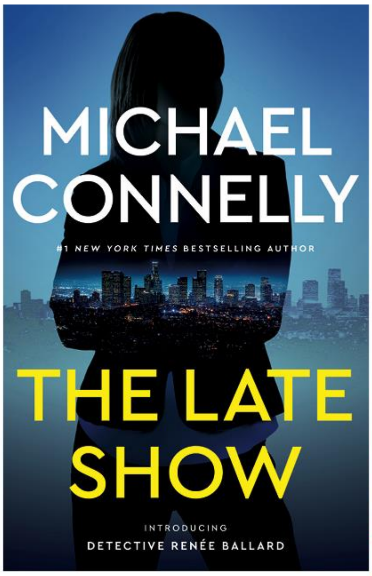


INTERIM FINANCIAL REPORT

2018

CONTENTS

This English version has been prepared for the convenience of English speaking readers.
It is a translation of the original French Rapport financier semestriel 2018.
It is intended for general information only and in case of discrepancies the French original shall prevail.

1

2018 INTERIM MANAGEMENT REPORT

The Lagardère group is a global leader in content publishing, production, broadcasting and distribution, whose powerful brands leverage its virtual and physical networks to attract and enjoy qualified audiences. Operating in around 40 countries, Lagardère has four business divisions: Books and e-Books; Travel Retail; Press, Audiovisual, Digital and Advertising Sales Brokerage; Sports and Entertainment.

Lagardère Publishing includes the Group's Book Publishing and e-Publishing businesses, which cover such areas as Education, General Literature, Illustrated Books, Partworks, Dictionaries, Youth Works, Mobile Games and Distribution.

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

Lagardère Active encompasses the Press, Audiovisual (Radio, Television, Audiovisual Production and Distribution), Digital and Advertising Sales Brokerage businesses.

Lagardère Sports and Entertainment is a globally integrated Sports and Entertainment marketing agency delivering a full range of services for sports rights holders, brands, athletes and media companies.

1.1 SIGNIFICANT EVENTS OF THE FIRST HALF OF 2018

Any existing or significant link between these events and their impact on the financial statements is presented in section 1.3 below, or in note 2 to the consolidated financial statements for the six months ended 30 June 2018.

1.1.1 MAIN CHANGES IN THE SCOPE OF CONSOLIDATION

See note 2 to the consolidated financial statements for the six months ended 30 June 2018.

1.1.2 STRATEGIC REFOCUSING

As announced by Arnaud Lagardère during the 2017 results presentation on 8 March 2018 and at the General Meeting of 3 May 2018, the Managing Partners have decided to strategically refocus the Group.

Over the coming months, the Group will refocus its operations around two priority areas in order to ensure that each is provided with the requisite resources to dominate its respective sector:

- Lagardère Publishing, the power engine;
- Lagardère Travel Retail, the growth engine.

The main objectives of the new strategy 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 businesses.

The Group's ultimate aim is to become a fixture among the global leaders in these two business sectors.

As part of this refocusing process, the Group intends to sell a certain number of assets that are no longer able to draw on the strategic support that their development requires, either because the Group does not have a competitive advantage in their field, or because they require considerable investment. The disposals will be organised based on a schedule and terms decided by the Managing Partners. The disposal process was launched during the first half of the year (see sections 1.1.7 and 1.1.8). The Managing Partners are working diligently to ensure that the sale conditions are as satisfactory as possible for all stakeholders, including the personnel concerned.

The bulk of the disposal proceeds will be reinvested in the Group's two priority areas, subject to an ongoing assessment by the Managing Partners.

1.1.3 NEWS UNIT

On 21 June 2018, Arnaud Lagardère announced that he would be taking direct control of the General Management of the Group's News unit, comprising the Europe 1, RFM and Virgin Radio stations, *Le Journal du Dimanche* and *Paris Match*.

Editorial responsibilities will be assumed by Laurent Guimier for Europe 1, RFM and Virgin Radio, Hervé Gattegno for *Le Journal du Dimanche* and Olivier Royan for *Paris Match*.

1.1.4 ASIAN FOOTBALL CONFEDERATION COMMERCIAL RIGHTS

Further to a tender process concerning its commercial sports rights for the 2021-2028 cycle, the Asian Football Confederation (AFC) announced its intention in June 2018 to enter into a 90-day exclusive negotiation period with a Chinese consortium. A formal decision will be issued in the fourth quarter of 2018. Having partnered the AFC for the last 25 years, Lagardère Sports will continue to hold the AFC's commercial sports rights until 2020.

1.1.5 DISPOSAL OF HEADQUARTERS OF EUROPE 1

On 23 May 2018, the Lagardère group sold the headquarters of French radio station Europe 1, located at 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, with the balance to be paid at the end of this year.

1.1.6 REJECTION OF THE RESOLUTIONS SUBMITTED BY AMBER CAPITAL TO THE GENERAL MEETING

The two additional resolutions submitted by Amber Capital UK LLP and Amber Capital Italia SGR SpA, acting on behalf of related funds, were rejected by more than 84% of the shareholders at the General Meeting of Lagardère SCA held on 3 May 2018. Prior to the General Meeting, the Supervisory Board, followed by the Managing Partners, had issued a unanimous negative opinion on these two draft resolutions concerning the nomination of two new members of the Supervisory Board.

1.1.7 EXCLUSIVE NEGOTIATIONS WITH CZECH MEDIA INVEST FOR THE SALE OF MAGAZINE PUBLISHING TITLES IN FRANCE

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*.

The News unit (including Europe 1, RFM, Virgin Radio, *Le Journal du Dimanche* and *Paris Match*), as well as the Elle brand together with all of its international licenses, are outside the scope of this transaction.

The closing of the transaction remains subject to consultations with Lagardère Active's employee representative bodies as well as to clearance from the competition authorities.

1.1.8 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 amounted to €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 is expected to close on 26 July 2018.

1.2 MAIN RISKS AND UNCERTAINTIES FOR THE REMAINING SIX MONTHS OF THE YEAR

A general presentation of risks and uncertainties can be found in Chapter 3, "Risk factors and control system", of the 2017 Reference Document, which includes the 2017 financial statements and was filed with the AMF on 3 April 2018 (the "Reference Document").

Significant developments in disputes since the 2017 Reference Document was filed are set out, in particular, in note 18 to the consolidated financial statements for the six months ended 30 June 2018.

1.3 COMMENTS ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2018

Lagardère's operating activities are carried out through four divisions: Lagardère Publishing, Lagardère Travel Retail, Lagardère Active and Lagardère Sports and Entertainment.

Business is also carried out through "Other Activities", which correspond to activities not directly related to the four operating divisions.

The main changes in the scope of consolidation during the first half of 2018 are described in note 2 to the consolidated financial statements.

1.3.1 CONSOLIDATED INCOME STATEMENT

(in millions of euros)	First-half 2018	First-half 2017(*)	Full-year 2017(*)
Revenue(*)	**3,366**	**3,308**	**7,084**
Recurring operating profit of fully consolidated companies(*)/(**)	**132**	**132**	**399**
Income (loss) from equity-accounted companies(***)	(4)	1	3
Non-recurring/non-operating items	115	(38)	(127)
Profit before finance costs and tax(*)	**243**	**95**	**275**
Finance costs, net	(25)	(38)	(73)
Income tax benefit (expense)(*)	(86)	(16)	2
Profit for the period(*)	**132**	**41**	**204**
Attributable to:			
- Owners of the Parent(*)	119	27	176
- Minority interests	13	14	28

(*) Data at 30 June 2017 and 31 December 2017 restated for the retrospective application of IFRS 15 (see note 1.1 to the consolidated financial statements).

(**) Recurring operating profit of fully consolidated companies is an alternative performance indicator taken from the segment information section of the consolidated financial statements (see the reconciliation in note 3 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 (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;
- specific major disputes unrelated to the Group's operating performance.

(***) Before impairment losses.

In the first half of 2018, the Lagardère group delivered consolidated revenue of €3,366 million, up 1.8% on a reported basis and up 4.4% based on constant Group structure and exchange rates (like-for-like)[1].

[1] See the definition in note 3 to the 2017 consolidated financial statements.

The like-for-like consolidated revenue growth over the period was mainly driven by the continued growth momentum in Travel Retail.

The difference between consolidated and like-for-like revenue data is mainly attributable to the €110 million negative foreign exchange effect (calculated based on the average rate for the period), resulting chiefly from the depreciation of the US dollar and, to a lesser extent, the Australian dollar and pound sterling against the euro.

The positive €25 million impact of changes in Group structure relates primarily to acquisitions carried out in 2017 by Lagardère Publishing in the United Kingdom.

First-half 2018 revenue at Lagardère Publishing came in at €1,000 million, up 0.5% like-for-like (down 1.9% on a consolidated basis). The difference between consolidated and like-for-like revenue is attributable to the combined impact of a €42 million negative foreign exchange effect resulting mainly from the depreciation of the US dollar and pound sterling, and an €18 million positive scope effect, due notably to the 2017 acquisitions of Bookouture, Jessica Kingsley, Summersdale and IsCool Entertainment.

In France, growth of 2.5% was chiefly driven by General Literature, boosted by the success of Guillaume Musso's *La Jeune fille et la nuit*, and by very good momentum at Le Livre de Poche paperbacks. Distribution was also on an upward trend, buoyed by a number of best-selling titles.

Business levels eased back in the United Kingdom (down 2.5%), where the success of Michael Wolff's *Fire and Fury* at Little, Brown Book Group was unable to offset the effect of the contraction in the frontlist at Headline and Hodder.

The 1.4% uptick in revenue in the United States mainly reflected the success of the James Patterson and Bill Clinton novel *The President is Missing* together with a sustained release schedule at Perseus, which offset the contraction at Nashville due to a high comparison basis following the success of Paul Young's *The Shack* in the same year-ago period.

The Spain/Latin America region was down 5.1% owing to an unfavourable comparison effect, with the first-half 2017 performance having benefited from the earlier and higher-volume textbook campaign in Spain. Excluding these effects, however, business held firm.

Partworks maintained its positive trend (up 2.7%), driven by the continued success of core collections in Latin America especially, and by a busy programme of new title launches in France and Italy.

The contribution of e-books to Lagardère Publishing's overall revenue fell to 8.4% in first-half 2018, from 8.8% in first-half 2017.

First-half 2018 revenue at Lagardère Travel Retail came in at €1,724 million, up 5.9% on a consolidated basis and up 9.9% like-for-like. The difference between like-for-like and consolidated revenue reflects a €60 million negative foreign exchange effect due mainly to the depreciation of the US dollar, and a negative €4 million scope effect, chiefly attributable to the divestment of Press Distribution operations in Hungary, which was partially offset by the consolidation of IFS Duty Free stores in Poland.

In France, revenue continued to advance slightly, up 1.4%, buoyed mainly by a positive network effect in Foodservice which more than offset the adverse impact of transport strikes.

The EMEA region (excluding France) made strong gains in the first six months of the year (up 13.4%), mainly reflecting sparkling sales performances in Eastern Europe as well as network expansion in Switzerland (Geneva), Poland (Gdansk) and Senegal (Dakar).

North America reported dynamic momentum (up 2.7%), lifted by growth in Foodservice and by robust passenger traffic.

The Asia-Pacific region posted stellar revenue growth for the period (up 32.1%), with Asia continuing to benefit from the launch of the new Hong Kong concession and from expansion in Fashion and Foodservice in China. Revenue in the Pacific region was lifted by a good performance in Australia and by the impact of Duty Free store refurbishments in Auckland, New Zealand.

Lagardère Active posted revenue totalling €429 million for first-half 2018, up 0.5% on a consolidated basis and down 1.5% like-for-like. The difference between consolidated and like-for-like figures includes an €8 million positive scope effect essentially resulting from the acquisitions of Aito Media Group in October 2017 and of Skyhigh TV in March 2018.

The contraction in Magazine Publishing revenue was contained at 3.3% amid a downturn in the advertising and circulation markets. Advertising revenues fell 6.7% year on year, while circulation remained resilient (down 1.2%).

Revenue for the Radio segment retreated slightly by 3.3%, with a good performance from International Radio somewhat offsetting lower audience figures for the Europe 1 radio station over the period.

Television activities (special-interest channels and TV Production) remained on a positive track (up 1.5%), lifted by higher TV channel advertising revenues and by programme deliveries on the international segment at Lagardère Studios.

Pure Digital and B2B revenue gained 3.1%, buoyed mainly by positive momentum in e-Health (MonDocteur).

Advertising revenues for Lagardère Active as a whole (excluding International Radio) fell 6.1% in the first half of 2018.

Lagardère Sports and Entertainment revenue came in at €213 million for the first half of 2018, down 8.6% on a consolidated basis and down 6.4% like-for-like, with the difference between the two figures mainly attributable to an €8 million negative foreign exchange impact linked to the depreciation of the US dollar against the euro, partially offset by a €3 million positive scope impact associated with the acquisition of Brave Marketing Ltd in October 2017.

As expected, the fall in revenue is attributable to an unfavourable sporting calendar, due to the non-recurrence of the Total Africa Cup of Nations and the Asian qualifiers for the 2018 FIFA World Cup, which were held in first-half 2017. Moreover, first-half 2018 revenues at Lagardère Live Entertainment were hit by a relatively subdued performance in executive production, in the wake of the successful Phil Collins tour in France during first-half 2017. These effects were partially offset by the Gold Coast 2018 Commonwealth Games (Australia), the strong performance of sponsorship activities in Europe as well as the opening of new venues (Bordeaux Métropole Arena and Arena du Pays d'Aix).

Recurring operating profit of fully consolidated companies came out at €132 million, remaining stable on the same year-ago period. Movements in this item can be analysed as follows for each division:

► Lagardère Publishing reported €40 million in recurring operating income of fully consolidated companies, versus €41 million in first-half 2017. Positive momentum in General Literature in France and improved profitability in the United States only partially offset the downturn in business in Spain (held back by the earlier and higher-volume textbook campaign in first-half 2017) and the slight decline in the United Kingdom.

► Lagardère Travel Retail recurring operating income of fully consolidated companies was up by €2 million year on year to €34 million, on the back of organic growth in the EMEA region, especially Italy and Poland, and in North America, as well as by one-off cost reductions which offset the adverse impact of transport strikes in France and start-up costs of new operations.

- Lagardère Active reported €33 million in first-half recurring operating income of fully consolidated companies in the first half of 2018, up slightly on the year-earlier figure of €32 million. The increase reflects the effects of the ongoing cost reduction plans in the Press segment together with the solid contribution from International Radio, which helped offset a lacklustre performance at the Europe 1 radio station and the contraction at Lagardère Studios due to an adverse mix effect.

- Lagardère Sports and Entertainment reported €29 million in recurring operating income of fully consolidated companies, versus €31 million in first-half 2017. The slight decrease reflects the adverse impact of the unfavourable calendar described above, partially offset by the good performance of sponsorship activities in Europe and the positive seasonality impact linked to the Commonwealth Games.

- Other Activities reported a €4 million recurring operating loss of fully consolidated companies, stable on first-half 2017, reflecting a tough comparison basis due to the proceeds from VAT recovery included in the first half of 2017 but which were offset by overhead cost reduction pay-back.

The loss from equity-accounted companies (before impairment losses) came in at €4 million in the first half of 2018, versus a profit of €1 million one year earlier, mainly as a result of start-up costs incurred in respect of jointly-controlled companies at Lagardère Travel Retail.

Non-recurring/non-operating items included in profit before finance costs and tax represented net income of €115 million in the first half of 2018, comprising:

- €45 million in restructuring costs, including €37 million at Lagardère Active, mainly as a result of a provision set aside to cover its ongoing restructuring into standalone units in connection with the Group's strategic refocusing, and €6 million at Lagardère Publishing, relating mainly to the streamlining of distribution centres in the United Kingdom.

- €32 million in amortisation of intangible assets and costs relating to the acquisition of consolidated companies, including €26 million for Lagardère Travel Retail, €3 million for Lagardère Publishing, €2 million for Lagardère Active and €1 million for Lagardère Sports and Entertainment.

- €13 million in impairment losses against property, plant and equipment and intangible assets, including €9 million attributable to Lagardère Active resulting from the writedown of a portion of the goodwill relating to Pure Digital entities, and €4 million against assets at Lagardère Sports and Entertainment and Lagardère Travel Retail.

- €205 million in net gains on disposals, including a €245 million gain further to the sale in May 2018 of an office building in the eighth *arrondissement* of Paris (France) that previously hosted Lagardère Active's Radio and TV channel teams, as well as a €40 million loss booked on the sale of the Group's 42% interest in the Marie Claire group.

In first-half 2017, non-recurring/non-operating items represented a net expense of €38 million, comprising €36 million in amortisation of intangible assets and costs relating to the acquisitions of consolidated companies; €10 million in restructuring costs, including €6 million for Lagardère Travel Retail and €4 million for Lagardère Active; €7 million in impairment losses recognised against property, plant and equipment, mainly at Lagardère Travel Retail and Lagardère Active; €24 million in impairment losses on equity-accounted investments in the Marie Claire group; and €39 million in net gains on asset disposals, including a €40 million gain on the disposal of an office building in Levallois-Perret (France) by Compagnie Immobilière Europa (Other Activities).

As a result of the above, consolidated profit before finance costs and tax came out at €243 million for the first half of 2018, versus €95 million in first-half 2017.

Net finance costs amounted to €25 million for first-half 2018, a decrease of €13 million on the prior-year period, chiefly reflecting the reduction in the Group's average interest rate between the two periods further to the debt refinancing carried out in 2017.

Income tax expense recognised in first-half 2018 came to €86 million, and namely includes the tax expense on the disposal by Lagardère Active of an office building in the eighth *arrondissement* of Paris in an amount of €83 million. The increase in income tax expense versus the first half of 2017 (€16 million), can mainly be explained by the increase in the tax charge arising on property disposals.

The portion of profit attributable to minority interests was €13 million in first-half 2018 compared to €14 million for the first six months of 2017.

1.3.2 CONSOLIDATED STATEMENT OF CASH FLOWS

Cash flows

(in millions of euros)	First-half 2018	First-half 2017(*)	Full-year 2017(*)
Cash flows from operations before changes in working capital(*)	189	181	536
Changes in working capital(*)	(112)	(222)	(71)
Cash flows from (used in) operations	**77**	**(41)**	**465**
Income taxes paid	(11)	(50)	(89)
Net cash from (used in) operating activities(*)	**66**	**(91)**	**376**
Cash flows used in investing activities(*)	(137)	(162)	(321)
- Purchases of intangible assets and property, plant and equipment(*)	*(119)*	*(125)*	*(253)*
- Purchases of investments	*(18)*	*(37)*	*(68)*
Proceeds from disposals	221	149	175
- Disposals of intangible assets and property, plant and equipment	*202*	*149*	*160*
- Disposals of investments	*19*	*-*	*15*
Interest received	4	3	4
(Increase) decrease in short-term investments	-	-	-
Net cash from (used in) investing activities(*)	**88**	**(10)**	**(142)**
Net cash from (used in) operating and investing activities	**154**	**(101)**	**234**
Net cash from (used in) financing activities	**(63)**	**343**	**(207)**
Other movements	(11)	36	45
Change in cash and cash equivalents	**80**	**278**	**72**

(*) Data at 30 June 2017 and 31 December 2017 restated for the retrospective application of IFRS 15 (see note 1.1 to the consolidated financial statements).

1.3.2.1 CASH FROM (USED IN) OPERATING AND INVESTING ACTIVITIES

In first-half 2018, cash flows from operations before changes in working capital amounted to €189 million, up €8 million on the prior-year period. The higher figure in first-half 2018 reflects a decrease in disbursements for restructuring across all divisions, and a slight rise in depreciation and amortisation expense. These two effects were partially offset by a fall in dividends received from equity-accounted companies at Lagardère Travel Retail and Lagardère Active.

Changes in working capital (typically negative in the first half) improved sharply during the period, representing an outflow of €112 million in first-half 2018 compared to an outflow of €222 million in the six months to 30 June 2017. The year-on-year change in this item is attributable to a marked improvement at Lagardère Travel Retail further to a working capital optimisation drive, as well as to a decrease in trade receivables at Lagardère Publishing, in particular in France and the United States, reflecting strong cash inflows in early 2018 as a result of good business momentum in the fourth quarter of 2017.

Income taxes paid during the period totalled €11 million compared to €50 million in first-half 2017. The decrease in this item is primarily attributable to lower prepayments made in connection with tax consolidation in France owing to lower taxable earnings in 2017 than in 2016, and to the impact of the dividend tax basis in the first half of 2017.

Operating activities therefore represented a net cash inflow of €66 million in the six-month period compared with a net outflow of €91 million in first-half 2017.

In the first half of 2018, purchases of property, plant and equipment and intangible assets totalled €119 million, primarily relating to Lagardère Travel Retail in line with its Travel Retail growth strategy, Lagardère Sports and Entertainment (acquisition of sports rights) and Lagardère Publishing (namely a logistics project in the United Kingdom). In the first half of 2017, these items amounted to €125 million and broadly concerned the same divisions.

Purchases of investments totalled €18 million in the six months to 30 June 2018 including the acquisition by Lagardère Active of a majority stake in Skyhigh TV, the leading independent production company in the Netherlands, and by Lagardère Travel Retail of railway station Foodservice stores in Austria. The remaining balance of this item corresponds to smaller-scale acquisitions and to a lesser extent, the payment of guarantee deposits and miscellaneous earn-outs.

Disposals of property, plant and equipment and intangible assets amounted to €202 million in first-half 2018, and essentially concerned the sale by Lagardère Active of an office building in the eighth *arrondissement* of Paris (France).

Disposals of investments, including interest received, totalled €23 million in first-half 2018, of which €17 million at Lagardère Active attributable mainly to the sale of the 42% interest in the Marie Claire group.

In all, operating and investing activities represented a net cash inflow of €154 million in first-half 2018, versus a net cash outflow of €101 million in first-half 2017.

1.3.2.2 CASH FROM (USED IN) FINANCING ACTIVITIES

Financing activities in first-half 2018 represented a net cash outflow of €63 million, including:

- €190 million in dividends paid, of which €171 million by Lagardère SCA;
- a €168 million net increase in debt, mainly comprising commercial paper issuance (NEU CP) for an amount of €154 million;
- €32 million in interest paid, including payment of €19 million in coupons on the April 2016 €500-million and June 2017 €300-million bond issues;
- €7 million in purchases of minority interests, of which €4 million at Lagardère Sports and Entertainment and €3 million at Lagardère Publishing;
- purchases and sales of treasury shares under the liquidity agreement, representing a net cash outflow of €2 million.

1.3.3 NET DEBT

Net debt is an alternative performance indicator 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)	30 June 2018	31 Dec. 2017
Short-term investments and cash and cash equivalents	629	546
Financial instruments designated as hedges of debt with a positive fair value(*)	15	21
Non-current debt	(1,562)	(1,560)
Current debt(**)	(535)	(375)
Net debt	**(1,453)**	**(1,368)**

(*) Financial instruments designated as hedges of debt with a positive fair value are included in "Other non-current assets" on the balance sheet.

(**) Current debt includes financial instruments designated as hedges of debt with a negative fair value, representing €4 million at 30 June 2018.

Changes in net debt in first-half 2018 and first-half 2017 were as follows:

(in millions of euros)	First-half 2018	First-half 2017
Net debt at 1 January	**(1,368)**	**(1,389)**
Net cash from (used in) operating and investing activities	154	(101)
Interest paid	(32)	(26)
(Acquisitions) disposals of treasury shares	(2)	(2)
(Acquisitions) disposals of minority interests	(7)	(5)
Dividends	(190)	(180)
Debt related to put options granted to minority shareholders	(2)	(7)
Changes in scope of consolidation	-	7
Fair value of financial instruments designated as hedges of debt	(10)	14
Impact of classification of assets as held for sale	(2)	-
Effect on cash of changes in exchange rates and other	6	12
Net debt at 30 June	**(1,453)**	**(1,677)**

1.4 RELATED PARTIES

See note 19 to the consolidated financial statements for the six months ended 30 June 2018.

1.5 EVENTS AFTER THE REPORTING PERIOD

1.5.1 DISPOSAL OF MONDOCTEUR AND EXCLUSIVE NEGOTIATIONS FOR THE SALE OF DOCTISSIMO

On 12 July 2018, the Group announced that it was preparing to sell its e-Health business at an enterprise value of €60 million (based on a 100% equity interest).

MonDocteur, the online medical appointment platform, was sold to Doctolib, which thereby consolidated its position as the leading e-Health business in Europe.

Doctissimo, a leader in health and wellness information, is subject to exclusive negotiations with the TF1 group aimed at concluding an agreement by 30 September 2018. In accordance with the law, this agreement will be submitted for review by the relevant employee representative bodies.

1.6 UPDATE TO 2018 GUIDANCE

In view of the good performances observed in the first half of the year across all of the divisions and the outlook for the second half, the Lagardère group is raising the 2018 recurring EBIT target announced last March.

Group recurring EBIT growth in 2018 is now expected to be between 1% and 3% versus 2017, restated for IFRS 15, at constant exchange rates and excluding the impact of disposals at Lagardère Active.

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CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2018

Consolidated income statement

(in millions of euros)		First-half 2018	First-half 2017(*)	Full-year 2017(*)
Revenue	*(Notes 3 and 4)*	3,366	3,308	7,084
Other income from ordinary activities		43	54	101
Total income from ordinary activities		**3,409**	**3,362**	**7,185**
Purchases and changes in inventories		(1,162)	(1,142)	(2,394)
External charges		(1,220)	(1,218)	(2,533)
Payroll costs		(834)	(812)	(1,667)
Depreciation and amortisation other than on acquisition-related intangible assets		(90)	(84)	(193)
Amortisation of acquisition-related intangible assets and other acquisition-related expenses		(34)	(36)	(72)
Restructuring costs	*(Note 5)*	(45)	(10)	(41)
Gains (losses) on:	*(Note 6)*			
- Disposals of assets		*205*	*39*	*43*
- Fair value adjustments due to changes in control		-	-	-
Impairment losses on goodwill, property, plant and equipment and intangible assets	*(Note 7)*	(13)	(7)	(33)
Other operating expenses	*(Note 8)*	(18)	(17)	(61)
Other operating income	*(Note 9)*	49	43	62
Income (loss) from equity-accounted companies	*(Note 13)*	(4)	(23)	(21)
Profit before finance costs and tax	*(Note 3)*	**243**	**95**	**275**
Financial income	*(Note 10)*	16	13	13
Financial expenses	*(Note 10)*	(41)	(51)	(86)
Profit before tax		**218**	**57**	**202**
Income tax benefit (expense)	*(Note 11)*	(86)	(16)	2
Profit for the period		**132**	**41**	**204**
Attributable to:				
Owners of the Parent		119	27	176
Minority interests		13	14	28
Earnings per share – Attributable to owners of the Parent:				
Basic earnings per share (in €)	*(Note 12)*	*0.91*	*0.21*	*1.36*
Diluted earnings per share (in €)	*(Note 12)*	*0.90*	*0.20*	*1.34*

(*) Data at 30 June 2017 and 31 December 2017 restated for the retrospective application of IFRS 15 (see note 1.1).

Consolidated statement of comprehensive income

(in millions of euros)	First-half 2018	First-half 2017(*)	Full-year 2017(*)
Profit for the period(*) (1)	**132**	**41**	**204**
Actuarial gains and losses on pensions and other post-employment benefit obligations	14	6	1
Tax relating to actuarial gains and losses on pensions and other post-employment benefit obligations	(3)	(2)	(3)
Change in fair value of investments in non-consolidated companies	-	-	1
Other comprehensive income (expense) for the period, net of tax, that will not be reclassified subsequently to profit or loss (2)	**11**	**4**	**(1)**
Currency translation adjustments	**22**	**(84)**	**(143)**
Change in fair value of derivative financial instruments:	**(3)**	**12**	**26**
- Unrealised gains and losses recognised directly in equity	*(3)*	*12*	*25*
- Amounts reclassified from equity to profit or loss	-	-	*1*
Share of other comprehensive income of equity-accounted companies, net of tax:	**2**	**-**	**1**
- Unrealised gains and losses recognised directly in equity	-	-	-
- Amounts reclassified from equity to profit or loss	*2*	-	*1*
Translation reserve	*2*	-	*1*
Valuation reserve	-	-	-
Tax relating to components of other comprehensive income (expense)	**-**	**(5)**	**(9)**
Other comprehensive income (expense) for the period, net of tax, that may be reclassified subsequently to profit or loss (3)	**21**	**(77)**	**(125)**
Other comprehensive income (expense) for the period, net of tax (2)+(3)	**32**	**(73)**	**(126)**
Total comprehensive income (expense) for the period (1)+(2)+(3)	**164**	**(32)**	**78**
Attributable to:			
Owners of the Parent	149	(41)	58
Minority interests	15	9	20

(*) Data at 30 June 2017 and 31 December 2017 restated for the retrospective application of IFRS 15 (see note 1.1).

Consolidated statement of cash flows

(in millions of euros)		First-half 2018	First-half 2017(*)	Full-year 2017(*)
Profit for the period(*)		**132**	**41**	**204**
Income tax expense (benefit)(*)	*(Note 11)*	86	16	(2)
Finance costs, net	*(Note 10)*	25	38	73
Profit before finance costs and tax(*)		**243**	**95**	**275**
Depreciation and amortisation expense(*)		122	120	260
Impairment losses, provision expense and other non-cash items(*)		24	(23)	17
(Gains) losses on disposals of assets		(205)	(39)	(43)
Dividends received from equity-accounted companies		1	5	6
(Income) loss from equity-accounted companies	*(Note 13)*	4	23	21
Changes in working capital(*)	*(Note 14)*	(112)	(222)	(71)
Cash flows from (used in) operations(*)		**77**	**(41)**	**465**
Income taxes paid		(11)	(50)	(89)
Net cash from (used in) operating activities(*)	*(A)*	**66**	**(91)**	**376**
Cash used in investing activities				
- Purchases of intangible assets and property, plant and equipment(*)	*(Note 3)*	(119)	(125)	(253)
- Purchases of investments	*(Note 3)*	(11)	(40)	(74)
- Cash acquired through acquisitions	*(Note 3)*	1	9	15
- Purchases of other non-current assets	*(Note 3)*	(8)	(6)	(9)
Total cash used in investing activities	*(B)*	**(137)**	**(162)**	**(321)**
Cash from investing activities				
Proceeds from disposals of non-current assets			-	-
- Disposals of intangible assets and property, plant and equipment	*(Note 3)*	202	149	160
- Disposals of investments	*(Note 3)*	16	14	19
- Cash transferred on disposals	*(Note 3)*	-	(15)	(6)
Decrease in other non-current assets	*(Note 3)*	3	1	2
Total cash from investing activities	*(C)*	**221**	**149**	**175**
Interest received	*(D)*	4	3	4
(Increase) decrease in short-term investments	*(E)*	-	-	-
Net cash from (used in) investing activities(*)	*(F)=(B)+(C)+(D)+(E)*	**88**	**(10)**	**(142)**
Total cash flows from (used in) operating and investing activities	*(G)=(A) + (F)*	**154**	**(101)**	**234**
Capital transactions				
- Proceeds from capital increase by the Parent		-	-	-
- Minority interests' share in capital increases by subsidiaries		-	1	2
- (Acquisitions) disposals of treasury shares		(2)	(2)	(1)
- (Acquisitions) disposals of minority interests		(7)	(5)	(18)
- Dividends paid to owners of the Parent(**)		(171)	(170)	(170)
- Dividends paid to minority shareholders of subsidiaries		(19)	(10)	(17)
Total capital transactions	*(H)*	**(199)**	**(186)**	**(204)**
Financing transactions				
- Increase in debt		170	637	583
- Decrease in debt		(2)	(82)	(516)
Total movements in debt	*(I)*	**168**	**555**	**67**
- Interest paid	*(J)*	(32)	(26)	(70)
Net cash from (used in) financing activities	*(K)=(H)+(I)+(J)*	**(63)**	**343**	**(207)**
Other movements				
- Effect on cash of changes in exchange rates		(5)	24	31
- Effect on cash of other movements		(6)	12	14
Total other movements	*(L)*	**(11)**	**36**	**45**
Change in cash and cash equivalents	*(M)=(G)+(K)+(L)*	80	278	72
Cash and cash equivalents at beginning of period		**477**	**405**	**405**
Cash and cash equivalents at end of period	*(Note 14)*	**557**	**683**	**477**

(*) Data at 30 June 2017 and 31 December 2017 restated for the retrospective application of IFRS 15 (see note 1.1).
(**) Including the portion of profit for the period paid to the General Partners.

Consolidated balance sheet

ASSETS (in millions of euros)		30 June 2018	31 Dec. 2017(*)
Intangible assets		1,026	1,058
Goodwill		1,729	1,809
Property, plant and equipment		747	733
Investments in equity-accounted companies	*(Note 13)*	68	123
Other non-current assets		214	219
Deferred tax assets		183	206
Total non-current assets		**3,967**	**4,148**
Inventories		635	583
Trade receivables		1,228	1,406
Other current assets		1,002	942
Short-term investments		-	-
Cash and cash equivalents	*(Note 14)*	629	546
Total current assets		**3,494**	**3,477**
Assets held for sale	*(Note 2.2)*	**140**	**6**
Total assets		**7,601**	**7,631**

(*) Data at 31 December 2017 restated for the retrospective application of IFRS 15 (see note 1.1).

Consolidated balance sheet

EQUITY AND LIABILITIES (in millions of euros)		30 June 2018	31 Dec. 2017(*)
Share capital		800	800
Reserves		841	809
Profit attributable to owners of the Parent		119	176
Equity attributable to owners of the Parent		**1,760**	**1,785**
Minority interests	*(Note 16)*	130	139
Total equity		**1,890**	**1,924**
Provisions for pensions and other post-employment benefit obligations		146	163
Non-current provisions for contingencies and losses		214	220
Non-current debt	*(Note 15)*	1,562	1,560
Other non-current liabilities		125	120
Deferred tax liabilities		238	234
Total non-current liabilities		**2,285**	**2,297**
Current provisions for contingencies and losses		174	147
Current debt	*(Note 15)*	535	375
Trade payables		1,193	1,373
Other current liabilities		1,496	1,515
Total current liabilities		**3,398**	**3,410**
Liabilities related to assets held for sale	*(Note 2.2)*	**28**	**-**
Total equity and liabilities		**7,601**	**7,631**

(*) Data at 31 December 2017 restated for the retrospective application of IFRS 15 (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 2016	**800**	**46**	**1,122**	**(105)**	**52**	**(13)**	**1,902**	**133**	**2,035**
Impact of first-time application of IFRS 15[c]	-	-	(4)	-	-	-	**(4)**	-	**(4)**
At 1 January 2017	**800**	**46**	**1,118**	**(105)**	**52**	**(13)**	**1,898**	**133**	**2,031**
Profit for the period	-	-	26	-	-	-	**26**	14	**41**
Other comprehensive income (expense) for the period[a]	-	-	4	-	(79)	7	**(68)**	(5)	**(73)**
Total comprehensive income (expense) for the period	**-**	**-**	**30**	**-**	**(79)**	**7**	**(42)**	**9**	**(32)**
Dividends paid	-	-	(170)	-	-	-	**(170)**	(10)	**(180)**
Parent company capital increase/reduction[b]	-	(7)	(1)	8	-	-	**-**	-	**-**
Minority interests' share in capital increases	-	-	-	-	-	-	**-**	1	**1**
Changes in treasury shares	-	-	-	(2)	-	-	**(2)**	-	**(2)**
Share-based payments	-	-	6	-	-	-	**6**	-	**6**
Effect of transactions with minority interests	-	-	2	-	-	-	**2**	(2)	**-**
Changes in scope of consolidation and other	-	-	(8)	-	-	-	**(8)**	-	**(8)**
At 30 June 2017	**800**	**39**	**977**	**(99)**	**(27)**	**(6)**	**1,684**	**131**	**1,816**
At 31 December 2017	**800**	**34**	**1,129**	**(92)**	**(82)**	**3**	**1,792**	**139**	**1,931**
Impact of first-time application of IFRS 15[c]	-	-	(7)	-	-	-	**(7)**	-	**(7)**
At 31 December 2017 – restated	**800**	**34**	**1,122**	**(92)**	**(82)**	**3**	**1,785**	**139**	**1,924**
Impact of first-time application of IFRS 9[d]	-	-	(5)	-	-	-	**(5)**	-	**(5)**
At 1 January 2018	**800**	**34**	**1,117**	**(92)**	**(82)**	**3**	**1,780**	**139**	**1,919**
Profit for the period	-	-	119	-	-	-	**119**	13	**132**
Other comprehensive income (expense) for the period[a]	-	-	11	-	22	(3)	**30**	2	**32**
Total comprehensive income (expense) for the period	**-**	**-**	**130**	**-**	**22**	**(3)**	**149**	**15**	**164**
Dividends paid	-	-	(171)	-	-	-	**(171)**	(19)	**(190)**
Parent company capital increase/reduction[b]	-	(9)	(3)	12	-	-	**-**	-	**-**
Minority interests' share in capital increases	-	-	-	-	-	-	**-**	-	**-**
Changes in treasury shares	-	-	-	(2)	-	-	**(2)**	-	**(2)**
Share-based payments	-	-	7	-	-	-	**7**	-	**7**
Effect of transactions with minority interests	-	-	1	-	-	-	**1**	(5)	**(4)**
Changes in scope of consolidation and other	-	-	(4)	-	-	-	**(4)**	-	**(4)**
At 30 June 2018	**800**	**25**	**1,077**	**(82)**	**(60)**	**-**	**1,760**	**130**	**1,890**

(a) See note 16 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 2017 restated for the retrospective application of IFRS 15.
(d) Data at 1 January 2018 restated for the application of IFRS 9.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2018

(All figures are expressed in millions of euros unless otherwise specified)

NOTE 1 ACCOUNTING POLICIES

The interim consolidated financial statements at 30 June 2018 have been prepared in compliance with IAS 34 – Interim Financial Reporting. The accompanying notes do not contain all the disclosures required for annual financial statements. These condensed consolidated financial statements should therefore be read in conjunction with the annual consolidated financial statements published for 2017.

The new standards and/or amendments to IFRSs adopted by the European Union that are effective for periods beginning on or after 1 January 2018, are as follows:

- IFRS 15 – Revenue from Contracts with Customers, which the Group has elected to apply using the retrospective approach. The IFRS 15 transition approach and the impacts of applying the new standard are described in note 1.1.
- IFRS 9 – Financial Instruments, which the Group has elected to apply using the simplified retrospective approach. IFRS 9 is applied from 1 January 2018, with no restatement of prior periods required. The IFRS 9 transition approach and the impacts of applying the new standard are described in note 1.1.
- IFRIC 22 – Foreign Currency Transactions and Advance Consideration, which prescribes the exchange rate to be used to record a foreign currency transaction upon its initial recognition in the entity's functional currency.

The application of IFRS 9 and IFRS 15 results in a change in accounting principles and valuation methods, described in note 3 to the 2017 consolidated financial statements. The related impacts are presented in note 1.3.

The other standards and amendments endorsed by the European Union that are effective for periods beginning on or after 1 January 2018 do not have a material impact on the consolidated financial statements.

The new standards and amendments to existing standards published by the International Accounting Standards Board (IASB) at 30 June 2018 that have been adopted by the European Union but which are not effective for periods beginning on or after 1 January 2018 are as follows:

- IFRS 16 – Leases.
- Amendment to IFRS 9 – Prepayment Features with Negative Compensation.

The new standards and amendments to existing standards published by the International Accounting Standards Board (IASB) at 30 June 2018 which have not yet been endorsed by the European Union and which will be effective subsequent to 2018 are as follows:

- IFRIC 23 – Uncertainty over Income Tax Treatments.
- 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 condensed consolidated financial statements were approved for issue by the Managing Partners of Lagardère SCA on 25 July 2018.

1.1 FIRST-TIME APPLICATION OF IFRS 15 AND IFRS 9

1.1.1 IFRS 15 – REVENUE FROM CONTRACTS WITH CUSTOMERS

IFRS 15 is effective from 1 January 2018 and supersedes IAS 11 – Construction Contracts and IAS 18 – Revenue. The Group elected to use the retrospective approach for its transition to the new standard at 1 January 2018. Each comparative period presented has therefore been restated in accordance with IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors.

As stated in note 1 to the consolidated financial statements at 31 December 2017, our analysis of differences in accounting policies in the Group's financial statements resulting from the application of IFRS 15 was finalised at the end of 2017 and did not identify any significant impacts as a result of applying the new standard. The revenue recognition methods used for most divisional sales models remain unchanged. The differences compared with the currently applied accounting policies do not have a significant impact.

Impact on revenue and recurring operating profit of fully consolidated companies

The retrospective application of IFRS 15 has resulted in an increase of €2 million in first-half 2017 consolidated revenue and of €15 million in consolidated revenue for full-year 2017. These impacts result from Lagardère Active and Lagardère Sports and Entertainment.

The change in the timing of revenue recognition at Lagardère Sports and Entertainment has resulted in a decrease of €4 million in recurring operating profit of fully consolidated companies for first-half and full-year 2017.

The impacts of the first-time application of IFRS 15 in the period are shown below.

Impact on the income statement for first-half 2017

		IFRS 15			
(in millions of euros)	**First-half 2017 reported**	**Change in timing of revenue recognition**	**Agent versus principal**	**Other restatements**	**First-half 2017 restated**
Revenue	3,306	(4)	17	(11)	3,308
Other income from ordinary activities	101	-	(34)	(13)	54
Total income from ordinary activities	**3,407**	**(4)**	**(17)**	**(24)**	**3,362**
Purchases and changes in inventories	(1,224)	-	30	52	(1,142)
Production transferred to inventories	53	-	-	(53)	-
External charges	(1,205)	-	(13)	-	(1,218)
Payroll costs	(817)	-	-	5	(812)
Depreciation and amortisation other than on acquisition-related intangible assets	(95)	-	-	11	(84)
Other operating income	34	-	-	9	43
Other income and expense	(54)	-	-	-	(54)
Profit before finance costs and tax	**99**	**(4)**	**-**	**-**	**95**
Finance costs, net	(38)	-	-	-	(38)
Profit before tax	**61**	**(4)**	**-**	**-**	**57**
Income tax benefit (expense)	(17)	1	-	-	(16)
Profit for the period	**44**	**(3)**	**-**	**-**	**41**
Attributable to:					
Owners of the Parent	29	(2)	-	-	27
Minority interests	15	(1)	-	-	14

Impact on the income statement for full-year 2017

(in millions of euros)	Full-year 2017 reported	IFRS 15			Full-year 2017 restated
		Change in timing of revenue recognition	Agent versus principal	Other restatements	
Revenue	7,069	(4)	41	(22)	7,084
Other income from ordinary activities	209	-	(73)	(35)	101
Total income from ordinary activities	**7,278**	**(4)**	**(32)**	**(57)**	**7,185**
Purchases and changes in inventories	(2,550)	-	64	92	(2,394)
Capitalised production	1	-	-	(1)	-
Production transferred to inventories	91	-	-	(91)	-
External charges	(2,501)	-	(32)	-	(2,533)
Payroll costs	(1,677)	-	-	10	(1,667)
Depreciation and amortisation other than on acquisition-related intangible assets	(215)	-	-	22	(193)
Other operating income	37	-	-	25	62
Other income and expenses	(185)	-	-	-	(185)
Profit before finance costs and tax	**279**	**(4)**	**-**	**-**	**275**
Finance costs, net	(73)	-	-	-	(73)
Profit before tax	**206**	**(4)**	**-**	**-**	**202**
Income tax benefit (expense)	1	1	-	-	2
Profit for the period	**207**	**(3)**	**-**	**-**	**204**
Attributable to:					
Owners of the Parent	179	(3)	-	-	176
Minority interests	28	-	-	-	28

Impact on the balance sheet at 31 December 2017

ASSETS (in millions of euros)	31 Dec. 2017 reported	IFRS 15 Change in timing of revenue recognition	IFRS 15 Agent versus principal	IFRS 15 Other restatements	31 Dec. 2017 restated
Intangible assets	1,151	-	-	(93)	1,058
PP&E, goodwill and equity-accounted investments	2,665	-	-	-	2,665
Other non-current assets	143	-	-	76	219
Deferred tax assets	201	5	-	-	206
Total non-current assets	**4,160**	**5**	**-**	**(17)**	**4,148**
Inventories	583	-	-	-	583
Trade receivables	1,208	-	(72)	270	1,406
Other current assets	915	-	-	27	942
Cash and cash equivalents	546	-	-	-	546
Total current assets	**3,252**	**-**	**(72)**	**297**	**3,477**
Assets held for sale	**6**	**-**	**-**	**-**	**6**
Total assets	**7,418**	**5**	**(72)**	**280**	**7,631**

EQUITY AND LIABILITIES (in millions of euros)	31 Dec. 2017 reported	IFRS 15 Change in timing of revenue recognition	IFRS 15 Agent versus principal	IFRS 15 Other restatements	31 Dec. 2017 restated
Share capital	800	-	-	-	800
Reserves	813	(4)	-	-	809
Profit attributable to owners of the Parent	179	(3)	-	-	176
Minority interests	139		-	-	139
Total equity	**1,931**	**(7)**	**-**	**-**	**1,924**
Non-current liabilities and debt	2,052	11	-	-	2,063
Deferred tax liabilities	233	1	-	-	234
Total non-current liabilities	**2,285**	**12**	**-**	**-**	**2,297**
Current provisions for contingencies and losses and debt	522	-	-	-	522
Trade payables	1,445	-	(72)	-	1,373
Other current liabilities	1,235	-	-	280	1,515
Total current liabilities	**3,202**	**-**	**(72)**	**280**	**3,410**
Total equity and liabilities	**7,418**	**5**	**(72)**	**280**	**7,631**

Impact on the consolidated statement of cash flows for first-half 2017

(in millions of euros)	First-half 2017 reported	IFRS 15			First-half 2017 restated
		Change in timing of revenue recognition	Agent versus principal	Other restatements	
Profit for the period	**44**	**(3)**	**-**	**-**	**41**
Income tax expense (benefit)	17	(1)	-	-	16
Finance costs, net	38	-	-	-	38
Profit before finance costs and tax	**99**	**(4)**	**-**	**-**	**95**
Depreciation and amortisation expense	131	-	-	(11)	120
Changes in working capital	(231)	4	-	5	(222)
Other cash flows related to operating activities	(34)	-	-	-	(34)
Cash flows used in operations	**(35)**	**-**		**(6)**	**(41)**
Income taxes paid	(50)	-	-	-	(50)
Net cash used in operating activities	**(85)**	**-**	**-**	**(6)**	**(91)**
Cash used in investing activities		**-**	**-**	**-**	
- Purchases of intangible assets and PP&E	(131)	-	-	6	(125)
Other cash flows related to investing activities	115	-	-	-	115
Net cash used in investing activities	**(16)**	**-**	**-**	**6**	**(10)**
Total cash flows used in operating and investing activities	**(101)**	**-**	**-**	**-**	**(101)**
Net cash from financing activities	**343**	**-**	**-**	**-**	**343**
Total other movements	**36**	**-**	**-**	**-**	**36**
Change in cash and cash equivalents	278	-	-	-	278
Cash and cash equivalents at beginning of period	**405**	**-**	**-**	**-**	**405**
Cash and cash equivalents at end of period	**683**	**-**	**-**	**-**	**683**

Impact on the consolidated statement of cash flows for full-year 2017

(in millions of euros)	Full-year 2017 reported	IFRS 15			Full-year 2017 restated
		Change in timing of revenue recognition	Agent versus principal	Other restatements	
Profit for the period	**207**	**(3)**	**-**	**-**	**204**
Income tax expense (benefit)	(1)	(1)	-	-	(2)
Finance costs, net	73	-	-	-	73
Profit before finance costs and tax	**279**	**(4)**	**-**	**-**	**275**
Depreciation and amortisation expense	283	-	-	(23)	260
Changes in working capital	(90)	4	-	15	(71)
Other cash flows related to operating activities	1	-	-	-	1
Cash flows from operations	**473**	**-**	**-**	**(8)**	**465**
Income taxes paid	(89)	-	-	-	(89)
Net cash from operating activities	**384**	**-**	**-**	**(8)**	**376**
Cash used in investing activities		**-**	**-**	**-**	
- Purchases of intangible assets and PP&E	(261)	-	-	8	(253)
Other cash flows related to investing activities	111	-	-	-	111
Net cash used in investing activities	**(150)**	**-**	**-**	**8**	**(142)**
Total cash flows from operating and investing activities	**234**	**-**	**-**	**-**	**234**
Net cash used in financing activities	**(207)**	**-**	**-**	**-**	**(207)**
Total other movements	**45**	**-**	**-**	**-**	**45**
Change in cash and cash equivalents	72	-	-	-	72
Cash and cash equivalents at beginning of period	**405**	**-**	**-**	**-**	**405**
Cash and cash equivalents at end of period	**477**	**-**	**-**	**-**	**477**

a) Change in timing of revenue recognition

Two **Lagardère Sports and Entertainment** businesses are affected by the change in the timing of revenue recognition:

- Revenue generated under contracts where the Group is mandated by a rights holder solely for the purpose of **selling marketing rights (i.e., with no other associated services)** is now recognised when the rights are actually sold and no longer deferred over the duration of the rights. This decreases revenue for first-half and full-year 2017 by €3 million.

- Revenue from **admission fees invoiced for sporting academies** is now recognised over the average period of membership as opposed to the full amount of this revenue previously being recognised when the member signed up. This decreases revenue for first-half and full-year 2017 by €1 million.

For first-half and full-year 2017, the restatements described above led to a decrease of €4 million in recurring operating profit of fully consolidated companies, profit before finance costs and tax, and profit before tax. The associated tax impact is a positive €1 million, representing a net negative €3 million impact on profit for the period.

The changes in the timing of revenue recognition described above led to a €7 million decrease in consolidated equity at 31 December 2017, including a €4 million decrease in the opening balance sheet at 1 January 2017 and a €3 million decrease in 2017 profit.

b) Agent versus principal

The Group's analysis of the criteria set out in IFRS 15 to determine whether it acts as agent or principal primarily resulted in the restatements described below:

Lagardère Travel Retail

Since **display services for products sold by Lagardère Travel Retail** – billed to its suppliers and previously accounted for as other income from ordinary activities – do not meet the definition of a separate performance obligation under IFRS 15, the services are now recognised as a deduction from purchases made from these suppliers. They are recorded within purchases and changes in inventories for a positive €64 million at 31 December 2017 and €30 million at 30 June 2017, and in external charges for a positive €9 million at 31 December 2017 and €4 million at 30 June 2017. The impact on the balance sheet at 31 December 2017 is a decrease of €72 million in trade receivables and trade payables.

Lagardère Active

Commissions paid to third parties for distributing magazines and collecting subscriptions, which were previously deducted from revenue, are now expensed. The impact is a €17 million increase in first-half 2017 revenue and a €35 million increase in revenue for full-year 2017, with an offsetting entry for the same amounts posted to external charges.

In addition, for certain **co-production contracts**, the portion of revenue received by the co-producers in the audiovisual production business is now recognised as revenue (and no longer as a deduction from external charges), whereas the portion paid over to the co-producers continues to be recognised as an expense. The impact is a €8 million increase in first-half 2017 revenue and a €21 million increase in revenue for full-year 2017. External charges therefore decrease by €8 million in first-half 2017 and €21 million in full-year 2017.

Lagardère Sports and Entertainment

Income received from **sales of entertainment venue tickets**, which was previously recognised for its total amount, is now only recognised to the extent of the commission invoiced by the Group in its capacity as agent. The impact is a €9 million decrease in first-half 2017 revenue and a €14 million decrease in revenue for full-year 2017. External charges therefore increase by €9 million in first-half 2017 and €14 million in full-year 2017.

c) Other restatements

The other restatements in the period in connection with the first-time application of IFRS 15 are shown below:

Lagardère Publishing

As part of its business of selling publications, Lagardère Publishing grants a **right of return to distributors for unsold products**. Estimates of the amount of returns were previously recognised as a deduction from gross trade receivables, advances paid to authors within current assets, and inventories, as appropriate. The application of IFRS 15 changes this accounting treatment: estimates of the amount of returns are now recognised as a refund liability within other current liabilities for the portion relating to 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 impact on the balance sheet at 31 December 2017 is an increase of €279 million in trade receivables and an increase of €279 million in refund liabilities within other current liabilities. The impact is an increase of €20 million in refund assets relating to inventories, an increase of €5 million in refund assets relating to advances paid to authors, a decrease of €20 million in inventories and a decrease of €5 million in advances paid to authors, resulting in a net impact of zero in other current assets and inventories.

Lagardère Sports and Entertainment

Signing fees for certain contracts, previously capitalised as sports rights assets and amortised, are now recognised in the balance sheet under advances paid and amortised as a deduction from revenue over the life of the contract. The impact is an €11 million decrease in first-half 2017 revenue and a €22 million decrease in revenue for full-year 2017, with the offsetting entry posted to amortisation expense. The impact on the balance sheet at 31 December 2017 is a decrease of €93 million in intangible assets and an increase of €76 million in other non-current assets and €17 million in other current assets.

Our review of the **components of other income from ordinary activities** led to the following income statement reclassifications:

- Operating tax credits and subsidies obtained by the Group within the scope of its audiovisual and publishing businesses, previously included within other income from ordinary activities, are now recognised in other income. They represented an increase of €25 million in this caption in full-year 2017 and an increase of €10 million in first-half 2017.
- The CICE tax credit, previously recognised within other income from ordinary activities, is now recorded as a deduction from payroll costs and represented a positive €10 million impact in full-year 2017 and a positive €5 million impact in first-half 2017.
- Production transferred to inventories, which was previously a separate line of the income statement, is now included in purchases and changes in inventories and represented a positive impact of €91 million in full-year 2017 and €53 million in first-half 2017.

Contracts to sell media and marketing rights managed by Lagardère Sports and Entertainment led to the recognition of **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, while conversely, payments received from customers before all or part of the corresponding services have been provided give rise to contract liabilities. The impacts are shown below by category:

- Change in timing of revenue recognition: this led to the recognition of €16 million in non-current contract liabilities, offset in part by a €5 million deduction from deferred revenue, with a net €11 million impact in non-current liabilities at 31 December 2017.
- Other restatements: contract assets recognised within other current assets at 31 December 2017 amounted to €10 million, with the contra entry decreasing trade receivables. Contract liabilities recognised within other current liabilities amounted to €62 million. Deferred revenue was reduced in the same amount within other current liabilities.

1.1.2 IFRS 9 – FINANCIAL INSTRUMENTS

The Group is applying IFRS 9 retrospectively and in full, using the simplified approach with effect from 1 January 2018. As allowed by the standard, the comparative period in 2017 has not been restated.

IFRS 9 supersedes IAS 39 on financial instruments and has three main phases: (i) classification and measurement; (ii) impairment; (iii) hedge accounting.

Classification and measurement

Under IFRS 9, financial assets are classified according to their valuation method, which is defined based the characteristics of the related contractual cash flows and on the business model adopted by the Group.

The application of IFRS 9 results mainly in the elimination of the IAS 39 "available-for-sale" (AFS) financial asset category, which allowed changes in the fair value of financial instruments to be recognised in "Other comprehensive income" (equity) and to be reclassified to profit or loss when the instruments were sold. At 1 January 2018, the AFS category included investments in non-consolidated companies for €19 million and units in two venture capital funds (FCPR) for €12 million. Under IFRS 9, all financial assets which give rise to cash flows that do not solely represent payments of principal and interest ("SPPI"), such as investments in non-consolidated companies, other shares and units in mutual funds, are to be classified and measured at fair value through profit or loss. However, entities may make an irrevocable election upon initial recognition of the investments and first-time application of the standard to measure assets classified as equity investments at fair value through other comprehensive income not subsequently reclassified to profit or loss. Only dividend income continues to be recognised in profit or loss. This latter category primarily includes investments in non-consolidated companies meeting the definition of equity instruments.

	Carrying amount at 1 Jan. 2018	IAS 39 category	IFRS 9 category	Impact on equity at 1 Jan. 2018
Equity investments	**31**			
- Mutual funds (including FCPI Idinvest Digital Fund II)	12	Available-for-sale financial assets	Fair value through profit or loss	-
- Investments in non-consolidated companies	19	Available-for-sale financial assets	Fair value through other comprehensive income not subsequently reclassified to profit or loss	-
Cash and cash equivalents	**477**	Amortised cost	Fair value through profit or loss	-

The Group is not affected by changes in the accounting treatment of financial liabilities with revised terms, since there were no changes in the terms of the liabilities on its books at 31 December 2017.

Impairment

The impairment model introduced by IFRS 9 is based on the premise of providing for expected losses, whereas in IAS 39, impairment is based on certain losses (impairment recognised only once a credit event such as a late payment or significant deterioration in credit quality has occurred). Application of the IFRS 9 impairment model requires entities to bring forward the timing of impairment to be recognised against financial assets carried on the balance sheet at amortised cost.

For non-current financial assets, impairment is assessed on a case-by-case basis taking into account the counterparty's risk profile and any existing collateral.

For trade receivables, the Group has adopted the simplified approach whereby expected losses are provisioned over the remaining term of the receivables. 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. This estimate is adjusted based on changes in the operating environment for the year in progress.

The **impact of the first-time application** of **IFRS 9** impairment requirements was included in **consolidated equity at 1 January 2018 and represents a negative €5 million**.

Hedging

Changes to hedge accounting introduced by IFRS 9 are designed to align accounting methods with companies' risk management models. The application of IFRS 9 hedge accounting requirements does not have a significant impact on the consolidated financial statements in view of the type of derivative instruments used by the Group.

1.2 PREPARATION FOR THE APPLICATION OF IFRS 16

As indicated in note 1 to the consolidated financial statements at 31 December 2017, under IFRS 16, all lessees must recognise in their balance sheets a right-of-use asset arising on all leased assets (retail premises, office buildings, etc.) against a lease liability measured at the present value of the future lease payments (which corresponds to fixed lease payments and guaranteed minimum payments for Travel Retail).

The accounting impacts of applying this standard will substantially increase the amounts of some of the Group's alternative performance indicators, such as recurring operating profit of fully consolidated companies and free cash flow. At the same time, however, it will have an adverse effect on finance costs and cash flows from financing activities. For the purpose of providing meaningful year-on-year comparisons in its financial statements, the Group intends to adopt the full retrospective approach permitted under IFRS 16 when it applies this new standard. Right-of-use assets and lease liabilities will be presented separately from other assets and liabilities in the balance sheet.

The first analysis begun in 2017 was completed during the first half of 2018, with all data needed to perform the calculations required by the standard being collected. A calculation tool was rolled out across the Group and will be fully configured in the second half of 2018.

1.3 CHANGE IN ACCOUNTING PRINCIPLES AND VALUATION METHODS

With the exception of those mentioned below, the accounting methods used to prepare these interim financial statements are the same as those used to prepare the 2017 consolidated financial statements and are described in note 3 to those 2017 consolidated financial statements.

Changes in the accounting methods described below are also expected to concern the Group's consolidated financial statements at 31 December 2018.

1.3.1 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 other current assets 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.

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 license 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. Purchases and sales corresponding to exchanges of goods or services of a similar nature and value (mainly advertising space) are eliminated on consolidation and are not therefore included in the income statement.

Lagardère Sports and Entertainment: revenue corresponds to the sale of marketing rights management, event production, 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 duration of the contract. 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 duration of the contract.

1.3.2 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.

1.3.3 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 material risk of changes in value and are readily convertible into known amounts of cash; they 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.

1.3.4 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 1.3.5.

1.3.5 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 each year end 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 as follows:

Fair value hedges

Derivative instruments and hedged items are measured at fair value. Changes in the fair values 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 hedging instrument offsets an opposite change in the fair value of the hedged item.

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.

NOTE 2 MAIN CHANGES IN THE SCOPE OF CONSOLIDATION

2.1 FIRST-HALF 2018

The main changes in scope of consolidation in first-half 2018 were as follows:

Lagardère Active

- Full consolidation over a three-month period in first-half 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.

In April 2018, Lagardère Active Radio International also entered into an agreement to sell its radio businesses in the Czech Republic, Poland, Slovakia and Romania to Czech Media Invest. The related assets and associated liabilities were classified within assets held for sale and associated liabilities in the Group's balance sheet at 30 June 2018 (see note 2.2).

2.2 ASSETS HELD FOR SALE AND ASSOCIATED LIABILITIES

Property complex in France

A property complex in the eighth *arrondissement* of Paris owned by Lagardère Active was classified within assets held for sale for its carrying amount at 31 December 2017.

The complex was sold on 23 May 2018, generating a pre-tax gain of €245 million in the consolidated financial statements for the period ended 30 June 2018 (see note 6).

Assets held for sale at Lagardère Active

As part of the Group's strategic refocusing announced in March and May 2018, a new organisation is in the process of being implemented at Lagardère Active, under which the division's various activities are being structured into standalone units, each responsible for their own resources and development.

Five distinct units have been identified under the putative target organisation (News, Press, TV, Audiovisual Production and Distribution, Pure Players and BtoB), including a number of "core business" assets. These include Europe 1, the French music radio stations, *Paris Match* and *Le Journal de Dimanche*, which will be grouped together into the future News unit, as well as the ELLE brand license management activities.

At 30 June 2018, Lagardère Active remains structured around its four main integrated business units: Radio, Press, TV and Pure Digital & BtoB. Within these segments, the following assets held for sale and associated liabilities have been measured in accordance with IFRS 5:

- The radio assets in the Czech Republic, Poland, Slovakia and Romania, for which a sale agreement was entered into with Czech Media Invest in April 2018. The closing of the transaction is subject to clearance from the local regulatory authorities in the countries concerned.
- Virtually the entire e-Health unit comprising MonDocteur, the online medical appointment platform, which was sold to Doctolib on 10 July 2018, and Doctissimo, a leader in health and wellness information, which is subject to exclusive negotiations with the TF1 group aimed at

concluding an agreement by 30 September 2018, subject to review by the relevant employee representative bodies.

Although the Group is currently in exclusive negotiations with Czech Media Invest for the sale of the Press unit in France, comprising *Elle* and its various extensions, *Version Femina*, *Art & Décoration*, *Télé 7 Jours* and its various extensions, *France Dimanche*, *Ici Paris* and *Public*, these assets have not yet been classified as held for sale as their scope is subject to the completion of the organisational, legal and workforce restructuring currently in progress.

Measurement

The radio businesses in the Czech Republic, Poland, Slovakia and Romania were classified as held for sale at 30 June 2018. Since the carrying amount of these items exceeded their sale value less costs to sell, a writedown of €3 million has been recognised at the period end in order to align the carrying amount of the net assets held for sale with their fair value. The impairment was recognised against the €53 million in goodwill allocated to the four cash-generating units (CGUs) to be sold within the International Radio segment, reducing the residual goodwill recognised in respect of these assets to €50 million (see note 7).

At 30 June 2018, MonDocteur and Doctissimo, which were both included in the single CGU representing the e-Health business, were classified within assets held for sale for their carrying amount. Since the sale value less costs to sell exceeds their carrying amount, no impairment has been recognised in respect of these assets at the reporting date.

Assets and associated liabilities classified as held for sale at 30 June 2018 concern the following main categories:

ASSETS (in millions of euros)	30 June 2018
Intangible assets	4
Goodwill	100
Property, plant and equipment	4
Deferred tax assets	1
Total non-current assets	**109**
Trade receivables	19
Other current assets	6
Cash and cash equivalents	6
Total current assets	**31**
Total assets	**140**
EQUITY AND LIABILITIES (in millions of euros)	**30 June 2018**
Non-current provisions for contingencies and losses	1
Non-current debt	2
Total non-current liabilities	**3**
Current provisions for contingencies and losses	2
Current debt	3
Trade payables	13
Other current liabilities	7
Total current liabilities	**25**
Total equity and liabilities	**28**

The contribution of assets held for sale to revenue and recurring operating profit of fully consolidated companies was respectively €68 million and €2 million in full-year 2017 and €35 million and €3 million in first-half 2018.

NOTE 3 SEGMENT INFORMATION

Lagardère's operating activities are carried out through the four following business divisions:

- **Lagardère Publishing** includes the Group's Book Publishing and e-Publishing businesses which cover such areas as Education, General Literature, Illustrated Books, Partworks, Dictionaries, Youth Works, Mobile Games and Distribution.
- **Lagardère Travel Retail** consists of retail operations in travel areas and concessions in three fields: Travel Essentials, Duty Free & Fashion, and Foodservice.
- **Lagardère Active** encompasses the Press, Audiovisual (Radio, Television, Audiovisual Production and Distribution), Digital and Advertising Sales Brokerage businesses.
- **Lagardère Sports and Entertainment** is a globally integrated Sports and Entertainment marketing agency delivering a full range of services for sports rights holders, brands, athletes and media companies.

In addition to the above divisions, the Group has a “corporate” reporting unit (“Other Activities”) used primarily to report the effect of financing obtained by the Group, the net operating costs of Group holding companies, and the activities of Matra Manufacturing & Services (whose revenues are reported under “Other income from ordinary activities”).

Transactions between business divisions are generally carried out on arm’s length terms.

First-half 2018 income statement

	Lagardère Publishing	Lagardère Travel Retail	Lagardère Active	Lagardère Sports and Entertainment	Other Activities	Total
Revenue	1,006	1,724	429	213	-	3,372
Inter-segment revenue	(6)	-	-	-	-	(6)
Consolidated revenue	**1,000**	**1,724**	**429**	**213**	**-**	**3,366**
Other income from ordinary activities	4	12	21	4	2	43
Total income from ordinary activities	**1,004**	**1,736**	**450**	**217**	**2**	**3,409**
Recurring operating profit (loss) of fully consolidated companies	**40**	**34**	**33**	**29**	**(4)**	**132**
Income (loss) from equity-accounted companies before impairment losses	-	(4)	-	-	-	(4)
Recurring operating profit (loss)	**40**	**30**	**33**	**29**	**(4)**	**128**
Restructuring costs	(6)	(1)	(37)	(1)	-	(45)
Gains (losses) on disposals	-	-	205	-	-	205
Disposals of assets	-	-	*205*	-	-	*205*
Fair value adjustments due to change in control	-	-	-	-	-	-
Impairment losses(*)	-	(2)	(9)	(2)	-	(13)
Fully consolidated companies	-	*(2)*	*(9)*	*(2)*	-	*(13)*
Equity-accounted companies	-	-	-	-	-	-
Amortisation of acquisition-related intangible assets	(3)	(28)	-	(1)	-	(32)
Acquisition-related expenses	-	-	(2)	-	-	(2)
Purchase price adjustment	-	2	-	-	-	2
Profit (loss) before finance costs and tax	**31**	**1**	**190**	**25**	**(4)**	**243**
Items included in recurring operating profit (loss)						
Depreciation and amortisation of property, plant and equipment and intangible assets	(14)	(54)	(7)	(15)	-	(90)
Cost of share option plans	(2)	(1)	(2)	-	(2)	(7)

(*) Impairment losses on goodwill, property, plant and equipment and intangible assets.

First-half 2017 income statement – restated

	Lagardère Publishing	Lagardère Travel Retail	Lagardère Active	Lagardère Sports and Entertainment	Other Activities	Total(*)
Revenue(*)	1,025	1,628	427	234	-	3,314
Inter-segment revenue	(6)	-	-	-	-	(6)
Consolidated revenue(*)	**1,019**	**1,628**	**427**	**234**	**-**	**3,308**
Other income from ordinary activities(*)	4	23	25	-	2	54
Total income from ordinary activities(*)	**1,023**	**1,651**	**452**	**234**	**2**	**3,362**
Recurring operating profit (loss) of fully consolidated companies(*)	**41**	**32**	**32**	**31**	**(4)**	**132**
Income (loss) from equity-accounted companies before impairment losses	-	-	1	-	-	1
Recurring operating profit (loss)(*)	**41**	**32**	**33**	**31**	**(4)**	**133**
Restructuring costs	(1)	(6)	(4)	(2)	3	(10)
Gains (losses) on disposals	(1)	2	(2)	-	40	39
Disposals of assets	*(1)*	*2*	*(2)*	-	*40*	*39*
Fair value adjustments due to change in control	-	-	-	-	-	-
Impairment losses(**)	-	(3)	(27)	-	(1)	(31)
Fully consolidated companies	-	*(3)*	*(3)*	-	*(1)*	*(7)*
Equity-accounted companies	-	-	*(24)*	-	-	*(24)*
Amortisation of acquisition-related intangible assets	(2)	(31)	-	(2)	-	(35)
Acquisition-related expenses	(1)	-	-	-	-	(1)
Profit (loss) before finance costs and tax(*)	**36**	**(6)**	**-**	**27**	**38**	**95**
Items included in recurring operating profit (loss)						
Depreciation and amortisation of property, plant and equipment and intangible assets(*)	(14)	(52)	(5)	(12)	(1)	(84)
Cost of share option plans	(2)	(1)	(1)	-	(2)	(6)

(*) Data restated for the retrospective application of IFRS 15 (see note 1.1).

(**) Impairment losses on goodwill, property, plant and equipment and intangible assets.

First-half 2018 statement of cash flows

	Lagardère Publishing	Lagardère Travel Retail	Lagardère Active	Lagardère Sports and Entertainment	Other Activities and eliminations	Total
Cash flows from (used in) operations	(69)	125	(3)	33	(9)	77
Income taxes paid	(18)	(7)	(17)	(1)	32	(11)
Net cash from (used in) operating activities	**(87)**	**118**	**(20)**	**32**	**23**	**66**
Net cash from (used in) investing activities relating to intangible assets and property, plant and equipment	(21)	(62)	190	(23)	(1)	83
- Purchases	*(21)*	*(64)*	*(10)*	*(23)*	*(1)*	*(119)*
- Proceeds from disposals	*-*	*2*	*200*	*-*	*-*	*202*
Free cash flow	**(108)**	**56**	**170**	**9**	**22**	**149**
Net cash from (used in) investing activities relating to investments	1	(5)	5	1	(1)	1
- Purchases	*-*	*(6)*	*(11)*	*-*	*(1)*	*(18)*
- Proceeds from disposals	*1*	*1*	*16*	*1*	*-*	*19*
Interest received	1	1	1	-	1	4
(Increase) decrease in short-term investments	-	-	-	-	-	-
Net cash from (used in) operating and investing activities	**(106)**	**52**	**176**	**10**	**22**	**154**

First-half 2017 statement of cash flows – restated

	Lagardère Publishing	Lagardère Travel Retail	Lagardère Active	Lagardère Sports and Entertainment	Other Activities and eliminations	Total(*)
Cash flows from (used in) operations(*)	(106)	65	(3)	12	(9)	(41)
Income taxes paid	(24)	(14)	(16)	(2)	6	(50)
Net cash from (used in) operating activities(*)	**(130)**	**51**	**(19)**	**10**	**(3)**	**(91)**
Net cash from (used in) investing activities relating to intangible assets and property, plant and equipment(*)	(21)	(69)	(4)	(29)	147	24
- Purchases(*)	*(21)*	*(70)*	*(4)*	*(29)*	*(1)*	*(125)*
- Proceeds from disposals	-	*1*	-	-	*148*	*149*
Free cash flow	**(151)**	**(18)**	**(23)**	**(19)**	**144**	**(67)**
Net cash from (used in) investing activities relating to investments	(11)	(13)	(5)	(7)	(1)	(37)
- Purchases	*(17)*	*(10)*	*(6)*	*(3)*	*(1)*	*(37)*
- Proceeds from disposals	*6*	*(3)*	*1*	*(4)*	-	-
Interest received	-	1	1	-	1	3
(Increase) decrease in short-term investments	-	-	-	-	-	-
Net cash from (used in) operating and investing activities	**(162)**	**(30)**	**(27)**	**(26)**	**144**	**(101)**

(*) Data restated for the retrospective application of IFRS 15 (see note 1.1).

Balance sheet at 30 June 2018

	Lagardère Publishing	Lagardère Travel Retail	Lagardère Active	Lagardère Sports and Entertainment	Other Activities and eliminations	Total
Segment assets	2,790	2,077	1,089	840	(30)	6,766
Investments in equity-accounted companies	27	31	4	4	2	68
Segment liabilities	(1,410)	(925)	(836)	(518)	86	(3,603)
Capital employed	**1,407**	**1,183**	**257**	**326**	**58**	**3,231**
Assets held for sale and associated liabilities						**112**
Net cash and cash equivalents (net debt)						**(1,453)**
Equity						**1,890**

Balance sheet at 31 December 2017 – restated

	Lagardère Publishing	Lagardère Travel Retail	Lagardère Active	Lagardère Sports and Entertainment	Other Activities and eliminations	Total(*)
Segment assets(*)	2,791	2,087	1,198	843	16	6,935
Investments in equity-accounted companies	27	33	58	4	1	123
Segment liabilities(*)	(1,560)	(901)	(817)	(535)	41	(3,772)
Capital employed(*)	**1,258**	**1,219**	**439**	**312**	**58**	**3,286**
Assets held for sale and associated liabilities						**6**
Net cash and cash equivalents (net debt)						**(1,368)**
Equity(*)						**1,924**

(*) Data restated for the retrospective application of IFRS 15 (see note 1.1).

NOTE 4 REVENUE

Revenue breaks down as follows by business and by division:

	First-half 2018	First-half 2017(*)
Lagardère Publishing	**1,000**	**1,019**
Education	121	135
Illustrated Books	121	115
General Literature	448	460
Partworks	142	142
Other	168	167
Lagardère Travel Retail	**1,724**	**1,628**
Travel Essentials	733	733
Duty Free & Fashion	710	616
Foodservice	281	268
Distribution	-	11
Lagardère Active	**429**	**427**
Press	176	182
Radio	89	91
Television	132	124
Pure Players and BtoB	32	30
Lagardère Sports and Entertainment	**213**	**234**
Marketing rights	107	106
Media rights	41	56
Other	65	72
Total	**3,366**	**3,308**

(*) Data at 30 June 2017 restated for the retrospective application of IFRS 15 (see note 1.1).

In the first half of 2018, the Lagardère group delivered consolidated revenue of €3,366 million, up 1.8% on a consolidated basis and up 4.4% based on constant Group structure and exchange rates (like-for-like – see definition in note 3 to the 2017 consolidated financial statements). The like-for-like consolidated revenue growth over the period was mainly driven by the continued growth momentum in Travel Retail.

The difference between consolidated and like-for-like revenue data is mainly attributable to the negative €110 million foreign exchange effect (calculated based on an average rate for the period), resulting chiefly from the depreciation of the US dollar and, to a lesser extent, the Australian dollar and pound sterling against the euro.

The positive €25 million impact of changes in Group structure relates primarily to acquisitions carried out in 2017 by Lagardère Publishing in the United Kingdom.

NOTE 5 RESTRUCTURING COSTS

In first-half 2018, restructuring costs amounted to €45 million and chiefly related to the implementation of streamlining and reorganisation plans in the operating divisions, as follows:

- €37 million at Lagardère Active, mainly as a result of a provision set aside to cover the ongoing restructuring of the division into standalone units in connection with the Group's strategic refocusing plan; and
- €6 million at Lagardère Publishing, relating mainly to the streamlining of distribution centres in the United Kingdom.

In first-half 2017, restructuring costs amounted to €10 million, including €6 million at Lagardère Travel Retail, including €4 million in the United States and Canada in connection with the reorganisation of the North American business following the acquisition of Paradies in late 2015; and €4 million at Lagardère Active, mainly in relation to the discontinuation of the core operations of an audiovisual production company.

NOTE 6 CAPITAL GAINS AND LOSSES

In the first half of 2018, the Group recorded a net gain of €205 million relating to the following major transactions:

- a €245 million pre-tax gain on the sale in May 2018 of an office building in the eighth *arrondissement* of Paris (France) that previously hosted Lagardère Active's Radio and TV channel teams; and
- a €40 million pre-tax loss booked on the disposal in June 2018 of the Group's 42% interest in the Marie Claire group, also at Lagardère Active.

In first-half 2017, this item represented a net gain of €39 million, including a €40 million pre-tax gain on the disposal of an office building in Levallois-Perret (France) in June 2017 by Compagnie Immobilière Europa (Other Activities); a €2 million pre-tax gain on the sale by Lagardère Travel Retail of the Press Distribution operations in Hungary via the disposal of its subsidiary Lagardère Services Distribution; and a €3 million pre-tax loss recognised on the disposal of property, plant and equipment at Lagardère Publishing and Lagardère Active.

NOTE 7 IMPAIRMENT LOSSES ON GOODWILL, PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

At 30 June 2018, impairment tests were carried out only on those assets for which an indication of impairment had been identified at that date.

Total impairment losses recognised by consolidated companies in first-half 2018 amounted to €13 million, including €9 million against goodwill, €2 million against intangible assets at Lagardère Sports and Entertainment, and €2 million against property, plant and equipment at Lagardère Travel Retail.

Impairment losses on goodwill for €9 million concern Lagardère Active and break down as follows:

- €6 million to write down a portion of the goodwill allocated to Digital assets, in connection with the weaker than expected performance as compared to the assumptions set out in the business plans prepared at end-2017. Residual goodwill in respect of these assets amounted to €5 million at 30 June 2018;
- €3 million to write down a portion of the goodwill allocated to the four CGUs comprising the International Radio scope, which were classified within assets held for sale at 30 June 2018 (see note 2). Residual goodwill in respect of these assets stands amounted to €50 million at 30 June 2018.

Lagardère Sports and Entertainment

As stated in note 10 to the consolidated financial statements for 2017, the value of Lagardère Sports and Entertainment's assets remains subject to performance conditions for contracts in progress based on the advertising environment and the sporting context specific to each event, the ability to renew current contracts or win new ones and the related profit margins.

The estimates of these future cash flows used for the purpose of impairment testing at 31 December 2017 notably took into account assumptions regarding the renewal of the contract with the AFC beyond its current term (2020), for which a tender process was underway in the first quarter of 2018. In June 2018, the AFC designated a preferred bidder with whom it intends to continue negotiations in view of entering a final agreement in the autumn.

This decision represents an indication of impairment for Lagardère Sports. The impact of the non-renewal of the AFC contract has therefore been taken into account in the estimated future cash flows used for the purposes of impairment testing at 30 June 2018. The resulting test did not give rise to the recognition of any impairment losses.

The following table shows 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 30 June 2018 on the Lagardère Sports CGU (discount rates and perpetuity growth rates as applied at 31 December 2017).

(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%	-	-	-	-	-	-	-	(4)	(16)
-0.5%	-	-	-	-	-	-	-	-	(12)
0%	-	-	-	-	-	-	-	-	(8)
+0.5%	-	-	-	-	-	-	-	-	(3)
+1%	-	-	-	-	-	-	-	-	-

(*) The discount rate used for the 2017 impairment tests was 5.60%.

At constant perpetuity growth rates, the discount rate required to align the carrying amount of the assets tested with their recoverable amount at 30 June 2018 is 7.31%.

At 30 June 2017, impairment tests were carried out only on those assets for which an indication of impairment had been identified at that date. Accordingly, the Group recorded total impairment losses of €7 million, including €1 million for goodwill and €6 million for property, plant and equipment at Lagardère Travel Retail and Lagardère Active. Impairment losses on goodwill in an amount of €1 million related to the discontinuation of the core operations of an audiovisual production company at Lagardère Active.

NOTE 8 OTHER OPERATING EXPENSES

	First-half 2018	First-half 2017
Net change in asset impairment losses	(5)	(12)
Financial expenses other than interest	(1)	-
Foreign exchange losses	(3)	-
Other operating expenses	(9)	(5)
Total	**(18)**	**(17)**

The net change in asset impairment losses includes write downs at Lagardère Publishing against advances paid to writers totalling €18 million in first-half 2018 and €25 million in first-half 2017. The balance mainly concerns net reversals of allowances on trade receivables and inventories at Lagardère Sports and Entertainment and Lagardère Publishing.

NOTE 9 OTHER OPERATING INCOME

	First-half 2018	First-half 2017(*)
Foreign exchange gains	-	3
Net reversals of provisions for contingencies and losses	20	18
Operating subsidies	7	7
Audiovisual tax credit	3	2
Other operating income	18	13
Total	**48**	**43**

(*) Data at 30 June 2017 restated for the retrospective application of IFRS 15 (see note 1.1).

Other operating income mainly comprises income generated by Lagardère Travel Retail from subletting retail premises in an amount of €12 million in first-half 2018 compared with €4 million in first-half 2017.

In first-half 2018, net changes in provisions for contingencies and losses reflect net reversals in an amount of €6 million at Lagardère Active, €4 million at Lagardère Publishing, €4 million at Lagardère Travel Retail, and €4 million at Other Activities. In first-half 2017, net changes in provisions for contingencies and losses related to net reversals of provisions in an amount of €9 million at Lagardère Active, and €5 million at Lagardère Publishing.

NOTE 10 FINANCIAL INCOME AND EXPENSES

Financial income and expenses break down as follows:

	First-half 2018	First-half 2017
Interest income on loans	2	2
Investment income and gains on sales of marketable securities	1	1
Gains on derivative financial instruments acquired as hedges of net debt	4	5
Other financial income	9	5
Financial income	**16**	**13**
Interest expense on borrowings	(27)	(36)
Loss on derivative financial instruments acquired as hedges of net debt	(11)	(6)
Other financial expenses	(3)	(9)
Financial expenses	**(41)**	**(51)**
Total	**(25)**	**(38)**

Net finance costs amounted to €25 million for first-half 2018, a decrease of €13 million on the prior-year period, chiefly reflecting the reduction in the Group's average interest rate between the two periods, further to the debt refinancing carried out in 2017.

NOTE 11 INCOME TAX

Income tax expense breaks down as follows:

	First-half 2018	First-half 2017(*)
Current taxes	(61)	(29)
Deferred taxes	(25)	13
Total	**(86)**	**(16)**

(*) Data at 30 June 2017 restated for the retrospective application of IFRS 15 (see note 1.1).

Income tax expense for first-half 2018 came to €86 million, €70 million higher than in first-half 2017, due primarily to tax expense on disposals of property assets in the amount of €83 million in the period under review compared with €19 million in first-half 2017. Income tax expense in respect of disposals of property assets in the first half of 2018 concerns the sale of an office building in the eighth *arrondissement* of Paris (France) by Lagardère Active (see note 6).

Income tax expense on disposal gains in first-half 2018 includes €43 million in current tax expense and €40 million in deferred tax expense, generated by the utilisation of €116 million in available tax-loss carryforwards during the period.

NOTE 12 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 period, 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 period.

Diluted earnings per share

The only dilutive ordinary shares are (i) unexercised employee share options which are not covered by hedging contracts and whose exercise prices are lower than the average quoted price of the Lagardère SCA share over the reference period ("in-the-money" options), and (ii) free shares, when it is probable that they will vest at the vesting date set in the plan (specific case of performance shares).

	First-half 2018	First-half 2017(*)
Profit for the period attributable to owners of the Parent (in millions of euros)	**119**	**27**
Number of shares making up the share capital at 30 June	131,133,286	131,133,286
Treasury shares	(1,280,778)	(1,770,583)
Number of shares outstanding at 30 June	**129,852,508**	**129,362,703**
Number of shares outstanding at 1 January	129,558,068	129,180,711
Average number of shares outstanding during the period	**129,705,288**	**129,271,707**
Basic earnings per share attributable to owners of the Parent (in euros)	**0.91**	**0.21**
Dilutive share options and free shares:		
- Share options	-	-
- Free shares	2,586,230	2,348,725
Average number of shares including dilutive share options and free shares	**132,291,518**	**131,620,432**
Diluted earnings per share attributable to owners of the Parent (in euros)	**0.90**	**0.20**

(*) Data at 30 June 2017 restated for the retrospective application of IFRS 15 (see note 1.1).

NOTE 13 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 30 June 2018	% interest 31 Dec. 2017	Balance sheet 30 June 2018	Balance sheet 31 Dec. 2017	Income statement 30 June 2018	Income statement 30 June 2017
S.D.A. (Société de Distribution Aéroportuaire)	Aéroport de Paris	Travel Retail	45%	45%	11	11	-	2
Relay@ADP	Aéroport de Paris	Travel Retail	50%	50%	6	5	1	1
Lagardère & Connexions	SNCF Participations	Travel Retail	50%	50%	1	2	(1)	-
Other					4	4	-	-
Total joint ventures					**22**	**22**	**-**	**3**
Marie Claire (Holding Evelyne Prouvost)(*)		Magazine Publishing		42%		53	-	(24)
Éditions J'ai Lu		Publishing	35%	35%	17	17	-	-
Inmedio		Travel Retail	49%	49%	12	12	-	-
Yen Press		Publishing	49%	49%	9	9	-	-
Saddlebrook International Sports		Sports	30%	30%	4	4	-	-
Other					4	6	(4)	(2)
Total associates					**46**	**101**	**(4)**	**(26)**
Total investments in equity-accounted companies					**68**	**123**	**(4)**	**(23)**

(*) An impairment loss was recognised at 30 June 2017 in an amount of €24 million.

Associates

Marie Claire

The Group disposed of its 42% stake in the Marie Claire group in June 2018 (see note 6).

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) Société de Distribution Aéroportuaire and Relay@ADP, with Aéroport de Paris, (ii) Société des Commerces en Gares, with SNCF Participations, (iii) SVRLS@LAREUNION, with Servair, and (iv) Lyon Duty Free, with Lyon airport authorities.

Total revenue generated by these Travel Retail joint ventures (on a 100% basis) amounted to €590 million in first-half 2018 versus €580 million in first-half 2017. Fully consolidated entities invoiced joint ventures amounts of €214 million in first-half 2018 and €206 million in first-half 2017.

	Figures on a 100% basis		Lagardère's share (50%)	
	30 June 2018	30 June 2017	30 June 2018	30 June 2017
Total revenue	**590**	**580**	**295**	**290**
Group revenue with joint ventures	*(214)*	*(206)*	*(107)*	*(103)*
Adjusted revenue	376	374	188	187
Recurring operating profit	**4**	**9**	**2**	**5**
Profit before finance costs and tax	2	7	1	4
Profit before tax	2	7	1	4
Profit for the period	**2**	**6**	**1**	**3**
Net debt	**(104)**	**(88)**	**(52)**	**(44)**

NOTE 14 CASH AND CASH EQUIVALENTS

Cash and cash equivalents reported in the statement of cash flows are calculated as follows:

	30 June 2018	31 Dec. 2017
Cash and cash equivalents	629	546
Short-term bank loans and overdrafts	(72)	(69)
Cash and cash equivalents	**557**	**477**

Cash and cash equivalents break down as follows:

	30 June 2018	31 Dec. 2017
Bank accounts	403	329
Money market funds	131	138
Term deposits and current accounts maturing in less than three months	95	79
Cash and cash equivalents	**629**	**546**

Changes in working capital as reported in the statement of cash flows can be analysed as follows:

	30 June 2018	30 June 2017(*)
Change in inventories	(52)	(36)
Change in trade receivables	182	198
Change in trade payables	(173)	123
Change in other receivables and payables	(69)	(63)
Changes in working capital(**)	**(112)**	**222**

(*) Data at 30 June 2017 restated for the retrospective application of IFRS 15 (see note 1.1).

(**) Increase/(decrease) in cash and cash equivalents.

Changes in working capital (typically negative in the first half) improved sharply during the period, representing an outflow of €112 million in first-half 2018 compared to an outflow of €222 million in the six months to 30 June 2017. The year-on-year change in this item is attributable to a marked improvement at Lagardère Travel Retail further to a working capital optimisation drive, as well as to a decrease in trade receivables at Lagardère Publishing, in particular in France and the United States, reflecting strong cash inflows in early 2018 as a result of good business momentum in the fourth quarter of 2017.

NOTE 15 DEBT

15.1 BREAKDOWN OF DEBT

The Group's debt breaks down as follows:

	30 June 2018	31 Dec. 2017
Bonds	1,293	1,292
Bank loans	200	200
Finance lease liabilities	4	5
Debt related to put options granted to minority shareholders	37	34
Medium term notes (NEU MTN)(**)	16	19
Other debt	12	10
Non-current debt excluding financial instruments designated as hedges of debt	**1,562**	**1,560**
Financial instruments designated as hedges of debt	-	-
Non-current debt	**1,562**	**1,560**
Bonds	-	-
Bank loans	-	-
Finance lease liabilities	4	5
Debt related to put options granted to minority shareholders	-	5
Commercial paper (NEU CP)(*) and NEU MTN(**)	433	276
Other debt	94	89
Current debt excluding financial instruments designated as hedges of debt	**531**	**375**
Financial instruments designated as hedges of debt	4	-
Current debt	**535**	**375**
Total debt	**2,097**	**1,935**

(*) Negotiable European Commercial Paper.

(**) Negotiable European Medium Term Notes.

The main movements in debt during first-half 2018 were as follows:

- Continuation of the commercial paper programme with a ceiling of €850 million. Debt issuance under the programme represented €430 million at 30 June 2018 compared with €276 million at 31 December 2017.
- Continuation of the Negotiable European Medium Term Notes programme with a ceiling of €200 million. Debt issuance under the programme represented €19 million at 30 June 2018, of which €3 million due within one year and €16 million due within two years. At 31 December 2017, debt issuance under the programme represented €19 million due within two years.

Net debt breaks down as follows:

(in millions of euros)	30 June 2018	31 Dec. 2017
Short-term investments and cash and cash equivalents	629	546
Financial instruments designated as hedges of debt with a positive fair value(*)	15	21
Non-current debt	(1,562)	(1,560)
Current debt(**)	(535)	(375)
Net debt	**(1,453)**	**(1,368)**

(*) Financial instruments designated as hedges of debt with a positive fair value are included in "Other non-current assets" on the balance sheet.

(**) Current debt includes financial instruments designated as hedges of debt with a negative fair value, representing €4 million at 30 June 2018.

15.2 ANALYSIS OF DEBT BY MATURITY

Debt can be analysed as follows by maturity at **30 June 2018**:

	30 June 2019(*)	30 June 2020	30 June 2021	30 June 2022	30 June 2023	Beyond 5 years	Total
Bonds	-	499	-	-	497	297	**1,293**
Bank loans	-	-	150	50	-	-	**200**
Financial instruments designated as hedges of debt	4	-	-	-	-	-	**4**
Finance lease liabilities	4	-	3	-	-	1	**8**
Debt related to put options granted to minority shareholders	-	10	13	3	7	4	**37**
NEU CP and NEU MTN	433	16	-	-	-	-	**449**
Other debt	94	10	-	-	-	2	**106**
At 30 June 2018	**535**	**535**	**166**	**53**	**504**	**304**	**2,097**

(*) Debt due within one year is reported in the consolidated balance sheet under "Current debt".

NOTE 16 OTHER COMPREHENSIVE INCOME (EXPENSE) FOR THE PERIOD

The components of other comprehensive income (expense) can be analysed as follows:

	First-half 2018			First-half 2017		
	Attributable to owners(*)	Minority interests	Total equity	Attributable to owners(*)	Minority interests	Total equity
Translation reserve	**22**	**2**	**24**	**(79)**	**(5)**	**(84)**
- Currency translation adjustments	20	2	22	(79)	(5)	(84)
- Share of other comprehensive income of equity-accounted companies, net of tax	2	-	2	-	-	-
Valuation reserve	**(3)**	**-**	**(3)**	**7**	**-**	**7**
Change in fair value of derivative financial instruments	**(3)**	**-**	**(3)**	**7**	**-**	**7**
- Unrealised gains (losses) recognised directly in equity	(3)	-	(3)	12	-	12
- Amounts reclassified from equity to profit or loss	-	-	-	-	-	-
- Tax effect	-	-	-	(5)	-	(5)
Change in fair value of investments in non-consolidated companies	**-**	**-**	**-**	**-**	**-**	**-**
- Unrealised gains (losses) recognised directly in equity	-	-	-	-	-	-
- Tax effect	-	-	-	-	-	-
Other reserves	**11**	**-**	**11**	**4**	**-**	**4**
- Actuarial gains and losses on pensions and other post-employment benefit obligations	14	-	14	6	-	6
- Tax effect	(3)	-	(3)	(2)	-	(2)
Other comprehensive income (expense) for the period, net of tax	**30**	**2**	**32**	**(68)**	**(5)**	**(73)**

(*) Equity attributable to owners of the Parent.

Currency translation adjustments recognised within other comprehensive income (expense) relate mainly to the following currencies:

	First-half 2018	First-half 2017
US dollar:	€31m	€(84)m
Pound sterling:	€-m	€(14)m
Other:	€(7)m	€14m
Total	**€24m**	**€(84)m**

NOTE 17 OFF-BALANCE SHEET COMMITMENTS AND CONTRACTUAL OBLIGATIONS

The main changes in first-half 2018 compared to the commitments presented in notes 31 and 32 to the consolidated financial statements at 31 December 2017 were as follows:

Contractual obligations

Lagardère Sports and Entertainment

- At 30 June 2018, the minimum payments guaranteed under long-term contracts for sports rights sales totalled €1,025 million, compared to €1,064 million at 31 December 2017.
- At 30 June 2018, commitments received under contracts signed with distributors and partners totalled €1,555 million compared to €1,550 million at 31 December 2017.

Lagardère Travel Retail

- At 30 June 2018, the minimum payments guaranteed under long-term contracts for concession agreements totalled €1,952 million, compared to €1,876 million at 31 December 2017.

Off-balance sheet commitments

Confirmed, unused lines of credit

On 11 May 2015, Lagardère SCA signed a five-year multicurrency syndicated loan with two possible one-year extensions for €1,250 million.

On 26 April 2016 and 27 April 2017, Lagardère SCA used the two possible extensions and on each occasion received the unanimous approval of the thirteen syndicated banks to extend its credit facility by one year.

Following these extensions, the facility will now fall due on 11 May 2022.

At 30 June 2018, the amount of undrawn credit on the syndicated loan amounted to €1,250 million.

NOTE 18 LITIGATION

Competition investigations in the school textbook market in Spain

This dispute is described in note 33 to the consolidated financial statements at 31 December 2017. Following the events reported therein, on 8 July 2018, the Spanish competition authority (CNMC) formally notified Grupo Anaya of the two obligations described in the note. The CNMC is expected to issue its decision in February 2019, unless the matter is settled in the interim.

Other litigation

There have been no significant developments regarding the other litigation described in note 33 to the consolidated financial statements for the year ended 31 December 2017.

NOTE 19 RELATED PARTIES

During the first half of 2018, no new transactions were undertaken by the Lagardère group with related parties other than those described in note 34 to the consolidated financial statements at 31 December 2017.

NOTE 20 EVENTS AFTER THE REPORTING PERIOD

Disposal of MonDocteur and exclusive negotiations for the sale of Doctissimo

On 12 July 2018, the Group announced that it was preparing to sell its e-Health business at an enterprise value of €60 million (based on a 100% equity interest).

MonDocteur, the online medical appointment platform, was sold to Doctolib, which thereby consolidated its position as the leading e-Health business in Europe.

Doctissimo, a leader in health and wellness information, is subject to exclusive negotiations with the TF1 group aimed at concluding an agreement by 30 September 2018. In accordance with the law, this agreement will be submitted for review by the relevant employee representative bodies.

3

STATUTORY AUDITORS' REVIEW REPORT ON THE FIRST HALF-YEARLY FINANCIAL INFORMATION

To the Partners,

In compliance with the assignment entrusted to us by your general shareholders' meetings and in accordance with the requirements of article L.451-1-2 III of the French monetary and financial code, we hereby report to you on:

- the limited review of the accompanying condensed half-yearly consolidated financial statements of Lagardère SCA, for the period from 1 January to 30 June 2018, and
- the verification of the information contained in the interim management report.

These condensed half-yearly consolidated financial statements were drawn up under the responsibility of the Managing Partners. Our role is to express a conclusion on these financial statements based on our limited review.

1. Conclusion on the financial statements

We conducted our limited review in accordance with professional standards applicable in France. A limited review mainly consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A limited review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our limited review, nothing has come to our attention that causes us to believe that the condensed half-yearly consolidated financial statements are not prepared in all material respects in accordance with IAS 34 – standard of the IFRSs as adopted by the European Union applicable to interim financial information.

Without calling into question the conclusion expressed above, we draw your attention to the following notes:

- note 1.1 to the condensed half-yearly consolidated financial statements, which describes the accounting impacts related to the first application of IFRS 9 and IFRS 15 - standards of the IFRSs as adopted by the European Union;
- note 7 to the condensed half-yearly consolidated financial statements, which describes the consequences of the non-renewal of the AFC contract on the impairment test performed on Lagardère Sports cash generating unit.

2. Specific verification

We have also verified the information presented in the interim management report in respect of the condensed half-yearly financial statements subject to our limited review.

We have no matters to report as to its fair presentation and its consistency with the condensed half-yearly financial statements.

French original signed at Courbevoie and Paris-La Défense on 25 July 2018

By the statutory auditors

MAZARS	**ERNST & YOUNG et Autres**
Thierry Blanchetier	Bruno Bizet

4

PERSONS RESPONSIBLE FOR THE INTERIM FINANCIAL REPORT – DECLARATION BY THE MANAGING PARTNERS

We hereby declare that, to the best of our knowledge, the condensed interim consolidated financial statements for the first half of 2018 have been prepared in accordance 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 interim management report presented on pages 4 to 19 provides a fair view of the significant events of the first six months of the year, their impact on the financial statements and the principal related-party transactions, and that it provides a description of the main risks and uncertainties for the remaining six months of the year.

Paris, 25 July 2018

For Arjil Commanditée-Arco, Managing Partner

Pierre Leroy

Deputy Chairman and Chief Operating Officer

Lagardère SCA

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