



Lagardère

Objectives for 2009

March 11, 2009



Disclaimer

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 such 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 future 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, new products and services, current and future markets for products and services 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 labor conditions, including in particular economic conditions in Europe and North America
- Legal, financial and governmental risks (including, without limitation, certain market risks) related to the businesses
- Certain risks related to the media industry (including, without limitation, technological risks)
- The cyclical nature of some of the businesses.

Please refer to the most recent Reference Document (*Document de Référence*) filed by Lagardère SCA with the French *Autorité des marchés financiers* for additional information in relation to such factors, risks and uncertainties.

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What are our objectives for 2009?

What are our objectives for Lagardère Active ?



➤ What factors will affect recurring EBIT in 2009?

- A decline in our advertising revenues: other things being equal, each 1% loss of advertising revenue has a negative impact of €8m to €10m on full-year recurring EBIT, before any cost savings
- Increases in some operating expenses (especially paper prices)
- The need to continue investing in the businesses and countries of the future (such as the internet, digital terrestrial television and China), and to consolidate our leadership positions



➤ How have we responded?



Active 2009 Plan – “One Step Further”

- After the Active 2009 plan, which in 2009 will have generated cumulative savings of €86m relative to 2006 (including €20m in full year 2009), we are announcing a new cost-cutting plan to achieve **€70m of savings from 2009**:
 - tight control over salaries
 - restructuring in some countries
 - renegotiating contracts with printers
 - cuts in promotional costs
 - cuts in editorial costs

Rationalization of the business portfolio

- In addition to cost-cutting, we will rationalize our portfolio of businesses:
 - discontinuing, selling or out-licensing selected magazines
 - refocusing on:
 - strong brands
 - our leadership positions
 - enhancing our presence in high-growth activities:
 - digital terrestrial television
 - some emerging markets
 - digital activities

What are our objectives for the other divisions?

- The economy is bound to have an impact on our other activities, although their acyclical nature gives some protection. The main effects will be:
 - A **general drop in consumption**, which could affect Publishing and Services
 - Increased **counterparty risk**, particularly among customers in Publishing and Sports
 - **Specific factors** such as a slowdown in the pace of curriculum reforms in France and Spain, the risk of industrial unrest, a decline in air passenger traffic, or less favorable timing of sporting events (no major event)

- The objectives we have set for each of the divisions are focused on three key areas:
 - 1) **Protecting our strategic priorities** across all our activities, even if we slow down rationalization of our business mix (via acquisitions and divestments)
 - 2) **Implementing tight management control** over payroll policy and overheads, and accelerating measures to reorganize our business lines
 - 3) Maintaining our drive to **prepare for the future** so that we emerge from the recession even stronger:
 - a) Continuing to invest in digital especially via Lagardère Publishing
 - b) Maintaining the push into large emerging markets, especially China, by all our divisions
 - c) Prioritizing investment in Sports

What is our guidance for 2009 Media recurring EBIT?

➤ For **Lagardère Active**, the lack of visibility makes it impossible to set guidance for 2009 at this stage. However:

- Each 1% loss of advertising revenue has a negative impact of €8m to €10m on full-year recurring EBIT before any cost savings, on top of which comes the knock-on effect of rises in some operating costs (around €35m in 2009).
- Past and new measures (One Step Further) should deliver cost savings of €90m in 2009

➤ For our **other businesses**, our guidance is for 2009 full-year recurring EBIT in a range from zero growth to a drop of no more than 10%.

➤ This guidance is based on constant exchange rates, and builds in an investment budget that we expect to cost around €30m of recurring EBIT for Lagardère Media as a whole.



Comments from our divisions

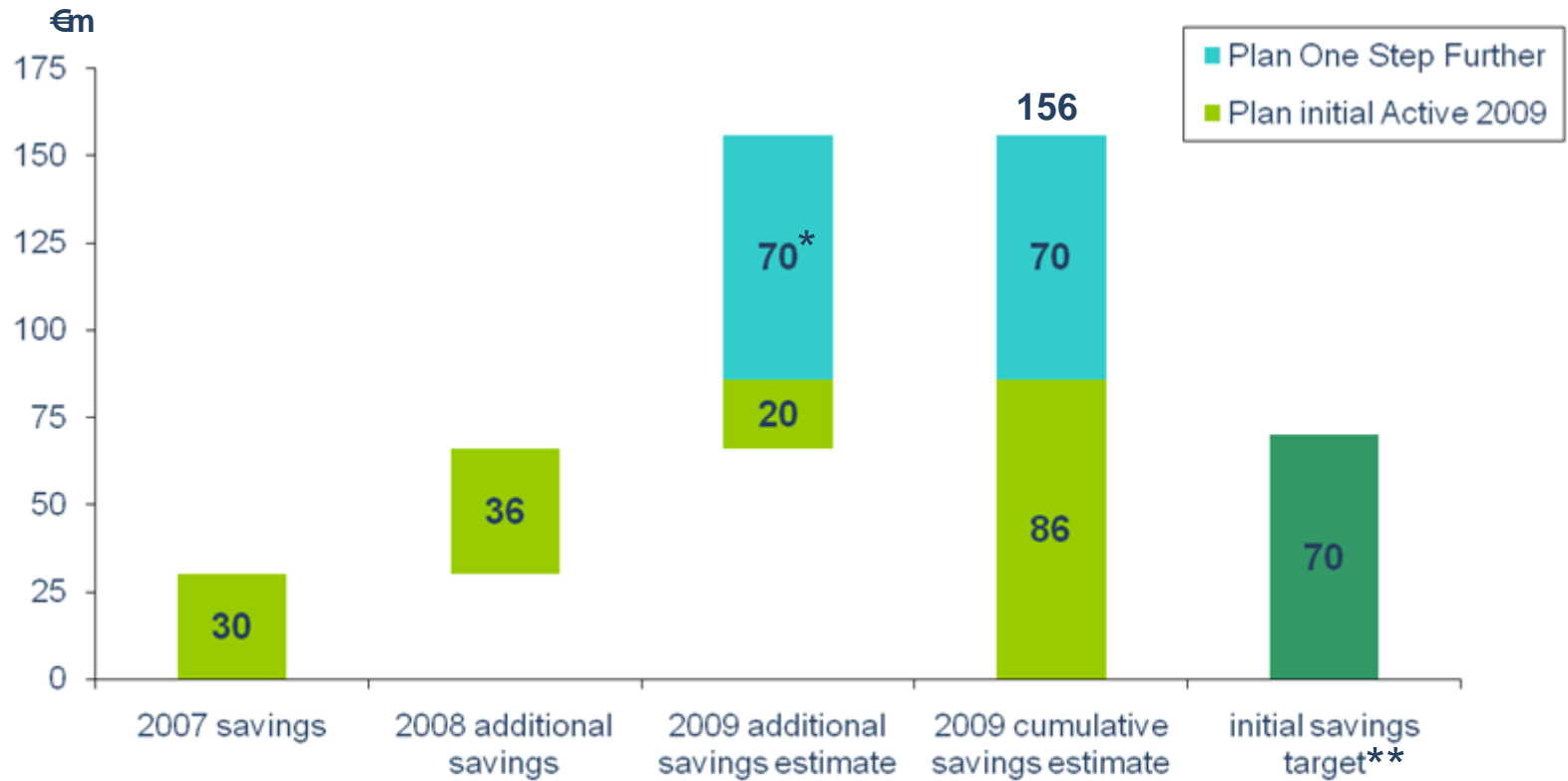


Lagardère Active

Key indicators for 2009

- Advertising sales decline: each 1% loss of advertising revenue has a **negative impact of €8m to €10m** on full-year recurring EBIT
- Inevitable increase in certain costs in 2009 (mostly paper and ink): **negative impact around €35m** on full-year recurring EBIT
- Product investments: **negative impact of around €10m** on full-year recurring EBIT
- Additional impact in 2009 of Active 2009 savings plan: **savings of €20m** on full-year recurring EBIT
- New cost savings plan (“One Step Further”): **savings of €70m** on full-year recurring EBIT

“One Step Further” 2009 cost savings plan



Cumulative savings:

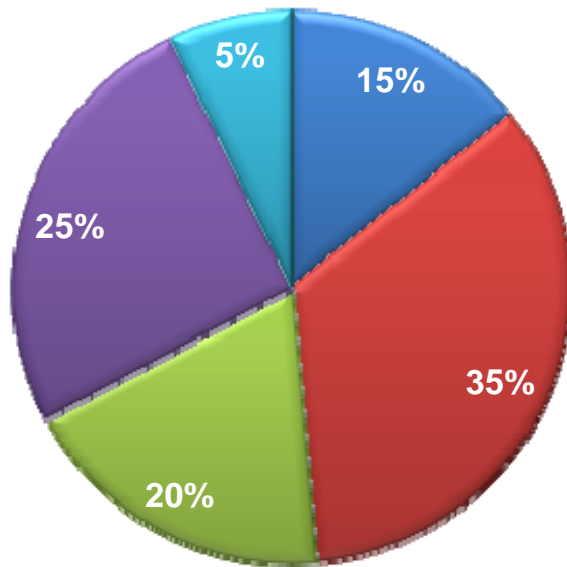
- Close to 8% of operating expenses
- Double the initial cost savings plan (Active 2009)

* Before inflation, including around €20m one-shot savings that will be maintained as long as the environment does not improve

** for the Active 2009 Plan

“One Step Further” plan: summary by line item

Total: €70m in 2009



- Strict control over salary increases
- Restructuring plans and/or headcount reductions: US, Italy, Spain, France, Russia
- Reduction in G&A expenses
- Reduction in promotional and marketing spend
- Cuts in editorial and IT projects



Example: the United States

- Further optimization of our portfolio
- Outsourcing of support functions
- Significant purchasing savings
- Cost savings on production and editorial content
- Strict control over salary increases
- Reduction in promotional and marketing spend



**Around 25% of €70m
“One Step Further”
cost savings plan of
2009**



Lagardère Publishing



Profit protection initiatives for 2009

➤ Lagardère Publishing has taken a number of measures in response to declining consumer demand, increased counterparty risk and the slowdown in curriculum reform programs in France and Spain:

- **Conservative payroll policy** in France, Spain and the UK
- **Streamlining of businesses** operating in hard-hit markets
- **Provisioning of bad debt exposure** in the UK and US
- **Just-in-time delivery to high-risk wholesalers** in order to minimize inventory loss in the event of bankruptcy



Development initiatives for 2009

- Lagardère Publishing is pushing ahead with initiatives to promote growth:
 - **Be prepared to seize attractive acquisition opportunities** to round out our portfolio
 - **Partworks start-up in Russia** to offset decline in mature markets (France, Spain, UK)
 - **Proactive exploration of business opportunities** in China and Russia
 - **Implementation of digital plan** to capitalize on growth of e-book market
 - Extension of Numilog services to UK
 - Push marketing on line
 - Monetization of Larousse.fr
 - Distribution of digital Text Books
 - Testing of I-Phone as a terminal
 - Web TV as a promotion tool for authors

Lagardère Services



Ongoing implementation of our strategy

➤ **Reinforcing our worldwide leadership in Travel Retail: developing the News and Convenience, Duty Free and Specialty concepts:**

- Substantial decline in airport traffics since mid 2008, railways are less affected...
- ...but the business is still very attractive on a mid-term perspective

➤ **Becoming a leading Specialized Branded retailer in existing and new geographies:**

- Building on our specific know-how in retail
- Diversifying away from the declining press and tobacco markets

➤ **Accelerating diversification in distribution in countries where we operate:**

- Diversification towards non-press products
- Distribution of digitalized press products

Action plan and other initiatives to prepare for the future

➤ We have implemented an action plan in response to the unfavorable environment:

- In anticipation of the negative sales impact of declining airport traffics and weaker global consumption, and the squeeze on our margins caused by exchange rate trends...
- ...we have implemented a tough action plan to protect 2009 recurring EBIT by **€25.1m**:
 - Improving margins and other revenues ➔ **€4.1m**
 - Reducing personnel costs throughout the organization ➔ **€9.4m**
 - Cutting other direct costs (stores and warehouses) ➔ **€4.7m**
 - Head office savings ➔ **€6.9m**

➤ Lagardère Services is continuing to prepare for the future:

- Continuing with expansion not only in our travel retail networks but also in shopping malls, to increase diversification of our retail formats
- Pushing the development of non-press sales in our existing retail outlets
- Continuing to diversify distribution towards non-press and digitalized press products
- Piloting our retail activities in a limited number of new, high-potential countries
- Prioritizing organic growth, without ruling out acquisition opportunities which, in current market conditions, could be secured on very attractive financial terms

➔ **These initiatives will negatively impact 2009 recurring EBIT by €4.2m**

Lagardère Sports



Objectives of the Sports division

➤ Maintaining our **main strategic priorities**:

- Consolidating our position as the world leader in Football
- Expanding our business line offerings
- Strengthening our presence in premium markets

➤ Implementing **rigorous management measures**:

- Reducing overheads by optimizing our control processes
- Tightly controlled salary policy
- Rationalizing our representative offices in Europe
- Targeted review of our organizational structures



Initiatives to prepare for the future

➤ **Development of new activities, highlighting our acknowledged expertise: stadium development and management (building on Sportfive's key skills):**

- Stadium development and management
- Consultancy services for rights holders

➤ **Consolidating our current positions by focusing on “premium” rights:**

- UEFA – Euro 2012

➤ **Developing events owned by Lagardère Sports**

➤ **Pushing on with our geographical expansion:**

- The Americas
- Asia

➔ **These initiatives will negatively impact recurring EBIT by about €4.1m**



Lagardère

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