dans l'air*, maintained their audience shares over the year. In addition, 909 Productions produced the second seasons of *Retour à l'état sauvage* and *Constructions sauvages* for RMC Découverte. Lastly, the documentary series *Grégory*, produced by Imagissime and streamed online by Netflix in September 2019, was a critical and ratings success,

[1] Source: *Écran Total* – 2019 ranking of drama producers.
[2] Source: *Écran Total* – 2019 ranking of producers of programmes for immediate broadcast.
[3] Source: Mediamat-Médiamétrie.

ranking as one of the ten most streamed programmes in December 2019[1].

In Spain, Boomerang TV produced the first "senior" version of *La Voz*, in addition to the "adult" and "kids" versions. It also continued to produce the daily series *El Secreto de Puente Viejo* and *Acacias 38*, which are broadcast by Antena 3 and TVE, respectively, and sold to Mediaset in Italy. Lastly, Boomerang TV produced an eight-episode mini-series for Atres Studios and Amazon.

In the Netherlands, Skyhigh TV delivered a number of first-season programmes, including *Hotel Rules*, a variation of *House Rules* for hotels.

In Finland, Aito Media delivered two new drama series, *Ring the Bells* and *Mother-in-Paw*.

Lastly, in Africa, Keewu delivered the third season of the *C'est la vie* series and the *Shuga* series for MTV.

C) OUTLOOK

As part of the Group's strategic refocusing around its two priority divisions (Lagardère Publishing and Lagardère Travel Retail), the plan to dispose of Lagardère Active's media assets (other than Lagardère News) continued pace in 2019 and the process to divest the Audiovisual Production and Distribution division (Lagardère Studios) is now under way.

1.5 REGULATORY ENVIRONMENT

1.5.1 SPECIFIC REGULATIONS APPLICABLE TO THE GROUP

Since the Group operates in a large number of countries, it deals with stringent and complex regulations put in place by various national and international authorities and organisations.

In the book publishing and distribution sector, the Group is subject to specific local regulations in the countries where these businesses are carried out, including in terms of intellectual property rights, legal copyright registration requirements, rules governing the pricing of books, and VAT rules. In France, for example, the Group's businesses are subject to regulations imposing a fixed book price set by the publisher or importer, which restrict any qualitative or quantitative discounts granted to distributors. Further regulations also apply to publications for children and young adults and to broadening access to out-of-print books.

Laws and regulations on copyright, libel and slander, image rights and privacy, apply notably to Lagardère Publishing (book publishing) and to Lagardère News and Lagardère Studios (for their media and broadcasting operations).

The Audiovisual Production and Distribution activities carried out by Lagardère Studios and the radio broadcasting activities are subject to broadcasting regulations. In France, this concerns (i) the Law of 30 September 1986 and its enabling decrees; (ii) the inter-industry agreements relating in particular to government oversight (see paragraph 1.5.2 below); and (iii) broadcasters' contributions to audiovisual production and the terms and conditions governing their implementation.

Lagardère Travel Retail's marketing activities must comply with certain specific local regulations in the countries where these activities are carried out, principally those applicable to the sale of print media, foodstuffs, tobacco, alcohol and duty-free products (which may be governed by conventions signed with the local customs authorities), and transport operations. In France, for example, press distribution is governed by the Bichet Act.

The World Health Organization's Framework Convention on Tobacco Control recommends various measures to reduce the supply and demand of tobacco, in particular, banning or restricting duty-free and tax-free sales of tobacco products to international travellers and banning smoking in public transport and public places. In response to this Framework Convention as well as to other measures, stricter regulations are being put in place regarding the sale and consumption of tobacco and could thus have an impact on

[1] Source: BetaSerie.

Lagardère Travel Retail's businesses. Some countries have also introduced environmental protection measures (e.g., recycling certain products) that may affect points of sale.

The Group's digital businesses are subject to various regulations, both at national level (e.g., French law of 21 June 2004 designed to build trust in the digital economy, and the provisions of the French online retailing consumer code) and at international level (e.g., Regulation (EU) 2016/679 of 27 April 2016, referred to as the General Data Protection Regulation (GDPR), which entered into force on 25 May 2018).

The Group's advertising activities (including the management of marketing rights) operate under the aegis of the relevant legislation, in particular restrictions on tobacco and alcohol advertising, online gambling laws, and laws concerning false and misleading advertising.

In the countries where Lagardère Sports and Entertainment carries on marketing rights businesses for sports events, the Group must comply with international and local legislation and the regulations of sporting organisations governing matters such as sports events (organisation and security) and the marketing of those events (purchase and broadcasting, including events deemed to be of "major importance"), and public rights to sports information. It is also subject to the laws governing sports-related bodies through its business links with them, particularly national federations and supranational organisations, such as football associations.

The sports infrastructure management activities are subject to various regulations including those relating to private legal entities formed for sports purposes or establishments receiving members of the public and occupying public land.

Activities relating to the development of sports facilities must take into account regulations governing construction, urban planning, safety and security standards for sports events and approval by sports authorities.

Depending on the countries concerned, agency and career management activities for professional athletes may be governed by national regulations and sports organisations' rules on such activities.

Lagardère Live Entertainment's activities are not only subject to intellectual property law, labour law and standards for establishments receiving members of the public, as applicable to this sector, but also to special regulations pertaining to certain professions (entertainment producers, venue operators, etc.).

Any major change in these laws and regulations and/or incidents of non-compliance could impact the Group's businesses and financial position.

1.5.2 AUTHORISATIONS REQUIRED AND COMPLIANCE WITH QUOTAS

Some of the Group's businesses must obtain or renew licences issued by regulatory authorities.

This is the case for radio broadcasting in France, for which authorisations must be sought for specific periods determined by the French broadcasting authority (*Conseil supérieur de l'audiovisuel* – CSA) pursuant to the French law of 30 September 1986. They are governed by a convention signed with the CSA and renewed in compliance with the above-mentioned law.

Pursuant to the French laws of 30 September 1986 and 1 August 1986, foreigners and particularly those who are not members of the European Union or the European Economic Area are prohibited from holding, directly or indirectly, more than 20% of the capital of a company that has an authorisation to provide terrestrial radio services in French or a company that publishes works in French. By the same logic, French law 2016-1524 of 14 November 2016 promoting media freedom, independence and pluralism, prohibits the CSA from granting authorisation to operate a French language terrestrial radio service to companies whose capital ownership by non-French entities exceeds a certain threshold. Violations of these rules on foreign ownership of the media could lead to criminal penalties.

Lastly, certain Lagardère Travel Retail businesses (such as retail tobacco sales, alcohol sales, duty-free warehousing and sales, and transport activities, as carrier or principal) may also be required to obtain prior authorisations in France or in other countries.

1.6 CONSOLIDATED KEY FIGURES FOR 2019

1.6.1 CONSOLIDATED KEY FIGURES

(in millions of euros)	**2019(3)**	2018 (2)/(3)	2017(1)
Revenue	**7,211**	6,868	7,084
Recurring operating profit of fully consolidated companies(4)	**378**	385	399
Non-recurring/non-operating items	**27**	63	(127)
of which impact of IFRS 16 on concession agreements(5)	**60**	*41*	-
Income from equity-accounted companies(6)	**6**	3	3
Profit before finance costs and tax	**411**	451	275
Finance costs, net	**(53)**	(57)	(73)
Interest expense on lease liabilities	**(85)**	(76)	-
Income tax benefit (expense)	**(55)**	(124)	2
Profit (loss) from discontinued operations(3)	**(207)**	5	-
Profit for the year	**11**	199	204
o/w attributable to minority interests	**26**	22	28
o/w attributable to owners of the Parent	**(15)**	177	176
Total equity	**1,672**	1,868	1,924
Cash and cash equivalents (net debt)	**(1,461)**	(1,367)	(1,367)
Goodwill	**1,564**	1,624	1,809
Investments	**502**	554	321

(1) 2017 data restated for the retrospective application of IFRS 15.

(2) 2018 data restated for the full retrospective application of IFRS 16 (see note 1.1 to the consolidated financial statements).

(3) In accordance with IFRS 5, Lagardère Sports has been classified as a discontinued operation at 31 December 2019. Its earnings and cash flows for 2019 and 2018 were respectively classified in profit (loss) from discontinued operations and net cash from (used in) discontinued operations (see note 4.3 to the consolidated financial statements).

(4) Recurring operating profit of fully consolidated companies is defined in note 3.3 to the consolidated financial statements as profit before finance costs and tax excluding the following income statement items:

- income (loss) from equity-accounted companies;
- gains (losses) on disposals of assets;
- impairment losses on goodwill, property, plant and equipment, intangible assets and investments in equity-accounted companies;
- net restructuring costs;
- items related to business combinations:
  - acquisition-related expenses;
  - gains and losses resulting from purchase price adjustments and fair value adjustments due to changes in control;
  - amortisation of acquisition-related intangible assets.
- items related to leases and to finance lease sub-letting arrangements:
  - excluding gains and losses on lease modifications,
  - excluding depreciation of right-of-use assets under concession agreements,
  - including decreases in lease liabilities under concession agreements,
  - including interest paid on lease liabilities under concession agreements,
  - including changes in working capital relating to lease liabilities under concession agreements.
- specific major disputes unrelated to the Group's operating performance.

(5) Including gains and losses on lease modifications.

(6) Before impairment losses.

1.6.2 PER SHARE DATA

(in euros)	2019[4]		2018 [2]/[4]		2017[1]	
	basic	diluted[3]	basic	diluted[3]	basic	diluted[3]
Profit (loss) attributable to owners of the Parent, per share	(0.12)	(0.12)	1.36	1.34	1.36	1.34
Equity attributable to owners of the Parent, per share	11.73	11.58	13.21	13.04	13.76	13.56
Cash flow from operations before change in working capital, per share[4]	3.82	3.77	3.39	3.34	4.13	4.07
Share price at 31 December	19.43		22.02		26.73	
Dividend	1.00[5]		1.30		1.30	
Extra dividend	-		-		-	

[1] 2017 data restated for the retrospective application of IFRS 15.

[2] 2018 data restated for the full retrospective application of IFRS 16 (see note 1.1 to the consolidated financial statements).

[3] The method used to calculate diluted earnings per share is described in note 15 to the consolidated financial statements.

[4] In accordance with IFRS 5, Lagardère Sports has been classified as a discontinued operation at 31 December 2019. Its earnings and cash flows for 2019 and 2018 were respectively classified in profit (loss) from discontinued operations and net cash from (used in) discontinued operations (see note 4.3 to the consolidated financial statements).

[5] Dividend submitted for approval to the Annual General Meeting to be held on 5 May 2020.

1.7 MAJOR INVESTMENTS

The Group's major contractual commitments in terms of investments are described in notes 33 and 34 to the 2019 consolidated financial statements.

1.7.1 INVESTMENT AND INNOVATION POLICY

1.7.1.1 Purchases of property, plant and equipment and intangible assets

(in millions of euros)	2019[2]	2018[2]	2017 [1]/[2]
Lagardère Publishing	35	42	46
Lagardère Travel Retail	162	130	138
Other Activities	11	9	-
Total target scope	**208**	**181**	184
Assets sold and pending disposal at Lagardère Active	7	34	25
Total	**215**	**215**	209

[1] 2017 data restated for the retrospective application of IFRS 15.

[2] In accordance with IFRS 5, Lagardère Sports has been classified as a discontinued operation at 31 December 2019. The cash flows have been recognised in net cash relating to discontinued operations (see note 4.3 to the consolidated financial statements).

1.7.1.2 Purchases of investments

(in millions of euros)	2019[1]	2018[1]	2017[1]
Lagardère Publishing	32	14	31
Lagardère Travel Retail	249	308	18
Other Activities	3	7	10
Total target scope	**284**	**329**	59
Assets sold and pending disposal at Lagardère Active	3	10	4
Total	**287**	**339**	**63**

These figures are taken directly from the consolidated statement of cash flows.

[1] In accordance with IFRS 5, Lagardère Sports has been classified as a discontinued operation at 31 December 2019. The cash flows have been recognised in net cash relating to discontinued operations (see note 4.3 to the consolidated financial statements).

1.7.2 MAJOR INVESTMENTS IN 2017

Purchases of property, plant and equipment and intangible assets chiefly concerned Lagardère Travel Retail (in line with the Travel Retail growth strategy) and Lagardère Publishing (in particular for logistics projects in the United Kingdom and the United States).

Purchases of investments mainly related to acquisitions carried out by Lagardère Publishing, in particular Bookouture, an e-book publisher in the United Kingdom, and IsCool Entertainment, a developer of social games for web and mobile, as well as Jessica Kingsley and Summersdale, two UK-based publishing houses. Note that assets sold and pending disposal at Lagardère Active include the majority stake acquired in the capital of Aito Media Group, a Finnish audiovisual production company. The others correspond to smaller-scale acquisitions and earn-outs at Lagardère Travel Retail and in the Other Activities.

1.7.3 MAJOR INVESTMENTS IN 2018

Purchases of property, plant and equipment and intangible assets essentially concerned Lagardère Travel Retail, in line with its growth strategy, and to a lesser extent Lagardère Publishing (particularly logistics projects in the United Kingdom and the United States) and the assets sold and pending disposal at Lagardère Active (fitting out of new premises following the sale of a building in Levallois-Perret).

Purchases of investments mainly included the November 2018 acquisition of Hojeij Branded Foods (HBF), a leading Foodservice operator in North America, by Lagardère Travel Retail. Purchases also included Lagardère Publishing's acquisition of US publisher Worthy Publishing Group and the acquisition of a majority stake in Skyhigh TV, the Netherlands' leading independent production company, in assets sold and pending disposal at Lagardère Active.

1.7.4 MAJOR INVESTMENTS IN 2019

Purchases of property, plant and equipment and intangible assets represented a net outflow of €215 million in 2019. They chiefly related to Lagardère Travel Retail (€162 million), a significant portion of which corresponded to the financing of new points of sale. The balance (€35 million) stemmed essentially from Lagardère Publishing and primarily reflected the end of investments in logistics projects in the United Kingdom and in new information systems projects in France.

Purchases of investments represented an outflow of €287 million in 2019 and mostly related to the acquisition of the International Duty Free (IDF) group in Belgium, and to a lesser extent the acquisition of Smullers in the Netherlands by Lagardère Travel Retail. Purchases of investments also included Lagardère Publishing's acquisitions of Gigamic, Blackrock Games and Short Books in the United Kingdom.

1.8 MAJOR CONTRACTS

1.8.1 MAJOR CONTRACTS BINDING THE GROUP

In the two years immediately preceding publication of this Universal Registration Document, the Company signed the following major contracts (other than those entered into in the normal course of business):

DISPOSAL OF THE HEADQUARTERS OF EUROPE 1

On 23 May 2018, the Lagardère group sold the headquarters of French radio station Europe 1, located in rue François 1er in central Paris, to the Ardian Real Estate group. Four-fifths of the €253 million sale price was paid over on the signing date of the final deed of sale; the balance was paid at the end of 2018.

SALE OF RADIO BUSINESSES IN THE CZECH REPUBLIC, POLAND, SLOVAKIA AND ROMANIA

On 17 April 2018, the Lagardère group announced the sale of its Radio assets in the Czech Republic, Poland, Slovakia and Romania to the Czech Media Invest group.

The sale price was €73 million for consolidated revenue of around €56 million in 2017.

Further to the lifting of all of the conditions precedent on 19 July 2018 (mainly concerning clearance from the local regulatory authorities in the countries concerned), the transaction closed on 26 July 2018.

SALE OF ITS MAGAZINE PUBLISHING TITLES IN FRANCE TO THE CZECH MEDIA INVEST GROUP

On 18 April 2018, the Lagardère group announced that it had entered into exclusive negotiations with Czech Media Invest with a view to selling certain magazine titles in France, namely *Elle* and its various extensions, including the online presence of Elle in France, *Version Femina*, *Art & Décoration*, *Télé 7 Jours* and its various extensions, *France Dimanche*, *Ici Paris* and *Public*.

Following the signing of an agreement on 26 July 2018 and the approval of the competition authorities, the transaction closed on 14 February 2019.

In connection with the sale, CMI was granted an exclusive license for the Elle brand covering France. The Lagardère group remains the owner of the Elle brand in France and internationally.

The amount of the transaction was €52 million. Six hundred and forty-nine employees were transferred to CMI as part of the deal.

DISPOSAL OF THE E-HEALTH BUSINESS

The Group sold its e-Health business on the basis of an aggregate enterprise value of €60 million for 100%, via the following transactions:

- MonDocteur, the online medical appointment platform, was sold on 10 July 2018 to Doctolib, which thereby consolidated its position as the leading e-Health business in Europe;
- Doctissimo, a leader in health and wellness information, was sold to the TF1 group on 10 October 2018.

ACQUISITION BY LAGARDÈRE TRAVEL RETAIL OF THE HOJEIJ BRANDED FOODS (HBF) GROUP, A LEADING FOODSERVICE OPERATOR IN TRAVEL RETAIL IN NORTH AMERICA

On 20 November 2018, Lagardère Travel Retail finalised the acquisition of Hojeij Branded Food (and its subsidiary Vino Volo), a leading Foodservice operator in the Travel Retail market in North America.

Announced on 15 August 2018, the acquisition is aligned with Lagardère Travel Retail's commitment to strengthening its leadership in the airport Foodservice segment in North America. The consolidation of HBF and Vino Volo has created the third-largest player in the North American Travel Retail and Foodservice market.

HBF has been consolidated in Lagardère's financial statements since 1 December 2018.

The acquisition was valued at USD 330 million on a cash-free and debt-free basis, net of the partners' share in operating joint ventures (ACDBE programmes) estimated at 16% over the period of the business plan.

SALE OF THE BOURSIER.COM BUSINESS TO THE LES ÉCHOS-LE PARISIEN GROUP

On 31 January 2019, Lagardère sold the Boursier.com website, its financial markets information and publishing activities, previously held by Lagardère Active subsidiary Newsweb, to the Les Échos-Le Parisien group.

SALE OF THE JACARANDA RADIO STATION AND MEDIAMARK ADVERTISING SALES BROKERAGE TO SOUTH AFRICAN GROUP KAGISO MEDIA

Lagardère announced the completion of the following transactions for the disposal by Lagardère Active Radio International (LARI) of its businesses in South Africa to long-standing fellow shareholder, the Kagiso Media group:

- the disposal on 7 February 2019 of the 20% interest in Jacaranda FM Proprietary Limited, owner of Jacaranda FM, South Africa's number 1 private radio station. The sale price was ZAR 233 million (just over €15 million);
- the signing of an agreement on 29 January 2019 for the sale of the 49.99% interest in the Mediamark Proprietary Limited advertising sales brokerage. Further to the lifting of all conditions precedent (mainly concerning clearance from the South African regulatory authorities), the transaction closed on 30 September 2019. The sale price is estimated at ZAR 30 million (around €2 million).

SALE OF BILLETREDUC.COM TO THE FNAC DARTY GROUP

On 28 February 2019 the Lagardère group sold Billetreduc.com to the Fnac Darty group through its France Billet subsidiary. Lagardère and Fnac Darty had announced exclusive negotiations for the sale of Billetreduc.com on 17 January 2019.

SALE OF PLURIMEDIA TO MEDIA PRESS GROUP

On 28 February 2019 the Lagardère group sold Plurimedia to Media Press Group.

SALE OF THE TELEVISION BUSINESS (EXCLUDING MEZZO) TO THE M6 GROUP

On 24 May 2019, Lagardère and the M6 group signed the sale agreement for the Lagardère group's Television business (excluding Mezzo). The business includes Gulli and its international extensions, Canal J, TiJi, Elle Girl TV, MCM, MCM Top, RFM TV, and the related advertising sales brokerages.

Following approval by the French broadcasting authority (CSA) and the country's competition authorities, the transaction closed on 2 September 2019, for a transaction price of €215 million (enterprise value).

SALE OF MEZZO TO THE LES ÉCHOS-LE PARISIEN AND CANAL+ GROUPS

On 17 July 2019, the Lagardère group, together with France Télévisions, sold its stake in Mezzo to the Les Échos-Le Parisien and Canal+ groups.

ACQUISITION BY LAGARDÈRE TRAVEL RETAIL OF INTERNATIONAL DUTY FREE (IDF), BELGIUM'S LEADING TRAVEL RETAIL OPERATOR

On 19 September 2019, Lagardère Travel Retail completed the acquisition of International Duty Free (IDF), the travel retail market leader in Belgium, which also has operations in Luxembourg and Kenya.

Announced on 25 July 2019, this acquisition cements Lagardère Travel Retail's position as the world's third-largest operator of Duty Free airport points of sale and as the European leader in Travel Retail, raising its annual revenue to €5.3 billion[1]. It also enables Lagardère Travel Retail to extend its presence to a major new European hub, Brussels, with high-quality operations, while consolidating its positions in Luxembourg and in Africa with entry into Kenya. Lagardère Travel Retail will also be able to capitalise on IDF's experience in the expanding premium Belgian chocolate segment to strengthen its international operations in this category.

The acquisition was valued at €250 million[2], or around 8x IDF's pro forma EBITDA[3] for 2020, factoring in €7 million in recurring synergies expected to be unlocked through to 2022.

Sale of Lagardère Sports to H.I.G. Capital

On 16 December 2019, the Lagardère group announced that it had received an offer from H.I.G. Capital for a 75% stake in Lagardère Sports,

[1] Based on 100% of 2018 revenue, including the pro forma contribution of HBF on a full-year basis, which would translate into consolidated pro forma revenue of €4.1 billion.
[2] Enterprise value based on zero cash and debt.
[3] Pro forma EBITDA corresponds to estimated budgeted EBITDA for 2020 (first year of operation), plus recurring run-rate synergies of €7 million.

which values the business alone at some €110 million[1] and the entire Lagardère Sports and Entertainment division at around €150 million[2]. This valuation does not include the future value creation potential of the Group's residual 25% interest in Lagardère Sports, or any potential gains from the Confederation of African Football (CAF) agreement.

The closing of this transaction is now subject only to clearance from the competition authorities.

1.8.2 CONTRACTS INVOLVING MAJOR COMMITMENTS FOR THE WHOLE GROUP

Lagardère and/or its subsidiaries have also entered into a certain number of major contracts (other than those entered into in the normal course of business) involving an obligation or major commitment for the whole Group. The contracts concerned are the financing contracts referred to in chapter 6, note 27 to the 2019 consolidated financial statements, particularly the following:

- on 11 May 2015, Lagardère SCA signed a €1.25 billion multi-currency syndicated credit facility for general corporate purposes. It replaces the previous €1.645 billion facility, signed in 2011. The new five-year facility has been extended for a total of two additional years, maturing in May 2022;
- on 6 April 2016, Lagardère SCA issued a total of €500 million worth of seven-year bonds on the Luxembourg stock market, maturing in April 2023 and paying an annual coupon of 2.75%.
- on 14 June 2017, Lagardère SCA carried out a seven-year €300 million bond issue on the Luxembourg stock market, maturing in June 2024 and paying an annual coupon of 1.625%.
- on 26 June 2019, Lagardère SCA raised €250 million through the private placement of German *Schuldscheindarlehen* debt instruments. The placement consisted of four euro-denominated tranches issued with five- and seven-year maturities at fixed and floating rates.
- on 9 October 2019, Lagardère SCA issued a total of €500 million worth of seven-year bonds on the Luxembourg stock market, maturing in October 2026 and paying an annual coupon of 2.125%.

[1] The enterprise value breaks down as €55 million in net investment income payable subject to various time scales and conditions, and €55 million in liabilities (pension obligations and non-controlling interests). The estimated €55 million impact on net cash breaks down as: (i) €22.5 million receivable on the closing of the transaction; (ii) €63 million in the form of a vendor loan reimbursable in line with cash receipts from the Asian Football Confederation (AFC); (iii) €35 million in the form of a vendor loan reimbursable on 31 December 2025 (or earlier, in the event of a change of control); and (iv) €(66) million in cash deconsolidated, as estimated for the expected closing date of the transaction.

[2] The Lagardère group will retain its entire interest in Lagardère Live Entertainment, valued in its financial statements at just over €40 million.

1.9 REAL ESTATE PROPERTY

The total net value of property, plant and equipment belonging to the Lagardère group is €811 million, based on the gross value of land (€47 million) and buildings (€482 million). The net book value of land and buildings is €273 million, i.e., approximately 2.5% of the balance sheet total.

The Group no longer owned any investment property at 31 December 2019. In view of the nature of the Group's business activities, the value represented by real estate property is not significant.

2

CORPORATE GOVERNANCE REPORT

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Ladies and Gentlemen,

This report contains all of the information required by article L. 226-10-1 of the French Commercial Code (*Code de commerce*), including, where appropriate, the information adapted to French partnerships limited by shares, as set out in articles L. 225-37-3 to L. 225-37-5. The additional information referred to in paragraph 6 of article L. 225-37-4 of the French Commercial Code is covered in section 4.3.1.2 – Diversity and gender balance in human capital.

It was prepared with the assistance of the Board Secretary and Group General Secretariat, and was approved by the Supervisory Board on 28 February 2020.

2.1 GENERAL PRESENTATION OF FRENCH PARTNERSHIPS LIMITED BY SHARES AND OF LAGARDÈRE SCA

2.1.1 GENERAL PRESENTATION OF FRENCH PARTNERSHIPS LIMITED BY SHARES

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

- one or more General Partners (*Associés Commandités*), who are indefinitely personally liable for the Company's liabilities;
- Limited Partners (*Associés Commanditaires* or shareholders), whose situation is the same as that of shareholders in a joint-stock corporation (*société anonyme*). Their holdings can be sold or otherwise transferred under the same conditions as shares in a joint-stock corporation, and they are liable for the Company's liabilities only to the extent of their contribution to the partnership. They are represented by a Supervisory Board.

A partnership limited by shares is managed by one or more Managing Partners (*Gérants*), who may be individuals or corporate entities. They are selected from amongst the General Partners or third parties, and may not be shareholders.

Because of the two categories of partners, collective decisions are taken at two different levels: by the Limited Partners in General Meetings, and by the General Partners. Members of the Supervisory Board are appointed only by the Limited Partners. If a General Partner is also a Limited Partner he cannot take part in the vote.

2.1.2 PRESENTATION OF LAGARDÈRE SCA

The provisions of French law related to partnerships limited by shares, as well as the Company's Articles of Association (see section 2.2), give Lagardère SCA an up-to-date organisational structure that is wholly in line with current corporate governance requirements, as it effectively complies with the two basic principles of establishing a clear distinction between management and control, and closely involving shareholders in the oversight of the Company.

This structure is characterised as follows:

- There is a very clear segregation between the Managing Partners (*Gérants*) who are responsible for running the business – and the Supervisory Board, which represents the shareholders and is responsible for overseeing the Company's accounts and management.

  The Managing Partners cannot be members of the Supervisory Board, and the General Partners cannot take part in appointing the members of the Supervisory Board.
- The Supervisory Board is entitled to oppose the General Partners' appointment or re-appointment of a Managing Partner, although the final decision thereon is taken by shareholders in an Ordinary General Meeting (see section 2.2.6). The term of office of a Managing Partner cannot exceed six years, but may be renewed.
- The General Partners' unlimited liability to the full extent of their assets is evidence of the proper balance between financial risk, power and responsibility.

- The Supervisory Board is entitled to receive the same information and has the same powers as the Statutory Auditors.
- The Supervisory Board must draw up a report on any proposed increase or reduction in the Company's share capital to be submitted to shareholders for approval.

These arrangements obviate the confusion, for which some French joint-stock corporations are criticised, between the role of the Chairman of the Board of Directors (*Président du Conseil d'Administration*) and the role of the Chief Executive Officer (*Directeur Général*), as well as encouraging the development of a long-term strategy.

2.2 PRINCIPAL PROVISIONS OF THE COMPANY'S ARTICLES OF ASSOCIATION

2.2.1 CORPORATE PURPOSE

The Company's corporate purpose is, in France and abroad:

- to acquire any form of interests or investments in all types of company or business, whether French or foreign, by any appropriate means;
- to manage any type of transferable security portfolio and to carry out any related spot or forward transactions, whether contingent or not;
- to acquire and license any patents, trademarks, and commercial and industrial businesses;
- and more generally, to carry out any commercial, financial, industrial, security and property transactions related to the above purposes or to any other purpose related thereto which would be likely to promote and develop the Company's business.

2.2.2 MANAGING PARTNERS

1. The Company is managed by one or more Managing Partners (*Gérants*).

   Following the death of Jean-Luc Lagardère on 14 March 2003, the Supervisory Board, at its meeting of 26 March 2003, approved Arjil Commanditée-Arco's proposal to appoint Arnaud Lagardère as Managing Partner for a six-year term.

   The Company is managed by two Managing Partners: Arnaud Lagardère and the French joint-stock corporation (*société anonyme*) Arjil Commanditée-Arco.

   The Supervisory Board approved the General Partners' proposals to renew Arnaud Lagardère's appointment as Managing Partner on 11 March 2009 and 11 March 2015 for successive six-year terms, with the latest term expiring on 25 March 2021.

   Arjil Commanditée-Arco was appointed as a Managing Partner on 17 March 1998 and the Supervisory Board approved the General Partners' proposals to re-appoint it as Managing Partner on 12 March 2004, 10 March 2010 and 9 March 2016 for successive six-year terms, with the latest term expiring on 17 March 2022.

   At the time of the most recent re-appointment of Arjil Commanditée-Arco on 9 March 2016, the Supervisory Board, in application of the provisions of article 14-2 of the Articles of Association and acting on the recommendation of the General Partners, re-appointed:

   - Arnaud Lagardère, as Chairman and Chief Executive Officer;
   - Pierre Leroy, as Deputy Chairman and Chief Operating Officer;
   - Thierry Funck-Brentano, as Chief Operating Officer.

2. Throughout the life of the Company, any new Managing Partner is appointed unanimously by the General Partners, with the approval of the Supervisory Board or of the General Meeting according to the provisions of article 14 of the Articles of Association below.

3. Each Managing Partner has the broadest possible authority to act in any circumstances in the name of the Company, within the scope of the corporate purpose and subject to the

powers expressly attributed by the law or the Articles of Association to the General Meeting of shareholders and the Supervisory Board.

In accordance with the law, each Managing Partner may authorise and grant, in the name of the Company, any sureties, warranties and undertakings which he deems reasonable.

Each Managing Partner may delegate part of their powers to one or more persons, whether or not they are employees of the Company and whether or not such persons have a contractual relationship with the Company. Such delegation in no way affects the duties and liability of the Managing Partner in relation to the exercise of such powers.

4. The Managing Partner(s) must take all necessary care in handling the business of the Company.

5. The age limit for a Managing Partner who is a natural person is 80.

6. The term of office of a Managing Partner cannot exceed six years but is renewable.

Any Managing Partner wishing to resign must inform the other Managing Partners, the General Partners and the Chairman of the Supervisory Board by registered letter with acknowledgement of receipt, at least three months before the date on which the said resignation is to take effect.

In the event that a corporate General Partner that is also a Managing Partner of the Company changes its own Managing Partner(s), Chairman of its Board of Directors and/or Chief Executive Officer and/or Chief Operating Officer(s), it is deemed to have resigned as Managing Partner of the Company, with immediate effect. This is also the case in the event of the sale or subscription of shares which the Supervisory Board has not approved, as described in section 2.2.3.

When a Managing Partner’s office terminates, the management of the Company is carried out by the Managing Partner or Partners who remain in office, without prejudice to the right of the General Partners to appoint a new Managing Partner as a replacement, or to renew the appointment of the outgoing Managing Partner, under the conditions described in paragraph 2 above.

When a sole Managing Partner's office terminates, one or more new Managing Partners are appointed, or the outgoing sole Managing Partner is re-appointed, under the conditions provided for in paragraph 2 above. However, pending such appointment, the Company shall be managed by the General Partner or Partners who may delegate all necessary powers for the management of the Company until the new Managing Partner or Partners have been appointed.

A Managing Partner may be dismissed at any time on the grounds of incapacity (whether as a result of insolvency proceedings or otherwise) or for any other cause, by the unanimous decision of the General Partners, after the Supervisory Board has expressed its opinion under the conditions provided for in section 2.2.3. A Managing Partner may also be dismissed for just cause, by decision of the courts.

2.2.3 SUPERVISORY BOARD

COMPOSITION OF THE SUPERVISORY BOARD (ARTICLE 12 OF THE ARTICLES OF ASSOCIATION)

1. The Company has a Supervisory Board comprising a maximum of 12 members, selected exclusively among shareholders who are neither General nor Managing Partners.

   In accordance with French Act no. 2019-486 dated 22 May 2019 (known as the “Pacte law”), at the Annual General Meeting on 5 May 2020, the shareholders will be asked to amend the Company’s Articles of Association in order to set out the terms and conditions for appointing two employee representative members of the Supervisory Board.

2. The members of the Supervisory Board are appointed or dismissed by the shareholders in an Ordinary General Meeting. Shareholders who are also General Partners are not entitled to vote on such resolutions.

3. The term of office of members of the Supervisory Board cannot exceed four years. It terminates at the close of the Annual General Meeting

called to approve the financial statements for the preceding year that is held during the year in which the term of the member expires. Members of the Supervisory Board may be re-appointed. No more than one-third of the members of the Supervisory Board in office may be more than 75 years old. If this proportion is exceeded, the oldest member is deemed to have resigned.

MEETINGS OF THE SUPERVISORY BOARD (ARTICLE 13 OF THE ARTICLES OF ASSOCIATION)

The Supervisory Board appoints one of its members as Chairman and may, if it wishes, appoint one or more Deputy Chairmen to preside over Board meetings.

The Board meets as often as the Company's interests require and in any event at least once every six months.

Meetings may be called by the Chairman of the Board or, in his absence, by one of the Deputy Chairmen, or by at least half of the Board members, or by each of the Company's Managing Partners or General Partners.

At least half of the members must be present in order for the Board's decisions to be valid.

The decisions are made by a majority vote of the members present or represented. In the event of a tied vote, the Chairman has the casting vote.

In calculating the quorum and majority, Board members attending the meeting via video conferencing or other telecommunications technology are considered to be present.

The deliberations are recorded in minutes of the meetings which are stored in a special register and signed by the Chairman of the meeting as well as by the Board Secretary or the majority of the members present.

POWERS OF THE SUPERVISORY BOARD (ARTICLE 14 OF THE ARTICLES OF ASSOCIATION)

1. The management of the Company is placed under the permanent supervision of the Supervisory Board as provided by law.

   In accordance with the law, the Board prepares a report for each Annual General Meeting called to approve the financial statements of the Company. This report is made available to the shareholders at the same time as the Managing Partners' report and the parent company financial statements.

   In the event of one or more Managing Partners being dismissed by the General Partners, the Board must give its opinion. For this purpose, the Board is notified by the General Partners at least 15 days in advance, and it must give its opinion within ten days of such notice. Notice is given by registered letter addressed to the Chairman of the Supervisory Board.

   The Supervisory Board draws up a report on any proposal to increase or reduce the Company's share capital submitted to the shareholders.

   The Supervisory Board may, if it deems it necessary, after having informed the Managing Partners in writing, call an Ordinary or Extraordinary General Meeting of shareholders, in compliance with the legal provisions relating to calling meetings.

   The Supervisory Board has, by law, the right to receive from the Managing Partners the same documents as are made available to the Statutory Auditors.

2. The appointment or re-appointment of any Managing Partner must be approved by the Supervisory Board. Should Arjil Commanditée-Arco be appointed as Managing Partner, the Supervisory Board's approval has to be obtained, not in respect of Arjil Commanditée-Arco itself, but in respect of its Chairman, Chief Executive Officers and Chief Operating Officers.

   The Supervisory Board has a maximum of 20 days from receiving notice from the General Partners in which to grant or refuse its approval of the proposed appointment.

   If the Supervisory Board refuses to approve an appointment twice within a period of two months, in respect of two different candidates, while the Company is left without a Managing Partner and is being managed on an interim basis by the General Partners under article 10-6 of the Articles of Association, approval may be given by a majority vote of the shareholders in an Ordinary General Meeting called by the General Partner(s) at which only one of the two candidates is put forward.

   In the absence of approval from either the Supervisory Board or the General Meeting in accordance with the above paragraphs, the

General Partner(s) shall designate a third person. If the Supervisory Board fails to approve the appointment of the said third candidate, the appointment shall be submitted to the shareholders in an Ordinary General Meeting, which may only refuse the candidate by a vote of a two-thirds majority of the shareholders present or represented.

3. If Arjil Commanditée-Arco becomes a Managing Partner of the Company, from the date of its appointment to such office, no person may become a shareholder of Arjil Commanditée-Arco either by acquiring shares in Arjil Commanditée-Arco or by subscribing to an increase in its share capital, exercising share warrants or through the conversion or redemption of bonds, without the prior agreement of the Supervisory Board, which must approve or refuse this proposal within 20 days of receiving notice, either from Arjil Commanditée-Arco or from those shareholders who intend to transfer their shares.

If such a transaction takes place without the approval of the Supervisory Board, Arjil Commanditée-Arco, by virtue of the third paragraph of article 10-6 of the Articles of Association, shall be deemed to have resigned from its office as Managing Partner, effective immediately.

4. Any transaction for the transfer of Arjil Commanditée-Arco shares or the issue of transferable securities by Arjil Commanditée-Arco, which might alter its control immediately or in the future, is subject to the prior approval of the Company's Supervisory Board, which must make a decision within 20 days of receiving notice, either from Arjil Commanditée-Arco or from those shareholders who intend to transfer their shares.

Should the transaction take place without the approval of the Supervisory Board, Arjil Commanditée-Arco, by virtue of article 18-5 of the Articles of Association, shall automatically lose its status as General Partner, effective immediately.

5. The approval of the Supervisory Board required in paragraphs 3 and 4 above shall be automatically deemed to have been given, if the acquiring or subscribing candidate makes a valid public tender offer for all of the Company's shares. Such approval shall not be required in the event of a transfer of Arjil Commanditée-Arco shares by way of inheritance.

2.2.4 GENERAL PARTNERS (ARTICLE 18 OF THE ARTICLES OF ASSOCIATION)

1. The General Partners (*Associés Commandités*) are:

- Arnaud Lagardère, domiciled at 4, rue de Presbourg, 75116 Paris, France;
- Arjil Commanditée-Arco, a French joint-stock corporation (*société anonyme*) with share capital of €40,000, whose registered office is located at 4, rue de Presbourg, 75116 Paris, France. Registered with the Paris Trade and Companies Registry under number 387 928 393.

2. The appointment of one or more new General Partners is decided by the shareholders in an Extraordinary General Meeting, upon the unanimous recommendation of the existing General Partners or Partner.

3. The Company shall not be wound up in the case of the death or incapacity of a natural person who is a General Partner, nor in the event of liquidation of a corporate person who is a General Partner.

4. Any natural person who is a General Partner and who is also a Managing Partner ceases to be a General Partner, automatically and effective immediately, if he is dismissed as Managing Partner for just cause under the terms of article 10-6 of the Articles of Association.

5. Any corporate entity which is a General Partner automatically ceases to be a General Partner, effective immediately, in the event that a sale or subscription of shares which is likely to change its control has been carried out without the consent of the Supervisory Board, as provided in article 14-4 of the Articles of Association.

In either case the Articles of Association are automatically amended accordingly. The amendment is recorded and published by a Managing Partner or, in the absence of a Managing Partner, by a General Partner or by the Supervisory Board.

Arjil Commanditée-Arco's parent company financial statements for 2019 are as follows (in thousands of euros):

Balance sheet

Assets	
Accounts receivable	27,099
Cash and cash equivalents	34
Total	**27,133**

Shareholders' equity and liabilities	
Shareholders' equity	27,094
Accounts payable	39
Total	**27,133**

Income statement

Operating revenues	0
Operating expenses	31
Net operating loss	(31)
Financial income	998
Financial expenses	0
Net financial income	998
Net exceptional income	0
Income tax benefit	(285)
Profit for the year	**682**

RIGHTS OF THE GENERAL PARTNERS (ARTICLE 18 A OF THE ARTICLES OF ASSOCIATION)

A General Partner who is not also a Managing Partner (*commandité non-gérant*) does not participate directly in the management of the Company, except as described in article 10-6 of the Articles of Association.

General Partners exercise all the prerogatives attributed to their status by law and the Articles of Association.

By reason of the unlimited joint and several liability they assume, a General Partner who is not also a Managing Partner has the right to see all books and documents of the Company and to submit in writing to the Managing Partners any questions concerning the management of the Company. The Managing Partners must answer such questions in writing as promptly as possible. In addition, in consideration for their unlimited joint and several liability, General Partners are entitled to specific remuneration calculated in accordance with the provisions of article 25 of the Articles of Association.

DECISIONS OF THE GENERAL PARTNERS (ARTICLE 18 B OF THE ARTICLES OF ASSOCIATION)

1) The decisions of the General Partner(s) may be made either at meetings, or by written consultation (ordinary letter, telex, telegram, fax, etc.).

2) In the event of a written consultation, each General Partner has a period of 15 days to inform the Managing Partners of his or her decision on each of the draft resolutions. A General Partner who does not reply within this period is considered to have voted against the resolution.

3) Decisions taken by the General Partner(s) are recorded in minutes stating, *inter alia*, the date and method of consultation, the report or reports made available to the General Partner(s), the text of the resolutions and the result of the vote.

The minutes are drawn up by the Managing Partners or by one of the General Partners and signed by the General Partner(s) and/or the Managing Partner(s), as appropriate.

Copies or extracts of the minutes are validly certified as true copies either by the sole Managing Partner or by one of the Managing Partners if there are more than one, and by the General Partners.

2.2.5 REQUIREMENTS FOR CHANGING SHAREHOLDERS' RIGHTS

Any change in the rights of shareholders as defined in the Company's Articles of Association requires:

- a unanimous decision by the General Partners;
- a decision by the Extraordinary General Meeting, passed by a two-thirds majority of the votes of shareholders present or represented, including votes cast remotely.

2.2.6 GENERAL MEETINGS OF SHAREHOLDERS

2.2.6.1 General meetings (article 19 of the Articles of Association)

General Meetings are called either by the Managing Partners or by the Supervisory Board, or by any other person having the right to do so by virtue of the law or under the Articles of Association.

General Meetings are held at the registered office or at any other place as indicated in the notice of meeting. Notices of meeting are issued in the manner and within the time period provided by law and regulations.

General Meetings are chaired by the Managing Partner or one of the Managing Partners if there are several of them. If the meeting is called by the Supervisory Board, it is chaired by the Chairman of the Supervisory Board or by a member of the Supervisory Board appointed to this effect. Where the meeting has been called by any other person legally empowered to do so, the meeting is chaired by the person who called the meeting. If the person entitled or appointed to chair the meeting fails to do so, the meeting itself elects its Chairman.

The duties of vote tellers (*scrutateurs*) are performed by the two shareholders having the greatest number of shares, either directly or by way of proxy, and who are present and accept to be tellers.

The vote tellers thus designated constitute the officers of the meeting (*bureau*), and appoint a secretary who need not be a shareholder.

The officers of the meeting verify, certify and sign the attendance register, on the basis of specifications provided by the establishment in charge of organising the meeting, ensure that discussions are properly held, settle any differences that may arise in the course of the meeting, count the votes cast and ensure their validity and ensure that minutes of the meeting are drawn up.

Minutes recording the deliberations of each meeting are entered in a special register signed by the officers of the meeting. The minutes, drawn up and recorded in this form, are considered to be a true transcript of the meeting. All copies of or extracts from the minutes must be certified by one of the Managing Partners, by the Chairman of the Supervisory Board, or by the secretary of the meeting.

2.2.6.2 Ordinary general meetings (article 20 of the Articles of Association)

The Annual General Meeting examines the management report prepared by the Managing Partners, the report of the Supervisory Board and the Statutory Auditors' reports. It discusses and approves the Company financial statements for the previous year and the proposed allocation of profit, in accordance with the law and the Articles of Association. In addition, the Annual General Meeting and any other Ordinary General Meeting may appoint or dismiss the members of the Supervisory Board, appoint the Statutory Auditors and vote on all questions within its authority and placed on the agenda, with the exception of those matters defined in article 21 of the Articles of Association as being exclusively within the authority of an Extraordinary General Meeting.

With the exception of resolutions concerning the election, resignation or dismissal of Supervisory Board members and the approval of the appointment of a Managing Partner (after the

Supervisory Board has exercised its power of veto twice within two months in accordance with section 2.2.3 – Powers of the Supervisory Board), resolutions may only be passed at an Ordinary General Meeting with the unanimous and prior consent of the General Partners. This consent must be obtained by the Managing Partners prior to the said Ordinary General Meeting.

Apart from the case expressly provided for in the last paragraph of article 14-2 of the Articles of Association (see section 2.2.3 – Powers of the Supervisory Board), such resolutions are passed by a majority vote of the shareholders present, represented or having voted by mail at this meeting.

2.2.6.3 Extraordinary General Meetings (article 21 of the Articles of Association)

Extraordinary General Meetings may validly deliberate on:

- any amendments of the Articles of Association for which approval by an Extraordinary General Meeting is required by law, including, but not limited to, and subject to the provisions of the Articles of Association, the following:
- an increase or reduction of the Company's share capital;
- a change in the terms and conditions of share transfers;
- a change in the composition of Ordinary General Meetings or in the shareholders' voting rights at Ordinary or Extraordinary General Meetings;
- a change in the purposes of the Company, its duration or its registered office, subject to the powers granted to the Managing Partners to transfer the Company's registered office pursuant to the Articles of Association;
- the transformation of the Company into a company having another legal form, such as a French joint-stock corporation (*société anonyme*) or a limited liability company (*société à responsabilité limitée*);
- the winding-up of the Company;
- the merging of the Company;
- and all other matters on which an Extraordinary General Meeting may validly decide in accordance with the law.

No resolution can be passed by the Extraordinary General Meeting without the unanimous prior consent of the General Partner(s). However, where there are several General Partners, a resolution to transform the Company into a company having another legal form requires the prior agreement of only a majority of the General Partners.

The agreement of the General Partner(s) must be obtained by the Managing Partners, in advance of the Extraordinary General Meeting.

2.2.6.4 Attendance and representation at meetings, proxies, double voting rights (article 19 of the Articles of Association)

Each shareholder has the right to attend General Meetings and to take part in the deliberations, either personally or through a proxy, subject to providing proof of their identity and to submitting evidence of the registration of their shares in the nominative shareholders' accounts kept by the Company – either in their own name or in the name of the authorised intermediary acting on their behalf in accordance with the seventh paragraph of article L. 228-1 of the French Commercial Code – at 00:00 hours, Paris time, on the second working day preceding the meeting.

Subject to inclusion of the relevant decision by the Managing Partners in the public notice of meeting and the notice of call of meeting sent to shareholders, shareholders may participate in General Meetings by means of video conferencing technology, and vote in these meetings by electronic means of communication. The Managing Partners shall establish the procedures of attendance and voting after consulting the Supervisory Board. Any technologies used must guarantee the continuous and simultaneous transmission of the deliberations of the meeting, secure communication, authentication of those participating and voting and the integrity of the votes cast.

A shareholder who does not personally attend the meeting may choose one of the three following possibilities:

- give proxy to any other person of their choice; or

- vote remotely; or
- send a blank proxy form to the Company without naming a proxy, in accordance with the applicable laws and regulations.

In this last case, the Chairman of the General Meeting casts a vote in favour of the draft resolutions presented or approved by the Managing Partners and a vote against all other draft resolutions. In order to cast their votes differently, shareholders must either vote remotely or choose a proxy holder who agrees to vote as instructed by them.

If a shareholder decides, after a decision of the Managing Partners taken in accordance with the terms of the second paragraph of article 19-3 of the Articles of Association, either to vote remotely, or to give a proxy to a third party, or to send a proxy to the Company without indicating the name of a proxy-holder, by sending the corresponding form electronically, the electronic signature must:

- either take the form of a secure electronic signature as defined by the applicable legislation;
- or result from the use of a reliable identification procedure guaranteeing the connection between the shareholder and the document to which his or her identity is attached, or from any other identification and/or verification procedure admitted by the applicable legislation.

At each General Meeting, each shareholder has a number of votes equal to the number of shares he or she owns or represents, as evidenced by the share register on the second working day prior to the meeting at 00:00 hours, Paris time. However, voting rights double those attributed to other shares as a proportion of the share capital they represent – two votes for each share – are attributed to all those shares which are fully paid-up and which have been registered in the name of the same shareholder for at least four years. In addition, shareholders entitled to double voting rights on the date on which the Company was transformed into a French partnership limited by shares (*société en commandite par action* – SCA), retain their double voting rights.

Furthermore, where the Company's share capital is increased by incorporation of reserves, profits or issue premiums, double voting rights are granted, from the date of issue, in respect of registered shares distributed free of charge to the holder of shares which originally carried double voting rights.

Transfer of title to a share results in the loss of double voting rights. However, transfer of title as a result of inheritance, the liquidation of commonly-held property between spouses or an *inter vivos* gift to a spouse or to a relative automatically entitled to inherit under French law does not cause existing double voting rights to lapse, nor does it interrupt the four-year period referred to above. Similarly, the merger or demerger of the Company has no effect on double voting rights, which may be exercised within the resulting company or companies if the Articles of Association of the said companies recognise such rights. For pledged shares, the right to vote is exercised by the owner.

For shares where beneficial ownership and bare ownership are separated, the right to vote is exercised by the beneficial owner (*usufruitier*) at Ordinary General Meetings, and by the bare owner (*nu-propriétaire*) at Extraordinary General Meetings.

2.2.7 REQUIREMENTS FOR A CHANGE IN CONTROL OF THE COMPANY

As stated above at the beginning of section 2.1.1, a French partnership limited by shares (*société en commandite par actions* –SCA) has two categories of partner: General Partners and Limited Partners.

Any change in control of the Company implies a change in the composition of both categories of partner. As the Company is listed on the stock exchange, it would be possible for a third party to take control of the capital and associated voting rights through a public tender offer. However, it would not be possible to take control over General Partners' meetings, and consequently, no third party could independently amend the Company's Articles of Association.

As any new Managing Partner must be appointed by unanimous decision of the General Partners subject to approval of the Supervisory Board, the person or entity taking control over the capital and associated voting rights would be unable to appoint new Managing Partners.

Therefore, it is impossible to appoint any new Managing Partners or amend the Articles of

Association without the consent of the General Partners.

In view of these measures, no change in control of the Company could take place without the consent of the General Partners who manage the Company until the end of the period during which the Company is left without a Managing Partner.

2.2.8 DISCLOSURE OF SHAREHOLDINGS EXCEEDING SPECIFIC THRESHOLDS (ARTICLE 9 A OF THE ARTICLES OF ASSOCIATION)

Without prejudice to the provisions of article L. 233-7 of the French Commercial Code, any shareholder holding directly or indirectly, as defined in said article L. 233-7, 1% or more of the voting rights, must, within five days following registration to his account of the shares that brought his holding to or above such threshold, disclose to the Company the total number of shares and voting rights he holds by registered letter with acknowledgement of receipt addressed to the head office. For registered shareholders and intermediaries not living in France, this disclosure may be made by means of a procedure similar to that of sending a registered letter with acknowledgement of receipt in use in his country of residence. Such procedure must enable Lagardère SCA to have proof of the date on which the disclosure was sent and received.

This procedure must be repeated as described above every time a threshold of a further 1% is crossed.

In the absence of disclosure according to the conditions described above, all shares in excess of the threshold for which disclosure should have been made may lose their voting rights for any General Meeting that may be held within a two-year period following the date on which the declaration is finally made, at the request of one or more shareholders together holding 5% or more of the share capital, such request being duly recorded in the minutes of the General Meeting.

In these same circumstances, voting rights attached to such shares for which a proper declaration has not been made cannot be exercised by the shareholder at fault, nor may he or she delegate such rights to others.

In accordance with the applicable legal regulations, particularly article L. 228-2 of the French Commercial Code, the Company has the right to obtain at any time from the central securities depositary in charge of the Company's share issue account the name, or corporate name in the case of a corporate shareholder, nationality, date of birth or formation, and address of holders of securities carrying immediate or deferred voting rights at its own General Meetings, together with the number of securities held by each of them and the restrictions, if any, that may apply to those securities.

2.3 INFORMATION CONCERNING THE GENERAL PARTNERS AND MANAGING PARTNERS

2.3.1 GENERAL PARTNERS

Arnaud Lagardère

4 rue de Presbourg – 75116 Paris, France.

Arjil Commanditée-Arco

A French joint-stock corporation with share capital of €40,000.

4 rue de Presbourg – 75116 Paris, France.

2.3.2 MANAGING PARTNERS

At 31 December 2019, the Company was managed by two Managing Partners:

- Arnaud Lagardère; and
- Arjil Commanditée-Arco

2.3.2.1 Arnaud Lagardère

<table>
<tr><td colspan="3">Arnaud Lagardère

Managing Partner, Lagardère SCA
Chairman and Chief Executive Officer, Arjil Commanditée-Arco SA, and Managing Partner, Lagardère SCA</td></tr>
<tr><td rowspan="3">4 rue de Presbourg, 75116 Paris, France

Date of birth: 18 March 1961</td><td colspan="2">Number of Lagardère SCA shares held directly and indirectly at 31 December 2019 (see section 2.9.9.1): 9,521,625.

Arnaud Lagardère holds a DEA post-graduate degree in economics from the University of Paris Dauphine. He was appointed Director and Chief Executive Officer of MMB (which became Lagardère SCA) in 1987, and was Chairman of the US company Grolier Inc. from 1994 to 1998.

Arnaud Lagardère was appointed Managing Partner in March 2003 and the Supervisory Board approved the General Partners' proposals to renew his appointment on 11 March 2009 and 11 March 2015 for successive six-year terms, the latest expiring on 25 March 2021.

Arnaud Lagardère controls and is the Chairman of Lagardère SAS, LM Holding SAS and Lagardère Capital & Management SAS, with which he held a 7.26% stake in Lagardère SCA at 31 December 2019 (see section 2.9.9.1).</td></tr>
<tr><td>► Directorships and other positions held in the Group (at 31 December 2019)</td><td>► Directorships and other positions held outside the Group (at 31 December 2019)</td></tr>
<tr><td>Chairman and Chief Executive Officer and Chairman of the Board of Directors, Lagardère Media SAS

Director, Hachette Livre SA</td><td>Chairman, Lagardère SAS

Chairman, Lagardère Capital & Management SAS

Chairman, LM Holding SAS</td></tr>
</table>

	Chairman of the Supervisory Board, Lagardère Travel Retail SAS Chairman of the Supervisory Board, Lagardère Active SAS Director, Lagardère Ressources SAS Chairman, Lagardère Sports Inc. Chairman, Lagardère Sports US, LLC (formerly Sports Investment Company LLC) Member of the Board of Directors, Lagardère Sports Asia Investments Ltd Member of the Board of Directors, Lagardère Sports Asia Holdings Ltd Chairman, Fondation Jean-Luc Lagardère Chairman, Lagardère Paris Racing Ressources sports association (not-for-profit organisation) Chairman, Lagardère Paris Racing sports association (not-for-profit organisation) General Manager, Europe 1 Digital (SARL) (formerly Lagardère News) General Manager, Europe News (SNC) Chairman, Europe 1 Télécompagnie SAS Deputy Chairman, Lagardère Active Broadcast (a Monaco-based joint-stock corporation) Chairman, Lagardère Médias News SAS Chairman, Lagardère North America	
	► **Directorships and other positions held during the last five years** Chairman of the Executive Committee, Lagardère Sports and Entertainment SAS (*until October 2019*)	

2.3.2.2 Arjil Commanditée-Arco

A French joint-stock corporation with share capital of €40,000

4 rue de Presbourg – 75116 Paris, France

Represented by Arnaud Lagardère, Pierre Leroy and Thierry Funck-Brentano.

Arjil Commanditée-Arco was appointed as a Managing Partner on 17 March 1998 and the Supervisory Board approved the General Partners' proposals to re-appoint it as Managing Partner on 12 March 2004, 10 March 2010 and 9 March 2016 for successive six-year terms, with the latest term expiring on 17 March 2022.

Arjil Commanditée-Arco does not hold any directorships or other positions.

At the time of the most recent re-appointment of Arjil Commanditée-Arco on 9 March 2016, in application of the provisions of article 14-2 of the Articles of Association and based on a recommendation of the General Partners, the Supervisory Board re-appointed, within Arjil Commanditée-Arco:

- Arnaud Lagardère, as Chairman and Chief Executive Officer;
- Pierre Leroy, as Deputy Chairman and Chief Operating Officer;
- Thierry Funck-Brentano, as Chief Operating Officer.

As legal representatives of Arjil Commanditée-Arco, Managing Partner of Lagardère SCA, Pierre Leroy and Thierry Funck-Brentano act as "Co-Managing Partners" of Lagardère SCA and are, along with Arnaud Lagardère, executive corporate officers.

Positions held by the legal representatives of Arjil Commanditée-Arco in other companies (at 31 December 2019):

Arnaud Lagardère (see above)

Pierre Leroy

Co-Managing Partner of Lagardère SCA
Secretary General of the Lagardère group

4 rue de Presbourg, 75116, Paris, France Date of birth: 8 October 1948	Number of Lagardère SCA shares held at 31 December 2019: 99,279 Pierre Leroy is a graduate of the École Supérieure de Commerce de Reims business school and holds a degree in law. He has spent his entire career with the Lagardère group. He was appointed Director and Chief Executive Officer of MMB (which became Lagardère SCA) in 1987, then Chairman and Chief Executive Officer of Lagardère Sociétés in 1988 and Secretary General of the Lagardère group in 1993. He was appointed Co-Managing Partner of Lagardère SCA in March 2004, and was re-appointed in 2010 and 2016.	
	▶ **Directorships and other positions held in the Group (at 31 December 2019)** Director, Deputy Chairman and Chief Operating Officer, Lagardère Media SAS Chairman and Chairman of the Board of Directors, Lagardère Ressources SAS Director, Hachette Livre SA Member of the Supervisory Board, Lagardère Travel Retail SAS Member of the Supervisory Board, Lagardère Active SAS Director, Lagardère Active Broadcast (a Monaco-based joint-stock corporation)	▶ **Directorships and other positions held outside the Group (at 31 December 2019)** Director, Lagardère Capital & Management SAS Chairman, IMEC (Institut Mémoires de l'Édition Contemporaine) Chairman, Mémoire de la Création Contemporaine Endowment Fund Chairman of the jury for the Prix des Prix literary awards Chairman of the jury for the Prix de la littérature arabe literary awards

	Chairman of the Supervisory Board, Société d'Exploitation des Folies Bergère SAS Chairman, Lagardère Participations SAS Chairman, Lagardère Expression SAS Chairman, Dariade SAS Chairman, Sofrimo SAS Director, Fondation Jean-Luc Lagardère Chairman and Chief Executive Officer, Lagardère Paris Racing Ressources SASP Member of the Board of Directors, Lagardère UK Ltd	Director, Bibliothèque nationale de France Endowment Fund
	► **Directorships and other positions held during the last five years** Permanent representative of Lagardère Participations to the Board of Directors, Galice SA *(until January 2015)* Manager, Team Lagardère SNC *(until January 2016)* Liquidator, Financière de Pichat & Compagnie SCA *(until May 2016)* Representative, Lagardère Participations, Chairman, Hélios SAS *(until January 2017)* Director, Ecrinvest 4 SA *(until June 2017)* Chairman, Holpa SAS (*until November 2019*)	

Thierry Funck-Brentano

Co-Managing Partner of Lagardère SCA
Chief Human Relations, Communications and Sustainable Development Officer, Lagardère group

4 rue de Presbourg,

75116, Paris, France

Date of birth: 2 May 1947

Number of Lagardère SCA shares held at 31 December 2019: 196,233

Thierry Funck-Brentano holds a master's degree in management from the University of Paris Dauphine as well as an MBA from Northwestern University (Kellogg) in the United States. He has spent his entire career with the Lagardère group.

He was appointed Co-Managing Partner of Lagardère SCA in March 2010, and was re-appointed in 2016.

- **Directorships and other positions held in the Group (at 31 December 2019)**

Director and Chief Operating Officer, Lagardère Media SAS

Permanent representative of Lagardère Media SAS to the Board of Directors, Hachette Livre SA

Member of the Supervisory Board, Lagardère Active SAS

Member of the Supervisory Board, Lagardère Travel Retail SAS

Chairman of Lagardère Sports and Entertainment SAS

Director, Lagardère Ressources SAS

Director, Lagardère Active Broadcast (a Monaco-based joint-stock corporation)

Member of the Board of Directors, Lagardère Sports Asia Holdings Ltd

Member of the Board of Directors, Lagardère Sports Asia Investments Ltd

Member of the Supervisory Board, Société d'Exploitation des Folies Bergère SAS

Director, Fondation Jean-Luc Lagardère

Director, Secretary General and Treasurer, Lagardère Paris Racing Ressources sports association (not-for-profit organisation)

Secretary General and member of the steering committee, Lagardère Paris

- **Directorships and other positions held outside the Group (at 31 December 2019)**

Director, Lagardère Capital & Management SAS

	Racing sports association (not-for-profit organisation)	
	► **Directorships and other positions held during the last five years** Representative, Lagardère Sports and Entertainment, Chairman, Lagardère Unlimited Stadium Solutions SAS *(until January 2017)* Chairman of the Supervisory Board, Matra Manufacturing & Services SAS *(until June 2017)* Director, Ecrinvest 4 SA *(until June 2017)* Member of the Executive Committee, Lagardère Sports and Entertainment SAS *(until October 2019)*	

2.4 SUPERVISORY BOARD

2.4.1 MEMBERS

Pursuant to the Articles of Association, the Supervisory Board comprises a maximum of 12 members.

Around a quarter of Board members are replaced or re-appointed each year. Members are appointed for a maximum term of four years.

At 31 December 2019, the Board comprised 12 members:

List of members of the Supervisory Board at 28 February 2020

	Personal information				Experience	Position on the Board				Participation in Board committees
	Age	Sex	Nationality	Number of shares	Number of directorships held in listed companies[1]	Independence[2]	First appointed	End of term of office	Board seniority	
Patrick Valroff *Chairman*	71	M	French	600	1	Yes	27 April 2010	2022 OGM*	9 years	Audit Committee *(Chairman)* Strategy Committee
Nathalie Andrieux	54	F	French	600	2	Yes	3 May 2012	2020 OGM*	7 years	
Jamal Benomar	62	M	British Moroccan	150	0	Yes	12 September 2018	2023 OGM*	1 year	Appointments, Remuneration and CSR Committee
Martine Chêne	69	F	French	400	0	Yes	29 April 2008	2020 OGM*	11 years	
François David	78	M	French	600	1	Yes	29 April 2008	28 February 2020	11 years	
Yves Guillemot	59	M	French	600	3	Yes	6 May 2014	2022 OGM*	5 years	
Soumia Malinbaum	57	F	French	650	1	Yes	3 May 2013	2021 OGM*	6 years	Appointments, Remuneration and CSR Committee
Hélène Molinari	56	F	French	600	1	Yes	3 May 2012	2020 OGM*	7 years	
Guillaume Pepy	61	M	French	600	1	Yes	27 February 2020[3]	2020 OGM*	0 years	Audit Committee meetings Strategy Committee *(Chairman)*
Gilles Petit	63	M	French	600	1	Yes	10 May 2019	2023 OGM*	1 year	Strategy Committee Appointments, Remuneration and CSR Committee *(Chairman)*
Nicolas Sarkozy	65	M	French	1,153	1	Yes	27 February 2020[3]	2022 OGM*	0 years	Strategy Committee
Xavier de Sarrau	69	M	Swiss	750	1	Yes	10 March 2010	28 February 2020	9 years	
Aline Sylla-Walbaum	47	F	French	610	0	Yes	3 May 2013	2021 OGM*	6 years	Audit Committee Appointments, Remuneration and CSR Committee
Susan M. Tolson	57	F	American	600	3	Yes	10 May 2011	2023 OGM*	8 years	Audit Committee
Laure Rivière *Secretary*										

[1] Outside the Lagardère group.
[2] Under the Afep-Medef corporate governance criteria applied by the Supervisory Board (see below).
[3] Co-optation effective 28 February 2020.
(*) The Ordinary General Meeting to be held in the year indicated to approve the financial statements for the previous year.

Patrick Valroff

Chairman of the Supervisory Board
Chairman of the Audit Committee
Member of the Strategy Committee

Nationality: French

4 rue de Presbourg, 75116 Paris, France

Date of birth: 3 January 1949

Patrick Valroff holds a degree in law and is a graduate of the Institut d'Études Politiques de Paris and École Nationale d'Administration. He began his career in the French civil service. In 1991, he joined the specialist consumer credit company Sofinco as Deputy Chief Executive Officer. In 2003, he was appointed Head of Specialised Financial Services at Crédit Agricole SA Group, which comprises Sofinco, Finaref, Crédit Agricole Leasing and Eurofactor, and subsequently served as Chairman and Chief Executive Officer of Sofinco. From May 2008 to December 2010, Patrick Valroff was Chief Executive Officer of Crédit Agricole Corporate and Investment Bank.

Patrick Valroff is an honorary magistrate at the French National Audit Office (*Cour des Comptes*).

► **Directorships and other positions held in other companies**

In France:

Senior Advisor to Omnes Capital

Director of not-for-profit association La Protection sociale de Vaugirard

Director, Néovacs[1]

Member of the Financial Committee of the International Chamber of Commerce

► **Directorships and other positions held during the last five years**

None

Nathalie Andrieux

Member of the Supervisory Board

Nationality: French

171 rue de l'Université, 75007 Paris, France

Date of birth: 27 July 1965

Nathalie Andrieux graduated from the École Supérieure d'Informatique (SUPINFO) in Paris in 1988. She began her career in banking with the Banques Populaires group, where she was involved in information systems development projects. In 1997, she joined the La Poste group as manager of the corporate information systems department. In late 2001, she became head of strategic marketing within the strategy division and, in 2003, was appointed head of La Poste's innovation and e-services department.

Based on her solid background in management, strategy, innovation and organisation, Nathalie became Chief Executive Officer of Mediapost in 2004 and led its European expansion starting in 2008.

Appointed Chair of Mediapost in 2009, Nathalie Andrieux was responsible for Mediapost's 2010-2013 strategic plan and expanded its media services offering with the creation of Mediapost Publicité and the acquisitions of Sogec (a leader in promotional marketing), Mediaprism (a communications and customer knowledge agency), Adverline (an internet media operator), and Cabestan (a leading company in digital marketing platforms and customer relationship management solutions).

She was appointed Chair of Mediapost Communication at the time of its creation in

[1] Listed company.

	September 2011. In addition to holding this position, in September 2012, she was appointed Executive Vice President in charge of expanding the digital services of the La Poste group. On 18 January 2013, she became a member of the French Digital Council (*Conseil national du numérique*) and joined the Mines-Telecom Institute's Scientific Advisory Board (*Conseil Scientifique de l'Institut Mines-Télécom*) in September 2013. In April 2014, under the "La Poste 2020: Conquering the Future" strategic plan, Nathalie Andrieux became the head of the Group's new Digital Division. In November 2014, she became a member of the Supervisory Board of XAnge Private Equity. She left the La Poste group in March 2015. In April 2018, she was appointed Chief Executive Officer of Geolid.

► **Directorships and other positions held in other companies**	► **Directorships and other positions held during the last five years**
In France: Chief Executive Officer, Geolid Member of the Board of Directors and Remuneration Committee, Casino Guichard[1] Member of the Board of Directors, GFI	Member of the Strategy Committee, Groupe Open[2] Chair of the Board of Directors, ENSCI – Les Ateliers Member of the Strategy Committee, Geolid Member of the Scientific Advisory Board, Institut Mines-Télécom Member of the French Digital Council Member of the Investment Committee, XAnge Capital 2 Member of the Supervisory Board, XAnge Private Equity Chair, Mediapost Holding Member of the Steering Committee, Matching Member of the Steering Committee, Media Prisme Director, Maileva Member of the Steering Committee, Mediapost Member of the Steering Committee, Mediapost Publicité Member of the Steering Committee, SMP Member of the Steering Committee, Cabestan Director, Mix Commerce Member of the Strategic Committee, Idenum Director, Docapost Director, Mediapost SGPS (Portugal) Director, Mediapost Spain Member of the Supervisory Board, La

[1] Listed company.
[2] Listed company.

		Banque Postale Member of the Strategic Committee, La Banque Postale Director, Mediapost Hit Mail (Romania) Chair, Mediapost Publicité Chair, SMP Chair, Financière Adverline Chair, Adverline, permanent representative, Financière Adverline Chair, Cabestan Chair of the Board of Directors, Mix Commerce Chair, Mediapost Multicanal Chair, Financière Sogec Marketing, Permanent representative of SMP Chair, MDP 1 Chair, Media Prisme Chair, Matching

Jamal Benomar

Member of the Supervisory Board
Member of the Appointments, Remuneration and CSR Committee

Nationality: British and Moroccan 9 Rutland Road Scarsdale NY 10583 United States Date of birth: 11 April 1957	Jamal Benomar has 35 years of experience in roles with international responsibility, including as Special Advisor to the UN Secretary-General and as Under-Secretary-General. After earning degrees in sociology, economics and politics from the universities of Rabat, Paris and London, Jamal Benomar worked as a lecturer and research associate. At the UN, his work focused on diplomatic actions and governance issues.	
	▶ **Directorships and other positions held in other companies** None	▶ **Directorships and other positions held during the last five years** None

Martine Chêne

Member of the Supervisory Board

Nationality: French 64 rue du Parc – 34980 Saint-Gély-du-Fesc, France Date of birth: 12 May 1950	Martine Chêne joined the Lagardère group in 1984, and worked as an archivist at Hachette Filipacchi Associés (HFA) until March 2009. She was the secretary of HFA's Works Committee, a CFDT union representative and an employee representative. She represented the CFDT union on the Group Employees' Committee.	
	▶ **Directorships and other positions held in other companies**	▶ **Directorships and other positions held during the last five years**

	None	None

François David

Member of the Supervisory Board until 28 February 2020

Nationality: French 6, rue Auguste-Bartholdi 75015 Paris France Date of birth: 5 December 1941	François David is a graduate of the Institut d'Études Politiques de Paris and École Nationale d'Administration, and holds a degree in sociology. He began his career at the French Finance Ministry in 1969 as an administrative officer with a range of duties in the Foreign Trade Mission. In 1986, he was appointed Chief of Staff at the Foreign Trade Ministry. He became Head of Foreign Trade Relations at the French Ministry of Finance and Economics in 1987, and was the General Director of International Affairs at Aerospatiale from 1990 to 1994. François David was Chairman of the Board of Directors of Coface from 1994 to 2012, before becoming Senior Advisor to Moelis & Company.	
	► **Directorships and other positions held in other companies** *In France:* Honorary Chairman, Coface group[1] Member of the Supervisory Board, Galatée Films	► **Directorships and other positions held during the last five years** Member of the Board, Order of the Legion of Honour Director, Rexel Member of the Supervisory Board, Areva Member of the Board of Directors, Natixis Coficine Director, Vinci Board advisor, SPIE Batignolles

[1] Listed company.

Yves Guillemot

Member of the Supervisory Board

Nationality: French

28 rue Armand-Carrel – 93100 Montreuil, France

Date of birth: 21 July 1960

Yves Guillemot is a graduate of the Institut de Petites et Moyennes Entreprises. He co-founded Ubisoft along with his four brothers in 1986, before becoming Chairman. Ubisoft expanded rapidly in France, as well as on the main international markets. Yves Guillemot, now Chairman and Chief Executive Officer of the company, led Ubisoft to become one of the world's biggest video game publishers. Ubisoft employs more than 17,000 talented people in some 40 studios worldwide, who create and sell video games published by Ubisoft and its partners across five continents.

In 2018, Yves Guillemot was named "Entrepreneur of the Year" by audit firm Ernst & Young. He also won the "Franco-Québécois Company Manager of the Year Award" in France in 2012, the "Personality Award" at the European Games Awards in Germany in 2011 and the "Grand Prix" at the MCV Awards in the UK in 2011.

► **Directorships and other positions held in other companies**

In France:

President and Chief Executive Officer and Director, Ubisoft Entertainment SA[1]

Deputy Chief Executive Officer, Guillemot Corporation SA[2]

Director, Andromède SAS, AMA SA

Outside France:

Director and Deputy Chief Executive Officer, Guillemot Brothers Ltd (United Kingdom)

Yves Guillemot also holds the following positions within the Ubisoft, Guillemot Corporation and Guillemot Brothers groups, both in France and abroad:

In France:

Chairman of Ubisoft Annecy SAS, Ubisoft Emea SAS, Ubisoft France SAS, Ubisoft International SAS, Ubisoft Montpellier SAS, Ubisoft Motion Pictures Rabbids SAS, Ubisoft Paris SAS, Ubisoft Production Internationale SAS, Nadéo SAS, Owlient SAS, Ubisoft Création SAS, Ivory Tower SAS, Ubisoft Bordeaux SAS, 1492 Studio SAS, Green Panda Games SAS, Puzzle Games Factory SAS, Solitaire Games Studio SAS

Chief Executive Officer, Guillemot Brothers SAS

General Manager of Ubisoft Learning & Development SARL, Ubisoft Motion Pictures SARL, Ubisoft Mobile Games SARL, Ubisoft Paris – Mobile SARL, Ivory Art & Design SARL

Outside France:

► **Directorships and other positions held during the last five years**

In France:

Chairman of Ubisoft Motion Pictures Far Cry SAS, Ubisoft Motion Pictures Ghost Recon SAS, Ubisoft Motion Pictures Assassin's Creed SAS, Ubisoft Motion Pictures Splinter Cell SAS, Ketchapp SAS, Krysalide SAS

Executive Vice-President and Director of Gameloft SE

Director of Guillemot Corporation SA, Rémy Cointreau SA

General Manager of Script Movie SARL

Outside France:

Chairman and Director of Ubisoft Musique Inc. (Canada), 9275-8309 Québec Inc. (Canada), Studio Ubisoft Saint-Antoine Inc. (Canada), Ubi Games SA (Switzerland), Script Movie Inc. (United States), Ubisoft L.A. Inc. (United States)

Chairman of Ubisoft LLC (United States)

General Manager of Ubisoft Entertainment SARL (Luxembourg)

Director of Gameloft Divertissements Inc. (Canada), Gameloft Live Développements Inc. (Canada)

[1] Listed company.
[2] Listed company.

	General Manager of Ubisoft Blue Byte GmbH (Germany), Ubisoft GmbH (Germany), Ubisoft EooD (Bulgaria), Ubisoft Studios Srl (Italy), Ubisoft Sarl (Morocco), Blue Mammoth Games LLC (United States), Dev Team LLC (United States), i3D.net LLC (United States) Chairman of Dev Team LLC (United States), Chairman and Director of Ubisoft Divertissements Inc. (Canada), Ubisoft Éditions Musique Inc. (Canada), Hybride Technologies Inc. (Canada), Ubisoft Toronto Inc. (Canada), Ubisoft Winnipeg Inc. (Canada), Ubisoft Nordic A/S (Denmark), Ubisoft Entertainment India Private Ltd (India), Red Storm Entertainment Inc. (United States), Ubisoft CRC Ltd (United Kingdom) Vice-Chairman and Director of Ubisoft Inc. (United States) Chief Executive Officer and Director of Ubisoft Emirates FZ LLC (United Arab Emirates) Director, Playwing Ltd (United Kingdom), AMA Corporation Ltd (United Kingdom) Executive Director of Shanghai Ubi Computer Software Co. Ltd (China), Chengdu Ubi Computer Software Co. Ltd (China) Director of Ubisoft Pty Ltd (Australia), Ubisoft SA (Spain), Ubi Studios SL (Spain), Ubisoft Barcelona Mobile SL (Spain), Ubisoft Ltd (Hong Kong), Ubisoft SpA (Italy), Ubisoft KK (Japan), Ubisoft Osaka KK (Japan), Ubisoft BV (Netherlands), BMG Europe BV (Netherlands), Performance Group BV (Netherlands), i3D.net BV (Netherlands), SmartDC Holding BV (Netherlands), Smart DC BV (Netherlands), Smart DC Heerlen BV (Netherlands), Ubisoft Srl (Romania), Ubisoft Ltd (United Kingdom), Ubisoft Reflections Ltd (United Kingdom), Red Storm Entertainment Ltd (United Kingdom), Future Games of London Ltd (United Kingdom), Ubisoft Singapore Pte Ltd (Singapore), Ubisoft Entertainment Sweden A/B (Sweden), RedLynx Oy (Finland), Ubisoft Fastigheter AB (Sweden), Ubisoft DOO Beograd (Serbia), Guillemot Inc. (Canada), Guillemot Inc. (United States), Guillemot Ltd (United Kingdom)	

Soumia Malinbaum

Member of the Supervisory Board
Member of the Appointments, Remuneration and CSR Committee

Nationality: French

17, rue de Phalsbourg 75017 Paris, France

Date of birth: 8 April 1962

Soumia Belaidi Malinbaum has spent most of her career working in the digital and technologies sector, both as a founder and managing director of small and medium-sized companies. She is currently Deputy Chief Executive Officer of Keyrus, a management consulting firm which was merged with Specimen, the IT company she created and managed for 15 years. Before being appointed Business Development Manager of the group, she was Director of Human Resources.

She is extremely committed to promoting and managing diversity in the corporate environment and is President of the European Association of Diversity Managers and founder of the French equivalent (AFMD).

► **Directorships and other positions held in other companies**

In France:

Director of Nexity[1] and member of the Remuneration and Appointments Committee

► **Directorships and other positions held during the last five years**

Member of the Board of Directors, Université Paris Dauphine

Director and Chair of the Audit Committee, FMM (France Médias Monde)

Member of the Educational Board, HEC Paris

Member of the Board of Directors, Institut du monde arabe (IMA)

Hélène Molinari

Member of the Supervisory Board

Nationality: French

19 *bis* rue des Poissonniers – 92200 Neuilly-sur-Seine, France

Date of birth: 1 March 1963

Hélène Molinari is a graduate engineer. She began her career in 1985 as a consultant at Cap Gemini and in 1987 joined the Robeco group where she was responsible for developing institutional sales. In 1991, she joined the Axa group where she was involved in creating Axa Asset Managers, a leading asset management company. In 2000, she was appointed Head of Marketing and e-Business at Axa Investment Managers and in 2004 became a member of the Management Committee as Global Head of Brand and Communication.

In 2005, she joined Medef where she occupied a number of positions reporting to Laurence Parisot, notably as head of communications, membership and social activities. She also supervised a number of support functions including the Corporate Secretary's department, and contributed to the drafting of the Afep-Medef Corporate Governance Code. In 2011, she was appointed Chief Operating Officer and member of the Executive Council of Medef.

In 2013, she joined Be-Bound as a Vice President. Be-Bound is a digital startup that is based in France and in Silicon Valley, which allows users to stay connected to the Internet even with no data access.

In 2014, she became executive corporate officer of AHM Conseil, a company specialising in the organisation of cultural events, and in 2015, co-founded the contemporary art fair, Asia Now.

[1] Listed company.

	▶ **Directorships and other positions held in other companies**	▶ **Directorships and other positions held during the last five years**
	In France: Member of the Strategy Committee, Be-Bound Director and Chair of the Appointments Committee, Amundi[1] Member of the Steering Committee, Tout le monde chante contre le cancer (cancer charity) Member of the Steering Committee, Prix de la femme d'influence	Vice-President, Be-Bound Member of the Board of Directors, NQT (Nos quartiers ont des talents) Member of the Board of Directors, EPA (Entreprendre pour Apprendre) Committee member, JDE (Les Journées de l'Entrepreneur) Member of the Board of Directors, Axa IM Limited

Guillaume Pepy

Member of the Supervisory Board
Chairman of the Strategy Committee
Member of the Audit Committee

Nationality: French 2, rue des Falaises Beaurivage 64200 Biarritz Date of birth: 26 May 1958	A graduate of Institut d'études politiques de Paris and École nationale d'administration, Guillaume Pepy began his career as an auditor before becoming a legal assistant at the *Conseil d'État*, France's highest administrative court. Having pursued a career at ministerial office level (Technical Advisor to the Chief of Staff of the Budget department, Chief of Staff to the Minister for Civil Service and Administrative Reform, then Chief of Staff to the Minister for Labour, Employment and Vocational Training), he became Deputy Chief Executive Officer in charge of business development at the Sofres group in 1996. The following year, he took the helm at SNCF's Mainline Services unit, later becoming head of all passenger business. He created Voyages-sncf.com and served as its chairman from 1998 to 2006, before being appointed Group Chief Operating Officer by Louis Gallois in 2003. On 27 February 2008, he was appointed by Nicolas Sarkozy as Chairman of SNCF for a five-year term, and was re-appointed by François Hollande in 2013. In his second term, Guillaume Pepy's primary mission was to continue leading France's major rail reform and pave the way for the creation of the new SNCF rail group on 1 January 2020.	
	▶ **Directorships and other positions held in other companies**	▶ **Directorships and other positions held during the last five years**
	In France: Director, Chairman of the Appointments and Governance Committee and member of the Strategy Committee, Suez[2] Director, Patrimoine Orient-Express fund Director, Memorial pour la mémoire de la Shoah	Chairman of the Audit and Financial Statements Committee, Suez Chairman of the Management Board, SNCF Chairman and Chief Executive Officer, SNCF Mobilités Member of the Supervisory Board, Systra Director, Comuto SA (BlaBlaCar) Member of the Supervisory Board, Keolis Member of the Board of Directors, Nuovo Traporto Viaggiatori

[1] Listed company.
[2] Listed company.

		Directorships and other positions held in various SNCF group companies

Gilles Petit

Member of the Supervisory Board
Member of the Strategy Committee
Chairman of the Appointments, Remuneration and CSR Committee

Nationality: French 67, rue de Versailles 92410 Ville-d'Avray, France Date of birth: 22 March 1956	Gilles Petit is a well-known figure in the French distribution landscape. Having begun his career in 1980 with Arthur Andersen, he joined the Promodès group in 1989, where at the time of the merger with Carrefour in 1999, he held the position of Chief Executive Officer of the hypermarkets division for Promodès in France. He was successively appointed managing director of Carrefour Belgium in 2000, of Carrefour Spain in 2005, and of Carrefour France in 2008, until in 2010 he joined Elior as Chief Executive Officer and Chairman of the Executive Committee, taking charge of its stock market listing on Euronext Paris in 2014. He was appointed chief executive officer of Maisons du Monde in 2015, and also successfully led the stock market listing of that company. Gilles Petit is a graduate of the École supérieure de commerce de Reims, in France.	
	► **Directorships and other positions held in other companies** *In France:* Director, Maisons du Monde SA[1] Chairman, Gilles Petit Conseil *Outside France:* Director, B&M European Value Retail (UK)[2]	► **Directorships and other positions held during the last five years** Senior Advisor to the Chief Executive Officer of Maisons du Monde SA Chief Executive Officer, Maisons du Monde SA Chief Executive Officer, Elior Director and Chairman and Chief Executive Officer, Elior Concessions Director and Chairman and Chief Executive Officer, Elior Restauration et Services Director and Chairman and Chief Executive Officer, Elior Financement Director, Ansamble Investissements Director, Areas Director, Serunion Director, Elior UK Director, Elior Ristorazione Director, Gourmet acquisition Holdings LLC Director, Trusthouse Services Holdings LLC Permanent representative of Elior, Chairman of Bercy Participations Permanent representative of Elior Restauration et Services on the Board of Directors of Elior Entreprises

[1] Listed company.
[2] Listed company.

		Permanent representative of Elior Restauration et Services on the Board of Directors of Elres

Nicolas Sarkozy

Member of the Supervisory Board
Member of the Strategy Committee

Nationality: French 77, rue de Miromesnil 75008, Paris, France Date of birth: 28 January 1955	Nicolas Sarkozy is the 6th President of France's Fifth Republic (2007-2012). Mayor of Neuilly-sur-Seine (1983-2002), National Assembly Representative for Hauts-de-Seine (1988-2002), President of the General Council for Hauts-de-Seine (2004-2007), Minister for the Budget (1993-1995), Minister for Communications (1994-1995), Government spokesman (1993-1995), Minister of the Interior, Internal Security and Local Freedoms (2002-2004), Minister of State, Minister for the Economy, Finance and Industry (2004), Minister of State, Minister of the Interior and Town and Country Planning (2005-2007). He was also the elected leader of French political parties UMP (2004-2007) and Les Républicains (2014-2016). A trained lawyer, Nicolas Sarkozy is married and has four children. He is the author of several books, including *Libre*, *Témoignage*, *La France pour la vie*, *Tout pour la France* and *Passions*.	
	► **Directorships and other positions held in other companies** *In France:* Director and Chairman of the International Strategy Committee, Accor[1] Director and member of the Strategy Committee, Lucien Barrière group	► **Directorships and other positions held during the last five years** Chief Executive Officer, CSC SELAS

Xavier de Sarrau

Member of the Supervisory Board until 28 February 2020

Nationality: Swiss 4 rue de Presbourg, 75116 Paris, France Date of birth: 11 December 1950	Xavier de Sarrau is a graduate of the HEC business school and holds a doctorate in tax law. He is a lawyer registered with the Bars of Paris and Geneva and specialises in issues concerning the governance and organisational structure of family-owned companies and private holdings. Xavier de Sarrau worked with the Arthur Andersen Group from 1978 to 2002, serving as Managing Partner for France, Managing Partner for EMEIA, and Managing Partner for Worldwide Global Management Services, and was also a member of the firm's World Executive Committee. After setting up his own law firm outside France, in 2005 Xavier de Sarrau was one of the founders of the Paris law firm Sarrau Thomas Couderc. In 2008, he left Sarrau Thomas Couderc (which was subsequently renamed STC Partners) and since that date he has not held any interests in the firm.	
	► **Directorships and other positions held in other companies** *In France:*	► **Directorships and other positions held during the last five years**

[1] Listed company.

	Member of the Supervisory Board, JC Decaux[1] Chairman of the Audit Committee and Ethics Committee, JC Decaux[2] *Outside France:* Chairman of the Board, Thala SA (Switzerland) Director, Verny Capital (Kazakhstan) Director, Gordon S. Blair (Monaco) General and Managing Partner, SCS Sarrau et Cie (Monaco) Director, Quotapart (Luxembourg)	Director, Oredon Associates (United Kingdom) Member of the Board, Dombes SA (Switzerland) Director, IRR SA (Switzerland) Member of the Board, FCI Holding SA Member of the Supervisory Board, Bernardaud SA Member of the Supervisory Board, Continental Motors Inns SA (Luxembourg)

Aline Sylla-Walbaum

Member of the Supervisory Board
Member of the Audit Committee
Member of the Appointments, Remuneration and CSR Committee

Nationality: French 7, rue Mirabeau 75016 Paris, France Date of birth: 12 June 1972	A graduate of HEC Business School, Institut d'Etudes Politiques de Paris and École Nationale d'Administration, Aline Sylla-Walbaum is an Inspector of Finance and was appointed International Managing Director (Luxury) of Christie's in September 2014. Before joining Christie's in 2012 as Managing Director of Christie's France, the world's leading art business, she was Deputy Chief Executive Officer of Development at Unibail-Rodamco, Europe's leading listed commercial property company, cultural and communications advisor to the office of the French Prime Minister from 2007 to 2008, and Deputy Executive Director, Director of Cultural Development at the Louvre museum for five years.	
	► **Directorships and other positions held in other companies** None	► **Directorships and other positions held during the last five years** Member of the Board of Directors, Musée d'Orsay Vice-Chair of the Board of Directors, Orchestre de Paris Member of the Board of Directors, Louvre-Lens museum

[1] Listed company.
[2] Listed company.

Susan Tolson

Member of the Supervisory Board
Member of the Audit Committee

Nationality: American 2344 Massachusetts Ave NW Washington DC 20008 United States Date of birth: 7 March 1962	Susan M. Tolson graduated from Smith College in 1984 with a B.A. cum laude before obtaining an MBA from Harvard in 1988. She joined Prudential Bache Securities as a corporate finance analyst in 1984 and subsequently took on the position of Investment Officer in Private Placements at Aetna Investment Management in 1988. In 1990, she joined The Capital Group Companies – a major private US investment fund formed in 1931 – where between April 1990 and June 2010 she successively served as a financial analyst, senior account manager and then Senior Vice-President, a position she left to join her husband in Paris. Over the last 20 years, Susan M. Tolson has issued recommendations and made decisions relating to investments in numerous business sectors, including the media and entertainment industries.	
	► **Directorships and other positions held in other companies** *In France:* Director, WorldLine E-Payment Services[1] and Member of the Audit, Governance and Remuneration Committees *Outside France:* Director, Outfront Media[2], Chair of the Governance and Appointments Committee and member of the Audit Committee Director, Take-Two Interactive[3], Chairman of the Audit Committee Member of the Los Angeles World Affairs Council, the Paley Center For Media and the Los Angeles Society of Financial Analysts	► **Directorships and other positions held during the last five years** Director, America Media, Inc. Member of the Board of Trustees, American University of Paris Honorary Chair, American Women's Group in Paris Director, Fulbright Commission Honorary Chair, American Friends of The Musée d'Orsay Director, the American Cinémathèque Director, Terra Alpha LLC

* * *

[1] Listed company.
[2] Listed company.
[3] Listed company.

Changes in the composition of the Supervisory Board and the Supervisory Board Committees in 2019 and up to 28 February 2020

At 28 February 2020

	Departures	Appointments	Re-appointments
Supervisory Board	Georges Chodron de Courcel (10 May 2019) François Roussely (10 May 2019) Xavier de Sarrau (resigned as Chairman of the Supervisory Board on 4 December 2019) François David (28 February 2020) Xavier de Sarrau (28 February 2020)	Gilles Petit (10 May 2019) Patrick Valroff (appointed Chairman of the Supervisory Board on 4 December 2019) Guillaume Pepy (co-opted on 27 February 2020 with effect from 28 February 2020) Nicolas Sarkozy (co-opted on 27 February 2020 with effect from 28 February 2020)	Jamal Benomar (10 May 2019) Susan Tolson (10 May 2019)
Audit Committee	Xavier de Sarrau (resigned as Chairman of the Committee on 4 December 2019) Nathalie Andrieux (28 February 2020) François David (28 February 2020) Xavier de Sarrau (28 February 2020)	Patrick Valroff (appointed Chairman of the Committee on 4 December 2019) Guillaume Pepy (28 February 2020) Susan Tolson (28 February 2020)	

Appointments, Remuneration and CSR Committee	Georges Chodron de Courcel (10 May 2019) François David (28 February 2020) Hélène Molinari (28 February 2020)	Gilles Petit (12 June 2019) Gilles Petit (appointed Chairman of the Committee on 28 February 2020) Jamal Benomar (28 February 2020) Aline Sylla-Walbaum (28 February 2020)	
Strategy Committee		Guillaume Pepy (appointed Chairman of the Committee on 27 February 2020) Gilles Petit (27 February 2020) Nicolas Sarkozy (27 February 2020) Patrick Valroff (27 February 2020)	

Besides the changes recommended to the Annual General Meeting of 5 May 2020, no significant changes are planned to date in the composition of the Supervisory Board.

* * *

The Supervisory Board pays particular attention to its composition and to the composition of its Committees.

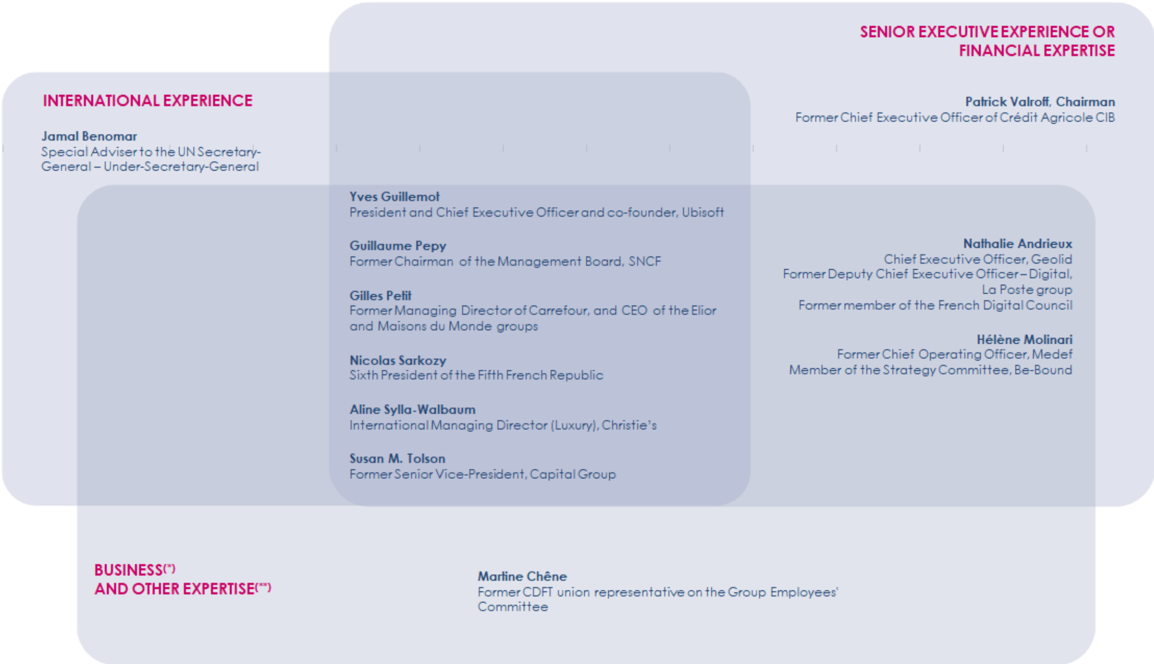
The Board has put in place a policy aimed at ensuring Board and Board Committee members have a broad range of skills (managerial, financial, strategic and/or legal), experience and knowledge of the Group's businesses, as well as different age, gender, nationality and cultural profiles. This diversity is essential to the effectiveness of the Board's work, guaranteeing high quality discussions and the proper performance of its supervisory duties.

In order to put this policy into place, the Board adopted a series of criteria for selecting members that mirror these goals, based on a recommendation of the Appointments, Remuneration and CSR Committee. The composition of the Supervisory Board and the Board Committees is reviewed each year by the Appointments, Remuneration and CSR Committee, which reports its findings to the Supervisory Board and puts forward recommendations in this regard.

Each year, the Board critically reviews its composition through the self-assessment procedure.

In this way, members form a competent, independent and attentive Supervisory Board, fully able to represent shareholders' interests (see below).

The chart below reflects the results of the policy in place:



(*) Media/Distribution/Innovation/New technologies/Travel Retail.
(**) Legal/Governance/Social relations/Diversity.

Moreover, in application of the provisions of the Pacte law, a resolution will be put to the vote at the Annual General Meeting of 5 May 2020 asking the shareholders to amend the Company's Articles of Association in order to set out the terms and conditions for appointing employee representative members of the Supervisory Board.

In view of its supervisory duties, the Board must have a majority of independent members.

At its meeting of 25 February 2020, the Appointments, Remuneration and CSR Committee therefore reviewed the situation of each of the Supervisory Board members and of Guillaume Pepy and Nicolas Sarkozy, whose appointments were recommended to the Supervisory Board on 27 February 2020.

In particular, the Committee considered that the volume of business assigned to the Realyze law firm and the attendant fees paid to that firm are not material to the Group or to Realize (it being specified that Nicolas Sarkozy himself does not provide any legal advisory services to the Group), and that accordingly, Nicolas Sarkozy qualifies as an independent member.

Based on this review, it was concluded that all members qualify as independent members in the light of the criteria for independence, applied by the Supervisory Board and contained in the Afep-Medef Corporate Governance Code, which it has taken as a benchmark framework for analysis (see table below).

Summary table of Supervisory Board members' compliance with the independence criteria set out in the Afep-Medef Corporate Governance Code at 28 February 2020

	P. Valroff	N. Andrieux	J. Benomar	Martine Chêne	F. David	Y. Guillemot	S. Malinbaum	H. Molinari	G. Pepy	G. Petit	N. Sarkozy	X. de Sarrau	A. Sylla-Walbaum	S. Tolson
Independence criteria set out in the Afep-Medef Corporate Governance Code and applied by the Supervisory Board														
Not to be an unprotected employee or executive corporate officer of the Company or its parent company or a company that it consolidates, and not to have been in such a position for the previous five years	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Not to be an executive corporate officer of a company in which the Company holds a directorship, directly or indirectly, or in which an employee appointed as such or an executive corporate officer of the Company (currently in office or having held such office for less than five years) is a director or member of the Supervisory Board	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Not to be, directly or indirectly, related to a customer, supplier, investment or commercial banker: ▪ that is material to the Company or the Group, ▪ or for which the Company or the Group represents a significant proportion of its business	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Not to be related by close family ties to a Managing Partner	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Not to have been an auditor of the Company within the previous five years	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Not to hold, directly or indirectly, 10% or more of the share capital or voting rights of the Company or of the Group or be related in any way whatsoever to a shareholder with an investment greater than 10% of the Company or a Group company	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Not to receive variable remuneration in cash or shares or any other remuneration linked to the performance of the Company or Group	✓	N/A												
Conclusion	Independent	Independent	Independent	Independent	Independent	Independent	Independent	Independent	Independent	Independent	Independent	Independent	Independent	Independent
Independence criteria set out in the Afep-Medef Corporate Governance Code and not applied by the Supervisory Board														
Not to have been a member of the Supervisory Board for more than 12 years	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

2.4.2 BOARD'S INTERNAL RULES AND OPERATION

The terms and conditions of the Supervisory Board's organisation and operations are set out in its internal rules, which also define the duties incumbent on each member and the code of professional ethics each individual member is bound to respect. These internal rules are updated regularly, most recently on 28 February 2020.

These rules concern the following:

1. **The independence of Board members**: the minimum quota for independent members is fixed at half of the total serving members. Independent members must have no direct or indirect relations of any kind with the Company, the Group or its Management that could compromise their freedom of judgement or participation in the work of the Board. It lists a number of criteria, which form a framework for determining whether or not a member may be considered independent;
2. **The annual number of meetings**: a schedule for the coming year is fixed annually, based on a proposal by the Chairman;
3. **The duties of each member**: apart from the fundamental duties of loyalty, confidentiality and diligence, members' obligations also concern knowledge of the law, regulations and statutory provisions, ownership of a significant number of shares, declaration to the Board of any conflict of interest and regular attendance at meetings;
4. **Trading in shares of the Company and its subsidiaries**: as Board members have access to inside information and in-depth knowledge on certain aspects of the life of the Company and Group, they are expected to refrain from trading in Company shares, except within the following restrictions contained in the Board's internal rules:

- no trading in shares may take place during certain defined periods,
- it is recommended that acquisitions should take place once a year, at the end of the Annual General Meeting, in the form of a block purchase carried out through the Company by each Board member,
- the Secretary General of Lagardère SCA and the French financial markets authority (*Autorité des marchés financiers* – AMF) must be informed of any transactions in shares within three days of their completion;

5. **The existence of an Audit Committee**: in addition to the tasks described below, this Committee is also responsible for preparing the Board meetings for subjects within its remit;
6. **The existence of an Appointments, Remuneration and CSR Committee (formerly the Appointments, Remuneration and Governance Committee)**: in addition to the tasks described below, this Committee is also responsible for preparing the Board meetings for subjects within its remit;
7. **The existence of a Strategy Committee**: this Committee was set up by the Supervisory Board on 27 February 2020. Its role and responsibilities are described below.

In addition, in accordance with the new provisions introduced by the Pacte law in France, the Supervisory Board approved an Internal Charter on the procedure for identifying related-party agreements subject to the monitoring procedure set out in the French Commercial Code. Any agreements considered susceptible to meeting the definition of a related-party agreement are submitted prior to signature to the Secretary General, who determines their classification in light of the criteria set out in the charter. Agreements are regularly reviewed, particularly in the event they are amended, renewed or terminated, to ensure that the specified criteria continue to be met.

2.4.3 2019 WORK SCHEDULE

The Supervisory Board meets regularly to review the financial position and operations of the Company and its subsidiaries, the annual and interim financial statements, the outlook for each of the business activities taking into account corporate social responsibility issues, and the Group's strategy.

During these meetings, the Committees report to the Board on their work. The Supervisory Board defines an annual schedule for its meetings, four of which are planned for 2020. During 2019, the Supervisory Board met four times:

- On 13 March with a 100% attendance rate, mainly to review the parent company and consolidated financial statements and the general business position and outlook, undertake preparatory work for the Annual General Meeting, approve the report on corporate governance and adopt its report to the shareholders. At the same meeting, the Supervisory Board recommended the re-appointment of certain members whose terms of office were set to expire at the Annual General Meeting, and it reviewed the agreement signed and authorised during a previous year that remains in effect. Lastly, it approved the terms and conditions for awarding free shares to Lagardère SCA's executive corporate officers and amended the internal rules of the Supervisory Board.
- On 12 June, with a 92% attendance rate, to review recent developments within the Group, in particular the situation at Europe 1 and Lagardère News (presentation given by Constance Benqué, Marie Renoir-Couteau and Donat Vidal Revel), and to hear the findings of the research about managing millennials in the Group, carried out by two Supervisory Board members. The Board also discussed the course of action to take following a letter received from a minority shareholder.
- On 11 September, with a 100% attendance rate, to once again review recent developments within the Group and to examine the interim parent company and consolidated financial statements. The Board also discussed the progress of Lagardère Travel Retail's acquisition of International Duty Free (presentation given by Dag Rasmussen and his team) and approved its work plan for 2020.
- On 4 December, with a 100% attendance rate, to appoint a new Chairman of the Supervisory Board and a new Chairman of the Audit Committee, review the recent developments within the Group and examine the planned reorganisation of the Corporate functions.

Also during the year a working group was created, made up of Supervisory Board members, to review the Group's succession planning.

In June 2019, the Supervisory Board convened for a seminar during which its members held in-depth discussions on the Group's strategy, as well as on the business activities and outlook of Lagardère Publishing and Lagardère Travel Retail.

Lastly, in addition to his traditional duties, the Chairman of the Supervisory Board also performs other specific services in view of his professional experience. The Group considers it beneficial not only to draw on his opinions on matters within the traditional remit of the Supervisory Board, but also to engage in a regular dialogue that affords him a better understanding of the key events and developments impacting the Group, so that he can in turn share that insight with the other members of the Board. As such, he may be consulted by General Management on certain key or strategic events for the Group. The Chairman of the Supervisory Board must also ensure the appropriate balance between advising, taking part in the process for appointing and renewing the Board, and ensuring that any comments expressed by members of the Board, especially in meetings in which the Managing Partners are not present, are dealt with adequately. In 2019, these duties gave rise to numerous meetings with the Managing Partners, Secretary General, Chief Financial Officer, division senior executives and Statutory Auditors, as well as to working sessions with the Internal Audit and Risk departments. The Chairman of the Supervisory Board is responsible for any dealings between shareholders and the Board.

Members' attendance at Supervisory Board and Committee meetings in 2019

Member of the Board	Attendance rate at Supervisory Board meetings	Attendance rate at Audit Committee meetings	Attendance rate at Appointments, Remuneration and CSR Committee meetings
Nathalie Andrieux	100%	100%	-
Jamal Benomar	100%	-	-
Martine Chêne	100%	-	-
Georges Chodron de Courcel	100%	-	100%
François David	100%	100%	100%
Yves Guillemot	75%	-	-
Soumia Malinbaum	100%	-	100%
Hélène Molinari	100%	-	100%
Gilles Petit	100%		100%
François Roussely	100%	-	-
Xavier de Sarrau	100%	100%	-
Aline Sylla-Walbaum	100%	100%	-
Susan M. Tolson	100%	-	-
Patrick Valroff	100%	100%	-

2.4.4 SUPERVISORY BOARD COMMITTEES

A) AUDIT COMMITTEE

Members	**Since 28 February 2020** **Patrick Valroff (Chairman)** **Guillaume Pepy** **Aline Sylla-Walbaum** **Susan Tolson**	**Up to 28 February 2020** **Patrick Valroff (Chairman)** **Nathalie Andrieux** **François David** **Xavier de Sarrau** **Aline Sylla-Walbaum**
	Audit Committee members are appointed for their financial and/or accounting skills, assessed with particular regard to their past career (positions held in general or financial management or in an audit firm), academic background or specific knowledge of the Company's business. The expert knowledge of the members of the Audit Committee is described in section 2.4.1 of the Universal Registration Document. At 28 February 2020, all the Audit Committee's members were independent (see table above).	
Main tasks	The Committee applies all of the recommendations contained in the AMF working group's report of 22 July 2010, with the exception of those that it does not deem relevant with regard in particular to the tasks specific to a Supervisory Board of a French partnership limited by shares (*société en commandite par actions* – SCA), and thereby: ► reviews the accounts and the consistency of the accounting methods used for the Lagardère SCA parent company and consolidated financial statements, and monitors the process for preparing financial information; ► monitors the audit of the parent company and consolidated financial statements by the Statutory Auditors; ► monitors the Statutory Auditors' independence; ► issues a recommendation on the Statutory Auditors nominated for re-appointment at the General Meeting; ► monitors the effectiveness of internal control and risk management systems and where applicable internal audit, as regards accounting and financial reporting procedures; ► ensures that the Company has internal control and risk management procedures, particularly procedures for (i) risk assessment and management, and (ii) compliance of Lagardère SCA and its subsidiaries with the main regulations applicable to them. The Audit Committee is informed of any observations and/or suggestions from the Statutory Auditors regarding these internal control procedures;	

	► monitors the implementation of measures to prevent and detect corruption; ► examines all matters pertaining to internal auditing of the Company and its activities, the audit plan, organisation, operation and implementation; ► reviews agreements directly or indirectly linking the Group and the senior executives of Lagardère SCA. Readers are reminded that the executive corporate officers' salaries are paid by Lagardère Capital & Management, which is bound to the Group by a Service Agreement. The appropriate application of this agreement, which has been approved by the Board and the shareholders as a related-party agreement, is monitored regularly. The Board has delegated this task to the Audit Committee, which includes the amount of expenses reinvoiced under the contract, essentially comprising the Managing Partners' remuneration. The Chairman of the Audit Committee reports to the members of the Board on the work conducted by the Audit Committee. The members of the Audit Committee interview the Group's main senior executives when necessary, and the Statutory Auditors also present a report on their work. In addition, Audit Committee members reserve the right to interview the Statutory Auditors without Management in attendance and to consult external experts.
Main activities in 2019	During 2019, the Audit Committee met five times with an attendance rate of 100%, it being specified that two meetings to review the annual and interim financial statements were held more than five days before the Supervisory Board's meetings. ► The meeting of 7 March involved a review of the impairment tests on intangible assets for the purposes of the financial statements for the year ended 31 December 2018, as well as a review of the Group's 2018 consolidated financial statements. The Committee also reviewed relations with Lagardère Capital & Management (LC&M). ► On 23 May, the Committee focused on the Group's internal audit activity during the first half of 2019 and reviewed the fees of the Statutory Auditors. The Audit Committee was also reminded of the professional conduct and independence rules of the Statutory Auditors, as well as the audit approach for the year to come. The Group's risk map and internal control system were also presented to the Audit Committee. ► On 23 July, the Committee reviewed the Group's consolidated financial statements for the first half of 2019 and was presented with the results of the internal control self-assessment. ► The meeting of 3 October was held to present the Group's IT security processes, the follow-up to its IT security survey conducted in 2018, a status report on the Group's compliance with GRDP and a review of the Group's tax policy. ► Lastly, at the meeting of 19 November, the Committee reviewed internal audit activities during the second half of 2019 and the audit plan for 2020. It also received a progress update on the Group's Compliance program and on disputes and claims, and was briefed on the dividend payout ratio. Lastly, the Committee reviewed the terms and conditions for re-appointing Mazars as Statutory Auditor.

	These meetings took place in the presence of the Chief Financial Officer, Internal Audit Director, Risk and Internal Control Director, and the Statutory Auditors. Depending on the issues discussed, other executives, including the Secretary General, Accounting Director, Group Management Control Director, Group IT Director, Group General Counsel and Group Tax Director, as well as certain members of their teams, were asked to provide input on an as-needs basis.

B) STRATEGY COMMITTEE (CREATED ON 27 FEBRUARY 2020)

Members	**Guillaume Pepy (Chairman)** **Gilles Petit** **Nicolas Sarkozy** **Patrick Valroff** At 28 February 2020, all the Strategy Committee's members were independent (see table above).
Main tasks	The Strategy Committee is responsible for assisting the Supervisory Board in preparing and supporting its work regarding the ex-post supervision of business operations. In this respect, it receives all necessary information from the Managing Partners on: ► the Group's main strategic focuses; ► market trends, the competitive environment and the key strategic challenges facing the Group, as well as the resulting medium- and long-term outlook; ► major investments and divestments that individually represent more than €100 million and are to be carried out in line with the aforementioned strategic focuses; and ► any transactions likely to significantly change the Group's scope, business or financial structure. The Chairman of the Strategy Committee reports to (or has someone report to) the members of the Board on the work conducted by the Committee.

C) APPOINTMENTS, REMUNERATION AND CSR COMMITTEE (FORMERLY THE APPOINTMENTS, REMUNERATION AND GOVERNANCE COMMITTEE)

Members	**Since 28 February 2020** **Gilles Petit (Chairman)** **Jamal Benomar** **Soumia Malinbaum** **Aline Sylla-Walbaum**	**Up to 28 February 2020** **François David (Chairman)** **Soumia Malinbaum** **Hélène Molinari** **Gilles Petit**
	At 28 February 2020, all of the Appointments, Remuneration and CSR Committee's members were independent (see table above).	
Main tasks	*Regarding Board and Committee membership:* ▶ defining the selection criteria of future members; ▶ selecting and recommending Supervisory Board and Committee candidates to the Supervisory Board. *Regarding remuneration:* ▶ issuing an advisory opinion on the remuneration policy for the Managing Partners, approved by the General Partners; ▶ monitoring, where relevant, any other components of remuneration allocated to the Managing Partners, in accordance with the remuneration policy; ▶ proposing the overall amount of annual remuneration allocated to members of the Supervisory Board, which is submitted to the General Meeting for approval; ▶ proposing the remuneration policy applicable to members of the Supervisory Board and its Committees, which is submitted to the General Meeting for approval. *Regarding governance:* ▶ issuing its opinion to the Supervisory Board concerning the appointment or re-appointment of the Managing Partners proposed by the General Partners; ▶ regularly reviewing the independence of Supervisory Board members in light of the independence criteria defined by the Supervisory Board; ▶ managing the annual assessment of the operations of the Board and its Committees; ▶ carrying out advance assessments of potential risks of conflicts of interest between Supervisory Board members and the Lagardère group; ▶ reviewing the anti-discrimination and diversity policy implemented by the Managing Partners, notably as regards the principle of balanced representation of women and men within the Group's managing bodies. *Regarding sustainable development (CSR):*	

	► examining the main labour, environmental and social risks and opportunities for the Group as well as the CSR policy in place; ► reviewing the reporting, assessment and monitoring systems allowing the Group to prepare reliable ESG data; ► examining the Group's main lines of communication to shareholders and other stakeholders regarding corporate social responsibility matters; ► examining and monitoring the Group's rankings attributed by ESG rating agencies. The members of the Committee interview the Chairman of the Supervisory Board, the executive corporate officers or any other person of their choice when necessary. The Chairman of the Committee reports to the members of the Board on the work conducted by the Committee.
Main activities in 2019	In 2019, the Committee met five times with a 100% attendance rate at each meeting. ► At its March meeting, the Committee (i) reviewed the terms and conditions for awarding free shares to Lagardère SCA's executive corporate officers, (ii) amended the Supervisory Board's internal rules, (iii) reviewed and adopted the corporate governance report, and (iv) adopted its recommendations for the Supervisory Board regarding the appointment and re-appointment of its members. ► The Committee met in June to discuss its membership structure, propose the appointment of a new Committee member, and launch the external assessment of the Supervisory Board's membership structure and operating procedures. ► At its meeting in October, the Committee discussed its annual progress report for 2019 on the Group's CSR roadmap. It also approved its schedule and work plan for the coming year. ► In November, the Committee reviewed the anti-discrimination and diversity policy that applies to the Group's managing bodies, as well as Lagardère SCA's ESG ratings. It also worked on the replacement of the Chairman of the Supervisory Board and the Chairman of the Audit Committee. ► Lastly, at its meeting in December, the Committee reviewed the findings of the external assessment of the membership structure and operating procedures of the Supervisory Board and its Committees as presented by the independent consulting firm that led the assessment. These meetings took place in the presence of the Group Secretary General and, when discussions fell within their areas of expertise, the Corporate Social Responsibility Director, the Deputy Director of Non-Financial Reporting and Environmental Responsibility, the Group Human Relations Director, and the Head of Corporate Law/Securities Law.

2.4.5 ASSESSMENT OF THE SUPERVISORY BOARD'S MEMBERSHIP STRUCTURE AND OPERATING PROCEDURES

Since 2009, the Supervisory Board has carried out an annual assessment of the operating procedures of the Board and its Committees in order to form an opinion on the preparation and quality of their work. Every three years, this assessment is performed by an independent consulting firm.

In this context, the Supervisory Board commissioned an independent consulting firm in 2019 to carry out an external assessment, overseen by the Appointments, Remuneration and CSR Committee. The findings were presented to the Supervisory Board on 4 December 2019 and 27 February 2020.

The assessment mainly concerned the Board's membership, as well as its operation, the organisation of its meetings, access to information, the agenda and work, the amount and distribution of attendance fees, and relations between the Board and the Managing Partners. It also involved a similar review of the Committees.

Members also assessed their own individual contributions. The members of the Supervisory Board voted unanimously to maintain the current modus operandi and not to require them to complete a formal questionnaire specifically designed to systematically assess the contribution of their fellow members.

The members were mostly very satisfied with the membership, organisation and operation of the Board and its Committees. There was an improvement in the Board's operation and performance and attendance at meetings was very satisfactory. The Board's seminar, the topics and analyses presented, as well as the participants involved proved especially popular. The main areas that the Board members felt could be improved were (i) setting up a Strategy Committee, (ii) creating new working groups and (ii) receiving more information before meetings. There was a recommendation that certain senior executives could be asked more often by the Committees to participate and have input in meetings, in line with the items on the agenda.

2.4.6 COMPLIANCE WITH FRENCH CORPORATE GOVERNANCE REGULATIONS – AFEP-MEDEF

The Company has applied the corporate governance principles brought together in the Afep-Medef Corporate Governance Code (*Code de gouvernement d'entreprise des sociétés cotées*) revised in January 2020. This code is available in the Corporate Governance section of Lagardère's website.

As stated in the introduction to the Code, most of the recommendations it contains have been established with reference to joint-stock companies with a board of directors. Companies with an executive board and supervisory board, and partnerships limited by shares, need to make adjustments as appropriate to implement the recommendations. By its very principle, a partnership limited by shares has a strict separation of powers between the Managing Partners who run the company (and thereby the General Partners who have unlimited liability), and the Supervisory Board, which reviews management actions ex-post but does not actively participate in management.

Given Lagardère SCA's specificities in terms of French law and its own Articles of Association as a partnership limited by shares, the Board has adopted an organisational structure appropriate to the nature of its work under the law and the recommendations of the Afep-Medef Corporate Governance Code.

Provision of the Afep-Medef Corporate Governance Code set aside or partially applied	Explanation
Independence criteria	
"Not to have been a director of the corporation for more than 12 years"	It is deemed that the fact of having been a Board member for more than 12 years does not disqualify such member as an independent member. On the contrary, it is considered an asset in a control role within a diverse group where it inevitably takes longer to build up in-depth knowledge of the different business lines and their competitive environment and to develop a strong command of the related strategic challenges. Moreover, the members of the Supervisory Board consider a long period of service to be a positive factor that does not alter an independent member's judgement, moral standards or ability to freely express their views. However, no Supervisory Board member has been on the Board for more than 12 years.

2.5 REMUNERATION AND BENEFITS OF EXECUTIVE CORPORATE OFFICERS

The new provisions of articles L. 226-8 *et seq.* of the French Commercial Code introduced by French Government Order no. 2019-1234 of 27 November 2019 concerning the remuneration of corporate officers in listed companies ("the Order") provide for a single, strict legal framework for the remuneration of the Managing Partners and Supervisory Board members.

In accordance with its Articles of Association, Lagardère SCA does not grant any remuneration to its Managing Partners – Arnaud Lagardère and Arjil Commanditée-Arco – for the performance of their offices.

Similarly, Arnaud Lagardère and Arjil Commanditée-Arco do not receive any remuneration from any other entity included in the Company's scope of consolidation within the meaning of article L. 233-16 of the French Commercial Code.

In this specific context, the new legal framework does not apply to the Company's Managing Partners.

However, in line with the Company's constant objective of implementing best corporate governance practices and meeting shareholders' expectations, it has been decided – in agreement with the General Partners and the Supervisory Board – to voluntarily extend the application of this legal framework to the Company's executive corporate officers.

The purpose of this section 2.5 is therefore to present (i) the remuneration policy for the Company's executive corporate officers and (ii) the components of the total remuneration and benefits paid during or allocated in respect of 2019 to these corporate officers. This remuneration policy and the components of the executive corporate officers' remuneration packages will be submitted for shareholder approval at the Annual General Meeting to be held on 5 May 2020.

In applying the Afep-Medef Corporate Governance Code (the "Afep-Medef Code") – which the Company uses as its corporate governance framework – Lagardère has opted to use a wide interpretation of the term "executive corporate officer" as it has always applied the corresponding recommendations contained in the Code, not only for Arnaud Lagardère, in his capacity as a Managing Partner of Lagardère SCA, but also for the Chief Operating Officers of Arjil Commanditée-Arco, Lagardère SCA's other Managing Partner.

With a view to following best corporate governance practices, the Company has decided to continue to use the same wide interpretation for its voluntary application of the new legal framework, as this approach seems to reflect the intention of the European and French lawmakers to extensively cover the different components of executive remuneration in listed companies.

The descriptions and explanations that follow therefore concern:

- Arnaud Lagardère, in his capacity as Managing Partner of Lagardère SCA and Chairman and Chief Executive Officer of Arjil Commanditée-Arco, Managing Partner of Lagardère SCA;
- Pierre Leroy, in his capacity as Vice-Chairman and Chief Operating Officer of Arjil Commanditée-Arco, Managing Partner of Lagardère SCA;
- Thierry Funck-Brentano, in his capacity as Chief Operating Officer of Arjil Commanditée-Arco, Managing Partner of Lagardère SCA.

Arnaud Lagardère, Pierre Leroy and Thierry Funck-Brentano are "executive corporate officers" of the Company and are referred to as such below.

2.5.2 REMUNERATION POLICY FOR EXECUTIVE CORPORATE OFFICERS

2.5.2.1 Underlying principles of the remuneration policy for executive corporate officers

Remuneration received by the executive corporate officers, as well as by the other members of the Executive Committee, is paid by Lagardère Capital & Management, which is their employer.

Overall, this remuneration represents the majority of the amount invoiced annually by Lagardère Capital & Management to Lagardère Ressources under the Service Agreement entered into between the two companies, pursuant to which the Executive Committee carries out its role of assisting the executive corporate officers with their duties.

The Service Agreement, described in more detail in sections 2.8.1 and 5.8 of this document, was duly authorised and approved under legal rules governing related party agreements and in this respect is reviewed in detail each year by the Audit Committee, Supervisory Board and Statutory Auditors of Lagardère SCA.

* * *

In accordance with the new legal framework introduced by the Order, the remuneration policy applicable to the Managing Partners was approved by the General Partners on the advice issued by the Appointments, Remuneration and CSR Committee and the Supervisory Board at their respective meetings on 25 February and 28 February 2020. The components of remuneration for the executive corporate officers for 2020 are determined, allocated, or decided in this context.

The contribution of the Supervisory Board and Appointments, Remuneration and CSR Committee, comprising only independent members, ensures that there are no conflicts of interest when preparing, reviewing and implementing the remuneration policy.

This procedure will be identical for any subsequent revision of the remuneration policy.

Most of the principles underlying the remuneration policy for Lagardère SCA's executive corporate officers were set in 2003. They have been applied consistently since that date, while evolving regularly in accordance with best corporate governance practices, in particular the recommendations of the Afep-Medef Code.

The aim of the remuneration policy is to achieve – through its various components – a fair balance, commensurate with the work performed and the level of responsibility, between a lump-sum, recurring portion (**annual fixed remuneration**), and a portion directly related to the operating environment, strategy and performance of the Group (annual variable remuneration and performance shares).

Within the variable portion, a balance is also sought between the portion based on short-term objectives (**annual variable remuneration contingent on performance for the year concerned**) and the portion based on long-term objectives (**free shares subject to performance conditions assessed over a minimum period of three consecutive years, with the vesting period followed by a holding period of no less than two years**). The aim of these performance share awards is to closely align the executive corporate officers' interests with those of the Company's shareholders in terms of long-term value creation.

The underlying performance criteria applicable to both the annual variable remuneration and the performance shares are mainly **quantitative financial criteria**, which are key indicators of the Group's overall health. These criteria are a way of assessing the Group's intrinsic performance, i.e., its year-on-year progress, based on internal indicators that are directly correlated with the Group's strategy.

The variable remuneration of the Group's executive corporate officers is also contingent on **quantitative non-financial criteria** related to the Group's key commitments under its Corporate Social Responsibility policy, which apply both to the short-term portion (annual variable remuneration) and the long-term portion (performance shares). The inclusion of these non-financial criteria is designed to encourage a model of steady, sustainable growth that mirrors the Group's corporate values and respects the environment in which it operates.

With the exception of Arnaud Lagardère, the annual variable remuneration of executive corporate officers also includes a portion contingent on **qualitative criteria**, based on a set of specific priority targets assigned to them each year.

In addition, executive corporate officers have a conditional right to receive a **supplementary pension** in addition to benefits under the basic state pension system. This benefit is taken into account when calculating their overall remuneration.

Lastly, **on a very exceptional basis**, bonuses may be awarded, under terms and conditions that always comply with best corporate governance practices.

In light of all these elements, executive corporate officers do not receive:

- **multi-annual variable remuneration in cash**;
- **remuneration for any office held within the Group**;
- **benefits linked to taking up or terminating office**;
- **benefits linked to non-competition agreements**.

Furthermore, Arnaud Lagardère, who is a major shareholder of Lagardère SCA, does not receive any free share awards or share options.

The principles, criteria and amounts of the executive corporate officers' remuneration are regularly reviewed in order to (i) compare them against the practices of other issuers and peers in the Company's industry, based on both public and private benchmarking reports, and to (ii) verify that they are in line with the latest corporate governance best practices (Afep-Medef recommendations, AMF and HCGE reports, investors' and consultants' policies, etc.).

The remuneration policy for executive corporate officers also takes account of the remuneration and employment conditions of Company and Group personnel. Accordingly, around 40% of Group employees have a variable component in their overall annual remuneration. Similarly, in accordance with best corporate governance practices, the Lagardère SCA free share plans are not just restricted to executive corporate officers and senior managers. They also cover over 400 Group employees each year, notably young high-potential managers identified during the talent management process. In addition, for a portion of the beneficiaries of these plans, free shares are allocated subject to the achievement of the same performance conditions as those applicable to the executive corporate officers.

As noted in the advice issued by the Supervisory Board and the Appointments, Remuneration and CSR Committee, **the policy ensures reasonable, fair and balanced remuneration, with a strong correlation between the interests of the executive corporate officers and the interests of the Company, its shareholders and all of its stakeholders, in line with the Group's strategy and its performance objectives**.

In accordance with the second paragraph of article L. 226-8-1, III of the French Commercial Code, exceptions may be decided as to the application of the remuneration policy by modifying, on the advice of the Appointments, Remuneration and CSR Committee, the objectives set for certain criteria applicable to the executive corporate officers' annual variable remuneration or long-term incentive instruments, provided that any such modification is justified by exceptional circumstances, such as a change in accounting standards, a material change in scope, the completion of a transformational transaction, a substantial change in market conditions or an unexpected development in the competitive landscape. Any such modification of the objectives, which would aim to ensure that the application of the criteria continues to reflect the actual performance of the Group and of the executive corporate officer, would be made public and justified, notably with regard to the Group's corporate and long-term interests. In all circumstances, the payment of variable remuneration remains subject to the approval of the shareholders.

2.5.2.2 Components of the remuneration policy for executive corporate officers

The components described below are the same as those that were already applied in 2019.

2.5.2.2.A Short-term remuneration components

A) ANNUAL FIXED REMUNERATION

Annual fixed remuneration is paid in 12 equal monthly instalments over the year.

The amount of this fixed remuneration reflects the responsibilities, skills and experience of each executive corporate officer, and is reviewed at relatively long intervals in accordance with the recommendations of the Afep-Medef Code.

Arnaud Lagardère receives **€1,140,729** in annual fixed remuneration, unchanged since 2009.

Pierre Leroy receives **€1,474,000** in annual fixed remuneration, unchanged since 2011.

Thierry Funck-Brentano receives **€1,206,000** in annual fixed remuneration, unchanged since 2011.

B) ANNUAL VARIABLE REMUNERATION

Annual variable compensation is calculated as a portion of a benchmark amount set for each executive corporate officer, based on a combination of specific, quantitative criteria – both financial and non-financial – directly correlated with the Group's strategy.

For Arnaud Lagardère, his annual variable remuneration only takes into account these quantitative criteria.

For the other executive corporate officers, in addition to the quantitative criteria, a minority portion of their annual variable remuneration is based on qualitative criteria.

In accordance with article L. 226-8-2 of the French Commercial Code, the variable remuneration of the executive corporate officers can only be paid following the approval of the General Meeting of shareholders and of the General Partners.

Benchmark amounts and maximum amounts

For **Arnaud Lagardère** – who receives neither variable remuneration based on qualitative criteria nor share options or performance shares – his annual variable remuneration is based on a benchmark amount of **€1,400,000** (i.e., 123% of his annual fixed remuneration) which has remained unchanged for several years. His annual variable remuneration **may not exceed 150% of his annual fixed remuneration**.

For each of the **other executive corporate officers**, their variable remuneration is based on (i) a "quantitative portion" benchmark amount of **€400,000** and (ii) a "qualitative portion" benchmark amount of **€200,000**, representing an overall benchmark amount of €600,000, which has remained unchanged for several years. Consequently, 66.66% of the annual variable remuneration (i.e., a clear majority) is based on quantitative criteria and 33.33% on qualitative criteria. For both of these executive corporate officers, their annual variable remuneration **may not exceed 75% of their annual fixed remuneration**, and the amount of the **qualitative portion** is **capped at 25% of their annual fixed remuneration**. The qualitative portion may not therefore represent more than 33% of their maximum annual variable remuneration.

Quantitative criteria

The quantitative criteria underlying the executive corporate officers' annual variable remuneration are as follows:

- two **financial criteria** (accounting for **75% of the benchmark amount**), based on the following key indicators of the Group's financial health: (i) **recurring operating profit of the Group's fully consolidated companies** (the basis for the Company's market guidance), and (ii) **net cash from operating activities of fully consolidated companies**, which represents cash from the Group's operations;
- **four non-financial CSR criteria** (accounting for **25% of the benchmark amount**, each with an equal weighting), related to the Group's key commitments under its Corporate Social Responsibility policy, notably concerning gender equality, a reduction of the environmental impact of the Group's activities,

employee working conditions, and overall non-financial performance.

The financial criteria apply as follows:

The 75% of the benchmark amount contingent on the financial criteria is indexed based on the arithmetic average of the following two inputs:

- The difference between the target growth rate for recurring operating profit of fully consolidated companies communicated as market guidance at the beginning of a given year (or the mid-point of a range of values if the growth rate was expressed as a range of values in the market guidance), and the growth rate for recurring operating profit actually achieved for that year, calculated based on any rules set out in the market guidance.

  This difference is applied on a directly proportional basis in the event of a negative change and at a rate of 10% per percentage point difference in the event of a positive change; an underperformance therefore has a greater impact than an outperformance.

- The percentage difference between the amount of net cash from operating activities of fully consolidated companies as forecast in the budget and/or the Group's forecast consolidated statement of cash flows for a given year, and the amount of net cash from operating activities of fully consolidated companies actually achieved for that year.

  This difference is applied on a directly proportional basis.

The arithmetic average of these two inputs may be impacted (downwards only) if there is a negative change in recurring operating profit of fully consolidated companies for a given year as compared with the previous year, by directly applying the negative change percentage to the factor resulting from the two previous criteria.

The non-financial CSR criteria apply as follows:

The 25% of the benchmark amount contingent on the non-financial CSR criteria is indexed on the arithmetic average of the achievement rates obtained for each of the four criteria, for which minimum and target performance levels have been set. For each criterion:

- exceeding the target performance level corresponds to a 1.50 achievement rate;
- reaching the target performance level corresponds to a 1.25 achievement rate;
- not reaching the target performance level corresponds to a 0.75 achievement rate;
- not reaching the minimum performance level corresponds to a 0 achievement rate.

Each of the four criteria used must be relevant to the Group's CSR roadmap and must be measurable and monitored over time using reliable systems, and be indicated in the Group's non-financial statement on which the independent third party's report is based, except for external criteria based on assessments performed by an independent third party.

The criteria themselves and the minimum and target performance levels for each criterion are set on the basis of proposals put forward by the Sustainable Development Department, further to discussion by the Appointments, Remuneration and CSR Committee and the Supervisory Board. The minimum and target performance levels must be demanding and consistent in terms of both the Group's historic performance and changes in its operating environment, notably in connection with its strategic refocusing.

It should be noted that this system could evolve as from 2021: the Sustainable Development and CSR Department set up a working group at the beginning of 2020 with a view to creating an internal CSR index that will be used to track the Group's non-financial strategy and performance. This composite CSR index will cover a broader range of indicators and will naturally be included among the criteria determining variable remuneration for executive corporate officers.

Qualitative criteria

The qualitative criteria that apply to the **executive corporate officers' remuneration (with the exception of Arnaud Lagardère)** are based on a set of specific priority targets related to the following two domains:

- **rollout of the Group's strategic plan;**

- **quality of governance and management.**

The performance levels achieved in these two domains, each of which has an equal weighting when determining the qualitative variable portion of the remuneration of the executive corporate officers concerned, are directly assessed by Arnaud Lagardère based on reports prepared by the relevant technical departments.

The performance level achieved – which is also submitted for approval to the Appointments, Remuneration and CSR Committee and Supervisory Board – can raise or lower the benchmark amount, although the qualitative portion of annual variable remuneration may not under any circumstances exceed 25% of the executive corporate officer's fixed remuneration for a given year.

2.5.2.2.B Long-term remuneration components

PERFORMANCE SHARE AWARDS

With the exception of Arnaud Lagardère, executive corporate officers are awarded performance shares on a yearly basis.

These awards are decided in the first half of the year, after publication of the Group's results for the previous year. Their terms and conditions are set by the Appointments, Remuneration and CSR Committee in compliance with the recommendations of the Afep-Medef Code. The terms and conditions in force are described below.

Number of performance shares awarded:

- The value of the performance share rights awarded each year to each executive corporate officer may not exceed **one-third of that officer's total remuneration** for the previous year.
- The overall number of performance share rights awarded to all executive corporate officers may not represent more than **20% of the total** free share awards authorised by the shareholders.
- Furthermore, pursuant to the authorisation given by the Company's shareholders, the performance shares awarded yearly to each executive corporate officer may not exceed **0.025%** of the **number of shares comprising the Company's share capital**. This cap has not been revised since 2009.

Holding period for vested performance shares:

- **100% of the vested shares** must be held in a registered account (*nominatif pur*) for a period of **two years**. At the end of this two-year period:
- **25% of the vested shares** must be held in a registered account (*nominatif pur*) until the beneficiary **ceases his duties** as an executive corporate officer.
- **25% of the vested shares** must be held in a registered account (*nominatif pur*) until the **value of the Lagardère SCA shares held equals at least one year's worth of the executive corporate officer's gross, variable remuneration.** This value is assessed each year based on (i) the average Lagardère SCA share price for the month of December of the previous year and (ii) the fixed and variable remuneration due in respect of the past year, with the theoretical maximum level being used for the variable portion.
- Each executive corporate officer formally agrees **not to enter into transactions to hedge risks** associated with their performance shares during the holding period.
- At the close of the mandatory holding periods, the corresponding shares become transferable and can be traded under the terms and conditions established by law and regulations and in accordance with the black-out periods established by Lagardère SCA in its **Confidentiality and Market Ethics Charter**.

Vesting conditions:

- ***Performance conditions***

In order to factor in the changes in the Company's profile arising from the strategic refocusing process, and with a view to always adhering to best corporate governance practices, the structure of the performance conditions applicable to the executive corporate officers' performance shares was changed in 2019. In particular, it was decided to add **a comparative external criterion and a criterion related to corporate social responsibility.**

The new performance conditions applicable since 2019 are based on the following criteria, which are key indicators used for the Group's strategy and ensure that the beneficiaries' interests are closely aligned with those of the Company and its stakeholders.

The criteria are all **quantitative criteria** and are assessed over a minimum period of **three consecutive fiscal years,** including the fiscal year during which the performance shares are awarded (the "reference period").

- **For 40% of the performance shares** awarded: the achievement during the reference period of a pre-defined **average annual growth rate for recurring operating profit of fully consolidated companies** (determined using the calculation method for the "Group recurring EBIT" market guidance).

  Group recurring EBIT is the Group's key performance indicator and reflects its ability to increase its wealth through its commercial activities.

- **For 20% of the performance shares** awarded: the achievement during the reference period of a pre-defined **cumulative amount of free cash flow excluding growth capex.**

  This criterion, which reflects the Group's capacity to finance its investments and pay dividends, is also a key indicator of the Group's financial health.

For each of these two objectives, the Managing Partners validate the following, with the approval of the Appointments, Remuneration and CSR Committee and the Supervisory Board:

  - the **"target level"** to be reached for 100% of the shares allocated to the objective to vest;

  - the **"trigger level"**, corresponding to the level (i) above which 0% to 100% of the shares allocated to the objective will vest (determined on a straight-line proportionate basis) and (ii) below which no shares will vest. The Trigger Level cannot be lower than **66% of the target level**.

- **For 20% of the performance shares** awarded: the **comparative positioning of** Lagardère SCA's **Total Shareholder Return (TSR)** during the reference period, measured as follows:

  - for 10% of the shares awarded, measured against the TSR of a panel of peer companies; and

  - for 10% of the shares awarded, measured against the TSR of the other companies in the CAC Mid 60 index.

  TSR incorporates both changes in share price and dividends paid, and therefore reflects the value delivered to shareholders as compared with the value created by other investments available to them. Consequently, TSR is also a key performance indicator for the Group.

  For each of the above-mentioned 10% portions, the shares awarded will vest in full if Lagardère SCA's TSR during the reference period is at least equal to the reference panel's TSR and no shares will vest if Lagardère SCA's TSR is below the reference panel's TSR.

- **For 20% of the performance shares** awarded: the achievement of a precise objective based on a quantitative criterion related to the Group's key commitments under its **Corporate Social Responsibility** policy. This objective can for example concern gender equality, a reduction of the environmental impact of the Group's activities, employee working conditions, or overall non-financial performance.

  As is the case for the variable portion of the annual remuneration, both the criteria themselves and the target and trigger levels set for each criterion are approved by the Managing Partners on the basis of proposals put forward by the Sustainable Development and CSR Department as endorsed by the Appointments, Remuneration and CSR Committee and the Supervisory Board. Each criterion used must be relevant to the Group's CSR roadmap, measurable and monitored over time using reliable systems, and subject to verifications by the independent third party.

For each annual performance share plan, further to discussion by the Appointments, Remuneration and CSR Committee and the Supervisory Board, the Managing Partners set the precise performance conditions and levels, in accordance with the principles described above. The performance objectives set must be demanding and consistent, both in terms of the Group's historic performance and changes in its operating environment, notably in connection with its strategic refocusing.

► ***Presence condition***

In order for the performance shares to vest, the executive corporate officer concerned must **still be an executive corporate officer of Lagardère SCA three years after the award date.**

If the executive corporate officer resigns, is dismissed or removed from office due to misconduct before the end of this three-year period, then his rights to the performance shares will be forfeited.

However, if the executive corporate officer leaves due to a forced departure for reasons other than misconduct (death, disability, retirement or dismissal/removal from office for reasons other than misconduct), the rights to the shares will not be forfeited. In such a case the performance conditions will continue to apply in all circumstances.

The rights to free shares are not forfeited in these specific cases of forced departure because they are an essential component of the executive corporate officer's annual remuneration and are awarded in consideration for duties performed in the year that the rights are awarded. Retaining these rights, which continue to be subject to achieving demanding long-term performance conditions, encourages the executive corporate officer to act in the long-term interests of the Group.

Consequently, all of the terms and conditions of the Company's performance share awards fully comply with the recommendations in the Afep-Medef Code. This is the case for (i) the applicable performance conditions, which are solely based on quantitative criteria and combine internal and comparative criteria, and financial and non-financial criteria, all corresponding to key indicators for the Company's strategy, and (ii) the other terms and conditions (number of shares, vesting period, holding period etc.). All of these terms and conditions combined ensure that the performance share awards are a way of retaining the beneficiaries concerned and closely aligning their interests with those of the Company and its stakeholders.

2.5.2.2.C Other benefits

A) BENEFITS IN KIND – BUSINESS EXPENSES

The executive corporate officers are provided with a **company car**, the potential personal use of which corresponds to a benefit in kind.

The executive corporate officers are also entitled to the reimbursement of business travel and business entertainment expenses incurred in connection with their executive duties.

B) SUPPLEMENTARY PENSION PLAN

A supplementary pension plan was set up by Lagardère Capital & Management on 1 July 2005 for executive corporate officers. This is a defined supplementary benefit plan as provided for in article L. 137-11 of the French Social Security Code (*Code de la sécurité sociale*) and article 39 of the French Tax Code (*Code général des impôts*).

In accordance with French Government Order no. 2019-697 dated 3 July 2019, which reformed the statutory supplementary pension plan regime in France, **this plan was closed to new entrants as from 4 July 2019, and benefits accrued under the plan were frozen as at 31 December 2019.** No further benefits will be accrued under the plan as from that date.

The characteristics of this supplementary pension plan fully comply with the recommendations of the Afep-Medef Code.

Only employees or senior executives of Lagardère Capital & Management who were members of the Executive Committee were eligible for this plan.

The plan is a conditional benefit plan, and the pension will only be payable if the beneficiary is still with the company at retirement age, except in the event of (i) termination (other than for serious misconduct) after the age of 55 providing the beneficiary does not take up another post, (ii) long-term disability, and (iii) early retirement. In addition, beneficiaries are required to have been members of the Executive Committee for at least five years at the date that they retire.

In the event of the beneficiary's death, 60% of the pension is transferable to the surviving spouse.

Before the plan was frozen at 31 December 2019, its beneficiaries accrued supplementary pension entitlements at a rate equal to 1.75% of the benchmark remuneration per year of membership of the plan.

The benchmark remuneration corresponded to the average gross annual remuneration over the last five years (fixed + variable up to a maximum of 100% of the fixed portion). In addition, each annual remuneration could not exceed 50 times the annual limit defined by the French social security system i.e., a maximum amount of €2,026,200 in 2019. Each beneficiary's benchmark remuneration was frozen at 31 December 2019.

As the number of years of plan membership used to calculate the benefit entitlements is capped at 20, the supplementary pension could not exceed 35% of the benchmark remuneration.

The pension entitlements are fully borne by the Company and this benefit is taken into account in determining the overall remuneration of executive corporate officers.

Under current social security laws (article L. 137-11 of the French Commercial Code), the Company is required to pay a contribution equal to 32% of the amount of the benefits, at the time that such benefits are paid.

In addition to the tax and social security contributions applicable to pensions (levied at a rate of 10.1%, of which 5.9% is tax-deductible), under current tax and social security laws, the annuities that will be paid to the beneficiaries will also be subject to the specific contribution provided for in article L. 137-11-1 of the French Social Security Code, before income tax withheld at source and any surtaxes on high incomes.

C) TERMINATION BENEFIT

The Company has not given any commitments to the executive corporate officers in relation to granting them any termination benefits.

However, as they are employees of Lagardère Capital & Management, the executive corporate officers (with the exception of Arnaud Lagardère) may be eligible for benefits in certain cases of contract termination, pursuant to the applicable laws, regulations and collective bargaining agreements.

In all circumstances, any benefits paid to the executive corporate officers may not exceed the cap of two years' worth of fixed and variable remuneration recommended in the Afep-Medef Corporate Governance Code.

D) EXTRAORDINARY REMUNERATION

Bonuses may be granted to the executive corporate officers in very specific and exceptional circumstances, notably in connection with one-off transactions requiring extensive involvement of the executive corporate officers, particularly when the impacts of such transactions, despite being extremely significant for the Group, cannot be taken into account in determining the variable portion of their remuneration.

The conditions of any exceptional bonus awards and payments are determined in accordance with best corporate governance practices.

Any exceptional bonus award, which must be disclosed and justified in detail, may not in any case exceed 150% of the annual fixed remuneration of the executive corporate officer concerned.

Since 2011, the executive corporate officers (with the exception of Arnaud Lagardère) have only once been awarded a special bonus: in 2014, when the Group sold its stake in EADS and Canal+ France. The total amount of the bonuses paid to the Co-Managing Partners represented 0.1% of the proceeds from these divestments, of which 58% was paid over to shareholders and on average, represented 85.68% of the annual fixed remuneration of the Co-Managing Partners.

2.5.2.2.D Summary presentation of the remuneration structure

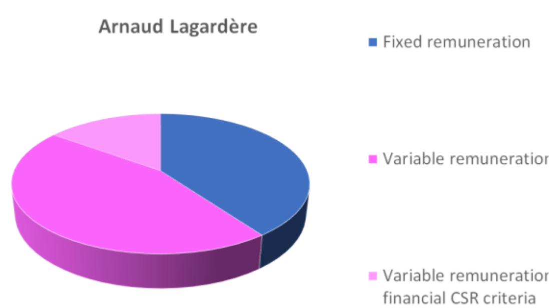
As described above, the annual remuneration of the Company's executive corporate officers is structured in compliance with best corporate governance practices. The principles underlying this structure are straightforward, stable and transparent, and they ensure that the **interests of the executives are closely aligned with the interests of the Company and its stakeholders**.

Arnaud Lagardère

Arnaud Lagardère's annual remuneration mainly comprises (i) **fixed remuneration** and (ii) **variable cash remuneration** that may not exceed 150% of his fixed remuneration. His variable remuneration is based on:

- quantitative financial criteria (75% weighting);
- quantitative non-financial CSR criteria (25% weighting).

As Arnaud Lagardère is a major shareholder of Lagardère SCA, owning 7.26% of its capital and 11.03% of the voting rights, he is naturally exposed to the Company's share performance and therefore **does not receive any free share awards or share options**.



Pierre Leroy and Thierry Funck-Brentano

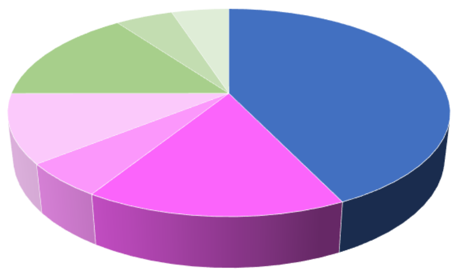
The annual remuneration of the other executive corporate officers mainly comprises (i) **fixed remuneration**, (ii) **variable cash remuneration**, and (iii) **performance share awards**.

Their variable cash remuneration – which may not exceed 75% of their fixed remuneration – is based on:

- quantitative financial criteria (50% weighting);
- quantitative non-financial CSR criteria (16.67% weighting);
- qualitative criteria (33.33% weighting), it being specified that this qualitative variable portion may not exceed 25% of their fixed remuneration.

Performance share awards may not represent more than 33.33% of the overall remuneration (fixed and variable) of the executive corporate officers concerned, and the vesting of the shares is contingent on long-term performance (over three consecutive fiscal years). The applicable performance criteria – which are solely quantitative – correspond to:

- internal financial criteria (60% weighting);
- comparative financial criteria (20% weighting);
- non-financial CSR criteria (20% weighting).



2.5.3 TOTAL REMUNERATION AND BENEFITS PAID DURING OR ALLOCATED IN RESPECT OF 2019 TO THE EXECUTIVE CORPORATE OFFICERS

This section notably includes, with regard to the executive corporate officers, the information referred to in article L. 225-37-3 of the French Commercial Code.

2.5.3.1 Components of remuneration paid or allocated

The remuneration and benefits paid during or allocated in respect of 2019 to the executive corporate officers complied with the remuneration policy set out in section 2.5.2 above.

A) ANNUAL FIXED REMUNERATION

Arnaud Lagardère received **€1,140,729** in annual fixed remuneration, **unchanged since 2009**.

Pierre Leroy received **€1,474,000** in annual fixed remuneration, **unchanged since 2011**.

Thierry Funck-Brentano received **€1,206,000** in annual fixed remuneration, **unchanged since 2011**.

B) ANNUAL VARIABLE REMUNERATION

Annual variable remuneration paid during 2019

As annual variable remuneration for a given year can only be calculated after the end of that year, it is paid during the following year.

Consequently, the variable remuneration due to the executive corporate officers in respect of 2018 was only paid in 2019.

The amounts of variable remuneration allocated in respect of 2018 and paid in 2019 were as follows:

- For Arnaud Lagardère: €1,628,200
- For Pierre Leroy and Thierry Funck-Brentano: €723,900

The allocation of these amounts of annual variable remuneration was put to the shareholders in an advisory "say-on-pay" vote at the 10 May 2019 Annual General Meeting, in accordance with recommendation 26 of the Afep-Medef Code. The shareholders issued a positive opinion on these amounts, with the following percentages of votes cast in favour: (i) 96.88% for the fourth resolution (Arnaud Lagardère), and (ii) 95.90% for the fifth resolution (Pierre Leroy and Thierry Funck-Brentano).

Annual variable compensation allocated in respect of 2019

Quantitative portion of annual variable compensation

Financial criteria

For 2019, the achievement levels for the financial criteria described in section 2.5.2.2.A resulted in a factor of **1.12** being applied to the related benchmark amounts (versus 1.163 in 2018 and 0.932 in 2017). Consequently, the **variable portion** of the executive corporate officers' remuneration **based on quantitative financial criteria amounted to**

€1,176,000 (€1,050,000 x 1.12) **for Arnaud Lagardère and €336,000** (€300,000 x 1.12) for **Pierre Leroy and Thierry Funck-Brentano**.

	Recurring operating profit of fully consolidated companies	Net cash from operating activities	Average
2019 guidance	+5%		
2019 budget		€436.6 million	
2019 achievement	+5.63%	€513.6 million	
Difference	+0.63 points	+€77.1 million	
Impact	+6.3%	+17.7%	
Applicable factor	1.06	1.18	1.12
Change vs. 2018 recurring operating profit of fully consolidated companies			Positive
Final factor			**1.12**

Non-financial CSR criteria

For 2019, the achievement levels for the non-financial CSR criteria resulted in a factor of **1.125.** Consequently, the variable portion of the executive corporate officers' remuneration based on quantitative non-financial CSR criteria amounted to **€393,750 for Arnaud Lagardère** (€350,000 x 1.125) and **€112,500 for Pierre Leroy and Thierry Funck-Brentano** (€100,000 x 1.125).

Criteria	Minimum performance level	Target performance level	Level achieved	Achievement rate
Proportion of female executive managers by end-2019	41%	43%	44%	1.50
Scope 1 and 2 CO_2 emissions per million euros of revenue in 2019 (TCO_2eq)	16.2	14.6	15.6	0.75
Proportion of Group employees having an employee representative at end-2019	67%	71%	70%	0.75
Percentile ranking in the Dow Jones Sustainability Index	80%	86%	87%	1.50
Average				**1.125**

- *Exceeding the target performance level corresponds to a 1.50 achievement rate.*
- *Reaching the target performance level corresponds to a 1.25 achievement rate.*
- *Not reaching the target performance level corresponds to a 0.75 achievement rate.*
- *Not reaching the minimum performance level corresponds to a 0 achievement rate.*

As mentioned previously, the criteria themselves and the minimum and target performance levels were approved on the basis of proposals put forward by the Sustainable Development and CSR Department.

The first three criteria were selected because they embody the focal areas of the Group's CSR policy (social, environmental and societal issues).

They are reported on each year in the Group's annual report, which ensures their transparency. The first two criteria also form part of the quantitative "information considered the most important", which is subject to the specific procedures carried out by the independent third-party in order to draw up its report on the Group's consolidated non-financial statement.

The first criterion – concerning the proportion of female executive managers – is a key indicator for the Group's performance in implementing its strategy of promoting diversity. It is a growth and creativity driver and has been one of the priority objectives of the Group's CSR roadmap for many years. In addition, this criterion is fully in line with the general objective of gender diversity in senior management that is a central governance goal for modern-day companies.

The second criterion – Scope 1 and 2 CO_2 emissions per million euros of revenue (tCO_2eq) – is a benchmark indicator for controlling the environmental impacts of operations, which represents an essential global objective for any company with a consistent CSR strategy. The criterion used covers Scope 1 and Scope 2 emissions, i.e., direct emissions from owned or controlled sources (from stationary combustion sources using gas and fuel oil for example) and indirect emissions from the generation of purchased energy (such as electricity and district heating), for all of the Group's offices, points of sale, warehouses, live performance venues and other sites out of which it operates. These emissions correspond to elements over which the Group has real operational leverage and on which it therefore focuses as part of its CSR strategy.

The third criterion – the proportion of Group employees with an employee representative – is a key indicator of the quality of the Group's labour relations, which is an essential component of its CSR policy. It fits seamlessly with the clear principle of seeking a permanent balance between financial targets and HR goals. Through this employee representative system, the Group can build up a steady flow of constructive dialogue with its people, notably concerning working conditions, the goals and challenges of the Group, and the business transformations it needs to undertake.

The final criterion – the Group's percentile ranking in the Dow Jones Sustainability Index – is an external criterion that gives an overall evaluation of the Group's CSR performance and a comparison against other companies included in the index. Through this criterion, the Group's internal assessment based on specific criteria can be rounded out by an objective overall external evaluation performed by a recognised expert in the sector, which also gives an insight into how the Group's stakeholders view its CSR approach. Additionally, in the same way as the first three criteria, it provides transparency and ensures that the Group's performance can be tracked over the long term.

For each of the four criteria, the minimum and target performance levels have been set in such a way as to create demanding and consistent objectives that factor in (i) the Group's historic performance over the previous three years and (ii) changes in its operating environment, notably in connection with its strategic refocusing.

These same four criteria could be used for the variable remuneration allocated in respect of 2020, to avoid overly frequent reviews in accordance with the recommendations of the Afep-Medef Code. However, as indicated in the remuneration policy, the system may evolve as from 2021 following the Group's creation of an internal composite index tracking its CSR performance.

Qualitative portion of annual variable compensation

In light of the achievements described below, Arnaud Lagardère deemed that the targets set for 2019 had largely been met with solid input from the executive corporate officers.

Based on this assessment, Arnaud Lagardère decided to apply a factor of **1.25** (versus 1.25 in 2018 and 1.166 in 2017). Consequently, the **variable portion of Pierre Leroy and Thierry Funck-Brentano's remuneration based on qualitative criteria amounted to €250,000** (€200,000 x 1.25) **each.**

Rollout of the Group's strategic plan

The Group actively pressed ahead with its strategic refocusing in 2019, with the completion of significant transactions, both in terms of disposals and acquisitions.

During the year it sold its radio assets in South Africa, the digital businesses Boursier.com, Plurimedia and Billetreduc.com, its entire Television division (Mezzo, Gulli, Canal J, MCM, etc. and the related advertising sales brokerages), and its interests in Disney Hachette Presse and l'Usine.

And 2019 saw another decisive step in the Group's strategic refocusing, with the signature of an agreement to sell Lagardère Sports to H.I.G., which will enable it to concentrate all its efforts and resources on expanding Lagardère Publishing and Lagardère Travel Retail.

Concerning reinvestments, the acquisition of International Duty Free (IDF) – Belgium's leading Travel Retail operator, also present in Luxembourg and Kenya – has cemented Lagardère Travel Retail's positions as the world's third-largest airport Duty Free operator and the European leader in Travel Retail.

Lastly, the Group carried out a number of major financing transactions in 2019, with over €250 million raised through a "Schuldscheindarlehen" private placement and a €500 million bond issue. The success of both of these issues confirms the confidence that investors have in the Group's strategy.

Quality of governance and management

The priority objectives assigned to executive corporate officers in this second area were related to:

1. rolling out an organisational action plan to meet the Group's strategic imperatives;
2. safeguarding the Group's reputation and assets by implementing Compliance programmes.

Concerning the first of these priority objectives, in 2019, the executive corporate officers actively carried out an in-depth restructuring of the Group's Corporate departments, in terms of their roles and responsibilities, positioning and resources, and in light of the Group's strategic refocusing and fast-changing operating environment.

The preparatory stage of this restructuring was completed in early December 2019, with a presentation given to Lagardère SCA's Supervisory Board on the restructuring plan, which is mainly based on:

- refocusing the Corporate departments on the mandatory tasks inherent to Lagardère SCA's role as a listed holding company;
- optimising the Corporate departments' organisational structure and support function costs;
- increasing the resources and remit of the Finance, CSR and Risk/Compliance functions, in view of their significant oversight roles.

The "organisational" section of the restructuring plan – which will lead to the elimination of around 30% of the Corporate departments' workforce – will be implemented on a staggered basis throughout the course of 2020 as part of a downsizing plan validated by the Group's employee representative bodies and the French labour authorities in early December 2019. The "governance" section of the restructuring plan – which mainly involves increasing the resources and remit of the above-mentioned oversight functions through the creation of dedicated committees and a review of existing internal procedures – will also be carried out in 2020.

Regarding the second priority objective, in 2019 the Compliance Department continued its activities working closely alongside the divisions and Corporate departments.

Concerning anti-corruption measures, a corruption risk mapping process was carried out in 2019 and the divisions and Corporate departments were informed about the requirements set by the French Anti-Corruption Agency, as well as the risks related to the cross-border application of US anti-corruption laws.

In addition, several training sessions were given on international economic sanctions, the instruction guide for division-level Compliance teams was rewritten, and reporting procedures were reinforced.

Lastly, the executive corporate officers oversaw the development of an alert reporting system set up under the aegis of the Compliance department, in co-ordination with the Corporate departments and an external service provider. This stand-alone, online system, is part of the Group's overall ethics and compliance approach. It constitutes an alternative channel for reporting information that can then be relayed worldwide about highly varied subjects, such as anti-corruption measures, human rights, and environmental protection.

Summary of variable remuneration allocated in respect of 2019

The application of the quantitative and qualitative criteria described above led to the allocation of the following variable remuneration in respect of 2019, which will be paid in 2020 provided it is approved at the Annual General Meeting to be held on 5 May 2020.

	Weighting (% of benchmark amount)	Benchmark amount (in euros)	Maximum amount (% of fixed remuneration)	Achievement rate applied to the benchmark amount	Variable remuneration	
					Amount to be paid (in euros)	(% of fixed remuneration)
Arnaud Lagardère						
Quantitative financial criteria	75%	1,050,000	150%	**1.12**	1,176,000	103.09%
Quantitative non-financial CSR criteria	25%	350,000		**1.125**	393,750	34.52%
Qualitative criteria	N/A	N/A	N/A	N/A	N/A	N/A
Total	**100%**	**1,400,000**	**150%**		**1,569,750**	**137.61%**
Pierre Leroy						
Quantitative financial criteria	50%	300,000		**1.12**	336,000	22.79%
Quantitative non-financial CSR criteria	16.67%	100,000		**1.125**	112,500	7.63%
Qualitative criteria	33.33%	200,000	**25%**	**1.25**	250,000	16.96%
Total	**100%**	**600,000**	**75%**		**698,500**	**47.39%**
Thierry Funck-Brentano						
Quantitative financial criteria	50%	300,000		**1.12**	336,000	27.86%
Quantitative non-financial CSR criteria	16.67%	100,000		**1.125**	112,500	9.33%
Qualitative criteria	33.33%	200,000	**25%**	**1.25**	250,000	20.73%
Total	**100%**	**600,000**	**75%**		**698,500**	**57.92%**

C) PERFORMANCE SHARE AWARDS

On 14 May 2019, under the new authorisation granted by the Company's shareholders in the twelfth resolution of the 10 May 2019 Annual General Meeting, **Pierre Leroy and Thierry Funck-Brentano were each awarded 32,000 rights to free shares**, representing 0.024% of the total number of shares making up the Company's share capital and a carrying amount of €524,480 under IFRS (corresponding to 23.86% and 27.18%, of their fixed and variable remuneration respectively for the previous year).

This award was made under the terms and conditions set out below, in accordance with the framework described above.

- ***Vesting period***: the shares will vest on 15 May 2022, provided that the beneficiaries are still executive corporate officers of Lagardère SCA at midnight on 14 May 2022 (the "presence condition").
- ***Performance conditions*** to be met for the period from 2019 through 2021:

Weighting (% of shares allocated to the objective)	Criteria	Minimum performance level	Target performance level	Vesting proportions
40%	Average annual increase in Group recurring operating profit (Guidance definition – Recurring EBIT)	+3.3%	+5%	Vesting on a straight-line proportionate basis of 0% to 100% of the shares between the trigger level and the target level
20%	Cumulative amount of free cash flow excluding growth capex	€613 million	€900 million	Vesting on a straight-line proportionate basis of 0% to 100% of the shares between the trigger level and the target level
10%	Lagardère SCA's average annual Total Shareholder Return ("TSR ") vs. the average annual TSR of a panel of 8 peer companies (Relx, Pearson, Mondadori, Bloomsbury, Dufry, Valora, WH Smith and Autogrill)	As this is a comparative criterion, the levels of the objectives for each portion will only be known and disclosed at the end of the reference period.		All shares vest if Lagardère SCA's average annual TSR is at least equal to the reference panel's average annual TSR. No shares vest if Lagardère SCA's average annual TSR is below the reference panel's average annual TSR.
10%	Lagardère SCA's average annual TSR vs. the average annual TSR of the other companies in the CAC Mid 60 index			
20%	Overall proportion of female executive managers at end-2021 This objective is a key indicator of the Group's performance in terms of implementing its strategy of promoting diversity and gender balance, which is one of the five priority objectives in the Group's CSR roadmap defined between the Company and all of its stakeholders. This key indicator will be measured, audited by an independent third party and published each year in the Group's non-financial performance statement.	42%	45%	Vesting on a straight-line proportionate basis of 0% to 100% of the shares between the trigger level and the target level

- ***Holding period of vested shares:*** all of the shares must be held by their beneficiaries until 15 May 2024 (inclusive). Following this holding period, 50% of the shares must still be held in accordance with the Group's remuneration policy.

D) BENEFITS IN KIND – BUSINESS EXPENSES

In accordance with the remuneration policy, the executive corporate officers each had the use of a company car in 2019.

The value of this benefit-in-kind is based on the executive corporate officers' potential personal use of their car, and corresponds to the following amounts:

- For Arnaud Lagardère: €18,616
- For Pierre Leroy: €16,281
- For Thierry Funck-Brentano: €13,644

E) SUPPLEMENTARY PENSION PLAN

In 2019, the executive corporate officers had conditional rights to receive a future pension annuity under a supplementary pension plan governed by article L. 137-11 of the French Social Security Code, as described in the remuneration policy.

In accordance with French Government Order no. 2019-697 dated 3 July 2019, which reformed the legal regime for professional supplementary pension plans in France, the benefits accrued under this plan have been frozen at the level attained at 31 December 2019, and no additional benefits will be accrued under the plan as from that date.

No amounts were paid to the executive corporate officers under this plan in 2019. At 31 December 2019, the estimated amounts of the future pension annuities were €686,490 for Arnaud Lagardère and Pierre Leroy, and €669,144 for Thierry Funck-Brentano.

F) EXTRAORDINARY REMUNERATION

The executive corporate officers did not receive any extraordinary remuneration for 2019.

2.5.3.2 Summary tables

The information and tables provided in this section show the remuneration of the Company's executive corporate officers based on the new presentation format recommended in the Afep-Medef Code and AMF recommendation nos. 2012-02 and 2009-16.

Arnaud Lagardère

Summary of gross remuneration and benefits (before deducting social security contributions)				
	Fiscal year 2018		**Fiscal year 2019**	
	Amounts allocated	Amounts paid	**Amounts allocated**	**Amounts paid**
Fixed remuneration	1,140,729	1,140,729	**1,140,729**	**1,140,729**
Variable remuneration	1,628,200 (1)	1,304,800	**1,569,750** (1)	**1,628,200**
Extraordinary remuneration	-	-	**-**	**-**
Remuneration allocated for offices held	-	-	**-**	**-**
Benefits in kind	18,616	18,616	**18,616**	**18,616**
Total	2,787,545	2,464,145	**2,729,095**	**2,787,545**

(1) As the variable portion of annual remuneration for a given year can only be calculated after the year-end, it is paid to the beneficiary during the following year.

Arnaud Lagardère, who is a major shareholder of the Company, has not been awarded any share options or free shares since his appointment as General and Managing Partner in 2003.

- **Share options granted during the year**: none.
- **Share options exercised during the year**: none.
- **Performance share rights granted during the year**: none.
- **Performance shares that became available during the year**: none.

Total remuneration and benefits, share options and performance shares granted		
	Fiscal year 2018	**Fiscal year 2019**
Remuneration allocated for the year (details in previous table)	2,787,545	**2,729,095**
Value of multi-annual variable remuneration allocated during the year	None	**None**
Value of share options granted during the year	None	**None**
Value of performance share rights granted during the year	None	**None**
Total	2,787,545	**2,729,095**

Pierre Leroy

Summary of gross remuneration and benefits (before deducting social security contributions)				
	Fiscal year 2018		**Fiscal year 2019**	
	Amounts allocated	Amounts paid	**Amounts allocated**	**Amounts paid**
Fixed remuneration	1,474,000	1,474,000	**1,474,000**	**1,474,000**
Variable remuneration	723,900 (1)	629,400	**698,500 (1)**	**723,900**
Extraordinary remuneration	-	-	**-**	**-**
Remuneration allocated for offices held	-	-	**-**	**-**
Benefits in kind	16,281	16,281	**16,281**	**16,281**
Total	2,214,181	2,119,681	**2,188,781**	**2,214,181**

(1) As the variable portion of annual remuneration for a given year can only be calculated after the year-end, it is paid to the beneficiary during the following year.

- **Share options granted during the year**: none.
- **Share options exercised during the year**: none.
- **Performance share rights granted during the year**: 32,000.

Performance share rights granted in 2019						
Authorisation of AGM	**Date of the plan**	**No. of share rights awarded**	**Carrying amount under IFRS**	**Vesting date**	**Date of availability**	**Performance conditions**
10 May 2019	14 May 2019	32,000	524,480	15 May 2022	16 May 2024(1)	(2)

(1) Applicable to 50% of the vested shares. The shares corresponding to the remaining 50% are subject to additional holding conditions (see section 2.5.3.1.C above).

(2) See section 2.5.3.1.C above.

- **Performance shares that became available during the year**: 18,506

The mandatory holding period for the 37,012 performance shares which vested for Pierre Leroy on 1 April 2017 under the 26 December 2013 plan ended on 1 April 2019. According to the holding rules defined by the Supervisory Board in accordance with the applicable laws and with the recommendations of the Afep-Medef Corporate Governance Code, half of these shares are still subject to holding periods based on the valuation of Pierre Leroy's share portfolio and the termination of his duties.

- **Performance shares that vested during the year**: 23,590.

Of the 32,000 performance shares granted to Pierre Leroy under the 9 May 2016 plan, 23,590 shares (i.e., 73.72%) vested on 10 May 2019, following the application of the performance conditions provided for in the decision to award the shares.

Achievement of the objective relating to growth in Group recurring operating profit:

- average annual growth rate for Group recurring operating profit between 2016 and 2018: (13.51% + 6.74% + 2.14%)/3 = +7.46%;

- achievement rate of objective (7.46-5.14)/(7.79-5.14) = 87.55%.

Achievement of the objective relating to net cash from operating activities of fully consolidated companies:

- average annual amount of net cash from operating activities of fully consolidated companies between 2016 and 2018: (458 + 318 + 455) = €410 million;

- achievement rate of objective (410 - 313)/(475 - 313) = 59.88%.

Total remuneration and benefits, share options and performance shares granted		
	Fiscal year 2018	**Fiscal year 2019**
Remuneration allocated for the year (details in previous table)	2,214,181	**2,188,781**
Value of multi-annual variable remuneration allocated during the year	None	**None**
Value of share options granted during the year	None	**None**
Value of performance share rights granted during the year	599,040	**524,480**
Total	2,813,221	**2,713,261**

Thierry Funck-Brentano

Summary of gross remuneration and benefits (before deducting social security contributions)				
	Fiscal year 2018		**Fiscal year 2019**	
	Amounts allocated	Amounts paid	**Amounts allocated**	**Amounts paid**
Fixed remuneration	1,206,000	1,206,000	**1,206,000**	**1,206,000**
Variable remuneration	723,900 (1)	629,400	**698,500** (1)	**723,900**
Extraordinary remuneration	-	-	**-**	**-**
Remuneration allocated for offices held	-	-	**-**	**-**
Benefits in kind	13,644	13,644	**13,644**	**13,644**
Total	1,943,544	1,849,044	**1,918,144**	**1,943,544**

(1) As the variable portion of annual remuneration for a given year can only be calculated after the year-end, it is paid to the beneficiary during the following year.

- **Share options granted during the year**: none.
- **Share options exercised during the year**: none.

- **Performance share rights granted during the year**: 32,000.

Performance share rights granted in 2019						
Authorisation of AGM	Date of the plan	No. of share rights awarded	Carrying amount under IFRS	Vesting date	Date of availability	Performance conditions
10 May 2019	14 May 2019	32,000	524,480	15 May 2022	16 May 2024[1]	[2]

(1) Applicable to 50% of the vested shares. The shares corresponding to the remaining 50% are subject to additional holding conditions (see section 2.5.3.1.C above).

(2) See section 2.5.3.1.C above.

- **Performance shares that became available during the year**: 27,759

The mandatory holding period for the 37,012 performance shares which vested for Thierry Funck-Brentano on 1 April 2017 under the 26 December 2013 plan ended on 1 April 2019. According to the holding rules defined by the Supervisory Board in accordance with the applicable laws, a quarter of these shares are still subject to a holding period until the termination of Thierry Funck-Brentano's duties. Since the valuation of Thierry Funck-Brentano's share portfolio is higher than one year of his fixed and variable remuneration, the holding period established in accordance with the recommendations of the Afep-Medef Corporate Governance Code and applicable to a quarter of the shares, no longer applies.

- **Performance shares that vested during the year**: 23,590.

Of the 32,000 performance shares granted to Thierry Funck-Brentano under the 9 May 2016 plan, 23,590 shares (i.e., 73.72% of the total shares granted) vested on 10 May 2019, following the application of performance conditions provided for in the decision to award the shares:

Achievement of the objective relating to growth in Group recurring operating profit:

- average annual growth rate for Group recurring operating profit between 2016 and 2018: (13.51% + 6.74% + 2.14%)/3 = +7.46%;
- achievement rate of objective (7.46-5.14)/(7.79-5.14) = 87.55%.

Achievement of the objective relating to net cash from operating activities of fully consolidated companies:

- average annual amount of net cash from operating activities of fully consolidated companies between 2016 and 2018: (458 + 318 + 455) = €410 million;
- achievement rate of objective (410 - 313)/(475 - 313) = 59.88%.

Total remuneration and benefits, share options and performance shares granted		
	Fiscal year 2018	**Fiscal year 2019**
Remuneration allocated for the year (details in previous table)	1,943,544	**1,918,144**
Value of multi-annual variable remuneration allocated during the year	None	**None**
Value of share options granted during the year	None	**None**
Value of performance share rights granted during the year	599,040	**524,480**
Total	2,542,584	**2,442,624**

Share options[1]

	Plans expired					
	2001 Plan	2002 Plan	2003 Plan	2004 Plan	2005 Plan	2006 Plan
Date of AGM	23 May 2000		23 May 2000 and 13 May 2003	11 May 2004		2 May 2006
Date of Board of Directors' or Executive Board meeting (as relevant)	Not relevant to Lagardère SCA, which is a French partnership limited by shares Grant date = date of decision by the Managing Partners					
Total number of shares under option[1]	1,271,740[*]	1,313,639[*]	1,453,451[*]	1,577,677[***]	1,736,769[**]	1,919,029[**]
O/w shares available for subscription or purchase by Managing Partners and members of the Supervisory Board[1]:						
Arnaud Lagardère	50,560	50,554	0	0	0	0
Pierre Leroy	30,336	30,333	40,444	50,433	62,345	62,350
Philippe Camus	20,224	20,222	30,333	30,336	50,000	50,000
Dominique D'Hinnin	30,336	30,333	40,444	50,433	62,345	62,350
Thierry Funck-Brentano	30,336	30,333	40,444	50,433	62,345	62,350
Start of exercise period	19 Dec. 2003	19 Dec. 2004	18 Dec. 2005	20 Nov. 2006	21 Nov. 2007	14 Dec. 2008
Option expiry date	19 Dec. 2008	19 Dec. 2009	18 Dec. 2013	20 Nov. 2014	21 Nov. 2015	14 Dec. 2016
Subscription or purchase price	€46.48[*]	€51.45[*]	51.45[*]	€41.64[***]	€45.69[**]	€44.78[**]
Number of shares vested at 28 February 2019	30,336[2]	-	-	-	-	-
Total number of share options cancelled or forfeited:						
Arnaud Lagardère	50,560	50,554	-	-	-	-
Pierre Leroy		30,333	40,444	50,433	62,345	62,350
Philippe Camus	20,224	20,222	30,333	30,336	50,000	50,000
Dominique D'Hinnin	30,336	30,333	40,444	50,433	62,345	62,350
Thierry Funck-Brentano	30,336	30,333	40,444	50,433	62,345	62,350
Share options[1] outstanding at end-2018:						
Arnaud Lagardère	0	0	-	-	-	-
Pierre Leroy	0	0	0	0	0	0
Dominique D'Hinnin	0	0	0	0	0	0
Thierry Funck-Brentano	0	0	0	0	0	0

[1] Share purchase plans only.

[2] Exercised by Pierre Leroy on 20 December 2005.

[*] After adjustment on 6 July 2005.

[**] After adjustment on 20 June 2014.

[***] After adjustments on 6 July 2005 and 20 June 2014.

Historical information on performance share awards

	Plan 1	Plan 2	Plan 3	Plan 4	Plan 5	Plan 6	Plan 7	Plan 8	Plan 9	Plan 10
Date of AGM	28 April 2009	28 April 2009	28 April 2009	28 April 2009	3 May 2013	3 May 2013	3 May 2016	3 May 2016	3 May 2016	10 May 2019
Date of grant(*)	31 Dec. 2009	17 Dec. 2010	29 Dec. 2011	25 June 2012	26 Dec. 2013	1 April 2015	9 May 2016	6 April 2017	16 April 2018	14 May 2019
Total number of free shares granted(**)	50,000	116,000	104,000	115,017	115,017	96,000	64,000	64,000	64,000	64,000
Of which granted to:										
Arnaud Lagardère(***)	-	-	-	-	-	-	-	-	-	-
Pierre Leroy	25,000	29,000	26,000	38,339	38,339	32,000	32,000	32,000	32,000	32,000
Philippe Camus	25,000	29,000	26,000	-	-	-	-	-	-	-
Dominique D'Hinnin	-	29,000	26,000	38,339	38,339	32,000	-	-	-	-
Thierry Funck-Brentano	-	29,000	26,000	38,339	38,339	32,000	32,000	32,000	32,000	32,000
Vesting date	2 April 2012 2 April 2014	2 April 2013	2 April 2014	1 April 2015	1 April 2017	1 April 2018	10 May 2019	7 April 2020	17 April 2021	15 May 2022
End of holding period(****)	2 April 2014	2 April 2015	2 April 2016	1 April 2017	1 April 2019	1 April 2020	10 May 2021	7 April 2022	17 April 2023	15 May 2024
Performance conditions	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Number of shares vested at 29 February 2020	42,310	59,547	72,054	104,253	111,036	96,000	47,180	-	-	
Total number cancelled or forfeited	7,690	56,453	31,946	10,764	3,981	0	16,820	-	-	
Arnaud Lagardère	-	-	-	-	-	-	-	-	-	
Pierre Leroy	3,845	9,151	1,982	3,588	1,327	0	8,410	-	-	
Philippe Camus	3,845	29,000	26,000	-	-	-	-	-	-	
Dominique D'Hinnin	-	9,151	1,982	3,588	1,327	0	-	-	-	
Thierry Funck-Brentano	-	9,151	1,982	3,588	1,327	0	8,410	-	-	
Performance shares outstanding at 2019(**)	-	-	-	-	-	-	-	64,000	64,000	64,000
Arnaud Lagardère	-	-	-	-	-	-	-	-	-	-
Pierre Leroy	-	-	-	-	-	-	-	32,000	32,000	32,000
Philippe Camus	-	-	-	-	-	-	-	-	-	-
Dominique D'Hinnin	-	-	-	-	-	-	-	-	-	-
Thierry Funck-Brentano	-	-	-	-	-	-	-	32,000	32,000	32,000

(*) Since Lagardère SCA is a French partnership limited by shares, performance share awards are the responsibility of the Managing Partners and are only coordinated by the Supervisory Board.

(**) After adjustment on 20 June 2014.

(***) Arnaud Lagardère, Managing Partner, does not receive any performance shares.

(****) Applicable to 50% of the vested shares. The shares corresponding to the remaining 50% are subject to additional holding conditions (see section 2.5.2.2.B above).

Other information

Executive corporate officers	Employment contract[1]		Supplementary pension plan		Indemnities or benefits receivable or likely to be receivable due to a termination or change of function		Indemnities receivable under a non-competition clause	
	Yes	No	Yes	No	Yes	No	Yes	No
Arnaud Lagardère Position: Managing Partner Date of appointment: Renewed 11 March 2015 for a six-year period End of term of office:		X	X[2]			X		X
Pierre Leroy Position: Managing Partner[a] Date of appointment: End of term of office:	NA [1]		X[2]			X[3]		X
Thierry Funck-Brentano Position: Managing Partner[b] Date of appointment: End of term of office:	NA [1]		X[2]			X[3]		X

(a) Deputy Chairman and Chief Operating Officer of Arjil Commanditée-Arco whose term of office as Managing Partner of Lagardère SCA was renewed on 9 March 2016 for a six-year period.

(b) Chief Operating Officer of Arjil Commanditée-Arco, appointed in that capacity on 10 March 2010 for a six-year period and on 9 March 2016 for a further six-year period.

(1) The Afep-Medef Corporate Governance Code recommendations that company officers should not hold employment contracts with the company only apply to the following persons: Chairman of the Board of Directors, Chairman and Chief Executive Officer, Chief Executive Officer of companies with a Board of Directors, Chairman of the Management Board, Chief Executive Officer of companies with a Management Board and Supervisory Board, and Managing Partners of French partnerships limited by shares (SCA).

(2) See section 2.5.2.2.C B) above.

(3) See section 2.5.2.2.C C) above.

Fair pay ratios

French Government Order 2019-1234 of 27 November 2019 introduced the requirement for companies to disclose, in their corporate governance reports, the following information for each executive corporate officer:

- the ratios between (i) the remuneration of the officer and (ii) the average and median remuneration, on a full-time equivalent basis, of the Company's non-executive employees;
- year-on-year changes in remuneration; the Company's performance; the average remuneration, on a full-time equivalent basis, of the Company's employees; and the above ratios, covering at least the past five years.

In addition to this legal requirement, the revised version of the Afep-Medef Code issued in January 2020 recommends that listed companies with a low number of employees publish this information based on a scope that is more representative of their overall payroll or workforce in France. The Code states that 80% of a company's workforce in France can be considered as a representative scope.

Lagardère SCA has less than ten employees, not including the executive corporate officers who are employed by Lagardère Capital & Management.

Consequently, the tables below set out the required disclosures concerning (i) the scope corresponding to Lagardère SCA, in compliance with the compulsory provisions of the Government Order, which have been applied on a voluntary basis, and (ii) the scope corresponding to all of the French companies exclusively controlled by Lagardère SCA within the meaning of article L. 233-16 II of the French Commercial Code, in accordance with recommendation 26.2 of the Afep-Medef Code.

The tables below show the **remuneration paid or allocated during each year from 2015 to 2019** (i.e., including variable remuneration allocated in respect of the preceding year).

The remuneration amounts presented include – for the executive corporate officers as well as employees – the fixed portions, variable portions, and extraordinary remuneration paid during the year stated, on a gross basis.

In accordance with Afep-Medef guidelines, they also include **free shares awarded during the year**, valued in accordance with IFRS. The value stated corresponds to their grant-date valuation and therefore does not actually represent the value of the shares that will effectively be delivered at the end of the vesting period, which will depend on (i) the Company's share price on the delivery date and (ii) the achievement rate of the applicable performance conditions. For the Company's seven free share plans for which the vesting period has expired, the average delivery rate of shares to executive corporate officers was 86.62%. For the 2015, 2016 and 2017 plans, this rate was 64%. In addition, the value of the shares at their delivery date still does not reflect an amount paid to executive corporate officers since the shares cannot in any case be sold before the end of a minimum period of two years, and one-half of the shares remains subject to further holding periods.

The amounts shown below do not, however, include the valuation of benefits-in-kind or, for employees, the components of employee savings plans (statutory and discretionary profit-shares, etc.), as details of these components cannot be provided for all of the employees included in the French scope.

Finally, the performance criteria presented are the financial criteria applied for calculating the executive corporate officers' annual variable remuneration. Directly correlated with the Group's strategy, these criteria – which are key indicators of its financial health and intrinsic performance – correspond to:

- the growth rate for recurring operating profit of fully consolidated companies, determined based on the rules defined in the Group's market guidance; and
- net cash from operating activities of fully consolidated companies, which represents the cash generated by the Group's operations.

As the remuneration amounts shown for each year are the amounts actually paid, these performance indicators are given each time for year Y-1, i.e., the year in respect of which they were assessed for the purpose of calculating the executive corporate officers' variable remuneration for year Y.

Arnaud Lagardère

	2015	2016	2017	2018	2019
Remuneration paid or allocated during the year (in €)	2,404,929	2,851,822	2,851,822	2,445,529	2,768,929
Average remuneration paid or allocated during the year to Company employees (in €)	314,730	444,525	415,095	328,974	352,018
Ratio vs. the average remuneration of Company employees	8	6	7	7	8
Median remuneration paid or allocated during the year to Company employees (in €)	258,937	269,460	255,548	251,902	260,472
Ratio vs. the median remuneration of Company employees	9	11	11	10	11
Average remuneration paid or allocated during the year to Group employees in France (in €)	53,097	55,032	57,659	56,468	56,098
Ratio vs. the average remuneration of Group employees in France	45	52	49	43	49
Median remuneration paid or allocated during the year to Group employees in France* (in €)	48,462	50,985	51,771	50,535	50,745
Ratio vs. the median remuneration of Group employees in France*	50	56	55	48	55
Year-on-year increase in Group recurring operating profit (in %)	+2.769	+8.84	+13.5	+6.74	+2.14
Net cash from operating activities of fully consolidated companies in year Y-1 (in €m)	210	523.7	457.9	318.2	482.5

(*) The median remuneration of Group employees in France and the corresponding ratio do not include the value of free shares as this component cannot be disclosed meaningfully for this extremely wide scope.

Pierre Leroy

	2015	2016	2017	2018	2019
Remuneration paid or allocated during the year (in €)	2,776,100*	2,837,485*	2,959,280*	2,702,440*	2,722,380*
Average remuneration paid or allocated during the year to Company employees (in €)	314,730	444,525	415,095	328,974	352,018
Ratio vs. the average remuneration of Company employees	9	6	7	8	8
Median remuneration paid or allocated during the year to Company employees (in €)	258,937	269,460	255,548	251,902	260,472
Ratio vs. the median remuneration of Company employees	11	11	12	11	10
Average remuneration paid or allocated during the year to Group employees in France (in €)	53,097	55,032	57,659	56,468	56,098
Ratio vs. the average remuneration of Group employees in France	52	52	51	48	49
Median remuneration paid or allocated during the year to Group employees in France** (in €)	48,462	50,985	51,771	50,535	50,745
Ratio vs. the median remuneration of Group employees in France**	42	44	43	42	43
Year-on-year increase in Group recurring operating profit (in %)	+2.769	+8.84	+13.5	+6.74	+2.14
Net cash from operating activities of fully consolidated companies in year Y-1 (in €m)	210	523.7	457.9	318.2	482.5

(*) Including 32,000 performance share rights valued in accordance with IFRS. The average overall delivery rate of shares awarded in 2015, 2016 and 2017 was 64%. Following delivery, the shares are in any case subject to a holding period of at least two years, and one-quarter of the shares are to be held until termination of his duties within the Group.
(**) The median remuneration of Group employees in France and the corresponding ratio do not include the value of free shares as this component cannot be disclosed meaningfully for this extremely wide scope.

Thierry Funck-Brentano

	2015	2016	2017	2018	2019
Remuneration paid or allocated during the year (in €)	2,508,100*	2,569,485*	2,681,280*	2,434,440*	2,454,380*
Average remuneration paid or allocated during the year to Company employees (in €)	314,730	444,525	415,095	328,974	352,018
Ratio vs. the average remuneration of Company employees	8	6	6	7	7
Median remuneration paid or allocated during the year to Company employees (in €)	258,937	269,460	255,548	251,902	260,472
Ratio vs. the median remuneration of Company employees	10	10	11	10	9
Average remuneration paid or allocated during the year to Group employees in France (in €)	53,097	55,032	57,659	56,468	56,098
Ratio vs. the average remuneration of Group employees in France	47	47	47	43	44
Median remuneration paid or allocated during the year to Group employees in France** (in €)	48,462	50,985	51,771	50,535	50,745
Ratio vs. the median remuneration of Group employees in France**	37	39	38	36	38
Year-on-year increase in Group recurring operating profit (in %)	+2.769	+8.84	+13.5	+6.74	+2.14
Net cash from operating activities of fully consolidated companies in year Y-1 (in €m)	210	523.7	457.9	318.2	482.5

(*) Including 32,000 performance share rights valued in accordance with IFRS. The average overall delivery rate of shares awarded in 2015, 2016 and 2017 was 64%. Following delivery, the shares are in any case subject to a holding period of at least two years, and one-quarter of the shares are to be held until termination of his duties within the Group.
(**) The median remuneration of Group employees in France and the corresponding ratio do not include the value of free shares as this component cannot be disclosed meaningfully for this extremely wide scope.

2.5.3.3 Approval of the components of remuneration paid during or allocated in respect of 2019 to the executive corporate officers

Further to the Company's voluntary application of the strict legal framework introduced by the Order, the fixed, variable and extraordinary components making up the total remuneration and benefits paid during or allocated in respected of 2019 to the executive corporate officers will, in accordance with article L. 226-8-2 II of the French Commercial Code, be submitted to the approval of the Company's shareholders at the Annual General Meeting to be held on 5 May 2020.

These components, which are described in detail in the preceding sections, are summarised below in the format recommended in the Afep-Medef Code.

Arnaud Lagardère

Components of remuneration put to the shareholders' vote	Amounts paid in 2019	Amounts allocated in respect of 2019 (or accounting values)	Presentation
Annual fixed remuneration	€1,140,729	€1,140,729	▪ The gross amount of Arnaud Lagardère's annual fixed remuneration has not changed since 2009.
Annual variable remuneration	€1,628,200 (amount allocated in respect of 2018, approved by 96.88% of the votes at the 10 May 2019 Annual General Meeting – 4th resolution)	€1,569,750	▪ This annual variable remuneration is based solely on (i) quantitative financial criteria (75% weighting) and non-financial CSR criteria (25% weighting). ▪ The financial criteria are related to the Group's performance in 2019 (growth rate for Group recurring operating profit compared with the target growth rate for Group recurring operating profit communicated as market guidance, and net cash from operating activities of fully consolidated companies compared with the budget prepared at the start of the year. The average of the figures calculated based on these two criteria may be reduced, where appropriate, by applying the ratio between Group recurring operating profit in 2019 and that generated in 2018) (see section 2.5.3.1 of the Universal Registration Document). ▪ The non-financial CSR criteria are related to the Group's 2019 performance concerning its priority commitments under its Corporate Social Responsibility policy (e.g., proportion of female executive managers, Scope 1 and 2 CO_2 emissions per million euros of revenue, proportion of staff that have an employee representative, ranking in the Dow Jones Sustainability Index) (see section 2.5.3.1 of the Universal Registration Document). ▪ The achievement rates are applied to a benchmark amount of (i) €1,050,000 for the financial criteria (75% weighting) and (ii) €350,000 for CSR non-financial criteria (25% weighting). ▪ Arnaud Lagardère's annual variable remuneration may not exceed 150% of his annual fixed remuneration. ▪ Based on the achievement rates attained in 2019 (1.12 for the financial criteria and 1.125 for the non-financial CSR criteria), Arnaud Lagardère's annual variable remuneration amounted to 137.61% of his annual fixed remuneration in 2019.

Multi-annual cash-settled variable remuneration	N/A	N/A	▪ Arnaud Lagardère does not receive any multi-annual cash-settled variable remuneration.
Share options, performance shares and other grants of securities	N/A	N/A	▪ Arnaud Lagardère has not received any share options, performance shares, or other grants of securities since his appointment as Managing Partner in 2003.
Extraordinary remuneration	N/A	N/A	▪ Arnaud Lagardère did not receive any extraordinary remuneration for 2019.
Remuneration for offices held	N/A	N/A	▪ Arnaud Lagardère was not entitled to and did not receive any directors' fees for 2019.
Benefits in kind		€18,616	▪ This corresponds to Arnaud Lagardère's potential personal use of a company car.
Benefits linked to taking up or terminating office	N/A	N/A	▪ Arnaud Lagardère is not entitled to any benefits of this nature.
Benefits linked to non-competition agreements	N/A	N/A	▪ Arnaud Lagardère is not entitled to any benefits of this nature.
Supplementary pension plan	€0	€0	▪ Arnaud Lagardère is a beneficiary of the defined benefit supplementary pension plan set up by Lagardère Capital & Management for members of the Executive Committee. ▪ The plan is a conditional benefit plan, and the pension will only be payable if the beneficiary is still with the Company at retirement age, except in the event of (i) termination (other than for serious misconduct) after the age of 55 if the beneficiary does not take up another post, (ii) long-term disability or (iii) early retirement. ▪ Arnaud Lagardère's pension benefit entitlements vested at a rate of 1.75% of the benchmark remuneration per year of membership of the plan. ▪ The benchmark remuneration corresponds to the average gross annual remuneration over the last five years (fixed and variable up to a maximum of 100% of the fixed portion, and cannot exceed 50 times the annual ceiling used to calculate social security contributions (corresponding to a maximum of €2,026,200 in 2019)). ▪ As the number of years of plan membership used to calculate the benefit entitlements is capped at 20, the supplementary pension cannot exceed 35% of the benchmark remuneration. ▪ In accordance with French Government Order no. 2019-697 dated 3 July 2019, which reformed the legal regime for professional supplementary pension plans in France, the benefits accrued under this plan have been frozen at the level attained at 31 December 2019, and no additional benefits will be accrued under the plan as from that date. ▪ At 31 December 2019, the estimated amount of Arnaud Lagardère's future annuity, determined in accordance with the applicable regulations, is €686,490, representing approximately 24.63% of his total gross remuneration (fixed and variable) paid in 2019. ▪ No benefits were due or paid to Arnaud Lagardère under this plan for 2019.

Pierre Leroy

Components of remuneration put to the shareholders' vote	Amounts paid in 2019	Amounts allocated in respect of 2019 (or accounting values)	Presentation
Annual fixed remuneration	€1,474,000	€1,474,000	▪ The gross amount of Pierre Leroy's annual fixed remuneration has not changed since 2011.
Annual variable remuneration	€723,900 (amount allocated in respect of 2018, approved by 95.90% of the votes at the 10 May 2019 Annual General Meeting – 5th resolution)	€698,500	▪ Pierre Leroy's annual variable remuneration includes: • a portion based on quantitative criteria, as follows: - financial criteria (75% weighting) related to the Group's performance in 2019 (growth rate for Group recurring operating profit compared with the target growth rate for Group recurring operating profit communicated as market guidance, and net cash from operating activities of fully consolidated companies compared with the budget prepared at the start of the year. The average of the figures calculated based on these two criteria may be reduced, where appropriate, by applying the ratio between Group recurring operating profit in 2019 and that generated in 2018) (see section 2.5.3.1 of the Universal Registration Document), - non-financial CSR criteria (25% weighting) related to the Group's 2019 performance concerning its priority commitments under its Corporate Social Responsibility policy (e.g., proportion of women executives, Scope 1 and 2 CO_2 emissions per million euros of revenue, proportion of staff that have an employee representative, ranking in the Dow Jones Sustainability Index) (see section 2.5.3.1 of the Universal Registration Document); • a qualitative portion, corresponding to a set of priority targets related to two domains, each of which are given an equal weighting: the roll-out of the Group's strategic plan and the quality of governance and management (see section 2.5.3.1 of the Universal Registration Document); ▪ Pierre Leroy's annual variable remuneration is based on (i) a "quantitative portion" benchmark amount of €400,000 and (ii) a "qualitative portion" benchmark amount of €200,000, representing an overall benchmark amount of €600,000. Consequently, 66.66% of the annual variable remuneration (i.e., a clear majority) is based on quantitative criteria and 33.33% on qualitative criteria. ▪ Pierre Leroy's annual variable remuneration may not exceed 75% of his annual fixed remuneration, and the amount of the qualitative portion is capped at 25% of his annual fixed remuneration. Consequently, the qualitative portion may not represent more than 33% of his maximum annual variable remuneration. ▪ Based on the achievement rates attained in 2019 (1.12 for the financial criteria, 1.125 for the non-financial CSR criteria and 1.25 for the qualitative criteria), Pierre Leroy's annual variable remuneration amounted to 47.39% of his annual fixed remuneration in 2019.

Multi-annual cash-settled variable remuneration	N/A	N/A	▪ Pierre Leroy does not receive any multi-annual cash-settled variable remuneration.
Share options, performance shares and other grants of securities	N/A	€524,480	▪ In 2019 Pierre Leroy was awarded 32,000 rights to performance shares, representing 0.024% of the Company's share capital. ▪ These performance shares will vest after three years, in 2022, provided that (i) Pierre Leroy is still an executive corporate officer of the Company on the vesting date, and (ii) the following performance conditions have been met for the period from 2019-2021: - for 40% of the shares awarded: 5% average annual growth rate for Group recurring operating profit. The vesting trigger rate would be a growth rate of 3.3%, and for growth rates between 3.3% and 5% the number of vested shares would be determined on a straight-line proportionate basis (ranging from 0% to 100% of the shares allocated); - for 20% of the shares awarded: cumulative free cash flow excluding growth capex of €900 million. The vesting trigger amount would be €613 million, and for cumulative amounts between €613 million and €900 million the number of vested shares would be determined on a straight-line proportionate basis (ranging from 0% to 100% of the shares allocated); - for 20% of the shares awarded: Lagardère SCA's average annual Total Shareholder Return (TSR) over the reference period compared against (i) the average annual TSR of a panel of eight competitor companies (Relx, Pearson, Mondadori, Bloomsbury, Dufry, Valora, WH Smith and Autogrill), for 10% of the shares awarded, and (ii) the average annual TSR of the other companies in the CAC Mid 60 index, also for 10% of the shares awarded. As this is a relative criterion, the target rates for each portion of shares awarded will only be known and communicated at the end of the reference period. For each portion, the shares will vest in full if Lagardère SCA's TSR during the reference period is at least equal to the reference panel's TSR and no shares will vest if Lagardère SCA's TSR is below the reference panel's TSR; - for 20% of the shares awarded: reaching a 45% proportion of female executive managers by 2021. The vesting trigger rate would be 42% and for percentages between 42% and 45%, the number of vested shares would be determined on a straight-line proportionate basis (ranging from 0% to 100% of the shares allocated). ▪ Vested performance shares must be held for at least two years. Subsequently, a quarter of the shares must be held until Pierre Leroy has built up a portfolio of Lagardère shares whose value is at least equal to one year's worth of his remuneration, and another quarter must be held for as long as he is with the Group. ▪ This performance share grant – which complied with the framework set by the Supervisory Board on 13 March 2019 – was carried out by the Managing Partners on 14 May 2019 using the authorisation given at the 10 May 2019 Annual General Meeting (12th resolution). ▪ Pierre Leroy did not receive any share options in 2019 and was not granted any securities other than the above-described performance shares.
Extraordinary remuneration	N/A	N/A	▪ Pierre Leroy did not receive any extraordinary remuneration for 2019.
Remuneration for offices held	N/A	N/A	▪ Pierre Leroy was not entitled to and did not receive any directors' fees for 2019.
Benefits in kind		€16,281	▪ This corresponds to Pierre Leroy's potential personal use of a company car.
Benefits linked to taking up or terminating office	N/A	N/A	▪ Pierre Leroy is not entitled to any benefits of this nature.
Benefits linked to non-competition agreements	N/A	N/A	▪ Pierre Leroy is not entitled to any benefits of this nature.

Supplementary pension plan	€0	€0	▪ Pierre Leroy is a beneficiary of the defined benefit supplementary pension plan set up by Lagardère Capital & Management for members of the Executive Committee. ▪ The plan is a conditional benefit plan, and the pension will only be payable if the beneficiary is still with the Company at retirement age, except in the event of (i) termination (other than for serious misconduct) after the age of 55 if the beneficiary does not take up another post, (ii) long-term disability or (iii) early retirement. ▪ Pierre Leroy's pension benefit entitlements vested at a rate of 1.75% of the benchmark remuneration per year of membership of the plan. ▪ The benchmark remuneration corresponds to the average gross annual remuneration over the last five years (fixed and variable up to a maximum of 100% of the fixed portion, and cannot exceed 50 times the annual ceiling used to calculate social security contributions (corresponding to a maximum of €2,026,200 in 2019)). ▪ As the number of years of plan membership used to calculate the benefit entitlements is capped at 20, the supplementary pension cannot exceed 35% of the benchmark remuneration. ▪ In accordance with French Government Order no. 2019-697 dated 3 July 2019, which reformed the legal regime for professional supplementary pension plans in France, the benefits accrued under this plan have been frozen at the level attained at 31 December 2019, and no additional benefits will be accrued under the plan as from that date. ▪ At 31 December 2019, the estimated amount of Pierre Leroy's future annuity, determined in accordance with the applicable regulations, is €686,490, representing approximately 31.23% of his total gross remuneration (fixed and variable) paid in 2019. ▪ No benefits were due or paid to Pierre Leroy under this plan for 2019.

Thierry Funck-Brentano

Components of remuneration put to the shareholders' vote	Amounts paid in 2019	Amounts allocated in respect of 2019 (or accounting values)	Presentation
Annual fixed remuneration	€1,206,000	€1,206,000	▪ The gross amount of Thierry Funck-Brentano's annual fixed remuneration has not changed since 2011.
Annual variable remuneration	€723,900 (amount allocated in respect of 2018, approved by 95.90% of the votes at the 10 May 2019 Annual General Meeting – 5th resolution)	€698,400	▪ Thierry Funck-Brentano's annual variable remuneration includes: • a portion based on quantitative criteria, as follows: - financial criteria (75% weighting) related to the Group's performance in 2019 (growth rate for Group recurring operating profit compared with the target growth rate for Group recurring operating profit communicated as market guidance, and net cash from operating activities of fully consolidated companies compared with the budget prepared at the start of the year. The average of the figures calculated based on these two criteria may be reduced, where appropriate, by applying the ratio between Group recurring operating profit in 2019 and that generated in 2018) (see section 2.5.3.1 of the Universal Registration Document), - non-financial CSR criteria (25% weighting) related to the Group's 2019 performance concerning its priority commitments under its Corporate Social Responsibility policy (e.g., proportion of women executives, Scope 1 and 2 CO_2 emissions per million euros of revenue, proportion of staff that have an employee representative, ranking in the Dow Jones Sustainability Index) (see section 2.5.3.1 of the Universal Registration Document); • a qualitative portion, corresponding to a set of priority targets related to two domains, each of which are given an equal weighting: the roll-out of the Group's strategic plan and the quality of governance and management (see section 2.5.3.1 of the Universal Registration Document). ▪ Thierry Funck-Brentano's annual variable remuneration is based on (i) a "quantitative portion" benchmark amount of €400,000 and (ii) a "qualitative portion" benchmark amount of €200,000, representing an overall benchmark amount of €600,000. Consequently, 66.66% of the annual variable remuneration (i.e., a clear majority) is based on quantitative criteria and 33.33% on qualitative criteria. ▪ Thierry Funck-Brentano's annual variable remuneration may not exceed 75% of his annual fixed remuneration, and the amount of the qualitative portion is capped at 25% of his annual fixed remuneration. Consequently, the qualitative portion may not represent more than 33% of his maximum annual variable remuneration. ▪ Based on the achievement rates attained in 2019 (1.12 for the financial criteria, 1.125 for the non-financial CSR criteria and 1.25% for the qualitative criteria), Thierry Funk-Brentano's annual variable remuneration amounted to 57.92% of his annual fixed remuneration in 2019.

Multi-annual cash-settled variable remuneration	N/A	N/A	▪ Thierry Funck-Brentano does not receive any multi-annual cash-settled variable remuneration.
Share options, performance shares and other grants of securities	N/A	€524,480	▪ In 2019 Thierry Funck-Brentano was awarded 32,000 rights to performance shares, representing 0.024% of the Company's share capital. ▪ These performance shares will vest after three years, in 2022, provided that (i) Thierry Funck-Brentano is still an executive corporate officer of the Company on the vesting date, and (ii) the following performance conditions have been met for the period from 2019-2021: – for 40% of the shares awarded: 5% average annual growth rate for Group recurring operating profit. The vesting trigger rate would be a growth rate of 3.3%, and for growth rates between 3.3% and 5% the number of vested shares would be determined on a straight-line proportionate basis (ranging from 0% to 100% of the shares allocated); – for 20% of the shares awarded: cumulative free cash flow excluding growth capex of €900 million. The vesting trigger amount would be €613 million, and for cumulative amounts between €613 million and €900 million the number of vested shares would be determined on a straight-line proportionate basis (ranging from 0% to 100% of the shares allocated); – for 20% of the shares awarded: Lagardère SCA's average annual Total Shareholder Return (TSR) over the reference period compared against (i) the average annual TSR of a panel of eight competitor companies (Relx, Pearson, Mondadori, Bloomsbury, Dufry, Valora, WH Smith and Autogrill), for 10% of the shares awarded, and (ii) the average annual TSR of the other companies in the CAC Mid 60 index, also for 10% of the shares awarded. As this is a relative criterion, the target rates for each portion of shares awarded will only be known and communicated at the end of the reference period. For each portion, the shares will vest in full if Lagardère SCA's TSR during the reference period is at least equal to the reference panel's TSR and no shares will vest if Lagardère SCA's TSR is below the reference panel's TSR; – for 20% of the shares awarded: reaching a 45% proportion of female executive managers by 2021. The vesting trigger rate would be 42% and for percentages between 42% and 45%, the number of vested shares would be determined on a straight-line proportionate basis (ranging from 0% to 100% of the shares allocated). ▪ Vested performance shares must be held for at least two years. Subsequently, a quarter of the shares must be held until Thierry Funck-Brentano has built up a portfolio of Lagardère shares whose value is at least equal to one year's worth of his remuneration, and another quarter must be held for as long as he is with the Group. ▪ This performance share grant – which complied with the framework set by the Supervisory Board on 13 March 2019 – was carried out by the Managing Partners on 14 May 2019 using the authorisation given at the 10 May 2019 Annual General Meeting (12th resolution). ▪ Thierry Funck-Brentano did not receive any share options in 2019 and was not granted any securities other than the above-described performance shares.
Extraordinary remuneration	N/A	N/A	▪ Thierry Funck-Brentano did not receive any extraordinary remuneration for 2019.
Remuneration for offices held	N/A	N/A	▪ Thierry Funck-Brentano was not entitled to and did not receive any directors' fees for 2019.
Benefits in kind		€16,281	▪ This corresponds to Thierry Funck-Brentano's potential personal use of a company car.
Benefits linked to taking up or terminating office	N/A	N/A	▪ Thierry Funck-Brentano is not entitled to any benefits of this nature.
Benefits linked to non-competition agreements	N/A	N/A	▪ Thierry Funck-Brentano is not entitled to any benefits of this nature.

Supplementary pension plan	€0	€0	▪ Thierry Funck-Brentano is a beneficiary of the defined benefit supplementary pension plan set up by Lagardère Capital & Management for members of the Executive Committee. ▪ The plan is a conditional benefit plan, and the pension will only be payable if the beneficiary is still with the Company at retirement age, except in the event of (i) termination (other than for serious misconduct) after the age of 55 if the beneficiary does not take up another post, (ii) long-term disability or (iii) early retirement. ▪ Thierry Funck-Brentano's pension benefit entitlements vested at a rate of 1.75% of the benchmark remuneration per year of membership of the plan. ▪ The benchmark remuneration corresponds to the average gross annual remuneration over the last five years (fixed and variable up to a maximum of 100% of the fixed portion, and cannot exceed 50 times the annual ceiling used to calculate social security contributions (corresponding to a maximum of €2,026,200 in 2019)). ▪ As the number of years of plan membership used to calculate the benefit entitlements is capped at 20, the supplementary pension cannot exceed 35% of the benchmark remuneration. ▪ In accordance with French Government Order no. 2019-697 dated 3 July 2019, which reformed the legal regime for professional supplementary pension plans in France, the benefits accrued under this plan have been frozen at the level attained at 31 December 2019, and no additional benefits will be accrued under the plan as from that date. ▪ At 31 December 2019, the estimated amount of Thierry Funck-Brentano's future annuity, determined in accordance with the applicable regulations, is €669,144, representing approximately 34.67% of his total gross remuneration (fixed and variable) paid in 2019. ▪ No benefits were due or paid to Thierry Funck-Brentano under this plan for 2019.

2.6 REMUNERATION AND BENEFITS OF THE MEMBERS OF THE SUPERVISORY BOARD

The purpose of this chapter is to present (i) the remuneration policy for the members of the Company's Supervisory Board and (ii) the components of the total remuneration and benefits paid during or allocated in respect of 2019 to these members. This remuneration policy and the components of the remuneration packages will be submitted for shareholder approval at the Annual General Meeting to be held on 5 May 2020.

2.6.1 REMUNERATION POLICY FOR THE MEMBERS OF THE SUPERVISORY BOARD

In accordance with the new legal framework introduced by the Order, the remuneration policy applicable to members of the Supervisory Board was drawn up by the Supervisory Board at its meeting on 28 February 2020, based on the proposals set out by the Appointments, Remuneration and CSR Committee at its meeting on 25 February 2020. The components of remuneration for members of the Supervisory Board for 2020 are determined, allocated, or decided in this context.

This procedure will be identical for any subsequent revision of the remuneration policy.

The Supervisory Board members are paid an annual fixed fee (previously called "attendance fees") whose amount is set by the shareholders at the Annual General Meeting.

Since a resolution approved by 98.25% of shareholders at the General Meeting of 10 May 2011, this aggregate amount of annual remuneration has been set at €700,000.

The allocation criteria for this remuneration, applicable as from 2020, are as follows. These rules apply to all members of the Supervisory Board, including the members representing Group employees who will be appointed in 2020:

- each member of the Supervisory Board is entitled to one basic portion;
- each member of the Audit Committee is entitled to 2 additional portions;
- each member of the Strategy Committee is entitled to 1.5 additional portions;
- each member of the Appointments, Remuneration and CSR Committee is entitled to 1.5 additional portions;
- the Chairs of the Board and the Committees are entitled to 1 additional portion.

The basic portion of the fees is equal to the aggregate amount of the fees divided by the total number of portions to which Board members are entitled.

Sixty percent of these fees is paid based on each member's actual attendance at the Supervisory Board meetings and the meetings of the Board(s) of which he or she is a member.

The fees are paid by Lagardère SCA, on an annual basis at the start of each year for amounts due in respect of the prior year.

In accordance with the recommendations of the Afep-Medef Code, the members of the Supervisory Board – including its Chairman – do not receive any further variable remuneration, share or performance share options, or any further benefits.

However, in accordance with the applicable legal provisions, the members of the Supervisory Board representing Group employees who will be appointed in 2020, will hold employment contracts with the Company or one of its subsidiaries and therefore receive remuneration corresponding to their position (salary and, where applicable, any incentives, profit sharing, variable remuneration and/or free shares).

The components of remuneration for Supervisory Board members are regularly reviewed in order to (i) compare them with the practices of other issuers or industry peers, notably based on public or private surveys, and to (ii) verify that they are in line with best corporate governance practices (recommendations in the Afep-Medef Code, AMF and HCGE reports, etc.).

The policy implemented translates into remuneration whose aggregate amount set by the Company's shareholders has not changed since 2011, and takes into account members' actual attendance at Supervisory Board and Board Committee meetings in determining a weighted variable portion. This policy therefore ensures a measured, balanced and equitable package that is fully aligned with the corporate and long-term interests of the Company.

In accordance with the second paragraph of article L. 226-8-1 III of the French Commercial Code, the Supervisory Board may decide to make an exception to the remuneration policy by modifying the criteria applicable to the overall fees or by allocating an additional portion to one or more members in consideration for the completion of specific *ad hoc* missions. Any such temporary exception would be made public and justified, notably with regard to the Group's corporate and long-term interests.

2.6.2 TOTAL REMUNERATION AND BENEFITS PAID DURING OR ALLOCATED IN RESPECT OF 2019

This section notably includes, with regard to the members of the Supervisory Board, the information referred to in article L. 225-37-3 of the French Commercial Code.

The tables provided in this section show the remuneration based on the new presentation format recommended in the Afep-Medef Code and AMF recommendation nos. 2012-02 and 2009-16.

2.6.2.1 Members of the Supervisory Board

The allocation criteria for the former "attendance fees" that applied in 2018 (paid in 2019) and 2019 (paid in 2020) were different to those set out above in the remuneration policy.

Each member of the Supervisory Board received one basic portion, with members of the Audit Committee and the Appointments, Remuneration and CSR Committee receiving twice the basic portion, and the Chairman of the Supervisory Board and the Committee Chairmen receiving one additional portion. The basic portion of attendance fees was equal to the total attendance fees (€700,000, as set by the General Meeting on 10 May 2011) divided by the total number of portions to which Board members were entitled. The variable portion of the fees, determined based on actual attendance at meetings, represented 60% of the total amount received.

(in euros)	Amount paid in 2019 in respect of 2018	Amount allocated in 2019 in respect of 2020
Nathalie Andrieux	58,721.70	63,926.94
Jamal Benomar	6,524.63 (1)	21,308.98 (1)
Martine Chêne	15,659.12	21,308.98
Georges Chodron de Courcel	50,053.26	13,850.84
François David	117,443.41	127,853.88
Xavier de Sarrau	97,869.51 (1)	106,544.90 (1)
Yves Guillemot	19,573.90	18,112.63
Pierre Lescure	43,025.30	_
Jean-Claude Magendie	4,567.24	_
Soumia Malinbaum	58,721.70	63,926.94
Hélène Molinari	58,721.70	63,926.94
Gilles Petit	_	41,552.51
François Roussely	17,616.51	5,327.25
Aline Sylla-Walbaum	58,721.70 (1)	63,926.94 (1)
Susan M. Tolson	19,573.90 (1)	21,308.98 (1)
Patrick Valroff	58,721.70	63,926.94
Total	**685,515.28** (1)	**696,803.65** (1)

(1) Less withholding tax.

2.6.2.2 Chairman of the Supervisory Board

A) XAVIER DE SARRAU (CHAIRMAN OF THE SUPERVISORY BOARD UNTIL 4 DECEMBER 2019)

Following the recommendation by the Appointments, Remuneration and CSR Committee, adopted at its meeting of 20 October 2010 and approved by the Supervisory Board at its meeting of 14 December 2010, the Supervisory Board asked that the Managing Partners arrange for Xavier de Sarrau to receive an amount in addition to his attendance fees, in recognition of the many specific services he provided above and beyond his remit as Chairman of the Supervisory Board. These services are described in the corporate governance report (see section 2.4.3).

This fixed remuneration, which reflects a common market practice, was set at €240,000 per year with effect from 27 April 2010 when Xavier de Sarrau became Chairman of the Board, and has since remained unchanged.

In accordance with the recommendations of the Afep-Medef Code, Xavier de Sarrau did not receive any further variable remuneration, share or performance share options, or any further benefits.

Remuneration received				
	Fiscal year 2018		Fiscal year 2019	
	Amounts allocated	Amounts paid	Amounts allocated	Amounts paid
Remuneration	97,869.51 (1)/(2)	92,715.23(1)	106,544.90(1)/(2)	97,869.51(1)
Other remuneration	240,000(1)	240,000(1)	222,000 (1)/(3)	282,000 (1)/(4)
Total	**337,869.51(1)**	**332,715.23(1)**	**328,544.90(1)**	**379,869.51(1)**

(1) Less withholding tax.
(2) Amount corresponding to five basic portions of fees based on an attendance rate of 100%.
(3) Annual remuneration of €240,000 allocated on a proportionate basis until 4 December 2019 – the date on which Xavier de Sarrau stepped down as Chairman of the Supervisory Board.
(4) This amount corresponds to (i) €222,000 in remuneration allocated in respect of 2019 and (ii) a residual amount of €60,000 corresponding to a quarter of his remuneration allocated in respect of 2018 which was not paid until 2019.

B) PATRICK VALROFF (CHAIRMAN OF THE SUPERVISORY BOARD AS FROM 4 DECEMBER 2019)

Patrick Valroff did not receive any other component of remuneration besides attendance fees, in accordance with the allocation rules set out in section 2.6.2.

Remuneration received				
	Fiscal year 2018		Fiscal year 2019	
	Amounts allocated	Amounts paid	Amounts allocated	Amounts paid
Remuneration	58,721.70	55,629.14	63,926.94(1)	58,721.70
Other remuneration	N/A	N/A	N/A	N/A
Total	**58,721.70**	**55,629.14**	**63,926.94**	**58,721.70**

(1) Amount corresponding to three basic portions of fees based on an attendance rate of 100%.

Fair pay ratios

The methods used for calculating these ratios were the same as those used for the executive corporate officers. For further details, therefore, see section 2.5.3.2.

Xavier de Sarrau (Chairman of the Supervisory Board until 4 December 2019)

	2015	2016	2017	2018	2019
Remuneration paid or allocated during the year (in €)	353,636	336,551	332,105	332,715	379,869
Average remuneration paid or allocated during the year to Company employees (in €)	314,730	444,525	415,095	328,974	352,018
Ratio vs. the average remuneration of Company employees	1.1	0.7	0.8	1	1.1
Median remuneration paid or allocated during the year to Company employees (in €)	258,937	269,460	255,548	251,902	260,472
Ratio vs. the median remuneration of Company employees	1.3	1.2	1.3	1.3	1.4
Average remuneration paid or allocated during the year to Group employees in France (in €)	53,097	55,032	57,659	56,468	56,098
Ratio vs. the average remuneration of Group employees in France	6.6	6.1	5.7	5.9	6.8
Median remuneration paid or allocated during the year to Group employees in France* (in €)	48,462	50,985	51,771	50,535	50,745
Ratio vs. the median remuneration of Group employees in France*	7.3	6.6	6.4	6.6	7.5

(*) The median remuneration of Group employees in France and the corresponding ratio do not include the value of free shares as this component cannot be disclosed meaningfully for this extremely wide scope.

Patrick Valroff (Chairman of the Supervisory Board as from 4 December 2019)

	2015	2016	2017	2018	2019
Remuneration paid or allocated during the year (in €)	68,181	57,931	55,263	55,629	58,721
Average remuneration paid or allocated during the year to Company employees (in €)	314,730	444,525	415,095	328,974	352,018
Ratio vs. the average remuneration of Company employees	0.2	0.1	0.1	0.1	0.1
Median remuneration paid or allocated during the year to Company employees (in €)	258,937	269,460	255,548	251,902	260,472
Ratio vs. the median remuneration of Company employees	0.2	0.2	0.2	0.2	0.2
Average remuneration paid or allocated during the year to Group employees in France (in €)	53,097	55,032	57,659	56,468	56,098
Ratio vs. the average remuneration of Group employees in France	1.3	1	1	1	1
Median remuneration paid or allocated during the year to Group employees in France* (in €)	48,462	50,985	51,771	50,535	50,745
Ratio vs. the median remuneration of Group employees in France*	1.4	1.1	1.1	1.1	1.1

(*) The median remuneration of Group employees in France and the corresponding ratio do not include the value of free shares as this component cannot be disclosed meaningfully for this extremely wide scope.

2.6.3 APPROVAL OF THE COMPONENTS OF REMUNERATION PAID DURING OR ALLOCATED IN RESPECT OF 2019 TO THE CHAIRMAN OF THE SUPERVISORY BOARD

Further to the Company's application of the strict legal framework introduced by the Order, the fixed, variable and extraordinary components making up the total remuneration and benefits paid during or allocated in respected of 2019 to the Chairman of the Supervisory Board will, in accordance with article L. 226-8-2 II of the French Commercial Code, be submitted to the approval of the Company's shareholders at the Annual General Meeting to be held on 5 May 2020.

These components, which are described in detail in the preceding sections, are summarised below in the format recommended in the Afep-Medef Code.

Xavier de Sarrau (Chairman of the Supervisory Board until 4 December 2019)

Components of remuneration put to the shareholders' vote	Amounts paid in 2019	Amounts allocated in respect of 2019 (or accounting values)	Presentation
Annual fixed remuneration	€282,000 (this amount corresponds to (i) €222,000 in remuneration allocated in respect of 2019 and (ii) a residual amount of €60,000 corresponding to one-quarter of his remuneration allocated in respect of 2018 [97.74% of votes cast in favour at the 10 May 2019 General Meeting – 6th resolution], which was not paid until 2019).	€222,000	▪ This remuneration – which does not constitute a salary and is subject to withholding tax – is awarded to Xavier de Sarrau on the recommendation of the Appointments, Remuneration and CSR Committee, as approved by the Supervisory Board, in return for the numerous specific tasks that he carries out in addition to and in connection with his duties as Chairman of the Supervisory Board. ▪ The amount allocated in respect of 2019 corresponds to the proportion of his annual remuneration of €240,000 (unchanged since he took up office on 27 April 2010) calculated for the period until 4 December 2019 when he resigned as Chairman of the Supervisory Board.
Annual variable remuneration	N/A	N/A	▪ Xavier de Sarrau does not receive any annual variable remuneration.
Multi-annual cash-settled variable remuneration	N/A	N/A	▪ Xavier de Sarrau does not receive any multi-annual cash-settled variable remuneration.
Share options, performance shares and other grants of securities	N/A	N/A	▪ Xavier de Sarrau does not receive any share options, performance shares or grants of other securities.
Extraordinary remuneration	N/A	N/A	▪ Xavier de Sarrau has not received any extraordinary remuneration since he took up office on 27 April 2010.
Remuneration for offices held	€97,869.51 (amount allocated in respect of 2018, approved by 97.74% of the votes at the 10 May 2019 Annual General Meeting – 6th resolution)	€106,544.90	▪ This amount – which is subject to withholding tax – corresponds to the fees due to Xavier de Sarrau in 2020 for the duties he performed as Chairman of the Supervisory Board and the Audit Committee in 2019. ▪ The aggregate amount of fees allocated among Supervisory Board members was set by the shareholders at €700,000 at the Annual General Meeting of 10 May 2011. In respect of 2019, each member of the Supervisory Board received a basic portion of fees. The following members also received an additional portion of fees corresponding to a multiple of the basic portion: members of the Board Committees (twice the basic portion) and the Chairman of the Supervisory Board and the Committee Chairmen (one basic portion). The basic portion of fees is equal to the total fees divided by the total number of portions to which Board members are entitled. The variable portion of the fees, which is determined based on actual attendance at meetings, represents 60% of the total amount received. ▪ The amount due to Xavier de Sarrau for 2019 corresponds to five basic portions of fees based on an attendance rate of 100%.
Benefits in kind	N/A	N/A	▪ Xavier de Sarrau does not receive any benefits in kind.
Benefits linked to taking up or terminating office	N/A	N/A	▪ Xavier de Sarrau is not entitled to any benefits of this nature.
Benefits linked to non-competition agreements	N/A	N/A	▪ Xavier de Sarrau is not entitled to any benefits of this nature.
Supplementary pension plan	N/A	N/A	Xavier de Sarrau is not a member of a supplementary pension plan.

Patrick Valroff (Chairman of the Supervisory Board as from 4 December 2019)

Components of remuneration put to the shareholders' vote	Amounts paid in 2019	Amounts allocated in respect of 2019 (or accounting values)	Presentation
Annual fixed remuneration	N/A	N/A	▪ Patrick Valroff does not receive any annual fixed remuneration.
Annual variable remuneration	N/A	N/A	▪ Patrick Valroff does not receive any annual variable remuneration.
Multi-annual cash-settled variable remuneration	N/A	N/A	▪ Patrick Valroff does not receive any multi-annual cash-settled variable remuneration.
Share options, performance shares and other grants of securities	N/A	N/A	▪ Patrick Valroff does not receive any share options, performance shares or grants of other securities.
Extraordinary remuneration	N/A	N/A	▪ Patrick Valroff did not receive any extraordinary remuneration for 2019.
Remuneration for offices held	€58,721.70 (Amount allocated in respect of 2018)	€63,926.94	▪ This amount corresponds to the fees due to Patrick Valroff in 2020 for the duties he performed as a member of the Supervisory Board and the Audit Committee in 2019. ▪ The aggregate amount of fees allocated among Supervisory Board members was set by the shareholders at €700,000 at the Annual General Meeting of 10 May 2011. In respect of 2019, each member of the Supervisory Board received a basic portion of fees. The following members also received an additional portion of fees corresponding to a multiple of the basic portion: members of the Board Committees (twice the basic portion) and the Chairman of the Supervisory Board and the Committee Chairmen (one basic portion). The basic portion of fees is equal to the total fees divided by the total number of portions to which Board members are entitled. The variable portion of the fees, which is determined based on actual attendance at meetings, represents 60% of the total amount received. ▪ The amount due to Patrick Valroff for 2019 corresponds to three basic portions of fees based on an attendance rate of 100%.
Benefits in kind	N/A	N/A	▪ Patrick Valroff does not receive any benefits in kind.
Benefits linked to taking up or terminating office	N/A	N/A	▪ Patrick Valroff is not entitled to any benefits of this nature.
Benefits linked to non-competition agreements	N/A	N/A	▪ Patrick Valroff is not entitled to any benefits of this nature.
Supplementary pension plan	N/A	N/A	Patrick Valroff is not a member of a supplementary pension plan.

2.7 ADDITIONAL INFORMATION ON THE MANAGING PARTNERS AND MEMBERS OF THE SUPERVISORY BOARD

2.7.1 DECLARATION OF NON-CONVICTION AND COMPETENCE

To the best of Lagardère SCA's knowledge:

- No member of the Supervisory Board or Managing Partner has been convicted of fraud in the last five years.
- No member of the Supervisory Board or Managing Partner has been associated with any bankruptcy, receivership or liquidation proceedings in the last five years.
- No member of the Supervisory Board or Managing Partner has been subject to charges or official public sanction by statutory or regulatory authorities (including designated professional bodies).
- No member of the Supervisory Board or Managing Partner has been barred by a court from acting as a member of a governing, management or supervisory body or participating in a company's business management or governance in the last five years.

2.7.2 AGREEMENTS BETWEEN A MEMBER OF THE SUPERVISORY BOARD OR A MANAGING PARTNER AND LAGARDÈRE SCA OR ANY OF ITS SUBSIDIARIES

To the best of Lagardère SCA's knowledge, no member of the Supervisory Board or Managing Partner has entered into a service agreement with Lagardère SCA or any of its subsidiaries, with the exception, as regards the members of the Supervisory Board, of the legal advisory services contract between the Realyze law firm and the Group (see section 2.4.1), and as regards the Managing Partners, of the service agreement signed between Lagardère Ressources and Lagardère Capital & Management (a company almost entirely owned by Arnaud Lagardère). For more information on this agreement, see section 2.8.1 below and the Statutory Auditors' report on related-party agreements in section 5.8.

2.7.3 CONFLICTS OF INTEREST

To the best of Lagardère SCA's knowledge, no arrangement or agreement has been entered into between the Company and its major shareholders, or with its customers, suppliers or any other party pursuant to which any Supervisory Board member or Managing Partner was selected.

To the best of Lagardère SCA's knowledge, no potential conflict of interests exists with respect to Lagardère SCA between the duties of the members of the Supervisory Board or the Managing Partners and their personal interests, or between those duties and any other responsibilities they may hold.

2.7.4 RESTRICTIONS ON THE SALE BY MEMBERS OF THE SUPERVISORY BOARD OR MANAGING PARTNERS OF THEIR INTEREST IN LAGARDÈRE SCA

To the best of Lagardère SCA's knowledge:

- no restriction has been accepted by members of the Supervisory Board concerning the sale of their interests in the Company's share capital within a certain period of time, except for the rules for trading in Lagardère SCA shares set forth in the internal rules of the Supervisory Board (see section 2.4.2);
- no restriction has been accepted by the Managing Partners concerning the sale of their interests in the Company's share capital within a certain period of time, except for:
  - the rules for trading in Lagardère SCA shares defined in the laws and regulations in force or in the Confidentiality and Market Ethics Charter Applicable to Lagardère group Associates,
  - the mandatory holding period for performance share awards, pursuant to the rules set by the General Meeting and

the Supervisory Board in accordance with the French Commercial Code and the recommendations of the Afep-Medef Corporate Governance Code (see the Special Report of the Managing Partners in section 2.9.9).

2.7.5 TRANSACTIONS IN LAGARDÈRE SCA SHARES BY THE CORPORATE OFFICERS AND THEIR RELATIVES DURING 2019

2.7.5.1 Managing Partners

Pursuant to article L. 621-18-2 of the French Monetary and Financial Code (*Code monétaire et financier*) the following transactions in the Company's shares carried out in 2019, as set out below, were disclosed by the Managing Partners or the parties related to them:

LAGARDÈRE CAPITAL & MANAGEMENT

Lagardère Capital & Management, a legal entity related to Arnaud Lagardère, sold 85,156 Lagardère SCA shares for a total gross amount of €2,002,402 between 3 April and 4 April 2019.

PIERRE LEROY

Pierre Leroy, Co-Managing Partner, sold 18,506 Lagardère SCA shares for a total gross amount of €433,264 on 8 April 2019.

A total of 23,590 Lagardère SCA shares vested for Mr Leroy on 10 May 2019 under the 9 May 2016 performance share plan.

THIERRY FUNCK-BRENTANO

A total of 23,590 Lagardère SCA shares vested for Thierry Funck-Brentano, Co-Managing Partner, on 10 May 2019 under the 9 May 2016 performance share plan.

2.7.5.2 Supervisory Board

None.

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No other transactions in the Company's shares were reported in 2019 by any executive or non-executive corporate officer or any parties related to them.

2.8 TRANSACTIONS WITH RELATED PARTIES (EXECUTIVE CORPORATE OFFICERS AND MEMBERS OF THE SUPERVISORY BOARD)

2.8.1 TRANSACTIONS WITH LAGARDÈRE CAPITAL & MANAGEMENT (LC&M)

Lagardère Capital & Management (LC&M), controlled and chaired by Arnaud Lagardère and with Pierre Leroy as Chief Operating Officer, provides an array of management resources and skills to both the Group and each of its component parts, with the following aims:

- over the long term, to guarantee that the Group's operating businesses have the best environment required for expansion;
- to supply the Group with strategic planning and operational services, coupled with high quality management services, including principally:
  - designing and developing economic and financial strategic scenarios; providing project monitoring skills;
  - providing research and follow-up concerning major markets and their development; assessing factors in different market environments that may create new opportunities for action;
  - monitoring and identifying potential investments and divestments;
  - managing business negotiations such as divestments, mergers and acquisitions;
  - orchestrating corporate actions, including state-of-the-art finance and capital management techniques;
  - establishing and maintaining relations in banking and finance, with particular attention to the characteristics of the various countries in which the Group does, or plans to do, business;
  - enhancing human resources by attracting high-potential management personnel;
  - providing overall management of the Group's image.

To meet these aims, LC&M employs the members of the Group Executive Committee, whose role is to assist the Managing Partners in performing their duties.

LC&M's mission is carried out within the framework of the Service Agreement initially put in place in 1988, and currently in force between LC&M and Lagardère Ressources (formerly Matra Hachette Général), which is responsible for managing all of the Group's corporate resources.

Following an amendment to the agreement in 2004, the remuneration paid to LC&M under the Service Agreement is equal to the amount of expenses it incurs in carrying out its mission, plus (in accordance with tax rules and customary market practices) a margin set at 10%, with an absolute upper limit of €1 million (an amount which in practice, has been applied each year since 2004). After examination by the Audit Committee, these terms and conditions were approved by the Supervisory Board on 12 March 2004 and subsequently by the General Meeting of Shareholders on 11 May 2004.

The expenses incurred by LC&M in carrying out its mission, which form the basis for its remuneration, can be split into three main categories, which would in any event have been borne by the Lagardère group.

The first category, representing the majority of expenses (around 85%), includes remuneration payable to members of the Executive Committee, the associated payroll taxes and duties (tax on wages, levy on performance share awards) and the amount accrued to the provision for the supplementary pension plan.

In accordance with applicable regulations, details of remuneration are provided in the annual report published by the Company. In compliance with the recommendations of the Afep-Medef Code, since 2014 remuneration allocated to executive corporate officers has been submitted to the shareholders' vote and has always gathered very high approval rates. As from 2020, shareholders will also be asked to vote on the remuneration policy itself, in accordance with new binding "say-on-pay" legislation that the Company has chosen to adopt of its own volition.

The supplementary pension plan was set up in 2005 further to the authorisation of the Company's Supervisory Board. It is also described in detail in the annual report and like other components of remuneration, is subject to a shareholder vote.

The second category (around 10% of the expenses) corresponds to the work environment of Executive Committee members and includes for example offices, equipment and furniture, meeting rooms, secretarial services, official vehicles and telecommunications.

As LC&M has none of its own resources, these items are made available to LC&M by the Lagardère group. The corresponding expenses are thus monitored by the Group Management Control Department, which determines the amount billed to LC&M for use of the above items. For the past dozen or so years, this amount has been stable at €1.9 million, and LC&M therefore bills the exact same amount to the Lagardère group.

The third category (around 5% of the expenses) includes miscellaneous other expenses incurred by LC&M in carrying out its mission. These expenses essentially consist of (i) fees for administrative and accounting services billed by the Lagardère group (following a similar scheme to the one for work environment costs), (ii) fees for consultants used by LC&M, and (iii) taxes and duties inherent to LC&M's activities (property tax, etc.).

Hence, this contractual framework between the Group and LC&M brings together in a clear and transparent manner the expenses corresponding to the total cost of the Group's general management, and subjects them to the statutory monitoring procedure applicable to related-party agreements.

As part of this procedure, the Service Agreement is subject to an annual review by the Audit Committee and by the Supervisory Board and is also referred to in the special report of the Statutory Auditors prepared in accordance with article L. 226-10 of the French Commercial Code.

The work of the Audit Committee on the precise conditions and costs related to the Service Agreement and any changes therein, is presented to the Supervisory Board in connection with the review referred to in article L. 225-88-1 of the French Commercial Code.

* * *

In 2019, LC&M invoiced €19.18 million to the Group in respect of the Service Agreement, further to review by the Audit Committee on 20 February 2020 and by the Supervisory Board at its meeting of 28 February 2020, versus €21 million in 2018. Total payroll costs recognized by LC&M amounted to €15.6 million. These correspond to gross salaries, plus the related taxes, payroll taxes and pension provisions. With the other expenses set out above (support costs invoiced by the Lagardère group for €1.9 million and other miscellaneous fees in an amount of €0.6 million, total costs amounted to €18.18 million versus €20 million in 2018. The contractual margin came out at €1 million, unchanged from 2018. Operating profit after tax from the above agreement amounted to €0.7 million.

2.8.2 AGREEMENTS ENTERED INTO WITH MEMBERS OF THE SUPERVISORY BOARD

None – see section 2.7.2.

2.8.3 OTHER TRANSACTIONS

The other transactions with related parties in 2019 undertaken in the normal course of business took place under arm's length conditions. In particular, Lagardère SCA has not identified any agreements, other than those relating to normal business operations and entered into on arm's length terms, signed in 2019, directly or via an intermediary, between (i) any of the Managing Partners, any members of the Supervisory Board or any shareholders of Lagardère SCA owning more than 10% of the voting rights and (ii) any company controlled by Lagardère SCA within the meaning of article L. 233-3 of the French Commercial Code.

2.9 SHARE CAPITAL

2.9.1 AMOUNT AND CHANGES IN THE SHARE CAPITAL

2.9.1.1 Amount

On 31 December 2019, the share capital of the Company amounted to €799,913,044.60 and was divided into 131,133,286 shares of par value €6.10 each, all ranking *pari passu* and fully paid.

2.9.1.2 Changes in the share capital over the last six years

Amounts

Years	Type of transaction	Number of shares	Nominal amount (in euros)	Premium (in euros)	Total share capital (in euros)	Total number of shares
2014	Award of free shares to employees	93,209	568,574.90	-	800,481,619.50	131,226,495
	Capital reduction by cancelling shares	93,209	568,574.90		799,913,044.60	131,133,286
	Award of free shares to employees	488,519	2,979,965.90	-	802,893,010.50	131,621,805
	Capital reduction by cancelling shares	488,519	2,979,965.90		799,913,044.60	131,133,286
	Award of free shares to employees	154,024	939,546.40	-	800,852,591.00	131,287,310
	Capital reduction by cancelling shares	154,024	939,546.40		799,913,044.60	131,133,286
2015	Award of free shares to employees	104,253	635,943.30	-	800,548,987.90	131,237,539
	Capital reduction by cancelling shares	104,253	635,943.30		799,913,044.60	131,133,286
	Award of free shares to employees	412,853	2,518,403.30	-	802,431,447.90	131,546,139
	Capital reduction by cancelling shares	412,853	2,518,403.30		799,913,044.60	131,133,286
	Award of free shares to employees	134,552	820,767.20	-	800,733,811.80	131,267,838
	Capital reduction by cancelling shares	134,552	820,767.20		799,913,044.60	131,133,286
2016	Award of free shares to employees	139,467	850,748.70		800,763,793.30	131,272,753
	Capital reduction by cancelling shares	139,467	850,748.70		799,913,044.60	131,133,286
	Award of free shares to employees	201,420	1,228,662		801,141,706.60	131,334,706
	Capital reduction by cancelling shares	201,420	1,228,662		799,913,044.60	131,133,286
2017	Award of free shares to employees	250,992	1,531,051.20		801,444,095.80	131,384,278
	Capital reduction by cancelling shares	250,992	1,531,051.20		799,913,044.60	131,133,286
	Award of free shares to employees	172,365	1,051,426.50		800,964,471.10	131,305,651
	Capital reduction by cancelling shares	172,365	1,051,426.50		799,913,044.60	131,133,286
2018	Award of free shares to employees	384,440	2,345,084		802,258,128.60	131,517,726
	Capital reduction by cancelling shares	384,440	2,345,084		799,913,044.60	131,133,286
	Award of free shares to employees	97,800	596,580		800,509,624.60	131,231,086
	Capital reduction by cancelling shares	97,800	596,580		799,913,044.60	131,133,286
2019	Award of free shares to employees	59,000	359,900		800,272,944.60	131,192,286
	Capital reduction by cancelling shares	59,000	359,900		799,913,044.60	131,133,286
	Award of free shares to employees	522,012	3,184,273		803,097,317.80	131,655,298
	Capital reduction by cancelling shares	522,012	3,184,273		799,913,044.60	131,133,286

As shown in the above table, all changes in the share capital over the last six years arise from the final vesting of free shares awarded to Group employees and senior executives, and from the resulting share capital reduction by cancelling treasury shares.

2.9.2 TREASURY SHARES

2.9.2.1 Amount

At 31 December 2019, the Company directly held 2,276,966 of its own shares (par value: €6.10), representing 1.74% of the total share capital at that date. The total cost of these shares was €48,971,752.69.

Based on the average weighted market price of Lagardère SCA's shares in December 2019 (€19.56 per share) a provision of €4,444,714.86 was recorded, reducing the total carrying amount of treasury shares directly held by the Company to €44,527,037.83.

2.9.2.2 Share buyback programmes: shares acquired, sold, cancelled or reallocated

A) TRANSACTIONS CARRIED OUT IN 2019

In 2019 the Company used the authorisations given by the shareholders at the 3 May 2018 and 10 May 2019 Annual General Meetings to carry out the following transactions for the objectives provided for in the 2018/2019 share buyback programme:

1. Market liquidity transactions

The Company has entered into a liquidity agreement, signed on 7 October 2008 and renewed yearly with Képler Cheuvreux. Under this agreement, in 2019 the Company:

- purchased 1,087,474 shares for a total price of €22,817,540.80 representing an average per-share price of €20.98;
- sold 989,974 shares for a total price of €21,712,016.01, representing an average per-share price of €21.93.

2. Award of shares to employees

Under a share buyback mandate with an investment services provider, signed on 1 August 2019 and modified by various amendments dated 13 August, 2 September, 25 September and 1 October 2019, between 1 August and 10 October 2019, the Company purchased 1,500,000 of its own shares, which were allocated to the implementation of Lagardère SCA's performance share plans and free share plans, for a total price of €29,375,137.44, representing an average per-share price of €19.58. In accordance with the applicable regulations, the corresponding transactions were disclosed in press releases that can be accessed on the Group's corporate website at www.lagardere.com.

3. Capital reduction

The Company cancelled 581,012 shares in 2019, within the scope of two capital reductions carried out concomitantly with capital increases through the issuance of new shares, in connection with the final vesting of free shares for Group employees and senior executives.

4. Partial reallocation for other uses

The Company reallocated 581,012 shares from the "award to employees" objective to the "capital reduction" objective.

B) POSITION AT 31 DECEMBER 2019

At the end of 2019, the 2,276,966 shares with a nominal value of €6.10 directly held by the Company and representing 1.74% of the share capital were allocated as follows:

- 1,946,966 shares allocated to the "award to employees" objective, representing 1.48% of the share capital, for a total cost of €42,491,287.67;
- 330,000 shares allocated to the objective "promotion of market liquidity", representing 0.25% of the share capital, for a total cost of €6,480,465.02.

C) TRANSACTIONS CARRIED OUT UNDER THE AUTHORISATION GRANTED BY THE ANNUAL GENERAL MEETING OF 10 May 2019

The Annual General Meeting of 10 May 2019 renewed the authorisation granted to the Managing Partners by the Annual General Meeting of 3 May 2018 to purchase Lagardère SCA shares representing up to 10% of the share capital (i.e., up to 13,113,328 shares), for a maximum amount of €500 million, and at a maximum per-share purchase price of €40, mainly for the following purposes:

- to reduce the share capital by cancelling all or some of the shares purchased;
- to award free shares to employees and corporate officers of the Company and of entities or groups related to it;

- to tender shares upon the exercise of share options;
- to set up any company or group savings scheme (or similar plan) under the conditions provided for by law, including by way of awarding the shares free of consideration as part of the Company's employer contribution and/or in replacement of the discount;
- to award or transfer shares to employees as part of a profit-sharing scheme;
- to award shares to employees and corporate officers of the Company and of entities or groups related to it for any other purpose permitted by the applicable law and regulations;
- to remit shares upon the exercise of rights attached to securities giving access to the Company's share capital in any way whatsoever;
- to promote liquidity in the Company's shares under liquidity agreements that comply with a code of conduct recognised by the French financial markets authority (*Autorité des marchés financiers* – AMF) entered into with independent investment services providers;
- to hold the shares for subsequent exchange or payment as consideration for external growth transactions, a merger, demerger or asset contribution;
- and more generally, to carry out any transaction in accordance with applicable laws and regulations and in particular, with market practices accepted by the AMF.

This authorisation was granted for an 18-month period starting on 10 May 2019.

The corresponding share buyback programme was described in a press release issued on 15 May 2019 available on the Group's corporate website at www.lagardere.com.

Under this authorisation, the Company carried out the following transactions from 15 May 2019 to 29 February 2020:

1. Market liquidity transactions

The Company purchased 1,377,071 shares for a total price of €26,807,119.42, i.e., an average per-share price of €19.47, and sold 946,571 shares for a total price of €19,675,658.94 on the market, i.e., an average per-share price of €20.79, under the liquidity agreement referred to above.

2. Award of shares to employees

Under the share buyback mandate referred to above, the Company purchased 1,500,000 of its own shares, which were allocated to the implementation of Lagardère SCA's performance share plans and free share plans, for an total price of €29,375,137.44, representing an average per-share price of €19.58.

3. Capital reduction

The Company has not cancelled any shares under this authorisation.

4. Partial reallocation for other uses

The Company has not reallocated any shares under this authorisation.

The Annual General Meeting of 5 May 2020 will be asked to renew this authorisation.

2.9.3 OTHER SECURITIES AND RIGHTS GIVING ACCESS TO THE COMPANY'S SHARE CAPITAL

2.9.3.1 Marketable securities

None of the existing securities give or potentially give immediate or future access to the Company's share capital.

2.9.3.2 Share subscription options

At 31 December 2019, there were no subscription options outstanding which, if exercised, would result in the issue of an equivalent number of new shares, the last share subscription plan having expired in December 2007.

2.9.3.3 Free share awards

The shares due to be remitted to employees and senior executives of the Company and of other companies related to it between 2020 and 2023 as a result of free share awards made in 2016, 2017, 2018 and 2019 will in principle be new shares created through a capital increase by capitalising reserves; the maximum number of shares to be created for that purpose would amount to 2,575,470 shares with a par value of €6.10 each, representing a maximum share capital dilution of 1.96% which will in principle be neutralised by cancelling an equivalent number of treasury shares, as has historically been the case.

2.9.4 AUTHORISED, UNISSUED SHARE CAPITAL

The Ordinary and Extraordinary General Meeting of 10 May 2019 authorised the Managing Partners, for a period of 38 months:

- to award existing or new shares free of consideration to Group employees and senior executives (other than the executive corporate officers of Lagardère SCA) within the annual limit of 0.8% of the total number of shares making up the share capital;
- to award performance shares free of consideration to the executive corporate officers of Lagardère SCA within the annual limit, for each executive corporate officer, of 0.025% of the total number of shares making up the share capital.

The Ordinary and Extraordinary General Meeting of 10 May 2019 authorised the Managing Partners, for a period of 26 months:

- to issue, with or without pre-emptive subscription rights, securities giving immediate or future access to the Company's share capital, within the following limits:
  - maximum nominal amount of capital increases which may result from authorised issues without pre-emptive subscription rights and without priority rights: €80 million,
  - maximum nominal amount of capital increases which may result from authorised issues with pre-emptive subscription rights or with priority rights: €300 million,
  - maximum authorised amount for debt issuances: €1,500 million;
- to increase the share capital by capitalising reserves, profits or issue premiums and award newly-issued free shares to shareholders (or increase the par value of existing shares) within the limit of: €300 million;
- to issue ordinary shares of the Company and/or securities giving access to the Company's share capital, without pre-emptive subscription rights, to be awarded to Group employees within the scope of corporate savings schemes and within the annual limit of 0.5% of the number of shares making up the share capital.

The Annual General Meeting of 10 May 2019 also authorised the Managing Partners to issue, on one or more occasions, securities other than new securities giving access to the Company's capital, up to a maximum amount of €1.5 billion.

In 2019, only the authorisations relating to awards of free shares were used.

Summary table of authorisations to increase the share capital, given by shareholders at the 10 May 2019 Annual General Meeting to the Managing Partners

Type of authorisation	Term	Description	% share capital	Used in 2019
Free share awards	**38 months**			
Free shares *(13th resolution)*		▶ **Maximum nominal amount: approx. €3.2 million/year**	**0.4%/year**	**(A)**
Performance shares (excluding ECOs(1)) *(12th resolution)*		▶ **Maximum nominal amount: approx. €3.2 million/year**	**0.4%/year**	**(B)**
ECO performance shares *(12th resolution)*		▶ **Maximum nominal amount: approx. €0.2 million/year/ECO**	**0.025%/year/ECO**	**(C)**
Capital increase	**26 months**	**Overall ceiling (maximum nominal amount) of debt securities: €1,500 million**		
Capital increase with pre-emptive subscription rights(2) *(15th resolution)*		**Overall ceiling (maximum nominal amount) of capital increases with priority rights: €300 million** ▶ Maximum nominal amount: €265 million ▶ Maximum nominal amount of debt securities: €1,500 million ▶ Possibility for shareholders to have a pre-emptive right to subscribe for any securities not taken up by other shareholders ▶ Possibility for the Managing Partners to limit a capital increase to 75% of the original amount and to offer all or some of the unsubscribed shares on the market	**approx. 37.5%** approx. 33%	None.
Capital increases without pre-emptive subscription rights(2):		**Overall ceiling (excluding issues with priority rights): €80 million**	**approx. 10%**	
• Public offer with a priority right *(16th resolution)*		**Overall ceiling (maximum nominal amount) of capital increases with pre-emptive subscription rights: €300 million** ▶ Maximum nominal amount: €160 million ▶ Maximum nominal amount of debt securities: €1,500 million ▶ Priority right for a minimum of five trading days ▶ Maximum discount of 5%	approx. 20%	None.
• Public offer without a priority right *(17th resolution)*		▶ Maximum nominal amount: €80 million ▶ Maximum nominal amount of debt securities: €1,500 million ▶ Maximum discount of 5%	approx. 10%	None.
• Private placement as referred to in section II of article L. 411-2 of the French Monetary and Financial Code *(18th resolution)*		▶ Maximum nominal amount: €80 million ▶ Maximum nominal amount of debt securities: €1,500 million ▶ Maximum discount of 5%	approx. 10%	None.
• Public exchange offers *(20th resolution)*		▶ Maximum nominal amount: €80 million ▶ Maximum nominal amount of debt securities: €1,500 million	approx. 10%	None.
• Contributions in kind *(20th resolution)*		▶ Maximum nominal amount: €80 million ▶ Maximum nominal amount of debt securities: €1,500 million	approx. 10%	None.
Greenshoe option(2) *(19th resolution)*		▶ Issue of additional securities subject to the ceilings applicable to the original issue and not exceeding 15% of the original issue amount	15% of the original issue	None.
Capital increases by capitalising reserves, profit and/or share premiums *(22th resolution)*		▶ **Maximum nominal amount: €300 million** ▶ Rights to fractions of shares neither transferable nor tradable	**approx. 37.5%**	None.
Issue of securities for employees who are members of a corporate savings scheme *(23rd resolution)*		▶ **Annual ceiling: 0.5%** ▶ Maximum discount of 30% ▶ Possibility of awarding free shares in replacement of the discount and/or employer's contribution	**0.5% per year**	None.

(1) ECO: Executive corporate officers of Lagardère SCA.

(2) Subject to the overall ceilings applicable to capital increases and issues of debt securities (21st resolution adopted by the 10 May 2019 General Meeting).

(A) A free share award plan was set up by the Managing Partners on 10 October 2019 covering 79,000 rights to shares representing 0.06% of the share capital, for 35 beneficiaries.

(B) Two performance share plans were set up by the Managing Partners on 14 May and 10 October 2019 covering a total of 189,370 rights to shares representing 0.144% of the share capital, for 45 beneficiaries.

(C) A performance share plan was set up by the Managing Partners on 14 May 2019 covering a total of 64,000 rights to shares representing 0.048% of the share capital, for the two executive corporate officers representing the Managing Partners.

2.9.5 PLEDGES OF COMPANY SHARES

2.9.5.1 Pledges of registered shares of the Company at 31 December 2019

- Number of shareholders: 101
- Number of shares: 9,635,120 (7.35% of the share capital)

2.9.5.2 Pledges of company shares registered in the names of shareholders holding more than 0.5% of the share capital at 31 December 2019

9,521,625 shares belonging to Lagardère Capital & Management (LC&M) (7.26% of the share capital) pledged to Crédit Agricole Corporate and Investment Bank under a financial instruments pledge agreement dated 28 September 2007, until reimbursement of the debt for which they constitute a guarantee.

2.9.6 STOCK MARKET INFORMATION

2.9.6.1 General information

- Number of shares making up the share capital at 31 December 2019: 131,133,286
- Number of shares listed on 31 December 2019: 131,133,286
- Listed on: Euronext Paris,
- Compartment A

2.9.6.2 Dividends (over the last five years), share prices and trading volumes (over the last four years)

Dividends per share

Year of payment	Number of shares entitled to dividend	Dividend (euros per share)	Tax credit (euros per share)	Gross dividend (euros per share)	Total dividend (in millions of euros)
2015	128,294,419	1.30	None	1.30	166.78
2016	128,727,324	1.30	None	1.30	167.35
2017	129,438,203	1.30	None	1.30	168.27
2018	129,858,508	1.30	None	1.30	168.82
2019	130,566,820	1.30	None	1.30	169.74

Any dividend not claimed within five years from the due date lapses and is paid to the French Treasury.

Trading volumes and changes in the Lagardère SCA share price (Source: Euronext Paris)

	High for month (in euros)	Date of high	Low for month (in euros)	Date of low	Closing price (in euros)	Average opening price (in euros)	Average closing price (in euros)	Number of shares traded	Total amount traded (in millions of euros)	Number of trading days
2016										
January	27.27	4 Jan.	23.40	20 Jan.	26.19	25.23	25.21	6,096,799	153.39	20
February	27.13	22 Feb.	23.86	11 Feb.	26.60	26.00	25.95	6,701,440	173.28	21
March	26.88	1 March	22.59	10 March	23.35	24.38	24.32	9,814,586	236.70	21
April	24.30	19 April	22.96	29 April	23.17	23.68	23.67	5,994,637	141.53	21
May	23.34	2 May	20.62	11 May	21.27	21.99	22.00	8,337,090	182.93	22
June	21.37	1 June	18.35	27 June	19.65	20.41	20.34	10,465,663	210.86	22
July	22.85	29 July	19.04	6 July	22.84	20.88	20.94	9,187,476	191.86	21
August	22.98	1 Aug.	21.85	29 Aug.	21.86	22.34	22.29	6,208,361	138.70	23
September	22.90	8 Sept.	21.69	2 Sept.	22.66	22.36	22.37	7,048,814	157.54	22
October	23.25	31 Oct.	21.78	13 Oct.	23.20	22.42	22.44	5,663,910	127.27	21
November	23.85	14 Nov.	22.09	9 Nov.	23.26	23.02	22.98	7,724,894	177.76	22
December	26.49	30 Dec.	22.68	2 Dec.	26.39	24.87	25.03	5,980,559	149.25	21
2017										
January	26.84	3 Jan.	23.21	31 Jan.	23.21	25.16	25.08	7,528,269	187.91	22
February	24.70	10 Feb.	23.15	27 Feb.	23.74	23.73	23.73	6,828,414	162.62	20
March	27.61	31 March	23.74	1 March	27.61	25.56	25.71	10,535,409	271.35	23
April	28.24	28 April	26.97	21 April	28.12	27.57	27.62	5,964,197	164.48	18
May	28.95	5 May	27.07	18 May	27.98	27.90	27.94	7,772,469	216.62	22
June	28.68	20 June	27.50	12 June	27.65	28.15	28.11	7,133,960	200.48	22
July	28.21	31 July	26.69	10 July	27.75	27.46	27.46	5,788,649	159.08	21
August	27.91	1 Aug.	25.78	29 Aug.	26.99	27.20	27.18	5,837,292	158.41	23
September	28.32	29 Sept.	26.77	7 Sept.	28.32	27.35	27.42	4,230,899	116.09	21
October	28.66	27 Oct.	27.87	25 Oct.	28.27	28.26	28.25	5,212,553	147.23	22
November	28.69	13 Nov.	26.59	15 Nov.	27.53	27.72	27.67	7,873,711	217.44	22
December	28.02	18 Dec.	26.59	29 Dec.	26.73	27.47	27.44	5,515,184	151.63	19
2018										
January	27.17	8 Jan.	25.10	31 Jan.	25.12	26.06	26.00	8,327,735	216.27	22
February	25.32	1 Feb.	23.46	06 Feb.	24.20	24.52	24.49	7,702,237	188.13	20
March	24.38	8 March	21.99	9 March	23.20	23.33	23.28	13,283,797	306.42	21
April	23.84	26 April	22.76	3 April	23.68	23.32	23.31	10,087,545	235.04	20
May	25.43	3 May	22.17	29 May	23.10	23.16	23.10	23,863,192	552.32	22
June	24.22	12 June	22.61	29 June	22.61	23.44	23.40	13,330,581	312.67	21
July	25.24	30 July	22.35	9 July	24.99	23.48	23.49	9,969,012	235.27	22
August	25.85	28 Aug.	24.34	15 Aug.	25.40	25.08	25.10	6,824,824	170.86	23
September	26.81	20 Sept.	24.67	6 Sept.	26.51	25.78	25.83	6,956,966	180.03	20
October	26.79	1 Oct.	23.60	29 Oct.	24.19	25.37	25.21	9,139,992	230.89	23
November	26.33	8 Nov.	24.04	1 Nov.	24.98	25.00	25.01	7,026,313	175.97	22
December	25.38	3 Dec.	20.99	20 Dec.	22.02	22.75	22.63	6,953,260	157.30	19
2019										
January	23.74	28 Jan.	21.36	7 Jan.	22.83	22.53	22.60	7,068,807	159.31	22
February	23.51	1 Feb.	22.01	12 Feb.	22.75	22.69	22.65	5,138,861	116.30	20
March	24.93	15 March	22.35	26 March	22.92	23.15	23.15	6,844,119	159.84	21
April	25.26	23 April	22.96	1 April	24.26	24.03	24.04	5,164,539	124.53	20
May	24.66	7 May	21.34	23 May	21.80	22.69	22.61	7,477,238	167.88	22
June	23.70	13 June	21.76	3 June	22.90	22.93	22.96	6,006,637	137.78	20
July	23.16	4 July	20.48	31 July	20.50	22.29	22.22	5,551,338	122.78	23
August	20.56	1 Aug.	18.59	15 Aug.	19.37	19.48	19.43	7,016,800	136.63	22
September	21.56	20 Sept.	18.85	3 Sept.	20.30	20.27	20.31	8,804,948	180.09	21
October	20.66	29 Oct.	19.15	8 Oct.	20.02	20.11	20.09	7,357,319	147.44	23
November	21.06	12 Nov.	18.93	6 Nov.	19.83	20.29	20.24	6,156,268	124.17	21
December	20.26	13 Dec.	18.80	20 Dec.	19.43	19.61	19.54	6,940,069	135.06	20
2020										
January	19.76	2 Jan.	17.15	31 Jan.	17.15	18.87	18.71	7,886,283	146.93	22
February	18.70	12 Feb.	15.45	28 Feb.	15.66	18.04	18.00	11,909,045	210.55	20

2.9.7 OPTIONS GRANTED TO THIRD PARTIES ON SHARES MAKING UP THE SHARE CAPITAL OF CERTAIN GROUP COMPANIES

Certain investments included in Lagardère SCA's consolidated financial statements are subject to put options whose exercise is conditional. These commitments are detailed in the notes to the consolidated financial statements set out in chapter 5 of this Universal Registration Document. At the date of filing, there were no other put options concerning all or part of any significant investment held directly or indirectly by Lagardère SCA.

2.9.8 SHARE OWNERSHIP STRUCTURE – PRINCIPAL SHAREHOLDERS

2.9.8.1 Changes in share ownership structure and voting rights over the last three years

	At 31 December 2019				At 31 December 2018				At 31 December 2017			
Shareholders	Number of shares	% of share capital	% of voting rights exercisable at General Meetings	% of theoretical voting rights	Number of shares	% of share capital	% of voting rights exercisable at General Meetings	% of theoretical voting rights	Number of shares	% of share capital	% of voting rights exercisable at General Meetings	% of theoretical voting rights
Non-French investors(*)	87,085,906	66.41	61.49	60.67	87,319,618	66.59	60.51	60.12	90,084,603	68.7	61.62	61.08
French institutional investors(**)	15,498,472	11.82	12.61	12.44	17,913,055	13.66	15.60	15.71	19,278,001	14.7	16.84	16.69
Lagardère Capital & Management(***)	9,521,625	7.26	11.03	10.88	9,606,781	7.33	10.93	10.78	9,694,807	7.39	11.08	10.98
Private investors	13,717,017	10.46	12.21	12.05	12,600,976	9.61	10.68	10.53	6,897,139	5.25	7.29	7.21
Employees and Group Savings Plan investment funds	2,967,170	2.26	2.66	2.63	2,603,977	1.98	2.28	2.25	3,620,695	2.76	3.17	3.14
Treasury shares	2,343,096	1.79	-	1.33	1,088,879	0.83	-	0.61	1,558,041	1.2	-	0.9
Total	131,133,286	100	100	100	131,133,286	100	100	100	131,133,286	100	100	100

(*) Including Qatar Holding LLC and Amber Capital (see section 2.9.9.7 – Principal shareholders).

(**) Including Caisse des dépôts et consignations (see section 2.9.9.7 – Principal shareholders).

(***) Arnaud Lagardère, LM Holding, Lagardère SAS and its subsidiary Lagardère Capital & Management.

Of the 2.26% of capital held by Group employees, 0.50% is held via the Group Savings Plan investment funds or directly under employee profit-sharing and savings schemes pursuant to article L. 225-102 of the French Commercial Code.

At 31 December 2019, the share capital was held by 49,311 shareholders and intermediaries directly registered in the Company's register; intermediaries registered in the Company's register representing shareholders who are not tax residents in France constitute the majority of the non-French investors listed in the table above, holding 66.41% of the shares making up the share capital.

With the exception of the increase in concert in the shareholding of Amber Capital UK LLP and Amber Capital Italia SGR SpA (see below), there has been no significant change in the breakdown of the Company's share capital or voting rights since 31 December 2019.

2.9.8.2 Regulatory shareholding threshold crossings

Date of AMF notice	Shareholder	Threshold crossed
22 February 2019	DNCA Finance	Below 5% of voting rights on 18 February 2019
26 February 2019	BlackRock, Inc.	Above 5% of share capital on 22 February 2019
27 February 2019	BlackRock, Inc.	Below 5% of share capital on 25 February 2019
28 February 2019	BlackRock, Inc.	Above 5% of share capital on 26 February 2019
8 March 2019	BlackRock, Inc.	Below 5% of share capital on 7 March 2019
11 March 2019	BlackRock, Inc.	Above 5% of share capital on 8 March 2019
19 March 2019	BlackRock, Inc.	Below 5% of share capital on 15 March 2019
28 October 2019	BlackRock, Inc.	Above 5% of share capital on 24 October 2019
4 November 2019	BlackRock, Inc.	Below 5% of share capital on 31 October 2019
7 November 2019	BlackRock, Inc.	Above 5% of share capital on 1 November 2019
7 November 2019	BlackRock, Inc.	Below 5% of share capital on 5 November 2019
15 November 2019	BlackRock, Inc.	Above 5% of share capital on 13 November 2019
20 November 2019	BlackRock, Inc.	Below 5% of share capital on 18 November 2019
25 November 2019	BlackRock, Inc.	Above 5% of share capital on 21 November 2019
25 November 2019	BlackRock, Inc.	Below 5% of share capital on 22 November 2019
29 November 2019	BlackRock, Inc.	Above 5% of share capital on 27 November 2019
2 December 2019	BlackRock, Inc.	Below 5% of share capital on 28 November 2019
4 December 2019	BlackRock, Inc.	Above 5% of share capital on 2 December 2019
4 December 2019	Amber Capital UK LLP and Amber Capital Italia SGR SpA	Above 5% of share capital on 2 December 2019
5 December 2019	BlackRock, Inc.	Below 5% of share capital on 3 December 2019
13 December 2019	Amber Capital UK LLP	Above 5% of voting rights on 10 December 2019
9 January 2020	Caisse des dépôts et consignations	Above 5% of voting rights on 2 January 2020
12 February 2020	Amber Capital UK LLP and Amber Capital Italia SGR SpA	Above 10% of share capital on 5 February 2020
12 February 2020	Amber Capital UK LLP	Above 10% of share capital on 6 February 2020
28 February 2020	Amber Capital UK LLP and Amber Capital Italia SGR SpA	Above 10% of voting rights on 25 February 2020
28 February 2020	Amber Capital UK LLP	Above 10% of voting rights on 26 February 2020
2 March 2020	Amber Capital UK LLP and Amber Capital Italia SGR SpA	Above 15% of share capital on 28 February 2020
4 March 2020	Amber Capital UK LLP	Above 15% of share capital on 2 March 2020

2.9.8.3 Actions in concert with other groups

The Company is aware of the following actions in concert that have been declared to it:

- action in concert by Arnaud Lagardère and his three companies, Lagardère SAS, LM Holding and Lagardère Capital & Management (LC&M);
- action in concert by Amber Capital UK LLP and Amber Capital Italia SGR SpA, acting on behalf of funds that they manage.

2.9.8.4 Voting rights

Including the double voting rights attributed to shares registered in the name of the same shareholder for at least four years (see section 2.2.6.4) the total number of rights to vote at General Meetings at 31 December 2019 was 172,708,127.

However, in application of AMF regulations, the number of voting rights to be taken into consideration for assessing whether regulatory thresholds have been crossed is the gross number, which at 31 December 2019 amounted to 175,051,223.

The total number of voting rights (gross and net) is published every month at the same time as the amount of the share capital.

Under the Articles of Association, the number of voting rights to be taken into consideration for assessing whether disclosure thresholds have been crossed is the total number of exercisable rights to vote at General Meetings, i.e., 172,708,127 at 31 December 2019.

The percentage of voting rights held by Supervisory Board members was 0.0077% at 31 December 2019 (0.0056% of the share capital).

2.9.8.5 Principal shareholders

Arnaud Lagardère, personally and via his three companies, Lagardère SAS, LM Holding and Lagardère Capital & Management (LC&M), held 7.26% of the share capital and 11.03% of the rights to vote at General Meetings at 31 December 2019. In accordance with the Company's Articles of Association (see section 2.2.6.4), shares held by Arnaud Lagardère or the companies LC&M or Lagardère SAS carry double voting rights. LC&M's share capital is held by its Chairman, Arnaud Lagardère, who is also a Managing Partner of Lagardère SCA together with Arjil Commanditée-Arco, a subsidiary of LC&M.

At 31 December 2019, based on the shareholdings indicated in the latest threshold declaration received by the Company prior to that date, Qatar Investment Authority (via its subsidiary Qatar Holding LLC) held 13.03% of the share capital and 19.80% of the rights to vote at General Meetings. In accordance with the Company's Articles of Association, shares held by Qatar Holding LLC carry double voting rights.

At 31 December 2019, based on the shareholdings indicated in the latest declaration received by the Company prior to that date, Amber Capital UK LLP held 7.90% of the share capital and 6% of the rights to vote at General Meetings on behalf of the fund it manages, and 8.2% of the share capital and 6.28% of the rights to vote at General Meetings in concert with Amber Capital Italia SGR SpA.

To the best of the Company's knowledge, at 31 December 2019 no other shareholder held more than 5% of the share capital or voting rights directly or indirectly, alone or in concert.

On 9 January 2020, Caisse des dépôts et consignations (CDC) submitted a declaration to the Company and the French financial markets authority stating that it had raised its voting rights to above the 5% threshold and that at 2 January 2020, based on the shareholdings indicated in said threshold declaration, it held – directly and through CNP Assurances – 3.86% of the share capital and 5.38% of the voting rights.

Between 10 February and 3 March 2020, the action in concert by Amber Capital UK LLP and Amber Capital Italia SGR SpA submitted successive declarations to the Company and the French financial markets authority stating that it had exceeded 10% of the share capital, 10% of the voting rights and 15% of the share capital.

Based on the latest declaration, at 2 March 2020 Amber Capital UK LLP held 15.08% of the share capital and 11.30% of the voting rights on behalf of the fund it manages, and held 15.45% of the share capital and 11.58% of the voting rights in concert with Amber Capital Italia SGR SpA on behalf of the funds they manage.

2.9.8.6 Group to which the Company belongs

Lagardère SCA is the ultimate holding company of the Lagardère group. See the simplified Group organisation chart at 31 December 2019 in section 1.3.

2.9.9 FREE SHARE AWARDS BY LAGARDÈRE SCA OR BY ITS RELATED ENTITIES

SPECIAL REPORT OF THE MANAGING PARTNERS ON FREE SHARE AWARDS

Pursuant to the provisions of article L. 225-197-4 of the French Commercial Code (*Code de commerce*), please find below the required information related to transactions in free share awards carried out in 2019.

***

The policy on the award of free shares is intended to give the Lagardère group's executives worldwide a stake in the Group's growth and consequent rise in value.

This policy enables the Group to single out and foster loyalty among those who have particularly contributed to its performance and whom the Group wishes to retain on a durable basis in order to future-proof its growth as part of its long-term corporate strategy.

For Lagardère SCA's executive corporate officers, the members of the Enlarged Committee and the Group's other senior managers, free share awards – which are all subject to exacting performance conditions – are also an important way of incentivising and encouraging a long-term vision.

In accordance with best corporate governance practices, the Lagardère SCA free share plans are not just restricted to executive corporate officers and senior managers. They also cover over 400 Group employees each year, notably young high-potential managers identified during the talent management process.

For some beneficiaries, there are no performance conditions attached to the vesting of their shares, although they must have formed part of the Group for at least three years at the vesting date. Free share awards are an important tool in the Group's human resources strategy, enabling it to recruit, incentivise and retain key talent. It is vital for the Group to retain their high-level expertise in diverse, and often highly competitive, fields, even though, due to the nature of their underlying jobs, not all beneficiaries may have a direct impact on the Group's financial performance.

In addition, as free share awards offer fiscal conditions that are more advantageous than cash-based remuneration, they are an effective way of containing payroll costs.

These plans thereby promote the close alignment of the beneficiaries' interests with those of the Company and of its shareholders.

GENERAL INFORMATION

Free share awards granted by the Company

1. Vesting of free shares in 2019

In the course of 2019, 581,012 free shares vested. All of these shares were issued through a share capital increase carried out by capitalising reserves, which was followed by a share capital reduction by cancelling the same number of treasury shares, as part of the Company's share buyback programme.

59,000 shares vested on 1 April 2019 for beneficiaries of the 1 April 2015 performance share plan and for the heirs of a beneficiary under the 16 April 2018 free share plan;

522,012 shares vested on 10 May 2019 for beneficiaries of the 9 May 2016 free and performance share plans.

2. Rights to free shares awarded in 2019

Based on the authorisation given by the General Meeting of 3 May 2016 (13th resolution), on 8 April 2019, the Managing Partners of the Company awarded 474,990 rights to free shares (representing 0.362% of the total number of shares comprising the share capital) to 370 beneficiaries, comprising employees and executive corporate officers of the Company and entities related to it. The rights are subject to the vesting conditions described below.

Three-year presence condition:

The shares will only vest on the condition that at midnight on 8 April 2022, the beneficiaries have neither resigned nor been terminated or dismissed for serious or gross misconduct.

Vesting periods:

For beneficiaries residing in France for tax purposes, the shares will vest on 9 April 2022 following a three-year vesting period.

For beneficiaries residing overseas for tax purposes, the shares will vest on 9 April 2023 following a four-year vesting period.

Holding periods:

For beneficiaries residing in France for tax purposes, the holding period has been set at two years (i.e., the shares must be kept in a registered account until 9 April 2024 inclusive).

Beneficiaries residing overseas for tax purposes are not subject to a holding period once their shares have vested.

At the close of the mandatory holding periods, the shares will become transferable and can be traded under the terms and conditions established by law and regulations and in accordance with the black-out periods established by Lagardère SCA in its Confidentiality and Market Ethics Charter.

Value of the shares awarded:

The value of the free shares awarded was €23.52 per share at the opening of trading on the Paris stock exchange on 8 April 2019. Determined in accordance with IFRS, this value was €19.03 per share for the shares vesting on 9 April 2022, and €17.85 per share for the shares vesting on 9 April 2023.

Based on the new authorisation given by the General Meeting of 10 May 2019 (12th resolution), on 14 May 2019, the Managing Partners of the Company awarded 232,370 rights to free performance shares (representing 0.177% of the total number of shares comprising the share capital) to 40 beneficiaries, comprising employees and executive corporate officers of the Company and entities related to it. The rights are subject to the vesting conditions described below.

Performance conditions:

Objective relating to growth in Group recurring operating profit:

Vesting for 40% of the shares awarded is subject to the average annual growth rate for Group recurring operating profit over the 2019-2021 period, as calculated based on the rules defined in the market guidance ("Group recurring EBIT") being equal to or more than 5%.

No shares will vest in the event that the average annual growth rate for Group recurring operating profit over the 2019-2021 period is less than 3.3%.

Shares will vest proportionally on a linear basis (from 0% to 100% of the shares awarded) in the event that the average annual growth rate for Group recurring operating profit over the 2019-2021 period is between 3.3% and 5%.

Free cash flow objective:

Vesting for 20% of the shares awarded is subject to the cumulative free cash flow excluding growth capex over the 2019-2021 period being equal to or more than €900 million.

No shares will vest in the event that cumulative free cash flow excluding growth capex over the 2019-2021 period is less than €613 million.

Shares will vest proportionally on a linear basis (from 0% to 100% of the shares awarded) in the event that free cash flow excluding growth capex over the 2019-2021 period is between €613 million and €900 million.

Total Shareholder Return (TSR) objective:

Vesting for 20% of the shares awarded is subject to Lagardère SCA's Total Shareholder Return (TSR) over the 2019-2021 period relative to (i) the TSR of a panel of eight competitor companies (Relx, Pearson, Mondadori, Bloomsbury, Dufry, Valora, WH Smith, Autogrill), for 10% of the shares awarded, and (ii) the TSR of the other companies in the CAC Mid 60 index, also for 10% of the shares awarded.

As this is a relative criterion, the target rates for each portion of shares awarded will only be known and communicated at the end of the reference period.

For each of the aforementioned 10% of shares, the shares awarded will vest fully if the average annual TSR of Lagardère SCA over the 2019-2021 period is at least equal to the average annual TSR of the reference panel, and no shares will vest if the average annual TSR of Lagardère SCA is lower than the average annual TSR of the reference panel.

Non-financial objective:

Vesting for 20% of the shares awarded is subject to the overall proportion of women in senior management at the Lagardère group in 2021 being equal to or more than 45%. This objective, a key indicator used for the Group's strategy of promoting diversity and gender balance, will be assessed and audited by the independent third party and published within the scope of the Group's non-financial statement for 2021.

No shares will vest in the event the overall proportion of women in senior management in 2021 is less than 42%.

Shares will vest proportionally on a linear basis (from 0% to 100% of the shares awarded) in the event that the proportion of women in senior management in 2021 is between 42% and 45%.

Three-year presence condition:

The shares will only vest on the condition that at midnight on 14 May 2022, the beneficiaries have neither resigned nor been terminated or dismissed for serious or gross misconduct.

For information regarding the Company's executive corporate officers, please see the relevant section below.

Vesting period:

The shares will vest for all beneficiaries on 15 May 2022 following a three-year vesting period.

Holding period:

Beneficiaries are not subject to a holding period once their shares have vested.

At the close of the mandatory holding periods, the shares will become transferable and can be traded under the terms and conditions established by law and regulations and in accordance with the black-out periods established by Lagardère SCA in its Confidentiality and Market Ethics Charter.

For information regarding the Company's executive corporate officers, please see the relevant section below.

Value of the shares awarded:

The value of the free shares awarded was €22.34 per share at the opening of trading on the Paris stock exchange on 14 May 2019. Determined in accordance with IFRS, the value of the free shares awarded represents €16.95 per share.

Based on the new authorisations given by the General Meeting of 10 May 2019 (12th and 13th resolutions), on 10 October 2019 the Managing Partners of the Company awarded 79,000 rights to free shares (representing 0.06% of the total number of shares comprising the share capital) to 35 beneficiaries, and 21,000 rights to free performance shares (representing 0.016% of the total number of shares comprising the share capital) to seven beneficiaries, comprising employees and executive corporate officers of the Company and entities related to it. The rights are subject to the vesting conditions described below.

Three-year presence condition:

The shares will only vest on the condition that at midnight on 10 October 2022, the beneficiaries have neither resigned nor been terminated or dismissed for serious or gross misconduct.

Vesting period:

The shares will vest for all beneficiaries on 11 October 2022 following a three-year vesting period.

Holding period:

Beneficiaries are not subject to a holding period once their shares have vested.

At the close of the mandatory holding periods, the shares will become transferable and can be traded under the terms and conditions established by law and regulations and in accordance with the black-out periods established by Lagardère SCA in its Confidentiality and Market Ethics Charter.

Performance conditions

The 21,000 rights to performance shares are subject to the same performance conditions as those set for the 14 May 2019 plan.

Value of the shares awarded:

The value of the free shares awarded was €19.60 per share at the opening of trading on the Paris stock exchange on 10 October 2019. Determined in accordance with IFRS, the value of the free shares awarded was €15.70 per share, while the value of the performance shares was €14.49 per share.

3. Free share award plans in force in 2019

The main characteristics of all of the free share award plans which expired in 2019 or were in force as of 31 December 2019 are summarised in the table below.

Date of the plan	Total number of rights awarded	Total number of rights eliminated	Total number of of shares definitively vested	Total number of outstanding rights
1 April 2015	444,440	6,000	438,440	-
9 May 2016	829,660	115,208	528,212	186,240
6 April 2017	817,660	7,650	5,000	805,010
16 April 2018	812,460	16,600	5,000	790,860
8 April 2019	474,990	10,000	-	464,990
14 May 2019	232,370	4,000	-	228,370
10 October 2019	100,000	-	-	100,000
Total	**3,711,580**	**159,458**	**971,652**	**2,575,470**

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Free share awards granted by entities or groups related to the Company

In the course of 2019, no free shares were granted by entities or by groups related to Lagardère SCA within the meaning of article L. 225-197-2 of the French Commercial Code, or by entities controlled by Lagardère SCA within the meaning of article L. 233-16 of said code.

SPECIFIC INFORMATION ON THE EXECUTIVE CORPORATE OFFICERS AND EMPLOYEES OF LAGARDÈRE SCA

1. In 2019, Pierre Leroy and Thierry Funck-Brentano, employees of Lagardère Capital & Management (LC&M) and Lagardère SCA executive corporate officers, were each awarded 32,000 rights to performance shares under the 14 May 2019 plan described above (representing 0.024% of the total number of shares comprising the share capital and a carrying amount of €524,480 under IFRS).

In accordance with the recommendations in the Afep-Medef Corporate Governance Code, the performance shares were granted in compliance with the framework laid down by Lagardère SCA's Supervisory Board which, in its meeting on 13 March 2019, confirmed the terms and conditions governing the ceilings and holding conditions applicable to free shares awarded to the Managing Partners, and validated a new system for setting performance conditions, designed to include an external criterion and a CSR criterion and aimed at reflecting changes in the Company's profile as part of the Group's strategic refocusing and continuing to apply best governance practices that meet the expectations of stakeholders.

In addition to the performance conditions described above, in order for the shares to fully vest, each executive corporate officer must still be in his position three years after the award (i.e., at midnight on 14 May 2022), except in cases of forced termination for reasons other than misconduct.

Upon expiry of the initial two-year holding period applicable from 15 May 2022 to 15 May 2024 inclusive to all vested shares, each executive corporate officer will be required to keep in a registered share account (*nominatif pur*) (i) 25% of the fully vested shares until such time as he ceases to be an executive corporate officer of Lagardère SCA, and (ii) an additional 25% of the fully vested shares until such time as the value of the Lagardère SCA shares held by the executive corporate officer concerned equals at least one year's worth of his gross fixed and variable salary (calculated each year based on a) the average share price for the month of December of the previous year and b) the executive corporate officer's fixed and variable salary for the past year, with the maximum potential amount used for the variable portion).

At the close of the mandatory holding periods, the corresponding shares will become transferable and can be traded under the terms and conditions established by law and regulations and in accordance with the black-out periods established by Lagardère SCA in its Confidentiality and Market Ethics Charter.

In accordance with the recommendations of the Afep-Medef Corporate Governance Code, Lagardère SCA's two executive corporate officers have formally undertaken not to hedge the risks related to the value of the performance shares awarded to them until the end of the corresponding holding periods.

2. In 2019, Lagardère SCA's executive corporate officers were not awarded any other free shares by the entities and groups related to Lagardère SCA within the meaning of article L. 225-197-2 of the French Commercial Code, or the companies that it controls within the meaning of article L. 233-16 of said Code.

3. In 2019, Lagardère SCA's eight employees were awarded a total number of 38,120 rights to free shares (representing 0.029% of the total number of shares comprising the share capital and a carrying amount of €685,799.60 under IFRS), i.e., an average number of 4,765 rights to shares awarded per person (representing 0.004% of the total number of shares comprising the share capital and a carrying amount of €85,724.95 under IFRS).

4. In 2019, Lagardère SCA's employees were not awarded any free shares by the companies and groups related to Lagardère SCA within the meaning of article L. 225-197-2 of the French Commercial Code, or by companies that it controls within the meaning of article L. 233-16 of said Code.

2.9.10 OPTIONS TO SUBSCRIBE FOR OR PURCHASE SHARES OF LAGARDÈRE SCA OR ITS RELATED ENTITIES

No new options to subscribe for or purchase Lagardère SCA shares were awarded in 2019. There were no longer any share option plans in force, or which expired in 2019, within the aforementioned entities or groups.

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3 RISK FACTORS AND CONTROL SYSTEM

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3.1 RISK FACTORS

This chapter takes account of the requirements of Regulation (EU) 2017/1129 ("Prospectus 3"), insofar as the Group refers to its Universal Registration Document when issuing securities to the public.

In accordance with these new requirements, the descriptions provided below are limited to risks that are specific and material to the Lagardère group as a whole.

To improve consistency and readability, a table is provided at the end of this chapter summarising changes in risk factors compared to 2018. Justification is provided for each change, along with a reference to the relevant section of this chapter.

A qualitative assessment of criticality (net of risk control measures deployed by the Group) is presented for all risks. The most significant risk within each category is presented first.

The section on operational risks includes a specific description of the impacts of Covid-19.

Risk management procedures are described in section 3.2.8 – Risk management procedures.

3.1.1 RISKS ASSOCIATED WITH THE GROUP'S BUSINESS ACTIVITY

3.1.1.1

Some contracts in the form of concession agreements managed by Lagardère Travel Retail provide for the payment of guaranteed minimum amounts to the concession grantor. This can entail financial commitments for the Group representing several hundred millions of euros over a number of years.

The profitability of these contracts may prove lower than that expected by Lagardère Travel Retail over the long term, for example if passenger traffic or spend per passenger are lower than forecast at the time the concession was awarded, meaning that the Group is unable to satisfactorily fund the guaranteed minimum amounts due to the concession grantor.

When these concession agreements expire, they are mostly put up for tender by the concession grantor, and there is no guarantee that Lagardère will be awarded the contract again. Several adverse situations may arise, for example the Group may lose the tender to a competitor, or the concession grantor may split the contract into several distinct parts, leading to a reduction in the share of the concession awarded.

These challenges exist at a time of increasing competition and business growth for the Group in the Travel Retail segment, which represented 59% of Group revenue and 40% of Group operating profit in 2019.

The risks described here also concern, on a smaller scale, certain contracts that Lagardère Publishing has entered into with authors and rights holders, or for the distribution of third-party publishers.

In light of the above, the Lagardère group considers that the risk associated with major contracts is high.

3.1.1.2 Impact of changing consumption patterns on the Group's business models

The Group is faced with changes in its customers' consumption habits as digital and mobile technologies develop, and this also has a significant effect on its commercial positions.

New ways of purchasing and distributing books (paper, e-book, audio book) bypassing traditional bookstore networks have led to a concentration in the book distribution industry. This situation affects the profitability of traditional book sales networks, which could result in the decline of these networks and therefore in lower sales for the Group. In parallel with greater industry concentration, publishers' margins are also coming under increasing pressure, and can only be protected through regular negotiations by Lagardère Publishing teams with the distributors concerned.

Trends in the education market are sensitive to the pace and scale of curriculum reform, as well as the gradual transfer of content to digital formats. A reduction in the pace of curriculum reform or in State education budgets, especially in France and Spain, could reduce Lagardère Publishing's profitability in this segment, which represented around 5% of Group revenue in 2019.

For Lagardère Travel Retail, online products facilitate price comparisons and the emergence of new commercial offerings outside airports. By intensifying competition, this could adversely impact the Duty Free and Travel Essentials businesses, which represented approximately 46% of Group revenue in 2019.

Significant changes in the consumption habits of certain large customer categories, linked to a change in their travel destinations or to a decline in their purchasing power (e.g., adverse exchange rate fluctuations), could lead to a loss of revenue for Lagardère Travel Retail at certain airports.

Lagardère Travel Retail's business more generally is extremely sensitive to all events affecting regional or global air traffic. Its revenue could also be impacted by an economic crisis that affects leisure or business travel.

For the media assets retained by the Group, which represented around 3% of consolidated revenue in 2019, digital media exercise strong competitive pressure on print media, impacting both sales and advertising revenue. Across the French market, for example, paid circulation decreased by 3.6% in 2019, while the written press advertising market declined by 4.1% over the first nine months of the year. The profitability of media businesses also depends on maintaining a wide audience. The rally in audience numbers for the Europe 1 radio station is important for the Group, since the station's revenues are directly related to its audience figures.

In light of the above, the Lagardère group considers this risk to be high overall.

3.1.1.3 Risks associated with strategy implementation

The Group's strategy evolved in 2018 to focus on two major business divisions, Lagardère Publishing and Lagardère Travel Retail, while retaining certain media businesses. The Group's planned disposals of its Lagardère Active and Lagardère Sports and Entertainment divisions are mostly underway and pending completion.

To meet its strategic goals, the Group also regularly carries out acquisitions and enters into partnerships in its Publishing and Travel Retail businesses. Two major acquisitions recently took place in Travel Retail: Hojeij Branded Foods (HBF), acquired for USD 330 million in 2018, and International Duty Free (IDF), acquired for €250 million in 2019.

The success of these acquisitions and disposals depends on the Group's ability to identify attractive opportunities, effectively negotiate and smoothly integrate any new businesses into its portfolio. Failure to do so could have a negative impact on the return on investment and ultimately on the Group's net worth.

Given the advanced progress of the disposals and the Group's experience in acquisitions in the publishing and travel retail businesses, the Lagardère group considers this risk to be moderate overall.

3.1.2 LEGAL AND REGULATORY RISKS

3.1.2.1 Adverse changes in regulations applicable to the Group

The Group is bound by strict and complex regulations put in place by various national and international authorities and organisations. Any major change in these laws and regulations could impact Group revenue and/or the profitability of the businesses concerned. This is particularly relevant in the cases described below.

The World Health Organization's Framework Convention on Tobacco Control recommends various measures to reduce the supply and demand of tobacco, in particular, banning or restricting duty-free and tax-free sales of tobacco products to international travellers. In response to this Framework Convention as well as to other measures, stricter regulations are being put in place regarding the sale of tobacco. The introduction of new local regulations aimed at reducing tobacco consumption could lead to a decline in profitability for certain Lagardère Travel Retail concessions.

Some countries have also introduced environmental protection measures (e.g., product recycling) that may affect Lagardère Travel Retail points of sale by limiting sales of certain products. For example, since August 2019, no water can be sold in plastic bottles at San Francisco airport. These types of measures reflect the public's growing concern for the environment and could become increasingly widespread in the next few years.

The Directive on Copyright in the Digital Single Market adopted in April 2019 by the European Commission aims at providing consumers with greater choice and access to online goods and services. The Directive encourages Member States for example to make compulsory certain exceptions to copyright, especially where the content is for teaching, research (text and data searches, as already envisaged in the French *Loi Lemaire*) or cultural purposes. Although the Directive does not call into question the situation of rights holders like Lagardère Publishing, there is uncertainty about how it will be transposed into French law in the next two years. It could weaken the position of rights holders and hence give rise to a decline in profitability at Lagardère Publishing in France.

The Lagardère group considers this risk to be moderate overall.

3.1.2.2 Risks associated with litigation in process

In the normal course of their business, Lagardère and/or its subsidiaries are involved in a number of disputes. The Group has set aside the provisions it deems necessary to cover any risks that may arise from general or specific disputes. The total amount of provisions for litigation is disclosed in note 28 to the 2019 consolidated financial statements.

The main litigation cases involving the Group are presented in note 35 to the 2019 consolidated financial statements (see chapter 5).

To the best of the Group's knowledge, in the 12 months immediately preceding publication of this Universal Registration Document, there were no other governmental, legal or arbitration proceedings (including pending or threatened proceedings, of which the Group is aware) which may have or have had a significant impact on its financial position or profitability.

The Lagardère group considers this risk to be low overall.

3.1.3 OPERATIONAL RISKS

3.1.3.1 Pandemic (Covid-19)

The Covid-19 epidemic which first emerged in China at the beginning of 2020 is having a significant impact on Lagardère Travel Retail's business. At the time of publishing its 2019 annual results on 27 February 2020, these impacts were mainly being felt in the Asia-Pacific region. They have since spread to affect the division's other businesses, particular in Europe and North America. Drawing on its experience of these types of events, Lagardère Travel Retail has taken clear-cut action in four areas to mitigate the financial consequences of the virus: (i) adapting sales and prices as far as possible, (ii) reducing overheads (e.g., by adjusting opening hours and rental terms in agreement with concession grantors, and optimizing operating costs), (iii) reviewing investments and (iv) scaling back working capital requirements.

The Covid-19 epidemic is also impacting the Group's other businesses, albeit to a lesser extent as of the date of this Universal Registration Document, owing to the closures and containment measures imposed by many of the countries in which the Group operates.

The containment measures in place in France are impacting Lagardère Publishing's sales, and the first steps have been taken to reduce overheads.

Similarly, the Group's other businesses – primarily conducted in France – are affected by measures aimed at reducing travel and mobility among the public and at avoiding gatherings, as well as by cost savings measures introduced by advertisers in certain sectors.

Against this backdrop, the Group is currently considering postponing certain investments with the aim of striking the right balance between protecting its earnings and cash flows, and maintaining its business growth outlook.

Also due to the Covid-19 epidemic, certain short-term funding markets commonly used by the Group (e.g., commercial paper, or NEU CP) are no longer functioning. Combined with the impacts on the business activities of the Group's entities, this automatically reduces cash inflows, and in turn gives rise to a cyclical liquidity risk for the Group. Taking the situation at 31 December 2019, a substantial portion of the Group's €913 million in cash and cash equivalents (see note 26 to the 2019 consolidated financial statements) would be mobilised to pay down commercial paper in an amount of €449 million (Neu CP, see note 29.2 to the 2019 consolidated financial statements) falling due by 30 July 2020. As of the date of filing of this document, this risk remains moderate however, notably due to the currently undrawn €1,250 million syndicated credit line (see note 30.1 to the 2019 consolidated financial statements).

As mentioned in chapter 6, as of the date of this Universal Registration Document, it is too early to precisely determine how the epidemic will evolve across the globe over the next few months, and what its impacts on the Group's businesses will be. The Group will provide up-to-date reports of these impacts in press releases available on www.lagardere.fr.

In light of the above, the Lagardère group considers this risk to be high overall in terms of its financial impacts on the Group's business activities, and moderate in terms of its impacts on liquidity.

3.1.3.2 Business interruption

One-off events can disrupt the effective operation of the Group's businesses, by making certain production facilities temporarily unavailable. Incidents with the greatest potential impact are those that could result in the prolonged unavailability of Lagardère Publishing and Lagardère Travel Retail warehouses, or of cash tills at a series of stores, or radio studios.

There are many different potential causes of the above. Information systems failure would be the most common cause, as IT is critical to the Group's ability to conduct its business and is increasingly exposed to the risk of hacking (see the following risk). Other possible causes of business interruption include for example fires, flooding (e.g., century-high water levels in Paris), sabotage and terrorist attacks.

Lagardère Travel Retail's business relies on the effective operation of airports, railway stations and other means of transport. Weather-related events, accidents, strikes and more generally, any event that could restrict or even interrupt passenger traffic in the Group's stores could affect its revenue (see the previous "pandemic" risk).

For some of its business activities in France, the Group relies on its partner Presstalis, which is currently subject to financial safeguard proceedings. If Presstalis were to default, this could have an impact on sales of written press, magazines and partworks, and on the revenue earned by Lagardère Travel Retail's stores selling press titles in France.

In light of the above, and excluding the impacts of the Covid-19 pandemic discussed above, the Lagardère group considers this risk to be moderate.

3.1.3.3 Risks associated with business ethics

The Lagardère group does business in many different countries subject to anti-corruption regulations (e.g., Foreign Corrupt Practices in the US, Bribery Act in the UK, Sapin II law in France), as well as regulations in terms of international economic sanctions and anticompetitive behaviour.

Failure to comply with these regulations or with the ethical rules of conduct set by the Group could lead to substantial penalties, a deterioration in the Group's image, the conviction of its senior executives, the termination of certain contracts and even a forced exit from certain markets.

Corruption risk is higher for certain businesses, particularly those which involve contracts signed by public officials or calls for tenders. This is chiefly the case for sports rights management at Lagardère Sports and Entertainment and airport concessions at Lagardère Travel Retail.

Compliance with competition law is also an issue in the education sector at Lagardère Publishing. The Group could, for example, be (justly or unjustly) accused of having been awarded a contract due to anticompetitive behaviour (e.g., an alleged cartel). It could also be accused of having entered into a contract restricting competition on its market, potentially leading the scope of the contract to be revised. Several disputes described in note 35 to the consolidated financial statements involve alleged anticompetitive behaviour.

Some businesses are particularly exposed to the threat of international economic sanctions[1], for instance, the marketing and sale of football rights, the supply of Lagardère Travel Retail stores and licensing agreements (especially for the Elle brand).

The Group considers these risks when conducting its business and has rolled out Compliance programmes as described in section 3.2.6.5 of this chapter.

However, there is growing pressure from the relevant supervisory authorities as to how these regulations are applied, and heavy sanctions have been imposed on businesses.

Despite its best efforts, the Group cannot rule out the possibility of facing proven or unproven allegations that it has failed to comply with ethical rules of conduct, and this could have a negative impact on its reputation, growth outlook and financial performance.

In light of the above, the Lagardère group considers this risk to be moderate.

3.1.3.4 Risk associated with products distributed

Within the scope of the Foodservice business line of Lagardère Travel Retail, the Group could be faced with an incident involving the quality of its food products. In such a situation, it could be declared liable, which would impact its reputation with concession grantors and the brands concerned. This risk is set to grow as Lagardère Travel Retail develops its business in this sector, for example, with the acquisition of Hojeij Branded Foods in the United States in 2018. The Foodservice business generated around €960 million in revenue in 2019, representing over 13% of total Group revenue.

To a lesser extent, this risk also covers physical products delivered with books and partworks sold by Lagardère Publishing subsidiaries (accessories, games, etc.), where failure to comply with applicable standards and regulations may cause harm to consumers and to the image of Lagardère Publishing.

In light of the above, the Lagardère group considers this risk to be moderate.

[1] Governments and/or international bodies (e.g., the UN) can adopt restrictive financial or commercial measures against individuals or legal entities. These measures take the form of bans or restrictions on the trade of specific goods, technologies or services with certain countries, frozen funds and financial resources, and sometimes restricted access to financial services.

3.1.3.5 Risks associated with data security

The Group's information systems contain confidential data related to how its businesses are run, notably details of major contracts (see above). They also contain personal data on Group employees and third parties, including for example magazine and partworks subscribers, the travelling public (duty free) and website visitors (media, education). In the event of challenges to the confidentiality, integrity or availability of this data, the Group could be exposed to various risks in terms of image, loss of revenue, third party disputes and fines.

These challenges are growing as systems become increasingly complex, computer hacking more prevalent and regulatory requirements weigh more heavily on the Group, in particular, the General Data Protection Regulation (GDPR) which entered into force on 25 May 2018.

In light of the above, the Lagardère group considers this risk to be moderate.

3.1.4 FINANCIAL RISKS

Financial risks facing the Lagardère group arise from the usual conduct of its business. The Group does not engage in speculative trading:

- Credit and counterparty risks arise on trade receivables and cash investments and are considered moderate risks.
- Interest rate risk arises on the Group's position as a net borrower with regard to banks and the market, and is considered a low risk.
- Foreign exchange risk arising on commercial transactions is limited, since the Group's activities are generally carried out locally; accordingly, foreign exchange risk is considered a low risk.
- A portion of the Group's equity (around one-third) is denominated in pounds sterling owing to the historic earnings derived from its businesses in the United Kingdom. This gives rise to an asset value foreign exchange risk against the euro. This is considered a low risk.
- Market risks arise on the Group holding treasury shares and pension plan assets invested in equities – albeit for a limited amount. This is considered a low risk.

All of the aforementioned risks are described in further detail in note 30, chapter 5 of the Universal Registration Document.

3.1.5 CHANGES IN RISK FACTORS COMPARED TO 2018

Description used in 2018	Comment	Reference
Risks and dependency associated with major contracts	Name of risk unchanged.	Maintained
Impact of digital and mobile technologies on the Group's business models	Risk renamed "Impact of changing consumption patterns on the Group's business models".	Maintained
Risks associated with strategy implementation	Name of risk unchanged.	Maintained
Cyclical risks specific to the Group's business lines	This vaguely defined risk is no longer referred to; its content is now split among the risks maintained (exposure to advertising, changes in national education policies, impact of foreign exchange rates on traveller solvency).	Deleted
Specific regulations applicable to the Group	Only elements related to the risk of adverse changes in regulations applicable to the Group continue to be reported on in this chapter.	Maintained in part See also section 1.5.
Risks associated with litigation in process	Name of risk unchanged. Further details on disputes are provided in chapter 5, note 35.	Maintained
Risks that have occurred by breach of contractual commitments	Specific risks facing the Group are addressed in the "Financial risks" section (counterparty risk) and in note 30 to the consolidated financial statements.	Section 3.1.4 and chapter 5.3, note 30
Risks associated with brands and other intellectual property rights	Following the Group's strategic refocusing, this risk has been reduced and is no longer reported as a material and specific risk.	Deleted
Governmental, economic, budgetary, monetary or political factors and strategies with a potentially significant influence on the Group's operations	For clarity, this paragraph has been renamed "Risk of adverse changes in regulations applicable to the Group".	Maintained
Liquidity, interest rate, exchange rate and equity risks Credit and counterparty risks	Risks described in the "Financial risks" section.	Maintained
Risk related to paper price	Following the Group's strategic refocusing, this risk has been reduced and is no longer reported as a material and specific risk.	Deleted
Risks associated with business ethics	Name of risk unchanged.	Maintained

Personal injury risk	Although this risk is specific to the Group and has a material human impact, it has a limited financial impact on the Group and is therefore not reported on in this chapter but in chapter 4 – Non-financial statement and duty of care plan.	Section 4.3.3
Risks associated with information systems and data security	Risk renamed "Risk associated with data security".	Maintained
Risks associated with the management of skills and key talent	This risk can be considered to be moderate overall. It is not specific to the Lagardère group's businesses and is therefore not reported on in this chapter. Risks relating to managing skills and key talent are described in chapter 4 – Non-financial statement and duty of care plan.	Section 4.3.1
Risks associated with supplier concentration	This risk particularly concerns Presstalis as discussed under "Business interruption risk".	Deleted
Risk associated with products distributed	Name of risk unchanged.	Maintained
Business interruption risk	Name of risk unchanged.	Maintained
Risks of errors and fraud	This risk can be considered to be low overall and is not specific to the Lagardère group's businesses.	Deleted
Industrial and environmental risks	These risks are not material to the Lagardère group, as described in chapter 4 – Non-financial statement and duty of care plan.	Section 4.3.2

3.2 DESCRIPTION OF INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURES

3.2.1 CONTROL ENVIRONMENT

3.2.1.1 General organisation of the Group

The consolidated financial statements of the Lagardère group included 617 companies in 2019 (the full list of consolidated companies can be found in the notes to the consolidated financial statements).

The Group's strategy evolved in 2018 to focus on two major business divisions, Lagardère Publishing and Lagardère Travel Retail, while retaining certain media businesses. The Group's planned disposals of its Lagardère Active and Lagardère Sports and Entertainment divisions are mostly underway and pending completion.

Lagardère SCA is the holding company that controls all of the Group's subsidiaries and investments, draws up its strategy, guides and finances its development, makes the main management decisions to this end, and ensures those decisions are implemented both at the level of the Group's parent company and of its divisions.

3.2.1.2 The Group's management bodies

3.2.1.2.1 The Managing Partners

The General Management of the Company is the responsibility of the Managing Partners, who are appointed by the General Partners with the approval of the Supervisory Board. Each executive corporate officer represents the Company in its relations with third parties and engages its responsibility. The Managing Partners are responsible for:

- determining the Group's strategy;
- guiding 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.

Lagardère Capital & Management employs the executive corporate officers under the conditions set out in sections 2.5 and 2.8.1 of this Universal Registration Document.

3.2.1.2.2 The Executive Committee and the Enlarged Committee

The Executive Committee, chaired by Arnaud Lagardère as Managing Partner of Lagardère SCA, holds meetings with the heads of the major central management functions of the Group. Two of them are, along with Arnaud Lagardère, Managing Partners and executive corporate officers.

The members of the Executive Committee are as follows:

Arnaud Lagardère	General and Managing Partner, Chairman of the Executive Committee	*Managing Partners*
Pierre Leroy	Co-Managing Partner, Secretary General	*Managing Partners*
Thierry Funck-Brentano	Co-Managing Partner, Chief Human Relations, Communications and Sustainable Development Officer	*Managing Partners*
Ramzi Khiroun	Lagardère SCA spokesperson Chief External Relations Officer	
Gérard Adsuar	Group Chief Financial Officer	

The role of the Executive Committee is to assist the Managing Partners in performing their duties.

It enlists the help of any of the Group's senior managers it considers to be of use to accomplish its mission.

The Managing Partners are also supported by the Enlarged Committee, which is made up of the members of the Executive Committee, 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.

3.2.1.2.3 Governing, managing and supervisory bodies of the divisions

As at 31 December 2019, operating activities are conducted by legally independent companies grouped together in the following business divisions: Lagardère Publishing, Lagardère Travel Retail, Lagardère Sports and Entertainment (the disposal of which is currently pending completion). Following its strategic refocusing, the Group also retained certain activities of the Lagardère Active division (Europe 1, *Paris Match*, *Le Journal du Dimanche*, Virgin Radio and RFM) and the Lagardère Sports and Entertainment division (Lagardère Paris Racing and Lagardère Live Entertainment).

Each division has its own organisation, which has been set up by its senior executive under the Managing Partner's control. The various companies and resources in each division are functionally grouped together under a specific holding company.

Each division senior executive is responsible for the general management of the holding company.

All the members of these holding companies' governance, management and supervisory bodies are appointed by Lagardère SCA through its subsidiary Lagardère Media.

The division senior executives and their subsidiaries exercise their responsibilities under the control of their governance or supervisory bodies. The Group appoints the majority of members of the governance and supervisory bodies.

3.2.1.3 Internal control and risk management framework, responsibilities, objectives and scope

3.2.1.3.1 Internal control and risk management framework and activities

The Group applies the Risk Management and Internal Control System – Reference Framework recommended by the French financial markets authority (*Autorité des marchés financiers* – AMF) to oversee its internal control and risk management systems.

The description below takes up the various points for attention outlined in the Framework and the associated implementation guidelines.

3.2.1.3.2 Objectives and limitations of the internal control system

Lagardère SCA has introduced a certain number of internal control procedures within the Group designed to ensure:

- compliance with applicable laws and regulations;
- application of the instructions and orientations defined by the Managing Partners;
- proper operation of the Group's internal processes, particularly regarding safeguarding its assets;
- reliability of financial information;

and in general to contribute to the control of its businesses, efficiency of operations and efficient use of resources.

Naturally, the effectiveness of the internal control procedures is subject to the limitations inherent to any organisational system.

3.2.1.3.3 Scope of the internal control system

The procedures described below apply to subsidiaries that are fully consolidated in the Lagardère group's financial statements.

Equity-accounted companies over which Lagardère SCA only exercises significant influence are not covered by the Group's internal control system, although the Group may have specific rights related to its status as a reference shareholder.

Companies that have recently entered the scope of the Lagardère SCA internal control system must progressively adapt their own internal control procedures for harmonisation with the Group's system.

3.2.2 DEFINITION OF RESPONSIBILITIES AND POWERS

The role of the Group's main strategic management bodies is described in section 3.2.1. In order to fulfil their responsibilities, the Managing Partners rely on various committees and the Group's Corporate Departments.

3.2.2.1 Main management committees and monitoring activity

3.2.2.1.1 Financial Committee

After the Executive Committee, the Financial Committee is the most important entity in terms of monitoring and controlling the Group's operating activities.

The Financial Committee is chaired by the Group's Chief Financial Officer, and includes representatives from the Group's Corporate Departments concerned by the topics discussed in order to bring to bear all the requisite skills to accomplish its mission.

Its principal task is to examine and monitor, in cooperation with the main managers of each division concerned, any significant investments (or disposals) and commitments made, e.g., through the acquisition of shareholdings in non-Group companies.

3.2.2.1.2 Other Committees

Monthly business reviews are conducted for each division to monitor activity. The General and Managing Partner, the Group's Chief Financial Officer, as well as the senior executive and Chief Financial Officer of the division concerned, generally take part in these reviews.

The Budget Committee reviews and monitors on an annual basis the budget for the coming year and the three-year plan. It includes the General and Managing Partner, the Group Chief Financial Officer, as well as the senior executive and Chief Financial Officer of the division concerned.

The Reporting Committee, chaired by the Group's Chief Financial Officer, conducts a monthly review with all the divisions' finance managers of the results achieved against the budget and the new budgetary forecasts, to enable the Managing Partners to monitor the progress and financial position of each division and take any necessary corrective action.

Each month the Cash Flow Reporting Committee, chaired by the Group's Chief Financial Officer, examines a detailed analysis of cash flows and balances for each division, and a breakdown of the bank covenants described in note 30 to the consolidated financial statements, presented in chapter 5 of this Universal Registration Document.

Lastly, the Counterparty Risks Committee, chaired by the Group's Chief Financial Officer, regularly analyses these risks, as described in note 30 presented in chapter 5 of this Universal Registration Document.

3.2.2.2 Group Corporate Departments

The Managing Partners are supported by the Group's Corporate Departments in implementing, monitoring and following up their decisions. The Group's Corporate Departments had the following missions in 2019:

D) providing expert technical support to the Managing Partners and to the Executive Committee within the scope of their strategic management of the Group;

E) establishing standards and recommending best practices for the entire Group to strengthen control of its operations;

F) organising reporting for the purposes of the Group's financial management and the monitoring of the divisions' operations;

G) ensuring that the Group complies with its regulatory requirements;

H) making divisions aware of certain regulatory issues and offering them relevant technical and methodological support;

I) offering the divisions support regarding technical issues or special operations;

J) since March 2011, managing the Human Resources Department of Lagardère Sports and Entertainment.

At the end of 2018, the Managing Partners launched a process to reorganise the Group's Corporate Departments as part of Lagardère's strategic refocusing and in view of fast-paced changes in their environment.

This reorganisation, prepared throughout 2019 and being rolled out in 2020, aims to refocus the Corporate Departments' work on the specific activities of Lagardère SCA as a listed holding company, while reinforcing their supervisory role as regards financial issues, risk management, and corporate social responsibility for the Group as a whole.

Most of the Group's Corporate Departments, their teams and material resources are grouped together within Lagardère Ressources, a wholly-owned subsidiary of Lagardère SCA chaired by the Group General Counsel.

The reorganisation of these departments has led to a reduction of approximately 30% in Lagardère Ressources staff numbers under a phased employment protection plan.

The procedures described later in this document reflect those in place at 31 December 2019, which are set to evolve in 2020 in line with the details provided in section 3.2.1 – Control environment.

Depending on their functional responsibilities, the Corporate Departments report to the Secretary General, Chief Human Relations, Communications and Sustainable Development Officer, or to the Chief Financial Officer, all three of whom are members of the Executive Committee. The Group Audit Department reports directly to Arnaud Lagardère in his capacity as General and Managing Partner.

It serves Lagardère SCA as well as all of the Group's subsidiaries.

Some of the Corporate Departments are more specifically involved in the implementation of internal control and risk management within the Group, particularly the Group Audit Department, the Group Legal Department (including the Compliance Department), the Management Control Department, the Accounting Department, the Group IT Department, the Risk and Internal Control Department, the Sustainable Development and CSR Department and the Corporate Communications Department.

3.2.3 HUMAN RESOURCES POLICY AND SKILLS MANAGEMENT

The Lagardère group's performance depends directly on the skills of its employees and the suitability of its resources. The Group's divisions manage their human resources independently, under shared principles and commitments (in particular the Group talent management policy) defined and formally established at Group level jointly with the divisions' Human Resources Directors.

This point is discussed in more detail in chapter 4 – Non-financial statement and duty of care plan of this Universal Registration Document.

Succession planning for the Group's main executives is essential to the Group's future success, as it guarantees continuity of leadership in case of a planned or unforeseen change in a key position, and, more generally, builds an internal team of managers capable of steering the Group through its long-term growth strategy.

In accordance with best corporate governance practices, existing succession planning and review processes will be strengthened to better address these needs.

► Preparation of succession plans

Each succession plan will be designed to cover different time frames:

- unforeseen situations (resignations, incapacity, death);
- planned medium-term situations (retirement, expiry of term of office);
- longer-term plans focused on identifying, partnering and training high-potential employees within the Group.

Given the characteristics specific to the French partnership Lagardère SCA, succession planning comes under the responsibility of different management bodies, depending on the executives concerned:

- plans concerning the Managing Partners are drawn up by the General Partners, Arnaud Lagardère and Arjil Commandité-Arco, which, by virtue of the Articles of Association, are exclusively empowered to nominate and ensure the duties of executive corporate officers in the interim should a vacancy occur.
- succession plans for members of the Executive Committee are drawn up by the Managing Partners;
- succession plans for divisional top management and key roles within the Group's Corporate Departments are drawn up by the Executive Committee;

- lastly, as part of the talent management policy in place within the Group for the past few years, development plans for employees identified as high potential are prepared and implemented under the aegis of the Group Chief Human Relations, Communications and Sustainable Development Officer, also a Co-Managing Partner.

In the context of their work, the Managing Partners and the Executive Committee ensure that these plans are coherent, that the recommendations formulated are pertinent, and that the preparatory measures put in place are appropriate.

Similar processes are put in place in the divisions to prepare succession plans for key positions.

In 2018, Lagardère Publishing successfully implemented the procedure set out in the detailed succession plan.

► Review of succession plans

Reviews of succession plans fall within the remit of the Supervisory Board, assisted as appropriate by the Appointments, Remuneration and CSR Committee.

In this respect, periodic reviews of succession plans are carried out by a special working group comprising members of the Supervisory Board. The due diligence procedures performed and the resulting conclusions are presented to the Appointments, Remuneration and CSR Committee, which subsequently reports on the matter to the Supervisory Board.

In the context of these reviews, the working group, Executive Committee and Supervisory Board ensure that succession plans are effectively implemented and regularly updated, that they are coherent with Group and market practices, that the recommendations formulated are pertinent, and that the preparatory measures put in place are appropriate.

The succession plans were assessed in 2019 and reviews will take place every year going forward.

3.2.4 APPLICABLE LAWS AND STANDARDS

The Group's business is governed by specific laws and regulations, as set out in section 1.5 of this Universal Registration Document.

As explained in section 4.2.2 – CSR players and governance, the Lagardère group endeavours to respect a certain number of rules established by national and international bodies regarding business enterprises.

The Lagardère group has drawn up a number of charters, codes and policies to supplement national and international regulations, in order to provide a framework for its activities and the conduct of its employees and partners.

The Responsible Procurement Policy and Responsible Supplier Charter seek to involve all external partners in respecting the Group's values and commitments.

The Lagardère group Code of Conduct sets out a collection of guidelines at Group level, directly transcribing Lagardère's values and providing a set of shared ethical standards for all Lagardère employees.

The Confidentiality and Market Ethics Charter Applicable to Lagardère Group Associates, in addition to the provisions of the Lagardère group Code of Conduct on confidentiality and securities transactions, defines the rules under which Group employees may trade in the Lagardère share, and implements preventative measures to limit situations that could give rise to insider misconduct.

The Information System Security Policy sets out the practices to be complied with and the resources to be implemented to protect information systems throughout the Group.

The Commitment Procedure defines certain best practices and sets out the process and criteria for validating projects involving significant investments, disposals and commitments within the Lagardère group.

The General Financing Policy of the Lagardère Group and Subsidiaries organises the financing of transactions and Group entities.

The Anti-Corruption/Anti-Bribery Policy is an integral part of the compliance and anti-corruption programme.

The International Economic Sanctions Policy is an integral part of the compliance programme for matters relating to economic sanctions.

A set of policies provides a framework for managing personal data processing.

Lastly, the Group is rolling out a policy to improve the prevention, detection and processing of cases of fraud.

The Group generally adapts its procedures or develops new ones in accordance with legislative or regulatory requirements which set out the framework for new obligations applicable to French companies.

Where necessary, these various charters and principles can be adapted to the specificities of the Group's divisions. Internal and external principles specific to the Group's businesses are also applied.

The self-assessment internal control questionnaire described in section 3.2.10.2 provides the entire Group with a set of key points on the various components of internal control.

The production of financial and accounting information is also governed by standards and guidelines.

These standards and guidelines define the common principles for preparing the consolidated financial statements and monitoring budgets to forecasts, and must be applied by all persons involved in the Group's financial reporting process. Among them, the Lagardère Group Reporting Manual includes guidelines for consolidation procedures, and a set of definitions of the main indicators used in the consolidated reporting package. User and operator guides for the management system used throughout the Group are available and provide details of the corresponding tasks.

Other key documents are provided to all concerned by the preparation of the consolidated financial statements, mainly supporting changes in accounting standards or in the application of accounting standards. In 2019, a new tool was set up to measure right-of-use assets and lease liabilities, which must now be reported in the consolidated financial statements under the new accounting standard on leases (IFRS 16). Information input into this tool is then used to populate the consolidation software. Data on right-of-use assets and lease liabilities was previously compiled and included in off-balance sheet commitments.

The divisions prepare their own equivalent documentation for their specific systems, in keeping with the Group's principles.

3.2.5 INFORMATION SYSTEMS

The Group's information systems comprise:

- communication systems such as messaging and collaborative software (intranet);
- business monitoring systems, particularly financial and accounting systems;
- audiovisual production systems such as broadcasting and antenna systems in radio activities; systems for editorial chains in magazine publishing; and tools for creation and storage of digital content as well as dedicated tools for websites.

The divisions are responsible for managing their own information systems. However, there are also Group-wide applications, such as the consolidation system presented below in section 3.2.6.8 – Financial reporting.

The IT Department supervises these systems and ensures they are in line with the Group's objectives in the long term. It works in liaison with the Risk and Internal Control Department on the management of IT risks in light of objectives regarding reliability and continuity of operation, legal and regulatory compliance, and data confidentiality.

3.2.5.1 Consolidation system for consolidated financial and accounting information

As explained below in section 3.2.6.8 – Financial reporting, the overall financial reporting cycle for management and accounting data is based on common principles and on a single database (the consolidation system) shared by all teams in the finance departments within the Group Corporate Department and divisional Corporate Departments.

The consolidation system used to produce consolidated management data and accounting data to be published is interfaced with the various accounting programmes used by the consolidated entities. The system includes blocking controls which help prevent incidents and anomalies, and improve the reliability of data entry. Monthly reporting is reviewed by management control teams.

3.2.5.2 Reliability of data entry

3.2.6 PROCEDURES, METHODS, TOOLS AND PRACTICES

3.2.6.1 Commitments, investments and divestments

The Group's commitment procedure applies to:

- financial investments and divestments;
- acquisitions and disposals of significant property, plant and equipment or intangible assets;
- significant financial commitments (particularly off-balance sheet commitments and contractual obligations);
- guarantees issued;
- all financing operations (loans or advances to third parties).

Limits may be set based on the type of operation. Planned acquisitions and disposals are reviewed by the Financial Committee, which is chaired by the Group's Chief Financial Officer. The Financial Committee issues an opinion by any appropriate means to the Managing Partners, after assessing a summary of the benefits of the proposed transaction for the Group and division concerned, verifying that the risks generated by the transaction are known and can be managed, and validating the underlying assumptions used to analyse profitability, based on the methodology and criteria defined by the Group's Finance Department.

This procedure does not apply to cash management or to capital increases by companies consolidated and/or controlled through incorporation of current account advances.

3.2.6.2 Finance and cash management

The Treasury and Financing Department has a policy to define the circumstances in which it uses banks for external financing or cash management services.

3.2.6.2.A External financing

As a general rule, only Lagardère SCA uses medium- or long-term bank or market financing, and finances the divisions itself. Apart from the financing of normal business operations, the divisions retain responsibility for some previously-negotiated transactions, or specific operations such as securitisation; however, these operations require advance authorisation and are reported to the Group's Finance Department on a regular basis.

3.2.6.2.B Cash management

Cash investments must be in fixed-income instruments issued by high-quality entities, with maturities appropriate to the planned duration of the investment. Speculative or high-risk investments are not permitted.

3.2.6.2.C Hedging policy and market risk monitoring

The hedging policy and market risk monitoring is described in note 30 to the consolidated financial statements presented in chapter 5 of this Universal Registration Document.

The Group's General Management and the divisions' finance managers regularly adjust the hedging policy and the corresponding control system in light of the resulting priorities.

3.2.6.3 Purchasing, sales and sales administration

The practices and procedures for purchasing and sales are defined by the Group's divisions under their responsibility, in compliance with the Group's shared principles, particularly regarding the segregation of duties.

The Purchasing and Real Estate Department is part of the Group's Finance Department and manages the Group's purchasing policy.

3.2.6.4 Compliance with applicable laws and regulations

3.2.6.4.A Compliance with the main laws and regulations applicable to Lagardère SCA

The Group Legal Department, which reports to the Group Secretary General, is responsible for ensuring compliance with the laws and regulations applicable to Lagardère SCA.

In particular, this department examines mergers and acquisitions (partnerships, acquisitions, disposals, internal restructurings, etc.) that are significant for Lagardère SCA, and supervises Lagardère SCA's financing operations and off-balance sheet commitments.

The Group Legal Department also ensures that any regulations that may concern Lagardère SCA and its various divisions (competition law, etc.) are properly applied.

It is involved in all legal aspects of the business of Lagardère SCA and the companies at the head of each business division. In this capacity, it monitors the application of stock exchange regulations, as Lagardère SCA is listed on Euronext Paris Compartment A. This includes keeping various internal procedures on market abuse up to date to ensure that they are in line with French and European legislation in this area.

A central database has also been set up at the instigation of the Group Legal Department, to centralise corporate information on virtually all of the Group's French and foreign entities.

3.2.6.4.B Compliance with the main laws and regulations applicable to the divisions

The Group Legal Department is informed of all procedures introduced in each division to ensure compliance with the laws and regulations specific to their activity, and these procedures are regularly monitored by these divisions' management bodies via their Legal Department or their external advisors.

3.2.6.5 Business ethics

The Lagardère group attaches the utmost importance to maintaining business ethics in all its activities and regions.

On the initiative of the Managing Partners and under the responsibility of the Legal Department, in 2013 it set up a Compliance function to design Group-wide programmes common to all business activities and aimed at identifying, preventing and handling certain business ethics-related risks.

Designed to support the operating teams in their daily activities, these programmes are supervised at Group level and implemented on the ground by each division's Compliance Department through the international Compliance Correspondent network. The network is made up of experienced and recognised professionals, mainly drawn from support functions such as legal, human resources and finance. Each Compliance Correspondent covers a geographic area and one or more businesses for which he or she serves as the point of reference. The composition of the network changes according to businesses and international developments.

The Group is continually improving its programmes, training its employees and applying the procedures aimed at preventing and handling the potential risks associated with its international presence and the diversity of its operations.

In the course of 2019, the Group Compliance Department worked closely with the divisions to pursue its activities in the following areas:

- Anti-corruption: the Group applies a zero tolerance policy in respect of corruption. It prohibits any form of corruption, active or passive, regardless of whether the contact person is a public or private individual.

  The anti-corruption programme is an all-encompassing system that incorporates the standards in this area, as reflected by international regulations (OECD's 1977 Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, European anti-corruption conventions, the United Nations Convention against Corruption, the 2003 African Union Convention on Preventing and Combating Corruption, etc.) as well as national legislation (updated version of the1977 US Foreign Corrupt Practices Act, the 2010 UK Bribery Act and the 2016 French Sapin II law). The Group also endeavours to comply with the regulations in force in the countries in which it operates.

The Group's anti-corruption policy and specific procedures are accessible to employees via the Group's intranet. In addition, training sessions and awareness actions are organised at all levels for employees most exposed to such risks.

Among the procedures in force, those related to contracts with third parties provide for checks on potential partners prior to contractualising the relationship.

In 2019, Group Compliance organised a workshop on corruption risk for all of the Group's functional and operating departments.

- Compliance with international economic sanctions: operating on five continents, the Group closely monitors international economic sanctions and takes steps to comply with any applicable sanctions. This includes conducting project feasibility studies and running checks on a certain number of potential partners.

  The use of the tools created in 2016 (a management dashboard, a consolidated external database of the different sanctions and the insertion of standard clauses) continued in 2019.

  Lastly, training sessions in this area were organised as well in order to raise awareness among the employees most exposed to these risks.

- Personal data protection: amid the introduction of the General Data Protection Regulation (GDPR) on 25 May 2018, the Group designed a Compliance Pack on personal data for all of its employees. This tool outlines the challenges of each phase in the personal data life cycle, the main rules and good habits to develop.

The Group's Legal Department has suitable expertise to ensure compliance with competition law and reviews major Group projects as part of the commitment procedure. It also provides day-to-day support for the operating staff concerned and rolls out initiatives to raise their awareness of the issues at stake.

3.2.6.6 Protection of brands and intellectual property rights

The Group's divisions own a large number of very well-known brands, which they directly manage and protect.

As the Lagardère brand is used through the Group's activities, and due to the resulting exposure, Lagardère SCA is careful about protecting the brand and regularly extends international protection to cover areas where the Group is currently developing or expanding. Accordingly, protection for the Lagardère brand is established in all the continents.

Furthermore, Lagardère SCA implemented brand licensing agreements for use by the four divisions in the ordinary course of their operations.

3.2.6.7 Security of information systems

The Group's IT Department updates and distributes an information system security policy within the Group proposing guidelines, practices and resources to be implemented within each entity to protect the information systems and data they contain. The operating entities are responsible for rolling out this policy locally.

The Group's IT Department makes tools available to Group entities to assist with strengthening the protection of their information systems and data.

3.2.6.8 Reporting system: frequency and timing

3.2.6.8.A Operation, frequency and timing of reporting

The Lagardère group's financial reporting system is broken down by division, each of which is responsible for the data it reports.

The financial and non-financial information collected and consolidated using the Lagardère group's reporting system must comply with legal requirements and satisfy the Group's own control and management needs. This information includes an income statement by activity and by function as well as management indicators specific to each business type.

The overall reporting cycle is based on common principles and uses a database and consolidation system that are shared by all teams in the finance departments in charge of financial data reporting, whether it is for management reporting or intended for publication.

This unified organisation of the cycle relies on the finance departments of each division, and the Group Finance Department. Under the supervision of the latter, the reporting system is designed to meet management control needs and also to guarantee the relevance and quality of the financial information published, thus fostering greater coherence between the various reporting systems, the business activities covered and the consolidation methods used.

3.2.6.8.B Preparation of budgets

During the final quarter of the calendar year, the Group's divisions establish their three-year budgets, which are submitted to the Managing Partners for discussion.

These data are integrated into the consolidation systems referred to above, and used in preparing the Group's annual budget and three-year plan.

3.2.6.8.C Monthly Group reports, internal reporting

Each Group company's finance department enters data from its own monthly accounts into the Group's financial database.

For each entity, these data include a balance sheet, an income statement and a statement of cash flows with notes, and the principal key indicators from the income statement.

Careful attention is paid to regular updates to forecast figures such as year-end estimates.

These data are included in a Monthly Group Report established by the Group's Management Control Department and submitted to the Managing Partners and Group's principal executives.

This management report is presented to the Group's Chief Financial Officer before issuance.

In addition, each month as part of the "Cash Flow Reporting Committee", the Finance Department prepares a detailed analysis of cash flows and balances for each division, and a breakdown of the bank covenants described in note 30 to the consolidated financial statements (see chapter 5). Through its Counterparty Risks Committee, the Finance Department also produces regular analyses of the counterparty risks described in note 30 (see chapter 5).

3.2.6.8.D Interim and annual consolidated financial statements

Additional information is supplied for the preparation of the interim and annual consolidated financial statements for publication.

Chapter 5 of this Universal Registration Document contains a description of the principles and methods used in preparing the consolidated financial statements. For certain types of information, such as discount rates used in impairment tests, off-balance sheet commitments and the measurement of derivatives, procedures are set out in memos applicable to all Group companies.

3.2.6.8.E Relations with the Statutory Auditors

Each year, the Managing Partners receive assurance from the Statutory Auditors that they have had access to all of the information necessary for their engagement and that their work has progressed sufficiently at the year-end to allow them to make any significant remarks.

3.2.7 INFORMATION AND COMMUNICATION

The persons concerned by decisions of the Managing Partners are informed by all available means, particularly internal memos and announcements.

All of the Group's announcements and the principal rules applicable are available on the Group's intranet portal.

Applications and collaborative software packages are also available through the Group's intranet portal, so that information can be appropriately communicated to everyone according to their needs, both in the Corporate Departments and the divisions.

3.2.8 RISK MANAGEMENT PROCEDURES

Like all companies, Lagardère is exposed to a variety of risks in the course of its business activities. The principal exposures identified are described in section 3.1 – Risk factors of this Universal Registration Document. Risks are managed by the business divisions as well as at central level, where summary reports are prepared.

3.2.8.1 Organisation of risk management

3.2.8.1.A Basic principles

The Group accepts exposure to a controlled level of business risk in the course of its business activities.

Risk management procedures are therefore designed to provide reasonable assurance that the level of risk taken by the Group is not likely to compromise the results expected by the Managing Partners.

These procedures help both to manage the risks inherent to the Group's business and to reduce undesirable additional risks.

However, given the limitations inherent to addressing contingencies, these procedures cannot guarantee that all the risks the Group may encounter in the future have been correctly analysed or even identified.

3.2.8.1.B Organisation and definition of responsibilities

In compliance with the Group's general organisational structure, the operational and functional managers remain in charge of the risks related to their respective fields of activity.

General Management at headquarters focuses particularly on monitoring risks that can only be assessed at Group level or that are considered significant at Group level due to their individual or cumulative scale.

As a rule, risk management is an integral part of the Group's management procedures.

However, certain specific procedures are dedicated, for example, to risk mapping or setting up insurance coverage.

The Corporate Departments play a support, monitoring and coordination role in this respect.

Within the Finance Department, the Risk and Internal Control Department is tasked with drafting and managing the risk management policy. Working closely with the other Corporate Departments and the divisions, the Risk and Internal Control Department provides methodological support and advice, particularly for the identification, analysis and quantification of risks. It is responsible for preparing a report summarising the Group's risks.

In addition, the Group takes internal measures to strengthen the risk control culture through information-sharing and awareness-raising, and to reinforce the specific visibility of certain emerging risks and the capacity to cope with potential crises.

3.2.8.2 Risk identification and analysis process

A certain number of the Group's procedures contribute to risk identification, particularly:

- the commitment procedure, which includes a section specifically dedicated to risks, and more generally pre-acquisition or pre-sale audits;
- internal audits;
- surveys to assess the security of the IT systems and networks;

- review and regular renegotiation of insurance programmes;
- reporting activities described in section 3.2.6.8 - Financial reporting, particularly impairment tests and monitoring of off-balance sheet commitments;
- legal reporting, as described in section 3.2.9.2.B – Monitoring legal affairs;
- risk intelligence activities by the various Corporate Departments and divisions;
- thematic reviews conducted as and when necessary.

Lagardère SCA and its divisions regularly undertake general risk mapping exercises in order to rank the main risks to which the Group could consider itself exposed.

The factors taken into account for risk analysis include: potential severity, likelihood of occurrence, possible scenarios, internal and external limiting or aggravating factors, current and proposed control measures.

These items are subject to formal reporting procedures, the results of which are presented each year to the Managing Partners and to the Audit Committee.

3.2.8.3 Management procedures for the principal risks

3.2.8.3.A Risks associated with the Group's business activity

Management of the risks associated with the Group's business activity described in section 3.1.1 of this Universal Registration Document is an integral part of the Group's strategic decision-making process.

Among other duties, General Management of each division is responsible for monitoring risks related to the contracts with high unit value, economic risks specific to their businesses, and risks relating to changes in consumer behaviour, technological developments and market players.

In addition, as part of the management of risks related to contracts with a high unit value, the Group carries out a regular review of major contracts in order to monitor any developments and the contracts' profitability prospects.

The Group has a strategic plan for each division, primarily covering the risks referred to above. Its presence in different sectors and on various continents also helps to mitigate risks associated with its business activity.

Specifically in terms of implementing the Group's strategy of refocusing on two major businesses, the divestment process is managed by the Group Corporate Department and investments are subject to the commitment procedure outlined above.

3.2.8.3.B Legal risks

B.1 Adverse changes in regulations applicable to the Group

The Lagardère group strives to defend its interests by participating in professional associations which provide industry feedback to the competent national or international authorities when preparing and supervising regulations affecting the Group's businesses. For example, Lagardère Publishing is an active member of the French national publishing union (SNE), which helped defend the interests of the publishing industry at the time the EU Directive on Copyright in the Digital Single Market was being drafted.

B.2 Risks associated with litigation in process

The Group Legal Department manages all litigation involving Lagardère SCA and the divisions, and any litigation involving the divisions when the potential consequences in financial or image terms are considered significant for the Group. All other division-level litigation is handled by the Legal Department of the division concerned.

The main litigation cases involving the Group are presented in note 35 to the 2019 consolidated financial statements (see chapter 5).

To the best of the Group's knowledge, in the 12 months immediately preceding publication of this Universal Registration Document, there were no other governmental, legal or arbitration proceedings (including pending or threatened proceedings, of which the Group is aware) which may have or have had a significant impact on its financial position or profitability.

3.2.8.3.C Operational risks

C.1 Risks associated with business ethics

The measures taken by the Group to mitigate these risks are described in section 3.2.6.5 below.

C.2 Risk associated with products distributed

The Lagardère Travel Retail division is implementing a series of measures to ensure compliance with the regulations and professional standards that apply in the countries where its Foodservice business operates. These measures are subject to centralised supervision by the Foodservice business line and are supplemented by regular external audits organised at the points of sale.

Similarly, the Lagardère Publishing division ensures that the products it distributes comply with applicable local standards by entering into agreements with its suppliers, raising employee awareness, and through internal audit reviews.

C.3 Business interruption risk

This risk is covered by specific measures for the different scenarios envisaged, including operating contingency plans allowing non-optimal modes of operation, crisis communication procedures, and insurance policies to mitigate the associated financial impacts.

Nevertheless, the Group cannot protect itself against all possible scenarios, or guarantee that it would be able to neutralise the impact of any operating incidents that may affect it.

C.4 Risks associated with data security

As mentioned in section 3.2.6.7, the Group's IT Department regularly updates and circulates an information system security policy that the operating entities are responsible for rolling out locally. This policy, based on ISO 27001 requirements, is accompanied by technical tools and awareness-raising media.

In addition, the Group's IT Department, together with the Risk and Internal Control Department, carry out recurring internal assessment surveys for IT system and network security, which are included in the Group's internal control self-assessment system. The last survey was conducted in 2018 and monitored in 2019:

All measures to preserve data confidentiality, protect information systems against intrusion and minimise the risk of system breakdown are adjusted based on the results of these surveys and the monitoring thereof. Group entities also receive recommendations based on the results of the surveys.

The Lagardère group is also implementing a programme relating to personal data protection which aims to ensure the compliance of the Group's operations with the General Data Protection Regulation (GDPR) (EU 2016/679) which came into force on 25 May 2018. The programme is managed by the Group Data Protection Officer in conjunction with the Data Protection Officers of each division.

3.2.8.3.D Financial risks

The principal methods used to manage financial risks are described in detail in notes 30.1 and 30.2 to the consolidated financial statements.

3.2.8.4 Insurance policies – risk coverage

The financial consequences of certain risks can be covered by insurance policies when this is justified by their scale and providing that insurance coverage is available at acceptable conditions.

Within the Treasury and Financing Department, the Insurance Department is in charge of overseeing the use of insurance in the Group, and plays a coordination and advisory role in this respect.

3.2.8.4.A Insurance policies subscribed

The major insurance policies cover property damage and in some cases business interruption, liability and cyber risks. Depending on the type of risk, coverage consists of permanent or temporary policies.

The Group generally seeks to insure all assets for their estimated value, and business interruptions for their estimated cost, in keeping with the relevant best practices.

In 2019, Lagardère and its divisions were able to renew insurance coverage in 2020 for their activities throughout the world.

The Group selects its insurers carefully and regularly reviews their creditworthiness.

However, given the diversity of situations in all of the divisions and the local specificities of the insurance market, it cannot be considered that the Group will be covered by insurance in all circumstances, nor that existing insurance coverage will always be effective.

3.2.8.4.B Coverage level

Many insurance policies are subscribed at the level of the divisions and their sites. Given the wide diversity of situations, it is not possible to give full details of all the coverage limits.

3.2.8.4.C Insurance for property damage and business interruption

► Risks covered

Insurance policies notably cover the risks of fire/explosion, lightning, water damage or storms, natural disasters, and terrorism. When specific national legislation applies to these risks, the coverage is implemented in compliance with the laws in force in each country concerned.

► Limits of coverage

As a general rule, insurance for property damage is subscribed for the replacement value of the property and, where applicable, business interruption is subscribed for the gross margin. In some cases, these amounts may include limits agreed with the insurer.

For 2020, the highest insurance coverage limit subscribed by the Group is €400 million for certain Lagardère Publishing facilities. Lower limits of coverage for certain risks may also apply within these overall limits (e.g., for storms, earthquakes or flooding).

3.2.8.4.D Liability insurance

► Risks covered

Liability insurance policies, depending on the nature of the business and local regulations, include coverage for public, product and professional liability in the event of bodily injury, material damage or consequential loss caused to third parties.

► Limits of coverage

Regarding liability, maximum exposure is difficult to assess, and the level of insurance for the divisions and their sites depends on the availability of coverage and an acceptable economic cost.

For 2020, except in the United States, Canada and countries under an international embargo, the highest amount of coverage subscribed stands at €80 million, while in the United States the highest limit is around €69 million.

Sub-limits specific to certain types of insurance coverage may also apply within these overall limits.

3.2.8.4.E Cyber risk insurance

► Risks covered

Cyber insurance covers the consequences of either a breach of data held and/or managed, or damage to information systems. It offers damage coverage that includes research, resolution and notification costs. It also offers liability coverage including losses caused to third parties.

► Limits of coverage

For 2020, the highest insurance coverage limit subscribed by the Group is €20 million for certain Lagardère Publishing facilities.

Sub-limits specific to certain types of insurance coverage may also apply.

3.2.8.4.F Premiums

In 2020, the overall budget for the main permanent insurance policies subscribed by the Group was estimated at 0.15% of sales (excluding collective insurance).

3.2.9 CONTROL ACTIVITIES

Control activities are designed to ensure that the necessary measures are in place to control the risks that may have an impact on achieving objectives.

3.2.9.1 Control by divisions of their operational processes

The divisions implement their own internal control systems to cover their day-to-day activities. These systems are made up of a combination of resources and take various forms depending on the organisation of the division as well as its business lines, size, geographic location and the regulatory constraints of its operating entities.

Some of these control activities are described in the self-assessment questionnaire common to the entire Group referred to in section 3.2.10.2, and cover the following areas:

- compliance with applicable laws and regulations;
- application of the instructions and orientations defined by the Managing Partners;
- proper operation of the Group's internal processes, particularly regarding safeguarding its assets;
- reliability of financial information;

The information systems self-assessment questionnaire is rolled out separately, as described in section 3.2.8.3.C4.

3.2.9.2 Control by the Corporate Departments of processing carried out within the Group

3.2.9.2.A The Group's financial management

The consolidated financial statements are drawn up at the end of each month (except for January and July), which allows the Corporate Department responsible for consolidation to regularly review the financial information reported by the divisions.

The Group's Chief Financial Officer monitors the divisions' and the Group's cash flow position each month, with the assistance of certain Corporate Departments, and at the same time, the Lagardère group's bank covenants.

The Group's Chief Financial Officer reviews the divisions' and the Group's counterparty risks on a regular basis, with the assistance of certain Corporate Departments. This review provides details, by division and at Group level, of the counterparty risks relating particularly to customers, the investment portfolio and hedging instruments.

At year-end the Budget Committee also validates the annual budget and the three-year plan proposed by each of the divisions.

Each month the Reporting Committee is responsible for verifying that the budget is adhered to by each of the divisions.

Lastly, as stipulated in the Group's investment procedure, the Financial Committee reviews any significant investments, divestments and commitments.

3.2.9.2.B Monitoring legal affairs

The Group Legal Department is informed by the divisions of any exceptional transactions planned, reported under the procedure described in section 3.2.4, and is therefore represented at all Financial Committee meetings. Exceptional transactions include:

- planned financial investments and divestments;
- contractual commitments which individually involve financial commitments or off-balance sheet commitments that are significant at Group level;
- legal restructuring plans involving major operational entities.

Within the scope of the Group's Legal Reporting, the Group Legal Department also requires the divisions to provide, whenever necessary and in real time, information and documents relating in particular to the following topics:

- relations with national or supranational administrative bodies;
- exceptional transactions, above and beyond those submitted to the Financial Committee;
- disputes representing an individual or annual financial impact of more than €5 million or involving a risk for the Group's image;
- non-competition commitments;
- change of control and key man clauses;
- insolvency, bankruptcy and administration procedures.

3.2.9.2.C Other areas

The Corporate Departments have also put in place exchanges with the divisions allowing them to receive information about the processes carried out within the Group, particularly as regards information systems, sustainable development, human resources management, the roll out of Group Compliance programmes, risk management and internal control. These exchanges generally take place with the General Management of each division and in certain cases the relevant operating entities. The exchanges involve implementing policies and reporting process, and are based on a network of correspondents who liaise with the operating entities.

3.2.10 PERMANENT MONITORING OF INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS

The Lagardère group continuously works to strengthen the monitoring of its internal control and risk management frameworks. To this end, a Risk Management and Internal Control Committee, whose members include the Group's Chief Financial Officer, the Chairman of the division concerned and the persons in the division and in the Group responsible for risk management and internal control, meets once a year and is tasked with monitoring the effectiveness of risk management and internal control with each division.

3.2.10.1 Permanent monitoring of the risk and insurance management system

The Risk and Internal Control Department develops and manages the Lagardère group's risk management policy. As part of its work, it is responsible for preparing a report summarising the Group's risks, monitoring and alerting the Managing Partners and the divisions, and analysing the Group's cross-business risks.

More specifically:

- The Risk and Internal Control Department provides methodological support and advice, particularly for the identification, analysis and quantification of risks.
- The Department provides support to the Managing Partners by analysing the Group's cross-business or specific risks.
- It is involved, as necessary, in helping implement control measures for specific risks identified within the Group.
- The Department is responsible for establishing risk mapping for each division, particularly by defining a shared methodology. The Risk and Internal Control Department monitors the main risks identified and puts in place related control measures.

In order to fulfil its duties, the Risk and Internal Control Department collaborates with the Corporate Departments and a network of correspondents within the divisions, particularly their Chief Financial Officers.

Within the Treasury and Financing Department, the Insurance Department coordinates insurance programmes for Group entities, employees and corporate officers. It also provides its technical expertise to Group entities requesting assistance in managing their own insurance programmes (i.e., taken out in their own name). Certain entities also call on the Insurance Department to manage all or part of their insurance programme.

3.2.10.2 Permanent monitoring of the internal control system

The Risk and Internal Control Department manages the Group's internal control system. The department has a correspondent in each division – the Internal Control Manager – who is responsible for coordinating the internal control system. He or she reports to a member of the division's General Management, usually the Chief Financial Officer. This organisation ensures effective monitoring of the internal control system throughout the Group.

An internal self-assessment procedure is implemented each year for internal control within Lagardère SCA's main entities/subsidiaries. This procedure draws on dedicated IT tools, is managed by the Internal Control Managers and is consolidated by the Risk and Internal Control Department. It helps the continuous improvement process for the control and efficiency of processing within the Lagardère group's entities.

The self-assessment is based on defining a Group reference framework shared with all the divisions. It aims to identify the applicability, efficient implementation and traceability of each of these points of control, and to establish a stronger formal definition of internal control procedures and ensure their adoption by all operational managers. The Internal Control Managers analyse the results of the self-assessment for their respective divisions, and a report is presented to the Managing Partners and the Audit Committee for the entire Group. This information is used by operational management in their quality assessment of the internal control procedures that they oversee, and for the implementation of improvement plans. It is included in the scope of audits carried out by the Group's Audit Department.

This internal control self-assessment also includes the internal-assessment surveys for IT system and network security described in section 3.2.8.3.C4.

Each division senior executive also sends a detailed annual report to the Chairman of the Supervisory Board on risk management and internal control within their division.

3.2.10.3 Permanent monitoring of information systems

3.2.10.3.A Security

As described in section 3.2.8.3.C4, the Group's IT Department, together with the Risk and Internal Control Department, carries out regular surveys to self-assess the security of the IT systems and networks, thereby helping to improve their security.

Based on these surveys, the IT Department makes recommendations to the entities concerned to ensure that the level of security is satisfactory based on the Lagardère group's IT security policy. It also presents the results of an annual review of these recommendations to the senior executives of each division and the Managing Partners.

A survey was conducted in 2018 and monitored in 2019.

3.2.10.3.B Upgrades to the consolidation system

The consolidation system described in section 3.2.6.8 – Financial reporting, as well as its configuration, are upgraded to the latest versions as often as necessary Specific resources (as described in section 3.2.5) are dedicated to data integrity, availability and confidentiality.

3.2.10.4 Audit of the systems

The Group's Audit Department, supervised by the Managing Partners, audits the internal control and risk management systems, as well as the related reporting processes, as set out within the Lagardère group. Audits are conducted as part of the annual audit plan or following specific requests from the Managing Partners, the Group's Finance Department or from the division senior executives. The Audit Department's scope of intervention includes all fully-consolidated companies. Equity-accounted companies which are jointly-controlled by the Group may also be audited. The audit plan is established on a multi-annual basis and includes:

- coverage of Group entities on a rotating basis;
- taking into account the needs of Group and division senior executives;
- audits of the risk management and internal control systems that need to be reviewed based on the risk mapping or analyses performed by the Group's Risk and Internal Control Department;
- audits of cross-functional themes relevant to the divisions and/or their subsidiaries;
- audits related to the internal control self-assessment system.

The Group's Audit Department may also conduct consulting or operational assistance assignments on specific projects at the request of the Managing Partners or the divisions, specific assignments involving reviews of operational and financial risks, audits relating to merger/acquisition projects, or ad hoc audits with entities facing incidents involving fraud. Audit assignments are conducted following a standard process, involving in particular monitoring by the Department of the action plans resulting from its audits.

The mission of the Group Audit Department, its powers and responsibilities are set out in an internal audit charter. The Group Audit Department presents to the Audit Committee the annual audit plan, a summary of the work carried out, the resulting conclusions and details of their application, as well as business indicators that make it possible to assess the effectiveness of its work.

The Group Audit Department uses a recruitment policy in order to maintain its technical skills (e.g., related to computerised audits) and language skills (to be able to work in the languages that are used the most within the Group). The Department helps spread the risk management and internal control culture within the Group through its audits, as well as through professional mobility for its employees.

3.2.10.5 Action in response to the Statutory Auditors' work

The Group's Chief Financial Officer ensures that the Statutory Auditors have reviewed the accounting principles and options that have a material impact on the financial statements.

They obtain from the Statutory Auditors details of the audit scope and methods, and are also informed of the conclusions of the audit.

The Managing Partners are informed of any significant risks and material weaknesses in internal control, as communicated by the Statutory Auditors, that could have a significant influence on the published financial and accounting information, and ensure that these factors are taken into consideration in the corrective action taken by the Group.

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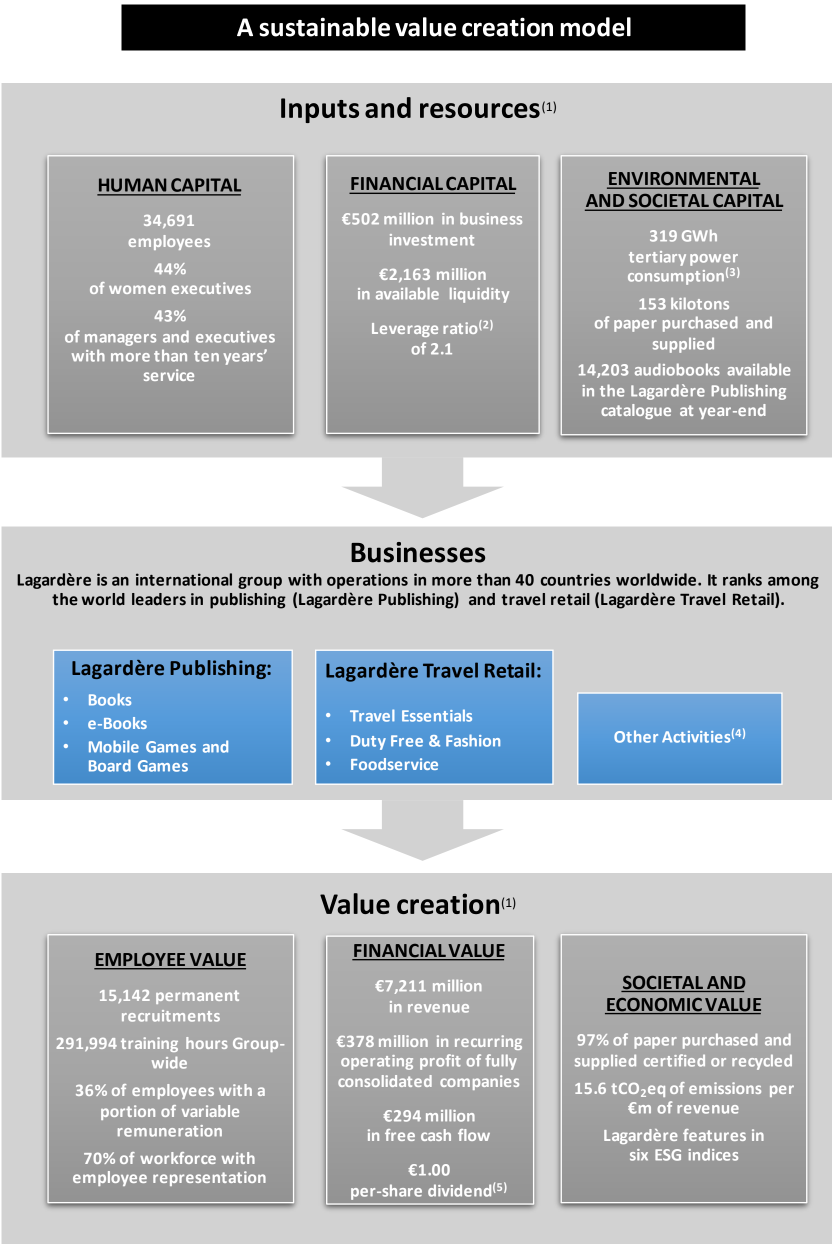
4.1 LAGARDÈRE GROUP BUSINESS MODEL

Section 1.4 of this Universal Registration Document provides detailed information on the Group's strategy, business lines and model, key figures, markets, and more.

The Lagardère group's overarching objective is to develop the loyalty of its audiences and consumers worldwide through powerful brands that deliver content publishing, production, broadcasting and distribution. The key features of this integrated model of value creation are presented in the chart below.

Business model



(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.
(5) Dividend submitted for approval to the General Meeting to be held on 5 May 2020.

Workforce by geographic area at 31 December 2019

FRANCE

Lagardère Publishing	2,458
Lagardère Travel Retail	4,550
Lagardère News	830
Lagardère Live Entertainment	68
Other Activities	300
Assets pending disposal at Lagardère Active	172
Lagardère Sports	199
Total	**8,577**

EUROPE (EXCLUDING FRANCE)

Lagardère Publishing	2,535
Lagardère Travel Retail	6,622
Assets pending disposal at Lagardère Active	291
Lagardère Sports	623
Total	**10,071**

AMERICAS

Lagardère Publishing	1,669
Lagardère Travel Retail	10,845
Lagardère Sports	181
Total	**12,695**

ASIA-PACIFIC

Lagardère Publishing	142
Lagardère Travel Retail	2,841
Lagardère Sports	189
Total	**3,172**

AFRICA

Lagardère Publishing	75
Lagardère Travel Retail	101
Total	**176**

4.2 CSR – KEY PRIORITIES, STAKEHOLDERS AND RESPONSIBLE CORPORATE GOVERNANCE

Create purpose. Foster personal fulfilment at work. Offer guidance to employees in diversity and innovation. Combine excellence with corporate responsibility. Anticipate the needs of a changing society. Align respect for objectives with respect for the planet. These challenges are directly related to the Lagardère group's businesses and are reflected in the commitments made as part of its Corporate Social Responsibility (CSR) policy designed to achieve three primary objectives: comply with increasingly stringent regulatory requirements, align the approach with the Group's evolving strategy and structure, and strengthen stakeholder relations.

4.2.1 CSR POLICY OBJECTIVES

A) COMPLYING WITH INCREASINGLY STRINGENT REGULATORY REQUIREMENTS

The CSR reference framework applies internationally.

In France, non-financial disclosure requirements have become stricter over the years. This section represents the Group's non-financial statement, to the published pursuant to articles L. 225-102-1 and R. 225-105 of the French Commercial Code. It also contains the duty of care plan, which is obligatory for parent companies and contracting entities (see section 4.7). Regarding tax evasion, the Group takes a responsible approach to tax matters to support its business operations, paying taxes where its economic activities take place. The Lagardère group also takes steps to comply with international requirements, such as country-by-country reporting (CBCR), and undertakes to provide the utmost transparency in its dealings with tax authorities.

In application of its tax policy, Lagardère ensures that no Group business aims to transfer profits to tax havens. Intangible assets are located in countries where its economic activities take place.

Internationally, Lagardère applies a number of core CSR documents and principles, such as the International Bill of Human Rights, the ILO's Fundamental Principles[1], the OECD[2] Guidelines for Multinational Enterprises, and the Guiding Principles on Business and Human Rights.

The Lagardère group draws on other guidelines in carrying out its business activities, including ISO 26000 (used as a basis for updating the 2012 Code of Conduct), Unesco's Convention on the Protection and Promotion of the Diversity of Cultural Expressions and Unicef's Implementation Handbook for the Convention on the Rights of the Child.

Lastly, the UN's Sustainable Development Goals (SDGs) – formulated in 2015 and setting out the societal priorities for building a more sustainable society – have become the reference for CSR best practice. Accordingly, the Group endeavours to build a strategy consistent with those goals that are most relevant to its businesses. Broken out into 17 global development goals on wide-ranging topics including gender equality, climate action, quality education and innovation, the SDGs cover all of the core sustainability priorities for the period through to 2030. They set out a clear framework of standards and shared language for all stakeholders, ensuring synergy and consistency in actions and initiatives at all levels.

As in previous years, the Group's General and Managing Partner Arnaud Lagardère is renewing his commitment to the principles of the United Nations Global Compact, to which the Group has adhered since 2003 and which have guided its CSR strategy for the past sixteen years.

[1] International Labour Organization.
[2] Organisation for Economic Co-operation and Development.

With operations on every continent, the Lagardère group is one of the world's leading publishing and travel retail businesses. As an international Group, we need to be rigorous and exemplary in promoting rights and principles that are universally recognised and adopted to ensure that globalisation is respectful of humankind and the environment. This international commitment is expressed through the Group's membership of the United Nations Global Compact, which we joined in 2003, and which encourages businesses to operate responsibly.

To reaffirm our commitment, each year we report on the progress made by our Group in the Compact's ten principles.

HUMAN RIGHTS

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights.

Principle 2: Businesses should make sure that they are not complicit in human rights abuses.

LABOUR

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.

Principle 4: Businesses should uphold the elimination of all forms of forced and compulsory labour.

Principle 5: Businesses should uphold the effective abolition of child labour.

Principle 6: Businesses should uphold the elimination of discrimination in respect of employment and occupation.

ENVIRONMENT

Principle 7: Businesses should support a precautionary approach to environmental challenges.

Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility.

Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies.

FIGHTING CORRUPTION

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

Arnaud Lagardère

General and Managing Partner of Lagardère SCA

B) ADAPTING CSR TO GROUP STRATEGY AND DEVELOPMENT

The Lagardère group aligns its CSR policy with its development strategy for its various businesses. For several years, the CSR roadmap has therefore paid special attention to:

- changes in the Group's activities. The development of activities offering growth potential, as well as changes in the business models of the more historical activities, to the extent that innovation is an essential component that affects the social, environmental and societal impacts of the Group's activities;
- the Group's increasingly international footprint. The international expansion of the Lagardère group's activities, entry into new emerging markets and the objective of ensuring that growth becomes less centred on France are also factors to bear in mind since they alter the contours of the Group's CSR strategy (inclusion of issues with an international reach, impacts on local

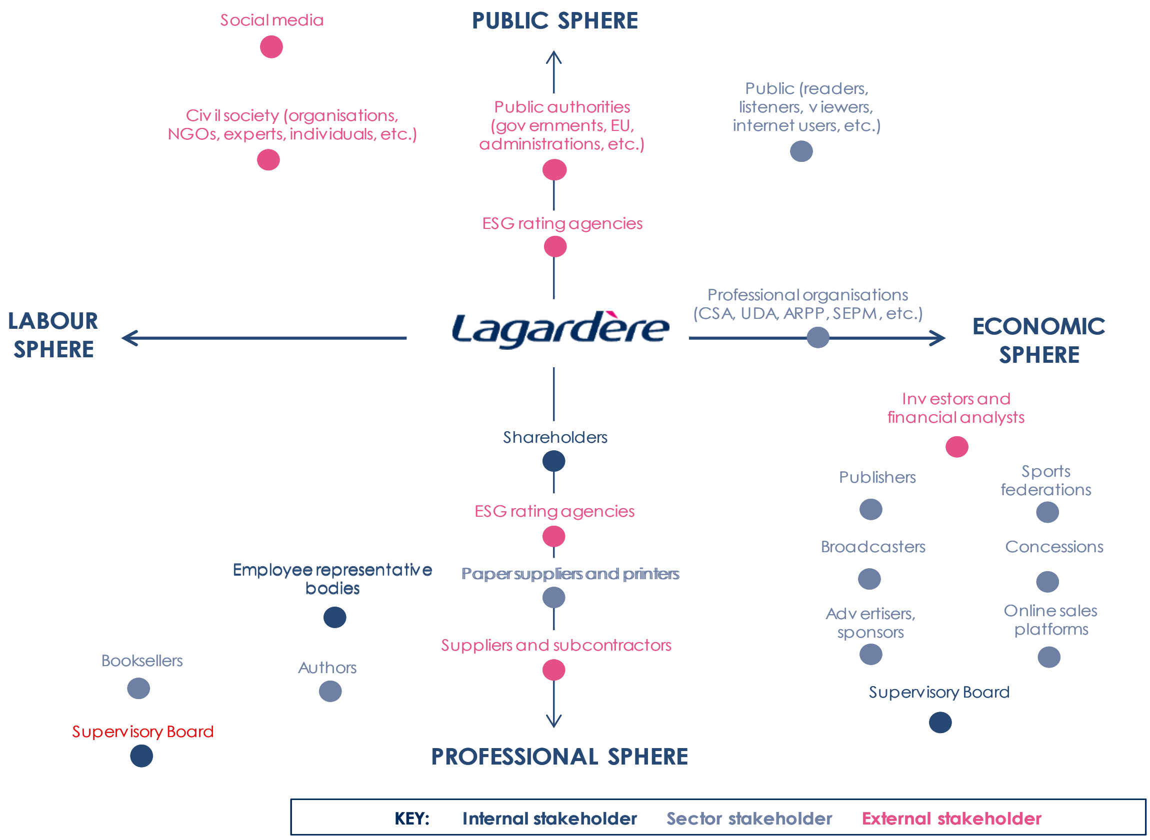
communities, promotion of cultural diversity, etc.).

C) STRENGTHENING STAKEHOLDER RELATIONS

Authors and other artists, readers and listeners, employees and suppliers, concession granters and the travelling public, customers and investors, consumers and shareholders: Lagardère's various stakeholders – internal, external, public and industry – are mapped out in the chart below.

Since it first launched its CSR strategy, Lagardère has maintained frequent and ongoing dialogue with non-financial investment analysts. This long-term commitment, together with the steady year-on-year progress, has enabled the Group to feature in the following ESG indexes (as at 31 December 2019): Vigeo Euronext Europe 120 and Eurozone 120, FTSE4Good Index Series, Ethibel Sustainability Index (ESI) Excellence Europe and STOXX® Global ESG Leaders Index. On the back of its strong performance in the 2019 Dow Jones Sustainability Index review, the Lagardère group was also included in the Sustainability Yearbook 2020, placing it among the six leaders in its peer group.

To build on its objective to enhance dialogue with stakeholders, in 2015 Lagardère set up a stakeholder panel, an advisory body that seeks to continuously improve the Group's CSR practices. Lagardère's stakeholder panel is chaired by Thierry Funck-Brentano, one of the Co-Managing Partners of Lagardère SCA, and coordinated by the Sustainable Development and CSR Department. Its 12 members – 11 of which are external to the Group – are appointed for two years and represent the Group's main priorities, business lines, and industries.



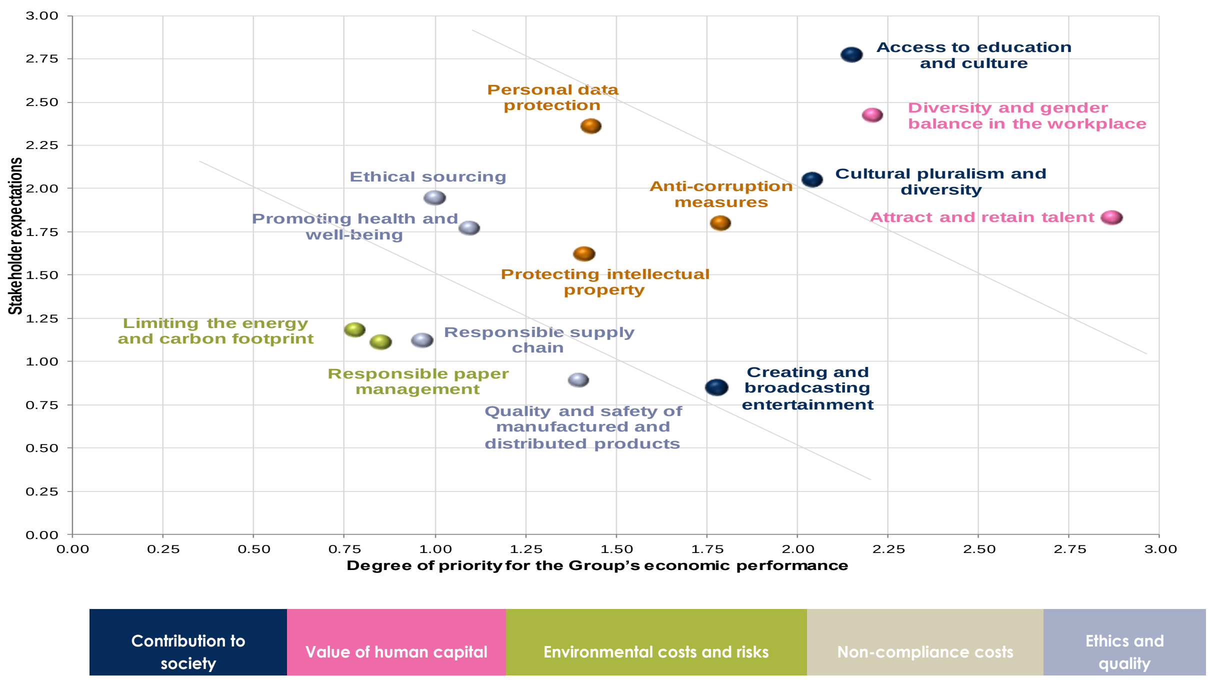
The panel has three main goals:

- establishing regular dialogue at Group level between Lagardère and its stakeholders;
- obtaining a better understanding of stakeholders' perception and expectations of the Group;
- supporting Lagardère's forward-looking strategy for its main social, environmental and societal priorities.

This ongoing stakeholder dialogue was given its full meaning in 2017, when the Lagardère group produced its first materiality matrix and updated its CSR roadmap .

After determining the initial qualitative and quantitative methodology, the final matrix, shown below, was fine-tuned with the aim of simplifying the overall CSR roadmap. The last step involved presenting the matrix to the stakeholder panel.

Lagardère group materiality matrix



4.2.2 CSR PLAYERS AND GOVERNANCE

At Group level, the Sustainable Development and CSR Department, which reports to the Managing Partners, coordinates a Steering Committee comprising CSR managers from each business line and representatives from several cross-functional departments. Chaired by the Group's Chief Human Relations, Communications and Sustainable Development Officer, who is also a Co-Managing Partner of the Lagardère group, this Committee fine-tunes the Group's CSR strategy and proposes initiatives to be undertaken at Group level while promoting the sharing of best practices between the divisions.

The Group-level CSR policy has been adapted to the purposes of each division. It is implemented by a divisional Sustainable Development manager, who coordinates the networks of internal correspondents, organises local steering committees and rolls out the tools required to embed CSR policies deeply into its business activities.

In parallel, the Sustainable Development and CSR Department steers the various working groups dealing with key issues in liaison with the corporate functions. It also coordinates dialogue with the stakeholder panel.

Since 2015, the Supervisory Board has incorporated CSR within the duties of the Appointments, Remuneration and CSR Committee. In 2019, the Sustainable Development and CSR Department updated the Supervisory Board on the CSR roadmap as well as presenting Lagardère's ESG ratings.

Responsible corporate governance forms the basis of the Lagardère group's CSR roadmap. The Group's approach to responsible corporate governance is reflected in its ethical principles and in compliance programmes applicable to employees (see section 3.2.6.5).

The Lagardère Group Code of Conduct, for which the update process was launched at the end of 2019, comprises a series of guidelines underpinning the values shared by all Lagardère employees. The Code of Conduct is one of the core documents used to define the Group's CSR policy.

4.2.3 CSR ROADMAP

The CSR roadmap is centred around three key principles:

- Placing people at the heart of our strategy

  This represents our core responsibility to employees, namely that we should provide them with a diverse, varied, attractive and stimulating environment in which to work.

- Reducing the environmental impact of our products and services

  Above and beyond the responsibility that comes with producing content – to inform, raise awareness, educate, and provide tools through which to understand the world – the Lagardère group works towards a pragmatic, environmentally-driven commitment that is relevant to its business activities, by focusing on three fronts: climate change, responsible resource management and an environmentally responsible approach to the food chain.

- Sharing the social and cultural diversity of our businesses

The Lagardère group promotes access to education and knowledge while defending freedom of speech, pluralism of ideas and cultural diversity through the content it produces and distributes, as well as through its various partnerships and cultural and social solidarity programmes.

4.3 CSR – RISKS, OPPORTUNITIES, STRATEGY AND PERFORMANCE

In 2018, the Sustainable Development and CSR Department and Risk and Internal Control Department worked together to identify non-financial risks and integrate them into the Group's risk map.

After flagging up nearly 40 non-financial risk events and opportunities divided into four categories – labour impacts, environmental impacts, respect for human rights and fighting corruption – the risk and sustainable development teams analysed them against the existing materiality matrix (see section 4.2.1.C).

This cross-analysis of the 40 events helped narrow the list down to 13 non-financial risks and opportunities. These 13 risks were then assigned a rating for each of the Group's main businesses, ranked using the Group's risk scoring methodology and weighted based on revenue to factor in the Group's strategic plan to refocus its business on Lagardère Publishing and Lagardère Travel Retail. The ranking process highlighted the following nine areas as carrying non-financial risks and opportunities:

- management of skills and key talent;
- diversity and gender balance in human capital;
- access to and dissemination of education, culture and entertainment;
- quality of products and services, promotion of health and well-being;
- management of resources and respect for the environment;
- management of energy and carbon impacts;
- respect for privacy;
- respect for fundamental freedoms;
- fighting corruption.

Section 4.3 describes the Group's strategy for each of these priorities, its implementation within the business lines, the indicators in place to monitor progress, and areas for improvement.

4.3.1 LABOUR IMPACTS OF THE GROUP'S ACTIVITIES

4.3.1.1 Management of skills and key talent

Today's world is changing fast, with new growth models emerging all the time. To keep up, the Lagardère group must attract and support the career development of talented, creative and engaged employees to design innovative products and services and produce high-quality content. The Group's business success is a direct result of the skills and expertise of its employees; these skills are valuable resources that are constantly being adapted to maintain the quality and diversity of the workforce.

A.1 Strategy

Under the supervision of the human resources departments at Group and divisional levels, operating entities manage their employees independently and locally to bring out the best in their human capital. To achieve this, they implement measures to respond to the specific needs of their activities, businesses and environments. In line with the Group's organisational approach, divisions must nevertheless adhere to a set of shared commitments, including an internal talent management policy, that are regularly monitored by the Group's Human Resources Department, with meetings held every fortnight.

Developing the professional expertise and individual responsibilities of employees is crucial to the Lagardère group's success. It therefore focuses on developing employees, through promotion, internal mobility and training, to enhance their individual employability. Lagardère also provides guidance and training for young people by hosting interns and promoting work-study placements and programmes.

It is also Group policy to use remuneration and pay rises – contingent on the value employees bring to their position and on variable pay scales that reflect the measure of individual objectives – to recognise and reward employee performance levels, using quantitative and qualitative criteria defined by the subsidiaries.

The priority given to managing skills and key talent also addresses UN Sustainable Development Goals 4 "Quality Education" and 8 "Decent Work and Economic Growth".

A.2 Application

Training

In order to offer employees guidance throughout their career, the Lagardère group makes available a large selection of training options in a broad range of fields, including digital technologies, management, communication, health and safety, foreign languages, businesses, etc. Each year, the training hours data highlights how well-adapted the Group's training policy is: more than 66% of total training hours provided focus on "business" or "management". These training courses are closely correlated to employees' current performance and development potential.

The divisions also organise their own in-house training courses. For example in France, Lagardère Publishing runs the Hachette Livre forum, three one-day events over the course of each year that provide new employees with the opportunity to learn more about the publishing business.

For many years, Lagardère Travel Retail has provided an internal training programme for its sales teams. The division also set up the Lagardère Travel Retail Academy in early 2017, with the aim of developing the skills of high-potential employees and top managers by organising three-day seminars for participants from various countries. Several renowned international experts from major universities (MIT, Harvard, ESSEC, Sciences Po Paris, etc.) have been invited to talk at these events during which around 15 employees are trained on subjects such as change management, leadership, finance, innovation and marketing. In 2019, eight seminars were organised in Europe, the United States and Asia.

Internal mobility

Internal mobility is a key component of human resource management, building on the training and employee skills development initiatives. Group-wide, nearly 1.8% of vacancies for permanent positions were filled through internal mobility in 2019. While this figure may appear to be low, it is heavily impacted by the high employee turnover at Lagardère Travel Retail of mainly retail sales staff, for whom internal mobility is not a major issue. When adjusted for this factor (recruitments in the "Other employees" category at Lagardère Travel Retail), in 2019, the Group's internal mobility rate came out at 14.9%.

Furthermore, the stark differences in the Group's business activities make mobility for operating staff between divisions practically impossible. However, in France the Lagardère group has developed a special process to evaluate the various opportunities (mainly for support functions) and profiles of candidates who have submitted a request for mobility. The inter-divisional committee (made up of HR representatives in charge of mobility) handled around five mobility transfers in 2019 and reviewed 240 jobs and 20 candidates.

Remuneration

To take into account employees' skill levels, training and responsibility and the specific nature of the business sectors they work in, individual rather than collective pay rises are increasingly common. As such, most of the Group's entities reward employees through individual as well as collective performance incentives such as bonuses and variable pay. These practices enable the Group to correlate employee remuneration to the achievement of individual and collective objectives at the level of the subsidiary concerned.

In return for these individually tailored pay measures, to ensure optimum transparency between staff and their management on remuneration, the Group encourages annual interviews, which give employees a better perception of their performance with regard to the requirements of their job.

Lagardère also seeks to build loyalty among key talent through regular awards of shares in the parent company, Lagardère SCA. It has done so since 2007 using free share awards (see the Special Report of the Managing Partners in section 2.9.9).

A.3 Performance

The Lagardère group now focuses on a narrower range of indicators, which it will monitor more closely. These key indicators include voluntary departures (which cover only resignations and departures for retirement, and do not include redundancies or mutually agreed contract terminations), variable remuneration, and length of service of managers and executives within the Group.

Voluntary departures[1]

Division	Division	Unit	2019			2018
			Executives	Managers	Other employees	
Lagardère group	Lagardère Publishing	%	7.8	6.8	11.5	NA
	Lagardère Travel Retail	%	7.5	15.3	44.3	NA
	Lagardère News	%	0.0	2.7	73.9	NA
	Lagardère Live Entertainment	%	0.0	9.1	17.2	NA
	Other Activities	%	0.0	10.4	10.2	NA
	Other assets pending disposal at Lagardère Active	%	7.7	7.0	9.2	NA
	Lagardère Sports	%	5.3	9.4	20.4	NA
	Group	%	6.9	9.0	36.9	NA

The significant divergences in the percentage of voluntary departures by division and professional category in the table above mainly reflect local job markets and a radically different approaches to work between countries. Stark differences are also found between the Group's various business divisions. Voluntary departures are especially common at Lagardère Travel Retail, as retail employees are included in this indicator across a broad scope.

[1] Due to the significant level of employee turnover during the year, this indicator is subject to a degree of uncertainty, despite controls conducted on the data representing around 1% of 2019 headcount (versus 3% of 2018 headcount) and 1% of employee separations.

Other performance indicators

Indicator	Unit	2019	2018	2017
Percentage of managers and executives with more than ten years of service	%	**43**	43	42
Percentage of employees with a portion of variable remuneration	%	**36**	44	40

4.3.1.2 Diversity and gender balance in human capital[1]

Discrimination based on factors such as gender, disability, sexual orientation, race and religion undermines self-esteem, while diversity helps create social harmony. The Lagardère group believes that having a diverse workforce (particularly in terms of gender, disability, ethnic and socio-economic background) drives creativity and growth.

A.1 Strategy

Adapting to local cultures, the diversity of consumers and the increasing number of markets are strategic factors in the development of all Group businesses. Given its wide range of business activities and the broad array of expertise provided by its workforce, the Lagardère group promotes diversity in its divisions. Working diligently on this issue, as with the above-mentioned one, the Group-level, division and other operational human resources departments play a leading role in ensuring that its employees are representative of society at large.

Lagardère is opposed to all forms of discrimination based on a person's origin, lifestyle, age, sex, political or religious opinions, trade union affiliation, disability or sexual orientation. It works to apply and promote the ILO's fundamental principles on eliminating discrimination in respect of employment and occupation and stamping out forced and compulsory labour.

Lagardère's strategy to promote diversity and gender balance has translated these principles into three main focal points:

- gender balance in the Group;
- breaking down stereotypes based on race or social class;
- integrating employees with disabilities.

This priority also addresses UN Sustainable Development Goals 5, "Gender Equality" and 10 "Reduced Inequality".

A.2 Application

Gender balance in the Group

Women continue to occupy a central position in the Group's workforce. In 2019, women represented 64% of the Group's total permanent workforce, 44% of executives and 55% of managers, Not surprisingly, they also made up the majority of training participants (women took 62% of the training hours provided, and 65% of the total number of trained employees were women) as well as the bulk of promotions and pay rises (65% of promotions and 62% of pay rises).

In November 2017, the Group launched the LL Network internally, addressing all employees in France, to promote diversity. The network continued to expand in 2019 to include around 500 members, of which about one quarter were men.

The LL Network has three goals: (i) improving gender balance in the Group's business lines, (ii) helping women into management positions, and (iii) strengthening constructive dialogue between members of the various Group entities. It does this through three types of initiative: personal and professional development workshops, business presentation breakfasts and themed after work events. From its launch, the LL Network has also been the vector through which the Group demonstrates its commitment to a range of causes in support of women, such as its endorsement of Women's Empowerment Principles, the partnership

[1] The information in section 4.3.1.2 is presented pursuant to the obligations provided for in paragraph 6 of article L. 225-37-4 of the French Commercial code (*Code de commerce*).

with Digital Ladies & Allies, and the #StOpE initiative to put an end to everyday sexism in the workplace. The network also aims to support constructive dialogue between the business lines and to be instrumental in attracting and retaining talent.

The LL Network organised around 30 events (after work events, breakfasts, an annual day-long event, workshops and conferences) in 2019 and also extended its support to an additional 18 mentoring arrangements.

Lastly, 2019 was marked by initiatives to put an end to everyday sexism in the workplace, with the Group launching new training programmes for around 60 human resources managers during the year.

At the level of the divisions and entities, a range of local initiatives help promote gender balance in the workplace.

For example at Lagardère Publishing, the July 2017 agreement concerning gender equality entered into by Hachette Livre in France commits to improving gender balance during recruitment processes for all types of employment (from publishing via IT distribution through to logistics) by 2020. It also includes a commitment to offer promotions to an equal number of men and women and to balance the average percentage pay rise granted to women with that offered to men. In the United Kingdom, Hachette UK published its third annual Gender Pay Gap Report, which highlighted improvements in the pay gap and an increase in the proportion of women classified as "highly paid".

Breaking down stereotypes

This theme is relevant day to day, across all businesses. The broad diversity of employees reflects both the large number of regions in which the Group operates and the diversity of the customers and consumers that buy its products and services.

At the Group level, the situation at the various entities is surveyed regularly, in particular by analysing recruitment procedures to test the selection criteria for candidates applying for full employment and work placements. A second survey was carried out between 2016 and 2017, and mainly helped fine-tune the assessment procedure and identify both progress and further areas for improvement. A third survey was organised at the end of 2019 and will run for around 18 months from 2020. These surveys, carried out based on the criteria of ethnic origins and gender, help identify whether candidates may be victims of such discrimination at the recruitment stage.

The Group also provides training programmes for managers in the subsidiaries and operating entities on breaking down stereotypes and resisting confirmation bias, which are held regularly throughout the year. The human resources departments and executive committees of each division were among the first employees to be given this training course, which is now given to several dozen managers each year.

Following on from previous years, numerous initiatives, conducted in partnership with charitable associations promoting cultural or social diversity, were continued within the Group, such as Nos Quartiers ont des Talents (NQT) and the Divertimento Orchestra, which help young people from disadvantaged neighbourhoods to gain access to training and employment opportunities that are sometimes unavailable to them due to their ethnic or social backgrounds.

Lagardère Publishing runs initiatives and action plans across all of its operational geographies, with the aim of boosting inclusivity and promoting diversity in all of its forms.

In France, Hachette Livre teamed up with Sciences Po to provide book bursaries for students under France's programme to support equal opportunity in education (*Conventions Éducation Prioritaire* – CEP). Hachette Livre also supports the CEP programme in different ways, such as traineeships, tutoring and participation in admission committees. Also in 2019, Hachette Livre and non-profit association NQT (Nos Quartiers ont des Talents) partnered to help young people from disadvantaged neighbourhoods gain access to training and employment opportunities.

In the United Kingdom, Hachette UK has been running a programme called Changing the Story since 2017. It aims to promote diversity of culture, race, gender, religious beliefs and sexual orientations, in both the books it publishes and in the employees it hires. Hachette UK also teamed up with the Stephen Lawrence Trust for a school and higher education-level mentoring programme. In April 2019, Hachette UK became the first publisher in the United Kingdom to release an Ethnicity Pay Gap Report, in which it commits to raising the proportion of employees from ethnic minorities to 15% within five years.

In Spain, the Anaya group pressed ahead with efforts to promote respect for diversity, shared values and gender equality in all of its publications, and also supports several initiatives promoting cultural and educational activities that encourage social integration.

Lastly, in the United States at Hachette Book Group (HBG), the Diversity Committee spearheads initiatives such as the Read Our World program, which promotes acceptance, education and open dialogue through books representing diversity. In addition, HBG partners with organisations that promote diversity in the book publishing industry, such as We Need Diverse Books, The Children's Book Council and the Association of American Publishers.

Integrating employees with disabilities

The Group underscored its commitment to the inclusion of people with disabilities by taking part in the national DuoDay event in France held on 16 May 2019. In total, more than 180 Group employees in France volunteered to be shadowed during a working day by a disabled person.

In France, Hachette Livre set up its own Mission Handicap programme and was also among the leading business signatories of the charter for the inclusion of people with disabilities in the workplace, which comprises 10 on-the-ground commitments aimed at encouraging businesses to drive inclusion and in-work support for people with disabilities.

A.3 Performance

Indicator	Unit	2019	2018	2017
Percentage of women executives	%	**44**	42	43
Percentage of women managers	%	**55**	56	55

In addition to the indicators described above, for several years the Group has also closely followed a number of formal disputes concerning discrimination alleged against one of its entities (see section 4.3.3.2 on respect for fundamental freedoms).

4.3.1.3 Access to and dissemination of education, culture and entertainment

The Lagardère group's businesses aim not only to instil the love for reading and learning, and develop critical thinking, but also to enhance knowledge, culture and education through the full range of content available across all media and in brick-and-mortar retail spaces. The wide array of content and products available, countries where it broadcasts and cultures highlighted in points of sale, together with the multiple points of view and types of content promoted by the Group's brands, supports cultural diversity and freedom of expression.

A.1 Strategy

Culture – sometimes referred to as the fourth pillar of sustainable development – plays a central role in the Group's businesses. With its involvement in the worlds of reading, writing, travel and information, Lagardère bears a special responsibility as a world leader in content publishing, production, broadcasting and content distribution. Culture, in all its forms and all its diversity, is the driving force behind the Lagardère group. This is shown in the variety of the books published by Lagardère Publishing, reflecting a broad spectrum of opinions in more than 70 countries and 15 languages, the reach of the Lagardère Travel Retail network (more than 4,800 points of sale in 39 countries), the diversity of the teams and the extensive range of products on offer.

Diversity in content, culture and ideas, freedom of expression, development of critical thinking, the ability to analyse and understand the world and knowledge transmission are all issues traditionally related to the activities and values of the Lagardère group. All the Group's brands contribute, at their level and in their own way shaped by the local context, to supporting individuals in their everyday lives by helping them understand the major issues in contemporary society (environment, social justice, diversity, health, human rights, etc.) or by satisfying their need to learn, discover, gain knowledge and open up to the world around them.

This priority target is covered by the Group's operating entities which ensure the accessibility, dissemination and promotion of their products and services to all possible audiences, and primarily addresses UN Sustainable Development Goals 3 "Good Health and Well-being" and 4 "Quality Education". Since the Group's content helps to educate, inform and raise awareness, it also indirectly addresses UN Sustainable Development Goals 5 "Gender Equality", 10 "Reduced Inequality", 12 "Responsible Consumption and Production" and 16 "Peace, Justice and Strong Institutions".

A.2 Application

Access

In France, the United States and the United Kingdom, Lagardère Publishing helps promote and develop audiobooks through its various brands. This format supports the visually impaired and those with reading difficulties, such as young dyslexics, and facilitates access to reading in general. However, audiobooks also have broader appeal, whether for the quality of the narrator's voice, simple convenience or education. They offer an ideal way of passing on the pleasure of reading and encouraging people to read.

In 2019, the Hachette Livre group together with the Hachette UK and Hachette Book Group subsidiaries, signed the Accessible Books Consortium (ABC) Charter, in which they commit to increasing the number of books in accessible formats, including the blind and visually impaired, or otherwise print disabled.

In November 2019, Hachette UK also partnered with the Royal National Institute of Blind People (RNIB) to make 33,000 books in its catalogue available via the RNIB Bookshare platform. Bookshare is a free online library of digital educational books for learners with a print-disability, including those with dyslexia or who are blind or partially sighted.

In the United States, Hachette Book Group runs a number of initiatives aimed at facilitating access to reading among the visually impaired and from underprivileged backgrounds, as well as getting people interested in reading and writing, by donating books and e-books and providing free access to its audiobook catalogue.

Hachette Livre is a founding member of the PEN International Publishers Circle. PEN International is an NGO formed in 1921 to protect freedom of expression, particularly that of persecuted writers, and to promote literature worldwide. In the three countries where it operates (France, United Kingdom and the United States), Hachette Livre actively helps to finance PEN and various other initiatives that seek to protect freedom of expression and publication around the world.

Promoting reading, education and pluralism of ideas

In addition to its daily activities and involvement via the SNE (the French Publishers' Union) in all public events related to combating illiteracy and encouraging reading, Lagardère Publishing leads many initiatives that promote reading and support education in all of the regions in which it operates.

In France, Le Livre de Poche's *Le Camion qui livre* mobile library has travelled up and down the beaches of France every summer for the past six years. By going out in search of readers on the beaches and, above all, attracting people that might not otherwise have visited a bookshop, this operation ties in with Le Livre de Poche's historical purpose of making reading and culture accessible to all. Le Livre de Poche also works with Unicef in its mission to educate the 128 million children worldwide who are not enrolled in school, by publishing previously unpublished works and donating a portion of the proceeds to the cause.

Still in France, Hachette Livre and Hatier are involved in Savoir Livre, a non-profit organisation that works with the French national education authority and the Books and Reading Department of the Ministry of Culture. Savoir Livre monitors the education system through studies, surveys, conferences and debates with the underlying aim of giving children the best chance of succeeding in life. In 2013, Hatier also launched a contest called *Le Tremplin Prépabac* for secondary school students, with a €5,000 winning prize intended to fund future career plans. Hatier received recognition for this initiative in December 2019 in the form of a publishing trophy in the CSR category.

Since October 2017, Hachette Livre has been a founding member of Educapital, a European investment fund dedicated to education and training. Educapital identifies and partners innovative start-ups in the education and training sectors, particularly in primary, secondary and higher education segments as well as in extra-curricular activities.

Hachette Book Group continued its partnership with the Read Ahead organisation for the eighth straight year. This has led a number of employees to help pupils of a state school in New York to practise and improve their reading abilities over a full school year, and more generally to provide mentoring throughout their course.

At the end of 2019, Éditions JC Lattès, together with RFI and Cité internationale des arts, launched the "Voix d'Afriques" (African Voices) literary prize for young African writers, which showcases new African novel-writing talent in French.

Education also involves raising awareness about the major issues facing society. As the publishing business is primarily driven by the diversity of the books it releases and the ideas it develops, Lagardère Publishing's primary responsibility is to help readers understand the major issues across the world today. In 2018, Hachette Livre bought La Plage, which publishes books by authors involved in environmental issues and well-being topics. This acquisition has enhanced the division's variety of available works has provided La Plage with a broader platform for its authors to wave the environmental flag.

Hachette UK set up its Changing the Story programme as part of its objective to promote diversity, social inclusion, equality, accessibility, dissemination of culture, reading and writing. This 360-degree programme involves a range of initiatives (partnerships, workshops, mentoring, fundraising, donations, editorial choices, employee engagement, training, enterprise network, etc.) designed to make Hachette UK the leading publisher in the United Kingdom.

In France, Lagardère Travel Retail has contributed to developing freedom of expression for over 15 years. Through its network of Relay sales outlets, the division supports the work of Reporters Without Borders (Reporters Sans Frontières) by promoting the association's three annual publications, free of charge. Moreover, the amount raised from their sale is passed on to Reporters Without Borders in full. Relay also promotes the organisation on its website and in its stores.

In 2019, Lagardère's media activities helped explain, through their content, opinions and/or partnerships, many topical issues to various audiences. With its new baseline, *Écoutez le monde changer* (Listen to the world change) and by staging the *Trophées de l'Avenir* awards for excellence in social innovation and commitment, the Europe 1 radio station is demonstrating its commitment to raising awareness of major social issues among its audience.

A.3 Performance

Indicator	Unit	2019	2018	2017
Number of audiobooks available in the Lagardère Publishing catalogue at year-end	No.	**14,203**	12,363	-

4.3.1.4 Quality of products and services, promotion of health and well-being

All companies have a duty to ensure the health and safety of the people who use their products and services, as well as complying with applicable regulations. These priorities apply to every division within the Lagardère group in different ways. As an example, both physical products delivered with books (accessories, household items, toys, etc.) and food products must be compliant.

With the increasing growth of the Foodservice business at Lagardère Travel Retail, food hygiene and safety issues have become a priority. An incident involving the quality of food products sold at Group stores would not only endanger the health and physical safety of consumers but could also jeopardise the Group's credibility and reputation among both customers and partners.

At the same time, this risk creates a genuine opportunity to enable people to find ways of living healthy lifestyles, promote well-being for anyone at any age, and contribute to today's topical social discussion around well-being and eating habits that are good for both people and the planet. Along with having the opportunity to educate and inform, the Lagardère group is also able to influence (content produced/disseminated) and take action (food offering), helping change the way people think, behave and act.

A.1 Strategy

At Lagardère Publishing, Hachette Livre's suppliers select packaging and accessories based on criteria defined by the Group Purchasing Department. Suppliers are contractually committed to only delivering products that meet the applicable consumer health and safety standards. In addition, products such as toys that are subject to specific regulations are screened for safety post-development and are controlled by independent laboratories before being marketed to the public. This is also the case for products such as kitchen utensils, electrical equipment and cosmetics. Hachette Livre makes available to its wholesale customers all of the compliance declarations for products subject to safety regulations and standards.

Its international subsidiaries are also subject to the same stringent requirements. Hachette Book Group, for example, has a quality process and safety testing programme for certain products.

The expansion of Foodservice at Lagardère Travel Retail since 2014 means food hygiene and safety issues have become a priority, as the division now offers food at more than 1,100 points of sale in 23 countries. Food Safety Guidelines were defined to serve as a reference in all countries in which the Group operates. These standards set out the policy along with strict rules that are sometimes more demanding than local hygiene regulations.

The division is also focusing more on the issue of food waste and issues relating to the agriculture bill passed in France in late 2018 on improving animal welfare, encouraging safe, healthy and sustainable food, and reducing the use of plastic.

A.2 Application

Since the end of 2012, Lagardère Publishing has provided compliance certificates on both a systematic and intermittent basis on a dedicated portal to French retailers and booksellers for products requiring certification. It also set up a product safety committee that meets quarterly and has put in place incident and crisis management procedures for product safety which went into effect in early 2015. Product development and manufacturing teams are also regularly trained on product safety issues.

In France, the division is also a member of the toy standardisation committee and participates in developing toy safety standards, including the EN 71 European safety standard series.

Lagardère Travel Retail has drawn up a policy with the support of Bureau Veritas and its local network of food safety and brand conformity experts. Since 2018, this policy is implemented in the following three areas:

1. Food Safety Guidelines include tools for implementing action plans as well as objectives.

   In France, an HACCP[1] system for controlling food safety applies both to catering operations and the sale of packaged food. Daily food hygiene and safety checks are performed at each point of sale, following strict and specific procedures, from the supplier delivery phase to final sale to the consumer.

2. An annual audit plan is conducted at each of the subsidiaries, including in-depth questionnaires for each point of sale and audits for the headquarters of each of the divisions. Eight countries were audited in 2016, ten in 2017, fourteen in 2018 and sixteen in 2019, with seventeen audits planned for 2020.

3. Building on its work the previous year, awareness-raising campaigns were run in all new Foodservice geographies in 2019, including the Gabonese Republic. In 2020, an e-learning module will also be rolled down following a successful pilot in France.

In early 2018, Lagardère Travel Retail pledged that it would no longer sell eggs or egg-based products from caged hens as of 2025 throughout its network worldwide.

Alongside the food hygiene and safety issues, the division is becoming increasingly aware of growing demand from contractors and consumers for healthier foods that promote traveller well-being. This has given rise to partnerships with brands that are committed to improving the intrinsic quality of the products or providing locally sourced products.

In line with its sustainable development policy, and beyond the food hygiene, safety and product traceability aspects, Lagardère Travel Retail runs four types of initiatives to prevent food wastage at its subsidiaries:

[1] HACCP: Hazard Analysis Critical Control Point.

1. Optimisation of production:
   - Where possible, Lagardère Travel Retail and its subsidiaries choose fresh, seasonal and less perishable ingredients, and favour on-site preparation to remain aligned with demand and avoid overproduction. Products are produced in smaller quantities but more frequently.
   - For example, the products produced or purchased by Lagardère Travel Retail's Czech subsidiary are vacuum-packed to extend their shelf life.
2. Food preservation:
   - In the Netherlands, a product called Slowd – which absorbs ethylene contained in fresh produce, slowing down the maturation process – is used to perfectly preserve fresh produce such has fruit, vegetables and herbs for up to 30 days.
3. Waste prevention: targeting a 50% reduction in waste by 2025:
   - In Bulgaria, the Czech Republic, Poland and Romania, "happy hour" events are organised at the end of the day, aimed at limiting waste.
   - In Romania, public service announcements are run both online and in stores to raise customers' awareness of the prevention of food waste.
   - In France, the Too Good To Go app enables customers to buy unsold meals online at reduced prices.
   - In the Czech Republic, a milk dosing system for hot drinks has been set up at Costa Coffee to reduce milk wastage as well as to improve food security in view of its short shelf life.
4. Waste transformation:
   - In the Czech Republic, the coffee grounds generated by Costa Coffee branches are made available to both customers and a gardening association. At UGO juice bars, there are plans to transform unused fruit and vegetables into compost.
5. Distribution of unsold products:
   - Distribution of unsold products to zoos, circuses and animal shelters in the Czech Republic and Romania.
   - Cooperation with charities for the homeless such as the Salvation Army in the Czech Republic.
   - Cooperation with local food banks in the United States and Italy.
   - Lagardère Travel Retail launched a partnership in Romania with Caritas, a not-for-profit organisation, under which on four days each week, employees from several points of sale deliver products nearing the end of their shelf life. Caritas then redistributes the products to disadvantaged children and elderly people.

A.3 Performance

Indicator	Unit	2019	2018	2017
Number of countries audited for health and safety during the year	No.	**16**	14	10
Percentage of countries audited for health and safety at year-end	%	**70**	70	-

4.3.2 ENVIRONMENTAL IMPACTS OF THE GROUP'S ACTIVITIES

4.3.2.1 Management of resources and respect for the environment

A simple, ubiquitous product, paper is historically the Group's main raw material. When produced from renewable sources, paper can be a quintessentially eco-friendly material – if the impacts of its production are managed properly. Like any product, paper leaves an environmental footprint throughout its life cycle, from the forest and purchase of raw materials to production and recycling unsold copies. Paper pulp, which is transformed to produce paper, is a globalised resource that is transported worldwide and imported by paper manufacturers from around the world. This global chain means that the paper manufacturing process can combine several sources and supply must be managed carefully.

A.1 Strategy

The Lagardère group has long led a policy of responsible paper management which applies throughout the paper life cycle. From supply to production to the management of returns, Lagardère works with all its trade partners involved at every stage. Lagardère has been committed to the circular paper economy for many years.

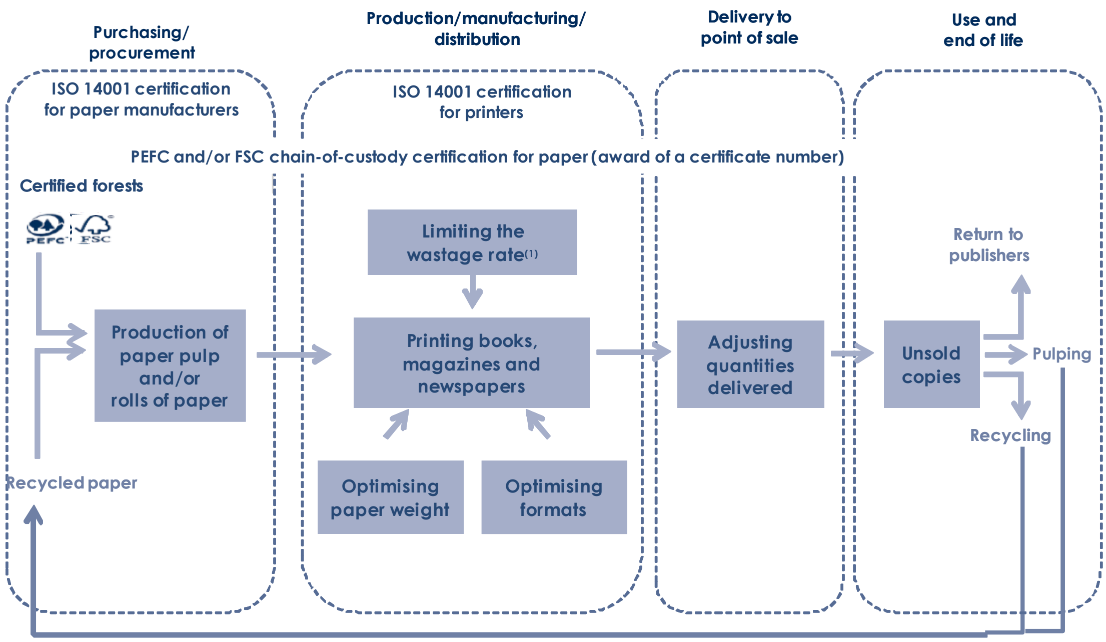
The Group's goal is first to increase the proportion of certified paper from sustainably managed forests it purchases each year, and wherever possible, to use PEFC or FSC certified paper (sourced directly from paper suppliers or supplied by printers) or recycled paper.

A sustainably managed forest is one in which the amount of wood harvested every year does not exceed biomass growth over that same year. This guarantees carbon sequestration in the forest, unlike overexploited forests or areas of deforestation. This sustainable approach involves controlling forest resources, but also takes into account criteria such as the productive and protective functions of forests, biological diversity, and forest health and vitality. Buying certified paper has an impact on the preservation of biodiversity.

Lastly, the sustainable use of natural resources practised by technical paper manufacturing staff and functions in charge of paper procurement, helps gradually reduce any negative impact of the Group's operations on endangered forests and allows the Group to address UN Sustainable Development Goals 12 "Responsible Consumption and Production", 13 "Climate Action", and 15 "Life on Land".

Paper cycle

The main raw material used to make paper is wood, which is a renewable resource. The wood is processed into a pulp which is used to make reels of paper. The reels are shipped to the printer to be made into books, magazines and newspapers. Once used, these products can be collected and recycled to be used as a raw material for the production of recycled paper pulp. This virtuous circle helps to instil a circular economy mindset at the Group.



(1) Wastage rate: percentage of paper lost during the manufacturing process.

A.2 Application

Paper procurement

Several measures are implemented alongside responsible paper procurement to control the quality of paper purchased.

Initiatives focusing on traceability and monitoring of the quality of paper purchased by printers have made it possible to significantly reduce the proportion of fibres used for publications whose origin cannot be traced and/or to ensure that no fibres are used from forests that are not replanted. Lagardère Publishing asks its suppliers in Asia to ban certain qualities of paper that do not meet the requirements (traceability, fibres from sustainably managed forests, etc.).

At the end of 2016, Hachette Book Group launched a new programme to verify fibres sourced from Asia that are introduced into the paper it purchases. Each quarter, samples of the paper used for publications distributed by the American subsidiary are tested to obtain assurance that the paper purchased from Asian markets is from suppliers that respect their environmental commitments. To do this, Hachette Book Group has contracted a specialist laboratory to test the fibres of inside pages, cover pages, sleeves and book covers which are selected at random from among the publications printed in Asia. The aim is to ensure that no precious exotic woods are mixed into the weave and that the paper meets the specifications of Lagardère Publishing.

This programme was progressively extended to all Lagardère Publishing entities in France, the United Kingdom and Spain. This represents a significant initiative that rounds out and reinforces the division's policy of purchasing certified and recycled paper.

In 2010, the Group's Press business committed to using only certified PEFC (or recycled) paper printed by certified suppliers, allowing it to place its printers' "PEFC certified" logo on mastheads and in credits.

Recycled paper is very well suited to the production of newsprint. *Le Journal du Dimanche* is printed entirely on recycled paper. However, as the supply of recycled paper for magazines remains limited due to the significant volumes required and small number of suppliers in the market, certified paper is preferred.

The Group's operating staff in charge of paper procurement have for some time run a policy to raise awareness of environmental issues with their paper suppliers and printers, both in France and abroad, by encouraging certification. Consequently, around 99% of the paper purchased by Lagardère Publishing was sourced from ISO 14001-certified suppliers.

Monitoring paper consumption

Operating staff have adopted a number of initiatives to limit wastage (percentage of paper wasted) during the production process (printing and after-press). The wastage rate is calculated by comparing the amount of paper used in the printing process with the amount of paper delivered in the form of books, newspapers or magazines. The rate can vary greatly depending on the printing technology used (type of machine or colours) and the number of books or magazines produced (the print run).

As part of the policy for reducing the paper wastage rate, the teams concerned determine the best technical inputs and carry out detailed calculations of the amount of paper to be allocated to the printer. Improving wastage rates is a key factor in negotiations with printers.

Paper consumption and wastage rates are monitored regularly to:

- validate the choices of printers, optimal printing techniques and paper (optimisation of reel width and paper size);
- calculate the number of copies of magazines and newspapers to print according to sales statistics;
- identify new technologies that could be used (rotating rapid-calibration tools, automatic setting of ink devices);
- implement rigorous printing press control procedures and optimised machine calibration (inking, size of paper cuts, etc.);
- inform editorial managers of the most economical formats to help them best meet market requirements;
- define and validate the best paper allocation schedules in conjunction with each supplier;
- identify areas for continuous improvement in conjunction with suppliers.

Adjusting the format of publications is another way of optimising book and magazine production. Lagardère Publishing offers a large range of single-format textbooks by title that are optimised to reduce the paper wastage rate in production. Compact textbooks have proved popular with teachers, buyers and pupils, who welcome lighter school bags.

Print-on-demand technology also helps to reduce paper consumption while limiting greenhouse gas emissions for production, storage and transportation. The Group has developed the use of this technology in France, the United States and the United Kingdom, and its catalogue continued to expand in 2019.

In France, Hachette Livre is also using print-on-demand technology as part of a large-scale project launched in association with France's national library (Bibliothèque Nationale de France), to enable a selection of more than 200,000 works to be made available for purchase via Hachette Livre's network of bookstores.

Waste paper

With regard to the circular economy (waste prevention and recycling), managing unsold printed material (books and magazines) represents the biggest environmental priority for the Lagardère group.

The Group’s Press activities take action upstream to reduce the rate of returns, optimising the number of copies of each title sent to stores. Returns are an inevitable part of newsstand sales; to manage them as effectively as possible, sales managers use specialist software to constantly fine-tune quantities printed and delivered. Over many years, these actions have reduced rates of returns to below the national average.

At Lagardère Publishing, the rate of returns for books concerns operations managed by Hachette Livre Distribution, i.e., all activities in France, Belgium, Switzerland and Canada as well as global export. Returns that are not pulped for recycling are added back to inventories.

A.3 Performance

Indicator	Unit	2019	2018	2017
Total weight of paper purchased directly	kiloton	**123.3**	180.2	180.6
Total weight of paper purchased and supplied	kiloton	**152.6**	210.9	212.4
Percentage of certified paper	%	**>87**	87	87
Percentage of recycled paper	%	**<10**	10	10
Rate of returns for Lagardère Publishing	%	**21.2**	22.6	21.7
Percentage of returns pulped and recycled	%	**76.5**	77.1	72.6
Percentage of returns added back to inventories	%	**23.5**	22.9	27.4

4.3.2.2 Management of energy and carbon impacts

The increase in greenhouse gas emissions caused by human activities is undeniably accelerating climate change, which is a global challenge that affects many regions and calls for both a concerted international effort involving many different countries and smaller-scale initiatives led by individual countries, corporates and people. Fighting climate change is a major challenge of our time that needs to be addressed by all companies, both public and private. Taking carbon footprints into account has therefore become essential for any company committed to pursuing a serious CSR strategy.

A.1 Strategy

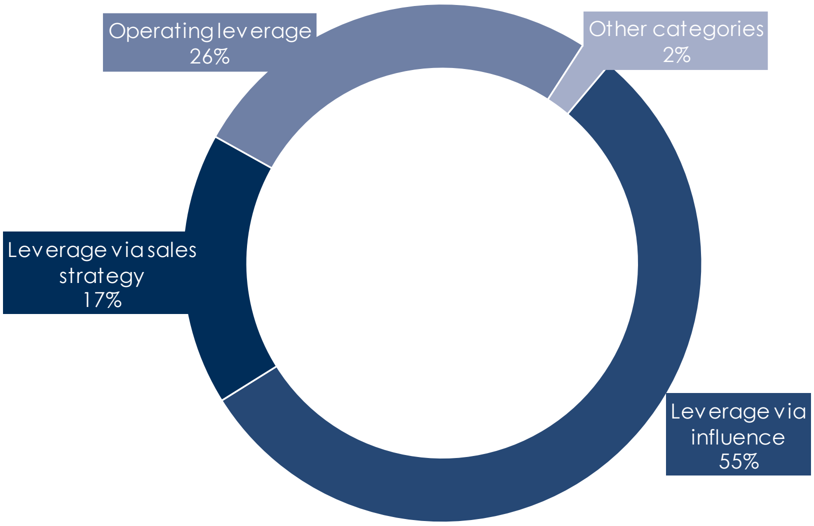
As a leading publisher, producer, broadcaster and distributor of content, the Lagardère group's main responsibility on the issue of climate change is to use its ability to raise awareness, inform and educate the general public on the issue. Helping to improve the development and sharing of knowledge around climate change, its origins, causes and the various options that exist for reducing its impacts are all topics addressed by the Group's various media over the course of the year as they cover, handle and analyse the latest developments in this area.

Beyond this specific responsibility, the Group's activities are largely tertiary in nature, which therefore limits the direct impact it has on the environment and therefore on climate change. Nevertheless, in order to identify the activities responsible for the most greenhouse gas emissions and the actions that could be taken to reduce these emissions, in the first half of 2016, the Lagardère group conducted its first consolidated *Bilan Carbone®* audit.

In terms of the methodology, the audit was carried out using 2015 business data. It covered all the activities of the Group's four divisions at that time, and therefore included all direct and indirect emissions, both upstream and downstream, connected with its many operations and sites. The goal of this exercise was not so much to arrive at an accurate number, but to get an idea of the orders of magnitude involved (particularly for most Scope 3 emission sources) and to assess the level of carbon dependence in the value chain. This audit is effectively a strategic analysis tool that has enabled the Group to test numerous assumptions relating to its carbon priorities formulated over the years thanks to its in-depth knowledge of its businesses.

The emissions were divided into three main categories in line with the scope for action available to the Group. The last category consists of residual items. The breakdown is illustrated in the chart below.

Breakdown of the Lagardère group's carbon emissions by scope for action



The highest emissions category is therefore the category offering leverage through influence and includes the following:

- production and use of the audiovisual and digital equipment used by end customers for the consumption of the Group's media content (televisions, radios, computers, mobile phones, tablets and e-readers) = 39%;
- transportation used by spectators attending sports and cultural events in the entertainment venues and stadiums operated by the Group = 13%;
- transmission of TV/ radio/digital signals to broadcast the Group's media content = 3%.

In each of these categories, the scope for action is very limited:

- production and use of audiovisual and digital equipment: the only two actions that are possible for this item are lobbying equipment manufacturers and educating users on responsible ways of operating their equipment (energy consumption and depreciation over time), two areas over which the Group has little influence;
- transportation used by spectators to attend events: promoting green mobility, partnerships that encourage the use of public transport, car sharing, etc.; these are valid options for spectators that are already at the venue or who live a reasonable distance away. Nevertheless, these actions do little to stop international travel, the majority of which is by air;
- transmission of TV/radio/digital signals: the Lagardère group is entirely dependent on these networks which are controlled by public and/or private operators.

The second highest emissions category is a category that offers scope for action via the sales strategy (17%). This category relates to the manufacture of the products sold at Lagardère Travel Retail's various points of sale (food and drink, newspapers and magazines, miscellaneous accessories, fragrances and cosmetics, clothing and textiles, etc.). The scope for action is more obvious in this category, namely offering products that are less carbon-intensive and that are produced locally. Many of Lagardère Travel Retail's stores already sell a large range of local products at points of sale around the world. Offering products that have a lower carbon impact involves implementing a major overhaul of the product offering across the store network.

These first two categories alone account for 72% of the Group's emissions.

The third category, and one that does offer operational scope for action, accounts for just over a quarter (26%) of the Group's emissions and includes the following categories:

- production of paper goods (books, magazines and newspapers) = 11%;
- distribution of products sold (logistics) = 10%;
- energy consumed by the Group's buildings (offices, warehouses, points of sale, venues, etc.) = 5%.

These categories represent the main sources of greenhouse gas emissions that the Group can tackle with a certain amount of ease.

The fourth and last category, accounting for 2% of emissions, includes the three remaining emitters linked to the following activities: event organisation/production, production of TV/radio/digital content and end-of-life products.

Lastly, it is worth noting that there is still a great deal of uncertainty surrounding this type of analysis, particularly with regard to the average emissions factors used, assumptions retained, extrapolations and estimates made, etc. The different levels of uncertainty relating to all the emitting activities included in the analysis are summarised in the table below.

Level of uncertainty of emitting items

Emission factor	Uncertainty
Manufacture and use of audiovisual and digital equipment	+++
Manufacture of goods sold at points of sale	++
Transportation of spectators	+++
Manufacture of paper goods	+
Distribution of goods sold (logistics)	++
Energy consumed by buildings	+
Television/radio/digital signals	+++
Event organisation/production	++
Production of TV/radio/digital content	+++
End-of-life products	++

The results of this analysis are used to support the initiatives started many years ago by the Group as part of its carbon-reduction strategy. This consists in focusing on the areas in which the Group has genuine scope for action, namely:

- production of paper goods, books and magazines (see section 4.3.2.1);
- controlling energy consumption in offices, points of sale, warehouses and entertainment venues (see next section);
- optimisation of logistics (see next section).

The Group has not yet identified any operations likely to be heavily impacted by the increase in frequency or intensity of climate-related incidents. Accordingly, since the Group considers that this situation is not likely to hinder the smooth functioning of its activities, it has not yet put in place any specific measures to adapt to the consequences of climate change.

A.2 Application

Within the business lines

Lagardère Publishing continued its policy of verifying the fibres used in the production of paper sourced from Asia. Initially launched in the United States in 2016, this initiative was rolled down to the division's other geographies in 2017. This environmental performance tool rounds out the *Cap Action Carbone* programme, through which Lagardère Publishing has displayed two labels on all French language books for the last five years: the carbon footprint of the item and the source (certified or recycled) of the fibres used in their production.

Lagardère Travel Retail's programme to refurbish its Relay stores in France provided the opportunity to test an upcycling project which has helped limit greenhouse gas emissions and reduce transport-related emissions from warehouse deliveries. Lagardère Duty Free has operated a fleet of hybrid vehicles since 2015. The use of this fleet at Paris-Charles de Gaulle and Paris Orly airports has reduced fuel consumption by 20% per year.

Elsewhere, across the international store network operated by the division, energy optimisation programmes have been set up involving such actions as switching to LED bulbs and using refrigerators with doors.

The Group and its divisions each organise their own approach to this challenge, for instance, by developing awareness campaigns and training programmes to help their employees understand the concerns specific to their particular business and the tools and measures available to manage them.

Office premises

The Lagardère group is implementing a strategy to reduce its carbon footprint at its office premises in three ways:

- opting for energy-efficient buildings and/or buildings with environmental certification for employees of Group companies. For example, the headquarters of Hachette Livre at Vanves in the Paris area, obtained HQE NF very high environmental standard certification for commercial buildings, as well as the BBC energy efficiency label. The new headquarters of Hachette UK, Carmelite House, has BREEAM certification;
- implementing a programme to increase its use of low-carbon energy sources. Several of its premises in Paris have been heated for years by a district heating system supplied by Compagnie Parisienne de Chauffage Urbain (CPCU). In late 2017, the Group switched to clean electricity to supply all of the sites that it controls in France;
- using offices in a rational and pragmatic way. The Group's office premises are increasingly being configured for optimal daily energy consumption (LED lighting, occupancy sensors, labelled computer equipment, equipment sharing, etc.).

A.3 Performance

Indicator	Unit	2019	2018	2017
CO_2 emissions per €m of revenue	tCO_2eq	**15.6**	14.6	15.6

The ratios presented in the table above refer to Scopes 1 and 2 emissions described in A.1 of section 4.4.3.

4.3.3 RESPECT FOR HUMAN RIGHTS

4.3.3.1 Respect for privacy

With the explosion in the amount of data available online and the surge in cyber-attacks in recent years, personal data protection has become a major social issue that requires increased responsibility and vigilance. Information systems are of critical importance in the day-to-day operations of the Group, and contain confidential data relating to how its businesses are run as well as personal data concerning third parties (particularly customers, suppliers and web users) and the Group's employees.

A.1 Strategy and application

The Group's IT systems contain personal data on Group employees and third parties, including magazine and partworks subscribers, the travelling public (duty free) and website visitors (media, education).

Since the adoption of the General Data Protection Regulation (GDPR) applicable in France and all EU Member States as of 25 May 2018, this issue has been brought into the spotlight and to the public's attention, requiring the close involvement of the relevant authorities. Legal precedent has begun to be established, particularly concerning sanctions and the exercise of certain rights such as the "right to be forgotten".

The Group has been actively implementing the Regulation since 2016 with the full support of the Managing Partners. After initial awareness-raising initiatives run by the Group in its divisions as from mid-2016, a dedicated task force was set up at Group level, coordinated by three departments and comprising the Data Protection Officer (DPO), the Group IT Director and the Chief Compliance Officer.

A Steering Committee was also set up with the divisions under the responsibility of the DPO, and a network of officers created in the divisions. This has enabled various applications, tools and policies to be validated for compiling information on data processed and ensuring that personal data are duly protected (see section 3.2.6.5).

The GDPR compliance programme is now part of the Group's continuous improvement process, alongside all other risk management and compliance programmes. As an example, a number of internal audit missions were conducted in 2019 with additional engagements planned for 2020.

Chapter 3 - Risk factors and control system, describes all measures undertaken in the area of information system security and the application of the General Data Protection Regulation

Protecting intellectual property is a central priority at Lagardère Publishing, as its publishers are the custodians of their authors' rights.

4.3.3.2 Respect for fundamental freedoms

In an increasingly transparent world, companies are faced with growing expectations from all quarters to demonstrate that they respect human rights in their operations and value chains.

It is the responsibility of governments to transpose international human rights obligations into national legislation and ensure they are applied. But companies must also respond to the objective and challenge to enforce internationally recognised human rights. As business organisations have some control over the human rights of their employees and contractors, the people who work for their suppliers, the communities that revolve around their business activities, and the end users of their products and services, many nations have passed regulations that set out protective measures to prevent human rights violations by companies, including laws on labour, discrimination, the environment, and health and safety.

Business conduct can therefore have a direct or indirect positive or negative impact on human rights.

In practice, some rights are more relevant than others depending on the industry, region or circumstances. For the Lagardère group, human rights issues can be split into three main categories.

First is the positive external influence of the Group's businesses on culture and education and its operational experience of human rights issues (especially the right to education and freedom of expression). This positive impact is described in detail in section 4.3.1.3.

Second, human rights are also an internal priority, affecting all Group employees and including risks associated with working conditions, health, safety and security, and discrimination. In addition to the information above, section 4.3.1.2 goes into further detail on the Group's policy on diversity and gender balance in human capital.

Lastly, the risk of human rights violations is also considered to be a priority in the supply chain and sustainable procurement, and in the relations that the Group's operating entities maintain with their suppliers and subcontractors.

A.1 Strategy

Since it signed the United Nations Global Compact in 2003, the Lagardère group has pledged to make respect for human rights and fundamental freedoms a key focus of its sustainable development policy. Although the Group's businesses are service-oriented, which tends to limit its negative impacts, all Group employees take steps to ensure that business development and growth do not conflict with respect for human rights.

In addition to the Global Compact, the Lagardère group undertakes to uphold internationally recognised human rights set out in documents such as the International Bill of Human Rights (Universal Declaration of Human Rights, International Covenant on Civil and Political Rights, and the International Covenant on Economic, Social and Cultural Rights), the fundamental conventions of the International Labour Organization, and the Guiding Principles on

Business and Human Rights (implementing the United Nations "Protect, Respect and Remedy" Framework, or Ruggie Principles).

The Group's Code of Conduct also outlines a set of guiding principles which employees undertake to apply, including individual respect, working conditions and social dialogue – all issues to which the Group is strongly committed.

The Code formally prohibits discrimination and any form of harassment, capital punishment, mental or physical coercion.

As regards working conditions, the Lagardère group is committed to applying the laws in force governing health, hygiene and safety at work, and to taking all reasonable precautions to keep the working environment safe and secure for all. Where there is a risk to life and limb, the Group recognises employees' right to withdraw their labour in accordance with the law. The Group also strives to reduce occupational health risks, ensuring that all employees are sufficiently well-informed to carry out their duties, and committing to maintaining open social dialogue so that issues can be dealt with effectively at the local level.

In terms of social dialogue, Lagardère acknowledges the importance of having freely-elected, independent employee representatives, with whom it can discuss occupational health and safety issues, working conditions and organisational changes that impact the professional environment. This relationship is underpinned by the basic principle of maintaining the right balance between economic and labour priorities at all levels of the organisation (entities, divisions and corporate).

Lastly, in 2013, the Group adopted a continuous improvement process to advance its sustainable procurement strategy and practices. Since then, the Group's strategy in this area has been based on:

- a Sustainable Procurement policy that promotes issues such as respect for the environment, diversity and social inclusion, quality of governance and easier access to VSEs and SMEs for the Group's procurement specialists, encouraging them to consider the cash flow constraints of small suppliers and select sustainable suppliers;
- a Responsible Supplier Charter based on certain number of international standards, such as the OECD Guidelines, the ILO Conventions and the UN Global Compact, which must be signed by new contractors working with a Group company;
- a joint project with EcoVadis to conduct regular assessments of the social, environmental and ethical performance of its suppliers and subcontractors.

A map of the Group's risks associated with the activities of suppliers and subcontractors was defined in 2017 as part of the duty of care plan. This map has strengthened the Group's sustainable procurement strategy by identifying seven major procurement categories that are most likely to generate risks involving personal health and safety, human rights or the environment (see section 4.7.1 for further details on these seven procurement categories).

A.2 Application

In terms of labour relations and social dialogue (see section 4.4.1.A.2 for further information), the Lagardère group has freely-elected independent employee representatives through whom it can regularly discuss labour issues that have an impact on employment such as working conditions and restructuring.

On the topic of health and safety, each division has a policy to reduce occupational health risks through preventive action and training.

The Lagardère group closely monitors the indicators covering work-related accidents and their prevention.

The Group has also used three indicators for several years to report any human rights violations in which one of its operating entities could to some degree be indirectly involved. The number of formal disputes involving discrimination, forced labour and child labour was monitored to measure the maturity level of Group companies. In 2019, a harassment barometer was added to the list, bringing the number of formal dispute key indicators to four.

Throughout the year, the Group's operating entities implemented action plans designed to address specific business concerns, based on the decisions made under the duty of care plan. They primarily focused on suppliers and subcontractors operating in procurement categories at the highest risk level and in countries considered to have the most exposure to CSR risks, and with which procurement spending was most significant.

Based on this ranking, 65 suppliers were assessed in 2019 in partnership with EcoVadis.

At Lagardère Publishing, supplier assessments concerned businesses operating in publishing (printers, paper suppliers and after-press businesses) and wholesale accessories and household items.

The priority assessment category for Lagardère Travel Retail concerned suppliers of own-label products sold in stores, although it also conducted assessments of food product, accessory and textile suppliers.

The Responsible Supplier Charter stipulates that publishers can initiate on-site compliance audits at the supplier or subcontractor premises, or at any of their production sites, with penalties applied for any infringements. Hachette Livre commissioned six such on-site supplier audits in 2019, and at its request, was also given access to 35 social audits on other suppliers. As a result of these 41 social audits, the Group identified three major breaches, giving rise to the following decisions: Hachette Livre decided to discontinue its commercial relationships with two suppliers; a third service provider carried out the required remedial actions to correct critical non-compliance issues. Compliance was then retested in a follow-up audit carried out six months later.

A.3 Performance

Indicator	Unit	2019	2018	2017
Number of formal disputes involving discrimination	No.	**16**	12	6
Number of formal disputes involving forced labour	No.	**5**	5	0
Number of formal disputes involving child labour	No.	**0**	0	0
Number of formal disputes involving harassment	No.	**11**	-	-
Proportion of workforce covered by employee representation at 31 December	%	**70**	68	71

Number of work accidents and days' absence due to sick leave

Division	Number of accidents	Number of days of absence due to sick leave
Lagardère Publishing	131	4,985
Lagardère Travel Retail	622	20,396
Lagardère News	6	170
Lagardère Live Entertainment	1	48
Other Activities	22	547
Other assets pending disposal at Lagardère Active	4	134
Lagardère Sports	12	148
Group total 2019	**798**	**26,428**
Group total 2018	670	21,776

Frequency and severity rate[1] and lost time[2] due to work accidents

Division	Frequency rate		Severity rate		Lost time	
	2019	2018	2019	2018	2019	2018
Lagardère Publishing	11.77	8.70	0.45	0.26	0.11	0.06
Lagardère Travel Retail	17.16	16.09	0.56	0.52	0.19	0.11
Lagardère News	3.96	4.29	0.13	0.10	0.01	0.01
Lagardère Live Entertainment	10.26	0.00	0.49	0.00	0.00	0.00
Other Activities	58.56	27.91	1.40	2.04	0.03	0.05
Other assets pending disposal at Lagardère Active	6.33	4.67	0.17	0.74	0.01	0.03
Lagardère Sports	5.18	9.41	0.06	0.20	0.01	0.03
Group total 2019	**15.28**	**13.26**	**0.50**	**0.43**	**0.44**	**0.31**

Social dialogue and health and safety

Indicator	Unit	2019	2018	2017
Percentage of the workforce at an entity with a health and safety committee	%	**91**	91	86
Percentage of the workforce at an entity with regular health monitoring	%	**59**	68	73
Percentage of training hours dedicated to health and safety	%	**13**	13	11

Several formal disputes[3] involving harassment, forced labour and discrimination were recorded in 2019.

Three-fifths of these incidents concerned a single entity in the United States. Out of a total of ten discrimination disputes at this entity, one was settled out of court; five were decided in favour of the entity further to arbitration (complaint dismissed by the competent authorities), and four remain under investigation. All five disputes concerning forced labour recorded at this entity have been resolved. Out of the four cases of harassment at the same entity, one is pending mediation, another is under investigation, one was settled in favour of the entity further to arbitration (complaint dismissed by the competent authorities) and the final case was decided in favour of the complainant.

4.3.4 PREVENTING CORRUPTION

Due to the broad diversity of its businesses and those of the outside organisations with which it deals, and its international operations and/or expansion in countries that may be vulnerable to political or legal upheaval, the Group is exposed to risks, including corruption (see section 3.1.3.1).

A.1 Strategy

The Group has adopted a zero-tolerance policy in respect of corruption. This policy has taken shape in a special compliance programme that has been gradually implemented since 2013. The programme includes an anti-corruption policy

[1] Frequency rate = (number of work accidents resulting in lost time x 1,000,000)/number of hours worked. Severity rate = (number of days of lost time x 1,000)/number of hours worked.
[2] Lost time = (number of days of absence x average number of hours worked per day)/(number of permanent FTEs over the year x average number of hours worked per year).
[3] Formal dispute means any legal action or claim officially filed with competent authorities.

applicable to all, setting out the Group's ethical standards.

As such, the Group refuses to promise, offer, authorise, grant, solicit or accept illicit payments or other undue benefits with a view to winning or retaining contracts, illegally influencing the decision-making process, abusing any real or supposed influence on a third party to obtain a favourable decision or any other illegitimate advantage.

Overseen by the Group Compliance Department, this policy is applied through specific procedures that provide a framework for business activities deemed at risk, as well as control processes to ensure procedures are followed.

A.2 Application

The anti-corruption programme is designed and coordinated centrally by the Group Compliance Department. It has been implemented gradually since 2013 and applied by the operating entities.

On the ground, Compliance Correspondents communicate anti-corruption principles through training and provide operational staff with assistance and support in analysing risks, carrying out the necessary due diligence on future partners, taking appropriate measures to prevent the occurrence of acts of corruption and answering questions from employees.

Managers and employees are trained in anti-corruption issues. They are required to comply with regulations in force and to apply the anti-corruption policy in their relations with all third parties, including governments, quasi government bodies, and public and private customers and suppliers. When the Group embarks on external growth transactions, specific due diligence is conducted to identify any corruption risks. Furthermore, the Group prohibits political donations.

Details of the measures undertaken in this area are described in section 3.2.6.5 – Description of internal control and risk management procedures – of this Universal Registration Document, in the sub section on business ethics.

A.3 Performance

Anti-corruption performance is monitored at several levels:

- Twice a year, the divisions prepare a dashboard which includes a progress report on the implementation of anti-corruption procedures, training provided and any incidents, as well as priorities set for the upcoming period.
- Any significant issues are reviewed by the Financial Committee and undergo specific analysis to measure compliance risks, including corruption risk.
- Internal control procedures cover compliance aspects.
- Lastly, internal audit regularly checks the implementation of the anti-corruption programme at the different entities.

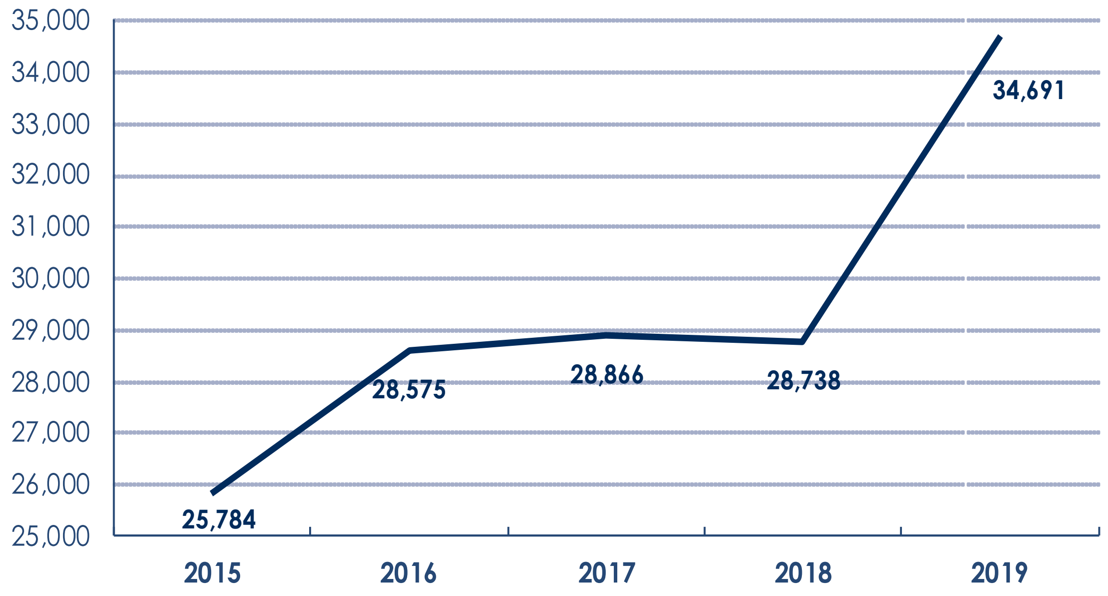
4.4 CSR, MONITORING OF OTHER INFORMATION

In addition to the information provided for the risk analysis, the section below covers the social, environmental and societal information that the Group monitors as part of its CSR policy.

4.4.1 SOCIAL INFORMATION

A.1 Workforce

Changes in permanent workforce at 31 December[1]



Workforce by division at 31 December 2019

Division	Women	Men	Total	2018/2019 change
Lagardère Publishing	4,213	2,666	6,879	-1.28%
Lagardère Travel Retail	16,653	8,306	24,959	+36.33%
Lagardère News	420	410	830	-39.90%
Lagardère Live Entertainment	33	35	68	+9.68%
Other Activities	114	186	300	+1.01%
Other assets pending disposal at Lagardère Active	242	221	463	+2.21%
Lagardère Sports	406	786	1,192	-6.07%
Group total 2019	**22,081**	**12,610**	**34,691**	**20.71%**

[1] Permanent workforce numbers set out here correspond to the number of employees on permanent contracts who were actually in service on the last day of the year concerned. As employee turnover is high, particularly in Travel Retail, a consistent definition cannot be applied over time to determine the number of employees. This figure reflects some degree of uncertainty (about 1%) despite the controls performed.

Permanent workforce by age group

Division	Under 30	Age 31-40	Age 41-50	Age 51 and over	Total
Lagardère Publishing	1,377	1,859	1,859	1,784	**6,879**
Lagardère Travel Retail	9,489	6,389	4,410	4,671	**24,959**
Lagardère News	100	230	261	239	**830**
Lagardère Live Entertainment	20	23	15	10	**68**
Other Activities	46	81	81	92	**300**
Other assets pending disposal at Lagardère Active	61	119	179	104	**463**
Lagardère Sports	348	465	256	123	**1,192**
Group	**11,441**	**9,166**	**7,061**	**7,023**	**34,691**
Percentage	59%		20%	20%	

The change in the Group's permanent workforce is mainly attributable to the strategic refocusing plan initiated by the Group in 2018. Following its implementation, the workforce is stable at Lagardère Publishing and growing sharply at Lagardère Travel Retail. The headcount increase at Lagardère Travel Retail is attributable to the consolidation of acquisitions and new concessions – namely HBF and IDF – between late 2018 and the end of 2019. For assets sold or pending disposal, the workforce naturally decreased between 2018 and 2019.

A.2 Social dialogue

In terms of labour relations, although it practices a policy of independence for its business lines, the Group also promotes cooperation and dialogue with employee representative bodies and between the various subsidiaries in France and the rest of the world.

Two committees have been set up to this end: the European Works Committee, set up in January 2003, and the Group Employees' Committee, set up in January 2002.

These two bodies have regular exchanges with Management about the key priorities and changes necessary for the Group's business activities.

The Group Employees' Committee comprises 30 employee members who represent the employees of the Lagardère group's French operations.

The European Works Committee also comprises 30 members who are employees of the Lagardère group in Europe. Since the committee was renewed in July 2017, French employees hold 12 seats and the remaining 18 seats are held by representatives from ten other European countries – Austria, Bulgaria, Czech Republic, Germany, Italy, Netherlands, Poland, Romania, Spain and the United Kingdom.

The articles of association of the Group Employees' Committee and the European Works Committee stipulate that each of these bodies must hold an annual ordinary meeting.

In addition to these annual meetings, extraordinary meetings or meetings between committee members and union representatives may be held if the situation requires.

Collective agreements in force

Indicator	Unit	2019	2018	2017
Collective agreements in place at 31 December	No.	**560**	488	537
Collective agreements signed during the year	No.	**111**	108	94

Percentage of the workforce covered by collective agreements, by type

Type of agreement	Gender balance	Hygiene, safety, working conditions	Inclusion of employees with a disability	Employee welfare benefits	Working hours	Training	Remuneration
Group total 2019	**48%**	**58%**	**40%**	**62%**	**79%**	**47%**	**76%**
Group total 2018	50%	44%	32%	57%	82%	31%	77%

A.3 Organisation of working hours

Group entities have set up work organisation schemes that provide the flexibility to meet the specific requirements of their operations, with overtime hours, fixed-term contracts and temporary employment. This flexibility – which is required for the organisation of working time – does not, however, jeopardise the Lagardère group's compliance with legal regulations specific to each country, particularly in terms of working hours and overtime.

Due to the nature of its press and live entertainment production activities, from time to time the Lagardère group calls on the services of specific employee categories, namely freelance journalists, entertainment workers, and other contract employees such as proof readers and events staff.

Calculated on a full-time equivalent (FTE[1]) basis, the total number of non-permanent and temporary workers stood at 14.8% of the Lagardère group's total FTE workforce in 2019, compared with 13.4% in 2018.

Employees on fixed-term contracts[2] (Full-Time Equivalent basis)

Division	2019	2018
Lagardère Publishing	**451**	297
Lagardère Travel Retail	**2,563**	2,483
Lagardère News	**51**	135
Lagardère Live Entertainment	**13**	13
Other Activities	**19**	20
Other assets pending disposal at Lagardère Active	**105**	126
Lagardère Sports	**132**	413
Group	**3,334**	3,487

[1] The FTE figure is obtained by adding together all the employees who worked for the Group during the year, based on their standard working hours and the hours they actually worked over the twelve-month period. For example, an employee who works half a week for six months of the calendar year is counted as 0.25 FTE (0.50 x 0.50). This measure is particularly relevant for analysing the non-permanent workforce, given that reporting a figure as at 31 December would not reflect the actual situation for this occupational group.

[2] Non-permanent employees = employees on fixed-term contracts.

Contract employees[1] (Full-Time Equivalent basis)

Division	2019	2018
Lagardère Publishing	**73**	86
Lagardère Travel Retail	**58**	39
Lagardère News	**332**	355
Lagardère Live Entertainment	**34**	16
Other Activities	**4**	23
Other assets pending disposal at Lagardère Active	**931**	777
Lagardère Sports	**102**	28
Group	**1,534**	1,324

Number of temporary hours[2] worked during the year on a Full-Time Equivalent basis

Division	2019	2018
Lagardère Publishing	**639**	629
Lagardère Travel Retail	**365**	182
Lagardère News	**3**	6
Lagardère Live Entertainment	**2**	0
Other Activities	**3**	10
Other assets pending disposal at Lagardère Active	**62**	60
Lagardère Sports	**10**	5
Group	**1,084**	892

4.4.2 SOCIETAL INFORMATION

A.1 Strategy

In keeping with its business lines, the Group's approach to corporate citizenship and social involvement in the fields of culture and education is mainly expressed through the Jean-Luc Lagardère Foundation, which was created in 1989 under the auspices of the Fondation de France.

The Foundation was set up to implement Lagardère's commitment to culture, community, youth and sport, and develops a number of programmes to promote cultural diversity, encourage creation and promote access to education and culture for all. The Lagardère group is also keen for its Foundation to encourage its employees to get involved in their community.

Beyond the actions carried out by the Foundation, the Lagardère group carries a responsibility to the community and to society at large through its range of brands. Lagardère works to foster social cohesion by promoting culture, education, access to content, freedom of expression, and the fight against hunger, through the various partnership and sponsorship operations conducted by its operating entities.

[1] Contract employees alternate between periods worked and down time to meet the company's specific requirements.
[2] The number of temporary hours worked includes the use of employees from temporary employment agencies. Temporary employees sign a contract under which they provide their services for a fixed period, which is invoiced to the entity. The individual is not registered in the entity's payroll and is paid by the temporary employment agency.

The programmes developed by the Foundation and implemented at business divisions therefore address numerous UN Sustainable Development Goals, especially 1 to 5, 8 to 12 and 16.

A.2 Deployment and performance

Jean-Luc Lagardère Foundation

At the heart of the Lagardère group's commitment to the creation of culture lies the prestigious awards it presents to talented young people under the age of 30 (or under 35 for certain categories) in the culture and media domains. Prizes are awarded by prestigious juries in 11 categories: Writer, Film Producer, Television Scriptwriter, Musician (modern music, jazz and classical music), Bookseller, Print Journalist, Photographer, Documentary Film-maker, Animated Film-maker and Digital Artist.

Since the inaugural Jean-Luc Lagardère Foundation Awards in 1990, 320 prize-winners (13 in 2019) have received a total of €6,655,000 including €255,000 awarded in 2019.

Subsequently the winners regularly participate in other programmes run by the Foundation, as illustrated by the three examples below:

- as part of its partnership with the French Academy in Rome, Villa Medici, two of the Foundation's prize-winners were hosted for a one-month residency in 2019;
- as part of the Foundation's work with the Studio 13/16 cultural programme at the Pompidou Centre (targeted at teenagers), one of the winners of the Foundation's award held a choreography workshop for the kids, while two Print Journalist winners gave a talk on professional media;
- lastly, in the context of a partnership with the music-themed Abbey of the Ladies in Sainte-Marie-des-Dames, western France, and specifically the *Place aux jeunes !* campaign promoting music and culture for kids and teenagers, the Foundation asked two winners of the Print Journalism award to lead a seminar for around fifteen kids on media professions during the July festival. The participants interviewed various festival actors and posted their written, radio and video reports on the festival website.

The Foundation also continued its efforts to **promote literature and cultural diversity** in 2019 by supporting literary events at the Institut du Monde Arabe (IMA). Entitled *An hour with…*, this event spotlights an Arabic or French language author every Saturday afternoon around a discussion of the Arab world and the latest in Arabic literature. This event follows on from the collaboration that has united the Foundation and the IMA for many years in supporting the Prize for Arabic Fiction.

The Prize for Arabic Fiction – jointly created in 2013 by the Foundation and the IMA, and the only French award to recognise Arabic creative writing – was awarded Egyptian author Mohammed Abdelnabi for his novel *In the Spider's Room*, published by Actes Sud/Sindbad and translated from Arabic into French by Gilles Gauthier.

The Foundation also very much honoured its commitment to promote **access to culture for all** in 2019, through two partnerships:

- the Divertimento orchestra and its academy, which supports hundreds of young beginners (mainly from priority education zones), as well as professionals, as they discover the symphonic orchestra;
- support for the sixth edition of the Jules Rimet award, which promotes sports fiction (2019 prize awarded to Fanny Wallendorf for her book *L'Appel*, published by Éditions Finitude), organises writing workshops led by writers to get young people in football clubs involved in reading and writing and help boost their performance at school. After Red Star and Olympique Lyonnais, these workshops took place at Olympique de Marseille football club for the second year in a row.

The Foundation continued its partnership in 2019 with Sciences Po, which offers adaptable educational programmes for high-level athletes, providing access to top-quality academic training that is suited to the demands of practising sport at a very high level. Since 2007, 137 students have participated in this programme.

In terms of employee commitment, since 2014 the Jean-Luc Lagardère Foundation has presented up to three annual solidarity awards (€10,000 each) to community projects sponsored by Lagardère group employees. Three awards were handed out in 2019: (i) L'École à l'hôpital has been sponsored by an employee of Kwyk (Lagardère Publishing), meaning it will be able to support the schooling of hospitalised kids suffering from psychiatric illnesses; (ii) Gribouilli has been sponsored by an employee of Duty Free Global (Lagardère Travel Retail) allowing it to set up a digital best practices tool to support women with child caring; and lastly, (iii) not-for-profit organisation Des jeunes et des lettres has been sponsored by an employee of Hachette Jeunesse (Lagardère Publishing) enabling it to expand its learning outreach through culture programme for high school kids from disadvantaged backgrounds.

Individual business divisions

The Group's various entities and divisions supported various worthy causes over the course of 2019, in all the areas mentioned above and more, in the form of partnerships, charity events, prizes, competitions and donations. The examples below are not intended to be exhaustive and do not therefore represent the full range of actions undertaken by all Group operating entities and countries.

Hachette Livre's Charitable Action Committee offers funding to organisations supported by employees and focused on the following themes: assisting disadvantaged people and those in distress, integration, inclusion, education, helping lonely or disabled people, combating illiteracy, environmental protection and rehabilitation, and more generally, all charitable or environmental causes. Ten associations received funding totalling €45,000 in 2019 as a result of the committee's work.

In the United States, Paradies Lagardère has decided to put eliminating hunger at the centre of its corporate citizenship drive. It supports the No Kid Hungry® campaign led by the Share Our Strength charity, working to eliminate hunger in the United States and beyond. As part of the Dine Out for No Kid Hungry® campaign that runs through September, Paradies Lagardère restaurants donate a portion of the price of every cup of coffee sold. It also runs a year-round effort to support the No Kid Hungry campaign by donating 25% of every children's meal served in its airport restaurants,

as well as inspiring initiatives aimed at alleviating hunger in the communities adjacent to airports in Canada. Paradies Lagardère airport terminal stores now support their customers in donating food for distribution to the local population through food banks.

Corporate functions of the Lagardère group

The Lagardère group is also involved at the corporate level in cherished causes in areas such as healthcare, sports and culture.

In 2019, its financial commitments amounted to almost €11,000,000 across these different areas.

► Healthcare

The Lagardère group has a history of investing in medical causes going back to 1993 when it contributed to the emergence of Carmat's major development project for the first artificial heart.

In keeping with this track record, in 2019, the Group decided to support the American Hospital in Paris alongside other well-known French industry leaders. The American Hospital in Paris is a private not-for-profit body that has been recognised as a public interest organisation since 1918. It symbolises the close relationship between France and the United States, embodying the excellence of French and US medical practice. Through its "Le Nouvel Américain" project, the American Hospital in Paris is setting itself the goal of breaking into the top five hospitals in Europe.

In line with the Lagardère group's values of innovation and creativity, Arnaud Lagardère is lending his support as Chairman of the Campaign Committee of the American Hospital in Paris.

As major player in the United States in its business segments, the Lagardère group is committed to making the hospital's five major philanthropic programmes a reality. These are:

- promoting centres of excellence for mother and child healthcare, breast and prostate cancer;
- providing patient outreach as a comprehensive healthcare partner, from prevention to follow-up;
- investing in the most innovative technologies;
- advocating medical excellence through university partnerships and contributions to medical research, teaching and publications;
- building the American Hospital in Paris of tomorrow, not only by creating a medical imaging centre and erecting a new

flagship building designed by architect Jean-Michel Wilmotte, but also by refurbishing existing spaces.

To that end, the Lagardère group, as corporate sponsor, is contributing €10,000,000 to the project over five years between 2019 and 2023.

Furthermore, the Group also supports other medical bodies, including Institut Rafaël, which provides patient outreach for cancer survivors.

► Sports

Above and beyond its business investment in the Lagardère Sports and Entertainment division, the Group has always used charity to signal its commitment to sports.

In 2019, the Group brought this commitment to life by sponsoring prizes at the Fondation Paris Saint-Germain – *Les Enfants d'abord* gala in support of a range of sports projects for the benefit of children from disadvantaged neighbourhoods and children who are ill, as well as promoting social and professional inclusion for young adults. The Lagardère group committed €685,000 in gala funding.

► Culture

In the spirit of the Fondation Jean-Luc Lagardère's initiatives in the fields of the arts and culture, in 2019, the Lagardère group supported the French photographer and director Sylvie Lancrenon in organising two dance-themed photo exhibitions and in publishing a book. Over the years, the Group has sponsored a variety of organisations, including to help France's national library (Bibliothèque Nationale de France) acquire prestigious literary manuscripts on several occasions, the Paris Opera house and *La Règle du Jeu*, a literary review. In 2019, these various acts of patronage represented a total commitment of around €310,000.

4.4.3 ENVIRONMENTAL INFORMATION

A.1 Energy consumption and CO_2 emissions (Scopes 1 and 2)

The consumption shown in the table below covers all the activities of the Lagardère group.

The data factor in the direct (scope 1) and indirect (scope 2) energy consumption of all the offices, points of sale, stores, warehouses, server rooms, radio broadcasting sites, venues, sports academies and stadia used for all the Group's activities in all the regions indicated above.

For Lagardère Travel Retail, there is some uncertainty over the exact amount of consumption. The division operates more than 4,800 points of sale worldwide and doesn't always have access to energy bills detailing the consumption of each point of sale, as energy costs are often included in the charges paid to licensors (airport/station owners). As a result, operating staff responsible for reporting consumption data for the store network operated in each region are sometimes required to make estimates using average kWh/m²/month data based on the surface area and type of point of sale.

Group tertiary energy consumption, worldwide (in GWh)

Division	Year	Scope 1	Scope 2	Total
Lagardère Publishing	**2019**	**38**	**34**	**72**
	2018	20	35	55
Lagardère Travel Retail	**2019**	**13**	**203**	**216**
	2018	13	193	206
Lagardère News	**2019**	**0**	**11**	**11**
	2018	2	13	15
Lagardère Live Entertainment	**2019**	**1**	**3**	**4**
	2018	0	4	4
Other Activities	**2019**	**6**	**2**	**8**
	2018	6	2	8
Other assets pending disposal at Lagardère Active	**2019**	**0**	**2**	**2**
	2018	0	2	2
Lagardère Sports	**2019**	**2**	**5**	**7**
	2018	2	5	7
Total	**2019**	**60**	**260**	**320**
	2018	*43*	*254*	*297*

Group GHG emissions, worldwide (in tCO_2eq)

Division	Year	Scope 1	Scope 2	Total
Lagardère Publishing	**2019**	**8,395**	**9,332**	**17,727**
	2018	4,718	10,029	14,747
Lagardère Travel Retail	**2019**	**2,784**	**92,973**	**95,757**
	2018	3,127	80,474	83,601
Lagardère News	**2019**	**16**	**1,932**	**1,948**
	2018	375	2,620	2,995
Lagardère Live Entertainment	**2019**	**171**	**255**	**426**
	2018	11	279	290
Other Activities	**2019**	**1,220**	**159**	**1,379**
	2018	1,295	167	1,462
Other assets pending disposal at Lagardère Active	**2019**	**52**	**429**	**481**
	2018	74	371	445
Lagardère Sports	**2019**	**424**	**1,881**	**2,305**
	2018	478	1,814	2,292
Total	**2019**	**13,062**	**106,961**	**120,023**
	2018	*10,078*	*95,754*	*105,832*

In general, the changes in reported energy consumption and greenhouse gas emissions, depending on the division and type of energy, reflect:

- changes in organisational structure, with new entities and/or new buildings entering the environmental reporting scope;
- a better understanding within an entity of the various sources of energy consumption;
- internal organisational changes (often due to refurbishment or renovation works) that may be temporary or permanent, and lead to increases or decreases in energy consumption;
- a change in the emissions factors used to convert energy into CO_2.

A.2 Water consumption

Lagardère Publishing is very aware that paper production uses large amounts of water. As such, it carefully monitors how paper suppliers and printers optimise water consumption and the release of clean water back into the environment.

Several initiatives (closed loop recycling, isolation transformers) have been taken by the main paper suppliers, resulting in marked progress over the past ten years. The total amount of water used in the paper manufacturing process has been substantially reduced, now standing at nearly half the amount recorded around 15 years ago. By continuously improving their paper manufacturing processes, paper suppliers also recycle most of their wastewater and release clean water back into their natural environment.

Printers have also taken an active approach to limiting water consumption and use all the advanced technology available to them (especially in closed loop rinse water systems) to reduce their consumption and release clean water back into the environment.

To maintain transparency, the Lagardère group monitors its tertiary water consumption along with that of certain partners. This refers to the amount of water used at all types of physical sites where employees from the different divisions work (offices, warehouses, retail stores, sports training academies etc.). The table below shows the amount of water used at each division worldwide in 2019.

Group water consumption (cu.m.)

Division	Year	Water (cu.m.)
Lagardère Publishing	**2019**	**80,204**
	2018	68,143
Lagardère Travel Retail	**2019**	**424,337**
	2018	417,411
Lagardère News	**2019**	**14,326**
	2018	17,053
Lagardère Live Entertainment	**2019**	**16,366**
	2018	10,493
Other Activities	**2019**	**85,360**
	2018	65,500
Other assets pending disposal at Lagardère Active	**2019**	**1,918**
	2018	1,836
Lagardère Sports	**2019**	**20,012**
	2018	14,102
Total	**2019**	**642,523**
	2018	594,538

4.5 CSR METHODOLOGY AND SCOPE

4.5.1 SCOPE OF CONSOLIDATION

The reporting system used to collect social, environmental and societal information is deployed in all the consolidated subsidiaries[1] whose operations are managed by the Group, with the exception of:

- entities sold or deconsolidated during the fiscal year;
- certain entities pending disposal;
- certain entities acquired during the year, for which the reporting system is being rolled out gradually;
- entities meeting certain size criteria: for social data, entities with fewer than three employees and for energy data, premises hosting fewer than ten employees.

The following decisions were taken in respect of the 2019 reporting scope:

- Lagardère Sports Danemark ApS, U! Sports Slovakia SRO and Onside Sports Iberia (Lagardère Sports, Denmark, Slovakia and Spain) (fewer than three employees and pending disposal) were excluded from the social data scope;
- Gigamic (Lagardère Publishing, France), IDF (Lagardère Travel Retail), Skyhigh TV and Aito Media Group (Lagardère Studios, Netherlands and Finland) were excluded from the environmental data scope.

Labour, social and environmental data presented in this document are reported using dedicated software covering all consolidated subsidiaries.

[1] The list is provided in note 38 to the consolidated financial statements in this Universal Registration Document.

Taking the global footprint into account, after the exclusions listed above, data on energy consumption and greenhouse gas emissions cover 98.2% of the Group's workforce at 31 December 2019.

4.5.2 REFERENCE LIBRARY FOR INDICATORS AND REPORTING METHODS

Labour reporting follows the Group's Human Resources policy, taking the specific needs of each business line and/or geographic area into account. It is based on a library of more than 150 indicators that have been regularly updated, initially in 2006 and again in 2010.

The library of social indicators was reviewed in detail in 2012 in order to make it easier to understand for contributors and more relevant for the Group's divisions and activities, as well as to take account of the provisions of the implementing order of article 225 of France's Grenelle 2 law.

In 2019, the library of social indicators was once again reviewed in depth to simplify it and to align it with the changes in the Group's organisation over the year.

Rather than using a Group average approach, frequency, severity rates and lost time due to work accidents are now calculated using the number of theoretical hours worked per year per FTP in each of the Group's entities. This calculation method enables the Group to take account of the business and geographical specificities of each subsidiary and thereby generate more representative results.

Environmental reporting follows the Group's sustainable development policy, also taking the specific needs of each business line and/or geographic area into account.

In 2012, specific work was carried out on the environmental indicator reference library to improve its reliability and especially to make it more relevant in view of the Group's many activities. In 2013, the library was reviewed for the purposes of harmonising the methods used for calculating the proportions of certified and recycled paper contained in paper purchases and supplies.

Data on energy consumption disclosed concern the energy used to produce and supply the goods and services related to the Group's activities in France as well as that used to heat and light the premises and sites where the Lagardère group's employees work (offices, storage warehouses and retail stores). Data on electricity consumption also include electricity used by the radio broadcasting sites that are directly managed by the Group. Starting in 2015, all this information is reported on a per-building basis.

With regards to Lagardère Travel Retail's store network, a common reporting line is defined at the level of each country to gather data on electricity consumption (as well as oil and gas, where applicable) for all points of sale to be consolidated on a country-by-country basis. Energy consumption by equity-accounted entities is included proportionately to the Group's control.

The greenhouse gas emissions data only concern the above-mentioned energy consumption. The emissions are specified for each type of energy (gas, oil, electricity, district heating) and then grouped together by "Scope", i.e., by category of emissions.

Scope 1 includes direct greenhouse gas emissions, and notably direct emissions from fixed sources of combustion (oil and gas).

Scope 2 comprises indirect emissions related to purchases of energy, and notably consumption of electricity and district heating.

The emissions factors used by the Group in its calculations of greenhouse gas emissions and conversion into CO_2 equivalents are determined by reference to the *Base Carbone*, the French public database of emissions factors needed to establish carbon accounting. These factors are reviewed annually and are an integral part of the reporting procedure review process.

Greenhouse gas emissions are calculated directly by the Group Sustainable Development and CSR Department based on the energy data mentioned above and in accordance with the methodology set out in the environmental guidelines.

The reporting protocol for societal data, which is mainly based on qualitative questions, has been in place since 2015 and comprises around 15 indicators common to all of the Group's divisions and about 10 indicators specific to certain activities.

Updates to reporting guidelines broadly aim to simplify and facilitate the work of contributors.

The reporting method for social, environmental and societal data follows the same process. Data are entered by a contributor for each Group company included in the reporting scope. This information is then validated/verified by the subsidiary's management (Human Resources Department or Finance Department) before being sent to the Group Sustainable Development and CSR Department, which checks the consistency of the data.

Consistency checks aim to ensure the quality and fair presentation of reported data, including comparisons with prior periods, thereby improving the reliability of the reporting system.

Although the Group seeks to make contributors' work as easy as possible, by defining a clear reporting process and factoring in the international nature of its operations and activities (objectives that have been made easier to achieve since the reporting guidelines were put in place), certain difficulties, sources of uncertainty, may arise during the reporting process:

- inaccurate assessments;
- calculation errors;
- poorly understood questions;
- data entry errors;
- problems defining an indicator;
- problems responding because of legal and/or political reasons.

4.6 REPORT OF THE INDEPENDENT THIRD-PARTY ENTITY

Independent third party's report on the consolidated non-financial statement

To the General Meeting,

In our quality as an independent third party, accredited by the COFRAC under the number no. 3-1681 (scope of accreditation available on the website www.cofrac.fr), and as a member of the network of one of the statutory auditors of your entity (hereafter "entity"), we present our report on the consolidated non-financial statement for the year ended 31 December 2019 (hereafter referred to as the "Statement"), included in the management report pursuant to the requirements of articles L. 225 102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code (*Code de commerce*).

Responsibility of the entity

Pursuant to legal and regulatory requirements, the managing partners are responsible for preparing the Statement, including a presentation of the business model, a description of the principal non-financial risks, a presentation of the policies implemented considering those risks and the outcomes of said policies, including key performance indicators.

The Statement has been prepared in accordance with the entity's procedures (hereinafter the "Guidelines"), the main elements of which are presented in the Statement and available on request from the entity's registered office.

Independence and quality control

Our independence is defined by the provisions of article L. 822-11-3 of the French Commercial Code and the French Code of Ethics (*Code de déontologie*) of our profession. In addition, we have implemented a quality control system including documented policies and procedures regarding compliance with applicable legal and regulatory requirements, ethical requirements and French professional guidance.

Responsibility of the independent third party

On the basis of our work, our responsibility is to provide a report expressing a limited assurance conclusion on:

- the compliance of the Statement with the provisions of article R. 225-105 of the French Commercial Code;
- the fairness of the information provided in accordance with article R. 225-105 I, 3° and II of the French Commercial Code, i.e., the outcomes, including key performance indicators, and the measures implemented

considering the principal risks (hereinafter the "Information").

However, it is not our responsibility to comment on the entity's compliance with other applicable legal and regulatory requirements, in particular the French duty of care law and anti-corruption and tax avoidance legislation, or on the compliance of products and services with the applicable regulations.

Nature and scope of the work

The work described below was performed in accordance with the provisions of articles A.225-1 *et seq.* of the French Commercial Code, as well as with the professional guidance of the French Institute of Statutory Auditors ("CNCC") applicable to such engagements and with ISAE 3000[1]:

- we obtained an understanding of all the consolidated entities' activities and the description of the principal associated risks;
- we assessed the suitability of the Guidelines with respect to their relevance, completeness, reliability, neutrality and understandability with due consideration of industry best practices, where appropriate;
- we verified that the Statement includes each category of social and environmental information set out in article L. 225-102-1 III of the French Commercial Code, as well as information regarding respect for human rights and the fight against corruption and tax evasion;
- we verified that the Statement provides the information required under article R. 225-105 II of the French Commercial Code, where relevant with respect to the principal risks, and includes, where applicable, an explanation for the absence of the information required under article L. 225-102-1 III, paragraph 2 of the French Commercial Code;
- we verified that the Statement presents the business model and the principal risks associated with the activity of all the entities included in the scope of consolidation, including where relevant and proportionate, the risks associated with their business relationships, their products or services, as well as their policies, measures and the outcomes thereof, including key performance indicators associated to the principal risks;
- we referred to documentary sources and conducted interviews to:
  - assess the process used to identify and confirm the principal risks as well as the consistency of the outcomes, including the key performance indicators used, with respect to the principal risks and the policies presented, and
  - corroborate the qualitative information (measures and outcomes) that we considered to be the most important presented in Appendix 1; concerning certain risks (tax avoidance, data protection, human rights risk management for the Travel Retail division), our work was carried out on the consolidating entity; for the other risks, our work was carried out on the consolidating entity and on a selection of operational perimeters listed hereinafter: Grupo Anaya and Lagardère Travel Retail Czech Republic;
- we verified that the Statement covers the scope of consolidation, i.e., all the consolidated entities in accordance with article L. 233-16 of the French Commercial Code;
- we obtained an understanding of internal control and risk management procedures the entity has put in place and assessed the data collection process to ensure the completeness and fairness of the Information;
- for the key performance indicators and other quantitative outcomes that we considered to be the most important presented in Appendix 1, we implemented:
  - analytical procedures to verify the proper consolidation of the data collected and the consistency of any changes in those data;
  - tests of details, using sampling techniques, in order to verify the proper application of the definitions and procedures and reconcile the data with the supporting

[1] ISAE 3000 – *Assurance engagements other than audits or reviews of historical financial information*

documents. This work was carried out on a selection of contributing operational perimeters (Grupo Anaya, Lagardère Travel Retail Czech Republic, Hachette UK and Duty Free Opérations France), covering between 13% and 24% of the consolidated data relating to the key performance indicators and outcomes selected for these tests (17% of the workforce, 24% of the paper purchased and supplied, 13% of the tertiary energy consumption);

- we assessed the overall consistency of the Statement based on our knowledge of all of the entities included in the scope of consolidation.

We believe that the work carried out, based on our professional judgement, is sufficient to provide a basis for our limited assurance conclusion; a higher level of assurance would have required us to carry more extensive procedures.

Means and resources

Our verification work mobilised the skills of five people and took place between July 2019 and March 2020 on a total duration of intervention of about seven weeks.

We conducted four interviews with the persons responsible for the preparation of the Statement including, in particular, the Sustainable Development and CSR Department, the Risk and Internal Control Department, the Human Relations Department and the Tax Department.

Conclusion

Based on the procedures performed, nothing has come to our attention that causes us to believe that the consolidated non-financial statement is not presented in accordance with the applicable regulatory requirements and that the Information, taken as a whole, is not presented fairly in accordance with the Guidelines, in all material respects.

Comments

Without modifying our conclusion and in accordance with article A. 225-3 of the French Commercial Code, we have the following comments:

- In the context of the strategic refocusing plan, the organisation of the reporting and consolidation processes for non-financial data is being strengthened to accelerate the deployment of policies and the monitoring of performance, in particular environmental performance.

French language original signed at Paris-La Défense, on 19 March 2020

The independent third party

EY & Associés

Jean-François Bélorgey	**Eric Duvaud**
Partner	Partner, Sustainable Development

Appendix 1: Information considered the most important

Social Information	
Quantitative Information (including key performance indicators)	**Qualitative Information (measures or outcomes)**
The overall voluntary departure rate, and the rate by socio-professional category The percentage of women among executives and managers The number of formal disputes involving discrimination Work-related accident frequency rate	Outcomes of the internal talent management policy Actions implemented to ensure diversity and gender balance of human resources Commitments to respect fundamental freedoms Follow-up of work-related accidents
Environmental Information	
Quantitative Information (including key performance indicators)	**Qualitative Information (measures or outcomes)**
The total weight and percentage of certified and recycled paper Rates of returns for Lagardère Publishing France Tertiary energy consumption CO_2 emissions of scope 1 and 2 per euro of revenue	The certified and recycled paper purchase process within Lagardère Publishing The analysis of significant sources of greenhouse gas emissions
Societal Information	
Quantitative Information (including key performance indicators)	**Qualitative Information (measures or outcomes)**
The percentage of audited countries in food safety in the Foodservice business The number of formal disputes involving forced labour, child labour and harassment	Outcomes of the food safety policy and brand conformity of the Foodservice business (in particular the "Food Safety Guidelines" and the annual audit plan) Actions in favour of the accessibility and dissemination of education, culture and entertainment

4.7 APPLICATION OF THE DUTY OF CARE LAW FOR PARENT COMPANIES

4.7.1 Main points of the duty of care plan

For more than 20 years, the Lagardère group has striven to carry out its businesses while strictly adhering to a certain number of universal principles. The Group's first Code of Conduct dates from 1994 and was subsequently revised in 2005, 2012 and 2016. It sets out guidelines on integrity and professional conduct for all employees of the Lagardère group. The issues of human rights and fundamental freedoms, and of the health and safety of people and the environment are integral to the principles covered by the Code.

A cross-disciplinary working group was set up in the second half of 2017 to prepare the Group's compliance with French law 2017-339 of 27 March 2017 on the duty of care for parent companies and their contractors. Under the supervision of the Sustainable Development and CSR Department, this committee drew together representatives from all divisions, as well as representatives from the directly affected corporate departments, namely the Group's Purchasing and Real Estate Department, the Legal Department, the Compliance Department and the Risk and Internal Control Department.

The first step involved mapping out the risks linked to the Group's supply chain. At the end of this stage, seven procurement categories were identified as being most likely to give rise to risks involving Lagardère group subcontractors or suppliers: printing activities and printing-related services, production of paper pulp, wholesale supply of accessories and household items, own-label products sold in stores, disposable items used in restaurants, energy supply (electricity, gas, steam, air-conditioning), and production of plastics.

After the risk mapping process, the operating entities ranked suppliers in order of priority for their supplier assessment plan, which will be implemented over the next several years.

2019 was the second year of the plan's roll-out.

In parallel, the Sustainable Development and CSR Department and Risk and Internal Control Department have also been working together more closely to identify any non-financial risks caused by the Group's businesses, using the same methodology used for the Group risk mapping exercise. The risk identification process is detailed in section 4.3.

4.7.2 Monitoring

All methods used to monitor measures taken in application of the Group's duty of care can be found in the following sections of this Universal Registration Document:

- regarding issues relating to respect for human rights and fundamental freedoms, see section 4.3.1.3 on access to and dissemination of education, culture and entertainment, and section 4.3.3 on the general strategy to address these issues;
- regarding issues relating to personal health and safety, see section 4.3.1.4 on the quality of products and services distributed and sold by the Group, and section 4.3.3.2 on health and safety in the workplace;
- regarding environmental issues, see section 4.3.2.1 on the Group's paper procurement strategy and commitment to respect the environment and section 4.3.2.2 on energy and carbon impacts.

A set of indicators is used to assess the effectiveness of measures taken in each of these areas, some of which have been in place for many years.

Lastly, in 2019, Lagardère designed and developed a Group-wide, cross-business whistleblowing tool that is expected to be open to all stakeholders during 2020.

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5 NET ASSETS, FINANCIAL POSITION AND RESULTS

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5.1 PER SHARE DATA, DIVIDEND POLICY AND SHARE PERFORMANCE

5.1.1 PER SHARE DATA

(in euros)	2019[4]		2018 [2]/[4]		2017[1]	
	basic	diluted[3]	basic	diluted[3]	basic	diluted[3]
Profit (loss) attributable to owners of the Parent, per share	(0.12)	(0.12)	1.36	1.34	1.36	1.34
Equity attributable to owners of the Parent, per share	11.73	11.58	13.21	13.04	13.76	13.56
Cash flow from operations before change in working capital, per share[4]	3.82	3.77	3.39	3.34	4.13	4.07
Share price at 31 December	19.43		22.02		26.73	
Dividend	1.00[5]		1.30		1.30	
Extra dividend	-		-		-	

[1] Data for 2017 restated for the retrospective application of IFRS 15.

[2] Data for 2018 restated for the full retrospective application of IFRS 16 (see note 1.1 to the consolidated financial statements).

[3] The method used to calculate diluted earnings per share is described in note 15 to the consolidated financial statements.

[4] Lagardère Sports was classified as a discontinued operation in 2019 in accordance with IFRS 5. Its earnings and cash flows for 2019 and 2018 were respectively classified in profit (loss) from discontinued operations and net cash from (used in) discontinued operations (see note 4.3 to the consolidated financial statements).

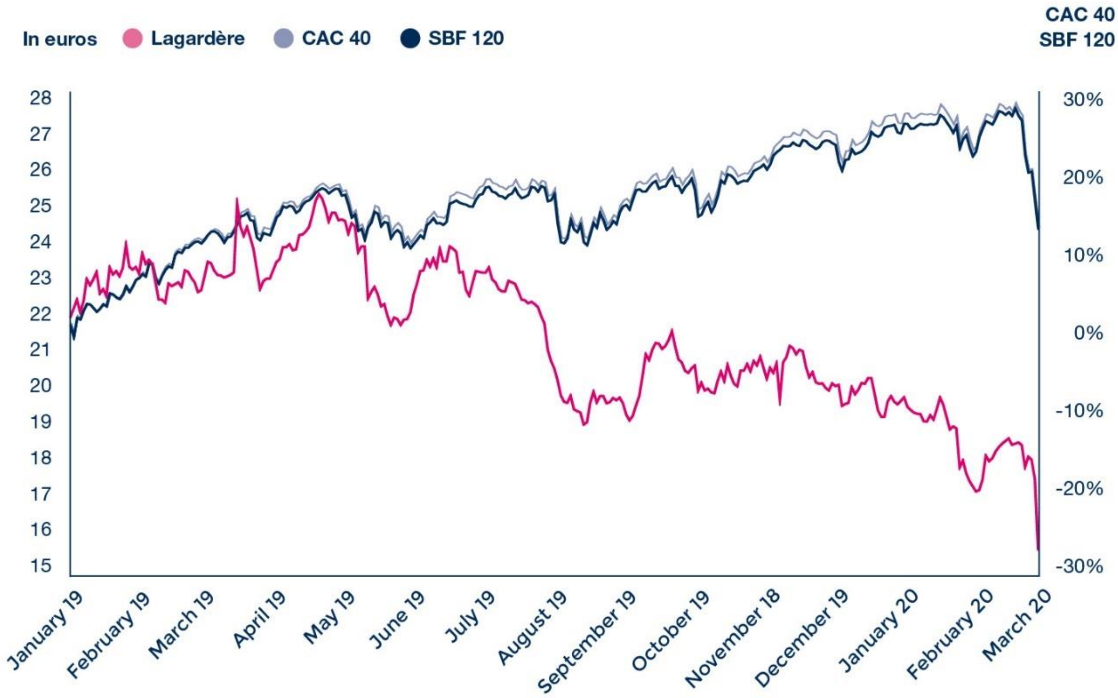
[5] Dividend submitted for approval to the General Meeting to be held on 5 May 2020.

5.1.2 DIVIDEND POLICY

Total dividends paid for the years 2016, 2017 and 2018 amounted to €170.0 million, €168.8 million and €169.7 million, respectively.

The dividend payouts represented 96.0% and 96.1% of profit attributable to owners of the Parent in 2017 and 2018.

5.1.3 SHARE PERFORMANCE SINCE JANUARY 2019



Source: Euronext Paris.

5.2 PRESENTATION OF THE FINANCIAL POSITION AND CONSOLIDATED FINANCIAL STATEMENTS OF LAGARDÈRE SCA

Comments on the Lagardère SCA consolidated financial statements at 31 December 2019

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as described in note 1 to the consolidated financial statements, "Accounting principles".

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

- Lagardère Publishing: Books, E-books, Mobile Games and Board Games;
- Lagardère Travel Retail: Travel Essentials, Duty Free & Fashion, and Foodservice.

The Group's business scope also includes "Other Activities", which groups together Lagardère News (*Paris Match* and *Le Journal du Dimanche* magazine titles, Europe 1, RFM and Virgin Radio stations, and the Elle brand licence), Lagardère Live Entertainment, Lagardère Paris Racing, and the Group Corporate function.

Lagardère Sports and Lagardère Studios are in the process of being sold.

The main changes in the scope of consolidation between 2018 and 2019 are described in note 4 to the consolidated financial statements.

5.2.1 CONSOLIDATED INCOME STATEMENT

(in millions of euros)	2019	2018(*)
Revenue	**7,211**	**6,868**
Recurring operating profit of fully consolidated companies(**)	**378**	**385**
Income from equity-accounted companies(***)	6	3
Non-recurring/non-operating items	27	63
of which impact of IFRS 16 on concession agreements(****)	*60*	*41*
Profit before finance costs and tax	**411**	**451**
Finance costs, net	(53)	(57)
Interest expense on lease liabilities	(85)	(76)
Income tax expense	(55)	(124)
Profit (loss) from discontinued operations	(207)	5
Profit for the year	**11**	**199**
Attributable to:		
- Owners of the Parent	(15)	177
- Minority interests	26	22

(*) Data for 2018 restated for the full retrospective application of IFRS 16 and for the reclassification of Lagardère Sports as a discontinued operation in accordance with IFRS 5 (see notes 1.1 and 4.3, respectively, to the consolidated financial statements).

(**) Recurring operating profit of fully consolidated companies is an alternative performance measure taken from the segment information section of the consolidated financial statements (see reconciliation in note 5 to the consolidated financial statements), and is defined as the difference between profit before finance costs and tax and the following income statement items:

- income from equity-accounted companies;
- gains (losses) on disposals of assets;
- impairment losses on goodwill, property, plant and equipment, intangible assets and investments in equity-accounted companies;
- net restructuring costs;
- items related to business combinations:
  - acquisition-related expenses,
  - gains and losses resulting from purchase price adjustments and fair value adjustments due to changes in control,
  - amortisation of acquisition-related intangible assets;
- specific major disputes unrelated to the Group's operating performance.
- items related to leases and to finance lease sub-letting arrangements:
  - excluding gains and losses on lease modifications,
  - excluding depreciation of right-of-use assets under concession agreements,
  - including decreases in lease liabilities under concession agreements,
  - including interest paid on lease liabilities under concession agreements,
  - including changes in working capital relating to lease liabilities under concession agreements.

(***) Before impairment losses.

(****) Including gains and losses on lease modifications.

In 2019, the Lagardère group delivered **consolidated revenue** of €7,211 million, up 5% on a consolidated basis and with further good like-for-like[92] growth of 4.1% powered by a solid performance at Lagardère Travel Retail and Lagardère Publishing.

The difference between consolidated and like-for-like revenue is essentially attributable to a €92 million positive foreign exchange effect resulting mainly from the appreciation of the US dollar. The €18 million negative scope effect mainly reflects the disposal of most of the magazine publishing titles to Czech Media Invest in January 2019 and of the TV Channels business in September 2019. This was offset by a positive impact resulting from Lagardère Travel Retail's acquisitions of Hojeij Branded Foods (HBF) in late November 2018 and the International Duty Free group (IDF) at the end of September 2019.

[92] Based on constant Group structure and exchange rates.

Revenue for Lagardère Publishing in 2019 totalled €2,384 million, up 5.9% on a consolidated basis and up 2.8% like-for-like. The difference between consolidated and like-for-like figures is attributable to a €45 million positive foreign exchange effect resulting mainly from the appreciation of the US dollar, and a €23 million positive scope impact, chiefly relating to the acquisitions of Gigamic in February 2019, Short Books in June 2019, and Worthy Publishing in September 2018.

Revenue growth in 2019 was chiefly driven by a good performance at Education in France and Spain, the success of the new Asterix album, and sustained growth in Partworks and Mobile Games.

Revenue for France was up 6.3%, spurred by a sharp rise in Education on the back of the reform of two French high school levels, and by a solid increase in Illustrated Books thanks to the international success of the new Asterix album, *La Fille de Vercingétorix*, along with a good performance at Hachette Pratique, Hachette Jeunesse Licences and Larousse. General Literature also had a good year, buoyed by the publication of the large-format version of Guillaume Musso's *La Vie secrète des écrivains*, and by growth in Le Livre de Poche paperbacks led by the publication of Musso's *La Jeune Fille et la nuit*, and Valérie Perrin's *Changer l'eau des fleurs*. Mobile Games also continued to enjoy good momentum.

The United Kingdom fell 1.4%, as a good performance for the backlist and for digital sales at Bookouture along with the success of Billy Connolly's *Tall Tales and Wee Stories* late in the year failed to offset an unfavourable comparison effect resulting from the success of Michael Wolff's *Fire and Fury* in 2018 and of the J.K. Rowling/Robert Galbraith titles published in the last quarter of that year.

The United States slipped 1.0%. A sharp rise in revenue from Digital audio books as well as the success of Andrzej Sapkowski's *The Witcher* at Orbit late in the year, only partially offset the unfavourable comparison effect with 2018, which had been boosted by the remarkable success of James Patterson and Bill Clinton's *The President is Missing* and by the publication of Nicholas Sparks' *Every Breath*.

Spain/Latin America posted 10.3% revenue growth, spurred by curriculum reform in Spain and by the launch of the new Asterix album at Bruño.

Partworks delivered revenue growth of 4.9%, reflecting the good performance of first-half launches (particularly models and leisure crafts) in Japan, Germany and France.

E-books accounted for 7.7% of total Lagardère Publishing revenue in 2019 versus 7.9% in 2018, while digital audio books represented 3.4% of revenue versus 2.7% in 2018.

Revenue at Lagardère Travel Retail in 2019 totalled €4,264 million, up 16.1% on a consolidated basis and delivering solid 6.3% like-for-like growth. The difference between like-for-like and consolidated revenue is attributable to a €46 million positive foreign exchange effect resulting mainly from the appreciation of the US dollar, and to a €315 million positive scope effect, chiefly reflecting the acquisitions of Hojeij Branded Foods (HBF) in late November 2018, the International Duty Free group in Belgium, and Smullers in the Netherlands.

Despite the slowdown towards the end of the year owing to the strikes, France reported a sharp 7.6% rise in revenue, buoyed by good Duty Free trading at regional platforms (Nice, Marseilles and Nantes), along with growth in the Foodservice network (Toulouse) and the success of the new Relay concept at Travel Essentials.

The EMEA region (excluding France) enjoyed robust momentum (up 6.9%), attributable to a good performance in Italy for Duty Free operations (Rome, Venice and regional airports) and Travel Essentials (favourable network impact), as well as in Romania, Spain and Portugal. The Middle East also reported solid revenue growth, with the opening of the new Dubai Foodcourt and ongoing expansion in Africa.

In North America, business grew by 2.9%, reflecting a dynamic performance at Travel Essentials driven by sales initiatives and Foodservice operations, despite the adverse impact of US-China trade tensions on Canadian airport traffic.

Asia-Pacific advanced 7.2%, spurred by growth in China (continental China and Hong Kong) which benefited from the new openings and modernisation initiatives carried out in 2018 and 2019. Business contracted in the Pacific region due to the economic slowdown in Australia and an unfavourable network effect, despite the full-year impact of new outlets opened in Christchurch, New Zealand.

Revenue for Other Activities totalled €288 million in 2019, down 4.3% on a consolidated basis and down 4.2% like for like.

The revenue decline for Other Activities is chiefly the result of a 12.5% fall in Radio revenue owing to lower audience figures for Europe 1. Revenue also contracted for the News unit (down 6.9%), as upbeat advertising revenues failed to fully counter the drop in circulation revenues, which accelerated towards the end of the year owing to the strikes in France.

Revenue for the non-retained scope in 2019 was €275 million, down 57.2% on a consolidated basis and down 4.6% like for like. The difference between consolidated and like-for-like figures is due to a €355 million negative scope effect resulting from the disposals of most of the magazine publishing titles to Czech Media Invest in January 2019, of TV channels in September 2019, and of other digital assets also during that year.

Audiovisual Production revenue at Lagardère Studios slipped 1.7%, owing mainly to an unfavourable comparison basis in France resulting from a strong catalogue and delivery schedule in 2018, which offset the good performance of international audiovisual operations, particularly in Spain.

TV Channels, which were sold in September 2019, saw a 9% decrease in revenue as a result of lower advertising revenues and the closure of the Elle Girl and MCM channels at 30 June.

Recurring operating profit of fully consolidated companies amounted to €378 million, down €7 million on 2018.

Based on the target scope, recurring operating profit of fully consolidated companies jumped by €51 million year on year, to €361 million. Movements in this item can by analysed as follows for each division:

- Lagardère Publishing reported €220 million in recurring operating profit of fully consolidated companies, up €20 million on 2018. Growth was led mainly by France, with Illustrated Books buoyed by the publication of a new Asterix album and Education by high school reform, as well as by Spain (new primary school textbooks) and the United States (growth in audio books and operating cost efficiency plan). The division also benefited from a positive foreign exchange effect resulting from the appreciation of the US dollar.
- Lagardère Travel Retail posted €152 million in recurring operating profit of fully consolidated companies, a year-on-year rise of €31 million, spurred by the impact of the acquisitions of Hojeij Branded Foods (HBF) in November 2018 and International Duty Free group in the last quarter of the year, and by bullish performances from North America and Italy. France also had a very good year in 2019, despite the impact of the strikes. Business continued to ramp up despite events in Hong Kong, the collapse of the Icelandic airline Wow Air and a weak Australian economy.
- Other Activities posted a recurring operating loss of fully consolidated companies of €11 million, stable year on year. The gradual reduction in overheads of the former Lagardère Active Corporate function, whose costs are being fully wound down in 2020, was offset by the combined impact of a decline in Europe 1 advertising revenues and in the circulation of press titles.

Recurring operating profit of fully consolidated companies for the **non-retained scope** amounted to €17 million, down €58 million year on year owing mainly to the various disposals during the year.

Income from equity-accounted companies (before impairment losses) came in at €6 million in 2019, versus €3 million one year earlier, buoyed by good performances from the joint operations at Lagardère Travel Retail.

Non-recurring/non-operating items included in profit before finance costs and tax represented net income of €27 million in 2019, comprising:

- €134 million in **net disposal gains**, chiefly relating to the sale of TV channels in September 2019 (€99 million), BilletReduc in February 2019 (€18 million) and South African radio operations (€13 million). An additional disposal gain of €5 million was also generated on the 2017 sale of the office building in Levallois-Perret (France);

- €42 million in **restructuring costs**, including €15 million at Other Activities resulting from the late-2019 redundancy plan for the Group Corporate function, €14 million at Lagardère Travel Retail including integration costs following the acquisition of HBF at the end of 2018 and the impact of concept store closures in Australia, and €12 million at Lagardère Publishing relating to the streamlining of distribution centres in the United Kingdom;
- €91 million in **amortisation of intangible assets and expenses relating to acquisitions and disposals**, including €82 million for Lagardère Travel Retail and €8 million for Lagardère Publishing;
- €34 million in **impairment losses against property, plant and equipment and intangible assets**, including mainly €22 million relating to Lagardère Studio and €6 million relating to Lagardère Travel Retail;
- the €60 million positive **impact of applying IFRS 16 on concession agreements** at Lagardère Travel Retail (including gains and losses on lease modifications).

In 2018, non-recurring/non-operating items represented a net positive amount of €63 million, including (i) €205 million in net disposal gains, of which a gain of €245 million on the May 2018 sale of an office building in Paris' eighth *arrondissement* and a loss of €40 million on the sale of the 42% interest in the Marie Claire group; (ii) €71 million in restructuring costs resulting from the transformation of Lagardère Active into standalone units and the elimination of its Corporate function, as well as the streamlining of Lagardère Publishing distribution centres in the United Kingdom; (iii) €68 million in amortisation of intangible assets and expenses relating to acquisitions of consolidated companies, of which €59 million at Lagardère Travel Retail; (iv) €44 million in impairment losses, including the write-down of a portion of the overall goodwill relating to the Press CGU, as well as write-downs for Newsweb, Shopcade and International Radio operations at Lagardère Active; and (v) €41 million relating to the positive impact of applying IFRS 16 to concession agreements at Lagardère Travel Retail.

As a result of the above, **profit before finance costs and tax** came out at €411 million for 2019, versus €451 million one year earlier.

Net finance costs amounted to €53 million for 2019, a decrease of €4 million on the prior-year period. Following its refinancing in 2019, the Group stabilised its average borrowing costs.

Interest expense on lease liabilities represented €85 million in 2019, versus €76 million in 2018. The €9 million rise in this item results from the consolidation of HBF and IDF.

Income tax expense booked in 2019 was €55 million, €69 million less than in 2018 which included €83 million in tax on the sale of an office building in Paris' eighth *arrondissement* and a tax saving of €11 million relating to the restructuring plan at Lagardère Active.

Profit (loss) from discontinued operations represented a net loss of €207 million in 2019, reflecting the loss generated by Lagardère Sports, for which a purchase offer was received in December 2019. Lagardère Sports reported €470 million in revenue and €64 million in recurring operating profit of fully consolidated companies, up €32 million on 2018. As announced, this increase was essentially due to a favourable calendar effect in Asia and Africa (AFC Asian Cup and Total African Cup of Nations football tournaments, respectively) and in Europe (World Men's Handball Championship). The purchase offer led to the recognition of a €234 million write-down against goodwill and intangible assets.

Profit attributable to minority interests in 2019 was €26 million, versus €22 million attributable to minority interests in 2018, reflecting the performance of Le Livre de Poche paperbacks at Lagardère Publishing and of North American and Italian operations at Lagardère Travel Retail.

5.2.2 CONSOLIDATED STATEMENT OF CASH FLOWS

Cash flows

(in millions of euros)	2019	2018(*)
Cash flow from operating activities before changes in working capital	1,099	960
Decrease in lease liabilities	(518)	(443)
Interest paid on lease liabilities	(77)	(76)
Changes in working capital relating to lease liabilities	(9)	(2)
Cash flow from operations before changes in working capital and income taxes paid	**495**	**439**
Changes in working capital	34	18
Income taxes paid	(52)	(72)
Cash flow from operations	**477**	**385**
Cash used in investing activities	(502)	(554)
- Purchases of intangible assets and property, plant and equipment	*(215)*	*(215)*
- Purchases of investments	*(287)*	*(339)*
Proceeds from disposals	348	397
- Disposals of intangible assets and property, plant and equipment	*32*	*254*
- Disposals of investments	*316*	*143*
Interest received	7	5
(Increase) decrease in short-term investments	-	-
Net cash used in investing activities	**(147)**	**(152)**
Cash flow from operations and investing activities	**330**	**233**
Net cash used in financing activities excluding lease liabilities	**(31)**	**(52)**
Other movements	8	(38)
Net cash from (used in) discontinued operations	(99)	40
Change in cash and cash equivalents	**208**	**183**

(*) Data for 2018 restated for the full retrospective application of IFRS 16 and for the reclassification of Lagardère Sports as a discontinued operation in accordance with IFRS 5 (see notes 1.1 and 4.3, respectively, to the consolidated financial statements).

5.2.2.1 Cash flow from operations and investing activities

In 2019, **cash flow from operating activities before changes in working capital (operating cash flow)** totalled €495 million, versus €439 million one year earlier. This increase chiefly results from the favourable impact of business at Lagardère Publishing and Lagardère Travel Retail, only partly offset by the loss from discontinued operations in the year, and from the favourable impact of movements in provisions for all divisions.

Changes in working capital represented an inflow of €34 million over the year, compared to an inflow of €18 million in 2018. This €16 million increase reflects (i) a €49 million improvement for Lagardère Publishing resulting from lower author advances at the end of the year and a year-on-year reduction in Partworks inventories, which had been affected by a busy launch schedule at the end of 2017, and (ii) a rise of €26 million for the non-retained scope, including a €22 million inflow relating to the collection of a portion of the proceeds from the sale of most of the magazine publishing titles to Czech Media Invest (CMI). The increase is offset by a €73 million decline for Lagardère Travel Retail (2018 had been boosted by a favourable one-off impact linked to the working capital optimisation drive).

Income taxes paid totalled €52 million in 2019 compared to €72 million in 2018. The decrease in this item partly reflects €42 million in taxes paid on the sale of a building in Paris' eighth *arrondissement* in 2018, offset by adverse changes in tax settlements in connection with tax consolidation in France and the impact of higher taxation on cross-border trade in the United States.

Taking account of the above items, cash flow from operations represented an inflow of €477 million in 2019 compared to an inflow of €385 million in 2018.

Purchases of property, plant and equipment and intangible assets represented an outflow of €215 million, stable year on year. Purchases chiefly relate to Lagardère Travel Retail (€162 million), a significant portion of which corresponds to the financing of new stores. The balance (€35 million) results essentially from Lagardère Publishing and is mainly attributable to the end of investments in logistics projects in the United Kingdom and in new information systems projects in France. In 2018, this item related mainly to Lagardère Travel Retail, Lagardère Publishing, and the former Lagardère Active division.

Purchases of investments represented an outflow of €287 million in 2019 and mainly related to the acquisition of the International Duty Free (IDF) group in Belgium, and to a lesser extent the acquisition of Autogrill Czech in the Czech Republic by Lagardère Travel Retail. Purchases of investments also included Lagardère Publishing's acquisitions of Gigamic, Blackrock Games and Short Books in the United Kingdom. Purchases of investments in 2018 represented an outflow of €339 million and mainly related to Lagardère Travel Retail's November 2018 acquisition of Hojeij Branded Foods (HBF), a leading Foodservice operator in North America, and Lagardère Publishing's acquisition of Worthy Publishing Group, a publishing house based in the United States.

Disposals of property, plant and equipment and intangible assets represented an inflow of €32 million in 2019, and mainly concerned the collection of the balance of the amount owed on the 2017 sale of an office building in Levallois-Perret (France), and the sale of Boursier.com business assets. In 2018, disposals represented an inflow of €254 million and resulted from the sale by Lagardère Active of an office building in the eighth *arrondissement* of Paris (France).

Disposals of investments represented an inflow of €316 million in 2019, relating mainly to disposals at Lagardère Active as part of the strategic refocusing plan, including the sale of the TV channels in September 2019, of BilletReduc in February 2019, and of South African radio operations in January 2019. In 2018, disposals of investments represented an inflow of €143 million, mainly at Lagardère Active owing to the sale of International Radio operations in Eastern Europe, MonDocteur and Doctissimo, along with the sale of the 42% interest in the Marie Claire group.

In all, **cash flow from operations and investing activities** represented a net inflow of €330 million in 2019, compared with a net inflow of €233 million in 2018.

5.2.2.2 Net cash used in financing activities

Financing activities in 2019 represented a net cash outflow of €31 million and include:

- €201 million in **dividends paid**, of which €172 million by Lagardère SCA and €29 million paid to minority interests, including €22 million by Lagardère Travel Retail, particularly in North America;
- a €263 million **net increase in debt**, essentially relating to the €253 million *Schuldscheindarlehen* German law private placement issued in June 2019, and also reflecting the redemption of the 2014 €500 million bond issue in September 2019 and a new €500 million bond issued in October 2019 and maturing in 2026;
- €65 million in **interest paid**, including the payment of €29 million in coupons on the 2014, 2016 and 2017 bond issues and of €33 million in relation to hedging instruments (mainly of exchange rate risk);
- **purchases and sales of treasury shares** representing a net outflow of €31 million, including €29 million allocated to free share awards for employees.

5.2.3 NET DEBT

Net debt is an alternative performance measure and is calculated based on elements taken from the consolidated financial statements. A reconciliation with those accounting items is presented below:

(in millions of euros)	31 Dec. 2019	31 Dec. 2018(*)
Short-term investments and cash and cash equivalents	913	710
Financial instruments designated as hedges of debt with a positive fair value(**)	-	8
Non-current debt(***)	(1,842)	(1,020)
Current debt	(532)	(1,065)
Net debt	**(1,461)**	**(1,367)**

(*) Data for 2018 restated for the full retrospective application of IFRS 16 and for the reclassification of Lagardère Sports as a discontinued operation in accordance with IFRS 5 (see notes 1.1 and 4.3, respectively, to the consolidated financial statements).

(**) At 31 December 2018, financial instruments designated as hedges of debt with a positive fair value were included in "Other non-current assets" in an amount of €5 million and in "Other current assets" in an amount of €3 million.

(***) Non-current debt includes financial instruments designated as hedges of debt with a negative fair value, representing €8 million at 31 December 2019 and €1 million at 31 December 2018.

Changes in net debt during 2019 and 2018 were as follows:

(in millions of euros)	2019	2018(*)
Net debt at 1 January	**(1,367)**	**(1,367)**
Cash flow from operations and investing activities	330	232
Interest paid	(65)	(56)
(Acquisitions) disposals of treasury shares	(31)	(4)
(Acquisitions) disposals of minority interests	(2)	(3)
Dividends	(201)	(198)
Debt related to put options granted to minority shareholders	(1)	3
Changes in scope of consolidation	(20)	(8)
Fair value of financial instruments designated as hedges of debt	(15)	(14)
Impact of classification of assets as held for sale	(82)	41
Effect on cash of changes in exchange rates and other	(7)	7
Net debt at 31 December	**(1,461)**	**(1,367)**

(*) Data for 2018 restated for the full retrospective application of IFRS 16 (see note 1.1 to the consolidated financial statements).

5.3 LAGARDÈRE SCA CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2019

Consolidated income statement

(in millions of euros)		2019	2018(*)
Revenue	*(Notes 5 and 6)*	7,211	6,868
Other income from ordinary activities		84	83
Total income from ordinary activities		**7,295**	**6,951**
Purchases and changes in inventories		(2,697)	(2,509)
External charges		(1,847)	(1,869)
Payroll costs		(1,587)	(1,579)
Depreciation and amortisation other than on acquisition-related intangible assets		(180)	(155)
Depreciation of right-of-use assets	*(Note 18)*	(546)	(464)
Amortisation of acquisition-related intangible assets and other acquisition-related expenses		(88)	(72)
Restructuring costs	*(Note 8)*	(42)	(71)
Gains (losses) on:			
- Disposals of assets	*(Note 9)*	*133*	*205*
- Lease modifications	*(Note 18)*	*3*	*(4)*
- Fair value adjustments due to changes in control		*1*	*-*
Impairment losses on goodwill, property, plant and equipment and intangible assets	*(Note 10)*	(34)	(44)
Other operating expenses	*(Note 11)*	(83)	(35)
Other operating income	*(Note 12)*	77	94
Income from equity-accounted companies	*(Note 20)*	6	3
Profit before finance costs and tax	*(Note 5)*	**411**	**451**
Financial income	*(Note 13)*	10	14
Financial expenses	*(Note 13)*	(63)	(71)
Interest expense on lease liabilities	*(Note 18)*	(85)	(76)
Profit before tax		**273**	**318**
Income tax expense	*(Note 14)*	(55)	(124)
Profit from continuing operations		**218**	**194**
Profit (loss) from discontinued operations(**)		(207)	5
Profit for the year		**11**	**199**
Attributable to:			
Owners of the Parent		(15)	177
Minority interests		26	22
Earnings per share – Attributable to owners of the Parent:			
Basic earnings per share (in €)	*(Note 15)*	*(0.12)*	*1.36*
Diluted earnings per share (in €)	*(Note 15)*	*(0.12)*	*1.34*
Earnings per share from continuing operations – Attributable to owners of the Parent:			
Basic earnings per share (in €)	*(Note 15)*	*1.47*	*1.33*
Diluted earnings per share (in €)	*(Note 15)*	*1.46*	*1.32*

(*) Data for 2018 restated for the full retrospective application of IFRS 16 (see note 1.1) and for the reclassification of Lagardère Sports as a discontinued operation in accordance with IFRS 5 (see note 4.3).
(**) See note 4.3 for more details on the impact of IFRS 5 — Non-current Assets Held for Sale and Discontinued Operations.

Consolidated statement of comprehensive income

(in millions of euros)	2019	2018(*)
Profit for the year(*) (1)	**11**	**199**
Actuarial gains and losses on pensions and other post-employment benefit obligations	(19)	8
Tax relating to actuarial gains and losses on pensions and other post-employment benefit obligations	5	(2)
Change in fair value of investments in non-consolidated companies	-	(1)
Other comprehensive income (expense) for the year, net of tax, that will not be reclassified subsequently to profit or loss (2)	**(14)**	**5**
Currency translation adjustments	**54**	**41**
Change in fair value of derivative financial instruments:	**(30)**	**(13)**
- Unrealised gains and losses recognised directly in equity	*(31)*	*(14)*
- Amounts reclassified from equity to profit or loss	*1*	*1*
Share of other comprehensive income of equity-accounted companies, net of tax:	**1**	**1**
- Unrealised gains and losses recognised directly in equity	*-*	*-*
- Amounts reclassified from equity to profit or loss	*1*	*1*
Translation reserve	*1*	*1*
Valuation reserve	*-*	*-*
Tax relating to components of other comprehensive income (expense)	**5**	**3**
Other comprehensive income for the year, net of tax, that may be reclassified subsequently to profit or loss (3)	**30**	**32**
Other comprehensive income for the year, net of tax (2)+(3)	**16**	**37**
Total comprehensive income for the year (1)+(2)+(3)	**27**	**236**
Attributable to:		
Owners of the Parent	-	211
Minority interests	27	25

(*) Data for 2018 restated for the full retrospective application of IFRS 16 (see note 1.1).

Consolidated statement of cash flows

(in millions of euros)		2019	2018(*)
Profit from continuing operations		**218**	**194**
Income tax expense	*(Note 14)*	55	124
Finance costs, net	*(Note 13)*	138	133
Profit before finance costs and tax		**411**	**451**
Depreciation and amortisation expense		811	682
Impairment losses, provision expense and other non-cash items		14	26
(Gains) losses on disposals of assets		(137)	(201)
Dividends received from equity-accounted companies		6	5
(Income) loss from equity-accounted companies	*(Note 20)*	(6)	(3)
Changes in working capital(**)	*(Note 26)*	25	16
Cash flow from operating activities		**1,124**	**976**
Income taxes paid		(52)	(72)
Net cash from operating activities	*(A)*	**1,072**	**904**
Cash used in investing activities			
- Purchases of intangible assets and property, plant and equipment	*(Note 5)*	(215)	(215)
- Purchases of investments	*(Notes 4.2 and 5)*	(276)	(336)
- Cash acquired through acquisitions	*(Note 5)*	3	15
- Purchases of other non-current assets	*(Note 5)*	(14)	(18)
Total cash used in investing activities	*(B)*	**(502)**	**(554)**
Cash from investing activities			
Proceeds from disposals of non-current assets			
- Disposals of intangible assets and property, plant and equipment	*(Note 5)*	32	254
- Disposals of investments	*(Notes 4 and 5)*	339	113
- Cash transferred on disposals	*(Note 5)*	(32)	21
Decrease in other non-current assets	*(Note 5)*	9	8
Total cash from investing activities	*(C)*	**348**	**396**
Interest received	*(D)*	7	5
Net cash used in investing activities	*(F)=(B)+(C)+(D)*	**(147)**	**(153)**
Net cash from operating and investing activities	*(G)=(A) + (F)*	**925**	**751**
Capital transactions			
- Minority interests' share in capital increases by subsidiaries		5	1
- (Acquisitions) disposals of treasury shares		(31)	(4)
- (Acquisitions) disposals of minority interests		(2)	(3)
- Dividends paid to owners of the Parent(***)		(172)	(171)
- Dividends paid to minority shareholders of subsidiaries		(29)	(27)
Total capital transactions	*(H)*	**(229)**	**(204)**
Financing transactions			
- Increase in debt	*(Note 29.1)*	836	206
- Decrease in debt		(573)	2
Total movements in debt	*(I)*	**263**	**208**
Interest paid	*(J)*	(65)	(56)
Decrease in lease liabilities	*(Note 18) - (J)*	(518)	(443)
Interest paid on lease liabilities	*(Note 18) - (J)*	(77)	(76)
Net cash used in financing activities	*(K)=(H)+(I)+(J)*	**(626)**	**(571)**
Other movements			
- Effect on cash of changes in exchange rates		(5)	(4)
- Effect on cash of other movements		13	(33)
Total other movements	*(L)*	**8**	**(37)**
Net cash from (used in) discontinued operations(****)	*(M)*	(99)	40
Change in cash and cash equivalents	(N)=(G)+(K)+(L)+(M)	**208**	**183**
Cash and cash equivalents at beginning of year		**660**	**477**
Cash and cash equivalents at end of year	*(Note 26)*	**868**	**660**

(*) Data for 2018 restated for the full retrospective application of IFRS 16 (see note 1.1) and for the reclassification of Lagardère Sports as a discontinued operation in accordance with IFRS 5 (see note 4.3).
(**) Including changes in working capital relating to lease liabilities representing a negative €9 million, of which a negative €8 million in respect of concession agreements in 2019 (a negative €1 million and €1 million, respectively, in 2018).
(***) Including the portion of profit for the year paid to the General Partners.
(****) See note 4.3 for more details on the impact of discontinued operations (IFRS 5).

Consolidated balance sheet

ASSETS (in millions of euros)		31 Dec. 2019	31 Dec. 2018(*)	1 Jan. 2018(*)
Intangible assets	*(Note 17)*	1,135	1,196	1,058
Goodwill	*(Note 16)*	1,564	1,624	1,809
Right-of-use assets	*(Note 18)*	2,859	2,552	2,378
Property, plant and equipment	*(Note 19)*	811	794	724
Investments in equity-accounted companies	*(Note 20)*	73	70	121
Other non-current assets	*(Note 21)*	154	196	210
Deferred tax assets	*(Note 14)*	210	215	248
Total non-current assets		**6,806**	**6,647**	**6,548**
Inventories	*(Note 22)*	631	566	583
Trade receivables	*(Note 23)*	1,068	1,294	1,414
Other current assets	*(Note 24)*	717	872	934
Cash and cash equivalents	*(Note 26)*	913	710	546
Total current assets		**3,329**	**3,442**	**3,477**
Assets held for sale	*(Note 4.3)*	**994**	**701**	**6**
Total assets		**11,129**	**10,790**	**10,031**

(*) Data at 1 January 2018 and 31 December 2018 restated for the full retrospective application of IFRS 16 (see note 1.1).

Consolidated balance sheet

EQUITY AND LIABILITIES (in millions of euros)		31 Dec. 2019	31 Dec. 2018(*)	1 Jan. 2018(*)
Share capital		800	800	800
Reserves		737	737	699
Profit (loss) attributable to owners of the Parent		(15)	177	164
Equity attributable to owners of the Parent		**1,522**	**1,714**	**1,663**
Minority interests	*(Note 27)*	150	154	137
Total equity		**1,672**	**1,868**	**1,800**
Provisions for pensions and other post-employment benefit obligations	*(Note 28)*	106	135	163
Non-current provisions for contingencies and losses	*(Note 28)*	156	190	220
Non-current debt	*(Note 29)*	1,842	1,020	1,555
Non-current lease liabilities	*(Note 18)*	2,527	2,283	2,115
Other non-current liabilities	*(Note 32)*	51	237	120
Deferred tax liabilities	*(Note 14)*	278	244	231
Total non-current liabilities		**4,960**	**4,109**	**4,404**
Current provisions for contingencies and losses	*(Note 28)*	138	146	147
Current debt	*(Note 29)*	532	1,065	370
Current lease liabilities	*(Note 18)*	570	458	431
Trade payables		1,249	1,188	1,364
Other current liabilities	*(Note 32)*	1,215	1,541	1,515
Total current liabilities		**3,704**	**4,398**	**3,827**
Liabilities associated with assets held for sale	*(Note 4.3)*	**793**	**415**	**-**
Total equity and liabilities		**11,129**	**10,790**	**10,031**

(*) Data at 1 January 2018 and 31 December 2018 restated for the full retrospective application of IFRS 16 (see note 1.1).

Consolidated statement of changes in equity

(in millions of euros)	Share capital	Share premiums	Other reserves	Treasury shares	Translation reserve	Valuation reserve	Equity attributable to owners of the Parent	Minority interests	Total equity
At 31 December 2017	**800**	**34**	**1,122**	**(92)**	**(82)**	**3**	**1,785**	**139**	**1,924**
Impact of first-time application of IFRS 9[c]	-	-	(8)	-	-	-	**(8)**	-	**(8)**
Impact of first-time application of IFRS 16[c]	-	-	(117)	-	3	-	**(114)**	(2)	**(116)**
At 1 January 2018	**800**	**34**	**997**	**(92)**	**(79)**	**3**	**1,663**	**137**	**1,800**
Profit for the year	-	-	177	-	-	-	**177**	22	**199**
Other comprehensive income (expense) for the year[a]	-	-	6	-	38	(10)	**34**	3	**37**
Total comprehensive income (expense) for the year	**-**	**-**	**183**	**-**	**38**	**(10)**	**211**	**25**	**236**
Dividends paid	-	-	(170)	-	-	-	**(170)**	(28)	**(198)**
Parent company capital increase/reduction[b]	-	(11)	(4)	15	-	-	**-**	-	**-**
Minority interests' share in capital increases	-	-	-	-	-	-	**-**	1	**1**
Changes in treasury shares	-	-	-	(4)	-	-	**(4)**	-	**(4)**
Share-based payments	-	-	13	-	-	-	**13**	-	**13**
Effect of transactions with minority interests	-	-	4	-	-	-	**4**	(4)	**-**
Changes in scope of consolidation and other	-	-	(1)	-	(2)	-	**(3)**	23	**20**
At 31 December 2018	**800**	**23**	**1,022**	**(81)**	**(43)**	**(7)**	**1,714**	**154**	**1,868**
Profit for the year	-	-	(15)	-	-	-	**(15)**	26	**11**
Other comprehensive income (expense) for the year[a]	-	-	(14)	-	54	(25)	**15**	1	**16**
Total comprehensive income (expense) for the year	**-**	**-**	**(29)**	**-**	**54**	**(25)**	**-**	**27**	**27**
Dividends paid	-	-	(172)	-	-	-	**(172)**	(29)	**(201)**
Parent company capital increase/reduction[b]	-	(14)	(1)	15	-	-	**-**	-	**-**
Minority interests' share in capital increases	-	-	-	-	-	-	**-**	5	**5**
Changes in treasury shares	-	-	-	(31)	-	-	**(31)**	-	**(31)**
Share-based payments	-	-	7	-	-	-	**7**	-	**7**
Effect of transactions with minority interests	-	-	(1)	-	-	-	**(1)**	-	**(1)**
Changes in scope of consolidation and other	-	-	10	-	-	(5)	**5**	(7)	**(2)**
At 31 December 2019	**800**	**9**	**836**	**(97)**	**11**	**(37)**	**1,522**	**150**	**1,672**

(a) See note 27 to the consolidated financial statements.
(b) Capital increase carried out by capitalising reserves and capital reduction carried out by cancelling treasury shares.
(c) Data at 1 January 2018 restated for the full retrospective application of IFRS 16 and for the application of IFRS 9.

Total gains and losses recognised in equity in respect of groups of assets (disposal groups) held for sale at 31 December 2019 represented a net loss of €23 million, including €5 million in translation losses, €17 million in actuarial losses on provisions for pensions and other post-employment benefit obligations and a negative €1 million impact resulting from the fair value hedging reserve (see note 4.3).

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

(All figures are expressed in millions of euros unless otherwise specified)

NOTE 1 ACCOUNTING POLICIES

In application of European Commission Regulation (EC) 1606/2002 of 19 July 2002, the consolidated financial statements of the Lagardère group have been prepared in accordance with the International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board (IASB).

All IFRS standards and interpretations of the IFRS Interpretation Committee (IFRS-IC) endorsed by the European Union at 31 December 2019 have been applied. They can be viewed on the European Commission website at:

http://ec.europa.eu/finance/company-reporting/ifrs-financial-statements/index_en.htm.

The new standards and/or amendments to IFRSs adopted by the European Union that are effective for periods beginning on or after 1 January 2019, are as follows:

- IFRS 16 – Leases, which the Group has elected to apply using the full retrospective approach. The IFRS 16 transition approach and the impacts of applying the new standard are described in note 1.1.
- IFRIC 23 – Uncertainty over Income Tax Treatments, which clarifies the provisions of IAS 12 – dealing with the recognition and measurement of income taxes – when there is uncertainty over income tax treatments. IFRIC 23 is applied as of 1 January 2019 and provisions for tax contingencies were therefore reclassified at that date as tax payables within other current liabilities in an amount of €19 million.
- Amendment to IAS 28 – Long-term Interests in Associates and Joint Ventures.
- Amendment to IAS 19 – Plan Amendment, Curtailment or Settlement.
- Annual Improvements to IFRSs (2015–2017 Cycle).

The application of IFRS 16 results in a change in accounting principles and valuation methods, described in note 3 to the consolidated financial statements.

The other standards and amendments endorsed by the European Union that are effective for periods beginning on or after 1 January 2019 do not have a material impact on the consolidated financial statements.

In addition, the Group did not elect to early adopt the following new amendments which had been endorsed by the European Union at 31 December 2019 but which will only be effective subsequent to 2019:

- Amendments to IAS 1 and IAS 8 – Definition of Material.
- Amendments to the IFRS Conceptual Framework.

The new standards and amendments to existing standards published by the IASB at 31 December 2019 which have not yet been endorsed by the European Union and which will be effective subsequent to 2019 are as follows:

- Amendment to IFRS 3 – Definition of a Business.

The Group is currently analysing the potential impact on its consolidated financial statements of applying the above amendments.

The consolidated financial statements were approved for issue by the Managing Partners on 27 February 2020 and are subject to the approval of the General Meeting of Shareholders on 5 May 2020.

Measurement principles

The financial statements have been prepared using the historical cost method, except for certain financial assets and liabilities which have been measured at fair value where applicable under IFRS.

Use of estimates and judgements

The preparation of financial statements requires the use of estimates and assumptions to determine the value of assets and liabilities and contingent amounts at the year-end, as well as the value of income and expenses for the year.

As part of the Group's strategic refocusing around two divisions, initiated in 2018 and continued in 2019, gains and losses on disposals of the assets of the former Lagardère Active division and impairment losses recognised when measuring groups of assets classified as assets and held for sale and associated liabilities (including Lagardère Studios and Lagardère Sports) take account of estimates, especially those relating to the final sale price as determined in light of earn-out clauses and vendor warranties for which provisions have been accrued.

Management reviews these estimates and assumptions at regular intervals, based on past experience and various other factors considered as reasonable, which form the basis of its assessment of the carrying amount of assets and liabilities. Actual amounts may differ from these estimates due to changes in assumptions or circumstances.

The accounting principles and valuation methods applied by the Group are described in full in note 3.

1.1 FIRST-TIME APPLICATION OF IFRS 16

IFRS 16 is effective from 1 January 2019 and supersedes IAS 17 and the related interpretations. The Group elected to use the full retrospective approach for its transition to the new standard at 1 January 2019. Each comparative period presented has therefore been restated in accordance with IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors.

As indicated in note 3.9, IFRS 16 eliminates the distinction between finance leases and operating leases. As a result, all lease contracts give rise to the recognition of a lease liability in the lessee's balance sheet, representing the present value of lease payment commitments, notably including fixed lease payments and guaranteed minimum payments for Travel Retail. This lease liability is recognised against a right-of-use asset corresponding to the item under lease (retail premises, office buildings, etc.).

In the income statement, only the fixed rental expense, which includes at least the guaranteed minimum payments under concession agreements, is cancelled and replaced by straight-line depreciation and a decreasing interest expense. The resulting impact on profit is negative at the commencement of the lease and positive at the end of the lease. The cumulative impact over the lease term is zero in the income statement.

In the consolidated statement of cash flows, the fixed portion of lease payments, previously included in cash flow from operating activities, is presented as a decrease in lease liabilities and the associated interest expense within net cash from (used in) financing activities. The variable portion of lease payments continues to be recorded in cash flow from operating activities. IFRS 16 has no impact on the change in net cash and cash equivalents.

Revised definition of alternative performance indicators used by the Group

The application of IFRS 16 would automatically result in an increase in recurring operating profit of fully consolidated companies and free cash flow.

Specifically, in the Travel Retail business, rental payments made to concession grantors are either variable, fixed, or variable with a minimum guaranteed amount. Applying IFRS 16 to these contracts distorts the understanding of the division's performance – since it only applies to the fixed portion of rental payments and therefore the readability of the financial statements in monitoring operations.

To ensure that the indicator remains relevant and reflects the economic substance of concession agreements, the Group has decided to neutralise the impact of IFRS 16 on recurring operating profit of fully consolidated companies as regards concession agreements only. Fixed rental expense representing the payment of lease liabilities (principal and interest) and the change in working capital related to lease liabilities is added back, while depreciation of the corresponding right-of-use asset is cancelled (see the revised definition in note 3.2). Adjusted profit attributable to owners of the Parent has been restated in the same manner.

The Group's other leased assets are virtually all held under operating leases. Lease liabilities for these contracts and for concession agreements differ from bank or bond debt and will not therefore be included in the calculation of net debt.

Consequently, payments made to decrease the lease liability will be considered within operating and not financial items when calculating free cash flow.

The alternative performance indicators used by the Group need to remain in line with the business model and dynamic to enable the Group's performance to be monitored and managed for the purposes of internal and financial reporting. The Group has therefore maintained its current indicators but has revised their definition in order to neutralise the pure accounting effects of IFRS 16, particularly in its Travel Retail business.

Note 3.2 sets out the revised definitions of the Group's alternative performance indicators.

1 2 3 4 5 6 7 8

Impact on the restated 2018 financial statements

The impacts of the first-time application of IFRS 16 in the period are shown below:

Impact on the 2018 income statement

(in millions of euros)	2018 reported	Application of IFRS 16	Discontinued operations(*)	2018 restated
Revenue	7,258	-	(390)	6,868
Other income from ordinary activities	83	-	-	83
Total income from ordinary activities	**7,341**	**-**	**(390)**	**6,951**
Purchases and changes in inventories	(2,507)	-	(2)	(2,509)
External charges	(2,584)	534	181	(1,869)
Payroll costs	(1,716)	-	137	(1,579)
Depreciation and amortisation other than on acquisition-related intangible assets	(202)	2	45	(155)
Depreciation of right-of-use assets	-	(475)	11	(464)
Amortisation of acquisition-related intangible assets and other acquisition-related expenses	(75)	-	3	(72)
Restructuring costs	(79)	-	8	(71)
Gains (losses) on:				
- Disposals of assets	*205*	-	-	*205*
- Lease modifications	-	*(4)*	-	*(4)*
- Fair value adjustments due to changes in control	-	-	-	-
Impairment losses on goodwill, property, plant and equipment and intangible assets	(47)	-	3	(44)
Other operating expenses	(27)	-	(8)	(35)
Other operating income	96	-	(2)	94
Income (loss) from equity-accounted companies	4	(1)	-	3
Profit (loss) before finance costs and tax	**409**	**56**	**(14)**	**451**
Financial income	20	-	(6)	14
Financial expenses	(79)	-	8	(71)
Interest expense on lease liabilities	-	(77)	1	(76)
Profit (loss) before tax	**350**	**(21)**	**(11)**	**318**
Income tax expense	(134)	4	6	(124)
Profit (loss) from continuing operations	**216**	**(17)**	**(5)**	**194**
Profit from discontinued operations	-	-	5	5
Profit for the year	**216**	**(17)**	**-**	**199**
Attributable to:				
Owners of the Parent	194	(17)	-	177
Minority interests	22	-	-	22

(*) Data for 2018 relating to Lagardère Sports was reclassified within discontinued operations in accordance with IFRS 5 (see note 4.3).

The €56 million increase in profit before finance costs and tax for full-year 2018 includes €40 million relating to concession agreements and €16 million relating to buildings and other leases. Interest expense on lease liabilities amounts to €77 million, including €58 million relating to concession agreements and €19 million relating to buildings and other leases.

Recurring operating profit of fully consolidated companies increased by €16 million in 2018.

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Impact on the balance sheet at 1 January 2018

ASSETS (in millions of euros)	31 Dec. 2017 reported	Application of IFRS 9	Application of IFRS 16	1 Jan. 2018 restated
Intangible assets	1,058	-	-	1,058
Goodwill	1,809	-	-	1,809
Right-of-use assets	-	-	2,378	2,378
Property, plant and equipment	733	-	(9)	724
Investments in equity-accounted companies	123	-	(2)	121
Other non-current assets	219	(9)	-	210
Deferred tax assets	206	3	39	248
Total non-current assets	**4,148**	**(6)**	**2,406**	**6,548**
Inventories	583	-	-	583
Trade receivables	1,418	(2)	(2)	1,414
Other current assets	943	-	(9)	934
Cash and cash equivalents	546	-	-	546
Total current assets	**3,490**	**(2)**	**(11)**	**3,477**
Assets held for sale	**6**	**-**	**-**	**6**
Total assets	**7,644**	**(8)**	**2,395**	**10,031**

EQUITY AND LIABILITIES (in millions of euros)	31 Dec. 2017 reported	Application of IFRS 9	Application of IFRS 16	1 Jan. 2018 restated
Share capital	800	-	-	800
Reserves	809	(8)	(102)	699
Profit attributable to owners of the Parent	176	-	(12)	164
Equity attributable to owners of the Parent	**1,785**	**(8)**	**(114)**	**1,663**
Minority interests	139	-	(2)	137
Total equity	**1,924**	**(8)**	**(116)**	**1,800**
Provisions for pensions and other post-employment benefit obligations	163	-	-	163
Non-current provisions for contingencies and losses	220	-	-	220
Non-current debt	1,560	-	(5)	1,555
Non-current lease liabilities	-	-	2,115	2,115
Other non-current liabilities	120	-	-	120
Deferred tax liabilities	234	-	(3)	231
Total non-current liabilities	**2,297**	**-**	**2,107**	**4,404**
Current provisions for contingencies and losses	147	-	-	147
Current debt	375	-	(5)	370
Current lease liabilities	-	-	431	431
Trade payables	1,386	-	(22)	1,364
Other current liabilities	1,515	-	-	1,515
Total current liabilities	**3,423**	**-**	**404**	**3,827**
Liabilities associated with assets held for sale	**-**	**-**	**-**	**-**
Total equity and liabilities	**7,644**	**(8)**	**2,395**	**10,031**

Impact on the balance sheet at 31 December 2018

	31 Dec. 2018 reported	Application of IFRS 16	31 Dec. 2018 restated
Intangible assets	1,196	-	1,196
Goodwill	1,624	-	1,624
Right-of-use assets	-	2,552	2,552
Property, plant and equipment	800	(6)	794
Investments in equity-accounted companies	73	(3)	70
Other non-current assets	196	-	196
Deferred tax assets	176	39	215
Total non-current assets	**4,065**	**2,582**	**6,647**
Inventories	566	-	566
Trade receivables	1,296	(2)	1,294
Other current assets	883	(11)	872
Cash and cash equivalents	710	-	710
Total current assets	**3,455**	**(13)**	**3,442**
Assets held for sale	**699**	**2**	**701**
Total assets	**8,219**	**2,571**	**10,790**

	31 Dec. 2018 reported	Application of IFRS 16	31 Dec. 2018 restated
Share capital	800	-	800
Reserves	851	(114)	737
Profit attributable to owners of the Parent	194	(17)	177
Equity attributable to owners of the Parent	**1,845**	**(131)**	**1,714**
Minority interests	156	(2)	154
Total equity	**2,001**	**(133)**	**1,868**
Provisions for pensions and other post-employment benefit obligations	135	-	135
Non-current provisions for contingencies and losses	190	-	190
Non-current debt	1,024	(4)	1,020
Non-current lease liabilities	-	2,283	2,283
Other non-current liabilities	237	-	237
Deferred tax liabilities	248	(4)	244
Total non-current liabilities	**1,834**	**2,275**	**4,109**
Current provisions for contingencies and losses	146	-	146
Current debt	1,069	(4)	1,065
Current lease liabilities	-	458	458
Trade payables	1,215	(27)	1,188
Other current liabilities	1,541	-	1,541
Total current liabilities	**3,971**	**427**	**4,398**
Liabilities associated with assets held for sale	**413**	**2**	**415**
Total equity and liabilities	**8,219**	**2,571**	**10,790**

Impact on the consolidated statement of cash flows for 2018

(in millions of euros)	2018 reported	Application of IFRS 16	Discontinued operations(*)	2018 restated
Profit for the year	**216**	**(17)**	**(5)**	**194**
Income tax expense	134	(4)	(6)	124
Finance costs, net	59	77	(3)	133
Profit before finance costs and tax	**409**	**56**	**(14)**	**451**
Depreciation and amortisation expense	268	473	(59)	682
(Gains) losses on disposals of assets	(205)	4	-	(201)
(Income) loss from equity-accounted companies	(4)	1	-	(3)
Changes in working capital	55	(4)	(35)	16
Other cash flows related to operating activities	37	-	(6)	31
Cash flow from operating activities	**560**	**530**	**(114)**	**976**
Income taxes paid	(77)	-	5	(72)
Net cash from operating activities	**483**	**530**	**(109)**	**904**
Net cash used in investing activities	**(204)**	**-**	**51**	**(153)**
Net cash from operating and investing activities	**279**	**530**	**(58)**	**751**
Net cash used in financing activities	**(59)**	**(530)**	**18**	**(571)**
Total other movements	**(37)**	**-**	**-**	**(37)**
Net cash from (used in) discontinued operations	-	-	40	40
Change in cash and cash equivalents	183	-	-	183
Cash and cash equivalents at beginning of year	**477**	**-**	**-**	**477**
Cash and cash equivalents at end of year	**660**	**-**	**-**	**660**

(*) Data for 2018 relating to Lagardère Sports was reclassified within discontinued operations in accordance with IFRS 5 (see note 4.3).

NOTE 2 SCOPE AND METHODS OF CONSOLIDATION

2.1 SCOPE OF CONSOLIDATION

The consolidated financial statements include the financial statements of the parent company as well as those of entities controlled by the parent company (subsidiaries), jointly-controlled entities (joint ventures) and entities in which the Group exercises significant influence over their management and financial policy decisions (associates). The Group does not have any unconsolidated structured entities.

In accordance with IFRS 10, subsidiaries are all controlled entities. Control results from the following three elements, regardless of the ownership interest held in an entity: (i) the power to direct the entity's key activities (operating and financial activities), (ii) exposure, or rights, to variable returns from the involvement with the entity, and (iii) the ability to use power over the entity to affect the amount of returns from the investment in the entity. For the purpose of assessing power, only substantive rights and rights that are not protective are considered. Substantive rights, such as those conferred in shareholder agreements, are rights that are exercisable when decisions about the direction of key activities need to be made.

A joint venture is an arrangement over which the Group and another party, or parties, have contractually agreed joint control and have rights to the assets, and obligations for the liabilities, relating to the arrangement. Decisions concerning the key activities of a joint venture are submitted to a unanimous vote of Lagardère and its joint venturers.

Associates are entities over which the Group exercises significant influence, i.e., when it has the power to participate in financial and operating decisions but does not have control or joint control. Significant influence is presumed to exist when the Group holds, directly or indirectly, 20% or more of the entity's capital.

2.2 CONSOLIDATION METHODS

The consolidation methods used are as follows:

- **Full consolidation** – All subsidiaries controlled by Lagardère are fully consolidated. The full consolidation method consists of combining the financial statements line by line and recognising minority interests in the net assets of each subsidiary on a separate line in equity and on separate lines in the income statement and comprehensive statement of income. Any changes in Lagardère's ownership interest in a subsidiary that does not result in a loss of control is recognised directly in equity (see note 3.7).

- **Equity method** – Joint ventures and associates are accounted for using the equity method. Under this method, the investment is initially recognised at cost and is adjusted thereafter for the post-acquisition change in the Group's share of the entity's net assets. If the Group's share of losses of an equity-accounted entity equals or exceeds its interest in that entity, its interest is reduced to zero. After the Group's interest has been reduced to zero, additional losses are provided for only to the extent that the Group has incurred legal or constructive obligations in relation to such losses.

A list of consolidated companies is provided in note 39 to the consolidated financial statements.

2.3 CLOSING DATES

The financial statements of all consolidated subsidiaries were closed at 31 December.

2.4 TRANSLATION OF FINANCIAL STATEMENTS OF FOREIGN SUBSIDIARIES

The financial statements of foreign subsidiaries are translated into euros as follows:

- balance sheet items are translated using official year-end exchange rates;

- income statement items are translated using average exchange rates for the year.

The resulting exchange differences are recognised as a separate component of equity, under "Translation reserve".

Goodwill and fair value adjustments arising on the acquisition of foreign subsidiaries are considered as assets and liabilities of the subsidiary concerned. They are therefore measured in the subsidiary's functional currency and translated at the year-end exchange rate. When a foreign subsidiary is sold, cumulative exchange differences recognised in equity are reclassified to profit or loss.

2.5 INTRA-GROUP BALANCES AND TRANSACTIONS

Intra-group balances and transactions are eliminated on consolidation. Impairment losses deducted from the carrying amount of investments in and receivables from consolidated companies are cancelled by adjusting equity, and movements for the year are neutralised in the income statement.

NOTE 3 ACCOUNTING PRINCIPLES AND VALUATION METHODS

3.1 REVENUE

Revenue includes sales of products and services resulting from contracts with customers and is recognised whenever control of the promised goods or services is transferred to the customer in an amount that reflects the consideration to which the entity expects to be entitled for those goods or services.

Revenue recognition methods vary depending on the division, as summarised below:

Lagardère Publishing: revenue corresponds mainly to sales of goods and circulation of publications. Sales are shown net of rebates, distribution commissions and the right of return, where applicable. When an entity acts solely as agent, sales represent the net margin.

When a right of return is granted to distributors for unsold items, estimates of the amount of returns are recognised as a refund liability within other current liabilities for the portion relating to the decrease in revenue, or as a refund asset within inventories and other current assets, respectively for the portions relating to inventories and advances paid to authors. The refund liability recognised as a deduction from revenue is estimated on the basis of forecast sales during the year and of historical data regarding returns. This estimate is calculated on a statistical basis using the actual rate of returns for the previous year, adjusted for fluctuations in sales volumes and changes in the operating environment during the current year.

Lagardère Travel Retail: revenue mainly comprises retail sales in travel areas and concessions in the Travel Essentials, Duty Free & Fashion and Foodservice segments, as well as retail sales in convenience stores. Revenue is recognised at the point in time of the retail sale. For certain goods and services (sales of prepaid telephone cards, press distribution, etc.), the entity acts as agent and recognises the net commission received as revenue.

Other Activities and disposals pending completion at Lagardère Active: revenue mainly comprises the sale of advertising space, magazine circulation and television broadcasting, audiovisual broadcasting rights, and income from licences and digital services. For all of these activities, revenue corresponds to advertising receipts, sales of editions, subscriptions, content (audiovisual broadcasting rights) and digital services. Revenue is recognised at the time adverts are broadcast, editions are published, and broadcast rights are opened. Revenue from licences for the Press business is recognised when the sale is completed by the licence holder during the period covered by the contract. For certain businesses – for example, the Advertising Sales Brokerage and audiovisual catalogue Distribution activities – Lagardère Active acts as an agent and revenue corresponds solely to the commission received.

Lagardère Sports (discontinued operation): revenue corresponds to the sale of marketing rights management, event production and operations, venue consulting and operations, content production and media rights management, as well as athlete management and brand consulting. Revenue is recognised based on the occurrence of an event. For contracts where the service is performed continuously over time, the corresponding revenue is recognised on a straight-line basis over the term of the lease. Where the Group is considered to be acting as an agent, revenue corresponds solely to the commission received. For multi-year contracts, revenue is allocated on a per-event basis by reference to the weighting defined by the division when the contract was signed (principally based on the financial weighting of each event) and in line with forecasts of revenue expected over the term of the lease.

3.2 PERFORMANCE MEASURES USED BY THE GROUP

Lagardère uses alternative performance measures which serve as key measures of the Group's operating and financial performance. These indicators are tracked by the Executive Committee in order to assess performance and manage the business, as well as by investors in order to monitor the Group's operating performance, along with the financial metrics defined by the IASB. These indicators are calculated based on elements taken from the consolidated financial statements prepared under IFRS and a reconciliation with those accounting items is provided either in this financial report or in any other documents in which they are presented.

Recurring operating profit of fully consolidated companies

The Group's main performance measure is recurring operating profit of fully consolidated companies, which is calculated as follows:

Profit before finance costs and tax

Excluding:

- Gains (losses) on disposals of assets
- Impairment losses on goodwill, property, plant and equipment, intangible assets and investments in equity-accounted companies
- Net restructuring costs
- Items related to business combinations:
  - acquisition-related expenses
  - gains and losses resulting from purchase price adjustments and fair value adjustments due to changes in control
  - amortisation of acquisition-related intangible assets
- Items related to leases and to finance lease sub-letting arrangements
  - excluding gains and losses on lease modifications
  - excluding depreciation of right-of-use assets under concession agreements
  - including decreases in lease liabilities under concession agreements
  - including interest paid on lease liabilities under concession agreements
  - including changes in working capital relating to lease liabilities under concession agreements
- Specific major disputes unrelated to the Group's operating performance

= Recurring operating profit

Less:

- Income from equity-accounted companies before impairment losses

= Recurring operating profit of fully consolidated companies

In the Travel Retail business, fees (rent) paid to concession grantors are either variable, fixed, or variable with a minimum guaranteed amount. Applying IFRS 16 to these contracts distorts the understanding of the division's performance – since it only applies to the fixed portion of rental payments – and therefore the readability of the financial statements in monitoring operations. To ensure that the indicator remains relevant and reflects the economic substance of concession agreements, the Group has decided to neutralise the impact of IFRS 16 on recurring operating profit of fully consolidated companies as regards concession agreements only.

Profit before finance costs and tax includes amortisation of certain intangible assets with finite useful lives which resulted from allocation of the acquisition price of business combinations. The Group neutralises the effects of these items when calculating recurring operating profit and recurring operating profit of fully consolidated companies, so that book amortisation with no effect on cash generated by the businesses acquired is eliminated from the measurement of performance.

The application from 1 January 2010 of the revised versions of IFRS 3 and IAS 27 on business combinations resulted in the recognition in the income statement of the following items that were previously charged to goodwill: acquisition-related expenses and changes in liabilities corresponding to earn-out clauses when such changes occur more than 12 months after the acquisition date. These items are excluded from the calculation of recurring operating profit.

The reconciliation of recurring operating profit of fully consolidated companies to profit before finance costs and tax for 2019 and 2018 is presented in note 5.

Like-for-like revenue

Like-for-like revenue is used by the Group to analyse revenue trends excluding the impact of changes in the scope of consolidation and exchange rates.

The like-for-like change in revenue is calculated by comparing:

- revenue for the year adjusted for companies consolidated for the first time during the year and revenue for the previous year adjusted for consolidated companies divested during the year;
- revenue for the previous year and revenue for the current year adjusted on the basis of

exchange rates applicable in the previous year.

The scope of consolidation comprises all fully consolidated entities. Additions to the scope of consolidation correspond to business combinations (acquired investments and businesses), and deconsolidations correspond to entities over which the Group has ceased to exercise control (full or partial disposals of investments and businesses, such that the entities concerned are no longer included in the Group's financial statements using the full consolidation method).

Like-for-like revenue is set out in note 6.

Free cash flow

Free cash flow is calculated as the sum of cash flow from operating activities, income taxes paid, the decrease in lease liabilities and the related interest paid, plus net cash flow relating to acquisitions and disposals of property, plant and equipment and intangible assets.

The reconciliation between cash flow from operating activities and free cash flow is set out in note 5.

Lease liabilities differ from bank or bond debt and will not therefore be included in the calculation of net debt. Consequently, payments made to decrease the lease liability will be considered within operating and not financial items when calculating free cash flow.

Net debt

Net debt is calculated as the sum of the following items:

- Short-term investments and cash and cash equivalents
- Financial instruments designated as hedges of debt
- Non-current debt
- Current debt

= Net debt

As indicated in note 3.9, IFRS 16 eliminates the distinction between finance leases and operating leases. Accordingly, liabilities under finance leases are now excluded from debt and included within lease liabilities.

The reconciliation between balance sheet items and net debt is set out in note 29.

3.3 TRANSLATION OF FOREIGN CURRENCY TRANSACTIONS

In the balance sheet, foreign currency receivables and payables are translated into euros at the year-end exchange rate. The resulting exchange differences are recognised in profit or loss, except for those related to long-term financing of the Group's net investment in foreign operations, which are recognised directly in equity.

3.4 SHARE-BASED PAYMENTS

Free shares have been awarded to certain executives and employees of the Group. In accordance with IFRS 2 – Share Based Payment, an expense is recognised in payroll costs representing the benefit granted to beneficiaries as of the grant date, and a matching entry is recognised directly in equity. The fair value of the share-based payment is calculated using a Black & Scholes type model for free share grants, taking into account the plan's features (exercise price and period) and market factors at the grant date (risk-free interest rate, share price, volatility, projected dividends).

This expense is recorded over the vesting period and may be adjusted during that period if beneficiaries leave the Group or if options or share grants are forfeited. It is not adjusted to reflect subsequent movements in the share price.

3.5 FINANCIAL INCOME AND EXPENSES

These items correspond to interest expenses on borrowings and income from the investment of available cash. They also include gains and losses on derivative instruments related to borrowings, short-term investments, and cash and cash equivalents. Note 3.9 sets out interest expenses on lease liabilities.

3.6 DEFERRED TAXES

Deferred taxes are recognised for temporary differences between the carrying amount of assets and liabilities and their tax base. In accordance with the liability method, they are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Adjustments to deferred taxes for changes in tax rates are recognised in profit for the year in which the change is announced. In accordance with IAS 12 – Income Taxes, deferred tax assets and liabilities are not discounted.

At the level of each tax entity (company or tax group), deferred tax assets arising from deductible temporary differences, tax credits and tax loss carryforwards are recognised only to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses or unused tax credits can be utilised. As a general rule, the amount of deferred tax assets recognised by tax entities that have tax loss carryforwards is capped at the equivalent of the estimated amount of taxes payable for the next three years, as determined based on the earnings forecasts contained in the budgets drawn up at the end of the year.

For investments in equity-accounted companies, when the difference between the carrying amount of the investment and the tax base corresponds to the associate's or joint venture's cumulative undistributed profits from the acquisition date, the related deferred tax is calculated at the tax rate that will be paid by the Group when the profits are distributed.

Temporary differences relating to right-of-use assets and to lease liabilities give rise to the recognition of deferred tax (see note 3.9).

Deferred taxes are recognised as income or an expense and included in profit or loss for the year, except to the extent that they arise from a transaction which is recognised directly in equity, in which case they are credited or charged to equity.

3.7 BUSINESS COMBINATIONS AND GOODWILL

Business combinations are accounted for in accordance with IFRS 3, which has been effective since 1 January 2010, and IFRS 10, which has superseded the part of IAS 27 that addresses the accounting for consolidated financial statements, effective from 1 January 2014.

Goodwill generally corresponds to the excess of the cost of an acquisition over the acquisition-date fair value of the acquirer's interest in the net identifiable assets acquired and liabilities assumed. This is defined as the "partial goodwill" method, as minority interests are measured based on their share in the assets and liabilities of the acquired entity.

Minority interests may also be measured at fair value, which results in the recognition of goodwill on minority interests as well as goodwill on the portion acquired by the majority shareholder. This is known as the "full goodwill" method. In accordance with IFRS 3, the Group can opt to use either the partial or full goodwill method on a transaction by transaction basis for each business combination.

If the acquirer's interest in the net fair value of the identifiable assets and liabilities exceeds the price paid for the business combination, the excess is recognised immediately in profit or loss.

Where there is a change in ownership interest in a subsidiary that does not result in loss of control, the transaction is accounted for as an equity transaction with owners, leading to a new allocation of equity between owners of the parent and minority interests. Consequently the goodwill initially recognised when the Group took control of the subsidiary is not remeasured and the difference between the price paid/consideration received for the new transaction and the change in minority interests is recognised directly in equity.

Where a change in ownership interest results in a loss or gain of control of an entity, the Group's interest in the entity concerned prior to the disposal/acquisition is remeasured at fair value and the resulting gain or loss on the disposal/acquisition is recognised in profit or loss.

Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Acquisition-related expenses are recognised in the income statement in the year in which they are incurred. Any adjustments to the purchase price of a business combination – including earn-out payments – occurring more than 12 months after the acquisition date are recorded in profit or loss.

Goodwill is not amortised but is tested for impairment at each year-end or whenever there is an indication that its value may be impaired. The method used to test goodwill for impairment is described in note 3.12 below.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the disposal gain or loss.

Goodwill related to equity-accounted companies is included in the carrying amount of the investment.

3.8 INTANGIBLE ASSETS

Intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses. They are amortised over their probable useful life. Intangible assets with an indefinite useful life are not amortised but are tested regularly for impairment in the same way as goodwill (see note 3.12 below).

No development costs are incurred in the Group's operating activities that meet the capitalisation criteria under IFRS.

3.9 LEASES

IFRS 16 eliminates the distinction between finance leases and operating leases. As a result, a lease liability is recognised in the lessee's balance sheet, representing the present value of lease payment commitments including fixed lease payments and guaranteed minimum payments for Travel Retail. This lease liability is recognised against a right-of-use asset corresponding to the items under lease (retail premises, office buildings, etc.).

The Group's main leases correspond to concession agreements in transport hubs and hospitals, and to a lesser extent building leases. Vehicles and equipment account for only a small part of leased assets.

The Group has decided not to restate contracts with an initial term of less than 12 months and leases with a low-value underlying asset.

The Group sub-lets retail premises and office space under operating leases in which it acts as lessor. The associated income from sub-letting such premises continues to be included within other operating income.

In certain cases, sub-letting arrangements cover substantially all of the risks and rewards of the principal lease, and are recognised as finance leases. Right-of-use assets relating to the principal lease are derecognised and a financial receivable booked.

Special terms of concession agreements in the Travel Retail business

In the course of its ordinary business operations, Lagardère Travel Retail enters into concession agreements with concession grantors (airports, railway stations, hospitals, etc.). These agreements grant the concession operator access to certain passenger flows and to the resulting revenue, against the payment of fees (rent) in respect of the leased retail premises and the right to use those premises. These fees are either variable, fixed, or variable with a guaranteed minimum payment. They can be renegotiated with the concession grantor in the event of changes in the economic terms and conditions of the contract or in applicable regulations.

The formulae used to calculate these variable payments are generally based on a percentage of revenue earned by product category and/or on trends in passenger flows and/or on changes in various external indices including inflation.

Guaranteed minimum payments may be fixed by the concession agreement and/or calculated based on a minimum percentage of fees paid in the previous year and may include a minimum amount. In this case, the fees are considered as fixed payments in substance, as despite having a variable component, they are unavoidable.

Measurement of the right-of-use asset and the lease liability

The lease liability and the right-of-use asset are equal at the start of the lease, and adjusted where applicable for:

- prepayments, which are recognised as an increase in the right-of-use asset;
- incentives granted by lessors, which are recognised as a deduction from the right-of-use asset;
- initial direct costs incurred to obtain the contract, which are recognised as an increase in the right-of-use asset;
- penalties due in respect of early termination or non-renewal options, if these options are reasonably certain to be exercised, which are recognised as an increase in the lease liability.

The right-of-use asset is then depreciated on a straight-line basis until the date the contract is reasonably certain to expire. Where ownership of the leased asset is transferred at the end of the lease, or where the lessee has a purchase option, the depreciation period represents the useful life of the underlying asset.

The lease liability is measured and recognised at amortised cost using the effective interest rate method.

Temporary differences relating to the right-of-use asset and to the lease liability give rise to the recognition of deferred tax.

The date on which lease contracts are reasonably certain to expire, used to **calculate the term** of the lease, is determined by local management for each individual lease, and is reviewed at the end of each reporting period. In December 2019, IFRS-IC published an agenda decision regarding:

- the enforceable period of renewable leases and cancellable leases where either party can give notice to terminate; and
- the relationship between the useful life of any related non-removable leasehold improvements and the lease term determined applying IFRS 16.

The Group is currently analysing the potential consequences of this decision.

For concession agreements, which account for the bulk of the Group's leases, the term is fixed by the concession grantor. The concession operator (lessee) does not generally have the ability to extend the term of the concession. Similarly, most concessions are extended through a tender process.

The **discount rates** used, calculated at the start of each lease term, reflect the lessee's incremental borrowing rate. Discount rates applied to euro-denominated leases are determined based on the yield curve for EUR swaps plus the financing component. Discount rates applied to foreign currency leases are determined based on the yield curve for the currency concerned, plus the financing component in the same currency. The rate applied for each lease takes into account the lease payment profile.

Lease modifications and remeasurements

In the event of a reduction in the lease term or in the surface area leased, the right-of-use asset and lease liability are reduced accordingly in line with the percentage decrease, with the offsetting entry posted to gains and losses on lease modifications in the income statement. The residual lease liability is then adjusted against the right-of-use asset, after discounting the asset at the discount rate revised as of the date of the modification.

Increases in the lease term or in the surface area leased do not generate gains or losses on lease modifications, but lead to the remeasurement of the lease liability using a discount rate revised as of the date of the modification, recognised against an adjustment to the right-of-use asset.

Changes in the amount of the lease stipulated in the lease contract that do not involve modification of the leased surface area or lease term, will lead to a remeasurement of the lease liability with no revision of the discount rate, recognised against an adjustment to the right-of-use asset.

Presentation in the income statement and in the statement of cash flows

In the income statement, the depreciation charged against right-of-use assets, gains and losses on any lease modifications, and interest expense on lease liabilities are shown on separate lines. The variable portion of lease payments, along with rental expenses under leases with a term of less than 12 months or with a low-value underlying asset, continue to be recorded in the income statement within external charges. When premises are sub-let by the Group, the variable lease payments are recognised in "Other operating expenses", while the income from sub-letting arrangements is included in "Other operating income".

The resulting impact on profit is negative at the commencement of the lease and positive at the end of the lease. The cumulative impact on the lease term is zero in the income statement.

In the consolidated statement of cash flows, the fixed portion of lease payments, previously included in cash flow from operating activities, is presented as a decrease in the lease liability and associated interest expense within net cash flow from financing activities. The variable portion of lease payments continues to be recorded in cash flow from operating activities. IFRS 16 has no impact on the change in net cash and cash equivalents.

3.10 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are measured using the historical cost method. The Group did not elect to apply the option available under IFRS 1 – First-Time Adoption of International Financial Reporting Standards to measure items of property, plant and equipment at their fair value at the IFRS transition date (1 January 2004). Furthermore, as the Group's assets do not qualify for capitalisation of borrowing costs under IAS 23 (revised) which applies to assets requiring a long period of preparation before they can be used or sold, borrowing costs are directly charged to the income statement.

Depreciation is calculated by the straight-line method over the estimated useful lives of the assets. The ranges of useful lives applied to the main categories of property, plant and equipment are as follows:

Buildings	6 to 50
Machinery and equipment	3 to 20
Other equipment, furniture, fixtures and fittings	2 to 10 years

The depreciable amount corresponds to the cost of the asset less any residual value at the end of its useful life. With the exception of the Group's registered office building, property, plant and equipment are generally considered as having no residual value.

3.11 INVENTORIES

Inventories are stated at the lower of cost and net realisable value. The carrying amount of inventories does not include any borrowing costs as they do not meet the requirements for capitalisation under IAS 23 (revised) (see note 3.10).

3.12 IMPAIRMENT TESTS

The Group reviews the carrying amount of property, plant and equipment and intangible assets at least once a year at the reporting date to determine whether there is any indication that their value may be impaired. One such indication is evidence that an asset's economic performance is or will be worse than expected. If such an indication exists, the recoverable amount of the asset is estimated and compared with its carrying amount. The recoverable amount of goodwill and intangible assets with an indefinite useful life is estimated at the end of each reporting period, irrespective of whether there is any indication of impairment. When the recoverable amount of an asset is less than its carrying amount, an impairment loss is recognised in the income statement. Impairment losses recognised on goodwill are irreversible.

If it is not possible or pertinent to estimate the recoverable amount of an individual asset, the estimate is performed at the level of the cash-generating unit to which the asset belongs.

Recoverable amount corresponds to the higher of:

- value in use calculated using the discounted cash flows method, applied to the individual asset or to the cash-generating unit to which the asset belongs;
- fair value less costs to sell calculated using the market comparables method or a method based on the price of recent transactions involving similar assets.

Cash flow projections are based on the most recent business plans and forecasts, generally covering a period of three years. Cash flow projections beyond that period are estimated using a growth rate that reflects the average long-term growth rate observed in the industry. This process involves the use of key assumptions and judgements to determine trends in the markets in which the Group operates, and actual future cash flows may differ from the estimates used to calculate value in use.

The discount rates used are post-tax rates determined separately for each business, applied to post-tax cash flows.

3.13 CONTRACT ASSETS AND LIABILITIES

Estimating the amount of revenue earned in a given reporting period results in a time lag between the date the services are rendered and the date the company has the right to receive payment from the customer. This difference results in the recognition of contract assets.

Conversely, payments received from customers before all or part of the corresponding services have been provided give rise to contract liabilities.

3.14 FINANCIAL ASSETS

Investments in non-consolidated companies

Investments in non-consolidated companies are carried at fair value through profit or loss, except for certain equity instruments which may be carried at fair value through other comprehensive income, where at the first-time application date for IFRS 9 the Group has made an irrevocable election to do so on initial recognition. In this case, changes in fair value carried in other comprehensive income are not reclassified to profit or loss even when the related instruments are sold (only dividend income is included in profit or loss).

Since shares in venture capital funds (FCPR) do not meet the criteria for classification at fair value through other comprehensive income that may not subsequently be reclassified, they are carried at fair value through profit or loss.

Loans and receivables

Non-current loans and receivables are measured at amortised cost, calculated using the effective interest method. Upon initial recognition, impairment is systematically recognised to the extent of any credit losses expected to result from events that could occur in the next 12 months. If there has been a significant deterioration in the counterparty's credit quality, the initial impairment loss is increased to cover the full amount of expected losses over the remaining term of the receivable.

Trade receivables and operating receivables are carried at amortised cost and are impaired based on the IFRS 9 simplified model. Impairment amounts are determined differently for each business:

- Individual impairment assessed on a case-by-case basis taking into account (i) the counterparty's risk profile; (ii) historical probabilities of default; (iii) probabilities of default supplied by rating agencies; (iv) any credit insurance; and (v) estimated losses for receivables in respect of which a credit event has been identified.
- Collective impairment assessed on a statistical basis (primarily in Lagardère Publishing) using an impairment matrix based on an aged receivables analysis and expected losses.

Cash and cash equivalents

Cash and cash equivalents include:

- cash and demand deposits;
- deposits and loans with maturities of less than three months;
- marketable securities, such as money market funds, that are not exposed to a significant risk of changes in value and are readily convertible into known amounts of cash. These are recognised at fair value through profit or loss.

Shares, bonds, deposits and loans with maturities of more than three months are excluded from cash and cash equivalents and reported in the balance sheet as investments.

3.15 FINANCIAL LIABILITIES

Financial liabilities comprise borrowings, trade payables and other liabilities. They are measured at amortised cost using the effective interest method.

Specific measurement rules apply to financial liabilities hedged by derivative instruments. These rules are described below in note 3.16.

3.16 PUT OPTIONS GRANTED TO MINORITY SHAREHOLDERS

In its operating activities, the Group has granted put options to the minority shareholders of certain fully consolidated subsidiaries for the sale of their investments on defined terms. For some of these options, the exercise price was not fixed at the outset, and will be determined based on independent valuations.

In compliance with IAS 32, the put options are recognised in debt at their estimated present value.

In the income statement, consolidated profit for the year is presented on two separate lines: profit attributable to owners of the Parent and profit attributable to minority interests, based on the legal rights effectively held.

For put options granted prior to 1 January 2010 – the effective date of IFRS 3 (revised) relating to business combinations – any change in the estimated amount of the debt is recognised as an adjustment to goodwill. For put options granted after 1 January 2010, changes in the value of the debt are recorded in equity.

3.17 DERIVATIVE FINANCIAL INSTRUMENTS

The Group uses derivative financial instruments to hedge currency and interest rate risks. These instruments are initially recognised in "Other current assets" or "Other current liabilities" at fair value, which generally corresponds to their acquisition price. They are marked to market at the end of each reporting period and the corresponding fair value remeasurement gains or losses are recognised in the income statement.

However, certain derivative instruments are classified as fair value hedges (mainly of currency and interest rate risks on debt) or cash flow hedges (on future sales and purchases).

These instruments qualify for hedge accounting if the following conditions are met:

- at the inception of the hedge there is formal designation and documentation of the hedging relationship;
- the hedge is expected to be highly effective and its effectiveness can be reliably measured from its inception.

The accounting impacts of applying hedge accounting are described below.

Fair value hedges

Derivative instruments and hedged items are measured at fair value. Changes in the fair value of the derivative instrument and the hedged item are recognised in profit or loss on a symmetrical basis. When the hedge is effective, the change in the fair value of the hedged item offsets an opposite change in the fair value of the hedging instrument.

Cash flow hedges

Derivative instruments used as cash flow hedges are measured at fair value and no specific accounting treatment is applied to the hedged items. The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised directly in equity and the ineffective portion is recognised in profit or loss.

The cumulative gains and losses recognised in equity are reclassified into profit or loss when the hedged transaction takes place.

Net investment hedges

The Group hedges exchange gains and losses generated by certain net investments in foreign operations. The corresponding hedging instruments are measured at fair value. The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised directly in equity and the ineffective portion is recognised in profit or loss.

Cumulative gains and losses recognised in equity are reclassified into profit or loss when the net investment is sold.

3.18 TREASURY SHARES

Lagardère SCA shares held by the Company or other Group entities are deducted from consolidated equity. When treasury shares are sold outside the Group, the after-tax gain or loss is also recognised directly in equity.

3.19 PROVISIONS FOR PENSIONS AND OTHER POST-EMPLOYMENT BENEFIT OBLIGATIONS

The Group recognises provisions to cover the present value of its obligations for benefits payable to employees at the time of their retirement and after retirement, when the plans concerned qualify as defined benefit plans. For defined contribution plans, the Group's obligation consists solely of payment of premiums or contributions to external organisations, and these premiums and contributions are charged to expenses as incurred.

The defined benefit plans to which the Group subscribes are principally pension plans outside France, while in France they cover end-of-career bonuses paid to employees upon their retirement.

The present value of obligations is calculated by the projected unit credit method, under which each period of service gives rise to an additional unit of benefit entitlement.

The method takes into account inputs such as:

- expected salary increases;
- employee turnover;

- mortality rates;
- a financial discount rate.

These calculations are performed in full at least every three years, and updated annually, unless a more in-depth review is required due to exceptional events such as substantial amendments to the terms of the plan, or to the categories of employees covered.

Gains and losses resulting from changes in actuarial assumptions are charged or credited to equity in the period in which they arise. The same applies to the difference between the expected return on plan assets – which is recognised in the income statement using the discount rate applied for calculating the obligations – and the actual return on these assets.

3.20 OTHER PROVISIONS

A provision is recognised when (i) the Group has a present obligation as a result of a past event, (ii) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and (iii) a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision corresponds to the best estimate of the expenditure required to settle the present obligation at the balance sheet date.

Provisions for expected contract losses are recognised when firm commitments given – notably guaranteed minimum payments – are higher than the profit that the contract is expected to generate.

Restructuring provisions are recorded when the Group has a detailed formal plan and has announced details of the plan to the persons concerned.

3.21 ASSETS HELD FOR SALE, ASSOCIATED LIABILITIES AND DISCONTINUED OPERATIONS

An asset or group of assets and directly associated liabilities is considered to be held for sale when its carrying amount will be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the asset must be available for immediate sale and its sale must be highly probable. When assessing whether a sale is highly probable the Group takes into account, on a case-by-case basis, the applicable decision-making and authorisation process, whether the price proposed is reasonable and acceptable, the prevailing market conditions and any legal, regulatory or employee-related restrictions.

Such assets or groups of assets and associated liabilities are stated at the lower of their carrying amount and estimated sale price, less costs to sell, and are no longer amortised. Assets held for sale and the associated liabilities are respectively presented on specific lines in the consolidated balance sheet.

When the disposal group held for sale represents a reportable segment or is part of a coordinated plan to sell a reportable segment, it is accounted for as a discontinued operation, with the associated profit or loss and each category of cash flows shown on separate lines of the income statement and statement of comprehensive income.

NOTE 4 MAIN CHANGES IN THE SCOPE OF CONSOLIDATION

4.1 2019

The main changes in the scope of consolidation in 2019 were as follows:

Lagardère Publishing

- Acquisition by Hachette Livre in February 2019 of Gigamic, a French board game publisher.
- Acquisition by Octopus Publishing in May 2019 of Short Books, a reputed health and nutrition book publisher.

Lagardère Travel Retail

- Acquisition by Lagardère Travel Retail SAS on 19 September 2019 of the International Duty Free (IDF) group, Belgium's leading Travel Retail operator also present in Luxembourg and Kenya. IDF was consolidated in the Group's financial statements as from October 2019.
- Acquisition in June 2019 of Autogrill Czech in the Czech Republic. Autogrill Czech specialises in foodservice operations in stations and shopping centres.

Lagardère Sports (discontinued operation)

- Disposal in March 2019 of the 60% interest in SIIS Développement, a network of sports facilities.
- On 14 December 2019, the Lagardère group received an offer from H.I.G. Capital for a 75% stake in Lagardère Sports. The planned disposal values Lagardère Sports at approximately €110 million. In accordance with IFRS 5, the corresponding disposal group was classified as held for sale in the balance sheet at 31 December 2019 and as a discontinued operation in the 2019 income statement (see note 4.3).

Assets sold and pending disposal at Lagardère Active

- Disposal on 31 January 2019 of the Boursier.com website and its financial markets information and publishing activities, previously held by Lagardère Active subsidiary Newsweb, to the Les Échos-Le Parisien group.
- Disposal on 7 February 2019 of the 20% interest held by LARI in Jacaranda FM Proprietary Limited, owner of Jacaranda FM, South Africa's number 1 private radio station, to the Kagiso Media group. Mediamark, the Group's associated advertising sales brokerage partner, was sold on 28 February 2019.
- Disposal on 14 February 2019 of the following magazine publishing assets in France to Czech Media Invest: *Elle* and its various extensions, *Version Femina*, *Art & Décoration*, *Télé 7 Jours* and its various extensions, *France Dimanche*, *Ici Paris* and *Public*.
- Disposal on 28 February 2019 of Billetreduc.com to the Fnac-Darty group.
- Disposal on 28 February 2019 of Plurimedia to Media Press Group.
- Disposal on 17 July 2019 of Mezzo to the Les Echos-Le Parisien and Canal+ groups.
- Disposal on 2 September 2019 of the television business (excluding Mezzo) to the M6 group. The business includes Gulli and its international extensions, Canal J, TiJi, Elle Girl TV, MCM, MCM Top, RFM TV, and the related advertising sales brokerages.
- Disposal on 1 October 2019 of Disney Hachette Presse.
- Disposal on 31 December 2019 of Carson Prod to Franck Saurat Productions.

4.2 BUSINESS COMBINATIONS

The impact of the business combinations carried out in 2019 on the consolidated financial statements was as follows:

	Provisional purchase price allocation for 2019 business combinations	Final purchase price allocation for 2018 business combinations	Total
Purchase price (A)	**280**	**(3)**	**277**
Allocation to identifiable assets and liabilities			
Non-current assets	237	18	255
Inventories, trade receivables and other assets	46	(4)	42
Cash and cash equivalents	5	-	5
Trade payables and other liabilities	(39)	(1)	(40)
Net debt	(23)	-	(23)
Leases: right-of-use assets	340	-	340
Leases: lease liabilities	(340)	-	(340)
Deferred taxes, net	(42)	9	(33)
Minority interests as a proportion of the net assets acquired	-	6	6
Total identifiable assets and liabilities (B)	**184**	**28**	**212**
Goodwill (euro equivalent at the acquisition date) (A-B)	**96**	**(31)**	**65**
Translation adjustments	-	3	3
Provisional goodwill (euro equivalent at year-end)	**96**	**(28)**	**68**

The impacts shown above result mainly from the acquisition of the International Duty Free (IDF) group in 2019 and from the finalisation of the purchase price accounting for the Hojeij Branded Foods (HBF) group acquired in 2018. The impact of these two acquisitions is described in the relevant sections below. Other impacts result from acquisitions not material to the Group taken individually. These include Gigamic and Short Books (Lagardère Publishing) and Autogrill Czech (Lagardère Travel Retail).

The table below shows a reconciliation between the price paid for business combinations and the amount recorded under "Purchases of investments" in the consolidated statement of cash flows:

(in millions of euros)	2019
Price paid for business combinations in 2019	**(278)**
Earn-out for prior-period acquisitions	**2**
Purchases of investments recorded under investing activities in the statement of cash flows	**(276)**

International Duty Free (IDF)

On 19 September 2019, Lagardère Travel Retail SAS closed the acquisition of the entire share capital of International Duty Free SA, the holding company for the International Duty Free group ("IDF") for a total cash consideration of around €228 million (including an enterprise value of €250 million). Further to this acquisition, the Group holds seven fully consolidated entities and two equity-accounted entities. IDF is Belgium' leading Travel Retail operator also present in Luxembourg and Kenya.

The preliminary allocation of the purchase price led to the recognition of €85 million in provisional goodwill, chiefly reflecting IDF's operational and sales expertise, and the capacity of the new group to develop in the future. This goodwill was allocated to the Belgium CGU, which was created in the wake of the acquisition.

The purchase price for IDF was allocated to the identifiable assets and liabilities based on a preliminary estimate of fair values, as shown below:

(in millions of euros)	International Duty Free (IDF)
Purchase price (A)	**228**
Provisional allocation of identifiable assets and liabilities	
Non-current assets(*)	199
Inventories, trade receivables and other assets	36
Cash and cash equivalents	-
Trade payables and other liabilities	(33)
Net debt	(19)
Leases: right-of-use assets	340
Leases: lease liabilities	(340)
Deferred taxes, net	(40)
Total identifiable assets and liabilities (B)	**143**
Goodwill (A-B)	**85**

(*) Including €178 million in intangible assets, of which €177 million in respect of concession agreements.

Acquisition-related costs amounting to approximately €0.5 million which were not included in the purchase price were taken to profit for the year under "Amortisation of acquisition-related intangible assets and other acquisition-related expenses".

The acquisition of IDF was initially recognised on a provisional basis at 31 December 2019. The final tax accounting for the assets acquired and liabilities assumed will be completed during 2020.

The net cash outflow in connection with the acquisition of IDF was approximately €228 million, breaking down as follows:

(in millions of euros)	International Duty Free (IDF)
Purchase price	**(228)**
Cash and cash equivalents acquired	**0**
Net cash outflow related to the acquisition	**(228)**

For three months of operations, IDF revenue and net attributable income included in the consolidated financial statements respectively total €58 million and €1 million (including amortisation charged against intangible assets for €4 million).

Had this combination taken place on 1 January 2019, consolidated revenue would have been €135 million higher (i.e., full-year revenue of €193 million in 2019 for IDF).

Hojeij Branded Foods (HBF)

	Provisional opening balance sheet at 31 Dec. 2018	Opening balance sheet adjustments	Final opening balance sheet at 31 Dec. 2019
Purchase price (A)	**311**	**(3)**	**308**
Allocation to identifiable assets and liabilities			
Non-current assets(*)	202	18	220
Inventories, trade receivables and other assets	6	-	6
Cash and cash equivalents	14	-	14
Trade payables and other liabilities	(24)	-	(24)
Net debt	-	-	-
Deferred taxes, net	(16)	9	(7)
Minority interests as a proportion of the net assets acquired(**)	(23)	6	(17)
Total identifiable assets and liabilities (B)	**159**	**33**	**192**
Goodwill (euro equivalent at the acquisition date) (A-B)	**152**	**(36)**	**116**
Translation adjustments	(1)	3	2
Provisional goodwill (euro equivalent at year-end)	**151**	**(33)**	**118**

(*) Including €165 million in intangible assets, of which €120 million in respect of concession agreements (euro-equivalent amount at the acquisition date).
(**) There are minority shareholders with varying percentage interests in most Hojeij Branded Foods subsidiaries.

As explained in note 4.2 to the 2018 consolidated financial statements, on 19 November 2018 HDS Retail North America LLC closed the acquisition of the entire share capital of North Haven HBF Holdings LLC, the Hojeij Branded Foods (HBF) holding company, for a total cash consideration of approximately USD 352 million (representing USD 330 million in enterprise value), or around €308 million. Further to this acquisition, the Group holds 45 fully consolidated entities and three equity-accounted entities in which, in accordance with US legislation (Airport Concessions Disadvantaged Business Enterprises [ACDBE] Program), minority partners are integrated into the capital.

Based in Atlanta in the United States, HBF is a leading Foodservice operator in the Travel Retail segment in North America.

At 31 December 2019, the final allocation of the purchase price led to the recognition of €118 million (euro-equivalent amount at that date) in goodwill, based on an independent valuation of the assets acquired. Intangible assets consisted of €121 million corresponding to concession agreements and €45 million relating to trademarks (euro-equivalent amounts at 31 December 2019). Concession agreements are amortised on a straight-line basis over the term of the agreements. The amortisation expense in 2019 was €14 million.

Goodwill chiefly reflects the value of the expected synergies between Lagardère Travel Retail's existing businesses in North America and HBF, and the capacity of the combination to develop in the future. Goodwill was allocated to the North America CGU, which also includes goodwill and other intangible assets resulting from the 2015 Paradies acquisition.

4.3 ASSETS HELD FOR SALE, ASSOCIATED LIABILITIES AND DISCONTINUED OPERATIONS

At 31 December 2019:

- The Lagardère Active assets that were not sold (*Le Journal du Dimanche* and *Paris Match* magazine titles, the Elle brand licence, and the Europe 1, Virgin Radio and RFM radio stations, were classified within "Other Activities". The disposal of Audiovisual Production assets is pending completion and the assets and liabilities therefore continue to be classified as held for sale in the balance sheet.
- Streamlining measures were carried out at Lagardère Sports and Entertainment in order to carve out the scope to be sold. For this purpose, entities allocated to the Live Entertainment and Lagardère Paris Racing CGU were reclassified within Other Activities. Lagardère Sports now represents a separate operating segment for which a coordinated disposal plan exists following the purchase offer received on 16 December 2019. Accordingly, and pursuant to IFRS 5, Lagardère Sports was classified as a discontinued operation at 31 December 2019. Net-of-tax earnings for this business in 2019 are therefore shown on a separate line of the consolidated income statement, and all cash flows (relating to operating, investing and financing activities) were classified within "Net cash from (used in) discontinued operations" in the consolidated statement of cash flows. In accordance with IFRS 5, data for 2018 has been restated for the purposes of comparability. The related assets and liabilities were classified within assets held for sale and associated liabilities at 31 December 2019.

4.3.1 ASSETS HELD FOR SALE AND ASSOCIATED LIABILITIES AT LAGARDÈRE ACTIVE

As part of its strategic refocusing around two priority pillars (Lagardère Publishing and Lagardère Travel Retail) announced in spring 2018, Lagardère Active has restructured to transform its business into several standalone units. As from the end of 2018, the new structure of Lagardère Active includes five business units (News, Press, TV, Audiovisual Production & Distribution, and Pure Players & B2B).

Overall goodwill was allocated to each business unit based on the percentage of discounted cash flows they represent.

The News unit, which includes Radio operations in France (Europe 1, Virgin Radio and RFM), *Paris Match*, *Le Journal du Dimanche*, advertising sales brokerage and the management of Elle brand licences, has been included within Other Activities.

The other units were sold in 2019 with the exception of Audiovisual Production, for which the Group is in exclusive talks with a potential buyer. These assets continue to be classified as assets held for sale and associated liabilities, unchanged from 31 December 2018.

4.3.2 LAGARDÈRE SPORTS (DISCONTINUED OPERATION)

On 14 December 2019, the Lagardère group received an offer from H.I.G. Capital for a 75.1% stake in Lagardère Sports. Pursuant to this transaction, all of the shares of Lagardère Sports and Entertainment SAS and Lagardère Sports Inc. would be sold, with the Group retaining a 24.9% interest in the new holding company created with the buyer.

The planned transaction values Lagardère Sports at around €110 million, not including the future value creation potential of the 24.9% stake in the holding company controlled by H.I.G., or any potential gains relating to the contract with the Confederation of African Football (CAF).

The estimated disposal price notably includes: (i) €22.5 million receivable in cash on the closing of the transaction; (ii) €64 million in the form of a vendor loan reimbursable in line with cash receipts from the Asian Football Confederation (AFC); and (iii) €35 million in the form of a vendor loan reimbursable on 31 December 2025 (or earlier, in the event of a change of control).

In addition, cash deconsolidated at the anticipated closing date is estimated to be €66 million.

The planned transaction is targeted to close before the end of the first quarter of 2020 and is subject to clearance from the competition authorities.

4.3.3 MEASUREMENT

Since the carrying amount of **Lagardère Sports** assets and associated liabilities exceeded their estimated sale value less associated costs, a write-down of €234 million was recognised at 31 December 2019. This reflects the unilateral termination of the contract with the Confederation of African Football. This write-down was taken against goodwill allocated to the Sports CGU for €145 million and against intangible assets allocated to the Sports CGU for €89 million (see note 10). There is no residual goodwill.

The estimated sale value less associated costs of **Audiovisual Production** assets is less than the net carrying amount of the assets held for sale and associated liabilities. Accordingly, a write-down of €22 million was taken against goodwill allocated to the Audiovisual Production CGUs, which had a residual value of €72 million at 31 December 2019.

4.3.4 IMPACT ON THE CONSOLIDATED FINANCIAL STATEMENTS

Net-of-tax earnings for Lagardère Sports in 2019 are shown on a separate line of the consolidated income statement, and all related cash flows (relating to operating, investing and financing activities) were classified within “Net cash from (used in) discontinued operations” in the consolidated statement of cash flows. In accordance with IFRS 5, data for 2018 has been restated for the purposes of comparability. The related assets and liabilities were classified within assets held for sale and associated liabilities at 31 December 2019.

At 31 December 2019, the Audiovisual Production business continued to be classified within assets held for sale and associated liabilities.

The table below provides a breakdown by balance sheet line:

ASSETS (in millions of euros)	Lagardère Sports (discontinued operation)	Audiovisual Production	Total
Intangible assets	85	10	**95**
o/w value prior to classification within assets held for sale	*174*	*10*	***184***
o/w 2019 write-down resulting from classification	*(89)*	*-*	***(89)***
Goodwill	-	72	**72**
o/w value prior to classification within assets held for sale	*145*	*94*	***239***
o/w 2019 write-down resulting from classification	*(145)*	*(22)*	***(167)***
Right-of-use assets	35	-	**35**
Property, plant and equipment	9	5	**14**
Other non-current assets	84	1	**84**
Deferred tax assets	23	6	**29**
Total non-current assets	**236**	**94**	**329**
Inventories	1	24	**25**
Trade receivables	303	110	**413**
Other current assets	105	21	**126**
Cash and cash equivalents	95	6	**101**
Total current assets	**504**	**161**	**665**
Total assets held for sale	**739**	**255**	**994**

EQUITY AND LIABILITIES (in millions of euros)	Lagardère Sports (discontinued operation)	Audiovisual Production	Total
Provisions for pensions and other post-employment benefit obligations	34	2	**36**
Non-current provisions for contingencies and losses	4	1	**5**
Non-current debt	-	10	**10**
Non-current lease liabilities	29	-	**29**
Other non-current liabilities	140	-	**140**
Deferred tax liabilities	8	3	**11**
Total non-current liabilities	**215**	**16**	**231**
Current provisions for contingencies and losses	8	6	**14**
Current debt	1	12	**13**
Current lease liabilities	11	-	**11**
Trade payables	108	63	**171**
Other current liabilities	288	66	**354**
Total current liabilities	**416**	**147**	**563**
Total liabilities associated with assets held for sale	**631**	**163**	**793**
2019 revenue	**470**	**218**	**688**
2019 recurring operating profit	**64**	**15**	**79**

Magazine Publishing titles in France, digital businesses (including Boursier.com, Plurimedia and BilletReduc), international radio operations and TV channels were sold in 2019 (see note 9).

Total gains and losses recognised in equity in respect of groups of assets held for sale at 31 December 2019 represented a net loss of €23 million, including €5 million in translation losses at Lagardère Sports to be subsequently reclassified to profit or loss, €17 million in actuarial losses on provisions for pensions and other post-employment benefit obligations, essentially at Lagardère Sports, and a negative €1 million impact resulting from the fair value hedging reserve.

A breakdown by income statement line of the reclassification of Lagardère Sports as a discontinued operation in accordance with IFRS 5 is as follows:

(in millions of euros)	**2019**	**2018(*)**
Revenue	470	390
Other income from ordinary activities	-	-
Total income from ordinary activities	**470**	**390**
Purchases and changes in inventories	-	2
External charges	(191)	(181)
Payroll costs	(145)	(137)
Depreciation and amortisation other than on acquisition-related intangible assets	(60)	(45)
Depreciation of right-of-use assets	(11)	(11)
Amortisation of acquisition-related intangible assets and other acquisition-related expenses	(7)	(3)
Restructuring costs	(20)	(8)
Impairment losses on goodwill, property, plant and equipment and intangible assets	(234)	(3)
Other operating expenses	(1)	8
Other operating income	-	2
Income (loss) from equity-accounted companies	-	-
Profit (loss) before finance costs and tax	**(199)**	**14**
Financial income	4	6
Financial expenses	(5)	(8)
Interest expense on lease liabilities	(1)	(1)
Profit (loss) before tax	**(201)**	**11**
Income tax expense	(6)	(6)
Profit (loss) from discontinued operations	**(207)**	**5**
Profit (loss) from discontinued operations – Attributable to owners of the Parent (in millions of euros)	*(206)*	*5*
Basic earnings per share (in €)	*(1.59)*	*0.03*
Diluted earnings per share (in €)	*(1.57)*	*0.03*

(*) Data restated for the full retrospective application of IFRS 16 (see note 1.1).

A breakdown by cash flow statement line of the reclassification of Lagardère Sports as a discontinued operation in accordance with IFRS 5 is as follows:

(in millions of euros)	2019	2018(*)
Net cash from operating activities	49	109
Net cash used in investing activities	(40)	(51)
Net cash used in financing activities	(12)	(18)
Total other movements	(1)	-
Net cash inflows (outflows)	**(4)**	**40**
Cash and cash equivalents and intra-group cash flows at beginning of year	(95)	-
Net cash from (used in) discontinued operations	**(99)**	**40**

(*) Data restated for the full retrospective application of IFRS 16 (see note 1.1).

The following assets and associated liabilities were held for sale at 31 December 2018:

ASSETS (in millions of euros)	Magazine Publishing France titles	TV Channels	Digital	International Radio	Audiovisual Production	Total at 31 Dec. 2018
Non-current assets	95	103	22	7	120	**347**
Current assets	129	67	8	1	149	**354**
Total assets held for sale	**224**	**170**	**30**	**8**	**269**	**701**

EQUITY AND LIABILITIES (in millions of euros)	Magazine Publishing France titles	TV Channels	Digital	International Radio	Audiovisual Production	Total at 31 Dec. 2018
Total non-current liabilities	28	7	1	-	27	**63**
Total current liabilities	157	49	14	-	132	**352**
Total liabilities associated with assets held for sale	**185**	**56**	**15**	**-**	**159**	**415**
2018 revenue	239	99	22	1	215	**576**
2018 recurring operating profit	22	23	3	1	19	**68**

(*) Data restated for the full retrospective application of IFRS 16 (see note 1.1).

4.4 2018

The main changes in the scope of consolidation in 2018 were as follows:

Lagardère Publishing

- Full consolidation over 12 months in 2018 of the publishing business of Jessica Kingsley Publishers, Books, which specialises in humanities and social sciences and was acquired by Hachette UK in November 2017.
- Full consolidation by Hachette UK over 12 months in 2018 of Summersdale, an illustrated book publisher acquired in November 2017.

Lagardère Travel Retail

- Acquisition on 19 November 2018 by HDS Retail North America of the Hojeij Branded Foods (HBF) group, a leading Foodservice operator on the Travel Retail market in North America. HBF was consolidated in the Group's financial statements as from December 2018.

Lagardère Active

- Full consolidation over a nine-month period in 2018 of Skyhigh TV, the leading independent production company in the Netherlands, further to the acquisition of 52% of the share capital in March 2018.
- Disposal by the Lagardère group of its equity-accounted 42% stake in the Marie Claire group in June 2018.
- Sale in July 2018 of the 73% stake in MonDocteur, fully consolidated up to June 2018.
- Sale by Lagardère Active Radio International of radio operations in the Czech Republic, Poland, Slovakia and Romania to Czech Media Invest in July 2018. These operations were fully consolidated up to June 2018.
- Sale in October 2018 of Doctissimo, fully consolidated up to September 2018.

NOTE 5 SEGMENT INFORMATION

Under the impetus of Arnaud Lagardère, General and Managing Partner, the Group launched a strategic refocusing around two priority divisions, Lagardère Publishing and Lagardère Travel Retail. The Group restructured in 2019 in the wake of the successive disposals of Lagardère Active and Lagardère Sports assets.

Its internal reporting is now based on a **target business scope**, comprising:

- **Lagardère Publishing**: Books, E-books, Mobile Games and Board Games.
- **Lagardère Travel Retail**: Travel Essentials, Duty Free & Fashion, and Foodservice.

The target scope also includes "**Other Activities**", which groups together Lagardère News (*Paris Match* and *Le Journal du Dimanche* magazine titles, Europe 1, RFM and Virgin Radio stations, and the Elle brand licence), Lagardère Live Entertainment, Lagardère Paris Racing, and the Group Corporate function. The Corporate function is used primarily to report the effect of financing obtained by the Group and the net operating costs of Group holding companies.

Assets sold or disposals pending completion relating to the former Lagardère Active division and **Lagardère Sports** are being monitored separately until the date of their effective sale.

The data presented by division were calculated using the same accounting rules and methods as those used in the consolidated financial statements and described in the accompanying notes. The data include key alternative performance measures.

Transactions between business divisions are generally carried out on arm's length terms.

Comparative information presented for 2018 has been restated to reflect changes in the Group's internal reporting. As Lagardère Active was only reorganised into standalone business units in late 2018, the earnings and cash of Lagardère News, along with assets sold and disposals pending completion, were allocated based on management data.

Comparative information takes into account the reallocation of goodwill in 2019.

5.1 SEGMENT INFORMATION

2019 income statement

	Lagardère Publishing	Lagardère Travel Retail	Other Activities	Total target scope	Assets sold and disposals pending completion at Lagardère Active	Total	*Lagardère Sports*
Revenue	2,395	4,264	288	6,947	275	7,222	*470*
Inter-segment revenue	(11)	-	-	(11)	-	(11)	-
Consolidated revenue	**2,384**	**4,264**	**288**	**6,936**	**275**	**7,211**	***470***
Other income from ordinary activities	6	31	38	75	9	84	-
Total income from ordinary activities	**2,390**	**4,295**	**326**	**7,011**	**284**	**7,295**	***470***
Recurring operating profit (loss) of fully consolidated companies	**220**	**152**	**(11)**	**361**	**17**	**378**	***64***
Income (loss) from equity-accounted companies before impairment losses	1	4	1	6	-	6	-
Recurring operating profit (loss)	**221**	**156**	**(10)**	**367**	**17**	**384**	***64***
Restructuring costs	(12)	(14)	(15)	(41)	(1)	(42)	*(20)*
Gains (losses) on disposals	-	2	142	144	(7)	137	-
Disposals of assets	-	*(1)*	*142*	*141*	*(8)*	*133*	-
Gains and losses on lease modifications under concession agreements	-	*3*	-	*3*	-	*3*	-
Fair value adjustments due to change in control	-	-	-	-	*1*	*1*	-
Impairment losses(*)	-	(6)	(2)	(8)	(26)	(34)	*(234)*
Fully consolidated companies	-	*(6)*	*(2)*	*(8)*	*(26)*	*(34)*	*(234)*
Amortisation of acquisition-related intangible assets	(6)	(79)	-	(85)	-	(85)	*(1)*
Expenses related to acquisitions and disposals	(1)	(2)	-	(3)	(1)	(4)	*(6)*
Purchase price adjustment	(1)	(1)	-	(2)	-	(2)	*(2)*
Impact of IFRS 16 on concession agreements	-	57	-	57	-	57	-
Depreciation of right-of-use assets	-	*(475)*	-	*(475)*	-	*(475)*	-
Decrease in lease liabilities	-	*460*	-	*460*	-	*460*	-
Interest paid on lease liabilities	-	*64*	-	*64*	-	*64*	-
Changes in working capital relating to lease liabilities	-	*8*	-	*8*	-	*8*	-
Profit before finance costs and tax	**201**	**113**	**115**	**429**	**(18)**	**411**	***(199)***
Items included in recurring operating profit (loss)							
Depreciation and amortisation of property, plant and equipment and intangible assets	(34)	(130)	(11)	(175)	(5)	(180)	*(60)*
Depreciation of right-of-use assets – Buildings and other	(32)	(15)	(24)	(71)	-	(71)	*(12)*
Cost of free share plans	(3)	(2)	(1)	(6)	-	(6)	*(1)*

(*) Impairment losses on goodwill, property, plant and equipment and intangible assets.

2018 income statement

	Lagardère Publishing	Lagardère Travel Retail	Other Activities	Total target scope	Assets sold and disposals pending completion at Lagardère Active	Total(*)	*Lagardère Sports(*)*
Revenue	2,263	3,673	301	6,237	642	6,879	*390*
Inter-segment revenue	(11)	-	-	(11)	-	(11)	-
Consolidated revenue	**2,252**	**3,673**	**301**	**6,226**	**642**	**6,868**	***390***
Other income from ordinary activities	7	25	17	49	34	83	-
Total income from ordinary activities	**2,259**	**3,698**	**318**	**6,275**	**676**	**6,951**	***390***
Recurring operating profit (loss) of fully consolidated companies	**200**	**121**	**(11)**	**310**	**75**	**385**	***32***
Income (loss) from equity-accounted companies before impairment losses	1	1	1	3	-	3	-
Recurring operating profit (loss)	**201**	**122**	**(10)**	**313**	**75**	**388**	***32***
Restructuring costs	(20)	(6)	(45)	(71)	-	(71)	*(8)*
Gains (losses) on disposals	1	(8)	205	198	3	201	-
Disposals of assets	*1*	*(4)*	*205*	*202*	*3*	*205*	-
Gains and losses on lease modifications under concession agreements(*)	-	*(4)*	-	*(4)*	-	*(4)*	-
Impairment losses(**)	-	(4)	(3)	(7)	(37)	(44)	*(3)*
Fully consolidated companies	-	*(4)*	*(3)*	*(7)*	*(37)*	*(44)*	*(3)*
Amortisation of acquisition-related intangible assets	(5)	(59)	-	(64)	-	(64)	*(2)*
Expenses related to acquisitions and disposals	-	(2)	(4)	(6)	(2)	(8)	*1*
Purchase price adjustment	-	2	1	3	1	4	*(6)*
Impact of IFRS 16 on concession agreements	-	45	-	45	-	45	-
Depreciation of right-of-use assets	-	*(399)*	-	*(399)*	-	*(399)*	-
Decrease in lease liabilities	-	*384*	-	*384*	-	*384*	-
Interest paid on lease liabilities	-	*59*	-	*59*	-	*59*	-
Changes in working capital relating to lease liabilities	-	*1*	-	*1*	-	*1*	-
Profit before finance costs and tax	**177**	**90**	**144**	**411**	**40**	**451**	***14***
Items included in recurring operating profit (loss)							
Depreciation and amortisation of property, plant and equipment and intangible assets	(31)	(109)	(10)	(150)	(5)	(155)	*(45)*
Depreciation of right-of-use assets – Buildings and other	(32)	(13)	(18)	(63)	(2)	(65)	*(12)*
Cost of free share plans	(3)	(2)	(6)	(11)	(1)	(12)	*(1)*

(*) Data restated for the full retrospective application of IFRS 16 (see note 1.1).
(**) Impairment losses on goodwill, property, plant and equipment and intangible assets.

2019 statement of cash flows

	Lagardère Publishing	Lagardère Travel Retail	Other Activities and eliminations	Total target scope	Assets sold and disposals pending completion at Lagardère Active	Total	*Lagardère Sports and eliminations*
Cash flow from (used in) operating activities	**306**	**797**	**(8)**	**1,095**	**29**	**1,124**	***69***
Decrease in lease liabilities(*)	(32)	(475)	(12)	(519)	1	(518)	*(12)*
Interest paid on lease liabilities(*)	(10)	(66)	(1)	(77)	-	(77)	*(1)*
Cash flow from (used in) operations before income taxes paid	**264**	**256**	**(21)**	**499**	**30**	**529**	***56***
Income taxes paid	(43)	(26)	24	(45)	(7)	(52)	*(20)*
Cash flow from operations	**221**	**230**	**3**	**454**	**23**	**477**	***36***
Net cash from (used in) investing activities relating to intangible assets and property, plant and equipment	(35)	(156)	15	(176)	(7)	(183)	*(48)*
- Purchases	*(35)*	*(162)*	*(11)*	*(208)*	*(7)*	*(215)*	*(48)*
- Proceeds from disposals	*-*	*6*	*26*	*32*	*-*	*32*	*-*
Free cash flow	**186**	**74**	**18**	**278**	**16**	**294**	***(12)***
Net cash from (used in) investing activities relating to investments	(30)	(244)	306	32	(3)	29	*8*
- Purchases	*(32)*	*(249)*	*(3)*	*(284)*	*(3)*	*(287)*	*(1)*
- Proceeds from disposals	*2*	*5*	*309*	*316*	*-*	*316*	*9*
Interest received	2	3	2	7	-	7	*-*
(Increase) decrease in short-term investments	-	-	-	-	-	-	*-*
Cash flow from (used in) operations and investing activities	**158**	**(167)**	**326**	**317**	**13**	**330**	***(4)***

(*) Cash flows relating to lease liabilities are shown within net cash from financing activities in the consolidated statement of cash flows.

2018 statement of cash flows

	Lagardère Publishing	Lagardère Travel Retail	Other Activities and eliminations	Total target scope	Assets sold and disposals pending completion at Lagardère Active	Total(*)	*Lagardère Sports and eliminations(*)*
Cash flow from (used in) operating activities	**225**	**737**	**(7)**	**955**	**21**	**976**	***114***
Decrease in lease liabilities(**)	(30)	(396)	(15)	(441)	(2)	(443)	*(11)*
Interest paid on lease liabilities(**)	(12)	(61)	(3)	(76)	-	(76)	*(2)*
Cash flow from (used in) operations before income taxes paid	**183**	**280**	**(25)**	**438**	**19**	**457**	***101***
Income taxes paid	(40)	(21)	47	(14)	(58)	(72)	*(5)*
Cash flow from (used in) operations	**143**	**259**	**22**	**424**	**(39)**	**385**	***96***
Net cash from (used in) investing activities relating to intangible assets and property, plant and equipment	(42)	(127)	(9)	(178)	217	39	*(51)*
- Purchases	*(43)*	*(130)*	*(8)*	*(181)*	*(34)*	*(215)*	*(55)*
- Proceeds from disposals	*1*	*3*	*(1)*	*3*	*251*	*254*	*4*
Free cash flow	**101**	**132**	**13**	**246**	**178**	**424**	***45***
Net cash from (used in) investing activities relating to investments	(13)	(305)	89	(229)	33	(196)	*(1)*
- Purchases	*(13)*	*(308)*	*(8)*	*(329)*	*(10)*	*(339)*	*(1)*
- Proceeds from disposals	*-*	*3*	*97*	*100*	*43*	*143*	*-*
Interest received	1	1	2	4	1	5	*-*
(Increase) decrease in short-term investments	-	-	-	-	-	-	*-*
Cash flow from (used in) operations and investing activities	**89**	**(172)**	**104**	**21**	**212**	**233**	***44***

(*) Data restated for the full retrospective application of IFRS 16 (see note 1.1).
(**) Cash flows relating to lease liabilities are shown within net cash from financing activities in the consolidated statement of cash flows.

Balance sheet at 31 December 2019

	Lagardère Publishing	Lagardère Travel Retail	Other Activities and eliminations	Total
Segment assets	3,187	5,310	652	9,149
Investments in equity-accounted companies	29	37	7	73
Segment liabilities	(1,910)	(3,756)	(624)	(6,290)
Capital employed	**1,306**	**1,591**	**35**	**2,932**
Assets held for sale and associated liabilities(*)				**201**
Net cash and cash equivalents (net debt)				**(1,461)**
Equity				**1,672**

(*) Assets held for sale and associated liabilities include Lagardère Sports and the Audiovisual Production business at Lagardère Active (see note 4.3).

Balance sheet at 31 December 2018

	Lagardère Publishing	Lagardère Travel Retail	Other Activities and eliminations	Total target scope	Assets sold and disposals pending completion at Lagardère Active	Lagardère Sports	Total(*)
Segment assets	3,137	4,530	649	8,316	32	953	9,301
Investments in equity-accounted companies	28	34	7	69	1	-	70
Segment liabilities	(1,878)	(3,203)	(600)	(5,681)	(14)	(727)	(6,422)
Capital employed	**1,287**	**1,361**	**56**	**2,704**	**19**	**226**	**2,949**
Assets held for sale and associated liabilities							**286**
Net cash and cash equivalents (net debt)							**(1,367)**
Equity							**1,868**

(*) Data restated for the full retrospective application of IFRS 16 (see note 1.1).

5.2 INFORMATION BY GEOGRAPHICAL SEGMENT

Revenue

	2019	2018
France	2,034	2,254
European Union (excl. France)	2,415	2,274
Other European countries	147	149
United States and Canada	1,752	1,437
Middle East	34	21
Asia-Pacific	690	597
Other (Africa, Latin America)	139	136
Total	**7,211**	**6,868**

Segment assets

	31 Dec. 2019	31 Dec. 2018(*)
France	2,170	2,324
European Union (excl. France)	3,429	3,192
Other European countries	202	242
United States and Canada	2,582	2,693
Middle East	23	22
Asia-Pacific	682	781
Other (Africa, Latin America)	61	47
Total	**9,149**	**9,301**

(*) Data restated for the full retrospective application of IFRS 16 (see note 1.1).

Purchases of intangible assets and property, plant and equipment

	2019	2018
France	55	79
European Union (excl. France)	58	61
Other European countries	2	3
United States and Canada	71	42
Middle East	1	2
Asia-Pacific	25	24
Other (Africa, Latin America)	3	4
Total	**215**	**215**

NOTE 6 REVENUE

Revenue increased by 5.0% in 2019 on a consolidated basis and by 4.1% based on comparable Group structure and exchange rates (like-for-like).

The like-for-like change in revenue is calculated by comparing:

- 2019 revenue to exclude companies consolidated for the first time during the year, and 2018 revenue to exclude companies divested in 2019;
- revenue for 2018 and revenue for 2019 adjusted based on the exchange rates applicable in 2018.

The difference between consolidated and like-for-like revenue is essentially attributable to a €92 million positive foreign exchange effect resulting mainly from the appreciation of the US dollar. The €18 million negative scope effect reflects the disposals of media assets, chiefly offset by the two acquisitions carried out at Lagardère Travel Retail (HBF and IDF).

Revenue breaks down as follows:

	2019	2018(*)
Lagardère Publishing	**2,384**	**2,252**
Education	347	318
Illustrated Books	312	289
General Literature	1,034	998
Partworks	294	275
Other	397	372
Lagardère Travel Retail	**4,264**	**3,673**
Travel Essentials	1,613	1,566
Duty Free & Fashion	1,692	1,483
Foodservice	960	624
Other Activities	**288**	**301**
Press	121	129
French Radio	110	125
Other	58	47
Lagardère Active – non-retained assets	**275**	**642**
Magazine Publishing – non-retained assets	-	248
International Radio	-	30
TV Channels	49	110
Audiovisual Production	218	215
Other	8	40
Total	**7,211**	**6,868**

(*) Lagardère Sports revenue has been reclassified within discontinued operations in accordance with IFRS 5 (see note 4.3).

NOTE 7 EMPLOYEE DATA

7.1 NUMBER OF EMPLOYEES

The average number of employees of fully consolidated companies (excluding seconded employees) breaks down as follows by division:

	2019	2018(*)
Lagardère Publishing	7,443	7,413
Lagardère Travel Retail	16,216	15,253
Other Activities (target scope)	1,286	1,532
Lagardère Active – non-retained assets	1,744	2,561
Total	**26,689**	**26,759**

(*) Average full-time equivalent employees relate to Lagardère Sports and have been restated in accordance with IFRS 5.

The average number of employees (excluding seconded employees) at Lagardère Sports was 1,286 at 31 December 2019 and 1,284 at 31 December 2018.

7.2 PAYROLL COSTS

	2019	2018(*)
Wages and salaries	1,332	1,294
Payroll taxes	249	273
Share-based payments	6	12
Total	**1,587**	**1,579**

(*) Payroll costs attributable to Lagardère Sports have been reclassified within discontinued operations in accordance with IFRS 5 (see note 4.3).

7.3 SHARE-BASED PAYMENTS

In accordance with the principles described in note 3.4 "Share-based payments", free shares awarded were measured at fair value at the grant date.

The characteristics of outstanding free share awards relating both to continuing operations and discontinued operations (Lagardère Sports) are shown below.

Free share award plans

From 2016 to 2019, the Group set up plans to award free shares to employees, the Co-Managing Partners and members of the Enlarged Committee (the Lagardère Media Operating Committee up to May 2016):

- 9 May 2016 plans: 829,660 shares;
- 6 April 2017 plans: 817,660 shares;
- 16 April 2018 plans: 812,460 shares;
- 8 April 2019 plans: 474,990 shares;
- 14 May 2019 plans: 232,370 shares;
- 10 October 2019 plans: 100,000 shares.

For Group employees who are beneficiaries of the 9 May 2016, 6 April 2017, 16 April 2018, 8 April 2019 and 10 October 2019 plans, these plans do not include any performance conditions. The shares vest definitively only after a three-year period, provided employee beneficiaries who are tax-resident in France have remained in the Group's employment throughout that time. For beneficiaries who are not tax-resident in France, the shares vest definitively at the end of a four-year period, provided that the beneficiaries have remained in the Group's employment for three years.

For the Group's Co-Managing Partners and the members of the Enlarged Committee, who are beneficiaries of the 9 May 2016, 6 April 2017, 16 April 2018, 14 May 2019 and 10 October 2019 plans, the shares will only vest subject to:

- the beneficiaries remaining with the Group until at least 9 May 2019, 6 April 2020, 17 April 2021, 15 May 2022 and 11 October 2022, respectively, under the 2016, 2017, 2018 and 2019 plans;
- and:
  - for plans awarded in 2018 and earlier, achievement of objectives based on criteria internal to the Group (consolidated recurring operating profit and net cash from operating activities), with the number of shares awarded reduced accordingly if these objectives are not met;
  - for plans awarded in 2019, 80% of the award is subject to the achievement of objectives based on criteria internal to the Group (recurring operating profit of fully consolidated companies, free cash flow, and proportion of women in senior management), with the number of shares awarded reduced accordingly if these objectives are not met. The remaining 20% of the award is subject to meeting criteria linked to market conditions (relative performance of Lagardère SCA's Total Shareholder Return), with no adjustment to the corresponding plan expense if these objectives are not met.

Assumptions used to calculate fair value

The assumptions underlying the plans for which an expense was recognised in the 2019 and 2018 financial statements were as follows:

	Free shares					
	10 October 2019 Plan	14 May 2019 Plan	8 April 2019 Plan	16 April 2018 Plan	6 April 2017 Plan	9 May 2016 Plan
Share price at grant date	€19.97	€22.16	€23.46	€23.13	€27.51	€22.01
Expected dividend payout rate	6.5%	5.9%	5.5%	5.6%	4.7%	5.9%

Share-based payment expense recognised by fully consolidated companies reflects the estimated achievement rate for the performance conditions applicable to the plans.

Share-based payment expense recognised by fully consolidated companies in 2019 amounted to €7 million, including €6 million relating to continuing operations (€13 million and €12 million, respectively, in 2018).

NOTE 8 RESTRUCTURING COSTS

2019

In 2019, restructuring costs amounted to €42 million and chiefly related to the implementation of streamlining programmes and cost reduction plans in the operating divisions, as follows:

- €15 million at Other Activities in connection with the implementation of a redundancy plan within the Group's Corporate function as from end-2019;
- €14 million at Lagardère Travel Retail including integration costs related to the acquisition of the Hojeij Branded Foods (HBF) group at the end of 2018 as well as concept store closure costs;
- €12 million at Lagardère Publishing primarily relating to the streamlining of distribution centres in the United Kingdom.

2018

In 2018, restructuring costs amounted to €71 million and chiefly related to the implementation of streamlining programmes and cost reduction plans in the operating divisions, as follows:

- €44 million at Lagardère Active, mainly stemming from the reorganisation of the division into standalone units and winding down its Corporate function;
- €21 million at Lagardère Publishing, relating mainly to the streamlining of distribution centres in the United Kingdom;
- €6 million at Lagardère Travel Retail, essentially in Australia, New Zealand and Germany.

NOTE 9 CAPITAL GAINS AND LOSSES

2019

In 2019, the Group recorded a net gain of €137 million relating to the following major transactions:

- a €99 million pre-tax gain on the September 2019 sale of TV channels to the M6 group;
- an €18 million pre-tax gain on the February 2019 sale of BilletReduc to the Fnac-Darty group;
- a €13 million pre-tax gain on the February 2019 sale of the minority interest held in the South African radio Jacaranda;
- a €6 million pre-tax gain on the sale of Mezzo to the Les Echos-Le Parisien and Canal+ groups on 17 July 2019;
- a €5 million earn-out on the 2017 sale of the office building in Levallois-Perret (France).

2018

In 2018, the Group recorded a net gain of €201 million relating to the following major transactions:

- a €245 million pre-tax gain on the May 2018 sale of an office building in the eighth *arrondissement* of Paris (France) that previously hosted Lagardère Active's Radio and TV Channel teams;
- a €40 million pre-tax loss booked on the June 2018 sale of the Group's 42% interest in the Marie Claire group, also at Lagardère Active;
- a €3 million pre-tax gain on the disposal by Lagardère Active of MonDocteur, Doctissimo and radio operations in the Czech Republic, Poland, Slovakia and Romania.

NOTE 10 IMPAIRMENT LOSSES ON GOODWILL, PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

The impairment losses recorded in 2019 reflect the impairment tests performed as described in note 3.12.

Impairment tests for goodwill and intangible assets with indefinite useful lives are performed at the level of the cash-generating units (CGUs) to which the assets belong. The Group's CGUs represent the level at which the assets concerned are monitored for internal management purposes. A CGU may correspond to a legal entity or a group of legal entities when the businesses conducted are similar and are managed on a combined basis.

The following table sets out the amounts of goodwill and intangible assets with indefinite useful lives by CGU at 31 December:

	Number of CGUs		Carrying amount of goodwill		Carrying amount of intangible assets with indefinite useful lives		Total carrying amount of tested assets	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018
Lagardère Publishing	15	14	1,013	975	41	36	1,054	1,011
Lagardère Travel Retail	11	11	414	355	103	73	517	428
Other Activities:	4	6	137	144	30	33	167	177
- Lagardère News (Press and Radio)	*2*	*5*	*111*	*118*	*21*	*24*	*132*	*142*
- Entertainment	*2*	*1*	*26*	*26*	*9*	*9*	*35*	*35*
Lagardère Sports(*)		*1*		*150*		*3*		*153*
Total	**30**	**32**	**1,564**	**1,624**	**174**	**145**	**1,738**	**1,769**

(*) In 2019 Lagardère Sports was reclassified as a discontinued operation in accordance with IFRS 5.

Goodwill and non-current assets with an indefinite useful life classified as held for sale are broken down by group of CGUs in note 4.3.

The following table shows the breakdown of the main CGUs by division:

	Number of CGUs		Carrying amount of goodwill		Carrying amount of intangible assets with indefinite useful lives		Total carrying amount of tested assets	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018
Lagardère Publishing	**15**	**14**	**1,013**	**975**	**41**	**36**	**1,054**	**1,011**
Editis group	4	4	232	232	2	2	234	234
Hachette UK Holding group	1	1	318	300	25	22	343	322
Hachette Book Group (United States)	1	1	313	301	-	-	313	301
Hatier group	1	1	84	84	-	-	84	84
Hachette Livre España – Salvat	1	1	3	3	-	-	3	3
Pika Édition	1	1	14	14	-	-	14	14
Les Éditions Albert René	1	1	11	11	-	-	11	11
Other	5	4	38	30	14	12	52	42
Lagardère Travel Retail	**11**	**11**	**414**	**355**	**103**	**73**	**517**	**428**
North America	1	2	241	269	95	72	336	341
Belgium	1		85		-		85	
Pacific	1	1	29	29	-	-	29	29
Czech Republic	1	1	34	33	-	-	34	33
France	3	3	12	12	-	-	12	12
Asia	1	1	8	8	-	-	8	8
Other	3	3	5	4	8	1	13	5
Other Activities	**4**	**6**	**137**	**144**	**30**	**33**	**167**	**177**
Lagardère News (Press and Radio)	2	5	111	118	21	24	132	142
Entertainment	2	1	26	26	9	9	35	35
Lagardère Sports		***1***		***150***		***3***		***153***
Total	**30**	**32**	**1,564**	**1,624**	**174**	**145**	**1,738**	**1,769**

Allocation of goodwill to Other Activities

Following the Group's strategic refocusing around two priority divisions (Lagardère Publishing and Lagardère Travel Retail), goodwill and intangible assets with an indefinite useful life relating to the retained businesses of the Lagardère Active and Lagardère Sports and Entertainment divisions were allocated to the new "Other Activities" CGUs.

Accordingly, at 31 December 2019 "Other Activities" include:

- the Lagardère News CGUs resulting from Lagardère Active, covering magazine publishing (*Le Journal du Dimanche*, *Paris Match*), Elle brand licensing operations, and radio operations (*Europe 1*, *Virgin Radio*, *RFM* and a radio station in Germany);
- the Entertainment CGU resulting from Lagardère Sports and Entertainment, which includes Lagardère Paris Racing as well as event production activities in venues such as Folies Bergère, Casino de Paris, Bataclan, Arkea Arena in Bordeaux and the Arena du Pays d'Aix.

Groups of assets classified as held for sale at 31 December 2019 include the amount of goodwill allocated in the year (see note 4.3), measured in accordance with IFRS 5.

Impairment tests

The estimated future cash flows used in the impairment tests are based on the internal budgets drawn up at the end of the year. They are determined using key assumptions and assessments that factor in the effects of the economic environment – as identified at the date of the budget – on forecast future cash flows for the coming three years.

The cash flows are discounted using a post-tax discount rate specific to each business. A perpetuity growth rate – which is also specific to each business – is used for periods subsequent to those covered in the budgets.

The discount rates used for each business were as follows in 2019, 2018 and 2017:

	Discount rate			Perpetuity growth rate		
	2019	2018	2017	**2019**	2018	2017
Lagardère Publishing(*)	**7.03%**	6.53%	6.09%	**1.50%**	1.50%	1.50%
Lagardère Travel Retail	**5.07%**	5.01%	4.91%	**2.50%**	2.50%	2.50%
Other Activities:						
Lagardère News – Press	**7.46%**	6.42%	6.01%	**0.00%**	0.00%	0.00%
Lagardère News – Radio	**6.64%**	5.89%	5.82%	**1.50%**	1.50%	1.50%
Entertainment	**6.68%**	5.97%	5.60%	**2.00%**	2.00%	2.00%

(*) A perpetuity growth rate of 2.00% was used for certain Digital activities at Lagardère Publishing.

The discount rates applied are calculated based on the average financial returns observed during the year for samples of companies operating in comparable business sectors. These are provided by an independent financial organisation and may vary based on share prices and the organisation's assessment of the macro- and micro-economic outlook.

The samples used are reviewed and updated every year in order to take account of changes in the competitive environment and market participants. This can lead to an elimination of certain components of the basket whose business models are not judged to be sufficiently correlated to the Group's, and inversely, to the addition of new components. There were no significant changes in the basket of sample companies used in 2019 compared with 2018, or in those used in 2018 compared with 2017.

Recognised impairment losses

Total impairment losses recognised by consolidated companies in 2019 amounted to €34 million, including €26 million for goodwill and €8 million for property, plant and equipment, mainly at Lagardère Travel Retail. The main impairment losses on goodwill break down as follows:

- €22 million to write down a portion of the goodwill allocated to the Audiovisual Production CGU following its classification within assets held for sale (see note 4.3);
- €4 million to write down LabelBox goodwill allocated to the Digital CGU (Lagardère Active) following its classification within assets held for sale. LabelBox was sold in the second half of 2019.

At 31 December 2019, a write-down of €234 million was taken against the goodwill (€145 million) and intangible assets (€89 million) allocated to the Sports CGU. This write-down was included in net profit (loss) from discontinued operations in the consolidated income statement following the classification of the Sports CGU within discontinued operations (see note 4.3).

Total impairment losses recognised in 2018 amounted to €44 million, including €41 million for goodwill and €3 million for property, plant and equipment. The main impairment losses on goodwill broke down as follows:

- €24 million to write down a portion of the goodwill allocated to the Lagardère Active CGU in the Press business following the classification of a portion of goodwill within assets held for sale in an amount of €31 million;
- €9 million to write down a portion of the goodwill allocated to Newsweb (Lagardère Active), including €6 million recognised in June 2018 and €3 million further to the classification of the CGU within assets held for sale;
- €4 million to write down the goodwill allocated to Shopcade within the Press CGU, following the decision to discontinue the business.

Sensitivity of impairment tests to changes in key budget assumptions

The operating forecasts contained in the Group's budgets are based on assumptions. Changes in these assumptions directly impact the calculation of value in use and may give rise to the recognition of impairment losses or influence the amount of any impairment recognised.

The key assumptions used for the forecasts relate to expected developments in the following main areas:

- Publishing: market trends, market share and profit margins; overhead rates determined based on established action plans.
- Travel Retail: passenger volumes and average spend per customer for each platform (airports, railway stations, etc.); lease payments for retail points of sale.
- Other Activities: advertising market trends and market share for all media (radio, television, press and Internet); market trends for the magazine publishing business in France, including the impact on advertising revenue; changes brought about by the switch to digital; the cost of paper; and the brand licensing market.

These assumptions incorporate differentiated levels of risk that depend on the degree of visibility and the ability to anticipate the impact of changes in the economic environment on the future performance of the Group's different businesses.

The main areas of uncertainty identified that have a bearing on the assumptions used in the budgets are described below:

Other Activities

- Brand licensing revenue

Brand licensing revenue, relating particularly to Elle, was included in the budget plans taking into account expected revenue trends for the next three years.

For the period beyond the years covered by the budget, a change corresponding to an annual decrease of 2% in brand licensing revenue compared with the assumptions used at end-2019 would result in an €8 million impairment loss, excluding the impact of any corporate cost reduction measures that may be implemented. At 31 December 2019, the residual amount of goodwill and intangible assets with indefinite useful lives for all Lagardère News Press and Radio CGUs amounted to €132 million.

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Sensitivity of impairment tests to changes in discount rates and perpetuity growth rates

The following tables show the potential effects on impairment losses of an increase or decrease in the discount rates and perpetuity growth rates applied in the impairment tests performed at 31 December 2019.

The tables include sensitivity to a maximum 2% increase in the discount rate, which is higher than the increases observed for 2018 and 2017.

Lagardère Publishing: (Increase) decrease in impairment losses

(in millions of euros)	Change in discount rate(*)								
Change in perpetuity growth rate	-2%	-1.5%	-1%	-0.5%	0%	+0.5%	+1%	+1.5%	+2%
-1%	-	-	-	-	(3)	(15)	(25)	(37)	(50)
-0.5%	-	-	-	-	-	(5)	(17)	(27)	(39)
0%	-	-	-	-	-	(1)	(7)	(19)	(29)
+0.5%	-	-	-	-	-	-	(1)	(9)	(21)
+1%	-	-	-	-	-	-	-	(1)	(11)

(*) The discount rate used for the 2019 impairment tests was 7.03%.

At 31 December 2019, a one-point increase in the discount rate combined with a one-point decrease in the perpetuity growth rate would lead to the recognition of an impairment loss of €25 million, including €18 million for Anaya-Bruño group and €7 million for the "Other" CGU.

A two-point increase in the discount rate combined with a one-point decrease in the perpetuity growth rate would lead to the recognition of an impairment loss of €50 million, including €31 million for Anaya-Bruño group, €11 million for the "Other" CGU and €8 million for Hatier.

Lagardère Travel Retail: (Increase) decrease in impairment losses

(in millions of euros)	Change in discount rate(*)								
Change in perpetuity growth rate	-2%	-1.5%	-1%	-0.5%	0%	+0.5%	+1%	+1.5%	+2%
-1%	-	-	-	-	-	(1)	(8)	(14)	(19)
-0.5%	-	-	-	-	-	-	(2)	(9)	(15)
0%	-	-	-	-	-	-	-	(3)	(11)
+0.5%	-	-	-	-	-	-	-	-	(4)
+1%	-	-	-	-	-	-	-	-	-

(*) The discount rate used for the 2019 impairment tests was 5.07%.

At 31 December 2019, a two-point increase in the discount rate combined with a one-point decrease in the perpetuity growth rate would lead to the recognition of an additional impairment loss of €19 million for the Pacific CGU.

Other Activities: (Increase) decrease in impairment losses

(in millions of euros)	Change in discount rate(*)								
Change in perpetuity growth rate	-2%	-1.5%	-1%	-0.5%	0%	+0.5%	+1%	+1.5%	+2%
-1%	-	-	-	-	-	-	-	-	(1)
-0.5%	-	-	-	-	-	-	-	-	-
0%	-	-	-	-	-	-	-	-	-
+0.5%	-	-	-	-	-	-	-	-	-
+1%	-	-	-	-	-	-	-	-	-

(*) The discount rates used for the 2019 impairment tests were 7.46% for the Press CGU and 6.64% for the Radios CGU.

At 31 December 2019, a two-point increase in the discount rate combined with a one-point decrease in the perpetuity growth rate would lead to the recognition of an additional impairment loss of €1 million for the Entertainment CGU.

NOTE 11 OTHER OPERATING EXPENSES

	2019	2018(*)
Net change in asset impairment losses	(50)	(9)
Financial expenses other than interest	(2)	(7)
Foreign exchange losses	(1)	(1)
Other operating expenses	(30)	(18)
Total	**(83)**	**(35)**

(*) Other operating expenses relating to Lagardère Sports were reclassified within "Profit (loss) from discontinued operations" in accordance with IFRS 5 (see note 4.3).

The net change in asset impairment losses includes impairment losses for Lagardère Publishing taken against advances paid to authors totalling €35 million in 2019 and €16 million in 2018.

Other asset impairment losses relate to changes in impairment losses on trade receivables and inventories for Lagardère Publishing.

Other expenses mainly comprise variable rental expenses in respect of retail premises sub-let to partners at a Chinese airport by Lagardère Travel Retail, for which the associated income is billed and recognised in other operating income (see note 12).

NOTE 12 OTHER OPERATING INCOME

	2019	2018(*)
Net reversals of provisions for contingencies and losses	18	31
Operating subsidies	13	19
Audiovisual tax credit	7	7
Other tax credits	1	-
Other operating income	38	37
Total	**77**	**94**

(*) Other income relating to Lagardère Sports was reclassified within "Profit (loss) from discontinued operations" in accordance with IFRS 5 (see note 4.3).

The amount recorded under "Other income" mainly comprises sub-letting income invoiced by Lagardère Travel Retail entities in China under airport concession agreements. The corresponding lease expenses incurred under these concession agreements are recognised in other operating expenses (see note 11).

Net reversals of provisions for contingencies and losses primarily relate to Lagardère Active in 2019 and 2018.

NOTE 13 NET FINANCE COSTS

Financial income and expenses break down as follows:

	2019	2018(*)
Interest income on loans	3	2
Investment income and gains on sales of marketable securities	4	5
Gains on derivative financial instruments acquired as hedges of net debt	2	2
Other financial income	1	5
Financial income	**10**	**14**
Interest expense on borrowings	(56)	(55)
Loss on derivative financial instruments acquired as hedges of net debt	(5)	(14)
Other financial expenses	(2)	(2)
Financial expenses	**(63)**	**(71)**
Total	**(53)**	**(57)**

(*) Data for 2018 restated for the full retrospective application of IFRS 16 (see note 1.1) and for the reclassification of Lagardère Sports as a discontinued operation in accordance with IFRS 5 (see note 4.3).

Net finance costs amounted to €53 million for 2019, a decrease of €4 million on the prior-year period. Following its refinancing in 2019, the Group stabilised its average borrowing costs and benefited from a smaller write-down of financial loans compared to 2018.

Note 18 sets out interest expenses on lease liabilities.

NOTE 14 INCOME TAX

14.1 ANALYSIS OF INCOME TAX

Income tax breaks down as follows:

	2019	2018(*)
Current taxes	(47)	(95)
Deferred taxes	(8)	(29)
Total	**(55)**	**(124)**

(*) Data for 2018 restated for the full retrospective application of IFRS 16 (see note 1.1) and for the reclassification of Lagardère Sports as a discontinued operation in accordance with IFRS 5 (see note 4.3).

In 2019, the Group recorded income tax expense of €55 million, a €69 million decrease on the 2018 figure, chiefly reflecting:

- a €83 million increase in connection with the tax charge in 2018 on the sale of an office building in the eighth *arrondissement* of Paris (France) that previously hosted Lagardère Active's Radio and TV Channel teams;
- an €11 million net decrease in tax expense relating to Lagardère Active restructuring costs;
- a €6 million deferred tax asset arising in 2019 on restructuring costs relating to Other Activities;
- a €6 million share of expenses and fees on gains relating to disposals carried out at Lagardère Active in 2019.

14.2 TAX PROOF

The following table reconciles income tax reported in the income statement to the theoretical income tax expense for 2019 and 2018:

	2019	2018(*)
Profit before tax	273	318
(-) Income (loss) from equity-accounted companies	(6)	(3)
Profit of fully consolidated companies before tax	**267**	**315**
Theoretical tax expense(**)	(92)	(108)
Effect on theoretical tax expense of:		
Different tax bases for capital gains and losses(***)	40	(15)
Different tax bases for impairment losses on goodwill and other intangible assets	(10)	(13)
Different tax rates on earnings of foreign subsidiaries	13	12
Tax credits and tax incentives	3	10
Limitation on deferred taxes	(3)	(5)
Effect of changes in tax rates on deferred taxes	(3)	(1)
Tax loss carryforwards used (recognised) in the year(****)	(8)	-
Impact of deferred tax asset recognised on tax loss carryforwards	-	-
Impact of discontinued operations	8	(2)
Permanent differences and other items	(3)	(2)
Effective income tax expense	**(55)**	**(124)**

(*) Data for 2018 restated for the full retrospective application of IFRS 16 (see note 1.1) and for the reclassification of Lagardère Sports as a discontinued operation in accordance with IFRS 5 (see note 4.3).
(**) Calculated at the French standard rate (34.43% in both 2019 and 2018).
(***) Differences between disposal gains for tax purposes and book disposal gains.
(****) Tax losses for which no deferred tax assets were recognised.

14.3 DEFERRED TAXES RECOGNISED IN THE BALANCE SHEET

Deferred taxes recognised at 31 December 2019 and 2018 concerned the following assets and liabilities:

	31 Dec. 2019	31 Dec. 2018(*)
Intangible assets	(252)	(198)
Property, plant and equipment	(12)	(13)
Non-current financial assets	(4)	(13)
Inventories	18	17
Provisions for pension benefit obligations	22	31
Right-of-use assets and lease liabilities	55	47
Other provisions	68	66
Other working capital items	118	117
Temporary differences (gross amount)	**13**	**54**
Write-down of deferred tax assets	(132)	(138)
Temporary differences (net amount)	**(119)**	**(84)**
Tax loss carryforwards	51	55
Tax credits	-	-
Net deferred tax asset (liability)	**(68)**	**(29)**
Deferred tax assets	210	215
Deferred tax liabilities	(278)	(244)

(*) Data at 31 December 2018 restated for the full retrospective application of IFRS 16 (see note 1.1).

Tax loss carryforwards were available to the Group at 31 December 2019. The main amounts concern the French tax group headed by Lagardère SCA, which has tax loss carry forwards (tax basis) of more than €160 million.

14.4 CHANGES IN DEFERRED TAXES

	2019	2018(*)
Net deferred tax asset (liability) at 1 January	**(29)**	**17**
Income tax expense recognised in the income statement	(8)	(29)
Deferred tax recognised directly in equity	8	(2)
Reclassification as assets held for sale and associated liabilities	-	-
Net cash from (used in) discontinued operations	(4)	2
Effect of change in scope of consolidation and exchange rates	(35)	(17)
Net deferred tax asset (liability) at 31 December	**(68)**	**(29)**

(*) Data for 2018 restated for the full retrospective application of IFRS 16 (see note 1.1) and for the reclassification of Lagardère Sports as a discontinued operation in accordance with IFRS 5 (see note 4.3).

The negative €35 million impact in 2019 of changes in scope of consolidation and exchange rates was mainly attributable to the acquisition of the IDF group (see note 4.2).

The deferred income tax expense shown in the 2018 income statement mainly reflects the reversal of deferred tax assets on tax loss carryforwards in France amounting to €40 million, in connection with the utilisation of €116 million in loss carryforwards relating to the sale by Lagardère Active of an office building in the eighth *arrondissement* of Paris.

Deferred taxes recognised directly in equity can be analysed as follows:

	31 Dec. 2019	31 Dec. 2018(*)
Investments in non-consolidated companies	-	-
Cash flow hedges	1	(4)
Actuarial gains and losses on pensions and other post-employment	24	21
Total	**25**	**17**

(*) Data at 31 December 2018 restated for the full retrospective application of IFRS 16 (see note 1.1).

NOTE 15 EARNINGS PER SHARE

Basic earnings per share

Earnings per share is calculated by dividing profit attributable to owners of the Parent by the weighted average number of ordinary shares outstanding during the year, excluding treasury shares. Changes in the number of shares as a result of employees exercising their share options (movements throughout the year) are included using the average of opening and closing balances for the year.

Diluted earnings per share

The only dilutive ordinary shares are free shares, when it is probable that they will vest at the vesting date set in the plan (specific case of performance shares). In view of the loss from continuing operations (Group share), there was no dilutive effect. The loss from discontinued operations (Group share) was however impacted by the dilutive effect.

	2019	2018(*)
Profit (loss) for the year attributable to owners of the Parent (in millions of euros)	**(15)**	**177**
Number of shares making up the share capital at 31 December	131,133,286	131,133,286
Treasury shares	(2,276,966)	(1,260,478)
Number of shares outstanding at 31 December	128,856,320	129,872,808
Average number of shares outstanding during the year	**129,364,564**	**129,715,438**
Basic earnings (loss) per share – Attributable to owners of the Parent (in euros)	**(0.12)**	**1.36**
Dilutive share options and free shares:		
Share options	-	-
Free shares	1,593,549	1,650,561
Average number of shares including dilutive share options and free shares	**131,015,125**	**131,534,400**
Diluted earnings (loss) per share – Attributable to owners of the Parent (in euros)	**(0.12)**	**1.34**

Profit from continuing operations – Attributable to owners of the Parent (in millions of euros)	**191**	**173**
Basic earnings per share from continuing operations – Attributable to owners of the Parent (in euros)	1.47	1.33
Diluted earnings per share from continuing operations – Attributable to owners of the Parent (in euros)	1.46	1.32

Profit (loss) from discontinued operations – Attributable to owners of the Parent (in millions of euros)	**(206)**	**5**
Basic earnings (loss) per share from discontinued operations – Attributable to owners of the Parent (in euros)	(1.59)	0.03
Diluted earnings (loss) per share from discontinued operations – Attributable to owners of the Parent (in euros)	(1.57)	0.03

(*) Data for 2018 restated for the full retrospective application of IFRS 16 (see note 1.1).

NOTE 16 GOODWILL

	2019	2018
At 1 January	**1,624**	**1,809**
Gross amount	2,668	3,050
Accumulated impairment losses	*(1,044)*	*(1,241)*
Acquisitions(*)	68	175
Goodwill written off following disposal or deconsolidation(**)	(8)	(101)
Impairment losses(***)	(26)	(41)
Translation adjustments	28	15
Classification within assets held for sale(****)	(126)	(233)
Other movements	4	-
At 31 December	**1,564**	**1,624**
Gross amount	1,943	2,668
Accumulated impairment losses	(379)	(1,044)

(*) Including for 2019: International Duty Free group for €85 million, Hojeij Branded Foods group for €36 million, Gigamic for €8 million, Worthy Book for €6 million, Short Books for €3 million and Nova Veranda for €2 million.
Including for 2018: Hojeij Branded Foods group for €152 million, Jessica Kingsley Publishers for €7 million, Summersdale Publishers for €4 million, Skyhigh TV for €4 million and La Plage for €3 million.

(**) Including for 2019: Lagardère Sports Tennis & Golf for €4 million, Mezzo for €2 and L'Usine for €2 million.
Including for 2018: International Radio operations for €50 million, MonDocteur for €38 million and Doctissimo for €13 million.

(***) Including for 2019: Audiovisual Production CGU for €22 million and Labelbox for €4 million.
Including for 2018: Lagardère Active Press CGU for €24 million, Newsweb for €9 million, Shopcade for €4 million and International Radio operations for €3 million.

(****) Including for 2019: assets classified as held for sale (see note 4.3): loss in value of Lagardère Sports goodwill for €145 million and of Audiovisual Production for €22 million.

See note 10 for a breakdown of goodwill by CGU.

NOTE 17 INTANGIBLE ASSETS

Cost

	Intangible assets with indefinite useful lives		Intangible assets with finite useful lives			
	Publication titles	Other	Sports rights	Concession agreements	Other	Total
At 1 January 2018	**119**	**188**	**460**	**863**	**499**	**2,129**
Acquisitions	-	-	-	-	19	19
Changes in scope of consolidation	-	20	-	121	(18)	123
Disposals/Derecognition	(29)	10	-	-	(31)	(50)
Cash flow from (used in) discontinued operations	-	(3)	105	-	1	103
Assets held for sale	(59)	(39)	-	-	(134)	(232)
Reclassifications	10	(6)	-	(2)	17	19
Translation adjustments	-	3	-	12	-	15
At 31 December 2018	**41**	**173**	**565**	**994**	**353**	**2,126**
Acquisitions	-	3	-	-	19	22
Changes in scope of consolidation	-	31	-	200	11	242
Disposals/Derecognition	-	-	-	(2)	(24)	(26)
Discontinued operations	-	(2)	(557)	-	(16)	(575)
Assets held for sale	-	(4)	-	-	5	1
Reclassifications	(1)	(23)	-	(1)	2	(23)
Translation adjustments	-	4	-	10	6	20
At 31 December 2019	**40**	**182**	**8**	**1,201**	**356**	**1,787**

Amortisation and impairment losses

	Intangible assets with indefinite useful lives		Intangible assets with finite useful lives			
	Publication titles	Other	Sports rights	Concession agreements	Other	Total
At 1 January 2018	**(61)**	**(45)**	**(365)**	**(244)**	**(356)**	**(1,071)**
Amortisation	-	-	-	(59)	(24)	(83)
Impairment losses	-	(1)	-	-	(1)	(2)
Changes in scope of consolidation	-	-	-	-	16	16
Disposals/Derecognition	19	-	-	-	31	50
Cash flow from (used in) discontinued operations	-	-	15	-	(1)	14
Assets held for sale	6	16	-	-	125	147
Reclassifications	-	(2)	-	-	4	2
Translation adjustments	-	(1)	-	(3)	1	(3)
At 31 December 2018	**(36)**	**(33)**	**(350)**	**(306)**	**(205)**	**(930)**
Amortisation	-	(1)	-	(79)	(27)	(107)
Impairment losses	-	-	-	(1)	-	(1)
Changes in scope of consolidation	-	-	-	-	(3)	(3)
Disposals/Derecognition	-	-	-	2	21	23
Discontinued operations	-	2	342	-	10	354
Assets held for sale	-	1	-	-	(2)	(1)
Reclassifications	1	19	-	-	-	20
Translation adjustments	-	(1)	-	(3)	(3)	(7)
At 31 December 2019	**(35)**	**(13)**	**(8)**	**(387)**	**(209)**	**(652)**

Carrying amounts

At 31 December 2018	**5**	**140**	**215**	**688**	**148**	**1,196**
At 31 December 2019	**5**	**169**	**-**	**814**	**147**	**1,135**

See note 10 for a breakdown by CGU of intangible assets with indefinite useful lives.

NOTE 18 LEASES

When the Group acts as lessee, the present value of lease payment commitments that are fixed or fixed in substance and due under concession agreements in transport hubs and hospitals, building leases or leases of other equipment, are recognised within lease liabilities against a corresponding right-of-use asset.

The variable portion of lease payments under concession agreements, based on passenger flows or revenue earned by retail outlets, continues to be shown in external charges or in other operating expenses. In application of the full retrospective method, lease liabilities are discounted at the rate set at the start of each agreement. The discount is updated to take account of any modifications, notably as regards the leased surface area or lease term. The discount rates applied are within a range of between 0.05% and 9.16%.

Changes in right-of-use assets and lease liabilities were as follows in 2019 and 2018:

Right-of-use assets

	Gross amount			Depreciation and impairment losses			Carrying amount		
	Concession agreements	Buildings and other	Total	Concession agreements	Buildings and other	Total	Concession agreements	Buildings and other	Total
At 1 January 2019	**3,229**	**912**	**4,141**	**(1,220)**	**(369)**	**(1,589)**	**2,009**	**543**	**2,552**
New leases	441	29	**470**				441	29	**470**
Depreciation				(473)	(73)	**(546)**	(473)	(73)	**(546)**
Impairment losses				-	-	**-**	-	-	**-**
Translation adjustments	40	11	**51**	(17)	(4)	**(21)**	23	7	**30**
Lease modifications	58	14	**72**				58	14	**72**
Lease remeasurements	13	(7)	**6**				13	(7)	**6**
Changes in scope of consolidation	336	1	**337**	-	-	-	336	1	**337**
Terminated leases	(250)	(73)	**(323)**	250	73	**323**	-	-	-
Discontinued operations and other	4	(109)	**(105)**	(7)	50	**43**	(3)	(59)	**(62)**
At 31 December 2019	**3,871**	**778**	**4,649**	**(1,467)**	**(323)**	**(1,790)**	**2,404**	**455**	**2,859**

	Gross amount			Depreciation and impairment losses			Carrying amount		
	Concession agreements	Buildings and other	Total	Concession agreements	Buildings and other	Total	Concession agreements	Buildings and other	Total
At 1 January 2018	**3,019**	**766**	**3,785**	**(1,086)**	**(321)**	**(1,407)**	**1,933**	**445**	**2,378**
New leases	579	176	**755**				579	176	**755**
Depreciation				(399)	(65)	**(464)**	(399)	(65)	**(464)**
Impairment losses				-	-	**-**	-	-	**-**
Translation adjustments	3	5	**8**	1	(1)	**-**	4	4	**8**
Lease modifications	(120)	(3)	**(123)**				(120)	(3)	**(123)**
Lease remeasurements	10	1	**11**				10	1	**11**
Changes in scope of consolidation	2	(18)	**(16)**	-	11	**11**	2	(7)	**(5)**
Terminated leases	(264)	(10)	**(274)**	264	10	**274**	-	-	**-**
Net cash from (used in) discontinued operations	-	(5)	**(5)**	-	(3)	**(3)**	-	(8)	**(8)**
At 31 December 2018	**3,229**	**912**	**4,141**	**(1,220)**	**(369)**	**(1,589)**	**2,009**	**543**	**2,552**

Lease liabilities

	Non-current lease liabilities			Current lease liabilities			Total lease liabilities		
	Concession agreements	Buildings and other	Total	Concession agreements	Buildings and other	Total	Concession agreements	Buildings and other	Total
At 1 January 2019	**1,730**	**553**	**2,283**	**395**	**63**	**458**	**2,124**	**617**	**2,741**
New leases	438	28	**466**	-	-	**-**	438	28	**466**
Interest expense	-	-	**-**	66	19	**85**	66	19	**85**
Lease payments	-	-	**-**	(518)	(77)	**(595)**	(518)	(77)	**(595)**
Reclassifications(*)	(523)	(64)	**(587)**	523	64	**587**	-	-	**-**
Translation adjustments	21	8	**29**	5	-	**5**	26	8	**34**
Lease modifications	58	14	**72**	-	-	**-**	58	14	**72**
Lease remeasurements	13	(7)	**6**	-	-	**-**	13	(7)	**6**
Changes in scope of consolidation	295	1	**296**	38	-	**38**	333	1	**334**
Discontinued operations and other	-	(38)	**(38)**	3	(11)	**(8)**	3	(49)	**(46)**
At 31 December 2019	**2,032**	**495**	**2,527**	**512**	**58**	**570**	**2,543**	**554**	**3,097**

(*) Reclassifications relate to the current portion of lease liabilities, reclassified within current lease liabilities.

	Non-current lease liabilities			Current lease liabilities			Total lease liabilities		
	Concession agreements	Buildings and other	Total	Concession agreements	Buildings and other	Total	Concession agreements	Buildings and other	Total
At 1 January 2018	**1,677**	**438**	**2,115**	**356**	**75**	**431**	**2,032**	**514**	**2,546**
New leases	581	175	**756**	-	-	-	581	175	**756**
Interest expense	-	-	-	59	17	**76**	59	17	**76**
Lease payments	-	-	-	(444)	(75)	**(519)**	(444)	(75)	**(519)**
Reclassifications(*)	(422)	(55)	**(477)**	422	55	**477**	-	-	-
Translation adjustments	4	5	**9**	2	(1)	**1**	6	4	**10**
Lease modifications	(122)	(4)	**(126)**	-	-	-	(122)	(4)	**(126)**
Lease remeasurements	10	1	**11**	-	-	-	10	1	**11**
Changes in scope of consolidation	2	1	**3**	-	(9)	**(9)**	2	(8)	**(6)**
Net cash from (used in) discontinued operations	-	(8)	**(8)**	-	1	**1**	-	(7)	**(7)**
At 31 December 2018	**1,730**	**553**	**2,283**	**395**	**63**	**458**	**2,124**	**617**	**2,741**

(*) Reclassifications relate to the current portion of lease liabilities, reclassified within current lease liabilities.

Interest expense on lease liabilities represented €85 million in 2019 versus €76 million in 2018. The €9 million increase is mainly due to the inclusion of new leases, notably leases held by the Hojeij Branded Foods group, which was acquired in November 2018. Lease payments increased by €76 million to €595 million in 2019 compared to €519 million in 2018, also due to the inclusion of new leases held by HBF and IDF.

Lease modifications in 2019 relate primarily to changes in rent and guaranteed minimum payments and to increases in the premises leased under concession agreements. Changes in right-of-use assets and the corresponding lease liabilities are attributable to:

- an increase in lease terms and in premises leased, representing a positive €69 million;
- a decrease in lease terms and in premises leased, representing a negative €40 million;
- rent modifications representing a positive €49 million;
- the impact of discounting future lease payments at a revised discount rate, representing a negative €6 million.

Lease remeasurements correspond to changes in management estimates regarding the dates the leases are reasonably expected to terminate, and to the impact of indexing lease payments. Lease remeasurements led to a €6 million increase in the value of right-of-use assets and lease liabilities at 31 December 2019.

Certain leases have not been restated and do not give rise to a right-of-use asset or a lease liability. These are leases with variable lease payments with a term of less than 12 months or with a low-value underlying asset. The corresponding rental expenses, representing €207 million in 2019 (€126 million in 2018), continue to be shown in external charges or in other operating expenses, including €192 million in respect of variable lease payments under concession agreements.

Rental expenses as restated for IFRS 16 represent €620 million for 2019, including €532 million under concession agreements and €88 million under buildings and other leases. Rental expenses as restated represented €523 million in 2018, including €443 million under concession agreements and €78 million under buildings and other leases.

The table below shows the maturity of undiscounted lease liabilities:

Lease liabilities	31 Dec. 20	31 Dec. 20	31 Dec. 20	31 Dec. 20	31 Dec. 20	Beyond	Total
Concession agreements	569	511	456	362	261	588	**2,748**
Buildings and other	94	94	86	76	68	276	**695**
At 31 December 2019	**663**	**605**	**542**	**438**	**329**	**864**	**3,443**

Lease liabilities	31 Dec. 2019	31 Dec. 2020	31 Dec. 2021	31 Dec. 2022	31 Dec. 2023	Beyond 5 years	Total
Concession agreements	456	410	381	332	253	510	**2,342**
Buildings and other	81	79	89	84	75	305	**713**
At 31 December 2018	**537**	**489**	**470**	**416**	**328**	**815**	**3,055**

At 31 December 2019, the residual weighted average term of concession agreements and building leases was six years and nine years, respectively.

Concession agreements and building leases signed at 31 December 2019 but not yet effective, represented total undiscounted lease payment commitments of €40 million.

The Group sub-lets retail premises and office space under operating leases in which it acts as lessor. The associated income from sub-letting such premises continues to be included within other operating income.

In certain cases, sub-letting arrangements cover substantially all of the risks and rewards of the principal lease, and are recognised as finance leases. Right-of-use assets relating to the principal lease are derecognised and a financial receivable booked.

NOTE 19 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment break down as follows by category:

2019 – Cost

	At 1 Jan. 2019	Acquis-itions	Changes in scope of consolidation	Disposals	Reclassifi-cations	Assets held for sale(****)	Translation adjustments	At 31 Dec. 2019
Land	47	-	-	-	-	-	-	47
Buildings	460	31	9	(18)	2	(6)	4	482
Machinery and	685	75	15	(46)	1	(24)	11	717
Other	496	54	5	(23)	(1)	(11)	3	523
Assets under construction(**)	50	31	(19)	-	(1)	-	1	62
Total	**1,738**	**191**	**10**	**(87)**	**1**	**(41)**	**19**	**1,831**

2019 – Depreciation and impairment losses

	At 1 Jan. 2019	Depreciation	Impair-ment losses(***)	Changes in scope of consolidation	Disposals	Reclassifi-cations	Assets held for sale(****)	Translation adjustments	At 31 Dec. 2019
Land	-	-	-	-	-	-	-	-	-
Buildings	(245)	(30)	(2)	3	18	-	2	(2)	**(256)**
Machinery and	(435)	(77)	(2)	(2)	42	1	19	(7)	**(461)**
Other	(264)	(52)	(4)	(11)	20	-	9	(1)	**(303)**
Assets under construction(**)	-	-	-	-	-	-	-	-	-
Total	**(944)**	**(159)**	**(8)**	**(10)**	**80**	**1**	**30**	**(10)**	**(1,020)**
Carrying amounts(****)	**794**	**32**	**(8)**	**-**	**(7)**	**2**	**(11)**	**9**	**811**

2018 – Cost

	At 1 Jan. 2018(*)	Acquis-itions	Changes in scope of consolidation	Disposals	Reclassifi-cations	Assets held for sale(****)	Translation adjustments	At 31 Dec. 2018(*)
Land	47	-	-	-	(3)	3	-	47
Buildings	379	25	(3)	(7)	25	42	(1)	460
Machinery and	720	68	(15)	(70)	(6)	(20)	8	685
Other	482	51	57	(89)	9	(11)	(2)	497
Assets under construction(**)	76	38	(1)	-	(64)	-	1	50
Total	**1,704**	**182**	**38**	**(166)**	**(39)**	**14**	**6**	**1,739**

2018 – Depreciation and impairment losses

	At 1 Jan. 2018(*)	Deprec-iation	Impair-ment losses(***)	Changes in scope of consolidation	Disposals	Reclassifi-cations	Assets held for sale(****)	Translation adjustments	At 31 Dec. 2018(*)
Land	(1)	-	-	-	-	1	-	-	-
Buildings	(199)	(25)	(1)	4	6	11	(41)	1	(244)
Machinery and	(456)	(71)	(2)	14	66	4	13	(4)	(436)
Other	(324)	(39)	(3)	10	82	2	5	2	(265)
Assets under construction(**)	-	-	-	-	-	-	-	-	-
Total	**(980**	**(135)**	**(6)**	**28**	**154**	**18**	**(23)**	**(1)**	**(945)**
Carrying amounts(****)	**724**	**47**	**(6)**	**66**	**(12)**	**(21)**	**(9)**	**5**	**794**

(*) Data for 2018 restated for the full retrospective application of IFRS 16 (see note 1.1).

(**) Assets under construction include property, plant and equipment and intangible assets.

(***) See note 10 for a breakdown of property, plant and equipment impairment.

(****) Including negative amounts of €11 million at 31 December 2019 and €5 million at 31 December 2018 resulting from the reclassification of Lagardère Sports as a discontinued operation in accordance with IFRS 5 (see note 4.3).

NOTE 20 INVESTMENTS IN EQUITY-ACCOUNTED COMPANIES

Investments in **associates and joint ventures** are accounted for under the equity method in the Group's consolidated financial statements. The Group's main equity-accounted companies are as follows:

	Joint shareholder	Main business	% interest		Balance sheet		Income statement	
			31 Dec. 2019	31 Dec. 2018	31 Dec. 2019	31 Dec. 2018(*)	2019	2018(*)
Lagardère & Connexions	SNCF Participations	Travel Retail	50%	50%	3	1	2	1
Other					3	4	(2)	(2)
Total joint ventures					**6**	**5**	**-**	**(1)**
S.D.A. (Société de Distribution Aéroportuaire)	Aéroport de Paris	Travel Retail	45%	45%	12	12	-	1
Relay@ADP	Aéroport de Paris	Travel Retail	50%	50%	6	6	3	3
Éditions J'ai Lu		Publishing	35%	35%	17	17	-	1
Inmedio		Travel Retail	49%	49%	14	13	1	1
Yen Press		Publishing	49%	49%	11	10	1	-
Saddlebrook International Sports		Sports	30%	30%	5	4	1	-
Other					2	3	-	(2)
Total associates					**67**	**65**	**6**	**4**
Total investments in equity-accounted companies					**73**	**70**	**6**	**3**

(*) Data for 2018 restated for the full retrospective application of IFRS 16 (see note 1.1).

Movements in investments in equity-accounted companies can be analysed as follows:

	2019			2018		
	Total	Joint ventures	Associates	Total	Joint ventures	Associates
Investments in equity-accounted companies at beginning of year	**70**	**5**	**65**	**121**	**5**	**116**
Dividends paid(*)	(6)	(1)	(5)	(5)	-	(5)
Share in income (loss)	6	-	6	4	-	4
Impairment losses	-	-	-	-	-	-
Changes in other comprehensive income	1	-	1	1	-	1
First-time consolidations/ Acquisitions	-	-	-	-	(2)	2
Deconsolidation/Disposals(**)	-	-	-	(54)	-	(54)
Other	2	2	-	3	2	1
Investments in equity-accounted companies at end of year	**73**	**6**	**67**	**70**	**5**	**65**

(*) Including Relay ADP for €3 million in 2019 and 2018.
(**) Including Marie Claire for €54 million in 2018.

Joint ventures

As part of its business operations, Lagardère Travel Retail manages certain travel retail contracts in the form of 50/50 joint ventures entered into with concession grantors. The main joint ventures set up by Lagardère Travel Retail with its partners are (i) Lagardère & Connexions (formerly Société des Commerces en Gares), with SNCF Participations, (ii) SVRLS@LAREUNION, with Servair, and (iii) Lyon Duty Free, with Lyon airport authorities.

Total revenue generated by these Travel Retail joint ventures (on a 100% basis) amounted to €414 million in 2019 versus €388 million in 2018. Fully consolidated entities invoiced joint ventures amounts of €19 million in 2019 and €17 million in 2018.

	Figures on a 100% basis		Lagardère's share (50%)	
	2019	2018	2019	2018
Total revenue	**414**	**388**	**208**	**194**
Group revenue with joint ventures	*(19)*	*(17)*	*(9)*	*(9)*
Adjusted revenue	395	371	198	185
Recurring operating profit	**8**	**4**	**4**	**2**
Profit before finance costs and tax	10	6	5	3
Profit before tax	7	3	4	1
Profit for the year	**5**	**3**	**3**	**1**
Net debt	**(21)**	**(27)**	**(10)**	**(14)**

Associates

As part of its business operations, Lagardère Travel Retail also manages certain travel retail contracts with associates. The main associates set up by Lagardère Travel Retail with its partners are Société de Distribution Aéroportuaire and Relay@ADP with Aéroports de Paris.

Total revenue generated by these Travel Retail associates (on a 100% basis) amounted to €948 million in 2019 versus €892 million in 2018. Fully consolidated entities invoiced joint ventures amounts of €373 million in 2019 and €457 million in 2018.

	Figures on a 100% basis		Lagardère's share (50%)	
	2019	2018	2019	2018
Total revenue	**948**	**892**	**474**	**446**
Group revenue with associates	*(373)*	*(457)*	*(186)*	*(228)*
Adjusted revenue	575	435	288	218
Recurring operating profit	**13**	**14**	**6**	**7**
Profit before finance costs and tax	11	11	5	6
Profit before tax	10	3	5	1
Profit for the year	**7**	**9**	**3**	**5**
Net debt	**(77)**	**(63)**	**(39)**	**(31)**

NOTE 21 OTHER NON-CURRENT ASSETS

Other non-current assets

Other non-current assets break down as follows:

Carrying amount	31 Dec. 2019	31 Dec. 2018
Investments in non-consolidated companies	43	30
Loans and receivables	111	76
Signing fees	-	85
Derivative financial instruments(*)	-	5
Total	**154**	**196**

(*) See note 31.1.

Investments in non-consolidated companies

investments in non-consolidated companies include the following:

	31 Dec. 2019		31 Dec. 2018	
Carrying amount	Carrying amount	% interest	Carrying amount	% interest
FCPI Idinvest Digital Fund II	11	7%	11	7%
Other	32	-	19	-
Total	**43**		**30**	

The above investments are classified as investments in non-consolidated companies. No fair value adjustments were recognised in equity in respect of investments in non-consolidated companies in 2019. Cumulative fair value adjustments on investments in non-consolidated companies at 31 December 2019 amounted to a negative €1 million.

Loans and receivables

Loans and receivables can be analysed as follows:

Loans and receivables	31 Dec. 2019	31 Dec. 2018
Gross amount	141	105
Accumulated impairment losses	(30)	(29)
Carrying amount	**111**	**76**

Analysis of impairment losses	2019	2018
At 1 January	**(29)**	**(24)**
Impairment losses (recognised) reversed in the year	(1)	(1)
Other movements and translation adjustments	-	(4)
At 31 December	**(30)**	**(29)**

Loans and receivables included in non-current financial assets mainly comprise deposits, loans and receivables with an estimated maturity of more than one year. They also include financial receivables resulting from finance leases (sub-letting arrangements) for €27 million at 31 December 2019.

NOTE 22 INVENTORIES

Inventories break down as follows:

	31 Dec. 2019	31 Dec. 2018
Lagardère Publishing	420	413
Lagardère Travel Retail	416	347
Other Activities	2	2
Assets sold and disposals pending completion	-	1
Gross amount	**838**	**763**
Accumulated impairment losses	(207)	(197)
Carrying amount	**631**	**566**

Analysis of impairment losses	2019	2018
At 1 January	**(197)**	**(210)**
Impairment losses (recognised) reversed in the year	(5)	6
Other movements and translation adjustments	(5)	7
At 31 December	**(207)**	**(197)**

NOTE 23 TRADE RECEIVABLES

Trade receivables and their realisable value can be analysed as follows:

	31 Dec. 2019	31 Dec. 2018(*)
Trade receivables (gross amount)	**1,158**	**1,398**
Accumulated impairment losses	(90)	(104)
Carrying amount	**1,068**	**1,294**
Of which:		
- not yet due	961	1,085
- less than six months past due	84	166
- more than six months past due	23	43
Total	**1,068**	**1,294**

(*) Data restated for the full retrospective application of IFRS 16 (see note 1.1).

Analysis of impairment losses	2019	2018
At 1 January	**(104)**	**(143)**
Impairment losses (recognised) reversed in the year	(9)	16
Other movements and translation adjustments	23	23
At 31 December	**(90)**	**(104)**

Securitisation of trade receivables

In December 2015, the Group set up a five-year trade receivables securitisation programme in certain Lagardère Active subsidiaries. Under this programme, sold receivables may be deconsolidated based on the conditions set out below.

The new programme involves the no-recourse sale of receivables and includes a credit insurance and protection mechanism within the securitisation fund which absorbs most of the risks. Accordingly, substantially all of the risks and rewards incidental to ownership of the receivables are transferred to the compartment of the fund.

The main characteristics of the programme are as follows:

- receivables are sold through an entity representing the compartment of a securitisation fund that is not controlled by Lagardère;
- the compartment subscribes to a credit insurance policy covering 99% of the credit risk on the receivables;
- receivables are purchased for their nominal value net of a discount set (using a pre-determined formula) so as to cover the carrying costs of the securitisation, the fees associated with the fund compartment (remuneration of fund units and expenses), and the risk of late-payment on the acquired receivables;
- the compartment's senior units are subscribed by a financial institution and are used to finance the acquisition of receivables;
- the compartment's subordinated units and additional units subscribed by Lagardère absorb the dilution risk and the share of uninsured receivables in the event that the discount is insufficient;
- Lagardère is responsible for recovering the receivables and for managing the credit insurance policy, and receives a fixed commission for this purpose.

The sale of Lagardère Active's magazine publishing titles and TV channels resulted in Lagardère Publicité and Lagardère Thématique exiting the securitisation programme and in the entry of a new transferor (Lagardère Publicité News), which securitises the receivables relating to the retained Press titles and Radio operations in France.

Accordingly, receivables sold and deconsolidated at end-2019 totalled €28 million.

Lagardère is nevertheless exposed to a residual risk on the sold receivables, represented mainly by the units subscribed in the securitisation compartment, which amounted to €0.7 million at 31 December 2019, or around 2.3% of the total value of the sold receivables.

Receivables sold and deconsolidated at end-2018 totalled €53 million.

NOTE 24 OTHER CURRENT ASSETS

Other current assets break down as follows:

	31 Dec. 2019	31 Dec. 2018(*)
Receivable from authors	295	306
Recoverable taxes and payroll taxes	217	222
Prepaid expenses	57	129
Receivable from suppliers	80	79
Advances paid	42	35
Signing fees	-	15
Derivative financial instruments(**)	1	7
Loans	6	9
Contract assets(***)	-	5
Other	59	89
Total	**757**	**896**
Accumulated impairment losses	(40)	(24)
Carrying amount	**717**	**872**

(*) Data at 31 December 2018 restated for the full retrospective application of IFRS 16 (see note 1.1).
(**) See note 31.1 for more details on derivative financial instruments.
(***) See note 25.

Analysis of impairment losses	2019	2018
At 1 January	**(24)**	**(52)**
Impairment losses (recognised) reversed in the year	(34)	(17)
Other movements and translation adjustments	18	45
At 31 December	**(40)**	**(24)**

NOTE 25 CONTRACT ASSETS AND LIABILITIES:

The table below shows movements in contract assets and liabilities;

	31 Dec. 2018	Recognised in revenue	Payments received from customers	Changes in estimates	Impair-ment losses	Assets held for sale(*)	Other	31 Dec. 2019
Non-current contract assets	-	-	-	-	-	-	-	-
Current contract assets	5	-	-	-	-	(5)	-	-
Total contract assets	**5**	**-**	**-**	**-**	**-**	**(5)**	**-**	**-**
Non-current contract liabilities	11	-	3	-	-	-	-	14
Current contract liabilities	90	(2)	-	-	-	(81)	(1)	6
Total contract liabilities	**101**	**(2)**	**3**	**-**	**-**	**(81)**	**(1)**	**20**

(*) Contract assets and liabilities relating to Lagardère Sports were classified within assets held for sale and associated liabilities at 31 December 2019, following the classification of the disposal group as a discontinued operation in accordance with IFRS 5 (see note 4.3).

Estimating the amount of revenue earned in a given reporting period results in a time lag between the date the services are rendered and the date the company has the right to receive payment from the customer. This difference results in the recognition of contract assets, while conversely, payments received from customers before all or part of the corresponding services have been provided give rise to contract liabilities.

Contract assets and liabilities relate to Lagardère Sports and Entertainment businesses.

Contract assets decreased by €5 million in 2019, due mainly to the classification of Lagardère Sports as a discontinued operation in accordance with IFRS 5. The corresponding contract assets were classified within assets held for sale.

Contract liabilities decreased by €81 million to €20 million at end-2019, reflecting:

- €81 million in Lagardère Sports contract liabilities classified within assets held for sale and associated liabilities;
- €3 million in payments received from customers for which the related performance obligations have not yet been satisfied, mainly in Other Activities;
- €2 million representing services provided to customers in 2019 for which revenue was recognised against a reduction in contract liabilities, essentially in Other Activities.

NOTE 26 CASH AND CASH EQUIVALENTS

Cash and cash equivalents reported in the statement of cash flows are calculated as follows:

	31 Dec. 2019	31 Dec. 2018
Cash and cash equivalents	913	710
Short-term bank loans and overdrafts	(45)	(50)
Cash and cash equivalents, net	**868**	**660**

Cash and cash equivalents break down as follows:

	31 Dec. 2019	31 Dec. 2018
Bank accounts	753	431
Money market funds	33	213
Term deposits and current accounts maturing in less than three months	127	66
Cash and cash equivalents	**913**	**710**

Changes in working capital as reported in the statement of cash flows can be analysed as follows:

	2019	2018
Change in inventories	(26)	(23)
Change in trade receivables	(50)	-
Change in trade payables	80	33
Change in other receivables and payables	30	7
Change in lease liabilities	(9)	(1)
Changes in working capital(*)	**25**	**16**

(*) Increase/(decrease) in cash and cash equivalents

Changes in working capital represented a positive €25 million impact over the year, after a positive €16 million impact in 2018. Changes in cash and cash equivalents attributable to lease liabilities relates to new building leases in France in Other Activities, in respect of which rent-free periods have been negotiated.

Changes in working capital excluding lease liabilities represented a positive €16 million impact, reflecting (i) a rise of €49 million for Lagardère Publishing resulting from lower author advances at the end of the year and a year-on-year reduction in Partworks inventories, which had been affected by a busy launch schedule at the end of 2017, and (ii) a rise of €26 million for the non-retained scope, including a €22 million inflow relating to the collection of a portion of the proceeds from the sale of most of the magazine publishing titles to Czech Media Invest (CMI). The positive impact was offset by a €73 million negative impact for Lagardère Travel Retail (2018 had been boosted by a favourable one-off impact linked to the working capital optimisation drive).

NOTE 27 EQUITY

27.1 SHARE CAPITAL

At 31 December 2019 and 31 December 2018, the share capital of Lagardère SCA amounted to €799,913,044.60, represented by 131,133,286 shares with a par value of €6.10 each, all ranking *pari passu* and fully paid up.

27.2 TREASURY SHARES

Changes in the number of shares held in treasury over the last two years were as follows:

	2019	2018
Number of treasury shares held at 1 January	**1,260,478**	**1,575,218**
Purchases of treasury shares	2,587,474	883,813
Sales of treasury shares	(989,974)	(716,313)
Capital reduction by cancellation of treasury shares	(581,012)	(482,240)
Number of treasury shares held at 31 December	**2,276,966**	**1,260,478**

At 31 December 2019, shares held in treasury represented 1.74% of Lagardère SCA's share capital and were allocated for the following purposes:

- 1,946,966 shares for future allocation to employees;
- 330,000 shares for market-making purposes.

In 2019, Lagardère SCA purchased 1,500,000 treasury shares for future allocation to employees, for a total cost of €29 million.

As part of the liquidity agreement entered into in 2008 with Crédit Agricole Cheuvreux for the purposes of market-making, Lagardère SCA purchased 1,087,474 treasury shares during the year for a total cost of €23 million and sold 989,974 treasury shares for a total of €22 million, giving rise to a €1 million net disposal loss which was recorded directly in equity.

The Group also carried out a number of capital reductions by cancelling 581,012 treasury shares for €15 million. These operations took place following capital increases carried out by capitalising reserves and involving the same number of shares. The newly-issued shares were allocated in 2019 to the Group's Co-Managing Partners and salaried employees who are beneficiaries under the 1 April 2015 and 9 May 2016 plans.

In 2018, Lagardère SCA purchased 883,813 treasury shares for a total cost of €21 million and sold 716,313 treasury shares for a total of €17 million, generating a €4 million net disposal loss which was recorded directly in equity.

The Group also carried out a number of capital reductions during the year by cancelling 482,240 treasury shares for €15 million. These operations took place following capital increases carried out by capitalising reserves and involving the same number of shares. The newly-issued shares were allocated in 2018 to the Group's Co-Managing Partners and salaried employees who are beneficiaries under the 22 December 2014 and 1 April 2015 plans.

27.3 OTHER RESERVES

Translation reserve

The translation reserve corresponds to cumulative exchange differences arising on translation of the financial statements of foreign subsidiaries whose functional currency is not the euro.

Valuation reserve

The valuation reserve comprises cumulative gains and losses arising on changes in value of:

- derivative financial instruments used as cash flow hedges; and
- available-for-sale investments.

27.4 MINORITY INTERESTS

Minority interests do not represent a material amount in the Group's consolidated financial statements. Minority interests in the net assets and profits of consolidated companies break down as follows:

	Minority interests in subsidiaries		Balance sheet		Income statement		Dividends paid to minority shareholders of subsidiaries	
	31 Dec. 2019	31 Dec. 2018	31 Dec. 2019	31 Dec. 2018	2019	2018	2019	2018
Lagardère Publishing			**29**	26	**6**	4	**4**	4
o/w Librairie Générale Française	**40%**	40%	**21**	20	**4**	3	**3**	3
o/w Pika Editions	**33.33%**	33.33%	**6**	6	**-**	-	**-**	-
Lagardère Travel Retail			**118**	122	**21**	18	**22**	22
o/w Paradies sub-group(*)	**N/A**	N/A	**59**	62	**14**	12	**16**	22
o/w Hojeij Branded Foods sub-group(*)	**N/A**	N/A	**22**	23	**1**	-	**3**	-
o/w Lagardère Duty Free SAS (Aelia) sub-group	**9.96%**	9.96%	**26**	24	**2**	2	**-**	-
o/w Airest sub-group(**)	**50%**	50%	**15**	11	**4**	4	**3**	-
Lagardère Active			**2**	4	**1**	-	**3**	1
o/w Mezzo		40%		3	**-**	1	**2**	1
Lagardère Sports and Entertainment			**1**	2	**(2)**	-	**-**	-
o/w Lagardère Sports Asia sub-group	**19.26%**	19.26%	**1**	2	**(2)**	-	**-**	-
Total			**150**	**154**	**26**	**22**	**29**	**27**

(*) Paradies and Hojeij Branded Foods groups include the minority interests resulting from the acquisition of Paradies on 22 October 2015 and of Hojeij Branded Foods on 19 November 2018. In accordance with US legislation (Airport Concessions Disadvantaged Business Enterprises (ACDBE) Program), the Travel Retail activities in North America are operated in numerous airports by legal entities that include minority partners. The percentages of minority interests are different in each of the sub-group's subsidiaries.

(**) Exercise of call options on minority interests in the Airest sub-group in 2015. However, the percentage of minority interests remains unchanged in the Airest SPA subsidiaries (Venice Treviso, Verona, Bari and Palermo airports).

27.5 CAPITAL MANAGEMENT

Lagardère closely monitors its ownership and shareholding structure. As all Lagardère SCA shares are in registered form, the Group has a good knowledge of its ownership structure and the changes in shareholdings that occur over time. The free float represents a significant portion of the Company's outstanding shares, at around 93%, which guarantees good liquidity. Lagardère Capital & Management, which is controlled by Arnaud Lagardère, the Group's General and Managing Partner, has a 7.26% shareholding. The large free float guarantees good liquidity for the Group's share.

Lagardère has not raised capital on the market for several years and applies a policy of regularly paying out dividends. To reward shareholder stability, the Company has granted double voting rights for shares registered in the name of the same shareholder for at least four years.

As part of its long-term development strategy, the Group optimises its debt/equity ratio. Given the current level of cash, external growth can be financed by borrowings.

The shares due to be remitted to executives and employees under the free share plans are generally new shares created through a capital increase by capitalising reserves. An equivalent number of treasury shares is cancelled in order to neutralise the resulting dilutive impact on shareholders. In order to maintain a constant level of treasury shares further to such transactions, the Group may purchase shares on the market.

In 2008, the Group put in place a liquidity agreement for the purpose of ensuring a liquid market for its shares and stabilising the share price.

27.6 OTHER COMPREHENSIVE INCOME (EXPENSE) FOR THE YEAR

The components of **other comprehensive income (expense)** can be analysed as follows:

	2019			2018		
	Attributable to owners(*)	Minority interests	Total equity	Attributable to owners(*)	Minority interests	Total equity
Translation reserve	**54**	**1**	**55**	**38**	**3**	**41**
- Currency translation adjustments	53	1	54	38	3	41
- Share of other comprehensive income (expense) of equity-accounted companies, net of tax	1	-	1	-	-	-
Valuation reserve	**(25)**	**-**	**(25)**	**(10)**	**-**	**(10)**
Change in fair value of derivative financial instruments	**(25)**	**-**	**(25)**	**(9)**	**-**	**(9)**
- Unrealised gains (losses) recognised directly in equity	(31)	-	(31)	(13)	-	(13)
- Amounts reclassified from equity to profit or loss	1	-	1	1	-	1
- Tax effect	5	-	5	3	-	3
Change in fair value of investments in non-consolidated companies	**-**	**-**	**-**	**(1)**	**-**	**(1)**
- Unrealised gains (losses) recognised directly in equity	-	-	-	(1)	-	(1)
- Amounts reclassified from equity to profit or loss	-	-	-	-	-	-
- Tax effect	-	-	-	-	-	-
Other reserves	**(14)**	**-**	**(14)**	**6**	**-**	**6**
- Actuarial gains and losses on pensions and other post-employment benefit obligations	(19)	-	(19)	8	-	8
- Tax effect	5	-	5	(2)	-	(2)
Other comprehensive income (expense) for the year, net of tax	**15**	**1**	**16**	**34**	**3**	**37**

(*) Equity attributable to owners of the Parent.

Currency translation adjustments recognised within other comprehensive income (expense) relate mainly to the following currencies:

	2019	2018
US dollar:	€23m	€47m
Pound sterling:	€26m	€(5)m
Other:	€5m	€(1)m
Total	**€54m**	**€41m**

NOTE 28 PROVISIONS

28.1 PROVISIONS FOR PENSIONS AND OTHER POST-EMPLOYMENT BENEFIT OBLIGATIONS

In application of the principles set out in note 3.19 "Provisions for pensions and other post-employment benefit obligations", provisions are recognised to cover the Group's obligations under defined benefit plans.

The provision recognised at 31 December represents the value of beneficiaries' accumulated rights less the related plan assets. The Group's main obligations concerning pensions and other post-employment benefits relate to plans in the United Kingdom and France.

United Kingdom

The Group's pension plans in the United Kingdom are closed to new entrants and current members may no longer accrue any future benefits. The pension benefits payable under these plans are based on beneficiaries' career average salaries. The plans are funded by plan assets, and in accordance with the applicable law are subject to minimum funding requirements. A Board of Trustees – made up of an equal number of representatives of the employer and employees/retirees – is responsible for ensuring that the plans are properly managed from both an administrative and financial perspective. At 31 December 2019, the plans in effect in the United Kingdom represented an aggregate obligation of €237 million (60% of the Group's total obligation) and plan assets amounted to €247 million (92% of the Group's total plan assets).

France

The most significant plans in place in France relate to end-of-career bonuses paid to employees in accordance with the specific requirements of each entity's collective bargaining agreement. Employees are paid this bonus when they retire and its amount is calculated based on the employee's length of service and the terms and conditions specified in the relevant collective bargaining agreement. End-of-career bonuses are not covered by funded plans and are not subject to any minimum funding requirements. These plans represented a benefit obligation of €69 million, of which €3 million was reclassified within liabilities associated with assets held for sale, leaving a net benefit obligation of €66 million (16% of the Group's total benefit obligation).

The tables below give details of the assumptions used for measuring the Group's pension and other post-employment benefit obligations as well as movements in their value and the related provisions recognised.

Change in present value of benefit obligation

	2019	2018
Present value of benefit obligation at beginning of year	**358**	400
Current service cost	9	9
Plan amendments/Curtailments	(13)	8
Settlements	(4)	(1)
Interest expense	8	8
Employee contributions	-	-
Benefits paid	(12)	(19)
Actuarial (gains) and losses from changes in demographic assumptions	-	(3)
Actuarial (gains) and losses from changes in financial assumptions	39	(17)
Actuarial (gains) and losses from experience adjustments	1	(1)
Changes in scope of consolidation and assets held for sale(*)	(33)	(22)
Translation adjustments and other	12	(4)
Present value of benefit obligation at end of year	**365**	358
Present value of benefit obligation at end of year for funded plans	277	262
Present value of benefit obligation at end of year for unfunded plans	88	96

(*) Classified within liabilities associated with assets held for sale in an amount of €34 million at 31 December 2019 (see note 4.3).

Change in fair value of plan assets

	2019	2018
Fair value of plan assets at beginning of year	**229**	239
Interest income	7	7
Effect of remeasurements	22	(13)
Employee contributions	-	-
Employer contributions	5	7
Benefits paid	(8)	(9)
Settlements	-	-
Changes in scope of consolidation	-	-
Translation adjustments and other	13	(2)
Fair value of plan assets at end of year	**268**	229

Asset allocation at 31 December

	2019	2018
Shares	18%	18%
Bonds	71%	73%
Real estate	2%	3%
Money market instruments	3%	2%
Other	5%	5%

Calculation of net amount recognised as a provision at 31 December

	2019	2018	2017	2016	2015
Present value of benefit obligation	365	358	400	395	368
Fair value of plan assets	(268)	(229)	(239)	(229)	(230)
Unrecognised past service cost	-	-	-	-	-
Net amount recognised as a provision	**97**	129	161	166	138

Movements in the provision recognised in the balance sheet

	2019	2018
Provision at beginning of year	**129**	161
Net expense for the year	(7)	17
Actuarial (gains) and losses recognised in equity	19	(8)
Employer contributions	(5)	(7)
Benefits paid by the employer	(4)	(10)
Changes in scope of consolidation and assets held for sale(*)	(33)	(22)
Translation adjustments and other	(2)	(2)
Provision at end of year(**)	**97**	129

(*) Classified within liabilities associated with assets held for sale in an amount of €34 million at 31 December 2019 (see note 4.3).

(**) Including €106 million in provisions for post-employment benefit obligations and a negative amount of €9 million recognised under other non-current assets for two overfunded plans.

Calculation of net expense for the year

	2019	2018
Current service cost	9	9
Plan amendments/Curtailments	(13)	8
Settlements	(4)	(1)
Interest expense	1	1
Actuarial gains and losses on other employee benefits	-	-
Net expense (income) recognised in the income statement	**(7)**	17
Actuarial (gains) and losses from changes in demographic assumptions	-	(3)
Actuarial (gains) and losses from changes in financial assumptions	39	(17)
Actuarial (gains) and losses from experience adjustments	1	(1)
Excess of actual return on plan assets	(21)	13
Effect of asset ceiling	-	-
Remeasurement of the net liability recognised in equity	**19**	(8)
Net expense for the year	**12**	9

Actuarial assumptions used to calculate benefit obligations

	2019	2018
Discount rate: weighted average for all countries including:	1.81%	2.40%
- *Eurozone*(*)	*0.90%*	*1.65%*
- *United Kingdom*(*)	*2.10%*	*2.85%*
Average expected rate of benefit increase	2.90%	3.09%
Average expected rate of salary increase	2.00%	1.86%
Expected rate of healthcare cost inflation:		
- *initial*	*3.75%*	*3.75%*
- *ultimate*	*2.25%*	*2.25%*
- *year in which ultimate rate is expected to be reached*	*2030*	*2030*

(*) Discount rates are derived from market rates on high quality corporate bonds (rated AA) with maturities that approximate those of the estimated future payments under the plans. The benchmark index used for the eurozone is the iBoxx Corporate AA.

Experience gains and losses recognised in equity

	2019	2018
Difference between actual and expected return on plan assets		
Gains (losses)	22	(13)
Percentage of plan assets at year-end	8.30%	-5.49%
Experience adjustments		
Losses (gains)	1	(1)
Percentage of present value of plan liabilities at year-end	0.30%	-0.20%

Sensitivity to changes in healthcare cost inflation assumptions (+/-1%) for post-employment medical plans

	2019	2018
Present value of benefit obligation at 31 December	-	13
Effect of a 1% increase:		
- on present value of benefit obligation	-	56
- on expense for the year	-	4
Effect of a 1% decrease:		
- on present value of benefit obligation	-	(38)
- on expense for the year	-	(2)

Sensitivity of the obligation at 31 December 2019 to changes in the discount rate

	0.5% increase	0.5% decrease
Impact on present value of benefit obligation	(33)	30
Weighted average duration of obligations	16 years	

Expected employer contributions

	2019	2018
Expected employer contributions	5	5

Actuarial gains and losses recognised directly in equity

	2019	2018
Actuarial gains (losses) at 1 January	**(17)**	(22)
Change during the year:		
- in value of benefit obligation	(41)	20
- in fair value of plan assets	22	(13)
Actuarial gains (losses) at 31 December	**(36)**	(15)
Deferred tax impact	(3)	(2)
Actuarial gains (losses), net of tax at 31 December	**(39)**	(17)

28.2 OTHER PROVISIONS

Current and non-current provisions for contingencies and losses primarily cover the following:

	31 Dec. 2019	31 Dec. 2018
Future losses on long-term contracts and other contracts	-	6
Restructuring and withdrawal costs	32	32
Claims and litigation	38	64
Other contingencies	224	234
Total	**294**	**336**
Of which:		
- non-current provisions	*156*	*190*
- current provisions	*138*	*146*

2019	At 1 Jan. 2019	Translation adjustments	Changes in scope of consoli-dation	Charges	Utilis-ations	Releases of surplus provisions	Reclass-ifications	Liabilities associated with assets held for sale	At 31 Dec. 2019
Future losses on long-term contracts and other contracts	6	-	-	-	-	-	-	(6)	-
Restructuring and withdrawal costs	32	-	(2)	22	(17)	(17)	14	-	**32**
Claims and litigation	64	-	(5)	3	(4)	(8)	(12)	-	**38**
Other contingencies	234	1	(8)	46	(30)	(24)	-	5	**224**
Total	**336**	**1**	**(15)**	**71**	**(51)**	**(49)**	**2**	**(1)**	**294**

2018	At 1 Jan. 2018	Translation adjustments	Changes in scope of consolidation	Charges	Utilis-ations	Releases of surplus provisions	Reclass-ifications	Liabilities associated with assets held for sale	At 31 Dec. 2018
Future losses on long-term contracts and other contracts	6	-	-	-	-	-	-	-	**6**
Restructuring and withdrawal costs	29	-	2	20	(15)	(4)	5	(5)	**32**
Claims and litigation	69	-	1	9	(7)	(2)	-	(6)	**64**
Other contingencies	263	(1)	5	40	(31)	(38)	9	(13)	**234**
Total	**367**	**(1)**	**8**	**69**	**(53)**	**(44)**	**14**	**(24)**	**336**

Provisions for claims and litigation cover risks identified at the end of the reporting period and are based on the estimated amount of potential losses for the Group.

Amounts shown under "Other contingencies" comprise items not directly attributable to the specific categories listed and relating to generally small individual transactions carried on in the ordinary course of business and concerning all consolidated entities.

NOTE 29 DEBT

29.1 BREAKDOWN OF DEBT

The **Group's total debt** breaks down as follows:

	31 Dec. 2019	31 Dec. 2018
Bonds	1,291	794
Bank loans	450	200
Debt related to put options granted to minority shareholders	12	10
Medium term notes (NEU MTN)(**)	64	-
Other debt	17	15
Non-current debt excluding financial instruments designated as hedges of debt	**1,834**	**1,019**
Financial instruments designated as hedges of debt	8	1
Non-current debt	**1,842**	**1,020**
Bonds	-	499
Bank loans	13	-
Debt related to put options granted to minority shareholders	-	-
Medium term notes (NEU MTN)(**)	-	19
Commercial paper (NEU CP)(*)	449	477
Other debt	70	70
Current debt excluding financial instruments designated as hedges of debt	**532**	**1,065**
Financial instruments designated as hedges of debt	-	-
Current debt	**532**	**1,065**
Total debt	**2,374**	**2,085**

(*) Negotiable European Commercial Paper.
(**) Negotiable European Medium Term Notes.

The main movements in debt during 2019 were as follows:

- On 26 June 2019, Lagardère SCA announced that it had raised €253 million in financing through a *Schuldscheindarlehen* German law private placement. The placement consisted of several euro-denominated tranches issued with five- and seven-year maturities at fixed and floating rates, for €187 million and €66 million, respectively. The effective interest rate is 1.49%.
- The €500 million worth of seven-year bonds issued in 2014 were redeemed in September 2019.
- A new €500 million fixed-rate bond issue was launched in October 2019, maturing in 2026. The effective interest rate is 2.26%.
- Continuation of the commercial paper (NEU CP) programme with a ceiling of €850 million. Debt issues under the programme represented €449 million at 31 December 2019 compared with €477 million at 31 December 2018.
- Continuation of the Negotiable European Medium Term Notes programme with a ceiling of €200 million. Debt issues under the programme represented €64 million at 31 December 2019 compared with €19 million at 31 December 2018.

Movements in **liabilities arising from financing activities** – which include the breakdown of movements in debt presented in the statement of cash flows – can be analysed as follows:

	31 Dec. 2018	Cash flows	Changes in scope of consolidation	Effect of changes in exchange rates	Changes in fair value	Other movements (***)	31 Dec. 2019
Bonds	794	496	-	-	-	1	1,291
Bank loans	200	249	-	-	-	1	450
Medium term notes (NEU MTN)(**)	-	64	-	-	-	-	64
Other debt	15	10	(9)	1	-	-	17
Financial instruments designated as hedges of debt	1	-	-	-	15	(8)	8
Non-current liabilities arising from financing activities	**1,010**	**819**	**(9)**	**1**	**15**	**(6)**	**1,830**
Bonds	499	(500)	-	-	-	1	-
Bank loans	-	(11)	20	-	-	4	13
Commercial paper and debt securities (NEU CP and NEU MTN)(*)	496	(47)	-	-	-	-	449
Other debt	-	2	-	-	-	6	8
Financial instruments designated as hedges of debt	-	-	-	-	-	-	-
Current liabilities arising from financing activities	**995**	**(556)**	**20**	**-**	**-**	**11**	**470**
Total liabilities arising from financing activities(****)	**2,005**	**263**	**11**	**1**	**15**	**5**	**2,300**
Debt related to put options granted to minority shareholders	10	-	1	-	-	1	12
Short-term bank loans and overdrafts	50	(10)	(4)	4	-	5	45
Accrued interest	20	(8)	-	-	10	(5)	17
Total debt	**2,085**	**245**	**8**	**5**	**25**	**6**	**2,374**

(*) Negotiable European Commercial Paper.
(**) Negotiable European Medium Term Notes.
(***) Cash flow from (used in) discontinued operations and assets held for sale.
(****) Net cash flows of total liabilities arising from financing activities for €263 million correspond to increases (€836 million) and decreases (€573 million) shown in the consolidated statement of cash flows.

Net debt breaks down as follows:

(in millions of euros)	31 Dec. 2019	31 Dec. 2018(*)
Short-term investments and cash and cash equivalents	913	710
Financial instruments designated as hedges of debt with a positive fair value(**)	-	8
Non-current debt(***)	(1,842)	(1,020)
Current debt	(532)	(1,065)
Net debt	**(1,461)**	**(1,367)**

(*) Data at 31 December 2018 restated for the full retrospective application of IFRS 16 and for the reclassification of Lagardère Sports as a discontinued operation in accordance with IFRS 5 (see notes 1.1 and 4.3, respectively, to the consolidated financial statements).

(**) At 31 December 2018, financial instruments designated as hedges of debt with a positive fair value were included in "Other non-current assets" in an amount of €5 million and in "Other current assets" in an amount of €3 million.

(***) Non-current debt includes financial instruments designated as hedges of debt with a negative fair value, representing €8 million at 31 December 2019 and €1 million at 31 December 2018.

29.2 ANALYSIS OF DEBT BY MATURITY

Debt breaks down as follows by maturity at **31 December 2019**:

	2020(*)	2021	2022	2023	2024	Beyond 5 years	Total
Bonds	-	-	-	497	298	496	**1,291**
Bank loans	13	147	50	-	187	66	**463**
Financial instruments designated as hedges of debt	-	-	-	1	7	-	**8**
Debt related to put options granted to minority shareholders	-	3	-	3	-	6	**12**
Commercial paper(**)	449	64	-	-	-	-	**513**
Other debt	70	1	4	1	2	9	**87**
At 31 December 2019	**532**	**215**	**54**	**502**	**494**	**577**	**2,374**

(*) Debt due within one year is reported in the consolidated balance sheet under "Current debt".
(**) Commercial paper and medium-term notes.

Debt breaks down as follows by maturity at **31 December 2018**:

	2019(*)	2020	2021	2022	2023	Beyond 5 years	Total
Bonds	499	-	-	-	497	297	**1,293**
Bank loans	-	2	151	47	-	-	**200**
Financial instruments designated as hedges of debt	-	-	-	-	-	1	**1**
Debt related to put options granted to minority shareholders	-	9	-	1	-	-	**10**
Commercial Paper(**)	496	-	-	-	-	-	**496**
Other debt	70	13	-	-	-	2	**85**
At 31 December 2018	**1,065**	**24**	**151**	**48**	**497**	**300**	**2,085**

(*) Debt due within one year is reported in the consolidated balance sheet under "Current debt".
(**) Commercial paper and medium-term notes.

29.3 CHARACTERISTICS OF BONDS AND MAIN BANK LOANS

The following tables provide an analysis of bonds and bank loans:

31 December 2019	Carrying amount	Value of hedging instruments(*)	Total	Effective interest rate(**)
13 April 2016 seven-year bond issue, for €500 million	497	1	**498**	2.90%
21 June 2017 seven-year bond issue, for €300 million	298	7	**305**	1.81%
16 October 2019 seven-year bond issue, for €500 million	496		**496**	2.26%
Bonds	**1,291**	**8**	**1,299**	
Other debt	463	-	**463**	
Bank loans	**463**	**-**	**463**	
Total	**1,754**	**8**	**1,762**	

(*) Fair value of derivative instruments designated as hedges of debt.
(**) The effective interest rate on bonds includes the amortisation of the bond issue costs.

31 December 2018	Carrying amount	Value of hedging instruments(*)	Total	Effective interest rate(**)
19 September 2014 5-year bond issue, for €500 million	499	(3)	**496**	2.37%(***)
19 September 2014 5-year bond issue, for €500 million	497	(5)	**492**	2.90%
21 June 2017 seven-year bond issue, for €300 million	297	1	**298**	1.81%
Bonds	**1,293**	**(7)**	**1,286**	
Other debt	200	-	**200**	
Bank loans	**200**	**-**	**200**	
Total	**1,493**	**(7)**	**1,486**	

(*) Fair value of derivative instruments designated as hedges of debt.
(**) The effective interest rate on bonds includes the amortisation of the bond issue costs.
(***) The effective interest rate includes the impact of the amortisation of the pre-hedge interest rate set up before the bond issue and terminated at the time of the issue. The termination payment is being amortised over the life of the bond.

29.4 ANALYSIS OF DEBT BY CURRENCY

The following table provides a breakdown of current- and non-current debt by currency before and after hedging:

	Before hedging		After hedging	
31 December 2019		%		%
Eurozone	2,325	97.9%	1,492	62.8%
US dollar	4	0.2%	623	26.2%
Pound sterling	18	0.8%	74	3.1%
Australian dollar	-	0.0%	38	1.6%
Canadian dollar	-	0.0%	31	1.3%
Other	27	1.1%	116	4.9%
Total	**2,374**	**100%**	**2,374**	**100%**

NOTE 30 EXPOSURE TO MARKET RISKS (LIQUIDITY, INTEREST RATE, EXCHANGE RATE AND EQUITY RISKS) AND CREDIT RISKS

30.1 MARKET RISKS

30.1.1 EXPOSURE

Liquidity risks

The Group's liquidity risk is controlled as it has a cash to debt ratio of 291.2% (calculated by dividing its available liquidity reserves – i.e., cash and cash equivalents, short-term investments and confirmed undrawn credit lines – by gross debt maturing in less than two years). Gross debt maturing within two years amounts to €747 million, while total liquidity reserves represent €2,175 million (€913 million in cash and cash equivalents and short-term investments and €1,262 million in confirmed undrawn credit lines).

The liquidity reserve relates mainly to the syndicated credit facility contracted in May 2015 for €1,250 million over an initial period of five years. On 26 April 2016 and 27 April 2017, Lagardère SCA used the two possible extensions and on both occasions received the unanimous approval of the 13 syndicated banks to extend its credit facility by one year. Following these extensions, the facility will now fall due on 11 May 2022.

Total borrowings include the value of any hedging instruments (see note 29.3).

The proportion of bond debt redeemable at maturity decreased from 62% to 54% of total borrowings between 31 December 2018 and 31 December 2019, with €500 million falling due in 2023 and 2026 and €300 million in 2024.

Risks arising from early repayment covenants

The €1,250 million syndicated credit agreement entered into in May 2015 and maturing in May 2022, contains a covenant relating to the ratio of net debt to adjusted EBITDA.

Net debt is defined in in note 3.2 and is calculated as set out in note 29.

Adjusted EBITDA is defined as recurring operating profit of fully consolidated companies and discontinued operations (recurring EBIT), less depreciation, amortisation and impairment of property, plant and equipment and intangible assets, amortisation of signing fees, depreciation of right-of-use assets under building leases, cancellation of the fixed rental expense relating to buildings and other leases, plus dividends received from equity-accounted companies.

Since 1 January 2019, date of the first-time application of IFRS 16, recurring operating profit of fully consolidated companies (see definition in note 3.2) excludes the impact of this standard on concession agreements only. Since lease liabilities are not considered to be borrowings, they are not included in the calculation of net debt. The syndicate behind the €1,250 million facility accepted the adjustment to the covenant in June 2019.

Breaching this ratio would entitle the lenders to demand early repayment of the loans granted.

The ratio is calculated every six months over a rolling 12-month period, on the basis of the published consolidated financial statements.

At 31 December 2019, the applicable covenant had not been breached and no drawdowns had been made on the €1,250 million syndicated credit facility.

Interest rate risks

Fixed-interest bonds account for 54% of total gross debt.

The €497 million worth of bonds issued in 2016 and maturing in 2023 bear interest at a fixed rate (effective interest rate of 2.90%). The €298 million worth of bonds issued in 2017 and maturing in 2024 also bear interest at a fixed rate (effective interest rate of 1.81%). The €496 million worth of bonds issued in 2019 and maturing in 2026 also bear interest at a fixed rate (effective interest rate of 2.26%).

The Group regularly issues commercial paper and medium-term notes with maturities of between 1 and 24 months, the frequency and maturities of which adjust the reference rates applied. In addition, the rate applied to the portfolio as a whole varies throughout the year. The Group's other bank debt is mainly at variable interest rates.

Cash and cash equivalents totalled €913 million at 31 December 2019. Variable-rate debt stood at €747 million at 31 December 2019 (excluding, in particular, liabilities related to put options granted to minority shareholders and deposits and guarantees received). Based on the amounts indicated above, at 31 December 2019 a sudden rise in interest rates would have a limited impact on the Group's net finance costs.

At 31 December 2019 the Group did not hold any interest rate derivatives altering the breakdown of fixed- and variable-rate debt.

The Group's pensions and other post-employment benefit obligations are sensitive to changes in interest rates, as are the corresponding plan assets invested in bonds and money market instruments, although inversely so. The outstanding amounts of these obligations and assets are set out in note 28.1.

Exchange rate risks

The Group's exposure to foreign exchange rate risks on commercial transactions chiefly concerns Lagardère Sports. At 31 December 2019, the foreign currency hedges set up for all four of the Group's divisions – in the form of direct forward agreements – amounted to €166 million (sales) and €218 million (purchases).

The Group does not hedge the income statement translation risk. Its main exposures in this respect are given below.

The percentage of 2019 consolidated revenue represented by the main currencies can be analysed as shown below (revenue reported by entities in the official currency of the country in which they are based):

Euro	50%
US dollar	24%
Pound sterling	8%
Other	18%
Total	100%

Based on accounting data for 2019, the sensitivity of recurring operating profit of fully consolidated companies to a 10% decline in the respective exchange rates for the main foreign currencies against the euro over a full year, expressed in monetary terms before any adjustments, is as follows:

Currency	Impact on 2019 recurring operating profit of fully
US dollar(*)	€(13) million
Pound sterling(**)	€(5) million

(*) Recurring operating profit of fully consolidated companies whose functional currency is the US dollar.

(**) Recurring operating profit of fully consolidated companies whose functional currency is the pound sterling.

In general, ordinary business operations are financed through short-term, variable-rate borrowings denominated in the local currency in order to avoid exchange rate risks. These represented €334 million at 31 December 2019.

For long-term investments including acquisitions, the Group may set up medium-term borrowings in the investment currency. At 31 December 2019, instruments classified as net investment hedges represented an amount of €499 million, denominated mainly in US dollars.

Equity risks

The Group's principal direct and indirect investments in listed companies are:

Equities	Number of shares held	Percent shareholding	Share price at 31 Dec. 2019	Market capitalisation at 31 Dec. 2019
Lagardère SCA	2,276,966	1.74%	19.43	€44,241,449
Pension plan assets invested in equities				€48,574,559

Treasury shares are initially recognised at cost and are deducted from consolidated equity. Subsequent changes in value have no impact on the consolidated financial statements.

The fair value of pension plan assets totalled €268 million at 31 December 2019, of which 18%, or €48 million, is invested in equities (see note 28.1).

30.1.2 MARKET RISK MANAGEMENT

The Group has implemented a policy aimed at reducing market risks by applying procedures that help identify and quantify these risks. Derivatives are used exclusively for non-speculative hedging transactions.

The derivatives portfolio can be analysed as follows:

Category of hedging instrument	Type of hedge	Nominal amount		Fair value		Other comprehensive income	
		31 Dec. 2019	31 Dec. 2018	31 Dec. 2019	31 Dec. 2018	2019	2018
Cross-currency swaps designated as hedges of debt(*)	Net investment	383	375	(8)	7	(15)	(11)
Currency swaps designated as hedges of debt(*)	Fair value	506	426	-	-	-	-
Operating currency hedges (forward purchases and sales)	Cash flows and fair value	384	115	(2)	1	(5)	(2)
	Total	1,273	916	(10)	8	(20)	(13)

(*) The change in the fair value of financial instruments designated as hedges of debt represented a negative €15 million at 31 December 2019, recognised in other comprehensive income.

Details of the cross-currency swaps hedging debt at 31 December 2019 are as follows:

Nominal amounts represent USD 430 million, with maturities at April 2023, June 2024 and June 2026.

At 31 December 2018, these contracts represented USD 430 million with maturities in 2019, 2023 and 2024.

The maturities of the cross-currency swaps are aligned with those of the underlying bonds and *Schuldscheindarlehen* German law private placement. From an economic standpoint, the derivatives enable the Group to convert fixed-rate euro-denominated bonds into fixed-rate US dollar-denominated debt.

The maturity of other derivatives is within one year.

Interest rate risks

The Group does not use daily active interest rate management techniques in relation to any of its financial assets or liabilities.

Cash investments are made in fixed-income instruments selected for their high-quality issuer entities and with maturities appropriate to the planned duration of the investments. Speculative or high-risk investments are not permitted.

There are no derivatives related to these investments.

30.2 CREDIT AND COUNTERPARTY RISKS

Credit and counterparty risk represents the risk of financial loss for the Group in the event of default by a customer or debtor on its contractual obligations. This risk mainly relates to trade receivables.

30.2.1 EXPOSURE

The Group's exposure to credit and counterparty risk arises principally from:

- customer receivables and commitments received in connection with commercial contracts;
- investments made to deposit surplus cash and/or to cover pension and other post-employment benefit obligations;
- hedging contracts in which the counterparties are financial institutions.

Customer receivables and commitments received in connection with commercial contracts totalled €1,844 million at 31 December 2019. The counterparties for the most significant customer receivables are distributors of Group products. Both in and outside France, receivables generally concern local customers and no single customer represents a high percentage of the sales concerned. The main commitments received relate to sports rights marketing contracts.

The proportions of consolidated revenue deriving from business with the Group's largest, five largest and ten largest customers were as follows:

	2019	2018
Largest customer	**5.1%**	4.8%
Five largest customers	**9.3%**	8.8%
Ten largest customers	**12.0%**	11.8%

The Group's short-term investments and cash and cash equivalents came to €913 million at 31 December 2019. In addition to bank account balances, the majority of these resources are invested in instruments with leading lenders.

Assets managed in connection with post-employment benefits amounted to €268 million (including €247 million in the United Kingdom). A total of 71% of these assets are invested in bonds.

Hedging contracts are primarily entered into to hedge foreign exchange risks. Their notional amount was €1,273 million at 31 December 2019. The economic risk associated with these contracts depends on currency and interest rate fluctuations, and only represents a fraction of this notional amount. The counterparties in these contracts are leading banks.

The Group's counterparties are exposed to risks associated with the general economic environment, and as a result the possibility of default cannot be ruled out.

30.2.2 CREDIT AND COUNTERPARTY RISK MANAGEMENT

Each division is responsible for managing its own credit risk in a decentralised way as appropriate to the specificities of its market and customer base.

For new customers with the potential for large volumes of business with the Group, analyses are carried out and information (such as external credit ratings or bank references) is sought before entering into transactions, and specific guarantees or credit insurance may be arranged as a result. Counterparty-specific credit limits may also be set.

In newly-consolidated activities, measures are taken to progressively introduce monitoring procedures that are appropriate for the types of credit risk faced by the entity concerned.

The Group has set up periodic reporting on counterparty risks to monitor its overall risk exposure to its principal counterparties, the variations in accumulated receivables, and the level of related provisions, and to oversee the measures put in place for managing this type of risk. The Financial Risk Committee periodically reviews these reports.

The Treasury and Financing Department is responsible for ensuring that the financial institutions with which the Group does business are of good quality.

NOTE 31 FINANCIAL INSTRUMENTS

31.1 CARRYING AMOUNT OF DERIVATIVE FINANCIAL INSTRUMENTS

Financial assets and liabilities measured at fair value consist of the following derivative instruments:

	31 Dec. 2019	31 Dec. 2018
Derivative financial instruments with a positive fair value – Assets	**1**	**12**
- Financial instruments designated as hedges of debt(*)	-	8
- Currency swaps (effective portion)	1	4
Derivative financial instruments with a negative fair value – Liabilities	**(10)**	**(4)**
- Financial instruments designated as hedges of debt	(8)	(1)
- Currency swaps (effective portion)	(2)	(3)
Total (net)	**(9)**	**8**

(*) Including €5 million recognised under non-current assets and €3 million under current assets at 31 December 2018.

31.2 FINANCIAL INSTRUMENTS RECOGNISED IN THE BALANCE SHEET

	31 Dec. 2019		Breakdown by category of instrument[1]				
	Carrying amount	Fair value	Amortised cost	Fair value through other comprehensive income subsequently reclassified to profit or loss	Fair value through other comprehensive income not subsequently reclassified to profit or loss	Fair value through profit or loss	Derivative financial instruments
Investments in non-consolidated companies	43	43			43		
Other non-current financial assets	111	111	111				
Trade receivables	1,068	1,068	1,068				
Derivative financial instruments	1	1					1
Other current financial assets	715	715	715				
Short-term investments	-	-			-		
Cash equivalents	33	33				33	
Cash	880	880	880				
Assets	**2,851**	**2,851**	**2,774**		**43**	**33**	**1**
Bonds and bank loans	1,754	1,794		1,754			
Other debt	612	612		612			
Other non-current financial liabilities	37	37	37				
Trade payables	1,249	1,249	1,249				
Derivative financial instruments	10	10					10
Other current financial liabilities	1,207	1,207	1,207				
Liabilities	**4,869**	**4,909**	**2,493**	**2,366**			**10**

(1) There were no reclassifications between categories of financial instruments in 2019.

	31 Dec. 2018[1]		Breakdown by category of instrument[2]				
	Carrying amount	Fair value	Amortised cost	Fair value through other comprehensive income subsequently reclassified to profit or loss	Fair value through other comprehensive income not subsequently reclassified to profit or loss	Fair value through profit or loss	Derivative financial instruments
Investments in non-consolidated companies	30	30			30		
Other non-current financial assets	160	160	160				
Trade receivables	1,294	1,294	1,294				
Derivative financial instruments	12	12					12
Other current financial assets	861	861	861				
Short-term investments	-	-	-		-		
Cash equivalents	213	213				213	
Cash	497	497	497				
Assets	**3,067**	**3,067**	**2,812**		**30**	**213**	**12**
Bonds and bank loans	1,493	1,517		1,493			
Other debt	591	591		591			
Other non-current financial liabilities	224	224	224				
Trade payables	1,188	1,188	1,188				
Derivative financial instruments	4	4					4
Other current financial liabilities	1,449	1,449	1,449				
Liabilities	**4,949**	**4,973**	**2,861**	**2,084**			**4**

(1) Data at 31 December 2018 restated for the full retrospective application of IFRS 16 (see note 1.1).

(2) There were no reclassifications between categories of financial instruments in 2018.

31.3 FINANCIAL INSTRUMENTS – FAIR VALUE HIERARCHY

The revised version of IFRS 7 – Financial Instruments – Disclosures, sets out the methods to be used in determining fair value by reference to a fair value hierarchy which has the following levels:

Level 1: Instrument listed in an active market.

Level 2: Instrument valued using techniques based on observable market data.

Level 3: Instrument valued using techniques based on unobservable data.

In addition, certain investments are carried at acquisition cost if the Group does not have sufficiently reliable information for valuation, particularly when there is no active market for an instrument (see note 3.14 above).

Lagardère's financial instruments are classified as follows under this hierarchy:

	Category of instrument(1)			Fair value hierarchy(2)			
31 December 2019	Fair value through other comprehensive income not subsequently reclassified to profit or loss	Fair value through profit or loss	Derivative financial instruments	Level 1	Level 2	Level 3	Acquisition cost
Investments in non-consolidated companies	43						43
- FCPI Idinvest Digital Fund II	*11*						*11*
- Other	*32*						*32*
Derivative financial instruments with a positive fair value			1		1		
Short-term investments	-			-			
- Shares	-			-			
- Bonds	-			-			
Cash equivalents		33		33			
- Marketable securities		*33*		*33*			
Total financial instruments with a positive fair value	**43**	**33**	**1**	**33**	**1**		**43**
Derivative financial instruments with a negative fair value			10		10		
Total financial instruments with a negative fair value			**10**		**10**		

(1) There were no reclassifications between categories of financial instruments in 2019.
(2) There were no reclassifications between fair value hierarchy levels in 2019.

31 December 2018	Category of instrument[1]			Fair value hierarchy[2]			
	Fair value through other comprehensive income not subsequently reclassified to profit or loss	Fair value through profit or loss	Derivative financial instruments	Level 1	Level 2	Level 3	Acquisition cost
Investments in non-consolidated companies	30						30
- FCPI Idinvest Digital Fund II	*11*						*11*
- Other	*19*						*19*
Derivative financial instruments with a positive fair value			12		12		
Short-term investments	-			-			
- Shares	-			-			
- Bonds	-			-			
Cash equivalents		213		213			
- Marketable securities		*213*		*213*			
Total financial instruments with a positive fair value	**30**	**213**	**12**	**213**	**12**		**30**
Derivative financial instruments with a negative fair value			4		4		
Total financial instruments with a negative fair value			**4**		**4**		

(1) There were no reclassifications between categories of financial instruments in 2018.
(2) There were no reclassifications between fair value hierarchy levels in 2018.

NOTE 32 OTHER LIABILITIES

Other liabilities break down as follows:

	31 Dec. 2019	31 Dec. 2018
Due to suppliers of non-current assets	22	180
Repayable advances	-	-
Other advances and prepayments	-	-
Contract liabilities(*)	14	11
Other liabilities	15	46
Other non-current liabilities	**51**	**237**
Accrued taxes and payroll costs	347	370
Refund liabilities	289	299
Due to authors	258	260
Contract liabilities(*)	6	90
Due to customers	87	77
Deferred income	42	32
Advances and prepayments	7	21
Derivative financial instruments(**)	2	2
Sundry payables	177	390
Other current liabilities	**1,215**	**1,541**
Total other liabilities	**1,266**	**1,778**

(*) See note 25.
(**) See note 31.1.

Refund liabilities – sales with a right of return

As part of its business of selling publications, Lagardère Publishing grants a right of return to distributors for unsold products. The estimated amount of these returns is recognised as a deduction from revenue and represents a refund liability. This estimate is calculated on a statistical basis using the actual rate of returns for the previous year, adjusted for fluctuations in sales volumes and changes in the operating environment during the current year.

At 31 December 2019, the estimated amount of returns recognised within refund liabilities was €289 million, versus €299 million at 31 December 2018.

NOTE 33 CONTRACTUAL OBLIGATIONS

The tables below **summarise Lagardère's contractual obligations**. Future payments other than payments related to financial liabilities are reported at non-discounted nominal value.

	Payments expected			Total	
	Within 1 year	1 to 5 years	Beyond 5 years	31 Dec. 2019	31 Dec. 2018
Bonds and bank loans (net of derivatives)	13	1,187	562	**1,763**	1,486
Other debt	524	75	13	**612**	591
Other non-current financial liabilities	8	10	19	**37**	224
Trade payables	1,249	-	-	**1,249**	1,189
Currency swaps	10	-	-	**10**	4
Other current financial liabilities	1,199	-	-	**1,199**	1,448
Total financial liabilities	**3,003**	**1,272**	**594**	**4,870**	**4,942**
Expected bank interest on debt(*)	22	122	23	**167**	108
Commitments for future capital expenditure	-	-	-	**-**	2
Total contractual obligations excluding lease liabilities	**3,025**	**1,394**	**617**	**5,037**	**5,052**

(*) Variable-rate interest payable has been calculated based on the rates in force at 31 December 2019. It is reported excluding accrued interest already included in debt in the balance sheet.

The lease liability repayment schedule is presented separately in note 18.

Guaranteed minimum payments

Besides these contractual obligations, entities in the Sports and Entertainment division are bound by guaranteed minimum payments on long-term contracts for the sale of TV and marketing rights. These obligations represented a total amount of €172 million at 31 December 2019.

These payments break down as follows by maturity:

Maturity	2019	2020	2021	2022	2023	Beyond 5 years	Total 31 Dec. 2019	Total 31 Dec. 2018
Guaranteed minimum payments under sports rights marketing contracts	120	19	13	8	6	6	**172**	981

Lagardère Travel Retail

In accordance with IFRS 16, minimum guaranteed payments under concession agreements give rise to the recognition of a right-of-use asset and lease liability in the balance sheet (see note 1.1).

Sports rights marketing contracts

Entities forming part of Lagardère Sports and Entertainment have signed marketing contracts with broadcasters and partners. At 31 December 2019, the amounts due under these contracts totalled €776 million, breaking down as follows by maturity:

Maturity	2019	2020	2021	2022	2023	Beyond 5 years	Total 31 Dec. 2019	Total 31 Dec. 2018
Sports rights marketing contracts signed with broadcasters and partners	337	176	95	62	48	58	**776**	1,513

NOTE 34 OFF-BALANCE SHEET COMMITMENTS

The information below relates to subsidiaries controlled and fully consolidated by Lagardère.

	31 Dec. 2019	31 Dec. 2018
Commitments given in the normal course of business		
- guarantees and performance bonds	358	345
- guarantees given to third parties and non-consolidated companies	64	88
- other commitments given	19	5
Commitments on assets	1	1
Commitments to purchase shares (estimated amount, excluding put options granted to minority shareholders of fully consolidated subsidiaries)	-	-
Commitments received		
- counter-guarantees of commitments given	-	-
- other commitments received	6	2
Confirmed, unused lines of credit	**1,262**	**1,251**
Of which unused lines on the syndicated credit facility	***1,250***	***1,250***

NOTE 35 LITIGATION

In the normal course of its business, the Group is involved in a number of disputes. The main disputes currently in progress are described below. Where necessary, the Group sets aside adequate provisions to cover risks arising from both general and specific disputes. The total amount of these provisions is set out in note 28.2.

Litigation with photographers

Disputes are in process with freelance and salaried photographers who contributed to magazines published by the Group. Most of these disputes concern returns of analogue photographic archives and retaining photographs, as well as the resulting operating losses. The proceedings are still ongoing and are progressing in a manner generally favourable to the Group; the related financial claims still seem excessive however.

WSG India and WSG Mauritius/Indian Premier League contracts

In 2007, the BCCI (Board of Control for Cricket in India) launched a call for tenders for the worldwide rights to its new cricket competition, the Indian Premier League (IPL), until 2017. WSG India – which became a subsidiary of Lagardère Sports and Entertainment in May 2008 – was awarded most of these rights in early 2008, with the remainder awarded to an unrelated operator, MSM.

A global reorganisation of the distribution of these rights took place in March 2009 at the initiative of the BCCI. In the context of the negotiations, the BCCI granted to WSG India the IPL rights worldwide, excluding the Indian subcontinent, for the period from 2009 to 2017.

In June 2010, the BCCI terminated the 2009/2017 contract to market IPL rights worldwide, excluding the Indian subcontinent, and WSG India immediately began proceedings in order to preserve its rights.

In spring 2011 the Indian Supreme Court took a series of interim measures that – without interrupting the sub-licences granted by WSG India and without prejudging the substance of the case – temporarily granted the BCCI (i.e., until the end of the procedure), under the supervision of the Court, media rights to the IPL outside the Indian subcontinent that had not already been licensed by WSG India, as well as recovery of the amounts owed by the broadcasters. The proceedings concerning the merits of the case are ongoing before the arbitration tribunal formed in 2016. The arbitration award is expected to be handed down shortly.

On 13 October 2010 the BCCI filed a criminal complaint with the Chennai police authorities in India against seven individuals, including the former President of the IPL and four managers of WSG India, alleging breaches of the Indian criminal code in connection with the attribution to WSG India in March 2009 of certain IPL media rights for the 2009-2017 seasons. The investigation has not progressed since 2010.

After the Indian tax authorities' audit of WSG India's operations, the company was issued with tax reassessment notices representing an overall liability of around €11.91 million at 31 December 2019. WSG India has paid a deposit for part of the amount and launched an appeal.

Lastly, as part of an investigation by the Indian authorities into money-laundering allegations concerning the former managers of the BCCI and its commercial partners in the IPL, on 24 May 2016 WSG Mauritius received a notification from Mauritius' Attorney General requesting it to provide certain documents. The hearings before the Attorney General took place in July 2016. WSG India's managers have since received requests for information and documentation, to which WSG India has responded.

Investigation by the Swiss Competition Commission

Following the rejection – by way of a referendum on 11 March 2012 – of measures to introduce a single price for books in Switzerland, the Swiss Competition Commission (Comco) reopened an investigation into imports of French-language books by distributors.

Subsequent to the investigation procedure, Comco made a final decision on 27 May 2013 under which Diffulivre (Lagardère Publishing division) was held liable for territorial exclusivity with the intention or effect of partitioning the Swiss market (one of the three original charges).

This decision was upheld by the Federal Administrative Court on 30 October 2019.

On 13 January 2020, Diffulivre filed an appeal with the Federal Court, which suspended the effects of the ruling pending the Court's forthcoming decree.

Dispute with former employees of Matra Manufacturing & Services (formerly Matra Automobile)

Following the termination of automotive manufacturing operations at Matra Manufacturing & Services (MMS), and the ensuing redundancy plans set up in 2002 and 2003, a number of former employees filed a claim with the employment tribunal alleging that they had been unfairly dismissed. The basis for this claim was that MMS had not complied with its obligations (i) to redeploy the employees in-house, as it did not provide each of them with a written individual proposal to take up positions that had become available as a result of departures from the Spare Parts Department (departures to which MMS had agreed at the request of the Works Council), and (ii) to properly inform the Regional Employment Authorities in relation to its external redeployment requirement.

MMS disputed this allegation on the grounds that it had respected all of its obligations.

On 14 January 2014, the section of the Blois employment tribunal responsible for cases concerning industry ordered MMS to pay 305 former employees a sum of €18,000 each in compensation, plus €300 each in costs in accordance with Article 700 of the French Civil Procedure Code (*Code de procédure civile*). However, no provisional enforcement order was issued for this judgement.

On 21 March 2014, the section of the Blois employment tribunal responsible for cases concerning managerial employees ordered MMS to pay seven former employees sums ranging between €15,000 and €17,800 each in compensation, but with no costs payable under Article 700 of the French Civil Procedure Code. No provisional enforcement order was issued for this judgement either.

MMS has appealed these judgements. The cases were joined before the Court of Appeal and on 16 September 2015, based on the arguments put forward by MMS, the Court overturned the employment tribunal's judgements and rejected all of the former employees' claims.

The former employees appealed this decision before the Court of Cassation, which on 26 October 2017, partially overturned the rulings made by the Court of Appeal concerning the internal redeployment obligation. The case was referred to the Bourges Court of Appeal, which on 31 January 2020 upheld the rulings of the Blois employment tribunal but modified the compensation payable to the employees. The total compensation represents around €4.3 million (excluding Article 700 of the French Civil Procedure Code).

Commercial disputes resulting from the shutdown of Lawebco

On account of a vendor's warranty granted to the CMI group in connection with the sale to CMI of press operations, the Group remains bound by the outcome of certain disputes relating to the 2013 shutdown of Lawebco, a former Lagardère Active subsidiary responsible for operating the Elle and BE e-commerce businesses. These disputes include a ruling by the Paris Commercial Court dated 20 December 2017 ordering the Group to pay €3.6 million in damages to a former supplier of logistics services and to the former shareholder and executive of Lawebco. These disputes are currently pending before the Paris Court of Appeal.

Tax reassessments at Lagardère Duty Free and LS Travel Retail Italia

Lagardère Duty Free and LS Travel Retail Italia jointly received a tax reassessment notice in December 2015 relating to registration duties for an amount of €7.6 million, including late-payment interest, relating to the reclassification of the sale of an investment between the two parties as a sale of business assets (*fonds de commerce*). This amount had to be paid since there was no possibility of delaying payment without incurring a fine. The Group did not believe that the reclassification was legally founded and the reassessment was appealed before the courts, which handed down contradictory decisions in the first instance. All appeal decisions were handed down in favour of the Company in 2017 and 2018, and the Company requested a refund of the €7.6 million paid. The tax authorities have filed an appeal with the Supreme Court against these decisions.

In December 2019, LS Travel Retail Italia received a "Report of Verification" (tax reassessment notice) for a tax basis of €4.3 million relating to fiscal year 2016. The notice disputes the tax deductibility of notional interest on equity at the time of the €230 million capital increase carried out upon the acquisition of the company. The tax inspection has been extended to cover fiscal years 2014 to 2018. The Group considers it has solid arguments in its defence and will challenge the reassessment.

Monla/Lagardère Travel Retail & Chalhoub arbitration

Between end-2016 and early 2017, Lagardère Travel Retail ("LTR"), Monla Group SAL Holding ("Monla") and Chalhoub Group Limited ("Chalhoub") began talks regarding a potential joint response to a request for proposals for a Duty Free concession at Beirut airport.

On 10 May 2017, Monla had filed an arbitration claim against LTR and Chalhoub with the International Chamber of Commerce, asserting wrongful behaviour in the conduct and suspension of their three-party discussions. Monla was seeking damages (plus miscellaneous expenses) from the respondents for the alleged harm caused, in particular to its image, and for loss of opportunity. At the end of December 2019, the arbitration tribunal dismissed all of Monla's claims. Monla may submit an action for annulment of the decision, subject to the applicable legal deadlines.

Competition proceedings in Africa concerning the commercialisation of the rights of the Confederation of African Football

On 3 January 2017, the Egyptian Competition Authority (ECA) issued a decision against the Confederation of African Football (CAF) in which it alleged that the CAF was abusing its dominant position concerning the commercialisation of its media rights in Egypt through its agency agreement, in force until 2028, with Lagardère Sports (LS). This decision contained a number of injunctions, including the cancellation of the agency agreement for the Egyptian market. The case was subsequently referred to the Cairo Economic Court on the grounds of alleged anti-competitive behaviour by CAF's former Chairman and its Secretary General.

Meanwhile, in February 2017, the CCC (the Competition Commission entrusted with merger regulation in COMESA – the Common Market of Eastern and Southern Africa) opened an investigation into the commercialisation of the media and marketing rights for the CAF's tournaments, notably covering the above-mentioned agency agreement and the other contracts entered into between the CAF and its various partners (three broadcasters and two sponsors) through LS. LS received notification from the CCC on 16 April 2019, conferring on it the status of respondent in the Commission's investigations. The CCC's investigating officers subsequently sent their report to the parties on 23 July 2019. The report considers that the aforementioned contracts would have anti-competitive effects and recommends several measures affecting in particular the term of said contracts. LS submitted its response to the report on 31 October 2019, disputing the CCC's analysis. The investigating officers' report and the parties' replies are to be submitted to a CCC committee which will take a decision only after a hearing. This decision may be appealed.

In this respect, on 28 October 2019 the CAF notified LS that it considered its agency contract with LS to be terminated. Lagardère strongly contests this decision, which, in its view, is unlawful and unreasonable. Pursuant to the provisions of the contract, on 6 December 2019 Lagardère initiated arbitration proceedings in which it is seeking damages for the harm caused.

Competition investigations in the school textbook market in Spain

Following a complaint filed by a publisher, the Spanish competition authority (CNMC) carried out searches at the premises of the ANELE (the school textbook publishers' trade association) and three publishers (including Anaya, a subsidiary of Hachette Livre), and subsequently launched a sanction procedure in October 2017.

On 30 May 2019, the CNMC issued its ruling which followed the recommendation of its investigating officers, and ordered Anaya and a number of its subsidiaries to pay total damages of approximately €8 million for:

- discussions held between publishers – with a view to promoting ethical behaviour and ensuring buyers' independence – about providing for a special clause in an ANELE Code of Conduct that limits the bonuses and gifts offered by publishers to buyers' organisations when those organisations order textbooks; and
- discussions between publishers about the terms and conditions for selling digital versions of textbooks when negotiations are carried out with certain regions.

Anaya has filed an appeal against this decision with the Spanish national court (*Audiencia Nacional*), which had the effect of suspending payment of the fine.

Call on the vendor warranty granted in connection with the sale of distribution businesses in Belgium to the bpost group

Lagardère Travel Retail granted a vendor warranty in connection with the sale of the integrated distribution and retail subsidiaries to bpost in November 2016. Although the bpost group had sought to enforce the warranty on several occasions, Lagardère Travel Retail had considered its specific demands to be both inadmissible and unfounded and had responded to bpost to this effect. The bpost group launched arbitration proceedings before the International Chamber of Commerce on 27 March 2019. The case is ongoing.

Legal proceedings against Amber Capital

On 8 November 2019, Lagardère SCA and Lagardère Capital & Management initiated proceedings before the Paris Commercial Court seeking damages from Amber Capital as compensation for the respective harm caused by numerous cases of abuse of minority shareholder powers, smears and acts of harassment. Lagardère SCA's losses are currently estimated at almost €84 million.

Tax authorities/Lagardère

A number of the Group's companies have received tax reassessment notices – relating to several different fiscal years – as part of the routine tax audits carried out by the French and foreign tax authorities. Provision has been made to take account of the reassessments accepted by the companies, and also for the amount estimated as the risk corresponding to disputes over challenged reassessments. Other than those described above, the Group is not aware of any dispute in process that concerns amounts which could have a significant impact on the consolidated financial statements.

NOTE 36 RELATED PARTIES

36.1 MANAGEMENT REMUNERATION

The total gross remuneration awarded to the members of Lagardère SCA's Executive Committee for 2019 amounted to €9.6 million, and €15 million including related charges. The figure with charges includes a provision recorded for the supplementary pension plan. The corresponding figures for 2018 were €10.9 million and €16.9 million, respectively.

In 2019, none of these beneficiaries received attendance fees from any Group company. They were awarded 108,000 rights to free shares. In 2018, none of the beneficiaries received any attendance fees and they were awarded 108,000 rights to free shares.

36.2 RELATED-PARTY TRANSACTIONS

Transactions with Lagardère Capital & Management (LC&M)

Lagardère Capital & Management – which is controlled and chaired by Arnaud Lagardère, who is also General and Managing Partner of Lagardère SCA – is the material embodiment of the Group. LC&M provides an array of management resources and skills to both the Group and each of its component parts.

To accomplish its mission, LC&M employs the principal senior executives forming the Group's Executive Committee. The role of the Executive Committee is to assist the Managing Partners in their duties, i.e., to determine the Group's strategy and lead its development, and to take the resulting necessary management decisions and implement them globally at parent company level and in the Group's different business activities. LC&M bears the entire cost of its senior managers' salaries and the related overheads as well as the fees billed by any French and/or international consultants that they may work with.

LC&M carries out its mission within the framework of an agreement entered into with Lagardère Ressources (the entity responsible for managing all of the Group's corporate resources) which the Supervisory Board approved on 12 March 2004 based on the recommendation of the Audit Committee. Since the inception of the agreement, the work performed has been described each year in the Statutory Auditors' report on related party agreements and commitments, in accordance with the requirements of articles L. 226-10 and R. 226-2 of the French Commercial Code.

Since 2004, LC&M's remuneration has equalled the amount of expenses incurred in carrying out its mission, plus a margin of 10%, capped in absolute value terms at €1 million. These expenses are examined each fiscal year by the Audit Committee, which issues an opinion on their changes and developments before submitting them to the Supervisory Board.

In accordance with the above-described basis of remuneration, in 2019 LC&M invoiced €19.2 million to the Group, compared with €21.0 million in 2018. After deducting expenses (remuneration of Executive Committee members, taxes on high earnings, payroll taxes, support costs reimbursed to the Group and outside resource costs), operating profit after tax under the above agreement stood at €0.7 million.

Other transactions

The other transactions with related parties in 2019 undertaken in the normal course of business took place under arm's length conditions. In particular, Lagardère SCA has not identified any agreements, other than those relating to normal business operations and conducted under arm's length conditions, entered into in 2019 directly or via an intermediary, between (i) any of the Managing Partners, any members of the Supervisory Board or any shareholders of Lagardère SCA owning more than 10% of the voting rights and (ii) any subsidiaries more than 50%-owned by Lagardère SCA directly or indirectly.

NOTE 37 EVENTS AFTER THE REPORTING PERIOD

Sale of Lagardère Sports to H.I.G. Capital

As part of its strategic refocusing around Lagardère Publishing and Lagardère Travel Retail, the Lagardère group announced in December 2019 that it had received an offer from H.I.G. Capital to acquire 75% of the capital of Lagardère Sports. The preliminary sale agreement was signed on 19 February 2020.

Covid-19 epidemic

The Covid-19 epidemic has had a marked impact on business levels at Lagardère Travel Retail since the middle of January, chiefly in the Asia-Pacific zone as well as at its international hubs (notably as regards Chinese tourist spending at European destinations).

In view of the change in business levels observed at the time of the accounts closing, Lagardère estimates that Covid-19 will have an adverse impact on recurring operating profit of fully consolidated companies, excluding the impact of the Group's action plan, of around €20 million in the first quarter of 2020. Around half of this impact is expected to be offset over the course of the year by the progressive ramp-up of various initiatives that are already being implemented in all geographies (e.g., optimisation of site opening hours and rents in agreement with landlords, optimisation of operating costs).

Obviously, it is not currently possible to foresee how the epidemic will develop going forward. The Group is continuing to monitor the situation very carefully, with a view to implementing any additional measures across all of its geographies as and when appropriate.

NOTE 38 FEES PAID TO THE STATUTORY AUDITORS AND MEMBERS OF THEIR NETWORKS

(in thousands of euros)	2019			
	Mazars	%	Ernst & Young et Autres	%
Statutory audit, certification, review of individual and consolidated financial statements	4,335	90.1	3,374	78.9
- Lagardère SCA	*172*	*3.6*	*176*	*4.1*
- Fully consolidated subsidiaries	*4,163*	*86.5*	*3,198*	*74.8*
Sub-total	**4,335**	**90.1**	**3,374**	**78.9**
Non-audit services	475	9.9	904	21.1
- Lagardère SCA	-	-	*139*	*3.2*
- Fully consolidated subsidiaries	*475*	*9.9*	*765*	*17.9*
Sub-total	**475**	**9.9**	**904**	**21.1**
Total	**4,810**	**100.0**	**4,278**	**100.0**

(in thousands of euros)	2018			
	Mazars	%	Ernst & Young et Autres	%
Statutory audit, certification, review of individual and consolidated financial statements	4,335	82.4	3,559	81.2
- Lagardère SCA	*173*	*3.3*	*223*	*5.1*
- Fully consolidated subsidiaries	*4,162*	*79.1*	*3,336*	*76.1*
Sub-total	**4,335**	**82.4**	**3,559**	**81.2**
Non-audit services	928	17.6	822	18.8
- Lagardère SCA	-	-	*151*	*3.5*
- Fully consolidated subsidiaries	*928*	*17.6*	*671*	*15.3*
Sub-total	**928**	**17.6**	**822**	**18.8**
Total	**5,263**	**100.0**	**4,381**	**100.0**

Non-audit services include services required as part of the statutory audit in accordance with the laws and regulations, and as well as services provided at the request of the entity.

Services provided at the request of the entity notably include the comfort letter issued in the scope of the Group's bond issue, engagements related to various acquisitions and tax matters (tax compliance, in particular), as well as the issuance of various attestations.

NOTE 39 LIST OF CONSOLIDATED COMPANIES AT 31 DECEMBER 2019

Companies controlled and fully consolidated at 31 December 2019:

SUBSIDIARIES	REGISTERED OFFICE	Registration number	% interest	% control
LAGARDÈRE PUBLISHING				
HACHETTE LIVRE	58 rue Jean Bleuzen – 92170 VANVES	602 060 147	100.00	100.00
AUDIOLIB	21 rue du Montparnasse – 75006 PARIS	499 165 694	59.99	100.00
BIBLIO PARTICIPATIONS	58 rue Jean Bleuzen – 92170 VANVES	377 627 583	100.00	100.00
BRAINBOW LIMITED	LONDON (UNITED KINGDOM)		96.50	96.50
CALMANN LÉVY	21 rue du Montparnasse – 75006 PARIS	572 082 279	84.92	84.92
CENTRE DE TRAITEMENT DES RETOURS	137 route de Corbeil – 91160 LONGJUMEAU	381 737 519	100.00	100.00
CYBERTERRE	58 rue Jean Bleuzen – 92170 VANVES	434 661 419	50.00	100.00(*)

(*) The limited partnership confers control to Lagardère Publishing.

DIFFULIVRE	SAINT SULPICE (SWITZERLAND)		100.00	100.00
DILIBEL	ALLEUR (BELGIUM)		100.00	100.00
DUNOD ÉDITEUR	11 rue Paul Bert – 92240 MALAKOFF	316 053 628	100.00	100.00
EDELSA	MADRID (SPAIN)		100.00	100.00
ÉDITIONS ALBERT RENÉ	58 rue Jean Bleuzen – 92170 VANVES	950 026 757	100.00	100.00
ÉDITIONS JEAN-CLAUDE LATTÈS	17 rue Jacob – 75006 PARIS	682 028 659	100.00	100.00
ÉDITIONS LAROUSSE	21 rue du Montparnasse – 75006 PARIS	451 344 170	100.00	100.00
ÉDITIONS STOCK	21 rue du Montparnasse – 75006 PARIS	612 035 659	100.00	100.00
ÉDUCATION MANAGEMENT	11 rue Paul Bert – 92240 MALAKOFF	582 057 816	100.00	100.00
GIGAMIC	rue Jean Marie Bourguignon - 62930 WIMEREUX	382,915,882	100.00	100.00
GROUPE HATIER INTERNATIONAL	11 rue Paul Bert – 92240 MALAKOFF	572 079 093	100.00	100.00
GRUPO PATRIA CULTURAL	MEXICO CITY (MEXICO)		100.00	100.00
HL 93	58 rue Jean Bleuzen – 92170 VANVES	390 674 133	99.99	100.00
HL FINANCES	11 rue Paul Bert – 92240 MALAKOFF	384 562 070	99.99	100.00
HACHETTE CANADA INC.	MONTREAL (CANADA)		100.00	100.00
HACHETTE COLLECTIONS	58 rue Jean Bleuzen – 92170 VANVES	395 291 644	100.00	100.00
HACHETTE COLLECTIONS JAPON	TOKYO (JAPAN)		100.00	100.00
HACHETTE COLLECTIONS RUSSIE	MOSCOW (RUSSIA)		100.00	100.00
HACHETTE FASCICOLI	MILAN (ITALY)		100.00	100.00
HACHETTE LIVRE ESPANA	MADRID (SPAIN)		100.00	100.00
HACHETTE LIVRE USA INC	NEW YORK (UNITED STATES)		100.00	100.00
HACHETTE PARTWORKS LTD	LONDON (UNITED KINGDOM)		100.00	100.00
HACHETTE POLSKA	WARSAW (POLAND)		100.00	100.00
HACHETTE UK HOLDING LTD	LONDON (UNITED KINGDOM)		100.00	100.00
ICE PARTCIPATIONS	58 rue Jean Bleuzen – 92170 VANVES	829 164 110	98.51	98.51
ISCOOL ENTERTAINMENT	43 rue d'Aboukir – 75002 PARIS	435 269 170	98.51	98.51
KWYK	61 rue de Maubeuge – 75009 PARIS	537 961 369	100.00	100.00
LA DIFF	58 rue Jean Bleuzen – 92170 VANVES	429 980 857	100.00	100.00
LA PLAGE	58 rue Jean Bleuzen – 92170 VANVES	445 282 163	100.00	100.00
LAROUSSE	21 rue du Montparnasse – 75006 PARIS	401 457 213	100.00	100.00

SUBSIDIARIES	REGISTERED OFFICE	Registration number	% interest	% control
LAROUSSE EDITORIAL SL	BARCELONA (SPAIN)		100.00	100.00
LE LIVRE DE PARIS	11 rue Paul Bert – 92240 MALAKOFF	542 042 114	100.00	100.00
LIBRAIRIE ARTHÈME FAYARD	13 rue du Montparnasse – 75006 PARIS	562 136 895	100.00	100.00
LIBRAIRIE GÉNÉRALE FRANÇAISE (LGF)	21 rue du Montparnasse – 75006 PARIS	542 086 749	59.99	59.99
OSMOSE	rue Jean Marie Bourguignon - 62930 WIMEREUX	449,308,675	100.00	100.00
PIKA ÉDITION	58 rue Jean Bleuzen – 92170 VANVES	428 902 704	66.67	66.67
SAMAS	11 rue Paul Bert – 92240 MALAKOFF	775 663 321	100.00	100.00
STUDIO 58	58 rue Jean Bleuzen – 92170 VANVES	831 212 527	100.00	100.00
SOCIÉTÉ DES ÉDITIONS GRASSET ET FASQUELLE	61 rue des Saints Pères – 75006 PARIS	562 023 705	98.97	98.97
WATTS PUBLISHING GROUP LTD	LONDON (UNITED KINGDOM)		100.00	100.00
HATIER GROUP				
LES ÉDITIONS HATIER	8 rue d'Assas – 75006 PARIS	352 585 624	100.00	100.00
LES ÉDITIONS DIDIER	13 rue de l'Odéon – 75006 PARIS	313 042 541	100.00	100.00
LIBRAIRIE PAPETERIE NATIONALE	CASABLANCA (MOROCCO)		100.00	100.00
RAGEOT ÉDITEUR	6 rue d'Assas – 75006 PARIS	572 022 978	100.00	100.00
SCI ASSAS RASPAIL	8 rue d'Assas – 75006 PARIS	315 844 431	100.00	100.00
SCI DU 63 BOULEVARD RASPAIL	63 boulevard Raspail – 75006 PARIS	315 830 034	100.00	100.00
SCI DU 8-8 BIS RUE D'ASSAS	8 rue d'Assas – 75006 PARIS	315 844 423	100.00	100.00
SALVAT GROUP				
EDITORIAL SALVAT SL	BARCELONA (SPAIN)		100.00	100.00
ANAYA GROUP				
GRUPO ANAYA SA	MADRID (SPAIN)		100.00	100.00
ALGAIDA EDITORES SA	SEVILLE (SPAIN)		100.00	100.00
ALIANZA EDITORIAL SA	MADRID (SPAIN)		99.82	99.82
COMMERCIAL GRUPO ANAYA SA	MADRID (SPAIN)		100.00	100.00
EDITORIAL BARCANOVA SA	BARCELONA (SPAIN)		100.00	100.00
EDICIÓNES XERAIS DE GALICIA SA	VIGO (SPAIN)		100.00	100.00
GRUPO EDITORIAL BRUNO SL	MADRID (SPAIN)		100.00	100.00
ORION GROUP				
13114 PUBLISHERS LTD	LONDON (UNITED KINGDOM)		100.00	100.00
ARMS & ARMOUR PRESS LTD	LONDON (UNITED KINGDOM)		100.00	100.00
ARTHUR BAKER LTD	LONDON (UNITED KINGDOM)		100.00	100.00
BLANDFORD PUBLISHING LTD	LONDON (UNITED KINGDOM)		100.00	100.00
BLANDFORD PRESS LTD	LONDON (UNITED KINGDOM)		100.00	100.00
BREWERS PUBLISHING COMPANY LTD	LONDON (UNITED KINGDOM)		100.00	100.00
CASSELL LTD	LONDON (UNITED KINGDOM)		100.00	100.00
CASSELL EDUCATIONAL LTD	LONDON (UNITED KINGDOM)		100.00	100.00
CASSELL PUBLISHERS LTD	LONDON (UNITED KINGDOM)		100.00	100.00
CONTACT PUBLICATIONS LTD	LONDON (UNITED KINGDOM)		100.00	100.00
GEORGE WEIDENFELD HOLDINGS LTD	LONDON (UNITED KINGDOM)		100.00	100.00
GEORGE WEIDENFELD & NICOLSON LTD	LONDON (UNITED KINGDOM)		100.00	100.00
J.M.DENT & SONS LTD	LONDON (UNITED KINGDOM)		100.00	100.00

SUBSIDIARIES	REGISTERED OFFICE	Registration number	% interest	% control
LITTLEHAMPTON BOOK SERVICE LTD	LONDON (UNITED KINGDOM)		100.00	100.00
MRS BEETON INDUSTRIES LTD	LONDON (UNITED KINGDOM)		100.00	100.00
NEW ORCHARD EDITIONS LTD	LONDON (UNITED KINGDOM)		100.00	100.00
ORION BOOKS LTD	LONDON (UNITED KINGDOM)		100.00	100.00
ORION PUBLISHING LTD	LONDON (UNITED KINGDOM)		100.00	100.00
ORION PUBLISHING GROUP LTD	LONDON (UNITED KINGDOM)		100.00	100.00
PHOENIX HOUSE PUBLISHERS LTD	LONDON (UNITED KINGDOM)		100.00	100.00
RIGEL PUBLICATIONS LTD	LONDON (UNITED KINGDOM)		100.00	100.00
VICTOR GOLLANCZ LTD	LONDON (UNITED KINGDOM)		100.00	100.00
WARD LOCK LTD	LONDON (UNITED KINGDOM)		100.00	100.00
WARD LOCK PUBLISHING LTD	LONDON (UNITED KINGDOM)		100.00	100.00
WEIDENFELD LTD	LONDON (UNITED KINGDOM)		100.00	100.00
WEIDENFELD PUBLISHERS LTD	LONDON (UNITED KINGDOM)		100.00	100.00
WEIDENFELD & NICOLSON (WORLD UNIVERSITY LIBRARY) LTD	LONDON (UNITED KINGDOM)		100.00	100.00
HACHETTE UK GROUP				
HACHETTE UK LTD	LONDON (UNITED KINGDOM)		100.00	100.00
ALLIANCE DISTRIBUTION SERVICES PTY LTD	TUGGERA (AUSTRALIA)		100.00	100.00
BOOKPOINT LTD	ABINGDON (UNITED KINGDOM)		100.00	100.00
CHAMBERS PUBLISHING LTD	EDINBURGH (UNITED KINGDOM)		100.00	100.00
EDWARD ARNOLD (PUBLISHERS) LTD	LONDON (UNITED KINGDOM)		100.00	100.00
GALORE PARK PUBLISHING LTD	LONDON (UNITED KINGDOM)		100.00	100.00
HACHETTE AUSTRALIA PTY LTD	SYDNEY (AUSTRALIA)		100.00	100.00
HACHETTE BOOK PUBLISHING INDIA PRIVATE LTD	NEW DELHI (INDIA)		100.00	100.00
HACHETTE NEW ZEALAND LTD	AUCKLAND (NEW ZEALAND)		100.00	100.00
HACHETTE SINGAPORE PRIVATE LTD	SINGAPORE (REPUBLIC OF SINGAPORE)		100.00	100.00
HACHETTE UK PENSION TRUST LTD	LONDON (UNITED KINGDOM)		100.00	100.00
HEADLINE BOOK PUBLISHING LTD	LONDON (UNITED KINGDOM)		100.00	100.00
H H ESOP LTD	LONDON (UNITED KINGDOM)		100.00	100.00
HODDER & STOUGHTON LTD	LONDON (UNITED KINGDOM)		100.00	100.00
HODDER & STOUGHTON EDUCATIONAL LTD	LONDON (UNITED KINGDOM)		100.00	100.00
JESSICA KINGSLEY (PUBLISHERS) LTD	LONDON (UNITED KINGDOM)		100.00	100.00
JESSICA KINGSLEY PUBLISHERS INC	PHILADELPHIA (UNITED STATES)		100.00	100.00
JOHN MURRAY BOOKS LTD	LONDON (UNITED KINGDOM)		100.00	100.00
JOHN MURRAY (PUBLISHER) LTD	LONDON (UNITED KINGDOM)		100.00	100.00
NEW ENGLISH LIBRARY LTD	LONDON (UNITED KINGDOM)		100.00	100.00
NEON PLAY LTD	LONDON (UNITED KINGDOM)		69.53	69.53
NB LTD	LONDON (UNITED KINGDOM)		100.00	100.00
NB PUBLISHING INC	BOSTON (UNITED STATES)		100.00	100.00
PHILIP ALLAN PUBLISHERS LTD	LONDON (UNITED KINGDOM)		100.00	100.00
QUERCUS BOOKS LTD	LONDON (UNITED KINGDOM)		100.00	100.00

SUBSIDIARIES	REGISTERED OFFICE	Registration number	% interest	% control
QUERCUS EDITIONS LTD	LONDON (UNITED KINGDOM)		100.00	100.00
QUERCUS PUBLISHING LTD	LONDON (UNITED KINGDOM)		100.00	100.00
RISING STARS UK LTD	LONDON (UNITED KINGDOM)		100.00	100.00
ROBERT GIBSON & SONS GLASGOW LTD	GLASGOW (UNITED KINGDOM)		100.00	100.00
STORYFIRE LTD	LONDON (UNITED KINGDOM)		100.00	100.00
UPDATES LTD	LONDON (UNITED KINGDOM)		100.00	100.00
HACHETTE BOOK GROUP				
HACHETTE BOOK GROUP INC	NEW YORK (UNITED STATES)		100.00	100.00
BELLWOOD BOOKS INC	NEW YORK (UNITED STATES)		100.00	100.00
DIGITAL PUBLISHING INNOVATIONS LLC	NEW YORK (UNITED STATES)		100.00	100.00
HACHETTE BOOK GROUP CANADA LTD	TORONTO (CANADA)		100.00	100.00
HACHETTE BOOK GROUP HOLDINGS INC (DELAWARE)	BOSTON (UNITED STATES)		100.00	100.00
HACHETTE DIGITAL INC	NEW YORK (UNITED STATES)		100.00	100.00
WORTHY BOOKS	NEW YORK (UNITED STATES)		100.00	100.00
LITTLE, BROWN BOOK GROUP				
LITTLE. BROWN BOOK GROUP LTD	LONDON (UNITED KINGDOM)		100.00	100.00
CLOVERVIEW LTD	LONDON (UNITED KINGDOM)		100.00	100.00
CONSTABLE & ROBINSON LTD	LONDON (UNITED KINGDOM)		100.00	100.00
CONSTABLE & COMPANY LTD	LONDON (UNITED KINGDOM)		100.00	100.00
ELLIOT RIGHT WAY BOOKS LTD	LONDON (UNITED KINGDOM)		100.00	100.00
FUTURA PUBLICATIONS LTD	LONDON (UNITED KINGDOM)		100.00	100.00
HOW TO LTD	LONDON (UNITED KINGDOM)		100.00	100.00
HOW TO BOOKS LTD	LONDON (UNITED KINGDOM)		100.00	100.00
HOW TO CONTENT LTD	LONDON (UNITED KINGDOM)		100.00	100.00
LITTLE. BROWN & COMPANY LTD	LONDON (UNITED KINGDOM)		100.00	100.00
MAGPIE BOOKS LTD	LONDON (UNITED KINGDOM)		100.00	100.00
PIATKUS BOOKS LTD	LONDON (UNITED KINGDOM)		100.00	100.00
ROBINSON PUBLISHING LTD	LONDON (UNITED KINGDOM)		100.00	100.00
SPHERE BOOKS LTD	LONDON (UNITED KINGDOM)		100.00	100.00
SWAPEQUAL LTD	LONDON (UNITED KINGDOM)		100.00	100.00
TRANSITA LTD	LONDON (UNITED KINGDOM)		100.00	100.00
VIRAGO PRESS LTD	LONDON (UNITED KINGDOM)		100.00	100.00
LAROUSSE GROUP MEXICO				
EDICIONES LAROUSSE SA de CV	MEXICO CITY (MEXICO)		100.00	100.00
DIFUSORA LAROUSSE MEXICO SA de CV	MEXICO CITY (MEXICO)		100.00	100.00
OCTOPUS GROUP				
OCTOPUS PUBLISHING GROUP LTD	LONDON (UNITED KINGDOM)		100.00	100.00
CONRAN OCTOPUS LTD	LONDON (UNITED KINGDOM)		100.00	100.00
DIGITAL OCTOPUS LTD	LONDON (UNITED KINGDOM)		100.00	100.00
DIGITAL PROPERTY GUIDES LTD	LONDON (UNITED KINGDOM)		100.00	100.00
FBB1 LTD	LONDON (UNITED KINGDOM)		100.00	100.00
HAMLYN PUBLISHING GROUP LTD	LONDON (UNITED KINGDOM)		100.00	100.00

SUBSIDIARIES	REGISTERED OFFICE	Registration number	% interest	% control
KYLE CATHIE LTD	LONDON (UNITED KINGDOM)		100.00	100.00
KYLE BOOKS LTD	LONDON (UNITED KINGDOM)		100.00	100.00
LONDON PROPERTY GUIDE LTD	LONDON (UNITED KINGDOM)		100.00	100.00
MITCHELL BEAZLEY LTD	LONDON (UNITED KINGDOM)		100.00	100.00
MITCHELL BEAZLEY INTERNATIONAL LTD	LONDON (UNITED KINGDOM)		100.00	100.00
MILLERS PUBLICATION LTD	LONDON (UNITED KINGDOM)		100.00	100.00
MAP PRODUCTIONS LTD	LONDON (UNITED KINGDOM)		100.00	100.00
OCTOPUS BOOKS LTD	LONDON (UNITED KINGDOM)		100.00	100.00
SHORT BOOKS LTD	LONDON (UNITED KINGDOM)		100.00	100.00
SPRING BOOKS LTD	LONDON (UNITED KINGDOM)		100.00	100.00
SUMMERSDALE PUBLISHERS LTD	LONDON (UNITED KINGDOM)		100.00	100.00
TLF LTD	LONDON (UNITED KINGDOM)		100.00	100.00
LAGARDÈRE TRAVEL RETAIL				
LAGARDÈRE TRAVEL RETAIL	52 avenue Hoche – 75008 PARIS	330 814 732	100.00	100.00
AELIA NOUVELLE CALÉDONIE	40 rue de l'Alma – 98800 NOUMEA	103 551 800	59.43	66.00
AÉROBOUTIQUE FRANCE	55 rue Deguingand 92300 Levallois-Perret-FRANCE	380 193 938	90.04	100.00
AÉROBOUTIQUE SALES GROUP	CASABLANCA (MOROCCO)		72.03	80.00
AMADEO PRAHA SRO	PRAGUE (CZECH REPUBLIC)		100.00	100.00
BIG DOG BV	AMSTERDAM (NETHERLANDS)		90.04	100.00
LAGARDÈRE TRAVEL RETAIL METRO	PRAGUE (CZECH REPUBLIC)		100.00	100.00
CORSINI	IASI (ROMANIA)		100.00	100.00
DUTY FREE STORES GOLD COAST PTY LTD	SYDNEY (AUSTRALIA)		100.00	100.00
DUTY FREE STORES WELLINGTON LTD	WELLINGTON (NEW ZEALAND)		100.00	100.00
DUTY FREE ASSOCIATES	Tour Prisma, 4-6 avenue d'Alsace – 92400 COURBEVOIE	423 402 312	90.04	100.00
EURO-EXCELLENCE INC	CANDIAC (CANADA)		100.00	100.00
HACHETTE DISTRIBUTION INC	NEW YORK (UNITED STATES)		100.00	100.00
HDS CANADA	MONTREAL (CANADA)		100.00	100.00
LS DEUTSCHLAND GMBH	WIESBADEN (GERMANY)		100.00	100.00
HDS RETAIL NORTH AMERICA LP	NEW YORK (UNITED STATES)		100.00	100.00
HOJEIJ BRANDED FOODS LLC(*)	ATLANTA (UNITED STATES)		100.00	100.00

(*) Comprising 47 fully consolidated entities (including minority interests in each entity with different percentage interests).

INFLIGHT SERVICE ESTONIA	TALLINN (ESTONIA)		100.00	100.00
INFLIGHT SERVICE POLAND SP ZOO	WARSAW (POLAND)		100.00	100.00
INMEDIO SERVICES SP ZOO	WARSAW (POLAND)		100.00	100.00
LAGARDÈRE DUTY FREE	Tour Prisma, 4-6 avenue d'Alsace – 92400 COURBEVOIE	380 253 518	90.04	90.04
LAGARDÈRE DUTY FREE SRO	PRAGUE (CZECH REPUBLIC)		95.02	100.00
LAGARDÈRE DUTY FREE SP ZOO	WARSAW (POLAND)		95.02	100.00
LAGARDÈRE INFLIGHT	Tour Prisma, 4-6 avenue d'Alsace – 92400 COURBEVOIE	408 053 809	90.04	100.00
LAGARDÈRE MAIN FOOD SRO	BEROUN (CZECH REPUBLIC)		100.00	100.00

SUBSIDIARIES	REGISTERED OFFICE	Registration number	% interest	% control
LAGARDÈRE SERVICES TAIWAN LTD	TAIPEI CITY (TAIWAN)		100.00	100.00
LAGARDÈRE TRAVEL RETAIL CHINA (SHANGHAI) CO LTD	SHANGHAI (CHINA)		100.00	100.00
LAGARDÈRE TRAVEL RETAIL AS	PRAGUE (CZECH REPUBLIC)		100.00	100.00
LAGARDÈRE TRAVEL RETAIL CP CONVENIENCE PARTNER GMBH	SALZBURG (AUSTRIA)		50.00	100.00
LAGARDÈRE TRAVEL RETAIL DEUTSCHLAND SPECIALTY GMBH	WIESBADEN (GERMANY)		100.00	100.00
LAGARDÈRE TRAVEL RETAIL EHF	REYKJAVIK (ICELAND)		60.00	60.00
LAGARDÈRE TRAVEL RETAIL FASHION GMBH	VIENNA (AUSTRIA)		100.00	100.00
LAGARDÈRE TRAVEL RETAIL FRANCE	55 rue Deguingand – 92300 LEVALLOIS-PERRET	542 095 336	100.00	100.00
LAGARDÈRE TRAVEL RETAIL GABON	LIBREVILLE (GABON)		100.00	100.00
LAGARDÈRE TRAVEL RETAIL HONG KONG LTD	HONG KONG (CHINA)		100.00	100.00
LAGARDÈRE TRAVEL RETAIL IMPORT BV	AMSTERDAM (NETHERLANDS)		90.04	100.00
LAGARDÈRE TRAVEL RETAIL REAL ESTATE BV	AMSTERDAM (NETHERLANDS)		90.04	100.00
LAGARDÈRE TRAVEL RETAIL STATIONS BV	AMSTERDAM (NETHERLANDS)		90.04	100.00
LAGARDÈRE TRAVEL RETAIL LUXEMBOURG	LUXEMBOURG (LUXEMBOURG)		100.00	100.00
LAGARDÈRE TRAVEL RETAIL MIDDLE EAST	ABU DHABI (UNITED ARAB EMIRATES)		90.04	100.00
LAGARDÈRE TRAVEL RETAIL NETHERLANDS HOLDING BV	AMSTERDAM (NETHERLANDS)		90.04	100.00
LAGARDÈRE TRAVEL RETAIL SCHIPHOL BV	AMSTERDAM (NETHERLANDS)		90.04	100.00
LAGARDÈRE TRAVEL RETAIL SINGAPORE PTE LTD	SINGAPORE (REPUBLIC OF SINGAPORE)		100.00	100.00
LAGARDÈRE TRAVEL RETAIL SP ZOO	WARSAW (POLAND)		100.00	100.00
LAGARDÈRE TRAVEL RETAIL SENEGAL	DIASS (SENEGAL)		100.00	100.00
LAGARDÈRE TRAVEL RETAIL SPAIN SA	MADRID (SPAIN)		100.00	100.00
LAGARDÈRE TRAVEL RETAIL SPECIALTY SP ZOO	KRAKOW (POLAND)		100.00	100.00
LAGARDÈRE TRAVEL RETAIL SRO	BRATISLAVA (SLOVAKIA)		100.00	100.00
LAGARDÈRE TRAVEL RETAIL UK LTD	LONDON (UNITED KINGDOM)		90.04	100.00
LS AND PARTNERS AT JFK LLC	NEW YORK (UNITED STATES)		80.00	80.00
LS ASIA PACIFIC PTY LTD	SYDNEY (AUSTRALIA)		100.00	100.00
LS TR INTERNATIONAL	LE GRAND-SACONNEX (SWITZERLAND)		100.00	100.00
LS TR ITALIA SRL	FIUMICINO (ITALY)		90.04	100.00
LS TR NORTH AMERICA INC	TORONTO (CANADA)		100.00	100.00
LS TR ROMA SRL	FIUMICINO (ITALY)		90.04	100.00
LS TRAVEL FOODSERVICES DEUTSCHLAND GMBH	WIESBADEN (GERMANY)		100.00	100.00
LS TRAVEL RETAIL BULGARIA LTD	SOFIA (BULGARIA)		100.00	100.00
LS TRAVEL RETAIL DEUTSCHLAND GMBH	HUERTH HERMUELHEIM (GERMANY)		100.00	100.00
LS TRAVEL RETAIL MALAYSIA SDN BHD	KUALA LUMPUR (MALAYSIA)		97.00	97.00
LS TRAVEL RETAIL NEW ZEALAND LTD	AUCKLAND (NEW ZEALAND)		100.00	100.00
LS TRAVEL RETAIL ROMANIA SRL	BUCHAREST (ROMANIA)		100.00	100.00
LAGARDÈRE X ARTEUM	55 rue deguingand - 92300 LEVALLOIS-PERRET	845 385 863	51.00	51.00

SUBSIDIARIES	REGISTERED OFFICE	Registration number	% interest	% control
M TRAFIK SRO	PRAGUE (CZECH REPUBLIC)		100.00	100.00
MEDICOM SANTÉ	55 rue Deguingand – 92300 LEVALLOIS-PERRET	451 199 947	51.00	51.00
MUSIC RAILWAY	55 rue Deguingand – 92300 LEVALLOIS-PERRET	414 434 431	100.00	100.00
NEWSLINK PTY LTD	SYDNEY (AUSTRALIA)		100.00	100.00
PARADIES HOLDINGS LLC(*)	ATLANTA (UNITED STATES)		100.00	100.00

(*) Comprising 163 fully consolidated entities (including minority interests in each entity with different percentage interests).

PARIS RAIL RETAIL	Tour Prisma, 4-6 avenue d'Alsace – 92400 COURBEVOIE	824 339 543	90.04	100.00
R&B	55 rue Deguingand – 92300 LEVALLOIS-PERRET	811 857 200	100.00	100.00
RM	55 rue Deguingand – 92300 LEVALLOIS-PERRET	800 293 664	100.00	100.00
SCSC	55 rue Deguingand – 92300 LEVALLOIS-PERRET	431 960 004	100.00	100.00
SORELT	55 rue Deguingand – 92300 LEVALLOIS-PERRET	808 238 992	100.00	100.00
THE PURELY GROUP PTY LTD	SYDNEY (AUSTRALIA)		100.00	100.00
SGEL GROUP				
SIGMA SA	MADRID (SPAIN)		100.00	100.00
TOPCODI SL	MADRID (SPAIN)		100.00	100.00
AIREST GROUP				
LS TR FOODSERVICES ITALIA SRL	VENICE (ITALY)		100.00	100.00
AIREST COLLEZIONI DUBLIN LTD	DUBLIN (IRELAND)		100.00	100.00
AIREST COLLEZIONI VENEZIA SRL	VENICE (ITALY)		50.00	100.00(*)
AIREST RESTAURANT MIDDLE EAST LLC	ABU DHABI (UNITED ARAB EMIRATES)		100.00	100.00
AIREST RETAIL SRL	VENICE (ITALY)		50.00	100.00(*)
LAGARDÈRE TRAVEL RETAIL ITALIA SRL	VENICE (ITALY)		100.00	100.00
LAGARDÈRE TRAVEL RETAIL AUSTRIA GMBH	VIENNA (AUSTRIA)		100.00	100.00
LAGARDÈRE TRAVEL RETAIL AUSTRIA HOLDING GMBH	VIENNA (AUSTRIA)		100.00	100.00
LAGARDÈRE TRAVEL RETAIL TRGOVINA DOO	LJUBLJANA (SLOVENIA)		100.00	100.00
SHANGHAI AIREST CATERING LTD	SHANGHAI (CHINA)		100.00	100.00

(*) The shareholder agreement confers control of the group to Lagardère Travel Retail.

INTERNATIONAL DUTY FREE GROUP				
INTERNATIONAL DUTY FREE AFRICA & MIDDLE EAST DWC-LLC	ABU DHABI (UNITED ARAB EMIRATES)		100.00	100.00
INTERNATIONAL DUTY FREE KENYA LIMITED	NAIROBI (KENYA)		100.00	100.00
INTERNATIONAL DUTY FREE NETHERLAND BV	ROTTERDAM (NETHERLANDS)		100.00	100.00
INTERNATIONAL DUTY FREE REAL ESTATE SA	STEENOKKERZEEL (BELGIUM)		100.00	100.00
INTERNATIONAL DUTY FREE SA - Belgique	STEENOKKERZEEL (BELGIUM)		100.00	100.00
INTERNATIONAL DUTY FREE SA - Luxembourg	LUXEMBOURG (LUXEMBOURG)		100.00	100.00
LAGARDÈRE TRAVEL RETAIL LUXEMBOURG HOLDING	LUXEMBOURG (LUXEMBOURG)		100.00	100.00

SUBSIDIARIES	REGISTERED OFFICE	Registration number	% interest	% control
OTHER ACTIVITIES				
LAGARDÈRE SCA	4 rue de Presbourg – 75116 PARIS	320 366 446	100.00	100.00
COMPAGNIE IMMOBILIÈRE EUROPA	149 rue Anatole France – 92300 LEVALLOIS-PERRET	407 662 329	100.00	100.00
DARIADE	42 rue Washington – 75008 PARIS	400 231 072	100.00	100.00
ÉDIFINANCE PARTICIPATIONS	42 rue Washington – 75008 PARIS	440 143 741	100.00	100.00
LAGARDÈRE FINANCE	42 rue Washington – 75008 PARIS	409 882 883	100.00	100.00
LAGARDÈRE HOLDING TV	42 rue Washington – 75008 PARIS	428 705 537	100.00	100.00
LAGARDÈRE MEDIA	4 rue de Presbourg – 75116 PARIS	402 345 128	100.00	100.00
LAGARDÈRE NORTH AMERICA INC	NEW YORK (UNITED STATES)		100.00	100.00
LAGARDÈRE PARTICIPATIONS	4 rue de Presbourg – 75116 PARIS	303 600 902	100.00	100.00
LAGARDÈRE RESSOURCES	42 rue Washington – 75008 PARIS	348 991 167	100.00	100.00
LAGARDÈRE UK LTD	LONDON (UNITED KINGDOM)		100.00	100.00
MATRA MANUFACTURING ET SERVICES	4 rue de Presbourg – 75116 PARIS	318 353 661	100.00	100.00
MNC	42 rue Washington – 75008 PARIS	345 078 927	100.00	100.00
PROMOTEC 5000 SL	MADRID (SPAIN)		100.00	100.00
SOFRIMO	42 rue Washington – 75008 PARIS	569 803 687	100.00	100.00
LAGARDÈRE MÉDIA NEWS GROUP				
LAGARDÈRE ACTIVE	3 avenue André Malraux – 92300 LEVALLOIS-PERRET	433 443 124	100.00	100.00
CERT GMBH	SARREBRUCK (GERMANY)		99.73	99.81
COFFEE DIGITAL LLC	NEW YORK (UNITED STATES)		68.42	68.42
ELLE INTERNATIONAL	3 avenue André Malraux – 92300 LEVALLOIS-PERRET	834 273 906	99.97	100.00
EUROPE 1 IMMOBILIER	2 rue des Cévennes – 75015 PARIS	622 009 959	99.85	100.00
EUROPE 1 TÉLÉCOMPAGNIE	2 rue des Cévennes – 75015 PARIS	542 168 463	99.83	100.00
EUROPE 2 ENTREPRISES	2 rue des Cévennes – 75015 PARIS	352 819 577	99.92	100.00
EUROPE NEWS	2 rue des Cévennes – 75015 PARIS	343 508 750	99.83	100.00
HACHETTE FILIPACCHI PRESSE	3 avenue André Malraux – 92300 LEVALLOIS-PERRET	582 101 424	99.97	99.97
IS 25	23 rue Baudin – 92300 LEVALLOIS-PERRET	824 582 431	100.00	100.00
LAGARDÈRE ACTIVE AGENCE	3 avenue André Malraux – 92300 LEVALLOIS-PERRET	508 963 402	100.00	100.00
LAGARDÈRE ACTIVE BROADCAST	1 rue Ténao – 98000 MONACO	775 751 779	99.92	99.92
LAGARDÈRE ACTIVE ENTREPRISES JAPAN CO LTD	TOKYO (JAPAN)		99.97	100.00
LAGARDÈRE ACTIVE FINANCES	3 avenue André Malraux – 92300 LEVALLOIS-PERRET	410 208 136	100.00	100.00
LAGARDÈRE GLOBAL ADVERTISING	3 avenue André Malraux – 92300 LEVALLOIS-PERRET	350 277 059	100.00	100.00
LAGARDÈRE ACTIVE RADIO INTERNATIONAL	3 avenue André Malraux – 92300 LEVALLOIS-PERRET	388 404 717	99.92	100.00
LAGARDÈRE LABS INC	NEW YORK (UNITED STATES)		100.00	100.00
LAGARDÈRE MEDIA NEWS	2 rue des Cévennes – 75015 PARIS	834 289 373	99.97	100.00
EUROPE 1 DIGITAL	2 rue des Cévennes – 75015 PARIS	415 096 502	99.83	100.00
LAGARDÈRE PUBLICITÉ NEWS	2 rue des Cévennes – 75015 PARIS	538 865 064	99.92	100.00

SUBSIDIARIES	REGISTERED OFFICE	Registration number	% interest	% control
MATCH PROD	3 avenue André Malraux – 92300 LEVALLOIS-PERRET	824 634 257	99.97	100.00
PROMOTION ET SPECTACLES D'EUROPE 1	2 rue des Cévennes – 75015 PARIS	632 042 495	99.83	100.00
RADIO SALU - EURO RADIO SAAR	SARREBRUCK (GERMANY)		50.99	51.14
RFM ENTREPRISES	2 rue des Cévennes – 75015 PARIS	405 188 871	99.92	100.00
RFM RÉGIONS	2 rue des Cévennes – 75015 PARIS	382 002 509	99.92	100.00
SHOPPING GUIDE GMBH	MUNICH (GERMANY)		100.00	100.00
VIRGIN RADIO RÉGIONS	2 rue des Cévennes – 75015 PARIS	339 802 118	99.92	100.00
LAGARDÈRE LIVE ENTERTAINMENT GROUP				
CASINO DE PARIS	16 rue de Clichy – 75009 PARIS	582 047 957	100.00	100.00
LAGARDÈRE ARENA 13	1955 rue Claude Nicolas Ledoux – 13290 AIX EN PROVENCE	824,242,713	100.00	100.00
LAGARDÈRE LIVE ENTERTAINMENT	16-18 rue du Dôme – 92100 BOULOGNE-BILLANCOURT	441 268 380	100.00	100.00
LAGARDÈRE LIVE ENTERTAINMENT MUSIC	16-18 rue du Dôme – 92100 BOULOGNE-BILLANCOURT	509 763 611	100.00	100.00
SENSO	48-50 avenue Jean Alfonsea – 33270 FLOIRAC	790 021 760	100.00	100.00
SOCIÉTÉ D'EXPLOITATION DES FOLIES BERGÈRE	32 rue Richer – 75009 PARIS	509 763 694	100.00	100.00
SOCIÉTÉ EXPLOITATION SPECTACLES BATACLAN	50 boulevard Voltaire – 75011 PARIS	702 012 931	100.00	100.00
LAGARDÈRE PARIS RACING GROUP				
LAGARDÈRE PARIS RACING RESSOURCES	Chemin de la Croix Catelan – 75116 PARIS	433 565 819	100.00	100.00
LPR RESTAURATION	Chemin de la Croix Catelan – 75116 PARIS	808 264 758	100.00	100.00
OTHER LAGARDÈRE SPORTS				
WORLD SPORT GROUP INDIA LTD	MUMBAI (INDIA)		80.74	100.00
WORLD SPORT GROUP MAURITIUS LTD	PORT LOUIS (MAURITIUS)		80.74	100.00
LAGARDÈRE ACTIVE - ASSETS SOLD AND DISPOSALS PENDING COMPLETION				
909 PRODUCTION	7-15 rue du Dôme – 92100 BOULOGNE-BILLANCOURT	432 861 334	94.92	95.00
AMAYA-TECHNISONOR	7-15 rue du Dôme – 92100 BOULOGNE-BILLANCOURT	542 088 604	99.92	100.00
ATLANTIQUE PRODUCTIONS	7-15 rue du Dôme – 92100 BOULOGNE-BILLANCOURT	324 873 421	99.92	100.00
AUBES PRODUCTIONS	7-15 rue du Dôme – 92100 BOULOGNE-BILLANCOURT	429 138 019	99.92	100.00
DE PÈRE EN FILS PRODUCTIONS	7-15 rue du Dôme – 92100 BOULOGNE-BILLANCOURT	444 930 994	99.92	100.00
DEMD PRODUCTIONS	7-15 rue du Dôme – 92100 BOULOGNE-BILLANCOURT	377 608 377	99.92	100.00
DIFFA	7-15 rue du Dôme – 92100 BOULOGNE-BILLANCOURT	808 646 368	50.06	50.10
ÉLECTRON LIBRE PRODUCTIONS	7-15 rue du Dôme – 92100 BOULOGNE-BILLANCOURT	449 448 372	99.92	100.00
FCUBE	3 avenue André Malraux – 92300 LEVALLOIS-PERRET	482 467 610	99.92	100.00
FENIPROD	7-15 rue du Dôme – 92100 BOULOGNE-BILLANCOURT	391 464 633	99.92	100.00
GENAO PRODUCTIONS	7-15 rue du Dôme – 92100 BOULOGNE-BILLANCOURT	448 829 275	99.92	100.00

SUBSIDIARIES	REGISTERED OFFICE	Registration number	% interest	% control
GMT PRODUCTIONS	7-15 rue du Dôme – 92100 BOULOGNE-BILLANCOURT	342 171 667	99.92	100.00
HACHETTE PREMIÈRE & CIE	7-15 rue du Dôme – 92100 BOULOGNE-BILLANCOURT	334 805 686	99.92	100.00
IMAGE & COMPAGNIE	7-15 rue du Dôme – 92100 BOULOGNE-BILLANCOURT	334 027 620	99.92	100.00
KEEWU PRODUCTION	DAKAR (SENEGAL)		74.94	75.00
LA CORPORATE	3 avenue André Malraux – 92300 LEVALLOIS-PERRET	824 652 069	100.00	100.00
LAGARDÈRE ACTIVE SHOPPING	3 avenue André Malraux – 92300 LEVALLOIS-PERRET	827 899 279	55.02	100.00
LAGARDÈRE ACTIVE TV	2 rue des Cévennes – 75015 PARIS	334 595 881	99.92	100.00
LAGARDÈRE SERVICES NUMÉRIQUES	3 avenue André Malraux – 92300 LEVALLOIS-PERRET	834 273 922	99.97	100.00
LAGARDÈRE STUDIOS	7-15 rue du Dôme – 92100 BOULOGNE-BILLANCOURT	309 001 477	99.92	100.00
LAGARDÈRE STUDIOS DISTRIBUTION	7-15 rue du Dôme – 92100 BOULOGNE-BILLANCOURT	339 412 611	99.92	100.00
LÉO VISION	7-15 rue du Dôme – 92100 BOULOGNE-BILLANCOURT	383 160 942	99.92	100.00
LES ÉDITIONS MUSICALES FRANÇOIS 1er	7-15 rue du Dôme – 92100 BOULOGNE-BILLANCOURT	381 649 771	99.92	100.00
MAXIMAL NEWS TÉLÉVISION	7-15 rue du Dôme – 92100 BOULOGNE-BILLANCOURT	384 316 907	99.92	100.00
MAXIMAL PRODUCTIONS	7-15 rue du Dôme – 92100 BOULOGNE-BILLANCOURT	432 608 313	99.92	100.00
MERLIN PRODUCTIONS	7-15 rue du Dôme – 92100 BOULOGNE-BILLANCOURT	451 099 402	99.92	100.00
NEWSWEB	3 avenue André Malraux – 92300 LEVALLOIS-PERRET	424 905 172	99.97	100.00
PARTNER PROD	7-15 rue du Dôme – 92100 BOULOGNE-BILLANCOURT	429 513 153	99.92	100.00
SAVE FERRIS STUDIOS	7-15 rue du Dôme – 92100 BOULOGNE-BILLANCOURT	830 491 429	51.96	52.00
SKYHIGH TV	HILVERSUM (NETHERLANDS)		51.96	52.00
THE BOX DISTRIBUTION	7-15 rue du Dôme – 92100 BOULOGNE-BILLANCOURT	492 603 287	99.92	100.00
AITO GROUP				
AITO MEDIA OY	HELSINKI (FINLAND)		73.66	73.66
AITO & HAAPASALO ENTERTAINMENT OY	HELSINKI (FINLAND)		44.20	60.00
AITO TEHDAS OY	HELSINKI (FINLAND)		36.83	50.00
BOOMERANG GROUP				
BOOMERANG TV SA	MADRID (SPAIN)		93.92	94.00
BOOMERANG CHILE PRODUCCIONES	SANTIAGO (CHILE)		93.92	100.00
DOBLE DIEZ COMUNICACION SL	LAS PALMAS (SPAIN)		93.92	100.00
DTV TECNOLOGIA Y PRODUCCION DIGITAL SL	ALCOBENDAS (SPAIN)		93.92	100.00
MULTIPARK FICCION SL	MADRID (SPAIN)		93.92	100.00
NOVA VERANDA 2010	BARCELONA (SPAIN)		93.91	100.00
RÉSERVOIR GROUP				
RÉSERVOIR HOLDING	7-15 rue du Dôme – 92100 BOULOGNE-BILLANCOURT	799 890 108	99.92	100.00
RÉSERVOIR GROUP	101-103 boulevard Murat – 75016 PARIS	395 221 286	99.92	100.00

SUBSIDIARIES	REGISTERED OFFICE	Registration number	% interest	% control
RÉSERVOIR NET	101-103 boulevard Murat – 75016 PARIS	429 944 986	99.92	100.00
RÉSERVOIR PROD	101-103 boulevard Murat – 75016 PARIS	432 411 502	99.92	100.00
LAGARDÈRE SPORTS				
LAGARDÈRE SPORTS AND ENTERTAINMENT	16-18 rue du Dôme – 92100 BOULOGNE-BILLANCOURT	453 759 078	100.00	100.00
LAGARDÈRE SPORTS AND ENTERTAINMENT UK LTD	LONDON (UNITED KINGDOM)		100.00	100.00
LAGARDÈRE SPORT ENTERTAINMENT FINANCE	16-18 rue du Dôme – 92100 BOULOGNE-BILLANCOURT	519 085 658	100.00	100.00
LAGARDÈRE SPORTS GROUP				
LAGARDÈRE SPORTS	16-18 rue du Dôme – 92100 BOULOGNE-BILLANCOURT	873 803 456	100.00	100.00
EVENT 360	16-18 rue du Dôme – 92100 BOULOGNE-BILLANCOURT	527 670 590	100.00	100.00
IFAP SPORTS	16-18 rue du Dôme – 92100 BOULOGNE-BILLANCOURT	448 347 237	100.00	100.00
LAGARDÈRE PLUS	16-18 rue du Dôme – 92100 BOULOGNE-BILLANCOURT	518 902 283	100.00	100.00
LAGARDÈRE PLUS GMBH	FRANKFURT (GERMANY)		100.00	100.00
LAGARDÈRE SPORTS DENMARK APS	BRONDBY (DENMARK)		100.00	100.00
LAGARDÈRE SPORTS GENEVA SA	GENEVA (SWITZERLAND)		100.00	100.00
LAGARDÈRE SPORTS GERMANY GMBH	HAMBURG (GERMANY)		100.00	100.00
LAGARDÈRE SPORTS HOLDING GERMANY GMBH	HAMBURG (GERMANY)		100.00	100.00
LAGARDÈRE SPORTS HUNGARY KFT	BUDAPEST (HUNGARY)		100.00	100.00
LAGARDÈRE SPORTS MEDIA SOLUTIONS	16-18 rue du Dôme – 92100 BOULOGNE-BILLANCOURT	350 857 686	100.00	100.00
LAGARDÈRE SPORTS NETHERLANDS BV	AMSTERDAM (NETHERLANDS)		100.00	100.00
LAGARDÈRE SPORTS POLAND SP ZOO	WARSAW (POLAND)		100.00	100.00
LAGARDÈRE SPORTS UK LTD	LONDON (UNITED KINGDOM)		100.00	100.00
MULTIMEDIA GLOBAL FINANCE SA	LUXEMBOURG (LUXEMBOURG)		100.00	100.00
ONSIDE SPORTS GMBH	HAMBURG (GERMANY)		51.00	51.00
ONSIDE SPORTS IBERIA	BARCELONA (SPAIN)		51.00	51.00
SPORTFIVE SRL	TURIN (ITALY)		100.00	100.00
U! SPORTS GMBH	HAMBURG (GERMANY)		100.00	100.00
U! SPORTS SP ZOO	WARSAW (POLAND)		100.00	100.00
U! SPORTS SLOVAKIA SRO	BRATISLAVA (SLOVAKIA)		100.00	100.00
U! SPORTS VENTURES GMBH	COLOGNE (GERMANY)		100.00	100.00
VIP SPORTSTRAVEL GMBH	BERLIN (GERMANY)		100.00	100.00
ZAECHEL GMBH	BERLIN (GERMANY)		100.00	100.00
LAGARDÈRE SPORTS TENNIS & GOLF SWEDEN				
LAGARDÈRE SPORTS TENNIS & GOLF AB	GOTHENBURG (SWEDEN)		100.00	100.00
LAGARDÈRE SPORTS SCANDINAVIA GROUP				
LAGARDÈRE SPORTS SCANDINAVIA AB	STOCKHOLM (SWEDEN)		100.00	100.00
LAGARDÈRE SPORTS US GROUP				

SUBSIDIARIES	REGISTERED OFFICE	Registration number	% interest	% control
LAGARDÈRE SPORTS US LLC	WILMINGTON (UNITED STATES)		100.00	100.00
LU BASEBALL LLC	WILMINGTON (UNITED STATES)		100.00	100.00
SPORTS MEDIA ADVISORS LLC	WASHINGTON (UNITED STATES)		100.00	100.00
TENNIS ADVISORS LLC	WASHINGTON (UNITED STATES)		100.00	100.00
WORLDWIDE FOOTBALL LLC	JERICHO (UNITED STATES)		100.00	100.00
LAGARDÈRE SPORTS INC GROUP				
LAGARDÈRE SPORTS INC	WILMINGTON (UNITED STATES)		100.00	100.00
LAGARDÈRE GOLF EVENTS INC	BEAVERTON (UNITED STATES)		100.00	100.00
LAGARDÈRE UNLIMITED ARIZONA LLC	SCOTTSDALE, ARIZONA (UNITED STATES)		100.00	100.00
LAGARDÈRE PLUS LLC	WILMINGTON (UNITED STATES)		100.00	100.00
LAGARDÈRE UNLIMITED SSI LLC	ST SIMONS ISLAND (UNITED STATES)		100.00	100.00
ROOFTOP2 PRODUCTIONS INC	NEW YORK (UNITED STATES)		100.00	100.00
LAGARDÈRE SPORTS ASIA GROUP				
LAGARDÈRE SPORTS ASIA INVESTMENTS LTD	TORTOLA (BRITISH VIRGIN ISLANDS)		78.60	78.60
LAGARDÈRE SPORTS ASIA HOLDINGS LTD	TORTOLA (BRITISH VIRGIN ISLANDS)		80.74	100.00
LAGARDÈRE SPORTS ASIA LTD	HONG KONG (CHINA)		80.74	100.00
LAGARDÈRE SPORTS ASIA PTE LTD	SINGAPORE (REPUBLIC OF SINGAPORE)		80.74	100.00
LAGARDÈRE SPORTS BEIJING LTD	BEIJING (CHINA)		80.74	100.00
LAGARDÈRE SPORTS EAST ASIA LTD	HONG KONG (CHINA)		80.74	100.00
LAGARDÈRE SPORTS MIDDLE EAST FZ LLC	DUBAI (UNITED ARAB EMIRATES)		80.74	100.00
LAGARDÈRE SPORTS (SHANGHAI) LTD	SHANGHAI (CHINA)		80.74	100.00
WORLD SPORT GROUP PTY LTD	BROOKVALE (AUSTRALIA)		80.74	100.00
LAGARDÈRE SPORTS AUSTRALIA GROUP				
LAGARDÈRE SPORTS AUSTRALIA HOLDING PTY LTD	SYDNEY (AUSTRALIA)		100.00	100.00
JAVELIN AUSTRALIA PTY LTD	ST LEONARDS (AUSTRALIA)		100.00	100.00
LAGARDÈRE SPORTS AUSTRALIA PTY LTD	ST LEONARDS (AUSTRALIA)		100.00	100.00
SPORTS MARKETING & MANAGEMENT UK LTD	SURREY (UNITED KINGDOM)		100.00	100.00

Companies jointly controlled and accounted for under the equity method at 31 December 2019:

JOINT VENTURES	REGISTERED OFFICE	Registration number	% interest	% control
LAGARDÈRE PUBLISHING				
FRANCE LIGHTNING SOURCE	1 avenue Gutenberg – 78310 MAUREPAS	515 014 785	50.00	50.00
LAGARDÈRE TRAVEL RETAIL				
AEROPORTS DE LYON (LYON DUTY FREE)	Aéroport Lyon Saint Exupéry – 69124 COLOMBIER-SAUGNIEU	493 425 136	45.02	50.00
C-STORE	55 rue Deguingand – 92300 LEVALLOIS-PERRET	505 387 795	50.00	50.00
CONCESSIONS MANAGEMENT LS AT LAX	LOS ANGELES (UNITED STATES)		50.00	50.00
LAGARDÈRE & CONNEXIONS	55 rue Deguingand – 92300 LEVALLOIS-PERRET	799 394 739	50.00	50.00
LAGARDÈRE CAPITAL LLC	ABU DHABI (UNITED ARAB EMIRATES)		50.00	50.00
LS CONCESSIONS MANAGEMENT AT LAX	LOS ANGELES (UNITED STATES)		50.00	50.00
THE BELGIAN CHOCOLATE HOUSE NETWORK SA	LUXEMBOURG (LUXEMBOURG)		50.00	50.00
THE BELGIAN CHOCOLATE HOUSE SPRL	STEENOKKERZEEL (BELGIUM)		50.00	50.00
SVRLS LA REUNION	Aéroport Roland Garros – 97438 SAINTE MARIE	538 210 147	44.84	50.00
SDA CROATIE	ZAGREB (CROATIA)		45.02	50.00
SUMO TRAVEL RETAIL PTY LTD	SURRY HILLS (AUSTRALIA)		50.00	50.00
OTHER ACTIVITIES				
GLOBAL CAR SERVICES	4 avenue Didier Daurat-31700 BLAGNAC	304 233 406	50.00	50.00
LAGARDÈRE SPORTS				
LAGARDÈRE SPORTS GROUP				
STADION FRANKFURT MANAGEMENT GMBH	FRANKFURT (GERMANY)		50.00	50.00

Companies in which the Group exercises significant influence, accounted for under the equity method at 31 December 2019:

ASSOCIATES	REGISTERED OFFICE	Registration number	% interest	% control
LAGARDÈRE PUBLISHING				
EDITIONS J'AI LU	87 quai Panhard et Levassor – 75013 PARIS	582 039 673	35.33	35.33
YEN PRESS LLC	NEW YORK (UNITED STATES)		49.00	49.00
LAGARDÈRE TRAVEL RETAIL				
AREAS HOJEIJ ORLANDO JV	ORLANDO (USA)		40.00	40.00
CDF LAGARDÈRE COMPANY LTD	HONG KONG (CHINA)		20.00	20.00
DUTYFLY SOLUTIONS	ZAC du Moulin. rue du Meunier – 95700 ROISSY EN FRANCE	443 014 527	45.02	49.90
DUTYFLY SOLUTIONS ESPAÑA	MADRID (SPAIN)		45.02	49.90
DUTYFLY SOLUTIONS ITALIA	MILAN (ITALY)		45.02	49.90
DUTYFLY SOLUTIONS ROMANIA	BUCHAREST (ROMANIA)		45.02	49.90
DUTYFLY SOLUTIONS LUXEMBOURG	LUXEMBOURG (LUXEMBOURG)		45.02	49.90
HJAIA CONCESSIONS LLC	ATLANTA (UNITED STATES)		49.00	49.00
INMEDIO SP ZOO	WARSAW (POLAND)		49.00	49.00
LAGARDÈRE KSA	RIYAD (SAUDI ARABIA)		26.00	26.00
MITCHELL BOS LLC	ATLANTA (UNITED STATES)		49.00	49.00
SOCIÉTÉ DE DISTRIBUTION AÉROPORTUAIRE	Tour Prisma, 4-6 avenue d'Alsace – 92400 COURBEVOIE	448 457 978	45.02	49.90
RELAY ADP	55 rue Deguingand – 92300 LEVALLOIS-PERRET	533 970 950	49.90	49.90
OTHER ACTIVITIES				
LAGARDÈRE MÉDIA NEWS GROUP				
EUROPE REGIES OUEST	16 avenue Henry Fréville – 35200 RENNES	404 391 542	48.60	49.00
107.8 ANTENNE AC GMBH	WÜRSELEN (GERMANY)		22.43	44.00
107.8 ANTENNE AC GMBH & CO KG	WÜRSELEN (GERMANY)		22.43	44.00
OTHER LAGARDÈRE SPORTS				
SADDLEBROOK INTERNATIONAL SPORTS LLC	WESLEY CHAPEL (UNITED STATES)		30.00	30.00
LAGARDÈRE SPORTS				
LAGARDÈRE SPORTS GROUP				
CGF PARTNERSHIPS LTD	LONDON (UNITED KINGDOM)		40.00	40.00

Companies controlled but not consolidated at 31 December 2019 as not material:

NON-CONSOLIDATED CONTROLLED COMPANIES	REGISTERED OFFICE	Registration number	% interest	% cont
LAGARDÈRE PUBLISHING				
NOUVELLES ÉDITIONS IVOIRIENNES SAEM	ABIDJAN (CÔTE D'IVOIRE)		70.51	70.5
BLACKROCK GAMES	10 Rue des Pâles 63540 ROMAGNAT		69.00	69.0
FAYARD FACTORY	13, rue du Montparnasse 75006 PARIS		100.00	100.0
HACHETTE COLLECTIONS UKRAINE	KIEV (UKRAINE)		99.90	99.9
HMH INTERNATIONAL	MONTREAL (CANADA)		100.00	100.0
LPC	70 avenue Victor Hugo – 86500 MONTMORILLON	326 980 026	100.00	100.0
DIFUSORA LAROUSSE DE COLOMBIA LTDA	BOGOTA (COLOMBIA)		100.00	100.0
HACHETTE LIVRE MAROC	MOHAMMEDIA (MOROCCO)		99.84	99.8
EDITORA HATIER	SAO PAULO (BRAZIL)		100.00	100.0
PROLIVRE GIE	61 rue des Saints Pères – 75006 PARIS	788 242 501	99.65	100.0
FRANCE TELEDISTRIBUTIQUE	1 avenue Gutenberg – 78310 MAUREPAS	351 416 235	100.00	100.0
EDITORA SALVAT DO BRASIL LTDA	SAO PAULO (BRAZIL)		100.00	100.0
LOGISPRO	58 rue Jean Bleuzen – 92170 VANVES	381 652 049	100.00	100.0
MULTIMEDIA DIFFUSION SERVICES	11 rue Paul Bert – 92240 MALAKOFF	388 221 681	100.00	100.0
OTHER ACTIVITIES				
LAGARDÈRE EXPRESSION	42 rue Washington – 75008 PARIS	353 463 235	100.00	100.0
LP7	42 rue Washington – 75008 PARIS	843 931 783	100.00	100.0
LP8	42 rue Washington – 75008 PARIS	843 931 742	100.00	100.0
LP9	42 rue Washington – 75008 PARIS	843 931 858	100.00	100.0
LP10	42 rue Washington – 75008 PARIS	844 799 593	100.00	100.0
LP11	42 rue Washington – 75008 PARIS	844 799 635	100.00	100.0
LAGARDÈRE MÉDIA NEWS GROUP				
LAE SHANGHAI CONSULTING LTD	SHANGHAI (CHINA)		99.97	100.0
LAE AMERICA INC	WILMINGTON (UNITED STATES)		99.97	100.0
LAE TAIWAN LTD	TAIWAN (CHINA)		99.97	100.0
LAE HONG KONG LTD	HONG KONG (CHINA)		99.97	100.0
LAE THAILAND LTD	BANGKOK (THAILAND)		99.97	100.0
LAE KOREA LTD	SEOUL (SOUTH KOREA)		99.97	100.0
ELLE FASHION LTD	BANGKOK (THAILAND)		99.97	100.0
MODINC LTDA	SAO PAULO (BRAZIL)		99.97	100.0
RFM EST	23 boulevard de l'Europe – 54500 VANDOEUVRE LES NANCY	402 062 269	74.74	74.8
RFM AJACCIO	13 route des Sanguinaires – 20000 AJACCIO	384 012 332	99.92	100.0
INTERACTIVE INVESTMENT CONSULTING	TAIPEI CITY (TAIWAN)		99.97	100.0
LAGARDÈRE ACTIVE - ASSETS SOLD AND DISPOSALS PENDING COMPLETION				
DIFFA WEST AFRICA	ABIDJAN (CÔTE D'IVOIRE)		50.06	100.0
ATLANTIQUE CREATION	7-15 rue du Dôme – 92100 BOULOGNE-BILLANCOURT	512 015 736	99.92	100.0

NOTE 40 CONSOLIDATED FINANCIAL STATEMENTS FOR 2018 AND 2017

In application of article 28 of European Commission regulation no. 809/2004, the documents listed below are incorporated by reference in this Universal Registration Document:

- the consolidated financial statements and parent company financial statements and the related audit report on pages 151 to 278 of the French Reference Document for 2018, filed with the AMF on 2 April 2019 under registration number D.19-0239;
- the consolidated financial statements and parent company financial statements and the related audit reports on pages 161 to 284 of the French Reference Document for 2017, filed with the AMF on 3 April 2018 under registration number D.18-0235;

The non-incorporated parts of the above documents are either irrelevant for investors or covered in another part of this Universal Registration Document.

5.4 PRESENTATION OF THE LAGARDÈRE SCA PARENT COMPANY FINANCIAL STATEMENTS

Comments on the Lagardère SCA parent company financial statements at 31 December 2019

5.4.1 INCOME STATEMENT

The condensed income statements are as follows:

(in millions of euros)	2019	2018
Operating revenues	71	60
Operating loss	(10)	(10)
Net financial income	37	198
Earnings before tax and exceptional items	27	188
Net exceptional income (expense)	-	(5)
Income tax benefit	51	95
Profit for the year	**78**	**278**

In 2019, the Company reported an **operating loss** of €10 million, on a par with 2018. Operating income (loss) mainly represents the difference between the operating expenses of the holding company and the services billed to the Group's divisions.

Lagardère SCA is directly responsible for billing the Group's operating divisions for assistance provided by corporate functions. It employs eight people who manage the corporate functions. These managers make use of Lagardère Ressources teams and resources, which the latter makes available to them and which they in turn continue to supervise. In consideration for the services provided to it, Lagardère SCA pays Lagardère Ressources a fee intended to cover the costs directly or indirectly incurred by the latter. The annual amount of this fee is calculated based on the actual costs booked in the accounts. Lagardère SCA directly bears any expenses relating to certain services provided at its request by external consultants.

Financial income and expenses break down as follows:

(in millions of euros)	2019	2018
Interest income from marketable securities and other	2	2
Net interest income on loans to subsidiaries	38	24
Interest and expenses on borrowings	(47)	(42)
Finance costs, net	**(7)**	**(16)**
Dividends received or receivable	48	212
Net (additions to) reversals of provisions	(4)	2
Other	-	-
Net financial income	**37**	**198**

In 2019, the Company reported **net financial income** of €37 million, a decrease of €161 million year on year.

The decrease in net financial income is attributable to the following factors:

- a €14 million increase in interest received on loans granted to Lagardère North America, including the USD 330 million loan granted in connection with the acquisition in November 2018 of the Hojeij Branded Foods (HBF) group in the Travel Retail division. Interest expense on the USD 530 million loan relating to the acquisition of the Paradies group at the end of 2015 remained stable year on year at €24 million;
- a slight €1 million increase in financial expenses on borrowings, due mainly to the €253 million *Schuldscheindarlehen* German law private placement, of which €187 million due in June 2024 and €66 million in June 2026;
- a €4 million increase in financial expenses relating to the USD currency hedge taken out in respect of 50% of the amount of loans granted to Lagardère North America;
- a €164 million decrease in dividends received. In 2019, Lagardère SCA received dividends from Lagardère Media (€39 million, compared to €200 million in 2018) and Lagardère Finance (€8 million, compared to €12 million in 2018);
- net additions to provisions representing €4 million in 2019, versus net reversals of provisions totalling €2 million in 2018. In 2019, movements in provisions mainly reflect:
  - a €1 million addition attributable to the adjustment made to the carrying amount of treasury shares based on the reference share price at 31 December 2019 (€19.55);
  - a €3 million addition to the provision for investments in Lagardère Ressources.

In 2018, the €2 million change in provisions mainly reflected:

- a €10 million reversal of provisions for unrealised foreign exchange risks arising on the unhedged portion of the USD 530 million loan (financing for the Paradies acquisition) and the USD 330 million loan (financing for the HBF acquisition) with Lagardère North America;
- a €7 million addition attributable to the adjustment made to the carrying amount of treasury shares, breaking down as a mark-to-market adjustment recorded against free shares at the delivery date for €2 million and an adjustment based on the reference share price at 31 December 2018 (€22.64) for €5 million.

Exceptional items represented a net amount of virtually nil in 2019 and mainly reflect additions to and reversals of provisions for risks as well as the €0.5 million loss on the disposal of Holpa by Lagardère Participations. This caption represented a net expense of €5 million in 2018.

The Company reported an **income tax benefit** of €51 million in 2019. This includes €10 million in tax income (including tax credits and €1 million relating to the refund of the 3% tax levied on dividends) and €41 million in tax consolidation relief. The corresponding figures for 2018 were an expense of €27 million and income of €122 million, respectively.

5.4.2 BALANCE SHEET AND CASH FLOWS

Assets

(in millions of euros)	31 Dec. 2019	31 Dec. 2018
Fixed assets	5,387	5,362
Trade receivables and other	63	133
Cash and cash equivalents	304	62
Total assets	**5,754**	**5,557**

Liabilities and shareholders' equity

(in millions of euros)	31 Dec. 2019	31 Dec. 2018
Shareholders' equity	2,887	2,995
Provisions for risks and liabilities	32	31
Borrowings	2,774	2,472
Short-term bank loans	-	-
Other liabilities	61	59
Total liabilities and shareholders' equity	**5,754**	**5,557**

Cash flows

(in millions of euros)	2019	2018
Cash flow from operating activities	144	224
Cash used in investing activities	(29)	(293)
Cash from (used in) operations and investing activities	**115**	**(69)**
Cash from financing activities	**127**	**123**
Change in cash and cash equivalents	242	54
Cash and cash equivalents at beginning of year	**62**	**8**
Cash and cash equivalents at end of year	**304**	**62**

In 2019, **cash from operating activities** amounted to €144 million, down €80 million compared to 2018. The change in this item was mainly attributable to the decrease in dividends received in 2019 to €48 million from €212 million one year earlier, partially offset by the €83 million payment in 2019 by Europe 1 Immobilier of the tax charge in respect of the sale of the office building at rue François 1er to the tax consolidation group.

Net cash used in investing activities represented an outflow of €29 million, and included:

- purchases of treasury shares for allocation to free share plans for €29 million;
- purchases and sales of treasury shares under the liquidity agreement, for €23 million and €22 million, respectively.
- €3 million in proceeds from the sale of Holpa SAS collected by Lagardère Participations;
- a €2 million payment to FCPI Idinvest.

Financing activities generated a net cash inflow of €127 million and chiefly reflected:

- an outflow of €500 million due to the redemption of the September 10, 2014 bond issue at maturity on 19 September 2019;

- an inflow of €500 million due to a new bond issue in October 2019, redeemable at maturity on 16 October 2026 and paying fixed-rate interest of 2.125%;
- a €172 million cash outflow due to payment of the dividend;
- an inflow of €253 million relating to a *Schuldscheindarlehen* German law private placement on 26 June 2019;
- the continuation of the short- and medium-term commercial paper programmes, under which a net €16 million was issued in 2019;
- an increase in amounts borrowed from Lagardère Finance (€33 million).

Net debt – which corresponds to cash and cash equivalents less borrowings – was as follows at 31 December 2019 and 2018:

(in millions of euros)	31 Dec. 2019	31 Dec. 2018
Net debt	**(2,470)**	**(2,410)**

Net debt increased by €60 million in 2019.

Payment terms

In application of the French Commercial Code (*Code de commerce*), all of Lagardère SCA's trade payables at 31 December 2019 are due within 30 days.

The following table sets out the disclosures concerning payment terms for payables and receivables required by article D. 441-4 of the French Commercial Code:

Payment terms	Invoices received but not settled at 31 Dec. 2019 of which due						Invoices issued but not settled at 31 Dec. 2019 of which due					
	0 days	1 to 30 days	31 to 60 days	61 to 90 days	More than 90 days	Total (1 or more days)	0 days	1 to 30 days	31 to 60 days	61 to 90 days	More than 90 days	Total (1 or more days)
(A) Days late												
Number of invoices	-					18	18					-
Total amount of invoices concerned (excl. VAT) (in thousands of euros)	-	267	-	-	-	267	12,778	-	-	-	-	-
As a % of total purchases for the year (excl. VAT)	0%	0%	0%	0%	0%	0%						
As a % of revenue for the year							16%	0%	0%	0%	0%	0%
(B) Invoices excluded from (A) relating to contested or unrecognised payables and receivables												
Number of invoices excluded	-						-					
Total amount of invoices excluded (excl. VAT)	€0						€0					
(C) Reference payment terms used (contractual or legal – article L. 441-6 or article L. 443-1 of the French Commercial Code)												
Reference payment terms used to calculate late payments	Contractual terms: 30 days						Contractual terms: 0 days					

5.5 LAGARDÈRE SCA PARENT COMPANY FINANCIAL STATEMENTS AT 31 DECEMBER 2019

Parent company balance sheet

Assets (in millions of euros)	31 Dec. 2019 Gross	31 Dec. 2019 Depreciation, amortisation and impairment	31 Dec. 2019 Net	31 Dec. 2018 Net
Tangible assets	-	-	-	-
Long-term investments:				
- Investments in subsidiaries and affiliates	*4,759*	*204*	*4,555*	*4,561*
- Loans and advances to subsidiaries and affiliates	*772*	*-*	*772*	*757*
- Other investment securities	*60*	*5*	*55*	*40*
- Loans	*-*	*-*	*-*	*-*
- Other long-term investments	*5*	*-*	*5*	*4*
Fixed assets	**5,596**	**209**	**5,387**	**5,362**
Trade receivables	18	-	18	9
Other receivables	39	-	39	114
Marketable securities	3	-	3	4
Cash and cash equivalents	301	-	301	58
Prepaid expenses	-	-	-	1
Current assets	**361**	**-**	**361**	**186**
Deferred charges	4	-	4	3
Translation adjustment	2	-	2	6
Total assets	**5,963**	**209**	**5,754**	**5,557**

Liabilities and shareholders' equity	**31 Dec. 2019**	**31 Dec. 2018**
(in millions of euros)	**Amount**	**Amount**
Share capital	800	800
Share and other premiums	184	198
Reserves:		
- Legal reserve	*87*	*87*
- Reserves	-	-
- Other reserves	*1,532*	*1,532*
Retained earnings	206	100
Profit for the year	78	278
Interim dividend to be allocated	-	-
Shareholders' equity	**2,887**	**2,995**
Provisions for risks and liabilities	32	31
Borrowings subject to specific conditions	-	-
Borrowings:		
- Bonds	*1,315*	*1,315*
- Bank loans	*453*	*700*
- Miscellaneous loans and borrowings including loans from subsidiaries and affiliates	*1,006*	*457*
Trade payables	9	7
Other payables	41	45
Deferred income	-	-
Translation adjustment	11	7
Total liabilities and shareholders' equity	**5,754**	**5,557**

Parent company income statement

(in millions of euros)	2019	2018
Operating revenues[*]	71	60
Operating expenses	(81)	(70)
Operating loss	**(10)**	**(10)**
Financial income	95	244
Financial expenses	(54)	(48)
Net (additions to) reversals from provisions	(4)	2
Net financial income	**37**	**198**
Earnings before tax and exceptional items	**27**	**188**
Net exceptional income (expense)	**-**	**(5)**
Income tax	51	95
Profit for the year	**78**	**278**

(*) Including services provided to French subsidiaries: €53 million.

Parent company statement of cash flows

(in millions of euros)	2019	2018
Profit for the year	78	278
Depreciation, amortisation and provision expense (reversal)	5	3
Net loss on sale of fixed assets	-	-
Changes in working capital	61	(57)
Cash flow from operating activities	**144**	**224**
Acquisitions of long-term investments	(54)	(311)
Proceeds from disposals of long-term investments	25	18
Decrease in loans and receivables	-	-
Cash used in investing activities	**(29)**	**(293)**
Cash from (used in) operations and investing activities	**115**	**(69)**
Dividends paid	(172)	(171)
Decrease in borrowings and financial liabilities	(500)	-
Proceeds from new borrowings	766	202
Change in Group current accounts	33	92
Cash from financing activities	**127**	**123**
Change in cash and cash equivalents	242	54
Cash and cash equivalents at beginning of year	**62**	**8**
Cash and cash equivalents at end of year	**304**	**62**

NOTES TO THE COMPANY'S FINANCIAL STATEMENTS AT 31 DECEMBER 2019

(All figures are expressed in millions of euros unless otherwise specified)

Preliminary information

Lagardère SCA – the parent company of the Lagardère group, whose registered office is located at 4 rue de Presbourg in Paris 16 (registration number 32036644600013) – is a holding company, and as such its balance sheet items principally comprise investments and the Group's financing resources.

Since 1 January 2014, Lagardère SCA has been directly responsible for billing the Group's operating divisions for assistance provided by corporate functions, instead and in place of its subsidiary, Lagardère Ressources. This led to the following organisational changes:

- Lagardère SCA, which previously had no employees, now employs eight people managing the corporate functions. These managers make use of Lagardère Ressources teams and resources, which the latter makes available to them and which they in turn continue to supervise.
- In consideration for the services provided to it, Lagardère SCA pays Lagardère Ressources a fee intended to cover the costs directly or indirectly incurred by the latter. The annual amount of this fee is calculated based on the actual costs booked in the accounts.

As in the past, Lagardère SCA continues to directly bear any expenses relating to certain services provided to it at its request by external consultants.

Accounting principles and valuation methods

1. General information

The Company's financial statements have been prepared in accordance with the accounting methods and principles established by the laws and regulations applicable in France. In particular, they have been prepared in accordance with Regulation 2015-05 issued by the French accounting standard-setter (*Autorité des normes comptables* – ANC) on forward financial instruments and hedging transactions, effective for accounting periods beginning on or after 1 January 2017.

2. Long-term investments

Investments in subsidiaries and affiliates are stated at acquisition cost or subscription price. When value in use is lower than net book value, an impairment loss is booked. Value in use is generally estimated on the basis of a review of the situation at the year-end and of the outlook for future years, as well as of any other elements contributing to the formulation of a pertinent assessment.

The recoverability of loans and advances to subsidiaries and affiliates is assessed based on the characteristics of the loans and advances and on the growth and profitability outlook for the related entities. In principle, these loans and advances are only written down after the related investments have been written down in full.

3. Marketable securities

Marketable securities are stated at purchase cost using the first-in-first out (FIFO) method. Impairment losses are booked when the market price or realisable value of the securities at the year-end is lower than their initial acquisition cost.

Gains and losses on disposals of marketable securities are reported net of revenues generated by the same securities on a single line of the income statement, such that the economic benefit of transactions on these securities is directly visible.

4. Transactions in foreign currencies

Receivables, payables, loans and borrowings denominated in foreign currency are translated into euros in the balance sheet based on the year-end exchange rates, with an offsetting entry to "Translation adjustment" under either assets or liabilities in the balance sheet. Unrealised exchange gains do not affect the income statement.

All unrealised exchange losses are provided for in full, except:

- for hedges, where the provision only covers the unhedged portion of the risk;
- for unrealised gains and losses concerning transactions with similar settlement dates in the same accounting period: in such cases, a provision is only recognised to the extent of the unrealised net loss.

Bank accounts denominated in foreign currency are translated into euros at year-end exchange rates, with an offsetting entry to foreign exchange gains and losses.

5. Forward financial instruments

The Company may use currency and interest rate derivatives to hedge borrowings and/or loans granted to Group companies.

- The foreign currency component of derivatives hedging receivables, payables, loans and borrowings in foreign currency are translated into euros in the balance sheet in order to present the symmetrical impact of changes in value in "Translation adjustment" under assets or liabilities in the balance sheet.
- Unrealised gains and losses are considered as part of an overall foreign exchange position, limiting the provision for foreign exchange losses to the extent of the unrealised net loss, provided that the settlement dates of the items included in the position fall in the same accounting period.

NOTES TO THE COMPANY'S BALANCE SHEET AND INCOME STATEMENT

1. FIXED ASSETS

Movements in the gross value of fixed assets can be analysed as follows:

	1 Jan. 2019	Increase	Decrease	31 Dec. 2019
Tangible assets	-	-	-	-
Long-term investments:				
Investments in subsidiaries and affiliates and other investment securities(*)	4,821	52	(54)	4,819
Loans and advances to subsidiaries and affiliates	757	15	-	772
Other long-term investments	4		-	5
Total	**5,582**	**67**	**(54)**	**5,596**

(*) This item includes the Company's investment in the FPCI Idinvest fund amounting to €11 million. €9 million had been subscribed at 31 December 2019.

Investments in subsidiaries and affiliates amounted to €4,819 million at 31 December 2019,

- of which €52 million shown under "Increase" and attributable to purchases of treasury shares, including €29 million allocated to employee share plans and €23 million in connection with the liquidity agreement; and
- €54 million shown under "Decrease" chiefly reflecting (i) the sale of treasury shares under the liquidity agreement for €22 million; the cancellation of the gross amount of treasury shares by means of a capital reduction for €15 million; and (iii) the derecognition of the gross value of Holpa SAS shares in light of their sale to Lagardère Participations, for €17 million.

Loans and advances to subsidiaries and affiliates chiefly relate to USD loans granted to Lagardère North America in connection with the financing of the acquisition of Paradies group in 2015 for USD 530 million and of Hojeij Branded Foods (HBF) at end-2018 for USD 330 million. The €15 million increase is attributable to the remeasurement of loans denominated in foreign currency at the year-end exchange rate.

Changes in depreciation, amortisation and impairment can be analysed as follows:

	1 Jan. 2019	Increase	Decrease	31 Dec. 2019
Long-term investments:				
Investments in subsidiaries and affiliates and other investment securities	(220)	(4)	15	(209)
Loans and advances to subsidiaries and affiliates	-	-	-	-
Total	**(220)**	**(4)**	**15**	**(209)**

The €4 million increase in this item during the year corresponds to the write-down of treasury shares for €1 million and to Lagardère Ressources shares for €3 million.

The amount of €15 million shown in "Decrease" reflects the reversal of the provision for impairment of Holpa SAS shares in light of their sale to Lagardère Participations for €13 million, and the cancellation of provisions for treasury shares in an amount of €2 million, offset against the corresponding share capital reduction.

2. RECEIVABLES

At 31 December 2019, the maturity of **receivables** was as follows:

	Gross	Due within one year	Due beyond one year
Long-term receivables	772	6	766
Short-term receivables	57	57	0
Total	**829**	**63**	**766**

Long-term receivables correspond to the loans granted to Lagardère North America for USD 860 million.

Short-term receivables include:

- €3 million corresponding to the remeasurement of the currency component of the cross-currency swaps hedging half of the loans granted to Lagardère North America;
- €3 million attributable to a credit note from Lagardère Ressources;
- €18 million in Group trade receivables;
- €23 million corresponding to tax-related receivables (including €20 million in tax receivables and €3 million in refundable VAT);
- €10 million in intercompany receivables arising on tax consolidation.

3. MARKETABLE SECURITIES

	31 Dec. 2019	31 Dec. 2018
At cost	3	4
Impairment	-	-
Carrying amount	**3**	**4**
Market value	3	4
Unrealised gains	**-**	**-**

4. CHANGES IN SHAREHOLDERS' EQUITY

Changes in shareholders' equity are analysed below:

	Share capital	Share premiums and reserves	Retained earnings	Profit for the year	Interim dividend to be allocated	Total
Shareholders' equity at 31 December 2018	**800**	**1,817**	**100**	**278**	**-**	**2,995**
Capital reduction	(4)	(14)	-	-	-	(18)
Capital increase	4	-	-	-	-	4
Allocation of 2018 profit	-	-	278	(278)	-	-
Dividends paid(*)	-	-	(172)	-	-	(172)
Profit for the year	-	-	-	78	-	78
Shareholders' equity at 31 December 2019	**800**	**1,803**	**206**	**78**	**-**	**2,887**

(*) Including the portion of profit paid to the General Partners.

At 31 December 2019, the share capital of Lagardère SCA amounted to €799,913,044.60, represented by 131,133,286 shares with a par value of €6.10 each, all ranking *pari passu* and fully paid up.

In 2019, the Group carried out two capital reductions by cancelling 581,012 treasury shares for an amount of €4 million. These operations took place following capital increases carried out by capitalising reserves and involving the same number of shares. The newly-issued shares were definitively allocated:

- on 1 April 2019, to beneficiaries of the 1 April 2015 plan residing outside France for tax purposes (59,000 shares);
- on 9 May 2019, to beneficiaries of the 9 May 2016 plan residing in France for tax purposes (522,012 shares).

5. TREASURY SHARES

Changes in the number of treasury shares held by Lagardère SCA break down as follows for 2019:

	2019
Number of treasury shares held at 1 January	**1,260,478**
Purchases of treasury shares under the liquidity agreement(*)	1,087,474
Sales of treasury shares under the liquidity agreement(*)	(989,974)
Purchases (for treasury shares awarded to employees)	1,500,000
Awards	-
Capital reduction by cancellation of treasury shares	(581,012)
Number of treasury shares held at 31 December	**2,276,966**

(*) Liquidity agreement entered into in 2008 with Crédit Agricole Cheuvreux for market-making purposes.

6. BONDS

On 6 April 2016, Lagardère SCA undertook a **€500 million bond issue** settled on 13 April 2016, which is **redeemable at maturity on 13 April 2023** and pays interest at a fixed rate of 2.75%. The interest expense for 2019 amounted to €14 million.

On 14 June 2017, Lagardère SCA undertook a **€300 million bond issue** settled on 21 June 2017, which is **redeemable at maturity on 21 June 2024** and pays interest at a fixed rate of 1.625%. The interest expense for 2019 amounted to €5 million.

On 9 October 2019, Lagardère SCA undertook a **€500 million bond issue** settled on 16 October 2019, which is **redeemable at maturity on 16 October 2026** and pays interest at a fixed rate of 2.125%. The interest expense for 2019 amounted to €2 million.

7. MATURITIES OF LIABILITIES

	31 Dec. 2019	Due within one year	Due between one and five years	Due beyond five years
Bonds	1,315	15	800	500
Negotiable securities	512	448	64	-
Other borrowings	947	3	387	557
Trade and other payables	50	50	-	-
Total	**2,824**	**516**	**1,251**	**1,057**

Details of the Group's **bond issues** are set out in note 6.

Negotiable securities include:

- Commercial paper issuance under the NEU CP programme with an €850 million ceiling. Debt issues under the programme represented €449 million at 31 December 2019 versus €477 million at 31 December 2018; and
- The negotiable European Medium Term Notes (NEU MTN) programme with a ceiling of €200 million. Debt issues under the programme represented €64 million at 31 December 2019 versus €19 million at 31 December 2018.

Other borrowings for €947 million break down as follows by maturity:

- €387 million in borrowings due between one and five years (bank loans and *Schuldscheindarlehen* German law private placement);
- €557 million in borrowings due beyond five years (€66 million relating to a *Schuldscheindarlehen* German law private placement and €491 million corresponding to the current account with Lagardère Finance);
- €3 million due within one year (accrued interest not yet due on the EUR/USD cross-currency swap).

8. PROVISIONS AND IMPAIRMENT

Type of provision and impairment	1 Jan. 2019	Additions	Reversals	31 Dec. 2019
Provisions for risks and liabilities(*)	**31**	**12**	**11**	**32**
Impairment				
- long-term investments(**)	*220*	*4*	*15*	*209*
- other	-	-	-	-
Impairment sub-total	**220**	**4**	**15**	**209**
Total	**251**	**16**	**26**	**241**
Including additions and reversals:				
- relating to operating items		5	4	
- relating to financial items		*4*	*15*	
- relating to exceptional items		*7*	*7*	

(*) Including additions to provisions for risks and liabilities for €12 million (€7 million in respect of negative net equity at Lagardère Ressources and €4 million in respect of restructuring costs at Lagardère SCA in the scope of the headquarters reorganisation. Reversals for €11 million include the reversal of a provision for subsidiary risks relating to Matra Manufacturing Services for €3 million and reversals of risks that were extinguished in 2019 for €6 million.

(**) Details are provided in note 1.

9. TRANSACTIONS WITH SUBSIDIARIES AND AFFILIATES (NET VALUES) – BALANCE SHEET

Assets		Liabilities	
Long-term investments	5,328	Borrowings	491
Short-term receivables	32	Trade and other payables	37
Other	-	Other	-

Long-term investments mainly include shares in Lagardère Media, Lagardère Finance, and MNC, along with the loans granted to Lagardère North America.

Borrowings comprise the current account with Lagardère Finance.

Short-term receivables and trade payables include intra-group trade payables and receivables and tax consolidation current accounts.

10. TRANSACTIONS WITH SUBSIDIARIES AND AFFILIATES – INCOME STATEMENT

Expenses		Revenues	
Operating(*)	57	Operating(**)	68
Financial	-	Financial(***)	86
Exceptional(****)	3	Exceptional(****)	3

(*) General services provided by Lagardère Ressources.

(**) Including services provided for €53 million, brand royalties for €9 million and expense transfers for €6 million.

(***) Including dividends for €48 million and loan interest for €38 million.

(****) Exceptional income and expenses relate to the sale of Holpa shares to Lagardère Participations.

11. ACCRUED INCOME AND EXPENSES

Accrued income included in the following balance sheet items:		Accrued expenses included in the following balance sheet items:	
Long-term investments	10	Borrowings	18
Short-term receivables	8	Trade and other payables	4
Cash and cash equivalents	-		-
Total	**18**	**Total**	**22**

12. NET FINANCIAL INCOME

	2019	2018
Financial income	**96**	**254**
Financial income from investments in subsidiaries and affiliates	86	236
Income from other investment securities and long-term receivables	2	1
Other interest and similar income	8	7
Net income from marketable securities	-	-
Reversals of provisions and expense transfers	-	10
Foreign exchange gains	-	-
Financial expenses	**(59)**	**(56)**
Interest and similar expenses	(54)	(47)
Additions to provisions	(4)	(8)
Foreign exchange losses	(1)	(1)
Net financial income	**37**	**198**

13. EXCEPTIONAL ITEMS

	2019	2018
Net gains (losses) on disposals of assets	4	-
Net (additions to) reversals of provisions	-	(5)
Other exceptional income and expenses	(4)	-
Net exceptional income (expense)	**-**	**(5)**

14. INCOME TAX

The Company reported an income tax benefit of €51 million in 2019. This reflects tax consolidation relief of €41 million and Group tax income of €10 million. At 31 December 2019, the tax group comprising Lagardère SCA and its subsidiaries had unused tax loss carryforwards of some €166 million.

15. OFF-BALANCE SHEET COMMITMENTS

Commitments given	Amount	Commitments received	Amount
Guarantees given on behalf of subsidiaries to cover contract-related financial commitments	5		
Rent guarantees given to subsidiaries	-	Confirmed, unused lines of credit	1,250
Guarantees given to third parties	-	Counter-guarantees received from third parties	-

Free share award plans

From 2016 to 2019, the Group set up plans to award free shares to employees, the Co-Managing Partners and members of the Enlarged Committee (the Lagardère Media Operating Committee up to May 2016).

	Number of free shares awarded at inception	Number of outstanding rights at 31 Dec. 2019
9 May 2016 plans	829,660	186,240
6 April 2017 plans	817,660	805,010
16 April 2018 plans	812,460	790,860
8 April 2019 plans	474,990	464,990
14 May 2019 plans	232,370	228,370
10 October 2019 plans	100,000	100,000

- 9 May 2016 plans: 829,660 shares;
- 6 April 2017 plans: 817,660 shares;
- 16 April 2018 plans: 812,460 shares;
- 8 April 2019 plans: 474,990 shares;
- 14 May 2019 plans: 232,370 shares;
- 10 October 2019 plans: 100,000 shares.

For Group employees who are beneficiaries of the 9 May 2016, 6 April 2017, 16 April 2018, 8 April 2019 and 10 October 2019 plans, these plans do not include any performance conditions. The shares vest definitively only after a three-year period, provided employee beneficiaries who are tax-resident in France have remained in the Group's employment throughout that time. For beneficiaries who are not tax-resident in France, the shares vest definitively at the end of a four-year period, provided that the beneficiaries have remained in the Group's employment for three years.

For the Group's Co-Managing Partners and the members of the Enlarged Committee, who are beneficiaries of the 9 May 2016, 6 April 2017, 16 April 2018, 14 May 2019 and 10 October 2019 plans, the shares will only vest subject to:

- the beneficiaries remaining with the Group until at least 9 May 2019, 6 April 2020, 17 April 2021, 15 May 2022 and 11 October 2022, respectively, under the 2016, 2017, 2018 and 2019 plans;
- and
  - for plans awarded in 2018 and earlier, achievement of objectives based on criteria internal to the Group (consolidated recurring operating profit and net cash from operating activities), with the number of shares awarded reduced accordingly if these objectives are not met;
  - for plans awarded in 2019, 80% of the award is subject to the achievement of objectives based on criteria internal to the Group (recurring operating profit of fully consolidated companies, free cash flow, and proportion of women in senior management), with the number of shares awarded reduced accordingly if these objectives are not met. The remaining 20% of the award is subject to meeting criteria linked to market conditions (relative performance of Lagardère SCA's Total Shareholder Return), with no adjustment to the corresponding plan expense if these objectives are not met.

16. FINANCIAL INSTRUMENTS

As part of the management of currency and interest rate risks generated by external financing or intragroup loans and borrowings in foreign currency, the Company may enter into hedging agreements with leading banks.

At 31 December 2019, Lagardère SCA held cross-currency swaps hedging USD 430 million of the USD 860 million in loans granted to Lagardère North America.

	Forward sales of USD (in millions of currency units)	Forward purchases of euros (in millions of currency units)	Fair value at 31 Dec. 2019 (in millions of euros)(*)	Fair value at 31 Dec. 2018 (in millions of euros)
Cross-currency swaps maturing 19 September 2019	-	-	-	3
Cross-currency swaps maturing 13 April 2023	165	148	1	5
Cross-currency swaps maturing 21 June 2024	165	145	(2)	(1)
Cross-currency swaps maturing 26 June 2026	100	91	2	-
Hedging derivatives	**430**	**384**	**1**	**7**

(*) Including €1 million in respect of the currency component recognised in the balance sheet under other receivables/payables with an offsetting entry to translation adjustment under assets/liabilities in order to present the symmetrical impact of the hedge.

At 31 December 2019, the remeasurement of the loans granted to Lagardère North America at the year-end rate gave rise to an €8 million unrealised foreign exchange gain, and the remeasurement of hedging instruments generated an unrealised gain of €1 million.

The maturities of the cross-currency swaps are aligned with those of the underlying bonds. From an economic standpoint, the derivatives enable the Group to convert fixed-rate euro-denominated bonds into fixed-rate US dollar-denominated debt.

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Subsidiaries and affiliates at 31 December 2019

(in thousands of euros)	Share capital	Reserves (excl. retained earnings)	Share of capital held (%)	
Information on investments with a book value in excess of 1% of Lagardère SCA's share capital or over which it exercises significant influence				
A. - Subsidiaries (Lagardère SCA's holding: at least 50%)				
Lagardère Finance (immeuble Monceau - 42, rue Washington - 75008 Paris)	1,540,000	169,784	100.00	
Lagardère Media (4, rue de Presbourg - 75116 Paris)	879,611	310,653	100.00	
Lagardère Participations (4, rue de Presbourg - 75116 Paris)	15,250	2,319	100.00	
Lagardère Ressources (immeuble Monceau - 42, rue Washington - 75008 Paris)	2,000	476	100.00	
Matra Manufacturing & Services (4, rue de Presbourg - 75116 Paris)	13,528	(23,519)	100.00	
M N C (immeuble Monceau - 42, rue Washington - 75008 Paris)	89,865	14,433	100.00	
B. - Affiliates (Lagardère SCA's holding: 10% to 50%)				
C. - Other significant investments (Lagardère SCA's holding: less than 10%)				
Information concerning other subsidiaries and affiliates				
A. - Subsidiaries not included in paragraph A above				
- Other subsidiaries: Lagardère UK				
B. - Affiliates not included in paragraph B above				
- Other subsidiaries				
C. - Investments not included in paragraph C above				
- Other subsidiaries				

	Carrying amount of shares held		Outstanding loans and advances granted by the Company	Guarantees given by the Company	Revenue for the last fiscal year	Profit (loss) for the last fiscal year	Dividends received by the Company during the year
	Gross	Net					
	1,695,000	1,695,000			0	9,955	8,400
	2,730,374	2,730,374			11	(527,477)	39,033
	25,445	25,445			0	(69)	0
	101,332	0			61,750	(9,502)	0
	94,035	0			171	390	0
	112,732	104,262			0	(36)	0
	452	452				59	451

Investment portfolio at 31 December 2019

(Article 6 of the French law of 1 March 1986)

I. Investments in subsidiaries and affiliates (in thousands of euros)		
A. Investments in French companies		
Book value over €15,000		
Number of shares held:		
280,000,000	Lagardère Finance	1,695,000
54,974,977	Lagardère Media	2,730,374
999,991	Lagardère Participations	25,445
200,000	Lagardère Ressources	0
845,474	Matra Manufacturing & Services	0
7,848,480	MNC	104,262
Book value below €15,000		0
Total investments in French companies		**4,555,081**
B. Investments in non-French companies		
Number of shares held:		
325,100	Lagardère UK	452
Book value below €15,000		0
Total investments in non-French companies		**452**
Total investments in subsidiaries and affiliates		**4,555,533**
II. Other long-term investments (in thousands of euros)		
C. Investment funds		
	FCPR Idinvest	9,047
Total investment funds		**9,047**
D. Treasury shares		44,527
Total treasury shares		**44,527**
Total other long-term investments		**53,574**
III. Short-term investments (in thousands of euros)		
A. French securities		
1. Equities and mutual funds		0
Number of shares held:	0	0
2. Collective investment funds		0
Number of shares held:	11	2,566
Total short-term investments (book value)		**2,566**

Lagardère SCA – Five-year financial summary

(Articles R. 225-83 and R. 225-102 of the French Commercial Code)

		2015	2016	2017	2018	2019
I	**Share capital at 31 December (in euros)**					
a)	Share capital	799,913,045	799,913,045	799,913,045	799,913,045	799,913,045
b)	Number of ordinary shares outstanding	131,133,286	131,133,286	131,133,286	131,133,286	131,133,286
c)	Maximum number of shares to be issued upon exercise of share subscription options	-	-	-	-	-
d)	Maximum number of shares to be issued upon conversion of bonds	-	-	-	-	-
e)	Number of shares to be issued upon exercise of subscription warrants	-	-	-	-	-
II	**Results of operations (in thousands of euros)**					
a)	Revenue	56,327	59,453	59,546	60,202	71,202
b)	Earnings (loss) before tax, depreciation, amortisation and provisions	(13,960)	(40,470)	82,873	188,116	31,627
c)	Income tax(*)	74,308	63,132	87,805	94,576	51,161
d)	Earnings after tax, depreciation, amortisation and provisions	41,082	31,440	162,282	277,979	77,512
e)	Dividends paid	168,088	170,025	170,604	171,673	**
III	**Earnings per share (in euros)**					
a)	Earnings (loss) per share after tax, but before depreciation, amortisation and provisions	(0.67)	0.17	1.30	2.16	0.63
b)	Earnings per share after tax, depreciation, amortisation and provisions	0.31	0.24	1.24	2.12	0.59
c)	Dividend per share	1.30	1.30	1.30	1.30	**
IV	**Personnel (in euros, excluding headcount)**					
a)	Average headcount	9	9	8	8	8
b)	Total wages and salaries	2,509,884	2,944,590	2,607,183	1,739,429	2,160,348
c)	Total employee benefit expense	1,038,059	1,025,805	1,275,889	896,224	735,669

(*) Mainly the tax benefit resulting from tax consolidation.

(**) The Annual General Meeting on 5 May 2020 will be asked to approve a dividend of €1.00 per share.

5.6 STATUTORY AUDITORS' REPORT ON THE COMPANY'S FINANCIAL STATEMENTS

To the General Meeting of Lagardère SCA,

Opinion

In compliance with the engagement entrusted to us by your General Meetings, we have audited the accompanying financial statements of Lagardère SCA for the year ended 31 December 2019.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at 31 December 2019 and of the results of its operations for the year then ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for opinion

Audit framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Statutory Auditors' Responsibilities for the Audit of the Financial Statements* section of our report.

Independence

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from 1 January 2019 to the date of our report, and, specifically, we did not provide any prohibited non-audit services referred to in article 5 (1) of Regulation (EU) no. 537/2014 or the French Code of Ethics (*Code de déontologie*) for Statutory Auditors.

Justification of our assessments – Key audit matters

In accordance with the requirements of articles L. 823-9 and R. 823-7 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgement, were of most significance in our audit of the financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the financial statements.

Valuation of investments and loans and advances to subsidiaries

Risk identified

As at 31 December 2019, the carrying amount of investments in subsidiaries and affiliates recognised in the balance sheet amounted to €4,555 million, representing 79% of total assets. Loans and advances to subsidiaries and affiliates amounted to €772 million, or 13% of total assets.

As indicated in note 2 to the financial statements on accounting policies, investments in subsidiaries are measured at historical cost or subscription value less impairment for any excess of those amounts over value in use. Value in use is generally estimated on the basis of a review of the past year and outlook for future years, together with any other relevant information that may contribute to a meaningful valuation. The recoverability of loans and advances to subsidiaries and affiliates is assessed based on the characteristics of the loan and the profitability outlook for the entities concerned. In principle, these receivables are only impaired once the corresponding investments have been written down in full.

Estimating the value in use of investments requires management to exercise judgement in choosing the criteria to be taken into account in assessing them (corresponding to historical or projected data, depending on the circumstances).

In this context and given the inherent uncertainty associated with certain criteria, notably achievement of forecasts, we deemed the correct valuation of investments in subsidiaries and associated receivables to be a key audit matter.

Our response

Our audit work consisted in:

- obtaining an understanding of the methods used by management to implement impairment tests;
- verifying whether values in use are estimated on an appropriate basis;
- comparing the carrying amounts of investments to their value in use;
- assessing the recoverability of the loans and advances to subsidiaries and affiliates.

Specific verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations.

Information given in the management report and in the other documents with respect to the financial position and the financial statements provided to the shareholders

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Managing Partners and in the other documents with respect to the financial position and the financial statements provided to the shareholders.

We attest the fair presentation and the consistency with the financial statements of the information relating to payment deadlines mentioned in article D. 441--4 of the French Commercial Code (*Code de commerce*).

Report on corporate governance

We attest that the Supervisory Board’s report on corporate governance sets out the information required by articles L. 225-37-3 and L. 225-37-4 of the French Commercial Code (*Code de commerce*).

Concerning the information given in accordance with the requirements of article L. 225-37-3 of the French Commercial Code (*Code de commerce*) relating to remuneration and benefits received by corporate officers and any other commitments made in their favour, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your Company from controlling and controlled companies. Based on these procedures, we attest to the accuracy and fair presentation of this information.

With respect to the information relating to items that your Company considered likely to have an impact in the event of a takeover bid or exchange offer, provided pursuant to article L. 225-37-5 of the French Commercial Code (*Code de commerce*) we have agreed this information to the source documents communicated to us. Based on these procedures, we have no observations to make on this information.

Other information

In accordance with French law, we have verified that the required information concerning the purchase of investments and controlling interests and the identity of the shareholders and holders of the voting rights has been properly disclosed in the management report.

Report on other legal and regulatory requirements

Appointment of the Statutory Auditors

We were appointed Statutory Auditors of Lagardère SCA by the General Meetings held on 29 June 1987 for ERNST & YOUNG et Autres and on 20 June 1996 for Mazars.

As at 31 December 2019, ERNST & YOUNG et Autres and Mazars were in the 33rd year and the 24th year of total uninterrupted engagement, respectively.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and, where applicable, its internal audit regarding the accounting and financial reporting procedures.

The financial statements were approved by the Managing Partners.

Statutory Auditors' responsibilities for the audit of the financial statements

Objective and audit approach

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified in article L. 823-10-1 of the French Commercial Code (*Code de commerce*), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditors exercise professional judgement throughout the audit and furthermore:

- assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence considered to be sufficient and appropriate to provide a basis for their opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the financial statements;
- assess the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of the audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditors conclude that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein;
- evaluate the overall presentation of the financial statements and assess whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report to the Audit Committee

We submit to the Audit Committee a report which includes, in particular, a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgement, were of most significance in the audit of the financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) No. 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by articles L. 822-10 to L. 822-14 of the French Commercial Code (*Code de commerce*) and in the French Code of Ethics (*Code de déontologie*) for Statutory Auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence and the related safeguards.

French original signed at Paris-La Défense and Courbevoie, on 17 March 2020

The Statutory Auditors

Ernst & Young et Autres	**Mazars**
Bruno Bizet	Thierry Blanchetier

5.7 STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

To the General Meeting of Lagardère SCA,

Opinion

In compliance with the engagement entrusted to us by your General Meetings, we have audited the accompanying consolidated financial statements of Lagardère SCA for the year ended 31 December 2019.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at 31 December 2019 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for opinion

Audit framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the Statutory Auditors' *Responsibilities for the audit of the consolidated financial statements* section of our report.

Independence

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from 1 January 2019 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) no. 537/2014 or in the French Code of Ethics (*Code de déontologie*) for Statutory Auditors.

Emphasis of matter

We draw attention to note 1.1 to the consolidated financial statements which describes the impacts of the first-time application of IFRS 16 "Leases" in 2019.

Justification of assessments – Key audit matters

In accordance with the requirements of articles L. 823-9 and R. 823-7 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and therefore contributed to the opinion we formed as expressed above. We do not provide a separate opinion on specific items of the consolidated financial statements.

Impacts of the Group's strategic repositioning

Risk identified

Note 4.3 "Assets held for sale, associated liabilities and discontinued operations" to the consolidated financial statements describes the strategic repositioning the Group has made around two priority areas, Lagardère Publishing and Lagardère Travel Retail. In this context, the Group is continuing its withdrawal from the Lagardère Studios and Lagardère Sports activities.

The accounting impact of these decisions is based on assumptions made by management concerning the classification of certain assets and associated liabilities as held for sale or discontinued operations, as well as the measurement of these assets and associated liabilities and of restructuring costs incurred in connection with the strategic repositioning.

We deemed the impacts of the Group's strategic repositioning to be a key audit matter as it requires significant judgement from management.

Our response

We engaged in several discussions with Group management and with the management of the divisions concerned in order to gain an understanding of the progress made in the various sale processes that have been initiated, and their impacts on the presentation of the consolidated financial statements.

We analysed the criteria used by management to present certain assets as held for sale or discontinued operations and assessed their conformity with the applicable accounting standards.

We performed a critical review of the valuation tests carried out on these assets, based on the preliminary offers received by the Group, where applicable.

We conducted a critical review of the methods used to measure the restructuring provisions set aside in respect of the strategic repositioning.

We verified the appropriate accounting for assets divested during the year, notably based on any underlying legal agreements.

We also examined the appropriateness of the disclosures provided in notes 4.3 and 8 to the consolidated financial statements.

Valuation of goodwill and intangible assets with indefinite useful lives

Risk identified

Goodwill and other intangible assets with indefinite useful lives, which have net book values of €1,564 million and €174 million, respectively, meet the definitions set out in notes 3.7 and 3.8 to the consolidated financial statements.

Management assesses at each closing date that the recoverable amount of goodwill and intangible assets with indefinite useful lives is higher than their carrying amount, and that there is no indication of impairment loss. The estimated future cash flows used for the impairment test are based on the internal budgets drawn up at the end of the year. They are determined using key assumptions and assessments that take into consideration effects of the economic environment, as identified at the date of the budget, on forecast future cash flows for the coming three years.

The cash flows are discounted using a post-tax discount rate specific to each business. A perpetuity growth rate, which is also specific to each business, is used for periods subsequent to those covered in the budgets. The methods for implementing impairment tests at the level of the cash-generating units ("CGUs") to which assets have been allocated, are described in note 3.12, and the assumptions used are indicated in note 10 to the consolidated financial statements.

Because of the importance of management judgement and of the uncertainties associated with the assumptions used, we have considered goodwill and intangible assets with indefinite useful life valuation as a key audit matter.

Our response

We have analysed the method applied and made sure it complies with the accounting standards in force.

We have held discussions with management in order to assess the assumptions used and performed a critical review of the method implemented and have analysed in particular:

- the completeness of figures included in the book values of CGUs that are tested, and the consistency of the calculated values with the cash flow forecasts used to determine the recoverable amounts;
- the reasonableness of the cash flow forecasts compared to the economic and financial environment for the most sensitive CGUs, and the reliability of the estimation process;
- the consistency of those cash flow forecasts with the latest estimates established by management under the supervision of the Managing Partners in the context of the budget process;
- the consistency of the growth and discount rates used for cash flow projections, with the assistance of our valuation experts;
- the calculation of the discount applied to future cash flows;
- the sensitivity calculations performed by management to changes in the main assumptions used.

Lastly, we have assessed the reasonableness of the information included in note 10 to the consolidated financial statements.

Revenue recognition in the Lagardère Publishing division – returns estimates

Risk identified

Revenue recognition for Lagardère Publishing is subject to management estimates mainly in respect of returns estimates.

Revenue recognition principles are described in notes 3.1 and note 32 to the consolidated financial statements; returns estimates recognised as a deduction from revenue amount to €289 million as at 31 December 2019.

That amount represents distributors' right to return unsold copies to Lagardère Publishing. This is recognised as a deduction from revenue and estimated on the basis of forecast sales invoiced during the year and of historical returns data. The calculation is statistical and reflects the return rate for the prior year adjusted for fluctuations in sales volumes and for the economic climate of the current year.

Given the importance of the returns estimates, and of the assumptions and areas of judgement involved in the calculation, we consider revenue recognition for Lagardère Publishing as a key audit matter.

Our response

Our audit procedures involved in particular:

- describing and testing the sales process including the treatment of returns;
- obtaining an understanding of the basis of calculation of returns and of the main assumptions used to estimate the amount of returns at the closing date;
- performing a critical review of the return rates applied and of the applicable calculation assumptions, including in particular the corresponding margins;
- comparing the estimated return rates with the corresponding historical rates;
- testing the consistency of the flows of sales and returns retained for calculation purposes;
- verifying the arithmetical accuracy of the statistical method applied;
- identifying any specific factors resulting in manual adjustments.

First-time application of IFRS 16 “Leases”

Risk identified

IFRS 16, applied as of 1 January 2019, modifies the accounting treatment of leases: on inception of a lease, a liability is recognised in the balance sheet, corresponding to the discounted present value of the fixed portion of future lease payments, against a right-of-use asset depreciated over the lease term.

The Group’s main leases correspond to concession agreements in transport hubs and, to a lesser extent, property.

The Group applies IFRS using the "full retrospective" transition method; details on the first-time application of the standard are provided in notes 1.1 and 3.9 to the consolidated financial statements.

As of 1 January 2019, the first-time application of IFRS 16 led to the recognition of:

- right-of-use assets with a carrying amount of €2,552 million within non-current assets, including €2,009 million relating to concession agreements;
- lease liabilities totalling €2,741 million, including €2,283 million in non-current liabilities.

We consider the first-time application of IFRS 16 “Leases” to be a key audit matter, given the large number of leases and the material value of right-of-use assets and lease liabilities in the Group’s consolidated financial statements, especially at Lagardère Travel Retail.

Our response

Our audit procedures involved in particular:

- comparing the compliance of accounting principles with IFRS 16 "Leases";
- familiarising ourselves with process and key controls implemented by management to ensure the completeness of leases;

- testing the effectiveness of key information systems controls in verifying the accurate calculation of lease liabilities, right-of-use assets, depreciation and interest charges as measured and recognised by the Group;
- performing test of details on data entered in the information systems relating to leases;
- reviewing the assumptions made and analysing the methods used by management to determine the discount rates used to calculate lease liabilities;
- assessing the appropriateness of the financial disclosures regarding the first-time application of the standard in notes 1.1 and 3.9 to the consolidated financial statements.

Specific verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations of the Group's information in the management report of the Managing Partners.

We have no matters to report as to their fair presentation and their consistency with the consolidated financial statements.

We attest that the consolidated non-financial statement required by article L. 225-102-1 of the French Commercial Code (*Code de commerce*) is included in the management report of the Managing Partners, it being specified that, in accordance with article L. 823-10 of said Code, we have verified neither the fair presentation nor the consistency with the consolidated financial statements of the information contained therein. This information is reported on by an independent third party.

Report on other legal and regulatory requirements

Appointment of the Statutory Auditors

We were appointed as Statutory Auditors of Lagardère SCA by the General Meeting held on 20 June 1996 for Mazars and on 29 June 1987 for ERNST & YOUNG et Autres.

As at 31 December 2019, Mazars and ERNST & YOUNG et Autres were in the 24th year and 33rd year of total uninterrupted engagement, respectively.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems, and where applicable, any internal audit systems, relating to accounting and financial reporting procedures.

The consolidated financial statements were approved by the Managing Partners.

Statutory Auditors' responsibilities for the audit of the consolidated financial statements

Objective and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As specified in article L. 823-10-1 of the French Commercial Code (*Code de commerce*), our audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the Statutory Auditor exercises professional judgement throughout the audit and furthermore:

- identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements;
- assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of this audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the Statutory Auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein;
- evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The Statutory Auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

Report to the Audit Committee

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgement, were of most significance in the audit of the consolidated financial statements and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) no. 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by articles L. 822-10 to L. 822-14 of the French Commercial Code (*Code de commerce*) and in the French Code of Ethics (*Code de déontologie*) for Statutory Auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

French original signed in Courbevoie and Paris-La Défense, 17 March 2020

The Statutory Auditors

Mazars	ERNST & YOUNG et Autres
Thierry Blanchetier	Bruno Bizet

5.8 STATUTORY AUDITORS' SPECIAL REPORT ON RELATED-PARTY AGREEMENTS

To the General Meeting of Lagardère SCA,

In our capacity as Statutory Auditors of your Company, we hereby present to you our report on related-party agreements.

We are required to inform you, on the basis of the information provided to us, of the terms and conditions of those agreement disclosed to us, or that we may have identified in the performance of our engagement, as well as the reasons justifying why they benefit the Company. We are not required to give our opinion as to whether they are beneficial or appropriate or to ascertain the existence of other agreements. It is your responsibility, in accordance with article R. 226-2 of the French Commercial Code (*Code de commerce*), to assess the relevance of these agreements prior to their approval.

We are also required, where applicable, to inform you in accordance with article R. 226-2 of the French Commercial Code (*Code de commerce*) of the implementation during the year ended 31 December 2019 of agreements previously approved by the General Meeting.

We performed those procedures which we deemed necessary in compliance with professional guidance issued by the French Institute of Statutory Auditors (*Companie nationale des commissaires aux comptes*) related to this type of engagement. These procedures consisted in verifying that the information provided to us is consistent with the relevant source documents.

Agreements submitted for approval to the General Meeting

Agreements authorised during the year ended 31 December 2019

We hereby inform you that we have not been notified of any agreements authorised during the year ended 31 December 2019 to be submitted to the General Meeting for approval in accordance with article L. 226-10 of the French Commercial Code (*Code de commerce*).

Agreements previously approved by the General Meeting

In application of article R. 226-2 of the French Commercial Code, we were informed that the following agreements, approved by the General Meeting in previous years, remained in force during the year ended 31 December 2019.

Agreements with Lagardère Capital & Management, shareholder of the Company

Service Agreement

Under an agreement signed in 1988 by Lagardère Capital & Management with Matra and Hachette, Lagardère Capital & Management provides a range of resources and skills specific to general strategy, international development, company operations, and management of financing, human potential and corporate image. All senior executives working at Lagardère Capital & Management are members of the executive bodies of the Group and of its principal subsidiaries.

Following the various reorganisations that have taken place since 1988, this agreement is now between Lagardère Capital & Management and Lagardère Ressources.

The remuneration of Lagardère Capital & Management was modified with effect from 1 July 1999 by an amendment approved in principle by the Supervisory Board on 22 September 1999 and in its final version on 22 March 2000. It was again modified by an amendment approved by the Supervisory Board on 12 March 2004, with retroactive effect from 1 January 2004.

Starting from that date, the remuneration payable by Lagardère Ressources to Lagardère Capital & Management for any given year is equal to the total expenses incurred by Lagardère Capital & Management during that year in execution of the services rendered under the Service Agreement, plus a 10% margin subject to an absolute upper limit of €1 million. For 2019, this margin amounted to €1 million.

Supplementary pension plan for certain Lagardère Capital & Management employees who are members of the Lagardère group's Executive Committee

At its meeting of 14 September 2005, your Supervisory Board approved the introduction of a supplementary pension plan by Lagardère Capital & Management to complement the basic pension system for certain employees who are members of the Executive Committee. The maximum benefit entitlement under this plan is a supplementary pension upon retirement at the age of 65 equal to 35% of a benchmark remuneration, which may not exceed 50 times the annual limit defined by the French social security system.

The beneficiaries under of this plan are Lagardère Capital & Management employees who are members of the Executive Committee.

The plan came into effect at 1 July 2005, and benefits vest at the rate of 1.75% of the benchmark remuneration per year of seniority in the Executive Committee, up to a limit of 20 years' seniority. The pension earned under this plan is payable on condition the beneficiary is still with the Company at retirement or on early retirement. It also remains payable in the event of termination after the age of 55 or invalidity.

For 2019, the amount billed by Lagardère Capital & Management in accordance with those agreements amounted to €19.2 million, compared to €21 million in 2018.

French original signed at Paris-La Défense and Courbevoie, on 17 March 2020

The Statutory Auditors

Ernst & Young et Autres	**Mazars**
Bruno Bizet	Thierry Blanchetier

1 2 3 4 5 6 7 8

6 RECENT DEVELOPMENTS AND OUTLOOK

6.1	**RECENT DEVELOPMENTS (SINCE 1 JANUARY 2020)**	**413**
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6.1.2	Major changes in the Group's financial and commercial position	413
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6.1 RECENT DEVELOPMENTS (SINCE 1 JANUARY 2020)

6.1.1 SIGNIFICANT EVENTS

6.1.1.1 Covid-19 epidemic

The Covid-19 epidemic emerged after the end of the 2019 financial year.

In view of the change in business levels observed at the time of the accounts closing (27 February 2020), Lagardère estimates that Covid-19 will have an adverse impact on recurring operating profit of fully consolidated companies (recurring EBIT), excluding the impact of the Group's action plan, of around €20 million in the first quarter of 2020. However, at the date of this Universal Registration Document, these estimates are no longer relevant given how the pandemic is developing and the measures taken by the various governments to contain it.

The impact of this situation on the Group's results is currently impossible to determine.

6.1.1.2 Sale of Lagardère Sports to H.I.G. Capital

Following the purchase offer received from H.I.G. Capital for 75% of Lagardère Sports' share capital (see section 1.8.1), the preliminary sale agreement was signed on 19 February 2020. The closing of this transaction remains subject to clearance from the competition authorities.

6.1.2 MAJOR CHANGES IN THE GROUP'S FINANCIAL AND COMMERCIAL POSITION

The commercial position of the Group's businesses is affected by the Covid-19 epidemic and the decisions taken by governments to protect the population (see section 6.1.3). As described in the trend information section below, the Covid-19 epidemic is temporarily impacting the Group's commercial position owing to the closures and containment measures imposed by many of the countries in which the Group operates. The epidemic is also affecting the Group's financial position, insofar as access to short-term funding markets commonly used by the Group (e.g., commercial paper, or "NEU CP") may be temporarily restricted. However, the Group has sufficient financial resources to meet its day-to-day requirements and its financial obligations.

6.1.3 TREND INFORMATION

LAGARDÈRE PUBLISHING

In the context of the Covid-19 epidemic, 2020 should be approached with caution. It is extremely difficult at this stage to foresee the impact of this health crisis on Lagardère Publishing's businesses in 2020.

Otherwise, comparing it with 2019, business for the year will be affected by the absence of a new Asterix album, a less abundant Partworks programme, and more limited curricular reform in France (only one Year 13 *terminale* reform compared to two in 2018). However, Lagardère Publishing should benefit from the acquisitions made in 2019, its teams' ability to innovate and the fast-paced growth of the audio book segment, particularly in English-speaking countries.

In light of the exceptional circumstances caused by Covid-19, the leadership team will continue to rigorously manage the business, in particular by adapting its launch schedule, as well as costs and investments in modernising Lagardère Publishing's assets.

LAGARDÈRE TRAVEL RETAIL

During January 2020, operations benefited from a rise in passenger traffic, network expansion and our September 2019 acquisition of International Duty Free (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. At the present time, as the Covid-19 situation is constantly changing, the Group is unable to accurately quantify the adverse impacts this unprecedented event will have on its business.

Lagardère Travel Retail has taken clear-cut action in four areas to mitigate the financial consequences of the virus: (i) adapting sales and prices as far as possible, (ii) reducing overheads (e.g., by adjusting opening hours and rental terms in agreement with concession grantors, and optimising operating costs), (iii) reviewing investments and (iv) scaling back working capital requirements.

It should be noted that due to business effects, results tend to be lower in the first half than in the second half of the year.

OTHER ACTIVITIES

Lagardère News and Lagardère Live Entertainment

Lagardère News (Paris Match, Le Journal du Dimanche, Europe 1, Virgin Radio, RFM and the Elle brand licence), and the Entertainment businesses (live performance venues and Lagardère Paris Racing) started the year well until the French government announced measures in mid-March aimed at protecting the population from the spread of the Covid-19 pandemic. These measures aimed at reducing travel and mobility among the French public and banning gatherings, will adversely impact the business until further notice. Similarly, the cost savings measures introduced by advertisers in certain sectors to mitigate the economic impact of the pandemic will affect Lagardère News' advertising revenues.

NON-RETAINED SCOPE

Lagardère Studios

The start of 2020 saw growth in the audiovisual production segment fuelled by higher year-on-year deliveries. However, the business will be penalised in the year by the postponement of deliveries and filming owing to Covid-19.

6.2 OUTLOOK

UPDATE ON THE IMPACTS OF COVID-19

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. At that time, the Group issued a 2020 recurring EBIT growth target of between 4% and 6% at constant exchange rates, excluding the acquisition of IDF and the effect of the Covid-19 epidemic, estimating the adverse impact on recurring EBIT in the first quarter of 2020 (before the impact of action plans) to be in the region of €20 million.

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 working tirelessly to protect employees, customers and partners, and is also 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.

SUSPENSION OF MARKET GUIDANCE

In view of the uncertainty over the duration and scale of the epidemic and the government lockdowns and closures, the Group is unable to assess its impacts precisely and reliably. Accordingly, it is suspending the market guidance announced on 27 February 2020, and will provide an update as and when it is able to.

6.3 EARNINGS FORECAST

None.

7 ADDITIONAL INFORMATION

7.1	PERSONS RESPONSIBLE FOR THE INFORMATION CONTAINED IN THE UNIVERSAL REGISTRATION DOCUMENT	417
7.2	STATEMENT BY THE PERSONS RESPONSIBLE FOR THE UNIVERSAL REGISTRATION DOCUMENT	418
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7.4	DOCUMENTS ON DISPLAY	420

7.1 PERSONS RESPONSIBLE FOR THE INFORMATION CONTAINED IN THE UNIVERSAL REGISTRATION DOCUMENT

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.

7.2 STATEMENT BY THE PERSONS RESPONSIBLE FOR THE UNIVERSAL REGISTRATION DOCUMENT

STATEMENT BY THE MANAGING PARTNERS

We hereby declare, having taken all reasonable care to ensure that such is the case, that the information set out in this Universal Registration Document is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import.

We further declare that to the best of our knowledge, the financial statements have been prepared in compliance with the applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and results of the Company and all the entities included in the consolidation, and that the accompanying management report (section 1.4, pages 9 to 42; section 1.8, pages 49 to 51, chapter 2, pages 53 to 163; chapter 3, pages 164 to 190; chapter 4, pages 191 to 236; chapter 5, pages 237 to 411; sections 6.1.1.2 and 6.2, pages 413 to 415) provides a fair view of the business, results of operations and financial position of the Company and all the entities included in the consolidation, together with a description of the main risks and uncertainties to which they are exposed.

Paris, 26 March 2020

Arnaud Lagardère

For Arjil Commanditée-Arco

Arnaud Lagardère

Pierre Leroy

7.3 DETAILS OF THE STATUTORY AUDITORS

	First appointed	End of current term of office
Principal		
Ernst & Young et Autres represented by Bruno Bizet Tour First - 1, place des Saisons – 92037 Paris-La Défense Member of the Versailles Regional Institute	29 June 1987	2023
Mazars represented by Thierry Blanchetier 61, rue Henri Regnault – 92400 Courbevoie Member of the Versailles Regional Institute	20 June 1996	2020
Substitute		
Thierry Colin – 61, rue Henri Regnault - 92400 Courbevoie	6 May 2014	2020

7.4 DOCUMENTS ON DISPLAY

The persons responsible for this Universal Registration Document attest that during the validity of this Universal Registration Document the following documents will be freely accessible on the corporate website (www.lagardere.com) in the "Investor Relations – Regulated Information" section:

- annual financial reports/universal registration documents for the last ten years;
- interim financial reports for the last ten years;
- monthly information on the share capital and voting rights;
- information on share buybacks;
- description of share buyback programmes;
- General Meeting documents for the last ten years;
- the latest version of the Company's Articles of Association.

8 CROSS-REFERENCE TABLES

8.1	CROSS-REFERENCE TABLE WITH THE ANNUAL FINANCIAL REPORT	422
8.2	CROSS-REFERENCE TABLE FOR THE UNIVERSAL REGISTRATION DOCUMENT WITH ANNEX 1 OF EUROPEAN REGULATION NO. 2019/980	423
8.3	CROSS-REFERENCE TABLE WITH THE NON-FINANCIAL STATEMENT	430

8.1 CROSS-REFERENCE TABLE WITH THE ANNUAL FINANCIAL REPORT

The Annual Financial Report prepared in accordance with article L. 451-1-2 of the French Monetary and Financial Code (*Code monétaire et financier*) and article 222-3 of the General Regulations of the French financial markets authority (*Autorité des marchés financiers* — AMF) comprises the information, documents and reports listed below, which are presented in the chapters, sections and pages indicated of the accompanying Universal Registration Document.

Parent company financial statements for 2019	Chapter 5.5	380
Consolidated financial statements for 2019	Chapter 5.3	248
Management report		
► Business activities of the Company and the Group	Chapter 1.4	9
	Chapter 1.8	49
	Chapter 6.1.1.2	413
	Chapter 6.2	414
► Results and financial position	Chapter 5	237
► Main risks	Chapter 3.1 (except 3.1.3.1)	164
► Non-financial statement	Chapter 4	191
► Internal control and risk management procedures relating to the preparation and processing of financial and accounting information	Chapter 3.2	173
► Information about the share capital, shareholders and share buyback programmes	Chapter 2.9	148
► Corporate governance report	Chapter 2	53
Statement by the persons responsible for the information (Statement by the persons responsible for the Annual Financial Report and Universal Registration Document)	Chapter 7.2	418
Statutory Auditors' report on the Company's financial statements	Chapter 5.6	400
Statutory Auditors' report on the consolidated financial statements	Chapter 5.7	404
► Fees paid to the Statutory Auditors	Chapter 5.3 (note 38)	358

8.2 CROSS-REFERENCE TABLE FOR THE UNIVERSAL REGISTRATION DOCUMENT WITH ANNEX 1 OF EUROPEAN REGULATION NO. 2019/980

Information		Section no.[1]
1	**PERSONS RESPONSIBLE, THIRD PARTY INFORMATION, EXPERTS' REPORTS AND COMPETENT AUTHORITY APPROVAL**	
1.1	Persons responsible for the Universal Registration Document	**7.1**
1.2	Statement by the persons responsible for the Universal Registration Document	**7.2**
1.3	Statement by experts	**-**
1.4	Third party information	**-**
1.5	Statement of approval of the Universal Registration Document	**-**
2	**STATUTORY AUDITORS**	
	Statutory Auditors for the period covered by the historical financial information	**7.3**
3	**RISK FACTORS**	
	Provide a description of the material risks that are specific to the Company, in a limited number of categories, in a section headed "Risk factors"	**3.1**
4	**INFORMATION ABOUT THE ISSUER**	
4.1	Legal and commercial name of the Company	**1.1.1**
4.2	Place of registration of the Company, its registration number and legal entity identifier ('LEI')	**1.1.4**
4.3	Date of incorporation and length of life of the Company	**1.1.5**
4.4	Domicile and legal form of the Company, the legislation under which the Company operates, its country of incorporation, the address, telephone number of its registered office and website of the Company	**1.1.2/1.1.3**

[1] Refers to chapter and section numbers of the Universal Registration Document.

Information		Section no.[1]
5	**BUSINESS OVERVIEW**	
5.1	Principal activities	
5.1.1	Description of the Company's operations and principal activities	**1.4**
5.1.2	Significant new products and/or services that have been introduced	**1.4**
5.2	Principal markets	**1.4/5.3 (notes 5.1, 5.2 and 6)**
5.3	Important events in the development of the Company's business	**1.4**
5.4	Strategy and objectives	**1.4**
5.5	Extent (if any) to which the Company is dependent on patents or licences, industrial, commercial or financial contracts or new manufacturing processes	**-**
5.6	Basis for any statements made by the Company regarding its competitive position	**1.4 (footnotes)**
5.7	Investments	
5.7.1	Material investments of the Company for each financial year for the period covered by the historical financial information up to the date on which the Universal Registration Document was filed	**1.7**
5.7.2	Material investments of the Company that are in progress or for which firm commitments have already been made, including the geographic distribution of these investments (home and abroad) and the method of financing (internal or external)	**1.7/1.8.1 and 5.3 (note 5.2)**
5.7.3	Joint ventures and undertakings in which the Company holds a proportion of the capital likely to have a significant effect on the assessment of its own assets and liabilities, financial position or profits and losses	**-**
5.7.4	Environmental issues that may affect the Company's utilisation of its property, plant and equipment	**1.9**
6	**ORGANISATIONAL STRUCTURE**	
6.1	Brief description of the Group and the Company's position within the Group	**1.3**
6.2	List of the Company's significant subsidiaries	**1.3**

[1] Refers to chapter and section numbers of the Universal Registration Document.

Information		Section no.[1]
7	**OPERATING AND FINANCIAL REVIEW**	**5.2**
7.1	Financial position	
7.1.1	Fair review of the development and performance of the Company's business as a whole, and of its position for each year and interim period for which historical financial information is required, including the causes of material changes	**5.2.1/5.2.2**
7.1.2	Indications of: a) the Company's likely future development b) activities in the field of research and development	**5.2.1/5.2.2**
7.2.1	Significant factors materially affecting the Company's income from operations	**5.2.1/5.2.2**
7.2.2	Explanation of changes in sales or revenues	**5.2.1/5.2.2**
8	**CAPITAL RESOURCES**	
8.1	Information concerning capital resources	**5.3 (note 27.6)**
8.2	Sources and amounts of the Company's cash flows	**5.3 (note 26)**
8.3	Information on the Company's borrowing requirements and funding structure	**5.3 (note 30)**
8.4	Any restrictions on the use of capital resources that have materially affected, or could materially affect, directly or indirectly, the Company's operations	**5.3 (note 28)**
8.5	Anticipated sources of funds needed to fulfil commitments referred to in item 5.7.2	
9	**REGULATORY ENVIRONMENT**	
9.1	Regulatory environment that the Company operates in and that may materially affect its business – Any governmental, economic, fiscal, monetary or political policies or factors that have materially affected, or could materially affect, directly or indirectly, the Company's operations	**1.5**
10	**TREND INFORMATION**	
10.1	Provide a description of: a) the most significant recent trends affecting the business since the end of the last financial year b) any significant change in the financial performance of the Group since the end of the last financial period, or provide an appropriate negative statement	**6.1**
10.2	Known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Company's prospects for the current financial year	**6.1.3**

[1] Refers to chapter and section numbers of the Universal Registration Document.

Information		Section no.[1]
11	**PROFIT FORECASTS OR ESTIMATES**	
11.1	Any published profit forecast or profit estimate (which is still outstanding and valid) If a profit forecast or profit estimate has been published and is still outstanding, but no longer valid, provide a statement to that effect	**6.3**
11.2	This new profit forecast or estimate shall be clear and unambiguous and contain a statement setting out the principal assumptions upon which the Company has based its forecast or estimate	**-**
11.3	Statement that the profit forecast or estimate has been compiled and prepared on a basis which is both: a) comparable with the historical financial information b) consistent with the Company's accounting policies	**-**
12	**ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES AND SENIOR MANAGEMENT**	
12.1	Information on members of the administrative, management or supervisory bodies	**2.3/2.4/2.7 and 2.8**
12.2	Conflicts of interests and/or other duties Any arrangement or understanding with major shareholders, customers, suppliers or others, pursuant to which any person referred to in item 12.1 was selected as a member of the administrative, management or supervisory bodies or member of senior management Details of any restrictions agreed by the persons referred to in item 12.1 on the disposal within a certain period of time of their holdings in the Company's securities	**2.7**
13	**REMUNERATION AND BENEFITS**	
13.1	Remuneration of senior managers and members of the Supervisory Board	**2.5/2.6**
13.2	Provisions for pension, retirement or similar benefits	**2.5/2.6**
14	**BOARD PRACTICES**	
14.1	Date of expiry of the current term of office	**2.4**
14.2	Service contracts	**2.7/2.8**
14.3	Information about the Company's Audit Committee and Remuneration Committee	**2.4**
14.4	Compliance with the corporate governance regime(s) applicable to the Company	**2.4**
14.5	Potential material impacts on corporate governance, including future changes in the composition of the Board and the Board Committees	**2.4**

[1] Refers to chapter and section numbers of the Universal Registration Document.

Information		Section no.[1]
15	**EMPLOYEES**	
15.1	Number of employees: breakdown of persons employed by main category of activity and geographic location; temporary employees	**4.1/4.4.1**
	Shareholdings and stock options	
15.2	With respect to each person referred to in points a) and d) of the first sub-paragraph of item 12.1, provide information as to their share ownership and any options over such shares in the Company as of the most recent practicable date	**2.3/2.4/2.5**
15.3	Arrangements for involving employees in the Company's capital	**2.7.6/4.3.1.1**
16	**MAJOR SHAREHOLDERS**	
16.1	Notifiable shareholdings	**2.9.9**
16.2	Voting rights of major shareholders	**2.9.9**
16.3	Control of the Company: nature of such control	**2.9.9**
16.4	Arrangements, the operation of which may result in a change in control of the Company	**-**
17	**RELATED PARTY TRANSACTIONS**	
17.1	Details of related-party transactions	**2.8/5.3 (note 36)**

[1] Refers to chapter and section numbers of the Universal Registration Document.

Information		Section no.[1]
18	**FINANCIAL INFORMATION CONCERNING THE COMPANY'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES**	
18.1	Historical financial information	**1.6/5.1.1/5.3 (note 40) and 5.5**
18.1.1	Audited historical financial information covering the latest three financial years and the audit report in respect of each year	
18.1.2	If the Company has changed its accounting reference date, audited historical financial information covering at least 36 months	
18.1.3	Accounting standards The financial information must be prepared according to International Financial Reporting Standards as endorsed in the European Union based on Regulation (EC) no.1606/2002	
18.1.4	Change of accounting framework	
18.1.5	National accounting standards	
18.1.6	Consolidated financial statements	**5.2/5.3**
18.1.7	Date of latest financial information	
18.2	Interim and other financial information	
18.3	Auditing of historical annual financial information	
18.3.1	Auditing of historical annual financial information	**5.6/5.7**
18.3.2	Other information audited by the Statutory Auditors	**5.8/7.2**
18.3.3	Financial information not taken from the Company's audited financial statements	**-**
18.4	Pro forma financial information	-
18.5	Dividend policy	
18.5.1	Description of the Company's policy on dividend distributions and any restrictions thereon	**5.1.2**
18.5.2	Amount of the dividend per share adjusted, where the number of shares in the Company has changed, to make it comparable	**5.1**
18.6	Legal and arbitration proceedings (last twelve months)	**3.1.2.2**
18.7	Significant change in the Company's financial position which has occurred since the end of the last financial period	**6.1.2**

[1] Refers to chapter and section numbers of the Universal Registration Document.

Information		Section no.[1]
19	**ADDITIONAL INFORMATION**	
19.1	Share capital	
19.1.1	Authorised capital, subscribed capital	**2.9.1/2.9.5**
19.1.2	Shares not representing capital	**-**
19.1.3	Shares in the Company held by the Company itself or by its subsidiaries	**2.9.2**
19.1.4	Convertible securities, exchangeable securities or securities with warrants attached	**2.9.3**
19.1.5	Terms of any acquisition rights and/or obligations over authorised but unissued capital or an undertaking to increase the capital	**-**
19.1.6	Any capital of any member of the Group which is under option	**2.9.8**
19.1.7	A history of share capital	**2.9.1**
19.2	Memorandum and Articles of Association	**2.2**
19.2.1	Corporate purpose	**2.2.1**
19.2.2	Rights, preferences and restrictions attached to each class of the existing shares	**2.2.4/2.2.6**
19.2.3	Provisions of the Company's Articles of Association, charters or rules that would have an effect of delaying, deferring or preventing a change in control of the Company	**2.2.2/2.2.3/2.2.4 and 2.2.7**
20	**MATERIAL CONTRACTS**	
20.1	Material contracts (other than contracts entered into in the ordinary course of business) for the last two years	**1.8**
21	**DOCUMENTS AVAILABLE**	**7.4**

[1] Refers to chapter and section numbers of the Universal Registration Document.

8.3 CROSS-REFERENCE TABLE WITH THE NON-FINANCIAL STATEMENT

Content of the Non-financial statement (article L. 225-102-1 of the French Commercial Code)	Chapter of the Universal Registration Document
Business model	1.4
Analysis of main risks	4.3
Social information	4.3.1
Environmental information	4.3.2
Respect for human rights	4.3.3
Anti-corruption and tax-evasion initiatives	4.3.4 & 4.2.1
Impact on greenhouse gas emissions due to Company activity and to the use of the goods and services it produces	4.3.2.2 & 4.4.3.A.1
Measures in support of sustainable development	4.4.2
Measures in support of the circular economy	4.3.2.1
Measures to fight food wastage	4.3.1.4
Collective agreements signed by the Company and their impact on its economic performance, as well as employee health, safety and working conditions	4.4.1.A.2 & 4.4.1.A.3
Action taken to fight against discrimination and to promote diversity, and measures in support of people with disabilities	4.3.1.2
Other compulsory information (agricultural and food legislation)	**Chapter of the Universal Registration Document**
Fight against food poverty, respect for animal welfare, and responsible, equitable and sustainable food	4.3.1.4