



Lagardère

INVESTOR DAY

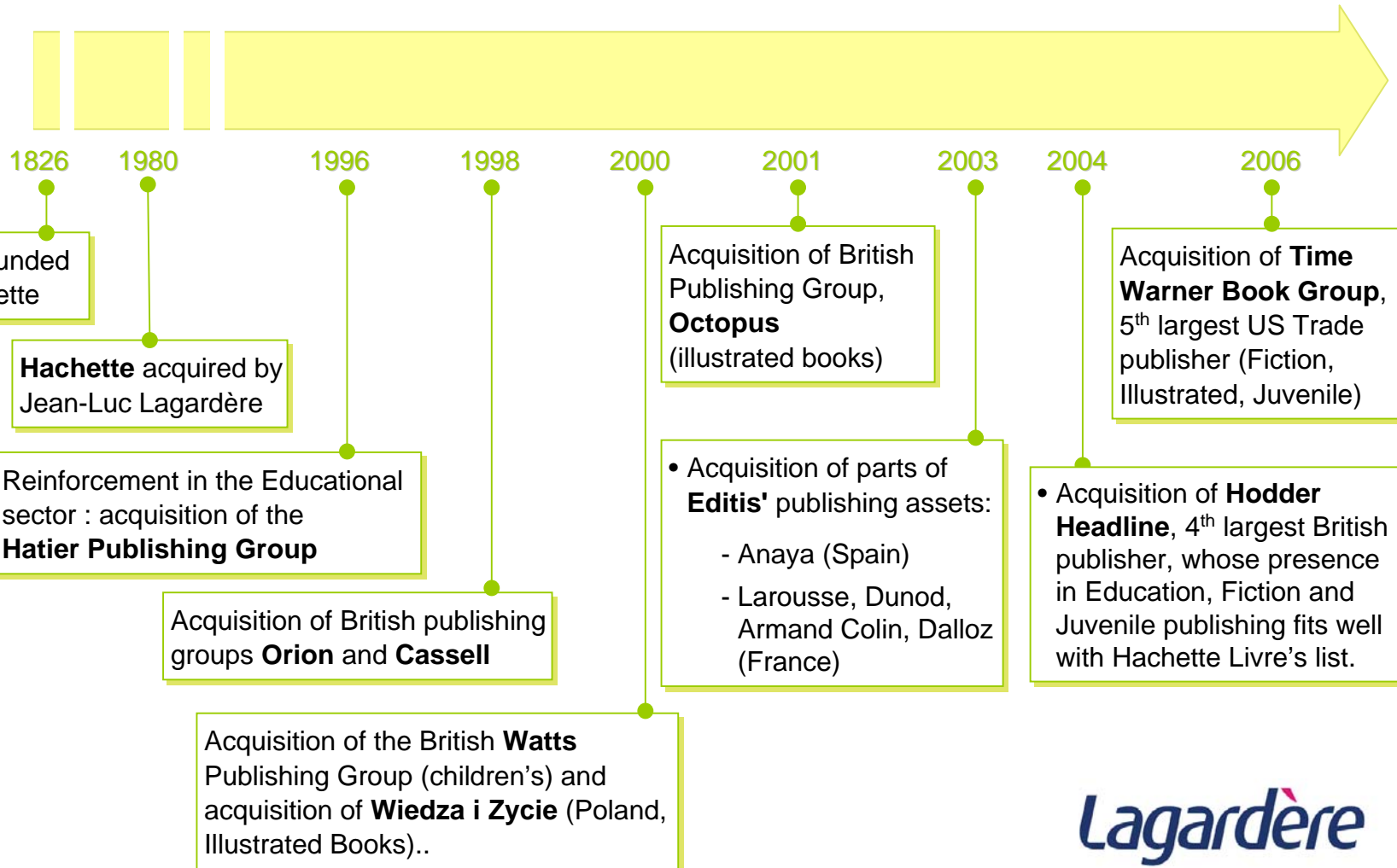
June 01, 2006



Books - A longstanding commitment to profitable growth -

Investor Day June 01, 2006

A long history of growth and acquisitions



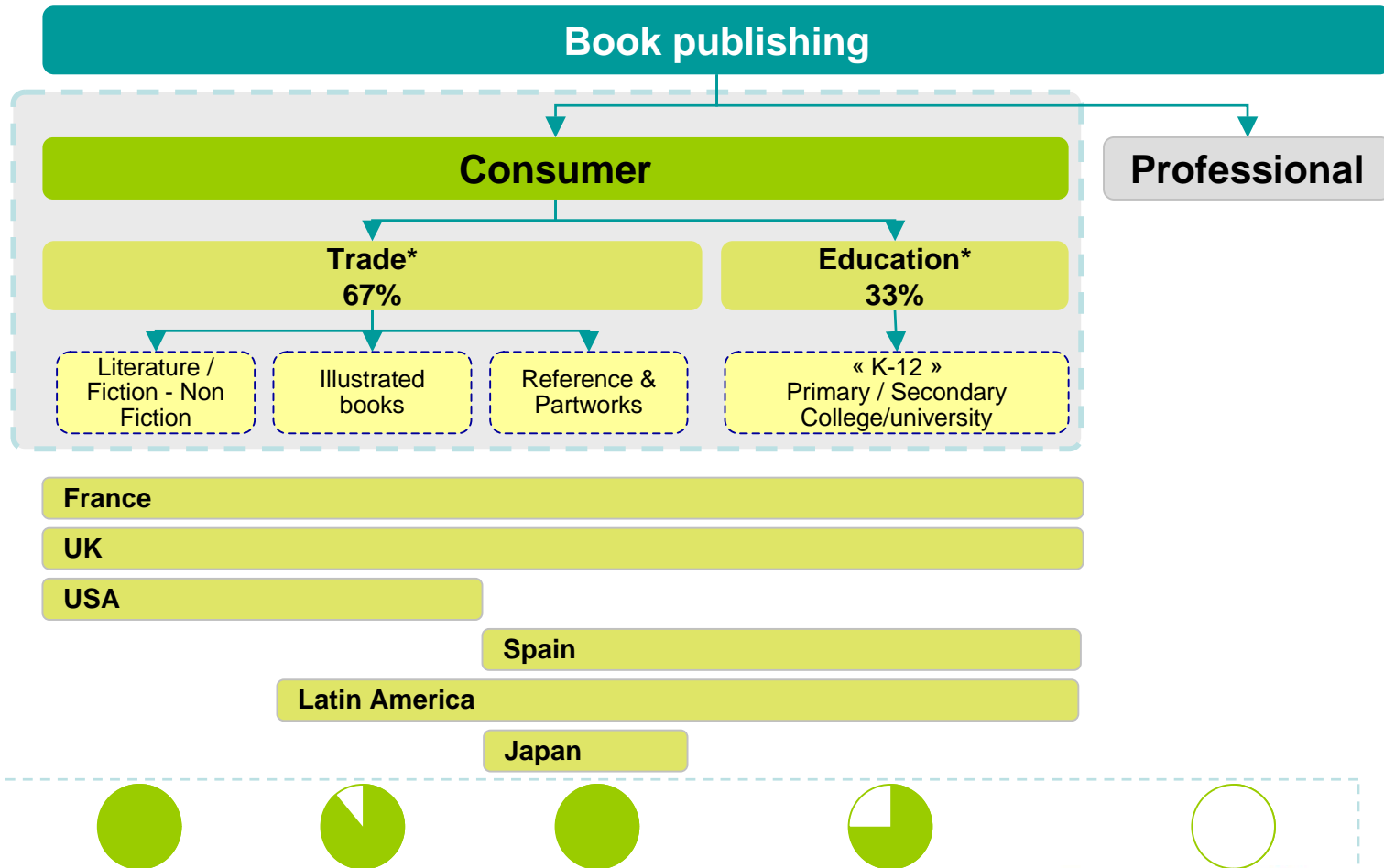
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Books - A longstanding commitment to profitable growth -

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Focused on the markets where paper will prevail



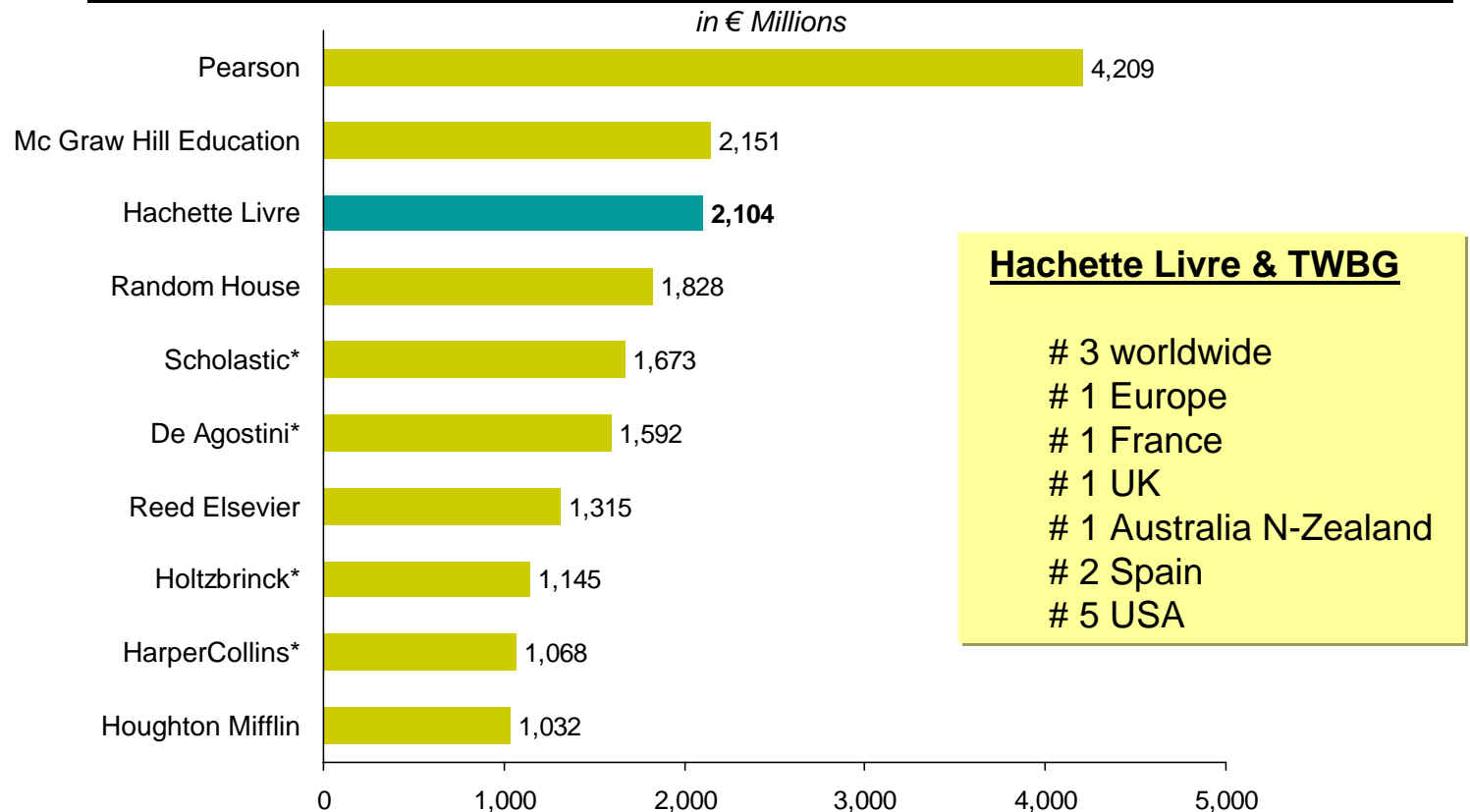


Books - A longstanding commitment to profitable growth -

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From local leadership to global presence

Benchmark 2005 (Trade & Education) including the acquisition of Time Warner Book Group



Note : strong impact of the €/ \$ exchange rate on US groups.

* Holtzbrinck (2003-2004), De Agostini (2002-2004), Scholastic & HarperCollins (Data for year ending 30.06.05)

Data 2005, excluding professional sales and book clubs whenever possible

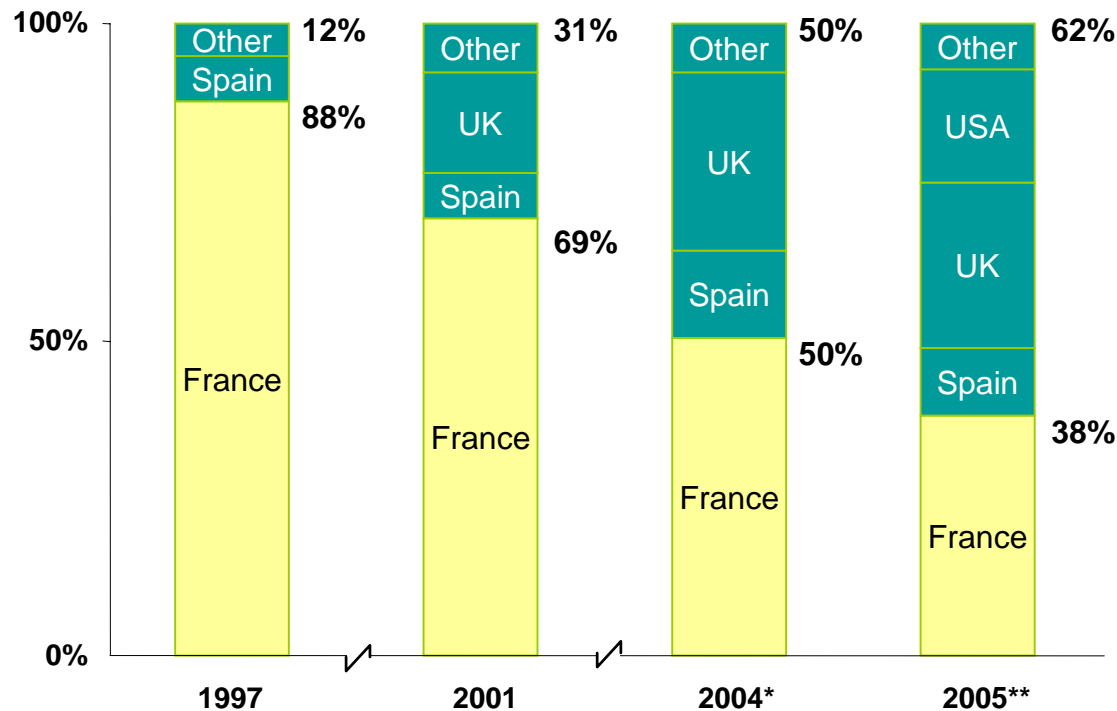


Books - A longstanding commitment to profitable growth -

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A significant transformation : from French to multi-local leader

Split in sales by country
(1997-2005)



* Hachette Livre 2004 data, pro-forma with total integration of Hodder Headline

** Hachette Livre 2005 data, pro-forma with 12 months integration of Time Warner Book Group



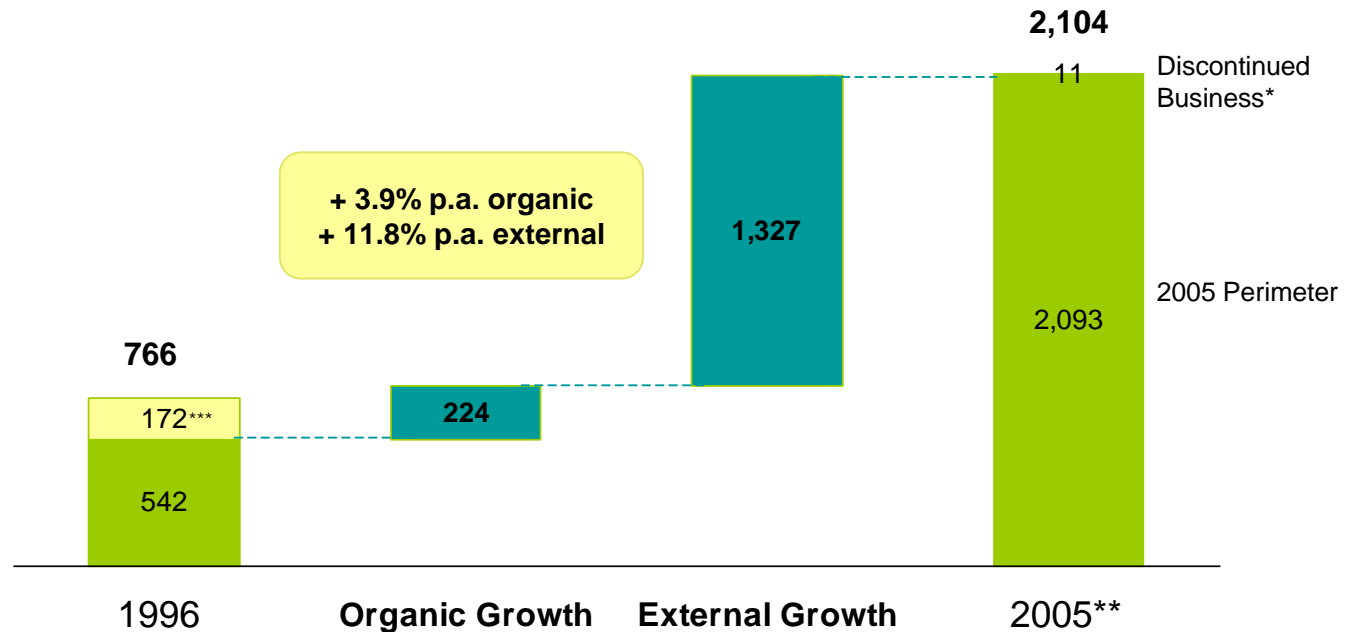
Books - A longstanding commitment to profitable growth -

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Healthy organic growth and acquisitions have fuelled expansion ...

Hachette Livre like-for-like sales analysis

(1996-2005, € Millions)



* Direct Sales of Encyclopaedias ("Courage")

** Hachette Livre 2005 data, pro-forma with 12 months integration of Time Warner Book Group

*** Discontinued sales



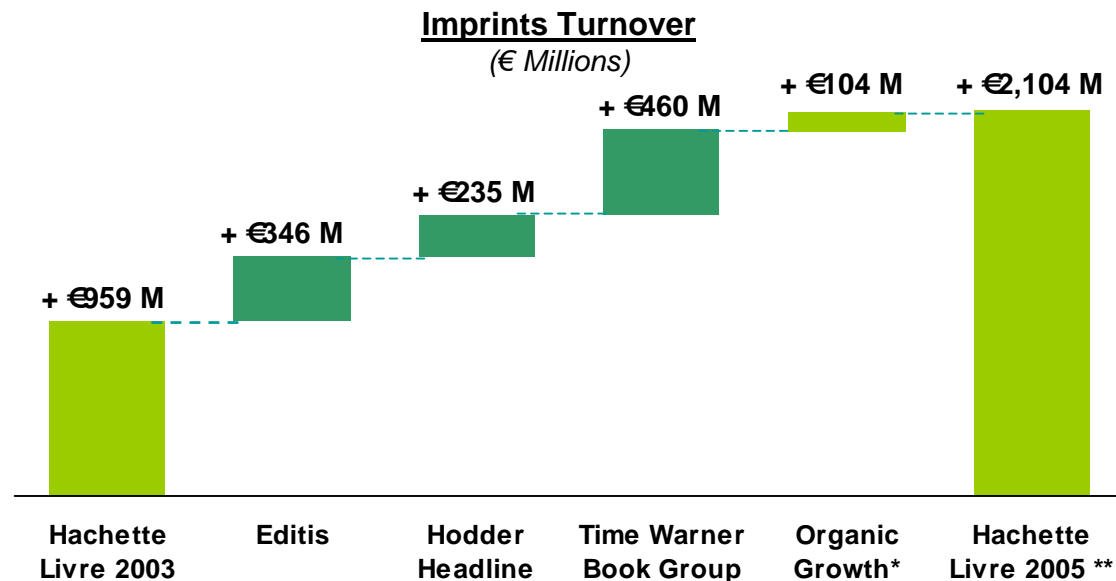
Books - A longstanding commitment to profitable growth -

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... and Hachette Livre has more than doubled its size in three years

→ Hachette Livre's targets - formulated in 2003 - have been met:

- To be at the core of the consolidation of the French and Spanish markets (acquisition of Editis)
- To boost the international development of partworks
- To accelerate Hachette Livre's external growth in Europe, in priority in the UK and Spain, as well as in education, within reasonable financial limits



* Organic growth of the Hachette Livre 2003 perimeter, excluding any organic growth from acquisitions (included in the acquisitions perimeter)

** Hachette Livre 2005 data, pro-forma with 12 months integration of Time Warner Book Group

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Books - A longstanding commitment to profitable growth -

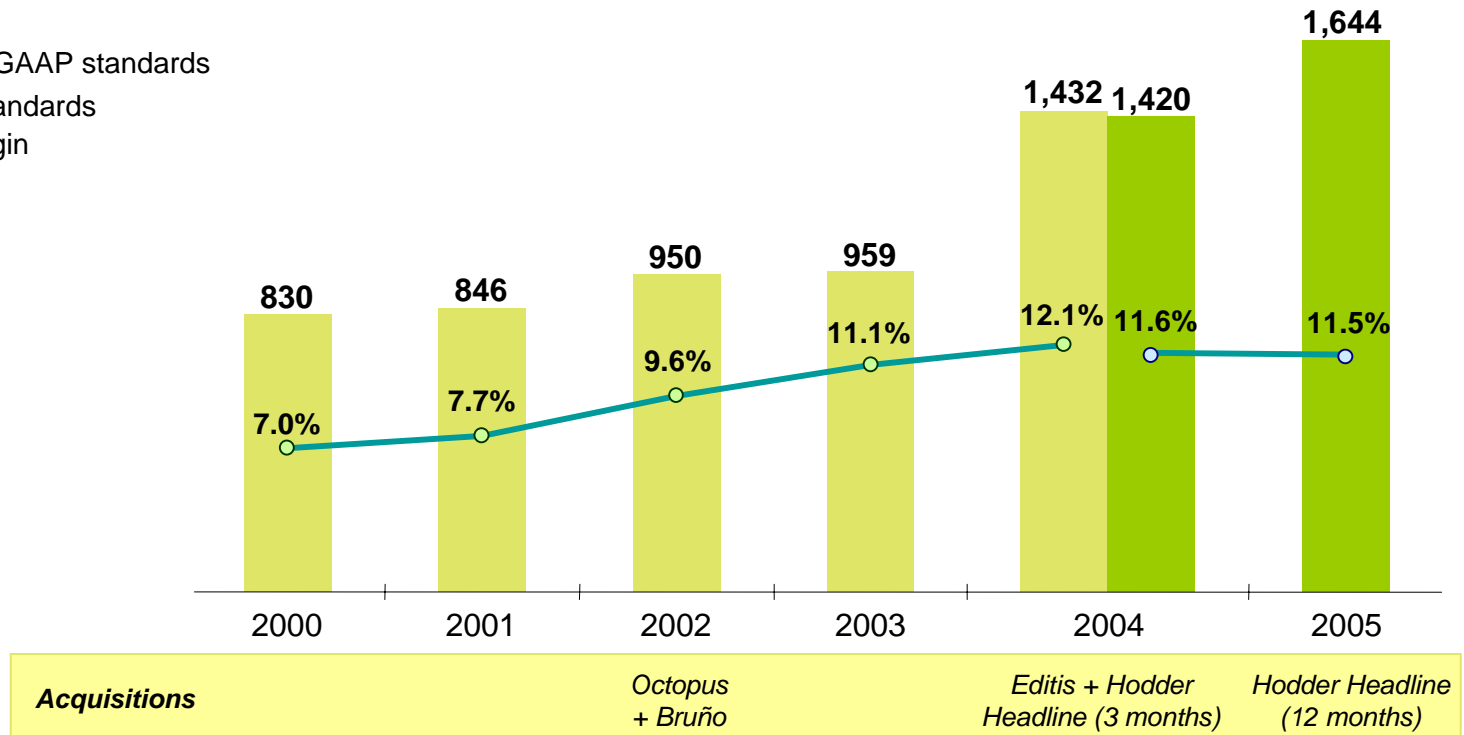
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With growth also came a substantial profitability improvement

Sales and operating margin

(2000-2005, € Millions, and % of sales)

- Sales, French GAAP standards
- Sales, IFRS standards
- Operating margin



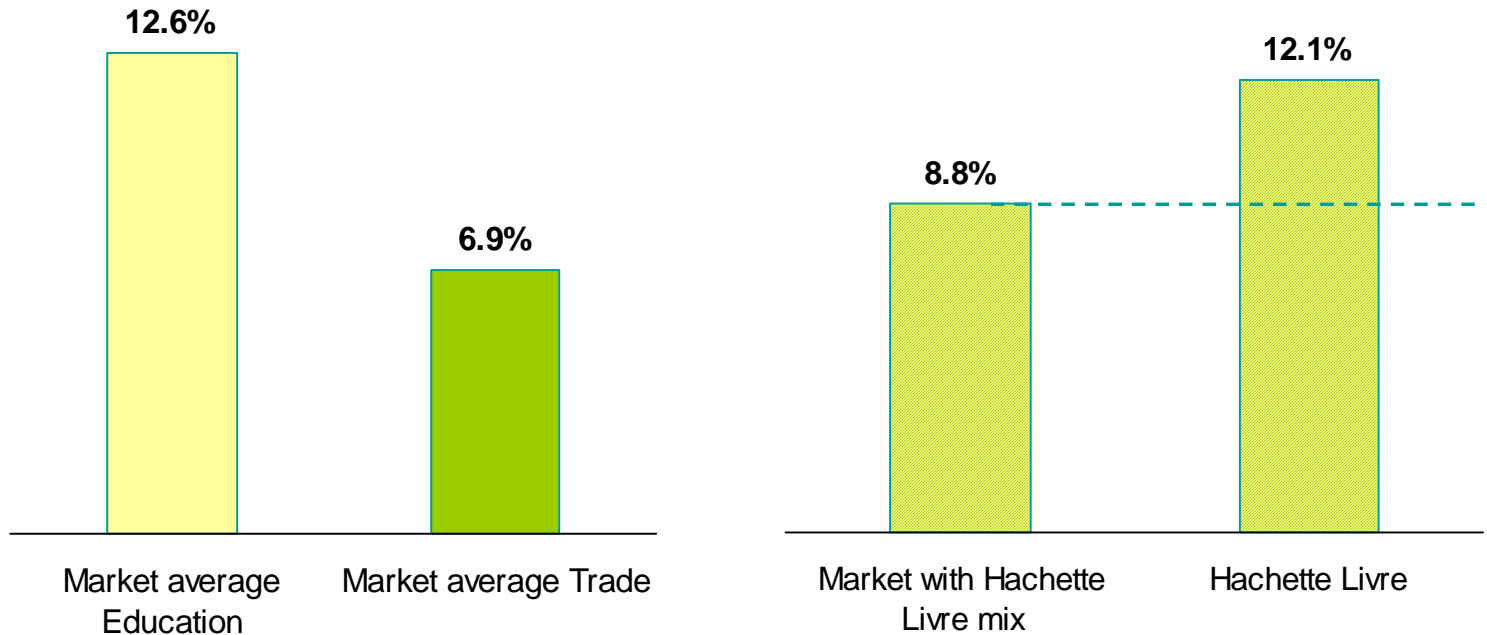


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Better performance than top industry player averages

Operating Profit / Sales*
(%, 2004)



* Benchmark of the 25 leading consumer publishers worldwide (for which data were available)



Books - Solid growth prospects -

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The book market continues to offer solid growth prospects

- The market in which Hachette Livre operates is growing
 - In emerging markets, books embody the access to knowledge (management books, testimonials, self-help books) and education
 - In mature countries, marketing and segmentation create new avenues of growth
 - Books complement other media
 - Segmentation and range extensions leverage our brands and bestsellers
 - New segments have emerged: mangas, religious books, audio-books
- Book publishing has fared well through the turmoil created by new technologies. In our core markets, Book publishing will benefit - not suffer - from new technologies
 - Books have successively weathered the press, radio, cinema, and TV "storms"
 - Books are today a fast moving consumer good, perfectly adapted to modern retail
 - Digital media consumption does not affect time spent reading books
 - Digital formats have not proven to add value. However, Book publishing will increasingly rely on the Internet
 - Internet is becoming a new media, which we will use to support our brands
 - It will help us provide complementary tools for teachers and students in conjunction with textbooks
 - It is already an additional retail channel, making books more ubiquitous than ever

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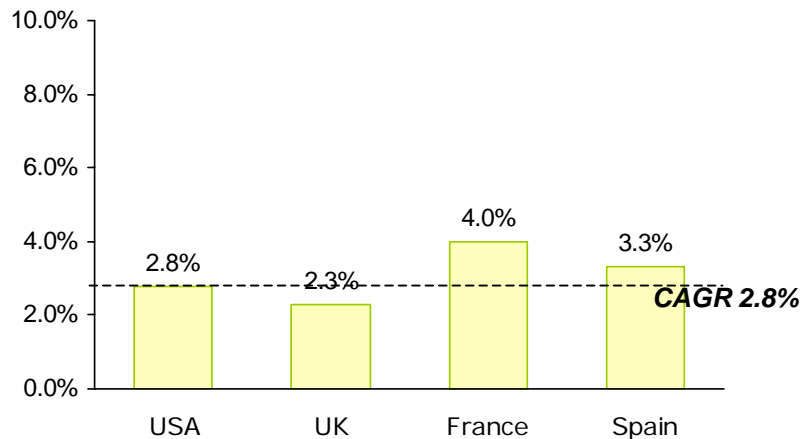
Books - Solid growth prospects -

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The global book market is growing, even in industrialized countries

Market size 2004 et CAGR 2000-2004 (publishers net sales)

Developed markets

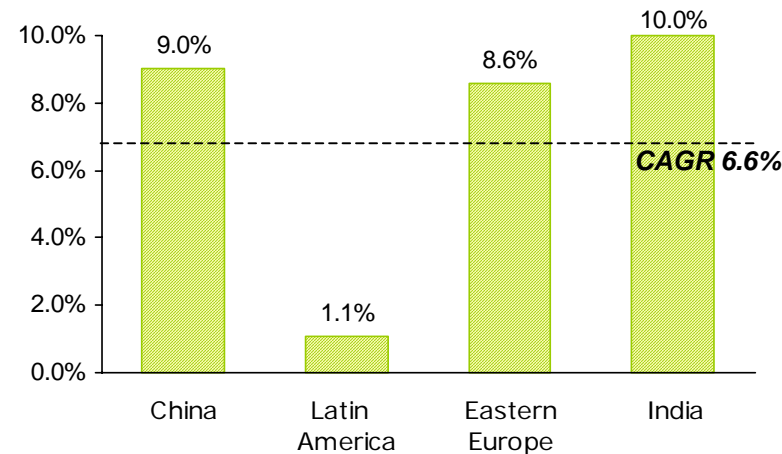


Market Size
2004 in €

23.2 bn	5.3 bn	2.6 bn	1.9 bn
---------	--------	--------	--------

Books have maintained their consumer appeal and keep attracting new readers thanks to the development of children fiction, e.g. Harry Potter

Emerging markets



3.4 bn*	~2bn	~2bn*	1.0bn*
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Books provide access to knowledge

* Eastern Europe, China and India: 2003 data

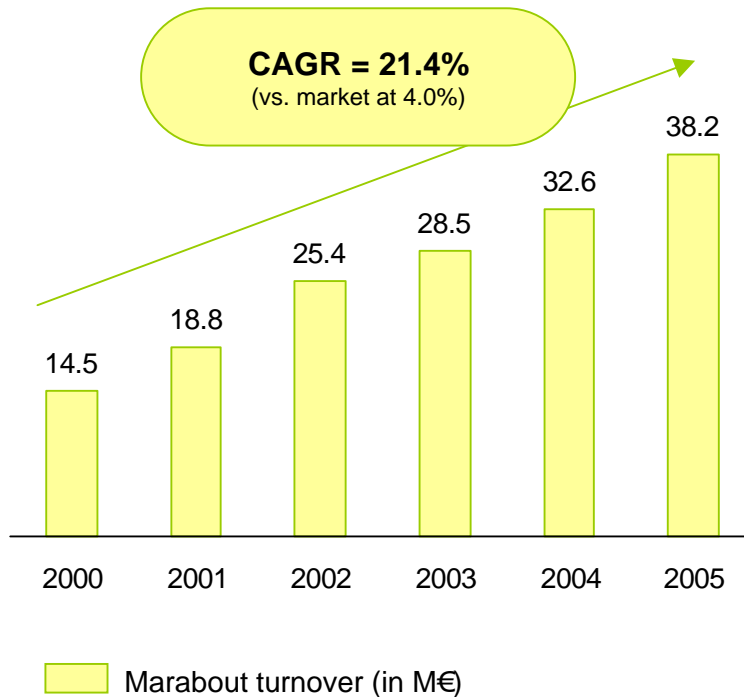


Books - Solid growth prospects -

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Marketing and segmentation have fuelled market growth

Marabout turnover vs. Market turnover



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Books - Solid growth prospects -

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New segments have emerged

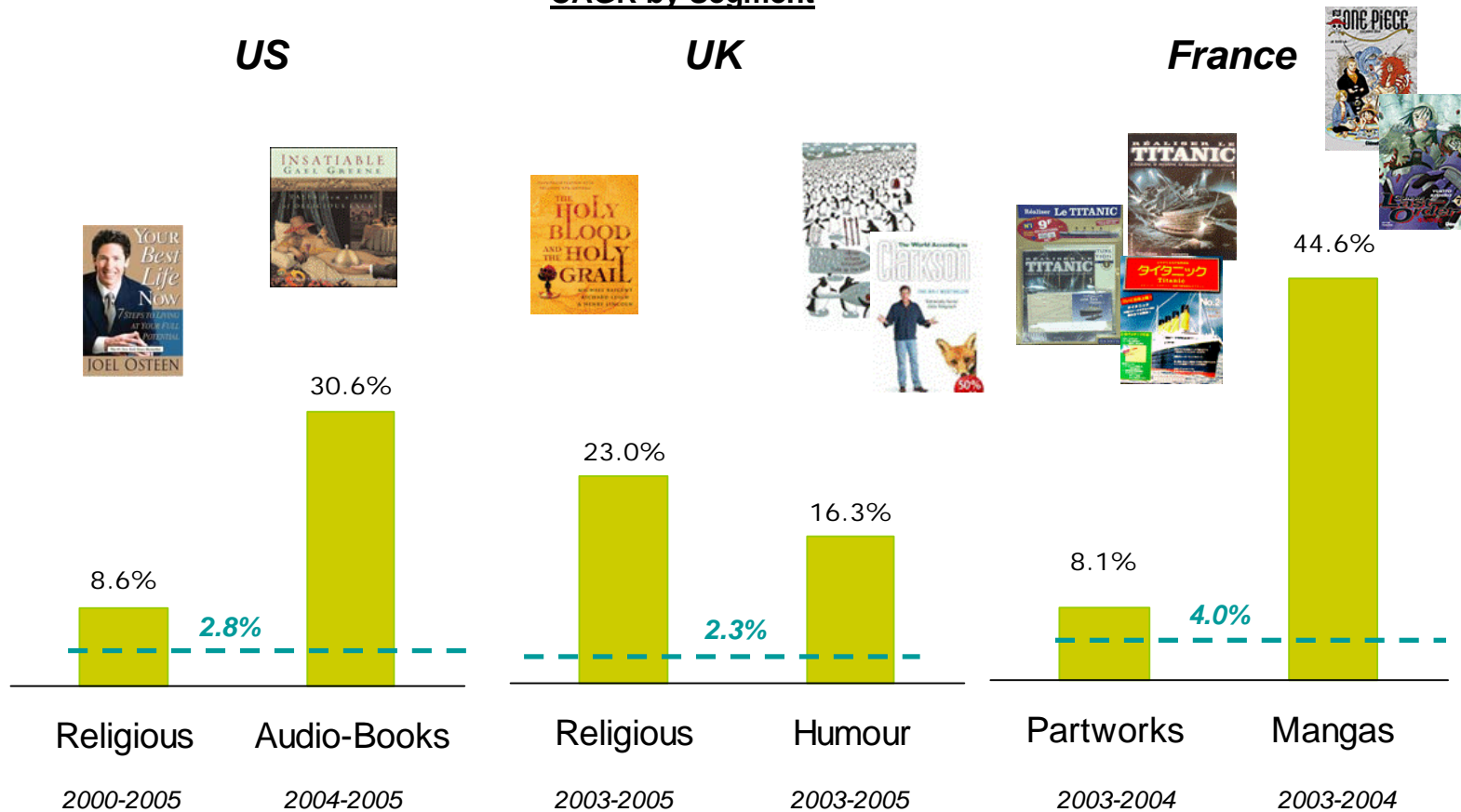
CAGR by Segment

US

UK

France

Book Market
CAGR
2000-2004



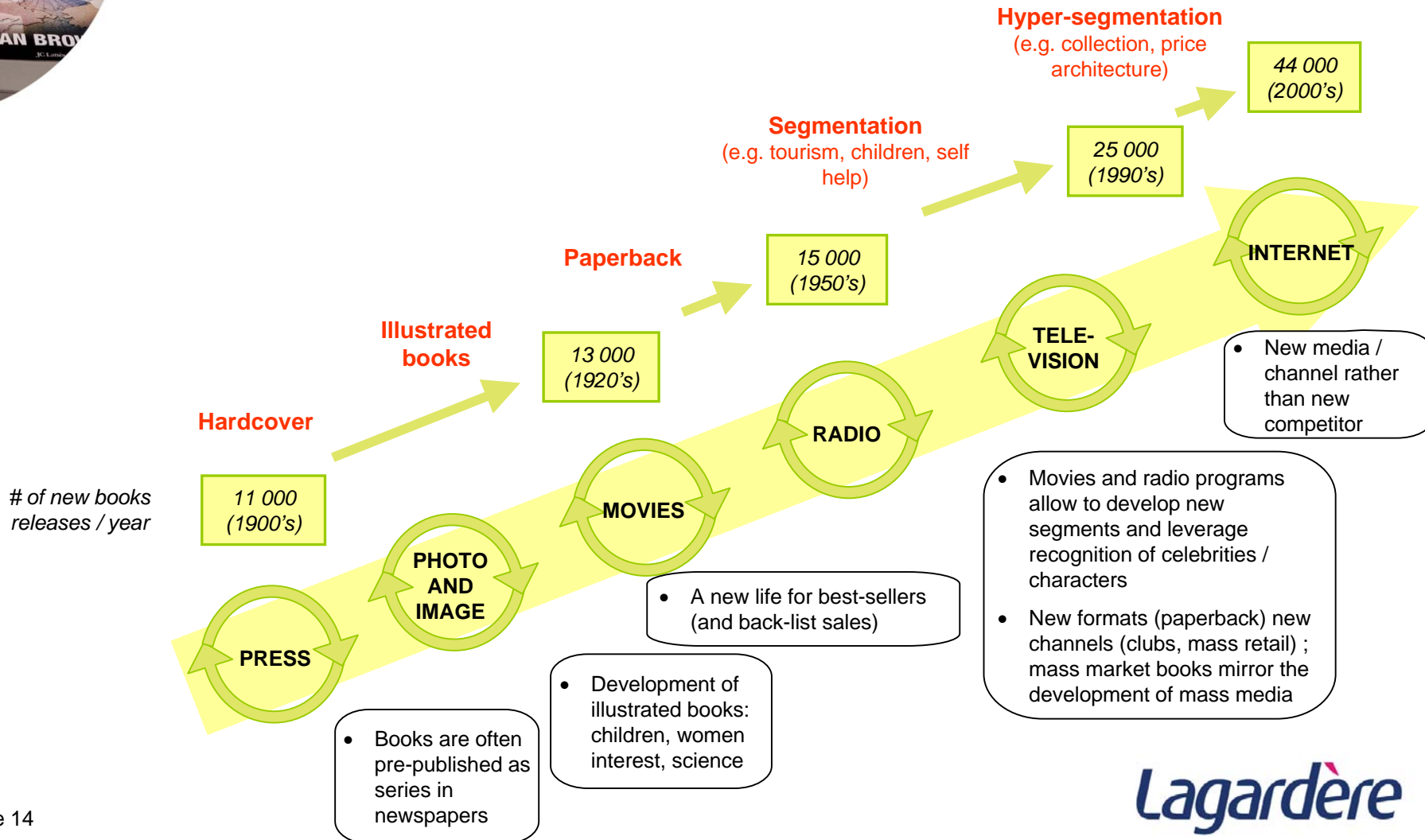
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Books - Solid growth prospects -

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Books have their share of innovation breakthroughs



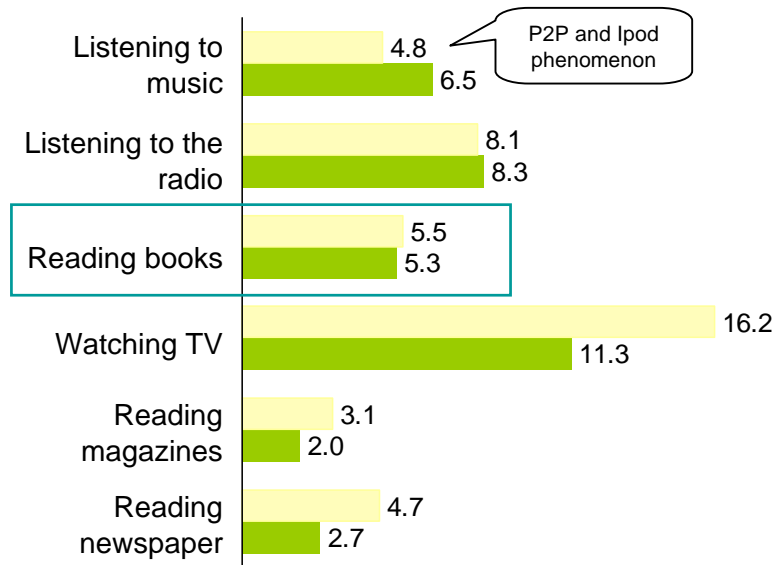


Books - Solid growth prospects -

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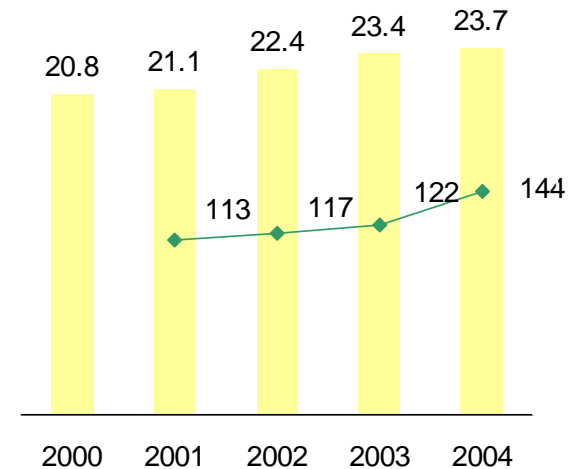
Internet reach and book sales have grown in parallel

Weekly hours spent in media-related activities
Non-users vs. experienced Internet users, in the US
 (hours, 2004)



Non users of the Internet
 Experienced Internet users

Internet penetration vs. book industry growth in the US



Book Market (\$bn)
 At home internet users (M of users)



Books - Solid growth prospects -

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Internet becomes a new media for books

Internet is a new sales channel

- The development of on-line bookstores **enhances the visibility of books** and backlist in particular

Internet complements textbooks

- Textbooks are the inescapable pillar of school programs:
 - exhaustive, not amendable
 - fits the basic reflexes of cognitive learning (linear and chronological vs. indexed)
- Internet is a powerful complement : tutorials, testing, relationship management

Internet is a new media to promote books

- Web sites offer new opportunities to
 - promote best-sellers
 - provide range visibility
 - Enrich the content of brands



Books - Solid growth prospects -

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The web offers new opportunities to promote brands and books

Routard.com	2004/2003	2005/2004
Change in # of copies sold	+ 3%	+ 6%
Change in # of pages read	+ 42%	+ 75%

LA BOUTIQUE DU ROUTARD

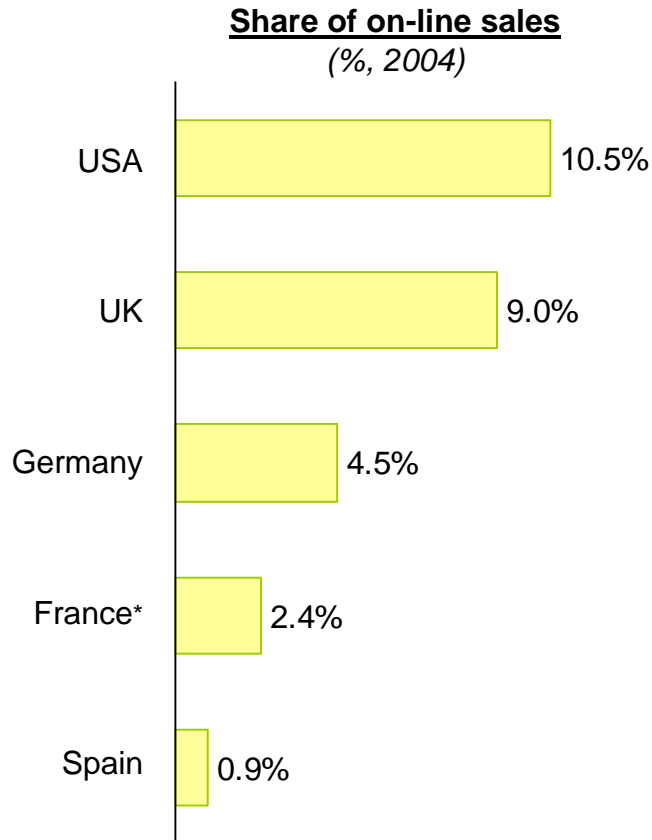
- Guides du routard
 - Guides France
 - Guides Europe
 - Guides Amériques
 - Guides Afrique
 - Guides Asie
 - Autres guides
 - Guides de conversation
 - Polars du routard
 - Cédérom
 - Carte téléphonique
 - Adresses des restaurants et des hôtels de France
- Les produits de nos partenaires
 - Santé en voyage
 - Filtres à eau-Micropur
 - Accessoires du routard
 - Développement Photos
 - Routard assistance
 - Visa
- Les vols et les séjours se trouvent dans la rubrique **PARTIR**.
- liens promotionnels.



Books - Solid growth prospects -

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The development of on-line bookstores enhances books visibility



Leaders actively promote the depth and breadth of their offer



#1 most visited merchant website in Europe in 2002 (17.3 M visitors)
"Online shopping from the earth's biggest selection of books, magazines, music."

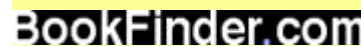


"Barnes & Noble.com is the Web's premier destination for Books, DVD, Music..."



7th most visited merchant website in Europe in 2002 (1.7 M visitors)

**La plus grande Fnac,
disponible en ligne 24h/24**



"Over 100 million new, used, rare, out of print, and international books for sale."

- Traditional bookstores are compelled to maintain a large assortment to remain competitive
- In countries where book prices are not regulated, on-line bookstores are not the most aggressive on price

* France: 2005 data

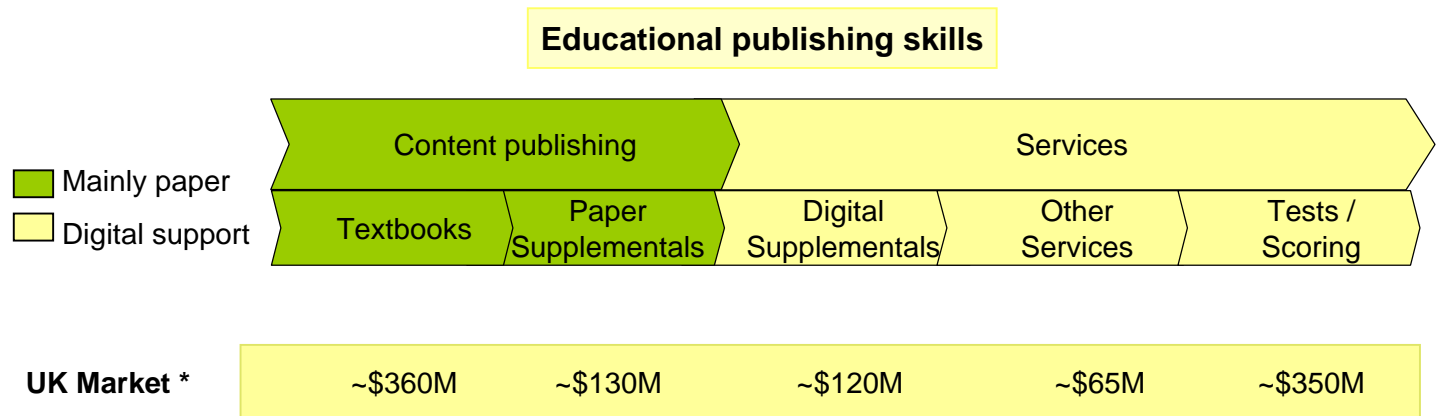


Books - Solid growth prospects -

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Digital products and services create additional opportunities in education

- New products and services are developed, for which brands are of key importance: services to teachers and schools, performance evaluation systems, independent courses, digital services complementary to textbooks



Description

- Textbooks (paper or electronic)
- Textbooks for teachers and parents
- Exercise books
- Print
- Exercises on CD-Rom, Internet, Video or Films
- Content management, Students follow up, ...
- Centralized Tests system



Books - Solid growth prospects -

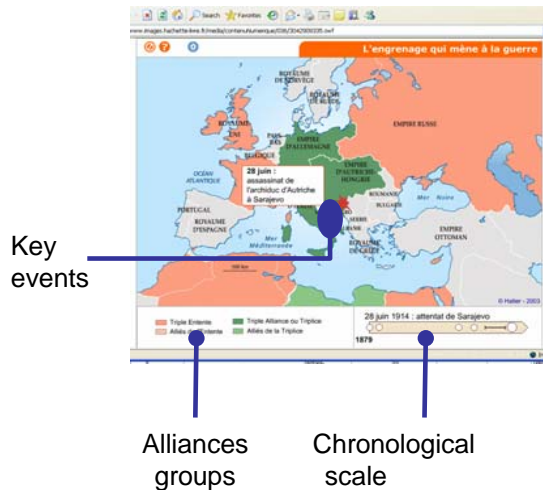
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Hachette Livre has developed strong digital know-how in education

Production of digital Education tools

- Market of digital education supports is growing in all countries
- Hachette Livre education publishers have created a wide range of digital and interactive educative products

Example of an interactive map by Hatier: Events leading to World War I



Diffusion/ Distribution of digital educative content

"Digital Education Newsstand" (KNE)

KNE is an on-line catalogue with digital education products (exercise books, interactive lessons), dictionaries and atlas. The products can be tested and purchased on-line.

KNE gathers all group education publishers as well as prestigious third education houses (Belin, Magnard, Encyclopaedia Universalis)



Schools Digital Work Environment

Definition



Services for teachers, students and parents: *Agenda, homework list, results book, lessons, absence book ...*



DWE offers a personalized space (*login*)



At home or at school, DWE is available on the Internet

Education Government orientations: *"By 2007, all students and teachers should have access to DWE"*

Hachette Livre's offer

Scolastance

- Intranet and Extranet providing school services and teaching skill supports
- Scolastance is a strategic tool to enter a school



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Books - A business model based on checks and balances -

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Our business model, based on a balanced mix of activities, provides further organic growth prospects

- The business model is based on
 - A balanced mix of activities
 - Balance between the cyclical high margin education business and the more steady trade business
 - Balance between three language clusters
 - an organizational model that commands decentralization and autonomy where it counts and economies of scale in support functions
- Recent additions to the portfolio reinforce the model and offer additional growth opportunities
 - Editis: reinforced leadership in France, strong base in Spain/South America
 - Hodder Headline: scale in the UK, strong foothold in the Education market
 - Time Warner Book Group: scale in the Anglo-Saxon world (US, UK, Australia-New Zealand)

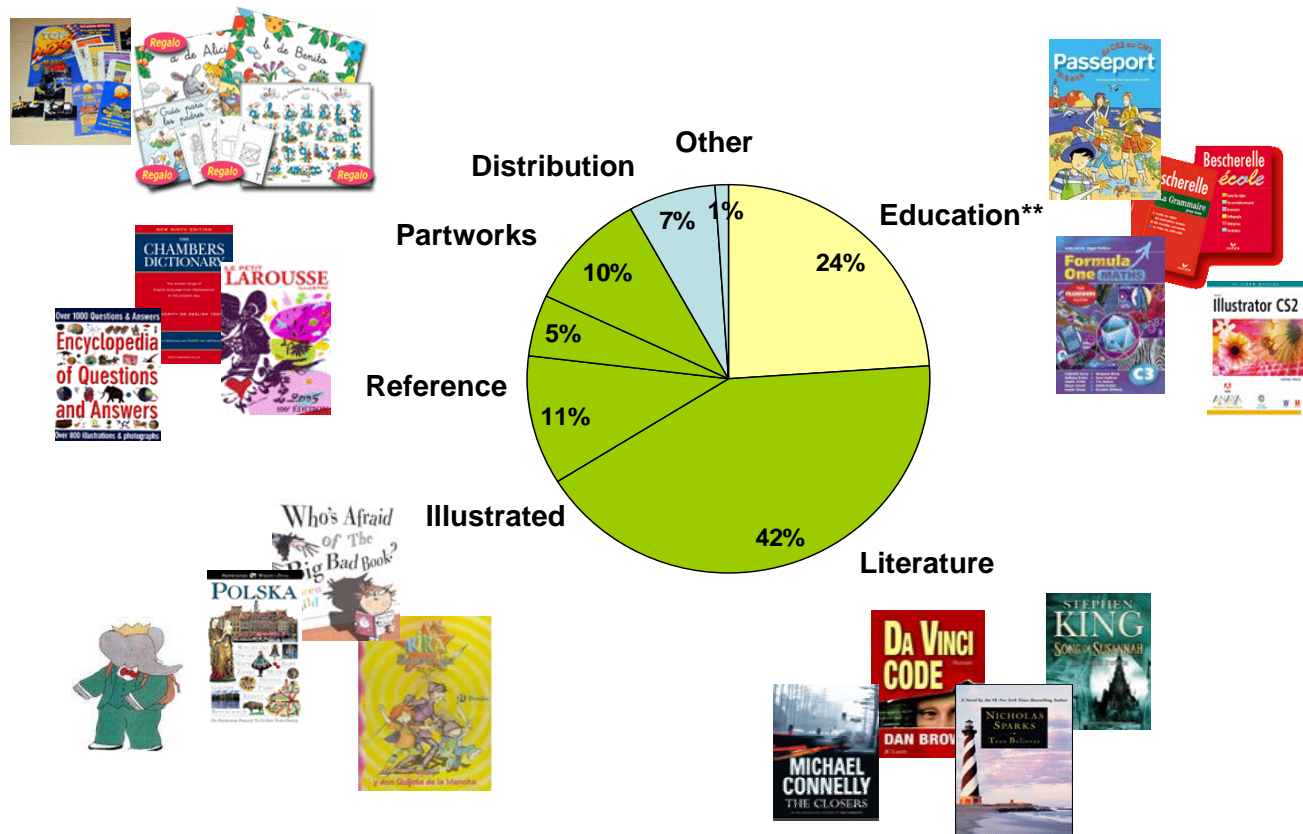


Books - A business model based on checks and balances -

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Hachette Livre has a balanced portfolio

Hachette Livre 2005 pro-forma turnover*



* Hachette Livre 2005 data, pro-forma with 12 months integration of Time Warner Book Group

** Including professional and university activities



Books - A business model based on checks and balances -

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Hachette Livre has international presence in all key market segments

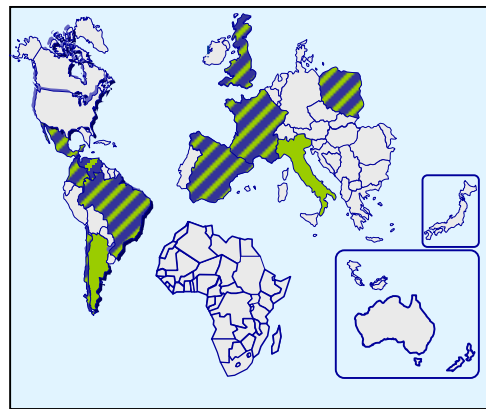
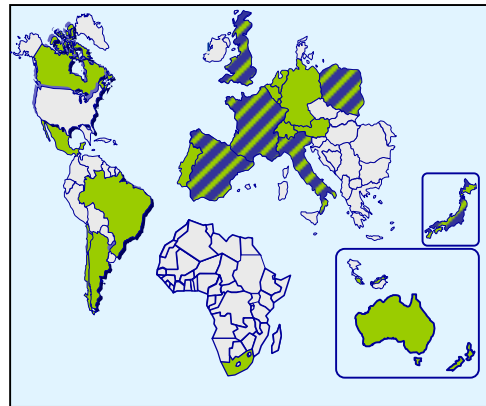
International markets



PARTWORKS

- Hachette Collections (FR)
- Hachette Partworks (UK)
- Salvat (SP)
- Hachette Fascicoli (IT)
- Hachette Partworks (Japan)

REFERENCE

- Larousse (FR)
- Chambers Harrap

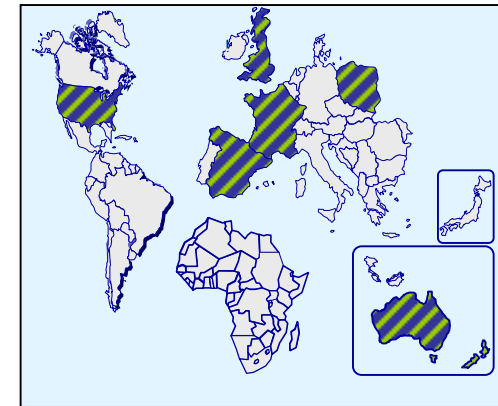


 Local presence
 Indirect presence

Local markets

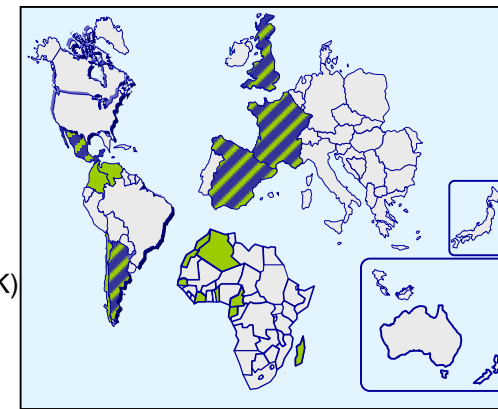
TRADE

- Hachette Livre (FR)
- Octopus, Orion, Hodder Headline, TWBG (UK)
- TWBG (USA)
- Anaya, Bruño (SP)
- Wiedza i Zycie (PO)



EDUCATION

- Hachette Livre (FR)
- Hodder Headline (UK)
- Anaya, Bruño (SP)



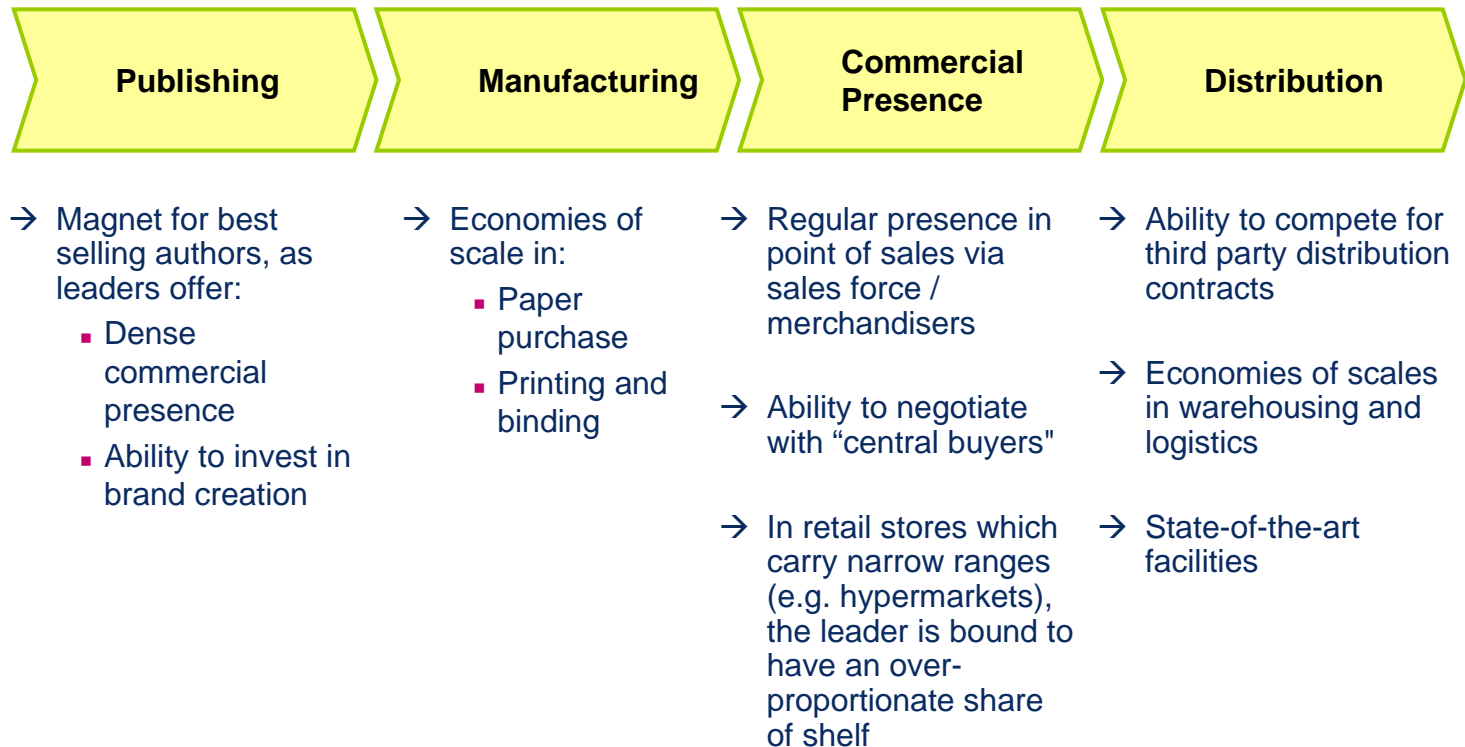
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Books - Contributor to the consolidation of the industry -

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The virtuous circle of leadership





Books - Contributor to the consolidation of the industry -

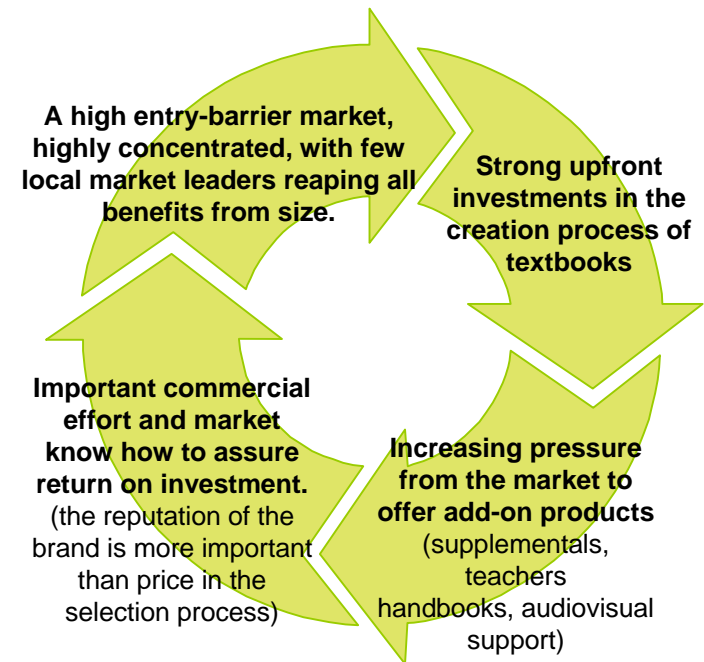
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Investments required to create brands will benefit the leaders

Trade



Education





Books - Contributor to the consolidation of the industry -

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Entering the UK market, the first step towards international stature

- The acquisition of Hodder Headline was a unique opportunity for Lagardère
 - To become #2 player in the UK Trade market, the second largest in Europe which has experienced consistent growth
 - To establish a presence in the UK Education market with a strong and very profitable activity
 - To replicate its diversified publishing/distribution business model in the UK
 - To realize significant synergies in distribution back-office, printing, IT, in children books, illustrated books and overseas activities (Australia, New Zealand)

- Hodder Headline enjoys a very attractive position
 - It is a well established publisher: # 4 publisher in the UK Trade Market and # 6 in the Education/School market
 - Hodder Headline is one of the publishers with the most balanced portfolio. It is present in every segment in which Hachette Livre participates

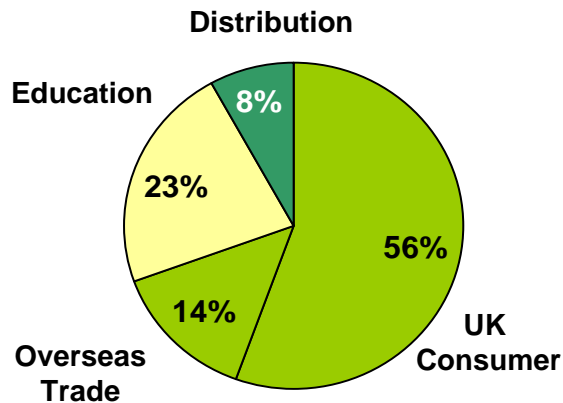


Books - Contributor to the consolidation of the industry -

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Hodder Headline has a balanced and diversified portfolio*

Hodder Headline sales by activity (%, 2005)



UK Consumer: 98.2 M£**

- **Hodder General: £ 39.8 M**
 - General fiction (60%) and non fiction (40%)
 - Imprints: Hodder & Stoughton, Spectre, NEL, Coronet, Flare
- **Headline: £ 39.8 M**
 - Mass market with bestselling authors (J. Patterson, P. Vicenzi)
 - Imprints: Review, Headline
- **Religions: £ 3.6 M**
 - Christian books, humour books
- **John Murray: £ 3.6 M**
 - Quality literary focus
- **Children's: £ 10.9 M**
 - Trade: Children's fiction & non fiction
 - School libraries: Fiction & information books
 - Imprints: Signature, Bite, Silver, Wayland

Established player with a strong portfolio of authors
Leveraging cross marketing / cross selling opportunities between children's and education

Overseas: 23.6 M£

- **Imprints:** Hodder Headline Australia, Hodder Moa Beckett (Nz), Photogenique (Nz)

Good position
Opportunity for HL to expand its business model

Education: 39.4 M£

- **Activities :** **Schools** (secondary textbooks), **Further/higher Education**, **Consumer Education** (Home learning & adult education), **Health Sciences** (further education & professionals textbooks related to health), **Journal & References**

The most successful education publisher with a wide portfolio of activities
Opportunity to explore growth potential in digital education

* Hodder Headline business was not included in former presentations to investors



Books - Recent additions to the portfolio reinforce the model -

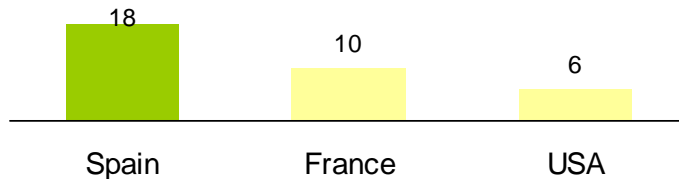
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A strong foothold in the attractive Spanish-speaking book market

The Spanish market is developed and feeds the Latin American market

- # 1 country for the production of books

Book production by inhabitant
(# of titles for 1000 inhabitants, 2004)

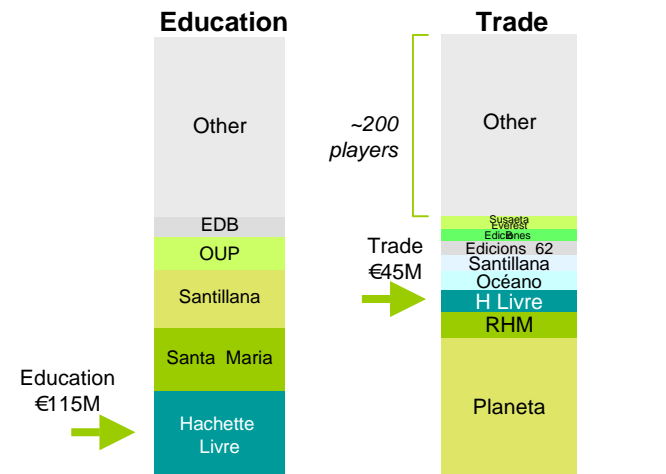


- # 4 export country

Anaya reinforces the group's presence in the Spanish speaking world

- In the Spanish speaking market, Hachette Livre is leader in education and holds the # 3 position in the trade market

Positions in the Spanish Education & Trade Market *



- Hachette Livre sales in Spain + Latin America amount to 259.9 M€ in 2005, vs. 62.7 M€ in 2001

* Hachette Livre's position here above excludes its partworks, reference and distribution businesses.



Books - Recent additions to the portfolio reinforce the model -

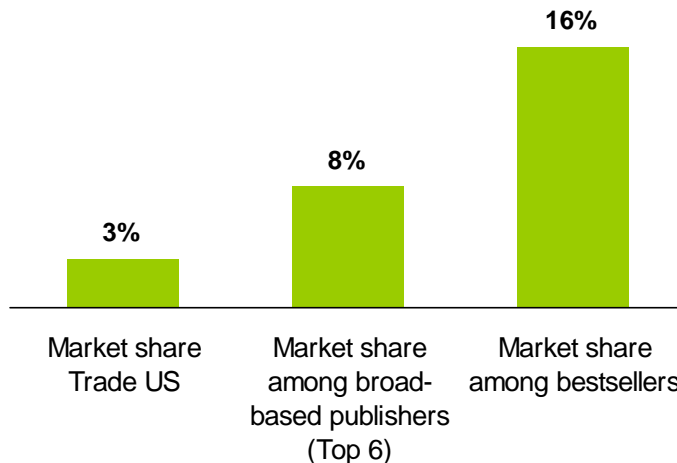
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TWBG has demonstrated superior, bestseller-driven, revenue growth

- Favorable segment mix, and growing within segments faster than the market
- Its key strength and market positioning is in identifying and developing bestsellers in a wide array of categories (Adult Fiction, Youth, Spiritual / Religious)
- Bestsellers (> 300,000 copies) account for a significant % of revenues, involving some fluctuations inherent in bestseller performance, but strong underlying growth trends

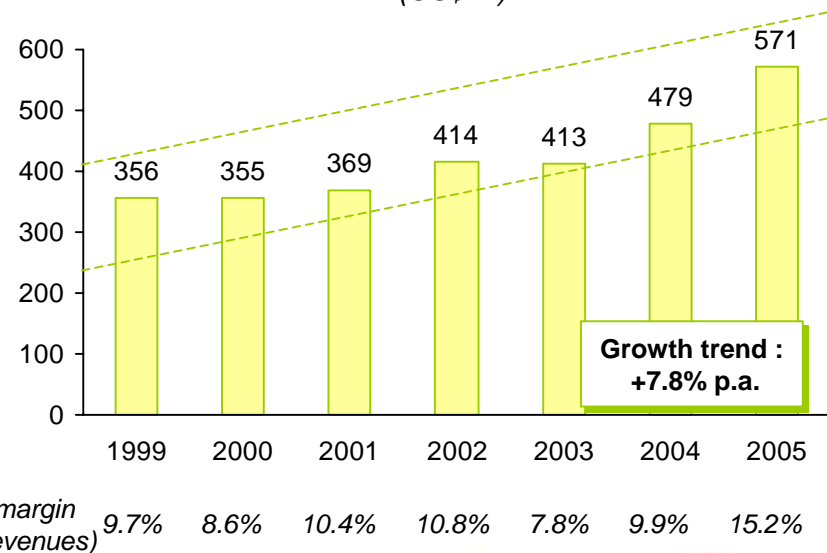
TWBG estimated market shares (Nielsen)

(Units M, 2005)



Global Revenue

(US\$ M)



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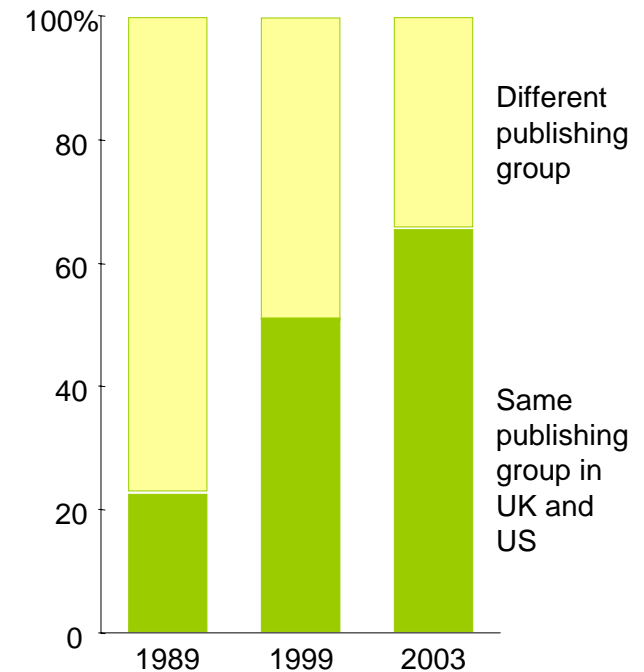
Books - Recent additions to the portfolio reinforce the model -

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Establishing a US presence in trade, a strategic opportunity

- Prior to the acquisition, Hachette Livre was the only top player not present on both sides of the Atlantic
- Hachette Livre gets access to the key bidding procedures of potential best-selling titles
- Entry into this market represents significant upside potential for Hachette Livre:
 - secures bestseller rights flows for the UK as well as for France and Spain
 - offers the opportunity to better exploit our UK catalogues overseas

**Transatlantic channeling of bestsellers
(35 titles)**





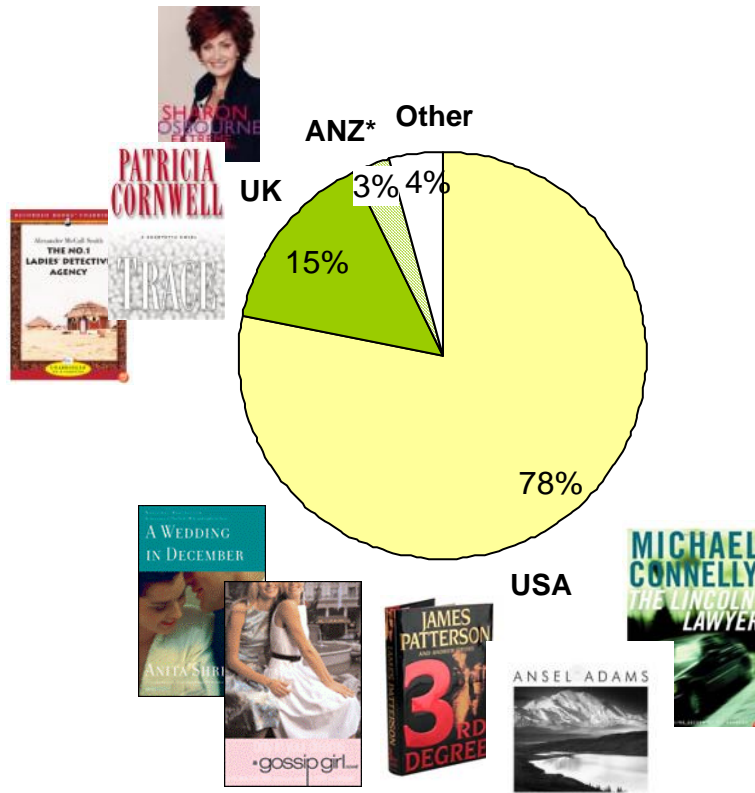
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Time Warner Book Group activities

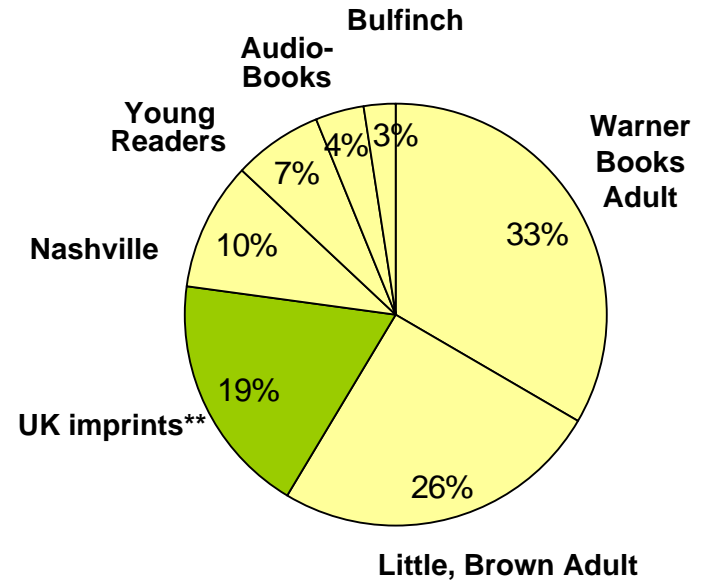
Split in sales by geographic area

(% of net sales, 2005)



Split in sales by Imprints

(% of net sales, 2005)



* Including ~4M\$ for Lothian business, acquired by Time Warner Book Group in November 2005

** Including Australian and New Zealand imprints



Books - Recent additions to the portfolio reinforce the model -

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Time Warner Book Group imprints

Warner Books: mainstream publishing with mass market bias

- Hardcover, mass market and trade paperback
- Adult Fiction and non fiction, Practical series (well-being and business), Crime fiction, Religious books

Net sales growth rates
(CAGR 2002-2005)



Key Authors

- N. Sparks, J. Patterson, D. Baldacci, J. Stewart



Little Brown: Hardcover bestseller focus, Literary background

- Hardcover, Paperback (since 1993) and a low share of mass market Paperback (since 1991)
- Various imprints: Little, Brown, Arcade and Back Bay (paperbacks)
- Adult Fiction and non fiction

Net sales growth rates
(CAGR 2002-2005)



Key Authors

- M. Gladwell, J Patterson, M Connelly



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Books - Recent additions to the portfolio reinforce the model -

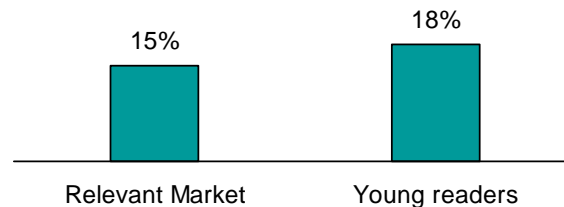
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Time Warner Book Group imprints

Young Readers: Series-driven hits on dynamic market

- Juvenile books
- Hardbound and Paperbacks (since 2002)
- Many collections (Gossip Girl, The Clique, etc.)

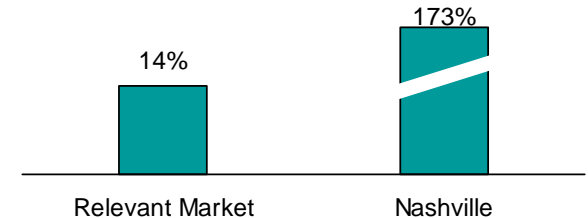
Net sales growth rates
(CAGR 2002-2005)



Nashville: At the forefront of market growth

- Include two imprints:
- Warner Faith (created in 2001) – religious books
- Center street (created in 2003/04) – values and sensibility of heartland America

Net sales growth rates
(CAGR 2002-2005)



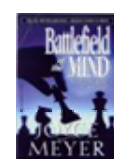
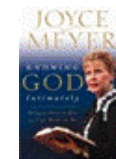
Key Authors

- J Patterson, L Harrison, C von Ziegesar



Key Authors

- Osteen, Meyer, Kingsbury



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Books - What's next for Hachette Livre ?

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Hachette Livre will contribute to the consolidation of the industry in its three key language clusters

- Hachette Livre is now ideally positioned to benefit from local markets growth
 - Leader advantage in France, UK, and Spain (Education), strong base in the US
 - ...
 - ... whereas growth will increasingly be pre-empted by leading players advantaged by
 - increasing level of investments required (in both Education and Trade)
 - concentration of retailers
 - Favorable cycles in educational markets in 3 countries (France, Spain, UK) 2005-2010
- Hachette Livre intends to continue to play an active role in the consolidation of the industry, focusing on key areas:
 - Leveraging the recently acquired scale in the UK, the US and Australia / New Zealand, by acquisition
 - Extracting revenue synergies from the English cluster of activities
 - Reinforcing our position in the Spanish language cluster
 - Establishing a foothold in India as a first step in the 3rd English speaking market
 - Monitoring the potential developments in China

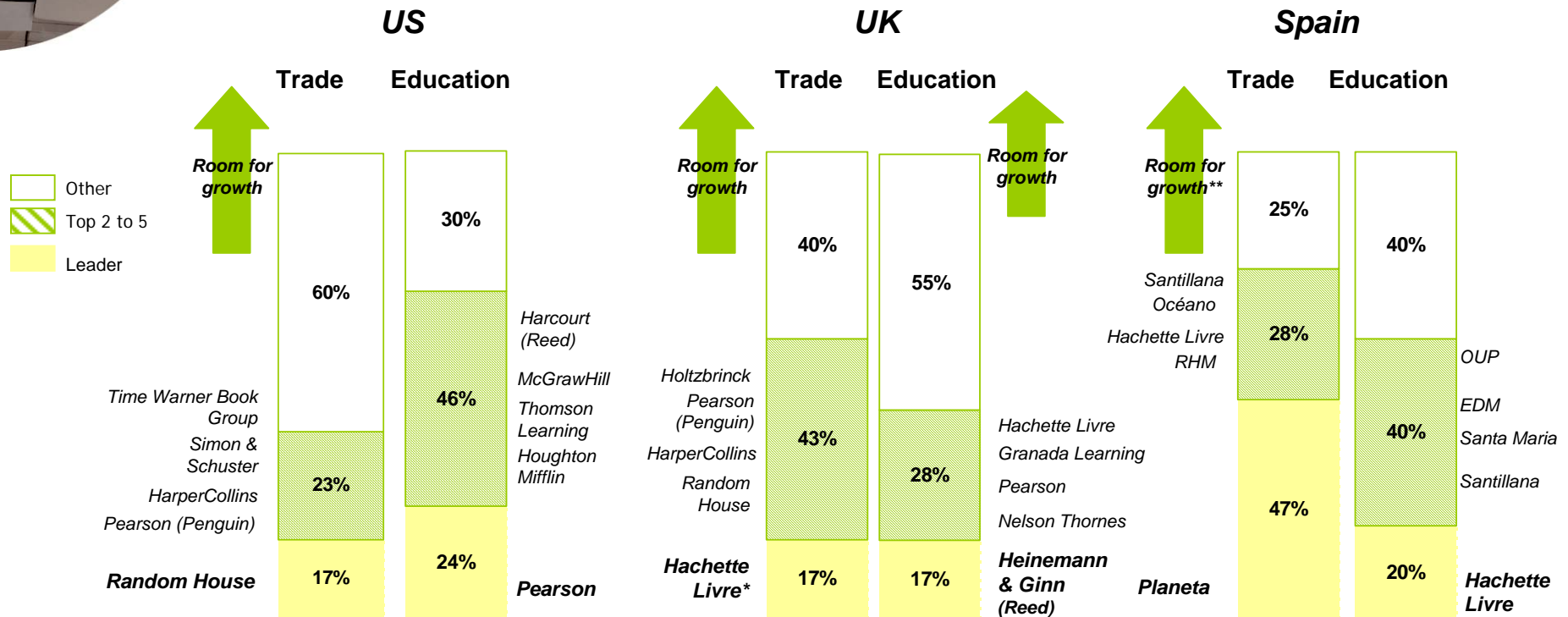


Books - What's next for Hachette Livre ?

Investor Day June 01, 2006

Opportunities for growth in 3 key areas (segments, markets)

Market Share Analysis



* Hachette Livre 2005 data, pro-forma with 12 months integration of Time Warner Book Group

** 200 little players on the Spanish Trade market



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In summary ...

- Hachette Livre is one of the few book publishing groups with **global reach** and **multicultural exposure** (English, French, Spanish)
- Thanks to Hachette Livre's financial performance, the Group provides authors and publishers with **the stability and the visibility that is necessary to achieve excellence** in book publishing
- The group has demonstrated its agility to **capture above average growth performances** and be the **driver of the industry consolidation**