



Lagardère

INVESTOR DAY

January 25, 2007



Warning

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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 labour 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.

Agenda - Part Two

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The Transformation: 2007 – 2010

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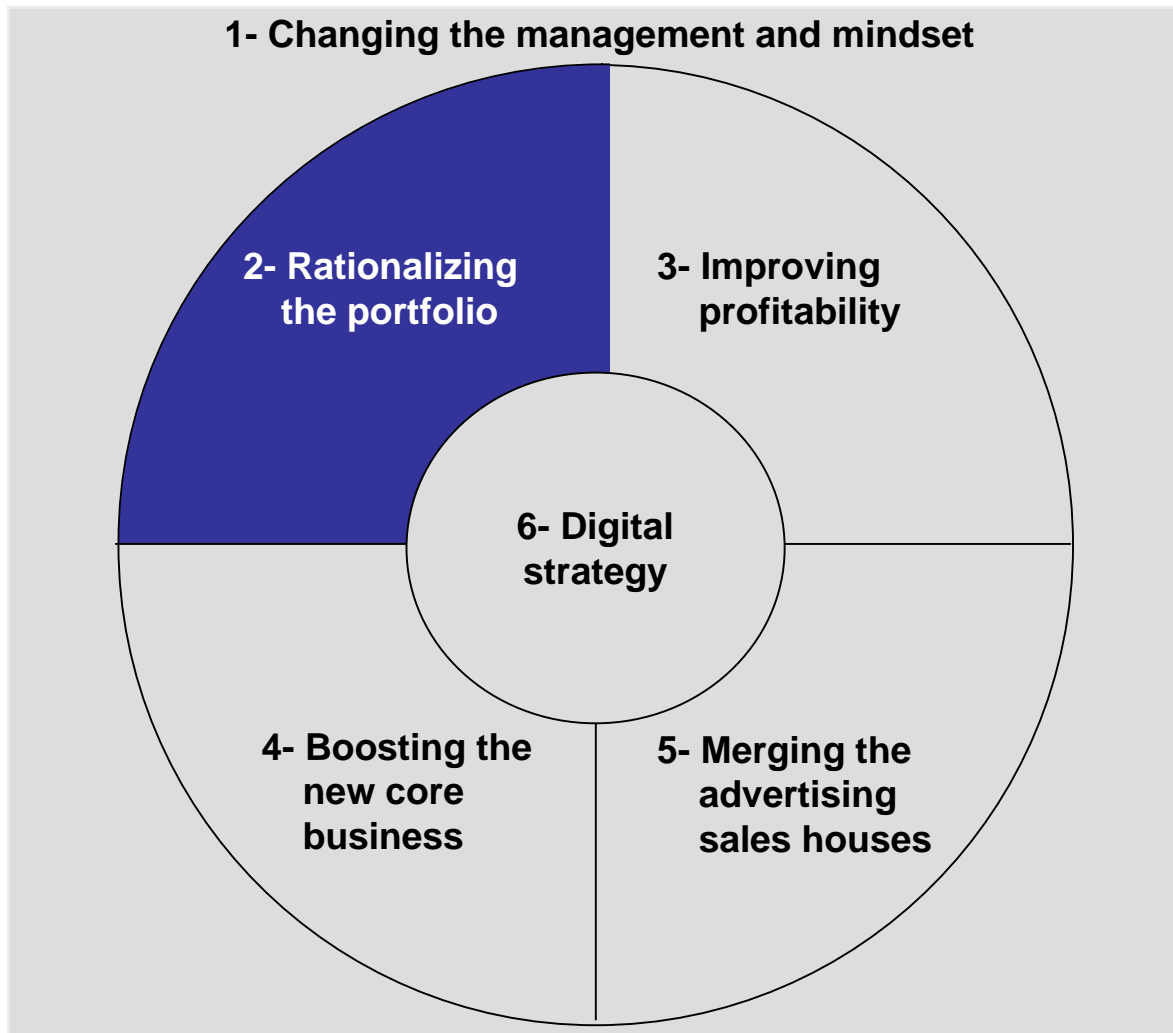
1. Changing the management and mindset

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- Creating a global marketing division team
- Creating a digital division
- Pooling support functions
- Merging the advertising sales houses
- Migrating the French magazine press arm to an editor/publisher model
- Merging the 2 international management teams & important change of management
- Transformation of Lagardère Images into a global TV production house
- Embedding core management values and principles

The Transformation: 2007 – 2010

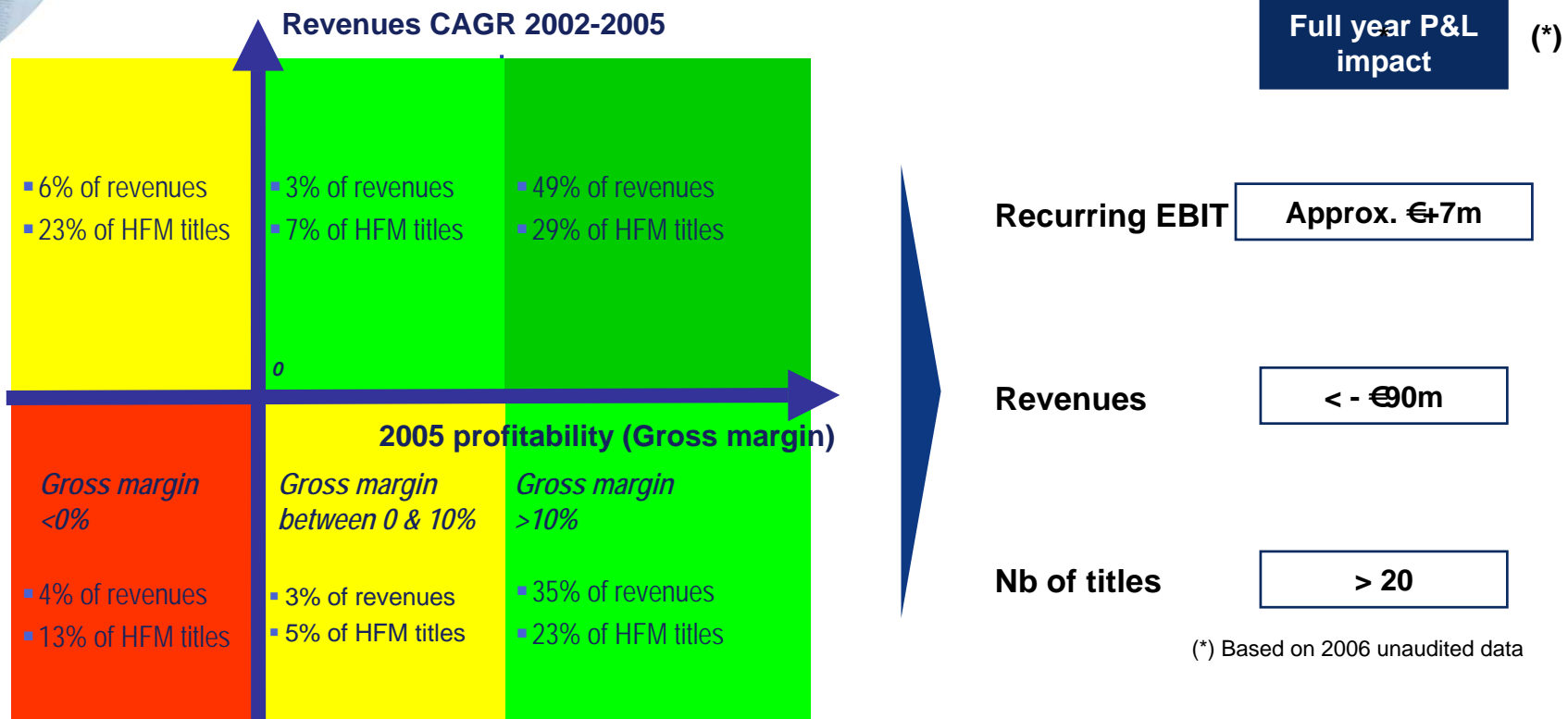
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2.1 Press: optimize title portfolio

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Closing down magazines titles



(*) Based on 2006 unaudited data

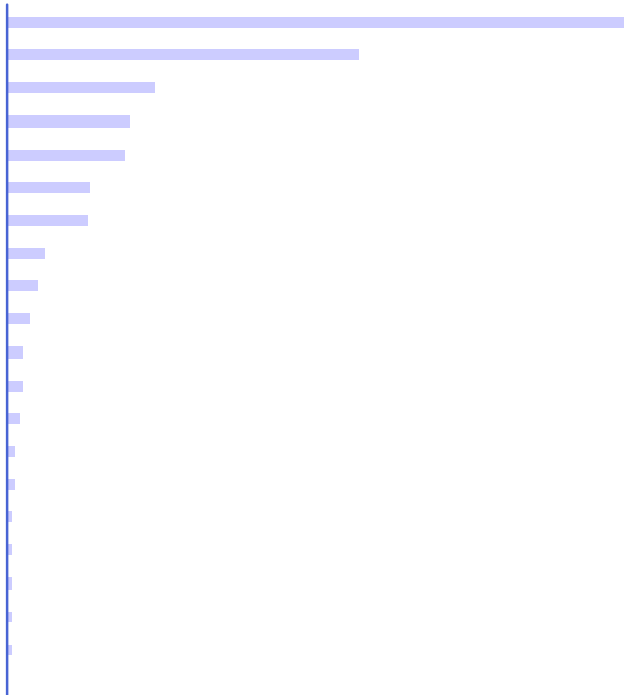
2.2 Press: optimize the country portfolio

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Sell and license in sub-critical small countries

Revenues per country

FRANCE
US
ITALY
SPAIN
RUSSIA*
JAPAN
UK
CHINA
GERMANY**
NETHERLAND
SWEDEN
CZECH REP.*
KOREA**
MEXICO*
HONG KONG
PORTUGAL
TAWAN
NORWAY
SWITZERLAND
BELGIUM*
UKRAINA*



Full year P&L impact (*)

Recurring EBIT

Approx. +1

Revenues

**Approx.
< - €40m**

Nb of titles

> 20

(*) Based on unaudited 2006 data

2.3 Non-Strategic Assets

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- **Photo Agencies:**
done

**Full year P&L
impact** (*)

Recurring EBIT

Approx. + €4m

- **Regional Press:**
divestiture under way

Turnover

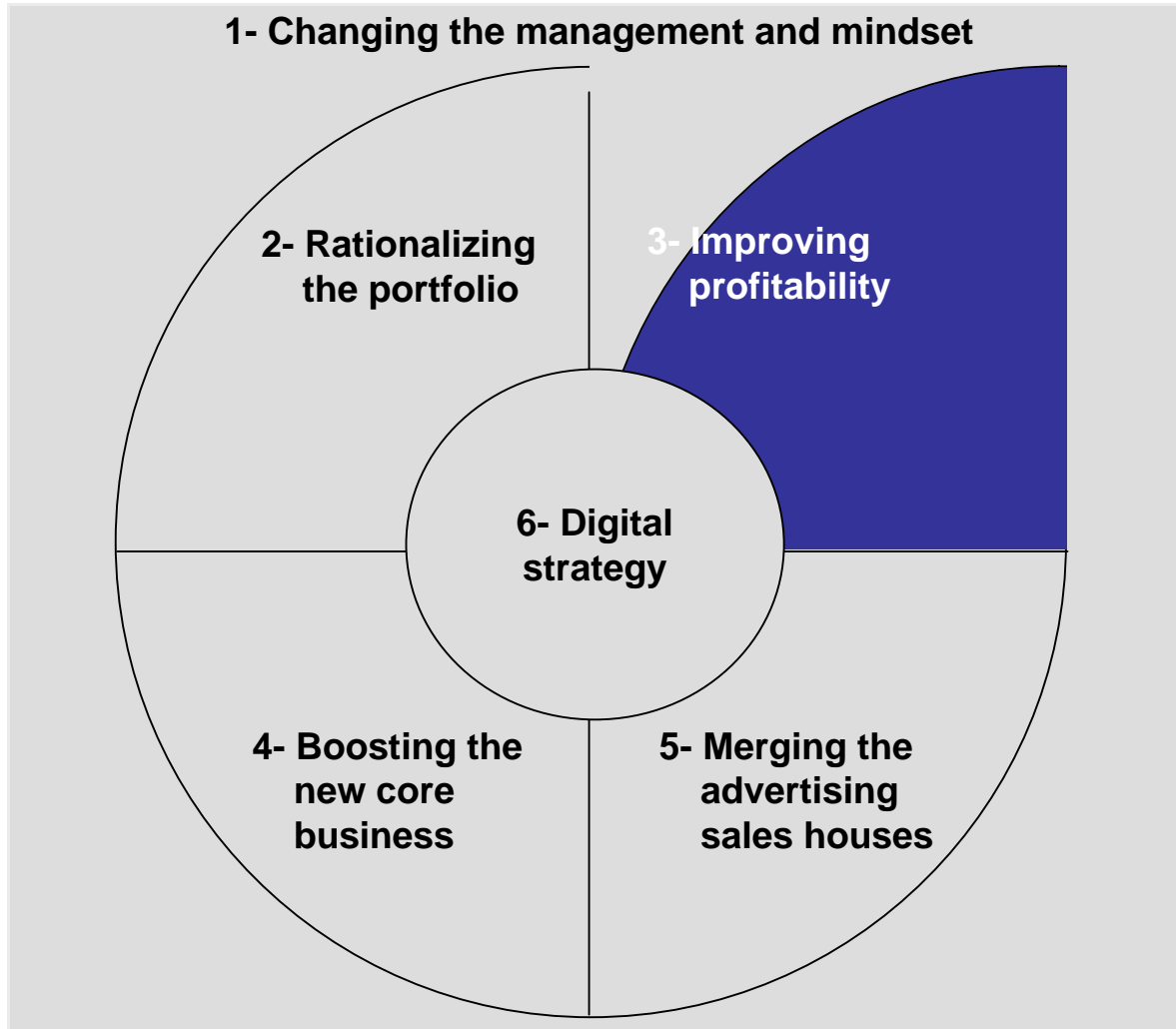
Approx. - €260m

- **Other small businesses**

(*) Based on 2006 unaudited data

The Transformation: 2007 – 2010

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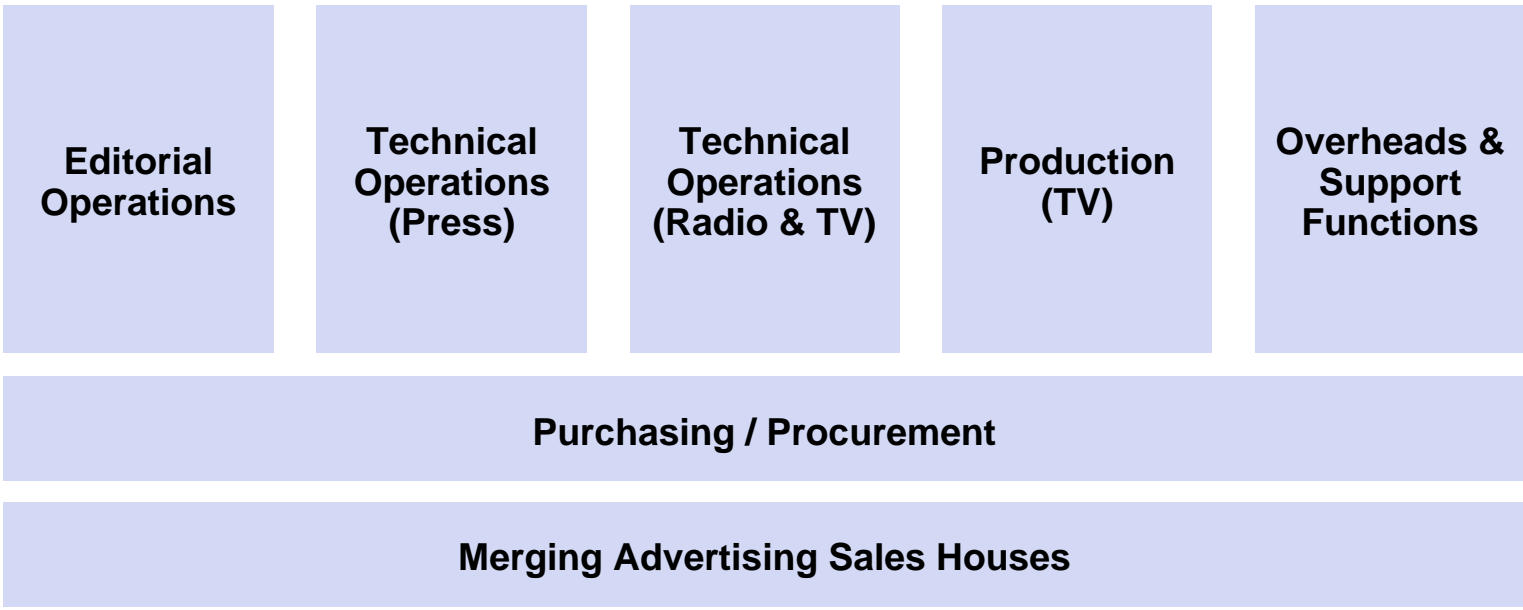




3.1 We have identified 7 cost improvement areas capable of generating full-year savings of €70m

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Major cost improvement areas



3.2 Efficiency levers: Editorial Operations

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- Increase individual productivity
- Outsource non-strategic activities
- Take full advantage of new technologies
- Reduce the number of management layers
- Improve photo editorial philosophy
- Change editorial formats and philosophy in some cases

3.3 Efficiency levers: Technical Operations (Press)

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- Improve overall productivity and reduce purchasing costs by implementing pre-press automated copy flow management
- Improve coordinated paper and printing negotiation and review specifications at international level
- Improve distribution practices and develop collaboration with distributors in the US and Russia

3.4 Efficiency levers: Technical Operations (Radio & TV)

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- Reduce need for technical intervention
- Promote multi-task technician profiles
- Standardize technical equipment
- Combine operations and share resources

3.5 Efficiency levers: Purchasing/Procurement

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- Continue to rely on the Lagardère group contracts in non-critical areas
- As with paper & print, tighten specifications and negotiations in critical areas (such as real estate, personnel expenses, utilities)
- Continue to strengthen the global procurement function

3.6 Efficiency levers: TV Production

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- Reduce labor costs through TV production department reorganization and staff sharing
- Optimize part-time staff by better planning and resource sharing
- Implement purchasing cost reduction programs in pre-production, production, post-production, labs

3.7 Efficiency levers: Support Functions

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3 key levers:

- Downsize and streamline national support function structures
- Optimize global support functions: Finance, IS/IT, Legal
- Achieve post-merger synergies: Finance, IS/IT, Legal, Human Resources...

Support functions in some major countries are complex and oversized:

- HFM France support functions structured in 5 units each comprising 2 to 12 entities
- Decentralized support functions a legacy of past acquisitions
- Functional links between the group and its subsidiaries' support functions or editorial teams are too complex
- Multiple layers of management

3.8 Lagardère Publicité: the drive for commercial excellence and synergies

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- Scale up performance by streamlining sales methods and implementing account management policies through a unified management structure
- Pool marketing/communication skills and resources
- Improve operational efficiency at back office level
- Use synergies generated by the merger to optimize structures and processes

3.9 Improving profitability: significant full-year savings before end 2009

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€m	Turnover	Recurring EBIT
Title portfolio	-90	+7
Country portfolio	-40	+1
Transformation costs	0	+70
Total savings	-130	+78
Non-strategic assets	-260	+4



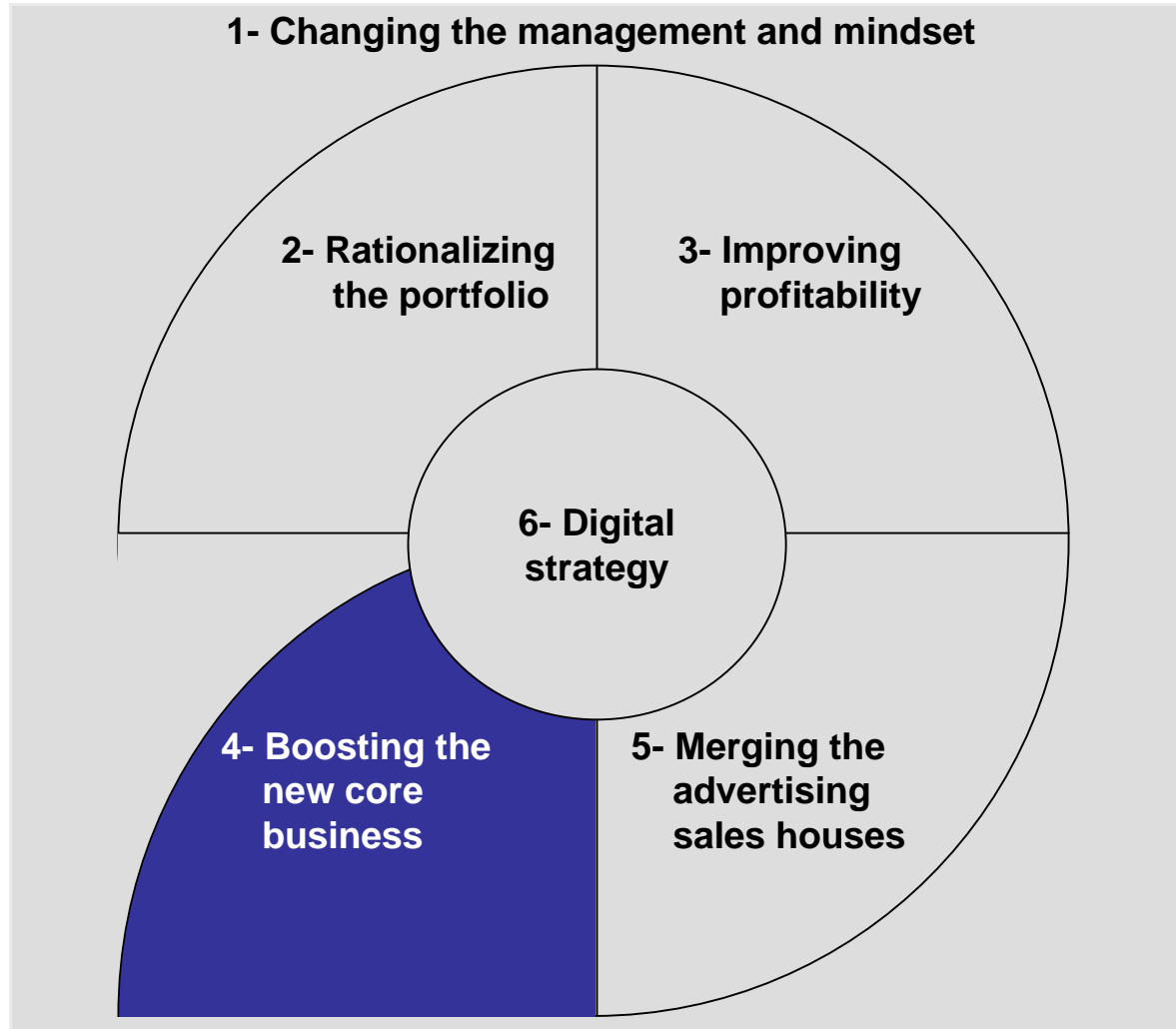
Transformation Costs

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- Total cumulated transformation costs over the period 2007-2009 should be in the range of around €80m to €100m.
- Around 15% should impact the Recurring EBIT.

The Transformation: 2007 – 2010

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4.1 Boosting the new core business: Press (French Market)

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- No new national magazine launches in 2007
- Significant editorial remake Paris Match/Choc!
- Télé 7 Jours: new format combining off and on-line
- Launch of regional issues of Elle
- Cross-media marketing campaigns: ie Paris Match – Europe1; Public/Filles TV/Jeune et Jolie; JDD/Europe 2.

4.2 Boosting the new core business: Press (International)

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- Selective launches (in our strong segments) in the USA, UK, Italy (Dona 24), Spain, Netherlands, Japan
- Solve critical mass problems in the USA and the UK
- Continue to invest in China and Russia
- Continue our geographic expansion through licenses, especially in Indonesia, India, Finland, Denmark
- Develop digital activities, mainly in the USA, Italy, Netherlands, UK, Japan

4.3 Boosting the new core business: Radio

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France

- Europe 1: leverage and expand the brand via multi-platform content
- Europe 2: reinforce music/youth segment positioning
- RFM: maintain and exploit market leadership

International

- Leverage profitability of existing businesses
- Develop market positioning in music/youth segment
- Acquire local networks to build up national coverage and expand into emerging markets
- Portfolio under review, except in Eastern Europe

4.4 Boosting the new core business: TV

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- Reinforce Kids theme: international TV developments, mobile services, web, TV production
- Europe 2 TV has a unique position in DTT
- We have a strong asset with MCM on cable and satellite. The expected decline of MCM revenue streams calls for accelerated change in the MCM business model

4.5 Boosting the new core business: Production

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Drama

- Consolidate our leadership in quality French drama
- Develop suitable 52-minute formats

Entertainment & Animation

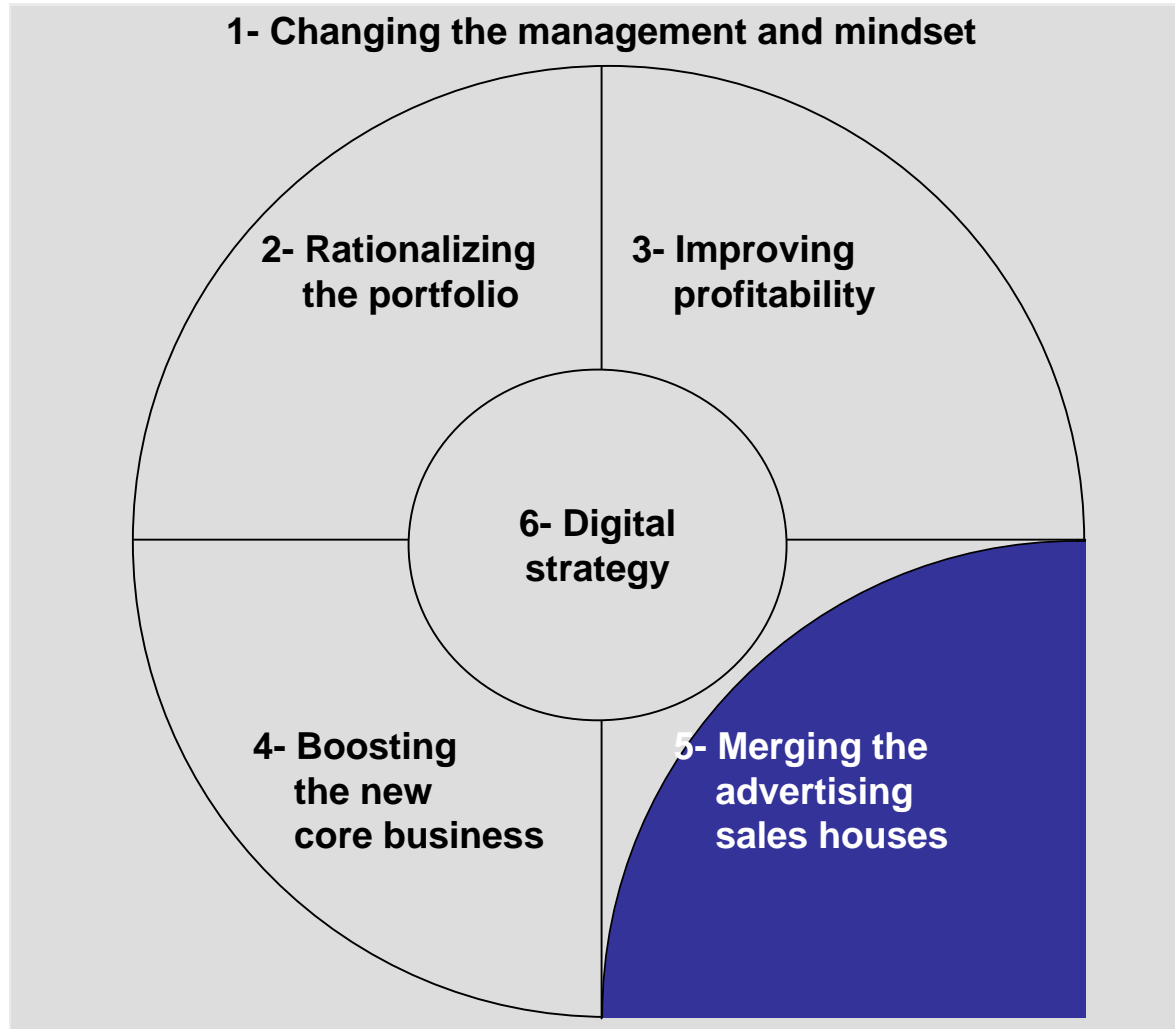
- Acquire new competencies & challenge existing leadership in France

Rationalization

- Restructuring
- Create a unified division
- Develop a high-powered production house

The Transformation: 2007 – 2010

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5.1 Merging the advertising sales houses: Lagardère Publicité will be French No.2...

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Interdeco

€1,066m revenues
(space selling only)

32% market share in
print magazines



€955m revenues

33% market share in
radio

23% market share in
theme TV channels

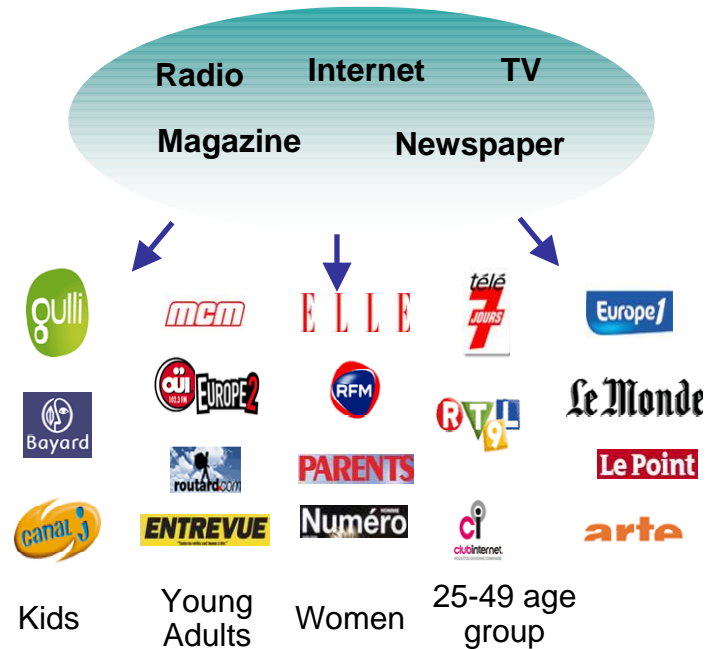


No.2 advertising sales
house in the market

Advertising spend (€bn)

	3.2
	2.0
	1.4
	1.2
	1.0

Unique portfolio in 5 media with
strong brands positioned on key
advertising target groups





















Sources: estimated & unaudited 2006 figures - 2006 HR accounts; data supplied represent total revenues and French market share (excluding LMP: 2007 forecast figures / TNS-MI data: Gross spend – 2006)

5.2 ...offering the most comprehensive range of media on the market

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The most comprehensive sales house in France



	 General interest TV	 Theme TV	 Magazine press	 Daily press	 Free press	 Outdoor	 Radio	 Internet	 Regional	 International
		✓	✓	✓	✓		✓	✓	✓	✓
	✓	✓			✓			✓		
	✓	✓						✓	✓	
	✓	✓	✓		✓			✓		
 							✓	✓		✓
			✓					✓		✓
		✓					✓	✓	✓	✓

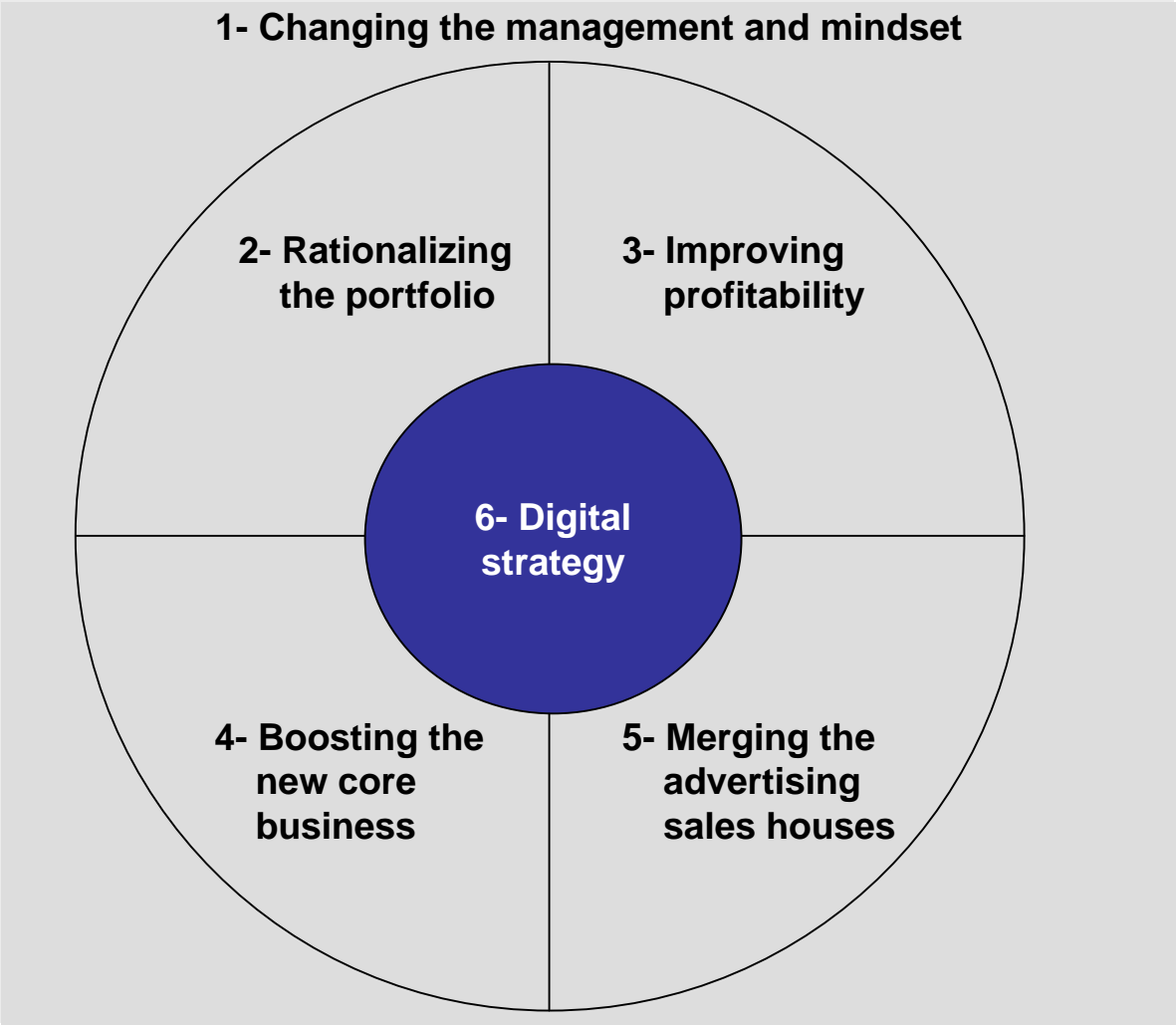
Few can rival the breadth of our offering

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The Transformation: 2007 – 2010

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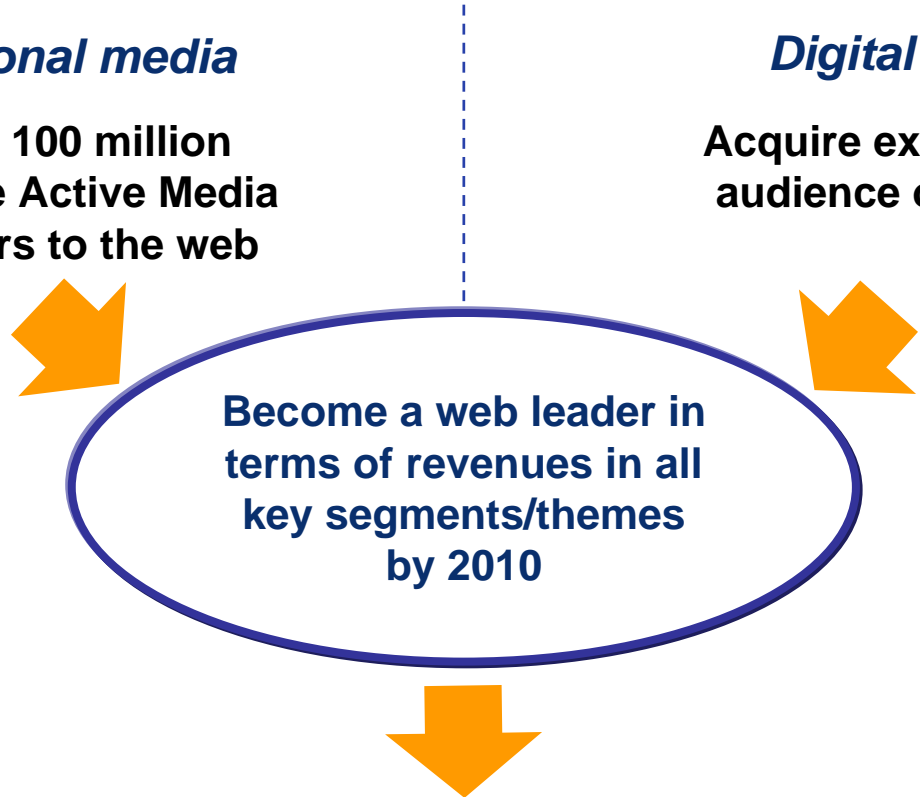


6.1 Digital strategy

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Traditional media
**Migrate 100 million
Lagardère Active Media
customers to the web**

Digital media
**Acquire expertise and
audience on the web**



**Stimulate and develop LAM business in both
traditional media (press, TV, radio) and new
digital media (web, mobile, web radio, etc)**

6.2 4 levers to make us web leader in all key segments/themes by 2010

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1. **Organic growth**
2. **Digital acquisitions**
3. **Digital alliances**
4. **Dedicated organizational structure**



6.3 Digital strategy: our ambition

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- In 2006, Lagardère Active Media digital revenues are expected to account for 1% of total revenues (estimates, unaudited)
- By 2009 (on a full-year basis), digital activities are expected to represent 5% to 10% of total revenues, depending on acquisition opportunities.
- This result will be achieved through a mix of:
 - organic growth
 - alliances
 - acquisitions
- Digital activities are expected to generate higher EBIT margin than traditional print magazines.

6.4 Organic growth: launch or re-launch of 100+ web sites

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Theme	Women	Home	Parent	Celeb	Auto	Leisure/TV	Music	Kids	News
FRANCE	Major cluster	Minor cluster	Major cluster	Major cluster	Major cluster	Major cluster	Major cluster	Major cluster	Major cluster
US	Major cluster	Major cluster	Minor cluster	Minor cluster	Major cluster	Important cluster	Minor cluster	Minor cluster	Minor cluster
REST OF EUROPE	Important cluster	Minor cluster	Important cluster	Minor cluster	Important cluster	Important cluster	Minor cluster	Important cluster	Minor cluster
REST OF THE WORLD	Important cluster	Minor cluster	Minor cluster	Minor cluster	Minor cluster	Minor cluster	Minor cluster	Minor cluster	Minor cluster

- Major cluster: key country for this segment
- Important cluster: > 5 sites
- Minor cluster: < 5 sites, low revenue

- Developing digital activities, mainly in France and the US
- In major or important clusters, building website audiences via web-specific content, interactivity, etc.
- In minor clusters, focusing on website launches to extend our presence

6.5 Organic growth: become state-of-the art on the internet

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- Make our websites more attractive via interactivity, web 2.0, video, etc.
- Integrate more new technologies: podcast, VoD, etc.
- Network websites / create synergies between sites
- Develop new 100% online concepts

6.6 Organic growth: integrate more new technologies (e.g. in music)

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Two key new areas for music development: IP radio/web TV and Mobile

- Develop IP radio/web TV in countries where we have radio and/or TV stations
- Launch new IP radio/web TV in other countries
- Target personalized radio/TV in anticipation of new developments in wifi radio/TV
- Develop mobile music concept

Create a complete value chain



6.7 Digital acquisitions: main acquisition criteria

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Digital acquisitions:

- Main focus on France, Europe and the US
- Affinity with our strong core segments
- Consistent with Lagardere SCA investment criteria
- Leading audience figures for its segment
- Strong management team
- Ability to become a web farm for Lagardère Active Media
- Ability to develop marketing synergies with our other media properties

6.8 Digital alliances

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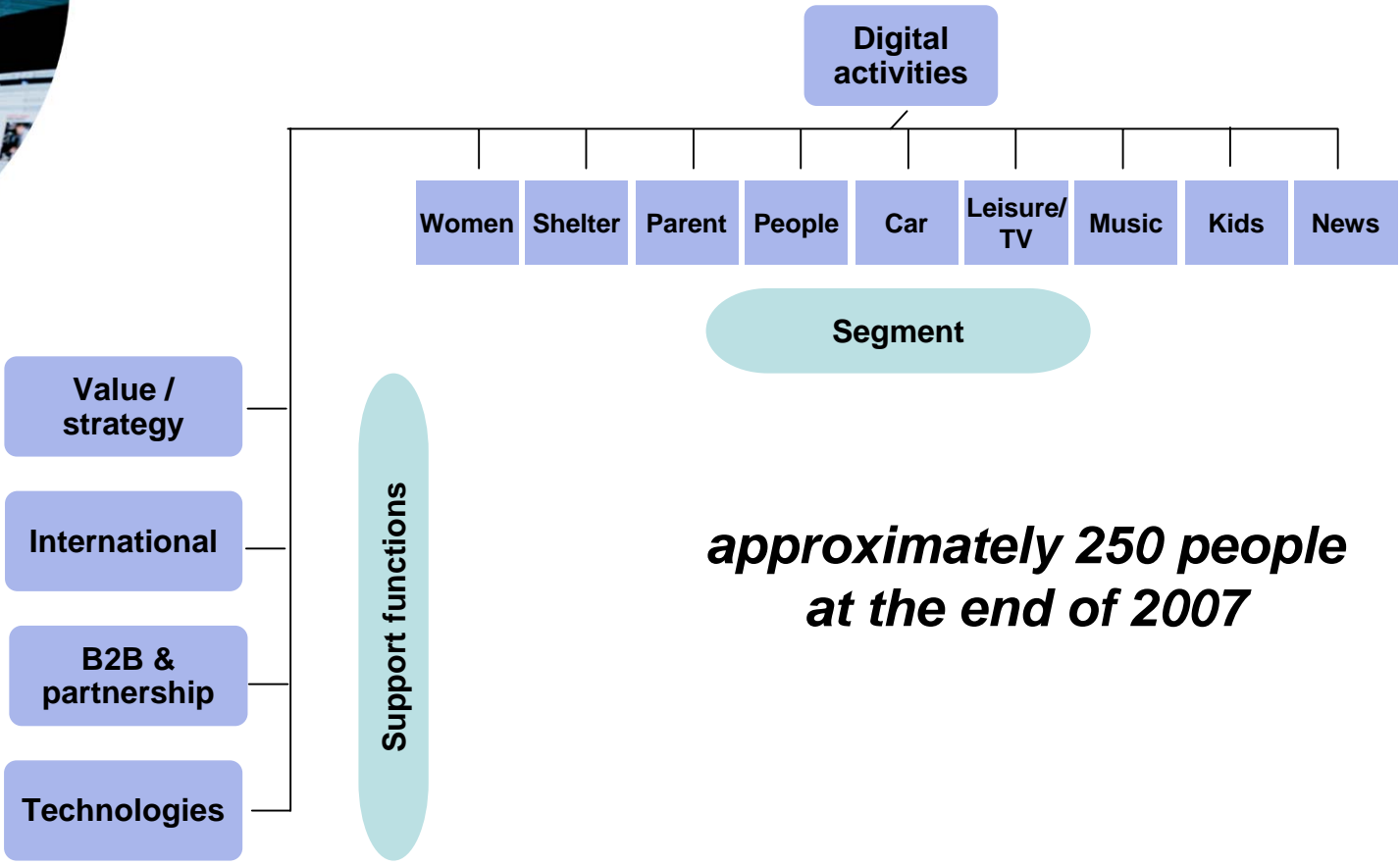
- Build strong alliances to accelerate traffic growth on our websites, so they can become traffic hubs in our key segments
- Learn from and use our partners' internet competencies and know-how
- Extend alliances to advertising unit management

Example



6.9 Organization

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Agenda

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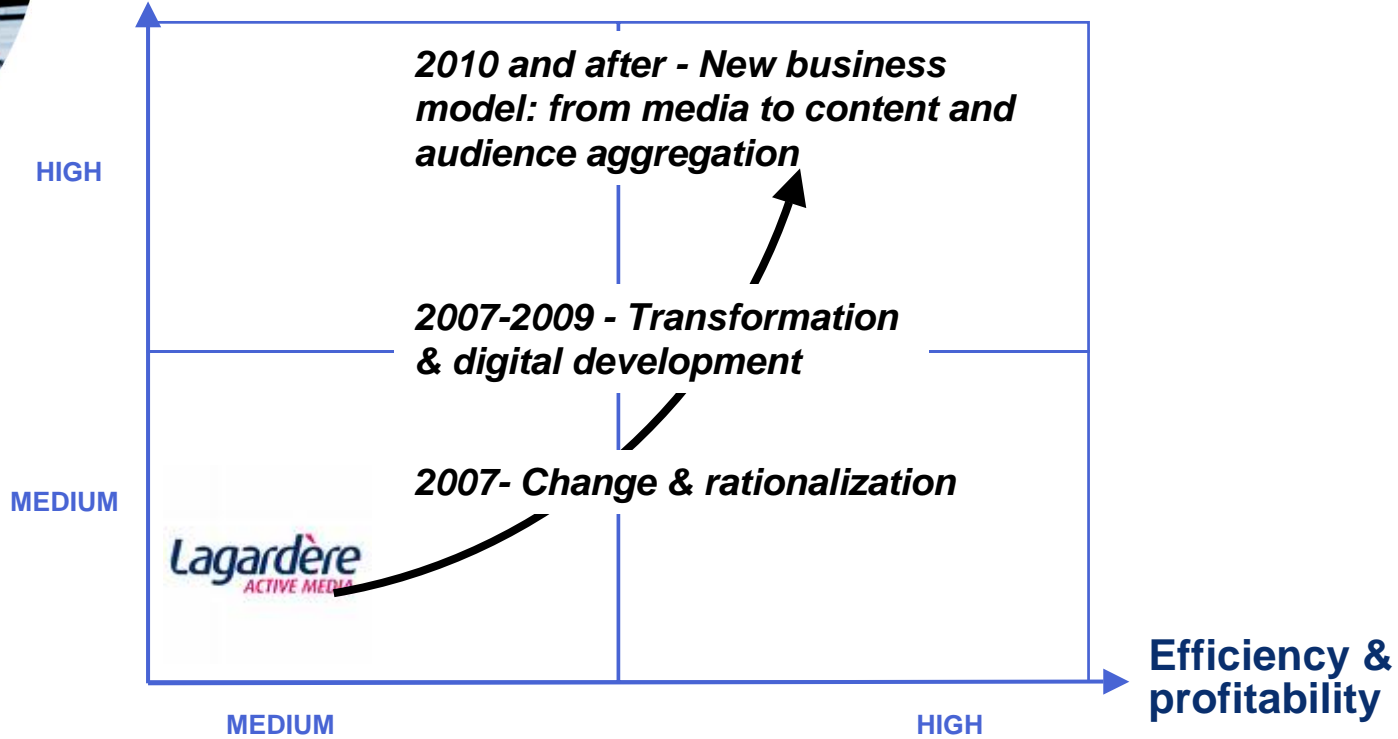
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Strong ambition...

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Digital investment



Objectives

Contribution from digital activities in 2009: 5%-10% of revenues
 Targeted savings: €78m

... served by a clear vision & mission

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Mission

Focus on delivering large audiences in 5 or 6 key markets worldwide through a cross-media approach

How

Use the digital transformation to leverage our growth and drive organizational change

Differentiation factors

- Brands
- Content
- Focus
- Digital
- People & skills

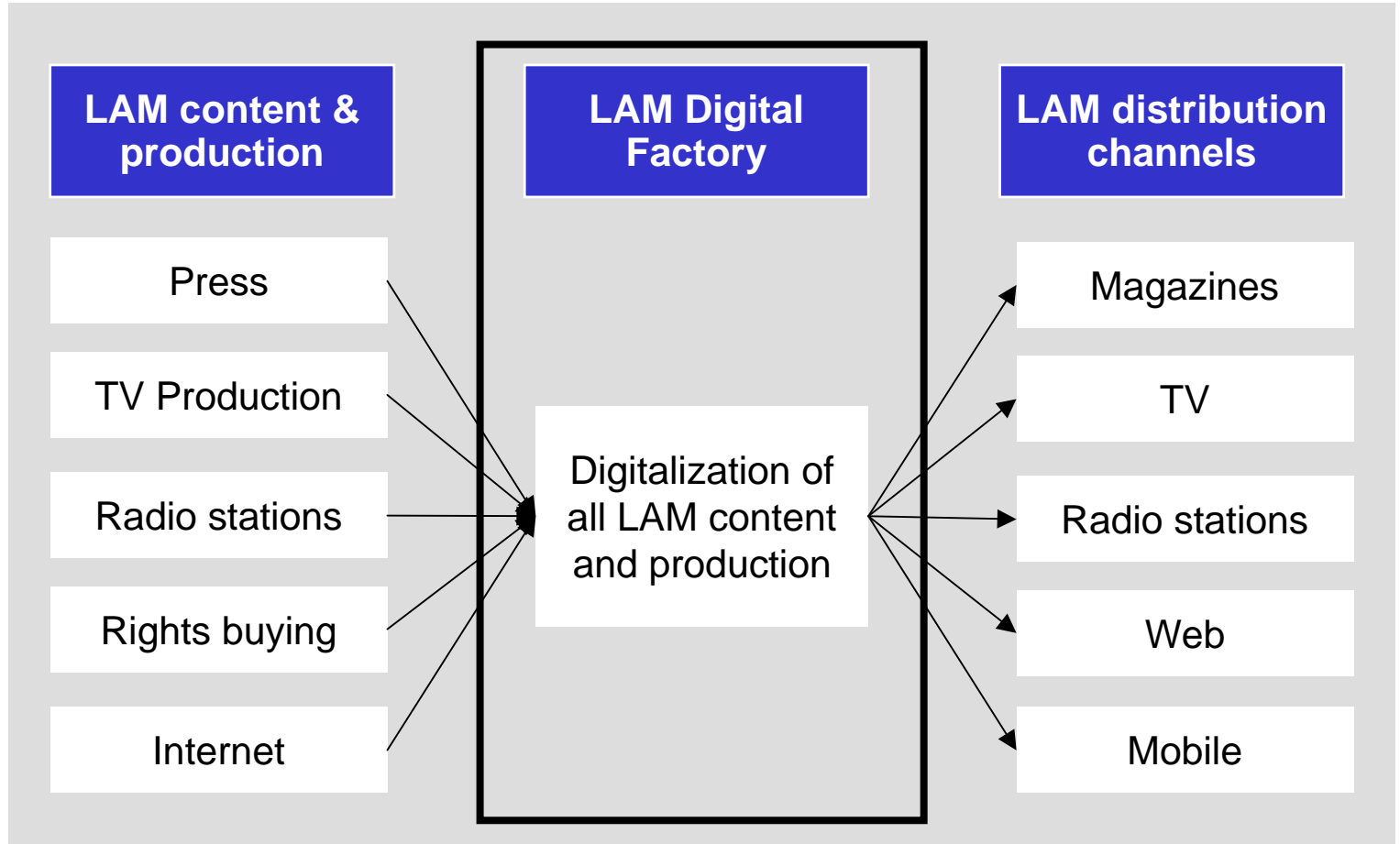
Become a content factory and a content leader

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- Establish content production links between media activities
- Exploit under-used content
- Source concepts from one activity and roll them out to other activities
- Generate revenue from by-products
- Use the web and digital formats as enablers for a multi-platform reach
- Leverage our ad power to promote multi-media concepts
- Sell our content to third parties if strategic control is not needed

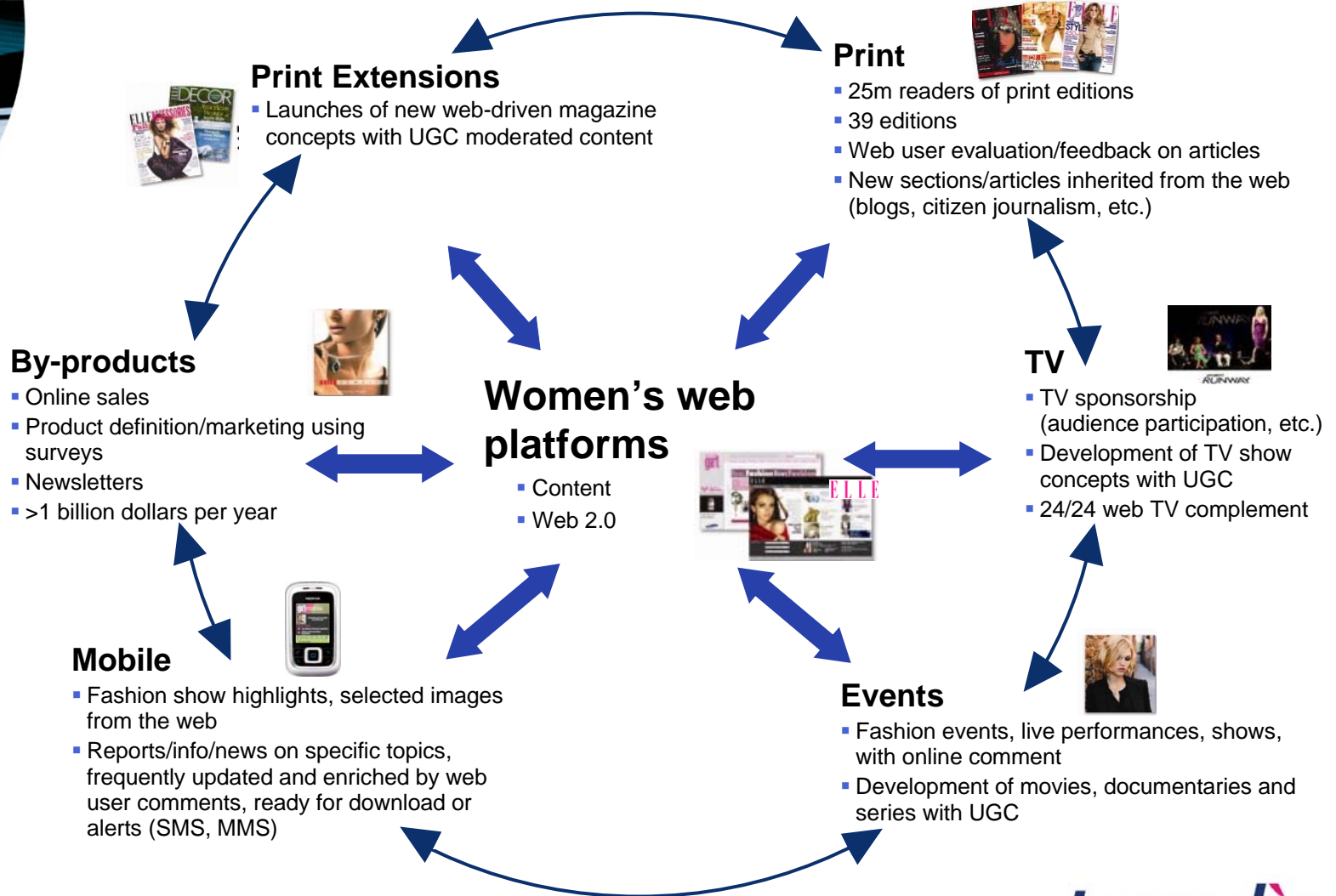
Become a digital factory

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The aim: to become a world leader in audience aggregation and content production

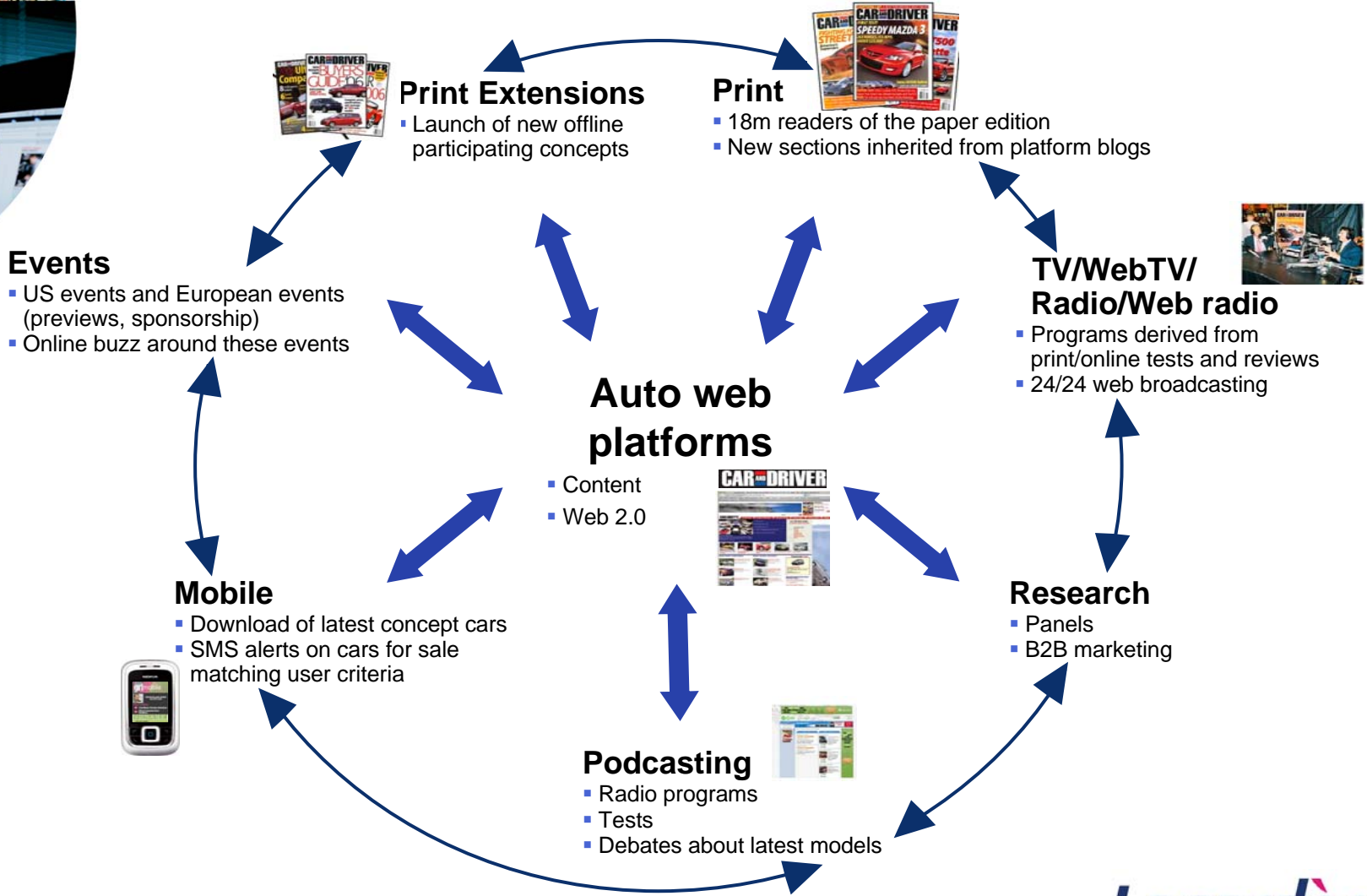
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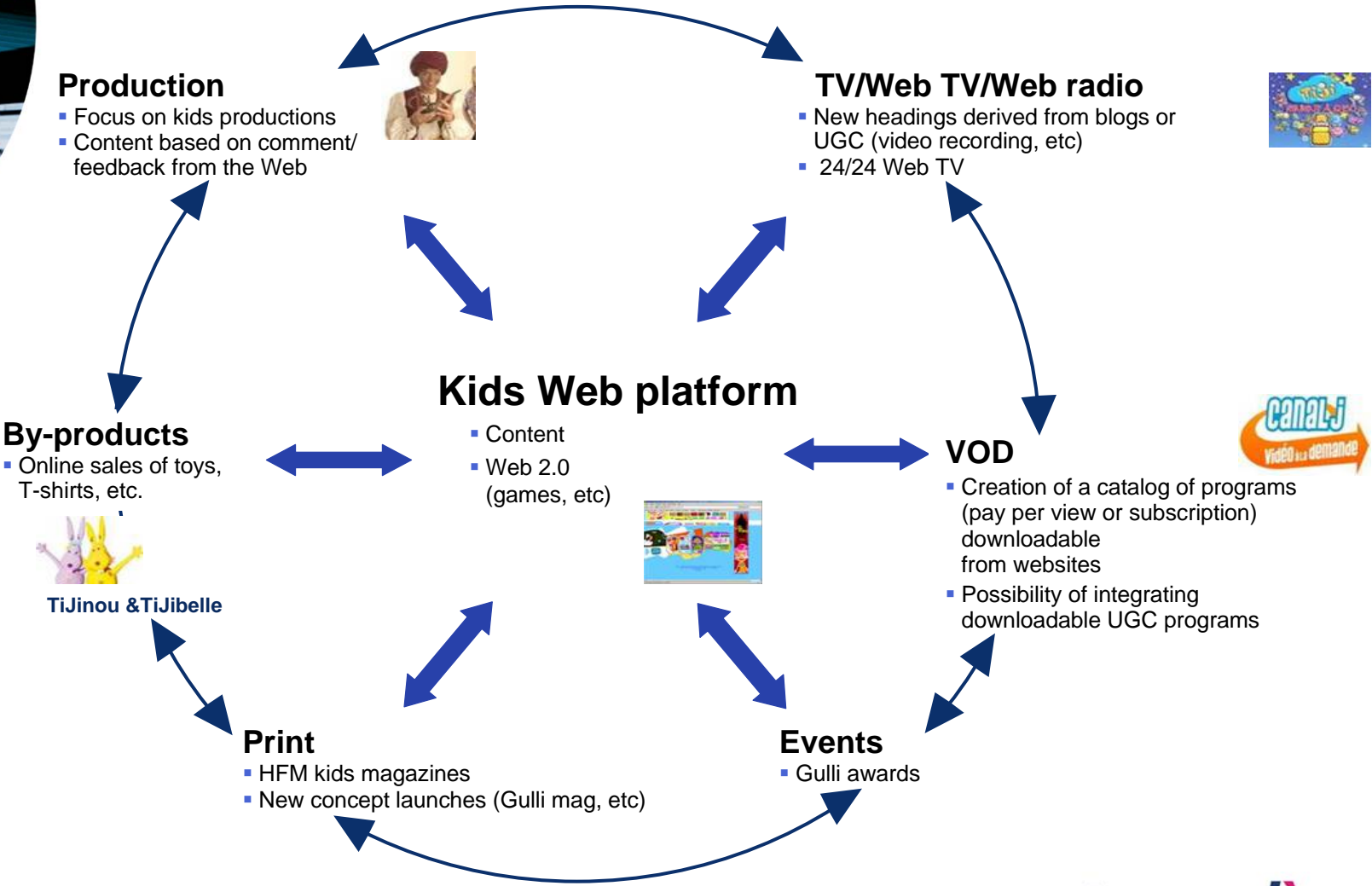
The aim: to become a world leader in audience aggregation and content production

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The aim: to become a world leader in audience aggregation and content production

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Source: HFM



Final words

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In the digital world, themes/content/audiences will be more important than media channels

- **By 2010, the new management team is aiming to have:**
 - Improved the profitability of the division
 - Completed the digital transformation as regards content and sites
 - Succeeded in 5 or 6 worldwide audience categories
- **and become a worldwide leader in audience aggregation and content production**