



*Lagardère*

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## 2008 Full-Year Results

March 11, 2009

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# Safe Harbor Statement

Certain of the statements contained in this document are not historical facts but rather are statements of future expectations and other forward-looking statements that are based on management's beliefs. These statements reflect the Company's views and assumptions as of the date of the statements and involve known and unknown risks and uncertainties that could cause future results, performance or events to differ materially from those expressed or implied in such statements.

When used in this document, words such as "anticipate", "believe", "estimate", "expect", "may", "intend" and "plan" are intended to identify forward-looking statements which address our vision of expected future business and financial performance. Such forward-looking statements include, without limitation, projections for improvements in process and operations, revenues and operating margin growth, cash flow, performance against Company targets, new products and services, current and future markets for the Company products and other trend projections as well as new business opportunities.

These forward looking statements are based upon a number of assumptions which are subject to uncertainty and trends that may differ materially from future results, depending on a variety of factors including without limitation:

- General economic and labour conditions, including in particular economic conditions in Europe and North America
- Legal, financial and governmental risk (including, without limitation, certain market risks) related to the Company's businesses
- Certain risks related to the media industry (including, without limitation, technological risks)
- The cyclical nature of some of the Company's businesses

Please refer to Lagardère SCA's Annual Report for the year ended December 31, 2007, for a description of certain important factors, risks and uncertainties that may affect Lagardère SCA's business.

The Company disclaims any intention or obligation to update the forward-looking statements. Consequently the Company is not responsible for any consequences from using any of the above statements.



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# Key Figures

## Key figures

### Net sales up 3.1% like-for-like at €8,214m

 Down 4.3% on a reported basis (vs. €8,582m in 2007) due to divestments and the effect of exchange rates

### Recurring EBIT before associates in line with guidance:

 Consolidated recurring EBIT (including non-media activities) of €647m, vs. €636m in 2007

 Recurring EBIT from Media activities of €657m, up 3.1% based on the parameters used in guidance issued to the market (dollar/euro exchange rate of 1.50)


### Net income:

 €593m (vs. €534m in 2007), an increase of 11.1%

 Adjusted net income excluding EADS: €358m (vs. €361m in 2007)

### Earnings per share:

 Basic: €4.62 (vs. €4.03 in 2007)

 Diluted: €4.62 (vs. €3.99 in 2007)

### Net cash generated by/(used in) operating & investing activities:

 €275m (vs. -€56m in 2007)



# Financial Indicators by Division





# Lagardère Publishing

**Changes in  
scope of  
consolidation**

**Consolidation over the whole of 2008 of:**

- *Pika Edition*, consolidated from April 1 in 2007;
- the publishers *Grupo Patria Cultural* and *Piatkus Books*, consolidated from July 1 in 2007;
- the publisher *Escala Educacional*, consolidated from August 1 in 2007.

# Net sales

**2008 net sales: €2,159m (vs. €2,130m in 2007), up 1.4% on a reported basis and 4.7% on a like-for-like basis**

Impact of exchange rates: -5.3%

Impact of changes in scope of consolidation: +2.0%

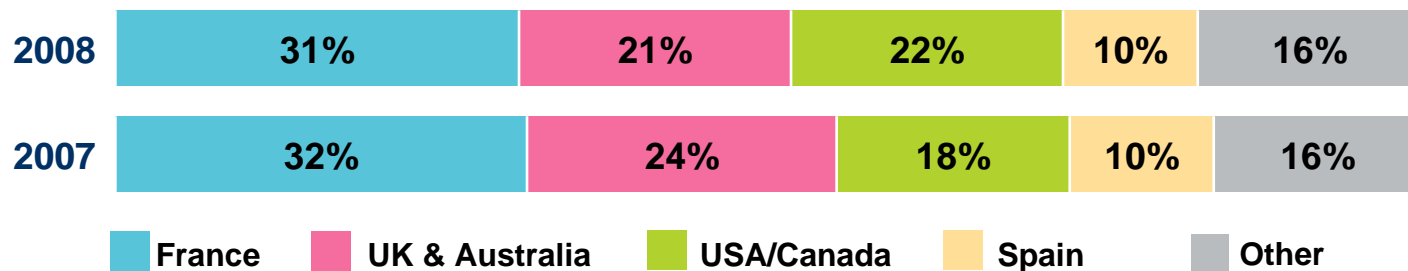
## Key growth drivers:

Very strong growth in net sales in the United States

Very good performance from Education in Spain

Decline in sales for Literature (France) and Partworks

## Net sales by geographical area



## Income statement data

<i>(€m)</i>	2007	2008	Change
Net sales (a)	2,130	2,159	+1.4%
Recurring EBIT before associates (b)	239	246	+2.9%
Income from associates	3	3	
Non-recurring items	(14)	(13)	
EBIT	228	236	+3.3%
Operating margin (b)/(a)	11.2%	11.4%	



# Lagardère Active

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**Changes in  
scope of  
consolidation**

**Acquisition by *Lagardère Active Digital* of 100% of *Doctissimo*, a publisher of web content for women, fully consolidated from January 1, 2008.**

**Acquisition of 100% of the *Massin Group*, a French print media publisher specializing in the Shelter segment, fully consolidated from May 1, 2008.**

**Acquisition of a further 51% of the *Psychologies Magazine Group*, fully consolidated from June 1, 2008; the group had previously been 49% owned, and in 2007 was accounted for as an associate by the equity method.**

**Buyout of the 35% stake in *Lagardère Active TV* (formerly *Lagardère Images*) held by *Caisse des Dépôts et Consignations (CDC)*, following the exercise of CDC's put option, raising Lagardère's stake from 65% to 100%. *Lagardère Active TV* was already fully consolidated in prior periods.**

**Changes in  
scope of  
consolidation**  
*(continued)*

**Sale of lads mags publisher SCPE, deconsolidated from April 1, 2008.**

**Consolidation over 12 months in 2008 of Société de Presse Féminine (SPF), Jumpstart Automotive Media and the Nextedia Group, which in 2007 were consolidated only from April 1, June 1 and July 1 respectively.**

**Exclusion from consolidation of the entities divested in 2007:**

- **the Regional Daily Press business, Hachette Filipacchi Sweden and Hachette Filipacchi Burda (Poland), consolidated over the whole of 2007;**
- **Hachette Filipacchi Publicações (Portugal), consolidated over 10 months in 2007.**

# Net sales

**2008 net sales: €2,111m (vs. €2,291m in 2007), down 7.9% on a reported basis but up 0.4% on a like-for-like basis**

Magazines: €1,593m, down 10.6% (down 0.3% on a like-for-like basis)

Radio: €311m, up 4.2% (up 3.4% on a like-for-like basis)

TV: €207m, down 1.4% (up 1.1% on a like-for-like basis)

**Digital revenues: €131m, or 6.2% of Lagardère Active net sales (vs. 3.1% in 2007)**

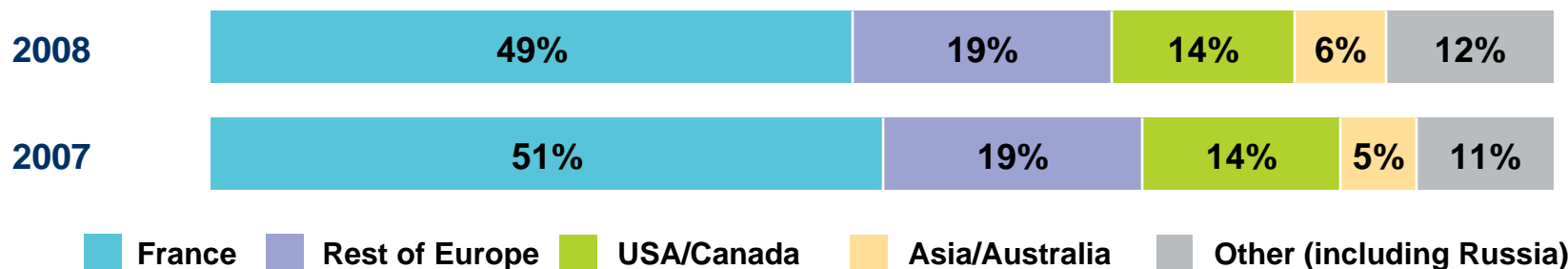
**Key growth drivers for Magazines, Radio and TV:**

Magazines: Healthy growth in emerging markets and resilience in France, but deterioration in the United States and Spain

Radio: Growth in both France and Eastern Europe

TV: Increase in net sales, thanks to the buoyancy of theme channels

**Net sales by geographical area**



# Income statement data

(€m)	2007	2008	Change
<b>Net sales (a)</b>	<b>2,291</b>	<b>2,111</b>	<b>-7.9%</b>
<b>Recurring EBIT before associates (b)</b>	<b>214</b>	<b>209</b>	<b>-2.1%</b>
Magazines	137	114	-16.3%
Radio	62	63	+1.3%
TV	13	32	NS
Broadband	2	-	NS
<b>Income from associates (before amortization of acquisition-related intangible assets and impairment losses)</b>	<b>53</b>	<b>66</b>	
Magazines	24	17	
Radio & TV	29	49	
<b>Non-recurring and non-operating items</b>	<b>(108)</b>	<b>(467)</b>	
<b>EBIT</b>	<b>159</b>	<b>(192)</b>	NS
<b>Operating margin (b)/(a)</b>	<b>9.3%</b>	<b>9.9%</b>	
Magazines	7.7%	7.2%	
Radio	20.8%	20.2%	
TV	5.9%	15.4%	

# Lagardère Services

**Changes in  
scope of  
consolidation**

**Acquisition of 51% of the Australian airport retailer *Purely Group*, fully consolidated from March 1, 2008.**

**Acquisition of 100% of the U.S. airport retailer *Delstar* on November 1, 2008, fully consolidated with retrospective effect from September 1, 2008.**

**Divestment of the *Virgin Stores Group*, deconsolidated from January 1, 2008.**

# Net sales

2008 net sales: €3,500m (vs. €3,721m in 2007), down 5.9% on a reported basis but up 4.8% on a like-for-like basis

Impact of exchange rates: +0.1%

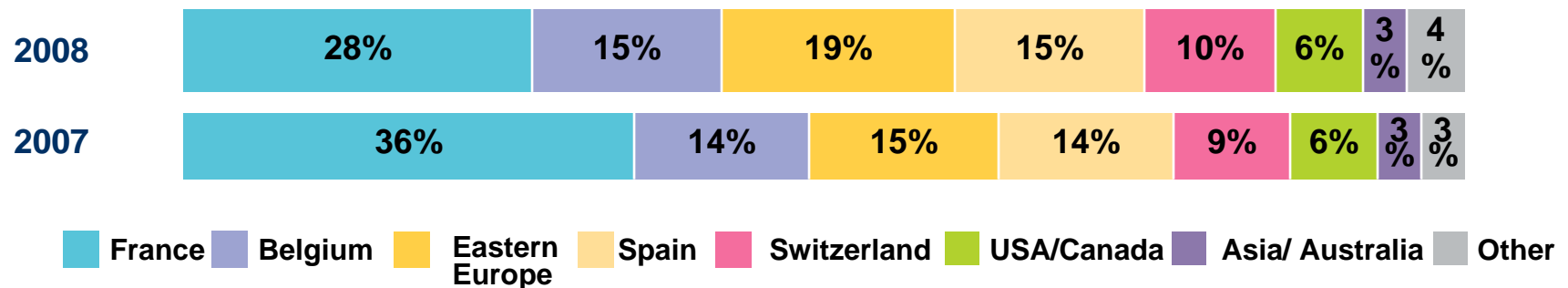
Impact of changes in scope of consolidation: -10.8%

## Key growth drivers:

Eastern Europe (Romania, Poland, Czech Republic), and Switzerland

France: Aelia and Relay

## Net sales by geographical area



## Income statement data

<i>(€m)</i>	2007	2008	Change
Net sales (a)	3,721	3,500	-5.9%
Recurring EBIT before associates (b)	116	127	+9.0%
Income from associates	8	8	
Non-recurring items	(102)*	(12)	
EBIT	22	123	NS
Operating margin (b)/(a)	3.1%	3.6%	

\* Includes €95m of impairment losses on the Virgin Stores group

# Lagardère Sports

**Changes in  
scope of  
consolidation**

**Acquisition of the German group *Upsolut Sports AG*, an organizer of sporting events in Germany, fully consolidated from January 1, 2008.**

**Consolidation over the whole of 2008 of *IEC*, which in 2007 was only consolidated from September 1.**

**Acquisition at the end of H1 2008 of approximately 70% of *World Sport Group Holdings Ltd (WSG)*, which specializes in marketing/TV rights management and events sponsorship consultancy in South-East Asia, the Middle East, India and Japan; accounted for as an associate by the equity method from July 1, 2008 (given the participating rights conferred on minority investors under the shareholder agreement that was effective during 2008).**

# Net sales

2008 net sales: €444m (vs. €440m in 2007) up 1.0% on a reported basis but down 5.2% on a like-for-like basis

Impact of exchange rates: -0.6%

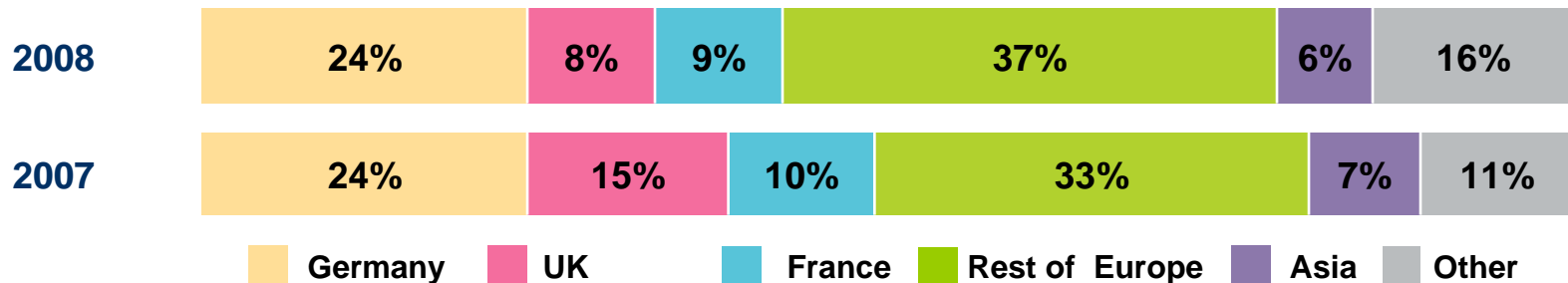
Impact of changes in scope of consolidation: +6.8%

## Key factors in performance:

The drop in net sales was mainly due to *Sportfive* which despite good performances from the Euro 2008 and African Cup of Nations in 2008 was affected by less favorable timing of international football tournament qualifying matches than in 2007

Acquisitions (primarily *IEC* and *Upsolut*) contributed €29m to net sales for the year

## Net sales by geographical area



## Income statement data

<i>(€m)</i>	2007	2008	Change
Net sales (a)	440	444	+1.0%
Recurring EBIT before associates* (b)	67	75	+12.4%
Income from associates	-	(2)	
Amortization of acquisition-related intangible assets	(36)	(45)	
Non-recurring items	-	1	
EBIT	31	29	-6.9%
Operating margin (b)/(a)	15.2%	16.9%	

\* Before amortization of acquisition-related intangible assets



# Summary Financial Information

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## Lagardère Media income statement data

(€m)	2007	2008
<b>Recurring EBIT before associates</b>	<b>636</b>	<b>657</b>
Contribution from associates before amortization of acquisition-related intangible assets and impairment losses	64	75
<b>Recurring EBIT</b>	<b>700</b>	<b>732</b>
Restructuring costs	(91)	(40)
Net gains/(losses) on disposals	93	3
Impairment losses on goodwill and intangible assets		
- fully-consolidated companies	(203)	(339)
- associates		(90)
Amortization of acquisition-related intangible assets		
- fully-consolidated companies	(39)	(50)
- associates	(20)	(20)
<b>EBIT</b>	<b>440</b>	<b>196</b>

## EBIT

<i>(€m)</i>	2007	2008
Lagardère Media	440	196
Non-media activities	(1)	(8)
Total excluding EADS	439	188
Equity-accounted contribution from EADS	(44)	171
Gain on disposal of EADS shares	472	466
Total Lagardère Group	867	825



On June 25, 2008, in accordance with the schedule stipulated in the issue terms of the Mandatory Exchangeable Bond, Lagardère sold 2.5% of the capital of EADS to the bondholders in redemption of the second one-third tranche of the issue.

## Consolidated income statement

(€m)	Lagardère Media	EADS & Non- Media	2007	Lagardère Media	EADS & Non- Media	2008	Change
<b>Net sales</b>	<b>8,582</b>	<b>-</b>	<b>8,582</b>	<b>8,214</b>	<b>-</b>	<b>8,214</b>	<b>-4.3%</b>
<b>Recurring EBIT before associates</b>	<b>636</b>	<b>-</b>	<b>636</b>	<b>657</b>	<b>(10)</b>	<b>647</b>	<b>+1.9%</b>
<b>Income from associates</b>			<b>20</b>			<b>246</b>	
excluding EADS (*)	64	-	64	75	-	75	
EADS	-	(44)	(44)	-	171	171	
<b>Non-recurring &amp; non-operating items</b>	<b>(260)</b>	<b>471</b>	<b>211</b>	<b>(536)</b>	<b>468</b>	<b>(68)</b>	
<b>EBIT</b>	<b>440</b>	<b>427</b>	<b>867</b>	<b>196</b>	<b>629</b>	<b>825</b>	<b>-4.8%</b>
Net interest expense	(145)	(59)	(204)	(189)	13	(176)	
<b>Net income before tax</b>	<b>295</b>	<b>368</b>	<b>663</b>	<b>7</b>	<b>642</b>	<b>649</b>	<b>-2.1%</b>
Income tax expense	(114)	15	(99)	(37)	15	(22)	
<b>Net income (before minority interests)</b>	<b>181</b>	<b>383</b>	<b>564</b>	<b>(30)</b>	<b>657</b>	<b>627</b>	<b>+11.2%</b>
Net income	151	383	534	(64)	657	593	
Minority interests	30	-	30	34	-	34	

\* Before amortization of acquisition-related intangible assets

## Adjusted net income (excluding EADS)

(€m)	2007	2008
<b>Net income</b>	<b>534</b>	<b>593</b>
Equity-accounted contribution from EADS	44	(171)
Amortization of acquisition-related intangible assets, net of tax	45	53
<b>Net income before amortization of acquisition-related intangible assets</b>	<b>623</b>	<b>475</b>
<i>Restructuring costs, net of tax</i>	80	29
<i>Net gains on disposals, net of tax</i>	(564)	(460)
<i>Impairment losses on goodwill and intangible assets, net of tax</i>		
- fully-consolidated companies	175	225
- associates		90
<i>Interest expense on Mandatory Exchangeable Bond, net of interest income calculated at market rates</i>	47	(1)
<b>Total non-recurring items</b>	<b>(262)</b>	<b>(117)</b>
<b>Adjusted net income excluding EADS</b>	<b>361</b>	<b>358</b>
<b>Adjusted earnings per share excluding EADS (€):</b>		
- Basic	2.72	2.78
- Diluted	2.70	2.78

# Consolidated cash flow statement

(€m)	2007	2008
Cash flow from operations before interest, taxes and changes in working capital	795	711
Changes in working capital	(23)	(141)
<b>Cash flow from operations</b>	<b>772</b>	<b>570</b>
Interest paid and received and income taxes paid	(343)	(372)
<b>Cash generated by operating activities</b>	<b>429</b>	<b>198</b>
<b>Investments</b>	<b>(1,389)</b>	<b>(709)</b>
<i>Property, plant &amp; equipment and intangible assets</i>	(227)	(225)
<i>Financial assets</i>	(1,162)	(484)
<b>Asset disposals</b>	<b>890</b>	<b>778</b>
<i>Property, plant &amp; equipment and intangible assets</i>	33	34
<i>Financial assets</i>	857	744
<b>(Increase)/decrease in short-term investments</b>	<b>14</b>	<b>8</b>
<b>Cash generated by/(used in) investing activities</b>	<b>(485)</b>	<b>77</b>
<b>Net cash generated by/(used in) operating &amp; investing activities</b>	<b>(56)</b>	<b>275</b>

## Change in net debt, 2007 vs. 2008

(€m)	2007	2008
<b>Net debt at start of period</b>	<b>(2,045)</b>	<b>(2,570)</b>
Net cash generated by/(used in) operating & investing activities	(56)	275
Purchase of treasury shares	(337)	(102)
Dividends	(181)	(202)
Increase/(decrease) in short-term investments	(14)	(8)
Liabilities arising from commitments to buy out minority interests	(28)	59
Fair value remeasurement of financial liabilities	35	(101)
Effect of exchange rates, changes in scope of consolidation and other effects	56	30
<b>Net debt at end of period</b>	<b>(2,570)</b>	<b>(2,619)</b>

## Consolidated balance sheet

(€m)	2007	2008
<b>Non-current assets</b> (other than investments in associates)	<b>5,414</b>	<b>5,361</b>
<b>Investments in associates</b>		
<i>EADS</i>	1,003	571
<i>Other associates</i>	1,844	1,872
<b>Current assets</b> (other than short-term investments & cash)	<b>3,420</b>	<b>3,575</b>
<b>Short-term investments and cash</b>	<b>869</b>	<b>952</b>
<b>Held-for-sale assets</b>	<b>229</b>	<b>-</b>
<b>TOTAL ASSETS</b>	<b>12,779</b>	<b>12,331</b>
<b>Stockholders' equity</b>	<b>4,659</b>	<b>4,446</b>
<b>Non-current liabilities</b> (other than debt)	<b>836</b>	<b>778</b>
<b>Non-current debt</b>	<b>1,960</b>	<b>2,380</b>
<b>Current liabilities</b> (other than debt)	<b>3,686</b>	<b>3,536</b>
<b>Current debt</b>	<b>1,479</b>	<b>1,191</b>
<b>Liabilities associated with held-for-sale assets</b>	<b>159</b>	<b>-</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>12,779</b>	<b>12,331</b>

## Stockholders' equity and net debt

<i>(€m)</i>	2007	2008
Stockholders' equity	4,659	4,446
Net debt	(2,570)	(2,619)
Gearing	55.2%	58.9%
Net debt excluding Mandatory Exchangeable Bond	(1,147)	(1,927)
Gearing excluding Mandatory Exchangeable Bond	24.6%	43.3%



# Appendices

## Analysis of non-recurring/non-operating items – FY 2008

(€m)	Lagardère Publishing	Lagardère Active	Lagardère Services	Lagardère Sports	Non- Media	Total
<b>Restructuring costs</b>	(2)	(31)	(7)	-	-	<b>(40)</b>
<b>Gains/(losses) on disposals</b>	(1)	5	(2)	1	468	<b>471</b>
<b>Impairment losses on goodwill and intangible assets</b>						
- fully-consolidated companies	(10)	(327)	(2)	-	-	<b>(339)</b>
- associates		(90)		-	-	<b>(90)</b>
<b>Amortization of acquisition- related intangible assets</b>						
- fully-consolidated companies	-	(4)	(1)	(45)	-	<b>(50)</b>
- associates	-	(20)	-	-	-	<b>(20)</b>
<b>TOTAL</b>	<b>(13)</b>	<b>(467)</b>	<b>(12)</b>	<b>(44)</b>	<b>468</b>	<b>(68)</b>

## Analysis of non-recurring/non-operating items – FY 2007

(€m)	Lagardère Publishing	Lagardère Active	Lagardère Services	Lagardère Sports	Non- Media	Total
<b>Restructuring costs</b>	-	(88)	(3)	-	(1)	<b>(92)</b>
<b>Gains/(losses) on disposals</b>	8	86	(1)	-	472	<b>565</b>
<b>Impairment losses on goodwill and intangible assets</b>	(22)	(83)	(98)	-	-	<b>(203)</b>
<b>Amortization of acquisition- related intangible assets</b>						
- fully-consolidated companies	-	(3)	-	(36)	-	<b>(39)</b>
- associates	-	(20)	-	-	-	<b>(20)</b>
<b>TOTAL</b>	<b>(14)</b>	<b>(108)</b>	<b>(102)</b>	<b>(36)</b>	<b>471</b>	<b>211</b>

## Contribution from associates by division

(€m)	2007	2008
<b>Lagardère Publishing</b>	<b>3</b>	<b>3</b>
<b>Lagardère Active</b>	<b>33</b>	<b>(24)</b>
- Broadcast*	9	29
- Press**	24	(73)
<b>Lagardère Services</b>	<b>8</b>	<b>8</b>
<b>Lagardère Sports</b>	<b>-</b>	<b>(2)</b>
<b>Total Lagardère Media</b>	<b>44</b>	<b>(35)</b>
<b>Non-media activities</b>	<b>(44)</b>	<b>171</b>
<b>TOTAL</b>	<b>0</b>	<b>136</b>

\* Includes impact of amortization of acquisition-related intangible assets: -€20m in 2008 and 2007

\*\* Includes impairment loss on investment in Marie-Claire: impact -€90m in 2008

## Principal associates

(€m)	2007		2008	
	Balance sheet	Income statement	Balance sheet	Income statement
EADS	1,003	(44)	571	171
Canal+ France	1,433	10	1,465	32
Marie-Claire	236	6	156	(80) *
World Sport Group	-	-	96	(2)
Other companies	175	28	155	15

\* Includes an impairment loss of €90m

## Cash flow statement data

<i>(€m)</i>	<b>2007</b>	<b>2008</b>
Cash flow from operations before interest, taxes and changes in working capital	284	260
Changes in working capital	11	(31)
<b>Cash flow from operations</b>	<b>295</b>	<b>229</b>
Interest paid and received and income taxes paid	(110)	(117)
<b>Cash generated by operating activities</b>	<b>185</b>	<b>112</b>
<b>Investments</b>	<b>(92)</b>	<b>(73)</b>
<i>Property, plant &amp; equipment and intangible assets</i>	(40)	(45)
<i>Financial assets</i>	(52)	(28)
<b>Asset disposals</b>	<b>10</b>	<b>4</b>
<i>Property, plant &amp; equipment and intangible assets</i>	9	-
<i>Financial assets</i>	1	4
<b>(Increase)/decrease in short-term investments</b>	<b>-</b>	<b>-</b>
<b>Cash used in investing activities</b>	<b>(82)</b>	<b>(69)</b>
<b>Net cash generated by operating &amp; investing activities</b>	<b>103</b>	<b>43</b>

## Cash flow statement data

(€m)	Broad- cast	Press	2007	Broad- cast	Press	2008
Cash flow from operations before interest, taxes and changes in working capital	82	136	<b>218</b>	77	98	<b>175</b>
Changes in working capital	(16)	11	<b>(5)</b>	(23)	(21)	<b>(44)</b>
<b>Cash flow from operations</b>	66	147	<b>213</b>	54	77	<b>131</b>
Interest paid/received & income taxes paid	(99)	(74)	<b>(173)</b>	(92)	(117)	<b>(209)</b>
<b>Cash generated by/(used in) operating activities</b>	(33)	73	<b>40</b>	(38)	(40)	<b>(78)</b>
<b>Investments</b>	(77)	(162)	<b>(239)</b>	(122)	(245)	<b>(367)</b>
<i>Property, plant &amp; equipment and intangible assets</i>	(15)	(25)	<b>(40)</b>	(26)	(19)	<b>(45)</b>
<i>Financial assets</i>	(62)	(137)	<b>(199)</b>	(96)	(226)	<b>(322)</b>
<b>Asset disposals</b>	10	155	<b>165</b>	4	22	<b>26</b>
<i>Property, plant &amp; equipment and intangible assets</i>	-	1	<b>1</b>	-	4	<b>4</b>
<i>Financial assets</i>	10	154	<b>164</b>	4	18	<b>22</b>
<b>(Increase)/decrease in short-term investments</b>	43		<b>43</b>			
<b>Cash used in investing activities</b>	(24)	(7)	<b>(31)</b>	(118)	(223)	<b>(341)</b>
<b>Net cash generated by/(used in) operating &amp; investing activities</b>	(57)	66	<b>9</b>	(156)	(263)	<b>(419)</b>

## Cash flow statement data

(€m)	2007	2008
Cash flow from operations before interest, taxes and changes in working capital	167	181
Changes in working capital	(29)	(35)
<b>Cash flow from operations</b>	<b>138</b>	<b>146</b>
Interest paid and received and income taxes paid	(37)	(39)
<b>Cash generated by operating activities</b>	<b>101</b>	<b>107</b>
<b>Investments</b>	<b>(81)</b>	<b>(117)</b>
<i>Property, plant &amp; equipment and intangible assets</i>	(76)	(80)
<i>Financial assets</i>	(5)	(37)
<b>Asset disposals</b>	<b>15</b>	<b>75</b>
<i>Property, plant &amp; equipment and intangible assets</i>	6	24
<i>Financial assets</i>	9	51
<b>(Increase)/decrease in short-term investments</b>	<b>14</b>	<b>8</b>
<b>Cash used in investing activities</b>	<b>(52)</b>	<b>(34)</b>
<b>Net cash generated by operating and investing activities</b>	<b>49</b>	<b>73</b>

## Cash flow statement data

(€m)	2007	2008
Cash flow from operations before interest, taxes and changes in working capital	111	109
Changes in working capital	18	(12)
<b>Cash flow from operations</b>	<b>129</b>	<b>97</b>
Interest paid and received and income taxes paid	(55)	(59)
<b>Cash generated by operating activities</b>	<b>74</b>	<b>38</b>
<b>Investments</b>	<b>(961)</b>	<b>(146)</b>
<i>Property, plant &amp; equipment and intangible assets</i>	(62)	(50)
<i>Financial assets</i>	(899)	(96)
<b>Asset disposals</b>	<b>3</b>	<b>3</b>
<i>Property, plant &amp; equipment and intangible assets</i>	-	1
<i>Financial assets</i>	3	2
<b>Cash used in investing activities</b>	<b>(958)</b>	<b>(143)</b>
<b>Net cash used in operating and investing activities</b>	<b>(884)</b>	<b>(105)</b>

## Debt by maturity

(€m)	< 1 year	1-5 years	> 5 years	Total
Mandatory Exchangeable Bond	692	-	-	<b>692</b>
Other bond issues	-	430	-	<b>430</b>
Bank borrowings	31	1,893	4	<b>1,928</b>
Finance lease obligations	15	22	3	<b>40</b>
Liabilities arising from commitments to buy out minority interests	15	9		<b>24</b>
Other debt	438	5	14	<b>457</b>
<b>TOTAL</b>	<b>1,191</b>	<b>2,359</b>	<b>21</b>	<b>3,571</b>



Short-term investments and cash: €952m

## Off balance sheet commitments

(€m)	2007	2008
<b>Commitments to purchase shares from third parties (other than minority interests)</b>	<b>16</b>	<b>2</b>
<b>Commitments given in connection with ordinary activities</b>		
- guarantees and performance bonds	44	59
- guarantees in favor of third parties or non-consolidated companies	73	95*
- other commitments given	-	15
<b>Mortgages and pledges</b>	<b>3</b>	<b>2</b>

\* Counter-guarantees relating to guarantees given by Lagardère: (59)



## Significant Events



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# Lagardère Publishing

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# Overview

## 2008 performance:

- Net sales:
  - up 4.7% on a like-for-like basis
  - up 1.4% on a reported basis
  
- Recurring EBIT before associates:
  - €246.3m on a reported basis
  
- Operating margin:
  - 11.4% in 2008, vs. 11.2% in 2007

### Negative impact of exchange rates:

<i>Net sales</i>	<i>Recurring EBIT</i>
<i>Total impact: - €109m</i>	<i>Total impact: -€11.8m</i>
<i>including: - €25m on \$/€</i>	<i>including: -€3.9m on \$/€</i>
<i>- €81m on £/€</i>	<i>-€7.4m on £/€</i>

*After Harry Potter and Dan Brown:*

**Stephenie Meyer:**

The latest publishing phenomenon... and Hachette Livre owns the world rights

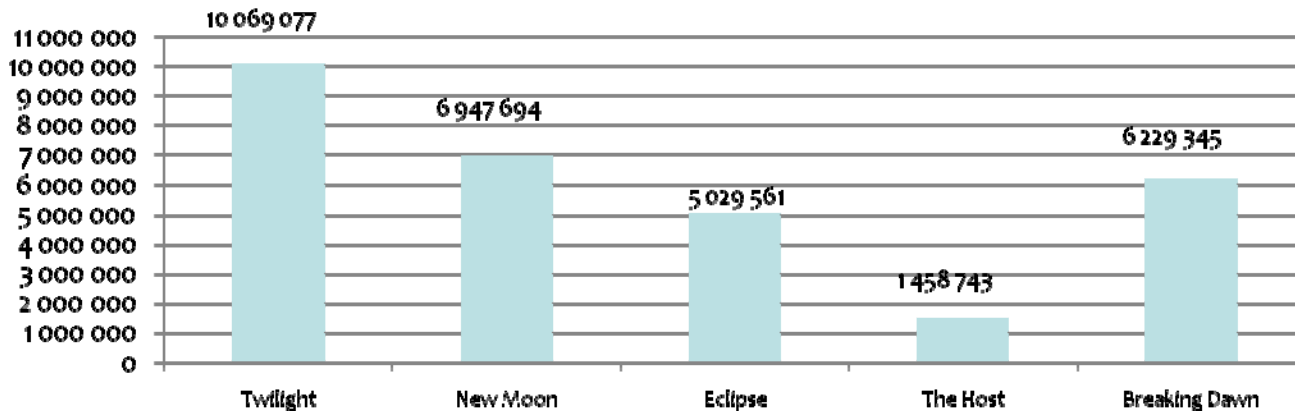
***Twilight* tetralogy and *The Host***

**USA**

- 32 million copies sold to date.
- 29.7 million copies sold in 2008.
- 8 million copies sold in December 2008 alone.
- 2008 net sales: all-time record according to Bookscan.


**Copies sold in 2008**

Total: 29,734,420



## Stephenie Meyer - continued -

### UK

 **3.7 million** copies sold in 2008 (in the UK, Australia & New Zealand)

 4 of the top 15 bestsellers of the year.

### France

 **830,000** copies sold in 2008


 4 top rankings in the “Express” charts since December 2008.

# France

## Education

 Slight decline due to postponement of some curriculum reforms, especially in secondary schools.

## General Literature

 Disappointing year in large format despite some big successes (*Une Vie* by Simone Veil, and *Où on va Papa?* by Jean-Louis Fournier).

 Acquisition of 60% of Editions des Deux Terres (Patricia Cornwell, Kazuo Ishiguro, etc.).

## Larousse

 Recovery continues.

## Illustrated

 Very good year in kids/teens (Stephenie Meyer) and lifestyle books.

 Good results from Chêne and Marabout (art books and gift books).

## Distribution

 Slight decline, due to the loss of First.




 Significant increase in returns.

# International





## Spain

-  Good year thanks to Education and Latin America.

## United Kingdom



-  Hachette Livre still no.1 in the trade market and no.2 in kids/teens.
-  Excellent performance in Australia, driven by the Stephenie Meyer phenomenon.
-  Hachette India established in May.

## United States

-  Strongest growth in the market (26%), thanks to Stephenie Meyer.
-  107 titles on the New York Times bestseller list.
-  17 of the top 50 bestsellers of the year (all publishers).
-  Renewal of key contracts (Michael Connelly, James Patterson) and acquisition of several high-profile authors (Donna Tartt, Tom Wolfe, Ed Kennedy) for 2009-2010.



## Partworks

-  Sales down in mature markets (France, Italy, Spain), partly offset by growth in the UK and Germany.
-  Seeking opportunities in major emerging markets (China, Russia).



## Digital

- Acquisition of Numilog, the leading e-book aggregator in the French market (June).
- Strategic alliance with FNAC for the launch of the Sony Reader in France (October).
- Surge in e-book sales in the United States to \$4.7m, 5.5x higher than in 2007.
- Ramp-up of print-on-demand in the United States: \$1m, up 54% on 2007.






# Lagardère Active

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# Overview

## 2008 performance:

-  Net sales: up 0.4% on a like-for-like basis  
down 7.9% on a reported basis
-  Recurring EBIT before associates: €209.0m on a reported basis
-  Operating margin: 9.9% in 2008, vs. 9.3% in 2007

## 2008 performance – Press



- Net sales: down 0.3% on a like-for-like basis  
down 10.6% on a reported basis
- Recurring EBIT before associates: €114.0m on a reported basis
- Operating margin: 7.2% in 2008, vs. 7.7% in 2007

## 2008 performance – Broadcast





- Net sales: up 2.4% on a like-for-like basis  
up 2.3% on a reported basis
- Recurring EBIT before associates: €95.0m on a reported basis
- Operating margin: 18.3% in 2008, vs. 15.1% in 2007

## Magazines: France

### Good performance in tough conditions:



-  Slight fall of 1.1% in advertising revenues on a constant titles basis, but many titles reported growth including *Elle*, *Paris Match*, *Public* and *Le Journal du Dimanche*. Lagardère Active is benefiting from its strong position in the most buoyant segments (Upscale Women, News, Celebrities). The TV, Women's Lifestyle, Parenting and Shelter segments of the French magazine market are all on a downtrend.
-  After an exceptional 2007, circulation was down slightly overall, though there were market share gains for most of our weeklies (*Elle*, *Télé 7 Jours*, *Public*, *Ici Paris*).

### Circulation trends for our flagship French titles in 2008:



-  *Elle*: up 4.9%, in a market that fell by 0.7%
-  *Public*: up 1.4%, in a market that fell by 0.6%
-  *Télé7Jours*: down 2.8%, in a market that fell by 3.3%
-  *Paris Match* down 3.5%, in a market that fell by 1.8%

# Magazines: International



## United States

-  Noticeable fallout from the financial crisis, especially in the auto segment from the end of Q1 2008. We responded with further cost restructuring and the discontinuation of *Home* magazine at the end of the year.
-  Digital revenues rose thanks to the expansion of Jumpstart (bought 2007) and auto websites.

## Russia



-  Strong growth in net sales in 2008, driven by the buoyancy of the Russian market in the early part of the year, a good performance by our established titles, and growth for recently-launched magazines (*StarHit*, launched end 2007; *Marie Claire Ukraine*, launched September 2008).
-  Impact of the international crisis felt at the end of the year, with a sharp slowdown in growth.

## Italy



-  No.1 in the Upscale Women segment with *Elle* and *Marie-Claire*.
-  Slight drop in both advertising and circulation revenues versus 2007. To protect margins, we launched a new restructuring plan and sold *Eva Tremilla* magazine. At end 2008 we signed a joint venture agreement with the De Agostini group, pooling the two groups' motor & yachting titles to achieve synergies.

## Magazines: International (*continued*)



### Spain

-  Spain was hit harder by the crisis than any other European country, with a steep decline in advertising revenues and a less marked drop in circulation revenues.
-  The Women segment, bolstered by *Elle*, proved more resilient than the other segments. *Teleindiscreta* magazine was discontinued at the end of the year and *Que Leer* was sold. A new restructuring plan was launched at the end of the year.


### United Kingdom

-  The UK resisted better than the other developed countries in 2008 thanks to careful management of circulation.
-  Digital activities were boosted by the Q1 2008 acquisition of Digital Spy, a celebrity news and chat site. The celebrity segment showed slight growth year on year, while the Women segment, which is more dependent on advertising revenues, was down on 2007.

### Japan



-  Advertising and circulation revenues fell. Women's magazines were the worst affected: *Fujingaho*, *25 ans*, and to a lesser extent *Elle*.
-  These trends were partly offset by growth for the custom publishing business.

### China



-  Growth remained strong in China in 2008, driven by the domestic economy and by the launch of a new fortnightly, *Femina*, in June 2008.

# Television

## TV channel revenues up 9.8% on a like-for-like basis



-  2008 saw Digital Terrestrial Television (DTT) gather pace, with audiences rising in parallel with initialization and coverage. The audience figures are starting to translate into advertising revenues, which posted growth rates of over 100% in 2008.
-  In an intensely competitive environment, the good audience figures achieved in cable and satellite as well as DTT confirmed the success of our TV channels.

## Lagardère Entertainment




-  For the 7<sup>th</sup> consecutive year, Lagardère Active topped the 2008 annual drama and prime time rankings in France, with 108 hours broadcasted in the 2007/2008 season.
-  Lagardère Active is also a leading producer of single-transmission programs via Maximal Productions (*C' dans l'air*, *C'est à dire* and daily news bulletins on France 5, and the daily *@ la carte* broadcast on France 3), and Image et Cie (*Ripostes* for France 5).

# Radio

## Radio revenues up 2.1% on a like-for-like basis

-  In France, revenues rose by 0.5% on a like-for-like basis.
-  International radio activities reported 3.8% growth, largely driven by good audience figures in Russia, Romania, Poland and the Czech Republic.

## Radio: France

-  The flagship **Europe 1** radio station radically overhauled its programming schedule in the fall of 2008 to emphasize its general-interest positioning. This helped the station increase its audience share by 12% over the last 12 months in the 13+ age group. Growth was even more marked for the key advertising target groups: 32% for the 25-49 age bracket, and 17% for the higher socio-professional categories.
-  A completely new programming schedule introduced in the fall of 2008 propelled **Virgin Radio** to the no.2 spot for French radio stations in the 25-34 age bracket. The station's current success is built on a distinctive "Rock Star Music" format and two flagship shows hosted by Cauet and by Bruno & Camille.
-  **RFM** is now the no.2 music station for adults, with its "All the greatest hits" claim. A new breakfast show hosted by Laurent Petitguillaume and Stefan Caza launched in the fall, while Bruno Robles continues to broadcast his drive-time show.

# Digital

## 2008 saw numerous website launches and relaunches as the rollout of our digital activities continued

- In France, we launched the *Premiere* entertainment portal at end 2008, while there was a makeover for the *Psychologies.fr* site. *Dekio*, a home & interiors site, also launched in 2008, and we completed makeovers of *Europe1.fr* and our kids sites.
- Doctissimo, which joined Lagardère Active in February, continued to build its audience during its first year with the group, going from 6.6m UVs in December 2007 to over 9.6m in December 2008.
- Newsweb retained its market-leading positions in all its established segments (stock market, sport and automotive).

## New international developments

- Makeover for *Elle* in China, Japan, Spain and the Netherlands in the Women's segment.
- Launch of automotive sites by Newsweb in Italy and Spain with *Car&Driver* (September 2008), and the newly-acquired *theF1.com* site added to the Spanish site in mid-2008.

## Tension in financial markets at end 2008, but target met

- The business achieved 6.2% sales growth despite a slowdown in growth in our main geographical areas.






# Lagardère Services



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# Overview

## 2008 performance:




-  Net sales: up 4.8% on a like-for-like basis (retail up 6.9%, distribution up 0.9%)  
down 5.9% on a reported basis (Virgin Stores disposal)
-  Recurring EBIT before associates: €126.6m on a reported basis
-  Operating margin: 3.6% in 2008, vs. 3.1% in 2007

## By business line:

-  Retail: 66.3% of consolidated net sales, vs. 64.9% on a like-for-like basis (excluding Virgin Stores) in 2007
-  Press Distribution: 33.7% of consolidated net sales

# France

## Relay France



-  Sales up 5.2%, thanks largely to the full-year impact of store openings:
  - 24 outlets in mid-2007 on the new TGV Est high-speed rail line.
  - 3 outlets at Terminal S3 at Roissy-Charles de Gaulle airport.
  - 6 outlets at Marseille Saint Charles train station.
-  Store network stable at 846 outlets in 2008.
-  Contract with SNCF (French Railways) renewed in 2008.

## Aelia


- Substantial rise of 10.7% in net sales at constant exchange rates, driven by:
- excellent performance by SDA, the alliance with Aéroports de Paris (Paris airports operator).
  - the opening of 8 fashion boutiques at Terminal E, Paris.
  - the opening of outlets in Poland (2 in Warsaw, 1 in Szczecin, 1 in Poznan).
  - new in-flight activities in Spain, the Netherlands and Italy.
  - stronger trading at new developments in the UK (Luton and Belfast airports).

# Europe




## Spain

-  Distribution activities flat. Market share gains in magazines (RBA-Edipresse, Dispana, Progresá and GPS) in a sharply contracting print media market.
-  Decline in retail activities: sales down 3.4%, with a reduction in the number of sales outlets, especially in the BDP network (173 outlets, 7 fewer than 2007) and sharp decline in air passenger traffic in the second half.

## Germany






-  Sales up 5.1% on expansion of the store network to 72 outlets. Same-store sales down 1% on reduced traffic and disruption caused by the refurbishment of Frankfurt airport.

## Belgium

-  Sales flat overall in Belgium, with a drop of just 0.1%.
-  Retail activities up 2.4% thanks to optimization of the network (currently 282 outlets).
-  Distribution activities down slightly, by 1.4%. Print media distribution fell by 2.6%, but phone-card activities rose by a healthy 16.4%, largely driven by signature of a distribution contract with Delhaize.




## Europe (continued)

### Switzerland




-  Strong growth overall at 7.5%, with all business lines performing well.
-  Retail activities up 5.3%. Growth for all products except print media, in a stable network of 189 outlets undergoing extensive modernization. Opening of 3 franchised Paul outlets.
-  Distribution activities up 10.7%, with a drop in print media sales more than offset by growth in other segments.
-  Entertainment/cultural products retailing (Librairie Payot): very good 2008, sales up 5.4%.
-  Very strong growth (9.4%) in book distribution, thanks largely to new contracts.

## Eastern Europe

### Poland



-  Strong growth of 22.8% in retail thanks to rapid pace of store openings: 82 new outlets were opened (including 9 in Warsaw airport T2), expanding the network to 633 outlets.
-  Development of diversification concepts, via a joint venture with Empik (café concept) and the development of convenience stores under the One Minute banner.
-  Pull-out from distribution in all regions except Warsaw at end 2008.

### Hungary


-  Overall sales growth of 1.4%.
-  Retail little changed from 2007, down just 0.2%
  - Significant growth in sales (5.8%) for the Relay and Inmedio chains. Network of 331 outlets, 119 under the *Relay* banner and 212 trading as Inmedio
  - Kiosk sales down 9%, due to the closure of 105 kiosks (412 kiosks at end 2008)
  - Signature of franchise agreement with Costa Coffee.
-  Distribution up 3.1% thanks to strong growth in non print media segments (especially phone top-ups), in a slightly declining print media market (down 1%).

## Eastern Europe (*continued*)

### Czech Republic



-  Further strong growth in 2008 (sales up 18.5%), driven by diversifications. Opening of the first Paul outlet and 4 franchised Costa Coffee outlets.
-  Network of 165 sales outlets at end 2008 (plus 47 kiosks), 21 more than at end 2007.

### Romania




-  Very strong growth (76.7%) in retail during 2008 :
  - 30 new outlets, taking the total Relay and Inmedio network to 127 outlets
  - Further expansion of MOA (8 new outlets).

## Other countries

### North America

-  Growth for retail activities in Canada and the United States, with net sales up 7.5% thanks to a very good same-store performance in airport retail, the opening of new outlets in the United States (La Guardia, Detroit, Indianapolis, etc), and the late-2008 acquisitions of Delstar (19 outlets) and NGSi (40 outlets) which added 2.4% (\$4.8m) to the top line.
-  Growth for distribution in the United States (Curtis). Brokerage increased sales in a tough print media market, thanks largely to favorable trends in the USD/CAD exchange rate.




### Asia-Pacific

-  Presence in Australia, Hong Kong, Singapore, China and Taiwan via a network of 140 outlets, 27 more than in 2007.
-  Strong growth in sales, up 12.4% on a reported basis and 3.4% on a constant structure basis.
-  Acquisition of 51% of Purely Group on March 1, 2008  
Sells gifts and souvenirs through 21 airport outlets; annual sales AUD22m.

# Lagardère Sports

# Overview

## 2008 performance:

 Net sales:	down 5.2% on a like-for-like basis up 1.0% on a reported basis
 Recurring EBIT before associates:	€75.1m on a reported basis
 Operating margin:	16.9% in 2008, vs. 15.2% in 2007

*These figures do not include World Sport Group, which is accounted for as an associate (by the equity method)*


# Sportfive

## Two big sporting events of 2008 in line with our forecasts

African Cup of Nations football tournament (January/February).

Euro 2008 football tournament (June).

## Enhancement of our position in the European football market


 Acquisition of international rights to the German Bundesliga in key territories (France, Netherlands, Belgium, Portugal, Japan, South Korea).

 Signature or renewal of marketing contracts with many high-profile football clubs: Juventus Turin (15 years), Hertha Berlin, Borussia Dortmund, etc.

## Signature of a marketing contract for the FIFA 2010 World Cup

 Signature of an agreement with Match Hospitality to act as exclusive agent for hospitality programs in Europe for the FIFA 2010 World Cup.

## Expansion into new sports disciplines

 Successful bid to the IOC for the management of European media rights to the 2014 and 2016 Olympic Games.

## IEC in Sports

### **Renewal of the Super Liga contract**



 Renewal of the distribution contract for Portugal's premier football division in Europe, Asia and North Africa.

### **Good results thanks to the success of established events in our portfolio: the Women's World Handball Championship and the BWF Badminton Super Final**

### **Increased competitive pressure from the second half of 2008**



# Upsolut

## Creation of an International Triathlon Championship

-  Creation of a new Triathlon World Series – Upsolut devised the new-look format, with an 8-stage championship.
-  Worldwide marketing and sale of media rights handled by Sportfive, demonstrating the development of ties between Lagardère Sports companies.



## Discontinuation of the Deutschland Tour (cycling)

## Success of established events in our portfolio

-  Good results in particular from the Vattenfall Cycclassics, a UCI Pro Tour bike race, broadcast by the ARD in Germany and in 7 other European countries.
-  The Skoda Velothon 2008 attracted record crowds, with 10,500 participants and 250,000 spectators, enhancing Upsolut's credentials as an event organizer.



## PrEvent

### Development of the Bastad Tennis Tournament (Sweden)

-  ATP circuit players voted the Swedish Open (part of the tennis ATP World Tour 250) their favorite tournament for the 6th successive year.
-  In 2008, a license was obtained from the WTA to organize a Swedish Women's Open.

## Event Management

### Transoriental Rally Raid

-  The 2008 event was highly successful, but loss-making financially.
-  The 2009 event has been postponed.

# World Sport Group

## Acquisition of World Sport Group in May 2008


## Strong position in football and cricket

 WSG owns rights to major sporting events in Asia:

 AFC contract, with management of media and marketing rights for the Asian Cup.

 Contract for the Indian Premier League, Asia's highest-profile cricket tournament.

## Development of Arena Management in Asia

 Management of the Singapore Sports Hub, a state-of-the-art 55,000-seater complex with a 41,000 m<sup>2</sup> shopping mall and a 6,000-capacity indoor aquatic center.