Lagardère

2011 Full-Year Results

March 8, 2012

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.

Lagardère SCA disclaims any intention or obligation to update or review the forward-looking statements referred to above. Consequently Lagardère SCA is not responsible for any consequences that could result from the use of any of the above statements.

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Key figures

Key figures - Group

(€m)	2010	2011	Change	Comparable change*
Net sales	**7,966**	**7,657**	**-3.9%**	**+0.2%**
Recurring Media EBIT**	**468**	**414**	**-11.4%**	**-11.1%**
Consolidated recurring EBIT incl. Non-Media	462	402	-	-
Net income – Group share	**163**	**(707)**	**-**	**-**
Adjusted net income – Group share	**284**	**226**	**-**	**-**
Net cash from operating & investing activities	**320**	**766**	**-**	**-**
Net debt	**1,772**	**1,269**	**-**	**-**
Dividend per share***	**1.30**	**1.30**	**-**	**-**

*Change in net sales like for like, and change in recurring EBIT at constant exchange rates.
**See definition in appendices on slide 46.
***For 2011, dividend that will be recommended at the General Shareholders' Meeting on May 3, 2012.

Financial indicators by division

Lagardère
PUBLISHING

Significant Events of 2011

- **Acquired an additional 40% interest in Éditions Albert René (which holds all rights to Astérix), now 100% controlled.**
- **Acquired a 25% interest in Atticus Publishing Ltd (Russia).**
- **Disposal and deconsolidation of BSSL* at December 1, 2011.**
- **E-books on the rise in English-speaking countries:**
  - e-books continued their trend in the United States and United Kingdom, where they made up 20% and 10%, respectively, of adult trade** net sales for 2011, a twofold increase in one year;
  - e-books made up 6% of total net sales for the Lagardère Publishing division.

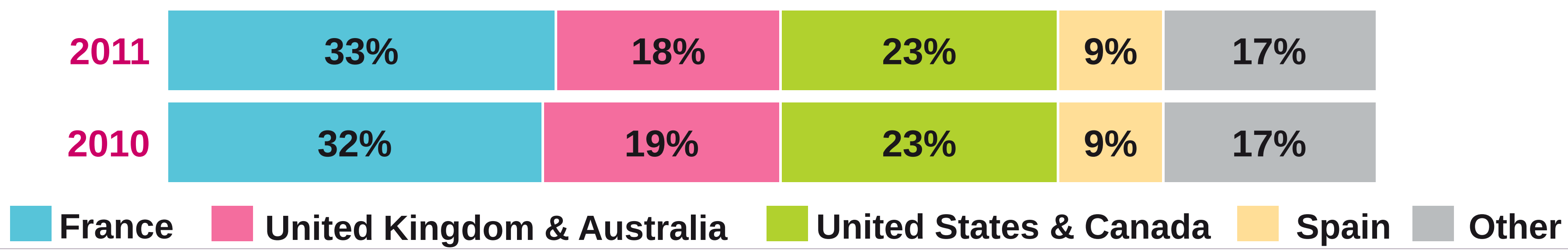
*A distributor of school equipment.
**Books meant for the general public - adult.

Net sales - 2011

- **€2,038m, down 5.9% on a reported basis and down 4.4% on a like-for-like basis.**
  - Impact of exchange rates: -1.3%.
  - Impact of changes in scope of consolidation: -0.2%.

- **Key factors:**
  - a downturn, as expected, in sales in the United States, the United Kingdom and in Illustrated Books in France, due mainly to the drop-off in the Stephenie Meyer phenomenon;
  - not including Meyer, the drop in net sales would have been no more than - 0.3%;
  - good performance in France by Literature, Education and Larousse.

- **Net sales by geographical area**



Profitability

(€m)	2010	2011	Change
Net sales (a)	2,165	2,038	-5.9%
Recurring EBIT before associates (b)	250	221	-11.8%
Operating margin (b)/(a)	*11.6%*	*10.8%*	

- **Recurring EBIT for 2011 was down due primarily to the end of Stephenie Meyer releases, but also to distributor issues in English-speaking countries (the failure of Borders in the United States and RedGroup in Australia), and a difficult market context overall due to the economic prospects.**
- **The year saw a return to a normative level of profitability, after three banner years (2008, 2009 and 2010) that benefited from the Stephenie Meyer effect.**

Lagardère
ACTIVE

Significant Events of 2011 (1/2)

> **Disposal of International Magazine Publishing (PMI):**

- deconsolidation on May 31, 2011, of PMI activities, sold off in the following 13 countries: United States, Italy, Spain, Japan, Netherlands, Hong Kong, Mexico, Taiwan, Canada, Germany, Russia, Ukraine and Czech Republic;
- deconsolidation on July 29, 2011 of the United Kingdom;
- deconsolidation on December 5, 2011 of the bulk of activity in China (not including the joint venture with Marie Claire);
- these disposals amount to €648m, of which €34m from deconsolidation of the debt attached to the assets sold.

Significant Events of 2011 (2/2)

- Disposal on December 23, 2011 of Radio activity in Russia amounting to €123m, including €6m of the cash position.
- Disposal of equity-accounted interest of 34% in Le Monde Interactif (Lemonde.fr) deconsolidated effective November 30, 2011.
- Change in management (appointment of Denis Olivennes as Chairman and Chief Executive Officer).
- In a difficult environment, Lagardère Active is holding up well in its markets, in both advertising and circulation.

Net sales - 2011

- **€1,441m**

- **Non-PMI: €1,075m, down 0.3% on a reported basis and down 0.5% on a like-for-like basis.**
  - Impact of exchange rates: -0.1%.
  - Impact of changes in scope of consolidation: +0.3%.

- **Key factors excluding PMI:**
  - general slowdown in the advertising market: net sales of non-PMI advertising were down slightly (-1.2%) in 2011;
  - Magazines: decline in magazine circulation in France in 2011, despite healthy sales of *Paris Match* and *Elle;*
  - TV: strong growth in TV Production (+8.3%) and TV channels;
  - Radio: slight uptick in Eastern Europe; downturn in activity in France, primarily on Europe 1, despite better audiences at year's end.

Profitability

(€m)	2010	2011	Change
Net sales (a)	1,826	1,441	-21.0%
Recurring EBIT before associates (b)	85	95	+12.4%
Operating margin (b)/(a)	*4.6%*	*6.6%*	
Net sales, non-PMI (c)	1,078	1,075	-0.3%
Recurring EBIT before associates, non-PMI (d)	35	56	+60.0%
Operating margin, non-PMI (d)/(c)	*3.2%*	*5.2%*	

- Recurring EBIT up despite the disposal of PMI during the year.
- PMI combined the impact of deconsolidation over seven months in the majority of activities with the good performance of those activities until their disposal.
- Not including PMI, recurring EBIT grew noticeably, despite a sluggish advertising market, thanks to good cost control (specifically in magazines in France), and the deconsolidation of Virgin 17 losses (-€9m in 2010).

Lagardère
SERVICES

Significant Events of 2011 (1/2)

> **Full consolidation:**
  - at January 1, 2011, of Retail activities in Bulgaria and Singapore;
  - at March 1, 2011, Food services activities in Czech Republic (acquired Coffeeheaven);
  - at April 1, 2011, of Travel Retail activities in New Zealand (acquisition of points of sale in airports);
  - at July 1, 2011, of Euro-Excellence, a distribution and import network specialising in gourmet foods in Canada;
  - at July 1, 2011, of Travel Retail activities in China (points of sale in airports, subway stations and train stations).

> **Acquired the 49% interest held by minority shareholders in the Australian airport retail company Purely Group.**

> **On August 1, 2011, creation and consolidation with equity method of the joint-venture Relay@ADP, a company co-owned with Aéroports de Paris, for the operation of press and souvenir stands in Paris airports.**

Significant Events of 2011 (2/2)

- **Rise of passenger traffic around the world (+4.9%*) and Europe (+7.1%*).**
- **Growth in Retail (+4.1%). Steady decline in Distribution (-3.2%) due to unfavourable changes in the press market.**
- **Appointment of Dag Rasmussen as Chairman and Chief Executive Officer of Lagardère Services.**

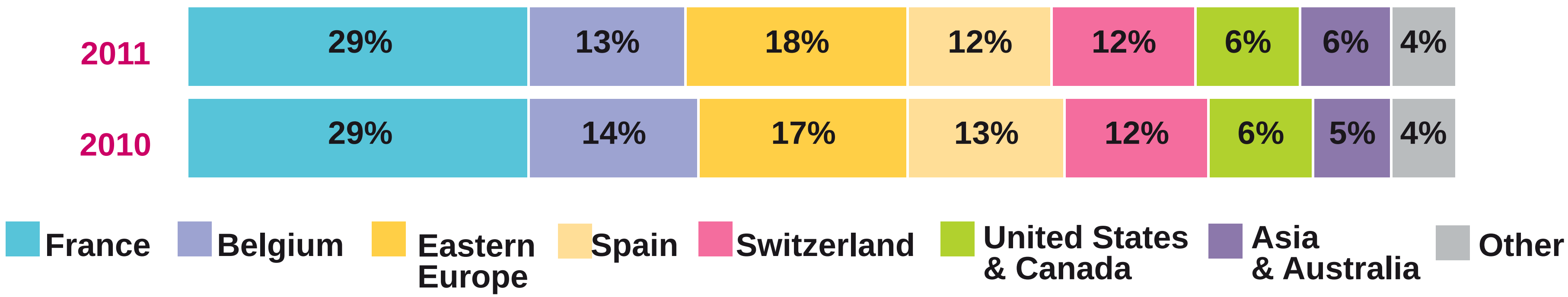
*ACI data from late November 2011.

Net sales - 2011

- **€3,724m, up 4.0% on a reported basis and up 2.0% on a like-for-like basis.**
  - Impact of exchange rates: +1.4%.
  - Impact of changes in scope of consolidation: +0.6%.

- **Key factors:**
  - the slump in Distribution activity was largely offset by the rise in Retail activities, driven by good performance in airports, thanks to development of the network and new concepts, as well as commercial initiatives;
  - still very dynamic activity in France (Relay and Aelia), strong momentum in Eastern Europe (Romania, Poland, Czech Republic).

- **Net sales by geographical area**



Profitability

(€m)	2010	2011	Change
Net sales (a)	3,579	3,724	+4.0%
Recurring EBIT before associates (b)	105	105	+0.1%
Operating margin (b)/(a)	*2.9%*	*2.8%*	

- Profitability was stable in 2011 thanks to growth in net sales, which offset the difficult economic environment and development costs in Asia.
- Distribution: the decline in the operating margin was limited, thanks to the effects of previous years' cost reduction plans.
- Travel Retail: slight uptick in the operating margin.

Lagardère UNLIMITED®

Significant Events of 2011

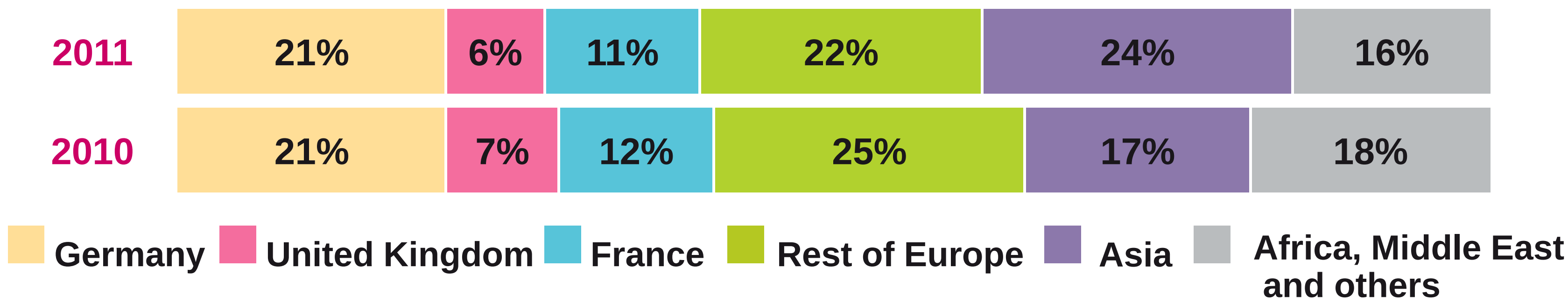
- **Integration in the consolidation scope of:**
  - Lagardère Paris Racing, at January 1, 2011;
  - Best (company specialized in athletes representation), consolidated 12 months in 2011, compared to 8 months in 2010.
- **Change in management:**
  - reorganised the division into three regions (Europe and Africa, Asia-Pacific and Middle East, United States and South America) and appointed three new Chief Operating Officers for each of them.
- **Returned to growth in sales, thanks to a favourable calendar. Won new contracts, specifically:**
  - Confederation of African Football, China Football Association, Arab Nation Cup.
- **Poor earnings performance tied to non-recurring events and difficulties on some contracts.**

Net sales - 2011

- **€454m, up 14.5% on a reported basis and up 6.2% on a like-for-like basis.**
  - Impact of exchange rates: -0.6%.
  - Impact of changes in scope of consolidation: +8.9%.

- **Key factors:**
  - a very good year for World Sport Group (Asian Cup held in January 2011, qualification phases began for the Olympics Games)...
  - ...partially offset by the lack of revenue on the Indian Premier League (cricket), the non-occurrence of the Africa Cup of Nations (which penalised Sportfive sales) and worse-than-expected sales performances.

- **Net sales by geographical area**



Profitability

(€m)	2010	2011	Change
Net sales (a)	**396**	**454**	**+14.5%**
Gross margin*	***313***	***348***	***+11.2%***
Recurring EBIT before associates (b)**	**28**	**(6)**	
Operating margin (b)/(a)	***7.1%***	**-**	

- **Recurring EBIT down sharply due to:**
  - non-recurring items (provisions, lawsuits, unrecovered debts);
  - lost contracts.
- **Added to these items:**
  - the impact, already known, of the non-renewal of certain contracts (French football federation);
  - worse-than-expected operating and sales performances (sales of media rights contracts were below expectations).
- **Growth in net sales due to a favourable sporting events calendar did not offset these negative items.**

*Net sales minus amortisation of acquired sports rights.

**Before amortisation of acquisition-related intangible assets and other acquisition-related expenses.

Lagardère

Summary financial information

Lagardère Media income statement data

(€m)	2010	2011
Net sales	**7,966**	**7,657**
Recurring EBIT before associates	**468**	**414**
Contribution from equity-accounted associates*	22	33
Recurring EBIT	**490**	**447**
Total non-recurring/non-operating items	**(136)**	**(692)**
Restructuring costs	(40)	(41)
Net gains/(losses) on disposals	38	18
Impairment losses on goodwill and intangible assets	(100)	(585)
Amortisation of acquisition-related intangible assets and other acquisition-related expenses	(34)	(84)
EBIT	**354**	**(245)**

*Not including contribution of Canal+ France, now managed outside the scope of the Media activities.

Analysis of non-recurring/non-operating items of Lagardère Media – FY 2011

(€m)	Lagardère Publishing	Lagardère Active	Lagardère Services	Lagardère Unlimited	Total Lagardère Media
Restructuring costs	(1)	(16)	(14)	(10)	(41)
Gains/(losses) on disposals	(4)	22	-	-	18
Impairment losses on goodwill and intangible assets	(3)	(27)	(5)	(550)	(585)
Amortisation of acquisition-related intangible assets and other acquisition-related expenses	(1)	-	(9)	(74)	(84)
TOTAL	(9)	(21)	(28)	(634)	(692)

EBIT

(€m)	2010	2011
Lagardère Media	**354**	**(245)**
Non-Media activities	(54)	(13)
Impairment loss on Canal+ France investments	-	(310)
Total excluding EADS	**300**	**(568)**
Equity-accounted contribution from EADS	**43**	**79**
TOTAL LAGARDÈRE	**343**	**(489)**

Consolidated income statement

€m	2010 Lagardère Media	2010 Other activities*	2010 Total	2011 Lagardère Media	2011 Other activities*	2011 Total
Net sales	7,966	-	7,966	7,657	-	7,657
Recurring EBIT before associates	468	(6)	462	414	(12)	402
Income from associates	22	43	65	33	79	112
Non-recurring/non-operational items	(136)	(48)	(184)	(692)	(311)	(1,003)
EBIT	**354**	**(11)**	**343**	**(245)**	**(244)**	**(489)**
Net interest expense	(46)	(36)	(82)	(44)	(51)	(95)
Net income before tax	**308**	**(47)**	**261**	**(289)**	**(295)**	**(584)**
Income tax expense	(142)	75	(67)	(150)	45	(105)
Consolidated net income	166	28	194	(439)	(250)	(689)
Attributable to minority interests	(31)	-	(31)	(18)	-	(18)
Net income – Group share	**135**	**28**	**163**	**(457)**	**(250)**	**(707)**

*Non-media, Canal+ France and EADS.

Adjusted net income – Group share

(€m)	2010	2011
Net income – Group share	**163**	**(707)**
Equity accounted contribution from EADS	(43)	(79)
Amortisation of acquisition-related intangible assets and other acquisition-related expenses*	25	71
Impairment losses on:		
- goodwill and intangible assets*	99	585
- associates*	-	310
Restructuring costs*	84	36
Gains (losses) on disposals*	(44)	10
Adjusted net income – Group share excluding EADS	**284**	**226**
Adjusted earnings per share excluding EADS (in €)	*2.24*	*1.78*

*Net of taxes.

Consolidated statement of cash flows

(€m)	2010	2011
Cash flow from operations before interest, taxes & changes in working capital	591	597
Changes in working capital	81	(170)
Cash flow from operations	**672**	**427**
Interest paid & received, income taxes paid	(141)	(170)
Cash generated by/(used in) operating activities	**531**	**257**
Investments	**(286)**	**(352)**
Property, plant & equipment and intangible assets	*(228)*	*(253)*
Financial assets	*(58)*	*(99)*
Asset disposals	**104**	**840**
Property, plant & equipment and intangible assets	*10*	*26*
Financial assets	*94*	*814*
(Increase)/decrease in short-term investments	**(29)**	**21**
Cash generated by/(used in) investing activities	**(211)**	**509**
Net cash from operating & investing activities	**320**	**766**

Change in net debt, FY 2010 vs. FY 2011

(€m)	2010	2011
Net debt at start of period	**(1,824)**	**(1,772)**
Net cash generated by/(used in) operating and investing activities	320	766
Disposal (acquisition) of minority interests	(24)	(21)
Disposal (acquisition) of treasury shares	5	(3)
Dividends	(200)	(195)
Increase/(decrease) in short-term investments	29	(21)
Liabilities arising from commitments to buy out minority interests	10	2
Fair value remeasurement of financial liabilities	(7)	(82)
Reclassification of current net cash position as assets held for sale	(99)	99
Reclassification of debt position as assets held for sale	54	(54)
Effects of exchange rates, changes in scope of consolidation & other effects	(36)	12
Net debt at end of period	**(1,772)**	**(1,269)**

Consolidated balance sheet

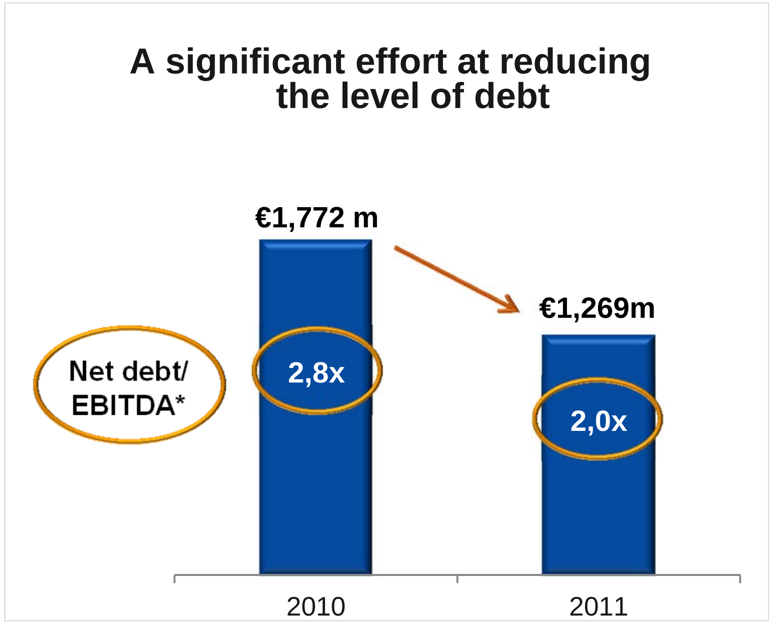
(€m)	2010	2011
Non-current assets (excl. investments in associates)	**4,333**	**3,626**
Investments in associates	**2,054**	**1,771**
EADS	*271*	*277*
Other associates	*1,783*	*1,494*
Current assets (other than short-term investments and cash)	**2,695**	**2,781**
Short-term investments and cash	**722**	**737**
Held-for-sale assets	**1,097**	**13**
TOTAL ASSETS	**10,901**	**8,928**
Stockholders' equity	**4,018**	**3,024**
Non-current liabilities (excl. debt)	**616**	**553**
Non-current debt	**1,953**	**1,843**
Current liabilities (excl. debt)	**3,374**	**3,345**
Current liabilities	**541**	**163**
Held-for-sale liabilities	**399**	**-**
TOTAL LIABILITIES AND EQUITY	**10,901**	**8,928**

Stockholders’ equity and net debt

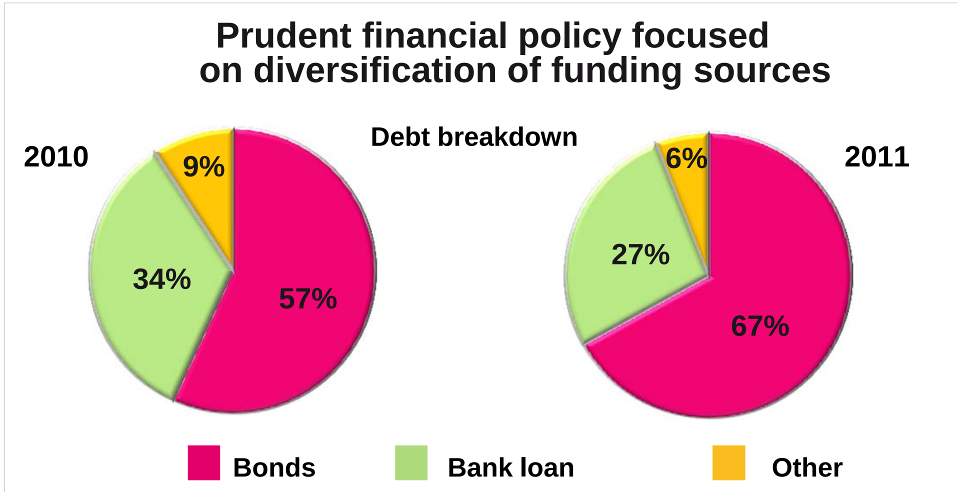
(€m)	2010	2011
Stockholders’ equity	**4,018**	**3,024**
Net debt	**(1,772)**	**(1,269)**
Gearing	***44.1%***	***42.0%***

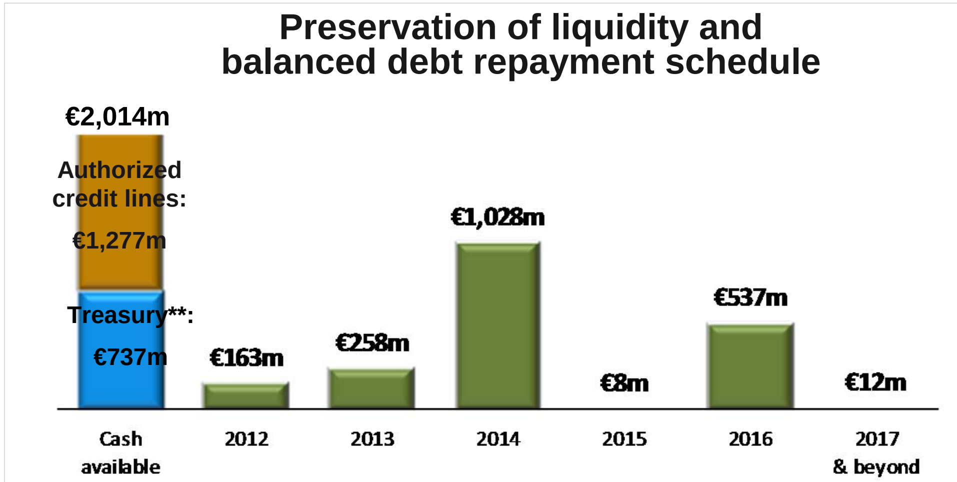
Sound financial position

- **2011 :**
  - renewal in January 2011 of the syndicated bank loan (€1.6bn);
  - significant reduction in net indebtedness: -€503m.



*See definition on slide 46.





**Short-term investments and cash.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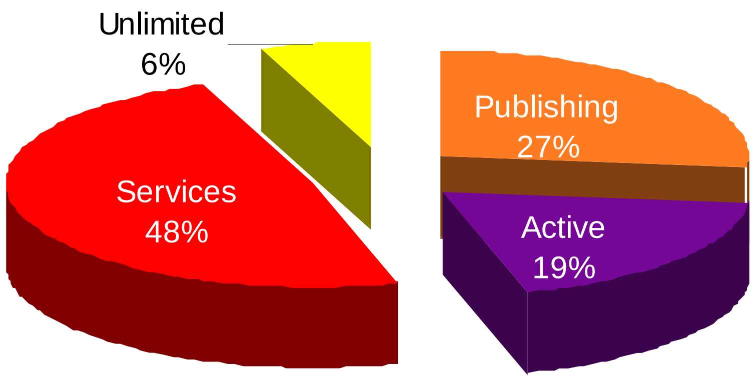
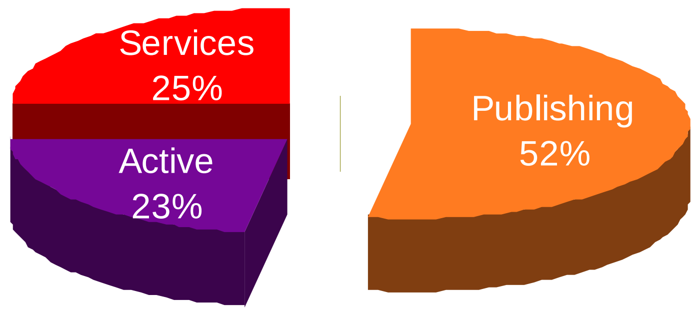
Appendices

Group profile – 2011

Net sales by division

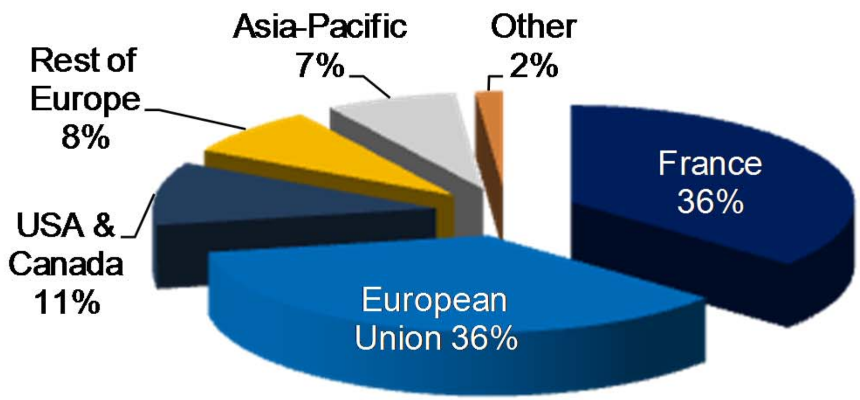


Recurring EBIT by division



Note: Recurring EBIT - 2011 - Unlimited: -€6m

Net sales by geographic area



Analysis of non-recurring/non-operating items of Lagardère group – FY 2011

(€m)	Lagardère Media	Other activities*	Group Total
Restructuring costs	(41)		(41)
Gains/(losses) on disposals	18	(1)	17
Impairment losses on goodwill and intangible assets	(585)	(310)	(895)
Amortisation of acquisition-related intangible assets and other acquisition-related expenses	(84)		(84)
TOTAL	(692)	(311)	(1,003)

*Non-media, Canal+ France and EADS.

Contribution from equity-accounted associates

(€m)	2010	2011
Lagardère Publishing	3	1
Lagardère Active	12	21
Lagardère Services	7	10
Lagardère Unlimited	-	1
Total Lagardère Media	22	33
Other activities	43	(231)
TOTAL	65	(198)

Principal associates

(€m)	2010 Balance sheet	2010 Income statement	2011 Balance sheet	2011 Income statement
EADS	271	43	277	79
Canal+ France	1,507	-	1,197	(310)
Marie Claire	127	3	125	6
Other associates	149	19	172	27
Total	**2,054**	**65**	**1,771**	**(198)**

Cash flow statement data - Lagardère Publishing

(€m)	2010	2011
Cash flow from operations before interest, taxes & changes in working capital	**276**	**228**
Changes in working capital	27	(42)
Cash flow from operations	**303**	**186**
Interest paid & received, income taxes paid	(87)	(56)
Cash generated by/(used in) operating activities	**216**	**130**
Investments	**(24)**	**(45)**
Property, plant & equipment and intangible assets	*(20)*	*(29)*
Financial assets	*(4)*	*(16)*
Asset disposals	**6**	**(5)**
Property, plant & equipment and intangible assets	**-**	**-**
Financial assets	*6*	*(5)*
(Increase)/decrease in short-term investments	**-**	**-**
Cash generated by/(used in) investing activities	**(18)**	**(50)**
Net cash from operating & investing activities	**198**	**80**

Cash flow statement data - Lagardère Active

(€m)	2010	2011
Cash flow from operations before interest, taxes & changes in working capital	**122**	**123**
Changes in working capital	22	(69)
Cash flow from operations	**144**	**54**
Interest paid & received, income taxes paid	(60)	(75)
Cash generated by/(used in) operating activities	**84**	**(21)**
Investments	**(31)**	**(33)**
Property, plant & equipment and intangible assets	*(18)*	*(15)*
Financial assets	*(13)*	*(18)*
Asset disposals	**51**	**816**
Property, plant & equipment and intangible assets	*3*	*2*
Financial assets	*48*	*814*
(Increase)/decrease in short-term investments	**-**	**-**
Cash generated by/(used in) investing activities	**20**	**783**
Net cash from operating & investing activities	**104**	**762**

Cash flow statement data - Lagardère Services

(€m)	2010	2011
Cash flow from operations before interest, taxes & changes in working capital	**158**	**153**
Changes in working capital	10	(37)
Cash flow from operations	**168**	**116**
Interest paid & received, income taxes paid	(23)	(30)
Cash generated by/(used in) operating activities	**145**	**86**
Investments	**(75)**	**(106)**
Property, plant & equipment and intangible assets	*(69)*	*(80)*
Financial assets	*(6)*	*(26)*
Asset disposals	**10**	**19**
Property, plant & equipment and intangible assets	*5*	*19*
Financial assets	*5*	-
(Increase)/decrease in short-term investments	**(29)**	**21**
Cash generated by/(used in) investing activities	**(94)**	**(66)**
Net cash from operating & investing activities	**51**	**20**

Cash flow statement data - Lagardère Unlimited

(€m)	2010	2011
Cash flow from operations before interest, taxes & changes in working capital	**100**	**103**
Changes in working capital	(11)	(17)
Cash flow from operations	**89**	**86**
Interest paid & received, income taxes paid	(18)	(30)
Cash generated by/(used in) operating activities	**71**	**56**
Investments	**(140)**	**(151)**
Property, plant & equipment and intangible assets	*(107)*	*(113)*
Financial assets	*(33)*	*(38)*
Asset disposals	**7**	**10**
Property, plant & equipment and intangible assets	*2*	*5*
Financial assets	*5*	*5*
Cash generated by/(used in) investing activities	**(133)**	**(141)**
Net cash from operating & investing activities	**(62)**	**(85)**

Off balance sheet commitments

(€m)	2010	2011
Commitments to purchase shares from third parties (other than minority interests)	14	25
Commitments given in connection with ordinary activities:		
- contract guarantees and performance bonds	70	73
- guarantees in favour of third parties or non-consolidated companies*	77	73
- other commitments given	13	4
Mortgages and pledges	-	-

*Counter-guarantees on commitments made: €44m in 2011 and €32m in 2010.

For the record : definitions of Recurring Media EBIT and EBITDA

- **Recurring Media EBIT of consolidated companies is defined as the difference between result before financial charges and tax and the following items of the profit and loss statement:**
  - Contribution of associates
  - Gains or losses on disposals of assets
  - Impairment losses on goodwill, property, plant and equipment and intangible assets
  - Restructuring costs
  - Items related to business combinations:
    - Expenses on acquisitions
    - Gains and losses resulting from acquisition price adjustments
    - Amortization of acquisition-related intangible assets

- **EBITDA is defined as:** Earnings before interest and tax + Amortization + Impairment losses on goodwill, property, plant and equipment and intangible fixed assets – Positive contribution (+ Negative contribution) of associates + Dividends received from associates.

Significant events

Contents

Lagardère
PUBLISHING

France

- **An excellent year, in line with 2010, despite an unfavourable comparison (end of the Twilight phenomenon), thanks notably to good performances from:**
  - Education;
  - General Literature;
  - Larousse;
  - Distribution.

International

- United States marked by the decline in print and the rise of e-books, as well as the failure of Borders (625 stores).

  Recurring EBIT was less impacted than sales.

- A difficult year in the United Kingdom and Australia (failure of RedGroup in Australia).

- Good performance by Spain thanks to Textbooks.

- Acquired a 25% interest in Atticus Publishing Ltd (Russia).

Digital

- 20% of sales in the United States, with a slowing trend in growth.
- 10% of sales in the United Kingdom, and growing fast.
- Less than 1% of sales in France, but the conditions are right for a take-off in 2012: Fnac and Amazon products on the market, and the e-book single price act adopted.
- Speedier initiatives in digitisation, digital distribution, and enhanced book and application activities, plus a continued policy of actively combating piracy.

Other activities

- Partworks were resilient thanks to emerging markets and Japan.
- The US courts and the European Commission are examining a purported e-book price-fixing infraction:
  - five publishing groups are implicated, including Hachette Livre;
  - full cooperation from Hachette Livre, which considers that it had no reason to reproach itself.

Lagardère
ACTIVE

Magazines - France

In Magazine Publishing - France (PMF), Lagardère Active confirmed its leadership position in circulation and advertising in 2011.

> **Advertising**

After the partial recovery in 2010 (+7.5%), on the heels of a 17% drop in 2009, PMF posted virtually stable sales and had good performances in its key markets.

> **Circulation**

PMF made gains in its strategic segments*. Circulation sales were resilient (down 1.5% on a like-for-like basis) despite tension in single-issue sales.

> **Significant Events**

- In February 2011, the Saturday edition of *Journal du Dimanche* was discontinued, and a new formula was launched in March 2011.
- That same month, *Photo* magazine was sold, and a special edition released for the first anniversary of the launch of *Be* (March 19, 2010).

Activity was down overall in 2011, but it was more resilient than the sector average. That performance, as well as good cost control, enabled PMF to improve its operating income in 2011.

*Upscale women's and news,

Television

Television activities had a strong showing thanks to large audiences brought in (specifically by Gulli), which positively impacted Advertising Sales Brokerage.

> **Gulli**

The year was marked by the strong growth of the Gulli channel, whose advertising resources rose by more than 30% between 2010 and 2011.

> **Other TV channels**

- TiJi and Canal J came in third and eleventh, respectively, in cable and satellite stations for four- to ten-year-olds. Taken together, all of Lagardère Active's youth works channels represented 35% of the children's television audience.
- In one year, MCM more than doubled its audience share among 15-34-year-old men, and June is the number-two special-interest channel for women aged 15-24.

> **Diversification**

In 2011, a strategy was established for diversifying activities to develop brands on new media and markets:

- develop five Magazine Publishing titles;
- co-publish music albums;
- operate brand and programme licences;
- open the first Gulli Parc.

TV Production & Distribution

Very good performance in Lagardère Entertainment's activities in 2011, up 8.3% on a like-for-like basis.

> The television market in France

– The year was marked by continued recovery in the advertising market and a further increase in viewing time in France (3'47" per day, i.e. 15" more than in 2010, according to Médiamétrie).

– Still, advertising growth benefited above all to new DTT channels, to the detriment of historical channels, most of which lost some audience in 2011.

> Lagardère Entertainment's Performances

– Amid this reworking of the audio-visual landscape and changes in TV consumption methods (VoD*, SVoD* and catch-up TV), Lagardère Entertainment continued its development:
  - in flow, with the acquisition of 60% of the company 909 Productions;
  - and internationally, in drama, with Atlantique Productions, and in animation, with Timoon Animation.

– The year was also marked by the successful broadcast of the international series *Borgia*, produced by Atlantique Productions and aired in France on Canal+, as well as in Germany and Italy. The series has already been sold to about forty broadcasters around the world, including Netflix in the United States.

– The other Lagardère Entertainment series will continue to perform on screens, specifically *Joséphine, Ange Gardien*, *Julie Lescaut*, *Boulevard du Palais* and *Famille d'accueil.*

– *C dans l'air*, a show that airs daily on France 5, continued to draw very good audiences.

*Video On Demand / **Subscription Video On Demand.

Radio

Radio net sales down 2.7% on a like-for-like basis

- **Europe 1**
  - Europe 1 confirmed the success of its new line-up by gaining 267,000 new listeners in one year. In addition, the station's leadership built on influential targets: Europe 1 was the number-one station with occupational groups and executives.
  - In 2011, the News package was put together, with Europe 1.fr, Lejdd.fr, Parismatch.com and Lelab.europe1.fr. The package's targets are to move quickly into the top 10 news sites and, in the medium term, the top five (target: more than five million Nielsen UV*).

- **Music Radio in France**
  - In August, Virgin Radio set up a new line-up that enjoyed a good start-up: 116,000 more listeners in one year and 80,000 more listeners than the previous wave.
  - RFM was the number-two adult music station for those aged 35-49. Compared with 2010, its morning show had the best audience growth among those aged 35-49: +9% in audience size and a +0.5 point audience share.

- **International Radio**
  - It was a year of contrasting patterns, with sustained growth in Russia, Slovakia and South Africa, and mixed growth in other countries. Investing did improve audiences in Poland, Czech Republic and Slovakia.
  - In December, staying a step ahead of the fallout to come from changing Russian regulation, Lagardère Active sold off all of its radio business in Russia (Europa Media Group) to several Russian private investors.

*Unique Visitors

Digital

Already a joint leader in media group audiences, with 16.2 million UV, Lagardère Active posted performance slightly higher than market (+4.7%).

- **Main Sites**
  - Doctissimo.fr, the top French site for women, launched its video platform with a daily show, *La minute santé*. Elle.fr, the leading upscale women's site, with more than two million UV, also launched its video portal in January 2011 and a Web series, *Lolicats*, which won an award at the Festival de la Fiction TV in La Rochelle.
  - The Premiere.fr portal confirmed its number-two position in the sector with 4.5 million UV in November.
  - Europe 1 is the most-downloaded radio station in France, with nearly 4.8 million podcasts in November 2011.
  - Public.fr was launched in February 2011 and reached 1.7 million UV in November 2011. Public was also the top entertainment app launched on iPhone in March 2009. It had 541,063 UV in November 2011.
  - Newsweb, which publishes Boursier.com, Sports.fr et Football.com, launched a brand content business in 2011 with the publication of special-interest sites for dedicated advertisers.

- NextIdea
  - In line with market trends, NextIdea continued its development strategy.

- Other developments
  - After forming a partnership in late 2010 with the leader in catch-up TV, TV Replay, Lagardère Active enforced the agreement by acquiring the publishing structure of Tv-replay.fr.
  - In December, Lagardère sold off its interest in Le Monde Interactif to Société Éditrice du Monde.

Lagardère
SERVICES

Context

- **In 2011, major changes were made within the Lagardère Services organisation and the new strategic plan was implemented.**
  - Following the retirement of **Jean-Louis Nachury**, **Dag Rasmussen** took over as Chairman and Chief Executive Officer of Lagardère Services in August 2011.
  - **Now, the division is focusing its strategic development on two business lines:**
    - **Travel Retail in three geographic areas** (Europe, Middle East, Africa; Asia-Pacific; North America) and **three activities** (News, Gifts & Convenience; Duty Free & Luxury; Food Services);
    - **Distribution** of products and services at neighbourhood points of sale, grouping national distribution networks (and some integrated retail activities).

- **In 2011, Lagardère Services' business environment was characterised by:**
  - **a troubled economy:**
    - EMEA* area: events in Arab countries and Côte d'Ivoire;
    - North America: bad weather conditions;
    - Asia-Pacific: bad weather in Australia, nuclear accident in Japan, volcano in Chile and earthquakes affecting New Zealand.
  - **momentum of air traffic continued worldwide**** at +4,9% by end November 2011:
    - +7.1% throughout l'Europe *(remember: negative impact in 2010 of the ash cloud from the Icelandic volcano);*
    - +2% in North America;
    - +5.7% in l'Asia-Pacific.

*Europe Middle East & Africa.
**Source: ACI.

A sustained development strategy

> **Growth in Travel Retail is still sustained:**

- **partnership with ADP** extended and reinforced:
  - SDA* contract extended and resumption of "fashion" activities following the purchase of 50% of The Nuance Group in the joint-venture operating those franchises in Paris' airports.
  - a new entity Relay@ADP was created to operate News, Convenience and Souvenir sales outlets.
- **acquisitions**:
  - 11 RedGroup sales outlets in the four major airports of **New Zealand;**
  - **three sales outlet chains** in Czech Republic, including 71 food outlets and 22 News & Convenience outlets;
  - bought out 49% of minority shareholders in Purely Group in **Australia;**
  - Euro-Excellence in **North America**.
- continued deployment of **new concepts** (So Chocolate, Trib's, Hubiz,Tech2go) and **new partnerships** (iStore, Jeff de Bruges, Fnac, Western Union).

> **A year also marked by many bids won:**

- in **Duty Free & Specialty**: won airports in London City, Nouméa, Singapore, La Réunion (partnership with Servair), and renewed concessions in Lyon (a joint-venture with the airport) and Grenoble;
- **in News, Gifts & Convenience:** airports in Edmonton (Canada) and Dallas (United States), subways in Shenzhen and Shanghai, high-speed-train stations in Shanghai / Beijing in China;
- **in Food Services:** Montpellier airport, TGV Rhine-Rhone stations and many hospitals.

*Société de distribution aéroportuaire.

Travel Retail in France (1/2)

Relay France

- Net sales down slightly by 1.6%.
  - The scope effect of the transfer of stores in the Paris airports to the joint-venture Relay@ADP was **-5.4 points** (equity accounting of Relay sales outlets in ADP, a consequence of **creating the joint-venture Relay@ADP**).
  - Not including this impact, **sales were up +3.8%** with:
  - **a constant network up by +3.2%:**
    - downturns in print media (-2.1%) and phone cards (-3.6%);
    - strong growth in tobacco (+6.5%) and food (+9.7%) thanks to the development of Food Corners.
  - **the non-constant network brought 0.6 point** in growth due to:
    - openings of sales outlets: hospital cafeterias, Hubiz in the SNCF and RATP networks;
    - diversification of activities: Trib's sales outlets opened in airports and on the SNCF network.
  - The Relay network had 864 sales outlets in France (including the 58 sales outlets transferred to the new joint venture with ADP), i.e. -2 sales outlets compared with 2010.

Travel Retail in France (2/2)

Aelia

- **Sales were up +11.1% (+11% like-for-like)** with:
  - Airports up 12.5% thanks to a sharp rise in net sales per passenger (especially fashion) and to growth in air traffic (up 6% in Paris);
  - Euronord (Eurostar sales outlets in Lille) at +4.5% with the recovery of cross-Channel traffic;
  - Inflight -1.0% because Alitalia and Iberia were transferred in mid-2011 to Logair, the joint-venture of Aelia and Servair dedicated to in-flight sales (scope effect).
- **The network's growth continued** (+31 sales outlets) amounting to 188 sales outlets in late 2011, of which 99 sales outlets in partnership with ADP (SDA joint-venture consolidated using the equity method):
  - in France, at November 1, 28 Fashion sales outlets previously operated by The Nuance Group were brought into SDA in a joint venture with ADP;
  - in the UK, an alcohol-tobacco-fragrance-cosmetics multi-store was opened in the London City Airport, as well as an adjacent Fashion sales outlets and a Souvenir sales outlets in Glasgow.
- **Aelia continued its international development** in cooperation with the subsidiaries of the Group's division in Poland, Spain, Czech Republic, Asia-Pacific and, recently, Africa.

Travel Retail in Europe

> **Germany**
  - **Activity increased 4.4%** thanks to continued development, which brought 7.4 growth points **with eight additional sales outlets**, bringing the network to 84 sales outlets in late 2011.
  - Won franchises in six stations and the new airport in Berlin (nine sales outlets).

> **Poland**
  - **Activity grew 9.1%** with a network of 681 sales outlets (+10 sales outlets vs. 2010):
    - News & Convenience activity growth (Relay, Inmedio, 1 Minute and Hubiz): +7.5%;
    - continued strategy of diversification into Food Service: +18.4%;
    - Duty Free continued its steady growth at +12.9%.

> **Czech Republic**
  - **Activity rose 14.5% (network of 215 sales outlets at end 2011, i.e. +25 sales outlets vs. 2010):**
    - excluding acquisitions, revenue up 9.9% thanks to the opening of eight new sales outlets;
    - acquisitions added 4.6 growth points.

> **Romania and Bulgaria**
  - **Romania:** activity continued to develop at a sustained pace: +19.5%.
  - **Bulgaria:** first consolidation in 2011 and strong growth in activity: +59.3%.

Travel Retail in North America

> North America

- Retail activities in Canada and the United States down 1.2%:
  - **on a like-for-like network basis, activity was up 0.6%:**
    - good performances posted in airports...
    - ...offset sagging sales in tourist areas and downtown, affected by the bad weather at the start of the year, the especially difficult economic context and the decline in written products.
  - the closing of unprofitable sales outlets and non-renewable franchise contracts reduced activity by -1.8 points.

- Improvement in the fourth quarter (+5.7%), streamlined results and the introduction of new concepts (iStore) yielded results against a more favourable economic context.

- The network had 236 sales outlets at end 2011, compared to 255 at end 2010 (loss of the Winnipeg Airport and downtown and resort stores closed).

Travel Retail in Asia-Pacific

- **Asia**
  - Initial consolidation of Singapore and China on January 1, 2011.
  - Presence in Hong Kong, Singapore, China and Taiwan, with a network of **108 sales outlets** compared to 61 sales outlets at end 2010.
  - **Net sales up strongly +55.6%** with significant growth in China (40 sales outlets opened): 18 sales outlets opened in the Shenzhen and Shanghai subways, and 22 sales outlets in the high-speed train line linking Shanghai and Beijing.

- **Pacific**
  - **The year was especially troubled by worsening market conditions**:
    - Australia: bad weather, labour unrest at Qantas, failure of RedGroup that entailed a significant drop in book sales and, finally, an especially high Australian dollar penalised tourism activities;
    - other countries: earthquakes in New Zealand, ash cloud from the Chilean volcano and the events in Japan.
  - Despite this difficult situation, **net sales were up +3.4%:**
    - not including acquisitions and on a like-for-like network basis, activity was down 2.8%;
    - the acquisition in April 2011 of 11 sales outlets in New Zealand generated net sales of €8.5m for the period;
    - the start-up of Duty Free in New Caledonia in January 2011 generated €5.6m in net sales.
  - **The network includes 114 sales outlets** (+ nine sales outlets vs. 2010).

Distribution Activities* (1/2)

- **Belgium**
  - **Integrated Retail activities down 3.5%** due to streamlining of the network which now includes 264 sales outlets (-11 sales outlets vs. 2010). On a like-for-like network basis, net sales were down 1.2%.
  - **Distribution fell 2.4%** of which -2.3% was in print media.
- **Spain**
  - **Diversification plans limited Integrated Retail slump to -1.1%, which is explained by**:
    - the decline in port activities (drop in ferry traffic between Spain and Tunisia): -13.4%;
    - the -3.7% drop in traditional sales outlets (impact of the drop in print media sales).
  - **Downturn in Distribution: -3.9%**
- **Switzerland and Hungary**
  - **Switzerland**
    - The very high level of the Swiss franc had a very strong impact on all activities.
    - **Integrated Retail down 1.1%.** Network of 179 sales outlets.
    - **Distribution down - 5.9%** in net sales managed with a downturn in print media of -8.3%.
  - **Hungary**
    - Integrated Retail up 1.5%.
    - Distribution stable: -0.3% (managed net sales).

*Including Integrated Retail activities.

Distribution Activities* (2/2)

> North America

– **Distribution in the United States**: the year was marked by a still-difficult economic environment that was reflected on the market, down significantly.
In this context, consolidated net sales for Curtis were affected, falling 16.9%.

– **Distribution in Canada:**

- **managed net sales for LSD NA rose 5.9%** thanks to dynamic sales of English titles and good sales of partworks;
- **Euro-Excellence was acquired** (import and distribution of gourmet food products from Europe), with 11.5 points in additional growth.

*Including Integrated Retail activities.

Lagardère
UNLIMITED ®

Organisation

- **Division reorganised into three regions, and new managers appointed:**
  - Alain Lemarchand, Chief Operating Officer for Europe and Africa;
  - Seamus O'Brien, Chief Operating Officer for Asia-Pacific and the Middle East;
  - Kevin O'Connor, Chief Operating Officer for the United States and South America;
  - Laurent Carozzi, Chief Financial Officer of Lagardère Unlimited.

- **Changes in division scope:**
  - acquired 100% of Stadia Consulting Group's business*;
  - acquired 90% of the Folies Bergère operating company and 51% of the Marques Folies Bergère company;
  - created Sportfive Afrique entity;
  - created Lagardère Unlimited Live Entertainment, dedicated to the Group's entertainment activities (acquired from Lagardère Active);
  - consolidated Lagardère Paris Racing and Lagardère Unlimited Talents**, previously in Non-Media Activities.

*Agency specialising in development consulting and consulting in the management of stadiums and sports grounds.
**Company specialising in representation and management of athletes.

Europe and Africa Area (1/2)

- **Management of broadcasting rights:**
  - **Sportfive** acquired additional rights to the **qualifying matches for the 2014 World Soccer Cup** and continued marketing UEFA Euro 2012™, the Africa Cup of Nations and the 2014 Winter Olympics and 2016 Summer Olympics;
  - **IEC in Sports** signed a partnership with Perform to distribute **international media rights** (not including North America) for the **22 most prestigious WTA tournaments** (Women Tennis Association) and continued marketing the rights to the 2011 and 2013 IAAF World Championships (athletics).

- **Marketing of sports rights and associated products:**
  - **Sportfive** obtained exclusive rights to market the hospitality services for UEFA Euro 2012™ in France and Germany, and expanded its club portfolio in Germany;
  - **continued diversification** in other sports (specifically sailing and rugby).

Europe and Africa Area (2/2)

- **Organisation and management of sports events:**
  - successful **Berlin Skoda Velothon** (13,000 starters) and **London Triathlon** (4,500 registered, event sold out);
  - **created a new triathlon** (San Diego) included in the ITU World Triathlon Series, operated by Upsolut beginning in 2012;
  - coproduced the **musical comedy *Dracula.***

- **Consulting in the management/operation of stadiums and multipurpose halls:**
  - boosted Lagardère Unlimited Stadium Solutions' expertise by **acquiring the business of Stadia Consulting Group**, involved in many projects as part of the preparation for UEFA Euro 2016™ in France.

- **Representation of celebrities:**
  - developed the portfolio of rugby players, with five players who took part in the 2011 World Cup.

Asia-Pacific and Middle East Area

- **Management of broadcasting rights and marketing of rights and associated products:**
  - sold media and marketing rights to the AFC (Asian Football Confederation) contract: Asian Cup 2011, Olympic Qualifiers and Champions League;
  - acquired media and marketing rights to the Chinese Football Association for four years;
  - acquired media and marketing rights of the Arab Nation Cup in a five-year partnership with the Union of Arab Football Associations;
  - innovative partnerships (YouTube, UStream);
  - dispute pending with BCCI* on international broadcasting rights to IPL (cricket) and non-recognition of related net sales or recurring EBIT.

- **Organisation and management of sports events:**
  - World Sport Group is the business partner and promoter of four of the 14 events in the **OneAsia Tour** (golf);
  - World Sport Group is also the business partner and promoter of the Barclays Singapore Open (golf, prize money: US$6m).

* Board of Control for Cricket in India.

United States and South America Area

- **Organisation and management of sports events:**
  - 2011: took over the WTA Citi Open (women's tennis, Washington).
- **Representation of celebrities:**
  - major addition to the portfolio of athletes represented, especially in tennis (more than 500 players and celebrities represented).

Lagardère

2011 Full-Year Results
March 8, 2012