"LAGARDÈRE'S LETTER TO SHAREHOLDERS"

REALITY CHECK

Please find below Lagardère's letter to its shareholders, including Amber Capital's comments in separate boxes.

Dear Madam, dear Sir, dear shareholders,

Our General Meeting, which has been convened for 5 May 2020, is unprecedented in the history of the Lagardère group. On this occasion, you are being asked to choose between the implementation of a responsible, clear and ambitious strategy led by the Managing Partners and Supervisory Board, and Amber Capital's radical, unsettling and uncertain proposal.

We have listened to Amber Capital and carefully reviewed their criticisms of us. We have also had the benefit of interacting with some of you over the course of the past few weeks and have heard your reactions to these criticisms.

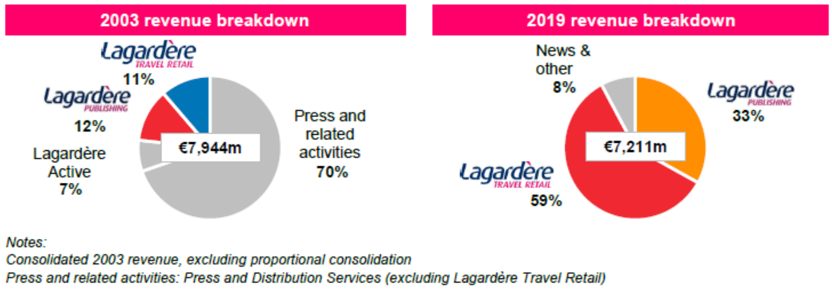
Timing wise, we regret that Amber Capital has chosen to step up its campaign in the midst of the Covid-19 pandemic, causing additional uncertainty, when all of the Group's efforts should be focused on the management of this unprecedented crisis. However, we remain firmly committed to shareholder dialogue and are always open to constructive proposals from them. This dialogue actively contributes to the work of the Supervisory Board, which represents you all.

To allow you to make an informed choice, it is important that you can hear our answers to the criticisms which have been made. This letter is an opportunity to share with you some facts and figures which bring a different perspective to that presented by Amber Capital on the performance of the Group, its Managing Partners and Supervisory Board.

In line with the measures implemented by the French government, we have chosen to maintain the date of our Annual General Meeting, which will take place behind closed doors. The impact of the uncertainty that Amber Capital's campaign places upon our governance cannot last any longer, in the interest of the Group and all its shareholders.

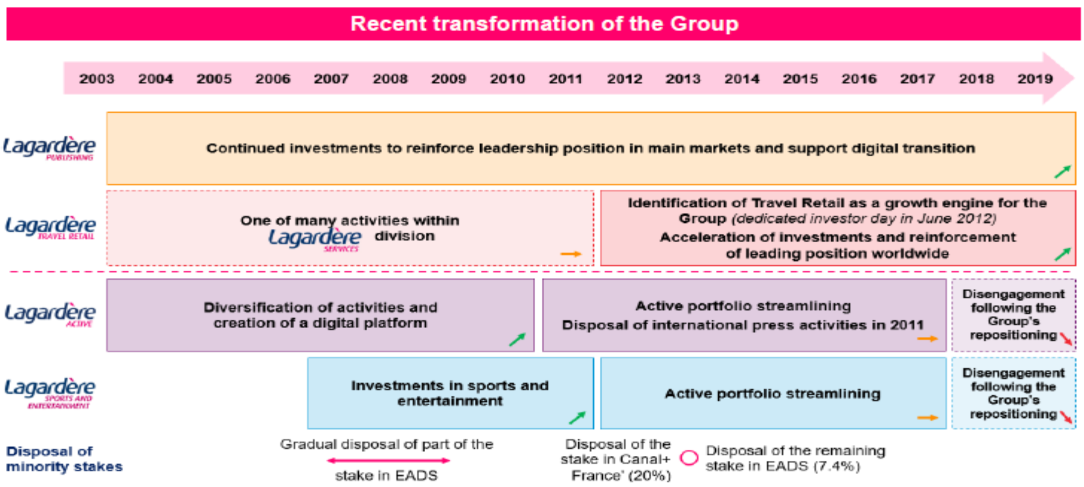
Between now and 5 May, each and everyone one of you has the opportunity to exercise your right to vote at our General Meeting, which will be broadcast live and available to replay on our website.

An ambitious transformation strategy



Since 2003, the Managing Partners have implemented an ambitious transformation strategy. Previously, 70% of the Group's revenue was generated by press-related activities, and we were among the first to anticipate the growing structural challenges facing this industry. A clear strategic vision was devised and implemented, aimed at diversifying and creating a portfolio of activities with attractive long-term prospects.

The Group's strategic priorities were reviewed each year with the help of the Supervisory Board. Value-creating activities were developed (Lagardère Publishing and Lagardère Travel Retail). Conversely, activities with low returns and inadequate results (Sport) or with structurally challenged prospects were streamlined and then divested together with the Group's minority stakes. This strategic refocusing process has significantly accelerated since 2018, with 20 assets disposed and significant investments in our core businesses.

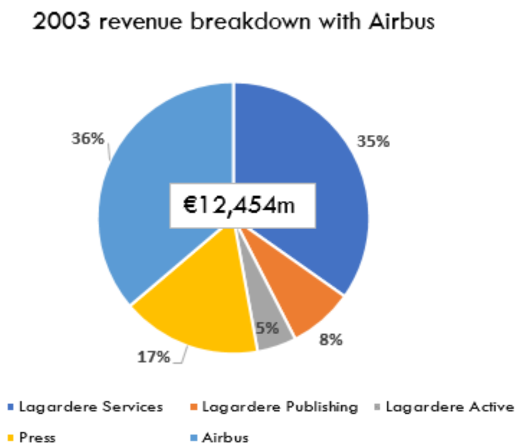


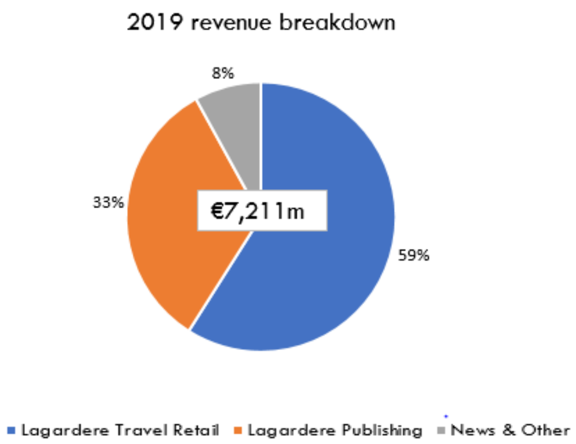
Reality Check:

In 2003, Lagardère revenues were broken down into two categories: **Media and High Technology**.

- Media: distribution services (including Travel Retail), Press, Publishing and Lagardère active
- High Technology: a 15% stake in Airbus (EADS): the largest aeronautics, space and defense group in Europe and the second in the world. The Airbus stake was defined as a strategic participation and Lagardère intended to play a key role in running the business and consolidating the European aerospace industry.

Both Lagardère and Airbus were part of the CAC 40 Index with respective market capitalizations of €4.5bn and €6.6bn. 16 years later, Lagardère's market capitalization is €2.5bn while Airbus' is €102bn (as of 31/12/2019 pre-COVID 19 impact).
Hence the Revenue Breakdown was as follows, including EADS (proportionally consolidated) which was core in the group's strategy:





Source: Lagardère's annual presentations. Airbus revenues are proportionally consolidated as stated on Lagardère SCA registration document. Revenue from other divisions was taken from Lagardère's Letter to Shareholders.

What has been described as an ambitious transformation strategy by the Managing Partner resulted in:

- **A significant reduction in the group's size (-42% in Revenues between 2003 and 2019)**
- **Neither an incremental increase of Profitability nor Return on Capital Employed.**
- **Significant value destruction along the way with €4.4bn of cumulated restructuring charges and impairment charges for the period 2003-2019** *(sources: company's annual reports)*.

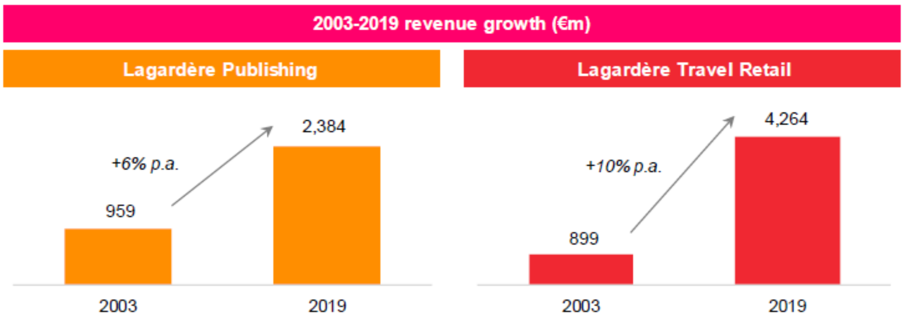
Evolution of Lagardère KPI's: 2003 vs 2019

	2003	2019
Revenue	12,454	7,211
EBIT	635	342
EBIT margin	5.1%	4.7%
ROCE after tax (@30%)	8.7%	8.2%

Source: Lagardère Annual Reports. 2003 figures include Airbus' proportionally consolidated figures. To preserve comparability and homogeneity with 2019 figures, 2003 figures, which are in French GAAP, have been restated by Amber Capital, to the best of its knowledge, to fit the application of IFRS, done in 2005.
EBIT is calculated as follow: Group's reported recurring EBIT + associates – restructuring charges.
*ROCE after tax is calculated as follow: EBIT (Group's reported recurring EBIT + associates – restructuring charges) * (1 – 30% (tax rate)) / Capital Employed for year N, as disclosed on Lagardère's annual report. Amber Capital has excluded the hybrid debt from Lagardère's definition of capital employed for 2003.*

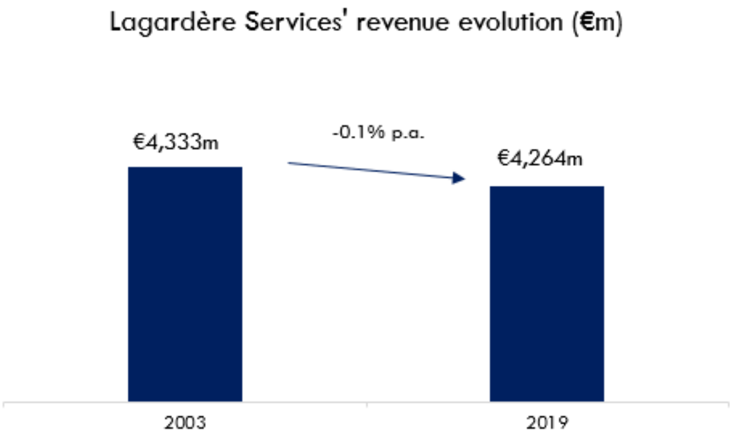
Investments in Lagardère Publishing have been continuous and frequent since 2003 and have delivered strong results. It has grown from 11th position in the world to become the 3rd largest publisher. Growth has been achieved by successful acquisitions in attractive markets such as France, Spain, the United States, the United Kingdom and Australia. Its profitability and resilience are strong valuation creation drivers for the Group in the long term.

The decision to accelerate the growth of Travel Retail was taken in 2012. Since then, a global footprint has been built through significant organic and external investments. Today, Lagardère Travel Retail is ranked number 4 worldwide in a sector with attractive long-term growth potential



Reality Check:

In 2003 the Distribution Services activity included **Press Distribution and Travel Retail operations**: Revenues of the division went from €4,333M in 2003 to €4,264 in 2019 (-0.1% p.a) with a disposal of distribution services activities and investments in travel retail activities over the period.



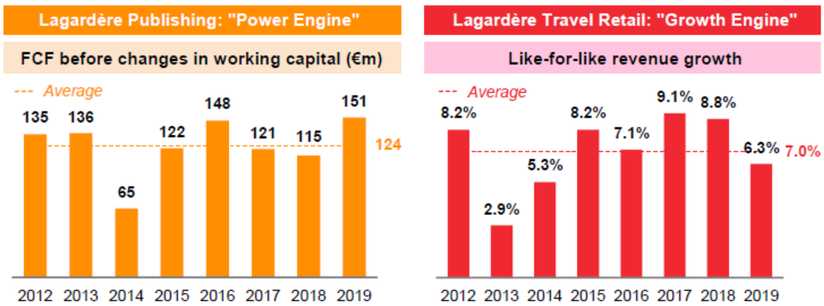
Source: Lagardère Annual Presentations.

Looking at organic growth over the period 2007-2019:

- Lagardère Services average organic growth was 3.5%
- Publishing average organic growth was 0.6%.

With the Group refocused around Lagardère Publishing and Lagardère Travel Retail, Lagardère is ideally positioned to accelerate value creation for shareholders. The recent performance of its two pillars has been remarkable:

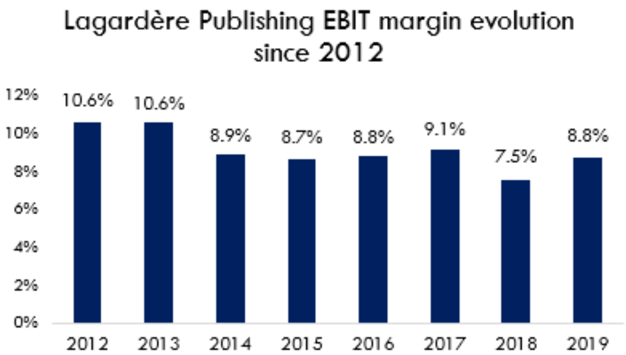
- Like-for-like revenue for Lagardère Publishing, the Group's "Power Engine", has grown steadily at an average rate of 0.5% per year over 2012-2019 with stable average cash flow of €124m over the same period (free cash flow before changes in working capital).
- Like-for-like revenue for Lagardère Travel Retail, the Group's "Growth Engine", has grown strongly at a rate of 7.0% per year over 2012-2019, with cash flow growing progressively by an average of 14% per year to €87m in 2019 (free cash flow before changes in working capital).



Note: Like-for-like revenue growth: revenue growth at constant perimeter and exchange rates

Reality Check:

- Decreasing profitability: Lagardère Publishing's EBIT margin lost 180bp since 2012



Source: Lagardère Annual Reports. EBIT is calculated as follows: Group's Reported Recurring EBIT + Associates – Restructuring Charges.

- Rather than focusing on organic growth for the Travel Retail division, management should focus on ROCE: ROCE of Lagardère Distribution Services (including Distribution and Travel Retail) have more than halved between 2012 and 2019.

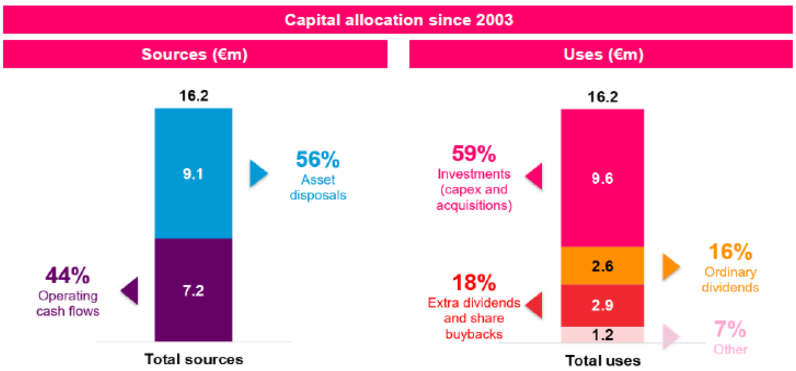
*Source: Lagardère Annual Reports. ROCE After Tax is calculated as follow: EBIT (Group's Reported Recurring EBIT + Associates – Restructuring Charges) * (1 – 30% (tax rate)) / Capital Employed for Year N, as disclosed on Lagardère's Annual Report.*

The significant investments in both of our core businesses were partly financed by the proceeds of the asset disposal program, including our traditional press activities, and the sale of minority stakes, which generated €9bn in proceeds and crystallized €4bn in capital gains.

These proceeds combined with the cash flow generated by our activities represented a cumulative total of €16.2bn in cash over 2003-2019. 59% of this amount has been reinvested in the Group's businesses, through both capital expenditure and acquisitions.

Our capital allocation policy has always been balanced, combining significant investment in the growth of our core businesses with attractive cash returns for shareholders. This dividend policy (16% of cumulative uses of funds over the period) has been consistent over time and is proportionate to the Group's cash generation capacity. In accordance with the commitment made by the Group in 2001, this policy was supplemented by extra dividends and share buybacks only when we disposed of significant minority interests (18% of uses of funds). This shareholder return policy reflects the resilience of our operating performance, while maintaining a solid and optimised balance sheet.

Lagardère Publishing and Lagardère Travel Retail have benefited from a growing share of the Group's investments since 2012, accounting for 95% of total investments in 2019.

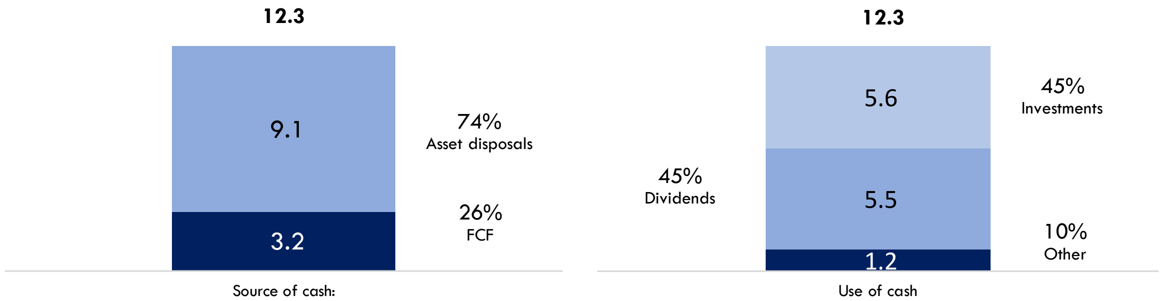


Notes:
Consolidated financial data, excluding proportional consolidation of EADS (2003-2006)
Operating cash flows include interest paid
Extra dividends and share buybacks include the share buyback programs carried out from 2006 to 2008
Other notably includes dividends paid to minority shareholders, net financing cash flows and acquisitions of minority interests

Reality Check:

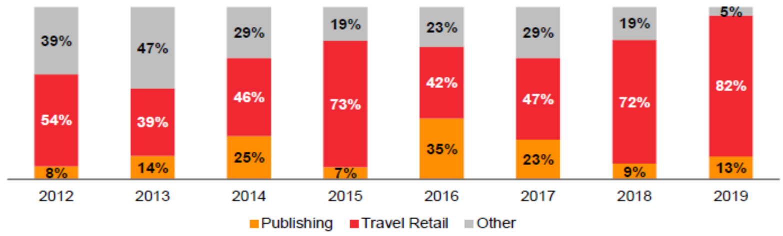
We believe the **cash flow** should be considered **after capital expenditure (Maintenance Capex):** it represents the cash available after the necessary investments in the assets to compensate for depreciation.
In this case, over the same period 2003-2019, **74% of company's sources of cash came from asset disposals** while only 26% came from actual Free Cash Flow generation. And looking at the uses of cash, **45% were allocated to dividend payments** while only 45% were reinvested in the business.

Capital allocation since 2003:



Source: Amber Capital has used Lagardère's data published on its Letter to Shareholder. Total CAPEX reported by Lagardère over the period 2003 to 2019 was ~4.0bn, excluding the proportional consolidation of Airbus during the years 2003 to 2006.

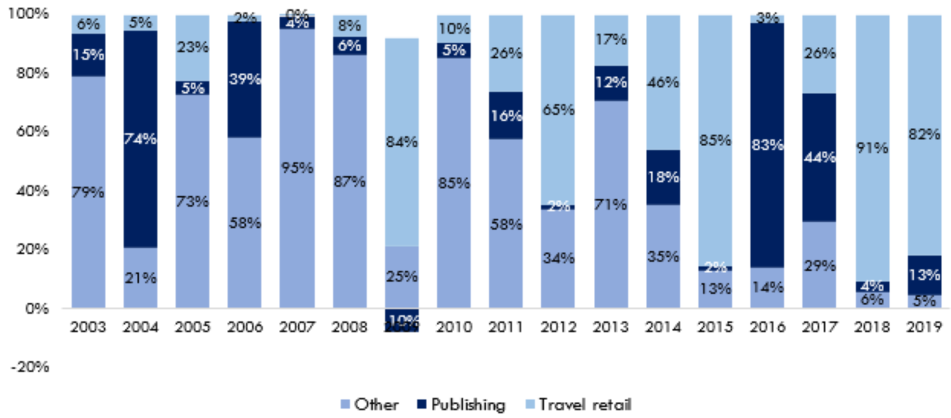
Breakdown of investments (capex and acquisitions) since 2012



Reality Check:

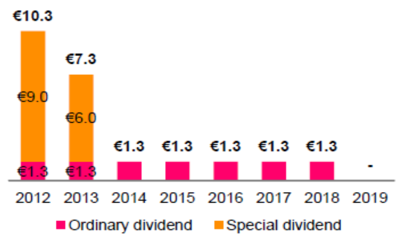
Since we believe cash flows should be considered after capital expenditure (Maintenance Capex), a good proxy for investments in the business should be M&A investments.
Between 2003 and 2008, most of the investments have been allocated to Active and Sports which were subsequently sold, generating significant asset impairments.
Since 2009, only a limited part of the total investments was allocated to Publishing, which is the Group's most profitable business. With regard to Travel Retail, the rational for the investments can only be measured by looking at the Return On Capital Employed (see Reality Check 3).

Breakdown of investments (excluding maintenance capex)

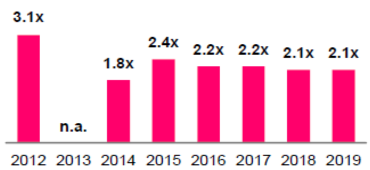


Source: Lagardère annual reports.

Dividend per share since 2012 (€)



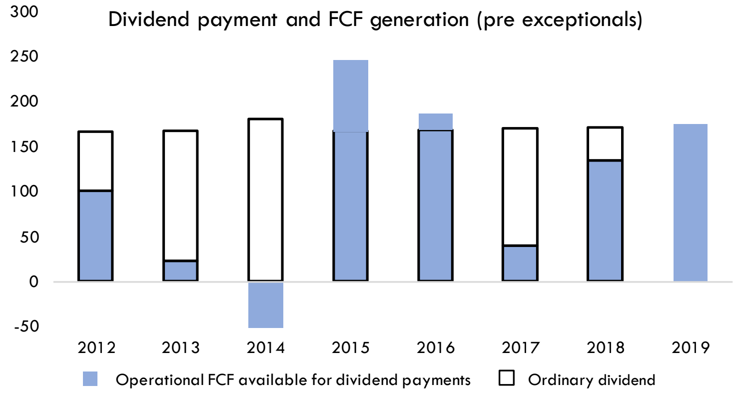
Net Debt / EBITDA ratio since 2012



Note: In 2013, net cash position following the disposal of EADS and Canal+ France stakes

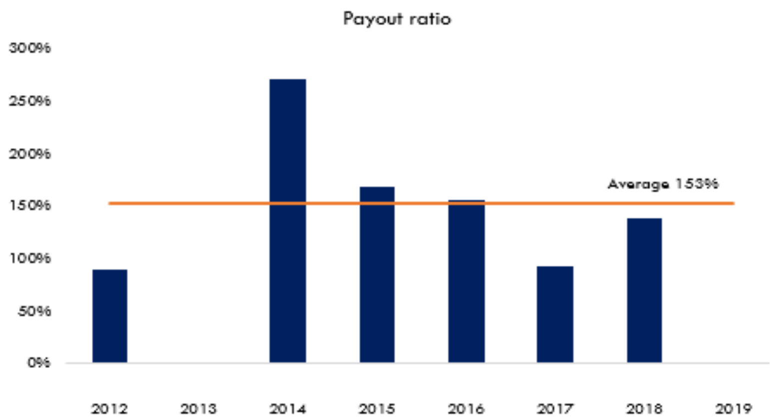
Reality Check:

The dividend is not sustainable and is barely covered by the Group's FCF generation:



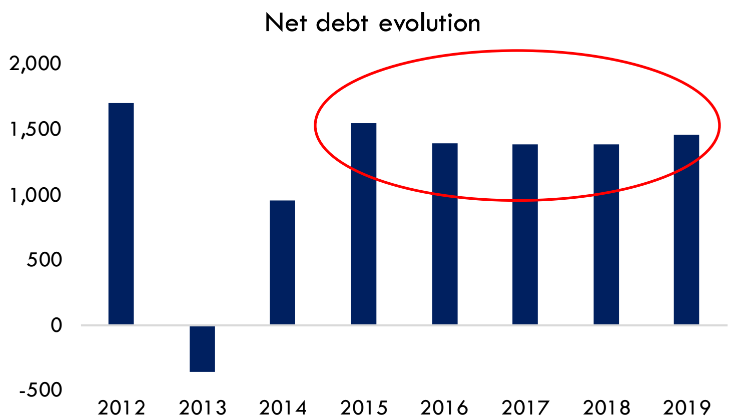
Source: Lagardère's annual reports. FCF calculated as follow: Cash flow from Operations (including interest payments for years 2017 to 2019 and lease liabilities payments) + Dividends paid to minority shareholders + CAPEX (excluding exceptional items such as assets disposals)

The average payout for the period 2012-2019 is 153%, meaning that on average Lagardere dividends have been higher than the company's net income:



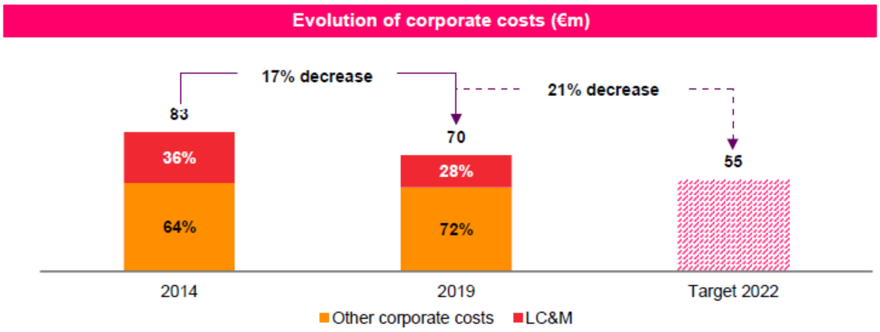
Source: Lagardère's annual reports. Payout ratio was calculated as follow: Ordinary + Minority Dividends paid on year N + 1 / Net Income adjusted to impairment charges and the after tax impact of gains / (losses) on Asset Disposals for Year N.

Since 2015: the free cash flow generation has not been enough to pay the dividend and lower the group's Net Debt, as a consequence the Net Debt has remained stable:



Source: Lagardère annual reports. 2019 Net debt excludes the IFRS16 impact.

A transparent and efficient organization



Like any large international business operating in multiple sectors, Lagardère incurs general expenses corresponding to (i) the executive and administrative functions of a listed group, and (ii) the cost of central corporate services (e.g., finance, legal, HR, communications, risk management etc.). The Group's divisions do not have such resources, and this centralisation generates synergies of scale and promotes best practices. These corporate costs are partly rebilled to the Group's divisions in the form of management fees, in accordance with applicable tax and accounting regulations.

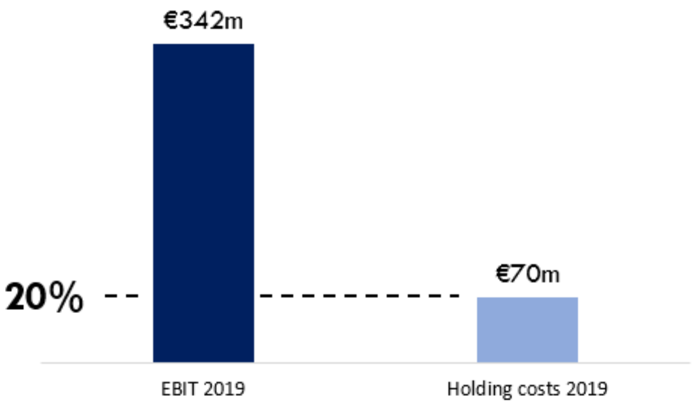
The Managing Partners naturally monitor the optimisation of these corporate functions and ensure they are adapted to the Group's refocused profile. As we announced, an in-depth review of the corporate functions was launched at the end of 2018 and presented to the Supervisory Board in late 2019. The resulting restructuring plan was launched at the beginning of 2020 and will bring estimated annual savings of €15m.

The total cost of the Group's executive management is covered by the service agreement entered into with Lagardère Capital & Management (LC&M), the entity that employs the members of the Group's Executive Committee. This related-party agreement is reviewed in detail by the Audit Committee, the Supervisory Board and the Statutory Auditors each year, and a comprehensive description is included in the Group's annual report (see section 2.8 of the 2019 URD). In addition, the remuneration of the Managing Partners, which constitutes the bulk of the amounts billed by LC&M, is submitted for your approval each year at the Annual General Meeting.

To provide additional transparency over this agreement, the Supervisory Board recently commissioned an independent expert to prepare a contractual audit report on its application. The conclusions of Ledouble, which have been made public, confirm that the amounts billed each year (i) have decreased by almost 37% since 2014, and (ii) correspond to the actual costs incurred by LC&M in carrying out its mission, which are documented each year in detail for the Audit Committee and are in line with the amounts presented in the Group's annual reports.

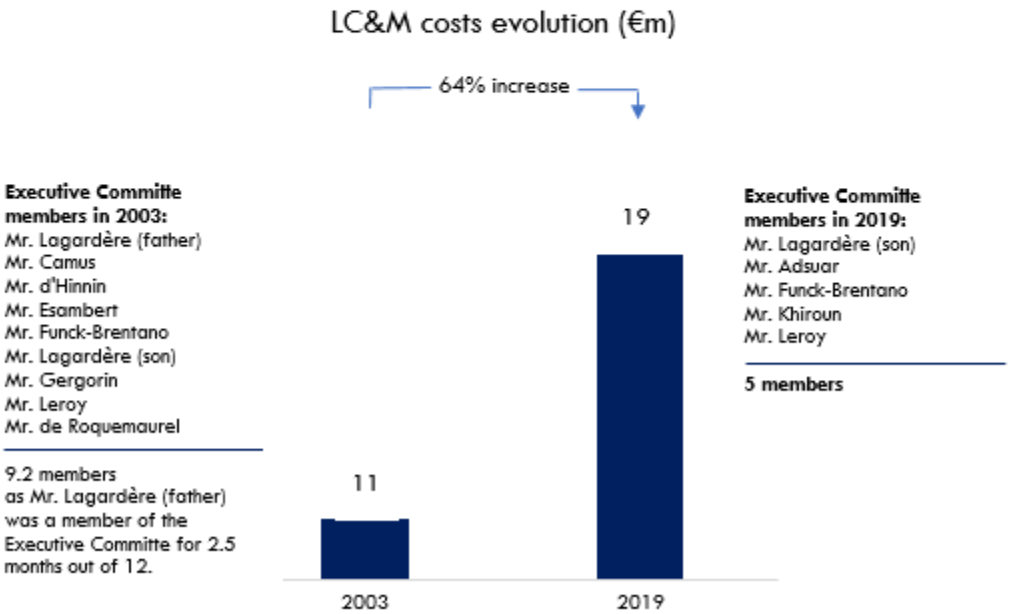
Reality Check:

- Lagardère SCA is a decentralized group: Publishing and Travel Retail are separate legal entities with their own management teams and support functions.
- We do not understand why the Holding Costs are so high, representing 20% of the total group EBIT in 2019.
- The €15M in annual savings were announced for the first time at the beginning of 2019 and will only be fully implemented by 2022: 4 years to cut the holding costs by only 20% is not good enough. A proper assessment of the holding structure of the Group and a plan for its simplification should be executed in a timely manner.



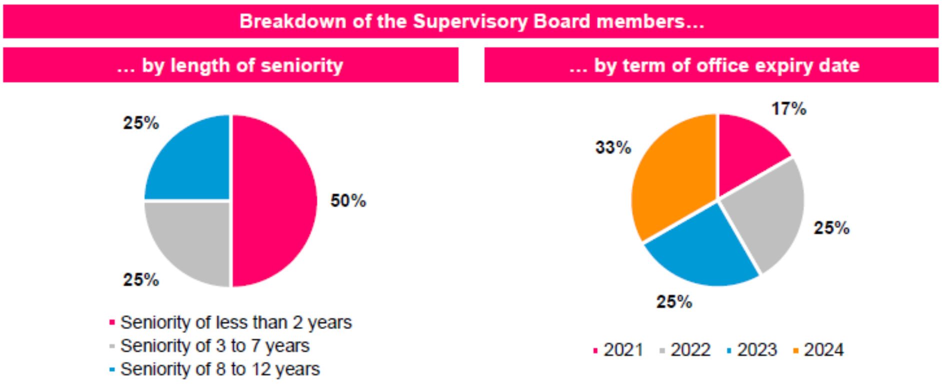
Source: Lagardère annual reports. EBIT is calculated as follow: Group's reported recurring EBIT + Associates – restructuring charges

The key topic that Lagardère has yet to answer is why have the LC&M costs over the period 2003-2019 nearly doubled from €11.7m to €19.2m whilst the number of Executive Committee members has decreased by ~50% from 9.2 (Jean-Luc Lagardère was a member of the Executive Committee for 2.5 months out of 12) to 5 members.



Source: Lagardère's Annual Reports.

Supervisory Board largely renewed over the last two years, in line with the Group's needs, providing a constructive challenge to management



The Supervisory Board has welcomed four new members in less than two years. In February 2020, Nicolas Sarkozy and Guillaume Pepy were co-opted, bringing undeniable added value to the Group's governance bodies, given their exceptional career paths and unique expertise. By the end of 2020, the Supervisory Board will also include two additional members representing the Group's employees. Your Supervisory Board will pursue its progressive renewal over the course of the next few years – with several terms expiring each year between 2021 and 2024 – in order to ensure that the Group's governance is always aligned with its needs.

Your Supervisory Board has a combination of expertise, experience and valuable skills, the result of a demanding and transparent review and selection process, which enables it to fulfil its role and responsibilities, wholly independently of the Managing Partners.

In order to provide the Managing Partners with constructive advice on the numerous development opportunities that are available to the Group, the Supervisory Board has set up a Strategy Committee, which will interact on a regular basis with the Managing Partners on the Group's strategic priorities, competitive environment and significant development opportunities.

The handling of the Covid-19 crisis has proven the efficiency of the Group's governance

Our General Meeting will take place at a time where our Group is facing an unprecedented challenge with the Covid-19 crisis. Lagardère Travel Retail has been severely impacted by the sudden slowdown in air and rail traffic; Lagardère Publishing has been impacted to a lesser extent by the closure of physical bookstores.

In this unprecedented context, the Managing Partners and Supervisory Board, with the support of all the Group's employees, have implemented a comprehensive action plan to address the crisis and minimise its impacts, including:

- Optimisation of sales and prices when possible;
- Systematic cost reduction across activities, to limit the impact of the decrease in revenue on operating profit;
- Capex reviews and working capital optimisation to preserve cash;
- Cancellation of the proposed 2019 dividend to be paid in 2020, proposed by Arnaud Lagardère and approved unanimously by the Supervisory Board;

Reality Check:

February 27th 2020: Lagardère proposes a dividend payment of 1.30EUR per share with the option to receive shares in order to reinforce the company's balance sheet.

March 25th 2020: Lagardère suspends its full year guidance but maintains a dividend payment of 1.0 EUR per share in cash. Despite the severity of the crisis, the company is about to pay €139M as a dividend in cash.

March 26th 2020: On the release date of its presentation "Stonger Lagardère", Amber Capital asks the company to act in a responsible manner and **to suspend the dividend payment** for the year.

April 7th 2020: Lagardère finally cancels the proposed dividend payment.

- 20% decrease in Executive Committee renumeration, at the initiative of its members, until the summer and further if the crisis is prolonged.

Reality Check:

April 7th 2020: In a letter sent to management Amber Capital asks the company to significantly reduce the salary of its Executive Committee members – PR available on www.strongerlagardere.com

April 14th 2020: Pierre Leroy, Managing Partner of Lagardère SCA, announces in an interview in Le Figaro a salary decrease of 20% for all members of the Executive Committee only for 2020, but maintaining the bonus payments in respect of 2019.

- Creation of a Covid-19 solidarity fund, to provide financial backing to the Group's initiatives to support its employees worldwide, with an endowment of (i) €5m out of the cash initially allocated to the dividend payment, (ii) all amounts corresponding to the reduction in Executive Committee renumeration and (iii) additional amounts voluntarily contributed by members of the Supervisory Board.

The Group is benefitting from its prudent financial policy over the years: at the end of 2019, the Group had €2.2bn in available cash, including a net cash position of €913m and an undrawn credit facility of €1.25bn.

Reality Check:

Amber Capital's proposals to implement new improved corporate governance at the company and to create value for all stakeholders are fully endorsed by **ISS, Glass Lewis and Proxinvest**.

Challenging the Managing Director and making him accountable **is not a source of disruption**. On the contrary, it is the core **principle of a proper, efficient and functioning corporate governance**. It is the only way to finally protect the company's best interests as well as the rights of shareholders.

On Lagardère's website, under Governance, the company itself explains that the Commandite par action structure **reinforces shareholders rights as the supervisory board can veto the renewal of the managing partners** (https://www.lagardere.com/group/corporate-governance/french-partnership-limited-by-shares-2790.html&ref=lagardere). It is a prerogative and a prerequisite for the supervisory board to oversee and challenge the managing partners and, if needed, use its veto right. Amber Capital doubts very much that the current supervisory board, that has always endorsed and never publicly criticized any actions of the managing partners, will exercise this fundamental right next year.

Amber Capital wants a Supervisory Board that will **use its existing powers and authority to fulfil its duty and responsibilities to all shareholders and stakeholders**.

Amid an unprecedented crisis, Amber Capital has chosen to be provocative and escalate the activist campaign it has been waging since 2017, by proposing to replace virtually your entire Supervisory Board.
We feel the substance of this campaign is unjustified as Amber Capital recognises the Group's operational performance and approves the strategy decided by the Managing Partners, with the support of the Supervisory Board.

The timing of this attack is also inappropriate, when the Group should be concentrating all its efforts on limiting the impact of this crisis in the interest of all its stakeholders.

Amber Capital is proposing a clean sweep of the existing Supervisory Board and to appoint members with not particular in-depth knowledge or experience of the Group's businesses, whose selection process has not been transparent and whose independence from Amber Capital is far from assured.

This proposal is also irresponsible as it would end in institutional deadlock, especially in these exceptional circumstances where long-term thinking, intimate understanding of the Group's challenges and smooth functioning of the governance bodies are more critical than ever.

On this basis, the Supervisory Board has unanimously recommended rejecting the resolutions proposed by Amber Capital.

* * *

The Managing Partners, with the support of the Supervisory Board, are more determined than ever to continue to develop the Group around its two pillars and create long-term value for all stakeholders.

In the short term, our objective is to continue to rigorously manage the Covid-19 crisis and contain its impacts, first and foremost by protecting our employees, customers and partners.

Confronted with this unprecedented crisis, the Group will be able to draw on its values, which have been its strength for decades and form the basis of its purpose:

- A Group that, with its entrepreneurial spirit, agility and creativity, has the capacity to adapt to global revolutions, and whose diversification and complementary businesses ensure its sustainability.
- A Group above all attached to the commitment of its employees worldwide, advancing their personal fulfilment, defending the values of equality and promoting diversity.
- A Group that protects and disseminates the cultural and local heritage of the countries in which it operates, in the fields of literature, education, entertainment and cuisine.
- A Group that contributes to building a better environment by ensuring its strategic objectives are consistent with the interests of the planet.

We ask that you support this ambitious and responsible proposal in these difficult times on 5 May 2020.

Best regards,

Reality Check:

Amber Capital notes that neither the Managing Partner nor the Supervisory Board have made any comment on the significant and systematic share price underperformance of Lagardère SCA relative to its benchmarks despite a generous dividend policy over the last 1, 2, 3, 5, 10 and 17 years.